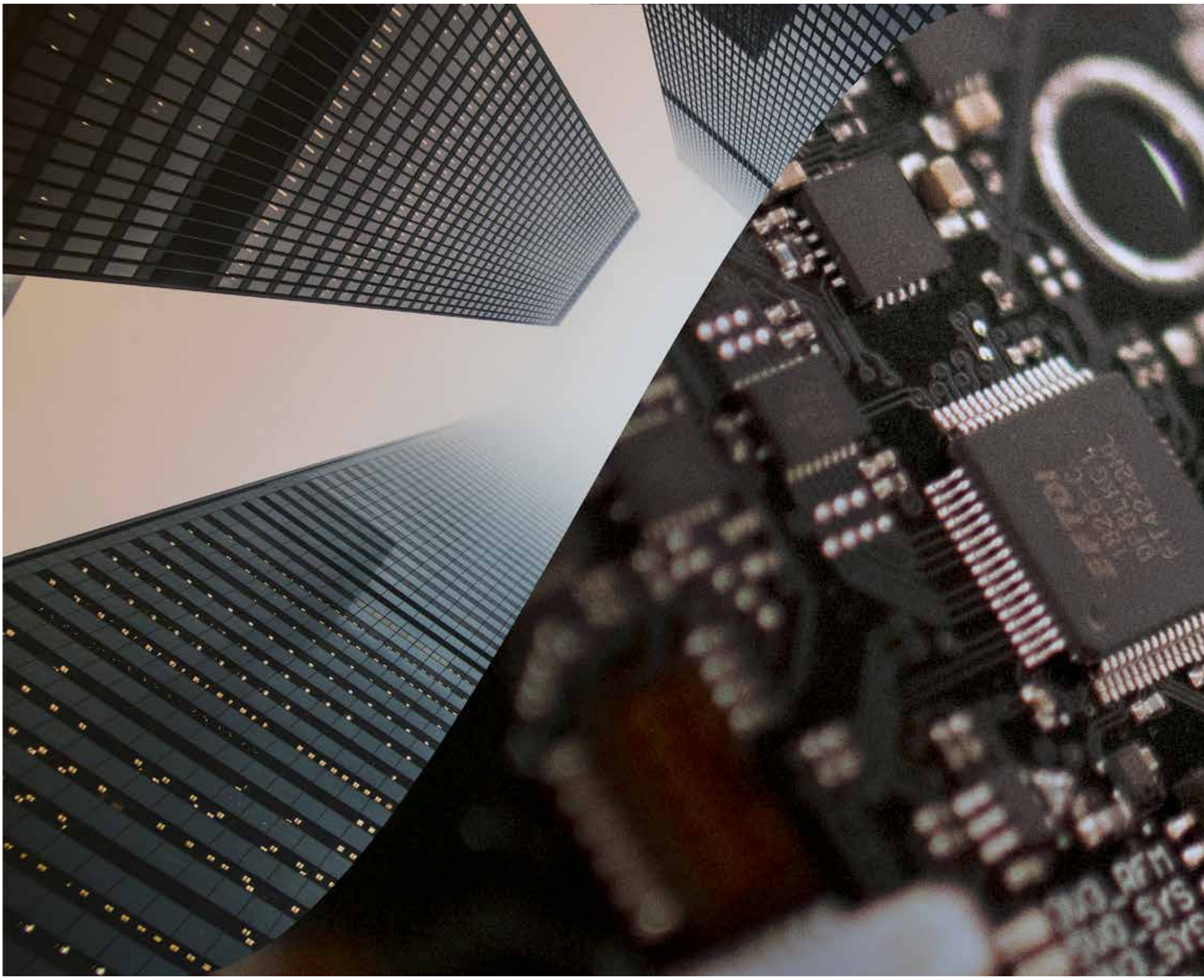
ANNUAL REPORT 2019

We make your connections.



SIVERSIMA

THIS IS SIVERS IMA

Sivers IMA Holding AB is a leading and internationally recognized technology company that, through its two business areas Wireless and Photonics, supplies chip and integrated modules.

Wireless develops RF chips and antennas for advanced 5G systems for data and telecommunications networks. Photonics develops and manufactures semiconductor optical products for optical fiber networks, sensors and optical wireless communication (Li-Fi). Sivers IMA Group enables a better connected and more secure worldby delivering the best solutions for fiber and wireless networks.

CONTENTS

Year in brief

January–December 2019

- Revenues amounted to SEK 96,355 thousand (71,485), an increase of 35 percent
- Profit before depreciations and amortizations (EBITDA) amounted to SEK –48,322 thousand (–52,589)
- Profit/loss for the year amounted to SEK –75,661 thousand (–71,880)
- Earnings per share was SEK –0.60 (–0.63)
- Equity per share amounted to SEK 2.19 (2.30)

Significant events following the year

- Sivers IMA Group's business area "Fiber" has changed its name to "Photonics", to better reflect strong demand and opportunities in new market verticals.
- On January 30, Wireless announced 4 new design wins with Tier 3 customers.
- On February 13, Wireless announced that they had signed an agreement with Cambium Networks, a leading global provider of wireless network solutions, for the delivery of 5G radio frequency chips for Cambium's rollout of 5G wireless broadband.
- On February 19, Sivers IMA Holding AB carried out a directed share issue of 5,955,418 shares, and thus received approximately SEK 54 million.
- On April 14, Photonics received a development order amounting to SEK 7.5 million from a US Fortune 100 customer.

Number of employees

99

Revenues

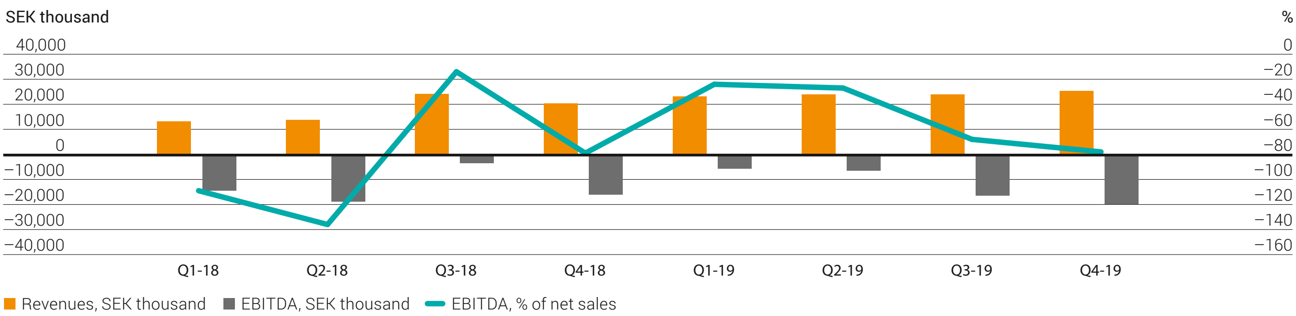
96.4 SEK million

Key figures

SEK thousand	2019	2018	2017[1)]	2016[1)]
Revenues	96,355	71,485	65,493	18,224
EBITDA	–48,322	–52,589	–19,568	–19,716
Profit/loss for the year	–75,661	–71,880	–45,617	–25,871
Earnings per share before and after non-dilution, SEK	–0.60	–0.63	–0.49	–0.62
Equity per share, SEK	2.19	2.30	2.12	1.34

1) The comparative years 2017 and 2016 are prepared in accordance with BFNAR 2012:1 Annual Report and Consolidated Accounts ("K3") and the Swedish Annual Accounts Act. No translation has been made to IFRS.

Revenues, EBITDA and EBITDA-margin, per quarter



Continued growth in both Sivers IMA and in our markets

The year was marked by great progress for Sivers IMA. Our 5G technology is now available in several locations around the world and our Fortune 100 customer has taken several important steps toward the volume production of our Photonics products.

We have continued to build on our strong network of partners and customers. In addition, our market continues to grow, the need for sensor products and the products needed to upgrade to Gigabit network-based fiber and 5G networks, sees a bright future. In summary, these needs led us to continue our journey of strong growth during 2019.

I am pleased to report that most things went in the right direction for Sivers IMA in 2019. Our net sales increased by 35 percent to SEK 96 million (71), and EBITDA amounted to SEK -48 million (-53). This means that over the past four years we have grown by an average of 74 percent per year.

Competitive products

The biggest step in 2019 was that we moved from offering promising technology to being part of functioning products with our customers' customers. One example is MicroNät in Örnsköldsvik, which in November launched one of the world's fastest wireless broadband networks based on our 5G technology. Another prominent project is the central London wireless network, built by Cambridge Communication Systems (CCS), which is now in full operation. Our growth is driven by the fact that our products are at the forefront of technology and are very competitive. A very good example of how fantastic our 5G technology works is a rail project, where we work with Blu Wireless, which can offer connectivity with up to 3 Gbps to trains running at over 250 km/h when using the license-free 60 GHz band, which is industry-leading performance. In 2019, developments in Photonics of Sensors and Data Communication have been as good as the 5G area. This means that we have two strong and exciting business areas that will be exciting to develop further in 2020.

In addition, demand is driven by the fact that new uses for our technology in both Wireless and Photonics are constantly opening up. For 5G, there are many new applications in, for example, medical technology, defense, rail and connected cars. The competitiveness of our products was confirmed during the year through a number of successes. We sold around 40 evaluation systems of our 5G technology and we have 16 design wins from customers that develop products based on our 5G technology. I also want to highlight the breakthrough order in unlicensed 5G in China, which we signed during the summer through our retailer Matrix Electronic. Stepping into this huge market is truly a breakthrough for us.

Within Photonics, new areas such as Li-Fi (light fidelity, wireless communication through light) and sensors for driverless cars, face recognition and metrology are growing. To reflect this broader demand, we have chosen to rename our business area from Fiber (CST Global) to Photonics. In July and August, we signed two important follow-up orders with our American Fortune 100 customer, confirming that we are also on the right track in this part of our product development. We are now a very important R&D center for this customer and are also working hard to ramp up volume production.

Strong network

During the year we built on our ecosystem of partners, which already included a number of prominent companies such as Ampleon, IDT and Blu Wireless. The network received an important contribution when in October we signed a cooperation agreement with NXP, one of the world's largest communications solutions companies. Among other things, NXP is very strong in licensed 5G, with products that are excellent for integrating with our chips.

"My optimism for the future remains very strong. Most of the signs indicate that 2020 will be the year when 5G gets a wider deployment as our customers' customers are starting to demand larger volumes."

The network gives us a number of important advantages, not least it helps us reach significantly more customers worldwide than we currently can reach, with the 35 employees we have today in our wireless business area. Our partners also make a valuable contribution through input and feedback that enables focused and successful product development.

Our product development and other advances are the result of a high level of competence and great commitment from our employees, and I would like to take this opportunity to thank all employees for their valuable efforts during the year. After the end of the year Photonics created an important partnership with Imec within Silicon Photonics, which is a very important technology for integration between photonics and affordable silicon that will drive new solutions at lower costs, such as in consumer electronics.

Fast growing market

Expectations of continued rapid traffic growth in the data and telecommunications networks drive operators to make large investment plans. This means that we expect our market to continue to grow strongly for many years in all segments. In recent years, US operators have invested SEK 120 billion to gain access to spectrum to deliver services via 5G millimeter wave.

An important decision during the year, was that CEPT, the European equivalent to the Swedish Post and Telecom Authority, from January 1, 2020 opened the 57-71 GHz band for unlicensed 5G throughout Europe. The decision contributed to the rollout of unlicensed 5G equipment in the EU as early as 2019, a development that will be strengthened in 2020. My assessment is that the technology will surprise many, for example when it turns out that 5G wireless networks can offer multiple times the speed at a fraction of the price compared to traditional fiber networks.

The journey continues in 2020

We are continuing the preparations to meet the listing requirements for a move from First North Growth Market to Nasdaq's Main List, and we have taken several major steps toward this. During the year, we began to report in accordance with IFRS and in 2020 we will further adapt to the Swedish Code of Corporate Governance. Meeting all listing requirements requires considerable resources, so we always prioritize our business operations first, but continue to work on the new listing in a structured way.

We are now living in more uncertain times after the Coronavirus began spreading in 2020, and it has hit many industries very hard. However, in this situation, the data and telecommunications industry has proved even more important for companies to be able to work from home and the video conferencing technology has now made a big impact. All companies will be affected in some way in the short term, but I believe that in the long term, the needs will continue to increase in our business areas.

In June, the company raised SEK 84 million through a share issue. I am very pleased that through the issue we gained more long-term institutional owners. Among other things, we have used the new capital to strengthen the organization with new employees focused on managing the increasing pressure from new customers and inquiries. We are also investing in the development of the next generation 5G chip, as well as in increased production capacity within Photonics.

My optimism for the future remains very strong. Most of the signs indicate that 2020 will be the year when 5G gets a wider deployment as our customers' customers start to demand larger volumes. Much also indicates that it will be clearer how sensors within Photonics will become a new area that can positively surprise everyone. Our very competitive products and our strong global network make us well equipped to take advantage of the strong market demand, and I am confident that our rapid growth will continue in 2020.

Anders Storm,
CEO of Sivers IMA Group

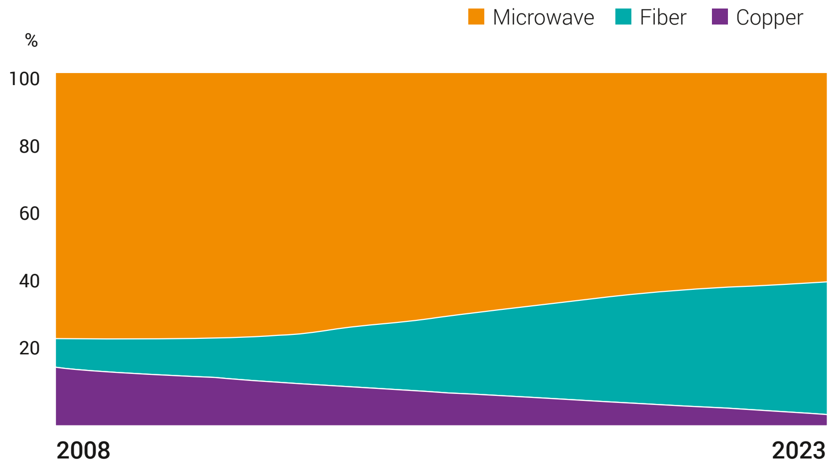
Rapidly growing market

Growth in the Group's market is driven by the strong increase in data traffic, telecommunications networks and the growing need for sensors. Operator investment needs mean that the market for products needed to upgrade infrastructure is growing much faster than the traffic increase.

Gigabit network of the future

65%

of the future's gigabit backhaul network will be based on microwave and millimeter wave, with the rest based on fiber.

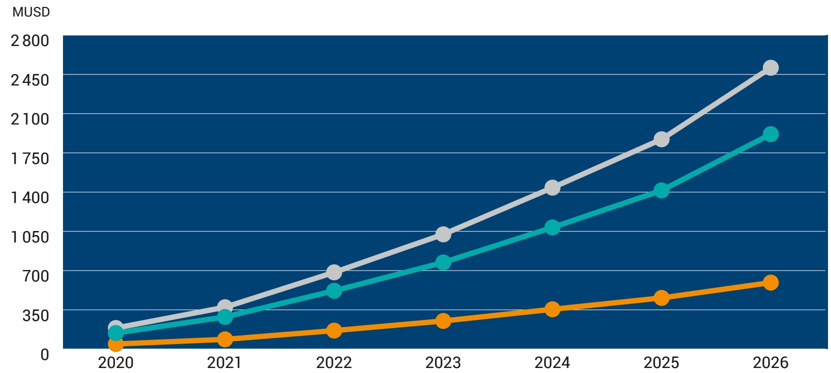


Note: The data excludes China, Japan, Korea and Taiwan. Source: Ericsson Microwave Outlook Report, 2018.

Overall millimeter wave component 5G RF market 2020–2026

+357USD million/year

expected market growth per year for millimeter wave and antenna components during the period 2020-2026.



	2020	2021	2022	2023	2024	2025	2026
RFIC	142,9	286,5	519,7	772,6	1085	1415,1	1916,6
Antennas	45,1	86,7	164,8	250,7	354,8	456,4	592,8
Total	187 941	373 192	684 508	1 023 324	1 439 778	1 871 508	2 509 349

Source: Market&Markets 5G infrastructure, SNS FWA 5G, Mobile experts and internal design wins and customers forecast.

The most important factor behind the rapid increase in traffic is the increased use of video. An increasing proportion of the content on the Internet consists of video, and users spend more and more time streaming video of increasingly higher image quality, which requires a large bandwidth. Video traffic on mobile networks is expected to increase by an average of 30 percent per year from 2019 to 2025, and by the end of that period, account for 75 percent of all mobile data traffic[1].

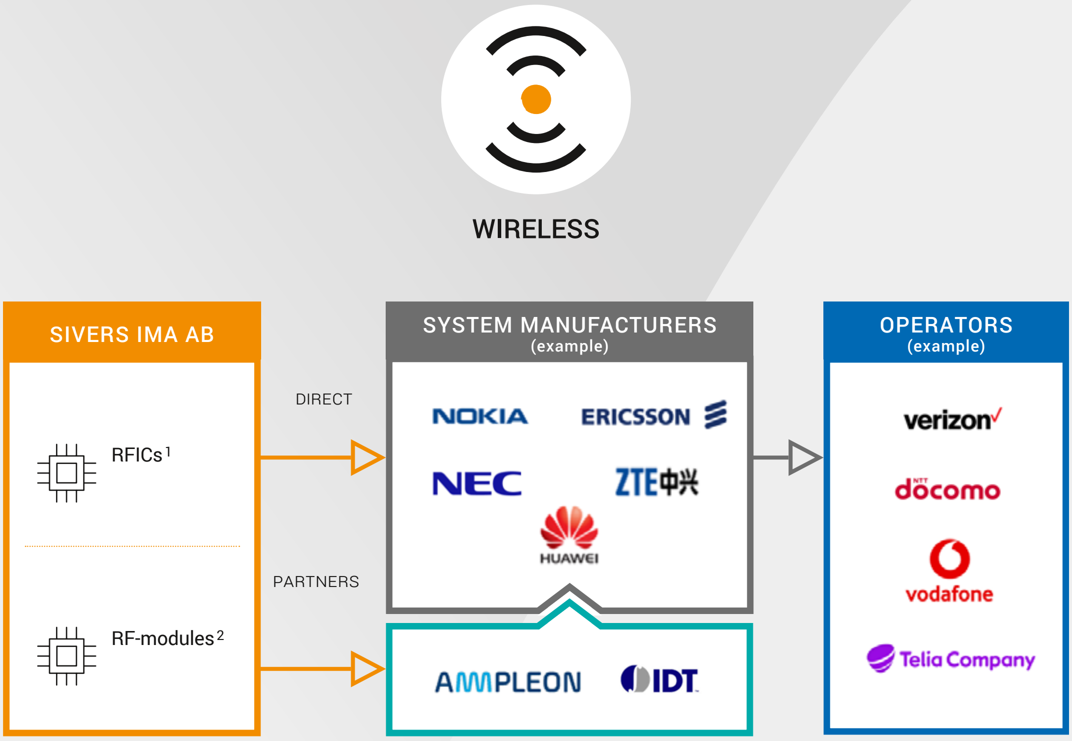
Another important factor is the rapid expansion of very large, so-called hyperscale, data centers, from companies such as Google, Amazon, Microsoft and others offering cloud services. The number of large data centers is expected to increase from 338 in 2016 to 628 in 2021, and traffic within these will quadruple in the same period.

Another area of growth is the Internet of Things (IoT), where the number of access points to the mobile networks is expected to grow by an average of 25 percent per year between 2019 and 2025[1]. Self-driving cars are an example of an area that will create a great need for both sensors and computer networks.

The increase in traffic creates great investment needs among telecom operators. The annual investments in millimeter wave components for 5G systems are expected to grow from USD 188 million in 2020 to USD 2,500 million in 2026 [2]. The market for products needed to upgrade the infrastructure, that is, the Group's market, is therefore growing significantly faster than the increase in traffic.

[1] Ericsson Mobility Report, Nov 2019.
[2] Market&Markets 5G infrastructure, SNS FWA 5G, Mobile experts and internal design wins and customers forecast.

THE SIVERS IMA GROUP'S PLACE IN THE VALUE CHAIN



Sivers IMA AB

Within the wireless part of the business, Sivers IMA delivers mainly to system manufacturers that then in turn deliver to telecom operators. Deliveries are made both directly and via partners. System manufacturers and operators mentioned above are examples of potential customers.

[1] Radio-frequency integrated circuit. A chip that transmits and receives radio waves. For example, RF chips are found in portable telephones, cellphones, Wi-Fi devices, wireless routers, wireless base stations, satellite transceivers and microwave equipment.
[2] RFIC and PCB antenna that are integrated into one unit.

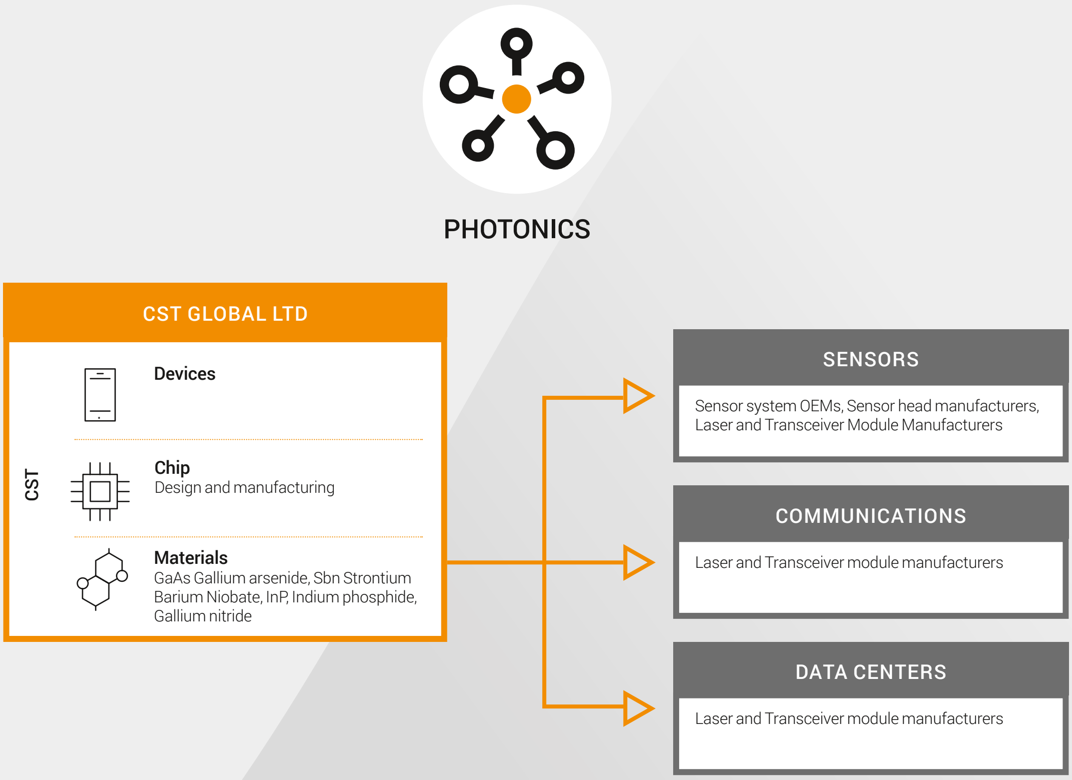
A large proportion of operator investments is made in the expansion of 5G, the fifth-generation mobile network. 5G uses millimeter wave spectrum, which gives lower transmission cost and greater bandwidth. The capacity of 5G is 10–100 times greater than 4G.

By the end of 2019, some fifty commercial 5G networks had been launched, particularly in larger cities, but it is during 2020 that the distribution is expected to really take off. Ericsson estimates that by the end of 2025, 5G will cover 55-65 percent of the world's population. South Korea is the country where the installation has come the furthest. Since its launch in April 2019, growth there has been dramatic. At the end of 2019, the number of subscribers was 4.7 million. The average data usage per subscriber in December was 27 Gb[1].

One important decision for the growth of 5G in Europe during the year was that the European equivalent to the Swedish Post and Telecom Authority, CEPT, opened the 57-71 GHz band for unlicensed 5G throughout Europe, from January 1, 2020. The decision contributed to unlicensed 5G being rolled out in the EU, a development that will continue in 2020.

The expansion of wireless networks also means an increased demand in fiber optics, including in data centers and in the operators' backbone networks. The market is also growing for fiber to homes (FTTH), driven by the fact that consumers want to be able to transmit high quality video and that the cost to install fiber the last stretch to homes has been reduced. Alternatively, housing and small businesses can receive wireless broadband via Fixed Wireless Access (FWA), where the last part of the transmission to the subscriber is wireless.

[1] Ministry of Science and ICT, South Korea.



CST Global

The Group's fiber business area, Photonics, operates within three levels of the value chain – components, chips and materials. These products are then included in systems that CST Global's customers deliver to, for example large data centers

FWA is one of the areas where 5G was first used on a large scale and is aimed at the approximately 1 billion households that currently do not have access to a fixed broadband connection. According to SNS Research, operators' total revenue from FWA will increase by an average of 84 percent per year up to more than USD 40 billion by 2025.

