2024 Annual Report

NAPATECH A/S, Tobaksvejen 23 A, 1., DK-2860 Soeborg • CVR no. 10109124

CONTENTS

CEO PERSPECTIVE

Laying a Solid Foundation for Growth

Reflecting on an extraordinary first year as Napatech's CEO, I am pleased with what we accomplished and excited about where we are heading. In 2024, we made considerable strides in our strategic plan that strengthens Napatech and lays the foundation for our growth aspirations.

Our goal remains to be recognized as a global leader in the emerging market for programmable network interface cards (NICs). By working closely with customers and partners, we are creating cutting-edge software and hardware solutions that enable large cloud and enterprise data centers to harness the full potential of programmable network interfaces, driving success for both them and Napatech.

Napatech's core strength lies in developing industry-leading programmable NIC solutions that enhance server networking for artificial intelligence, cybersecurity, mobile infrastructure, financial services, and other applications in modern data centers. These innovations can reduce data center costs by more than 10x by reducing server central processing (CPU), power, space, and cooling requirements.

Our priorities for 2024 were focused on three areas. First, it was important to improve our core business. Our valuable installed base of customers is smaller-scale early adopters of Programmable NICs. Throughout the year, we met these customers' needs in product fulfillment, technology development, and professional services. We captured many new design wins in their existing product upgrades while working with several on new designs based on our new products. We were also able to work closely with them to gain confidence that their businesses are strong, consumption has remained high, and that they are nearing completion of their inventory reductions.

Next, we increased our engineering investments in software and hardware technologies that extend our core products into new areas that align with the highest projected growth segments for programmable NICs. We were successful in onboarding the necessary resources to our organization. We did it cost-effectively and according to plan. They are actively contributing to the projects that support our ongoing efforts for new design wins.

Finally, we continued to develop an ecosystem through partnerships that expand our go-to-market reach via marketing, business development, and sales, enabling us to win new designs that would be challenging to achieve on our own. These partnerships include industry leaders in hardware and software. While none are more important than Intel and Altera, others include an array of software application companies and server manufacturers whose solutions require programmable NICs.

In the first half of 2024, we extended our collaboration agreement with Intel-Altera for next-generation programmable NICs, including SmartNICs and Infrastructure Processing Units. These new products helped to create an expanded pipeline of opportunities across a wide set of customer types, applications, and geographies. While still in the earliest phases of customer development, this allowed us to end the year with our largest pipeline ever and with a record number of design wins with transformational unit volume when they reach peak annual production.

For the remainder of 2024, we saw continued validation of the emerging market opportunity for programmable NICs beyond hyperscale cloud operators. These industry megatrends consistently brought forward new prospects, applications, and use cases.

We finished 2024 just as we began – clear in our vision, focused on our goals, and confident in our plans to achieve them. There are undeniable signs that programmable NICs are changing the way modern datacenters are designed. The early adopters have already decided, and many of them have standardized on the Intel-Altera architecture. The mass market is emerging in their wake. We know that it takes time to secure new design wins and move them from ideas to production within our customers. We know how advantageous our starting position is from our own long history, combined with the trajectory-boost provided by our partnership with Intel-Altera. As each new segment of the mass market unfolds, Napatech has made the investments in people, products, and partnerships to be in the best position to capitalize on this new demand.

Fully committed and focused,

Lars Boilesen

Chief Executive Officer

THE NAPATECH OPPORTUNITY

From Vision to Reality: Programmable NICs Paving the Way to Innovation

PROGRAMMABLE NICS FOR MODERN DATA CENTERS

Servers are the backbone of modern data centers, powering the applications, services, and revenue streams across cloud, enterprise, telecom, and government networks. To meet the demands of these environments, a new generation of network interface cards is required—Programmable NICs.

These NICs have become indispensable, serving as the gateway between external networks and the critical CPU and GPU resources needed for AI, security, and other essential services.

Napatech's vision is to be a global leader in the fast-evolving programmable NIC market. By collaborating closely with customers and partners, we are developing state-of-the-art hardware and software solutions that empower cloud and enterprise data centers to unlock the full potential of their servers and NICs—achieving mutual success.

GLOBAL DATA CENTER EXPANSION

The rising demand for programmable NICs is driven by transformative megatrends reshaping data center architecture. These trends share a common need for high-performance, low-latency, and adaptive processing to meet rapidly advancing standards:

Artificial Intelligence: AI is revolutionizing networking and communications. Its applications are projected to drive server deployments for training, inference, and modeling.

Cloud and Edge Computing: Programmable NICs originated here and are now essential to tenant services, offering acceleration for storage, networking, and security in virtualized environments.

5G Networks: Modern telecom infrastructure relies on standard server technologies where NICs enable scalability and efficiency.

Cybersecurity: This sector, including Napatech's legacy packet capture solutions, offers vast growth opportunities as security demands surge.

Financial Services: Long a hub for FPGA-based NICs, Napatech supports over 50 leading customers in this space.

Big Data Analytics: The exponential growth of data calls for innovative solutions to optimize creation, transport, storage, and analysis—areas where programmable NICs thrive.

Regulatory Monitoring: Data-in-flight monitoring is critical for compliance, quality assurance, and forensics, driving demand for NIC-powered solutions.

PROGRAMMABLE NICS PROVEN SUCCESS

Historically, the most important part of the server has been the Central Processing Units (CPUs). As networking speeds increase and workloads become more complex, the CPUs have become a liability. A new architecture has emerged that leverages advanced technologies to both reduce the problems caused by the CPUs and unlock new opportunities within the server.

Programmable NICs originated within the hyperscale cloud operators to solve these problems, and they revolutionized the way networks could be built. Their designs changed the performance, capabilities, reconfigurability, and economies of network design. These deployments grew to enormous scale and drove the early market demand for programmable NICs. The same benefits are now in demand by network operators of other types and scales.

Intel-Altera is a leading provider of programmable NICs, including SmartNIC and Infrastructure Processing Unit (IPU) solutions to many of the top hyperscale network operators. To expand beyond the small number of large-volume hyperscale operators, Intel-Altera has partnered with Napatech to provide complete, commercial, production-grade solutions to the mass market beyond these early adopters.

Following the hyperscale cloud operators, original equipment manufacturers, or OEMs, who build network appliances and servers, are following suit. While the hyperscale operators build their own network appliances, switches, routers, NICs, and servers, the OEMs build their own branded solutions for sale to the mass market, who are not going to build their own solutions from components like the hyperscalers.

The third group that has emerged is the tier-2, or next wave, of cloud operators. While the hyperscalers also deploy a massive number of servers and appliances with the same product and technology requirements as the hyperscale network operators.

As cloud architectures have shifted from an all-cloud to a hybrid-multi-cloud architecture, server and appliance solutions based on programmable NICs have also emerged within Fortune 500 enterprises.

Telecom operators, in their 5G mobile packet core networks, require programmable NICs for their User Plane Functions (or UPFs) and within their telco datacenters.

Many performance, latency, and security-sensitive applications with government and defense networks have also emerged.

