
ANNUAL
REPORT
2017
C-RAD

CONTENT

ABOUT C-RAD

C-RAD. INSPIRING EXCELLENCE IN 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.

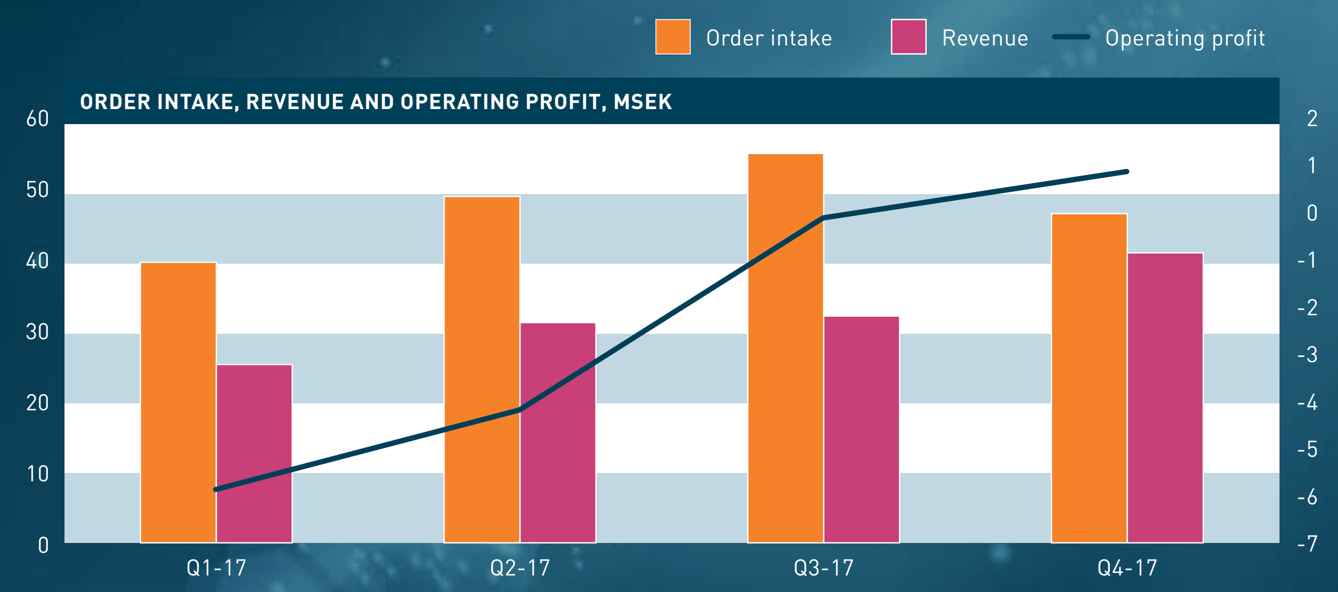
C-RAD was founded in 2004. The founders are researchers from Karolinska Institutet, the Royal Institute of Technology in Stockholm and Karolinska Hospital in Solna and people with extensive industrial experience in the field of radiation therapy. The C-RAD Group consists of the Parent Company C-RAD AB (publ), as well as the subsidiaries in Sweden and abroad.

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

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

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

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



The increaseing order intake gave a positive result for the last quarter of the year.

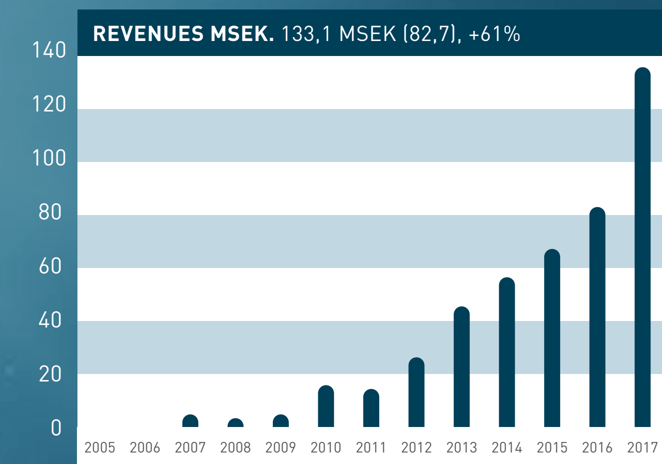
KEY FIGURES

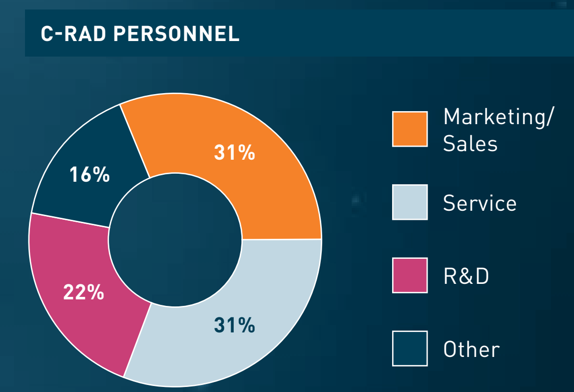
CONTINUED STRONG ORDER INTAKE IN ALL MARKETS

During the last years, C-RAD has invested to build a strong local presence within the sales- and service organization which is now yielding return. Order intake in all regions – North America, EMEA and APAC – increase with about 70 percent during 2017 compared to the previous year. In the EMEA region, which was the initial market for C-RADs establishment, C-RAD received order for about 100 MSEK during the year, corresponding to almost 50 percent of the total order intake.

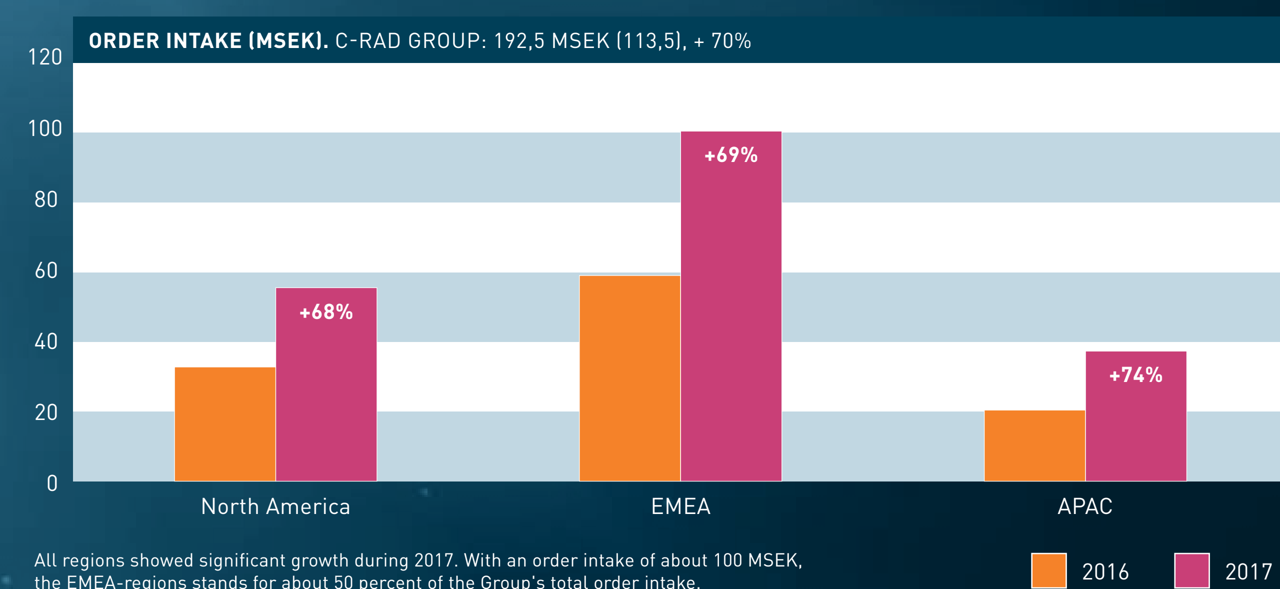
FORWARD-LOOKING INFORMATION

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 49-52. C-RAD does not undertake to publicly update or revise forward-looking information, over and above what is required by law or exchange regulations.





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.



All regions showed significant growth during 2017. With an order intake of about 100 MSEK, the EMEA-regions stands for about 50 percent of the Group's total order intake.

CEO COMMENT

C-RAD'S MISSION IS TO ENSURE EXCEPTIONAL HIGH PRECISION, SAFETY AND EFFICIENCY IN ADVANCED RADIATION THERAPY. C-RAD HAS SHOWN SIGNIFICANT PROGRESS IN ALL AREAS DURING THE LAST YEAR.

At the ESTRO conference in May 2017, C-RAD presented a solution, primarily based on software advancements dedicated for stereotactic radiation therapy. For this treatment technique, exact delivery of the treatment dose in the tumor and precise motion management is crucial. The C-RAD solution is a central tool and gives confidence about accurate patient positioning to the clinicians and safety to the patient. C-RAD is constantly demonstrating to be one of the innovation leader within the radiation therapy space.

With our growing organization we have the possibility to get the C-RAD story to a continually increasing number of customers. This progress developed into significant growth in order intake and revenues. During 2017 order intake was SEK 193 million compared to SEK 113 million in the prior fiscal year, an increase with 70 percent. This strong momentum proves the increasing interest in C-RAD's cutting edge motion management solution. The main driver from a product category perspective was the sales of our positioning products. From a market perspective all regions – North America, EMEA and APAC – increased with approximately 70 percent over 2016.

During the past two years C-RAD has invested in building up a strong presence in terms of the sales and service organization, which is delivering results. Whereas C-RAD has established its footprint in the EMEA region first, customers ordered C-RAD products for approximately SEK 100 million, which stands for 50% of the annual order intake. It is very encouraging to see that especially the important North American market as well as China and Japan have picked up during 2017. We are convinced that C-RAD still has a huge potential in these regions. Overall, we have also identified a change in the purchasing behavior of our customers: Whereas in the past customers were purchasing typically two or three systems, we can see that among the orders, but also in the sales project funnel, we have continuously growing number of larger projects with five or more systems. That is, also considering, the substantially increased number of smaller orders from primarily new customers, confirming the high demand for our products.

Revenues totaled SEK 133,1 million compared to SEK 82,7 million in the prior fiscal year. An increase of 61 percent compared to the year 2016. Revenues are essentially following product sales with approximately 6 months delay. The average book and bill period – the time between order intake and revenue recognition – improved to five months compared to six months in the previous year. The larger share of orders from customers, that want to upgrade their existing linear accelerator with surface tracking technology, shows a positive impact.

In September C-RAD participated at the annual conference of the American Society for radiation Therapy and Oncology (ASTRO) and showcased technological innovation and new products to customers.

THE COMMITMENT AND THE HIGH LEVEL OF MOTIVATION WITHIN THE ORGANIZATION WILL CERTAINLY CONTRIBUTE TO A SUCCESSFUL FUTURE

The products are following C-RAD's strategy to present a comprehensive, patient centric solution for advanced cancer care. C-RAD considers the life-cycle business, which is sales of service and support contracts and to provide customers with an opportunity to upgrade already installed C-RAD systems, to be an important opportunity to grow the business beside the sales of the existing products.

Cancer is the second leading cause of death or people worldwide after cardiovascular diseases. The number of new cases is expected to rise by about 70 percent over the next two decades. This indicates a very large demand for advanced cancer care. According to the World Health Organization – WHO - currently only about half of the cancer patients that should be treated with radiation therapy are having access to the recommended treatment modality. This shows the need to improve accessibility and the potential in the radiation therapy market. The global market counts approximately 11,000 linear accelerators in installed base, with an annual sales volume of approximately 1,200 machines for replacement and new installations.

