Press Release
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Gapwaves shifts up a gear – from industrial establishment to accelerated commercial growth

Gapwaves is entering the next phase of the company's development with established high-volume production, growing product revenues and significant commercial opportunities in both the automotive industry and the defense sector. The recently announced development order from a new Asian customer, one of the world's five largest Tier 1 suppliers, further strengthens the company's position and paves the way for a potentially significant high-volume program alongside Valeo. After several years of customer collaborations involving investments in technology and industrialization, the focus is now on turning the established industrial platform into growing revenues and improved profitability in both existing and new customer contracts.

From industrial establishment to financial impact
Over the past few years, Gapwaves has undergone a significant transformation. The company started by establishing itself in an entirely new market, then became a business whose revenues came largely from development projects and industrialization. Today the business increasingly rests on recurring product revenues from multi-year customer programs with rising production volumes.

During a transition period, this shift has meant that declining project and equipment revenues have weighed on the company's reported net sales, while underlying product revenues have grown. In the third quarter of 2026, total antenna production rose by approximately 33 percent compared with the previous quarter, and product sales are now Gapwaves' largest revenue stream.

Gapwaves has previously communicated that the total annual volume of antennas based on the company's technology, including licensed production, is expected to increase from approximately 4,5 million in 2026 to approximately 10 million in 2027. Continued strong demand within existing customer programs, together with new programs entering series production, creates the conditions for the commercial scale-up to show up increasingly clearly in the company's financial performance. At the same time, the divestment of the holding in Sensrad means that Gapwaves can further concentrate its resources on the core business and its commercial potential.

"*As the business increasingly relies on multi-year customer programs with recurring product revenue, a more stable and predictable revenue base is created, with significantly better visibility than in the previous project-based business. With the volume growth we see ahead, new customer programs entering production and a clearer focus on the core business, we see good prospects for improving financial performance from today's levels*. *That is the development we are now working to accelerate,*" says Jonas Ehinger, CEO of Gapwaves.

A stronger financial position opens the door to more, and more attractive, business
The resolved rights issue is not only intended to enable a faster scale-up of existing customer programs. Stronger financial flexibility also gives Gapwaves the opportunity to develop its commercial offerings and take on a larger role in new customer collaborations.

On November 13, Gapwaves announced a development order worth approximately SEK 6 million from a new Asian customer that is one of the world's five largest Tier 1 suppliers in the automotive industry. The project covers waveguide antennas for both front and corner radar, with a potential end customer that, in Gapwaves' assessment, is one of the world's three largest car manufacturers. The long-term commercial value lies primarily in the opportunity to move from a development project to multi-year series production in high volumes. With a possible start of production in early 2029, provided that a separate supply and production agreement is signed, the collaboration could develop into one of Gapwaves' most significant future high-volume programs. A successful outcome would also add another major international customer relationship alongside Valeo, Desay SV and HELLA, and lay the foundation for a broader, more scalable product business.

By being able to selectively bear a larger share of the initial development and industrialization costs, Gapwaves can offer customers more flexible business arrangements. It also lets the company take greater responsibility for the development and production process. This creates the conditions to strengthen competitiveness in new business, increase Gapwaves' share of the value created and improve the long-term margin potential within multi-year customer programs.

"*In our ongoing customer dialogues, we clearly see how stronger financial flexibility can improve our commercial position. By being able, to a greater extent, to bear initial investments ourselves, drive the industrialization and take greater responsibility for the entire process, we can offer customers more attractive business arrangements and at the same time create better long-term terms for Gapwaves. It allows us to optimize each deal more around the customer program's total lifetime value, rather than the initial development revenues. We believe this strengthens our negotiating position and increases our ability to convert ongoing customer dialogues into new commercial agreements,"* continues Jonas Ehinger.

Defense – Proven technology and existing production enable cost-efficient expansion
Alongside its commercial expansion in the automotive industry, Gapwaves is establishing its initiative in defense-related applications. The particular focus is radar for drone defense, through radar seeker products for Counter-Unmanned Aircraft Systems (C-UAS). The changed security situation and the rapid development of drone technology have created an urgent need for radar solutions that combine high performance with cost efficiency and scalable production.

The rapid development of drone technology has created a growing need for advanced radar solutions that can combine high performance with cost-efficiency and scalable production. Traditional solutions in the defense industry were developed for different cost and volume conditions than those needed to meet today's rapidly growing demand for drone defense.

Gapwaves sees a significant opportunity here to transfer the technology, industrial expertise and cost-efficiency it has established in the automotive industry to defense-related applications. By combining its patented waveguide technology with components from the large-scale automotive industry, the ambition is to enable advanced radar solutions at cost levels that have previously been hard to reach in the defense sector. A key advantage is that the technology is already proven and industrialized in the automotive industry. In addition, Gapwaves intends to use its existing production line in Gothenburg to meet initial demand, which limits the need for new production investments and enables a cost-efficient market entry.

Gapwaves has previously been granted 1,7 MSEK by Vinnova to develop a radar demonstrator for drone defense. The company's ambitions, however, extend considerably beyond the ongoing development project. With stronger financial flexibility, Gapwaves intends to accelerate product development and commercialization in this area. The goal is to establish defense-related applications as a new, scalable growth platform alongside the automotive industry.

Focus on growth, margins and long-term value creation
Gapwaves enters 2027 with substantially changed commercial conditions. Established high-volume production, a growing base of recurring product revenues, new customer programs and opportunities in additional market segments form the foundation for the company's continued development.

With the resolved capital raise, Gapwaves intends to pick up the pace of the commercial scale-up, strengthen its position in new customer deals, improve margin potential and speed up the establishment of new growth areas.

"*We have built an industrial platform that now enables an entirely different scale of business. The fact that Valeo is developing its next-generation radar antennas with us is a strong testament to our quality and shows the value of long-term customer relationships. At the same time, the new development order from another global top-5 Tier 1 supplier demonstrates the potential to establish further significant high-volume programs. Our ambition is to be a long-term technology and production partner across multiple product generations. With strengthened financial flexibility, we can accelerate our commercial development, take on a larger role in new customer programs and lay the foundation for a progressively stronger and more profitable business,*" concludes Jonas Ehinger.

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About Gapwaves AB (publ)

Gapwaves AB (publ) develops wireless solutions based on unique and patented waveguide technology for millimetre-wave applications. Our products are primarily used in antennas for radar systems enabling autonomous driving and advanced safety solutions within the automotive industry. Through collaborations with leading players in the sector, we contribute to the development of safer and more efficient transport systems. The technology is cost-efficient, combines high performance with a compact design and is also suitable for industrial automation, telecommunications, smart cities, and civil-military applications – areas where precision and reliability are crucial. Gapwaves was founded in 2011 from research at Chalmers University of Technology and is listed on Nasdaq First North Growth Market Stockholm (GAPW B).

Attachments

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