

# C-RAD AB – Interim report

## January – March 2017

Press release April 28, 2017



### First quarter 2017

- Net sales 25.8 (17.3) MSEK, an increase of 49% compared to the previous year.
- Order intake amounted to 40.2 (13.0) MSEK, an increase of 208% compared to the previous year.
- Operating loss amounted to -5,7 (-8.2) MSEK.
- Result per share -0.20 (-0.39) SEK.
- Agreement with MD Anderson signed, order value 17 MSEK.

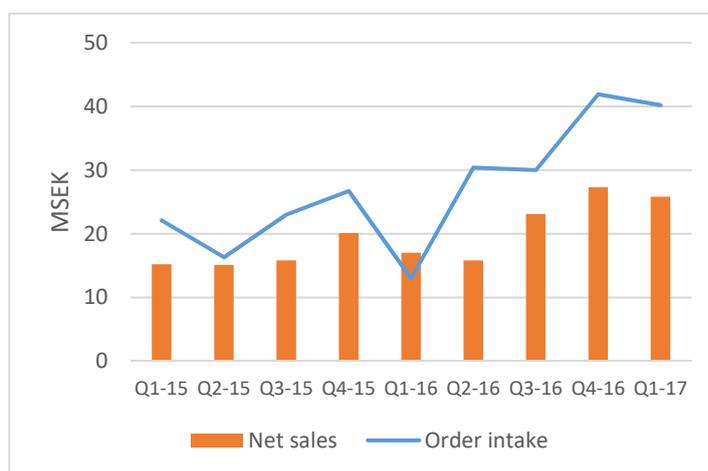
### Rolling 12 months

- Net sales amounted to 91.1 (68.2) MSEK, an increase of 33,6% compared to the previous year.
- Order intake 140.7 (79.0) MSEK, an increase of 78% compared to the previous year.
- Operating loss amounted to -27.8 (-26,3) MSEK.
- Result per share amounted to -1.06 (-1.28) SEK.

### Key events after the reporting period

- Large order from Miami Cancer Institute, order value 7,5 MSEK

### Order intake and net sales



### Summary financial result

(Amounts in KSEK)	Q1				Rolling 12 months			
	2017	2016	Change	%	Apr 16 - Mar 17	Apr 15 - Mar 16	Change	%
Order intake	40,2	13,0	27,2	209%	140 702	79 039	61 663	78%
Net sales	25,8	17,3	8,5	49%	91 142	68 182	22 960	34%
Gross profit margin	60%	54%	6%	10%	57%	53%	4%	7%
Operating loss	- 5,7	- 8,2	1,6	19%	- 27,8	- 26,3	- 2	-6%
Net results after tax	- 5,8	- 8,6	2,7	32%	- 28,5	- 26,7	- 2	-7%
Cash	15,2	6,6	8,6	131%				
Share price *	14,8	8,6	6,2	72%				
Order backlog	99,9	52,9	47,0	89%				

\* in SEK, end of period

## Order intake for positioning products increased with 300%



Both order intake and revenue growth continued to develop strongly and showed an all-time high for the first quarter in C-RAD's history. On a rolling 12 months sight, April 2016 – March 2017, order intake increased with 78% to 140,7 MSEK compared to 79,0 in the corresponding period 2015/2016.

During 2016, we noticed a favorable change in the market that developed into an increased demand. At the same time, we worked on setting up stronger sales organizations in our core markets. The efforts resulted into a substantial increase in order intake and revenues during the second half of 2016. Looking at the first quarter this year we can see that this positive trend has continued.

The order intake on a group level increased with sizeable 209% to 40.2 MSEK. The large order from one of the world's largest cancer centers – University of Texas MD Anderson Cancer Center in Houston, Texas – was an encouraging start for the year. The North American market, that is representing approximately half of the global radiation therapy market, was the strongest region. C-RAD received orders totaling to 25 MSEK during the first quarter. Even though this was an all-time high, the market indicates significantly high demand and has a high unexploited potential for the C-RAD product portfolio. Despite the usual seasonality in the region EMEA and APAC, with moderate order intake in the first quarter and a strong fourth quarter, we achieved solid results with an increase of approximately 60% in order intake.

