

“In the first quarter of 2022, license revenue rose 35 percent and support revenue rose 24 percent. Operating profit amounted to SEK 30 M (12).”

Johan Löf, CEO of RaySearch

FIRST QUARTER (JANUARY – MARCH 2022)

- Order intake SEK 272.5 M (145.1)
- Net sales SEK 208.1 M (162.1)
- Operating profit SEK 29.6 M (12.3)
- Profit after tax SEK 19.3 M (7.1)
- Earnings per share before/after dilution SEK 0.56 (0.21)
- Cash flow SEK 35.3 M (32.8)
- Order backlog SEK 1,488.7 M (1,207.1) at the end of the period

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- In January, RaySearch signed an agreement with Proton International Arkansas to provide RayStation at the UAMS Radiation Oncology Center.
- In February, the Charles-Le Moyne hospital in Canada placed an order for RayStation, which will become the hospital's primary treatment planning system.

THE COVID-19 PANDEMIC

The negative effect of the pandemic on RaySearch's sales appears to be weakening as the pandemic subsides. In Asia, market conditions normalized and conditions improved in Europe and the US during the quarter. However, it remains difficult to say how the pandemic will affect the coming quarters with any great certainty.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- In April, Hong Kong Sanatorium & Hospital placed an order for RayStation, thereby becoming RaySearch's first customer in Hong Kong within the proton therapy segment.
- In April, Seoul National University Hospital placed an order for RayStation.
- In April, Mevion China placed an order for RayStation, which it sold together with Mevion's proton therapy system to Tongji Hospital in Wuhan in China.
- In May, RaySearch entered into an agreement with GE Healthcare to develop a new radiation therapy simulation and treatment planning workflow solution.
- In May, RayCare was taken into clinical use with Accuray's CyberKnife treatment delivery system at Swiss Medical Network in Switzerland.
- CFO Torbjörn Wingårdh left RaySearch.

FINANCIAL SUMMARY¹

AMOUNTS IN SEK 000s	JAN-MAR		APR 2021-	FULL-YEAR
	2022	2021	MAR 2022	2021
Net sales	208,149	162,102	687,720	641,673
Operating profit/loss	29,564	12,261	-36,038	-53,341
Operating margin, %	14.2	7.6	-5.2	-8.3
Profit/loss for the period	19,298	7,110	-35,127	-47,315
Earnings/loss per share before/after dilution, SEK	0.56	0.21	-1.02	-1.38
Cash flow from operating activities	125,787	104,332	259,617	238,162
Cash flow for the period	35,320	32,840	-69,223	-71,703
Return on equity, %	2.9	1.0	-5.3	-7.3
Equity/assets ratio, %, at the end of the period	38.9	52.7	38.9	37.3
Share price at the end of the period, SEK	51.7	89.5	51.7	56.5

¹ For definitions of key ratios, see page 20.



CEO COMMENTS

HIGHEST EVER FIRST QUARTER SALES

The pandemic had a negative impact on our sales, but we could see clear signs of a recovery already in the fourth quarter of 2021 and are delighted to note that this positive trend has continued. During the year's first quarter, we witnessed an increase in order intake of 88 percent compared with the year-on-year period and RaySearch's sales were at the highest ever level for a first quarter, SEK 208 M. In addition, EBIT totaled SEK 30 M, representing an operating margin of 14 percent. We also had more opportunities to meet customers face-to-face as travel restrictions were lifted in many countries. The positive signals are in line with our expectations and I am optimistic about a stabilization in market conditions and a return to normal circumstances, even though the pandemic is not yet completely

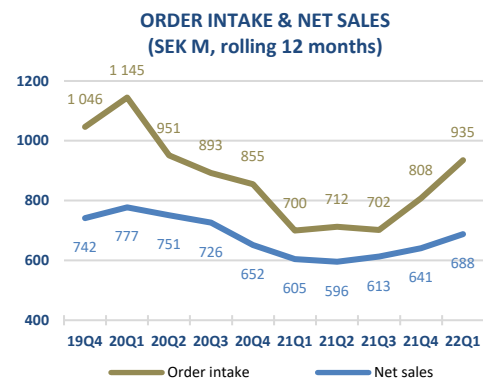
behind us.

A few days ago, we returned from one of our industry's main trade fairs, ESTRO, which was a highly positive experience. There was a palpable energy among the many visitors to our booth and great interest in our products, with many demonstrations and a large number of fruitful partnership discussions.

NEW ORDERS STRENGTHEN LEADING POSITION IN PROTON MARKET

Treatment planning for particle treatments (protons/carbon ions/BNCT) is an important focus area for RaySearch and today RayStation has a global market share of more than 60 percent. This position was also strengthened by several important orders, including from Hong Kong Sanatorium & Hospital, Seoul National University Hospital (SNUH) and Proton International Arkansas. Another important order, though not in proton therapy, was from Charles-Le Moyne in Canada. The hospital's cancer clinic has used RayStation since 2018 and has now ordered additional licenses as well as upgrades to the system.

