

“In the fourth quarter of 2022, order intake increased by 49 percent and net sales rose 40 percent. Operating profit amounted to SEK 21 M (-17).”

Johan Löf, CEO of RaySearch

FOURTH QUARTER (OCTOBER-DECEMBER 2022)

- Order intake SEK 514.4 M (345.0)
- Net sales SEK 264.4 M (188.6)
- Operating profit SEK 20.7 M (-16.6)
- Profit after tax SEK 14.1 M (-16.0)
- Profit per share before/after dilution SEK 0.41 (-0.47)
- Cash flow SEK 42.8 M (-20.1)
- Order backlog SEK 1,940.1 M (1,362,9) at the end of the period

TWELVE MONTHS (JANUARY-DECEMBER 2022)

- Order intake SEK 1,218.5 M (807.8)
- Net sales SEK 843.6 M (641.7)
- Operating profit SEK 42.7 M (-53.3)
- Profit after tax SEK 23.8 M (-47.3)
- Profit per share before/after dilution SEK 0.69 (-1.38)
- Cash flow SEK 46.8 M (-71.7)

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- RaySearch received its largest order ever when Ion Beam Applications S.A. (IBA) placed an order of 17.3 MEUR for RayStation and RayCare for installation at nine proton centers in Spain.
- University Hospitals Seidman Cancer Center/Case Western Reserve University in Cleveland, Ohio, in the United States, placed an order for RayStation.
- CGN Medical Technologies placed an order for RayStation, which CGN sold together with IBA's proton treatment system to Yangzhou Hospital in China.
- Ohio State University Comprehensive Cancer Center - Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (OSUCCC - James) in the United States, placed an order for RayStation.

FINANCIAL SUMMARY¹

AMOUNTS IN SEK 000s	OCT-DEC		JAN-DEC	
	2022	2021	2022	2021
Net sales	264,383	188,573	843,648	641,673
Operating profit/loss	20,700	-16,578	42,744	-53,341
Operating margin, %	7.8	-8.8	5.1	-8.3
Profit/loss for the period	14,138	-15,968	23,778	-47,315
Earnings/loss per share before/after dilution, SEK	0.41	-0.47	0.69	-1.38
Cash flow from operating activities	158,326	28,397	372,504	238,162
Cash flow for the period	42,769	-20,065	46,784	-71,703
Return on equity, % ²	2.2	-2.5	3.7	-7.3
Equity/assets ratio, %, at the end of the period ²	35.0	36.0	35.0	36.0
Share price at the end of the period, SEK	68.0	56.5	68.0	56.5

¹ For definitions of key ratios, see page 20.

CEO COMMENTS



RECORD HIGH ORDER INTAKE AND NET SALES

It is gratifying to confirm that the quarterly order intake and net sales were the highest ever for a quarter, SEK 514 M and SEK 264 M, respectively. Compared with the year-on-year period, order intake rose 49 percent and net sales rose 40 percent. For the full-year, order intake increased 51 percent and net sales 31 percent compared with 2021. Operating profit for the quarter totaled SEK 21 M and cash flow was SEK 43 M. For the full-year, operating profit totaled SEK 43 M and cash flow was SEK 47 M. The market continued to open up and normalize during the quarter and we noted a growing interest from clinics all over the world. To leverage these opportunities, we stepped up our marketing activities – which also led to a slight increase in costs for marketing and travel. A recruitment process for key positions in the Finance Department has commenced. Costs remained in line with previous quarters, but as more permanent positions are filled,

the need for consultants – and their subsequent costs – will gradually decline. At the same time, this will create long-term stability in the department.

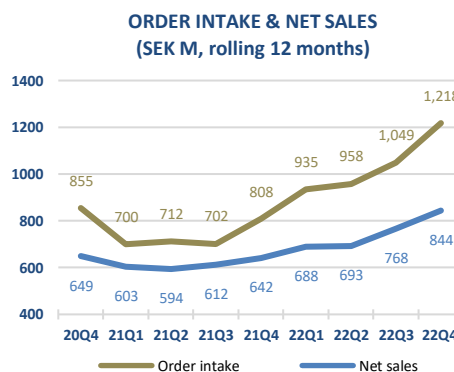
RAYSTATION IN MORE THAN 900 CLINICS

Our installed base continues to grow and more than 900 clinics have now purchased RayStation. Most RayStation clinics, just over 250, are located in the US. Japan, which recently reached 200 clinics, holds a solid second position, with China in third place, where RayStation can be found in about 80 clinics. We now have 22 customers for RayCare and we see a continued growing interest here.

