



INTERIM REPORT

JANUARY-JUNE 2017

C-RAD AB - INTERIM REPORT

JANUARY-JUNE 2017

PRESS RELEASE AUGUST 16, 2017

CONTINUED STRONG GROWTH IN BOTH ORDER INTAKE AND REVENUES

SECOND QUARTER 2017

- Net sales: 32.2 (15.6) MSEK, +106%.
- Order intake: 49.3 (30.4) MSEK, +62%.
- EBITDA: -2.7 (-8.3) MSEK.
- Operating loss: -4.1 (-9.8) MSEK.
- Result per share -0.14 (-0.44) SEK.
- Agreement with Miami Cancer Institute, 7.5 MSEK.
- Agreement with two cancer centers in France, 9 MSEK.
- Positive verdict in patent case with Beamocular.

INTERIM PERIOD JANUARY-JUNE 2017

- Net sales: 58.0 (32.9) MSEK, +76%.
- Order intake: 89.5 (43.4) MSEK, +106%.
- EBITDA: - 6.8 (14.9) MSEK.
- Operating loss: -9.8 (-18.0) MSEK.
- Result per share: -0.33 (-0.83) SEK.

KEY EVENTS AFTER THE REPORTING PERIOD

- Agreement with University Medical Center Freiburg, Germany, 7.8 MSEK.
- Agreement with Elekta to equip Nya Karolinska Solna and Södersjukhuset in Stockholm, 21 MSEK.



SUMMARY FINANCIAL RESULT

SUMMARY FINANCIAL RESULT

(MSEK)	Q2, APR-JUN			INTERIM PERIOD, JAN-JUN			FULL YEAR
	2017	2016	Change	2017	2016	Change	2016
Order intake	49,3	30,4	62%	89,5	43,4	106%	113,5
Net sales	32,2	15,6	106%	58,0	32,9	76%	82,7
Gross profit margin	58%	54%		59%	50%		57%
Operating loss	- 4,1	- 9,8	58%	- 9,8	- 18,0	46%	- 30,4
Net results after tax	- 4,3	- 10,1	57%	- 10,1	- 18,6	46%	- 31,2
Cash	9,1	15,5	-41%	-	-		12,7
Share price*	22,6	9,1	148%	-	-		12,1
Order backlog	118,4	63,5	86%	-	-		83,5

*SEK, balance sheet day

COMMENTS FROM THE CEO

C-RAD's growth continued to develop strongly in the second quarter with an increase of more than 100 percent in revenues and 62% percent in order intake compared to the second quarter last year. This momentum is underlining the augmented demand for our leading technology, that we see in the market place.

During the second quarter, we delivered a new all-time high in revenues – a development from 16 MSEK in the first quarter of 2016 to sizeable 32.5 MSEK. In the same period order intake increased to from 30.4 MSEK to 49.3 MSEK

The EMEA region showed a notable development during the second quarter, driven by a steady increase in most countries and an outstanding order from France. In this project, a private hospital group decided to equip all their linear accelerators with the C-RAD surface tracking solution. This project resulted in an order of 9 MSEK. This customer had already previously equipped their CT's with C-RAD's Sentinel 4DCT™ solution. It is a positive signal, that also existing customers are upgrading their C-RAD solution as they grow.

Looking at the different segments, it should be noted that our life cycle business – primarily the sales of services - was exceeding 13 MSEK in order intake. This is an increase of almost 400 percent compared to the same period previous year. The positive trend continues that more customers are considering service contracts for their products to cover hard- and software updates, spare parts and preventive maintenance for a period of in average 5 years. For new sales, often the customer purchases a service contract along with the system, whereas existing customers are upgrading their installed base. Service contracts are providing a stable recurring revenue stream over the entire term. Sales of our positioning products – our main product line - was exceeding 33 MSEK, whereas it was 25 MSEK in the second quarter 2016. All in all the order book increased to 118 MSEK providing a solid base for future revenues.

