ANNUAL REPORT 2019

C-RAD

Content


CALCULATED CORRECTION
COUCH
Absolute
Relative
Lat
Long
Vert
Rot
POSTURE
Relative
Roll
Pitch

High quality cancer treatment

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 and 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 the subsidiaries in Sweden and abroad.

The C-RAD group is headquarted 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.

2019 in brief

The year 2019 showed growth both in order intake and in revenue, with a stable net result compared to the previous year, excluding special items. The first six months were slower on order intake compared to the second half of the year, where we had growth of our positioning products of close to 20% year over year. This again is showing the growing demand for surface tracking within high precision radiation therapy.

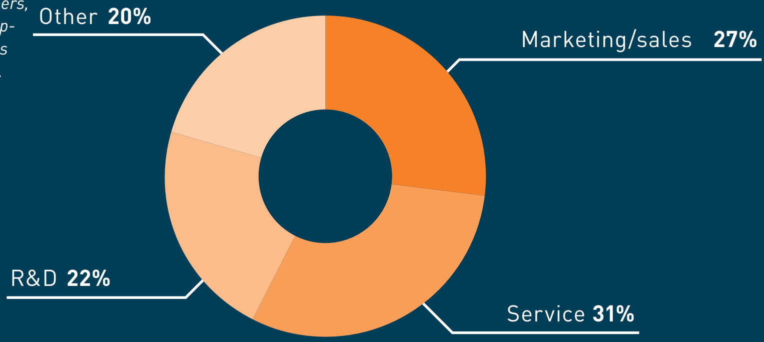
Forward-looking information

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 24-25. C-RAD does not undertake to publicly update or revise forward-looking information, over and above what is required by law or exchange regulations.

C-RAD's products for accurate patient positioning are on its way to become standard of care. The demand for our products has never been higher.

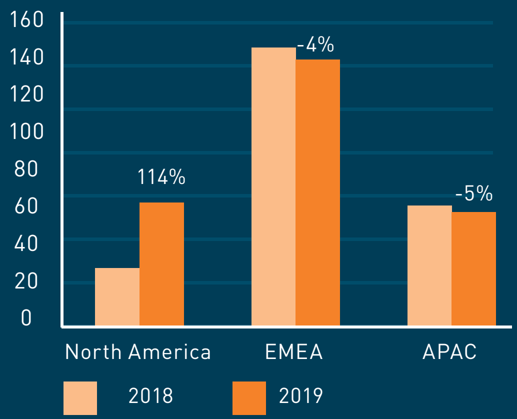
C-RAD personnel

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.



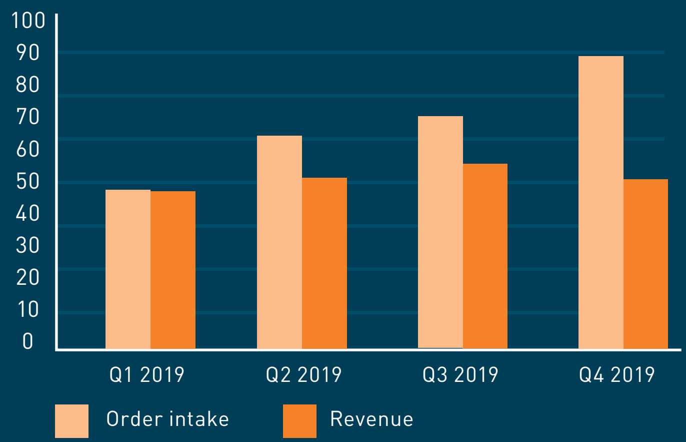
Order intake, MSEK. C-RAD group:

269.8 MKr (246.8), + 9%



Order intake in the Americas increased by 114 percent. The EMEA-region decreased by 4 procent after a weaker start to the years, which was followed by two strong quarters in the end of year.

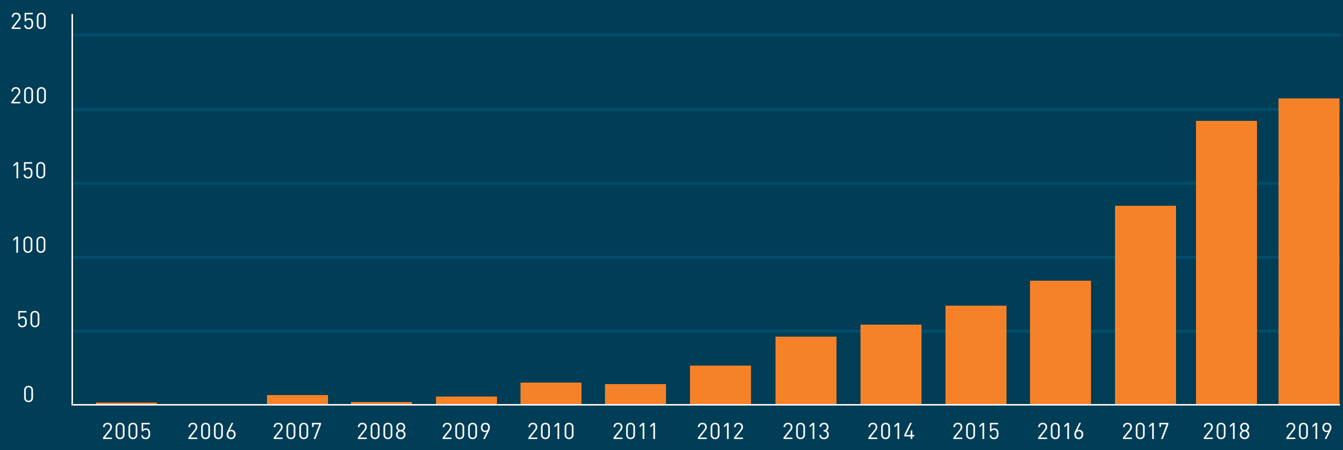
Order intake and revenue, MSEK



Order intake continued to grow in 2019 with a stronger second half of the year. Order intake and revenue grew with 9 and 8 percent respectively for the full year. Order intake includes service contracts covering multiple years.

Revenue, MSEK. C-RAD group:

205.4 MSEK (190.1), +8%



CEO comment

C-RAD's products for accurate patient positioning are on its way to become standard of care.

The The demand for our products has never been higher. The market for high precision radiation therapy continues to grow, driven by an aging population, improved possibilities to diagnose cancer in an early stage and industrial partners that are enabling healthcare provider to fight cancer with radiation. In this progressive environment precise tumor positioning is crucial to secure clinical outcome and at the same time minimize side effects.

The spread of Covid-19

The sudden and equally unexpected rapid worldwide spread of the disease Covid-19 affects everyone - as individuals and as representatives of commercial operations. For C-RAD this pandemic will have implications to various degrees on our employees, customers and suppliers. The health and safety of our colleagues and their families is our primary concern and we have taken precautions as advised by local authorities. With regards to our customers and suppliers we maintain a tight dialogue to ensure that we both can give requested support and equally receive support and necessary supplies, all of which requires alternative methods and measures replacing travel and physical meetings. In the short-term perspective, the implications of Covid-19 are difficult to predict but certainly continuously monitored. Our longer-term perspective is however unchanged and we expect the rapid adaption of our technology to continue.

Cancer case numbers rising around the world

More than 18 million new cancer cases have been diagnosed in 2018 . Cancer is the second leading cause of death globally, accounting for almost 10 million death. Lung and breast cancer are the most common cancer indication. Customers that decide for our Catalyst System focus on improving treatment protocols for just those indications. The growing cancer burden creates a tremendous strain on families and patients but also on the health systems worldwide. In the United States the governmental health insurance is presenting a new reimbursement system that specifically incentives health care provider to invest in latest technology to optimize clinical outcome and improve treatment efficiency. This change had a very positive impact on our growth in North America during 2019.

"The results from last year and the outlook on the market support our earlier assessment, that the market has significant growth potential and that C-RAD is in a great position as a leading vendor of surface tracking technology to the market.

Continued growth

The year 2019 showed growth both in order intake and in revenue, with a stable net result compared to the previous year, excluding special items. The first six months were slower on order intake compared to the second half of the year, where we had growth of our positioning products of close to 20% year over year. This again is showing the growing demand for surface tracking within high precision radiation therapy. Another very positive development is shown in the growing demand for our service contracts. Customers tend to engage more frequently in long term agreements with C-RAD, to have their products covered for incremental improvements through software updates and support over a usually multi-year period. It takes time to build up the service business, but in return it gives C-RAD a very predictable revenue stream.

Sales performance and cooperation agreements

Sales in North America and APAC reflected the growth potential and showed that C-RAD was able to capitalize on this potential. After a very strong result from the region EMEA 2018 we saw a small decline in order intake and revenue. This is primarily due to limited number of projects were customers were tendering for their large departments. On the positive side, the number of projects that were awarded to C-RAD continued to grow. The results from last year and the outlook on the market support our earlier assessment, that the market has significant growth potential and that C-RAD is in a great position to underscore its position as a leading vendor of surface tracking technology to the market.

During the summer C-RAD announced a sales and distribution agreement with Elekta. The agreement enables Elekta to offer C-RAD's high end surface tracking technology to customers in North America and Mexico as part of their quotes along with new linear accelerators but also as upgrades to their installed base. This is a great opportunity for C-RAD to grow the business in the large North American market. We are expecting the first results from this cooperation during the first half of this year. It is a very positive signal that Elekta has chosen C-RAD as their strategic partner to meet the growing demand for surface tracking technology.

Continuous innovation

The SIGRT technology is very versatile, which allows customers to make use of our products for different applications. The clinical benefits using C-RAD Catalyst systems for the treatment of breast cancer has been demonstrated over many years. Clinical articles have been published in journals, posters and conferences that show the performance of our patented

Catalyst+™, a new higher performing generation of our existing Catalyst product, was launched in March 2020.

technology. Still relatively new is the possibility to use surface tracking technology to support so called hypo fractionated and stereotactic treatments. It can be expected that conventional treatments, that account for around 60 percent of all treatments today, will be replaced by high precision treatment techniques to a large extent. Accurate positioning prior and during the treatment fraction becomes imperative. C-RAD is in a very good position to capitalize on this trend and therewith make the difference for customers and ultimately for the patients.

In position to make the difference is more than the claim for our new product Catalyst+™. It is the basis to create an experience around C-RAD and its products that is driven by technical height, ease of use and a seamless integration to ensure our customers can provide efficient treatments. Catalyst+™, a new higher performing generation of our existing Catalyst product, was launched in March 2020. Whereas the European and North American market will have access to this new platform first, other markets will follow upon regulatory clearance. During 2019 C-RAD launched a new module for its c4D software suite for patient identification. The next module for accessory validation is on its way and will be presented for the first time in April to the audience as a released product. Both modules extend our offering to provide the customer with a more comprehensive fully integrated solution, that can be offered to our installed base and to new customers.

Looking ahead

We continue to see a significant opportunity in the market that goes beyond any implications that the spread of Covid-19 may have in the shorter term. Long-term we have the ambition to outgrow the market. We have excellent products and a fantastic team to make this happen. To fully capitalize on the opportunity, I made changes to the management team during the last 12 months. We succeeded to attract a team with great experience and a proven track record to support the effort to develop C-RAD further. An efficient organization is one key element to scale up the business successfully. In February this year we raised over 100 MSEK capital from a number of Swedish and international institutional investors. With all the pre-requisites in place it is our focus to continue to grow and to make surface tracking the true standard of care within high precision radiation therapy.

