



Interim Management Statement 1Q-2025

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May 26, 2025

Q&A Session

Following the presentation

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AGENDA

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



BUSINESS STATUS AND OUTLOOK

BUSINESS STATUS

Financial Results

- 1Q-2025 Revenue \$3.4M USD, +8% year over year
- 1Q-2025 Gross Margins 70.3%, as expected, within guidance
- 2Q-2025 Revenue Trending towards as +40-50% year over year

Recent Highlights

- Tier-1 Server OEM Ahead of plan on programs and projects
Delivered hardware ahead of schedule, exceeding expectations
Expanding to 6 potential use cases and opportunities
- AI Infrastructure Win Disclosed high volume design-win with d-Matrix
Contract signed, with committed units and NRE, with program under way
- Other Winning Solutions Disclosed new solutions that powered by Napatech
Broadcom Symantec, Eideticom, Xelera
- Design-Win Pipeline New opportunities and use cases emerging regularly, expanding our pipeline
Partnership with Intel-Altera continues to exceed expectations

MARKET UPDATE

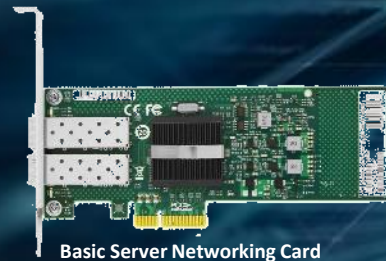
Limitless AI powered by networks that think

SITUATION: SERVER REQUIREMENTS ARE TRANSFORMING

BASIC



25-year evolution
Best-effort
100s of users
Milliseconds
1-10 Gigabits
Static



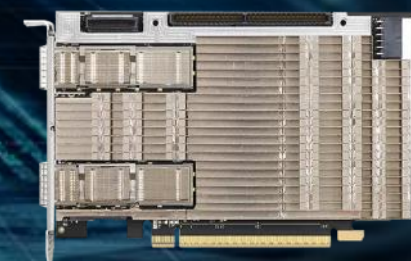
Basic Server Networking Card



ADVANCED



Daily-weekly revolution
Real-time
Billions of uses, devices
Nanoseconds
100-800 Gigabits
Evolving



Advanced Networking Card

*Napatech Sits in the Eye of this Storm of Change
That is Happening Right Now*

PROBLEM: STANDARD SERVERS WITH BASIC NETWORK CARDS ARE OBSOLETE



PROCESSING: Suffocating tasks amidst decreasing generational improvements

*Research from Google and Facebook has shown **infrastructure workloads consume up to 80 percent of CPU cycles***



NETWORKING: AI/cloud drives complexity, data overload, and insatiable connectivity



COST: Unavoidable escalating costs and constraints from space, power, cooling and scalability

BASIC NETWORK CARDS CANNOT FULFILL THE AI VISION

SOLUTION: ADVANCED NETWORK INTERFACE CARDS

ACCELERATED PROCESSING



Offload and accelerate burdensome CPU network, security, storage processing

PROGRAMMABLE NETWORKING

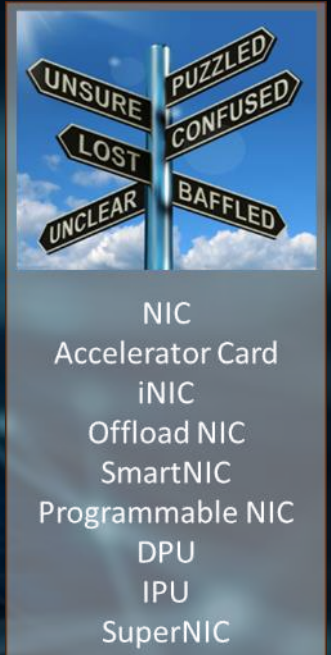


Hardware performance at the speed of Software innovation

SUSTAINABLE COST



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



Napatech Advanced NICs [Programmable SmartNICs and IPUs]

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



**Hyperscale
Cloud Operators**



**Next-Wave
Cloud Operators**



**Equipment
Manufacturers**

DEPLOYED NOW

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



EMERGING NOW:

5000+ mass market
Early cases emerging
Merchant-built
Turnkey solutions
Napatech 400+ adopters
>12M cards in 2029



