

Annual Report **2021**

At the heart of innovation

This is Sivers Semiconductors

Sivers Semiconductors AB is a leading and internationally recognized supplier of semiconductor components to the wireless and optical data and telecommunications market through its two business areas, Photonics and Wireless.

Sivers Photonics develops and manufactures semiconductor based products for optical communications and optical sensing markets.

Sivers Wireless develops RF chips and antennas for advanced 5G systems for data and telecommunication networks.

Sivers Semiconductors enables a better connected and more secure world by delivering the best solutions for fiber and wireless networks.

Sivers Semiconductors is listed on Nasdaq Stockholm under SIVE. The Group's head office is located in Kista, Stockholm.



PHOTONICS



WIRELESS

Content

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Year in brief

January–December 2021

- Income for the period amounted to SEK 90.652 M (96.170)
- Profit before depreciation and amortization (EBITDA) amounted to SEK –107.185 M (–55.661)
- Profit/loss for the period amounted to SEK –133.704 M (–195.782)
- Earnings per share amounted to SEK –0.83 (–1.37)
- Equity per share amounted to SEK 4.57 (3.41)

Significant events during the period

- On June 3, Siverts Semiconductors' application for inclusion of the company's shares for trading on Nasdaq Stockholm's main list was approved.
- On October 14, Siverts Semiconductors announced that the Company had signed an agreement relating to the acquisition of all the shares in MixComm, Inc, a US challenger in the development of chips for 5G millimeter wave technology.
- On October 14, Siverts Semiconductors completed a directed new issue of 17,021,277 ordinary shares, corresponding to SEK 400 M before issue expenses. The subscription price was SEK 23.5 per share.

Significant events after the end of the period

- On January 3, Siverts Semiconductors announced that Siverts Wireless had won an order for unlicensed 5G RF modules from Lithuanian hi-tech company 8devices.
- On January 18, Siverts Semiconductors announced that MixComm had entered a partnership with Advanced Microsystems Technologies.
- On February 10, Siverts Semiconductors announced the joint development of a V-Band RF/Modem solution by MaxLinear, Inc. and Siverts Wireless.
- On February 22, Siverts Semiconductors announced that the previously communicated acquisition of MixComm Inc. had been completed.
- On February 24, Siverts Semiconductors announced their 5G millimeter wave agreement indefinitely on hold due to customer overall delays and missing the current customer's customer window.

126

Number of employees
at the end of
the year

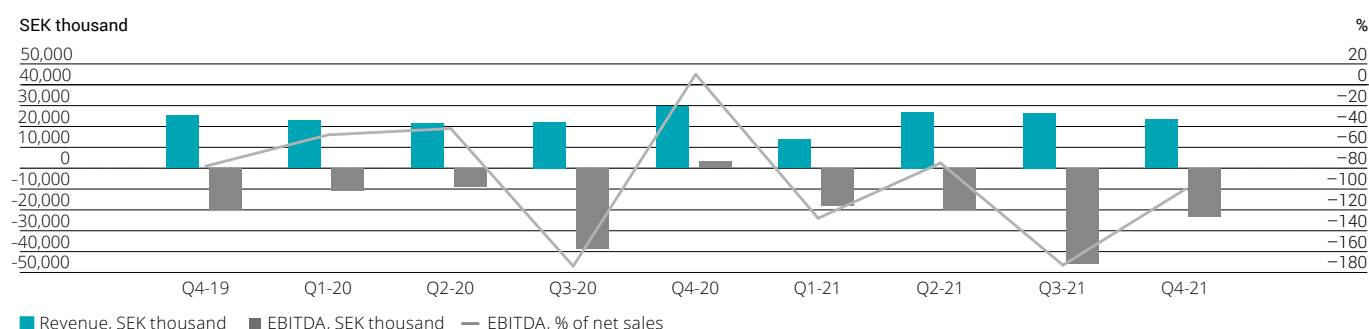
90.7

SEK M revenue

Key performance indicators

SEK thousand	2021	2020	2019	2018
Revenue	90,652	96,170	96,355	71,485
EBITDA	–107,185	–55,661	–48,322	–52,589
Profit/loss for the period	–133,704	–195,782	–75,661	–71,880
Earnings per share before and after dilution, SEK	–0.83	–1.37	–0.59	–0.63
Equity per share, SEK	4.57	3.41	2.16	2.30

Revenue, EBITDA and EBITDA margin, per quarter



We strengthen our market position

This year's two major events were the transformative acquisition of MixComm and the listing on Nasdaq's main list. However, it was the effects of pandemic and component shortages that marked 2021 for Sivers Semiconductors. Despite this, we see a strong underlying demand for our products, now with a strengthening of Mixcomm's offering. Therefore, we see with continued confidence and optimism for Sivers Semiconductor's future.

The year was largely characterized by the Covid-19 pandemic, which meant that many of our customers' products were unable to reach the market. Significant components shortages in the second half of the year caused some difficulties for our customers, leading to resources being shifted away from development and towards making adaptations of existing products. For us, this meant fewer volume orders than anticipated, as well as fewer design wins. The impact of the components shortages on design wins is clear from the five wins achieved in the first half of the year, compared to no design wins in the second half.

Overall, this means that revenue decreased by 6 percent to SEK 90.652 M (96.170). EBITDA was SEK -107.185 M (-55.661).

Technology leadership creates competitive products

At the same time, there are many positives to report regarding progress in our two business areas. During the year, Photonics made some very promising advances in silicon photonics, a technology that combines laser and silicon in a way that will change the ecosystem in sensors, optical communication in computers and data centers. In a joint project with Imec and ASM AMICRA, Photonics has successfully integrated Indium phosphide (InP) lasers with Imec's Silicon Photonics platform. The effects of this are expected to generate positive growth for silicon photonics in many commercial applications.

In the year, we also initiated another promising collaboration with Ayar Labs, introducing the industry's first solution

offering terabit speed over optical links. Photonics' InP100 product platform will be a key factor in the delivery chain for Ayar Labs' continued development of advanced optical I/O solutions.

It was also pleasing that Photonics continued to strengthen its relationship with two of the largest global tech companies. In 2021, the business area won two orders for optical sensors worth a total of some SEK 25 M from one of these customers. For each such order, we increase our chances of playing a part in future volume production of these sensors.

Our other business area, Wireless, continued to consolidate its leading position in millimeterwave technology with the launch of two innovative 5G chips. The new chips have a unique combination of high capacity and versatility which allows us to offer customers a solution that is both cheaper and better than with our previous chips. Our ability to offer competitive products through technology leadership remains a key part of our strategy. Accordingly, we invested SEK 56 M in research and development during the year.

Positive market signals

There were also a number of positive signals on the US market, where we achieved a design win from a new and promising customer intending to develop products for unlicensed 5G with our market-leading 60 Ghz technology. During the year, we also won volume orders from North American customers that have previously been reported as design wins. Federally funded investments in broadband in the US will continue to create new opportunities for us in unlicensed 5G.

I also want to highlight an order we received from the Lithuanian hi tech company 8devices, even if it came in a few days into 2022. 8devices is an important customer that has quickly emerged on the market, and which has now signed its first volume order for 5G modules worth some SEK 20 M. This is our largest 5G order to date, and a great way to start the new year. I see this as a sign that the market is starting to move.

New opportunities

Nevertheless, the most important event of the year was our acquisition of MixComm, announced in October 2021 and completed in February 2022. I am convinced that the merger creates large potential by uniting two of the main challengers in millimeterwave technology. With regard to expertise in our field, I believe that we will become a leader in 5G/mmWave across all bandwidths.

Some of the most important benefits are that our product portfolio is broadened and strengthened and that the number of customers increases. With the USA as our home market, we are broadening our network and improving the opportunities to find new types of customers and partners. In addition, our delivery chain is being strengthened by our new part owner Global Foundries. The company is a world leader in silicon wafers, a key component in our products. Overall, this makes us one of the strongest suppliers in 5G/millimeterwave and SATCOM.

Our inclusion on Nasdaq Stockholm's main list was another important event in 2021. The listing represents a quality seal that strengthens our brand amongst customers and investors. In addition, the



"I am convinced that the merger with MixComm creates great potential by uniting two of the main challengers in millimeter wave technology."

process of ensuring that we live up to stock market demands has meant that we are now better equipped to meet the future.

The progress we made in a challenging year is further evidence of our employees' high level of competencies and extensive commitment, and I want to take the opportunity to thank all our staff for their valuable efforts during the year.

Well equipped for the future

I take a very positive view of our future. My fundamental assessment is that long-term demand and investment needs remain intact on our markets, even if the pandemic and components shortages have delayed many projects and market launches amongst our customers. I expect the components shortages to be reduced in the second half of 2022, and that many of our customers will deliver finished

products to the market. It is worth noting that Silverson Semiconductors is not facing any components shortages. We have built up stocks of key components, and are ready to ramp up production once volume orders are received. Alongside MixComm, we had a total of 44 design wins accumulated at the end of the year. The acquisition of MixComm also strengthens us in several key respects. This means that my optimism remains strong, even if recent developments in the Ukraine have increased the uncertainty in the surrounding world, including consequences that are hard to survey at the time of writing.

Anders Storm
Group Chief Executive Officer

Stock market listing prepares the company for the future

The Sivers Semiconductors share was upgraded to Nasdaq Stockholm's main list on 10 June 2021. This represents an important milestone and the end point of a process aimed at satisfying the stock market's demands which has been underway since 2018.

The listing is a quality seal that strengthens The Group's profile and brand with its customers and investors. In addition, the work associated with listing has meant that the company is now better equipped to meet the future.

Some of the most important effects are:

- Improved quality of financial reporting, both internally and to the capital markets, through a strengthened financial organization, new IT systems and processes. The single biggest step was the

transition to reporting in accordance with IFRS, which was implemented in 2019.

- Risk assessments and risk management have been improved and extended to encompass more areas, risk factors and controls.
- Group-wide manuals and policies have been introduced in a number of new areas. Examples include a new finance manual, sustainability policy, personnel handbook and Code of Conduct.

One clear advantage is that the ambition to be included on Nasdaq Stockholm, and the ensuing market listing, has significantly facilitated access to capital in the form of new share issues. This particularly applies to interest from major institutional investors. In 2021, the Group completed a major new share issue which generated total capital of some SEK 400 M before issue expenses.





Market

The Group delivers products to the market for upgrading fixed wireless data and telecommunications networks, including sensors. The sharp increase in traffic in these networks leads to extensive investment needs amongst operators, which in turn means that Sivers Semiconductors' market is growing significantly faster than the increase in traffic.



Operators on the telecom market face several major challenges: the need for increased broadband to end customers globally, network optimization, more connected devices and sensors, increased security in the networks and more high-quality connections. The trend has been further strengthened in the wake of the Covid-19 pandemic, as more users demand quality broadband for new innovative services. On the one hand, the services are essential for everyday life, and on the other hand, an increasing number of companies see functioning broadband services as business-critical at a time when more people work from home and environmental demands reduce travel.

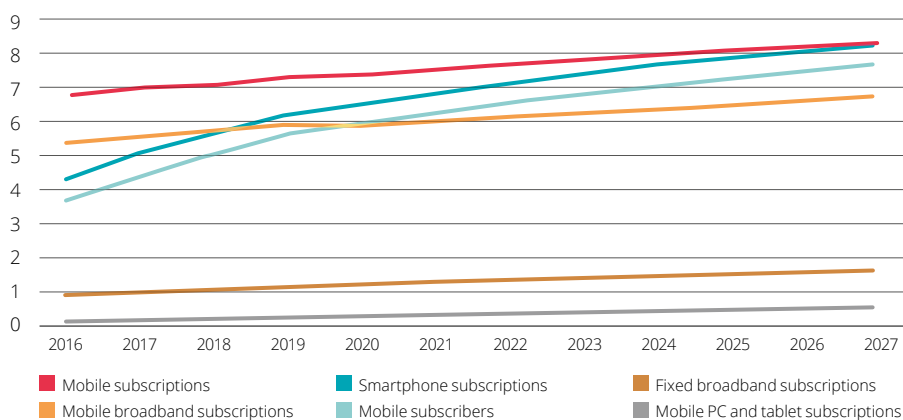
Wireless

Sivers Wireless delivers advanced 5G systems for data and telecommunications networks. Millimeter wave is a key technology in 5G networks, and the core of the solutions Wireless offers.

The global 5G market is growing rapidly, currently mostly within sub 6 GHz. In 2021, the number of subscriptions grew by 188 million to a total of 660 million. Northeast Asia currently has the highest 5G coverage, but in 2027, 5G subscription penetration in North America is set to be the highest of all regions at 90 percent.

The number of fixed wireless connections, Fixed Wireless Access (FWA), is a cost-effective alternative to DSL, cable and fiber. The market, which exists for both licensed and unlicensed frequency bands, is driven by an increased need for broadband connections to homes, offices and mobile base stations. Increased traffic,

Diagram 1: Strong growth in subscriptions



Source: Ericsson Mobility Report 2021

new frequency allocations, state infrastructure investments and technology development are driving the trend towards large-scale FWA rollouts globally.¹⁾ In the United States alone, USD 20.4 M will be invested in broadband solutions through the Rural Digital Opportunity Fund (RDOF) over the next ten years.²⁾

5G operators that complement their mobile networks with FWA millimeter wave solutions (> 24 GHz) for data transport reduce the life cycle cost by up to 30 percent. If the operator also provides subscribers with FWA services with high data rates, the life cycle cost is reduced by up to 34 percent when FWA millimeter wave solutions are used.³⁾

There are about 2 billion households in the world. It is estimated that 60 percent have a fixed broadband connection as of 2020. In 2026, the number of connections

is expected to reach 70 percent or 1.5 billion. In addition, FWA is also seen as a replacement option for 250 million DSL subscribers.

In October 2021, just over 75 percent of all service providers offered FWA. In just six months during 2021, the number of service providers offering 5G FWA services increased by 25 percent. The number of connections is expected to account for more than 15 percent of global mobile data traffic and increase from 90 million in 2021 to 230 million in 2027. In 2027, FWA is expected to provide broadband to over 800 million people.¹⁾

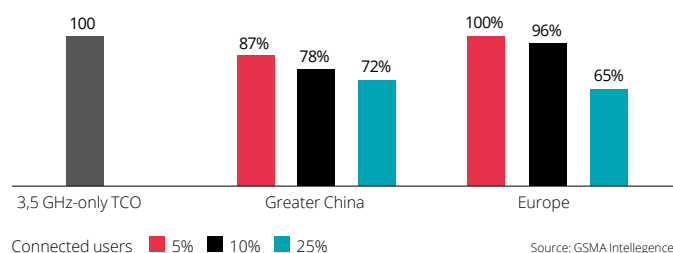
¹⁾ Ericsson Mobility Report, November 2021.

²⁾ Federal Communications Commission (FCC) www.fcc.gov/rdo (2021).

³⁾ The Economics of mmWave 5G – GSMA Intelligence (2021).

Diagram 2: Millimeter wave reduces costs

Base 100: 3,5 GHz-only TCO

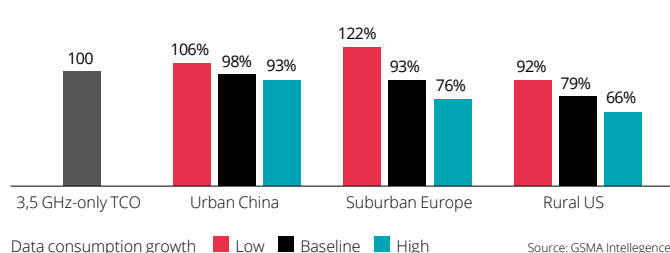


Source: GSMA Intelligence

Present value analysis of the life cycle cost of a 3.5 GHz network combined with FWA millimeter wave 5G network.

Diagram 3: Millimeter wave reduces costs

Base 100: 3,5 GHz-only TCO



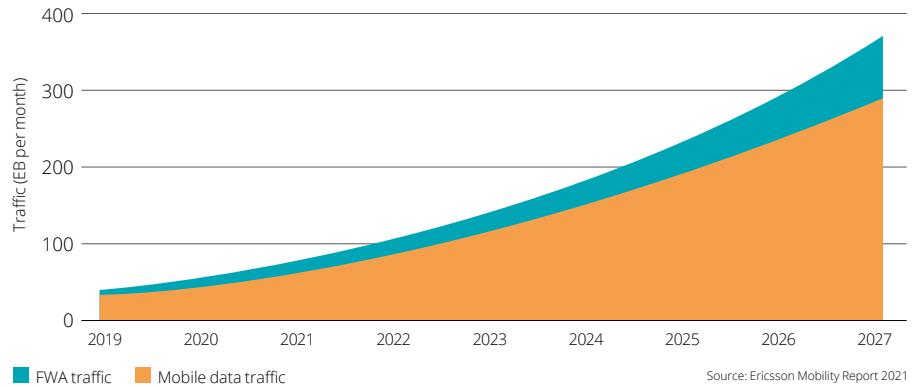
Source: GSMA Intelligence

Present value analysis of the life cycle cost of a broad band-intensive FWA network if millimeter wave is used instead of 3.5 GHz.

Wireless' market consists of system manufacturers, independent Wireless Internet Service Providers (WISP) and Original Equipment Manufacturers (OEM). Examples of addressable system manufacturers are Ericsson, Nokia and Huawei, which in turn supply telecom operators such as AT&T, Softbank, Vodafone and Verizon. WISP are smaller independent players that complement the nationwide operators' networks with wireless broadband access. OEMs manufacture products that include Siivers Semiconductors' chip. These products are then delivered to system manufacturers, operators or WISPs. Examples of OEM customers are Cambium, Adtran / CCS and 8devices.

The expansion of the wireless networks also means increased demand in the Group's other business area, Photonics, where fiber optics in data centers and backbone networks play a central role.

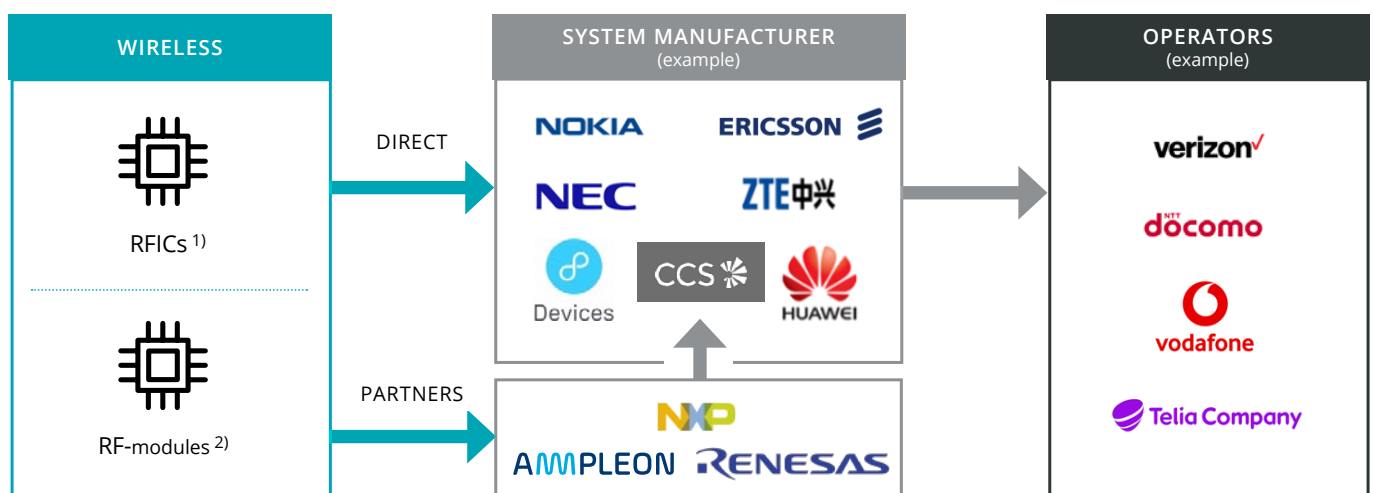
Diagram 4: Rapid increase in data traffic



WIRELESS

Wireless in the value chain

Siivers Wireless mainly delivers to system manufacturers who in turn deliver to telecom operators. Deliveries are made directly or through partners. The system manufacturers and operators mentioned above are examples of potential customers.



¹⁾ Radio-frequency integrated circuit A chip that transmits and receives radio waves. For example, RF chips are found in portable telephones, cellphones, Wi-Fi devices, wireless routers, wireless base stations, satellite transceivers and microwave equipment.

²⁾ RFIC and PCB antenna that are integrated into one unit.

Photonics

Sivers Photonics is active on the market for optical communications and optical sensing, mainly within various applications for consumer and industrial electronics.

Optical communications

The need for optical communications is driven by demand for cloud services for telecommunications networks as well as personal use, with applications such as Netflix and YouTube. Various new units with increased capacity and intelligence

are introduced on the market each year. The average number of units and connections per capita is expected to grow from 2.4 in 2018 to 3.6 in 2023.¹⁾

Optical communications will continue to rely on silicon photonics technology, with strong growth in hyper-scale data centers and data center interconnections (DCI). The market for optical communications (Datacom & Telecom) is expected to grow from USD 9.6 Bn in 2020 to USD 20.9 Bn in 2026.¹⁾

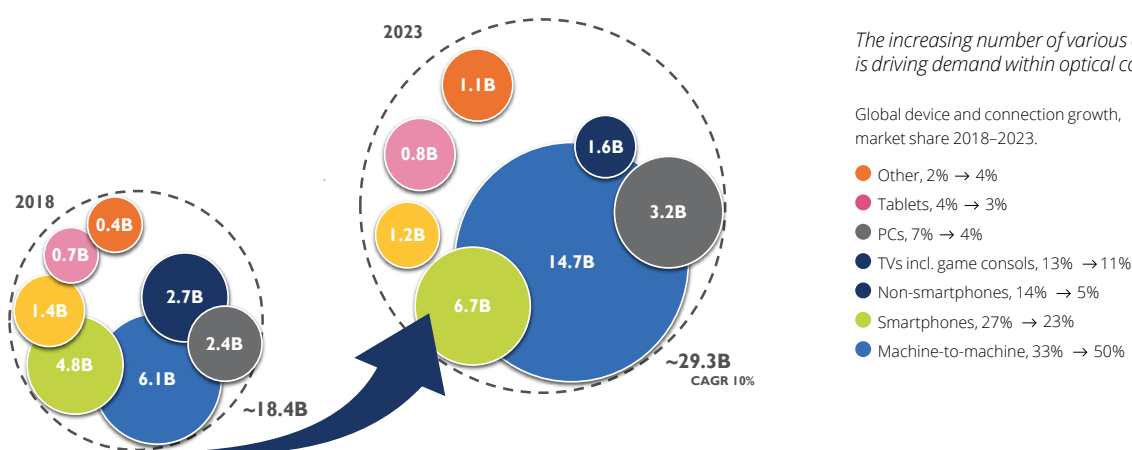
Optical sensing

Demand for advanced optical sensing using semiconductors is driven by rapid technological progress in applications, including LiDAR for self-driving cars, consumer biometrics and industrial applications such as smart cities and factories. The market for optical sensing is expected to grow from USD 183 M in 2020, to USD 15 Bn in 2025.²⁾

¹⁾ Yole 2021, Optical Transceivers for Datacom & Telecom.

²⁾ Yole Développement, 2021.

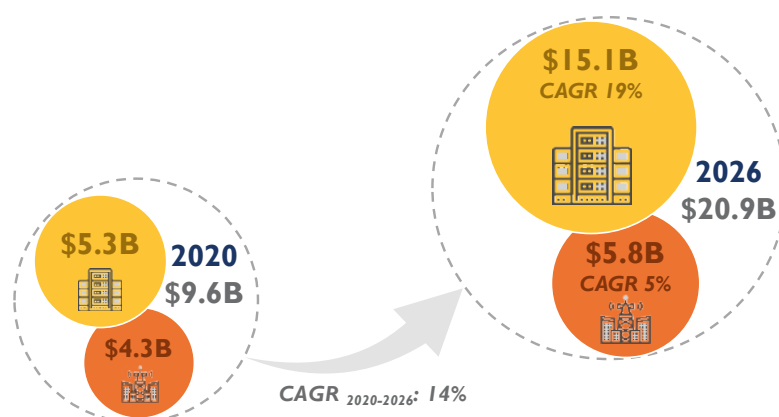
Diagram 5: Growing demand for optical communication



The increasing number of various communication units is driving demand within optical communication.

Source: Yole & Cisco Annual Internet Report

Diagram 6: The market for optical transceivers is doubled



The market for optical transceivers within datacom and telecom is expected to more than double from 2020 to 2026.

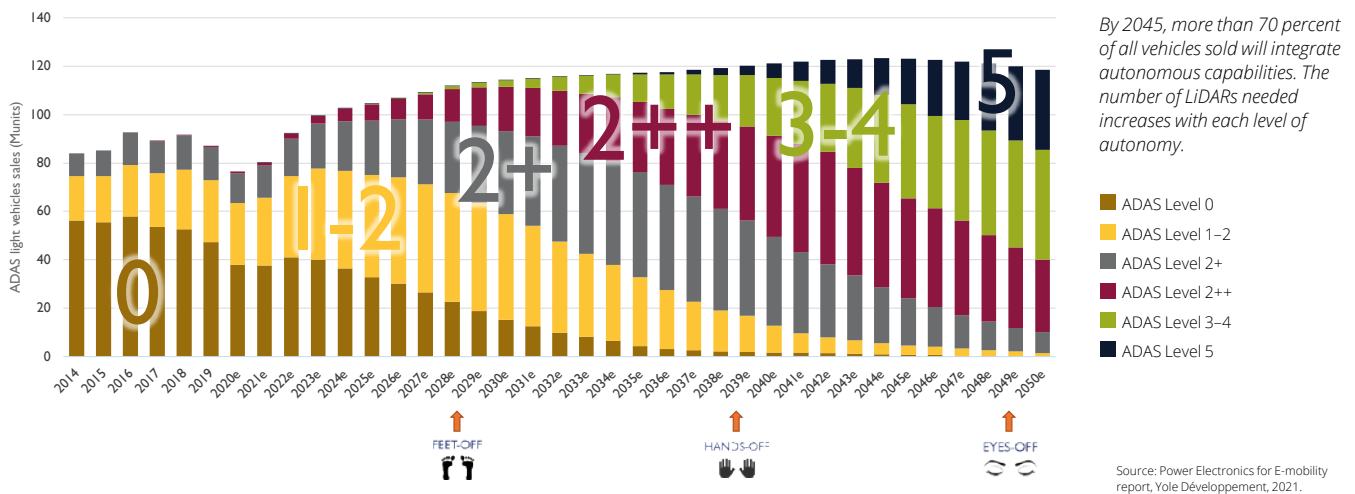
Source: Power Electronics for E-mobility report, Yole Développement, 2021

It is estimated that by 2045 more than 70 percent of all vehicles sold will include autonomous capabilities. Cars will continually become more autonomous, from today's cruise control and automatic

breaks to levels where the "driver" does not need to hold the steering wheel, look at the road, or even think about where the car is heading. The need for LiDARs will increase with each level, but specifications

and technology used will vary between different cars. By 2050, 30 percent of all vehicles sold should be Level 5-ready (advanced driver assistance systems, ADAS).

