

# C-RAD AB - INTERIM REPORT

## JANUARY-SEPTEMBER 2019

Press release October 25, 2019

### 19 PERCENT REVENUE INCREASE

#### THIRD QUARTER 2019

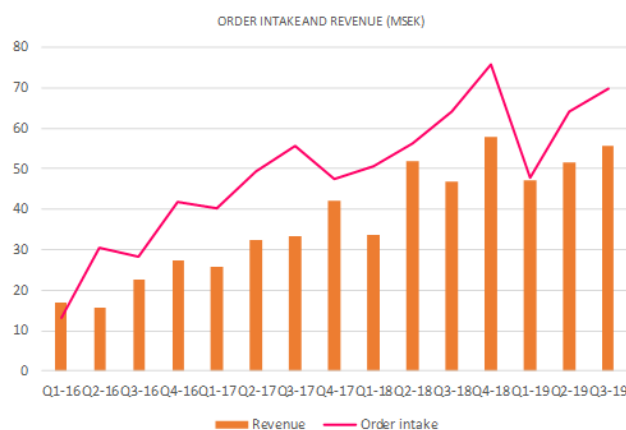
- Order intake: 69.7 (64.2) MSEK.
- Order backlog: 229.6 (175.4) MSEK.
- Revenues: 55.6 (46.7) MSEK.
- EBITDA excl IFRS 16-adjustment: 3.7 (2.2) MSEK.
- Operating profit: 1.7 (0.4) MSEK.
- Net results after tax: -1.4 (0.3) MSEK.
- Result per share: -0.05 (0.01) SEK.

#### SIGNIFICANT EVENTS DURING THE QUARTER

- C-RAD and Elekta sign agreement to distribute C-RAD's cutting-edge SIGRT solutions in North America and Mexico.
- MVZ Prof. Dr. Uhlenbrock and Partner decides for C-RAD's innovative SIGRT solution. Order value 9 MSEK.
- C-RAD and Mevion Release Integration for Improved Treatment Quality in Proton Therapy.
- Stockholm patent and Market court resolution confirms C-RAD's claim for Beamocular patent.

#### INTERIM PERIOD JAN-JUN 2019

- Order intake: 181.7 (171.1) MSEK.
- Revenues: 154.4 (132.4) MSEK.
- EBITDA excl IFRS 16-adjustment: 8.1 (1.6) MSEK.
- Operating profit: 2.4 (-2.4) MSEK.
- Net results after tax: -1.4 (-3.1) MSEK.
- Result per share: -0.05 (-0.10) SEK.



### SUMMARY FINANCIAL RESULT

MSEK	Q3, JUL-SEP			INTERIM PERIOD JAN-SEP			FULL YEAR
	2019	2018	Change	2019	2018	Change	2018
Order intake	69,7	64,2	9%	181,7	171,1	6%	246,8
Revenues	55,6	46,7	19%	154,4	132,4	17%	190,1
Gross profit	32,9	28,5	15%	90,3	75,6	19%	110,1
Gross profit margin (%)	59%	61%		59%	57%		58%
EBITDA excl IFRS 16-adjustment	3,7	2,2		8,1	1,6		7,4
Operating profit	1,7	0,4		2,4	-2,4		0,8
Net results after tax	-1,4	0,3		-1,4	-3,1		21,2
Cash	30,2	8,0	278%				9,3
Share price balance sheet day, SEK	34,00	27,50	24%				25,80
Order backlog	229,6	175,4	31%				194,0
out of which Products	127,4	116,2	10%				120,2
out of which Service contracts	102,2	59,2	73%				73,8

# COMMENTS FROM THE 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 America 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 continues 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 deliver a stable income for the forthcoming years.

**”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.”**

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 strategical changes in the market, that we reported during the first half of the year, have to a large extent been overcoming.

**“Our assessment of a significantly growing interest in the market for our surface tracking solution continue to be unchanged.”**


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.

**“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.



**Tim Thurn, CEO**

# FINANCIAL DEVELOPMENT, GROUP

## ORDER INTAKE

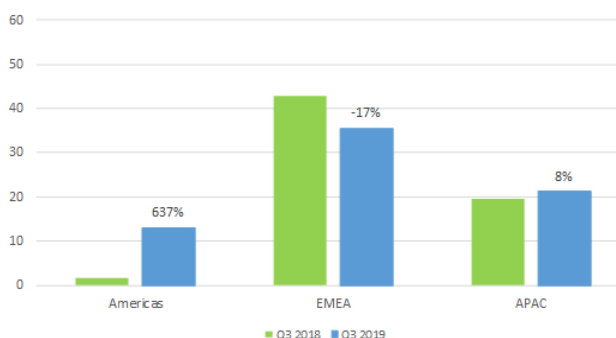
Order intake during the third quarter increased by 9 percent to 69.7 (64.2) MSEK compared to the same period in 2018. This increase is primarily attributable to sales in the US and in the APAC-region. Sales of positioning products increased by 18 percent during the quarter while sales of service contracts (Life Cycle Business) remained at the same level of 2018 and sales of HIT-lasers decreased. The increased sales of positioning products is a first indication that the wait-and-see momentum, caused by the strategical changes in the market, that we reported during the first half of the year, have to a large extent been overcoming. The long-term interest and demand in the marketplace continue to grow, but order intake volume may fluctuate between the quarters.

The order backlog amounted to record high 229.6 (175.4) MSEK on the balance sheet day, indicating the future revenue. Revenue from service contracts which guarantees a stable revenue over a longer period of time, amounted to 102.2 MSEK.

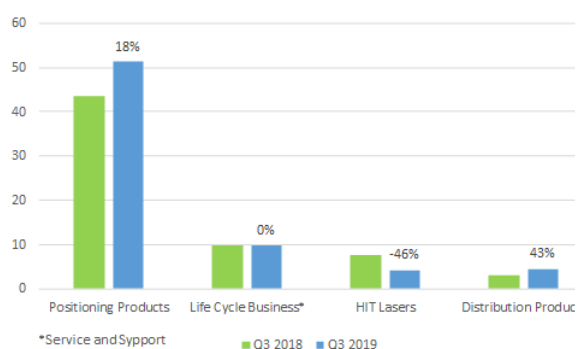
Order intake during January – September increased by 6 percent and amounted to 181.7 MSEK compared to 171.1 MSEK during 2018. Our North American activities continue to develop well and doubled the order intake compared to last year, while order intake in APAC was relatively unchanged and order intake in the EMEA-region decreased by 13 percent.