Customers

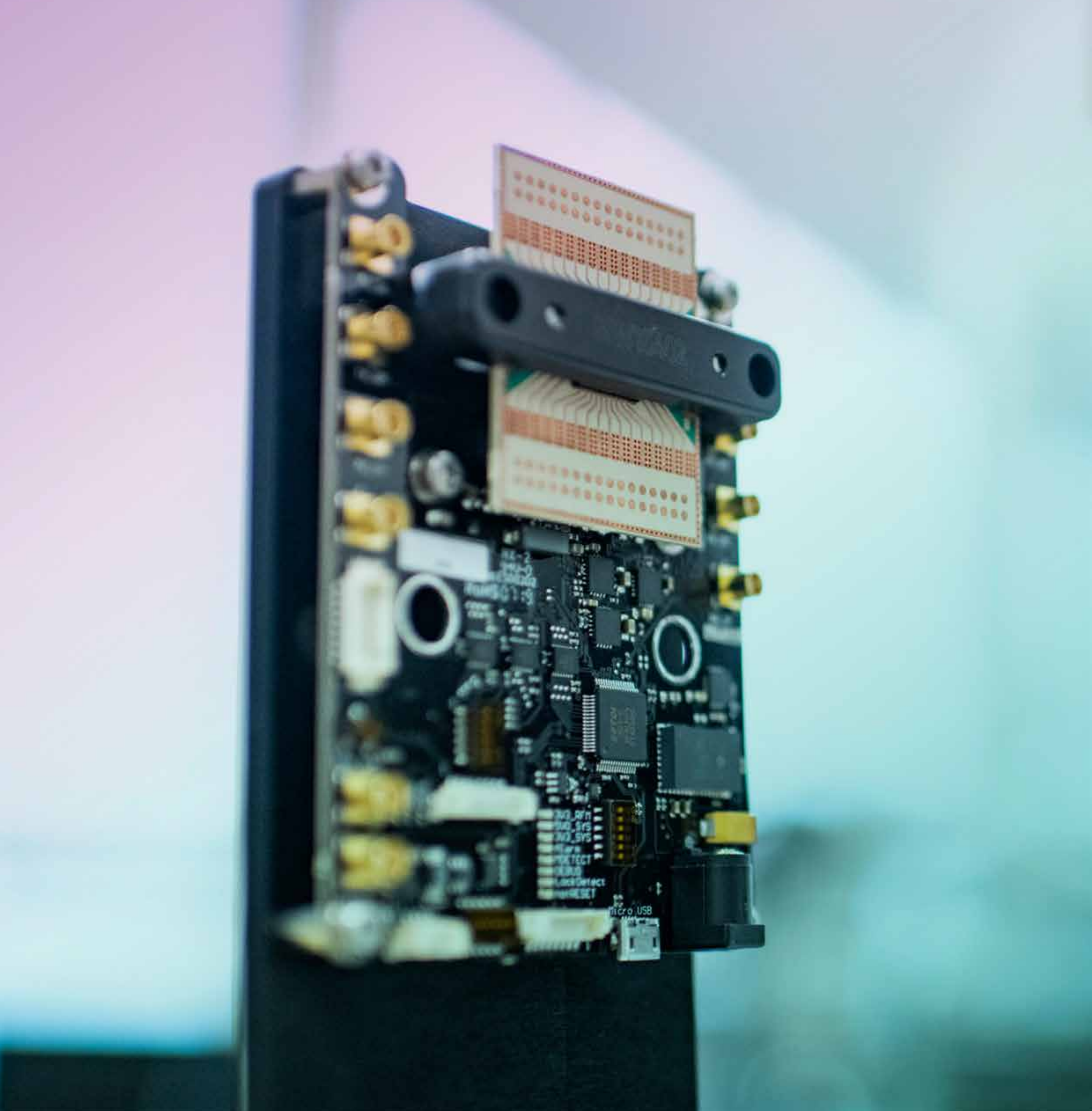
Wireless' main market is system manufacturers, that for example could be Ericsson, Nokia and Huawei, which in turn supply to telecom operators such as Telia, Verizon and NTT Docomo. Deliveries are made both directly and via partners.

In 2019, MicroNät launched a wireless broadband network in Örnsköldsvik. British operator Ontix launched a wireless network in central London. Both of these networks contain key components from Sivers IMA.

The Photonics business area has sold more than 25 million chips for fiber to the home, mainly to China and India. In 2019, CST Global received two important follow-up orders with a US Fortune 100 company, regarding optical semiconductors for pre-series production.

Operations

Sivers IMA Group delivers key technology for Gigabit networks for data and telecommunications networks. The products meet the need for upgrading new infrastructure driven by the explosive increase in data traffic.



"The common strengths of our two business areas Wireless and Photonics, are the ability to adapt the products to the specific needs of the customer, and that the focus is on infrastructure applications."

The Sivers IMA Group develops, manufactures and sells chips, components, modules and subsystems based on advanced semiconductor technology for 5G millimeter wave networks, as well as optical semiconductors for fiber networks, wireless optical networks and sensors. Millimeter wave technology and optical semiconductors are central to high-speed networks. The Wireless business area is fully focused on 5G, while the Photonics business area focuses on passive optical fiber networks (PONs), wireless optical networks and sensors.

Both business areas are therefore well equipped for the technological shift that is taking place with solutions for both wireless networks and fiber networks. The market for data centers as well as wireless and fixed broadband and sensors is growing rapidly, and the chips and components offered by the Group meet demand in all these areas.

Common strengths of our two business areas are the ability to adapt the products to the specific needs of the customer, and that the focus is on infrastructure applications.

Wireless

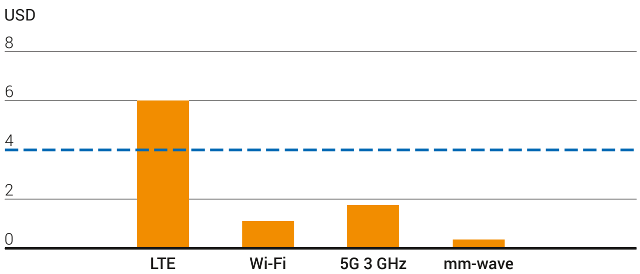
Millimeter wave is a key technology in 5G networks, and the core of Sivers IMA's wireless solutions. A big advantage with millimeter wave is that it enables higher data transfer rates, which enables significantly cheaper data transfer per megabyte than alternative technologies (see diagram).
The reason why millimeter waves enable higher data transfer rates is that the higher frequencies offer a more accessible spectrum than is available for today's technology. In addition, Sivers IMA's chip has a number of leading features:

- We are the only manufacturer that has commercially proven that a single chip can support the full 14 GHz of frequency band now available for unlicensed 5G (57-71 GHz).
- The industry's lowest phase noise for an unlicensed 5G chip, which provides increased data transfer speed.
- Highest commercially proven power output, providing longer coverage.

In 2019, the Wireless business area received a number of important orders, one example being a breakthrough order in unlicensed 5G in China. During the year, the Group's technology was also increasingly used in functioning customer products. One example is MicroNät in Örnsköldsvik, which launched one of the world's fastest wireless broadband networks (see page 13). At the end of 2019, the business area had 12 design wins, which means that 12 customers/partners had chosen to build their upcoming products on Sivers IMA's integrated 5G circuits. These design wins are divided into four different areas: data/telecom, medical technology, defense and rail (track-to-train). Furthermore, more than 40 evaluation packages were sold during the year to customers that want to assess our products and technology more closely.

Product development is highly prioritized. Of a total of 31 employees in the business area, 16 work with development. The focus of the work is based on our long experience in the industry and great responsiveness to the customer's needs and demands. Feedback from our network of partners is of great importance in this context. In some development projects, a specific customer is involved throughout the entire journey. The development includes both chip and modules/antennas where a chip is included. Normally, 2–3 chip projects are ongoing and up to about 10 module projects in parallel.

The cost of transferring video



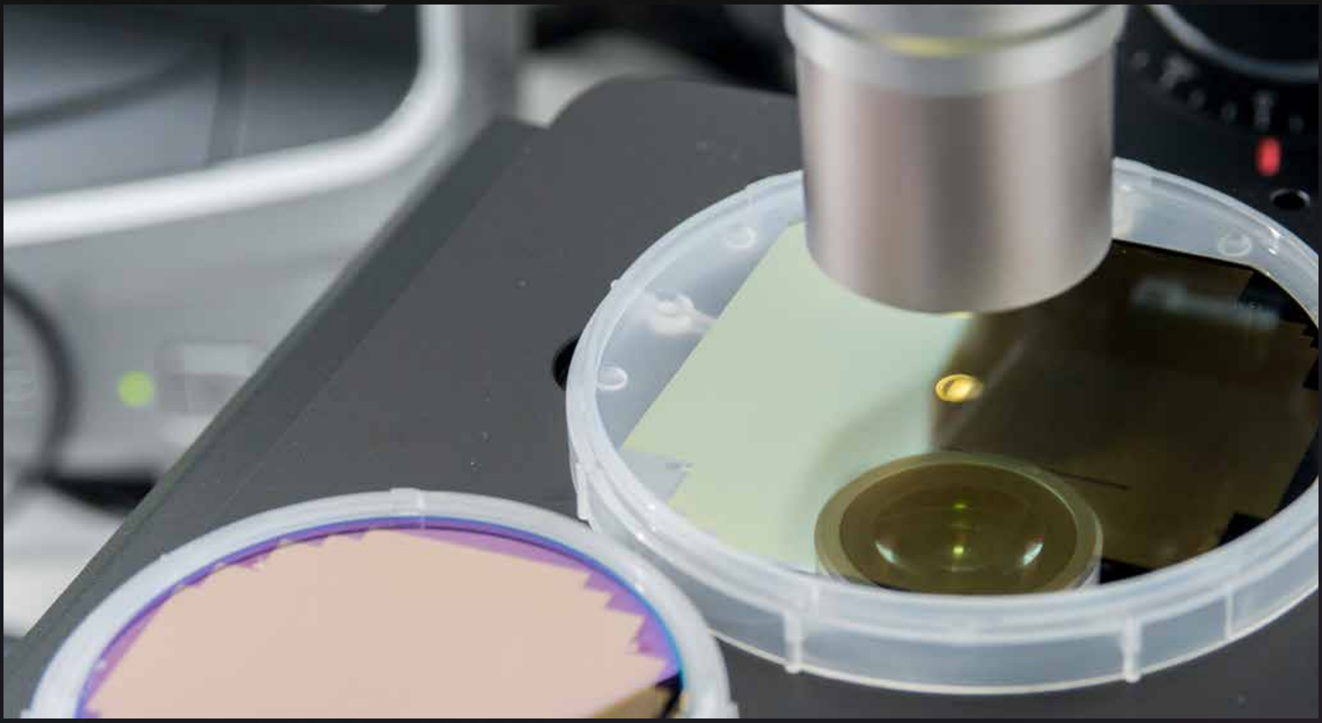
[$4 Movie Rental Free] Source: MobileExperts

Millimeter wave

Millimeter wave, which is the core of Sivers IMA's wireless solutions, enables higher data transfer rates, which provide significantly cheaper data transfer than alternative technologies.

Photonics

The Photonics business area develops and manufactures semiconductor-based optical products for optical fiber networks, sensors and optical wireless communications (Li-Fi). Photonics is an expert in a portfolio of different material combinations and manufacturing processes for the commercial production of semiconductor chips in optoelectronics. The main area of use is optical communication in fiber networks. Several new markets with great potential now open up for the business area based on its technical capability and delivery capabilities. The market for communications based on optics includes high-speed links in data centers, and laser for FTTH (fiber-to-the-home). As the speed of data processors increases, Moore's law and electronic components set practical limits for development, which drives the demand for using photonics, and ultimately leads to optical processors. Silicon photonics is a rapidly growing technology where small silicon optical chips replace copper waveguide connections for light transmission. The light source is a laser chip, made from Indium Phosphide, integrated into the silicon waveguide. Sivers Photonics is a leading supplier of these indium phosphide lasers. In addition to traditional data applications, Sivers Photonics has technical knowledge and the ability to customize solutions in the field of optical sensors in a variety of applications. Sivers Photonics is a recognized and trusted supplier of volume production of FTTH chips and has sold more than 25 million chips in recent years, mainly to India and China. In 2018, Sivers Photonics received a pre-order (test) of SEK 21.5 million from an American Fortune 100 company, regarding optical semiconductors for production in a new product area.



PHOTONICS

Data at the speed of light

The Photonics business area focuses on one of the most important inventions for the future, the integration of silicon circuits and photonics lasers.

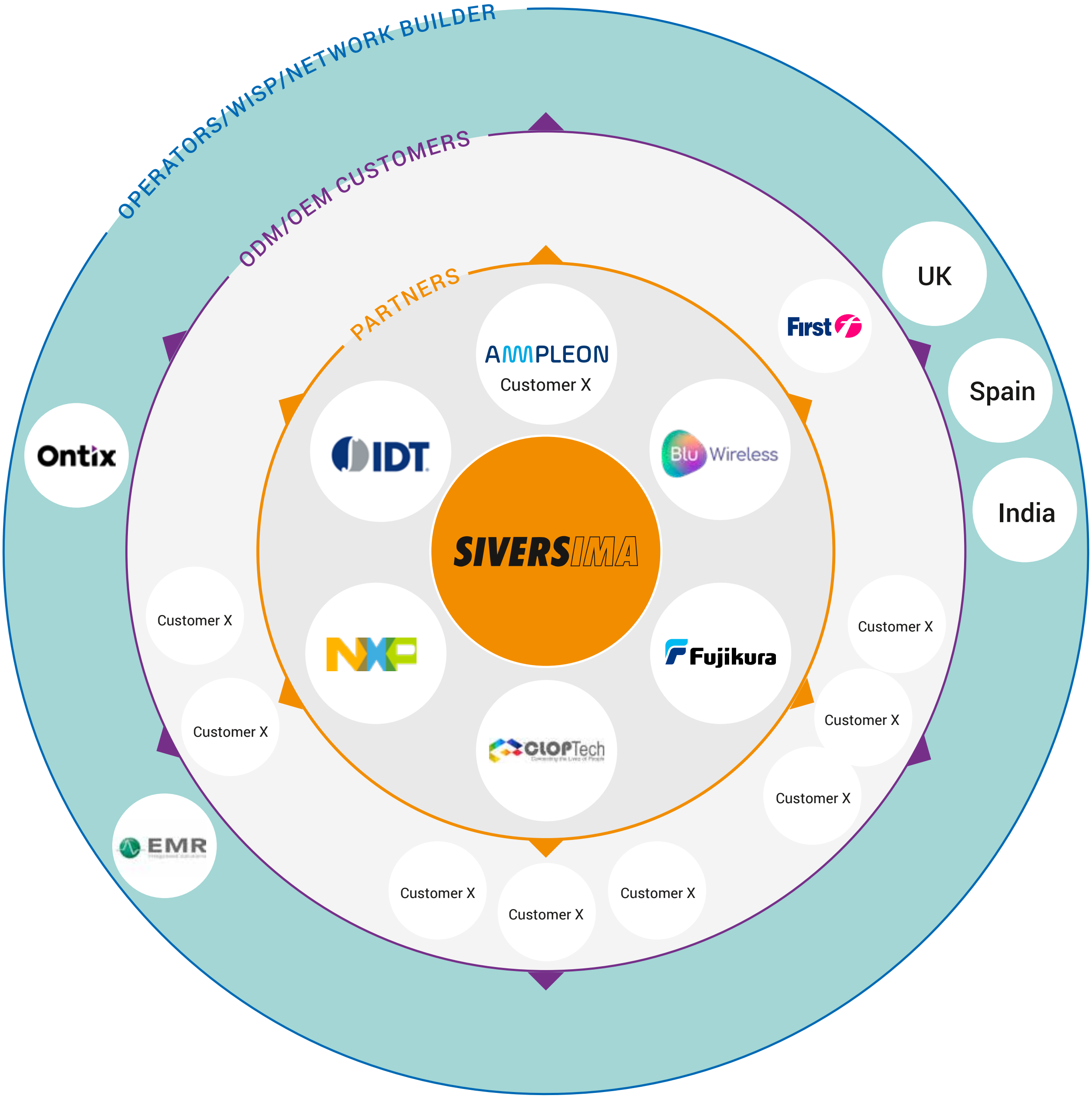
The market for photonics is experiencing explosive growth. Why? Photonics is one of the most significant developments addressing the bottlenecks in handling rapidly increasing demand for speed in electronics, and the need for highly integrated optics and electronics in sensors.

The optical communications market is developing applications for rapid growth in cloud services, communications and 5G. Demand in applications for optical sensors is growing significantly, which is driven by the development of driverless vehicles, consumer biometrics, metrology, AR technology (Augmented Reality) in both consumer and industrial electronics.

Sivers IMA's Photonics business area has in recent years addressed the market for silicon-based photonics, through the development of semiconductor lasers that can be used in all the above-described verticals. Focusing on improving the integration between indium phosphide, edge emitting laser diodes and silicon chip technology has resulted in stable, unique, low-cost and low-energy consuming units with reduced design time for rapid customer customization. This was done just as the market for optical communication and sensors needed a single chip with nanoscale solution.

"Sivers IMA Photonics already supplies the market with chips for a silicon photonics application for a Fortune 100 company that are used in electronics markets with strong growth."

Sivers IMA Photonics already supplies the market with chips for a silicon photonics application for a Fortune 100 company that are used in electronics markets with strong growth. The company has successfully met the required performance and quality requirements, and as a result received new and recurring orders.



Partners

Deliveries are made directly to system manufacturers and partly through a strong global network of partners. In the latter case, the Group's products are included in subsystems and solutions that are developed in collaboration with partners. In addition, partners provide valuable input to the Group's own product development. The network is also of crucial importance for the Group's opportunities for global marketing and reach.

Important partners include world-leading manufacturers such as Ampleon, IDT and Fujikura. In 2019, the network received an important addition in the form of Dutch NXP, which is one of the world's largest companies in communication solutions and, among other things, prominent in licensed 5G. Photonics mainly work directly with customers.

Production

The Photonic business area in Glasgow, Scotland, is one of only a few independent factories in the world that develop and manufacture custom lasers, and semiconductor optical amplifiers in chip and wafer forms. Photonics has expertise in many material combinations and manufacturing processes used for the commercial production of semi-conductor chips for optoelectronic purposes.

The Wireless business area has no production of its own but uses external partners for all production. This allows for rapid growth without large investments. In 2019, collaboration began with a new major chip supplier, which further improved the conditions for managing expected strong sales growth.

For a more detailed description of the technology and products, see siversima.com and cstglobal.uk

MICRONÄT

Faster than fiber and much cheaper

In November 2019, the Swedish company MicroNät launched one of the world's fastest wireless broadband networks. The network consists of fiber being routed to a number of transmitters on properties in central Örnsköldsvik. Each of these transmitters transmits the signal via radio wave to other receivers with a range of 300 meters and a capacity of 12 Gbit/s. The signal is not affected by the weather, but a clear view between transmitter and receiver is required.

Sivers IMA's RF module is included as a key component in the transmitters/receivers supplied by CCS, which are a long-term customer of Sivers IMA. CCS MetNet node, that MicroNät uses, is based on technology from Sivers IMA and our partners IDT and Blu Wireless. Together, the companies offer an integrated solution of Sivers IMA's leading radio technology and first-class baseband technology from Blu Wireless.

MicroNät was started in 2010 and the focus was for a long time mainly to offer broadband in sparsely populated areas, but the technological 5G development has now provided opportunities to compete in a completely different way with traditional fiber. The consequence for broadband customers in Örnsköldsvik has been dramatic, as MicroNät offers 1,000 Mbit/s at a more competitive price than most fiber operators charge for 100 Mbit/s.

> "In 2020, we expect a growth rate of 133 percent in terms of the number of connected customers in the Wireless segment,"
> – Jonas Hellström, CEO MicroNät.

MicroNät plans to continue rolling out wireless broadband networks in Swedish cities such as Kramfors, Umeå and Sundsvall, at a significantly higher rate than would be possible with traditional fiber connections to end customers.

Employees

The recruitment and development of competent employees is crucial for the Sivers IMA Group's continued development, and the Group therefore places great emphasis on recruitment and skill development.

Sivers IMA Group employees are characterized by high technical expertise. This is absolutely necessary to develop products with world-leading performance.

At year-end, the Group had 99 employees, with an age distribution as shown in the diagram below. The relatively high average age reflects the need for long experience. Competence is based partly on education and partly on experience. An indication of the level of education is that as many as 20 percent of the Group's employees have a doctorate. The working environment is international, and a large number of nationalities are represented among the Group's employees.

Of the employees, 25 percent are women, which reflects the traditionally male-dominated industry.

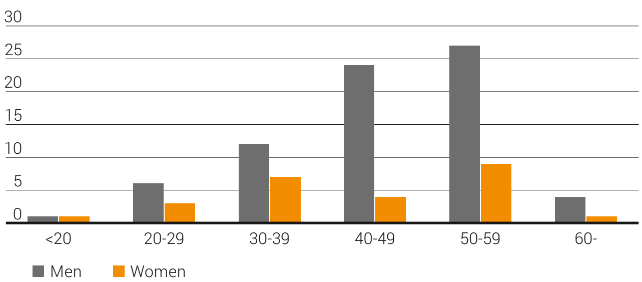
The Group strives to be an attractive employer, both as a learning organization but also as a talent developer and with the strategy of allowing employees to take part in the Group's journey as shareholders through various option programs. The nature of the business provides great opportunities for stimulating roles at the cutting edge of technology in growing markets. The proportion of employees working with development amounted to 28 percent.

Sivers IMA is a multicultural company that strives to promote equal rights and opportunities in working life – regardless of gender, ethnic affiliation, religion or other beliefs. The reason for this is that companies that are characterized by diversity have greater opportunities to conduct good business and develop.

99
Employees, including

20
PhD

Age distribution 2019-12-31



NATALY TAMIR – PCB DESIGN

"One advantage of a smaller company is that I get the opportunity to do many different things, gain experience and develop."

"My kids think I have a great job. It looks like I play Minecraft all day."

In fact, Nataly Tamir works with PCB design, that is, with the design of the printed circuit boards included in Sivers IMA's chip. Nataly is one of many examples of the international environment of Sivers IMA. She came to Sweden from Tel Aviv in 2013, and after studying Swedish, she worked on consulting assignments for Ericsson. One of these assignments was at Sivers IMA and led to her being hired in early 2016.

"One advantage of a smaller company is that I get the opportunity to do many different things, gain experience and develop. In the future, I would like to work on how our modules are used and integrated into larger systems."

The development work at Sivers IMA is stimulating by often being at the forefront of technology, and Nataly also emphasizes the good internal cooperation.

"I work with people who are very professional and competent, but also very nice and supportive. When I have questions, someone is always willing to help."

Sustainability

We work diligently to reduce both our own and our customers' environmental impact and continue to sharpen our offerings with more sustainable products and solutions.

Sustainability is a very important issue for Sivers IMA. The sustainability work must be a natural part of the business plan and the Group's processes in order to be truly effective. Our products can win business if we for example already in the design process consider the energy efficiency of our products. Sivers IMA's sustainability strategy takes into account the society in which we live, now and in the future, and combines a commercial approach with sustainable thinking and action.

It is not enough to just be at the forefront of technology, our customers and the outside world demand and expect long-term sustainable products. Regardless of the business area, it has become more important for companies to have a clear sustainability strategy, as a natural part of the company's business plan. Thanks to our increased interest, scrutiny and pressure on our subcontractors and in consultation with our customers and employees, we have developed a sustainability strategy that is transparent and clear, through environmental policy documents, development processes and our actions. This involves how the Group should behave in order to be sustainable in the long term. The electronics industry has also had environmental policies, sustainability issues and human rights on its agenda for a long time. For example RoHS (Restriction of Hazardous Substances Directive)[1] and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) have been around for almost 20 years to ensure that heavy metals or other hazardous substances are not used, for instance. We follow this closely and we place the same demands on our subcontractors. Another area for strengthening human rights is ensuring that conflict minerals such as gold and cobalt do not originate from areas where human rights might be compromised.

At Sivers IMA, we wholeheartedly support this development, and this is something we apply in our organization at all levels. Based on a stakeholder model, the Group continued in 2019 with sustainability work in all parts of the business.

Sivers IMA is to be a Group that contributes toward a sustainable world by constantly evaluating what we do based on our environmental impact.

Social conditions and personnel

Sivers IMA's employees are the key to the Group's success. We strive to attract, develop and retain qualified and motivated people in a professional, safe and healthy work environment. Sivers IMA complies with all local laws regarding working hours, vacation laws and work environment laws, including the psychosocial work environment. We strive for diversity and gender equality and to achieve a more even gender distribution in the workplace. It is particularly important to develop

[1] EU Directive 2002/95/EC on RoHS (Restriction of hazardous substances)

a culture that supports both women and men to find a work-life balance with interesting and challenging work.

Human rights

Sivers IMA has a Code of Ethics and Conduct. The code specifies the principles and procedures that all employees are expected to follow. We interact with various stakeholders: customers, partners, suppliers, colleagues, shareholders and regulatory bodies. Our relationships and communication should be honest, fact-based and transparent and within the framework of commercial confidentiality. We value interaction and therefore encourage a constructive dialogue with all our stakeholders. In our business relationships, we expect our business partners to follow business practices that are consistent with our own.

Anti-corruption and fraud

Sivers IMA has a policy aimed at ensuring key principles and measures against fraud, incentives and erroneous payments, which are considered high risks for a company like Sivers IMA, which handles a variety of international payments. This is to prevent illegal and unethical business behavior.

1. Sustainability benefits in our deliveries – Sivers IMA's customers' operations and services often have a significant sustainability impact. We want to jointly challenge ourselves and our customers to maximize the sustainability benefits of the solutions we jointly create. The work is carried out within the framework of our normal steering group work, as well as in our teams.

2. Sustainability competence among our employees – In order to create sustainability benefits, the Group has a large responsibility to train our employees to be able to advise our customers on sustainability. We see increased commitment from our current and potential employees. Many employees appreciate a sustainable employer and also the opportunity to influence our customers' attitude towards sustainability.

3. Responsible resource use – Our sustainability work is governed by our management system and regulates, among other things, our company travel and purchasing. For example, we use video conferencing to the greatest extent possible instead of physical travel. We are certified according to ISO9001 and are actively working with improvements. We continue to make active choices that take sustainability into account.

