

***“In the second quarter of 2021, net sales declined 6 percent due to lower license sales. Recurring support revenue rose 9 percent and accounted for 44 percent (38) of net sales. Operating loss amounted to SEK -22 M (-11).”***

*Johan Löf, CEO of RaySearch.*

#### **SECOND QUARTER (APRIL-JUNE 2021)**

- Order intake SEK 189.8 M [177.1]
- Net sales SEK 154.6 M [163.8]
- Operating loss SEK -22.5 M [-10.9]
- Loss after tax SEK -16.5 M [-9.2]
- Loss per share before/after dilution SEK -0.48 [-0.27]
- Cash flow SEK -74.4 M [65.9]
- Order backlog SEK 1,213.4 M [1,185.8] at the end of the period

#### **HALF-YEAR (JANUARY-JUNE 2021)**

- Order intake SEK 334.9 M [477.2]
- Net sales SEK 316.7 M [372.6]
- Operating loss SEK -10.2 M [40.6]
- Loss after tax SEK -9.4 M [31.3]
- Loss per share before/after dilution SEK -0.27 [0.91]
- Cash flow SEK -41.6 M [61.7]

#### **SIGNIFICANT EVENTS DURING THE SECOND QUARTER**

- The RayStation® treatment planning system was sold to several leading cancer centers, including the Atrium Health Carolinas Medical Center and the Radiation Center of Greater Nashua in the US, the Institute de Cancerologie Jean Godinot in France, the German Oncology Center in Cyprus, and the Higashi Omi City Gamo Medical Center in Japan.
- The Centre hospitalier universitaire vaudois (CHUV) has purchased the RayCare® oncology information system and the RayIntelligence® data analytics system, and also expanded its RayStation installation with functionality for automatic planning and segmentation with machine learning as well as planning for Accuray's CyberKnife® system.
- In March 2021, RaySearch breached an EBITDA-based covenant in the company's credit facility with Skandinaviska Enskilda Banken (SEB) with a credit limit of SEK 350 M. As a consequence, the amount of credit withdrawn of SEK 50 M was repaid in April. Now the company meets the covenants and the credit facility is thus available for utilization.
- RaySearch has signed a sales agent agreement with Canon Medical Systems USA, Inc., enabling RaySearch America's salesforce to promote Canon Medical's Aquilion Large Bore CT and Celesteion PET/CT products.
- RayStation 11A was released in May, the latest version of RaySearch's treatment planning system, with support for Accuray's CyberKnife system, prescription of specific dose levels to multiple tumors, the use of multiple GPUs in Monte Carlo simulation for photons, and improved integration with RayCare and RayCommand.
- RayCare 5A was released in May, the latest version of RaySearch's oncology information system, with support for Accuray's CyberKnife® system, radiation therapy prescriptions, a new whiteboard that provides an overview of patient treatments, configurable forms, and a number of enhancements to task management, scheduling and automation.
- In June, RayStation 9 was granted regulatory clearance in China – a significant growth market for RaySearch.

#### **THE COVID-19 PANDEMIC**

- The COVID-19 pandemic with temporary reprioritizations in healthcare continued to have a negative impact on sales in the second quarter. RaySearch expects that the negative effects of the COVID-19 pandemic on the company's sales and earnings will continue for some months to come, mainly because orders may be delayed.

#### **NO SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD**

#### **FINANCIAL SUMMARY<sup>1</sup>**

AMOUNTS IN SEK 000s	APR-JUN		JAN-JUN		JUL 2020-	FULL-YEAR
	2021	2020	2021	2020	JUN 2021	2020
Net sales	154,579	163,758	316,681	372,647	595,646	651,612
Operating profit/loss	-22,463	-10,954	-10,202	40,603	-55,017	-3,466
Operating margin, %	-14.5	-6.7	-3.2	10.9	-9.2	-0.5
Profit/loss for the period	-16,467	-9,196	-9,357	31,266	-49,703	-9,080
Earnings/loss per share before/after dilution, SEK	-0.48	-0.27	-0.27	0.91	-1.45	-0.26
Cash flow from operating activities	58,077	135,443	162,409	201,517	294,976	331,508
Cash flow for the period	-74,379	65,912	-41,542	61,668	-41,328	61,890
Return on equity, %	-2.4	-1.3	-1.4	4.3	-7.2	-1.3
Equity/assets ratio, % at the end of the period	57.8	56.2	57.8	56.2	57.8	54.0
Share price at the end of the period, SEK	87.4	86.5	87.4	86.5	87.4	82.7

<sup>1</sup> For definitions of key ratios, see page 19.



## CEO COMMENTS

### MARKET CONDITIONS REMAIN CHALLENGING

The COVID-19 pandemic had a negative effect on RaySearch's sales also in the second quarter of 2021. Market conditions remained challenging in Europe and North America, while the market situation was better in Asia.

In the second quarter, order intake amounted to SEK 190 M (177), up 7 percent year-on-year. However, net sales declined 6 percent to SEK 155 M (164). The change was attributable to significantly lower license sales, due to the COVID-19 pandemic and negative currency effects. However, recurring support revenue rose 9 percent and accounted for 44 percent (38) of net sales.

The lower sales led to a decline in the operating result to SEK -22 M (-11), representing an operating margin of -15 percent (-7).

Cash flow was SEK -74 M (66) in the second quarter, partly due to a repayment of our credit facility of SEK 50 M and investment in our new head office.

### GREATER FOCUS ON COSTS

In line with the vaccine rollout, we will now gradually increase our sales activities in coming quarters, for example by taking part in ESTRO in Madrid in August and ASTRO in Chicago in October. These trade fairs have in the past been very important for our sales. Physical sales activities have, however, been restricted for some time, which is why it may take time before the full sales effect is regained.

Given the uncertainty surrounding how long the pandemic will adversely impact RaySearch's revenue, we will now also focus even more on our costs. We intend to adapt operations in various ways to achieve substantial cost savings.

However, over the next few quarters, our operating expenses will increase year-on-year, mainly because several product launches have resulted in increased depreciation. Sales activities and increased travel will also generate higher operating expenses since the comparative figures are so low. Overall, profitability may remain under pressure in the short term, before sales return to normal and the cost savings take effect.

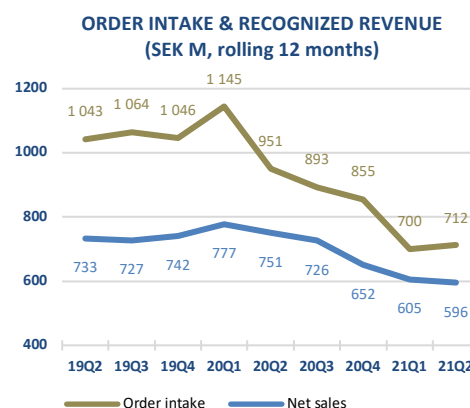
### EXPANDED PRODUCT PORTFOLIO

The ongoing pandemic has given rise to significant challenges for RaySearch. Nonetheless, we have chosen to continue our strategically important product expansion while concurrently developing our existing products.

#### Growth through diversification

At the end of the 2020, we launched two new products – RayIntelligence and RayCommand. Both products are part of a major diversification of our software portfolio.

RayIntelligence is our platform for data-driven oncology and machine learning. The product is a cloud-based system for analysis, monitoring and continuous improvement of cancer treatments. This software-as-a-service (SaaS) platform is fully integrated with our RayStation treatment planning system and our RayCare oncology information system, enabling cancer centers to consolidate, structure and search data to individualize treatment protocols and improve patient outcomes. It provides tools for deep analysis of trends and performance and dashboards for a rapid overview of clinical activities. RayIntelligence also helps cancer centers define appropriate training datasets for machine learning models. RayIntelligence is RaySearch's first product that is only available via annual subscription. This allows customers to pay on an ongoing basis, and avoid making a substantial initial investment.