We have seen a sharp increase in interest for RayCare. In addition to that fact that RayCare is seen as a next generation oncology information system, this was mainly driven by three factors. The first is the positive feedback provided by reference customers, such as Swiss Medical Network in Switzerland and UZ Leuven in Belgium. Furthermore, we can see that RaySearch's strong offering in proton therapy – which has given us a market-leading position – means new, potential proton customers look upon RayCare as an attractive alternative. Lastly, we expect to see increased interest when it becomes possible to connect RayCare to Varian's TrueBeam later in the year. We believe most interest in acquiring RayCare will be shown by centers with treatment machines from several different manufacturers.



RAYCOMMAND IN CLINICAL USE

An important milestone was reached in April when RaySearch's latest product, RayCommand, was taken into clinical use for the first time, which occurred at MedAustron in Austria. MedAustron has used RayStation for some time to plan carbon ion therapy, which is the most advanced form of radiation therapy. RaySearch and MedAustron have had a unique and close cooperation for several years in the development of RayCommand and it is very gratifying to see how this has now resulted in a new and innovative product. Earlier this spring, MedAustron also took RayCare into clinical use and therefore became the first center in the world to use the three systems – RayStation, RayCare and RayCommand – together to treat patients. The RayCommand treatment delivery system serves as a link between the treatment machine, RayStation and RayCare and also coordinates and orchestrates the other systems at the center, such as imaging systems, beam delivery systems and the patient positioning systems.

Another key milestone after the end of the quarter was that Swiss Medical Network in Switzerland treated its first patient using Accuray's CyberKnife treatment delivery system together with RayStation and RayCare. In addition to these two extraordinary events, product development is progressing according to plan for all products and RayStation and RayCare are both in the final phase ahead of their half-year launches in June.

WELL POSITIONED FOR GROWTH

The cost-saving program initiated in autumn 2021 is continuing and we can see a clear reduction in costs for travel and events as well as a slight decrease in personnel costs as a result of the continued recruitment freeze. Given all of the positive signals from the market, I am optimistic about the future. Concurrently, I am retaining a realistic view of business, well aware of the fact that we have yet to fully leave the pandemic behind us. We will therefore continue along the route we have set, focusing on sales, product development and cost control. With this strategy, combined with improving market conditions, a quarter with strong figures and an order backlog that once again achieved a new peak (SEK 1,489 M), we have an solid foundation for a return to growth during the year.

Stockholm, May 18, 2022

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 first quarter of 2022, order intake rose 87.8 percent year-on-year to SEK 272.5 M (145.1). License order intake increased 68.5 percent to SEK 131.4 M (78.0) while order intake for support increased 128.8 percent to SEK 111.2 M (48.6).

Order intake (amounts in SEK M)	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Rolling 12 months	Full-year 2021
Licenses	131.4	170.9	46.2	55.6	78.0	404.1	350.7
Hardware	24.1	35.7	7.9	9.3	12.1	77.0	65.0
Support (incl. warranty support)	111.2	130.7	69.1	116.6	48.6	427.6	365.0
Training and other	5.8	7.7	4.7	8.2	6.5	26.4	27.1
Total order intake	272.5	345.0	127.9	189.8	145.1	935.1	807.8

Order backlog (amounts in SEK M)	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Licenses	184.1	176.6	105.3	115.0	129.6
Hardware	74.2	66.2	38.4	36.9	48.5
Support (incl. warranty support)	1,159.9	1,053.3	1,009.2	1,001.7	974.2
Training and other	70.5	66.8	59.5	59.9	54.8
Total order backlog at the end of the period	1,488.7	1,362.9	1,212.4	1,213.4	1,207.1

