

“Following a record first half year, sales weakened in the third quarter. However, the market situation and demand for our products remain favorable and we have confidence in our strategy”

Johan Löf, CEO of RaySearch. Comments on page 2.

THIRD QUARTER (JULY-SEPTEMBER 2019)

- Net sales SEK 144.3 M (150.5)
- Result after tax SEK -7.5 M (13.5) and earnings per share before/after dilution SEK -0.22 (0.39)
- Operating result SEK -6.3 M (12.4)
- Cash flow SEK -13.5 M (-17.0)
- Order intake SEK 196.8 M (175.7)

NINE MONTHS (JANUARY-SEPTEMBER 2019)

- Net sales SEK 507.1 M (407.8)
- Profit after tax SEK 31.5 M (45.9) and earnings per share before/after dilution SEK 0.92 (1.34)
- Operating profit SEK 45.7 M (52.8)
- Cash flow SEK -11.2 M (-54.9)
- Order intake SEK 769.0 M (510.3)
- Order backlog SEK 1,124.7 M (740.4) at the end of the period

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- The RayStation® treatment planning system was chosen by several leading cancer centers, including UC Davis Medical Center in the US, Centre d’Oncologie Saint Vincent and Centre de Cancérologie les Dentellières in France and Nagoya City West Medical Center in Japan. In addition, Emory Proton Therapy Center in the US expanded its existing installation.
- RayCare 3A*, the latest version of RaySearch’s oncology information system, was released in July.
- RaySearch and Vision RT announced a strategic development partnership.
- A ten-year rental lease was signed for a new head office in Stockholm with commencement in the third quarter of 2021.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- RaySearch received new regulatory market clearance for RayStation in China.

FINANCIAL SUMMARY

AMOUNTS IN SEK 000s	JUL-SEP		JAN-SEP		OCT 2018-	FULL-YEAR
	2019 ¹	2018 ²	2019 ¹	2018 ²	SEP 2019 ³	2018 ²
Net sales	144,349	150,479	507,085	407,775	726,528	627,218
Operating profit/loss	-6,345	12,421	45,701	52,787	87,374	94,460
Operating margin, %	-4.4	8.3	9.0	12.9	12.0	15.1
Profit/loss for the period	-7,525	13,500	31,474	45,874	64,123	78,523
Earnings/loss per share before/after dilution, SEK	-0.22	0.39	0.92	1.34	1.87	2.29
Cash flow from operating activities	51,761	-12,883	239,006	57,858	359,621	178,472
Cash flow for the period	-13,475	-17,031	-11,162	-54,952	45,595	1,805
Return on equity, %	-1.1	2.4	4.8	8.1	9.7	12.7
Equity/assets ratio at the end of the period, %	55.6	59.9	55.6	59.9	55.6	59.5
Share price at the end of the period, SEK	160.7	122.3	160.7	122.3	160.7	96.5

¹ IFRS 16 compliance. ² IAS 17 compliance. ³ IFRS 16 compliance from 2019, and IAS 17 compliance in prior periods.

* Regulatory clearance is required in some markets.

CEO COMMENTS



WEAKER LICENSE SALES IN THE THIRD QUARTER

After a record first half year, license sales became weaker in the third quarter. More support agreements contributed to an increase in total order intake of 12 percent to SEK 197 (177) million, but net sales decreased by 4 percent to SEK 144 (150) million and operating profit decreased to SEK -6 (12) million. Operating profit was affected by positive currency translation effects and adjusted for this, operating profit had decreased to SEK -26 M (18).

A LONGER PERSPECTIVE

We are in a market with uneven order flows where individual large transactions can have significant effects on revenue recognition between quarters and therefore a longer perspective on our operations should be taken. For example, during the first nine months order bookings increased by 51 percent to SEK 769 (510) million and net sales increased by 24 percent to SEK 507 (408). This gives a brighter and more accurate picture than the last quarter.

In addition, we can note that we report revenue less than 66 percent of our total order intake during the period (see the graph). Operating profit decreased to SEK 46 M (53), but our cash flow adjusted for amortization of bank loans increased to SEK 64 M (-95). This shows that our strategy is working and that RaySearch's innovative software solutions for improved cancer treatment are continuously gaining new ground.

CONTINUING SUCCESS WITH WORLD-LEADING CLINICS

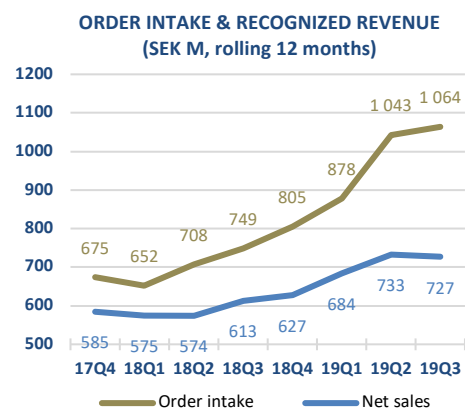
In 2019, RaySearch continued to reap great success among several of the world's leading cancer clinics. For example, 11 of the 20 highest-ranked cancer clinics in the United States have purchased RayStation. Several of our largest customers, including Princess Margaret Cancer Center, MD Anderson, Moffitt Cancer Center, University of Washington Medical Center and Massachusetts General Hospital, have also decided to gradually replace all existing treatment planning systems and use RayStation alone. During the third quarter, for example, we received a large supplement order from the Emory Proton Therapy Center.

This clearly shows the potential in what we do, both that our innovative software solutions can streamline workflows in clinical environments and improve treatment outcomes for cancer patients. It also shows what business opportunities RaySearch has with its product portfolio and significant additional sales to existing customers.

In October we also received a new regulatory clearance for RayStation from the Chinese authority NMPA (formerly CFDA). RayStation is designed to support many different types of treatment machines and stands out in both efficiency and performance. Therefore, RayStation is very well suited for the Chinese market.

CHALLENGE TO ALSO REACH THE SMALL CLINICS

One of our challenges is reaching more small clinics. Since these have different conditions and needs than the largest clinics, we have developed a special strategy that makes it easier for them to move to RayStation. To succeed, products of the highest class are required, which we have, but also a large market organization and patience, since the sales cycles are long in our industry. This requires large investments in both development and market organizations, which leads to squeezed margins in the short term, but it is an investment that is expected to provide better growth and profitability in the longer term.