I want to take the opportunity to thank everyone who has contributed to our success. It is the C-RAD team that make us successful. Committed and dedicated employees in essentially all parts of the world take care for our products, our customers and partners, with the aim to substantially improve the situation for patients undertaking cancer treatment. I am very much looking forward to further successful development of C-RAD.

Tim Thurn, CEO

C-RAD group

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 in the radiation beam to control accurate dose delivery to the tumor tissue whilst protecting healthy tissue from unwanted exposure. The technology is used for initial patient setup and for monitoring the tumor patient during treatment by recording the patients skin through high speed 3D cameras with highest precision. The aim is to increase the accuracy and efficiency of radiotherapy.

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, support, and customer training. Medical centers that provide advanced radiation therapy are the end users of C-RAD's products. C-RAD is currently focusing its sales activities on Europe, North- and South America and Asia. C-RAD is 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, and France. In China C-RAD is working with direct sales and a distributor. In 2019 direct sales accounted for the largest share of a total of 269,8 MSEK in order intake.

Distributors – In several markets, mainly in Asia, Latin America 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, such as through an in-house service organization. Sales through distributors accounted for 36 percent or 97.3 MSEK of 2019 order intake. With the increasing adoption of surface tracking, this channel is gaining importance for our business both from a sales and from a service perspective.

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. In summer 2019 C-RAD signed a sales and distribution agreement with Elekta. This agreement enables Elekta to sell the C-RAD products through their price book in North America and Mexico. Sales through our industrial partners accounted for 14 percent or 38.7 MSEK of 2019 order intake and 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 are Swedish and five are foreign.

External development partners

In the beginning of 2019, C-RAD signed cooperation agreements with the USA-based company Xecan and the German company Opasca, with the purpose to distribute parts of these companies product portfolios on selected markets around the world. These cooperations will complement C-RADs current offering with products within workflow management.

Our strategy
Product excellence

Studies show the expected rapid 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, such as breast cancer, lung cancer as well as other indications in the head or thorax for men and women. This opens a large potential market for C-RAD.

With its current product portfolio C-RAD is focused on optical patient positioning and patient monitoring products. A commonly used abbreviation for such solutions is SIGRT – surface image guided radiation therapy. 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. A dedicated solution to support so called stereotactic treatments based on the Catalyst™ platforhas been launched. With a modular product concept, customers can select a configuration that is tailored to their current clinical needs. C-RAD provides the opportunity to upgrade the system throughout the product life cycle. This gives potential for C-RAD to benefit from the constantly growing installed base through up-sales opportunities to existing customers.

Since 2018, C-RAD has invested in the future by strengthening the research and development department. Based on the existing footprint in the market, and a satisfied customer base, C-RAD has potential to further strengthen their value proposition and to provide customers with a comprehensive, patient centric solution. C-RAD has entered the market for work flow management and resource optimization with the first solution for patient identification. In the beginning of 2020 C-RAD launched its solution for treatment accessory tracking to the market. The benefit for the customer is that the products are integrated with C-RADs system for surface scanning, which optimizes the customer and patient experience.

C-RAD has several successful larger projects within particle therapy with a dedicated version of the Catalyst system. Particle therapy is in the front-end within radiation therapy when it comes to precision and accuracy. The success in these prestigious projects further establishes C-RAD as the market leader in the branch.

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 team evaluates the exact needs of the customer and configure the system to their requirements. The acceptance of SIGRT solutions among customers has significantly increased during the last years.

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 – especially in EIMEA and APAC, whereas in North America customers commonly invest to upgrade their installed linear accelerators where the cooperation with our partners is essential. Because of the complexity of the products, C-RAD obtains the best results when a dedicated person is focused on the sales of C-RAD equipment.

In Asia and Latin America 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. 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. To further exploit the potential in the markets C-RAD continues to work with its direct sales organization in established markets, and will further strengthen its distribution network and especially focus on on the OEM partnership.

Service as a strategic element

C-RADs Life Cycle Business create long-term customer relations based on the product life cycles and provides more stable income streams based on continuous payments. During 2019 we saw a very rapid adaption of our service contracts.

C-RAD Services today covers 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. This long-range approach 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 core 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. The service networks establish a platform where a long-term relationship with the customer comes naturally, also after the initial procurement. Customers needs are growing with time. C-RADs forward-looking approach offer solutions within workflow management as a complement to the existing products, which make it more interesting for the customers to upgrade their C-RAD installations than to engage in cooperation with new partners.

> 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's vision

Clinical workflow

C-RAD's high-end products support workflow integration for multi-vendor environment, from the CT scan to the treatment room. The c4D interface functions as a universal interface towards systems from other suppliers. The support guarantees complience and advanced quality assurance.

CYRPA LASER

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

SENTINEL™ 4DCT

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

cPatient

- Patient ID registration and validation.
- Facial recognition technology based on biometric data.
- Increased patient safety.
- Ensure the right patient receives the right treatment.

CATALYST+

- Advanced IMRT.
- Optical surface tracking and back projection.
- Fully optimized software for workflow integration.
- Automatic and independent verification of critical parameters that earlier required manual control.
- Support real-time decision making.

CATALYST+ HD

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

Approval — Scheduling — Accessory Validation — Patient ID Validation — Treatment — Review

cAccessory

- Accessory registration at CT simulation.
- Accessory validation at Treatment
- RFID based technology.
- Increased workflow and time efficiency.
- Verifies patient and indication specific accessories.

CATALYST+ PT

- Dedicated proton and particle therapy solution.
- Several cameras to capture the patient surface independent of couch rotation.
- Automatic reference adjustments ensure uninterrupted motion monitoring.
- High flexibility with custom-made optimized mounting solutions.
- Extra neutron shielding.

Senior executives

Holding per 2020-04-17

Tim Thurn, CEO & President

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, 300 000 B shares, 105 725 warrants.

Henrik Bergentoft, CFO

CFO since March 2020. Born 1974. Henrik has an extensive experience of leading positions within finance, primarily in public companies. He was previously CFO at MSAB (publ.), a position he held for three years. Prior to that, he has held positions as CFO and Finance Director at Aerocrine AB, Nordkom AB, and ContextVision AB. Henrik holds a master's degree in International Business from the Uppsala University. **Holdings in C-RAD:** 0 A shares, 0 B shares, 0 warrants.

Håkan Axelsson, COO

COO since August 2019. Born 1968. Håkan Axelsson has been COO at C-RAD since August 2019, with accountability for R&D, Service, QA/RA and Production/Supply chain. He has a background from the biopharma, telecom and radiotherapy industry with GE Healthcare, Ericsson and Scanditronix where he has had various management roles within R&D, product management, operational excellence, portfolio management and service. Håkan holds a Master in Business Administration and an MSc in Engineering Physics with a major in system and computer engineering. **Holdings in C-RAD:** 0 A shares, 0 B shares, 30 000 warrants.

Brian Loar, President of C-RAD Inc., North America.

President of C-RAD Inc. since January, 2020. Born 1975. Brian Loar has 22 years' experience within radiation therapy in different sales leadership roles in North America, including Vice President Sales, North America for Varian. and Director of Sales for the US based company Calypso Medical that was bought by Varian in 2010. Brian started his career within radiation therapy for Sun Nuclear, a provider for Radiation Therapy Quality Assurance solutions. Brian holds a degree in Finance from the University of Central Florida and a master's degree in business administration from the University of Florida. **Holdings in C-RAD:** 0 A-shares, 0 B-shares, 0 warrants.

Dirk Freynhagen, President C-RAD EIMEA

President EIMEA since August 1, 2019. Born 1965. Dirk brings with him plus 20 years international sales experience for capital goods and first-in-country projects in Radiotherapy and Health Physics. Dirk has held the positions as General Manager Germany and Sr. Business Director for Northern and Central Europe at Accuray International. Before that Dirk was Business Director Sales at Elekta and Director Sales and Marketing at Rados Technology. He has also worked in product management in the medical device industry. **Holdings in C-RAD:** 0 A shares, 0 B shares, 0 warrants.

Kurt Xiaodong Wang, President of C-RAD China

President of C-RAD China since-Januariy 2018 and Sales Director of C-RAD China since 2015. Born 1979. Kurt has more than 17 years working experiences. He had previously worked for Cardinal Health China as Senior Oncology Solution manager, Elekta China as product manager, Sales manager of CMS (TPS company, Acquired by Elekta). Kurt hold a master degree of Bio-Medical Engineering from Tsinghua University, Bachelor degree in Material Science and Technology from Xi'an Jiaotong University. **Holdings in C-RAD:** 0 A shares, 20 000 B shares, 50 091 warrants.

Board of directors

Holding per 2020-04-17

Lars Nyberg, Chairman of the Board

Chairman of the Board since 2016. Born 1951. 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:** 70 000 A shares, 2 462 930 B-shares. The share holding includes family's holdings.

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 since 2007. **Holdings in C-RAD:** 379 762 A shares held through a company, 1 495 224 B-shares out of which 822 671 held through a company.

Åsa Hedin, Director

Board member since 2017. Born 1962. Åsa Hedin has extensive experience from leading positions within the med-tech industry, including Executive Vice President Marketing and Corporate development of Elekta AB and Executive Vice President of Elekta Neuroscience. Member of the board in Artificial Solutions International AB and board member of Tobii AB, Cellavision AB, Biotage AB, E J:or Öhman Fonder AB, Immunovia AB, and Nolato AB. Åsa also holds a position as Industrial advisor at the Chalmers Dept of Microtechnology and Nanoscience. Åsa has previously been a board member of Immunovia AB, Hermes Medical AB, Swedish Space Commission AB, Stiftelsen Ruter Dam, Elekta NeuroMag Oy (chairman of the board), and MedCap AB. Åsa holds a Master of Science in Biophysics/Bioengineering from the University of Minnesota. **Holdings in C-RAD:** 0 A shares, 0 B-shares.

Kicki Wallje-Lund, Director

Board member since 2015. Born 1953. Kicki Wallje-Lund has vast 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: chairman of the board at Embracer Group AB (publ), board member of Betsson AB (publ) and Wellnet AB. **Holdings in C-RAD:** 0 A shares, 100 000 B shares.

Per-Arne Blomquist, Director

Board member since 2019.Born 1962. Per-Arne has a long career of leading positions in companies like Alfa Laval, Telia, TeliaSonera and SEB. Per-Arne is today working as Senior Advisor at EQT, alongside different board assignments. He is today Chairman of the Board for Bluestep Bank and member of the board of Djurgården Hockey AB. Previous board assignments include Chairman of the Audit Committee in Lernia and Neste Oil as well as Chairman of the Board for Zmarta Group and IP-Only. Per-Arne holds a Bachelor of Business administration and Finance from Stockholm School of Economics. **Holdings in C-RAD:** 0 A shares, 238 275 B-shares.

David Sjöström, Director

Board member since 2017. Born 1974. David Sjöström is Deputy Chief Physicist at Herlev Hospital, Department of Oncology, Division of Radiotherapy, Herlev, Danmark. David Sjöström holds among other education a master of Science (Major in Physics) from the University of Lund. **Holdings in C-RAD:** 0 A shares, 0 B-shares.

Michael Bengtsson, Authorized Auditor

PricewaterhouseCoopers AB with Michael Bengtsson, Authorized Auditor, as Auditor-in-Charge. Born 1959. Michael is Auditor-in-charge for amongst others Indutrade, Sweco, Nobina, Eniro, and the Bonnier Group.