During the quarter, the company received an order of approximately 9 MSEK for C-RADs surface tracking solution based on Catalyst HD™ and Sentinel 4DCT™. The buyer was MVZ Uhlenbrock & Partner GmbH in Dortmund, Germany - a privately-owned health care provider with sites at multiple locations in the Ruhr area, covering medical services from radiology, radiation therapy and nuclear medicine.

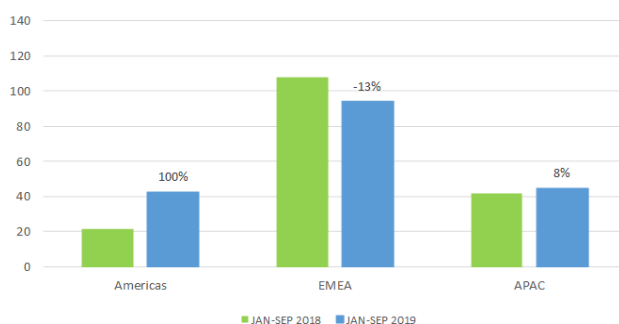
Q3 ORDER INTAKE (MSEK) - BY MARKET



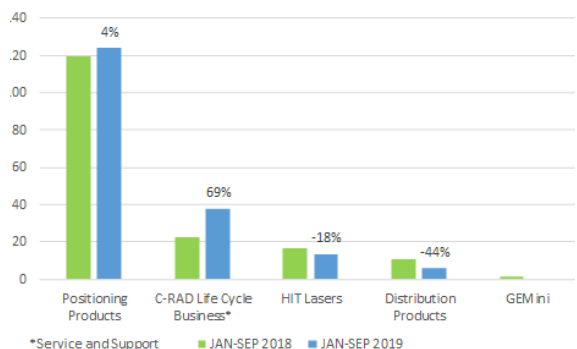
Q3 ORDER INTAKE (MSEK) - BY PRODUCT CATEGORY



JAN-SEP ORDER INTAKE (MSEK) - BY MARKET



JAN-SEP ORDER INTAKE (MSEK) - BY PRODUCT CATEGORY



## STRATEGICAL PARTNERSHIPS

C-RAD provides a unique cutting-edge technology within cancer care. We have our competence in specific areas and to broaden our value proposition to the customers and increase the potential of sales on existing and new markets, strategic agreements with both larger players and smaller, more niched companies, have been established. The company has recently entered into cooperation with both OEMs on the sales side and started development cooperation with suppliers for new products.

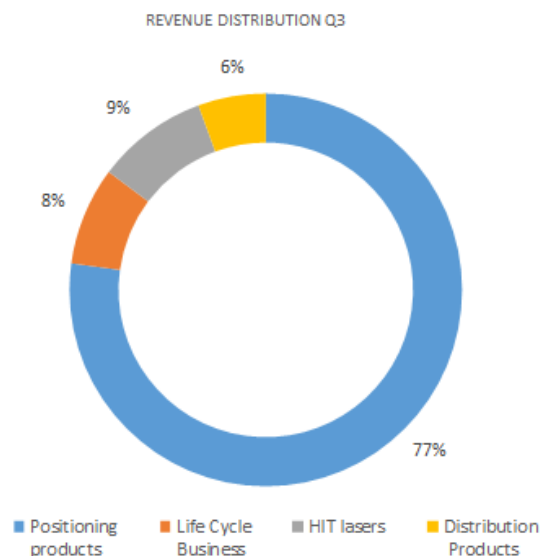
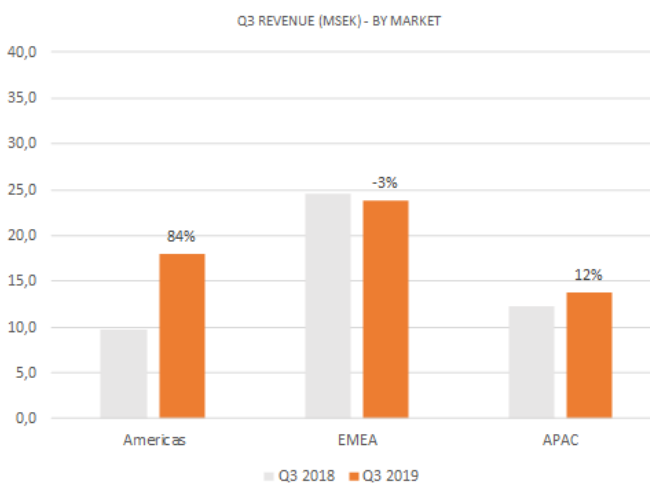
In July, a sales and distribution agreement was signed with Elekta. C-RAD and Elekta have worked together for several years to provide SIGRT technology to new and existing customers worldwide. Whereas in the past the cooperation was on project by project basis, this agreement focuses on a strategic cooperation to provide a comprehensive solution based on C-RAD's SIGRT solution and Elekta linacs. The sales and distribution agreement is scheduled to start in North America and Mexico and eventually expand to other markets.

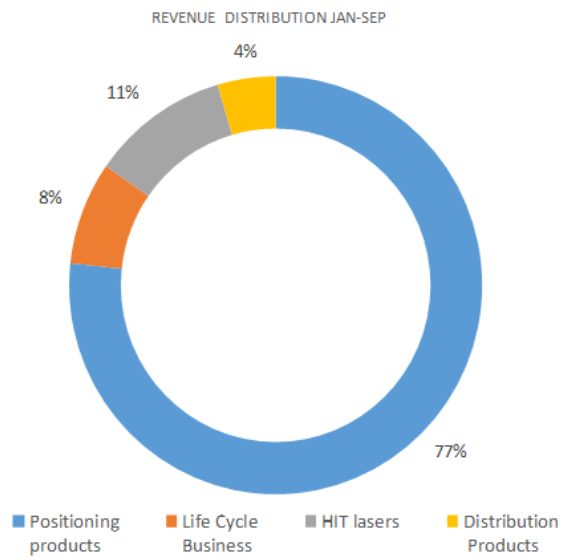
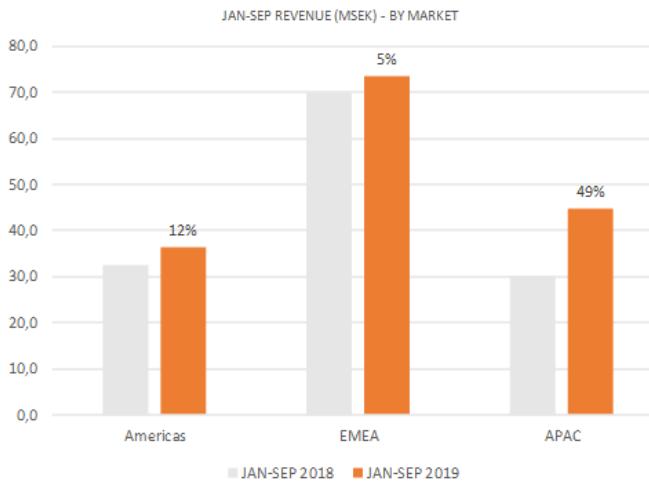
In August, C-RAD and Mevion Medical Systems released an integration between the C-RAD Catalyst PT™ and the MEVION S250i Proton Therapy System ®. The union of both products supports a seamless workflow with uninterrupted patient surface tracking monitoring from setup through treatment. The release is a result of the cooperation agreement entered into by the parties in 2018. The Catalyst PT system is now available to current and future Mevion customers.

