

NAPATECH
3RD QUARTER 2025
INTERIM MANAGEMENT STATEMENT

napa:tech:

MANAGEMENT'S REPORT

Dear Readers,

I'm excited to share our third-quarter results for 2025. It was a quarter that exceeded expectations and set the stage for a solid finish to the end of our fiscal year. Traditionally, our third quarter is a relatively slower period for us, but this year, we delivered a standout performance across the board.

As we look at the numbers, our product line sales in the more traditional uses cases that we often refer to as "Packet Capture" came in exceptionally strong, driving revenue for the third quarter to \$6.3 million, up from \$5.0 million in the same period last year. That's a 25% year-over-year increase, and an impressive 31% jump compared to the second quarter of 2025. Year-to-date, our revenue is up 26% over the same period last year. These results are a testament to the strength of our core business and the dedication of our team to satisfy our installed base of over 400 customers, while also capturing several valuable new design wins.

We maintained stable, high gross margins at 70% for the quarter, right in line with last year. At the same time, we made significant progress on cost control. Staff and external costs dropped by 23% compared to the third quarter of 2024, and our EBITDA improved by 11.5 million DKK year-over-year. Our net working capital is down, and our net cash flow for the quarter was break-even, which was an improvement of 22.5 million DKK from last year. With cash and cash equivalents at 117.7 million DKK at the end of the third quarter, we continue to aim to eliminate any market concerns about a capital increase in 2026.

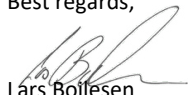
Beyond the numbers, we're making great strides with our strategic accounts, including our previously announced tier-1 server vendor and an emerging AI inferencing vendor. As for later, since we last met, many of you will have seen numerous industry and financial press and analysts' reports about the launch of the d-Matrix JetStream AI networking interface card. Our partnerships with D-Matrix and the server company remain strong, and our developments are progressing well, with our deliverables on track. Further, we are working with both companies on new and expanding projects.

Looking ahead, our fourth quarter is shaping up to be another strong quarter, and as a result, our 2025 guidance remains on track.

In summary, our Q3-2025 was a quarter of strong growth, operational discipline, and strategic progress. We are entering the final stretch of the year with confidence, a robust pipeline, and a clear path to sustained value creation.

Thank you for your continued support and belief in our vision. The best is yet to come!

Best regards,



Lars Bolliesen
Chief Executive Officer

Highlights YTD:

- Revenue YTD Q3 2025 in USD amounted to 14.5m, an increase of 26% compared to 2024. In DKK, revenue amounted to 95.6m, an increase of 21% compared to 2024.
- The gross margin YTD Q3 2025 was 69.3%, a decline of 0.2%-points compared to 2024.
- Staff costs and Other external costs YTD Q3 2025 amounted to DKK 126.7m compared to DKK 127.1m in 2024.
- EBITDAC¹ YTD Q3 2025 amounted to negative DKK 60.5m compared to negative DKK 72.3m in 2024.
- EBITDA YTD Q3 2025 amounted to negative DKK 54.8m compared to negative DKK 69.3m in 2024.
- Depreciation, amortization, and impairment YTD Q3 2025 were DKK 17.3m compared to DKK 22.6m in 2024.
- Net Cash flow from operating activities YTD Q3 2025 was negative DKK 44.3m compared to negative DKK 69.9m in 2024.
- Net working capital at the end of Q3 2025 amounted to DKK 91.2m compared to DKK 72.4m end of Q3 2024 and DKK 98.6m end of 2024.
- Net cash used in investing activities YTD Q3 2025 amounted to DKK 8.0m compared to DKK 7.2m YTD Q3 2024.
- Cash and cash equivalents at the end of Q3 2025 amounted to DKK 117.7m compared to DKK 102.9m at the end of Q3 2024.

Highlights Q3:

- Revenue in USD amounted to 6.3m in Q3 2025, an increase of 25% compared to Q3 2024. In DKK, revenue amounted to 40.1m, an increase of 18% compared to Q3 2024.
- The gross margin in Q3 2025 was 70%, compared to 71% in Q3 2024.
- Staff costs and Other external costs in Q3 2025 amounted to DKK 35.1m compared to DKK 43.2m in Q3 2024.
- EBITDAC in Q3 2025 amounted to negative DKK 6.9m compared to negative DKK 18.9m in Q3 2024.
- EBITDA in Q3 2025 amounted to negative DKK 6.1m compared to negative DKK 17.6m in Q3 2024.
- Depreciation, amortization, and impairment for Q3 2025 were DKK 5.0m compared to DKK 6.9m in Q3 2024.
- Net Cash flow from operating activities in Q3 2025 was negative DKK 0.0m compared to negative DKK 22.5m in Q3 2024.
- Net cash used in investing activities in Q3 2025 amounted to DKK 1.7m compared to DKK 3.5m in Q3 2024.