RAYSEARCH'S LARGEST-EVER ORDER

In the second half of 2022, RaySearch participated in a public tender in Spain for the purchase of ten proton therapy systems for nine centers across Spain. The procurement process was sponsored by the Spanish Ministry of Health and the Amancio Ortega Foundation, which agreed to pledge EUR 280 M to the Ministry of Health to finance the proton therapy systems. RaySearch submitted a tender for the contract in partnership with Ion Beam Applications S.A. (IBA), which manufactures proton therapy machines and is responsible for the system integration. In December, IBA placed an order for RayStation and RayCare for installation in all nine centers. The total value of the order is EUR 17.3 M, of which EUR 14.9 M pertains to software licenses.

In addition to the fact that this is RaySearch's largest-ever order, we are very proud to be delivering both RayStation and RayCare to such a large-scale project for proton therapy. The contract will strengthen our leading position in treatment planning for proton therapy, while significantly increasing the customer base for RayCare. We are really looking forward to working with IBA and the Spanish proton therapy centers and are convinced that the combination of RayStation and RayCare, together with IBA's proton therapy machines, will bring many synergies in terms of both implementation and clinical efficiency. Delivery is scheduled to commence in 2024 and continue for several years, consequently this order has not contributed to revenue during 2022.



WELL SET FOR GROWTH

The improved market conditions, another quarter with strong figures and an order backlog that once again peaked (SEK 1,940 M), mean that we have a stable base for continued growth. However, I would once again like to mention that our growth will not necessarily follow a straight line but may – as history has shown us – vary from quarter to quarter.

Finally, I would like to thank all our employees for the past year. I am proud of the drive and innovative spirit that exists in the company, and these are also the very qualities that enable us to succeed with our joint mission – to continue developing innovative software for even better and more advanced cancer treatments.

Stockholm, February 28, 2023

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 fourth quarter of 2022, order intake rose 49.1 percent year-on-year to SEK 514.4 M (345.0). License order intake increased 66.8 percent to SEK 284.9 M (170.9) while order intake for support increased 32.6 percent to SEK 173.4 (130.7).

Order intake (amounts in SEK M)	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Full-Year 2022	Full-Year 2021
Licenses	284.9	86.1	66.9	131.4	170.9	569.3	350.7
Hardware	21.4	25.9	21.2	24.1	35.7	92.7	65.0
Support (incl. warranty support)	173.4	97.7	118.7	111.2	130.7	501.0	365.0
Training and other	34.7	9.4	5.7	5.8	7.7	55.5	27.1
Total order intake	514.4	219.1	212.5	272.5	345.0	1.218,5	807,8
Order backlog (amounts in SEK M)	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21		
Licenses	395.3	237.3	213.3	184.1	176.6		
Hardware	64.7	81.8	82.4	74.2	66.2		
Support (incl. warranty support)	1.380,0	1.320,5	1.169,9	1.159,9	1.053,3		
Training and other	100,1	75,6	74,7	70,5	66,8		
Total order backlog at the end of the period	1.940,1	1.715,2	1.540,3	1.488,7	1.362,9		

For the full year 2022, order intake increased by 50.8 percent and amounted to SEK 1,218.5 (807.8). License order intake increased by 62.3 percent and amounted to SEK 569.3 (SEK 350.7), while order intake for support increased by 37.3 percent and amounted to 501.0 (365.0) MSEK.

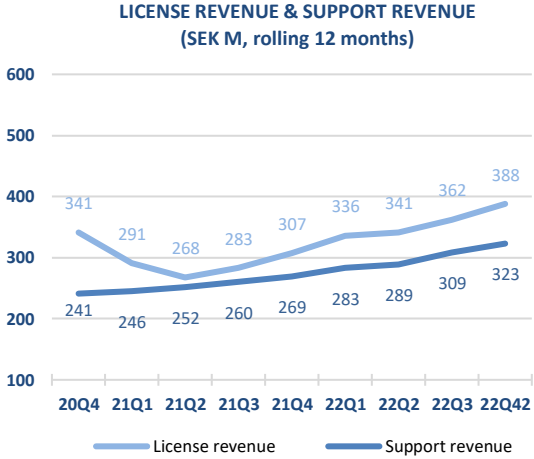
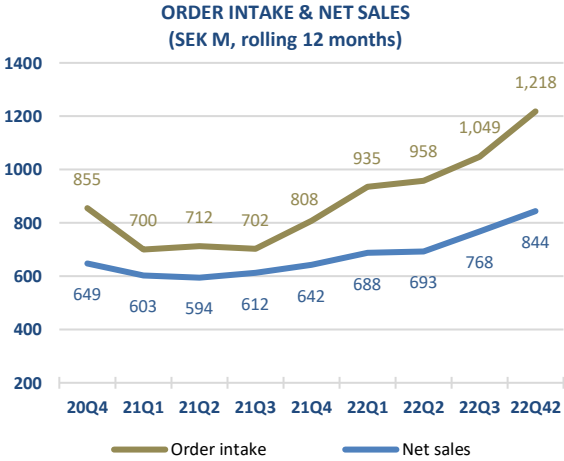
As of December 31, 2022, the total order base amounted to SEK 1,940.1 (SEK 1,362.9), which is expected to generate revenue of approximately SEK 441 in the next 12 months. The remaining amount in the order backlog mainly refers to support commitments that are primarily expected to generate revenue during the following four-year period.

