

C-RAD AB – Interim report January-September 2019

19 PERCENT REVENUE INCREASE

THIRD QUARTER 2019

- Order intake: 69.7 (64.2) MSEK
- Order backlog: 229.6 (175,4) MSEK
- Revenues: 55.6 (46.7) MSEK
- EBITDA excl IFRS 16-adjustment: 3.7 (2.2) MSEK
- Operating profit: 1.7 (0.4) MSEK
- Net results after tax: -1.4 (0.3) MSEK
- Result per share: -0.05 (0.01) SEK

Presentation of the interim report

CEO Tim Thurn and CFO Therése Björklund will present the interim report by Webcast on Friday October 25 at 11:00 CEST. After the presentation, there will be room for questions and answers. The presentation will be held in English. To participate in the presentation live, please register your cooperation at: <https://attendee.gotowebinar.com/register/5290655741410071819>.

Comments from Tim Thurn, CEO:

A STABLE QUARTER WITH CONTINUING GROWTH

Total order intake for the third quarter amounted to 69,7 MSEK, compared to 64,2 MSEK in the same period last year - an increase of 9 percent. The sales in the important market in North Americas continues to show significant growth in Q3. This is a result of C-RAD becoming more established and the growing interest in surface tracking technology driven by the changes in the reimbursement system. The sales of our positioning products across all regions grew 18 percent year over year and impressive 28 percent growth compared to the 2nd quarter 2019.

Whereas the EMEA region in total shows a decline in order intake in Q3 of 17 percent, this is a result of lower order intake in the Nordic region, where C-RAD was awarded an extraordinary large order for a customer in Stockholm, Sweden in the previous year. Sales in APAC grew with 8 percent in the third quarter. Whereas this year Australia has shown a very positive development, the market for new linacs in Japan has somewhat gone down compared to last year, which had a direct impact on sales of C-RAD systems.

After a very strong order intake in our service business during the first half 2019, service bookings increased with 69 percent from 22,4 MSEK to 37,8 MSEK for the period January to September. Whereas in APAC region customers tend to show less interest in service agreements, customers in the Europe and especially North America chose to have service coverage for their systems. This underlines the continued high willingness of our customers to engage into a long-term partnership with C-RAD. Service agreements are mostly long-term commitments from customers that will deliver a stable income for the forthcoming years.

Revenue for the first three quarters increased in all regions, whereas America and APAC were the main driver for this development with 12 percent and 49 percent respectively. Due to the very positive development in order intake in North America and the relatively short book and bill period (period between order intake and delivery and revenue recognition) revenue in North America improved with 84 percent in Q3 over the same period last year.



Gross margin both for the third quarter and for the period January to September is 59 percent - continue to be strong and in line with our long-term average. Looking at the first three quarters gross margin improved from 57 percent to 59 percent compared to 2018.

Our assessment of a significantly growing interest in the market for our surface tracking solution continue to be unchanged. With the commitments of the treatment machine vendor towards positioning technology we are convinced all steps are supporting our earlier assessment that this technology is on its way to become standard of care. It is encouraging to see that the sales of Positioning products – our most important products – shows sizeable growth again. This is a first indication that the wait-and-see momentum, caused by the strategic changes in the market, that we reported during the first half of the year, have to a large extent been overcoming.

Following our important announcement of the strategic partnership with Elekta in July the implementation of the cooperation has started on the sales and marketing but also on the operational side. The respective sales organization are cooperating and excited to bring the value of a combination of advanced linac system and the cutting-edge surface tracking system to our customers primarily in North America at this stage. This strategic cooperation will eventually be expanded to other markets as well. During the annual conference of the American Society for Therapeutic Radiology and Oncology (ASTRO) C-RAD technology was presented to a very engaged audience on the Elekta booth to highlight this powerful cooperation as created a lot of interests and inquiries

After the successful completion and the release of the integration of the C-RAD system with Mevion Medical Systems – a vendor of compact proton systems - the C-RAD technology was also presented on the Mevion booth. The display showcased the benefits from a workflow and safety perspective of having this tide integration. C-RAD Catalyst was also displayed on the booth of the Belgium proton vendor IBA. The ASTRO was a huge success for C-RAD. With the opportunity to present our technology on the several booths, C-RAD was able to underline its emerging position on the North American market.

With a recognized high quality product and great exposure to the market we are starting confident in the last quarter of this year. With the full energy of our organization we are committed to deploy the potential our technology has for our customers, with the goal to enable more cancer patients to benefit from the advantages that our technology brings to their treatment.

About C-RAD

C-RAD develops innovative solutions for use in advanced radiation therapy. The C-RAD group offers products and solutions for patient positioning, tumor localization and radiation treatment systems. All product development is conducted in three fully owned subsidiaries: C-RAD Positioning AB, C-RAD Imaging AB and C-RAD Innovation AB, all of which are located in Uppsala, Sweden. C-RAD has established three companies for direct sales: C-RAD Inc. in the US, C-RAD GmbH in Germany and C-RAD WOFE in China. Cyrpa International SPRL, a Franco-Belgian laser company, is a wholly owned subsidiary whose operations are integrated. C-RAD AB is listed on NASDAQ Stockholm.

For more information on C-RAD, please visit www.c-rad.com

For further information:

Tim Thurn, CEO C-RAD AB, Phone +46-18-666930, Email investors@c-rad.com

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