

# Q2

## Interim Report April–June 2023

# Gapwaves AB Interim Report April–June 2023, Q2

## Second quarter April–June 2023

- Net sales decreased to MSEK 8.9 (16.4).
- EBITDA was MSEK –9.5 (–3.8).
- EBIT decreased to MSEK –11.6 (–5.3).
- Loss for the period amounted to MSEK –13.8 (–4.8).
- Earnings per share before and after dilution were negative (neg.).
- Cash flow for the period amounted to MSEK –52.4 (–11,1).
- Cash and cash equivalents for the Group amounted to MSEK 119.7 (182.3).
- Gapwaves assumed a new strategic position in the market for complete radar sensors outside Automotive segment, by making an investment in Sensrad AB corresponding to 30% of Sensrad's share capital.

- An order was received from a leading European Tier 1 supplier concerning a new project for a high-resolution radar antenna with an order value of approximately MSEK 1.
- An order was received from Hella for the design, development and production of antenna prototypes for their new generation of radar sensors with an order value of approximately MSEK 3.7.
- Gapwaves started a collaboration with a market-leading chip supplier for joint development of a demonstrator for a new radar sensor.
- An order was received from Sensrad for the design, development and production of antenna prototypes for their new generation of 4D imaging radar sensors with an estimated order value of approximately MSEK 4.5.

## Significant events after the end of the period

- After the end of the period, a new order for high-resolution radar antennas was received from the European Tier 1 supplier whom also placed a purchase order in the first quarter of 2023. The order is valued at approximately MSEK 3.7, with delivery expected during the third quarter of 2023.
- In addition, Gapwaves received a new order from Hella regarding development of antennas for the next generation radar sensors, with an order value of approximately MSEK 4.0 and with expected delivery in the third and fourth quarter 2023.

## Key performance indicators – Group

KSEK	Period				Full year
	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
<b>Net sales</b>	<b>8,908</b>	<b>16,369</b>	<b>13,784</b>	<b>22,143</b>	64,023
EBITDA	–9,462	–3,772	–25,550	–12,003	–14,789
EBIT	–11,618	–5,286	–29,964	–15,094	–22,768
Loss for the period	–13,814	–4,828	–31,687	–14,822	–18,013
Cash flow for the period	–52,414	–11,053	–65,680	–28,849	–25,726
Equity/assets ratio, %	86.6	91.1	86.6	91.1	88.2
Average no. of shares	31,146,299	30,711,299	31,146,299	30,711,299	31,146,299
Earnings per share before and after dilution (SEK)	neg.	neg.	neg.	neg.	neg.
No. of FTEs	34	27	34	27	31

# Increased activity in Automotive

The second quarter of 2023 was characterized by a high level of activity, primarily in the Automotive segment where work on the development of antennas for customers' future radar sensors continued. During the quarter, we started a new strategic initiative by investing in Sensrad in order to assume a stronger position in radar sensors for Mobility, SmartCity and other industrial applications.

The level of activity in ongoing projects was high during the quarter which resulted in net sales of MSEK 8.9 (16.4) which mainly comprise of project revenue and in line with our expectations. Previous year we had extraordinary revenue from sales of production equipment which largely explains the decrease compared to the same period last year.

## Strong interest from Automotive

We have noted a continued increase in interest from subsuppliers in Automotive, referred to as Tier 1 suppliers. During the quarter, discussions

began with several new Tier 1 suppliers, who expressed their interest based on a need for new antenna technology for their coming generations of radar sensors, which require a higher resolution for increased autonomous driving.

This resulted in an additional order (worth approximately MSEK 3.7) for the development of an antenna for high-resolution vehicle radars. The customer is European, and one of the world's top leading Tier 1 companies. As this is the third project with the customer since Q3 2022, we can now consider this customer an established collaboration partner, and hereby adding another Tier 1 to the series of collaboration partners.

The partnership with Hella progresses and expands. In the previous project, we have developed an antenna for the next generation radar sensors. These antennas are now ready for production, with estimated production start in 2024. We have also been involved in the development of antennas for a coming generation of radar sensors and during the quarter Hella ordered additional parts in this project.

## Slowdown in Mobility

Our other primary segment consists of mobility applications outside the automotive industry. Mobility consists of, for example, radar sensors in transport solutions such as trucks, but also of



"During the quarter, discussions began with several new Tier 1 suppliers, who expressed their interest based on a need for new antenna technology for their coming generations of radar sensors."



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individual applications in agriculture, mining and airports as well as fully automated vehicles such as robotaxis and shared mobility solutions.

The segment continued to slow during the quarter and the industry was dominated by reductions and postponed business plans caused by the prevailing economic uncertainty and financing difficulties. The need for our antenna technology and high-performance radar sensors remains, but our assessment is that the conditions for new business will be temporary limited for the rest of the year. However, this will provide us with good opportunities to continue to develop projects and our business with new customers in Automotive.

#### **Developing production capacity in Europe**

Our customers have an explicit expectation on us and other manufacturers to offer production capacity also outside China, especially in Europe, and eventually also in North America.

We therefore worked intensely during the quarter with several potential European production partners to identify and qualify production capacity.

#### **We are continuing to build capacity**

Due to strong demand, we have noted a need to expand our development capacity. Today, the organization is 20 to 25% larger than it was one year

ago. This provides us with the prerequisites to be able to grow together with our existing customers while also welcoming new customers.