REVENUE

In the fourth quarter of 2022, net sales rose 40.2 percent to SEK 264.4 M (188.6). The change was attributable to higher license sales, which increased 25.0 percent to SEK 131.9 M (105.5). The change in sales at unchanged currencies was 41.3 (22.0) percent.

Support revenue rose 19.7 percent to SEK 85.9 M (71.8), accounting for 33 percent (38) of net sales in the fourth quarter. Hardware sales, which have a limited profit margin, increased by 340.5 percent to SEK 40.5 M (9.2). Excluding hardware, sales rose 24.8 percent year-on-year.

Revenue (amounts in SEK M)	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Full-year 2022	Full-year 2021
License revenue	131.9	76.4	68.4	111.7	105.5	388.5	307.1
Hardware revenue	40.5	33.9	14.8	16.6	9.2	105.8	51.5
Support revenue	85.9	87.4	73.1	76.6	71.8	323.1	268.5
Training and other revenue	6.1	13.1	3.9	3.2	2.1	26.3	14.5
Net sales	264.4	210.9	160.2	208.1	188.6	843.6	641.7
Change in sales, corresp. period, %	40.2	54.6	3.7	28.4	17.6	31.5	-1.6
Change in currency adjusted sales, corresp. period, %	41.3	33.9	-5.5	19.0	22.0	23.2	1.6



For the full year 2022, net sales increased 31.5 percent to SEK 843.6 M (641.7). The change was attributable to higher license revenue, which increased 26.5 percent to SEK 388.5 M (307.1).

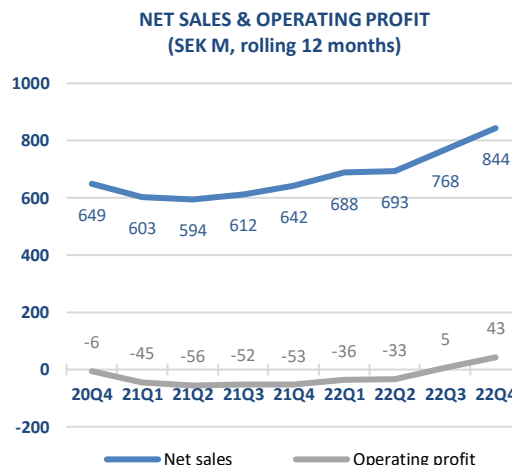
During 2022, net sales had the following geographic distribution: North America, 47 percent (35), Asia 22 percent (27), Europe and the rest of the world, 31 percent (38).

OPERATING PROFIT

In the fourth quarter of 2022 operating profit amounted to SEK 20.7 M (-16.6), representing an operating margin of 7.8 percent (-8.8). In the fourth quarter, operating expenses increased 18.8 percent to SEK 243.7 M (205.2).

In the fourth quarter, the net of exchange-rate gains and losses amounted to SEK -9.6 M (1.5) since a large portion of the Group’s receivables are denominated in USD and EUR and are revaluated in accordance with current currency rates. Adjusted for these currency translations, the operating result for the third quarter would have totaled SEK 30.3 M (-18.1).

During the full year 2022, the operating result increased to SEK 42.7 M (-53.3), representing an operating margin of 5.1 percent (-8.3).



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 41 percent in the fourth quarter of 2022 compared with the year-earlier period.

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 1.0 M in the fourth quarter of 2022, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 0.7 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 December 31, 2022, 193 employees (211) were engaged in R&D, corresponding to 52 percent (50) of the total number of employees.

