



RAYSEARCH | ANNUAL REPORT | 2022

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2022 IN NUMBERS

900

RayStation centers
in 43 countries

22

RayCare partners
in 9 countries

45

approved patents
around the world

13

RaySearch offices
around the world

368

RaySearch
employees in Decem-
ber 2022

193

employees in
research and/or
development

29

nationalities
among RaySearch
staff

40

average age
of RaySearch
staff

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 clinics all over the world and distributes products through licensing agreements with leading medical technology companies. The company is also developing RayIntelligence, a cloud-based oncology analytics system, and RayCommand*, a new treatment control system. RaySearch's software has now been sold to 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.

* Subject to regulatory clearance in some markets.

BUSINESS MODEL

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

STRATEGY

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

Cancer centers all over the world use RaySearch's software. To always be able to offer local service in local languages, RaySearch has formed a global organization with offices and distributors in three regions – Americas, Europe/Africa and Asia-Pacific & Middle East.

RAYSTATION CLINICS
43 countries in total

900

RAYCARE CLINICS
9 countries in total

22

RAYCOMMAND CLINICS

2

RAYINTELLIGENCE
CLINICS

1

AMERICAS

RAYSTATION
275

RAYCARE
4

- RAYSEARCH CLINICS [910]
- RAYSEARCH OFFICES [13]
- RAYSEARCH DISTRIBUTORS [17]

EUROPE/AFRICA

RAYSTATION
258

RAYCARE
16

ASIA

RAYSTATION
367

RAYCARE
2

In 2022, sales accelerated and agreements were signed with a large number of new and significant customers. One of these was RaySearch's largest order to date.

FIRST QUARTER

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- The RayStation treatment planning system was sold to several leading cancer centers, including Charles Le Moine in Canada and, through a agreement with Proton International Arkansas, to the UAMS Radiation Oncology Center in the US.

SECOND QUARTER

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- The RayStation treatment planning system was sold to several leading cancer centers, including Hong Kong Sanatorium & Hospital, Seoul National University Hospital in South Korea, TongJi Hospital in China and the University Hospital of Umeå.
- The RayCare oncology information system was taken into clinical use with CyberKnife for the first time at La Clinique Générale-Beaulieu, part of the Swiss Medical Network. The first patient was treated successfully on May 4, 2022.
- RaySearch entered into an agreement to collaborate 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 RayCommand treatment control system was taken into clinical use at MedAustron in Austria. MedAustron also became the first cancer center in the world to use RayStation, RayCare and RayCommand together to treat patients.
- A new version of the RayCare oncology information system (6A) was released, featuring improved functionality for handling patient charts, enhanced support for financial accounts for charge capture, and improved connectivity with other hospital information systems. RayCare 6A is also more deeply integrated with other RaySearch products.
- New version of the RayStation treatment planning system (12A) was released, featuring deep learning segmentation for everyone who is using RayStation for patient modeling. RayStation 12A also supports brachy planning for Elekta Flexitron afterloaders.

THIRD QUARTER

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- The RayStation treatment planning system was sold to several leading cancer centers, including the University Hospital of Umeå in Sweden, Harris Health System and the University of New Mexico in the US, and Sunnybrook Health Sciences Centre in Canada.
- The RayCare oncology information system was sold to Seoul National University Hospital in South Korea.
- The European Institute of Oncology in Milan, Italy, purchased the RayStation treatment planning system and the RayCare oncology information system for its proton center.
- RaySearch entered into an agreement to collaborate with Leo Cancer Care in the UK. The partnership will see the integration of the RayStation treatment planning system with Leo Cancer Care's upright radiation therapy technology.
- RaySearch appointed a new CFO.
- The Chairman and member of RaySearch's Board resigned.

FOURTH QUARTER

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- The RayStation treatment planning system was sold to several leading cancer centers, including the McLaren Proton Therapy Center, UH Seidman Cancer Center and the Ohio State University Comprehensive Cancer Center in the US, and Yangzhou Hospital in China (through CGN Medical Technologies).
- RaySearch received its largest order to date through a public procurement in Spain, in partnership with IBA Proton Therapy. IBA placed an order for RayStation and RayCare for installation in nine proton therapy centers in Spain.
- New member of RaySearch's Board elected.

CEO COMMENTS JOHAN LÖF, CEO AND FOUNDER

2022 was a year of optimism for RaySearch, characterized by a “fresh start” feeling. Market conditions normalized and order intake reached record-high levels in the second half of the year. We are well placed to take the next step in the radiation therapy market.

During the year, market conditions gradually improved as market after market opened up and returned to normal conditions. Interest in our products increased and we, our existing customers and potential customers were delighted to meet one another face to face again. At the same time, our installed base continued to grow and we reached a milestone at the end of the year when the number of clinics that have purchased RayStation passed 900. 90 of these purchases were made in 2022. Most RayStation clinics, just over 250, are in the US. Japan, which recently reached 200 clinics, holds a strong 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.

A growing installed base is a clear sign that we have loyal customers which, in turn, can be linked to our ability to meet the requirements of our customers and exceed their expectations. Through the close dialogue that we have with many of our customers, we can be responsive, and develop and renew our products to meet their needs. Over the years, very few customers have switched to other systems, maybe two dozen, and then nearly always because the clinic or hospital has been sold and the new owner is using another system.

THE EFFECTS OF THE PANDEMIC ARE FADING

In autumn 2021, Asia was the first region that showed indications of a recovery after the pandemic and this trend continued into the spring of 2022 when we received several significant orders here. Through its order for RayStation, Hong Kong Sanatorium & Hospital became our first customer in Hong Kong in the proton therapy segment. Seoul National University Hospital in South Korea initially placed an order for RayStation and then, a few months later, another order for RayCare. We also entered into an agreement with Mevion China regarding RayStation, which they sold together with Mevion's proton therapy system to Tongji Hospital in Wuhan, China.

Several significant agreements were also concluded in the US during the year, including with McLaren Proton Therapy Center, Ohio State University, UH Seidman Cancer Center and, through a procurement, the University of New Mexico Comprehensive Cancer Center. In Canada, one of the largest hospitals in the country, Sunnybrook Health Sciences Centre, placed an order for RayStation.

In Europe, La Clinique Générale-Beaulieu, part of Swiss Medical Network, became the first center in the world in May to treat a patient with Accuray's CyberKnife treatment delivery system together with RayStation and RayCare. Two other key milestones were achieved shortly thereafter when the groundbreaking Austrian oncology center, MedAustron, became first in the world to use RayCommand clinically, and the first cancer center to use RayStation, RayCare and RayCommand together to treat patients. At mid-year, we received a Swedish order when the University Hospital of Umeå decided to purchase RayStation and in late summer, the European Institute of Oncology in Milan placed an order for both RayStation and RayCare for its proton center.

RAYSEARCH'S LARGEST-EVER ORDER

The biggest single event for us during the year was the major order we received from Spain for the expansion of proton therapy there. Through IBA, the Spanish Ministry of Health and the Amancio Ortega Foundation purchased RayStation and RayCare for installation in nine centers across the country. The order value of EUR 14.9 M for software licenses means that this is RaySearch's largest-ever order. In addition to the size of the order, we are obviously 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 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. Deliveries for this major project are expected to commence in 2024 and continue for several years.

PRODUCT DEVELOPMENT CONTINUED AT FULL SPEED

During the year, improvements to RayCare continued, including improved connectivity with other hospital information systems, which improves the flow of data between the systems. Overall, RayCare is now a next-generation oncology information system and it is gratifying to note how more and more cancer centers around the world consider RayCare the most attractive alternative for efficient, safe and integrated cancer care. This view is also confirmed by the positive feedback we received from the centers that elected to combine RayStation and RayCare during the year, including Seoul National University Hospital, the European Institute of Oncology in Milan and the above-mentioned order from the Spanish Ministry of Health and the Amancio Ortega Foundation.

One focus area for RayStation was deep-learning segmentation, which now is available for everyone that is using RayStation for patient modeling. The deep-learning models can be linked to segmentation templates and protocols and used to tailor fast and automated segmentation of patients' organs. An important addition for brachy planning in RayStation was support for Elekta Flexitron afterloaders. During the year, the development team also worked on future features such as support for proton arc therapy, a new and promising treatment technique, as well as dose tracking and adaptive re-planning, focusing on faster and smarter workflows for follow-up and daily adaptations of treatment for individual patients.

The development of the RayIntelligence analytics system took several important steps forward during 2022. The system was extended with support for DICOM files and an improved user interface, and the collaboration with CHUV was intensified to enable more customer-driven product development.

We will also continue our close collaboration with MedAustron, whose clinical experience since the implementation in summer 2022 has contributed to valuable knowledge in the development of RayStation, RayCare and RayCommand.

STABLE BASE FOR CONTINUED GROWTH

In terms of a full-year, 2022 was the first normal year after the pandemic, but sales did not really pick up until the second half of the year. In the third quarter, we recorded the highest-ever order intake for a third quarter (SEK 219 M), and in the fourth quarter, we had the highest-ever order intake for any quarter (SEK 514 M). The positive growth curve, which will obviously fluctuate over time as it always tends to do, combined with the continued pent-up need for cancer centers to diagnose, treat and care for the wave of cancer cases that followed the pandemic, makes us feel optimistic about the future. The need for efficient cancer care will continue to rise, while our cutting-edge products are adapted to meet the demands of digitization and automation and can leverage the opportunities that AI and other new and groundbreaking technologies can bring.

While RaySearch does not have any customers in either Ukraine or Russia, the ongoing war in Ukraine is obviously affecting the whole world on many different levels. During the year, the situation in Ukraine spiraled into a humanitarian disaster and unfortunately, there are no signs of peace in the very near future. RaySearch is following the extremely complex geopolitical situation that has arisen in the world as a result of the war.

Finally, I would like to thank all our employees. I am proud of the drive and innovative spirit that exists in the company. These are the very qualities that enable us to succeed with our joint mission – to provide innovative software to continuously improve cancer treatment.

April 2023

Johan Löf, Founder and CEO

VISION

A world where cancer is conquered.

MISSION

To provide innovative software to continuously improve cancer treatment that improves quality of life for patients and saves lives.

BUSINESS MODEL

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

TARGETS

- » To reduce premature mortality from cancer by one-third by 2030.
 - » To strengthen our position in the radiation therapy market and thereby give more cancer centers access to more effective radiation therapy.
-

STRATEGIES

INNOVATIVE SOFTWARE DEVELOPMENT

Extensive investment in R&D with a strong focus on leading functionality, streamlined workflows and broad-based support for many different treatment techniques and radiation therapy machines. During the 2018–2022 period, average investment in R&D was 34 percent of net sales annually.

STRATEGIC PARTNERSHIPS

Close collaboration with world-leading cancer clinics, research institutes and medical device suppliers.

ATTRACTIVE EMPLOYER

Attract committed and talented employees by maintaining a culture characterized by innovative thinking, and guided by social sustainability and high business ethics.



2022 SUSTAINABILITY REPORT

ABOUT THE SUSTAINABILITY REPORT

This Sustainability Report covers the 2022 fiscal year. The Sustainability Report comprises RaySearch Laboratories AB (publ), hereafter referred to as RaySearch, Corp. Reg. No. 556322-6157 and its underlying subsidiaries. The Sustainability Report has been prepared pursuant to Chapter 6, Sections 10–14 of the Swedish Annual Accounts Act. The statutory Sustainability Report is issued by the Board of RaySearch Laboratories AB (publ). The Sustainability Report of RaySearch Laboratories AB (publ) for the 2022 fiscal year describes the company's material issues from an environmental, social, employee and human rights perspective. The company's business model, strategy, risk mitigation, policy processes, KPIs and performance are described briefly, based on these issues.

Reporting method

This report describes RaySearch's sustainability progress in 2022 and indicates priorities for 2023. The report is based on a materiality assessment conducted in 2018, that was updated in 2022. In this assessment, potentially material issues are identified first. Next, the issues considered material on the basis of their significance for RaySearch's broader stakeholder group and that the company can influence, are defined. Finally, the assessment describes key stakeholder groups, benchmarking and relevant reporting frameworks in the industry.

The reporting is based on three material issues and their sub-sections, and that are integrated into the company's three strategic business priorities:

- Innovative software development
- Strategic partnerships
- Attractive employer

The main objective of the report is to comply with the Swedish Annual Accounts Act. The 2022 Sustainability Report provides the basis for further analysis and projects designed to meet the upcoming requirements of the EU's Corporate Sustainability Reporting Directive (CSRD). It will also provide stakeholders with a transparent view of RaySearch's sustainability progress in addition to the Annual Report, and highlight the link between RaySearch's business and sustainability strategy.

Data compilation

The non-financial information in this report has been obtained from various reporting systems and from each of RaySearch's operating segments. Comments in this report describe whether any data is limited due to, for example, a deficient control environment, IT system or internal documentation.

Responsibility for the report

The Board is responsible for the Sustainability Report.

DESCRIPTION OF RAYSEARCH

RaySearch Laboratories AB (publ) is a medical technology company that develops innovative software solutions for improved cancer treatment. 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. The company's vision is a world where cancer is conquered. The mission is to provide innovative software to continuously improve cancer treatment. The value that RaySearch offers is therefore innovative software solutions that improve cancer care through more efficient treatment and improved treatment outcomes.

RaySearch mainly develops and markets four products. Most revenue is generated by the initial license fee that customers pay for the right to use the software, and an annual fee for access to updates and support. The company's software is developed at RaySearch's head office in Stockholm, and distributed and sold by RaySearch's global marketing organization. Products are distributed via licensing agreements with leading medical technology companies. RaySearch's software has been sold to over 900 clinics in more than 40 countries. RaySearch's business model therefore requires a strong focus, and trust is placed in partnerships and innovation in order to achieve growth targets in the market. More information about RaySearch is available at www.raysearchlabs.com

Vision

A world where cancer is conquered.

Mission

To provide innovative software to continuously improve cancer treatment.

Value offering

Cancer radiation therapy is a highly complex treatment modality. RaySearch provides innovative software to improve cancer treatment in terms of both efficiency and treatment outcomes. RaySearch currently has four products: RayStation treatment planning system, RayCare oncology information system, RayIntelligence analytics system and RayCommand treatment delivery system. RayStation is RaySearch's original and still dominant product in terms of sales.

Customers and market

RaySearch's customers comprise cancer centers all over the world and the business is driven by the continuously growing need for cancer treatment. Worldwide, an estimated 19.3 million new cancer cases occurred in

2020. This figure is expected to exceed 30 million by 2040 and the most important factor for this increase is the aging population. RaySearch divides the global market into three geographic regions – Americas, Europe/Africa and Asia-Pacific & Middle East.

Sales channels

To always be able to offer local service in local languages, RaySearch has formed a global organization with offices and distributors in three regions – Americas, Europe/Africa and Asia-Pacific & Middle East. To secure the distribution channels and an ethical supply chain, it is important that RaySearch continues to maintain good relationships with its distributors.

Business partners

RaySearch essentially has two types of partners – industrial and clinical. RaySearch's systems and software products are developed in close collaboration with these partners, comprising several leading cancer centers, research institutes and medical device suppliers.

DESCRIPTION OF MATERIAL SUSTAINABILITY ISSUES

Guidelines and method applied

RaySearch bases its sustainability performance measurement and reporting on a materiality assessment. The materiality assessment was conducted in 2018 and revised in 2022. The assessment included the following steps:

Step 1. Identify impacts

Based on the environment, social conditions, employees, respect for human rights and anti-corruption, RaySearch identified a number of sustainability issues.

Step 2. Analysis and assessment

The issues identified in Step 1 were analyzed on the basis of RaySearch's impact and the relevance of each issue for stakeholders. Based on the results in Step 2, each specific issue was compared with the others. The three issues considered material are innovative software development [section 7.1], strategic partnerships [section 7.2], and attractive employer [section 7.3].

Step 3. Validate relevance

The three most relevant areas were validated with stakeholder groups, benchmarking and relevant frameworks.

Presentation of material issues

RaySearch's material issues are innovative software development, strategic partnerships and attractive employer. Each issue has sub-categories and addresses RaySearch's disclosures of information regarding social conditions, employees, the environment, respect for human rights and anti-corruption.

The table below shows the three material issues. Sub-categories are also presented for each issue. These are considered key aspects of the topic and are explained in more detail.

1. INNOVATIVE SOFTWARE DEVELOPMENT TO CONQUER CANCER

1.1 INNOVATION AND STREAMLINING

1.2 HIGH PATIENT AND PRODUCT SAFETY

1.3 DATA SECURITY

1.4 ENERGY EFFICIENCY

2. STRATEGIC PARTNERSHIPS ARE CRUCIAL

2.1 HIGH BUSINESS ETHICS

3. ATTRACTIVE EMPLOYER

3.1 SKILLS PROVISION

3.2 COMPANY CULTURE

3.3 DIVERSITY

3.4 LEADERSHIP

3.5 WELLBEING

SUMMARY TABLE – OUTCOMES AND PLANS 2022/23

The following table summarizes targets, overall KPIs, outcomes, status, risk mitigation and policies for RaySearch's material sustainability issues.

Topic 1 – Innovative software development to conquer cancer

Main risks

- Risk of deficiencies in patient safety, product safety and data security: Control system deficiencies may lead to patient harm, contractual losses, brand damage and low business valuation.
- Risk of skills shortage: A skills shortage may impede the innovation process. This could lead to a further loss of skills which could further impede the innovation process and reduce the ability of the company's solutions to compete with market developments.
- Risk of environmental impact: Risk of not managing and mitigating the negative environmental effects of the company's activities, products and supply chain effectively, which may lead to non-compliance with legal requirements as well as financial, reputational and environmental damage.

Applicable policies and guidelines:

- Quality assurance system
- Compliance Analysis – data security
- Environmental Management System Policy

Primary KPIs	Target	Outcome 2022	Outcome 2021	Status	Comments
No. of patient safety incidents	0	6	1	X	Target will continue until 2023 with possible adjustments for CSRD requirements.
No. of new product launches	9	5	8	X	In the second-half of 2022, a major restructure of parts of RayStation, RayCare and RayCommand was prioritized, whereby the launches planned for December were postponed until 2023.
Secondary KPIs		Outcome 2022	Outcome 2021		Comments
Granted patents		45	63		In 2022, RaySearch was granted 45 new patents, which is confirmation of the company's continued innovation capability.
Ongoing patent applications		261	176		In 2022, the number of new patent applications remained unchanged from 2021. However, the total number of applications increased through international patent filing.

Topic 2 – Strategic partnerships

Main risks

- Risk of unethical business relationships due to a negative business culture and unclear rules, which could affect the company's ability to handle corruption and human rights appropriately and result in claims for damages.

Applicable policies and guidelines:

- Anti-corruption policy
- Code of Conduct

Primary KPIs	Target	Outcome 2022	Outcome 2021	Status	Comments
No. of confirmed corruption incidents	0	0	1	✓	Target will continue until 2023 with possible adjustments for CSRD requirements.

Secondary KPIs	Outcome 2022	Outcome 2021
Employees who underwent compliance training	94%	95%

Topic 3 – Attractive employer

Main risks

- Risk of losing key employees due to the company's poor employer brand, which could lead to a lack of talent, poor employee wellbeing and loss of creativity and innovation capability.
- Risk of physical and mental stress due to a heavy workload, which could lead to higher sickness absence and employee turnover, and result in a weaker company culture and growth rate.

Applicable policies and guidelines:

- Code of Conduct
- Health & Safety Policy
- Staff Rehabilitation Policy
- Policy against Discrimination, Harassment and Victimization

Primary KPIs	Target	Outcome 2022	Outcome 2021	Status	Comments
eNPS score	+20	+14	+30	X	Target will continue until 2023 with possible adjustments for CSRD requirements.

Secondary KPIs	Outcome 2022	Outcome 2021
Level of education	91%	96%
No. of PhDs in R&D	16.7%	18.6%
Employee growth rate	-48, -9%	70, +4%
No. of employees at year-end	370	418
Distribution in offices	267 Stockholm, 101 subsidiaries	303 Stockholm, 109 subsidiaries
Gender distribution (total)	Men 66%, women 34%	Men 66%, women 34%
Gender distribution (senior positions in Sweden)	Men 66%, women 34%	Men 64%, women 36%
Gender distribution (Board)	Men 80%, women 20%	Men 60%, women 40%
Gender distribution (senior positions)	Men 74%, women 26%	Men 70%, women 30%
No. of nationalities	29	35
Equal pay	Yes, no official figures	Yes, no official figures
Competence development initiatives	Global knowledge-sharing sessions 2022	Increased, no official figures
No. of managers who underwent leadership training	96%	100%
Sickness absence	2.9%	1.5%
Wellbeing allowance use rate	83.6%	78.8%
Employee turnover	19, 2%	14.6%

STRATEGY AND TARGETS WITH A SUSTAINABILITY FOCUS

The business strategy is linked to RaySearch's three material sustainability issues in order to create value and realize the company's mission. The three strategies that were revised prior to the 2021 financial year remained in place throughout 2022 with continued relevance for 2023.

Overall objectives

- To reduce premature mortality from cancer by one-third by 2030.
- To strengthen our position in the radiation therapy market and thereby give more cancer centers access to more effective radiation therapy.
- To identify and implement strategies to reduce employee turnover to less than 10%.
- To identify and implement strategies to keep sickness absence below 2% and reported work-related injuries and illness at 0%

1. Innovative software development to conquer cancer

To realize the company's mission to provide innovative software, RaySearch needs to invest heavily in R&D. A strong focus on leading functionality, streamlined workflows and broad support for a wide range of treatment modes and types of radiation therapy machines is required. During the 2018-2022 period, average investment in R&D was 34 percent of net sales annually. By following this strategic line, RaySearch can develop software products that are safe and effective for patients from a product, data and clinical perspective, and help to realize the vision of a world where cancer is conquered and thereby, from a social perspective, increase global health and wellbeing.

2. Strategic partnerships are crucial

To realize the company's mission of providing innovative software, RaySearch needs to be able to legitimately promote and bring products to market. This is achieved through strategic partnerships. Therefore, the company will continue to develop collaborations with current and future strategic partners, such as world-leading clinics, research institutes and medical device suppliers. These collaborations should be characterized by good business ethics, which is why measures are taken to prevent corruption and protect human rights.

3. Attractive employer – a pioneer with a clear mission

To realize the company's mission of providing innovative software, RaySearch needs to be an attractive employer. This is achieved by working ambitiously and sustainably to engage and attract employees via upskilling, an innovative company culture, diversity, inclusion, leadership and wellbeing.

Innovative software development to conquer cancer

In 2022, to ensure the continued development and delivery of innovative software solutions that are helping to conquer cancer all over the world, RaySearch focused on enhancing the customer experience in new and existing software, while also strengthening development teams. The customer experience has been improved by integrating customer feedback into the development of the new RayCommand treatment control system. RayCommand is RaySearch's unified treatment control system. To enable the launch, teams predominantly worked in the office to build a strong team spirit and inspire idea generation. New employees were also brought into teams by recruiting students in autumn 2022 via the RayAcademy initiative. RayAcademy provides an accelerated onboarding process for new employees, allowing them to step into their positions and projects faster. Teams are important for continuous innovation, so the loss of key employees and innovation capability would therefore expose the company to significant risk. RaySearch works actively to retain talent through its HR processes and related policies. For more information, refer to section 4.3. One approach is to offer employees the flexibility to work in the teams where they feel they can create the most value.

Another risk is the failure to provide innovative software due to poor patient or product safety, or inadequate data security. RaySearch manages this risk by maintaining a robust quality assurance system that is reviewed annually. Patient safety incidents are also a primary KPI. In 2022, six incidents were reported.

In 2023, the plan is to focus on developing the quality of products by linking them together. Clinics should be able to streamline their cancer treatment by recognizing RaySearch's software environment at any stage of the treatment they are providing.

Innovation via streamlining

For RaySearch, continuous innovation is a prerequisite for success. About half of the company's employees work in R&D. A key element of the development process is to continuously help to improve resource efficiency in cancer care in regard to time, quality, costs and material. The greater the efficiency of work flows and effectiveness of treatment devices in the radio therapy clinics, the more patient lives can be saved and improved. Clinics that want to improve their radiation therapy do not have to upgrade to the latest hardware. They can achieve equally positive outcomes by choosing RayStation for their treatment planning, since this software can optimize the performance and extend the life of their radiation therapy machines. The productivity gains could amount to 25–40 percent, which leads to improved quality of care and the capacity to treat more patients. RaySearch's oncology information system, RayCare, is a powerful tool for automating and streamlining workflows, and for optimizing the resource utilization of cancer centers. This proved particularly important during the COVID-19 pandemic, when efficiency enhancements saved valuable time and resources.

In 2022, there was a major focus on launching RayCommand. The treatment control system serves as a seamless link between the treatment machine and the treatment planning and oncology information systems. In April 2022, MedAustron in Austria started using the product clinically to streamline position controls before, during and after the treatment. Efficient coordination of the body position is crucial for the delivery of safe and effective patient treatments, regardless of the type of treatment machine. RayCommand differs from RaySearch's other products because the system is closely integrated with a wide range of treatment control systems. RayCommand is initially expected to be interesting for new suppliers of radiation therapy machines who can integrate RayCommand instead of developing a completely new treatment control system.

In 2022, the development process that commenced in the Machine Learning Department in 2021 continued. The focus was on the development of machine learning applications for RaySearch's products. Since 2018, machine learning applications have been available in RayStation to automate organ segmentation and treatment plan generation. Substantial time savings have been achieved in patient treatment by using automated organ segmentation. The time saving per patient is 30–45 minutes. This has helped to compensate for the shortage of physicians specialized in radiation therapy, and was particularly valuable during the COVID-19 pandemic.

High patient and product safety

RaySearch's entire operations are impacted by patient and product safety. That patients are not exposed to unnecessary risks when RaySearch's software is used is a prerequisite for maintaining RaySearch's reputation as a leading medical device manufacturer, for broadening the product portfolio and for collaboration with new and existing partners. Not maintaining high patient and product safety would therefore expose the company to a potential risk. RaySearch monitors the number of patient safety incidents and issues Field Safety Notices when necessary. Incidents are also reported to all relevant authorities. RaySearch works pro-actively with patient safety and promptly informs customers about potential risks. Summaries are entered in RaySearch's PSUR (Periodic Safety Update Report) and the area is presented at the annual Management Review. The process is summarized and monitored by RaySearch's Medical Device Safety Officer from the Development Department.

RaySearch complies with all of the relevant regulatory requirements in markets where products are placed. High patient and product safety is ensured by a robust quality management system that is reviewed annually both internally and externally. The quality management system is ISO 13485 certified – the internationally recognized standard of quality and safety for medical device manufacturing – and complies with all relevant ISO/IEC standards. The quality management system is certified by external regulators and, for example, is audited annually by an MDSAP (Medical Device Single Audit Program) recognized Auditing Organization to verify that the medical device manufacturer satisfies the relevant requirements of the regulatory authorities participating in the program. RaySearch

places a major focus on the Quality Department which, together with other relevant departments, is responsible for ensuring that the company's activities comply with the applicable product and patient safety regulations. The Quality and Regulatory Affairs Director is responsible for ensuring that the quality management system meets requirements. The products also implement several industry protocols for medical device connectivity.

