

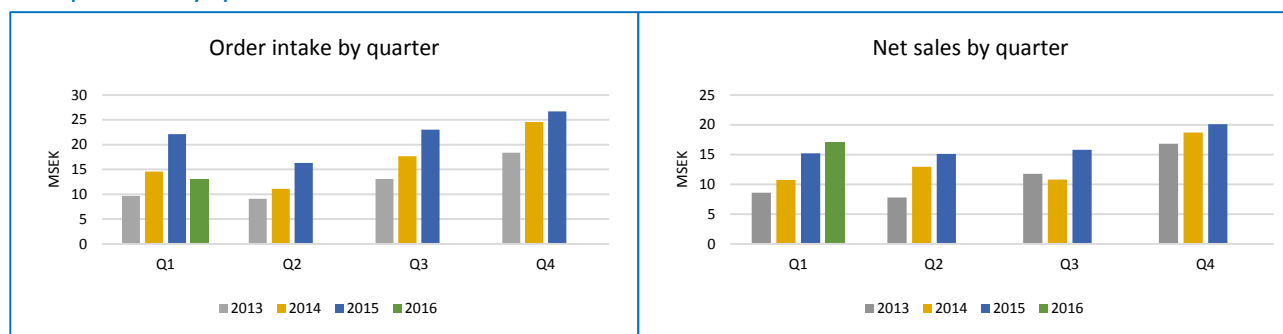
Key events in the period January-March 2016

- Net sales:
Jan-Mar 17.3 (15.2) MSEK, +13%
Rolling 12m 68.2 (57.3) MSEK +19%
- Order intake:
Jan-Mar 13.0 (22.1) MSEK, -41%
Rolling 12m 79.0 (75.8) MSEK +4%
- Operating loss:
Jan-Mar -8.2 (-2.4) MSEK
- Result per share:
Jan-Mar -0.39 (-0.15)
- Catalyst System has been approved by Chinese FDA
- C-RAD receives first U.S. order for a proton therapy center
- The Board of C-RAD proposes a rights issue and secures the financing of operations until 2017, when cash flow is expected to be positive

Key events after the reporting period

- The AGM approves the rights issue

Comparison by quarter



Summary financial results

| Amounts in KSEK | Jan-March | | 12m |
|--------------------------|-----------|--------|---------|
| | 2016 | 2015 | Rolling |
| Net sales | 17 269 | 15 247 | 68 182 |
| Operating loss | -8 224 | -2 379 | -26 257 |
| Net results after tax | -8 569 | -3 007 | -26 746 |
| Cash | 6 569 | 2 364 | 6 569 |
| Share price 1) | 8.6 | 15.2 | 8.6 |
| Order intake | 13 039 | 22 100 | 79 039 |
| Order backlog | 52 858 | 43 700 | 52 858 |
| 1) in SEK, end of period | | | |

Comments from Tim Thurn, CEO:



During the first quarter we build on what we achieved in 2015. Revenues for the entire group amounted to 17.3 MSEK in Q1 2016. This is an improvement of 13% compared to Q1 2015, and is in line with our budgeted targets. Order intake totaled 13 MSEK during Q1 2016, down by 41% from Q1 2015. However we continue to see significant growth in the sales regions US, Asia and France which is reflected in order intake. Decreases were noted in the Nordics and the German-speaking cluster. These regions should be seen in the light of the first quarter being exceptionally strong last year. First quarters in our industry are not usually strong, especially in Europe and Asia, where most of our clinical customers are government-funded; there the strong demand usually comes in Q4. Despite this dip, this does not change our overall expectation for the year. Only one deal has been lost, while other have been delayed.

A significant step has been taken during the first quarter. The approval for marketing and selling the Catalyst system has been issued by the China FDA. Adding to its earlier approval of our Cyrpa laser systems. Based on our market preparations thus far and our presentations to clinical groups, we see a considerable high interest among our potential customers. A clinical symposium for our Chinese customers with international speakers presenting their experiences and research results will be held in May in Shanghai. The first tenders, where C-RAD products are part of the procurement scope, are ongoing. C-RAD's new version of the Catalyst System for use in proton and particle therapy is tailored to perform the high-end radiation therapy treatment techniques that are increasingly becoming widespread. We entered the proton therapy arena with our first order in Sweden last year, and extremely positive is that we now have secured our first order in the US as well. We will continue to put additional focus on the proton and particle therapy market, which is expected to grow by 14-17 percent annually through 2030.

In order to further improve our gross profit margin, we have launched a series of initiatives to develop and optimize our supply chain. C-RAD's target is to increase the gross profit margin from 52% in 2015 to 60% by 2017.

An update on the lawsuit brought by Beamocular AB: The parties have filed briefs in the District Court and have filed their statements of evidence. The court has set the hearing for the end of September. Our assessment is that C-RAD has very good chances to win the case, and that the particular patent in question does not have a great significance, as it is not used in our business operations.

C-RAD's exhibition at the recent European Society for Radiotherapy & Oncology (ESTRO) meeting in Turin, Italy, which took place in the beginning of May, was well visited. In particular, visitors expressed great interest in stereotactic (SRS) treatments as well as breast cancer treatments.

The cooperation with CERN with respect to the development of the GEMini detector helped us to progress towards more robust detector and improved image quality. We have increased tests with the detector to capture clinical images, and have also initiated commercial activities with our GEMini detector system, to target specific customers.