	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Full-year 2022	Full-year 2021
Research and development costs	58.5	51.8	59.9	64.3	79.1	234.6	270.0
Capitalization of development costs	-49.4	-40.2	-46.0	-52.4	-59.3	-188.0	-203.3
Amortization of capitalized development costs	50.9	50.9	45.4	45.0	44.1	192.2	166.7
Research and development costs	60.1	62.5	59.2	57.0	63.9	238.8	233.4

In 2022, RaySearch continued to invest in both existing products and future products. Overall, research and development costs decreased 13.1 percent to SEK 234.6 M (270.0) during 2022, corresponding to 28 percent (42) of the Group's net sales. The decrease was attributable to a lower number of employees in research and development.

Development costs of SEK 188.0 M (203.3) were capitalized, down 7.5 percent, representing 80.1 percent (75.1) of total research and development costs.

Amortization of capitalized development costs rose 15.3 percent to SEK 192.2 M (166.7), and the increase was attributable to the launching of new products.

Research and development costs (after adjustments for capitalization and amortization of development costs) rose 5,4 percent to SEK 238.8 M (233.4).

Amortization and depreciation

In the fourth quarter of 2022, total amortization and depreciation increased 11.7 percent to SEK 78.0 M (69.9), of which amortization of intangible fixed assets accounted for SEK 50.9 M (44.2), mainly related to capitalized development costs. Depreciation of tangible fixed- and right of use assets amounted to SEK 27.0 M (25.7).

For the full year 2022, total amortization and depreciation amounted to SEK 297.0 M (250.2), of which amortization of intangible fixed assets amounted to SEK 192.4 M (167.0), mainly related to capitalized development costs. Depreciation of tangible fixed- and right of use assets amounted to SEK 104.6M (83.1).

PROFIT AND EARNINGS PER SHARE

In the fourth quarter of 2022, profit after tax totaled SEK 14.1 M (-16.0), corresponding to profit per share of SEK 0.41 M (-0.47) before and after dilution. For the full year of 2022, profit after tax totaled SEK 23.8 M (-47.3), bringing profit per share before and after dilution to SEK 0.69 (-1.38).

Tax expense for the full year of 2022 amounted to SEK 8.6 M (-11.4), corresponding to an effective tax rate of 26.6 percent (-19.4). Previous year a tax income related to deferred tax assets in the parent company was recognized, related to tax deficits.

CASH FLOW AND LIQUIDITY

In the fourth quarter of 2022, cash flow from operating activities was SEK 158.3 M (28.4), and the change is attributable change 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. For the full year 2022, cash flow from operating activities was SEK 372.5 M (238.2).

At the end of the period, the company's total customer receivables amounted to 50 percent (57) of net sales over the past 12 months. Working capital amounted to 5 percent (7) of net sales over the past 12 months. The decline is attributable to changes in operating liabilities including advance payments from customers.

In the fourth quarter, cash flow from investing activities was SEK -95.5 M (-60.9). Investments in intangible fixed assets amounted to SEK -49.4 M (-59.3) and comprised capitalized development costs for the company's products – RayStation, RayCare, RayCommand and RayIntelligence. Investments in tangible fixed assets amounted to SEK -42.0 M (-18.6), mainly related to the head office in Stockholm.

In the fourth quarter, cash flow from financing activities amounted to SEK -19.9 M (12.5), and SEK -49.7 M (-72.2) during the full year 2022. A repayment of SEK 21 M of the company's credit facility was done in the first quarter.

Cash flow for the period was SEK 42.8 M (-20.1) for the fourth quarter and SEK 46.8 M (-71.7) for the full year. At December 31, consolidated cash and cash equivalents amounted to SEK 160.3 M (102.5).

FINANCIAL POSITION

At September 30, 2022, RaySearch's total assets amounted to SEK 1,876 M (1,745) and the equity/assets ratio was 35.0 percent (36.0). Current receivables amounted to SEK 468 M (414). The receivables mainly comprise various types of customer receivables.

RaySearch's credit facilities comprise a revolving loan facility of up to SEK 150 M maturing in Mars 2025 and an overdraft facility of SEK 50 M, renewed with 12 months yearly on December 31st. Chattel mortgages amounted to SEK 100 M. On December 31, 2022, short-term loans totaling SEK 0 M (0) had been raised under the company's revolving loan facility and SEK 0 M (21) of the credit facility had been drawn.

On December 31, 2022, the Group's net debt amounted to SEK 395.9 M (458.9). The change is mainly due to increased cash and cash equivalents.

