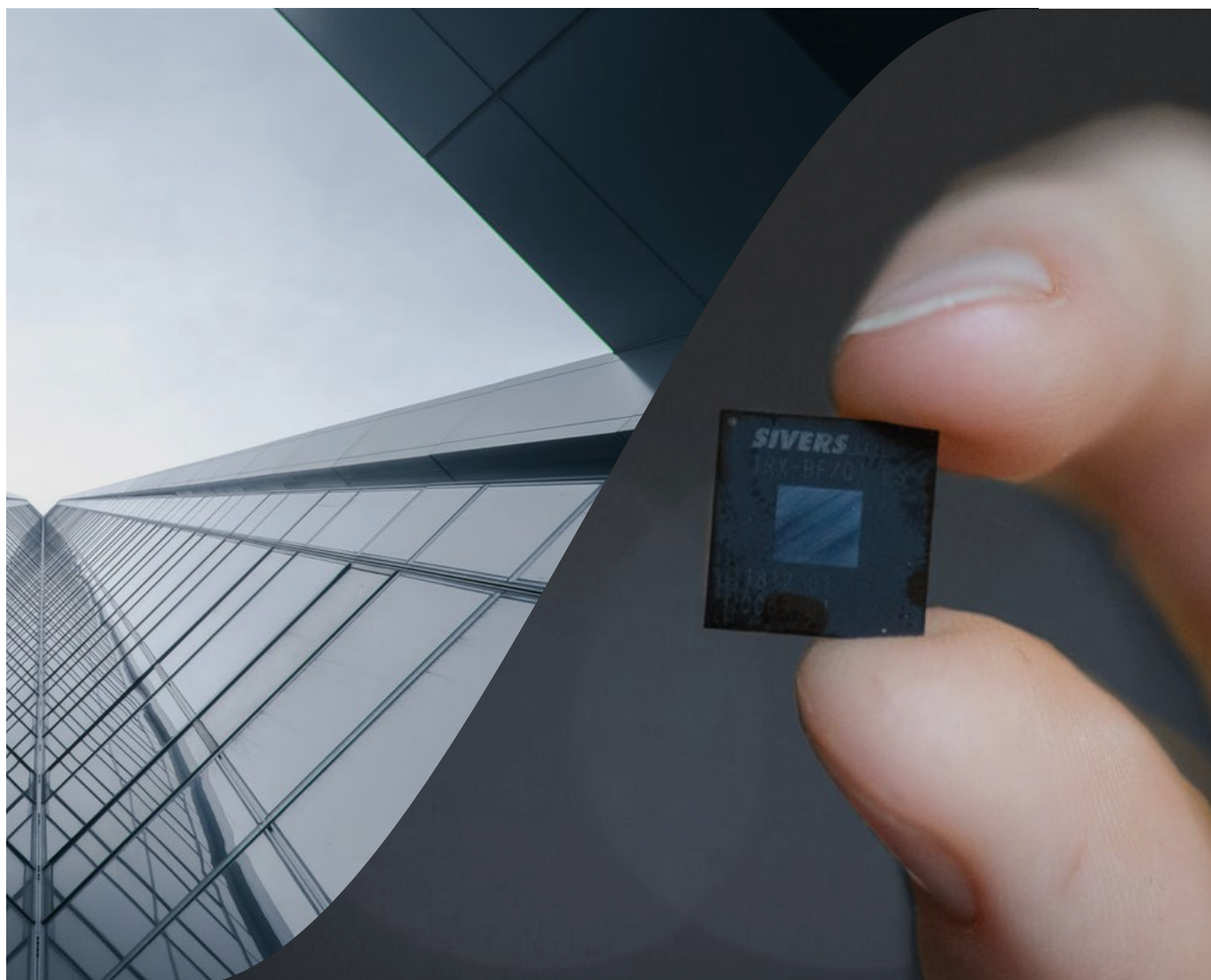


ANNUAL REPORT 2018

# We make your connections.



**SIVERS**IMA

## SIVERS IMA GROUP

Sivers IMA Group is an international supplier of millimeter-wave for 5G and optical semiconductors. The Group develops, manufactures and sells chips, components, modules and subsystems. These chips make it possible to send information both wirelessly and via fiber to provide increased capacity in data and telecommunication networks. Sivers IMA Group enables a better connected and safer world by delivering the best solutions in terms of sensors, fibers and wireless networks.

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# Year in brief

## January – December 2018

- Operating income for the year amounted to SEK 119,761 thousand (95,838), an increase of 25 percent.
- Net sales for the year amounted to SEK 69,835 thousand (65,493), an increase of 7 percent.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year amounted to SEK –57,548 thousand (–19,568).
- Profit for the year amounted to SEK –102,971 thousand (–45,617).
- Earnings per share were SEK –0.87 (–0.49).
- Equity per share amounted to SEK 2.07 (2.12).

## Number of employees

100

## Operating income

119.8

SEK million

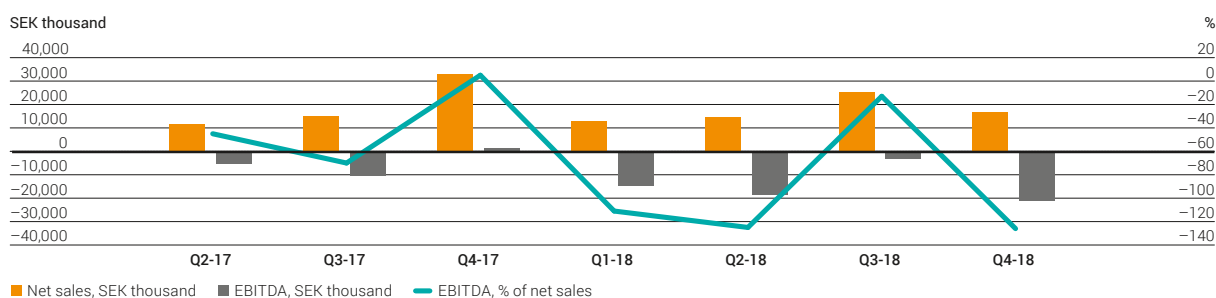
## Significant events following the year

- Sivers IMA AB has signed an agreement with an Eastern European system provider of wireless broadband access.
- Sivers IMA AB has signed a letter of intent for use of its unlicensed 5G products in ultrasound examination applications.

## Key figures

SEK thousand	2018	2017	2016
Operating income	119,761	95,838	35,012
Net sales	69,835	65,493	18,224
Profit before depreciation	–57,548	–19,568	–19,716
Earnings	–102,971	–45,617	–25,871
Earnings per share, SEK	–0.87	–0.49	–0.62
Equity per share, SEK	2.07	2.12	1.34

## Net sales, EBITDA and EBITDA margin





# Strong reason for optimism



There are several good reasons to be positive about our progress at Sivers IMA Group in 2018. We operate in markets that are growing rapidly, and we have world-class products that create great opportunities to grow even faster than the market. We have also continued to build a noteworthy network of partners and new customers.

We have experienced strong growth for most of 2018. Although during the last part of the year, we faced some challenges that had a negative short-term impact on our sales and results. Despite a disappointing end to 2018, we see very good opportunities for strong growth in 2019 and beyond.

The most important development during the year has been that we now have unlicensed 5G products ready as well as prototypes within licensed 5G, and that we received a number of confirmations that our products are very well positioned compared with international competitors. This has resulted in eight 'design wins'<sup>1)</sup> from customers who develop products and prototypes based on our 5G technology. In the beginning of 2019, we added another design win. Yet another clear signal that our products are at the forefront was the award for the best industrial contribution we received from the Institute of Electrical and Electronics Engineers (IEEE) despite fierce competition (see page 11). We also signed important agreements in future areas, such as within 5G with Ampleon, which is the world leader in RF to base stations, for an important pre-series order for an interesting American Fortune 100 company. In addition, we began a 5G partnership with Japanese Fujikura Ltd.

In 2018, operating income increased by 25 percent to SEK 119.8 million (95.8), net sales increased by 7 percent to SEK 69.8 million (65.5), and EBITDA amounted to SEK -57.5 million (-19.6).

Most importantly, 2018 saw all the basic long-term factors go in the right direction and I feel that optimism remains with unabated strength for the future. Our market is driven by the rapid increase in data traffic and telecommunications networks as well as the increased need for speed, and all forecasts indicate that growth in traffic will continue for several years to come. This creates large investment requirements for operators. So large that the market for products needed for upgrading the infrastructure for both fiber and wireless networks – in other words our market – will grow significantly in the coming years.

### The roll-out of 5G

A large part of these investments will be in the expansion of 5G, and it is during 2019 that 5G will start to gain momentum,

before seeing around 85 percent annual growth between 2020 and 2025<sup>2)</sup>. We are well equipped for this expansion with the award-winning WiGig chip TRX BF01 in unlicensed 5G ready for large-scale production as well as prototypes within licensed 5G. Our chips are already being used in the networks that our customer CCS is building in Bath and London (see page 7). We are building on our breakthrough order with a large reputable American company. We are also beginning to see signs that our market can be broadened

beyond data and telecom networks, through interest in using our products in unlicensed 5G, for example, in the transport sector and medical applications, such as for data transmission in ultrasound examinations.

During the year, the company received additional capital via targeted new issues to institutional investors, which now own approximately 8 percent of the company. One of the goals of lis-

ting the company on Nasdaq First North in November 2017 was to broaden the ownership base to institutional owners. We are therefore very pleased that AMF Aktiefond Småbolag, Swedbank Robur Ny Teknik and Nordic Cross Small Cap Edge became new owners during the year.

### High competence

We continue to review the possibility to move from First North to Nasdaq's main list. Work is underway to meet the listing requirements, which include a transition to accounting in accordance with IFRS and that the Swedish Code of Corporate Governance shall be applied. We expect to be able to provide additional information on this in 2019.

Our successful product development is the result of high competence and great commitment from our employees, and I would like to thank all our employees for their valuable contributions during the year.

Overall, I believe that we are well positioned for significant growth in areas such as 5G, Fixed Wireless Access (FWA), fiber to the home and laser chips for data centers, and that our growth will once again take off in 2019.

**Anders Storm,**  
CEO of Siverts IMA Group

<sup>1)</sup> Customers who use Siverts IMA Group's chips or modules to develop new products.

