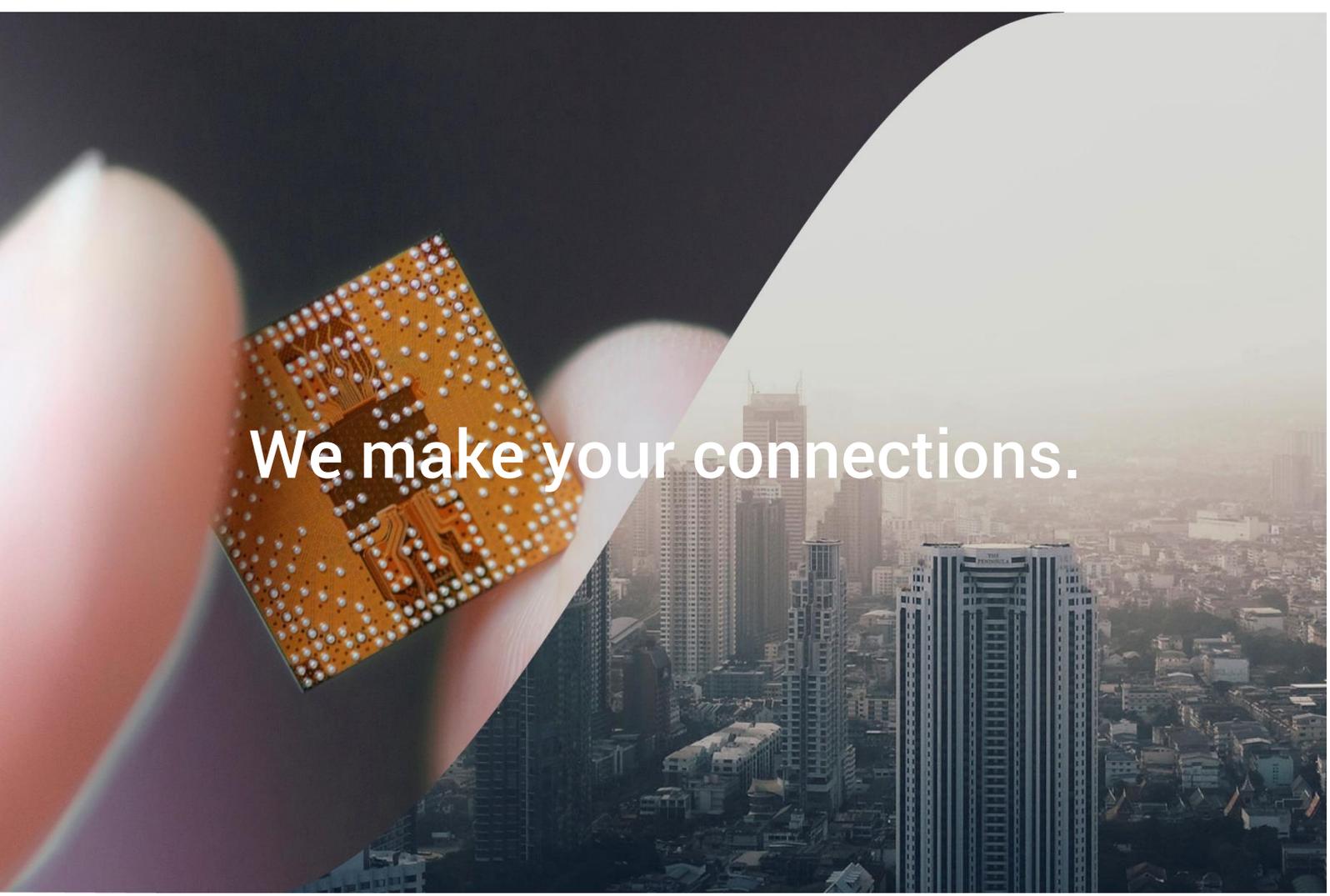


Interim Report

January–June 2020

A hand holding a gold microchip in front of a city skyline. The microchip is a square, gold-colored component with a grid of small, silver-colored solder balls around its perimeter. The background is a hazy, high-angle view of a city with several tall skyscrapers. The text "We make your connections." is overlaid in white on the microchip and the city background.

We make your connections.