Looking at the different segments, the sales of our main product line – Positioning products – has in the period increased from 8 MSEK to 32,1 MSEK compared to the same period in 2016. I consider this impressive growth of 300% primarily to be a confirmation of our strategy and that our attractive product portfolio, in combination with the growing demand for C-RAD's surface tracking solution for patient positioning, will continue to drive sustained growth.

Following the positive order intake development during the second half last year, revenues have increased during the first quarter with 49% to 25,8 MSEK.

Our actions to optimize the supply chain resulted in an increase of the gross profit margin to 60%. Since end of March manufacturing of all products is handled by specialized external contract manufacturer in Sweden and Finland. With the new setup, we are prepared to scale up manufacturing as needed.

In line with our expectations the results were achieved with essentially unchanged fixed costs relative to the fourth quarter last year. In 2017 we expect the fixed costs not to increase to the same extent as in 2016. The cash flow during the period showed a positive result, following the implementation of a financing solution.

We are proud on the achievements and will continue to consequently execute on our strategy as it will give C-RAD a strong platform for accelerated development in future quarters. We have a highly qualified and strong organization to support this development. Whereas individual quarters might be volatile, the market acceptance is giving positive signs for substantial growth moving forward, says Tim Thurn, CEO of C-RAD.

## Significant events during Q1 2017

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### **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 on 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.

### **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.

## Significant events after the reporting period

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### **Miami Cancer Institute decides for C-RAD's innovative SIGRT solution for their new state-of-the-art proton center in Miami, Florida.**

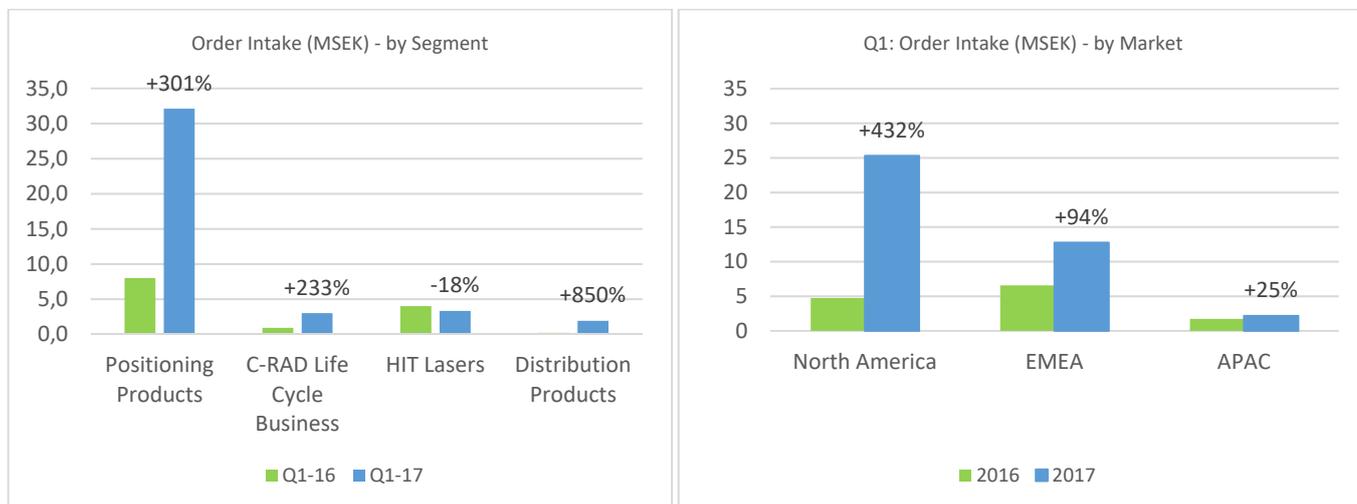
C-RAD and Miami Cancer Institute at Baptist Health South Florida announced that the parties have signed an agreement to equip the new proton therapy facility in Miami with C-RAD's surface tracking solution. C-RAD will install its Catalyst™ products in the IBA Proteus® PLUS gantry rooms. Additionally, the customer decided for C-RAD's Sentinel 4DCT™ system. The order amounts to a total of approximately 7,5 MSEK and includes the delivery of the systems and a service contract for a period of five years. It is expected to commence delivery and installation in the second quarter 2017. The project is booked as order intake in the second quarter 2017.

