

“In the second quarter of 2018, order intake excluding service agreements rose 47 percent to SEK 160 M, which is the highest order intake ever for the second quarter. Net sales declined marginally to SEK 141 M (142) and the operating margin remained unchanged at 19 percent (19), mainly due to the change in accounting policies, but also to positive currency effects. Without application of the new accounting policies, net sales would have risen 15 percent to SEK 162 M and the operating margin would have been 28 percent. Our order backlog including service agreements was SEK 720 M (591) at the end of the period. We feel secure with our long-term strategy and our expansion will continue”, says Johan Löf, CEO of RaySearch.

## SECOND QUARTER (APRIL-JUNE 2018)

- Net sales SEK 141.0 M (141.6), of which revenues from RayStation®/RayCare® SEK 126.6 M (127.6)
- Profit after tax SEK 20.6 M (20.1), and earnings per share before/after dilution SEK 0.60 (0.59)
- Operating profit SEK 26.3 M (26.8)
- Cash flow SEK -50.3 M (-13.7)
- Order intake excl. service agreements SEK 160.3 M (108.8), of which RayStation/RayCare SEK 151.1 M (98.0)

## HALF-YEAR (JANUARY-JUNE 2018)

- Net sales SEK 257.3 M (268.4), of which RayStation/RayCare SEK 233.4 M (240.0)
- Profit after tax SEK 32.4 M (46.4), and earnings per share before/after dilution SEK 0.94 (1.35)
- Operating profit SEK 40.4 M (60.3)
- Cash flow SEK -37.9 M (-16.7)
- Order intake excl. service agreements SEK 266.7 M (213.7), of which RayStation/RayCare SEK 248.2 M (191.8)
- Order backlog incl. service agreements SEK 719.7 M (591.0) at the end of the period
- Order backlog for RayStation/RayCare excl. service agreements SEK 106,0 M (36.0) at the end of the period

## CHANGES TO ACCOUNTING POLICIES

- IFRS 15 *Revenue from Contracts with Customers* came into effect on January 1, 2018, which reduced the company’s license revenue from RayStation and RayCare by 19 percent in the second quarter of 2018 and 16 percent in the first half of 2018 compared with the previously applied accounting policy (IAS 18), see Notes 1-2. The changed accounting policies also had a negative impact on net sales and earnings for the past 12-month period.

## SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- RayStation was selected by several leading cancer centers, including the Heidelberg Ion Beam Therapy Center (HIT) and Marburg Ion Beam Therapy Center (MIT) in Germany, Centre intégré universitaire de santé et de service sociaux de l’Estrie – Centre hospitalier universitaire de Sherbrooke (SHUS) in Quebec, Canada, and Advanced Oncotherapy (AVO) in the UK.
- Two RayCare orders were received – one from a center in Belgium, and one from a center in Colombia.
- Long-term collaborative agreements for RayCare were concluded with Heidelberg University Hospital in Germany and for brachytherapy with Eckert & Ziegler BEBIG.
- A research collaboration and long-term licensing agreement for carbon-ion therapy were concluded with NIRS/QST in Japan and will lead to the integration of NIRS’s Microdosimetric Kinetic Model (MKM) in RayStation.
- RayStation 8A\* was released, with support for the TomoDirect™ treatment mode.

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- RayCare 2A\* was released with a range of new features, including activity and rule-based scheduling for all clinical resources, clinical document management and additional treatment planning functionality.
- A long-term collaborative agreement for RayCare was concluded with the Princess Margaret Cancer Center in Toronto, Canada.

## FINANCIAL SUMMARY

AMOUNTS IN SEK 000S	APR-JUN		JAN-JUN		JUL 2017-	FULL-YEAR
	2018 <sup>1</sup>	2017 <sup>2</sup>	2018 <sup>1</sup>	2017 <sup>2</sup>	JUN 2018 <sup>3</sup>	2017 <sup>2</sup>
Net sales	141,039	141,634	257,296	268,422	573,960	585,086
Operating profit	26,258	26,839	40,366	60,305	139,730	159,669
Operating margin, %	18.6	18.9	15.7	22.5	24.3	27.3
Profit for the period	20,595	20,092	32,374	46,366	103,635	117,627
Earnings per share before/after dilution, SEK	0.60	0.59	0.94	1.35	3.02	3.43
Cash flow from operating activities	14,720	25,640	70,741	65,027	153,195	147,481
Cash flow before financing activities	-49,283	-11,471	-36,328	-3,486	-33,493	-651
Return on equity, %	3.7	4.6	5.8	10.7	18.5	22.6
Equity/assets ratio at the end of the period, %	61.4	67.1	61.4	67.1	61.4	63.4
Share price at the end of the period, SEK	105.0	235.50	105.0	235.50	105.0	171.00

\* Regulatory clearance is required in some markets.

<sup>1</sup> Accounting according to IFRS 15, see Notes 1-2. <sup>2</sup> Accounting according to IAS 18. <sup>3</sup> Accounting according to IFRS 15 in 2018 and IAS 18 in remaining quarters.



## CEO COMMENTS

### EXPANDED COLLABORATIONS AND TWO NEW ORDERS FOR RAYCARE

2018 has started on a positive note for RaySearch. We have, for example, entered into long-term collaborations for RayCare with the Princess Margaret Cancer Center in Toronto and Heidelberg University Hospital. In addition, the Heidelberg Ion Beam Therapy Center (HIT) and Marburg Ion Beam Therapy Center (MIT) both selected RayStation for their treatment planning, which means that all carbon-ion therapy centers in Europe have now selected RayStation.

In addition, we deepened our collaboration with MD Anderson by concluding a strategic partnership to improve radiation therapy, which will lead to several new products moving forward. We also entered into a research collaboration and licensing agreement with NIRS/QST in Japan, which will lead to the integration of NIRS's Microdosimetric Kinetic Model (MKM) in RayStation.

As planned in June/July, we released new versions of RayStation and RayCare, which introduces a range of new and innovative features, including full planning capacity for the TomoTherapy and Radixact systems from Accuray, and support for the TomoDirect™ and TomoHelical™ treatment modes. RayCare is rapidly being developed based on clinical feedback from some of the world's leading cancer centers. The new version introduces a range of new features, including activity and rule-based scheduling for all clinical resources, clinical document management, and additional treatment planning functionality.

We are very happy to report that we also received two new orders for RayCare in the second quarter, one from a center in Belgium, and one from a center in Colombia.

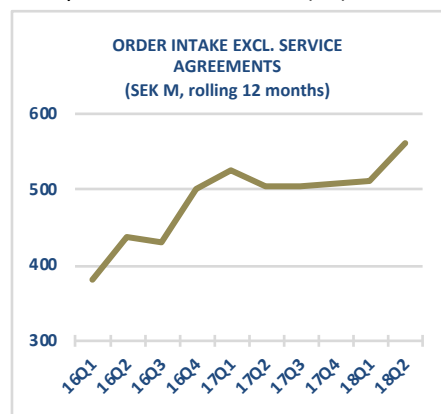
### DECLINE IN PROFIT DUE TO CHANGE IN ACCOUNTING POLICIES

In the second quarter of 2018, the total order intake excluding service agreements rose 47 percent to SEK 160 M (109), of which the combined order intake for RayStation and RayCare rose 54 percent to SEK 151 M (98). Sales were relatively strong in North America, but weak in Asia.

Net sales declined marginally to SEK 141 M (142) due to changes in IFRS 15, which is delaying our revenue recognition. Without application of the new accounting policy, net sales would have risen 15 percent.