SIVERSIMA

Interim Report

January–June 2020



Second quarter 2020

- Revenue amounted to SEK 21 445 thousand (23 871), a decrease of 10%
- Profit before depreciations and amortizations (EBITDA) amounted to SEK -9 068 thousand (-6 400)
- Profit/loss for the period amounted to SEK -22 392 thousand (-14 524)
- Earnings per share amounted to SEK -0,16 (-0,12)
- Equity per share amounted to SEK 2,16 (2,48)

January–June 2020

- Revenue amounted to SEK 44 255 thousand (46 970), a decrease of 6%
- Profit before depreciations and amortizations (EBITDA) amounted to SEK -20 070 thousand (-12 003)
- Profit/loss for the period amounted to SEK -43 609 thousand (-28 528)
- Earnings per share amounted to SEK -0,32 (-0,23)
- Equity per share amounted to SEK 2,16 (2,48)

Significant events during the second quarter:

- On April 14, Photonics received a development order amounting to SEK 7.5 million from a US Fortune 100 customer.
- On June 12, Photonics received orders, together worth SEK 20,7 million, from one of its established Fortune 100 customers.

- On June 24, Photonics announced that they are a founding member of an industry leading group of companies signed up to an agreement to standardize integrated photonics devices. The agreement will define a new, industry-standard for continuous laser light sources. The group include industry leaders such as Arista, Ayar Labs, imec, Intel, Lumentum, Luminous Computing, MACOM, Quintessent, Sumitomo Electric och II-VI.

Significant events following the period:

- On July 28, Sivers IMA Holding AB completed a set-off share issue of 779 696 shares, corresponding to an amount of approximately SEK 8,4 million. The shares were paid for through set-off of receivables, which originated from working capital funding raised in 2019.
- On August 5, Wireless signed a 5G millimeterwave agreement with an estimated future value of SEK 480 million.
- On August 13, Sivers IMA Holding AB completed a set-off share issue of 555 262 shares, corresponding to an amount of approximately SEK 12,7 million. This means that the company has settled the loan amounts within the working capital facility entered into by the company in 2019.

Key figures

SEK thousand	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Revenue	21 445	23 871	44 255	46 970	96 355
EBITDA	-9 068	-6 400	-20 070	-12 003	-48 322
Profit/loss for the period	-22 392	-14 524	-43 609	-28 528	-75 661
Earnings per share before and after dilution, SEK	-0,16	-0,12	-0,32	-0,23	-0,60
Equity per share, SEK	2,16	2,48	2,16	2,48	2,17

A web-based presentation of the Interim Report will be held at 10:00 AM Friday, August 21, 2020.
Register for the webinar via: <https://attendee.gotowebinar.com/register/1249507412752352012>

CEO Statement



Two Fortune 100 customers & record contract after the end of the quarter



I have now completed my fourth year as CEO of Sivers IMA and it has really been four exciting years. Four years ago, I had not dared to hope that we during the second quarter this year would receive photonics orders from two very prominent Fortune 100 customers for a total of approximately SEK 30 million. No one could have guessed that it also happened in the midst of a pandemic. The record deal with an estimated future value of SEK 480 million that was signed after the end of the quarter is also good proof that we have done many things right during these years.

Despite these successes, the corona pandemic significantly slowed down the activity during April and May as many customers took longer time to make decisions or delayed decisions. From June, however, activity returned to more normal levels and looking ahead, the trend is positive. In the short term, we foresee in a recovery during the latter part of the year and in the long term, we do not think that our underlying market is affected by the pandemic. It might even have accelerated the interest in our products, not least in 5G.

Sales in the second quarter were SEK 21 million, a decline of 10 percent compared with the same period last year. The decrease is mainly an effect of reduced activity in April and May as a result of the pandemic, but in June activity increased markedly. In April we, despite the pandemic, received our first small volume order of approximately SEK

3.5 million for delivery during the second and third quarters to CCS / ADTRAN in unlicensed 5G.

Our operating profit decreased with SEK 3,6 million to SEK -16,5 million compared with SEK -12,9 million the same period last year. This is mainly related to reduced capitalization of R&D of SEK 4 million. If we also disregard the provisions for social fees on personnel costs linked to the staff option program (corresponding to about SEK 3.2 million), that don't affect cash flow, it is possible to see an improvement of the outcome.

Our Photonics business area has gone from strength to strength over the past year and has seen strong demand outside its traditional market for optical fiber communication. During the quarter, we secured another development order from a new Fortune 100 customer. The order of SEK 7.5 million for optical sensors will be delivered and invoiced during the year. We also continued to strengthen our relationship with our first Fortune 100 customer in Photonics with an order of SEK 21 million, which now includes several projects.

With regard to 5G, we sold eight new, complete test systems during the quarter, of which three to universities and five to potential new 5G customers in a number of different verticals. In the quarter, three customers continued into the next phase, to so-called design wins, and we now have a total of 19 5G design wins with customers from all over the world who develop products based on our chips and modules.