C-RAD share

Shareprice, SEK 2019-01-01–2019-12-31

Largest shareholders, 2019-12-31

Shareholder	Class A	Class B	Total	Capital (%)	Votes (%)
Peter Hamberg inkl Hamberg förv.AB	379 762	1 132 693	1 512 455	4,88%	12,71%
Svea Ekonomi AB	100 000	3 114 875	3 214 875	10,36%	10,61%
Lars Nyberg	70 000	2 340 930	2 410 930	7,77%	7,84%
Lars Kling	0	2 536 216	2 536 216	8,18%	6,54%
Olle Stenfors	180 000	150 000	330 000	1,06%	5,03%
Per Hamberg, DBO	0	1 782 784	1 782 784	5,75%	4,60%
Försäkringsaktiebolaget Avanza Pension	0	1 721 467	1 721 467	5,55%	4,44%
Nordnet Pensionsförsäkring AB	0	1 473 493	1 473 493	4,75%	3,80%
Eiffel Investment Group SAS	0	1 361 748	1 361 748	4,39%	3,51%
Anders Brahme	133 125	0	133 125	0,43%	3,43%
Other	0	14 543 943	14 543 943	46,88%	37,50%
Total	**862 887**	**30 158 149**	**31 021 036**	**100%**	**100%**

Share capital

The share capital in C-RAD is SEK 4,653,156.72, divided between 862,887 Class A shares and 30,158,149 Class B shares. The total number of outstanding shares is 31,021,036 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 30, 2019 was SEK 44.50 (25.80). The lowest closing price in 2019 was SEK 24.60 on January 10 and the highest was 46.15 on December 23, 2019. Average number of shares traded is 62,014 (43,395), worth about SEK 2.2 million (1.3) with an average of 123 trades per trading day (109).

ADMINISTRATION REPORT 20–29

ADMINISTRATION REPORT INCLUDING CORPORATE GOVERNANCE 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 2019. The Board's registered office is in Uppsala. The financial reports will be adopted by the Board and approved for publication on April 17, 2020. The consolidated and Parent Company financial statements will be submitted for approval at the Annual General Meeting on May 8, 2020.

Figures in parentheses refer to the previous year. All amounts presented in tables and notes are in SEK Thousands unless stated otherwise.

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. The C-RAD Group also includes Cyrpa International that develops innovative products for positioning and virtual simulation within radiotherapy.

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. Over time, we have built trust and our customers have developed confidence in our cutting-edge products. Powerful customer testimonials underline the clinical benefit of our technology. This has lead to a broader market acceptance and a growing demand for our products and solutions.

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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Growing sales

During 2019, order intake continued to increase, primarily for the positioning products and therewith aligned service business. On October 1st, 2020, the distribution agreement with IBA Dosimetry GmbH concerning distribution of dosimetry products in the Nordic region was cancelled. This means that no order intake was recognized in this category as of the fourth quarter of 2019. The Company's healthy growth over several years was driven by a market that has acknowledged the importance of surface scanning technology in order to provide an optimized treatment. Order intake for the full year increased by 9 percent, where a weaker start of the year was followed by strong order intake during the third and fourth quarters. In December, the Company received a large order from two radiation therapycenters with an order value of approximately 26 MSEK.

In July, C-RAD announced a sales- and distribution agreement with Elekta. The agreement enables Elekta in North America and Mexico to offer C-RAD technology with new sales of linear accelerators as well as an upgrade to their installed base. This agreement represents a big opportunity for C-RAD to grow the business on the North American market.

Sales, operating profit/loss and expenses

Consolidated sales amounted to 205.4 MSEK (190.1), an increase of 8 percent from 2018. The increase is mainly attributable to the Positioning segment and the service business. Gross profit margin amounted to 59 % (58 %). Operating

Five year summary	2019	2018	2017	2016	2015
Key figures, amounts in SEK					
Order intake	269.8	246.8	192.5	113.5	88.1
Revenue	205.4	190.1	133.1	82.7	66.2
Operating profit/loss	-9.6	0.8	-10.0	-30.4	-20.4
Profit/loss before tax	-11.4	0.2	-10.9	-31.2	-21.2
Profit/loss after tax	-13.8	21.2	-10.9	-31.2	-21.2
Total assets	157.8	146.6	118.1	102.1	73.6
Order backlog	267.1	194.0	139.8	83.5	60.2
Equity ratio %	53	64	60	69	54
Average number of employees	55	52	48	40	34

For definitions of the key figures, see page 78.

income for the year amounted to -9.6 (0.8) MSEK. In the end of the year, a write-down of capitalized development expenses and stock related to the GEMini project of in total 11.6 MSKE was done. Operating income before these items affecting comparability was 2.0 (0.8) MSEK.

Group depreciation and amortization amounted to 21.0 (6.6) MSEK, out of which 2.5 MSEK refer to depreciation of right-of-use assets that was previously reported as operating expenses. Write-down of 11.6 MSEK is related to capitalized development and stock in the GEMini project.

Total cost for research and development amounted to 19.3 (16.6), out of which 6.7 (3.4) MSEK has been activated as capitalized development expenditures. Total investments in capitalized expenditures, distribution rights and patents amounted to 13.3 (22.7) MSEK.

Comprehensive income for the year amounted to -13.6 (21.7) MSEK.

During 2019, the Company has continued its investments in the sales- and service organization and within research and development. The Company has developed a new hard- and software platform for the treatment room to be launched under the name Catalyst+™. An even stronger sales organization creates prerequisites for future growth and the investments in research and development reassures the ability to continue to offer high-end technology, giving the company a competitive advantage.

Cash flow

Consolidated cash and cash equivalents at December 31, 2019 totaled 29.5 (9.3) MSEK. Cash flow was 21.1 (-4.4) MSEK. Cash flow from operating activities and investments was 5.2 MSEK in 2019 (-13.6). Cash flow from financing activities totaled 16.0 (9.2) MSEK. Positive cash flow from financing activities refer to a new loan from Nordea, at the same time as the usage of the invoice discounting solution decreased, and payments for the warrant program for the employees. After the end of the year, a direct share issue was performed supported by the authorization from the Annual General Meetnig in 2019. For more information, see Significant events after the end of the financial year, page 26.

Equity

The Group's equity amounted to 83.3 (93.6) MSEK. The Group's equity ratio has decreased from 64 percent in 2018 to 53 percent in 2019.

Non-current liabilities

On the balance sheet day, the Company had long-term liabilities of 20.3 MSEK referring to a loan from Nordea and long-term leasing liabilities.

Deferred tax asset

The deferred tax asset is reviewed every quarter. During 2019, 2.4 MSEK has been accounted for as tax expense, decreasing the deferred tax asset. The total value of the deferred tax asset was 25.6 (28.1) MSEK by the end of December, 2019. The remaining unused taxable loss in the foreign subsidiaries amounts to 87.7 MSEK, and there are currently no time constraints regarding utilization of the losses against future taxable profits. No deferred tax asset has been activated for the taxable loss in the foreign subsidiaries.

Parent Company

The Parent Company's sales amounted to 16.2 (19.0) MSEK and loss before tax was -27.1 (-5.6) MSEK. The Parent Company incurs the majority of the Group's administrative expenses. Revenues in the Parent Company consist of invoiced administrative fees to subsidiaries and subsidies for development projects.

During the year the parent company wrote down value on shares in subsidiaries in C-RAD Imaging AB, C-RAD Innovation AB and Cyrpa International AB om 17.4 MSEK following capital increases to the companies.

Cash flow for the Parent Company was 1.2 (0.1) MSEK. Negative cash flow from investing activities totaled -5.2 (-4.3) MSEK, mainly referring to capital increases in subsidiaries.

Positive cash flow from financing activities refer to the warrant program that was approved on the Annual General Meeting 2019 and a new share issue related to the warrant program 2016-2019.

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. During 2019, C-RAD has been developing a new hard and software platform for the treatment room that is going to be launched under the name Catalyst+™. Catalyst+™ offers higher application versatility and significantly higher performance to our customers. Also development of cAccessory has been prioritized during 2019 and the products will be launched during 2020.

The joint development agreement with the company HMPT regarding GEMini has developed slower than anticipated, why the Company in the end of 2019 decided to make a write-down of all capitalized development cost in for the project. The cooperation partners testing activities is however still ongoing and the Company continues to support these activities.

Capitalized development costs in 2019 amounted to 6.7 (3.4) MSEK and is in it's entirety related to product development within the Positioning segment.

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 6.

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

Pandemics

Unforeseen and, in addition, rapid spread of diseases can mean that society functions, including health care, shift their focus and, at least in the short term, cannot focus on investments in new equipment. This could adversely affect C-RAD's sales, as well as the ability to deliver products already ordered. As mentioned further, C-RAD is dependent on third parties in the form of suppliers and cooperation agreements. There is a risk that a pandemic will affect these parties in such a way that they cannot fulfill their obligations to C-RAD, with the subsequent risk of negative affects on both sales and delivery capacity for C-RAD.

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

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. 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 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.

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.

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 and cash flow 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. On the balance sheet day, the Company did not have any long-term interest-bearing loans. 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.

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

PERSONNEL

At year-end the Group had a total of 59 employees. The average number of employees in 2019 was 55. The company hired new employees globally during the year. The majority of the new employees work within research and development. 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.

INCENTIVE PROGRAMS FOR THE EMPLOYEES

The Annual General Meeting on May 8th, 2019, approved an incentive program consisting of issue of 100 000 warrants in C-RAD AB, where the employees and senior executives owns the right to sign up for in total 90 000 warrants and the subsidiary C-RAD Positioning AB owns the right to subscribe for 10 000 warrants. Warrants that has been subscribed for by the subsidiary may be transferred on one or more occasions to persons that are senior executives or employees in the Group. Current employees in the C-RAD Group subscribed for 98 991 warrants, or 100 percent of the allocated amount. Out of these, 84 291 were subscribed for by Group management, other executive employees and other managers.

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.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The spread of Covid-19

The spread of Covid-19 is a global phenomenon that affects most businesses and companies. For C-RAD, the assessment, when publishing this annual report, is that in the short-term perspective, Covid-19 may generate negative consequences in the form of customers' procurement processes being delayed and reduced capacity to receive installations of systems already ordered. In the longer term, the assessment is that Covid-19 will not impose negative effects on the demand for the unique technology that C-RAD offers for high precision radiation therapy.

Brian Loar is appointed President of C-RAD North America

In January, 2020, Brian Loar was appointed President of C-RAD North America. Brian Loar has 22 years' experience with from different leading positions in companies within radiation therapy in North America. Brian will have the business responsibility for C-RAD in North America, covering sales, application, service and installation.

C-RAD carries out a directed new share issue of 2,500,000 series B shares

In February, 2020, C-RAD announced that a direct new share issue of 2 500 000 series B shares has been carried out, thereby raising proceeds of approximately 108 MSEK before transaction cost. The net proceeds from the directed new share issue will primarily be used to support the Company's growth, which includes investments in expanding C-RAD's product portfolio to increase efficiency and safety within radiation therapy.

The reasons for the deviation from the shareholders' preferential rights are mainly to diversify the shareholder base in the Company among institutional investors and at the same time take advantage of the opportunity to raise capital in a time- and cost-efficient manner.

FUTURE DEVELOPMENT

The strengths of the C-RAD products, the continued strong growth of the industry and the actions that the Company is taking to uniquely position C-RAD in the market place, create expectations for future growth. C-RAD will become even further established in proven and new markets and help to make cancer treatment more efficient for health care providers, better in quality and safer for patients and medical personnel.

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 applies 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. During 2019, one deviation from the Code was made: no board member was present at the extraordinary general meeting in December 2019, where the only item to be handled was to elect Per-Arne Blomquist into the Board of Directors.

