

“In the first quarter of 2023 revenue increased 10.6 percent. Support revenue rose 13.2 percent. Operating profit amounted to SEK 24 M (30).”

Johan Löf, CEO of RaySearch

FIRST QUARTER (JANUARY – MARCH 2023)

- Order intake SEK 206.6 M (272.5)
- Net sales SEK 230.2 M (208.1)
- Operating profit SEK 23.7 M (29.6)
- Profit after tax SEK 17.6 M (19.3)
- Earnings per share before/after dilution SEK 0.51 (0.56)
- Cash flow SEK 84.5 M (35.3)
- Order backlog SEK 1,903.3 M (1,488.7) at the end of the period

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- In January, RaySearch announced that the number of radiotherapy clinics in Japan using RayStation for dose planning has now passed 200. Japan is RaySearch's second largest market in terms of number of clinics. Since its launch in 2009, RayStation has been sold to more than 900 cancer centers worldwide. The most RayStation clinics, roughly 250, are in the USA and in third place, after Japan, is China, where around 80 clinics have RayStation.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- In April, RaySearch Laboratories announces that the number of clinics worldwide that have purchased the RayStation for ion radiation therapy dose planning has passed 100. The latest of these customers is Moffitt Cancer Center in Florida, USA, which will add proton therapy dose planning to its existing RayStation infrastructure, which has been in clinical use since 2019.
- On April 26, RaySearch announces preliminary figures for the first quarter of 2023, which mean that RaySearch is in breach of a solvency ratio and an EBITDA-based covenant in the company's unused credit facility with Skandinaviska Enskilda Banken (publ). A waiver has been obtained meaning that the credit facilities are fully available.
- In May, RaySearch announces that Yonsei Cancer Center in South Korea has treated its first patient where RayStation and RayCare were used for radiotherapy with carbon ions.
- RaySearch announced in May that the strategic partnership with BEBIG Medical, which began in 2018, has been extended through a memorandum of the agreement. BEBIG Medical is a leading global supplier of high-quality radiotherapy products and within the new agreement the companies aim to develop more comprehensive solutions, to achieve more effective treatments and better outcomes. BEBIG Medical is also a distributor for the Chinese company Shinvas linear accelerators and will sell those globally outside of China, equipped with RaySearch software RayStation and RayCare.

FINANCIAL SUMMARY¹

AMOUNTS IN SEK 000s	JAN-MAR		APR 2022-	FULL-YEAR
	2023	2022	MAR 2023	2022
Net sales	230,169	208,149	865,668	843,648
Operating profit/loss	23,676	29,564	36,856	42,744
Operating margin, %	10.3	14.2	4.3	5.1
Profit/loss for the period	17,563	19,298	22,043	23,778
Earnings/loss per share before/after dilution, SEK	0.51	0.56	0.64	0.69
Cash flow from operating activities	151,177	125,787	382,167	356,777
Cash flow for the period	84,472	35,320	95,936	46,784
Return on equity, %	2.7	3.0	3.4	3.7
Equity/assets ratio, %, at the end of the period	35.8	37.5	35.8	35.0
Share price at the end of the period, SEK	77.1	51.7	77.1	68.0

¹ For definitions of key ratios, see page 20.



CEO COMMENTS

STRONG START OF THE YEAR

It is gratifying to note that the net sales for the first quarter was the highest ever for a Q1. It amounted to SEK 230 million, an increase of 11 percent (4 percent at unchanged exchange rates) compared to the previous record net sales for the corresponding period in 2022. In addition, this is the second highest net sales for a quarter ever. Furthermore, cash flow reached SEK 85 million and EBIT amounted to SEK 24 million, corresponding to an operating margin of 10 percent. Admittedly, the operating margin is higher than for the full year 2022, but still significantly lower than our long-term goal. The operating margin was negatively affected by currency translation effects, increased rental costs as a result of inflation, and higher costs for the finance function. The second half of 2022 and the

beginning of 2023 have clearly demonstrated a reopening of the market, which has had a positive effect on RaySearch's net sales. We are now experiencing momentum and see good opportunities for continued growth. To take advantage of this potential, we have intensified our marketing activities, which has also led to higher costs.

We usually point out that RaySearch's order intake can vary significantly between quarters depending on the timing of single larger orders and in this quarter order intake decreased by 24 percent. However, it is worth mentioning that the net sales for the first quarter of this year is not based on any major orders at all (the largest single revenue was SEK 11 million) but primarily consists of a combination of revenue from many small and normal-sized orders as well as support revenue.