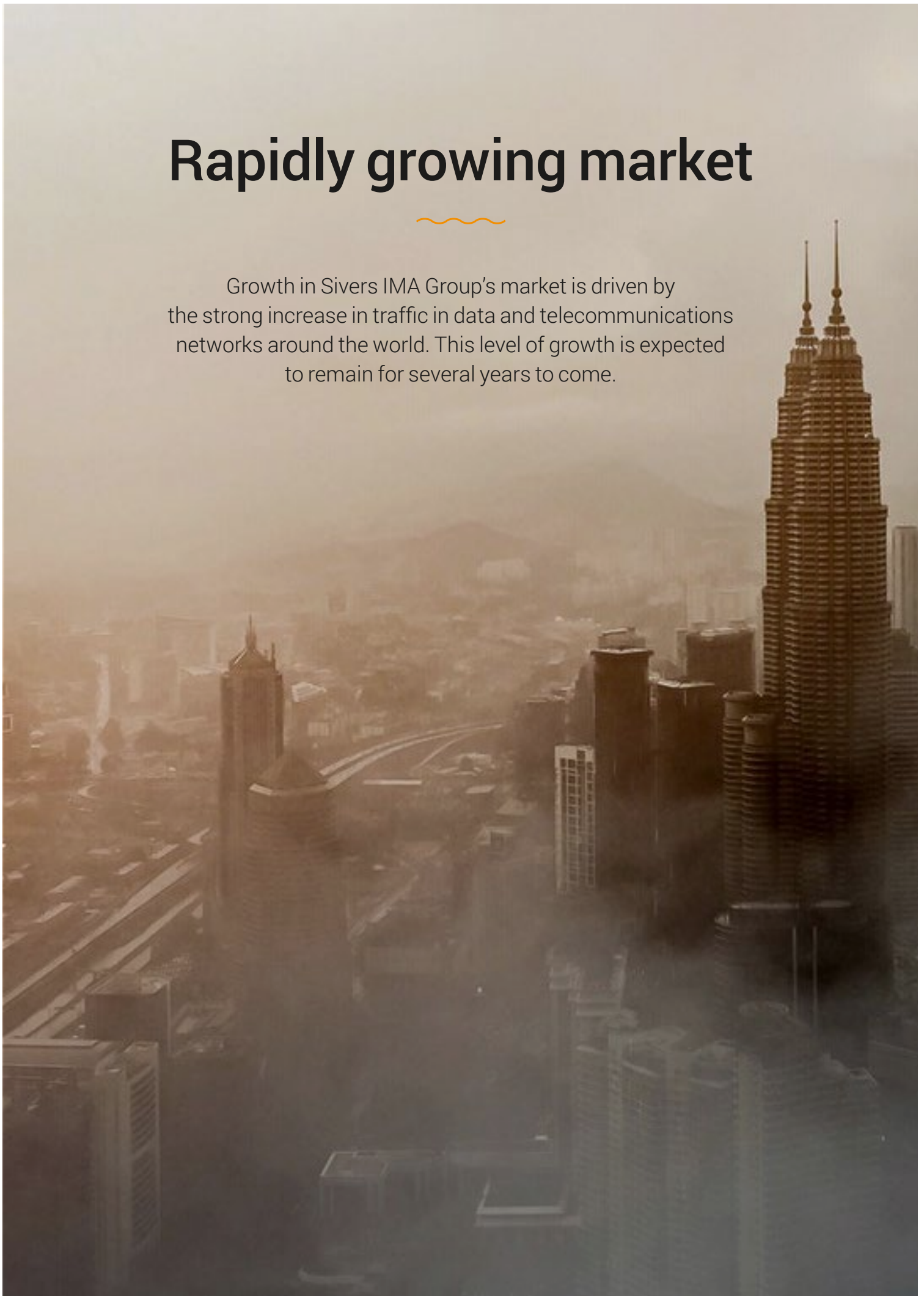
<sup>2)</sup> SNS research – <http://www.snstelecom.com/5gfw>.



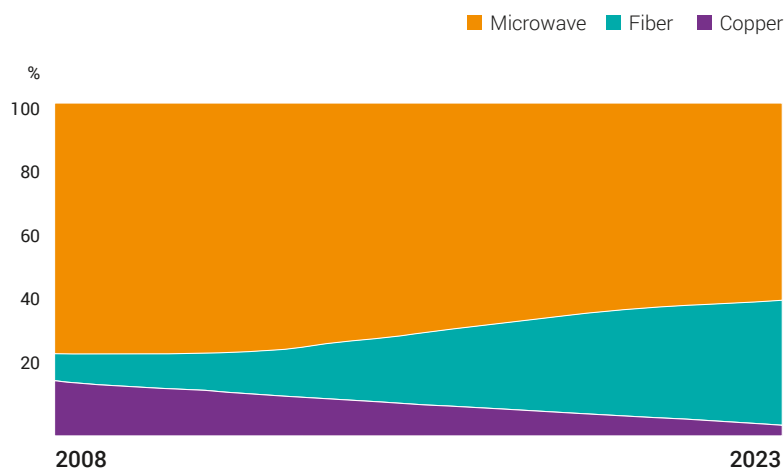
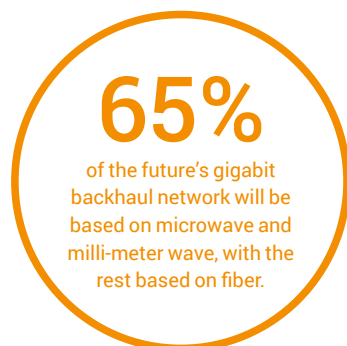
# Rapidly growing market



Growth in Sivers IMA Group's market is driven by the strong increase in traffic in data and telecommunications networks around the world. This level of growth is expected to remain for several years to come.

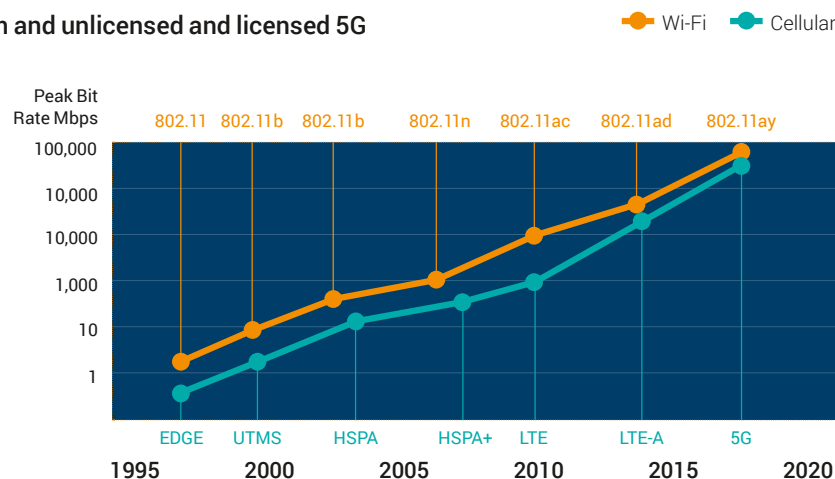
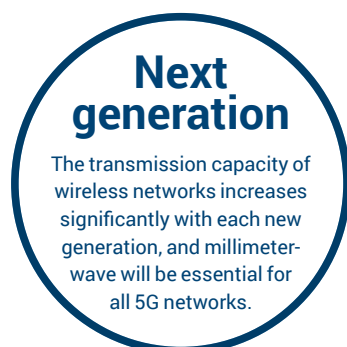


## Gigabit network of the future



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

## The next generation wireless system and unlicensed and licensed 5G



The single most important factor behind the rapid growth in the market is the increased use of video. Video accounts for an increasing share of all content on the Internet and users are spending more and more time streaming video of ever higher image quality, which requires greater bandwidth. Video traffic in mobile networks is expected to increase by an average of 35 percent per year from 2018 to 2024, and at the end of this period it is estimated to account for 74 percent of all mobile data traffic<sup>1)</sup>.

Another important factor is the rapid development of very large, so-called hyperscale, datacenters, from companies such as Google, Amazon, Microsoft and others that provide cloud services. The number of large data centers is expected to increase from 338 in 2016 to 628 in 2021, and the traffic they manage is estimated to quadruple during the same period.<sup>3)</sup>

An additional growth area is the Internet of Things (IoT) where the number of connection points to mobile networks is expected to grow by an average of 27 percent per year

between 2018 and 2024<sup>1)</sup>. Self-driving cars will also create a great need for both sensors and data networks.

The increase in data traffic creates major investment needs for telecom operators. Estimates indicate that the annual investment in IT hardware will increase from USD 326 billion in 2017 to USD 1,197 billion in USD 2025<sup>2)</sup>. The market for products that are needed for upgrading both the fiber and wireless network infrastructure, which is the Group's market, is therefore growing much faster than the increase in data traffic.

The majority of operator investments are being made in the expansion of 5G, the fifth-generation mobile network. 5G uses millimeter wave spectrum that provide both lower transmission costs and offer greater bandwidth. The capacity of 5G is 10-100 times greater than 4G.

In 2018, the first commercial launches of 5G networks were made, but it is during 2019 that 5G will start to gain momentum before widespread commercial launch in 2020. Ericsson believes that by the end of 2024, 5G will cover

<sup>1)</sup> Ericsson Mobility Report, november 2018.

<sup>2)</sup> Moor Insights & Strategy.

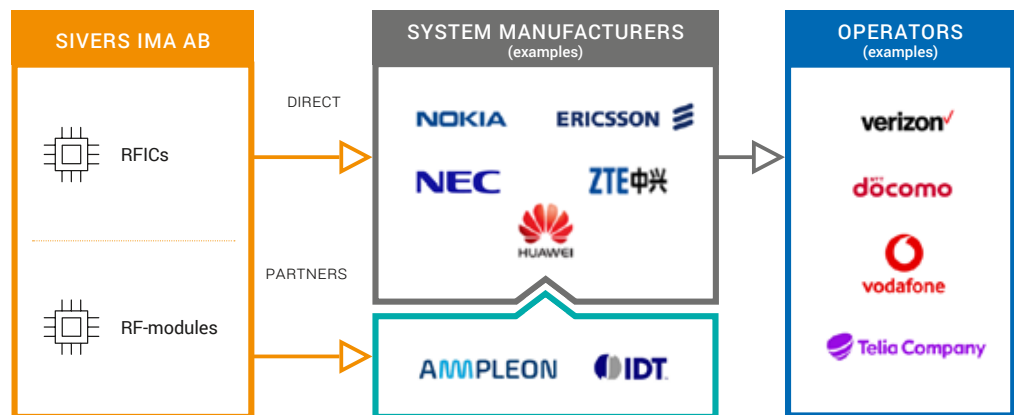
<sup>3)</sup> <https://www.cisco.com/c/en/us/solutions/collateral/service-provider/global-cloud-index-gci/white-paper-c11-738085.pdf>

## THE SIVERS IMA GROUP'S PLACE IN THE VALUE CHAIN

### Wireless

#### Sivers IMA AB

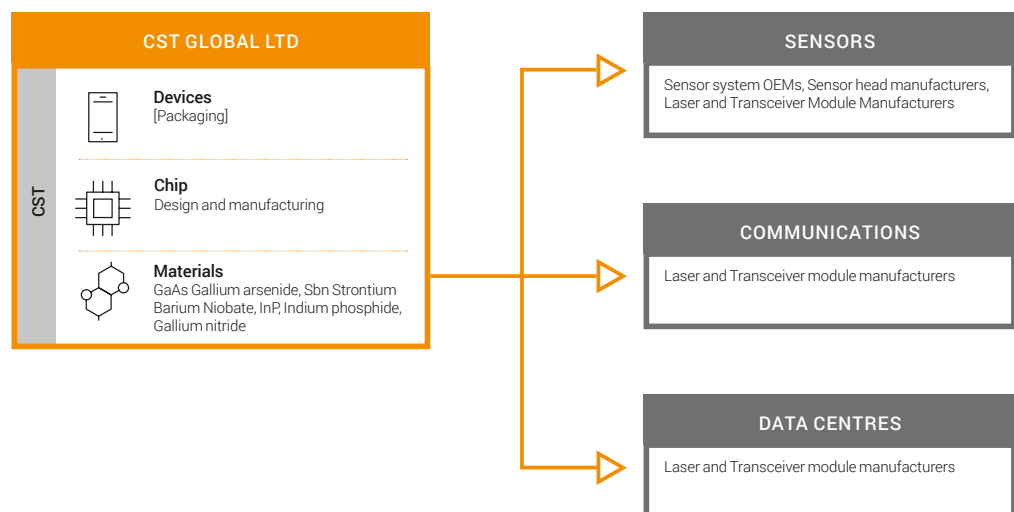
Within the wireless part of the business, Sivers IMA delivers mainly to system manufacturers, who then in turn deliver to telecom operators. Deliveries are made both directly and via partners.



### Fiber

#### CST Global Ltd

The Group's fiber business area, CST Global, 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.



40 percent of the world's population and have 1.5 billion subscribers.

