

## Interim report 1 January - 31 March 2013

### C-RAD AB (publ)

#### Key events during first quarter

- Net Sales for the period amounted to SEK 8.6 M (2.5)
- EBITA were SEK -4.4 M (-5.8) and includes increased other external costs compared to previous year, SEK 2 M, mainly due to the acquisition of Cyrpa.
- Loss after tax was SEK -5.9 M (-7.2)
- Order back log amounted to SEK 16.1 M (19.2)
- Order entry was SEK 9.7 M (9.7)
- Earnings per share before dilution were SEK -0.37 (- 0.50)
- Equity ratio was 26 % (61 %)
- Cash amounted to SEK 3.3 M (15.8)
- At the end of the period the number of employees amounted to 23 (20)
- C-RAD signed an agreement to acquire the Belgian company 29 percent of Cyrpa International with subsidiaries and obtained an option to acquire the remaining 71 percent
- The acquisition of Cyrpa is financed by a rights issue
- Elekta and C-RAD signed an development- and distribution agreement for respiratory gating in radiation therapy
- IBA Dosimetry placed a frame order of SEK.6.2 M for deliveries of diod detectors during 2013
- C-RAD is developing an interface to communicate with General Electric's computer tomograph
- Agreement was signed with Cablon Medical to develop and sell an integrated solution for use in dosimetry and portal imaging. Cablon Medical is getting the right to sell integrated solutions in the BeNeLux countries
- Orders from China of Sentinel and Catalyst systems
- C-RAD received orders of Catalyst systems from two clinics in the USA

#### Key events after the close of the reporting period

- New orders from Germany, France and the USA
- Great interest in the C-RAD's and Cyrpa's solutions at the ESTRO meeting in Geneva and the following DEGRO meeting in Berlin
- The detector system GEMini with a new design was installed at the university clinic in Salzburg, Austria

#### Comments by Erik Hedlund, president of C-RAD AB:

*Sales have developed well during the first quarter, especially considering the high order intake during the fourth quarter previous year. Systems have been installed at sites in Europe, the USA and Asia. Other costs compared to last year have increased with SEK 2 M. These are mainly to refer to costs of the acquisition of Cyrpa. Depreciations of SEK 1.4 M are also included in the result. The cash flow from operating activities are positive for the second quarter in a row.*

*C-RAD has decided to start the process to, during the year, apply for listing of the B share at NASDAQOMX Nordic. The additional costs for the listing will affect the operating income/loss of the year.*

*The acquisition of the Belgian company Cyrpa gives C-RAD new possibilities to be able to offer complete solutions for the CT and linac room. With a broader product program we will be able to strengthen our own sales activities. The acquisition was well received by the market. The following rights issue was subscribed to 366 percent. The integration of the two operations has commenced according to established plans.*

*A newly developed version of the GEMini detector has been installed at the university clinic in Salzburg. We are with excitement looking forward to the first clinical results.”*

## **C-RAD AB (publ)**

### **Interim report 1 January - 31 March 2013**

Figures in brackets refer to the corresponding period in 2012.

The board of Directors and the Managing Director of C-RAD AB (publ) hereby present the interim report for the period 1 January - 31 March 2013.

### **The company**

C-RAD is developing new innovative solutions for use in radiation therapy. The group is offering products and systems for positioning, imaging and radiation therapy of the patient. End users are radiation therapy clinics all over the world.

All product development is performed by the fully owned subsidiaries C-RAD Positioning AB, C-RAD Imaging AB and C-RAD Innovation AB. C-RAD Imaging AB is located in the city of Östersund while the other companies are located in Uppsala. The group has two fully owned sales companies C-RAD Incorporated, located in Florida, with focus on the North American market and C-RAD GmbH located in Berlin focusing on the DACH region. C-RAD WOFE, in the process of being founded, has an office in Shanghai, China. No product

development is performed by the foreign subsidiaries.

The number of employees was 23 at the end of March.

C-RAD has a minority interest in the Belgian company Cyrpa International. The company has subsidiaries in France and the USA.

The activities of C-RAD AB are originating from research and development at Karolinska Institutet in Solna and KTH Royal School of Technology in Stockholm. The spin-offs were accomplished during 2001 to 2004.

The C-RAD solutions have especially been designed for use in advanced radiation therapy.