Data security

Data security is regulated in the overall quality management system presented in section 1.2. RaySearch thereby integrates data security with its efforts to ensure product and patient safety. Data security can be seen from two main perspectives – the security of products purchased by customers, and RaySearch's own security.

From a customer perspective, RaySearch works hard to ensure that the products cannot be used as an attack vector if the customer is hacked. Measures include not leaving network ports open, ensuring secure structures for the customer's access permissions, and secure transfers of clinical data to the cloud via systems for anonymized patient data.

From RaySearch's own perspective, the company's Development Department assesses every product in the portfolio to ensure cybersecurity compliance, and the IT Security Department maintains the company's overall security. Some of the processes carried out include penetration tests of products and offices. A penetration test is a planned attack on the company's own products, computers or offices with the aim of uncovering any vulnerabilities, whereby the appropriate measures can then be taken.

Energy efficiency

RaySearch is reducing the company's own energy consumption by reducing the power consumption of computers, heating in premises, transport and business travel. A policy has been created for this purpose: Environmental Management System Policy. To cut back on business travel, many meetings have remained virtual. Most of RaySearch's employees work in environmentally certified premises. The energy use of RaySearch's services and the company's own emissions will be mapped in detail when the new European reporting directive (CSRD) comes into force. KPIs linked to CO₂e will then be presented.

Strategic partnerships are crucial

To secure RaySearch's continued ability to develop innovative software solutions, the company maintained and expanded its strategic partnerships in 2022. The main partners are leading medical device suppliers, cancer centers and research institutes.

Understanding and meeting the real needs of clinics is crucial. Innovation and development is therefore carried out in close collaboration with leading cancer centers and research institutes, including the Royal Institute of Technology in Stockholm, the Princess Margaret Cancer Centre in Canada, UMCG in the Netherlands, Heidelberg University Hospital in Germany, and Massachusetts General Hospital and the MD Anderson Cancer

Center in the US. RaySearch also has strategic partnerships with a number of medical device suppliers including IBA, Accuray, Mevion. Our relationships with these partners are close and long-term and employees from the R&D departments engage in continuous dialogue with them.

In 2022, our high demands on business ethics remained unchanged. The measures that are taken to counter corruption and protect human rights are to continuously screen our partners. Since some strategic partnerships exist in countries or areas characterized by corruption and weak legislative protection of human rights, there is a risk that the business culture will not support ethical business relationships, which could harm customers, patients, employees, business partners, society at large and RaySearch. RaySearch manages this risk by implementing the Code of Conduct and Anti-corruption Policy, which support the internationally recognized and rigorous screening process. Progress is tracked using the “No. of confirmed incidents of corruption” KPI, which is measured annually and presented in the table in section 6. No confirmed incidents were identified in 2022.

In 2023, a review of the screening process will continue in order to satisfy the new regulations. In addition, the Finance Department will continue to finalize a purchasing policy as a further step to counter corruption. This will enable RaySearch to ensure regulatory compliance at an additional level of collaboration.

High business ethics

Responsible business is the key to success in all internal and external relationships. Responsible business refers to RaySearch's ethical and sound business principles that follow local and international regulations and have zero tolerance of corruption, anti-competitive practices or human rights abuse. In order to incorporate this into the operations, responsibility has been spread across the company based on the Anti-corruption Policy, Code of Conduct and a screening process for business relationships within the framework of RaySearch's trade compliance program.

The responsibility for business ethics lies with each respective department. The company's Quality Department conducts regular reviews of the company's policies and processes, while the responsibility for implementation and decision-making lies with each department. The Legal Department assists in drawing up contract templates and offers continuous advice in accordance with applicable laws, rules and ethical codes, such as when new research projects and contracts with health and medical services are initiated. The Legal Department also has overall responsibility for the Code of Conduct, the company's Anti-corruption Policy and collaboration guidelines, based on the medtech industry's ethical codes [Global Policy on Interactions with Healthcare Professionals]. The Department is also responsible for training and informing all employees. The Board is regularly informed about matters related to business ethics and regulatory compliance by the CEO and General Counsel.

RaySearch's Code of Conduct provides a framework for what RaySearch considers responsible and sustainable behavior. No significant changes were made to the Code of Conduct in 2022. The Code of Conduct continues

to define the ethical principles and policies that guide the company's business operations. The Code of Conduct was adopted by the Board at the end of 2017 and implemented in the quality management system in early 2018. The Code of Conduct has been adapted for RaySearch's operations and is based on the Universal Declaration of Human Rights, the ILO Conventions, the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Part of the Code of Conduct describes RaySearch's zero tolerance of working conditions similar to modern slavery, internally and by suppliers. As part of these efforts, a Modern Slavery Statement is prepared every year, where the Board presents the measures taken to ensure that modern slavery and trafficking are not taking place in any part of our supply chain. RaySearch's Modern Slavery Statement for the 2022 fiscal year is available on RaySearch's external website. The Code of Conduct covers all employees, Board members, independent consultants and other people acting on behalf of RaySearch. The Code of Conduct is available on the intranet and is also highlighted during the induction program for all new employees. The Code of Conduct is also a key element of RaySearch's Compliance Program Training, which all employees complete every year. In 2022, 94 percent of employees completed this training. RaySearch monitors its business ethics measures by reporting the number of confirmed corruption incidents and actions taken during the year, as well as the number of legal disputes related to anti-competitive practices. In 2022, no confirmed corruption incidents or legal disputes related to anti-competitive practices were reported.

In markets where RaySearch does not have its own sales organization, the company works with external distributors and agents. This business model places high demands on internal strategies and processes to identify and counter corruption risks. RaySearch conducts business activities in several geographic markets where corruption is both a risk and a real obstacle to growth and development. There is also a clear link between countries with widespread corruption and lack of respect for human rights. RaySearch therefore works pro-actively with screening processes to ensure that strategic and ethical collaborations are in place.

RaySearch's trade compliance program applies effective due diligence using internal and external tools. Screening processes have existed since 2017 but were updated and broadened in 2022 and now include all transactions and intermediaries. The scope of the screening is based on a risk assessment (including the risk of corruption and sanctions) on a case-by-case basis. Other measures include distribution of the Code of Conduct to business partners, especially distributors and agents, together with the requirement to sign RaySearch's Code of Conduct Compliance Form. The responsibility for screening and monitoring suppliers lies with each respective department.

Attractive employer

During the year, a particular focus was devoted to attracting the right talent, maintaining a strong talent pipeline, and building a 'we-feeling' in the workplace culture to promote innovation. The recovery process that commenced after the pandemic in 2021 therefore continued. In 2022, the

initiatives were directly related to proactive management of the risks of losing key employees, poor employee wellbeing and loss of creativity and innovation capability. To manage these risks, efforts are ongoing to implement RaySearch's Code of Conduct, Health & Safety Policy, Staff Rehabilitation Policy and Policy Against Discrimination, Harassment and Victimization, which ensure good working conditions for all employees at RaySearch.

RaySearch conducts annual employee satisfaction surveys for the entire company in order to measure and monitor the results of implemented activities, to identify areas for improvement and to gather feedback from employees. Progress is tracked using the Employer Net Promoter Score (eNPS), and the score for 2022 was +14. In 2022, the strongest drivers for working at RaySearch were leadership, ambitious colleagues, the work climate, teamwork, atmosphere, high level of motivation and stimulating tasks.

For 2023, the focus will lie on areas with lower levels of satisfaction in the employee satisfaction survey. These include business communication, career opportunities, workload and stress management.

Skills provision

Competence development and performance monitoring are key factors for RaySearch since innovation and development are crucial for continued success. To manage the risk that employees no longer develop or feel motivated, several initiatives take place within the company. Skills provision is divided into two categories – attract new employees, and develop existing employees.

RaySearch works in several ways to attract new workers who can meet tomorrow's needs. Employee dialogue has revealed that colleagues, an open culture, training opportunities and flexibility are valued highly by employees. In addition, there is an established process that ensures that every employee has the best conditions to contribute to the company's mission and targets. The basis is regular conversations between managers and employees with a focus on constructive feedback but may also take the form of employees assuming new roles and challenging tasks together with their colleagues, with opportunities to use the latest technologies for software development. Employees are encouraged to take advantage of internal and external training opportunities, and to participate in trade fairs and other external events. RaySearch has a long-term vision to devote more focus to learning and development. In 2021, a learning and training platform was implemented to increase the range and availability of competence development initiatives for employees, and this was presented to employees in 2022. In addition to the learning and training platform, a skills sharing initiative was started in summer 2022 enabling employees to share their experience, new innovations, new research or new standards internally. This spreads knowledge within the company and also means that employees are inspired by the innovations and development opportunities that exist within the company. This initiative will also continue in 2023.

In addition to the ongoing initiatives for existing employees, efforts are also taking place to attract new employees with the skills that are needed

to develop tomorrow's product portfolio. In 2022, efforts continued to shift the employment strategy from a focus on senior competence to attracting younger talent via RayAcademy's ambitious induction programs. To maintain the pace of innovation over time, recruiting people with the right skills as well as a desire to develop is essential. Therefore, RaySearch primarily employs new graduates who want to develop internally. Many of the people who are now RaySearch's leading experts came into the company via that path.

Company culture

RaySearch's shared values are focused on what makes a real difference for cancer patients. During the pandemic, water cooler chat disappeared and the innovative business culture was affected to some degree. To manage this risk, RaySearch worked pro-actively to regain a 'we-feeling' in 2022 through increased collaboration on site in offices. Otherwise, a stable, innovative, engineering-oriented and values-based culture was maintained that encouraged employees to follow unconventional paths. This is important for encouraging employees to stay with the company and creates a more attractive position for RaySearch in recruitment processes. RaySearch's Code of Conduct describes the values that are most important for the company. All employees become acquainted with the Code through both introductory seminars and regular training. RaySearch strives to create a workplace that supports both professional and personal development for employees and that promotes health and wellbeing. Retaining and attracting new and talented employees who match existing and future needs for skills is essential for RaySearch's continued success.

Diversity

The starting point is that diversity helps to create broader perspectives and therefore more innovative software products. Promoting diversity is therefore a way of working towards the company's vision to conquer cancer. The focus was therefore to identify the employees with the greatest ability to understand the technically complex products that the company develops. The process that was initiated in 2021 in competency-based recruitment, implementation of the Policy Against Discrimination, Harassment and Victimization, equal treatment and equality of opportunity for development, continued.

Everyone's knowledge, skills and abilities should be respected and valued regardless of sex, gender identity, ethnicity, religion, disability, sexual orientation or age. No form of discrimination, harassment or victimization is tolerated. RaySearch's Policy Against Discrimination, Harassment and Victimization contains clear guidelines for preventing, managing and monitoring such situations. In addition, continuous and preventive efforts are carried out to ensure equal treatment, which was put to the test during the COVID-19 pandemic when RaySearch as a company managed the special needs that arose in relation to the living situation of employees. A global review and in-depth training program in the area of discrimination and victimization that was carried out at the end of 2021 continued to influence work in 2022. Creating a workplace where all employees are given the

same conditions and opportunities is important, and the company has worked purposefully with a focus on equal treatment and gender equality. Treating each other with respect is a basic requirement of our business. Every individual is encouraged to contribute to their full potential.

During the year, efforts to avoid discrimination in recruitment continued within the framework of our competence-based recruitment process. This is carried out to further intensify the focus on an objective evaluation of competence. In the process to promote equal rights and opportunities, RaySearch also created a new internal recruitment procedure with the aim of promoting opportunities for career development and qualifications-based selection. RaySearch has maintained a high percentage of women compared with the industry average and in 2022, women accounted for 34 percent of the company's global workforce. This proportion is expected to increase in line with the expected increase in the proportion of women who choose a career in technology. RaySearch is therefore adapting its communication to address this change. The annual salary survey indicates that RaySearch's efforts to achieve equal pay have been successful. In 2022, RaySearch still had a few cases of unequal pay but since this is continuously followed up with action plans, any unjustified pay differentials between men and women have gradually decreased, which has also been noted over the past five years. In 2022, the number of nationalities among employees increased from 35 to 29. Having employees with a range of cultural backgrounds and language skills is a strength for RaySearch, particularly in contacts with customers all over the world.

Leadership

In 2022, RaySearch's leadership was focused on recreating a 'we-feeling' after the pandemic and in March 2022, a Back to the Office Policy was established to bring back a sense of community and maintain the company culture. The policy is based on an 'office first' principle, where

employees are encouraged to come in to the office for at least three days a week. The initiative applies for the entire organization and includes all employees, including managers. The policy makes it easier for managers to ensure the health of employees through in-person meetings and allows teams to meet and exchange ideas to facilitate collaboration.

In 2022, leadership teams also adapted the size of teams to enable continuous monitoring with employees and this initiative was supported by internal training for managers. During the year, training for employees in senior-level positions, not only managers, continued. RaySearch has a high level of ambition, with the aim that all of our managers and employees in senior roles will complete leadership training. At the end of the year, 96 percent of managers had completed leadership training. Since RaySearch has appointed many senior roles during the year, such as project managers and team leaders, these leadership initiatives will also continue in 2023. New managers at RaySearch undergo both internal and external management training.

Wellbeing

RaySearch aims to offer employees an excellent physical and psychosocial work environment and opportunities to achieve a healthy work-life balance. In 2022, the focus was on making it easier to work at RaySearch. This involved a continued investment in compensation and benefits that help to make the working day easier. For example, the company will continue to provide a bistro with breakfast. There is also a new gym at the Stockholm office. In 2022, the take-up rate of the wellbeing allowance increased to 83.6 percent. Sickness absence rose slightly to 2.87 percent in 2022, from 1.5 percent in 2021. There is no clear trend at present to explain this increase but in 2023, a focus will be placed on stress and workload, which currently are two areas with lower levels of satisfaction in the employee satisfaction survey.

Stockholm, April 26, 2023

Hans Wigzell
Chairman of the Board

Carl Filip Bergendal
Board member

Johan Löf
CEO and Board member

Britta Wallgren
Board member

Günther Mårder
Board member

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF RAYSEARCH LABORATORIES AB (PUBL), CORPORATE IDENTITY NUMBER 556322-6157

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 10–19 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's opinion regarding the statutory sustainability

statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A statutory sustainability statement has been prepared.

Stockholm the day of our electronical signature

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant



“Over 900 clinics using RayStation to plan patient treatments every day, a huge R&D department constantly extending and refining the functionality, and a fantastic service team that guides the users. It’s great to work with RayStation!”

EMIL EKSTRÖM

Product owner for RayStation

ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

ADMINISTRATION REPORT

The Board of Directors and CEO of RaySearch Laboratories AB (publ), Corporate Registration Number 556322-6157, hereby present the annual accounts and consolidated financial statements for the fiscal year of January 1-December 31, 2022. The Parent Company and the Group present their financial statements in SEK. The company's Board of Directors is based in Stockholm.

OPERATIONS

RaySearch Laboratories AB (publ) is a medical technology company that develops innovative software solutions to improve cancer care. RaySearch markets the RayStation® treatment planning system (TPS) and the RayCare® oncology information system (OIS). The latest additions to RaySearch's product line are RayIntelligence® and RayCommand®. RayIntelligence® is an innovative cloud-based oncology analytics system that cancer centers can use to gather, structure and analyze data. The RayCommand® treatment control system (TCS) is designed to link the treatment machine and the treatment planning and oncology information systems. 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.

RaySearch's vision is a world where cancer is conquered. A large part of development in cancer treatment is already driven by various software systems and the company's mission is to provide innovative software to continuously improve cancer treatment that improves quality of life for patients and saves lives. RaySearch's main revenue is generated when customers pay an initial license fee for the right to use RaySearch's software and an annual service fee for access to updates and support. All software systems are developed at RaySearch's head office in Stockholm and sold and distributed by the company's global marketing organization.

The company's strategy is based on a strong focus on innovative software development with leading functionality, support for streamlined workflows – including digitization, automation and machine learning – and broad support for a wide range of treatment modes and types of radiation therapy machines. The company also engages in close collaboration with world-leading clinics and industrial partners, and invests heavily in R&D.

RayStation is established in all major global markets as one of the most advanced treatment planning systems for radiation treatment of cancer. The company's sales success is based on RayStation's high calculation speed, support for adaptive radiation therapy, automated workflows, unique multi-criteria optimization and user-friendly interfaces. Another strength is the wide range of radiation therapy machines supported by the system – more than any other treatment planning system. RayStation helps to improve the radiation therapy process and to extend the life of the treatment machines, which means they can be used more effectively.

This means that clinics that want to improve and develop their care are no longer dependent on buying the latest treatment machines – they can achieve similar, positive outcomes by opting for RayStation as their treatment planning system. Overall, more and more highly regarded cancer centers can now confirm that RayStation is helping them to optimize their radiation therapy process and enabling more effective use of their existing radiation therapy machines.

Treatment planning for proton therapy (protons/carbon ions/BNCT) is a key area of focus for RaySearch. The company has a global market share of more than 50 percent in this advanced market segment. Less than 1 percent of all patients who receive radiation therapy receive proton therapy, but an estimated 20 percent could benefit from treatment with protons, which indicates significant growth potential in this field.

Ever since RayStation was first released, RaySearch has focused on and achieved major sales success in several of the world's most advanced and renowned radiation therapy clinics. To date, over 900 cancer centers in more than 40 countries have purchased RayStation. At the same time, there are more than 8,000 radiation therapy clinics worldwide, so the company's growth potential is still high.

Alongside of this, the company's oncology information system (OIS), RayCare, is rapidly becoming the next-generation OIS. RayCare is fundamentally different to other OISs and the system has been designed to support and optimize various work flows at modern cancer centers. Many cancer patients are treated with a combination of treatments and unlike existing systems, RayCare is a comprehensive information system that supports the three main types of cancer treatment – radiation therapy, chemotherapy and surgery. It brings integrated cancer care within reach of many cancer centers, which will create clinical possibilities that are unachievable for competing systems. RayCare coordinates all activities efficiently and provides advanced features that include clinical resource optimization, digitization and workflow automation as well as adaptive radiation therapy. The system has also been developed to meet tomorrow's need for advanced analysis and decision support. In 2022, efforts to develop communication (interoperability) between RayCare and Varian's TrueBeam® linear accelerator continued. The process has taken longer than estimated and is expected to be complete in the first-half of 2023. Interoperability with TrueBeam® is a key factor for increasing market potential for RayCare.

The development of RayCare has been taking place for a long time, in collaboration with members of the RaySearch Clinical Advisory Board: MD Anderson Cancer Center, Princess Margaret Cancer Centre, University of Wisconsin-Madison and Provision Healthcare in the US, Heidelberg University Hospital in Germany, MedAustron in Austria, Swiss Medical Network in Switzerland, the University Medical Center Groningen in the Netherlands and Iridium Network in Belgium. In addition to these partners, the

growing group of RayCare customers is also contributing to the development process. Solving the coordination, safety and efficiency needs of the world's cancer centers is one of RaySearch's most exciting challenges to date. The company's collaborations with leading clinics provide good conditions for success by combining their extensive clinical know-how with RaySearch's ability to develop innovative software.

Since 2018, machine learning applications have been available in RayStation to automate organ segmentation and treatment plan generation. In 2022, the department continued to develop the cloud-based RayIntelligence oncology analytics system, which was launched in December 2020 to make it easier for clinics to use their data to streamline, personalize and improve future treatments, and to train machine-learning models. RayIntelligence offers the stable data infrastructure that a clinic needs to personalize treatment protocols and thereby improve treatment outcomes. The system has tools for analyzing trends and performance, and also gathers and provides an overview of all clinical activities.

In 2022, a key milestone was achieved for the RayCommand treatment control system: clinical use at MedAustron in Austria. RayCommand offers uniform management, synchronization and control of important systems in the radiation therapy room – the treatment machine, treatment bed, imaging systems and patient positioning devices. At MedAustron, RayCommand is used together with RayStation and RayCare, offering streamlined workflows and automated data transfers between the systems. These important features contribute to enhanced operational efficiency and safety throughout the course of radiation treatment delivery.

RaySearch is an R&D-oriented company in which about half of the company's employees are engaged in R&D, and about 34 percent of the company's net sales over the past five years have been reinvested in R&D.

Research activities form the basis for next-generation systems and products. Research is conducted in close collaboration with the Royal Institute of Technology in Stockholm, MD Anderson Cancer Center in Houston in the US, Leeds Teaching Hospitals NHS Trust in the UK, UMCG in the Netherlands, and Heidelberg University Hospital in Germany. Development is focused on transforming customer demands and the company's innovations into commercial products. This takes place by creating new products, and by further developing and maintaining existing products. Development activities apply an agile approach and modern tools in close collaboration with leading clinics and industrial partners all over the world.

HIGHLIGHTS OF THE YEAR

RayStation was selected by several leading cancer centers

In 2022, several leading cancer centers chose the RayStation treatment planning system, including:

- Proton International Arkansas for Radiation Oncology Center, which is part of the University of Arkansas for Medical Sciences (UAMS) Winthrop P. Rockefeller Cancer Institute,
- Montérégie Integrated Cancer Center (CICM), which is part of the Charles LeMoine Hospital in Longueuil in Quebec, Canada.
- Hong Kong Sanatorium & Hospital
- Seoul National University Hospital (SNUH) in South Korea
- In collaboration with Meivion China, Tongji Hospital in Wuhan, China.
- Region Västerbotten to the Radiation Therapy Department at the University Hospital of Umeå, Sweden.
- Harris Health System in Texas, US

- Sunnybrook Health Science Centre – Odette Cancer Centre in Toronto, Canada
- European Institute of Oncology (IEO) in Milan, Italy
- McLaren Proton Therapy Center in Flint, Michigan, US

RaySearch received its largest order to date

In December, Ion Beam Applications S.A. (IBA), which manufactures proton therapy machines, placed an order for the RayStation®* treatment planning system and the RayCare® Oncology Information System for installation at nine proton therapy centers in Spain. RaySearch participated in the public tender in partnership with IBA, which is the main system integrator. The total value of the order is EUR 17.3 M, of which EUR 14.9 M pertains to software licenses.

Agreement to collaborate with Leo Cancer Care to enable upright radiation therapy

RaySearch is collaborating with Leo Cancer Care in Horley, UK, to offer a streamlined treatment planning solution for upright therapy – a key milestone and partnership for the clinical implementation of upright radiation therapy.

MedAustron becomes first center in the world to use RayCommand to treat patients

In May, RaySearch announced that the RayCommand® treatment control system is in clinical use at the innovative center EBG MedAustron GmbH in Wiener Neustadt in Austria. Through this milestone, MedAustron also became the first oncology center to use RayStation, RayCare and RayCommand together to treat patients. MedAustron is a pioneering center for ion beam therapy and research, specialized in advanced cancer care using protons and carbon ions, which is the most advanced form of radiation therapy. The center is one of only six comparable centers worldwide.

RaySearch collaborates with GE Healthcare to improve radiation oncology treatment planning

In May, RaySearch announced an agreement to collaborate with GE Healthcare, a leading global medical technology, diagnostics and digital solutions company, 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.

New versions of RayStation

In June 2022, RayStation 12A was launched, with deep learning segmentation for all users, and new features for brachytherapy were released.

Latest innovations in RayCare and RayIntelligence presented at ASTRO 2022

RayCare 6A brings multiple improvements to task management, treatment management and the patient chart, including usability and efficiency enhancements such as user configured templates for selected workspaces. Version 6A also features improved connectivity with other hospital information systems, providing users with access to information about delivered treatment fractions in the system they prefer to use.

RayIntelligence is an innovative cloud-based oncology analytics system (OAS) that gives meaning to data, empowering cancer centers to reach new levels of personalized care through insights based on clinical data. The latest version (2A) provides support for importing DICOM data from other systems, enabling clinics to consolidate and analyze data from various sources together with RayStation data.

Management change

On April 4, Torbjörn Wingårdh resigned from his position as CFO with immediate effect. The company's Deputy CEO, Björn Hårdemark, was appointed Interim CFO.

On November 15, 2022, Henrik Bergentoft took office as new CFO of RaySearch.

Change in Board of Directors

Lars Wollung, Chairman, and Johanna Öberg, member of the Board and the Audit Committee stepped down from RaySearch's Board of Directors on September 30, 2022. Both have time-consuming operational roles in the company, which they gave as grounds for their decision. The Board decided to appoint Hans Wigzell as new Chairman. An Extraordinary General Meeting on November 9 elected Günther Mårder as new Board member for the period until the next AGM.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

As of March 31, 2023, RaySearch breached a Solidity and an EBIT-DA-based covenant in the company's credit facility with Skandinaviska Enskilda Banken (publ). The total credit facility amounts to SEK 200 million, of which SEK 0 million had been used as of December 31, 2022 and when the annual report is issued on April 26, 2023. RaySearch will apply for a so-called waiver for this breach of covenant, but until such a waiver is obtained, there is no right to use above mentioned credit facility. RaySearch's assessment continues to be that the company's financial position is good and that there is no short-term need for liquidity.

ORDER INTAKE AND ORDER BACKLOG

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

At December 31, 2022, the total order backlog was SEK 1,940.1 M (1,362.9), which is expected to generate revenue of approximately SEK 441 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.

Order intake (amounts in SEK M)	2022	2021
Licenses	569.3	350.7
Hardware	92.7	65.0
Support (incl. warranty support)	501.0	365.0
Training and other	55.5	27.1
Total order intake	1,218.5	807.8

	Dec 31, 2022	Dec 31, 2021
Order backlog (amounts in SEK M)		
Licenses	395.3	176.6
Hardware	64.7	66.2
Support (incl. warranty support)	1,380.0	1,053.3
Training and other	100.1	66.8
Total order backlog at the end of the period	1,940.1	1,362.9

REVENUE

In 2022, net sales rose 31.5 percent to SEK 843.6 M (641.7). The change was largely attributable to an increase in license revenue, which rose 26.5 percent to SEK 388.5 M (307.1). The change in sales at unchanged currencies was 23.2 percent (1.6), and recognized net sales accounted for 69.2 percent (79.4) of total order intake in 2022.

Support revenue rose 20.3 percent to SEK 323.1 M (268.5), accounting for 38.3 percent (41.8) of net sales. Hardware sales, which have a limited profit margin, rose 105.4 percent to SEK 105.8 M (51.5). Excluding hardware sales, sales rose 25.0 percent.

Revenue distribution (amounts in SEK M)	2022	2021
Licenses	388.5	307.1
Hardware	105.8	51.5
Support (incl. warranty support)	323.1	268.5
Training and other	26.3	14.5
Net sales	843.6	641.7
Sales growth, corresp. period, %	31.5	-1.6
Organic sales growth, corresp. period, %	23.2	1.6

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

OPERATING PROFIT/LOSS

For full-year 2022, operating profit 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, organic sales growth was 23.2 percent (1.6) in 2022. In addition, exchange-rate losses on balance sheet items amounted net to SEK -11.3 M (gains: 11.1). Currency effects therefore had a positive impact on net sales and operating profit in 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 3.0 M, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 2.3 M in 2022. The company follows a financial policy established by the Board, whereby foreign exchange risk is not hedged. Refer to the sensitivity analysis in Note 21d on page 56.