**Telecomm
Operators**



**Government
& Defense**

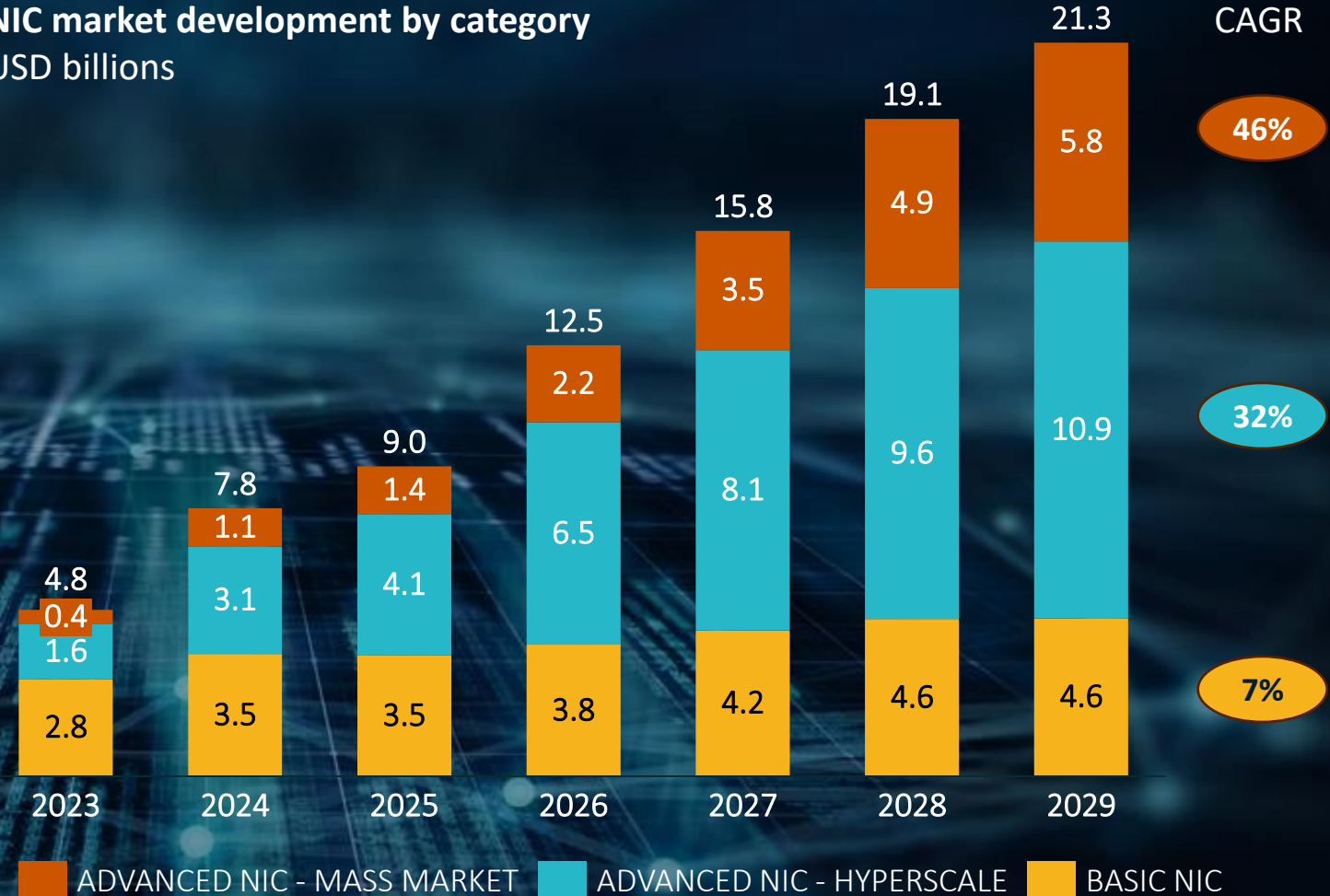


**Fortune-5000
Enterprises**

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 ADVANCED NICs



CLOUD AND ARTIFICIAL INTELLIGENCE

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



BUSINESS CRITICAL APPLICATIONS

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



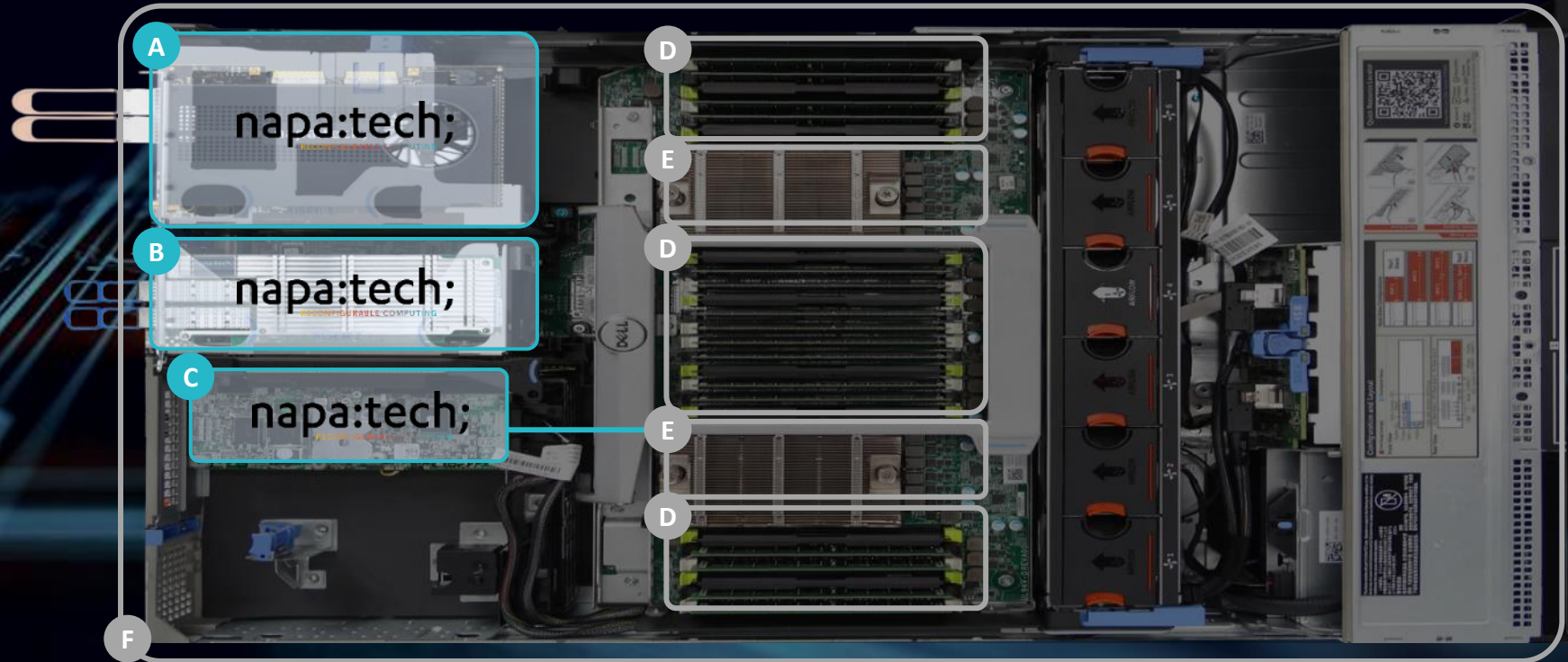
NETWORK INFRASTRUCTURE

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

PRODUCT: ADVANCED NICS [Programmable SmartNICs, IPU, Coprocessors]