Since the end of the quarter, the Annual General Meeting on April 14 approved a capital increase and a new share issue totaling 45 MSEK, with preferential right for the Company's existing shareholders. The CEO and the CFO, the Board and the three largest shareholders – Per Hamberg, Olle Stenfors and Lars Kling – have all undertaken to subscribe for their pro rata shares. Hamberg and Kling have moreover guaranteed an additional 23 MSEK, which, taken with additional guarantees from others, mean that the rights issue is fully guaranteed.

Looking ahead, we continue to see strong indicators of financial growth on our main markets, as well as for our strongly developing service business, supporting our confidence that we will reach our strategic targets.

Significant events during Q1 2016

C-RAD receives Chinese FDA approval for Catalyst System

The China Food and Drug Administration has approved C-RAD's Catalyst™ system for sales on the Chinese market.

Eight C-RAD systems ordered by U.S. customers

C-RAD secured orders for Catalyst HD™ and Sentinel 4DCT™ systems from four customers in the U.S. The orders have a total value of approximately 7,9 MSEK. The orders are recognized as order intake during Q4 2015. During the first quarter, 1.7 MSEK of the above orders are supplied, as well as taken up as revenue. Delivery for the remaining systems is scheduled for the first half of 2016. The Catalyst™ and Sentinel™ systems offer the required technology to perform the high-end treatment techniques within radiation therapy that are increasingly common in the U.S.

C-RAD receives first U.S. order for a proton therapy center

C-RAD secured an order for a Catalyst PT™ system from a major health group in the U.S. for its proton therapy treatment center in Phoenix, Arizona. The order has a value of 1.7 MSEK. The site in Phoenix is expected to open in the spring of 2016.

The Board of C-RAD proposes a rights issue and secures the financing of operations until 2017, when cash flow is expected to be positive

C-RAD has secured the finance requirements through the following measures. I) Loan from largest shareholders of total 5 MSEK, the loan bears 8% interest, has a due date January 31, 2017 and can be repaid partially or in full in advance if desired by C-RAD. II) Increased bank overdraft from 5 MSEK up to 10 MSEK from Nordea bank. The overdraft runs until December 31, 2016 and can be extended for 12 months. The creditor allows the extension of the credit period, unless otherwise notified. The increase is linked to covenants where C-RAD needs to achieve certain levels of revenues and net results as budgeted for the entire year by the company. III) Bridge loan of 10 MSEK from Nordea bank. As requested by the bank, the largest shareholders have guaranteed that at least 20 MSEK will be covered in the share increase which is planned this year.

On 14th March the Board of Directors resolved to propose a new share issue of a maximum of 5,506,330 shares with preferential right for the Company's existing shareholders. Since the Rights Issue is fully guaranteed, the Company will be provided with approximately 45.4 MSEK 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 15.0 MSEK. 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 15 MSEK will be used to repay a shareholder loan and a bridge loan. Proceeds from the Overallotment Option are intended to be used for faster growth.

Beamocular

Regarding the lawsuit brought by Beamocular AB the parties have filed briefs in the District Court and have filed their statements of evidence. The court has set the hearing for the end of September. Our assessment is that C-RAD has very good chances to win the case, and that the particular patent in question does not have a great significance, as it is not used in our business operations.

Significant events after the reporting period

The AGM approves the rights issue

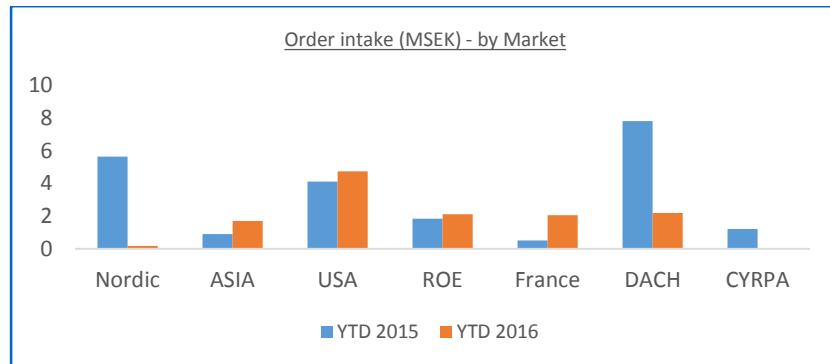
At the Annual General Meeting on April 14, 2016, it was resolved to increase the Company's share capital through a new share issue, with preferential rights for C-RADs shareholders. The resolution regarding the new issue means that C-RAD's share capital will be increased by no more than SEK 825,949.76, through a preferential issue of no more than 5,506,330 new shares, of which no more than 172,577 will be A shares and no more than 5,333,753 will be B shares, not including the overallotment option described below.

To meet a potential oversubscription in the preferential new issue, it was resolved at the Annual General Meeting on April 14, 2016, in accordance with the Board of Director's proposal, to authorize the Board of Directors to issue an additional 1,818,181 B shares at a subscription price of SEK 8.25 per new share through the overallotment option, increasing the share capital by no more than SEK 272,727.24, corresponding to an increase of approximately 8.3% points of the share capital, compared with the number of shares prior to the preferential new issue. If both the preferential new issue and the overallotment option are fully utilized, the share capital will be increased by a total of 33.3%. The overallotment option is conditional upon the preferential new issue being oversubscribed and will, if fully utilized, provide the Company with an additional SEK 14,999,999.25 in proceeds from the issue, before transaction costs.