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

**Order intake**

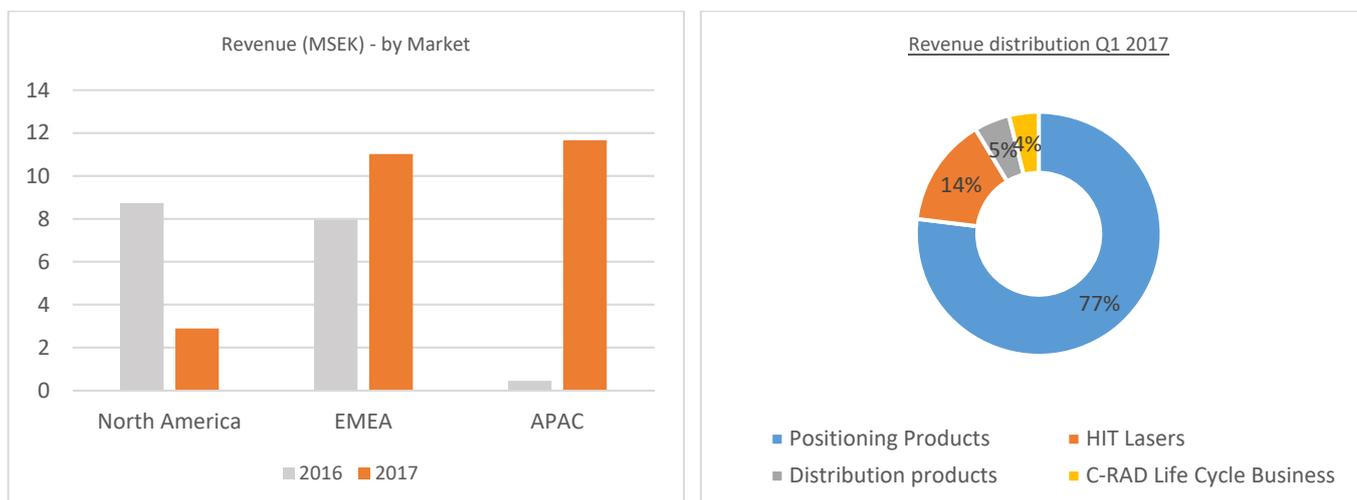
Order intake during the first quarter amounted to 40.2 MSEK compared to 13.0 MSEK in the previous year, an increase of 209%. Order intake growth was primarily driven by the North American region while the Nordic and DACH-regions showed the strongest order intake in Europe during the period.

Sales of positioning products increased by 301% during Q1 2017 compared to the same period in 2016.



**Revenues**

Revenues increased from 17.3 MSEK during the first quarter 2016 to 25.8 MSEK during the first quarter 2017, an increase by 49%. Asia stood for 45% of the revenue in the quarter as systems included in their strong order intake in the second quarter of 2016 was delivered. The average delivery time remains at about 6 months.



**Gross profit**

Gross profit was 60% during the first quarter 2017, compared to 54% in the corresponding period in 2016. The gross profit has continually improved during the last quarters as a result of C-RAD’s focus on improving the supply chain. Fluctuations in gross profit can be expected in shorter periods as it is dependent on the product mix and market.

**Operational expenses**

Operational expenses for the first quarter 2017 amounted to 8.8 MSEK compared to 6.9 MSEK in the previous year. The increase compared to 2016 is mainly related to the expansion of sales and service business. Operational expenses have been stable during the last three quarters.

**Personnel expenses**

Personnel expenses for the first quarter 2017 amounted to 12.2 (9.8) MSEK. The increase is mainly related to the expansion of operations, which entails sales resources being enhanced. The average number of employees increased from 41 in Q1 2016 to 47 in the corresponding period in 2017. Personnel expenses have been stable during the last two quarters.

**Net results before tax**

Net results before tax during the quarter amounted to -5.8 MSEK compared to -8.6 MSEK in 2016.