EMPLOYEES

For the full year of 2022, the average number of employees in the Group was 382 (419). At the end of the year, the Group had 370 (418), employees, of whom 267 (308) were based in Sweden and 103 (110) 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 marginally 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 THIRD QUARTER

Agreement with IBA

In December, RaySearch received its largest ever order when Ion Beam Applications S.A. (IBA) placed an order for RayStation and RayCare for installation on ten proton therapy units, at nine different proton centers, in Spain. RaySearch participated in a public procurement in collaboration with IBA, who are mainly responsible for the

system integration. The total order value is 17.3 million euros, of which 14.9 million euros refer to software licenses. Consequently, this order has not contributed to revenue during 2022.

Agreement with University Hospitals Seidman

In December, University Hospitals Seidman Cancer Center/Case Western Reserve University in Cleveland, Ohio, in the US, placed an order for the RayStation. The revenue from the order was reported in the fourth quarter of 2022. UH Seidman Cancer Center is part of the Case Comprehensive Cancer Center, which is one of the US's leading academic and research institutions with 15 cancer clinics, nine of which have radiation therapy.

Agreement with CGN Medical Technologies

In December 2022, CGN Medical Technologies placed an order for the RayStation, which CGN sold along with IBA's proton therapy system to Yangzhou Hospital in China. CGN Medical Technologies markets and sells IBA's proton therapy systems in China. The order value was EUR 2.4 million (corresponding to around SEK 27 million) including a 5-year service contract. Revenue from the order was not reported in 2022.

Agreement with State University Comprehensive Cancer Center

In December, the Ohio State University Comprehensive Cancer Center - Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (OSUCCC – James) in the United States placed an order for the RayStation. OSUCCC – James is the third largest cancer hospital in the United States. The revenue from the order was reported in the fourth quarter of 2022.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have been announced after the end of the period. It should be noted that press releases for University Hospitals Seidman, CGN Medical Technologies and Ohio State University Comprehensive Cancer Center were published in January, after wording was agreed with the respective client, but refer to events in the fourth quarter.

THE COMPANY'S SHARE

On December 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 was SEK 0.50 and the company's share capital amounted 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. On December 31, 2022, the total number of voting rights in RaySearch was 110,377,548.

SHARE OWNERSHIP

At December 31, 2022, the number of shareholders in RaySearch was 7,165 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	18,393	6,261,477	18.3	56.6
State Street Bank and Trust Co, W9	0	4,218,524	4,218,524	12.3	3.8
BNP Paribas Sec Services Paris, W8IMY	0	2,406,650	2,406,650	7.0	2.2
Swedbank Robur Ny Teknik BTI	0	1,800,000	1,800,000	5.3	1.6
BNY Mellon SA/NV (Former BNY), W8IMY	0	1,442,723	1,442,723	4.2	1.3
Anders Brahme	1,150,161	200,000	1,350,161	3.9	10.6
Andra AP-fonden	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 Pensionsförsäkring AB	0	718,905	718,905	2.1	0.7
Avanza Pension	0	672,341	672,341	2.0	0.6
Totalt 10 största ägare	8,454,822	13,838,398	21,293,220	62.1	88.3
Övriga	153	12,989,400	12,989,553	37.9	11.7

YEAR-END REPORT, 2022

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 of RaySearch Laboratories AB (publ) will take place on Thursday, May 25, 2023. Shareholders who wish to have a matter dealt with at the Annual General Meeting must submit a written request to the board. The request must normally reach the board no later than (7) weeks before the general meeting is to take place.

Proposed dividend

As the company is in an expansive the board of RaySearch proposes that no dividend be paid for the operating year 2022.

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.

YEAR-END REPORT, 2022

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, February 28, 2023

The Board of Directors of RaySearch Laboratories AB (publ)

Hans Wigzell
Chairman of the Board

Johan Löf
CEO and Board member

Carl Filip Bergendal
Board member

Britta Wallgren
Board member

Günther Mårder
Board member

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henrik.bergentoft@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 February 28, 2023, at 7:45 a.m. CET.

WEBCAST

CEO Johan Löf and CFO Henrik Bergentoft will present RaySearch's the year-end report 2022 at a webcast to be held in English on Tuesday, February 28, 2023, at 10:00-10:30 a.m. CET.