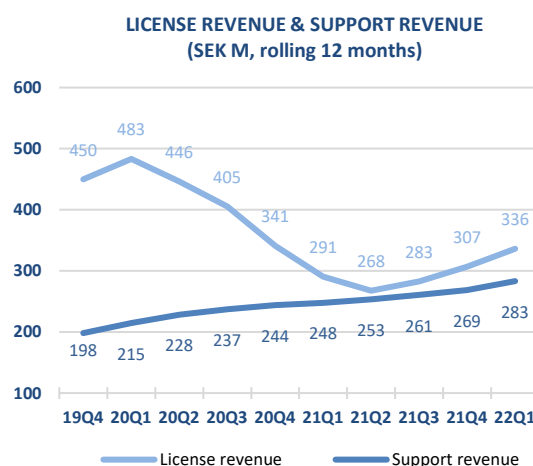
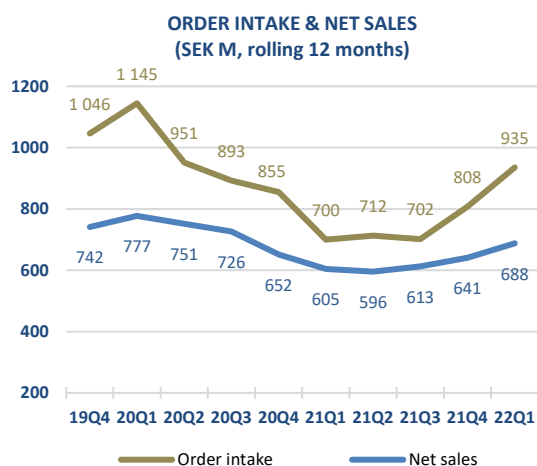
At March 31, 2022, the total order backlog was SEK 1,488.7 M (1,207.1), which is expected to generate revenue of approximately SEK 422 M over the next 12 months. The remaining amount in the order backlog mainly pertains to support obligations, which are primarily expected to generate revenue over a subsequent four-year period.

REVENUE

In the first quarter of 2022, net sales rose 28.4 percent year-on-year to SEK 208.1 M (162.1). The change was attributable to higher license sales, which rose 35.2 percent to SEK 111.7 M (82.6). The increase in net sales at unchanged currencies was 15.9 percent (-14.2).

Support revenue rose 23.8 percent to SEK 76.6 M (61.9), accounting for 36.8 percent (38.2) of net sales during the first quarter. Hardware sales, which have a limited profit margin, rose 7.8 percent to SEK 16.6 M (15.4). Excluding hardware, sales rose 30.6 percent year-on-year.

Revenue (amounts in SEK M)	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Rolling 12 months	Full-year 2021
License revenue	111.7	105.5	55.7	63.4	82.6	336.2	307.1
Hardware revenue	16.6	9.2	7.1	19.8	15.4	52.7	51.5
Support revenue	76.6	71.8	67.3	67.5	61.9	283.2	268.5
Training and other revenue	3.2	2.1	6.4	3.9	2.1	15.6	14.5
Net sales	208.1	188.6	136.4	154.6	162.1	687.7	641.7
Change in sales, corresp. period, %	28.4	17.6	14.5	-5.6	-22.4	13.7	-1.6
Change in organic sales, corresp. period, %	15.9	22.0	11.9	4.5	-14.2	13.2	1.6



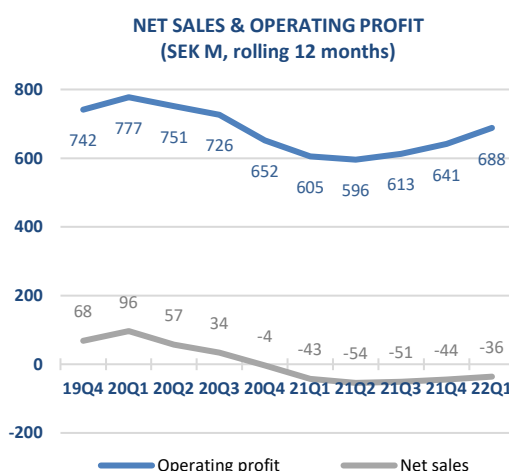
In the first quarter of 2022, net sales had the following geographic distribution: North America, 39 percent (36); Asia, 29 percent (26); Europe and the rest of the world, 32 percent (38).

OPERATING PROFIT

In the first quarter of 2022, operating profit totaled SEK 29.6 M (12.3), representing an operating margin of 14.2 percent (7.6). The earnings improvement was largely attributable to higher license revenue.

In the first quarter, operating expenses increased 19.2 percent to SEK 178.6 M (149.8). The change was largely due to increased administrative costs.

In the first quarter, the net of exchange gains and losses amounted to SEK 4.9 M (10.0) since a large proportion of the Group's receivables are denominated in USD and EUR, which strengthened against the SEK in the first quarter compared with the end of the fourth quarter. Adjusted for these currency translation effects, operating profit would have totaled SEK 24.7 M (2.3) in the first quarter and operating expenses would have increased 14.8 percent (-11.1).



Currency effects

Consolidated 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 15.9 percent in the first quarter of 2022, compared with the year-earlier period. In addition, the Group's exchange gains on balance sheet items amounted to SEK 4.4 M (10.0) in the first quarter. Currency effects therefore had a positive impact on net sales and operating profit in the first quarter 2022.

A sensitivity analysis of the Group'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 2.6 M in the first quarter of 2022, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 1.4 M.

The Group 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 March 31, 2022, some 199 employees (210) were engaged in research and development, corresponding to 50 percent (51) of the total number of employees.

