

# Interim report January–June 2019

A hand is shown holding a square gold microchip with numerous small silver solder balls around its perimeter. The background is a hazy, high-angle view of a city skyline with several tall skyscrapers. The image is split diagonally, with the top-left portion being dark and the bottom-right portion being light and hazy.

We make your connections.

**SIVERSIMA**

# Interim Report

## January–June 2019



### Second quarter 2019

- Operating income for the second quarter amounted to SEK 39,029 thousand (22,882), an increase of 71 percent
- Net sales for the second quarter amounted to SEK 25,961 thousand (14,711), an increase of 76 percent
- Earnings before depreciation (EBITDA) for the second quarter amounted to SEK -6,978 thousand (-18,453)
- Result for the second quarter amounted to SEK -21,368 thousand (-28,712)
- Earnings per share amounted to SEK -0.16 (-0.26)
- Equity per share amounted to SEK 2.18 (2.26)

### January–June 2019

- Operating income for the period amounted to SEK 78,557 thousand (48 072), an increase of 63 percent
- Net sales for the period amounted to SEK 51,012 thousand (27,784), an increase of 84 percent
- Earnings before depreciation (EBITDA) for the period amounted to SEK -12,903 thousand (-33,017)
- Result for the period amounted to SEK -42,038 thousand (-53,548)
- Earnings per share amounted to SEK -0.32 (-0.48)
- Equity per share amounted to SEK 2.18 (2.26)

### Significant events during the period April–June:

- Siverts IMA Holding AB completed, on June 4, a directed new share issue of 11,844,582 shares, raising proceeds of SEK 82 million before issue costs.
- Siverts IMA AB have, together with partners, sold more than 20 evaluation kits for 5G since the Mobile World Congress (MWC) in February.
- Siverts IMA Holding AB selected Pareto Finance as financial advisor for the list change of the company's shares to Nasdaq main market and to assist the company with evaluation of other strategic and financial initiatives.

### Significant events following the period:

- CST Global Ltd received a further SEK 20 million framework order from an existing, US, Fortune 100-customer.
- Siverts IMA AB received an order of SEK 1.3 million from their Chinese reseller Matrix Electronic Co. Ltd. to provide products and support services to Matrix's Chinese end customer.
- CST Global Ltd received a new order worth SEK 7.3 million from an existing, US-based Fortune 100 customer.

## Key figures

SEK thousand	2019 Apr–Jun	2018 Apr–Jun	2019 Jan–Jun	2018 Jan–Jun	2018
Operating income	39,029	22,882	78,557	48,072	119,761
Net sales	25,961	14,711	51,012	27,784	69,835
Profit before depreciation	-6,978	-18,453	-12,903	-33,017	-57,548
Profit for the period	-21,368	-28,712	-42,038	-53,548	-102,971
Earnings per share, SEK	-0.16	-0.26	-0.32	-0.48	-0.87
Equity per share, SEK	2.18	2.26	2.18	2.26	2.07

A web-based presentation of the interim report will be held at 10:00 Thursday, August 29, 2019. Please register for the webinar via the link: <https://attendee.gotowebinar.com/register/372080632638405132>

# CEO statement



## Second quarter – continued strong net growth and successful new share issue



The second quarter of 2019 was a very intensive quarter for Siverts IMA. Not least, this showed in the strong net growth of 76 percent compared to prior year. It is also gratifying that we saw robust growth in both our business areas.

The interest in our products is great and during the second quarter we put a lot of work into sales and customer support to secure new contracts and orders. Our intensified efforts gave quick results, both within 5G and fiber. I would particularly like to highlight our breakthrough agreement within 5G in China and the large follow-up order signed in July of SEK 20 million from our American Fortune 100 customer.

In May, we announced that we had sold more than twenty 5G test systems since the Mobile World Congress in February. One of these test systems has now led to a design-in agreement. In June, we continued to sell a number of evaluation kits, which gives good hope for more business within 5G.