Operating profit declined to SEK 26 M (27), representing an operating margin of 19 percent (19). The decline in profit was mainly due to the change in accounting policies, increased amortization arising from the launch of RayCare, higher operating expenses derived from the expansion of our global marketing organization, while operating profit was simultaneously impacted by positive currency effects. Without application of the new accounting policies, net sales would have risen 28 percent.

Cash flow before financing activities declined to SEK -49 M (-11), mainly due to investments in new offices and continued investment in the development and marketing organizations.



### CONTINUED EXPANSION BEGINS TO YIELD RESULTS

The long-term strategy feels secure and in 2018, we will continue to expand our global marketing organization to address the entire market systematically, to accelerate sales of both RayStation and RayCare and to ensure the best-possible customer service. This has reduced the company's operating margin in the short term, but will lead to high growth with healthy margins moving forward. In the second quarter, we saw signs that our investments have begun to yield results in terms of higher order intake.

In 2018, we will be entering new geographic markets and have a stronger focus on smaller cancer centers around the world. Our solutions are well-suited to helping small and mid-sized centers provide optimal patient care, increase their efficiency and optimize their resources.

### **RAYCARE – NEXT-GENERATION ONCOLOGY SOFTWARE**

The primary aim of RaySearch's operations is to improve and save the lives of cancer patients, which is the underlying driver of everything we create and all decisions we make. With our innovative software solutions, we are continuously striving to improve and streamline workflows in clinical environments and to improve treatment outcomes for cancer patients.

RayCare is radically different from other OISs and we have invested a great deal of time and energy into creating something that will fundamentally transform cancer care. For example, RayCare is bringing integrated cancer care within reach of many cancer centers and our goal is to further develop cancer care with powerful tools that combine treatment planning, workflows and data management, resource optimization, machine learning and efficient follow-up.

Our development model is based on partnerships with leading clinics worldwide and provides ideal conditions for success by combining the extensive clinical knowledge and resources of our partners with RaySearch's ability to develop innovative software solutions.

### **CLEAR PLAN AND SOLID BASE FOR CONTINUED INVESTMENT**

Our sales and earnings will continue to vary by quarter, since the order intake remains subject to relatively large fluctuations. However, our recurring support revenue is showing steady growth. Combined with a clear strategic plan, this provides a stable base for continued investment in both RayStation and RayCare.

More than 510 cancer centers across 32 countries have now purchased RayStation. At the same time, there are more than 8,000 radiation therapy centers worldwide, and that number is expected to grow sharply over the next decade. The driving forces include rising cancer rates, growing awareness of the advantages of radiation therapy and major investment in cancer therapies in Asia. The market is therefore growing steadily and we will continue to grow considerably faster than the market. Our aim is that at least 3,000 cancer centers will have purchased RayStation within ten years, corresponding to a market share of about 30 percent.

This is an exciting time. We have made great progress so far and above all, have established a platform for further expansion and new strategic opportunities. Through collaboration, openness and innovation, we will continue to work towards our vision of a world where cancer is defeated.

Stockholm, August 23, 2018

Johan Löf  
CEO of RaySearch Laboratories AB (publ)

## FINANCIAL INFORMATION

### ORDER INTAKE

In the second quarter of 2018, order intake excluding service agreements rose 47.3 percent to SEK 160.3 M (108.8), of which order intake for RayStation/RayCare excluding service agreements rose 54.1 percent to SEK 151.1 M (98.0).

In the second quarter, order intake for service agreements rose 10.3 percent to SEK 45.1 M (40.9).

<b>Order intake (amounts in SEK M)</b>	<b>Q2-18</b>	<b>Kv1-18</b>	<b>Q4-17</b>	<b>Q3-17</b>	<b>Q2-17</b>	<b>Rolling 12 months</b>	<b>Full-year 2017</b>
Order intake excl. service agreements – RayStation/RayCare	151.1	97.4	183.2	92.8	98.0	524.2	467.8
Order intake excl. service agreements – Partners	9.2	9.2	9.4	9.3	10.8	37.1	40.5
<b>Total order intake excl. service agreements</b>	<b>160.3</b>	<b>106.4</b>	<b>192.6</b>	<b>102.0</b>	<b>108.8</b>	<b>561.3</b>	<b>508.4</b>
Order backlog excl. service agreements – RayStation/RayCare, at the end of the period	106,0	60.6	50.0	39.1	36.0	106,0	50.0
Order intake service agreements – RayStation/RayCare	44.9	21.2	45.6	30.8	40.7	142.6	162.3
Order intake service agreements – Partners	0.2	0.2	0.2	0.2	0.2	0.7	0.8
<b>Total order intake excl. service agreements</b>	<b>45.1</b>	<b>21.4</b>	<b>45.8</b>	<b>31.0</b>	<b>40.9</b>	<b>143.3</b>	<b>163.1</b>
Order backlog service agreements, at the end of the period	613,7	580,5	528.8	530.6	555.1	613,7	528.8
<b>Order backlog incl. service agreements, at the end of the period</b>	<b>719,7</b>	<b>641,1</b>	<b>578,8</b>	<b>569,7</b>	<b>591,0</b>	<b>719,7</b>	<b>578,8</b>

In the first half of 2018, order intake excluding service agreements rose 24.8 percent to SEK 266.7 M (213.7), of which order intake for RayStation and RayCare rose 29.4 percent to SEK 248.2 M (191.8).

In the first half-year, order intake for service agreements declined 23 percent to SEK 66.4 M (86.3).

At June 30, 2018, the order backlog excluding service agreements for RayStation and RayCare amounted to SEK 104.7 M (36.0). The order backlog for service agreements amounted to SEK 613.7 M (555.1), which will generate revenues during a six-year period, of which SEK 101 M (82) is expected to generate revenues over the next 12 months.

### REVENUE

In the second quarter of 2018, net sales declined 0.4 percent to SEK 141.0 M (141.6). The decline is mainly due to the application of IFRS 15 *Revenue from Contracts with Customers* as of January 1, 2018, which has delayed revenue recognition and reduced the company's license revenue from RayStation by 18.7 percent and net sales by 13.1 percent during the second quarter of 2018 compared with the previously applied accounting policy (IAS 18), see Notes 1-2. Without application of the new accounting policies, net sales would have risen 14.6 percent.

<b>Revenues (amounts in SEK M)</b>	<b>Kv2-18<sup>1</sup></b>	<b>Kv1-18<sup>1</sup></b>	<b>K4-17<sup>2</sup></b>	<b>Kv3-17<sup>2</sup></b>	<b>Kv2-17<sup>2</sup></b>	<b>Rolling 12 mån<sup>3</sup></b>	<b>Full-year 2017<sup>2</sup></b>
License revenue – RayStation/RayCare	99.8	75.0	162.1	81.9	106.9	418.8	438.5
Hardware revenue – RayStation/RayCare	7.3	11.0	11.2	3.9	9.0	33.3	36.2
License revenue – Partners	9.2	9.2	9.4	9.3	10.8	37.1	40.5
Support revenue – RayStation	21.3	16.7	18.9	13.1	11.1	70.1	54.6
Support revenue – Partners	2.6	2.9	2.9	3.3	3.2	11.7	12.8
Training and other revenue – RayStation	0.8	1.4	0.5	0.3	0.6	3.0	2.3
<b>Net sales</b>	<b>141.0</b>	<b>116.3</b>	<b>205.0</b>	<b>111.7</b>	<b>141.6</b>	<b>574.0</b>	<b>585.1</b>
Sales growth, corresp. period, %	-0.4%	-8.3%	7.1%	-11.2%	19.0%	-2.0%	10.1%
Organic sales growth, corresp. period, %	-1.1%	-4.3%	12.2%	-7.8%	13.8%	1.1%	10.4%

<sup>1</sup> Accounting according to IFRS 15, see Notes 1-2.

