

nada:tech;

napa:tech;
SMARTNIC+IPU SOLUTIONS

2025 Half-Year Report

Lars Boilesen, CEO
Heine Thorsgaard, CFO

August 26, 2025

Q&A Session

Following the presentation

DK: +45 89 87 50 45

UK: +44 20 3936 2999

US: +1 646 233 4753

All other locations: +44 20 3936 2999

Access Code: 120993

To ask a question, press *1 on your telephone keypad.

To withdraw your question, press *2

Texted questions can be submitted using the button on the website

Safe Harbor Statement

This presentation has been prepared by Napatech A/S solely for information purposes. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

Certain statements included in this presentation contain various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. The words "believe," "expect," "anticipate," "intend," "may," "plan," "estimate," "should," "could," "aim," "target," "might," or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include but are not limited to the Company's ability to operate profitably, maintain its competitive position, to promote and improve its reputation, to successfully operate its strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks. The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, neither the Company nor its subsidiary undertakings or any of such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

AGENDA

- BUSINESS STATUS
- MARKET UPDATE
- PIPELINE SPOTLIGHT
- FINANCIAL RESULTS
- OUTLOOK



BUSINESS STATUS AND OUTLOOK

BUSINESS STATUS

Financial Results

- 2Q-2025 Revenue \$4.8M USD, +43% year over year
- 2Q-2025 Gross Margins 67%, as expected, +2% year over year
- 1H-2025 Revenue Revenue up 26% compared to 1H24
- 3Q-2025 Good start to 3Q-2025

Recent Highlights

- Executing Strategy Completed 200M NOK capital raise to support business growth
Appointed three new members to board of directors
- Business Growth Continue pipeline building in opportunities of transformational scale
Base business strengthening, growing in valuable accounts and use cases
Lead customer Netscout commits to increased product volume
- Design Win Focus Successful progress in new design wins, leading to new revenue sources
Tier-1 server vendor, d-Matrix, Broadcom Symantec, Eideticom, Myrle.AI, Xelera, A5G and more