## REVENUES

Revenues amounted to 55.6 (46.7) MSEK in the quarter, corresponding to an increase of 19 percent. Revenues from the Americas increased by 84 percent, APAC-region increased by 12 percent while revenues for EMEA-region decreased by 3 percent.

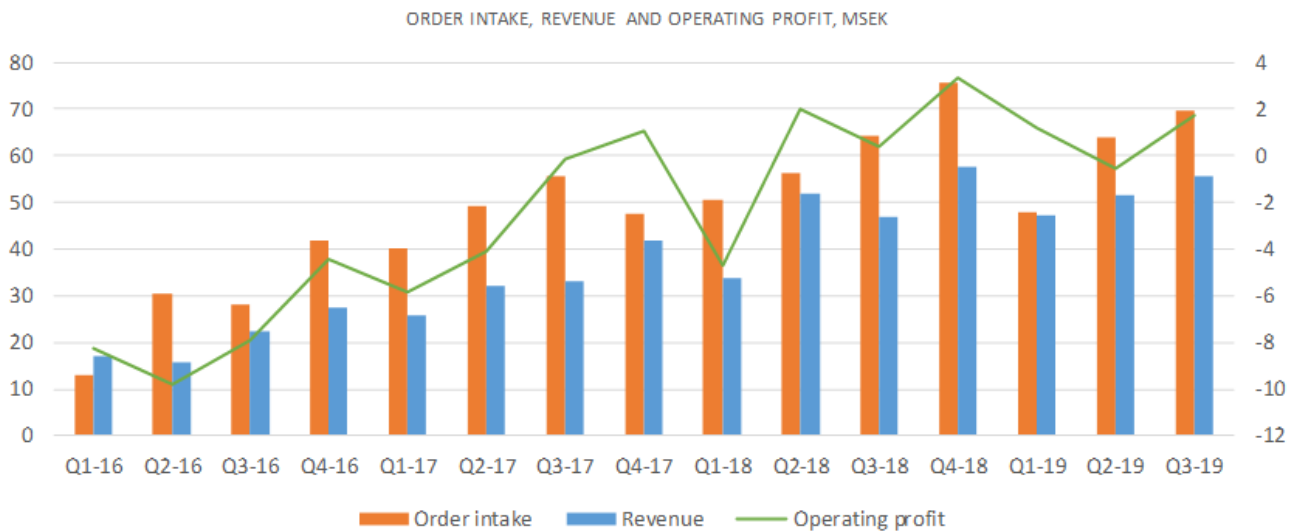
Revenues during the period January – September increased by 17 percent and amounted to 154.4 (132.4) MSEK.





## SEASONALITY

There is a seasonal pattern in C-RAD's operations. The second half of the year and the fourth quarter in particular are usually the strongest periods, both in terms of order intake and revenues. This is due to the fact that a large number of customers are hospitals and clinics, which have annual budgets per calendar year. As the larger part of C-RAD's cost base is fixed, fluctuations in revenue have a direct impact on the quarterly operating profit. Volatility in order intake between quarters and markets is to be expected in our business.

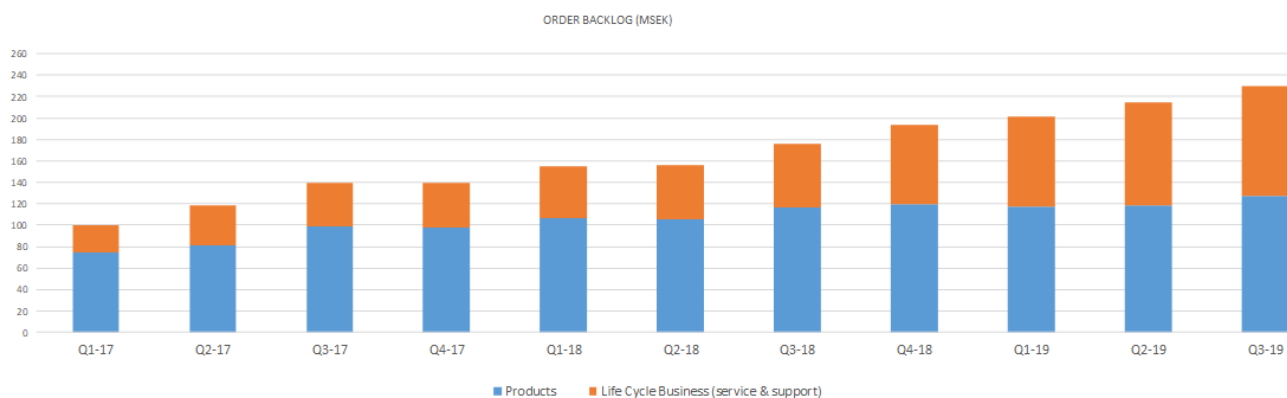


## ORDER BACKLOG AND ORDER CONVERSION RATE

The order backlog represents orders that have been received but not delivered and invoiced. The backlog amounted to 229.6 MSEK at the end of the third quarter of 2019 compared to 175.4 MSEK in 2018, an increase of 31 percent. From the total order backlog, 127.4 (116.2) MSEK relates to products and 102.2 (59.2) MSEK refer to Life Cycle Business (service contracts).

The weighted average delivery time for products recognized as revenue in the third quarter was 6 months (unchanged from the same quarter 2018). This is the time from receiving an order until the order is delivered and revenue recognized, based on deliveries of C-RADs own products.

