

ANNUAL REPORT 2016





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C-RAD. INSPIRING EXCELLENCE IN CANCER TREATMENT.

ABOUT C-RAD

THE OPERATIONS OF THE C-RAD GROUP ARE BASED ON RESEARCH AND DEVELOPMENT THAT ORIGINATES FROM KAROLINSKA INSTITUTET AND KAROLINSKA HOSPITAL IN SOLNA, AS WELL AS THE ROYAL INSTITUTE OF TECHNOLOGY IN STOCKHOLM.

Our mission is global in scope: C-RAD's cutting-edge solutions ensure exceptionally high precision, safety and efficiency in advanced radiation therapy, helping to cure more cancer patients and improve their quality of life. In new advanced radiation therapy techniques, the radiation dose must be delivered to the tumor with extremely high precision and microsecond timing. Our positioning and scanning products assure just that.

C-RAD was founded in 2004. The founders are researchers from Karolinska Institutet, the Royal Institute of Technology in Stockholm and Karolinska Hospital in Solna and people with extensive industrial experience in the field of radiation therapy.

The C-RAD Group consists of the Parent Company C-RAD AB (publ), as well as subsidiaries in Sweden and abroad.

The C-RAD Group is headquartered in Uppsala, Sweden.

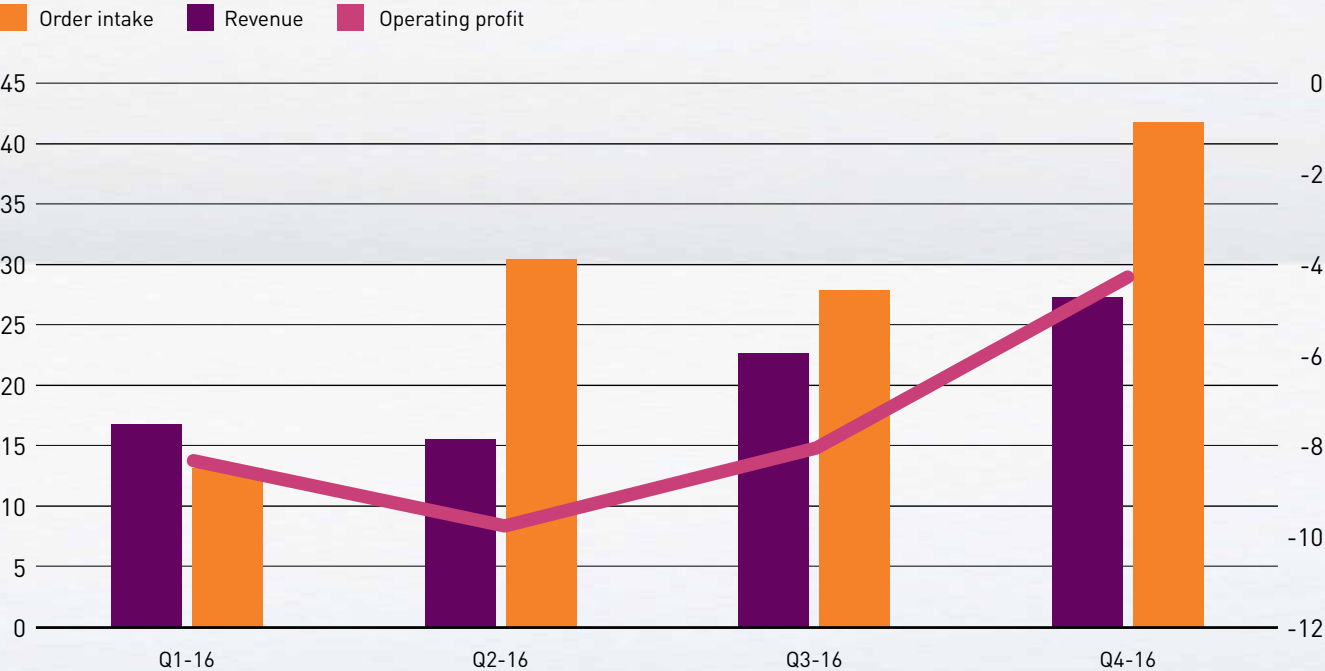
The first product was launched in 2006, when C-RAD introduced the Sentinel™ system, which was based on laser scanning technology and the c4D software platform. The technology has constantly evolved since the first deliveries were made in 2007. In 2011 C-RAD launched the Catalyst™ system, a next-generation optical surface scanning system. Catalyst HD™ was released in December 2013 and in April 2015, C-RAD released a specific version of Catalyst for use in proton and particle therapy. In June 2015, C-RAD completed its acquisition of the Franco-Belgian Cyrpa group, which added their innovative laser solutions for patient positioning and virtual simulation to the C-RAD portfolio.

In 2011 C-RAD began to focus on developing an international sales force in key markets and now has well-established sales and support teams in the US, Germany, China and France.

C-RAD AB has been listed on the Small Cap segment of NASDAQ Stockholm since December 16, 2014.

KEY FIGURES

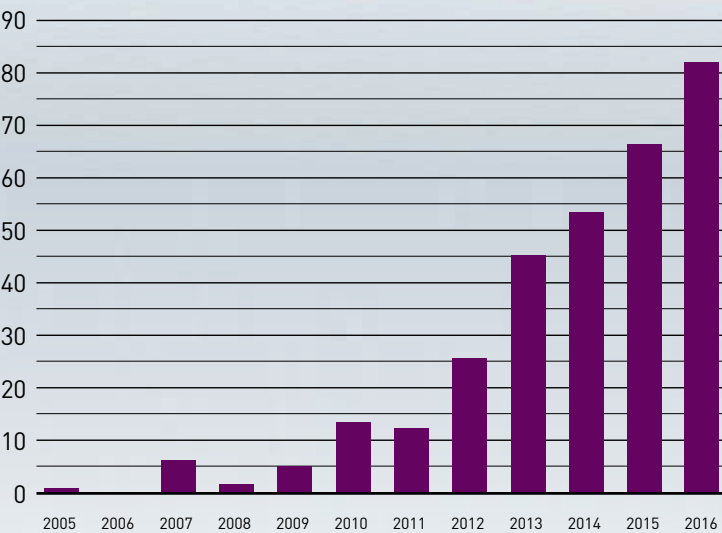
ORDER INTAKE, REVENUE AND OPERATING PROFIT - MSEK



Significant increase in order intake from the second quarter of 2016 onwards yields growing revenue figures in the last quarters of 2016, as well as an improving operating loss on quarterly basis.

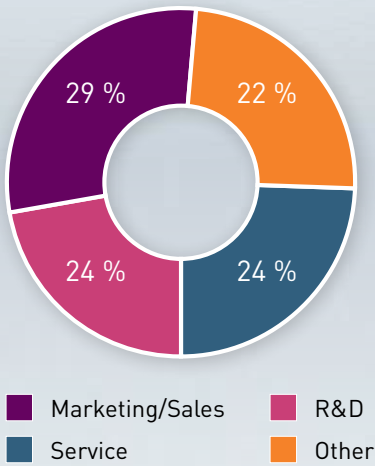
REVENUES - MSEK

82.7 MSEK (66.2), + 25%



Since 2011 C-RAD has focused on expanding its geographic coverage and developing a direct sales organization.

C-RAD PERSONNEL



Over half our team works directly with customers, either with sales or service. Our strong development team assures a flow of future innovations that will benefit customers as well as patients.

WE ARE EXPERIENCING STRONG DEVELOPMENTS IN ORDER INTAKE IN ALL OF C-RAD'S MARKETS.

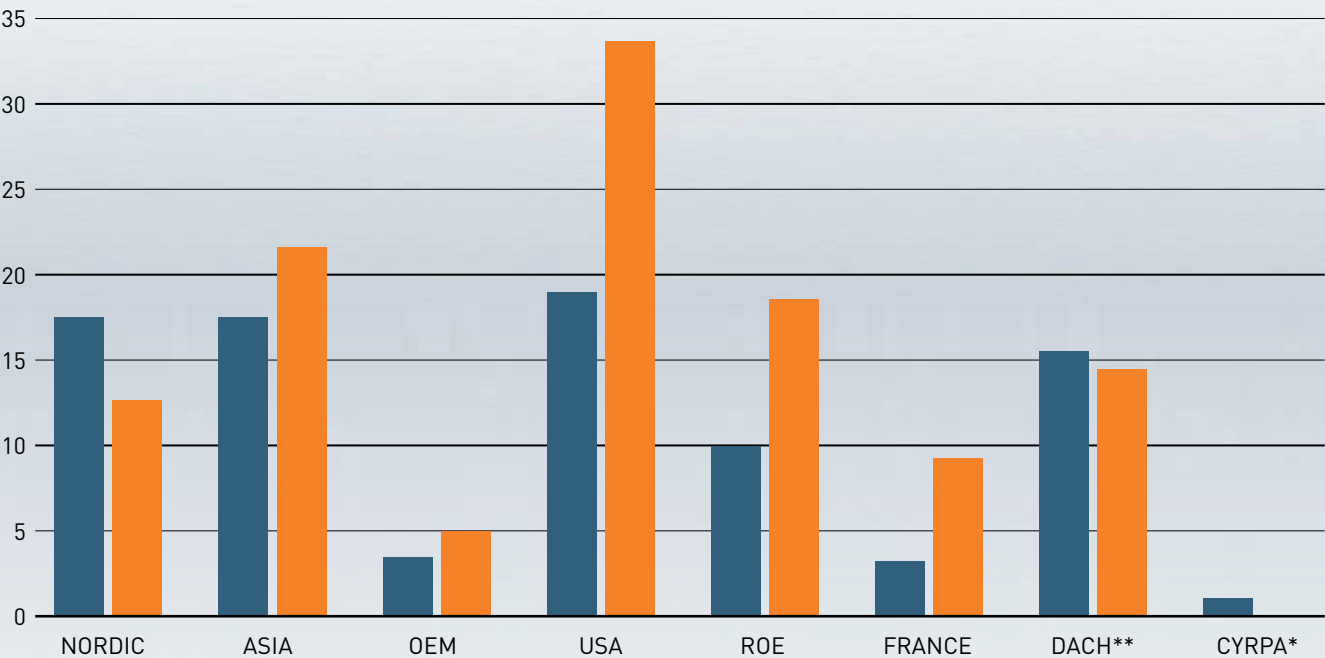
In particular, we are seeing significant growth in the regions where we have strengthened our direct sales organizations. In the US, our largest market, order intake grew by 75% in 2016. C-RADs Life Cycle Business – our service offering including training and maintenance – grew by 35% during the year and generates revenues over the lifecycle of our products.

FORWARD-LOOKING INFORMATION

This report contains forward-looking information that is based on expectations and forecasts of future events. There are risks and uncertainty factors that can affect how these expectations will be realized. Some of these risks and uncertainty factors are described on pages 31-33. C-RAD does not undertake to publicly update or revise forward-looking information, over and above what is required by law or exchange regulations.

ORDER INTAKE - MSEK

C-RAD Group: 113.5 MSEK (88.1) + 29%



Following continued investments in the sales and service teams in the North American region, the US reinforced its position as C-RADs largest market. France, as well as the rest of Europe and Asia, also showed significant growth after investments in the local sales forces. *CYRPA order intake is included in the other regions as of July 2015 **Germany, Austria & Switzerland



PRESIDENT'S STATEMENT

*SIGNIFICANT PROGRESS IN PROVIDING INNOVATIVE CANCER CARE
SOLUTIONS ADVANCING HUMAN LIFE.*

In 2016 we continued to see an increasing demand for the C-RAD products and that our solutions are gaining broader market acceptance. I am proud of what we achieved in the year and I am also really proud that C-RAD's cutting-edge solutions are helping to cure more cancer patients and improve their quality of life.

Order intake for the C-RAD group increased with 29% from 88 mSEK in 2015 to 113,5 mSEK in 2016. Revenues increased in the same period with 25% to 82,7 mSEK. During the year, we have built up an organization for sales and service in our largest markets to even better consult and serve our customers and ultimately to increase the business in the regions. Looking to the order development we can see that the last quarter orders for our largest business segment – Sales of Positioning Products – showed a plus of 70%, the second largest segment – Sales of service contracts- increased with 41%. The revenues followed accordingly and the fourth quarter showed an increase of 36% compared to the same period in the previous year. The order conversion period – the time between order intake and delivery and revenue recognition – has been unchanged with approximately 6 months.

Analyzing the performance in our sales regions: The North American market has repetitively shown the highest order intake on an annual sight. Due to the size of the market with approximately 3.000 cancer centers and the advanced level of cancer care the market show significant potential for us. C-RAD has been able to gain important academic sites as customers. Just recently we announced a large order from the MD Anderson Group. MD Anderson is considered to be one of the best cancer centers worldwide. The European business showed a substantial growth during the last year as well. The same trend can be seen in the region Asia, where the main driver was the Chinese Market. In the beginning of 2016 C-RAD received regulatory clearance in China for its main product line – the Catalyst. Due to the high interest, we received a large order from our Chinese distributor. The increasing number of large projects is confirming the interest and the confidence customers and partners have in C-RAD's cutting edge solutions.

The gross profit margin has increased during the year from 53 % in 2015 to 57 % in 2016 on an annual sight. At the same time, we could reduce the stock levels for material substantially. These are the first results from the optimization of our supply chain.

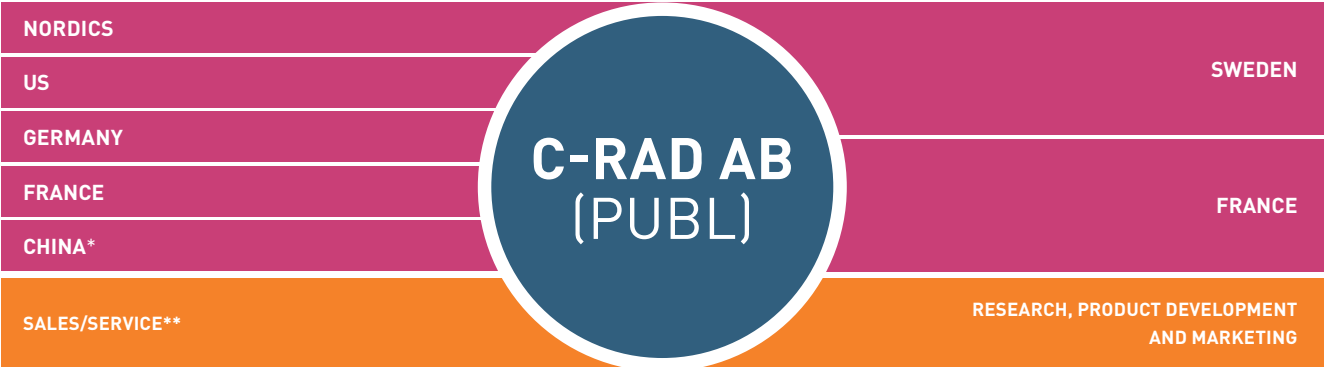
“The increased momentum we built in 2016 was exemplified by a number of developments during the year and is now building a solid foundation for our future.”

The year 2016 was characterized by substantial investments in sales and service personnel, the costs related to the expansion caused a loss of 30 mSEK. However, we see the results from those investments through significant growth in order intake for our products already in the second half. Looking at the fourth quarter we see fixed costs on a similar level as in the third quarter. Moving forward we expect fixed costs will not increase substantially - as in 2016. With the current organization in place we are prepared to deliver long-term sustainable growth.

The increased momentum we built in 2016 was exemplified by a number of developments during the year and is now building a solid foundation for our future. Most relevant for us are the overall developments within radiotherapy that create an increasing demand for precise patient positioning. With a dedicated and passionate team, we have built a strong organization in order to provide innovative solutions to customers that fulfil their demands. We see significant profitable growth opportunities for the future and more important, we are confident to provide even better cancer care to the patients that benefit from our product, says Tim Thurn, CEO of C-RAD.

Tim Thurn
President, C-RAD

C-RAD-GROUP



*Direct sales and distributors **Other markets, sales via partners

The Company is engaged in development and sales of innovative systems with applications in advanced radiation therapy for the treatment of cancer. The systems can be used to position the patient prior to the treatment and to localize and monitor the tumor by recording information such as patient movements during radiation treatment. The aim is to increase the accuracy and efficiency of radiotherapy as well as to minimize radiation damage to the patient's healthy tissue and organs at risk.

Business model

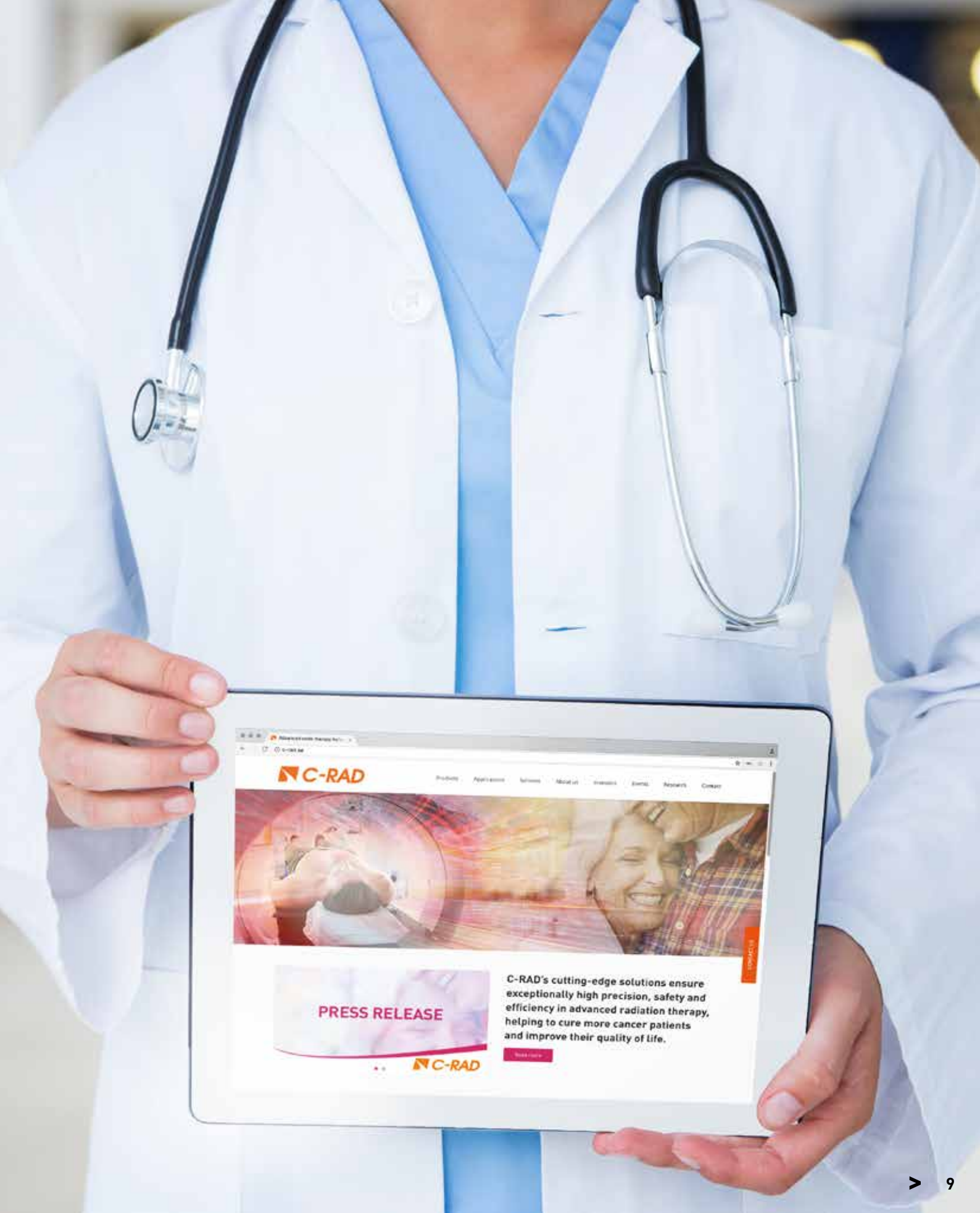
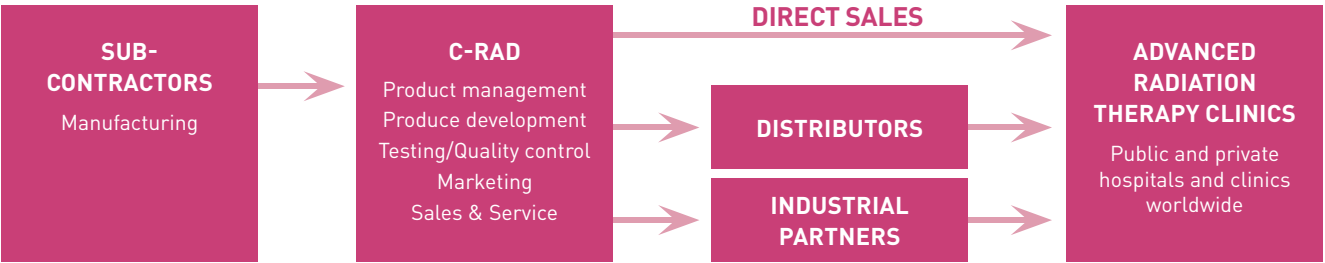
The C-RAD business model relies on subcontractors for manufacturing of the Company's products. C-RAD is focusing on product development, sales and marketing, supply chain as well as quality control and certification of products. The international subsidiaries are responsible for local marketing and sales as well as service and support. Medical centers that provide advanced radiation therapy worldwide are the end users of C-RAD's products. C-RAD is currently focusing its sales activities on Europe, North America and East Asia, thereby covering about 80 percent of the global radiation therapy market. Depending on the market the products are distributed through three different channels:

Direct sales - The Company maintains its own sales force in the following regions: Scandinavia, German-speaking countries, North America, France. In China C-RAD is working with direct sales and a distributor. In 2016, direct sales accounted for the largest share of a total of 113.5 MSEK in order intake.