Think™ Link™

- A** Infrastructure Processing Unit
- B** SmartNIC
- C** GPU/ASIC, FPGA for AI
- D** Memory chip
- 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





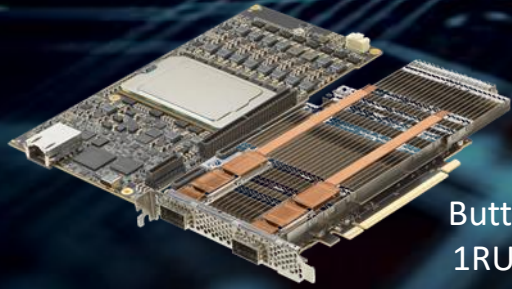
PIPELINE SPOTLIGHTS

CASE STUDY: TIER-1 SERVER OEM

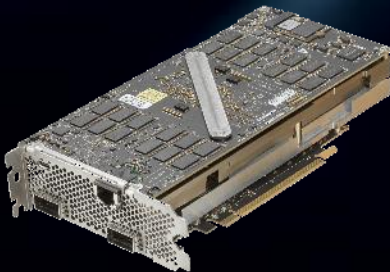
HARDWARE



Standalone
SmartNIC
(N3070X)



Butterfly
1RU IPU
(F3070X)



Stacked
2RU IPU
(F3070X)

SOFTWARE

NETWORKING
STORAGE
SECURITY
INFRASTRUCTURE
MANAGEMENT
AND MORE....

USE CASES

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

- 2024: On time delivery of all hardware, exceeding customer expectations
- 2025: Transitioning to software requirements per use case

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

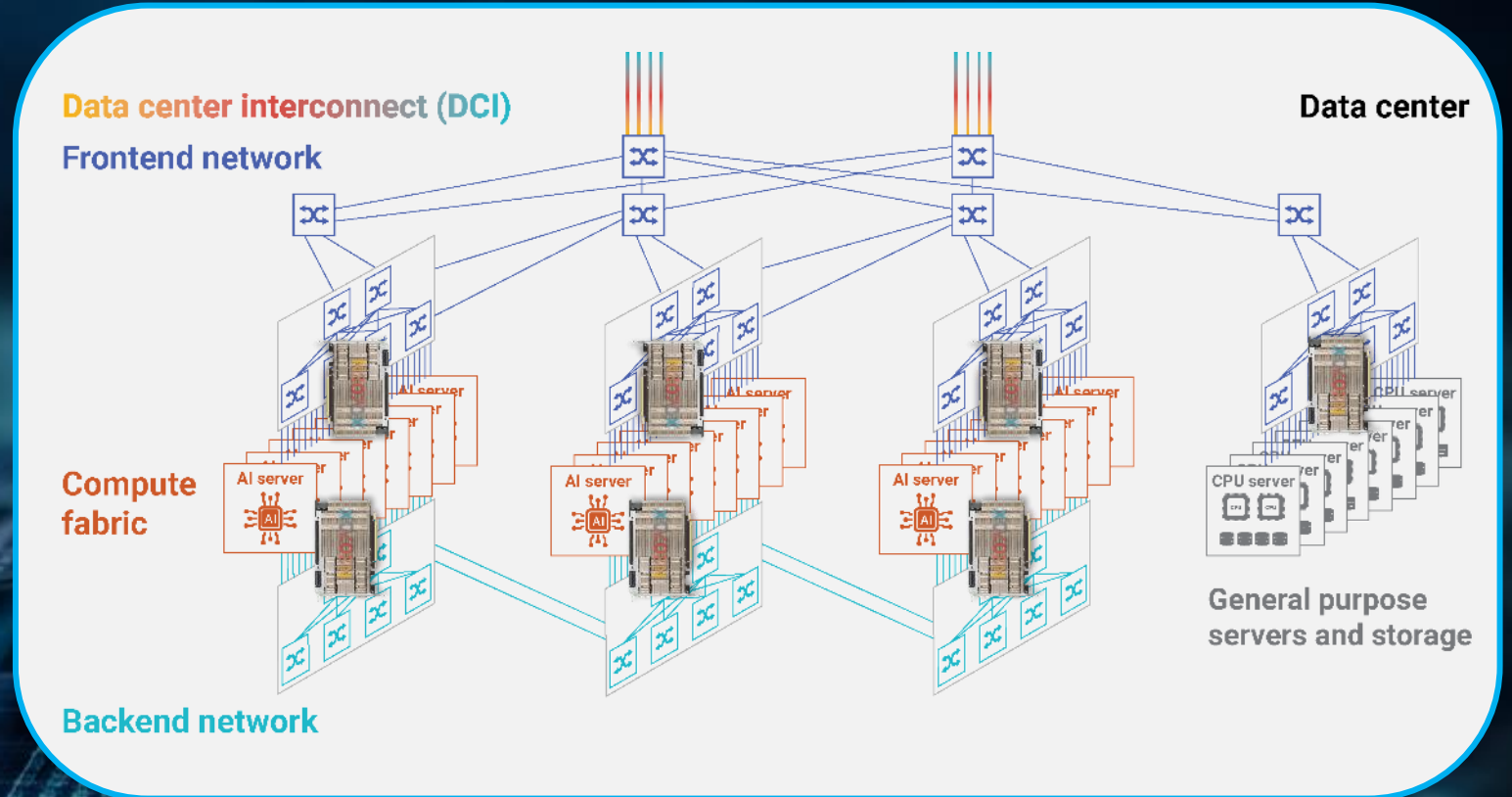
CASE STUDY: ARTIFICIAL INTELLIGENCE INFRASTRUCTURE