17.6 MSEK of the order backlog for Life Cycle Business will be recognized as revenue within 12 months, as service contracts are recognized as revenue over the contract period. This can be compared to revenues of 14.0 MSEK for the last 12 months. The service contract can be up to eight years while the average duration is around five years.



## GROSS PROFIT

Gross profit margin was 59 percent during the third quarter 2019, compared to 61 percent during the same period 2018. Fluctuations in gross profit can be expected in shorter periods as it is dependent on the product mix and market as well as the exchange rate fluctuations.

Gross profit margin for the period January – September amounted to 59 percent compared to 57 percent during 2018.

## OPERATIONAL EXPENSES

Operational expenses for the third quarter amounted to 13.6 (12.4) MSEK. The increase is mainly related to C-RADs participation at the ASTRO event in the US, that this year incurred during the third quarter instead of during the fourth quarter like in 2018.

Other increase is mainly related to consultancy fees in development projects that has been activated.

The implementation of IFRS 16, Leasing, by January 1st, means that approximately 0.7 MSEK related to office and car lease contracts were accounted for as amortization and interest on the amortizations instead of as previously Operational expenses in the quarter.

For the full period January – September, operational expenses amounted to 38.6 (33.1) MSEK, and the amount recognized as amortization instead of operational expenses amounted to 1,8 MSEK.

## PERSONNEL EXPENSES

Personnel expenses for the third quarter 2019 amounted to 16.6 (14.2) MSEK. The increase compared to last year is mainly related to recruitment costs as well as an increase on number of employees within several functions in the company. Personnel expenses for January to September amounted to 47.0 (43.0) MSEK.

The average number of employees amounted to 57 during the third quarter 2019 compared to 55 during the corresponding period in 2018. At the end of September 2019, the number of employees in the Group amounted to 59 (56).

## CAPITALIZED DEVELOPMENT COSTS

Capitalizations during the third quarter of 2019 of 1.5 (0.9) MSEK are related to continued development of the Positioning products. Amortization of capitalized development expenditures amounted to 1.3 (1.3) MSEK during the quarter. For the full interim report, 3.7 (2.6) MSEK have been capitalized and 3.9 (2.4) MSEK has been amortized.

Total capitalized development costs amounted to 22.7 (23.9) MSEK at the end of September.

## GEMini

The cooperation project with the Chinese company Beijing HGPT Technology & Trade Co., Ltd related to the GEMini Portal imaging and dosimetry detector is proceeding. The results from the joint testing is not yet completed.

## NET FINANCIAL INCOME

Net financial income for the quarter amounted to -0.5 (0) MSEK and -1.2 (-0.6) MSEK for the full period January-September.

## NET RESULT AFTER TAX

Net results after tax in the quarter amounted to -1.4 (0.3) MSEK, corresponding to -0.05 (0.01) SEK per share. For January – September, net result after tax amounted to -1.4 (-3.1), corresponding to -0.05 (-0.10) SEK per share. Tax expense refer to reverse deferred tax asset and deferred tax asset for the Swedish entities and does not affect cash flow.

## FINANCING AND CASH FLOW

Cash flow during July - September amounted to 2.9 (2.0) MSEK. Operating cash flow was -0.1 (8.4) MSEK. Cash flow from financing activities amounted to 6.3 MSEK. Utilization of credit facilities increased by 6.8 MSEK up to 19.9 MSEK during the quarter.

By September 30, C-RADs total available funds amounted to 32.3 (25.5) MSEK, out of which cash balance amounted to 30.2 (8.0) MSEK and unutilized credit facilities amounted to 2.3 (17.5) MSEK. Utilized credit facilities as of balance sheet day amounted to 19.9 (14.5) MSEK.

## DISPUTES

The Stockholm Patent and Market court confirmed C-RAD's entitlement to the patent application "Ionizing radiation detecting device" in its verdict published on July 26th. C-RAD filed a patent entitlement lawsuit in May 2017 against the company Beamocular AB. Beamocular has appealed the verdict.

C-RAD Imaging AB, a subsidiary of the C-RAD group, has had a dispute since December 2017 with a former employee, who has also been CEO of the same subsidiary. The dispute is about the question if C-RAD trade secrets have been revealed in connection with the employment of the employee being ended. The verdict from Uppsala District Court in June ruled in favor of the defendant and informed C-RAD to reimburse the other party for legal fees incurred, amounting to 1.7 MSEK. C-RAD has appealed the verdict and received approval to appeal.

All expenses for the disputes are recognized as cost when they arise.

## SIGNIFICANT RISKS AND UNCERTAINTIES

Reference is made to the Annual Report for 2018 page 49-53, regarding significant risks and uncertainties, and how these are managed.



## SHARES

As of September 30, 2019, the total number of shares in C-RAD were 31 021 036, out of which 862 887 A-shares and 30 158 149 B-shares. Total number of voting rights amounted to 38 787 019, out of which for A-shares 8 628 870 voting rights and for B-shares 30 158 149 voting rights. The Company's registered share capital was 4.7 MSEK.

## ONGOING INCENTIVE PROGRAMS

In order to strengthen the company's possibilities to keep competent personnel and key employees, the company has introduced incentive programs to achieve a long-term owner perspective. The incentive program consists of warrants, sold at market price based on the Black & Scholes valuation model. The following incentive programs are active as per the balance sheet day:

	Number of subscribed warrants	Start date	Earliest date for exercise	Latest date for exercise	Exercise price (kr/aktie)	Average warrant price (SEK/warrant)	Total capital increase as per balance sheet day (SEK)	Total capital increase upon exercise 100% (SEK)
Incentive program 2017/2020	232 618	2017-05-16	2020-02-01	2020-04-30	21,21	3,4	790 901	5 724 729
Incentive program 2018/2021	96 000	2018-06-15	2021-02-01	2021-04-30	40,54	4,8	459 800	4 351 640
Incentive program 2019/2022	98 991	2019-05-23	2022-02-01	2022-04-30	47,64	3,3	324 942	5 040 873

During the second quarter of 2019, the board extended the subscription period for incentive program 2019/2022. Additionally 45 410 warrants were subscribed for during the third quarter. The subscriptions during the quarter were made at a price of 2.2 SEK per warrant, valued at market price on the purchase date based on the Black & Scholes valuation model. In total, current employees in the C-RAD Group has subscribed for 98 991 warrants, representing 99 percent of the total amount. For the respective categories, CEO has subscribed for 15 137 warrants, other executives have signed up for 50 273 warrants and other managers and employees have signed up for 33 581 warrants. The Company has the right to repurchase the warrants if the employment ceases or if the participant wished to forward the warrants.