Key figures²:

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Revenue USD m	6.3	5.0	14.5	11.5
Growth YoY USD m	25%	-30%	26%	-36%
Revenue DKK m	40.1	34.0	95.6	78.7
Growth YoY DKK m	18%	-31%	21%	-37%
Gross Margin	70%	71%	69%	70%
EBITDAC DKK m	-6.9	-18.9	-60.5	-72.3
EBITDA DKK m	-6.1	-17.6	-54.8	-69.3
Net Cash Flow from Operating Activities DKK m	0.0	-22.5	-44.3	-69.9
Net Working Capital, end of period DKK m	91.2	72.4	91.2	72.4
Cash and cash equivalents, end of period DKK m	117.7	102.9	117.7	102.9

This is Napatech

Napatech is a Danish tech company developing high-performance, programmable network interface cards and software for programmable NICs. The Napatech software suite ensures broad compatibility and seamless integration for our family of FPGA-based SmartNICs. With support for all major systems and a common API that easily integrates with custom-developed, open-source, or commercial applications, we enable significantly reduced time-to-market for new products.

Additional information is available at www.napatech.com/investor.

¹ EBITDAC: Earnings before depreciation, amortization and impairment, and cost transferred to development projects.

² Definitions: Gross Margin is calculated as 'Gross Profit' / 'Revenue'; EBITDAC is calculated as 'Earnings Before Interest, Taxes, Depreciation and Amortization' before staff costs transferred to capitalized development costs; EBITDA is calculated as 'Earnings Before Interest, Taxes, Depreciation and Amortization'; Net working capital represents the value of inventories, trade receivables of other current operating assets less trade payables and other current operating liabilities. Cash and cash equivalents and income tax receivable or payable are not part of the net working capital; Cash flows from operating activities are profit or loss before tax added or deducted changes in the net working capital, added or deducted changes in provisions and added the yearly depreciation and amortization; Free cash flow is net cash flow from operating activities added or deducted investing activities.

Revenue and Gross Margin**Q3**

Napatech reports revenue of DKK 40.1m in Q3 2025 compared to DKK 34.0m in the same period in 2024, equivalent to an increase of 18%. In USD, revenue grew 25% compared to Q3 2024.

The gross margin in Q3 2025 was 70% compared to 71% in Q3 2024.

YTD Q3

Napatech reports revenue of DKK 95.6m in the first three quarters of 2025 compared to DKK 78.7m in the same period in 2024, equivalent to an increase of 21%. In USD, revenue was up 26% compared to 2024.

The gross margin YTD Q3 2025 was 69.3% compared to 69.5% YTD Q3 2024.

Costs**Q3**

Staff costs and Other external costs in Q3 2025 amounted to DKK 35.1m, compared to DKK 43.2m in Q3 2024.

Operating expenses after the transfer of staff costs to capitalized development costs in Q3 2025 amounted to DKK 34.4m, compared to DKK 41.8m in Q3 2024.

YTD Q3

Staff costs and Other external costs YTD Q3 2025 amounted to DKK 126.7m, compared to DKK 127.1m YTD Q3 2024.

Operating expenses after the transfer of staff costs to capitalized development costs YTD Q3 2025 amounted to DKK 121.0m, compared to DKK 124.0m YTD Q3 2024.

EBITDAC and EBITDA**Q3**

Earnings before Interest, Tax, Depreciation, Amortization, and Capitalization of development cost (EBITDAC) amounted to negative DKK 6.9m in Q3 2025 compared to negative DKK 18.9m in Q3 2024.

EBITDA in Q3 2025 was negative DKK 6.1m compared to negative DKK 17.6m in Q3 2024.

YTD Q3

EBITDAC amounted to negative DKK 60.5m YTD Q3 2025 compared to negative DKK 72.3m YTD Q3 2024.

EBITDA YTD Q3 2025 was negative DKK 54.8m compared to negative DKK 69.3m YTD Q3 2024.

Depreciation, amortization, and impairment**Q3**

Depreciation, amortization, and impairment in Q3 2025 were DKK 5.0m compared to DKK 6.9m in Q3 2024.