As a result of our efforts, we have noted a growing interest in many small clinics over the past two quarters, which is very promising.

THE DEVELOPMENT OF RAYCARE CONTINUES ACCORDING TO PLAN

RaySearch has always been a company in constant development and that applies even more now. A new chapter commenced when RayCare, our innovative oncology information system was put into clinical use for the first time just over a year ago, and more clinics are expected to follow in the coming year.

Our development work also continues at full strength. Already today, RayStation and RayCare are the market's leading systems for simplifying and streamlining the very complex operations conducted at a cancer clinic. We are determined to increase this lead.

Stockholm, November 14, 2019

Johan Löf
CEO RaySearch Laboratories AB (publ)

FINANCIAL INFORMATION

ORDER INTAKE

In the third quarter of 2019, order intake rose 12.0 percent year-on-year to SEK 196.8 M [175.7]. License order intake was relatively weak in the quarter following a very strong first half of the year. However, this was offset by a rise in order intake for support agreements.

Order intake (amounts in SEK M)	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Rolling 12 months	Full-year 2018
Licenses	87.2	197.0	101.7	197.4	105.6	583.2	508.0
Hardware	20.8	15.6	24.2	16.5	19.6	77.1	62.6
Support (incl. warranty support)	83.0	147.7	70.9	73.5	45.9	374.6	213.2
Training and other	5.8	10.3	4.9	8.0	4.6	28.9	21.4
Total order intake	196.8	370.6	201.6	294.9	175.7	1,063.9	805.2
Order backlog (amounts in SEK M)	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18		
Licenses	147.1	139.1	74.9	69.9	30.8		
Hardware	44.3	28.7	27.0	32.7	34.7		
Support (incl. warranty support)	892.7	837.3	742.5	697.3	652.8		
Training and other	40.6	38.0	32.5	28.1	22.1		
Total order backlog at the end of the period	1,124.7	1,043.1	876.9	828.0	740.4		

In the first nine months of 2019, order intake rose 50.7 percent to SEK 769.0 M [510.3]. License order intake rose 24.2 percent to SEK 385.9 M [310.7] and order intake for support agreements rose 115.3 percent to SEK 301.6 M [140.1].

At September 30, 2019, the total order backlog amounted to SEK 1,125 M [740.4], which is expected to generate revenue of approximately SEK 380 M over the next 12 months.

The reported order intake and order backlog do not include the order totaling SEK 127 M from MedAustron International GmbH, secured in the second quarter of 2019, for sub-licensing to a cancer center in Iran. RaySearch intends to work with the order, but due to the prevailing sanctions, compliance and business risks related to projects involving this specific country, it is currently difficult to predict when revenues can be recognized.

REVENUE

In the third quarter of 2019, net sales declined 4.1 percent to SEK 144.3 M [150.5]. The decrease was mainly due to weak license sales and a drop in hardware revenue. The organic change in sales amounted to SEK -8.4 percent [27.5].

Recurring support revenue rose sharply, however, as a result of a larger installed customer base and positive currency effects. The application of IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018 temporarily reduced the company's revenue recognition in 2018 and accounts for almost half of the increase in support revenue from RayStation during the third quarter compared with the year-earlier period.

Revenue (amounts in SEK M)	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Rolling 12 months	Full-year 2018
License revenue – RayStation/RayCare	76.2	115.4	92.3	147.3	89.4	431.2	411.5
License revenue – Partners	5.3	8.2	6.9	10.6	9.8	31.0	38.8
Hardware revenue	6.9	13.2	30.0	18.6	16.7	68.7	53.6
Support revenue – RayStation/RayCare	48.6	45.2	38.6	37.5	28.8	169.9	104.4
Support revenue – Partners	3.0	2.9	3.1	2.6	2.8	11.6	10.9
Training and other revenue – RayStation	4.4	4.7	2.2	2.8	2.9	14.1	7.9
Net sales	144.3	189.7	173.1	219.4	150.5	726.5	627.2
Sales change, corresp. period, %	-4.0%	34.5%	48.9%	7.1%	34.7%	18.5%	7.2%
Organic sales change, corresp. period, %	-8.4%	27.7%	41.9%	4.3%	27.5%	14.2%	5.8%

In the first nine months, net sales rose 24.4 percent to SEK 507.1 M [407.8]. The improvement was mainly due to higher support revenue for RayStation/RayCare, increased hardware sales and positive currency effects. Organic sales growth was

20.0 per cent (6.8), and reported net sales accounted for 66 percent (80) of total order intake in the first nine months of the year.

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

License revenue for RayStation and RayCare rose 7 percent to SEK 283.9 M (264.2). Recurring support revenue rose 88 percent to SEK 141.5 M (75.1), representing 28 percent (18) of net sales in the first nine-month period. Hardware sales, which have a limited profit margin, rose 43 percent to SEK 50.1 M (35.0). Excluding hardware sales, sales rose 18 percent.

Revenue from sales of software modules via partners declined 28 percent to SEK 20.4 M (28.2), representing 4 percent (7) of net sales for the first nine months of the year.

OPERATING RESULT

In the third quarter of 2019, the operating result declined to a loss of SEK -6.3 M (profit: 12.4), representing an operating margin of -4.4 percent (8.3). The deterioration in earnings is mainly due to weak license sales for RayStation in the US and Europe and rising operating expenses.

In the third quarter, operating expenses increased 9.2 percent to SEK 150.7 M (138.1). This was largely due to the increase in number of employees, but also higher costs for premises and depreciation, and that the ASTRO Annual Meeting was held in the third quarter of 2019 compared with the fourth quarter in the preceding year.

Due to the application of IFRS 16 *Leases* on January 1, 2019, the operating result was impacted by a reduction in operating lease charges and an increase in depreciation. In the third quarter of 2019, IFRS 16 had a positive impact of SEK 0.7 M on the operating result.