Distributors - In several markets, mainly in Asia and partly in Europe, independent distributors specializing in radiation therapy equipment and who have local connections are responsible for sales and service. Selection criteria when choosing distributors include a proven track record in radiation therapy sales, as well as adequate resources to provide high-quality technical services, for example an in-house service organization. Sales through distributors accounted for 16 percent or 18.0 MSEK of 2016 order intake.

Industrial partners - Sales are also made through industrial partners active in the field of radiation therapy. Procurement processes for C-RAD systems are often conducted simultaneously with procurement processes for linear accelerators. Sales activities are therefore often carried out in close cooperation with the manufacturers of radiation equipment, such as Varian and Elekta, as well as CT vendors. Sales through our industrial partners accounted for 15 percent or 16.6 MSEK of 2016 order intake. It is the Company's objective to further develop this sales channel.

Organization and Group structure - The Parent Company C-RAD AB (publ) provides group-wide services in sales and administration. The Group comprises eight wholly-owned subsidiaries, out of which three in Sweden. In Scandinavia C-RAD is appointed distributor for various companies that develop complementary products in the field of quality assurance and patient positioning in radiation therapy.



**C-RAD'S CUTTING-EDGE SOLUTIONS ENSURE
EXCEPTIONALLY HIGH PRECISION, SAFETY AND
EFFICIENCY IN ADVANCED RADIATION THERAPY,
HELPING TO CURE MORE CANCER PATIENTS AND
IMPROVE THEIR QUALITY OF LIFE.**

**C-RAD.
INSPIRING EXCELLENCE
IN CANCER TREATMENT.**

C-RAD MISSION STATEMENT

OUR STRATEGY

PRODUCT EXCELLENCE

With its current product portfolio C-RAD is focused on optical patient positioning and patient monitoring products. The key selling points are workflow optimization, safety and radiation-free positioning. The core products Sentinel and Catalyst are aimed at providing our customers first-class solutions for treating breast cancer patients. The Catalyst HD is tailored for stereotactic treatments.



"My role as a project leader at C-RAD gives me the benefit to further develop the C-RAD solutions together with passionate and knowledgeable colleagues. It is very rewarding to bring forward new innovative solutions in close cooperation with our clinical partners. I have been working with R&D at C-RAD since 2005, and the interesting and exciting initiatives never ends. To me, C-RAD is a company that takes action to improve the quality of life for people in need of radiation therapy."

Åsa Kronander, Project Leader and Quality Engineer

With the acquisition of Cyrpa in 2015, C-RAD completed its product portfolio in the field of optical patient positioning. Lasers for virtual simulation and for the treatment room are sold with every linear accelerator and every CT that goes into radiation therapy departments. The key selling points are high accuracy and automatic calibration with the patented SmartPhantom.

SALES OPTIMIZED FOR GROWTH

Our sales strategy is focused on three sales channels: direct sales, sales through our industrial partners and distributors. Clinical customers appreciate a thorough dialog before issuing a purchase order to C-RAD. As part of the sales process our sales people evaluate the exact needs of the customer and configure the system to their requirements.

Even though our sales people usually work directly with the end customer, the purchase order is in many cases part of a larger package that might include a linear accelerator or a CT. Here the cooperation with our partners is essential.

The key criteria for us to decide to establish a direct sales organization in a region are the market's maturity and potential. Because of the complexity of the products, C-RAD

obtains the best results if a dedicated person is focused on the sales of C-RAD equipment. In Asia C-RAD works with distributors in all markets. Local customs and business practices require a distributor as the link between C-RAD and clinical customers. Also in smaller European markets, C-RAD selects local distributors to provide the C-RAD offering to the customer.

The advantages of a direct sales organization are a closer contact between the organization and clinical customers. The financial volumes of the products and the complexity make a dedicated direct sales force profitable within a short period of time.

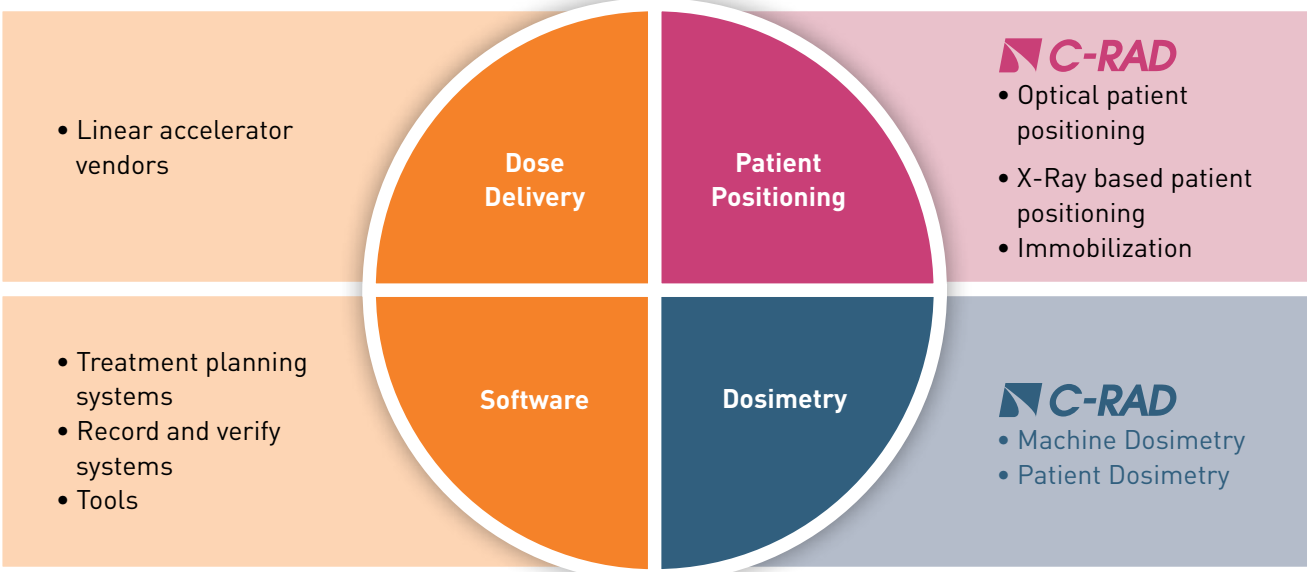
During 2016 C-RAD considerably increased its direct sales force to further develop our presence in the key markets.



"I am pleased to see that the investments in our local sales organizations are showing great results and that we have a strengthened service organization in place to assure high quality installation and support of the growing installed base. C-RAD acts in a market characterized by strong growth, and we are now in a good position to take on the increasing customer demand."

Therése Björklund, CFO

RADIATION THERAPY



With the current product portfolio, C-RAD offers solutions within patient positioning and dosimetry.

SERVICE AS A STRATEGIC ELEMENT

The C-RAD Service Life Cycle Business partly to create long-range customer relations based on product life cycles, and partly to achieve more stable income streams based on repeated payments.

C-RAD Services covers today primarily all soft products such as service contracts, dedicated application training, and installation services. We have service contracts with different levels, and customers can choose a full-service agreement that includes full support for hardware and software as well as preventive maintenance. Less comprehensive service agreements are available that cover only hardware, or only software updates. Customers may choose service contracts on an annual renewal basis, but the most frequently chosen solution is to purchase a long-term service agreement as part of the product procurement. These long-range commitments confirms our

customers' faith in our products and in us as a partner. With the growing need for a service network, C-RAD has established its own C-RAD service organization in key markets. In countries where C-RAD is represented by distributors, C-RAD ensures a high and homogeneous service level by offering regular service training programs at C-RAD's training center for the distributors.

The increasing workload on clinical personnel is an important reason for customers to outsource service and quality assurance tasks to experts. C-RAD service engineers can ensure rapid and professional support and intervention when necessary.

For application training, C-RAD is establishing a network of application specialists, both employees and clinical consultants, who have dedicated knowledge in the field of optical patient positioning with C-RAD products.



"I am glad that I have joined C-RAD during an exciting period. We see substantially increasing customer demand for our optical surface tracking solution: with our recent strengthening of our global service organization I am proud to take on the challenges together with a powerful and competent team. Our service and after sales products are ranging from project planning through installation, training and service contract offerings. Our goal is to provide highest quality service and ultimate customer satisfaction to support profitable growth."

Lars Gusch, Global After Sales and Support Manager

MARKET OVERVIEW

The need for cancer care

Cancer is the second leading cause of death worldwide after cardiovascular diseases.

There were 8.8 million cancer deaths in 2015 worldwide. The highest cancer rates are in developed regions: North America, Europe and Australia and New Zealand. A study from the American Cancer Society published in 2016 showed that every second male and every third female in the US will be diagnosed with cancer during their lifetime. The most common cancers are breast cancer, prostate cancer and lung cancer. The number of new cases is expected to rise by about 70 percent over the next two decades, indicating a very large need for advanced cancer care. While the number of cancer cases has risen in part because of increased life expectancy, diagnostics have also improved. More cases of cancer are therefore detected, and increasingly at an early stage, which improves the chances of curing the disease.

The main treatment methods are surgery, radiotherapy and chemotherapy. Cancer patients are often treated with a combination of these methods.

According to the International Atomic Energy Agency (IAEA), there are currently approximately 8,000 centers and approximately 11,000 linear accelerators worldwide that treat and monitor the tumor during treatment. Since smaller treatment margins around the tumor are used, to further reduce dose application to healthy tissue the interest in systems for both tumor localization and patient positioning is continuously increasing. C-RAD considers this development to be positive since the Company offers products in these market segments.

Certain cancers are easier to treat with radiation than others, depending in part on where the tumor is located and the character of the surrounding tissue. About 80 percent of all breast cancer cases and 50 percent of prostate cancer cases are treated with radiation therapy. Lung cancer and liver cancer are more challenging to treat with traditional techniques within radiation therapy, because these organs are surrounded by more sensitive tissue that could be damaged by radiation. This further increases the need for supporting cancer patients using radiation therapy.

Development of radiation therapy

Radiation therapy uses high-energy X-rays to kill cancer cell structures. The objective is to expose the tumor tissue to high radiation dose and at the same time spare the surrounding healthy tissue to avoid side effects of

the treatment. Radiation oncology has undergone intense development in recent years to further improve treatment quality. Even though currently only around 25 percent of all cancer patients receive radiation therapy, it has been shown by research that 50 percent of all cancer patients should be treated with radiation therapy. The advantages are cost- efficient and relatively safe treatments. Mainly because the introduction of new advanced radiation therapy methods such as IGRT, IMRT, VMAT and stereotactic treatments make it possible to deliver even higher doses of radiation to the tumor volume while minimizing radiation doses to surrounding healthy tissue. Stereotactic treatment techniques such as SRS (Stereotactic radio surgery) or SBRT (stereotactic body radio therapy), are treatments where in a limited number of fractions – high doses of radiation – are delivered with sub millimeter accuracy to the cancer cells. According to a study from Morgan Stanley Research in the US and Europe there will be a major shift from 3D conformal radiotherapy (3DCRT) during the next two years. It is expected that IMRT is taking over as the most important treatment technique measured in the number of cases treated. Stereotactic treatments are also expected to take a substantially larger share of the treatments the total treatments. Those techniques – IMRRT and SRS/ SBRT - makes it even more important to precisely position the tumor and its location in the body, after which the radiation dose can be adapted more efficiently, thereby allowing more cancers to be successfully treated with radiation therapy. C-RAD’s respiratory gating solutions help to improve treatment of these cancers.

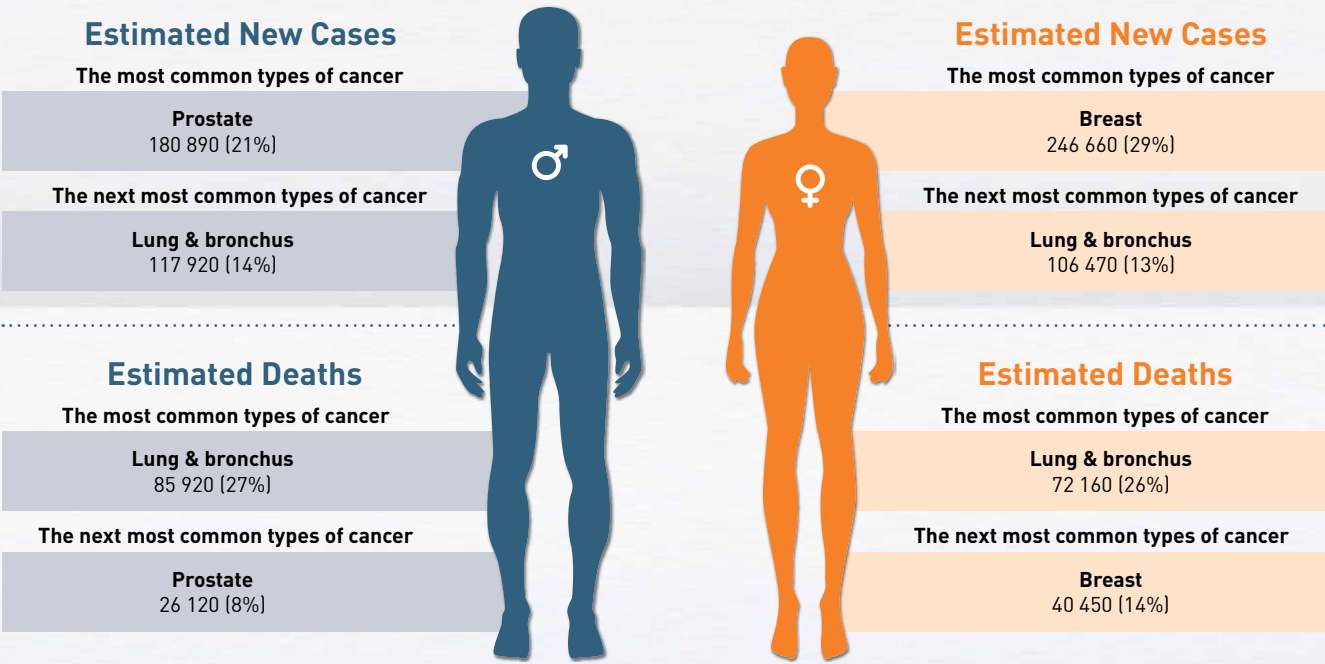
Market for radiation therapy

The past ten years have been characterized by very rapid growth in radiation therapy. It is expected that radiotherapy will grow by 6.2 percent CAGR over the next five-year period. The global market is expected to be 7.5 bn USD by 2020. The market for the linear accelerators is dominated by Varian Inc. and Elekta AB. Both companies together cover a market share of approximately 90% for new linear accelerator installations. Other vendors such as Accuray Inc. serve the market with a specialized treatment systems. Various vendors with a limited annual sales volume focus on the price sensitive customers primarily in the emerging markets.

The drivers of this market growth are technical advances indiagnostics and therewith the possibility to identify cancer at an earlier stage, a generally aging population, increasing incidence of cancer cases globally due to lifestyle factors such as cigarette smoking,

LEADING NEW CANCER CASES AND DEATHS IN THE US

Source: 2016, American Cancer Society, Inc., Surveillance Research



A study published in 2016 by the American Cancer Society shows the expected development of cancer cases. C-RAD is prepared to support customers with its solutions to improve treatment quality for the two most important cancer indications for men and women. This opens up a large potential market for C-RAD.

alcohol, pollution and other factors, and growing adoption of radiotherapy devices and procedures. The cost-effectiveness of radiotherapy is an additional advantage over the two main alternatives in cancer treatment (surgery and chemotherapy). The overall cost considerations and increasing availability and accessibility of cancer care from clinics and in major markets will drive further growth of radiotherapy. C-RAD estimates that average growth for advanced radiotherapy equipment has been around 20 percent annually. In developed markets the trend is to choose new treatment techniques for new installations, as well as for replacement equipment. While growth through newly built cancer centers is mainly driven from Europe and emerging markets in Asia, in the US we primarily see replacements of existing linear accelerators. A linear accelerator can normally be used in average for ten years. The US is the largest market for radiotherapy products and accounts for about 40 percent of the global market. Other major markets for advanced radiotherapy technology are Germany, France and Japan. In recent

years, markets such as China and India have grown, and are expected to play a greater role moving forward.

Radiation therapy is often also easier on the patient, especially compared to drug therapy, since it causes more damage to diseased cancer cells while minimizing exposure of healthy tissue.

The strong market growth has been driven by the introduction of new advanced radiation therapy technologies in recent years, such as image-guided radiotherapy (IGRT) and volumetric modulated arc therapy (VMAT), a faster method of delivering IMRT, in part through better control of the radiation dose and how the gantry head moves around the patient. Radiosurgery treatment procedures such as SBRT (stereotactic radiation therapy) and SRS (stereotactic radio surgery) are becoming increasingly important. An important requirement to successfully perform the new treatment techniques is to control the patient’s motion to precisely deliver the radiation to the tumor and spare the surrounding healthy tissue.