MARKET UPDATE

Limitless AI powered by networks that think

NAPATECH NETWORK INTERFACE CARDS – The Heart of Modern AI Datacenters

ACCELERATED PROCESSING



Offload and accelerate burdensome CPU network, security, storage processing

PROGRAMMABLE NETWORKING

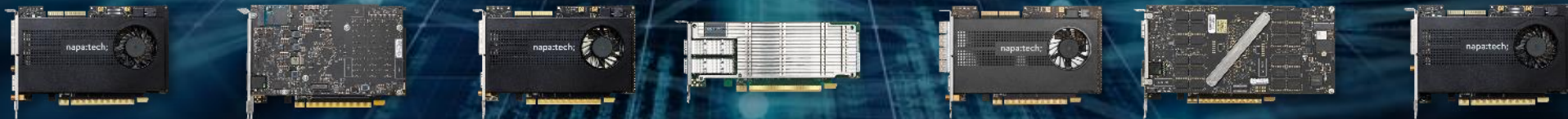


Hardware performance at the speed of Software innovation

SUSTAINABLE COST



Rearchitect servers to remove ROI constraints from space, power and cooling



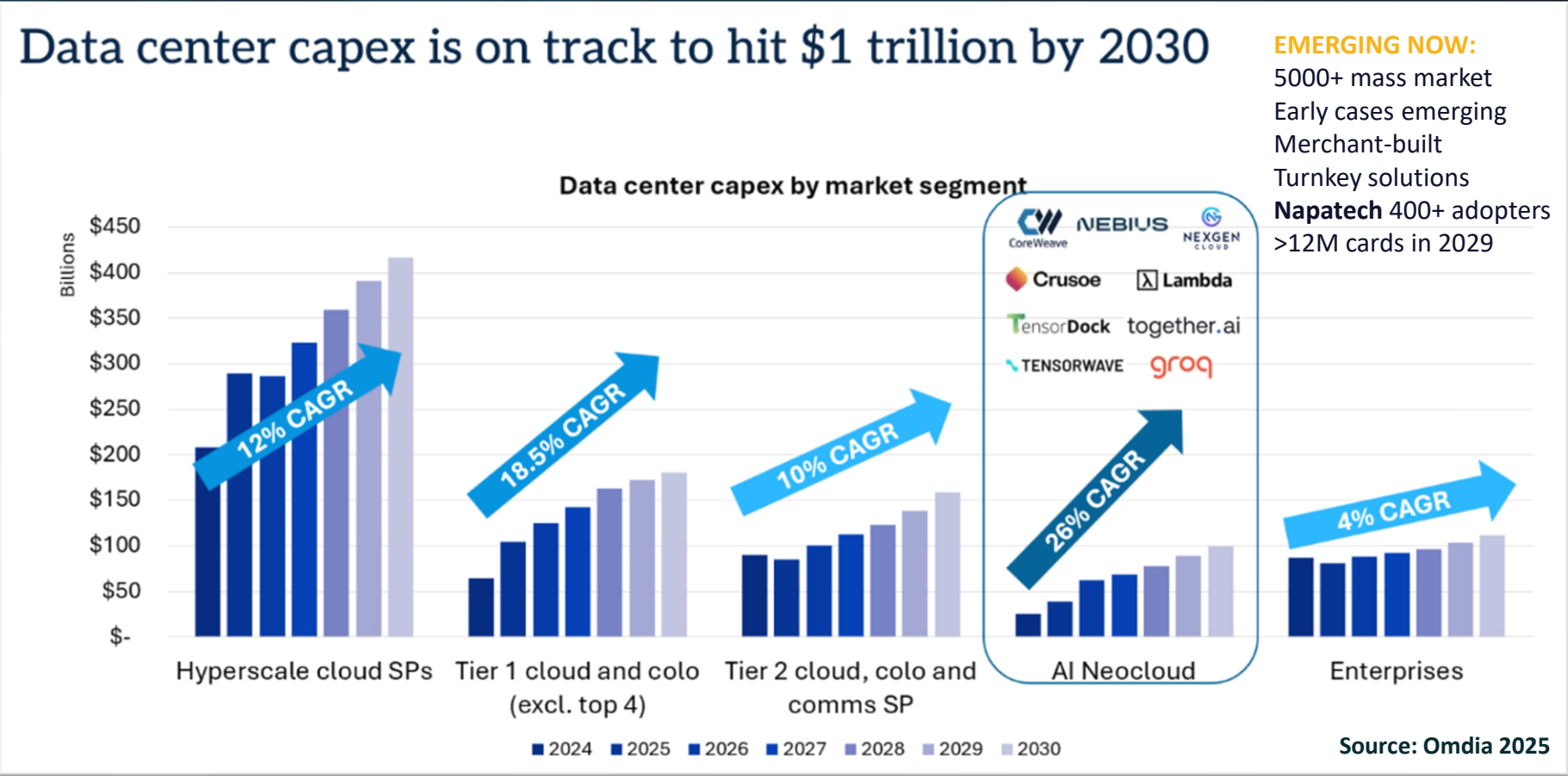
Napatech Network Interface Cards

MARKET VALIDATION: EARLY ADOPTERS PROVE TECHNOLOGY, VALUE, BENEFITS AND SCALE



Hyperscale
Cloud Operators

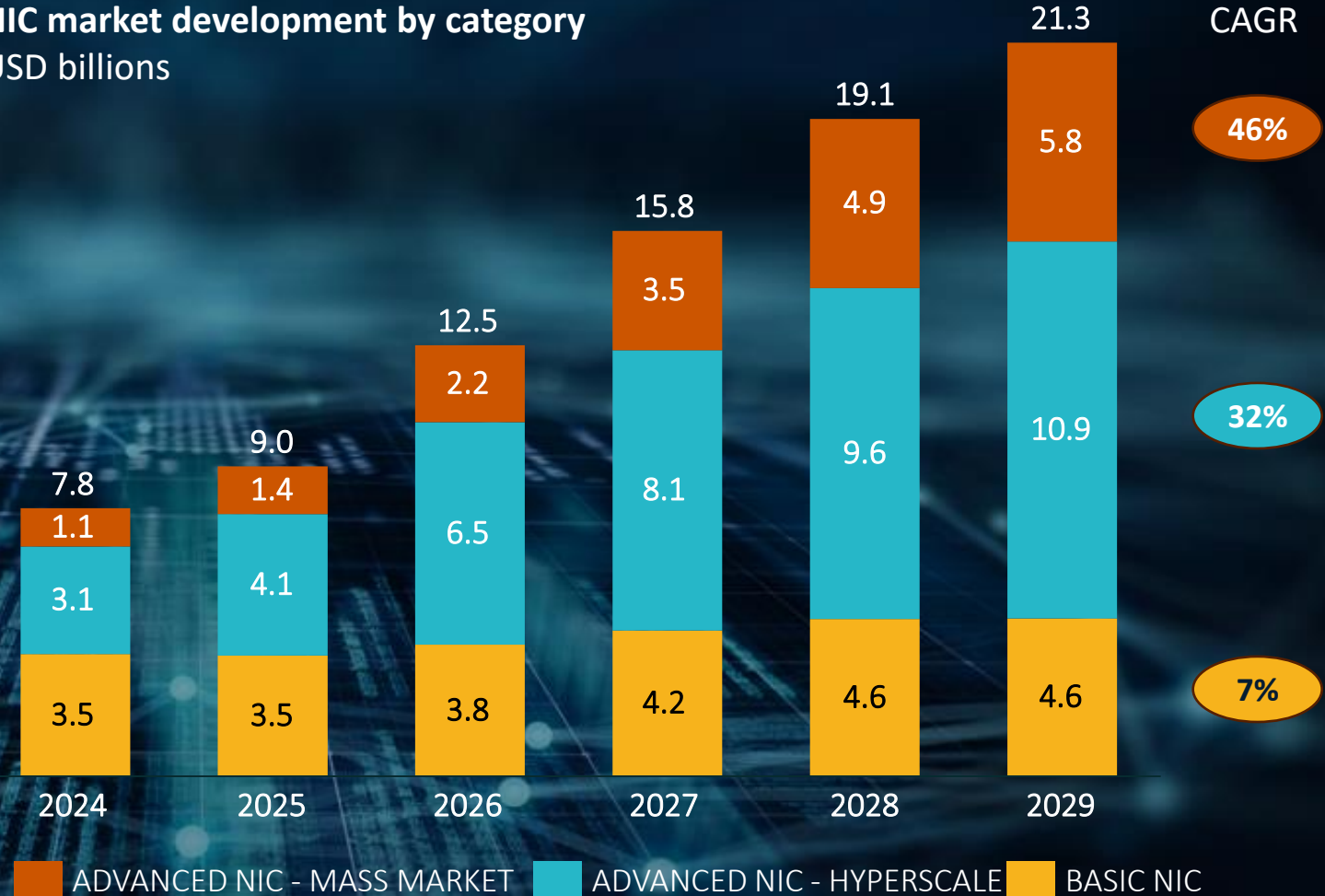
DEPLOYED NOW
8 global companies
Initially niche, bespoke
Component self-built DIY
Not for sale
Intel-Altera dominance
>12M cards in 2024