The class B- share of the parent Company C-RAD AB was listed at Aktietorget in July 2007. On the 15<sup>th</sup> of February 2010 C-RAD was approved by NASDAQOMX First North Premier. The first day of trading of the B-share was on the 8<sup>th</sup> of March 2010. Erik Penser Bankaktiebolag has from August 2012 been appointed as Certified Advisor of C-RAD.

### **Key events during first quarter**

- A broadening of the product program is required to be able to develop and strengthen C-RAD's sales organization. C-RAD has 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 will be moved to C-RAD's headquarters in Uppsala during the spring 2013 and deliveries are expected to commence mid-year.

Cyrpa has developed and introduced new innovative products for virtual simulation and for radiation therapy. Cyrpa is the only company with systems that instantaneous can switch between red and green light. With its Smart Phantoms the system can be calibrated with an accuracy of 0.1 millimeter. The calibration procedure takes just a few minutes. With the competitor's existing technologies this procedure is time consuming and takes time for the staff at the radiation clinics. By integration of the C-RAD and Cyrpa programs we will as the only vendor be able to offer complete and innovative solutions for use both at the computer tomograph and at the linear accelerator.

The sales resources and distribution channels for both the companies will be integrated in all key markets starting second quarter 2013.

- The acquisition of Cyrpa was financed by a capital increase. A rights share issue was executed during March 2013. The issue together with the use of an over-subscription option and subscription of a new convertible loan from Norrlandsfonden the company raised SEK 45 M before issue expenses.
- Elekta and C-RAD have signed a sales and distribution agreement. Elekta will sell C-RAD's Catalyst systems for respiratory gating in radiation therapy. Respiratory gating is frequently used when the target volume is close to the cardiac muscle and by that there is a high risk of radiation injury on the organ.
- IBA has placed a frame order for deliveries 2013 of diod detectors to a value of SEK 6.2 M. The detectors are used for in vivo dosimetry and quality assurance at the radiation clinics.

- C-RAD will develop an interface to communicate with General Electric's computer tomographs. The development and validation is planned to the second quarter 2013.
- An agreement was signed with the Dutch company Cablon Medical. C-RAD will receive a licence to sell the software of Cablon Medical for use in dosimetry applications. At same time Cablon will get the right to sell the GEMini system to its customers in the BeNeLux countries.
- Elekta in China has altogether placed six orders of Sentinel systems. After SFDA clearance the Sentinel systems will as a standard be offered together with the Elekta Axxess system. The clearance is expected to be in place during spring 2013. C-RAD's subsidiary in Shanghai has received orders of two Catalyst systems.

#### **Key events after closing of the reporting period**

- C-RAD has received important orders of Sentinel- and Catalyst systems from clinics in Germany, France and the USA.
- The C-RAD and Cyrpa programs were for the first time presented at the oncology and physics meeting ESTRO in Geneva and at the DEGRO meeting in Berlin. A joint software platform for the CT room was demonstrated and there was great interest.
- A major redesign of the GEMini detector has been carried out during autumn 2012. The detector is now hermetically sealed and therefore does not need a continuous supply of gas. The initial tests show that the detector fulfills the specified requirements for use within dosimetry and imaging.

#### **Financial performance during January - March 2013**

The Group's net sales amounted to SEK 8,610 k (2,528) during the first quarter, which is an improvement of 240 percent compared to the corresponding period previous year.

Operating loss amounted to SEK -5,823 k (7,037) and the net loss of the period to SEK -5,919 k (-7,172). Other external costs increased with SEK 2 M compared to previous year and the increase is mainly due to costs for the acquisition of Cyrpa.

The Group's cash amounted to SEK 3,304 k (15,811) on the 31<sup>st</sup> of March and the cash flow for the period was SEK 4,657 k (-8,790). The acquisition of Cyrpa leads to a cash flow from investing activities of SEK 8,986 k. The acquisition was temporarily financed by a loan of SEK 10 M, where of SEK 5 M was paid during the period, before the settlement of the rights issue.

The company had during the period depreciations of Work by the Group for its own use and capitalized of SEK 1,222 k (1,132). The investments in capitalized development amounted to SEK 80 k (172). The Group's total investment in capitalized development expenses was SEK 12,281 k (17,153).

The Group's equity was SEK 10,215 k (28,706) and the equity ratio amounted to 26 (61) percent.