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 2019 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. The authorization had not been used on the balance sheet day. The authorization was utilized for a direct new share issue in February, 2020. Participants in the direct new share issue were a number of Swedish and international institutional investors, amongst others TIN Fonder, Joh. Berenberg, Gossler & Co KG (Berenberg), Humle Småbolagsfond, and Alfred Berg Kapitalförvaltning. No previous owners or related parties participated in the new share issue.

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 31,021,036. 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 2020 Annual General Meeting consists of Lennart Ågren, Jenny Rosberg, and Lars Nyberg. The Nomination Committee appointed Lennart Ågren 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 16 and 17.

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

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 2019, the Board met 10 times, including the statutory meeting. All board members attended all meetings to which they were summoned.

Attendance at Board meetings in 2019

Director:	Number of meetings
Lars Nyberg	10
Peter Hamberg	10
Kicki Wallje-Lund	10
David Sjöström	10
Åsa Hedin	10
Per-Arne Blomquist (elected in December)	0
Peter Eidensjö (resigned in June)	6

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 audit committee from the Annual General Meeting 2019 until June, 2019, consisted of Peter Eidensjö and Kicki Wallje Lund. After Peter Eidensjö's resignation in June 2019, the Audit Committee consisted of Kicki Wallje-Lund alone. In conjunction with Per-Arne Blomquists' election into the board in December 2019, he took over the role as Chairman of the Audit Committee whilst Kicki Wallje-Lund remain chairman. The audit committee had four meetings during 2019. 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. In 2016, the Board assigned an audit committee that follows the current affairs through regular meetings with the Company's financial functions. 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. Any identified risks within the financial reporting will be handled within the Company's control structure and results in a number of control activities.

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.

OWNERSHIP

At the end of the year C-RAD had 3,973 shareholders according to Euroclear. The two largest shareholders together held 15.22 percent of the shares and 23.31of the voting rights. As of the balance sheet day, the company's share capital amounted to SEK 4,653,156.72 with a par value SEK 0.15 per share, divided into 31,026,036 shares, including 862,887 Class A shares and 30,158,149 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 38,787,019. No known shareholder agreements exist.

OWNERSHIP STRUCTURE – OWNERS OF AT LEAST 10 PERCENT OF VOTES

Shareholders	A shares	B shares	Total shares	Capital (%)	Votes (%)
Peter Hamberg, inklusive Hamberg Förv. AB	379 762	1 132 693	1 512 455	4.88%	12.71%
SVEA EKONOMI AB	100 000	3 110 000	3 210 000	10.35%	10.60%
Other	383 125	25 915 456	26 298 581	84.78%	76.69%
Total	**862 887**	**30 158 149**	**31 021 036**	**100 %**	**100 %**

Remuneration to the Board of Directors

The Annual General Meeting decides on remuneration to the Board of Directors. At the Annual General Meeting May 8, 2019 resolved that the Chairman shall be paid SEK 400,000 in remuneration for 2018 and the other Directors shall be paid SEK 200,000 each. Members of the Audit Committee shall be paid SEK 25,000 each.

Remuneration to senior executives

Total remuneration to senior executives Tim Thurn, Ling Zhang, Johan Bostedt, Cecilia Danckwardt Lillieström, Therése Björklund, Håkan Axelsson, Dirk Freynhagen, Kurt Wang, and WIlliam Dowd was 6.1 MSEK, of which 2.1 MSEK related to remuneration to Tim Thurn, CEO. The average number of senior executives during 2019 was 4. All amounts relating to remuneration to senior executives do not include social security contributions. Pension costs for senior executives during 2019 totaled 0.7 MSEK. Pension terms for Executive Management are in line with those of other employees within the Group. Tim Thurn, Cecilia Danckwardt Lillieström, Therése Björklund, and Håkan Axelsson are employed by the Parent Company C-RAD AB while Johan Bostedt a, Ling Zhang and Kurt Wang are employed by the affiliate C-RAD Positioning AB, WIlliam Dowd is employed by the affiliate C-rAD Inc and Dirk Freynhagen is employed by the affiliate C-RAD GmbH.

Guidelines for remuneration to senior executives

The 2020 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 2019 Annual General Meeting, Öhrlings Pricewater-House Cooperas AB was re-elected to serve as auditor for the company, with Michael Bengtsson 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 2018 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	-98 770 635
Share premium reserve	263 154 902
Profit for the year	-26 544 831
Total retained earnings	137 839 436

The Board and the President propose that the retained earnings of SEK 137 839 436 be carried forward.


FINANCIAL
REPORTS
30–41

CONSOLIDATED INCOME STATEMENT

All amounts in SEK Thousands unless otherwise stated.	NOTE	2019	2018
Operating income			
Net sales	11	205 394	190 110
Purchased goods and services		-84 365	-80 001
Gross profit		**121 029**	**110 109**
Operating expenses			
Other external costs	13,14	-52 603	-45 606
Personnel costs	15	-63 929	-59 270
Own work capitalized		6 727	3 444
Depreciation, amortization and write-down of property plant and equipment, as well as intangible assets	20,21	-20 965	-6 573
Other operating expenses/income	12	110	-1 296
Total operating expenses		**-130 660**	**-109 301**
Operating profit/loss (EBIT)		**-9 632**	**808**
Financial income	17	11	369
Financial expenses	17	-1 746	-968
Profit (loss) before tax		**-11 366**	**210**
Tax on profit/loss for the period	18,19	-2 434	20 981
Profit (loss) for the year		**-13 800**	**21 191**
Consolidated statement of comprehensive income Items that may be reclassified subsequently to profit or loss			
Translation difference from foreign operations		206	478
Total comprehensive income for the year (1)		**-13 594**	**21 669**
Earnings per share			
Earnings per share, basic (SEK)		-0,45	0,69
Earnings per share, diluted (SEK)		-0,45	0,68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	NOTE	31-12-2019	31-12-2018
Intangible assets			
Capitalized development expenditure	21	13 320	22 718
Distribution rights	21	2 684	3 531
Patents, licenses and similar rights	21	1 830	638
		17 834	**26 887**
Property, plant and equipment			
Equipment	20	2 733	1 274
Financial assets			
Right-to-use assets	14	2 174	0
Non-current receivables	6,22	102	102
Deferred tax assets	19	25 642	28 075
Total financial assets		**27 917**	**28 177**
Total non-current assets		**46 485**	**56 338**
Current assets			
Inventories	7	14 952	11 663
Accounts receivable	6,28	35 149	44 329
Other receivables		3 976	3 760
Prepaid expenses and accrued income	8	25 745	21 191
Cash and bank balances	6,27	29 485	9 333
Total current assets		**109 307**	**90 276**
Total assets		**157 792**	**146 614**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	NOTE	31-12-2019	31-12-2018
Equity	**23**		
Share capital		4 653	4 614
Additional paid-in capital		271 440	268 194
Reserves		-185	-391
Retained earnings incl profit for the year		-192 574	-178 774
Total equity		**83 334**	**93 641**
Long-term liabilities	**24**		
Long-term leasing liabilities		299	0
Other long-term liabilities		20 000	0
Total long-term liabilities		**20 299**	**0**
Current liabilities			
Accounts payable		11 604	9 321
Warranty provisions	29	2 494	2 305
Other current liabilities		21 612	22 882
Accrued expenses and deferred income	30	18 449	18 464
		54 159	**52 973**
Total liabilities		**74 458**	**52 973**
Total equity and liabilities		**157 792**	**146 614**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2019	2018
Operating activities			
Operating profit/loss before financial items		-9 632	808
Adjustments for non-cash items	26	21 552	8 003
Interest received		0	0
Interest paid		-1 745	-917
Cash flow from operating activities before working capital changes		**10 175**	**7 894**
Increase (decrease) operating receivables		4 410	-23 580
Increase (decrease) inventories		-3 290	8 438
Increase (decrease) operating liabilities		4 532	-2 357
Cash flow from operating activities		**15 827**	**-9 606**
Investing activities			
Acquisition of intangible assets		-1 340	-270
Capitalized development expenditures		-6 727	-3 444
Acquisition of property, plant and equipment		-2 703	-251
Cash flow from investing activities		**-10 770**	**-3 965**
Financing activities			
New share issue		3 068	0
Warrants		319	456
Debt repayment		-5 261	-417
Repayment of leasing liability		-2 171	0
Borrowings		20 000	9 133
Cash flow from financing activities		**15 955**	**9 172**
Cash flow from financing activities		**21 012**	**-4 399**
Opening cash and cash equivalents		9 334	14 594
Exchange rate differences in cash and cash equivalents		-860	-862
Closing cash and cash equivalents	**27**	**29 485**	**9 334**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES	RETAINED EARNINGS	TOTAL
Opening equity 2018-01-01	**4 614**	**267 738**	**-869**	**-200 075**	**71 407**
Issued warrants		456			456
Total transactions with owner	**0**	**456**			**456**
Equity component, convertible loan				110	110
Total comprehensive income for the year			478	21 191	21 669
Closing equity 2018-12-31	**4 614**	**268 194**	**-391**	**-178 774**	**93 641**
Rights issue	40	3 373			3 413
Issue cost		-65			-65
Issued warrans		-62			-62
Total transactions with owner	**0**	**3 246**		**0**	**3 286**
Total comprehensive income for the year			206	-13 800	-13 594
Closing equity 2019-12-31	**4 654**	**271 440**	**-185**	**-192 574**	**83 334**

PARENT COMPANY – INCOME STATEMENT

	NOTE	2019	2018
Operating income			
Net sales		16 249	18 962
Total operating income		**16 249**	**18 962**
Operating expenses			
Other external costs	13,14	-11 676	-8 169
Personnel costs	15	-9 251	-8 089
Depreciation of property, plant and equipment	20,21	-19	-34
Amortization of intangible assets		-847	-847
Other operating expenses		2 502	0
Total operating expenses		**-19 292**	**-17 140**
Operating profit/loss (EBIT)			**1 822**
Interest income and similar profit/loss items	17	-3 043	365
Interest expense and similar profit/loss items	17	-24 063	-7 796
Profit (loss) before tax		**-27 105**	**-5 609**
Tax on profit/loss for the period	18,19	560	2 217
Profit (loss) for the year		**-26 545**	**-3 391**

PARENT COMPANY – BALANCE SHEET

ASSETS	NOTE	2019-12-31	2018-12-31
Property, plant and equipment			
Equipment	20	16	35
Intangible assets			
Distribution rights	21	2 684	3 531
Financial assets	**22**		
Shares in Group companies		103 531	108 128
Receivables from Group companies		40 286	53 382
Deferred tax asset	18	2 778	2 217
		146 594	**163 727**
Total non-current assets		**149 294**	**167 293**
Current assets			
Other receivables		1 013	264
Prepaid expenses and accrued income	8	1 501	888
Cash and bank balances	27	1 061	472
Total current assets		**3 575**	**1 623**
Total assets		**152 869**	**168 917**

PARENT COMPANY – BALANCE SHEET

EQUITY AND LIABILITIES	NOTE	31-12-2019	31-12-2018
Equity			
Restricted equity	23		
Share capital		4 653	4 614
Non-restricted equity			
Share premium reserve		263 155	259 909
Retained earnings		-98 771	-95 380
Profit (loss) for the year		-26 545	-3 391
		137 839	**161 138**
Total equity		**142 493**	**165 753**
Non-current liabilities			
Non-current liabilities	24	0	0
		0	**0**
Current liabilities			
Accounts payable			668
Liabilities to Group Companies		4 835	0
Other current liabilities		928	1 260
Accrued expenses and deferred income	30	968	1 236
		10 377	**3 165**
Total liabilities		**10 376**	**3 164**
Total equity and liabilities		**152 869**	**168 917**

