

Q3

Interim Report
July-Sep 2023

Gapwaves AB Interim Report July-Sep 2023, Q3

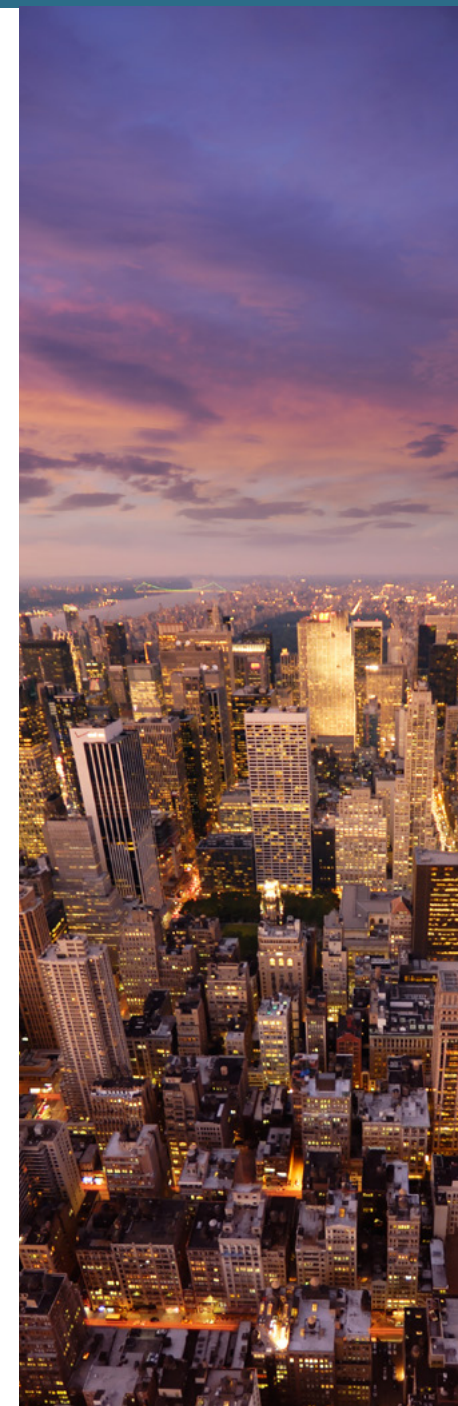
Third quarter July–September 2023

- Net sales decreased to MSEK 7.0 (30.9).
- EBITDA decreased to MSEK -16.1 (10.1), whereas EBITDA adjusted for associated company amounted to MSEK -9,6 (6,3).
- The operating result/EBIT decreased to MSEK -18.2 (7.7).
- The result for the period amounted to MSEK -17.8 (8.9).
- Earnings per share before and after dilution amounted to neg. (0.19).
- Cash flow for the period amounted to MSEK -16.2 (-5.4).
- The Group's cash and cash equivalents amounted to MSEK 103.5 (178.1).

- Gapwaves received a new order for high-resolution radar antennas from the European Tier 1 supplier with whom a collaboration was initiated during the first quarter of 2023. The order has a value of approximately MSEK 3.7.
- Gapwaves received a new order from Hella relating to the development of antennas for the next generation of radar sensors, with an order value of approximately MSEK 4.0.
- Gapwaves introduced the Multi-Layer Waveguide (MLW), a new evolution of its proprietary technology.
- A new collaboration with NXP® Semiconductors was started to develop 3D waveguide antenna solutions.

Key performance indicators – Group

TSEK	Period				Full year
	July–Sep 2023	July–Sep 2022	Jan–Sep 2023	Jan–Sep 2022	Jan–Dec 2022
Net sales	7 048	30 853	20 832	52 996	64 023
EBITDA	-16 143	10 165	-45 109	-2 243	-11 286
EBIT	-18 241	7 726	-51 621	-7 772	-19 265
Result for the period	-17 778	8 859	-49 467	-5 963	-18 013
Cash flow for the period	-16 211	-5 364	-82 551	-34 966	-26 960
Equity/assets ratio, %	87,4	91,0	87,4	91,2	89,4
Average no. of shares	31 146 299	31 146 299	31 146 299	31 146 299	31 146 299
Earnings per share before and after dilution (SEK)	neg	0,19	neg	neg	neg
No. of FTEs	36	30	36	30	31



New technology and continued scale-up

During the quarter, Multi-Layer-Waveguide (MLW), our new antenna technology that enables the manufacture of metal waveguide antennas, was launched. The quarter was also characterized by continued work on developing our supply chain, and working on expanding our own production capacity while ensuring its quality. In addition, the commercialization work of radar sensors continued together with Sensrad.

Net sales for the quarter amounted to MSEK 7.0 (30.9). The decrease compared to last year primarily (approx. 67%) relates to the fact that the third quarter of 2022 entailed significant and extraordinary revenues, among else in the form of extensive license income from Bosch in conjunction with the start-up of the agreement signed in July 2022, as well as the sale of production equipment.

Launch of new antenna technology

The MLW technology, which was launched during the European Microwave Week industry convention in Berlin, is a new and unique antenna technology, meaning waveguide antennas can be made of metal instead of plastic. Both existing and prospective customers have shown great interest in the technology as it involves a number of advantages.