## OTHER SIGNIFICANT EVENTS DURING THE QUARTER

There were no other significant events in reporting period other than what has been described in the report above .

## OTHER SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no other significant events after the reporting period.

## PARENT COMPANY

No operations are carried in the Parent Company except for Group Management and administration. For the period January to September, revenues for the Parent Company amounted to 12.3 (16.4) MSEK and the operating loss was -0.9 (-0.0) MSEK. A shareholders contribution of 0.1 MSEK to the subsidiary C-RAD Innovation AB was registered during the quarter, and also written down in it's entirety.

## NOMINATION COMMITTEE

C-RAD's Nomination Committee ahead of the 2020 Annual General Meeting comprises:

- Lennart Ågren, chairman (representing Svea Ekonomi AB)
- Jenny Rosberg (representing Peter Hamberg incl Hamberg Förvaltning AB)
- Lars Nyberg (chairman of the board)

The nomination committee together represents, as of September 30, about 23 percent of total shares and 31 percent of total voting rights in the Company.

The Nomination Committee is tasked ahead of the 2020 Annual General Meeting with preparing proposals pertaining to the number of Board members, Board fees, the composition of the Board, election of the Chairman of the Board, election of the Chairman of the Annual General Meeting, auditors' fees and the election of auditors as well as guidelines for appointing the Nomination Committee.

Proposal to the nomination committee can be delivered via email: info@c-rad.com no later than February 14, 2020.

## ANNUAL GENERAL MEETING 2020

The Annual General Meeting for C-RAD AB will be held on May 8, 2020. Time and place will be announced later.

## UPCOMING EVENTS

October 25, 2019            11.00: Web presentation of the January-September report.  
January 31, 2020           Year-End Report 2019. Webcast.

## PRESENTATION OF INTERIM REPORT

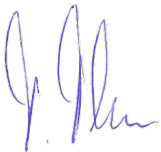
CEO Tim Thurn and CFO Therése Björklund will present the interim report by Webcast on Friday October 25 at 11:00 CEST. After the presentation, there will be room for questions and answers. The presentation will be held in English. To participate in the presentation live, please register your cooperation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

## CERTIFICATION BY THE CEO

The Chief Executive Officer of C-RAD AB confirms that this interim report provides a true and fair view of the Group's operations, financial position and earnings, and provides an overview of the significant risks and uncertainties that the company and the group companies are facing.

If there are any deviations between the reports in English and Swedish, the Swedish version is valid.

Uppsala, October 25, 2019



Tim Thurn  
CEO

## C-RAD AB (PUBL)

C-RAD AB (publ)  
Bredgränd 18, SE-753 20 Uppsala  
Telefon +46 (0)18 - 66 69 30  
[www.c-rad.com](http://www.c-rad.com)  
Org. nr. 556663-9174

For more information:  
Tim Thurn, CEO, Phone: +46 (0)18 66 69 30

C-RAD AB is listed on Nasdaq Stockholm Small Cap since December 2014.  
The information in this interim report is such that C-RAD is required to disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act.

The information was submitted for publication, through the agency of the contact person set out above, on October 25, 2019 at 8:30 am.

# AUDITOR'S REPORT

C-RAD AB (PUBL) CORP. REG. NO. 556663-9174

## INTRODUCTION

We have reviewed the condensed interim financial information of C-RAD (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm 25 Oktober 2019

Öhrlings PricewaterhouseCoopers AB

**Michael Bengtsson**  
Authorized Public Accountant

Consolidated Income Statement in brief Mkr	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
Revenues	55,6	46,7	154,4	132,4	190,1
Raw material and consumables	-22,6	-18,2	-64,0	-56,9	-80,0
<b>Gross profit</b>	<b>32,9</b>	<b>28,5</b>	<b>90,3</b>	<b>75,5</b>	<b>110,1</b>
Gross profit margin	59%	61%	59%	57%	58%
Other external expenses	-13,6	-12,4	-38,6	-33,1	-45,6
Personnel expenses	-16,6	-14,2	-47,0	-43,0	-59,3
Capitalized development costs	1,5	0,9	3,7	2,6	3,4
Depreciation	-2,6	-1,8	-7,3	-4,0	-6,6
Other operating income/expenses	0,1	-0,7	1,3	-0,5	-1,3
Total operating expenses	-31,2	-28,2	-87,9	-78,0	-109,3
<b>Operating income</b>	<b>1,7</b>	<b>0,4</b>	<b>2,4</b>	<b>-2,5</b>	<b>0,8</b>
Financial income	0,0	0,4	0,0	0,4	0,4
Financial costs	-0,5	-0,4	-1,2	-1,0	-1,0
<b>Income before tax</b>	<b>1,2</b>	<b>0,3</b>	<b>1,2</b>	<b>-3,1</b>	<b>0,2</b>
Tax	-2,6	0,0	-2,6	0,0	21,0
<b>Net income</b> (Attributable to Parent company's shareholders)	<b>-1,4</b>	<b>0,3</b>	<b>-1,4</b>	<b>-3,1</b>	<b>21,2</b>
Results per share before dilution	-0,05	0,01	-0,05	-0,10	0,69
Results per share after dilution	-0,05	0,01	-0,05	-0,10	0,68

Consolidated Statement of Comprehensive Income MSEK	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
<b>Net income</b>	<b>-1,4</b>	<b>0,3</b>	<b>-1,4</b>	<b>-3,1</b>	<b>21,2</b>
<b>Other comprehensive income</b>					
<b>Income/expenses recognized in equity</b>					
Exchange differences on translating foreign operations	1,0	0,3	1,0	0,4	0,5
<b>Other comprehensive income of the period (after tax)</b>	<b>-0,4</b>	<b>0,6</b>	<b>-0,5</b>	<b>-2,7</b>	<b>21,7</b>
<b>Total comprehensive income for the period</b> (Attributable to Parent company's shareholders)	<b>-0,4</b>	<b>0,6</b>	<b>-0,5</b>	<b>-2,7</b>	<b>21,7</b>

Segment Reporting	Q3	Q3	Jan-Sep	Jan-Sep	Full Year
MSEK	2019	2018	2019	2018	2018
<b>Revenues by segment</b>					
Positioning	55,6	46,7	154,4	131,8	189,5
Imaging	0,0	0,0	0,0	0,6	0,6
<b>Total revenues</b>	<b>55,6</b>	<b>46,7</b>	<b>154,4</b>	<b>132,4</b>	<b>190,1</b>
<b>Income by segment</b>					
Positioning	2,9	1,2	8,6	-0,3	4,5
Imaging	-1,1	-0,8	-6,1	-2,1	-3,7
<b>Operating income</b>	<b>1,7</b>	<b>0,4</b>	<b>2,4</b>	<b>-2,4</b>	<b>0,8</b>

Segment reporting is based on the same accounting principles as applied in the consolidated financial statement for 2018.

