

NAPATECH  
1<sup>ST</sup> QUARTER 2026  
INTERIM MANAGEMENT STATEMENT



napa:tech;

**MANAGEMENT'S REPORT**

Dear Readers,

2026 has started with solid execution. We continue to advance Napatech's strategy to become an indispensable acceleration platform for the AI data center era — strengthening our technology leadership, expanding our ecosystem, and building a foundation for scalable, long-term growth.

In Q1 2026, revenue was \$5.7M (DKK 36.6M), corresponding to 69% growth in USD and 53% growth in DKK versus Q1 2025. Gross margin was 70%, unchanged year-over-year.

Key figures in the quarter included:

- EBITDA of negative DKK 18.1M (improved from negative DKK 29.1M in Q1 2025)
- Free cash flow of negative DKK 5.8M (improved from negative DKK 29.4M in Q1 2025)
- Net working Capital reduced from DKK 83.2M to DKK 72.8M
- Cash available of DKK 120.6M (down from DKK 127.6M in Q4 2025)

We continue to invest in product development and customer engagements, while maintaining disciplined cost control. Staff costs and other external costs were DKK 44.5M in Q1 2026, down from DKK 48.9M in Q1 2025.

We remain focused on executing our strategy in AI, storage, networking, cybersecurity, and fintech, and on converting our pipeline into revenue through continued customer engagement and partner collaboration.

Our teams continue to meet demanding customer requirements, supporting design wins and strengthening our position in both the Core Infrastructure and AI Infrastructure segments.

We continue to build our ecosystem with partners to extend our reach and deliver complete solutions to customers.

Design wins remain a key driver of our future revenue, and we stay focused on building and converting our design-win pipeline.

We continue to strengthen our organization to support the next phase of growth, ensuring we have the capabilities required to scale with customer demand.

Looking ahead, our 2026 guidance remains unchanged. We will continue to execute with discipline, invest in key growth initiatives, and navigate a market environment that includes ongoing uncertainty—while focusing on long-term value creation.

We remain focused on the priorities that will drive performance through 2026.

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

Best regards,



Kartik Srinivasan  
Chief Executive Officer

## Highlights Q1:

- Revenue in USD amounted to 5.7M in Q1 2026, an increase of 69% compared to Q1 2025. In DKK, revenue amounted to DKK 36.6M in Q1 2026, an increase of 53% compared to Q1 2025.
- The gross margin in Q1 2026 was 70%, compared to 70% Q1 2025.
- Staff costs and Other external costs in Q1 2026 amounted to DKK 44.5M compared to DKK 48.9M in Q1 2025.
- EBITDAC<sup>1</sup> in Q1 2026 amounted to negative DKK 18.9M compared to negative DKK 32.1M in Q1 2025.
- EBITDA in Q1 2026 amounted to negative DKK 18.1M compared to negative DKK 29.1M in Q1 2025.
- Depreciation, amortization, and impairment for Q1 2026 were DKK 3.3M compared to DKK 6.5M in Q1 2025.
- Net Cash flow from operating activities in Q1 2026 was negative DKK 4.8M compared to negative DKK 25.7M in Q1 2025.
- Net cash used in investing activities in Q1 2026 amounted to DKK 1.0M compared to DKK 3.7M in Q1 2025.

## Key figures<sup>2</sup>:

	Q1 2026	Q1 2025
Revenue USD M	5.7	3.4
Growth YoY USD M	69%	8%
Revenue DKK M	36.6	23.8
Growth YoY DKK M	53%	11%
Gross Margin	70%	70%
EBITDAC DKK M	-18.9	-32.1
EBITDA DKK M	-18.1	-29.1
Net Cash Flow from Operating Activities DKK M	-4.8	-25.7
Net Working Capital, end of period DKK M	72.8	97.2
Cash and cash equivalents, end of period DKK M	99.1	34.6
Unused credit facilities, end of period DKK M	21.5	1.0
Cash available, end of period DKK M	120.6	35.6

## 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](http://www.napatech.com/investor).

<sup>1</sup> EBITDAC: Earnings before depreciation, amortization and impairment, and cost transferred to development projects

<sup>2</sup> 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 and 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

### Q1

Napatech reports revenue of DKK 36.6M in Q1 2026 compared to DKK 23.8M in the same period in 2025, equivalent to an increase of 53%. In USD, revenue was up 69% compared to Q1 2025.