STATEMENT OF CASH FLOWS, PARENT COMPANY

	NOTE	2019	2018
Operating activities			
Operating profit/loss before financial items excl. interest		-27 105	-5 609
Adjustments for non-cash items	26	24 040	6 121
Other non-cash items		0	
Interest paid		0	-85
Cash flow from operating activities before working capital changes		**-3 066**	**427**
Increase (decrease) operating receivables		-1 362	3 577
Increase (decrease) accounts payable		4 167	-532
Increase (decrease) operating liabilities		3 046	484
Cash flow from operating activities		**2 785**	**3 956**
Investing activities			
Acquisition of property, plant and equipment		0	0
Shareholder contributions		-3 702	-3 900
Acquisition associated companies		-1 502	-417
Cash flow from investing activities		**-5 204**	**-4 317**
Financing activities			
Rights issue		3 348	0
Issued warrants		253	456
Cash flow from Financing activities		**3 601**	**456**
Cash flow for the year		1 182	95
Opening cash and cash equivalents		472	387
Exchange rate differences in cash and cash equivalents		2	-10
Closing cash and cash equivalents	**27**	**1 656**	**472**

STATEMENT OF SHAREHOLDERS' EQUITY, PARENT COMPANY

	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	TOTAL
Opening equity Jan. 1, 2018	**4 614**	**259 453**	**-95 380**	**168 688**
Issued warrants		456		0
Summa transaktioner med ägare	**0**	**456**	**0**	**456**
2018 profit/loss			-3 391	-3 391
Closing equity Dec 31, 2018	**4 614**	**259 909**	**-98 770**	**165 753**
New share issue	40	3 373		3 413
Issue cost		-65		-65
issued warrants		-62		-62
Total transactions with owner	**40**	**3 246**	**0**	**3 286**
2019 profit/loss			-26 545	-26 545
Closing equity Dec 31, 2019	**4 654**	**263 155**	**-125 316**	**142 493**

NOTES 42–78

NOTES

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 COMPLIENCE WITH IFRS

The parent company of the Group, C-RAD AB, is a Swedish public limited company based in Uppsala. The C-RAD Group is headquartered at address Bredgränd 18, 753 20 Uppsala, Sweden. C-RAD shares are listed on NASDAQ OMX 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 30.

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, 2019 (including comparatives) were approved for issue by the Board on April 17, 2020. Regulations in Sweden stipulate that the financial statements may not be changed after they have been approved.

3. NEW AND UPDATED STANDARDS

A number of new and updated standards are applicable for financial years beginning on January 1, 2019 and later. More information on these standards can be found below.

IFRS 16 Leasing

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. The Group applies this standard as of January 1st, 2019.

The Group applies the simplified transition method and is reporting the accumulated effect as of January 1, 2019. More information can be found in Note 32. Other changes has not affected the reported figures for thhe previous years, and is not expected to have a significant effect on the present and upcoming periods.

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.

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. 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, the German wholly-owned C-RAD GmbH, the Chinese wholly-owned C-RAD (Shanghai) medical Device Co Ltd, and the Belgian wholly owned subsidiary CYRPA International Sprl.

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 Translation of foreign currencies

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.

5.3 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.

5.4 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

5.5 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 control of the goods has been transferred 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 as a separate, one-off item are recognized when services are rendered. Multi-annual service agreements are recognized over the term of the contract

5.6 Operating expense

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.

5.7 Borrowing cost

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.

5.8 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 21.

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: 5-10 years
– Patent: 10 years
– Licenses and similar rights: 5-10 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 21.

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.

5.9 Property, plant and equipment

Owned 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.

Right-to-use assets

Leasing contracts where C-RAD is the leasee is recognized as right-of-use assets and are depreciated over the useful life. The Group is leasing premises, offic equipment and cars. Leasing contracts are normally signed for a fixed period up to five years, but possibility to extend the contract may exist. The reasonability of extension, residual value and similar variable contract terms are being evaluated regularly. Leasing payments are discounted with the implicit interest rate of the contract. If the implicit interest rate cannot be easily determined, as is the case with most of the Group's leasing contracts, the lessee's incremental borrowing rate of interest should be applied. This is the rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset. The Group determines the incremental borrowing rate as follows:

– to the extent possible, a recent external financing arrangement is used as a starting point, to be adjusted to reflect changes in the prerequisities to obtain financing since the financing was approved.

Right-of-use assets are valuated at acquisition cost and includes the following:

the amount the leasing debt was intially recognized with
– leasing fees paid at of before the start date, after deduction of any benefits received in conjunction with signing of the leasing contract
– initial direct expenses
– expenses for restoring the assets to a state determined by the contract.

Right-of-use assets are normally depreciated linear-based over the shorter of the useful life and the leasing period. Payments for short-term contracts for equipment and cars, and all leasing contracts of low value, are recognized linearly as cost in the income statement. Short-term contract are contracts with a contract period of 12 months or less. Low-value contracts include IT-equimpent and small furniture.

5.10 Deprecation, 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 cashgenerating unit and reflect Group management's assessment of their respective risk profiles, such as market and assetspecific risk factors.

5.11 Financial instruments

Financial assets valued at amortized cost
Financial assets are recognised and valued at amortized cost using the effective interest method. The carrying amount of these assets is adjusted with any expected credit losses reported (see impairment below). Interest income from these financial assets is reported using the effective interest method and is included in financial income. Financial assets valued at amortised cost consist of accounts receivable, other receivables and cash and bank items.

Financial liabilities valued at amortized cost
Financial liabilities are recognised and valued at amortized cost using the effective interest method. Borrowings are reported net of transaction costs and any difference between the amount received (net of transaction costs) and the amount of the repayment is recognised in the income statement divided over the loan period, applying the effective interest method. Other financial liabilities consist of borrowing from credit institutions, trade payables and other current liabilities.

General Principles
Purchases and sales of financial assets and liabilities are recognised on the trade date – the date on which the Company undertakes to purchase or sell the asset or liability. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the company has transferred virtually all risks and benefits associated with the ownership. Financial liabilities are removed from the balance sheet when the contractual obligation has been fulfilled or otherwise extinguished. Financial assets are included in current assets with the exception of items with a due date more than 12 months after the balance sheet date, which are classified as fixed assets. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

The carrying amount of short-term financial liabilities and assets is presumed to correspond to its fair value, as these items are short-term in nature. The book value of the company's other financial assets and liabilities is deemed to correspond to the fair value of these.

Impairment of financial assets

The Company assesses the future expected loan losses associated with assets reported at amortized cost. The Company reports a credit reserve for such expected credit losses at each reporting date. For accounts receivable, the simplified approach for kreditreservering is applied. The Method means that expected losses over the entire duration of the claim are used as a starting point for provision. The Reserve is based on the expected credit loss where the amount Corresponds to the present value of the difference between the expected recoverable amount and the amount under the contract.

In subsequent periods, financial assets acquired with the intention of being held short-term (short-term investment) are reported in accordance with the lowest value principle at the lower of cost and market value.

At each balance sheet date, the company assesses whether there is any indication of impairment in any of the financial fixed assets (other long-term securities holdings). Write-down is expected to be permanent. Impairment is recognized in the income statement.

5.12 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, see note 29 for more information.

5.13 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.

5.14 Inventory

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.

5.15 Capitals 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.

5.16 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.

5.17 Pensions and remuneration to employees

A plan in which the company's obligation is limited to the fees that the company has undertaken to pay is considered to be a defined-contribution pension plan. In that case, the amount of the employee's pension depends on the fees paid by the company to the plan or to an insurance company and the return on capital provided by the contributions. Consequently, it is the employee who bears the actuarial risk and Investment risk. The Company's obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss for the year as they are earned.

C-RADs 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.

5.18 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.

5.19 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, alongside an appropriate part of the relevant operating costs and borrowing costs.

5.20 Statements of cash flow

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

5.21 Contingent liabilities and contingent assets

A contingent liability is recognized when there is a possible commitment arising from past events and whose existence is confirmed only by one or more uncertain future events or when there is a commitment that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

A contingent asset is recognized when an external party has a possible undertaking against the company arising from occurrences and whose existence is confirmed only by one or more uncertain future events or when an external party has a commitment to the company that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

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

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

Share 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.

Leasing

Leasing contracts, independent of if they are operational or financial, is treated as operational leasing in the parent company.

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.

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, 2019 (2018: 10%). A change of +/- 5% is assumed for the exchange rate SEK/EUR (2018: 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% (2018: 10%) and against the EUR by 5% (2017: 5%), this would have had the following effect:

SHORT-TERM EXPOSURE

2019-12-31	EUR	USD
Financial assets	46 912	9 283
Financial liabilities	-16 563	-5 883
Total exposure	**30 349**	**3 400**

2018-12-31	EUR	USD
Financial assets	47 285	11 642
Financial liabilities	-30 523	-5 596
Total exposure	**16 762**	**6 046**

	PROFIT (LOSS) FOR THE YEAR		EQUITY	
	EUR	USD	EUR	USD
31 December 2019	-1 044	-2 115	-5	6 042
31 December 2018	-838	-605	-428	4 403

If the SEK had depreciated against the USD by 10% (2018: 10%) and against the EUR by 5% (2018: 5%), this would have had the following effect:

	EUR	USD	EUR	USD
31 December 2019	1 044	2 115	5	-6 042
31 December 2018	838	605	428	-4 403

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 was exposed to changes in the market interest rates through interest on bank loans and the invoice discounting solution.

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	2019	2018
Accounts receivable	35 149	44 329
Loans	102	102
Cash and cash equivalents	29 485	9 333
Total exposure	**64 736**	**53 764**

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.

Accounts receivables aging, total accounts receivables	GROUP 2019	2018
Less than 3 months	32 580	42 866
3 to 6 months	1 262	670
Over 6 months	1 307	793
Total accounts receivable	**35 149**	**44 329**
Past due at the end of the financial year	**23 198**	**21 919**

Currency analysis, total accounts receivables	GROUP 2019	2018
SEK	1 274	2 648
EUR	29 678	28 656
USD	4 079	10 282
Other	118	2 743
	35 149	**44 329**

Financial instruments

The below table show the Group financial assets and liabilities by category and with fair value and carrying amount per item.

	31-12-2019		31-12-2018	
Loans and receivables	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Accounts receivable	35 149	35 149	44 329	44 329
Loans	102	102	102	102
Cash and cash equivalents	29 485	29 485	9 333	9 333

Financial liabilities recognised at amortized cost:	Fair value	Carrying amount	Fair value	Carrying amount
Accounts payable	11 604	11 604	9 321	9 321
Liablities to credit institutions (invoice discounting solution)	14 699	14 699	19 859	19 859
Liability for contingent consideration, acquisition of Cyrpa international	20 000	20 000	0	0
Total financial liabilities recognised at amortized cost:	**46 303**	**46 303**	**29 180**	**29 180**

	GROUP	
Accounts payables aging, total accounts payable	**2019**	**2018**
Due within 30 days	6 175	6 263
Due within 60 days	208	155
Due after 60 days	210	233
Past due at the end of the financial year	5 010	2 670
Total accounts payable	**11 604**	**9 321**

	GROUP	
Age analysis of liabilities to credit institutions and liabilities for contingent consideration	**2019**	**2018**
Due within 30 days	6 419	7 390
Due within 60 days	8 280	12 469
Due after 60 days	20 000	0
Past due at the end of the financial year	0	0
Total liabilities to credit institutions and liabilities for contingent consideration	**34 699**	**19 859**

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 an overdraft facility of SEK 2 million which were un-utilized, and a loan of SEK 2 million from Nordea. As security for the loan, Nordea holds company mortgages in C-RAD Positioning AB. The Company also has an invoice discounting solution with Erik Penser Bank AB amounting to maximum SEK 20 million. Thhe invoice disccounting solution was uti-lized to an amount of SEK 14,7 million on the balance sheet day. As security for the invoice diiscounting solution, Erik Penser Bank AB holds a company mortgage of SEK 5 million and the accounts receivables in C-RAD Positioning AB.