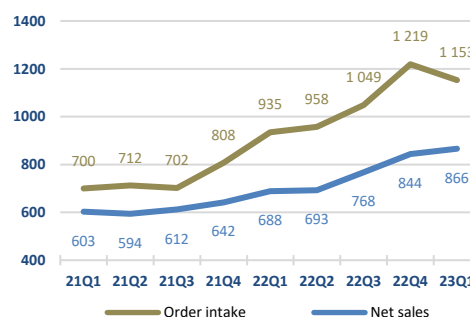
A GROWING BASE OF LOYAL CUSTOMERS

By the end of 2022, the number of RayStation clinics in Japan passed 200, while the total number of RayStation clinics worldwide exceeded 900. In the first quarter of the year, another important milestone was achieved, namely that more than 100 clinics worldwide have purchased RayStation for ion (primarily proton) radiation therapy, which corresponds to over 80 percent of the world market. RaySearch has by far the most advanced treatment planning system for ion therapy planning and has for a long time been – and continues to be – at the forefront with continuous releases of new and cutting-edge functionality.

A NEW COLLABORATION AGREEMENT SIGNED AT ESTRO

A few days ago, we returned from this year's edition of ESTRO, one of our industry's main trade fairs. Like last year, we saw great interest in our products and carried out many demonstrations. It was very rewarding to meet customers and partners, both existing and potential, to discuss the latest innovations in radiotherapy. During ESTRO, RaySearch signed an agreement with BEBIG Medical, which expands the strategic partnership the companies entered into in 2018, when the aim was to integrate RayStation and RayCare with BEBIG's brachytherapy system. Through the new agreement, the collaboration within brachytherapy is deepened and expanded to other areas within radiation therapy. BEBIG Medical is also a distributor for the Chinese company Shinvas linear accelerators and will sell those globally outside of China, equipped with RaySearch software RayStation and RayCare.

ORDER INTAKE & NET SALES
(SEK M, rolling 12 months)



UNITERT – AN INITIATIVE FOR INNOVATIVE COLLABORATIONS

UniteRT is a new, unique collaboration between seven leading radiotherapy stakeholders that was launched at ESTRO. Its purpose is to strive for patients to have access to the best possible care, regardless of provider, throughout their treatment. This is made possible through the commitment of the members of UniteRT to offer healthcare providers the flexibility of choice to combine the best equipment from different suppliers without sacrificing quality, patient safety or efficiency. This is also a key factor in promoting innovation within the industry as new players risk being excluded if clinics are forced to choose all of their equipment from a single supplier. We look forward to participating in this important initiative and contributing to the improvement of cancer care. The reception at ESTRO was very positive and many more companies will join the collaboration within short.

WELL POSITIONED FOR CONTINUED GROWTH

The effects of the pandemic have subsided in the vast majority of markets. Given all the positive signals from the market, I am optimistic about the future. We will continue along the route we have set, focusing on sales, product development and cost control. To leverage the opportunities that the improved market conditions offer, we have stepped up our sales activities and terminated the hiring freeze. With this strategy, combined with a quarter with strong numbers and a strong order backlog (SEK 1,903 million), we have a good foundation for continued growth and increased operating margin.

Stockholm, May 17, 2023

Johan Löf
CEO and founder

FINANCIAL INFORMATION

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

ORDER INTAKE AND ORDER BACKLOG

In the first quarter of 2023, order intake decreased 24.2 percent year-on-year to SEK 206.6 M (272.5). License order intake decreased 27.9 percent to SEK 94.8 M (131.4) while order intake for support decreased 46.8 percent to SEK 59.2 M (111.2).

Order intake (amounts in SEK M)	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Rolling 12 months	Full-year 2022
Licenses	94.8	284.9	86.1	66.9	131.4	532.6	569.3
Hardware	41.8	21.4	25.9	21.2	24.1	110.4	92.7
Support (incl. warranty support)	59.2	173.4	97.7	118.7	111.2	449.0	501.0
Training and other	10.8	34.7	9.4	5.7	5.8	60.6	55.5
Total order intake	206.6	514.4	219.1	212.5	272.5	1,152.6	1,218.5

Order backlog (amounts in SEK M)	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Licenses	397.1	395.3	237.3	213.3	184.1
Hardware	80.0	64.7	81.8	82.4	74.2
Support (incl. warranty support)	1,324.2	1,380.0	1,320.5	1,169.9	1,159.9
Training and other	102.0	100.1	75.6	74.7	70.5
Total order backlog at the end of the period	1,903.3	1,940.1	1,715.2	1,540.3	1,488.7