Our focus on cost control and the substantial increase in revenues has enabled us to deliver a positive increase in EBITDA. The gross profit margin improvements during the last quarters is contributing to this development.

In the beginning of the third quarter we received prestigious large orders for two well-reputed customers with a total value of 29 MSEK. Whereas this was certainly a very positive start, it shows at the same time that individual quarters might be volatile in order intake in our business.

The momentum and the strong growth we are having confirms our previous assessment of an increased market acceptance that translates into a growing demand for our advanced surface tracking solution. We continue to see a substantial potential in essentially all our markets. C-RAD continues to deliver on our strategy and is now a significantly larger business with higher growth rates, compared with a year ago, says Tim Thurn, CEO of C-RAD.



Tim Thurn, CEO

SIGNIFICANT EVENTS DURING Q2 2017

MIAMI CANCER INSTITUTE DECIDES FOR C-RAD'S INNOVATIVE SIGRT SOLUTION

C-RAD and Miami Cancer Institute at Baptist Health South Florida announced on April 18, 2017 that both parties have signed an agreement to equip the new proton therapy facility in Miami with C-RAD's surface tracking solution. Total order value: MSEK 7.5 MSEK.

CANCER CENTER IN ST. GREGOIRE AND ST. MALO, FRANCE DECIDE FOR C-RAD'S INNOVATIVE SIGRT SOLUTION

On June 28, 2017, C-RAD announced an order to equip five treatment machines with the latest SIGRT solution for two cancer centers located in the Bretagne in France. The customer had already previously equipped their CT's with C-RAD's Sentinel 4DCT™ solution. Total order value: 9 MSEK.

APPEAL COURT FINAL RESOLUTION OF DISPUTE OVER C-RAD'S ENTITLEMENT TO PATENTS

The Patent and Market appeal court confirmed in its judgment on June 20 C-RAD's right to the invention named "Patient Monitoring Radiation Machines". The company Beamocular had filed suit in November 2014 claiming ownership of one of C-RAD's patent families.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

UNIVERSITY MEDICAL CENTER FREIBURG, GERMANY DECIDES FOR C-RAD'S INNOVATIVE SIGRT SOLUTION

C-RAD and the Department of Radiation Oncology of the University Medical Center Freiburg announced on July 21, 2017 to equip the center with the latest SIGRT (Surface Image Guided Radiation Therapy) solution and their intention to enter into a research partnership. Total order value: 7.8 MSEK.

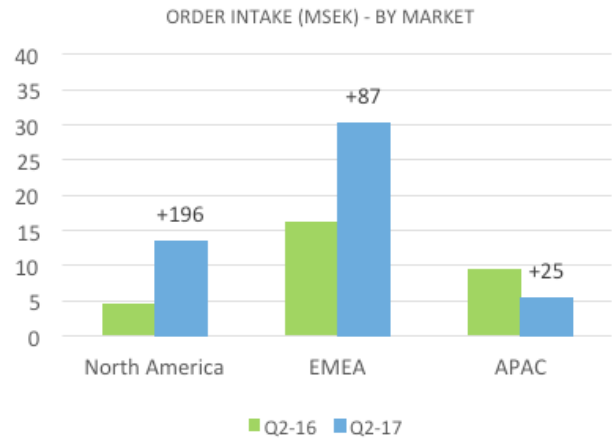
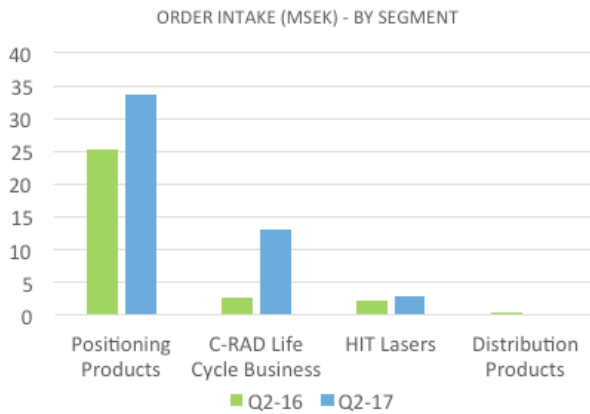
C-RAD TO SUPPLY ADVANCED SURFACE TRACKING SOLUTION TO SWEDISH CANCER CENTER NYA KAROLINSKA SOLNA