- AI inferencing vendor
- AI infrastructure back-end network
- High-volume production
- Replication: N3070X SW and HW
- Commitments: units, NRE fee
- 5-year supply agreement

*“Traditional Front-end Networks Remain Vital
as AI Back-end Network Investment Skyrocket”*
- Dell’Oro Feb 2024

*“d-Matrix is at the forefront of a monumental shift in Gen AI as the
first company to fully address the pain points of AI in the enterprise”*
- Michael Stewart, Microsoft’s Venture Fund

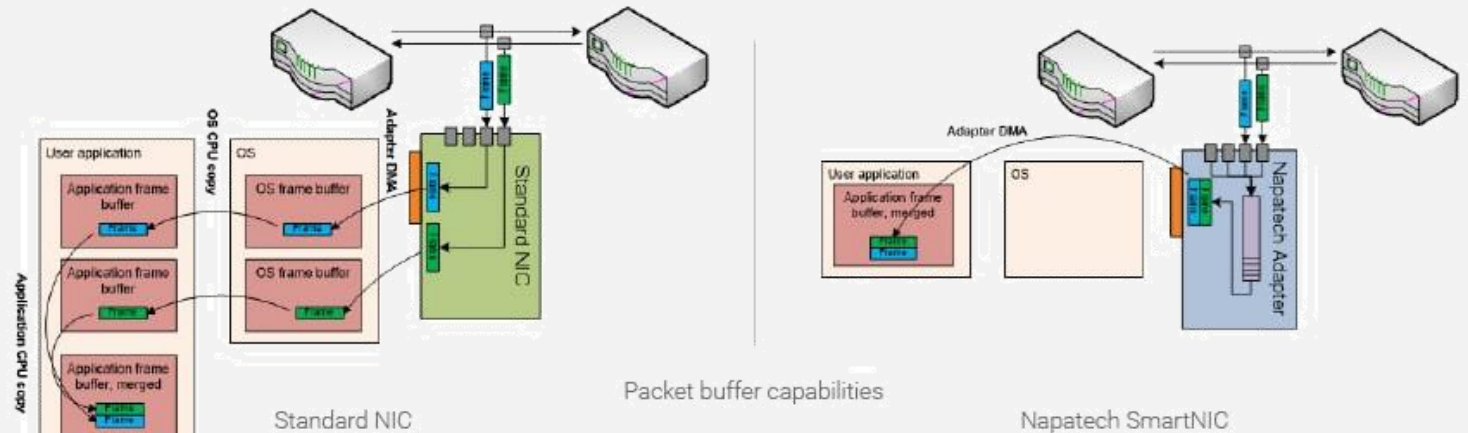
*“Our high-performance end-to-end liquid- and air-cooled systems
incorporating Corsair are ideal for next-level AI compute.”*
Vik Malyala, SVP Technology and AI, Supermicro.



*“Napatech’s Intel-Altera programmable NIC enables d-Matrix to deliver efficient ultra-low latency distributed
inference across multiple servers. Our customers get the benefit of deploying an industry-standard ethernet-
based scale-out solution while taking advantage of Corsair’s blazing fast inference speeds.”*
- Sree Ganesen, Vice President of Product at d-Matrix.

CASE STUDY: CYBERSECURITY

- Data loss prevention
- Software cybersecurity application
- Run on standard server platform
- Suffers on basic NIC
- Run best on Napatech
- >5x performance on advanced NIC

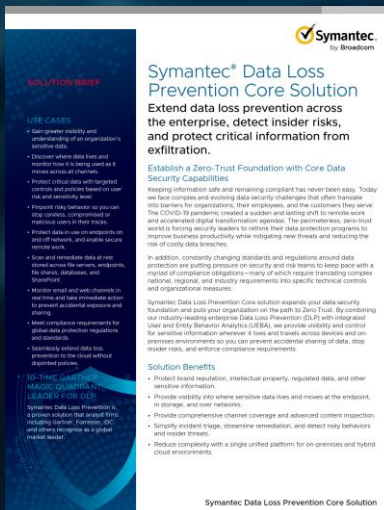


<https://www.napatech.com/solutions/partners/data-loss-prevention-with-broadcom-symantec/>