Capitalization of development costs

RaySearch is a research and development-oriented company that makes significant investments in the development of various software solutions for improved cancer treatment. At December 31, 2022, 193 employees (211) were engaged in research and development, corresponding to 52 percent (50) of the total number of employees.

Capitalization of development costs	2022	2021
Research and development costs	234.6	270.0
Capitalization of development costs	-188.0	-203.3
Amortization of capitalized development costs	192.2	166.7
Research and development costs (after adjustments for capitalization and amortization of development costs)	238.8	233.4

In 2022, RaySearch continued to invest in both existing products and future products. Overall, research and development costs rose 13.1 percent to SEK 234.6 M (270.0) in 2022, corresponding to 28 percent (42) of the Group's net sales. The decline was largely attributable to fewer 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). The increase was attributable to an expansion of development activities, and that amortization periods had commenced for all products.

Research and development costs (after adjustments for capitalization and amortization of development costs) rose 2.3 percent to SEK 238.8 M (233.4).

Amortization and depreciation

Total amortization and depreciation for the year amounted to SEK 297.0 M (250.2), of which amortization of intangible fixed assets totaled SEK 192.4 M (167.0), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 104.6 M (83.1).

PROFIT/LOSS FOR THE PERIOD AND EARNINGS/LOSS PER SHARE

For full-year 2022, profit after tax totaled SEK 23.8 M (loss: 47.3), representing earnings per share of SEK 0.69 (loss: 1.38) before and after dilution.

Tax expense for the year amounted to SEK 8.6 M (-11.4), corresponding to an effective tax rate of 26.6 percent (-19.4). In the preceding year, a tax asset was recognized in the Parent Company in relation to tax loss carry-forwards.

CASH FLOW AND LIQUIDITY

In 2022, cash flow from operating activities increased to SEK 356.8 M (238.2). The change was largely attributable to improved earnings and a positive change in working capital.

At the end of the period, the company's total customer receivables accounted for 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 was attributable to increased payments from customers, including advance payments.

Cash flow from investing activities was SEK -231.5 M (-237.6). Investments in intangible fixed assets amounted to SEK -188.0 M (-203.3) and comprised capitalized development costs. Investments in tangible fixed assets amounted to SEK -43.5 M (-52.0) and the increase was largely the result of investments attributable to new head office premises.

Cash flow from financing activities was SEK -78.5 M (-72.2). The change was attributable to repayment of the company's credit facility of SEK 50 M in 2021 and SEK 21 M in 2022. Cash flow for the year was SEK 46.8 M (-71.7) and at December 31, 2022, consolidated cash and cash equivalents amounted to SEK 160.3 M (102.5).

FINANCIAL POSITION

At December 31, 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 comprised various types of customer receivables.

RaySearch's credit facilities comprise a revolving loan facility of up to SEK 150 M that matures in March 2025 and an overdraft facility of SEK 50 M that is renewed annually on December 31. Chattel mortgages amounted to SEK 100 M. At December 31, 2022, short-term loans of 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.

At December 31, 2022, the Group's net debt totaled SEK 395.9 M (458.9). The change was largely attributable to increased cash and cash equivalents.

RESTATEMENT OF FINANCIAL STATEMENTS

In the second quarter of 2022, annual revenue for 2019 and 2020 was restated due to a prior period adjustment. The error occurred in 2019 when a transaction was incorrectly separated into several performance obligations, which affected amounts and periods for the revenue. The restatement affects revenue in 2019 and 2020 for the Group and the Parent Company in an amount of SEK -23.9 M and SEK -2.8 M, respectively, and tax of SEK 5.1 M and SEK 0.6 M, respectively. The effect of this in 2021 is that the opening balance of equity was adjusted by SEK -21.0 M, deferred tax by SEK 5.7 M, and deferred income by SEK 26.7 M in the Parent Company. The effect was the same in the Group. For further information, refer to Note 35.

EMPLOYEES

In 2022, the average number of employees in the Group was 382 (418). At year-end, the number of employees was 370 (418), of whom 267 (308) were employed in Sweden and 103 (110) in foreign subsidiaries.

Of the Group's employees at year-end, 34 percent (34) were women and 66 percent (66) men.

RaySearch strives to offer a positive work environment with attractive and stimulating development opportunities for employees. The company's continued ability to develop high-quality software solutions is dependent on competent, engaged and innovative employees. RaySearch imposes high workplace standards with regard to the environment, health, safety and individualized working conditions.

RaySearch actively promotes diversity and equality and has clear targets for increasing the proportion of women in technical and managerial

positions. The Group strives to help employees achieve a work/life balance and offers flexible solutions wherever possible.

To ensure that all employees are paid fair salaries, regular salary surveys are conducted in Sweden in order to detect, remedy and prevent any unjustified pay differences. In 2021, the survey did not reveal any unjustified or material pay differences in the company.

All employees in the RaySearch Group are entitled to join unions or other organizations.

Sustainability Report

Sustainability is a key aspect of RaySearch's strategy and operations, and the company is working actively to become a sustainable enterprise. RaySearch has prepared a Sustainability Report in accordance with the Swedish Annual Accounts Act. The Sustainability Report can be found on pages 10–19. Other information can be found on the following pages: Risks and risk management: pages 30–32.

SEASONAL VARIATIONS

RaySearch's revenue is subject to seasonal variations that are typical of the industry, whereby the fourth quarter is normally the strongest – mainly because many customers have budgets that follow the calendar year.

FUTURE PROSPECTS

Worldwide, an estimated 19.3 million new cancer cases occurred in 2020. The global cancer burden is expected to be more than 30 million cases in 2040. RaySearch has successfully established RayStation as one of the most advanced and leading treatment planning systems in all major markets around the world, and the sales success for RayStation continues. Since the Group's global market share is still relatively small, the growth opportunities for RayStation are still considered very high.

RaySearch has noted keen interest in RayCare, the groundbreaking oncology information system that the company is developing. A radiation therapy center essentially needs two software platforms for its operations: one information system, and one treatment planning system. RayCare and RayStation will enable RaySearch to provide the entire infrastructure for a clinic's information management and treatment planning. The continued development of RayCare is expected to open new possibilities for RaySearch, both clinically and commercially, which are confirmed by the company's long-term collaboration agreements with several leading cancer centers, such as the University of Texas MD Anderson cancer center and the University of Wisconsin-Madison in the US, the Princess Margaret Cancer Centre in Canada, Heidelberg University Hospital in Germany, MedAustron in Austria, Swiss Medical Network in Switzerland, the University Medical Center Groningen in the Netherlands, Iridium Network in Belgium, and several leading medical device suppliers including IBA, Accuray and Mevion.

PARENT COMPANY

RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. Since the operations of the Parent Company match the operations and financial reporting of the Group in all material respects, the comments for the Group are also largely relevant to the Parent Company.

However, capitalization of development costs as well as right-of-use assets are only recognized in the Group and not in the Parent Company. The Parent Company's current receivables mainly comprise accounts receivable, receivables from Group companies and unbilled receivables. The Parent Company's profit before tax totaled SEK 12.4 M (loss: –77.9) and at December 31, 2022, the Parent Company's cash and cash equivalents amounted to SEK 79.9 M (11.2).

The differences in profitability between the Parent Company and the Group are attributable to the fact that the Parent Company accounts for a relatively high proportion of operating expenses, and that the capitalization of development costs is only recognized in the Group and not in the Parent Company.

TREASURY STOCK

The company had no treasury stock in 2022.

SHARES AND OWNERSHIP

At 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. The quotient value was SEK 0.50 and the company's share capital amounted to SEK 17,141,386.50. Holders of Class A shares are entitled to ten votes per share, and holders of Class B shares to one vote per share, at General Meetings. At December 31, 2022, the total number of voting rights in RaySearch was 110,377,548.

All shareholders entitled to vote at a general meeting may vote for the full number of shares owned or represented by them, with no restrictions on voting rights.

At December 31, 2022, the number of shareholders in RaySearch was 7,165 according to Euroclear, and the largest shareholders were:

Name	Class A shares	Class B shares	Total shares	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 (formerly 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
Second AP Fund	0	1,220,942	1,220,942	3.6	1.1
Carl Filip Bergendal	1,061,577	139,920	1,201,497	3.5	9.7
Nordnet Pensions-försäkring AB	0	718,905	718,905	2.1	0.7
Avanza Pension	0	672,341	672,341	2.0	0.6
Total, 10 largest shareholders	8,454,822	13,838,398	21,293,220	62.1	88.3
Others	153	12,989,400	12,989,553	37.9	11.7
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

Source: Euroclear

As far as the Board of Directors of RaySearch is aware, there are no shareholder agreements for either Class A or Class B shares. There are no special provisions in the Articles of Association regarding the appointment

¹ International Agency for Research on Cancer, WHO, 2020.

and dismissal of Board members, or amendments to the Articles of Association. Should a public offer be tendered to acquire shares in the company, there are no agreements between the company and Board members or employees prescribing any payments should these persons resign, be given notice without reasonable grounds or should their employment cease.

BONUSES

Of the employees in the Swedish Parent Company, RaySearch Laboratories AB (publ), only the CEO and sales personnel are covered by bonus schemes.

Sales personnel in RaySearch's foreign-based sales company are covered by a bonus scheme based on sales-related targets for each of the regions.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The guidelines shall be applied to remuneration that is agreed, and changes made to remuneration already agreed, after the guidelines were adopted by the Annual General Meeting 2021. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

For information about the company's business strategy, visit www.raysearchlabs.com

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration.

These guidelines enable the company to offer senior executives a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-based or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 100 percent of the fixed annual cash salary.

Pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums shall be equal to the Swedish ITP plan, which corresponds to not more than 10 percent of the fixed annual

cash salary for the CEO and not more than 30 percent of the fixed annual cash salary for the other senior executives. The retirement age is normally 65 years.

Other benefits may include life insurance, medical insurance and company cars. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

Criteria for awarding variable cash remuneration, etc.

Any variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

Variable cash remuneration of the CEO shall amount to 2 percent of the Group's earnings before tax. For other senior executives, targets are to be established in accordance with the paragraph above.

When the measurement period for fulfillment of the criteria for receiving variable cash payments has ended, the degree to which the criteria have been met is assessed/determined. The Board is responsible for the evaluation of variable cash remuneration to the CEO. The CEO is responsible for the evaluation of variable cash remuneration to other senior executives. The evaluation of the fulfillment of financial objectives shall be based on the latest financial information published by the company.

The company has no contractual right to recover paid remuneration.

Consulting fees to members of the Board

The company's non-executive, AGM-elected members may in special cases receive a fee for services in their areas of competence, that is not considered Board work, during a limited period. For these services (including services carried out through a company wholly owned by a Board member) a fee should be paid on market terms provided such services contribute to the implementation of the company's business strategy and safeguard its long-term interests, including its sustainability.

Termination of employment

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for 18 months. The period of notice may not exceed six months without any right to severance pay for termination by the executive.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

**The decision-making process to determine,
review and implement the guidelines**

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board shall also monitor and evaluate programs for variable remuneration for senior executives, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are personally affected by such matters.

Deviations

The Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES IN 2023

The remuneration guidelines for senior executives adopted by the 2021 AGM apply thereafter for the next four-year period, provided no adjustments are adopted by the AGM.

CORPORATE GOVERNANCE REPORT

A separate Corporate Governance Report has been prepared, refer to page 74.

DIVIDEND POLICY AND PROPOSAL

According to the Board's dividend policy, RaySearch is to distribute about 20 percent of consolidated profit after tax to its shareholders, provided that a healthy capital structure can be maintained. Since RaySearch is now in an expansive phase, the Board proposes that no dividend be paid for the 2022 fiscal year.

The Group's results and financial position are presented in the following statements of comprehensive income, financial position and cash flow, with the accompanying notes.

PROPOSED ALLOCATION OF THE PARENT COMPANY'S PROFIT

The following is at the disposal of the AGM:

SEK	
Retained earnings	118,236,590
Profit for the year	8,621,722
Total	126,858,312

The Board and CEO propose that SEK 126,858,312 be carried forward.



“The role of RayIntelligence will grow over time as it absorbs more data from an increasing number of sources, enabling users to monitor and understand the current state of the clinic and its treatments, as well as providing insights on how to improve efficiency and treatment quality going forward.”

FREDRIK LÖFMAN

Head of Machine Learning

RISKS AND RISK MANAGEMENT

As a global group with operations all over the world, RaySearch is exposed to various risks and uncertainties, such as market risk, operational risk and financial risk. Risk management within RaySearch aims to identify, measure and reduce risks related to the Group's transactions and operations. In 2020, COVID-19 presented an additional business risk. This risk persists, but is now called 'Pandemics' to clarify that another virus or disease could lead to a pandemic in the future. The Russia-Ukraine conflict that started in 2022 has also led to the identification of 'Geopolitical changes' as a new business risk.

Market risk

RaySearch's presence in a large number of geographic markets entails exposure to political and financial risks both globally, and in individual countries or regions. Weak economic growth and strained finances may, in some markets, have a negative impact on government investment in cancer care and make it more difficult for private customers to secure funding.

Geopolitical changes

Geopolitical risk is the risk of financial, market or personal loss due to political decisions or disruptions. The following examples are political actions that could potentially affect RaySearch in specific markets: decisions made by state-owned leaders regarding military conflicts, trade tariffs/barriers, currency restrictions, taxes, investments, salary levels, labor laws, environmental regulations and development priorities. The effect of the ongoing conflict between Ukraine and Russia has been negligible for RaySearch. Should a similar conflict arise in any of RaySearch's core markets, this could entail a risk of delayed and missed orders, limitations in terms of delivery capacity and, subsequently, a delay in revenue recognition and customer payments.

Pandemics

COVID-19 has shown clearly that pandemics affect RaySearch's operations. The COVID-19 pandemic had a negative impact on RaySearch's sales and earnings in 2020 and 2021 in particular, mainly due to delayed orders. The likelihood that other viruses or diseases will lead to a similar situation in the future cannot be ruled out, which is why the risk remains but is referred to more generally. A pandemic can be associated with the following risks and uncertainties:

- Delayed orders of RaySearch's products, such as when certain hospitals may temporarily be forced to prioritize the treatment of an ongoing pandemic over investments in the company's products for cancer treatment.
- Delayed revenue recognition due to, for example, the inability to fulfill certain performance obligations due to travel restrictions.
- Risk of weaker cash flow, for example, if certain customers experience liquidity problems.

Operational risk

Competition

RaySearch operates in a competitive arena and mainly competes with Varian, Elekta and Philips, which invest major resources in the development of systems and technological solutions that compete with RaySearch's products. RaySearch sells software only, and in some situations there is a risk that the company's competitors could use their positions as hardware suppliers to sell packaged solutions with both hardware and software to customers.

Product development

New products and improved therapies are continuously being released and future developments in the medical technology market could affect RaySearch's ability to compete. RaySearch develops highly advanced systems and technological solutions, and assumes the risk from development stage through to release, which could result in higher costs than anticipated. This is mitigated by continuously monitoring projects, and with quality assurance.

It is also important that the new systems and technological solutions developed by RaySearch are protected from illicit use by competitors. In most cases, RaySearch's advanced software products are protected by copyright, and where possible and appropriate, RaySearch also protects its products through patents and trademark registration.

Strategic partnerships

The medical technology industry is characterized by relatively rapid technological development with advances in industrial knowledge and expertise. RaySearch's system and software products are developed in close collaboration with leading cancer centers and research institutions, including MD Anderson in the US, the Princess Margaret Cancer Centre in Canada and Heidelberg University Hospital in Germany. RaySearch's ability to uphold these long-term and close relationships is crucial to understanding and meeting customer needs.

RaySearch also has strategic partnerships with a number of medical device suppliers including IBA, Accuray, Mevion, and partnerships with Varian and IBA Dosimetry, which sell the company's products. If RaySearch were to lose one or more of these strategic partners, this could have an adverse impact on the company's sales, earnings and financial position.

Alternative therapies

Of the three main types of cancer treatment – radiation therapy, surgery and chemotherapy – radiation therapy is the therapeutic approach that has increased most for curative groups over the past 20 years. RaySearch also expects radiation therapy to be an important treatment option in the future.

Cybersecurity and disruption of IT systems

RaySearch sees a growing need to use and analyze personal and treatment data, which is necessary if the company is to further develop the product portfolio. For example, RaySearch released the cloud-based oncology analytics system RayIntelligence in 2020 and the company is planning to release a new IT hosting service in 2021. Such offerings must comply with the data protection laws of various countries and with due regard for the appropriate measures to protect this data from damage, manipulation and intrusion. RaySearch's operations are dependent on several advanced IT systems and solutions that must be protected from damage and undue intrusion while also complying with international data protection and privacy laws. RaySearch is also dependent on successful relationships with partners across the value chain, especially critical service providers.

Sales organization

RaySearch sells its system and products both through its own sales organization and through an external network of distributors and partners. The company's continued success is dependent on the ability to build and maintain successful customer relations, and to establish and maintain an efficient marketing organization and successful partnerships with external sales channels.

Corruption

Corruption is an obstacle to development and growth in some of the countries in which RaySearch operates. RaySearch has zero tolerance of all forms of corruption, including bribery, fraud and anti-competitive practices. RaySearch therefore works continuously to strengthen its existing compliance program with, for example, background screening processes and certification of business partners, and other internal procedures to address and prevent the various anti-corruption issues that can arise within the framework of the business operations.

Regulatory approvals and processes

RaySearch operates in a range of geographic markets, which exposes the Group to a large number of laws, regulations, policies and guidelines in relation to health and safety, the environment, trade barriers, competition, exchange control and the delivery of systems and products. As a developer of medical devices, RaySearch's operations are governed by the requirements and standards determined by healthcare regulators. Consequently, changes may result in increased costs or barriers to sales of RaySearch's systems and products.

Like other companies in the same industry, RaySearch is dependent on assessments and decisions by the relevant authorities in most of the markets in which the company operates. Such assessments include product safety and permission to market and sell medical devices. Applications to such authorities require extensive documentation, and unfore-

seen circumstances may delay the opportunity to introduce, market, sell and deliver systems and products, as well as prevent or restrict the commercial benefit and/or cause substantial additional costs.

To consistently produce high-quality products, reduce duplication of documentation for applications and to meet legal requirements, RaySearch conducts its operations in accordance with a quality management system that also complies with product safety standards issued by the International Electrotechnical Commission (IEC) and the International Organization for Standardization (ISO). The quality management system is evaluated and certified by external regulators and inspected regularly. Should serious exceptions be identified, for example, this could result in delays and suspended deliveries of RaySearch's systems and products.

RaySearch continuously evaluates the conditions for entering new markets. The opportunities and risks involved are taken into account. Many markets have their own regulatory requirements for registration, which could potentially delay marketing authorization and product releases.

Dependence on qualified personnel and key individuals

RaySearch is dependent on talent to develop its advanced medical technology systems, which requires highly qualified employees. The company's ability to attract, recruit and retain qualified personnel, a number of key individuals with specialized skills as well as management is crucial, and highly significant for the Group's future success.

Changes to reimbursement systems

RaySearch's ability to commercialize its solutions depends on the level of reimbursement that hospitals and clinics can receive. Reimbursement policies vary between countries and changes to current reimbursement systems in relation to health care products or the introduction of new rules could have a direct impact on demand for RaySearch's products.

Legal disputes

Through its operations, RaySearch is occasionally at risk of becoming involved in disputes related to its operating activities. Such disputes may involve product liability, contractual matters, intellectual property rights and alleged defects in deliveries of goods and services. Disputes can be costly, time-consuming and impede ongoing operations. Disputes relating to intellectual property rights are costly and may have a material impact on RaySearch's business and financial position. It may also be difficult to predict the outcome of complex disputes. Disputes related to RaySearch's product liability could include alleged negligence, warranty breach or malpractice, and lead to substantial costs regardless of whether or not RaySearch is held liable. RaySearch has product liability insurance, but there is a risk that future claims may exceed or fall outside the scope of the insurance coverage.

Changes to tax systems

RaySearch's business includes the development and delivery of software solutions and services in a wide range of jurisdictions. The activities are taxed in accordance with the laws of that jurisdiction. Changes in tax systems may affect the Group's tax liabilities and tax expenses, which may result in an increase or decrease of the financial results depending on the type of change that occurs.

International regulations governing the global tax environment are also subject to regular changes. The OECD (Organization for Economic Co-operation and Development) has proposed a number of changes through the introduction of BEPS (Base Erosion and Profit Shifting). The implementation of these changes may result in a reallocation of profits between different jurisdictions and an increase or decrease in related tax expense and cash flows.

Financial risk

Through its operations, the RaySearch Group is exposed to various types of financial risk, such as currency risk, interest rate risk, credit risk and liquidity risk.

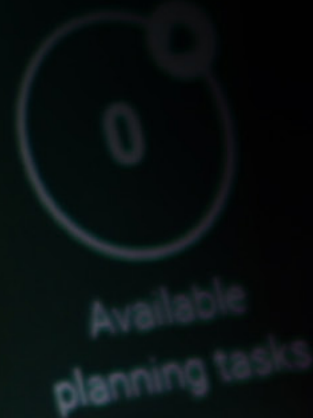
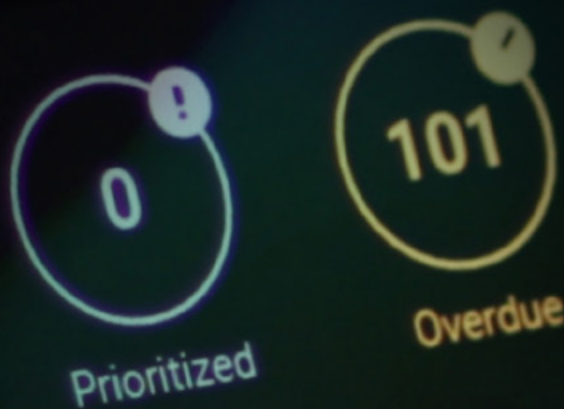
Currency risk is the risk of fluctuations in the value of future business transactions and recognized assets and liabilities in foreign currency due to changes in exchange rates. Interest rate risk refers to the risk that changes in interest rates will have a negative impact on RaySearch's results. Credit risk arises partly through financial credit risk related to cash and cash equivalents and balances with banks and financial institutions, through credit exposure from transactions with customers and distributors. Liquidity risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulty in securing external loans. Some of RaySearch's loan agreements include financial covenants, such as net debt/EBITDA and the equity/assets ratio. The inability to maintain levels of net debt/EBITDA and the equity/assets ratio could result in breaches of the company's financial covenants whereby loan agreements must be renegotiated or existing loans repaid.

RaySearch's risk management is managed by the Group's Finance Department, which identifies, evaluates and hedges financial risks. This is carried out in accordance with the Board's established policies for overall risk management and the Group's financial policy, which form a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

RaySearch has increased exposure to exchange-rate fluctuations due to its international business and structure. Exposure is mainly the result of having costs in SEK, while most of the company's revenue is in USD and EUR.

In accordance with the established financial policy, currency hedging is not applied. The financial policy is updated at least once a year.

For more information about financial risk and financial risk management, refer to Note 21 on page 59.



RECENT DOCUMENTATION

20 Dec 2021, 15:58 Paula Wilson
Pain assessment form
Completed

17 Dec 2021, 20:09 Daphne De Jong
RayStation treatment plan



“RayCare has evolved at a rapid pace over the past years, and we continue to advance in all areas, this year with a focus on treatment course design and a new future-proof platform ensuring automatic data transfer between RaySearch products. It is a pleasure to develop RayCare together with our very talented teams, to bring a truly integrated radiotherapy patient workflow as well as promoting efficiency and safety.”

Eeva-Liisa Karjalainen
Product owner for RayCare

MULTI-YEAR OVERVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	2022	2021	2020 ¹	2019 ¹	2018
Net sales	843,648	641,673	648,824	717,698	627,218
Cost of goods sold	-94,991	-50,397	-43,374	-72,365	-56,024
Gross profit	748,657	591,276	605,450	645,333	571,194
Research and development costs	-238,769	-233,443	-185,041	-174,670	-147,691
Other operating expenses	-467,144	-411,174	-426,663	-426,380	-329,043
Operating profit/loss	42,744	-53,341	-6,254	44,283	94,460
Net financial items	-10,369	-5,332	-3,012	-5,561	-3,696
Profit/loss before tax	32,375	-58,673	-9,266	38,722	90,764
Tax	-8,597	11,358	-2,005	-7,085	-12,241
Profit/loss for the year	23,778	-47,315	-11,271	31,636	78,523
Earnings/loss per share before dilution	0.69	-1.38	-0.33	0.92	2.29
Earnings/loss per share after dilution	0.69	-1.38	-0.33	0.92	2.29

IFRS 15 compliance as of 2018. Prior years in accordance with IAS 18.
IFRS 16 compliance as of 2019. Prior years in accordance with IAS 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TSEK	2022-12-31	2021-12-31	2020-12-31 ¹	2019-12-31 ¹	Dec 31, 2018
ASSETS					
Intangible fixed assets	518,663	523,109	486,817	428,406	377,341
Other fixed assets	729,365	705,268	226,631	259,128	123,943
Total fixed assets	1,248,028	1,228,377	713,448	687,534	501,284
Total current assets	627,922	516,369	577,164	581,802	604,138
TOTAL ASSETS	1,875,950	1,744,746	1,290,612	1,269,336	1,105,422
EQUITY AND LIABILITIES					
Equity attributable to Parent Company shareholders	657,156	628,312	673,385	686,693	657,453
Liabilities	1,218,794	1,116,434	617,227	582,642	447,969
TOTAL EQUITY AND LIABILITIES	1,875,950	1,744,746	1,290,612	1,269,336	1,105,422

IFRS 16 compliance as of 2019. Prior years in accordance with IAS 7.

CONSOLIDATED STATEMENT OF CASH FLOWS

TSEK	2022	2021	2020	2019	2018
Cash flow from operating activities	356,777	238,162	328,720	296,259	178,472
Cash flow from investing activities	-231,501	-237,631	-225,593	-212,046	-223,625
Cash flow from financing activities	-78,492	-72,234	-41,237	-87,598	46,958
Cash flow for the year	46,784	-71,703	61,890	-3,385	1,805

¹ The figures for 2019–2021 have been restated in accordance with Note 35, Restatement of Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	NOTE	2022	2021
Net sales	2, 3	843,648	641,673
Cost of goods sold ¹	4	–94,991	–50,397
Gross profit		748,657	591,276
Other operating income	9	49,504	32,779
Selling expenses		–309,424	–300,192
Administrative expenses	11	–171,719	–122,036
Research and development costs	11	–238,769	–233,443
Other operating expenses	10	–35,505	–21,725
Operating profit/loss	5, 6, 8, 12	42,744	–53,341
Financial income	13	1,109	708
Financial expenses	13	–11,478	–6,040
Net financial items		–10,369	–5,332
Profit/loss before tax		32,375	–58,673
Tax	15	–8,597	11,358
Profit/loss for the year²		23,778	–47,315
Other comprehensive income			
Items to be reclassified to profit or loss			
Translation difference of foreign operations for the year		5,066	2,242
Items not to be reclassified to profit or loss		-	-
Comprehensive income for the year²		28,844	–45,073
Earnings/loss per share before and after dilution	16	0.69	–1.38

¹ Does not include amortization of capitalized development costs. Amortization and capitalization of development costs are included in research and development costs.