C-RAD announced on Aug 3, 2017 that a contract, to supply Nya Karolinska Solna (NKS) and Södersjukhuset in Stockholm, Sweden with its latest SIGRT (Surface Image Guided Radiation Therapy) solution, has been signed. Total order value: 21 MSEK.

FINANCIAL DEVELOPMENT, GROUP

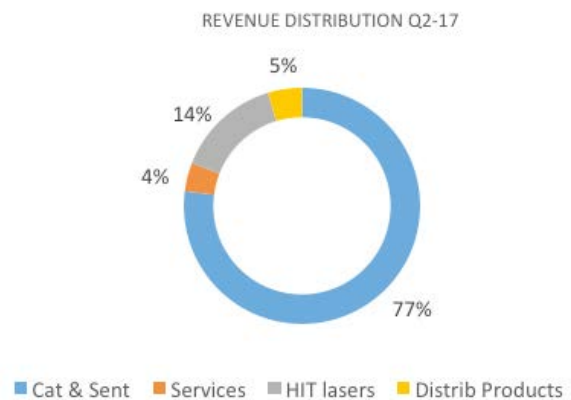
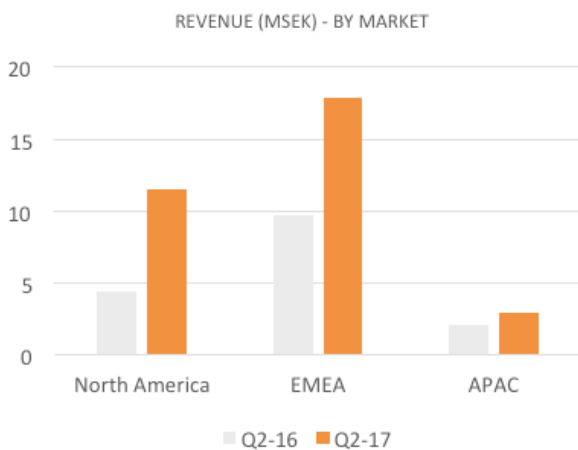
ORDER INTAKE

Order intake during the second quarter amounted to 49.3 MSEK compared to 30.4 MSEK in the previous year, an increase of 62%. Order intake growth was primarily driven by sales in EMEA and US region. Sales of positioning products increased by 33% during the second quarter 2017 compared to the same period in 2016, whilst order intake for Life Cycle Business services increased by 385%.



REVENUES

Revenues increased from 15.6 MSEK during the first quarter 2016 to 32.2 MSEK during the second quarter 2017, an increase of 106%. EMEA and North America stood for the large part of the deliveries during the quarter following their strong order intake during the last quarters. The average delivery time improved to three months in average during the second quarter.



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 has a direct impact on the quarterly operating profit.