And finally, Fortune 500 enterprises are envisioned to deploy programmable NICs as more of the applications and use cases created by these other segments become turnkey and available.

STRATEGIC INVESTMENTS AND PARTNERSHIPS

Napatech is strategically aligning with Intel-Altera to position itself as a leading supplier as the market transitions from early adoption to mainstream. By working with customers across various segments, Napatech is building a solid foundation for mass-market success.

Our investments in R&D are expanding product capabilities, enabling programmable NICs to address both traditional use cases and new high-growth markets. These include network firewalls, AI infrastructure, storage, encryption, and 5G designs.

EXPANDING OUR PRODUCT CAPABILITIES

Much like a server, a programmable NIC is a platform that delivers the processing power to support a wide range of applications and services that are often common across many customer types. We are fortunate in that we have a long list of volume deployments of programmable NICs in applications requiring a narrow but important set of features, called packet capture.

Those same important features are baseline requirements in the new segments. Our R&D efforts have been to expand and enhance those features with new capabilities to allow our programmable NICs to be deployed where they have a history of winning and also in the higher-volume and higher-growth segments that are emerging. This well-placed R&D bet contributed to both our early design wins and increasing pipeline. Beyond our legacy business and new design wins, we are deeply involved in engagements for network-based firewalls, microservices server-based firewalls, AI infrastructure, storage opportunities, encryption and decryption, and a multitude of 5G mobile designs. We aim to continue a stream of new design wins in 2025.

NAPATECH PROGRAMMABLE NICS: DRIVING VALUE

Napatech's core strength lies in its technical leadership in developing industry-leading programmable NIC solutions that enhance network throughput, workload processing, and cybersecurity in modern data centers. These innovations can reduce data center costs by more than 10x by lowering server requirements and power consumption. Thanks to strategic investments in recent years, we are expanding into new markets by addressing emerging challenges, positioning us strongly for future growth.

In 2024, we remained focused on collaborating with top companies in key markets and investing in R&D to develop new solutions that drive growth. Our commitment to this strategy led to significant product advancements and new partnerships, several of which were announced during the year. We also expanded our internal and contracted R&D teams while optimizing sales and marketing efforts to target the right OEM and large data center opportunities to scale Napatech more effectively.

INFLUENTIAL ECOSYSTEM

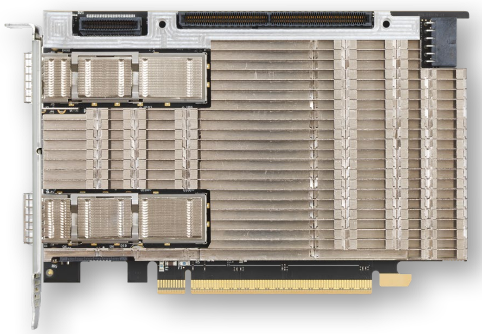
In addition to our product investments, Napatech has invested equally in our ecosystem partnerships. We have selectively focused on high-value partnerships that improve our go-to-market capabilities to extend our reach far beyond where we could alone. In 2024, we secured and expanded agreements with industry bell-weathers in technology and semiconductors, servers and appliances, and systems integration. These partnerships include joint sales, marketing, business development, and fulfillment, bringing Napatech to customers and geographies that we were previously unable to serve.

THE FUTURE OF PROGRAMMABLE NICS

Based on our work in 2024, we continue to see validation from prospects, customers, partners, and industry analysts that increase the market projections for Napatech's products and solutions. This provides all the inspiration and motivation we need as we press forward with our plans.

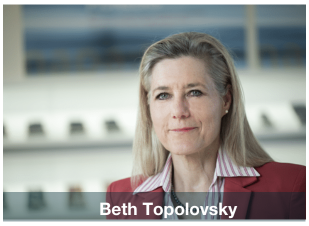
IMPACTFUL DESIGN WINS

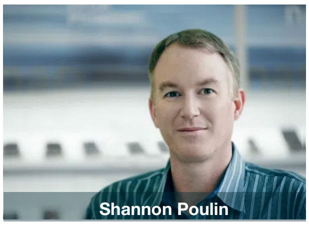
Amidst new products and an expanding pipeline, we have begun to see results in our business. In 2024, we secured new, valuable design wins in cloud, enterprise, telco, and government networks that we envision will contribute to our growth in 2025-2026 and beyond.

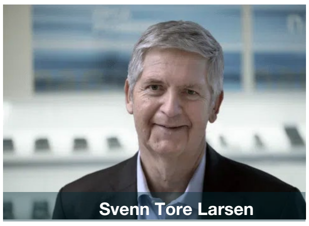


BOARD AND MANAGEMENT PRESENTATION

BOARD OF DIRECTORS







MANAGEMENT TEAM

BOARD OF DIRECTORS

Christian Jebsen, Chairman of the Board. Born in 1967. Member of the Board since 2019, re-elected in 2024, term expires 2025. Holds a B.S. degree in economics and a B.A. from Copenhagen Business School. Christian Jebsen represents the second largest shareholder, controlling 9.7% of the shares in Napatech A/S. Christian Jebsen fulfills the Committee of Corporate Governance's definition of independence.

Other directorships: Jebsen has multiple board positions in portfolio companies of Verdane Capital.

Special competencies: Christian Jebsen is a partner at Verdane Capital. Prior to Verdane, Jebsen has had a number of executive management positions in listed and unlisted companies, including CEO of Kebony AS, CEO of Vmetro ASA, CFO/COO of Opera Software ASA, and CEO of Stavdal ASA. Jebsen's professional background also includes seven years of investment banking experience with Nomura International in London and Enskilda Securities (SEB) in Stockholm and Oslo.

Beth Topolovshy, Vicechairman of the Board. Born in 1961. Member of the Board since 2023, re-elected in 2024, term expires 2025. Holds a B.Sc. in Electrical Engineering. Beth Topolovsky fulfills the Committee of Corporate Governance's definition of independence.

Other directorships: Board member of Sivers Semiconductor and American Chamber of Commerce in Sweden.

Special competencies: Beth Topolovsky is an international operating and management executive with a proven record of building and leading high-performance teams by creating an energetic, accountable, and executing culture. Currently CEO of Spark Group AB, a consulting company specializing in value creation and transformations for tech companies. Career Silicon Valley manager within Cisco Systems, Hewlett-Packard, and KLA Tencor. CEO and co-founder of Swedish start-up Q2Labs, acquired in 2004. Beth started her career as a chip designer at Hewlett-Packard within the Test and Measurement group. Strategic-minded towards profitability and growth, with a great drive to create a unique company offering, both in products and company experience.

Danny Lobo, Board member. Born in 1968. Member of the Board since 2023, re-elected in 2024, term expires 2025.
Holds a B.Sc. in Electrical Engineering from the University of Bombay and a graduate Certificate in Management and Administration from Harvard (HES). Danny Lobo fulfils the Committee of Corporate Governance's definition of independence.

Other directorships: No other directorships.