With the broader implementation of so called stereotactic treatment techniques featured by state-of-the-art linear accelerators precision in dose delivery is a crucial parameter to a successful treatment. An important requirement is to control accurately the patient's position prior to treatment and motion during dose delivery. Surface tracking is on its way to become the standard of care. C-RAD estimates the growth for advanced radiotherapy equipment to be above 20 percent annually. C-RAD with its cutting-edge solutions is in a very good position to serve this rapidly growing market.


Tim Thurn, CEO C-RAD.

In 2018 we will continue to invest in our future. I recognize there is still a huge uncapitalized potential in the market. In markets where C-RAD is active already, but also in new markets. In order to explore those opportunities C-RAD will continue to build up the sales and service organization. And at the same time, it is very important for us to maintain the status for C-RAD high-tech profile with cutting-edge products. To further explore innovation opportunities and new product development, C-RAD will continue to invest in R&D. I am confident this will further strengthen our position on the market.

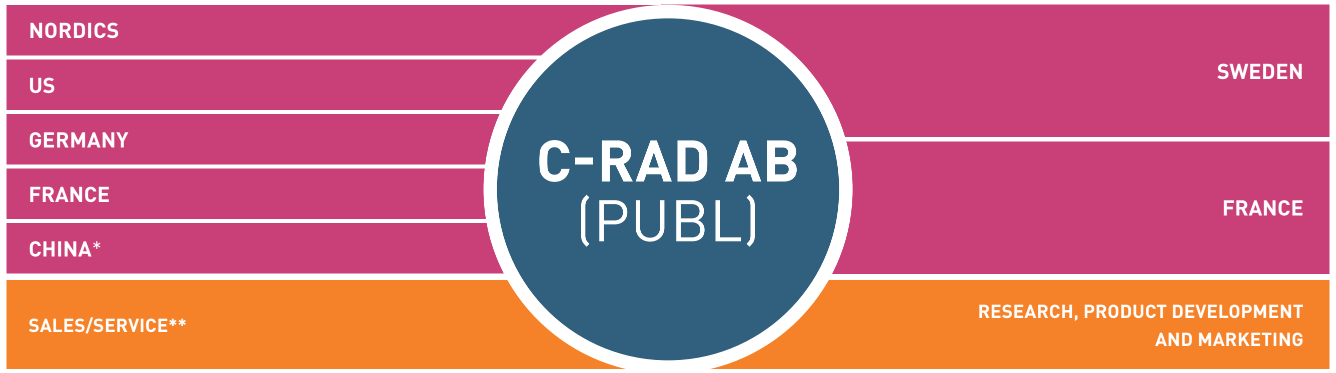
C-RAD made significant progress during 2017. I want to take the opportunity to thank all our employees for their contribution to the success. The commitment and the high level of motivation within the organization will certainly contribute to a successful future.

I am committed to continue to create long-term value for our shareholders and I am proud of our achievements during 2017 as well as the platform for continued growth that we have developed over the last quarters. This also means we will be able to help to cure even more cancer patients in the future and improve their quality of life. This brings C-RAD in a very good position for a successful future, says Tim Thurn, CEO of C-RAD

TIM THURN, VD

C-RAD

C-RAD-GROUP



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

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

BUSINESS MODEL
The C-RAD business model relies on subcontractors for manufacturing of the Company's products.

C-RAD is focusing on product development, sales and marketing, supply chain as well as quality control and certification of products.

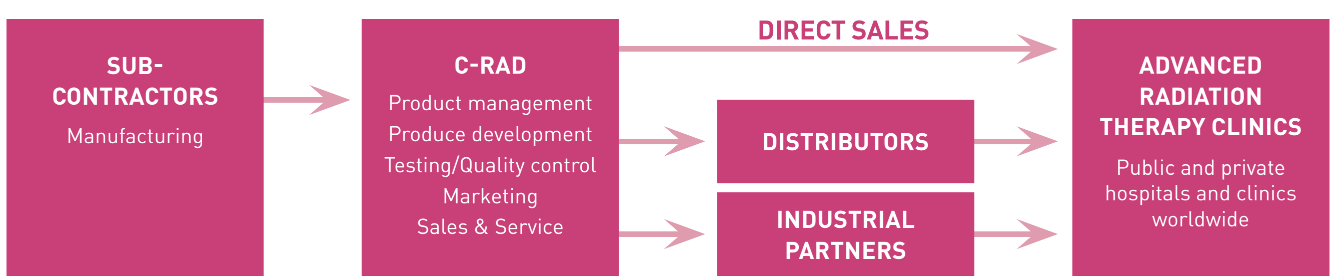
The international subsidiaries are responsible for local marketing and sales as well as service and support. Medical centers that provide advanced radiation therapy worldwide are the end users of C-RAD's products. C-RAD is currently focusing its sales activities on Europe, North America and East Asia,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

Direct sales -The Company maintains its own sales force in the following regions: Scandinavia, German-speaking countries, North America, France. In China C-RAD is working with direct sales and a distributor. In 2017 direct sales accounted for the largest share of a total of 192.5 MSEK in order intake.

Distributors - In several markets, mainly in Asia and partly in Europe, independent distributors specializing in radiation therapy equipment and who have local connections are responsible for sales and service. Selection criteria when choosing distributors include a proven track record in radiation therapy sales, as well as adequate resources to provide high-quality technical services, such as through an in-house service organization. Sales through distributors accounted for 10 percent or 18.6 MSEK of 2017 order intake.

Industrial partners - Sales are also made through industrial partners active in the field of radiation therapy. Procurement processes for C-RAD systems are often conducted simultaneously with procurement processes for linear accelerators. Sales activities are therefore often carried out in close cooperation with the manufacturers of radiation equipment, such as Varian and Elekta, as well as CT vendors. Sales through our industrial partners accounted for 23 percent or 44.2 MSEK of 2017 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 three wholly-owned Swedish subsidiaries.In Scandinavia C-RAD is appointed distributor for various companies that develop complementary products in the field of quality assurance and patient positioning in radiation therapy.



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 platform was launched May 2017. 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 customer.

C-RAD will continue to invest in the future by strengthening R&D. Based on the existing footprint in the market, a satisfied customer base, C-RAD has potential to further strengthen their value proposition and to provide customers with a comprehensive, patient centric solution. The first product within the field of patient identification will be launched in the first half of 2018.

SALES OPTIMIZED FOR GROWTH
Our sales strategy is focused on three sales channels: direct sales, sales through our industrial partners and distributors. Clinical customers appreciate a thorough dialog before issuing a purchase order to C-RAD. As part of the sales process our sales people evaluate the exact needs of the customer and configure the system to their requirements. 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 EMEA and APAC, whereas in North America customers commonly invest to upgrade their installed linear accelerators Here 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 C-RAD works with distributors in all markets. Local customs and business practices require a distributor as the link between C-RAD and clinical customers. Also, in smaller European markets, C-RAD selects local distributors to provide the C-RAD offering to the customer.

The advantages of a direct sales organization are a closer contact between the organization and clinical customers. The financial volumes of the products and the complexity make a dedicated direct sales force profitable within a short period of time. To further exploit the potential in the markets C-RAD is working on strengthening the sales organization in established markets but also to further expand in new markets that have business potential.

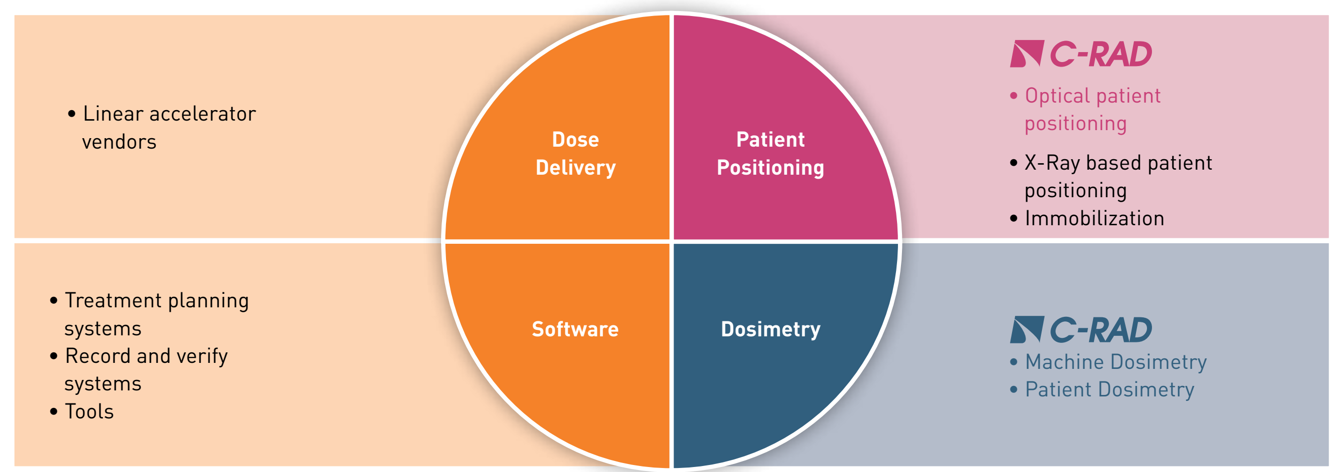
SERVICE AS A STRATEGIC ELEMENT
The C-RAD Service Life Cycle Business partly to create long-range customer relations based on product life cycles, and partly to achieve more stable income streams based on repeated payments.

C-RAD Services covers toady 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. The interest for service agreements is particular strong in North America, where customers are to a large extend willing to outsource product maintenance to the manufacturer. 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.

RADIATION THERAPY



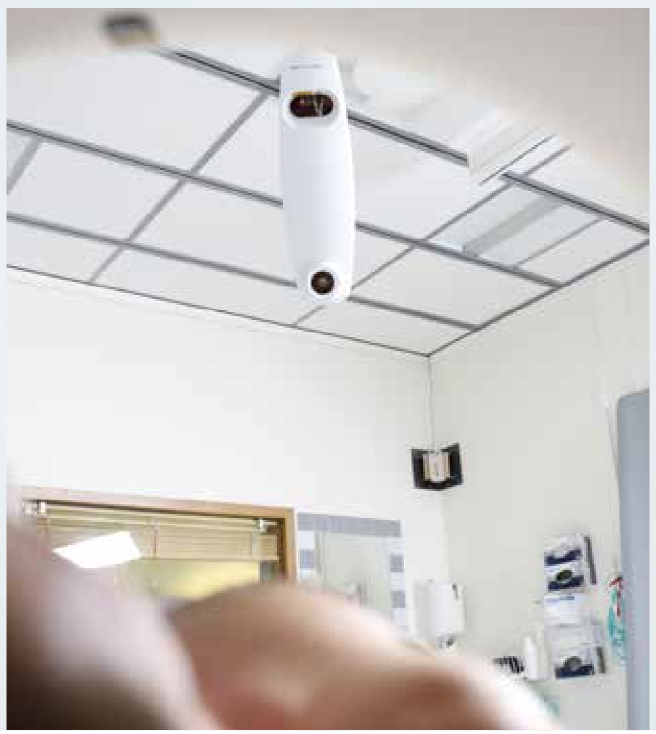
PRECISION IN ADVANCED RADIATION THERAPY

CATALYST HD

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

SENTINEL™ 4DCT

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

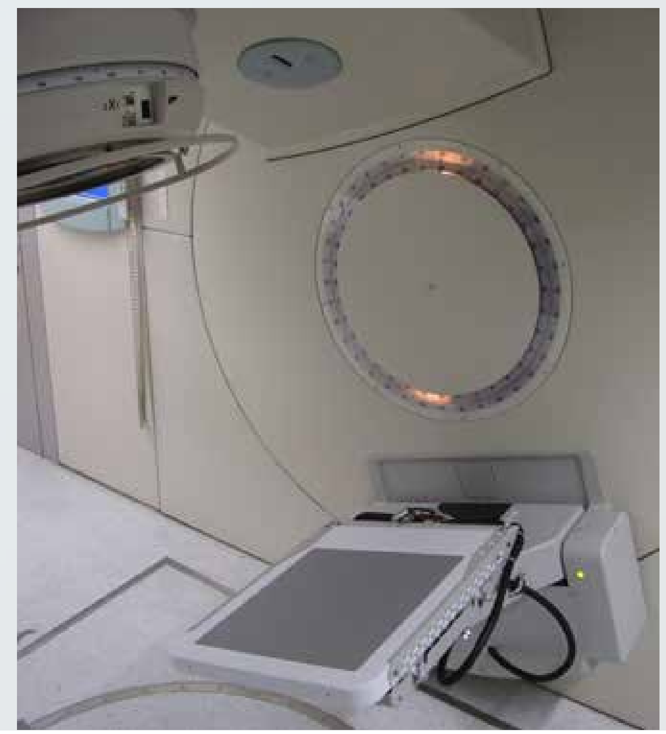


4D IMAGING, AND VIRTUAL SIMULATION

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

GEMini™

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



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

C-RAD.
INSPIRING EXCELLENCE
IN CANCER TREATMENT.

