

# C-RAD AB – Consolidated Year-End report

## January – December 2016

Press release February 13, 2017



### Fourth quarter 2016

- Net sales 27.3 (20.1) MSEK, an increase of 36% compared to the previous year.
- Order intake amounted to 41.9 (26.7) MSEK, an increase of 57% compared to the previous year.
- Operating loss amounted to -4.4 (-6.1) MSEK.
- Result per share -0.16 (-0.28) SEK.
- Large order from US customers for 8.2 MSEK.
- First order from Ireland received, for 2.5 MSEK.
- C-RAD receives the first two orders from General Electric.
- Direct share issue gives C-RAD two new larger shareholders and 21.5 MSEK in capital contribution.
- Therése Björklund is appointed as new CFO.

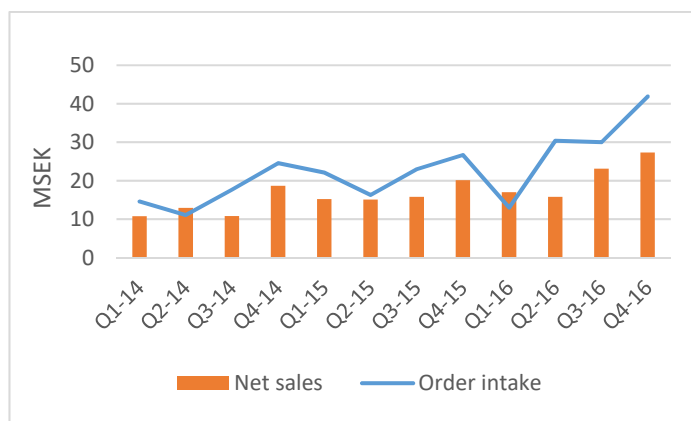
### January-December 2016

- Net sales amounted to 82.7 (66.2) MSEK, an increase of 25% compared to the previous year.
- Order intake 113.5 (88.1) MSEK, an increase of 29% compared to the previous year.
- Operating loss amounted to -30.4 (-20.4) MSEK.
- Result per share amounted to -1.21 (-0.99) SEK.

### Key events after the reporting period

- C-RAD receives order from MD Anderson, a large cancer treatment center regarded to be one of the best in the US. Order value amounts to approximately 17 MSEK. Delivery of the first systems is expected to start in the first half of 2017 and to be finalized in 2018.
- Leave to appeal is granted in patent dispute over C-RAD's right to one of its patents.

### Order intake and net sales



### Summary financial result

(Amounts in KSEK)	Q4			jan-dec		
	2016	2015	Change	2016	2015	Change
Order intake	41 918	26 677	15 241	113 547	88 100	25 447
Net sales	27 295	20 117	7 178	82 654	66 161	16 493
Gross profit margin	57%	51%	6%	56%	53%	3%
Operating loss	- 4 444	- 6 122	1 677	- 30 356	-20 412	- 9 944
Net results after tax	- 4 592	- 6 148	1 556	- 31 209	-21 184	-10 025
Cash	12 683	4 426	8 257	12 683	4 426	8 257
Share price *	12.1	15.1	-	12.1	15.1	-
Order backlog	83 542	60 233	23 309	83 542	60 233	23 309

\* in SEK, end of period



## Strong performance across all regions delivering 57 % order intake increase in the fourth quarter

The US market is repeatedly presenting the strongest order intake with 8.7 (7.8) MSEK during the fourth quarter, which underlines the importance of this market for us. It is reassuring to see that the strategy is successful and yielding return. Both the Nordic countries and the German speaking countries showed an outstanding result during Q4 with an increase of 347 % to 8.5 (1.9) MSEK in the German speaking countries and a development of 238 % to 6.1 (1.8) MSEK in the Nordics. Overall, we continue to see a growing attention for the C-RAD products and the number of large projects is confirming the momentum in the market and trust customers have in C-RAD as a partner.

We booked orders of 13.4 MSEK during 2016 related to C-RAD's so called Life-Cycle-Business. This segment is at moment primarily covering sales of service contracts. As part of our strategic map the service business has been identified to be one of the elements for future growth, therefore it is encouraging to see strong interest from our customers to have their systems "insured" by a – generally – multi-year service contract. Aside from the commercial benefit services tighten customer relationship and increase customer satisfaction.

The revenues increased during the fourth quarter with 36% to 27.3 (20.1) MSEK. The order conversion – the period between order intake and revenue recognition – is stable with 6 months. During 2016 C-RAD made a loss of 30 mSEK. During the year we invested to substantially strengthen our sales organization and hired new sales and service personnel. The results from those investments we see through significant growth in order intake already in Q4. We have a strong organization to support further growth. Moving forward fixed costs will not increase to the same extent as in 2016. Looking at the fourth quarter we see fixed costs on a similar level as in the third quarter.

During 2016 C-RAD made a loss of 30 mSEK. During the year we invested to substantially strengthen our sales organization and hired new sales and service personnel. The results from those investments we see through significant growth in order intake already in Q4. We have a strong organization to support further growth. Moving forward fixed costs will not increase to the same extent as in 2016. Looking at the fourth quarter we see fixed costs on a similar level as in the third quarter.