Financial development - Group

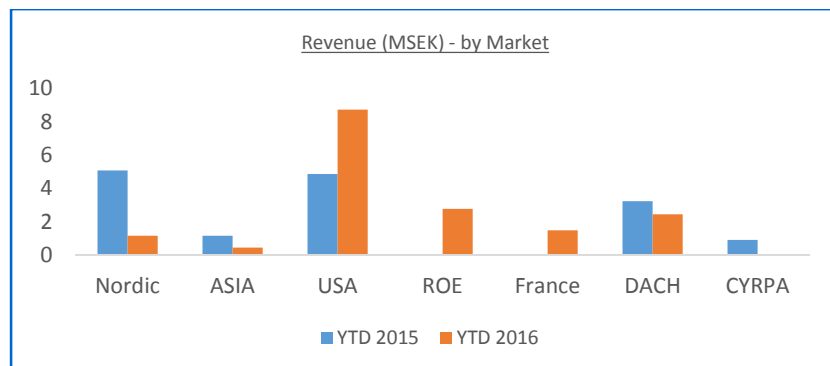
Order intake

Order intake during Q1 2016 amounted to 13.0 MSEK compared to 22.1 MSEK in Q1 2015. It should be noted that order intake during the previous year was exceptionally strong in the first quarter. Order intake increased slowly over the year in most region except Nordic and DACH. The total order intake is below our expectations, mainly because of delays in planned projects in USA and DACH region. We have not changed our expectations for the future quarters despite this tough start to the year.



Revenues

Revenues increased by 13%, from 15.2 MSEK in the first quarter 2015 to 17.3 MSEK in the first quarter 2016. The increase is mainly driven by the strong sales in USA which are following the increase in new orders that the region showed last year.



Financial development - Group

Gross profit

The gross profit was 54% during the first quarter 2016, compared to 57% during the same period 2015. Fluctuations in gross profit can be expected in shorter periods due to the limited volume of systems. During this quarter we delivered a few projects with lower margin caused by the project's strategic importance.

Operational expenses

Operational expenses for Q1 2016 amounted to 6.9 MSEK compared to 6.0 MSEK in the previous year. The increase is mainly attributable to the expansion of sales and service business. From July 2015, CYRPA is included in the Group with operational expenses of 525 KSEK in Q1 2016.

Personnel expenses

Personnel expenses during the first quarter 2016 amounted to 9.8 MSEK compared to 6.2 MSEK during 2015. The increase is mainly related to the expansion of operations, which means that the sales resources enhanced and also that CYRPA is including in the group from July 2015 with three employees. Accordingly, this results in higher costs. The average number of employees increased from 28 during Q1 2015 to 41 in the same period 2016.

Net results before tax

Net results before tax during the first quarter 2016 amounted to -8.6 MSEK compared to -3.0 MSEK during the same period 2015. As part of our growth and expansion strategy, we are strengthened our sales resources in terms of direct sales in the key markets of USA, France and China. This has a direct impact on our income statement as we incur costs, primarily personnel and travel expenses until revenue is generated.

Capitalized development costs

Capitalized development costs amounted to 20.7 (11.6) MSEK at the end of March 2016. Capitalizations during Q1 2016 are related to the Gemini project.

| Capitalized development expenditure | | | |
|-------------------------------------|---------------------------|-------------------|---|
| Project | Capitalized during period | Carrying amount | Comment |
| Catalyst/Sentinel | 0 | 3 854 879 | Products launched, further development, interfaces etc. |
| Gemini | 655 607 | 8 951 777 | Ongoing development |
| HIT-lasers | 0 | 7 861 365 | From CYRPA aquisition |
| Total | 655 607 | 20 668 021 | |

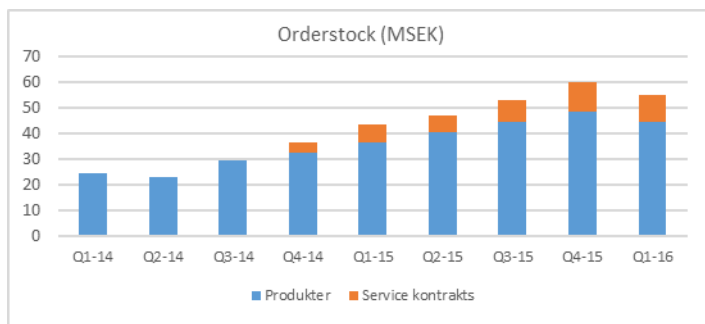
Financial development - Group

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, and they tend to wait until the end of the year to place orders.

Order backlog

The order backlog represents orders that have been received but not delivered and invoiced. The backlog amounted to 52.9 MSEK at the end of the first quarter 2016 compared to 43.7 MSEK during the same period 2015. From the total order backlog, 44.7 MSEK involves products and 10.4 MSEK service contracts. In the graph below the development of the order backlog is presented. Service contracts are separately presented from Q4 2014 onwards.



Order conversion rate

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

Personnel

At the end of March 2016 the number of employees in the Group amounted to 41 (28) persons.

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 in Q1 2016 was 9.3 (9.4), while the average USD rate in the period was 8.5 (8.3). Thus, currency has a negatively impact in terms of sales in EUR and a positive impact in terms of sales in USD.

Financial development - Group

Deferred tax asset

The deferred tax asset is reviewed every quarter. The deferred tax asset is based on the fundamental that operations will generate taxable income. 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 128 MSEK and there are currently no time constraints regarding utilization of the losses against future taxable profits.