	Q3	Q3	Jan-Sep	Jan-Sep	Full Year
<u>Revenue per geographical market</u>	2019	2018	2019	2018	2018
Americas	18,0	9,8	36,3	32,4	36,1
EMEA	23,8	24,6	73,4	69,9	109,2
APAC	13,8	12,3	44,7	30,1	44,8
<b>Total</b>	<b>55,6</b>	<b>46,7</b>	<b>154,4</b>	<b>132,4</b>	<b>190,1</b>

	Q3	Q3	Jan-Sep	Jan-Sep	Full Year
<u>Revenue per product category</u>	2019	2018	2019	2018	2018
Positioning products	42,9	37,6	118,4	98,9	145,1
HIT Laser	5,1	6,2	16,8	14,1	20,1
Life Cycle Business	4,5	2,1	12,2	5,8	8,1
Distribution	3,1	0,8	7,0	13,1	16,3
GEMini	0,0	0,0	0,0	0,5	0,5
<b>Summa</b>	<b>55,6</b>	<b>46,7</b>	<b>154,4</b>	<b>132,4</b>	<b>190,1</b>

<b>Consolidated Balance Sheet in brief MSEK</b>	<b>30-09-2019</b>	<b>30-09-2018</b>	<b>31-12-2018</b>
Intangible assets	27,5	28,1	26,9
Tangible assets	3,0	1,3	1,3
Right-of-use assets	2,0	0,0	0,0
Long-term receivables	0,1	0,1	0,1
Deferred tax receivables	25,5	7,1	28,1
<b>Total non-current assets</b>	<b>58,1</b>	<b>36,6</b>	<b>56,4</b>
Inventory	9,2	11,7	11,7
Current receivables	79,1	61,0	69,2
Cash and liquid assets	30,2	8,0	9,3
<b>Total current assets</b>	<b>118,5</b>	<b>80,7</b>	<b>90,2</b>
<b>Total assets</b>	<b>176,6</b>	<b>117,3</b>	<b>146,6</b>
Equity	96,5	69,2	93,6
Lease liabilities	0,1	0,0	0,0
Other non-current liabilities	20,0	0,0	0,0
<b>Total non-current liabilities</b>	<b>20,1</b>	<b>0,0</b>	<b>0,0</b>
Current liabilities	60,0	48,1	53,0
<b>Total equity and liabilities</b>	<b>176,6</b>	<b>117,3</b>	<b>146,6</b>

<b>Consolidated Cash Flow Statement in brief MSEK</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Jan-Sep 2019</b>	<b>Jan-Sep 2018</b>	<b>Full Year 2018</b>
Operating income	1,7	0,4	2,4	-2,4	0,8
Adjustment for non-cash items	2,7	2,8	7,7	5,2	8,0
Interests paid	-0,4	-0,4	-1,2	-1,0	-0,9
<b>Cash flow from operating activities before working capital changes</b>	<b>4,0</b>	<b>2,8</b>	<b>8,9</b>	<b>1,8</b>	<b>7,9</b>
Changes in working capital	-4,1	5,6	-1,7	-9,0	-17,5
<b>Cash flow from operating activities</b>	<b>-0,1</b>	<b>8,4</b>	<b>7,3</b>	<b>-7,2</b>	<b>-9,6</b>
Investments	-3,3	-0,9	-7,6	-2,6	-4,0
<b>Cash flow from investing activities</b>	<b>-3,3</b>	<b>-0,9</b>	<b>-7,6</b>	<b>-2,6</b>	<b>-4,0</b>
New share issue	0,0	0,0	3,1	0,0	0,0
Premiums received for warrants	0,1	0,2	0,3	0,5	0,5
New borrowings/amortization of loan	6,8	-5,7	19,9	3,7	8,7
Amortization of lease liabilities	-0,5	0,0	-1,5	0,0	0,0
<b>Cash flow from financing activities</b>	<b>6,3</b>	<b>-5,5</b>	<b>21,8</b>	<b>3,8</b>	<b>9,2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,9</b>	<b>2,0</b>	<b>21,3</b>	<b>-6,0</b>	<b>-4,4</b>
Cash and liquid assets at beginning of period	27,5	6,3	9,3	14,6	14,6
Exchange rate differences	-0,2	-0,3	-0,3	-0,6	-0,9
<b>Cash and liquid assets at end of period</b>	<b>30,2</b>	<b>8,0</b>	<b>30,2</b>	<b>8,0</b>	<b>9,3</b>

<b>Change in Group Equity MSEK</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Jan-Sep 2019</b>	<b>Jan-Sep 2018</b>	<b>Full Year 2018</b>
<b>Opening balance</b>	<b>96,7</b>	<b>68,4</b>	<b>93,6</b>	<b>71,4</b>	<b>71,4</b>
Warrants program	0,1	0,2	0,3	0,5	0,5
New share issue	0,0	0,0	3,1	0,0	0,0
Cost of Share Issue	0,0	0,0	-0,1	0,0	-5,4
Equity part of convertible loan	0,0	0,0	0,0	0,0	0,1
<b>Changes in the period</b>	<b>0,1</b>	<b>0,2</b>	<b>3,4</b>	<b>0,5</b>	<b>-4,8</b>
Total comprehensive income for the period	-0,4	0,6	-0,5	-2,7	21,7
<b>Closing balance at end of period</b>	<b>96,5</b>	<b>69,2</b>	<b>96,5</b>	<b>69,2</b>	<b>93,6</b>

Parent Company Income Statement in brief	Jan-Sep	Jan-Sep	Full Year
MSEK	2019	2018	2018
Revenues	12,3	16,4	19,0
Operating expenses	-11,7	-12,6	-17,1
<b>Operating income</b>	<b>0,6</b>	<b>3,8</b>	<b>1,8</b>
Financial items	-1,5	-3,8	-7,4
<b>Income before tax</b>	<b>-0,9</b>	<b>0,0</b>	<b>-5,5</b>
Tax	0,0	0,0	2,2
<b>Net income</b>	<b>-0,9</b>	<b>0,0</b>	<b>-3,4</b>