OPPORTUNITY: OUR TIME TO SHINE IS NOW

- Advanced Network Cards are the future
- 92% of demand is from Hyperscale operators
- The mass market will become 37% of demand
- Creating a \$6B mass market SAM in 2028
- >20M servers per year by 2029
- 2-4 network cards per server

NIC market development by category
USD billions



OPPORTUNITY: APPLICATIONS THAT BENEFIT FROM NAPATECH NICS



CLOUD AND ARTIFICIAL INTELLIGENCE

- AI Infrastructure
- AI Coprocessing
- AI Storage Acceleration
- Network Offload



BUSINESS CRITICAL APPLICATIONS

- Cybersecurity
- Fintech Financial Services
- Regulatory Compliance
- Network Forensics



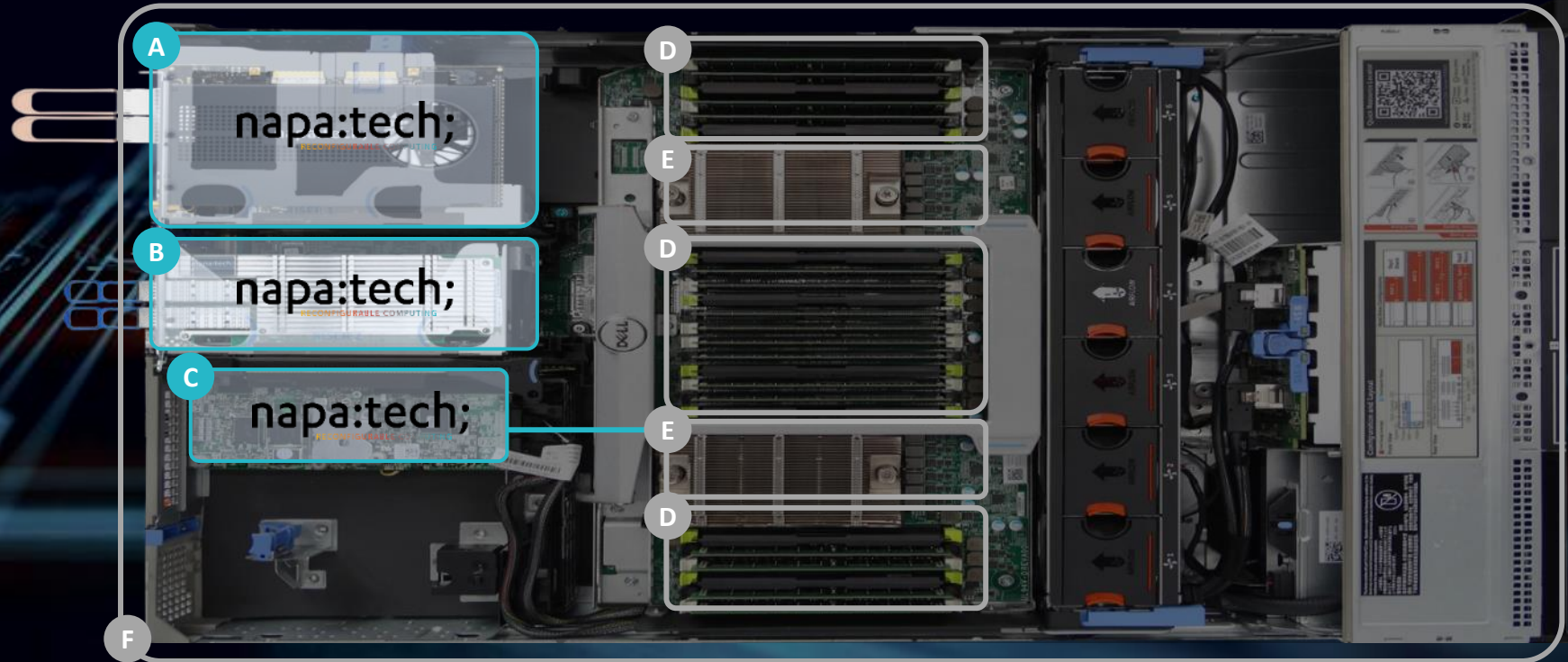
NETWORK INFRASTRUCTURE

- Application and Network Monitoring
- 5G Mobile Infrastructure
- Capture and Replay
- Deep Packet Inspection

PRODUCT: Napatech Network Interface Cards and CPU Co-Processors

Think™ Link™

- A** Infrastructure Processing Unit
- B** SmartNIC
- C** GPU/ASIC, FPGA for AI
- D** Memory
- E** Central Processing Unit
- F** Server



Napatech's Advanced NICs play a crucial role in modern datacenter designs ...