Capitalization of development costs	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Rolling 12 months	Full-year 2021
Research and development costs	64.3	79.1	57.9	68.0	64.9	269.4	270.0
Capitalization of development costs	-52.4	-59.3	-40.0	-52.5	-51.5	-204.1	-203.3
Amortization of capitalized development costs	45.0	44.1	43.2	40.1	39.2	172.5	166.7
Research and development costs	57.0	63.9	61.2	55.7	52.6	237.8	233.4

In 2022, RaySearch continued to invest in both existing products and future products. Overall, research and development costs decreased 1 percent to SEK 64.3 M (64.9) in the first quarter of 2022, corresponding to 31 percent (40) of the Group's net sales.

Development costs of SEK 52.4 M (51.5) were capitalized, up 1.7 percent, corresponding to 81 percent (79) of total research and development costs.

Amortization of capitalized development costs rose 14.7 percent to SEK 45.0 M (39.2), and the increase was attributable to an 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 8.2 percent to SEK 57.0 M (52.6).

Amortization and depreciation

In the first quarter of 2022, total amortization and depreciation rose 19.8 percent to SEK 70.0 M (58.3), of which amortization of intangible fixed assets accounted for SEK 45.0 M (39.3), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 25.0 M (19.1).

PROFIT AND EARNINGS PER SHARE

In the first quarter of 2022, profit after tax was SEK 19.3 M (7.1), corresponding to earnings per share of SEK 0.56 (0.21) before and after dilution.

Tax expense for the quarter was SEK -6.9 M (-4.3), corresponding to an effective tax rate of 26.2 percent (37.5).

CASH FLOW AND LIQUIDITY

In the first quarter of 2022, cash flow from operating activities was SEK 125.8 M (104.3) and the change was largely attributable to a decrease in working capital, which mainly comprises various types of receivables from customers, such as accounts receivable and current and long-term unbilled customer receivables where payment plans have been drawn up.

At the end of the period, the company's total customer receivables amounted to 46 percent (56) of net sales over the past 12 months.

Working capital amounted to 2 percent (5) of net sales over the past 12 months.

In the first quarter, cash flow from investing activities was SEK -60.6 M (-60.3). Investments in intangible fixed assets amounted to SEK -52.4 M (-51.5) and consisted of capitalized development costs for the company's products – RayStation, RayCare, RayCommand and RayIntelligence. Investments in tangible fixed assets amounted to SEK -8.2 M (-8.8), mainly related to investments in the head office in Stockholm.

Cash flow from financing activities was SEK -29.9 M (-11.2) for the first quarter of 2022. The change was largely due to a bank overdraft of SEK 21 M drawn in the first quarter.

Cash flow for the first quarter amounted to SEK 35.3 M (32.8). At March 31, 2022, consolidated cash and cash equivalents amounted to SEK 139.8 M (205.2).

FINANCIAL POSITION

At March 31, 2022, RaySearch's total assets amounted to SEK 1,722 M (1,334) and the equity/assets ratio was 38.9 percent (52.7). The change in total assets and the equity/assets ratio was largely attributable to an increase in right-of-use assets related to rented premises following the granting of access to the new head office premises.

Current receivables amounted to SEK 376.7 M (414.3). The receivables mainly comprise various types of customer receivables.

RaySearch's credit facility comprises a revolving loan facility of up to SEK 150 M that matures in March 2025 and an overdraft facility of SEK 50 M that matures in December 2022. Chattel mortgages amounted to SEK 100 M. At March 31, 2022, a short-term loan of SEK 0 M (50) was raised under the company's revolving loan facility and SEK 0 M (0) of the credit facility had been drawn.

At March 31, 2022, the Group's net debt amounted to SEK 397.0 M (-66.0). The change was largely due to an increase in lease liabilities following the granting of access to the new head office premises during the fourth quarter.

EMPLOYEES

At the end of the first quarter, the Group had 389 (413) employees, of whom 284 (310) were based in Sweden, and 105 (102) 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 DURING THE FIRST QUARTER

Agreement signed with Proton International Arkansas

In January, RaySearch signed an agreement with Proton International Arkansas to provide RayStation at the UAMS Radiation Oncology Center. The center will open in 2023 and be the first proton center in the state of Arkansas. The center at UAMS brings RaySearch's presence in proton therapy to thirty centers in the United States, a large majority of operating facilities.

Agreement with Charles-Le Moyne in Canada

In February, Montérégie Integrated Cancer Center (CICM), which is part of the Charles-Le Moyne hospital in Longueuil in Quebec in Canada, placed an order for additional RayStation licenses as well as upgrades to the system which includes advanced treatment planning functionality.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Agreement with Hong Kong Sanatorium & Hospital

In April, Hong Kong Sanatorium & Hospital placed an order for RayStation as treatment planning system for its proton therapy center. The hospital thereby became RaySearch's first customer in Hong Kong within the proton therapy segment.