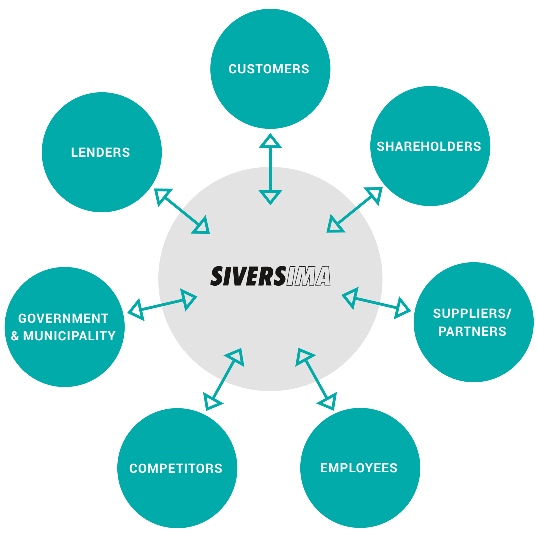
In design, product development and production and subcontractor selection we work actively to:

- Reduce the use of resources and hazardous substances in our products and in production
- Reduce energy consumption during the use our products and draw on technology that offers the best possible energy efficiency
- Reduce environmental impact and save on natural resources by minimizing waste, emissions and radiation as well as recycled materials and
- That third-party components meet our environmental policy, e.g. all components and production must be designed and purchased based on RoHS and REACH requirements
- Our products should not contain conflict minerals according to the OECD Due Diligence Guidance

In the areas that we have identified significant environmental aspects, we work with continuous improvements and preventive measures.

To achieve a harmonization and standardization of our quality work, integration is ongoing regarding our business development, and sustainability work is part of Sivers IMA Management System (SIMS). SIMS is part of the ISO9000:2015 system within which Sivers IMA is certified through systematic work where ISO14000 forms the basis for the environmental work.

Sivers IMA stakeholder model



Sivers IMA Holding's share

Sivers IMA Holding's share has been listed on Nasdaq First North since November 30, 2017. Prior to this, Sivers IMA was listed on Spotlight, formerly Aktietorget. Market capitalization as of December 30, 2019, amounted to SEK 1,040 million.

Share capital

As of December 30, 2019, the share capital of Sivers IMA Holding was SEK 65.8 million. The number of shares amounts to 131,648,456. According to the Articles of Association, the share capital shall be at least SEK 33 million and a maximum of SEK 132 million, distributed in a minimum of 66,000,000 shares and a maximum of 264,000,000 shares. The proportion of shares available for trading (free float) at year-end was 100 percent.

Share capital development

		Number of shares		Share capital (SEK)		
YEAR	Event	Change	Total	Change	Total	Value quotient (SEK)
2015	Share issue	20,906,990	40,187,497	10,453,495,00	20,102,875,00	0.50
2016	Share issue	1,681,147	41,887,497	840,873,50	20,943,748,,50	0.50
2017	Non-cash issue[1)]	27,924,998	69,812,495	13,962,499,00	34,906,247,50	0.50
2017	Share issue	23,270,831	93,083,326	11,635,415,50	46,541,663,00	0.50
2018	Earnout	13,962,499	111,445,825	6,981,249,50	53,522,912,50	0.50
2018	Share issue	11,400,000	118,445,825	5,700,000,00	59,222,912,50	0.50
2019	Share issue[2)]	11,844,582	130,290,407	5,922,291,00	65,145,203,50	0.50
2019	Redemption of stock options[3)]	1,318,049	131,608,456	659,024,50	65,804,228,00	0.50
2019	Redemption of employee stock options	40,000	131,648,456	20,000,00	65,824,228,00	0.50

1) Non-cash issue in connection with the acquisition of CST Global. The subscription price per share was SEK 3.64.
2) The subscription price per share was SEK 6.90.
3) The subscription price per share was SEK 4.90.

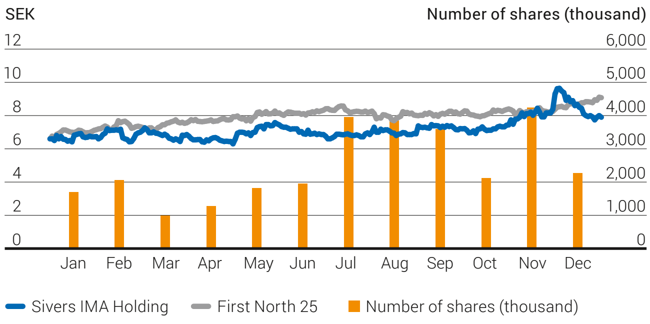
Share price during the year

During the year, Sivers IMA's share increased by 19.7 percent compared to First North 25, which increased by 37.5 percent. The final payment price on December 30, 2019 was SEK 7.90 per share, corresponding to a market capitalization of SEK 1,040 million.

Sales during the year

The average daily turnover of Sivers IMA's share amounted to 119,149 shares. A total of 29.9 million shares were traded in 2019 at a total value of SEK 216 million. The highest closing price for the share during 2019 was SEK 9.64 on November 28 and the lowest closing price was SEK 6.30 on April 30, 2019.

Share price trend 2019



Source: SIX Trust

Share ownership December 31, 2019

	Number of shares	Percentage of votes
Keith Halsey via company	31,158,824	23.7
Erik Fällström via company	23,553,352	17.9
Avanza Pension	8,831,132	6.7
Swedbank Robur ”NY TEKNIK”	7,200,000	5.5
Swedbank Robur ”Folksam LO Världen”	4,350,000	3.3
AMF Pension ”Småbolagsfond”	4,000,400	3.0
Nordnet Pensionförsäkring	2,814,627	2.1
Andrew McKee	1,916,362	1.5
Neil Martin	1,667,015	1.3
Prioritet Capital	1,449,000	1.1
Other	44,707,744	34.0
Total number of shares	**131,648,456**	**100.0**

About the Sivers share

Exchange	Nasdaq First North
Certified Advisor	Erik Penser Bank
Number of shares	131,648,456
Market value	1,040,022,802 kr
Ticker	SIVE
ISIN	SE0003917798
LEI	254900UBKNY2EJ588J53
Development 2019	19.7%
Development 2019 index	35.7%
Daily turnover, number of shares	119,149

Owner and ownership structure

At the end of the year, the ten largest owners controlled 66.0 percent (67.5) of capital and votes. The total number of shareholders in Sivers IMA was approximately 2,300.

Dividend

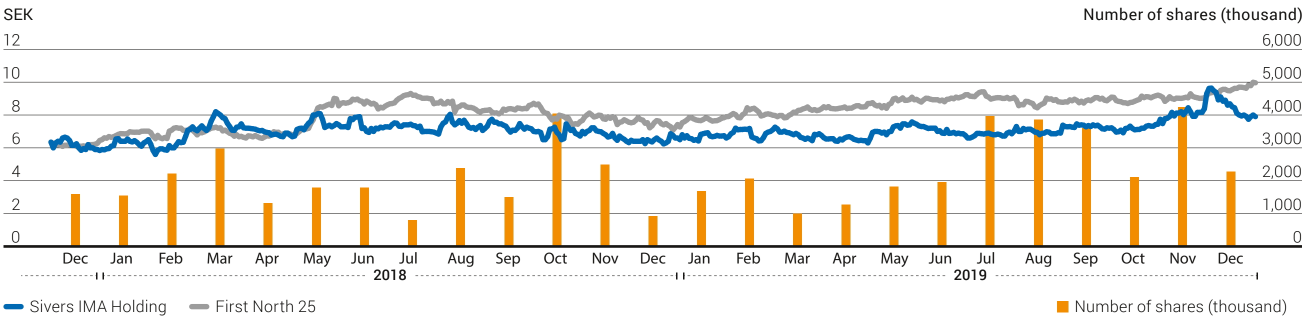
Sivers IMA has so far not paid any dividends and has not adopted a dividend policy. The company will continue to focus on growth, which is why available financial resources and the reported result are intended to be reinvested in the operations to finance the company's long-term strategy. The Board's intention is therefore not to propose any dividend to the shareholders before the company generates long-term sustainable profitability.

Incentive program

Sivers IMA has five employee stock option programs, one that runs from 2012–2020, one that runs from 2016–2020, one that runs from 2018–2024 and a fourth that runs from 2020–2026 and finally a fifth that runs from 2022–2027. Upon full conversion of the agreed employee stock option programs, according to the resolutions of the AGM, the number of shares may amount to 145,183,656. The total number of employee stock options granted as of December 30, 2019 amounts to 7,549,537, of which 4,039,537 have been earned. See note 30 of the Group's Annual Report.

In 2019, all warrants from the 2016 option program were utilized.

Share price development Nov 30, 2017 – Dec 30, 2019



Source: SIX Trust

Corporate governance

Corporate governance refers to the decision-making systems through which the owners, directly or indirectly, control the company. For Sivers IMA Group, whose business operations are largely based on future income and earnings, good corporate governance is not just a matter of having good control of its own organization, but to a large extent an important part of its core business. Sivers IMA Holding is listed on First North, an unregulated market. The Swedish Code of Corporate Governance shall be applied by companies whose shares are admitted to trading on a regulated market, which is why Sivers IMA Group is not covered by the Code.

Annual General Meeting (AGM)

The AGM is the Company's highest decision-making body. The AGM elects the Company's Board of Directors and auditors, finalizes the accounts, decides how profits should be allocated and decides on discharge from liability for the Board and the CEO. The AGM also deals with other issues that are mandatory under the Swedish Companies Act and the Articles of Association.

All shares in Sivers IMA Holding AB have the same voting rights and the Articles of Association contain no limitations on how many votes each shareholder can issue at the AGM.

The 2019 AGM took place on May 22 in Stockholm. The date of the AGM was published in conjunction with the third quarterly report. At the meeting, registered shareholders represented 58.4 percent of the shares and votes in the company.

AGM decisions

Below are the main decisions made at the Annual General Meeting 2019:

Re-election of Board members Björn Norrbom, Ingrid Engström, Dag Sigurd, Tomas Duffy, Robert Green and Erik Fällström. Tomas Duffy was re-elected Chairman of the Board.

Authorization for the Board of Directors to decide, with or without deviation from the shareholders' preferential rights, about the new issue of shares and/or convertibles for a maximum of 17,800,000 shares, corresponding to a dilution effect of approximately 15 percent of share capital and votes.

The AGM decided that the company should be able to grant an additional 1,700,000 options in accordance to the company's incentive program to newly hired senior executives or to persons who will be hired in the near future to work within the Group. The incentive program comprises a maximum of 1,700,000 employee stock options, corresponding to approximately 1.4 percent of the share capital and votes after dilution, based on the then number of shares in the company.

Work of the Board

The Boards

The Board of Directors of Sivers IMA Holding AB consists of the members Tomas Duffy, Chairman, and Ingrid Engström, Erik Fällström, Robert Green, Dag Sigurd and Björn Norrbom. The company has no deputies. The Board of Directors of the subsidiary CST Global Limited comprises the members Tomas Duffy, Chairman, Anders Storm, Robert Green and Keith Halsey. The boards of other subsidiaries consist of Dag Sigurd, Ingrid Engström, Björn Norrbom and CEO Anders Storm.

The Board's work

The Board of Sivers IMA Holding AB discusses and makes decisions on Group-wide issues such as the financing strategy and budget. During 2019, 7 ordinary, 3 extra board meetings and a statutory board meeting were held. Significant issues in CST Global are decided and recorded in the subsidiary. The secretary at the board meetings was the company's CFO Robert Ejermark. Before the Board meetings, the members receive written material regarding the issues to be discussed at the meeting. On given occasions, the agenda has included a point where the Board had the opportunity for discussion without the representatives of the management being present.

During 2019 the Board decided to establish two new committees, the Audit Committee and the Remuneration Committee. The Audit Committee has had recurring meeting's over the transfer to IFRS and indepth discussions over specific areas in the Annual report 2019. The Remuneration Committee has worked out a proposal over staff share options for the AGM 2020, and reviewed the remuneration to management.

The Board's Rules of Procedure

The Board of Directors is working on an adopted rules of procedure, which also contains instructions on the work allocation between the Board and the CEO and financial reporting.

The rules of procedure specify the number of ordinary Board meetings to be held in addition to the statutory board meetings. Furthermore, it is specified what issues should be addressed at the regular board meetings. If necessary, extra Board meetings can also be held by telephone or per capsulam.

Roles and responsibilities

The instructions for roles and responsibilities regulate the general issues for which the Board is responsible, as well as instructions on which issues the CEO must submit to the Board. The instructions also state what the CEO must accomplish as part of the work of the Board, reporting and checking that the Board's established rules, strategies are followed and that the operations are conducted in an appropriate manner and that laws and regulations are followed.

Instructions for financial reporting

The instructions for financial reporting regulate what reporting is to be submitted to the Board at regular meetings and which other economic occurrences are to be reported between Board meetings.

Internal control

A good control environment is based on an organization with clear decision making, powers and responsibilities as well as a corporate culture with shared values and the individual's awareness of their role in maintaining good internal control.

For Sivers IMA Group's business areas, there are policies, instructions and process descriptions. These documents indicate who is responsible for a specific task, mandate and authority. The documents are updated annually as part of the quality work.

Control Activities

To ensure that the financial reporting at each reporting occasion provides a true and fair view, there are control activities that involve all levels of the organization from the Board and management to all other employees. Financial controls in the company's business processes include the approval of business transactions, monthly account reconciliations and analytical reviews of the income statement and balance sheet, including follow-up of decisions made.

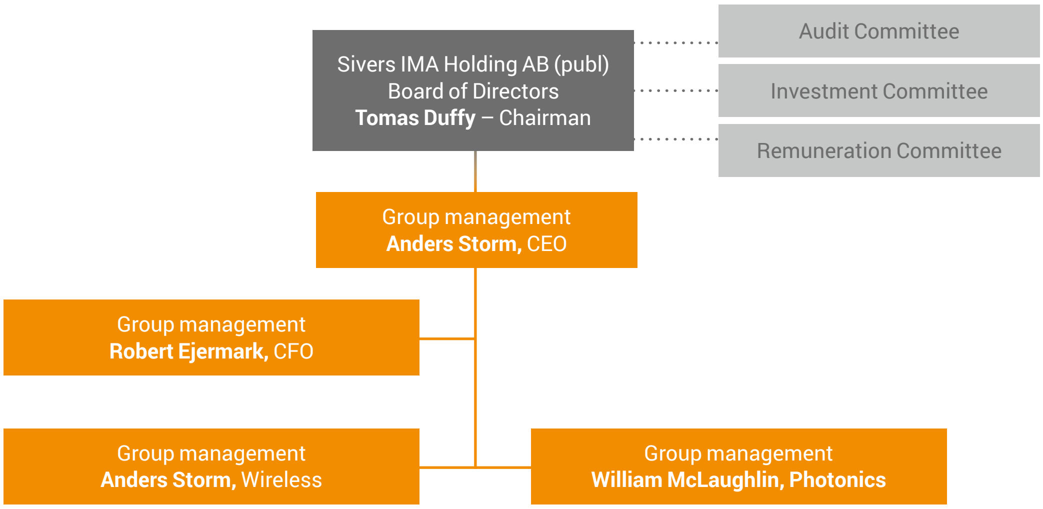
Follow-up

Sivers IMA Group's Board of Directors and management continuously monitor the effectiveness of internal control to ensure the quality of the processes for financial reporting. Sivers IMA Group's financial situation and strategy regarding the financial position are dealt with at each Board meeting, where the Board receives detailed reports on the development of the business. The Board reviews all interim reports before publishing.

The Board in 2019

Q1	Q2	Q3	Q4
Number of board meetings: 1	**Number of board meetings: 6**	**Number of board meetings: 1**	**Number of board meetings: 3**
• Decision on remuneration to the company's executive management • Decision on year-end report	• Decision on Interim Report Q1 • Review and approval of the Annual Report • Decision to add additional sales resources within Wireless • Procurement of auditing services 2019 • Participation in the Annual General Meeting 2019 • Statutory Meeting • Resolution to increase the company's share capital, through a directed share issue of 11,844,582 shares, as authorized by the AGM on 22 May • Establishment of audit committee	• Decision on transition to IFRS from K3 as part of preparations for Nasdaq Main Market • Decision on Interim Report Q2	• All-day strategy meeting focused on 2020-2022 • Decision on Interim Report Q3 – reporting in accordance with IFRS • Evaluation of the Board's work in 2019 • Business plan work 2020

Board and management of Sivers IMA Holding



Group Management

Sivers IMA Group's operations are conducted in Sweden and Scotland. To work efficiently, Sivers IMA Holding has a flat organization that favors the local conditions in each market and the company's development phase. The subsidiaries regularly report their respective company results and outcome of operations to Group Management. Following the acquisition of CST Global, integration began that has been led by the Chairman of the Board Tomas Duffy. The integration was managed through monthly meetings at CST Global. The project was completed in 2019, and in the fall of 2019, William McLaughlin was recruited as the new CEO of CST Global and responsible for the Photonics business area.

Group management consists of the CEO, CFO and AO, responsible for Wireless and Photonics respectively, who have continuous contact in operational matters regarding monthly follow-up of results, financial position and key figures.

The CEO and Group CEO, leads the work and makes decisions in consultation with the CFO and the local management group for the Wireless business area.

In 2019, the following focus areas have been discussed within Group management:

- Strategy and R&D
- Development of new products and services
- Operational efficiency & profitability improvement

Investment decisions and external financing issues are handled by Sivers IMA Holding AB's Board of Directors and committees.

External auditors

At the Annual General Meeting 2019, Deloitte AB was appointed auditor with Erik Olin as chief auditor. Erik Olin is also the chief auditor for Telia Sverige AB, Microsoft AB and NetEnt AB. The term of office of the company's auditors expires at the Annual General Meeting 2020.

	Independent of:				
	Sivers IMA and its senior executives	**Major shareholders**	**Directors' fees 2019**	**Fees for work beyond Board duties**	**Attendance at Board meetings 2019**
Tomas Duffy	Yes	Yes	750,000	345,000	11/11
Erik Fällström	Yes	No	0	–	8/11
Ingrid Engström	Yes	Yes	350,000	–	10/11
Robert Green	Yes	Yes	350,000	–	11/11
Dag Sigurd	Yes	Yes	350,000	–	11/11
Björn Norrbom	Yes	Yes	350,000	–	11/11

The Board of Directors | Sivers IMA Holding

Tomas Duffy | Chairman of the Board

Born:1955

Elected to the Board: 2016

Education: Technical licentiate, Royal Institute of Technology.

Other board assignments: Board member Stella Tech AB, CST Global Ltd.

Previous board assignments: Chairman of the Board, Qall Telcom AB, Telia Norge. Board member, Trio AB, Telenor AB, Svenska IT-Institutet. Commitment shareholder, Sevenco KB.

Other experience: Business unit manager for large companies at Exportkreditnämnden. VP, Telia responsible for mobile and fixed line. CEO, Mannesmann International Telecom, Net Insight, Halogen AB, AU System Communication AB.

Own and closely related persons' shareholdings on December 31, 2019: 1,000,000 shares, 0 options.

Erik Fällström | Member

Born:1955

Elected to the Board: 2016

Education: Stockholm School of Economics.

Other board assignments: Chairman and founder, Aldridge EDC Specialty Finance Ltd. Chairman of the Board, EDC Advisors Ltd. Member, DDM Holding AG, Calor S.A., Calor GmbH, European Digital Capital Ltd., Polaris International S.A. (formerly Hoist Investments S.A), Tornado Investments S.A. (formerly Hoist Group S.A.).

Previous board assignments: Board member, Olympus S.A., Hoist Kredit AB. CST Global Ltd.

Other experience: Management consulting, corporate finance, venture capital and private equity.

Own and closely related persons' shareholdings on December 31, 2019: 23,553,352 shares, 0 options.

Ingrid Engström | Member

Born:1958

Elected to the Board: 2015

Education: Master of Applied Psychology, Uppsala University.

Other board assignments: Board member SJR in Scandinavia AB and Unibap AB. Chairman of Netlight AB and Engström Business Development.

Previous board assignments: External CEO, Stockholm School of Economics Executive Education AB. Chairman of the Board, Bisnode AB, Bisnode Business Information Group AB, Springtime AB. Board member, KVB Kvarndammen Gruppen AB, Metria AB, Teracom Group AB, FIPRA Sweden AB, Hedberg & Co in Stockholm AB. External signatory, SEB AB.

Other experience: CEO, Vice President and other senior positions, Telia, KnowIT, Com Hem, Digital Equipment, Springtime, SEB.

Own and closely related persons' shareholdings on December 31, 2019: 44,000 shares, 0 options.

Robert Green | Member

Born: 1957

Elected to the Board: 2017

Education: Bachelor of Science in Physics, London University.

Other board assignments: CST Global Ltd. Robert Green Consulting Ltd.

Previous board assignments: Chairman of the Board and CEO, PRP Optoelectronics Ltd, Board member, Seedrs Ltd, PRP Technology Ltd, Chiers Consulting. Managing Director Imatronic Ltd.

Other experience: Chartered physicist and member of the Institute of Physics. Co-founder and COO, Northlight Optronics AB. VP Business Development Bookham Technology (acquired by Oclaro and now part of Lumentum Inc). Other senior positions, Corning France, Plessey Optoelectronic, Gosling Associates, STC PLC.

Own and closely related persons' shareholdings on December 31, 2019: 367,292 shares.

Dag Sigurd | Member

Born: 1944

Elected to the Board: 2008

Education: PhD, Technical Physics, KTH in Stockholm.

Other board assignments: Board member of Qulsar Inc., Qulsar Sweden AB. Chairman of MySpace AB.

Previous board assignments: Board member of Cobolt AB, Imagination Technologies AB (formerly Kisel AB), iSTOC Oy. Chairman of the Board of Mediatek Sweden AB (formerly Coresonic AB).

Other experience: Own business 2S Konsult AB, Investment Manager and Investment Director, Industrifonden. CEO of IMC AB. Own research in semiconductor technology. Member, IVA.

Own and closely related persons' shareholdings on December 31, 2019: 40,000 shares, 33,500 options.

Björn Norrbom | Member

Born: 1945

Elected to the Board: 1999

Education: BA in Business, Computers and Economics, Stockholm University.

Other board assignments: Chairman, Colabitoil Sweden AB. Board member, Profit Software Oy, Profit Software AB, Qollaborate Technologies Sweden AB. Substitute, Grizzlykonsult AB.

Previous board assignments: Miscellaneous Board assignments (including Chairman) within Telia Group, a number of board assignments in the tech industry. Chairman positions listed and unlisted companies.

Other experience: Own consulting business. Advisor CapMan. Sales Director, Quatar Telecom. CEO, Telia MegaCom. CEO of Swedish subsidiary Cap Gemini. Member Management Group, DEC. IBM in specialist and management functions.

Own and closely related persons' shareholdings on December 31, 2019: 1,045,985 shares, 33,500 options.

Group Management | Sivers IMA Group

Anders Storm | CEO Sivers IMA Group

Born: 1967
Employed since: 2015
Nationality: Swedish
Education: MSc in Computer Science, Lund University of Technology.
Experience: COO, Sivers IMA. Leading positions, Sony Ericsson, HiQ, ABB.
Holdings in Sivers IMA HoldingAB (publ) on December 31, 2019: 222,669 shares, 500,000 options.

Robert Ejermark | CFO Sivers IMA Group

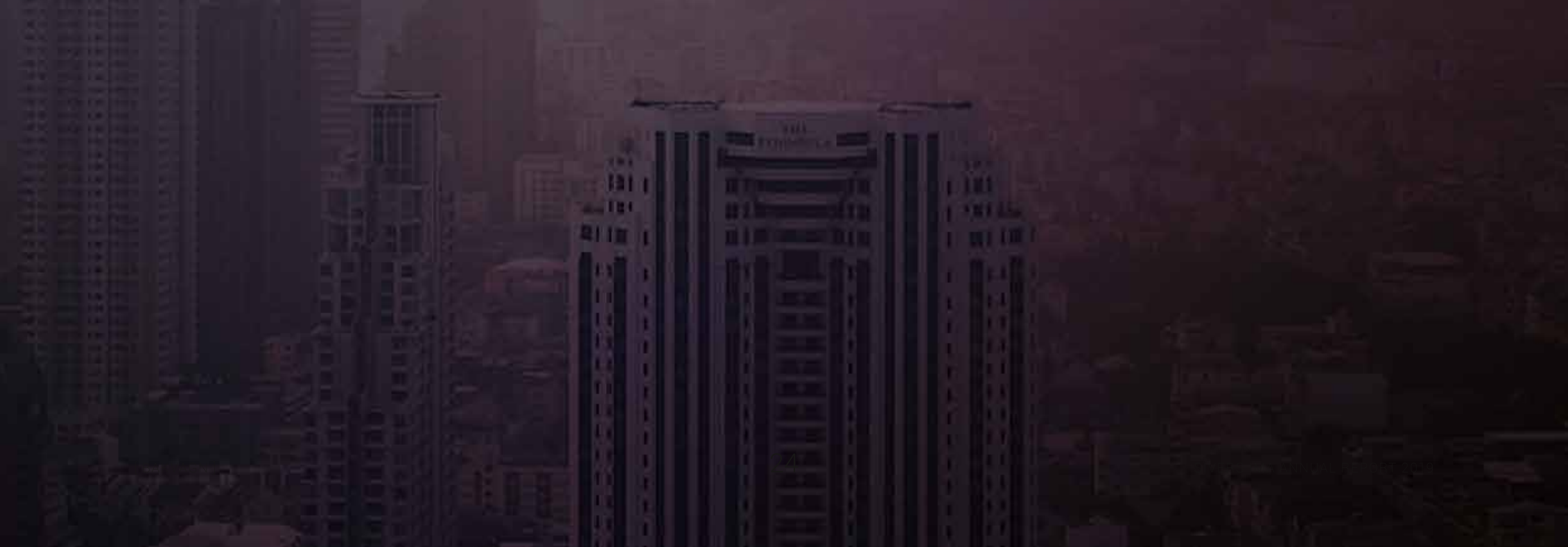
Born: 1964
Employed since: 2018
Nationality: Swedish
Education: BSc in Public Administration, Stockholm University. MBA, Henley Management College, UK.
Experience: Telia, Unisource Mobile, RSL COM. Own business as interim consultant.
Holdings in Sivers IMA HoldingAB (publ) on December 31, 2019: 10,000 shares, 400,000 options.

William McLaughlin | CEO CST Global

Born: 1969
Employed since: 2019
Nationality: British, UK
Education: BEng (Hons) Electronics and Engineering University of Glasgow. MSc Product design and Manufacturing University of West Scotland.
Experience: SmartKem, Global Foundries, Teledyne e2V, Motorola, Silecs.
Holdings in Sivers IMA HoldingAB (publ) on December 31, 2019: 400,000 options.