² 100 percent attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000s	NOTE	Dec 31, 2022	Dec 31, 2021
ASSETS			
Fixed assets			
Capitalized development costs	2, 17	518,321	522,534
Other intangible fixed assets	18	342	575
Equipment, fixtures and fittings	2, 19	108,861	126,351
Right-of-use assets	2, 19	540,209	540,188
Deferred tax assets	25, 35	25,598	28,525
Long-term receivables	21, 22, 26	54,697	10,204
Total fixed assets		1,248,028	1,228,377
Current assets			
Billed customer receivables	21, 22	246,742	170,591
Unbilled customer receivables	21, 22	123,827	146,771
Inventories	30	14,091	29,991
Tax assets		11,282	2,779
Other receivables		16,413	38,027
Prepaid expenses	23	55,299	25,675
Cash and cash equivalents	24	160,268	102,535
Total current assets		627,922	516,369
TOTAL ASSETS		1,875,950	1,744,746

SEK 000s	NOTE	Dec 31, 2022	Dec 31, 2021
EQUITY			
Share capital		17,141	17,141
Other paid-in capital		1,975	1,975
Reserves		-2,370	-7,436
Retained earnings, including profit/loss for the year	35	640,410	616,632
Equity attributable to Parent Company shareholders		657,156	628,312
Total equity		657,156	628,312
LIABILITIES			
Deferred tax liabilities	25	106,874	107,784
Long-term interest-bearing liabilities	7, 21, 28	497,079	491,017
Other long-term liabilities	7, 21, 28	743	879
Total long-term liabilities		604,696	599,680
Accounts payable	21	24,030	48,774
Tax liabilities		4,980	3,713
Current interest-bearing liabilities	21, 28	58,307	70,381
Other liabilities		15,358	7,975
Accrued expenses and deferred income	3, 29, 35	511,423	385,911
Total current liabilities		614,098	516,754
Total liabilities		1,218,794	1,116,434
TOTAL EQUITY AND LIABILITIES		1,875,950	1,744,746

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000s	Share capital	Other paid-in capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company shareholders
Opening equity, Jan 1, 2021	17,141	1,975	-9,678	684,913	694,351
Adjustment for correction of error, net after tax				-20,966	-20,966
Adjusted opening balance	17,141	1,975	-9,678	663,947	673,385
Loss for the year				-47,315	-47,315
Other comprehensive income for the year			2,242		2,242
Comprehensive income for the year			2,242	-47,315	-45,073
Closing equity, Dec 31, 2021	17,141	1,975	-7,436	616,632	628,312
Opening equity Jan 1, 2022	17,141	1,975	-7,436	616,632	628,312
Profit for the year				23,778	23,778
Other comprehensive income for the year			5,066		5,066
Comprehensive income for the year			5,066	23,778	28,844
Closing equity, Dec 31, 2022	17,141	1,975	-2,370	640,410	657,156

CAPITAL MANAGEMENT

RaySearch's managed capital comprises equity. Changes in managed equity are described above. For information about the terms for the Group's external borrowing, refer to Note 28. RaySearch's long-term financial target is high sales growth, with an operating margin of more than 20 percent. This target will be achieved by establishing RaySearch as the leading global provider of treatment planning systems for radiation therapy and oncology information systems.

RaySearch has the following dividend policy: the Board intends to pay out approximately 20 percent of consolidated profit after tax to shareholders provided that a healthy capital structure can be maintained. However, since the company is currently in an expansive phase, the Board of RaySearch proposes that no dividend be paid for the 2022 fiscal year.

TRANSLATION RESERVE

The translation reserve includes all exchange-rate differences resulting from translating financial statements from foreign operations that have been prepared in a functional currency other than the currency used in the consolidated financial statements. The Parent Company and the Group present their financial statements in SEK.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK 000s	NOTE	2022	2021
Operating activities			
Profit/loss before tax		32,375	–58,673
Adjusted for non-cash items ¹	11	296,103	226,637
Taxes paid		–13,816	17,648
Cash flow from operating activities before changes in working capital		314,662	185,612
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–66,036	17,053
Increase (+)/Decrease (–) in operating liabilities		108,151	35,497
Cash flow from operating activities		356,777	238,162
Investing activities			
Investments in capitalized development costs	17, 18	–187,986	–203,251
Acquisition of tangible fixed assets	19	–43,515	–51,971
Payment of receivables		28,766	17,591
Cash flow from investing activities		–231,501	–237,631
Financing activities			
Repayment of loans		-	–49,650
Repayment of lease liabilities	7, 28	–57,224	–43,852
Change in overdraft facility		–21,268	21,268
Cash flow from financing activities		–78,492	–72,234
Cash flow for the year		46,784	–71,703
Cash and cash equivalents at the beginning of the year		102,535	168,746
Exchange-rate difference in cash and cash equivalents		10,949	5,492
Cash and cash equivalents at year-end		160,268	102,535

¹ These amounts include amortization of SEK 192 M (167) on capitalized development costs, depreciation of SEK 105 M (83) on tangible fixed assets and unrealized exchange rate gains and losses of SEK –11 M (–19).

Cash and cash equivalents consist of bank balances.

SUPPLEMENTARY DISCLOSURES TO THE CASH-FLOW STATEMENT

	GROUP	
	Dec 31, 2022	Dec 31, 2021
Interest received	506	708
Interest paid	–11,474	–6,040

PARENT COMPANY

INCOME STATEMENT

SEK 000s	NOTE	2022	2021
Net sales	2, 3	620,315	477,055
Cost of goods sold		–28,688	–26,477
Gross profit		591,627	450,578
Other operating income	9	47,917	32,227
Selling expenses		–169,489	–177,313
Administrative expenses	11	–217,833	–122,793
Research and development costs	11	–203,678	–270,868
Other operating expenses	10	–34,882	–20,704
Operating profit/loss	5, 6, 8, 12	13,662	–108,873
Interest income and similar profit items		1,055	1,012
Interest expense and similar loss items		–2,320	–2,630
Profit/loss after financial items	13	12,397	–110,491
Appropriations	14	0	32,615
Profit/loss before tax		12,397	–77,876
Tax	15	–3,775	14,367
Profit/loss for the year		8,622	–63,509

COMPREHENSIVE INCOME

SEK 000s	2022	2021
Profit/loss for the year	8,622	–63,509
Other comprehensive income		
Comprehensive income for the year	8,622	–63,509

BALANCE SHEET

SEK 000s	NOTE	Dec 31, 2022	Dec 31, 2021
ASSETS			
Fixed assets			
Intangible fixed assets			
Intangible fixed assets	18	342	575
Tangible fixed assets			
Equipment, fixtures and fittings	19	56,525	69,225
Financial fixed assets			
Participations in Group companies	20	3,958	3,958
Deferred tax assets	25, 35	23,992	26,695
Other long-term receivables	26	8,510	16,344
Total fixed assets		93,327	116,797
Current assets			
Inventories	30	3,758	6,436
Accounts receivable (current billed customer receivables)	21, 22, 26	121,956	124,034
Unbilled customer receivables	22	47,504	42,525
Receivables from Group companies		148,959	124,098
Tax assets		7,294	529
Other receivables		11,833	36,733
Prepaid expenses and accrued income	23	48,240	32,444
Cash and bank balances	24	79,903	11,165
Total current assets		469,447	377,964
TOTAL ASSETS		562,774	494,761

SEK 000s	NOTE	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital ¹		17,141	17,141
Statutory reserve		43,630	43,630
Total restricted equity		60,771	60,771
Unrestricted equity			
Retained earnings	35	118,237	181,733
Profit/loss for the year		8,622	-63,509
Total unrestricted equity		126,859	118,224
Total equity		187,630	178,995
Untaxed reserves	27	-	-
Long-term liabilities			
Other long-term liabilities		22,824	6,447
Total long-term liabilities		22,824	6,447
Current liabilities			
Accounts payable		18,957	40,169
Liabilities to Group companies		18,989	20,541
Liabilities to credit institutions	28	-	21,268
Tax liabilities		-	-
Other liabilities		5,175	5,876
Accrued expenses and deferred income	29, 35	309,199	221,465
Total current liabilities		352,320	309,319
TOTAL EQUITY AND LIABILITIES		562,774	494,761

¹ Share capital at Dec 31, 2022: 8,454,975 Class A shares, 25,827,798 Class B shares.

STATEMENT OF CHANGES IN EQUITY

SEK 000s	Restricted equity		Unrestricted equity	Total
	Share capital	Reserve fund		
Opening equity, Jan 1, 2021	17,141	43,630	202,699	263,470
Adjustment for correction of error, net after tax			-20,966	-20,966
Adjusted opening balance	17,141	43,630	181,733	242,504
Comprehensive income for the year			-63,509	-63,509
Closing equity, Dec 31, 2021	17,141	43,630	118,224	178,995
Opening equity Jan 1, 2022	17,141	43,630	118,224	178,995
Comprehensive income for the year			8,622	8,622
Closing equity, Dec 31, 2022	17,141	43,630	126,859	187,630

CASH FLOW STATEMENT

SEK 000s	NOTE	2022	2021
Operating activities			
Profit/loss after financial items		12,397	–110,491
Adjusted for non-cash items	11, 28	31,869	–8
Taxes paid		–7,837	24,658
Cash flow from operating activities before changes in working capital		36,429	–85,841
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–18,357	3,346
Increase (+)/Decrease (–) in operating liabilities		64,269	53,910
Cash flow from operating activities		82,341	–28,585
Investing activities			
Contributions to subsidiaries	20	-	–2,047
Acquisition of intangible and tangible fixed assets	18, 19	–8,712	–37,182
Cash flow from investing activities		–8,712	–39,229
Financing activities			
Repayment of loans		-	–50,000
Change in overdraft facility		–21,268	21,268
Increase in long-term liabilities		16,377	-
Cash flow from financing activities	28	–4,891	–28,732
Cash flow for the year		68,738	–96,546
Cash and cash equivalents at the beginning of the year		11,165	107,711
Cash and cash equivalents at year-end		79,903	11,165

SUPPLEMENTARY DISCLOSURES TO THE CASH-FLOW STATEMENT

	Dec 31, 2022	Dec 31, 2021
Interest received	452	212
Interest paid	–2,316	–2,630



RayCommand



“RayCommand manages the tasks in the treatment room associated with treatment delivery and quality assurance. In 2022, RayCommand was installed and used clinically for the first time; the launch took place at MedAustron in Austria. Since then, RayCommand has been used as a treatment management system for delivering radiotherapy to hundreds of patients. Now, my colleagues and I look forward to implementing the system in more clinics.”

Carolin Riddersporre
Product owner for RayCommand

Save for treatment



Treatment
registration

NOTES

NOTE 1 ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LAWS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International IFRS Interpretation Committee (IFRIC) as adopted by the EU. RFR 1, Supplementary Accounting Rules for Corporate Groups, issued by the Swedish Financial Reporting Board, has also been applied. Unless otherwise stated, these policies have been applied consistently for all years presented. The consolidated financial statements comprise the Parent Company RaySearch Laboratories AB (publ) and its subsidiaries.

The Parent Company applies the same accounting policies as the Group except in those instances specified below under "Parent Company's accounting policies."

INFORMATION REGARDING THE PARENT COMPANY

RaySearch Laboratories AB (publ) is a Swedish registered limited liability company headquartered in Stockholm. The Parent Company's shares have been listed on Nasdaq Stockholm since 2003, and in the Mid Cap segment as of 2016. The street address of the head office is Eugeniavägen 18 C, SE-113 68 Stockholm, Sweden.

BASIS OF PREPARATION OF THE PARENT COMPANY'S AND THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise indicated, are rounded off to the nearest thousand.

Assets and liabilities are recognized at their historical cost. Preparing the financial statements in accordance with IFRS requires that company management make assessments and estimates, as well as assumptions that impact the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may vary from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change only affects this period, or during the period in which the change is made and future periods if the change affects both the current period and future periods.

The accounting policies for the Group below have been applied consistently for all periods presented in the Group's financial statements, unless specified below. The Group's accounting policies have been applied consistently in regards to the recognition and consolidation of the Parent Company and subsidiaries.

Assessments made by company management in the application of IFRSs that have a significant impact on the financial statements and estimates that could require substantial adjustments in the financial statements of future years are described in greater detail in below.

NEW OR AMENDED STANDARDS EFFECTIVE ON OR AFTER JANUARY 1, 2022

New or amended standard are not considered to have any material impact on RaySearch's financial statements.

NEW OR AMENDED ACCOUNTING STANDARDS EFFECTIVE ON OR AFTER JANUARY 1, 2022

New or amended accounting standards that were published but are not mandatory for 2022 were not adopted in advance by RaySearch. RaySearch's assessment is that they are not expected to have any material impact on RaySearch's financial statements.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts business activities from which it generates revenue and incurs costs and for which independent financial information is available. The results of an operating segment are also monitored by the company's chief operating decision maker. In accordance with IFRS 8, segment information is provided for the Group only. The identification of reportable segments is based on the internal reporting to the chief operating decision maker, which is the CEO of RaySearch. In this internal reporting, the Group constitutes a single segment since no costs are allocated, whereby one segment is presented in the financial statements.

CLASSIFICATION

Fixed assets and long-term liabilities in the Parent Company and the Group essentially comprise amounts that are expected to be recovered or paid more than 12 months after the balance-sheet date. Current assets and current liabilities in the Parent Company and Group essentially only comprise amounts that the company expects to recover or receive payment for within 12 months of the balance sheet date.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are companies that are under the controlling influence of the Parent Company, RaySearch Laboratories AB (publ). Controlling influence means that RaySearch is exposed to a variable return on its investments and can impact this return through its influence over the company. When determining whether a controlling influence exists, such factors as shares carrying potential voting rights are taken into consideration. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group, and excluded from the date on which that control ceases.

Participations in subsidiaries are recognized in the Parent Company using the acquisition method. Acquisition-related costs are expensed as incurred and not included in the carrying amount.

Transactions to be eliminated on consolidation

Receivables and liabilities, revenue or costs and unrealized gains and losses arising from intra-Group transactions are eliminated in the consolidated financial statements. Unrealized losses are eliminated in the same manner as unrealized gains but only insofar as no impairment requirement exists.

FOREIGN CURRENCY**Transactions in foreign currency**

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency in the primary economic environments in which the companies conduct their business operations. Monetary assets and liabilities in foreign currency are recalculated to the functional currency at the exchange rate prevailing on the closing day. Exchange-rate differences arising from currency translations are recognized in profit for the year. Non-monetary assets and liabilities recognized at historic costs are translated to the exchange rate prevailing on the transaction date.

Financial statements of foreign operations

All translation differences that arise from currency translation of the results and financial position of Group companies from the company's functional currency to the Group's reporting currency are recognized in other comprehensive income and accrued in a separate component in equity. Assets and liabilities in foreign operations are translated to SEK based on the exchange rates applying at the balance sheet date, while revenue and cost items are translated using an average exchange rate for the year.

REVENUE**Four types of revenue**

A sales transaction for RaySearch normally involves four types of revenue: license revenue, support revenue, hardware revenue and revenue for training and other services. Licenses and support are sold via partners, distributors and directly to end customers.

Revenue is recognized in profit or loss when a promised good or service is transferred to a customer, which may be over time or at a point in time. Revenue is the amount of consideration the company expects to receive for transferring the goods or services. All revenue is recognized at the consideration the company expects to receive, less discounts granted, VAT and after elimination of intra-Group transactions. The Group recognizes license revenue in connection with delivery, while support revenue is accrued on a straight-line basis over the support period. Hardware revenue is recognized when the hardware is delivered. Revenue for training is recognized over the period during which the training is provided.

If the services and products that RaySearch has delivered exceed the customer's payment, a contract asset is recognized. If the payments exceed the delivered services, a contract liability is recognized.

For pricing between the various performance obligations within a customer order, the Group applies the residual approach, which means the recognized revenue from a software license may vary between different customers.

Performance obligation	Allocation of revenue	Stand-alone selling prices
License revenue	Upon delivery of license key or similar	Remaining amount of transaction price
Support revenue	Straight-line over the support period	Estimated market price for services performed
Hardware revenue	Upon delivery of the hardware	Purchase price plus percentage mark-up
Training and other services	When the training or service is provided	Estimated market price for services performed

Refer to additional information regarding performance obligations and payment terms in Note 3.

COST OF GOODS SOLD

Cost of goods sold comprises costs of sold hardware and royalties for licensed software included in the company's software. Amortization of capitalized development costs is not included in cost of goods sold.

FINANCIAL INCOME AND EXPENSE**Financial income and expense**

Financial income and expense comprises interest income on bank accounts and receivables, and exchange-rate differences.

FINANCIAL INSTRUMENTS

Financial instruments recognized on the balance sheet mainly include cash and cash equivalents, long-term and current unbilled customer receivables, accounts receivable (current billed customer receivables), accounts payable, interest-bearing liabilities and accrued expenses.

A financial asset or liability is recognized on the balance sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable and accounts payable are recognized on the balance sheet when an invoice has been sent, respectively received. Financial assets are recognized on the balance sheet until the right to use the lease has been realized, or the company no longer has a right to use the asset. The same applies for components of a financial asset. Financial liabilities are derecognized from the balance sheet when RaySearch has satisfied its obligation, or when the obligation is otherwise extinguished. The same applies for components of a financial liability.

RaySearch recognizes financial instruments that are due for settlement within 12 months as current assets and liabilities. Financial instruments not due to be settled within 12 months, and for which the company has an unconditional right to defer settlement of the assets or liabilities for at least 12 months after the reporting period, are recognized as long-term assets and liabilities.

The classification of financial assets that are debt instruments is based on the Group's business model within which the asset is held, and contractual cash flows of the asset. The Group's debt instruments are measured at amortized cost.

Financial assets measured at amortized cost

All financial assets, including cash and cash equivalents, accounts receivable and unbilled customer receivables are measured at amortized cost. According to the business model, assets measured at amortized cost are held to collect contractual cash flows that are solely payments of principal

and interest on the principal amount outstanding. The assets in this category are initially measured at fair value plus transaction costs. Receivables arise when RaySearch provides money, goods or services directly to a debtor with no intention of trading the receivable. Accounts receivable are initially recognized at the invoice amount. A financial instrument containing a financing component and with a credit period of more than year is initially recognized at the present value of all future payments. The assets are subsequently recognized using the effective interest method. Expected loss provisioning is applied for these assets. Refer also to Note 21A.

Financial liabilities measured at amortized cost

Financial liabilities are measured at amortized cost. Financial liabilities measured at amortized cost are initially measured at fair value including transaction costs. The liabilities are subsequently measured at amortized cost using the effective interest method, whereby the calculated change in value (effective interest) is recognized as interest income or interest expense in profit or loss. Refer also to Note 21B.

Impairment of financial assets

The Group's financial assets are subject to impairment for expected credit losses. Expected credit losses reflect the present value of all expected shortfall in contractual cash flows attributable to default for either the next 12 months or the expected remaining maturity of the financial instruments, depending on the class of asset and changes in credit quality since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome that accounts for multiple scenarios based on reasonable and supportable forecasts.

The simplified approach is applied for all accounts receivable and unbilled customer receivables. Under the simplified approach, a loan loss provision is recognized for the expected remaining maturity of the receivable.

For other items subject to expected credit losses, a three-stage approach to impairment is applied. Initially, and at each balance-sheet date, a loan loss provision is recognized for the next 12 months, alternatively, for a shorter period of time depending on the remaining maturity (stage 1). The Group has determined its assets to be in stage 1, which means that credit risk has not increased significantly since initial recognition.

The Group has defined default as when contractual payments are more than 90 days past due, or when other factors indicate that a payment suspension exists. At the balance-sheet date, no significant increase in credit risk was considered to exist for any receivable or asset. Such assessments are based on whether payments are more than 30 days past due, or there has been a significant deterioration in credit risk, entailing a rating below investment grade.

The calculation of expected credit losses is based on various models. The model for accounts receivable and unbilled customer receivables is presented in the Credit risk in receivables section in Note 21D. For other financial assets, a ratings-based approach is generally applied by referring to an external credit rating source. Expected credit losses are calculated as the product of probability of default, loss given default and exposure at default. In addition, any other current and forward-looking information is taken into account. A loan loss provision is recognized unless deemed insignificant. The calculation of expected credit losses accounts for any collateral and other credit enhancements in the form of guarantees. The financial assets are measured at amortized cost on the balance sheet, meaning the net of

their gross value and loan loss provision. Changes in the loan loss provision are recognized in profit or loss. The Group writes off a receivable when it is certain that the debt will not be paid, and any active measures to collect payment have been terminated.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized in the Group at cost less accumulated depreciation and impairment. The cost includes the purchase price and costs directly attributable to the asset to deliver it in place and in condition to be used in the manner intended by the acquisition. The accounting policies for impairment are presented below.

The carrying amount of a tangible fixed asset is derecognized from the statement of financial position upon disposal or divestment or when no future economic benefit is expected from use or disposal/divestment of the asset. The gain or loss arising from the disposal or divestment of an asset is the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognized as other operating income/expenses.

Depreciation principles

Depreciation is based on the initial cost less any residual value. Depreciation is applied straight-line over the estimated useful life. The estimated useful lives are as follows:

- computers and other technology 3–5 years
- equipment, tools, fixtures and fittings 5 years
- building equipment 5–10 years

The residual value and useful life of an asset are tested annually.

LEASES

Leases are recognized in the statement of financial position as a right-of-use asset and an associated liability from the date on which the leased asset is available for use by RaySearch. Right-of-use assets are recognized as an asset, and lease liabilities are divided into long-term and short-term liabilities.

RaySearch primarily leases office premises and vehicles. The leases normally apply for different durations and may include an option to extend.

An agreement may include both lease and non-lease components. RaySearch allocates the consideration in the agreement to lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leases contain no special terms or restrictions with the exception that the lessor retains the right to pledge leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities arising from a lease are initially measured at their present value. Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments dependent on an index or a rate, initially measured using an index or price on the commencement date
- amounts expected to be payable by the lessee under residual value guarantees

Lease payments to be made for reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, which is normally the case for the Group's leases, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group determines the incremental borrowing rate as follows:

- where possible, financing recently received from a third party is used as a starting point and is then adjusted to reflect changes in financing conditions since the financing was obtained
- adjustments are made for the specific terms of the agreement, such as lease term, country, currency and security.

Lease payments are divided between repayment of the principal portion of the lease liability and lease interest expense. Interest expense is shown on the income statement during the lease term in an amount representing a fixed interest rate for the lease liability recognized during each respective period.

Right-of-use assets are measured at cost and include:

- an amount corresponding to the lease liability and its initial recognition
- lease payments paid on or before the commencement date (less any benefits received)
- initial direct costs
- costs for returning the asset to its original condition

The right-of-use asset is usually depreciated over the shorter of the useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use is amortized over the useful life of the underlying asset.

Payments associated with short-term leases relating to equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense on the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

INTANGIBLE ASSETS

Research and development

Research costs related to obtaining new scientific or technical knowledge are recognized as an expense as incurred.

Development costs, whereby the research findings or other knowledge is applied to achieve new or improved products or processes, are recognized as an asset in the statement of financial position, provided the product or process is technically and commercially feasible and the company has sufficient resources to complete development, and subsequently to use or sell the intangible asset. The carrying amount includes all directly attributable expenses, such as personnel costs and cost of premises. Other development costs are recognized in profit or loss for the year as incurred. In the statement of financial position, capitalized development costs are recognized at cost less accumulated amortization and any impairment.

Other intangible assets

Other intangible assets acquired by the company are recognized at cost less accumulated amortization and any impairment losses.

Depreciation principles

Amortization is recognized in profit for the year on a straight-line basis over the estimated useful lives of intangible assets. The useful lives are reviewed at least once annually. Capitalized development costs for which amortization has not commenced are tested for impairment annually or whenever circumstances indicate that the asset may be impaired. Intangible assets with determinable useful lives are amortized from the date on which the assets are available for use. The estimated useful lives are:

- capitalized development costs 5 years
- software 5 years

INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) method or weighted average cost. The cost of inventories includes all costs for purchasing hardware. Net realizable value is the expected selling price during the normal course of business less the estimated costs associated with the completion and sale of an asset.

When inventories are sold, the value of those inventories is recognized as an expense in the same period as the corresponding revenue is recognized. Inventories are written down to their net realizable value and all losses related to inventories are recognized as an expense in the same period as the write down or loss occurs.

IMPAIRMENT LOSSES

The carrying amounts of the Group's tangible and intangible assets are tested at every balance-sheet date to determine whether there is any indication of impairment. If any such indication is found, the recoverable amount of the asset is calculated as the higher of the value in use and the fair value less selling costs. An impairment loss is recognized if the recoverable amount is less than the carrying amount. The recoverable amount is determined based on discounted estimated future cash flow from the cash-generating units.

SHARE CAPITAL

Treasury stock

Treasury stock and other equity instruments are recognized as a reduction of equity. Acquisitions of such instruments are recognized as deductions from retained earnings. Proceeds from the divestment of equity instruments are recognized as an increase in retained earnings. Any transaction costs are charged directly against equity.

Dividends

Dividends are recognized as liabilities following the AGM's approval of the dividend.

Earnings per share

Earnings per share are calculated on the basis of consolidated earnings attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year.

EMPLOYEE BENEFITS**Short-term remuneration**

Short-term remuneration to employees is estimated without discounting and is expensed when the related services have been received.

A provision is recognized for the expected cost of the profit-sharing and bonus payments when the Group becomes subject to a legal or informal obligation to make such payments because the services performed by the employees and the obligation can be measured reliably.

Defined-contribution plans

Plans in which the company's commitment is limited to the fees the company has undertaken to pay are classified as defined-contribution plans. In such cases, the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company plus the capital return that the contributions yield. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The company's commitments to the plans are expensed against profit for the year as they are vested by the employees performing the services for the company over a period of time. The Group only has defined-contribution pensions. The Group's obligation for each period is determined by the amounts that the Group is to contribute for the actual period.

Termination of employment

An expense associated with the termination of employment is only recognized when the company is obligated to terminate an employment before the normal date.

TAXES

Income taxes consist of current tax and deferred tax. Income tax is recognized in profit or loss for the year except when the underlying transactions are recognized in other comprehensive income or in equity, whereby the associated tax effect is recognized in other comprehensive income or in equity.

Current tax is the tax payable or refundable for the current year, using the tax rates enacted or substantively enacted on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in subsidiaries are not taken into account when they are not expected to be reversed in the foreseeable future. The measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or decided in practice on the balance sheet date.

Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are only recognized insofar as they are likely to be utilized in the future. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Deferred tax assets and liabilities are recognized net when there is a legally enforceable right to set off current tax assets against current tax lia-

bilities, and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities that intend to settle current liabilities and assets on a net basis.

PROVISIONS

Provisions are recognized on the balance sheet when the Group has an obligation (legal or constructive) due to a past event and it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are also made for events after the balance-sheet date to the extent they provide evidence of conditions that existed at the balance-sheet date, such as court rulings on disputes. If the Group expects to receive compensation corresponding to a provision made, through an insurance contract for example, the compensation is recognized as an asset in the balance sheet when it is virtually certain that compensation will be received. If the effect of the time value for the future payment is considered significant, the provision's value is determined by calculating the present value of the expected future payment using a discount rate before tax that reflects the current market assessment of the time value and any risks associated with the obligation. The gradual increase in the provisional amount entailed by the present value calculation is recognized as an interest expense in profit and loss.

CONTINGENT LIABILITIES

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events or when there is a present obligation that cannot be recognized as a liability or provision because it is not probable that an outflow of resources will be required.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company prepared its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements pertaining to listed companies were also applied. Under RFR 2, the Parent Company in its annual report for the legal entity shall apply all the IFRS and interpretations adopted by the EU to the extent possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act, also considering the relationship between financial reporting and taxation. The recommendation states the exceptions from and additions to IFRS that should be made. The differences between the accounting policies applied in the consolidated financial statements and those applied by the Parent Company are presented below. The accounting policies for the Parent Company stated below have been consistently applied in all periods presented in the financial statements of the Parent Company.

Classification and presentation

For the Parent Company, the terms income statement, balance sheet and cash-flow statement are used for the statements that the Group designates as statement of comprehensive income, statement of financial position and statement of cash flows. The income statement and balance sheet for the Parent Company are presented in the manner specified in the Annual

Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

Research and development

All development costs are recognized on the Parent Company's income statement as incurred. Such reporting is permitted in accordance with RFR 2. In the consolidated financial statements, these development costs are recognized as an asset in accordance with IAS 38.

Taxes

In contrast to the Group, untaxed reserves in the Parent Company are presented on the balance sheet without separate recognition of equity and deferred tax liabilities. Similarly in the income statement, the Parent Company does not allocate any appropriations to deferred tax expense.

Leased assets

IFRS 16 is not applied in the Parent Company, in accordance with the exemption in RFR 2, which means that lease payments are recognized as costs in the period they are incurred.

Subsidiaries

Participations in subsidiaries are recognized in the Parent Company less impairment, based on the reported equity in the subsidiary. Acquisition-related costs are included in cost.

Financial instruments

Due to the link between recognition and taxation, the requirements for recognition and measurement of financial instruments in IFRS 9 are not applied in the Parent Company as a legal entity. The Parent Company applies the cost method in accordance with the Swedish Annual Account Act instead. In the Parent Company, financial fixed assets are therefore measured at cost and current assets according to the lower value method, with the application of impairment for expected credit losses according to IFRS 9 in relation to assets that are debt instruments. For other financial assets, impairment is based on their fair value.

Impairment of intra-Group receivables

The Parent Company applies a ratings-based method for estimating expected credit losses for intra-Group receivables based on the probability of default, expected loss and exposure at default. The Parent Company has defined default as when contractual payments are more than 90 days past due, or when other factors indicate that a payment suspension exists. The Parent Company's receivables from subsidiaries correspond, in all material respects, to receivables from the US subsidiary. At the balance-sheet date, no significant increase in credit risk was considered to exist for any intra-Group receivable. Such assessments are based on a review of the subsidiary's long-term repayment capacity. The Parent Company applies the general approach when recognizing the intra-Group receivables. Based on the Parent Company's assessments according to the method described above, with account for other known information and forward-looking factors, expected credit losses were not deemed significant and no provision was therefore recognized.

SIGNIFICANT ESTIMATES AND ASSESSMENTS

Preparation of the financial statements in accordance with IFRS and generally accepted accounting principles in Sweden requires estimates and assumptions to be made that affect the recognized asset and liability items, revenue and expense items, and other information provided.

These estimates and assumptions are usually based on historical experience, but also on other factors including expectations of future events. Other estimates and assumptions may produce different results and the actual outcome will rarely be fully consistent with the estimated outcome. RaySearch assesses that the areas in which the estimates and assumptions will have the greatest impact are:

- Revenue from Contracts with Customers
- Customer receivables
- Recognition and impairment testing of capitalized development costs

Revenue from Contracts with Customers

Revenue is recognized in profit or loss when RaySearch has satisfied a performance obligation. The definition of when a such an obligation has been satisfied is when the control of the promised goods or services has been transferred to the customer. Revenue can be recognized over time, or at a point in time. When the obligation has been satisfied, there is an unconditional right to receive consideration.

In some cases, allocation of the transaction price to each specific performance obligation requires estimates be made to determine how the transaction price should be allocated. This allocation is based on the stand-alone selling price for each of the performance obligations.

Customer receivables

RaySearch has three types of customer receivables depending on whether a payment plan exists, the due date for payment and whether billing has taken place. These receivables are classified as Long-term unbilled receivables, Current unbilled receivables and Current billed receivables (accounts receivable).

The Group's and Parent Company's billed and unbilled customer receivables add up to a significant amount. The recognition of loan loss provisions for expected credit losses on accounts receivable and unbilled customer receivables therefore requires an assessment of which of these hold a risk for loss. The measurement of expected bad debt is based on regularly updated forecasts and assumptions regarding the ability of counterparties to pay. See a further explanation in Note 21D.

Recognition and impairment testing of capitalized development costs

The Group invests considerable amounts in research and development, parts of which are recognized as intangible assets, refer also to Note 11. The recognition of development costs as an asset requires assessments that the product is expected to become technically and commercially viable and that future economic benefits are probable. Capitalized development costs are amortized over a maximum estimated useful life of five years. The estimated sales volume and useful life, respectively, may be retested, which may result in impairment. See a further explanation in Note 17.

NOTE 2 INFORMATION ABOUT GEOGRAPHIC AREAS

The identification of reportable segments is based on the internal reporting to the chief operating decision maker, which is the CEO of RaySearch. In this internal reporting, the Group is a segment.

DISTRIBUTION OF FIXED ASSETS, GROUP

SEK 000s	Tangible fixed assets		Intangible fixed assets	
	2022	2021	2022	2021
Sweden	546,276	555,489	518,663	523,109
US	96,845	106,217	-	-
Belgium	1,546	2,312	-	-
France	1,379	1,666	-	-
UK	-	-	-	-
Germany	990	593	-	-
Singapore	116	27	-	-
Japan	229	83	-	-
South Korea	476	66	-	-
China	1,167	34	-	-
India	11	6	-	-
Australia	35	46	-	-
	649,070	666,539	518,663	523,109

The distribution is broken down among the registered offices of the Group's legal entities.

Sales

RaySearch's products are sold directly to end customers, via distributors and via partners. Sales had the following geographic distribution based on the location of the end customers:

DISTRIBUTION OF SALES, LOCATION OF END CUSTOMER

SEK 000s	2022	2021
Sweden	8,540	4,950
US	321,935	215,125
Japan	102,305	100,966
UK	39,253	43,720
Germany	34,478	32,487
France	61,377	45,743
Austria	8,726	6,356
Netherlands	13,411	14,324
Belgium	12,472	14,902
South Korea	12,582	7,352
China	29,575	15,950
Other countries	198,994	139,798
	843,648	641,673

There is no single customer that represents more than 10 percent of the Group's net sales.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

RaySearch's products are sold directly to end customers, via distributors and via partners. Sales had the following geographic distribution based on the location of the end customers.

REVENUE DISTRIBUTION

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Revenue by type				
Licenses	388,456	307,138	402,705	292,304
Support	323,104	268,526	167,237	154,542
Hardware	105,760	51,496	32,184	19,993
Training and other	26,328	14,513	13,558	4,956
Intra-Group management fee	-	-	4,631	5,260
Total revenue by type	843,648	641,673	620,315	477,055
Revenue by geographic market				
Americas	397,919	224,341	179,250	66,731
Asia-Pacific & Middle East	183,420	173,547	176,485	173,919
Europe and Africa	262,309	243,785	264,580	236,405
Total revenue by geographic market	843,648	641,673	620,315	477,055
Revenue recognized at a point in time				
Goods/services transferred at a point in time	494,216	358,634	434,889	446,846
Services transferred over time	349,432	283,039	185,426	30,209
Total revenue recognized at a point in time	843,648	641,673	620,315	477,055

CUSTOMER RECEIVABLES AND CONTRACT BALANCES

SEK 000s	Dec 31, 2022	Dec 31, 2021
Long-term receivables (Note 26)	54,334	9,998
Billed customer receivables	246,742	170,591
Unbilled customer receivables	123,827	146,771
Total customer receivables (Note 22)	424,903	327,360
Contract liabilities (Note 29)	–460,713	–341,009
Adjustment to correct errors	-	–26,674
Contract liabilities (Note 29)	–460,713	–341,009
Revenue recognized during the period, of which		
Revenue included in opening contract liabilities	193,215	121,093

The increase in receivables was due to more agreements with payment plans ("Payment plan" refers to an arrangement that allows the customer to pay parts of the consideration with a longer term than normal. Payment plans are not linked to any performance obligations on RaySearch's part, but to a specific date). Current billed receivables (accounts receivable) are non-interest bearing and generally have terms of 30 to 90 days. Current unbilled receivables are not non-interest bearing and fall due within 12 months of the balance-sheet date. Non-current unbilled receivables are not non-interest bearing and fall due later than 12 months from the balance-sheet date.

Contract liabilities include prepaid warranty and support revenue that have been billed but where the revenue has been allocated to the period in which the customer received the support.

PERFORMANCE OBLIGATIONS

Customer contract	When the obligation is typically satisfied	When payment typically falls due	How the transaction price is determined
License and product revenues			
Software licenses	Upon delivery of license key or when the license is available for download (at a point in time).	Within 30–60 days of delivery (RayStation) or installation (RayCare), provided a payment plan does not exist.	Remaining amount after allocation of transaction price to other performance obligations.
Additional features	Upon delivery of license key or when the license is available for download (at a point in time).	Within 30–60 days of delivery.	Estimated fair market value of features for which development is carried out.
Hardware	When control of the hardware is transferred to the customer, typically upon delivery of the hardware.	Within 30–90 days of delivery, provided a payment plan does not exist.	Observable purchase price plus market-based margin.
Support revenue			
Updates of software licenses and customer support	Proportional over the warranty period or support agreement (over time).	Within 30 days of commencement of the contract period, or allocated in periods over the length of the contract period.	Observable price according to separate contract or agreement to renew.
Professional services			
Training and other services	When the training or service is provided (over time).	Within 30–90 days of providing the service.	Observable price according to agreement with customer where the service is sold separately.

At December 31, the remaining obligations at the end of the period are distributed as follows:

SEK 000s	Dec 31, 2022	Dec 31, 2021
Within 1 year	441,068	352,843
Later than one year	1,499,007	1,009,951
	1,940,075	1,362,794

The above remaining performance obligations primarily pertain to support obligations (including warranty support). These accounted for 71 percent (74) of the total order backlog at year-end.

NOTE 4 COST OF GOODS SOLD

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Royalty cost	-4,563	-5,736	-4,541	-5,736
Hardware cost	-90,428	-44,661	-24,147	-20,741
	-94,991	-50,397	-28,688	-26,477

NOTE 5 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

COSTS FOR REMUNERATION OF PARENT COMPANY AND GROUP EMPLOYEES

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Salaries and remuneration	308,147	314,359	182,202	201,125
Pension costs, defined-contribution plans	33,271	35,351	30,086	32,493
Social security contributions	74,325	68,805	51,227	56,734
	415,743	418,515	263,515	290,352

AVERAGE NUMBER OF EMPLOYEES

In the Parent Company, the average number of employees was 277 (310), of whom 179 (198) were men and 98 (112) women.

In the Group, the average number of employees was 382 (418), of whom 246 (271) were men and 136 (147) women.

The average number of employees in the Group by country was 277 (310) in Sweden, 43 (48) in the US, 10 (10) in Benelux, 11 (11) in France, 5 (5) in the UK, 10 (10) in Germany, 4 (4) in Singapore, 7 (8) in China, 6 (6) in Japan, 3 (3) in Korea, 2 (2) in India and 2 (2) in Australia.

GENDER DISTRIBUTION IN COMPANY MANAGEMENT

There is one female senior executive in the Parent Company, corresponding to 9 percent (9), and one female Board member, corresponding to 25 percent (40).

SALARIES, OTHER REMUNERATION OF SENIOR EXECUTIVES AND OTHER EMPLOYEES, AND SOCIAL SECURITY COSTS

GROUP, SEK 000s	2022		2021	
	Senior executives and Board members (19)	Other employees	Senior executives and Board members (16)	Other employees
Salaries and other remuneration	25,613	282,534	26,653	287,706
(of which, bonus)	669	652	777	855
Social security costs	13,259	94,337	12,884	91,272
(of which pension costs)	4,363	28,908	4,968	30,383
Group total	38,872	376,871	39,537	378,978

SALARIES AND OTHER REMUNERATION TO SENIOR EXECUTIVES AND OTHER EMPLOYEES, AND SOCIAL SECURITY EXPENSES IN THE PARENT COMPANY

PARENT COMPANY, SEK 000s	2022		2021	
	Senior executives and Board members (19)	Other employees	Senior executives and Board members (16)	Other employees
Salaries and other remuneration	25,613	156,589	26,653	174,472
(of which, bonus)	669	652	777	855
Social security costs	13,259	68,054	12,884	76,343
(of which pension costs)	4,363	25,723	4,968	27,525
Parent Company total	38,872	224,643	39,537	250,815

SALARIES AND OTHER REMUNERATION OF BOARD MEMBERS AND GROUP MANAGEMENT

2022	Basic salary, Board fees	Audit Committee	Other remuneration	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Lars Wollung ²	210	25					235
Board member Carl Filip Bergendal	300	100					400
Board member/Chairman Hans Wigzell ²	705						705
Board member Johanna Öberg ²	75	25					100
Board member Britta Wallgren	300						300
Board member Mårder Günther	193						193
CEO Johan Löf	5,859				478	562	6,899
Other senior executives (12) ¹	16,106		-	669	569	3,800	21,144
Total	23,748	150	0	669	1,047	4,362	29,976

¹ Torbjörn Wingårdh resigned as CFO on Apr 5, 2022. His successor, Henrik Bergentoft, took office on Nov 15, 2022.

² Lars Wollung and Johanna Öberg left the Board on 2022-09-30, whereby Hans Wigzell took over as Chairman of the Board.

2021	Basic salary, Board fees	Audit Committee ¹	Other remuneration ²	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Lars Wollung	840	179	1,000 ²	-	-	-	2,019
Board member Carl Filip Bergendal	300	139	-	-	-	-	439
Board member Hans Wigzell	300	-	-	-	-	-	300
Board member Johanna Öberg	300	139	-	-	-	-	439
Board member Britta Wallgren	300	-	-	-	-	-	300
CEO Johan Löf	5,980	-	-	-	471	539	6,990
Other senior executives (10) ³	15,343	-	-	777	585	4,429	21,134
Total	23,363	457	1,000	777	1,056	4,968	31,621

¹ Of which KSEK 108 pertains to 2020.

² Refers to consulting fees, see Note 32.

³ Peter Thysell resigned as CFO on Dec 2, 2021. His successor, Torbjörn Wingårdh, took office on Nov 15, 2021.

Basic salary includes vacation pay, pension costs excluding special employer's contribution.

No share-based remuneration was paid.

VARIABLE REMUNERATION

Variable remuneration payable to the CEO is based on the Group's earnings and amounts to 2 percent of profit before tax and is capped at 12 months' salary. The Director of Sales and Marketing and the Director of Sales for Asia & Pacific receive variable remuneration based on sales in their respective regions. For the employees of foreign subsidiaries, variable remuneration related to sales and achievement of established targets is paid.

PENSIONS

All pension plans are defined-contribution plans. The retirement age for the CEO and senior executives is 65, and the pension premium is equivalent to the Swedish ITP plan. No other pension obligations exist.

TERMINATION OF EMPLOYMENT

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for 18 months. The period of notice may not exceed six months without any right to severance pay for termination by the executive.

DECISION-MAKING PROCESS

The decision-making process regarding remuneration and benefits is described in greater detail in the Administration Report.

NOTE 6 AUDITORS' FEES AND COMPENSATION FOR EXPENSES

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
EY				
Auditing assignments	7,660	3,928	7,369	3,679
Audit activities other than audit assignment	1,425	1,315	1,425	1,315
Tax consultancy services	52	287	52	287
Other services	-	-	-	-
	9,137	5,530	8,846	5,282
Other auditors				
Auditing assignments	177	211	-	-
Tax consultancy services	-	515	-	-
Other services	-	-	-	23
	177	727	0	23

NOTE 7 LEASE LIABILITIES

Lease liabilities fall due for payment as follows:	Future lease payments	Interest	Present value of lease payments
2022			
Within 1 year	67,225	8,918	58,307
2–5 years	305,857	23,501	282,355
More than 5 years	220,925	6,202	214,723
	594,007	38,621	555,386
2021			
Within 1 year	56,503	7,390	49,113
2–5 years	262,071	25,453	236,618
More than 5 years	263,526	9,127	254,399
	582,100	41,970	540,130

SEK 000s	GROUP	
	2022	2021
Opening balance	540,130	95,779
Acquisitions during the period ¹	19,789	486,554
Redemption	-282	-4,291
Remeasurement of leases ²	44,947	-
Lease payments paid	-66,383	-47,258
Interest expense	9,159	3,406
Currency changes	8,026	5,940
Closing balance	555,386	540,130
Of which short-term portion	58,307	49,113

¹ Pertains to offices in Stockholm and China, and vehicles in the Parent Company and other Group companies.

² Refers to index listing of the head office's office premises in Stockholm.

The lease liability calculation does not include short-term leases with an annual cost of KSEK 2,779 (386), or low-value leases of less than KSEK 256 (54).

Significant leases pertains to a rental agreement for the head office in Stockholm that expires on November 30, 2031 and where the rent is indexed annually, and rental agreements for offices in New York and San Francisco in the US that expire on November 12, 2028 and March 16, 2024, respectively.

At December 31, 2022, no significant leases had been signed in the Group that were not yet recognized on the balance sheet.

NOTE 8 OPERATING EXPENSES SPECIFIED BY TYPE OF COSTS

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Cost of goods sold ¹	-94,991	-50,397	-127,052	-26,478
Personnel expenses	-253,305	-243,635	-287,120	-305,860
Depreciation/amortization and impairment ²	-296,994	-250,013	-21,658	-17,860
Exchange-rate losses	-35,505	-21,725	-34,882	-20,704
Other expenses	-169,613	-162,024	-183,858	-247,254
	-850,408	-727,794	-654,570	-618,156

¹ Cost of goods sold comprises costs of sold hardware and royalties for licensed software included in the company's software. This also includes depreciation of KSEK 438 (94) on hardware leased to customers. Amortization of capitalized development costs is not included in cost of goods sold. Amortization and capitalization of development costs are included in the recognized research and development costs.

² Amortization of capitalized development costs is included in depreciation/amortization and impairment in the table above.

NOTE 9 OTHER OPERATING INCOME

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Exchange-rate gains on operating receivables/liabilities	47,942	32,426	46,423	31,874
Other operating income	1,562	353	1,494	353
	49,504	32,779	47,917	32,227

NOTE 10 OTHER OPERATING EXPENSES

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Exchange-rate losses on operating receivables/liabilities	-35,505	-21,725	-34,882	-20,704
	-35,505	-21,725	-34,882	-20,704

NOTE 11 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Intangible fixed assets				
Amortization and impairment according to function				
Administrative expenses	-233	-233	-233	-233
Research and development	-192,199	-166,725		-
	-192,432	-166,958	-233	-233
Tangible fixed assets				
Cost of goods sold	-438	-94	-	-
Selling expenses	-44,915	-40,155	-1,989	-2,283
Administrative expenses	-19,026	-12,516	-10,131	-5,851
Research and development	-40,183	-30,383	-9,305	-9,493
	-104,562	-83,148	-21,425	-17,627
Total depreciation/amortization	-296,994	-250,106	-21,658	-17,860
Depreciation of right-of-use assets amounts to	-65,362	-52,579		

NOTE 12 LEASES

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Lease payments for the year	80,189	66,825	60,665	48,547
Future lease payments for leases that mature:				
Within 1 year	76,310	56,503	60,835	42,698
Later than 1 but within 5 years	279,279	262,071	240,948	220,621
Later than 5 years	238,418	263,526	229,057	252,414
	594,007	582,100	530,840	515,733

NOTE 13 FINANCIAL INCOME AND EXPENSE

SEK 000s	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Interest income on cash and cash equivalents	356	18	302	-
Interest income on accounts receivable and other receivables	753	690	753	690
Interest income Group companies		-	-	322
Total interest income according to effective interest method	1,109	708	1,055	1,012
Interest expense on other liabilities to credit institutions ¹	-2,322	-2,699	-2,320	-2,629
Interest expense lease liabilities	-9,156	-3,336	-	-
Other financial expenses	-	-5	0	-1
Total interest expense according to effective interest method	-11,478	-6,040	-2,319	-2,630
Net	-10,369	-5,332	-1,264	-1,618

¹ The interest expense for the credit facility is based on STIBOR + 1.5% with a zero floor.

All interest income and interest expense is derived from financial assets and liabilities measured at amortized cost.

NOTE 14 APPROPRIATIONS

SEK 000s	PARENT COMPANY	
	2022	2021
Tax allocation reserve, provision during the year	-	-
Tax allocation reserve, reversal during the year	-	31,200
Accelerated depreciation for tax purposes, equipment	-	1,415
	0	32,615

NOTE 15 TAX ON PROFIT FOR THE YEAR

SEK 000s	GROUP	
	2022	2021
Current tax expense		
Tax expense for the period	-6,473	-4,995
Tax related to previous years	-10	-77
	-6,483	-5,072
Deferred tax expense/income		
Deferred tax for temporary differences on capitalized development costs and leases	1,562	-6,563
Untaxed reserves/deferred tax attributable to loss carryforwards	-1,969	24,751
Deferred tax related to other temporary differences	-1,707	-1,758
	-2,114	16,430
Total tax expense/income recognized in the Group	-8,597	11,358
Reconciliation of effective tax		
Recognized profit/loss before tax	32,375	-58,673
Tax at current tax rate of 20.6 percent (20.6 percent)	-6,669	12,087
Effect of other tax rates for foreign companies	-745	-788
Tax attributable to earlier years	-10	-77
Foreign tax paid (withholding tax) ¹	-729	-741
Effect of non-deductible costs	-708	-798
Utilization of non-capitalized loss carryforwards	-	1,707
Effect of loss carry-forwards not previously capitalized	264	-
Standard interest on tax allocation reserve	-	-32
Recognized effective tax	-8,597	11,358

SEK 000s	PARENT COMPANY	
	2022	2021
Tax expense for the year		
Tax expense for the period	-1,071	-369
Tax related to previous years	-	-372
Change in deferred tax	-2,704	15,108
Total tax expense recognized in the Parent Company	-3,775	14,367
Reconciliation of effective tax		
Recognized profit/loss before tax	12,397	-77,876
Tax at current tax rate of 20.6 percent (20.6)	-2,554	16,042
Effect of non-deductible costs	-526	-530
Withholding tax paid ²	-850	-741
Utilization of non-capitalized loss carryforwards	155	-
Tax attributable to earlier years	-	-372
Standard interest on tax allocation reserve	-	-32
Recognized effective tax	-3,775	14,367

² Withholding tax paid is largely attributable to an order in Korea

NOTE 16 DIVIDEND PER SHARE, EARNINGS PER SHARE AND NUMBER OF SHARES

	2022	2021
Proposed dividend per share	-	-
Total number of shares at beginning of the year	34,282,773	34,282,773
Number of shares outstanding at beginning of the year	34,282,773	34,282,773
Number of shares outstanding at year-end	34,282,773	34,282,773
Average number of shares outstanding during the period	34,282,773	34,282,773
Profit/loss for the year attributable to Parent Company shareholders (before and after dilution)	23,778	-47,315
Profit/loss per share before/after dilution	0.69	-1.38

NOTE 17 CAPITALIZED DEVELOPMENT COSTS

	GROUP	
SEK 000s	Dec 31, 2022	Dec 31, 2021
Accumulated cost		
Opening balance	1,464,361	1,261,110
Internally developed assets during the year	187,986	203,251
Closing balance	1,652,347	1,464,361
Accumulated amortization and impairment		
Opening balance	-941,827	-775,102
Amortization for the year	-192,199	-166,725
Closing balance	-1,134,026	-941,827
Closing carrying amount	518,321	522,534

Capitalized development costs pertains to the development of new versions of RaySearch's software products. These development costs are capitalized and amortized over a period of five years from when the products are brought to market and the asset is thus regarded as starting to contribute to the company's revenue.

IMPAIRMENT TESTING OF INTERNALLY GENERATED INTANGIBLE ASSETS

Internally generated intangible assets are tested annually for impairment, and whenever there is an indication of impairment. The recoverable amount is determined based on value-in-use.

An annual impairment test of internally generated intangible assets has been conducted. Cash flows are based on the company management's budget forecasts, assessments and market plans per cash-generating unit (CGU). Cash flows are based on budget forecasts, assessments and market plans prepared by company management. Cash flows beyond this period are extrapolated using a growth rate estimated at 2 percent (2) based on company management's expectations of the future market trend. The assessment of operating margin is based on previously achieved earnings weighted by company management's expectations of the future market trend. The future cash flows have been discounted to present value using an interest rate before tax of 13 percent (12.0). The discount interest rate is determined on the basis of risk-free interest plus a surcharge for the risk premium for the particular operating segment. The estimated value-in-use exceeds the carrying amount by such a high margin that company management believes there are no reasonably possible changes in assumptions that would lead to impairment.

NOTE 18 OTHER INTANGIBLE FIXED ASSETS

	GROUP AND PARENT COMPANY	
SEK 000s	Dec 31, 2022	Dec 31, 2021
Accumulated cost		
Opening balance	2,332	2,332
New acquisitions	-	-
Closing balance	2,332	2,332
Accumulated amortization		
Opening balance	-1,757	-1,523
Amortization during the year	-233	-234
Closing balance	-1,990	-1,757
Closing carrying amount	342	575

Assets pertain to software licenses.