#### **Strategic investment in Sensrad AB**

During the quarter, we acquired shares in Sensrad AB as a step in our strategy to assume a stronger position in the value chain for high-performance imaging radar sensors in addition to antennas. As such, we are increasing our position in the value chain and can both deliver antennas and be active in offering complete radar sensors, which we believe the Mobility and SmartCity segments outside Automotive need.

Following the investment, Gapwaves owns 30% of the shares in Sensrad and has the possibility to acquire an additional 30% in the next 12 to 15 months.

At the end of 2023, Sensrad is planning to launch its first commercial version of the company's industrial radar sensor Hugin-C and we are seeing a big potential for commercial expansion for Sensrad in the coming years.

Gothenburg, August 23, 2023

Jonas Ehinger  
CEO Gapwaves AB (publ)

# About Gapwaves

Gapwaves AB (publ), Corp. Reg. No. 556840-2829, is a Parent Company registered in Sweden with its headquarters in Gothenburg.

Gapwaves AB originates from research conducted at Chalmers University of Technology and was founded in 2011 to commercialize innovations for products with mm-wave technology. Gapwaves' vision is to be the most innovative provider of mm-wave antenna systems and the preferred partner to those pioneering next generation wireless technology. By leveraging the disruptive Gapwaves technology, we help pioneers in automotive and telecom to create highly efficient mm-wave antenna systems that contributes to re-defining everyday life.

## Regulations and testing drive radar volumes and waveguide antennas

As of 2022, 76-81 GHz frequency band is the only approved frequency band for vehicle radars. The broadband part of the spectrum for the frequency band that was previously allocated at 24 GHz has been completely removed. The shift in the global standard for vehicle radars has resulted in the automotive industry placing higher demands on radar performance, and radars needing to cover

the entire frequency band of 76-81 GHz, requirements that traditional circuit-board-based (PCB) antenna technology cannot fully meet. Furthermore, the EU has introduced new legal requirements and Euro NCAP\* has introduced new test protocols, which have become strong driving forces for increasing radar volumes and growing demand for high-performance and cost-efficient waveguide antennas. All new car models from 2022 must have one to seven radars in their sensor suit and the trend is moving toward leading Tier 1 suppliers and automotive manufacturers planning to use waveguide antennas in their future radar sensors.

Gapwaves is well positioned to capture a large market share of the high-volume production in vehicle radar, as our patented technology offers the unique possibility to manufacture antennas in high volumes, with a high performance and cost-efficiently. These are advantages that will significantly increase the demand for Gapwaves' antennas when radar sensors and advanced vehicle safety become standard in most car models.

\* Euro NCAP, The European New Car Assessment Program. An organization that designs and performs vehicle testing using a five-star safety rating system. These tests simplify real accident scenarios that could result in passengers or other road users being injured or dying.

## Focus areas 2023

The greatest advantages of Gapwaves' technology can be applied in the markets for radar sensors for Advanced Driving Assistance Systems (ADAS) and autonomous vehicles. It is also in these areas that we have noted the greatest interest from the market. By entering into agreements and partnerships with Veoneer, Hella and Bosch, Gapwaves has assumed a strong position as a leading global supplier of waveguide antennas in the markets for ADAS and varying types of autonomous vehicles. Gapwaves has a solid basis for continued growth, which also includes own volume production beginning in 2026. This position creates synergies in efforts to secure more business, for which Gapwaves can offer development and design of antennas and also in-house high-volume production. This is in line with the long-term plan and brings the company closer to its vision: Gapwaves' antenna technology will become standard for antennas for radar sensors.

## Strategic investment in the market for complete radar sensors

With the investment in Sensrad AB, Gapwaves is moving towards a new strategic position in the radar market for Mobility, surveillance and smart cities. With Gapwaves antenna, Sensrad will launch a complete 4D imaging radar in 2023 based on sophisticated software and hardware technology, including the leading radar chip from Arbe and Gapwaves' high-performance antenna technology.

This is a product that we have seen considerable interest in and a major need for in our dialogues with numerous customers. The investment provides Gapwaves with increased access to new, highly expansive market and product segments such as infrastructure, surveillance, excavators and more in the Mobility segment.

## Sensrad AB

Sensrad AB is a recent spin-off from Qamcom Group's radar division and offers a unique 4D imaging radar sensor based on the latest software and hardware technology, including the leader radar chipset from Arbe. Sensrad is based in Gothenburg and currently has approximately 20 employees with highly relevant radar and signal processing experience. Sensrad has an established business and has already delivered prototype volumes of their 4D imaging radar to their customers in infrastructure, surveillance and mobility radar business. 4D imaging radar technology is providing a leap forward in the capability of radar sensors. The fourth dimension enables objects to be separated in elevation; a significant advantage compared to today's, in-service radar sensors. Sensrad currently offers two proprietary products: Hugin – Dynamic 4D Imaging Radar, aiming at radar solutions within transportation, robotized vehicles and aerial vehicles and Munin – Static 4D Imaging Radar, aiming at radar solutions within infrastructure and surveillance.

Qamcom Group is a leading research and technology company with deep competence within hardware, software and system development. Qamcom was founded in 2001, is based in Gothenburg and currently has around 150 employees with research education and long industry experience combined with flexible, innovative approaches to technology development.