In addition to cost-effective antenna solutions with maintained performance, the antennas are significantly thinner and also have better thermal properties compared to plastic antennas, which will become increasingly important in the future in line with the increasing performance demands on radar sensors. From a production and quality perspective, metal also has beneficial properties. It is demanding to manufacture and metallize complex parts in plastic with high precision, while metal can be processed with established and scalable production techniques, such as stamping and etching. MLW, which has long-term patent protection, is based on the technology originally developed by our subsidiary Metasum. The technology and its properties have been confirmed in collaborative projects with customers such as Bosch, Sensrad, and another as yet unnamed Tier 1.



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These properties support for MLW, and that was reinforced during European Microwave Week, as leading Tier 1 companies in the automotive segment who were on-site showed a clear interest in the technology. Gapwaves plans to start delivering the first MLW antennas to customers as early as the first quarter of 2024.

Sensrad nearing the finished product

In previous reports, we have commented on the slowdown in the mobility segment, which appears to be primarily due to the economic situation, and which has delayed or complicated investments in their development of own radar sensors (including antennas for these) for these operators. During the quarter we have seen an interest in the radar solutions offered by Gapwave's associated company Sensrad.

Since the second quarter of 2023, Gapwaves has been developing the antenna for Sensrad's upcoming commercial product, the launch of which will begin at the turn of the year. The first deliveries are planned for the first quarter of 2024.

Continued scale-up within Automotive

Great interest is being shown in Gapwave's antenna solutions, and we see that there is strong support among Tier 1 suppliers for choosing wave-

guide antennas for upcoming automotive radar products. From being a technology company, we are now moving towards a position as a high-volume supplier of waveguide antennas.

In order to fulfill commitments in the existing contracts we have with customers such as Bosch and Hella, and for future customers with similar needs, we are making extensive investments in our organization, capacity, and capability. This also entails expanding our own development and production capacity, and expanding our supply chains in regard to capacity and localization. These are the most important activities for the company, given the scale-up phase we are in.

In short, we are well positioned and looking forward to scaling up together with our partners, customers and employees.

Gothenburg, October 26, 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 enables the manufacturing of 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 including the fourth dimension which 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.

In the infrastructure segment, which include smart cities and traffic management among others, Sensrad's 4D imaging radars offer the ability to detect hundreds of static and moving objects simultaneously, in real-time, enabling constant monitoring of complex infrastructure-related objects and areas. A wide field-of-view and long detection range at high resolution provides a solution for full-site monitoring and presence detection – even in the harshest weather conditions.



Financial overview

Quarter: July-September 2023

Revenue

The Group's net sales during the third quarter amounted to TSEK 7 048 (30 853), which corresponds to a decrease of 77 percent compared to previous year. Net sales were primarily attributable to project and prototype related revenue from Bosch, Hella, and Sensrad, as well as to a new, for Gapwaves, and leading European Tier 1 supplier. The decrease in sales is mainly related to that the Group had license income totaling TSEK 15 645 from the start-up of the agreement with Bosch, as well as revenue from the sale of production equipment of TSEK 4 632 in the third quarter 2022, which did not occur during the third quarter of this year. Adjusted for the above, net turnover decreased by approximately 33 percent. 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, positive exchange rate gains of TSEK 87 and forward invoicing of consultancy costs to Sensrad AB of TSEK 582 were recognized under other operating income. The corresponding consultancy costs are also recognized within operating expenses.

EBITDA and operating result

Earnings before interest, taxes, depreciation and

amortization (EBITDA) amounted to TSEK -16 143 (10 165). Operating expenses excluding depreciation and results from shares in associated companies amounted to TSEK 17 340 (26 174). The lower EBITDA for the quarter is mainly due to lower sales, as the total cost base is lower than the previous year. Personnel costs includes costs for LTI 2022 totaling TSEK 429, which are not affecting cash flow. EBITDA includes results from shares in associated companies of TSEK -6 520, which is related to amortization of Goodwill TSEK -1 792 and the Group's share of the associated company's profit TSEK -4 644. Adjusted for this, EBITDA amounted to TSEK -10 820. The operating result during the quarter amounted to TSEK -18 241 (7 726) and TSEK -11 721 when adjusting for results from shares in associated companies.

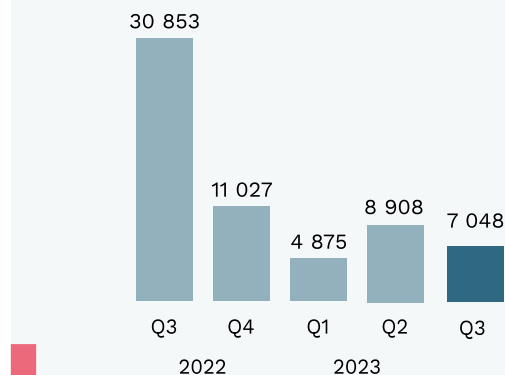
Result for the period

Net financial items amounted to TSEK 459 (1 133), which is mainly related to interest income for bank deposits. The result for the period during the quarter amounted to TSEK -17 778 (8 859).

Financial position and liquidity

Total assets as per September 30, 2023 amounted to TSEK 197 667 (260 379). Equity as per September 30 was TSEK 172 757 (233 660). Cash and cash equivalents as per September 30, 2023 was TSEK

Net sales



103 489 (178 054). Gapwaves does not have any financial debt.

Cash flow and investments

Cash flow from operating activities amounted to TSEK -16 132 (-6 272). Cash flow from investing activities amounted to TSEK -79 (909). Cash flow from financing activities amounted to TSEK 0 (0). Cash flow for the period amounted to TSEK -16 211 (-5 363).

