

INTERIM REPORT JANUARY 1-SEPTEMBER 30, 2018

“In the third quarter of 2018, order intake rose 31 percent to SEK 176 M (134), the highest-ever order intake for the third quarter. Net sales rose 35 percent to SEK 150 M (112) and the operating margin to 8 percent (1), despite changes in accounting policies that are deferring our revenue recognition. Without application of the new accounting policies, net sales would have risen 47 percent to SEK 164 M and the operating margin would have been 15 percent. We have confidence in our long-term strategy, and our expansion will continue,” says Johan Löf, CEO of RaySearch.

THIRD QUARTER (JULY-SEPTEMBER 2018)

- Net sales SEK 150.4 M (111.7), of which revenues from RayStation®/RayCare® SEK 137.9 M (99.1)
- Profit after tax SEK 13.5 M (-1.0) and earnings per share SEK 0.39 (-0.03)
- Operating profit SEK 12.4 M (0.7)
- Cash flow SEK -17.0 M (1.2)
- Order intake SEK 175.7 M (133.8), of which RayStation/RayCare SEK 165.0 M (123.6)

NINE MONTHS (JANUARY-SEPTEMBER 2018)

- Net sales SEK 407.8 M (380.1), of which RayStation/RayCare SEK 371.3 M (339.1)
- Profit after tax SEK 45.9 M (45.3) and earnings per share before/after dilution SEK 1.34 (1.32)
- Operating profit SEK 52.8 M (61.0)
- Cash flow SEK -54.9 M (-15.5)
- Order intake SEK 510.3 M (435.4), of which RayStation/RayCare SEK 479.3 M (401.2)
- Order backlog SEK 740.4 M (571.3) at the end of the period, of which RayStation/RayCare SEK 688.3 M (511.7)

CHANGES IN ACCOUNTING POLICIES

- IFRS 15 Revenue from Contracts with Customers came into effect on January 1, 2018, and reduced the company’s license revenue from RayStation and RayCare by 18 percent in the third quarter and 17 percent during the first nine months of 2018 compared with the previously applied accounting policy (IAS 18), see Notes 1-2. The accounting policy changes also had a negative impact on net sales and earnings over the past 12 months.

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- RayStation was selected by several leading cancer centers, including Leeds Cancer Centre in the UK, the Swedish Cancer Institute in Seattle in the US, and Centre intégré de cancérologie de Laval in Québec in Canada. In addition, the University of California, San Francisco in the US has expanded its existing RayStation installation.
- A long-term collaborative agreement for the development of RayCare was concluded with the Princess Margaret Cancer Center in Toronto, Canada.
- RayCare was selected by Advanced Oncotherapy (AVO) in the UK.
- RayCare 2A* and 2B* were released with a range of new features, including activity and rule-based scheduling for all clinical resources, clinical document management, support for full treatment delivery, workflow management and offline activity-based image analysis, and additional features for care administration and the management of external contacts.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- Since October 8, 2018, RayCare and RayStation have been used to plan and manage the treatment of patients at Provision CARES Proton Therapy Center in Nashville in the US, which thereby became the first center to connect RayCare directly to a therapy system (ProNova SC360) to register and verify the treatments.
- RaySearch and Canon Medical Systems Corporation entered into a collaborative agreement to integrate RayStation and RayCare with Canon Medical’s imaging systems and advanced visualization solutions with the aim of creating a more efficient workflow for virtual simulation.

FINANCIAL SUMMARY

AMOUNTS IN SEK 000s	JUL-SEP		JAN-SEP		OCT 2017-	FULL-YEAR
	2018 ¹	2017 ²	2018 ¹	2017 ²	SEP 2018 ³	2017 ²
Net sales	150,479	111,703	407,775	380,125	612,736	585,086
Operating profit	12,421	666	52,787	60,971	151,485	159,669
Operating margin, %	8.3	0.6	12.9	16	24.7	27.3
Profit/loss for the period	13,500	-1,028	45,874	45,338	118,163	117,627
Earnings/loss per share before/after dilution, SEK	0.39	-0.03	1.34	1.32	3.45	3.43
Cash flow from operating activities	-12,883	35,669	57,858	100,696	104,643	147,481
Cash flow before financing activities	-56,181	2,257	-92,509	-1,229	-91,931	-651
Return on equity, %	2.4	-0.2	8.1	10.1	20.9	22.6
Equity/assets ratio at the end of the period, %	59.9	67.2	59.9	67.2	59.9	63.4
Share price at the end of the period, SEK	122.3	173.5	122.3	173.5	122.3	171

* Regulatory approval is required in some markets.

¹ IFRS 15 compliance, refer to Notes 1-2. ² IAS 18 compliance. ³ IFRS 15 compliance in 2018 and IAS 18 compliance in the remaining quarters.



CEO COMMENTS

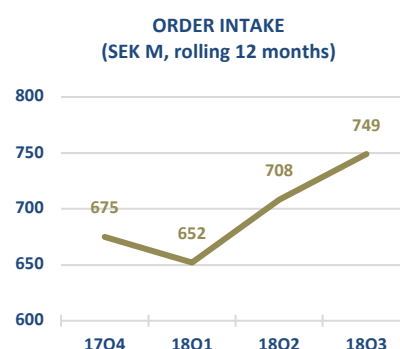
STRONG GROWTH

In the third quarter of 2018, our order intake rose 31 percent to SEK 176 M (134), the highest-ever order intake for the third quarter. Sales were strong in Europe and North America, but weak in Asia. Net sales rose 35 percent to SEK 150 M (112), despite changes in accounting policies (IFRS 15) that are deferring our revenue recognition. Without application of the new accounting policies, net sales would have risen 47 percent.