# Financial overview

## Quarter: April–June 2023

### Net sales

The Group's net sales for the second quarter amounted to KSEK 8,908 (16,369), corresponding to a decline of 45.6%. Net sales were primarily attributable to project and prototype revenue from Bosch, Hella and a leading European Tier 1 supplier that is new to Gapwaves. The decline in sales is mainly attributable to the Group having received revenue from sales of production equipment of approximately KSEK 5,237 in the second quarter of 2022, which did not occur in the second quarter of 2023. The decline is also a result of the company's business varying widely between different quarters, and the fact that it currently primarily targets major long-term development projects. In addition to income from customer engagements, subsidies from three research projects amounting to KSEK 1,340, positive exchange rate gains of KSEK 128 and forward invoicing of consultancy costs to Sensrad AB of KSEK 806 were recognized under other operating income. The corresponding consultancy costs are also recognized within operating expenses.

### EBITDA and EBIT

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the quarter was KSEK –9,462 (–3,772). Operating expenses excluding

depreciation/amortization amounted to KSEK 20,645 (20,891). The lower EBITDA for the quarter was largely due to lower sales and increased personnel costs attributable to a higher number of staff. The Group also had higher travel costs and increased expenses for consultants. EBIT for the quarter was KSEK –11,618 (–5,286).

### Loss for the period

Net financial items amounted to KSEK –2,199 (458), attributable to shares in associated companies and interest income for bank deposits. Loss for the period was KSEK –13,814 (–4,828).

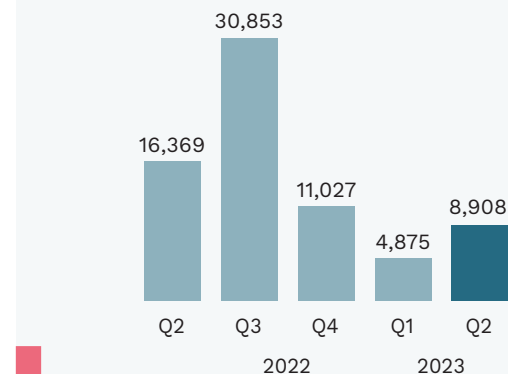
### Financial position and liquidity

Total assets on June 30, 2023 amounted to KSEK 219,729 (233,356). Equity on June 30, 2023 was KSEK 190,192 (212,691). Cash and cash equivalents on June 30, 2023 was KSEK 119,747 (182,285). Gapwaves does not have any financial liabilities.

### Cash flow and investments

Cash flow from operating activities amounted to KSEK –9,024 (–12,457). Cash flow from investing activities amounted to KSEK –43,390 (1,765). Cash flow from financing activities amounted to KSEK 0 (–362). Cash flow for the period amounted to KSEK –52,414 (–11,053) and was primarily related to the investment in Sensrad AB.

### Net sales



## Period: January–June 2023

### Net sales

The Group's net sales for the period amounted to KSEK 13,784 (22,143), corresponding to a decline of 37.8%. Net sales were primarily attributable to project and prototype revenue from Bosch, Hella and a leading European Tier 1 supplier that is new to Gapwaves during the second quarter. The decline in sales is, like the second quarter, mainly attributable to the Group having received revenue from sales of production equipment of approximately KSEK 5,237 in the second quarter of 2022, which did not occur in the second quarter of 2023. The decline is also a result of the company's business varying widely during the year and the fact that it currently primarily targets major long-term development projects. In addition to income from customer engagements, subsidies from three research projects amounting to KSEK 2,689, positive exchange rate gains of KSEK 298 and forward invoicing of consultancy costs to Sensrad AB of KSEK 806 were recognized under other operating income.

### EBITDA and EBIT

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the period was KSEK –25,550 (–12,003). Operating expenses excluding depreciation/amortization amounted to KSEK 43,128 (36,103).

The lower EBITDA for the period was largely due to lower sales and increased personnel costs attributable to a higher number of staff. The Group also had increased expenses for consultants, higher travel costs and patent expenses. EBIT for the period was KSEK –29,964 (–15,094).

### Loss for the period

Net financial items amounted to KSEK –1,725 (272), attributable to shares in associated companies and interest income for bank deposits. Loss for the period amounted to KSEK –31,689 (–14,822).

### Cash flow and investments

Cash flow from operating activities amounted to KSEK –21,777 (–26,566). Cash flow from investing activities amounted to KSEK –43,903 (–2,054). Cash flow from financing activities amounted to KSEK 0 (–229). Cash flow for the period amounted to KSEK –65,680 (–28,849) and was primarily related to the investment in Sensrad AB.



# Other disclosures

## Accounting policies

The company applies the Swedish Annual Accounts Act and Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual reports and consolidated financial statements (K3). All balance-sheet items are also measured at historical cost in accordance with Chapter 11 of K3.

## Risks and uncertainties

### Operational risks

In the daily operating activities, there are risk factors that may affect the company's business and financial position. The risks are associated with the development operations running according to plan, that the company can recruit qualified personnel and that the technology can be industrialized to the extent that scalability is achieved. In order to develop a component that is part of a larger system, the company is dependent on cooperation with other component manufacturers and customers with the risk that Gapwaves experiences shortages of components and deferred or canceled projects.