**Capitalized development costs**

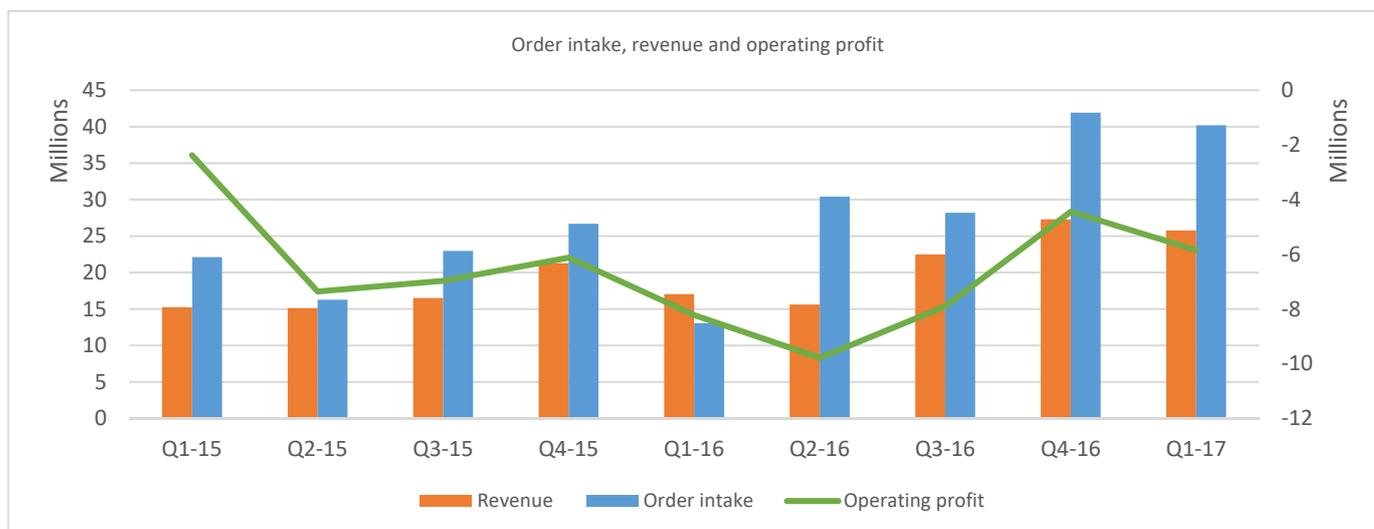
Capitalized development costs amounted to 21.6 (20.7) MSEK at the end of March. Capitalizations during Q1 2017 are related to the Gemini project and Positioning Products.

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, Q1	Carrying amount	STATUS
Positioning Products	326 138	2 788 428	Products launched. Capitalization refer to new functionality.
Gemini	751 956	11 830 295	Product not yet launched.
HIT Lasers	0	6 932 045	Product launched.
<b>Total</b>	<b>1 078 094</b>	<b>21 550 768</b>	

**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. As the larger part of C-RAD’s cost base is fixed, fluctuations in revenue has a direct impact on the quarterly operating profit.

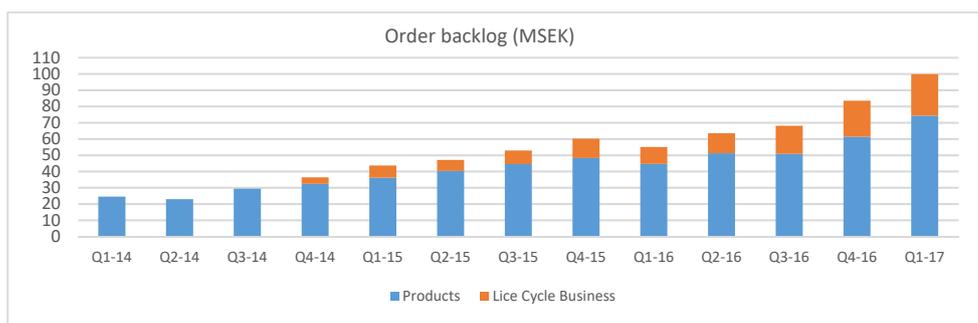


### Order backlog and order conversion rate

The order backlog represents orders that have been received but not delivered and invoiced. The backlog amounted to 99.8 MSEK at the end of first quarter 2016 compared to 52.9 MSEK at the same period 2016, an increase of 89 %. From the total order backlog, 74.3 (48.3) MSEK involves products and 25.5 (11.9) MSEK refer to service contracts.

The weighted average for outstanding orders concerning the products was just above six months in the first quarter. This is the time from receiving an order until the order is delivered and revenue recognized. 6.4 MSEK of the order backlog for service contracts will be recognized as revenue within 12 months, as 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.

In the graph below the development of the order backlog is presented. Service contracts are presented separately from Q4 2014 onwards.



### Personnel

At the end of March 2017, the number of employees in the Group amounted to 48 (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 first quarter 2017 was 9.5 (9.3), while the average USD rate in the period was 8.9 (8.5).