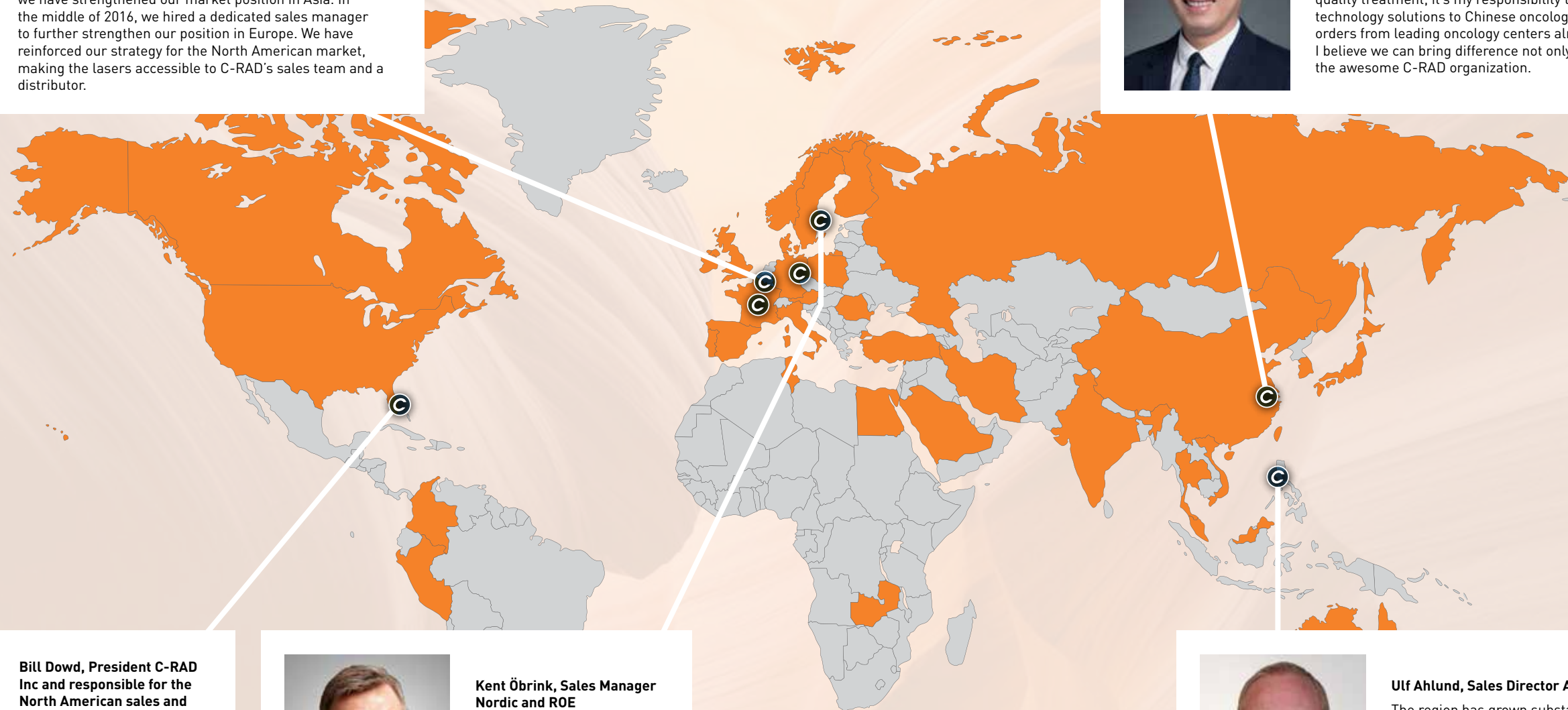
Rocio Hernandez Viciano, Vice President Cyrpa, Belgium.
Responsible for the CYRPA Laser products:

CYRPA has been growing constantly with its laser products for the linear accelerator room and for the CT-room. Globally we have over 250 systems installed. During 2016, we have strengthened our market position in Asia. In the middle of 2016, we hired a dedicated sales manager to further strengthen our position in Europe. We have reinforced our strategy for the North American market, making the lasers accessible to C-RAD's sales team and a distributor.



Kurt Xiaodong Wang, Sales Director of China Region

China is one of the biggest markets in the world for radiation therapy equipment. To support our customers to improve the clinical outcomes and to help that more patients can benefit from a high-quality treatment, it's my responsibility to sell our cutting-edge technology solutions to Chinese oncology centers. We have received orders from leading oncology centers already in 2016. Moving forward, I believe we can bring difference not only to the patients, but also to the awesome C-RAD organization.



Bill Dowd, President C-RAD Inc and responsible for the North American sales and service organization:

The market within North America continues to show an increasing interest in optical surface tracking technology within the clinical community. As such we have appointed local leadership and substantially improved

our support infrastructure in response to this growing demand and forecasted acceleration in order intake leading to an increasing installed base. Additionally, we have also focused on strengthening our relationship with linear accelerator OEM manufacturers local sales and marketing teams to ensure we are engaging the customers earlier in their decision-making process which is leading to a growing opportunity funnel to support our growth initiatives.



Kent Öbrink, Sales Manager Nordic and ROE

Almost one third of the radiation therapy centers in our Nordic domestic market are now equipped with C-RAD technology. Inclusion of surface scanning solutions in the public tenders is becoming the norm.


We also see an increasing demand for our products in the rest of Europe and alongside Germany, where we have been successful for a long time already, we also see an extensive business potential in other countries. C-RAD has a more comprehensive offering now as we can provide clinical solutions for different types of cancer, and our clients experience more clinical advantages in our products.




Ulf Ahlund, Sales Director APAC

The region has grown substantially in radiation therapy over the last years and we expect a continued growth over the next coming 10 years. Thus, I see good opportunities for us to help our customers to improve cancer care within in the region. Specifically, the advanced markets show good potential for C-RAD's cutting edge surface tracking solutions.

The head office of the C-RAD Group is located in **Uppsala, Sweden**. Sales and services offices are located in **Berlin, Germany; Shanghai, China; Delray Beach, Florida, USA; and Paris, France**. Cyrpa, a wholly owned subsidiary, has its head office in **Brussels, Belgium**.

 C-RAD INSTALLATIONS

 C-RAD OFFICES



MARKET REPORT

C-RAD'S STRATEGY IS TO DEVELOP SALES IN KEY MARKETS THROUGH A LOCAL PRESENCE. C-RAD HAS THUS ESTABLISHED SALES AND SERVICE SUBSIDIARIES IN KEY MARKETS AND REGIONS THAT SHOW GREAT POTENTIAL

C-RAD utilizes three sales channels to distribute its products to advanced radiation therapy clinics worldwide. The focus is to develop the direct sales force to drive growth in the key markets. Orders in those regions accounted for 80 percent of the total order intake during 2016. In other important markets C-RAD enters into agreements with distributors who act as resellers. In most sales situations customer purchase the C-RAD equipment through either a tender process or through direct procurement. The sales cycle in tender projects are usually longer than in direct procurements, where the customer can take a decision only based on availability of funds and the understanding of the clinical advantages.

PARTNERS - Sales and distribution agreements have been signed with Elekta and at end of 2015 an agreement with General Electric became active. Elekta has included the Sentinel 4DCT and Catalyst products in its own product catalog since 2013. On a local level in individual markets, C-RAD is cooperating with other vendors such as Varian, Siemens, Philips and Toshiba. This means that Elekta's and General Electric's global sales organizations can include C-RAD products in their quotes. This cooperation is expected to support C-RAD specifically in larger markets, such as North America. We continue to work to strengthen the results from this important sales channel.

NORDIC REGION - C-RAD continues to enjoy a strong position in the Nordic countries. C-RAD has installed more than 60 systems in this market, that has a size of 55 radiotherapy center. The market has a high number of academic treatment centers. We saw a small decrease in orders, which is primarily related to a limited number of new projects during the year. Order intake totaled 12.5 mSEK. In the Nordic region, C-RAD will continue to focus on sales of new configurations. Because of the growing installed base, we also promote upgrade solutions and service contracts to existing customers.

ASIA - Asia represents about 60 percent of the world population but less than 30 percent of the radiation therapy market today. The entire region has about 2.100 radiation oncology facilities. Following the regulatory clearance from

the for the he CFDA authorities in China beginning of 2016, C-RAD received a large order from the Chinese distributor for several Catalyst system. We see a high interest from customers for our advanced surface tracking solutions. Order intake in the region totaled 21 mSEK. The large majority of the customers go through a tender process.

"Because of the growing installed base, we also promote upgrade solutions and service contracts to existing customers"

NORTH AMERICA - The North American market, with almost 3 000 radiation therapy centers, accounts for almost half the global radiotherapy market. During 2016 C-RAD built up a strong organization to support further growth in North America. Following the organizational expansion, the order intake increased with 75 % to 33 mSEK. Important academic and non-academic customers joined the C-RAD user group. As most of the centers are privately funded typically a procurement tender process is not required. The size of the market shows still a high unexploited potential for the advanced C-RAD product portfolio.

EUROPE - Central Europe developed repetitively very strong during the year. Order intake totalled 24.3 mSEK. The most important markets for C-RAD within the region are France and the German speaking countries. In both countries together, C-RAD has approximately 500 potential customers. C-RAD has a well established direct sales and service organization to consult new and existing customers to generate interest for the products. We see a very strong interest also for the life cycle products. The market is mixed between public funded hospitals and also private ran radiotherapy centers. Whereas public funded customers mostly need to go through a public tender during the procurement process, have private customers to possibility to purchase directly from C-RAD.

CLINICAL WORKFLOW

C-RAD's high-performance products support integration in end-to-end multi-vendor treatment workflows, from the computed tomography room to the treatment room. The c4D interface acts as a universal software interface to other vendors' systems. Support is assured patient compliance and advanced quality assurance procedures.



SENTINEL™ 4DCT

- Laser-based optical surface scanning system
- Functionality for 4D CT reconstruction and gated imaging in a CT room.
- Easy to use and integrate



CATALYST

- Advanced IMRT
- Optical surface scanning and back-projection
- Highly optimized application software for workflow integration.
- Automatically and independently verifies many critical parameters that were previously only possible to check manually
- Real-time decision support system

CATALYST HD

- For advanced stereotactic radiation therapy
- Three cameras at optimal angles
- Maximum patient coverage
- Accurate positioning during non-coplanar treatments
- Intra-fraction motion detection to help maintain initial patient position
- Maximum dose delivery within the target



CYRPA LASER

- Laser systems for virtual simulation required for all CT in radiotherapy
- Double diodes for each laser line
- SmartPhantom™ RT automatic calibration of laser system in the CT room.
- Only positioning system guaranteeing accuracy of 0.1mm



CATALYST JPT

- Dedicated proton and particle therapy solution
- Multiple cameras for full patient coverage, independent of couch rotational position.
- Automatic reference adjustments ensure uninterrupted motion monitoring
- Highly flexible with tailored, optimized mounting solutions
- Additional neutron shielding

PRECISION IN ADVANCED RADIATION THERAPY



The Catalyst HD™ system is based on a new-generation hardware and software platform for high-performance optical surface scanning and augmented reality through re-projection. It contains advanced optimized algorithms for non-rigid registration and deformable models that help doctors to assess patient positioning in real time so that errors can be corrected before and during treatment. The modular software currently has three functions: Patient setup and positioning, motion monitoring and respiratory gating. The interface for linear accelerators from Varian and Elekta has been developed for respiratory gating, table control and patient synchronization.



SENTINEL™ 4DCT

The Sentinel 4DCT™ system makes it possible to carry out computed tomography with improved image quality for tumors that move because of the patient's respiratory movements. Patients with left-sided cancers of the breast, lung or liver in particular benefit greatly from the new technology during treatment. Major benefits for the cancer center include integrated workflows, ease of use, and convenience for both patient and staff. In addition, the system can be integrated with the Catalyst system for both Free Breathing and Breath Hold treatments. The system is compatible with CT scanners from General Electric, Philips, Siemens and Toshiba.



4D-IMAGING OCH VIRTUELL SIMULERING

This unique product combination for the CT room is based on the Sentinel 4DCT™ system, the Cyrpa HIT laser system and the c4D software platform. Virtual simulation is used to mark the tumor's position on the patient's skin and is a required step in radiation therapy. Almost all radiotherapy centers purchase laser systems for virtual simulation. 4DCT Imaging is used to improve image quality for tumors that move because of the patient's respiratory movements. The major advantage for the customer is a simplified, integrated workflow in the clinic.



GEMini™

GEMini™ is an X-ray detector that has been developed from the beginning to comply with the new requirements for imaging systems in radiation therapy. The original technology is licensed from CERN in Geneva, and has been further developed by C-RAD through a number of its own patents. Late in 2014 C-RAD intensified its cooperation with CERN on physics simulations and production technology. Recent tests conducted in cooperation with clinical partners showed a continuous improvement in the robustness of the detector for clinical use.



SENIOR EXECUTIVES



TIM THURN

CEO of C-RAD AB and President since July 2013. CEO of C-RAD Positioning AB since 2011. Acting CEO of C-RAD Imaging AB since 2014. Born 1981. Tim Thurn has worked in the field of radiation therapy since 2003 and previously worked with product development at the German laser company LAP GmbH, where he also held the positions of product manager and sales manager. Tim holds a Master in Business Administration and a master degree in Electrical Engineering.

Holdings in C-RAD: 0 A shares, 100,000 B shares, 140 000 warrants.

THERÉSE BJÖRKLUND

CFO since December 2016. Born 1981. Therése Björklund has been working with accounting and company management since 2004 in positions as Head of Finance and Administration at Tbricks, an international financial software developer, and interim CFO at the engineering consultancy firm PQR International Group. Therése has studied Business and Economics at Stockholm Business School and School of Economics and Management in Lund.

Holdings in C-RAD: 0 A shares, 500 B shares, 50 000 warrants.

JOHAN BOSTEDT

R&D Manager since September 2016, before that Johan was lead engineer at C-RAD Positioning AB. Born 1963. Johan Bostedt has long experience as systems engineer, sales engineer and project manager for several technical development projects, e.g. Mobile base station software development and Airborne sea surveillance mission system development. Johan holds a Master degree in physics engineering.

Holdings in C-RAD: 0 A shares, 0 B shares, 0 warrants.

LING ZHANG

Ling Zhang, MD, has been Global Marketing Manager since April 2015. Born 1971. Ling worked between 2007 and 2015 in China as marketing manager for Varian Medical Systems. During the period 1997-2007 he held a number of positions at Siemens Healthcare. Ling Zhang holds a degree as medical doctor.

Holdings in C-RAD: 0 A shares, 0 B shares, 8 000 warrants.

KENT ÖBRINK

Kent Öbrink has been Global sales manager West sedan 2010. Born 1965. Kent has 25 years of experience of different positions in sales in the pharma industry as well as the radiation therapy industry. Before he came to C-RAD he worked as Nordic sales manager at Nucletron for 5 years. He is responsible for sales in large regions in Europe. He holds a degree in laboratory engineering with a specialty in microbiology.

Holdings in C-RAD: 0 A shares, 6 862 B shares, 15 000 warrants.

EXECUTIVE TEAM

Peter Nyman,
Production and Supply Chain Manager

Daniel Pederson,
Manager Quality & Regulatory Affairs

Lars Gusch,
Global After Sales and Support Manager

BOARD OF DIRECTORS



LARS NYBERG, Chairman of the Board
Chairman of the Board since 2016. Lars Nyberg was during 2007-2013 President and CEO at Telia-Sonera AB. 1995-2003 Chairman of the Board and CEO of the 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.

Holdings in C-RAD: 0 A shares, 1 850 000 B-shares.



BÖRJE BENGTSSON, Director
Chairman of the Board between 2007-2016, Director as of July 2016 . Born 1947. Extensive experience from leading positions in listed and unlisted companies, including CEO/Executive Vice President of the Setra Group, Expanda, Mekonomen, Securum Industri and Addum Industri.

Holdings in C-RAD: 0 A shares, 69,687 B shares.



BENGT ROLÉN, Director
Board member since 2014. Born 1953. Management consultant and business developer at Lyktan Invest AB. Temporary CEO/President of the Ergofast Group, part of the Fairford Group. 1992-2010 CEO and president of the Combisafe Group. 1988-2008 partner, Combisafe Group. BSc in Finance, Umeå University.

Holdings in C-RAD: 0 A shares, 158,750 B shares.



PETER HAMBERG, Director
Board member since 2013. Born 1973. BA, San Francisco State University. CEO at Hamberg Förvaltning AB. Several directorships in the real estate and IT industries. Board member of Net Entertainment AB (publ) since 2007.

Holdings in C-RAD: 379,762 A shares held through a company, 933,893 B shares out of which 697,671 held through a company.



BRIAN HOLCH KRISTENSEN, Director
Board member since 2014. Born 1974. Head Physicist at the Radiation Department, Herlev Hospital in Denmark. MSc in physics and mathematics.

Holdings in C-RAD: 0 A shares, 0 B shares.



KICKI WALLJE-LUND, Director
Board member since 2015. Born 1953. Kicki Wallje-Lund has experience in business development in a number of international companies, primarily in banking and finance. She has held senior positions at NCR, Digital Equipment, AT&T, Philips, ICL and Unisys. Other board assignments include Betsson AB (publ), THQ Nordic AB (publ), Wellnet AB and Linkura AB.

Holdings in C-RAD: 0 A shares, 0 B shares.

All directors are independent of the Company and its management and the Company's major shareholders, with the exception of Peter Hamberg, who is independent of the Company and its management, but is not independent of the Company's major shareholders.

C-RAD SHARE

Share price - SEK 2016-01-01 - 2016-12-31



Largest shareholders per 2016-12-31

Shareholder	Class A	Class B	Total	Capital (%)	Votes (%)
Per Hamberg, inkl Hamberg Förv. AB	379 762	2 237 955	2 617 717	8,86%	16,18%
Olle Stenfors	280 000	1 508 000	1 788 000	6,05%	11,55%
Lars Kling	70 000	2 114 836	2 184 836	7,40%	7,55%
Förs.aktiebolaget Avanza Pension	0	2 182 116	2 182 116	7,39%	5,85%
Nordnet Pensionsförsäkring AB	0	1 883 405	1 883 405	6,38%	5,05%
Lars Nyberg	0	1 850 000	1 850 000	6,26%	4,96%
Anders Brahme	133 125	106 500	239 625	0,83%	3,85%
Svea Ekonomi AB	0	1 400 000	1 400 000	4,74%	3,75%
Swedbank Försäkring	0	403 584	403 584	1,37%	1,08%
Other	0	14 982 370	14 982 370	50,73%	40,17%
Total	862 887	28 668 766	29 531 653	100%	100%

SHARE CAPITAL

The share capital in C-RAD is SEK 4,429,749 divided between 862,887 Class A shares and 28,668,766 Class B shares. The total number of outstanding shares is 29,531,653 shares with a par value of SEK 0.15 per share. All outstanding shares are fully paid. C-RAD's Articles of Association provide that share capital shall amount to not less than SEK 3,000,000 and not more than SEK 12,000,000. In addition, the number of shares shall be at least 22,000,000 shares and a maximum of 88,000,000 shares. Holders of Class A shares of C-RAD may submit a request to the Board of Directors to convert Class A shares into Class B shares. Class A and Class B shares may each be issued to the maximum number that corresponds to 100 percent of the share capital.

