

## Strong growth in sales and order intake during third quarter

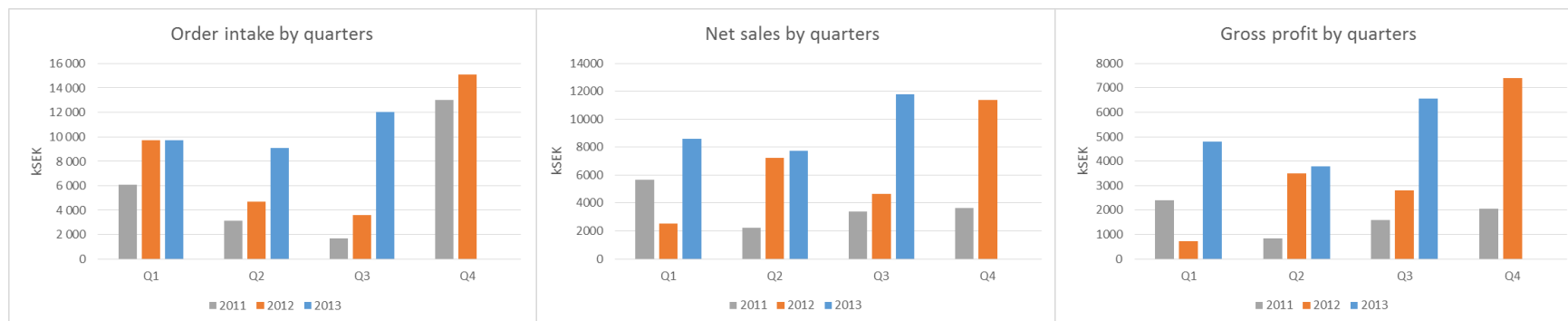
### Key events during the reporting period jan-sept 2013

- Net Sales:
  - Jan-Sept 28,2MSEK (15,5M) +87%
  - Jul-Sept 11,8MSEK (4,7M) +157%
- Order entry:
  - Jan-Sept 31,9MSEK (18M) +77%
  - Jul-Sept 13,1MSEK (3,6M) +263%
- EBITDA:
  - Jan-Sept -15,5MSEK (-14,8M)
  - Jul-Sept -2,7MSEK (-4,8M)
- Loss after tax:
  - Jan-Sept -18,3MSEK (- 17,9M)
  - Jul-Sept -2,1MSEK (-7,9M)
- Order back log amounted to 22,6MSEK (15.7M)
- Cash amounted to 7,3MSEK (5,4M)
- C-RAD and Elekta released the interface for Respiratory Gated Treatments
- Presentation of the new developed Catalyst HD at ASTRO
- Successful start of sales of the Cyrpa laser products
- Promising results with the GEMini Detector
- Tim Thurn has been appointed as CEO of C-RAD AB
- Co-operation and agreement with ScandiDos for the North American Market
- Strategic investment of 29% share in Cyrpa International SPRL
- Agreement with Cablon Medical to develop and sell an integrated solution for use in dosimetry and portal imaging

### Key events after the reporting period

- First orders in three new markets, Austria, Norway and Thailand
- Successful Employee Option Program
- C-RAD ranked in 9th place of Sweden fastest growing technology companies

### Comparison by quarters



## Comment by the CEO, Tim Thurn:



**Order intake doubled in 2013 compared to same period 2012**

**Strong direct sales team and attractive product portfolio**

**Catalyst HD launched**

“The 3<sup>rd</sup> quarter exceeded our expectations on the three Key Performance Indicators bookings, order stock and revenue:

The total order intake was 13 MSEK in Q3. Compared to the same period in 2012 this is an increase of 260 %. Looking at the entire year from Q1 till the end of Q3, we have doubled the bookings for the C-RAD group. This great success results from two main factors: The investments in a strong direct sales organization and the attractive product portfolio which C-RAD is offering to the clinical customers. Customers have developed an increased sensitivity for the importance of an accurate patient setup. The synergies of the newly released respiratory gating interface and the cooperation with Elekta are of course contributing to the overall success. But also our Varian customers are enjoying progressively more the benefits of C-RAD technology.

Deliveries to customers during the period jan-sept in our three sales regions Europe, America and Asia accounted for 28,2MSEK. This is an increase to 190 % in revenues compared to the same period in the previous year.

The progress we made with the Catalyst system in terms of interfacing to the two major linear accelerator vendors is of big importance to the radiation therapy community. This became obvious i.e. at the ASTRO conference in Atlanta.