... providing access to CPU and GPU resources that deliver AI, security and other services

BUSINESS MODEL: INNOVATE GO-TO-MARKET LOWERS OPEX AND INCREASES SCALABILITY

Increased Volumes

Scalability with Intel's proven architecture and design in large-volume applications and use cases



Go-to-market

Access to Intel-Altera's global reach and collaboration with sales, marketing and business development into high volume prospects



napa:tech;
SMARTNIC+IPU SOLUTIONS



altera
An Intel Company

Engineering collaboration

Tailoring and specified hardware and software solutions with Intel for highest growth segments



Access to latest technology

First mover advantage with access to Intel and Altera's latest CPU and FPGA technology





PIPELINE SPOTLIGHTS

BUSINESS UPDATE: Design Win Pipeline and Base Business

New Design Win Pipeline

- Nearly 200 opportunities, >60% in new business and markets
- \$400M in value, >80% in new business and markets
- Includes SmartNIC and DPU (IPU) Programmable NICs
- New business volumes: 1k, 5k, 10k, 25k+
- Current design wins contribute 60k-80k units in peak production
- Anchored by innovative software packages
- Spanning customer types, applications and use cases
- Altera regularly adding opportunities
- Napatech inbound leads noticeably up, web, organic, referral

Base Business Strengthening

- Over 400 base customers
- Design wins and sales increasing
- Higher ASP (SW), at lower relative volumes
- Lead customer volume commitments and projections
- Top-10 cybersecurity company first \$1M quarter
- Four leading banking fintech exceed \$1.5M
- Other use cases exceed \$1M
- Attractive pipeline with 2H25 line of site
- Midway through Q3 we project 20-30% year over year revenue

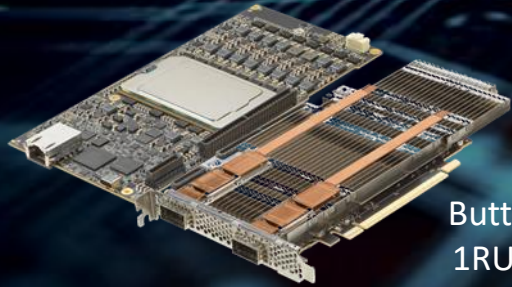
The improving base business, plus constantly expanding pipeline of opportunities and early success in new design wins provides great optimism towards realizing our growth ambitions

CASE STUDY: TIER-1 SERVER OEM

HARDWARE



Standalone
SmartNIC
(N3070X)



Butterfly
1RU IPU
(F3070X)



Stacked
2RU IPU
(F3070X)

SOFTWARE

NETWORKING
STORAGE
SECURITY
INFRASTRUCTURE
MANAGEMENT
AND MORE....