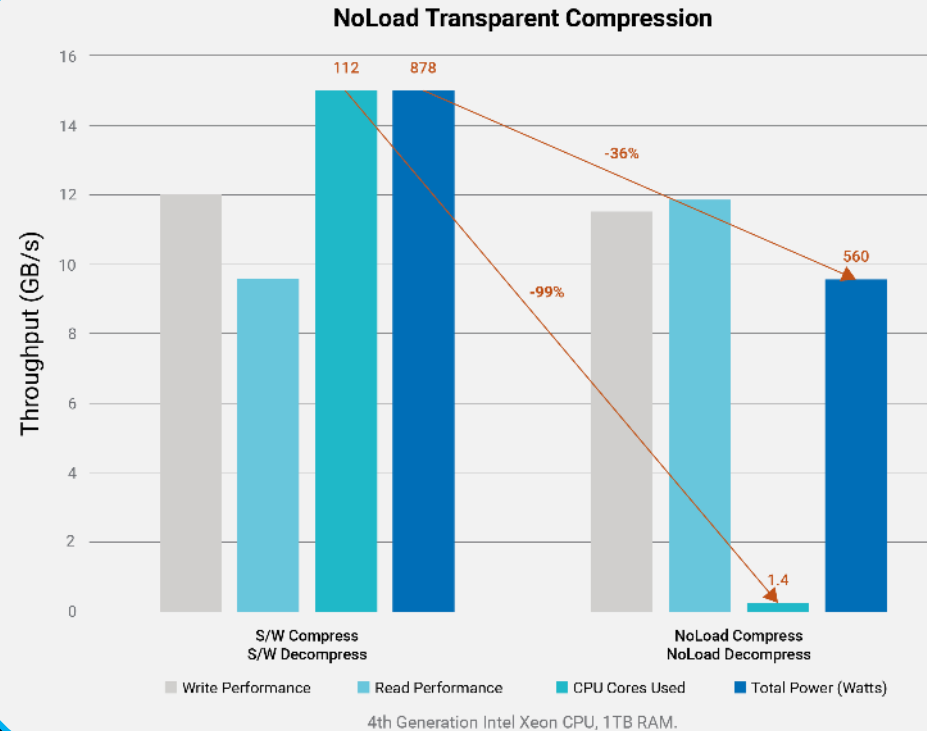
"As network traffic volumes surge, maintaining optimal performance becomes increasingly complex. Integrating Napatech's programmable NICs accelerates the capabilities of Symantec DLP, enabling processing so powerful that users can effectively monitor and protect their data without compromising performance."

- Nate Fitzgerald, Head of Product Management, Enterprise Security Group, Broadcom.



CASE STUDY: CRITICAL INFRASTRUCTURE

- Improves cybersecurity
- Improves storage and data for AI
- Cryptographic acceleration
- Transparent compression
- Up to 99% lower CPU, at 36% power



eideticom

"The combination of Napatech's programmable NICs and our NoLoad® acceleration solutions for cryptography and compression is a game changer. Their Altera-based solutions enable us to deliver high-performance, lower system-level TCO, and enhanced security."

- Roger Bertschmann, CEO of Eideticom.

CASE STUDY: AI FOR FINANCIAL SERVICES

- Targeting financial services
- High frequency trading
- Ultra-low latency inferencing
- FPGA-based software application
- Runs best on Napatech

XELERA + napa:tech;
ULTRA-LOW LATENCY XBOOST, LIGHTGBM, CATBOOST INFERENCE

ULTRA-LOW LATENCY AI PLATFORM

Artificial Intelligence (AI), leveraging machine learning and neural networks, is increasingly utilized for real-time data analysis to enhance decision-making across various domains, including algorithmic trading systems, recommender systems, biosensors, and cybersecurity measures such as ransomware and DDoS detection. Deploying predictive models in real-time poses major technological challenges, primarily related to achieving the necessary inference speed and throughput. Addressing these demands, the **Xelera Silva platform delivers ultra-low latency AI inference** under a unified API. By utilizing dedicated hardware accelerator cards, Xelera Silva provides a ready-to-use solution that eliminates latency bottlenecks and enhances throughput, enabling firms to rapidly deploy AI-driven decision-making capabilities. The platform's per-board licensing model facilitates scalability and flexible adaptation to evolving business requirements.

KEY BENEFITS

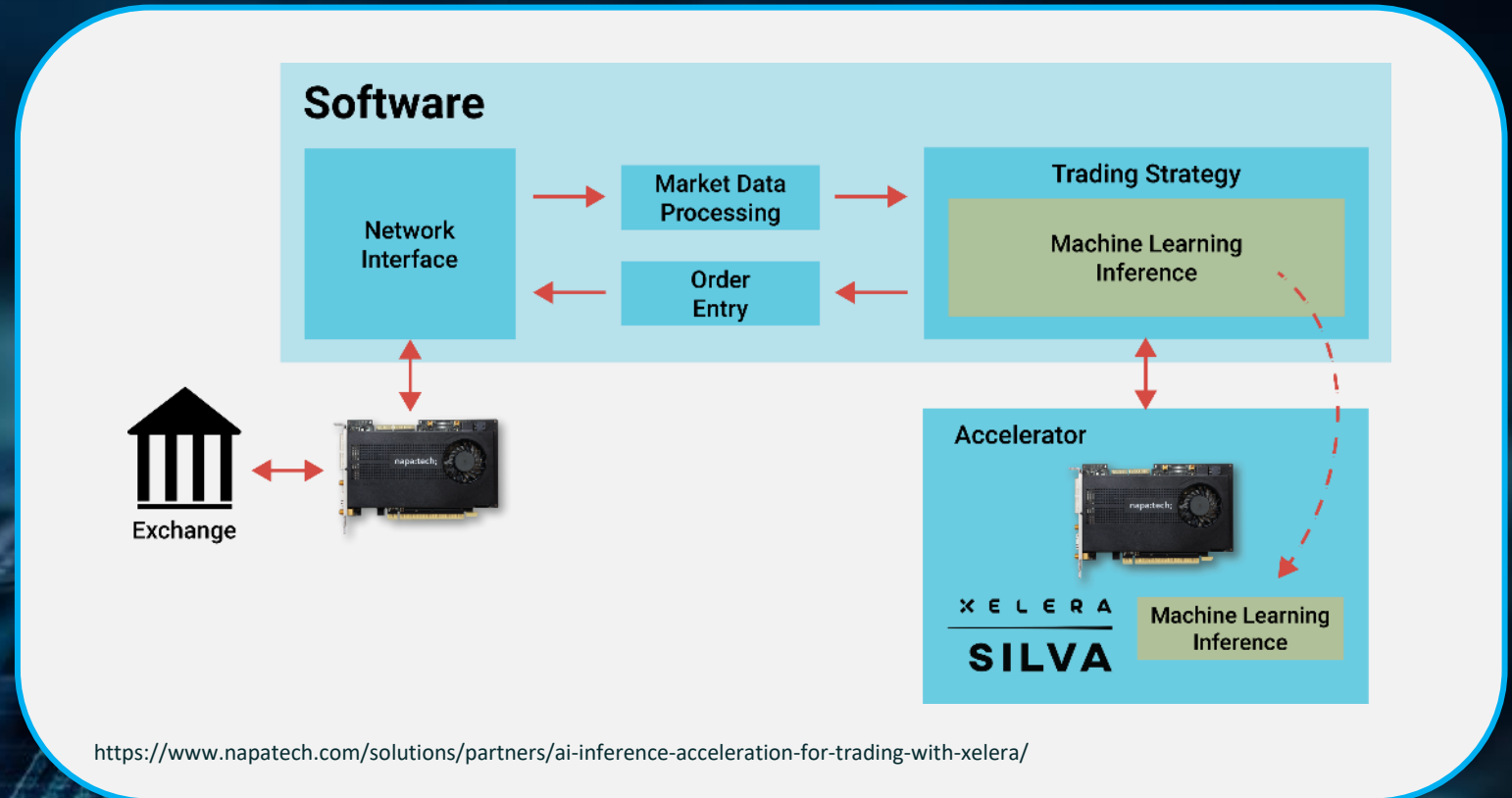
- Unmatched Speed**
Inference time with a typical latency of 1 to 1.5 microseconds, depending on the AI algorithm.
- Seamless Integration**
Boosted tree algorithms under a unified high-performance software API in C/C++ and Python.
- Bring Your Own Model**
Train your own model with the standard frameworks on your data and dynamically deploy on the accelerator card.
- Model Hot-Swap**
Concurrent execution of multiple models on a single accelerator with instantaneous model hot-swapping.