The gross profit margin has continued to increase, both on a quarterly sight to 57 % (51 %) and to 56 % (53 %) on an annual sight. At the same time, we could reduce the stock levels for material substantially. This confirms the positive development seen during previous quarters and is the result of the optimization of the supply chain C-RAD did during 2016.

As announced on January, 30 MD Anderson decided in favor of the C-RAD solution to equip four of their centers with the innovative C-RAD Catalyst HD and Sentinel 4DCT systems – an order worth 17 MSEK, to be booked as order intake during the first quarter 2017. As the US market is representing almost half of the world-wide radiation therapy market these results are very encouraging. The size of the market in the US shows a high unexploited potential for the C-RAD product portfolio.

Overall, we continue to see an increasing demand for the C-RAD products and that our solutions are gaining broader market acceptance. The success is confirming the interest and the confidence customers have in C-RAD's cutting edge solutions. With the combination of the market acceptance and with our strong organization we see significant growth opportunities for the future, whereas individual quarters might be volatile especially for order intake, says Tim Thurn, CEO of C-RAD.

### **C-RAD has been informed that Lars Nyberg bought one million B shares**

C-RAD's Chairman of the Board, Lars Nyberg, bought one million B shares from the three biggest shareholders, Per Hamberg, Olle Stenfors and Lars Kling on October 7, 2016.

### **C-RAD completes private placement of 2 000 000 shares for a value of 21.5 MSEK and gains two new large shareholders**

In October the Board decided on a direct share issue to SVEA Ekonomi AB of 1 400 000 shares for a value of 15.1 MSEK. The decision was taken with the authorization from C-RAD 's Board at the Annual General Meeting 2016. At the Extra General Meeting in November it has been decided on a direct share issue to Lars Nyberg of 600 000 shares for a value of 6.5 MSEK.

### **C-RAD's patent right confirmed in verdict in patent dispute concerning "Patient Monitoring Radiation Machines" but the opposing party appealed the verdict and is granted leave to appeal**

In its verdict on Oct 27th, 2016, The Stockholm Patent and Market court confirmed C-RAD's right to the invention named "Patient Monitoring Radiation Machines". Beamocular appealed the verdict to the Patent and Market court at the Svea Hovrätt and was granted leave to appeal in January 2017. Leave to appeal is granted in the large majority of appeals in patent cases. The decision to leave grant to the appeal does in itself not indicate how the appeal court will rule after having heard the case onp the merits.

The appeal court will try the case based on the same material as in the district court. C-RAD is not aware of any circumstances that change the chances to prevail also in the appeal court. C-RAD's view is that nothing new has happened, and C-RAD's assessment of its chances to successfully defend its right to the invention remains unchanged.

### **Large order for cutting-edge C-RAD solution from U.S. Customers**

C-RAD has secured an order for Catalyst HD™ and Sentinel 4DCT™ systems including multi-year service contracts for two radiation therapy centers. The total order value is 8.2 MSEK.

### **C-RAD receives the first orders from General Electric**

C-RAD and GE Healthcare have entered a sales and distribution agreement for Sentinel 4DCT™ systems and Cyrpa High Impact Technology (HIT) laser systems at end of last year. C-RAD has now received the first orders for two Sentinel 4DCT systems from General Electric. The systems are ordered for customers in Europe and the total order value is approximately 1 MSEK.

### **St. Vincent's Private Hospital first customer in Ireland for advanced C-RAD Catalyst™ system**

St. Vincent's private hospital has invested in the hospital's radiation therapy treatment center with the installation of C-RAD Catalyst HD™ and Sentinel 4DCT™ systems. The hospital and its patients are the first in Ireland to benefit from C-RAD's advanced surface tracking systems. The order has a total value of more than 2.5 MSEK.

### **C-RAD to supply advanced surface tracking solution to German customer**

C-RAD has secured an order for Catalyst HD™ and Sentinel 4DCT™ systems for the radiation therapy center in Gera, Germany. The order has a total value of approximately 3 MSEK.

### **C-RAD appoints new CFO**

Thérèse Björklund was appointed new CFO of C-RAD in December, 2016.

## Significant events during January – September, 2016

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### **C-RAD receives Chinese FDA approval for Catalyst System**

In March 2016, the China Food and Drug Administration approved C-RAD's Catalyst™ system for sales on the Chinese market. This was later, in Q2, followed by the first order from China.

### **Preferential rights issue**

At the AGM on April 14th, it was decided upon a rights issue that provided C-RAD AB 45.4 MSEK before issue costs.

### **Bill Dowd appointed president of US subsidiary C-RAD Inc.**

C-RAD has appointed a dedicated manager for its North American operations. Bill Dowd will commence in the role of President of C-RAD Inc. on July 11, 2016. His' business background has long focused on sales of high-end medical equipment. Over the past ten years, he has been working in the field of radiation therapy for the US subsidiary of Nucletron, later acquired by Elekta, as Vice President of Sales and Marketing.

### **Lars Nyberg was elected as new Member of the Board and as Chairman of C-RAD**

C-RAD's EGM elected Lars Nyberg as new Member of the Board and Chairman of the Board for C-RAD. During 2007-2013, he was President and CEO of TeliaSonera AB. In 1995-2003, Chairman of the Board and CEO of US-based IT company NCR Corp (NYSE:NCR). He continued as Chairman of the Board until 2005. Lars has held several managerial positions in Philips and he was a member of the Philips Group Management Committee.