Even in the fiber segment - CST Global - business activity was high. The follow-up order from our Fortune 100

customer shows we are doing the right things and that we can offer very large companies absolute top quality in high-tech optical semiconductors.

In the second quarter, the European counterpart to the Swedish Post and Telecom Agency, CEPT ECC, in its latest recommendation, opened the 57-71 GHz band for unlicensed 5G throughout Europe. It was very positive news for us at Siverts IMA because we have the only radio that can offer the full band. In addition, CCS - one of our largest customers in unlicensed 5G - got approved type tests to sell its products within Europe. Thanks to Siverts IMA's award-winning 5G RFIC chip, CCS is now alone in the EU with a product that covers the entire spectrum and makes this new market open to CCS and ultimately to us.

The high demand for our products has led to a need for growth capital to be able to handle all new customers. Thanks to strong interest from institutional investors, we were in June able to make a targeted new share issue of SEK 82 million. We are particularly pleased that all our major existing institutional owners participated in the issue and that we could welcome a number of new long-term institutional owners to the company.

The money from the new share issue will be used to handle new customers and inquiries. In addition, we will invest in the development of the next generation 5G chip sets and in increased manufacturing capacity at CST Global.

Overall, in terms of sales, the second quarter was strong and showed superb growth. Through solid cost control, we also managed to significantly reduce losses without sacrificing quality or development efforts. The progress during the first half of the year shows the potential of our business and, as we are involved in many exciting customers' projects, I look ahead with anticipation.

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

# Group summary



## Sivers IMA in brief

Sivers IMA Holding AB (publ) is the parent company of a Group that comprises of the wholly-owned subsidiaries Sivers IMA AB, CST Global Ltd and Trebax AB. Operations are mainly conducted through the two companies Sivers IMA AB and CST Global Ltd. Sivers IMA has its headquarters in Kista, Sweden, with a local office in Gothenburg, Sweden. CST Global's headquarters and factory are located in Glasgow, Scotland. This report relates to the Group's operations during the period January 1, 2019 to June 30, 2019.