NOTE 19 TANGIBLE FIXED ASSETS

SEK 000s	GROUP								PARENT COMPANY	
	Dec 31, 2022				Dec 31, 2021				Dec 31, 2022	Dec 31, 2021
	Equipment, fixtures and fittings	Rented buildings	Vehicles and other	Total tangible fixed assets	Equipment, fixtures and fittings	Rented buildings	Vehicles and other	Total tangible fixed assets	Equipment, fixtures and fittings	Equipment, fixtures and fittings
Accumulated cost										
Opening balance	224,374	573,046	11,013	808,433	187,893	158,178	15,866	361,937	127,606	114,228
Remeasurement	-	44,947	-	44,947	-	-1,411	-	-1,411		
New acquisitions and additional leases	13,395	10,348	2,787	26,530	57,718	493,179	4,255	555,152	8,724	43,078
Divestments, disposals and terminated leases	-9,367	-	-	-9,367	-29,700	-84,954	-9,265	-123,919	-6,447	-29,700
Translation difference for the year	14,972	12,821	1,040	28,833	8,463	8,054	157	16,674		-
Closing balance	243,374	641,162	14,840	899,376	224,374	573,046	11,013	808,433	129,883	127,606
Accumulated depreciation										
Opening balance	-98,023	-39,206	-4,665	-141,894	-93,967	-71,662	-9,540	-175,169	-58,381	-70,365
Divestments, disposals and terminated leases	9,357	-	-282	9,075	29,611	84,954	7,929	122,494	6,447	29,611
Depreciation for the year	-39,201	-61,634	-3,727	-104,562	-30,475	-49,737	-2,842	-83,054	-21,424	-17,627
Translation difference for the year	-6,646	-5,473	-806	-12,925	-3,192	-2,761	-212	-6,165		-
Closing balance	-134,513	-106,313	-9,480	-250,306	-98,023	-39,206	-4,665	-141,894	-73,358	-58,381
Closing carrying amount	108,861	534,849	5,360	649,070	126,351	533,840	6,348	666,539	56,525	69,225

SIGNIFICANT LEASES

Significant leases include rented office premises, furniture and other office equipment, computer equipment and company cars, where office premises in Sweden and the US account for the greatest obligations. Rental agreements for office premises are normally signed for between one and ten years, and usually include options to extend when the agreements expire. Rental agreements in Sweden generally include annually indexed rent. For a breakdown of lease liability attributable to the right-of-use assets, see

Note 7. See also Note 7 for a description of the Group's future lease payments attributable to the estimated lease liability pertaining to the Group's right-of-use assets and liability development in 2022. At December 31, 2022, consolidated profit was charged with costs attributable to leases, comprising depreciation expense of KSEK -65,362 (-52,750) and interest expense of KSEK -9,156 (-3,406).

In 2022, total cash flow related to leases was KSEK 57,224 (43,852).

NOTE 20 PARTICIPATIONS IN GROUP COMPANIES

SEK 000s	PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021
Accumulated cost		
Opening balance	3,958	1,911
Contributions to subsidiaries	-	2,047
Closing balance	3,958	3,958

SPECIFICATION OF PARENT COMPANY AND GROUP HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES.

Group company/Corp. Reg. No./Reg. office/Country	No./ Participa- tions in %	Adjusted equity/ Profit for the year ¹	Carrying amount
RaySearch Americas Inc, Delaware, US	100	40,713 / 15,378	0
RaySearch Belgium Sprl, 0838.244.504, Brussels, Belgium	99.0 ²	2,960 / 474	170
RaySearch France SAS, 794 582 841 RCS Paris, France	100	5,374 / 619	87
RaySearch UK Ltd, 8579149, London, UK	100	1,824 / 303	0
RaySearch Germany GmbH, HRB 157539, Berlin, Germany	100	3,728 / 446	228
RaySearch Singapore Pte Ltd, 201S508409H, Singapore	100	1,578 / 903	1
RaySearch Japan K.K., 010401124903, Tokyo, Japan	100	2,419 / 387	801
RaySearch India Private Limited, U74999DL2018FTC342299, New Delhi, India	100	326 / 77	139
RaySearch Korea LLC., 1101140177029, Seoul, South Korea	100	3,758 / 1655	79
RaySearch (Shanghai) Medical Device Co., Ltd 91310115MA1K3M628Y, Shanghai, China	100	4,698 / 369	2453
RaySearch Australia Pty Ltd, 643 927 511, Sydney, Australia	100	225 / 113	0
			3,958

¹ Adjusted equity refers to the owned share of the company's equity, including the equity component of untaxed reserves. Profit for the year refers to the ownership share of the company's profit after tax, including the equity share in the change for the year in untaxed reserves.

² SAS RaySearch France owns the remaining 1.0 percent of the Group company.

NOTE 21 FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

This Note provides information about the Group's financial instruments and financial risk management, including:

- a) Financial assets
- b) Financial liabilities
- c) Fair value
- d) Financial risk factors and risk management

A) FINANCIAL ASSETS

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Financial assets measured at amortized cost				
Long-term unbilled customer receivables (Note 26)	54,334	9,998	8,510	9,998
Other long-term assets (Note 26)	363	206	-	-
Billed customer receivables (Note 22)	250,073	170,591	122,963	124,034
Unbilled customer receivables (Note 22)	120,496	146,771	40,856	42,525
Receivables from Group companies	-	-	148,959	124,098
Cash and cash equivalents (Note 24)	160,268	102,535	79,903	11,165
Total financial assets	585,534	430,101	401,191	311,820

B) FINANCIAL LIABILITIES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Financial liabilities measured at amortized cost				
Long-term interest-bearing liabilities ¹	497,079	491,017	-	-
Other long-term liabilities	743	879	6,447	6,447
Accounts payable	24,030	48,774	40,169	40,169
Liabilities to Group companies	-	-	20,541	20,541
Current interest-bearing liabilities	58,307	70,381	21,268	21,268
Accrued expenses	50,709	44,902	34,002	34,004
Total financial liabilities	630,868	655,953	122,427	122,429

¹ The lease liability is included in the long-term interest-bearing liabilities line item.

The company's total line of credit amounted to SEK 200 M. The 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 is renewed annually on December 31. Chattel mortgages amounted to SEK 100 M. At December 31, 2022, short-term loans of 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.

For all items under points A) and B), with the exception of lease liabilities, the carrying amount is deemed an approximation of the fair value, which is why these items have not been categorized according to the fair value hierarchy. Since the long-term unbilled receivables are discounted with a variable rate and other external borrowings carry a variable rate, which is essentially considered to correspond to current market rates, the carrying amounts of loans are also considered to correspond to their fair value.

C) FAIR VALUE

Fair value measurement contains a measurement hierarchy for the inputs used to measure fair value. The three levels comprise:

Level 1: Listed prices (unadjusted) in active markets for identical assets or liabilities to which the company has access at the time of measurement.

Level 2: Inputs other than the quoted prices in Level 1, which are directly or indirectly observable for the asset or liability. This may also pertain to input data other than the listed prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and multiples.

Level 3: Non-observable input data for the asset or liability. At this level, the assumptions that market players would use for pricing of the asset or liability, including risk taking, must be taken into account.

D) FINANCIAL RISK FACTORS AND RISK MANAGEMENT

The Group's main financial liabilities are long and short-term interest-bearing liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's main financial assets include billed and unbilled receivables and cash and cash equivalents.

Through its operations, the RaySearch Group is exposed to various types of financial risk including currency risk, interest rate risk, liquidity risk and credit risk. Risks are managed by the Group's Finance Department, which identifies, evaluates and hedges financial risks. This is carried out in accordance with the Board's established policies for overall risk management and the Group's financial policy, which form a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

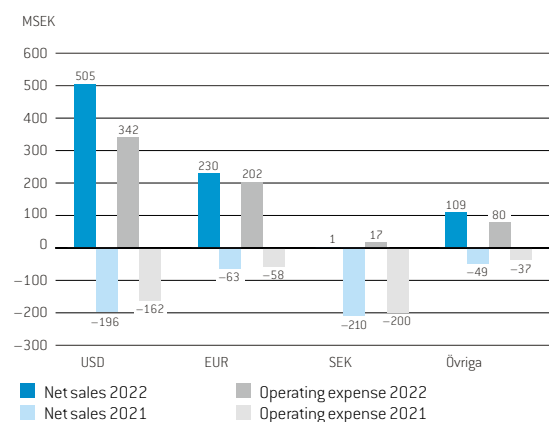
Currency risk

Currency risk is the risk for changes in value due to changes in exchange rates. With its international operations, the Group is exposed to currency risk in form of transaction exposure and translation exposure. Transaction exposure arises through future transactions, and translation exposure through assets and liabilities denominated in a foreign currency.

The RaySearch Group's currency risk is mainly the result of the company receiving most of its revenue in USD and EUR, while most of its costs are in SEK. In accordance with the established financial policy, currency hedging is not applied. The financial policy is updated at least once a year.

Transaction exposure

The Group's net sales and operating expenses per currency are shown in the following diagram:

NET SALES AND OPERATING EXPENSES PER CURRENCY

Based on the year's revenue, cost and currency structure (transaction exposure), a general change of one percentage point in the SEK rate against other currencies would have an impact of approximately +/- SEK 5.3 M [4.2] on consolidated operating profit, and +/- SEK 3.8 M [3.4] on consolidated equity. A one percentage point change in the USD rate against the SEK would have an impact of +/- SEK 3.0 M [2.5] on consolidated operating profit, while a corresponding change in the EUR exchange rate would have an impact of +/- SEK 2.3 M [1.5] on consolidated operating profit and equity.

Translation exposure

The Group's translation exposure related to balance-sheet items in foreign currency is mainly distributed between the USD and EUR. Other currencies in the Group correspond to SGD, GBP, CNY, JPY, KRW, INR and AUD.

SEK 000s	2022	2021
USD		
Accounts receivable	166,646	56,456
Current unbilled customer receivables	69,825	66,985
Accounts payable	-11,815	-15,157
	224,656	108,284
EUR		
Accounts receivable	62,833	51,789
Current unbilled customer receivables	35,838	-1,120
Accounts payable	-1,625	-9,516
	97,046	41,153
Other currencies		
Accounts receivable	12,776	8,429
Current unbilled customer receivables	17,215	31,849
Accounts payable	-989	-681
	29,002	39,597

Based on the year's revenue, cost and currency structure (transaction exposure), a general change of one percentage point in the SEK rate against other currencies would have an impact of approximately +/- SEK 5.3 M [0.8] on consolidated operating profit and +/- SEK 5.1 M [0.7] on consolidated equity. A one percentage point change in the USD rate against the SEK would have an impact of +/- SEK 3.0 M [0.3] on consolidated operating profit, while a corresponding change in the EUR exchange rate would have an impact of +/- SEK 2.3 M [0.3] on consolidated operating profit.

Interest rate risk

Interest rate risk refers to the risk that changes in interest rates will have a negative impact on RaySearch's results due to, for example, increased costs for the company's variable rate loans. At December 31, 2022, interest-bearing liabilities amounted to SEK 556.1 M [562.3], of which SEK 555.4 M [540.1] pertained to finance leases, and cash and cash equivalents and interest-bearing receivables amounted to SEK 160.3 M [102.5]. This means that the Group had positive interest-bearing net debt of SEK 395.9 M [neg: -459.8].

Based on the balance-sheet structure at year-end, and assuming that all other variables were constant, a general change of one percentage point in the interest rate for loans and investments would have an impact of approximately +/- SEK 5.6 M [5.6] on consolidated earnings.

Liquidity risk

Liquidity risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulty in securing external loans. At Group level, rolling forecasts for the Group's liquidity reserve are monitored to ensure that the Group has sufficient cash funds to meet its ongoing business needs, while maintaining a sufficient amount of undrawn credit. Surplus liquidity in Group companies is transferred centrally and managed by the Group's financial function.

In accordance with the established financial policy, investment is made in interest-bearing accounts with Swedish banks or the Swedish state.

To reduce liquidity risk, RaySearch strives to have available cash and cash equivalents of at least 10 percent of net sales. At December 31, 2022, cash and cash equivalents amounted to SEK 160.3 M [102.5], corresponding to 19 percent [16] of net sales. In addition, RaySearch had SEK 200 M [300] in undrawn credit facilities. These are conditional on covenants linked to liquidity, profit and equity, all of which were fulfilled as of December 31, 2022.

Credit risk

Credit risk is the risk that a counterparty will fail to meet its obligations in accordance with a financial instrument or customer contract, which could lead to a financial loss. The Group is exposed to credit risk from its operating activities (mainly customer receivables) and from financing activities, including deposits with banks and financial institutions, currency transactions and other financial instruments.

Credit risk in cash and cash equivalents

In accordance with the established financial policy, RaySearch's liquidity is invested in Swedish banks or the Swedish state with the objective of maintaining high liquidity with low credit risk. Expected loss provisioning is applied for cash and cash equivalents. The calculation of expected credit losses is based on an external credit rating. The counterparties have credit ratings ranging from Low to Low Moderate. No provision was recognized, since the expected credit losses are not considered significant.

Credit risk in receivables

Credit risk is the risk that a counterparty will fail to meet its obligations in accordance with a financial instrument or customer contract, which could lead to a financial loss. The Group is exposed to credit risk in its operating activities, mainly in relation to customer receivables.

Credit risk in accounts receivable is mainly managed at Group level, but coordinated with each of the Group companies. In connection with quotations/contract negotiations, the customer's creditworthiness is checked, which affects the customer's ability to meet the terms of any payment plans. The credit risk for a new customer is determined using a rating scale, and individual credit limits are defined on the basis of this assessment.

Regular risk assessments of creditworthiness are carried out by considering the customer's financial position on every occasion. Other influencing factors, such as payment patterns and previous experiences, are also critical for the assessment. For license deliveries to major customers, collateral such as letters of credit, or other types of credit insurance from reputable banks and other financial institutions is used. These may be invoked if the counterparty has outstanding debts under the terms of the agreement. At the end of 2022, 0 percent [9] of the billed customer receivables were guaranteed by a letter of credit.

The Group's credit risks are usually limited because customers' operations are largely financed, either directly or indirectly, with public funds. Credit losses have also been very low historically.

Regarding the credit risk concentration, the Group's largest receivables are from Hitachi, Ltd. and correspond to 9 percent of total customer receivables of SEK 250 M. Hitachi, Ltd. is the Group's largest distributor and has a high credit rating of 5A3 from Dun & Bradstreet. There is no single customer that accounts for more than 10 percent of the Group's total customer receivables.

Most of the receivables in the 2022 financial statements were subject to an individual credit assessment, which led to an accounts receivable impairment of SEK 29.0 M [33.1]. At the end of the 2022 fiscal year, the provision for expected credit losses was SEK 45.1 M [46.9]. For an age analysis of accounts receivable and provisions for expected credit losses, refer to Note 22.

The Group's credit risk is relatively low since the receivables are spread over a large number of creditworthy companies and institutions.

The credit risk for a new customer is determined using external credit ratings, and individual credit limits are defined on the basis of this assessment. Other variables in the assessment of expected credit losses is based on the existence of credit insurance, the customer's historical ability to pay, whether the customer is state or privately funded, the amount and payment terms of the receivable, number of days overdue and the likelihood of a dispute. Details emerging from the specific dialogue with the customer are also taken into account. Finally, other circumstances, such as sanctions and other policy measures, may also determine whether a receivable is deemed uncertain. All of these individual circumstances provide a broad basis for the assessment of future credit losses.

The above assessment of expected credit losses is made on an individual basis for almost all receivables. In the 2021 financial statements, the majority of all customer receivables had been individually assessed. The main selection criterion for this assessment is the amount of the receivable, which means that the largest receivables in the Group's customer base have been individually assessed, amounting to a 50-percent coverage.

When assessing a credit risk in that part of the customer portfolio that has not been subject to individual assessment, historical credit loss information is the most critical factor for assessment, based on an average loss ratio. The average loss percentage can be adjusted if necessary to meet a change in relation to credit risk, to achieve fair future loss provisioning. The Group's historical credit losses are limited, about 0.4 percent of the Group's sales has been identified as credit losses in the past five years. The general provision for collectively assessed receivables amounts to approximately 2 percent of total customer receivables.

The Group does not have any netting agreements and offsetting has not been applied for any financial instruments.

Note 22 below presents an age structure of the Group's billed receivables and information about the expected payment of unbilled receivables.

NOTE 22 CUSTOMER RECEIVABLES

GROUP, Dec 31, 2022							
SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	< 30 days	30–90 days	90–365 days	> 365 days	
Receivables by type							
RaySearch products	178,158	148,514	41,575	48,141	14,640	38,953	469,980
Bad debt provision	–3,328	–3,117	–831	–963	–1,502	–35,336	–45,077
Total customer receivables	174,830	145,396	40,743	47,178	13,138	3,617	424,903
Receivables by geographic market							
Americas	117,446	73,574	16,870	31,190	9,040	26,801	274,922
Asia-Pacific & Middle East	21,209	47,398	14,277	4,598	3,104	1,036	91,621
Europe and Africa	39,502	27,541	10,428	12,353	2,496	11,116	103,437
Bad debt provision	–3,328	–3,117	–831	–963	–1,502	–35,336	–45,077
Total receivables by geographic market	174,830	145,396	40,743	47,178	13,138	3,617	424,903

GROUP, Dec 31, 2021							
SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	< 30 days	30–90 days	90–365 days	> 365 days	
Customer receivables							
RaySearch products	159,585	132,426	13,109	18,844	9,140	37,575	370,679
Bad debt provision	–2,816	–2,961	–230	–205	–83	–37,023	–43,319
Total customer receivables	156,769	129,465	12,879	18,639	9,057	552	327,360
Receivables by geographic market							
Americas	74,589	44,930	7,776	14,370	8,052	26,609	176,326
Asia-Pacific & Middle East	41,224	49,927	541	2,647	425	937	95,701
Europe and Africa	43,772	37,569	4,792	1,827	663	10,029	98,652
Bad debt provision	–2,816	–2,961	–230	–205	–83	–37,023	–43,319
Total receivables by geographic market	156,769	129,465	12,879	18,639	9,057	552	327,360

PARENT COMPANY, Dec 31, 2022							
SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	< 30 days	30–90 days	90–365 days	> 365 days	
Receivables by type							
RaySearch products	50,373	75,541	24,705	16,951	5,600	12,152	185,322
Bad debt provision	–1,007	–1,658	–494	–339	–960	–8,535	–12,993
Total receivables by type	49,366	73,883	24,211	16,612	4,640	3,617	172,329
Receivables by geographic market							
Americas	1,442	603	-	-	-	-	2,045
APAC	9,429	47,398	14,277	4,598	3,104	1,036	79,841
Europe and rest of the world	39,502	27,540	10,428	12,353	2,496	11,116	103,436
Bad debt provision	–1,007	–1,658	–494	–339	–960	–8,535	–12,993
Total receivables by geographic market	49,366	73,883	24,211	16,612	4,640	3,617	172,329

PARENT COMPANY, Dec 31, 2021							
SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	< 30 days	30–90 days	90–365 days	> 365 days	
Receivables by type							
RaySearch products	53,557	111,369	7,728	4,474	1,335	15,662	194,125
Bad debt provision	–1,034	–2,192	–152	–88	–26	–13,042	–16,534
Total receivables by type	52,523	109,177	7,576	4,386	1,309	2,620	177,591
Receivables by geographic market							
Americas	1,689	26,445	2,395	0	247	4,696	33,783
APAC	14,518	47,355	541	2,647	425	937	51,905
Europe and rest of the world	37,350	37,569	4,792	1,827	663	10,029	54,880
Bad debt provision	–1,034	–2,192	–152	–88	–26	–13,042	–16,534
Total receivables by geographic market	52,523	109,177	7,576	4,386	1,309	2,620	177,591

RaySearch has contracts with customers whereby deliveries have long payment terms, which is standard in the industry. The company recognizes customer receivables when delivery has occurred and an unconditional right to consideration exists. The subsequent effect is that the Group's accounts receivable and unbilled customer receivables add up to relatively high amounts compared with net sales.

At the end of the period, the Group's accounts receivable (current billed customer receivables) amounted to SEK 250 M

(171), corresponding to 30 percent (27) of net sales in 2022. Total customer receivables amounted to SEK 425 M (327), corresponding to 49 percent (51) of net sales for the year.

In 2022, the company's customer receivables remained unchanged in relation to net sales, the result of an active process to increase payments from customers and to shorten payment terms for customers in combination with lower sales.

UNBILLED RECEIVABLES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Expected date of payment				
Payment within 1–12 months	120,496	146,771	46,554	42,525
Payment after 12 months	54,334	9,998	2,812	9,998
Total unbilled receivables	174,830	156,769	49,366	52,523

The above table is an estimate. The date of payment is partly dependent on the date of installation on the customer's

site, i.e. not the agreed payment dates, but is our best assessment based on previous history on the balance-sheet date.

PROVISION FOR EXPECTED CREDIT LOSSES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Change in provision for expected credit losses				
Opening balance	40,503	23,637	16,534	15,802
Impairment for the year recognized in administrative expenses	6,676	26,765	1,107	10,631
Actual credit losses	–5,049	–10,349	–5,049	–10,349
Translation difference	2,947	450	401	450
Closing balance	45,077	40,503	12,993	16,534

Impairment for the year largely corresponded to provisions for receivables due to specific country risk. The provision for expected credit losses corresponded to 10 percent (11) of the Group's total receivables. The accounts receivable that

were impaired during the reporting period are subject to enforcement actions, which means that debt collection activities are ongoing.

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Prepaid rent	-	-	18,717	8,561
Prepaid insurance	15,299	2,490	2,028	2,434
Prepaid license and hardware costs	15,124	2,414	13,376	2,373
Prepaid pension costs	2,709	3,134	2,709	3,134
Accrued interest income	-	-	-	-
Other prepaid expenses	22,167	17,637	11,410	15,942
	55,299	25,674	48,240	32,444

NOTE 24 CASH AND CASH EQUIVALENTS

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
The following sub-components are included in cash and cash equivalents:				
Bank balances	160,268	102,535	79,903	11,165
	160,268	102,535	79,903	11,165

Cash and cash equivalents consist of bank balances. The company also has a revolving loan facility of up to SEK 150 M that matures in March 2025 and an overdraft facility of SEK 50 M that is renewed annually on December 31. At December 31, 2022, a total of SEK 0 M (0) had been borrowed under the company's revolving loan facility. Refer also to liquidity risk in Note 21.

NOTE 25 DEFERRED TAX ASSETS AND TAX LIABILITIES

SEK 000s	GROUP	
	Dec 31, 2022	Dec 31, 2021*
Deferred tax liabilities for:		
Intangible assets		
Opening balance	107,642	101,077
Change during the year	-868	6,565
Closing balance	106,774	107,642
Leases		
Opening balance	142	497
Change during the year	-42	-355
Closing balance	100	142
Untaxed reserves		
Opening balance	-	7,175
Change during the year	-	-7,175
Closing balance	-	-
Carrying amount	106,874	107,784
Deferred tax assets related to:		
Tangible assets		
Opening balance	-	2,138
Change during the year	-	-2,138
Closing balance	-	-
Accounts receivable		
Opening balance	3,411	3,740
Change during the year	-734	-329
Closing balance	2,677	3,411
Leases		
Opening balance	914	1,267
Change during the year	652	-353
Closing balance	1,566	914
Loss carry-forwards		
Opening balance	17,576	-
Change during the year	-1,969	17,576
Closing balance	15,607	17,576
Other temporary differences		
Opening balance*	6,624	5,790
Change during the year	-876	834
Closing balance	5,748	6,624
Carrying amount	25,598	28,525

* Restated to correct an error. Refer to Note 35.

Valuation is based on the nominal tax rate.

RaySearch recognizes deferred tax assets related to loss carry-forwards. Deferred tax assets are recognized following a thorough assessment to ensure the probability that sufficient taxable profit will be generated in the coming years against which the tax losses can be utilized. The assessment is based on an evaluation of business plans.

NOTE 26 LONG-TERM RECEIVABLES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Long-term unbilled customer receivables	54,334	9,998	2,693	9,998
Other items	363	206	5,817	6,346
Closing balance	54,697	10,204	8,510	16,344

Long-term unbilled customer receivables comprise customer receivables that mature more than 12 months after the period.

NOTE 27 UNTAXED RESERVES

SEK 000s	PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021
Accumulated excess depreciation		
Opening balance, January 1	-	1,415
Reversals/excess depreciation for the year	-	-1,415
Closing balance, December 31	-	-

NOTE 28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP								
SEK 000s	Dec 31, 2021	Remeasurement of leases	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	Dec 31, 2022
Lease liability	540,130	44,947	-57,224	19,789	-282	8,026	-	555,386
Other long-term liabilities	879	-136	-	-	-	-	-	743
Current interest-bearing liabilities	21,268	-	-21,268	-	-	-	-	-
Total interest-bearing liabilities	562,277	44,811	-78,492	19,789	-282	8,026	-	556,129

GROUP								
SEK 000s	Dec 31, 2020	Remeasurement of leases	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	Dec 31, 2021
Lease liability	95,779	-	-43,852	486,554	-4,291	5,940	-	540,130
Other long-term liabilities	879	-	-	-	-	-	-	879
Current interest-bearing liabilities	49,649	-	-28,732	-	-	-	351	21,268
Total interest-bearing liabilities	146,307	-	-72,584	486,554	-4,291	5,940	351	562,277

PARENT COMPANY								
SEK 000s	Dec 31, 2021	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	Dec 31, 2022	
Current interest-bearing liabilities	21,268	-21,268	-	-	-	-	-	
Total interest-bearing liabilities	21,268	-21,268	-	-	-	-	-	

PARENT COMPANY								
SEK 000s	Dec 31, 2020	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	Dec 31, 2021	
Current interest-bearing liabilities	49,649	-28,732	-	-	-	351	21,268	
Total interest-bearing liabilities	49,649	-28,732	-	-	-	351	21,268	

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
SEK 000s				
Social security expenses and vacation pay liability	34,171	27,887	28,585	23,329
Other personnel-related costs	-	961	-	383
Contract liabilities ¹	460,713	341,009	270,094	187,464
Other accrued expenses	16,538	16,054	10,520	10,290
	511,423	385,911	309,199	221,465

¹ 2021 includes adjustment for correction of error, refer to Note 35.

NOTE 30 INVENTORIES

	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
SEK 000s				
Goods for resale	14,091	29,991	3,758	6,436
	14,091	29,991	3,758	6,436

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
SEK 000s				
Pledged assets				
Chattel mortgages	100,000	100,000	100,000	100,000
Guarantees	33,007	31,046	33,007	31,046
Total	133,007	131,046	133,007	131,046

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 is renewed annually on December 31. Chattel mortgages amounted to SEK 100 M. At December 31, 2022, short-term loans of SEK 0 M (0) had been raised under the company's revolving loan facility and SEK 0 M (0) of the credit facility had been drawn.

Guarantees amounted to SEK 33.0 M and did not affect the company's credit facility. No contingent liabilities exist for the Group or the Parent Company.

NOTE 32 RELATED-PARTY TRANSACTIONS

For a description of transactions with senior executives, refer to Note 5. CEO Johan Löf is the party that has the final controlling influence. The Parent Company had one related-party transaction with its subsidiaries, refer to Note 20.