Contents

Registered office: Stockholm, Sweden
Reporting currency: SEK
All amounts are in SEK thousands, unless otherwise indicated



Directors' Report

The Board of Directors and CEO of Sivers IMA Holding hereby submit the Annual Report and Consolidated Financial Statements for the financial year 01/01/2019-12/31/2019.

Operations

Sivers IMA Holding AB (publ), corporate identity number 556383-9348, is the Parent Company of wholly-owned subsidiaries Sivers IMA AB, Compound Semiconductor Technologies Ltd (CST Global Ltd) and Trebax AB. The operations are mainly conducted in the two companies Sivers IMA AB (Wireless) and CST Global Ltd (Photonics). Sivers IMA's head offices are located in Kista, Stockholm. The Company also has a development site in Gothenburg. CST Global's head office and production plant are located in Glasgow, Scotland.

The Sivers IMA Group develops, manufactures and sells chips, components, modules and subsystems based on advanced semiconductor technology for 5G millimeter-wave networks, and optical semiconductors for fiber networks, wireless optical networks and sensors. Millimeter-wave technology and optical semiconductors are critical to high-speed networks. The Wireless business area focuses exclusively on 5G, while the Photonics business area focuses on passive optical fiber networks (PON), wireless optical networks and sensors.

Significant events

Technology

Wireless wideband 5G RFIC launched at the Mobile World Congress 2019. The new RFIC, TRX BF/02, is based on award-winning Wireless technology and used in unlicensed 5G.

In combination with Blu Wireless, Wireless unlicensed 5G technology exhibited exceptional performance with speeds of over 1 Gbps at a distance of 700 meters in live outdoor testing.

In March 2019, Photonics announced that the next generation FTTH lasers are now available in standard packaging.

On November 14, Wireless announced that development of their RFIC was completed for use with IDT's new RWM6051 RapidWave millimeter wave modem for use in 5G routers in the home. Wireless' technology, alongside IDT's, is the only 60 Ghz solution that covers the 14 Ghz band for unlicensed 5G infrastructure applications.

New partnerships and agreements

In January 2019, Wireless signed an agreement with a supplier of broadband wireless access systems based in eastern Europe. The customer has an extensive global footprint and Wireless will supply integrated millimeter wave chips for the customer's new wireless broadband access products.

In January 2019, alongside its Japanese distributor NetWell and baseband partner CLOPTechnologies, Wireless also signed a Memorandum of Understanding, for the use of the Group's unlicensed 5G products in ultrasound equipment, with a Japanese provider of leading technology using radio technology in the medical equipment field. The Company focuses on utilizing wireless data transfer technology in its new med tech product. Sivers IMA's unlicensed 5G (WiGig) solution to be used for wireless transfer of high definition ultrasonic data.

In October 2019, NXP and Wireless announced a collaboration aimed at delivering a first-class solution for 5G-NR applications. The collaboration is an important step in the 5G millimeter wave ecosystem as the integration between Wireless' and NXP's technology create an ultra-modern solution for 5G-NR products.

In November 2019, Wireless signed an agreement with partner Blu Wireless Technology Ltd (Blu Wireless) for delivery of radio modules for unlicensed mmWave 5G wireless communication markets such as FWA (Fixed Wireless Access) and track-to-train. First deployment of Blu Wireless' track-to-train solution is planned during the first quarter 2020.

New orders and sales

In 2019 Wireless sold a total of 44 evaluation kits for 5G. The evaluation kits (EVK), which are a hardware solution, allows customers to test Wireless 5G technology to evaluate functionality, and in the next step consider incorporating Wireless products in their own solutions.

In July 2019, Photonics won a framework order of SEK 20 M from an existing Fortune 100 customer in the US. The order, which includes supplying semiconductor devices, follows on from a previously completed framework order from the same customer in October 2018, for the supply of prototypes, pre-commercial and commercial semiconductor devices in sampling and volume production. As a result of successful delivery of prototypes, pre-commercial and commercial semiconductor devices in sampling and production volumes that satisfy the standards and quality required by the customer, Photonics won another new order from this customer relating to delivery of semiconductor components in August 2019.

In August 2019, Wireless won an order worth SEK 1.3 M from its Chinese distributor Matrix Electronic Co. Ltd. The order relates to delivery of products and support services to Matrix and their end customer. This order paves the way for future Chinese volume deployments for the Chinese high-speed transport and wireless access markets.

Equity

On June 4, Sivers IMA Holding AB completed a directed new issue of 11,844,582 shares, which raised SEK 82 M before issue expenses. The share issue was aimed at institutional investors and a number of existing institutional shareholders. The subscription price of the directed new issue was SEK 6.90 per share and was determined in a book building process.

On September 13, 2019, 1,305,000 warrants were exercised at a share price of SEK 4.90 per share, based on the 2016 warrants scheme. This implies a redemption rate of 100% under the program. The exercise of warrants raised SEK 6.46 M for Sivers IMA Holding.

New accounting principles

This is Sivers IMA Holding AB's first Consolidated Annual Report prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by IFRS Interpretations Committee (IFRIC) as approved by the EU. The Group also applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendations RFR 1, Supplementary Accounting Rules for Groups. The Group previously applied the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual Reports and Consolidated Financial Statements ("K3"). The date for transition to IFRS is January 1, 2018 which means that comparative figures for the financial year 2018 have been restated in accordance with IFRS. For more information about the transition to IFRS, see Note 36 for the Group.

From January 1, 2018 onwards, the Parent Company applies RFR 2 Accounting for Legal Entities and the Annual Accounts Act. Previously, the Parent Company applied the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual Reports and Consolidated Financial Statements ("K3") and the Annual Accounts Act. The date for transition to RFR 2 is January 1, 2018, which means that comparative figures for the financial year 2018 have been restated in accordance with RFR 2. For more information, see Note 1 for the Parent Company.

Five-year summary, Group

SEK 000	2019	2018	2017[1)]	2016[1)]	2015[1)]
Revenue	96,355	71,485	65,493	18,224	21,067
Operating profit	-78,024	-69,845	-51,346	-25,937	-15,554
Profit before tax	-75,661	-79,497	-52,061	-25,913	-15,834
Total assets	424,268	379,749	348,161	67,156	98,941
Equity/assets ratio	68%	72%	57%	83%	82%
Average number of employees	97	100	90	32	24

1) The comparative years 2017, 2016 and 2015 have been presented in accordance with BFNAR 2012:1 ("K3") and the Annual Accounts Act. Figures have not been restated to correspond to IFRS.

Comments on operations, profit/loss and financial position

Earnings before interest, tax, depreciation and amortization (EBITDA)

In the period January – December, operating revenue was SEK 96,355 thousand (71,485), an increase of 35%. Wireless' revenue increased by 32%, and Photonics' increased by 36%. The largest increase was in Photonics, where NRE (non-recurrent engineering) revenue increased by SEK 12,361 thousand compared to 2018. Hardware sales increased in both business areas by a total of SEK 12,284 thousand.

EBITDA[1)] was SEK -48,322 thousand (-52,589), and increase of SEK 4,267 thousand. The improvement was mainly derived from sales growth, but also improved costs of raw materials and consumables as a result of lower impairment losses for inventories compared to 2018.

For the full year 2019, the Group's external expenses increased by SEK 11,292 thousand on the previous year. This was due to factors including disallowed VAT deductions (for the years 2017 and 2018) in the third quarter totaling SEK 3,717 thousand, increased license costs and increased consultancy costs. The increased consultancy costs were derived from hired personnel in ongoing operations, consultancy costs relating to application for tax credits in Scotland, and consultancy costs in preparation for future change of listing.

SEK thousand	Jan–Dec 2019	Jan–Dec 2018
Revenue	96,355	71,485
EBITDA	-48,322	-52,589

Depreciation, amortization and impairment

Profit for the period January - December was charged with SEK –29,702 thousand (–17,257) in depreciation, amortization and impairment, of which SEK –6,841 thousand (–5,452) relates to depreciation of equipment, tools and installations, SEK –18,101 thousand (–7,606) depreciation, amortization and impairment of capitalized development expenses in previous years, and SEK –4,760 thousand (–4,199) relates to amortization of right-of-use assets in leasing contracts.

The year-on-year increase in depreciation, amortization and impairment January - December was mainly due to the Group initiating amortization of completed development projects, but also major impairment losses of SEK 3.7 M for terminated radar products in the third quarter. The impairment loss was due to the strategic decision to focus on 5G projects and discontinue radar products.

1) EBITDA is calculated as profit before financial items, tax and amortization, depreciation and impairment..

Taxes

In the third quarter 2019, the Swedish Tax Authority announced its decision not to grant permission for the Parent Company Sivers IMA Holding AB to recognize VAT deductions for the financial years 2017, 2018 and 2019, because management fees had not been invoiced to subsidiaries. Sivers IMA Holding AB contested parts of the decision relating to 2017 and 2018, and the decision relating to 2019 in its entirety. In the fourth quarter, the Swedish Tax Authority decided, in accordance with an appeal filed by the Company, to reinstate Sivers IMA Holding's entitlement to make deductions for 2019, corresponding to SEK 502 thousand. However, the decision to deny deductions for 2017 and 2018 was upheld.

The Group receives tax credits for research and development expenses in Scotland. In 2019, SEK 7,243 thousand (6,295) was posted as tax income in expected tax credits for the financial year 2019.

Operating profit/loss and profit/loss for the year

Operating profit/loss for January - December 2019 was SEK -78,024 thousand (-69,845). The decrease is mainly due to increased depreciation and amortization compared to the previous year. Profit/loss for the year was SEK -75,661 thousand (-71,880). This was due to lower operating profit/loss, although the effect was offset slightly by increased tax revenue.

Liquidity, cash flow and financing

On December 31, 2019 the Group's cash and cash equivalents amounted to SEK 52,228 thousand (42,410). As of December 31, 2019 the Group had a committed credit facility of SEK 2,500 thousand (2,500), of which SEK 0 thousand (60) was utilized at year end.

In June 2019, the Company completed a new issue, which raised SEK 82 M before issue expenses for the Company. On September 13, 2019, warrants were exercised under the 2016 incentive program. This raised SEK 6.46 M for the Group in proceeds from newly issued shares.

The Group entered into sale & lease-back agreements in 2019. This gave rise to hire purchase loans that are amortized on a straight-line basis over the term of the agreement.

In the period January to December, cash flow from operating activities amounted to SEK –42,446 thousand (–23,626).

The negative cash flow from changes in working capital of SEK –7,706 thousand was largely explained by several large invoices at year end 2018, which were paid in 2019. In addition, the Group terminated a factoring agreement which generated negative cash flow in the year.

In the third quarter 2019, the Group received a payment of tax credits relating to research and development, which generated positive cash flow of some SEK 11 M before consultancy fees, which amounted to SEK 2.2 M. Tax paid is reported as such in the Statements of Cash Flow.

Sivers IMA Holding AB's Statements of Financial Position includes a convertible debenture issued to the Group's collaboration partner Ampleon on December 22, 2017. The term of these debentures is 3 years. Because Ampleon has the contractual right to request repayment within one year if choosing not to convert the debenture to shares, the debenture has been classified as short-term. Should repayment be requested, new financing will be required.

The Sivers IMA Group is in the development phase and still lacks sufficient independent earnings ability to cover the cost of its operations through sales revenue. The Group has performed a detailed analysis of the liquidity requirement for the coming 12 months and the Board assesses that the Group will satisfy this requirement. After the reporting date, Sivers IMA Holding completed a new issue which raised SEK 54 M before issue expenses for the Group.

Investments

The Sivers IMA Group's total investments in the period January – December amounted to SEK 52,076 thousand (63,433) and relate to intangible assets for underlying capitalized development expenses of SEK 43,287 thousand (48,851) and acquisitions of property, plant and equipment of SEK 8,789 thousand (14,582). The investment in capitalized development expenses is attributable to the development of new product generations.

Equity

As of December 31, 2019 Group equity amounted to SEK 288,533 thousand (273,502). Share capital totaled SEK 65,824,228.

Employees

As of December 31, 2019, the Sivers IMA Group had 99 (108) employees, excluding consultants.

Significant risks and uncertainties

The Group's operations, financial position and profit are exposed to a number of risks and uncertainties. These risks may adversely affect the Group's operations, profit and financial position.

The risk factors described below are not ranked by importance, nor do they constitute a comprehensive description of all the risks the Group is exposed to.

Market risk

The Group is active globally with customers in many different parts of the world. This exposes the Group to risks such as deteriorating trade policy terms, changes to regulatory frameworks, limited protection of intellectual property rights, varying accounting standards, tax systems and changed payment terms. The Group is active on markets that are expected to generate continued growth and earnings potential over the coming years. However, there is a risk that market developments could become unfavorable as a result of changes in the macroeconomic environment, new regulatory frameworks, limited protection of intellectual property rights or other unforeseen external factors.

A significant proportion of the Group's revenue is derived from customers in the US. Geopolitical disputes between the US, China and Europe may disrupt customers' procurement processes, which could, in turn, have an adverse impact on the Group.

Technological risk

The market on which the Group operates is continuously developing to reflect changing customer needs and behavior. There is a risk that technological progress does not correspond to the Group's, its customers' or market expectations. This may, in turn, lead to market launches being delayed or cancelled for part of or entire product categories, with the resulting absence of revenue and/or increased development expenses. There is also a risk that the Group is not successful in finding the technical solutions required for commercial launch, or that these goals are not achieved within a reasonable time frame, with potential negative consequences for the Group's operations, profit and financial position.

The Sivers IMA Group has a strong research and development focus. There are established processes for project management and follow-up to ensure future profitability. The projects involve experienced collaboration partners with contact networks that help speed up market launch. The Sivers IMA Group also works hard on targeted recruitment to attract competent staff. Collaborations with universities and other institutions provide a good recruitment pipeline.

Competition

The Sivers IMA Group operates on a competitive market. There is a risk that extensive investments in product development in the same area by one or more competitors could adversely affect the Group's development processes and sales. There is also a risk that competing methods and products may prove more effective, secure or cost-efficient than those developed by the Sivers IMA Group. The Group's competitors may also be able to access increased manufacturing, marketing and distribution capacity compared to the Group.

The Group's products are technologically complex. The Group has extensive experience of the design and manufacture of these products, which confers a competitive advantage as the products cannot be easily replicated. The Group's focus on collaborations with major partners also allows it to launch new products quickly and win more market share.

Dependency on suppliers, producers and partners

The Group is dependent on its partners, producers and subcontractors to operate on the market. There is a risk that one or more of these partners, suppliers and producers could become unwilling to continue an agreed collaboration with Group companies, or that suppliers or producers could become unable to fully satisfy the Group's quality requirements. These factors may adversely affect the Group's operations, profit and financial position.

The Sivers IMA Group works intensively to retain its existing collaborations and to sign collaboration or supply agreements to counteract this risk.

Dependence on customers

The Sivers IMA Group has two customers that represent more than 10% of total Group sales. In the event that either of these customers were to decrease or cease purchasing the Group's products, this could have a negative impact on Group sales for a shorter or longer period which, in turn, would have a negative impact on the Group's operations, profit and financial position.

The Group focuses sharply on customer satisfaction and quality testing of the products it delivers. The Group is currently in a growth phase, with an existing and potential customer base that could generate increased sales in future. The Group continuously seeks to broaden its customer base to reduce dependence on a limited number of customers.

Price risk

The Group's operations are dependent on certain highly complex input goods. The Group cannot control all factors that affect the pricing of the input goods on which the Group depends. There is a risk that the Group will not always have access to the quantity of necessary input goods to complete the production that the Group has been contracted for, which may adversely affect the Group's operations, profit and financial position.

Dependency on key personnel

The Group's organization consists of employees with significant business and technological expertise. Board members, senior executives and other key personnel have competence of major significance to the Group and its operations. The Sivers IMA Group's ability to recruit and retain such individuals is dependent on a number of factors, of which some lie outside of the Group's control, including labor market competition. The loss of a Board member, member of management or other key personnel could imply the loss of important competences, that pre-determined goals are not met or have an adverse impact on the Group's business strategy. If existing key personnel were to leave the Group, or if Sivers IMA would be unable to recruit or retain qualified and experienced members of management, this would have a significant negative impact on the Group's operations, profit and financial position.

Brexit

The UK's exit from the European Union, Brexit, has generated significant uncertainty on the European market, and it is difficult to predict the impact on the Group's European operations. Continued or increased economic instability due to Brexit could have a negative impact on the Group's operations, profit and financial position.

The subsidiary CST Global Ltd, which comprises the Photonics business area, is based in Scotland. The Group has carried out a preliminary assessment of the impact on the Scottish operations and the Group as a whole on the basis of currently available information. Because a large part of Photonics' customer base is located outside Europe, the primary risk associated with sales is considered to be Brexit-related USD exchange rate effects. A proportion of Photonics' input goods are imported from European countries, although most are not subject to customs duty on imports from third-party countries. Some of Photonics' personnel are citizens of other EU countries. The Group is actively seeking to ensure that these individuals complete the steps required to allow them to remain in the UK, and the Group supports them in this process.

Covid-19

Since February 2020, the new coronavirus, Covid-19, has spread globally. The consequences of the virus, which includes placing people in isolation, have already significantly impacted consumption and the global economy. So far, the Sivers IMA Group has not been significantly affected with regard to price, input goods supply or demand for its products. However, there is a risk that the Group will be adversely affected by the economic downturn, in both the short and long term, as a result of reduced customer demand which would negatively impact the Group's operations, profit and financial position. Management has produced crisis management plans that allow the Group to rapidly implement cost cutting measures, if the situation requires it.

It is currently not possible to predict how the corona crisis will affect the global economy and, in turn, the Sivers IMA Group in the longer term. However, the Group places the well-being of its staff and the wider community first, and has introduced new routines as a result of the virus. For example, those who can are encouraged to work from home and meetings are held via video link.

The Corona crisis has rapidly changed how society operates. In the wake of the crisis, it has become clear how vulnerable our society is, but the opportunities for changing the way we live have also become clearer. The Internet is the cornerstone of all the functions of a modern society, including home offices and healthcare services. The Sivers IMA Group's products are important components in hardware that increases bandwidth and thereby improves the technology underpinning modern society. This means that the Group faces excellent prospects of successful market establishment once the crisis has abated, and to play a part in developing the preventative measures that will help the world manage similar situations in the future.

Financial risks

The Sivers IMA Group is exposed to financial risk such as exchange rate risk, interest rate risk, credit risk and liquidity risk. The Group's financial risk is managed by the Board and management, which continuously monitor and evaluate risk. The Board focuses sharply on liquidity risk, because the Group is in a growth phase. Management presents detailed cash flow forecasts and the Board implements measures such as new issues and borrowing to ensure sufficient liquidity is in place. The Group is exposed to exchange rate risk, mainly linked to the USD and GBP, as a large proportion of sales take place in USD while purchasing is mainly denominated in GBP and SEK. Because the Group's largest subsidiary, CST Global Ltd, is based in the UK, the Group is also subject to GBP / SEK translation exposure. Exchange rate exposure in transactions is managed through currency forwards that effectively offset risk wherever possible. More information about financial risk and risk management can be found in Note 33 Financial instruments.

Research and development

Research and development is a key part of Group operations and is carried out in Kista and Gothenburg in Sweden and Glasgow in the UK. The development process shadows the Group's project model, which is ISO9000:2015 certified and has been refined for a number of years.

During the year, SEK 43,287 thousand (48,851) in project development expenses were capitalized. Research and development expenses that are not capitalized amounted to SEK 27,842 thousand (25,434).

Expected future development

The market for sensors, and wireless and fixed broadband, is expanding rapidly and the chips and components the Group offers and develops satisfy demand in these areas. Sivers IMA Holding's subsidiaries are well equipped for the technological shift that is underway, through its solutions for sensors, wireless networks and fiber networks. This means that the Group faces positive prospects of continuing to grow and generate profit in future.

Parent Company

Parent Company revenue increased from SEK 1 thousand to SEK 8,993 thousand in the period, due to the Company starting to levy management charges to subsidiaries in 2019. The Parent Company's year-on-year increase in Other external expenses was mainly due to expensed non-recoverable VAT in the third quarter (outlined under Taxes) and increased costs for consultants.

In the fourth quarter, the Parent Company made a shareholder contribution of SEK 35 M to Sivers IMA AB. The Company recognized an impairment loss for this, which was reported under financial expenses.

The share and ownership structure

Sivers IMA's share capital was divided over 131,648,456 shares with a quotient value of SEK 0.50 as of December 31, 2019. All shares are of the same series and confer equal rights to the vote and profit in the Company. Since November 30, 2017, the share trades on Nasdaq First North Growth Market under the ticker SIVE, ISIN code SE0003917798 and LEI code 254900UBKNY2EJ588J53.

As of December 31, 2019, Sivers IMA Holding AB (publ) had four owners, each of which, directly and indirectly, held shares corresponding to 5% or more of the voting rights and capital in the company. In total, Sivers IMA has approximately 2,300 shareholders. The largest owners are Keith Halsey (23.7%) and Erik Fällström (17.9%).

Proposed appropriation of earnings (SEK thousand)

The following funds are at the disposal of the Annual General Meeting

Share premium reserve	473,598
Retained earnings	-109,539
Profit for the year	-48,674
Total	**315,285**
The Board of Directors proposes that the following funds are carried forward:	315,285

With regard to the Parent Company's and Group's results of operations and financial position, please refer to the Financial Statements and Notes below. All amounts are in SEK thousand unless otherwise indicated.

Consolidated Statements of Comprehensive Income

SEK thousand	Note	2019	2018
Revenue	4	96,355	71,485
Other operating income		10,259	16,755
Capitalized work on own account		43,287	48,851
Raw materials and consumables		-39,997	-44,593
Other external expenses	7	-79,559	-68,267
Personnel costs	6	-78,667	-76,810
Depreciation, amortization and impairment of fixed assets		-29,702	-17,257
Operating profit/loss		**-78,024**	**-69,845**
Profit from financial items			
Financial income		–	–
Financial expenses	8	-8,990	-9,651
Profit/loss before tax		**-87,014**	**-79,497**
Income tax	9	11,353	7,617
Profit/loss for the year		**-75,661**	**-71,880**
Attributable to:			
Parent Company shareholders		-75,661	-71,880
Earnings per share (SEK)			
Before dilution	10	-0.60	-0.63
After dilution	10	-0.60	-0.63

Consolidated Statement of Comprehensive Income

SEK thousand	Note	2019	2018
Profit for the year		**-75,661**	**-71,880**
Other comprehensive income			
Items to be reclassified to profit and loss			
Exchange rate differences from translation of foreign operations		4,559	1,560
Total comprehensive income for the year		**-71,102**	**-70,320**
Attributable to:			
Parent Company shareholders		-71,102	-70,320

Consolidated Statements of Financial Position

ASSETS, SEK thousand	Note	12/31/2019	12/31/2018	1/1/2018
Fixed assets				
Goodwill	11	134,812	134,812	134,812
Other intangible assets	11	131,548	104,034	62,512
Property, plant and equipment	12 , 14	57,739	44,594	37,174
Total non-current assets		**324,099**	**283,440**	**234,498**
Current assets				
Inventories	15	9,836	14,263	16,126
Accounts receivable	16	19,084	22,237	22,880
Current tax receivables		7,239	6,241	6,589
Other receivables	17	4,843	4,145	4,145
Prepaid expenses and accrued income	18	6,850	7,013	6,788
Cash and cash equivalents	28	52,228	42,410	61,920
Total current assets		**100,170**	**96,309**	**118,448**
Total assets		**424,268**	**379,749**	**352,946**

EQUITY AND LIABILITIES , SEK thousand	Note	12/31/2019	12/31/2018	1/1/2018
Share capital	19	65,824	59,223	46,542
Other contributed capital	19	473,598	395,720	262,256
Translation reserve	19	6,116	1,557	-3
Retained earnings including profit/loss for the year		-257,005	-182,998	-114,617
Equity attributable to Parent Company shareholders		288,533	273,502	194,178
Total equity		**288,533**	**273,502**	**194,178**
Non-current liabilities				
Convertible debentures	21	–	34,626	28,277
Deferred tax	23	168	210	253
Provisions	24	4,797	3,411	922
Leasing liabilities	25	11,301	2,943	4,635
Other non-current liabilities		11,825	9,747	4,652
Total non-current liabilities		**28,091**	**50,937**	**38,739**
Current liabilities				
Convertible debentures	21	39,538	–	–
Accounts payable		13,902	20,948	11,896
Leasing liabilities	25	3,811	3,212	3,445
Other liabilities	26	31,153	13,195	5,581
Accrued expenses and deferred income	27	19,241	17,954	18,126
Liability, additional purchase consideration		–	–	80,982
Total current liabilities		**107,645**	**55,310**	**120,030**
Total liabilities		**135,736**	**106,247**	**158,768**
Total equity and liabilities		**424,268**	**379,749**	**352,946**

Consolidated Statement of Changes in Equity

SEK thousand	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company shareholders	Total equity
Opening balance Jan 1, 2018	46,542	262,256	-3	-114,617	194,178	194,178
Profit for the year				-71,880	-71,880	-71,880
Total other comprehensive income			1,560		1,560	1,560
Total comprehensive income	**46,542**	**262,256**	**1,557**	**-186,497**	**123,858**	**123,858**
Transactions with shareholders:						
New issue	12,681	138,101			150,782	150,782
Issue expenses		-4,997			-4,997	-4,997
Settlement, warrants		360			360	360
Share-based compensation				3,499	3,499	3,499
Total transactions with owners	**12,681**	**133,464**		**3,499**	**149,644**	**149,644**
Closing balance Dec 31, 2018	**59,223**	**395,720**	**1,557**	**-182,998**	**273,502**	**273,502**

SEK thousand	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company shareholders	Total equity
Opening balance Jan 1, 2019	59,223	395,720	1,557	-182,998	273,502	273,502
Profit for the year				-75,661	-75,661	-75,661
Total other comprehensive income			4,559		4,559	4,559
Total comprehensive income	**59,223**	**395,720**	**6,116**	**-258,659**	**202,400**	**202,400**
Transactions with shareholders:						
New issue	5,922	75,806			81,728	81,728
Issue expenses		-3,882			-3,882	-3,882
New issue, redemption of warrants	659	5,799			6,458	6,458
New issue, redemption of employee stock options	20	155			175	175
Settlement, warrants						
Share-based compensation				1,654	1,654	1,654
Total transactions with owners	**6,601**	**77,878**		**1,654**	**86,133**	**86,133**
Closing balance Dec 31, 2019	**65,824**	**473,598**	**6,116**	**-257,005**	**288,533**	**288,533**

Consolidated Statements of Cash Flow

	Note	2019	2018
Operating profit/loss	28	**-78,024**	**-69,845**
Adjustments for non-cash items			
Depreciation, amortization and impairment		29,702	17,257
Inventory impairment		2,717	12,281
Other		3,871	1,936
Interest paid		-3,713	-1,332
Income tax received		10,708	7,667
Cash flow from operating activities before change in working capital		**-34,739**	**-32,036**
Cash flow from change in working capital			
Decrease(-)/increase(+) in inventories		2,163	-10,418
Decrease(-)/increase(+) in operating receivables		3,201	531
Increase(+)/decrease(-) in operating liabilities		-13,070	18,297
Cash flow from operating activities		**-42,446**	**-23,626**
Investing activities			
Acquisition of property, plant and equipment		-8,789	-15,437
Acquisition of intangible assets		-43,287	-49,154
Sales of property, plant and equipment		97	–
Cash flow from investing activities		**-51,979**	**-64,591**
Financing activities			
Borrowings		20,000	–
Settlement, warrants		–	360
New hire purchase loans		5,703	7,905
Amortization of lease debt and hire purchase loans		-6,423	-4,475
New issue		88,360	69,800
Issue expenses		-3,882	-4,997
Cash flow from financing activities		**103,758**	**68,593**
Cash flow for the year		**9,333**	**-19,624**
Cash and cash equivalents at the beginning of the year		42,410	61,920
Exchange rate difference in cash and cash equivalents		486	114
Cash and cash equivalents at the end of the year		**52,228**	**42,410**

Notes for the Group

Note 1 General information

Sivers IMA Holding AB, corporate identity number 556383-9348 is a limited company with its registered office in Kista, Stockholm, Sweden.