Link to webcast:

<https://raysearchlabs.creo.se/230228>

You can also join the webcast by phone:

Sverige: +46 8 505 583 51

UK: +44 333 300 92 67

US: +1 646 722 49 56

FINANCIAL CALENDAR

2022 Annual Report (published on the website)	April 27, 2023
Interim report for the first quarter, 2023	May 17, 2023
Annual General Meeting 2023	May 25, 2023
Interim report for the second quarter, 2023	August 25, 2023
Interim report for the third quarter, 2023	November 17, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s	Not	OCT-DEC		JAN-DEC	
		2022	2021	2022	2021
Net sales	2,3	264,383	188,573	843,648	641,673
Cost of goods sold ¹		-38,177	-10,933	-94,991	-50,397
Gross profit		226,206	177,640	748,657	591,276
Other operating income		9,173	5,592	49,504	32,779
Selling expenses		-88,964	-95,633	-309,424	-300,192
Administrative expenses		-47,443	-36,828	-171,719	-122,036
Research and development costs		-60,080	-63,921	-238,769	-233,443
Other operating expenses		-18,192	-3,428	-35,505	-21,725
Operating profit/loss		20,700	-16,578	42,744	-53,341
Financial net		-2,451	-2,370	-10,369	-5,332
Profit/loss before tax		18,249	-18,948	32,375	-58,673
Tax		-4,111	2,980	-8,597	11,358
Profit/loss for the period²		14,138	-15,968	23,778	-47,315
Other comprehensive income					
Items to be reclassified to profit or loss					
Translation difference of foreign operations for the period		-1,947	852	5,066	2,242
Comprehensive income for the period²		12,191	-15,116	28,844	-45,073
Earnings/loss per share before and after dilution (SEK)		0.41	-0.47	0.69	-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 FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Intangible fixed assets		518,663	523,109
Tangible fixed assets and right of use assets		649,070	666,539
Deferred tax assets		25,598	28,525
Other long-term receivables		54,697	10,204
Total fixed assets		1,248,028	1,228,377
Inventories		14,091	29,991
Current receivables		453,563	383,843
Cash and cash equivalents		160,268	102,535
Total current assets		627,922	516,369
TOTAL ASSETS		1,875,950	1,744,746
EQUITY AND LIABILITIES			
Equity		657,156	628,312
Deferred tax liabilities		106,874	107,784
Long-term interest-bearing liabilities		497,822	491,896
Total long-term liabilities		604,696	599,680
Accounts payable		24,030	48,774
Current interest-bearing liabilities		58,307	70,381
Other current liabilities		531,761	397,599
Total current liabilities		614,098	516,754
TOTAL EQUITY AND LIABILITIES		1,875,950	1,744,746

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s	OCT-DEC		JAN-DEC	
	2022	2021	2022	2021
Opening balance according to adopted Annual Report	644,965	664,394	628,312	694,351
Adjustment on correction of error (net of tax) ¹	-	-20,966	-	-20,966
Adjusted opening balance	644,965	643,428	628,312	673,385
Profit/loss for the period	14,138	-15,968	23,778	-47,315
Translation difference for the period	-1,947	852	5,066	2,242
Closing balance	657,156	628,312	657,156	628,312

¹ See Note 1 for more information about correction of previous error.

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	OKT-DEC		JAN-DEC		
	Not	2022	2021	2022	2021
Profit/loss before tax		18,249	-18,948	32,375	-58,673
Adjusted for non-cash items ¹⁾		80,397	63,810	296,104	226,637
Taxes paid		-4,353	27,477	-13,816	17,648
Cash flow from operating activities before changes in working capital		94,293	72,339	314,663	185,612
Cash flow from changes in operating receivables		-48,951	-113,836	-50,309	17,053
Cash flow from changes in operating liabilities		112,985	69,894	108,151	35,497
Cash flow from operating activities		158,326	28,397	372,504	238,162
Cash flow from investing activities		-95,641	-60,944	-275,994	-237,631
Cash flow from financing activities		-19,916	12,482	-49,726	-72,234
Cash flow for the period		42,769	-20,065	46,784	-71,703
Cash and cash equivalents at the beginning of the period		118,194	120,589	102,535	168,746
Exchange-rate difference in cash and cash equivalents		-695	2,011	10,949	5,492
Cash and cash equivalents at the end of the period		160,268	102,535	160,268	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	Not	OCT-DEC		JAN-DEC	
		2022	2021	2022	2021
Net sales	2, 3	192,721	145,112	620,315	477,055
Cost of goods sold ¹⁾		-10,098	-11,184	-28,688	-26,477
Gross profit		182,623	133,928	591,627	450,578
Other operating income		7,986	5,521	47,917	32,227
Selling expenses		-50,272	-56,063	-169,489	-177,313
Administrative expenses		-58,977	-37,406	-217,833	-122,793
Research and development costs		-50,743	-79,523	-203,678	-270,868
Other operating expenses		-18,025	-3,249	-34,882	-20,704
Operating profit/loss		12,592	-36,792	13,662	-108,873
Loss from financial items		-196	-536	-1,265	-1,618
Profit/loss after financial items		12,396	-37,328	12,397	-110,491
Appropriations		-	32,615	-	32,615
Profit/loss before tax		12,396	-4,713	12,397	-77,876
Tax on profit/loss for the period		-2,585	24	-3,775	14,367
Profit/loss for the period		9,811	-4,689	8,622	-63,509