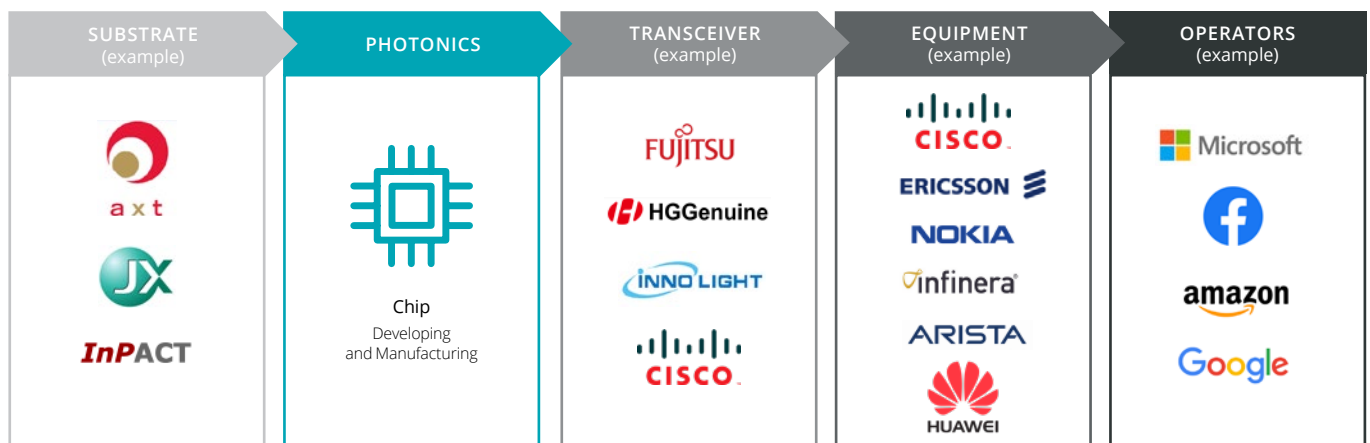
Diagram 7: Cars are becoming increasingly autonomous



Photonics in the value chain

Sivers Photonics designs and manufactures chips that are key enabling components across high growth sectors. Photonics delivers, directly or via partners, to producers of transceiver-modules such as Fujitsu and HGGenuine, and producers of communication systems such as Nokia, Huawei and Ericsson. End customers are datacom-operators such as Microsoft and Facebook, or

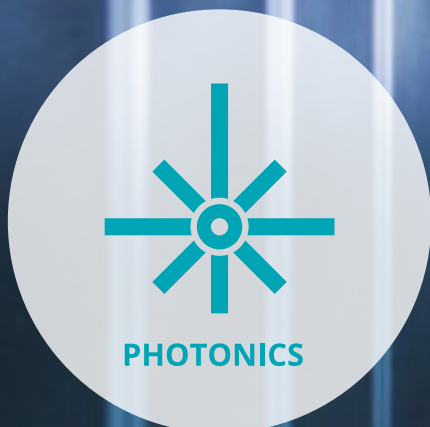
telecom-operators such as Verizon and AT&T. Fortune 100-companies and companies located in Silicon Valley are among the customers. Companies that offer cloud storage solutions are an important customer group, with optical communications devices as a key component.





Operations

Sivers Semiconductors contributes to a better connected and more secure world by delivering solutions to sensors and data and telecommunication networks. The products respond to the substantial needs for infrastructure upgrades that the explosive increase in traffic gives rise to.

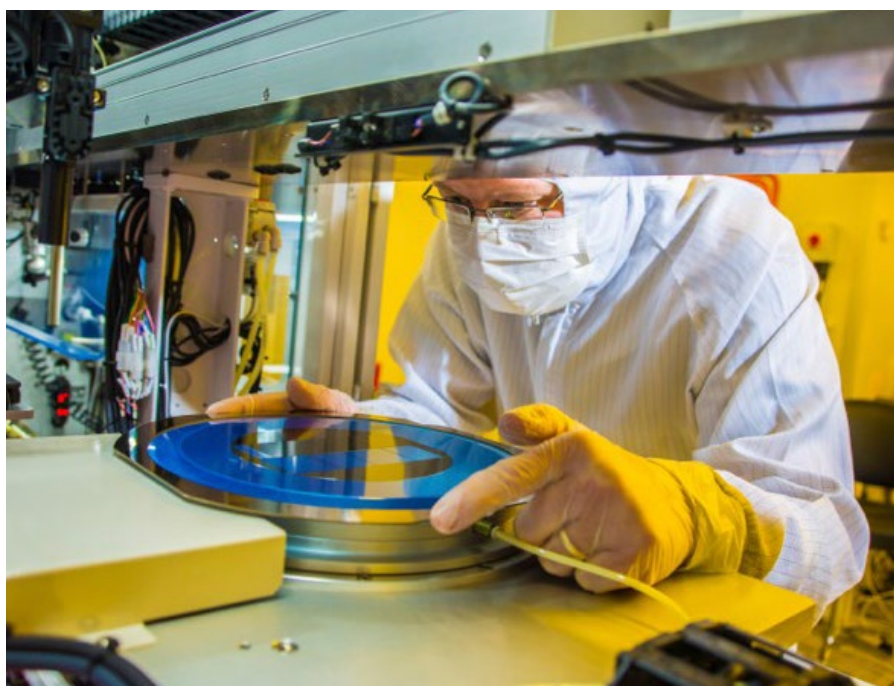


Products that meet market needs

Sivers Semiconductors is an international supplier of advanced 5G systems for data and telecommunication networks as well as optical products for fiber optic networks, sensors and optical wireless communication (Li-Fi). Millimeter-wave technology and optical semiconductors are central to high-speed networks. The Wireless business area is completely focused on 5G, while the Photonics business area focuses on passive optical fiber networks (PON), data centers and sensor applications for mobile units, autonomous vehicles, medical sensors and industry.

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

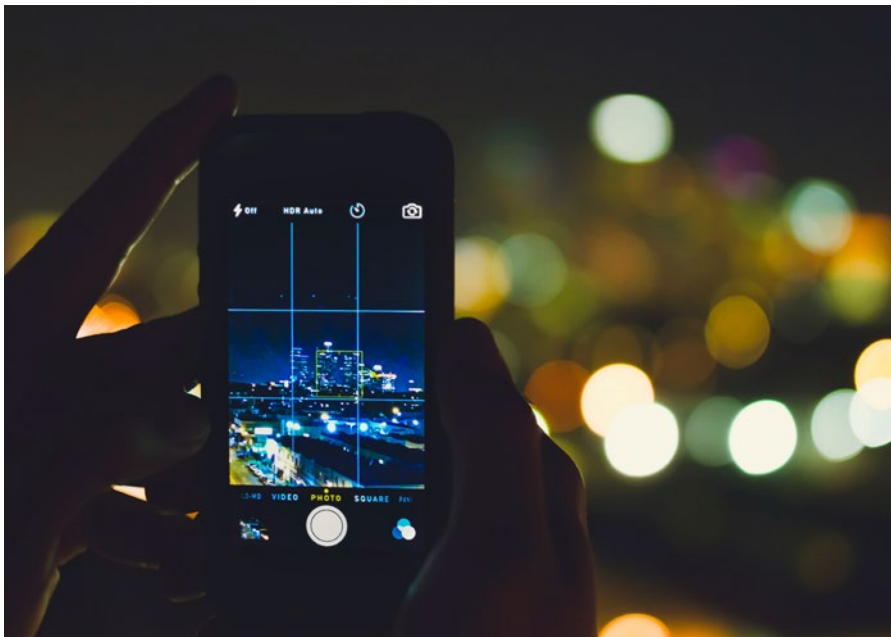
Both Wireless and Photonics are facing a shift as customers' customers begin to demand larger volumes and new applications are added all the time. Common strengths of the two business areas are the ability to adapt the products to the customer's specific needs, and that the focus is on infrastructure applications.





Wireless

Millimeter wave is a key technology in 5G networks, and the core of the wireless solutions Siverts Semiconductors offers.



An important advantage of millimeter wave is that it enables higher data transfer speeds, which provides significantly cheaper data transfer per megabyte than alternative technologies. The reason is that the higher frequencies offer more available spectrum than is available for today's technology.

Siverts Semiconductor's leading position in 5G millimeter wave technology was consolidated in 2021 with the launch of two new groundbreaking 5G-NR RFIC chips covering all licensed 5G millimeter wave bands. The chip has a high degree of integration and is the only one in the world with 32 channels. They can also handle different types of input signals, which increases the area of use. The combination of high capacity and versatility means that a chip is often enough to achieve the desired specifications, which makes the solution both cheaper and better.

Product development remains a high priority. Of a total of 44 employees in the business area, 25 work with development. The focus of the work is based on long

industry experience and a high degree of sensitivity to the customer's needs and wishes. Feedback from the network of partners is of great importance. Development includes both chips and modules / antennas where a chip is included. Normally, 2-3 chip projects and up to a dozen module projects are in progress in parallel.

During the year, Siverts Semiconductor's Japanese customer Fujikura announced that, after successful customer trials, the company is preparing to start full-scale, high-quality volume production of its 60 GHz communication module. In a close collaboration spanning several years, Siverts Semiconductors and Fujikura have developed a compact and competitive module that contains a baseband modem, antenna and an RF front-end RFIC from Siverts Semiconductors.

In 2021, Wireless also delivered its first two volume orders totaling SEK 7 million to North American companies. The deliveries concerned RFICs for use in both licensed and unlicensed 5G products.

At the end of 2021, the business area had 26 design wins, which means that customers / partners have chosen to build their upcoming products on Siverts Semiconductor's integrated 5G circuits. A significant proportion of these customers / partners plan to start volume production in 2022. The business area's design wins are divided into four areas: data / telecom, medical technology, defense and train (track-to-train). In 2021, 129 evaluation packages were also sold to customers and research institutes who want to study the products and technology in more detail.

The Wireless business area does not have its own production, and uses external partners for all production. This provides the opportunity for rapid growth without requiring extensive investments. At the chip level, the infrastructure is in place for very large volumes without necessitating investments in proprietary production facilities.

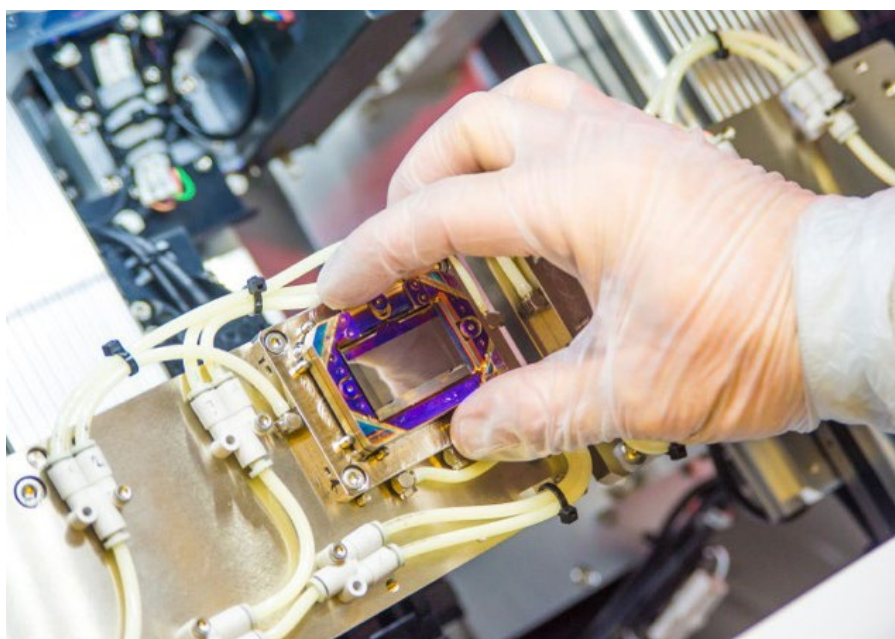
Deliveries are made directly to system manufacturers and other product companies, and through a strong global network of partners. In the latter case, the Group's products are included in subsystems and solutions that are developed in collaboration with partners. The network is also crucial for the Group's opportunities for global marketing and reach. Important partners include world-leading manufacturers such as Ampleon, Renesas-IDT, Fujikura and NXP.

During the year, the company signed an agreement relating to the acquisition of US semiconductor company MixComm. Following the completion of the acquisition, which is expected to take place in 2022, the expanded Siverts Group will be a world leader in millimeter-wave 5G chips, with a broad common IP portfolio that will cover the full range of possible millimeterwave applications.

Photonics



Sivers Photonics designs and manufactures advanced III-V semiconductor photonic devices for optical communications and optical sensing applications primarily. These photonic chips are key enabling components across high growth sectors for future technologies globally.



Optical communication applications include critical components in data centers, telecoms, and 5G, including fiber to the home, passive optical networks, and quantum technology applications.

Optical sensing applications include LiDAR for self-driving vehicles, consumer healthcare, wearable technology, and sensors for smart cities and smart factories.

The optical communication sector is facing something of a revolution through the emergence of silicon-based photonics (silicon photonics), a fast-growing technology where copper connections are replaced by small optical chips with waveguides for light transmission. One effect will be significantly faster computer processing speeds compared to traditional chips. The light source is a laser chip, made of indium phosphide that is integrated into the silicon waveguide. Sivers Photonics is a leading supplier of these indium phosphide (InP) lasers.

In 2021, Sivers Photonics reached an important milestone in the development of silicon photonics, as a joint project with Imec and ASM AMICRA successfully integrated Indium Phosphide (InP) based DFB lasers from Sivers' InP100 platform with Imec's Silicon Photonics platform (iSiPP). This will accelerate the introduction of silicon photonics in a variety of commercial applications.

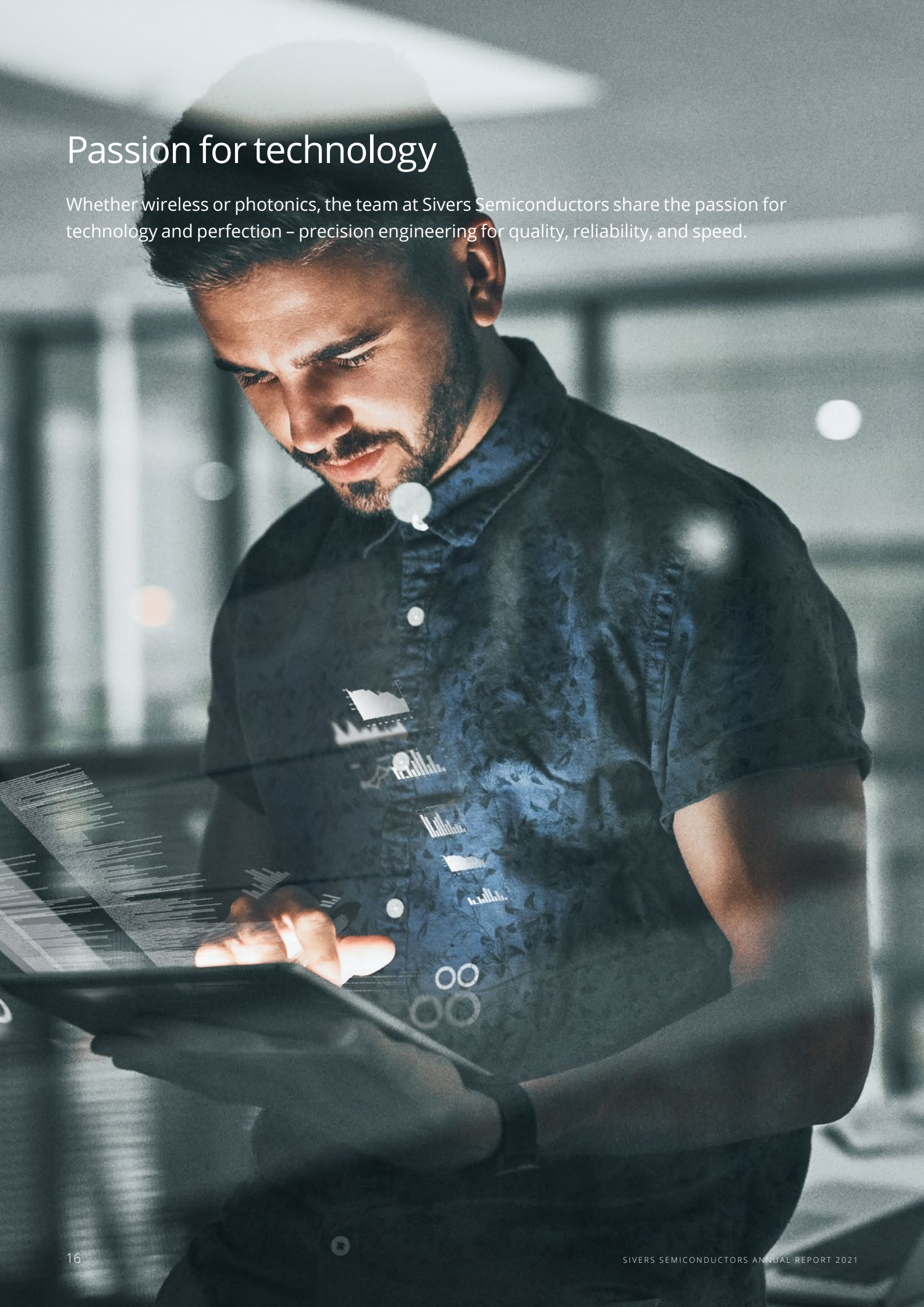
During the year, Sivers Photonics started another important collaboration with Ayar Labs to design and manufacture high power DFB laser arrays that will support the ongoing development of Ayar Lab's multi-optical solutions. Ayar uses a large number of wavelengths from multiple optical light sources to support advanced optical communication and very high data rate computer applications. Sivers Photonics' InP100 platform will be a crucial part of the supply chain for these applications.

Another indication that Sivers Photonics' products are innovative and market-leading is that two of the world's largest technology companies are included amongst the company's customers. During 2021, Photonics continued to develop relationships with these Fortune 100 customers. From one customer, the business area received an order for optical sensing totaling approximately SEK 14 M, comprising one of several parallel projects for the design, development and delivery of semiconductor lasers for use in advanced optical sensing applications. Photonics received a follow-up order from this customer of approximately SEK 11 M in optical sensing.

Photonics has expertise in many material combinations and manufacturing processes used for the commercial production of semiconductor chips for optoelectronic purposes. The production facility in Glasgow, Scotland, is one of only a few independent factories in the world that develops and manufactures custom lasers, and semiconductor optical amplifiers in chip and wafer form. In 2021, approximately SEK 30 M was invested in expansion, enabling scale-up to increased production volumes.

Passion for technology

Whether wireless or photonics, the team at Sivers Semiconductors share the passion for technology and perfection – precision engineering for quality, reliability, and speed.



Employees

The recruitment and development of competent employees is critical to Sivers Semiconductors' continued progress, and the Group places great emphasis on recruitment and skills development.

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

At year-end, the Group had 126 employees, an increase of 20 percent compared to the previous year, with an age distribution as shown in the figure to the right. The relatively high average age reflects the requirement for experienced engineers. Competence is based partly on education and partly on experience. An indication of the level of education is that as many as 17 percent of the Group's employees have a doctorate. The working environment is international, and a large number of different nationalities are represented among the Group's employees.

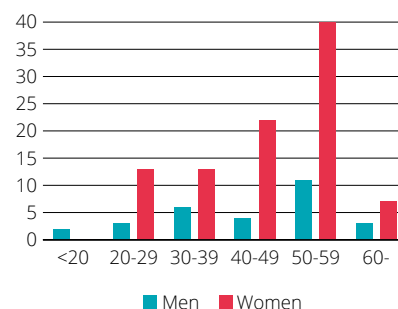
Of the employees, 23 percent are women, which reflects the traditionally male-dominated industry.

The Group strives to be an attractive employer, both as a learning organization but also as a talent developer and with the strategy of allowing employees to take part in the Group's journey as shareholders through various staff share option programs. The nature of the business provides excellent opportunities for stimulating roles at the cutting edge of technology on growing markets. The proportion of employees working with development amounted to 36 percent at year-end.

Sivers Semiconductors is a multicultural company that strives to promote equal rights and opportunities in the working life – regardless of gender, ethnicity, religion or beliefs. The reason for this is that diversity is beneficial for business and the company's development.



Age distribution 31-12-2021



"I joined Sivers Photonics for the opportunity to increase market share in optical communications and sensing with our III-V photonic devices. Sivers has an experienced technical team with a strong foundry in semiconductors. In a market that has seen both growth and constraints, Sivers has high volume design and production capabilities for this and other high-growth markets. This is a great time for Sivers and I look forward to being part of the growth of this company."

Susan Shea is the new VP business development North America for Sivers Photonics and was welcomed as Sivers Semiconductors' first employee in the US in 2021. Susan has over 25 years of experience in the Optical Communications industry, most recently at Oclaro-Lumentum, a global leader in optical and photonic products. She has held Sales Director positions responsible for managing the largest hyperscale, module manufacturing and NEM customers globally. More recently, Susan has managed engagements in consumer markets for 3D sensing. She earned a Bachelor of Science degree from California Polytechnic State University, College of Business, majoring in Industrial Technology. With over 65 percent of sales in the US, Susan's focus is on expanding market presence particularly in the key growth optical communication and sensing markets.



The all-wireless enterprise: indoor wireless backbones at gigabit speeds

Airvine is a fast-growing Silicon Valley innovator of advanced high-capacity wireless solutions for in-building enterprise backbone applications. Their solution utilizes WaveTunnel™ technology to backhaul Wi-Fi 5/6/6E access points, IoT equipment, and eventually private 5G radios. With the arrival of broadband Wi-Fi, a new, faster, and much more flexible backbone solution is required.

The traditional approach to in-building backbones has been to use structured wiring systems based on copper cable or fiber. Older copper cable does not have the throughput to handle Wi-Fi 6/6E, and new cable is costly, cumbersome, and very inflexible.

The Airvine solution leverages the 14 GHz of unlicensed spectrum in the V-band up to 60 GHz, along with a high-gain beamforming antenna, and state of the art RFIC technology from Siverts Semiconductors.

The great strength of the Airvine solution is fast and effortless moves, adds, and changes, which is of great value in today's enterprise. One of the biggest weaknesses in a legacy wired solution is that they do not adapt well to change. Airvine technology can be installed quickly by technicians with no RF skills, which makes it perfect for retrofits. Its high-gain beamforming antenna together with Siverts Semiconductors' technology, allows the system to punch a 60 GHz signal through almost any in-building obstruction, if required.

Each WaveTunnel node utilizes two of the Siverts Semiconductors WiGig RFICs (TRXBF01). This allows the system to both relay traffic as well as add/drop it to locally attached Wi-Fi APs.

Airvine's patented RF innovation extends the range and gain of wireless signals, penetrating walls and steering around obstacles that impede transmission. The WaveTunnel technology has the link budget to allow 60 GHz signals to pass through a variety of



The Airvine WaveTunnel node contains remarkable beamforming and beam steering capabilities that enable it to penetrate walls and traverse longer distances within the enterprise. It incorporates innovative RFICs from Siverts Semiconductors and Airvine-designed phased array antennas," explains Vivek Ragavan, President & CEO of Airvine.

wall materials when the option to route around them does not exist. The extra link budget is made possible by operating indoors where the range is limited (as is the Free Space Path Loss), and by using a very high-gain (28 dBi) beamforming antenna. The narrower the beam the higher the gain, and the higher the gain the more easily it can blast through walls.

The Airvine WaveTunnel nodes can operate in a ring or spur configuration. The solution is designed to support a range of enterprise use cases including retrofits to support Wi-Fi 6/6E APs; environments requiring regular moves, adds, and changes; buildings where it is hard or impossible to pull wire, temporary deployments such as Covid tents, and much more.

Airvine technology competes in the structured wiring market, which exceeds \$10 billion a year in revenue worldwide and continues to grow rapidly.

Airvine will begin field trials in the U.S. in November of 2021, with general availability (GA) to follow in Q1 of 2022.

Airvine won the "Best Enterprise Wi-Fi Solution" award at the Wi-Fi NOW Awards Ceremony in the fall of 2020 for its groundbreaking WaveTunnel solution.



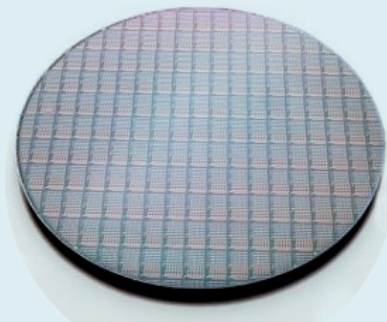
Collaborating with world leading research center, Imec, on the successful integration of InP with silicon photonics

Silicon photonics (SiPho) technology has made rapid progress in fiber-optic communications and optical sensing applications in recent years. Despite this, a widely available, cost-effective solution to integrate light sources in SiPho chips has been missing, slowing its implementation on cost-sensitive markets.

The collaboration between Sivers Photonics and Imec began in 2019. The overall aim of the project was to accelerate the hybrid integration of InP lasers and amplifiers with silicon photonics. This would enable the extension of silicon photonic prototyping with additional functionality, allowing customers to develop cost effective, advanced photonic integrated circuits (PICs), with capabilities beyond what was previously possible, meeting rising industry demand in disruptive application areas including optical interconnects, LiDAR, and biometric sensing.

In June 2021, a significant milestone was reached with the successful wafer-scale integration of indium phosphide (InP) distributed feedback (DFB) lasers from Sivers Photonics, onto Imec's silicon photonics platform (iSiPP), resulting in reproducible results with an ultra-high alignment precision of the lasers within 500nm (bonding carried out by project partner ASM AMICRA Microtechnologies).

The project continues and work is currently being done to extend the hybrid integration portfolio with reflective semiconductor optical amplifiers (RSOA), leveraging the etched-facet capability of Sivers' InP100 technology. First customer prototypes are expected in 2022, with volume production expected in 2023.



"We are very pleased to be working with Sivers Photonics and ASM AMICRA to extend our silicon photonics platform with hybrid integrated laser sources and amplifiers. This additional functionality will enable our joint customers to develop and prototype advanced photonic integrated circuits (PICs) with capabilities well beyond what we can offer today, in key areas such as datacom, telecom and sensing"

Joris van Campenhout
Optical I/O Program Director at Imec.