Special competencies: Danny Lobo is a seasoned technology professional bringing more than 30 years of an extraordinary blend of strategic leadership, business acumen, and technical skills in leading cutting-edge products through its complete lifecycle. He is VP of Engineering at NETSCOUT and is responsible for Platforms, Cloud, and Network Packet Broker Research & Development. He is a polyglot technologist in diverse areas such as 5G, Dockers/K*8, high-speed x86 Architectures, Security, OS/kernels, and Networking/switching, and he strongly believes that complex problems require a spectrum of technologies to create an effective solution. Compelled by a deeply held conviction that technology should be understandable to all audiences, his goal is to be a resource to key decision-makers in the tech industry.

Howard Bubb, Board member. Born in 1954. Member of the Board since 2016, re-elected in 2024, term expires 2025. Holds a Bachelor of Science degree from the California Institute of Technology. Howard Bubb fulfills the Committee of Corporate Governance’s definition of independence.

Other directorships: No other directorships or executive functions.

Special competencies: Howard Bubb has served as a public company CEO, board member, Fortune 50 executive, and venture-backed entrepreneur in companies such as Intel, Dialogic, PairGain, United Technologies, Memorex, and CitiCorp Ventures. Since 2009, Bubb has been a consultant, professional executive mentor, and advisor to networking, computing, mobile, FinTech, and AI companies. Bubb works with corporate leaders to accelerate new strategies for growth and transformation while developing corporate leadership. A strong leader of people, he blends strategy, execution skills, and diverse business experience with a keen ability to engage talent.

Shannon Poulin, Board member. Born in 1971. Member of the Board since 2025, term expires 2025.
Holds an undergraduate degree in Electrical Engineering and a graduate degree in Business Management, and he has been awarded multiple patents. Shannon Poulin fulfills the Committee of Corporate Governance's definition of independence.

Other directorships: No other directorships or executive functions.

Special competencies: Shannon Poulin has a proven track record of inspiring and leading teams with over 30 years of experience in the technology industry. He has spent half of his career in high-tech product development, management, and driving profitable business growth. He has held leadership and executive positions at Microchip, Intel, and Altera.

Svenn Tore Larsen, Board member. Born in 1959. Member of the Board since 2024, term expires 2025.
Holds an M.Sc. in Electrical Engineering from the University of Strathclyde, UK. Svenn Tore Larsen fulfils the Committee of Corporate Governance's definition of independence.

Other directorships: Chairman of the board in Norwegian listed Elliptic Laboratories ASA, and a member of the Board in Norwegian listed Polight ASA.

Special competencies: Svenn-Tore Larsen is a Norwegian citizen residing in Norway. He served as CEO of Nordic Semiconductor ASA from 2002 to 2023. Larsen has broad international experience in the semiconductor business, previously as Director for the Nordic region of Xilinx Inc. He has also worked at Philips Semiconductor.

EXECUTIVE MANAGEMENT

Lars Boilesen, CEO. Born in 1967. Member of the Board of Directors in Napatech from 2017 to January 2024. CEO since January 2024.

SHARES AND WARRANTS OF BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT AS OF DECEMBER 31, 2024.

	Number of shares 31 December 2023	Change in fiscal year, shares	Number of shares 31 December 2024	Total number of warrants 1 January 2024	Number of warrants granted in 2024	Number of warrants exercised or lapsed in 2024	Total number of warrants 31 December 2024
Board of Directors							
Christian Jebsen	-	-	-	-	-	-	-
Beth Topolovsky	-	11,699	11,699	-	17,980	17,980	-
Danny Lobo	-	-	-	-	-	-	-
Howard Bubb	101,093	58,293	159,386	46,594	17,980	64,574	-
Sven-Tore Larsen	-	-	-	-	-	-	-
Executive Management							
Lars Boilesen	358,777	153,787	512,564	272,306	2,061,582	21,512	2,312,376

GROUP KEY FIGURES AND RATIOS

KEY FIGURES (DKK '000)	**2024**	**2023**	**2022**	**2021**	**2020**
Revenue	116,408	182,674	158,628	195,471	194,233
Gross profit	79,359	133,548	89,697	140,358	138,968
Operating profit before depreciation, amortization and impairment (EBITDA)	(86,253)	(438)	(20,122)	52,915	35,361
Operating profit (EBIT)	(115,579)	(32,899)	(46,200)	30,662	10,085
Net finance income / (expense)	(1,508)	(3,546)	2,056	6,336	(5,004)
Profit / (loss) before tax	(117,087)	(36,445)	(44,144)	36,998	5,081
Profit / (loss) for the year	(111,257)	(32,016)	(48,259)	40,228	9,595
Investments in intangible assets	6,665	10,376	30,296	28,503	15,041
Investments in tangible assets	4,432	2,170	2,402	7,111	1,204
Net working capital	98,643	65,462	55,708	44,526	3,419
Total assets	229,926	194,295	193,968	176,726	152,855
Equity	153,423	111,710	88,255	133,472	89,768
Net cash flows from operating activities	(102,841)	(6,785)	(23,966)	14,950	47,642
Free cash flow	(113,984)	(19,475)	(56,704)	(16,003)	33,619
Cash at the end of year	64,341	42,367	11,962	39,449	62,698
Average number of employees	82	77	82	81	78
FINANCIAL REPORTING RATIOS (%)					
Gross profit margin	68.2%	73.1%	56.5%	71.8%	71.5%
EBITDA margin	-74.1%	-0.2%	-12.7%	27.1%	18.2%
Current ratio	330.2%	226.5%	147.0%	313.3%	201.3%
Return on equity	-83.9%	-32.0%	-43.5%	38.0%	11.4%
SHARE RELATED RATIOS (DKK)					
Basic EPS	(1.15)	(0.36)	(0.58)	0.48	0.12
Diluted EPS	(1.15)	(0.36)	(0.58)	0.47	0.11
Operating cash flow per share	(1.07)	(0.08)	(0.29)	0.17	0.56
Free cash flow per share	(1.18)	(0.22)	(0.68)	(0.19)	0.39

KEY FIGURE AND RATIO EXPLANATIONS AND DEFINITIONS

The financial highlights and ratios are defined and calculated as following:

Ratio	Calculation formula	Explanation
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}} \times 100$	The ratio represents the percentage of the revenue less cost of goods sold to cover staff costs, other external costs, depreciation and amortization, and finance costs.
EBITDA margin	$\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization}}{\text{Revenue}} \times 100$	The ratio represents an operating profitability measure.
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$	The ratio represents the percentage of the Group's resources to meet its liabilities over the next 12 months.
Return on equity	$\frac{\text{Profit for the year}}{\text{Average equity}} \times 100$	The ratio represents the Group's ability to generate a return to shareholders taking into account its own capital base.
Operating cash flow per share	$\frac{\text{Cash flows from operating activities}}{\text{Average number of diluted shares}} \times 100$	The ratio represents the Group's ability to generate cash flow from operating activities per the average number of diluted shares.
Free cash flow per share	$\frac{\text{Free cash flow}}{\text{Average number of diluted shares}} \times 100$	The ratio represents the Group's ability to generate cash flow from operating and investing activities per the average number of diluted shares.