### Market risks

Gapwaves' technology is mainly being used as a component in a larger system, for example, in vehicle radar or mobile telecommunications networks. As such, there are risks linked to potential customers' preferences for the technology, to the integration of the technology as well as the demand for the final product. As a developer of products that are not currently on the market, there are risks and uncertainties linked to schedules, customer needs

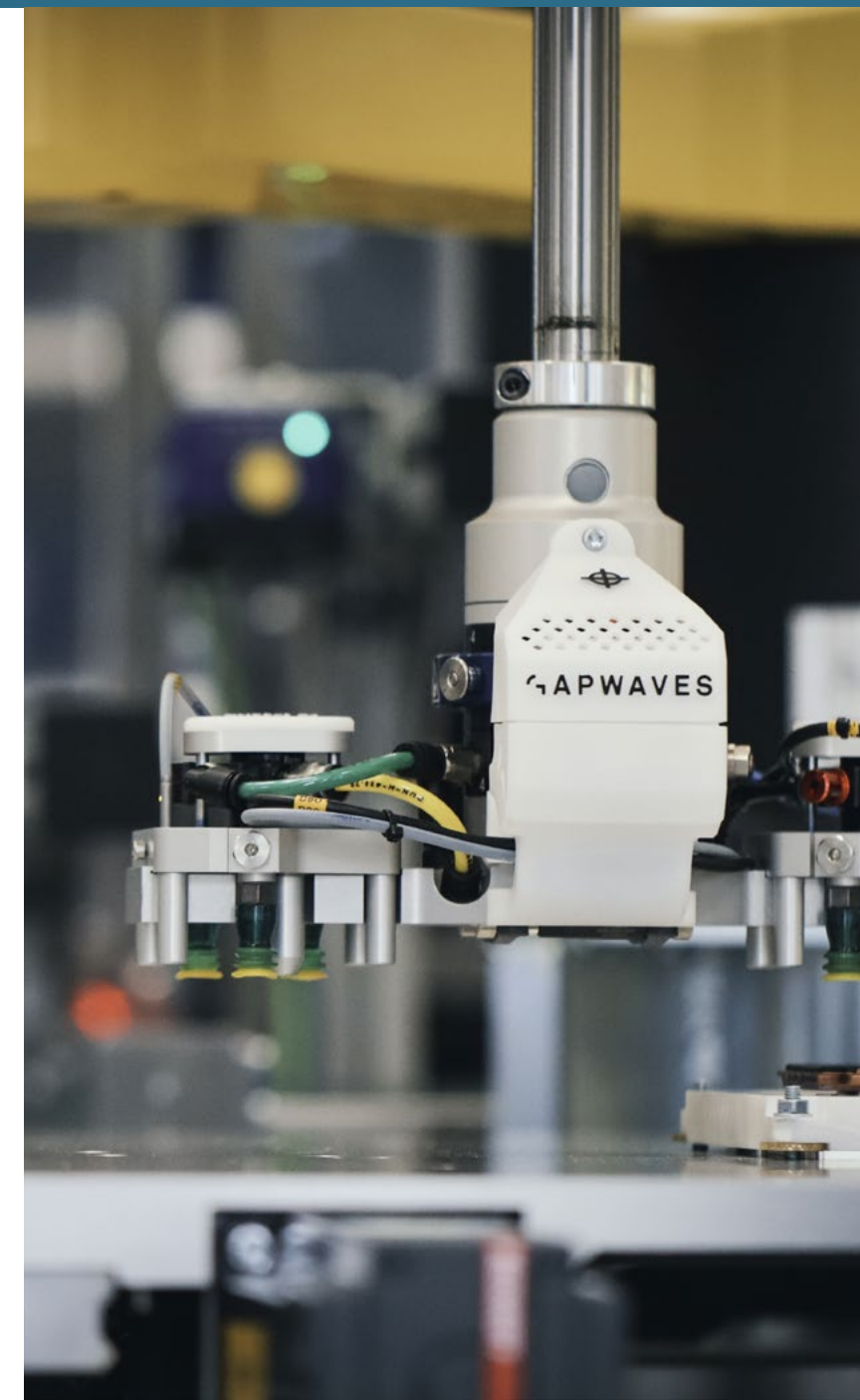
and competitors. A delay or failure to introduce the next generation of vehicle radar in the automotive industry or the introduction of 5G in the telecom industry may entail a risk of lower growth rates in the area than expected. Russia's invasion of Ukraine has severely affected the global economy and created great uncertainty. Gapwaves has no ongoing business with either Russia or Ukraine and has so far not been adversely affected by the war. Gapwaves is monitoring the situation related to the war with contingency plans in place to minimize any negative effects. Continued high interest rates, energy prices and inflation that affected the world during 2022 and the first half of 2023 have not adversely affected Gapwaves to date. However, for Gapwaves, like for other companies, the situation may change since the future is difficult to assess.

### Financing risk

The company is financed through equity. Even if the company generates revenue, capital needs may arise as the company grows. In this case, the company will also be exposed to financing risks. Following the share issue that was carried out in connection with Hella joining as owner in June 2021, the Board assesses that the company is well capitalized and that the financing risk has decreased in the short term.

### Seasonal variations

Over the next few years, the company's sales are expected to largely comprise development projects that reflect customer needs and product



## Financial calendar

- Q3 2023 Interim Report: October 26, 2023
- 2023 Year-end Report: February 9, 2024

development cycles. This is expected to create a certain level of volatility in sales between quarters.

### Organization

The number of permanent employees in the Group as per June 30, 2023 was 34 (27).