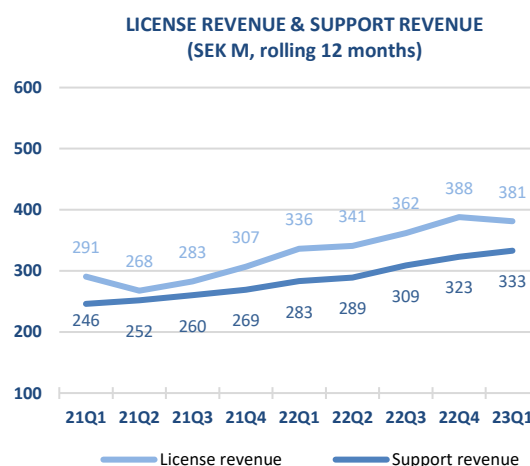
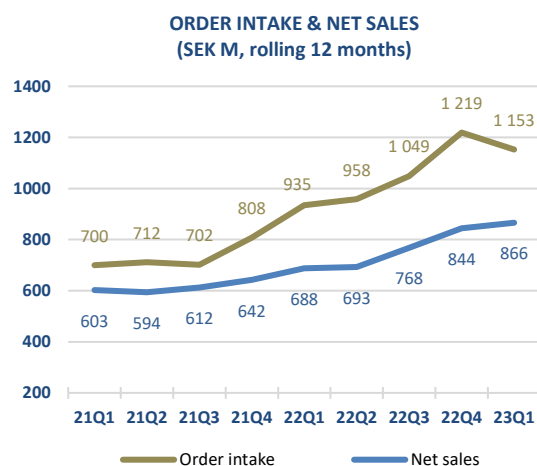
At March 31, 2023, the total order backlog was SEK 1,903.3 M (1,488.7), which is expected to generate revenue of approximately SEK 521.0 M over the next 12 months. The remaining amount in the order backlog mainly pertains to support obligations, which are primarily expected to generate revenue over a subsequent four-year period.

REVENUE

In the first quarter of 2023, net sales rose 10.6 percent year-on-year to SEK 230.2 M (208.1). The change was attributable to higher sales of support and hardware revenue. The increase in net sales at unchanged currencies was 3.7 percent (19.0).

Support revenue rose 13.2 percent to SEK 86.8 M (76.6), accounting for 37.7 percent (36.8) of net sales during the first quarter. Hardware sales, which have a limited profit margin, rose 76.4 percent to SEK 29.3 M (16.6). Excluding hardware, sales rose 4.9 percent year-on-year.

Revenue (amounts in SEK M)	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Rolling 12 months	Full-year 2022
License revenue	104.3	131.9	76.4	68.4	111.7	381.0	388.5
Hardware revenue	29.3	40.5	33.9	14.8	16.6	118.4	105.8
Support revenue	86.8	85.9	87.4	73.1	76.6	333.2	323.1
Training and other revenue	9.8	6.1	13.1	3.9	3.2	33.0	26.3
Net sales	230.2	264.4	210.9	160.2	208.1	865.7	843.6
Change in sales, corresp. period, %	10.6	40.2	54.6	3.7	28.4	25.9	31.5
Change in organic sales, corresp. period, %	3.7	41.3	33.9	-5.5	19.0	20.6	23.2

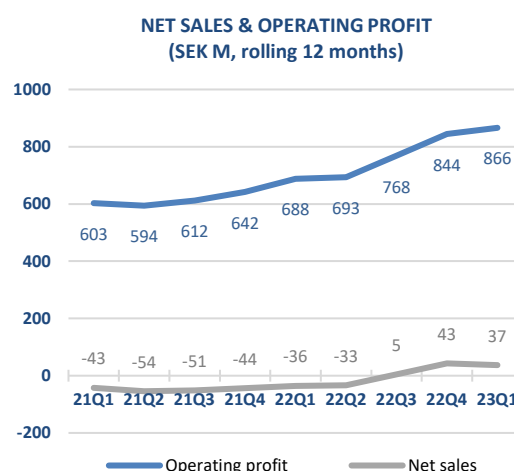


In the first quarter of 2023, net sales had the following geographic distribution: North America, 40 percent (39); Asia, 21 percent (29); Europe and the rest of the world, 39 percent (32).

OPERATING PROFIT

In the first quarter of 2023, operating profit totaled SEK 23.7 M (29.6), representing an operating margin of 10.3 percent (14.2). The decreased profit is mainly explained by increased selling and administrative costs as a result of a more normalized level of activity compared to the previous year, which was still affected by the pandemic, and that the finance function has continued to have a high degree of external resources. In the first quarter, operating expenses increased 15.6 percent to SEK 206.5 M (178.6).

In the first quarter, the net of exchange gains and losses amounted to SEK -3.5 M (4.9) since a large proportion of the Group's receivables are denominated in USD and EUR, where the USD weakened against the SEK in the first quarter compared with the end of the fourth quarter. Adjusted for these currency translation effects, operating profit would have totaled SEK 27.2 M (24.7) in the first quarter and operating expenses would have increased 10.9 percent (14.8).



Currency effects

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

At unchanged exchange rates, the change in sales was 3.7 percent in the first quarter of 2023, compared with the year-earlier period.