YTD Q3

Depreciation, amortization, and impairment YTD Q3 2025 were DKK 17.3m compared to DKK 22.6m YTD Q3 2024.

Financial Items**Q3**

Financial items for Q3 2025 were negative DKK 0.1m compared to a negative DKK 1.1m in Q3 2024.

YTD Q3

Financial items YTD Q3 2025 were negative DKK 4.1m compared to a negative DKK 1.7m YTD Q3 2024.

Taxes**Q3**

Taxes for Q3 2025 amounted to DKK 0.0m compared to an income of DKK 0.0m in Q3 2024.

YTD Q3

Taxes YTD Q3 2025 amounted to a cost of DKK 0.1m compared to an income of DKK 0.8m YTD Q3 2024.

Investments**Q3**

The total net cash used in investing activities in Q3 2025 was DKK 1.7m, of which DKK 1.1m was invested in new product development. In Q3 2024, the total net cash used in investing activities was DKK 3.5m, of which DKK 1.4m was invested in new product development.

YTD Q3

The total net cash used in investing activities YTD Q3 2025 was DKK 8.0m, of which DKK 6.8m was invested in new product development. YTD Q3 2024, the total net cash used in investing activities was DKK 7.2m, of which DKK 3.3m was invested in new product development.

Cash Flow**Q3**

Net cash flow from operating activities in Q3 2025 was negative DKK 0.0m compared to negative DKK 22.5m in Q3 2024.

Free cash flow in the quarter amounted to negative DKK 1.7m compared to negative DKK 26.0m in Q3 2024.

Net cash from financing activities in Q3 2025 was negative DKK 13.9m, compared to a positive DKK 26.0m in Q3 2024.

YTD Q3

Net cash flow from operating activities YTD Q3 2025 was negative DKK 44.3m compared to negative DKK 69.9m YTD Q3 2024.

Free cash flow YTD Q3 2025 amounted to negative DKK 52.3m compared to negative DKK 77.1m YTD Q3 2024.

Net cash from financing activities YTD Q3 2025 was positive DKK 107.7m, compared to positive DKK 137.7m YTD Q3 2024.

Cash and cash equivalents end of Q3 2025 were DKK 117.7m compared to DKK 102.9m at the end of Q3 2024.

Events after the end of the period

No significant events have occurred after the end of the reporting period.

Outlook for 2025

Napatech's financial expectations for 2025 remain unchanged:

	Guidance
Revenue	DKK 150 - 190m
Gross margin	69 - 71%
Staff expenses & Other external costs	DKK 170 - 180m
Staff costs transferred to capitalized development costs	DKK 8 - 12m

With performance in the middle of the guided ranges, EBITDA would be negative DKK 46m.

The company is exposed to risks that might affect our ability to reach our goals, such as currency fluctuations, general market uncertainty, and material changes in our large OEMs' needs for Napatech's products.

Additionally, in 2025, we have seen increasing market uncertainty, particularly related to potential trade barriers, including tariff increases in the United States. With our products manufactured in the US and the majority of our customers also located in the US, we do not feel overly exposed. However, the lack of predictability and uncertainty surrounding tariff increases is a concern, and we will be monitoring the development closely.

Disclaimer:

This report may contain statements regarding the future in connection with Napatech's growth initiatives, profit figures, outlook, strategies, and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

INCOME STATEMENT

For the period ended September 30, 2025

DKK'000	3rd quarter		YTD Sep..	
	2025	2024	2025	2024
Revenue	40,133	34,012	95,553	78,730
Cost of goods sold	(11,841)	(9,763)	(29,364)	(23,980)
Gross profit	28,292	24,249	66,189	54,750
Staff costs	(25,495)	(27,366)	(89,997)	(83,705)
Other external costs	(9,649)	(15,826)	(36,660)	(43,388)
EBITDAC	(6,852)	(18,943)	(60,468)	(72,343)
Transferred to capitalized development costs	755	1,363	5,681	3,079
EBITDA	(6,097)	(17,580)	(54,787)	(69,264)
Depreciation, amortization and impairment	(5,018)	(6,921)	(17,345)	(22,564)
Operating result (EBIT)	(11,115)	(24,501)	(72,132)	(91,828)
Finance income	439	(75)	648	1,131
Finance costs	(545)	(995)	(4,786)	(2,864)
Result before tax	(11,221)	(25,571)	(76,270)	(93,561)
Income tax	1	10	(93)	755
Result for the period	(11,220)	(25,561)	(76,363)	(92,806)