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.

The Group's basic and diluted earnings per share (EPS) is calculated in accordance with IAS 33 and specified in note 13 to the consolidated financial statements.

FINANCIAL REVIEW

SUMMARY

Napatech's core strength lies in its technical leadership developing industry-leading programmable NIC solutions that enhance network throughput, workload processing, and cybersecurity in modern data centers. These innovations can reduce data center costs more than 10x by lowering server requirements and power consumption. Thanks to strategic investments in recent years, we are expanding into new markets by addressing emerging challenges, positioning us strongly for future growth.

In 2024, we remained focused on collaborating with top companies in key markets and investing in R&D to develop new solutions that drive growth. Our commitment to this strategy led to significant product advancements and new partnerships, several of which were announced during the year. We also expanded our internal and contracted R&D teams while optimizing sales and marketing efforts to target the right OEM and large data center opportunities to scale Napatech more effectively.

We are confident that our continued focus on technological innovation will keep Napatech competitive and well-positioned for future opportunities.

Our goal is to be recognized as a global leader in the fast-growing programmable NIC market. By working closely with customers and partners, we are creating cutting-edge software and hardware solutions that enable large cloud and enterprise data centers to harness the full potential of programmable network interfaces—driving success for both them and Napatech.

FINANCIAL DEVELOPMENT (2023 FIGURES IN BRACKETS)

In 2024, Napatech generated a total revenue of DKK 116.4 million (DKK 182.7 million), representing a decline of 36%. The decline reflects a slowdown in the market compared to 2023 and the challenging market conditions Napatech faced in 2024 . Revenue from Engineering Services declined from DKK 38.7million in 2023 to DKK 4.3 million in 2024, reflecting that a large development project from Intel was completed in 2023. Revenue from SmartNIC Products declined 22% in 2024 compared to 2023. Revenue in North America declined 37% in 2024 compared to 2023, and revenue in the Rest of the World declined 35% in 2024 compared to 2023.

The gross margin in 2024 was 68% compared to 73% in 2023. The decline in the gross margin reflects a larger share of engineering services in 2023. The average gross margin on our SmartNIC grew from 66% in 2023 to 67% in 2024.

In 2024, our Staff costs and Other external costs, before staff costs transferred to capitalized development costs, amounted to DKK 171.8 million, compared to DKK 143.3 million in 2023. The change from 2023 is due to increased costs of subcontractors and personnel driven by our decision to accelerate the development of new product features. Staff costs transferred to development costs in 2024 amounted to DKK 6.2 million compared to DKK 9.3 million in 2023.

EBITDA in 2024 was negative DKK 86.3 million compared to negative DKK 0.4 million in 2023. Depreciation, amortization, and impairment in 2024 were DKK 29.3 million compared to DKK 32.5 million in 2023.

The result for the year was negative DKK 111.3 million (negative DKK 32.0 million).

Napatech had total assets of DKK 229.9 million on December 31, 2024, compared with DKK 194.3 million on December 31, 2023. The increase of DKK 35.6 million reflects a decline in non-current assets of DKK 13.6 million and an increase in current assets of DKK 49.2 million primarily related to increases in inventories and in cash and cash equivalents.

Napatech's total liabilities were DKK 76.5 million on December 31, 2024, compared with DKK 82.6 million on December 31, 2023. The decrease in total liabilities is primarily driven by a decrease in contract liabilities and other payables.

The group's equity at the end of the year was DKK 153.4 million (DKK 111.7 million).

The group has in-house development resources, developing new products and new functionality. The group also engages external consultants for specific development projects. Development costs are capitalized in compliance with IFRS. DKK 6.7 million was capitalized in 2024 (DKK 10.4 million).

The group had a positive net change in cash of DKK 22.0 million (positive DKK 30.4 million). The net change in cash was affected by a negative free cash flow of DKK 114.0 million and positive net cash flows from financing activities of DKK 136.7 million, primarily due to a capital raise in May 2024, where Napatech raised DKK 143 million in gross proceeds from a private placement of 9,000,000 shares.

Napatech issued its guidance for 2024 on February 24, 2024. Revenue was guided in the range of DKK 170-180 million; Gross margin in the range of 69-71%; Staff costs & Other external costs in the range of DKK 145-155 million; and Staff costs transferred to capitalized development costs in the range of DKK 10-15 million. On August 22, 2024, guidance for Staff costs & Other external costs was adjusted to the range of DKK 170-180 million. And on November 5, 2024 guidance for Staff costs transferred to capitalized development costs was updated to the range of DKK 4-7 million. Compared to the issued guidance, reported revenue ended below the guided range. The gross margin ended at 68%. Staff costs & Other external costs and Staff costs transferred to capitalized development costs in 2024 ended within the updated guided range.

FINANCIAL DEVELOPMENT IN THE PARENT COMPANY

Net revenues for the parent company in 2024 came in at DKK 87.8 million (DKK 153.4 million), representing a decline of 43%. The EBITDA in the parent company for 2024 was negative DKK 88.1 million (negative DKK 2.5 million), and the result before tax was negative DKK 118.3 million (DKK 38.4 million).

DEVELOPMENT ACTIVITIES AND KNOWLEDGE

Napatech has consistently emphasized innovation, especially in the development of cutting-edge SmartNIC-based products and solutions. This commitment remained strong throughout 2024, with significant investment in research and development for new and existing markets.

Our leadership in technology is underscored by the continuous introduction of new and advanced products and functionalities across our extensive portfolio, ranging from 10 to 400 gigabits. In 2024, our strategic initiatives have not only enhanced our product offerings but also expanded their applicability, making them more versatile for a diverse array of customers and network environments.

The majority of our R&D efforts in 2024 focused on developing IPU solutions and tapping into the growing market within data centers, cybersecurity, and network management. These initiatives have led to the formation of significant strategic partnerships, laying a strong foundation for anticipated revenue growth in the coming years. Our development teams, organized into agile, cross-functional units, foster optimal information exchange and nimble product development. We leverage advanced IT tools for efficient knowledge sharing, ensuring that our development activities, all centralized in Denmark, are marked by exceptional collaboration, focus, and operational excellence. This strategic approach positions Napatech optimistically for future growth and innovation.

DIVIDEND

So far, the Company has not distributed any dividends and does not expect to do so in the near future.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2024, the Group had cash and cash equivalents of DKK 64.3 million and unutilized credit lines of DKK 2.8 million. With the cash position at the end of 2024 and the Group's credit facilities for 2025, Napatech's operations in 2025 are expected to be fully funded. See note 27 in the notes to the consolidated financial statements for more information on financial risk management objectives and policies.

LEGAL MATTERS

There are currently no legal proceedings involving any company in the Napatech group.

GROUP ENTITIES

The United States subsidiary has an office in Portsmouth, NH.

EVENTS AFTER YEAR-END

No material events occurred after December 31, 2024, that have consequences for the 2024 Annual Report.