### ESG activities

Gapwaves' Sustainability Director, Oskar Thordén, is leading a review of the company's vision and strategy to ensure that they comply with the UN Sustainable Development Goals (SDGs) in accordance with Agenda 2030. This review will result in short-term and long-term targets and a strategy to achieve them. Sustainability is to be an integrated part of the company's business model, way of working and values to attract competent personnel and investors and create competitive products.

### Warrants: Series 2022/2025

At the Extraordinary General Meeting on June 10, 2022, the shareholders decided to issue a warrant program (Series 2022/2025) for all permanent employees (540,000 warrants) and the Board of Directors (100,000 warrants), a total of 640,000 warrants. The warrants may be exercised for subscription of B shares in the company during the period between June 9, 2025 and August 29, 2025. A total of 502,541 warrants were subscribed for at a subscription price of SEK 38.20. The price per warrant was set at SEK 7.18 through an external valuation. The total dilutive effect on full exercise is expected to

be approximately 2.3% of the outstanding capital and 0.65% of the outstanding votes.

### LTI 2022

At the Extraordinary General Meeting on August 19, 2022, the shareholders resolved to approve the Board's proposal to issue a long-term incentive program for senior executives and other key individuals in the Group. The aim of the program is to strengthen the Group's ability to recruit and retain key individuals. LTI 2022 comprises a maximum of 13 key individuals in the Group. The maximum number of performance share rights that can be allocated in accordance with LTI 2022 is to be limited to 642,595. The targets for the program were established by the Board at the end of the quarter, at which point five key individuals were invited to participate with the opportunity of earning a maximum of 360,656 performance share rights. The company did not incur any costs related to the program during the quarter.

### Related party transactions

The company did not have any transactions with related parties during the second quarter of 2023.

### Annual General Meeting

The Annual General Meeting (AGM) for the 2022 financial year was held on May 3, 2023.

### Review by auditors

This report is unaudited.

## Significant events during the quarter

- Gapwaves assumed a new strategic position in the market for complete radar sensors outside Automotive segment, by making an investment in Sensrad AB corresponding to 30% of Sensrad's share capital.
- An order was received from a leading European Tier 1 supplier concerning a new project for a high-resolution radar antenna with an order value of approximately MSEK 1.
- An order was received from Hella for the design, development and production of antenna prototypes for their new generation of radar sensors with an order value of approximately MSEK 3.7.
- Gapwaves started a collaboration with a market-leading chip supplier for joint development of a demonstrator for a new radar sensor.
- An order was received from Sensrad for the design, development and production of antenna prototypes for their new generation of 4D imaging radar sensors with an estimated order value of approximately MSEK 4.5.

## Significant events after the end of the period

- After the end of the period, a new order for high-resolution radar antennas was received from the European Tier 1 supplier whom also placed a purchase order in the first quarter of 2023. The order is valued at approximately MSEK 3.7, with delivery expected during the third quarter of 2023.
- In addition, Gapwaves received a new order from Hella regarding development of antennas for the next generation radar sensors, with an order value of approximately MSEK 4.0 and with expected delivery in the third and fourth quarter 2023.

# Share and shareholders

## Share

Gapwaves' B share has been listed on Nasdaq First North Growth Market Stockholm since November 18, 2016 and trading takes place under the ticker GAPWB. As of June 30, 2023, the company had approximately 7,600 shareholders. The company has a total of 31,146,299 shares, of which 7,667,500 are A shares and 23,478,799 are B shares. Each A share entitles the holder to ten votes and each B share entitles the holder to one vote. As of June 30, the share capital was SEK 1,868,778 which represents a quotient value of SEK 0.06 per share.

## Certified adviser

G&W Fondkommission is the company's certified adviser. [www.gwkapital.se](http://www.gwkapital.se)

## Analysts following Gapwaves

Redeye – Rasmus Jacobsson

## Ten largest shareholders based on no. of votes (A and B shares)

	A shares	B shares	Votes	Share of equity, %	Share of voting power, %
Kildal Antenn AB, incl. related parties	5,618,000	390,200	56,570,200	19.29	56.48
Lars-Inge Sjöqvist and companies	848,000	161,048	8,641,048	3.24	8.63
Jian Yang	509,500	22,613	5,117,613	1.71	5.11
Abbas Vosoogh and companies	265,000	546,658	3,196,658	2.61	3.19
HELLA GmbH & Co. KGaA	—	3,122,400	3,122,400	10.02	3.12
Peter Enoksson	185,500	92,750	1,947,750	0.89	1.94
Ashraf Uz Zaman	165,000	100,000	1,750,000	0.85	1.75
Avanza Pension	—	1,476,839	1,476,839	4.74	1.47
Nordnet pensionsförsäkring AB	—	1,016,325	1,016,325	3.26	1.01
BNP Paribas Sec Serv Luxembourg	—	627,197	627,197	2.01	0.63
Other	76,500	15,922,769	16,687,769	51.37	16.66
<b>Total</b>	<b>7,667,500</b>	<b>23,478,799</b>	<b>100,153,799</b>	<b>100.00</b>	<b>100.00</b>