Operating profit rose to SEK 12 M (1), representing an operating margin of 8 percent (1), and the increase was mainly derived from sharply increased sales. Without application of the new accounting policies, operating profit would have increased to SEK 25 M, representing an operating margin of 15 percent.

EXPANDED PARTNERSHIPS

In the third quarter, we concluded more strategic partnerships. In July, Princess Margaret Cancer Center in Toronto became our eighth partner for the development of RayCare. Princess Margaret Cancer Center is one of the world’s most important cancer clinics and their experience and clinical insights are priceless for the continued development of RayCare. In October, we also signed a collaborative agreement with Canon Medical to enable a smooth integration between our systems and Canon Medical’s imaging systems and advanced visualization solutions. The aim of this partnership is to create a more efficient workflow for virtual simulation.



RAYCARE – NOW IN CLINICAL USE

RayCare, our innovative oncology information system, is developing fast, and in September we released the latest version, RayCare 2B, which introduces several new features, including activity and rule-based scheduling for all clinical resources, clinical document management, support for full treatment delivery, workflow management and offline activity-based image analysis, and additional features for care administration and the management of external contacts.

On October 8, 2018, we also announced that Provision CARES Proton Therapy Center in Nashville in the US had begun using RayCare together with RayStation to plan and manage the treatment of patients. The radiation therapy department of Iridium Kankernetwerk in Belgium already uses RayCare in its clinical operations to manage treatment planning workflows. However, Provision CARES Proton Therapy Center in Nashville is the first center to connect RayCare directly to a therapy system (ProNova SC360) to register and verify the treatments. This is a hugely important milestone, and in combination with our fourth commercial order for RayCare from Advanced Oncotherapy in the UK, this is fantastic recognition of the RayCare system’s qualifications.

Over the summer, we also released a new version of RayStation, version 8A, as planned, with a range of new and innovative features, including support for the TomoDirect™ treatment method with Accuray’s TomoTherapy and Radixact systems.

CONTINUED EXPANSION STARTING TO YIELD RESULTS

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

In 2018, we have entered new geographic markets and had a stronger focus on smaller cancer centers around the world. Our solutions are well-suited to helping small and mid-sized centers provide high quality patient care, increase their efficiency and maximize the use of their resources.

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 steadily growing and now accounts for 21 percent of net sales. Combined with a strong financial position and a clear strategic plan, this provides a stable base for continued investment in both RayStation and RayCare.

To date, 524 cancer centers in 32 countries have purchased RayStation. At the same time, there are more than 8,000 radiation therapy centers worldwide, and that number is expected to increase 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 eight to 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, created 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, November 15, 2018

Johan Löf
CEO of RaySearch Laboratories AB (publ)

FINANCIAL INFORMATION

ORDER INTAKE

In the third quarter of 2018, order intake rose 31.5 percent to SEK 175.7 M (133.8), of which order intake for RayStation/RayCare rose 33.5 percent to SEK 165.0 M (123.6).

Order intake (amounts in SEK M)	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Rolling 12 months	Full-year 2017
Licenses	105.6	122.3	82.8	164.8	95.7	475.5	455.5
Hardware	19.6	15.4	11.1	20.8	4.6	66.9	41.4
Support (incl. warranty support)	45.9	62.4	31.8	46.6	31.7	186.7	166.3
Training and other	4.6	6.1	2.8	6.9	1.7	20.3	11.3
Total order intake	175.7	206.2	128.4	239.1	133.8	749.4	674.6
Order backlog (amounts in SEK M)	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17		
Licenses	30.8	25.8	12.1	11.8	18.7		
Hardware	34.7	32.6	22.5	25.9	14.6		
Support (incl. warranty support)	652.8	644.5	593.7	531.2	532.2		
Training and other	22.1	20.7	14.1	12.3	5.8		
Total order backlog at the end of the period	740.4	723.5	642.5	581.2	571.3		

During the first nine months of 2018, order intake rose 17.2 percent to SEK 510.3 M (435.4), of which order intake for RayStation and RayCare rose 19.4 percent to SEK 479.3 M (401.2).

IFRS 15 – *Revenue from Contracts with Customers* applied from January 1, 2018, which is deferring the company's revenue recognition and increasing the order backlog by the corresponding amount. At September 30, 2018, the total order backlog amounted to SEK 740.4 M (571.3), which is expected to generate revenue of SEK 201 M over the next 12 months.

REVENUE

In the third quarter of 2018, sales rose 34.7 percent to SEK 150.5 M (111.7). The increase was largely due to a sharp increase in sales of RayStation.

The application of IFRS 15 – *Revenue from Contracts with Customers* from January 1, 2018, has deferred revenue recognition and reduced the company's license revenue from RayStation and RayCare by 18.4 percent, and net sales by 8.5 percent, during the third quarter of 2018 compared with the accounting policy previously applied (IAS 18), see Notes 1-2. Without application of the new accounting policies, net sales would have risen 46.8 percent.