The gross margin in Q1 2026 was 70% compared to 70% in Q1 2025.

### Costs

#### Q1

Staff costs and Other external costs in Q1 2026 amounted to DKK 44.5M, compared to DKK 48.9M in Q1 2025.

Operating expenses after transfer of staff costs to capitalized development costs in Q1 2026 amounted to DKK 43.7M, compared to DKK 45.8M in Q1 2025.

### EBITDAC and EBITDA

#### Q1

EBITDAC amounted to negative DKK 18.9M in Q1 2026 compared to negative DKK 32.1M in Q1 2025.

EBITDA in Q1 2026 was negative DKK 18.1M compared to negative DKK 29.1M in Q1 2025.

### Depreciation, amortization, and impairment

#### Q1

Depreciation, amortization, and impairment in Q1 2026 were DKK 3.3M compared to DKK 6.5M in Q1 2025.

### Financial Items

#### Q1

Financial items for Q1 2026 are positive DKK 0.0M compared to negative DKK 1.3M in Q1 2025.

### Taxes

#### Q1

Taxes for Q1 2026 amounted to a cost of DKK 0.0M compared to an income of DKK 0.0M in Q1 2025.

### Investments

#### Q1

Total net cash used in investing activities in Q1 2026 was DKK 1.0M, of which DKK 0.8M were related to new product development. In Q1 2025 total net cash used in investing activities was DKK 3.7M, of which DKK 3.4M was related to new product development.

### Cash Flow

#### Q1

Net cash flow from operating activities in Q1 2026 was negative DKK 4.8M compared to negative DKK 25.7M in Q1 2025.

Free cash flow in the quarter amounted to negative DKK 5.8M compared to negative DKK 29.4M in Q1 2025.

Net cash from financing activities in Q1 2026 was negative DKK 22.7M, compared to positive DKK 0.5M in Q1 2025 due to the short-term credit facilities not being drawn.

## Outlook for 2026

2026 guidance remains unchanged:

Target in DKK million	Guidance
Units sold	8,700-10,700
Revenue	200-240
Gross margin	60-70%
Staff costs & Other external costs	170-180
Staff costs transferred to capitalized development costs	5-8

With performance in the middle of the guided ranges, EBITDA would be negative around DKK 25M, and units sold would be around 9,700.

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 and ongoing in 2026, 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, the group is not significantly exposed. However, the lack of predictability and uncertainty surrounding tariff increases is a concern, and we will be monitoring the development closely. Further, we have seen an elevated risk driven by a supply-constrained, high-volatile environment across several key areas. This leads to extended and volatile lead times as well as increased prices for certain components.

#### Disclaimer:

This report may contain statements regarding the future in connection with Napatech 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 March 31, 2026

DKK'000	1st quarter	
	2026	2025
<b>Revenue</b>	<b>36,588</b>	<b>23,849</b>
Cost of goods sold	(11,065)	(7,078)
<b>Gross profit</b>	<b>25,523</b>	<b>16,771</b>
Staff costs	(33,143)	(35,059)
Other external costs	(11,322)	(13,846)
<b>EBITDAC</b>	<b>(18,942)</b>	<b>(32,134)</b>
Transferred to capitalized development costs	810	3,083
<b>EBITDA</b>	<b>(18,132)</b>	<b>(29,051)</b>
Depreciation, amortization and impairment	(3,301)	(6,457)
<b>Operating result (EBIT)</b>	<b>(21,433)</b>	<b>(35,508)</b>
Finance income	317	27
Finance costs	(299)	(1,334)
<b>Result before tax</b>	<b>(21,415)</b>	<b>(36,815)</b>
Income tax	(3)	6
<b>Result for the period</b>	<b>(21,418)</b>	<b>(36,809)</b>