After the end of the quarter, we signed our first major development and delivery agreement with a global semiconductor company listed on NYSE. Our next generation 5G mmWave technology will form the basis of a CPE (Customer Premises Equipment) product that will be available in large volumes from 2023. During the first three years from commercial launch, we estimate a total value of approximately SEK 480 million. The agreement is an important milestone and strong proof that our 5G millimeter wave technology is of the highest class. It is also proof of the possibility of large volumes in this market.

We continue to build our customer base and are involved in many discussions with both old and new customers and partners. An important growth driver for us, both in 5G and Photonics, is our strong partner network and our many collaborations. One example is that we during the quarter participated as one of the founders in the standardization of integrated photonics solutions. The agreement, a so-called multi-source agreement, MSA, was signed by industry leaders and will help drive industry growth. We are proud to have participated among these industry leaders and I am convinced that our many collaborations will continue to be important growth drivers for us.

My optimism about the future remains very strong. The positive development in the market within old and new

verticals within 5G and Photonics will provide continued good growth. The positive development we are seeing, including with our two Fortune-100 customers, means that I have good hope for the future. There is a shift facing both 5G and Photonics as our customers' customers are beginning to demand larger volumes and as these technologies are becoming more widely distributed. The large delivery agreement we signed after the end of the quarter is a strong indication of the potential in our business. Our highly competitive products and our strong global network make us well equipped to take advantage of the market's underlying strong demand and I look forward with anticipation.

Anders Storm, President and CEO

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 business areas Wireless and Photonics. Sivers IMA Holding and Wireless have headquarters in Kista, Sweden, with a local office in Gothenburg, Sweden. Photonic's headquarters and factory are located in Glasgow, Scotland.

This report relates to the Group's operations during the period January 1, 2020 to June 30, 2020.

Sivers IMA Group is an international supplier of advanced 5G systems to data- and telecommunication networks and optical products to optical fiber networks, sensors and optical wireless communication (Li-Fi).

Sivers IMA Group enables a better connected and safer world by delivering the best solutions in terms of sensors and data- and wireless networks.

Wireless

The Wireless business area 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 Wireless offers. The business area delivers mainly to

system manufacturers, who then in turn deliver to telecom operators. Deliveries are made directly or via partners.

Photonics

The Photonics business area designs and manufactures III-V compound semiconductor laser devices for high growth, optical communications, sensing and wireless markets. The optical communications devices are a key component of cloud storage and cloud communications; passive optical networks (PON), including fiber-to-the-home; 5G fronthaul; and Quantum technologies. The optical sensing devices enable autonomous and assisted driving vehicles; consumer biometrics; hazard and metrology; security; and augmented and merged reality applications. The optical wireless devices are critical to free-space optical communications using light (LiFi).

The Photonics business area has a core capability in custom, Indium Phosphide (InP) laser source production, which is recognized world-wide. Recent developments in its Silicon Photonics, CMOS manufacturing technology have enabled board-to-board and chip-to-chip level, optical datacoms, which has increased global demand for its devices.

The Photonics exports over 92% of its production and is a critical supply partner and approved vendor to several Fortune 100 and Silicon Valley customers.

Revenues and EBITDA



Net sales and EBITDA

Second quarter

During the second quarter, revenue was SEK 21 445 thousand (23 871), a decrease of 10 percent compared to the same quarter last year. Photonic revenue was in line with prior year (+ SEK 231 thousand), while Wireless had a revenue decrease of SEK 2 657 thousand. The revenue decrease within Wireless can be explained by the fact that customers have been more careful with placing orders during April and May because of Covid-19. Photonics has also been affected by a somewhat decline in demand from a few customers, but new orders from the Fortune 100 customers within important key projects have compensated for this.

EBITDA amounted to SEK -9 068 thousand (-6 400), a decrease of SEK -2 668 thousand. EBITDA was impacted by less capitalization of development costs, as capitalizations decreased with SEK 4 225 thousand compared to the same quarter last year. Wireless invested more time in projects that are not in the development phase (which means that expenditures are charged to the income statement) during the second quarter 2020, and relatively more time in projects in development phase during the second quarter 2019.

Decreased revenue, combined with increased personnel costs also had a negative impact on EBITDA. This is mainly related to increased personnel costs within Wireless, since the market value of the personnel options increased and the group therefore increased social security fee provisions for the personnel incentive programs, corresponding to an amount of SEK 3,2 million, and partly due to the fact that the average number of employees has increased with approximately 5 persons within the business area compared to prior year. Sivers IMA has, within the personnel option programs, a mandate to issue warrants to cover the cashflow risk related to social security fees for the options.

The negative EBITDA is reduced by a decrease in external expenses, which is due a more restrictive budget with cost savings that the group decided on because of Covid-19. Cost savings has been made for, among other things, consultants and travels.