ORDER INTAKE, REVENUE AND OPERATING PROFIT, MSEK

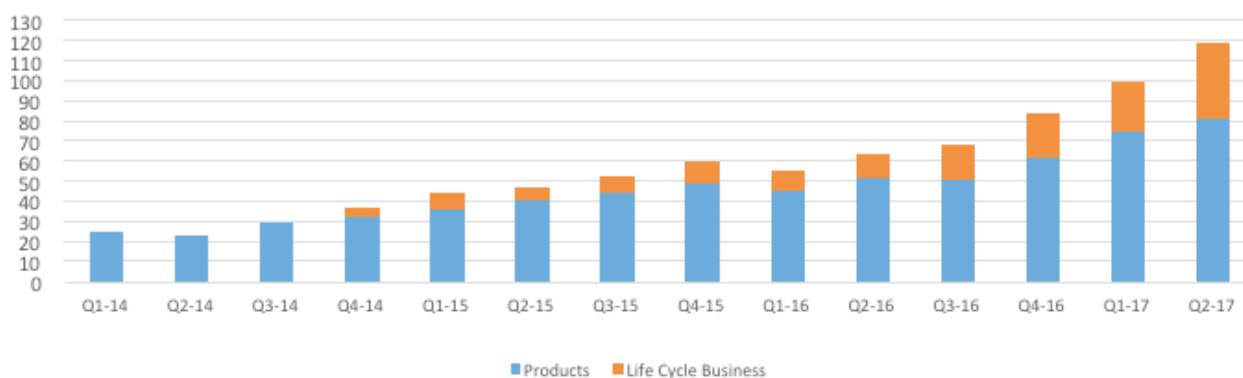


ORDER BACKLOG AND ORDER CONVERSION RATE

The order backlog represents orders that have been received but not delivered and invoiced. The backlog amounted to 118.4 MSEK at the end of second quarter 2017 compared to 63.5 MSEK at the same period 2016, an increase of 86%. From the total order backlog, 80.9 (51.2) MSEK involves products and 37.5 (12.3) MSEK refer to Life Cycle Business (service contracts). 5.2 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. The service contract can be up to eight years while the average duration is around five years

The weighted average delivery time for products recognized as revenue in the second quarter was just above three months, a large improvement from the previous rates of around six months. This is the time from receiving an order until the order is delivered and revenue recognized. In the graph below the development of the order backlog is presented. Service contracts are presented separately from Q4 2014 onwards.

ORDER BACKLOG (MSEK)



GROSS PROFIT

Gross profit was 58% during the second quarter 2017, compared to 54% in the corresponding period in 2016. The gross profit has continually improved during the last quarters as a result of C-RAD's focus on improving the supply chain. 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.

OPERATIONAL EXPENSES

Operational expenses for the second quarter 2017 amounted to 8.9 MSEK compared to 8.3 MSEK in the previous year. Following the verdict in the patent case against Beamocular in June, C-RAD should be fully reimbursed for legal fees incurred. This had a positive effect on operational expenses of 1.1 MSEK during the second quarter. Full payment was received in July, 2017.

PERSONNEL EXPENSES

Personnel expenses for the second quarter 2017 amounted to 13.2 (9.4) MSEK. The increase compared to last year is mainly related to the expansion of operations, which entails sales resources being enhanced. Compared to the first quarter of 2017, personnel cost increased by 1 MSEK, mainly related to one-off items in conjunction with increased service activity. The average number of employees increased from 39 in Q2 2016 to 46 in the corresponding period in 2017. At the end of June 2017, the number of employees in the Group amounted to 46 (41).

NET RESULTS BEFORE TAX

Net results before tax during the quarter amounted to -4.3 MSEK compared to -10.1 MSEK in 2016.

CAPITALIZED DEVELOPMENT COSTS

Capitalized development costs amounted to 22.0 (20.8) MSEK at the end of June. Capitalizations during Q2 2017 of KSEK 890 are related to the Gemini project. GEMini is continually showing good progress in performance test, both in short-term repetitive tests and long-term. Further verification of the product is needed, but we continue to be confident of the technical success of the project.

EXCHANGE RATE

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. The average EUR rate during the first half 2017 was 9.6 (9.3), while the average USD rate in the period was 8.9 (8.3).

FINANCING AND CASH FLOW

C-RAD holds a credit facility with Nordea of 2 MSEK and with Erik Penser Bank AB of 10 MSEK. There is also an invoice discounting facility for the Swedish company C-RAD Positioning AB with a max amount of 12 MSEK. The credit line agreement with Erik Penser Bank is valid until further notice with 12 month notice from the financier.