Sustainability

Sivers Semiconductors drives some of the world's most significant technological advances that generate improved data speed, which reduces the CO₂ footprint of each new generation of products we offer. By providing the best solutions in sensors, data and wireless networks we make the connected world more sustainable, safer and better. This includes targeted initiatives aimed at reducing our own and our customers' environmental impact, and to offer sustainable products and solutions that can reduce energy consumption by up to 50–90 percent.

Increased capacity in both data networks and computers is critical to the continuously accelerating digitalization process. This places more stringent demands on operators such as Sivers Semiconductors, who supply key products for these systems.

Sustainability at Sivers Semiconductors

Sivers Semiconductors' sustainability work is founded on three cornerstones:

Deliveries with sustainability benefits. Our customers' operations and services often have a significant impact on people and the environment. We want to challenge ourselves and our customers to maximize the sustainability benefits of the solutions we create together. Alongside our partners, we foresee significant potential to set aggressive sustainability targets in the near future. Through technological advances we will be able to take significant steps towards creating a sustainable society.

Employees with sustainability competencies. In order to create sustainability benefits, the Group has a responsibility to train our employees. The right expertise and conditions need to be in place to

provide our customers with advice. Many employees appreciate a sustainable employer and the opportunity to influence our customers' attitude to sustainability.

Responsible utilization of resources. Utilizing all kinds of resources responsibly and efficiently is a cornerstone of our work for more sustainable operations and delivery.

Controls and organization for sustainability

Sivers Semiconductors' sustainability work proceeds from the following control documents:

- Sustainability policy
- Code of Conduct
- Code of Conduct for suppliers
- HR policy

Sivers Semiconductors is primarily a value-driven company where all employees shall practice our values of honesty, respect, trust and drive in their day-to-day work. In addition, Sivers Semiconductors' Code of Conduct states our positions and demands according to legislation, labor law and human rights, the environment

and anti-corruption. Sivers Semiconductors places equivalent demands on our suppliers. These are expressed in the Code of Conduct for suppliers. The HR policy is specifically focused on the Company's HR work and staff development.

Sustainability work is part of Sivers Semiconductors' business planning, management system and processes. Our Quality Management is certified according to ISO9001:2015, and ISO14001 forms the basis for our environmental work. The sustainability work is carried out through ordinary groups and management teams.

Sivers Semiconductors' risk analysis includes sustainability issues. The risk analysis is updated and used on an ongoing basis, and risks are followed up at Board and Group management meetings.

Offering for a sustainable and connected world

Sivers Semiconductors develops and produces chips and modules for communications systems and sensors. In order to be competitive our products need to be fast and energy efficient. We streamline technical systems by utilizing the very best

basic technology and design. Technology that is accessible, consumes less and achieves more, makes the world more accessible, safer and greener – and contributes to our customers' and our own success.

Environmental adaptations of our offering and operations

Efficient energy use is one of the most difficult challenges the world currently faces. Here, semiconductors play a critical role. There is enormous potential for energy savings by rationalizing 5G networks – a concrete example is energy-efficient amplifiers that transmit signals. The product that Sivers Semiconductors has introduced is approximately five times more efficient than the previous generation chips and uses only around one third of the effect compared to competing products. This makes our product one of the world's most efficient chips for 5G networks. Sivers Semiconductors evaluates all operations based on the environmental impact. We develop our products' environmental performance and continuously strive to reduce our negative environmental impact, for example by applying the precautionary principle.

Sivers Semiconductors designs, develops and manufactures products and chooses its suppliers with the aim of reducing our environmental impact by:

- Using technology with optimal energy efficiency
- Reducing energy consumption when our products are used
- Reducing resources and hazardous substances in products and production
- Minimizing waste, emissions and radiation
- Reusing materials
- Developing or procuring components in accordance with Sivers Semiconductors' sustainability policy. The policy ensures compliance with RoHS and REACH, and that components are free from conflict minerals.

We apply the OECD guidelines (Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas) in order to avoid conflict minerals.

Employees

Sivers Semiconductors employs a total of 126 (103) staff, of which 23 percent women and 77 percent men. Our employees have a high degree of competencies,

solid professional and/or academic backgrounds and represent many different nationalities. Read more about our employees on page 17.

Sivers Semiconductors' HR work proceeds from the Group's policy in the area. The policy covers the entire cycle, from selection and recruitment, through development, to termination of employment. The policy contributes to the Group's business goals and ensures that Sivers Semiconductors is, and is perceived as, an attractive employer by potential and existing employees.

Health and safety. Sivers Semiconductors safeguards a healthy working environment, in all respects. We carry out and continuously implement risk assessments where we review potential causes of injuries and ill health, and how these risks can be eliminated or managed through preventative and protective measures. Employee health and safety is addressed with openness and care, and includes physical and mental health.

Employees and leadership. Sivers Semiconductors has defined the behaviors we expect from our employees and managers. Good employeeship is about contributing to the Company's goals and progress. Our starting point is that employees can and want to assume significant personal responsibility for carrying out their work effectively. Employees are expected to complete assignments based on their own goals and development plans, take independent initiative and assume responsibility for tasks and results, as well as treat others with respect and remain open to people's differences.

Being a leader at Sivers Semiconductors means setting a good example and encouraging personal responsibility and commitment. This includes creating conditions for employees to achieve their goals. Our leaders are expected to strive for an inclusive working environment and to create opportunities for taking responsibility, creativity and learning.

Development and remuneration.

Sivers Semiconductors works on the basis of each individual's performance and results to pursue operations towards set goals. We proceed from the Company's strategy, clarify priorities and build our employee's motivation to work. Sivers Semiconductors attracts, motivates and retains employees by means including salary and benefits that are appropriate and fair. Remuneration is based on respective

national legislation and collective agreements. Individuals that contribute to the Group's success are offered to participate in value growth through employee stock option programs provided by Sivers Semiconductors. There are currently four programs with terms of between four and eight years. Read more about the programs on page 23.

Human rights and social responsibility

Sivers Semiconductors' Code of Conduct determines that all operations shall be carried out with respect for human rights, employee health and safety, and the societies where we operate. The Company complies with international norms, laws and rules with regard to human rights and labor law. This includes prohibitions against child and forced labor and discrimination, and respect for employees' freedom of association and the right to collective negotiations. We promote diversity and a more even distribution between the sexes and equal opportunities. Sivers Semiconductors is a multicultural workplace and we strive for equal rights, opportunities, and obligations regardless of sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. Another important aspect of our culture is to support women's and men's opportunities to create a positive work-life balance.

Human rights and procurement.

Sivers Semiconductors also takes human rights into account in its procurement. The demands made are indicated in the Code of Conduct for suppliers. For example, our products are prohibited from including conflict minerals.

Anti-corruption. Sivers Semiconductors' success is based on long-term and trusted relationships. It is critical that all operations and business takes place with integrity and responsibility, and that we counteract all forms of corruption and illegal and unsuitable business practices. Sivers Semiconductors' stance is defined in the Company's Code of Conduct, Sustainability policy and HR policy. Employees wanting to report suspected cases of misconduct are encouraged to do so to their line manager. Cases are escalated within the organization. Alternatively, suspected irregularities can be reported through whistleblower@sivers-semiconductors.com, which are then handled by the Chairman.

The Sivers Semiconductors Share

The Sivers Semiconductors share has been listed on Nasdaq Stockholm since June 10, 2021. Prior to this, the Sivers Semiconductors share was listed on Nasdaq First North Growth Market since November 30, 2017. Prior to this, the share was listed on Spotlight, formerly Aktietorget. Market capitalization as of December 30, 2021, amounted to SEK 3,389 million.

Share capital

As of December 31, 2021, the share capital of Sivers Semiconductors was SEK 87.4 million. The number of shares was 174,766,924. According to the Articles of

Association, the share capital shall be a minimum of SEK 65 million and a maximum of SEK 260 million, distributed over a minimum of 130,000,000 shares and a

maximum of 520,000,000 shares. The proportion of shares available for trading (free float) at year-end was 100 percent.

Share capital development

YEAR	Event	Number of shares		Share capital (SEK)		Subscription price per share (SEK)
		Change	Total	Change	Total	
2019	Opening balance		131,648,456		65,824,228.00	
2020	New share issue	5,955,418	137,603,874	2,977,709.00	68,801,937.00	9.30
2020	Redemption of warrants	1,676,853	139,280,727	838,426.50	69,640,363.50	
2020	Offset share issues	779,696	140,060,423	389,848.00	70,030,211.50	10.77
2020	Offset share issues	555,262	140,615,685	277,631.00	70,307,842.50	22.80
2020	Redemption of warrants	895,700	141,511,385	447,850.00	70,755,692.50	
2020	New share issue	6,517,805	148,029,190	3,258,902.50	74,014,595.00	30.70
2020	Exercise of convertibles	4,651,727	152,680,917	2,325,863.50	76,340,458.50	8.29
2020	Redemption of warrants	1,637,214	154,318,131	818,607.00	77,159,065.50	
2020	Redemption of warrants	127,516	154,445,647	63,758.00	77,222,823.50	
2021	New share issue	3,300,000	157,745,647	1,650,000.00	78,872,823.50	0.50
2021	New share issue	17,021,277	174,766,924	8,510,638.50	87,383,462.00	23.50

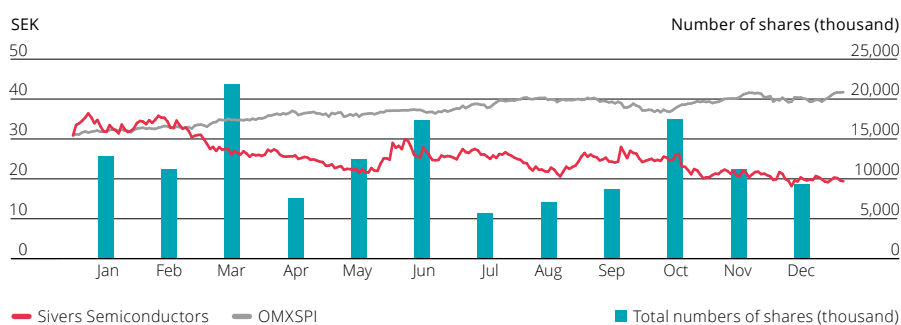
Share price performance during the year

During the year, the Sivers Semiconductors' share decreased by -37.2 percent, compared to Nasdaq Stockholm, which increased by 35.0 percent. The closing price on December 30, 2021 was SEK 19.4 per share, corresponding to market capitalization of SEK 3,389 million.

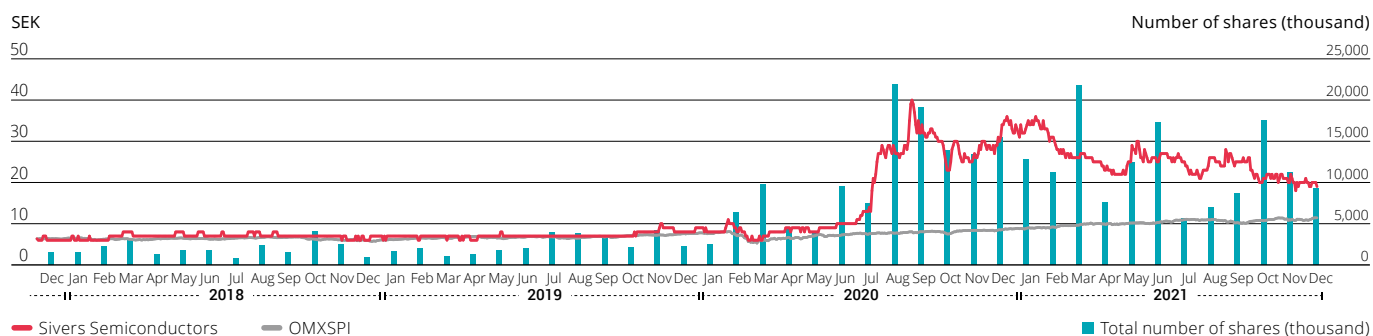
Share turnover in the year

The average daily turnover of the Sivers Semiconductors' share was 563,603 shares. A total of 143 million shares were traded in 2021, with a total value of SEK 3,727 million. The highest closing price for the share in 2021 was SEK 36.4 on January 11, and the lowest closing price was SEK 18.2 on December 6, 2021.

Share price performance 2021



Share price performance Nov 30, 2017 – Dec 30, 2021



Share ownership December 31, 2021

	No. of shares	Percentage of votes and capital, %
Erik Fällström through companies	28,503,352	16.6
Swedbank Robur Ny Teknik	12,600,000	7.3
Keith Halsey through companies	11,889,496	6.9
AMF Pension Småbolagsfond	9,042,027	5.3
Swedbank Robur Folksam LO Sverige	6,546,923	3.8
Tredje AP-fonden	3,050,000	1.8
Swedbank Robur Folksam LO Västfonden	2,320,000	1.3
Lloyds Fonds WHC Global Discovery R	2,300,000	1.3
Lloyds Fonds-European Hidden Champions	1,320,000	0.8
Tomas Duffy	1,150,000	0.7
Other	96,045,126	54.2
Total number of shares	174,766,924	100

About the Sivers share

Exchange	Nasdaq Stockholm
Number of shares	174,766,924
Market value as of Dec. 31	3,388,731,000
Ticker	SIVE
ISIN	SE0003917798
LEI	254900UBKNY2EJ588J53
Development 2021	-37.2%
Development 2021 index	35.0%
Daily turnover, number of shares	563,603

Source: EuroClear 2021-12-31 & Morningstar.

Owners and ownership structure

At the end of the year, the ten largest shareholders controlled 45.8 percent (49.0) of the capital and votes. The total number of shareholders in Sivers Semiconductors was approximately 21,000 (15,000).

Dividend

Sivers Semiconductors has not paid any dividends to date and follows the dividend policy adopted in 2020. The Company will continue to focus on growth, which means that available financial resources and profit are reinvested in operations to finance the Company's long-term strategy. The Board's intention is therefore not to propose any dividend over the coming years.

Incentive programs

Sivers Semiconductors had five employee stock option programs at the end of the year. Warrants programs still active at the end of the period are subject to the following terms: 1) 2015–2024, 2) 2020–2026, 3) 2022–2028, 4) 2020–2025 and 5) 2021–2026. Upon full conversion of outstanding employee stock option programs, the total number of shares will amount to 182,886,045. The total number of outstanding employee stock options granted as of December 31, 2021 amounted to 8,115,615, (8,119,121 after factor conversion) of which 1,455,615 have been vested. For more information, see Note 28 of the Group's Annual Report on page 61.

Board authorization

The AGM on May 20, 2021 authorized the Board, on one or several occasions in the period until the next AGM is held, with or without departing from shareholders' preferential rights, to decide to complete new issues of shares and/or convertibles implying the issue of or conversion to a total maximum of 27,200,000 shares, corresponding to a dilution effect of some 15.0 percent of the share capital and votes, based on the total number of shares in the Company.

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Directors' Report

The Board of Directors and CEO of Siverts Semiconductors AB, hereby submit the Annual Report and Consolidated Financial Statements for the financial year 1/1/2021–12/31/2021.

Operations

Siverts Semiconductors AB (publ), Corp. ID no. 556383-9348 is the Parent Company of a Group comprising the wholly-owned subsidiaries Siverts Wireless AB, Siverts Photonics Ltd, Trebax AB and Siverts Semiconductors Corp. The operations are mainly conducted in the two companies Siverts Wireless AB and Siverts Photonics Ltd. Siverts Wireless's head office is located in Kista, Stockholm. The Company also has a development site in Gothenburg. Siverts Photonics' headquarter and factory are located in Glasgow, Scotland.

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

Significant events

Technology

On June 1, 2021, Siverts Wireless and Lithuanian high-tech company 8devices reached a key milestone in the development of a new 60 GHz Fixed Wireless Access (FWA) product. In connection with this, 8devices estimated that the previously indicated order value of SEK 70–100 M in the period 2021–2024, had increased by 30–50 percent.

During the year, Siverts Wireless launched new highly integrated 5G-NR-RFIC chip, TRB02801 and TRB03901, together with RFIC and RF antenna modules, BFM02801 and BFM03901, which cover all licensed 5G mmWave bands. These RFIC chips (TRB02801 and TRB03901) support the full frequency band from 24.25 to 43.5 GHz with speeds of up to 5 Gbit/s. The unique integration level enables support for different markets and frequency bands using the same hardware family.

On June 3, 2021, Siverts Photonics reached a significant milestone, together with its partners imec and ASM AMICRA in their joint silicon photonics project. In their joint silicon photonics project, the partners have successfully managed a wafer-scale integration of indium phosphide (InP) distributed feedback (DFB) lasers from Siverts' InP100 platform onto imec's silicon photonics platform (iSiPP). This is a significant achievement since it will boost the adoption of silicon photonics in a wide range of applications from optical interconnects, over LiDAR, to biomedical sensing.

In the third quarter 2021, the Group decided that Siverts Photonics will develop CW-WDM MSA compatible laser arrays that support Ayar Labs' optical I/O solution. Ayar Labs is the leader in integrated optical I/O and is pushing the boundaries for AI, cloud, high-performance computing, 5G and LiDAR. Ayar Labs recently

launched the sector's first solution offering terabit speeds via optical links. For this, the company uses its optical I/O chiplet, TeraPHY™, and SuperNova™ products which use a large number of frequencies from several optical light sources to support advanced optical communication and computer applications with very high data speed.

In December 2021, Siverts Wireless in partnership with Rohde & Schwarz, a market-leading supplier of test and measurement solutions for Radio Frequency (RF) components and the wireless industry) carried out tests of the performance of Siverts Semiconductors state-of-art Radio Frequency Integrated Circuit (RFIC) TRXBF01. The TRXBF01, which supports up to 128QAM single-carrier modulation over the full 57–71GHz frequency range, was successfully tested with both the 802.11ay and the new 3GPP release 17 5G-NR-U modulations up to 64QAM.

New partnerships and agreements

On June 7, 2021, Siverts Wireless signed a distribution agreement with the Japanese electronics specialist Shoshin. The agreement relates to collaboration on the Japanese market. Shoshin Corp is a company located in Nihonbashi, Tokyo, Japan, in the commercial heart of the city. The company was founded in 1947, has approximately 100 employees and specializes in microwave, space and telecommunication equipment. Shoshin's large existing customers include NEC, Fujitsu and NTT DoCoMo.

On December 7, Siverts Semiconductors announced that the company's future subsidiary MixComm (acquired after the reporting date) signed an agreement with South Korean venture capitalist firm Kreemo relating to the development of the world's first 5G module optimized for metaverse. The antenna module combines Mixcomm's ultra high frequency RFIC technology and Kreemo's 360 degree antenna technology for use in different areas such as augmented reality (AR), gaming and computers where high quality antenna that transmit and receive high frequency data and signals are important to enable a smooth hyper connected and ultra realistic 5G content experience.

In 2021, Siverts Wireless had a total of five new design wins, including from a North American telecom company and from TMYTEK in Taiwan. The aim is to use Siverts Semiconductors' technology in new products in new verticals and applications, as well as in products at customers with an existing product line in the millimeter wave area.

New orders and sales

During the year, Siverts Photonics received optical sensing orders from one of its established Fortune 100 customers with a total value of some SEK 25 M. These orders were delivered and invoiced in 2021. Towards the end of the year, Siverts Photonics, also received two new orders from a US-based customer, for custom photonics devices. The total order value was SEK 5.3 M.

On February 4, Siverts Wireless received an order for the IC component from TMYTEK in Taiwan, a company that provides millimeter wave solutions in 5G and satellite communication. This

new order opens up new opportunities on the Asian market, even if the order is currently of minor value.

During the year, Siverts Wireless also won two new volume orders totaling SEK 7 M. The orders related to RFICs which will be used in both licensed and unlicensed 5G products. These orders were delivered and invoiced in 2021.

Equity

On August 5, Siverts Semiconductors AB issued 3,300,000 Class C shares, which were subsequently repurchased by the Company. The purpose was to ensure delivery of shares to participants under the Company's outstanding incentive program and to secure liquidity for payment of social security contributions attributable to such incentive programs.

On October 14, Siverts Semiconductors completed a directed new issue of 17,021,277 ordinary shares, corresponding to SEK 400 M. The subscription price was SEK 23.5 per share. The purpose of the new issue was to finance the acquisition of MixComm and satisfy the Group's demand for working capital.

Siverts Semiconductors AB held an Extraordinary General Meeting (EGM) on November 11, 2021. The Extraordinary General Meeting resolved to authorize the Board to complete a non-cash issue of a maximum of 39,405,594 ordinary shares (including an additional maximum of 70,000 ordinary shares from adjustments for net cash position) against settlement in the form of shares in MixComm and departing from shareholders' preferential rights, offset issue of a maximum 6,993,007 ordinary shares for payment of performance-based compensation in connection with the acquisition of MixComm.

Listing on Nasdaq Stockholm's main list

On June 3, Nasdaq Stockholm approved Siverts Semiconductors' application for inclusion of the company's shares for trading on Nasdaq Stockholm's main list. The first day of trading on Nasdaq Stockholm's main list was Thursday June 10, 2021.

New recruitment

On January 11, Pelle Wijk was appointed CEO of the subsidiary Siverts Wireless. Pelle Wijk has more than 15 years' experience of leadership and chip development, and has joined Siverts from Imagination Technologies (formerly Kisel Microelectronics) where he was CEO before Kisel was acquired by Imagination in 2014.

In 2021, three new members were elected to the Board, Lottie Saks, Carolina Tendorf and Todd Thomson. Todd Thomson is Chief Operating and Financial Officer of Kairos Ventures, one of the owners of MixComm which received shares in Siverts Semiconductors when the acquisition was completed.

On September 20, Håkan Rippe took up his position as new Chief Financial Officer (CFO) for the Group. Håkan Rippe's career spans 27 years in private equity and listed tech companies. He previously held the position of CFO at Anea and Clavister, as well as senior positions with companies such as IBM and Telelogic.

Acquisition & expansion in the US

On October 14, 2021 Siverts Semiconductors signed an agreement regarding the acquisition of all the shares in MixComm, Inc, a US challenger in the development of chips for millimeter wave technology. Completion of the acquisition was conditional upon regulatory approval by CFIUS (the Committee on Foreign

Investment in the United States). After the reporting date, on January 20, 2022, approval was obtained from CFIUS on and the acquisition was completed on February 22, 2022.

During 2021, the Group started a new company in the US, Siverts Semiconductors Corporation. On August 30, the company's first employee, Susan Shea, was appointed VP Business Development North America at Siverts Photonics. Siverts Semiconductors Corp's main operations are marketing and sales of the Group's products, and will play an active role in both Photonics and Wireless. Alongside the acquisition of MixComm, this enables Siverts Semiconductors to operate on both the west and east coast of the US.

Comments on operations, results of operations and financial position

In the period January–December, the Group's revenue was SEK 90.652 M (96.170), a decrease of 6 percent year-on-year. Wireless' revenue decreased by SEK 0.547 M, a decrease of 2 percent, Photonics' revenue decreased by SEK 4.971 M, or 7 percent.

EBITDA was SEK –107.185 M (–55.661), a decrease of SEK 51.524 M. The decrease was mainly due to acquisition costs of SEK 41.558 M relating to the acquisition of MixComm. In addition, the Group has also generated expenses related to the change of listing to Nasdaq main market of some SEK 8 M.

Personnel costs for the period January–December 2020 was affected by larger provisions for social security expenses for employee stock options compared to the corresponding period in 2021. For the full year 2021, the cost was approximately SEK 35.483 M lower compared to 2020.

Adjusted for this, personnel expenses increased by SEK 38.254 M, mainly due to increased headcount.

Operating profit/loss/EBIT amounted to SEK –140.941 M (–85.710), a decrease of SEK 55.231 M. The change in EBIT is in line with EBITDA.

Operating profit/EBIT was also affected by increased depreciation and amortization (corresponding to SEK 3.707 M), as additional intellectual property rights and fixed assets started to be amortized and depreciated in the period.

Profit after tax was SEK –133.704 M (–195.782) an improvement of SEK 62.078 M. The improvement was due to the revaluation of the embedded derivative in convertible debt that negatively affected profit in 2020, corresponding to SEK 111.018 M for the period.

SEK 000	Jan–Dec 2021	Jan–Dec 2020
Revenue	90,652	96,170
EBITDA ¹⁾	–107,185	–55,661

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

Depreciation, amortization and impairment

Profit/loss for the period January–December was affected by SEK –33.756 M (–30.049) in depreciation, amortization and impairment, an increase of SEK 3.707 M, of which SEK –6.676 M (–5.684) related to depreciation of equipment, tools and installations, SEK –21.470 M (–19.456) to depreciation, amortization and impairment of capitalized development expenses in previous years, and SEK –5.610 M (–4.909) related to depreciation of right-of-use assets in leasing contracts.

Liquidity, cash flow and financing

On December 31, 2021 the Group's cash and cash equivalents amounted to SEK 304.117 M (249.448).

In addition to Group cash and cash equivalents, short-term investments in interest-bearing bonds amounted to SEK 133.127 M (0). In total, cash and cash equivalents and other current financial assets amounted to SEK 437.244 M.

In 2021, Silvers Semiconductors completed two new issues. The first, which was completed in the third quarter, related to the issue of 3,300,000 Class C shares, which were subsequently repurchased and held in Treasury with the aim of ensuring delivery of shares under the stock option programs. 2,200,000 of these Class C shares were later converted to ordinary shares. The second, which was completed in the fourth quarter, was a directed new issue of 17,021,277 ordinary shares at a subscription price of SEK 23.5 per share. The issue proceeds amounted to SEK 400 M and the issue expenses corresponded to SEK 12.269 M.

Group cash flow from investing activities increased year-on-year due to an increased share of investments in capitalized expenses for development and property, plant and equipment. The investment in capitalized development expenses is attributable to the development of new product generations.

The increase in property, plant and equipment is attributable to the expansion of Photonics' production equipment. The investments are intended to strengthen and expand important partnerships with new and existing customers when they move from R&D through pilot production to volume manufacture. The investment will facilitate further business development of advanced semiconductor laser devices that are critical to Photonic Integrated Circuits (PIC) which are used in the next-generation artificial intelligence, data-center and quantum technology applications.

Investments

The Group's total investments in the period January – December amounted to SEK 248.136 M (39.528) and related to intellectual property rights for underlying capitalized development expenses of SEK 56.447 M (37.215), acquisitions of property, plant and equipment of SEK 38.948 M (2.313) and loans to associated companies of SEK 0.122 M (0) and acquisition of corporate bonds of SEK 133.772 M (0), as well as interim financing to MixComm, which the Company acquired after the reporting date, totaling SEK 18.847 M. This transaction has been recognized as a financial receivable as of Q4 2021, but was converted to shares in MixComm in connection with completion of the acquisition in February 2022.