Facts

- XBoost / LightGBM / Catboost inference
- Sub-microsecond inference time

Find out more about Silva!

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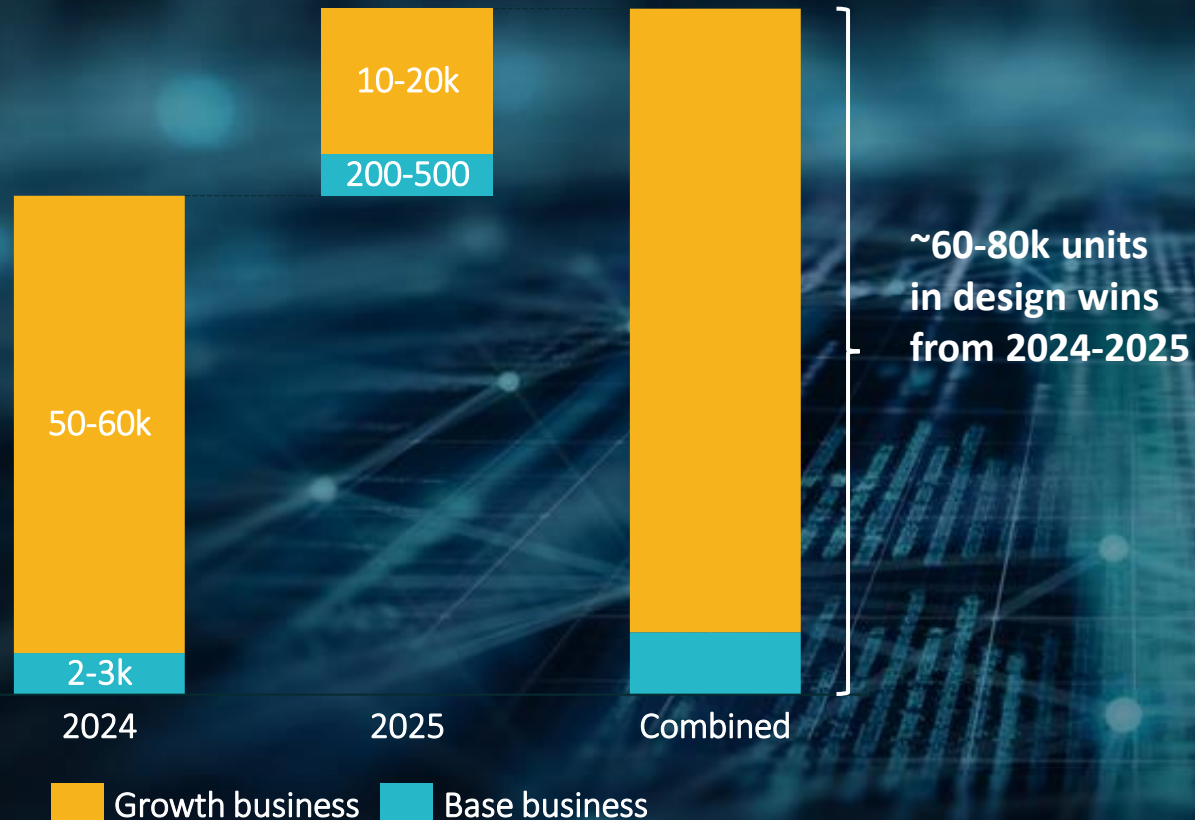


"Our collaboration with Napatech allows us to bring state-of-the-art AI inference solutions to the financial sector. By combining our software expertise with Napatech's advanced hardware, we're setting new standards for performance and efficiency in trading applications."

- Andrea Suardi, Head of Acceleration Technology at Xelera.