During the first half of 2017, cash flow was negative in the amount of -3.4 MSEK. Cash flow from financing activities amounted to 12,7 MSEK due to increased utility of the invoice discounting solution from Erik Penser, which had a balance of 11.8 MSEK by the end of the quarter, and cash flow related to the employee warrant program. Negative cash flow from operations amounted to -7.2 MSEK and from working capital to -6,2 MSEK. The negative cash flow from working capital refers to accounts receivables as a large part of deliveries were made in the end of the second quarter. Capitalized development costs are included in investment activities, but not as adjustment for non-cash items.

WARRANT PROGRAM 2017-2020

On April 28, 2017, the Annual General Meeting decided to issue 550 000 warrants with the purpose of using them as part of an employee incentive program for C-RAD AB. In total, the employees of the C-RAD group signed up for a total of 235 559 warrants. Out of this amount, CEO, senior management and other key employees signed up for 140 588 warrants or 88% of their allotted warrants.

SIGNIFICANT RISKS AND UNCERTAINTIES

Reference is made to the Annual Report for 2016 page 56-59, regarding significant risks and uncertainties, and how these are managed. The capitalized development costs for the Gemini project amounts to 1,6 MSEK for the first half of 2017. Until the project is launched and starts to generate revenues, a certain degree of uncertainty prevails. If the project does not develop in line with expectations, the Company will be forced to write down all or part of the capitalized development costs. Valuations of intangible assets and deferred tax asset are based on future sales and order backlog under the assumption that sufficient funding will be available for future expectations to be fulfilled.

PARENT COMPANY

No operations are carried in the Parent Company except for Group Management and administration.

UPCOMING EVENTS

October 27, 2017

January 31, 2018

Q3, 2017 report

Q4, 2017 report

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in KSEK)	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Operating income					
Net sales	32 201	15 618	57 959	32 888	82 654
Work performed by the company for its own use and capitalized	890	883	1 968	1 539	3 489
Other operating income	-142	61	358	228	507
Total operating income	32 949	16 563	60 285	34 655	86 650
Gross profit margin	58%	54%	59%	54%	57%
Operating expenses					
Raw material and consumables	-13 604	-7 183	-24 029	-15 166	-35 904
Other external costs	-8 919	-8 314	-17 689	-15 263	-33 683
Personnel costs	-13 174	-9 363	-25 361	-19 120	-41 532
Depreciations	-1 353	-1 486	-2 971	-3 114	-5 887
Other operating expenses	0	0	0	0	0
Total operating expenses	-37 049	-26 346	-70 050	-52 663	-117 006
Operating profits/loss	-4 100	-9 784	-9 765	-18 008	-30 356
Financial income	0	4	0	7	8
Financial costs	-184	-289	-365	-637	-861
Profit (loss) before tax	-4 283	-10 069	-10 130	-18 638	-31 209
Income tax	0	0	0	0	0
Net results for the period	-4 283	-10 069	-10 130	-18 638	-31 209
Translation difference from foreign operations	363	133	0	-37	-325
Comprehensive results for the period (1)	-3 920	-9 936	-10 130	-18 675	-31 534
Results per share before dilution	-0.14	-0.44	-0.33	-0.83	-1.21
Results per share after dilution	-0.13	-0.41	-0.31	-0.78	-1.14

(1) 100% attributable to shareholders in the Parent Company

SEGMENT REPORTING

(Amounts in KSEK)	2017 apr-jun	2016 apr-jun	2017 jan-jun	2016 jan-jun	2016 jan-dec
Segment revenue					
Positioning external sales	32 049	15 439	57 652	32 520	81 946
Imaging external sales	152	179	307	368	708
Total	32 201	15 618	57 959	32 888	82 654
Positioning operating results	-3 809	-9 703	-9 393	-17 709	-29 517
Imaging operating results	-291	-81	-372	-299	-839
Rörelseresultat	-4 100	-9 784	-9 765	-18 008	-30 356
Revenue per geographical market					
North America	11 479	4 378	14 367	13 105	30 326
EMEA	17 840	9 258	29 054	17 358	38 639
APAC	2 882	1 982	14 538	2 425	13 689
	32 201	15 618	57 959	32 888	82 654