All acquired corporate bonds have a term shorter than one year.

The investment in capitalized development expenses is attributable to the development of new product generations. Investments in capitalized development expenses increased year-on-year, because the Group had a higher amount of projects in the development phase during the period. The increase in property, plant and equipment is attributable to the expansion of Photonics' production equipment.

Equity

As of December 31, 2021 Group equity amounted to SEK 798.903 M (531.925). Share capital totaled SEK 87.383 M.

Employees

As of December 31, 2021, the Group had 126 (103) employees, excluding consultants. This increase of 23 people since Year-end is linked to the growth plan the Board and company have set for 2021 in order to meet future demand.

Significant risks and uncertainties

The Silvers Semiconductor– Group's operations, financial position and results of operations are potentially affected by a number of risks and uncertainties. These risks may adversely affect the Group's operations, profit and financial position.

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

Market risk

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

A significant proportion of the Group's revenue is derived from customers in the US, although the Group focuses on advancing on the Chinese market within the framework of unlicensed 5G. Geopolitical disputes between the US, China and Europe may disrupt customers' procurement processes, which could, in turn, have an adverse impact on the Group.

Five-year summary, Group

SEK 000	2,021	2,020	2,019	2,018	2017 ²⁾
Revenue	90,652	96,170	96,355	71,485	65,493
Operating profit/loss	-140,941	-85,710	-78,024	-69,845	-51,346
Profit/Loss before tax	-139,012	-201,351	-87,014	-79,497	-52,061
Total assets	951,379	647,186	424,268	379,749	348,161
Equity/assets ratio	84%	82%	68%	72%	57%
Average number of employees	117	101	97	100	90

²⁾ The comparative year 2017 have been presented in accordance with BFNAR 2012:1 ("K3") and the Annual Accounts Act. No translation has been made to IFRS.

A military conflict is currently underway between Russia and the Ukraine. This has resulted in sanctions, trade restrictions and political tensions. Sivers Semiconductors does not currently have any suppliers in Russia or the Ukraine, although there are a few customers in Russia where there is a risk that the Group will be unable to continue to deliver as a result of sanctions. However, these customers are not expected to have a material effect on the Group as a whole. The uncertainty that arises on the market and in the global economy could, however, affect the Group's operations, in the form of decreased demand for the Group's products, increased costs of input goods, postponed investments in 5G networks or problems with supply chains with customers and/or suppliers. In the long run, this could delay the Group's product development and inhibit the Group's expansion.

Technology development risk

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

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

Competition

Sivers Semiconductors is active in a intensely competitive segment of the global semiconductor industry, which is continuously developing based on customer needs and behaviors. The Group's competitors are major operators with significant research, financial and technical resources. Varying combinations of such resources provide competitors with advantages that can influence sector trends. Intense competition from one or several of the Group's competitors can lead to increased pressure to reduce the Group's prices, increased sales and marketing costs and loss of market share. There is also a risk that competing methods and products may prove more effective, secure or cost-efficient than those developed by the Sivers Semiconductors. The Group's competitors may also be able to access increased capacity for manufacturing, marketing and distribution. If the Group's competitors can sell competing products that are more attractive this could lead to reduced sales or force the Group to adapt its prices in a way that reduced Group margins.

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

Dependency on suppliers, producers and partners

The Group is dependent on its partners, producers and subcontractors to operate on the market. There is a risk that one or more of these partners, suppliers and producers could become unwilling to continue an agreed collaboration with Group companies, or that suppliers or producers could become unable to satisfy the Group's quality requirements. In the long run, this could have a negative impact on the Group's progress and sales.

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

The Group's dependence on external suppliers also implies a risk that the Group's continued profitability is indirectly affected by the business progress of these companies. The Wireless business area does not have independent manufacturing facilities and relies on external production, which means that the business area, which represents a significant part of the Group's future initiatives, is entirely dependent on collaboration partners and external producers.

The Group's dependence on external operators increases the vulnerability of operations. Events that entail disruptions for any of the Group's critical collaboration partners', producers' or suppliers' operations could mean that these operators are unable to fulfill their commitments to the Group, which in turn could significantly disrupt the Group's operations. Such disruption could lead to delays in product development and launches, and limit the Group's sales and turnover.

Dependence on customers

More than 30 percent of the Group's sales in the financial year 2021 were derived from a single customer. This customer is part of the Photonics business area. In the event that this customer were to decrease or cease purchasing the Group's products, this could have a negative impact on Group sales for a shorter or longer period which, in turn, would have a negative impact on the Group's operations, profit and financial position.

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

Price risk

The Group's operations are dependent on certain highly complex input goods and the Group cannot control the factors that affect the pricing of the input goods on which the Group depends. Should the price picture suddenly deviate from what is expected, there is a risk that the Group is unable to gain access to the quantity of the input goods required for the Group's intended manufacture. Increased costs for input goods could lead to a decrease in the Group's margins and difficulty acquiring sufficient volumes of input goods could cause limitation to production and reduced sales.

Dependency on key personnel

Board members, senior executives and other key staff in the Group have business and specific technological expertise of major significance to the Group and its operations, which could be difficult to replace. Sivers Semiconductors' ability to recruit and retain such individuals is dependent on a number of factors, many

of which lie outside the Group's control, including labor market competition. Furthermore, the arrangements and agreement solutions the Group has implemented to retain senior executives and key personnel could prove to be insufficient or have limited effect. If a Board member, member of management or other key personnel were to leave the Group, this could imply the loss of important competencies, that pre-determined goals are not met, or have an adverse impact on the Group's business strategy. If such individuals leave the Group and cannot be replaced in an effective manner, this could have a material negative impact on the Group's operations and progress.

Production-critical systems and plants

Sivers Semiconductors develops, manufactures and sells chips, components, modules and subsystems based on advanced semiconductor technology for 5G millimeter wave networks, and optical semiconductors for fiber networks, wireless optical networks and sensors. A large part of the Group's operations are dependent on a functional IT system, including for management of customer deliveries and carrying out research. The Group's IT system could be affected by technical disruptions or cyber infringements that could disrupt and damage IT systems, jeopardize the protection of confidential information, lead to information losses that are costly or impossible to remedy and operational stoppages. The unintentional dissemination of confidential information such as information shared in confidence by collaboration partners, also risks resulting in financial claims being made against the Group. The Group also has a production plant in Glasgow in Scotland that manufactures custom lasers, and semiconductor optical amplifiers, which are critical to the Photonics business area's operations. Damage to production plants and associated logistics chains caused by events such as fire, stoppages, weather conditions, labor conflicts and natural disasters, could have negative effects in the form of direct damages to property, and in the form of stoppages that restrict the Group's production and could hinder the Group's ability to live up to its customer commitments.

Intellectual property rights

The Sivers Semiconductors Group has intellectual property rights of significant value. This means that there is a risk that the Group is exposed to information theft, for example in connection with data incursions. Furthermore, there is a risk that the Group is not successful in retaining its existing patent protection, that ongoing patent applications are not approved or that further patent protection for future technologies and application is not obtained.

The Group's competitiveness is largely derived from proprietary methods, tools and special technical expertise. For example, the Group's planned initiative on the market for 5G networks is dependent on the ability to effectively protect the advanced 5G millimeterwave technology that forms the core of the Group's wireless solutions. If the Group is unable to protect its technologies, know-how and brand effectively, this could have a material negative impact on the Group's competitive situation and market position.

In order to protect the various forms of intellectual property rights, the Group obtains protection according to legislation governing business secrets, patents and copyright. In addition, the Group enters confidentiality undertakings with counterparties and signs agreements to protect intellectual property rights before sensitive information is shared. The Group has also introduced controls aimed at preventing data incursions and IP theft.

Acquisitions

Sivers Semiconductors has historically completed acquisitions. For example, Sivers Semiconductors acquired the company Compound Semiconductor Technologies Global Limited (now Sivers Photonics) in 2017, and MixComm Inc. in 2022, after the reporting date. In addition to risks related to identifying and completing acquisitions, the acquisition process exposes the Group to risks related to the integration of the acquired operations. There is a risk that acquired operations do not progress in the manner expected.

The implementation of an acquisition and the integration of an acquired operation can lead to unforeseen operational difficulties and costs, which could entail that the Group's growth targets are delayed. The integration of each acquisition the Group completes involves a number of operational and company-specific risks. The estimates and company reviews completed ahead of each acquisition process may be unsatisfactory or erroneous, for example the Group could discover that the acquisition price exceeds the acquisition value, that there are hidden commitments or obligations related to the acquired company or that the transaction costs for the acquisition exceed estimates. There is also a risk that the Group is unable to retain key employees in the acquired operations following an acquisition, individuals who may be critical to the continued operation and able to facilitate the integration process. Acquisitions on new geographical markets also entail risks related to local laws and regulations, the local business climate and accepted business practice and culture. If the conditions change or depart from the Group's expectations, geographical expansion can imply new and increased risks for the Group. Potential additional risks include that acquisitions take up too much of management's time and resources, which in turn means less time and resources for managing the Group's operating activities or losses of customers or staff in the acquired operations. The integration of acquisitions can be more costly or time consuming than anticipated, fail or otherwise have a material effect on the Group's operations.

Covid-19

It is now more than two years since Covid-19 started to spread around the world and changed how society works. As a measure aimed at reducing the spread of Covid-19, many countries introduced travel restrictions and limited other cross-border activity, as well as introducing local lockdowns of all non-essential operations. In spring 2021, many countries were hit by the third wave of Covid-19, which resulted in new restrictions at the same time as many restrictions introduced in 2020 still remained in place. Earlier in the pandemic, Sivers Semiconductors saw signs of a temporary decrease in demand and the pandemic has complicated field tests with some of the Group's end customers. Complications in field testing for some of the Group's end customers could delay the roll-out of end customers' products and cause delays to potential volume sales to these customers.

Covid-19 could also lead to the Group's suppliers becoming unable to meet their commitments, which could lead to decreased customer demand for the Group's products.

The global spread of Covid-19 has caused significant volatility, uncertainty and financial disruption. The pandemic has some impact on the Group's operations and planned progress, and the Group considers that the pandemic is a key factor behind the lack of earnings growth in 2020 and 2021. It is difficult to gauge how

infection rates will evolve in future, which limits the opportunity to estimate the Group's overall future risk exposure.

In a modern society, the Internet is a cornerstone of all functions, including home offices and the healthcare system. The Sivers Semiconductors Group's products are important hardware components that enable increased bandwidth and thereby improves the technology that enables modern society to function. This means that the Group has excellent prospects of becoming a successful market operator by playing a part in the global preventative management of the current crisis and similar situations in future.

Share price risk

Sivers Semiconductors AB has employee stock options that entitle holders to acquire shares in the Company. The provision for social security expenses is valued at market value as of the reporting date, and the payment to the Swedish Tax Authority upon allocation of warrants is calculated on the basis of market value of the shares allocated, which is linked to the share price. An increase in the share price of SEK 10 compared to the closing price, increases social security expenses by some SEK 5 M based on the number of warrants outstanding as of 31 December 2021.

Under the stock option programs, Sivers Semiconductors has the mandate to issue warrants, or alternatively sell Treasury shares, to cover cashflow risk related to social security fees related to the warrants.

Financial risks

The Sivers Group is exposed to financial risks such as exchange rate risk, interest rate risk, credit risk and liquidity risk. The Group's financial risk is managed by the Board and management, which continuously monitor and evaluate risk. Management focuses sharply on liquidity risk, as the Group is in a growth phase. Management presents detailed cash flow forecasts and implements measures such as new issues and borrowing to ensure sufficient liquidity is in place.

The Group is exposed to exchange rate risk, mainly linked to USD and GBP, as a large proportion of sales are made in USD while purchasing is mainly denominated in GBP and SEK. As the Group's largest subsidiary, Sivers Photonics Ltd, is based in the UK, the Group is subject to GBP/SEK translation exposure. More information about financial risk and risk management can be found in Note 31 Financial instruments.

Research and Development

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

During the year, SEK 56.447 M (37.215) in project development expenses were capitalized. Research and development expenses that have not been capitalized amounted to SEK 22.364 (21.739).

Expected future progress

The market for sensors, and wireless and fixed broadband, is expanding rapidly and the chips and components the Group offers and develops satisfy demand in these areas. The Sivers Semiconductors Group's subsidiaries are well equipped for the technological shift that is underway, through its solutions for sensors, wireless networks and fiber networks. This means that the

Group faces positive prospects of continuing to grow and generate profit in future.

Parent Company

During the financial year 2021, the Parent Company made a shareholder contribution of SEK 50.000 M to the subsidiary Wireless. A corresponding write-down on shares in subsidiaries has been recognized. The Parent Company also forgave a loan to subsidiary Photonics of SEK 73.180 M which was converted to shares in subsidiaries.

Other external expenses increased by SEK 6.251 M for the full year 2021 compared to 2020, mainly due to the costs associated with the change of listing to Nasdaq main market. The decrease in financial expenses for the full year 2021 relates to the effect of the revaluation of embedded derivatives in convertible debt (corresponding to SEK 107.234 M) which was recognized in the third quarter 2020.

The share and ownership structure

Sivers Semiconductor's share capital was divided over 174,766,924 (154,445,647) shares as of December 31, 2021. All shares have a quotient value of SEK 0.50. These shares comprise 173,666,924 ordinary shares with voting rights of 1.0 and 1,100,000 Class C shares with voting rights of 0.1. The Class C shares are held by the Company for uses including exercise of stock option programs.

In 2021, 3,300,000 Class C shares were issued with a quotient value of SEK 0.50 (corresponding to SEK 1,650 M) and these were repurchased at the same price (including transaction costs of SEK 66,000). 2,200,000 of these Class C shares were later converted to ordinary shares. In the financial year, 502,140 ordinary Treasury shares were transferred under the Company's stock option program against payment of SEK 1.111 M, corresponding to the exercise price for the warrants. At the end of the financial year, the Company had 2,797,860 Treasury shares. Since June 10, 2021, the share trades on Nasdaq Stockholm under the ticker SIVE, ISIN code SE0003917798 and LEI code 254900UBKNY2EJ588J53.

As of December 31, 2021, Sivers Semiconductors AB (public) had four owners, each of which directly and indirectly held shares corresponding to five percent or more of the votes and capital in the company. In total, Sivers Semiconductors had approximately 21,000 shareholders. The Company's largest shareholder, Erik Fällström, had a share holding representing 16.6 percent of the votes in the Company.

Proposed appropriation of earnings (SEK 000)

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

Share premium reserve	1,283,785
Retained earnings	-351,431
Profit/loss for the year	-55,270
Total	877,084

The Board of Directors proposes that the following funds are carried forward

877,084

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

Corporate Governance Report

Corporate governance refers to the decision-making systems through which the owners, directly or indirectly, control the Company. For Sivers Semiconductors AB ("Sivers" or "the Company"), 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 organization, but is a critical part of the core business.

Sivers is a Swedish public limited company with its registered office in Stockholm, Sweden. Corporate governance is based on the Swedish Companies Act, the Articles of Association, the obligations resulting from listing on Nasdaq Stockholm, the Swedish Corporate Governance Code ("the Code") and other applicable laws and regulations. Corporate governance includes a regulatory framework and decision hierarchy intended to lead operations in the Company in a controlled manner, with the aim of satisfying the owners' requirements for return on invested capital.

Sivers seeks to ensure a high standard by maintaining clarity and simplicity in the Company's management systems and control documents. The governance, management and control of Sivers is divided between shareholders at the Annual General Meeting (AGM), the Board of Directors, the CEO and the Auditors in accordance with the Swedish Companies Act and the Articles of Association. Increased openness and transparency provides good insight into the Company's operations, which contributes to effective governance.

Sivers' application of the Code

The Company has not departed from the Code, stock market regulations or good stock market practice. Furthermore, the Company has not been the subject of decisions by Nasdaq Stockholm's Disciplinary Board, or decisions relating to breaches of accepted stock market practice by the Swedish Securities Council.

Shareholders

The Sivers Share has been listed on Nasdaq Stockholm since June 10, 2021. There are two share classes in Sivers, ordinary shares and Class C shares. Ordinary shares can be issued at a maximum corresponding to 100 percent of the share capital. Class C shares can be issued at a maximum corresponding to 10 percent of total share capital. As of December 31, 2021, Sivers' share capital amounted to SEK 87,383,462 divided over 174,766,924 shares, of which 173,666,924 ordinary shares and 1,100,000 class C shares, each with a quotient value of SEK 0.50. There were approximately 21,000 shareholders at year end. Swedish institutional investors held some 19.5 percent at year end. 85 percent of the shares were registered directly and 15 percent were nominee registered. As of December 31, 2021 the Company's largest shareholder, Erik Fällström, had a share holding representing 16.6 percent of the votes in the Company. There were no other shareholders in the Company with a holding corresponding to more than 10 percent of the votes represented by all the shares in the Company.

Annual General Meeting

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

in Sivers have the same voting rights, and there are no limitations in the Articles of Association regarding the number of votes a shareholder can exercise at the AGM.

The 2021 AGM was held on May 20 in Stockholm. The date of the AGM was published in conjunction with the Interim Report for the third quarter. Registered shareholders representing 44.9 percent of the shares and votes in the Company were present at the AGM. The ongoing Covid-19 pandemic implied limitations to the possibility of arranging public gatherings. Participation in the AGM was by postal ballot only.

AGM decisions

The main resolutions of the AGM 2021 are listed below:

Re-election of Board members Tomas Duffy, Ingrid Engström, Erik Fällström, Lottie Saks and Beth Topolovsky. Election of Board member Carolina Tendorf. Tomas Duffy was re-elected Chairman of the Board.

The AGM authorized the Company to allocate an additional 3,772,000 warrants under a new incentive program aimed at existing and recently recruited executives in the Group. The incentive program comprises a maximum of 3,772,000 warrants, corresponding to approximately 2.4 percent of the share capital and votes after dilution, based on the number of shares in the Company at the time. The incentive program includes performance conditions in relation to annual growth in the Group's net sales.

Deloitte was re-elected as the Company's Auditor and Zlatko Mehinagic was elected Auditor in Charge.

Minutes and other documentation from the AGM is available on the Company's website www.sivers-semiconductors.com.

Board authorization:

- The AGM on May 20, 2021 authorized the Board, on one or several occasions in the period until the next AGM is held, with or without departing from shareholders' preferential rights, to decide to complete new issues of shares and/or convertibles implying the issue of or conversion to a total maximum of 27,200,000 shares, corresponding to a dilution effect of some 15.0 percent of the share capital and votes, based on the total number of shares in the Company. Payment for shares and/or convertibles subscribed for shall be made in cash, in the form of a non-cash issue or through offset. The purpose of authorization, and the reason for potential departures from shareholders' preferential rights, is to provide the Board with flexibility in its work to raise capital in a timely and expedient manner to finance the Company's operations, with the aim of enabling the continued expansion, both organically and through acquisitions, or alternatively to extend the ownership base with one or more owners of strategic significance to the Company. New issues of shares and/or convertibles according to the authorization shall be at a subscription price corresponding to prevailing market conditions at the time of the issue of the shares and/or convertibles.
- The AGM on May 20, 2021 also authorized the Board, with the aim of ensuring delivery of shares to participants in LTIP 2021 and the Company's outstanding incentive programs, and to cover potential forthcoming social security expenses associated with the programs, on one or more occasions in the period until the next AGM is held, to decide to issue warrants, of which a maximum of 4,600,000 warrants may relate to LTIP 2021, corresponding to some 2.9 percent of the share capital and votes in

the Company after dilution. The warrants shall be issued without payment and, departing from shareholders' preferential rights, the Company or its subsidiary Sivers Wireless AB shall be able to subscribe for shares.

- The AGM on May 20, 2021 authorized the Board, on one or more occasions in the period until the next AGM is held, to decide to issue a maximum of 11,315,521 new Class C shares, each with a quotient value of SEK 0.50, corresponding to approximately 6.8 percent of the share capital and votes in the Company after dilution. Departing from shareholders' preferential rights, a bank or securities company shall be able to subscribe for the new shares at a subscription price corresponding to the quotient value. The purpose of the authorization and the reasons for the departure from shareholders' preferential rights in connection with the share issue is to ensure delivery of shares to participants in the Company's outstanding incentive programs and to ensure liquidity for the payment of social security expenses. Prior to the transfer of shares to participants exercising warrants, the Board will decide to convert Class C shares to ordinary shares.

Extraordinary General Meeting

On January 21, 2021, the Company held an EGM. The Meeting decided on fees payable to Board members and Lottie Saks was elected new Board member.

On November 11, 2021, the Company held an EGM. The purpose of the Meeting was to authorize the Board, on one or more occasions in the period until the next AGM is held, to decide (i) to complete a non-cash issue of a maximum of 39,405,594 ordinary shares against payment in the form of shares in MixComm, Inc. and (ii), departing from shareholders' preferential rights, to complete an offset issue of a maximum of 6,993,007 ordinary shares for payment of performance-based remuneration related to the acquisition of MixComm, Inc.

It was decided that, in the period until the end of the Next AGM, the Board would consist of seven members without deputies appointed by the Meeting and that Todd Thomson would be appointed new Board member.

Participation at the EGM corresponded to 42.7 percent and participation was only through postal ballot due to the ongoing pandemic.

Nomination Committee

Regulations governing the establishment of a Nomination Committee can be found in the Code. The Nomination Committee is the AGM's organ with the sole task of preparing the Meeting's decisions on matters relating to election and fees and, where applicable, procedural matters for the forthcoming Nomination Committee. The AGM on May 19, 2020 decided to adopt the principles for the appointment of the Nomination Committee, and the instruction to the Nomination Committee shall apply until further notice. According to these, the Nomination Committee shall consist of four members – one member appointed by each of the three largest shareholders in terms of votes and the Chairman of the Board. The Nomination Committee shall be constituted based on shareholder statistics from Euroclear Sweden AB as of the final banking day in August in the year prior to the AGM and other reliable shareholder information provided to the Company at that time. When assessing which parties shall be deemed the three largest shareholders in terms of votes, a group of shareholders shall be considered to comprise a single owner if the parties (i) are grouped as a single owner in the Euroclear Sweden system or (ii) have published information, and provided written confirmation to the Company of such

information, relating to a written agreement regarding the coordinated exercise of voting rights with the aim of assuming a joint, long-term stance with regard to the Company's management.

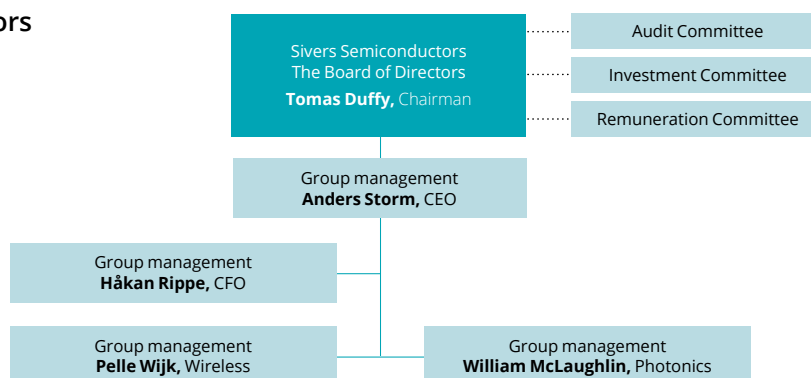
The Chairman of the Board shall, as soon as the information regarding the largest shareholders in terms of votes has been determined, contact the largest owners to inquire whether they wish to appoint members of the Nomination Committee. If one or more of the three largest owners in terms of votes refrain from appointing a representative to the Nomination Committee, the Chairman of the Board shall offer other major shareholders the opportunity to appoint a member of the Nomination Committee. If such an offer is made, it shall be passed in turn to the largest owners in terms of votes. The names of members of the Nomination Committee and the names of the shareholders that have appointed members of the Nomination Committee shall be published no later than six months before the AGM. At its inaugural meeting, the Nomination Committee shall appoint the Chairman of the Committee. The Chairman of the Board shall convene the inaugural meeting of the Nomination Committee. The Chairman of the Nomination Committee shall, unless members agree otherwise, be the member appointed by the largest shareholder in terms of votes. The mandate period of the Nomination Committee spans the period until a new Nomination Committee has been appointed.

If any of the shareholders who have nominated a member to the Nomination Committee divests a significant proportion of their shareholding in the Company before the work of the Nomination Committee has been completed, the Nomination Committee may decide that the member such shareholder has nominated shall be relieved from the Nomination Committee and be replaced with a new member to be nominated by such shareholder who is, at the time, the largest shareholder in terms of votes and who is not already represented on the Nomination Committee. The Nomination Committee shall also have the right to decide to increase the number of members of the Nomination Committee, and thereby offer new major shareholders the opportunity to appoint members to the Nomination Committee in order to reflect the current ownership of the Company, or to maintain continuity in the work of the Nomination Committee. A shareholder who has appointed a member of the Nomination Committee is entitled to relieve the member and appoint a new member. A shareholder shall also be able to appoint a new member if the member appointed by the shareholder is removed from the Nomination Committee. Changes to the composition of the Nomination Committee shall be announced without delay.

The Nomination Committee shall, in connection with its work, otherwise complete the tasks due to the Nomination Committee under the Code. No remuneration is payable to the members of the Nomination Committee. On request by the Nomination Committee, the Company shall provide personnel resources, such as a secretarial function, to the Nomination Committee in order to facilitate the Committee's work. When required, the Company shall also assume responsibility for reasonable expenses for external consultants deemed necessary by the Nomination Committee to complete its assignments.

During the year, the Nomination Committee comprised Joachim Cato, Chairman of the Committee and appointed by Erik Fällström, Monica Åsmyr, appointed by Swedbank Robur Fonder AB, Angelica Hanson, appointed by AMF Aktiefond Småbolag, and Tomas Duffy, Chairman of Sivers.

The Board and management of Sivers Semiconductors



THE BOARD OF DIRECTORS

The Board's responsibilities and tasks

After the AGM, the Board is the Company's highest decision-making body. The Board is also the Company's highest executive body and the Company's representative. Furthermore, according to the Companies Act, the Board is responsible for the Company's organization and the management of the Company's business, and shall continuously evaluate the Company's and the Sivers Group's ("the Group's") financial situation and ensure that the Company's organization has been designed to ensure satisfactory control of bookkeeping, fund management and the Company's financial position generally. The Chairman of the Board has a special responsibility to lead the work of the Board and ensure that the Board completes its statutory duties.