Elsewhere, the focus is on hardware integration. The RayCommand treatment control system offers unified management and control of main systems in the radiotherapy treatment room – the treatment machine, treatment couch, imaging systems and patient positioning devices. The goal is to ensure safe and effective patient care, while offering a more consistent user experience and a more efficient workflow – regardless of the type of treatment machine. As such, we see this B2B product as a catalyst for innovation and increased competitiveness in the radiotherapy equipment market, encouraging new suppliers of systems on the market to integrate RayCommand instead of developing their own control system from scratch.

#### *Continued development of our product portfolio*

In 2021, the development of RayStation and RayCare is continuing unabated. One of the main innovations in RayStation is the launch of support for Accuray's CyberKnife machine, and since RayStation already supports TomoTherapy and Radixact, this means RayStation now offers a full range of support for Accuray's machines.

Another focus area is improving workflows and integration between RayStation and RayCare. This is particularly important for cancer centers that use complex treatment processes and adaptive treatment techniques that place high demands on efficient scheduling and optimized resource utilization.

We can also see that the integration of scripts and workflows between RayCare and RayStation is making it possible to guide the user through the planning process and effectively combine manual and automated stages. During the year, we will also release a large number of new machine learning models. These can be used in both new and older versions of RayStation, and can immediately be used by customers in markets with no regulatory obstacles. Several research projects are in progress studying opportunities to apply our tools outside the area of radiation therapy, such as for medical imaging and various types of surgery.

#### **ENHANCED EFFICIENCY – A NECESSITY**

Early in the pandemic, the World Health Organization found that one in three countries in the European region reported disrupted cancer services, while some national snapshots indicate that as many as 10 percent or more of new cancer cases may have gone undiagnosed in the past year. Put simply, cancer centers and their care teams are going to need all the tools at their disposal if they are to diagnose, treat and manage – at scale – the inevitable post-COVID surge in cancer cases in the most efficient and effective way possible.

Efficient resource utilization in cancer care has long been a focus area for RaySearch. Our software enables fast and automated preparation of treatment plans for each patient, shortens treatment duration while retaining treatment quality, and provides more efficient scheduling of the treatment machines and health professionals. In June of this year, we began cooperating with the Swiss clinic CHUV whereby we will study the efficiency enhancements and improvements that can be achieved in connection with the clinical implementation of RayStation, RayCare and RayIntelligence. We expect to achieve substantial improvements in the clinic's overall efficiency and also greater quality and security of the clinic's radiation therapy.

#### **BEYOND COVID-19**

Operationally, it's encouraging to report no major challenges in relation to our R&D effort or delivery capacity during the pandemic. We have made it through this period due to a joint effort and I would like to thank all of our employees – especially for the flexibility, creativity and dedication, as we, by necessity, have re-engineered our core functions around largely digital and virtual workflows.

We feel optimistic about RaySearch's long-term strategy for comprehensive cancer care.

Stockholm, August 25, 2021

Johan Löf  
CEO and founder

## FINANCIAL INFORMATION

RaySearch operates in a market with uneven order flows where large individual orders can have a substantial impact on revenue recognition between the quarters and, because the company has limited (less than 10 percent) variable costs for license revenue, operating profit is affected by an amount that is nearly as high. For this reason, a longer perspective than a few quarters should be taken.

### ORDER INTAKE AND ORDER BACKLOG

In the second quarter of 2021, order intake rose 7.1 percent to SEK 189.8 M (177.1). License order intake declined 33.1 percent to SEK 55.6 M (83.2) while order intake for support increased 51.4 percent to SEK 116.6 M (77.0). The change relating to license sales is largely attributable the COVID-19 pandemic, the full force of which was not felt in the second quarter of the preceding year, while the change relating to support was attributable to several major support agreements with existing customers.

Order intake (amounts in SEK M)	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Rolling 12 months	Full-year 2020
Licenses	55.6	78.0	109.7	48.3	83.2	291.6	378.0
Hardware	9.3	12.1	26.7	8.3	11.8	56.5	69.5
Support (incl. warranty support)	116.6	48.6	95.9	78.9	77.0	339.9	377.4
Training and other	8.2	6.5	6.8	3.0	5.2	24.2	29.9
<b>Total order intake</b>	<b>189.8</b>	<b>145.1</b>	<b>239.1</b>	<b>138.5</b>	<b>177.1</b>	<b>712.5</b>	<b>854.8</b>
Order backlog (amounts in SEK M)	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20		
Licenses	115.0	129.6	127.0	112.6	105.8		
Hardware	36.9	48.5	50.3	36.8	38.9		
Support (incl. warranty support)	1,001.7	974.2	942.6	961.0	982.6		
Training and other	59.9	54.8	49.4	50.8	58.5		
<b>Total order backlog at the end of the period</b>	<b>1,213.4</b>	<b>1,207.1</b>	<b>1,169.2</b>	<b>1,161.3</b>	<b>1,185.8</b>		

In the first half of 2021, order intake declined 29.8 percent to SEK 334.9 M (477.2). License order intake declined 39.3 percent to SEK 133.6 M (220.0) and order intake for support decreased 18.5 percent to SEK 165.1 M (202.6).

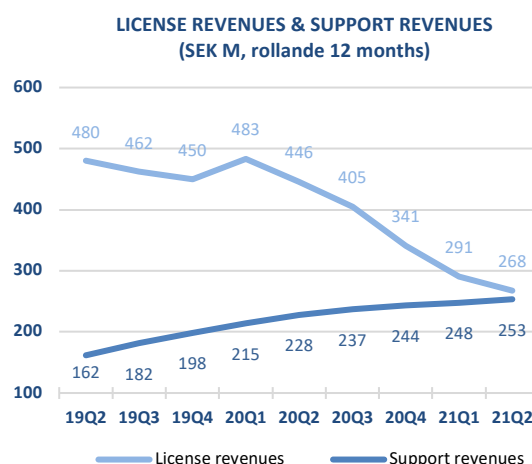
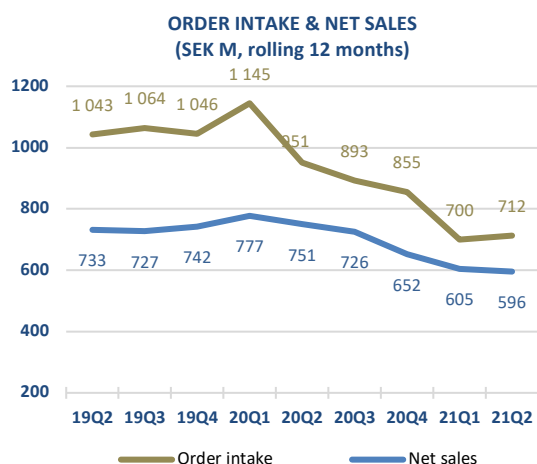
At June 30, 2021, the total order backlog was SEK 1,213.4 M (1,185.8), which is expected to generate revenue of approximately SEK 436 M over the next 12 months. The remaining amount in the order backlog mainly pertains to support commitments that are primarily expected to generate revenue during a subsequent four-year period.

### REVENUE

In the second quarter of 2021, net sales declined 5.6 percent to SEK 154.6 M (163.8). The change was attributable to lower license sales, which declined 26.8 percent to SEK 63.4 M (86.5), partly attributable to the COVID-19 pandemic, the full force of which was not felt in the second quarter of the preceding year. The change was also attributable to negative currency effects. The change in sales at unchanged currencies was 4.5 percent (-16.0).