TRADING IN C-RAD SHARES

C-RAD shares have traded since December 16, 2014 on NASDAQ Stockholm, Small Cap, under the ticker CRAD and ISIN code SE00 0201 6352. The closing price on December 31, 2016 was SEK 12.05 (15.1), corresponding to a market value of SEK 345 million (314), calculated on the total number of outstanding shares. The lowest closing price in 2016 was SEK 8.10 on May 20, 2016 and the highest was 15.5 on January 11, 2016. Average number of shares traded is 68,200 (63,339), worth about SEK 0.7 million (1.0) with an average of 78 trades per trading day (73).

ADMINISTRATION REPORT

The Board of Directors and CEO of C-RAD AB (publ), Company reg. no. 556663-9174, hereby submit the annual accounts and consolidated accounts for financial year 2016. The Board's registered office is in Uppsala. The financial reports will be adopted by the Board and approved for publication on April 4, 2017. The consolidated and Parent Company financial statements will be submitted for approval at the Annual General Meeting on April 28 2017. Figures in parentheses refer to the previous year.

ABOUT C-RAD IN GENERAL

C-RAD is a Swedish company that is headquartered in Uppsala. The company develops, manufactures and sells products and systems in the global market that increase high precision, efficiency and safety in radiotherapy of patients with cancer. The company's innovations originate from Karolinska Institutet and Karolinska Hospital in Solna.

C-RAD started its operations at the turn of 2004/2005. At first the company focused on research and development. Today the company delivers its products to radiation therapy centers worldwide.

Over the past years, C-RAD has pursued an expansion strategy. The prospects for growth with profitability remain strong, based on innovative and clinically accepted products and systems, as well as the continued expansion of the sales organization and service.

C-RAD sells its systems directly to customers, through diagnostic and accelerator companies and through specialized distributors. The company's own direct-selling organization has become increasingly important. C-RAD currently has its own sales organization for the Nordic countries, the German-speaking countries, France, East Asia and North America. As of July 15, 2015, Cyrpa International is a wholly owned subsidiary of C-RAD and fully included in the consolidated financial statements. CYRPA develops innovative products for positioning and virtual simulation within radiotherapy.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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 were recognized as order intake during Q4 2015. During the first quarter, 1.7 MSEK of the above orders were supplied, as well as taken up as revenue. Delivery for the remaining systems was 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 was expected to open in the spring of 2016.

C-RAD COMPLETES A RIGHTS ISSUE OF 45,4 MSEK

On March 15th the Board of Directors proposed a new share issue with preferential rights for the Company's existing shareholders. C-RAD announced on May 19 the outcome of the

rights issue which was subscribed for 70.7%. In total, 5 506 330 shares were emitted, out of which 172,577 Class A shares and 5,333,753 Class B shares. The rights issue was fully guaranteed and provided C-RAD with 45.4 MSEK before issue costs. The subscription price in the Rights Issue was SEK 8.25 per share. C-RAD intended 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 was used to repay a shareholder loan and a bridge loan.

RYHOV COUNTY HOSPITAL IN SWEDEN ACQUIRES FOUR C-RAD SYSTEMS

C-RAD secured an order for three Catalyst HD™ systems and one Sentinel 4DCT™ system from Ryhov County Hospital in Jönköping, Sweden. The order has a total value of 5.2 MSEK. Delivery and installation of the order is scheduled for the third quarter 2016.

C-RAD RECEIVES AN ORDER FOR FIVE CATALYST™ SYSTEMS

C-RAD received an order for five Catalyst™ systems, to be installed at different hospitals in Egypt. The order has a total value of approximately 4.3 MSEK. The delivery and installation of the systems is expected to occur in Q2 2017.

LEADING CANCER CENTERS IN CHINA TO BE EQUIPPED WITH C-RAD TECHNOLOGY

C-RAD received an order from its Chinese distributor for Catalyst™ and Sentinel™ systems, to be installed at leading cancer centers in China. The order has a total value of approximately 7.6 MSEK.

BILL DOWD APPOINTED PRESIDENT OF US SUBSIDIARY C-RAD INC.

C-RAD appointed a dedicated manager for its North American operations. Bill Dowd joined C-RAD 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. This followed an assignment at Eckert & Ziegler Bebig, Inc. where he was the CEO in charge of the

entire US business including sales, service and production. He holds a Master of Business Administration as well as an MSc in Biology.

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.

ORDER FROM BELGIUM FOR C-RAD SYSTEMS

C-RAD has secured an order for a Catalyst HD™, a Catalyst™ system and a Sentinel 4DCT™ system for two radiation therapy centers in Belgium. The order has a total value of 6.1 MSEK and delivery was started in September 2016.

C-RAD COMPLETES PRIVATE PLACEMENT AND GAINS TWO NEW LARGE SHAREHOLDERS

In October 2016, the Board decided on a direct share issue to SVEA Ekonomi AB of 1,400,000 shares with a total value of 15.1 MSEK. The decision was taken with the authorization from the Annual General Meeting 2016. The Extraordinary General Meeting in December 2016 decided upon a direct share issue to Lars Nyberg of 600 000 share with a total 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 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.

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 2015. 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

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

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

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, 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.

OWNERSHIP

At the end of the year C-RAD had 3,303 shareholders according to Euroclear. The three largest shareholders together held 22.32 percent of the shares. As of the record date for the AGM, the company's share capital will amount to SEK 4,429,749 with a par value SEK 0.15 per share, divided into 29,531,653 shares, including 862,887 Class A shares and 28,668,766 B shares. Each Class A share entitles the holder to ten votes and each Class B share carries one vote at the Annual General Meeting. Total number of votes in the company is 37,297,636. No known shareholder agreements exist.

FINANCIAL PERFORMANCE

SALES

Consolidated sales amounted to SEK 82,654 thousand (66,161), an increase of about 25 percent from last year.

The increase is mainly attributable to changes in the Positioning segment. A large part of sales of Sentinel and Catalyst occur in foreign currency, primarily EUR and USD.

OPERATING PROFIT/LOSS AND EXPENSES.

The operating loss was SEK 30,356 thousand (loss: 20,412). Depreciation in the Group amounted to SEK 5,518 thousand (5,567) for the period.

Capitalized development costs for the Group totaled SEK 3,489 thousand (4,266) during the year. Total investments in capitalized expenditures, distribution rights and patents amounted to SEK 26,982 thousand (27,839).

Comprehensive income for the year was a loss of SEK 31,534 thousand (loss: 21,105). During 2015 and 2016, the C-RAD Group has made substantial investments to strengthen the direct sales organization, in line with the Company’s strategy for growth. These investments include recruitments of new personnel within sales and services, primarily in the key markets US, China and France. This has had a direct impact on the income statement as the Company 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 has been seen during 2016. The results from these investments could be seen through significant growth in order intake already in the fourth quarter of 2016. We have now a strong organization to support further growth.

CASH FLOW

Consolidated cash and cash equivalents at December 31, 2016 totaled SEK 12,683 thousand (4,426). Cash flow was SEK 8,067 thousand (-3,172). Cash flow from operating activities and investments was SEK -48,628 thousand in 2016 (-28,905). Cash flow from financing activities totaled SEK 56,702 thousand (25,733). Proceeds from the share issue in Q2 and Q4 2016 covered the negative cash flow from operations and working capital needs, as well as repayment of a short-term loan. As planned, we have also heavily increased our personnel; mainly our direct sales force, which requires financial resources.

FIVE-YEAR SUMMARY

key ratios	2016	2015	2014	2013	2012
Order intake, SEK thousands	113 546	88 100	68 370	50 315	33 100
Net sales, SEK thousand	82 654	66 161	53 192	45 036	25 776
Operating profit/loss, SEK 000s	(30 356)	(20 412)	(13 852)	(20 318)	(19 050)
Profit (loss) before tax, SEK 000s	(31 209)	(21 184)	(14 240)	(20 995)	(19 389)
Total assets	102,102	73,625	71,603	61,772	38,125
Order back log	83 542	60 233	36 364	21 423	n/a
Equaty ratio %	69	54	54	62	43
Average number of employees	40	34	26	26	21

After several years of extensive investments in building up the organization, the Company is now expecting a more stable cost structure going forward. It is estimated that no further capital increases will be needed for the financing of the current business and activities within budget during the coming twelve months.

EQUITY

The Group’s equity amounted to SEK 70,602 thousand (40,048). The Group’s equity ratio has increase from 54 percent in 2015 to 69 percent in 2016.

NON-CURRENT LIABILITIES

C-RAD has seven outstanding convertible loans totaling SEK 11,829 thousand (11,829 thousand). In January 2016, the due date on these loans was extended until January 31, 2018. At the same time, the interest terms changed from STIBOR 3m + 1.8% up to STIBOR 3m + 2.8%. Assuming full exercise of conversion rights, 1,225,383 shares will be issued, resulting in a dilution of 4.15 percent. Conversion to shares will not result in new cash flow.

The long term part of the estimated earn-out payable balance from the acquisition of the remaining shares in Cyrpa is included in non-current liabilities and amounted to 642 KSEK.

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 214 MSEK, out of which 170 MSEK refer to the Swedish entities, and there are currently no time constraints regarding utilization of the losses against future taxable profits.

PARENT COMPANY

The Parent Company’s sales amounted to SEK 19,768 thousand (20,246) and loss before tax was SEK 10,909 thousand (loss: 18,065). The Parent Company incurs the majority of the Group’s administrative expenses. Revenues in the Parent Company consist of invoiced administrative fees to subsidiaries. During the third and the fourth quarter, the parent company wrote down inter-company receivables of 7.5 MSEK towards three subsidiaries, C-RAD Incorporated, C-RAD Positioning AB and C-RAD Imaging AB, and value of shares in subsidiaries referring to C-RAD GmbH and C-RAD Innovation AB of 4.6 MSEK after capital increases in the respective entities.

Cash flow for the Parent Company was SEK 371 thousand (-2,918). Negative cash flow from investing activities totaled SEK -28,187 million (-14,100). Positive cash flow from financing activities comes from the new share issue with preferential rights in the second quarter, and the private placement in the fourth quarter.

RESEARCH AND DEVELOPMENT

A prerequisite for C-RAD’s business success is a strong and innovative R&D team with experience in clinical application as well as hardware and software. To maintain our leading position in the market, we have established direct clinical contacts with leading university hospitals and key personnel in radiation therapy worldwide. Our “Research Fellow Program” is an ambitious platform developed for this purpose. It gives us the opportunity to evaluate and improve existing products and explore new ideas and technologies, all with the goal of contributing to better cancer treatment and making the difference for our users and patients.

During 2016, product development of the Catalyst and Sentinel systems has been prioritized, resulting in new functionality to be delivered during 2017.

GEMini showed good progress in performance tests during 2016, both in short-term repetitive tests and long-term. Our team together with the physics group from CERN is working on further optimization of the product as additional verification of

the product is needed, but we continue to be confident of the technical success of the project.

Capitalized development costs in 2016 amounted to 3.5 MSEK. They are attributable to the GEMini project, 2.8 MSEK, and to product development of Catalyst/Sentinel, 0.7 MSEK.

SIGNIFICANT RISKS AND UNCERTAINTIES

A number of risks have been identified and the impact of these factors is difficult to assess. These factors could have both a negative and a positive effect on the company. The risks are described in Note 32.

When assessing the continued development of the company, these risks must also be considered. The factors are listed below in no particular order.

MARKET GROWTH

The market for advanced radiation therapy is expected to face continued strong growth, especially in the US, which accounts for almost half of the global market. There is a risk that this growth will slow down and that the market in the rest of the world may not grow at the expected rate. A lower growth rate could have an adverse impact on the company’s business, earnings and financial position.

TECHNOLOGICAL DEVELOPMENT AND MARKET ACCEPTANCE

The medical device industry is still undergoing major changes, largely as a result of technological developments in the field. C-RAD develops solutions for use in advanced radiation therapy. There is a risk that these solutions may not gain broad market acceptance, whereby the market could prefer different price levels or other performance/functionality than what C-RAD offers. The company believes that radiation therapy centers are often cautious about introducing new methods and technologies, in part as a result of approval procedures and compensation systems in health care. This may delay market penetration of C-RAD’s products. Moreover, competing solutions that are not currently known could be introduced. If a completely new technology should arise in the field in which C-RAD is active, combined with changing demands and preferences of customers, this could adversely affect market acceptance of the products, which could have a negative impact on the company’s business, earnings and financial position. Intellectual property rights.

Business and sales are to some extent dependent on C-RAD applying for and receiving patent protection for its innovations in the field of radiation therapy in strategically important markets. There are no guarantees that the company will receive patents that are pending or that it will be able to protect patents that have been granted. Even if the company receives patent protection, competing solutions could be developed. There is also no guarantee that in the future a third party will not bring an infringement action against the company. The above risks related to intellectual property rights may have adverse effects on C-RAD's business, earnings and financial position.

PERMITS AND APPROVALS

Marketing and sales of C-RAD products often require regulatory approvals in the relevant markets. The approval process for medical device products varies between countries and between different healthcare systems, which means that it can be difficult to predict what resources in terms of time and costs will be required to obtain product approvals in different markets. There is also no guarantee that the company will be able to obtain and maintain such permits. If C-RAD does not receive strategically important permits and maintain the permits it has for products marketed and sold in strategic markets, this could have material adverse effects on the company's business, earnings and financial position.

TECHNICAL RISK

The C-RAD Group has products that are in both the commercialization and the development stage. Although extensive work has been dedicated to verifying the selected technical solutions, development work could result in technical setbacks, requiring new solutions to be chosen. The result could be costlier development, as well as delayed market introduction and cash flows.

The company manufactures and sells the Sentinel, Catalyst and Catalyst HD systems and Cyrpa lasers. Interest in the systems is strong and the company's assessment is that the cash flow for the systems will provide good profitability, which means that no indication of impairment is present. Should this investment fully or partially fail the company may be forced to write down parts or all of the projects. The assessment is that GEMini will provide good profitability and that no impairment of the investment is present. If delays or major obstacles should arise, the company may be forced to write down the book value of the project.

COMPETITORS IN THE ACCELERATOR FIELD

If a competitor of C-RAD were to initiate a major investment and product development, this could have a negative impact

on C-RAD's sales. Moreover, companies with global operations that currently work in adjacent areas may decide to become established in the same areas of business. Such companies could have larger financial and organizational resources than C-RAD. If C-RAD is unable to adapt its business and products to meet market demand, there is a risk of losing competitiveness, which in turn could have an impact on the company's business, earnings and financial position.

POOR PRODUCT QUALITY

In the medical device field, especially for products related to treatment, high product quality is a critical factor. Even if quickly corrected, quality problems could lead to loss of customers and product liability claims against the company, which could result in increased costs and damage confidence in the company and its products. Such events could have an adverse impact on the company's business, earnings and financial position.

DEPENDENCE ON KEY PERSONNEL

Success is based largely on the skills of the employees in general and of key personnel in particular. The future development of the company largely depends on the ability to attract and retain skilled personnel. If any key personnel should choose to leave the company, it could result in delays in development and higher costs for both product development and recruitment, at least in the short term.

DEPENDENCE ON SUPPLIERS

C-RAD's products are usually manufactured by subcontractors. It cannot be excluded that one or more of these would choose to terminate cooperation with C-RAD and that the company cannot replace the subcontractor in a timely, qualitatively or financially satisfactory manner. There is also a risk that C-RAD's suppliers and manufacturers fail to meet quality requirements. Similarly, establishment of new suppliers or manufacturers could become more expensive and take longer than C-RAD has calculated. Sentinel, Catalyst and GEMini all contain components with long delivery times that are currently only available from a few suppliers. If these components could not be delivered for any reason, or if deliveries should be delayed, deliveries to C-RAD's customers could be delayed. Overall, this could have an adverse impact on the company's business, earnings and financial position.

DEPENDENCE ON COOPERATION AGREEMENTS

C-RAD's sales are made directly to radiation therapy centers and in cooperation with distributors and industrial partners. Building an efficient distribution network is of great importance

for the company's sales performance and requires time and costs for training initiatives and visits to key customers. The company is, and will continue to be, dependent on cooperation agreements with external parties for the sale of the products. If such collaborations with external partners should fail, the company will find it difficult to implement its development plans. There is also a risk that the companies with which C-RAD has signed or will sign, cooperative agreements will be unable to meet their obligations under these agreements. Existing cooperation agreement may also be terminated or changed. Overall, this could have an adverse impact on the company's business, earnings and financial position.

ABILITY TO MANAGE GROWTH

C-RAD's business may grow substantially through a sudden and unexpected increase in demand for its products, which would place great demands on management as well as the operational and financial structure of the company. As the business grows, the company needs to ensure that efficient planning and management processes are in place, which may require investments and allocation of management resources to be able to implement the business plan in a market undergoing rapid development. A fast and strong market response could result in delivery problems. The inability to handle such increased capacity requirements could have a negative impact on the business, earnings and financial position.

FINANCIAL RISK

The company is exposed to potential financial risks such as currency risk, credit risk, interest rate risk, cash flow risk and financing risk.

Currency risk is associated primarily with future transactions, booked assets and debts, as well as investments in foreign subsidiaries.

Credit risk is associated with accounts receivable and the Parent Company's loans to subsidiaries. Customers largely consist of public and private cancer centers around the world. The company has thus far not written off any accounts receivable due to a customer's inability to pay.

Interest rate risks are associated with changes in interest rates that affect the company negatively. The company's long-term interest-bearing notes are in the form of a convertible loan from Norrlandsfonden. The interest on these loans follows STIBOR 90 + 2.8 percent. Excess liquidity is placed in the bank and/or fixed income securities with high ratings.

Cash flow risk is the risk of not being able to meet payment obligations due to insufficient liquidity or a difficulty in

obtaining external loans. The Group has products in the early commercialization phase and technical risks as well as market acceptance could lead to delays in cash flow.

Financing risk is the risk that at a certain point in time not be able to acquire the necessary financing to cover the needs of the current business.

See note 6 for more information on financial risks and financial risk management.

PERSONNEL

At year-end the Group had a total of 46 employees. The average number of employees in 2016 was 40. The company hired new employees globally during the year. The majority of employees work in sales and services. Recruitment of new employees for the C-RAD companies has been successful over the years. The employees have cutting-edge expertise in their respective disciplines. Several also have extensive experience in radiation therapy and radiation physics.

ENVIRONMENT

The Group's environmental impact mainly involves transports and electricity consumption that delivered and installed products require for their operation. The Group's operations are not subject to licensing or reporting requirements under the Swedish Environmental Code.

FUTURE DEVELOPMENT

C-RAD is displaying all the hallmarks of rapid growth: increasing patient needs, vibrant markets, and growing sales in many core regions. The Company continues to see a growing interest in our products and that our solutions are receiving a broader market acceptance. The increasing order intake give proof of the value that our solutions bring to both clients and patients.

GROWING SALES AND ORDER INTAKE

Our activity level continued to increase in 2016. Order intake was 113.5 MSEK (88.1), increasing by 29 percent compared to 2015. After a modest first quarter, the order intake has developed well during the year.