The expansion of wireless networks also means an increased demand within fiber optics that is used for example in data centers and in the operators' core networks. This will pave the way for consumers to be able to transmit high-quality video and decreases the cost to connect homes to the fiber net, which is a growing fiber to homes (FTTH) market. The market in this area is estimated to amount to 60–80 million chips in 2022, corresponding to USD 60–120 million.<sup>1)</sup>

An alternative way of offering broadband to homes and small businesses is Fixed Wireless Access (FWA), which is the final step before the subscriber becomes wireless. FWA is expected to be one of the areas where 5G first comes into use on a large scale and is aimed at the approximately 1 billion households that currently do not have access to any fixed broadband connection. This includes about half of all

households in the world. According to SNS Research, the operators' total revenue from FWA will amount to USD 1 billion in 2019, and rise to more than USD 40 billion in 2025, which corresponds to an annual growth of 84 percent.

### Customers

Within the wireless part of the business, Sivers IMA AB mainly delivers to system manufacturers, including larger customers such as 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 the fiber area, CST Global Ltd has sold more than 25 million chips for fiber to the home, mainly in China and India. In 2018, CST Global Ltd also received an order for SEK 21.5 million from an American Fortune 100 company for the pre-production of optical semiconductors.

<sup>1)</sup> S&P Global market intelligence.





CAMBRIDGE COMMUNICATION SYSTEMS

## Sivers IMA contributes to new wireless gigabit networks in Bath and central London

**IN BATH AND CENTRAL LONDON**, the construction of wireless networks is being built by Sivers IMA's customer Cambridge Communication Systems (CCS). In Bath, CCS delivers gigabit backhaul to offer interactive 5G applications for augmented reality (AR) and virtual reality (VR) linked to the largest tourist attraction in Bath, the Roman Baths. In London, CCS offers a gigabit backhaul for free wi-fi amongst other things. The London network will cover the square mile that makes up London's financial center. When the network is completed, it will include hundreds of 4G small cells and access points for wi-fi mounted on lampposts, surveillance cameras and road signs.

Because installing fiber in these urban environments would involve practical issues with excavation permits

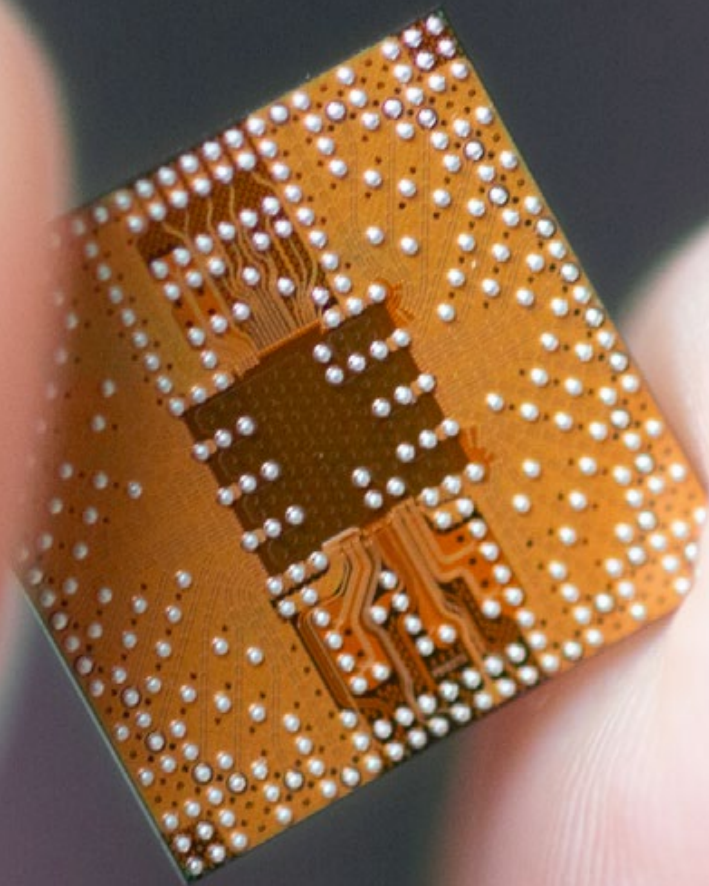
and large costs, new wireless 5G technology that CCS Metnet products offer with the help of Sivers IMA's 5G technology was chosen. One reason why the project was won by CCS was their ability to solve the challenges that exist in the urban environment with the help of its Metnet node, which offers self-organized mesh networks of the highest class. The Metnet nodes offer high transmission speeds in combination with robust technology that provides secure links in an environment of both historic buildings, and steel and glass buildings that place new demands on wireless networks in order for them to function optimally.

The UK strives to be an early adopter of 5G, and the current ongoing expansion will enable the country to be a leader within 5G.

# World-class technology



Sivers IMA Group delivers key technology for Gigabit networks for the telecommunications networks of today and tomorrow – both for fiber and wireless networks. The products meet the need for the expansion of new infrastructure driven by the explosive increase in data traffic.



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. Millimeter-wave technology and optical semiconductors are essential for high-speed networks. Sivers IMA's products are focused on 5G, but the company also offers radar sensors that are used in various industrial applications, such as for measuring distance, speed and position. CST Global sells products that are focused on passive optical networks (PON), which are used for 'Fiber-to-the-home', 'Fiber-to-the-office' and within data centers.

All in all, this means that Sivers IMA Group's subsidiaries are well equipped for the technological shift that is taking place with solutions for both wireless and fiber networks. The market for data centers and wireless and fixed broadband is growing rapidly and the chips and components offered and developed by Sivers IMA Group will meet the demand in these areas.

Common strengths in the two business areas are the ability to adapt the products to the customer's specific needs, and that the focus is on infrastructure applications. The latter is unusual because most competitors often also target consumer electronics.

## Wireless

Millimeter-wave is a key technology in the 5G networks that are now being built, and the core of the wireless solutions Sivers IMA offers. One major advantage of millimeter-wave is that it enables higher data transfer rates, which provides significantly cheaper data transfer per megabyte than alternative technologies (see diagram). The reason why millimeter-wave offers higher data transfer rates is that the higher frequencies offer more available spectrum than is available with current technology. In addition, Sivers IMA's chip has a number of leading properties, which the company has been praised for by the IEEE among others.

- The only single-chip manufacturer that can support the entire 14 GHz frequency band available for unlicensed 5G (57–71 GHz).
- The industry's lowest phase noise for unlicensed 5G chips, which increases the data transfer rate.
- Highest output, which provides longer coverage.

In 2018, Sivers IMA received a number of orders that indicate that the market for millimeter-wave chips is about to take off.

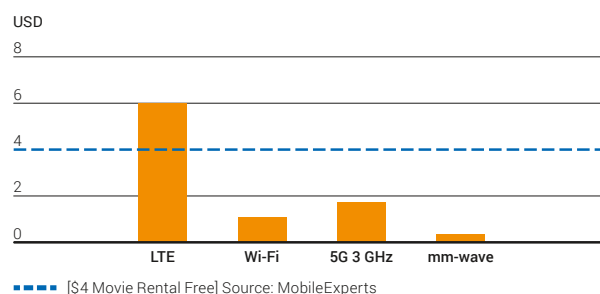
The company now has eight so-called design wins, which means that eight customers/partners have chosen to base their upcoming products on Sivers IMA's integrated 5G circuits for millimeter-wave communications. During the year, deliveries were also made to the British-based company CCS, which supplies small cells to wireless networks that are being built in Bath and central London – seen as a preparatory step that paves the way for 5G in the UK. CCS is the first customer with a finished product and delivers to many major operators in the world.

## Fiber

CST Global Ltd designs, manufactures and supplies semiconductor lasers and other semiconductors based optical products. The largest field of application is optical communication in fiber networks. The company currently has expertise in all material combinations and manufacturing processes that are used for the commercial manufacture of semiconductor chips for optoelectronic purposes. The main focus is products for fiber for the home and for data centers.

CST Global is a reputable supplier of fiber to the home chips and has sold more than 25 million chips to fiber for the home products over the years, mainly in China and India. In 2018, CST received an order of SEK 21.5 million from an American Fortune 100 company, regarding optical semiconductors for the pre-production within a new product area. The customer successfully evaluated the prototype units and chose to proceed to the next step with an order for components for their pre-production.

## The cost of transferring video



Millimeter-wave, which is at the heart of the wireless solutions Sivers IMA offers, enables higher data transfer rates, providing significantly cheaper data transmission than alternative technologies.



## Awards

- Best industrial conference contribution, 'Best Industrial paper', for 'A 57-71 GHz Beamforming SiGe Transceiver for 802.11ad-Based Fixed Wireless Access' at the IEEE RFIC Symposium 2018 in Philadelphia, USA. The IEEE RFIC Symposium is the world's leading conference focusing on RFIC technology.
- The market's 'Best performing' 60 GHz WiGig RFIC (IEEE, 2018) for infrastructure applications such as Fixed Wireless Access (FWA).
- The technology magazine CIO Review was named one of the world's ten most promising technology providers in wireless technology in 2019.

## Partners

Deliveries are made both directly to system manufacturers and via partners. In the latter case, Sivers IMA Group's products in subsystems and solutions are developed in collaboration with partners, who then market these products. Important partners include world-leading manufacturers such as Ampleon, Integrated Device Technology (IDT) and Fujikura. In 2018, a collaboration began with a leading North American product company within licensed 5G wireless broadband technology. The collaboration focuses on the development of and early access to components within 5G millimeter-wave technology. In addition, another collaboration in

licensed 5G commenced with a leading European product company offering licensed point-to-multipoint (PMP) links began. This partner has a large number of worldwide customers for its point-to-multipoint solutions.

## Production

CST Global's production facility in Glasgow, Scotland, is one of only a few independent optical chip fabrication facilities that can produce custom lasers, semiconductor optical amplifiers in chip, wafer or packaged form. In 2018, production capacity was increased by so-called epitaxial indium phosphide (InP) overgrowth on wafers, which is a crucial process for the large volume production of DFB lasers for use in passive optical networks. CST Global has expertise in all material combinations and manufacturing processes used for the commercial production of semiconductor chips for optoelectronic purposes.

The subsidiary Sivers IMA is so-called 'fabless' company, which means that they use external partners for the production of all high-volume products. This creates a good prerequisite for rapid growth without major investments.

**For a more detailed description of the technology and products, see**

[www.siversima.com](http://www.siversima.com)

[www.cstglobal.uk](http://www.cstglobal.uk)





## TEAM

# Best industrial contribution at a leading industry conference

**IN 2018, SIVERS IMA RECEIVED THE AWARD 'Best Industrial paper'** for the conference contribution 'A 57–71 GHz Beamforming SiGe Transceiver for 802.11ad-Based Fixed Wireless Access' at the IEEE RFIC Symposium 2018 in Philadelphia, USA. IEEE RFIC Symposium is the world's leading conference focusing on RFIC technology and Sivers IMA won the award despite fierce competition from leading semiconductor companies.

Sivers IMA's team in Stockholm and Gothenburg have been target-focused in recent years and have developed the circuit that was praised by IEEE. Through its large partner network and customers, the company has found the optimal solution proposal, which places great demands on the design. The RFIC team has since succeeded in delivering on these very challenging requirements. The team was led by Erik Öjefors, Ph.D. and expert on millimeter-wave solutions with around 20 years of experience in the field. Other team members were Mikael Andreasson, Torgil Kjellberg, Håkan Berg,

Lars Aspemyr, Richard Nilsson, Klas Brink, Robin Dahlbäck, Dapeng Wu, Kristoffer Sjögren and Mats Carlsson. Additionally, project managers, product managers, etc. have also contributed to the success. All entries were submitted without an author and company name in a so-called 'double-blind submission' that was reviewed by a jury.

"We are very honored to be recognized as the best contribution of the top ten companies. We challenged and beat some of the industry giants like Qualcomm, Texas Instruments, Intel, Northrop Grumman, Huawei, Samsung, Infineon and Global Foundries. The fact that we won first prize is of course a strong confirmation that our RFIC is at the forefront, even in comparison with world-leading solutions," says Anders Storm, CEO of Sivers IMA Holding.