	SUMMARY GROUP				
	Sale of goods/ services to related parties	Purchase of goods/ services from related parties	Dividend paid	Receivables from related parties Dec 31	Liabilities to related parties Dec 31
SEK 000s					
2022	-	-	-	-	-
2021	-	-1,000	-	-	-

	SUMMARY PARENT COMPANY				
	Sale of goods/ services to related parties	Purchase of goods/ services from related parties	Dividend paid	Receivables from related parties Dec 31	Liabilities to related parties Dec 31
SEK 000s					
2022	198,062	-98,364	-	148,959	18,989
2021	93,323	-86,317	-	124,098	20,541

Sales to related parties pertain primarily to sales of licenses to foreign subsidiaries and purchases from related parties pertain primarily to purchases of services from foreign subsidiaries. Receivables from related parties pertain primarily to receivables from the US subsidiary.

In 2017, RaySearch entered into an agreement with the non-profit association Venture Cup, which organizes an annual competition to inspire entrepreneurship and creativity in business. The CEO, Johan Löf, chairs the association and RaySearch sponsors the competition by contributing SEK 1 M per year in exchange for exposure as a partner in Venture Cup's marketing material. This collaboration and the sponsorship fee amount is based on the arm's length principle and accepted commercial terms.

NOTE 33 SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

As of March 31, 2023, RaySearch breached a Solidity and an EBITDA-based covenant in the company's credit facility with Skandinaviska Enskilda Banken [publ]. The total credit facility amounts to SEK 200 million, of which SEK 0 million had been used as of December 31, 2022 and when the annual report is issued on April 26, 2023. RaySearch will apply for a so-called waiver for this breach of covenant, but until such a waiver is obtained, there is no right to use above mentioned credit facility. RaySearch's assessment continues to be that the company's financial position is good and that there is no short-term need for liquidity.

NOTE 34 PROPOSED ALLOCATION OF THE PARENT COMPANY'S PROFIT

The following is at the disposal of the AGM:

SEK	
Retained earnings	118,236,590
Profit for the year	8,621,722
Total	126,858,312

The Board and CEO propose that SEK 126,858,312 be carried forward.

NOTE 35 RESTATEMENT OF FINANCIAL STATEMENTS

In the second quarter of 2022, annual revenue for 2019 and 2020 was restated due to a prior period adjustment. The error occurred in 2019 when a transaction was incorrectly separated into several performance obliga-

tions, which affected amounts and periods for the revenue. The restatement affects revenue in 2019 and 2020 for the Group and the Parent Company in an amount of SEK –23.9 M and SEK –2.8 M, respectively, and tax of SEK 5.1 M and SEK 0.6 M, respectively.

CONSOLIDATED INCOME STATEMENTS

SEK 000s	2020 Restated	Correction	2020 Recognized	2019 Restated	Restatement	2019 Recognized
Net sales	648,824	–2,788	651,612	717,698	–23,886	741,584
Cost of goods sold	–43,374		–43,374	–72,365		–72,365
Gross profit/loss	605,450	–2,788	608,238	645,333	–23,886	669,219
Research and development costs	–185,041		–185,041	–174,670		–174,670
Other operating expenses	–426,663		–426,663	–426,380		–426,380
Operating profit/loss	–6,254	–2,788	–3,466	44,283	–23,886	68,169
Net financial items	–3,012		–3,012	–5,561		–5,561
Profit/loss before tax	–9,266	–2,788	–6,478	38,722	–23,886	62,608
Tax	–2,005	597	–2,602	–7,085	5,112	–12,197
Profit/loss for the year	–11,271	–2,191	–9,080	31,636	–18,775	50,411
Earnings/loss per share before dilution	–0.33		–0.26	0.92		1.47
Earnings/loss per share after dilution	–0.33		–0.26	0.92		1.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000s	Dec 31, 2021 Restated	Restate- ment	Dec 31, 2021 Recognized	Dec 31, 2020 Restated	Restate- ment	Dec 31, 2020 Recognized	Dec 31, 2019 Restated	Restate- ment	Dec 31, 2019 Recognized
Assets									
Intangible fixed assets	523,109		523,109	486,817		486,817	428,406		428,406
Other fixed assets	705,268	5,708	699,560	226,631	5,708	220,923	259,128	5,112	254,016
Total fixed assets	1,228,377	5,708	1,222,669	713,448	5,708	707,740	687,534	5,112	682,422
Total current assets	516,369		516,369	577,164		577,164	581,802		581,802
Total assets	1,744,746	5,708	1,739,038	1,290,612	5,708	1,284,904	1,269,336	5,112	1,264,224
Equity and liabilities									
Equity attributable to Parent Company shareholders	628,312	–20,966	649,278	673,385	–20,966	694,351	686,693	–18,775	705,468
Liabilities	1,116,434	26,674	1,089,760	617,227	26,674	590,553	582,642	23,886	558,756
Total equity and liabilities	1,744,746	5,708	1,739,038	1,290,612	5,708	1,284,904	1,269,336	5,112	1,264,224

PARENT COMPANY INCOME STATEMENTS

SEK 000s	2020 Restated	Correction	2020 Recognized	2019 Restated	Restatement	2019 Recognized
Net sales	486,835	-2,788	489,623	509,241	-23,886	533,127
Cost of goods sold	-24,095		-24,095	-34,400		-34,400
Gross profit/loss	462,740	-2,788	465,528	474,841	-23,886	498,727
Research and development costs	-243,950		-243,950	-226,089		-226,089
Other operating expenses	-303,264		-303,264	-280,011		-280,011
Operating loss	-84,474	-2,788	-81,686	-31,259	-23,886	-7,373
Net financial items	17		17	2,372		2,372
Loss before tax	-84,457	-2,788	-81,669	-28,887	-23,886	-5,001
Appropriations	82,306		82,306	-4,673		-4,673
Tax	-3,539	597	-4,136	5,992	5,112	880
Loss for the year	-5,690	-2,191	-3,499	-27,569	-18,775	-8,794

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

SEK 000s	Dec 31, 2021 Restated	Restate- ment	Dec 31, 2021 Recognized	Dec 31, 2020 Restated	Restate- ment	Dec 31, 2020 Recognized	Dec 31, 2019 Restated	Restate- ment	Dec 31, 2019 Recognized
Assets									
Intangible fixed assets	575		575	808		808	708		708
Other fixed assets	116,222	5,708	110,514	92,198	5,708	86,490	142,270	5,112	137,158
Total fixed assets	116,797	5,708	111,089	93,006	5,708	87,298	142,978	5,112	137,866
Total current assets	377,964		377,964	464,157		464,157	481,379		481,379
Total assets	494,761	5,708	489,053	557,163	5,708	551,455	624,357	5,112	619,245
Equity and liabilities									
Equity	178,995	-20,966	199,961	242,504	-20,966	263,470	248,194	-18,775	266,969
Untaxed reserves	-		-	32,615		32,615	114,921		114,921
Liabilities	315,766	26,674	289,092	282,044	26,674	255,370	261,241	23,886	237,355
Total equity and liabilities	494,761	5,708	489,053	557,163	5,708	551,455	624,357	5,112	619,245

The undersigned certify that the annual report and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and with generally accepted accounting practices, and give a true and fair view of the financial position and results of the Group and the Parent Company and that the Administration Report provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and results,

as well as a fair description of significant risks and uncertainties faced by the companies included in the Group. The annual report and consolidated financial statements were approved for issue by the Board of Directors on April 26, 2023. The consolidated statement of comprehensive income and consolidated statement of financial position, and the Parent Company income statement and balance sheet will be submitted for adoption by the AGM, which will be held not later than May 25, 2023.

Stockholm, April 26, 2023

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

Our audit report was submitted on the date specified
in our electronic signature

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

AUDITOR'S REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF RAYSEARCH LABORATORIES AB (PUBL), CORPORATE IDENTITY NUMBER 556322-6157

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of RaySearch Laboratories AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 22-69 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's

Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Utfallet av vår granskning och de granskningsåtgärder som genomförts för att behandla de områden som framgår nedan utgör grunden för vår revisionsberättelse.

Revenue from contract with customers

Description

Revenue from contracts with customers totals 843,648 TSEK in the consolidated statement of comprehensive income, and 620,315 TSEK in the parent company income statement, for the year 2022.

Recognition of revenue from contracts with customers requires that the company has adequate routines to identify performance obligations, and to ensure that revenue is recognized as these performance obligations are performed. Revenue recognition connected to contracts that encompass multiple performance obligations requires, in certain cases, that management makes judgments regarding the allocation of the transaction price between different performance obligations. The recognition of revenue from contracts with customers was a key audit area due to the significance of the

How our audit addressed this key audit matter

We have reviewed the company's processes for revenue recognition, and performed testing of contracts with customers on a sample basis. Our audit procedures have encompassed review of the identification of performance obligations, and the allocation of the transaction price between these. We have also assessed the reasonableness of the judgments on which the allocation of the transaction price is based.

We have also performed procedures to review whether the performance obligations which were identified have been performed. These audit procedures have encompassed determining whether license keys, as well such equipment as is necessary to use the company's products, have been transferred to the company's customers.

Revenue from contract with customers , cont.

Description, cont.

reported amounts, and due to the involvement of significant judgment by the company.

A description of the judgments on which revenue recognition is based is provided under the section "Significant judgments and estimates" under Note 1, and disclosures regarding the distribution of revenue are provided under Note 3.

How our audit addressed this key audit matter, cont.

We have reviewed disclosures made in the annual report.

Receivables towards customers

Description

Receivables towards customers of 424,903 TSEK are recorded in the consolidated statement of financial position as of 31 December 2021, and consists of invoiced receivables of 246,742 TSEK as well as unbilled receivables of 178,161 TSEK.

Receivables towards customers of 172,329 TSEK (excluding intragroup receivables) are recorded in the parent company balance sheet as of 31 December 2022, and consists of invoiced receivables of 121,956 TSEK as well as unbilled receivables of 50,373 TSEK.

The amounts are reported net of reserves for expected credit losses of 45,077 TSEK for the consolidated accounts and of 12,993 TSEK the parent company. The reserves for expected credit losses are subject to significant estimation and judgments by management, and consequently receivables towards customers have been determined to be a key audit matter. A description of the key inputs on which managements judgments are based is provided under the section "Significant judgments and estimates" under Note 1, and disclosures regarding receivables towards customers are provided under Note 22.

How our audit addressed this key audit matter

We have assessed management's process for estimating reserves for expected credit losses, which has encompassed evaluating the historical precision of forecasts and assumptions, receipt of external confirmations of outstanding receivables from the company's customers at the balance sheet date, and review of routines for collection of accounts receivables and the treatment of bad debt.

We have reviewed disclosures made in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-21 and 74-94. The other information also includes [the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also

responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of RaySearch Laboratories AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess

with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations Revisorns granskning av Esef-rapporten of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for RaySearch Laboratories AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of RaySearch Laboratories AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB, Hamngatan 26, 111 47 Stockholm, was appointed auditor of RaySearch Laboratories AB (publ.) by the general meeting of the shareholders on the May 25, 2022 and has been the company's auditor since the May 22, 2013.

Stockholm the day of our electronical signature
Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

THROUGH GOOD CONTROL AND A HEALTHY CORPORATE CULTURE, RAYSEARCH'S CORPORATE GOVERNANCE SHALL ENSURE SYSTEMATIC RISK MANAGEMENT AND LONG-TERM VALUE CREATION FOR SHAREHOLDERS.

This Corporate Governance Report was prepared by RaySearch's Board of Directors and describes RaySearch's corporate governance during the 2022 fiscal year. The report has been audited, and the Auditor's opinion can be found at the end of the report.

GENERAL

RaySearch is a Swedish public limited liability company with its registered office in Stockholm, and the company's Class B shares have been admitted to trading on Nasdaq Stockholm. This means that RaySearch's corporate governance is based on Swedish legislation, primarily the Swedish Companies Act, the Swedish Annual Accounts Act and applicable EU regulations, and the rules and practices that apply to companies listed on Nasdaq Stockholm. RaySearch also applies the Swedish Corporate Governance Code ("the Code"), with the exceptions set out below. The aim of the Code is to build confidence in Swedish listed companies by promoting good corporate governance in these companies. The current Code is available at www.bolagsstyrrning.se

Companies that apply the Code must take an active position on the company's approach to the various provisions of the Code. If a company chooses to deviate from the Code's provisions, this must be reported in accordance with the "comply or explain" principle. This means that the company does not have to follow every provision of the Code but can choose other solutions deemed more appropriate under the given circumstances, provided the company openly states any such deviation, describes the solution it has chosen instead, and provides a good explanation. The size and complexity of companies applying the Code are varied and for individual companies, solutions other than the Code may also ensure good corporate governance. RaySearch is a relatively small company with a clear majority shareholder who is also active as the CEO of the company. This is the reason why RaySearch has chosen to deviate from some of the Code's provisions.

In addition to the external regulatory framework, there is an internal framework with a number of Group-wide governing documents, of which the most important are the Articles of Association as adopted by the AGM, terms of reference for the Board and the Board's instructions for the CEO. In addition, there is a large number of internal policies, instructions and delegations that clarify responsibilities and powers within various areas. RaySearch's most important governing documents are gathered in the company's quality management system, which also describes the company's main processes and joint working methods.

GENERAL MEETING

The General Meeting is the company's supreme decision-making body. The date and location of the Annual General Meeting (AGM) is announced in connection with the third-quarter report and is simultaneously published on the company's website. Following motions by the shareholders, the Meeting Chairman as well as the Board of Directors and Chairman of the Board are elected at the AGM for a term of office until the close of the following AGM. The Audit Committee proposes the appointment of an audit firm, unless the duties of the Audit Committee are performed by the Board. The AGM is to be held within six months of the end of the fiscal year to resolve on matters including adoption of the income statement and balance sheet, and the allocation of profit. There are no special provisions regarding the function of the AGM in either the Articles of Association or, to the knowledge of RaySearch, in shareholder agreements. Nor are there any provisions in the Articles of Association regarding the appointment and dismissal of Board members, or amendments to the Articles of Association.

RaySearch may issue two classes of shares: Class A and Class B. RaySearch's Articles of Association do not contain any restrictions on how many votes each shareholder may cast at a general meeting. When voting at General Meetings, holders of Class A shares are entitled to ten votes per share, and holders of Class B shares to one vote per share. At December 31, 2022, the total number of shares in RaySearch was 34,282,773, comprising 8,454,975 Class A and 25,827,798 Class B shares, and the total number of votes was 110,377,548.

Shareholders representing 61.5 percent of the total number of shares, and 78.7 percent of the total number of votes in the company participated in RaySearch's AGM on May 25, 2022. Shareholders representing 61.4 percent of the total number of shares and 78.6 percent of the total number of votes in the company were represented at the Extraordinary General Meeting on November 9, 2022. To reduce the risk of spreading the coronavirus, the Board decided that both the 2021 AGM and the Extraordinary General Meeting would be held by postal vote only, pursuant to the temporary provisions in place in 2022.

AUTHORIZATIONS PROVIDED BY THE ANNUAL GENERAL MEETING

The AGM has not currently authorized the Board to make decisions regarding a new issue of shares or a repurchase of own shares.

NOMINATION COMMITTEE

The company deviates from the rules of the Code by not appointing a Nomination Committee. In view of the shareholders' composition, a Nomination Committee has not been considered necessary. Proposals for, and the required information about, Chairman of the Meeting, Board members, Chairman of the Board, audit firm and fees paid to Board members and audit firm, are instead submitted by shareholders, the Board and the Audit Committee.

BOARD OF DIRECTORS

Under the Articles of Association, RaySearch's Board shall comprise no fewer than three and no more than eight members, with no more than three deputies. The company's Board of Directors is responsible for the company's organization and management of the company's affairs and, together with the CEO and company management, defines and continuously supervises the company's vision, mission and values. The role of the Chairman of the Board includes leading the Board's work and ensuring that the Board of Directors fulfills its duties.

At the AGM on May 25, 2022, six Board members were elected without deputies, including the Chairman of the Board, for the period until the close of the 2023 AGM. Carl Filip Bergendal, Johan Löf (CEO), Britta Wallgren, Hans Wigzell, Lars Wollung and Johanna Öberg were re-elected as Board members and Lars Wollung was also re-elected as Chairman of the Board. Due to other time-consuming operational duties, Lars Wollung and Johanna Öberg chose to step down from their assignment in the company prematurely and resigned on September 30, 2022. Accordingly, the Board appointed Hans Wigzell as new Chairman. At an Extraordinary General Meeting on November 9, 2022, Günther Mårder was elected new member until the close of the 2023 AGM. The composition of the Board fulfills the Code's requirements in respect of the independence of Board members, which is presented in the table below. The Board members are presented on pages 78–79, along with the members' other significant assignments and shareholdings in RaySearch. Once each fiscal year, the Board undertakes an evaluation of its own performance using a systematic and structured process. The evaluation provides a basis for the Board's future work. The Board evaluates the CEO's performance and terms of reference regu-

larly, at least once annually, but in this respect the company deviates from rule 8.2 of the Code's provisions by allowing the CEO to participate in the evaluation. The reason being that the CEO is a Board member, and that the Board believes that the CEO's participation will not have a negative effect on the evaluation.

Those shareholders (representing approximately 67 percent of the voting rights in the company) who submitted a proposal for the composition of the Board prior to the 2022 AGM applied rule 4.1 of the Corporate Governance Code as a diversity policy. The aim of the policy is that the Board should be characterized by versatility and breadth in terms of the skills, experience and background of the AGM-elected members with consideration for the company's operations, phase of development and otherwise appropriate composition, and strive to achieve an even gender distribution. The current Board of Directors comprises five members, including one woman (20 percent women). The members have a broad mix of professional backgrounds and skills, and represent various sectors of the business community.

THE BOARD'S WORK IN 2022

The Board's work is governed by formal terms of reference that are adopted annually and regulate such issues as the decision-making structure in the company, the Board meeting schedule and the duties of the Chairman. The Board as a whole addresses internal control issues that are its responsibility. In addition, the company's auditor personally reports their review observations to the Board every year. The Board held 20 meetings during the year, of which seven were held per capsulam. The attendance of the members is presented on page 76.

Up until September 2022, the Board had formed an Audit Committee comprising Board members Carl Filip Bergendal, Lars Wollung (Chair) and Johanna Öberg. When Johanna Öberg and Lars Wollung stepped down from their assignment in the company on September 30, 2022, the Board in its entirety decided to assume all duties assigned to the Audit Committee. The description below regarding composition, attendance and duties therefore refers to the Committee and its work up until the end of September 2022.

THE BOARD'S INDEPENDENCE

Name	Position	Independent in relation to the Company and its management	Independent in relation to major shareholders
Carl Filip Bergendal	Board member,	Yes	Yes
Johan Löf	Board member, CEO	No (CEO of the company)	No (is personally such a shareholder)
Britta Wallgren	Board member	Yes	Yes
Hans Wigzell	Board member	Yes	Yes
Günther Mårder	Board member	Yes	Yes

OWNERSHIP STRUCTURE – SHAREHOLDERS WITH AT LEAST 10 PERCENT OF TOTAL VOTES

Name	Class A shares	Class B shares	Total shares	Capital, %	Votes, %
Johan Löf	6,243,084	18,393	6,261,477	18.3	56.6
Anders Brahme	1,150,161	200,000	1,350,161	3.9	10.6
Others	1,061,730	25,009,405	26,671,141	76.0	32.3
Total	8,454,975	25,609,405	34,282,773	100.0	100.0

The composition of the Audit Committee fulfilled the Code's requirements in regard to the independence of members. The Audit Committee held three meetings in 2022, of which one was held per capsulam, and all Committee members participated in these meetings. The Committee's function was mainly preparatory, and the matters addressed were minuted and reported at the following Board meeting. The Audit Committee's role includes quality assurance of financial reporting and the efficiency of the company's internal control.

During the year, the Board considered the need to establish a Remuneration Committee, but found it more appropriate that these tasks be carried out by the Board in its entirety under the leadership of the Chairman. The reason being that the size of the Board and the company is not deemed to motivate a special committee for these duties, and that it is important that the Board has full insight into, and takes an active role in, these important tasks.

The Board determines the CEO's remuneration (without the CEO's participation). The remuneration of other senior management is determined following negotiations between the CEO and the individual employees, based on the guidelines adopted by the AGM. Application of the guidelines is monitored and evaluated by the Board, which also evaluates the variable remuneration of senior management.

ATTENDANCE AT BOARD MEETINGS 2022

Name	Attendance at Board meetings ¹
Carl Filip Bergendal	13/13
Johan Löf	13/13
Britta Wallgren	13/13
Günther Mårder ²	4/4
Hans Wigzell	13/13
Lars Wollung ³	8/8
Johanna Öberg ³	8/8

¹ Not including per capsulam meetings.

² Joined the Board on November 9, 2022 and thereafter attended all Board meetings.

³ Resigned from the Board on September 30, 2022.

MAJOR DIRECT OR INDIRECT SHAREHOLDINGS

Shareholders with a direct or indirect shareholding in RaySearch who represent at least one-tenth of the votes in the company are presented in the table on the preceding page.

COMPANY MANAGEMENT

RaySearch's CEO leads the operations based on the framework established by the Board and appoints other members of senior management. RaySearch's senior management comprises the company's CEO, Deputy CEO, CFO, General Counsel, Chief Science Officer, Head of Development, Director of Sales and Marketing, Director of Sales and Marketing for Asia, Director of Service, Head of Machine Learning and the company's Quality and Regulatory Affairs Director.

During the year, business briefings under the CEO's leadership were conducted at least monthly, except during holiday periods when they occurred less frequently.

Company management also meets representatives of the US and European sales and marketing organizations on a regular basis, mainly through the CEO and Director of Sales and Marketing, respectively, to monitor and evaluate the Group's operations in their entirety. Monitoring is

based on the Group's annually established targets and budgets, including RaySearch's strategies, long and short-term targets, operational objectives, and competitor analyses. The Board is continuously informed about senior management's monitoring and evaluation measures.

INTERNAL CONTROL AND RISK MANAGEMENT

The role of the Board is to ensure that RaySearch has sound internal control and continuously remains informed of, and evaluates, the effectiveness of the company's internal control system. In view of the company's limited size and operational structure, the Board, in its annual assessment of the possible need for a separate function to review the company's internal financial controls, has concluded that there is no need for an internal audit function.

The control environment underlies all other components of RaySearch's internal control and risk management. In order to create and maintain a functioning control environment for financial reporting, the Board has established a number of basic documents, including terms of reference for the Board and instructions for the CEO. The Board has delegated responsibility for maintaining the Board's control environment framework to the CEO. The Board also determines the authorization instructions that delegate the CEO's authorization responsibilities to other senior executives at RaySearch. The CEO submits regular reports on the business situation and financial performance in relation to the budget and forecast to the Board and senior management. In addition, reports are also submitted by RaySearch's auditor. The internal control also builds upon a management system based on RaySearch's organization and manner of conducting business with clearly defined roles and areas of responsibility, and delegated authority. RaySearch has also documented the division of responsibilities within the organization through policies and instructions. RaySearch is a process-oriented company and has integrated risk assessment with business processes. RaySearch's senior management regularly assesses risks of material misstatement of the financial statements, as well as other operational risks. Risk management is also incorporated into each process and systematic methods are used to assess and mitigate risks, and to ensure that risks linked to the company's operations are managed in accordance with established regulations, instructions and monitoring procedures.

RaySearch's control structure includes clear roles and an effective delegation of responsibilities aimed at timely identification of the risk of material misstatement of the financial statements. Company management has been tasked with implementing, further developing and maintaining the company's control structure. Process managers at various levels are responsible for the implementation of controls in respect of financial reporting. The preparation and presentation processes include controls of measurements, accounting policies and estimates. RaySearch's CFO plays a key role in the internal control process by ensuring that financial reporting is accurate, timely and complete.

RaySearch has information and communication systems and processes to ensure complete and accurate financial reporting. The relevant employees are regularly informed about changes in accounting policies and reporting requirements or other information. The Board receives regular financial information. External information and communication is governed by RaySearch's communication policy, which describes the company's general principles for information disclosure. The Board and

senior management monitor RaySearch's compliance with adopted policies and guidelines. A whistleblowing system is also in place to enable employees and others to report suspected deficiencies in RaySearch's financial reporting, breaches of the company's policies and regulations, or other serious misconduct. RaySearch's financial situation is addressed at all scheduled Board meetings. The Board and management review the financial reporting before Interim and Annual Reports are published. The auditor's duties also include an annual review of RaySearch's internal control, and a review of the Group's nine-monthly interim report. On at least

one occasion each year the Board of Directors meets the auditor without the attendance of the CEO or any other members of company management when the auditor presents an account, and a discussion is held concerning the audit's focus and observations.

FURTHER INFORMATION

For more information about the Board and the CEO, refer to pages 78–79 and to Note 5 in the Annual Report. For more information about the auditors, refer to page 78 and to Note 6 in the Annual Report.

Stockholm, April 26, 2023

Hans Wigzell
Chairman of the Board

Carl Filip Bergendal
Board member

Johan Löf
CEO
and Board member

Britta Wallgren
Board member

Günther Mårder
Board member

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF RAYSEARCH LABORATORIES AB (PUBL), CORPORATE IDENTITY NUMBER 556322-6157

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the corporate governance statement for the year 2022 on pages 74–77 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit

conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm the day of our electronical signature

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

BOARD AND AUDITORS

1. CARL FILIP BERGENDAL

Board member since 2000.

Year of birth: 1945

Other significant assignments: Board member of Cafibe AB.

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and MBA from Stockholm School of Economics.

Professional experience: A number of senior positions in the Modo Group (1972–1980) and the medical technology company Stille-Werner (1980–1987), with the two final years as CEO. Between 1988–2018 he worked as a certified process manager in Lots® and in this role provided support for managers in large and mid-size companies undergoing restructuring processes.

Shareholding: 1,061,577 Class A and 139,920 Class B.

2. JOHAN LÖF

CEO. Board member since 2000.

Year of birth: 1969

Other significant assignments: Chairman of the RayFoundation profit-sharing foundation and Venture Cup Sverige. Several Board assignments for other companies in the RaySearch Group.

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and PhD from the Department of Medical Radiation Physics at the Department of Oncology-Pathology, Karolinska Institute. As a doctoral student, he worked with mathematical models for radiation therapy optimization and also developed the prototype for ORBIT.

Professional experience: CEO of RaySearch since 2000.

Shareholding: 6,243,084 Class A and 18,393 Class B.

3. BRITTA WALLGREN

Board member since 2018.

Year of birth: 1963

Other significant assignments: Chairman of the Board of Capio St Görans Hospital and Capio Läkargruppen. Board member of the Association of Private Care Providers.

Educational background: Registered medical practitioner, specialist in anesthesiology and intensive care, leadership training in health and medical care at the Stockholm School of Economics and Harvard Business School

Professional experience: CEO of Capio Sweden since 2017 and member of Group management of Ramsay Santé since February 2019. Business area President and CEO of Capio St Görans Hospital 2009–2017 following several managerial roles at the hospital.

Shareholding: 5,000 Class B shares, and 2,000 Class B shares via related parties.

4. HANS WIGZELL

Board member since 2004, Chairman since 2022. Professor Emeritus at the Karolinska Institutet in Solna, Sweden.