### 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 219 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 first quarter of 2017, cash-flow was positive in the amount of 2.6 MSEK. The positive cash flow refers to financing via the invoice discounting solution from Erik Penser, which had a balance of 7.5 MSEK by the end of the quarter. Negative cash flow from operations amounted to -4.2 MSEK, while working capital had a positive impact of 0.7 MSEK on cash flow. The decrease in working capital is related to a lower stock level. Capitalized development costs are included in investment activities, but not as adjustment for non-cash items.

### Financing

C-RAD holds a credit facility with Nordea of 2 MSEK and with Erik Penser Bank AB of 10 MSEK. There is also 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.

### Convertible loans

The maturity date of the convertible loans was in 2016 extended for two years from February 29, 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 2016 regarding significant risks and uncertainties, and how these are managed. The capitalized development costs for the Gemini project amounts to 0,75 MSEK for 2017. 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 '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.

### Segment reporting

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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 MSEK</i>	Segment revenues		Segment operating results	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Positioning external sales	25.6	17.1	-5.7	-8.1
Imaging external sales	0.2	0.2	0	-0.1
<b>Total</b>	<b>25.8</b>	<b>17.2</b>	<b>-5.7</b>	<b>-8.2</b>
Shares in results of associated companies			0	0
Financial income and costs			-0.2	-0.3
<b>Profit/loss before tax</b>			<b>-5.8</b>	<b>-8.6</b>

Segment reporting is based on the same accounting principles as applied in the consolidated financial statement for 2016. No impairment has been applied. Sales by geographical market are based on sales to customers in each country. One customer represented over 10 percent of sales from January to March 2017.

<i>Amount in MSEK</i>	<b>Revenue by geographical market</b>	
	<b>Q1 2017</b>	<b>Q1 2016</b>
North America	2,9	8,8
EMEA	11,0	8,0
APAC	11,6	0,5
<b>TOTAL</b>	<b>24,8</b>	<b>17,2</b>

## Upcoming events

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April 28 <sup>th</sup> , 11.00	Q1 Web cast
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)	2017	2016	2016	Rolling 12M
	Jan-Mar	Jan-Mar	Jan-Dec	Apr 2016 - Mar 2017
<b>Operating income</b>				
Net sales .....	25 758	17 269	82 654	91 142
Work performed by the company for its own use and capitalized .....	1 078	656	3 489	3 911
Other operating income .....	500	167	507	840
<b>Total operating income</b>	<u>27 336</u>	<u>18 092</u>	<u>86 650</u>	<u>95 894</u>
<b>Operating expenses</b>				
Raw material and consumables .....	-10 425	-7 983	-35 904	-38 347
Other external costs .....	-8 771	-6 949	-33 683	-35 504
Personnel costs .....	-12 187	-9 757	-41 532	-43 963
Depreciations .....	-1 618	-1 628	-5 887	-5 876
Other operating expenses .....	0	0	0	0
<b>Total operating expenses</b>	<u>-33 001</u>	<u>-26 317</u>	<u>-117 006</u>	<u>-123 690</u>
<b>Operating profits/loss</b>	<u>-5 665</u>	<u>-8 224</u>	<u>-30 356</u>	<u>-27 797</u>
Result from participation in associated companies .....	0	0	0	0
Financial income .....	0	3	8	6
Financial costs .....	-181	-348	-861	-695
<b>Profit (loss) before tax</b>	<u>-5 846</u>	<u>-8 569</u>	<u>-31 209</u>	<u>-28 485</u>
Income tax .....	0	0	0	0
<b>Net results for the period</b>	<u>-5 846</u>	<u>-8 569</u>	<u>-31 209</u>	<u>-28 485</u>
Translation difference from foreign operations .....	6	170	-325	-149
<b>Comprehensive results for the period (1)</b>	<u><u>-5 840</u></u>	<u><u>-8 400</u></u>	<u><u>-31 534</u></u>	<u><u>-28 635</u></u>
Results per share before dilution .....	-0.20	-0.39	-1.21	-1.06
Results per share after dilution .....	-0.19	-0.36	-1.14	-1.00