Recurring support revenue rose 9.3 percent to SEK 67.5 M (61.7), accounting for 44 percent (38) of net sales in the second quarter. Hardware sales, which have a limited profit margin, increased 62.8 percent to SEK 19.8 M (12.2). Excluding hardware sales, sales declined 11.1 percent year-on-year.

Revenue (amounts in SEK M)	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Rolling 12 months	Full-year 2020
License revenue	63.4	82.6	81.1	40.5	86.5	267.5	340.8
Hardware revenue	19.8	15.4	10.2	9.7	12.2	55.2	48.0
Support revenue	67.5	61.9	63.9	60.2	61.7	253.5	243.9
Training and other revenue	3.9	2.1	4.6	8.8	3.3	19.5	18.9
<b>Net sales</b>	<b>154.6</b>	<b>162.1</b>	<b>159.8</b>	<b>119.1</b>	<b>163.8</b>	<b>595.6</b>	<b>651.6</b>
Change in sales, corresp. period, %	-5.6	-22.4	-31.8	-17.5	-13.7	-20.7	-12.1
Change in sales at unchanged currencies, corresp. period, %	4.5	-14.2	-28.5	-13.7	-16.0	-14.6	-10.3



In the first half of 2021, net sales declined 15.0 percent to SEK 316.7 M [372.6]. The change was attributable to lower license revenue, which declined 33.4 percent to SEK 141.3 M [207.7], due to the COVID-19 pandemic and negative currency effects. The change in sales at unchanged currencies was -6.1 percent [-0.5].

In the first half of 2021, net sales had the following geographic distribution: North America, 38 percent [43]; Asia, 23 percent [20]; Europe and the rest of the world, 39 percent [37].

## OPERATING PROFIT

In the second quarter of 2021, operating profit declined to SEK -22.5 M [-10.9], representing an operating margin of -14.5 percent [-6.7]. The weaker earnings were largely attributable to lower license revenue.

In the second quarter, operating expenses increased 1.3 percent to SEK 177.0 M [174.7]. A major portion of the higher costs for the increased number of employees and increased depreciation was therefore offset by lower exchange-rate losses and other currency effects.

In the second quarter, the net of exchange-rate gains and losses amounted to SEK -4.6 M [-27.4] since a large proportion of the Group's receivables are denominated in USD and EUR, which weakened against the SEK in the second quarter compared with the end of the first quarter. Adjusted for the effects of these currency translations, the operating result for the second quarter would have amounted to SEK -17.9 M [16.5] and operating expenses would have risen by 17.0 percent [-10.6].

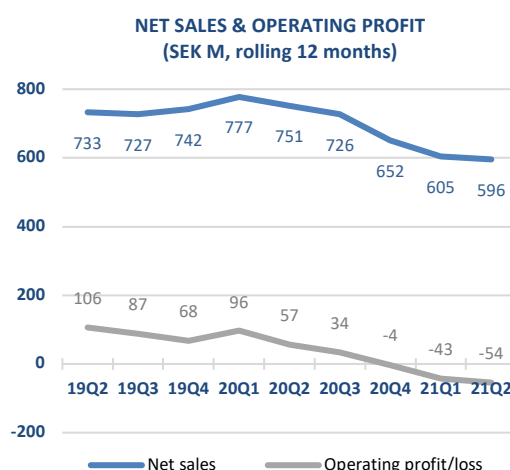
In the first half-year, the operating result declined to SEK -10.2 M [40.6], representing an operating margin of -3.2 percent [10.9]. The weaker earnings were largely attributable to lower license revenue.

## Currency effects

The company's sales and earnings are impacted by USD/EUR to SEK exchange rates, since most sales are invoiced in USD and EUR, while most costs are denominated in SEK.

At unchanged exchange rates, the change in sales was 4.5 percent in the second quarter of 2021, compared with the year-earlier period. In addition, the company incurred an exchange rate effect of SEK -4.6 M [-27.4] for balance sheet items in the second quarter. Currency effects therefore had a negative impact on net sales and operating profit in the second quarter of 2021.

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 3.7 M in the second quarter of 2021, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 1.8 M.



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

### *Capitalization of development costs*

RaySearch is a research and development-oriented company that makes significant investments in the development of software solutions for improved cancer treatment. At June 30, 2021, 212 employees (200) were engaged in research and development, corresponding to 50 percent (51) of the total number of employees.

Capitalization of development costs	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Rolling 12 months	Full-year 2020
Research and development costs	68.0	64.9	65.2	51.5	62.1	249.6	243.4
Capitalization of development costs	-52.5	-51.5	-53.1	-40.7	-49.4	-197.8	-195.6
Amortization of capitalized development costs	40.1	39.2	36.8	36.3	32.2	152.5	137.2
<b>Research and development costs</b>	<b>55.7</b>	<b>52.6</b>	<b>48.9</b>	<b>47.1</b>	<b>44.9</b>	<b>204.3</b>	<b>185.0</b>

In 2021, RaySearch continued to invest in both existing products and future products. In total, research and development costs rose 5.0 percent to SEK 133.0 M (126.7) in the first half of 2021, corresponding to 42 percent (34) of the company's net sales. The increase was attributable to a higher number of employees in research and development.

Development costs of SEK 104.0 M (101.8) were capitalized, up 2.2 percent, representing 78 percent (80) of total research and development costs.

Amortization of capitalized development costs rose 23.7 percent to SEK 79.4 M (64.2), and the increase was attributable to the expansion of development activities, and that amortization periods had commenced for all products, including RayCommand and RayIntelligence.

Research and development costs (after adjustments for capitalization and amortization of development costs) rose 21.5 percent to SEK 108.3 M (89.1).

### *Amortization and depreciation*

In the second quarter of 2021, total amortization and depreciation increased 14.9 percent to SEK 59.6 M (51.8), of which amortization of intangible fixed assets accounted for SEK 40.2 M (32.2), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 19.2 M (19.6).

In the first half of 2021, total amortization and depreciation amounted to SEK 118.1 M (102.0), of which amortization of intangible fixed assets accounted for SEK 79.5 M (64.2), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 38.3 M (37.7).

## **PROFIT AND EARNINGS PER SHARE**

In the second quarter of 2021, loss after tax was SEK -16.5 M (-9.2), corresponding to loss per share of SEK -0.48 (-0.27) before and after dilution. For the first half of 2021, loss after tax totaled SEK -9.4 M (31.3), representing loss per share of SEK -0.27 (earnings: 0.91) before and after dilution.

Tax expense for the first six months of the year amounted to SEK 2.9 M (-7.0), corresponding to an effective tax rate of 23.8 percent (18.2).



## **CASH FLOW AND LIQUIDITY**

In the second quarter of 2021, cash flow from operating activities was SEK 58.1 M (135.4) and the change is attributable to lower earnings and a decrease in operating liabilities. Working capital mainly comprises various types of customer receivables, such as accounts receivable and current and long-term unbilled customer receivables in instances where payment plans exist. In the first half-year, cash flow from operating activities was SEK 162.4 M (201.5).

At the end of the period, the company's total customer receivables amounted to 47 percent (45) of net sales over the past 12 months. Working capital amounted to 6 percent (16) of net sales over the past 12 months. The decline was attributable to increased payments from customers, including advance payments from customers.