In both subsidiaries C-RAD Positioning AB and C-RAD Imaging AB the development resources are focused on the goal for a release at end of the year:

The development of the Gemini detector is progressing well. In the last pre-clinical test we showed the successful implementation of the required filter to reduce internal scatter. New clinical images are expected before the end of this year.

The Catalyst HD system is a newly developed system addressing specifically the markets of stereotactic radio surgery and proton therapy. These upcoming treatment techniques offers a high potential in treating small tumors with high precision. The important US market is driving a demand for the Catalyst HD solution. Catalyst HD will be released for clinical use in December 2013.

It was a satisfying start into the second half of 2013. We have focused all our resources on finishing the second half as successful as it started.”

## Key events within the period Jan-Sep 2013

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### *C-RAD products included in Elekta price book*

#### **C-RAD and Elekta released the interface for Respiratory Gated Treatments**

The validation of C-RAD Catalyst with the Elekta Response 2 interface has successfully been finalized. Catalyst, as well as the C-RAD solution for 4DCT based on Sentinel technology is now accessible to clinicians worldwide. The new solution was presented to customers at the ASTRO Meeting in Atlanta. First systems in Europe and the US have been installed. An sales and distribution agreement was signed earlier this year. Elekta is selling C-RAD Products for respiratory gating. Respiratory gating is used when the tumor is close to the cardiac muscle, to minimize dose delivery to the sensitive organ.

### *Catalyst HD presentation at the ASTRO conference in Atlanta*

#### **Presentation of the new developed Catalyst HD at ASTRO**

C-RAD is presenting the Surface Tracking solution Catalyst HD at the ASTRO conference in Atlanta. The newly developed system is focused on the application in Proton Therapy and Stereotactic Radio Surgery. Catalyst HD is based on the patented C-RAD technology. With a unique arrangement of multiple 3D cameras and newly developed software, the system is convincing with superior performance for all treatments where couch rotations are applied.

### *Continuously increase of order intake for Cyrpa products*

#### **Successful start of sales of the Cyrpa laser products**

As part of the acquisition of Cyrpa Medical Security sales forces between both companies have merged. Existing sales channels and agreements with distributors have been modified and therewith the sales network mutually been increased. The Cyrpa laser products are produced for the global radiation therapy market by C-RAD in Uppsala. First orders have been received in Q2 and since then bookings and order intake has continuously increased.

### *Gemini validation in December 2013*

#### **Promising results with the GEMini Detector**

New tests with the GEMini Detector have successfully been performed in Salzburg. Clinical images show that hardware modifications which have been implemented are leading to an improved contrast and resolution. A pre-clinical test to reduce scatter showed already significantly improved image quality. The clinical solution will be validated in Salzburg in December 2013. We are convinced that the new detector, as the only detector on the market, will fulfill the high demands for use in imaging as well as for online dosimetry in advanced radiation therapy.

## Key events within the period Jan-Sep 2013, con't

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### *Cooperation Agreement for the US Market*

#### **ScandiDos**

C-RAD has signed a cooperation agreement with the company ScandiDos from Uppsala to merge sales resources for the important North American market. Both companies are working in the field of Radiation Therapy and contribute with their products to improve quality and precision of cancer treatments. The objective of this strategic partnership is to increase the presence to the customers, utilize synergies and thereby be more efficient in sales.

### *Strategic Investment in Cyrpa Medical*

#### **Cyrpa**

A broadening of the product program is required to be able to develop and strengthen C-RAD's sales organization. C-RAD signed an agreement to acquire the Belgian company Cyrpa International. In the first phase C-RAD acquired 29 percent of the company's shares and has an option to acquire the remaining 71 percent during 2016. The manufacturing of Cyrpa's products was moved to C-RAD's headquarters in Uppsala during the spring. Cyrpa is selling innovative laser products for virtual simulation and for radiation therapy. With the developed technology they are market leader. The devices are the most accurate lasers on the market. With the Smart Phantom the calibration process is simplified. Conventional laser take 4 hour calibration process. With SmartPhantom this is done within 10 minutes.

### *New CEO*

#### **Tim Thurn has been appointed as CEO of C-RAD AB**

Tim Thurn has joined the C-RAD group in May 2011. Since then he has been responsible for the operations and strategy within C-RAD Positioning AB. Prior to his assignment at C-RAD Positioning AB he was heading the sales activities in the region Europe, Middle East and Africa for the German company LAP. During the last six years he has been working in the field of radiotherapy with a focus on patient positioning.