Source: Euroclear

# Income statement

Consolidated Group

KSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Full year 2022
<b>OPERATING INCOME</b>					
Net sales	8,908	16,369	13,784	22,143	64,023
Capitalized development costs	—	233	—	533	914
Other operating income	2,275	517	3,794	1,425	6,011
<b>Total</b>	<b>11,183</b>	<b>17,119</b>	<b>17,578</b>	<b>24,100</b>	<b>70,948</b>
<b>OPERATING EXPENSES</b>					
Goods for resale	–3,744	–6,078	–4,854	–8,007	–21,754
Other external costs	–6,351	–6,909	–16,888	–13,782	–29,248
Personnel costs	–10,451	–7,874	–21,229	–14,242	–33,714
Depreciation/amortization of property, plant and equipment and intangible assets	–2,156	–1,514	–4,414	–3,091	–7,979
Other operating expenses	–99	–30	–157	–72	–1,021
<b>Total operating expenses</b>	<b>–22,801</b>	<b>–22,405</b>	<b>–47,542</b>	<b>–39,194</b>	<b>–93,716</b>
<b>EBIT</b>	<b>–11,618</b>	<b>–5,286</b>	<b>–29,964</b>	<b>–15,094</b>	<b>–22,768</b>
<b>FINANCIAL ITEMS</b>					
Results from shares in associated companies	–3,416	–287	–3,416	–404	3,503
Financial income	1,217	745	1,696	745	1,302
Financial expenses	—	—	–5	–69	–56
<b>Total financial items</b>	<b>–2,199</b>	<b>458</b>	<b>–1,725</b>	<b>272</b>	<b>4,748</b>
<b>Loss after financial items</b>	<b>–13,817</b>	<b>–4,828</b>	<b>–31,689</b>	<b>–14,822</b>	<b>–18,020</b>
<b>TAX</b>					
Deferred tax	—	—	—	—	8
Tax as a result of changed taxation in the preceding year	3	—	3	—	—
Tax on loss for the period	—	—	—	—	—
<b>LOSS FOR THE PERIOD</b>	<b>–13,814</b>	<b>–4,828</b>	<b>–31,687</b>	<b>–14,822</b>	<b>–18,013</b>
Earnings per share before and after dilution (SEK)	Neg.	Neg.	Neg.	Neg.	Neg.
Average no. of shares for the period	31,146,299	30,711,299	31,146,299	30,711,299	31,146,299

# Balance sheet

Consolidated Group

KSEK	Jun 30, 2023	Dec 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Capitalized expenditure on research and development and similar works	3,845	5,259
Concessions, patents, licenses, trademarks and similar rights	14,889	16,754
<b>Total intangible assets</b>	<b>18,734</b>	<b>22,013</b>
<b>Property, plant and equipment</b>		
Equipment, tools, fixtures and fittings	7,582	7,239
Construction in progress	50	598
<b>Total property, plant and equipment</b>	<b>7,632</b>	<b>7,837</b>
<b>Financial assets</b>		
Shares in associated companies	39,529	—
Deferred tax assets	3,063	3,446
Long-term deposits	669	642
<b>Total financial assets</b>	<b>43,261</b>	<b>4,088</b>
<b>Total non-current assets</b>	<b>69,627</b>	<b>33,938</b>
<b>Current assets</b>		
<b>Inventories</b>		
Raw materials and consumables	1,785	1,609
<b>Total inventories</b>	<b>1,785</b>	<b>1,609</b>
<b>Current receivables</b>		
Accounts receivable	9,045	9,161
Other receivables	1,315	1,916
Current tax assets	—	3
Prepaid expenses and accrued income	18,210	19,456
<b>Total current receivables</b>	<b>28,570</b>	<b>30,536</b>
<b>Cash and bank balances</b>		
Cash and bank balances	119,747	185,428
<b>Total cash and bank balances</b>	<b>119,747</b>	<b>185,428</b>
<b>Total current assets</b>	<b>150,102</b>	<b>217,573</b>
<b>TOTAL ASSETS</b>	<b>219,729</b>	<b>251,511</b>

# Balance sheet

Consolidated Group

KSEK	Jun 30, 2023	Dec 31, 2022
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,869	1,869
Other contributed capital	426,146	426,146
Other equity including loss for the period	-237,822	-206,134
<b>Total equity</b>	<b>190,192</b>	<b>221,880</b>
<b>Provisions</b>		
Deferred tax	3,063	3,446
<b>Total provisions</b>	<b>3,063</b>	<b>3,446</b>
<b>Current liabilities</b>		
Accounts payable	7,443	5,789
Current tax liabilities	163	67
Other liabilities	10,141	11,698
Accrued expenses and deferred income	8,727	8,632
<b>Total current liabilities</b>	<b>26,474</b>	<b>26,186</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>219,729</b>	<b>251,511</b>

# Statement of changes in equity

Consolidated Group

KSEK	Share capital	Other contributed capital	Other equity including loss for the period	Total equity
			Retained earnings, etc	
Opening balance Jan 1, 2023	1,869	426,146	-206,134	221,880
Loss for the period	—	—	-31,687	-31,687
Closing balance Jun 30, 2023	1,869	426,146	-237,822	190,192