The US is the largest market for C-RAD in terms of order intake. To meet the increasing customer demand in the region, investments has been made in the local sales and service organization. During the summer of 2016, Bill Dowd was appointed President for the US subsidiary C-RAD Incorporated. His experience and well-established network in the field of radiation therapy help us to further build our relations and strengthen the local organization.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

C-RAD is a Swedish public limited company based in Uppsala. Corporate governance at C-RAD AB is based on Swedish legislation, primarily the Swedish Companies Act, the Swedish Code of Corporate Governance (the “Code”), the NASDAQ OMX Stockholm’s listing requirements as specified in the “Rules for Issuers” and the internal instructions and policy documents that the company has established and adopted. The company’s shares have been admitted to trading on NASDAQ OMX Stockholm since December 16, 2014. As of this date, the company is obligated to apply the Code. The Company intends to apply the Code from the time of admission to trading of its shares on NASDAQ OMX Stockholm. If any deviation from the Code should arise, such deviations must be explained in connection with each section. No deviation has occurred.

ANNUAL GENERAL MEETING

The Annual General Meeting is the Company’s highest decision-making body. By law, the Annual General Meeting must be held within six months following the end of the financial year. The Annual General Meeting decides on issues such as adopting the income statement and balance sheet, the disposition of the company’s earnings, discharge from liability, election of directors and appointment of auditors. Notice of the Annual General Meeting, as well as extraordinary general meetings where questions regarding amendments to the Articles of Association are addressed, must be issued no earlier than six and no later than four weeks before the

Meeting. Notice of other General Meetings must be issued no earlier than six and no later than three weeks before the Meeting. Shareholders recorded in the register maintained by Euroclear on behalf of C-RAD no later than five business days before the meeting and who have expressed their intention to participate to the Company as described in the Notice of the Meeting have the right to attend and vote at the Annual General Meeting. Shareholders may be represented by proxy. Notice of the meeting is issued in accordance with the Companies Act no earlier than six and no later than four weeks before the meeting.

AUTHORIZATION 2016 PROVIDED BY THE GENERAL MEETING

The AGM authorized the Board to decide if C-RAD will issue a maximum of 2,500,000 new B-shares.

ARTICLES OF ASSOCIATION

C-RAD’s Articles of Association contain no restrictions on how many votes each shareholder may cast at a General Meeting. Each Class A share entitles the holder to ten votes and each Class B share carries one vote at the Annual General Meeting. The total number of shares is 29,531,653. Moreover, C-RAD’s Articles of Association do not include any specific provisions on the appointment and dismissal of directors or on amending the Articles of Association

NOMINATION COMMITTEE

The Nomination Committee’s task is to submit proposals prior to the Annual General Meeting regarding, among other things, Chairman of the Board, directors, auditors, remuneration to the Board and, where appropriate, proposals for appointment of auditors and for their fees. Principles for appointing the Nomination Committee are resolved by the Annual General Meeting. C-RAD’s Nomination Committee prior to the 2017 Annual General Meeting consists of Per Hamberg, Olle Stenfors, and Lars Nyberg. The Nomination Committee appointed Per Hamberg to be chairman of the Committee.

BOARD OF DIRECTORS

The Board conducts its work as described in the Swedish Companies Act, the Code and other rules and regulations applicable to the company. The overarching task of the Board of Directors is to manage the company’s affairs and organization. The Board currently consists of six members and the company has ensured that the composition is adapted to meet the requirements of the Code. For additional information about the current Board of Directors and Group management, please see the relevant sections on pages 24 & 25.

RULES OF PROCEDURE AND BOARD MEETINGS

At the Board meeting following the Annual General Meeting, the Board of Directors of C-RAD adopts the rules of procedure with instructions regarding the rules of procedure between the Board and the Chief Executive Officer, as well as instructions for financial reporting. The Board holds at least four ordinary meetings in addition to the statutory meeting. Meetings are coordinated as far as possible with the timing of financial reporting and the Annual General Meeting. In addition to regular meetings, the Board is called to other meetings as situations dictate. In 2016, the Board met 12 times, including the statutory meeting

ATTENDANCE AT BOARD MEETINGS IN 2016

Director:	Number of meetings
Lars Nyberg**	5
Börje Bengtsson	11
Peter Hamberg	10
Frank Lohr*	1
Brian Holch Kristensen	9
Bengt Rolén	10
Kicki Wallje-Lund	11

*Frank Lohr left the board in April, 2016

**Lars Nyberg joined the board in July, 2016, following election by Extraordinary General Meeting.

Evaluation of the Board’s work is done once per year. The Chairman organizes evaluation through questionnaires, compile the results and present at the following board meeting where the discussions are ongoing and any area for improvement identified.

BOARD COMMITTEES AND COMMITTEE WORK

The Board assigned an audit committee in May 2016. Members of the audit committee are Kicki-Wallje Lund (chairman of the committee) and Bengt Rolén. During 2016, the audit committee held three meetings.

The Board does not currently have a remuneration committee. Instead, the Board holds the opinion that the tasks that would otherwise be performed by such Committees are better performed by the Board of Directors in its entirety.

INTERNAL CONTROL

According to Swedish corporate governance rules, the Board of Directors shall ensure that C-RAD has adequate internal controls and remains informed of and evaluates the Company’s internal control systems. During 2016, the board assigned an audit committee that evaluates the development of the Company’s financial functions and reporting in regular meetings. An important part of the control environment is that the organization and decision-making procedure, as well as responsibilities and authorities are clearly defined and communicated in policy documents. C-RAD has adopted policies and procedures relating to financial reporting, as well as a financial manual that includes accounting policies, financial policy and reporting procedures. Control activities are designed to prevent, detect and correct errors and deviations and include for example comparison of profit and loss items, account reconciliation, monitoring and reconciliation of Board decisions and policies adopted by the Board. The Board reviews the interim and the annual reports before publication.

Levels and rules for approval of transactions within the company and with external partners are set through an authorization procedure. The company also has rules for approval of transactions.

INTERNAL AUDIT

The Board has determined that existing internal control processes and functions at C-RAD are adequate and there is no need to introduce an internal audit function. The monitoring provided by the Board, management and the Company’s external auditors is currently considered to fulfill this need. However, the Board conducts an annual assessment to determine whether such a function is necessary to maintain good control of the Company and the Group.

FINANCIAL REPORTING AND FOLLOW-UP

Under applicable laws and stock exchange rules as well as other regulations applicable from time to time, the company strives to regularly provide accurate, reliable and timely financial information. Financial information is published regularly as quarterly reports, annual reports and press releases containing news and significant events that may affect the share price. The company’s CFO prepares a monthly report on key performance indicators for the Board.

REMUNERATION TO THE BOARD OF

DIRECTORS

The Annual General Meeting decides on remuneration to the Board of Directors. At the Annual General Meeting April 14, 2016 resolved that the Chairman shall be paid SEK 200,000 in remuneration for 2016 and the other Directors shall be paid SEK 100,000 each.

REMUNERATION TO SENIOR EXECUTIVES

Total remuneration to senior executives Tim Thurn, Erling Tomasson, Kent Öbrink, Cristina Svensson, Mats Granlund, Ling Zhang, Johan Bostedt, and Therése Björklund in 2016 was SEK 7.3 million, of which SEK 1.7 million related to remuneration to Tim Thurn, CEO. All amounts relating to remuneration to senior executives do not include social security contributions. Pension costs for senior executives during 2016 totaled SEK 706,317. Pension terms for Executive Management are in line with those of other employees within the Group. Tim Thurn, Therése Björklund and Kent Öbrink are employed by the Parent Company C-RAD AB while Johan Bostedt and Ling Zhang are employed by the affiliate C-RAD Positioning AB.

The following changes has occurred within the senior management of C-RAD during 2016: Erling Tomasson (former CFO) left the company in December 2016 and was replaced by Therése Björklund. Cristina Svensson (former R&D Manager) commenced a new position within the Group in September 2016 and was replaced by Johan Bostedt. Mats Granberg left the Company in July 2016.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The 2017 Annual General Meeting will resolve on guidelines for remuneration to senior executives. The Board of Directors proposes the following guidelines for remuneration to senior executives. The term ‘senior executives’ refers to the CEO and the people who are in Group management. Remuneration to the CEO and other senior executives will consist of fixed salary, other benefits and pension provisions. The total remuneration will be market-based and competitive, and also be related to responsibility and authority. Upon termination of the employment contract by the Company, termination and severance pay will not exceed eight (8) months’ salary. Pension benefits will follow the ITP plan and any additional portions will be based on defined contributions, unless specific reasons are present to indicate otherwise. The retirement age for Executive Management shall normally be 65 years. The Board may only deviate from these guidelines if special reasons are present in individual cases.

REMUNERATION TO AUDITORS

At the 2016 Annual General Meeting, Grant Thornton was appointed to serve as auditor for the company, with Mia Rutenius as principal auditor. Remuneration is paid to the auditor on a time and materials basis. For further information on fees, see note 13 of the 2016 Annual Report. Audit assignments refer to auditing of the annual accounts, accounting records and administration by the Board and the CEO, as well as other duties that the company’s auditor is obligated to perform, as well as the provision of advice or other assistance as a result of observations made in conjunction with such an examination or the performance of other such duties. Everything else is classified as other assignments.

PROPOSED APPROPRIATION OF PROFITS

The following funds in the Parent Company are at the disposal of the Annual General Meeting, in SEK:

Retained loss	- 81 927 913
Share premium reserve	246 945 896
Profit for the year	-10 909 322
Total retained earnings	154 108 661

The Board and the President propose that the retained earnings of SEK 154 108 661 be carried forward.

OWNERSHIP STRUCTURE – OWNERS OF AT LEAST 10 PERCENT OF VOTES

Shareholders	A shares	B shares	Total shares	Capital (%)	Votes (%)
Per Hamberg, including Hamberg Förv. AB	379 762	2 237 955	2 617 717	8,86%	16,18%
Olle Stenfors	280 000	1 508 000	1 788 000	6,05%	11,55 %
Other	203 125	24 922 811	25 125 936	85,09%	72,27%
Total	862 887	28 668 766	29 531 653	100 %	100 %

FINANCIAL REPORTS

All amounts in SEK unless otherwise specified.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2016	2015
Operating income			
Net sales	11	82 653 556	66 160 751
Own work capitalized		3 488 777	4 265 767
Other operating income	12	507 426	4 536 583
Total operating income		86 649 759	74 963 102
Operating expenses			
Purchased goods and services		-35 904 126	-32 082 943
Other external costs	13,14	-33 682 546	-26 627 610
Personnel costs	15	-41 532 458	-31 098 130
Depreciation and amortization of property plant and equipment, as well as intangible assets	19,20	-5 886 832	-5 566 722
Other operating expenses		0	0
Total operating expenses		-117 005 962	-95 375 405
Operating profit/loss (EBIT)		-30 356 204	-20 412 304
Profit (loss) from shares in associated companies	21	0	43 289
Financial income	16	8 315	23 083
Financial expenses	16	-861 287	-837 911
Profit (loss) before tax		-31 209 176	-21 183 842
Tax on profit/loss for the period	17,18	0	0
Profit (loss) for the year		-31 209 176	-21 183 842
Other comprehensive income			
Translation difference from foreign operations		-325 063	79 028
Total comprehensive income for the year (1)		-31 534 239	-21 104 815
Earnings per share			
Earnings per share, basic		-1,21	-0,99
Earnings per share, diluted		-1,14	-0,93

(1) 100 percent attributable to Parent Company shareholders.

All amounts in SEK unless otherwise specified.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS	NOTE	31-12-2016	31-12-2015
Intangible assets			
Capitalized development expenditure	20	21 016 112	20 839 216
Distribution rights	20	5 226 182	6 073 626
Patents, licenses and similar rights	20	739 779	925 907
		26 982 073	27 838 749
Property, plant and equipment			
Equipment	19	3 337 095	4 582 811
Financial assets			
Non-current receivables	6,21	106 162	152 732
Deferred tax assets	18	7 094 209	7 094 209
Total financial assets		7 200 371	7 246 941
Total non-current assets		37 519 539	39 668 501
CURRENT ASSETS			
Inventories	7	6 360 335	10 342 084
Accounts receivable	6,27	36 528 223	12 910 054
Other receivables		3 442 969	2 358 817
Prepaid expenses and accrued income	8	5 568 381	3 919 500
Cash and bank balances	6,26	12 682 863	4 426 075
Total current assets		64 582 771	33 956 531
Total assets		102 102 310	73 625 031

All amounts in SEK unless otherwise specified.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	NOTE	31-12-2016	31-12-2015
Equity			
22			
Share capital		4 429 749	3 303 799
Additional paid-in capital		255 230 227	193 978 600
Retained earnings		-157 523 550	-136 050 911
Profit (loss) for the year		-31 534 239	-21 183 842
Total equity		70 602 187	40 047 645
Non-current liabilities			
23			
Convertible bonds		11 829 115	11 829 115
Other non-current liabilities		641 834	992 905
		12 470 949	12 822 020
Current liabilities			
Accounts payable		7 582 201	9 013 795
Warranty provisions	28	1 225 044	1 064 000
Other current liabilities		2 337 389	6 730 407
Accrued expenses and deferred income	29	7 884 538	3 947 167
		19 029 172	20 755 368
Total liabilities		31 500 121	33 577 388
Total equity and liabilities		102 102 310	73 625 031

For information on pledged assets and contingent liabilities, see note 30.

All amounts in SEK unless otherwise specified.

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2016	2015
Operating activities			
Operating profit/loss before financial items		(30 356 204)	(20 412 304)
Adjustments for non-cash items	25	5 747 877	587 004
Interest received		8 315	23 083
Interest paid		(861 287)	(837 911)
“Cash flow from operating activities before working capital changes”		(25 461 299)	(20 640 127)
Increase (decrease) operating receivables		(26 051 201)	269 017
Increase (decrease) inventories		3 981 749	(2 838 410)
Increase (decrease) operating liabilities		2 907 645	258 502
Cash flow from operating activities		(44 623 107)	(22 951 018)
Investing activities			
Acquisition of intangible assets		(3 488 777)	(4 265 767)
Acquisition of property, plant and equipment		(516 445)	(1 953 034)
Acquisition associated companies		0	0
Cash and cash equivalents from acquired subsidiaries		0	264 375
Loans provided/granted		0	0
Cash flow from investing activities		(4 005 222)	(5 954 426)
Financing activities Financing activitiest			
Rights issue		61 599 156	25 146 258
Warrants		144 762	298 702
Debt repayment		(5 041 498)	(4 506 372)
Borrowings	23	0	4 794 886
Cash flow from financing activities		56 702 420	25 733 474
Cash flow from financing activities		56 702 420	25 733 474
Cash flow for the year		8 074 091	(3 171 971)
Opening cash and cash equivalents		4 426 075	7 623 092
Exchange rate differences in cash and cash equivalents		182 697	(25 046)
	26	12 682 863	4 426 075
Closing cash and cash equivalents			

All amounts in SEK unless otherwise specified.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Opening equity 2015-01-01	3 041 639	171 331 689	(135 889 279)	38 484 049
Rights issue	262 500	24 920 000		25 182 500
Issue expenses		(16 150)		(16 150)
Other transfers equity	(341)	(2 256 940)		(2 257 281)
Equity component, convertible loan			(161 632)	(161 632)
Total transactions with owner	262 159	22 646 910	(161 632)	22 747 438
2015 profit/loss			(21 262 870)	(21 262 870)
Translation difference, foreign operations			79 028	79 028
Total comprehensive income for the year			(21 183 842)	(21 183 842)
Closing equity 2015-12-31	3 303 798	193 978 599	(157 234 753)	40 047 646
Rights issue	1 125 950	65 841 272		66 967 222
Issue expenses		(5 368 066)		(5 368 066)
Other transfers equity		144 762	(339 756)	(194 994)
Equity component, convertible loan			50 959	50 959
Total transactions with owner	1 125 950	60 617 968	(288 797)	61 455 122
2016 profit/loss			(31 209 176)	(31 209 176)
Translation difference, foreign operations		633 660	(325 063)	308 597
Total comprehensive income for the year		633 660	(31 534 239)	(30 900 579)
Closing equity 2016-12-31	4 429 749	255 230 227	(189 057 789)	70 602 187

All amounts in SEK unless otherwise specified.

PARENT COMPANY - INCOME STATEMENT

	NOTE	2016	2015
Operating income			
Net sales		19 767 970	20 245 834
Total operating income		19 767 970	20 245 834

Operating expenses			
Other external costs	13,14	-8 094 980	-11 063 299
Personnel costs	15	-8 998 856	-7 255 904
Depreciation/amortization	19,20	-23 255	-20 804
Avskrivningar immateriella tillgångar		-847 444	-847 444
Other operating expenses		0	0
Total operating expenses		-17 964 535	-19 187 451

Operating profit/loss (EBIT)		1 803 435	1 058 384
Profit/loss from shares in and receivables from Group companies	21	0	0
Interest income and similar profit/loss items	16	4 970	5 358
Interest expense and similar profit/loss items	16	-12 717 727	-19 128 663
Profit (loss) before tax		-10 909 322	-18 064 922
Tax on profit/loss for the period		0	0
Profit (loss) for the year		-10 909 322	-18 064 922
Other comprehensive income		0	0
Comprehensive income for the year		-10 909 322	-18 064 922

All amounts in SEK unless otherwise specified.

PARENT COMPANY - BALANCE SHEET

NON-CURRENT ASSETS	NOTE	31-12-2016	31-12-2015
Intangible assets			
Distribution rights	19	38 362	61 617

Property, plant and equipment			
Equipment	20	5 226 182	6 073 626

Financial assets		21	
Shares in Group companies		108 128 370	84 512 355
Shares in associated companies		0	0
Receivables from Group companies		62 040 485	33 628 156
Other non-current receivables		0	0
		170 168 855	118 140 511
Total non-current assets		175 433 399	124 275 754

CURRENT ASSETS			
Other receivables		120 579	296 438
Prepaid expenses and accrued income	8	690 149	635 521
Cash and bank balances	26	465 502	94 835
Total current assets		1 276 230	1 026 794
Total assets		176 709 629	125 302 548

All amounts in SEK unless otherwise specified.

PARENT COMPANY - BALANCE SHEET

EQUITY AND LIABILITIES	NOTE	31-12-2016	31-12-2015
EQUITY			
Restricted equity	22		
Share capital		4 429 749	3 303 799
Non-restricted equity			
Share premium reserve		246 945 896	186 328 110
Retained earnings		-81 927 913	-63 862 990
Profit (loss) for the year		-10 909 322	-18 064 922
		154 108 661	104 400 198
Total equity		158 538 411	107 704 000
Non-current liabilities			
Convertible bonds	23	11 718 442	11 718 442
Non-current liabilities	23	641 834	992 905
		12 360 276	12 711 347
Current liabilities			
Accounts payable		1 058 449	1 675 658
Skulder till koncernbolag		2 439 560	0
Other current liabilities		1 258 649	1 256 928
Accrued expenses and deferred income	29	1 054 284	1 954 616
		5 810 942	4 887 202
Total liabilities		18 171 218	17 598 549
Total equity and liabilities		176 709 629	125 302 548

For information on pledged assets and contingent liabilities, see note 30.