Sivers IMA and its subsidiaries ("the Group") develops, manfactures and sells cutting-edge chips, components, modules and subsystems based on advanced, proprietary semiconductor technology in microwave, millimeter-wave and optical semiconductors. The Group structure is presented in more detail under Note 13.

The Financial Statements are presented in SEK thousands (SEK thousand).

Note 2 Accounting principles

Basis of accounting

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards), as adopted by the European Union (EU), and interpretations by IFRS Interpretations Committee (IFRIC). The Group also applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendations RFR 1, Supplementary Accounting Rules for Groups.

Previously, the Group applied BFNAR 2012:1 Annual Reports and Consolidated Financial Statements ("K3"), issued by the Swedish Accounting Board. This is the Group's first Financial Statements in accordance with IFRS. The date for transition to IFRS is January 1, 2018 which means that comparative figures for the financial year 2018 have been restated in accordance with IFRS. The effect of the transition to IFRS on the Group's financial position, profit and cash flow is disclosed in Note 36.

The Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Basis of consolidation

The Consolidated Financial Statements incorporate the Company and entities controlled by it (subsidiaries) as of 31 December each year. Control is achieved when the Group has the power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to use its power to affects its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

The acquirer in a business combination is the party who achieves control over the other party. When the legal acquirer is identified as the acquired party, a reverse acquisition has occurred. When the subsidiary CST Global Ltd was acquired in 2017, the acquisition was reversed. This means that Sivers IMA Holding was identified as the acquired party and CST Global Ltd as the acquirer.

Acquisitions of businesses are accounted for using the acquisition method Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Revenue recognition

The Group recognizes revenue from the following major sources:

- Hardware sales
- Development projects (Also referred to as Non Recurrent Engineering "NRE")
- Support contracts

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

Hardware sales

Within the Wireless segment, the Group sells chips, components, modules and subsystems based on advanced technology for 5G millimeter-wave networks. Within the Photonics segment, the Group sells semiconductor lasers and other semiconductors based optical products.

For some of the hardware products, mainly within the Wireless business, revenue is recognized at a point in time. This point in time normally occurs when the control over the goods are transferred to the customer, which is equivalent to the time of delivery (in accordance with the shipment terms for the specific contract). A receivable is recognized by the Group when goods are delivered to the customer, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Productions tests are performed before products are sent to customers.

Revenue is recognized with deductions for estimated volume discounts, and revenue is only recognized to the extent it is very likely that a significant deduction will not occur. Discounts are normally agreed for a predetermined quantity and the deduction amount is calculated based on this quantity. If there is no pre-determined quantity, the discounts are estimated based on historical data.

Within the Photonics segment, the Group also sells hardware products that are manufactured based on specifications from the customer. Such hardware products include wafers and chips. Revenue from these hardware products is recognized over time, based on completion. Completion is normally measured with an output method based on work completed on the basis of a task specification. Completion normally corresponds to the billing date. When that is not the case, a receivable is recognized when completion exceeds billing and a liability is recognized when billing exceeds completion.

Development/NRE-projects

Wireless and Photonics include contracts referred to as "NRE"-contracts. Such contracts are development projects where the Group customizes the technology in hardware products to match customer requirements or to develop new products. The aim is to sell the customized/new products in volume once the development project is completed. Should this occur, revenue from volume sales of the products will be allocated to the hardware category.

Considerations for NRE contracts are recognized over time, based on completion. Completion is normally measured with an input method based on costs incurred. A contract asset is recognized when sales exceed billing and a contract liability is recognized when billing exceeds sales.

Support contracts

Within the Wireless business, customers can subscribe to support contracts for the company's hardware products. The purpose of these subscriptions is to facilitate customer adaptations of the Group's technology to their own products. The support contracts have a fixed consideration and revenue is recognized on a straight line basis over the service period. The consideration is recognized as a contract liability when the sale occurs and dissolved on a straight line basis over the service period.

Leasing

The Group as lessee

The Group assesses whether a contract constitutes or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and the corresponding lease liability with respect to all lease contracts where it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be paid by the lessee under residual value guarantees, amounts expected from residual value guarantees provided by the lessor to the lessee, closely-related parties of the lessee or third parties not attributable to the lessor and that is deemed to be financially capable of fulfilling the contractual obligations,
- the exercise price of purchase options, if the lessee is reasonably certain that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Group's Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and i mpairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are presented on the same line in the Group's Statement of Financial Position as they would have been classified into if they were owned by the Group.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Sale- & leaseback

Property, plant and equipment that the Group sells and then leases back is recognized as a sale if the transaction satisfies the requirements for revenue in IFRS 15. If that is not the case, the asset continues to be accounted for as property, plant and equipment and the revenue from the finance company is recognized as a financial liability.

Foreign currency

In preparing the Financial Statements of individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currency are translated at the rates prevailing at the date when fair value was determined. Non-monetary items measured at historical cost in foreign currency are not translated.

Exchange rate differences are recognized in profit or loss in the period in which they arise except for:

- exchange rate differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting the Consolidated Financial Statement, the assets and liabilities of the Group's foreign operations are translated at the exchange rate prevailing on the reporting date. Income and expense items are translated at the exchange rates at the date of transactions, unless exchange rates fluctuate significantly during that period, in which case the average exchange rates for the period are used. Exchange rate differences, if any, are recognized in other comprehensive income and accumulated in foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. a disposal of the Group's entire interest in a foreign operation), all exchange rate differences accumulated in foreign currency translation reserves in respect of that operation and that are attributable to the Parent Company owners are reclassified to profit or loss.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss under the line item "other operating income" on a systematic basis over the periods in which the Group recognizes as expenses the related costs the grants are intended to cover.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognized in profit or loss in the period in which they become receivable.

Government grants relating to the acquisition of property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

Retirement and severance pay costs

Payments to defined-contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Pension plans that encompass multiple employers are recognized as defined-contribution, if there is insufficient information to recognize the plan as defined-benefit. Currently, the Group only has retirement benefit plans that are recognized as defined-contribution plans.

Short-term and long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxes

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment
Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight line method, on the following bases:

Equipment, tools and installations	5–10 years
Computers	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales revenue and book value of the asset and is recognized in profit or loss.

Internally-generated intangible assets – research and development expenses
Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:
- the technical feasibility of completing development of the intangible assets for use or sale;
- the intention to complete the intangible assets for use or sale;
- the ability to use or sell the intangible assets;
- how the intangible assets will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to reliably measure expenditure attributable to intangible assets during development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible assets first meet the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenses are recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

Amortizations are commenced when the asset is put in use, and the amortization expense is recognized on a straight-line basis over the asset's useful life.

Impairment of fixed assets excluding goodwill
At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments
Financial assets and financial liabilities are recognized in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to a financial instrument measured at amortized cost are added or deducted from the value of the instrument on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets
All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Financial assets that meet the following conditions are measured subsequently at amortized cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

The Group has accounts receivables, other short-term assets, contract assets and cash that are recognized at amortized cost after deductions for impairments. The Group also has contracts for-currency hedges. These contracts are recognized at fair value trough profit and loss (see below under "Derivative financial instruments"). Currently, the Group does not have any financial instruments that are measured at fair value through other comprehensive income.

Impairment of financial assets
The Group recognizes a loss allowance for expected credit losses on investments in debt instruments measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables and contract assets, in line with the simplified model. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of current and forecast factors at the reporting date, including the time value of money where applicable.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group considers a breach of financial covenants by the debtor or information produced internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors to be indications that financial assets are generally not recoverable. Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative

Financial liabilities at fair value through profit or loss are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss.

The Group has currency hedge contracts that are recognized at fair value through profit and loss (see below under "Derivative financial instruments").

Financial assets measured at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at fair value through profit or loss, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the accumulated cost of a financial asset or financial liability and of recognizing interest income or interest expense in profit or loss in the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the accumulated cost of a financial liability.

The group has convertible debentures, accounts payable, contract liabilities, accrued expenses and other short term liabilities that are measured at amortized cost.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks. Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting profit or loss is recognized in profit or loss immediately, since the Group does not apply hedge accounting.

Derivatives are not offset in the Financial Statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. An embedded derivative is presented in the same way as a separate derivative.

The Group has convertible debentures that can be converted into shares in the parent company during the contract term. The liability part is measured at amortized cost with the effective interest method and presented under "Convertible debentures" in the Statements of Financial Position. The embedded derivative (the option to convert) is measured at fair value through profit or loss and presented under "Other non-current liabilities".

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group remeasures its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

New and revised standards that have not yet become effective

The Group assesses that none of the revised IFRS standards or new interpretations that have not yet become effective will have any effect on the Group's profit, cash flow and financial position.

Not 3 Key estimates and judgments

When preparing the Financial Statements in accordance with the Group's accounting policies, as described in Note 2, management is required to make judgments that have a material impact on reported amounts and makes estimates and assumptions about reported values of assets and liabilities that are not directly available from other sources. Estimates and assumptions are based on historical experience and other factors judged to be relevant. Actual outcomes may differ from these estimates.

The estimates and the underlying assumptions are evaluated on a continuous basis. Changes to these estimates are reported in the period the estimate was changed if the change affects only that period, or in the period the change occurs and future periods if the change affects both the period when the change occurs and future periods.

Management assesses that the following areas that involve estimates and judgments are most critical to the Group:

Valuation of intangible assets

The Sivers IMA Group has a significant proportion of assets relating to goodwill and capitalized development expenses included in the Statements of Financial Position. The Group tests assets for impairment annually for each cash-generating unit where the recoverable amount is determined on the basis of value-in-use. In order to estimate the value-in-use, certain estimates have been made regarding future cash flows, growth rate, investment plans and discount rate.

For capitalized development expenses, individual assessments are also made for each project with regard to products expected to generate future economic benefits.

The Group's procedure for impairment testing of intangible assets is described in Note 11.

Recognition of capitalized development expenses

In accordance with the Group's Accounting principles as described in Note 2, development expenses are reported as an asset from the time the intangible assets satisfy the criteria for capitalization. This includes judgments regarding whether it is likely that the asset will be able to generate future economic benefits and judgments relating to useful life. At present, the estimated useful life for a majority of the Group's intangible assets is a maximum of 5 years, although this may be reassessed.

Revenue recognition

A proportion of the Group's revenue is derived from hardware sales and NRE contracts that are recognized over time. Revenue recognition includes estimates regarding the rate of completion of projects.

The Group also includes agreements that encompass multiple obligations. For such agreements, in some cases judgments are made regarding whether obligations are distinct or not, and if identified performance obligations are completed over time or at a point in time.

More information about accounting policies relating to revenue can be found under Note 2, and information about the breakdown of revenue can be found in Note 4.

Leasing period

The Group's right-of-use assets are described in Note 14 and the Group's associated leasing liabilities are described in Note 25. A majority of agreements include extension options, and the Group is required to make judgments about whether these are likely to be exercised in order to calculate assets and liabilities and their useful lives.

Tax credits

The subsidiary in Scotland is entitled to apply for tax credits to cover development expenses. Such tax credits are paid out following approval of the tax return by Revenue Scotland. As there is some uncertainty regarding final amounts, the Group is required to estimate the amounts that will be obtained.

Note 4 Revenue from customer contracts

The Group receives revenue from customer contracts against the transfer of goods and services at a point in time and over time respectively from the following major revenue streams. This corresponds to revenue information for each reportable operating segment in accordance with IFRS 8 (see Note 5). The Group only has outstanding performance obligations under agreements with an original expected maximum maturity of one year.

	2019			2018		
Breakdown of revenue	**Wireless**	**Photonics**	**Total**	**Wireless**	**Photonics**	**Total**
Revenue type						
Hardware	21,848	27,337	49,185	16,029	20,872	36,901
Development project / NRE	1,733	44,090	45,823	1,705	31,729	33,433
Support & other	1,347	-	1,347	1,150	-	1,150
Total	**24,928**	**71,427**	**96,355**	**18,884**	**52,601**	**71,485**
Recognition						
At a point in time	21,848	5,047	26,895	16,029	6,274	22,303
Over time	3,079	66,380	69,460	2,855	46,327	49,182
Total	**24,928**	**71,427**	**96,355**	**18,884**	**52,601**	**71,485**
Geographical market						
North America	6,216	56,941	63,156	1,764	37,429	39,194
Europe	15,824	9,674	25,499	13,239	9,183	22,422
Asia	2,888	4,812	7,700	3,880	5,989	9,869
Total	**24,928**	**71,427**	**96,355**	**18,884**	**52,601**	**71,485**

Note 5 Operating segments

The information reported to the Group CEO (the highest decision-making body) as supporting documentation for decisions regarding the allocation of resources and evaluation of the segments' results of operations has been broken down into two operational areas – Wireless and Photonics. These areas comprise operations in the subsidiary Sivers IMA AB (Wireless) and CST Global Ltd (Photonics). Accordingly, the Group's reportable operating segments in accordance with IFRS 8 are as follows:

Wireless

The Wireless business area develops, manufactures and sells chips, components, modules and subsystems based on advanced 5G millimeter wave technology. The products are mainly delivered to systems manufacturers, who in turn deliver them to telecommunication operators. Deliveries take place directly, or through partners.

Photonics

The Photonics business area develops and manufactures semiconductor-based optical products for optical fiber networks, sensors and optical fiber communication (Li-Fi). Key markets for optical chips include fiber for the home and data centers. Optical sensors are used in biometrics, security and metrology applications, and in LiDAR for driverless cars. Photonics currently has expertise in all combinations of materials and manufacturing processes used in the commercial manufacture of semiconductor chips for optoelectronic purposes.

Segment revenue and profit

The following represents an analysis of Group revenue and profit by reportable operating segment:

2019, SEK thousand	Wireless	Photonics	Group wide	Total
Revenue				
External revenue	24,928	71,427	–	96,355
Revenue from other segments	–	–	–	–
Total revenue	**24,928**	**71,427**	**–**	**96,355**
Profit				
EBITDA	-13,483	-22,610	-12,229	-48,322
Depreciation, amortization and impairment			-29 702	-29,702
Financial income	–	–	–	–
Financial expenses			-8,990	-8,990
Profit before tax	–13 483	–22 610	–50 921	-87,014
Income tax			11,353	11,353
Profit after tax	**–13 483**	**–22 610**	**–39,568**	**-75,661**

2018, SEK thousand	Wireless	Photonics	Group wide	Total
Revenue				
External revenue	18,884	52,601	–	71,485
Revenue from other segments	–	–	–	–
Total revenue	**18,884**	**52,601**	**–**	**71,485**
Profit				
EBITDA	-10,569	-31,199	-10,822	-52,589
Depreciation, amortization and impairment			-17,257	-17,257
Financial income	–	–	–	
Financial expenses			-9,651	-9,651
Profit before tax	–10 569	–31 199	–37 729	-79,497
Income tax			7,617	7,617
Profit after tax	**–10 569**	**–31 199**	**–30,112**	**-71,880**

The accounting principles for the reportable operating segments correspond to the Group's accounting principles as described in Note 2. Segment profit comprises profit for each operating segment without allocation of depreciation and amortization, financial items, tax, group-wide administration expenses, including remuneration to management, profit / loss on financial instruments and financing costs (in addition to intra-group lending). This is the benchmark criterion reported to the Group CEO as supporting information for decisions on the allocation of resources to segments and for evaluating results of operations.

Revenue from goods and services

Group revenue from goods and services are described in Note 4.

Geographical information

Group revenue from external customers and information about the operating segments' assets (property, plant and equipment excluding financial instruments, deferred tax assets and other financial assets) by geographical location are described below:

	Revenue from external customers		Property, plant and equipment		
SEK thousand	**2019**	**2018**	**12/31/2019**	**12/31/2018**	**1/1/2018**
USA	63,156	39,194	–	–	–
United Kingdom	6,882	7,255	63,080	58,292	43,957
China	4,573	1,668	–	–	–
Ireland	4,564	4,107	–	–	–
Norway	4,400	1,485	–	–	–
Italy	2,756	38	–	–	–
The Netherlands	1,945	2,460	–	–	–
Japan	1,653	3,812	–	–	–
Sweden	910	1,602	261,019	225,148	190,541
Rest of world	5,515	9,864	–	–	–
	96,355	**71,485**	**324,099**	**283,440**	**234,498**

Information about major customers

Of Photonics' revenue, SEK 19,574 thousand (customer 1) and SEK 11,538 thousand (customer 2) (2018: SEK 8,488 thousand (customer 1) and SEK 10,977 thousand (customer 2)) is derived from sales to the Group's two largest customers. No other individual customers contributed 10% or more to Group revenue in 2019 or 2018.

Note 6 Remuneration to employees

Number of employees

Average number of employees	2019 Women	2019 Men	2019 Total	2018 Women	2018 Men	2018 Total
Parent Company						
Sweden	1	2	3	–	2	2
Total, Parent Company	**1**	**2**	**3**	**–**	**2**	**2**
Subsidiaries						
Sweden	4	24	28	4	26	30
Scotland	20	46	66	23	45	68
Total, subsidiaries	24	70	94	27	71	98
Total, Group	**25**	**72**	**97**	**27**	**73**	**100**

Board members and other senior executives

	Parent Company 2019	Parent Company 2018	Group 2019	Group 2018
Women				
The Board	1	1	1	1
Other senior executives	–	–	–	–
Men				
The Board	5	5	5	5
Other senior executives	2	2	3	3
Total	**8**	**8**	**9**	**9**

Salary and remuneration

Expenses for remuneration to employees	2019	2018
Parent Company		
Salary and other remuneration	6,800	5,612
Social security expenses	2,204	1,164
Pension costs	963	616
Subsidiaries		
Salary and other remuneration	52,053	51,184
Social security expenses	10,886	11,425
Pension costs	5,215	4,481
Total salary and remuneration, Group	*58,853*	*56,796*
Total social security expenses, Group	*13,090*	*12,589*
Total pension costs, Group	*6,178*	*5,097*
Total, Group	**78,121**	**74,482**
Share-based remuneration (Note 30)	1,682	3,499
Remuneration after termination of employment	1,504	–

Remuneration to senior executives	2019	2018
Parent Company		
Salary and other remuneration to senior executives (8 persons)	5,757	5,301
of which bonuses etc. to senior executives	523	578
Salary and remuneration to other employees	1,043	311
Total salary and remuneration, Parent Company	**6,800**	**5,612**
Group		
Salary and remuneration to senior executives (9 persons)	8,658	6,877
of which bonuses etc. to senior executives	764	725
Salary and remuneration to other employees	50,195	49,919
Total salary and remuneration, Group	**58,853**	**56,796**

Remuneration to senior executives

Fees to the Chairman and Board members are payable in accordance with the decision of the shareholders' meeting.

Remuneration to senior executives 2019	Basic salary/fees	Variable remuneration	Other remuneration	Pension costs	Total
Tomas Duffy, Chairman of the Board	750	–	345	–	1095
Ingrid Engström	350	–	–	–	350
Björn Norrbom	350	–	–	–	350
Dag Sigurd	350	–	–	–	350
Robert Green	350	–	–	–	350
Erik Fällström	–	–	–	–	–
Anders Storm, CEO	1,522	401	–	337	2,260
Other senior executives (1 person)	1,218	121		313	1,652
Total remuneration to senior executives	**4,890**	**522**	**345**	**650**	**6,407**

Remuneration to senior executives 2018	Basic salary/fees	Variable remuneration	Other remuneration	Pension costs	Total
Tomas Duffy, Chairman of the Board	750	–	390	–	1,140
Ingrid Engström	350	–	–	–	350
Björn Norrbom	350	–	–	–	350
Dag Sigurd	350	–	–	–	350
Robert Green	350	–	–	–	350
Erik Fällström	–	–	–	–	–
Anders Storm CEO	1,383	370	–	330	2,083
Other senior executives (1 person)	800	208	–	266	1,274
Total remuneration to senior executives	**4,333**	**578**	**390**	**596**	**5,897**

The Annual General Meeting 2019 decided that Board members who carry out assignments in addition to regular Board work are entitled to receive reasonable compensation for this. In 2019, Tomas Duffy assisted the company with the integration of the subsidiary CST Global, acquired in May 2017. Remuneration for this work amounted to SEK 345 thousand (390).

Pensions

The pensionable age of the CEO and other senior executives is 65 and pension premiums correspond to the ITP plan (occupational pension). There were no other pension obligations to senior executives.

Severance pay

In the event of notice of termination of employment by the CEO, a notice period of six months shall apply, where severance pay and contractual benefits are payable. In the event of notice of termination of employment by the Company, severance pay corresponding to 9 months' salary is payable.

Note 7 Other external expenses

Remuneration to auditors

SEK thousand	2019	2018
Deloitte		
Audit fees	910	844
Audit work in addition to auditing assignments	210	25
Tax consultancy	60	-
Other services	298	-
Total	**1,478**	**869**

Audit work in addition to auditing assignments in 2019 relates to reviewing of the Group's transition to IFRS. Other services comprise consultations with accountancy professionals specializing in matters relating to IFRS.

Note 8 Financial expenses

SEK thousand	2019	2018
Interest expenses, loans and credit	3,136	973
Interest on convertible debentures	1,923	1,804
Interest expenses on leasing liabilities	1,590	351
Value adjustment of embedded derivatives in convertible debentures	1,419	942
Exchange rate losses	922	5,581
Total	**8,990**	**9,651**

Note 9 Income tax

SEK thousand	2019	2018
Current tax:		
Current year	7,243	6,295
Tax attributable to prior years	4,068	1,280
	11,311	**7,575**
Deferred tax (See Note 23)		
Origin and reversal of temporary differences	42	42
	11,353	**7,617**

The current tax rate is 21.4% (2018: 22 %)

Swedish corporation tax was decreased from 22% to 21.4% for the financial year 2019.

Tax in other jurisdictions is calculated at the applicable tax rate in the relevant jurisdiction.

Current tax comprises tax credits for research and development expenses in Scotland. Tax attributable to prior years relates to actual outcomes (after completed tax return) compared to estimated amounts for the previous year.

Tax expense for the year can be offset against profit before tax for the year as follows:

SEK thousand	2019	2018
Profit before tax	-87,014	-79,497
Swedish tax rate of 21.4% (2018: 22%)	18,621	17,489
Tax effect from non-deductible expenses/non taxable revenue	-1,207	-270
Tax credit R&D[1)]	11,311	7,575
Change in unrecognized deferred tax assets	-16,360	-15,744
Effect from varying tax rates in foreign subsidiaries	-1,013	-1,433
Total current tax recognized	**11,353**	**7,617**

1) The Group receives tax credits for research and development expenses in Scotland. These are calculated on the basis of specific rules in accordance with tax legislation in Scotland and are reported as a separate item above, as the method for calculating tax credit does not have a direct relationship with the presentation in the Statements of Comprehensive Income. The amount indicated above refers to tax credits for the current year and tax credits attributable to previous years.

Note 10 Earnings per share

Calculation of earnings per share before and after dilution is based on the following data:

SEK thousand	2019	2018
Earnings		
Earnings attributable to Parent Company shareholders when calculating earnings per share before and after dilution	-75,661	-71,880
Number of shares		
Weighted average of ordinary shares when calculating earnings per share before and after dilution	125,850,961	113,286,729
Earnings per share		
Earnings per share before and after dilution	-0.60	-0.63

The denominator used for calculating earnings per share before and after dilution has been adjusted to reflect the bonus issue element of the new issues in 2018 and 2019.

The Group has convertible debentures, employee stock options and warrants that can give rise to dilution effects. As the Group is currently loss making, dilution improves earnings per share. Accordingly, the earnings figure is the same before and after dilution.

