

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

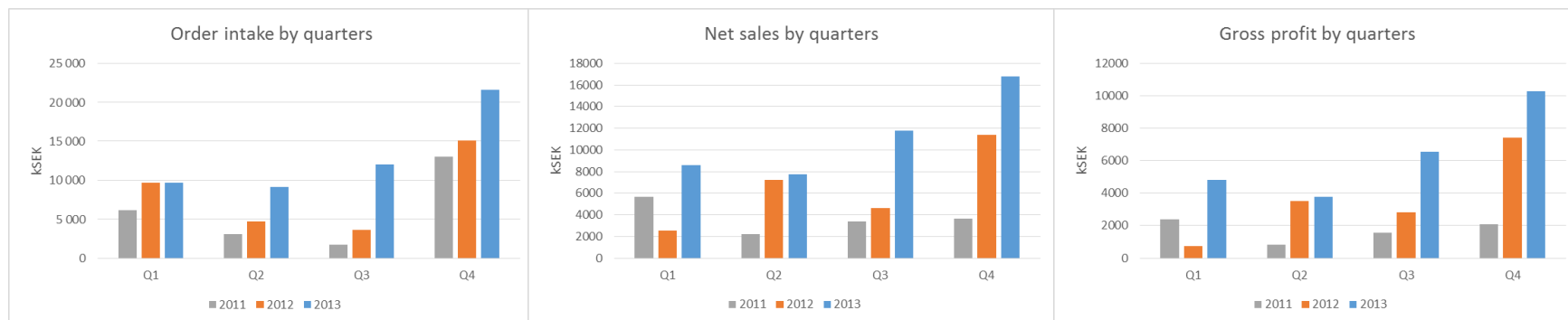
### Key events during 2013

- Net Sales:
    - Jan-Dec 45 (25,8) MSEK +74%
    - Okt-Dec 16,8 (11,4) MSEK +47%
  - Order entry:
    - Jan-Dec 50,3 (33,1) MSEK +52%
    - Okt-Dec 18,4 (15,1) MSEK +22%
  - EBITDA:
    - Jan-Dec -14,3 (-13,6) MSEK
    - Okt-Dec -1,6 (0,7) MSEK
  - Loss after tax:
    - Jan-Dec -20,7 (-19,4) MSEK
    - Okt-Dec -2,4 (-1,5) MSEK
- Order back log amounted to 21,4 (14.8) MSEK
  - Cash amounted to 10,3 (8) MSEK
  - Positive cash flow from the operations in Q1 and Q4
  - Large orders to China and Norway
  - First orders for newly developed Catalyst HD System
  - Promising Results with the Gemini Detector
  - C-RAD paid back the loan from ALMI Företagspartner in December
  - C-RAD and Elekta released the interface for Respiratory Gated Treatments
  - New CEO and CFO in C-RAD AB started in Q3
  - C-RAD signed a cooperation and distribution agreement with ScandiDos for the North American Market in Q2
  - Cyrpa Acquisition in Q1

### Key events after the reporting period

- Order of three systems from Azerbaijan
- The China Food and Drug Administration has approved the Sentinel System

### Comparison by quarters



## Comment by the CEO, Tim Thurn:



**Bookings in 2013 exceeded 50 MSEK**

**Catalyst HD launched in December**

**Listing to Small Cap coming up**

“In 2013 C-RAD can for the first time show a positive cash flow during two quarters. Both, the first and the last quarter, operations generated a positive cash flow.

Bookings in Q4 summed up to 18,4 MSEK and therewith representing the strongest quarter in C-RAD’s history. The company is ending the year with more than 50 MSEK in bookings. Compared to the year before it is an increase of 52%.

One of the strategic targets in 2013 was to strengthen our direct sales force, covering key markets in North America, Europe and Asia. As a result, bookings in these territories have more than doubled.