OUTLOOK

2025 guidance for the Company is the following:

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

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

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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

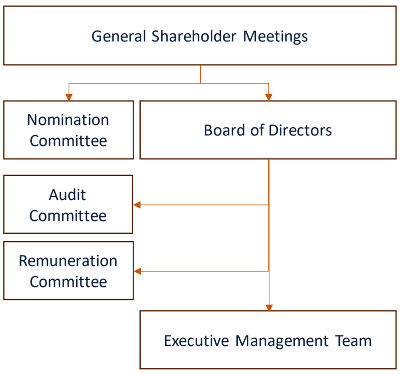
The Company's Board of Directors recognizes the importance of good Corporate Governance. This is ensured through interaction between shareholders, the Board of Directors, and the administration. Napatech's goal is that all interested parties are confident that the group's activities are carried out acceptably and that the governing body has sufficient insight and influence to undertake their functions.

The communication between the Company and shareholders primarily takes place at the annual general meeting, quarterly reporting, and via company announcements. The company shareholders are encouraged to subscribe to our newsletter service to receive company news via email.

Guidelines on Corporate Governance are approved annually by the Board of Directors or when deemed necessary.

Napatech A/S is subject to Danish law but is listed on Euronext Oslo. Napatech follows the Danish recommendations for good Corporate Governance. The Company follows the majority of the Danish recommendations for good Corporate Governance except for a few areas where Napatech has chosen a different approach compared to the recommendations. The statutory report on Corporate Governance is available at http://www.napatech.com/corporate-governance/report2024.

The Board of Directors has established two committees within the Board: the Remuneration Committee and the Audit Committee, which both are sub-committees of the Board (the Board committees report to the Board of Directors) and operate according to the established internal procedures for each committee decided by the Board of Directors.



The Remuneration Committee is composed of two members of the Board of Directors. Beth Topolovsky is the Chairman of the Remuneration Committee, and Svenn Tore Larsen is a member.

The Remuneration Committee handles the Company's remuneration policy and program and presents recommendations to the Board of Directors for decision according to its meeting protocols and underlying material prepared. The committee annually evaluates the CEO's remuneration and presents recommendations to the Board of Directors for a decision. When the Company's remuneration policy proposes a change, it is subject to approval in the annual general meeting. The committee has prepared a separate Remuneration Report to be presented at the annual general meeting. The remuneration report provides an overview of the total remuneration received by each member of the Board of Directors and the executive management board of Napatech. The report is available at http://www.napatech.com/remuneration/report2024.

The Audit Committee is composed of two members of the Board of Directors. Howard Bubb is the Chairman of the committee, and Christian Jebsen is the other member. This committee supports the Board of Directors in fulfilling its responsibilities concerning financial reporting, auditing matters, internal control, and risk matters. The Audit Committee has two meetings per year with the company auditors.

The Company's Board of Directors shall have a diverse composition and competence tailored to meet the Company's needs. The Board of Directors' work complies with the Company's internal instructions, guidelines, and procedures for the Board members. The Board normally also carries out a self-assessment of its activities and competence.

The Company's corporate governance guidelines, including the annual Corporate Governance status, can be found in the investor relations section www.napatech.com/investor-relations.

RISKS AND UNCERTAINTIES

The group is, due to its normal course of business, exposed to many risk factors. The group operates in a technology market that could change the need for the solutions that Napatech provides. The customers are mainly large tier-one customers with normal credit terms. The group is not significantly exposed to credit risks, but as some customers are large, the outstanding amounts can potentially be substantial.

The group is exposed to operational risks due to the dependence on suppliers to deliver both components and the finished products necessary to recognize revenue. The group's growth partly depends on the delivery and adoption of new products and functionalities by the market.

As the group has all revenue in USD, as well as some assets in USD, there is a risk that fluctuations in the USD exchange rate will affect our financial performance.

See notes 3 and 27 in the notes to the consolidated financial statements for more information on risks and uncertainties.

RISK MANAGEMENT AND INTERNAL CONTROL

Managing risk related to the group's financial performance is controlled by our CFO. The Board of Directors receives monthly financial reports from the finance department, including key financial and operational performance indicators. The Company presents interim management statements for Q1, Q3, and Q4 and a half-year report per IAS 34 to the market.

DATA ETHICS POLICY

In compliance with the requirements under section 99(d) of the Danish Financial Statements Act, Napatech has implemented a data ethics policy. Napatech complies with both Danish and EU laws on data and privacy protection, and we recognize that thoughtful and responsible decision-making guided by internal policies can be needed as laws and regulations sometimes do not necessarily provide clear ethical guidance.

Napatech wants to be perceived as a respected, competent, and proper business partner who complies with current legislation and follows developments in good data ethics. We aspire to treat all the data we produce as part of our daily operations ethically and responsibly, and our approach to the handling of data is based on three key principles: trust, integrity, and security.

Napatech uses and processes data, both nonpersonal data and personal data. We collect data regarding Napatech employees for administrative purposes and contact details on customers and their employees so we can deliver our consultancy services. We also collect data from our webpage mainly for marketing purposes and data directly from our customers when we create customer accounts in our systems.

To earn the trust of our customers, employees, and shareholders, we process all data with the utmost respect for the sensitivity of the data and any privacy rights. We do not buy or sell customer data to third parties, and we do not use artificial intelligence and machine learning in the analysis of any data. Making sure that our processing activities and security measures match the requirements for the data we are handling, we always apply our standards for data ethics to the way we work, whether we process personal data or other types of data.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

In 2024, the Board of Directors took a proactive step by initiating an ESG development initiative. This aimed to ensure Napatech is well-prepared for the new sustainability reporting requirements, including the new EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) that underpin it.

Reporting on the CSRD is a significant undertaking, and while Napatech is not legally obligated to report on CSRD until 2026 at the earliest, we have chosen to proactively enhance our sustainability reporting. The sustainability statement is prepared with reference to the ESRS. We have aimed to begin implementing the key principles of the standards and to align them as closely as possible with the other sections of our annual report, demonstrating our steadfast commitment to sustainability.

Our CSR reporting for 2024 regarding section 99a of the Danish Financial Statements Act on corporate social responsibility stated below is therefore based on the material topics determined by the ESRS guidelines.

NAPATECH BUSINESS MODEL & VALUE CHAIN

Napatech's business model centers on developing and selling high-performance, programmable network interface cards and software for programmable NICs. Production of the hardware is outsourced to a contract manufacturer. This model is designed to ensure efficiency and sustainability across our value chain, from product development to customer service.

Napatech's solutions consist of three main components:

- The hardware devices.
- The software drivers and tools are software components that enable the integration of Napatech's programmable NICs with various applications and platforms.
- Professional services, such as engineering consulting, extended warranties, and support services.

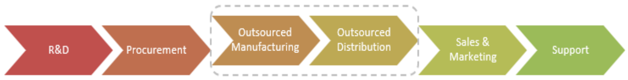
Napatech's strategy is to leverage its core competencies in network acceleration technology and innovation and to expand its market presence and customer base in emerging markets.