January-June

For the period January-June, revenue was SEK 44 255 thousand (46 970), a decrease of 6% compared to the same period last year. Wireless revenues decreased with SEK 4 759 thousand while Photonics revenues increased with SEK 2 044 thousand. The decrease of revenue for the first half year can be explained by less sales during April and May as a result of Covid-19, combined with the fact that sales for the first quarter 2019 included a number of so called End-of-Life products where corresponding products were not sold during 2020.

EBITDA amounted to SEK -20 070 thousand (-12 003), a decrease of SEK 8 067 thousand. The EBITDA decrease for

the first half year is mainly related to less capitalization of development costs.

Depreciations

Second quarter

Profit for the second quarter 2020 was charged with SEK -7 521 thousand (-6 558) in depreciation, amortization and impairment, an increase of SEK -963 thousand.

January-June

Profit for the period January-March was charged with SEK -14 979 thousand (-12 378) in planned depreciation, amortization and impairment, of which i SEK -3 281 thousand (-3 707) relates to depreciation of equipment, tools and installations, SEK -9 268 thousand (-6 264) depreciation, amortization and impairment of capitalized development expenses in previous years and SEK -2 430 thousand (-2 407) relates to depreciation of right-of-use assets in leasing contracts.

The increase in depreciation, amortization and impairment compared to the same period prior year, was mainly due to the group initiating amortization of a larger completed development project during the latter part of 2019.

Financial items

Financial expenses for the second quarter 2020 amounted to SEK -5 812 thousand (-1 612) and increase of SEK -4 200 thousand. The main reason for this increase is a market value increase of the embedded derivative within the convertible debentures since the value of the conversion right increased during the second quarter 2020. The income statement effect of the embedded derivative does not affect current or future cash flows.

The market valuation of the embedded derivative is also the main reason for the increase of financial expenses for the first half year 2020 compared to the first half year 2019.

Liquidity, Cash Flow and Financing

On June 30, 2020, the group's cash and cash equivalents amounted to SEK 65 721 thousand (52 228). As of June 30, 2020, the group had an approved overdraft credit of SEK 2 500 thousand (2 500), of which SEK 0 thousand (60) was utilized at the end of the period.

In February 2020, the group completed a directed new issue, which raised SEK 54 million, before issue expenses, for the company. Issue expenses amounted to SEK 2,4 million.

During March 2020, personnel options were exercised under incentive programs that were established in 2016 and 2017. In total, 1 676 853 options were exercised. This raised SEK 7,8 million in proceeds for the newly issued shares and the payment was made to the group during the first quarter 2020. The new issue was completed and registered during the second quarter 2020.

Investments

Sivers IMA Group's total investments during the period January-June amounted to SEK 18 505 thousand (30 059) and relate to intangible assets for underlying capitalized development expenses of SEK 17 535 thousand (26 835) and acquisitions of property, plant and equipment of SEK 970 thousand (3 224). The investment in capitalized development expenses is attributable to the development of new product generations. The investments in capitalized development expenditures have decreased compared to the same period prior year. The reason is that the group currently has less projects that have entered the development phase.

Equity

As of June 30, 2020, Group equity amounted to SEK 301 079 thousand (288 533). Share capital totalled SEK 69 640 363,50.

Parent Company

The parent company's revenue increase during January-June 2020, compared to the same period last year, is related to management fees from its subsidiaries. The company started to levy management charges to subsidiaries during the third quarter prior year.

In the second quarter, the parent company made a shareholder contribution of SEK 10 million to Sivers IMA AB. The company recognised an impairment loss for this, which was reported under financial expenses.

Shares

On June 30, 2020, Sivers IMA's share capital was divided into 139 280 727 shares with a quota value of SEK 0,50. All shares are the same series and have equal rights to vote and profits in the company. The stock has traded since November 30, 2017 at Nasdaq First North Growth Market under the short name SIVE and with ISIN code SE0003917798 and LEI code 254900UBKKNY2EJ588J53.

Employees

As of June 30, 2020, the Sivers IMA Group, excluding consultants, had 99 (99) employees.

Ownership structure

As of June 30, 2020, Sivers IMA Holding AB (public) had four owners, each of which directly and indirectly held shares corresponding to five percent or more of the voting and equity interest in the company. In total, Sivers IMA had approximately 2 900 shareholders.

Prospects for the accounting year 2020

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

Prospects and uncertainties for Q3 2020

Since the balance sheet date, Sivers IMAs share has had a positive price development. However, an increased share price can affect income statement items that are measured at fair value.

Embedded derivative in convertible debentures

In the convertible debentures issued to Ampleon in 2017, there is an embedded derivative for the option to convert the liability to shares (refer to a wider description in the Group's annual report for 2019). This option to convert is recognized as a short-term liability at fair value in the balance sheet, since the FX-conversion rate is variable.