Bank overdraft

Bank overdraft exercised by 3.6 MSEK on the closing day. During 2016 the bank overdraft increased from 5 MSEK to 10 MSEK. The credit period expires on 31 December 2016 and may be extended by 12 months. The creditor allows the extension of the credit period, unless otherwise notified. The increase is linked to a contract in which C-RAD has to achieve certain levels of revenue and a certain result, according to the company's budget for the year in 2016.

Cash flow

Cash flow during Q1 2016 was positive in the amount of 2.2 MSEK. Negative cash flow from operations amounted to 7.6 MSEK, while an increase in working capital had a negative impact of 3.3 MSEK on cash flow. The working capital increase is primarily related to an increase in accounts receivable and a decrease in accounts payable. Capitalized development costs are now included in investment activities, but not as adjustment for non-cash items.

Financing

Per Hamberg and Lars Kling, two of the largest shareholders in the Company, in January 2016, have, alone, lent 2.5 MSEK to the Company, without security. The loan carries an annual interest rate of 8% and the interest is paid quarterly. The loan is due on January 31, 2017 but the Company can earlier repay the loan without any extra charges.

The company has even expanded its bank overdraft with Nordea during the first quarter 2016 from 5 to 10 MSEK. The overdraft run until December 31, 2016 but it can be extended 12 months, provided that the conditions are not broken. The credit is secured by the Company through a chattel mortgage of 12,150,000 SEK in C-RAD Positioning AB. The terms are contained in the paragraph "Bank overdrafts" above.

During the first quarter the Company received a bridge loan of 10 MSEK from Nordea. The loan will be repaid when the Company will receive issue, most recently in December 2016. At the bank's request, the major shareholders guaranteed to at least 20 MSEK covered by a new issue.

To enable the Company to achieve its high-level growth and to ensure the Company has enough capital to make it a long-term positive cash flow, the Board proposed a fully guaranteed rights issue of approximately 45.4 MSEK with an over allotment of approx. 15.0 MSEK, approved by the AGM on April 14, 2016. C-RAD intends use the proceeds from the rights to cover working capital until the Company has become a long-term positive cash flow, which is expected during 2017, and to finance increased sales and marketing activities in the Company's main markets.

Furthermore, approximately 5 MSEK will be used to repay a shareholder loan and approximately 10 MSEK to repay a bridge loan. The Rights issue is fully guaranteed and the senior executives, the Board and the three of the largest shareholders in the Company Per Hamberg, Olle Stenfors and Lars Kling have undertaken to subscribe for their respective pro rata shares. In addition, Per Hamberg, Lars Kling and Peter Hamberg have not only committed himself to participate in the rights

Financial development - Group

issue but also guaranteed an additional 23 MSEK which, together with the subscription commitments, represent approximately 67 % of the Issue. Additional guarantee make the Rights issue fully guaranteed.

If the over allotment will be used, the proceeds that this bring will be used to continue expanding the sales organization and accelerate the growth of the Company's main markets. If both the rights issue and the over allotment option are fully exercised, share capital will increase by about 33.3 percent.

Convertible loans

Maturity date of the convertible loans has been extended for 2 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 increased to 9.0 MSEK. 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. The parties have filed briefs in the District Court and have recently filed their statements of evidence. The court has set the hearing for the end of September. In the event that the case is decided against C-RAD Positioning, the Company expects that the Court of Appeal will grant the right to appeal, which means that an appeal hearing would not take place until 2018. In the event of a negative outcome for C-RAD in the Court of Appeal, and assuming that the case is not granted the right of appeal to the Supreme Court, the judgment would likely become final in 2018, at which point the patent and patent application would be transferred to Beamocular. In the event of a negative outcome from the Court of Appeal, C-RAD Positioning may also have to pay Beamocular's legal costs. The Company's assessment is, however, that C-RAD Positioning has very good chances to win the case, and the evidence is strong, so the risk of a negative outcome appears low. No provision is booked because of this dispute.

Parent Company

No operations are carried in the parent Company except Group Management and administration.

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.

Activities between segments: some of the personnel employed within Imaging have conducted work for the Positioning segment. Internal sales cover the direct costs of these cross-segment services.

| <i>Amount in KSEK</i> | Segment revenues | | Segment operating results | |
|---|------------------|---------------|---------------------------|---------------|
| | Q1 2016 | Q1 2015 | Q1 2016 | Q1 2015 |
| Positioning external sales | 17 080 | 15 072 | -8 113 | -2 084 |
| Imaging external sales | 189 | 175 | -111 | -295 |
| Total | 17 269 | 15 247 | -8 224 | -2 379 |
| Shares in results of associated companies | | | 0 | -387 |
| Financial income and costs | | | -345 | -241 |
| Profit/loss before tax | | | -8 569 | -3 007 |

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

| <i>Amount in KSEK</i> | Revenue by geographical market | |
|-----------------------|--------------------------------|---------------|
| | 3m 2016 | 3m 2015 |
| Nordic | 1 153 | 5 066 |
| DACH | 2 448 | 3 231 |
| RoE | 4 506 | 458 |
| USA | 8 718 | 4 870 |
| Asia | 444 | 1 622 |
| Total | 17 269 | 15 247 |

