

C-RAD AB – Interim report Jan - March 2014

Press release 16 May 2014



Strong start in 2014

Key events within the period January-March 2014

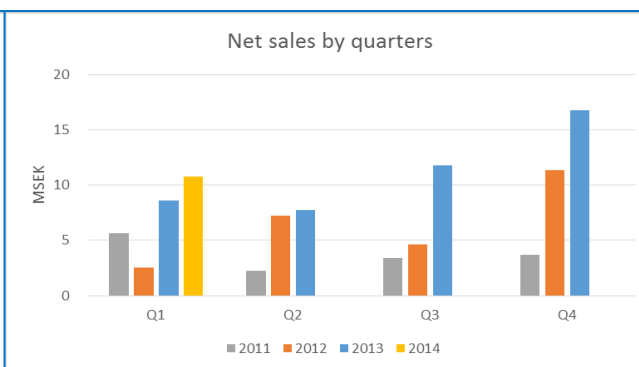
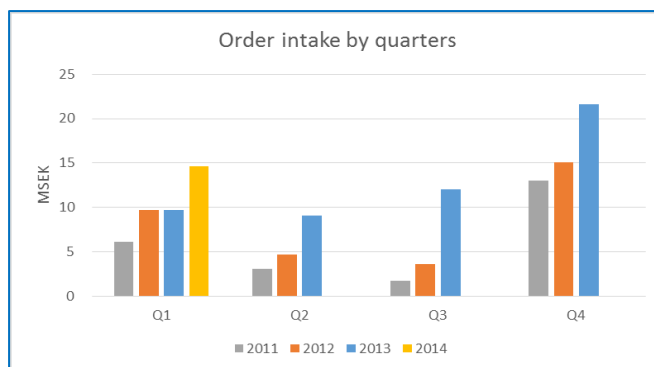
- Net sales:
 - Jan-March 11,1 (8,6) MSEK, +29%
- Order intake:
 - Jan-March 14,7 (9,7) MSEK, +52%
- EBITDA:
 - Jan-March -1,7 (-4,4) MSEK
- Net results after tax:
 - Jan-March -1,9 (-5,9) MSEK
- Order intake from positioning products 9,1 (2,9) MSEK, +214%
- Successful share increase of 700 000 shares, provided 11,4 MSEK before expenses
- Order of three systems from Azerbaijan.
- GEMini™ Joint Testing and Validation with TheraView Technology by Cablon Medical B.V.
- The China Food and Drug Administration has approved the Sentinel system

Key events after the reporting period

- Outstanding C-RAD Presentation at ESTRO Meeting
- New Board of Directors elected at the General Meeting
- Framework agreement with IBA for the supply of diod detectors 3,6 MSEK (6,2 M)

Comparison by quarters

Summary financial results



Amounts in kSEK	Jan-Mar		12 m
	2014	2013	2013
Net sales	11 132	8 610	45 036
EBITDA	-1 696	-4 362	-14 584
Loss after tax	-1 903	-5 919	-20 995
Cash	15 356	3 304	10 262
Share price 1)	19,0	18,7	19,9
Order intake	14 718	9 712	50 315
Order backlog	24 525	16 115	21 423

1) in SEK, end of period

Comments from Tim Thurn, CEO:



“C-RAD has defined three main targets for the year 2014. The targets are financial growth, the development of an international service organization and to release the GEMini™ together with the software package for patient imaging and portal dosimetry. During the first quarter we had significant progress on all three fields:

Order Intake exceeded our expectations. Customers placed orders for a total amount of 14,7 MSEK, which accounts for an increase of 52 % compared to the same period in 2013. Focusing on the positioning products order intake stepped up with 214% during Q1 2014. First results from the cooperation with Elekta contributed to the success. The first quarter 2013 was very strong due to the delivery and installation of a large order to a customer in Denmark, however in 2014 the result increased by another 25%. This was a very successful start in the year 2014.

Even though we are not yet there where we wanted to be with the development of the GEMini™ detector, we see a constant progress in the right direction. After further tests which have been performed in the first quarter, C-RAD and Cablon Medical agreed to move to the next phase of the cooperation. Joint testing of the GEMini™ and the Cablon software for portal dosimetry and imaging will take place in Utrecht, The Netherlands. The presentation of the product at the ESTRO meeting showed large interest from clinical customers but also from OEM (Original Equipment Manufacturer) vendors. Concrete projects with customers have been identified. This confirms the interest from customers and gives a positive outlook on sales once the product is released.