Year of birth: 1938

Other significant assignments: Chairman of the Board of Rhenman & Partners Asset Management AB. Board member of Sarepta Pharmaceuticals AB, Boston, US, and Wigzellproduktion AB. Chairman of the Stockholm School of Entrepreneurship. Member of the Royal Swedish Academy of Science and the Academy of Engineering Science.

Educational background: Doctor of Medicine, Registered Medical Practitioner.

Professional experience: Dean of Karolinska Institutet, 1995–2003.

Shareholding: 0

5. GÜNTHER MÅRDER

Board member since November 2022.

Year of birth: 1982

Other significant assignments: Board member of Spotlight Group AB, Lundqvist Trävaru AB and StyrelseAkademien Stockholm, and Chairman and founder of Kunskapsgruppen Sverige.

Educational background: MBA from Stockholm School of Economics.

Professional experience: CEO of Företagarna since 2015. Previous professional experience includes investment economist at Nordnet Bank, Vice Chairman of Better Finance, CEO of Sveriges Aktiesparares Riksförbund and Board member of Aktieinvest FK.

Shareholding: 68,107 Class B shares and 1,850 Class B shares via related parties.

AUDITOR

Auditing firm Ernst & Young AB

Anna Svanberg (auditor-in-charge)

Auditor of RaySearch Laboratories AB.

Authorized Public Accountant, Ernst & Young AB.

Year of birth: 1976

Auditor for Feelgood Svenska AB (publ), Hemnet AB, Calliditas Therapeutics AB, Orexo AB, Oncopeptides AB, Benify AB and others.

1.



2.



3.



4.



5.



MEET OUR SENIOR MANAGEMENT



KJELL ERIKSSON
Chief Science Officer

NICLAS BORGLUND
Director of Service

BJÖRN HÅRDEMARK
Deputy CEO

LARS JORDEBY
Director of Sales ,
Asia-Pacific & Middle
East

HENRIK BERGENTOFT
CFO



FREDRIK LÖFMAN
Head of Machine
Learning

DAVID HEDFORS
Quality and
Regulatory Affairs
Director

PETRA JANSSON
General Counsel

JOHAN LÖF
CEO and Founder

HENRIK FRIBERGER
Director of
Development

PETER KEMPLIN
Director of Sales
and Marketing

JOHAN LÖF

CEO AND FOUNDER

Member of the Board of RaySearch since 2000.

Year of birth: 1969

Other directorships: Chairman of the RayFoundation profit-sharing foundation and Venture Cup Sweden. Several Board assignments for other companies in the RaySearch Group.

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and PhD from the Department of Medical Radiation Physics at the Department of Oncology-Pathology, Karolinska Institute. As a doctoral student he worked with mathematical models for optimization of radiation therapy and also developed the prototype for ORBIT.

Professional experience: CEO of RaySearch since 2000.

Shareholding: 6,243,084 Class A and 18,393 Class B.

HENRIK BERGENTOFT

CFO

Year of birth: 1974

Educational background: MBA from Uppsala University.

Professional experience: Henrik Bergentoft joined RaySearch as CFO in November 2022. He previously served as CFO of C-RAD AB (publ). His past professional experience includes CFO of MSAB, Aerocrine AB, Nordkom AB and Contextvision AB.

Shareholding: 0.

NICLAS BORGLUND

DIRECTOR OF SERVICE

Year of birth: 1971

Educational background: Doctor of Physics, Stockholm University.

Professional experience: Niclas Borglund was appointed Director of Service in 2010. He was employed as project manager in RaySearch's Development Department in 2006. He was previously employed as a technical consultant at Savantic AB, specialized in software development for high-tech projects.

Shareholding: 400 Class B shares.

BJÖRN HÅRDEMARK

DEPUTY CHIEF EXECUTIVE OFFICER

Year of birth: 1977

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm. Received an award for academic excellence in 2003.

Professional experience: Björn Hårdemark wrote his thesis at RaySearch in 2002 and has since held positions as Research Engineer, System Developer, Physicist, Head of Physics and Chief Science Officer at the company until taking office as Deputy CEO in 2015. In 2022, he served as Interim CFO from April to November.

Shareholding: 18,000 Class B shares.

LARS JORDEBY

DIRECTOR OF SALES, ASIA-PACIFIC & MIDDLE EAST

Year of birth: 1965

Professional experience: Lars Jordeby was appointed Director of Sales and Marketing for Asia-Pacific & Middle East in 2014. He has almost 30 years of experience from sales and marketing in the field of radiation therapy in Europe, Asia and North America in companies including Scanditronix Medical AB, IBA Dosimetry AB, C-RAD AB and ScandiDos AB. Lars is also one of the founders and partners of ScandiNova Systems AB.

Shareholding: 1,800 Class B shares.

KJELL ERIKSSON

CHIEF SCIENCE OFFICER

Year of birth: 1973

Educational background: MSc in Engineering Physics from Uppsala University.

Professional experience: Kjell Eriksson was appointed Chief Science Officer in 2015. He was employed as a developer at RaySearch in 2001 and became a research engineer when the R&D department was formed in 2003.

Shareholding: 24,000 Class B shares.

PETER KEMLIN

DIRECTOR OF SALES AND MARKETING

Year of birth: 1974

Educational background: MSc in Industrial Engineering from Chalmers University of Technology.

Professional experience: Peter Kemlin was appointed Director of Sales and Marketing at RaySearch in 2012. He has extensive experience in medical technology, both as a consultant for Swedish hospitals and from positions in sales and marketing, primarily in radiation therapy. Peter has also served as Trade Commissioner at the Swedish Trade Council.

Shareholding: 300 Class B shares (and 1,098 via related parties).

HENRIK FRIBERGER

DIRECTOR OF DEVELOPMENT

Year of birth: 1971

Educational background: MSc in Electronics from the Royal Institute of Technology in Stockholm.

Professional experience: Henrik Friberger was appointed Head of Development in 2013. He was employed at RaySearch in 2001 and has worked with software development, team and project management and also managed a team in the Development Department. He was previously employed as a software developer at Pacesetter AB (now St Jude Medical AB) in the field of pacemaker systems.

Shareholding: 16,500 Class B shares.

DAVID HEDFORS

QUALITY AND REGULATORY AFFAIRS DIRECTOR

Year of birth: 1976

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm.

Professional experience: David Hedfors was appointed Quality and Regulatory Affairs Director in 2010. He was employed as a developer at RaySearch in 2002 and has also worked as team and project manager. David is the company's Data Protection Officer.

Shareholding: 1,000 Class B shares.

FREDRIK LÖFMAN

HEAD OF MACHINE LEARNING

Year of birth: 1978

Educational background: MSc in Engineering Physics from Chalmers University

of Technology and PhD in Applied Mathematics in radiation therapy optimization from the Royal Institute of Technology in Stockholm.

Professional experience: Fredrik Löfman did his Ph.D. at RaySearch 2003–2008, after that he worked as a research engineer, developer and project manager of RayStation. Between 2011 and 2017, Fredrik worked at SEB with financial risk modeling. Fredrik re-joined RaySearch in 2017 to start and build up a machine learning department.

Shareholding: 1,400 Class B shares.

PETRA JANSSON

GENERAL COUNSEL

Year of birth: 1973

Educational background: Law degree and LL.M. from Lund University, and Master of Laws from University of Cambridge.

Professional experience: Petra Jansson was appointed General Counsel in 2017. Her previous positions include General Counsel, Head of Compliance and International Relations at EKN, assistant General Counsel at Gambro and lawyer at Mannheimer Swartling.

Shareholding: 1,000 Class B shares.

SHARES AND OWNERSHIP

NUMBER OF SHARES AND SHARE CAPITAL

At 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. The quotient value was SEK 0.50 and the company's share capital amounted to SEK 17,141,386.50. All shares carry equal rights to the company's assets and profit. Holders of Class A shares are entitled to ten votes per share, and holders of Class B shares are entitled to one vote per share, at the Annual General Meeting. At December 31, 2022, the total number of votes in the company was 110,377,548. All shareholders who are entitled to vote at the Annual General Meeting may vote for the full number of shares owned or represented by them, with no restrictions on voting rights. The proportion of foreign owners' shareholdings in RaySearch increased from 35.6 percent at December 31, 2021 to 37.82 percent at December 31, 2022. The number of shareholders increased and at December 31, 2022 was 7,165 [6,878].

OWNERSHIP STRUCTURE – SHAREHOLDER CATEGORIES, %	Capital	Votes
Foreign shareholders	37.82	11.75
Swedish shareholders	62.18	88.25
<i>of which institutions</i>	<i>20.51</i>	<i>6.37</i>
<i>individuals</i>	<i>41.67</i>	<i>81.88</i>

STATEMENT FROM SOME OF THE PRINCIPAL SHAREHOLDERS

The aim of the principal owners – Johan Löf, Anders Brahme and Carl Filip Bergendal – is to remain significant long-term shareholders of RaySearch.

SHAREHOLDER AGREEMENTS

As far as the Board of Directors of RaySearch is aware, there are no shareholder agreements for either Class A or Class B shares.

OWNERSHIP STRUCTURE – 10 LARGEST SHAREHOLDERS AT DEC 31, 2022

Name	Class A shares	Class B shares	Total shares	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 (formerly 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
Second AP Fund	0	1,220,942	1,220,942	3.6	1.1
Carl Filip Bergendal	1,061,577	139,920	1,201,497	3.5	9.7
Nordnet Pensionsförsäkring AB	0	718,905	718,905	2.1	0.7
Avanza Pension	0	672,341	672,341	2.0	0.6
Total, 10 largest shareholders	8,454,822	13,838,398	21,293,220	62.1	88.3
Others	153	12,989,400	12,989,553	37.9	11.7
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

OWNERSHIP STRUCTURE – SIZE OF HOLDING AT DEC 31, 2022

Holding	No. of shareholders	No. of Class A shares	No. of Class B shares	Capital, %	Votes, %
1–500	5,651	153	674,976	1.97	0.61
501–1,000	637	0	521,625	1.52	0.47
1,001–5,000	656	0	1,522,413	4.44	1.38
5,001–10,000	90	0	665,185	1.94	0.60
10,001–15,000	24	0	293,910	0.86	0.27
15,001–20,000	24	0	432,753	1.26	0.39
20,001–	83	8,454,822	21,716,936	88.01	96.27
Total	6,878	8,454,975	25,827,798	100.00	100.00

LISTING ON NASDAQ STOCKHOLM

RaySearch's share has been listed on Nasdaq Stockholm since 2003. On January 4, 2016, RaySearch was moved to the Mid Cap segment following Nasdaq's annual review of Nordic market capitalization segments.

SHARE TRADING AND SHARE PRICE TREND

In 2022, a total of 15.1 million (16.0) RaySearch shares were traded at a value of SEK 840 M (1,203). This corresponds to an average price of SEK 55.7 (75.2). The highest price paid in 2022 was SEK 74.3 on August 4. The lowest price paid during the same period was SEK 41.0 on May 9. On the last trading day of the year, December 30, the closing price was SEK 68.0 (56.5). In 2022, RaySearch's share price rose 23 percent (declined 35),

while the OMXS30 declined 16 percent (rose 28). At December 31, RaySearch's market capitalization was SEK 2,331 M (1,459). In this calculation, Class A shares, which are not listed on the stock exchange, were assigned the same value as the listed Class B shares.

OPTIONS PROGRAMS

RaySearch currently has no options programs outstanding.

DIVIDEND POLICY

The Board of Directors' intention is to allow distribution of approximately 20 percent of the Group's profit after tax to shareholders provided a healthy capital structure can be retained.

CHANGES IN SHARE CAPITAL OF RAYSEARCH

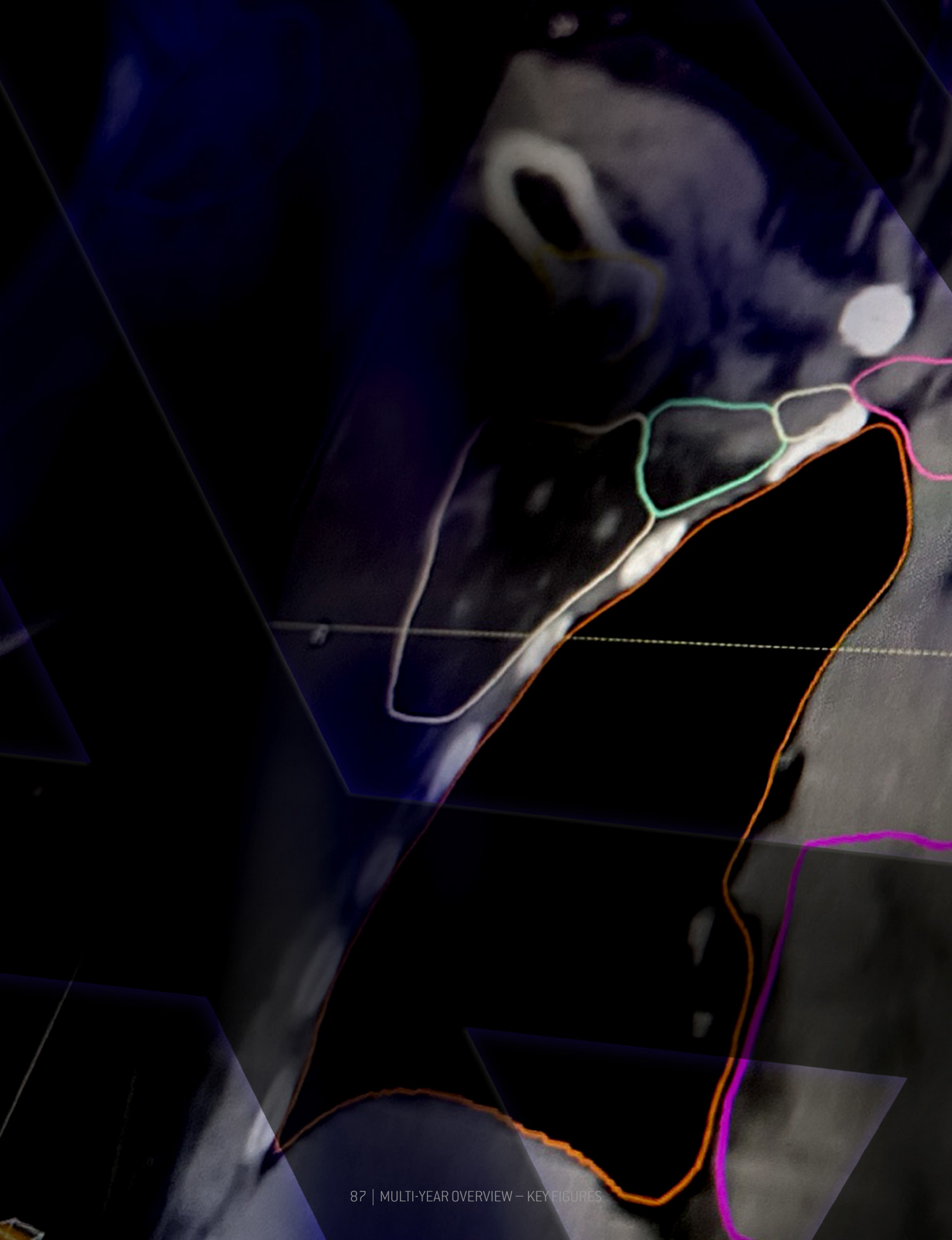
Year	Transaction	Quotient value, SEK	Change in no. of shares	Increase in share capital	No. of Class A shares	No. of Class B shares	Total no. of shares	Total share capital, SEK
2005	Opening balance	1.5			4,237,604	6,275,457	10,513,061	15,769,591.50
	Non-cash issue (B)		914,530	1,371,795	4,237,604	7,189,987	11,427,591	17,141,386.50
	Reclassification 2005				-24,596	24,596		
	Closing balance	1.5			4,213,008	7,214,583	11,427,591	17,141,386.50
2006	Reclassification 2006				-100	100		
	Closing balance	1.5			4,212,908	7,214,683	11,427,591	17,141,386.50
2008	3:1 share split, 2008		22,855,182		8,425,816	14,429,366		
	Closing balance	0.5			12,638,724	21,644,049	34,282,773	17,141,386.50
2009	Reclassification 2009				-252,756	252,756		
	Closing balance	0.5			12,385,968	21,896,805	34,282,773	17,141,386.50
2011	Reclassification 2011				-1,061,577	1,061,577		
	Closing balance	0.5			11,324,391	22,958,382	34,282,773	17,141,386.50
2015	Reclassification 2015				-1,061,577	1,061,577		
	Closing balance	0.5			10,262,814	24,019,959	34,282,773	17,141,386.50
2016	Reclassification 2016				-1,567,839	1,567,839		
	Closing balance	0.5			8,694,975	25,587,798	34,282,773	17,141,386.50
2017	Reclassification 2017				-40,000	40,000		
	Closing balance	0.5			8,654,975	25,627,798	34,282,773	17,141,386.50
2018	Reclassification 2018				-200,000	200,000		
	Closing balance	0.5			8,454,975	25,827,798	34,282,773	17,141,386.50

SHAREHOLDER REGISTER, COMPLETE – RAYSEARCH LABORATORIES AB (PUBL) AT DEC 31, 2022 – LARGEST SHAREHOLDER COUNTRIES

Name	No. of shareholders	Shareholders, %	Holding	Holding, %	Votes	Votes, %	Market capitalization, KSEK
Domiciled in Sweden	6,839	95.45	21,316,233	62.18	97,411,008	88.25	874,566
Rest of the world	326	4.50	12,966,540	37.82	12,966,540	11.75	881,724
Total Dec 31, 2022	7,165	100.00	34,282,773	100.00	110,377,548	100.00	1,756,290

SHAREHOLDER REGISTER, COMPLETE – RAYSEARCH LABORATORIES AB (PUBL) AT DEC 31, 2022 – LEGAL-NATURAL PERSONS

Name	No. of shareholders	Shareholders, %	Holding	Holding, %	Votes	Votes, %	Market capitalization, KSEK
Natural persons	6,730	93.93	14,320,799	41.77	90,415,547	81.91	398,876
of whom domiciled in Sweden	6,674	93.15	14,286,528	41.67	90,381,276	81.88	396,546
Legal persons	435	6.07	19,961,974	58.23	19,962,001	18.09	1,357,414
of whom domiciled in Sweden	165	2.30	7,029,705	20.51	7,029,732	6.37	478,020
Total Dec 31, 2022	7,165	100	34,282,773	100	110,377,548	100	1,756,290
of whom domiciled in Sweden	6,839	95.45	21,316,233	62.18	97,411,008	88.25	874,566



MULTI-YEAR OVERVIEW – KEY FIGURES

KEY FIGURES AND CONDENSED FINANCIAL DATA

The summary shows how the core business developed between 2013–2022 and was prepared in accordance with IFRS.

The figures for 2019–2021 have been restated in accordance with Note 35, Restatement of Financial Statements.

GROUP	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Income statement										
Net sales, SEK M	843.6	641.7	648.8	717.7	627.2	585.1	531.5	397.6	285.2	204.5
Sales growth, %	31.5	–1.1	–9.6	14.4	7.2	10.1	33.7	39.4	39.5	12.3
Operating profit/loss, SEK M	42.7	–53.3	–6.3	44.3	94.5	159.7	199.6	95.3	79.4	–25.7
Operating margin, %	5.1	–8.3	–1.0	6.2	15.1	27.3	37.5	24.0	27.8	–12.6
Equity/assets ratio, %	35.0	36.0	52.2	54.1	59.5	63.4	64.2	65.9	64.5	65.7
Equity/assets ratio (without IFRS 16), %	48.9	51.6	56.0	59.7	59.5	63.4	64.2	65.9	64.5	65.7
Capital employed, SEK M	1213.3	1190.6	819.7	881.3	789.0	664.2	521.7	357.7	292.6	196.6
Return on capital employed ² , %	3.6	–5.2	–0.7	5.3	13.0	27.3	45.4	29.4	32.6	–12.0
Equity, SEK M	657.2	628.3	673.4	686.7	657.5	580.4	460.2	319.5	251.5	196.6
Return on equity ² , %	3.7	–7.5	–1.7	4.6	12.7	22.6	38.8	24.6	26.7	–10.1
Interest-bearing liabilities, SEK M	555.4	561.4	146.3	170.7	131.5	83.8	61.5	38.2	41.1	–
Net debt, SEK M	395.9	459.7	–22.4	56.8	19.3	–20.4	–26.2	–21.5	–15.0	–38.2
Net debt (without IFRS 16), SEK M	–159.5	–80.4	–118.2	–64.3	19.3	–20.4	–26.2	–21.5	–15.0	–38.2
Debt/equity ratio	0.6	0.7	0.0	0.1	0.0	0.0	–0.2	–0.1	–0.1	–0.2
EBITDA, SEK M	339.7	196.8	207.5	226.8	208.3	231.0	266.9	151.8	137.6	28.2
Net debt/EBITDA	1.2	2.3	–0.1	0.2	0.1	–0.1	–0.1	–0.1	–0.1	–1.4
Per share data										
Earnings/loss per share before dilution, SEK	0.69	–1.38	–0.33	0.92	2.29	3.43	4.42	2.05	1.75	–0.61
Earnings/loss per share after dilution, SEK	0.69	–1.38	–0.33	0.92	2.29	3.43	4.42	2.05	1.75	–0.61
Equity per share, SEK	19.17	18.33	19.64	20.03	19.18	16.93	13.42	9.32	7.34	5.73
Cash flow from operating activities per share, SEK	10.87	6.95	9.59	8.64	5.21	4.30	3.53	3.25	1.47	0.91
Dividend per share, SEK	. ¹	. ¹	. ¹	. ¹	–	–	–	0.25	–	–
Share price at year-end, SEK	68.0	82.7	82.7	107.2	96.5	171.0	184.5	122.5	53.0	27.4
P/E ratio	98.6	–59.9	–312.2	72.9	42.1	49.8	41.8	59.8	30.4	neg.
Other										
Number of shares outstanding before dilution	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283
Number of shares outstanding after dilution	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283
Average no. of employees	382	418	394	331	283	228	184	157	126	107

¹ According to the Board's proposal.

² In preceding years, an income measurement based on rolling 12-month figures was used but as of 2013, and for the comparative figures, an annual income measurement has been used.

DEFINITIONS OF KEY FIGURES

The Annual Report refers to a number of non-IFRS 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 measure	Definition	Reason for using the measure
Return on equity	Profit after tax, as a percentage of average equity	Shows the return generated on the owners' invested capital from a shareholder perspective
Return on capital employed	Operating profit plus financial income expressed as a percentage of average total assets, excluding non-interest-bearing liabilities	A central measure for measuring the return on all tied-up working capital
Gross profit/loss	Net sales minus cost of goods sold	Gross profit is used to measure the margin before sales, research, development and administrative expenses
EBITDA	Profit before depreciation/amortization and impairment	Relevant as a measure of the company's ability to generate cash flow before capital tied up in operations and financial flows
Equity per share	Equity divided by number of shares outstanding at the end of the period	Shows the return generated on the owners' invested capital per share from a shareholder perspective
Cash flow from ongoing operations per share	Cash flow from operating activities divided by average number of shares during the period	Shows the cash flow generated by operating activities per share
Net margin	Profit after tax, as a percentage of net sales	The net margin shows the percentage of net sales remaining after the company's expenses have been deducted
Net sales/ Order intake	Recognized net sales in relation to total order intake during the corresponding period	The measure is used to monitor the recognized revenue in relation to sales, which is part of the reason for the change in order backlog.
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
Net debt/EBITDA	Net debt in relation to operating profit before depreciation and amortization	A relevant measure from a credit perspective that shows the company's ability to handle its debt
Sales growth	The change in net sales compared with the year-earlier period expressed as a percentage	The measure is used to track the performance of the company's operations between periods
Order intake	The value of all orders received and changes to existing orders (performance obligations) in the order backlog that the company has not delivered during the period	Order intake is an indicator of future revenue and thus a key figure for the management of RaySearch's operations
Organic sales growth	Sales growth adjusted for currency effects	This measure is used to monitor underlying sales growth driven by changes in volume, pricing and mix for comparable units between different periods
P/E ratio	Share price at year-end divided by earnings per share	Shows how the market values the share from a shareholder perspective in relation to the company's recognized profit after tax
Interest-bearing liabilities	Liabilities requiring the payment of interest	Shows the actual interest-bearing debt burden
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
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
Operating profit	Operating profit before financial items and tax	Operating profit provides an overall picture of the total generation of earnings in operating activities
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
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
Equity/assets ratio and Net debt (without IFRS 16)	Equity/assets ratio and net debt adjusted for right-of-use assets and lease liabilities	Shows measurements made according to IAS 17 instead of IFRS 16 for comparability with earlier periods.
Capital employed	Total assets less non-interest-bearing liabilities and deferred tax liabilities	This measure shows how much capital is used in the business and is therefore one of two components for measuring return from the operations
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
Dividend per share	Dividend divided by number of shares outstanding at year-end	Shows the direct return generated from a shareholder perspective

CALCULATION OF NON-IFRS FINANCIAL MEASURES, 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)	71,712	63,702
Accounts payable	-24,030	-48,774
Other non-interest bearing current liabilities (excl. tax)	-526,781	-393,886
Working capital	-39,742	-21,401

	Dec 31, 2022	Dec 31, 2021
Capital employed		
Total assets	1,875,950	1,744,746
Current interest-bearing liabilities	-555,791	-446,373
Deferred tax liabilities	-106,874	-107,784
Capital employed	1,213,285	1,190,589

	Dec 31, 2022	Dec 31, 2021
Net debt		
Current interest-bearing liabilities	58,307	70,381
Long-term interest-bearing liabilities	497,079	491,017
Other long-term liabilities	743	879
Cash and cash equivalents	-160,268	-102,535
Net debt	395,861	459,742

	Dec 31, 2022	Dec 31, 2021
Net debt (without IFRS 16)		
Net debt	395,861	459,742
Less: Lease liabilities	-555,386	-540,130
Net debt	-159,525	-80,388

	Dec 31, 2022	Dec 31, 2021
Equity/assets ratio (without IFRS 16)		
Equity	662,822	630,698
Total assets	1,356,239	1,221,455
Equity/assets ratio	49	52

	2022	2021
EBITDA		
Operating profit/loss	42,744	-53,341
Amortization and depreciation	296,994	250,106
EBITDA	339,738	196,765

	2022	2021
Change in organic sales		
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 organic sales, %	23.2%	1.7%

IFRS 16 compliance.

FINANCIAL CALENDAR

INTERIM REPORT, Q1

Interim report, first quarter
January 1-March 31, published
May 17, 2023

2023 ANNUAL GENERAL MEETING

The 2023 Annual General Meeting for
RaySearch Laboratories AB (publ) will
be held on May 25, 2023

INTERIM REPORT, Q2

Interim report, second quarter
April 1-June 30, published
August 25, 2023

INTERIM REPORT, Q3

Interim report, third quarter
July 1-September 30, published
November 17, 2023

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ADVANCING CANCER TREATMENT

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