All amounts in SEK unless otherwise specified.

STATEMENT OF CASH LOWS, PARENT COMPANY

EQUITY AND LIABILITIES	NOTE	2016	2015
Operating activities			
Operating profit/loss before financial items excl. interest		(10 909 322)	(18 064 922)
Adjustments for non-cash items	25	11 054 961	19 298 852
Other non-cash items			
Interest received		4 970	5 358
Interest paid		(576 565)	(179 387)
“Cash flow from operating activities before working capital changes”		(425 956)	1 059 901
Increase (decrease) operating receivables		(28 291 098)	(9 260 417)
Increase (decrease) accounts payable		(617 209)	793 983
Increase (decrease) operating liabilities		1 189 876	(1 875 952)
Cash flow from operating activities		(28 144 387)	(9 282 485)
Investing activities			
Acquisition of property, plant and equipment		0	0
Shareholder contributions		(28 187 365)	(14 100 000)
Loans provided/granted to associated companies		0	0
Acquisition associated companies		0	0
Payment of loan to subsidiary		0	0
Investments in subsidiary		0	0
Cash flow from investing activities		(28 187 365)	(14 100 000)
Financing activities			
Rights issue		61 599 156	25 166 350
Warrants		144 762	298 210
Increase (decrease) current financial liabilities		(5 041 498)	(5 000 000)
Borrowings	23	0	0
Cash flow from financing activities		56 702 420	20 464 560
Cash flow for the year		370 667	(2 917 926)
Opening cash and cash equivalents		94 835	3 012 761
Exchange rate differences in cash and cash equivalents		0	0
Closing cash and cash equivalents	26	465 502	94 835

All amounts in SEK unless otherwise specified.

STATEMENT OF SHAREHOLDERS' EQUITY, PARENT COMPANY

	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	TOTAL
Closing equity 2014-12-31	3 041 639	161 636 064	(64 373 343)	100 304 362
Reported opening equity 2015-01-01	3 041 639	161 636 064	(62 819 634)	101 858 069
Correction opening balance			(1 553 709)	(1 553 709)
Restated opening balance 2015-01-01	3 041 639	161 636 064	(64 373 343)	100 304 360
Rights issue	262 500	24 920 000		25 182 500
Issue expenses		(16 150)		(16 150)
Other transfers equity	(340)	(211 806)	510 353	298 207
Equity component, convertible loan			0	0
Total transactions with owner	262 160	24 692 044	510 353	25 464 557
2015 profit/loss			(18 064 922)	(18 064 922)
Closing equity 2015-12-31	3 303 799	186 328 110	(81 927 912)	107 704 000
Rights issue	1 125 950	65 841 272		66 967 222
Issue expenses		(5 368 250)		(5 368 250)
Other transfers equity		144 762		144 762
Equity component, convertible loan			0	0
Total transactions with owner	1 125 950	60 617 784	0	61 743 734
2016 profit/loss			(10 909 322)	(10 909 322)
Closing equity 2016-12-31	4 429 749	246 945 896	(92 837 235)	158 538 411

All amounts in SEK unless otherwise specified.

NOTES

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All amounts in SEK unless otherwise specified.

1. NATURE OF THE BUSINESS

The primary business of C-RAD AB and its subsidiaries (the Group) is to develop, manufacture and sell products and systems that ensure high precision, efficiency and safety in radiotherapy of patients with cancer.

2. GENERAL INFORMATION AND COMPLIANCE WITH IFRS

C-RAD AB, the Group's Parent Company, is a public company incorporated and domiciled in Sweden. Its headquarters and principal place of business is located at Bredgränd 18, 753 20 Uppsala, Sweden. C-RAD AB's shares are listed on NASDAQ OMX in Stockholm.

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU Commission for application within the EU. The preparation of financial statements in compliance with IFRS requires the use of a number of important estimations for accounting purposes. Furthermore, when applying the Group's accounting policies, management must make certain assessments. The areas which involve a high degree of assessment, which are complex, or such areas in which assumptions and estimations are of material significance for the consolidated financial statements, are set forth in Note 31.

The Parent Company applies the same accounting policies as the Group except in the cases described under "Parent Company accounting policies". The differences arising between the Parent Company and the Group's accounting policies are attributable to limitations on the ability to apply IFRS in the Parent Company as a result of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and to some extent based on tax considerations.

The consolidated financial accounts for the year ended December 31, 2016 (including comparatives) were approved for issue by the Board on April 4, 2017. Regulations in Sweden stipulate that the financial statements may not be changed after they have been approved.

3. NEW AND UPDATED STANDARDS APPLICABLE FOR FINANCIAL YEARS BEGINNING ON JANUARY 1, 2017 AND LATER.

A number of new and updated standards are applicable for financial years beginning on January 1, 2017 and later. More information on these standards can be found below. There have been no updated standards or changes in standards that has required changes in the accounting principles or note information.

4. STANDARDS, AMENDMENTS AND INTERPRETATIONS RELATING TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards were published by the IASB. These have not yet entered into force and have not been early adopted by the Group.

Group Management expects that all relevant statements will be implemented in the Group's accounting policies during the first reporting period beginning after the date the statement becomes effective. Information on new standards, amendments and interpretations that are expected to be relevant to the consolidated financial statements is given below. Certain other new standards and interpretations have been issued but are not expected to have any material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard introduces changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new expected credit loss model for the impairment of financial assets. Client loss for the Group has been, and is expected to be, very moderate why the possibly effect of the changes in IFRS 9 is not considered to be substantial. IFRS 9 also provides new guidance on the application of hedge accounting. The Group is currently not hedging interest or currency exposure meaning that this change will not imply any changes in the Group Accounting. The new standard must be applied for financial years beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers'

IFRS 15 inför nya krav för intäktsredovisningen och IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, IAS 11 Construction Contracts, and

several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning January 1, 2018 or later. The Board of Directors and the CEO of the Group has assessed the impact of IFRS 15 on these consolidated financial statements to be very moderate as the business model of the group implies transactions where the transfer of risk and responsibility between seller och buyer is clear by the delivery of the sold product. Other agreements, for example service agreements, contains specified services during an agreed period of time.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leasing agreements and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The new standard implies that all assets and liabilities referable to contracts that are considered to be a leasing contract in the meaning of the standard should be recognized on the balance sheet. In the income statement, depreciation is reported separately from interest expense related to the lease liability. Exceptions for recognition on the balance sheet are leases of low value items and short term leases of less than 12 months. Agreements that are recognized as operational leasing will hence be activated in the balance sheet. This standard is not expected to have a material impact on the financial position of the Group as the leasing contract exposure is rather limited. IFRS 16 is effective beginning January 1, 2019.

5. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies used in preparing the consolidated financial statements are summarized below.

5.1 BASIS OF CONSOLIDATION

The consolidated financial statements include the operations of the Parent Company and the subsidiaries through December 31, 2015. The Parent Company has a controlling influence over the subsidiary if the company is exposed, or has rights to variable returns from its involvement in the subsidiary, and has the ability to affect yields by exercising its dominant influence over the subsidiary. The balance sheet date for all subsidiaries is December 31.

The consolidated accounts include C-RAD AB, the wholly owned subsidiaries C-RAD Positioning AB, C-RAD Imaging AB, C-RAD Innovation AB and the US wholly-owned C-RAD Incorporated and the German wholly-owned C-RAD GmbH and the Belgian wholly owned subsidiary CYRPA International. All intercompany transactions and balance items are

eliminated on consolidation, including unrealized losses on intercompany sales of assets which are reversed on consolidation.

Net income and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the date on which the acquisition or disposal enters into force, as appropriate.

The purchase method is used to recognize the Group's acquisitions of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable acquired assets and assumed liabilities and contingent liabilities in an acquisition of a business are initially measured at the fair values on the acquisition date, regardless of the scale of any non-controlling interests. The surplus that comprises the difference between the cost and the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill. Acquisition costs are expensed as incurred.

5.2 INVESTMENTS IN ASSOCIATES

Associates are those entities in which the Group is able to exercise significant influence, but which are not subsidiaries. Investments in associates are recognized using the equity method. Any goodwill or value adjustment attributable to the Group's interest in an associate is not reported separately but is included in the carrying amount of the investment. The carrying value of investments in associates increases or decreases by the Group's share of the associate's profit.

5.3 TRANSLATION OF FOREIGN CURRENCIES

Transaktioner i utländsk valuta räknas om till den funktionella. The consolidated financial statements are presented in SEK, which is also the Parent Company's functional currency. Transactions in foreign currencies are translated to the functional currency of each Group company, based on the prevailing exchange rates on the date of the transaction (spot rate). Gains and losses on foreign currency as a result of settlement of such transactions and due to the revaluation of monetary items using the closing rate are recognized in profit or loss.

Non-monetary items are not translated on the balance sheet date, but are valued at historical cost (adjusted for the rate on the transaction date), except for non-monetary items measured at fair value, which are translated at the exchange rate at the date when fair value was determined.

The order back-log contains received but not yet delivered orders, valued to average exchange rate.

5.4 FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

Assets and liabilities of foreign subsidiaries are translated from the respective Group company’s functional currency to the Group’s reporting currency at the rate on the balance sheet date. Revenues and expenses in foreign operations are translated into SEK at the average rate, which is an approximation of the rates on each transaction date. The average rate is calculated quarterly. Exchange differences arising on translation of foreign operations are recognized in other comprehensive income. The functional currency of Group companies has remained unchanged during the reporting period.

5.5 SEGMENT REPORTING

The Group has two operating segments: positioning and imaging. When identifying operating segments, Group management usually follows the Group’s business areas, which correspond to the main products and services that the Group offers. (see Note 11).

Each operating segment is managed separately because each requires different resources and methods. All transactions between segments are carried out on a commercial basis.

The Group uses the same valuation principles for segment reporting under IFRS 8 as in its financial statements.

5.6 REVENUE

Revenue arises from the sale of goods and provision of services. Revenue is measured at the fair value of the consideration the Group receives or will receive for goods supplied and services rendered, excluding sales tax, rebates and trade discounts.

Sales of goods are recognized when the Group has transferred the significant risks and rewards associated with ownership to the buyer, normally when the customer has possession of the goods, usually at delivery or installation, depending on the agreed terms of delivery. Sales of services are recognized when services are rendered. Multi-annual service agreements are recognized over the term of the contract.

5.7 OPERATING EXPENSES

Operating expenses are recognized in profit or loss when the service is utilized or when the event occurs. Warranty costs are recognized when the Group incurs an obligation, which usually occurs when the product is sold.

5.8 BORROWING COSTS

Borrowing costs directly attributable to acquisitions, construction or production of a qualifying asset are capitalized during the period of time required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period incurred and recognized in “Financial expenses.” The Group currently has no qualifying assets.

5.9 INTANGIBLE ASSETS

Expenses directly attributable to the development phase of a project are recognized as intangible assets provided they meet the following requirements:

- The development expenditure can be reliably measured.
- The project is technically and commercially feasible.
- The Group intends and has sufficient resources to complete the project.
- The Group has the ability to use or sell the product.
- The product will generate probable future economic benefits.

Development expenditures that do not meet these criteria for capitalization are expensed as incurred.

Directly attributable costs include personnel costs incurred during product development, along with an appropriate portion of relevant overhead and borrowing costs.

Reporting in subsequent periods

All intangible assets, including capitalized internal development, have a finite useful life. They are therefore recognized at cost, whereby capitalized costs are depreciated over their estimated useful lives. Residual values and useful lives are reviewed at each balance sheet date. In addition, impairment testing is carried out as described in note 20.

Other intangible assets

Other intangible assets acquired by the Group are recognized at cost less accumulated amortisation and impairment.

The following useful lives are applied:

- Capitalized development costs: 5 years
- Patent: 10 years

Internally developed products that are not yet finalized and that have been capitalized, are not amortized but tested for impairment in accordance with Note 20.

Depreciation is included in the item “Depreciation and amortization of property plant and equipment, as well as intangible assets”. Subsequent expenditures on maintenance of products and patents are expensed as incurred.

5.10 PROPERTY, PLANT AND EQUIPMENT

Assets are initially recognized at cost or manufacturing costs, including expenses for putting the asset in place and in condition to be used according to Group management’s intentions. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is linear based on cost less the estimated residual value. The following useful lives are applied:
IT equipment and other equipment: 3-10 years

Significant estimates of residual values and estimated useful lives are updated as necessary, though at least once a year.

Operational leasing

A leasing contract is operational when the economic benefits associated with ownership of the object, in all material respects, are not transferred to lessee. The leasing fee is therefore allocated linearly over the lease term.

Financial leasing

A leasing contract is financial when the economic benefits associated with ownership of the object, in all material respects, are transferred to lessee.

All current leasing obligations in the Group refer to operational leasing contracts.

5.11 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

When there is an indication that an asset or group of assets declined in value, its carrying value is assessed. In cases where the carrying amount exceeds the estimated recoverable amount, the carrying amount is immediately written down to the recoverable amount. Impairment testing of intangible assets is reviewed annually and when indications of impairment are present. The recoverable amounts of assets are determined based on calculations of useful value. When determining value in use, the present value of the future cash flows that the asset is expected to give rise to during its useful life is estimated. Impairment testing is performed at the lowest level at which separate cash flows can be identified. Future cash flows are taken from the company’s business plan.

The amount by which the asset’s carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use, is recognized as an impairment loss. To determine value in use, Group management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of these cash flows. The data used for impairment testing purposes are directly connected to the Group’s

budget, adjusted as necessary to exclude the effects of future reorganizations and improvements of assets.

Discount factors are determined individually for each cash-generating unit and reflect Group management’s assessment of their respective risk profiles, such as market and asset-specific risk factors.

5.12 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized, according to IAS39, when the Group becomes a party to the contractual provisions of the financial instrument. These are measured at initial recognition at fair value, adjusted for transaction costs.

Financial assets are removed from the statement of financial position when the contractual rights relating to the financial asset expire, or when the financial asset and significant risks and rewards are transferred. A financial liability is derecognized from the statement of financial position when it is extinguished, discharged, canceled or expires.

Classification and subsequent measurement of financial assets
At subsequent valuation, those financial assets that are not identified and effective as hedging instruments, are classified in the following categories at initial recognition:

- loans and receivables.
- financial assets at fair value through profit or loss.
- held to maturity investments.
- available-for-sale financial assets

The impairment of financial assets except those measured at fair value through profit or loss should be tested at least once each reporting period to determine whether there is objective evidence of impairment of a financial asset or group of financial assets. Different criteria to determine impairment are used for each category of financial assets, which are described below.

All revenues and expenses relating to financial assets that are recognized in profit or loss are classified as “Financial expenses”, “Financial income” or “Other financial items” except for impairment of accounts receivable classified as “Other expenses”.

Loans and receivables

The category includes financial assets that are not derivatives with fixed or determinable payments, and which are not quoted in an active market. After initial recognition, they are measured at amortized cost, using the effective interest method, less provisions for any impairment losses. All of the Group’s financial assets belong to this category.

Loans

Loans are initially recognized at fair value, net of transaction costs and subsequently measured at amortized cost using the effective interest method.

Accounts receivable

Accounts receivable are reported net of allowances for doubtful receivables. Provision for doubtful receivables are based on individual assessment of accounts receivable made with regard to expected bad debts. Since accounts receivable have a short maturity, they are reported at the amount expected to be received based on an individual assessment of doubtful receivables without discounting using the amortized cost method. Impairment of accounts receivable (if any) affects operating income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with financial institutions and short-term investments with original maturities of three months or less. Cash and cash equivalents are carried at nominal amounts.

Loans payable

Loans payable are initially recognized at fair value, net of transaction costs and subsequently measured at amortized cost using the effective interest method.

Convertible loan

A convertible loan is recognized as a compound financial instrument divided into a liability component and an equity component. Upon initial recognition of the convertible loan, the fair value of the liability component is determined based on the present value of the contractually determined stream of cash flows based on a discount rate determined from the market rate of comparable instruments without the conversion option. Subsequent to initial recognition, the liability component is measured based on its amortized cost, using the effective interest method. The carrying value of the liability component then gradually approaches the nominal value of the convertible loan. The gradual increase in the debt component is recognized in the income statement as interest expense and, together with the coupon rate comprises the total reported interest on the convertible loan. The equity component is calculated as the difference between the nominal value of the convertible loan and the initially recognized fair value of the liability component and is carried at a fixed value in shareholders' equity. Transaction costs related to the issue of the convertible loan are distributed between the liability and equity component in proportion to the distribution of the issue proceeds. The transaction costs are included in the calculation of amortized cost, using the effective interest method, and are expensed over the term of the convertible loan.

Accounts payable

The valuation principle for accounts payable is the amortized cost principle. The expected lifetime for accounts payable is short and thus the payables are reported at nominal value without discounting.

5.13 PROVISIONS

Provisions are recognized when the Group has or may be considered to have an obligation as a result of past events and it is probable that payments will be required to settle the obligation. A further condition is that a reliable estimate can be made of the amount that has to be paid. Estimated costs for product guarantees are charged against operating expenses in conjunction with income recognition of the products.

5.14 FAIR VALUE

Group management uses valuation techniques in calculating the fair value of financial instruments in those cases where there are no prices in active markets and for non-financial assets. This involves making estimates and assumptions that are consistent with how market participants would price the instrument.

Group management bases its assumptions as far as possible on observable data, but these are not always available. In these cases, Group management uses the best information available. An estimated fair value may differ from the actual price that could be achieved in a transaction on commercial terms on the balance sheet date.

5.15 INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost includes all costs directly attributable to the manufacturing process. Costs for commonly replaceable articles are allocated according to the first in, first out principle. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.16 CAPITAL AND RESERVES

Share capital represents the nominal value of issued shares.

Share premium includes premiums (if any) received on issue of share capital. Transaction costs directly attributable to the issue of new shares or warrants are recognized, net of tax, in equity as a deduction from the proceeds

5.17 DEFERRED TAX

Deferred tax is recognized using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated based on the tax rates decided on or announced as of the balance sheet date, which can be expected to be in effect when the relevant deferred tax asset is realized or the deferred tax liability is paid.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

5.18 PENSIONS AND REMUNERATION TO EMPLOYEES

Pension plans have been classified as defined contribution plans and correspond with the public pension plan. Remuneration to employees in the form of salary, paid holiday, etc., are reported as they are earned.

5.19 GOVERNMENT GRANTS

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received and that the company will comply with all attached conditions.

Government grants related to expected costs are reported as deferred income. The grant is recognized in the period when the costs for which the grant is intended to compensate arise.

Government grants relating to the acquisition of property, plant and equipment reduces the carrying amount of the asset.

5.20 RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Expenditures on development, where research findings or other knowledge is applied to produce new products or applications, are recognized as intangible assets when the criteria for capitalization under IAS 38 are met. The carrying amount includes all directly attributable costs, such as materials, purchased services and benefits to employees.

5.21 STATEMENTS OF CASH FLOWS

The statement of cash flows is prepared using the indirect method. The reported cash flow includes only transactions involving payments and disbursements.

5.22 PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for Legal Entities. RFR 2 means that the Parent Company shall apply IFRS standards as far as this is possible within the framework of the Annual Accounts Act and with consideration given to the relationship between accounting and taxation. The differences between the Group's and the Parent Company's accounting policies are stated below. The following accounting policies for the Parent Company were applied consistently in all periods shown in the Parent Company's financial reports.