Beside the hard products as Sentinel™, Catalyst™ and the Cyrpa product line C-RAD started to offer so called soft products to the customers. Soft products are value-adding products as for example service contracts. There is an increasing demand for such soft products especially from hospitals in the public sector. Since C-RAD released the Catalyst system in 2011, sales developed strongly. Typically C-RAD devices are delivered with a 12 to 24 month warranty. Devices which have been installed since the product release are now step by step expiring the warranty. Service contracts are offered either as part of the initial procurement or as a follow up item after warranties have expired. My expectation is that the service business will contribute considerably to C-RADs revenue growth in the future.”

Key events during the period Jan-March 2014

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 Frech/Belgium company Cyrpa the sales networks have been merged in order to improve the global sales presence for both companies.

New issue of 700.000 shares

C-RAD AB has completed a share issue of 11.4 million before deduction of issue costs with authorization from the AGM 2013. The purpose of the decision to issue new shares with deviation from the shareholders' preferential rights, is to strengthen the working capital for the planned change of list to NASDAQ OMX.

GEMini™ Joint Testing and Validation with TheraView Technology by Cablon Medical B.V.

The technical integration work of GEMini™ has been proceeding well, and based on pre-clinical results C-RAD and Cablon Medical B.V. have agreed to move to the next phase by starting up joint testing and validation activities in collaboration with a leading radiation therapy center, UMC Utrecht in The Netherlands. It is expected that joint testing will be finalized after 6 months.

The China Food and Drug Administration has approved the Sentinel system

A CFDA approval is a prerequisite for medical technology providers to participate in most public procurement for government-funded hospitals. The majority of cancer centers in China are regionally financed or military hospital. The approval covers functionality for patient positioning and motion detection.

Nasdaq Small Cap listing postponed

The proposed listing on the Nasdaq Small Cap market was postponed in March. New date has not been decided but the Company has not changed its intention.

Key events after the reporting period

IBA Dosimetry placed Frame Order for 2014

A frame order for the production of diode detectors has been signed. C-RAD and IBA Dosimetry have agreed upon deliveries until September 2014 worth 3,6 MSEK. The subsidiary C-RAD Imaging AB is since 1 January 2010 responsible for the manufacturing and the further development of the IBA diode detector program. Following current trends in radiation therapy the demand of diode detectors is expected to continuously decrease. C-RAD has therefore decided to restructure the activities and to focus the resources on the prosperous business with advanced products for patient positioning in radiation therapy. It is expected to produce the agreed volume until October 2014.

Outstanding C-RAD Presentation at ESTRO Meeting

On the main stage in the C-RAD booth the CATALYST HD™ system has been presented on a European exhibition for the first time. The GEMini™ was demonstrated in combination with the software package from Cablon Medical for portal dosimetry and imaging. Also the joint product of C-RAD and Cyrpa for 4D Imaging and Virtual Simulation has been shown to clinical customers as well as representatives from the major CT vendors. During the exhibition C-RAD organized site visits of a clinical CATALYST HD™ installation in Vienna. Around 40 customers joined the presentation of the system.

The shareholder meeting elected a new Board of Directors

The shareholders elected Brian Holch Kristensen and Bengt Rolén as new board members at the Annual General Meeting on April 16th. Erik Hedlund and Bengt Lind left the board. Börje Bengtsson was reelected as the chairman of the board.

Financial development

Order intake

Order intake during the first quarter amounted to 14,7 MSEK compared to 9,7 MSEK in previous year. The increase was primarily driven by increase in the German speaking countries.

Revenues

Revenues amounted to 11,1 MSEK and increased by 29% from previous year.

Expenses

Personal expenses amounted to 6,0 MSEK, increased by 27% from previous year. This is reflecting the increase in number of employees, particularly in sales and marketing.

Capitalized development costs

Capitalized development costs and patents amounted to 12,7 (12,4) MSEK , that largely relate Sentinel and Catalyst. Capitalization in the first quarter, which was fully related to the Gemini project, amounted to 1,1 MSEK).

New share issue

The company completed in February a direct emission of 11,4 MSEK before issue costs. The issue resulted in the number of shares increased by 700 000 shares, from 19 575 323 shares to a total of 20 275 323 shares, and share capital increases by 105 000 SEK, from 2 936 299 SEK to 3 041 299 SEK.

Exchange rate

The financial statements are presented in SEK, the functional currency of C-RAD. Changes in foreign currencies have impact on the results. 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 in Q1 2014 was 8,86 (8,5), while the average USD rate in the period was 6,5 (6,4) in the previous year. This has a positiv influence on the comparison with Q1 2013.

Personnel

The number of employees in the Group amounted on 31 March 2014 to 29 (23) persons.

Significant risks and uncertainties

Reference is made to Annual Report 2013 regarding significant risks, uncertainties and management of them. The capitalized development costs of the

Segment reporting

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 radiotherapy.