In the second quarter, cash flow from investing activities was SEK -70.8 M (-55.9). Investments in intangible fixed assets amounted to SEK -52.5 M (-49.4) and comprised capitalized development costs for the company's products – RayStation, RayCare, RayCommand and RayIntelligence. Investments in tangible fixed assets amounted to SEK -18.4 M (-6.5), mainly due to investments in a new head office in Stockholm.

In the second quarter of 2021, cash flow from financing activities amounted to SEK -61.6 M (-13.6), and to SEK -72.8 M (-23.7) in the half-year period. The change was primarily due to a repayment of the company's credit facility of SEK 50 M in the second quarter.

Cash flow for the period was SEK -74.4 M (65.9) in the second quarter, and SEK -41.6 M (61.7) in the first half of the year. At June 30, consolidated cash and cash equivalents amounted to SEK 128.8 M (173.7).

## **FINANCIAL POSITION**

At June 30, 2021, RaySearch's total assets amounted to SEK 1,187 M (1,310) and the equity/assets ratio was 57.8 percent (56.2).

Current receivables amounted to SEK 341 M (420). The receivables mainly comprised various types of customer receivables and the decline was attributable to higher payments from customers as well as fewer outstanding accounts receivable as a result of lower license sales, primarily due to the COVID-19 pandemic.

RaySearch's credit facilities comprised a revolving loan facility of up to SEK 300 M and an overdraft facility of SEK 50 M, both maturing in May 2022. Chattel mortgages amounted to SEK 100 M. At June 30, 2021, short-term loans of SEK 0 M (50) had been raised under the company's revolving loan facility and SEK 0 M (0) of the credit facility had been drawn.

In March 2021, RaySearch breached an EBITDA-based covenant in the company's credit facility with Skandinaviska Enskilda Banken (publ) (SEB) with a credit limit of SEK 350 M. As a consequence, the amount of credit withdrawn of SEK 50 M was repaid in April. At June 30, the covenants were met and the credit facility is available for drawing.

Investments in a new head office in Stockholm will impact the company's cash flow in the second half of 2021 and the company's total assets will increase significantly with the premises are taken over in the fourth quarter of 2021.

At June 30, 2021, the Group's net cash amounted to SEK 50.4 M (-0.2). The change was due to improved cash flow.

## **EMPLOYEES**

In the January-June period of 2021, the average number of employees in the Group was 414 (391). At the end of the second quarter, the Group had 423 employees (396), of whom 315 (298) were based in Sweden, and 108 (98) in foreign subsidiaries.

## **PARENT COMPANY**

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

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

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

## **SIGNIFICANT EVENTS IN THE FIRST HALF OF THE YEAR**

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

The RayStation® treatment planning system was sold to more leading cancer centers, including Legacy Cancer Institute and Atrium Health Carolinas Medical Center in the US, the University Hospital in Krakow, Poland, Osaka City University Hospital and Kumamoto University Hospital in Japan. In addition, Inova Schar Cancer Institute in the US and Radiumhospitalet at Oslo University Hospital in Norway expanded their existing RayStation installations.

### *CHUV purchases RayCare and RayIntelligence*

The Centre hospitalier universitaire vaudois (CHUV) has purchased the RayCare® oncology information system and the RayIntelligence® data analytics system, and also expanded its RayStation installation with functionality for automatic planning and segmentation with machine learning as well as planning for Accuray's CyberKnife® system.

### *Breach of loan covenant*

In March 2021, RaySearch breached an EBITDA-based covenant in the company's credit facility with Skandinaviska Enskilda Banken (publ) (SEB) with a credit limit of SEK 350 M. As a consequence, the amount of credit withdrawn of SEK 50 M was repaid in April. Now the company meets the covenants and the credit facility is thus available for utilization.

### *Short-term loan*

In March, the Parent Company issued a short-term loan of SEK 200,000 to Vinstandelsstiftelsen RayFoundation on commercial terms. The short-term loan was repaid in full to the Parent Company in the second quarter.

### *Subsidiary in Australia*

RaySearch has established a wholly owned subsidiary in Australia for sales and support to customers in Australasia.

### *Sales agent agreement with Canon Medical Systems USA*

A sales agent agreement has been signed with Canon Medical Systems USA, Inc., enabling RaySearch America's salesforce to promote Canon Medical's Aquilion Large Bore CT and Celesteion PET/CT products.

### *RayStation 11A released*

RayStation 11A was released in May, the latest version of RaySearch's treatment planning system, with support for Accuray's CyberKnife system, prescription of specific dose levels to multiple tumors, the use of multiple GPUs in Monte Carlo simulation for photons, and improved integration with RayCare and RayCommand.

### *RayCare 5A released*

RayCare 5A was released in May, the latest version of RaySearch's oncology information system, with support for Accuray's CyberKnife® system, radiation therapy prescriptions, new whiteboard that provides a better overview of patient treatments, configurable forms, and a number of enhancements to activity management, scheduling and automation.

### *Regulatory market clearance for RayStation 9 in China*

In June, RayStation 9 was granted regulatory clearance in China – a significant growth market for RaySearch.

## **SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD**

No significant events after the end of the reporting period

## **EFFECTS OF THE COVID-19 PANDEMIC**

The COVID-19 pandemic is affecting people and companies all over the world and posing a challenge for all businesses. RaySearch is monitoring the situation and the effects of the pandemic closely and is prepared to take action and align the company's operations if needed.

### *Effects on RaySearch's operations in the second quarter of 2021*

**Sales.** The ongoing COVID-19 pandemic had a negative effect on RaySearch's sales also in the second quarter due to continued restrictions and coronavirus outbreaks, mainly the delta variant, in several countries. Many hospitals were therefore forced to temporarily re-prioritize and freeze investments in order to manage the COVID-19 pandemic. Market conditions were particularly challenging in North America and some European countries, while the company noted a normalization in Asia.



**Delivery capacity.** As a software company, RaySearch is well equipped for remote collaboration and both our R&D and delivery capacity have remained relatively unscathed by the COVID-19 pandemic to date.

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

#### *Expected future effects*

It is still difficult to say how the ongoing pandemic will affect the coming quarters with any great certainty. The situation has stabilized and is beginning to normalize in many countries, but many countries have also registered an increase in new cases, mainly of the delta variant.

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

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

**Major unmet need for RaySearch's software solutions unchanged.** The underlying need for efficient software solutions for cancer care remains unchanged since treatment for cancer patients is high priority. The company's assessment is that the market and demand for the company's products will normalize and return to previous levels when the COVID-19 pandemic has subsided.

**Continued focus on efficiencies and digitization.** One effect of the COVID-19 pandemic could be a further acceleration of the ongoing digital transformation. The pandemic has radically revealed the major potential and benefits of digital technology, which could be positive for RaySearch's operations in the long term because the company's software solutions make it possible for cancer centers to increase their efficiency.

## **THE COMPANY'S SHARE**

At June 30, 2021, the total number of registered shares in RaySearch was 34,282,773, of which 8,454,975 were Class A and 25,827,798 Class B shares. The quotient value is SEK 0.50 and the company's share capital amounts to SEK 17,141,386.50. Each Class A share entitles the holder to ten votes, and each Class B share to one vote, at a general meeting. At June 30, 2021, the total number of votes in RaySearch was 110,377,548.