Condensed consolidated statement of comprehensive income

| (Amounts in SEK) | 2016 Jan-March | 2015 Jan-March | 2015 Jan-Dec | 2015/2016 April-March |
|---|--------------------------|--------------------------|---------------------------|---------------------------|
| Operating income | | | | |
| Net sales | 17 269 489 | 15 247 333 | 66 160 751 | 68 182 908 |
| Work performed by the company for its own use and capitalized | 655 607 | 1 107 195 | 4 265 767 | 3 814 179 |
| Other operating income | 167 088 | 1 334 664 | 4 536 583 | 3 369 007 |
| Total operating income | <u>18 092 184</u> | <u>17 689 191</u> | <u>74 963 102</u> | <u>75 366 093</u> |
| Operating expenses | | | | |
| Raw material and consumables | -7 982 854 | -6 560 995 | -32 082 943 | -33 504 801 |
| Other external costs | -6 949 061 | -5 994 555 | -26 627 610 | -27 582 116 |
| Personnel costs | -9 756 664 | -6 202 180 | -31 098 130 | -34 652 614 |
| Depreciations | -1 627 950 | -1 310 916 | -5 566 722 | -5 883 756 |
| Other operating expenses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total operating expenses | <u>-26 316 528</u> | <u>-20 068 646</u> | <u>-95 375 405</u> | <u>-101 623 287</u> |
| Operating profits/loss | <u>-8 224 344</u> | <u>-2 379 455</u> | <u>-20 412 304</u> | <u>-26 257 194</u> |
| Result from participation in associated companies | 0 | -387 031 | 43 289 | 430 320 |
| Financial income | 2 599 | 5 475 | 23 083 | 20 207 |
| Financial costs | <u>-347 670</u> | <u>-246 323</u> | <u>-837 911</u> | <u>-939 258</u> |
| Profit (loss) before tax | <u>-8 569 415</u> | <u>-3 007 334</u> | <u>-21 183 842</u> | <u>-26 745 925</u> |
| Income tax | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net results for the period | <u>-8 569 415</u> | <u>-3 007 334</u> | <u>-21 183 842</u> | <u>-26 745 925</u> |
| Translation difference from foreign operations | <u>-169 895</u> | <u>-33 195</u> | <u>79 028</u> | <u>-33 195</u> |
| Comprehensive results for the period (1) | <u><u>-8 739 310</u></u> | <u><u>-3 040 529</u></u> | <u><u>-21 104 815</u></u> | <u><u>-26 779 120</u></u> |
| Results per share before dilution | -0.39 | -0.15 | -0.99 | -1.29 |
| Results per share after dilution | -0.36 | -0.14 | -0.93 | -1.21 |

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

Condensed consolidated statement of financial position

(Amounts in SEK)

| Assets | 31-03-2016 | 31-03-2015 | 31-12-2015 |
|--|-------------------|-------------------|-------------------|
| Assets | | | |
| Intangible assets | | | |
| Capitalized development expenditure | 20 693 433 | 11 597 301 | 20 839 216 |
| Distribution rights | 5 861 765 | 6 709 201 | 6 073 626 |
| Patents, licenses and similar rights | 879 375 | 993 179 | 925 907 |
| | <u>27 434 574</u> | <u>19 299 681</u> | <u>27 838 749</u> |
| Tangible assets | | | |
| Equipment | 4 224 628 | 3 752 153 | 4 582 811 |
| Financial assets | | | |
| Long-term receivables | 106 162 | 5 282 928 | 152 732 |
| Total financial assets | <u>106 162</u> | <u>5 282 928</u> | <u>152 732</u> |
| Other non-current assets | | | |
| Deferred tax asset | 7 094 209 | 7 094 209 | 7 094 209 |
| Total non-current assets | <u>38 859 572</u> | <u>35 428 970</u> | <u>39 668 500</u> |
| Current assets | | | |
| Inventory | 8 807 149 | 10 224 124 | 10 342 084 |
| Trade receivables | 14 935 802 | 15 800 691 | 12 910 054 |
| Other receivables | 5 160 730 | 2 935 085 | 2 358 817 |
| Prepayments and accrued income | 6 035 334 | 946 544 | 3 919 500 |
| Cash and bank | 6 569 139 | 2 364 271 | 4 426 075 |
| Total current assets | <u>41 508 154</u> | <u>32 270 715</u> | <u>33 956 532</u> |
| Total assets | <u>80 367 727</u> | <u>67 699 685</u> | <u>73 625 032</u> |

Condensed consolidated statement of financial position

(Amounts in SEK)

| Equity and liabilities | 31-03-2016 | 31-03-2015 | 31-12-2015 |
|--|-------------------|-------------------|-------------------|
| Equity | | | |
| Share capital | 3 303 799 | 3 041 639 | 3 303 799 |
| Additional paid in capital | 192 996 376 | 172 915 117 | 193 978 600 |
| Retained earnings | -157 234 753 | -138 278 709 | -136 050 911 |
| Profit (loss) for the year | -8 569 415 | -3 007 334 | -21 183 842 |
| Total equity | <u>30 496 007</u> | <u>34 670 712</u> | <u>40 047 645</u> |
| Long term liabilities | | | |
| Convertible bonds | 11 707 891 | 11 758 850 | 11 829 115 |
| Other long-term liabilities | 16 448 930 | 5 000 000 | 992 905 |
| | <u>28 156 821</u> | <u>16 758 850</u> | <u>12 822 020</u> |
| Current liabilities | | | |
| Accounts payable | 6 740 850 | 6 393 978 | 9 013 795 |
| Warranty provisions | 1 134 000 | 2 892 205 | 1 064 000 |
| Other current liabilities | 4 646 569 | 2 420 695 | 6 730 407 |
| Accrued expenses and deferred income | 9 193 481 | 3 663 245 | 3 947 167 |
| Total current liabilities | <u>21 714 900</u> | <u>16 270 123</u> | <u>20 755 368</u> |
| Total liabilities | 49 871 721 | 33 028 973 | 33 577 388 |
| Total equity and liabilities | <u>80 367 727</u> | <u>67 699 685</u> | <u>73 625 032</u> |
| Pledges | 13 620 000 | 13 620 000 | 13 620 000 |
| Contingent liability | - | - | - |