The Board's tasks include determining the Company's overarching goals and strategies, following up major investments, ensuring satisfactory control of the Company's compliance with laws and other regulations relevant to the Company's operations, and ensuring the Company's compliance with internal guidelines. The Board's tasks also include ensuring that the Company's information disclosures to the market and investors is characterized by openness and is correct, relevant and reliable, and to appoint, evaluate and when required relieve the Company's CEO from duties.

Composition of the Board

The Board's registered office is in Stockholm, Sweden. According to the Company's Articles of Association, the Company's Board shall consist of a minimum of three and maximum of nine members with a maximum of seven deputies. The Board comprises members Tomas Duffy (Chairman), Ingrid Engström, Erik Fällström, Lottie Saks, Carolina Tendorf and Beth Topolovsky.

Since the EGM on November 11, Todd Thomson has also been a member of the Board. However, he did not play an active role in 2021, and became active after MixComm became part of the Group in 2022.

Board members are elected annually at the AGM for the period until the next AGM is held. There is no limit to how long a member can be included on the Board. The Board currently consists of six regular members elected for the period until the end of the AGM scheduled for 2022. The composition of the Board, which includes members with varying backgrounds and broad overall experience, means that Board members have the expertise required for the Board's work, including addressing matters relating to strategy, management and structural transactions. This also means that management is provided with effective support from Board members individually in contacts with important customers and on matters relating to politics, economics, accounting, finance, law, organization and marketing.

The Board's work in the year

The Board meets regularly following a fixed schedule set out in the Rules of Procedure, which contains certain fixed decision-making points and certain decision-making points to be raised as and when required. During 2021, the Board held seven regular, eight extra Board meetings and two statutory Board meetings. Questions requiring in-depth analysis and discussion were prepared by the relevant committees.

On given occasions, the agenda included an item giving the Board the opportunity for discussion without representatives of management being present.

The minutes taken at these meetings are records of decisions and are kept by the Company's CFO, also Secretary of the Board. Ahead of

Independent of:		Major share- holders	Directors' fees 2021	Fees for work beyond Board duties	Attendance at Board meetings 2021
Sivers Semiconductors and its senior executives					
Tomas Duffy	Yes	Yes	X	–	17/17
Erik Fällström	Yes	No	–	–	13/17
Ingrid Engström	Yes	Yes	X	–	17/17
Lottie Saks	Yes	Yes	X	–	17/17
Beth Topolovsky	Yes	Yes	X	–	17/17
Carolina Tendorf	Yes	Yes	X	–	10/17
Todd Thomson	Yes	Yes	–	–	0/17

each Board meeting, the Board receives written supporting documentation for the discussions and decisions to be addressed.

Each regular Board meeting includes an update on business conditions, market, competitive situation and financial performance. During the year, matters such as organization, competence requirement, economic developments and acquisitions have also been addressed. The CEO regularly reports to the Board during the year. This reports addresses market, operations and financial performance. The report is compiled by the CEO.

The Board's Rules of Procedure

The Board works according to written Rules of Procedure, in accordance with the Companies Act, which shall be evaluated, updated and determined annually. The Rules of Procedure determine the division of the Board's work between the Board and its committees, and between the Board and the CEO. According to the Rules of Procedure, the Board shall make decisions regarding operational targets, strategy and overarching organization, appoint the CEO and evaluate the CEO's work, set guidelines for the Company's actions in society in order to ensure long-term value creation, adopt the Annual Report and other external financial reports, important policies and authorization instructions, determine rules for internal control and follow up the effectiveness of internal control, and evaluate the Board's work.

The Board has established an Audit Committee in accordance with the Companies Act and a Remuneration Committee in accordance with the Code. In addition, the Board has established an Investment Committee.

Evaluation of the Board's work

The Board shall perform an annually evaluation of its work, in order to ensure the continued effective functioning of the Company's Board of Directors. The annual Board evaluation takes place by Board members responding to a questionnaire, which includes space for individual comments. This is compiled by the Chairman and a discussion and evaluation of the Board's work subsequently takes place in connection with a Board meeting. The most recent evaluation was carried out on May 19, 2021. The conclusions of the evaluation are reported to the Nomination Committee and leads to improvements in the Board's working methods.

Audit Committee

In 2021, the Audit Committee consisted of Lottie Saks (Chairman), Tomas Duffy and Ingrid Engström. The Audit Committee met on seven occasions in 2021. The Audit Committee also met with the Company's Auditors. Matters addressed during 2021 include control documents, internal financial reporting, audit review, budget, the company's listing process, review of the outcome of the Auditor's review of the operations, questions related to the Company's Interim Reports and questions related to internal control. All the Audit Committee's members were present at all meetings in 2021.

Remuneration Committee

In 2021, the Remuneration Committee consisted of Tomas Duffy (Chairman), Erik Fällström and Ingrid Engström. During the year, the Remuneration Committee produced a proposal for an incentive program that was presented to the AGM 2021. In addition, the Committee produced a proposal regarding salary, other remuneration and terms of employment for the CEO, and prepared the Board's decision relating to proposed guidelines for remuneration to senior executives. The Remuneration Committee had four meetings in the year. All the Remuneration Committee's members were present at all meetings in 2021.

Investment Committee

In 2021, the Investment Committee consisted of Tomas Duffy (Chairman), Lottie Saks and Beth Topolovsky. The task of the Investment Committee is to evaluate Sivers' potential, ongoing and completed investments. During the year, the Committee worked on analysis and in-depth review of forthcoming investments. The Investment Committee held one meeting in the year where all members of the Committee were present.

Auditors

The Company's Auditor, Deloitte AB, was appointed by the AGM on May 20, 2021 with Zlatko Mehinagic as Auditor in Charge. During the year, the Company's Auditor has, in addition to auditing the Company's accounts, also reviewed the Interim Reports for the period January – September 2021.

Internal control of financial reporting

To ensure that financial reporting on each reporting occasion provides a true and fair view, the Company conducts control activities that involve all levels of the organization, including the Board, management and all other employees. Financial control of the Company's business processes include authorization of business transactions, daily account reconciliation and analytical review of the Income Statement and Balance Sheet, including follow-up of decisions made. The Board and the Audit Committee review all Interim Reports before publication.

Board of Directors and management continuously monitor the effectiveness of internal control to ensure the quality of processes for financial reporting. The Company's financial situation and strategy regarding the financial position are dealt with at each Board meeting, where the Board receives detailed reports on business developments.

Sivers Semiconductors is the Parent Company of the Group, which as of December 31, 2021 consists of four wholly-owned subsidiaries, Sivers Wireless AB and Trebax AB in Sweden, Sivers Photonics Ltd. in Scotland, and Sivers Semiconductors Corp. in the US. The Swedish Parent Company is responsible for Group-wide functions such as accounts, investor relations and IT. The Group's operations are mainly conducted in the two subsidiaries Sivers Wireless AB ("Wireless") and Sivers Photonics Ltd ("Photonics"). In February 2022, the Parent Company also acquired Mix-Comm Inc., which will be included in the Wireless segment.

Sivers' operations are conducted in Sweden, Scotland and the US. To ensure efficient operations, Sivers has a flat organization that favors local market conditions and individual companies' development phase. The subsidiaries regularly report results and the outcome of operations to Group management.

Group management consists of the CEO, CFO and the Head of Wireless and Photonics respectively, who are in continuous contact regarding operational matters such as monthly follow-up of results, financial position and key figures.

In 2021, the following focus areas were discussed by Group management:

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

Investment decisions and external financing issues are handled by the Board and Investment Committee.

The Board of Directors



Tomas Duffy | Chairman of the Board

Born: 1955

Elected to the Board: 2016

Education: M.Sc. (Eng.) & Technical licentiate, Royal Institute of Technology.

Other Board assignments: Board member Stella Tech AB.

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

Other experience: Business Unit Manager for large companies, Exportkreditnämnden. VP, Telia responsible for mobile & fixed line. CEO, Mannesmann International Telecom, Net Insight, Halogen AB, AU System Communication AB.

Independent in relation to Silvers Semiconductors and its management: Yes

Independent in relation to major shareholders: Yes

Own and closely related persons' shareholdings on 12/31/2021: 1,150,000 shares, 0 warrants.



Ingrid Engström | Member

Born: 1958

Elected to the Board: 2015

Education: Master of Applied Psychology, Uppsala University.

Other Board assignments: Board member SJR in Scandinavia AB. Chairman Engström Business Development, Unibap AB and Mind.

Previous Board assignments: Chairman Netlight Consulting 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, SEB AB.

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

Independent in relation to Silvers Semiconductors and its management: Yes

Independent in relation to major shareholders: Yes

Own and closely related persons' shareholdings on 12/31/2021: 44,000 shares, 0 warrants.



Erik Fällström | Member

Born: 1961

Elected to the Board: 2017

Education: Stockholm School of Economics.

Other Board assignments: Chairman AEDC Capital Ltd, DDM Holding AG, EDC Advisors Ltd and Omnio London Ltd

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

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

Independent in relation to Silvers Semiconductors and its management: Yes

Independent in relation to major shareholders: No

Own and closely related persons' shareholdings on 12/31/2021: 28,503,352 shares held privately and through associated companies. 0 warrants.



Carolina Tendorf | Member

Born: 1968

Elected to the Board: 2021

Education: LL.M, Stockholm University.

Other Board assignments: No other Board assignment.

Previous Board assignments: Board member Electrolux Intressenter AB.

Other experience: Legal counsel with extensive experience from the Electrolux Group and law firms. Since 2019, Legal Counsel at Electrolux Professional AB, previously Senior Group Legal Counsel at AB Electrolux.

Independent in relation to Silvers Semiconductors and its management: Yes

Independent in relation to major shareholders: Yes

Own and closely related persons' shareholdings on 12/31/2021: 0 shares, 0 warrants.

The Board of Directors



Lottie Saks | Member

Born: 1967

Elected to the Board: 2021

Education: M.Sc. (Econ.) Uppsala University

Other Board assignments: Chairman Haldex i Halmstad Aktiebolag, Haldex Holding AB, Haldex Financial Services AB, Haldex Financial Services Holding AB, Haldex Traction Holding II AB and JSB Hesselman Aktiebolag.

Previous Board assignments: Board member Cint AB, OneMed Products AB, OneMed Treasury AB, OneMed Sverige AB, Cidron Ross AB, Cint Intressenter I AB, Cint Intressenter II AB, Cint Intressenter III AB, RTh Holdco AB and TomB Holdco AB.

Other experience: CFO and Director of Finance in a number of major companies. CFO of Haldex, listed on Nasdaq Stockholm. Previous experience includes CFO at Cint, CFO OneMed, CFO Telenor Connexion, Johnson & Johnson and OMX Technology Financial Market.

Independent in relation to Silvers Semiconductors and its management: Yes

Independent in relation to major shareholders: Yes

Own and closely related persons' shareholdings on 12/31/2021: 0 shares, 0 warrants.



Beth Topolovsky | Member

Born: 1961

Elected to the Board: 2020

Education: BSEE, Electrical/Electronic Engineering, San Francisco State University

Other Board assignments: American Chamber of Commerce in Sweden, The Turnaround Management Association in Sweden.

Other experience: Founder and CEO of Spark Group AB, a consulting firm specialized in corporate transformation in the tech industry. Over 25 years' experience of senior positions and technical experience from Cisco Systems, Hewlett-Packard and KLA-Tencor. Co-founder and CEO of Q2 Labs AB, Chief Operating Officer positions in Transmode and Tilgin.

Independent in relation to Silvers Semiconductors and its management: Yes

Independent in relation to major shareholders: Yes

Own and closely related persons' shareholdings on 12/31/2021: 5,000 shares, 0 warrants.



Todd Thomson | Member

Born: 1961

Elected to the Board: 2021

Education: Master of Business Administration from University of Pennsylvania – The Wharton School, Bachelor of Economics from Davidson College.

Other Board assignments: Board member Dynasty Financial Partners LLC, Century Bank (NM), CNAQ, Linnaeus Therapeutics Inc, MixComm Inc., Amorphology Inc, NeuroBio Ltd, Delpor Inc, PteroDynamics Inc and FastDetect Inc.

Previous Board assignments: Chairman of Dynasty Financial Partners LLC, Board member of Cyren Ltd.

Other experience: CFO of Citigroup and CEO of Citigroup's Global Wealth Management division. Also experience from GE Capital, Bain & Co., Booz Allen Hamilton and Barents Group, and several investment committees.

Independent in relation to Silvers Semiconductors and its management: Yes

Independent in relation to major shareholders: Yes

Own and closely related persons' shareholdings on 12/31/2021: 0 shares, 0 warrants.

Group Management



Anders Storm | Group CEO

Born: 1967

Employed since: 2015

Nationality: Swedish

Education: M.Sc. in Computer Science, Lund University of Technology

Experience: CEO of Sivers Semiconductors since August 2016. Anders Storm has held various leading positions in major corporations such as Sony Ericsson, HiQ and ABB and as VP Engineering & Operations at Birdstep Technologies before joining Sivers Semiconductors as COO in February 2015.

Holdings in Sivers Semiconductors AB (publ) on 12/31/2021: 176,534 shares, 1,025,000 warrants.



Håkan Rippe | Group CFO

Born: 1968

Employed since: 2021

Nationality: Swedish

Education: M.Sc. (Eng.), Industrial Economics, Chalmers Institute of Technology

Experience: CFO of Sivers Semiconductors since September 2021. Håkan Rippe's career spans 27 years in private equity and listed tech companies. He has taken part in several growth journeys and managed a significant number of acquisitions and capital markets transactions. He previously held the position of CFO at Enea and Clavister, as well as senior positions with companies such as IBM and Telelogic.

Holdings in Sivers Semiconductors AB (publ) on 12/31/2021: 375,000 shares, 0 warrants.



William McLaughlin | MD Sivers Photonics

Born: 1969

Employed since: 2019

Nationality: British

Education: B.Eng. (Hons) Electronics and Engineering, University of Glasgow. M.Sc. Product design and Manufacturing, University of West Scotland.

Experience: CEO Sivers Photonics Ltd. William ("Billy") McLaughlin joined Sivers from an advanced start-up in display platforms, SmartKem, where he was COO. He has previously held leading positions and Board roles with semiconductor giants Motorola, Global Foundries and Teledyne e2v, as well as key roles in industry start-up Silecs. Billy's extensive experience includes operations, engineering, quality, research and technology, and global applications expertise. Billy studied electronics and electrical engineering at Glasgow University.

Holdings in Sivers Semiconductors AB (publ) on 12/31/2021: 50,000 shares, 825,000 warrants.



Pelle Wijk | MD Sivers Wireless

Born: 1971

Employed since: 2021

Nationality: Swedish

Education: M.Sc. Engineering Physics, Uppsala University

Experience: CEO of Sivers Wireless since January 2021. Pelle Wijk joined Sivers from Imagination Technologies, formerly Kisel Microelectronics, where he was CEO before Kisel was acquired by Imagination in 2014. Pelle Wijk has more than 15 years' experience of leadership and chip development. Pelle started his career at Ericsson where he worked for eight years. He holds an M.Sc. In Technical Physics from Uppsala University.

Holdings in Sivers Semiconductors AB (publ) on 12/31/2021: 1,000 shares, 325,000 warrants.

Guidelines for remuneration to senior executives

The AGM in May 2021 decided on the following guidelines for remuneration to senior executives:

Scope and applicability

"Senior executives" are defined as the Group Chief Executive Officer, Group Chief Financial Officer, Managing Director Photonics and Managing Director Wireless.

The remuneration guidelines also apply to Board members to the extent they receive remuneration in addition to Board assignments. The guidelines apply to remuneration that has been decided, and changes to already decided remuneration, after the guidelines were adopted by the AGM 2021. The guidelines do not apply to remuneration decided or adopted by the AGM.

Promoting Siverts Semiconductors' business strategy, long-term interests and sustainability

The Siverts Semiconductors Group is an international supplier of advanced 5G systems for data- and telecommunications networks and optical products to optical fiber networks, sensors and optical wireless communication (Li-Fi). The Siverts Semiconductors Group enables a better connected and safer world by delivering the best solutions in terms of sensors, data and wireless networks.

The successful implementation of Siverts Semiconductors' business strategy and long-term interests, including its sustainability, assumes that Siverts Semiconductors is able to continue to recruit and retain qualified employees. To ensure this, the remuneration system to senior executives and other employees needs to be on market terms and competitive.

These guidelines allow senior executives to be offered competitive total remuneration.

Siverts Semiconductors has outstanding long-term incentive programs that have been decided by the AGM and which are therefore not encompassed by these guidelines. The performance requirements used to evaluate the outcome of Siverts Semiconductors' long-term incentive program are clearly linked to long-term value creation, including sustainability. These performance requirements are currently linked to average growth in Group net sales over a 3-year period. The programs also have a vesting period of 3 years. For more information about these programs, see Note 28 in the Group's Annual Report.

Forms of remuneration etc.

Remuneration to senior executives can consist of fixed salary, variable remuneration, pension and other customary benefits. In addition, the AGM can – independently of these guidelines – decide on share-based and share price-based remuneration.

Fixed salary shall be on market terms and is determined individually based on the individual's role, performance, results and responsibilities. As a main rule, fixed salary shall be re-evaluated annually. Variable remuneration shall take into account the individual's degree of responsibility and authorization. Variable remuneration shall be based on targets met in terms of net sales and operating profit (EBIT) and "soft" individual goals linked to strategic

and/or functional goals that are individually adapted based on responsibility and function. These goals shall be designed to contribute to promoting Siverts Semiconductors' business strategy and long-term interests, including sustainability. The scale of variable remuneration shall be based on the degree to which individual employees meet these targets. Variable remuneration shall be subject to a maximum of 100 percent of annual fixed salary.

The evaluation relating to meeting targets shall be made at the end of the measurement period and be based on supporting financial documentation for the relevant period. Variable cash remuneration can be paid after the end of the measurement period or be subject to deferred payment.

Pension and other benefits

Senior executives shall benefit from a pension plan corresponding to the cost of the ITP plan.

Other benefits may include health insurance, cell phone, meals and company car, and shall be payable to the extent this is considered to correspond to market terms.

Termination of employment

In connection with termination of employment, from the Company's side, of a senior executive, severance pay with unchanged terms shall apply for a maximum period of six months, plus a non-pensionable redundancy payment subject to a maximum of nine months' salary. The notice period of senior executives shall be six months.

Consultancy fees to Board members

In cases where Board members carry out work in addition to customary Board work, in special circumstances the Board shall be able to decide to pay additional remuneration in the form of consultancy fees.

Salary and employment terms for employees

When preparing the Board's proposal for these remuneration guidelines, salary and employment terms for the Company's employees have been considered by taking into account information regarding employees' total remuneration, the components of the remuneration and the increase and rate of increase over time of the remuneration in the Remuneration Committee's and Board's decision-making data for the evaluation of the fairness of the guidelines and ensuing limitations.

Remuneration Committee

The Board's Remuneration Committee, which consists of three Board members, including the Chairman of the Board, also Chairman of the Remuneration Committee, addresses and prepares remuneration matters relating to senior executives.

The remuneration Committee prepares and produces decision proposals relating to remuneration and employment terms for the Group Chief Executive Officer, which are presented to the Board for decision. The Board evaluates the work carried out by the Group Chief Executive Officer annually.

The Remuneration Committee's tasks include to prepare the Board's decisions on proposed guidelines for remuneration to senior executives. The Board shall prepare proposals for new guidelines at least every four years and present the proposal for decision by the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM. The Remuneration Committee shall also follow and evaluate the program for variable remuneration and applicable remuneration structures and remuneration levels in Sivers Semiconductors. During the Board's decision-making process related to remuneration, the Group Chief Executive Officer or other members of management are not present if they are affected by the questions addressed.

Departure from the guidelines

The Board shall have the right to temporarily depart from these guidelines if, in individual cases, there are special reasons and a departure is necessary to safeguard Sivers Semiconductors' long-term interests, including its sustainability, or to ensure Sivers Semiconductors' financial viability, such as additional variable remuneration in connection with special performance.

Group Income Statement

SEK 000	Note	2021	2020
Revenue	4	90,652	96,170
Other operating income		7,196	9,099
Capitalized work on own account		56,447	37,215
Raw materials and consumables		-30,638	-26,333
Other external expenses	7	-119,077	-62,819
Personnel costs	6	-111,765	-108,994
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-33,756	-30,049
Operating profit/loss		-140,941	-85,710
Profit from financial items			
Financial income	8	5,284	4,103
Financial expenses	8	-3,355	-119,744
Profit/Loss before tax		-139,012	-201,351
Income tax	9	5,308	5,569
Profit/loss for the year		-133,704	-195,782
Attributable to:			
Parent Company shareholders		-133,704	-195,782
Earnings per share (SEK)			
Before dilution	10	-0.83	-1.37
After dilution	10	-0.83	-1.37

Consolidated Statement of Comprehensive Income

SEK 000	Note	2021	2020
Profit/loss for the year		-133,704	-195,782
Other comprehensive income			
Items to be reclassified to profit and loss			
Exchange rate differences from translation of foreign operations		7,274	-5,974
Total comprehensive income for the year		-126,430	-201,756
Attributable to:			
Parent Company shareholders		-126,430	-201,756

Group Balance Sheet

ASSETS, SEK 000	Note	12/31/2021	12/31/2020
Non-current assets			
Goodwill	11	134,812	134,812
Other intangible assets	11	184,212	147,553
Property, plant and equipment	12,13	101,542	61,372
Other assets		169	–
Total non-current assets		420,735	343,737
Current assets			
Inventories	15	23,496	14,776
Accounts receivable	16	23,152	19,460
Current tax receivables		5,724	3,326
Other receivables	17	7,763	4,079
Prepaid expenses and accrued income	18	14,272	12,360
Other current financial assets	31	152,119	–
Cash and cash equivalents	26	304,117	249,448
Total current assets		530,643	303,450
Total assets		951,379	647,186
EQUITY AND LIABILITIES, SEK 000	Note	12/31/2021	12/31/2020
Share capital	19	87,383	77,223
Other contributed capital	19	1,283,785	904,565
Translation reserve	19	7,416	142
Retained earnings including profit/loss for the year		–579,682	–450,004
Equity attributable to Parent Company shareholders		798,903	531,925
Total equity		798,903	531,925
Non-current liabilities			
Bank borrowing	20	11,000	15,000
Deferred tax	21	84	126
Provisions	22	7,161	17,177
Leasing liabilities	23	25,098	22,166
Other non-current liabilities		5,632	7,702
Total non-current liabilities		48,975	62,172
Current liabilities			
Bank borrowing	20	4,000	4,000
Accounts payable		21,830	14,246
Leasing liabilities	23	5,364	3,975
Other liabilities	24	6,360	8,721
Accrued expenses and deferred income	25	65,947	22,148
Total current liabilities		103,501	53,090
Total liabilities		152,476	115,261
Total equity and liabilities		951,379	647,186

Consolidated Statement of Changes in Equity

SEK 000	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company shareholders	Total equity
Opening balance Jan 1, 2020	65,824	473,598	6,116	-257,005	288,533	288,533
Profit/loss for the year				-195,782	-195,782	-195,782
Total other comprehensive income			-5,974		-5,974	-5,974
Total comprehensive income			-5,974	-195,782	-201,756	-201,756
Transactions with shareholders:						
New issue	6,237	247,459			253,695	253,695
Issue expenses		-5,881			-5,881	-5,881
Issue for redemption of employee stock options	2,169	17,834			20,002	20,002
New issue, loan conversion	667	20,390			21,057	21,057
New issue, redemption of convertible debenture	2,326	151,166			153,492	153,492
Share-based compensation				2,783	2,783	2,783
Total transactions with shareholders	11,399	430,967		2,783	445,149	445,149
Closing balance Dec 31, 2020	77,223	904,565	142	-450,004	531,925	531,925

SEK 000	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company shareholders	Total equity
Opening balance Jan 1, 2021	77,223	904,565	142	-450,004	531,925	531,925
Profit/loss for the year				-133,704	-133,704	-133,704
Total other comprehensive income			7,274		7,274	7,274
Total comprehensive income			7,274	-133,704	-126,430	-126,430
Transactions with shareholders:						
New issue	10,161	391,489			401,650	401,650
Issue expenses		-12,269			-12,269	-12,269
Change in Treasury shares				-605	-605	-605
Share-based compensation				4,631	4,631	4,631
Total transactions with shareholders	10,161	379,220		4,026	393,407	393,407
Closing balance Dec 31, 2021	87,383	1,283,785	7,416	-579,682	798,903	798,903

Group Cash Flow Statement

	Note	2021	2020
Operating profit/loss	26	-140,941	-85,710
Adjustments for non-cash items			
Depreciation, amortization and impairment		33,756	30,049
Inventory impairment		-	309
Changes in provisions		-6,779	28,704
Other		3,271	4,218
Interest received		370	-
Interest paid		-2,485	-4,265
Paid tax		4,911	9,173
Cash flow from operating activities before change in working capital		-107,896	-17,522
Cash flow from change in working capital			
Increase (-) / decrease (+) in inventories		-8,115	-5,414
Increase (-) / decrease (+) in operating receivables		-7,253	-8,714
Increase (+) / decrease (-) in operating liabilities		40,297	-8,417
Cash flow from operating activities		-82,967	-40,067
Investing activities			
Acquisition of property, plant and equipment		-35,820	-2,313
Acquisition of intangible assets		-56,447	-37,215
Loan to associated company		-122	-
Financing of MixComm		-18,847	-
Sales of property, plant and equipment		-	30
Investments in financial instruments		-133,772	-
Cash flow from investment activities		-245,008	-39,498
Financing activities			
Borrowings		-	20,000
Loan amortizations		-4,000	-1,000
Amortization of lease debt and hire purchase loans		-8,366	-7,263
New share issue		401,650	273,698
Issue expenses		-12,269	-5,881
Repurchase of Treasury shares		-1,716	-
Sale/exercise of warrants using Treasury shares		1,111	-
Cash flow from financing activities		376,410	279,553
Cash flow for the year		48,435	199,988
Cash and cash equivalents at the beginning of the year		249,448	52,228
Exchange rate difference in cash and cash equivalents		6,234	-2,767
Cash and cash equivalents at the end of the year		304,117	249,448

Notes for the Group

Note 1 | General information

Sivers Semiconductors AB, corporate identity number 556383-9348 is a limited company with its registered office in Kista, Sweden. The Company's head office is located on Torshamnsgatan 48 in Kista, Sweden.

Sivers Semiconductors AB and its subsidiaries ("the Group") develops, manufactures and sells chips, components, modules and subsystems based on advanced, proprietary semiconductor technology in microwave, millimeter-wave and optical semiconductors.