Period: January–September 2023

Revenue

The Group's net sales during the period amounted to TSEK 20 832 (52 996), which corresponds to a decrease of 60.7 percent. Net sales are mainly attributable to project and prototype related revenue from Bosch, Hella, and Sensrad, as well as to a new, for Gapwave, and leading European Tier 1 supplier. The reduction in sales is primarily attributable to license income totaling TSEK 15 645 from Bosch, as well as to the fact the Group had revenue from the sale of production equipment totaling approximately TSEK 9 260 during the second and third quarters of 2022, which did not take place during the corresponding period this year. Adjusted for the above, net sales decreased by approximately 26 percent. In addition to sales revenue, contributions from three research projects amounting to TSEK 2 690, exchange rate gains of TSEK 386, and consultant costs further invoiced to Sensrad AB totaling TSEK 1 388 were recognized as income, which were reported under other operating income.

EBITDA and operating result

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the period amounted to TSEK –35 662 (–5 746). Operating expenses excluding depreciation and results from shares in associated companies amounted to TSEK 60 957 (62 277). The lower EBITDA for the period is mainly due to

lower sales and increased personnel costs attributable to an increased number of employees. Personnel costs include costs for LTI 2022 totaling TSEK 429, which are not affecting cash flow. EBITDA includes results from shares in associated companies of TSEK –9 936, which is related to amortization of Goodwill TSEK –1 792 and the Group's share of the associated company's profit TSEK –8 060. Adjusted for this, EBITDA amounted to TSEK –35 173. The Group also had increased expenses attributable to consultants and higher travel costs. The operating result during the period amounted to TSEK –51 621 (–7 772) and TSEK –41 685 when adjusting for results from shares in associated companies.

Result for the period

Net financial items amounted to 2 150 (1 809), which is mainly related to interest income for bank deposits. The result for the period amounted to TSEK –49 467 (–5 963).

Cash flow and investments

Cash flow from operating activities amounted to TSEK –38 569 (–33 592). Cash flow from investing activities amounted to TSEK –43 982 (–1 145). Cash flow from financing activities amounted to KSEK 0 (–229). Cash flow for the period amounted to TSEK –82 551 (–34 966), of which KSEK 42 945 are related to the investment in Sensrad AB (including acquisition costs).



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

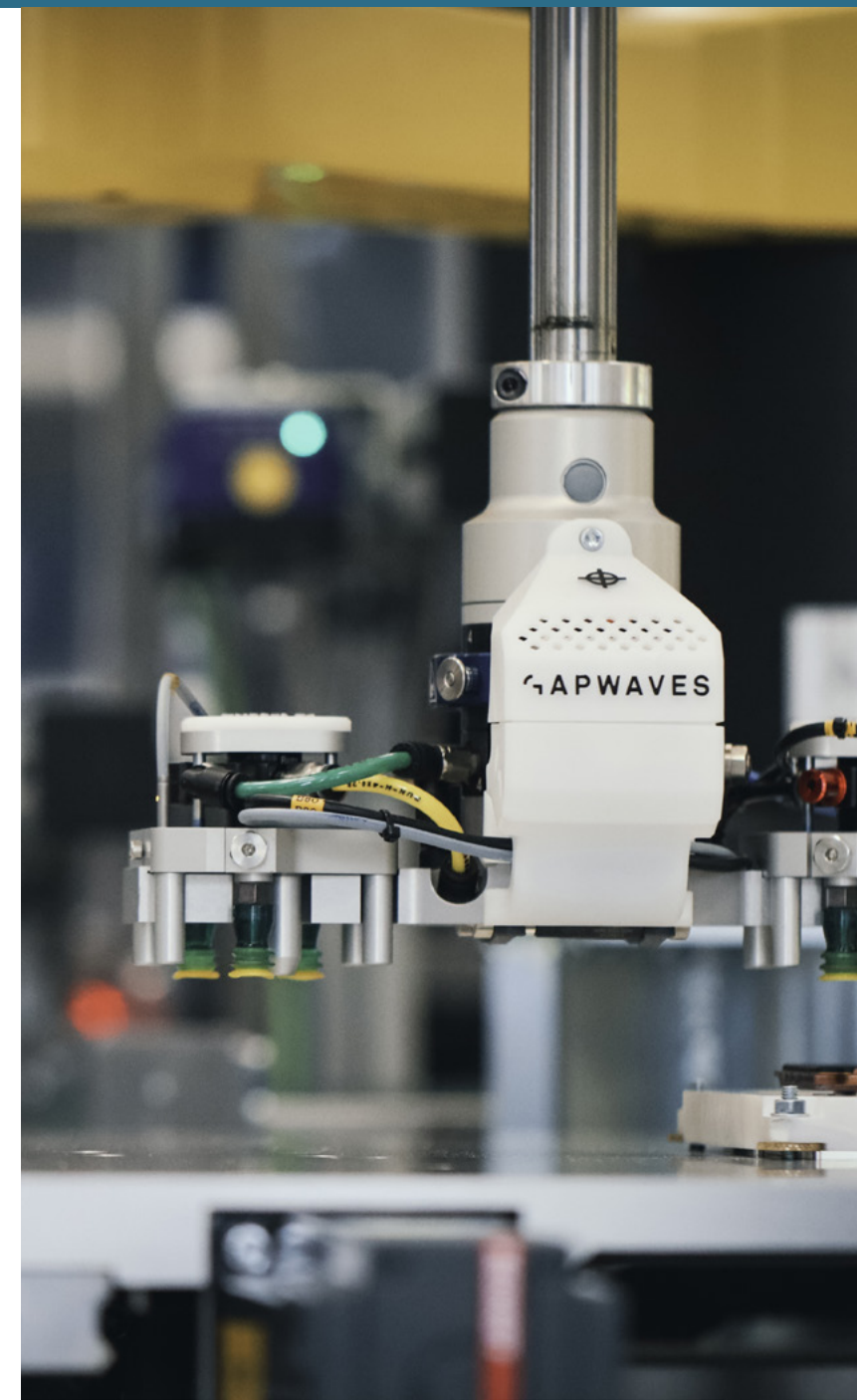
and competitors. A delay or failure to introduce the next generation of vehicle radar in the automotive industry or the introduction of 5G in the telecom industry may entail a risk of lower growth rates in the area than expected. Russia's invasion of Ukraine has severely affected the global economy and 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 have in 2023 not yet 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 develop-