Imaging: A detection plate for location of a cancer tumor before treatment. Diod detectors for use in dosimetry.

Activities between segments: Some of the employees within the Imaging segment have worked for Position's operations and revenues here is primarily to compensate for personnel costs.

	Segment revenues		Segment operating profit	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Positioning extern customers	9 900	7 115	-1 569	-4 529
Imaging extern sales	1 232	1 495	-16	-1 294
Imaging intern sales	591	417	0	0
Elimination intern sales	-591	-417	0	0
Total	<u>11 132</u>	<u>8 610</u>	<u>(1 585)</u>	<u>(5 823)</u>
Share in results of associates			-157	0
Financial items			-161	-96
Profit/loss before tax			<u>(1 903)</u>	<u>(5 919)</u>

Segment reporting is based on the same accounting principles as applied in the consolidated financial statements 2013. No impairment has been made. Sales by geographical market, based on sales to customers in each country. Two customers represent stand alone over 10 percent of sales from January to March 2014.

Revenue by geographical market

Nordic	4 168	6 234
German speaking countries	1 428	1 495
RoE	1 288	724
America	808	157
Asia	3 439	0
	<u>11 132</u>	<u>8 610</u>

Condensed consolidated statement of comprehensive income

(Amount in SEK)	2014 Jan-Mar	2013 Jan-Mar
Operating income		
Net sales	11 131 519	8 609 575
Work performed by the company for its own use and capitalized	1 054 708	80 000
Other operating income	129 801	0
Total operating income	<u>12 316 027</u>	<u>8 689 575</u>
Operating income		
Raw material and consumables	-3 047 337	-3 799 797
Other external costs	-3 957 616	-4 472 948
Personnel costs	-5 952 379	-4 693 380
Depreciations	-944 080	-1 460 633
Other operating expenses	<u>0</u>	<u>-86 487</u>
Total operating expenses	-13 901 412	-14 513 245
Operating profits/loss	-1 585 385	-5 823 670
Result from participation in associated companies	-157 162	0
Financial costs	<u>-160 914</u>	<u>-95 413</u>
Profit (loss) before tax	-1 903 461	-5 919 083
Income tax	<u>0</u>	<u>0</u>
Net results for the period	-1 903 461	-5 919 083
Translation difference from foreign operations	<u>-6 606</u>	<u>-89 202</u>
Comprehensive results for the period ¹⁾	<u>-1 910 067</u>	<u>-6 008 285</u>
Results per share before dilution	-0,10	-0,37
Results per share after dilution	-0,09	-0,34

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

Condensed consolidated statement of financial position

Assets	31-03-2014	31-03-2013	Equity and liabilities	31-03-2014	31-03-2013
Assets			Equity		
Intangible assets			Share capital	3 041 639	2 936 639
Capitalised development expenditure	10 888 883	10 836 871	Additional paid in capital	171 992 821	161 222 725
Patents, licenses and similar rights	<u>1 821 560</u>	<u>1 543 353</u>	Retained earnings	<u>-128 467 172</u>	<u>-126 131 526</u>
	12 710 443	12 380 224	Total equity	<u>46 567 288</u>	<u>38 027 839</u>
Tangible assets			Long term liabilities		
Equipment	3 033 174	3 294 474	Convertible bonds	11 678 034	11 505 851
Financial assets			Other long term liabilities	<u>0</u>	<u>0</u>
Shares of associates	8 403 551	8 560 713		11 678 034	11 505 851
Long-term receivables	<u>4 688 523</u>	<u>4 766 623</u>			
Total financial assets	<u>13 092 074</u>	<u>13 327 336</u>			
Total non-current assets	<u>28 835 691</u>	<u>29 002 035</u>	Current liabilities		
Current assets			Accounts payable	4 006 854	3 711 703
Inventors	6 385 946	4 105 460	Warranty provisions	680 000	680 000
Trade receivables	13 416 189	11 956 816	Other current liabilities	166 924	4 587 518
Other receivables	1 020 699	5 645 889	Accrued expenses and deferred incom	3 123 076	3 258 947
Prepayments and accrued income	1 207 279	800 108		<u>7 976 855</u>	<u>12 238 168</u>
Cash and bank	<u>15 356 371</u>	<u>10 261 549</u>	Total liabilities	19 654 889	23 744 019
Total current assets	<u>37 386 485</u>	<u>32 769 822</u>	Total equity and liabilities	<u>66 222 177</u>	<u>61 771 857</u>
Total assets	<u>66 222 176</u>	<u>61 771 857</u>			
			Pledges	7 670 000	7 670 000
			Contingent liability	-	-