Note 11 Goodwill and other intangible assets

Goodwill

Book value, SEK thousand	
As of December 31, 2019	134,812
As of December 31, 2018	134,812
As of January 1, 2018	134,812

Recognized goodwill was allocated to cash-generating units as follows:

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Wireless	134,812	134,812	134,812
Photonics	–	–	–

Recognized goodwill was derived from the acquisition of CST Global Ltd in May 2017. The transaction constituted a reverse acquisition, i.e. Sivers IMA Holding was deemed to be the acquired company. Accordingly, estimated goodwill has been allocated to the Wireless segment, which is deemed to constitute a cash-generating unit .

Other intangible assets

Capitalized development expenses, SEK thousand	
Accumulated cost	
As of January 1, 2018	**84,376**
Exchange rate differences	305
Addition, internal development	48,851
As of December 31, 2018	**133,532**
Exchange rate differences	1,931
Addition, internal development	43,287
Reclassification	909
As of December 31, 2019	**179,659**
Accumulated depreciation, amortization and impairment	
As of January 1, 2018	**-21,864**
Exchange rate differences	-28
Depreciation for the year	-6,752
Impairments losses for the year	-854
As of December 31, 2018	**-29,498**
Exchange rate differences	-512
Depreciation for the year	-11,890
Impairment losses for the year	-6,211
As of December 31, 2019	**-48,111**
Recognized value	
As of December 31, 2019	131,548
As of December 31, 2018	104,034
As of January 1, 2018	62,512

The investment in capitalized development expenses is attributable to the development of new product generations. The useful life is 5 years and amortization begins when the product has been completed to a degree where it is ready for mass production.

Impairment testing

The Group carries out impairment testing of goodwill and other intangible assets annually, or whenever there is an indication that goodwill or other intangible assets may require impairment. Impairment testing is carried out to calculate the recoverable amount per cash-generating unit, which are the Group's two operating segments. The recoverable amount is determined on the basis of a calculation of value-in-use through cash flow forecasts for a 5 year period that has been approved by management. Present value of future cash flows is calculated using the discount rate before tax. Impairment testing is as of the reporting date. For the coming 3 years, the Company uses budgets that have been produced by management and authorized by the Board. General growth forecasts are then applied, with consideration given to anticipated market growth.

The forecast of future cash flows includes assumptions about the Group's sales growth, operating margin, working capital and investment requirement.

Cash flows beyond the 5-year horizon have been extrapolated at a constant growth rate of 3% (3%). The constant growth rate does not exceed the estimated long-term growth rate for 5G or Photonics' markets.

	12/31/2019		12/31/2018		1/1/2018	
%	Wireless	Photonics	Wireless	Photonics	Wireless	Photonics
Discount rate	11.4	13.1	11.9	13.6	12.4	14.1
Constant growth rate	3.0	3.0	3.0	3.0	3.0	3.0

Sensitivity analysis

The Group has carried out a sensitivity analysis of impairment testing to changes in material assumptions used to determine recoverable amounts for the respective cash-generating units. Management assesses that a reasonable change in material assumptions forming the basis for recoverable amounts would not result in book value exceeding recoverable amounts for Wireless or Photonics.

Impairment of capitalized development expenses

Capitalized development expenses consist of several development projects in the Group. Individual impairment testing is also carried out for these, when there is indication that impairment may be required. During the year, the Company reported impairment losses of SEK 6,211 thousand (854). Impairment losses for the year relate to projects that have been terminated in the year because management has chosen to focus on other projects where future profitability is judged to be better.

Note 12 Property, plant and equipment

Equipment, tools and installations, SEK 000	
Accumulated cost	
As of January 1, 2018	**49,472**
Investments	14,582
Exchange rate differences	501
December 31, 2018	**64,555**
Investments	8,789
Sales	-21
Exchange rate differences	3,425
December 31, 2019	**76,748**
Accumulated depreciation, amortization and impairment	
As of January 1, 2018	**-20,919**
Depreciation	-5,452
Exchange rate differences	3
As of December 31, 2018	**-26,368**
Depreciation	-6,841
Sales	21
Exchange rate differences	-584
As of December 31, 2019	**-33,772**
Book value	
As of December 31, 2019	42,977
As of December 31, 2018	38,188
As of January 1, 2018	28,554

Property, plant and equipment includes the property, plant and equipment presented in this Note, and right-of-use assets for lease contracts presented in Note 14.

Note 13 Subsidiaries

Information about the composition of the Group at the end of the reporting period is provided below:

Main activity	Registered office	Number of wholly-owned subsidiaries 12/31/2019	12/31/2018
Develops and manufactures semiconductor-based optical products for optical fiber networks, sensors and optical fiber communication (Li-Fi).	Scotland	1	1
Develops, manufactures and sells chips, components, modules and subsystems based on advanced 5G millimeterwave technology.	Sweden	2	2

More information about the Group's subsidiaries is presented in Note 6 of the Parent Company Annual Report.

Note 14 Leasing (the Group as lessee)

Right-of-use assets

Book value	Buildings & land	Machinery & equipment	Vehicles	Total
As of January 1, 2018	**5,902**	**2,534**	**184**	**8,620**
Additional right-of-use assets	–	1,475	398	1,873
Depreciation	-2,816	-1,130	-252	-4,199
Exchange rate differences	91	20	1	112
As of December 31, 2018	**3,177**	**2,898**	**331**	**6,406**
Additional right-of-use assets	11,414	1,253	256	12,922
Depreciation	-2,903	-1,621	-236	-4,760
Exchange rate differences	128	41	25	194
As of December 31, 2019	**11,815**	**2,570**	**376**	**14,762**

The Group's leasing activities

The Group leases buildings for office premises and production, machinery / equipment for production and development operations, and a number of vehicles. The leasing periods are normally 3–5 years for machinery, fixtures & equipment and vehicles. In 2019, the Group entered into lease contracts in Wireless for new office premises and parking spaces, which comprises additional right-of-use assets under Buildings and land above. For these contracts, the leasing period is 8 years, including extension options that the Group is expected to utilize. A maturity analysis for leasing liabilities is presented in Note 25.

Sale- and leaseback

The Group is also party to sale- and leaseback agreements in Photonics, where the Group acquires assets that are sold to an external financier. The Group then leases back the asset from the financier and buys it back at residual value at the end of the leasing period. These agreements are recognized as if a sale had not taken place, because control over the assets is not transferred to the financier. Accordingly, the assets are recognized as property, plant and equipment (see Note 12) and the debt comprises a hire purchase loan under other non-current liabilities and other current liabilities respectively. The value of the assets in these sale- and leaseback agreements amounted to SEK 11,302 thousand as of December 31, 2019 (2018-12-31: SEK 7,044 thousand, 2018-01-01: 0).

Lease contracts that have not yet started

The Group has signed a rental agreement for office and production premises for Photonics. The new agreement will start in August 2020 and spans a period of 10 years, with an option to terminate the agreement in 2025 at the earliest.

Amounts recognized in profit and loss SEK thousand	2019	2018
Depreciation of right-of-use assets	-4,760	-4,199
Interest expense, leasing liabilities	-730	-351

Total cash outflow for lease contracts amounted to SEK 4,891 thousand (2018: SEK 4,185 thousand).

Note 15 Inventories

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Raw materials and consumables	5,335	8,914	8,132
Work in progress/ finished goods	4,501	5,349	7,995
	9,836	**14,263**	**16,126**

The Group's products undergo several development stages as part of the production process. Customers can buy products at different stages in the process depending on intended use. It is not possible to determine in advance which products will be sold as found and which will require further development. Therefore, the information above has been broken down into raw materials and consumables relating to purchased materials, and products/finished goods relating to products where development has started.

In 2019, the Group recognized impairment of inventories at net sales value of SEK 2,717 thousand (2018: SEK 12,281 thousand).

Note 16 Accounts receivable

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Accounts receivable	19,996	22,416	23,186
Loss provision	-912	-180	-307
	19,084	**22,237**	**22,880**

Accounts receivable

The Group's credit terms are 30-45 days. No interest is applied to outstanding customer receivables.

The Group values provisions at an amount corresponding to expected credit losses for the remaining maturity. Expected credit losses for customer receivables are calculated on the basis of a provision matrix based on historical experience and analysis of customers' financial position, adjusted for customer-specific factors, general economic conditions in the customer's sector and an assessment of the current situation and the forecast as of the reporting date.

There have been no changes in calculation methods or significant assumptions in the reporting period.

The Group derecognizes accounts receivable when there is information that indicates that a customer is in serious financial difficulty and there is no reasonable expectation of recovery, for example when a customer has entered into liquidation or initiated bankruptcy proceedings, or when accounts receivable are more than two years' overdue, whichever occurs sooner.

The following table presents an age analysis of the Group's accounts receivable.

		Accounts receivable - number of days overdue					
SEK thousand	Not overdue	<30	31-60	61-90	91-120	>120	Total
12/31/2019	9,605	6,375	1,384	451	100	2,082	19,996
12/31/2018	11,801	5,039	182	2,428	1,839	1,127	22,416
01/01/2018	15,223	3,310	3,152	1,347	115	39	23,186

The Group has historically experienced very few credit losses. However, some of the Group's customers have a pattern of paying invoices late, which has given rise to a significant proportion of overdue accounts receivable in previous years. The Group actively pursues timely payment of outstanding invoices and frequently follows up unpaid customer invoices to determine the reason and collect overdue amounts.

The following table illustrates changes in the Group's credit loss reserve and other bad and doubtful debt. The Group's provision matrix for expected credit losses produced negligible amounts, and therefore no general provision was made. The increased provisions for the year relate to individual provisions for accounts receivable, where the Group assesses that there is a risk that payment will not be forthcoming.

SEK thousand	2019	2018
Opening balance	**-180**	**-307**
Provision for the year	-710	–
Reversals	–	135
Exchange rate differences	-22	-8
Closing balance	**-912**	**-180**

Note 17 Other receivables

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Preliminary tax paid	1,177	1,339	1,083
VAT receivables	3,007	2,244	878
Balance on tax account	157	12	1,088
Other	503	550	1,096
Total	**4,843**	**4,145**	**4,145**

Note 18 Prepaid expenses and accrued income

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Prepaid license expenses	2,506	–	–
Prepaid insurance	337	325	295
Prepaid interest	258	239	239
Prepaid fixtures & equipment		1,895	–
Accrued government grants	1,366	3,035	4,778
Other prepaid expenses	651	1,519	1,476
	5,118	**7,013**	**6,788**

Contract assets

SEK thousand	12/31/2019	12/31/2018	1/1/2018
NRE/development project	1,732	–	–
	1,732	**–**	**–**
Of which short-term proportion	1,732	–	–

Contract assets for 2019 comprise a new NRE agreement signed in the year. Payment for the NRE agreement is not due until the work has been completed and the product has undergone validation testing.

The Group's contract assets relate to work carried out. Amounts that were previously recognized as contract assets have been reclassified to accounts receivable at the date when the amount is invoiced to the customer.

The credit loss reserve for contract assets is negligible.There was no significant increase in credit risk with this counterparty.

Note 19 Equity

Number of shares	12/31/2019	12/31/2018
Decided number of shares:		
Ordinary shares of SEK 0.50 each	131,648,456	118,445,825
Issued and fully paid-up shares:		
As of January 1, ordinary shares of 0,50 SEK each	118,445,825	93,083,326
Issue of shares for additional purchase consideration relating to the acquisition of CST Global	–	13,962,499
Directed new issues	11,844,582	11,400,000
New issue, redemption of warrants	1,318,049	–
New issue, redemption of employee stock options	40,000	–
As of January 31 ordinary share of SEK 0.50 each	**131,648,456**	**118,445,825**

All shares are of the same series and confer equal rights to the vote and profit in the company.

In 2019, the Parent Company completed directed new issues on two occasions, and redeemed warrants under the 2016 warrants program, and redeemed employees stock options under the 2015 employee stock option program. The Company raised a total of SEK 88,360 thousand (69,800) in liquid funds from these new issues. Issue expenses totaled SEK 3,882 thousand (4,997).

Specification of other contributed capital

SEK thousand	12/31/2019	12/31/2018
Share premium reserve from new issue	495,573	413,097
Transaction expenses from new issue	-21,975	-18,096
Payment for unredeemed warrants	–	719
Total	**473,598**	**395,720**

Specification of translation reserve

SEK thousand	12/31/2019	12/31/2018
Value as of January 1	1,557	-3
Exchange rate differences from translation of net assets in foreign operations	4,559	1,560
December 31	6,116	1,557

Note 20 Borrowing

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Unsecured borrowing at amortized cost			
Committed credit facility	–	60	
Borrowing from credit institutions	20,838	-	–
Total borrowing	**20,838**	**60**	**–**
Long-term	–	–	–
Short-term	20,838	60	–

Borrowing from credit institutions

Borrowing from credit institutions relate to four loans from external credit institutions (not closely-related parties) that jointly comprise the outstanding amount above. The nominal amount of the loans is SEK 20,000 thousand and the remainder is capitalized interest. The loans were raised in February 2019 and have been extended om two occasions since then. Under the extension agreement signed in February 2020 the due date of the loan is August 31, 2020. The loan accrues fixed interest of 12% annually plus arrangement fees of 3%.

Committed credit facility

The Group has a committed credit facility of SEK 2,500 thousand (2018: SEK 2,500 thousand 2018-01-01: 2,500) SEK 60 thousand of this facility was utilized as of 31 December, 2018. The facility was unutilized as of December 31, 2019 and January 1, 2018.

Note 21 Convertible debentures

The Company issued convertible debentures as of December 22, 2017 in multiples of USD 10,000 at a total amount of USD 4,000,000. The convertible debenture holder owns the right to convert debt and accrued interest into new shares in the Parent Company at a fixed price of SEK 8.29 per share after translation at a SEK/USD rate of 8.4260. If conversion does not occur, the prevailing exchange rate is applied. The debentures have a term of three years with a coupon of 5%. The debentures can be converted to ordinary shares in the Company at any time between the date of issue of the debentures and the settlement date.

If the debentures have not been converted, they can be redeemed on December 29, 2020 at nominal amount including accrued interest.

The convertible debentures have been reported as a financial liability valued at amortized cost, while the option to convert the debenture to shares has been reported as an embedded derivative at fair value. Upon issue of the debentures, the embedded derivative was reported separately from the debenture, and the value of the debenture is increased periodically in accordance with the effective interest method, plus capitalized interest.

The convertible debentures have changed as follows:

SEK thousand	
Debt element at issue date	28,277
Interest charged (applied effective interest rate)	3,102
Capitalized interest	3,726
Exchange rate fluctuations	4,433
Recognized amount of debt element as of December 2019	39,538

The conversion option was reported under other current liabilities (see Note 26).

Because the holder of the convertible debentures has a contractual right to request repayment within one year of the reporting date, if the holder chooses not to convert the debenture to shares, the liability has been reclassified from long-term to short-term as of December 31, 2019.

Note 22 Derivative instruments

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Derivative instruments financial liabilities			
Derivative instruments used for hedging purposes valued at fair value:			
Currency forwards	–	2,784	–
Embedded derivatives valued at fair value:			
Conversion option in convertible debentures	3,911	4,043	4,652
	3,911	**6,827**	**4,652**

Note 23 Deferred tax

Deferred tax assets and deferred tax liabilities are offset only where there is a legal right of offset of current tax assets against current tax liabilities, and the deferred tax receivables and deferred tax liabilities derive from tax levied by the same tax authority, and the intention is to offset current tax liabilities and tax receivables in a net payment. The following presentation illustrates deferred tax assets and deferred tax liabilities as reported in the Statement of Financial Position:

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Deferred tax liabilities	168	210	253
Deferred tax asset	–	–	–
	168	**210**	**253**

As of the end of the reporting period, the Group had unutilized tax loss carry-forwards amounting to SEK 265,783 thousand (2018: SEK 209,278 thousand, 2018-01-01: SEK 157,585 thousand) that can be utilized against future tax surpluses. No deferred tax receivable was recognized for the deficits as there is uncertainty about whether and when these will be realized against future surpluses.

Note 24 Provisions

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Social security expenses for employee stock options	4,797	3,411	922
	4,797	**3,411**	**922**
Short-term		–	-
Long-term	4,797	3,411	922
	4,797	**3,411**	**922**

SEK thousand	Social security expenses, employee stock options	Total
As of January 1, 2018	**922**	**922**
Additional provision for the year	2,099	2,099
Re-measurement	390	390
Utilized in the year	–	-.
As of December 31, 2018	**3,411**	**3,411**
As of January 1, 2019	**3,411**	**3,411**
Additional provision for the year	–	–
Re-measurement	1,436	1,436
Utilized in the year	-50	-50
As of December 31, 2019	**4,797**	**4,797**

Note 25 Leasing liabilities

SEK thousand	12/31/2019	12/31/2018
Maturity analysis		
Year 1	4,348	3,422
Year 2	2,652	2,426
Year 3	1,790	597
Year 4	1,767	54
Year 5	1,802	–
More than 5 years	4,669	–
	17,029	**6,499**
Classified as:		
Non-current liabilities	11,301	2,943
Current liabilities	3,811	3,212
	15,112	**6,155**

Note 26 Other liabilities

SEK thousand	12/31/2019	12/31/2018	1/1/2018
PAYE tax & fees	3,143	2,390	2,187
Short-term loans (Note 20)	20,838	–	–
Currency forwards	–	2,784	–
Embedded derivatives	3,911	–	–
Hire purchase loans ("sale- & leaseback")	3,113	1,341	–
Factoring debt	–	6,654	2,226
Other	148	26	1,168
Total	**31,153**	**13,195**	**5,581**

Note 27 Accrued expenses and prepaid income

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Prepaid government grants	1,763	4,975	1,569
Accrued holiday pay and social security expenses	5,509	4,160	3,521
Other personnel related expenses	3,169	3,213	3,949
Accrued consultancy costs	2,426	2,025	2,687
Accrued accounting and audit fees	665	350	215
Other accrued expenses	960	1,300	3,413
Total	**14,492**	**16,023**	**15,354**

Contract liabilities

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Hardware sales (i)	1,318	1,548	2,772
Development project/ NRE(ii)	2,711	–	–
Support (iii)	719	383	–
	4,749	**1,931**	**2,772**
Short-term	4,749	1,931	2,772
Long-term	–	–	–

(i) For hardware sales, revenue is recognized when control over the products has been transferred to the customer, which corresponds to the date of delivery of the goods. The Group is party to some agreements where initial performance obligations are carried out when payment is received, but before the delivery date. This means that payment is recognized as a contract liability until the hardware has been delivered.

(ii) The Group's NRE agreements are invoiced in accordance with milestones defined in the contracts. Revenue is recognized at a pace with completion. In a majority of agreements, these milestones correspond to the rate of completion, but in cases where they do not, and invoicing exceeds percentage of completion, a contract liability is reported.

(iii) Revenue attributable to support services is recognized over time even if the customer pays for all services in a lump sum at the start of the contract. Contract liabilities are recognized as revenue relating to maintenance at the date of the initial sales transaction and is dissolved over the service period.

The following tables indicate the proportion of recognized revenue in the year that is attributable to outstanding debt at the beginning of the period for contract liabilities. No revenue was recognized in the year attributable to obligations met in previous years.

SEK thousand	12/31/2019	12/31/2018
Hardware sales (i)	1,548	2,772
Development project / NRE	–	–
Support	383	–
	1,931	**2,772**

Note 28 Notes, Statements of Cash Flow

Cash and cash equivalents

SEK thousand	12/31/2019	12/31/2018
Cash and cash equivalents	52,228	42,470
Committed credit facilities (see Note 20)	–	-60
	52,228	**42,410**

Cash and bank balances consist of cash and short-term bank balances with a term of 3 months or less, after deduction for outstanding committed credit facilities. The book value of these assets approximately corresponds to fair value. Cash and cash equivalents at the end of the reporting period as indicated in the Consolidated Statement of Cash Flow can be reconciled with the Statement of Financial Position above.

Transactions not involving payment

Acquisitions of buildings, fixtures & equipment and vehicles totaling SEK 12,922 thousand (1,873 thousand) were financed via new leasing contracts in the year.

Changes in liabilities attributable to financing activities

The following table shows changes in Group liabilities attributable to financing activities, including changes attributable to cash flows and changes that do not affect cash flow. Liabilities attributable to financing activities are liabilities for which cash flows have been classified, or for which future cash flows will be classified, as cash flows from financing activities in the Statements of Cash Flow.

SEK thousand	January 1, 2018	Cash flow from financing	Transactions not involving payments Exchange rate changes	Capitalized interest	New leasing contracts	December 31, 2018
Convertible debentures (Note 21)	28,277	–	2,995	3,354		34,626
Leasing liabilities (Note 25)	8,079	-3,766	141	–	1,701	6,155
Hire purchase loans (Note 32)	–	7,196	-152	–	–	7,044
Short-term loans (Note 20)	–		–			–
Total liabilities from financing activities	**36,356**	**3,430**	**2,984**	**3,354**	**1,701**	**47,825**

SEK thousand	January 1, 2019	Cash flow from financing	Transactions not involving payments Exchange rate changes	Capitalized interest	New leasing contracts	December 31, 2019
Convertible debentures (Note 21)	34,626	–	1,438	3,474	–	39,538
Leasing liabilities (Note 25)	6,155	-4,161	196	–	12,922	15,112
Hire purchase loans (Note 32)	7,044	3,441	817	–	–	11,302
Short-term loans (Note 20)	–	20,000		838		20,838
Total liabilities from financing activities	**47,825**	**19,280**	**2,451**	**4,312**	**12,922**	**86,790**

Note 29 Pledged assets and contingent liabilities

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Pledged assets			
Chattel mortgages	2,900	2,900	2,900
Pledged assets for sale- & leaseback agreements	20,339	9,400	-
Total	**23,239**	**12,300**	**2,900**

Pledged assets for sale- & leaseback agreements relates to equipment that has been repurchased from the finance company. The equipment is reported under property, plant and equipment and the value of pledged assets corresponds to book value on the reporting date .

Note 30 Share-based remuneration

Employee stock option programs

Sivers IMA has five employee stock option programs, one running from 2012–2026, one running from 2016–2020, one running from 2018–2024, a fourth running 2020–2026, and finally a fifth running 2022-2027. Upon full conversion of the employee stock option programs, the number of shares will amount to 145,183 656. The total number of employee stock options granted as of December 31, 2019 amounted to 7,549,537, of which 4,039,537 have been vested.

The employee stock option program authorized in 2010 comprises allocation of a total of 1,356,000 employee stock options. Of these, 662,745 (after factor conversion) have been vested. In order to ensure fulfillment of this commitment and secure cash flow, a total of 1,600,000 warrants have been issued.

In 2014, the Annual General Meeting resolved on a new employee stock option program with the potential of granting 135,000 options, of which 72,900 options were granted. Of these, all 72,900 options (after factor conversion) have been vested. To secure cash flow, 165,000 warrants were issued.

The Extraordinary General Meeting on November 9, 2015, authorized a new stock option plan for a total of 2,400,000 employee stock options, of which 1,800,000 for maximum allocation. Of these, 1,040,300 (after factor conversion) have been vested. In order to ensure the fulfillment of the commitment and to secure cash flow, 2,400,000 options were issued.

The Extraordinary General Meeting on May 30, 2017, authorized a new employee stock option program encompassing a total of 7,450,000 employee stock options, of which 5,650,000 for maximum allocation. Of these, 5,028,912 were allocated. In 2018, within the framework of this option program, previously issued options to CST employee employees were replaced by redemption and issuance of so-called EMI options under local jurisdiction (UK). This change, and redemption of previous options that were already vested, means that 2,355,537 options under this option program have been vested. In order to ensure the fulfillment of the commitment, the Board obtained authorization to issue warrants.

The AGM on May 22, 2019 authorized a new employee stock option program encompassing a total of 1,700,000 employee stock options, of which 530,000 were allocated at year end. No options under this program were vested at the end of the period.

A summary of allocated options under the programs is presented below.

12/31/ 2019	Outstanding at the beginning of the period	Allocated in the period	Forfeited in the period	Redeemed in the period	Expired in the period	Outstanding at the end of the period	Redeemable at the end of the period	Outstanding at the end of the period (after factor conversion)
PO1	586,500	0	0	0	0	586,500	586,500	662,745
PO2	67,500	0	0	0	0	67,500	67,500	72,900
PO3	1,735,000	0	665,000	40,000	0	1,030,000	1,030,000	1,040,300
PO4	5,235,537	100,000				5,335,537	2,355,537	5,335,537
PO5	0	530,000	0	0	0	530,000	0	530,000
	7,624,537	**630,000**	**665,000**	**40,000**	**0**	**7,549,537**	**4,039,537**	**7,641,482**

12/31/ 2018	Outstanding at the beginning of the period	Allocated in the period	Forfeited in the period	Redeemed in the period	Expired in the period	Outstanding at the end of the period	Redeemable at the end of the period	Outstanding at the end of the period (after factor conversion)
PO1	586,500	0	0	0	0	586,500	586,500	662,745
PO2	67,500	0	0	0	0	67,500	67,500	72,900
PO3	1,735,000	0	0	0	0	1,735,000	765,000	1,752,350
PO4	4,768,912	2,925,537	2,458,912	0	0	5,235,537	2,355,537	5,235,537
PO5	0	0	0	0	0	0	0	0
	7,157,912	**2,925,537**	**2,458,912**	**0**	**0**	**7,624,537**	**3,774,537**	**7,723,532**

The weighted average price as of the exercise date for warrants in the period was SEK 4.36. As of December 31, 2019, outstanding warrants / employee stock options had a weighted average exercise price of SEK 5.37. Remaining maturity by employee stock option program is distributed as follows:

SEK thousand	Interval, exercise price	Remaining maturity, option program	Weighted average remaining maturity, months
PO1	3.11-4.66	11/30/2020	11
PO2	8.00	10/31/2020	10
PO3	4.04-5.86	12/31/2024	51.6
PO4	4.70-9.58	6/30/2026	41.8
PO5	9.38-9.53	6/30/2028	93.5

In 2019, a total of 40,000 employee stock options were redeemed at an average exercise price of SEK 4.36. In the same period, 665,000 allocated options were forfeited because the affected personnel was no longer employed by the Group.

In accordance with the Company's policy for allocation and exercise of employee stock options, allocation is conditional on the participant remaining in employment with the Group upon exercise of warrants that confer the right to acquire shares in Sivers IMA Holding AB at a price corresponding to 130% of the average volume-weighted price paid for the Company's share on Nasdaq First North or other market place during the ten days of trading immediately prior to the date of allocation of the employee stock options.