Revenues (amounts in SEK M)	Q3-18 ¹	Q2-18 ¹	Q1-18 ¹	Q4-17 ²	Q3-17 ²	Rolling 12 mån ³	Full-year 2017 ¹
License revenue – RayStation/RayCare	89.4	99.8	75.0	162.1	81.8	426.3	438.5
License revenue – Partners	9.8	9.2	9.2	9.4	9.3	37.6	40.5
Hardware revenue	16.7	7.3	11.0	11.2	3.9	46.2	36.2
Support revenue – RayStation	28.9	21.3	16.8	18.9	13.1	85.9	54.6
Support revenue – Partners	2.8	2.6	2.9	2.9	3.3	11.2	12.8
Training and other revenue – RayStation	2.9	0.8	1.4	0.5	0.3	5.6	2.3
Net sales	150.5	141.0	116.3	205.0	111.7	612.8	584.9
Sales growth, corresp. period, %	34.7%	-0.4%	-8.3%	7.1%	-11.2%	7.2%	10.1%
Organic sales growth, corresp. period, %	27.5%	-0.7%	-3.2%	9.4%	-8.9%	7.7%	10.2%

¹ IFRS 15 compliance, see Notes 1-2.

² IAS 18 compliance.

³ IFRS 15 compliance in 2018, and IAS 18 compliance in the remaining quarters.

During the first nine months of 2018, sales rose 7.3 percent to SEK 407.8 M (380.1), of which revenue from RayStation and RayCare rose 9.5 percent to SEK 371.3 M (339.1). Without application of the new accounting policies, net sales would have risen 19.4 percent, see Notes 1-2.

During the first nine months, net sales had the following geographic distribution: North America, 44 percent (42); Asia, 12 percent (17); Europe and the rest of the world, 44 percent (41).

Recurring support revenue from RayStation rose 87 percent to SEK 66.9 M (35.8), representing 16 percent (9) of net sales during the nine-month period.

Revenue from sales of software modules via partners declined 9 percent to SEK 36.5 M (41.0), representing 8.9 percent (10.8) of net sales.

OPERATING PROFIT

In the third quarter of 2018, operating profit increased to SEK 12.4 M (0.7), representing an operating margin of 8.3 percent (0.6). The earnings improvement was attributable to sharply increased sales and positive currency effects on net sales.

IFRS 15 came into effect on January 1, 2018, which has deferred the company's revenue recognition and reduced operating profit by SEK 13.1 M in the third quarter of 2018, see Notes 1-2. Without application of the new accounting policies, operating profit would have increased to SEK 25.5 M in the third quarter, representing an operating margin of 15.3 percent.

Operating expenses rose 28.9 percent to SEK 121.4 M (94.3), mainly because the company has increased its employees by 16 percent since the third quarter of 2017, primarily in the global marketing organization and in research and development. In addition, the company's amortization/depreciation expenses have increased, mainly due to the launch of RayCare.

Other operating income and expenses relate to exchange-rate gains and losses, which amounted to SEK -6.0 M (-10.7) net in the third quarter of 2018 due to the large proportion of accounts receivable in USD and EUR, which weakened compared with the Swedish SEK in the third quarter, compared with the end of the second quarter.

During the first nine months, operating profit declined to SEK 52.8 M (61.0), representing an operating margin of 12.9 percent (16.0). The weaker earnings were largely attributable to the application of IFRS 15.

Without application of the new accounting policies, operating profit would have increased to SEK 94.1 M in the first nine months, representing an operating margin of 21.1 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 27.5 percent in the third quarter of 2018, compared with the year-earlier period. Currency effects therefore had a clearly positive impact on the company's net sales and operating profit in the third quarter of 2018, despite exchange-rate losses of SEK 6.0 M (10.7) on balance sheet items.

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 4.7 M in the third quarter of 2018, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 2.4 M.

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

Capitalization of development costs

At September 30, 2018, some 149 (141) employees were engaged in research and development.

Capitalization of development costs	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Rolling 12 months	Full-year 2017
Research and development costs	42.8	53.4	50.4	59.7	41.7	206.3	183.7
Capitalization of development costs	-31.5	-39.2	-38.7	-46.2	-30.7	-155.6	-137.8
Amortization of capitalized development costs	25.0	22.0	23.1	13.7	14.8	83.8	58.4
Research and development costs after adjustments for capitalization and amortization of development costs	36.3	36.2	34.8	27.2	25.8	134.5	104.3

During the first nine months, research and development costs rose 18.2 percent to SEK 146.6 M (124.0), of which development costs of SEK 109.4 M (91.6) were capitalized. The increase was mainly due to higher development costs for RayCare. In the first nine months, amortization of capitalized development costs amounted to SEK 70.1 M (44.7). After adjustments for capitalization and amortization of development costs, research and development costs rose 39.1 percent to SEK 107.3 M (77.1).

Amortization and depreciation

In the third quarter of 2018, total amortization and depreciation amounted to SEK 29.8 M (18.0), of which the amortization of intangible fixed assets accounted for SEK 25.1 M (14.8), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 4.7 M (3.2).