Agreement with Seoul National University Hospital

In April, Seoul National University Hospital (SNUH) placed an order for RayStation. SNUH is the second carbon ion center in Korea to select RaySearch, the first customer was Yonsei Cancer Center in Seoul.

Agreement with Mevion China

In April, Mevion China placed an order for RayStation, which it sold together with Mevion's proton therapy system to Tongji Hospital in Wuhan in China. RaySearch and Mevion have been collaborating since 2014. Treatment planning for particle treatments (protons/carbon ions/BNCT) is an important focus area for RaySearch and today RayStation has a global market share of more than 60 percent, a position that is further strengthened by the new order.

Agreement with GE Healthcare

In May, RaySearch entered into an agreement with GE Healthcare to develop a new radiation therapy simulation and treatment planning workflow solution designed to make use of the latest advancements in treatment planning technology. The companies aim to combine RaySearch's advanced treatment planning system RayStation with GE Healthcare's leading multi-modality (CT/MR/molecular imaging) simulator systems to make cancer treatment faster and more precise.

RayCare taken into clinical use with CyberKnife at Swiss Medical Network in Switzerland

In May, RayCare was taken into clinical use with Accuray's CyberKnife treatment delivery system at La Clinique Générale-Beaulieu, a part of Swiss Medical Network in Switzerland. The center became first in the world to treat a patient using RayCare and CyberKnife.

Management change

Torbjörn Wingårdh stepped down as CFO of RaySearch on April 4, 2022.

EFFECTS OF THE COVID-19 PANDEMIC

Even though the pandemic is over in most countries, the effects of it remain a challenge for many operations. RaySearch is monitoring the situation closely and is prepared to take new action and align the company's operations if needed.

Effects on RaySearch's operations in the first quarter of 2022

Sales. The negative effect of the pandemic on RaySearch's sales appears to be weakening as the pandemic subsides. In Asia, market conditions normalized and conditions improved in Europe and the US during the quarter.

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.

In the first 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 normalized in most countries, though a few countries have registered rising case numbers.

The company believes the underlying need and demand for effective software solutions for cancer care is in the process of returning to 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. The company will continue to focus on protecting the company's cash flow and liquidity.

Increased 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 drastically highlighted 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 enable cancer clinics to improve their efficiency.

THE COMPANY'S SHARE

At March 31, 2022, 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. Holders of Class A shares are entitled to 10 votes per share, and holders of Class B shares are entitled to one vote per share, at General Meetings. At March 31, 2022, the total number of votes in RaySearch was 110,377,548.

SHARE OWNERSHIP

At March 31, 2022, the number of shareholders in RaySearch was 6,767, 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	318,393	6,561,477	19.1	56.8
Invesco fonder	0	4,254,309	4,254,309	12.4	3.9
La Financière de l'Echiquier	0	2,652,240	2,652,240	7.7	2.4
First AP Fund	0	1,982,448	1,982,448	5.8	1.8
Swedbank Robur Funds	0	1,800,000	1,800,000	5.3	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
C WorldWide Asset Management	0	935,249	935,249	2.7	0.8
Avanza Pension	0	564,685	564,685	1.6	0.5
Total, 10 largest shareholders	8,454,822	14,068,186	22,523,008	65.7	89.3
Others	153	11,759,612	11,759,765	34.3	10.7
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

Source: Euroclear

OTHER INFORMATION

2022 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of RaySearch Laboratories AB (publ) will take place on Wednesday, May 25, 2022 and be held by postal vote only. This means the Meeting will take place without the physical presence of shareholders, agents or outsiders. The exercise of voting rights by shareholders at the Meeting can therefore only take place by shareholders submitting a postal vote using the procedure stipulated in the Notice of the Annual General Meeting, which was published on April 22, 2022 and is available on RaySearch's website.

Proposed dividend

Since the company is in the midst of an expansive and capital-intensive phase, the Board of RaySearch proposes that no dividend be paid for the 2022 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 39-41 of RaySearch's 2021 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 clinics improve and save the lives of cancer patients. Through innovative software solutions, the company is continuously striving to improve and streamline workflows in clinical environments and to improve treatment outcomes for cancer patients. The customer value created 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 22-28 of RaySearch's 2021 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 interim report gives 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, May 18, 2022

The Board of Directors of RaySearch Laboratories AB (publ)

INTERIM REPORT JANUARY 1-MARCH 31, 2022

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:

Johan Löf, CEO

Tel: +46 (0)8 510 530 00

johan.lof@raysearchlabs.com

Björn Hårdemark Interim CFO

Tel: +46 (0)70 95 642 17

bjorn.hardemark@raysearchlabs.com

The information contained in this interim report is such that RaySearch Laboratories AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication on May 18, 2022 at 7:45 a.m. CEST.

WEBCAST

CEO Johan Löf and Interim CFO Björn Hårdemark will present RaySearch's interim report for January-March 2022 at a webcast to be held in English on Wednesday, May 18, 2022 at 10:00-10:30 a.m. CEST.