# Cash flow statement

Consolidated Group

KSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Full year 2022
<b>Operating activities</b>					
EBIT	–11,618	–5,286	–29,964	–15,094	–22,768
Adjustments for non-cash items, etc	2,818	2,315	5,071	3,823	9,591
Interest received	555	—	1,034	—	67
Interest paid	—	–55	—	–55	–56
Paid tax	59	21	96	21	132
<b>Cash flow from operating activities before changes in working capital</b>	<b>–8,186</b>	<b>–3,004</b>	<b>–23,764</b>	<b>–11,305</b>	<b>–13,034</b>
<b>Changes in working capital</b>					
Changes in operating receivables	–524	–8,667	1,970	–9,675	–10,836
Changes in operating liabilities	–144	–328	193	–4,846	1,421
Changes in inventories	–169	–457	–176	–740	–940
<b>Cash flow from operating activities</b>	<b>–9,024</b>	<b>–12,457</b>	<b>–21,777</b>	<b>–26,566</b>	<b>–23,389</b>
<b>Investing activities</b>					
Acquisition of intangible assets	—	—	—	—	–1,591
Acquisition of property, plant and equipment	–417	1,765	–930	–2,054	–502
Acquisition of associated companies	–42,945	—	–42,945	—	—
Long-term deposits	–28	—	–28	—	–15
<b>Cash flow from investing activities</b>	<b>–43,390</b>	<b>1,765</b>	<b>–43,903</b>	<b>–2,054</b>	<b>–2,108</b>
<b>Financing activities</b>					
Share options program	—	–362	—	–229	–229
<b>Cash flow from financing activities</b>	<b>—</b>	<b>–362</b>	<b>—</b>	<b>–229</b>	<b>–229</b>
<b>Cash flow for the period</b>	<b>–52,414</b>	<b>–11,053</b>	<b>–65,680</b>	<b>–28,849</b>	<b>–25,726</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>172,160</b>	<b>193,360</b>	<b>185,428</b>	<b>211,155</b>	<b>211,155</b>
<b>Cash and cash equivalents at end of period</b>	<b>119,747</b>	<b>182,308</b>	<b>119,747</b>	<b>182,308</b>	<b>185,428</b>

# Income statement

Parent Company

KSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Full year 2022
<b>OPERATING INCOME</b>					
Net sales	8,908	16,369	13,784	22,143	64,023
Capitalized development costs	—	233	—	533	914
Other operating income	2,275	517	3,794	1,425	6,011
	<b>11,183</b>	<b>17,119</b>	<b>17,578</b>	<b>24,100</b>	<b>70,948</b>
<b>OPERATING EXPENSES</b>					
Goods for resale	–3,744	–6,078	–4,854	–8,007	–21,754
Other external costs	–6,351	–6,909	–16,888	–13,782	–29,243
Personnel costs	–10,451	–7,874	–21,230	–14,243	–33,714
Depreciation/amortization of property, plant and equipment and intangible assets	–1,227	–1,514	–2,556	–3,091	–6,121
Other operating expenses	–99	–30	–157	–72	–1,021
<b>Total operating expenses</b>	<b>–21,872</b>	<b>–22,405</b>	<b>–45,684</b>	<b>–39,194</b>	<b>–91,853</b>
<b>EBIT</b>	<b>–10,689</b>	<b>–5,285</b>	<b>–28,107</b>	<b>–15,094</b>	<b>–20,905</b>
<b>FINANCIAL ITEMS</b>					
Financial income	1,217	745	1,695	676	1,302
Financial expenses	—	—	–5	—	–56
<b>Total financial items</b>	<b>1,217</b>	<b>745</b>	<b>1,691</b>	<b>676</b>	<b>1,246</b>
<b>Loss after financial items</b>	<b>–9,472</b>	<b>–4,540</b>	<b>–26,416</b>	<b>–14,418</b>	<b>–19,659</b>
<b>TAX</b>					
Tax on loss for the period	—	—	—	—	—
<b>LOSS FOR THE PERIOD</b>	<b>–9,472</b>	<b>–4,540</b>	<b>–26,416</b>	<b>–14,418</b>	<b>–19,659</b>
Earnings per share before and after dilution (SEK)	Neg.	Neg.	Neg.	Neg.	Neg.
Average no. of shares for the period	31,146,299	30,711,299	31,146,299	30,711,299	31,146,299

# Balance sheet

Parent Company

KSEK	Jun 30, 2023	Dec 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Capitalized expenditure on research and development and similar works	3,845	5,259
Concessions, patents, licenses, trademarks and similar rights	22	28
<b>Total intangible assets</b>	<b>3,867</b>	<b>5,287</b>
<b>Property, plant and equipment</b>		
Equipment, tools, fixtures and fittings	7,582	7,239
Construction in progress	50	598
<b>Total property, plant and equipment</b>	<b>7,632</b>	<b>7,837</b>
<b>Financial assets</b>		
Shares in subsidiaries	15,464	15,464
Shares in associated companies	42,945	—
Long-term deposits	669	642
<b>Total financial assets</b>	<b>59,078</b>	<b>16,106</b>
<b>Total non-current assets</b>	<b>70,577</b>	<b>29,230</b>
<b>Current assets</b>		
<b>Inventories</b>		
Raw materials and consumables	1,785	1,609
<b>Total inventories</b>	<b>1,785</b>	<b>1,609</b>
<b>Current receivables</b>		
Accounts receivable	9,045	9,161
Other receivables	1,312	1,916
Prepaid expenses and accrued income	18,210	19,456
<b>Total current receivables</b>	<b>28,567</b>	<b>30,533</b>
<b>Cash and bank balances</b>		
Cash and bank balances	119,703	185,384
<b>Total cash and bank balances</b>	<b>119,703</b>	<b>185,384</b>
<b>Total current assets</b>	<b>150,055</b>	<b>217,526</b>
<b>TOTAL ASSETS</b>	<b>220,632</b>	<b>246,756</b>