USE CASES

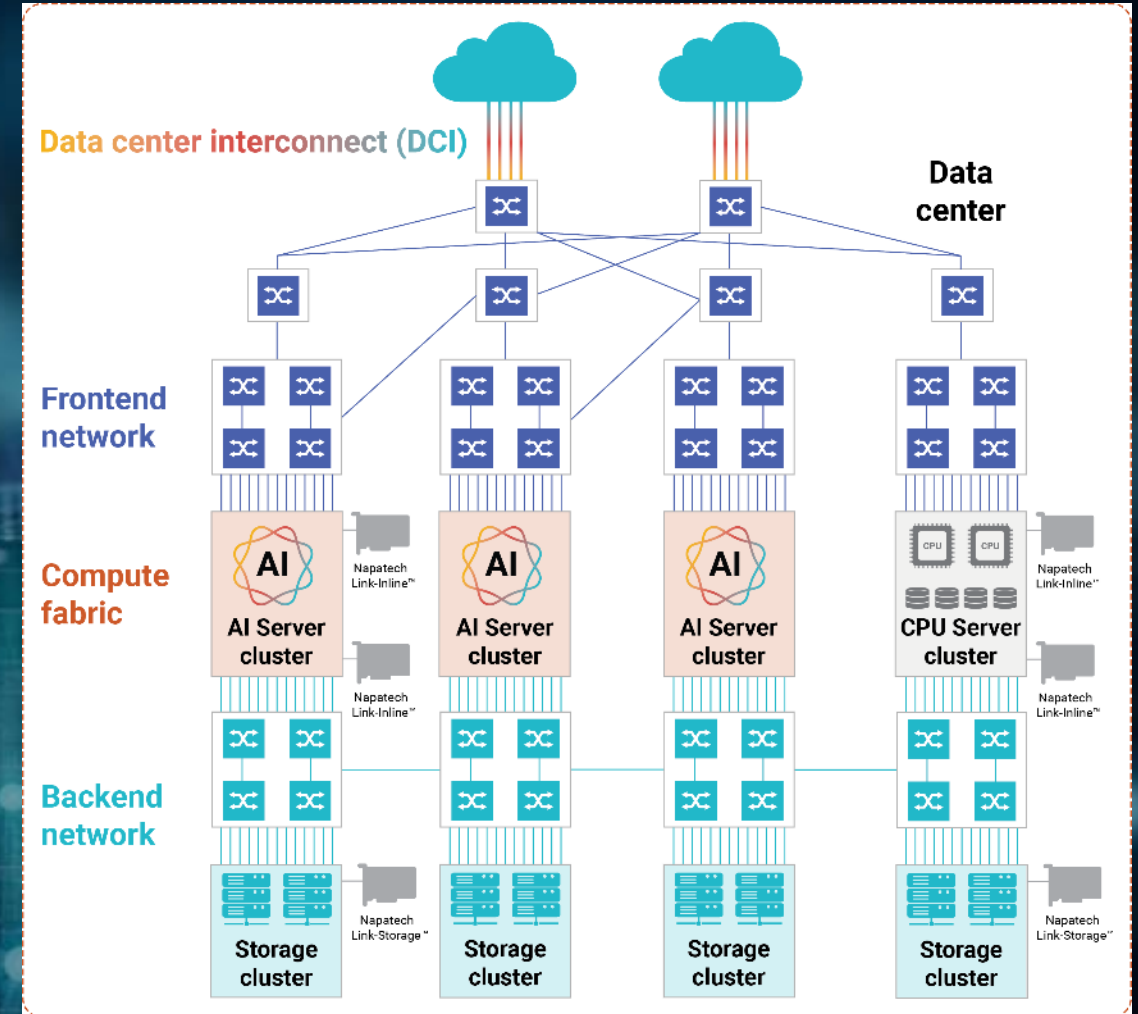
AI STORAGE CONNECTIVITY
CLOUD STORAGE
AI CONTENT AND DATA REDUCTION
CLOUD TENNANT SERVICES
5G MOBILE INFRASTRUCTURE
PARALLEL FILE SYSTEM

- On time delivery of all hardware, exceeding customer expectations
- Transitioning to software requirements per use case, stunning metrics

Land-and-expand from initial engagement to 6 unique opportunities

CASE STUDY: ARTIFICIAL INTELLIGENCE INFRASTRUCTURE FOR INFERENCE

- AI inferencing vendor win, d-Matrix
- AI infrastructure back-end network
- High-volume production
- Hardware win reuse of tier-1 server HW design
- Commitments: units, NRE fee
- 5-year supply agreement
- Development ahead of schedule, mileposts met
- Target Napatech completion in 4Q 2025
- Analysts continue to expand projections of non-GPU co-processors for AI inferencing
- Hunting for opportunities to replicate



New Design Wins: Early Signs of Progress and Success



- Cybersecurity
- Data loss prevention
- Product complete
- >5x performance
- First new customer
- US global banking
- ~\$250k design



- 5G Packet core
- UPF offload
- Link-Inline™ SW
- First dev orders
- First customer win
- On towers Q4/Q1



- Kontron
- Edge server
- 5G UPF offload



- Disclosed design win
- Customer launch GA
- Microsecond machine learning and inferencing



Register your interest now

The event for innovators,
by innovators

30 September 2025
San Jose, USA

<https://go.altera.com/innovators-day-2025-registration>

altera
innovators day
2025



Financial Review and Outlook

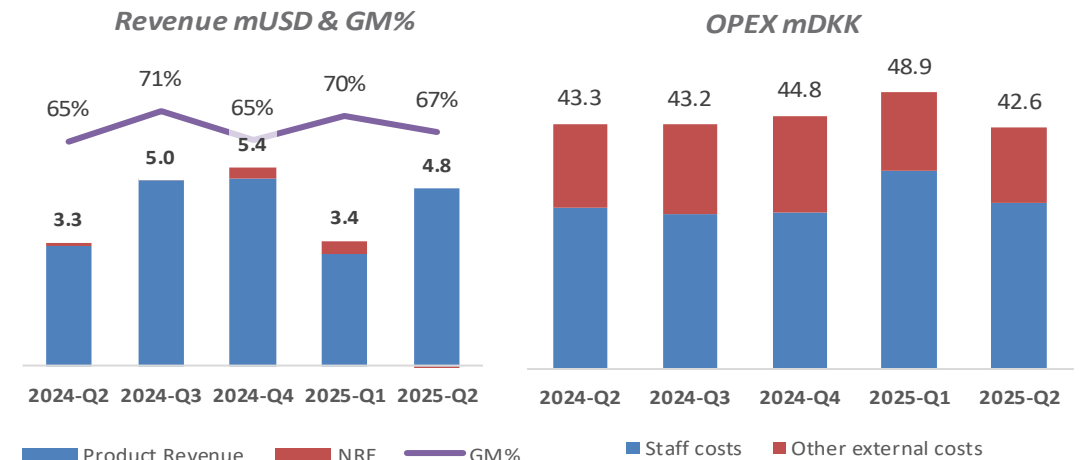
Consolidated Income Statement Q2 & H1 2025