Other operating income and expenses pertain to exchange-rate gains and losses. In the third quarter 2019, the net of these exchange-rate gains and losses amounted to SEK 19.8 M (-6.0) since a large proportion of the Group's receivables are denominated in USD and EUR, which strengthened against the SEK in the third quarter compared with the end of the second quarter. Adjusted for the effects of these currency translations, the operating result for the third quarter of 2019 would have amounted to SEK -26.1 M (profit: 18.4) and operating expenses would have risen by 29.0 percent.

During the first nine months, operating profit declined to SEK 45.7 M (52.8), representing an operating margin of 9.0 percent (12.9).

Currency effects

The company is impacted by USD and EUR to SEK exchange-rate trends, since the majority of sales are invoiced in USD and EUR, while most costs are in SEK.

At unchanged exchange rates, the change in organic sales was -8.4 percent in the third quarter of 2019, compared with the year-earlier period. In addition, the company also had exchange-rate gains of SEK 19.8 M (-6.0) for balance sheet items in the third quarter. Currency effects therefore had a highly positive impact on net sales and operating profit in the third quarter 2019.

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 3.0 M in the third quarter of 2019, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 1.5 M.

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

Capitalization of development costs

RaySearch is a research and development-oriented company that makes significant investments in the development of various software solutions for improved cancer treatment. At September 30, 2019, some 188 employees (149) were engaged in research and development, corresponding to 52 percent (51) of the total number of employees.

Capitalization of development costs	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Rolling 12 months	Full-year 2018
Research and development costs	52.0	56.2	50.3	55.4	42.8	213.9	202.0
Capitalization of development costs	-36.5	-40.0	-38.2	-40.5	-31.5	-155.2	-149.9
Amortization of capitalized development costs	29.9	27.2	26.8	25.5	25.0	109.4	95.6
Research and development costs after adjustments for capitalization and amortization of development costs	45.4	43.4	39.0	40.4	36.3	168.1	147.7

In the first nine months of 2019, research and development costs rose 8.1 percent to SEK 158.5 M (146.6), corresponding to 31 percent (36) of the company's net sales. The improvement was mainly due to more developers for RayCare.

Development costs of SEK 114.7 M (109.4) were capitalized, corresponding to 72 percent (75) of total research and development costs.

Amortization of capitalized development costs rose 19.7 percent to SEK 83.9 M (70.1), and the increase was due to the expansion of development activities for RayStation and RayCare.

After adjustments for capitalization and amortization of development costs, research and development costs rose 19.1 percent to SEK 127.8 M (107.3).

Amortization and depreciation

In the third quarter of 2019, total amortization and depreciation increased 59.6 percent to SEK 47.6 M (29.8), of which amortization of intangible fixed assets accounted for SEK 30.0 M (25.1), mainly related to capitalized development costs. Depreciation of tangible fixed assets increased to SEK 17.7 M (4.7), primarily due to the company's investments in new offices in North America, but also the application of IFRS 16, refer to Notes 1-2.

In the nine-month period, total amortization and depreciation amounted to SEK 134.6 M (82.8), of which amortization of intangible fixed assets totaled SEK 84.0 M (70.1), primarily related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 50.6 M (12.7).

PROFIT/LOSS AND EARNINGS PER SHARE

In the third quarter of 2019, the result after tax totaled SEK -7.5 M (13.5), representing earnings per share before and after dilution of SEK -0.22 (0.39). In the first nine months of 2019, profit after tax totaled SEK 31.5 M (45.9), representing earnings per share of SEK 0.92 (1.34) before and after dilution.

Tax expense for the first nine months of the year amounted to SEK -10.5 M (-5.2), corresponding to an effective tax rate of 25.1 percent (10.1).

CASH FLOW AND LIQUIDITY

In the third quarter of 2019, cash flow from operating activities amounted to SEK 51.8 M (-12.9). The improvement was primarily due to a decrease in operating receivables as a result of higher payments from customers, while operating liabilities have risen in line with the expansion of operations. The increase in non-cash items was also due to leases being recognized as depreciation in accordance with IFRS 16 this year, whereas they were recognized in operating activities in the preceding period.

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

During the first nine months of the year, cash flow from operating activities was SEK 239.0 M (57.9).

At the end of the period, the company's total customer receivables accounted for 53 percent (81) of net sales over the past 12 months, and working capital for 20 percent (55) of net sales during the same period. The decline was mainly due to higher payments from customers.

Our payment model

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

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

A number of payment alternatives are subsequently available:

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

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

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

The increase in unbilled customer receivables over the past year was the result of more agreements with payment plans, primarily in North America. RaySearch assesses that the credit risk is low since the customers are institutions with high credit ratings.

In the third quarter, cash flow from investing activities was SEK -48.6 M [-43.2]. Investments in intangible fixed assets amounted to SEK -36.8 M [-31.5], comprising capitalized development costs for RayStation, RayCare and RayCommand. Investments in tangible fixed assets amounted to SEK -11.7 M [-11.7], mainly comprising investments in the company's new offices in North America and computers.

During the first nine months, cash flow from investing activities was SEK -151.1 M [-150.4]. Investments in intangible fixed assets amounted to SEK -115.1 M [-109.4], comprising capitalized development costs. Investments in tangible fixed assets amounted to SEK -36.0 M [-41.0].

Cash flow from financing activities was SEK -16.7 M [39.2] in the third quarter of 2019. In the nine-month period, cash flow from financing activities was SEK -99.1 M [37.6], primarily as a result of repayment of SEK 75 M of the company's revolving loan facility, and long-term lease payments paid in accordance with IFRS 16.

Cash flow for the period was SEK -13.5 M [-17.0] in the third quarter and SEK -11.2 M [-55.0] for the first nine months of 2019. At September 30, 2019, consolidated cash and cash equivalents was SEK 107.5 M [52.9].

FINANCIAL POSITION

At September 30, 2019, RaySearch's total assets amounted to SEK 1,253 M [1,043] and the equity/assets ratio was 55.6 percent [59.9].

IFRS 16 *Leases* has been applied since January 1, 2019, which increases the company's total assets. Without application of the new accounting policies, the equity/assets ratio would have been 62.2 percent.

Current receivables amounted to SEK 445.6 M [547.1]. The receivables mainly comprised various types of customer receivables, and the decrease despite high sales growth, was primarily due to an rise in payments from customers.