Condensed consolidated financial statements

Statement of cash flow	2014 Jan-Mar	2013 Jan-Mar	Statement of changes in equity	2014 Jan-Mar	2013 Jan-Mar
Operating activities					
Operating profit before financial items exkl. interests	(1 903 461)	(5 919 083)	At beginning of period	38 027 839	16 262 000
Adjustment for non-cash items, etc	46 534	1 422 000	Share increase	11 375 000	0
Interests received	0		Issue expense	(540 313)	(294 000)
Interests paid	(160 914)	(96 000)	Equity part of convertible loan	40 408	(61 000)
			Other adjustments	(425 579)	316 000
Cash flow from operating activities before working capital changes	<u>(2 017 841)</u>	<u>(4 593 083)</u>	At end of period	10 449 517	(39 000)
Working Capital Changes	(3 705 053)	4 898 000	Net results	<u>(1 910 067)</u>	<u>(6 008 000)</u>
Cash flow from operating activities	<u>(5 722 894)</u>	<u>304 917</u>	Closing balance at end of period .	46 567 289	10 215 000
Cash flow from investing activities	0	(9 962 000)			
Cash flow from financing activities	10 834 688	5 000 000			
Net increase (decrease) in cash and cash equivalents ..	5 111 793	(4 657 083)			
Cash and cash equivalents at beginning of period	10 261 549	7 961 000			
Exchange rate differences	(16 971)	0			
Cash and cash equivalents at end of period	<u>15 356 372</u>	<u>3 303 917</u>			

Parent company Financial Statements

Income statement	2014 Jan-Mar	2013 Jan-Mar	Balance sheet	2014 31. March	2013 31. March
Total incomes	3 267	1 800 000	Assets		
Personnel costs	-1 385 329	-1 188 271	Tangible assets	104 864	104 864
Other costs	-1 582 755	-2 157 914	Shares in group companies	57 124 000	57 124 000
Total operating expenses	<u>-2 968 083</u>	<u>-3 346 185</u>	Investments in associates	8 986 293	8 986 292
Result from financial items	-55 511	-52 280	Receivables in Group companies	33 844 367	33 388 705
Result before tax	-3 023 594	-3 398 465	Other receivables	5 494 280	5 578 660
Tax	0	0	Cash and bank	<u>9 716 937</u>	<u>2 218 448</u>
Net results	<u>-3 023 594</u>	<u>-3 398 465</u>	Total assets	115 270 741	107 400 969
			Equity and liabilities		
			Equity	3 041 639	2 936 639
			Untaxed reserves	94 176 759	86 467 398
			Convertible bonds	11 718 442	11 718 442
			Other liabilities	<u>6 333 901</u>	<u>6 278 490</u>
			Total equity and liabilities	115 270 741	107 400 969

Ratios

	2014 31-mar	2013 31-mar	2013 31-dec	2012 31-dec
Number of shares	20 275 323	15 868 820	19 575 323	15 868 820
Average number of shares	19 878 656	15 868 820	18 183 249	15 868 820
Average number of diluted shares	21 104 072	17 473 028	20 800 739	17 473 028
Number of options outstanding	1 225 416	1 604 208	1 225 416	1 604 208
Solvency	70%	26%	62%	43%
Result per share before dilution	(0,10)	(0,37)	(1,15)	(1,22)
Result per shares after dilution	(0,09)	(0,34)	(1,05)	(1,11)
Equity per share before dilution	2,34	0,64	1,94	1,02
Equity per share after dilution	2,21	0,58	1,83	0,93
Operating margin	Neg.	Neg.	Neg.	Neg.

Other information

Accounting principles

This interim report is prepared, for the Group, in accordance with IAS 34 and the Annual Accounts Act and, for the Parent company, the Annual Accounts Act and RFR 2. Applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2013. New or updated IFRS standards and interpretations from IFRIC, effective from 1 January 2014 have no impact on the Group or the Parent Company's results or financial position.

Exchange rates

Orders and income statement are translated at the period-average exchange rate while backlog and balance are translated at the closing rate.

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

Uppsala, 16 May 2014

Börje Bengtsson
Chairman of the board

Tim Thurn
CEO

Peter Hamberg
Board member

Frank Lohr
Board member

Brian Holch Kristensen
Board member

Bengt Rolén
Board member

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C-RAD AB is since March 2010 listed at Nasdaq Omx First North Premier. Erik Penser Bankaktiebolag is appointed as C-RAD's Certified Adviser.

The information in the interim report is such that C-RAD must disclose publicly in accordance with the Swedish Securities and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on May 16, 2014 at 14:45.