## **SHARE OWNERSHIP**

At June 30, 2021, the number of shareholders in RaySearch was 6,815, according to Euroclear, and the largest shareholders were as follows:

<i>Name</i>	<i>Class A shares</i>	<i>Class B shares</i>	<i>Total shares</i>	<i>Share capital, %</i>	
				<i>%</i>	<i>Votes, %</i>
Johan Löf	6,243,084	418,393	6,661,477	19.4	56.9
Invesco fonder	0	4,000,000	4,000,000	11.7	3.6
La Financière de l'Echiquier	0	2,210,773	2,210,773	6.4	2.0
First AP Fund	0	1,982,448	1,982,448	5.8	1.8
Swedbank Robur Funds	0	1,760,000	1,760,000	5.1	1.6
Anders Brahme	1,150,161	200,000	1,350,161	3.9	10.6
Second AP Fund	0	1,220,942	1,220,942	3.6	1.1
Carl Filip Bergendal	1,061,577	139,920	1,201,497	3.5	9.7
Nordnet Pension	0	1,057,851	1,057,851	3.1	1.0
C WorldWide Asset Management	0	851,612	851,612	2.5	0.8
<b>Total, 10 largest shareholders</b>	<b>8,454,822</b>	<b>13,841,939</b>	<b>22,296,761</b>	<b>65.0</b>	<b>89.1</b>
<b>Others</b>	<b>153</b>	<b>11,985,859</b>	<b>11,986,012</b>	<b>35.0</b>	<b>10.9</b>
<b>Total</b>	<b>8,454,975</b>	<b>25,827,798</b>	<b>34,282,773</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear, FI and MorningStar.

## OTHER INFORMATION

### 2021 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of RaySearch Laboratories AB (publ) was held on Wednesday, May 26, 2021. Due to COVID-19, shareholders exercised their voting rights at the AGM by voting in advance (postal voting). The AGM re-elected Lars Wollung, Carl Filip Bergendal, Johan Löf, Britta Wallgren, Hans Wigzell and Johanna Öberg as members of the Board. Lars Wollung was also reelected as Chairman of the Board. The AGM resolved that no dividend would be paid for the 2020 fiscal year.

### RISKS AND UNCERTAINTIES

As a global Group with operations in different parts of the world, RaySearch is exposed to various risks and uncertainties, such as market risk, operational and legal risk, as well as financial risk pertaining to exchange-rate fluctuations, interest rates, liquidity and financing opportunities. RaySearch's risk management aims to identify, measure and reduce risks related to the Group's transactions and operations. For more information about risks and risk management, refer to pages 9-11 and 39-40 of RaySearch's 2020 Annual Report. There have been no significant changes with any impact on the risks reported. This also applies to the risks and uncertainties arising from the COVID-19 pandemic that could affect RaySearch's sales, earnings and financial position.

### SEASONAL VARIATIONS

RaySearch's customers are healthcare providers and the company'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 viable. More information about the company's environmental and sustainability initiatives is available in the company's Sustainability Report on pages 62-68 of RaySearch's 2020 Annual Report.

### REVIEW

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

The Board of Directors and CEO give their assurance that this six-month report provides a true and fair view of the Group's and the Parent Company's operations, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.  
Stockholm, August 25, 2021

The Board of Directors of RaySearch Laboratories AB (publ)

Lars Wollung  
*Chairman of the Board*

Johan Löf  
*CEO and Board member*

Carl Filip Bergendal  
*Board member*

Britta Wallgren  
*Board member*

Hans Wigzell  
*Board member*

Johanna Öberg  
*Board member*

**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 August 25, 2021 at 7:45 a.m. CEST.*

**TELECONFERENCE**

CEO Johan Löf and CFO Peter Thysell will present RaySearch's interim report for January-June 2021 at a teleconference to be held in English on Wednesday, August 25, 2021 at 4:00-4:30 p.m. CEST.

For login details to the teleconference, please register on:

<http://emea.directeventreg.com/registration/3790384>

**FINANCIAL CALENDAR**

Interim report for the third quarter, 2021	November 18, 2021
Year-end report, 2021	February 23, 2022
Interim report for the first quarter, 2022	May 18, 2022
2021 Annual Report (published on the website)	April 29, 2022
Annual General Meeting 2022	May 25, 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		JUL 2020-	FULL-YEAR
	Note	2021	2020	2021	2020	JUN 2021	2020
Net sales	2.3	154,579	163,758	316,681	372,647	595,646	651,612
Cost of goods sold <sup>1</sup>		-17,796	-11,468	-33,016	-25,732	-50,658	-43,374
<b>Gross profit</b>		<b>136,783</b>	<b>152,290</b>	<b>283,665</b>	<b>346,915</b>	<b>544,988</b>	<b>608,238</b>
Other operating income		3,353	—	20,503	4,155	34,631	18,283
Selling expenses		-67,573	-63,995	-132,833	-155,039	-269,023	-291,229
Administrative expenses		-31,375	-26,937	-58,077	-57,293	-107,074	-106,290
Research and development costs		-55,697	-44,933	-108,333	-89,088	-204,286	-185,041
Other operating expenses		-7,954	-27,379	-15,127	-9,047	-53,507	-47,427
<b>Operating profit/loss</b>		<b>-22,463</b>	<b>-10,954</b>	<b>-10,202</b>	<b>40,603</b>	<b>-54,271</b>	<b>-3,466</b>
Loss from financial items		-1,205	-2,050	-2,084	-2,384	-2,712	-3,012
<b>Profit/loss before tax</b>		<b>-23,668</b>	<b>-13,004</b>	<b>-12,286</b>	<b>38,219</b>	<b>-56,983</b>	<b>-6,478</b>
Tax		7,201	3,808	2,929	-6,953	7,280	-2,602
<b>Profit/loss for the period<sup>2</sup></b>		<b>-16,467</b>	<b>-9,196</b>	<b>-9,357</b>	<b>31,266</b>	<b>-49,703</b>	<b>-9,080</b>
<b>Other comprehensive income</b>							
<b>Items to be reclassified to profit or loss</b>							
Translation difference of foreign operations for the period		-452	-1,378	678	-319	-1,041	-2,038
<b>Comprehensive income for the period<sup>2</sup></b>		<b>-16,919</b>	<b>-10,574</b>	<b>-8,679</b>	<b>30,947</b>	<b>-50,744</b>	<b>-11,118</b>
Earnings/loss per share before and after dilution (SEK)		-0.48	-0.27	-0.27	0.91	-1.45	-0.26

<sup>1</sup> Comprises costs for hardware and license costs paid, but not amortization of capitalized development costs, which is included in research and development costs.

<sup>2</sup> Fully (100 percent) attributable to Parent Company shareholders.

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

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		FULL-YEAR
		2021	2020	2021	2020	2020
<b>Opening balance</b>		<b>702,591</b>	<b>746,989</b>	<b>694,351</b>	<b>705,468</b>	<b>705,468</b>
Profit/loss for the period		-16,467	-9,196	-9,357	31,266	-9,080
Translation difference for the period		-452	-1,378	678	-319	-2,037
<b>Closing balance</b>		<b>685,672</b>	<b>736,415</b>	<b>685,672</b>	<b>736,415</b>	<b>694,351</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

AMOUNTS IN SEK 000s	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
<b>ASSETS</b>				
Intangible fixed assets		511,323	466,240	486,817
Tangible fixed assets		181,639	224,729	186,768
Deferred tax assets		16,180	12,451	7,226
Other long-term receivables		7,979	12,234	26,928
<b>Total fixed assets</b>		<b>717,121</b>	<b>715,654</b>	<b>707,739</b>
Inventories		20,317	8,203	9,110
Current receivables		320,900	411,970	399,309
Cash and cash equivalents		128,815	173,728	168,746
<b>Total current assets</b>		<b>470,032</b>	<b>593,901</b>	<b>577,165</b>
<b>TOTAL ASSETS</b>		<b>1,187,153</b>	<b>1,309,555</b>	<b>1,284,904</b>
<b>EQUITY AND LIABILITIES</b>				
Equity		685,672	736,415	694,351
Deferred tax liabilities		112,772	122,799	108,749
Long-term interest-bearing liabilities		51,699	77,280	53,788
<b>Total long-term liabilities</b>		<b>164,471</b>	<b>200,079</b>	<b>162,537</b>
Accounts payable		32,049	15,575	19,864
Current interest-bearing liabilities		26,731	96,654	92,519
Other current liabilities		278,230	260,832	315,633
<b>Total current liabilities</b>		<b>337,010</b>	<b>373,061</b>	<b>428,016</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,187,153</b>	<b>1,309,555</b>	<b>1,284,904</b>