Napatech's strategic objectives are to:

- Grow its revenue and profitability by increasing its market share, diversifying its product portfolio, and enhancing customer loyalty and satisfaction.
- Strengthen its competitive advantage by investing in research and development and collaborating with strategic partners.
- Enhance its sustainability performance by minimizing its environmental footprint, promoting social responsibility and ethical conduct, and engaging with its stakeholders and communities.

Napatech's value chain consists of the following main activities:

- *Research and development:* designing, developing, and testing programmable network interface cards and software for programmable NICs.
- *Procurement:* sourcing components and services from suppliers.
- *Manufacturing:* outsourced assembly, testing, and quality control of Napatech's smart NICs.
- *Distribution:* outsourced storage, packaging, and delivery of Napatech's products to customers.
- *Sales and Marketing:* promotion, pricing, and selling of Napatech's products and services to customers through direct and indirect channels.
- *Support:* troubleshooting Napatech's products and supporting customers.



DOUBLE MATERIALITY ASSESSMENT

The starting point for Napatech's sustainability reporting is the materiality assessment performed by our management and Board of Directors. As a key element of our work to prepare for CSRD reporting, we have conducted a double materiality assessment following the ideas of the ESRS guidelines.

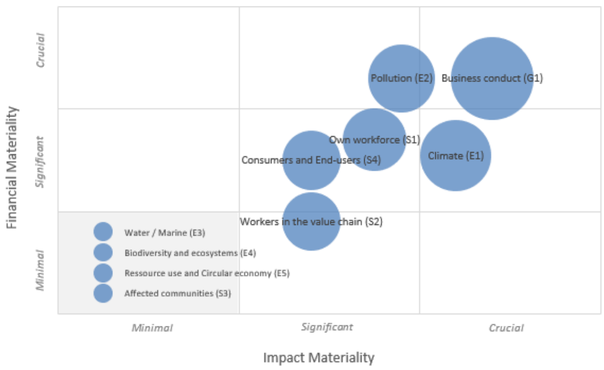
We have assessed how we affect the environment and society (impact materiality) and how sustainability issues can affect us financially (financial materiality). All evaluated impacts and risks are linked to their corresponding topical ESRS standard. The topic's highest-scored impact or risk decides the position in our double materiality matrix. We based our value chain assessments on internal knowledge and mostly looked at our first-tier suppliers.

In our impact assessment, we considered both positive and negative effects and current and future effects related to sustainability. In our financial assessment, we measured possible sustainability-related risks that could have a negative financial impact on our business. We applied the ESRS guidance and used three criteria of 'scale', 'scope', and 'irremediable character' to assess the 'severity' of our actual impacts. Due to the complexity of assigning exact values for possible sustainability risk scenarios, we have primarily used qualitative assessments to evaluate the perceived risks when scoring them.

The materiality threshold, set by our Board of Directors, is 'significant'. This means that impacts and risks perceived as 'significant' or higher, and the ESRS topic related to them, are considered material.

MATERIAL ESRS TOPICS IN NAPATECH

Our preliminary scoring of each ESRS topic highlights that the most important sustainability matters for Napatech are E1, E2, S1, S2, S4, and G1.



ESRS STANDARD: ESRS E1 CLIMATE CHANGE

Napatech is committed to conducting business operations in an environmentally responsible manner. Our strategy focuses on reducing emissions through energy efficiency, engaging with suppliers to lower our overall carbon footprint, and increasing the use of renewable energy.

During 2025, Napatech plans to analyze the various initiatives available for us to approach carbon neutrality and develop an implementation plan to achieve our goal. Napatech is looking into ways to improve our energy efficiency and will consider getting more electricity from renewable sources.

Napatech is using the Climate Compass provided by the Danish Business Authority to calculate its energy consumption and greenhouse gas emissions. Our ambition is to reduce our carbon intensity. As working with the Climate Compass is still new to us, we will use 2025 to increase our knowledge of the mechanism involved and set a specific target for reducing our carbon intensity by the end of 2025.

Most emissions are scope 2 and 3 emissions, except for the emissions from the company car fleet. The only greenhouse gas emission that Napatech has and accounts for is carbon dioxide.

Napatech is looking into different ways to improve our energy efficiency and will consider getting more of our electricity from renewable sources. In the office, Napatech recycles plastic, shredded paper, and printer cartridges to minimize the environmental effects of the production hereof.

As a global company, our business activities include travel, which impacts the environment. We aim to minimize our travel activities by using virtual meetings whenever possible.

ESRS STANDARD: ESRS E2 POLLUTION

Napatech is committed to conducting business operations in an environmentally responsible manner. We must take responsibility, mitigate potential risks, and install countermeasures. We provide green solutions in the form of energy-efficient products that save on data center power consumption, and we strive for products to be recycled or disposed of safely.

Napatech has a Conflict Mineral policy with the objective of only using tin, tantalum, tungsten, and gold (3TG) that originate from conflict-free sources. We require all of our suppliers to provide reports on the use and sourcing of conflict minerals in products they supply to Napatech. The information acquired from the reports is screened against the Responsible Minerals Initiative's smelter database, and corrective steps are taken when needed. The screening and data collection procedure is outsourced to Greensoft. Since 2018, all our products have been 100% conflict-free. Our commitment to achieving 100% conflict-free products is supported by our membership in the Responsible Minerals Initiative.

Napatech has contracted with Greensoft Technology to collect material information on the components from our suppliers. Greensoft Technology contacts our suppliers and requests Full Material Disclosures for each component, when possible, and if not, declarations of compliance with the following industry standards and environmental requirements:

- RoHS-2 per EU Directive of 2011/65/EU and EU Directive of 2015/863/EU.
- REACH SVHC per EU Regulation EC/1907/2006 and ECHA's updated Candidate List.
- REACH Annex-17 per EU Regulation EC/1907/2006.
- Substances of Concern In Products (SCIP) and the SCIP database reference number – per EU Waste Framework Directive 2008/98/EC, including its amendments Directive (EU) 2018/851 and Regulation (EU) 2023/1542.
- EU Persistent Organic Pollutants (EU POPs) per EU Regulation EU 2019/1021.
- Ozone Depleting Substances (ODS) per Regulation (EU) No 2024/590.
- Persistent, Bioaccumulative, and Toxic (PBT) substances as restricted under US Code of Federal Regulations Title 40, part 751, subpart E – "Regulation of Certain Chemical Substances and mixtures under section 6 of The Toxic Substances Control Act" (TSCA).
- Reporting and recordkeeping requirements for Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) under Section 8(a)(7) of the Toxic Substances Control Act (TSCA).
- Environmental Requirements per IBM Engineering Specification 46G3772.

To reduce the negative impact of waste materials on the environment and to protect human health, Napatech provides information to the European SCIP database about hazardous substances in our products. This information enables proper handling, recycling, and disposal of products containing hazardous substances and informs consumers about the presence of such substances.

Reporting on our compliance with various restrictions on substances under regulatory requirements such as RoHS, REACH/SVHC, POPs, ODS, TSCA-PBT, TSCA-PFAS, and others, along with our sourcing of conflict minerals is a testament to our commitment to the environment and ethical responsibility..