Segment reporting is based on the same accounting principles as applied in the consolidated financial statement for 2016.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in KSEK)

	30-6-2017	30-6-2016	31-12-2016
Assets			
Assets			
Intangible assets			
Capitalized development expenditure	21 980	20 789	21 016
Distribution rights	4 802	5 650	5 226
Patents, licenses and similar rights	683	833	740
	<u>27 465</u>	<u>27 272</u>	<u>26 982</u>
Tangible assets			
Equipment	2 679	4 392	3 337
Financial assets			
Long-term receivables	106	106	106
Deferred tax asset	7 094	7 094	7 094
	<u>37 344</u>	<u>38 864</u>	<u>37 520</u>
Total non-current assets			
Current assets			
Inventory	6 186	10 635	6 360
Trade receivables	37 097	9 848	36 528
Other receivables	6 925	5 198	3 443
Prepayments and accrued income	10 621	6 786	5 568
Cash and bank	9 101	15 487	12 683
	<u>69 930</u>	<u>47 954</u>	<u>64 583</u>
Total current assets			
	<u>107 274</u>	<u>86 819</u>	<u>102 102</u>
Total assets			
Equity and liabilities			
Equity			
Share capital	4 430	4 130	4 430
Additional paid in capital	254 467	233 015	255 230
Retained earnings	-187 828	-156 859	-157 524
Profit (loss) for the year	-9 765	-18 638	-31 534
	<u>61 303</u>	<u>61 647</u>	<u>70 602</u>
Total equity			
Long term liabilities			
Convertible bonds	11 682	11 718	11 829
Other long-term liabilities	642	993	642
	<u>12 324</u>	<u>12 711</u>	<u>12 471</u>
Current liabilities			
Accounts payable	6 005	5 955	7 582
Warranty provisions	1 225	1 134	1 225
Other current liabilities	17 295	683	2 337
Accrued expenses and deferred income	9 123	4 688	7 885
	<u>33 649</u>	<u>12 460</u>	<u>19 029</u>
Total current liabilities			
	<u>45 973</u>	<u>25 171</u>	<u>31 500</u>
Total liabilities			
	<u>107 274</u>	<u>86 819</u>	<u>102 102</u>
Total equity and liabilities			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Amounts in KSEK)

Statement of cash flow

	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Operating activities			
Profit (loss) before financial items	(9 765)	(18 008)	(30 356)
Adjustment for non-cash items, etc	2 971	3 039	5 748
Interests received	0	7	8
Interests paid	(365)	(637)	(861)
Cash flow from operating activities before working capital changes	(7 158)	(15 599)	(25 461)
Working Capital Changes	(6 150)	(6 769)	(19 162)
Cash flow from operating activities	(13 308)	(22 368)	(44 623)
Cash flow from investing activities	(2 795)	(2 310)	(4 005)
Cash flow from financing activities	12 669	35 665	56 702
Net increase (decrease) in cash and cash equivalents	(3 435)	10 987	8 074
Cash and cash equivalents at beginning of period	12 683	4 426	4 426
Exchange rate differences	(147)	74	183
Cash and cash equivalents at end of period	9 101	15 487	12 683

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in KSEK)

Statement of changes in equity

	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Jun
At beginning of period	70 602	40 047	40 047
Share increase and option program	973	45 472	66 967
Issue expenses	0	(5 279)	(5 368)
Equity part of convertible loan	37	111	(195)
Translation and other differences	(179)	(29)	51
Changes in the period	831	40 275	61 455
Loss for the period	(10 130)	(18 675)	(30 900)
Closing balance at end of period	61 303	61 647	70 602