C-RADs VISION

SENIOR EXECUTIVES

From the left: Daniel Pederson, Johan Bostedt, Therése Björklund, Tim Thurn, Lars Gusch, Ling Zhang and Peter Nyman.

TIM THURN

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

HOLDINGS IN C-RAD: 0 A shares, 100,000 B shares, 140,588 warrants.

LING ZHANG

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

HOLDINGS IN C-RAD: 0 A shares, 0 B shares, 13,000 warrants.

THERÉSE BJÖRKLUND

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

HOLDINGS IN C-RAD: 0 A shares, 500 B shares, 80,000 warrants.

JOHAN BOSTEDT

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

HOLDINGS IN C-RAD: 0 A shares, 0 B shares, 0 warrants.

EXECUTIVE TEAM: **Peter Nyman**, Production and Supply Chain Manager **Daniel Pederson**, Manager Quality & Regulatory Affairs (until April 30, 2017) **Lars Gusch**, Global After Sales and Support Manager.

BOARD OF DIRECTORS

LARS NYBERG, Chairman of the Board

Chairman of the Board since 2016. Lars Nyberg was during 2007-2013 President and CEO at Telia- Sonera AB. 1995-2003 Chairman of the Board and CEO of the US-based IT company NCR Corp (NYSE:NCR). He continued as Chairman of the Board until 2005. Lars has held several managerial positions in Philips and he was a member of the Philips Group Management Committee.

Holdings in C-RAD: 0 A shares, 2 351 411 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 THQ Nordic AB (publ), board member of Betsson AB (publ) and Wellnet AB.

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

PETER HAMBERG, Director

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

Holdings in C-RAD: 379,762 A shares held through a company, 1,008,893 B-shares out of which 697,671 held through a company.

PETER EIDENSJÖ Director

Board memeber since 2017. Born 1957. Peter Eidensjö has extensive experience from leading positions within finance and business management from listed and unlisted companies. Peter has previously held positions as CFO, regional business manager and CEO of Cherry and CFO of Betsson AB. He is a chairman of the board of Global Gaming 555 AB and owner, board memeber and consultant in PE Konsult and Investing AB. Peter Eidensjö studied at Stockholm School of Economics.

Holdings in C-RAD: 0 A shares, 7,000 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.

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 Fingerprint Cards AB, Hermes Medical AB, Tobii AB, Cellavision 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 the Swedish Space Commission AB, Stiftelsen Ruter Dam, Elekta NeuroMag Oy (chairman of the board9, 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.

AUDITORS

MICHAEL BENGTSSON Authorized Auditor

PricewaterhouseCoopers AB with Michael Bengtsson, Authorized auditor, as Auditor in charge. Michael is auditor in charge for among others Indutrade, Sweco, Nobina, Bure, Eniro, and the Bonnier Group.

Share price - SEK 2017-01-01 - 2017-12-31

Largest shareholders per 2017-12-31

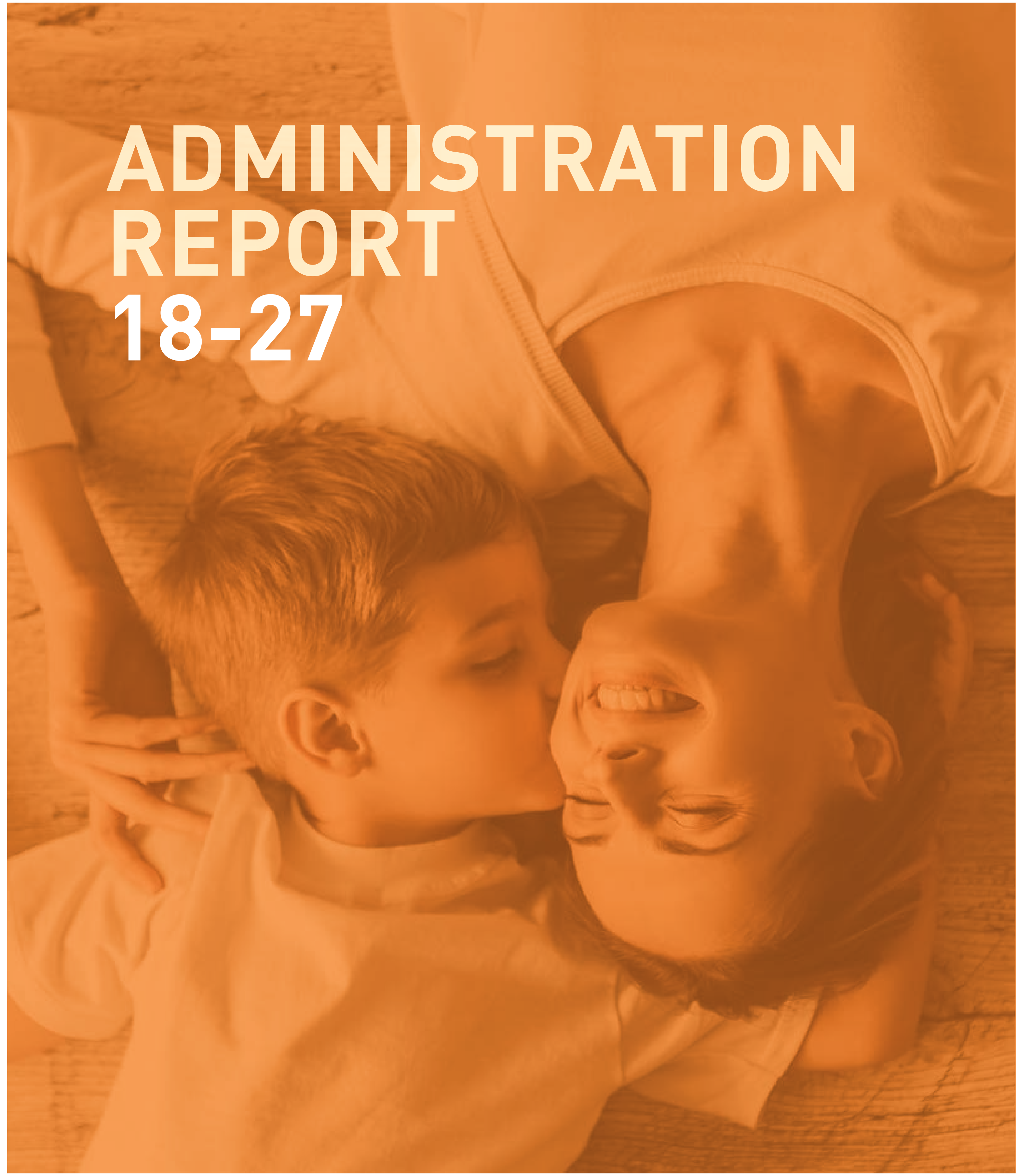
Shareholder	Class A	Class B	Total	Capital (%)	Votes (%)
Peter Hamberg incl Hamberg förv.	379 762	1 008 893	1 388 655	4,51%	12,48%
Olle Stenfors	280 000	1 275 000	1 555 000	5,06%	10,58%
Lars Nyberg	70 000	2 281 411	2 351 411	7,65%	7,74%
Svea Ekonomi	0	2 948 047	2 948 047	9,58%	7,65%
Lars Kling	0	2 767 575	2 767 575	9,00%	7,18%
Försäkringsaktiebolaget Avanza Pension	0	2 050 310	2 050 310	6,67%	5,32%
Swedbank AB	0	2 031 559	2 031 559	6,61%	5,27%
Per Hamberg	0	1 832 784	1 832 784	5,96%	4,76%
Nordnet Pensionsförsäkring AB	0	1 707 403	1 707 403	5,55%	4,43%
Anders Brahme	133 125	56 500	189 625	0,62%	3,60%
Others	0	11 934 667	11 934 667	38,80%	30,98%
Total	**862 887**	**29 894 149**	**30 757 036**	**100%**	**100%**

SHARE CAPITAL

The share capital in C-RAD is SEK 4,613,556.70 divided between 862,887 Class A shares and 29,894,149 Class B shares. The total number of outstanding shares is 30,757,036 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 29, 2017 was SEK 28.30 (12.05). The lowest closing price in 2017 was SEK 11.70 on January 26 and the highest was 38.30 on September 1. Average number of shares traded is 118,485 (68,200), worth about SEK 3.0 million (0.7) with an average of 199 trades per trading day (78).



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 2017. THE BOARD'S REGISTERED OFFICE IS IN UPPSALA. THE FINANCIAL REPORTS WILL BE ADOPTED BY THE BOARD AND APPROVED FOR PUBLICATION ON APRIL 24, 2018. THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS WILL BE SUBMITTED FOR APPROVAL AT THE ANNUAL GENERAL MEETING ON MAY 31, 2018.

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.

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

ORDER INTAKE

In line with the growing order intake, C-RAD decided during 2017 to increase the threshold for when an order is considered to be a large order, and hence should be published externally. The new threshold is 7.5 MSEK, or if the order has strategic value. Five orders with a value larger than 7.5 MSEK were received from cancer cancer centers around the world during 2017.

MD Anderson, US. Januay 2017.
Order value 17 MSEK.

Miami Cancer Institute, US. April 2017.
Order value 7.5 MSEK.

Cancer treatment center in France. June 2017.
Order value 9 MSEK.

University Medical Center Freiburg, Germany. July 2017.
Order value 7.8 MSEK.

Nya Karolinska Solna (NKS), Sweden. August 2017.
Order value 21 MSEK.

PATENT RIGHTS

THE PATENT AND MARKET APPEAL COURT CONFIRMS C-RADS ENTITLEMENT TO PATENT RIGHTS

The dispute relates to the ownership of a patent family (one patent application and one patent) which originates from an invention named "Patient Monitoring Radiation Machines", whose inventor Kristofer Maad, via the company Beamocular, to which he transferred his right to claim ownership, claimed that the invention was neither owned by C-RAD nor had been transferred to C-RAD. Kristofer Maad was previously employed at C-RAD but resigned from the company in September 2014.

On October 27, 2016, the Patent and Market Court confirmed C-RADs right to the patent in their verdict. The opponent appealed to the Patent and Market Appeal court and was granted permission to appeal in January 2017. The Patent and Market Appeal court confirmed C-RADs right to the patent as in the previous verdict, in its judgment on June 20, 2017.

C-RAD FILES A PATENT ENTITLEMENT LAWSUIT AGAINST BEAMOCULAR

C-RAD claims the ownership rights of the invention described in the patent application "Ionizing radiation detecting device" that has been filed by Beamocular. C-RAD filed a patent entitlement law suit with the Patent and Market Court in Stockholm on May 22nd, 2017.