¹⁾ Comprises costs for hardware and royalties.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s	OCT-DEC		JAN-DEC	
	2022	2021	2022	2021
Profit/loss for the period	9,811	-4,689	8,622	-63,509
Other comprehensive income	-	-	-	-
Comprehensive income for the period	9,811	-4,689	8,622	-63,509

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Not	Dec 31, 2022	Dec 31, 2021
ASSETS			
Intangible fixed assets		342	575
Tangible fixed assets		56,525	69,225
Shares and participations		3,958	3,958
Deferred tax assets		23,992	26,695
Other long-term receivables		8,510	16,344
Total fixed assets		93,327	116,797
Inventories		3,758	6,436
Current receivables		385,786	360,363
Cash and bank balances		79,903	11,165
Total current assets		469,447	377,964
TOTAL ASSETS		562,774	494,761
EQUITY AND LIABILITIES			
Equity			
<u>Restricted equity</u>			
Share capital		17,141	17,141
Statutory reserve		43,630	43,630
Total restricted equity		60,771	60,771
<u>Unrestricted equity</u>			
Retained earnings		118,237	181,733
Profit/loss for the year		8,622	-63,509
Total non-restricted equity		126,859	118,224
Total equity		187,630	178,995
Long-term liabilities		22,824	6,447
Accounts payable		18,957	40,169
Current interest-bearing liabilities		-	21,268
Other current liabilities		333,363	247,882
Total current liabilities		352,320	309,319
TOTAL EQUITY AND LIABILITIES		562,774	494,761

NOTES, GROUP

NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. 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

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.

Correction of error

In the second quarter, revenues for 2019 and 2020 have been corrected due to a previous error. The error was introduced in 2019 when a deal was separated into performance obligations in an incorrect way, which impacted amounts and timings for the revenues. The correction affects revenues in 2019 and 2020 in the Group and the Parent Company by SEK -23.9 M and SEK -2.8 M and the tax by SEK 5.1 M and SEK 0.6 M, respectively. The effect on 2021 is that the opening balance is adjusted by SEK -21.0 M, deferred tax assets by SEK 5.7 M and deferred income by SEK 26.7 M in the Parent Company. The effect is the same in the Group.

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-DEC		
	2022	2021	Change
<u>Revenue by type</u>			
Licenses	388,456	307,138	26.5%
Support	323,104	268,526	20.3%
Hardware	105,760	51,496	105.4%
Training and other	26,328	14,513	81.4%
Total revenue from contracts with customers	843,648	641,673	31.5%
<u>Revenue by geographic market</u>			
North America	397,919	224,341	77.4%
APAC	183,420	173,547	5.7%
Europe and rest of the world	262,309	243,785	7.6%
Total revenue from contracts with customers	843,648	641,673	31.5%
<u>Revenue by date for revenue recognition</u>			
Goods/services transferred at a point in time	494,216	358,634	37.8%
Services transferred over time	349,432	283,039	23.5%
Total revenue from contracts with customers	843,648	641,673	31.5%

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 December 2022, the credit loss provision amounted to SEK 45.1 M (40.0), corresponding to 10 percent (11) of total customer receivables.

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	Dec 31, 2022	Dec 31, 2021
Chattel mortgages	100,000	100,000
Guarantees	33,007	31,046