**CASH FLOW STATEMENT**

For the period ended March 31, 2026

DKK'000	1st quarter	
	2026	2025
<b>Operating activities</b>		
Income/Loss before tax	(21,415)	(36,815)
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Finance income	(317)	(27)
Finance costs	299	1,334
Depreciation, amortisation and impairment	3,301	6,457
Share-based payment expense	2,496	2,766
<b>Working capital adjustments</b>		
Change in inventories	(4,394)	(5,009)
Change in trade and other receivables and prepayments	13,962	2,528
Change in trade and other payables and contract liabilities	1,311	3,564
Interest received	263	27
Interest paid	(299)	(499)
Income tax received, net	-	-
<b>Net cash flows from operating activities</b>	<b>(4,793)</b>	<b>(25,674)</b>
<b>Investing activities</b>		
Purchase of tangible assets	(187)	(307)
Investments in intangible assets	(813)	(3,439)
<b>Net cash used in investing activities</b>	<b>(1,000)</b>	<b>(3,746)</b>
<b>Free cash flow</b>	<b>(5,793)</b>	<b>(29,420)</b>
<b>Financing activities</b>		
Capital increase	281	300
Payment of financial lease liabilities	(801)	(909)
Proceeds from borrowings	-	1,144
Repayment of borrowings	(22,136)	-
<b>Net cash flows from financing activities</b>	<b>(22,656)</b>	<b>535</b>
<b>Net change in cash and cash equivalents</b>	<b>(28,449)</b>	<b>(28,885)</b>
Net foreign exchange difference	32	(858)
Cash and cash equivalents at the beginning of the period	127,470	64,341
<b>Cash and cash equivalents at the end of the period</b>	<b>99,053</b>	<b>34,598</b>

**BALANCE SHEET**

**ASSETS**

<b>DKK'000</b>	<b>31 Mar. 2026</b>	<b>31 Dec. 2025</b>	<b>31 Mar. 2025</b>
Development projects, completed	5,130	6,910	14,876
Development projects, in progress	10,039	9,226	7,708
Patents	626	691	947
<b>Intangible assets</b>	<b>15,795</b>	<b>16,827</b>	<b>23,531</b>
Plant and equipment	2,967	3,401	4,447
Right-of-use assets	5,391	6,180	8,385
Leasehold improvements	362	404	406
<b>Tangible assets</b>	<b>8,720</b>	<b>9,985</b>	<b>13,238</b>
Leasehold deposits	1,636	1,636	1,587
<b>Other non-current assets</b>	<b>1,636</b>	<b>1,636</b>	<b>1,587</b>
<b>Non-current assets</b>	<b>26,151</b>	<b>28,448</b>	<b>38,356</b>
Inventories	61,072	56,678	74,885
Trade receivables	24,116	37,733	14,549
Prepayments	4,403	4,446	4,704
Other receivables	12,503	12,350	26,118
Income tax receivable	4,815	4,830	6,316
Cash and cash equivalents	99,053	127,470	34,598
<b>Current assets</b>	<b>205,962</b>	<b>243,507</b>	<b>161,170</b>
<b>Total assets</b>	<b>232,113</b>	<b>271,955</b>	<b>199,526</b>

## BALANCE SHEET

### EQUITY AND LIABILITIES

DKK'000	31 Mar. 2026	31 Dec. 2025	31 Mar. 2025
Share capital	27,556	27,535	25,013
Share premium	607,310	606,871	483,599
Treasury shares	(619)	(619)	(619)
Foreign currency translation reserve	(999)	(1,387)	20
Share-based payment reserve	20,549	25,120	21,420
Retained earnings	(467,356)	(452,827)	(410,285)
<b>Equity</b>	<b>186,441</b>	<b>204,693</b>	<b>119,148</b>
Interest-bearing loans and borrowings	4,180	4,678	6,382
Other non-current financial liabilities	4,314	4,652	4,540
Non-current lease liabilities	2,533	3,349	5,619
Non-current contract liabilities	1,945	1,344	1,764
<b>Non-current liabilities</b>	<b>12,972</b>	<b>14,023</b>	<b>18,305</b>
Interest-bearing loans and borrowings	2,074	23,374	37,666
Current lease liabilities	3,227	3,211	3,123
Trade payables	12,335	8,109	7,337
Other payables	10,142	12,712	10,706
Contract liabilities	4,922	5,833	3,241
<b>Current liabilities</b>	<b>32,700</b>	<b>53,239</b>	<b>62,073</b>
<b>Total liabilities</b>	<b>45,672</b>	<b>67,262</b>	<b>80,378</b>
<b>Total equity and liabilities</b>	<b>232,113</b>	<b>271,955</b>	<b>199,526</b>

## Napatech A/S

Tobaksvejen 23A, 1  
DK-2860 Søborg  
Denmark  
CVR no. 10109124

Phone: +45 4596 1500

[www.napatech.com](http://www.napatech.com)