In the third quarter of 2019, the company signed a ten-year rental lease for a new head office in Stockholm with commencement in the third quarter of 2021.

In 2017, the company's line of credit was increased from SEK 100 M to SEK 350 M. The credit line expires in May 2022 and comprises a revolving loan facility of up to SEK 300 M, and an overdraft facility of SEK 50 M. Chattel mortgages amounted to SEK 100 M. At September 30, 2019, a short-term loan of SEK 49 M [74] was raised under the company's revolving loan facility and SEK 0 M [39.9] of the credit facility had been drawn.

At September 30, 2019, the Group's net debt totaled SEK 78.0 M (69.1). IFRS 16 *Leases* has been applied since January 1, 2019, which increases the company's net debt, mainly because the remaining lease commitments are recognized as liabilities on the balance sheet. Without application of the new accounting policies, net debt would have amounted to SEK -58.0 M, refer to Note 2.

EMPLOYEES

In the January-September period of 2019, the average number of employees in the Group was 317 (278). At the end of the third quarter, the Group had 360 (294) employees, of whom 268 (222) were based in Sweden, and 92 (72) in foreign subsidiaries.

PARENT COMPANY

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

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

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

SIGNIFICANT EVENTS DURING THE PERIOD

RayStation selected by several leading cancer centers

In 2019, the RayStation® treatment planning system was chosen by several leading cancer centers, including Moffitt Cancer Center and Loma Linda University Medical Center, Oklahoma Proton Center, UC Davis Medical Center and Hoag Memorial Hospital in the US, Genolier Clinic (part of the Swiss Medical Network) in Switzerland, AKH Vienna/Medical University of Vienna in Austria, Velindre Cancer Center and Cambridge University Hospitals in the UK, Universitätsklinikum Düsseldorf in Germany, Centre d'Oncologie Saint Vincent and Centre de Cancérologie les Dentellières in France, Nagoya City West Medical Center in Japan, and Proton Therapy Center Czech in the Czech Republic. In addition, Georgia Proton Treatment Center in the US expanded its existing installation.

Expanded collaboration with Mevion

RaySearch and Mevion Medical Systems extended their strategic collaboration to further advance capabilities of Mevion's HYPERSCAN® proton therapy system and the unique Adaptive Aperture® proton multi-leaf collimator (pMLC) in the treatment planning system RayStation.

RayCare selected by several leading cancer centers

In 2019, both Genolier Clinic (part of the Swiss Medical Network) and MedAustron chose RayCare as their oncology information system (OIS). This means that RaySearch has to date received eight commercial orders for RayCare, three of which were secured in 2019.

Further orders for RayCommand

In June 2019, MedAustron selected RayCommand as its treatment control system. RaySearch had previously received its first order for RayCommand from Advanced Oncotherapy (AVO) in the UK in 2018. RayCommand is under development and launch is preliminarily scheduled for the second half of 2020.

RayStation 9A released

In June 2019, RayStation 9A, the latest version of RaySearch's treatment planning system, was released in June with greater support for additional machines and treatment techniques, as well as enhancements in the integration with RayCare.

FDA clearance for machine learning applications

In June 2019, RaySearch received FDA clearance for RayStation 8B, which includes the first machine learning applications in a treatment planning system on the market.

RayCare 3A released

RayCare 3A, the latest version of RaySearch's oncology information system containing several new functions, was released in July 2019, as was the RayCare Flow feature package that is designed to improve resource management, increase efficiency of treatment planning workflow and automate image management.

Long-term development partnership with Vision RT

RaySearch and Vision RT, a leader in Surface Guided Radiation Therapy (SGRT), have entered into a long-term development partnership, whose aims include developing interfaces and functions to ensure seamless workflows between the companies' respective products.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

New regulatory clearance for RayStation in China

In October, RaySearch received a new regulatory clearance from the Chinese authorities NMPA (previously CFDA) for the treatment planning system RayStation.

THE COMPANY'S SHARE

At September 30, 2019, 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, 2019, the total number of voting rights in RaySearch was 110,377,548.

SHARE OWNERSHIP

At September 30, 2019, the number of shareholders in RaySearch was 6,943, according to Euroclear, and the largest shareholders were as follows:

Name	Class A shares	Class B shares	Total shares	Share capital, %	Votes, %
Johan Löf	6,243,084	418,393	6,661,477	19.4	56.9
Oppenheimer Funds	0	4,346,433	4,346,433	12.7	3.9
Swedbank Robur Funds	0	2,100,000	2,100,000	6.1	1.9
First AP Fund	0	1,982,448	1,982,448	5.8	1.8
Wasatch Advisors	0	1,535,000	1,535,000	4.5	1.4
Anders Brahme	1,150,161	200,000	1,350,161	3.9	10.6
Carl Filip Bergendal	1,061,577	139,920	1,201,497	3.5	9.7
Montanaro Funds	0	1,045,000	1,045,000	3.0	0.9
La Financière de l'Echiquier	0	1,037,000	1,037,000	3.0	0.9
Nordnet Pension	0	1,013,386	1,013,386	3.0	0.9
Total, 10 largest shareholders	8,454,822	13,817,580	22,272,402	65.0	89.1
Others	153	12,010,218	12,010,371	35.0	10.9
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

Source: Euroclear, FI, MorningStar and Montanaro.

OTHER INFORMATION

2020 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of RaySearch Laboratories AB (publ) will be held on Tuesday, May 19, 2020 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, business risk, compliance risk, operational risk and financial risk. RaySearch's risk management aims to identify, measure and reduce risks related to the Group's transactions and operations. No significant changes have been made to the risk assessment compared with the 2018 Annual Report. For more information about risks and risk management, refer to pages 9-10 and 36-38 of RaySearch's 2018 Annual Report.

SEASONAL VARIATIONS

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

ENVIRONMENT AND SUSTAINABILITY

Sustainability is a key aspect of RaySearch's strategy and operations, and the company is working actively to become a sustainable enterprise. The primary aim of RaySearch's operations is to help cancer centers improve and save the lives of cancer patients. With our innovative software solutions, we are continuously striving to improve and streamline workflows in clinical environments and to improve treatment outcomes for cancer patients. The customer value we create presents business opportunities for RaySearch, but also major social benefit and economic gains.