The terms for the different credit facilities are listed below:

Credit facility	GRANTED	UTILIZED	RUNNING TIME	INTEREST
Overdraft facility, Nordea AB	2 Mkr	0 Mkr	Until further notice	Stibor 1v + 4,50%. Variable interest.
Credit line, Erik Penser Bank AB	20 Mkr	14,7 Mkr	Unil further notice	Stibor 3M + 5,65%
Business credit, Nordea Bank AB	20 Mkr	20 Mkr	24 months as of 2019	Stibor 1v + 3,50%. Variable interest.

Net debt

Group	Cash and cash equivalents	Loans	Leasing debt	Total
Net debt as of January 1st, 2018	14 594	-11 183	0	3 411
Cash flow	-4 399	-8 716		-13 115
Exchange rate differencies	-862			-862
Other changes		40		40
Recalculation at transition to IFRS 16 (See Note 32)			-3 355	-3 355
Net debt as of December 31, 2018	**9 334**	**-19 859**	**-3 355**	**-13 881**
Cash flow	21 012	-14 739	2 054	8 327
Acquisition - leasing			-1 168	-1 168
Exchange rate differencies	-860			-860
Other changes				0
Net debt as of December 31, 2019	**29 484**	**-34 598**	**-2 469**	**-7 582**

Parent company	Cash and cash equivalents	Leasing debt	Total
Net debt as of January 1st, 2018	387	0	387
Cash flow	-95	0	-95
Exchange rate differencies	-10	0	-10
Net debt as of December 31st, 2018	**472**		**472**
Cash flow	1 182	1 467	2 649
Exchange rate differencies	2	0	2
Net debt as of December 31st, 2019	**2 128**	**1 467**	**3 595**

7. INVENTORY

Inventories consists of:

Inventories consists of:	2019	2018
Spare parts	4 564	6 131
Finished goods	10 388	5 532
	14 952	**11 663**

During 2019, a write-down of inventories in the subsidiary C-RAD Imaging AB was made, amounting to 675 KSEK.

8. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses relate to rent, leasing costs, insurance and other accrued costs that are allocated over time.

	GROUP		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Prepaid expenses	2 871	1 793	1 501	888
Accrued income	22 874	19 398	0	0
	25 745	**21 191**	**1 501**	**888**

9. RELATED-PARTY TRANSACTIONS

During 2019, C-RAD has purchased printing material from Thurn Transmedia Com to an amount of 12 KSEK. 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 beginning of financial year 2019.

10. PARENT COMPANY GROUP INTERNAL TRANSACTIONS

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.

	2019	2018
Purchases	0%	0%
Sales	100%	100%

Operating assets/liabilities in respect of related party	2019	2018
C-RAD AB (Parent Company) has a claim on C-RAD Positioning AB	24 723	31 208
C-RAD AB (Parent Company) has a claim on C-RAD Imaging AB	2 312	11 917
C-RAD AB (Parent Company) has a claim on C-RAD Innovation AB	35	83
C-RAD AB (Parent Company) has a claim on C-RAD Incorporated	4 080	1 403
C-RAD AB (Parent Company) has a claim on C-RAD GmbH	3 134	4 933
C-RAD AB (Parent Company) has a claim on Cyrpa International Sprl	5 663	3 838
C-RAD AB (Parent Company) has a claim on C-RAD (Shanghai) Medical Device Co Ltd	341	0

Loans or commitments to, or for related parties and senior executives	2019	2018
Loans from shareholders total	0	0

Share options issued to directors

There are no share options issued to directors.

Senior executives have received 289 998 issued stock options and others received 125 611.

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: 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 2018, transactions of 1 620 TSEK were made over the segments.

	SEGMENT REVENUE		SEGMENT OPERATING PROFIT/LOSS	
	2019	2018	2019	2018
Positioning external sales	204 894	189 510	8 834	4 480
Imaging external sales	500	600	-18 466	-3 672
Imaging internal sales	2 974	1 620	0	0
Elimination internal sales	-2 974	-1 620	0	0
Total	**205 394**	**190 110**	**-9 632**	**808**
Financial income and expenses			-1 734	-598
Operating profit/loss			**-11 366**	**210**

Segment reporting is based on the same accounting policies as applied in the consolidated reporting in 2019. Sales by country is based on sales to customers in each country. No individual customer represented over 10 percent of net sales in 2019.

Revenue by geographical region	2019	2018
Sweden	7 804	31 039
Other Nordic countries	9 822	12 015
DACH (Germany, Austria, Switzerland)	31 352	25 078
RoE (Rest of Europe)	38 449	29 611
US	44 680	36 080
OEM*	958	0
France	11 611	11 481
Asia	60 718	44 806
	205 394	**190 110**

Revenue per product category	2019	2018
Positioning products	156 894	145 110
HIT Lasers	21 500	20 100
Life Cycle Business	17 300	8 100
Distribution	9 200	16 300
GEMini	500	500
	205 394	**190 110**

Contractual assets and contractual debts

The Group reports the following contractual assets and contractual debts. All contractual assets related to products are estimated to be short-term. There are no contractual debts.

	2019	2018
Short-term contractual assets related to products	144 418	120 202
Short-term contractual assets related to Life Cycle Business	19 441	11 900
Long-term contractual assets related to Life Cycle Business	103 279	61 937
Total contractual assets	**267 138**	**194 039**

12. OTHER REVENUE AND EXPENSES

GROUP

	2019	2018
Currency exchange gain/loss	-818	-1 886
Contributions received	1 511	735
Other revenue	1 153	1 281
Other expenses	-708	-1 087
Write-down of current assets	-1 028	-340
	110	**-1 296**

13. REMUNERATION TO AUDITORS

	GROUP		PARENT COMPANY	
Öhrlings PricewaterhouseCoopers AB	**2019**	**2018**	**2019**	**2018**
Audit assignment	993	746	883	616
Audit outside audit assignment	0	12	0	12
Tax consultation	102	38	102	38
Other services	140	136	140	136
	1 234	**932**	**1 124**	**802**

Audit assignments refer to auditing of the annual accounts, accounting records and administration by the Board and the CEO, as well as their 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. All provisions paid to Öhrlings PricewaterhouseCoopers refer to the audit company and not provisions refer to other network companies. No provision has been paid-out for evaluation service.

14. LEASING CONTRACTS

Leasing debt for operational leasing contracts for premises and cars during 2019 amounted to:

	GROUP		PARENT COMPANY	
	2019-12-31	**2019-01-01***	**2019-12-31**	**2019-01-01***
Leasing debt premises	2 109	2 518	1 359	2 518
Leasing debt cars	551	837	0	0
Due within 1 year:	2 361	2 139	1 359	1 744
Due in more than 1 year but within 5 years:	299	1 213	0	910
Due later then 5 years:	0	0	0	0

In the balance sheet, the following assets related to leasing contracts are included:

Right-of-use assets	**2019-12-31**	**2019-01-01***
Contracts for premises	2 990	2 518
Cats	0	837
Total	**2 990**	**0**

* In the previous year, only leasing assests and leasing liabilities related to financial leasing contracts were reported in line with IAS 17, Leasing. The assets were reported as a part of thhe tangible assets, and the debbt as a part of group debt. Adjustments made at the transition to IFRS 16 as of January 1, 2019, can be found in Note 32. Acquired right-of-use assets during 2019 amounted to 1 206 TSEK.

In the income statement, the following is reported:

Depreciation of right-of-use assets	2019	2018
Contracts for premises	-2 032	0
Cats	-467	0
Total	-2 499	0

Interest expense (included in financial items)	-117
Expenses for short-term and low valu easing contracts	-171

tootal cash flow related to leasing contracts amounted to - 2 171 TSEK during 2019.
The Group is leasing premises, offic equipment and cars. Leasing contract are normally signed for a fixed period up to five years, but possibility to extend the contract may exist. The reasonability of extension, residual value and similar variable contract terms are being evaluated regularly. Leasing payments are discounted with the implicit interest rate of the contract. If the implicit interest rate cannot be easily determined, as is the case with most of the Group's leasing contracts, the lessee's incremental borrowing rate of interest should be applied. This is the rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset. The incremental borrowing rate for the Group was set to 3.20% for car leasing contracts and 3.95 % for leasing contracts for premises during 2019.

The Group determines the incremental borrowing rate as follows:

– to the extent possible, a recent external financing arrangement is used as a starting point, to be adjusted to reflect changes in the prerequisities to obtain financing since the financing was approved.

Right-of-use assets are valuated at acquisition cost and includes the following:

-the amount the leasing debt was intially recognized with
– leasing fees paid at of before the start date, after deduction of any benefits received in conjunction with signing of the leasing contract
– initial direct expenses
– expenses for restoring the assets to a state determined by the contract.
Right-of-use assets are normally depreciated linear-based over the shorter of the useful life and the leasing period. Payments for short-term contracts for equipment and cars, and all leasing contracts of low value, are recognized linearly as cost in the income statement. Short-term contract are contracts with a contract period of 12 months or less. Low-value contracts include IT-equimpent and small furniture.

15. AVERAGE NUMBER OF EMPLOYEES AND COST FOR EMPLOYEE AND BOARD BENEFITS

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

	GROUP		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Women	9	7	3	2
Men	46	45	2	2
Total	**55**	**52**	**5**	**4**

Salaries and remuneration:	**2019**	**2018**	**2019**	**2018**
Board of Directors and Chief Executive Officer	3 182	3 486	3 182	3 486
Other employees	45 659	43 771	2 522	1 668
Total salaries and remuneration	**48 841**	**47 257**	**5 704**	**5 154**

Social security and pension costs:	**2019**	**2018**	**2019**	**2018**
Social security contributions according to law and agreements	7 856	7 578	1 932	2 139
Pension costs Board and CEO	212	198	212	198
Pension costs other employees	2 257	2 217	301	260
Total social security and pension costs:	**10 325**	**9 993**	**2 444**	**2 597**
Total payroll	**59 166**	**57 249**	**8 148**	**7 751**

	2019		2018	
Directors and senior executives	**Number on balance sheet day**	**Men**	**Number on balance sheet day**	**Men**
Directors	6	64%	6	67 %
CEO and other senior executives	4	77%	4	75 %

Remuneration to senior executives

The Annual General Meeting decides on remuneration to the Board of Directors. The Annual General Meeting May 8, 2019 resolved that the Chairman of the Board shall be paid SEK 400,000 in remuneration and the other Directors shall be paid SEK 200,000 each. The members of the audit committee shall receive SEK 25 000 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.

REMUNERATION AND OTHER BENEFITS DURING THE YEAR – BOARD OF DIRECTORS

DIRECTOR'S FEES

Chairman of the Board	2019	2018
Lars Nyberg	400	400

Director	2019	2018
Peter Hamberg	200	200
Kicki Wallje-Lund	200	200
Peter Eidensjö	100	200
Åsa Hedin	200	200
David Sjöström	200	200
Per-Arne Blomquist	0	0
Total remuneration - Board of Directors	**1 300**	**1 400**

Peter Eidensjö resigned from the board in June, 2019. Per-Arne Blomquist was elected as a new members of the board at an Extra General Meeting in december, 2019.