## Significant events after the reporting period

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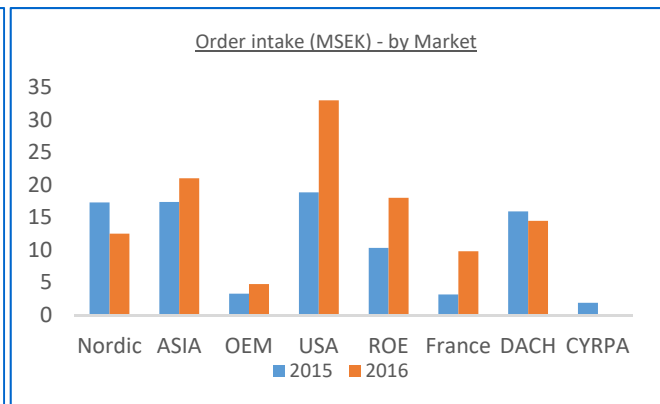
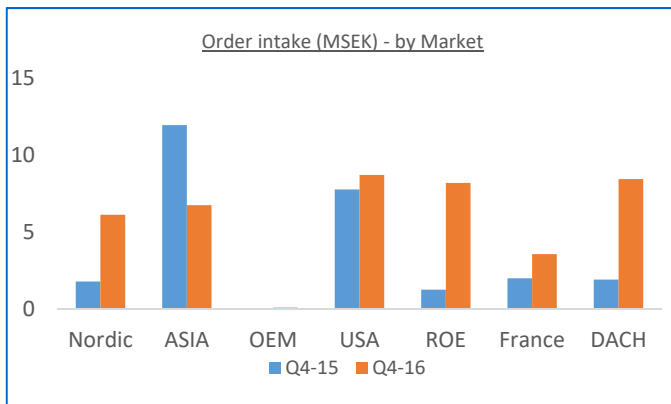
### **C-RAD and MD Anderson Cancer Center concluded agreement to supply innovative SIGRT solution**

MD Anderson, regarded to be one of the best cancer centers in the US<sup>1</sup>, signs an agreement with C-RAD covering delivery of C-RAD's innovative surface tracking systems to four of the client's cancer centers in Texas. The order value is approximately 17 MSEK. Delivery of the first systems is expected to start in the first half of 2017 with finalization of the project implementation during 2018.

<sup>1</sup> <http://www.livestrong.com/article/121428-cancer-hospitals/>

**Order intake**

Order intake during the fourth quarter amounted to 41.9 MSEK compared to 26.7 MSEK in the previous year. Order intake growth was primarily driven by DACH and ROE region, followed by the Nordic region. The total amount of order intake during 2016 amounted to 113.5 MSEK, compared to 88.1 MSEK in 2015, out of which for service contracts 13.4 (10.0) MSEK. USA and Asia show the largest order intake for the full year 2016.

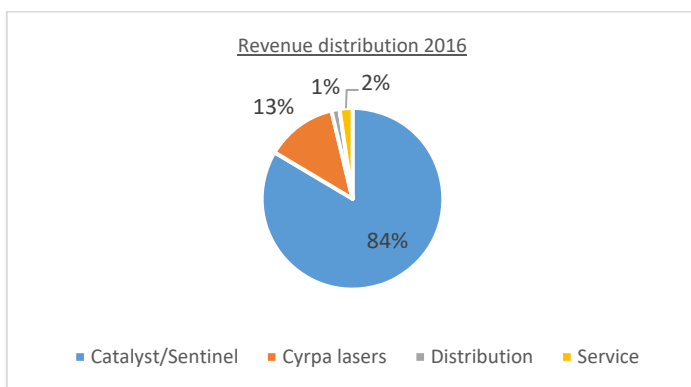
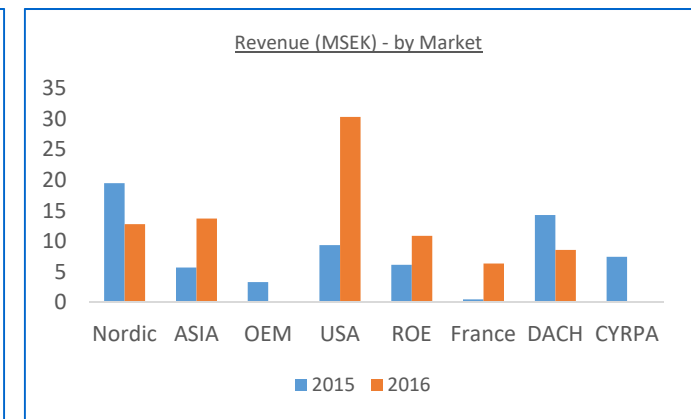
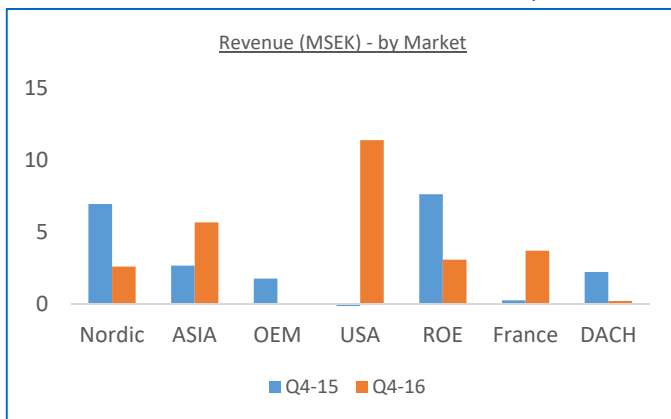