A sensitivity analysis of the Group's currency exposure shows that a 1-percentage point change in the USD exchange rate against the SEK would have impacted consolidated operating profit by approximately +/- SEK 0.6 M in the first quarter of 2023, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 0.4 M.

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

Capitalization of development costs

RaySearch is a research and development-oriented company that makes significant investments in the development of software solutions for improved cancer treatment. At March 31, 2023, some 196 employees (199) were engaged in research and development, corresponding to 53 percent (50) of the total number of employees.

Capitalization of development costs	Q1-23	Q4-2	Q3-22	Q2-22	Q1-22	Rolling 12 months	Full-year 2022
Research and development costs	58.2	58.5	51.8	59.9	64.3	228.5	234.6
Capitalization of development costs	-48.2	-49.4	-40.2	-46.0	-52.4	-183.8	-188.0
Amortization of capitalized development costs	40.0	50.9	50.9	45.4	45.0	187.2	192.2
Research and development costs	50.1	60.1	62.5	59.2	57.0	231.9	238.8

In 2023, RaySearch continued to invest in both existing products and future products. Overall, research and development costs decreased 9.5 percent to SEK 58.2 M (64.3) in the first quarter of 2023, corresponding to 25 percent (31) of the Group's net sales.

Development costs of SEK 48.2 M (52.4) were capitalized, down 8.0 percent, corresponding to 83 percent (81) of total research and development costs.

Amortization of capitalized development costs decreased 11.1 percent to SEK 40.0 M (45.0), the decrease was attributable to the fact that several activated projects were fully amortized by the end of 2022.

Research and development costs (after adjustments for capitalization and amortization of development costs) decreased 12.1 percent to SEK 50.1 M (57.0).

Amortization and depreciation

In the first quarter of 2023, total amortization and depreciation decreased 3.4 percent to SEK 67.7 M (70.0), of which amortization of intangible fixed assets accounted for SEK 40.1 M (45.0), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 27.6 M (25.0).

PROFIT AND EARNINGS PER SHARE

In the first quarter of 2023, profit after tax was SEK 17.6 M (19.3), corresponding to earnings per share of SEK 0.51 (0.56) before and after dilution.

Tax expense for the quarter was SEK 4.1 M (6.9), corresponding to an effective tax rate of 18.8 percent (26.2). The lower tax rate is mainly attributable to deferred tax related to temporary differences in the US subsidiary.

CASH FLOW AND LIQUIDITY

In the first quarter of 2023, cash flow from operating activities was SEK 151.2 M (125.8) and the change was largely attributable to a decrease in working capital, which mainly comprises various types of receivables from customers, such as accounts receivable and current and long-term unbilled customer receivables where payment plans have been drawn up.

At the end of the period, the company's total customer receivables amounted to 43 percent (46) of net sales over the past 12 months. Working capital amounted to -11 percent (2) of net sales over the past 12 months.

In the first quarter, cash flow from investing activities was SEK -50.6 M (-60.6). Investments in intangible fixed assets amounted to SEK -48.4 M (-52.4) and consisted of capitalized development costs for the company's products – RayStation, RayCare, RayCommand and RayIntelligence. Investments in tangible fixed assets amounted to SEK -3.9 M (-8.2), mainly related to investments in the head office in Stockholm.

Cash flow from financing activities was SEK -16.2 M (-29.9) for the first quarter of 2023, primarily related to amortization of leasing. Last year an overdraft facility of 21 MSEK was repaid.

Cash flow for the first quarter amounted to SEK 84.5 M (35.3). At March 31, 2023, consolidated cash and cash equivalents amounted to SEK 243.7 M (139.8).

FINANCIAL POSITION

At March 31, 2023, RaySearch's total assets amounted to SEK 1,885 M (1,728) and the equity/assets ratio was 35.8 percent (37.5). The change in total assets and the equity/assets ratio was largely attributable to an increase in right-of-use assets related to rented premises following the granting of access to the new head office premises.

Current receivables amounted to SEK 411.2 M (376.7). The receivables mainly comprise various types of customer receivables.

RaySearch's credit facilities comprise a revolving loan facility of up to SEK 150 M maturing in Mars 2025 and an overdraft facility of SEK 50 M, renewed with 12 months yearly on December 31st. Chattel mortgages amounted to SEK 100 M. On March 31, 2023, short-term loans totaling 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. The result in the first quarter of 2023 meant that RaySearch breached a solvency ratio 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 has been utilized. RaySearch has received a so-called waiver for these covenant breaches and is thus entitled to use the above-mentioned credit facility.

On March 31, 2022, the Group's net debt amounted to SEK 296.3 M (397.0). The change is mainly due to increased cash and cash equivalents.

EMPLOYEES

At the end of the first quarter, the Group had 373 (389) employees, of whom 268 (284) were based in Sweden, and 105 (105) in foreign subsidiaries.