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		JUL 2020-	FULL-
	Note	2021	2020	2021	2020	JUN 2021	YEAR
Profit/loss before tax		-23,668	-13,004	-12,286	38,219	-56,983	-6,478
Adjusted for non-cash items <sup>1)</sup>		62,811	78,431	105,299	102,391	237,131	234,223
Taxes paid		-4,245	-6,740	-10,511	-12,975	-25,748	-28,212
<b>Cash flow from operating activities before changes in working capital</b>		<b>34,898</b>	<b>58,687</b>	<b>82,502</b>	<b>127,635</b>	<b>154,400</b>	<b>199,533</b>
Cash flow from changes in operating receivables		88,120	61,770	118,787	69,610	101,329	52,152
Cash flow from changes in operating liabilities		-64,941	14,986	-38,880	4,272	36,671	79,823
<b>Cash flow from operating activities</b>		<b>58,077</b>	<b>135,443</b>	<b>162,409</b>	<b>201,517</b>	<b>292,400</b>	<b>331,508</b>
Cash flow from investing activities		-70,843	-55,913	-131,118	-116,127	-240,584	-225,593
Cash flow from financing activities		-61,624	-13,618	-72,841	-23,722	-93,144	-44,025
<b>Cash flow for the period</b>		<b>-74,390</b>	<b>65,912</b>	<b>-41,550</b>	<b>61,668</b>	<b>-41,328</b>	<b>61,890</b>
Cash and cash equivalents at the beginning of the period		205,215	112,660	168,746	113,858	173,728	113,858
Exchange-rate difference in cash and cash equivalents		-2,010	-4,844	1,619	-1,798	-3,585	-7,002
<b>Cash and cash equivalents at the end of the period</b>		<b>128,815</b>	<b>173,728</b>	<b>128,815</b>	<b>173,728</b>	<b>128,815</b>	<b>168,746</b>

<sup>1)</sup> These amounts mainly include amortization of capitalized development costs, right-of-use assets and unrealized currency effects.

**PARENT COMPANY INCOME STATEMENT IN SUMMARY**

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		FULL-YEAR
	Note	2021	2020	2021	2020	2020
Net sales		110,421	129,053	232,905	282,107	489,623
Cost of goods sold <sup>1)</sup>		-5,260	-6,263	-12,903	-15,721	-24,095
<b>Gross profit</b>		<b>105,161</b>	<b>122,790</b>	<b>220,002</b>	<b>266,386</b>	<b>465,528</b>
Other operating income		3,224	-24,096	20,239	2,880	9,163
Selling expenses		-40,569	-40,173	-78,003	-87,208	-167,012
Administrative expenses		-31,735	-27,176	-58,171	-57,596	-106,702
Research and development costs		-68,040	-62,255	-133,249	-127,035	-243,950
Other operating expenses		-7,589	-2,644	-14,743	-7,388	-38,713
<b>Operating profit/loss</b>		<b>-39,548</b>	<b>-33,554</b>	<b>-43,925</b>	<b>-9,961</b>	<b>-81,686</b>
Profit/loss from financial items		-571	-712	-771	391	17
<b>Loss after financial items</b>		<b>-40,119</b>	<b>-34,266</b>	<b>-44,696</b>	<b>-9,570</b>	<b>-81,669</b>
Appropriations		—	—	—	—	82,306
<b>Profit/loss before tax</b>		<b>-40,119</b>	<b>-34,266</b>	<b>-44,696</b>	<b>-9,570</b>	<b>637</b>
Tax on profit for the period		8,254	7,573	8,743	2,213	-4,136
<b>Loss for the period</b>		<b>-31,865</b>	<b>-26,693</b>	<b>-35,953</b>	<b>-7,357</b>	<b>-3,499</b>

<sup>1)</sup> Comprises costs for hardware and royalties but not amortization of capitalized development costs, which is included in research and development costs.

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME**

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		FULL-YEAR
		2021	2020	2021	2020	2020
Profit/loss for the period		-31,865	-26,693	-35,953	-7,357	-3,499
Other comprehensive income		—	—	—	—	—
<b>Comprehensive income for the period</b>		<b>-31,865</b>	<b>-26,693</b>	<b>-35,953</b>	<b>-7,357</b>	<b>-3,499</b>



**PARENT COMPANY BALANCE SHEET IN SUMMARY**

AMOUNTS IN SEK 000s	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
<b>ASSETS</b>				
Intangible fixed assets		692	897	808
Tangible fixed assets		59,694	43,277	43,863
Shares and participations		3,958	1,911	1,911
Deferred tax assets		15,120	8,224	5,879
Long-term receivables from Group companies		20,595	52,144	25,426
Other long-term receivables		7,480	7,787	9,411
<b>Total fixed assets</b>		<b>107,539</b>	<b>114,240</b>	<b>87,298</b>
Inventories		497	1,127	176
Current receivables		299,490	415,012	356,270
Cash and bank balances		74,336	92,456	107,711
<b>Total current assets</b>		<b>374,323</b>	<b>508,595</b>	<b>464,157</b>
<b>TOTAL ASSETS</b>		<b>481,862</b>	<b>622,835</b>	<b>551,455</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b><u>Restricted equity</u></b>				
Share capital		17,141	17,141	17,141
Statutory reserve		43,630	43,630	43,630
<b>Total restricted equity</b>		<b>60,771</b>	<b>60,771</b>	<b>60,771</b>
<b><u>Unrestricted equity</u></b>				
Retained earnings		202,699	206,198	206,198
Loss for the year		-36,199	-7,357	-3,499
<b>Total non-restricted equity</b>		<b>166,500</b>	<b>198,841</b>	<b>202,699</b>
<b>Total equity</b>		<b>227,271</b>	<b>259,612</b>	<b>263,470</b>
Untaxed reserves		32,615	114,921	32,615
Long-term liabilities		879	0	879
Accounts payable		34,386	12,182	19,035
Current interest-bearing liabilities		–	49,724	49,649
Other current liabilities		186,711	186,396	185,807
<b>Total current liabilities</b>		<b>221,097</b>	<b>248,302</b>	<b>254,491</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>481,862</b>	<b>622,835</b>	<b>551,455</b>

**NOTES, GROUP****NOTE 1 ACCOUNTING POLICIES**

The RaySearch Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are consistent with those described in the 2020 Annual Report for RaySearch Laboratories AB (publ), which is available at [www.raysearchlabs.com](http://www.raysearchlabs.com). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The Parent Company's operations are consistent with the Group's operations in all material respects.