<sup>2</sup> Accounting according to IAS 18.

<sup>3</sup> Accounting according to IFRS 15 in 2018 and according to IAS 18 in remaining quarters.

In the first half of 2018, sales declined 4.1 percent to SEK 257.3 M (268.4), of which revenues from RayStation declined 2.7 percent to SEK 233.4 M (240.0). Without application of new accounting policies, net sales would have risen 7.8 percent, see Notes 1-2.

In the first half of the year, sales had the following geographic distribution: North America, 44 percent (41); Asia, 12 percent (12); Europe and the rest of the world, 44 percent (47).

Recurring support revenues from RayStation rose 69 percent to SEK 38.1 M (22.6), representing 15 percent (9) of net sales during the period.

Revenues from sales of software modules via partners declined 16 percent to SEK 23.9 M (28.5), representing 9.2 percent (10.6) of net sales.

## OPERATING PROFIT

In the second quarter of 2018, operating profit declined to SEK 26.3 M (26.8), corresponding to an operating margin of 18.6 percent (18.9). The weaker earnings were due to the application of IFRS 15 as of January 1, 2018, which is delaying revenue recognition and reducing operating profit by SEK 19.9 M in the second quarter of 2018, see Notes 1-2.

Without application of the new accounting policy, operating profit would have increased to SEK 46.2 M in the second quarter, representing an operating margin of 28.4 percent.

The weaker earnings were also attributable to increased amortization expense, largely due to the launch of RayCare, as well as higher operating expenses, since the company's employees have increased by 28 percent since the second quarter of last year, mainly within the global marketing organization and in research and development. While expansion of the marketing organization has begun to increase order intake, revenue has not yet increased.

Other operating income and expenses pertained to exchange-rate gains and losses, which amounted to a net gain of SEK 20.8 M (loss: 8.4) in the second quarter of 2018. The increase was mainly due to the large proportion of accounts receivable denominated in USD and EUR, which strengthened against the SEK in the second quarter compared with the end of the first quarter.

In the first half of the year, operating profit declined to SEK 40.4 M (60.3), corresponding to an operating margin of 15.7 percent (22.5). The weaker earnings were largely attributable to the application of IFRS 15. Without application of the new accounting policy operating profit would have increased to SEK 70.4 M in the first half of the year, representing an operating margin of 24.3 percent, see Notes 1-2.

### Currency effects

The company is impacted by USD and EUR to SEK exchange-rate trends, since most sales are invoiced in USD and EUR, while most costs are in SEK. At unchanged exchange rates, organic sales growth was a negative 1.1 percent in the second quarter of 2018, compared with the year-on-year period. Currency effects therefore had a positive impact on net sales in the second quarter of 2018.

A sensitivity analysis of the company's currency exposure shows that a 1-percentage point change in the USD exchange rate against the SEK would have impacted consolidated operating profit by approximately +/- SEK 4.0 M in the second quarter of 2018, while a corresponding change in the EUR exchange rate versus SEK would have impacted consolidated operating profit by approximately +/- SEK 1.9 M.

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

### Capitalization of development costs

At June 30, 2018, 149 employees (125) were engaged in research and development.

Capitalization of development costs	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Rolling 12 months	Full-year 2017
Research and development costs	53.4	50.4	59.7	41.7	42.7	205.2	183.7
Capitalization of development costs	-39.2	-38.7	-46.2	-30.7	-31.1	-154.8	-137.8
Amortization of capitalized development costs	22.0	23.1	13.7	14.8	15.2	73.6	58.4
Research and development costs after adjustments for capitalization and amortization of development costs	36.2	34.8	27.2	25.8	26.8	124.0	104.3

In the first half of the year, research and development costs amounted to SEK 103.8 M (82.3), of which development costs of SEK 77.9 M (60.9) were capitalized. The increase was mainly due to increased development costs for RayCare. Capitalized development costs of SEK 45.1 M (29.9) were amortized in the first half of 2018. After adjustments for capitalization and amortization of development expenses, research and development costs totaled SEK 71.0 M (51.3).

#### *Amortization and depreciation*

In the second quarter of 2018, total amortization and depreciation amounted to SEK 27.3 M (18.2), of which the amortization of intangible fixed assets accounted for SEK 21.9 M (15.1), primarily related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 5.4 M (3.1).

In the first half of 2018, total amortization and depreciation amounted to SEK 53.0 M (35.9), of which the amortization of intangible fixed assets totaled SEK 45.1 M (29.8), primarily related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 7.9 M (6.1).

### **PROFIT AND EARNINGS PER SHARE**

In the second quarter of 2018, profit after tax totaled SEK 20.6 M (20.1), representing earnings per share of SEK 0.60 (0.59) before and after dilution. In the first half of 2018, profit after tax totaled SEK 32.4 M (46.4), representing earnings per share of SEK 0.94 (1.35) before and after dilution.

Tax expense for the first six months of the year amounted to SEK 7.2 M (12.7), corresponding to an effective tax rate of 18.1 percent (21.5). The low tax expense was mainly attributable to a remeasured and dissolved tax reserve in the North American subsidiary, and a lower tax rate in the US due to the US Tax Reform, which took effect on January 1, 2018. The changes to Swedish regulations in corporate income taxation during June 2018 have not had any significant impact on the current period.

### **CASH FLOW AND LIQUIDITY**

In the second quarter of 2018, cash flow from operating activities decreased to SEK 14.7 M (25.6), mainly attributable to an increase in working capital. Working capital primarily comprises accounts receivable and accrued income. At the end of the period, accounts receivable accounted for 60 percent (42) of net sales over the past 12 months and accrued income for 20 percent (18) of net sales over the same period.

RaySearch has agreements with customers whereby deliveries have long payment terms, which is normal in the industry. The company recognizes accounts receivable when delivery has occurred and an invoice issued, and accrued income when delivery has occurred but before an invoice has been issued, such as when a payment plan exists. The subsequent effect is that the Group's accounts receivable and accrued income, respectively, add up to relatively high amounts compared with net sales. Over the past 12 months, accounts receivable has increased in relation to net sales, due to the company signing more agreements with long payment terms. The company expects its credit risk to remain low since the counterparties are institutions with high credit ratings.

In the second quarter, cash flow from investing activities was a negative SEK 64.0 M (neg: 37.1). Investments in intangible fixed assets amounted to a negative SEK 39.2 M (neg: 31.0), comprising capitalized development costs for RayStation and RayCare. Investments in tangible fixed assets amounted to a negative SEK 24.8 M (pos: 6.0) mainly related to investment in two new offices in North America.

In the first half of the year, cash flow from investing activities was a negative SEK 107.0 M (neg: 68.5). Investments in intangible fixed assets amounted to a negative SEK 77.9 M (neg: 60.9), comprising capitalized development costs. Investments in tangible fixed assets amounted to a negative SEK 29.1 M (neg: 8.6).

Cash flow before financing activities was a negative SEK 49.3 M (neg: 11.5) in the second quarter of 2018, and a negative SEK 36.3 M (neg: 3.5) in the first half of 2018.