"It is very encouraging that an independent and reputable organization like IEEE gives us such an award, and I can only confirm that our team has done a fantastic job," says Mats Carlsson, CTO at Sivers IMA.



# Sivers IMA Holding's share

Sivers IMA Holding's share has been listed on Nasdaq First North since 2017. The number of ordinary shares amounts to 118,445,825 and the market capitalization as of December 31, 2018 amounted to SEK 800.7 million.

## Development during the year

During the year, Sivers IMA's share increased by 11.9 percent compared with First North 25, which increased by 15.3 percent. The closing price on December 28, 2018, was SEK 6.6 per share, corresponding to a market capitalization of SEK 800.7 million.

## Turnover during the year

The average daily turnover of Sivers IMA's shares amounted to 95,069 shares. In total, 23.8 million shares were traded in

2018 at a total value of SEK 167.35 million. The highest closing price for the share during 2018 was SEK 8.20 on March 14 and the lowest closing price was SEK 5.60 on February 6, 2018.

## Owner and ownership structure

At the end of the year, the ten largest shareholders controlled 67.5 percent (39.9) of capital and votes. The total number of shareholders in Sivers IMA is approximately 1,950.

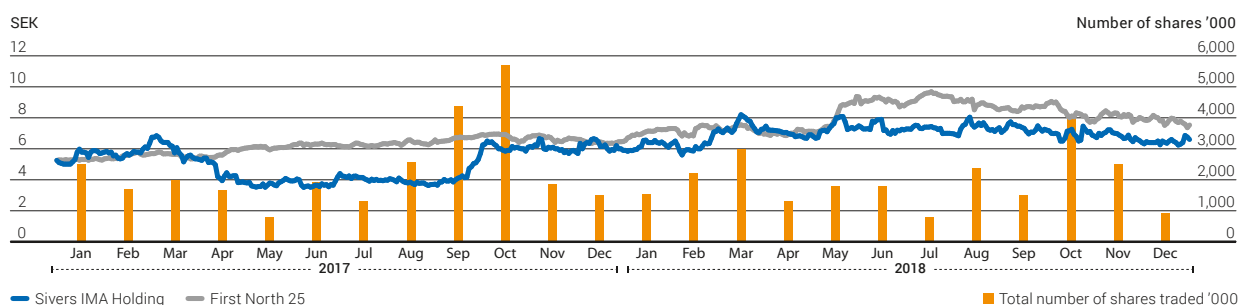
## Ownership data December 31, 2018

	Number of shares	Share of votes and capital, %
Keith Halsey via company	31,158,824	26.3
Erik Fällström via company	23,553,352	19.9
Avanza Pension	8,458,878	7.1
Swedbank Robur Ny Teknik	5,600,000	4.7
AMF Aktiefond Småbolag	3,200,000	2.7
Neil Martin	2,071,285	1.7
Nordnet Pension fund	1,810,832	1.5
Andrew McKee	1,916,362	1.6
Nicolas Martin	1,147,000	1.0
David Olsson	1,070,900	0.9
Other	38,454,275	32
<b>Total number of shares</b>	<b>118,441,708</b>	<b>100</b>

## About the Sivers share

Listing	Nasdaq First North
Certified Advisor	Erik Penser Bank
Number of shares	118,445,825
Market Cap	800,693,777 SEK
Ticker	SIVE
ISIN	SE0003917798
LEI	254900UBKNY2EJ588J53
Development 2018	11.90%
Development 2018 index	15.30%
Daily turnover	95,069

## Share price performance



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

The Annual General Meeting is the Company's highest decision-making body. The Annual General Meeting 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 Annual General Meeting 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 Annual General Meeting.

The Annual General Meeting 2018 took place on May 22 in Stockholm. The date of the Annual General Meeting was published at the same time as the third quarterly report. At the meeting, registered shareholders represented 46.4 percent of the shares and votes in the company.

## AGM decisions

Below are the main decisions made at the Annual General Meeting 2018:

- Re-election of Board members Björn Norrbom, Ingrid Engström, Dag Sigurd, Tomas Duffy, Robert Green and Erik Fällström.
- Tomas Duffy was re-elected as Chairman of the Board.
- Authorization for the Board of Directors to, with or without deviation from the shareholders' preferential right to

decide on a new issue of shares and/or convertibles totaling a maximum of 11,144,582 shares, corresponding to a dilution effect of approximately 10 percent of the share capital and votes.

## Work of the Board

### The Board

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 2018, five ordinary and nine extra board meetings 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 Ejemark. 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.

### The Board's Rules of Procedure

The Board of Directors is working on an adopted rules of procedure, which also contains instructions on the division of work between the Board and the President 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. ForIVERS 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 approval of business transactions, daily account reconciliations and analytical reviews of the income statement and balance sheet, including follow-up of decisions made.

## Follow-up

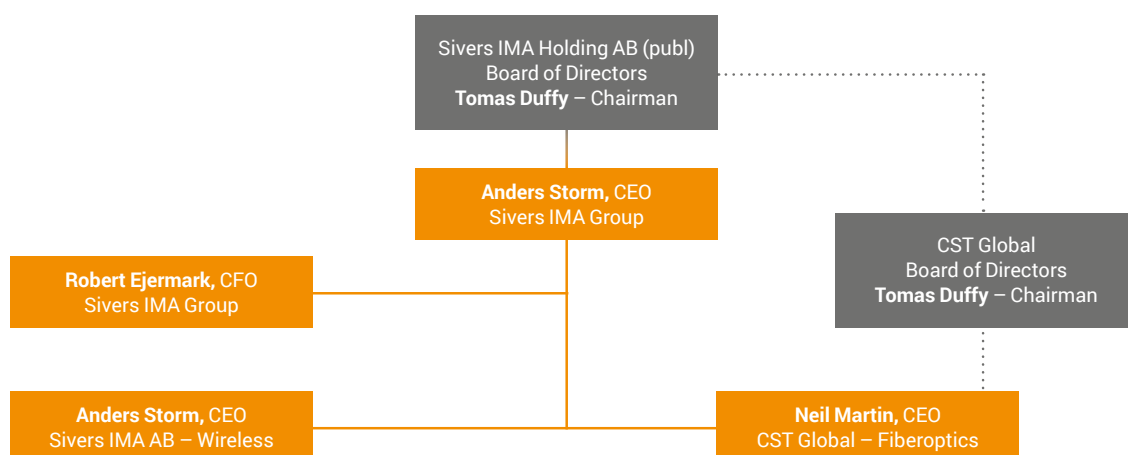
SIVERS IMA Group's Board of Directors and management continuously monitor the effectiveness of internal control to ensure the quality of the processes for financial reporting. SIVERS IMA Group's financial situation and strategy regarding the financial position are dealt with at each Board meeting, where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

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## The Board in 2018

Q1	Q2	Q3	Q4
<b>Number of board meetings: 3</b> <ul style="list-style-type: none"><li>Decision to increase the company's share capital, through the new issue of 13,962,499 shares.</li><li>Business plan discussion 2018–2022.</li><li>Decision to review the company's IT system.</li><li>Decision to increase the company's share capital, through a new issue of 4,400,000 shares.</li><li>Review and approval of the Annual Report.</li><li>Approval of the year-end report.</li></ul>	<b>Number of board meetings: 2</b> <ul style="list-style-type: none"><li>Procurement of auditing services 2018.</li><li>Review of the company's adaptation to GDPR.</li><li>Participation in the Annual General Meeting 2018.</li><li>Statutory Meeting.</li><li>Approval of interim report Q1.</li></ul>	<b>Number of board meetings: 4</b> <ul style="list-style-type: none"><li>Internal discussions on the company's preparation process prior to a move to Nasdaq Small Cap.</li><li>Decision on the issuance of EMI options under Personnel Option Program 4.</li><li>Approval of interim report Q2.</li></ul>	<b>Number of board meetings: 5</b> <ul style="list-style-type: none"><li>Strategy day with study visits to CST Global in Glasgow.</li><li>Decision to increase the company's share capital, through a new issue of 7,000,000 shares.</li><li>Evaluation of Board work 2018.</li><li>Business plan work 2019.</li><li>Approval of interim report Q3.</li></ul>

## Board and management of Siverts IMA Holding



## Group Management

Siverts IMA Group's operations are conducted in Sweden and Scotland. To work efficiently, Siverts 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 work began that has been led by the Chairman of the Board, Tomas Duffy. The integration is managed through monthly Board meetings at CST Global and continuously communicates on operational issues regarding the monthly follow-up of earnings, financial position and key figures. The Board includes Anders Storm, Neil Martin, Robert Green and Keith Halsey. The project is expected to be completed in 2019.

The CEO leads the work and makes decisions in consultation with the CFO and the local management group for Siverts IMA AB's Swedish operations.

In 2018, the following focus areas were discussed by the Group management:

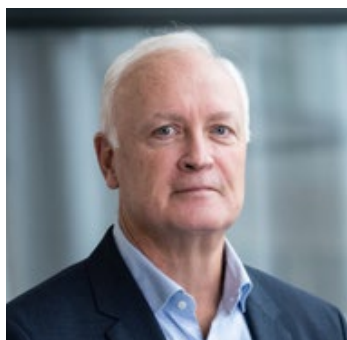
- Strategy and R&D
- Development of new products and services
- Operational efficiency & profitability improvement
- Financing

## External auditors

At the Annual General Meeting 2018, Deloitte AB was appointed auditor with Erik Olin as chief auditor. Erik Olin is also the chief auditor for Telia Sverige AB, Microsoft AB, NetEnt AB. The term of office of the company's auditors expires at the Annual General Meeting 2019.

	Independent of:		Directors' fees 2018	Fees for work beyond Board duties	Attendance at Board meetings 2018
	Siverts IMA and its senior executives	Major shareholders			
Tomas Duffy	Yes	Yes	750,000	390,000	14/14
Erik Fällström	Yes	No	0	–	9/14
Ingrid Engström	Yes	Yes	350,000	–	12/14
Robert Green	Yes	Yes	350,000	–	14/14
Dag Sigurd	Yes	Yes	350,000	–	14/14
Björn Norrbom	Yes	Yes	350,000	–	14/14

# The Board of Directors



**Tomas Duffy**

Chairman of the Board



**Erik Fällström**

Member



**Ingrid Engström**

Member

	Tomas Duffy	Erik Fällström	Ingrid Engström
<b>Born</b>	1955	1961	1958
<b>Elected to the Board</b>	2016	2017	2015
<b>Education</b>	Technical licentiate, Royal Institute of Technology.	Stockholm School of Economics.	Master of Applied Psychology, Uppsala University.
<b>Other board assignments:</b>		Chairman and founder, Aldridge EDC Specialty Finance Ltd. Chairman of the Board, EDC Advisors Ltd. Member, DDM Holding AG, Calor S.A., Calor GmbH, CST Global Ltd, European Digital Capital Ltd., Polaris International S.A. (formerly Hoist Investments S.A), Tornado Investments S.A. (formerly Hoist Group S.A.).	Board member SJR in Scandinavia AB and Unibap AB. Deputy Chairman of Netlight AB.
<b>Previous board assignments:</b>	Chairman of the Board, Qall Telecom AB, Telia Norge. Board member Trio AB, Telenor AB, Svenska IT-Institutet. Commitment shareholder, Sevensco KB.	Board member, Olympus S.A., Hoist Kredit AB.	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, Skandinaviska Enskilda Banken AB.
<b>Other experience</b>	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.	Management consulting, corporate finance, venture capital and private equity.	CEO, Vice President and other senior positions, Telia, KnowIT, Com Hem, Digital Equipment, Springtime, SEB.
<b>Own and closely related persons' shareholdings on 31 December 2018</b>	1,000,000 shares 0 options	23,553,352 shares 0 options	44,000 shares 0 options