The negative environmental impact of the company's products is limited. The company's environmental impact is mainly related to the purchase of goods and services, energy use and transportation. RaySearch aims to contribute to sustainable development and therefore works actively to improve the company's environmental performance wherever this is economically reasonable.

Stockholm, November 14, 2019

Johan Löf
CEO 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, 2019 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 14, 2019

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

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The information contained in this interim report was submitted for publication on November 14, 2019 at at 7:45 a.m. CET.

TELECONFERENCE IN CONNECTION WITH THE INTERIM REPORT

CEO Johan Löf and CFO Peter Thysell will present RaySearch's interim report for January-September 2019 at a teleconference in English on Thursday, November 14, 2019 at 4:00 p.m. CET.

For login details to the teleconference, please register on:

<http://emea.directeventreg.com/registration/3036698>

FINANCIAL CALENDAR

Year-end report, 2019

February 14, 2020

Interim report for the first quarter, 2020

May 5, 2020

2020 Annual General Meeting

May 19, 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s	Note	JUL-SEP		JAN-SEP		OCT 2018-	FULL-YEAR
		2019 ¹	2018 ²	2019 ¹	2018 ²	SEP 2019 ³	2018 ²
Net sales	2.3	144,349	150,479	507,085	407,775	726,528	627,218
Cost of goods sold ⁴		-7,512	-10,674	-46,503	-31,702	-70,825	-56,024
Gross profit		136,837	139,805	460,582	376,073	655,703	571,194
Other operating income		22,047	–	40,717	26,583	49,525	35,391
Selling expenses		-94,148	-67,204	-251,242	-178,218	-334,935	-261,911
Administrative expenses		-23,317	-17,872	-69,945	-59,021	-102,907	-91,983
Research and development costs		-45,469	-36,339	-127,783	-107,325	-168,149	-147,691
Other operating expenses		-2,295	-5,970	-6,628	-5,306	-11,862	-10,540
Operating profit/loss		-6,345	12,421	45,701	52,787	87,374	94,460
Loss from financial items		-853	-914	-3,706	-1,738	-5,664	-3,696
Profit/loss before tax		-7,198	11,506	41,995	51,048	81,711	90,764
Tax		-327	1,994	-10,521	-5,174	-17,588	-12,241
Profit/loss for the period attributable to Parent Company shareholders		-7,525	13,500	31,474	45,874	64,123	78,523
Other comprehensive income							
Items to be reclassified to profit or loss							
Translation difference of foreign operations for the period		-13	22	-108	-1,339	-264	-1,495
Comprehensive income for the period attributable to Parent Company shareholders		-7,538	13,522	31,366	44,535	63,859	77,028
Earnings/loss per share before and after dilution (SEK)		-0.22	0.39	0.92	1.34	1.87	2.29

¹ IFRS 16 compliance.

² IAS 17 compliance.

³ IFRS 16 compliance from 2019, and IAS 17 compliance in prior periods.

⁴ Comprises costs for hardware and royalties but not the amortization of capitalized development costs, which is included in research and development costs.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s	JUL-SEP		JAN-SEP		FULL-YEAR
	2019 ¹	2018 ²	2019 ¹	2018 ²	2018
Opening balance according to adopted Annual Report	694,394	611,438	657,453	580,425	580,425
Effect of IFRS 16	–	–	-1,963	–	–
Opening balance after adjustments for IFRS 16	694,394	611,438	655,490	580,425	580,425
Profit/loss for the period	-7,525	13,500	31,474	45,874	78,523
Translation difference for the period	-13	22	-108	-1,339	-1,495
Closing balance	686,856	624,960	686,856	624,960	657,453

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
ASSETS				
Intangible fixed assets		408,422	361,875	377,341
Tangible fixed assets	1.2	232,744	65,833	93,081
Deferred tax assets		9,037	2,530	7,408
Other long-term receivables		18,178	12,555	23,454
Total fixed assets		668,381	442,793	501,284
Inventories		14,315	226	9,617
Current receivables		445,616	547,103	482,323
Cash and cash equivalents		107,482	52,893	112,198
Total current assets		567,413	600,222	604,138
TOTAL ASSETS		1,235,794	1,043,015	1,105,422
EQUITY AND LIABILITIES				
Equity	2	686,855	624,960	657,453
Deferred tax liabilities		109,956	98,215	103,954
Long-term interest-bearing liabilities	1.2	99,087	7,943	7,215
Total long-term liabilities		209,043	106,158	111,169
Accounts payable		24,871	21,537	32,366
Current interest-bearing liabilities	1.2	86,386	114,055	124,283
Other current liabilities	2	228,639	176,305	180,151
Total current liabilities		339,896	311,897	336,800
TOTAL EQUITY AND LIABILITIES		1,235,794	1,043,015	1,105,422

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	Note	JUL-SEP		JAN-SEP		FULL-YEAR
		2019 ¹	2018 ²	2019 ¹	2018 ²	2018
Profit/loss before tax		-7,198	11,506	41,995	51,048	90,764
Adjusted for non-cash items ¹⁾		35,252	37,087	114,885	62,615	91,475
Taxes paid		-9,818	-10,091	-23,668	-37,399	-40,922
Cash flow from operating activities before changes in working capital		18,236	38,502	133,212	76,264	141,317
Cash flow from changes in operating receivables		91	-45,441	78,977	-60,119	-20,307
Cash flow from changes in operating liabilities		33,435	-5,945	26,818	41,712	57,462
Cash flow from operating activities		51,761	-12,883	239,006	57,858	178,472
Cash flow from investing activities		-48,568	-43,298	-151,054	-150,367	-223,625
Cash flow from financing activities		-16,668	39,150	-99,114	37,557	46,958
Cash flow for the period		-13,475	-17,031	-11,162	-54,952	1,805
Cash and cash equivalents at the beginning of the period		118,125	69,153	112,198	104,156	104,156
Exchange-rate difference in cash and cash equivalents		2,833	771	6,447	3,689	6,237
Cash and cash equivalents at the end of the period		107,482	52,893	107,482	52,893	112,198