#### **Risk and uncertainty factors**

The Group's capitalized development expenditures amount to SEK 12.3 M, whereof SEK 11.2 M is related to Sentinel and Catalyst. Remaining SEK 1 M are patent costs in C-RAD Innovation AB. Should C-RAD fail to put Sentinel and Catalyst on the market the company may be forced to recognize an impairment loss on all or parts of the projects.

#### **Personnel**

The number of employees in the group amounted to 23 (20) on the 31<sup>st</sup> of March 2013.

#### **Transactions to related parties**

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

**Statement of consolidated comprehensive loss, the group**

(Amount in kSEK)	2013	2012	2012	2011
	Jan-March	Jan-March	Jan-Dec	Jan-Dec
<b>Operating income</b>				
Net sales	8 610	2 528	25 776	14 910
Work performed by the company for its own use and capitalized	80	172	591	5 825
Other operating incomes	-	17	2 393	3
<b>Operating expenses</b>				
Raw materials and consumables	- 3 800	- 1 798	- 11 444	- 8 042
Other external costs	- 4 473	- 2 401	- 13 196	- 12 101
Personnel costs	- 4 693	- 4 334	- 17 622	- 16 808
Depreciations	- 1 461	- 1 181	- 5 415	- 25 584
Other operating expenses	- 86	- 40	- 133	- 307
<b>Operating loss</b>	<b>- 5 823</b>	<b>- 7 037</b>	<b>- 19 050</b>	<b>- 42 104</b>
Result from participations in associated companies <sup>1</sup>	-	-	-	-
Financial items	- 96	- 135	- 339	- 503
Loss after financial items	- 5 919	- 7 172	- 19 389	- 42 607
Tax on profit of the year				
<b>NET PROFIT/LOSS OF THE PERIOD<sup>2</sup></b>	<b>- 5 919</b>	<b>- 7 172</b>	<b>- 19 389</b>	<b>- 42 607</b>
<b>Other comprehensive income</b>				
Translation differences in the foreign operations	- 89	- 76	- 119	91
<b>COMPREHENSIVE INCOME FOR THE PERIOD<sup>2</sup></b>	<b>- 6 008</b>	<b>- 7 248</b>	<b>- 19 508</b>	<b>- 42 516</b>

<sup>1</sup>The ownership in the associated company was 24 days under the period, from 6<sup>th</sup> of March. The assessment is that the result from participations in associated companies was not an essential amount for the period.

<sup>2</sup> 100 percent is attributable to the parent companies owners.

**Consolidated balance sheets**

(Amounts in kSEK)	<b>2013</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Assets</b>				
Intangible assets	12 281	17 153	13 492	18 116
Tangible assets	3 188	2 876	2 756	815
Financial assets <sup>3</sup>	9 092	109	106	109
Inventories	4 084	3 529	3 139	4 031
Current receivables	7 797	7 576	10 670	6 532
Cash and bank balances	3 304	15 811	7 961	24 600
<b>Total assets</b>	<b>39 746</b>	<b>47 054</b>	<b>38 124</b>	<b>54 203</b>
<b>Equity and liabilities</b>				
Equity	10 215	28 706	16 262	36 015
Long-term liabilities	14 545	9 920	9 295	9 859
Current liabilities	14 986	8 428	12 567	8 329
<b>Total equity and liabilities</b>	<b>39 746</b>	<b>47 054</b>	<b>38 124</b>	<b>54 203</b>

<sup>3</sup> Financial assets include participation in associated companies, SEK 8.9 M. The holding is 29 percent in the Belgian company Cyrpa International acquired by C-RAD in March 2013. A preliminary acquisition analysis has been made as a basis for the presentation in the report for the first quarter and a final analysis will be established during 2013 after a closer analysis of the acquisition.

Key ratio	2013	2012	2012	2011
	31 March	31 March	31 Dec	31 Dec
Number of shares	15 868 820	15 868 820	15 868 820	15 868 820
Average number of shares	15 868 820	15 868 820	15 868 820	15 868 820
Average number of shares after dilution <sup>4</sup>	17 473 028	17 473 028	17 473 028	16 986 428
Number of outstanding warrants	1 604 208	1 604 208	1 604 208	1 117 608
Equity ratio	26 %	61 %	43 %	66 %
Basic earnings per share (average numbers of shares) (SEK)	- 0.37	- 0.50	- 1.22	- 2.68
Diluted earnings per share	- 0.34	- 0.45	- 1.11	- 2.51
Equity per share (SEK)	0.64	1.77	1.02	2.27
Diluted equity per share	0.58	1.60	0.93	2.12
Profit margin	Neg.	Neg.	Neg.	Neg.