**Robert Green**

Member



**Dag Sigurd**

Member

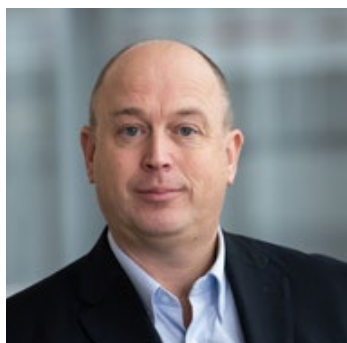


**Björn Norrbom**

Member

<b>Born</b>	1957	1944	1945
<b>Elected to the Board</b>	2017	2008	1999
<b>Education</b>	Bachelor of Science in Physics, London University.	PhD, Technical Physics, KTH in Stockholm.	BA in Business, Computers and Economics, Stockholm University.
<b>Other board assignments:</b>	CST Global Ltd. Robert Green Consulting Ltd.	Board member of iSTOC Oy, Qulsar Inc., Qulsar Sweden AB. Chairman of MySpace AB.	Chairman, Colabitoil Sweden AB, OpenRatio Holding AB, Open Ratio Solutions AB. Boardmember, Profit Software Oy, Profit Software AB. Substitute, Grizzlykonsult AB.
<b>Previous board assignments:</b>	Chairman of the Board and CEO, PRP Optoelectronics Ltd, Board member, Seedrs Ltd, PRP Technology Ltd. Board member Chiers Consulting. Managing Director Imatronic Ltd	Board member of Cobolt AB, Imagination Technologies AB (formerly Kisel AB). Chairman of the Board of Mediatek Sweden AB (formerly Coresonic AB).	
<b>Other experience</b>	Chartered physicist and member of the Institute of Physics. Co-founder and COO, Northlight Optonics AB. VP Business Development Bookham Technology (acquired by Oclaro and now part of Lumentum Inc). Marketing Manager Europe, Corning France, Plessey Optoelectronic. Management Consultant, Gosling Associates. Development engineer, STC.	Own business 2S Konsult AB, Investment Manager and Investment Director, Industifonden. CEO of IMC AB. Own research in semiconductor technology. Member, IVA.	Own consulting business. Advisor CapMan. Sales Director, Qatar Telecom. CEO, Telia MegaCom. CEO of Swedish subsidiary Cap Gemini. Member Management Group, DEC. IBM in specialist and management functions.
<b>Own and closely related persons' shareholdings on 31 December 2018</b>	367,292 shares	91,844 shares 33,500 options	1,046,985 shares 33,500 options

# Group Management



**Anders Storm**

CEO Sivers IMA Group

<b>Born</b>	1967
<b>Employed since</b>	2015
<b>Nationality</b>	Swedish
<b>Education</b>	MSc in Computer Science, Lund University of Technology.
<b>Experience</b>	COO, Sivers IMA. Leading positions, Sony Ericsson, HiQ, ABB.
<b>Holdings in Sivers IMA Holding AB (publ) on 31 December 2018</b>	174,569 shares 750,000 warrants 400,000 options



**Robert Ejemark**

CFO Sivers IMA Group

<b>Born</b>	1964
<b>Employed since</b>	2018
<b>Nationality</b>	Swedish
<b>Education</b>	BSc in Public Administration, Stockholm University. MBA, Henley Management College, UK.
<b>Experience</b>	Telia, Unisource Mobile, RSL COM. Own business as interim consultant.
<b>Holdings in Sivers IMA Holding AB (publ) on 31 December 2018</b>	0 shares 150,000 warrants 400,000 options

# CST Global Management



**Neil Martin**

CEO CST Global

<b>Born</b>	1962
<b>Employed since</b>	2000
<b>Nationality</b>	Scottish
<b>Education</b>	Degree in Electronics, University of Strathclyde, UK.
<b>Experience</b>	Founder, CST Global 2000. Systems Project Manager, Digital Equipment. European Marketing Manager, Motorola. Consultant, Scottish Enterprise Microelectronics.
<b>Holdings in Sivers IMA Holding AB (publ) on 31 December 2018</b>	1,147,000 shares 0 warrants 919,331 options

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**Registered office:** Stockholm

**Reporting currency:** SEK

All amounts, unless otherwise stated, are reported in thousands of Swedish kronor (TSEK)

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# Administrative Report



The Board of Directors and the CEO of Sivers IMA Holding AB (publ), organization number 556383-9348, hereby submit the Annual Report and Consolidated Financial Statements for 2018. The result of the year's operations for the Group and the Parent Company is stated in the following income statement and balance sheet, financial report, cash flow statement, changes in equity and notes.

## About the business

Sivers IMA Holding AB (publ), organization number 556383-9348, is the parent company of a Group with wholly-owned subsidiaries Sivers IMA AB, Compound Semiconductor Technologies Ltd (CST Global Ltd) and Trebax AB. The business is mainly conducted in the two companies Sivers IMA AB and CST Global Ltd. Sivers IMA is headquartered in Kista, Stockholm with a development facility in Gothenburg. CST Global's headquarters and facility is located in Glasgow, Scotland.

Sivers IMA Holding is a leading and internationally recognized supplier of microwave, millimeter-wave and optical semiconductor technology. Sivers IMA Group develops, manufactures and sells cutting-edge chips, components, modules and subsystems based on advanced, proprietary semiconductor technology in microwave, millimeter-wave and optical semiconductors. These chips, components, modules and subsystems make it possible to send information both wirelessly and via fiber to offer increased capacity in the data and telecommunication networks. Millimeter-wave technology and optical semiconductors are critical to all current and future high-speed communications networks.

## Significant events during the financial year

### Significant events in the business

- Sivers IMA AB entered into a partnership within 5G with Fujikura Ltd.
- Sivers IMA AB's customer CCS launched the 60GHz Metnet node at the Mobile World Congress.
- CST Global Ltd strengthened its product portfolio with 1490 nm, 2.5 Gbps, GPON laser.
- CST Global Ltd's CWDM, DFB laser for 25 Gbps transmission is close to becoming a commercial product.
- Sivers IMA AB received an order for radar modules of SEK 6.5 million.
- Sivers IMA AB received the award 'Best Industrial paper' for the conference contribution 'A 57-71 GHz Beamforming

SiGe Transceiver for 802.11ad-Based Fixed Wireless Access' at the 2018 IEEE RFIC Symposium.

- CST Global Ltd added additional production capacity and product capacity for BH laser diodes.
- Sivers IMA AB initiated a 5G collaboration with a global provider of licensed point-to-multipoint broadband networks.
- Sivers IMA AB started a 5G millimeter-wave collaboration with a leading North American product company.
- Sivers IMA AB received orders for VCOs equivalent to SEK 5.5 million.
- CST Global Ltd received a framework order of SEK 21.5 million from an American Fortune 100 company.
- Sivers IMA AB initiated a joint development project for 5G base stations with Ampleon.
- Sivers IMA AB's WiGig-chipe TRX BF01 was ready for volume production.

## New share issues in 2018

- In 2017, CST Global outperformed the 80 percent growth target for its additional purchase price, consequently an additional purchase price was paid and payment was made in the form of a set-off issue of a total of 13,962,499 shares.
- On February 22, Swedbank Robur and Nordic Cross purchased a total of 4.4 million shares in the company for a total of SEK 26.4 million related to a directed new share issue. The shareholding corresponded to approximately 4 percent of the votes and capital of the company.
- On October 19, Sivers IMA Holding held a new share issue of SEK 43.4 million to a limited number of qualified and institutional investors, where a majority of the shares were acquired by AMF Aktiefond Småbolag, Swedbank Robur Ny Teknik and Nordic Cross Small Cap Edge. The issue corresponded to approximately 6.3 percent of the votes and capital of the company.

## Expected future development, and risks and uncertainties

### Expected future development

The market for data centers and wireless and fixed broadband is growing rapidly and the chips and components offered by Sivers IMA Group are developed to meet the market demand in these areas. Sivers IMA Group's subsidiaries

are well equipped for the technological shift that is taking place with solutions for both wireless networks and fiber networks. There are consequently good opportunities for the Group to grow and generate profits in the future.

### **Risks and uncertainties**

Sivers IMA Group's operations, financial position and results can be affected by a number of risks and uncertainties. These risks may adversely affect the Group's operations, earnings and financial position.

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

### **Market risks**

The Group is active in a market that is expected to experience continued growth and good earnings opportunities in the coming years. However, there is a risk that the markets will develop in an unfavorable direction for the Group due to changes in macroeconomic factors, new regulations, limited protection for intellectual property rights or other unforeseen factors.

### **Technical development risk**

The market in which the Group operates is continuously developing depending on customer need and behavior. There is a risk that technological development does not correspond to the Group's, customers' or market's expectations.

There is also a risk that extensive investment in product development in the same area from one or more competitors could adversely affect the Group's sales.

### **Dependency on suppliers, producers and partners**

The Group is dependent on partners, producers and subcontractors to establish itself on the market. There is a risk that one or more of these partners, suppliers and producers would not be willing to continue the agreed cooperation with Group companies or that these suppliers or producers will not be able to fully meet the quality requirements set. These factors may adversely affect the Group's operations, earnings and financial position.

### **Price risks**

The Group's operations are dependent on certain highly complex inputs. 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 the necessary inputs to complete the production that the Group has been contracted for, which may adversely affect the Group's operations, earnings and financial position.

### **Liquidity risk**

Sivers IMA Group is in a development phase and lacks the sufficient earnings capacity to cover the business's costs through sales revenue alone. There is a risk that the Group may be forced to seek additional external funding in order to continue to operate its business.

### **Foreign exchange rate risk**

The Group's production costs and sales revenues occur in different currencies. Production costs and sales revenues are dominated by SEK and USD, as well as other foreign currencies. The Group is therefore exposed to exchange rate risks and fluctuations in currency can have an impact on the Group's earnings and financial performance.

### **Research and Development**

Research and development is a central part of the Group's operations and is conducted in Kista, Gothenburg and Glasgow. The development process follows the Group's project model which is ISO9000:2015 certified and has been developed for many years within Sivers IMA. Capitalized development expenditure for the year amounted to SEK 49,154 thousand.

### **Ownership**

As of December 31, 2018, Sivers IMA Holding AB (publ) had four owners, each of whom, directly and indirectly, held shares corresponding to five percent or more of the voting and capital shares in the company. The largest owners are Keith Halsey (26.3%) and Erik Fällström (19.9%), via companies. In total, Sivers IMA had approximately 1,950 shareholders.

### **Financing**

As described above under "liquidity risk", Sivers IMA Group is in a growth phase. The Group has made a detailed analysis of the liquidity requirement for the next 12 months and with loan financing (corresponding to MSEK 20) secured during the beginning of 2019, it is the Board's assessment that sufficient liquidity exists for the next 12 months. The Board has also initiated discussions with financial advisers to explore a possible list transfer of the company's shares to Nasdaq Stockholm's main list and to evaluate other strategic and financial opportunities to secure additional capital during the year for future list switching, growth and investment capacity beyond the next 12 months.