\*ROE (Rest of Europe): Europe excl. DACH and Nordic, \*\*DACH: Germany, Austria, Switzerland, \*\*\*CYRPA order intake reported separately until July 2015

**Revenues**

Revenues increased from 20.1 MSEK during the fourth quarter 2015 to 27.3 MSEK during the fourth quarter 2016, an increase by 36%. After a consistently good order intake during the year, the US accounted for a big part of deliveries and hence net sales during the fourth quarter. The average delivery time is about 6 months and deliveries during the quarter occurred based on above all order intake secured in Q3 and Q4 2016.

Revenues for 2016 amounted to 82.7 MSEK compared to 66.2 MSEK in 2015.



### Gross profit

Gross profit was 57% during the fourth quarter 2016, compared to 51% in the corresponding period in 2015. Fluctuations in gross profit can be expected in shorter periods as it is dependent on the product mix and market. The increase in the fourth quarter is a result of C-RAD's work to optimize the supply chain, as well as a favorable exchange rate development.

### Operational expenses

Operational expenses for the fourth quarter 2016 amounted to 8.7 (7.8) MSEK and for the full year 2016 33.7 (26.6) MSEK. The increase is mainly related to the expansion of sales and service business.

### Personnel expenses

Personnel expenses for the fourth quarter 2016 amounted to 12.1 (8.7) MSEK. For the full year 2016 personnel expenses amounted to 41.5 MSEK compared to 31.1 MSEK in 2015. The increase is mainly related to the expansion of operations, which entails sales resources being enhanced. The average number of employees increased from 38 in Q4 2015 to 45 in the corresponding period in 2016.

### Net results before tax

Net results before tax during the quarter amounted to -4.6 MSEK compared to -6.1 MSEK in 2015. As part of our growth and expansion strategy, we have been strengthening our sales resources in terms of direct sales in the key markets of the US, France and China. This has had a direct impact on our income statement, as we incur costs, primarily for personnel and travel expenses, until revenue is generated. By autumn 2016, the planned recruitments and other investments in the sales force were finalized so we do not expect the same growth rate in operational expenses and personnel expenses in the coming year as we have seen during 2016. C-RAD's operating loss has now improved during two following quarters, which implies that the investments made are starting to generate result.

### Capitalized development costs

Capitalized development costs amounted to 21.0 (20.8) MSEK at the end of 2016. Capitalizations during 2016 are related to the Gemini project and Catalyst/Sentinel.

GEMini is continually showing good progress in performance test, both in short-term repetitive tests and long-term. Further verification of the product is needed, but we continue to be confident of the technical success of the project.

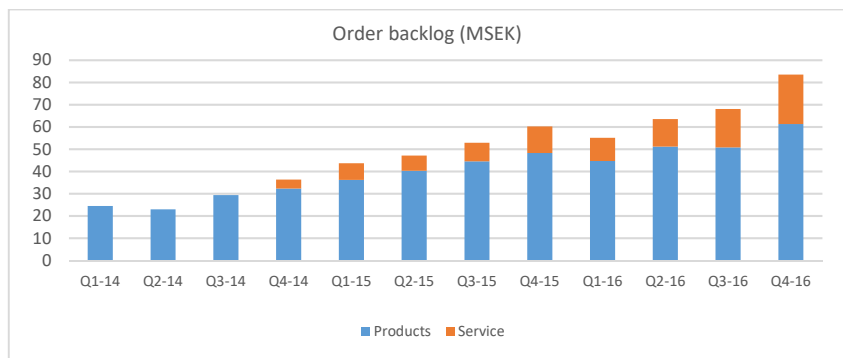
Capitalized development expenditure			
Project	Capitalized during period, Q4	Carrying amount	Comment
Catalyst/Sentinel	706 608	2 691 008	Products launched, further development, interfaces etc.
Gemini	909 622	11 078 339	Ongoing development
HIT-lasers	0	7 246 765	From CYRPA aquisition
Total	1 616 230	21 016 112	

### Seasonality

There is a seasonal pattern in C-RAD's operations. The second half of the year and the fourth quarter in particular are usually the strongest periods, both in terms of order intake and revenues. This is due to the fact that a large number of customers are hospitals and clinics, which have annual budgets per calendar year.

### Order backlog

The order backlog represents orders that have been received but not delivered and invoiced. The backlog amounted to 83.5 MSEK at the end of 2016 compared to 60.2 MSEK at the end of 2015, an increase of 39%. From the total order backlog, 61.3 (48.3) MSEK involves products and 22.2 (11.9) MSEK service contracts. In the graph below the development of the order backlog is presented. Service contracts are presented separately from Q4 2014 onwards.



### Order conversion rate

The weighted average for outstanding orders concerning the products is around six months in 2016. This is the time from receiving an order until the order is delivered and revenue recognized. Service contracts are recognized as revenue over the contract period. The service contract can be up to eight years while the average duration is around five years. This has an impact on the conversion rate of the backlog when it comes to service contracts.