In the second quarter of 2018, cash flow from financing activities was a negative SEK 1.0 M (neg: 2.2). In the first six months of 2018, cash flow from financing activities was a negative SEK 1.6 M (neg: 13.2).

In the first half of 2018, cash flow for the period was a negative SEK 37.9 M (neg: 16.7) and at June 30, 2018, consolidated cash and cash equivalents amounted to SEK 69.1 M (70.2).

## FINANCIAL POSITION

At June 30, 2018, RaySearch's total assets amounted to SEK 996 M (757) and the equity/assets ratio was 61.4 percent (67.1).

Current receivables amounted to SEK 503.7 M (359.7). The receivables mainly comprised accounts receivable and accrued income, and the increase was primarily the result of more agreements with long payment terms.

In the fourth quarter of 2017, the company signed a six-year lease for new office space in San Francisco with commencement in the second quarter of 2018, and a ten-year lease for new office premises in New York with commencement in the third quarter of 2018 due to renovations.

In 2017, the company's line of credit was increased from SEK 100 M to SEK 350 M. The credit line expires in May 2021 and comprises a revolving loan facility of up to SEK 300 M and an overdraft facility of SEK 50 M. Chattel mortgages amount to SEK 100 M. At June 30, 2018, a short-term loan totaling SEK 74 M (40) had been utilized within the framework of the company's revolving loan facility.

At June 30, 2018, the Group's net debt amounted to SEK 13.6 M (negative: 20.8).

## EMPLOYEES

In the January-June period of 2018, the average number of employees in the Group was 273 (210). At the end of the second quarter, the Group had 286 employees (234), of whom 219 (183) were based in Sweden, and 67 (51) in foreign subsidiaries.

## PARENT COMPANY

RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. Since the Parent Company's operations are consistent with the Group's operations in all material respects, the comments for the Group are also largely relevant for the Parent Company. However, the capitalization of development costs and items related to finance leases are recognized in the Group, but not in the Parent Company.

Differences in profitability between the Parent Company and the Group are attributable to the Parent Company accounting for a relatively high proportion of operating expenses and to the capitalization of development costs being recognized in the Group, but not in the Parent Company.

The weaker earnings for the Parent Company are partly due to the application of IFRS 15 as of January 1, 2018, which is delaying the company's revenue recognition and reduced the company's operating profit by approximately SEK 9.4 M in the second quarter of 2018, and by SEK 14.0 M in the first half of the year. The weaker earnings were also attributable to higher operating expenses, since the company's employees have increased by 22 percent since the second quarter of last year, mainly within the global marketing organization and in research and development. While the company's expansion of the marketing organization has begun to increase the order intake, revenue has not yet increased.

The Parent Company's current receivables mainly comprise receivables from Group companies and accounts receivable.

## SIGNIFICANT EVENTS DURING THE PERIOD

### *Strategic partnership with MD Anderson to improve radiation therapy*

In February 2018, it was announced that the University of Texas MD Anderson Cancer Center and RaySearch had entered into a strategic partnership to improve cancer radiation therapy. The aim is to achieve greater precision when treating tumors and to improve and increase access to an existing radiation therapy approach – adaptive radiation therapy (ART) – which, at present, is largely limited to highly specialized cancer centers.

### *RayStation selected by several leading cancer centers*

In 2018, some of the largest and most respected cancer centers in the world selected RayStation as their treatment planning system, including the Georgia Proton Treatment Center and SECU Cancer Center at Mission Hospital in the US, CHU de Québec-Université Laval and Centre intégré universitaire de santé et de service sociaux de l'Estrie-Centre hospitalier universitaire de Sherbrooke in Canada, the Heidelberg Ion Beam Therapy Center (HIT) and Marburg Ion Beam Therapy Center (MIT) in Germany, and Advanced Oncotherapy (AVO) in the UK. In addition, the University Medical Center Groningen in the Netherlands has expanded its existing RayStation installation.

### *Share conversion*

In March 2018, 200,000 Class A shares were converted to Class B at the request of a shareholder. The total number of votes in RaySearch thereafter amounted to 110,377,548. The total number of registered shares in RaySearch amounts to 34,282,773, of which 8,454,975 are Class A and 25,827,798 Class B.

### *Collaborative agreement for RayCare with Heidelberg University Hospital*

In April 2018, it was announced that RaySearch had entered into a long-term collaborative agreement for RayCare with Heidelberg University Hospital in Germany. The collaboration will also involve the two affiliated sites, Heidelberg Ion Beam Therapy Center (HIT) and Marburg Ion Beam Therapy Center (MIT).

### *Collaborative agreement for brachytherapy with Eckert & Ziegler BEBIG*

RaySearch and Eckert & Ziegler BEBIG, a leading European manufacturer of brachytherapy products, have entered into a collaborative agreement to integrate RayStation and RayCare with Eckert & Ziegler BEBIG's brachytherapy system.

### *Research collaboration and licensing agreement for carbon-ion therapy with NIRS/QST*

Research collaboration and a long-term licensing agreement for carbon-ion therapy have been concluded with the National Institute of Radiological Sciences (NIRS) and the National Institutes for Quantum and Radiological Science and Technology (QST) in Japan, which will lead to the integration of NIRS's Microdosimetric Kinetic Model (MKM) in RayStation.

### *RayStation 8A released*

In June, it was announced that RaySearch had released RayStation 8A, the latest version of the innovative treatment planning system. The new version includes full planning capacity for the TomoTherapy and Radixact systems from Accuray, and support for the TomoDirect™ and TomoHelical™ treatment modes. In addition, the functionality for proton and carbon-ion therapy has been developed and integration with RayCare expanded.

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

### *RayCare 2A released*

In July, it was announced that RaySearch had released RayCare 2A, the latest version of the groundbreaking oncology information system (OIS). RayCare is rapidly being developed based on clinical feedback from some of the world's leading cancer centers. The new version introduces a range of new features, including activity and rule-based scheduling for all clinical resources, clinical document management, and additional treatment planning functionality. RayCare's advanced workflow features have been further refined to enable customization of the workflow for individual patients, and for the automatic creation and management of invoicing codes for the activities performed within the workflow.



*Collaborative agreement for RayCare with the Princess Margaret Cancer Center*

In July, it was announced that RaySearch had entered into a long-term collaborative agreement for RayCare with the Princess Margaret Cancer Center, part of the University Hospital Network in Toronto, Canada. "The Princess Margaret Cancer Center is one of the leading cancer centers in the world, and their experience and insights are invaluable for the continued development of RayCare. Our collaboration has been ongoing for more than ten years and forms one of the pillars for all of RaySearch's efforts to achieve better cancer care. We are working together to set a higher standard for cancer care and making patient-centered care real," says Johan Löf, President and CEO of RaySearch.

**THE COMPANY'S SHARE**

At June 30, 2018, the total number of registered shares in RaySearch was 34,282,773, of which 8,454,975 were Class A and 25,827,798 Class B shares. The quotient value is SEK 0.50 and the company's share capital amounts to SEK 17,141,386.50. Each Class A share entitles the holder to ten votes, and each Class B share to one vote, at a general meeting. At June 30, 2018, the total number of voting rights in RaySearch was 110,377,548.