## Multi-year overview of the Group

	2018	2017	2016	2015	2014
Number of employees	100	90	32	24	22
Net sales	69,835	65,493	18,224	21,067	21,046
Result after financial items	-110,589	-52,061	-25,913	-15,834	-10,685
Total assets	342,397	348,161	67,156	98,941	51,264
Equity ratio (%)	72	57	83	82	69

## Proposed allocation of earnings

The Board of Directors recommends that earnings available for disposition be distributed:

Premium fund	395,858
Balanced result	-72,765
Annual result	-35,509
	<b>287,584</b>
disposed of so that new accounts are carried forward	287,584

# Consolidated income statement



	Note	2018-01-01 -2018-12-31	2017-01-01 -2017-12-31
<b>Operating income, etc.</b>			
Net sales		69,835	65,493
Work performed by the company for its use and capitalized		33,171	17,313
Other operating income		16,755	13,032
		<b>119,761</b>	<b>95,838</b>
<b>Operating costs</b>			
Cost of goods sold		-43,785	-26,525
Other external expenses	3, 6	-56,713	-40,511
Personnel costs	4, 5	-76,810	-48,370
Depreciation and write-downs of tangible and intangible assets	8, 9, 10	-44,682	-31,778
<b>Total operating costs</b>		<b>-221,990</b>	<b>-147,184</b>
<b>Operating profit</b>		<b>-102,230</b>	<b>-51,346</b>
<b>Profit/loss from financial items</b>			
Interest income and similar income items		0	1
Interest expenses and similar income items		-2,785	-1,190
FX currency gains/losses		-5,574	474
<b>Profit after financial items</b>		<b>-110,589</b>	<b>-52,061</b>
Tax on profit for the year	7	7,617	6,444
<b>Annual profit</b>		<b>-102,971</b>	<b>-45,617</b>
Attributable to the parent company owner		-102,971	-45,617

# Consolidated balance sheet



ASSETS	Note	2018-12-31	2017-12-31
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Goodwill	10	103,188	138,111
Balanced expenses for research work etc.	8	104,034	62,512
<b>Total intangible assets</b>		<b>207,222</b>	<b>200,623</b>
<b>Tangible assets</b>			
Equipment, tools and installations	9	38,188	28,554
<b>Total tangible assets</b>		<b>38,188</b>	<b>28,554</b>
<b>Total fixed assets</b>		<b>245,410</b>	<b>229,177</b>
Inventories		14,263	16,126
<b>Current receivables</b>			
Account receivable		22,237	22,880
Other receivables	12	10,386	10,734
Prepaid expenses and accrued income	13	7,692	7,324
<b>Total current receivables</b>		<b>40,315</b>	<b>40,938</b>
Cash and bank equivalents	19	42,410	61,920
<b>Total assets</b>		<b>96,988</b>	<b>118,984</b>
<b>TOTAL ASSETS</b>		<b>342,397</b>	<b>348,161</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	59,223	46,542
Other contributed capital		401 178	264 215
Other equity including the result for the year		-215 222	-113 812
<b>Total equity</b>		<b>245,179</b>	<b>196,945</b>
<b>Provisions</b>			
Deferred tax		210	253
Other provisions	16	3,411	85,203
<b>Total provisions</b>		<b>3,621</b>	<b>85,456</b>
<b>Long-term liabilities</b>			
Convertible loan	17	37,728	32,929
<b>Total long-term liabilities</b>		<b>37,728</b>	<b>32,929</b>
<b>Current liabilities</b>			
Account payable		20,948	11,896
Other liabilities	14	18,899	5,581
Accrued expenses and deferred income	15	16,022	15,354
<b>Total current liabilities</b>		<b>55,869</b>	<b>32,831</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>342,397</b>	<b>348,161</b>

# Consolidated statement of changes in equity



2017-01-01	Share capital	Other contributed capital	Other equity including the year's profit	Total
<b>Amount at the beginning of the year</b>	20,944	110,575	-75,487	56,032
Rights issue	25,598	160,848		186,446
Issue costs		-7,597		-7,597
Stock options		389		389
Reverse conversion effect			7,358	7,358
Annual conversion			-67	-67
Annual result			-45,616	-45,616
<b>Amount at year-end</b>	<b>46,542</b>	<b>264,215</b>	<b>-113,812</b>	<b>196,945</b>

2018-01-01	Share capital	Other contributed capital	Other equity including the year's profit	Total
<b>Amount at the beginning of the year</b>	46,542	264,215	-113,812	196,945
Rights issue	12,681	138,101		150,782
Issue costs		-4,997		-4,997
Warrants		360		360
Stock options		3,499		3,499
Annual conversion			1,561	1,561
Annual result			-102,971	-102,971
<b>Amount at year-end</b>	<b>59,223</b>	<b>401,178</b>	<b>-215,222</b>	<b>245,179</b>

# Consolidated statement of cash flow



	Note	2018	2017
<b>Operating activities</b>			
Operating profit		-102,230	-51,345
Adjustments for items not included in the cash flow	18	58,900	31,964
Interest paid		-981	-714
Paid tax		7,667	0
<b>Cash flow from operating activities before changes in capital</b>		<b>-36,644</b>	<b>-20,095</b>
<b>Cash flow from changes in capital</b>			
Decrease(+)/increase(-) of inventory / work in progress	18	-10,418	-3,958
Decrease(+)/increase(-) of accounts receivable		643	-1,361
Decrease(+)/increase(-) of claims		-112	-14,626
Decrease(+)/increase(-) of accounts payable		9,051	2,232
Decrease(+)/increase(-) of short-term liabilities		17,284	7,370
<b>Cash flow from operating activities</b>		<b>-20,196</b>	<b>-30,438</b>
<b>Investment activities</b>			
Acquisition of subsidiaries		0	-8,521
Acquisition of tangible fixed assets		-15,437	-6,559
Acquisition of other intangible fixed assets		-49,154	-18,067
<b>Cash flow from investment activities</b>		<b>-64,591</b>	<b>-33,147</b>
<b>Financing activities</b>			
Borrowings		0	32,929
Payment from warrants		360	-140
Issued costs – Debt		-4,997	-7,597
Rights issue		69,800	81,448
<b>Cash flow from financing operations</b>		<b>65,163</b>	<b>106,640</b>
<b>Change of liquid resources</b>		<b>-19,624</b>	<b>43,055</b>
Cash and cash equivalents at the beginning of the year		61,920	18,865
Exchange rate difference in cash equivalents		114	0
<b>Liquid resources at the end of the year</b>		<b>42,410</b>	<b>61,920</b>



# Parent Company's income statement



	Note	2018-01-01 -2018-12-31	2017-01-01 -2017-12-31
<b>Operating income, etc.</b>			
Other income	2	1	20
		<b>1</b>	<b>20</b>
<b>Operating expenses</b>			
Other external expenses	6	-5,361	-4,797
Personnel costs	4, 5	-5,459	-55
Other operating expenses		-73	-
<b>Total operating expenses</b>		<b>-10,893</b>	<b>-4,852</b>
<b>Operating profit</b>		<b>-10,892</b>	<b>-4,832</b>
<b>Profit from financial items</b>			
Profit from shares in Group companies	11	-24,000	-18,919
Interest income and similar income items		2,186	625
Interest expenses and similar income items		-1,805	-43
FX currency gains/losses		-998	-
<b>Profit after financial items</b>		<b>-35,509</b>	<b>-23,169</b>
Tax on profit for the year	7	-	-
<b>Annual profit</b>		<b>-35,509</b>	<b>-23,169</b>

# Parent Company's balance sheet



ASSETS	Note	2018-12-31	2017-12-31
<b>Fixed assets</b>			
<b>Financial assets</b>			
Shares in Group companies	11	226,839	230,138
Long-term receivables Group companies		33,728	16,069
<b>Total financial fixed assets</b>		<b>260,567</b>	<b>246,207</b>
<b>Total fixed assets</b>		<b>260,567</b>	<b>246,207</b>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from Group companies		89,871	62,690
Other receivables	12	281	421
Prepayments and accrued income	13	189	79
<b>Total current receivables</b>		<b>90,341</b>	<b>63,190</b>
Cash and bank balances	19	39,114	42,241
<b>Total current assets</b>		<b>129,455</b>	<b>105,431</b>
<b>TOTAL ASSETS</b>		<b>390,022</b>	<b>351,638</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Bound equity</b>			
Share capital	21	59,223	46,542
<b>Total restricted equity</b>		<b>59,223</b>	<b>46,542</b>
<b>Unrestricted equity</b>			
Capital surplus		395,858	262,754
Retained earnings		-72,765	-53,677
Annual result		-35,509	-23,169
<b>Total non-restricted equity</b>		<b>287,584</b>	<b>185,908</b>
<b>Total equity</b>		<b>346,807</b>	<b>232,450</b>
<b>Provisions</b>			
Other provisions	16	3,411	84,281
<b>Total provisions</b>		<b>3,411</b>	<b>84,281</b>
<b>Long-term liabilities</b>			
Convertible loan	17	37,728	32,929
<b>Total long-term liabilities</b>		<b>37,728</b>	<b>32,929</b>
<b>Current liabilities</b>			
Accounts payable		378	1,218
Other debts	14	301	-
Accrued expenses and prepaid income	15	1,396	759
<b>Total short-term liabilities</b>		<b>2,075</b>	<b>1,977</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>390,022</b>	<b>351,638</b>

# Statement of changes in equity, parent company

	Share capital	Capital surplus	Retained earnings	Annual result	Total
<b>2017-01-01</b>					
<b>Amount at the beginning of the year</b>	<b>20,944</b>	<b>109,504</b>	<b>-26,543</b>	<b>-27,523</b>	<b>76,381</b>
Rights issue	25,598	160,848			186,446
Rights issue costs		-7,597			-7,597
Stock options			389		389
Disposal of profit according to the decision of the Annual General Meeting			-27,523	27,523	0
Annual result				-23,169	-23,169
<b>Amount at year-end</b>	<b>46,542</b>	<b>262,754</b>	<b>-53,677</b>	<b>-23,169</b>	<b>232,450</b>
<b>2018-01-01</b>					
<b>Amount at the beginning of the year</b>	<b>46,542</b>	<b>262,754</b>	<b>-53,677</b>	<b>-23,169</b>	<b>232,450</b>
Rights issue	12,681	138,101			150,782
Rights issue costs		-4,997			-4,997
Warrants			360		360
Stock options			3,721		3,721
Disposal of profit according to the decision of the Annual General Meeting			-23,169	23,169	0
Annual result				-35,509	-35,509
<b>Amount at year-end</b>	<b>59,223</b>	<b>395,858</b>	<b>-72,765</b>	<b>-35,509</b>	<b>346,807</b>

# Notes



## Note 1 Accounting principles etc.

### General accounting principles

The Annual Report and consolidated accounts for 2018 have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and consolidated accounts, K3.

### Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the acquisition method. The consolidated financial statements comprise the parent company Sivers IMA Holding AB and its subsidiaries. Subsidiaries are those companies in which the parent company, directly or indirectly, has a controlling influence. Normally this refers to company's where the parent company holds more than 50 percent of the votes. The acquisition of CST Global, which was implemented in 2017, was deemed to fulfill the conditions for a so-called reverse acquisition under K3. As a result, the acquisition analysis is prepared in Group terms with CST Global as the acquirer and the legal parent company Sivers IMA Holding as the acquired company.

The consolidated financial statements include the subsidiaries from the day the Group receives controlling influence until the date it no longer exists. The subsidiaries' accounting principles are generally in accordance with the Group's accounting principles.

Intra-group transactions and balance sheet items as well as unrealized gains and losses on transactions between Group companies are eliminated in their entirety.

### Revenue recognition

Net sales mainly consist of the sales of goods and consulting services.

### Sale of goods

Sale of goods, ie net sales for products in the ordinary business, are reported when delivery has taken place and significant risks and benefits associated with the ownership of the goods have been transferred to the buyer and that it is probable that the financial benefits of the transaction will accrue to the company. All sales are made unless otherwise agreed with the freight terms Ex Works. The sale is reported with surcharges for freight and after deductions for discounts, bonuses, returns and commodity taxes.

### Consulting services

For consulting assignments at a fixed price, the income and expenses attributable to a service assignment performed are reported as income and the respective expenses in relation to the degree of completion of the assignment on the balance sheet date (percentage of completion). The degree of completion of an assignment is determined by comparing expenses incurred on the balance sheet date with estimated total expenses. In cases where the outcome of an assignment cannot be calculated reliably, revenue is reported only to the extent that corresponds to the contract expenses that are likely to be replaced by the client. An anticipated loss on an assignment is reported immediately as a cost.

### Public contribution reporting

Government grants are valued at the fair value of what is received or will be received.

