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## **The board of C-RAD proposes a rights issue and provides an update on the lawsuit from Beamocular**

### **Summary**

- **The Board of Directors (the “Board”) of C-Rad AB (publ) (“C-RAD” or the “Company”) has resolved to propose a new share issue of a maximum of 5,506,330 shares with preferential right for the Company’s existing shareholders (the “Rights Issue”). If the Rights Issue is fully subscribed, the Company will be provided with approximately SEK 45.4 million before deduction of transaction costs. The subscription price in the Rights Issue is proposed to be SEK 8.25 per share, regardless of class.**
- **The Board has further resolved to propose to issue a maximum of 1,818,181 B-shares under an over-allotment option which would provide the Company with proceeds of up to approximately SEK 15.0 million (the “Over-allotment Option”). The use of the Over-allotment Option is conditional upon that the Rights Issue is oversubscribed.**
- **The Rights Issue and the Over-allotment Option are subject to resolutions by the Annual General Meeting to be held on 14 April 2016. The Company has today issued a notice to the Annual General Meeting.**
- **C-RAD intends to use the proceeds from the Rights Issue to cover the working capital needs up until the Company has become long-term cash flow positive, which it is expected to become during 2017, as well as to finance increased sales and marketing activities in the Company’s core markets. In addition, approximately SEK 15 million will be used to repay a shareholder loan and a bridge loan. Proceeds from the Over-allotment Option are intended to be used for faster growth.**
- **Subscription undertakings from shareholders of approximately SEK 7.1 million and guarantee commitments of approximately SEK 38.3 million have been received, comprising a fully guaranteed preferential rights issue.**

### **Background and rationale**

As communicated in the full-year report for 2015, the Board has decided that further growth financing shall be raised through a rights issue to be proposed to the Annual General Meeting. To continue the Company’s growth and ensure that the Company has sufficient capital until it becomes long-term cash flow positive, the Board proposes to the Annual General Meeting a fully guaranteed rights issue of approximately SEK 45.4 million, with an Over-allotment Option of up to approximately SEK 15.0 million. C-RAD intends to use the proceeds from the Rights Issue to cover the working capital needs up until the Company has become long-term cash flow positive, which it is expected to become during 2017, as well as to finance increased sales and marketing activities in the Company’s core markets. In addition, approximately SEK 5 million will be used to repay a shareholder loan and approximately SEK 10 million will be used to repay a bridge loan. The proceeds from the Rights Issue are expected to be sufficient to cover C-RAD’s working capital needs until the Company becomes long-term cash flow



positive. Any additional proceeds from the Over-allotment Option are intended to be used for faster growth.

C-RAD's CEO Tim Thurn comments:

“C-RAD has made substantial efforts to build up a strong direct sales force. During the last year the sales team has substantially increased, which results in high costs for salaries and related expenses. However a direct sales force has proven to be the most effective and efficient sales channel for our products in the mid-term. Our investments are expected to show results already during 2016. It is the plan to hire more personal for sales and sales related activities in our core markets. I invite you to participate in the expansion of C-RAD and to sign up in the Rights Issue.”

## **The Rights Issue**

The Board of C-RAD has on 14 March 2016 resolved to propose that the Annual General Meeting resolves on a rights issue of up to a maximum of approximately SEK 45.4 million with preferential right for the Company's existing shareholders in proportion to their shareholdings as of the record date, 28 April 2016.

For every share held on the record date, regardless of class, the holder will receive one (1) subscription right. Four (4) subscription rights entitle the holder to subscribe for one (1) new share. A-shares give subscription rights that entitle to subscribe for A-shares and B-shares gives subscription rights that entitle to subscribe for B-shares. The subscription price is set at SEK 8.25 per share (regardless of class), which means that the Rights Issue will raise a maximum of SEK 45,427,222.50, before the costs for the Rights Issue, through the issuance of a maximum of 5,506,330 shares, of which A-shares comprise no more than 172,577 and B-shares no more than 5,333,753. The Rights Issue will result in an increase of the share capital of not more than SEK 825,949.76. After the Rights Issue the number of Shares in C-RAD will amount to a maximum of 27,531,653, of which 862,887 will be A-shares and 26,668,766 will be B-shares, excluding the Over-allotment Option.

The record date at the Swedish Central Securities Depository, Euroclear Sweden AB, for participation in the Rights Issue is 28 April 2016. This means that the shares will trade excluding preferential right to participate in the Rights Issue from and including 27 April 2016. The subscription period runs from and including 2 May up to and including 16 May 2016, or such later date as decided by the Board.

In the event that not all subscription rights are exercised for subscription with preferential rights the Board may resolve, within the maximum limits of the Rights Issue, on allotment of shares without preferential rights. Whereby, in the event of oversubscription, allotment shall primarily take place to those who have subscribed for shares with subscription rights and subscribed for additional shares *pro rata* to their subscription with subscription rights, and secondarily to others who have subscribed for shares without subscription rights *pro rata* to the number of shares subscribed for without preferential rights, and thirdly to those who have guaranteed the Rights Issue by subscription for shares *pro rata* to the guarantee made by each such person, and, where this is not possible, through a drawing of lots.

Subscription of shares by the exercise of subscription rights shall be made through simultaneous cash payment. Subscription of shares without the exercise of subscription rights shall be made on a separate subscription list and subscribed shares shall be paid in cash no later than two (2) banking days after the notice of allotment has been sent to the subscriber, or such later date as the Board may decide. The new shares entitle to dividends for the first time on the first record date for dividend that take place after the Rights Issue has been registered with the Swedish Companies Registration Office and been recorded in the share register kept by Euroclear Sweden AB.