DKK'000	Q2		H1		Q2	H1
	2025	2024	2025	2024	Δ	Δ
Revenue	31,571	23,176	55,420	44,718	36%	24%
Cost of goods sold	(10,445)	(8,105)	(17,523)	(14,217)		
Gross profit	21,126	15,071	37,897	30,501	40%	24%
GM%	66.9%	65.0%	68.4%	68.2%		
Staff costs	(29,443)	(28,581)	(64,502)	(56,339)	3%	14%
Other external costs	(13,165)	(14,726)	(27,011)	(27,562)	-11%	-2%
EBITDAC	(21,482)	(28,236)	(53,616)	(53,400)		
Transferred to capitalized development costs	1,843	867	4,926	1,716	113%	187%
EBITDA	(19,639)	(27,369)	(48,690)	(51,684)		
Depreciation, amortization and impairment	(5,870)	(7,699)	(12,327)	(15,643)	-24%	-21%
Operating result (EBIT)	(25,509)	(35,068)	(61,017)	(67,327)		
Finance income	182	373	209	1,206		
Finance costs	(2,907)	(1,112)	(4,241)	(1,869)		
Result before tax	(28,234)	(35,807)	(65,049)	(67,990)		
Income tax	(100)	747	(94)	745		
Result for the period	(28,334)	(35,060)	(65,143)	(67,245)		

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

Key Developments

- Revenue in Q2 in USD up 43% compared to Q2'24 (up 36% in DKK). Revenue in H1 in USD up 26% compared to H1'24.
- GM in Q2 67% up two basis points compared to Q2'24. GM in H1 68.4% up 0.2 basis points compared to H1'24.



- Q2 EBITDA negative DKK 19.6m – up DKK 7.7m compared to Q2'24.

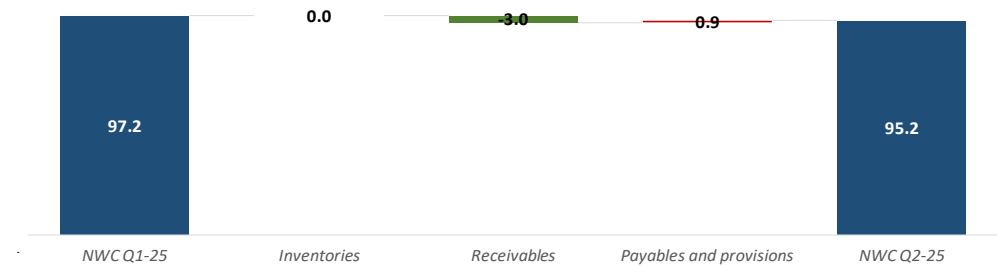
Consolidated Cash Flow Statement Q2 & H1 2025

DKK'000	Q2		H1	
	2025	2024	2025	2024
Earnings before tax (EBT)	(28,234)	(35,807)	(65,049)	(67,990)
Adjustments to reconcile profit before tax to net cash flows	10,644	11,131	21,174	21,013
Working capital adjustments	(377)	(16,312)	706	910
Cash flows from operating activities	(17,967)	(40,988)	(43,169)	(46,067)
Interest and tax	(676)	(950)	(1,148)	(1,309)
Net cash flows from operating activities	(18,643)	(41,938)	(44,317)	(47,376)
Net cash used in investing activities	(2,536)	(2,682)	(6,282)	(3,691)
Free cash flow	(21,179)	(44,620)	(50,599)	(51,067)
Net cash flows used in financing activities	121,062	120,161	121,597	111,727
Net change in cash and cash equivalents	99,883	75,541	70,998	60,660
Net foreign exchange difference	(1,070)	147	(1,928)	179
Cash and cash equivalents at the beginning of the period	34,598	27,518	64,341	42,367
Cash and cash equivalents at the end of the period	133,411	103,206	133,411	103,206

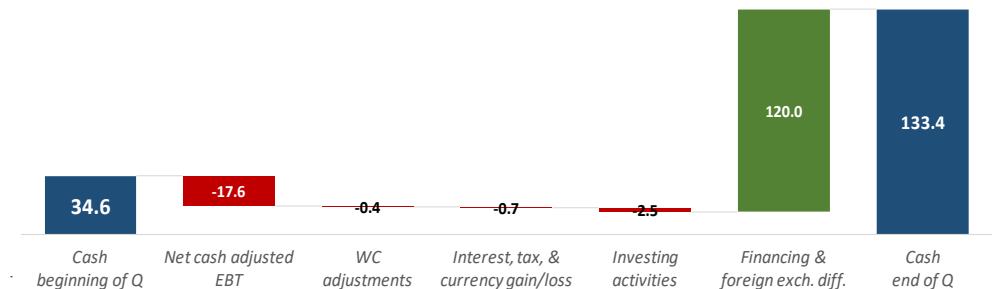
	2025	2024
Net working capital	95,153	65,241