A US patent application for invention was filed by Beamocular on March 2, 2015, followed by a PCT application on March 2, 2016. The founder and CEO of Beamocular, Kristofer Maad was previously employed by C-Rad as the CEO of C-RAD Imaging AB until September 2014, and Maad is named as the only inventor in the Beamocular patent application. C-RAD Imaging AB is a subsidiary of C-RAD focused on the development of a portal imaging and dosimetry device. The disputed invention is closely related to the research and development for C-RAD's imaging detector for which C-RAD Imaging has filed its own patent application in 2013. The detector has not been commercialized yet.

CONVERSION OF ALL OUTSTANDING CONVERTIBLE LOANS

During the years 2006-2013, C-RAD took up convertible loans with Norrlandsfonden. All loans were due for expiry on January 31, 2018 unless conversion had been called for in advance. Norrlandsfonden asked for conversion of all convertible loans in December 2017, and the total amount corresponding to 11,718, 442 SEK was on December 14, 2017 converted into 1,225,383 new shares in C-RAD.

The full conversion of the convertible loan results in an increase of C-RAD Class B shares of 1,225,383 from 28,668,766 to 29,894,149, and an increase of the share capital of 183,807.49 SEK from 4,429,749.25 SEK to 4,613,556.74 SEK. The conversion of the convertible loan hereby mean a dilution of approximately 4.15 percent.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

C-RAD SIGNS A CONTRACT FOR ITS GEMINI PORTAL IMAGING DETECTOR

In March 2018, C-RAD announced that it has signed an agreement with a Chinese company Beijing HGPT Technology & Trade Co., Ltd regarding the procurement and cooperation around the GEMini Portal imaging and dosimetry detector. Following the agreement HGPT has the right to develop a portal imaging solution for the Chinese market. As part of the agreement both companies intend to launch a clinical cooperation with Fudan University Shanghai Cancer Center for the purpose of building up a local reference site and to support the clinical implementation of GEMini in China. The objective is to develop a solution can be sold to hospitals to upgrade their existing linear accelerators with a portal imaging solution, but also to OEM customers within China. Order value: 1.5 MSEK.

C-RAD SIGNS STRATEGIC AGREEMENT TO EQUIP ZON-PTC, A MAASTRO CLINIC COMPANY, IN MAASTRICHT, NETHERLANDS FOR CATALYST PT

In April 2018, C-RAD announced that it is entering into a collaboration with the Zuid-Oost Nederland Protonen Therapie Centrum (ZON-PTC) located at and largely owned by MAASTRO clinic, to develop integration of its Catalyst PT system to the Mevion S250i Proton Therapy System. As part of the collaboration MAASTRO has ordered the Sentinel 4DCT and Catalyst PT system. The value of this order is approximately 3 MSEK.

C-RAD TO SUPPLY ADVANCED SURFACE TRACKING SOLUTION TO SWEDISH CNACER CENTER NYA KAROLINSKA SOLNA (NKS) THROUGH VARIAN MEDICAL SYSTEMS

In April 2018, C-RAD announced and order from Varian Medical Systems to equip Nya Karolinska Sjukhuset, Solna (NKS) with C-RAD's latest SIGRT-solution (Surface Image Guided Radiation Therapy).

In August 2017, C-RAD informed the market that an agreement had been signed with Elekta Instrument concerning NKS and Södersjukhuset. This agreement will be amended, and as the new order from Varian is overlapping the previous agreement with Elekta, the difference between the orders of approximately 6.7 MSEK is accounted for as order intake in the first quarter of 2018.

FINANCIAL PERFORMANCE

	2017	2016	2015	2014	2013
Key figures, amounts in MSEK					
Order intake	192,5	113,5	88,1	68,4	50,3
Revenue	133,1	82,7	66,2	53,2	45,0
Operating profit/loss	(10,0)	(30,4)	(20,4)	(13,9)	(20,3)
Profit/loss before tax	(10,9)	(31,2)	(21,2)	(14,2)	(21,0)
Total assets	118,1	102,1	73,6	71,6	61,8
Order backlog	139,8	83,5	60,2	36,4	21,4
Equity ratio %	60	69	54	54	62
Average number of employees	48	40	34	26	26

REVENUE

Consolidated revenue amounted to SEK 133.1 million (82.7), an increase of about 61 percent from last year. The increase is mainly attributable to the Positioning segment.

OPERATING PROFIT/LOSS AND EXPENSES

The operating loss was SEK 10.0 million (loss: 30.4). Depreciation in the Group amounted to SEK -4.9 million (-5.5) for the period.

Capitalized development costs for the Group totaled SEK 4.4 million (3.5) during the year. Total investments in capitalized expenditures, distribution rights and patents amounted to SEK 28.3 million (27.0).

Comprehensive income for the year was a loss of SEK 10.9 million (loss: 31.2).

During the last years, the C-RAD Group has made substantial investments to strengthen the direct sales organization by recruiting new personnel within sales and services, primarily in the key markets US, China and France. This has had a direct impact on the income statement as the Company incur costs, primarily for personnel and travel expenses, until revenue is generated. Since the middle of 2016, the results from these investments can be seen as a remarkable increase in order intake that continued throughout 2017 and C-RAD has now a strong organization to support further growth.

The Company intends to continue the investments in the sales- and service organization, and within research and development, during 2018. This will continue to drive future growth through an even stronger sales organization, while at the same time ensure that the Company also going forward will be able to provide cutting edge technology with competitive advantages.

CASH FLOW

Consolidated cash and cash equivalents at December 31, 2017 totaled SEK 14.5 million (12.7). Cash flow was SEK 1.9 million (8.1). Cash flow from operating activities and investments was SEK -9.5 million in 2017 (-48.6). Cash flow from financing activities totaled SEK 11.3 million (56.7). Positive cash flow from financing activities refer to usage of the invoice discounting solution and payments for the warrant program for the employees. The Company's assessment is that no further capital increases will be needed to support the financing of the business and budgeted activities during the coming twelve months.

EQUITY

The Group's equity amounted to SEK 71.4 million (70.6). The Group's equity ratio has decreased from 69 percent in 2016 to 60 percent in 2017.

NON-CURRENT LIABILITIES

The Company had no long-term liabilities on the balance sheet day. The convertible loans of in total SEK 11.8 million that were booked as long-term liability in the beginning of the year were converted in full in December, 2017.

DEFERRED TAX ASSET

The deferred tax asset is reviewed every quarter. The deferred tax asset is based on the fundamental that operations will generate taxable income. Although C-RAD has reported taxable losses in previous reports, we can see a strong and rapidly growing order intake. We forecast that a taxable profit will be generated in coming years and thus that the deferred tax asset of 7.1 MSEK shall remain unchanged. The remaining unused taxable losses amount to 227 MSEK and there are currently no time constraints regarding utilization of the losses against future taxable profits.

PARENT COMPANY

The Parent Company's sales amounted to SEK 18.7 million (19.8) and loss before tax was SEK 2.5 million (loss: 10.9). The Parent Company incurs the majority of the Group's administrative expenses. Revenues in the Parent Company consist of invoiced administrative fees to subsidiaries.

During the 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 SEK 1.8 million following capital increases to the companies, and inter-company receivables of SEK 1.2 million towards C-RAD Imaging AB.

Cash flow for the Parent Company was SEK -0.1 million (0.4). Negative cash flow from investing activities totaled SEK -4.1 million (-28.2), 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 2017.

RESEARCH AND DEVELOPMENT

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

GEMini showed good progress in performance tests during 2017, both in short-term repetitive tests and long-term. Our team together with the physics group from CERN is working on further optimization of the product as additional verification of the product is needed, but we continue to be confident of the technical success of the project.

During the year, product development of the Catalyst/Sentinel has also been prioritized, where new functionality has been delivered during the year and is also planned for delivery during 2018.

Capitalized development costs in 2017 amounted to SEK 4.4 million. They are attributable to the GEMini project, 3.4 MSEK, and to the product development of the Catalyst/Sentinel of SEK 1.0 million.

SIGNIFICANT RISKS AND UNCERTAINTIES

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

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

MARKET GROWTH

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

TECHNOLOGICAL DEVELOPMENT AND MARKET ACCEPTANCE

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

INTELLECTUAL PROPERTY RIGHTS

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

PERMITS AND APPROVALS

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

TECHNICAL RISK

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

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

The assessment is that GEMini will provide good profitability and that no impairment of the investment is present. If delays or major obstacles should arise, the company may be forced to write down the book value of the project.

COMPETITORS IN THE ACCELERATOR FIELD

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

POOR PRODUCT QUALITY

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

DEPENDENCE ON KEY PERSONNEL

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

DEPENDENCE ON SUPPLIERS

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

DEPENDENCE ON COOPERATION AGREEMENTS

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

ABILITY TO MANAGE GROWTH

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

FINANCIAL RISK

The company is exposed to potential financial risks such as currency risk, credit risk, interest rate risk 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 49 employees. The average number of employees in 2017 was 47. The company hired new employees globally during the year. The majority of employees work in sales and service, but also 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.

ENVIRONMENT

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

FUTURE DEVELOPMENT

C-RAD is displaying all the hallmarks of rapid growth: increasing patient needs, vibrant markets, and growing sales in many core regions. The Company continues to see a growing interest for its products at the same time as the products are meeting a broader acceptance in the market. The continually growing order intake proves the value that the products are providing to both customers and patients.

GROWING SALES AND ORDER INTAKE

Order intake increased significantly in 2017 and amounted to 192.5 MSEK (113.5), and increase of 70 percent compared to 2016.

The EMEA region was C-RADs largest region both in terms of order intake and revenue during the year, but also the North American region and the APAC region showed significant growth, primarily in the order intake.

Order intake from the Life Cycle Business amounted to 24.6 MSEK during 2017, to be compared with 13.4 MSEK in 2016. The product category mainly consists of the sale of service contracts. In the Company's strategic process, this product category has been identified as one of the elements for continued growth, and it is encouraging to see the great interest from the customers to "insure" their systems with our usually multiyear service contracts. Besides the purely commercial benefit, the service contracts also contributes to improve the relationships with the customers and increase customer satisfaction.

A strong service organization that can support the customers all the way is a pre-requisite for continuing the development of the Company's life cycle business. C-RAD has own service technicians in the most important markets; Germany, France, Scandinavia, China, and the US. In the other regions the service is handled by distributors or the customer's own service team. This ensures high quality in the service work for all regions.

GEMINI™ – the GEMini-technology, licensed from CERN in Geneve for usage within radiation therapy, is offering unique advantages for imaging systems and dosimetry. C-RAD has further developed the original technique and CERN, with their experience from development methods and physics, is a support in the work to improve the robustness of the system.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

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

ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. By law, the Annual General Meeting must be held within six months following the end of the financial year. The Annual General Meeting decides on issues such as adopting the income statement and balance sheet, the disposition of the company's earnings, discharge from liability, election of directors and appointment of auditors. Notice of the Annual General Meeting, as well as extraordinary general meetings where questions regarding amendments to the Articles of Association are addressed, must be issued no earlier than six and no later than four weeks before the Meeting. Notice of other General Meetings must be issued no earlier than six and no later than three weeks before the Meeting. Shareholders recorded in the register maintained by Euroclear on behalf of C-RAD no later than five business days before the meeting and who have expressed their intention to participate to the Company as described in the Notice of the Meeting have the right to attend and vote at the Annual General Meeting. Shareholders may be represented by proxy. Notice of the meeting is issued in accordance with the Companies Act no earlier than six and no later than four weeks before the meeting.

AUTHORIZATION 2017 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.

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 30,757,036. 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 2018 Annual General Meeting consists of Per Hamberg, Olle Stenfors, and Lars Nyberg. The Nomination Committee appointed Per Hamberg to be chairman of the Committee.

BOARD OF DIRECTORS

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

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 2017, the Board met 7 times, including the statutory meeting. All board members attended all meetings to which they were summoned.