## **Over-allotment Option**

In addition, the Board has proposed that the Annual General Meeting resolves to issue up to 1,818,181 additional B-shares under the Over-allotment Option, resulting in an increase of the share capital of not more than SEK 272,727.24, at a subscription price of SEK 8.25 per share. The Over-allotment Option can be exercised and is subject to that the Rights Issue is over-subscribed. If fully exercised, C-RAD is provided with additional proceeds of SEK 14,999,993.25. The allocation of the new shares under the Over-allotment Option is proposed to be based on demand and with an aim to create a good shareholder base, with strategic investors and large shareholders with a long-term participation interest and a good distribution of the Company's shares, and is to be decided by the Board without preferential right for the Company's shareholders. Should the Over-allotment Option be fully subscribed, the number of shares in C-RAD will amount to a maximum of 29,349,834, of which 862,887 will be A-shares and 28,486,947 will be B-shares.

## **Subscription undertakings and guarantee commitments**

Subscription undertakings of approximately SEK 7.1 million from shareholders and guarantee commitments of approximately SEK 38.3 million have been received. The subscription undertakings and guarantee commitments amount to approximately SEK 45.4 million therewith, comprising a fully guaranteed Rights Issue. The guarantors will receive a total compensation of approximately SEK 2.1 million. Information about the guarantors will be included in the prospectus for the Rights Issue, which is expected to be published on or about 27 April 2016.

## **Annual General Meeting**

The Rights Issue is proposed to be resolved by the Annual General Meeting that will be held on 14 April 2016.

At the Annual General Meeting, Board members Börje Bengtsson, Peter Hamberg, Brian Holch Kristensen, Bengt Rolén och Kicki Wallje-Lund are proposed to be re-elected as Directors of the Board. It is noted that Frank Lohr has declined re-election.

For the complete notice to the Annual General Meeting, please see the separate press release published today.

## **Preliminary time table for the Rights Issue**

14 April 2016	Annual General Meeting
27 April 2016	First day of trading in the Shares without the right to participate in the Rights Issue
27 April 2016	Estimated date for publication of the prospectus
28 April 2016	Record date, i. e. registered shareholders will receive subscription rights carrying the right to participate in the Rights Issue
2 May – 12 May 2016	Trading in subscription rights
2 May – 16 May 2016	Subscription period
9 May 2016	Q1 2016 report is published
11 May 2016	Estimated date for publication of an addendum to the prospectus due to the publication of the Q1 2016 report
Around 19 May 2016	The outcome of the Rights Issue is announced
End of May 2016	The Rights Issue is completed and registered



## **Update regarding the Beamocular lawsuit**

The background to the dispute is that C-RAD was subject to a lawsuit filed by Beamocular AB (“Beamocular”) on 28 November 2014 at the District Court of Stockholm regarding better title to patent (Beamocular ./ C-RAD Positioning, T-16330-14). The case relates to the ownership of a patent family (one patent application and one patent) which originates from an invention named ”Patient Monitoring Radiation Machines”, whose inventor Kristofer Maad, via the company Beamocular, to which he transferred his right, claims that the invention is not owned or has been transferred to C-RAD Positioning. C-RAD Positioning’s position is that the patent application and the patent are owned by and have been accurately transferred to the Company and, accordingly, there is no valid ground for the claim of better title. Kristofer Maad was previously employed by the Company but resigned from the Company in September 2014.

The parties have filed briefs in the District Court and have recently filed their statements of evidence. The District Court will likely summon the parties to an oral hearing within short and the Company’s expectation is that the main proceedings will be held at the earliest sometime during October-December 2016 but it may very well take until sometime in the beginning of 2017.

If the case determined disadvantageously to C-RAD Positioning, the Company’s expectation is that the Court of Appeal will grant C-RAD Positioning an appeal permission, which means that court proceedings in the Court of Appeal will not occur until 2018. If the case is determined disadvantageously to C-RAD Positioning also in the Court of Appeal and provided that the Supreme Court does not grant C-RAD Positioning an appeal permission, the case will have legal effect in 2018 and the patent and the patent family will then be transferred to Beamocular. In addition, C-RAD Positioning will in such case also be responsible for Beamocular’s costs in the court proceedings.

The Company’s assessment is, however, that C-RAD Positioning has very good chances to be successful in defending itself in the court proceedings and the evidence situation is positive. Consequently, the risk of being awarded a negative judgment is low.

### **Advisors**

Pareto Securities AB is financial advisor to C-RAD and Baker & McKenzie Advokatbyrå KB is legal advisor to Pareto Securities AB and C-RAD in connection with the Rights Issue and Over-allotment Option.

### *IMPORTANT INFORMATION*

*This press release is not an offer or solicitation to acquire shares in C-RAD. A prospectus relating to the Rights Issue referred to in this press release will be filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on inter alia C-RAD’s website.*

*This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended. C-RAD does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. The information in this press release may not be announced, published or distributed, directly or indirectly, to the United States, Canada, Australia, New Zealand, Singapore, South Africa, Japan or Hong Kong or in any other jurisdiction where the announcement, publication or distribution of the information would not comply with applicable laws and regulations.*



**For further information:**

Tim Thurn, CEO C-RAD AB, Phone +46-18-666930, Email [investors@c-rad.com](mailto:investors@c-rad.com)

The above information is price-sensitive and must therefore be disclosed under the Securities Market Act (2007:528).