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
		2019	2018	2019	2018	2018
Net sales		101,267	111,789	365,437	305,643	466,157
Cost of goods sold ¹		-4,770	-4,759	-26,753	-14,563	-26,006
Gross profit		96,497	107,030	338,684	291,080	440,151
Other operating income		22,045	–	40,275	26,583	35,090
Selling expenses		-60,106	-38,915	-149,322	-104,834	-153,986
Administrative expenses		-23,183	-17,745	-69,580	-58,685	-91,824
Research and development costs		-52,198	-42,761	-159,015	-146,602	-202,007
Other operating expenses		-1,418	-5,970	-3,479	-5,318	-10,197
Operating profit/loss		-18,363	1,639	-2,437	2,224	17,227
Profit/loss from financial items		918	-784	2,422	-1,369	3,858
Profit/loss after financial items		-17,445	855	-15	855	21,085
Appropriations		–	–	–	–	-12,739
Profit/loss before tax		-17,445	855	-15	855	8,346
Tax on profit for the period		1,336	-1,793	-3,188	-1,793	-4,637
Profit/loss for the period		-16,109	-938	-3,203	-938	3,709

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

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s	JUL-SEP		JAN-SEP		FULL-YEAR
	2019	2018	2019	2018	2018
Profit/loss for the period	-16,109	-938	-3,203	-938	3,709
Other comprehensive income	–	–	–	–	–
Comprehensive income for the period	-16,109	-938	-3,203	-938	3,709

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Note	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
ASSETS				
Intangible fixed assets		750	–	427
Tangible fixed assets		36,111	27,704	38,023
Shares and participations		1,911	1,772	1,772
Deferred tax assets		4,022	742	3,132
Long-term receivables from Group companies	8	87,722	–	152,507
Other long-term receivables		12,470	12,373	16,665
Total fixed assets		142,986	42,591	212,526
Inventories		0	226	763
Current receivables		395,801	539,299	404,661
Cash and bank balances		59,688	5,549	9,375
Total current assets		455,489	545,074	414,799
TOTAL ASSETS		598,475	587,665	627,325
EQUITY AND LIABILITIES				
Equity		272,560	271,117	275,763
Untaxed reserves		110,248	97,510	110,248
Accounts payable		14,028	19,860	21,308
Current interest-bearing liabilities		49,433	114,055	124,283
Other current liabilities		152,206	85,123	95,723
Total current liabilities		215,667	219,038	241,314
TOTAL EQUITY AND LIABILITIES		598,475	587,665	627,325

NOTES, GROUP

NOTE 1 ACCOUNTING POLICIES

The accounting policies applied are consistent with those described in the 2018 Annual Report for RaySearch Laboratories AB (publ), which is available at www.raysearchlabs.com. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

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, 2019.

IFRS 16 Leases has been applied since January 1, 2019. The application of IFRS 16 entails that identified leases, primarily rental leases, will be recognized on the balance sheet. This impacts numerous financial performance measures and key figures, such as EBITDA, operating profit, net financial items, shareholders' equity, return on equity and net debt. RaySearch applied the standard's modified retrospective method, which means that no comparative figures were restated. The lease liability was measured at the present value of the lease payments over the remaining lease term, and the right-of-use asset for all contracts equaled the calculated depreciated value from the lease commencement, with the application of the incremental borrowing rate. RaySearch has also elected to apply the exemption rules for short-term leases and leases where the underlying asset is of low value. In addition, RaySearch has elected not to reassess if a contract is, or contains, a lease at the date of initial application. Nor does RaySearch exclude non-lease components in any contracts.

For leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and lease liability was measured at January 1, 2019 at the carrying amount of the lease asset and lease liability under IAS 17 immediately prior to that date.

When transitioning to IFRS 16, the Group recognized right-of-use assets at SEK 165 M and new lease liabilities at SEK 167 M, of which current lease liabilities account for SEK 31 M. The difference between assets and liabilities depends on prepaid lease payments recognized as assets on December 31, 2018, which were added to right-of-use assets at January 1, 2019. There was also an impact of SEK 2 M on shareholders' equity due to measuring the right-of-use asset as if the standard had been applied since the lease commencements. At the end of the quarter, the lease liability amounted to SEK 136.0 M. The right-of-use assets are presented on the fixed assets line on the consolidated balance sheet and the lease liabilities are presented as line items under long-term and current interest-bearing liabilities. A summary of opening lease liabilities is presented in the table below:

AMOUNTS IN SEK 000s	Jan 1, 2019
Operating lease commitments at December 31, 2018	181,478
Discounting with the Group's incremental borrowing rate at January 1, 2019	-13,779
Plus: liabilities for finance leases at December 31, 2018	7,215
(Less): short-term leases expensed on a straight-line basis	-125
(Less): leases for which the underlying asset is low value that are expensed on a straight-line basis	-81
Lease liability recognized at January 1, 2019	174,708
- of which current lease liability	34,262
- of which long-term lease liability	140,446

When measuring the lease liability, the Group discounted the lease payments using the incremental borrowing rate at January 1, 2019. The weighted average interest rate used varies between 1.5 and 3 percent, depending on the incremental rate of each Group company.

In accordance with IFRS 16 transition options, the lease liability for leases previously classified as financial leases has, in the initial amount for 2019 as specified above, been recognized at the same amount as at the end of 2018.

NOTE 2 IMPACT OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 16 Leases

The recognized right-of-use assets and lease liabilities changed as follows during the period:

AMOUNTS IN SEK 000s	RIGHT-OF-USE ASSETS			LEASE LIABILITIES
	Premises	Other	Total	
Opening balance, January 1, 2019	160,003	12,966	172,969	-174,708
Additional leases (+)	378	1,052	1,430	-1,406
Amortization and depreciation (-)	-24,661	-5,748	-30,410	
Revaluation of leases (+/-)	-20,936	0	-20,936	20,936
Translation difference for the period	7,144	98	7,242	-7,637
Interest expense (-)				-3,024
Lease payments paid (+)				29,810
Closing balance, September 30, 2019	121,927	8,368	130,295	-136,029

In the table above, revaluation of leases pertains to a new assessment of rental leases for office premises in Stockholm.