In 2019, the Group issued employee stock options with an estimated fair value of SEK 1,166 thousand on the allocation date. In 2018, the Group allocated employee stock options with an estimated fair value of SEK 3,736 thousand on the allocation date. Fair value on the allocation date is calculated according to the Black-Scholes model.

SEK thousand	
Weighted average share price	SEK 7.2
Weighted average exercise price	SEK 9.5
Expected volatility	42%
Option term	5 years
Risk free interest	0.5 %
Expected dividend	–

Expected volatility is calculated on the basis of The Group's historical share price volatility.

In 2019 and 2018, the Group recognized costs of SEK 3,118 thousand and SEK 5,988 thousand (including social security expenses) relating to employee stock option programs. All outstanding employee stock option programs are options programs settled with equity instruments.

Not 31 Pension commitments

Pension plans

The Group has defined-contribution pension plans and pension plans encompassing multiple employers (ITP 2 plan).

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension commitments for retirement and family pension (alternatively family pension) are secured through insurance with Alecta. In accordance with a statement by the Swedish Financial Reporting Board, UFR 10 Reporting of pension plan ITP 2 financed through insurance with Alecta, this constitutes a defined-benefit plan for multiple employers. For the financial year 2019, the Company has not had access to the information required to report its share of commitments under the plan, plan assets and expenses, which means that it has not been possible to recognize the plan as a defined-benefit plan. The ITP 2 pension plan which is secured through insurance with Alecta has therefore been reported as a defined-contribution plan. The premium for the defined-benefit retirement pension and family pension is calculated on an individual basis and is dependent on factors including salary, previously accrued pension and expected remaining period of employment. Payments for ITP 2 insurance with Alecta are expected to amount to SEK 3.7 M in the coming reporting period.

The Group's share of aggregate payments to the plan, and the Group's share of the total number of active members in the plan, amount to 0.01609% and 0.00529% respectively (2018: 0.01511% and 0.00488% respectively). The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. The collective consolidation level is normally permitted to fluctuate between 125% and 155%. If Alecta's collective consolidation level falls below 125% or exceeds 155%, measures will be taken to ensure that the level of consolidation returns to the normal interval. Upon low consolidation, such a measure might be increasing the agreed price for new subscription and increasing existing benefits. Upon high consolidation, such a measure might be introducing premium reductions. At the end of 2019, Alecta's surplus in the form of the collective consolidation level was 148% (2018: 142%).

Premiums to Alecta are determined on the basis of assumptions regarding interest rates, life span, operating costs and yield tax, and are calculated so that payment of a constant premium at the date of pensionable age is sufficient to cover the target benefit in its entirety, which is based on the insured party's current pensionable salary, should then have been earned.

There is no established regulatory framework for how potential deficits should be managed, although in the first instance, losses shall be covered by Alecta's collective consolidation capital, which therefore does not increase costs through higher agreed premiums. There is also no regulatory framework governing the distribution of potential surpluses or deficits on termination of the plan, or in the event of a company leaving the plan.

Payment to the defined-contribution pension plans and Alecta are reported as a cost when the employees have carried out the services conferring the right to payments. The pension cost for the year is indicated in Note 6.

Not 32 Prepaid earnings – government grants

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Short-term	1,763	4,975	1,569
Long-term	3,636	–	–
	5,399	**4,975**	**1,569**

Prepaid income for government grants arises when the Group receives grants, but has not yet generated the expenses the grants are intended to cover.

Note 33 Financial instruments

(a) Classes and categories of financial instruments at fair value

The following table provides information about:

- classes of financial instruments based on characteristics;
- financial instruments at book value;
- financial instruments valued at fair value (except when fair value of financial instruments approximately corresponds to fair value); and
- fair value hierarchy for financial assets and financial liabilities

Fair value hierarchy levels 1 to 3 based on degree of observable fair value:

- **Level 1** valuation at fair value constitutes listed prices (unadjusted) on active markets for identical assets or liabilities the Company has access to on the valuation date;
- **Level 2** valuation at fair value is derived from input data other than listed prices included in Level 1 that are observable for the asset or liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** valuation at fair value of the asset or liability are those derived from valuation techniques that include input data that is not based on observable market data (non-observable input data).

12/31/2019 SEK thousand	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 28)	–		52,228	52,228
Accounts receivable (Note 16)	–		19,084	19,084
Contract asset (Note 18)	–		1,732	1,732
Financial liabilities				
Borrowing from credit institutions (Note 20)	–		20,838	20,838
Convertible debentures (Note 21)	–		39,538	39,538
Derivative instruments (Note 22)	3,911	2	–	3,911
Hire purchase loans (Note 14)	–		11,302	11,302
Accounts payable	–		13,902	13,902
Other liabilities (i)	–		4,050	4,050

12/31/2018 SEK thousand	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 28)	-		42,410	42,410
Accounts receivable (Note 16)	-		22,237	22,237
Contract asset (Note 18)	-		-	-
Financial liabilities				
Borrowing from credit institutions (Note 20)	-		-	-
Convertible debentures (Note 21)	-		34,626	34,626
Derivative instruments (Note 22)	6,827	2	–	6,827
Hire purchase loans (Note 14)	-		7,044	7,044
Accounts payable	-		20,948	20,948
Other liabilities (i)	-		10,329	10,329

ii) Other liabilities above include other liabilities in the Statements of Financial Position that comprise financial instruments valued at amortized cost, see Notes 26 and 27.

Fair value

For all financial assets and liabilities recognized at amortized cost above, book value represents an approximation of fair value. The convertible debentures and the hire purchase loans are subject to fixed interest, which for material purposes is judged to correspond to market interest rates. Therefore, information about fair value and the level of fair value has not been provided for these instruments.

The Group's derivative instruments are valued at fair value in the Statements of Comprehensive Income. Embedded derivatives, which are incorporated in the convertible debentures, are valued on the basis of observable input data relating to exchange rates and share price at the end of the reporting period and share price volatility. Currency forwards are valued on the basis of observable input data relating to exchange rates at the end of the reporting period.

Financial risks

Because the Group is in the development phase, and does not have satisfactory earnings ability to cover costs of operations through sales revenue, the liquidity risk, i.e. the risk of not being able to fulfill payment obligations as a result of insufficient liquidity, is significant. The Group is also exposed to exchange rate risk because a significant proportion of revenue, expenses, assets and liabilities are denominated in foreign currency.

Furthermore, the Group is exposed to credit risk, i.e. the risk of a counterparty being unable to meet its obligations, through the Group's financial assets.

The Group's financial liabilities mainly comprise convertible debentures and hire purchase loans (see Note 20 and 21). These liabilities are subject to fixed interest, and exposure to interest rate fluctuations has therefore not been judged to constitute a material risk, as the maturities are short.

Group management continuously monitors and evaluates financial risks and reports these to the Board, which makes decisions about managing these risks.

Liquidity risk management

The Board is responsible for the Groups management of liquidity risk. The Group manages liquidity risk by continuously monitoring long- and short-term forecasts and actual cash flow by matching maturity profiles of financial assets and liabilities. Group management produces forecasts ahead of each Board meeting to support decision making.

Exposure to liquidity risk

The following tables describe the Group's remaining contractual maturity of financial liabilities with contractual payment terms (other than derivatives), and liabilities that are classified as leasing liabilities and valued in accordance with IFRS 16. The tables have been prepared on the basis of unutilized cash flow of financial liabilities based on the earliest due date when the Group may become liable to make a payment (including extension options). For leasing liabilities, extension options that the Group expects to be utilized have also been included.

SEK thousand	Up to 1 month	1-3 months	Between 3 months and 1 year (i)	1-2 years	2-5 years	5+ years	Total	Carrying amount (ii) (iii)
December 31, 2019								
Accounts payable and other liabilities	11,136	4,780	2,036				17,952	17,952
Leasing liabilities	700	525	3,251	4,546	11,039	15,398	35,459	15,112
Hire purchase loans	358	716	3,221	4,188	5,351		13,833	11,302
Fixed income financial instruments (nominal)			57,268				57,268	60,375
Interest on fixed income instruments		1,850	6,587				8,437	
Total	**12,193**	**7,871**	**72,363**	**8,733**	**16,391**	**15,398**	**132,949**	**104,741**
December 31, 2018								
Accounts payable and other liabilities	13,681	9,359	8,237				31,277	31,277
Leasing liabilities	334	747	3,446	4,333	6,343	6,472	21,675	6,155
Hire purchase loans	162	324	1,458	1,945	4,752		8,641	7,044
Fixed income financial instruments (nominal)				35,884			35,884	34,626
Interest on fixed income instruments				5,162			5,162	
Total	**14,178**	**10,430**	**13,141**	**47,323**	**11,095**	**6,472**	**102,640**	**79,103**

(i) Hire purchase loans presented in Note 20 and the convertible debentures in Note 21 have contractual maturities of between 3 months and 1 year, including accumulated interest not yet paid. The liquidity analysis shows the convertible debentures as a cash repayment. However, the holder has the option to convert the outstanding amount to shares instead of requesting repayment.

(ii) Book value also includes capitalized interest up until the closing date.

(iii) Leasing liabilities for 2019 and 2018 include rental agreements for office premises signed before year end but which have not yet become effective, which means that future payments will vary significantly from the book value of the leasing liability. The 2019 rental agreement relates to office and production premises for Photonics, while the 2018 agreement relates to office premises for Wireless.

After the reporting date, the Group completed a new issue which raised SEK 54 M for the Group.

Exchange rate risk

The Group is party to transactions denominated in foreign currency and is thereby exposed to exchange rate fluctuations. Exchange rate exposure in transactions is managed through currency forwards that effectively offset risk wherever possible.

The Group is mainly exposed to GBP and USD. For Photonics, a majority of expenses are denominated in GBP, while a large proportion of revenue is in USD. Wireless has a high proportion of revenue denominated in USD and goods purchases in EUR, while a high proportion of expenses (personnel expenses and other expenses) are in SEK.

Exchange rate exposure in net sales and operating expenses

Group sales and operating expenses divided over GBP, USD and EUR are as follows:

	Revenue		Operating expenses (i)	
SEK thousand	12/31/2019	12/31/2018	12/31/2019	12/31/2018
GBP	19,723	13,316	-108,040	-96,362
USD	66,910	50,444	-14,592	-20,340
EUR	5,105	3,524	-14,299	-7,569

(i) Operating expenses include raw materials and consumables, other external expenses, personnel expenses and amortization, depreciation and impairment of property, plant and equipment and intangible assets.

Currency sensitivity analysis

Based on the Company's revenue-, cost- and currency-structure, a general strengthening of the GBP against the SEK of 10% would affect operating profit by some SEK –7.5 M (–6.1). A general strengthening of the USD against the SEK would affect operating profit by SEK +5.2 M (+3.0).

Exchange rate exposure in monetary assets and liabilities

Book value of the Group's monetary assets and liabilities denominated in foreign currency as of the reporting date are as follows:

	Liabilities		Assets	
SEK thousand	12/31/2019	12/31/2018	12/31/2019	12/31/2018
GBP	19,639	28,250	7,736	6,210
USD	40,683	38,710	24,891	24,869
EUR	3,221	1,776	1,776	1,369
Other	242	–	–	–

Exchange rate sensitivity analysis

The following table describes the Group's sensitivity to an increase in the relevant exchange rates against the SEK of 10%. The sensitivity analysis only includes outstanding items denominated in foreign currency and adjusts translation at year end for a 10% change in exchange rates. The sensitivity analysis includes external borrowing and loans to the Group's foreign operations where loans have been issued in a currency other than the lender's or borrower's reporting currency.

A positive amount below indicates an increase in profit and shareholders' equity given a 10% increase in the exchange rate against the SEK.

	GBP impact		USD impact	
SEK M	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Statements of Comprehensive Income	0.1	0.1	-1.6	-1.4
Equity	6.1	5.2	–	–

Credit risk management

New customers are submitted to credit checks before being able to make credit purchases from the Group. Customers are then assigned a credit limit based on the credit checks. When new customers have an insufficient credit rating, the Group may request advance payment to avoid the risk of default.

There are also monitoring processes in place to ensure follow-up measures for recovering bad debt. Furthermore, the Group reviews recoverable amounts for each customer receivable and debt investment on an individual basis at the end of the reporting period to ensure that sufficient provisions have been made for non-recoverable amounts.

The overall credit risk for accounts receivable and contract assets has therefore been judged to be low. The Group has historically experienced few customer losses due to default. The Group's provision matrix for expected credit losses in contract assets and accounts receivable produced negligible amounts, and therefore no general provision was made.

Credit risk for liquid funds is limited because the counterparties are banks with high credit ratings awarded by international credit rating institutes.

The Group's asset management

The Group manages its assets to ensure continued growth of the Group's operations and capacity for rapid expansion. This overall strategy remains unchanged on 2018.

Because the Group is in a growth phase, and does not yet have the ability to cover its costs exclusively through sales revenue, the Group has raised new capital through share issues. The Board continuously monitors liquid funds in relation to coming payments and the Group's investment requirement to ensure maximum growth and determines, following authorization by the shareholders' meeting, whether further capital should be raised.

The Board also continuously monitors other potential capital sources, such as borrowing, and enters into agreements when it is considered advantageous to do so from a risk and cost perspective.

The Group is not subject to any external capital requirements.

Note 34 Events after the reporting period

On January 10, the Board decided to change the name of the Sivers IMA Group's "Fiber" business area to "Photonics", to reflect strong demand and potential in new market verticals. The business area has been termed Photonics consistently in this Annual Report.

On January 30, Wireless announced four new design-wins with Tier 3 customers.

On February 13, Wireless announced that it had signed an agreement with Cambium Networks, a leading global supplier of wireless network solutions for delivery of 5G radio frequency chips for Cambium's roll-out of wireless 5G broadband.

On February 19, Sivers IMA Holding AB completed a directed new issue of 5,955,418 shares which raised some SEK 54 M for the Company.

Since February 2020, the new coronavirus, Covid-19, has spread globally. The consequences of the virus, which includes placing people in isolation, have already significantly impacted consumption and the global economy. So far, the Sivers IMA Group has not been significantly affected with regard to price, input goods supply or demand for its products. However, there is a risk that the Group will be adversely affected by the economic downturn, in both the short and long term, as a result of reduced customer demand which would negatively impact the Group's operations, profit and financial position. Management has produced crisis management plans that allow the Group to rapidly implement cost cutting measures, if the situation requires it.

On April 14, Photonics received a development order amounting to SEK 7.5 million from a US Fortune 100 customer.

Note 35 Related-party transactions

Intra-group transactions between the Company and its subsidiaries classed as closely-related parties have been eliminated in the consolidated accounts and are not included in this note.

Remuneration to key senior executives

Remuneration to management, which represents the Group's key senior executives, and remuneration to the Board is presented in Note 6 Remuneration to employees.

Note 36 Transition to IFRS and correction of errors

Transition to IFRS

From the third quarter 2019, Sivers IMA Holding AB presents the consolidated accounts in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations by IFRS Interpretations Committee (IFRS IC) in the form approved by the EU. The Group's previous Financial Statements have been presented in accordance with BFNAR 2012:1 (K3). The transition to IFRS is effective from January 1, 2018. The Consolidated Financial Statements from the transition date has been restated to correspond to quarterly figures as part of the conversion process. The transition to IFRS has been completed in accordance with IFRS 1 ("First-time adoption of IFRS").

The main rule under IFRS 1 requires a company to apply all standards retroactively upon determining opening balances according to IFRS. This means that comparative figures for 2018 have been restated in accordance with IFRS. However, some exceptions from retroactive application are permissible. The Group has chosen to apply the following:

- The rules in IFRS 3 have been applied prospectively in relation to acquisitions of subsidiaries completed from January 1, 2018 onwards.

Identified differences

The conversion process identified differences between IFRS and K3. These differences have been presented in bridges between K3 and IFRS on pages 58-60. A description of these differences follows.

1 – Goodwill

Goodwill is not amortized under IFRS. Accordingly, K3 amortization was reversed in the bridge.

The Group has chosen to apply the voluntary exemption from retroactive application of IFRS 3. Opening balances in K3 as of the transition date thus correspond to opening balances according to IFRS, less acquisition expenses that were adjusted in 2018 in K3 reporting.

2 – Leasing

In IFRS 16 ("Leases") lease contracts are reported in the Statements of Financial Position as right-of-use assets and leasing liabilities. In K3 reporting, the Group only included operating leases recognized as expenses in the periods they related to. Identified leasing contracts are reported as right-of-use assets in the Statements of Financial Position under property, plant and equipment, and as non-current and current leasing liabilities. Ongoing leasing payments are reported as amortization of debt and interest expenses. Assets are depreciated on a straight line basis over the shorter of the leasing period and the underlying asset's useful life.

3 - Revenue

In IFRS 15 ("Revenue from Contracts with Customers") revenue is reported according to a 5-step model that implies that revenue is recognized when control over a product or service is transferred to the customer. In the 5-step model, customer contracts are divided into distinct performance obligations, and revenue is recognized upon completion of these performance obligations. The differences that have been identified in the Sivers IMA Group between IFRS 15 and K3 mainly relate to agreements for hardware sales with multiple promises (e.g. hardware, design etc.). The Group identified a number of contracts where promises according to IFRS 15 do not satisfy the criteria for distinct performance obligations, which resulted in delayed revenue recognition for these contracts.

4 – Embedded derivatives in convertible debentures

The Parent Company Statements of Financial Position includes convertible debentures recognized under liabilities at amortized cost in K3. On the basis of guidance in IFRS 9 ("Financial instruments"), the Group identified an embedded derivative in this liability, because the economic characteristics and risks associated with the call option were not judged to be closely related to the host contract's characteristics. The call option has been separated off from the convertible debenture and has been recognized at fair value in the Statements of Comprehensive Income. The remaining convertible debenture is recognized at amortized cost in accordance with the effective interest method. The embedded derivative is reported as a derivative liability under "Other non-current liabilities" in the Statements of Financial Position, and value changes in the derivative and the exchange rate effect on the liability are reported under financial items in the Statements of Comprehensive Income.

5– Exchange rate differences from translation of foreign operations

In IFRS, translation differences arising on conversion of foreign operations are recognized under "Other comprehensive income". Translation differences for the period and translation differences on IFRS adjustments are presented under this heading.

Other comments

IFRS 9

IFRS 9 implies a difference between K3 and IFRS regarding the recognition of credit losses. Under IFRS 9, expected credit losses relating to financial instruments are reported at the start of a contract, rather than the date when objective information has been obtained that full payment will not be received. The Group has produced a model for calculating expected credit losses in accordance with IFRS 9, but because no material differences arose, no further provisions have been made. The Group has experienced few credit losses historically.

In the Parent Company, however, the transition to IFRS 9 generated a further provision for internal receivables. This transaction does not affect Group profit or financial position.

Earnings per share

Earnings per share before dilution has been restated in accordance with IAS 33 ("Earnings per share"). This implies that the key performance indicator is calculated differently compared to the Group's earlier KPI definition. The main difference is that earnings per share according to IAS 33 is calculated on the basis of an average number of shares for the period.

Deferred tax

In accordance with the Group's accounting principles, deferred tax assets are recognized for all tax-deductible temporary differences to the extent it is probable that the amounts can be utilized against future taxable surpluses. At present, deferred tax assets have been included at SEK 0. In the conversion bridges, the effect of deferred tax assets has been written down to 0 and for reasons of clarity, no adjustments have been recognized for these in the bridges. There were no material deferred tax liabilities in the restated periods.

Presentation format of Consolidated Statements of Comprehensive Income and Statements of Financial Position

The presentation of the Statements of Comprehensive Income, Statements of Financial Position and Statements of Cash Flow has also been adapted slightly in the transition to IFRS.

Capitalized work on own account is no longer presented under revenue, and has been recognized in a separate line after other operating income. Financial items have been broken down into financial income and financial expenses.

Parent company

From the transition date of January 1, 2018, the Parent Company has prepared its accounts in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. According to RFR 2, the Parent company should apply all International Financial Reporting Standards, as adopted by the EU, as far as possible within the framework of the Annual Accounts Act.

In the Parent Company, the conversion to IFRS 9 affected the convertible debenture and expected credit losses. See descriptions above under "IFRS 9" and "4 – Embedded derivatives in convertible debenture".

Effect of IFRS on the Consolidated Statements of Cash Flow in summary

The Consolidated Statements of Cash Flow have not been affected by the transition to IFRS. However, IFRS adjustments have had the following effects on the presentation format:

- IFRS 15 has affected profit before tax and contract liabilities The effect implies reclassification between cash flow from operating activities before changes in operating capital and cash flow from changes in working capital.
- In the conversion to IFRS 16, cash flows relating to payment of leasing charges (which were previously recognized under operating activities – other expenses) have been reclassified to amortization and interest. Amortization of leasing liabilities has been recognized under financing activities and interest paid in operating activities. Amortization of right-of-use assets has been reversed in operating activities under "Adjustments for non-cash items".
- Adjustment of goodwill amortization increased operating profit and "Adjustments for non-cash items". This means that the transaction has not affected cash flow.

Correction of errors

Sale- and lease-back (6A)

During the process of adapting the Group's Annual Report to IFRS during Q4, it was noted that hire purchase loans for sale- & lease back transactions had been incorrectly classified as exclusively short-term. Hence, corrections of comparative numbers with a split of long- and short-term liabilities were made. The correction did not affect results of operations. The Group also changed its principles for classifications in the Statements of Cash Flow in relation to this. The transactions are now included in financing activities. For the comparative period as of December 31, 2018, SEK 5,704 thousand was reclassified from short-term liabilities to other long-term liabilities. In the cash flow analysis, SEK 7,196 thousand for the comparative year 2018 was reclassified from operating to financing activities (of which SEK 7,905 thousand relates to new loans and SEK -709 thousand to debt amortization). The Group was not party to any sale- & leaseback agreements for the comparative period as of January 1, 2018.

Gross recognition of direct expenses in capitalized work on own account (6B)

The Group's model for recognizing capitalized development expenses implies that costs for hours worked, including allocated expenses for projects in the development phase, are recognized as a gross expense in the Statements of Comprehensive Income, and on the line "capitalized work on own account". In addition to hours worked and indirect expenses, the Group also incurs direct expenses for consultants etc. According to the Group's previous accounting principles, such direct costs were recognized as a net amount in the Statements of Financial Position. This represents an inconsistency that affects the comparability of the Statements of Comprehensive Income between periods, and the Group has now revised the principle so that all capitalized expenses are reported as gross expenses and "capitalized work on own account". As the correction only comprises a reclassification between the line "capitalized work on own account" and other external expenses, the change does not affect results of operations, or the key performance indicators the Group presents in its quarterly reports. The revised accounting principles also imply that capitalized work on own account and other external expenses have been adjusted for the full year 2019, which represents a departure from the figures presented in the Year-end Report. For the full year 2019, the revised accounting principles implied an increase in capitalized work on own account and the corresponding increase in other external expenses of SEK 9,660 thousand.

Reconciliation between earlier accounting principles and IFRS and correction of errors

Consolidated Statements of Financial Position in summary 01/01/2018

Group, SEK thousand	According to earlier principles	Reference	IFRS adjustments	IFRS
ASSETS				
Fixed assets				
Goodwill	138,111	1A	-3,299	134,812
Other intangible assets	62,512			62,512
Property, plant and equipment	28,554	2A	8,620	37,174
Total fixed assets	**229,177**		**5,321**	**234,498**
Current assets				
Inventories	16,126			16,126
Accounts receivable	22,880			22,880
Other receivables & tax receivables	10,734			10,734
Prepaid expenses and accrued income	7,324	2B	-536	6,788
Cash and cash equivalents	61,920			61,920
Total current assets	**118,984**		**-536**	**118,448**
TOTAL ASSETS	**348,161**		**4,785**	**352,946**

Group, SEK thousand	According to earlier accounting principles	Reference	IFRS adjustments	IFRS
EQUITY AND LIABILITIES				
Equity	196,945	2E, 3D	-2,767	194,178
Non-current liabilities				
Convertible debentures	32,929	4A	-4,652	28,277
Deferred tax	253			253
Provisions	922		-	922
Leasing liabilities	-	2C	4,635	4,635
Other non-current liabilities	-	4B	4,652	4,652
Total non-current liabilities	**34,104**		**4,635**	**38,739**
Current liabilities				
Account payables	11,896			11,896
Leasing liabilities	-	2C	3,445	3,445
Other liabilities	5,581			5,581
Accrued expenses and deferred income	15,354	3C	2,772	18,126
Liability, additional purchase consideration	84,281	1A	3,299	80,982
Total current liabilities	**117,112**		**2,918**	**120,030**
TOTAL EQUITY AND LIABILITIES	**348,161**		**4,785**	**352,946**

Consolidated Statements of Financial Position in summary 12/31/2018

Group, SEK thousand	According to earlier accounting principles	Reference	Correction of errors	IFRS adjustments	IFRS
ASSETS					
Fixed assets					
Goodwill	103,188	1B		31,624	134,812
Other intangible assets	104,034				104,034
Property, plant and equipment	38,188	2A		6,406	44,594
Total fixed assets	**245,410**			**38,030**	**283,440**
Current assets					
Inventories	14,263				14,263
Accounts receivable	22,237				22,237
Other receivables & tax receivables	10,386				10,386
Prepaid expenses and accrued income	7,692	2B		-679	7,013
Cash and cash equivalent	42,410				42,410
Total current assets	**96,988**			**-679**	**96,309**
TOTAL ASSETS	**342,398**			**37,351**	**379,749**

Group, SEK thousand	According to earlier accounting principles	Reference	Correction of errors	IFRS adjustments	IFRS
EQUITY AND LIABILITIES					
Equity	245,179	1C, 2E, 3D		28,323	273,502
Non-current liabilities					
Convertible debentures	37,728	4A		-3,102	34,626
Deferred tax liabilities	210				210
Provisions	3,411				3,411
Leasing liabilities	-	2C		2,943	2,943
Other non-current liabilities	-	6A, 4B	5,704	4,043	9,747
Total non-current liabilities	**41,349**		**5,704**	**3,885**	**50,937**
Current liabilities					
Accounts payable	20,948				20,948
Leasing liabilities	-	2C		3,212	3,212
Other liabilities	18,899	6A	-5,704		13,195
Accrued expenses and deferred income	16,023	3C		1,931	17,954
Total current liabilities	**55,870**		**-5,704**	**5,143**	**55,310**
TOTAL EQUITY AND LIABILITIES	**342,398**			**37,351**	**379,749**

Consolidated Statements of Comprehensive Income in summary January - December 2018

Group, SEK thousand	According to earlier accounting principles	Reference	Correction of errors	IFRS adjustments	IFRS
Revenue	69,835	3A		1,650	71,485
Other operating income	16,755				16,755
Capitalized work on own account	33,171	6B	15,680		48,851
Raw materials and consumables	-43,785	3B		-808	-44,593
Other external expenses	-56,713	6B, 2D	-15,680	4,117	-68,276
Personnel costs	-76,810				-76,810
Depreciation,amortization and impairment of fixed assets	-44,682	1B, 2D		27,425	-17,257
OPERATING PROFIT	**-102,229**			**32,384**	**-69,845**
Profit from financial items					
Financial income	–				–
Financial expenses	-8,359	2D, 4C		-1,292	-9,651
Profit before tax	**-110,588**			**31,091**	**-79,497**
Income tax	7,617				7,617
Profit for the year	**-102,971**			**31,091**	**-71,880**

Consolidated Statement of Comprehensive Income in summary

Group, SEK thousand	According to earlier accounting principles	Reference	Correction of errors	IFRS adjustments	IFRS
Items to be reclassified to profit and loss					
Exchange rate differences from translation of foreign operations	–	5		1,560	1,560
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-102,971**			**32,651**	**-70,320**

References

1A: Restatement of adjustment of acquisition costs (2018) for goodwill relating to reverse acquisition of CST Global.