GROUP QUARTERLY OVERVIEW

AMOUNTS IN SEK 000s	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake								
Total order intake	514,424	219,091	212,511	272,442	345,028	127,853	189,750	145,131
Income statement								
Net sales ¹	264,383	210,881	160,235	208,149	188,573	136,419	154,579	162,102
Change in sales, % ¹	40.2	54.6	3.7	28.4	18.5	15.2	-5.2	-22.1
Operating profit/loss ¹	20,700	12,007	-19,527	29,564	-16,578	-26,561	-22,463	12,261
Operating margin, % ¹	7.8	5.7	-12.2	14.2	-8.8	-19.5	-14.5	7.6
Profit/loss for the period ¹	14,138	10,984	-19,731	19,298	-15,968	-21,990	-16,467	7,110
Net margin, % ¹	5.3	5.2	-12.3	9.3	-8.5	-16.1	-10.7	4.4
Cash flow								
Operating activities	158,326	8,613	79,778	125,787	28,397	47,356	58,077	104,332
Investing activities	-95,641	-52,209	-67,593	-60,551	-60,944	-45,569	-70,843	-60,275
Financing activities	-19,919	-4,394	4,500	-29,916	12,482	-11,875	-61,624	-11,217
Cash flow for the period	42,769	-47,990	16,685	35,320	-20,065	-10,088	-74,390	32,840
Capital structure								
Equity/assets ratio, % ¹	35.0	37.6	35.2	37.5	36.0	54.6	55.7	50.9
Net debt	395,861	414,273	386,236	397,045	459,742	-52,983	-50,385	-65,952
Debt/equity ratio ¹	0.6	0.6	0.6	0.6	0.7	-0.1	-0.1	-0.1
Net debt/EBITDA	1.2	1.4	1.6	1.8	2.3	-0.3	-0.3	-0.4
Per share data, SEK								
Earnings/loss per share before dilution ¹	0.41	0.29	-0.58	0.56	-0.47	-0.64	-0.48	0.21
Earnings/loss per share after dilution ¹	0.41	0.29	-0.58	0.56	-0.47	-0.64	-0.48	0.21
Equity per share ¹	19.17	18.81	18.42	18.91	18.33	18.77	19.39	19.88
Share price at the end of the period	68.00	47.60	54.40	51.70	56.50	61.50	87.40	89.50
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	382	386	383	399	419	418	414	412

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Jan 2022-	Oct 2021-	Jul 2021-	Apr 2021-	Jan 2021-	Oct 2020-	Jul 2020-	Apr 2020-
	Dec 2022	Sep 2022	Jun 2022	Mar 2022	Dec 2021	Sep 2021	Jun 2021	Mar 2021
Order intake								
Total order intake	1,218,468	1,049,070	957,845	935,073	807,762	701,859	712,486	699,868
Income statement								
Net sales ¹	843,648	767,838	693,376	687,720	641,673	612,238	594,252	602,734
Operating profit/loss ¹	42,744	5,466	-33,102	-36,038	-53,341	-52,052	-55,665	-44,853
Operating margin, % ¹	5.1	0.7	-4.8	-5.2	-8.3	-8.5	-9.4	-7.4
Cash flow								
Cash flow	46,784	-16,050	21,852	-69,223	-72,380	-73,136	-41,328	98,972
Cash flow adjusted for repayment of bank loans	68,052	5,218	43,120	-47,955	-22,380	-23,136	8,672	98,972

¹ See Note 1 for more information about correction of previous error.

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	Dec 31, 2022	Dec 31, 2021
Working capital		
Accounts receivable (current billed customer receivables)	246,742	170,591
Current unbilled customer receivables	123,827	146,771
Long-term unbilled customer receivables	54,697	10,204
Inventories	14,091	29,991
Other current receivables (excl. tax)	71,711	63,702
Accounts payable	-24,030	-48,774
Other current liabilities (excl. tax)	-526,781	-367,212
Working capital	-39,743	5,273
AMOUNTS IN SEK 000s	Dec 31, 2022	Dec 31, 2021
Net debt		
Current interest-bearing liabilities	58,307	70,381
Long-term interest-bearing liabilities	497,822	491,017
Cash and cash equivalents	-160,268	-102,535
Net debt	395,861	458,863
AMOUNTS IN SEK 000s	Full-year 2022	Full-year 2021
EBITDA		
Operating profit/loss ¹	42,744	-53,341
Amortization and depreciation	296,994	250,184
EBITDA	339,738	196,843
CHANGE IN SALES AT UNCHANGED CURRENCIES	Full-year 2022	Full-year 2021
Net sales for the year	843,648	641,673
Currency adjustment	-52,793	20,868
Adjusted Net sales	790,855	662,541
Net sales, preceding year	641,673	651,612
Change in sales at unchanged currencies (organic growth)	23,2%	1,7%

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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 (TPS) and RayCare oncology information system (OIS) to cancer centers all over the world and distributes the products through licensing agreements with leading medical technology companies. The latest additions to the RaySearch product line are RayIntelligence and RayCommand. RayIntelligence is a cloud-based oncology analytics system that cancer clinics can use to collect, structure and analyze data. The Treatment Control System (TCS) RayCommand is designed as a link between the treatment machine and the dose planning and oncology information systems.

RaySearch's software is currently used by over 900 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.