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

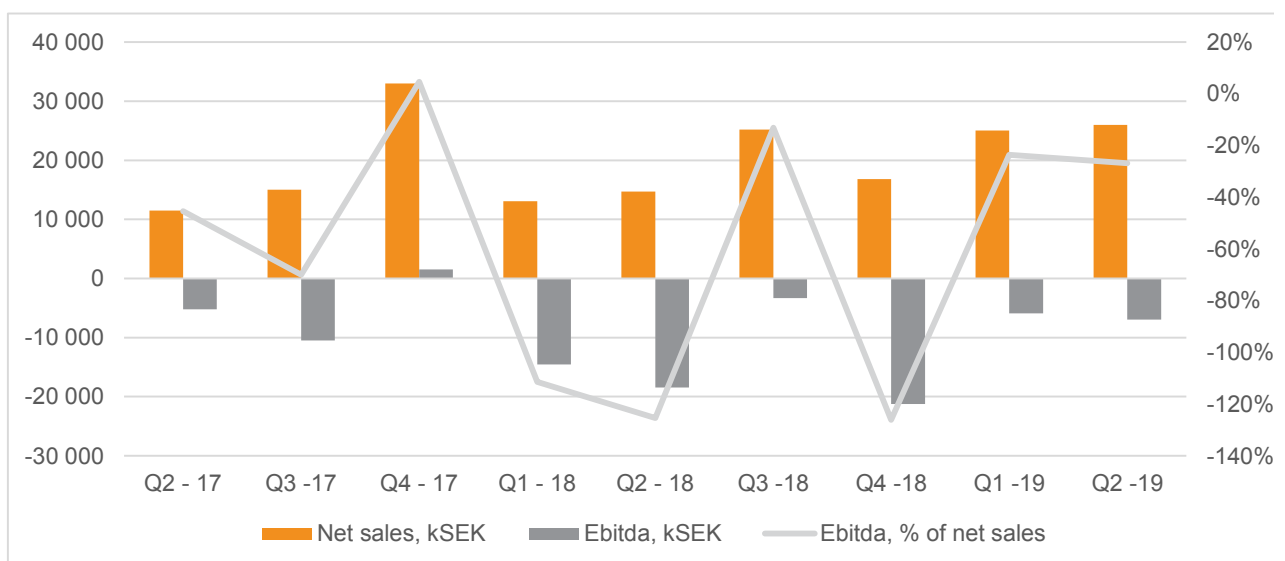
## Wireless

Sivers IMA develops, manufactures and sells chips, components, modules and subsystems based on advanced technology for 5G millimeter-wave networks. Millimeter-wave is a key technology in the 5G networks that are now being built, and the core of the wireless solutions Sivers IMA offers. Sivers IMA delivers mainly to system manufacturers, who then in turn deliver to telecom operators. Deliveries are made directly or via partners.

## Fiber

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

## Net sales and EBITDA



## Sales and results

During the second quarter, operating revenues amounted to SEK 39,029 thousand (22,822), which is an increase of 71 percent. Net sales increased by 76 percent during the same period to SEK 25 961 thousand (14,711). The increase is a result from increased sales volumes, within both wireless and fiber.

Net profit for the second quarter amounted to SEK -21,368 thousand (-28,712), which is an increase of SEK 7,344 thousand. Of the result for the period, SEK -7,644 (-8,009) thousand is mainly attributable to goodwill amortization due to the acquisition of CST Global.

During the period January to June, operating revenues amounted to SEK 78,557 thousand (48,872), which is an increase in revenue of 63 percent. Net sales increased by 84 percent to SEK 51,012 thousand (27,784). Net profit for the six first months amounted to SEK -42,038 thousand (-53,548) which is an improvement of SEK 11,510 thousand.

## Liquidity and financing

On June 30, 2019, the Group's liquid assets amounted to SEK 100,641 thousand (49,294). As of June 30, the Group had an overdraft facility of SEK 2,500 thousand, of which SEK 0 thousand (361) was used at the end of the period. In June 2019, a new rights issue was executed, which provided the company with SEK 82 million before deduction of transaction costs. The group makes short derivatives hedges against currency risk in future sales and purchases. The group does not apply hedge accounting and hence, the derivatives are reported directly in the income statement.

## Investments

Sivers IMA group's total investments during the period January-June amounted to SEK 30,059 thousand (29,577). This refers to intangible fixed assets for capitalized development costs of SEK 26,835 thousand (17,243) and acquisition of property, plant and equipment of SEK 3,224 thousand (12,333). The investment in balanced development costs is attributable to the new generation of products the company is developing.

## Depreciation

Profit for the period January-June was charged with SEK 25,258 thousand (21,806) in depreciation and write-downs, of which SEK 3,707 (2,606) thousand relates to the depreciation of equipment, tools and installations, SEK 6,264 thousand (3,328) relates to the depreciation and write-downs of balanced expenses for development work in previous years and SEK 15,287 thousand (15,606) relates to amortization of goodwill. The goodwill amortization is attributable to the acquisition of CST Global.

## Equity

As of June 30, 2019, Sivers IMA's equity amounted to SEK 284,318 thousand (251,972). The share capital amounted to SEK 65,145,203.50.

## Shares

On June 30, Sivers IMA's share capital was divided into 130,290,407 shares with a quota value of SEK 0.50. All shares consist of the same series and have the same right to vote and profit in the company. Since December 1, 2017, the share has been traded on Nasdaq First North under the stock symbol SIVE and with ISIN code SE0003917798 and LEI code 254900UBKNY2EJ588J53.

## Employees

As of June 30, 2019, the Sivers IMA Group had 94 (100) employees.