Due to the strong deliveries in Q3 and Q4 the cash balance has improved. The order back log has increased compared to the end of the 3rd quarter. Revenues summed up to 45 MSEK. The finalization of the Interface for respiratory gating on Elekta linear accelerators gave C-RAD sales an additional push to offer Catalyst and Sentinel for upgrades of existing installations but also for new linac projects. The growth in 2013 came mainly from the sales of the patient positioning products – Catalyst, Sentinel and the Cyrpa lasers. In this segment we increased bookings with over 70% compared to 2012. The IBA production as well as the sales of IBA Dosimetry equipment remained on level with 2012.

C-RAD’s development had two targets for the Q4: The finalization of the Catalyst HD system and the GEMini Detector. The Catalyst HD is based on Catalyst technology however focused on the application for stereotactic treatments as well as for proton therapy. Immediately after the product release first orders from customers were placed. Catalyst HD targets the US market as well as high-end sites in Europe. The development of the Gemini detector progressed very well. Even though we missed the objective of being able to present first clinical images before Christmas, the progress made us confident. The remaining parts are addressed and clinical images will be available within short time.

The change of the listing to NASDAQOMX Small Cap is in the last phase of its preparations. Our expectations are more international visibility for the C-RAD share and to attract more institutional investors. Institutions are mostly only allowed to invest in companies listed in the regulated markets.

We are starting with a strong sales organization and attractive product portfolio into the year 2014. We have had already a good start and are looking forward to continue to develop the company also in 2014.”

## Key events within the period Jan-Dec 2013

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### *Orders from China and Norway*

#### **Large orders from China and Norway**

The strategic development of new markets, showed positive results in Europe and Asia during the second half of 2013. Orders from China and Norway of eleven systems have been booked. A distribution agreement has been signed with the Chinese company Beijing HGPT Technology and Trade Co. As part of the agreement the order for Catalyst and Cyrpa HIT Laser Systems has been placed to C-RAD.

### *Co-operation 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 linear accelerators 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. Before sales can start the product registration in Japan is required. The process for Sentinel and Catalyst has been started in Q4.

### *Loans from ALMI fully settled*

#### **C-RAD paid back the loans from ALMI Företagspartner in December**

Loans from ALMI Företagspartner with remaining balance of 794 kSEK as of September 30, 2013 where fully settled in December. Therewith C-RAD has - beside the convertibles from Norrlandsfonden - no further loans.

### *Co-operation agreement for the US Market*

#### **C-RAD 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.

### *The Catalyst HD system released in December*

#### **First Orders for the newly developed Catalyst HD System**

The Catalyst HD™ system, especially designed for use in proton therapy and for advanced stereotactic treatments, has been released in December. 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. In total four Systems have been ordered from customers in Europe and North America before the end of 2013.

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

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### **211,700 options converted**

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

The C-RAD option program was initiated 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.

### **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. A sales and distribution agreement was signed early in 2013. Elekta is, on a non-exclusive basis, 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.

### **Successful sales of Cyrpa laser 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 for the global radiation therapy market are produced by C-RAD in Uppsala. During 2013 orders from Germany, China and further markets in Asia have been received.

### **Successful tests of GEMini**

#### **Final phase of the GEMini Detector development**

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 the first quarter 2014. 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-Dec 2013, con't

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### *Deloitte Fast 50 ranking*

#### **C-RAD on ninth place of Deloitte Fast 50 Technology 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.

### *New CEO and CFO*

#### **New CEO and CFO in C-RAD AB**

Tim Thurn has been appointed as CEO for 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 EMEA region 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.

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.

### *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.

## Key Events after closing of the Year

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### *Successful business development*

#### **Order of three systems from Azerbaijan**

The Azerbaijan Medical University ordered one Sentinel, a fully equipped Catalyst system and a Cyrpa Laser System. Delivery for the systems is scheduled for the first quarter of 2014. The order is a direct result from the sales cooperation between C-RAD and Cyrpa. As part of the investment into the French/Belgium company Cyrpa the sales networks have been merged in order to improve the global sales presence for both companies.

### *Sentinel approved in China*

#### **The China Food and Drug Administration has approved the Sentinel System**

The CFDA approval is the prerequisite for medical device vendors to take part in most public procurement processes for governmental funded hospitals. The majority of cancer centers in China are either regional financed or military hospitals. The approval includes the functionality of patient positioning and motion monitoring.