PARENT COMPANY

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

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

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

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

No other significant events than mentioned previously in the report.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No other significant events after the reporting period than mentioned previously in the report.

THE COMPANY'S SHARE

At March 31, 2023, the total number of registered shares in RaySearch was 34,282,773, of which 8,454,975 were Class A and 25,827,798 Class B shares. The quotient value is SEK 0.50 and the company's share capital amounts to SEK 17,141,386.50. Holders of Class A shares are entitled to 10 votes per share, and holders of Class B shares are entitled to one vote per share, at General Meetings. At March 31, 2023, the total number of votes in RaySearch was 110,377,548.

SHARE OWNERSHIP

At March 31, 2023, the number of shareholders in RaySearch was 7,800, according to Euroclear, and the largest shareholders were as follows:

Name	Class A	Class B shares	Total shares	Share capital, I	Votes, %
	shares			%	
Johan Löf	6,243,084	18,393	6,261,477	18.3	56.6
State Street Bank and Trust Co, W9	-	4,248,902	4,248,902	12.4	3.8
BNP Paribas SA Paris, W8IMY (GC)	-	2,410,514	2,410,514	7.0	2.2
Swedbank Robur NY Teknik BTI	-	1,800,000	1,800,000	5.2	1.6
The bank of New York Mellon SA/NV. W8IMY	-	1,519,536	1,519,536	4.4	1.4
Anders Brahme	1,150,161	200,000	1,350,161	4.0	10.6
Andra AP-Fonden	-	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
JP Morgan Chase Bank NA, W8	-	772,678	772,678	2.2	0.7
Nordnet Pensionsförsäkring AB	-	754,060	754,060	2.2	0.7
Total, 10 largest shareholders	8,454,822	13,084,945	21,539,767	62.8	88.4
Other	153	12,742,853	12,743,006	37.2	11.6
Total	8,45,975	25,827,798	34,282,773	100.0	1000

Source: Euroclear

OTHER INFORMATION

2023 ANNUAL GENERAL MEETING

The Annual General Meeting of RaySearch Laboratories AB (publ) will take place on Thursday 25 May 2023 at 18.00 at the company's premises, Eugeniavägen 18C in Stockholm. For the right to participate and registration, refer to the published notice on April 18.

RISKS AND UNCERTAINTIES

As a global Group with operations in different parts of the world, RaySearch is exposed to various risks and uncertainties, such as market risk, operational and legal risk, as well as financial risk pertaining to exchange-rate fluctuations, interest rates, liquidity and financing opportunities. RaySearch's risk management aims to identify, measure and reduce risks related to the Group's transactions and operations. For more information about risks and risk management, refer to page 30 of RaySearch's 2022 Annual Report. There have been no significant changes with any impact on the risks reported.

SEASONAL VARIATIONS

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

ENVIRONMENT AND SUSTAINABILITY

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

The negative environmental impact of the company's products is limited. The company's environmental impact is mainly related to the purchase of goods and services, energy use and transportation. RaySearch aims to contribute to sustainable development and therefore works actively to improve the company's environmental performance wherever this is economically viable. More information about the company's environmental and sustainability initiatives is available in the company's Sustainability Report on pages 10-20 of RaySearch's 2022 Annual Report.

REVIEW

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

The Board of Directors and CEO give their assurance that this interim report gives a true and fair view of the Group's and the Parent Company's operations, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, May 17, 2023

The Board of Directors of RaySearch Laboratories AB (publ)

Hans Wigzell
Chairman of the Board

Johan Löf
CEO and Board member

Carl Filip Bergendal
Board member

Britta Wallgren
Board member

Günther Mårderl
Board member

FOR FURTHER INFORMATION, PLEASE CONTACT:

Johan Löf, CEO

Tel: +46 (0)8 510 530 00

johan.lof@raysearchlabs.com

Henrik Bergentoft, CFO

Tel: +46 (0)8 510 530 00

henrik.bergentoft@raysearchlabs.com

The information contained in this interim report is such that RaySearch Laboratories AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication on May 17, 2023 at 7:45 a.m. CEST.

WEBCAST

CEO Johan Löf and CFO Henrik Bergentoft will present RaySearch's interim report for January-March 2023 at a webcast to be held in English on Wednesday, May 17, 2023 at 10:00-10:30 a.m. CEST.