The operations are mainly conducted in the two companies Sivers Wireless AB and Sivers Photonics Ltd. Sivers Wireless's head office is located in Kista, Stockholm. The Company also has a development site in Gothenburg. Sivers Photonics's headquarter and factory are located in Glasgow, Scotland. The Group structure is presented in more detail in Note 14.

The Financial Statements are presented in SEK thousands (SEK 000).

Note 2 | Accounting principles

Basis of accounting

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

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

Consolidated Financial Statements

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

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

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

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

Business combinations

The acquirer in a business combination is the party who achieves control over the other party. When the legal acquirer is identified as the acquired party, a reverse acquisition has occurred. The subsidiary Sivers Photonics Ltd was acquired in 2017 in a reverse takeover. This means that Sivers Semiconductors AB with subsidiaries was identified as the acquired party.

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

Goodwill

Goodwill is initially recognized and measured as set out above.

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

Revenue recognition

The Group recognizes revenue from the following major sources:

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

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer in exchange for the transfer of goods or services excluding sales tax. The Group recognizes revenue when it transfers control of a product or service to a customer.

Hardware sales

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

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

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

Note 2 (cont'd.)

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

Development/NRE-projects

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

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

Support contracts

Wireless also sells support for the company's hardware products to facilitate for customers to adapt the technology to their products. Support agreements allow customers to embed the Sivers' functionality in their products, which can then be sold on to end customers. The support contracts have a fixed term and fixed consideration, and revenue is recognized on a straight line basis over the service period. The consideration is recognized as a contract liability when the sale occurs and dissolved on a straight line basis over the service period.

Leasing

The Group as lessee

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

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective

interest method) and by reducing the carrying amount to reflect the lease payments made.

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

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

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

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

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

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

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

Sale- & leaseback

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

Foreign currency

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

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

- exchange rate differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which

are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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

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

Government grants

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

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

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

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

Retirement and severance pay costs

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

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

Short-term and long-term employee benefits

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

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

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

Taxes

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because

it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

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

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

Deferred tax assets and liabilities

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

Current tax and deferred tax for the year

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

Property, plant and equipment

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

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

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

Note 2 (cont'd.)

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

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

Internally-generated intangible assets – research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing development of the intangible assets for use or sale;
- the intention to complete the intangible assets for use or sale;
- the ability to use or sell the intangible assets;
- how the intangible assets will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to reliably measure expenditure attributable to intangible assets during development.

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

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

Amortizations are commenced when the asset is put in use, and the amortization expense is recognized on a straight-line basis over the asset's useful life. At present, the useful life of intangible assets is 5 years.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable

amount. An impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Accumulated cost of inventories comprises all costs for purchasing, manufacture and other costs incurred in bringing the goods to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

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

Financial assets

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

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group has accounts receivable, other short-term assets, contract assets and cash that are recognized at amortized cost after deductions for impairments.

The Group has bonds with a term of less than one year, which are not expected to be held to maturity, and which have therefore been recognized at fair value in the Income Statement.

Currently, the Group does not have any financial instruments that are measured at fair value through other comprehensive income.

Impairment of financial assets

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

The Group always recognizes lifetime ECL for trade receivables and contract assets, in line with the simplified model. The expected credit

losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of current and forecast factors at the reporting date, including the time value of money where applicable.

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

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

The Group considers a breach of financial covenants by the debtor or information produced internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors to be indications that financial assets are generally not recoverable.

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Financial liabilities

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

Financial liabilities measured at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

Financial liabilities measured at amortized cost

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

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

Initial recognition of derivatives is at fair value at the date a derivative contract is entered into. and derivatives are subsequently remeasured at fair value at each reporting date. The resulting profit or loss is recognized in profit or loss immediately, since the Group does not apply hedge accounting.

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

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contract is not measured at fair value through profit or loss. A separate embedded derivative is presented in the same way as a separate derivative.

Provisions

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

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

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

Note 2 (cont'd.)

Share-based compensation

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

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

New and revised standards

None of the revised IFRS standards or new interpretations that became effective in 2021 have had any effect on the Group's profit, cash flow and financial position.

New and revised standards that have not yet become effective

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

Note 3 | Key estimates and judgments

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

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

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

Valuation of intangible assets

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

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

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

Recognition of capitalized development expenses

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

Revenue recognition

Some of Sivers Semiconductors Group revenue is derived from hardware sales and NRE contracts that are recognized over time. The rate of completion is measured either according to an output method based on work completed, or an input method based on actual expenditure. The methods require estimates of the allocation of revenue to specific production stages, or estimates of total project expenses.

Note 4 | Revenue from customer contracts

The Group receives revenue from customer contracts against the transfer of goods and services at a point in time and over time respectively from the following major revenue streams. This corresponds to revenue information for each reportable operating segment in accordance with IFRS 8 (see Note 5). Transaction amounts for remaining

performance obligations for agreements with a term of more than 12 month totaled SEK 0 M (2,505) as of the reporting date. The Group applies the simplified approach, meaning that agreements with remaining performance obligations for 12 months are not included in this amount.

Breakdown of revenue, SEK 000	2021			2020		
	Wireless	Photonics	Total	Wireless	Photonics	Total
Revenue type						
Hardware	17,849	17,479	35,328	14,580	13,166	27,746
Development project/NRE	2,527	51,032	53,559	6,501	60,316	66,816
Support & Other	1,765	–	1,765	1,608	–	1,608
Total	22,141	68,511	90,652	22,688	73,482	96,170
Recognition						
At a point in time	17,849	540	18,389	14,580	1,444	16,023
Over time	4,292	67,971	72,263	8,108	72,039	80,147
Total	22,141	68,511	90,652	22,688	73,482	96,170
Geographical market						
North America	7,413	53,990	61,404	1,863	61,586	63,449
Europe	6,921	8,551	15,471	17,124	7,667	24,791
Asia	7,807	5,970	13,777	3,701	4,229	7,930
Total	22,141	68,511	90,652	22,688	73,482	96,170

Note 5 | Operating segments

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

Wireless

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

Photonics

The Photonics business area develops, designs, manufactures and sells III-V compound semiconductor laser devices for optical communication, optical sensing/sensors and optical wireless networks. Optical communications devices are a key component of cloud storage and cloud communications in areas such as Passive Optical Networks (PON) and Quantum technologies. The business area delivers to several Fortune 100 customers located in Silicon Valley directly or via partners.

Segment revenue and profit

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

2021, SEK 000	Wireless	Photonics	Group wide	Total
Revenue				
External revenue	22,141	68,511	–	90,652
Revenue from other segments				
Total income	22,141	68,511	–	90,652
Profit				
EBITDA	–33,974	–7,352	–65,859	–107,185
Depreciation/amortization and impairment	–	–	–33,756	–33,756
EBIT	–33,974	–7,352	–99,615	–140,941
Financial income	–	–	5,284	5,284
Financial expenses	–	–	–3,355	–3,355
Profit before tax	–33,974	–7,352	–97,686	–139,012
Income tax	–	–	5,308	5,308
Profit after tax	–33,974	–7,352	–92,378	–133,704

Note 5 (cont'd.)

2020, SEK 000	Wireless	Photonics	Group wide	Total
Revenue				
External revenue	22,688	73,482	–	96,170
Revenue from other segments	–	–	–	–
Total revenue	22,688	73,482	–	96,170
Profit				
EBITDA	–37,875	399	–18,185	–55,661
Depreciation, amortization and impairment	–	–	–30,049	–30,049
EBIT	–37,875	399	–48,235	–85,710
Financial income	–	–	4,103	4,103
Financial expenses	–	–	–119,744	–119,744
Profit before tax	–37,875	399	–163,875	–201,351
Income tax	–	–	5,569	5,569
Profit after tax	–37,875	399	–158,306	–195,782

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

Revenue from goods and services

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

Geographical information

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

SEK 000	Revenue from external customers		Fixed assets	
	2021	2020	12/31/2021	12/31/2020
USA	61,404	63,449	–	–
China	7,687	5,436	–	–
Israel	5,064	1,627	–	–
United Kingdom	3,636	3,195	102,324	64,784
Ireland	2,740	5,221	–	–
France	1,778	3,812	–	–
Lithuania	1,493	–	–	–
Japan	1,026	868	–	–
Hungary	726	3,380	–	–
Sweden	69	449	318,242	278,952
Norway	–	3,915	–	–
Rest of world	5,031	4,820	–	–
Total	90,652	96,170	420,566	343,737

Information about major customers

Of Photonics' revenue, SEK 27.611 M (35.238) was derived from sales to the Group's largest customer. No other individual customers contributed 10 percent or more to Group revenue in 2021 or 2020.

Note 6 | Remuneration to employees

Number of employees

Average number of employees	2021			2020		
	Women	Men	Total	Women	Men	Total
Parent Company						
Sweden	1	3	4	1	2	3
Total Parent Company	1	3	4	1	2	3
Subsidiaries						
Sweden	8	32	40	7	27	34
Scotland	20	53	73	18	46	64
Total in Subsidiaries	28	85	113	25	73	98
Total, Group	29	88	117	26	75	101

Board members and other senior executives

	Parent Company		Group	
	2021	2020	2021	2020
Women				
The Board	4	2	4	2
Other senior executives	–	–	–	–
Men				
The Board	3	5	3	5
Other senior executives	2	2	4	3
Total	9	9	11	10

Salaries and other remuneration

Expenses for remuneration to employees	2021	2020
Parent Company		
Salaries and other remuneration	11,972	6,790
Social security expenses	799	8,148
Pension costs	2,673	656
Subsidiaries		
Salary and other remuneration	74,232	56,512
Social security expenses	6,895	26,937
Pension costs	13,256	7,785
<i>Total salary and remuneration, Group</i>	<i>86,204</i>	<i>63,303</i>
<i>Total social security expenses, Group</i>	<i>7,694</i>	<i>35,085</i>
<i>Total pension costs, Group</i>	<i>15,929</i>	<i>8,441</i>
Total, Group	109,827	106,828
Share-based remuneration (Note 28)	4,631	2,783
Remuneration after termination of employment	2,840	–
Remuneration to senior executives	2021	2020
Parent Company		
Salary and other remuneration to senior executives	10,533	6,088
of which bonuses etc. to senior executives	905	389
Salary and remuneration to other employees	1,439	706
Total salary and remuneration, Parent Company	11,972	6,794
Group		
Salary and other remuneration to senior executives	15,592	10,076
of which bonuses etc. to senior executives	2,070	690
Salary and remuneration to other employees	70,613	53,227
Total salary and remuneration, Group	86,204	63,303

Note 6 (cont'd.)

Remuneration to senior executives

Fees to the Chairman and members of the Board are payable in accordance with the decision of the shareholders' meeting. Remuneration to the Group's senior executives is presented below. Senior

executives encompass the Board, the CEO, CFO and the CEOs of the various subsidiaries.

Remuneration to senior executives 2021	Basic salary/fees	Variable remuneration	Share-based compensation	Other remuneration	Pension costs	Total
Tomas Duffy, Chairman of the Board	888	–	–	–	–	888
Ingrid Engström	409	–	–	–	–	409
Björn Norrbom ¹⁾	32	–	–	–	–	32
Dag Sigurd ²⁾	32	–	–	–	–	32
Robert Green ³⁾	169	–	–	–	–	169
Erik Fällström	–	–	–	–	–	–
Beth Topolovsky	391	–	–	–	–	391
Lottie Saks	393	–	–	–	–	–
Carolina Tendorf	204	–	–	–	–	–
Anders Storm, CEO	2,300	532	453	–	1,445	4,729
Other senior executives (4)	5,806	1,539	525	1,919	1,626	11,415
Total remuneration to senior executives	10,624	2,070	978	1,919	3,071	18,066

Remuneration to senior executives 2020	Basic salary/fees	Variable remuneration	Share-based compensation	Other remuneration	Pension costs	Total
Tomas Duffy, Chairman of the Board	750	–	–	309	–	1,059
Ingrid Engström	350	–	–	–	–	350
Björn Norrbom	350	–	–	–	–	350
Dag Sigurd	350	–	–	–	–	350
Robert Green	350	–	–	460	–	810
Erik Fällström	–	–	–	–	–	–
Beth Topolovsky	225	–	–	–	–	225
Anders Storm, CEO	1,560	275	290	–	418	2,544
Other senior executives (3)	4,486	414	675	–	389	5,964
Total remuneration to senior executives	8,421	690	965	770	807	11,652

¹⁾ Björn Norrbom resigned from his Board assignment in Sivers Semiconductors AB in connection with the EGM on January 21, 2021.

²⁾ Dag Sigurd resigned from his Board assignment in Sivers Semiconductors AB in connection with the EGM on January 21, 2021.

³⁾ Robert Green resigned from his Board assignment in Sivers Semiconductors AB in connection with the AGM on May 20, 2021.

The decrease in social security expenses in 2021 compared to 2020 relates to social security expenses for employee stock option programs that have decreased as a result of the decreased market value of stock options.

Share-based remuneration relates to costs for employee stock option programs calculated in accordance with IFRS 2.

The AGM 2020 decided that Board members who carry out assignments in addition to regular Board work are entitled to receive reasonable compensation for this. In 2020, Tomas Duffy and Robert Green received remuneration for consultations & integration work in the Group totaling SEK 770,000. In 2021, no such work was carried out by Board members.

Pensions

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

Severance pay

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

Note 7 | Other external expenses

Remuneration to Auditors

SEK 000	2021	2020
Deloitte AB		
Audit fees	811	571
Audit work in addition to auditing assignments	99	180
Tax consultancy	–	–
Other services	–	50
BDO Ltd		
Audit fees	354	310
Total	1,264	1,111

Audit work in addition to auditing assignments in 2020 and 2021 relates to costs for pre-audit carried out as part of the preparation ahead of the Company's inclusion on Nasdaq's main list.

BDO carried out the Audit of the subsidiary Sivers Photonics in 2020 and 2021.

Note 8 | Financial items

SEK 000	2021	2020
Financial income		
Exchange rate gains	4,869	4,103
Interest income, bonds	370	–
Other	45	–
Total	5,284	4,103

SEK 000	2021	2020
Financial expenses		
Interest expenses, loans and credit	601	2,360
Interest on convertible debentures	–	1,558
Interest expenses on leasing liabilities and hire purchase loans	2,104	2,026
Value adjustment of embedded derivatives in convertible debentures	–	112,569
Value change, bonds	645	–
Exchange rate losses	5	1,231
Total	3,355	119,744

Note 9 | Income tax

SEK 000	2021	2020
Current tax:		
Current year	3,895	3,539
Tax attributable to prior years	1,371	1,987
	5,266	5,527
Deferred tax (See Note 21)		
Origin and reversal of temporary differences	42	42
Total	5,308	5,569

The current tax rate is 20.6 percent (21.4).

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

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

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

SEK 000	2021	2020
Profit before tax	–139,012	–195,782
Swedish tax rate of 20.6%	28,636	41,897
Tax effect from non-deductible expenses/non taxable revenue	–9,608	–91
Tax effect from embedded derivatives	–	–23,980
Tax Credit R&D ¹⁾	5,266	5,527
Change in unrecognized deferred tax assets	–18,351	–17,418
Deviating tax rate in foreign subsidiaries	–635	–366
Total Current tax recognized	5,308	5,569

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

Note 10 | Earnings per share

Calculations of earnings per share before and after dilution are based on the following data:

SEK 000	2021	2020
Profit		
Earnings attributable to Parent Company shareholders when calculating earnings per share before and after dilution	–133,704	–195,782
Number of shares		
Weighted average of ordinary shares when calculating earnings per share before dilution	160,676,238	143,216,070
Earnings per share		
Earnings per share before and after dilution	–0.83	–1.37

The denominator used in calculating earnings per share before and after dilution has been adjusted to reflect the bonus issue element of the new issues in 2020 and 2021.

During 2020–2021, the Group had convertible debentures and employee stock options that can give rise to dilution effects. As the Group is currently loss making, dilution improves earnings per share. Accordingly, the earnings figure is the same before and after dilution for both years.

Note 11 | Goodwill and other intangible assets

Goodwill

Book value, SEK 000

As of December 31, 2021	134,812
as of December 31, 2020	134,812

Book value of goodwill was allocated to cash-generating units as follows:

SEK 000	12/31/2021	12/31/2020
Wireless	134,812	134,812
Photonics	–	–

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

Other intangible assets

Capitalized development expenses, SEK 000

Accumulated cost

As of January 1, 2020	179,659
Exchange rate differences	–3,112
Addition, internal development	37,215
as of December 31, 2020	213,763
Exchange rate differences	3,323
Addition, internal development	56,447
As of December 31, 2021	273,532

Accumulated depreciation, amortization and impairment

As of January 1, 2020	–48,111
Exchange rate differences	1,357
Depreciation for the year	–19,456
Impairments losses for the year	–
as of December 31, 2020	–66,210
Exchange rate differences	–1,640
Depreciation for the year	–20,072
Impairments losses for the year	–1,398
As of December 31, 2021	–89,320

Carrying amount

As of December 31, 2021	184,212
as of December 31, 2020	147,553

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

Impairment testing

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

The forecast of future cash flows includes assumptions about the Group's sales growth, operating margin, working capital and investment requirement. The Group is active on a market where substantial growth is expected over the coming years. Cash flows are expected to be generated at a pace with the Group starting volume production for a number of customers, which explains why forecast cashflow deviates from the historical outcome.

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

%	12/31/2021		12/31/2020	
	Wireless	Photonics	Wireless	Photonics
Discount rate	9.4	10.2	9.7	11.9
Constant growth rate	3.0	3.0	3.0	3.0

Sensitivity analysis

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

Impairment of capitalized development expenses

Capitalized development expenses consist of several development projects in the Group. Individual impairment testing is also carried out for these, when there is indication that impairment may be required. Impairment losses in the year totaled SEK 1.398 M (0) for terminated projects.

Note 12 | Property, plant and equipment

Equipment, tools and installations, SEK 000

Accumulated cost	
As of January 1, 2020	76,748
Investments	2,313
Sales	-80
Exchange rate differences	-5,206
December 31, 2020	73,775
Investments	38,948
Sales	-1,316
Exchange rate differences	6,252
December 31, 2021	117,659

Equipment, tools and installations, SEK 000

Accumulated depreciation, amortization and impairment	
As of January 1, 2020	-33,772
Depreciation and amortization	-5,684
Sales	38
Exchange rate differences	1,564
as of December 31, 2020	-37,854
Depreciation and amortization	-6,676
Sales	1,028
Exchange rate differences	-1,850
As of December 31, 2021	-45,352
Carrying amount	
As of December 31, 2021	72,308
as of December 31, 2020	35,923

Property, plant and equipment includes the items presented in this Note, and right-of-use assets for lease contracts presented in Note 13. Investments for the year in property, plant and equipment is attributable to the expansion of Photonics' production equipment.

Note 13 | Leasing (the Group as lessee)

Rights of use asset

Book value	Buildings & land	Machinery & equipment	Vehicles	Total
As of January 1, 2020	11,815	2,570	376	14,762
Additional right-of-use assets	14,285	1,632	294	16,211
Contract changes ¹⁾	458	-100	-65	293
Depreciation and amortization	-3,158	-1,558	-193	-4,909
Exchange rate differences	-843	-28	-37	-907
As of December 31, 2020	22,558	2,516	375	25,449
Additional right-of-use assets	-	8,398	-	8,398
Contract changes ¹⁾	-	-262	-	-262
Depreciation and amortization	-3,284	-2,222	-103	-5,610
Exchange rate differences	1,220	15	24	1,259
As of December 31, 2021	20,494	8,445	295	29,234

¹⁾ Contract changes relates to agreements that have been extended or terminated early

The Group's leasing activities

The Group leases buildings for office premises and production, machinery/equipment for production and development operations, and a number of vehicles. The leasing periods are normally 3–5 years for machinery, fixtures & equipment and vehicles. In 2021, Wireless entered 3 new lease agreements relating to measurement instruments for the R&D operations. The useful life of these assets is 3 years.

The Group has two significant rental contracts for buildings and land relating to premises in Kista and Glasgow. The agreement relating to premises in Kista includes extension options for 3-year periods, of which one period has been included in the estimated value of right-of-use assets at an amount corresponding to liabilities. The agreement in Glasgow that was signed in 2020 has a remaining term of 9 years, with an option to terminate in 2025 at the earliest. The useful life has been set at 10 years, of which 9 remain at the end of the financial year 2021.

A maturity analysis for leasing liabilities is presented in Note 23.

Sale- and leaseback

The Group is also party to sale- and leaseback agreements in Photonics, where the Group acquires assets that are sold to an external financier. The Group then leases back the asset from the financier and buys it back at residual value at the end of the leasing term. These agreements are recognized as if a sale had not taken place, because

control over the assets is not transferred to the financier. Accordingly, the assets are recognized as property, plant and equipment (see Note 12) and the debt comprises a hire purchase loan under other non-current liabilities and other current liabilities respectively. The value of the assets in these sale- and leaseback agreements amounted to SEK 14.754 M as of December 31, 2021 (12/31/2020: 15.200).

Amounts recognized in profit and loss SEK thousand

	2021	2020
Depreciation and amortization of right-of-use assets	-5,610	-4,909
Interest expense, leasing liabilities	-1,378	-729

Total cash outflow for lease contracts amounted to SEK 6.486 M (5.270).

Property, plant and equipment includes the items presented in Note 12, and right-of-use assets for lease contracts presented in this note.

SEK 000	2021	2020
Property, plant and equipment (Note 12)	72,308	35,923
Right-of-use assets	29,234	25,449
Total	101,542	61,372

Note 14 | Subsidiaries

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

Main activity	Registered office	Number of wholly-owned subsidiaries	
		12/31/2021	12/31/2020
Develops, designs, manufactures and sells III-V compound semiconductor laser devices for optical communications, optical sensing/sensors and optical wireless networks.	Scotland	1	1
Develops, manufactures and sells chips, components, modules and subsystems based on advanced 5G millimeter wave technology.	Sweden	2	2
Marketing & sales of the Group's products in Photonics and Wireless	USA	1	–

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

Note 15 | Inventories

SEK 000	12/31/2021	12/31/2020
Raw materials and consumables	14,995	7,848
Work in progress/finished goods	8,501	6,928
Total	23,496	14,776

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

In 2020, inventories have been impaired to net sales value at a total amount of SEK 309,000. There were no impairment losses in 2021.

The cost of inventories recognized as an expense for the year totaled SEK 14.107 M (15.129).

Note 16 | Accounts receivable

SEK 000	12/31/2021	12/31/2020
Account receivable	24,352	19,738
Loss provision	–1,200	–277
Total	23,152	19,460

Account receivable

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

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

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

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

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

SEK 000	Accounts receivable – number of days overdue						Total
	Not over-due	<30	31–60	61–90	91–120	>120	
12/31/2021	9,614	7,925	1,192	901	2,391	2,329	24,352
12/31/2020	9,375	5,760	2,076	1,066	633	828	19,738

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

The following table illustrates changes in the Group's credit loss reserve and other bad and doubtful debt.

SEK 000	2021	2020
Opening balance	–277	–912
Provision for the year	–880	–
Reversals	–	586
Exchange rate differences	–42	49
Closing balance	–1,200	–277

Note 17 | Other receivables

SEK 000	12/31/2021	12/31/2020
Preliminary tax paid	2,460	1,177
VAT receivables	3,321	2,885
Balance on tax account	161	–
Other	1,819	17
Total	7,763	4,079

Note 18 | Prepaid expenses and accrued income

SEK 000	12/31/2021	12/31/2020
Prepaid license expenses	1,760	2,108
Prepaid insurance	475	345
Prepaid interest	277	246
Prepaid fixtures & equipment	–	4,049
Prepaid input goods	3,046	817
Accrued government grants	2,099	1,327
Other prepaid expenses	1,492	566
Total	9,148	9,459

Contract assets

SEK 000	12/31/2021	12/31/2020
NRE/Development project	4,728	2,901
Support	396	–
Total	5,124	2,901
Of which short-term proportion	5,124	2,901

Contract assets largely comprise accumulated income on major NRE projects. Payment for the NRE project falls due according to milestones defined in the agreements. The support element of contract assets relates to support provided which, according to agreement, is invoiced retroactively.

Amounts that were previously recognized as contract assets have been reclassified to accounts receivable at the date when the amount is invoiced to the customer.

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

Note 19 | Equity

Number of shares	12/31/2021	12/31/2020
Decided number of shares:		
Ordinary shares of SEK 0.50 each	173,666,924	154,445,647
Class C shares of SEK 0.50 each	1,100,000	–
	174,766,924	154,445,647

Issued and fully paid-up shares:

As of December 1, number of shares of SEK 0.50 each	154,445,647	131,648,456
Directed new issues	17,021,277	12,473,223
Issue of Class C shares	3,300,000	–
New issues, loan conversion	–	1,334,958
New issue, conversion of convertible debentures	–	4,651,727
Issue for redemption of employee stock options	–	4,337,283
As of December 31, number of shares of SEK 0.50 each	174,766,924	154,445,647

As of December 31, 2021, the Company had 173,666,924 outstanding ordinary shares and 1,100,000 Class C shares.

The ordinary shares confer 1.0 voting right and Class C shares 0.1 voting right each. The Class C shares are held by the Company for uses including exercise of stock option programs. 3,300,000 Class C shares were issued in the year, of which 2,200,000 were reclassified as ordinary shares following a Board resolution and authorization by the AGM 2021.

During the year, the Company completed a directed new share issue. The Company raised a total of SEK 400 M, and issue expenses totaled SEK 12.269 M.

Specification of other contributed capital

SEK 000	12/31/2021	12/31/2020
Share premium reserve from new issue	1,323,910	932,421
Transaction expenses from new issue	–40,125	–27,856
Total	1,283,785	904,565

Specification of translation reserve

SEK 000	12/31/2021	12/31/2020
Value as of January 1	142	6,116
Exchange rate differences from translation of net assets in foreign operations	7,274	–5,974
December 31	7,416	142

Treasury shares

	Number of shares	
SEK 000	2021	2020
Opening balance, repurchased Treasury shares	–	–
Change in the year	2,797,860	–
Closing balance, repurchased Treasury shares	2,797,860	–

	Total Equity (SEK 000)	
SEK 000	2021	2020
Opening balance, repurchased Treasury shares	–	–
Change in the year	–605	–
Closing balance, repurchased Treasury shares	–605	–

There were 2,797,860 (0) repurchased Treasury shares as of December 31, 2021. In 2021, the Parent Company issued 3,300,000 Class C shares that were repurchased by the Company shortly after the issue. Of these, 502,140 have been used to redeem shares under the Company's stock option program. Repurchased shares are recognized as a deduction against equity, and payment upon redemption/divestment of shares under the stock option programs is recognized as an increase in equity. Repurchased shares are included in equity under Retained earnings including profit for the year.