CASH FLOW STATEMENT

For the period ended September 30, 2025

DKK'000	3rd quarter		YTD Sep..	
	2025	2024	2025	2024
Operating activities				
Income/Loss before tax	(11,221)	(25,571)	(76,270)	(93,561)
Adjustments to reconcile profit before tax to net cash flows				
Finance income	(439)	75	(648)	(1,131)
Finance costs	545	995	4,786	2,864
Depreciation, amortisation and impairment	5,018	6,921	17,345	22,564
Share-based payment expense	1,675	3,164	6,490	7,871
Working capital adjustments				
Change in inventories	9,769	(15,220)	4,775	(32,562)
Change in trade and other receivables and prepayments	(3,538)	1,606	(532)	16,381
Change in trade and other payables and contract liabilities	(2,416)	5,421	278	8,898
Interest received	439	865	648	1,131
Interest paid	(345)	(781)	(1,598)	(2,276)
Income tax received, net	511	-	407	(80)
Net cash flows from operating activities	(2)	(22,525)	(44,319)	(69,901)
Investing activities				
Purchase of tangible assets	(579)	(2,130)	(1,134)	(3,870)
Investments in intangible assets	(1,139)	(1,395)	(6,810)	(3,300)
Investments in leasehold deposits	-	-	(56)	(46)
Net cash used in investing activities	(1,718)	(3,525)	(8,000)	(7,216)
Free cash flow	(1,720)	(26,050)	(52,319)	(77,117)
Financing activities				
Capital increase	282	528	130,525	145,319
Transaction costs on issue of shares	(80)	(195)	(4,954)	(5,383)
Increase (decrease) through treasury share transactions	-	-	-	1,491
Payment of financial lease liabilities	(800)	(1,240)	(2,387)	(2,986)
Repayment of borrowings	(13,255)	26,884	(15,440)	(737)
Net cash flows from financing activities	(13,853)	25,977	107,744	137,704
Net change in cash and cash equivalents	(15,573)	(73)	55,425	60,587
Net foreign exchange difference	(183)	(271)	(2,111)	(92)
Cash and cash equivalents at the beginning of the period	133,411	103,206	64,341	42,367
Cash and cash equivalents at the end of the period	117,655	102,862	117,655	102,862

BALANCE SHEET**ASSETS**

DKK'000	30 Sep. 2025	31 Dec. 2024	30 Sep. 2024
Development projects, completed	9,650	19,764	20,086
Development projects, in progress	8,463	4,269	5,526
Patents	766	1,042	1,155
Intangible assets	18,879	25,075	26,767
Plant and equipment	3,988	4,765	5,048
Right-of-use assets	7,204	9,200	9,876
Leasehold improvements	445	441	481
Tangible assets	11,637	14,406	15,405
Leasehold deposits	1,643	1,587	1,587
Other non-current assets	1,643	1,587	1,587
Non-current assets	32,159	41,068	43,759
Inventories	65,101	69,876	68,134
Trade receivables	22,007	19,381	20,557
Prepayments	3,435	5,153	3,173
Other receivables	20,401	23,762	15,799
Income tax receivable	5,757	6,345	6,675
Cash and cash equivalents	117,655	64,341	102,862
Current assets	234,356	188,858	217,200
Total assets	266,515	229,926	260,959

EQUITY AND LIABILITIES

DKK'000	30 Sep. 2025	31 Dec. 2024	30 Sep. 2024
Share capital	27,526	24,999	24,971
Share premium	606,555	483,062	482,418
Treasury shares	(619)	(619)	(619)
Foreign currency translation reserve	(1,344)	553	(551)
Share-based payment reserve	24,945	18,946	16,591
Retained earnings	(449,839)	(373,518)	(355,076)
Equity	207,224	153,423	167,734
Interest-bearing loans and borrowings	5,459	6,806	7,631
Other non-current financial liabilities	4,624	4,540	4,571
Non-current lease liabilities	4,307	6,406	7,122
Non-current contract liabilities	2,243	1,550	3,360
Non-current liabilities	16,633	19,302	22,684
Interest-bearing loans and borrowings	21,921	36,098	35,599
Current lease liabilities	3,281	3,124	3,047
Trade payables	3,888	5,789	15,249
Other payables	10,279	8,953	10,788
Contract liabilities	3,289	3,237	5,858
Current liabilities	42,658	57,201	70,541
Total liabilities	59,291	76,503	93,225
Total equity and liabilities	266,515	229,926	260,959

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