Shareholder contribution

Shareholder contributions are recognized directly in equity by the recipient and capitalized as shares and participations by the issuer, to the extent no impairment loss is identified.

Revenue

The Parent Company's income consists primarily of invoiced management fees from subsidiaries.

Shares in Group companies

Shares in Group companies are recognized using the cost method less impairment. Acquisition-related transaction costs are included in cost. When there is an indication that shares in subsidiaries or associated companies decreased in value, the recoverable amount is estimated. If this is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized in financial items in the income statement.

6. ASSET MANAGEMENT, RISKS AND RISK MANAGEMENT

Asset management

The Group’s objective for asset management is to ensure the ability to continue operations and to provide adequate return to shareholders by pricing products and services at an equivalent level of risk.

Financial risk management

The Group is exposed to various kinds of financial risk in its business operations. Financial risks refer to fluctuations in the company’s profits and cash flow as a result of changes in currency exchange rates, interest levels, financing and credit risks. The Group’s finance policy for managing financial risks has been prepared by the Board and forms a framework of guidelines.

The Group does not engage in active trading of financial assets for speculative purposes. The most significant financial risks to

which the Group is exposed are described below.

Sensitivity to foreign currency

Most of the Group’s transactions are denominated in SEK. Exposure to exchange rate fluctuations arises from the Group’s sales to and purchases from other countries. These sales and purchases are mainly denominated in USD and EUR.

The Group monitors cash flows that are not denominated in SEK to reduce its exposure to foreign exchange risk. The Group does not use foreign exchange forward contracts to reduce its currency risk.

Disclosure of financial assets and liabilities in foreign currencies that expose the Group to foreign currency risk is provided below.

		SHORT-TERM EXPOSURE		LONG-TERM EXPOSURE
16-12-31		EUR	USD	EUR
Financial assets		15 648 272	19 021 217	
Financial liabilities		(6 675 743)	(2 175 392)	(641 834)
Total exposure		8 972 529	16 845 825	(641 834)

15-12-31				
Financial assets		11 918 242	2 588 536	46 570
Financial liabilities		(4 786 731)	(1 114 205)	(992 905)
Total exposure		7 131 511	1 474 331	(946 335)

The following table shows the sensitivity of income and equity in terms of the Group’s financial assets and financial liabilities and exchange rates: USD/SEK and EUR/SEK “all else being equal”. A change of +/- 10% of the exchange rate SEK/USD is assumed for the year that ended December 31, 2016 (2015: 10%). A change of +/- 5% is assumed for the exchange rate SEK/EUR (2015: 5%). Both of these percentages were determined based on average market volatility in exchange rates during the previous twelve months. The sensitivity analysis is based on the Group’s consolidated financial assets and financial liabilities in foreign currency held on each balance sheet date.

If the SEK had appreciated against the USD by 10% (2014: 10%) and against the EUR by 5% (2014: 5%), this would have had the following effect:

	PROFIT (LOSS) FOR THE YEAR		EQUITY	
	EUR	USD	EUR	USD
31 december 2016	(416 535)	(1 684 583)	(416 535)	(1 684 583)
31 december 2015	(309 259)	(147 433)	(309 259)	(147 433)

If the SEK had depreciated against the USD by 10% (2014: 10%) and against the EUR by 5% (2014: 5%), this would have had the following effect:

	PROFIT (LOSS) FOR THE YEAR		EQUITY	
	EUR	USD	EUR	USD
31 december 2016	416 535	1 684 583	416 535	1 684 583
31 december 2015	515 673	360 271	515 673	360 271

Sensitivity to interest rate risk

The Group’s policy is to minimize exposure to interest rate risk relating to cash flows in long-term financing. As at December 31, the Group is exposed to changes in market interest rates through convertible loans from Norrlandsfonden which have variable interest rates (Stibor 3m + 2.8%). There are no other borrowings with variable interest rates.

The following table shows the sensitivity of income and equity to a possible 1% increase in interest rates (2015: +1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at each balance sheet date that are sensitive to changes in interest rates. All other variables are held constant.

	PROFIT (LOSS) FOR THE YEAR/EQUITY	
	2016	2015
1% increase in interest rates would have a negative impact on earnings in the following amounts:	-118 291	-118 291

The Group is not exposed to other price risks.

Credit risk analysis

Credit risk is the risk that a counterparty will not fulfill an obligation to the Group. The Group is exposed to this risk by granting loans to and receivables from customers. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at 31 December, as summarized below:

Types of financial assets - carrying amounts	2016	2015
Accounts receivable	36 528 223	12 910 054
Loans	106 162	152 732
Cash and cash equivalents	12 682 863	4 426 075
	49 317 248	17 488 861

The Group continuously monitors defaults from customers and other counterparties. The Group's credit risk is limited since customer operations are usually funded directly or indirectly by public funds. Credit losses have historically been low.

GROUP

Accounts receivable aging, total accounts receivable	2016	2015
Less than 3 months	29 796 626	9 443 330
3 to 6 months	4 793 875	2 269 984
Over 6 months	1 937 722	1 196 740
Total accounts receivable	36 528 223	12 910 054
Past due at the end of the financial year	20 006 520	3 541 125

GROUP

Currency analysis, total accounts receivable	2016	2015
SEK	6 071 514	2 901 050
EUR	11 411 327	8 709 685
USD	19 032 267	1 272 245
Other	13 115	27 074
	36 528 223	12 910 054

Financial instruments

The table below shows the Group's financial assets and liabilities by measurement category as well as carrying amount and fair value per item.

	31-12-2016		31-12-2015	
Loans and receivables	Fair value	Carrying amount	Fair value	Carrying amount
Accounts receivable	36 528 223	36 528 223	12 910 054	12 910 054
Loans	106 162	106 162	152 732	152 732
Cash and cash equivalents	12 682 863	12 682 863	4 426 075	4 426 075

Financial liabilities recognized at amortized cost:				
Non-current interest-bearing liabilities	0	0	992 905	992 905
Non-current interest- not bearing liabilities	641 834	641 834	0	0
Convertible bonds	11 829 115	11 829 115	11 829 115	11 829 115
Accounts payable	7 582 201	7 582 201	9 013 795	9 013 795

Liquidity risk analysis

Liquidity risk is the risk that the Group is unable to meet its obligations. The Group manages liquidity needs by monitoring scheduled debt payments and projected cash inflows and outflows in daily operations.

On the balance sheet date the Group had external financing through convertible loans from Norrlandsfonden with maturity January 31, 2018 (see note 21), and an overdraft facility of SEK 10 million from Nordea, that was unused on the balance sheet date.

7. INVENTORIES

Inventories consist of:	2016	2015
Spare parts	4 047 827	859 430
Finished goods	2 312 508	9 482 654
	6 360 335	10 342 084

No impairment losses were recognized in inventories.

8. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses relate to rent, leasing costs, insurance and other accrued costs

	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Prepaid expenses	1 484 941	911 704	690 149	635 521
Accrued income	4 083 440	3 007 796	0	0
	5 568 381	3 919 500	690 149	635 521

9. RELATED-PARTY TRANSACTIONS

In January 2016 both Per Hamberg and Lars Kling, who is also one of the largest shareholders, each lent SEK 2.5 million to the Company with an annual interest of 8%, to be paid on a quarterly basis. These loans were fully re-paid in the second quarter of 2016.

C-RAD’s Board member Brian Holch Kristensen, who took office in April 2014, is a head physicist at the radiation therapy treatment unit at Herlev Hospital. Herlev Hospital invoiced C-RAD SEK 446,226 in 2016 and C-RAD invoiced Herlev Hospital SEK 621,429 in 2016.

C-RAD has purchased printing material from Thurn Transmedia Com to an amount of 24,147 SEK. The owner of Thurn Transmedia Com is related to the CEO of C-RAD, Tim Thurn.

Other than the above, no transactions with related parties occurred since the end of financial year 2016.

10. GROUP

Parent company

The Parent Company is a limited liability company based in Uppsala, Uppsala County.

Purchasing and sales between Group companies

Below is the percentage of purchases and sales for the year regarding Group companies.

	2016	2015
Purchases	0%	0%
Sales	100%	100%

Operating assets/liabilities in respect of related party	2016	2015
C-RAD AB (Parent Company) has a claim on C-RAD Positioning AB	40 362 424	30 882 257
C-RAD AB (Parent Company) has a claim on C-RAD Imaging AB	11 322 416	8 097 042
C-RAD AB (Parent Company) has a claim on C-RAD Innovation AB	112 685	368 955
C-RAD AB (Parent Company) has a claim on C-RAD Incorporated	0	17 249 406
C-RAD AB (Parent Company) has a claim on C-RAD GmbH	4 793 476	4 054 954
C-RAD AB (Parent Company) has a claim on Cyrpa International Sprl	5 449 484	5 143 147
C-RAD GmbH has a claim on C-RAD AB	4 305 105	0
C-RAD Positioning AB has a claim on C-RAD Innovation AB	30 712	0
C-RAD Positioning AB has a claim on C-RAD Incorporated	27 370 266	9 843 353
C-RAD Positioning AB has a claim on C-RAD GmbH	2 155 625	2 382 093
C-RAD Positioning has a claim on Cyrpa International Sprl	6 036 451	4 719 051
C-RAD Positioning has a claim on C-RAD Imaging AB	146 571	0
Cyrpa International Sprl has a claim on C-RAD Positioning AB	441 139	0

Loans or commitments to, or for related parties and senior executives	2016	2015
Loans from shareholders total	0	0

Share options issued to directors

There are no share options issued to directors. Senior executives have received 263,000 issued stock options and others received 280,330.

11. SEGMENT REPORTING

Group Management has analyzed the Group’s internal reporting and determined that the Group’s operations are managed and evaluated based on the following segments:

- Positioning: Development and sales of 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 segment level by chief decision-makers; they are therefore excluded from this segment reporting.

Activities between segments: if personnel employed within the Imaging segment have conducted work for the Positioning segment, this is reported separately. Internal sales cover the direct costs of these cross-segment services. During 2016, no transactions were made over the segments.

	SEGMENT REVENUE		SEGMENT OPERATING PROFIT/LOSS	
	2016	2015	2016	2015
Positioning external sales	81 946 006	65 583 751	-29 516 609	-19 622 318
Imaging external sales	707 550	577 000	-839 595	-789 986
Imaging internal sales	0	0	0	0
Elimination internal sales	0	0	0	0
Total	82 653 556	66 160 751	(30 356 204)	(20 412 304)

Profit (loss) from shares in associated companies			0	43 289
Financial income and expenses			-852 972	-814 828
Profit (loss) before tax			(31 209 176)	(21 183 843)

Segment reporting is based on the same accounting policies as applied in the consolidated reporting in 2014. No impairment losses were recognized. Sales by country based on sales to customers in each country. Two customers each represent over 10 percent of net sales in 2016.

Revenue by area	2016	2015
Nordic region	12 795 203	19 378 810
Germany	8 579 297	14 289 279
Rest of Europe	10 881 370	13 552 726
US	30 325 822	9 468 079
OEM	21 853	3 307 300
France	6 360 598	487 979
Asia	13 689 413	5 676 578
	82 653 556	66 160 751

12. OTHER REVENUES

	2016	2015
Foreign exchange gains	186 258	2 220 375
Contributions received	191 639	185 232
Other revenues	129 529	2 130 976
	507 426	4 536 583

13. REMUNERATION TO AUDITORS

Grant Thornton Sweden AB	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Audit assignment	810 000	999 000	495 000	736 000
Audit work in addition to the audit assignment	197 000	146 546	167 000	146 546
	1 007 000	1 145 546	662 000	882 546

Audit assignments refer to auditing of the annual accounts, accounting records and administration by the Board and the CEO, as well as other duties that the company’s auditor is obligated to perform, as well as the provision of advice or other assistance as a result of observations made in conjunction with such an examination or the performance of other such duties.. Audit work in addition to audit assignments refers to certificates provided with issuances or similar.

14. OPERATIONAL LEASING

Leasing costs related to operating leases for cars, one server and two copiers during the year:

	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Leasing costs	507 851	352 315	215 255	214 652
Due within one year:	539 817	242 023	170 746	305 803
Due later than 1 year but within 5 years:	570 696	282 853	115 592	310 070
Due later than 5 years:	0	0	0	0

15. COSTS FOR EMPLOYEE BENEFITS

Average number of employees, broken down into women and men:

	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Women	8	8	2	1
Men	32	26	4	4
Total	40	34	6	5
Salaries and remuneration:				
Board of Directors and Chief Executive Officer	2 184 828	2 009 014	2 184 828	2 009 014
Other employees	29 015 091	21 521 846	4 024 218	3 412 533
Total salaries and remuneration	31 199 919	23 530 860	6 209 046	5 421 547
Social security and pension costs:				
Social security contributions according to law and agreements	7 697 369	5 394 398	1 847 962	1 542 893
Pension costs Board and CEO	182 009	138 269	182 009	138 269
Pension costs other employees	1 458 025	1 313 012	304 241	273 948
Total social security and pension costs:	9 337 403	6 845 679	2 334 212	1 955 110
Total payroll	40 537 322	30 376 539	8 543 258	7 376 657

Directors’ fees are included under “Other external costs” and “Personnel costs” in the income statement. Additional personnel costs are included in “Personnel costs” in the income statement.

	GROUP 2016		GROUP 2015	
Directors and senior executives	Number on balance sheet date	Men	Number on balance sheet date	Men
Directors	6	83%	6	83%
CEO and other senior executives	5	80%	6	83%

Remuneration to senior executives

The Annual General Meeting decides on remuneration to the Board of Directors. The Annual General Meeting April 14, 2016 resolved that the Chairman of the Board shall be paid SEK 200,000 in remuneration and the other Directors shall be paid SEK 100,000 each.

Remuneration to the CEO and other senior executives employed by the company comprises a basic salary and other benefits. Other senior executives refers to the person who together with the CEO constitutes Group management.

Upon termination by the company, there is a notice period of 4 months for the CEO. Other senior executives have a notice period under the Employment Protection Act, though at least three months. There are no severance pay agreements for the CEO or other senior executives.

All amounts in SEK unless otherwise specified.

REMUNERATION AND OTHER BENEFITS DURING THE YEAR - BOARD OF DIRECTORS

Chairman of the Board	Director’s fees
Lars Nyberg	100 000
Director	
Börje Bengtsson	153 722
Peter Hamberg	100 000
Brian Holch Kristensen	100 000
Bengt Rolén	120 000
Kicki Wallje-Lund	120 000
Total remuneration - Board of Directors	693 722

Lars Nyberg was elected as Chairman of the Board on the Extraordinary General Meeting on July 13, 2016. Former chairman of the board, Börje Bengtsson, remains as a director.

Remuneration and other benefits during the year - CEO and other senior executives

Variable remuneration for Tim Thurn is based on sales, orders and share performance.

	Basic salary	Variable remuneration	Pension and health insurance	Other remuneration	Total
Tim Thurn CEO	1 200 000	197 060	182 009	94 046	1 673 115
Other senior executives (average 5,5)	4 715 531	310 195	524 308	27 931	5 577 965
Total	5 915 531	327 471	706 317	121 977	7 251 080

16. FINANCIAL INCOME AND FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Interest income on cash and cash equivalents	6 256	23 083	4 872	5 358
Positive currency exchange difference	2 059		98	
	8 315	23 083	4 970	5 358
Interest expense on other liabilities	48 648	319 855	1 297	319 269
Borrowing costs	715 385	518 057	575 268	378 791
Other financial cost	97 254	0	0	0
Negative currency exchange difference			24 985	
Impairment intercompany receivables	0	0	12 116 177	18 430 604
	861 287	837 912	12 717 727	19 128 664

All amounts in SEK unless otherwise specified.

17. TAX EXPENSE

GROUP

	2016	2015
Profit (loss) before tax	-31 209 176	-21 183 842
Tax rate	22%	22%
Expected tax income	-6 866 019	-4 660 445
Adjustment for non-deductible expenses		
Profit (loss) from shares in associated companies	0	9 524
Other tax-exempt revenue	1 734	
Other non-deductible expenses	26 872	-82 211
Deferred tax asset not recorded	6 839 147	4 733 132
Tax recognized in income statement	0	0
Tax expense consists of the following components:		
Tax loss carryforwards utilized	0	0
Average tax rate	0%	0%

18. DEFERRED TAXES

Remaining unused taxable losses amount to SEK 214 million, out of which SEK 170 million refer to the Swedish entities. There is currently no time limit regarding utilization of these losses against future taxable profits.

Deferred taxes arising from temporary differences and unused tax losses are as follows:

GROUP

	2016	2015
Tax loss carryforwards	7 094 209	7 094 209
Recognized as:		
Deferred tax asset	7 094 209	

19. PROPERTY, PLANT AND EQUIPMENT

GROUP

EQUIPMENT

Accumulated cost	
Opening balance 2015-01-01	8 617 787
Disposals	(1 607 542)
Purchases	2 092 086
Closing balance 2015-12-31	9 102 331

Reclassifications	113 214
Purchases	762 708
Disposals	(648 026)
Closing balance 2016-12-31	9 330 227

Accumulated depreciation/amortization	
Opening balance 2015-01-01	4 560 682
Reclassifications	(1 361 383)
Depreciation/amortization	1 320 221
Closing balance 2015-12-31	4 519 520

Reclassifications	192 975
Depreciation/amortization	1 422 324
Disposals	(141 686)
Closing balance 2016-12-31	5 993 133

Carrying amount	
Per 2014-12-31	4 057 105
Per 2015-12-31	4 582 811
Per 2016-12-31	3 337 094
Depreciation/amortization percent	20-35 %

PARENT COMPANY

Accumulated cost	
Opening balance Jan. 1, 2015	376 493
Purchases	0
Closing balance Dec. 31, 2015	376 493

Purchases	0
Closing balance Dec. 31, 2015	376 493

Accumulated depreciation/amortization	
Opening balance Jan. 1, 2015	294 072
Depreciation/amortization	20 804
Closing balance Dec. 31, 2015	314 876

Depreciation/amortization	23 255
Closing balance Dec. 31, 2016	338 131

Carrying amount	
Per 2014-12-31	82 420
Per 2015-12-31	61 617
Per 2016-12-31	38 362

Depreciation/amortization percent	
IT equipment	3–5 years
Furniture and other equipment	5–10 years

20. INTANGIBLE ASSETS

GROUP	CAPITALIZED DEVELOPMENT EXPENDITURE	PATENTS, LICENSES AND SIMILAR RIGHTS	TOTAL
Accumulated cost			
Opening balance Jan. 1, 2015	54 427 383	11 846 167	66 273 550
Purchases	15 965 733	0	15 965 733
Closing balance Dec. 31, 2015	70 393 116	11 846 167	82 239 283

Purchases	3 488 777		3 488 777
Reclassifications	281 843	11 720	293 563
Closing balance Dec. 31, 2016	74 163 736	11 857 887	86 021 623

Accumulated depreciation/amortization			
Opening balance Jan. 1, 2015	43 525 940	3 583 068	47 109 008
Depreciation/amortization	5 096 279	2 195 248	7 291 527
Closing balance Dec. 31, 2015	48 622 219	5 778 316	54 400 535

Reclassifications	169 633	11 720	181 353
Depreciation/amortization	3 424 090	1 033 572	4 457 662
Closing balance Dec. 31, 2016	126 379 678	5 034 279	26 982 073

Carrying amount	
Per 2014-12-31	19 164 542
Per 2015-12-31	27 838 749
Per 2016-12-31	26 982 073

Capitalized costs include both internally generated and externally acquired assets. Depreciation commences when development is completed. Depreciation periods vary between 5-10 years depending on the estimated useful lives of the projects.