To-date during the year, IFRS 16 has impacted consolidated profit or loss as follows:

AMOUNTS IN SEK 000s	YTD 2019
Operating expenses	29,790
Amortization and depreciation	-27,737
Effect on consolidated operating profit	2,053
Interest expense	-2,761
Effect on consolidated profit before tax	-708

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 2019			JUL-SEP 2018		
	RayStation/RayCare	Partners	Total	RayStation/RayCare	Partners	Total
Revenue by type						
Licenses	76,200	5,281	81,481	89,445	9,729	99,174
Support	48,610	2,973	51,583	28,818	2,846	31,664
Hardware	6,869	0	6,869	16,659	0	16,659
Training and other	4,416	0	4,416	2,983	0	2,983
Total revenue from contracts with customers	136,095	8,254	144,349	137,904	12,575	150,479
Revenue by geographic market						
North America	56,216	169	56,385	67,617	6,215	73,832
APAC	40,599	3,798	44,397	15,609	1,417	17,026
Europe and rest of the world	39,280	4,287	43,567	54,678	4,944	59,622
Total revenue from contracts with customers	136,095	8,254	144,349	137,904	12,575	150,479
Revenue by date for revenue recognition						
Goods/services transferred at a point in time	83,069	5,281	88,350	106,104	9,729	115,833
Services transferred over time	53,026	2,973	55,999	31,801	2,846	34,646
Total revenue from contracts with customers	136,095	8,254	144,349	137,904	12,575	150,479

AMOUNTS IN SEK 000s	JAN-SEP 2019			JAN-SEP 2018		
	RayStation/RayCare	Partners	Total	RayStation/RayCare	Partners	Total
Revenue by type						
Licenses	283,863	20,385	304,248	264,240	28,206	292,446
Support	132,448	9,022	141,470	66,872	8,276	75,148
Hardware	50,064	0	50,064	34,956	0	34,956
Training and other	11,303	0	11,303	5,226	0	5,226
Total revenue from contracts with customers	477,678	29,407	507,085	371,293	36,482	407,775
Revenue by geographic market						
North America	208,776	1,629	210,405	170,308	16,734	187,042
APAC	79,156	6,104	85,260	43,616	4,286	47,902
Europe and rest of the world	189,746	21,674	211,420	157,369	15,463	172,832
Total revenue from contracts with customers	477,678	29,407	507,085	371,293	36,482	407,775
Revenue by date for revenue recognition						
Goods/services transferred at a point in time ¹	333,927	20,385	354,312	299,196	28,206	327,402
Services transferred over time ²	143,751	9,022	152,773	72,098	8,276	80,373
Total revenue from contracts with customers	477,678	29,407	507,085	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 make estimates that affect the carrying amounts. The actual outcome could deviate from these estimates. The critical sources of uncertainty in the estimates are the same as those in the most recent Annual Report.

NOTE 5 FINANCIAL INSTRUMENTS

RaySearch's financial assets and liabilities comprise billed and unbilled receivables, cash and cash equivalents, accrued expenses, accounts payable, bank loans and finance leases. Long-term 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.

The provision for expected credit losses is a weighted assessment of payment history, reports from external credit rating agencies and other customer-specific information. At the end of September 2019, the credit loss provision was SEK 20.6 M [6.6].

The improvement was mainly due to credit loss provisions for receivables in Iran and China. Historically, the Group's credit losses have been limited. Since the company was founded in 2000, actual credit losses have amounted to 0.02 percent and provisions for expected credit losses to 0.5 percent of total sales.

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, 2019	Sep 30, 2018	Dec 31, 2018
Chattel mortgages	100,000	100,000	100,000
Guarantees	8,822	8,001	6,096

NOTE 8 LONG-TERM RECEIVABLES FROM GROUP COMPANIES

At December 31, 2018, the Parent Company issued two long-term loans to its US subsidiary – a five-year loan of USD 7 M to finance the subsidiary's investments in new offices, and a three-year loan of USD 10 M to finance the subsidiary's payment plans to external customers. During the first nine months of 2019, these were repaid in full, totaling USD 3.6 M.

GROUP QUARTERLY OVERVIEW

AMOUNTS IN SEK 000s	2019			2018				2017
	Q3 ^{1,4}	Q2 ^{1,4}	Q1 ^{1,4}	Q4 ¹	Q3 ¹	Q2 ¹	Q1 ¹	Q4 ²
Income statement								
Net sales	144,349	189,658	173,078	219,443	150,479	141,039	116,257	204,961
Sales change, %	-4.1	34.5	48.9	7.1	34.7	-0.4	-8.3	7.1
Operating profit/loss	-6,345	28,809	23,237	41,673	12,421	26,258	14,108	98,698
Operating margin, %	-4.4	15.2	13.4	19.0	8.3	18.6	12.1	48.2
Profit/loss for the period	-7,525	21,833	17,166	32,649	13,500	20,595	11,779	72,289
Net margin, %	-5.2	11.5	9.9	14.9	9.0	14.6	10.1	35.3
Cash flow								
Operating activities	51,761	136,938	50,307	120,614	-12,883	14,720	56,021	46,785
Investing activities	-48,568	-57,067	-45,419	-73,258	-43,298	-64,003	-43,066	-46,207
Financing activities	-16,668	-75,740	-6,706	9,401	39,150	-979	-614	34,028
Cash flow for the period	-13,475	4,131	-1,818	56,756	-17,031	-50,262	12,341	34,606
Capital structure								
Equity/assets ratio, %	55.6	55.9	52.0	59.5	59.9	61.4	63.5	63.4
Net debt	77,991	92,024	181,649	19,300	69,105	13,595	-34,701	-20,372
Debt/equity ratio	0.1	0.1	0.3	0.0	0.1	0.0	-0.1	0
Net debt/EBITDA	0.3	0.4	0.8	0.1	0.3	0.1	-0.2	-0.1
Per share data, SEK								
Earnings per share before dilution	-0.22	0.64	0.50	0.95	0.39	0.6	0.34	2.11
Earnings per share after dilution	-0.22	0.64	0.50	0.95	0.39	0.6	0.34	2.11
Equity per share	20.03	20.25	19.62	19.18	18.23	17.84	17.28	16.93
Share price at the end of the period	160.7	132.6	103.7	96.5	122.3	105	123	171
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	317	306	299	293	286	280	267	253

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Oct 2018- Sep 2019 ^{1,4}	Jul 2018- Jun 2019 ^{1,4}	Apr 2018- Mar 2019 ^{1,4}	Jan 2018- Dec 2018 ¹	Oct 2017- Sep 2018 ³	Jul 2017- Jun 2018 ³	Apr 2017- Mar 2018 ³	Jan 2017- Dec 2017 ²
Income statement								
Net sales	726,528	732,658	684,039	627,218	612,736	573,960	574,555	585,086
Operating profit/loss	87,374	106,140	103,589	94,460	151,485	139,730	140,311	159,669
Operating margin, %	12.0	14.5	15.1	15.1	24.7	24.3	24.4	27.3

¹ IFRS 15 compliance.