Condensed consolidated statement of cash flow

(Amounts in SEK)

Statement of cash flow

| | 2016 | 2015 | 2015 | 2015/2016 |
|---|---------------------|--------------------|---------------------|---------------------|
| | Jan-March | Jan-March | Jan-Dec | April-March |
| Operating activities | | | | |
| Profit (loss) before financial items | (8 224 344) | (1 383 556) | (20 412 304) | (27 253 091) |
| Adjustment for non-cash items, etc | 897 388 | (338 935) | 587 004 | 1 823 326 |
| Interests received | 2 599 | 5 475 | 23 083 | 20 207 |
| Interests paid | (347 670) | (246 323) | (837 911) | (939 258) |
| Cash flow from operating activities before working capital changes | <u>(7 672 027)</u> | <u>(1 963 338)</u> | <u>(20 640 127)</u> | <u>(26 348 816)</u> |
| Working Capital Changes | (3 334 935) | (4 985 901) | (2 310 892) | (659 926) |
| Cash flow from operating activities | <u>(11 006 962)</u> | <u>(6 949 238)</u> | <u>(22 951 019)</u> | <u>(27 008 742)</u> |
| Cash flow from investing activities | (655 607) | (1 107 194) | (5 954 426) | (5 502 839) |
| Cash flow from financing activities | 13 815 907 | 2 892 205 | 25 733 474 | 36 657 177 |
| Net increase (decrease) in cash and cash equivalents | 2 153 338 | (5 164 227) | (3 171 971) | 4 145 595 |
| Cash and cash equivalents at beginning of period | 4 426 075 | 7 623 092 | 7 623 092 | 2 364 272 |
| Exchange rate differences | (10 272) | (94 592) | (25 045) | 59 275 |
| Cash and cash equivalents at end of period | <u>6 569 139</u> | <u>2 364 272</u> | <u>4 426 075</u> | <u>6 569 141</u> |

* Comparative figures from the first quarter 2015 has been adjusted, for further details see page 21.

Condensed consolidated statement of changes in equity

(Amounts in SEK)

| Statement of changes in equity | 2016 Jan-March | 2015 Jan-March | 2015 Jan-Dec |
|---|--------------------|--------------------|---------------------|
| At beginning of period | 40 047 645 | 38 484 049 | 38 484 049 |
| Share increase and option program | 0 | 0 | 25 182 500 |
| Issue expenses | 0 | 0 | (16 150) |
| Equity part of convertible loan | (40 408) | (40 408) | (161 632) |
| Translation and other differences | (941 818) | (765 597) | (2 257 281) |
| Changes in the period | <u>(982 226)</u> | <u>(806 005)</u> | <u>22 747 437</u> |
| Loss for the period | <u>(8 569 415)</u> | <u>(3 007 334)</u> | <u>(21 183 842)</u> |
| Closing balance at end of period | 30 496 006 | 34 670 712 | 40 047 646 |

Parent company Financial Statements

| (Amounts in SEK) | | | Statement of Financial Position | | |
|---|--------------------|-------------------|---|--------------------|--------------------|
| Income statement | 2016 | 2015 | | 2016 | 2015 |
| | Jan-March | Jan-March | | 31 March | 31 March |
| Total income | 5 200 003 | 4 457 315 ** | Assets | | |
| Personnel costs | -2 120 153 | -1 711 346 | Intangible assets | 5 861 765 | 6 709 201 |
| Other costs | -2 511 590 | -2 502 265 * | Tangible assets | 55 803 | 76 809 |
| Total operating expenses | -4 631 743 | -4 213 611 | Shares in Group companies | 84 512 355 | 68 874 000 |
| Result from financial items | -554 839 | 1 219 872 | Long term receivables | 0 | 0 |
| Result before tax | 13 421 | 1 463 575 | Investments in associates | 0 | 192 841 |
| Tax | 0 | 0 | Receivables in Group companies | 46 913 333 | 38 790 845 |
| Net results | 13 421 | 1 463 575 | Other receivables | 699 159 | 6 926 738 |
| | | | Cash and bank | 663 697 | 169 962 |
| | | | Total assets | 138 706 112 | 121 740 396 |
| Statement of comprehensive results | | | Equity and liabilities | | |
| Net results | 13 421 | 1 463 575 | Share capital | 3 303 799 | 3 041 639 |
| Translation difference from foreign operations | 0 | 0 | Other equity | 104 423 422 | 98 726 300 |
| Total comprehensive results | 13 421 | 1 463 575 | Total equity | 107 727 221 | 101 767 939 |
| | | | Convertible bonds | 11 718 442 | 11 718 442 |
| Statement of cash flow | 2016 | 2015 | Long term liabilities | 16 096 321 | 5 000 000 |
| | Jan-March | Jan-March | Other liabilities | 3 164 129 | 3 254 013 |
| Operating activities | | | Total liabilities | 30 978 892 | 19 972 455 |
| Profit (loss) before tax | 13 421 | 1 463 575 | Total equity and liabilities | 138 706 112 | 121 740 395 |
| Adjustment for non-cash items | 217 675 | 217 481 | Contingent liability | 10 000 000 | 2 000 000 |
| Cash flow from operating activities before working capital changes | 231 096 | 1 681 056 | Statement of changes in equity | 2016 | 2015 |
| Working capital changes | -14 662 232 | -4 523 855 | | Jan-March | Jan-March |
| Cash flow from operating activities | -14 431 136 | -2 842 799 | At beginning of period | 107 704 000 | 100 304 362 |
| Cash flow from investment activities | 0 | 0 | Share increase and option program | 0 | 0 |
| Cash flow from financing activities | 15 000 000 | 0 | Other | 9 800 | 0 |
| Net change in cash and cash equivalents | 568 864 | -2 842 799 | Net results for the period | 13 421 | 1 463 575 |
| Cash and cash equivalents at beginning of period | 94 835 | 3 012 761 | Closing balance at end of period | 107 727 221 | 101 767 937 |
| Cash and cash equivalents at end of period | 663 697 | 169 962 | | | |