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

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

2019	Base salary	Variable remuneration	Pension and health insurance	Benefits	Other remuneration	Total
Tim Thurn CEO	1 593	263	212	23	26	2 117
Other senior executives (average 4)	3 106	158	465	107	126	3 962
Total	**4 699**	**421**	**677**	**130**	**152**	**6 079**

2018	Base salary	Variable remuneration	Pension and health insurance	Benefits	Other remuneration	Total
Tim Thurn CEO	1 449	589	198	1	47	2 285
Other senior executives (average 4)	2 569	187	541	95	116	3 507
Total	**4 019**	**776**	**739**	**96**	**163**	**5 792**

Benefits are primarily related to car benefit.

16. INCENTIVE PROGRAMS

In order to strengthen the company's possibilities to keep competent personnel and key employees, the company has introduced incentive programs to achieve a long-term owner perspective. The incentive program consists of warrants, sold at market price based on the Black & Scholes valuation model. The following incentive programs are active as per the balance sheet day:

Incentive programs	2017/2020	2018/2021	2019/2022
Number of subscribed warrants (one warrant equals one share)	232 618	100 000	98 991
Start date	2017-05-16	2018-06-15	2019-05-23
Earliest date for exercise	2020-02-01	2021-02-01	2022-02-01
Last date for exercise	2020-04-30	2021-04-30	2022-04-30
Exercise price (SEK/share)	21,21	40,54	47,66
Average warrant price (SEK/warrant)	3,40	4,66	3,28
Total paid-in capital as per balance sheet day (SEK)	790 901	466 000	324 942
Additional capital increase on exercise (SEK)	4 933 828	4 054 000	4 715 931
Total capital increase upon full exercise (SEK)	**5 724 729**	**4 520 000**	**5 040 873**

The company's cost upon exercise is expected to be transaction fees to issue institute and potential legal cost for issuing exercise documentation. The Annual General Meeting 2019 approved an incentive program for employees and senior executives consisting of 100 000 warrants with a run time of three years. Subscription and any transfer of the warrants shall be made at a price corresponding to market value of the warrants according to Black-Scholes formula. Volatilitet of 30 percent and a risk-free rate of 0.40 percent were used in the initial calculation. The exercise price is based on the volume-weighted average share price during ten days following the AGM, plus 30 percent. The incentive program was fully subscribed, 15 137 of the warrants were subscribed for by the CEO, Group management, senior executives and other managers subscribed for 50 273 warrants and other employees subscribed for 33 581 warrants.

17. FINANCIAL INCOME AND FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Change in securities holdings	0	365	0	365
Interest income on cash and cash equivalents	11	4	0	0
Positive currency exchange difference	0	0	0	0
	11	**369**	**0**	**365**

	2019	2018	2019	2018
Interest expense on other liabilities	124	6	5	1
Borrowing costs	1 396	911	0	84
Other financial cost	226	51	1	85
Negative currency exchange difference	0	0	0	0
Impairment intercompany receivables	0	0	0	7 627
	1 746	**968**	**6**	**7 796**

18. TAX EXPENSE

	GROUP		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Profit (loss) before tax	-11 366	210	-27 105	-5 609
Tax rate	21,4%	22%	21,4%	22%
Expected tax income/expense	2 432	-46	5 801	1 234

Tax effect on non-deductible expenses and tax-exempt revenue	2019	2018	2019	2018
Other tax-exempt revenue	0	70	0	0
Other non-deductible expenses	-7 652	-53	-5 241	-1 606
Deferred tax asset not recorded	7 654	-29	0	-372
Tax revenue based on previously not accounted deferred tax	0	21 010	0	2 589
Tax recognized in income statement	**-2 434**	**20 981**	**560**	**2 217**

Tax revenue consists of the following components:	2019	2018	2019	2018
Tax revenue carryforwards, not utilizes	2 215	20 981	560	2 217
Utilizzation of deferred taxfrom previous periods	-4 649	0	0	0

19. DEFERRED TAX

Accrued taxable loss for the Group amounted to 212 MSEK in the beginning of the year. As the group reports a profit for the first time in 2018, with expectations of profit also in the comping years, a deferred tax asset was booked on the accrued taxable loss for the Swedish entities. This was also done in 2019, deferred tax was in total 2,4 MSEK and the total value of the deferred tax asset was 25.6 MSEK by the end of December, 2018. As the Swedish corporate tax rate will decrease to 20.40 percent in 2021, the lower tax rate was used for the calculation of deferred tax asset. Other accrued loss refer to the subsidiaries in France, Germany, Belgium and the US. The accrued loss in the foreign subsidiaries amounted to 87.7 MSEK on the balance sheet day. Remaining unused taxable loss as of December 31, 2019 amounts to 210 MSEK. 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:

	31-12-2019	31-12-2018
Tax loss carryforwards	25 642	28 075

Recognized as:	31-12-2019	31-12-2018
Deferred tax asset	25 642	28 075

20. PROPERTY, PLANT AND EQUIPMENT

GROUP	EQUIPMENT
Ackumulerade anskaffningsvärden	
Opening balance 2018-01-01	9 084
Reclassifications	101
Purchases	277
Disposals	-190
Write-downs	-62
Closing balance 2018-12-31	**9 210**
Reclassifications	44
Purchases	2 703
Disposals	0
Write-downs	0
Closing balance 2019-12-31	**11 957**
Accumulated depreciation/amortization	
Opening balance 2018-01-01	6 942
Reclassifications	102
Depreciation/amortization	1 144
Disposals	-253
Closing balance 2018-12-31	**7 935**
Reclassifications	39
Depreciation/amortization	1 249
Disposals	0
Closing balance 2019-12-31	**9 223**
Carrying amount	
Per 2018-01-01	2 141
Per 2018-12-31	1 275
Per 2019-12-31	2 733
Depreciation/amortization percent	20–35%

PARENT COMPANY	EQUIPMENT
Accumulated cost	
Opening balance 2018-01-01	434
Purchases	0
Closing balance 2018-12-31	**434**
Purchases	0
Closing balance 2019-12-31	**434**

Accumulated depreciation/amortization	
Opening balance 2018-01-01	365
Depreciation/amortization	34
Closing balance 2018-12-31	**399**
Depreciation/amortization	19
Closing balance 2019-12-31	**418**

Carrying amount	
Per 2018-01-01	69
Per 2018-12-31	35
Per 2019-12-31	16

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

21. INTANGIBLE ASSETS

GROUP	CAPITALIZED DEVELOPMENT EXPENDITURE	PATENTS, LICENSES AND SIMILAR RIGHTS	TOTAL
Accumulated cost			
Opening balance 2018-01-01	78 870	11 858	90 728
Purchases	3 444	270	3 714
Reclassifications	536		536
Closing balance 2018-12-31	**82 850**	**12 128**	**94 978**
Purchases	6 727	1 340	8 067
Reclassifications	198	0	198
Closing balance 2019-12-31	**89 775**	**13 468**	**103 243**
Accumulated depreciation/amortization			
Opening balance 2018-01-01	54 544	7 876	62 421
Reclassifications	241	0	241
Depreciation/amortization	3 881	1 034	4 915
Write-downs	514	0	514
Closing balance 2018-12-31	**59 180**	**8 910**	**68 091**
Reclassifications	99	0	99
Depreciation/amortization	5 325	995	6 320
Write-downs	10 899	0	10 899
Closing balance 2019-12-31	**75 503**	**9 905**	**85 408**

Carrying amount	
Per 2018-01-01	28 307
Per 2018-12-31	26 887
Per 2019-12-31	17 834

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.

Capitalized costs	2019	2018
Work performed in-house	5 237	3 219
Externally aquired	1 607	225
	6 844	**3 444**

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 need for write-down of capitalized deveelopment related to GEMini, and a full write-down was made by December 31.

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	PATENTS, LICENSES AND DISTRIBUTION RIGHTS	TOTAL
Per 2019-12-31				
Discount factor	12,45%	13,15%	12,45%	
Impairment				
Per 2018-12-31				
Discount factor	12,45%	13,15%	12,45%	
Impairment	0	0	0	0

Sensitivity analysis

A sensitive analysis has been performed on all intangible assets as per below, except for GEMini where a need for write-down has already been identified. Need for write-down in conjunction with decresed gross profit margin refer to Sales rights for HIT Lasers. in accordance with IAS 38, carefully monitor any negative changes that may suggest impairment.

	Impairment
Current discount factor	0
Discount factor increased by 1 %	0
Discount factor increased by 2 %	0

	Impairment
Currently expected revenue	0
Future revenue estimate decreased by 5%	0
Future revenue estimate decreased by 10%	0

	Impairment
Currently expected gross profit margin	0
Future gross profit margin estimate decreased by 5%	-11
Future gross profit margin estimate decreased by 10%	-1 968

Depreciation/amortization time	
Capitalized development expenditures	5 years
Patent	10 years

22. FINANCIAL ASSETS

PARENT COMPANY

Share in group companies	2019	2018
Opening cost	148 944	148 944
Shareholder contribution C-RAD Innovation AB	100	100
Shareholder contribution C-RAD Imaging AB	7 500	3 800
Shareholder contribution C-RAD Positioning AB	3 702	0
Shareholder contribution Cyrpa International Sprl	1 502	0
Closing balance	**161 748**	**152 844**
Opening impairment	-40 816	-39 037
Impairment for the year	-17 402	-1 779
Closing accumulated impairment	**-58 218**	**-40 816**
Carrying amount at year-end	**103 531**	**108 128**

SPECIFICATION OF PARENT COMPANY'S HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES:

Subsidiary/corp. ID. no./domicile	No of shares	Holding %	Carrying amount	Equity	Profit/loss for the year
C-RAD Positioning AB/556643-6035/Uppsala	110 000	100	99 310	64 653	20 245
C-RAD Imaging AB/556643-6043/Uppsala	116 000	100	0	639	-16 819
C-RAD Innovation AB/556602-5382/Uppsala	100 000	100	866	753	-154
C-RAD Incorporated/Florida/USA	1 000	100	64	-70 813	-7 585
C-RAD GmbH/Berlin/Tyskland	1 000	100	250	1 974	153
C-RAD (Shanghai) Medical Device Co Ltd	N/A	100	1 502	1 461	-196
Cyrpa Int. /Brussels/Belgium	200	100	1 538	-124	-1 296

PARENT COMPANY

Receivables, Group companies	2019	2018
Opening balance, carrying amount	53 382	59 279
Payment of loan to subsidiary	-4 108	-2 171
Impairment	-8 989	-3 726
Closing balance, carrying amount	**40 285**	**53 382**

23. 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 29,894,149 B shares with one vote per share. The total number of shares is 30,757,036 and the number of votes is 38,528,019.

Shares (Thousands)	2019	2018
Opening balance	4 614	4 614
New share issue	40	0
Closing balance	**4 654**	**4 614**

The share	2019	2018
Number of shares per Dec. 31	31 021	30 757
Average number of shares	30 939	30 757
Number of outstanding warrants	416	597
Number of outstanding warrants with dilution effect	127	185
Number of outstanding shares incl. warrants with dilution effect	31 066	30 942
Earnings per average number of shares	-0.45	0,69
Earnings per share, diluted	-0.45	0,68
Equity per share	2.69	3,04
Equity per share, diluted	2.68	3,02
Share price, balance sheet date	44.50 SEK	25,80 SEK
Dividend per share	0	0

Number of outstanding warrants at year end is 415 609, and belong to employees in line with warrant program of 2017, 2018 and 2019. On the balance sheet day, the share price was higher than the exercise price for 316 618 of the warrants , why they do not imply a dillution on the earnings per share and equity per share.