Note 20 | Borrowing

SEK 000	12/31/2021	12/31/2020
Borrowing at amortized cost		
Bank borrowing	15,000	19,000
Total borrowing	15,000	19,000
Long-term	11,000	15,000
Short-term	4,000	4,000

Bank borrowing

In 2020, the subsidiary Sivers Wireless AB raised a loan of SEK 20 M from Nordea. The loan has a term of 5 years and interest, paid quarterly, is set at Stibor+2.8 percent. The loan is amortized quarterly at SEK 1 M.

Note 21 | Deferred tax

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

SEK 000	12/31/2021	12/31/2020
Deferred tax liabilities	84	126
Deferred tax asset	–	–
Total	84	126

As of the end of the reporting period, the Group had unutilized tax loss carry-forwards amounting to SEK 463.092 M (347.382) that can be utilized against future tax surpluses. No deferred tax receivable was recognized for the deficits as there is uncertainty about whether and when these will be realized against future surpluses.

Note 22 | Provisions

SEK 000	12/31/2021	12/31/2020
Social security expenses for employee stock options	7,161	17,177
	7,161	17,177

Short-term	–	–
Long-term	7,161	17,177
Total	7,161	17,177

SEK 000	Social security expenses, employee stock options	Total
As of January 1, 2020	4,797	4,797
Additional provision for the year	28,704	28,704
Utilized in the year	–16,324	–16,324
As of December 31, 2020	17,177	17,177
As of January 1, 2021	17,177	17,177
Dissolution in the year	–6,779	–6,779
Utilized in the year	–3,237	–3,237
As of December 31, 2021	7,161	7,161

Additional provisions relate to provisions for social security expenses for employee stock options earned, and revaluation of provisions made in previous years. In 2020, provisions increased significantly as a result of the Parent Company's increased share price. In 2021, earlier provisions were dissolved as a result of a reduction in the share price.

Note 23 | Leasing liabilities

SEK 000	12/31/2021	12/31/2020
Maturity analysis		
Year 1	6,837	4,719
Year 2	6,778	4,068
Year 3	6,374	3,912
Year 4	3,876	3,829
Year 5	3,713	3,711
More than 5 years	7,688	10,555
Total	35,266	30,794
Classified as:		
Non-current liabilities	25,098	22,166
Current liabilities	5,364	3,975
Total	30,461	26,141

Note 24 | Other liabilities

SEK 000	12/31/2021	12/31/2020
PAYE tax & fees	3,499	5,606
Hire purchase loans ("sale- & leaseback")	2,822	3,087
Other	39	28
Total	6,360	8,721

Note 25 | Accrued expenses and prepaid income

SEK 000	12/31/2021	12/31/2020
Prepaid government grants	1,880	1,656
Accrued holiday pay and social security expenses	8,085	5,007
Other personnel-related expenses	10,501	5,737
Accrued consultancy costs	2,004	4,772
Accrued accounting and audit fees	903	511
Accrued acquisition expenses	34,549	–
Other accrued expenses	2,497	1,985
Total	60,420	19,668

Contract liabilities

SEK 000	12/31/2021	12/31/2020
Hardware sales	–	–
Development project/NRE ¹⁾	5,114	1,914
Support ²⁾	414	565
Total	5,527	2,480
Short-term	5,527	2,480
Long-term	–	–

¹⁾ The Group's NRE agreements are invoiced in accordance with milestones defined in the contracts. Revenue is recognized at a pace with completion. When invoicing exceeds percentage of completion, a contract liability is reported.

²⁾ Revenue attributable to support services is recognized over time even if the customer pays for all services in a lump sum at the start of the contract. Contract liabilities are recognized as revenue relating to support services at the date of the initial sales transaction and is dissolved over the service period.

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

SEK 000	12/31/2021	12/31/2020
Hardware sales	–	1,318
Development project/NRE	1,914	2,711
Support	565	719
Total	2,480	4,749

Note 26 | Notes, Cash Flow Statement**Cash and cash equivalents**

SEK 000	12/31/2021	12/31/2020
Cash and cash equivalents	304,117	249,448
Total	304,117	249,448

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

Transactions not involving payment

Acquisitions of buildings, fixtures and equipment and vehicles totaling SEK 8.136 M (16.122) were financed via new leasing contracts in the year.

Changes in liabilities attributable to financing activities

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

SEK 000	January 1, 2020	Cash flow from financing	Transactions not involving payment				Conversion of debt to shares	December 31, 2020
			Exchange rate fluctuations	Capitalized interest	New leasing contracts			
Convertible debentures	39,538	–	–4,103	3,128	–	–38,563	–	–
Leasing liabilities (Note 23)	15,112	–4,187	–906	–	16,122	–	–	26,141
Hire purchase loans (Note 31)	11,302	–3,076	–793	–	–	–	–	7,433
Short-term loans	20,838	–	–	219	–	–21,057	–	–
Bank borrowing (Note 20)	–	19,000	–	–	–	–	–	19,000
Total liabilities from financing activities	86,790	11,737	–5,802	3,347	16,122	–59,620		52,574

SEK 000	January 1, 2021	Cash flow from financing	Transactions not involving payment				Conversion of debt to shares	December 31, 2021
			Exchange rate fluctuations	Capitalized interest	New leasing contracts			
Leasing liabilities (Note 23)	26,141	–5,080	1,264	–	8,136	–	–	30,461
Hire purchase loans (Note 31)	7,433	–3,286	628	–	–	–	–	4,775
Bank borrowing (Note 20)	19,000	–4,000	–	–	–	–	–	15,000
Total liabilities from financing activities	52,574	–12,366	1,892	–	8,136	–		50,236

Note 27 | Pledged assets and contingent liabilities

SEK 000	12/31/2021	12/31/2020
Pledged assets		
Chattel mortgages	20,000	20,000
Pledged assets for sale- & leaseback agreements	14,754	15,200
Total	34,754	35,200

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

Note 28 | Share-based compensation

Employee stock option programs

Sivers Semiconductors had five employee stock option programs at the end of the year.

Stock option programs still active at the end of the period are subject to the following terms: 1) 2015–2024, 2) 2020–2026, 3) 2022–2028, 4) 2020–2025 and 5) 2021–2026.

Upon full conversion of outstanding employee stock option programs, the total number of shares will amount to 182,886,045. The total number of outstanding employee stock options granted as of December 31, 2021 amounted to 8,115,615, (8,119,121 after factor conversion) of which 1,455,615 have been vested.

The EGM on November 9, 2015, authorized a new incentive program, P03, for a total of 1,800,000 employee stock options. Of these, 354,121 outstanding and vested stock options (after factor conversion) remain.

The EGM on May 30, 2017, authorized a new incentive program, P04, for a total of 5,650,000 employee stock options. Of these, 1,205,000 stock options remain at the end of the year, of which 1,105,000 have been vested.

The AGM on May 22, 2019, authorized a new employee stock option program, P05, for a total of 1,700,000 employee stock options, of which 550,000 have been allocated. No stock options under this program were vested at the end of the period.

The AGM on May 19, 2020, authorized a new employee stock option program, P06, for a total of 3,600,000 employee stock options, of which 3,555,000 have been allocated. Of these, 3,205,000 remained outstanding at year end. The final number of employee stock options that each participant is entitled to exercise is dependent on the degree of completion of performance obligations for the Group. The performance obligation is based on average annual growth in Group net sales for the financial years 2020, 2021 and 2022. No stock options under this program were vested at the end of the period.

The AGM on May 20, 2021, authorized a new employee stock option program, P07, for a total of 3,772,000 employee stock options, of which 2,855,000 have been allocated. The final number of employee stock options that each participant is entitled to exercise is dependent on the degree of completion of performance obligations for the Group. The performance obligation is based on average annual growth in Group net sales for the financial years 2021, 2022 and 2023. No stock options under this program were vested at the end of the period.

To ensure the delivery of stock options to participants in the stock option programs and to cover cash outflows associated with social security expenses arising from the delivery of stock options to participants, the AGM 2021 authorized the Board to issue Class C shares that can be repurchased and converted to ordinary shares following a Board decision. In 2021, 3,300,000 shares were issued, of which 2,200,000 were converted to ordinary shares. A summary of allocated stock options under the programs is presented below.

12/31/2021	Outstanding at the beginning of the period	Allocated in the period	Forfeited in the period	Redeemed in the period	Expired in the period	Outstanding at the end of the period	Redeemable at the end of the period	Outstanding at the end of the period (after factor conversion)
P03	439,525	–	–49,257	–39,653	–	350,615	350,615	354,121
P04	1,805,000	–	–	–600,000	–	1,205,000	1,105,000	1,205,000
P05	550,000	–	–	–	–	550,000	–	550,000
P06	2,710,000	845,000	–350,000	–	–	3,205,000	–	3,205,000
P07	–	2,855,000	–50,000	–	–	2,805,000	–	2,805,000
	5,504,525	3,700,000	–449,257	–639,653	–	8,115,615	1,455,615	8,119,121

12/31/2020	Outstanding at the beginning of the period	Allocated in the period	Forfeited in the period	Redeemed in the period	Expired in the period	Outstanding at the end of the period	Redeemable at the end of the period	Outstanding at the end of the period (after factor conversion)
P01	586,500	–	–	–229,546	–356,954	–	–	–
P02	67,500	–	–	–40,000	–27,500	–	–	–
P03	1,003,000	–	–40,000	–550,475	–	439,525	439,525	443,920
P04	5,335,537	–	–40,675	–3,489,862	–	1,805,000	1,135,000	1,805,000
P05	530,000	20,000	–	–	–	550,000	–	550,000
P06	–	2,710,000	–	–	–	2,710,000	–	2,710,000
	7,549,537	2,730,000	–80,675	–4,309,883	–384,454	5,504,525	1,574,525	5,508,920

Note 28 (cont'd.)

As of December 31, 2021, outstanding options had a weighted average exercise price of SEK 24.09. Remaining maturity by employee stock option program is distributed as follow:

SEK 000	Interval, exercise price	Remaining maturity, stock option program	Weighted average remaining maturity, months
PO3	4.04–5.60	12/31/2024	25.8
PO4	4.70–9.58	06/30/2026	42.5
PO5	9.38–10.23	07/01/2028	69.2
PO6	27.99–34.78	09/30/2025	45.6
PO7	26.91–27.56	09/30/2026	57.8

In 2021, a total of 639,653 employee stock options (640,050 after factor conversion) were redeemed for new shares. The average exercise price was SEK 7.38 per share. 3,700,000 options were allocated in the year and 449,257 options were forfeited because the relevant employees left the Group.

In accordance with the Company's policy for allocation and exercise of employee stock options, allocation is conditional on the participant remaining in employment with the Group upon exercise of stock options that confer the right to acquire shares in Silvers Semiconductors AB at a price corresponding to 110 percent of the average volume-weighted price paid for the Company's share on Nasdaq Stockholm or other market place on the day of trading of the allocation of the stock options.

In 2021, the Group issued stock options with an estimated fair value of SEK 24.227 M on the allocation date. In 2020, the Group issued stock options with an estimated fair value of SEK 19.038 M on the allocation date.

Fair value on the allocation date is calculated according to the Black-Scholes model.

SEK 000	12/31/2021		12/31/2020	
	No. of stock options	Weighted average exercise price (SEK)	No. of stock options	Weighted average exercise price (SEK)
Outstanding at beginning of year	5,504,525	20.50	7,549,537	5.37
Allocated in the year	3,700,000	27.59	2,730,000	34.60
Forfeited in the year	-449,257	30.62	-80,675	4.37
Redeemed in the year	-639,653	7.38	-4,309,883	4.61
Expired in the year	-	-	-384,454	4.58
Outstanding at the end of the year	8,115,615	24.09	5,504,525	20.50
To be redeemed at year end	1,455,615	5.14	1,574,525	4.61

SEK 000	2021	2020
Weighted average share price	SEK 24.73	SEK 26.75
Weighted average exercise price	SEK 27.59	SEK 34.78
Expected volatility	45%	52%
Option term	3 years	3 years
Risk free interest	-0.08%	-0.35%
Expected dividend	-	-

Expected volatility is calculated on the basis of the Group's historical share price volatility (over 3 years). In 2021 and 2020, the Group recognized costs of SEK -2.148 M and SEK 31.487 M respectively, (including social security expenses) relating to employee stock option programs. All outstanding employee stock option programs are settled with equity instruments.

Not 29 | Pension commitments

Pension plans

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

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension commitments for retirement and family pension (alternatively family pension) are secured through insurance with Alecta. In accordance with a statement by the Swedish Financial Reporting Board, UFR 10 Reporting of pension plan ITP 2 financed through insurance with Alecta, this constitutes a defined-benefit plan for multiple employers. For the financial year 2021, the Company has not had access to the information required to report its share of commitments under the plan, plan assets and expenses, which means that it has not been possible to recognize the plan as a defined-benefit plan. The ITP 2 pension plan which is secured through insurance with Alecta has therefore been reported as a defined-contribution plan. The premium for the defined-benefit retirement pension and family pension is calculated on an individual basis and is dependent on factors including salary, previously accrued pension and expected remaining period of employment. Payments for ITP 2 insurance with Alecta are expected to amount to SEK 3.6 M (4.6) in the coming reporting period.

The Group's share of aggregate payments to the plan, and the Group's share of the total number of active members in the plan, amount to 0.02889 and 0.00428 percent respectively (2020:0.01151 respectively 0.00555). The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. The collective consolidation level is normally permitted to fluctuate between 125 and 175 percent. In order to increase the rate of consolidation if it is considered too low, measures may include increasing the agreed subscription price, and extending existing benefits. If the consolidation level exceeds 150 percent, premiums may be reduced. At the end of 2021, Alecta's surplus in the form of the collective consolidation level amounted to 172 percent (148).

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

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

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

Not 30 | Prepaid income – government grants

SEK 000	12/31/2021	12/31/2020
Short-term	1,880	1,656
Long-term	3,679	3,555
Total	5,559	5,211

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

Note 31 | Financial instrument

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

The following table provides information about:

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

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

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

12/31/2021 SEK thousand	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 26)	–		304,117	304,117
Accounts receivable (Note 16)	–		23,152	23,152
Contract Asset (Note 18)	–		5,124	5,124
Bonds	133,127	1	–	133,127
Receivable MixComm	18,992	–	–	18,992
Financial liabilities				
Bank borrowing (Note 20)	–		15,000	15,000
Hire purchase loans	–		4,775	4,775
Accounts payable	–		21,830	21,830
Other liabilities ¹⁾	–		39,954	39,954

12/31/2020 SEK 000	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 26)	–		249,448	249,448
Accounts receivable (Note 16)	–		19,460	19,460
Contract Asset (Note 18)	–		2,901	2,901
Financial liabilities				
Bank borrowing (Note 20)	–		19,000	19,000
Hire purchase loans	–		7,433	7,433
Accounts payable	–		14,246	14,246
Other liabilities ¹⁾	–		7,297	7,297

¹⁾ Other liabilities above include other liabilities in the Balance Sheet that comprise financial instruments valued at amortized cost, see Notes 24 and 25.

All exchange rate gains/losses in the Income Statement are derived from financial instruments at amortized cost. All interest expenses are derived from financial liabilities at amortized cost. Other financial expenses and income are attributable to financial instruments at amortized cost with the exception of the value change and interest income relating to the bonds, which are attributable to a financial asset measured at fair value in the Income Statement.

Fair value

For all financial assets and liabilities recognized at amortized cost above, recognized amounts represent an approximation of fair value. The loans are assigned interest rates that have been judged to materially correspond to prevailing market interest rates. Therefore, information about fair value and the level of fair value has not been provided for these instruments.

In 2021, the Group invested surplus liquidity in bonds with a term of less than one year. These are traded on active markets and are expected to be sold quickly if a liquidity need should arise.

In the Fourth quarter 2021, in accordance with the acquisition agreement relating to MixComm (for more information on the acquisition, see Note 32), the Parent Company made interim payments to MixComm in two stages. These transactions were recognized as a financial asset measured at fair value in the Income Statement as of the reporting date December 31, 2021, but were converted to shares in MixComm in connection with the completion of the acquisition which took place after the record date. The fair value of this asset has been approximated at cost, as no change in market value was deemed to have occurred that could reasonably be considered to have a material impact on fair value during the short term of approximately 0–1 months that the Group held the receivables.

Financial risks

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

Furthermore, the Group is exposed to credit risk, i.e. the risk of a counterparty being unable to meet its obligations, through the Group's financial assets. The Group is also exposed to interest rate risk as the bank loans raised in 2020 are at variable rate.

Group management monitors and evaluates financial risk continuously and makes decisions regarding measures to manage these risks. Financial risk management takes place in accordance with the Group's finance policy and risk management policy.

Liquidity risk management

The Group manages liquidity risk by continuously monitoring long- and short-term forecasts and actual cash flow by matching maturity profiles of financial assets and liabilities. Short-term outflows are managed using liquid funds.

Exposure to liquidity risk

The following tables describe the Group's remaining contractual maturity of financial liabilities with contractual payment terms (other

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

SEK 000	Up to 1 month	1–3 months	Between 3 months and 1 year (i)	1–2 years	2–5 years	5+ years	Total	Recognized value
December 31, 2021								
Accounts payable and other liabilities	17,029	39,473	5,282	–	–	–	61,784	61,784
Leasing liabilities	584	1,330	4,922	6,778	13,963	7,688	35,266	30,461
Hire purchase loans	330	588	2,319	2,099	–	–	5,336	4,775
Variable-interest financial instruments (nominal)	–	1,000	3,000	4,000	7,000	–	15,000	15,000
Interest on fixed income instruments	–	104	276	268	197	–	845	–
Total	17,944	42,496	15,799	13,145	21,160	7,688	118,231	112,020
December 31, 2020								
Accounts payable and other liabilities	12,184	5,236	4,123	–	–	–	21,543	21,543
Leasing liabilities	398	786	3,535	4,068	11,452	10,555	30,794	26,141
Hire purchase loans	325	650	2,827	2,947	1,911	–	8,659	7,433
Fixed-interest financial instruments (nominal)	–	1,000	3,000	4,000	11,000	–	19,000	19,000
Interest on fixed income instruments	–	132	361	381	359	–	1,233	–
Total	12,907	7,804	13,845	11,396	24,722	10,555	81,228	74,117

In the fourth quarter 2021, the Group signed an agreement relating to the acquisition of MixComm Inc. and the transaction was completed after the reporting date (for more information, see Note 32). In connection with the completion of the acquisition, SEK 212 M was paid, corresponding to the cash element of the purchase consideration.

Exchange rate risk

The Group is party to transactions denominated in foreign currency and is thereby exposed to exchange rate fluctuations.

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

Exchange rate exposure in net sales and operating expenses

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

SEK 000	Revenue		Operating expenses ¹⁾	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
GBP	17,139	20,662	–83,747	–92,891
USD	71,617	70,429	–20,838	–7,566
EUR	1,817	1,026	–9,702	–8,280

¹⁾ Operating expenses include input goods, other external expenses, personnel expenses and amortization, depreciation and impairment losses for property, plant and equipment and intangible assets.

Currency sensitivity analysis

Based on the Company's revenue-, cost- and currency-structure, a general strengthening of the GBP against the SEK of 10 percent would affect operating profit by some SEK –7.3 M (–6.6). A general strengthening of the USD against the SEK would affect operating profit by SEK +5.1 M (+6.3).

Exchange rate exposure in monetary assets and liabilities

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

SEK 000	Liabilities		Assets	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
GBP	16,638	18,012	8,035	12,760
USD	17,650	2,630	217,977	43,632
EUR	1,071	2,022	628	675
Other	–	–	–	–

Exchange rate sensitivity analysis

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

Note 31 (cont'd.)

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

The increased effect of the USD effect as of December 31, 2021 compared to December 31, 2020 was mainly due to the Group having large bank balances denominated in USD, representing hedging of the exchange rate risk arising from the cash portion of the purchase consideration for MixComm.

SEK M	GBP impact		USD impact	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income Statement	0.0	0.0	20.0	4.1
Equity (translation effect)	10.0	7.0	0.0	–

Credit risk management

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

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

The overall credit risk for accounts receivable and contract assets has therefore been judged to be low. The Group has historically experienced few customer losses due to default. The Group's provision matrix for expected credit losses in contract assets and accounts receivable produced negligible amounts, and therefore the general provision is immaterial.

Credit risk for liquid funds is limited because the counterparties are banks with high credit ratings awarded by international credit rating institutes. The Group's provision model for expected credit losses in cash and cash equivalents resulted in negligible amounts.

Interest rate risk

The Group has a loan totaling SEK 15 M (19) at variable interest of STI-BOR+2.8%. The loan was raised in 2020 and is amortized over five years. In relation to the size of the loan, and expectations relating to future interest rates, this is not considered to constitute a material risk to the Group.

The Group's asset management

The Group defines assets as shareholders' equity. The Group manages its assets to ensure continued growth of the Group's operations and capacity for rapid expansion. This overall strategy remains unchanged since 2020.

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

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

The Group is not subject to any external capital requirements.

Note 32 | Events after the reporting period

Acquisition of MixComm

On October 14, 2021 Silvers Semiconductors signed an agreement regarding the acquisition of all the shares in MixComm, Inc, a US challenger in the development of chips for millimeter wave technology. Completion of the acquisition was conditional upon regulatory approval by CFIUS (the Committee on Foreign Investment in the United States). Approval was obtained from CFIUS on January 20, 2022, and the acquisition was completed on February 22, 2022. The acquisition is expected to generate synergies in sales and product development as the acquired operations complement Silvers Semiconductors existing business, both commercially and in terms of technology, and by increased geographical coverage.

The purchase consideration was paid in the form of the issue of 39,187,320 new shares and USD 22.617 M in cash. The seller is also entitled to a performance-based purchase consideration of a maximum of 6,993,007 new shares provided that certain commercial milestones relating to customers are reached. During the fourth quarter 2021, in accordance with the acquisition agreement, Silvers Semiconductors paid SEK 18.847 M to MixComm relating to interim financing of operations. This transaction has been recognized as a financial receivable as of Q4 2021, but was converted to shares in MixComm in connection with completion of the acquisition in 2022.

The purchase consideration has been valued as follows:

Cash and cash equivalents:	SEK 212.367 M
Ordinary shares issued:	SEK 440.857 M
Additional purchase consideration:	SEK 78.671 M
Total purchase consideration:	SEK 731.896 M

The fair value of the 39,187,320 new shares issued as part of the purchase consideration (440 857) was based on the listed share price as of February 22, 2022 of SEK 11.25 per share. The value of the additional purchase consideration was determined by expected outcome of the commercial milestones.

Transaction costs for the acquisition amounted to SEK 42.252 M, of which SEK 41.558 M were charged to 2021 and SEK 0.694 M to 2022.

Assets and liabilities recognized as a result of the acquisition are as follows:

Assets & Liabilities	Fair value
Intangible assets	657,769
Fixed assets	4,426
Inventories	4,173
Accounts receivable	22
Other receivables	2,473
Cash and cash equivalents	5,891
Interest bearing liabilities	–2,483
Other liabilities	–27,622
Deferred tax liabilities/assets net	–152,837
Acquired identifiable net assets	491,813
Goodwill	240,083
Acquired net assets	731,896

The acquisition analysis is preliminary.

Goodwill is attributable to employees, future customers and market position. No proportion of recognized goodwill is expected to be tax deductible.

Significant events

On January 3, Sivers Semiconductors announced that Sivers Wireless had won an order for unlicensed 5G RF modules from Lithuanian hi-tech company 8devices. The total order value amounts to USD 2.1 M. The order, which will be delivered in 2022, is designated for one of 8devices' customers, with delivery starting in the first quarter of 2022. The customer has the right, within some limitations and early warnings, to cancel or move parts of the order at no charge. Sivers estimates that the recognized revenue for 2022 will amount to approximately USD 1.5 M.

On January 18, Sivers Semiconductors announced that MixComm entered a partnership with Advanced Microsystems Technologies, a division of Sanmina, to productize its 5G wireless infrastructure solutions.

On February 10, Sivers Semiconductors announced the collaboration between MaxLinear Inc. and Sivers Wireless in the joint development of a V-Band RF/Modem solution that enables disruptive unlicensed point-to-point microwave radios in the 57-71 GHz band.

On August 5, 2020, Sivers Semiconductors AB announced that Wireless had signed a combined development and supply agreement with a global high-tech company listed on New York Stock Exchange (NYSE). On February 24, 2021, Sivers was informed by the customer that they had decided to terminate the development process and pause the entire project until further notice due to general delays and a missed market window. At the time, the value of the agreement totaled an estimated SEK 480 M in the first three years of commercial roll-out and was based on non-binding forecast volumes from the customer.

Note 33 | Transactions with related parties

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

In 2021, the Group's subsidiary Sivers Photonics Ltd. Issued a loan corresponding to SEK 122,000 (0) to associated company III-V EPI Limited. III-V EPI Limited was founded in the third quarter 2020 and the value of this holding is not of material value to the Group at this time.