Key Developments

- Net Cash flow from operating activities in Q2 negative DKK 18.6m – H1 negative DKK 44.3m
- Net working capital end of Q2 DKK 95.2m

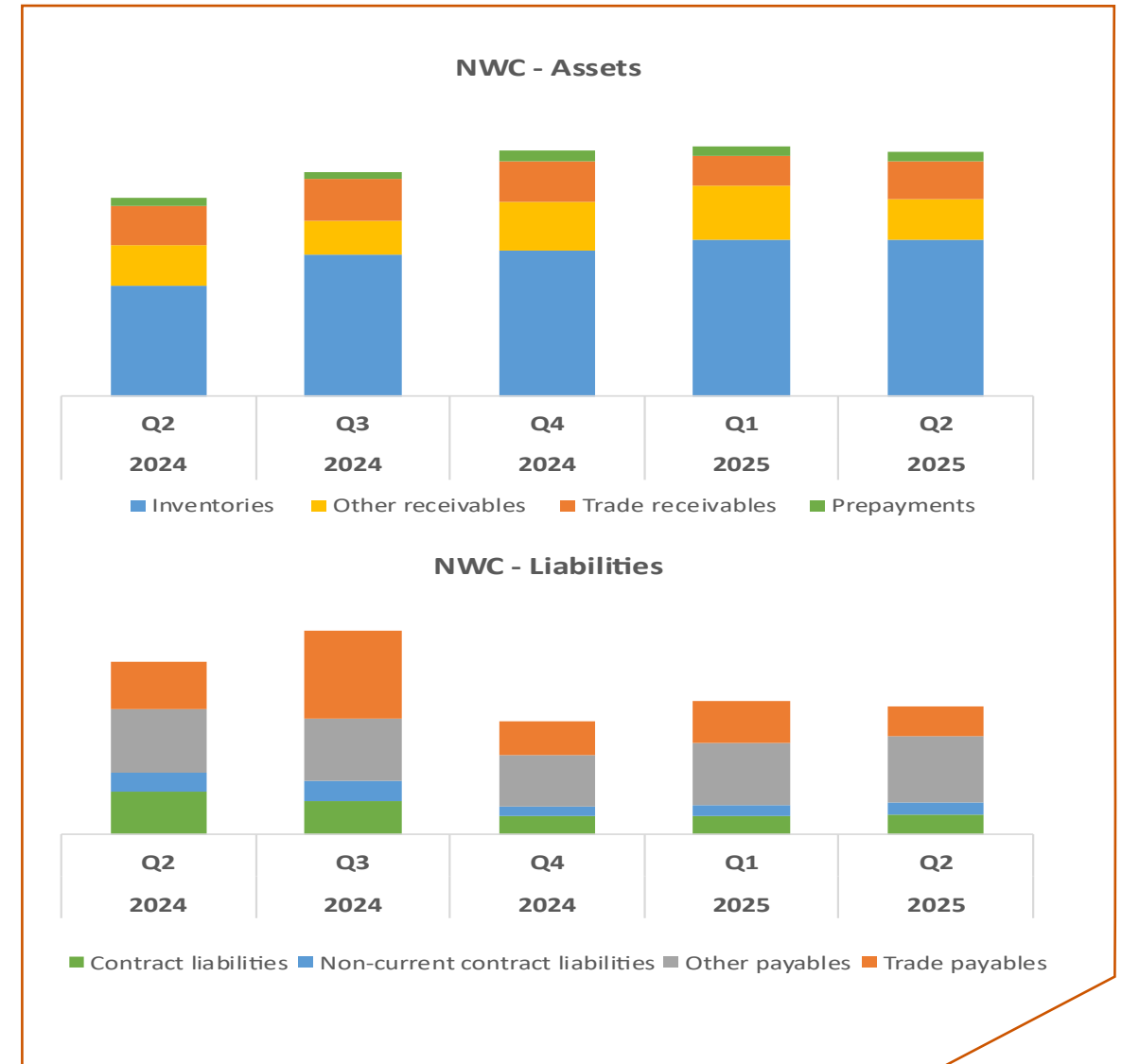


- Free cash flow in Q2 negative DKK 21.2m – up DKK 23.4m compared to Q2'24.
- Cash and cash equivalents of DKK 133.4m end of Q2 25.



NWC Improvement Initiatives

- During 2025, we have planned and implemented several improvement initiatives aimed at reducing our Net Working Capital in the second half of 2025 and through 2026.
- The key initiatives to improve the Napatech NWC focus on:
 - Reducing inventory levels and optimizing the planning of future product production
 - Negotiating better payment terms with key suppliers & current customers
 - Optimizing payment terms and sourcing model for new high-volume agreements
- In the coming years, we anticipate that most of our new business will stem from large-volume orders rather than production for stock. This shift will lead to an even more optimized logistics setup with a significantly lower need for working capital.