*Total income Jan-Mar 2015 has been retrospectively adjusted: the foreign exchange gain of 1,353,666 has been transferred to financial items.

** Other costs Jan-Mar 2015 have been retrospectively adjusted: amortization increased by 211,860 related to the Cyrpa acquisition.

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.

In 2016 there were no significant changes to accounting policies, thus the applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2015.

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 and income statement are translated at the period-average exchange rate while order backlog and 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 to the Company in January 2016, without security. The loan carries an annual interest rate of 8% and the interest is paid quarterly. The loan is due on January 31, 2017 but the Company can repay the loan earlier without any extra charges and it is repaid with the proceeds. 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.

Acquisition

When C-RAD acquired 29% of Cyrpa in February 2013 the purchase price was entirely allocated to investments in associated company and recognized in accordance with IAS 28. This does not reflect the full acquisition, since the agreement, in additional 29% in Cyrpa's shares, even includes intangible assets form of exclusive distribution rights and production rights as well as a financial asset in the form of an option for the remaining 71% of shares. The purchase price of 8,986,293 sek should have been allocated as follows: shares in associated 193 KSEK, intangible assets 8.5 MSEK and financial assets 319 KSEK. They are three different groups of assets and the accounting do these differ. Regarding Cyrpa's shares, the equity method applied correctly. During the period up to July 2015, when C-RAD acquired the remaining Cyrpa shares, C-RAD reported losses in excess of the investment. This because C-RAD had an obligation together with other shareholders to ensure that Cyrpa obtained the minimum requirements for equity capital according to Belgian law. Therefore, a liability is reported. Since the distribution rights have a finite useful life, they shall be amortized. We apply the linear depreciation for the estimated service life of 10 years. This has an effect on the income statement as well as equity, which is presented below. The purchase option is recognized as a financial asset at fair value.

Notes

Corrected condensed consolidated statement of comprehensive income

(Amounts in SEK)

| | Reported | Jan-Mar 2015 Adjustments | Restated |
|---|--------------------------|-----------------------------|--------------------------|
| Operating income | | | |
| Net sales | 15 247 333 | | 15 247 333 |
| Work performed by the company for its own use and capitalized | 1 107 195 | | 1 107 195 |
| Other operating income | 2 330 562 | -995 898 | 1 334 664 |
| Total operating income | <u>18 685 089</u> | | <u>17 689 191</u> |
| Operating expenses | | | |
| Raw material and consumables | -6 560 995 | | -6 560 995 |
| Other external costs | -5 994 555 | | -5 994 555 |
| Personnel costs | -6 202 180 | | -6 202 180 |
| Depreciations | -1 099 047 | -211 869 | -1 310 916 |
| Other operating expenses | 0 | | 0 |
| Total operating expenses | <u>-19 856 777</u> | | <u>-20 068 646</u> |
| Operating profits/loss | -1 171 688 | | -2 379 455 |
| Result from participation in associated companies | -387 031 | | -387 031 |
| Financial income | 5 475 | | 5 475 |
| Financial costs | -246 323 | | -246 323 |
| Profit (loss) before tax | <u>-1 799 567</u> | | <u>-3 007 334</u> |
| Income tax | 0 | | 0 |
| Net results for the period | <u>-1 799 567</u> | | <u>-3 007 334</u> |
| Translation difference from foreign operations | -33 195 | | -33 195 |
| Comprehensive results for the period | <u><u>-1 832 762</u></u> | | <u><u>-3 040 529</u></u> |
| Results per share before dilution | -0.09 | | -0.39 |
| Results per share after dilution | -0.08 | | -0.36 |

Notes

Corrected condensed consolidated statement of financial position

(Amounts in SEK)

Assets

Assets

Intangible assets

| | Reported | 31-03-2016 Adjustments | Restated |
|--|-------------------|---------------------------|-------------------|
| Capitalized development expenditure | 11 597 301 | | 11 597 301 |
| Distribution rights | 0 | 6 709 201 | 6 709 201 |
| Patents, licenses and similar rights | 993 179 | | 993 179 |
| | <u>12 590 480</u> | | <u>19 299 681</u> |

Tangible assets

| | | | |
|-----------------|-----------|--|-----------|
| Equipment | 3 752 153 | | 3 752 153 |
|-----------------|-----------|--|-----------|

Financial assets

| | | | |
|-----------------------------|-----------|------------|-----------|
| Shares of associates | 7 912 793 | -7 912 793 | 0 |
| Long-term receivables | 4 964 255 | 318 673 | 5 282 928 |

Total financial assets

| | | | |
|--|-------------------|--|------------------|
| | <u>12 877 047</u> | | <u>5 282 928</u> |
|--|-------------------|--|------------------|