During the first nine months, total amortization and depreciation amounted to SEK 82.8 M (54.3), of which the amortization of intangible fixed assets accounted for SEK 70.1 M (44.7), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 12.7 M (9.6).

PROFIT AND EARNINGS PER SHARE

In the third quarter of 2018, profit after tax totaled SEK 13.5 M (-1.0), representing earnings per share of SEK 0.39 (-0.03) before and after dilution. In the first nine months, profit after tax totaled SEK 45.9 M (45.3), representing earnings per share of SEK 1.34 (1.32) before and after dilution.

Tax expense for the first nine months of the year amounted to SEK 5.2 M (13.1), corresponding to an effective tax rate of 10.1 percent (22.4). The low tax expense was partly 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 new corporate tax rates introduced in Sweden in June 2018 also impacted the effective tax rate and reduced the Group's tax expense by SEK 4.0 M.

CASH FLOW AND LIQUIDITY

Cash flow from operating activities declined to SEK -12.9 M (35.7) in the third quarter of 2018, mainly due 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 38 percent (42) of net sales over the past 12 months, and accrued income for 43 percent (17) of net sales over the same period.

RaySearch has agreements with customers whereby deliveries have long payment terms, which is standard in the industry. The company recognizes accounts receivable when there is an unconditional right to consideration, and accrued income when delivery has occurred but an invoice has not 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 have declined in relation to net sales, while accrued income has risen sharply because the company has signed more agreements in North America with payment plans. The company expects its credit risk to remain low since the counterparties are institutions with high credit ratings.

In the third quarter, cash flow from investing activities was SEK -43.2 M (-33.4). Investments in intangible fixed assets amounted to SEK -31.5 M (-30.7), comprising capitalized development costs for RayStation and RayCare. Investments in tangible fixed assets amounted to SEK -11.7 M (-2.7), mainly related to investments in two new offices in North America, and one expanded office in Stockholm.

During the first nine months, cash flow from investing activities was SEK -150.4 M (-101.9). Investments in intangible fixed assets amounted to SEK -109.4 M (-91.6), comprising capitalized development costs. Investments in tangible fixed assets amounted to SEK -41.0 M (-11.8).

Cash flow before financing activities was SEK -56.2 M (2.3) in the third quarter of 2018, and SEK -92.5 M (-1.2) in the first nine months of 2018.

Cash flow from financing activities was SEK 39.2 M (-1.0) in the third quarter of 2018. During the first nine months of 2018, cash flow from financing activities was SEK 37.6 M (-14.3).

Cash flow for the period totaled SEK -55.0 M (-15.5) for the first nine months of 2018, and at September 30, 2018, the Group's cash and cash equivalents amounted to SEK 52.9 M (69.6).

FINANCIAL POSITION

At September 30, 2018, RaySearch's total assets amounted to SEK 1,043 M (756) and the equity/assets ratio was 59.9 percent (67.2).

Current receivables amounted to SEK 547.1 M (349.7). The receivables mainly comprised accounts receivable and accrued income, and the increase was primarily due to more agreements with long payment terms.

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

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 September 30, 2018, a short-term loan of SEK 74 M (40) was raised under the company's revolving loan facility and SEK 39.9 M (0) of the credit facility had been drawn.

At September 30, 2018, the Group's net debt amounted to SEK 69.1 M (-20.1).

EMPLOYEES

The average number of employees in the Group was 286 (240) in the third quarter, and 278 (220) in the January-September period of 2018. At the end of the third quarter, the Group had 290 (251) employees, of whom 222 (199) were based in Sweden, and 68 (52) 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 has deferred the company's revenue recognition and reduced the company's operating profit by approximately SEK 6.7 M in the third quarter of 2018, and SEK 20.7 M in the first nine months.

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, Mission Health SECU Cancer Center and the Swedish Cancer Institute 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 and Centre intégré de cancérologie de Laval in Canada, the Heidelberg Ion Beam Therapy Center (HIT) and Marburg Ion Beam Therapy Center (MIT) in Germany, and Leeds Center and Advanced Oncotherapy (AVO) in the UK. In addition, the University Medical Center Groningen in the Netherlands and the University of California, San Francisco in the US expanded their existing RayStation installations.

RayStation selected by several leading cancer centers

In the third quarter, Advanced Oncotherapy (AVO) in the UK selected RayCare as its oncology information system (OIS), bringing the total number of commercial orders for RayCare in 2018 to three.

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 was thereafter 110,377,548. The total number of registered shares in RaySearch is 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, for example, support for the TomoDirect™ treatment method with Accuray's TomoTherapy and Radixact systems. In addition, the functionality for proton and carbon-ion therapy has been developed, and the integration with RayCare expanded.

RayCare 2A and RayCare 2B released

In the third quarter, RaySearch released RayCare 2A and RayCare 2B, the latest versions of this groundbreaking oncology information system (OIS). RayCare is undergoing rapid development based on clinical feedback from some of the world's leading cancer centers. The new versions introduce a range of new features, including activity and rule-based scheduling for all clinical resources, clinical document management, support for full treatment delivery, workflow management and offline activity-based image analysis, and additional features for care administration and the management of external contacts.