Financial calendar

- 2023 Year-end Report: February 9, 2024
- Q1 2024 Interim report: May 3rd, 2024
- Annual General Meeting 2024: May 7th, 2024
- Q2 2024 Interim report: August 22nd, 2024
- Q3 2024 Interim report: October 31st, 2024
- Year-end Report 2024: February 7th, 2025

ment 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 September 30, 2023 was 36 (30).

ESG activities

Within the overall framework of Gapwave's sustainability work, a review of the company's updated Vision and Strategy is now underway to confirm they are compatible with the global goals for sustainable development according to Agenda 2030. Positive and negative aspects of our activities and products have been identified. Furthermore, we have a comprehensive list of measures, in the short and long term, on which we are working. We regard sustainability as an integral part of the company's business model, working methods, and values in order to attract competent personnel, appeal to 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

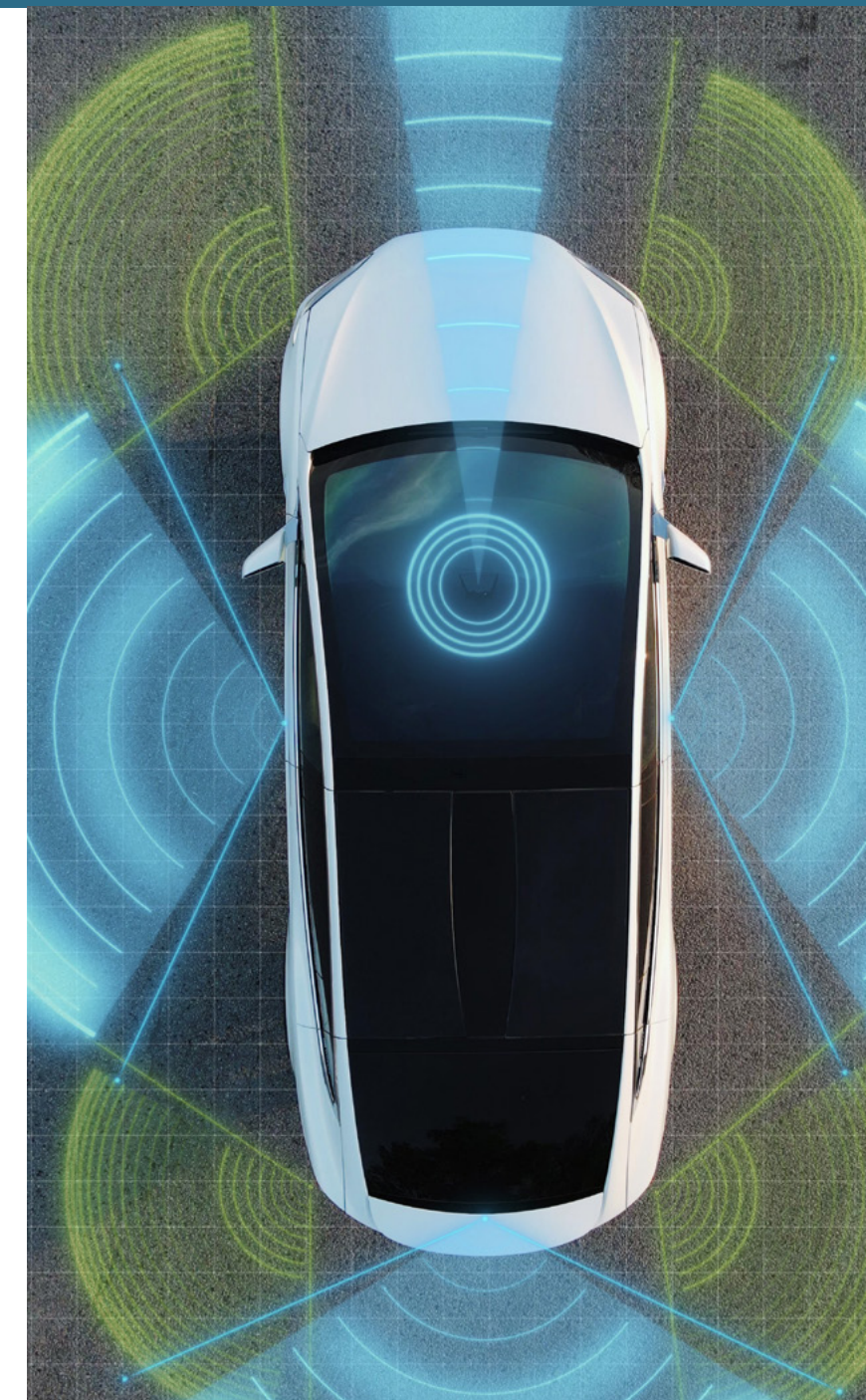
subscription price of SEK 38.20. The price per warrant was set at SEK 7.18 through an external valuation. The total dilutive effect on full exercise is expected to be approximately 2.3% of the outstanding capital and 0.65% of the outstanding votes.