### Personnel

At the end of December 2016, the number of employees in the Group amounted to 46 (41).

### Exchange rate

The financial statements are presented in SEK, the functional currency of C-RAD. 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 during 2016 was 9.5 (9.4), while the average USD rate in the period was 8.6 (8.4).

### Deferred tax asset

The deferred tax asset is reviewed every quarter. The deferred tax asset is based on the fundamental assumption that operations will generate taxable income in the future. Although C-RAD has reported taxable losses in previous reports, we can see a strong and rapidly growing order intake. We forecast that a taxable profit will be generated in coming years and thus that the deferred tax asset of 7.1 MSEK shall remain unchanged. The remaining unused taxable losses amount to 147 MSEK and there are currently no time constraints regarding utilization of the losses against future taxable profits.

### Bank overdraft

On the closing day, bank overdraft was unutilized.

### Cash flow

During the fourth quarter of 2016, cash-flow was positive in the amount of 6.9 MSEK. The positive cash flow refers to the new share issue which added cash of in total 21,5 MSEK. Negative cash flow from operations amounted to 3.0 MSEK, while an increase in working capital had a negative impact of 5.2 MSEK on cash flow. The increase in working capital is primarily related to an increase in accounts receivable and a decrease in accounts payable. The utilized bank credit as per Sep 30<sup>th</sup> was also fully repaid during the quarter. Capitalized development costs are included in investment activities, but not as adjustment for non-cash items.

### Financing

The Annual General Meeting in April 2016 approved a fully guaranteed rights issue of 45.4 MSEK before issue costs, which amounted to around 5 MSEK. C-RAD intends to use the proceeds from the rights issue to cover working capital until the Company has achieved a long-term positive cash flow, which is expected to occur in 2017, repay loans of 15 MSEK and to finance increased sales and marketing activities in the Company's main markets.

On 31st December C-RAD held a bank overdraft with Nordea of 10 MSEK. As of January 2017, C-RAD has chosen to decrease the credit facility with Nordea to 2 MSEK and instead signed up with Erik Penser Bank for an agreement including a main credit line of 10 MSEK, as well as an invoice discounting facility for the Swedish company C-RAD Positioning AB with a max amount of 12 MSEK. The credit line agreement with Erik Penser Bank is valid until further notice with 12 month notice from the financier.

In October, the board decided to use the authorization from the AGM to decide on a private placement. This new share issue ensures a continued stable liquidity despite an increase of the working capital as the company is in an expansion phase.

1 400 000 shares were emitted to a new investor, SVEA Ekonomi AB. The share price was 10.77 SEK per share, based on the average share price for the B-share according to the official statistics from Nasdaq during the period of 20 trading days ending on October 4th, without discount. At the extra general meeting, it was decided to emit additionally 600 000 shares to Lars Nyberg at the same terms. The EGM, held in November, confirmed that decision. Details of ownership are available at [www.c-rad.com](http://www.c-rad.com).

### Convertible loans

The maturity date of the convertible loans has been extended for two years from February 28, 2016 until February 28, 2018. Interest terms are revised to Stibor 90 + 2.8% from Stibor 90 + 1%.

### Significant risks and uncertainties

Reference is made to the Annual Report for 2015 regarding significant risks and uncertainties, and how these are managed. The capitalized development costs for the Gemini project amounts to 2.8 MSEK for all 2016. Until the project is launched and starts to generate revenues, a certain degree of uncertainty prevails. If the project does not develop in line with expectations, the Company will be forced to write down all or part of the capitalized development costs. Valuations of intangible assets and deferred tax asset are based on future sales and order backlog under the assumption that sufficient funding will be available for future expectations to be fulfilled.

C-RAD Positioning AB was sued by Beamocular AB on November 28, 2014 at the District Court of Stockholm regarding better title to patent. In the verdict dated October 27, 2016, the Stockholm Patent and Market court confirmed C-RAD's right to the invention named "Patient Monitoring Radiation Machines". Beamocular has now been granted leave to appeal by the appeal court. C-RAD has had legal and associated costs of 894 KSEK related to the law suit, whereas approximately 500 KSEK has been booked in previous quarters. As the court saw the claims from Beamocular unfounded, C-RAD shall be reimbursed by Beamocular in full. No adjustments of the result will be made until the appeal period has passed, the amount is recognized as a contingent asset.

C-RAD's future earnings are highly dependent on the market, as well as the company's development. Because the Company is not cash flow positive in the current situation, it may need to raise additional capital if sales doesn't develop according to the plan.

### Parent Company

No operations are carried in the Parent Company except for Group Management and administration. During the fourth quarter the parent company wrote down inter-company receivables of 7.5 MSEK towards three subsidiaries; C-RAD Positioning AB, C-RAD Inc and C-RAD Imaging AB, as well as value of shares in C-RAD GmbH of 4.4 MSEK corresponding to a capital injection made during the quarter. The writedown is presented within result from financial items.



## Segment reporting

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:** Development and sales activities for products in the field of patient positioning during radiotherapy, including Catalyst, Sentinel and HIT lasers.

- **Imaging:** Development of imaging devices and detectors for cancer treatments and dosimetry.