### *New CFO*

#### **Erling Tomasson has been appointed as CFO**

Erling Tomasson worked at Deloitte from 2000 to 2012. In 2007 Erling became partner at Deloitte Iceland. He has broad knowledge within accounting and finance and during his time at Deloitte he led both IFRS Service Line and Transaction Service Line within the Financial Advisory. Erling joined C-RAD in August 2013.

## Key Events after closing of the Q3 period

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### *Successful business development*

#### **Successful progress on new sales markets**

The C-RAD sales organization succeeded on three new markets. In total orders for eight Catalyst and Sentinel Systems were booked from regions where C-RAD has not been represented before. Orders from Austria, Norway and Thailand were booked. (Remark: The order from Austria was booked in Q3) Installations will take place in 2013 and beginning of 2014.

### *211,700 Option converted*

#### **Successful Employee Option Program**

The C-RAD option program was set up in November 2011. The conversion period ended October 24th 2013. A major number of employees signed up to convert their options into shares. The board approved to issue 211,700 new shares October 25th 2013.

### *Cooperation for the Japanese market*

#### **LOI signed with Elekta K.K. Japan**

C-RAD and Elekta want to conclude an agreement to cooperate in sales and marketing as well as in service for the C-RAD products. Product packages for new installations of Elekta linear accelerators together with Catalyst and Sentinel will be defined. Upgrade packages to customers with existing Linacs will be offered as well. C-RAD will train the Elekta service organization to handle installation and service of the products. Therewith customers will have local sales and support.

### *Deloitte Fast 50 ranking*

#### **C-RAD number 9 of Deloitte Fast 50 2013 ranking**

C-RAD finished 9<sup>th</sup> in the Deloitte Fast 50 ranking in Sweden. With this result C-RAD is the best ranked company working in the health care sector. In 2003 Deloitte Fast 50 was initiated as a cross industry ranking for companies from the technology sector. All technology companies in Sweden are participating in this ranking.

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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### Financial performance during the third quarter

The Group's net sales amounted to 11,8MSEK (4,9M) during the third quarter, which is an improvement of 157 percent compared to the corresponding period previous year. Operating loss amounted to -2,1MSEK (-7,9M).

### Accounting policies

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Commission for application in the EU.

This interim report has been prepared for the Group in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act.

### *New accounting policies*

The Group apply the same accounting and valuation principles as in the 2012 annual report, except some smaller changes in existing standards and new interpretations, which has been entered into force the 1st of January 2013. These changes are assessed not to have any essential effect on the result, financial position or disclosures.

### Risk and uncertainty factors

The Group's capitalized development expenditures amount to 12,1MSEK, where significant part relates to Sentinel and Catalyst. During the period development expenditures of 2,4MSEK (543k) relating to Gemini and Catalyst HD were capitalized.

The strategic investment of Cyrpa also affects the balance sheet as direct investment amounts to 9MSEK. In addition a loan of 4,4MSEK was granted to Cyrpa in accordance with the purchase agreement.

### Personnel

The number of employees in the group amounted to 28 (22) on the 30th of September.

### Transactions to related parties

Scandiflash AB manufactures and final assembles the C-Rad systems Sentinel and Catalyst. Erik Hedlund, Board member of C-RAD AB, holds 30 % of the shares of Scandiflash AB.

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Income Statement

Consolidated Income Statement Amounts in kSEK	2013 Jul-Sept	2012 Jul-Sept	2013 Jan-Sept	2012 Jan-Sept	2012 Jan-Dec
Operating Income	11 786	4 633	28 240	14 546	28 169
Cost of goods sold	-5 225	-1 820	-13 008	-7 422	-11 444
<b>Gross profit</b>	<b>6 561</b>	<b>2 813</b>	<b>15 232</b>	<b>7 124</b>	<b>16 725</b>
Operational costs	-3 173	-3 470	-12 491	-9 237	-13 196
Personnel costs	-5 578	-3 800	-16 603	-12 714	-17 622
Other costs	-524	-358	-1 592		-133
<b>EBITDA</b>	<b>-2 713</b>	<b>-4 815</b>	<b>-15 455</b>	<b>-14 827</b>	<b>-14 225</b>
Depreciations	-1 537	-3 290	-4 571	-3 290	-5 415
Capitalized development cost	2 409	239	2 409	543	591
Share in results of associates *	-151	0	-193	0	0
Financial items	-69	0	-506	-353	-339
<b>Profit (loss) after financial items</b>	<b>-2 061</b>	<b>-7 866</b>	<b>-18 316</b>	<b>-17 927</b>	<b>-19 389</b>
Income tax	0	0	0	0	0
<b>Net results for the period</b>	<b>-2 061</b>	<b>-7 866</b>	<b>-18 316</b>	<b>-17 927</b>	<b>-19 389</b>