Changes in fair value of the option to convert are recognized in profit or loss in accordance with IFRS 9. A significant variable in the estimation of fair value is Sivers IMAs share price.

If the share price increase with SEK 10 from June 30, 2020, the value increase of the option will be approximately SEK 44 million. Such effects are recognized as a financial expense in the income statement but does not affect current or future cash flows.

Fluctuations in the SEK/USD FX-rate will also affect fair value of the option since there is a fixed SEK/USD-rate in the contract.

Social security charges for personnel options

Sivers IMA Holding has personnel options issued for its own shares. The provision for social security fees that are paid when the options are received by the personnel are recognized at fair value, which is related to the share price. If the share price increase with SEK 10, the provision for social security fees increase with approximately SEK 14 million.

Sivers IMA has, within the personnel option programs, a mandate to issue warrants to cover the cashflow risk related to social security fees for the options.

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 2019. No new significant risks, apart from what is mentioned above under prospects for Q3 2020, have been identified since the Annual Report was published.

Upcoming reports

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

November 13, 2020 Interim report Q3 2020
February 12, 2021 Year-end report 2020

For more information, please contact:

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e-mail: anders.storm@siversima.com

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

Sivers IMA Holding (publ)

Kista, August 21, 2020

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.

The parent company Sivers IMA Holding AB (publ) is listed on Nasdaq First North Growth Market 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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Sivers IMA Holding AB
Box 1274
164 29 Kista

Consolidated statements of income in summary



Group (SEK thousand)	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Revenue	21 445	23 871	44 255	46 970	96 355
Other operating income	2 056	1 941	5 823	6 885	10 259
Capitalized work on own account	10 453	14 678	17 535	26 835	43 287
Raw materials and consumables	-5 827	-8 337	-11 172	-18 397	-39 997
Other external expenses	-12 464	-18 700	-30 548	-34 339	-79 559
Personnel costs	-24 733	-19 854	-45 963	-39 956	-78 667
Depreciation, amortization and impairment of fixed assets	-7 521	-6 558	-14 979	-12 378	-29 702
OPERATING PROFIT/LOSS	-16 590	-12 958	-35 049	-24 381	-78 024
Profit from financial items					
Financial income	-	35	31	296	-
Financial expenses	-5 812	-1 612	-8 613	-4 464	-8 990
Profit/loss before tax	-22 402	-14 535	-43 630	-28 549	-87 014
Income tax	11	11	21	21	11 353
PROFIT/LOSS FOR THE PERIOD	-22 392	-14 524	-43 609	-28 528	-75 661
Attributable to Parent company shareholders	-22 392	-14 524	-43 609	-28 528	-75 661
Earnings per share (SEK)					
Before & after dilution	-0,16	-0,12	-0,32	-0,23	-0,60

Consolidated statements of comprehensive income in summary

Other comprehensive income					
Items to be reclassified to profit and loss					
Exchange rate differences from translation of foreign operations	-4 183	-1 533	-3 484	2 306	4 559
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-26 574	-16 057	-47 093	-26 222	-71 102
Attributable to Parent company shareholders	-26 574	-16 057	-47 093	-26 222	-71 102

Consolidated statements of financial position in summary



Group (SEK thousand)	2020-06-30	2019-06-30	2019-12-31
ASSETS			
Fixed assets			
Goodwill	134 812	134 812	134 812
Other intangible assets	138 657	126 022	131 548
Property, plant and equipment	50 910	44 610	57 739
Total Fixed Assets	324 379	305 444	324 099
Current assets			
Inventories	13 898	16 008	9 836
Account receivable	23 433	23 145	19 084
Other receivables	11 687	10 810	12 172
Prepaid expenses & accrued income	7 974	5 683	6 850
Cash & cash equivalents	65 721	100 641	52 228
Total current assets	122 713	156 287	100 170
TOTAL ASSETS	447 091	461 731	424 268

Group (SEK thousand)	2020-06-30	2020-06-30	2019-12-31
EQUITY AND LIABILITIES			
Equity	301 079	326 176	288 533
Non-current liabilities			
Convertible debentures	-	37 592	-
Deferred tax	147	189	168
Provisions	7 046	2 871	4 797
Leasing liabilities	10 094	2 279	11 301
Other non-current liabilities	9 288	9 798	11 825
Total non-current liabilities	26 575	52 728	28 091
Current liabilities			
Convertible debentures	41 484	-	39 538
Accounts payable	9 936	16 822	13 902
Leasing liabilities	3 039	3 360	3 811
Other liabilities	39 508	33 275	31 153
Accrued expenses and deferred income	25 469	29 369	19 241
Total current liabilities	119 437	82 826	107 645
TOTAL EQUITY AND LIABILITIES	447 091	461 731	424 268