Link to webcast:

<https://raysearchlabs.creo.se/230517>

You can also join the webcast by phone:

Sweden +46 8 505 100 31

UK: +44 207 107 06 13

US: +1 631 570 56 13

FINANCIAL CALENDAR

Annual General Meeting 2023

May 25, 2023

Interim report for the second quarter, 2023

August 25, 2023

Interim report for the third quarter, 2023

November 17, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s		JAN-MAR		APR 2022-	FULL-YEAR
	Note	2023	2022	MAR 2023	2022
Net sales	2.3	230,169	208,149	865,668	843,648
Cost of goods sold ¹		-23,918	-14,652	-104,257	-94,991
Gross profit		206,251	193,497	761,411	748,657
Other operating income		5,439	14,452	40,491	49,504
Selling expenses		-79,711	-70,462	-318,673	-309,424
Administrative expenses		-49,313	-41,361	-179,671	-171,719
Research and development costs		-50,078	-56,972	-231,875	-238,769
Other operating expenses		-8,912	-9,590	-34,827	-35,505
Operating profit/loss		23,676	29,564	36,856	42,744
Loss from financial items		-2,043	-3,403	-9,009	-10,369
Profit/loss before tax		21,633	26,161	27,847	32,375
Tax		-4,070	-6,863	-5,804	-8,597
Profit/loss for the period²		17,563	19,298	22,043	23,778
Other comprehensive income					
Items to be reclassified to profit or loss					
Translation difference of foreign operations for the period		-335	638	4,094	5,066
Comprehensive income for the period²		17,228	19,935	26,137	28,844
Earnings/loss per share before and after dilution (SEK)		0.51	0.56	0.51	0.69

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS				
Intangible fixed assets		526,772	530,427	518,663
Tangible fixed assets		625,359	650,769	649,070
Deferred tax assets		25,141	24,219	25,598
Other long-term receivables		53,171	6,291	54,697
Total fixed assets		1,230,443	1,211,706	1,248,028
Inventories		22,926	38,452	14,091
Current receivables		388,225	338,224	453,563
Cash and cash equivalents		243,719	139,816	160,268
Total current assets		654,870	516,492	627,922
TOTAL ASSETS		1,885,313	1,728,198	1,875,950
EQUITY AND LIABILITIES				
Equity		674,384	648,247	657,156
Deferred tax liabilities		108,428	109,294	106,874
Long-term interest-bearing liabilities		482,724	486,361	497,822
Total long-term liabilities		591,152	595,655	604,696
Accounts payable		30,278	29,852	24,030
Current interest-bearing liabilities		57,255	50,500	58,307
Other current liabilities		532,244	403,944	531,761
Total current liabilities		619,777	484,296	614,098
TOTAL EQUITY AND LIABILITIES		1,885,313	1,728,198	1,875,950

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s	JAN-MAR		FULL-YEAR
	2023	2022	2022
Opening balance according to adopted Annual Report	657,156	628,312	628,312
Profit/loss for the period	17,563	19,298	23,778
Translation difference for the period	-335	637	5,066
Closing balance	674,384	648,247	657,156

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s		JAN-MAR		APRIL 2022 -	FULL-YEAR
	Note	2023	2022	MAR 2023	2022
Profit/loss before tax		21,633	26,161	27 847	32,375
Adjusted for non-cash items ¹)		65,848	70,091	285 935	296,103
Taxes paid		4,065	-3,456	-6 295	-13,816
Cash flow from operating activities before changes in working capital		91,546	92,796	307 487	314,662
Cash flow from changes in operating receivables		50,088	45,553	-11 083	-21,543
Cash flow from changes in operating liabilities		9,543	-12,562	85 763	63,658
Cash flow from operating activities		151,177	125,787	382 167	356,777
Cash flow from investing activities		-50,555	-60,551	-221,505	-231,501
Cash flow from financing activities		-16,150	-29,916	-64,726	-78,492
Cash flow for the period		84,472	35,320	95,936	46,784
Cash and cash equivalents at the beginning of the period		160,268	102,535	139,816	102,535
Exchange-rate difference in cash and cash equivalents		-1,021	1,961	7,967	10,949
Cash and cash equivalents at the end of the period		243,719	139,816	243,719	160,268

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

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000s		JAN-MAR		FULL-YEAR
	Note	2023	2022	2022
Net sales		173,086	161,864	620,315
Cost of goods sold ¹⁾		-4,358	-2,966	-28,688
Gross profit		168,728	158,898	591,627
Other operating income		5,403	14,354	47,917
Selling expenses		-43,805	-42,472	-169,489
Administrative expenses		-61,991	-41,528	-217,833
Research and development costs		-49,649	-64,926	-203,678
Other operating expenses		-8,161	-9,755	-34,882
Operating profit/loss		10,525	14,571	13,662
Loss from financial items		289	-1,164	-1,265
Profit/loss after financial items		10,814	13,407	12,397
Appropriations		-	-	-
Profit/loss before tax		10,814	13,407	12,397
Tax on profit/loss for the period		-2,311	-2,738	-3,775
Profit/loss for the period		8,503	10,669	8,622