\* CYRPA investment

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Statement of Financial Position

Statement of financial position	2013	2012	2012
Amounts in kSEK	30-sep	30-sep	31-dec
<b>Assets</b>			
Intangible assets	12 124	15 266	13 492
Tangible assets	3 248	1 863	2 756
Financial assets	13 273	109	106
Inventories	5 677	5 184	3 139
Current receivables	16 441	8 154	10 670
Cash and cash equivalents	7 348	5 393	7 961
<b>Total assets</b>	<b>58 111</b>	<b>35 969</b>	<b>38 125</b>
<b>Equity and liabilities</b>			
Equity and liabilities	38 150	17 725	16 264
Long term liabilities	12 743	10 042	9 295
Current liabilities	7 218	8 202	12 566
<b>Total equity and liabilities</b>	<b>58 111</b>	<b>35 969</b>	<b>38 125</b>
Basic earnings per share	-1,03	-1,13	-1,22
Dilluted earnings per share	-0,95	-1,03	-1,11
Equity ratio	66%	49%	43%



## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Statement of Cash Flow

Statement of cash flow	2013	2012
Amounts in kSEK	Jan-Sept	Jan-Sept
<b>Operating activities</b>		
Operating profit/loss	-17 617	-17 574
Adjustm for non-cash items, etc	2 531	3 290
Interests paid	-506	-353
<b>Cash flow from operating activities before working capital changes</b>	<b>-15 591</b>	<b>-14 637</b>
Working Capital Changes	-12 814	-3 083
<b>Cash flow from operating activities</b>	<b>-28 406</b>	<b>-17 720</b>
Cash flow from investing activities	-14 130	-1 487
Cash flow from financing activities	41 923	0
<b>Cash flow at the end of period</b>	<b>-613</b>	<b>-19 207</b>
Cash and cash equivalents at beginning of period	7 961	24 600
<b>Cash and cash equivalents at end of period</b>	<b>7 348</b>	<b>5 393</b>

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Segment Reporting

Segment reporting	2013	2012	2013	2012	2012
Amounts in kSEK	Jul-Sept	Jul-Sept	Jan-Sept	Jan-Sept	Jan-Dec
<b>Revenue by segment</b>					
Positioning	10 414	3 531	24 012	10 564	18 970
Imaging	1 372	1 102	4 228	3 828	6 806
<b>Total</b>	<b>11 786</b>	<b>4 633</b>	<b>28 240</b>	<b>14 392</b>	<b>25 776</b>
<b>Gross profit by segment</b>					
Positioning	6 004	2 355	12 695	6 908	9 496
Imaging	557	631	2 738	2 219	2 613
<b>Total</b>	<b>6 561</b>	<b>2 986</b>	<b>15 433</b>	<b>9 127</b>	<b>12 109</b>
<b>Accounts receivables at end of period</b>					
Positioning	12 931	3 209	-	-	-
Imaging	1 195	1 735	-	-	-
<b>Total</b>	<b>14 126</b>	<b>4 944</b>			
<b>Revenue by geographical market</b>					
Nordic	2 980	911	12 199	4 363	10 745
Europa	4 039	3 525	10 014	9 072	13 051
USA	3 263	197	3 263	197	1 154
Asia	1 505	0	2 765	760	826
<b>Total</b>	<b>11 786</b>	<b>4 633</b>	<b>28 240</b>	<b>14 392</b>	<b>25 776</b>

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Statement of Changes in Equity

Statement of changes in equity	2013	2012
Amounts in kSEK	30-sep	30-sep
<b>At beginning of period</b>	<b>16 262</b>	<b>36 015</b>
Share increase	41 938	0
Issue expense	-3 030	0
Equity on conv. Loan	122	-183
Loss for the period	-18 316	-17 926
Other adj.	1 174	181
<b>At end of period</b>	<b>38 150</b>	<b>18 087</b>

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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### Board and CEO statement

This interim report for the period jan-sep 2013 provides a true and fair picture of the business activities, financial position and results of operation of the Group, and describes the significant risks and uncertainties to which the Group is exposed. If there should be deviations between the reports in English and Swedish, the Swedish version is valid. The Swedish report has not been reviewed by the group auditor.

Uppsala, 27 November 2013

**Börje Bengtsson**

Chairman of the board

**Tim Thurn**

Managing Director

**Erik Hedlund**

Board member

**Frank Lohr**

Board member

**Bengt Lind**

Board member

**Peter Hamberg**

Board member

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