Consolidated statements of changes in equity in summary

	2020-06-30	2019-06-30	2019-12-31
At the beginning of the year	288 533	273 502	273 502
Result for the period	-43 609	-28 528	-75 661
Other comprehensive income	-3 484	2 306	4 559
Rights issue	51 219	77 846	77 846
Issue for redemption of warrants	-	-	6 458
Issue for redemption of personnel options	7 838	-	175
Share-based payments	583	1 051	1 654
At the end of the period	301 079	326 176	288 533

Consolidated statements of cash flow in summary



Group (SEK thousand)	2020-01-01 – 2020-06-30	2019-01-01 – 2019-06-30	2019-01-01 – 2019-12-31
Operating activities			
Operating profit/loss	-35 049	-24 381	-78 024
Adjustments for non-cash items	17 878	12 892	36 289
Interest paid	-2 660	-702	-3 713
Income tax received	-	-	10 708
Cash flow from operating activities prior to changes in operating capital	-19 831	-12 190	-34 739
Cash flow from changes in operating capital			
Increase(-)/decrease(+) of inventories	-4 420	-1 303	2 163
Increase(-)/decrease(+) of operating receivables	-6 329	-187	3 201
Increase(+)/decrease(-) of operating liabilities	7 805	5 044	-13 070
Cash flow from operating activities	-22 775	-8 637	-42 446
Investment activities			
Acquisition of property, plant and equipment	-970	-3 224	-8 789
Acquisition of other intangible assets	-17 535	-26 835	-43 287
Sales of property, plant and equipment	-	97	97
Cash flow from investment activities	-18 505	-29 962	-51 979
Financing activities			
Borrowings	-	20 000	20 000
Issue expenses	-2 380	-3 882	-3 882
New issue	61 437	81 728	88 360
New hire purchase loans	-	2 114	5 703
Amortization of lease debt and hire purchase loans	-3 860	-3 124	-6 423
Cash flow from financing activities	55 197	96 836	103 758
Cash flow for the period	13 917	58 238	9 333
Cash and cash equivalents at the beginning of the period	52 228	42 410	42 410
Exchange rate difference in cash and cash equivalents	-424	-7	486
Cash and cash equivalents at the end of the period	65 721	100 641	52 228

Parent company statements of income in summary



Parent company (SEK thousand)	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Revenue	1 604	-	3 446	-	8 993
Other external expenses	-1 218	-1 573	-3 256	-2 811	-11 232
Personnel costs	-2 994	-2 745	-5 442	-5 394	-10 024
Operating profit/loss	-2 609	-4 318	-5 252	-8 205	-12 263
Profit from financial items					
Financial income	1 040	711	2 052	2 648	6 857
Financial expenses	-20 776	-2 947	-22 732	-4 494	-43 269
Profit/loss before tax	-22 345	-6 554	-25 933	-10 051	-48 674
Income tax	-	-	-	-	-
Profit/loss for the period	-22 345	-6 554	-25 933	-10 051	-48 674

Parent company statements of comprehensive income in summary

Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-22 345	-6 554	-25 933	-10 051	-48 674

Parent company statements of financial position in summary



Parent company (SEK thousand)	2020-06-30	2019-06-30	2019-12-31
ASSETS			
Financial assets			
Shares in Group companies	226 839	226 839	226 839
Receivables Group companies	200 578	51 322	171 440
Total financial fixed assets	427 417	278 161	398 279
Current assets			
Receivables from Group companies	12 224	113 149	10 020
Other receivables	-	297	14
Prepaid expenses and accrued income	392	413	285
Cash and cash equivalents	54 595	92 133	44 389
Total current assets	67 211	205 992	54 708
TOTAL ASSETS	494 628	484 152	452 987

Parent company (SEK thousand)	2020-06-30	2019-06-30	2019-12-31
EQUITY AND LIABILITIES			
Equity	414 915	412 597	381 209
Non-current liabilities			
Convertible debentures	-	37 592	-
Provisions	7 046	2 871	4 797
Other non-current liabilities	-	3 389	-
Total non-current liabilities	7 046	43 851	4 797
Current liabilities			
Convertible debentures	41 484	-	39 538
Accounts payable	436	4 704	681
Other liabilities	29 092	329	25 397
Accrued expenses and deferred income	1 653	22 671	1 366
Total current liabilities	72 666	27 704	66 982
TOTAL EQUITY AND LIABILITIES	494 628	484 152	452 987

Notes



Note 1 – Accounting principles

The Interim Report has been prepared in accordance with IAS 34 and the applicable regulations of the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2.