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 take cancer care to a higher level and make patient-centered care real,” says Johan Löf, President and CEO of RaySearch.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

RayCare – now in clinical use

Since October 8, 2018, RayCare and RayStation have been used to plan and manage the treatment of patients at Provision CARES Proton Therapy Center in Nashville in the US. In February, it was announced that the radiation therapy department of Iridium Kankernetwerk in Belgium uses RayCare in its clinical operations to manage treatment planning workflows. However, Provision CARES Proton Therapy Center in Nashville is the first center to connect RayCare directly to a therapy system (ProNova SC360) to register and verify the treatments.

Collaborative agreement for imaging systems and visualization solutions with Canon Medical Systems

RaySearch and Canon Medical Systems Corporation entered into a collaborative agreement to enable a seamless integration between RaySearch’s advanced treatment planning system and oncology information system, and Canon Medical’s imaging systems and advanced visualization solutions. The goal is to create a more efficient workflow for virtual simulation.

THE COMPANY’S SHARE

At September 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 September 30, 2018, the total number of votes in RaySearch was 110,377,548.

SHARE OWNERSHIP

At September 28, 2018, the total number of shareholders in RaySearch was 7,244 and the largest shareholders, according to Euroclear, were as follows:

Name	Class		Total shares	Share capital, %	
	A shares	B shares		%	Votes, %
Johan Löf	6,243,084	618,393	6,861,477	20.0	57.1
Swedbank Robur Funds	0	3,211,839	3,211,839	9.4	2.9
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
Montanaro Funds	0	1,527,436	1,527,436	4.5	1.4
Lannebo Funds	0	1,490,545	1,490,545	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
JP Morgan (UK)	0	1,182,157	1,182,157	3.5	1.1
State Street Bank & Trust	0	855,687	855,687	2.5	0.8
Total, 10 largest shareholders	8,454,822	14,024,766	22,479,588	65.6	89.3
Others	153	11,803,032	11,803,185	34.4	10.7
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

OTHER INFORMATION

2019 ANNUAL GENERAL MEETING

RaySearch's 2019 Annual General Meeting will be held on May 28, 2019 at 6:00 p.m. at the company's office on Sveavägen 44, Stockholm, Sweden. Shareholders wishing to have a matter addressed at the AGM must submit a written request to the Board of Directors. Such a request must normally have been received by the Board of Directors not later than seven (7) weeks prior to the AGM.

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. RaySearch's risk management aims to identify, measure and reduce risks related to the Group's transactions and operations. No significant changes have been made to the risk assessment compared with the 2017 Annual Report. For more information about risks and risk management, refer to 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.

ENVIRONMENT AND SUSTAINABILITY

RaySearch works actively to reduce the company's negative environmental impact and to become a sustainable enterprise. The company's products, comprising software to improve radiation therapy for cancer, have a limited negative environmental impact. The company's environmental impact is mainly related to the purchase of goods and services, energy use and transportation. RaySearch aims to contribute to sustainable development and therefore works actively to improve the company's environmental performance wherever this is financially viable.

Stockholm, November 15, 2018

Johan Löf
President and Board member

AUDITOR'S REVIEW REPORT

INTRODUCTION

We have conducted a review of the interim financial information (interim report) for RaySearch Laboratories AB (publ) at September 30, 2018 and for the nine-month period that ended on that date. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

SCOPE OF THE REVIEW

We have conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical audit and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed on the basis of a review does not give the same assurance as an opinion expressed on the basis of an audit.

OPINION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, November 15, 2018
Ernst & Young AB

Per Hedström
Authorized Public Accountant

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The information contained in this interim report is such that RaySearch Laboratories AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication on November 15, 2018 at 7:45 a.m. CET.

FINANCIAL CALENDAR

Year-end report, 2018

February 20, 2019

Interim report for the first quarter, 2019

May 9, 2019

Annual General Meeting 2019

May 28, 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s	Note	JUL-SEP		JAN-SEP		OCT 2017-	FULL-YEAR
		2018 ¹	2017 ²	2018 ¹	2017 ²	SEP 2018 ³	2017 ²
Net sales	2.3	150,479	111,703	407,775	380,125	612,736	585,086
Cost of goods sold ⁴		-10,674	-5,969	-31,702	-26,877	-41,475	-36,650
Gross profit		139,805	105,734	376,073	353,248	571,261	548,436
Other operating income		0	-	26,583	-	33,595	7,012
Selling expenses		-67,204	-56,886	-178,218	-148,799	-234,271	-204,852
Administrative expenses		-17,872	-11,667	-59,021	-43,049	-79,219	-63,247
Research and development costs		-36,339	-25,770	-107,325	-77,053	-134,576	-104,304
Other operating expenses		-5,970	-10,745	-5,306	-23,376	-5,306	-23,376
Operating profit		12,421	666	52,787	60,971	151,485	159,669
Result from financial items		-914	-1,277	-1,738	-2,536	-2,970	-3,768
Profit before tax		11,506	-611	51,048	58,435	148,514	155,901
Tax		1,994	-417	-5,174	-13,097	-30,351	-38,274
Profit/loss for the period⁵		13,500	-1,028	45,874	45,338	118,163	117,627
OTHER COMPREHENSIVE INCOME							
Items to be reclassified to profit or loss							
Translation difference of foreign operations for the period		22	905	-1,339	2,601	-1,330	2,610
Comprehensive income for the period⁵		13,522	-123	44,535	47,939	116,833	120,237
Earnings/loss per share before and after dilution (SEK)		0.39	-0.03	1.34	1.32	3.45	3.43

¹ IFRS 15 compliance, see Notes 1-2.