DESIGN WIN PIPELINE: A FOUNDATION TO REALIZE OUR REVENUE ASPIRATIONS

Growth impact of 2024 and 2025 design wins
unit projection in future peak year of production



CURRENT PIPELINE:

- 400+ base customers
- 250+ new opportunities
- >\$375M in value

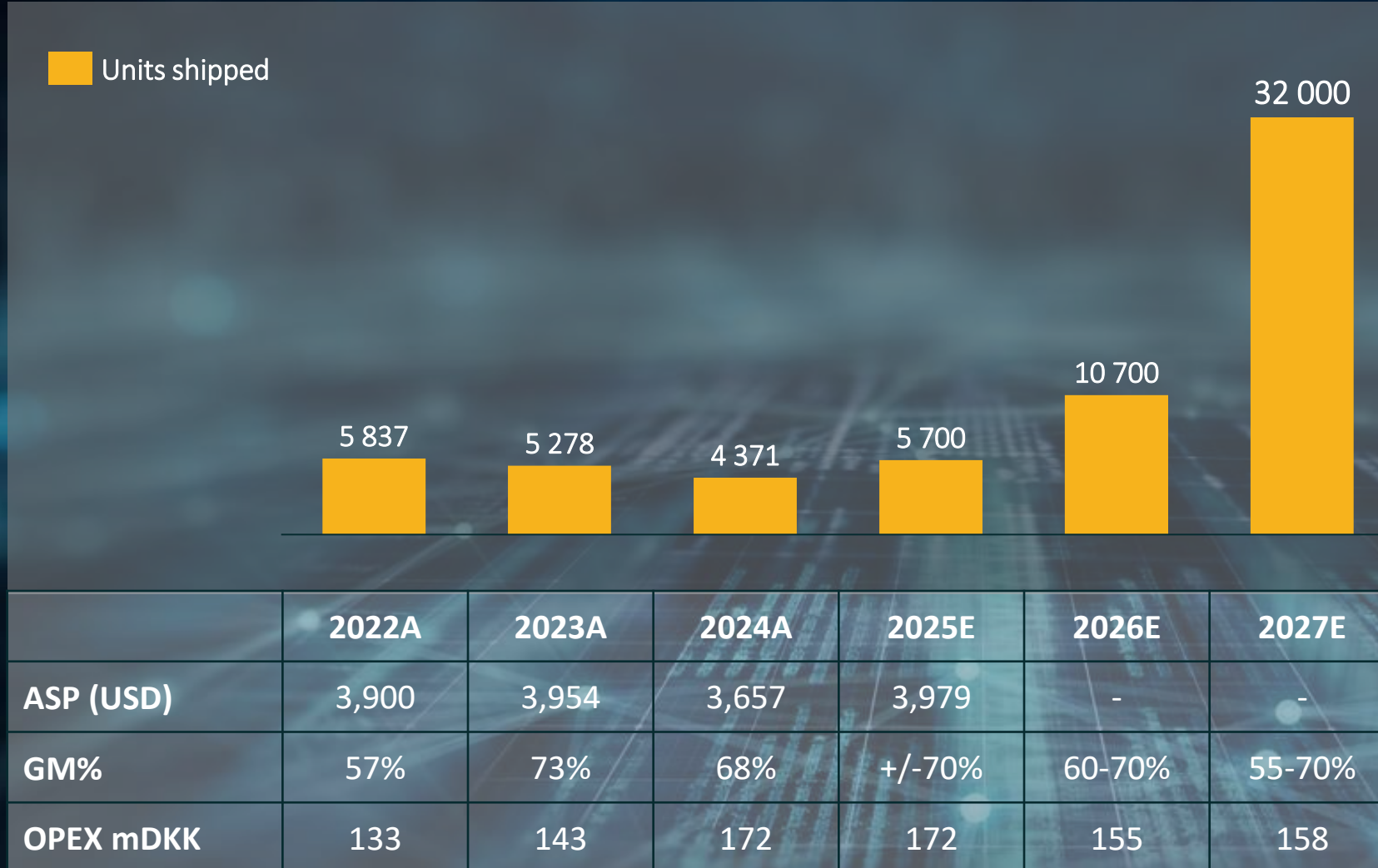
DESIGN WINS:

- Design wins take 1-3 years to ramp to peak production
- Unit projections are peak year production
- Unit volumes are probability weighted

FINANCIAL IMPACT:

- Growth significantly derisked
- Visibility greatly increased
- Opportunity for annual revenue of \$100M from 2027
- Product margins 55-70%, based on volume and content

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
- Additionally, **net working capital** is expected to drastically improve due to new model taking orders before incurring expenses

FINANCIAL REVIEW AND OUTLOOK

1Q 2025

Consolidated Income Statement Q1 2025

DKK'000	Q1		Q1 Δ
	2025	2024	
Revenue	23,849	21,542	11%
Cost of goods sold	(7,078)	(6,112)	
Gross profit	16,771	15,430	9%
GM%	70.3%	71.6%	
Staff costs	(35,059)	(27,758)	26%
Other external costs	(13,846)	(12,836)	8%
EBITDAC	(32,134)	(25,164)	
Transferred to capitalized development costs	3,083	849	263%
EBITDA	(29,051)	(24,315)	
Depreciation, amortization and impairment	(6,457)	(7,944)	-19%
Operating result (EBIT)	(35,508)	(32,259)	
Finance income	27	833	
Finance costs	(1,334)	(757)	
Result before tax	(36,815)	(32,183)	
Income tax	6	(2)	
Result for the period	(36,809)	(32,185)	

Key Developments

- Revenue in Q1 up 11% compared to Q1'24
- GM in Q1 70%
- Staff costs in Q1 up 26% compared to Q1'24 due to the build of development staff to serve the increased design win pipeline.
- Other external costs in Q1 up 8% compared to Q1'24.
- Q1 EBITDA negative DKK 29.0m in Q1 compared to negative DKK 24.3m in Q1'24.