Assets and liabilities are not analyzed on the segment level by executive managers. Such analysis is therefore excluded from this segment reporting.

<i>Amount in KSEK</i>	Segment revenues		Segment operating results	
	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Positioning external sales	81 946	65 584	-29 516	-19 622
Imaging external sales	708	577	-840	-790
<b>Total</b>	<b>82 654</b>	<b>66 161</b>	<b>-30 356</b>	<b>-20 412</b>
Shares in results of associated companies			8	43
Financial income and costs			-861	-814
<b>Profit/loss before tax</b>			<b>-31 209</b>	<b>-21 183</b>

Segment reporting is based on the same accounting principles as applied in the consolidated financial statement for 2015. No impairment has been applied. Sales by geographical market are based on sales to customers in each country. One customer represents over 10 percent of sales from January to December 2016.

<i>Amount in KSEK</i>	Revenue by geographical market	
	Jan-Dec 2016	Jan-Dec 2015
Nordic	12 796	19 379
DACH (Deutschland, Austria, Switzerland)	8 579	14 289
RoE (Rest of Europe)	10 881	13 553
USA	30 326	9 468
OEM	22	3 307
France	6 361	488
Asia	13 689	5 677
<b>Total</b>	<b>82 654</b>	<b>66 161</b>

## Upcoming events

April 6, 2017	Annual Report for 2016 is available at <a href="http://www.c-rad.com">www.c-rad.com</a>
April 28, 2017	Q1, 2017 report
April 28, 2017	Annual General Meeting
August 16, 2017	Q2, 2017 report
October 25, 2017	Q3, 2017 report
January 31, 2018	Q4, 2017 report

## Condensed consolidated statement of comprehensive income

(Amounts in SEK)	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
<b>Operating income</b>				
Net sales .....	27 295 080	20 117 493	82 653 556	66 160 751
Work performed by the company for its own use and capitalized .....	1 616 230	1 329 971	3 488 777	4 265 767
Other operating income .....	59 919	1 407 716	507 426	4 536 583
<b>Total operating income</b>	<u>28 971 228</u>	<u>22 855 180</u>	<u>86 649 759</u>	<u>74 963 102</u>
<b>Operating expenses</b>				
Raw material and consumables .....	-11 692 401	-10 494 470	-36 273 439	-32 082 943
Other external costs .....	-8 692 101	-7 808 034	-33 682 546	-26 627 610
Personnel costs .....	-12 085 876	-8 697 096	-41 532 458	-31 098 130
Depreciations .....	-944 728	-1 977 670	-5 517 519	-5 566 722
Other operating expenses .....	0	0	0	0
<b>Total operating expenses</b>	<u>-33 415 106</u>	<u>-28 977 270</u>	<u>-117 005 962</u>	<u>-95 375 405</u>
<b>Operating profits/loss</b>	-4 443 878	-6 122 090	-30 356 204	-20 412 304
Result from participation in associated companies .....	0	0	0	43 289
Financial income .....	1 054	16 024	8 315	23 083
Financial costs .....	-148 987	-42 214	-861 287	-837 911
<b>Profit (loss) before tax</b>	-4 591 810	-6 148 279	-31 209 176	-21 183 842
Income tax .....	0	0	0	0
<b>Net results for the period</b>	-4 591 810	-6 148 279	-31 209 176	-21 183 842
Translation difference from foreign operations .....	-100 181	34 320	-325 063	79 028
<b>Comprehensive results for the period (1)</b>	<u>-4 691 991</u>	<u>-6 113 959</u>	<u>-31 534 239</u>	<u>-21 104 815</u>
Results per share before dilution .....	-0.16	-0.28	-1.21	-0.99
Results per share after dilution .....	-0.15	-0.26	-1.14	-0.93

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

## Condensed consolidated statement of financial position

(Amounts in SEK)		
Assets	31-12-2016	31-12-2015
<b>Assets</b>		
<b>Intangible assets</b>		
Capitalized development expenditure .....	21 016 112	20 839 216
Distribution rights .....	5 226 182	6 073 626
Patents, licenses and similar rights .....	739 779	925 907
	<u>26 982 073</u>	<u>27 838 749</u>
<b>Tangible assets</b>		
Equipment .....	3 337 095	4 582 811
<b>Financial assets</b>		
Long-term receivables .....	106 162	152 732
<b>Total financial assets</b>	<u>106 162</u>	<u>152 732</u>
<b>Other non-current assets</b>		
Deferred tax asset .....	7 094 209	7 094 209
	<u>7 094 209</u>	<u>7 094 209</u>
<b>Total non-current assets</b>	<u>37 519 539</u>	<u>39 668 500</u>
<b>Current assets</b>		
Inventory .....	6 360 335	10 342 084
Trade receivables .....	36 528 223	12 910 054
Other receivables .....	3 442 969	2 358 817
Prepayments and accrued income .....	5 568 381	3 919 500
Cash and bank .....	12 682 863	4 426 075
<b>Total current assets</b>	<u>64 582 771</u>	<u>33 956 531</u>
<b>Total assets</b>	<u>102 102 310</u>	<u>73 625 032</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital .....	4 429 749	3 303 799
Additional paid in capital .....	255 230 227	193 816 968
Retained earnings .....	-157 523 550	-135 889 279
Profit (loss) for the year .....	-31 534 239	-21 183 842
<b>Total equity</b>	<u>70 602 187</u>	<u>40 047 645</u>
<b>Long term liabilities</b>		
Convertible bonds .....	11 829 115	11 829 115
Other long-term liabilities .....	641 834	992 905
	<u>12 470 949</u>	<u>12 822 020</u>
<b>Current liabilities</b>		
Accounts payable .....	7 582 201	9 013 795
Warranty provisions .....	1 225 044	1 064 000
Other current liabilities .....	2 337 389	6 730 407
Accrued expenses and deferred income .....	7 884 538	3 947 167
<b>Total current liabilities</b>	<u>19 029 172</u>	<u>20 755 368</u>
<b>Total liabilities</b>	<u>31 500 121</u>	<u>33 577 388</u>
<b>Total equity and liabilities</b>	<u>102 102 310</u>	<u>73 625 032</u>