² IAS 18 compliance.

³ IFRS 15 compliance in 2018, and IAS 18 compliance in the remaining two quarters.

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

⁵ Wholly (100%) attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s	JUL-SEP		JAN-SEP		FULL-YEAR
	2018	2017	2018	2017	2017
Opening balance	611,438	508,250	580,425	460,188	460,188
Profit/loss for the period	13,500	-1,028	45,874	45,338	117,627
Translation difference for the period	22	905	-1,339	2,601	2,610
Closing balance	624,960	508,127	624,960	508,127	580,425

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
ASSETS				
Intangible fixed assets		361,875	290,201	322,598
Tangible fixed assets		65,833	38,417	36,114
Deferred tax assets		2,530	455	780
Other long-term receivables		12,555	7,203	11,684
Total fixed assets		442,793	336,276	371,176
Inventories		226	722	33
Current receivables		547,103	349,680	439,699
Cash and cash equivalents		52,893	69,591	104,156
Total current assets		600,222	419,993	543,888
TOTAL ASSETS		1,043,015	756,269	915,064
EQUITY AND LIABILITIES				
Equity	2	624,960	508,127	580,425
Deferred tax liabilities		98,215	80,937	92,424
Long-term liabilities to credit institutions		7,943	10,596	9,751
Accounts payable		21,537	28,427	27,403
Current liabilities to credit institutions		114,055	38,933	74,033
Other current liabilities	2	176,305	89,249	131,028
TOTAL EQUITY AND LIABILITIES		1,043,015	756,269	915,064

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	Note	JUL-SEP		JAN-SEP		FULL-YEAR
		2018	2017	2018	2017	2017
Profit/loss before tax		11,506	-611	51,048	58,435	155,901
Adjusted for non-cash items ¹⁾		37,087	12,832	62,615	31,875	56,181
Taxes paid		-10,091	-5,308	-37,399	-13,193	-11,724
Cash flow from operating activities before changes in working capital		38,502	6,913	76,264	77,117	200,358
Cash flow from changes in working capital		-51,385	28,756	-18,406	23,579	-52,877
Cash flow from operating activities		-12,883	35,669	57,858	100,696	147,481
Cash flow from investing activities		-43,298	-33,412	-150,367	-101,925	-148,132
Cash flow from financing activities		39,150	-1,025	37,557	-14,255	19,773
Cash flow for the period		-17,031	1,232	-54,952	-15,484	19,122
Cash and cash equivalents at the beginning of the period		69,153	70,165	104,156	87,720	87,720
Exchange-rate difference in cash and cash equivalents		771	-1,806	3,689	-2,645	-2,686
Cash and cash equivalents at the end of the period		52,893	69,591	52,893	69,591	104,156

¹⁾ These amounts mainly include amortization of capitalized development costs.

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000s	Note	JUL-SEP		JAN-SEP		FULL-YEAR
		2018 ¹	2017 ²	2018 ¹	2017 ²	2017 ²
Net sales		111,789	91,753	305,643	308,697	480,774
Cost of goods sold ³⁾		-4,759	-4,261	-14,563	-12,868	-19,548
Gross profit		107,030	87,492	291,080	295,829	461,226
Other operating income		-	-	26,583	-	7,012
Selling expenses		-38,915	-40,765	-104,834	-101,067	-133,066
Administrative expenses		-17,745	-11,903	-58,685	-43,623	-64,065
Research and development costs		-42,761	-41,737	-146,602	-124,035	-183,683
Other operating expenses		-5 970	-10,745	-5,318	-23,376	-23,376
Operating profit		1,639	-17,658	2,224	3,728	64,048
Result from financial items		-784	-1,115	-1369	-2,085	2,887
Profit/loss after financial items		855	-18,773	855	1,643	66,935
Appropriations		-	-	-	-	-19,815
Profit/loss before tax		855	-18,773	855	1,643	47,120
Tax		-1,793	3,146	-1,793	-2,241	-13,227
Profit/loss for the period		-938	-15,627	-938	-598	33,893

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s	JUL-SEP		JAN-SEP		FULL-YEAR
	2018 ¹	2017 ²	2018 ¹	2017 ²	2017 ²
Profit/loss for the period	-938	-15,627	-938	-598	33,893
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	-938	-15,627	-938	-598	33,893

¹ IFRS 15 compliance, see Notes 1-2.

² IAS 18 compliance.

³ 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	Note	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
ASSETS				
Tangible fixed assets		27,704	25,251	23,686
Shares and participations		1,772	1,046	1,046
Deferred tax assets		742	455	780
Other long-term receivables		12,373	3,844	10,405
Total fixed assets		42,591	30,596	35,917
Inventories		226	722	33
Current receivables		539,299	363,866	458,270
Cash and cash equivalents		5,549	35,582	42,857
Total current assets		545,074	400,170	501,160
TOTAL ASSETS		587,665	430,766	537,077
EQUITY AND LIABILITIES				
Equity		271,117	237,563	272,054
Untaxed reserves		97,510	77,695	97,510
Accounts payable		19,860	32,064	30,168
Current liabilities to credit institutions		114,055	38,933	74,033
Other current liabilities		85,123	44,511	63,312
TOTAL EQUITY AND LIABILITIES		587,665	430,766	537,077

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. 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* has replaced IAS 39 *Financial Instruments: Recognition and Measurement*. The new policies for the classification and measurement of financial assets had no impact on 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 fluctuations are not hedged, and are not therefore impacted by the new policies for hedge accounting.