As a manufacturing company, there is a risk that producing and delivering products to our customers will impact the environment. We work actively to limit adverse impacts that we cause or contribute to or that we are directly linked to through our business relationships. Napatech also supports and promotes environmental concerns with suppliers to help them conduct manufacturing activities in an environmentally safe and responsible manner.

Our products are assembled by a contract manufacturer who shares our ambitions for social responsibility. We investigate each component regularly, as declared in our conformance declarations. By adhering to regulatory rules and guidelines, Napatech ensures that its products are free from specific hazardous substances that can cause significant harm to the environment and human health. When improperly disposed of, these substances can pollute our land, air, and water, posing serious environmental challenges. Furthermore, Napatech's conformance with environmental regulations is a testament to our commitment to environmental responsibility. For example, the REACH regulation is designed to protect human health and the environment from potential risks posed by chemicals. By complying with REACH, we ensure that the substances we use during manufacturing and in our products for the market are safe for both humans and the environment.

Furthermore, we work closely with our contract manufacturer in the US to improve their environmental performance through more efficient resource use and waste reduction. On our request, our contract manufacturer is ISO 14001 certified. In four meetings during 2024, we continued discussing the initiatives under their environmental management system with our contract manufacturer to evaluate the effectiveness of the processes.

All our products are investigated and analyzed to comply with rules for substances and minerals. The following declarations apply to all Napatech products:

- *RoHS Declaration of Compliance*
- *REACH Declaration of Compliance*
- *EU Declaration of Conformity*

We ensure that our products meet electromagnetic compatibility requirements. Accredited third parties verify all our products for electromagnetic compliance with international EMC standards. The declaration and report below cover all Napatech products:

- *EU Declaration of Conformity*
- *EMC Test Reports*

Napatech has a regulatory compliance manager whose full-time job is to ensure that Napatech and our suppliers comply with the various legal requirements and certain ethical standards.

ESRS STANDARD: ESRS S1 OWN WORKFORCE
Napatech is committed to fostering a supportive and inclusive workplace. Napatech has a diversification strategy and employs more than 10 different nationalities. Salaries, positions, and duties are determined based on qualifications and experience. Our strategy promotes employee well-being, enhances diversity and inclusion, provides ongoing training and development, and ensures fair labor practices.

Napatech adheres to national regulations on health, working environment, and safety. In Denmark, this includes regular inspections from the Danish Working Environment Authority, and Napatech has been awarded a 'green smiley' indicating that the company's work environment is satisfactory. In the US, Napatech provides a safe working environment following general guidelines from the Federal Occupational Safety and Health Administration (OSHA) and carries Worker's Compensation Insurance.
At Napatech, the Board regularly reviews overall results and plans for health, environment, and safety. In 2024, Napatech continued its focus on developing and retaining employees via structured Employee Development Interviews and increased the number of one-on-one employee satisfaction interviews. Employee satisfaction surveys are carried out every third year as part of the mandatory health and safety risk assessment.

Our latest employee satisfaction survey from 2022 placed us well above the benchmark level overall. We detected that some offices were exposed to heat during the summer, so we have fitted sun protection to meet the challenges with heat. Furthermore, in 2024, we continued to pay attention to the ergonomic area and offered all employees counseling to prevent injuries due to sedentary computer work.

In 2024, Napatech continued our focus on the physical working environment, including stress and harassment, and launched a harassment policy to ensure a healthy and safe working environment where employees can thrive and feel secure. This is for preventative reasons and to contribute to a good tone of communication. In addition, we implemented initiatives to reduce the noise from our server labs.

Napatech's 94 full-time employees, as of December 31st, 2024, including eight women (9%), compared to eight (10%) in 2023. In general, Napatech wants to increase the presence of women throughout the organization. Our efforts are focused on improving work-life balance as one way to attract more female applicants. It is, however, always the candidate who is deemed best suited for a position that will be offered the position. It has been difficult to raise the presence of women in the organization as women are significantly underrepresented in the workforce the group is recruiting within.

The supreme governing board in Napatech consists of the Board of Directors, which, on December 31, 2024, included four men and one woman (20%). In 2024, one new male board members were elected, and two male members left the board, thereby increasing the representation of women.

ESRS STANDARD: ESRS S2 WORKERS IN THE VALUE CHAIN
Napatech is committed to ensuring fair labor practices and protecting human rights throughout our supply chain. Our strategy focuses on promoting ethical labor practices and enhancing health and safety for workers in our value chain. We have implemented a supplier code of conduct that outlines our expectations for fair labor practices and human rights protections. Our human rights due diligence process includes regular supplier audits and assessments to ensure compliance. We assess risks related to workers in our value chain when our sourcing department engages with our supplier in our regular supplier meetings. Additionally, we support initiatives to improve working conditions and provide training for workers in our supply chain. In 2024, our sourcing department discussed the approach to human rights with both Asian, European, and American suppliers on five different occasions.

Napatech complies with The Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC), Code of Conduct that establishes standards to ensure that working conditions in the electronics industry, or industries in which electronics is a key component, and its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. The Napatech RBA (EICC) conformance statement is available upon request through the company website.

ESRS STANDARD: ESRS S4 CONSUMERS AND END-USERS
Napatech is committed to ensuring the safety and satisfaction of our consumers and end-users. Our strategy focuses on maintaining high product safety standards and improving customer satisfaction.

Our products' safety is ensured by accredited third parties. The following declarations, certificates, and reports apply to all Napatech products:

- *EU Declaration of Conformity*
- *IEC CB Safety Certificates*
- *UL Safety Certificates*
- *IEC CB Safety Test Reports*
- *UL Safety Test Reports*

Our products comply with EU directives and carry the CE mark, as declared in our EU declaration of conformity. The CE mark is a certification mark that indicates a product's compliance with essential health and safety requirements set forth by EU directives. They also hold the UL mark for recognized components. The UL Mark is a certification mark issued by UL Solutions. It signifies that a product has been certified to meet scientific safety, quality, or security standards. They are manufactured under UL's inspection and follow-up service, ensuring that safety-critical components are authenticated and handled according to UL's procedures. We regularly assess risks related to consumers and end-users, focusing on product liability and changing consumer preferences. We also identify opportunities to innovate and offer superior products and services that meet consumer needs.

ESRS STANDARD: ESRS G1 GOVERNANCE
Napatech's governance practices include regular board meetings, transparent decision-making processes, and active stakeholder engagement. Our code of conduct outlines our commitment to ethical business practices, anti-corruption measures, and conflict-of-interest policies.

Anti-corruption
Napatech will conduct its business openly, honestly, and ethically. We commit to being open and transparent about our business activities and will not participate in or support any form of bribery, corruption, or fraudulent practices. Our code of conduct outlines our anti-corruption policies, including zero tolerance for bribery and corruption.

In 2024, an anti-corruption awareness campaign for our sales organization, our sourcing organization, and our executive management team was conducted, and a whistleblower hotline was implemented to report unethical behavior. Our sales and operations teams are regularly reminded of our position on anti-corruption, including recognizing and reporting any suspected corrupt practices and emphasizing our zero-tolerance policy to the teams. In addition, a double-check reviewed process of all expense claims from the sales team is in place.