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

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

**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS**

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

AMOUNTS IN SEK 000s	APR-JUN				
	2021	2020	Change	JUL 2020- JUN 2021	Full-year 2020
<b><u>Revenue by type</u></b>					
Licenses	63,354	86,538	-26.8%	267,547	340,802
Support	67,485	61,735	9.3%	253,483	243,913
Hardware	19,807	12,170	62.8%	55,152	48,026
Training and other	3,933	3,315	18.6%	19,464	18,871
<b>Total revenue from contracts with customers</b>	<b>154,579</b>	<b>163,758</b>	<b>-5.6%</b>	<b>595,646</b>	<b>651,612</b>
<b><u>Revenue by geographic market</u></b>					
North America	60,402	59,926	0.8%	201,861	241,476
APAC	31,422	50,182	-37.4%	160,282	162,078
Europe and rest of the world	62,755	53,650	17.0%	233,503	248,058
<b>Total revenue from contracts with customers</b>	<b>154,579</b>	<b>163,758</b>	<b>-5.6%</b>	<b>595,646</b>	<b>651,612</b>
<b><u>Revenue by date for revenue recognition</u></b>					
Goods/services transferred at a point in time	83,161	98,708	-15.8%	322,699	388,828
Services transferred over time	71,418	65,050	9.8%	272,947	262,784
<b>Total revenue from contracts with customers</b>	<b>154,579</b>	<b>163,758</b>	<b>-5.6%</b>	<b>595,646</b>	<b>651,612</b>

AMOUNTS IN SEK 000s	JAN-JUN				
	2021	2020	Change	JUL 2020-JUN 2021	Full-year 2020
<b><u>Revenue by type</u></b>					
Licenses	145,959	219,214	-33.4%	267,547	340,802
Support	129,422	119,852	8.0%	253,483	243,913
Hardware	35,235	28,109	25.4%	55,152	48,026
Training and other	6,065	5,472	10.8%	19,464	18,871
<b>Total revenue from contracts with customers</b>	<b>316,681</b>	<b>372,647</b>	<b>-15.0%</b>	<b>595,646</b>	<b>651,612</b>
<b><u>Revenue by geographic market</u></b>					
North America	119,090	158,705	-25.0%	201,861	241,476
APAC	73,140	74,936	-2.4%	160,282	162,078
Europe and rest of the world	124,451	139,006	-10.5%	233,503	248,058
<b>Total revenue from contracts with customers</b>	<b>316,681</b>	<b>372,647</b>	<b>-15.0%</b>	<b>595,646</b>	<b>651,612</b>
<b><u>Revenue by date for revenue recognition</u></b>					
Goods/services transferred at a point in time	181,194	247,323	-26.7%	322,699	388,828
Services transferred over time	135,487	125,324	8.1%	272,947	262,784
<b>Total revenue from contracts with customers</b>	<b>316,681</b>	<b>372,647</b>	<b>-15.0%</b>	<b>595,646</b>	<b>651,612</b>

### NOTE 3 ESTIMATES

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

### NOTE 4 FINANCIAL INSTRUMENTS

RaySearch's financial assets and liabilities comprise billed and unbilled receivables, cash and cash equivalents, accrued expenses, accounts payable, bank loans and lease liabilities. Long-term receivables and lease liabilities are discounted, while other financial assets and liabilities have short maturities. Accordingly, the fair values of all financial instruments are deemed to correspond approximately to their carrying amounts.

The provision for expected credit losses is a weighted assessment of payment history, reports from external credit rating agencies and other customer-specific information. At the end of June 2021, the credit loss provision amounted to SEK 26.6 M (29.3), representing 9 percent (9) of total customer receivables. The lower provision for credit losses was due to a decrease in total receivables, while the higher proportion of total receivables was largely attributable to one customer in the US. While the Group's credit losses have been limited historically, confirmed credit losses have risen over the past five years to about 1.1 percent of the company's average customer receivables.

### NOTE 5 RELATED-PARTY TRANSACTIONS

In March, the Parent Company issued a short-term loan of SEK 200,000 to Vinstandelsstiftelsen RayFoundation on commercial terms. The short-term loan was repaid in full to the Parent Company in the second quarter.

In 2021, the Chairman of the Board Lars Wollung has, in addition to his Board assignment, also a consultancy engagement as senior advisor to the company. The consultancy engagement is remunerated on commercial terms with a fixed fee of SEK 250,000 per quarter.

### NOTE 6 PLEDGED ASSETS IN THE GROUP AND PARENT COMPANY

AMOUNTS IN SEK 000s	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Chattel mortgages	100,000	100,000	100,000
Guarantees	14,564	15,587	14,340

The year-on-year decline was largely due to exchange rate differences.

**GROUP QUARTERLY OVERVIEW**

	2021			2020			2019	
AMOUNTS IN SEK 000s	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Order intake</b>								
Total order intake	189,750	145,131	239,125	138,480	177,133	300,018	277,217	196,793
<b>Income statement</b>								
Net sales	154,579	162,102	159,835	119,130	163,758	208,889	234,499	144,349
Change in sales, %	-5.6	-22.4	-31.8	-17.5	-13.7	20.7	6.9	-4.1
Operating profit/loss	-22,463	12,261	-14,592	-29,477	-10,954	51,557	22,468	-6,345
Operating margin, %	-14.5	7.6	-9.1	-24.7	-6.7	24.7	9.6	-4.4
Profit/loss for the period	-16,467	7,110	-14,164	-26,182	-9,196	40,462	18,937	-7,525
Net margin, %	-10.7	4.4	-8.9	-22.0	-5.6	19.4	8.1	-5.2
<b>Cash flow</b>								
Operating activities	58,077	104,332	51,505	78,486	135,443	66,074	81,139	51,761
Investing activities	-70,843	-60,275	-64,094	-45,372	-55,913	-60,214	-60,992	-48,568
Financing activities	-61,624	-11,217	-8,909	-11,394	-13,618	-10,104	-12,370	-16,668
Cash flow for the period	-74,390	32,840	-21,498	21,720	65,912	-4,244	7,777	-13,475
<b>Capital structure</b>								
Equity/assets ratio, %	57.8	52.7	54.0	57.0	56.2	55.8	55.8	55.6
Net debt	-50,385	-65,952	-22,439	-31,476	206	73,231	56,869	77,991
Debt/equity ratio	-0.1	-0.1	0.0	0.0	0.0	0.1	0.1	0.1
Net debt/EBITDA	-0.3	-0.4	-0.1	-0.1	0.0	0.3	0.2	0.3
<b>Per share data, SEK</b>								
Earnings/loss per share before dilution	-0.48	0.21	-0.41	-0.76	-0.27	1.18	0.55	-0.22
Earnings/loss per share after dilution	-0.48	0.21	-0.41	-0.76	-0.27	1.18	0.55	-0.22
Equity per share	20.00	20.49	20.25	20.71	21.48	21.79	20.58	20.03
Share price at the end of the period	87.4	89.50	82.70	87.50	86.50	57.60	107.20	160.70
<b>Other</b>								
No. of shares before/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	414	412	404	399	391	386	331	317

**GROUP, ROLLING 12 MONTHS**

	Jul 2020- Jun 2021 <sup>1</sup>	Apr 2020- Mar 2021 <sup>1</sup>	Jan 2020- Dec 2020 <sup>1</sup>	Oct 2019- Sep 2020 <sup>1</sup>	Jul 2019- Jun 2020 <sup>1</sup>	Apr 2019- Mar 2020 <sup>1</sup>	Jan 2019- Dec 2019 <sup>1</sup>	Oct 2018- Sep 2019 <sup>2</sup>
AMOUNTS IN SEK 000s								
<b>Order intake</b>								
Total order intake	712,486	699,868	854,755	892,846	951,160	1,144,639	1,046,238	1,063,910
<b>Income statement</b>								
Net sales	595,646	604,825	651,612	726,276	751,495	777,395	741,584	726,528
Operating profit/loss	-54,271	-42,762	-3,466	33,594	56,726	96,489	68,169	87,374
Operating margin, %	-9.1	-7.1	-0.5	4.6	7.5	12.4	9.2	12.0
<b>Cash flow</b>								
Cash flow	-41,328	98,972	61,890	91,165	55,970	-5,811	-3,385	45,594
Cash flow adjusted for repayment of bank loans	8,672	98,972	61,890	91,165	55,970	69,189	71,615	120,594

<sup>1</sup> IFRS 16 compliance.<sup>2</sup> IFRS 16 compliance as of 2019, and IAS 17 compliance in the remaining quarters.