**SHARE OWNERSHIP**

At June 30, 2018, the total number of shareholders in RaySearch was 7,638 and, according to Euroclear, the largest shareholders were as follows:

<b>Name</b>	<b>Class A shares</b>	<b>Class B shares</b>	<b>Total shares</b>	<b>Share capital, %</b>	<b>Votes, %</b>
Johan Löf	6,243,084	618,393	6,861,477	20.0	57.1
Swedbank Robur Funds	0	3,306,839	3,306,879	9.7	3.0
First AP Fund	0	2,864,138	2,864,138	8.4	2.6
Second AP Fund	0	1,929,651	1,929,651	5.6	1.8
Lannebo Funds	0	1,929,217	1,929,217	5.6	1.7
Montanaro Funds	0	1,523,936	1,523,936	4.4	1.4
Anders Brahme	1,150,161	200,000	1,350,161	3.9	10.6
Carl Filip Bergendal	1,061,577	144,920	1,206,497	3.5	9.8
State Street Bank & Trust	0	1,108,865	1,108,865	3.2	1.0
JP Morgan	0	888,569	888,569	2.6	0.8
<b>Total, 10 largest shareholders</b>	<b>8,454,822</b>	<b>14,514,528</b>	<b>23,969,350</b>	<b>67.0</b>	<b>89.8</b>
Others	153	11,313,270	11,313,423	33.0	10.2
<b>Total</b>	<b>8,454,975</b>	<b>25,827,798</b>	<b>34,282,773</b>	<b>100.0</b>	<b>100.0</b>

## OTHER INFORMATION

### 2018 ANNUAL GENERAL MEETING

The 2018 Annual General Meeting (AGM) for RaySearch was held on Wednesday May 30, 2018. The AGM re-elected Board members Carl Filip Bergendal, Johan Löf, Hans Wigzell and Johanna Öberg. Britta Wallgren was elected as new Board member. Carl Filip Bergendal was re-elected as Chairman of the Board. The AGM resolved that no dividend would be paid for the 2017 fiscal year.

### RISKS AND UNCERTAINTIES

As a global Group with operations in different parts of the world, RaySearch is exposed to various risks and uncertainties, such as market risk, operational risk and financial risk. Risk management within RaySearch aims to identify, measure and reduce risks related to the Group's transactions and operations. No significant changes have been made to the risk assessment compared with the 2017 Annual Report. For more information about risks and risk management, see pages 8-10 and 33-34 of RaySearch's 2017 Annual Report.

### SEASONAL VARIATIONS

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

### REVIEW

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

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

Stockholm, August 23, 2018

The Board of Directors of RaySearch Laboratories AB (publ)

Carl Filip Bergendal  
*Chairman of the Board*

Johan Löf  
*President and Board member*

Hans Wigzell  
*Board member*

Johanna Öberg  
*Board member*

Britta Wallgren  
*Board member*

### FOR FURTHER INFORMATION, PLEASE CONTACT:

Johan Löf, CEO

Telephone: +46 (0)8 510 530 00

E-mail: [johan.lof@raysearchlabs.com](mailto:johan.lof@raysearchlabs.com)

Peter Thysell, CFO

Telephone: +46 (0)70 661 05 59

E-mail: [peter.thysell@raysearchlabs.com](mailto:peter.thysell@raysearchlabs.com)

*The information contained in this interim report is such that RaySearch Laboratories AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication on August 23, 2018 at 7:45 a.m. CET.*

### FINANCIAL CALENDAR

Interim report for the third quarter, 2018	November 15, 2018
Year-end report, 2018	February 20, 2019
Interim report for the first quarter, 2019	May 9, 2019

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

AMOUNTS IN SEK 000S	APR-JUN		JAN-JUN		JUL 2017-	FULL-YEAR
	2018 <sup>1</sup>	2017 <sup>2</sup>	2018 <sup>1</sup>	2017 <sup>2</sup>	JUN 2018 <sup>3</sup>	2017 <sup>2</sup>
Net sales	141,039	141,634	257,296	268,422	573,960	585,086
Cost of goods sold <sup>4</sup>	-11,564	-10,926	-21,028	-20,908	-36,770	-36,650
<b>Gross profit</b>	<b>129,475</b>	<b>130,708</b>	<b>236,268</b>	<b>247,514</b>	<b>537,190</b>	<b>548,436</b>
Other operating income	24,420	-	32,031	-	39,043	7,012
Selling expenses	-65,559	-52,960	-111,014	-91,913	-223,953	-204,852
Administrative expenses	-22,264	-15,758	-41,149	-31,382	-73,014	-63,247
Research and development costs	-36,220	-26,770	-70,986	-51,283	-124,007	-104,304
Other operating expenses	-3,594	-8,381	-4,784	-12,631	-15,529	-23,376
<b>Operating profit</b>	<b>26,258</b>	<b>26,839</b>	<b>40,366</b>	<b>60,305</b>	<b>139,730</b>	<b>159,669</b>
Result from financial items	-576	-418	-824	-1,259	-3,333	-3,768
<b>Profit before tax</b>	<b>25,682</b>	<b>26,421</b>	<b>39,542</b>	<b>59,046</b>	<b>136,397</b>	<b>155,901</b>
Tax	-5,087	-6,329	-7,168	-12,680	-32,762	-38,274
<b>Profit for the period<sup>5</sup></b>	<b>20,595</b>	<b>20,092</b>	<b>32,374</b>	<b>46,366</b>	<b>103,635</b>	<b>117,627</b>
<b>Other comprehensive income</b>						
<b>Items to be reclassified to profit or loss</b>						
Translation difference of foreign operations for the period	-1,485	1,318	-1,358	1,696	-447	2,610
<b>Items not to be reclassified to profit or loss</b>	-	-	-	-	-	-
<b>Comprehensive income for the period<sup>5</sup></b>	<b>19,107</b>	<b>21,410</b>	<b>31,013</b>	<b>48,062</b>	<b>103,188</b>	<b>120,237</b>
Earnings per share before and after dilution (SEK)	0.60	0.59	0.94	1.35	3.02	3.43

<sup>1</sup> Accounting according to IFRS 15, see Notes 1-2.

<sup>2</sup> Accounting according to IAS 18.

<sup>3</sup> Accounting according to IFRS 15 in 2018 and according to IAS 18 in remaining quarters.

<sup>4</sup> Does not include amortization of capitalized development costs, which is included in research and development costs.

<sup>5</sup> Wholly (100%) attributable to Parent Company shareholders.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY**

AMOUNTS IN SEK 000S	APR-JUN		JAN-JUN		FULL-YEAR
	2018	2017	2018	2017	2017
Opening balance	592,331	486,840	580,425	460,188	460,188
Profit for the period	20,595	20,092	32,374	46,366	117,627
Translation difference for the period	-1,488	1,318	-1,361	1,696	2,610
Closing balance	<b>611,438</b>	<b>508,250</b>	<b>611,438</b>	<b>508,250</b>	<b>580,425</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

AMOUNTS IN SEK 000S	JUN 30, 2018	JUN 30, 2017	DEC 31, 2017
<b>ASSETS</b>			
Intangible fixed assets	355,453	274,234	322,598
Tangible fixed assets	59,177	38,178	36,114
Deferred tax assets	780	455	780
Other long-term receivables	7,195	14,619	11,684
<b>Total fixed assets</b>	<b>422,605</b>	<b>327,486</b>	371,176
Inventories	525	-	33
Current receivables	503,688	359,716	439,699
Cash and cash equivalents	69,153	70,165	104,156
<b>Total current assets</b>	<b>573,366</b>	<b>429,881</b>	<b>543,888</b>
<b>TOTAL ASSETS</b>	<b>995,971</b>	<b>757,367</b>	<b>915,064</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	611,438	508,250	580,425
Deferred tax liabilities	99,652	77,424	92,424
Long-term liabilities to credit institutions	8,665	10,491	9,751
Accounts payable	17,698	17,274	27,403
Current liabilities to credit institutions	74,083	-	74,033
Other current liabilities	184,435	143,928	131,028
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>995,971</b>	<b>757,367</b>	<b>915,064</b>