Other non-current assets

| | | | |
|--------------------------|-----------|--|-----------|
| Deferred tax asset | 7 094 209 | | 7 094 209 |
|--------------------------|-----------|--|-----------|

Total non-current assets

| | | | |
|--|-------------------|--|-------------------|
| | <u>36 313 889</u> | | <u>35 428 970</u> |
|--|-------------------|--|-------------------|

Current assets

| | | | |
|--------------------------------------|------------|--|------------|
| Inventory | 10 224 124 | | 10 224 124 |
| Trade receivables | 15 800 691 | | 15 800 691 |
| Other receivables | 2 935 085 | | 2 935 085 |
| Prepayments and accrued income | 946 544 | | 946 544 |
| Cash and bank | 2 364 271 | | 2 364 271 |

Total current assets

| | | | |
|--|-------------------|--|-------------------|
| | <u>32 270 715</u> | | <u>32 270 715</u> |
|--|-------------------|--|-------------------|

Total assets

| | | | |
|--|-------------------|--|-------------------|
| | <u>68 584 604</u> | | <u>67 699 685</u> |
|--|-------------------|--|-------------------|

Notes

Corrected condensed consolidated statement of financial position

(Amounts in SEK)

Equity and liabilities

| | Reported | 31-03-2015 Adjustments | Restated |
|--|-------------------|---------------------------|-------------------|
| Equity | | | |
| Share capital | 3 041 639 | | 3 041 639 |
| Additional paid in capital | 171 952 413 | 995 899 | 172 948 312 |
| Retained earnings | -136 724 999 | -1 553 710 | -138 278 709 |
| Translation difference | -33 195 | | -33 195 |
| Profit (loss) for the year | -1 799 566 | -1 207 768 | -3 007 334 |
| Total equity | <u>36 436 291</u> | | <u>34 670 712</u> |
| Long term liabilities | | | |
| Convertible bonds | 11 758 850 | | 11 758 850 |
| Other long-term liabilities | 5 000 000 | | 5 000 000 |
| | <u>16 758 850</u> | | <u>16 758 850</u> |
| Current liabilities | | | |
| Accounts payable | 6 393 978 | | 6 393 978 |
| Warranty provisions | 2 892 205 | | 2 892 205 |
| Other current liabilities | 1 540 036 | 880 659 | 2 420 695 |
| Accrued expenses and deferred income | 3 663 245 | | 3 663 245 |
| Total current liabilities | <u>15 389 464</u> | | <u>16 270 123</u> |
| Total liabilities | 32 148 314 | | 33 028 973 |
| Total equity and liabilities | <u>68 584 605</u> | | <u>67 699 685</u> |

Notes

Corrected condensed consolidated statement of cash flow

(Amounts in SEK)

| | Reported | Jan-Mar 2015 Adjustments | Restated |
|---|--------------------|-----------------------------|--------------------|
| Operating activities | | | |
| Profit (loss) before financial items | -1 171 687 | -211 869 | -1 383 556 |
| Adjustment for non-cash items, etc | -1 657 998 | 1 319 063 | -338 935 |
| Interests received | 5 475 | | 5 475 |
| Interests paid | -246 323 | | -246 323 |
| Cash flow from operating activities before working capital changes | <u>-3 070 532</u> | | <u>-1 963 338</u> |
| Working Capital Changes | -4 985 901 | | -4 985 901 |
| Cash flow from operating activities | <u>(8 056 432)</u> | | <u>(6 949 238)</u> |
| Cash flow from investing activities | 0 | -1 107 194 | -1 107 194 |
| Cash flow from financing activities | 2 892 205 | | 2 892 205 |
| Net increase (decrease) in cash and cash equivalents | -5 164 227 | | -5 164 227 |
| Cash and cash equivalents at beginning of period | 7 623 092 | | 7 623 092 |
| Exchange rate differences | -94 592 | | -94 592 |
| Cash and cash equivalents at end of period | <u>2 364 272</u> | | <u>2 364 272</u> |

* Adjustment on 211 860 refers to retrospective adjustment of comparative figures due to Cyrpa acquisition, refer to page 17.

* Adjustment on 1 107 194 refers to reclassification of development costs which are now included in investment activities and not as adjustment for items not included in cash flow.

** Adjustment on 995 898 refers to a reclassification of foreign exchange differences relating to group balances, which are now booked directly to equity and not included in the profit & loss statement.

Ratios

| | 2016 31-mar | 2015 31-mar | 2015 31-dec |
|--|----------------|----------------|----------------|
| Number of shares | 22 025 323 | 20 275 323 | 22 025 323 |
| Average number of shares | 22 025 323 | 20 275 323 | 21 339 906 |
| Average number of diluted shares | 23 555 069 | 21 500 739 | 23 555 069 |
| Number of options outstanding | 1 529 746 | 1 225 416 | 1 529 746 |
| Solvency | 38% | 51% | 54% |
| Result per share before dilution | (0.39) | (0.15) | (0.99) |
| Result per shares after dilution | (0.36) | (0.14) | (0.93) |
| Equity per share before dilution | 1.38 | 1.71 | 1.82 |
| Equity per share after dilution | 1.29 | 1.61 | 1.70 |
| Operating margin | Neg. | Neg. | Neg. |

Other information

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 year end report has been reviewed by the company auditors.

Uppsala, May 9 2016

Börje Bengtsson
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

Frank Lohr
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 it 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 9, 2016 at 8:00 am.