## DEFINITIONS OF KEY RATIOS

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

<b>Non-IFRS measures</b>	<b>Definition</b>	<b>Reason for using the measure</b>
Order intake	The value (transaction price) of all orders received and changes to existing orders during the current period	Order intake is an indicator of future revenue and thus a key figure for the management of RaySearch's operations
Order backlog	The value of orders at the end of the period that the company has yet to deliver and recognize as revenue, meaning remaining performance obligations.	The order backlog shows the value of orders already booked by RaySearch that will be converted to revenue in the future.
Net sales/Order intake	Recognized net sales in relation to total order intake during the corresponding period	The measurement is used to monitor the recognized revenue in relation to sales, which is part of the reason for the change in order backlog.
Change in sales	The change in net sales compared with the year-earlier period expressed as a percentage	The measure is used to track the performance of the company's operations between periods
Change in sales at unchanged currencies	Change in sales at unchanged exchange rates, i.e. excluding currency effects	This measure is used to monitor underlying change in sales driven by alterations in volume, pricing and mix for comparable units between different periods
Gross profit	Net sales minus cost of goods sold	Gross profit is used to measure the margin before sales, research, development and administrative expenses
Operating profit/loss	Calculated as profit for the period before financial items and tax	Operating profit provides an overall picture of the total generation of earnings in operating activities
Operating profit adjusted for currency translation effects	Calculated as operating profit less other operating income/expenses	Operating profit provides an overall picture of the total generation of earnings in operating activities excluding currency translation effects for balance sheet items
Operating margin	Operating profit expressed as a percentage of net sales	Together with sales growth, the operating margin is a key element for monitoring value creation
Net margin	Profit for the period as a percentage of net sales for the period	The net margin shows the percentage of net sales remaining after the company's expenses have been deducted
Cash flow adjusted for changes in bank loans	Cash flow for the period less cash flow from changes to bank loans	The measurement shows the underlying cash flow before financing activities, but including amortization of lease liabilities.
Equity per share	Equity divided by number of shares at the end of the period	The measurement shows the return generated on the owners' invested capital per share
Rolling 12 months' sales, operating profit or other results	Sales, operating profit or other results measured over the past 12-month period	This measure is used to more clearly illustrate the trends for sales, operating profit and other results, which is relevant because RaySearch's revenue is subject to monthly variations
Working capital	Working capital comprises inventories, operating receivables and operating liabilities, and is obtained from the statement of financial position. Operating receivables comprise accounts receivable, other current/long-term receivables and non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing long-term liabilities, advance payments from customers, accounts payable, other current liabilities and non-interest bearing accrued expenses and deferred income.	This measure shows how much working capital is tied up in operations and can be shown in relation to net sales to demonstrate the efficiency with which working capital has been used
Return on equity	Calculated as profit/loss for the period as a percentage of average equity. Average equity is calculated as the sum of equity at the end of the period plus equity at the end of the year-earlier period, divided by two	Shows the return generated on the owners' invested capital from a shareholder perspective
Equity/assets ratio	Equity expressed as a percentage of total assets at the end of the period	This is a standard measure to show financial risk, and is expressed as the percentage of the total restricted equity financed by the owners
Net debt	Interest-bearing liabilities less cash and cash equivalents and interest-bearing current and long-term receivables	This measure shows the Group's total indebtedness
Debt/equity ratio	Net debt in relation to equity	The measure shows financial risk and is used by management to monitor the Group's indebtedness
EBITDA	Operating profit before financial items, tax, depreciation/amortization and impairment	The measurement is a way to evaluate the result without taking into consideration financial decisions or taxes
Net debt/EBITDA	Net debt at the end of the period in relation to operating profit before depreciation over the past 12-month period	A relevant measure from a credit perspective that shows the company's ability to handle its debt

**CALCULATION OF FINANCIAL MEASURES NOT INCLUDED IN THE IFRS FRAMEWORK**

AMOUNTS IN SEK 000s	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
<b>Working capital</b>			
Accounts receivable (current billed customer receivables)	202,060	199,045	156,811
Current unbilled customer receivables	70,730	125,066	143,941
Long-term unbilled customer receivables	7,979	12,131	26,928
Inventories	20,317	8,203	9,110
Other current receivables (excl. tax)	43,323	51,741	74,980
Accounts payable	-32,049	-15,575	-19,864
Other current liabilities (excl. tax)	-276,699	-260,667	-312,791
<b>Working capital</b>	<b>35,661</b>	<b>119,944</b>	<b>79,115</b>
<b>AMOUNTS IN SEK 000s</b>	<b>Jun 30, 2021</b>	<b>Jun 30, 2020</b>	<b>Dec 31, 2020</b>
<b>Net debt</b>			
Current interest-bearing liabilities	26,731	96,654	92,519
Long-term interest-bearing liabilities	51,699	77,280	53,788
Cash and cash equivalents	-128,815	-173,728	-168,746
<b>Net debt</b>	<b>-50,385</b>	<b>206</b>	<b>-22,439</b>
<b>AMOUNTS IN SEK 000s</b>	<b>JUL 2020- JUN 2021</b>	<b>JUL 2019- JUN 2020</b>	<b>Full-year 2020</b>
<b>EBITDA</b>			
Operating profit/loss	-54,271	56,726	-3,466
Amortization and depreciation	229,907	197,541	213,293
<b>EBITDA</b>	<b>175,636</b>	<b>254,267</b>	<b>209,827</b>
<b>AMOUNTS IN SEK 000s</b>	<b>JUL 2020- JUN 2021</b>	<b>JUL 2019- JUN 2020</b>	<b>Full-year 2020</b>
<b>Net sales for the year</b>	<b>595,646</b>	<b>751,495</b>	<b>651,612</b>
Currency adjustment	45,915	-24,060	13,805
Adjusted Net sales	641,561	727,435	665,417
Net sales, preceding year	751,495	732,632	741,584
<b>Change in sales at unchanged currencies (organic growth)</b>	<b>-14.6%</b>	<b>-0.7%</b>	<b>-10.3%</b>



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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.

In December 2020, the RayCommand treatment control system and RayIntelligence oncology analytics system were also launched. RaySearch's software is now used by more than 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](http://www.raysearchlabs.com).

## **VISION AND MISSION**

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

## **STRATEGY**

A radiation therapy center essentially needs two software platforms for its operations: a treatment planning system, and an information system. With RayStation and RayCare, RaySearch will strengthen its position and continue to grow with high profitability. The company's strategy is based on a strong focus on innovative software development with leading functionality, support for efficient workflows – including via digitization and automation with machine learning – broad support for a wide range of treatment modes and types of radiation therapy machines, close collaboration with world-leading cancer centers and industrial partners, and extensive investment in research and development.

## **BUSINESS MODEL**

RaySearch's main revenue is generated by customers paying an initial license fee for the right to use RaySearch's software and an annually recurring service fee for access to updates and support. All software systems are developed at RaySearch's head office in Stockholm, and distributed and supported by the company's global marketing organization.