Link to webcast:

<https://raysearchlabs.creo.se/220518>

You can also join the webcast by phone:

Sweden +46 8 505 583 51

UK: +44 333 300 92 67

US: +1 646 722 49 56

FINANCIAL CALENDAR

Annual General Meeting 2022

May 25, 2022

Interim report for the second quarter, 2022

August 25, 2022

Interim report for the third quarter, 2022

November 17, 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s	Note	JAN-MAR		APR 2021-	FULL-YEAR
		2022	2021	MAR 2022	2021
Net sales	2.3	208,149	162,102	687,720	641,673
Cost of goods sold ¹		-14,652	-15,220	-49,829	-50,397
Gross profit		193,497	146,882	637,891	591,276
Other operating income		14,452	17,150	30,081	32,779
Selling expenses		-70,462	-65,260	-305,394	-300,192
Administrative expenses		-41,361	-26,702	-136,695	-122,036
Research and development costs		-56,972	-52,636	-237,779	-233,443
Other operating expenses		-9,590	-7,173	-24,142	-21,725
Operating profit/loss		29,564	12,261	-36,038	-53,341
Loss from financial items		-3,403	-879	-7,856	-5,332
Profit/loss before tax		26,161	11,382	-43,894	-58,673
Tax		-6,863	-4,272	8,767	11,358
Profit/loss for the period²		19,298	7,110	-35,127	-47,315
Other comprehensive income					
Items to be reclassified to profit or loss					
Translation difference of foreign operations for the period		638	1,130	1,750	2,242
Comprehensive income for the period²		19,935	8,240	-33,377	-45,073
Earnings/loss per share before and after dilution (SEK)		0.56	0.21	-1.02	-1.38

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

² Fully (100 percent) attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s	JAN-MAR		FULL-YEAR
	2022	2021	2021
Opening balance according to adopted Annual Report	649,278	694,351	694,351
Profit/loss for the period	19,298	7,110	-47,315
Translation difference for the period	637	1,130	2,242
Closing balance	669,213	702,591	649,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
ASSETS				
Intangible fixed assets		530,427	499,031	523,109
Tangible fixed assets		650,769	183,327	666,539
Deferred tax assets		18,511	5,381	22,817
Other long-term receivables		6,291	26,223	10,204
Total fixed assets		1,205,998	713,962	1,222,669
Inventories		38,452	22,189	29,991
Current receivables		338,224	392,145	383,843
Cash and cash equivalents		139,816	205,215	102,535
Total current assets		516,492	619,549	516,369
TOTAL ASSETS		1,722,490	1,333,511	1,739,038
EQUITY AND LIABILITIES				
Equity		669,213	702,591	649,278
Deferred tax liabilities		109,294	110,185	107,784
Long-term interest-bearing liabilities		486,361	54,435	491,896
Total long-term liabilities		595,655	164,620	599,680
Accounts payable		29,852	21,975	48,774
Current interest-bearing liabilities		50,500	84,828	70,381
Other current liabilities		377,270	359,497	370,925
Total current liabilities		457,622	466,300	490,080
TOTAL EQUITY AND LIABILITIES		1,722,490	1,333,511	1,739,038

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	Note	JAN-MAR		APRIL 2021 -	FULL-YEAR
		2022	2021	MAR 2022	2021
Profit/loss before tax		26,161	11,382	-43,894	-58,673
Adjusted for non-cash items ¹)		70,091	42,488	254,240	226,637
Taxes paid		-3,456	-6,266	20,458	17,648
Cash flow from operating activities before changes in working capital		92,796	47,604	230,804	185,612
Cash flow from changes in operating receivables		45,553	30,667	31,939	17,053
Cash flow from changes in operating liabilities		-12,562	26,061	-3,126	35,497
Cash flow from operating activities		125,787	104,332	259,617	238,162
Cash flow from investing activities		-60,551	-60,275	-237,907	-237,631
Cash flow from financing activities		-29,916	-11,217	-90,933	-72,234
Cash flow for the period		35,320	32,840	-69,223	-71,703
Cash and cash equivalents at the beginning of the period		102,535	168,746	205,215	168,746
Exchange-rate difference in cash and cash equivalents		1,961	3,629	3,824	5,492
Cash and cash equivalents at the end of the period		139,816	205,215	139,816	102,535

¹ 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	Note	JAN-MAR		FULL-YEAR
		2022	2021	2021
Net sales		161,864	122,484	477,055
Cost of goods sold ¹⁾		-2,966	-7,643	-26,477
Gross profit		158,898	114,841	450,578
Other operating income		14,354	17,015	32,227
Selling expenses		-42,472	-37,434	-177,313
Administrative expenses		-41,528	-26,436	-122,793
Research and development costs		-64,926	-65,209	-270,868
Other operating expenses		-9,755	-7,154	-20,704
Operating profit/loss		14,571	-4,377	-108,873
Loss from financial items		-1,164	-200	-1,618
Profit/loss after financial items		13,407	-4,577	-110,491
Appropriations		0	0	32,615
Profit/loss before tax		13,407	-4,577	-77,876
Tax on profit/loss for the period		-2,738	489	14,367
Profit/loss for the period		10,669	-4,088	-63,509