## Ownership structure

As of June 30, 2019, Sivers IMA Holding AB (publ) had four owners, each of them holding, directly and indirectly, shares equal to five percent or more of the voting and equity interest in the company. In total, Sivers IMA had approximately 2,100 shareholders.

## Prospects for the accounting year 2019

The board of Sivers IMA deems that correct measures have been taken in the company to ensure a strong product family. Progress in sales and product development has been made during the period and investments are continuing. The board still elects not to forecast.

## Accounting principles

The Group prepares its accounts in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). Information on accounting principles is otherwise as stated in the company's 2018 Annual Report.

## Risks and uncertainties

Sivers IMA Group's operations, financial position and results can be affected by a number of risks and uncertainties. These risks are described in the group's annual report for 2018. No new significant risks have occurred since the annual report was published.

## Upcoming reports

Sivers IMA Holding provides recurring financial information according to the following schedule:

November 15, 2019 Interim Report July–September 2019

February 14, 2019 Year-end report 2019

For more information, please contact:

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This quarterly report has not been submitted for review by the company's auditor.

Sivers IMA Holding (publ)

Kista, August 29, 2019

The board

## This is SIVERS IMA



Sivers IMA Group is an international supplier of millimeter-wave for 5G and optical semiconductors. The Group develops, manufactures and sells chips, components, modules and subsystems. These chips make it possible to send information both wirelessly and via fiber to provide increased capacity in data and telecommunication networks.

Sivers IMA Holding AB is listed on Nasdaq First North under the stock symbol SIVE.

Erik Penser Bank is appointed as Sivers IMA Holding AB's Certified Advisor on Nasdaq First North.

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# Consolidated Income Statement



SEK thousand	2019 Apr–Jun	2018 Apr–Jun	2019 Jan–Jun	2018 Jan–Jun	2018
Operating income					
Net Sales	25,961	14,711	51,012	27,784	69,835
Work performed by the company for its use and capitalized	11,126	4,190	20,661	12,000	33,171
Other operating income	1,941	3,982	6,885	8,288	16,755
<b>Total operating income</b>	<b>39,029</b>	<b>22,882</b>	<b>78,557</b>	<b>48,072</b>	<b>119,761</b>
Operating costs					
Cost of goods sold	-9,828	-7,913	-20,956	-14,712	-43,785
Other external expenses	-16,325	-15,745	-30,548	-30,225	-56,713
Personnel costs	-19,854	-17,678	-39,956	-36,151	-76,810
Depreciation/amortization of tangible/intangible non-current assets	-13,011	-11,258	-25,258	-21,806	-44,682
<b>Total operating costs</b>	<b>-59,018</b>	<b>-52,594</b>	<b>-116,718</b>	<b>-102,895</b>	<b>-221,990</b>
<b>OPERATING PROFIT</b>	<b>-19,989</b>	<b>-29,711</b>	<b>-38,161</b>	<b>-54,823</b>	<b>-102,230</b>
Profit/loss from financial items					
Interest expenses and similar income items	-1,425	-631	-3,062	-1,212	-2,785
FX currency gains/losses	35	252	-837	1,160	-5,574
<b>Profit after financial items</b>	<b>-21,379</b>	<b>-30,090</b>	<b>-42,059</b>	<b>-54,875</b>	<b>-110,589</b>
Tax	11	1,378	21	1,327	7,617
<b>PROFIT FOR THE PERIOD</b>	<b>-21,368</b>	<b>-28,712</b>	<b>-42,038</b>	<b>-53,548</b>	<b>-102,971</b>