	2016	2015
Capitalized costs		
Work performed in-house	2 687 230	3 520 996
Externally acquired	801 547	744 771
	3 488 777	4 265 767

Impairment test

Impairment testing of intangible assets was carried out on the balance sheet date in compliance with IAS 38. This year's test showed no impairment.

The useful value of each asset was calculated by estimating future cash flows and includes assumptions such as growth and margin development. These estimates are based on the financial budget for the coming financial year as well as expected future developments for up to five years. For future periods after five years, extrapolation of expected cash flow was conservatively assumed at minus 5%. A discount factor of 12.5 to 13.2% was used.

	Catalyst/Sentinel	Gemini	Patent	Total
Impairment	0	0	0	0

Sensitivity analysis

Sensitivity analyses conducted in 2016 showed that impairment is sensitive to changes in the present value factor. If the Company's assesments on future sales and profit margin during the next five years deviates from actual development, this may also affect the need of impairment. Management's assessment is that there is no need for impairment as per Dec 31, 2016, but will, in accordance with IAS 38, carefully monitor any negative changes that may suggest impairment.

	IMPAIRMENT
Nuvarande diskonteringsfaktor	0
Diskonteringsfaktor höjd med 1 %	0
Diskonteringsfaktor höjd med 2 %	0

Nuvarande förväntad omsättning	0
Future sales estimate decreased by 5%	0
Future sales estimate decreased by 10%	0

Nuvarande förväntad marginal	0
Future profit margin estimate decreased by 5%	0
Future profit margin estimate decreased by 10%	-761 398

Depreciation/amortization percent	
Balanserade utgifter	5 years
Patent	10 years

21. FINANCIAL ASSETS

	PARENT COMPANY	
Shares in Group companies	2016	2015
Opening cost	118 978 355	103 340 000
Shareholder contribution C-RAD Innovation AB	300 000	100 000
Shareholder contribution C-RAD Imaging AB	500 000	0
Shareholder contribution C-RAD Positioning AB	23 000 000	14 000 000
Shareholder contribution C-RAD Gmbh AB	4 387 365	0
Acquisition Cyrpa		1 538 355
Closing balance	147 165 720	118 978 355

Opening impairment	-34 466 000	-34 466 000
Impairment for the year	-4 571 350	0
Closing accumulated impairment	-39 037 350	-34 466 000

Carrying amount at year-end	108 128 370	84 512 355
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Specification of Parent Company's holdings of shares and participations in Group companies:

Subsidiary/corp. ID. no./domicile	Number of shares	Percentage	Carrying amount
C-RAD Positioning AB/556643-6035/Uppsala	110 000	100	99 310 000
C-RAD Imaging AB/556643-6043/Uppsala	116 000	100	6 100 000
C-RAD Innovation AB/556602-5382/Uppsala	100 000	100	866 015
C-RAD Incorporated/Florida/USA	1 000	100	64 000
C-RAD GmbH/Berlin/Germany	1 000	100	250 000
CYRPA Int. /Brussels/Belgium	200	100	1 538 355

	PARENT COMAPNY	
Receivables, Group companies	2016	2015
Opening balance, carrying amount	33 628 156	37 479 921
Payment of loan to subsidiary	35 957 156	14 578 839
Impairment	-7 544 827	-18 430 604
Closing balance, carrying amount	62 040 485	33 628 156

22. SHARE CAPITAL

The share capital consists only of fully paid ordinary shares with a nominal value of SEK 0.15. The number of shares is 862,887 A shares with 10 votes per share and 28,668,766 B shares with one vote per share. The total number of shares is 29,531,653 and the number of votes is 37,297,636.

	2016	2015
Opening balance	3 303 799	3 041 299
Private placement	1 125 950	262 500
Closing balance	4 429 749	3 303 799

The share	2016	2015
Number of shares per Dec. 31	29 531 653	22 025 323
Average number of shares	25 703 763	21 339 906
Number of outstanding warrants	1 768 746	1 529 746
Number of outstanding warrants with dilution effect	1 768 746	1 529 746
Number of outstanding shares incl. warrants with dilution effect	31 300 399	23 555 069
Earnings per average number of shares	-1,21	-0,99
Earnings per share, diluted	-1,00	-0,93
Equity per share	2,39	1,82
Equity per share, diluted	2,26	1,70
Share price, balance sheet date	12,05 kr	15,10 kr
Dividend per share	0	0

Number of outstanding warrants at year end is 1,768,746, our of which 1,225,416 belong to convertible loans from Norrlandsfonden (see note 23), and 543,330 belong to employees in line with warrant program of 2015 and 2016.

Other capital items

Group– Additional paid-in capital Mainly share premium from previous share issues including deduction of directly related share issue costs.

Parent Company – Share premium reserve: share premium from previous share issues including deduction of directly related share issue costs.

	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Opening balance	193 978 600	171 332 029	186 328 110	161 636 064
Rights issue	60 473 206	24 920 000	60 617 786	24 920 000
Issued warrantes	144 762			
Settled warrants	0	298 206		298 206
Other	633 660	[2 571 635]		[526 160]
Closing balance	255 230 228	193 978 600	246 945 896	186 328 110

Koncernen/Moderbolaget – Balanserat resultat: Ackumulerat resultat från tidigare år.

Koncernen/Moderbolaget – Årets resultat: Redovisat resultat för det gångna året

All amounts in SEK unless otherwise specified.

23. NON-CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
Interest-bearing liabilities	2016	2015	2016	2015
Convertible bonds	11 829 115	11 829 115	11 718 442	11 718 442
Other non-current liabilities	641 834	992 905	641 834	992 905
Total interest-bearing liabilities	12 470 949	12 822 020	12 360 276	12 711 347

Convertible bonds

The nominal value, maturity and period of conversion rights for the convertible notes are shown below. The loans carry an annual interest rate of STIBOR 90 + 2.8% of the nominal amount.

The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for similar non-convertible bonds. The remainder, which represents the value of the equity component, is included in the item Additional paid-in capital. The fair value was calculated based on cash flows discounted at an interest rate of STIBOR 90 days + 4%.

	Nominal value	Maturity through	Maturity through	Conversion price	Share capital, conversion
Loan #060088	1 600 000	18-02-28	18-01-31	7,59	31 621
Loan #050069	500 000	18-02-28	18-01-31	6,67	11 244
Loan #070058	1 800 000	18-02-28	18-01-31	8,20	32 927
Loan #080104	1 300 000	18-02-28	18-01-31	10,00	19 500
Loan #100013	1 768 000	18-02-28	18-01-31	13,00	20 400
Loan #110120	2 096 450	18-02-28	18-01-31	9,00	34 941
Loan #130031	2 653 992	18-02-28	18-01-31	12,00	33 175
Less equity portion	110 673				

Other non-current liabilities

The long-term portion of the valued additional consideration from the acquisitions of the remaining shares in Cyrpa is SEK 641,834.

24. PLEDGED ASSETS

	KONCERNEN	
For own provisions and liabilities	31-12-2016	31-12-2015
Mortgages on business assets NUTEK	1 470 000	1 470 000
Mortgages on business assets Nordea	12 150 000	10 600 000
Mortgage on business assets Erik Penser	0	1 550 000
Total pledged assets	13 620 000	13 620 000

The Parent Company has no pledged assets. The Parent Company has a guarantee commitment in relation to the subsidiary C-RAD Positioning AB for SEK 2 million.

All amounts in SEK unless otherwise specified.

25. ADJUSTMENT FOR NON-CASH ITEMS, ETC.

	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Depreciation/amortization	5 886 832	5 566 722	870 699	868 248
Provisions	161 044	164 000	0	0
Work performed		(4 265 767)	0	0
Other adjustments	0	(877 951)	(1 931 949)	0
Reservering mot kundfordringar	-300 000	0	0	0
Impairment of shares in or claims on subsidiaries	0	0	12 116 177	18 430 604
	5 747 877	587 004	11 054 927	19 298 852

26. CASH AND BANK BALANCES

Group	31-12-2016		31-12-2015	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents in SEK	2 999 393	2 999 393	131 488	131 488
Cash and cash equivalents in EUR	8 063 267	8 063 267	3 642 188	3 642 188
Cash and cash equivalents in USD	1 620 203	1 620 203	652 398	652 398
Total cash and bank balances	12 682 863	12 682 863	4 426 075	4 426 075

Parent company				
Cash and cash equivalents in SEK	439 573	439 573	68 697	68 697
Cash and cash equivalents in EUR	22 738	22 738	26 129	26 129
Cash and cash equivalents in USD	3 191	3 191	6	6
Total cash and bank balances	465 502	465 502	94 835	94 835

27. ACCOUNTS RECEIVABLE

	GROUP	
	31-12-2016	31-12-2015
Accounts receivable gross	36 528 223	12 910 054
Provision for bad debts	0	0
Accounts receivable	36 528 223	12 910 054

All amounts are current. The carrying amount net of provision is considered to be a reasonable approximation of fair value.
All the Group’s accounts receivable and other receivables have been reviewed for indications of impairment.

Change in provision for doubtful receivables

	GROUP	
	31-12-2016	31-12-2015
Carrying amount, January 1	0	300 000
Provision for doubtful receivables	0	(300 000)
Carrying amount, December 31	0	0

All amounts in SEK unless otherwise specified.

28. PROVISIONS

The Group has obligations relating to products for which the Group owns the product rights. This applies only to Catalyst, Sentinel and HIT products. Generally, a one-year warranty is included where C-RAD manages the warranty process. Direct costs to C-RAD include management, travel and service. For hardware problems, costs arise for C-RAD’s subcontractors. Estimated cost during the warranty period is based on actual cost for the previous year, as a percentage of invoiced sales from the Catalyst, Sentinel and HIT systems within the warranty period.

In 2016, a new provision was made of SEK 161,044. No other significant liabilities are expected to be generated through these provisions.

Opening provision 2015-01-01	900 000
New provision, net	164 000
Closing balance 2015-12-31	1 064 000

New provision, net	161 044
Closing balance 2016-12-31	1 225 044

No further payments are expected as at the date of these financial statements.

29. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2016	2015	2016	2015
Accrued personnel-related expenses	4 037 738	2 783 715	1 027 284	1 035 852
Other	3 846 800	1 163 452	27 000	918 764
	7 884 538	3 947 167	1 054 284	1 954 616

30. CONTINGENT LIABILITIES AND ASSETS

The Group has a contingent receivable of SEK 893,880 referring to legal and associated costs in conjunction with the Beamocular lawsuit. Contingent liability of 2,000,000 in the Parent Company refer to guarantee commitment for one of the subsidiaries.

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management has discussed the development, selection and disclosure of the Group’s critical accounting policies and estimates as well as the application of these policies and estimates. The estimates and judgments that involve significant risk for material adjustments to the carrying amounts during the upcoming financial year are discussed below:

A) Impairment testing of capitalized development costs. When assessing the value of cash generating units for assessment of impairment of capitalized development costs, several assumptions about future conditions have been made. Future conditions have been assessed in part based on the Group’s business plans.

B) Income taxes. The Group has tax loss carryforwards that may be offset against taxable profits in the future. Following substantial improvements from operations in recent quarters, management believes that taxable profits will be generated in the coming years. The Company has therefore recognized a deferred tax asset.

C) Investments in associates and loans issued to associates. Management included certain expectations about future developments of CYRPA’s operations and integration with C-RAD activities in its assessment of whether there is a need for impairment of assets related to the acquisition. If these expectations are not met, impairment losses may need to be recognized in subsequent periods. Management has determined that no impairment loss is present as per the financial statements in 2016.

D) Provision. A provision requires management to make a reliable estimate of the amount. A warranty usually runs 12 months after completion of installation. When the warranty provision is calculated based on the past year’s warranty costs, there is a risk that future warranty costs will be different, which also affects the financial statements.

E) On November 28, 2014 C-RAD Positioning AB was sued in Stockholm District Court by the Swedish company AB Beamocular, whose chairman, Erik Hedlund, was the former CEO of C-RAD AB. Beamocular claims that the company has rights to a patent application derived from an invention described in C-RAD’s patent application PCT/SE2008/050778 “Patient Radiation Monitoring Machines.”

In a 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 is convinced that the claim is unfounded and will defend its intellectual property rights in the appeal court. C-RAD has had legal and associated costs of 894 KSEK related to the law suit. As the court saw the claims from Beamocular unfounded, CRAD shall be reimbursed by Beamocular in full. A bank guarantee of the amount has been registered as security for this liability, until the verdict from the Appeal court is available. No adjustments of the result will be made until the appeal period has passed, the amount is recognized as a contingent asset.

FIVE-YEAR SUMMARY

Key figures	2016	2015	2014	2013	2012
Order intake, SEK thousands	113 546	88 100	68 370	50 315	33 100
Net sales, SEK thousands	82 654	66 161	53 192	45 036	25 776
Operating profit/loss, SEK 000s	(30 356)	(20 412)	(13 852)	(20 318)	(19 050)
Profit (loss) before tax, SEK 000s	(31 209)	(21 184)	(14 240)	(20 995)	(19 389)
Total assets	102 102	73 625	71 603	61 772	38 125
Order back log	83 542	60 233	36 364	21 423	n/a
Equity ratio, %	69	54	54	62	43
Average number of employees	40	34	26	26	21

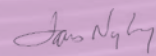
Definitions

Equity ratio, %	Eget kapital inklusive innehav utan bestämmande inflytande i procent av balansomslutningen.
Average number of employees	Genomsnittligt antal fast anställda utifrån arbetad heltid under perioden.
Order back log	Orders received but not yet delivered, valued at average currency exchange rates.

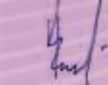
The Board of Directors hereby provides assurance that the annual report was prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements were prepared in accordance with the international accounting standards referred to in the European Parliament and Council regulation (EC) no. 1606/2002 dated July 19, 2002 on the application of international accounting standards.

The annual report and consolidated financial statements give a fair view of the Parent Company’s and the Group’s financial position and results. If there are any discrepancies between the report in English and Swedish, the Swedish version shall prevail.


Lars Nyberg
Chairman of the Board



Bengt Rolén
Director



Kicki Wallje-Lund
Director



Our Audit Report was submitted on April 5th, 2017.



Grant Thornton Sweden AB
Mia Rutenius, Authorized Public Accountant

The administration report pertaining to the Parent Company and the Group gives a fair review of the development of the Parent Company’s and the Group’s operations, financial position and results, and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

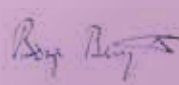
The Annual Report and consolidated financial statements were, as noted above, adopted by the Board of Directors on April 4th, 2017.

The consolidated statement of comprehensive income and the consolidated statement of financial position and the Parent Company’s income statement and balance sheet are subject to approval at the Annual General Meeting on April 28, 2017.

Tim Thurn
Chief Executive Officer



Börje Bengtson
Director



Brian Holch Kristensen
Director



Peter Hamberg
Director



AUDIT REPORT

TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF C-RAD AB (PUBL),
CORPORATE IDENTITY NUMBER 556663-9174.

Report on the annual and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of C-RAD AB (publ) for the financial year 2016, with the exception of the Corporate Governance Report on pages 34-36. The annual accounts and consolidated accounts of the company are included on pages 27-78 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our statements do not cover the Corporate Governance Report on pages 34-36. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Intangible assets, development projects

The balance sheet item amounted to SEK 26 million at December 31, 2016. The accounting of these assets has required management making significant estimates. The most important estimates involve valuations, which are based on an assessment of future growth and cash flow trends. These assessments are complex, which is why they have been considered to be a key audit matter. Information on accounting principles and impairment testing are presented in Notes 5.9 and 20.

Our audit included, but was not limited to, the following procedures.

- Audit of the reasonableness of the forecast cash flows applied and, for completed assets, the trend for the year in relation to previous forecasts.
- With the assistance of valuation experts we audited the reasonableness of the use of valuation models and discount rates.
- Examination whether appropriate accounting principles are applied and that the required disclosures are provided in the relevant notes to the annual accounts.

Deferred tax assets

Deferred tax assets amounted to SEK 7 million at December 31, 2016. The value of the deferred tax assets depends on management’s assessment that positive results will be generated in the future when the tax loss can be utilized and are therefore considered to be a key audit matter. Information on accounting principles and deferred tax assets are shown in Notes 5.17 and 18.

Our audit included, but was not limited to, the following procedures.

- Audit of management’s assessment of future performance and that this assessment is based on the same assumptions used in the valuation of intangible assets.
- Examination whether appropriate accounting principles are applied and that the required disclosures are provided in the relevant notes to the financial statements.

Shares in subsidiaries and receivables from subsidiaries

Shares in subsidiaries amounted to SEK 108 million and receivables on the subsidiary amounted to SEK 62 million in the Parent Company accounts as per December 31, 2016. The valuation of these assets is dependent on management’s judgments regarding indications of whether there has been any impairment and, on impairment testing, management’s estimates of the subsidiaries’ future development.

Accordingly, this area is considered to be a key audit matter. Information on accounting principles and impairment testing of shares in subsidiaries is given in Notes 5.22 and 21.

Our audit included, but was not limited to, the following procedures.

- Audit of management’s basis for assessment of indications for impairment, audit of underlying documentation regarding management’s assessment of subsidiaries’ future development, and examination of sensitivity analyzes.
- With the assistance of valuation experts, we audited the reasonableness of the valuation models and discount rates applied in impairment testing.
- Examination of management’s assessment of future performance and that this assessment is based on the same assumptions used in the valuation of intangible assets.
- Examination whether appropriate accounting principles are applied and that the required disclosures are provided in the relevant notes to the financial statements.

Information other than the annual and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-26. The Board of Directors and the Managing director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information, and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of the annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditors’ responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction,

supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of C-RAD AB (publ) for the financial year 2016 and the proposed appropriations of the company’s profit or loss. We recommend to the general meeting of shareholders that the loss be appropriated dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for our opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company’s and the group’s type of operations, size and risks place on the size of the parent company’s and the group’s equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company’s organization and the administration of the company’s affairs. This includes among other things continuous assessment of the company’s and the group’s financial situation and ensuring that the company’s organization is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors’ guidelines and instructions and among other matters take measures that are necessary to fulfill the company’s accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditors’ responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company’s profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company’s profit or loss are not in accordance with the Companies Act.

All amounts in SEK unless otherwise specified.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company’s profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company’s situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors’ proposed appropriations of the company’s profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor’s examination of the corporate governance report

The Board of Directors is responsible for that the corporate governance report on pages 34-36 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR’s auditing standard RevU 16, The auditor’s examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6, section 6, the second paragraph, points 2-6 of the Annual Accounts Act and chapter 7, section 31, the second paragraph, the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 5, 2017

Grant Thornton Sweden AB
Mia Rutenius
Authorized Public Accountant

All amounts in SEK unless otherwise specified.

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