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. Expenses of TSEK 429, including a cost of TSEK 86 in employer contributions, has been accrued during the quarter for LTI 2022.

Related party transactions

The company did not have any transactions with related parties during the third quarter of 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 September 30, 2023, the company had approximately 7,100 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 September 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

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	25 113	5 120 113	1,72%	5,11%
Abbas Vosoogh and companies	265 000	575 477	3 225 477	2,70%	3,22%
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	-	1 499 184	1 499 184	4,81%	1,50%
Nordnet pensionsförsäkring AB	-	1 074 193	1 074 193	3,45%	1,07%
BNP Paribas Sec Serv Luxembourg	-	626 689	626 689	2,01%	0,63%
Other	76 500	15 811 745	16 576 745	51,01%	16,55%
Total	7 667 500	23 478 799	100 153 799	100,00%	100,00%

Source: Euroclear and Modular Finance

Income statement

Consolidated Group

TSEK	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
OPERATING INCOME					
Net sales	7 048	30 853	20 832	52 996	64 023
Capitalized development costs	-	381	-	914	914
Other operating income	669	1 197	4 463	2 622	6 011
Total operating income	7 718	32 432	25 296	56 531	70 948
OPERATING EXPENSES					
Goods for resale	-2 711	-9 049	-7 565	-17 056	-21 754
Other external costs	-6 919	-6 712	-23 807	-20 494	-29 248
Personnel costs	-7 641	-9 734	-28 870	-23 976	-33 714
Depreciation/amortization of property, plant and equipment and intangible assets	-2 098	-2 439	-6 512	-5 529	-7 979
Other operating expenses	-70	-679	-227	-751	-1 021
Total operating expenses	-19 438	-28 613	-66 980	-67 806	-93 716
Results from shares in associated companies	-6 520	3 907	-9 936	3 503	3 503
EBIT	-18 241	7 726	-51 621	-7 772	-19 265
FINANCIAL ITEMS					
Financial income	459	1 133	2 150	1 865	1 302
Financial expenses	-	-	-	-56	-56
Total financial items	459	1 133	2 150	1 809	1 246
Loss after financial items	-17 782	8 859	-49 471	-5 963	-18 020
TAX					
Deferred tax	-	-	-	-	8
Tax on result for the period	-	-	3	-	-
LOSS FOR THE PERIOD	-17 778	8 859	-49 467	-5 963	-18 013
Earnings per share before and after dilution (SEK)	Neg.	0.19	Neg.	Neg.	Neg.
Average no. of shares for the period	31 146 299	31 146 299	31 146 299	31 146 299	31 146 299

Balance sheet

Consolidated Group

TSEK	Sep 30, 2023	Dec 31, 2022
ASSETS		
Non-current assets		
Intangible assets		
Capitalized expenditure on research and development and similar works	3 243	5 259
Concessions, patents, licenses, trademarks and similar rights	14 025	16 754
Total intangible assets	17 268	22 013
Property, plant and equipment		
Equipment, tools, fixtures and fittings	7 020	7 239
Construction in progress	-	598
Total property, plant and equipment	7 020	7 837
Financial assets		
Shares in associated companies	33 009	-
Deferred tax assets	2 871	3 446
Long-term deposits	680	642
Total financial assets	36 560	4 088
Total non-current assets	60 849	33 938
Current assets		
Inventories		
Raw materials and consumables	1 777	1 609
Total inventories	1 777	1 609
Current receivables		
Accounts receivable	12 821	9 161
Other receivables	435	1 916
Current tax assets	-	3
Prepaid expenses and accrued income	18 297	19 456
Total current receivables	31 553	30 536
Cash and bank balances		
Cash and bank balances	103 489	185 428
Total cash and bank balances	103 489	185 428
Total current assets	136 818	217 573
TOTAL ASSETS	197 667	251 511