# Consolidated Balance Sheet



Group (SEK thousand)	2019-06-30	2018-06-30	2018-12-31
<b>ASSETS</b>			
Intangible assets			
Goodwill	87,901	119,206	103,188
Balanced expenses for research work etc.	126,022	76,273	104,034
<b>Total intangible assets</b>	<b>213,923</b>	<b>195,479</b>	<b>207,222</b>
Tangible assets			
Equipment, tools and installations	39,033	37,223	38,188
<b>Total tangible assets</b>	<b>39,033</b>	<b>37,223</b>	<b>38,188</b>
<b>Total Fixed Assets</b>	<b>252,956</b>	<b>232,702</b>	<b>245,410</b>
Current assets			
Inventories	16,008	27,701	14,263
Current receivables			
Account receivables	23,145	20,199	22,237
Other receivables	10,810	4,938	10,386
Prepaid expenses & accrued income	6,227	9,829	7,692
<b>Total current receivables</b>	<b>40,183</b>	<b>34,965</b>	<b>40,315</b>
Cash & cash equivalents	100,641	49,294	42,410
<b>Total current assets</b>	<b>156,832</b>	<b>111,961</b>	<b>96,988</b>
<b>TOTAL ASSETS</b>	<b>409,788</b>	<b>344,663</b>	<b>342,397</b>



Group (SEK thousand)	2019-06-30	2018-06-30	2018-12-31
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
Total equity	284,318	251,972	245,179
<b>Provisions</b>			
Deferred tax	189	232	210
Other provisions	2,871	2,040	3,411
Total provisions	3,061	2,271	3,621
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	39,918	36,785	37,728
Total non-current liabilities	39,918	36,785	37,728
<b>Current liabilities</b>			
Accounts payable-trade	16,822	15,864	20,948
Other liabilities	39,684	18,642	18,899
Accrued expenses and deferred income	25,985	19,128	16,022
Total current liabilities	82,491	53,634	55,869
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>409,788</b>	<b>344,663</b>	<b>342,397</b>

Report on changes in equity	2019-06-30	2018-06-30	2018-12-31
<b>At the beginning of the year</b>	245,179	196,945	196,945
Total income for the period	-42,038	-53,548	-102,971
Rights issue	77,846	104,556	145,786
Shared based payments	1,051	496	3,499
Warrants, payment	0	360	360
Annual conversion	2,281	3,163	1,561
<b>At the end of the period</b>	<b>284,318</b>	<b>251,972</b>	<b>245,179</b>

# Consolidated Statement of Cash Flow



Group (SEK thousand)	2019-01-01 – 2019-06-30	2018-01-01 – 2018-06-30	2018-01-01 – 2018-12-31
<b>OPERATING ACTIVITIES</b>			
Operating profit	-38,161	-54,823	-102,230
Adjustments for items not included in the cash flow	25,772	42,532	58,900
Paid interest	-553	-266	-981
Paid tax	-	-	7,667
<b>CASH FLOW FROM OPERATING ACTIVITIES PRIOR TO CHANGES IN OPERATING CAPITAL</b>	<b>-12,941</b>	<b>-12,557</b>	<b>-36,644</b>
<b>CASH FLOW FROM CHANGES IN OPERATING CAPITAL</b>			
Decrease(+)/increase(-) of inventories	-1,303	-11,575	-10,418
Decrease(+)/increase(-) of operating receivables	-187	-3,292	531
Decrease(+)/increase(-) of operating liabilities	4,785	20,802	26,335
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-9,646</b>	<b>-6,622</b>	<b>-20,196</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of tangible fixed assets	-3,224	-12,333	-15,437
Acquisition of other intangible fixed assets	-26,835	-17,243	-49,154
Sale of fixed assets	97	-	-
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-29,962</b>	<b>-29,577</b>	<b>-64,591</b>
<b>FINANCING ACTIVITIES</b>			
Borrowings	20,000	-	-
Payment from warrants	0	-	360
Issue costs	-3,882	-2,827	-4,997
Rights issue	81,728	26,400	69,800
<b>CASH FLOW FROM FINANCING OPERATIONS</b>	<b>97,846</b>	<b>23,573</b>	<b>65,163</b>
<b>CHANGE OF LIQUID RESOURCES</b>	<b>58,237</b>	<b>-12,626</b>	<b>-19,624</b>
Cash and cash equivalents at the beginning of the year	42,410	61,920	61,920
Exchange rate difference in cash equivalents	-7	0	114
<b>LIQUID RESOURCES AT THE END OF THE PERIOD</b>	<b>100,641</b>	<b>49,294</b>	<b>42,410</b>