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS – YEAR END REPORT 2013

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### Financial performance during the third quarter

The Group's net sales amounted to 16,8 (11,4) MSEK during the fourth quarter, which is an improvement of 47 percent compared to the corresponding period previous year. Operating loss amounted to -2,2 (-1,5) MSEK.

### Accounting policies

This condensed year-end report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts Act, and in accordance with the Swedish Annual Accounts Act for the Parent Company. The same accounting policies and basis of computation that were applied in the most recent Annual Report were used to prepare the Group and Parent Company accounts. New or revised IFRS standards during 2013 have not affected C-RAD during the period and no known changes are expected to affect C-RAD in 2013.

### Investments

The Group's capitalized development expenditures amount to 12,4 MSEK, where significant part relates to Sentinel and Catalyst. During the year development expenditures of 3,9 (0,6) MSEK relating to Gemini and Catalyst HD were capitalized. In the fourth quarter 1,4 MSEK was capitalized.

The strategic investment of Cyrpa also affects the balance sheet as direct investment amounts to 9 MSEK. In addition a loan of 501 kEUR was granted to Cyrpa in accordance with the purchase agreement.

### Personnel

The number of employees in the group amounted to 28 (22) at year end 2013.

### 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. Costs from Scandiflash in Q4 amounted to 2 MSEK, but in total 5 MSEK in 2013.

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS – YEAR END REPORT 2013

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### **Employee share option plan**

The extra annual meeting 24 november 2011 took decision to offer options to employees and boardmembers. Maximum amount of 600 000 options were issued and the full amount subscribed for. These options were paid for by the persons and the value was based on marketprice according Black & Scholes model. In the exercise period 1-24 oktober 2013, in total 211 700 options where exercised which led to increased share capital of 31 755 SEK. Based on the option programs terms, the strike price was adjusted for impact of the share increase in march 2013. Adjusted strike price was 16,4 SEK pr. share. The total receipt from the option program was therefore 3 469 763 SEK.

### **Settlement of loans from ALMI Företagspartner**

Loans from ALMI Företagspartner with remaining balance of 794 kSEK as of September 30, 2013 where fully settled in December. Therewith C-RAD has - beside the convertibles from Norrlandsfonden - no further loans.



## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Income Statement

Consolidated Income Statement Amounts in kSEK	2013 Okt-Dec	2012 Okt-Dec	2013 Jan-Dec	2012 Jan-Dec
<b>Operating income</b>				
Net sales	16 796	11 384	45 036	25 776
Work performed by the company for its own use and capitalized	1 444	0	3 853	591
Other operating income	0	1 855	0	2 393
<b>Total operating income</b>	<b>18 240</b>	<b>13 239</b>	<b>48 890</b>	<b>28 760</b>
<b>Operating expenses</b>				
Raw material and consumables	-6 494	-3 974	-19 503	-11 444
Other external costs	-5 848	-3 707	-19 935	-13 196
Personnel costs	-7 463	-4 908	-23 694	-17 622
Depreciations	-1 163	-2 125	-5 733	-5 415
Other operating expenses	-42	0	-42	-133
<b>Total operating expenses</b>	<b>-21 010</b>	<b>-14 714</b>	<b>-68 907</b>	<b>-47 809</b>
<b>Operating profit/loss (EBIT)</b>	<b>-2 770</b>	<b>-1 475</b>	<b>-20 018</b>	<b>-19 049</b>
Result from participation in associated companies	-232	0	-426	0
Financial items	623	13	-252	-339
<b>Profit (loss) before tax</b>	<b>-2 379</b>	<b>-1 462</b>	<b>-20 695</b>	<b>-19 389</b>
Income tax	0	0	0	0
<b>Net results for the period</b>	<b>-2 379</b>	<b>-1 462</b>	<b>-20 695</b>	<b>-19 389</b>
Translation difference in the foreign operations	21	0	89	0
<b>Comprehensive results for the period</b>	<sup>1)</sup> <b>-2 358</b>	<b>-1 462</b>	<b>-20 606</b>	<b>-19 389</b>
Results per share before dilution	-0,12	-0,03	-1,14	-1,22
Results per share after dilution	-0,12	-0,02	-1,07	-1,11