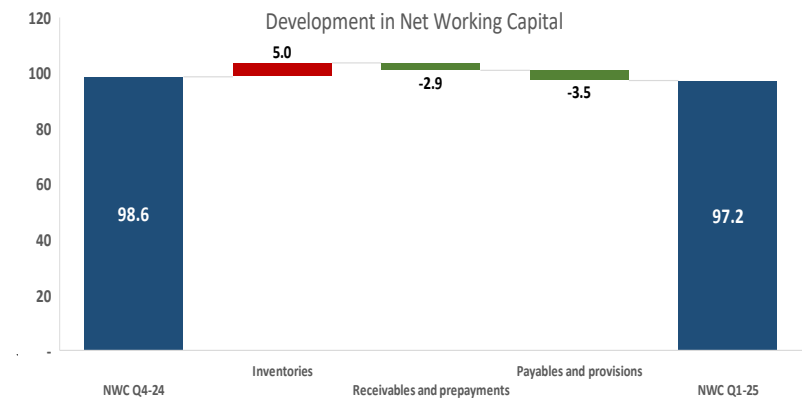
EBITDAC: Earnings before depreciation, amortization and impairment, and staff cost transferred to development projects

Consolidated Cash Flow Statement Q1 2025

DKK'000	Q1	
	2025	2024
Earnings before tax (EBT)	(36,815)	(32,183)
Adjustments to reconcile profit before tax to net cash flows	10,530	9,882
Working capital adjustments	1,083	17,222
Interest and tax	(472)	(359)
Net cash flows from operating activities	(25,674)	(5,438)
Net cash used in investing activities	(3,746)	(1,009)
Free cash flow	(29,420)	(6,447)
Net cash flows used in financing activities	535	(8,434)
Net change in cash and cash equivalents	(28,885)	(14,881)
Net foreign exchange difference	(858)	32
Cash and cash equivalents at the beginning of the period	64,341	42,367
Cash and cash equivalents at the end of the period	34,598	27,518

Key Developments

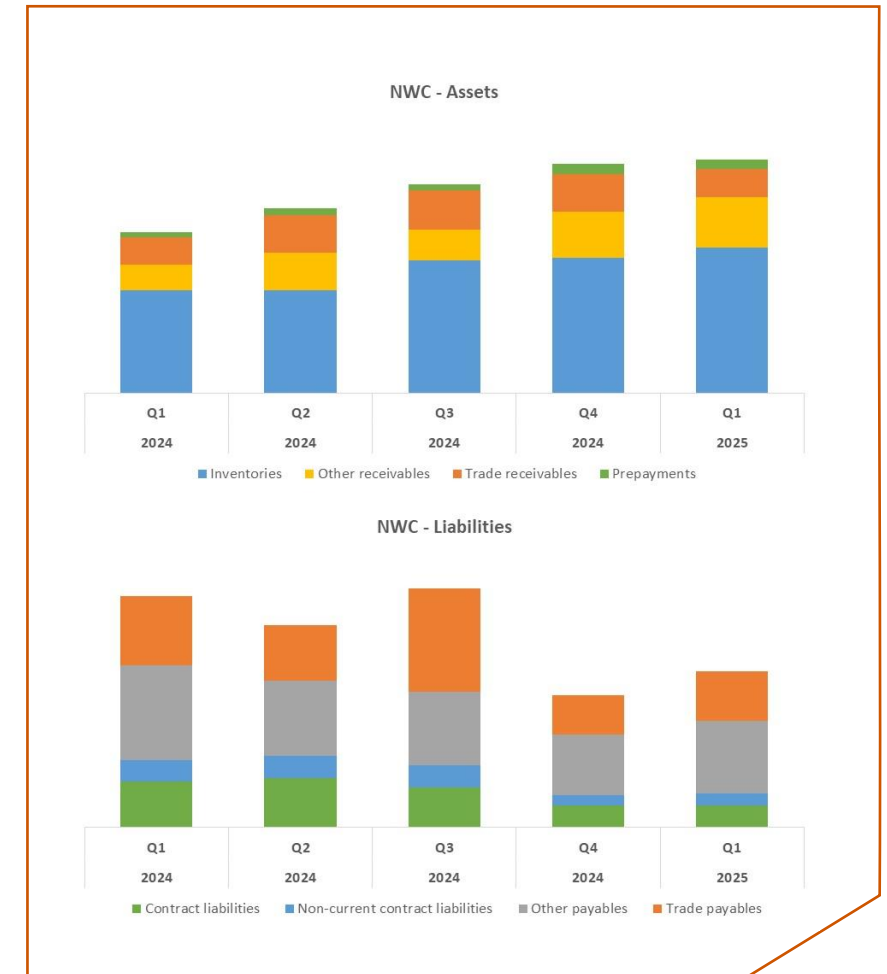
- Net Cash flow from operating activities in Q1 negative DKK 25.7m
- Net working capital end of Q1 down DKK 1.4m compared to end of Q4 2024



- Free cash flow in Q1 negative DKK 29.4m
- Cash and cash equivalents of DKK 34.6m end of Q1 compared to DKK 27.5m end of Q1'24

NWC Improvement Initiatives

- Our Net Working Capital has had an unfortunate development for the past five quarters.
- We have planned and implemented a number of different improvement initiatives that will bring our NWC down over the coming quarters, and as we implement new design wins in our supply chain and operations, that will lead to a more optimized logistics setup with a significantly reduced need for working capital.
- In the coming years, most of our new business will be based on large-volume orders rather than producing for stock.
- In addition, we are implementing optimized payment terms for customers and suppliers.



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