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

AMOUNTS IN SEK 000S	APR-JUN		JAN-JUN		FULL-YEAR
	2018	2017	2018	2017	2017
Profit before tax	25,682	26,421	39,542	59,046	155,901
Adjusted for non-cash items <sup>1)</sup>	5,196	7,950	25,528	19,043	56,181
Taxes paid	-6,656	-3,719	-27,308	-7,885	-11,724
<b>Cash flow from operating activities before changes in working capital</b>	<b>24,222</b>	<b>30,652</b>	<b>37,762</b>	<b>70,204</b>	<b>200,358</b>
Cash flow from changes in working capital	-9,502	-5,012	32,979	-5,177	-52,877
<b>Cash flow from operating activities</b>	<b>14,720</b>	<b>25,640</b>	<b>70,741</b>	<b>65,027</b>	<b>147,481</b>
Cash flow from investing activities	-64,003	-37,111	-107,069	-68,513	-148,132
Cash flow from financing activities	-979	-2,239	-1,593	-13,230	19,773
<b>Cash flow for the period</b>	<b>-50,262</b>	<b>-13,710</b>	<b>-37,921</b>	<b>-16,716</b>	<b>19,122</b>
Cash and cash equivalents at the beginning of the period	117,871	84,432	104,156	87,720	87,720
Exchange-rate difference in cash and cash equivalents	1,544	-557	2,918	-839	-2,686
<b>Cash and cash equivalents at the end of the period</b>	<b>69,153</b>	<b>70,165</b>	<b>69,153</b>	<b>70,165</b>	<b>104,156</b>

<sup>1)</sup> These amounts primarily include amortization of capitalized development costs.

## PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	APR-JUN		JAN-JUN		FULL-YEAR
	2018 <sup>1</sup>	2017 <sup>2</sup>	2018 <sup>1</sup>	2017 <sup>2</sup>	2017 <sup>2</sup>
Net sales	104,746	114,909	193,854	216,944	480,774
Cost of goods sold <sup>3)</sup>	-5,793	-1,958	-9,804	-8,607	-19,548
<b>Gross profit</b>	<b>98,953</b>	<b>112,951</b>	<b>184,050</b>	<b>208,337</b>	<b>461,226</b>
Other operating income	24,420	-	32,031	-	7,012
Selling expenses	-38,475	-36,597	-65,919	-60,302	-133,066
Administrative expenses	-22,100	-15,971	-40,940	-31,720	-64,065
Research and development costs	-53,461	-42,699	-103,841	-82,298	-183,683
Other operating expenses	-3,607	-8,381	-4,796	-12,631	-23,376
<b>Operating profit</b>	<b>5,730</b>	<b>9,303</b>	<b>585</b>	<b>21,386</b>	<b>64,048</b>
Result from financial items	-458	-314	-585	-970	2,887
<b>Profit after financial items</b>	<b>5,272</b>	<b>8,989</b>	<b>0</b>	<b>20,416</b>	<b>66,935</b>
Appropriations	-	-	-	-	-19,815
<b>Profit before tax</b>	<b>5,272</b>	<b>8,989</b>	<b>0</b>	<b>20,416</b>	<b>47,120</b>
Tax	-	-2,612	-	-5,387	-13,227
<b>Profit for the period</b>	<b>5,272</b>	<b>6,377</b>	<b>0</b>	<b>15,029</b>	<b>33,893</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	APR-JUN		JAN-JUN		FULL-YEAR
	2018 <sup>1</sup>	2017 <sup>2</sup>	2018 <sup>1</sup>	2017 <sup>2</sup>	2017 <sup>2</sup>
Profit for the period	5,272	6,377	0	15,029	33,893
Other comprehensive income	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>5,272</b>	<b>6,377</b>	<b>0</b>	<b>15,029</b>	<b>33,893</b>

<sup>1</sup> Accounting according to IFRS 15, see Notes 1-2.

<sup>2</sup> Accounting according to IAS 18.

<sup>3</sup> Does not include amortization of capitalized development costs, which is included in research and development costs.

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

AMOUNTS IN SEK 000S	JUN 30, 2018	JUN 30, 2017	DEC 31, 2017
<b>ASSETS</b>			
Tangible fixed assets	27,587	25,040	23,686
Shares and participations	1,772	640	1,046
Deferred tax assets	780	455	780
Other long-term receivables	7,011	9,656	10,405
<b>Total fixed assets</b>	<b>37,150</b>	<b>35,791</b>	<b>35,917</b>
Inventories	525		33
Current receivables	474,223	356,356	458,270
Cash and cash equivalents	38,230	54,220	42,857
<b>Total current assets</b>	<b>512,978</b>	<b>410,576</b>	<b>501,160</b>
<b>TOTAL ASSETS</b>	<b>550,128</b>	<b>446,367</b>	<b>537,077</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	272,055	253,190	272,054
Untaxed reserves	97,510	77,695	97,510
Long-term liabilities to credit institutions	-		-
Accounts payable	16,051	15,991	30,168
Current liabilities to credit institutions	74,083	38,833	74,033
Other current liabilities	90,429	60,658	63,312
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>550,128</b>	<b>446,367</b>	<b>537,077</b>

## NOTES, GROUP

### NOTE 1 ACCOUNTING POLICIES

The RaySearch Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are consistent with those described in the 2017 Annual Report for RaySearch Laboratories AB (publ), which is available on [www.raysearchlabs.com](http://www.raysearchlabs.com). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9, Interim report.

#### *New or revised accounting standards applicable to annual reporting periods beginning on or after January 1, 2018.*

As of January 1, 2018, RaySearch has applied IFRS 9 *Financial Instruments*, and IFRS 15 *Revenue from Contracts with Customers*. RaySearch otherwise applies the same accounting policies as those set out in the 2017 Annual Report.

IFRS 9 *Financial Instruments* replaced IAS 39 *Financial Instruments: Recognition and Measurement*. The new principles for classifying financial assets had no impact the Group's earnings and position. The new model for calculating credit losses impacts the impairment process, but had no significant impact on the Group's earnings and position. The company follows the financial policy established by the Board, whereby exchange-rate changes are not hedged, and are not therefore impacted by the new principles for hedge accounting.

IFRS 15 *Revenue from Contracts with Customers* has replaced previously issued revenue standards and interpretations. According to IFRS 15, revenue shall be recognized when promised goods or services are transferred to the customer, which can take place over time or at a single time. Revenue shall constitute the amount the company expects to receive as payment for the transferred goods or services.

IFRS 15 is applicable as of January 1, 2018. The transition to the standard was achieved using a forward-looking retroactive transitional method, meaning any transitional effects are recognized against shareholders' equity on January 1, 2018 and that the income statement will be presented in accordance with IFRS 15 as of 2018. As no significant agreements were in effect at the end of the year, according to the previously applied accounting policies, no transition effect arose at January 1, 2018.

The transition to IFRS 15 impacts license and support revenues from RayStation and RayCare, primarily attributable to the warranty period and the trainings offered by the company. According to IFRS 15, recognized license revenue shall be reduced by an amount corresponding to the value of the support included during the agreed warranty period, and this amount shall thereafter be taken up as income on an ongoing basis during the warranty period. The transition to IFRS 15 reduced the company's license revenues from RayStation and RayCare compared with previously applied accounting policies, at the same time as the company's support revenues will increase by a corresponding amount, though with an average delay of about nine months.