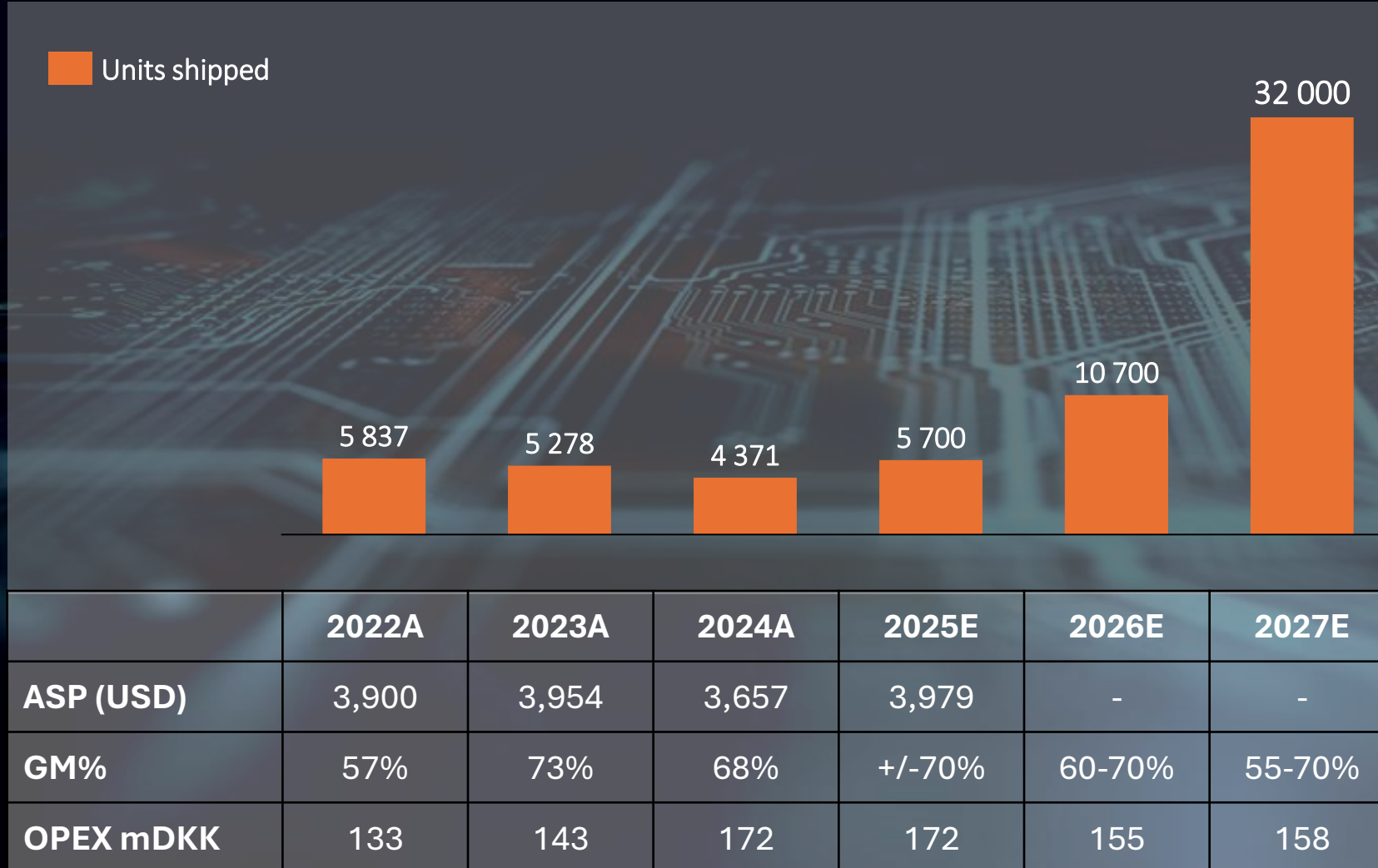
2025 Expectations

- 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
Transferred to capitalized development costs	DKK 8-12m

- With performance in the middle of the guided ranges in 2025, EBITDA will be negative 46mDKK

FINANCIAL OUTLOOK: KEY PERFORMANCE INDICATORS



- **Unit sales** driven by increasing demand among mass-market customers
- High **gross margins** enabled by the strong software component in Napatech's products, which also promote customer stickiness
- **Opex reduced** through right-sizing the organization while still enabling growth starting q325
- Additionally, **net working capital** is expected to drastically improve due to new model taking orders before incurring expenses

Q&A Session

Following the presentation

DK: +45 89 87 50 45
UK: +44 20 3936 2999
US: +1 646 233 4753
All other locations: +44 20 3936 2999

Access Code: 120993

To ask a question, press *1 on your telephone keypad.
To withdraw your question, press *2
Texted questions can be submitted using the button on the website

Stay Connected With Napatech

On The Web:



<https://newsweb.oslobors.no/>

napa:tech;
RECONFIGURABLE COMPUTING

www.napatech.com

Social Media:



Other News:



www.google.com/alerts



www.napatech.com/newsletter