ATTENDANCE AT BOARD MEETINGS IN 2017

Director	Number of meetings
Lars Nyberg	7
Peter Hamberg	7
Kicki Wallje-Lund	7
David Sjöström*	4
Åsa Hedin*	4
Peter Eidensjö*	4
Börje Bengtsson**	3
Brian Holch Kristensen**	3
Bengt Rolén**	3

**David Sjöström, Peter Eidensjö and Åsa Hedin joined the board on Annual General Meeting in April 2017.*

***Börje Bengtsson, Bengt Rohlén and Brian Holch Kristensen left the board in April, 2017.*

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 consist of Peter Eidensjö, Kicki Wallje Lund, and Peter Hamberg since the Annual General Meeting 2017. The audit committee had three meetings during 2017. 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.

OWNERSHIP

At the end of the year C-RAD had 3,781 shareholders according to Euroclear. The three largest shareholders together held 26.25 percent of the shares. As of the record date for the Meeting, the company's share capital will amount to SEK 4,613,556.70 with a par value SEK 0.15 per share, divided into 30,757,036 shares, including 862,887 Class A shares and 29,894,149 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 38,523,019. 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, including Hamberg Förv. AB	379 762	1 008 893	1 388 655	4,51%	12,48%
Olle Stenfors	280 000	1 275 000	1 555 000	5,06	10,58%
Other	203 125	27 610 256	27 813 381	90,43%	76,94%
Total	**862 887**	**29 894 149**	**30 757 036**	**100 %**	**100 %**

FINANCIAL REPORTING AND FOLLOW-UP

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

REMUNERATION TO THE BOARD OF DIRECTORS

The Annual General Meeting decides on remuneration to the Board of Directors. At the Annual General Meeting April 28, 2017 resolved that the Chairman shall be paid SEK 400,000 in remuneration for 2017 and the other Directors shall be paid SEK 200,000 each.

REMUNERATION TO SENIOR EXECUTIVES

Total remuneration to senior executives Tim Thurn, Kent Öbrink, Ling Zhang, Johan Bostedt and Therése Björklund in 2017 was SEK 4.8 million, of which SEK 1.7 million related to remuneration to Tim Thurn, CEO. All amounts relating to remuneration to senior executives do not include social security contributions. Pension costs for senior executives during 2017 totaled 0.7 MSEK. Pension terms for Executive Management are in line with those of other employees within the Group. Tim Thurn, Therése Björklund and Kent Öbrink are employed by the Parent Company C-RAD AB while Johan Bostedt and Ling Zhang are employed by the affiliate C-RAD Positioning AB.

During the year, the following changes has been made in the senior executive team: Kent Öbrink, Sales manager Europe, left the company in May 2017.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The 2018 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 2017 Annual General Meeting, Öhrlings PricewaterHouse Cooperas AB was appointed 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 2017 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	-92,837,235
Share premium reserve	259,453,412
Profit for the year	-2,542,297
Total retained earnings	164,073,880

The Board and the President propose that the retained earnings of SEK 164,073,880 be carried forward.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CONSOLIDATED INCOME STATEMENT

All amounts in SEK Thousands unless otherwise stated.

	NOTE	2017	2016
Operating income			
Revenues	11	133 125	82 654
Purchased goods and services		-54 494	-36 273
Gross profit		78 631	46 380
Operating expenses			
Other external costs	13,14	-36 462	-33 683
Personnel costs	15	-51 630	-41 532
Own work capitalized		4 350	3 489
Depreciation and amortization of property plant and equipment, as well as intangible assets	19,20	-4 513	-5 518
Other operating income/expenses	12	-367	507
Total operating expenses		-88 621	-76 736
Operating profit/loss (EBIT)		**-9 990**	**-30 356**
Profit (loss) from shares in associated companies	21	0	0
Financial income	16	0	8
Financial expenses	16	-917	-861
Profit (loss) before tax		**-10 907**	**-31 209**
Tax on profit/loss for the period	17,18	0	0
Profit (loss) for the year		**-10 907**	**-31 209**
Consolidated statement of comprehensive income Items that may be reclassified subsequently to profit or loss			
Translation difference from foreign operations		-869	-325
Total comprehensive income for the year (1)		**-11 776**	**-31 534**
Earnings per share			
Earnings per share, basic		-0,37	-1,21
Earnings per share, diluted		-0,37	-1,21

(1) 100 percent attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS	NOTE	31-12-2017	31-12-2016
Intangible assets			
Capitalized development expenditure	20	23 375	21 016
Distribution rights	20	4 379	5 226
Patents, licenses and similar rights	20	554	740
		28 307	**26 982**
Property, plant and equipment			
Equipment	19	2 141	3 337
Financial assets			
Non-current receivables	6,21	101	106
Deferred tax assets	18	7 094	7 094
Total financial assets		**7 195**	**7 200**
Total non-current assets		**37 644**	**37 520**
CURRENT ASSETS			
Inventories	7	20 101	6 360
Accounts receivable	6,27	23 475	36 528
Other receivables		2 398	3 443
Prepaid expenses and accrued income	8	19 844	5 568
Cash and bank balances	6,26	14 594	12 683
Total current assets		**80 412**	**64 583**
Total assets		**118 056**	**102 102**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	NOTE	31-12-2017	31-12-2016
Equity	**22**		
Share capital		4 614	4 430
Additional paid-in capital		264 730	255 230
Profit (loss) for the year		-197 937	-189 058
Total equity		**71 407**	**70 602**
Non-current liabilities	**23**		
Convertible bonds		0	11 829
Other non-current liabilities		0	642
		0	**12 471**
Current liabilities			
Accounts payable		8 289	7 582
Warranty provisions	28	1 976	1 225
Other current liabilities		17 947	2 337
Accrued expenses and deferred income	29	18 437	7 885
		46 649	**19 029**
Total liabilities		**46 649**	**31 500**
Total equity and liabilities		**118 056**	**102 102**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2017	2016
Operating activities			
Operating profit/loss before financial items		(9 990)	(30 356)
Adjustments for non-cash items		6 663	5 748
Interest received		0	8
Interest paid		(917)	(861)
Cash flow from operating activities before working capital changes		**(4 244)**	**(25 461)**
Increase (decrease) operating receivables		(678)	(26 051)
Increase (decrease) inventories		(13 741)	3 982
Increase (decrease) operating liabilities		14 644	2 908
Cash flow from operating activities		**(4 020)**	**(44 624)**
Investing activities			
Acquisition of intangible assets			(3 489)
Capitalized development expenditures		(4 350)	(516)
Acquisition of property, plant and equipment		(873)	0
Acquisition associated companies		(291)	0
Cash flow from investing activities		**(5 514)**	**(4 005)**
Financing activities			
Rights issue		0	61 599
Warrants		888	145
Debt repayment		(291)	(5 041)
Borrowings		10 726	0
Cash flow from financing activities		**11 323**	**56 702**
Cash flow for the year		1 789	8 073
Opening cash and cash equivalents		12 682	4 426
Exchange rate differences in cash and cash equivalents		123	183
Closing cash and cash equivalents	**26**	**14 594**	**12 682**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Opening equity 2016-01-01	**3 304**	**193 979**	**(157 235)**	**40 048**
Rights issue and warrant program	1 126	65 986		67 112
Issue expenses		(5 368)		(5 368)
Other transfers equity			(340)	(340)
Equity component, convertible loan			51	51
Total transactions with owner	**1 126**	**60 618**	**(289)**	**61 455**
2016 profit/loss			(31 209)	(31 209)
Translation difference, foreign operations		634	(325)	309
Total comprehensive income for the year		634	(31 534)	(30 901)
Closing equity 2016-12-31	**4 430**	**255 230**	**(189 058)**	**70 602**
Rights issue and warrant program	184	12 507		12 691
Equity component, convertible loan			(110)	(110)
Total transactions with owner	**184**	**12 507**	**(110)**	**12 581**
2017 profit/loss			(10 907)	(10 907)
Translation difference, foreign operations		(3 007)	2 138	(869)
Total comprehensive income for the year		(3 007)	(8 769)	(11 776)
Closing equity 2017-12-31	**4 614**	**264 731**	**(197 937)**	**71 407**

PARENT COMPANY - INCOME STATEMENT

	NOTE	2017	2016
Operating income			
Revenues		18 701	19 768
Total operating income		**18 701**	**19 768**
Operating expenses			
Other external costs	13,14	-7 522	-8 095
Personnel costs	15	-8 008	-8 999
Depreciation of property, plant and equipment	19,20	-26	-23
Amortization of intangible assets		-847	-847
Other operating expenses		-1 517	0
Total operating expenses		**-17 921**	**-17 965**
Operating profit/loss (EBIT)		**780**	**1 803**
Interest income and similar profit/loss items	16	0	5
Interest expense and similar profit/loss items	16	-3 323	-12 718
Profit (loss) before tax		**-2 542**	**-10 909**
Tax on profit/loss for the period		0	0
Profit (loss) for the year		**-2 542**	**-10 909**

PARENT COMPANY - BALANCE SHEET

NON-CURRENT ASSETS	NOTE	31-12-2017	31-12-2016
Property, plant and equipment			
Equipment	19	69	38
Intangible assets			
Distribution rights	20	4 379	5 226
Financial assets	**21**		
Shares in Group companies		108 128	108 128
Receivables from Group companies		59 279	62 040
Other non-current receivables		0	0
		167 407	**170 169**
Total non-current assets		**171 855**	**175 433**
CURRENT ASSETS			
Other receivables		459	121
Prepaid expenses and accrued income	8	707	690
Cash and bank balances	26	387	466
Total current assets		**1 553**	**1 276**
Total assets		**173 408**	**176 710**

PARENT COMPANY - BALANCE SHEET

EQUITY AND LIABILITIES	NOTE	31-12-2017	31-12-2016
EQUITY			
Restricted equity	22		
Share capital		4 614	4 430
Share capital			
Share premium reserve		259 453	246 946
Retained earnings		-92 837	-81 928
Profit (loss) for the year		-2 542	-10 909
		164 074	**154 109**
Total equity		**168 688**	**158 539**
Non-current liabilities			
Convertible bonds	23	0	11 718
Non-current liabilities	23	961	642
		961	**12 360**
Current liabilities			
Accounts payable		1 201	1 058
Liabilities to Group companies		0	2 440
Other current liabilities		932	1 259
Accrued expenses and deferred income	29	1 626	1 054
		3 759	**5 811**
Total liabilities		**4 719**	**18 170**
Total equity and liabilities		**173 408**	**176 710**

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

STATEMENT OF CASH FLOWS, PARENT COMPANY

	NOTE	2017	2016
Operating activities			
Operating profit/loss before financial items excl. interest		(2 542)	(10 909)
Adjustments for non-cash items	25	5 668	11 055
Other non-cash items			
Interest received		0	5
Interest paid		(354)	(577)
Cash flow from operating activities before working capital changes		**2 772**	**(426)**
Increase (decrease) operating receivables		2 407	(28 291)
Increase (decrease) accounts payable		142	(617)
Increase (decrease) operating liabilities		(2 165)	1 190
Cash flow from operating activities		**3 155**	**(28 144)**
Investing activities			
Acquisition of property, plant and equipment		(57)	0
Shareholder contributions		(3 713)	(28 187)
Acquisition associated companies		(351)	0
Cash flow from investing activities		**(4 121)**	**(28 187)**
Financing activities			
Rights issue		0	61 599
Warrants		888	145
Increase (decrease) current financial liabilities		0	(5 041)
Cash flow from financing activities		**888**	**56 702**
Cash flow for the year		(78)	370
Opening cash and cash equivalents		466	95
Exchange rate differences in cash and cash equivalents		4	0
Closing cash and cash equivalents	26	**387**	**466**