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

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s		JAN-MAR		FULL-YEAR
		2023	2022	2022
Profit/loss for the period		8,503	10,669	8,622
Other comprehensive income		-	-	-
Comprehensive income for the period		8,503	10,669	8,622

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS				
Intangible fixed assets		285	518	342
Tangible fixed assets		52,423	66,379	56,525
Shares and participations		3,958	3,958	3,958
Deferred tax assets		21,681	23,958	23,992
Other long-term receivables		11,475	12,247	8,510
Total fixed assets		89,822	107,060	93,327
Inventories		8,420	9,798	3,758
Current receivables		349,186	297,081	385,786
Cash and bank balances		134,085	59,504	79,903
Total current assets		491,691	366,383	469,447
TOTAL ASSETS		581,513	473,443	562,774
EQUITY AND LIABILITIES				
Equity				
<u>Restricted equity</u>				
Share capital		17,141	17,141	17,141
Statutory reserve		43,630	43,630	43,630
Total restricted equity		60,771	60,771	60,771
<u>Unrestricted equity</u>				
Retained earnings		126,859	118,224	118,237
Profit/loss for the year		8,503	10,669	8,622
Total non-restricted equity		135,362	128,893	126,859
Total equity		196,133	189,664	187,630
Untaxed reserves				
Long-term liabilities		22,304	11,976	22,824
Accounts payable ¹⁾		18,016	25,192	18,957
Other current liabilities ¹⁾		345,060	246,611	333,363
Total current liabilities		363,076	271,803	352,320
TOTAL EQUITY AND LIABILITIES		581,513	473,443	562,774

NOTES, GROUP

NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies applied are consistent with those described in the 2022 Annual Report for RaySearch Laboratories AB (publ), which is available at www.raysearchlabs.com. RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The Parent Company's operations are consistent with the Group's operations in all material respects. Differences in profitability between the Parent Company and the Group are attributable to the Parent Company accounting for a relatively high proportion of operating expenses, and to the capitalization of development costs being recognized in the Group but not in the Parent Company. The Parent Company was also not affected by IFRS 16, and will continue to recognize lease payments on a straight-line basis over the lease term. This reduces operating profit compared with if IFRS 16 had been applied. The Parent Company's current receivables mainly comprise receivables from Group companies and external customers.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

AMOUNTS IN SEK 000s	JAN-MAR				
	2023	2022	Change	APR 2022- MAR 2023	Full-year 2022
Revenue by type					
Licenses	104,285	111,711	-6.6%	381,030	388,456
Support	86,776	76,644	13.2%	333,236	323,104
Hardware	29,280	16,597	76.4%	118,443	105,760
Training and other	9,828	3,197	207.4%	32,959	26,328
Total revenue from contracts with customers	230,169	208,149	10.6%	865,668	843,648
Revenue by geographic market					
North America	91,640	79,993	14.6%	409,566	397,919
APAC	47,809	61,037	-21.7%	170,192	183,420
Europe and rest of the world	90,720	67,119	35.2%	285,910	262,309
Total revenue from contracts with customers	230,169	208,149	10.6%	865,668	843,648
Revenue by date for revenue recognition					
Goods/services transferred at a point in time	133,565	128,308	4.1%	499,473	494,216
Services transferred over time	96,604	79,841	21.0%	366,195	349,432
Total revenue from contracts with customers	230,169	208,149	10.6%	865,668	843,648

NOTE 3 ESTIMATES

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

NOTE 4 FINANCIAL INSTRUMENTS

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

The provision for expected credit losses is a weighted assessment of payment history, reports from external credit rating agencies and other customer-specific information. At the end of March 2023, the credit loss provision amounted to SEK 45.4 M (40.0), corresponding to 13 percent (13) of total customer receivables.

NOTE 5 RELATED-PARTY TRANSACTIONS

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

NOTE 6 PLEDGED ASSETS IN THE GROUP AND PARENT COMPANY

AMOUNTS IN SEK 000s	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Chattel mortgages	100,000	100,000	100,000
Guarantees	32,624	31,314	33,007