Note 2 – Revenue from contracts with customers and segment reporting

The products (chips, modules, evaluation packages, semiconductor products, etc.) that Siverts IMA Group manufactures and sells to customers are hardware. Hardware sales are reported either at a point in time or over time. In the Wireless business area, performance obligations are normally fulfilled at a specific point in time, while

Photonics has a larger proportion of contracts where performance obligations are met over time.

In both Wireless and Photonics, there are so-called "Non Recurrent Engineering" (NRE) contracts. Such contracts relate to development projects, where Siverts IMA companies, for example, adapt technology in hardware products to match customer need or to develop a new product. Customized products developed through NRE contracts can later be sold in volumes within the category "hardware". Revenue for NRE contracts is recognized over time.

In the Wireless business area, support is also sold for the company's hardware, to facilitate the customer's adaptation of the technology to their products. Support agreements can, for example, be made to design Siverts IMA's products into the customer's, where the customer in turn sells their product to an end customer. Revenue from support contracts is reported over time.

Revenue streams	Apr-Jun 2020			Apr-Jun 2019		
	Wireless	Photonics	Total	Wireless	Photonics	Total
Hardware	3 764	3 266	7 031	7 090	6 972	14 062
NRE/Development projects	353	13 641	13 995	-	9 705	9 705
Support & Other	420	-	420	104	-	104
Total	4 537	16 908	21 445	7 194	16 677	23 871
Recognition						
At a point in time	3 764	520	4 284	7 090	1 164	8 254
Over time	773	16 388	17 161	104	15 513	15 618
Total	4 537	16 908	21 445	7 194	16 677	23 871
Geographic market						
North America	426	14 421	14 848	2 436	13 407	15 843
Europe	3 384	1 563	4 947	4 557	2 886	7 443
Asia	727	923	1 651	202	384	586
Total	4 537	16 908	21 445	7 194	16 677	23 871

Revenue streams	Jan-Jun 2020			Jan-Jun 2019		
	Wireless	Photonics	Total	Wireless	Photonics	Total
Hardware	9 227	7 053	16 281	13 614	13 027	26 640
NRE/Development projects	757	26 406	27 163	1 733	18 389	20 121
Support & Other	812	-	812	209	-	209
Total	10 796	33 459	44 255	15 555	31 415	46 970
Recognition						
At a point in time	9 227	520	9 747	13 614	2 014	15 628
Over time	1 568	32 940	34 508	1 941	29 401	31 343
Total	10 796	33 459	44 255	15 555	31 415	46 970

Geographic market						
North America	654	28 304	28 959	5 334	24 608	29 942
Europe	7 844	3 570	11 414	9 368	5 819	15 188
Asia	2 297	1 585	3 882	853	988	1 841
Total	10 796	33 459	44 255	15 555	31 415	46 970

EBITDA – earnings per segment	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Wireless	-7 043	809	-12 724	4 203	-13 483
Photonics	494	-2 871	-2 165	-8 035	-22 610
Group common costs*	-2 519	-4 338	-5 181	-8 172	-12 229
Total	-9 068	-6 400	-20 070	-12 003	-48 322

* Group common costs mainly relate to costs in the parent company that are not allocated to the segments for internal follow-up purpose

Wireless

Revenue for the second quarter 2020 amounted to SEK 4 537 thousand (7 194), a decrease of SEK 2 657 thousand. EBITDA amounted to SEK -7 043 thousand (809), a decrease of SEK 7 852 thousand.

The revenue decrease within Wireless can be explained by the fact that customers have been more careful with placing orders during April and May because of Covid-19.

The change in EBITDA is related to less capitalization of research/development expenditures in 2020 (about SEK -2 million for Wireless) compared to the same quarter last year and higher personnel costs (about SEK -5 million). The increase in personnel costs is mainly related to the fact that the market value of the personnel options increased and the group therefore increased social security fee provisions for the personnel incentive programs, corresponding to an amount of SEK 3,2 million, but also that the average number of employees has increased with approximately 5 persons within the business area compared to prior year.

However, a decrease in external expenses (related to, among other things, consultant fees) has reduced the negative EBITDA.

For the period January-June, revenue amounted to SEK 10 796 thousand (15 555), a decrease of SEK 4 759 thousand compared to the same period last year. The decrease of revenue for the first half year can be explained by less sales during April and May as a result of Covid-19, combined with the fact that sales for the first quarter 2019 included a number of so called End-of-Life products where corresponding products were not sold during 2020.

EBITDA amounted to SEK -12 724 thousand (4 203), a decrease of SEK 16 927 thousand. The decrease is a result of several circumstances, of which the most prominent are less capitalization of development expenses, decreased revenue, and increased personnel costs.