PARENT COMPANY INCOME STATEMENT

(Amounts in KSEK)

	2017	2016	2016
	Jan-Jun	Jan-Jun	Jan-Dec
Total income	8 884	9 941	19 768
Other costs	-3 569	-4 444	-8 095
Other personnel costs	-4 060	-4 267	-8 999
Depreciation tangible assets	-12	-12	-23
Amortization intangible assets	-424	-424	-847
Other external expenses	0	0	0
Total operating expenses	-8 065	-9 147	-17 964
Financial income	0	4	5
Financial costs	-675	-437	-12 718
Result from financial costs	-675	-433	-12 713
Result before tax	144	361	-10 909
Tax	0	0	0
Net results	144	361	-10 909

PARENT COMPANY BALANCE SHEET

	2017	2016	2016
	30 Jun	30 Jun	31 Dec
Assets			
Intangible assets	4 802	5 650	5 226
Tangible assets	27	50	38
Shares in Group companies	108 128	92 512	108 128
Receivables in Group companies	58 737	57 378	62 040
Other receivables	940	765	121
Prepayments and accrued income	852	0	690
Cash and bank	706	7 050	466
Total assets	174 193	163 405	176 709
Equity and liabilities			
Share capital	4 430	4 130	4 130
Other equity	155 226	144 133	154 109
Total equity	159 655	148 263	158 239
Convertible bonds	11 718	11 718	11 718
Long term liabilities	642	993	642
Accounts payable	780	1 227	1 058
Liabilities to Group companies	0	0	2 440
Other current liabilities	626	486	1 259
Accrued expenses and deferred income	771	718	1 054
Total liabilities	14 537	15 142	18 171
Total equity and liabilities	174 193	163 405	176 409

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.

There has been no significant changes to existing accounting policies or new applied accounting principles in 2017, thus the applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2016.

C-RAD has reviewed what impact IFRS 15, the new standard for revenue recognition, will have on the company's revenue reporting. The Company's assessment is that the application of the new standard will not imply any significant changes to the current revenue recognition for the Group. The new standard will be applied as of January 1st, 2018.

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

Exchange rates

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.

Related party transactions

There has been no transactions with related parties in the reporting period.

Capitalized development costs

Development expenses that fulfil the recognition criteria in IAS38 are capitalized. At least annually an impairment test is performed. 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 12.150.000 SEK) and a chattel

RATIOS

	2017 30 Jun	2016 30 Jun	2016 Dec 31
Number of shares	29 531 653	27 531 653	29 531 653
Average number of shares	29 531 653	23 279 543	25 703 763
Average number of diluted shares	31 135 288	24 799 493	27 269 084
Number of options outstanding	1 818 749	1 509 746	1 768 749
Solvency	57%	71%	69%
Result per share before dilution	(0,33)	(0,83)	(1,21)
Result per shares after dilution	(0,31)	(0,78)	(1,00)
Equity per share before dilution	2,08	2,65	2,39
Equity per share after dilution	1,97	2,49	2,26
Operating margin	Neg.	Neg.	Neg.

OTHER INFORMATION

This interim report provides a true and fair view of the Group's operations, financial position and earnings. If there are any deviations between the reports in English and Swedish, the Swedish version is valid. This interim report has not been reviewed by the company auditors.

Uppsala, Aug 15 2017

Lars Nyberg
Chairman of the Board

Tim Thurn
CEO

Kicki Wallje-Lund
Board member

Peter Hamberg
Board member

Åsa Hedin
Board member

Peter Eidensjö
Board member

David Sjöström
Board member

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Since December 2014, C-RAD AB has been listed on the Nasdaq Stockholm exchange Small Cap list.
The information in this interim report is such that C-RAD is required to disclose pursuant to the EU Market Abuse Regulation.
The information was submitted for publication on Aug 16, 2017 at 8:30 am.