STATEMENT OF SHAREHOLDERS' EQUITY, PARENT COMPANY

	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	TOTAL
Opening balance 2016-01-01	**3 304**	**186 328**	**(81 928)**	**107 704**
Rights issue and warrant program	1 126	65 841		66 967
Issue expenses		(5 368)		(5 368)
Other transfers equity		145		145
Total transactions with owner	**1 126**	**60 618**	**0**	**61 744**
2016 profit/loss			(10 909)	(10 909)
Closing equity Dec. 31, 2016	**4 430**	**246 946**	**(92 838)**	**158 539**
Rights issue and warrant program	184	12 507		12 691
Total transactions with owner	**184**	**12 507**	**0**	**12 691**
2017 profit/loss			(2 542)	(2 542)
Closing equity Dec. 31, 2017	**4 614**	**259 453**	**(95 380)**	**168 688**

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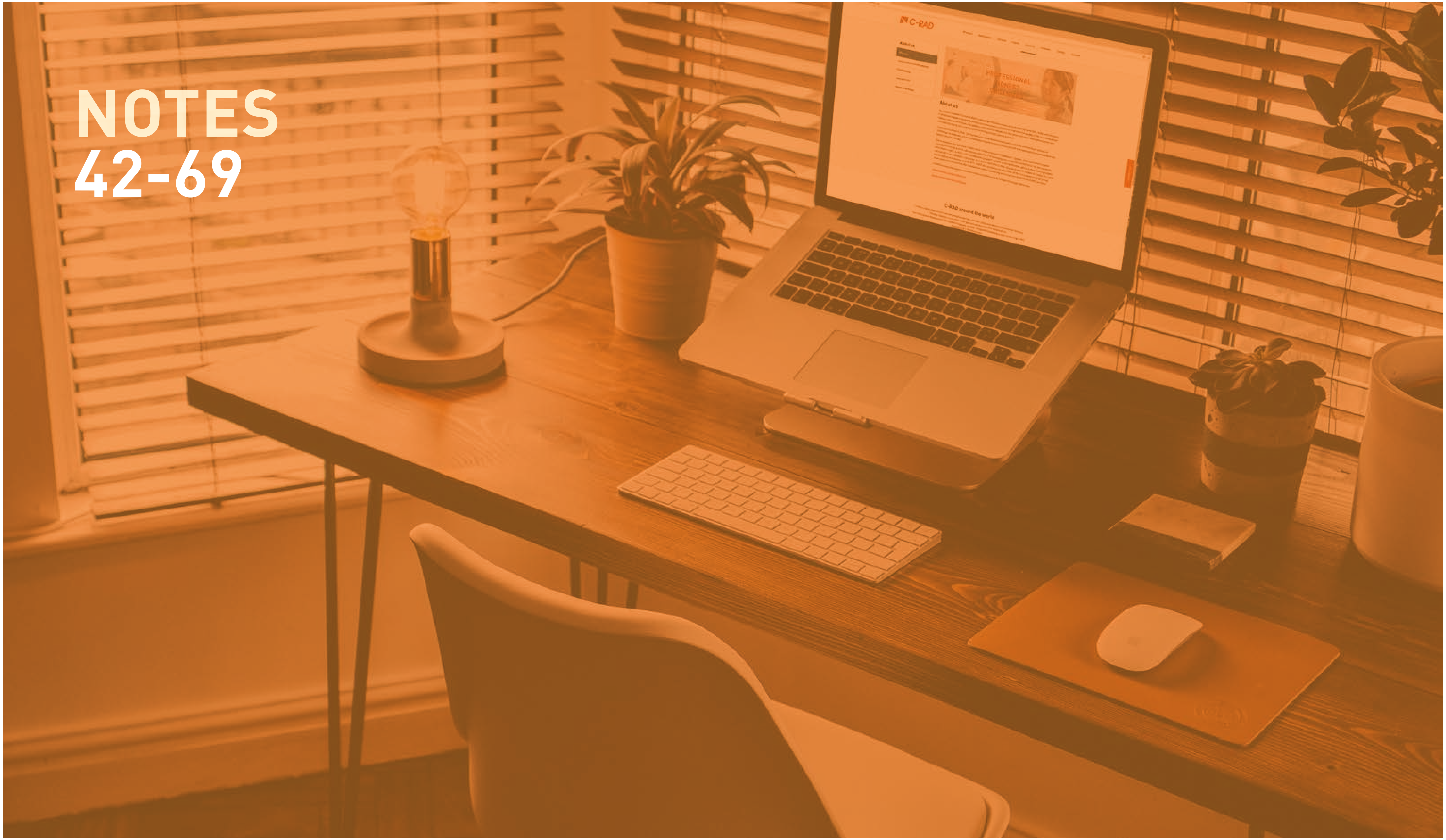

NOTES

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 COMPLIANCE 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 32.

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.

In order to achieve more simplicity and an improved correlation between the external reportig and the managements assessmentsofthe business, C-RAD has decided to change the reporting method for revenues and certain expenses.

Previously, Group revenues have been reported as revenues plus capitalized development costs and other revenue (primarily referring to exchange rate gains). To improve simplicity by reporting group revenue equalling group sales revenue, capitalized development costs is now reported as a correction item under operating expenses. Other revenue is also reported under operating expenses together with other operating expensesas"other operating income/expenses".

Gross profit and gross profit margin are significant concepts for C-RAD'smanagement. To highlight this, the term "gross profit" is now included in the group income statement. Gross profit equals revenues less raw materials and consumables, which was preciously reported under "Operating expenses".

These changes does not affect previously reported EBITDA, operating income, income before tax or net income, nor does it haveany effect on the reported balance sheets or cash flow. C-RAD has retrospectively recalculated the items affected by these changes, which can be found in the "Group review per quarter".

The new accounting classifications apply as of January 1st, 2017 and is included for the first time in the interim report forJanuari -September, 2017, with recalculated comparable figures.

The consolidated financial accounts for the year ended December 31, 2017 (including comparatives) were approved for issue by the Board on April 24, 2018. 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, 2018 and later. More information on these standards can be found below.

IFRS 9 FINANCIAL INSTRUMENTS

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

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning January 1, 2018 or later. The Board of Directors and the CEO of the Group has assessed the impact of IFRS 15 on these consolidated financial statement. In the Year-End Report 2017, it was informed that the net effect on the Group accounts would amount to 1.4 MSEK. After further investigation of how the new rules will affect the Group accounts, it has however been determined that there will be no effect.

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

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

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

IFRS 16 LEASES

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

5. SUMMARY OF ACCOUNTING POLICIES

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

5.1 BASIS OF CONSOLIDATION

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

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

All intercompany transactions and balance items are eliminated on consolidation, including unrealized losses on intercompany sales of assets which are reversed on consolidation.

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

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

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

5.6 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 20.

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

The following useful lives are applied:

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

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

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

5.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

5.10 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

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

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

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

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

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

- loans and receivables.

- financial assets at fair value through profit or loss.

- held to maturity investments..

- available-for-sale financial assets.

The impairment of financial assets except those measured at fair value through profit or loss should be tested at least once

each reporting period to determine whether there is objective evidence of impairment of a financial asset or group of financial assets. Different criteria to determine impairment are used for each category of financial assets, which are described below.

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

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

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

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

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

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

Convertible loan
A convertible loan is recognized as a compound financial instrument divided into a liability component and an equity component. Upon initial recognition of the convertible loan, the fair value of the liability component is determined based on the present value of the contractually determined stream of cash flows based on a discount rate determined from the market rate of comparable instruments without the conversion option. Subsequent to initial recognition, the liability component is measured based on its amortized cost, using the effective interest method. The carrying value of the liability component then gradually approaches the nominal value of the convertible loan. The gradual increase in the debt component is recognized in the income statement as interest expense and, together with the coupon rate comprises the total reported interest on the convertible loan. The equity component is calculated as the difference between the nominal value of the convertible loan and

the initially recognized fair value of the liability component and is carried at a fixed value in shareholders' equity. Transaction costs related to the issue of the convertible loan are distributed between the liability and equity component in proportion to the distribution of the issue proceeds. The transaction costs are included in the calculation of amortized cost, using the effective interest method, and are expensed over the term of the convertible loan.

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

5.12 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 28 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 CAPITAL AND RESERVES

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

5.16 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. No further deferred tax provisions were made on the balance sheet day. It is expected to be done when the group accomplishes a full year positive result.

5.17 PENSIONS AND REMUNERATION TO EMPLOYEES

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

5.18 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, along with an appropriate portion of relevant overhead and borrowing costs.

5.20 STATEMENTS OF CASH FLOWS

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

5.21 CONTINGENT LIABILITIES AND ASSETS

A contingent liability is acknowledged when there is an possible obligation from previous events that is contingent on one or more uncertain future events, or when an undertaking exists that is not matched by a debt or a provision as there is a doubt that the undertaking will result in an outflow of resources.

A contingent assets is acknowledged when an external part has a possible undertaking towards the Company based on previous events that is contingent on one or more uncertain future events, or when an external party has an undertaking towards the Company that is not matched by an asset or a provision as there is a doubt that the undertaking will result in an inflow of resources.

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.

6. ASSET MANAGEMENT, RISKS AND RISK MANAGEMENT

Asset management

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

Financial risk management

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

The Group does not engage in active trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Sensitivity to foreign currency

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

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

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

	SHORT-TERM EXPOSURE		LONG-TERM EXPOSURE
2017-12-31	**EUR**	**USD**	**EUR**
Financial assets	24 484	14 244	
Financial liabilities	(18 635)	(6 792)	
Total exposure	**5 849**	**7 452**	
2016-12-31	**EUR**	**USD**	**EUR**
Financial assets	15 648	19 021	
Financial liabilities	(6 676)	(2 175)	(642)
Total exposure	**8 973**	**16 846**	**(642)**

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, 2017 (2016: 10%). A change of +/- 5% is assumed for the exchange rate SEK/EUR (2016: 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% (2016: 10%) and against the EUR by 5% (2016: 5%), this would have had the following effect:

	PROFIT (LOSS) FOR THE YEAR		EQUITY	
	EUR	USD	EUR	USD
December 31, 2017	(292)	(745)	(401)	(745)
December 31, 2016	(417)	(1 685)	2 900	(1 685)

If the SEK had depreciated against the USD by 10% (2016: 10%) and against the EUR by 5% (2016: 5%), this would have had the following effect:

	PROFIT (LOSS) FOR THE YEAR		EQUITY	
	EUR	USD	EUR	USD
December 31, 2017	292	745	401	745
December 31, 2016	417	1 685	(2 900)	1 685

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 not exposed to changes in the market interest rates as there were no long-term borrowings with variable interest rates.

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	2017	2016
Accounts receivable	23 475	36 528
Loans	101	106
Cash and cash equivalents	14 594	12 683
	38 170	**49 317**

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

	GROUP	
Accounts receivables aging, total accounts receivables	**2017**	**2016**
Less than 3 months	18 889	29 796
3 to 6 months	2 897	4 794
Over 6 months	1 689	1 938
Total accounts receivable	**23 475**	**36 528**
Past due at the end of the financial year	**13 263**	**20 007**

	GROUP	
Currency analysis, total accounts receivables	**2017**	**2016**
SEK	1 775	6 072
EUR	13 429	11 411
USD	6 662	19 032
Other	1 609	13
	23 475	**36 528**

Financial instruments

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

	31-12-2017		31-12-2016	
Loans and receivables	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Accounts receivable	23 475	23 475	36 528	36 528
Loans	101	101	106	106
Cash and cash equivalents	14 594	14 594	12 683	12 683

Financial liabilities recognised at amortized cost:	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Non-current interest-bearing liabilities	0	0		
Non-current not interest-bearing liabilities	0	0	642	642
Convertible loans	0	0	11 829	11 829
Accounts payable	8 289	8 289	7 582	7 582

GROUP

Accounts payables aging, total accounts payable	2017	2016
Due within 30 days	6 785	5 250
Due within 60 days	463	203
Past due at the end of the financial year	1 041	2 129
Total accounts payable	**8 289**	**7 582**

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 a credit line from Erik Penser Bank AB of SEK 10 million, and an overdraft facility of SEK 2 million from Nordea which were unutilized. As of January, 2017, the Company also holds an invoice discounting solution with Erik Penser Bank AB of SEK 20 million which was utilized to SEK 10.7 million on the balance sheet day. The shares in the subsidiary C-RAD Positioning AB is pledged as a security for the credit line with Erik Penser Bank AB. As security for the invoice discounting solution, Erik Penser Bank AB holds a company mortgage of SEK 5 million and the accounts receivables in C-RAD Positioning AB. The overdraft facility at Nordea is also contingent on certain agreed levels of order intake, revenue and result.