<sup>1)</sup> 100% attributable to shareholders in the Parent Company

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Statement of Financial Position

Statement of financial position	2013	2012
Amounts in kSEK	31-dec	31-dec
<b>Assets</b>		
Intangible assets	12 380	13 492
Tangible assets	3 294	2 756
Financial assets	13 327	106
Inventories	4 105	3 139
Current receivables	18 703	10 670
Cash and cash equivalents	10 262	7 961
<b>Total assets</b>	<b>62 072</b>	<b>38 125</b>
<b>Equity and liabilities</b>		
Equity	38 328	16 264
Long term liabilities	12 186	9 295
Current liabilities	11 558	12 566
<b>Total equity and liabilities</b>	<b>62 072</b>	<b>38 125</b>
Basic earnings per share	-1,17	-1,22
Dilluted earnings per share	-1,07	-1,11
Equity ratio	62%	43%

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Statement of Cash Flow

Statement of cash flow	2013	2012	2013	2012
Amounts in kSEK	Okt-Dec	Okt-Dec	Jan-Dec	Jan-Dec
<b>Operating activities</b>				
Operating profit/loss	-2 401	-1 476	-20 018	-19 020
Adjustm for non-cash items, etc	-739	2 456	1 792	5 604
Interests paid	-63	13	-569	-339
<b>Cash flow from operating activities before working capital changes</b>	<b>-3 202</b>	<b>993</b>	<b>-18 794</b>	<b>-13 755</b>
Working Capital Changes	3 595	3 593	-9 249	691
<b>Cash flow from operating activities</b>	<b>393</b>	<b>4 586</b>	<b>-28 043</b>	<b>-13 064</b>
Cash flow from investing activities	-67	-1 242	-14 197	-2 729
Cash flow from financing activities	2 573	-808	44 496	-808
<b>Cash flow at the end of period</b>	<b>2 898</b>	<b>2 536</b>	<b>2 255</b>	<b>-16 601</b>
Cash and cash equivalents at beginning of period	7 348	5 393	7 961	24 600
Exchange rate difference	15	32	45	-38
<b>Cash and cash equivalents at end of period</b>	<b>10 262</b>	<b>7 961</b>	<b>10 262</b>	<b>7 961</b>

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Segment Reporting

Segment reporting Amounts in kSEK	Segment revenue		Segment operating profit/loss	
	2013	2012	2013	2012
Positioning extern customers	36 987	16 278	-16 824	-19 049
Imaging extern customers	6 259	6 566	-3 194	0
Imaging inter company	1 790	2 932	0	0
<b>Total for continuing operations</b>	<b>45 036</b>	<b>25 776</b>	<b>-20 018</b>	<b>-19 049</b>
Share in results of associates			-426	0
Financial items			-252	-339
<b>Profit/loss before tax</b>			<b>-20 695</b>	<b>-19 389</b>

#### Note:

Consolidated Segment Reporting Starting on 1 January 2009, the Group has implemented IFRS 8 Operating Segments. The Group Management has analyzed the Group's internal reporting and established that the Group's operations are managed and evaluated based on the following segments:

**Positioning:** A Laser scanner for positioning of patients during radiation therapy.

**Imaging:** A detection plate for location of a cancer tumor before treatment. Diode detectors for use in the field of dosimetry.

**Inter-segment activities:** Some of the employees within Imaging have been working for Positioning operations and the inter segment revenue is primarily to compensate for that personnel cost.

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

### Consolidated Statement of Changes in Equity

Statement of changes in equity	2013	2012
Amounts in kSEK	Jan-Dec	Jan-Dec
<b>At beginning of period</b>	<b>16 264</b>	<b>36 015</b>
Share increase	45 407	0
Issue expense	-3 030	0
Equity on conv. Loan	-149	-244
Loss for the period	-20 695	-19 389
Other adj.	530	-119
<b>At end of period</b>	<b>38 328</b>	<b>16 264</b>

## CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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### Board and CEO statement

This year end report 2013 provides a true and fair view of the business activities, financial position and results of operation of the Group. 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, 17 February 2014

**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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