Parent Company Balance Sheet in brief	30-09-2019	30-09-2018	31-12-2018
MSEK			
Intangible assets	2,9	3,7	3,5
Financial assets	164,6	166,8	161,5
Deferred tax asset	2,3	0,0	2,2
<b>Total non-current assets</b>	<b>169,7</b>	<b>170,6</b>	<b>167,3</b>
Current receivables	1,9	1,5	1,2
Cash and liquid assets	0,6	0,2	0,5
<b>Total assets</b>	<b>172,3</b>	<b>172,4</b>	<b>168,9</b>
<b>Equity and liabilities</b>			
Total equity	168,3	169,2	165,8
Total current liabilities	4,0	3,2	3,2
<b>Total equity and liabilities</b>	<b>172,3</b>	<b>172,4</b>	<b>168,9</b>

Group Review per quarter

Income Statement (MSEK)	Q2 2019	Q1 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Revenues	55,6	51,5	47,3	57,7	46,7	51,9	33,8	42,0	33,2	32,2	25,8	190,1	133,1
Cost of Sale	-22,6	-22,2	-19,2	-23,1	-18,2	-24,6	-14,1	-16,8	-13,7	-13,6	-10,4	-80,0	-54,5
Gross Profit	32,9	29,3	28,1	34,6	28,5	27,3	19,7	25,2	19,5	18,6	15,4	110,1	78,6
Gross profit margin	59%	57%	59%	60%	61%	53%	58%	60%	59%	58%	60%	58%	59%
Other external expenses	-13,6	-14,7	-10,3	-12,5	-12,4	-11,0	-9,7	-10,8	-8,0	-8,9	-8,8	-45,6	-36,5
Personnel expenses	-16,6	-15,6	-14,8	-16,3	-14,2	-14,5	-14,3	-13,9	-12,4	-13,2	-12,2	-59,3	-51,7
Capitalized development costs	1,5	1,6	0,6	0,8	0,9	0,8	0,9	1,3	1,1	0,9	1,1	3,4	4,4
Depreciation	-2,6	-2,4	-2,3	-2,6	-1,8	-1,1	-1,1	-0,9	-1,1	-1,4	-1,6	-6,6	-5,0
Other operating income/expenses	0,1	1,2	0,0	-0,8	-0,7	0,4	-0,2	0,1	-0,4	-0,1	0,5	-1,3	0,1
Operating expenses	-31,2	-29,8	-26,8	-31,3	-28,2	-25,4	-24,4	-24,1	-20,8	-22,7	-21,0	-109,4	-88,7
<b>Operating income</b>	<b>1,7</b>	<b>-0,6</b>	<b>1,3</b>	<b>3,3</b>	<b>0,3</b>	<b>1,9</b>	<b>-4,7</b>	<b>1,1</b>	<b>-1,4</b>	<b>-4,1</b>	<b>-5,6</b>	<b>0,7</b>	<b>-10,0</b>
Financial items, net	-0,5	-0,5	-0,2	0,0	0,0	-0,4	-0,2	-0,3	-0,3	-0,2	-0,2	-0,6	-0,9
<b>Income before tax</b>	<b>1,2</b>	<b>-1,1</b>	<b>1,1</b>	<b>3,3</b>	<b>0,3</b>	<b>1,5</b>	<b>-4,9</b>	<b>0,8</b>	<b>-1,7</b>	<b>-4,3</b>	<b>-5,8</b>	<b>0,1</b>	<b>-10,9</b>
Tax	-2,6	0,2	-0,2	21,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	21,0	0,0
<b>Net income</b>	<b>-1,4</b>	<b>-0,9</b>	<b>0,9</b>	<b>24,3</b>	<b>0,3</b>	<b>1,5</b>	<b>-4,9</b>	<b>0,8</b>	<b>-1,7</b>	<b>-4,3</b>	<b>-5,8</b>	<b>21,1</b>	<b>-10,9</b>

Balance Sheet (MSEK)	Q2 2019	Q1 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Non-current assets	58,1	69,8	58,7	56,3	36,6	37,5	37,8	37,6	37,3	37,3	37,5	56,3	37,6
Current assets	118,5	108,4	99,2	90,3	80,7	86,5	73,5	80,4	72,7	69,9	62,3	90,3	80,4
Total assets	176,6	178,2	157,9	146,6	117,3	124,0	111,3	118,1	110,0	107,2	99,8	146,6	118,1
Equity	96,5	96,7	94,9	93,6	69,2	68,4	66,3	71,4	58,3	61,3	64,8	93,6	71,4
Non-current liabilities	20,1	32,7	23,1	0,0	0,0	0,0	0,0	0,3	0,3	12,3	12,4	0,0	0,3
Current liabilities	60,0	48,8	39,8	53,0	48,1	55,6	45,0	46,4	51,4	33,6	22,6	53,0	46,4
Total equity and liabilities	176,6	178,2	157,9	146,6	117,3	124,0	111,3	118,1	110,0	107,2	99,8	146,6	118,1

Cash Flow Statement (MSEK)	Q2 2019	Q1 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Operating cashflow	-0,1	-3,7	11,0	-2,6	8,4	-3,7	-12,1	-0,7	10,0	-9,8	-3,5	-9,7	-4,0
Cashflow from investing activities	-3,3	-3,4	-1,0	-1,4	-0,9	-0,8	-0,9	-1,4	-1,5	-1,2	-1,6	-4,0	-5,5
Cashflow from financing activities	6,3	7,9	7,4	5,4	-5,5	5,2	4,1	-1,5	0,6	5,1	7,6	9,2	11,3
Totals	2,9	0,7	17,4	1,4	2,0	0,6	-8,9	-3,6	9,1	-5,9	2,5	-4,5	1,8