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

GROUP QUARTERLY OVERVIEW

	2023		2022			2021		
AMOUNTS IN SEK 000s	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Order intake								
Total order intake	206,631	514,424	219,091	212,511	272,442	345,028	127,853	189,750
Income statement								
Net sales	230,169	264,383	210,811	160,235	208,149	188,573	136,419	154,579
Change in sales, %	10.6	40.2	54.6	3.7	28.4	18.5	15.2	-5.2
Operating profit/loss	23,676	20,700	12,007	-19,527	29,564	-16,578	-26,561	-22,463
Operating margin, %	10.3	7.8	5.7	-12.2	14.2	-8.8	-19.5	-14.5
Profit/loss for the period	17,563	14,138	10,984	-19,731	19,298	-15,968	-21,990	-16,467
Net margin, %	7.6	5.3	5.2	-12.3	9.3	-8.5	-16.1	-10.7
Cash flow								
Operating activities	151,177	158,326	8,613	79,778	125,787	28,397	47,356	58,077
Investing activities	-50,555	-95,641	-52,209	-67,593	-60,551	-60,944	-45,569	-70,843
Financing activities	-16,150	-19,919	-4,394	4,500	-29,916	12,482	-11,875	-61,624
Cash flow for the period	84,472	42,769	-47,990	16,685	35,320	-20,065	-10,088	-74,390
Capital structure								
Equity/assets ratio, %	35.8	35.0	37.6	35.2	37.5	36.0	54.6	55.7
Net debt	296,260	395,861	414,273	386,236	397,045	459,742	-52,983	-50,385
Debt/equity ratio	0.4	0.6	0.6	0.6	0.6	0.7	-0.1	-0.1
Net debt/EBITDA	0.9	1.2	1.4	1.6	1.8	2.3	-0.3	-0.3
Per share data, SEK								
Earnings/loss per share before dilution	0.51	0.41	0.29	-0.58	0.56	-0.47	-0.64	-0.48
Earnings/loss per share after dilution	0.51	0.41	0.29	-0.58	0.56	-0.47	-0.64	-0.48
Equity per share	19.67	19.17	18.81	18.42	18.91	18.33	18.77	19.39
Share price at the end of the period	77.10	68.00	47.60	54.40	51.70	56.50	61.50	87.40
Other								
No. of shares before/after dilution, 000s	34,282.8	34,282.8	34,282.8	24,282.8	34,282.8	34,282.8	34,282.8	34,282.8
Average no. of employees	374	382	386	383	399	419	418	414

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Apr 2022- Mar 2023	Jan 2022- Dec 2022	Oct 2021- Sep 2022	Jul 2021- Jun 2022	Apr 2021- Mar 2022	Jan 2021- Dec 2021	Oct 2020- Sep 2021	Jul 2020- Jun 2021
Order intake								
Total order intake	1,152,657	1,218,468	1,049,070	957,845	935,073	807,762	701,859	712,486
Income statement								
Net sales	865,668	843,648	767,838	693,376	687,720	641,673	612,238	595,252
Operating profit/loss	36,856	42,744	5,466	-33,038	-36,038	-53,341	-52,052	-55,665
Operating margin, %	4.3	5.1	0.7	-4.8	-5.2	-8.3	-8.5	-9.4
Cash flow								
Cash flow	95,936	46,784	-16,050	21,852	-69,223	-72,380	-73,136	-41,328
Cash flow adjusted for repayment of bank loans	95,936	68,052	5,218	43,120	-47,955	-22,380	-23,136	8,672

DEFINITIONS OF KEY RATIOS

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

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

CALCULATION OF FINANCIAL MEASURES NOT INCLUDED IN THE IFRS FRAMEWORK

AMOUNTS IN SEK 000s	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Working capital			
Accounts receivable (current billed customer receivables)	191,935	187,159	246,742
Current unbilled customer receivables	123,087	120,850	123,827
Long-term unbilled customer receivables	53,171	6,291	54,697
Inventories	22,926	38,452	14,091
Other current receivables (excl. tax)	70,856	67,322	71,711
Accounts payable	-30,278	-29,852	-24,030
Other current liabilities (excl. tax)	-530,076	-375,819	-526,781
Working capital	-98,379	14,403	-39,743
AMOUNTS IN SEK 000s	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Net debt			
Current interest-bearing liabilities	57,255	50,500	58,307
Long-term interest-bearing liabilities	482,724	486,361	497,822
Cash and cash equivalents	-243,719	-139,816	-160,268
Net debt	296,260	397,045	395,861
AMOUNTS IN SEK 000s	APR 2022- MAR 2023	APR 2021- MAR 2022	Full-year 2022
EBITDA			
Operating profit/loss	36,856	-36,038	42,744
Amortization and depreciation	294,634	261,665	296,994
EBITDA	331,490	225,627	339,738
CHANGE IN SALES AT UNCHANGED CURRENCIES	APR 2022- MAR 2023	APR 2021- MAR 2022	Full-year 2022
Net sales for the year	865,668	706,117	843,648
Currency adjustment	-14,257	-2,859	-52,793
Adjusted Net sales	851,411	684,861	790,855
Net sales, preceding year	706,117	604,825	641,673
Organic growth	20.6%	13.2%	23.2%

HEAD OFFICE

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

STREET ADDRESS

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

ABOUT RAYSEARCH

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

RaySearch's software is currently used by over 900 clinics in more than 40 countries. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed on Nasdaq Stockholm since 2003. More information about RaySearch is available at raysearchlabs.com.

VISION AND MISSION

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

STRATEGY

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

BUSINESS MODEL

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