1B: Restatement of goodwill amortization relating to reverse acquisition of CST Global; SEK 31,624 thousand.

1C: Equity effect for the reversal of goodwill amortization accumulated.

2A: Recognition of rights of use assets for leases in accordance with IFRS 16.

2B: Adjustment of advance payments related to lease agreements in 2A.

2C: Accounting of long-term and short-term liabilities for leasing agreements in accordance with IFRS 16.

2D: Reversal of leasing costs in accordance with K3 (other external costs) for accounting the depreciation of rights of use assets and interest payments on lease debt in accordance with IFRS 16; Depreciation = SEK -4,199 thousand, Interest = -351 thousand.

2E: Equity effect from the accounting of rights of use assets and leasing liabilities in the Statements of Financial Position accumulated.

3A: Adjustment of revenue due to changed accounting principles in accordance with IFRS 15.

3B: Adjustment of cost of goods sold to be part of revenue adjustments in accordance with IFRS 15.

3C: Accounting of contract liabilities associated with IFRS 15 income adjustment (3A).

3D: Equity effect from revenue adjustments IFRS 15 accumulated.

4A: Separation of embedded derivatives from convertible debenture in accordance with IFRS 9. Periodic increase in accordance with the effective interest method.

4B: Recognition of embedded derivatives from 4A. Periodic revaluation of the derivative.

4C: Profit effect from revaluation of embedded derivative in convertible (4B) and periodically reversing the convertible in line with the effective interest method (4A) = SEK - 942 thousand.

5: Exchange rate differences when translating foreign operations.

6A: Correction of errors. See "Sale- & leaseback" under correction of errors above.

6B: Correction of errors. See "Gross recognition of direct expenses in capitalized work on own account" under correction of errors above.

Parent Company Statements of Comprehensive Income

SEK thousand	Note	2019	2018
Revenue	2	8,993	1
Other external expenses	3	-11,232	-5,434
Personnel costs	4	-10,024	-5,459
Operating profit/loss		**-12,263**	**-10,892**
Profit from financial items			
Financial income		6,857	2,186
Financial expenses		-43,269	-28,863
		-48,674	**-37,569**
Profit/loss before tax			
Income tax	5	–	–
Profit/loss for the year		**-48,674**	**-37,569**

Parent Company Statement of Comprehensive Income

SEK thousand	Note	2019	2018
Profit for the year		**-48,674**	**-37,569**
Other comprehensive income		**–**	**–**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-48,674	-37,569

Parent Company Statement of Financial Position

ASSETS	Note	12/31/2019	12/31/2018	1/1/2018
Property, plant and equipments				
Financial assets				
Shares in Group companies	6	226,839	226,839	226,839
Receivables from Group companies	7	171,440	32,812	15,638
Total financial assets		398,279	259,651	242,477
Total property, plant and equipment		**398,279**	**259,651**	**242,477**
Current assets				
Current receivables				
Receivables from Group companies	7	10,020	88,673	62,124
Other receivables	8	14	281	421
Prepaid expenses and accrued income	9	285	189	79
Cash and cash equivalents	10	44,389	39,114	42,241
Total current assets		**54,708**	**128,257**	**104,865**
Total assets		**452,987**	**387,907**	**347,342**

EQUITY AND LIABILITIES	Note	12/31/2019	12/31/2018	1/1/2018
Share capital	11	65,824	59,223	46,542
Share premium reserve		473,598	395,720	262,256
Retained earnings including profit/loss for the year		-158,213	-111,193	-77,345
Total equity		**381,209**	**343,751**	**231,453**
Non-current liabilities				
Convertible debentures	13	–	34,626	28,277
Provisions	12	4,797	3,411	–
Other non-current liabilities		–	4,043	4,652
Total non-current liabilities		**4,797**	**42,081**	**32,929**
Current liabilities				
Convertible debentures	13	39,538	–	–
Accounts payable		681	378	1,218
Other liabilities	15	25,397	301	–
Accrued expenses and deferred income	16	1,366	1,397	759
Provisions	12	–	–	80,982
Total current liabilities		**66,982**	**2,076**	**82,959**
Total liabilities		**71,779**	**44,157**	**115,888**
Total equity and liabilities		**452,987**	**387,907**	**347,342**

Parent Company Statement of Changes in Equity

SEK thousand	Share capital	Share premium reserve	Retained earnings including profit/loss for the year	Total equity
Opening balance Jan 1, 2018	**46,542**	**262,256**	**-77,345**	**231,453**
New issue	12,681	138,101		150,782
Issue expenses		-4,997		-4,997
Settlement, warrants		360		360
Share-based compensation			3,721	3,721
Profit/loss for the year			-37,569	-37,569
Closing balance Dec 31, 2018	**59,223**	**395,720**	**-111,193**	**343,751**

SEK thousand	Share capital	Share premium reserve	Retained earnings including profit/loss for the year	Total equity
Opening balance Jan 1, 2019	**59,223**	**395,720**	**-111,193**	**343,751**
New issue	5,922	75,806		81,728
New issue, expenses		-3,882		-3,882
New issue, redemption of warrants	659	5,799		6,458
New issue, redemption of employee stock options	20	155		175
Share-based compensation			1,654	1,654
Warrants				
Profit/loss for the year			-48,674	-48,674
Closing balance Dec 31, 2019	**65,824**	**473,598**	**-158,213**	**381,209**

Parent Company Statements of Cash Flow

ASSETS	Note	2019	2018
Operating profit/loss	17	-12,263	-10,892
Adjustments for non-cash items		6,226	7,133
Interest received		–	–
Interest paid		-1,627	–
Income tax paid		–	–
Cash flow from operating activities before change in working capital		**-7,664**	**-3,759**
Cash flow from change in working capital			
Decrease/(increase) in operating receivables		-15,899	-4,334
Increase/(decrease) in operating liabilities		617	99
Cash flow from operating activities		**-22,946**	**-7,994**
Investment activities			
Loans to subsidiaries - new		-85,122	-68,496
Loans to subsidiaries - amortization		8,865	8,200
Cash flow from investing activities		**-76,257**	**-60,296**
Financing activities			
Borrowing		20,000	–
Settlement, warrants			360
New issue		88,360	69,800
New issue, expenses		-3,882	-4,997
Cash flow from financing activities		**104,478**	**65,163**
Cash flow for the year		**5,275**	**-3,127**
Cash and cash equivalents at the beginning of the year		**39,114**	**42,241**
Cash and cash equivalents at the end of the year		**44,389**	**39,114**

Notes Parent Company

Note 1 Accounting principles

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 2 "Supplementary Accounting Rules for Legal entities". According to RFR 2, the Parent Company should apply all International Financial Reporting Standards, as adopted by the EU, to the extent possible within the limits set out in the Swedish Annual Accounts Act.

The Parent Company previously applied the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual Reports and Consolidated Financial Statements ("K3") and the Annual Accounts Act. The date of transition to IFRS is determined as January 1, 2018. Hence, comparative figures for the financial year 2018 have been restated to comply with RFR2. The effect of the transition to IFRS on the Parent Company's financial position, profit and cash flow is disclosed in Note 36 to the Group's Annual Report.

The Financial Statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments that are measured at fair value in the Statements of Comprehensive Income at the end of each reporting period.

The Parent Company's accounting principles are the same as the Group's (which are described in Note 2 to the Group's Annual Report), except for the areas mentioned below.

Shares in Group companies

Shares in subsidiaries are recognized at historical cost with deductions for impairment.

Revenue recognition

The Parent Company's revenue consists of management fees from the subsidiaries. These are recognized over time, as the services are performed. Revenue is calculated and allocated to subsidiaries based on the extent to which they use the Parent Company's services.

Financial instruments

The Parent Company provides long-term intra-group lending. The model for estimating impairments for expected credit losses is based on the probability of default measured on the basis of the subsidiaries' credit ratings, expected losses given default, and exposure given default. The model measures a loss allowance for receivables at an amount equal to 12-month ECL. If the credit risk has increased significantly since initial recognition, lifetime ECL is recognized. The Parent Company has elected to apply the exemption for low credit risk, where low credit risk is approximated on the basis of an internal credit rating determined to be equal to the investment grade.

Not 2 Revenue

Parent Company revenue consists of internal management fees invoiced to subsidiaries in its entirety. In the previous year, the Parent Company did not levy any management fees, which explains the year-on-year increase in 2019.

Information about intra-Group purchases and sales

SEK thousand	2019	2018
Sales	8,993	–
Purchases	–	–

Note 3 Remuneration to Auditors

SEK thousand	2019	2018
Deloitte		
Fees for the Audit engagement	145	355
Audit work in addition to auditing assignment	130	25
Tax consultancy	60	–
Other services	298	–
Total	**633**	**380**

Not 4 Personnel costs

SEK thousand	2019	2018
Salaries and other remuneration	6,800	5,612
Social security expenses	2,204	1,164
Pension costs	963	616
Total	**9,967**	**7,392**

See Note 6 for the Group for information about the average number of employees, salary and remuneration and distribution between women and men.

Note 5 Income tax

SEK thousand	2019	2018
Current tax	–	–
Deferred tax	–	–
Total	**–**	**–**

Reconciliation of tax expense for the year

SEK thousand	2019	2018
Profit before tax	**-48,674**	**-37,569**
Tax calculated according to the Swedish tax rate of 21.4% (2018, 22%)	10,416	8,265
Tax effect from non-deductible expenses/non taxable revenue	-7,799	-5,283
Change in unrecognized deferred tax assets	-2,617	-2,982
Tax for the year - recognized	**–**	**–**

Note 6 Shares in Group companies

SEK thousand	12/31/2019	12/31/2018
Accumulated cost		
Opening balance, accumulated cost as of January 1	325,082	301,082
Shareholder contributions paid	35,000	24,000
Closing balance, accumulated cost	**360,082**	**325,082**
Impairment losses		
Opening balance, accumulated impairment losses as of January 1	-98,243	-74,243
Impairment losses for the year	-35,000	-24,000
Closing balance, accumulated impairment losses	**-133,243**	**-98,243**
Book value	**226,839**	**226,839**

Company name	Corporate identity number	Registered office	Share of capital [1]	No. of shares
Compound Semiconductors Global Ltd	SC211759	Glasgow	100%	51,919,160
SIVERS IMA AB	556063-7331	Kista	100%	7,120,659
Trebax AB	556661-8400	Gothenburg	100%	1,000
Book value				

[1] Share of capital corresponds to share of votes.

Company name	12/31/2019	12/31/2018	1/1/2018
Compound Semiconductors Global Ltd	190,154	190,154	190,154
SIVERS IMA AB	30,865	30,865	30,865
Trebax AB	–	–	–
Book value	**226,839**	**226,839**	**226,839**

Note 7 Receivables with Group companies

SEK thousand	12/31/2019	12/31/2018
Accumulated cost		
Opening balance, accumulated cost as of January 1	121,484	78,759
Additional receivables	104,865	76,043
Loss provision	-1,024	-1,118
Settled receivables	-43,865	-32,200
Closing balance, accumulated cost	**181,460**	**121,484**
Impairment losses		
Opening balance, accumulated impairment losses as of January 1	–	–
Impairment losses for the year	–	–
Closing balance, accumulated impairment losses	**–**	**–**
Book value	**181,460**	**121,484**
Book value of non-current receivables with Group companies	**171,440**	**32,812**
Book value of current receivables with Group companies	**10,020**	**88,673**
Total	**181,460**	**121,485**

Of additional receivables, SEK 85,122 thousand (68,495) relates to loans to subsidiaries. The remainder relates to capitalized interest, receivable management fees and receivables relating to employee stock options that have not yet been settled. Group receivables in the year were settled at SEK 43,865 thousand (32,200), of which SEK 8,865 thousand (8,200) relates to repayments from subsidiaries and the remainder shareholder contributions settled through offset of Group receivables.

The Parent Company issues credit to its subsidiaries on an ongoing basis as these are in a growth phase and unable to cover their liquidity requirement exclusively through revenue at this stage. The Group has carried out impairment testing including cash flow forecasts (see Note 11 to the Annual Report for the Group) and assesses that the repayment ability is satisfactory.

Loss allowances relating to receivables with Group companies

The model for calculating provisions for expected credit losses proceeds from the probability of default based on the Group companies' credit rating, expected losses upon default and exposure at the time of default. The model measures a loss allowance for receivables at an amount equal to 12-month ECL. Counterparty credit risk has not increased significantly during the year.

The following table illustrates changes in loss allowances for receivables with Group companies:

SEK thousand	2019	2018
Opening balance loss allowances, as of January 1	2,115	997
Net increase in loss allowances relating to new receivables with Group companies recognized in the current year	1,024	1,118
Total recognized loss allowances as of December 31	**3,139**	**2,115**

Note 8 Other receivables

SEK thousand	12/31/2019	12/31/2018	1/1/2018
VAT receivables	–	280	417
Balance on tax account	14	1	4
	14	**281**	**421**

Note 9 Prepaid expenses and accrued income

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Prepaid insurance	51	–	–
Other prepaid expenses	234	189	79
	285	**189**	**79**

Note 10 Cash and cash equivalents

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Bank balances	44,389	39,114	42,241
Book value	**44,389**	**39,114**	**42,241**

Not 11 Share capital

Share capital comprises the following number of shares and quotient value:

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Number of shares	131,648,456	118,445,825	93,083,326
Quotient value, SEK	0.50	0.50	0.50
Book value	**65,824,228**	**59,222,913**	**46,541,663**

All shares are of the same series and confer equal rights to the vote and profit in the Parent Company.

Note 12 Provisions

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Social security expenses for employee stock options	4,797	3,411	-
Additional purchase consideration CST Global	–	–	80,982
	4,797	**3,411**	**80,982**
Short-term	–	–	80,982
Long-term	4,797	3,411	-
	4,797	**3,411**	**80,982**

SEK thousand	Social security expenses, employee stock options	Additional purchase consideration CST Global	Total
As of January 1, 2018	**–**	**80,982**	**80,982**
Additional provision for the year	3,021	–	3,021
Re-measurement	390		390
Utilized in the year	–	-80,982	-80,982
As of December 31, 2018	**3,411**	**–**	**3,411**
As of January 1, 2019	**3,411**	**–**	**3,411**
Additional provision for the year	–	–	–
Re-measurement	1,436		1,436
Utilized in the year	-50	–	-50
As of December 31, 2019	**4,797**	**–**	**4,797**

Note 13 Convertible debentures

Convertible debentures were issued on December 22, 2017 in multiples of USD 10,000 at a total value of USD 4,000,000. The convertible debenture holder owns the right to convert debentures plus accrued interest into new shares in the Parent company at a fixed price of SEK 8.29 per share after the translation of SEK/USD rate of 8.4260. If conversion does not occur, the prevailing exchange rate is applied. The debentures have a maturity of 3 years with a coupon of 5%. The debentures can be converted to ordinary shares in the Company at any time between the date of issue of the debentures and the settlement date.

If the debentures have not been converted they can be redeemed on December 29, 2020 at nominal value plus accrued interest.

The convertible debentures have been reported as a financial liability valued at amortized cost, while the option to convert the debt to shares has been reported as an embedded derivative at fair value. Upon issue of the debentures, the embedded derivative was reported separately from the debt, and the value of the debt is increased periodically in accordance with the effective interest method, plus capitalized interest.

The convertible debentures have changed as follows:

SEK thousand	
Debt element at issue date	28,277
Interest charged (applied effective interest rate)	3,102
Capitalized interest	3,726
Exchange rate fluctuations	4,433
Recognized amount of debt element as of December 2019	39,538

The conversion option is recognized under other current liabilities (see Note 15).

Because the holder of the convertible debentures has a contractual right to request repayment within one year of the reporting date, if the holder chooses not to convert the debt to shares, the liability has been reclassified from non-current to current as of December 31, 2019.

Note 14 Derivative instruments

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Derivative instruments financial liabilities			
Embedded derivatives	3,911	4,043	4,652
	3,911	**4,043**	**4,652**

Note 15 Other liabilities

SEK thousand	12/31/2019	12/31/2018	1/1/2018
PAYE tax & fees	622	–	–
Short-term loans	20,838	–	–
Embedded derivatives	3,911	–	–
Other	26	301	–
	25,397	**301**	**–**

Note 16 Accrued expenses and deferred income

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Accrued holiday pay and social security expenses	724	476	–
Other personnel-related expenses	405	436	175
Accrued consultancy costs	120	235	–
Accrued accounting and audit fees	117	250	215
Other accrued expenses	–	–	369
Total	**1,366**	**1,397**	**759**

Note 17 Notes, Statements of Cash Flow

Cash and cash equivalents

SEK thousand	12/31/2019	12/31/2018
Cash and cash equivalents	44,389	39,114
	44,389	**39,114**

Cash and bank balances comprise cash and current bank balances with a maturity of 3 months or less, less outstanding committed credit facilities. The book value of these assets approximately corresponds to fair value. Cash and cash equivalents at the end of the reporting period as indicated in the Statement of Cash Flow can be reconciled with the Statement of Financial Position above.

Changes in liabilities attributable to financing activities

The following table shows changes in Parent Company liabilities attributable to financing activities, which includes changes attributable to cash flow and changes not influencing cash flow. Liabilities attributable to financing activities are liabilities for which cash flows have been classified, or for which future cash flows will be classified, as cash flows from financing activities in the Statements of Cash Flow.

			Transactions not involving payment		
SEK thousand	January 1, 2018	Cash flow from financing	Exchange rate fluctuations	Capitalized interest	December 31, 2018
Convertible debentures (Note 13)	28,277	–	2,995	3,354	34,626
Short-term loans (Note 15)	–		–		–
Total liabilities from financing activities	**28,277**	**–**	**2,995**	**3,354**	**34,626**

			Transactions not involving payment		
SEK thousand	January 1, 2019	Cash flow from financing	Exchange rate changes	Capitalized interest	December 31, 2019
Convertible debentures (Note 13)	34,626	–	1,438	3,474	39,538
Short-term loans (Note 15)	–	20,000	–	838	20,838
Total liabilities from financing activities	**34,626**	**20,000**	**1,438**	**4,312**	**60,376**

Note 18 Financial instruments

The Parent Company's financial instruments are presented below. For a description of financial risks, see Note 33 in the Annual Report of the Group.

12/31/2019 SEK thousand	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 10)	–		44,389	44,389
Group receivables (Note 7)	–		181,460	181,460
Financial liabilities				
Borrowing from credit institutions (Note 15)	–		20,800	20,800
Convertible debentures (Note 13)	–		39,538	39,538
Derivative instruments (Note 14)	3,911	2	–	3,911
Accounts payable	–		681	681
Other liabilities (i)	–		237	237

12/31/2018 SEK thousand	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 10)	–		39,114	39,114
Group receivables (Note 7)	–		121,485	121,485
Financial assets				
Borrowing from credit institutions (Note 15)	–		–	–
Convertible debentures (Note 13)	–		34,626	34,626
Derivative instruments (Note 14)	4,043	2	–	4,043
Accounts payable	–		378	378
Other liabilities (i)	–		485	485

(i) Other liabilities above include other liabilities in the Statements of Financial Position that comprise financial instruments valued at amortized cost in Notes 15 and 16.

Fair value

For all financial assets and liabilities recognized at amortized cost above, book value represents an approximation of fair value. The convertible debentures and the hire purchase loans are subject to fixed interest, which for material purposes is judged to correspond to market interest rates. Therefore, information about fair value and the level of fair value has not been provided for these instruments.

The Parent Company's derivative instruments are valued at fair value in the Statements of Comprehensive Income. Embedded derivatives, which are incorporated in the convertible debentures, are valued on the basis of observable input data relating to exchange rates and share price at the end of the reporting period and share price volatility.

Note 19 Pledged assets and contingent liabilities

SEK thousand	12/31/2019	12/31/2018	1/1/2018
Contingent liabilities			
Guarantee commitments for subsidiaries	15,451	11,954	2,500
Total	**15,451**	**11,954**	**2,500**

Guarantee commitments for subsidiaries relate to guarantee commitments entered into by the Parent Company on behalf of its subsidiaries. The commitments relate to outstanding payments in the event that the subsidiaries become unable to make contractual payments, and a majority of the agreements covered by guarantee commitments comprise leasing contracts.

Note 20 Related-party transactions

Transactions between the Parent Company and its subsidiaries, which are closely-related parties of the Parent Company, relate to management fees invoiced to subsidiaries, intra-group borrowing and interest on intra-group borrowing. Intra-group sales are specified in Note 2 and intra-group borrowing in Note 7. Intra-group interest income amounted to SEK 3,539 thousand (2,176) in the financial year.

Remuneration to management, i.e. the Group's key senior executives, and remuneration to the Board, is presented in Note 6 of the Annual Report of the Group.

Note 21 Events after the reporting period

On February 19, Sivers IMA Holding AB completed a directed new issue of 5,955,418 shares, raising some SEK 54 M for the Company.

Note 22 Proposed appropriation of earnings

The following funds are at the disposal of the Annual General Meeting:

SEK	2019
Share premium reserve	473,598
Retained earnings	-109,539
Profit for the year	-48,674
Total	**315,285**
The Board proposes that the accumulated loss is carried forward	315,385

The Annual Report and Consolidated Financial Statements have been approved for publication by the Board of Directors on April 22, 2020. The Consolidated Statements of Comprehensive Income and Consolidated Statement of Financial Position and the Parent Company Statements of Comprehensive Income and Parent Company Consolidated Statement of Financial Position are subject to authorization by the AGM on May 19, 2020.

The Board and CEO hereby confirm that the Annual Report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities, and that it presents a fair and accurate view of the Company's financial position and results of operations, and that the Administration Report provides a fair and accurate view of the progress of the Company's operations, financial position and results of operations, and describes the material risks and uncertainties that the Company faces. The Board and CEO hereby offer their assurances that the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in the form adopted by the EU, and that they provide a fair and accurate view of the Group's financial position and results of operations, and that the Group's Administration Report provides a fair summary of progress for the Group's operations, financial position and results of operations and outlines the material risks and uncertainties the companies included in the Group face.

Kista, April 22, 2020

Tomas Duffy
Chairman of the Board

Anders Storm
CEO

Björn Norrbom
Board member

Ingrid Engström
Board member

Dag Sigurd
Board member

Erik Fällström
Board member

Robert Green
Board member

Our Audit Report was submitted on April 23, 2020
Deloitte

Erik Olin
Authorized Public Accountant

Auditor’s Report

To the Annual General Meeting of the shareholders of Sivers IMA Holding AB (publ) corporate identity number 556383-9348

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Sivers IMA Holding AB (publ) for the financial year 2019-01-01 – 2019-12-31. The annual accounts and consolidated accounts of the company are included on pages 25-70 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 the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. 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.

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information can be found on page 1-24 but does not include the annual accounts, consolidated accounts and our auditor’s report thereon.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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 Sivers IMA Holding AB (publ) for the financial year 2019-01-01 – 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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's equity, consolidation requirements, liquidity and position in general.

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

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

Stockholm April 23, 2020
Deloitte

Erik Olin
Authorized Public Accountant

Annual General Meeting 2020

The Annual General Meeting of Sivers IMA Holding AB will be held on Tuesday, May 19, 2019 at 5 p.m. n the Colosseum auditorium adjacent to the Company's offices at Torshamnsgatan 48, Kista, Stockholm, Sweden.

Registration for the AGM starts at 4 p.m.

Participation

Shareholders wishing to participate in the meeting shall:

- be included in the share register kept by Euroclear Sweden AB on Thursday May 13, 2019
- report their intention to participate in the AGM to the company by no later than May 14, 2020

Registration

Registration is to be made no later than Friday May 14, 2020 by post to Sivers IMA Holding AB, c/o Sivers IMA AB, P.O. Box 1274, 164 29 Kista, Sweden, or by e-mail info@siversima.com. When registering, the name, personal identity number/corporate identity number, daytime telephone number, number of shares held and any attending assistants should be stated.

Nominee-registered shares

Shareholders whose shares are nominee registered must, in addition to the notification of their intention to participate in the meeting, be temporarily included in the share register under their own name (voting rights registration) to participate in the meeting. In order for this registration to be effective on Thursday, May 13, 2020, shareholders should contact their bank or nominee well in advance.

Proposed dividend

The Board of Directors proposes that no dividend be paid.