Key Ratios	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Total order intake (MSEK)	69,7	64,1	47,8	75,6	64,2	56,4	50,6	47,5	55,5	49,3	40,2	246,8	192,5
Quarterly change (%)	9%	34%	-37%	18%	14%	11%	7%	-14%	13%	23%	-4%	n/a	n/a
Change compared to same period last year (%)	9%	14%	-6%	59%	16%	14%	26%	13%	97%	62%	208%	28%	70%
Total Revenues (MSEK)	55,6	51,5	47,3	57,7	46,7	51,9	33,8	42,0	33,2	32,2	25,8	190,1	133,2
Quarterly change (%)	8%	9%	-18%	24%	-10%	54%	-20%	27%	3%	25%	-5%	n/a	n/a
Change compared to same period last year (%)	19%	-1%	40%	37%	41%	61%	31%	54%	48%	106%	49%	43%	61%
Gross Margin (percent of Revenues)	59%	57%	59%	60%	61%	53%	58%	60%	59%	58%	60%	58%	59%
EBIT-margin (percent of Revenues)	3%	-1%	3%	6%	1%	4%	-14%	3%	-4%	-13%	-22%	0%	-8%
Profit margin (percent of Revenues)	-3%	-2%	2%	42%	1%	3%	-14%	2%	-5%	-13%	-22%	11%	-8%
Earnings per share before dilution (SEK)	-0,05	-0,03	0,02	0,79	0,01	0,05	-0,16	0,03	-0,05	-0,14	-0,20	0,69	-0,37
Equity per share before dilution (SEK)	3,11	3,12	3,08	3,04	2,25	2,30	2,23	2,40	1,98	2,08	2,20	3,04	2,32
Equity per share after dilution (SEK)	3,10	3,11	3,06	3,02	2,21	2,16	2,10	2,27	1,87	1,97	2,07	3,02	2,29
Last paid share price (SEK)	34,00	36,60	34,70	25,80	27,50	31,20	30,40	28,30	33,90	22,60	14,80	25,80	28,30
Equity/asset ratio (percent)	55%	54%	60%	64%	59%	55%	60%	60%	53%	57%	65%	64%	60%
Cash Balance (MSEK)	30,2	27,5	26,8	9,3	8,0	6,3	5,5	14,6	17,9	9,1	2,4	9,3	14,6
Number of employees at end of period	59	54	54	52	56	54	50	49	47	46	46	52	49
Average number of outstanding shares (millions)	30,9	30,9	30,8	30,8	30,8	30,8	30,8	29,8	29,5	29,5	29,5	30,8	29,6
Average number of diluted shares (millions)	31,0	31,0	31,0	31,0	31,3	31,3	31,3	31,2	31,2	31,1	31,3	31,0	31,3
Number of outstanding shares at end of period (millions)	31,0	31,0	30,8	30,8	30,8	30,8	30,8	30,8	29,5	29,5	29,5	30,8	30,8
Number of outstanding warrants at end of period (millions)	0,4	0,4	0,5	0,5	0,5	0,5	0,5	0,5	1,7	1,8	1,8	0,5	1,7



## NOTES

### Accounting principles

This interim report is prepared, for the Group, in accordance with IAS 34, RFR1 "Redovisning för koncerner" and the Annual Accounts Act and, for the Parent company, the Annual Accounts Act and RFR 2. The Group is applying IFRS 16 Leasing as of January 1, 2019, which is described here below. The applied accounting principles are in all other aspects consistent with what is stated in note 1 in the Financial Statements for 2018.

### New standards as of January 1st, 2019

The Group is applying IFRS 16 Leasing as of January 1st, 2019.

IFRS 16 Leasing replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease and related rules. Under the new standard, the lessee is required to recognise all contracts that meet the definition of a lease (except leases of 12 months or less and leases of low-value assets) as a right-of-use asset and liability in the statement of financial position. Leases that currently comprise operating leases will subsequently be recognised in the balance sheet, which entails that the current operating expense, corresponding to the leasing charges for the period, will be replaced by amortisation and interest expense in the income statement. C-RAD is applying the simplified transition method and will not recalculate the comparable figures. The main effect on C-RADs financial statements refer to the accounting of rental contracts and leasing contracts for cars. The effect on the starting balance as per January 1st, 2019, was that a right-of-use asset and corresponding liability of approximately 3,4 Mkr was booked. EBITDA for 2019 is expected to be approximately 2 MSEK better than what would have been the case with the previous standard. Other effects will be that the cash flow from leasing contracts will be moved from cash flow from operating activities to cash flow from financing activities (depreciation and interest paid).

Other updated IFRS standards and interpretations from IFRIC have no impact on the Group or the Parent Company's results or financial position.

### Exchange rates

The financial statements are presented in SEK, the functional currency of C-RAD. Sales and orders are largely generated in foreign currency, mainly EUR and USD and, in addition, foreign subsidiaries and associates are included in the consolidation. Orders, order back-log and income statement are translated at the period-average exchange rate while balance sheet items are translated at the closing rate. The average EUR rate during the third quarter of 2019 was 10.6 (10.2), while the average USD rate in the period was 9.4 (8.6). Closing rate for EUR was 10.7 (10.3) och USD 9.8 (8.6).

### Related party transactions

During the third quarter of 2019, C-RAD has purchased printing material from Thurn Transmedia Com to an amount of 11 KSEK. The owner of Thurn TransmediaCom is related to the CEO of C-RAD, Tim Thurn.

### Capitalized development costs

Development expenses that fulfil the recognition criteria in IAS38 are capitalized. Impairment test are performed quarterly. The progress of current development projects is reviewed on a regular basis.

### Deferred tax

Deferred tax assets are reviewed at the end of each reporting period and adjusted in line with the probable future taxable result.

### Contingent liabilities

Contingent liability of SEK 2 000 000 in the Parent company refer to guarantee commitment for subsidiary.

### Pledges

The pledges refer to a chattle mortgage for the Companys credit line with Nordea and Erik Penser Bank AB (security of 19.970.000 SEK).

### DEFINITIONS

C-RAD AB is applying certain financial measurements in the interim report that is not defined in IFRS. It is C-RAD's opinion that these measurements give valuable information to investors and company management as they give a view of the Company's performance. These measurement shall not be considered a replacement for any financial measurement as defined by IFRS. As of the January 2019, the interim reports have been extended with one new financial measurement, EBITDA, which is calculated as per below.

EBITDA: operating profit before depreciation and amortization.

Comparison against IFRS

**EBITDA excl IFRS 16-adjustment - Operating profit before amortization and deprecation, adjusted for effect from IFRS 16 Leasing to provide a figure comparative to previous year's EBITDA.**

MSEK	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
Operating profit	1,7	0,4	2,4	-2,4	0,8
Depreciation and amortization	2,6	1,8	7,3	4,0	6,6
Adjustment for IFRS 16 Leasing	-0,7	0,0	-1,6		
<b>EBITDA excl IFRS 16-adjustment</b>	<b>3,7</b>	<b>2,2</b>	<b>8,1</b>	<b>1,6</b>	<b>7,4</b>