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

## Condensed consolidated statement of financial position

(Amounts in SEK)			
Assets	31-3-2017	31-3-2016	31-12-2016
<b>Assets</b>			
<b>Intangible assets</b>			
Capitalized development expenditure .....	21 551	20 693	21 016
Distribution rights .....	5 014	5 862	5 226
Patents, licenses and similar rights .....	712	879	740
	<u>27 277</u>	<u>27 434</u>	<u>26 982</u>
<b>Tangible assets</b>			
Equipment .....	2 980	4 225	3 337
<b>Financial assets</b>			
Long-term receivables .....	106	106	106
Deferred tax asset .....	7 094	7 094	7 094
<b>Total financial assets</b>	<u>7 200</u>	<u>7 200</u>	<u>7 200</u>
<b>Total non-current assets</b>	<u>37 457</u>	<u>38 859</u>	<u>37 520</u>
<b>Current assets</b>			
Inventory .....	5 854	8 807	6 360
Trade receivables .....	30 020	14 936	36 528
Other receivables .....	1 699	5 161	3 443
Prepayments and accrued income .....	9 610	6 035	5 568
Cash and bank .....	15 196	6 569	12 683
<b>Total current assets</b>	<u>62 380</u>	<u>41 508</u>	<u>64 583</u>
<b>Total assets</b>	<u>99 837</u>	<u>80 368</u>	<u>102 102</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital .....	4 430	3 304	4 430
Additional paid in capital .....	254 092	192 996	255 230
Retained earnings .....	-187 845	-157 235	-157 524
Profit (loss) for the year .....	-5 840	-8 569	-31 534
<b>Total equity</b>	<u>64 837</u>	<u>30 495</u>	<u>70 602</u>
<b>Long term liabilities</b>			
Convertible bonds .....	11 801	11 708	11 829
Other long-term liabilities .....	642	16 449	642
	<u>12 443</u>	<u>28 157</u>	<u>12 471</u>
<b>Current liabilities</b>			
Accounts payable .....	6 923	6 741	7 582
Warranty provisions .....	1 225	1 134	1 225
Other current liabilities .....	9 250	4 647	2 337
Accrued expenses and deferred income .....	5 157	9 193	7 885
<b>Total current liabilities</b>	<u>22 555</u>	<u>21 715</u>	<u>19 029</u>
<b>Total liabilities</b>	<u>34 998</u>	<u>49 872</u>	<u>31 500</u>
<b>Total equity and liabilities</b>	<u>99 837</u>	<u>80 368</u>	<u>102 102</u>

## Condensed consolidated statement of cash flow

(Amounts in SEK)				
Statement of cash flow				
	2017	2016	2016	2016/2017
	Jan-Mar	Jan-Mar	Jan-Dec	Apr-Mar
<b>Operating activities</b>				
Profit (loss) before financial items .....	(5 665)	(8 224)	(30 356)	(27 796)
Adjustment for non-cash items, etc .....	1 618	897	5 748	7 289
Interests received .....	0	3	8	6
Interests paid .....	(181)	(348)	(861)	(695)
<b>Cash flow from operating activities before working capital changes</b>	<b>(4 229)</b>	<b>(7 672)</b>	<b>(25 461)</b>	<b>(21 196)</b>
Working Capital Changes .....	728	(3 335)	(19 162)	(15 837)
<b>Cash flow from operating activities</b>	<b>(3 500)</b>	<b>(11 007)</b>	<b>(44 623)</b>	<b>(37 033)</b>
<b>Cash flow from investing activities</b> .....	<b>(1 555)</b>	<b>(656)</b>	<b>(4 005)</b>	<b>(4 444)</b>
<b>Cash flow from financing activities</b> .....	<b>7 623</b>	<b>13 816</b>	<b>56 702</b>	<b>49 957</b>
Net increase (decrease) in cash and cash equivalents .....	2 568	2 153	8 074	8 481
Cash and cash equivalents at beginning of period .....	12 683	4 426	4 426	6 569
Exchange rate differences .....	(52)	(10)	183	148
Cash and cash equivalents at end of period .....	<u>15 196</u>	<u>6 569</u>	<u>12 683</u>	<u>15 196</u>

## Condensed consolidated statement of changes in equity

(Amounts in SEK)		
Statement of changes in equity		
	2017	2016
	Jan-Mar	Jan-Mar
<b>At beginning of period</b> .....	70 602	40 048
Share increase and option program .....	110	0
Issue expenses .....	0	0
Equity part of convertible loan .....	(28)	(40)
Translation and other differences .....	(1)	(942)
<b>Changes in the period</b> .....	<u>81</u>	<u>(982)</u>
Loss for the period .....	(5 846)	(8 569)
<b>Closing balance at end of period</b> .....	<b>64 837</b>	<b>30 496</b>