	GROUP		PARENT COMPANY	
Net debt	2017	2016	2017	2016
Cash and cash equivalents	14 594	12 683	387	466
Invoice discounting solution	(10 726)	0	0	0
Debt	(457)	(914)	(457)	(914)
Total net debt	**3 411**	**11 769**	**(70)**	**(448)**

7. INVENTORY

Inventories consists of:	2017	2016
Spare parts	7 648	4 048
Finished goods	12 453	2 313
	20 101	**6 360**

No impairment losses were recognized in inventories.

8. PREPAID EXPENSES AND ACCRUED INCOME

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

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Prepaid expenses	2 205	1 485	707	690
Accrued income	17 639	4 083	0	0
	19 844	**5 568**	**707**	**690**

9. RELATED-PARTY TRANSACTIONS

During 2017, C-RAD has purchased printing material from Thurn Transmedia Com to an amount of 13 KSEK. The owner of Thurn Transmedia Com is related to the CEO of C-RAD, Tim Thurn. In November, 2017, CEO TIm Thurn purchased a car from C-RAD AB to a value of 145 KSEK.

Other than the above, no transactions with related parties occurred since the end of financial year 2017.

10. GROUP

PARENT COMPANY

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

PURCHASING AND SALES BETWEEN GROUP COMPANIES

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

	2017	2016
Purchases	0%	0%
Sales	100%	100%

Operating assets/liabilities in respect of related party	2017	2016
C-RAD AB (Parent Company) has a claim on C-RAD Positioning AB	36 780	40 362
C-RAD AB (Parent Company) has a claim on C-RAD Imaging AB	13 688	11 322
C-RAD AB (Parent Company) has a claim on C-RAD Innovation AB	59	113
C-RAD AB (Parent Company) has a claim on C-RAD Incorporated	-2 225	0
C-RAD AB (Parent Company) has a claim on C-RAD GmbH	4 873	4 793
C-RAD AB (Parent Company) has a claim on Cyrpa International Sprl	6 103	5 449
C-RAD GmbH has a claim on C-RAD AB	0	4 305

Loans or commitments to, or for related parties and senior executives	2017	2016
Loans from shareholders total	0	0

SHARE OPTIONS ISSUED TO DIRECTORS

There are no share options issued to directors. Senior executives have received 233,588 issued stock options and others received 265,971.

11. SEGMENT REPORTING

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

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

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

Assets and liabilities are not analyzed on segment level by chief decision-makers; they are therefore excluded from this segment reporting.

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

	SEGMENT REVENUE		SEGMENT OPERATING PROFIT/LOSS	
	2017	2016	2017	2016
Positioning external sales	132 525	81 946	-8 690	-29 517
Imaging external sales	600	708	-1 300	-840
Imaging internal sales	0	0	0	0
Elimination internal sales	0	0	0	0
Total	**133 125**	**82 654**	**(9 990)**	**(30 357)**
Prodfit (loss) from shares in associated companies			0	0
Financial income and expenses			-917	-861
Profit (loss) before tax			**(10 907)**	**(31 218)**

Segment reporting is based on the same accounting policies as applied in the consolidated reporting in 2017. No impairment losses were recognized. Sales by country based on sales to customers in each country. No individual customer represent over 10 percent of net sales in 2017.

Revenue by area	2017	2016
Sweden	7 663	9 583
Other Nordic countries	9 361	3 212
DACH (Germany, Austria, Switzerland)	19 546	8 579
RoE (Rest of Europe)	11 977	10 881
US	30 744	30 326
OEM	9 188	22
France	13 689	6 361
Asia	30 957	13 689
	133 125	**82 654**

12. OTHER REVENUE AND EXPENSES

	GROUP	
	2017	2016
Currency exchange gain/loss	-360	186
Contributions received	456	192
Other revenue	-54	130
Write-down of current assets	-408	
	(367)	**507**

13. REMUNERATION TO AUDITORS

	GROUP		PARENT COMPANY	
Grant Thornton Sweden AB	2017	2016	2017	2016
Audit assignment	622	810	397	495
Audit outside audit assignment	30	197	30	167
Tax consultation	0	0	0	0
Other services	0	0	0	0
	653	**1 007**	**428**	**662**
Öhrlings PricewaterhouseCoopers AB	2017	2016	2017	2016
Audit assignment	345	0	345	0
Audit outside audit assignment	0	0	0	0
Tax consultation	25	0	25	0
Other services	48	0	48	0
	418	**0**	**418**	**0**

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.

14. OPERATIONAL LEASING

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

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Leasing costs	2 209	508	1 710	215
Due within one year	1 948	540	1 423	171
Due later than 1 year but within 5 years	878	571	463	116
Due later than 5 years	0	0	0	0

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	
	2017	2016	2017	2016
Women	7	8	2	2
Men	40	32	2	4
Total	**47**	**40**	**4**	**6**

Salaries and remuneration:	2017	2016	2017	2016
Board of Directors and Chief Executive Officer	2 801	2 185	2 801	2 185
Other employees	37 042	29 015	2 380	4 024
Total salaries and remuneration	**39 843**	**31 200**	**5 181**	**6 209**

Social security and pension costs:	2017	2016	2017	2016
Social security contributions according to law and agreements	7 004	7 697	2 017	1 848
Pension costs Board and CEO	191	182	191	182
Pension costs other employees	1 892	1 458	168	304
Total social security and pension costs:	**9 086**	**9 337**	**2 376**	**2 334**
Total payroll	**48 929**	**40 537**	**7 557**	**8 543**

Directors' fees are included under "Other external costs" and "Personnel costs" in the income statement. Additional personnel costs are included in "Personnel costs" in the income statement.

	2017		2016	
Directors and senior executives	Number on balance sheet day	Out of which men	Number on balance sheet day	Out of which men
Directors	6	67%	6	83%
CEO and other senior executives	4	75%	5	80%

REMUNERATION TO SENIOR EXECUTIVES

The Annual General Meeting decides on remuneration to the Board of Directors. The Annual General Meeting April 28, 2017 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. 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	**2017**	**2016**
Lars Nyberg	334	100

Director	2017	2016
Peter Hamberg	167	100
Kicki Wallje-Lund	167	120
Peter Eidensjö	134	0
Åsa Hedin	134	0
David Sjöström	134	0
Börje Bengtsson	25	154
Brian Holch Kristensen	25	100
Bengt Rolén	25	120
Total remuneration - Board of Directors	**1 147**	**694**

Åsa Hedin, David Sjöström and Peter Eidensjö were elected as new members of the board at the Annual General Meeting 2017. Börje Bengtsson, Bengt Rolén and Brian Holch Christensen left the board at the same time.

REMUNERATION AND OTHER BENEFITS DURING THE YEAR - CEO AND OTHER SENIOR EXECUTIVES

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

2017	Base salary	Variable remuneration	Pension and health insurance	Other remuneration	Total
Tim Thurn, CEO	1 331	282	191	79	1 883
Other senior executives (average 4)	2 657	221	484	268	3 630
Total	**3 988**	**503**	**675**	**347**	**5 514**

2016	Base salary	Variable remuneration	Pension and health insurance	Other remuneration	Total
Tim Thurn, CEO	1 200	197	182	94	1 673
Other senior executives (average 5,5)	4 716	310	524	28	5 578
Total	**5 916**	**507**	**706**	**122**	**7 251**

16. FINANCIAL INCOME AND FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Interest income on cash and cash equivalents	0	6	0	5
Positive currency exchange difference	0	2	0	0
	0	**8**	**0**	**5**

	2017	2016	2017	2016
Interest expense on other liabilities	3	49	1	1
Borrowing costs	890	715	353	575
Other financial cost	24	97	1	0
Negative currency exchange difference			31	25
Impairment intercompany receivables	0	0	2 937	12 116
	917	**861**	**3 323**	**12 718**

17. TAX EXPENSE

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Profit (loss) before tax	-10 907	-31 209	-2 542	-10 909
Tax rate	22%	22%	22%	22%
Expected tax income	-2 400	-6 866	-559	-2 400

Adjustment for non-deductible expenses	2017	2016	2017	2016
Profit (loss) from shares in associated companies	0	0	0	0
Other tax-exempt revenue	0	2	0	0
Other non-deductible expenses	626	27	30	68
Deferred tax asset not recorded	1 774	6 839	529	2 332
Tax recognized in income statement	**0**	**0**	**0**	**0**

Tax expense consists of the following components:				
Tax loss carryforwards utilized	0	0	0	0
Average tax rate	**0%**	**0%**	**0%**	**0%**

18. UPPSKJUTEN SKATT

Remaining unused taxable losses amount to SEK 147 million, out of which SEK 157 million refer to the Swedish entities. There is currently no time limit regarding utilization of these losses against future taxable profits.

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

	GROUP	
	2017	2016
Tax loss carryforwards	7 094	7 094
Recognized as:	**2017**	**2016**
Deferred tax asset	7 094	7 094

19. PROPERTY, PLANT AND EQUIPMENT

GROUP	EQUIPMENT
Accumulated cost	
Opening balance 2016-01-01	9 102
Reclassifications	113
Purchases	763
Disposals	(648)
Closing balance 2016-12-31	**9 330**
Reclassifications	-336
Purchases	89
Disposals	
Closing balance 2017-12-31	**9 084**
Accumulated depreciation/amortization	
Opening balance 2016-01-01	4 520
Reclassifications	193
Depreciation/amortization	1 422
Disposals	(142)
Closing balance 2016-12-31	**5 993**
Reclassifications	(320)
Depreciation/amortization	1 269
Disposals	
Closing balance 2017-12-31	**6 942**

GROUP	EQUIPMENT
Carrying amount	
Per 2016-01-01	4 583
Per 2016-12-31	3 337
Per 2017-12-31	2 141
Depreciation/amortization percent	20-35 %

PARENT COMPANY	EQUIPMENT
Accumulated cost	
Opening balance 2016-01-01	376
Purchases	0
Closing balance 2016-12-31	**376**
Purchases	57
Closing balance 2017-12-31	**434**
Accumulated depreciation/amortization	
Opening balance 2016-01-01	315
Depreciation/amortization	23
Closing balance 2016-12-31	**338**
Depreciation/amortization	26
Closing balance 2017-12-31	**365**
Carrying amount	
Per 2016-01-01	62
Per 2016-12-31	38
Per 2017-12-31	69
Depreciation/amortization percent	
IT equipment	3–5 years
Furniture and other equipment	5–10 years

20. INTANGIBLE ASSETS

GROUP	CAPITALIZED DEVELOPMENT EXPENDITURE	PATENTS, LICENSES AND SIMILAR RIGHTS	TOTAL
Accumulated cost			
Opening balance 2016-01-01	70 393	11 846	82 239
Purchases	3 489	0	3 489
Reclassifications	282	12	294
Closing balance 2016-12-31	**74 164**	**11 858**	**86 022**
Purchases	4 350		4 350
Reclassifications	356		356
Closing balance 2017-12-31	**78 870**	**11 858**	**90 728**
Accumulated depreciation/amortization			
Opening balance 2016-01-01	48 622	5 778	54 401
Reclassifications	170	12	182
Depreciation/amortization	3 424	1 034	4 458
Closing balance 2016-12-31	**52 216**	**6 824**	**59 040**
Reclassifications	127	19	146
Depreciation/amortization	2 201	1 034	3 235
Closing balance 2017-12-31	**54 544**	**7 876**	**62 421**
Carrying amount			
Per 2016-01-01			27 839
Per 2016-12-31			26 982
Per 2017-12-31			28 307

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	2017	2016
Work performed in-house	2 687 230	3 520 996
Externally aquired	801 547	744 771
	3 488 777	**4 265 767**

IMPAIRMENT TEST

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

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

	Catalyst/ Sentinel	Gemini	Patent	Total
Impairment	0	0	0	0

SENSITIVITY ANALYSIS

Sensitivity analyses conducted in 2016 showed that impairment is sensitive to changes in the present value factor. If the Company's assesments on future sales and profit margin during the next five years deviates from actual development, this may also affect the need of impairment. Management's assessment is that there is no need for impairment as per Dec 31, 2017, but will, in accordance with IAS 38, carefully monitor any negative changes that may suggest impairment.