Balance sheet

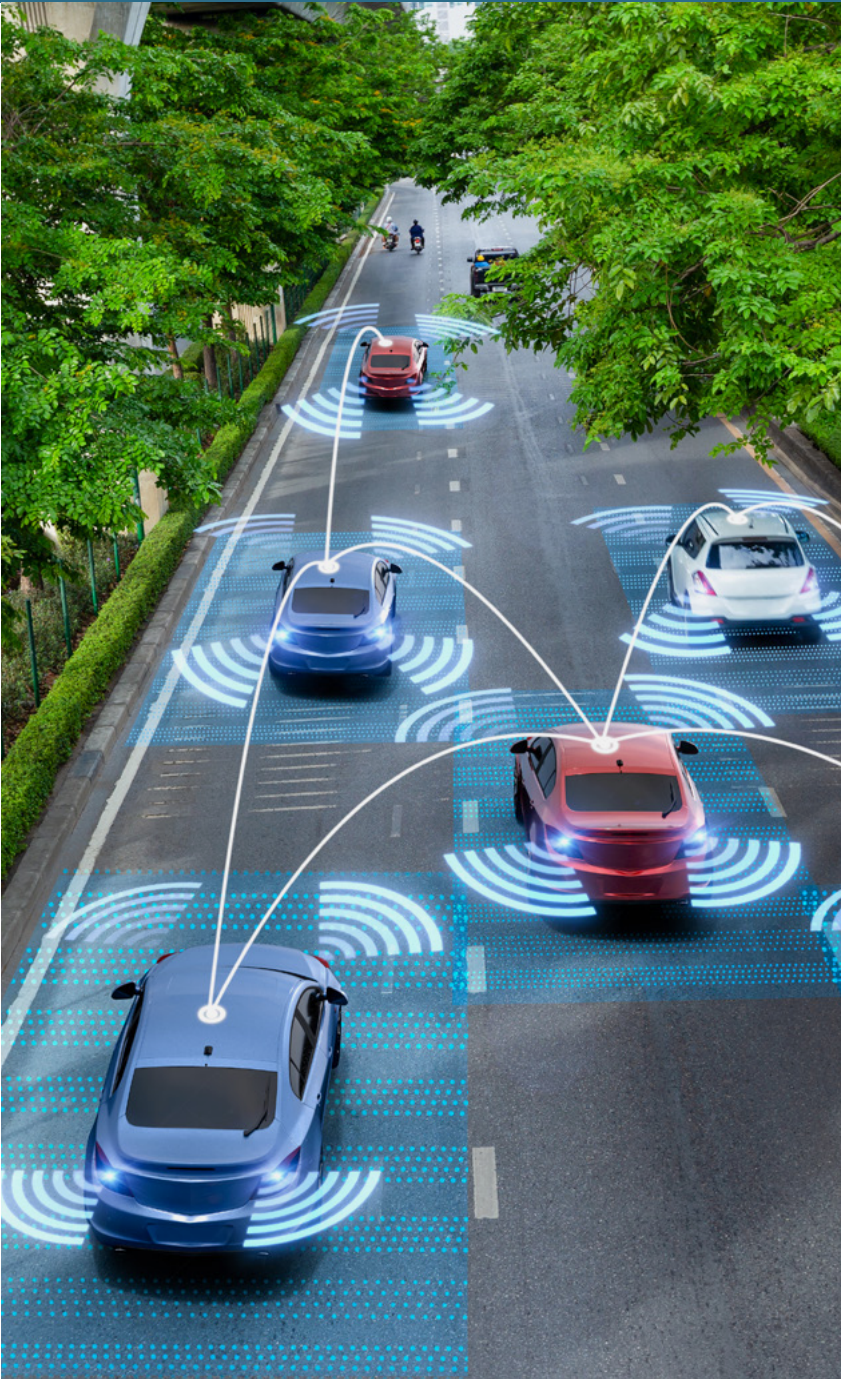
Consolidated Group

TSEK	Sep 30, 2023	Dec 31, 2022
EQUITY AND LIABILITIES		
Equity		
Share capital	1 869	1 869
Other contributed capital	426 146	426 146
Other equity including loss for the period	-255 258	-206 134
Total equity	172 757	221 880
Provisions		
Deferred tax	2 871	3 446
Total provisions	2 871	3 446
Current liabilities		
Accounts payable	11 570	5 789
Current tax liabilities	224	67
Other liabilities	3 467	11 698
Accrued expenses and deferred income	6 778	8 632
Total current liabilities	22 039	26 186
TOTAL EQUITY AND LIABILITIES	197 667	251 511

Statement of changes in equity

Consolidated Group

TSEK	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
Share options programme	-	-	343	343
Loss for the period	-	-	-49 467	-49 467
Closing balance Sep 30, 2023	1 869	426 146	-255 258	172 757



Cash flow statement

Consolidated Group

TSEK	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Operating activities					
EBIT	-18 241	3 819	-51 621	-11 275	-22 768
Adjustments for non-cash items, etc	8 995	2 936	16 847	5 904	8 357
Interest received	-	-	-	-	67
Interest paid	-	-	-	-56	-56
Paid tax	61	-121	160	3	132
Cash flow from operating activities before changes in working capital	-9 184	6 634	-34 613	-5 424	-14 268
Changes in working capital					
Changes in operating receivables	-2 391	-14 969	525	-24 644	-10 836
Changes in operating liabilities	-4 565	2 952	-4 313	-1 894	1 421
Changes in inventories	8	-890	-168	-1 630	-940
Cash flow from operating activities	-16 132	-6 273	-38 569	-33 592	-24 623
Investing activities					
Acquisition of intangible assets	-68	-1 591	-68	-1 591	-1 591
Acquisition of property, plant and equipment	-	2 515	-931	461	-502
Acquisition of associated companies	-	-	-42 945	-	-
Long-term deposits	-11	-15	-38	-15	-15
Cash flow from investing activities	-79	909	-43 982	-1 145	-2 108
Financing activities					
Share options program	-	-	-	-229	-229
Cash flow from financing activities	-	-	-	-229	-229
Cash flow for the period	-16 211	-5 364	-82 551	-34 966	-26 960
Cash and cash equivalents at beginning of period	119 747	182 285	185 428	211 155	211 155
Exchange rate effects	-47	1 133	612	1 865	1 233
Cash and cash equivalents at end of period	103 489	178 054	103 489	178 054	185 428