Government grants that are not linked to requirements based on future performance are recognized as revenue when the conditions for receiving the grant are met. This is usually done in connection with the granting process. Government grants that are linked to demands for future performance, so-called conditional grants, are recognized as liabilities when the grant is received and subsequently recognized as income when the performance is completed.

### Interest

Remuneration in the form of interest is recognized as revenue when it is probable that the economic benefits associated with the transaction have been added to the Group and when the income can be reliably estimated.

### Leasing

The Group is a lessee through so-called operational lease agreements as the financial risks and benefits associated with the asset have not been transferred to the Group. Leasing fees, including potential rent increases, are reported as a cost on a straight-line basis over the lease term.

### Employee remuneration

Remuneration to employees refers to all types of remuneration that the Group provides to employees. The Group's remuneration includes salaries, paid vacation, paid absence, bonuses, and post-employment benefits (pensions). Accounting takes place in step with earnings. Remuneration to employees after the termination of employment refers to defined-contribution or defined-benefit pension plans. As defined-contribution plans are classified as plans where fixed fees are paid and there are no obligations, whether legal or informal, to pay anything further, in addition to these fees. Other plans are classified as defined-benefit pension plans.

The Group has both defined-contribution and defined-benefit pension plans. Expenses for defined-contribution plans are reported as an expense during the period in which the employees perform the services that form the basis of the obligation.

The Group has defined-benefit pension plans that are financed via Alecta, which are reported as defined-contribution plans since there is insufficient information to report the plan as a defined-benefit plan.

### Share-based compensation

Within Sivers IMA, there are four employee stock option programs that entitle employees and company management to buy shares in the company at a certain point in time at a pre-determined subscription price. The vesting period is partly targeted and partly timed. The program benefits the private individuals and the cost of this benefit is reported continuously during the current vesting period. In cases where the options will be redeemed, it will give rise to a dilution effect.

### Translation of foreign currency items

Receivables and liabilities in foreign currency have been valued at the closing day rate. Foreign exchange gains and losses on operating receivables and operating liabilities are recognized in operating profit, while exchange gains and losses on financial receivables and liabilities are reported as financial items.

## Tax

Total tax consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is reported directly against equity, whereby the associated tax effect is reported in equity.

### Current tax

Current tax refers to income tax for the current fiscal year and the part of the previous fiscal year's income tax that has not yet been reported. Current tax is calculated on the basis of the tax rate applicable on the balance sheet date.

### Deferred tax

Deferred tax is income tax that relates to future financial years as a result of past events. Accounting is conducted according to the balance sheet method. In accordance with this method, deferred tax liabilities and deferred tax assets are reported on temporary differences arising between the carrying amounts and tax values of assets and liabilities as well as for other tax deductions or deficits.

Deferred tax assets are only reported net against deferred tax liabilities if they can be paid with a net amount. Deferred tax is calculated based on the decided tax rate on the balance sheet date. Effects of changes in current tax rates are recognized in the period in which the change is statutory. Deferred tax assets are reduced to the extent that it is not probable that the underlying tax asset will be realized in the foreseeable future. Deferred tax assets are reported as financial fixed assets and deferred tax liabilities as provisions.

### Fixed assets

Tangible and intangible fixed assets are reported at cost minus the accumulated depreciation and any impairment losses. The depreciable amount consists of the acquisition value minus an estimated residual value if this is material. Depreciation takes place linearly over the expected useful life.

The following depreciation periods apply:

	Number of years
<b>Intangible assets</b>	
Balanced expenditure on research and development work and similar work	5
	5
<b>Goodwill</b>	
Tangible fixed assets	5–7
Equipment, tools and installations	3
Computers	

### Internally generated intangible fixed assets

The Group applies the so-called 'Activation model' for internally generated intangible fixed assets. The method means that all expenses that meet the criteria in K3 are capitalized as intangible assets and amortized during the asset's estimated useful life. In the acquisition value, personnel costs incurred in the development work are included, together with an appropriate share of relevant overheads and loan costs.

## Financial instruments

The Group recognizes and evaluates financial instruments at fair value. Accounts receivable and other current receivables are reported as the lowest purchase value and the amount at which they are expected to be settled, i.e. with deductions for anticipated losses. Accounts payable and other current liabilities are reported at the amount at which they are expected to be settled. Non-current receivables and long-term liabilities are valued after initial recognition at amortized cost.

The Group uses short derivatives to hedge currency risk in future sales and purchases. Since hedge accounting is not applied, profit/loss on derivatives is reported directly in the income statement under financial items.

### Inventories

Inventories have been valued at the lower of either their acquisition value or their net realizable value on the balance sheet date. The net realizable value is the estimated sales price of the goods minus sales costs. The chosen valuation method means that obsolescence in inventories has been taken into account.

### Provisions

Provisions are reported when the company has a formal or informal obligation as a result of previous events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are valued at the best estimate of the amount required to settle the obligation. If the effect of time when the payment is made is relevant, the current value is obligated to be used.

### Estimates and assessments

The following of the Board's assessments have a significant effect on the reported amounts in the annual accounts and consolidated accounts:

#### Reporting of capitalized development expenses

The Group applies the activation model for internally generated intangible assets. This model includes assessments if the proprietary assets in the future will be able to generate cash flows and assessments regarding their useful life. The model also includes assessments of which costs can be activated, i.e. is considered attributable to the development phase.

### Accounting principles in the parent company

The accounting principles that deviate from those applied in the consolidated accounts are described below.

#### Shares in Group companies

Shares in Group companies are reported at cost minus any impairment losses. Dividends are reported as revenue, even if the dividend refers to accumulated profits before the acquisition date. The dividend is normally reported when the competent body decides that it can be calculated reliably.

## Note 2 Purchases and sales within the Group

	Parent company	
	2018	2017
Sales related to Group companies	—	—
Purchases relating to Group companies	—	—

## Note 3 Leases – Operational leasing lessee

	Group		Parent company	
	2018	2017	2018	2017
During the year, the company's leasing expenses amounted to	4,359	3,267	—	—
Future minimum lease payments for non-cancellable leases are due for payment as follows:				
Within 1 year	3,351	3,411	—	—
Between 2 and 5 years	6,811	2,016	—	—
More than 5 years	724	0	—	—
	<b>10,886</b>	<b>5,427</b>	<b>—</b>	<b>—</b>

The year's lease payments relate to rent, computers and office machinery.

Sivers IMA AB signed a lease agreement for new office premises in 2018. The agreement is valid from July 1, 2019 to June 30, 2024.

## Note 4 Personnel

	Group		Parent company	
	2018	2017	2018	2017
Average number of employees has been	73	74	2	—
of which women	27	16	0	—
	<b>100</b>	<b>90</b>		
<b>Salaries, remuneration etc.</b>				
The Board of Directors and CEO	5,608	1,518	4,032	875
of which bonuses	370	—	—	—
Other employees	51,188	35,112	1,580	—
<b>Social expenses</b>				
Pension costs for the Board and the President	451	328	330	—
Pension costs for other employees	4,646	4,962	286	—
Social security fees according to law and agreements	12,589	9,315	1,164	—

The Company's CEO has no contract for severance pay.

<b>Directors' fees</b>	<b>2018</b>	<b>2017</b>
Ingrid Engström	350	150
Tomas Duffy	750	275
Björn Norrbom	350	150
Dag Sigurd	350	150
Robert Green	350	150
Erik Fällström	—	—
	<b>2,150</b>	<b>875</b>

The 2018 Annual General Meeting decided that a board member who performs work in addition to the work of the Board of Directors should be able to receive reasonable compensation for this. In 2018, Tomas Duffy assisted the company with the continued integration work of the subsidiary of CST Global, which was acquired in May 2017.

	2018		2017	
	Total	Of which women	Total	Of which women
<b>Group Management composition as of December 31</b>				
Board	6	1	6	1
CEO	1	—	1	—
Other*	1	0	6	1
<b>Total</b>	<b>8</b>	<b>1</b>	<b>13</b>	<b>2</b>

\* Other\* consists of the Group's CEO and CFO. In 2017, the entire Sivers IMA AB management was included in this category, but after the integration of CST Global, only the Group's CEO and CFO are considered to be in the group management category.



## Note 5 Options

### Employee programs

Sivers IMA Holding currently has four employee stock option programs, one running from 2010–2026, two running from 2014–2020, one running from 2015–2025 and a fourth running 2020–2026. Upon full conversion of the decided employee stock option programs, the number of shares will amount to 130,281,025. The total number of employee stock options granted as of December 31, 2018 amounted to 8,210,162, of which 3,659,557 have been earned.

The adopted employee stock option program in 2010 comprises allocation of a total of 1,299,500 employee stock options. Of these, 662,745 have been earned. 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 possibility of granting 135,000 options, of which 72,900 options were granted. Of these, all 72,900 options have been earned. To secure cash flow, 165,000 warrants have been issued.

At an extraordinary general meeting on November 9, 2015, a new stock option plan was decided for a total of 2,400,000 employee stock options, of which 1,752,350 were allocated. Of these, 1,393,800 options have been earned. In order to ensure the fulfillment of the commitment and to secure cash flow, 2,400,000 options have been issued.

At the Extraordinary General Meeting on May 30, 2017, a new stock option plan was decided for a total of 5,650,000 employee stock options, of which 5,235,537 was granted. In 2018, within the framework of this option program, previously issued options to CST employee employees have been replaced by redemption and issuance of so-called EMI options under local jurisdiction (UK). This change, and redemption of previous options that were already earned, means that 2,355,537 options of this option program are earned. In order to ensure fulfillment of the commitment and to secure cash flow, 7,425,000 options have been issued.

	Term	Assigned quantity	Earned quantity
PO1	2020-11-30	1,299,500	662,745
PO2	2014 – 2020-10-31	72,900	72,900
PO3	2015 – 2024-12-31	1,752,350	1,393,800
PO4	2016 – 2026-06-30	5,235,537	2,355,537
<b>Number of shares after full conversion:</b>		<b>8,360,287</b>	<b>4,484,982</b>

### Warrant program

At the Extraordinary General Meeting on July 1, 2016, it was decided to subscribe for warrants for the CEO, senior executives and key employees. According to this program, a total of 1,500,000 shares can be subscribed for at an exercise price corresponding to 150 percent of the average recent price paid on Aktietorget during the period from June 22, 2016 to July 6, 2016. The program consists of a total of 1,500,000 warrants, of which 1,305,000 are subscribed. The maturity extends until September 13, 2019.

Upon full exercise of all option programs, the share capital will increase by SEK 2,926 thousand.