¹⁾ 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	JAN-MAR		FULL-YEAR
	2022	2021	2021
Profit/loss for the period	10,669	-4,088	-63,509
Other comprehensive income	-	-	-
Comprehensive income for the period	10,669	-4,088	-63,509

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Note	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
ASSETS				
Intangible fixed assets		518	750	575
Tangible fixed assets		66,379	47,200	69,225
Shares and participations		3,958	3,958	3,958
Deferred tax assets		18,250	6,866	20,987
Long-term receivables from Group companies		0	27,157	0
Other long-term receivables		12,247	7,516	16,344
Total fixed assets		101,352	93,447	111,089
Inventories		9,798	22	6436
Current receivables		297,081	327,655	360,363
Cash and bank balances		59,504	122,500	11,165
Total current assets		366,383	450,177	377,964
TOTAL ASSETS		467,735	543,624	489,053
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		17,141	17,141	17,141
Statutory reserve		43,630	43,630	43,630
Total restricted equity		60,771	60,771	60,771
Unrestricted equity				
Retained earnings		139,190	202,699	202,699
Profit/loss for the year		10,669	-4,088	-63,509
Total non-restricted equity		149,859	198,611	139,190
Total equity		210,630	259,382	199,961
Untaxed reserves		0	32,615	0
Long-term liabilities		11,976	879	6,447
Accounts payable ¹⁾		25,192	11,656	40,169
Current interest-bearing liabilities		0	49,674	21,268
Other current liabilities ¹⁾		219,937	189,418	221,208
Total current liabilities		245,129	250,748	282,645
TOTAL EQUITY AND LIABILITIES		467,735	543,624	489,053

¹ The reclassification of comparative figures is based on other current liabilities to accounts payable pertaining to intra-Group accounts payable of SEK 11.1 M.

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 2021 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.

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	JAN-MAR			APR 2021- MAR 2022	Full-year 2021
	2022	2021	Change		
Revenue by type					
Licenses	111,711	82,605	35.2%	336,244	307,138
Support	76,644	61,937	23.7%	283,233	268,526
Hardware	16,597	15,428	7.6%	52,665	51,496
Training and other	3,197	2,132	50.0%	15,578	14,513
Total revenue from contracts with customers	208,149	162,102	28.4%	687,720	641,673
Revenue by geographic market					
North America	79,993	58,688	36.3%	245,646	224,341
APAC	61,037	41,718	46.3%	192,866	173,547
Europe and rest of the world	67,119	61,696	8.8%	249,208	243,785
Total revenue from contracts with customers	208,149	162,102	28.4%	687,720	641,673
Revenue by date for revenue recognition					
Goods/services transferred at a point in time	128,308	98,033	30.9%	388,909	358,634
Services transferred over time	79,841	64,069	24.6%	298,811	283,039
Total revenue from contracts with customers	208,149	162,102	28.4%	687,720	641,673

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 March 2022, the credit loss provision amounted to SEK 40.0 M (26.7), corresponding to 12 percent (8) of total customer receivables. The increased credit loss provision despite lower total receivables was mainly related to a customer in the US. The Group's credit losses have historically been limited and amounted to about 0.7 percent of the company's average customer receivables over the past five years.

NOTE 5 RELATED-PARTY TRANSACTIONS

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

NOTE 6 PLEDGED ASSETS IN THE GROUP AND PARENT COMPANY

AMOUNTS IN SEK 000s	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Chattel mortgages	100,000	100,000	100,000
Guarantees	31,314	14,815	31,046

The year-on-year increase was largely attributable to bank guarantees issued for the new office premises.