Income statement

Parent Company

TSEK	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
OPERATING INCOME					
Net sales	7 049	30 853	20 832	52 996	64 023
Capitalized development costs	-	381	-	914	914
Other operating income	669	1 197	4 463	2 622	6 011
Total operating income	7 718	32 432	25 296	56 531	70 948
OPERATING EXPENSES					
Goods for resale	-2 711	-9 049	-7 565	-17 056	-21 754
Other external costs	-6 913	-6 707	-23 801	-20 489	-29 243
Personnel costs	-7 640	-9 734	-28 870	-23 976	-33 714
Depreciation/amortization of property, plant and equipment and intangible assets	-1 168	-1 510	-3 724	-4 601	-6 121
Other operating expenses	-70	-679	-227	-751	-1 021
Total operating expenses	-18 502	-27 679	-64 186	-66 873	-91 853
EBIT	-10 784	4 753	-38 890	-10 341	-20 905
FINANCIAL ITEMS					
Financial income	506	1 113	2 150	1 865	1 302
Financial expenses	-47	-	-	-56	-56
Total financial items	459	1 113	2 150	1 809	1 246
Loss after financial items	-10 324	5 886	-36 740	-8 532	-19 659
TAX					
Tax on loss for the period	-	-	-	-	-
LOSS FOR THE PERIOD	-10 324	5 886	-36 740	-8 532	-19 659
Earnings per share before and after dilution (SEK)	Neg.	0.19	Neg.	Neg.	Neg.
Average no. of shares for the period	31 146 299	31 146 299	31 146 299	31 146 299	31 146 299

Balance sheet

Parent Company

TSEK	Sep 30, 2023	Dec 31, 2022
ASSETS		
Non-current assets		
Intangible assets		
Capitalized expenditure on research and development and similar works	3 243	5 259
Concessions, patents, licenses, trademarks and similar rights	87	28
Total intangible assets	3 330	5 287
Property, plant and equipment		
Equipment, tools, fixtures and fittings	7 020	7 239
Construction in progress	-	598
Total property, plant and equipment	7 020	7 837
Financial assets		
Shares in subsidiaries	15 464	15 464
Shares in associated companies	42 945	-
Long-term deposits	680	642
Total financial assets	59 089	16 106
Total non-current assets	69 439	29 230
Current assets		
Inventories		
Raw materials and consumables	1 777	1 609
Total inventories	1 777	1 609
Current receivables		
Accounts receivable	12 821	9 161
Other receivables	433	1 916
Prepaid expenses and accrued income	18 297	19 456
Total current receivables	31 551	30 533
Cash and bank balances		
Cash and bank balances	103 448	185 384
Total cash and bank balances	103 448	185 384
Total current assets	136 777	217 526
TOTAL ASSETS	206 216	246 756