## Note 6 Remuneration to auditors

	Group		Parent company	
	2018	2017	2018	2017
Deloitte				
Auditing services	844	753	355	335
Other	25	294	25	294
<b>Total</b>	<b>869</b>	<b>1,047</b>	<b>380</b>	<b>629</b>
Other auditing firms				
Auditing services	–	–	–	–
Other	85	549	–	549
<b>Total</b>	<b>85</b>	<b>549</b>	<b>–</b>	<b>549</b>

## Note 7 Taxes

	Group		Parent company	
	2018	2017	2018	2017
Tax	7,575	6,402	–	–
Deferred tax	42	42	–	–
<b>Total reported tax</b>	<b>7,617</b>	<b>6,444</b>	<b>–</b>	<b>–</b>
<b>Reconciliation effective tax rate</b>				
<b>Reported earnings before tax</b>	<b>–110,589</b>	<b>–52,061</b>	<b>–35,509</b>	<b>–23,169</b>
Tax on the result calculated according to the applicable Swedish tax rate (22%)	24,330	11,453	7,812	5,097
Amortization of goodwill	–6,957	–4,617	–	–
Tax effect of non-activated / non-activatable loss carryforwards	–15,643	–6,437	–2,529	–933
Deviating tax rate in foreign subsidiaries	–1,417	–40	–	–
Tax Credit R&D	7,575	6,851	–	–
Other non-deductible costs / non-taxable income	–270	–318	–5,283	–4,165
Adjustments to previous years' deferred taxes	–	–449	–	–
<b>Sum</b>	<b>7,617</b>	<b>6,444</b>	<b>0</b>	<b>0</b>
Effective tax rate, %	–7	–12	0	0

## Note 8 Balanced expenses for research work etc.

	Group		Parent company	
	2018	2017	2018	2017
<b>Initial cost</b>	<b>84,376</b>	<b>40,845</b>	<b>–</b>	<b>–</b>
Acquisition value in acquired companies	–	5,312	–	–
Investments*	48,851	38,476	–	–
Translation difference	305	–257	–	–
<b>Closing balance accumulated acquisition values</b>	<b>133,532</b>	<b>84,376</b>	<b>–</b>	<b>–</b>
<b>Initial depreciation</b>	<b>–20,722</b>	<b>–13,829</b>	<b>–</b>	<b>–</b>
Annual depreciations	–6,752	–6,929	–	–
Translation difference	–28	36	–	–
<b>Closing balance accumulated depreciation</b>	<b>–27,502</b>	<b>–20,722</b>	<b>–</b>	<b>–</b>
<b>Initial write-downs</b>	<b>–1,142</b>	<b>0</b>	<b>–</b>	<b>–</b>
Impairment for the year	–854	–1,142	–	–
<b>Closing balance carrying amount</b>	<b>104,034</b>	<b>62,512</b>	<b>–</b>	<b>–</b>

\* The Group has received an EU grant to finance parts of its research and development projects. Contributions are reported under other income in the income statement when the conditions for reporting these revenues are met.

## Note 9 Equipment, tools and installations

	Group		Parent company	
	2018	2017	2018	2017
<b>Initial cost</b>	<b>49,472</b>	<b>20,992</b>	<b>–</b>	<b>–</b>
Acquisition value in acquired companies	–	19,417	–	–
Annual investment	14,582	9,589	–	–
Translation difference	501	–526	–	–
<b>Closing balance accumulated acquisition values</b>	<b>64,555</b>	<b>49,472</b>	<b>–</b>	<b>–</b>
<b>Initial depreciation</b>	<b>–20,919</b>	<b>–18,573</b>	<b>–</b>	<b>–</b>
Annual depreciations	–5,452	–2,371	–	–
Translation difference	3	25	–	–
<b>Closing balance accumulated depreciation</b>	<b>–26,368</b>	<b>–20,919</b>	<b>–</b>	<b>–</b>
<b>Closing balance carrying amount</b>	<b>38,188</b>	<b>28,554</b>	<b>–</b>	<b>–</b>

## Note 10 Goodwill

	Group		Parent company	
	2018	2017	2018	2017
<b>Initial cost</b>	<b>163,482</b>	<b>7,313</b>	–	–
Investments	–	156,169	–	–
Adjusted cost	–3,299			
<b>Closing balance accumulated acquisition value</b>	<b>160,183</b>	<b>163,482</b>	–	–
Initial depreciation	–25,371	–4,387	–	–
Annual depreciations	–31,624	–20,984	–	–
<b>Closing balance accumulated depreciation</b>	<b>–56,995</b>	<b>–25,371</b>	–	–
	<b>103,188</b>	<b>138,111</b>	–	–

Sivers IMA Holding AB acquired all shares in CST Global, UK on May 18 2017. The acquisition was financed through a directed share issue to former owners of CST Global. The acquisition constituted a reverse acquisition, i.e. Sivers IMA Holding was considered to be the acquired company. Adjusted acquisition value in 2018 relates to adjustment as a result of lower acquisition costs.

## Note 11 Shares in Group companies

	Org.nr	Based	Book value	Equity, %
Compound Semiconductors Global Ltd	SC211759	Glasgow	196,154	100
Sivers IMA AB	556063-7331	Kista	30,685	100
Trebax AB	556661-8400	Gothenburg	0	100
<b>Sum</b>			<b>226,839</b>	
<b>Initial cost</b>			<b>230,138</b>	
Contingent shareholder contributions 2018			24,000	
Impairment of shares in subsidiaries in 2018			–24,000	
Adjustment of acquisition cost CST Global (Acquisition costs)			–3,299	
<b>Closing balance acquisition value</b>			<b>226,839</b>	
<b>Information on equity and earnings</b>			<b>Equity</b>	<b>Result</b>
CST Global Ltd			17,307	–39,661
Sivers IMA AB			3,953	–20,025
Trebax AB			110	–3

## Note 12 Other receivables

	Group		Parent company	
	2018	2017	2018	2017
Tax assets	7,580	7,672	–	–
VAT recoverable	2,244	878	280	417
Retention on tax account	12	1,088	1	4
Other	550	1,096	–	–
	<b>10,386</b>	<b>10,734</b>	<b>281</b>	<b>421</b>

## Note 13 Prepayments and accrued income

	Group		Parent company	
	2018	2017	2018	2017
Prepaid Rents	683	704	–	–
Prepaid insurance	325	295		
Prepaid interest	239	239		
Prepaid inventory	1,895	–	–	–
Accrued income	3,035	4,778	–	–
Other prepaid expenses	1,515	1,308	189	79
	<b>7,692</b>	<b>7,324</b>	<b>189</b>	<b>79</b>

## Note 14 Other current liabilities

	Group		Parent company	
	2018	2017	2018	2017
Withholding tax & fees	2,390	2,187	–	–
Current liabilities to creditors	13,419	3,394	–	–
Currency futures	2,784	–	–	–
Other	306	–	301	–
	<b>18,899</b>	<b>5,581</b>	<b>301</b>	<b>–</b>

## Note 15 Accrued expenses and prepaid income

	Group		Parent company	
	2018	2017	2018	2017
Prepaid income	4,975	1,569	–	–
Accrued wages	841	1,944	150	–
Accrued vacation pay	3,272	2,763	362	–
Accrued social security charges	888	758	113	–
Accrued consulting costs	2,025	2,687	235	–
Accrued Board fees	–	175	–	175
Accrued accounting and audit fees	350	215	250	215
Accrued pension costs	286	0	286	–
Accrued payroll tax	2,086	2,005	–	–
Other accrued expenses	1,299	3,238	–	369
	<b>16,022</b>	<b>15,354</b>	<b>1,396</b>	<b>759</b>

## Note 16 Provisions

	Group		Parent company	
	2018	2017	2018	2017
Provision for additional purchase price CST Global	–	84,281	–	84,281
Social charges employee stock options	3,411	922	3,411	–
	<b>3,411</b>	<b>85,203</b>	<b>3,411</b>	<b>84,281</b>

## Note 17 Long-term liabilities

	Group		Parent company	
	2018	2017	2018	2017
Convertible loan	–	–	–	–
Payment within 1 year	–	–	–	–
Payment within 2 to 5 years	37,728	32,929	37,728	32,929

Long-term debt refers to convertible debentures issued on December 22, 2017, in multiples of USD 10,000, at a total value of USD 4,000,000. The amount corresponds to SEK 33,704,000 and the debentures run for 3 years with a fixed annual interest rate of 5 percent.

The convertible debenture holder owns the right to convert debt and accrued interest into new shares in the company at a fixed price of SEK 8.29 per share after the translation of SEK/USD rate of 8.4260. Conversion can be invoked on a continuous basis during the term, which is why the number of shares received in the event of a conversion varies over time. The holder chooses individually if they wish to convert during the term or instead request a refund at the end of the term.

## Note 18 Adjustment for items not included in the cash flow

	Group	
	2018	2017
Depreciation	44,682	31,778
Write down inventory	12,281	–
Other	1,937	186
	<b>58,900</b>	<b>31,964</b>

## Note 19 Cash and bank balances

	Group		Parent company	
	2018	2017	2018	2017
Cash funds	42,410	61,920	39,114	42,241

As of December 31, the Group had a granted overdraft facility of SEK 2,500,000, of which SEK 60.4 thousand (0.0) was utilized at the end of the year.

## Note 20 Information on financial instruments

	2018		2017	
	Nominal amount, thousand USD	Book value, thousand SEK	Nominal amount, thousand USD	Book value, thousand SEK
Currency forward contract	5,500	–2,784	–	–

The Group is exposed to currency risk, primarily for future cash flows in USD due to contracted sales or purchases. The forward currency contract, which as of December 31, 2018 has a negative value, has been reported under other liabilities. Profit/loss on the forward currency contract is reported in the income statement, as the Group does not apply hedge accounting.

## Note 21 Number of shares

	Parent company	
	2018	2017
Number of shares	118,445,825	93,083,326
Quotient	0.5	0.5

All shares consist of the same series and own equal right to vote and profit in the company.

## Note 22 Pledged assets and contingent liabilities

	Group		Parent company	
	2018	2017	2018	2017
<b>For own provisions and liabilities</b>			None	None
Regarding debt to credit institutions:				
Company mortgage	2,900	2,900		
Pledged assets for equipment	9,400	–		
<b>Total for own liabilities and provisions</b>	<b>12,300</b>	<b>2,900</b>		
<b>Total pledged assets</b>	<b>12,300</b>	<b>2,900</b>		
<b>Contingent</b>				
Guarantees in favor of Group companies	–	–	3,800	2,500

### Note 23 Transactions with related parties

During the financial year, the Parent Company and the Group have not carried out any transactions with such related parties as stated in Chapter 5 of the Annual Accounts Act. Section 23, on other than market terms.

### Note 24 Significant events after the end of the financial year

On January 16, Sivers IMA AB announced that it had signed an agreement with an Eastern European system provider of wireless broadband access.

Sivers IMA AB announced on January 30 that they had signed a letter of intent for the use of its unlicensed 5G products in the application of ultrasound scans.

### Note 25 Proposed allocation of earnings

The Board of Directors proposes that available earnings be available

Premium fund	395,858
Balanced result	-72,765
Annual result	-35,509
	<b>287,584</b>
disposed of so that new accounts are carried forward	287,584

Kista 2019-04-23

Tomas Duffy  
Chairman of the Board

Anders Storm  
CEO

Björn Norrbom

Ingrid Engström

Dag Sigurd

Erik Fällström

Robert Green

Our audit report was submitted on 29 April 2019  
Deloitte AB

Erik Olin  
Chartered Accountant



# Auditor's Report



To the 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 2018-01-01–2018-12-31. The annual accounts and consolidated accounts of the company are included on pages 20–38 in this document.

In our opinion, the annual accounts and consolidated 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 and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual 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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–19. The Board of Directors and the Managing Director are responsible for the other information.

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

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

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

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. 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 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 the company 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 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 2018-01-01–2018-12-31 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 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 2019-04-29

Deloitte AB

Signature on Swedish original

Erik Olin

Authorized Public Accountant

# Annual General Meeting 2019



The Annual General Meeting will take place on Wednesday, May 22, 2019 16:00 at Erik Penser Bank, Apelbergsgatan 27, Stockholm.

## Participation

Shareholders who wish to attend the meeting shall:

- Be included in the share register introduced by Euroclear Sweden AB on Thursday 16 May 2019.
- Report their attendance to the company no later than Friday, May 17, 2019.

## Registration

Registration is to be made no later than Friday, May 17, 2019 by post to Sivers IMA Holding AB, c/o Sivers IMA AB, Box 1274, 164 29 Kista or by e-mail [info@siversima.com](mailto:info@siversima.com). When registering, the name, social security number/corporate identity number, daytime telephone number, number of shares held and any attending assistants should be stated.

## Manager-registered shares

Shareholders whose shares are nominee registered must, in addition to the notification of participation in the meeting, be temporarily included in the share register in their own name (so-called voting rights registration) in order to participate in the meeting. In order for this registration to be executed on Thursday, May 16, 2019, the shareholder should contact their bank or nominee well in advance.

## Proposed dividend

The Board of Directors proposes that no dividend be paid.