## Condensed consolidated statement of cash flow

(Amounts in SEK)				
Statement of cash flow	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Operating activities</b>				
Profit (loss) before financial items .....	(4 443 878)	(6 122 090)	(30 356 204)	(20 412 304)
Adjustment for non-cash items, etc .....	1 625 867	811 699	6 568 658	587 004
Interests received .....	1 054	16 024	8 315	23 083
Interests paid .....	(148 987)	(42 214)	(861 287)	(837 911)
<b>Cash flow from operating activities before working capital changes</b>	<b>(2 965 944)</b>	<b>(5 336 580)</b>	<b>(24 640 518)</b>	<b>(20 640 127)</b>
Working Capital Changes .....	(5 204 980)	1 814 888	(19 761 808)	(2 310 891)
<b>Cash flow from operating activities</b>	<b>(8 170 924)</b>	<b>(3 521 692)</b>	<b>(44 402 326)</b>	<b>(22 951 019)</b>
<b>Cash flow from investing activities</b> .....	<b>(810 985)</b>	<b>(1 360 302)</b>	<b>(3 415 127)</b>	<b>(5 954 426)</b>
<b>Cash flow from financing activities</b> .....	<b>15 918 005</b>	<b>4 794 886</b>	<b>55 884 152</b>	<b>25 733 474</b>
Net increase (decrease) in cash and cash equivalents .....	6 936 096	(87 108)	8 066 699	(3 171 971)
Cash and cash equivalents at beginning of period .....	5 729 505	4 633 801	4 426 075	7 623 092
Exchange rate differences .....	17 264	(120 616)	190 089	(25 046)
Cash and cash equivalents at end of period .....	<u>12 682 863</u>	<u>4 426 075</u>	<u>12 682 863</u>	<u>4 426 075</u>

## Condensed consolidated statement of changes in equity

(Amounts in SEK)		
Statement of changes in equity	2016	2015
	Jan-Dec	Jan-Dec
<b>At beginning of period</b> .....	<b>40 047 646</b>	<b>38 484 049</b>
Share increase and option program .....	67 111 985	25 182 500
Issue expenses .....	(5 368 066)	(16 150)
Equity part of convertible loan .....	110 673	(161 632)
Translation and other differences .....	(90 875)	(2 257 281)
<b>Changes in the period</b> .....	<b>61 763 717</b>	<b>22 747 437</b>
Loss for the period .....	(31 209 176)	(21 183 842)
<b>Closing balance at end of period</b> .....	<b>70 602 187</b>	<b>40 047 645</b>

# Parent company Financial Statements

(Amounts in SEK)

Income statement	2016	2015
	Jan-Dec	Jan-Dec
Total income .....	19 767 970	20 245 834
Other costs .....	-8 094 980	-11 063 299
Other personnel costs .....	-8 998 856	-7 255 904
Avskrivningar materiella tillgångar .....	-23 255	-20 804
Avskrivningar immateriella tillgångar .....	-847 444	-847 444
<b>Total operating expenses</b>	<b>-17 964 535</b>	<b>-19 187 451</b>
Financial income .....	4 970	5 358
Financial costs .....	-12 717 727	-19 128 663
Result from financial costs .....	-12 712 757	-19 123 305
Result before tax .....	-10 909 322	-18 064 922
Tax .....	0	0
<b>Net results</b> .....	<b>-10 909 322</b>	<b>-18 064 922</b>

## Statement of comprehensive results

Net results	-10 909 322	-18 064 922
Translation difference from foreign operations	0	0
Total comprehensive results	-10 909 322	-18 064 922

## Statement of cash flow

	2016	2015
	Jan-Dec	Jan-Dec
<b>Operating activities</b>		
Profit (loss) before tax .....	-10 909 322	-18 064 922
Adjustment for non-cash items .....	11 054 927	19 124 823
<b>Cash flow from operating activities before working capital changes</b>	<b>145 605</b>	<b>1 059 902</b>
Working capital changes .....	-27 718 431	-10 342 386
<b>Cash flow from operating activities</b>	<b>-27 572 826</b>	<b>-9 282 484</b>
<b>Cash flow from investment activities</b>	<b>-28 187 365</b>	<b>-14 100 000</b>
<b>Cash flow from financing activities</b>	<b>56 130 856</b>	<b>20 464 560</b>
Net change in cash and cash equivalents .....	370 664	-2 917 924
Cash and cash equivalents at beginning of period .....	94 835	3 012 761
Cash and cash equivalents at end of period .....	465 500	94 835