# Performance Indicators



Consolidated group	2019-01-01 – 2019-06-30	2018-01-01 – 2018-06-30	2018-01-01 – 2018-12-31
<b>PROFITABILITY</b>			
Sales growth (%)	84%	59%	7%
Operating profit margin (%)	neg	neg	neg
EBITDA (SEK thousand)	-12,903	-33,017	-57,548
Profit margin (%)	neg	neg	neg
Return on equity (%)	neg	neg	neg
<b>CAPITAL STRUCTURE</b>			
Equity (SEK thousand)	284,318	251,972	245,179
Total assets (SEK thousand)	409,788	344,663	342,397
Capital employed (SEK thousand)	351,698	288,758	286,528
Interest-bearing debt (SEK thousand)	-33,261	-12,509	-4,682
Capital turnover	0.2	0.2	0.3
Solvency (%)	69%	73%	72%
Leverage (%)	24%	15%	15%
<b>CASH FLOW AND LIQUIDITY</b>			
Cash flow before investing activities (SEK thousand)	-9,646	-6,622	-20,196
Cashflow after investing activities (SEK thousand)	-39,608	-36,199	-84,787
Cash and cash equivalents (SEK thousand)	100,641	49,294	42,410
<b>INVESTMENTS</b>			
Acquisition of tangible assets (SEK thousand)	-3,224	-12,333	-15,437
Acquisition of intangible assets (SEK thousand)	-26,835	-17,243	-49,154
Sales of tangible assets (SEK thousand)	97	-	-
<b>PERSONNEL</b>			
Average no. of employees	99	96	100
Turnover per employee (SEK thousand)	794	501	1,198
Total no. of employees	94	100	108
<b>DATA PER SHARE</b>			
Total no. of shares, end of period	130,290,407	111,445,825	118,445,825
Earnings per share (SEK)	-0.32	-0.48	-0.87
Equity per share (SEK)	2.18	2.26	2.07

# Definition of performance indicators



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## PROFITABILITY

Sales growth (%)	Percentage change in revenue compared with the previous period
Operating profit margin (%)	Operating profit in percentage of sales
Profit margin (%)	Profit for the period in percentage of sales
Return on Equity (%)	Profit for the period in percentage of average equity

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## CAPITAL STRUCTURE

Equity (SEK thousand)	Equity by the end of the period
Total assets (SEK thousand)	Total assets or the sum of liabilities and equity
Capital employed (SEK thousand)	Reduced balance sheet of non-interest-bearing liabilities, including deferred tax
Interest-bearing debt (SEK thousand)	Net interest-bearing provisions and liabilities minus financial assets including liquid assets
Capital turnover (times)	Sales for the year divided with average balance sheet total
Solvency (%)	Equity as a percentage of total assets
Leverage (%)	Interest-bearing liabilities divided by equity

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## CASH FLOW AND LIQUIDITY

Cash flow before investing activities (SEK thousand)	Profit after financial items incl. items that do not affect cash flow minus change in working capital
Cash flow after investing activities (SEK thousand)	Profit after financial items incl. items that do not affect cash flow minus change in working capital and investments
Cash and cash equivalents (SEK thousand)	Bank balances and cash

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## PERSONNEL

Average no. of employees	Average number of employees for the period
Turnover per employee	Turnover divided by average no. of employees
Total no. of employees	Total no. of employees, end of period

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## DATA PER SHARE

Total no. of shares, end period	No. of outstanding shares, end period incl. shares under registration
Earnings per share (SEK)	Profit for the period divided by no. of shares
Equity per share (SEK)	Equity divided by total no. of shares

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