# Balance sheet

Parent Company

KSEK	Jun 30, 2023	Dec 31, 2022
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	1,869	1,869
Development expenditure fund	3,845	5,259
<b>Total restricted equity</b>	<b>5,714</b>	<b>7,128</b>
<b>Non-restricted equity</b>		
Share premium reserve	426,146	426,146
Retained earnings	-211,285	-193,041
Loss for the period	-26,416	-19,659
<b>Total non-restricted equity</b>	<b>188,446</b>	<b>213,446</b>
<b>Total equity</b>	<b>194,158</b>	<b>220,574</b>
<b>Current liabilities</b>		
Accounts payable	7,443	5,789
Current tax liabilities	163	64
Other liabilities	10,141	11,698
Accrued expenses and deferred income	8,727	8,632
<b>Total current liabilities</b>	<b>26,474</b>	<b>26,183</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>220,632</b>	<b>246,756</b>

# Statement of changes in equity

Parent Company

KSEK	Restricted equity		Non-restricted equity			Total equity
	Share capital	Development expenditure fund	Share premium reserve	Retained earnings	Loss for the year	
<b>Opening balance Jan 1, 2023</b>	<b>1,869</b>	<b>5,259</b>	<b>426,146</b>	<b>-193,041</b>	<b>-19,659</b>	<b>220,574</b>
Reallocation profit/loss prev. year	—	—	—	-19,659	19,659	—
Changes in development expenditure fund for the year	—	-1,414	—	1,414	—	—
Loss for the period	—	—	—	—	-26,416	-26,416
<b>Closing balance Jun 30, 2023</b>	<b>1,869</b>	<b>3,845</b>	<b>426,146</b>	<b>-211,285</b>	<b>-26,416</b>	<b>194,158</b>



# Cash flow statement

Parent Company

KSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Full year 2022
<b>Operating activities</b>					
EBIT	–10,689	–5,285	–28,107	–15,094	–20,905
Adjustments for non-cash items, etc	1,889	2,315	3,213	3,823	7,355
Interest received	555	—	1,034	—	67
Interest paid	—	–55	—	–55	–56
Paid tax	62	21	99	21	124
<b>Cash flow from operating activities before changes in working capital</b>	<b>–8,183</b>	<b>–3,004</b>	<b>–23,761</b>	<b>–11,305</b>	<b>–13,415</b>
<b>Changes in working capital</b>					
Changes in operating receivables	–527	–8,667	1,967	–9,675	–10,826
Changes in operating liabilities	–144	–349	192	–4,866	2,072
Changes in inventories	–169	–457	–176	–740	–941
<b>Cash flow from operating activities</b>	<b>–9,023</b>	<b>–12,481</b>	<b>–21,778</b>	<b>–26,587</b>	<b>–23,109</b>
<b>Investing activities</b>					
Acquisition of property, plant and equipment	–417	1,765	–930	–2,054	–502
Acquisition of associated companies	–42,945	—	–42,945	—	—
Acquisition of subsidiaries	—	—	—	—	–1,591
Earnout Metasum AB	—	—	—	—	–325
Long-term deposits	–28	—	–28	—	–15
<b>Cash flow from investing activities</b>	<b>–43,390</b>	<b>1,765</b>	<b>–43,903</b>	<b>–2,054</b>	<b>–2,432</b>
<b>Financing activities</b>					
Share options program	—	–362	—	–229	–229
<b>Cash flow from financing activities</b>	<b>—</b>	<b>–362</b>	<b>—</b>	<b>–229</b>	<b>–229</b>
<b>Cash flow for the period</b>	<b>–52,413</b>	<b>–11,076</b>	<b>–65,680</b>	<b>–28,870</b>	<b>–25,771</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>172,116</b>	<b>193,360</b>	<b>185,383</b>	<b>211,155</b>	<b>211,155</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>119,703</b>	<b>182,285</b>	<b>119,703</b>	<b>182,285</b>	<b>185,383</b>

# Signatures and assurance

The Board and CEO hereby assure that this interim report provides a true and fair view of the Group's and the Parent Company's operations, financial position and earnings of the company, and describes the significant risks and uncertainties faced by the Group and Parent Company.

Göteborg, August 23, 2023  
Gapwaves AB (publ)

Magnus Jonsson  
Chairman

Madeleine Schilliger Kildal  
Board member

Karl Olof Axelsson  
Board member

Torbjörn Gustafsson  
Board member

Dietmar Stapel  
Board member

Jonas Ehinger  
CEO

## For more information

More information about Gapwaves is available on the company's website: [gapwaves.com](https://gapwaves.com)

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## About Gapwaves AB

Gapwaves AB (publ) originates from research conducted at Chalmers University of Technology and was founded in 2011. Gapwaves' vision is to be the most innovative provider of mm-wave antenna systems and the preferred partner to those pioneering next generation wireless technology. By leveraging the disruptive Gapwaves technology, we help pioneers in automotive and telecom to create highly efficient mm-wave antenna systems that contributes to re-defining everyday life.

Gapwaves' share (GAPW B) is traded on the Nasdaq First North Growth Market Stockholm with G&W Fondkommission as certified adviser.