<sup>4</sup>Average number of shares excludes the new share issue 2013, 3 494 803 new shares, as the settlement for the shares was not submitted to the company during the reporting period.

## 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.
- **Innovation:** A system for external radiation therapy.

(Amounts in kSEK)

	Jan-March 2013	Jan-March 2012	2012	2011
<b>Revenue by segment</b>				
Positioning	7 115	1 529	18 970	8 067
Imaging	1 495	998	6 806	6 509
Innovation	0	0	0	333
	<b>8 610</b>	<b>2 527</b>	<b>25 776</b>	<b>14 909</b>
<b>Gross profit by segment</b>				
Positioning	3 707	428	9 496	4 566
Imaging	1 183	544	2 613	4 777
Innovation	0	0	0	333
	<b>4 474</b>	<b>972</b>	<b>12 109</b>	<b>9 676</b>
<b>Trade receivables by segment</b>				
Positioning	3 494	2 590	5 107	1 851
Imaging	1 566	1 698	1 759	2 210
Innovation	0	0	0	0
	<b>5 060</b>	<b>4 288</b>	<b>6 866</b>	<b>4 061</b>
<b>Revenue by geographical market</b>				
<u>Sales</u>				
Scandinavia	7 238	678	10 745	3 093
Europe	1 215	998	13 051	9 086
USA	157	0	1 154	2 461
Asia	0	851	826	269
	<b>8 610</b>	<b>2 527</b>	<b>25 776</b>	<b>14 909</b>



**Consolidated cash flow statements**

(Amount in kSEK)	2013	2012	2012	2011
	Jan- March	Jan-March	Jan-Dec	Jan-Dec
<b>Operating activities</b>				
Operating profit/loss	- 5 823	- 7 038	- 19 020	- 42 104
Adjustments for non-cash items, etc	1 326	1 181	5 566	25 583
Interest received	-	-	-	-
Interest paid	- 96	- 135	- 339	- 503
Cash flow from operating activities before working capital changes	- 4 593	- 5 992	- 13 793	- 17 024
Working capital changes	4 898	- 520	692	-3 403
<b>Cash flow from operating activities</b>	<b>305</b>	<b>- 6 511</b>	<b>-13 101</b>	<b>- 20 427</b>
Cash flow from investing activities	- 9 962	- 2 279	-2 729	- 6 078
Cash flow from financing activities	5 000	0	- 809	31 729
<b>Cash flow at end of period</b>	<b>-4 657</b>	<b>- 8 790</b>	<b>- 16 639</b>	<b>5 224</b>
Cash and cash equivalents at beginning of period	7 961	24 600	24 600	19 376
<b>Cash and cash equivalents at end of period</b>	<b>3 304</b>	<b>15 809</b>	<b>7 961</b>	<b>24 600</b>

**Consolidated statements of changes in equity**

(Amount in kSEK)	2013	2012	2012	2011
	Jan-March	Jan-March	Jan-Dec	Jan-Dec
<b>At beginning of period</b>	16 262	36 015	36 015	48 117
New share issue	-	-	-	32 136
Issue expenses	- 294	-	-	- 1 993
Warrants in C-RAD AB	-	-	-	184
Equity on convertible loan	-61	-61	-244	87
Correction of Loss brought forward	316	-	-	-
Total transactions with owners	- 39	- 61	- 252	30 414
Comprehensive income for the period	-6 008	-7 248	-19 508	-42 516
<b>At end of period</b>	<b>10 215</b>	<b>28 706</b>	<b>16 262</b>	<b>36 015</b>

**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 1<sup>st</sup> of January 2013. These changes are assessed not to have any essential effect on the result, financial position or disclosures.

**Financial calendar**

Next interim report will be published August 30 2013.

*This interim report 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, 29 May 2013

**Börje Bengtsson**

Board Chairman

**Erik Hedlund**

Managing Director

Board member

**Mats Thorén**

Board member

**Anders Brahme**

Board member

**Bengt Lind**

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