Photonics

Revenue for the second quarter 2020 amounted to SEK 16 908 thousand (16 677), an increase of SEK 231 compared to the same quarter last year.

Photonics has also been affected by a somewhat decline in demand from a few customers, but new orders from the Fortune 100 customers within important key projects have compensated for this.

EBITDA amounted to SEK 494 thousand (-2 871), an improvement of SEK 3 365 thousand. The improvement is mainly related to decreased other external expenses and decreased raw materials and consumable costs as a result of a different mix of goods sold during 2020. Also, during the second quarter 2020, Photonics received government grants of approximately SEK 2 million as a compensation for cash flow losses related to Covid-19 effects. The positive EBITDA is somewhat reduced by less capitalization of development expenses compared to the same quarter last year.

For the period January-June, revenue amounted to SEK 33 459 thousand (31 415), an increase of SEK 2 044 thousand. The increase is related to new orders from Fortune-100 customers.

EBITDA amounted to SEK -2 165 thousand (-8 035), an improvement of SEK 5 870 thousand. The improvement is mainly due to improved costs of raw materials and consumables and increased revenue.

Note 3 – Financial instruments

In the consolidated statements of financial position, there are receivables and liabilities within the business that will be held until maturity. These consist of accounts receivables, contract assets, cash and cash equivalents, accounts payable, other current liabilities, accrued expenses and hire-purchase liabilities. These are reported at amortized cost, which is an approximation to fair value. The credit risk for the receivables has been assessed as low.

Sivers IMA Group has short-term derivatives and embedded derivatives. These are recognized at fair value through profit and loss.

In the consolidated statements of financial position, there is also a convertible debt that is recognized at amortized cost. For this, the fair value is not expected to differ materially from the carrying amount.

Performance indicators



Group (SEK thousand)	2020-01-01 – 2020-06-30	2019-01-01 – 2019-06-30	2019-01-01 – 2019-12-31
PROFITABILITY			
Revenue growth (%)	-6%	74%	35%
EBITDA (KSEK)	-20 070	-12 003	-48 322
CAPITAL STRUCTURE			
Equity (thousand SEK)	301 079	326 176	288 533
Balance sheet total (thousand SEK)	447 091	461 731	424 268
Capital employed (thousand SEK)	385 705	369 407	375 322
Interest-bearing net debt (thousand SEK)	18 905	-21 463	34 561
Capital turnover rate (times)	0,1	0,1	0,2
Solvency (%)	67%	71%	68%
Leverage (%)	28%	24%	30%
CASH FLOW AND LIQUIDITY			
Cash flow before investments (thousand SEK)	-22 775	-8 637	-42 446
Cash flow after investments (thousand SEK)	-41 280	-38 599	-94 426
Cash and cash equivalents (thousand SEK)	65 721	100 641	52 228
INVESTMENTS			
Acquisition of tangible fixed assets (thousand SEK)	-970	-3 224	-8 789
Acquisition of intangible fixed assets	-17 535	-26 835	-43 287
Sale of tangible fixed assets	-	97	97
PERSONNEL			
Average number of employees	100	99	97
Turnover per employee	443	474	993
Total number of employees	99	94	99
DATA PER AKTIE			
Number of shares *	139 280 727	131 407 544	132 777 237
Average number of shares before dilution*	137 494 054	121 564 177	126 930 034
Earnings per share before and after dilution	-0,32	-0,23	-0,60
Equity per share (SEK)	2,16	2,48	2,17

* The number of shares and the average number of shares, in order to calculate equity per share and earnings per share, have been adjusted retrospectively to reflect the fund issues part in new issues during 2019 and 2020.

Definition of performance indicators



PROFITABILITY

Revenue growth (%)	Percentage change in revenue compared with the previous period
EBITDA	Profit before financial items, tax and depreciation and write-downs

CAPITAL STRUCTURE

Equity (SEK thousand)	Equity by the end of the period
Balance sheet total (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 net debt (SEK thousand)	Net interest-bearing provisions and liabilities minus financial assets including liquid assets
Capital turnover rate (times)	Sales for the year divided by the average balance sheet total
Solvency (%)	Equity as a percentage of total assets
Leverage (%)	Interest-bearing liabilities divided by equity

CASH FLOW AND LIQUIDITY

Cash flow before investing activities (SEK thousand)	Profit after financial items including 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

PERSONNEL

Average number of employees	Average number of employees for the period
Turnover per employee	Turnover divided by average number of employees
Total number of employees	Total number of employees, end of period

DATA PER SHARE

Earnings per share (SEK)	Profit for the period divided by average number of shares
Equity per share (SEK)	Equity divided by total number of shares at the end of the period