Remuneration to key senior executives

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

Parent Company Income Statement

SEK 000	Note	2021	2020
Revenue	2	9,101	7,614
Other external expenses	3	-16,011	-9,760
Personnel costs	4	-17,383	-16,154
Operating profit/loss		-24,292	-18,300
Profit from financial items			
Other interest income and similar items		19,831	8,432
Financial expenses and similar items		-50,809	-190,158
		-55,270	-200,027
Profit before tax			
Income tax	5	-	-
Profit/loss for the year		-55,270	-200,027

Parent Company Statement of Comprehensive Income

SEK 000	Note	2021	2020
Profit/loss for the year		-55,270	-200,027
Other comprehensive income		-	-
Total comprehensive income for the year		-55,270	200,027

Parent Company Balance Sheet

ASSETS	Note	12/31/2021	12/31/2020
Non-current assets			
Financial non-current assets			
Shares in Group companies	6	300,106	226,839
Receivables from Group companies	7	213,008	185,653
Long-term prepaid expenses	6	41,558	–
Total financial non-current assets		554,672	412,492
Total non-current assets		554,672	412,492
Current assets			
Current receivables			
Receivables from Group companies	7	11,789	7,926
Other receivables	8	384	25
Prepaid expenses and accrued income	9	820	288
Other current financial assets	16	152,119	–
Total current receivables		165,111	8,239
Cash and cash equivalents	10	290,056	215,858
Total current assets		455,167	224,097
Total assets		1,009,839	636,589
EQUITY AND LIABILITIES	Note	12/31/2021	12/31/2020
Share capital	11	87,383	77,223
Share premium reserve		1,283,785	904,565
Retained earnings including profit/loss for the year		–406,701	–355,457
Total equity		964,467	626,331
Provisions			
Provisions	12	2,627	6,542
Total provisions		2,627	6,542
Current liabilities			
Accounts payable		2,506	472
Other liabilities	13	773	162
Accrued expenses and deferred income	14	39,466	3,083
Total current liabilities		42,745	3,717
Total liabilities		45,372	10,259
Total equity and liabilities		1,009,839	636,589

Parent Company Statement of Changes in Equity

SEK 000	Share capital	Share premium reserve	Retained earnings including profit/loss for the year	Total equity
Opening balance Jan 1, 2020	65,824	473,598	-158,213	381,209
New share issue	6,237	247,459		253,695
Issue expenses		-5,881		-5,881
Issue for redemption of employee stock options	2,169	17,834		20,002
New issue, loan conversion	667	20,390		21,057
Share issue for exercise of convertible debenture	2,326	151,166		153,492
Share-based compensation			2,783	2,783
Profit/loss for the year			-200,027	-200,027
Closing balance Dec 31, 2020	77,223	904,565	-355,457	626,331

SEK 000	Share capital	Share premium reserve	Retained earnings including profit/loss for the year	Total equity
Opening balance Jan 1, 2021	77,223	904,565	-355,457	626,331
New share issue	10,160	391,489		401,650
Issue expenses		-12,269		-12,269
Change in Treasury shares			-605	-605
Share-based compensation			4,631	4,631
Profit/loss for the year			-55,270	-55,270
Closing balance Dec 31, 2021	87,383	1,283,785	-406,701	964,467

Parent Company Cash Flow Statement

ASSETS	Note	2021	2020
Operating profit/loss	15	-24,292	-18,300
Adjustments for non-cash items		717	403
Interest received		370	-
Interest paid		-12	-1,850
Income tax paid		-	-
Cash flow from operating activities before change in working capital		-23,218	-19,747
Cash flow from change in working capital			
Increase (-)/ Decrease (+) in operating receivables		-9,167	852
Increase (+) / Decrease (-) in operating liabilities		4,479	-3,317
Cash flow from operating activities		-27,906	-22,212
Investing activities			
Loans to subsidiaries – New		-126,899	-75,599
Loans to subsidiaries – Amortization		-	1,464
Financing of MixComm		-18,992	-
Paid acquisition costs		-7,009	-
Investments in financial instruments		-133,772	-
Cash flow from investment activities		-286,672	-74,135
Financing activities			
New share issue		401,650	273,697
Issue expenses		-12,269	-5,881
Repurchase of Treasury shares		-1,716	-
Sale/exercise of stock options using Treasury shares		1,111	-
Cash flow from financing activities		388,776	267,816
Cash flow for the year		74,198	171,469
Cash and cash equivalents at the beginning of the year		215,858	44,389
Cash and cash equivalents at the end of the year		290,056	215,858

Parent Company Notes

Note 1 | Accounting principles

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

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

The parent company's accounting principles are the same as the group's (which are described in Note 2 to the group's annual report), except for the areas mentioned below.

Shares in Group companies

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

Revenue

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

Financial instruments

The Parent Company provides long-term intra-group lending. The model for calculating provisions for expected credit losses proceeds from the probability of default based on the Group companies' credit rating, expected losses upon default and exposure at the time of default. The model measures loss provisions for receivables at an amount equal to 12-month ECL. If the credit risk has increased significantly since initial recognition, lifetime ECL is recognized. The Parent Company has elected to apply the exemption for low credit risk, where low credit risk is approximated on the basis of an internal credit rating determined to be equal to the investment grade.

Note 2 | Revenue

Parent Company revenue consists of intra-Group management fees invoiced to subsidiaries in its entirety.

Information about intra-Group purchases and sales

SEK 000	2021	2020
Sales	9,101	7,614
Purchases	–	–

Note 3 | Remuneration to Auditors

SEK 000	2021	2020
Deloitte AB		
Audit fees	439	200
Audit work in addition to auditing assignments	99	180
Tax consultancy	–	–
Other services	–	50
Total	538	430

Note 4 | Personnel costs

SEK 000	2021	2020
Salary and other remuneration	11,972	6,790
Social security expenses	799	8,148
Pension costs	2,673	656
Total	15,444	15,594

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

Note 5 | Income tax

SEK 000	2021	2020
Current tax	–	–
Deferred tax	–	–
Total	–	–

Reconciliation of tax expense for the year

SEK 000	2021	2020
Profit before tax	–55,270	–200,027
Tax calculated according to the Swedish tax rate of 20.6 % (21.4)	11,386	42,806
Tax effect from non-deductible expenses/non taxable revenue	–9,308	–5,186
Tax effect from embedded derivatives	–	–23,980
Change in unrecognized deferred tax assets	–2,078	–13,640
Tax for the year – recognized	–	–

Note 6 | Shares in Group companies

SEK 000	12/31/2021	12/31/2020
Accumulated cost		
Opening balance, accumulated cost as of January 1	425,082	360,082
Shareholder contributions paid	50,000	65,000
Conversion of loan to shares in subsidiaries	73,181	–
Financing of subsidiaries	86	–
Closing balance, accumulated cost	548,349	425,082
Impairment losses		
Opening balance, accumulated impairment losses as of January 1	–198,243	–133,243
Impairments losses for the year	–50,000	–65,000
Closing balance, accumulated impairment losses	–248,243	–198,243
Carrying value	300,106	226,839

Company name	Corporate identity number	Registered office	Share of capital ¹⁾	No. of shares
Sivers Photonics Ltd	SC211759	Glasgow	100%	51,919,160
Sivers Wireless AB	556063-7331	Kista	100%	7,120,659
Trebax AB	556661-8400	Göteborg	100%	1,000
The Sivers Semiconductors Corporation		Delaware	100%	10,000

Recognized value

¹⁾ Share of capital corresponds to share of votes.

Company name	12/31/2021	12/31/2020
Sivers Photonics Ltd	269,334	196,153
Sivers Wireless AB	30,686	30,686
Trebax AB	–	–
Sivers Semiconductors Corp	86	–
Recognized value	300,106	226,839

Long-term prepaid expenses

	12/31/2021	12/31/2020
Acquisition expenses MixComm	41,558	–
Total	41,558	–

Long-term prepaid expenses related to acquisition costs for MixComm Inc., which was acquired after the reporting date. The costs are attributable to 2021, when the acquisition agreement was signed, and will be reclassified to shares in the subsidiary when the acquisition is completed in 2022.

Note 7 | Group company receivables

SEK 000	12/31/2021	12/31/2020
Accumulated cost		
Opening balance, accumulated cost as of January 1	193,579	181,460
Additional receivables	154,637	79,061
Loss provision	–152	–478
Settled receivables	–123,267	–66,464
Closing balance, accumulated cost	224,797	193,579
Impairment losses		
Opening balance, accumulated impairment losses as of January 1	–	–
Impairments losses for the year	–	–
Closing balance, accumulated impairment losses	–	–
Carrying value	224,797	193,579
Book value of non-current receivables with Group companies	213,008	185,653
Book value of current receivables with Group companies	11,789	7,926
Total	224,797	193,579

Of additional receivables, SEK 126.899 M (75.599) relates to loans to subsidiaries. The remainder relates to capitalized interest, receivable relating to management fees and receivables relating to employee stock options that have not yet been settled. Group receivables in the year were settled at SEK 123.267 M (66.464), of which SEK 0 M (1.464) relates to repayments from subsidiaries and the remainder shareholder contributions settled through offset of Group receivables of SEK 50 M (65) and a loan granted to Photonics of SEK 73.267 M (0).

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

Loss provisions relating to receivables with Group companies

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

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

SEK 000	2021	2020
Opening balance loss provisions, as of January 1	3,617	3,139
Net increase in loss allowances relating to new receivables with Group companies recognized in the current year	152	478
Total recognized loss allowances as of December 31	3,769	3,617

Note 8 | Other receivables

SEK 000	12/31/2021	12/31/2020
VAT receivables	245	25
Balance on tax account	139	–
Total	384	25

Note 9 | Prepaid expenses and accrued income

SEK 000	12/31/2021	12/31/2020
Prepaid insurance	152	97
Other prepaid expenses	668	191
Total	820	288

Note 10 | Cash and cash equivalents

SEK 000	12/31/2021	12/31/2020
Bank balances	290,056	215,858
Recognized value	290,056	215,858

Note 11 | Share capital

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

SEK 000	12/31/2021	12/31/2020
Number of shares	174,766,924	154,445,647
Quotient value, SEK	0.50	0.50
Recognized value	87,383,462	77,222,824

As of December 31, 2021, the Company had 173,666,924 outstanding ordinary shares and 1,100,000 Class C shares.

The ordinary shares confer 1.0 voting right and Class C shares 0.1 voting right each.

Note 12 | Provisions

SEK 000	12/31/2021	12/31/2020
Social security expenses for employee stock options	2,627	6,542
	2,627	6,542
Short-term	–	–
Long-term	2,627	6,542
	2,627	6,542

SEK 000	Social security expenses, employee stock options	Total
As of January 1, 2020	4,797	4,797
Additional provision for the year	6,085	6,085
Utilized in the year	–	–
Reclassification	–4,340	–4,340
As of December 31, 2020	6,542	6,542
As of January 1, 2021	6,542	6,542
Dissolution in the year	–2,213	–2,213
Utilized in the year	–1,702	–1,702
Reclassification	–	–
As of December 31, 2021	2,627	2,627

Note 13 | Other liabilities

SEK 000	12/31/2021	12/31/2020
PAYE tax & fees	773	162
Total	773	162

Note 14 | Accrued expenses and prepaid income

SEK 000	12/31/2021	12/31/2020
Accrued holiday pay and social security expenses	1,728	1,081
Other personnel-related expenses	2,914	574
Accrued consultancy costs	140	1,294
Accrued accounting and audit fees	135	135
Accrued acquisition expenses	34,549	–
Total	39,466	3,083

Note 15 | Notes, Cash Flow Statement

Cash and cash equivalents

SEK 000	12/31/2021	12/31/2020
Cash and cash equivalents	290,056	215,858
Total	290,056	215,858

Cash and bank balances consist of cash and short-term bank balances with a term of 3 months or less. The recognized value of these assets approximately corresponds to fair value. Cash and cash equivalents at the end of the reporting period as indicated in the Cash Flow Statement can be reconciled with the Statement of Financial Position above.

Changes in liabilities attributable to financing activities

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

In the financial year 2021, there were no liabilities attributable to the financing activities in the Parent Company.

SEK 000	January 1, 2020	Cash flow from financing	Transactions not involving payment			December 31, 2020
			Exchange rate fluctuations	Capitalized interest	Conversion of debt to shares	
Convertible debentures	39,538	–	–4,103	3,128	–38,563	–
Short-term loans	20,838	–		219	–21,057	–
Total liabilities from financing activities	60,376	–	–4,103	3,347	–59,620	–

Note 16 | Financial instrument

The Parent Company's financial instruments are presented below. For a description of financial risks, see Note 31 in the Annual Report of the Group.

12/31/2021 SEK 000	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 10)	–		290,056	290,056
Group receivables (Note 7)	–		224,797	224,797
Bonds	133,127	1	–	133,127
Receivable MixComm	18,992	–	–	18,992
Financial liabilities				
Accounts payable	–		2,506	2,506
Other liabilities ¹⁾	–		34,824	34,824

¹⁾ Other liabilities above include other liabilities in the Balance Sheet that comprise financial instruments valued at amortized cost in Notes 13 and 14.

12/31/2020 SEK 000	Fair value	Level	Amortized cost	Total
Financial assets				
Cash and cash equivalents (Note 10)	–		215,858	215,858
Group receivables (Note 7)	–		193,579	193,579
Financial liabilities				
Accounts payable	–		472	472
Other liabilities ¹⁾	–		1,429	1,429

Fair value

For all financial assets and liabilities recognized at amortized cost above, recognized amounts represent an approximation of fair value.

In 2021, the Group invested surplus liquidity in bonds with a term of less than one year. These are traded on active markets and are expected to be sold quickly if a liquidity need should arise.

In the Fourth quarter 2021, in accordance with the acquisition agreement relating to MixComm (for more information on the acquisition, see Note 32 Group), the Parent Company made interim payments to MixComm in two stages. These transactions were recognized as a financial asset at fair value in the Income Statement as of the record date December 31, 2021, but were converted to shares in MixComm upon completion of the acquisition which took place after the record date. The fair value of this asset has been approximated at cost, as no change in market value was deemed to have occurred that could reasonably be considered to have a material impact on fair value during the short term of approximately 0–1 months that the Group held the receivables.

Note 17 | Pledged assets and contingent liabilities

SEK 000	12/31/2021	12/31/2020
Contingent liabilities		
Guarantee commitments for subsidiaries	20,336	28,268
Total	20,336	28,268

Guarantee commitments for subsidiaries relate to guarantee commitments entered into by the Parent Company on behalf of its subsidiaries. The commitments relate to outstanding payments in the event that the subsidiaries become unable to make contractual payments.

Note 18 | Transactions with related parties

Transactions between the Parent Company and its subsidiaries, which are closely-related parties of the Parent Company, relate to management fees invoiced to subsidiaries, intra-group borrowing and interest on intra-group borrowing. Intra-group sales are specified in Note 2 and intra-group borrowing in Note 7. Intra-group interest income amounted to SEK 4.975 M (4.328) in the financial year.

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

Note 19 | Events after the reporting period

Events after the reporting period are presented in Note 32 of the Annual Report of the Group.

Note 20 | Proposed appropriation of earnings

The following funds are at the disposal of the AGM:

SEK	2021
Share premium reserve	1,283,785
Retained earnings	-351,431
Profit/loss for the year	-55,270
Total	877,084
The Board of Directors proposes that the following funds are carried forward:	877,084

The Annual Report and Consolidated Financial Statements have been approved for publication by the Board of Directors on April 21, 2022. The Consolidated Income Statement and Balance Sheet and the Parent Company Income Statement and Balance Sheet are subject to authorization by the AGM on May 19, 2022.

The Board and CEO hereby confirm that the Annual Report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities, and that it presents a fair view of the Company's financial position and results of operations, and that the Administration Report provides a fair view of the progress of the

Company's operations, financial position and results of operations, and describes material risks and uncertainties that the Company faces. The Board and CEO hereby confirm that the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in the form adopted by the EU, and provide a fair view of the Group's financial position and results of operations, and that the Group's Administration Report provides a fair summary of progress for the Group's operations, financial position and results of operations and outlines the material risks and uncertainties the companies included in the Group face.

Kista, Sweden, April 21, 2022

Tomas Duffy
Chairman of the Board

Anders Storm
CEO

Ingrid Engström
Board member

Erik Fällström
Board member

Carolina Tendorf
Board member

Lottie Saks
Board member

Beth Topolowsky
Board member

Todd Thomson
Board member

Our Audit Report was submitted on April 21, 2022
Deloitte AB

Zlatko Mehinagic
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Sivers Semiconductors 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 Semiconductors AB (publ) for the financial year 2021-01-01 – 2021-12-31 except for the corporate governance statement on pages 31–37. The annual accounts and consolidated accounts of the company are included on pages 25–76 in this document.

- In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.
- We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.
- Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities section*. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts

as a whole, but we do not provide a separate opinion on these matters.

Revenue

Description of risk

Sivers Semiconductors reports revenue from sales of hardware products, development projects and support agreements. The company's revenue is an important item and is valued based on the agreement with the customer. The company reports revenue when the control of a product or service is transferred to a customer and requires assessments by the company.

The Groups' policy for revenue recognition together with significant estimates and assessments are described in Note 2 and Note 3. In Note 4 and Note 5, revenue is presented divided into the Wireless and Photonics operating segments.

Our audit procedures

Our audit included the following audit procedures:

- evaluation of controls and processes that support revenue recognition,
- review of the Group's principles for accounting for revenue to verify compliance with IFRS,
- for a selection of individual revenue transactions verified revenue has been reported in the period the company fulfils its obligations, and
- for a selection of service assignments verified these have been reported correctly as the services are performed in accordance with the completion.

Intangible assets

Description of risk

Sivers Semiconductors has significant expenses for other intangible assets, which includes expenses for research and development. When specific criteria are met, these expenses are capitalized as intangible assets in the balance sheet. There is a risk that expenses that are not directly attributable to the asset, or are not activatable according to current regulations, are reported as an asset and hence is a risk that these assets do not create financial benefit for the company over the period from the management's estimations.

The Group's policy for intangible assets together with significant estimates and assessments are described in Note 2 and Note 3. Note 11 presents intangible assets.

Our audit procedures

Our audit included the following audit procedures:

- created an understanding of the company's process for capitalization, depreciation rate and valuation of intangible assets and reviewed the significant controls the company has to minimize the risk of errors in the financial reporting.

- evaluated whether there have been changes in the company's application of accounting principles and/or assessments regarding intangible assets.
- by reviewing a selection of transactions ensured:
 - that development expenses have been correctly reported in the balance sheet and that depreciation has begun at the time when the asset is taken into account, and
 - that expenses for disbursement and expenses for time that are linked to development projects can be reported in the balance sheet in accordance with current regulations.
- review the company's routines for evaluating the need for impairment of capitalized development expenses have been established in accordance with current regulations and review company's reasonable assumptions and provided appropriate information in the annual report

Goodwill

Description of risk

As a result of historic acquisitions of Sivers Photonics, Sivers Semiconductors has significant amounts of goodwill. On annual basis, management tests the carrying amount of the corresponding cash-generating units. These impairment assessments are complex and require management estimates and judgments to determine the Group's cash-generating units as well as their future growth, profit margins, investment levels and discount rates. The Group's policy for goodwill together with significant estimates and assessments are described in Note 2 and Note 3. Note 11 presents goodwill.

Our audit procedures

Our audit included the following audit procedures:

- evaluation of Sivers Semiconductors principles and routines for establishing impairment tests for compliance with IFRS,
- evaluation of important assumptions made by the company management in the impairment test of cash-generating units and evaluation of the sensitivity of these important assumptions, and
- review of the models used to calculate present value future cash flows for arithmetic accuracy.

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 1–24 and 77–85. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director 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.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revi-sornsansvar This description forms part of the auditor's report

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sivers Semiconductors AB (publ) (publ) for the financial year 2021-01-01–2021-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish

Securities Market Act (2007:528) for Silvers Semiconductors AB (publ) for the financial year 2021-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report ded532a68dfe73a06649c7e646d133adebeb66c40704fd4f3226abb34c0e2a7d has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Silvers Semiconductors AB (publ.) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those

elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 31–37 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard Rev 16 The auditor's examination of the corporate governance statement. This means that our

examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Deloitte AB, was appointed auditor of Sivers Semiconductors AB (publ) by the general meeting of the shareholders on the 2021-05-20 and has been the company's auditor since 2015-05-07.

Stockholm 21 April 2022
Deloitte AB

Zlatko Mehinagic
Authorized public accountant

Alternative Performance Measures (APM)

Alternative performance measures are used to describe progress of operations and increase comparability between periods. These are not defined by the IFRS regulatory framework, but correspond to the Group's and management's measures of the Company's financial performance and can be viewed as a complement to the financial information presented under IFRS.

GROUP (SEK 000)	1/1/2021 -12/31/2021	1/1/2020 -12/31/2020
Profitability		
Revenue growth (%)	-6%	0%
EBITDA (SEK 000)	-107,185	-55,661
EBIT (SEK 000)	-140,941	-85,710
Capital Structure		
Equity (SEK 000)	798,903	531,925
Total assets (SEK 000)	951,379	647,186
Capital employed (SEK 000)	849,139	584,499
Interest-bearing net debt (SEK 000)	-253,881	-196,874
Capital turnover ratio (times)	0.1	0.2
Equity/assets ratio (%)	84%	82%
Debt/equity ratio (%)	6%	10%
Cash Flow and Liquidity		
Cash flow before investments (SEK 000)	-82,967	-40,067
Cash flow after investing activities (SEK 000)	-327,975	-79,566
Cash and cash equivalents (SEK 000)	304,117	249,448
Investments		
Acquisition of property, plant and equipment (SEK 000)	-38,948	-2,313
Acquisition of intangible assets (SEK 000)	-56,447	-37,215
Sales of property, plant and equipment (SEK 000)	-	30
Investments in financial instruments	-152,619	-
Loan to associated company	-122	-
Employees		
Average number of employees	117	101
Turnover per employee (SEK 000)	775	952
Total number of employees	126	103
Data per share		
Number of shares ¹⁾	174,766,924	156,022,005
Average number of shares before dilution ¹⁾	160,676,238	143,216,070
Earnings per share before and after dilution	-0.83	-1.37

¹⁾ In order to calculate equity per share and earnings per share, the number of shares and the average number of shares have been adjusted retrospectively to reflect the bonus issue elements of new share issues completed in 2020 & 2021.

Definitions of key performance indicators

Profitability	Definition	Reason for using the measure
Revenue growth (%)	Percentage change in revenue compared with previous period	The measure is used to monitor progress of the Group's operations between different periods
EBITDA	Profit before financial items, tax and depreciation and amortization	The measure is a means of evaluating profit without taking into account financial decisions or tax
EBIT (Operating profit)	Profit before financial items and tax	Operating profit provides an overall view of total profit generation in operations
Capital Structure		
Equity	Equity at the end of the period	Used to calculate equity/assets ratio
Total assets	Total assets or the sum of liabilities and equity	Used to calculate capital employed and equity/assets ratio
Capital employed	Total assets less non-interest bearing liabilities, including deferred tax	Shows the proportion of assets linked to operations
Interest-bearing net debt	Net interest-bearing provisions and liabilities less financial assets including cash and cash equivalents	The measure shows the Group's total debt/equity ratio
Capital turnover ratio (times)	Sales for the year divided by average total assets	Measure of the assets' ability to generate revenue
Equity/assets ratio (%)	Equity as a percentage of total assets	The measure shows the proportion of total assets that comprises equity and contributes to increasing understanding of the Group's capital structure
Debt/equity ratio (%)	Interest-bearing liabilities divided by equity	The measure describes financial risk, that is the proportion of the Group's assets that is financed by borrowing
Cash Flow and Liquidity		
Cash flow before investments	Profit after financial items including items not affecting cash flow less changes in working capital	Used to monitor whether the company is able to generate a sufficiently positive cash flow to maintain operations and generate a surplus for future investments
Cash flow after investments	Profit after financial items incl. items not affecting cash flow less changes in working capital and investments	Used to monitor whether the company is able to generate a sufficiently positive cash flow to maintain and expand operations and generate a surplus for future dividends
Cash and cash equivalents	Bank balances and cash	Used to calculate interest-bearing net debt
Employees		
Average number of employees ¹⁾	Average number of employees in the period	
Turnover per employee ¹⁾	Turnover divided by average number of employees	
Total number of employees	Total number of employees at the end of the period	
Data per share		
Number of shares ²⁾	Number of shares at the end of the period	
Average number of shares ²⁾	Average number of shares at the end of the period	
Earnings per share (SEK)	Profit for the period divided by average number of shares	The performance indicator sheds light on the owners' share of profit
Equity per share (SEK)	Equity divided by total number of shares at the end of the period	The measure shows the extent of owners' invested capital per share from an owner perspective

¹⁾ The performance indicator is operational and is not considered an alternative performance indicator according to ESMA's guidelines

²⁾ Non-financial measure.

Calculation of financial measures not included in IFRS

GROUP (SEK 000)	1/1/2021 –12/31/2021	1/1/2020 –12/31/2020
Revenue growth (%)		
Revenue	90,652	96,170
Revenue corresponding period previous year	96,170	96,355
Revenue growth (%)	–6%	0%
EBITDA (SEK 000)		
Operating profit/loss	–140,941	–85,710
Depreciation, amortization and impairment of Property, Plant and Equipment and Intangible assets	33,756	30,049
EBITDA	–107,185	–55,661
Capital employed (SEK 000)		
Total assets	951,379	647,186
Deferred tax	–84	–126
Provisions	–7,161	–17,177
Non-interest bearing portion of other non-current liabilities	–3,679	–3,355
Accounts payable	–21,830	–14,246
Non-interest bearing portion of other liabilities	–3,538	–5,634
Accrued expenses and deferred income	–65,947	–22,148
Capital employed	849,139	584,499
Interest-bearing net debt		
Interest-bearing non-current liabilities (leasing and other)	38,050	41,513
Interest-bearing current liabilities (convertible, leasing and other)	12,186	11,061
Cash and cash equivalents	–304,117	–249,448
Interest-bearing net debt	–253,881	–196,874
Capital turnover ratio, times		
Revenue	90,652	96,170
Average total assets	799,282	535,727
Total assets at the beginning of the period	647,186	424,268
Total assets at the end of the period	951,379	647,186
Capital turnover ratio, times	0.1	0.2
Equity/assets ratio (%)		
Equity (SEK 000)	798,903	531,925
Total assets (SEK 000)	951,379	647,186
Equity/assets ratio, %	84%	82%
Debt/equity ratio (%)		
Interest-bearing liabilities	50,236	52,574
Equity	798,903	531,925
Debt/equity ratio (%)	6%	10%
Equity per share (SEK)		
Equity, SEK 000	798,903	531,925
Number of shares at the end of the period ¹⁾	174,766,924	156,022,005
Equity per share	4.57	3.41

¹⁾ In order to calculate equity per share and earnings per share, the number of shares and the average number of shares have been adjusted retrospectively to reflect the bonus issue elements of new share issues completed in 2020 & 2021.

Annual General Meeting 2022

Sivers Semiconductors AB's AGM will be held on Thursday May 19, 2022, through postal votes only.

Participation

Shareholders wishing to attend the meeting shall:

- Be included in the share register kept by Euroclear Sweden AB on Tuesday May 11, 2022
- No later than Wednesday, May 18, 2022, register by casting their postal vote

Registration

For postal voting, a special form must be used. The form is available at the Company's website www.sivers-semiconductors.com. Completed and signed postal voting form can be sent by post to Sivers Semiconductors AB (publ), Box 1274, 164 29 Kista or by e-mail info@sivers-semiconductors.com. The completed form must be received by the Company no later than Wednesday, May 18, 2022.

Nominee-registered shares

Shareholders whose shares are nominee registered must, in addition to the notification of their intention to participate in the meeting, be temporarily included in the share register under their own name (voting rights registration) to participate in the meeting. In order for this registration to be effective on Tuesday, May 11, 2022, shareholders should contact their bank or nominee well in advance.

Proposed dividend

The Board of Directors proposes that no dividend be paid.