# Parent company Financial Statements

(Amounts in SEK)

Income statement	2017	2016
	Jan-Mar	Jan-Mar
Total income .....	3 906	5 200
Other costs .....	-1 507	-2 294
Other personnel costs .....	-2 087	-2 120
Avskrivningar materiella tillgångar .....	-6	-6
Avskrivningar immateriella tillgångar .....	-212	-212
<b>Total operating expenses</b>	<b>-3 812</b>	<b>-4 632</b>
Financial income .....	0	5
Financial costs .....	-94	-560
Result from financial costs .....	-94	-555
Result before tax .....	-4 959	13
Tax .....	0	0
<b>Net results</b> .....	<b>0</b>	<b>13</b>

## Statement of comprehensive results

Net results	0	13
Translation difference from foreign operations	0	0
<b>Total comprehensive results</b>	<b>0</b>	<b>13</b>

## Statement of cash flow

	2017	2016
	Jan-Dec	Jan-Dec
<b>Operating activities</b>		
Profit (loss) before tax .....	0	13
Adjustment for non-cash items .....	212	218
<b>Cash flow from operating activities before working capital changes</b>	<b>212</b>	<b>231</b>
Working capital changes .....	2 043	-14 662
<b>Cash flow from operating activities</b>	<b>2 254</b>	<b>-14 429</b>
<b>Cash flow from investment activities</b>	<b>-479</b>	<b>0</b>
<b>Cash flow from financing activities</b>	<b>110</b>	<b>15 000</b>
Net change in cash and cash equivalents .....	1 885	571
Cash and cash equivalents at beginning of period .....	466	95
Exchange rate differences .....	6	
Cash and cash equivalents at end of period .....	2 357	664

# Parent company Financial Statements

Statement of Financial Position	2017	2016
	31 Mar	31 Mar
<b>Assets</b>		
Intangible assets .....	5 014	5 862
Tangible assets .....	33	56
Shares in Group companies .....	108 607	84 512
Long term receivables .....	0	0
Investments in associates .....	0	0
Receivables in Group companies .....	55 468	46 913
Other receivables .....	536	699
Prepayments and accrued income .....	1 014	0
Cash and bank .....	2 357	664
<b>Total assets</b>	<b>173 029</b>	<b>138 706</b>
<b>Equity and liabilities</b>		
Share capital .....	4 430	3 304
Other equity .....	154 218	104 423
Total equity .....	158 648	107 727
Convertible bonds .....	11 718	11 718
Long term liabilities .....	642	16 096
Accounts payable .....	493	1 537
Liabilities to Group companies .....	0	0
Other current liabilities .....	942	782
Accrued expenses and deferred income .....	586	846
Total liabilities .....	14 381	30 979
<b>Total equity and liabilities</b>	<b>173 029</b>	<b>138 706</b>
<b>Statement of changes in equity</b>	<b>2017</b>	<b>2016</b>
	<b>Jan-Mar</b>	<b>Jan-Mar</b>
<b>At beginning of period .....</b>	<b>158 538</b>	<b>107 704</b>
Share increase and option program .....	110	0
Other .....	0	10
Net results for the period .....	0	14
<b>Closing balance at end of period .....</b>	<b>158 648</b>	<b>107 727</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 2017, thus the applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2016.

C-RAD har 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

There has been no transactions with related parties 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 liabilities

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

### Pledges

The pledges refer to a chattle 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

	2017 31 Mar	2016 31 Mar	2016 Dec 31
Number of shares .....	29 531 653	22 025 323	29 531 653
Average number of shares .....	29 531 653	22 025 323	25 703 763
Average number of diluted shares .....	31 300 735	23 555 069	27 269 084
Number of options outstanding .....	1 818 749	1 529 746	1 768 749
Solvency .....	65%	38%	69%
Result per share before dilution .....	(0,20)	(0,39)	(1,21)
Result per shares after dilution .....	(0,19)	(0,36)	(1,00)
Equity per share before dilution .....	2,20	1,38	2,39
Equity per share after dilution .....	2,07	1,29	2,26
Operating margin .....	Neg.	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, April 27 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

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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 April 28, 2017 at 8:30 am.