#### *New or revised accounting standards that will become effective in forthcoming periods*

IFRS 16 *Leases* will come into effect on January 1, 2019. RaySearch has begun work to evaluate the impact of the new standard. The initial assessment is that the new standard will impact RaySearch with respect to rental leases for premises, vehicles and other large leased assets as these will be recognized in the balance sheet.

## NOTE 2 IMPACT OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

### IFRS 15 Revenue from Contracts with Customers

The following tables summarize the impact of a transition to IFRS 15 on the consolidated income statement for the second quarter and first six months of 2018 and the consolidated balance sheet at June 30, 2018. The transition to IFRS 15 has no material effect on consolidated cash flow.

AMOUNTS IN SEK 000s	APR-JUN 2018			JAN-JUN 2018		
	Recognized in accordance with IFRS 15	Adjustments	Amounts according to previous standard (IAS 18)	Recognized in accordance with IFRS 15	Adjustments	Amounts according to previous standard (IAS 18)
<b>Revenue</b>						
License revenue – RayStation/RayCare	99,783	22,940	122,723	174,795	33,681	208,476
Hardware revenue – RayStation/RayCare	7,273	0	7,273	18,297	0	18,297
License revenue – Partners	9,233	0	9,233	18,477	0	18,477
Support revenue – RayStation	21,376	-915	20,461	38,054	-921	37,133
Support revenue – Partners	2,577	0	2,577	5,430	0	5,430
Training and other revenue – RayStation	797	-748	49	2,243	-748	1,495
<b>Net sales</b>	<b>141,039</b>	<b>21,277</b>	<b>162,316</b>	<b>257,296</b>	<b>32,013</b>	<b>289,309</b>
Operating expenses	-114,782	-1,346	-116,128	-216,930	-2,018	-218,948
<b>Operating profit</b>	<b>26,257</b>	<b>19,932</b>	<b>46,189</b>	<b>40,366</b>	<b>29,995</b>	<b>70,361</b>
<b>Profit before tax</b>	<b>25,681</b>	<b>19,932</b>	<b>33,793</b>	<b>39,542</b>	<b>29,995</b>	<b>69,537</b>
Tax	-5,086	-4,385	-9,471	-7,168	-6,599	-13,767
<b>Profit for the period</b>	<b>20,595</b>	<b>15,547</b>	<b>24,322</b>	<b>32,374</b>	<b>23,396</b>	<b>55,770</b>
<b>Comprehensive income for the period</b>	<b>19,107</b>	<b>15,547</b>	<b>34,654</b>	<b>31,013</b>	<b>23,396</b>	<b>54,409</b>

AMOUNTS IN SEK 000S	JUN 30, 2018		
	Recognized in accordance with IFRS 15	Adjustments	Amount according to previous standard (IAS 18)
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>611,438</b>	<b>23,396</b>	<b>634,837</b>
Deferred tax liabilities	99,653	0	99,653
Long-term interest-bearing liabilities	8,665	0	8,665
Accounts payable	17,698	0	17,698
Current liabilities to credit institutions	74,083	0	74,083
Contractual liabilities	115,230	-32,013	83,217
Other current liabilities	69,204	8,617	77,818
<b>Total liabilities and equity</b>	<b>995,971</b>	<b>0</b>	<b>995,971</b>



**NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS**

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

AMOUNTS IN SEK 000S	APR-JUN 2018		JAN-JUN 2018	
	RayStation/ RayCare	Partner	RayStation/ RayCare	Partner
<b>Revenue by type</b>				
Licenses	99,783	9,233	174,795	18,477
Support	21,376	2,577	38,054	5,430
Hardware	7,273	-	18,297	0
Training and other	797	-	2,243	0
<b>Total revenue from contracts with customers</b>	<b>129,229</b>	<b>11,810</b>	<b>233,389</b>	<b>23,907</b>
<b>Revenue by geographic market</b>				
North America	47,790	4,143	102,691	10,519
APAC	19,808	1,917	28,007	2,869
Europe and rest of the world	61,631	5,750	102,691	10,519
<b>Total revenue from contracts with customers</b>	<b>129,229</b>	<b>11,810</b>	<b>233,389</b>	<b>23,907</b>
<b>Revenue by date for revenue recognition</b>				
<b>Goods/services</b> transferred at a point of time	107,056	9,233	193,092	18,477
Services transferred over time	22,173	2,577	40,297	5,430
<b>Total revenue from contracts with customers</b>	<b>129,229</b>	<b>11,810</b>	<b>233,389</b>	<b>23,907</b>

**NOTE 4 ESTIMATES**

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

**NOTE 5 FINANCIAL INSTRUMENTS**

RaySearch's financial assets and liabilities comprise accounts receivable, cash and cash equivalents, accrued income, accrued expenses, accounts payable, bank loans and a finance lease. Long-term accounts receivable and accrued income are discounted, while other financial assets and liabilities have short-term maturities.

Accordingly, the fair values of all financial instruments are deemed to correspond approximately to their carrying amounts. RaySearch has not applied net accounting to any financial assets or liabilities, and has no agreements that permit offsetting.

**NOTE 6 RELATED-PARTY TRANSACTIONS**

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

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

AMOUNTS IN SEK 000S	JUN 30, 2018	JUN 30, 2017
Chattel mortgages	100,000	100,000
Guarantees	8,097	8,996

## GROUP QUARTERLY OVERVIEW

AMOUNTS IN SEK 000s	18Q2 <sup>1</sup>	18Q1 <sup>1</sup>	17Q4 <sup>2</sup>	17Q3 <sup>2</sup>	17Q2 <sup>2</sup>	17Q1 <sup>2</sup>	16Q4 <sup>2</sup>	16Q3 <sup>2</sup>
<b>Income statement</b>								
Net sales	141,039	116,257	204,961	111,703	141,634	126,788	191,355	125,730
Sales growth, %	-0.42	-8.3	7.1	-11.2	19.0	32.9	45.0	25.0
Operating profit	26,258	14,108	98,698	666	26,839	33,466	100,249	38,465
Operating margin, %	18.6	12.1	48.2	0.6	18.9	26.4	52.4	30.6
Profit for the period	20,595	11,779	72,289	-1,028	20,092	26,274	75,924	28,887
Net margin, %	14.6	10.1	35.3	-0.9	14.2	20.7	39.7	23.0
<b>Cash flow</b>								
Operating activities	14,720	56,021	46,785	35,669	25,640	39,387	73,866	10,211
Investing activities	-64,003	-43,066	-46,207	-33,412	-37,111	-31,402	-31,207	-23,320
Cash flow before financing activities	-49,283	12,955	578	2,257	-11,471	7,985	42,659	-13,109
Financing activities	-979	-614	34,028	-1,025	-2,239	-10,991	13,940	8,955
Cash flow for the period	-50,262	12,341	34,606	1,232	-13,710	-3,006	56,599	-4,154
<b>Capital structure</b>								
Equity/assets ratio, %	61.4	63.5	63.4	67.2	67.1	66.2	64.2	65.8
Net debt	13,595	-34,701	-20,372	-20,062	-20,841	-32,869	-26,193	30,420
Debt/equity ratio	0.0	-0.1	0.0	0.0	-0.0	-0.1	-0.1	0.1
Net debt/EBITDA	0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	0.1
<b>Per share data, SEK</b>								
Earnings per share before dilution	0.60	0.34	2.11	-0.03	0.59	0.77	2.21	0.84
Earnings per share after dilution	0.60	0.34	2.11	-0.03	0.59	0.77	2.21	0.84
Equity per share	17.84	17.28	16.93	14.82	14.83	14.20	13.42	11.26
Share price at the end of the period	105.0	123.0	171.0	173.5	235.5	235.0	184.5	198.50
<b>Other</b>								
No. of shares before and after dilution, 000s	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8
Average no. of employees	280	267	253	240	219	201	192	185

## GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Jul 2017- Jun 2018 <sup>3</sup>	Apr 2017- Mar 2018 <sup>2</sup>	Jan 2017- Dec 2017 <sup>2</sup>	Oct 2016- Sep 2017 <sup>2</sup>	Jul 2016- Jun 2017 <sup>2</sup>	Apr 2016- Mar 2017 <sup>2</sup>	Jan 2016- Dec 2016 <sup>2</sup>	Oct 2015- Sep 2016 <sup>2</sup>
<b>Income statement</b>								
Net sales	573,960	574,555	585,086	571,480	585,507	562,855	531,468	472,070
Operating profit	139,730	140,311	159,669	161,220	199,019	209,673	199,559	143,612
Operating margin, %	24.3	24.4	27.3	28.2	34.0	37.3	37.5	30.4

<sup>1</sup> Accounting according to IFRS 15, see Notes 1-2.

<sup>2</sup> Accounting according to IAS 18.

<sup>3</sup> Accounting according to IFRS 15 in 2018 and according to IAS 18 in remaining quarters.

## DEFINITIONS OF KEY RATIOS

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

Non-IFRS financial measures	Definition	Reason for using the measure
Order intake excluding service agreements	The value of all orders received and changes to existing orders during the current period excluding the value of service agreements.	Order intake is an indicator of future revenue and is thus a key figure for the management of RaySearch's operations.
Order intake for RayStation/RayCare excluding service agreements	The value of orders received and changes to existing orders for RayStation/RayCare during the current period, excluding the value of service agreements	Order intake is an indicator of future revenue and is thus a key figure for the management of RaySearch's main operational areas
Order backlog for RayStation/RayCare	The value of orders for RayStation/RayCare at the end of the period that the company has yet to deliver and recognize as revenue	The order backlog shows the value of orders already booked by RaySearch that will be converted to revenues in the future.
Sales growth	The change in net sales compared with the year-earlier period expressed as a percentage	The measure is used to track the performance of the company's operations between periods
Organic sales growth	Sales growth excluding currency effects	This measure is used to monitor underlying sales growth driven by changes in volume, pricing and mix for comparable units between different periods
Gross profit	Net sales minus cost of goods sold	Gross profit is used to illustrate the margin before sales, research, development and administrative expenses
Operating profit	Calculated as earnings before financial items and tax	Operating profit/loss provides an overall picture of the total generation of earnings in operating activities
Operating margin	Operating profit/loss expressed as a percentage of net sales	Together with sales growth, the operating margin is a key element for monitoring value creation
Net margin	Profit for the period as a percentage of net sales for the period	The net margin illustrates the percentage of net sales remaining after the company's expenses have been deducted
Equity per share	Equity divided by number of shares at the end of the period	Illustrates the return generated on the owners' invested capital per share from a shareholder perspective
Rolling 12 months' sales, operating profit/loss or other results	Sales, operating profit/loss or other results measured over the last 12-month period	This measure is used to more clearly illustrate the trends for sales, operating profit/loss and other results, which is relevant because RaySearch's revenue is subject to monthly variations
Working capital	Working capital comprises inventories, operating receivables and operating liabilities, and is obtained from the statement of financial position. Operating receivables comprise accounts receivable, other receivables and non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing long-term liabilities, advance payments from customers, accounts payable, other current liabilities and non-interest bearing accrued expenses and deferred income.	This measure shows how much working capital is tied up in operations and can be shown in relation to net sales to demonstrate the efficiency with which working capital has been used
Return on equity	Calculated as profit/loss for the period as a percentage of average equity Average equity is calculated as the sum of equity at the end of the period plus equity at the end of the year-earlier period, divided by two	Illustrates the return generated on the owners' invested capital from a shareholder perspective
Equity/assets ratio	Equity expressed as a percentage of total assets	This is a standard measure to show financial risk, and is expressed as the percentage of the total restricted equity financed by the owners
Net debt	Interest-bearing liabilities less cash and cash equivalents and interest-bearing current and long-term receivables	The measure shows the Group's total indebtedness
Debt/equity ratio	Net debt in relation to equity	The measure shows financial risk and is used by management to monitor the Group's indebtedness
Net debt/EBITDA	Net debt in relation to operating profit before depreciation over the past 12-month period	A relevant measure from a credit perspective that shows the company's ability to repay its debts

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

AMOUNTS IN SEK 000s	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
<b>Working capital</b>			
Accounts receivable	343,991	244,864	335,125
Inventories	525	-	33
Accrued income – long-term	7,092	14,619	11,468
Accrued income – current	108,146	76,866	78,482
Other current receivables (excl. tax)	33,765	23,367	25,742
Accounts payable	-17,698	-17,274	-27,403
Other current liabilities (excl. tax)	-181,358	-96,098	-115,084
<b>Working capital</b>	<b>294,463</b>	<b>246,344</b>	<b>308,363</b>
<b>Net debt</b>			
Current interest-bearing liabilities	74,083	38,833	74,033
Long-term interest-bearing liabilities	8,665	10,491	9,751
Cash and cash equivalents	-69,153	-70,165	-104,156
Interest-bearing receivables	-	-	-
<b>Net debt</b>	<b>13,595</b>	<b>-20,841</b>	<b>-20,372</b>
<b>EBITDA</b>			
Operating profit	139,730	199,019	159,669
Amortization and depreciation	87,805	69,239	70,757
<b>EBITDA</b>	<b>227,535</b>	<b>268,258</b>	<b>230,426</b>

<sup>1</sup> Accounting according to IFRS 15 in 2018 and according to IAS 18 in remaining quarters.

<sup>2</sup> Accounting according to IAS 18.

## **HEAD OFFICE**

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

## **STREET ADDRESS**

Sveavägen 44, Floor 7  
SE-111 34 Stockholm, Sweden

Tel: +46 (0)8 510 530 00  
[www.raysearchlabs.com](http://www.raysearchlabs.com)  
Corporate Registration Number: 556322-6157

## **ABOUT RAYSEARCH**

RaySearch Laboratories AB (publ) is a medical technology company that develops innovative software solutions for improved cancer treatment. The company develops and markets the RayStation treatment planning system and RayCare oncology information system to cancer centers all over the world and distributes the products through licensing agreements with leading medical technology companies. RaySearch's software is currently used by over 2,600 centers in more than 65 countries. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed on Nasdaq Stockholm since 2003. More information about RaySearch is available at [www.raysearchlabs.com](http://www.raysearchlabs.com).

## **BUSINESS CONCEPT**

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

## **BUSINESS MODEL**

RaySearch's revenues are generated when customers pay an initial license fee for the right to use RaySearch's software and an annual service fee for access to updates and support. The RayStation treatment planning system and the RayCare oncology information system are developed at RaySearch's head office in Stockholm and distributed and supported by the company's global marketing organization.

## **STRATEGY**

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