	IMPAIRMENT
Current discount rate	0
Discount rate increased by 1 %	0
Discount rate increased by 2 %	0
Currently expected revenue	0
Future revenue estimate decreased by 5%	0
Future revenue estimate decreased by 10%	0
Currently expected margin	0
Future profit margin estimate decreased by 5%	0
Future profit margin estimate decreased by 10%	0

Depreciation/amortization percent	
Capitalized development expenditures	5-10 years
Patent	10 years

21. FINANCIAL ASSETS

	PARENT COMPANY	
Share in group companies	**2017**	**2016**
Opening cost	147 166	118 978
Shareholder contribution C-RAD Innovation AB	200	300
Shareholder contribution C-RAD Imaging AB	1 100	500
Shareholder contribution C-RAD Positioning AB	0	23 000
Shareholder contribution C-RAD GmbH AB	0	4 387
Shareholder contribution Cyrpa International Sprl	479	0
Closing balance	**148 944**	**147 166**
Opening impairment	-39 037	-34 466
Impairment for the year	-1 779	-4 571
Closing accumulated impairment	**-40 816**	**-39 037**
Carrying amount at year-end	**108 128**	**108 128**

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

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

	PARENT COMPANY	
Receivables, Group companies	**2017**	**2016**
Opening balance, carrying amount	62 040	33 628
Payment of loan to subsidiary	-1 603	35 957
mpairment	-1 159	-7 545
Closing balance, carrying amount	**59 279**	**62 040**

22. SHARE CAPITAL

The share capital consists only of fully paid ordinary shares with a nominal value of SEK 0.15. The number of shares is 862,887 A-shares with 10 votes per share and 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)	2017	2016
Opening balance	4 430	3 304
Private placement	184	1 126
Closing balance	**4 614**	**4 430**

The share	2017	2016
Number of shares per Dec. 31	30 757	29 532
Average number of shares	29 592	25 704
Number of outstanding warrants	500	1 769
Number of outstanding warrants with dilution effect	500	1 769
Number of outstanding shares incl. warrants with dilution effect	31 196	31 300
Earnings per average number of shares	-0,37	-1,21
Earnings per share, diluted	-0,37	-1,21
Equity per share	2,32	2,39
Equity per share, diluted	2,29	2,26
Share price, balance sheet date	28,30	12,05
Dividend per share	0	0

Number of outstanding warrants at year end is 499,599, belong to employees in line with warrant program of 2016 and 2017.

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	
	2017	2016	2017	2016
Opening balance	255	193 979	246 946	186 328
Rights issue	12 507	60 473	12 507	60 618
Issued warrantes	0	145		
Other	(3 007)	634		0
Closing balance	**9 756**	**255 230**	**259 453**	**246 946**

Group/Parent Company - Retained earnings: Accumulated result from previous years.

Groupt/Parent Company: Result from the current year.

23. NON-CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
Interest-bearing liabilities	2017	2016	2017	2016
Convertible bonds	0	11 829	0	11 718
Other non-current liabilities	0	642	961	642
Total interest-bearing liabilities	**0**	**12 471**	**961**	**12 360**

24. PLEDGED ASSETS

	GROUP	
For own provisions and liabilities	31-12-2017	31-12-2016
Mortgages on business assets NUTEK	0	1 470
Mortgages on business assets Nordea and Erik Penser	12 150	12 150
Total pledged assets	**12 150**	**13 620**

The Parent COmpany has a collateral towards the subdisiarey C-RAD Positioning AB of SEK 2 million. C-RAD Positioning AV 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.

25. ADJUSTMENT FOR NON-CASH ITEMS, ETC.

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Depreciation/amortization	5 288	5 887	847	871
Provisions	751	161	0	0
Other adjustments	123	0	1 884	(1 932)
Provisions on accounts receivables	501	(300)	0	0
Impairment of shares in or claims on subsidiaries	0	0	2 937	12 116
	6 663	**5 749**	**5 668**	**11 055**

26. CASH AND CASH EQUIVALENTS

Group	31-12-2017 Fair value	31-12-2017 Carrying amount	31-12-2016 Fair value	31-12-2016 Carrying amount
Cash and cash equivalents in SEK	1 247	1 247	2 999	2 999
Cash and cash equivalents in EUR	10 942	10 942	8 063	8 063
Cash and cash equivalents in USD	2 406	2 406	1 620	1 620
Total cash and cash equivalents	**14 594**	**14 594**	**12 683**	**12 683**

Parent company	31-12-2017 Fair value	31-12-2017 Carrying amount	31-12-2016 Fair value	31-12-2016 Carrying amount
Cash and cash equivalents in SEK	368	368	440	440
Cash and cash equivalents in EUR	18	18	23	23
Cash and cash equivalents in USD	1	1	3	3
Total cash and cash equivalents	**390**	**390**	**466**	**466**

27. ACCOUNTS RECEIVABLE

	GROUP	
	31-12-2017	31-12-2016
Accounts recevable gross	23 681	36 528
Provision for bad debts	(206)	0
Accounts recevable	**23 475**	**36 528**

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.

	GROUP	
Change in provision for doubtful receivables	31-12-2017	31-12-2016
Carrying amount, January 1	0	0
Provision for doubtful receivables	0	0
Carrying amount, December 31	**0**	**0**

28. PROVISIONS

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

In 2017, a new provision was made of KSEK 824 and a new provision of 1 575 was booked. No other significant liabilities are expected to be generated through these provisions.

Opening provision 2016-01-01	1 064
Used provisions	(917)
New provision	1 078
Closing balance 2016-12-31	**1 225**
Used provisions	(824)
New provision	1 575
Closing balance 2017-12-31	**1 976**

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

29. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Accrued personnel-related expenses	4 392	4 038	1 217	1 027
Other	14 045	3 847	409	27
	18 437	**7 885**	**1 626**	**1 054**

30. CONTINGENT LIABILITIES AND ASSETS

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

31. PROPOSED APPROPRIATION OF PROFITS

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

Retained loss	-92 837 235
Share premium reserve	259 453 412
Loss for the year	-2 542 297
Total retained earnings	164 073 880

The Board and the President propose that the retained earnings of SEK 164,073,880 be carried forward.

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

C) Investments in associates and loans issued to associates. Management included certain expectations about future developments of 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 1.9 MSEK and on receivables in subsidiaries of 1.2 MSEK in the financial statements for 2017.

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	2017	2016	2015	2014	2013
Order intake	192,5	113,5	88,1	68,4	50,3
Revenue	133,1	82,7	66,2	53,2	45,0
Operating profit/loss	(10,0)	(30,4)	(20,4)	(13,9)	(20,3)
Profit/loss before tax	(10,9)	(31,2)	(21,2)	(14,2)	(21,0)
Total assets	118,1	102,1	73,6	71,6	61,8
Order backlog	139,8	83,5	60,2	36,4	21,4
Equity ratio %	60	69	54	54	62
Average number of employees	48	40	34	26	26

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.

STYRELSENS UNDERSKRIFTER

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 25, 2018.

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 31, 2018.

LARS NYBERG
Chairman of the Board

TIM THURN
Chief Executive Officer

KICKI WALLJE-LUND
Director

PETER HAMBERG
Director

DAVID SJÖSTRÖM
Director

ÅSA HEDIN
Director

PETER EIDENSJÖ
Director

Our Audit Report was submitted on April 25, 2018. Öhrlings PricewaterhouseCoopers AB

MICHAEL BENGTSSON
Authorized Auditor

AUDITOR'S REPORT

To the general meeting of the shareholders of C-RAD AB, 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 for the year 2017 except for the corporate governance statement on pages 24-26. The annual accounts and consolidated accounts of the company are included on pages 18-70 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 as of 31 December 2017 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 2017 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 24-26. 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.

OTHER MATTER

The audit of the annual accounts and consolidated accounts for year 2016 was performed by another auditor who submitted an auditor´s report dated 5 April 2017, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

OUR AUDIT APPROACH

Audit scope

C-RAD AB (publ) sells develops, manufactures and sells products and systems for higher precision, increased efficiency and better safety in radiotherapy of cancer patients. The operations are conducted through subsidiaries in Sweden, the USA, Germany and Belgium. We have audited the Swedish subsidiaries and significant items in the foreign subsidiaries. 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 such as valuation of intangible assets, accounts receivable and shares in subsidiaries. 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 as set out in the table below. 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 MATTER	HOW OUR AUDIT TOOK INTO ACCOUNT THE KEY AUDIT MATTER
BALANCED EXPENSES FOR DEVELOPMENT WORK The value of capitalized expenses for development work amounts to SEK 23.3 million at 31 December 2017. Important estimates and assessments are given in Note 5.9 and Note 20 in the annual report. Important estimates and assessments include, among other things, that the requirements for activation are met. In assessing impairment requirements, the Group has had to assess a number of factors where the most significant is the assessment of future cash flows. Due to the degree of assessment we have estimated that balanced development costs are a Key audit matter in the audit.	We have read the company's specification of Balanced Expenses for Development Work and amongst other made a sampling of the projects and testing the correctness of activating the expenses. In order to determine if capitalized expenses were directly attributable to the projects, we tested, on a sample basis, underlying expenses against the supporting documents. We found no discrepancies in this review. We have also read the management's review of whether there is any impairment need for Balanced Expenses for Development. We evaluated the company's process for establishing forecast 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 annual reports is consistent with the tests performed. We found that the company's method and assumptions were applied consistently.

OTHER INFORMATION THAN THE ANNUAL REPORT AND THE CONSOLIDATED ACCOUNTS

This document also contains information other than the annual report and the consolidated accounts and is found on pages 1-17. It is the Board and the Managing Director who is responsible for this other information.

Our statement regarding the annual accounts and the consolidated accounts do not include this information and we do not make a statement with proof of this other information.

In connection with our audit of the annual report and the consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is to a significant extent incompatible with the annual report and the consolidated accounts. In this review, we also take into account the knowledge we have acquired during the audit, as well as assessing whether the information in general seems to contain material misstatements.

If, based on the work done on this information, we conclude that the other information contains a material error, we are required to report this. We have nothing to report in that 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.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of C-RAD AB for the year 2017 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 Directors 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 DIRECTORS AND THE MANAGING DIRECTOR

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

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

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 24-26 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 in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance 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 28 April 2017 and has been the company's auditor since the 28 April 2017.

STOCKHOLM 25 APRIL 2018

Öhrlings PricewaterhouseCoopers AB

MICHAEL BENGTSSON

Authorized Public Accountant

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