GROUP QUARTERLY OVERVIEW

AMOUNTS IN SEK 000s	2022		2021				2020	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Order intake								
Total order intake	272,442	345,028	127,853	189,750	145,131	239,125	138,480	177,133
Income statement								
Net sales	208,149	188,573	136,419	154,579	162,102	159,835	119,130	163,758
Change in sales, %	28.4	18.0	14.5	-5.6	-22.4	-31.8	-17.5	-13.7
Operating profit/loss	29,564	-16,578	-26,561	-22,463	12,261	-14,592	-29,477	-10,954
Operating margin, %	14.2	-8.8	-19.5	-14.5	7.6	-9.1	-24.7	-6.7
Profit/loss for the period	19,298	-15,968	-21,990	-16,467	7,110	-14,164	-26,182	-9,196
Net margin, %	9.3	-8.5	-16.1	-10.7	4.4	-8.9	-22.0	-5.6
Cash flow								
Operating activities	125,787	28,397	47,356	58,077	104,332	51,505	78,486	135,443
Investing activities	-60,551	-60,944	-45,569	-70,843	-60,275	-64,094	-45,372	-55,913
Financing activities	-29,916	12,482	-11,875	-61,624	-11,217	-8,909	-11,394	-13,618
Cash flow for the period	35,320	-20,065	-10,088	-74,390	32,840	-21,498	21,720	65,912
Capital structure								
Equity/assets ratio, %	38.9	37.3	56.7	57.8	52.7	54.0	57.0	56.2
Net debt	397,045	459,742	-52,983	-50,385	-65,952	-22,439	-31,476	206
Debt/equity ratio	0.6	0.7	-0.1	-0.1	-0.1	0.0	0.0	0.0
Net debt/EBITDA	1.8	2.3	-0.3	-0.3	-0.4	-0.1	-0.1	0.0
Per share data, SEK								
Earnings/loss per share before dilution	0.56	-0.47	-0.64	-0.48	0.21	-0.41	-0.76	-0.27
Earnings/loss per share after dilution	0.56	-0.47	-0.64	-0.48	0.21	-0.41	-0.76	-0.27
Equity per share	19.52	18.94	19.38	20.00	20.49	20.25	20.71	21.48
Share price at the end of the period	51.70	56.50	61.50	87.40	89.50	82.70	87.50	86.50
Other								
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	399	419	418	414	412	404	399	391

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Apr 2021-	Jan 2021-	Oct 2020-	Jul 2020-	Apr 2020-	Jan 2020-	Oct 2019-	Jul 2019-
	Mar 2022	Dec 2021	Sep 2021	Jun 2021	Mar 2021	Dec 2020	Sep 2020	Jun 2020
Order intake								
Total order intake	935,073	807,762	701,859	712,486	699,868	854,755	892,846	951,160
Income statement								
Net sales	687,720	641,673	612,935	595,646	604,825	651,612	726,276	751,495
Operating profit/loss	-36,038	-53,341	-51,355	-54,271	-42,762	-3,466	33,594	56,726
Operating margin, %	-5.2	-8.3	-8.4	-9.1	-7.1	-0.5	4.6	7.5
Cash flow								
Cash flow	-69,223	-72,380	-73,136	-41,328	98,972	61,890	91,165	55,970
Cash flow adjusted for repayment of bank loans	-47,955	-22,380	-23,136	8,672	98,972	61,890	91,165	55,970

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.	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/loss 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 and amortization 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	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Working capital			
Accounts receivable (current billed customer receivables)	187,159	160,379	170,591
Current unbilled customer receivables	120,850	153,955	146,771
Long-term unbilled customer receivables	6,291	26,223	10,204
Inventories	38,452	22,189	29,991
Other current receivables (excl. tax)	67,322	47,762	63,702
Accounts payable	-29,852	-21,975	-48,774
Other current liabilities (excl. tax)	-375,819	-356,215	-367,212
Working capital	14,403	32,318	5,273
AMOUNTS IN SEK 000s	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Net debt			
Current interest-bearing liabilities	50,500	84,828	70,381
Long-term interest-bearing liabilities	486,361	54,435	491,017
Cash and cash equivalents	-139,816	-205,215	-102,535
Net debt	397,045	-65,952	458,863
AMOUNTS IN SEK 000s	APR 2021- MAR 2022	APR 2020- MAR 2021	Full-year 2021
EBITDA			
Operating profit/loss	-36,038	-42,762	-53,341
Amortization and depreciation	261,665	222,165	250,184
EBITDA	225,627	179,403	196,843
CHANGE IN SALES AT UNCHANGED CURRENCIES	APR 2021- MAR 2022	APR 2020- MAR 2021	Full-year 2021
Net sales for the year	706,117	604,825	641,673
Currency adjustment	-2,859	29,482	20,868
Adjusted Net sales	684,861	634,307	662,541
Net sales, preceding year	604,825	777,395	651,612
Organic growth	13.2%	-18.4%	1.7%

HEAD OFFICE

RaySearch Laboratories AB (publ)
Box 45169
SE-104 30 Stockholm, Sweden

STREET ADDRESS

Eugeniavägen 18 C
SE-113 68 Stockholm, Sweden
Tel: +46 (0)8 510 530 00
raysearchlabs.com
Corp. Reg. No. 556322-6157

ABOUT RAYSEARCH

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

In December 2020, the RayCommand treatment control system and RayIntelligence oncology analytics system were also launched. RaySearch's software is currently used by over 800 clinics in more than 40 countries. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed on Nasdaq Stockholm since 2003. More information about RaySearch is available at 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 radiation therapy devices, 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.