IFRS 15 *Revenue from Contracts with Customers* has replaced previously issued revenue standards and interpretations. Under IFRS 15, revenue is recognized when a promised good or service is transferred to the customer, which may occur over time, or at a point in time. Revenue is the amount the company expects to receive as payment for the transfer of goods or services.

IFRS 15 will be applied as of January 1, 2018. Transition to the standard was achieved by using a forward-looking retroactive transitional method, whereby any transition effects were recognized against equity on January 1, 2018, and by presenting the income statement 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 IFRS 15 transition impacts license and support revenues from RayStation and RayCare, mainly attributable to the warranty period and the training courses offered by the company. Under IFRS 15, the license revenue recognized is reduced by an amount equal to the value of the support provided during the agreed warranty period, and this amount is then recognized over time during the warranty period. The transition to IFRS 15 will reduce the company's license revenue from RayStation and RayCare, while the company's support revenue will increase by the same amount, with an average deferral period 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 evaluating the effects of the new standard and the assessment is that the company will be impacted by the new standard by having to recognize leases for premises and other sizable assets on 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 the transition to IFRS 15 on the consolidated income statement for the third quarter and the first nine months of 2018, and on the consolidated balance sheet at September 30, 2018. The transition to IFRS 15 has no material effect on consolidated cash flow.

AMOUNTS IN SEK 000s	JUL-SEP 2018			JAN-SEP 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)
Revenue						
License revenue – RayStation/RayCare	89,445	20,211	109,656	264,240	53,892	318,132
Hardware revenue – RayStation/RayCare	16,659	0	16,659	34,956	0	34,956
License revenue – Partners	9,729	0	9,729	28,206	0	28,206
Support revenue – RayStation	28,818	-4,729	24,089	66,872	-5,650	61,222
Support revenue – Partners	2,846	0	2,846	8,276	0	8,276
Training and other revenue – RayStation	2,983	-1,559	1,424	5,226	-2,307	2,919
Net sales	150,479	13,924	164,403	407,775	45,936	453,711
Operating expenses	-138,058	-873	-138,931	-354,988	-2,875	-357,863
Operating profit	12,421	13,051	25,472	52,787	43,061	95,848
Profit before tax	11,506	13,051	24,558	51,048	43,061	94,109
Tax	1,994	-2,612	-619	-5,174	-9,215	-14,389
Profit for the period	13,500	10,439	23,940	45,875	33,846	79,721
Comprehensive income for the period	13,522	10,439	23,961	44,535	33,846	78,381

AMOUNTS IN SEK 000s	Sep 30, 2018		
	Recognized in accordance with IFRS 15	Adjustments	Amounts according to previous standard (IAS 18)
Equity and liabilities			
Equity	624,960	33,846	658,806
Deferred tax liabilities	98,215	0	98,215
Long-term interest-bearing liabilities	7,943	0	7,943
Accounts payable	21,537	0	21,537
Current liabilities to credit institutions	114,055	0	114,055
Contractual liabilities	121,591	-45,936	75,655
Other current liabilities	54,714	12,090	66,804
Total liabilities and equity	1,043,015	0	1,043,015

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	JUL-SEP 2018			JAN-SEP 2018		
	RayStation/RayCare	Partner	Total	RayStation/RayCare	Partner	Total
Revenue by type						
Licenses	89,445	9,729	99,174	264,240	28,206	292,446
Support	28,818	2,846	31,664	66,872	8,276	75,148
Hardware	16,659	0	16,659	34,956	0	34,956
Training and other	2,983	0	2,983	5,226	0	5,226
Total revenue from contracts with customers	137,904	12,575	150,479	371,293	36,482	407,775
Revenue by geographic market						
North America	67,617	6,215	73,832	170,308	16,734	187,042
APAC	15,609	1,417	17,026	43,616	4,286	47,902
Europe and rest of the world	54,678	4,944	59,622	157,369	15,463	172,832
Total revenue from contracts with customers	137,904	12,575	150,479	371,293	36,482	407,775
Revenue by date for revenue recognition						
Goods/services transferred at a point in time¹	106,104	9,729	115,833	299,196	28,206	327,402
Services transferred over time²	31,801	2,846	34,646	72,098	8,276	80,373
Total revenue from contracts with customers	137,904	12,575	150,479	371,293	36,482	407,775

¹ Licenses and hardware

² Support, training and other

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 finance leases. Accrued income and receivables are discounted, while other financial assets and liabilities have short maturities. Accordingly, the fair values of all financial instruments are deemed to correspond approximately to their carrying amounts. 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	SEP 30, 2018	SEP 30, 2017
Chattel mortgages	100,000	100,000
Guarantees	8,001	4,079