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	
	2019	**2018**	**2019**	**2018**
Opening balance	263 284	264 730	259 909	259 453
Rights issue	3 308	0	3 308	0
Issued warrants	-62	0	-62	456
Other	0	-1 446	0	0
Closing balance	**266 530**	**263 284**	**263 155**	**259 909**

Group/Parent Company Retained earnings: Accumulated result from previous years.
Group/Parent Company Result from the current year.

24. NON-CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
Interest-bearing liabilities	**2019**	**2018**	**2019**	**2018**
Other non-current liabilities	20 000	0	0	0
Total interest-bearing liabilities	**20 000**	**0**	**0**	**0**

25. PLEDGED ASSETS

	GROUP	
For own provisions and liabilities	**31-12-2019**	**31-12-2018**
Mortgages on business assets NUTEK	1 470	1 470
Mortgages on business assets Nordea and Erik Penser	18 500	12 150
Shares in the subsidiary C-RAD Positioning AB (carrying amount in the Parent Company)	0	99 310
Total pledged assets	**19 970**	**112 930**

The Parent Company has a collateral towards the subsidiary C-RAD Positioning AB of SEK 2 million. C-RAD Positioning AB has issued a bank guarantee of SEK 0.5 million where one of the company's suppliers is the beneficiary. Shares in C-RAD Positioning AB are pledged as a security for the invoice discounting solution with Erik Penser Bank AB.

26. ADJUSTMENT FOR NON-CASH ITEMS, ETC.

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Depreciation/amortization	20 965	6 573	867	882
Provisions	189	329	0	0
Other adjustments	45	778	-883	-2 192
Provisions on accounts receivables	0	-17	0	0
Write-down of current assets	353	340	0	0
Impairment of shares in or claims on subsidiaries	0	0	24 057	7 431
	21 552	**8 003**	**24 040**	**6 121**

27. CASH AND CASH EQUIVALENTS

GROUP

	31-12-2019		31-12-2018	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents in SEK	22 409	22 409	1 589	1 589
Cash and cash equivalents in EUR	5 625	5 625	6 147	6 147
Cash and cash equivalents in USD	1 451	1 451	1 595	1 595
Cash and cash equivalents in GBP	1	1	3	3
Total cash and cash equivalents	**29 485**	**29 485**	**9 333**	**9 333**

PARENT COMPANY

	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents in SEK	243	243	366	366
Cash and cash equivalents in EUR	818	818	100	100
Cash and cash equivalents in USD	0	0	6	6
Total cash and cash equivalents	**1 061**	**1 061**	**472**	**472**

28. ACCOUNTS RECEIVABLES

	GROUP	
	31-12-2019	**31-12-2018**
Accounts receivable gross	35 149	44 329
Provision for bad debts	0	0
Accounts receivable	**35 149**	**44 329**

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	31-12-2019	31-12-2018
Carrying amount, January 1	0	0
Provision for doubtful receivables	0	0
Carrying amount, December 31	**0**	**0**

29. 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. The provision for thhe current year is a percentage of invoiced sales from the Catalyst™, Sentinel and HIT systems within the warranty period.

In 2019, 1 614 KSEK of the previous provision was used and a new provision of 1 803 KSEK was booked. No other significant liabilities are expected to be generated through these provisions.

Opening provision 2018-01-01	1 976
Used provisions	-1 459
New provision	1 788
Closing balance 2018-12-31	**2 305**
Used provisions	-1 614
New provision	1 803
Closing balance 2019-12-31	**2 494**

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

30. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Accrued personnel-related expenses	4 735	5 296	947	965
Deferred income	12 242	10 716	0	0
Other accrued expenses	1 472	2 452	21	271
Closing balance	**18 449**	**18 464**	**968**	**1 236**

31. CONTINGENT LIABILITIES AND ASSETS

Contingent liability of 2,000,000 in the Parent Company refer to guarantee commitment for one of the subsidiaries.

32. INFORMATION ON TRANSITION TO IFRS 16

IFRS 16 Leases replaces IAS 17 Leasing agreements. The standard is effective as of January 1st, 2019. The new standard changes how C-RAD as a lessee accounts for leasing contracts as IFRS 16 implies a unified model on how the leasing contracts are accounted for in the balance sheet, where a lease asset (the right to us an asset) and a financial debt is reported. In the income statement, the linear operational leasing expense is replaced by a depreciation of the leased assets, and an interest expense for the financial debt.

C-RAD is applying the simplified transition method for the transition to IFRS 16. The lease asset is therefor valuated, per leasing object, as if C-RAD had implemented IFRS 16 from the implementation date with the discount rate utilized at the first implementation. C-RAD is applying the practical solutions to not include leasing assets with a remaining lease period shorter than 12 months from the implementation date, and to not include assets with a low value, and to use the same discount rate for a group of assets with similar attributes. The main effect on C-RADs financial statements refer to the accounting of rental contracts for offices. The implementation of IFRS does not have a significant effect on the income statement, but the presentation of the income statement has changed as items previously accounted for in Other external expenses will be replaced by depreciation on the assets and interest expense on the leasing debt.

The new standard present new estimates and assumptions that have an effect on the valuation of the leasing debt. C-RAD is valuating the leasing debt by the implementation date and may need to re-evaluate the debt, for example in the case that the probability of usage of an option is changing.

The tables shows the transition effect of IFRS 16, with the closing balance according to IAS 17 as of December 31st, 2018, and the opening balance according to IFRS 16 as of January 1, 2019.

ASSETS	CLOSING BALANCE 2018-12-31	TRANSITION TO IFRS 16	OPENING BALANCE 2019-01-01
Intangible assets			
Capitalized development expenditure	22 718		22 718
Distribution rights	3 531		3 531
Patents, licenses and similar rights	638		638
	26 887		**26 887**
Property, plant and equipment			
Equipment	1 274		1 274
Right-to-use assets	0	3 355	3 355
Financial assets			
Non-current receivables	102		102
Deferred tax assets	28 075		28 075
Total financial assets	**28 177**	**0**	**28 177**
Total non-current assets	**56 338**	**3 355**	**59 693**

CURRENT ASSETS

Inventories	11 663		11 663
Accounts receivable	44 329		44 329
Other receivables	3 760		3 760
Prepaid expenses and accrued income	21 191		21 191
Cash and bank balances	9 333		9 333
Total current assets	**90 276**	**0**	**90 276**
Total assets	**146 614**	**3 355**	**149 969**

EQUITY AND LIABILITIES	CLOSING BALANCE 2018-12-31	TRANSITION TO IFRS 16	OPENING BALANCE 2019-01-01
Equity			
Share capital	4 614		4 614
Additional paid-in capital	263 284		263 284
Reserves	-391		-391
Profit (loss) for the year	-173 866		-173 866
Total equity	**93 641**	**0**	**93 641**
Long-term liabilities			
Long-term leasing liabilities	0	1 213	1 213
Current liabilities			
Accounts payable	9 321		9 321
Warranty provisions	2 305		2 305
Other current liabilities	22 882		22 882
Accrued expenses and deferred income	18 464		18 464
Leasing debt	0	2 142	3 355
Total current liabilities	**52 973**	**2 142**	**56 114**
Total equity and liabilities	**146 614**	**3 355**	**149 969**

34. PROPOSED APPROPRIATION OF PROFITS

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

Retained loss	-98 770 635
Share premium reserve	263 154 902
Loss for the year	-26 544 831
Total retained earnings	**137 839 436**

The Board and the President propose that the retained earnings of SEK 137.839.436 be carried forward.

35. 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 a profit for the Group in 2018, a deferred tax asset was booked basedn on the taxable loss in the Swedish entities. Deferred tax assets is reported on a current basis going forward.

C) Investments in associates and loans issued to associates. Management included certain expectations about future developments of the subsidiaries 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 determined to make a write-down of shares in subsidiaries of 15.1 MSEK in the financial statements for 2019.

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.

FIVE-YEAR SUMMARY

Key figures, amounts in MSEK	2019	2018	2017	2016	2015
Order intake	269,8	246,8	192,5	113,5	88,1
Revenue	205,4	190,1	133,1	82,7	66,2
Operating profit/loss	-9,6	0,8	-10,0	-30,4	-20,4
Profit/loss before tax	-11,4	0,2	-10,9	-31,2	-21,2
Profit/loss after tax tax	-13,8	21,2	-10,9	-31,2	-21,2
Total assets	157,8	146,6	118,1	102,1	73,6
Order backlog	267,1	194,0	139,8	83,5	60,2
Equity ratio %	53	64	60	69	54
Average number of employees	55	52	48	40	34

Definitions	
Equity ratio, %	Equity including non-controlling interests as a percentage of total assets.
Average number of employees	Average number of permanent full-time employees during the period.
Order backlog	Received but not yet delivered orders, valued at exchange rate average.

SIGNATURES OF THE BOARD

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.

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 17, 2020.

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 May 8, 2020.

Lars Nyberg,
Chairman of the Board

Tim Thurn,
Chief Executive Officer

Kicki Wallje-Lund,
Director

Peter Hamberg,
Director

David Sjöström,
Director

Åsa Hedin,
Director

Per-Arne Blomquist,
Director

Our Audit Report was submitted on April 17, 2020. Öhrlings PricewaterhouseCoopers AB.

Michael Bengtsson,
Authorized Auditor

AUDITOR'S REPORT 79–85

To the general meeting of the shareholders of C-RAD AB (publ), corporate identity number 556663-9174

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of C-RAD AB (publ) for the year 2019 with the exception of the corporate governance report on pages 26-28. The annual accounts and consolidated accounts of the company are included on pages 22-78 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 parent company and the group as of 31 December 2019 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 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 26-28. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

C-RAD AB (publ) develops, manufactures and sells products and systems for higher precision, increased efficiency and better safety in the treatment of cancer patients. Operations are conducted through subsidiaries in Sweden, the United States, Germany, Belgium and China. We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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.

KEY AUDIT MATTERS

Capitalized development expenditure

The value of capitalized development expenditures amounts to SEK 13.3 million as of December 31, 2019. Important estimates and assessments are presented in notes 5.8, 21 and note 35 in the annual report. Important estimates and assessments include, among other things, that the requirements for activation are met. In assessing impairment, the Group has had to assess a number of factors, the most important being the assessment of future cash flows. Due to the degree of assessments, we have assessed that balanced expenditure on development work is an especially important area in the audit.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have read the company's specification of capitalized development expenditures and, among other things, through sampels on the projects tested the accuracy of capitalizing the expenses. To determine if capitalized expenses were directly attributable to the projects, we randomly tested underlying expenditures against supporting documents. We did not find any deviations in this review.

We have also taken note of the management's assessment of whether there is any need for impairment of Capitalized development expenditure. We evaluated the company's process for establishing forecasted cash flows and the mathematical accuracy of the models used. We have also assessed significant assumptions in the impairment test. Finally, we have assessed whether the information provided in the notes of the annual report is compatible with tests performed. We found that the company's methodology and assumptions were applied consistently.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-21. 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 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

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 Director's and the Managing Director of C-RAD AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for 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.

Responsibilities of the Board of Director's 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' 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.

Auditor's 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 26-28 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less i n 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 statement 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.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of C-RAD AB (publ) by the general meeting of the shareholders on the 8 May 2019 and has been the company's auditor since the 28 april 2017.

Stockholm 17 April 2020

Öhrlings PricewaterhouseCoopers AB
Michael Bengtsson
Authorised Public Accountant

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