² IAS 18 compliance.

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

⁴ IFRS 16 compliance from 2019

DEFINITIONS OF KEY RATIOS

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

Non-IFRS measures	Definition	Reason for using the measure
Order intake	The value (transaction price) of all orders received and changes to existing orders during the current period	Order intake is an indicator of future revenue and thus a key figure for the management of RaySearch's operations
Order backlog	The value of orders at the end of the period that the company has yet to deliver and recognize as revenue, meaning remaining performance obligations according to IFRS 15.120a	The order backlog shows the value of orders already booked by RaySearch that will be converted to revenue in the future.
Sales change	The change in net sales compared with the year-earlier period expressed as a percentage	The measure is used to track the performance of the company's operations between periods
Change in organic sales	Change in growth excluding currency effects	This measure is used to monitor underlying sales change driven by alterations in volume, pricing and mix for comparable units between different periods
Gross profit	Net sales minus cost of goods sold	Gross profit is used to measure the margin before sales, research, development and administrative expenses
Operating profit/loss	Calculated as operating profit before financial items and tax	Operating profit provides an overall picture of the total generation of earnings in operating activities
Operating margin	Operating profit expressed as a percentage of net sales	Together with sales growth, the operating margin is a key element for monitoring value creation
Net margin	Profit for the period as a percentage of net sales for the period	The net margin shows the percentage of net sales remaining after the company's expenses have been deducted
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 or other results	Sales, operating profit or other results measured over the past 12-month period	This measure is used to more clearly illustrate the trends for sales, operating profit and other results, which is relevant because RaySearch's revenue is subject to monthly variations
Working capital	Working capital comprises inventories, operating receivables and operating liabilities, and is obtained from the statement of financial position. Operating receivables comprise accounts receivable, other receivables and non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing long-term liabilities, advance payments from customers, accounts payable, other current liabilities and non-interest bearing accrued expenses and deferred income.	This measure shows how much working capital is tied up in operations and can be shown in relation to net sales to demonstrate the efficiency with which working capital has been used
Return on equity	Calculated as profit/loss for the period as a percentage of average equity. Average equity is calculated as the sum of equity at the end of the period plus equity at the end of the year-earlier period, divided by two	Shows the return generated on the owners' invested capital from a shareholder perspective
Equity/assets ratio	Equity expressed as a percentage of total assets at the end of the period	This is a standard measure to show financial risk, and is expressed as the percentage of the total restricted equity financed by the owners
Net debt	Interest-bearing liabilities less cash and cash equivalents and interest-bearing current and long-term receivables	This measure shows the Group's total indebtedness
Debt/equity ratio	Net debt in relation to equity	The measure shows financial risk and is used by management to monitor the Group's indebtedness
Net debt/EBITDA	Net debt at the end of the period in relation to operating profit before depreciation over the past 12-month period	A relevant measure from a credit perspective that shows the company's ability to handle its debt

CALCULATION OF FINANCIAL MEASURES NOT INCLUDED IN THE IFRS FRAMEWORK

AMOUNTS IN SEK 000s	Sep 30, 2019 ¹	Sep 30, 2018	Dec 31, 2018
Working capital			
Accounts receivable (current billed customer receivables)	176,213	234,260	276,473
Current unbilled customer receivables	190,415	249,577	154,763
Long-term unbilled customer receivables	18,074	12,200	23,118
Inventories	14,315	226	9,617
Other current receivables (excl. tax)	38,556	38,207	30,385
Accounts payable	-24,871	-21,537	-32,366
Other current liabilities (excl. tax)	-264,303	-174,105	-179,802
Working capital	148,399	338,828	282,188

AMOUNTS IN SEK 000s	Sep 30, 2019 ¹	Sep 30, 2018	Dec 31, 2018
Net debt			
Current interest-bearing liabilities	86,386	114,055	124,283
Long-term interest-bearing liabilities	99,087	7,943	7,215
Cash and cash equivalents	-107,482	-52,893	-112,198
Net debt	77,991	69,105	19,300

AMOUNTS IN SEK 000s	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Net debt excluding IFRS 16			
Current interest-bearing liabilities	49,433	114,055	124,283
Long-term interest-bearing liabilities	0	7,943	7,215
Cash and cash equivalents	-107,482	-52,893	-112,198
Net debt excluding IFRS 16	-58,049	69,105	19,300

AMOUNTS IN SEK 000s	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Equity/assets ratio excluding IFRS 16			
Equity	689,441	624,960	657,453
Total assets	1,108,674	1,043,015	1,105,422
Equity/assets ratio excluding IFRS 16, %	62.2	59.9	59.5

AMOUNTS IN SEK 000s	Oct 2018- Sep 2019 ¹	Oct 2017- Sep 2018 ²	Full-year 2018
EBITDA			
Operating profit/loss	87,374	151,485	94,461
Amortization and depreciation	165,643	99,693	113,844
EBITDA	253,017	251,178	208,305

¹ IFRS 16 compliance from 2019.

² IFRS 15 compliance from 2018, and IAS 18 compliance in prior periods.

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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 for trading on Nasdaq Stockholm since 2003.

More information about RaySearch is available at www.raysearchlabs.com

VISION AND BUSINESS CONCEPT

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

STRATEGY

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

BUSINESS MODEL

RaySearch's revenues are generated when customers pay an initial license fee for the right to use RaySearch's software and an annual service fee for access to updates and support. 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.