# Parent company Financial Statements

Statement of Financial Position	2016	2015
	31 Dec	31 Dec
<b>Assets</b>		
Intangible assets .....	5 226 182	6 073 626
Tangible assets .....	38 362	61 617
Shares in Group companies .....	108 128 370	84 512 355
Long term receivables .....	0	0
Investments in associates .....	0	0
Receivables in Group companies .....	62 040 485	33 628 156
Other receivables .....	120 579	296 438
Prepayments and accrued income .....	690 149	635 521
Cash and bank .....	465 502	94 835
<b>Total assets</b>	<b>176 709 629</b>	<b>125 302 548</b>
<b>Equity and liabilities</b>		
Share capital .....	4 429 749	3 303 799
Other equity .....	154 108 662	104 400 198
Total equity .....	158 538 411	107 703 997
Convertible bonds .....	11 718 442	11 718 442
Long term liabilities .....	641 834	992 905
Accounts payable .....	1 058 449	1 675 658
Liabilities to Group companies .....	2 439 560	0
Other current liabilities .....	1 258 649	1 256 930
Accrued expenses and deferred income .....	1 054 284	1 954 616
Total liabilities .....	18 171 218	17 598 551
<b>Total equity and liabilities</b>	<b>176 709 629</b>	<b>125 302 548</b>
<b>Statement of changes in equity</b>	<b>2016</b>	<b>2015</b>
	<b>Jan-Dec</b>	<b>Jan-Dec</b>
At beginning of period .....	107 704 000	100 304 363
Share increase and option program .....	61 743 732	25 464 560
Other .....	0	0
Net results for the period .....	-10 909 322	-18 064 922
<b>Closing balance at end of period .....</b>	<b>158 538 411</b>	<b>107 704 000</b>

## Notes

### Accounting principles

This interim report is prepared, for the Group, in accordance with IAS 34, RFR1 "Redovisning för koncerner" and the Annual Accounts Act and, for the Parent company, the Annual Accounts Act and RFR 2.

There has been no significant changes to existing accounting policies or new applied accounting principles in 2016, thus the applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2015.

C-RAD has reviewed what impact IFRS 15, the new standard for revenue recognition, will have on the company's revenue reporting. The Company's assessment is that the application of the new standard will not imply any significant changes to the current revenue recognition for the Group. The new standard will be applied as of January 1st, 2018.

Updated IFRS standards and interpretations from IFRIC have no impact on the Group or the Parent Company's results or financial position.

### Exchange rates

Orders, order back-log and income statement are translated at the period-average exchange rate while balance sheet items are translated at the closing rate.

### Related party transactions

Per Hamberg and Lars Kling, two of the largest shareholders, lent 2.5 MSEK each to the Company in January 2016, without security. The loan carried an annual interest rate of 8% with quarterly interest payments. The loans were fully repaid in June 2016. No other transactions with related parties occurred in the reporting period.

### Capitalized development costs

Development expenses that fulfil the recognition criteria in IAS38 are capitalized. At least annually an impairment test is performed. The progress of current development projects is reviewed on a regular basis.

### Deferred tax

Deferred tax assets are reviewed at the end of each reporting period and adjusted in line with the probable future taxable result.

### Contingent asset

The contingent asset of SEK 893 880 refer to legal and associated costs in conjunction with the Beamocular lawsuit.

### Contingent liabilities

Contingent liability of SEK 2 000 000 in the Parent company refer to guarantee commitment for subsidiary.

### Pledges

The pledges refer to a chattel mortgage for the Companys credit line with Nordea (security of 12.150.000 SEK) and a chattel mortgage with NUTEK (1,470,000 SEK).

## Ratios

	2016 31 Dec	2015 31 Dec
Number of shares .....	29 531 653	22 025 323
Average number of shares .....	25 703 763	21 339 906
Average number of diluted shares .....	27 269 087	22 772 251
Number of options outstanding .....	1 598 746	1 509 746
Solvency .....	69%	54%
Result per share before dilution .....	(-1.21)	(0.99)
Result per shares after dilution .....	(-1.14)	(0.93)
Equity per share before dilution .....	2.75	1.82
Equity per share after dilution .....	2.59	1.70
Operating margin .....	Neg.	Neg.

## Other information

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

Uppsala, February 13 2017

Lars Nyberg  
Chairman of the Board

Tim Thurn  
CEO

Bengt Rolén  
Board member

Peter Hamberg  
Board member

Brian Holch Kristensen  
Board member

Kicki Wallje-Lund  
Board member

Börje Bengtsson  
Board member

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

Bredgränd 18, SE-753 20 Uppsala, Sweden

Telephone +46 (0)18 - 66 69 30

[www.c-rad.com](http://www.c-rad.com)

Corp. reg. no 556663-9174

Since December 2014, C-RAD AB has been listed on the Nasdaq Stockholm exchange Small Cap list.

The information in this interim report is such that C-RAD is required to disclose pursuant to the EU Market Abuse Regulation.

The information was submitted for publication on February 13, 2017 at 8:30 am.