GROUP QUARTERLY OVERVIEW

AMOUNTS IN SEK 000s	2018				2017			2016
	Q3 ¹	Q2 ¹	Q1 ¹	Q4 ²	Q3 ²	Q2 ²	Q1 ²	Q4 ²
Income statement								
Net sales	150,479	141,039	116,257	204,961	111,703	141,634	126,788	191,355
Sales growth, %	34.7	-0.4	-8.3	7.1	-11.2	19.0	32.9	45.0
Operating profit	12,421	26,258	14,108	98,698	666	26,839	33,466	100,249
Operating margin, %	8.3	18.6	12.1	48.2	0.6	18.9	26.4	52.4
Profit/loss for the period	13,500	20,595	11,779	72,289	-1,028	20,092	26,274	75,924
Net margin, %	9.0	14.6	10.1	35.3	-0.9	14.2	20.7	39.7
Cash flow								
Operating activities	-12,883	14,720	56,021	46,785	35,669	25,640	39,387	73,866
Investing activities	-43,298	-64,003	-43,066	-46,207	-33,412	-37,111	-31,402	-31,207
Cash flow before financing activities	-56,181	-49,283	12,955	578	2,257	-11,471	7,985	42,659
Financing activities	39,150	-979	-614	34,028	-1,025	-2,239	-10,991	13,940
Cash flow for the period	-17,031	-50,262	12,341	34,606	1,232	-13,710	-3,006	56,599
Capital structure								
Equity/assets ratio, %	59.9	61.4	63.5	63.4	67.2	67.1	66.2	64.2
Net debt	69,105	13,595	-34,701	-20,372	-20,062	-20,841	-32,869	-26,193
Debt/equity ratio	0.1	0.0	-0.1	0.0	0.0	-0.0	-0.1	-0.1
Net debt/EBITDA	0.3	0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Per share data, SEK								
Earnings per share before dilution	0.39	0.60	0.34	2.11	-0.03	0.59	0.77	2.21
Earnings per share after dilution	0.39	0.60	0.34	2.11	-0.03	0.59	0.77	2.21
Equity per share	18.23	17.84	17.28	16.93	14.82	14.83	14.20	13.42
Share price at the end of the period	122.3	105.0	123.0	171.0	173.5	235.5	235.0	184.5
Other								
No. of shares before and after dilution, 000s	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8
Average no. of employees	286	280	267	253	240	219	201	192

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Oct 2017- Sep 2018 ³	Jul 2017- Jun 2018 ³	Apr 2017- Mar 2018 ²	Jan 2017- Dec 2017 ²	Oct 2016- Sep 2017 ²	Jul 2016- Jun 2017 ²	Apr 2016- Mar 2017 ²	Jan 2016- Dec 2016 ²
Income statement								
Net sales	612,735	573,960	574,555	585,086	571,480	585,507	562,855	531,468
Operating profit	151,485	139,730	140,311	159,669	161,220	199,019	209,673	199,559
Operating margin, %	24.7	24.3	24.4	27.3	28.2	34.0	37.3	37.5

¹ IFRS 15 compliance, see Notes 1-2.

² IAS 18 compliance.

³ IFRS 15 compliance in 2018, and IAS 18 compliance in the remaining two quarters.

DEFINITIONS OF KEY RATIOS

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

Non-IFRS measures	Definition	Reason for using the measure
Order intake	The value of all orders received and changes to existing orders during the current period	Order intake is an indicator of future revenue and thus a key figure for the management of RaySearch's operations
Order backlog	The value of orders at the end of the period that the company has yet to deliver and recognize as revenue	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 measure 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 shows 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	Shows 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	Shows 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	This measure shows the Group's total indebtedness
Debt/equity ratio	Net debt in relation to equity	The measure shows financial risk and is used by management to monitor the Group's indebtedness
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 FRAMEWORK

AMOUNTS IN SEK 000s	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Working capital			
Accounts receivable	234,260	237,992	335,125
Inventories	226	722	33
Accrued income – non-current	12,220	7,203	11,468
Accrued income – current	249,577	89,750	78,482
Other current receivables (excl. tax)	38,207	20,581	25,742
Accounts payable	-21,537	-28,427	-27,403
Other current liabilities (excl. tax)	-174,105	-127,430	-115,084
Working capital	338,848	200,391	308,363

AMOUNTS IN SEK 000s	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Net debt			
Current interest-bearing liabilities	114,055	38,933	74,033
Non-current interest-bearing liabilities	7,943	10,596	9,751
Cash and cash equivalents	-52,893	-69,591	-104,156
Interest-bearing receivables	-	-	-
Net debt	69,105	-20,062	-20,372

AMOUNTS IN SEK 000s	Oct 2017-Sep 2018 ¹	Oct 2016-Sep 2017 ¹	2017 ²
EBITDA			
Operating profit	151,485	161,220	159,669
Amortization and depreciation	99,693	70,380	70,790
EBITDA	251,178	231,600	230,459

¹ IFRS 15 compliance in 2018, and IAS 18 compliance in the remaining two quarters.

² IAS 18 compliance.

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ABOUT RAYSEARCH

RaySearch Laboratories AB (publ) is a medical technology company that develops innovative software solutions for improved cancer treatment. The company develops and markets the RayStation treatment planning system and RayCare oncology information system to cancer centers all over the world and distributes the products through licensing agreements with leading medical technology companies. 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

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.