Balance sheet

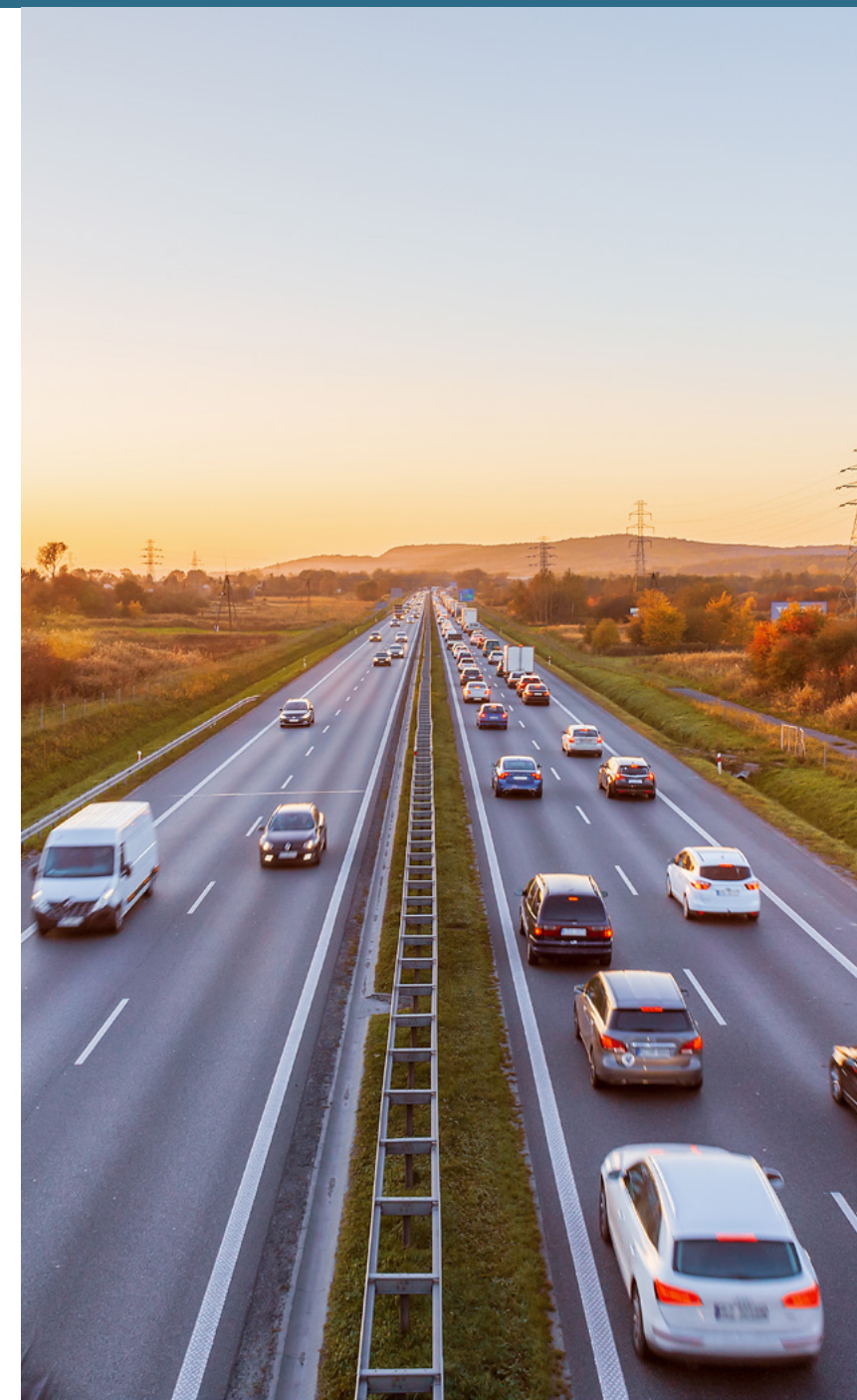
Parent Company

TSEK	Sep 30, 2023	Dec 31, 2022
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 869	1 869
Development expenditure fund	3 243	5 259
Total restricted equity	5 112	7 128
Non-restricted equity		
Share premium reserve	426 146	426 146
Retained earnings	-210 341	-193 041
Loss for the period	-36 740	-19 659
Total non-restricted equity	179 065	213 446
Total equity	184 175	220 574
Current liabilities		
Accounts payable	11 570	5 789
Current tax liabilities	224	64
Other liabilities	3 467	11 698
Accrued expenses and deferred income	6 778	8 632
Total current liabilities	22 039	26 183
TOTAL EQUITY AND LIABILITIES	206 216	246 756

Statement of changes in equity

Parent Company

TSEK	Restricted equity		Non-restricted equity			Total equity
	Share capital	Development expenditure fund	Share premium reserve	Retained earnings	Loss for the year	
Opening balance Jan 1, 2023	1 869	5 260	426 146	-193 041	-19 659	220 574
Reallocation profit/loss prev. year	-	-	-	-19 659	19 659	-
Share options programme	-	-	-	343	-	343
Changes in development expenditure fund for the year	-	-2 016	-	2 016	-	-
Loss for the period	-	-	-	-	-36 740	-36 740
Closing balance Sep 30, 2023	1 869	3 243	426 146	-210 341	-36 740	184 175



Cash flow statement

Parent Company

TSEK	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Operating activities					
EBIT	-10 784	4 753	-38 890	-10 341	-20 905
Adjustments for non-cash items, etc	1 543	1 630	3 957	4 600	6 122
Interest received	-	-	-	-	67
Interest paid	-	-	-	-56	-56
Paid tax	-613	-121	160	3	124
Cash flow from operating activities before changes in working capital	-9 854	6 262	-34 773	-5 794	-14 648
Changes in working capital					
Changes in operating receivables	-2 393	-14 965	906	-24 640	-10 826
Changes in operating liabilities	-3 890	3 599	-4 530	-1 246	2 072
Changes in inventories	8	-890	-168	-1 631	-941
Cash flow from operating activities	-16 129	-5 993	-38 565	-33 311	-24 343
Investing activities					
Acquisition of intangible assets	-68	-	-68	-	-
Acquisition of property, plant and equipment	-	2 515	-931	461	-502
Acquisition of associated companies	-	-	-42 945	-	-
Acquisition of subsidiaries	-	-1 591	-	-1 591	-1 591
Earnout Metasum AB	-	-325	-	-325	-325
Long-term deposits	-11	-15	-38	-15	-15
Cash flow from investing activities	-79	584	-43 982	-1 470	-2 432
Financing activities					
Share options program	-	-	-	-229	-229
Cash flow from financing activities	-	-	-	-229	-229
Cash flow for the period	-16 208	-5 409	-82 547	-35 010	-27 004
Cash and cash equivalents at beginning of period	119 703	182 285	185 384	211 155	211 155
Exchange rate effects	-47	1 133	612	1 865	1 233
CASH AND CASH EQUIVALENTS AT END OF PERIOD	103 448	178 009	103 448	178 009	185 385

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.

Gothenburg, October 26, 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

Contact information

Jonas Ehinger, CEO
Tel: +46 733 44 01 52
E-mail: jonas.ehinger@gapwaves.com

Robert Berhof, CFO
Tel: +46 706 00 59 07
E-mail: robert.berhof@gapwaves.com

This information constitutes information that Gapwaves AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication. through the agency of the contact person set out above on October 26 2023, at 08:30 AM.





Auditor's report

Gapwaves AB, org.nr 556840-2829

Introduction

We have reviewed the condensed interim financial information (interim report) of Gapwaves AB as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 26 October 2023

PricewaterhouseCoopers AB

Johan Malmqvist

Authorized Public Accountant

Gapwaves AB (publ)
Corp. Reg. No. 556840-2829

Headquarters:
Nellickevägen 22,
SE-412 63 Gothenburg,
Sweden

Tel:
+46 31 762 60 40

E-mail:
info@gapwaves.com

www.gapwaves.com

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.