No incidents of non-compliance or ethical breaches have occurred in the company's history until now. Our code of conduct is regularly reviewed to reflect best practices and regulatory requirements.

Napatech's Corporate Social Responsibility policy is available at www.napatech.com/investor-relations/corporate-governance.

SHAREHOLDER INFORMATION

The group has a policy of continuously keeping shareholders, employees, and other stakeholders updated on the group's operations.

At the end of 2024, the Company had a total of 99,996,662 shares outstanding of a nominal value of DKK 0.25 each. The company owned 63,854 treasury shares at year-end. The company had 1,809 shareholders, and 49% of the shares were registered outside Norway. The total outstanding warrants at the end of the year were 5,339,006, with an average exercise price of DKK 9.19. Napatech has one class of shares and no restriction on the trading of the Company's shares.

The group has a policy of continuously keeping shareholders, employees, and other stakeholders updated on the group's operations. This is achieved via open quarterly presentations, stakeholder meetings, and continuously updating the investor relations page on www.napatech.com.

Napatech is a Danish company registered in the Danish Central Business Register under 10109124. The ISIN number is DK0060520450, and the Company trades on the Oslo Stock Exchange under the ticker NAPA.

During 2024, several releases have been announced on the Oslo Stock market under the ticker NAPA. For a complete overview, please see www.newsweb.oslobors.no.

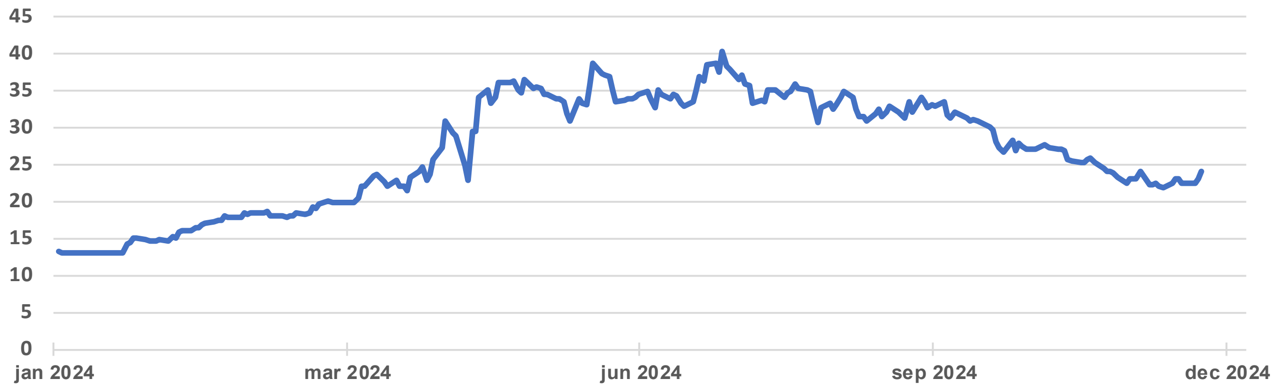
The Company's financial calendar for the remainder of 2025 is as follows:

Date	Activity
April 24	Annual General Meeting
May 2	Q1 2025 Interim Management Statement
August 26	Half-yearly Report
November 5	Q3 2025 Interim Management Statement

NAPATECH HAD BY 1ST MARCH 2025 THE FOLLOWING TOP 20 SHAREHOLDERS

Investor	Number of shares	% of total	Country
SUNDT AS	12,556,941	12.55%	NO
VERDANE CAPITAL VIII	9,713,618	9.71%	DK
J.P. MORGAN SE	6,200,738	6.20%	IRL
ARBEJDSMARKEDETS TILLAEGSPENSION	5,800,000	5.80%	DK
BANK PICTET & CIE (EUROPE) AG	4,316,153	4.31%	LUX
EXTELLUS AS	4,009,411	4.01%	NO
SKANDINAVISKA ENSKILDA BANKEN AB	3,968,049	3.97%	LUX
BROWNSKE BEVEGELSER AS	3,954,445	3.95%	NO
SKANDINAVISKA ENSKILDA BANKEN AB	3,492,394	3.49%	SE
DNB BANK ASA	3,275,338	3.27%	NO
J.P. MORGAN SE	2,340,209	2.34%	LUX
MANARA AS	1,984,521	1.98%	NO
SKANDINAVISKA ENSKILDA BANKEN AB	1,918,350	1.92%	LUX
PRIVATE INVESTOR	1,845,840	1.84%	NO
THE BANK OF NEW YORK MELLON SA/NV	1,767,022	1.77%	BE
CAMOCIM HOLDING AS	1,655,280	1.65%	NO
MP PENSJON PK	1,544,090	1.54%	NO
AREPO AS	1,415,200	1.41%	NO
NORDNET BANK AB	1,320,838	1.32%	SE
DANSKE BANK A/S	1,198,158	1.20%	DK
Total number owned by top 20	74,276,595	74.23%	
Total 1,790 other shareholders	25,777,285	25.77%	
Total Number of shares	100,053,880	100%	

NAPATECH SHARE PRICE DEVELOPMENT 2024 (in NOK)



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

Note	In DKK'000	2024	2023
4	Revenue	116,408	182,674
4	Cost of goods sold	(37,049)	(49,126)
	Gross profit	**79,359**	**133,548**
5, 6, 7	Staff costs	(104,994)	(87,625)
6, 8	Other external costs	(60,618)	(46,361)
	Operating profit before depreciation, amortization and impairment (EBITDA)	**(86,253)**	**(438)**
9	Depreciation, amortization and impairment	(29,326)	(32,461)
	Operating result (EBIT)	**(115,579)**	**(32,899)**
10	Finance income	2,315	358
11	Finance costs	(3,823)	(3,904)
	Result before tax	**(117,087)**	**(36,445)**
12	Income tax	5,830	4,429
	Result for the year	**(111,257)**	**(32,016)**
13	**Earnings per share:**		
	Basic, DKK	(1.15)	(0.36)
	Diluted, DKK	(1.15)	(0.36)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

Note	DKK'000	2024	2023
	Result for the year	**(111,257)**	**(32,016)**
	Other comprehensive income that may be reclassified to profit and loss in subsequent periods:		
	Exchange differences on translation of foreign operations	824	(515)
	Net other income / (loss) that may be reclassified to profit or loss in subsequent periods	**824**	**(515)**
	Total comprehensive income for the year, net of tax	**(110,433)**	**(32,531)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2024

ASSETS

Note	In DKK'000	2024	2023
	Development projects, completed	19,764	36,601
	Development projects, in progress	4,269	2,226
	Patents	1,042	1,715
14	**Intangible assets**	**25,075**	**40,542**
15	Plant and equipment	4,765	4,390
16	Right-of-use assets	9,200	7,881
15	Leasehold improvements	441	316
	Tangible assets	**14,406**	**12,587**
22	Leasehold deposits	1,587	1,541
	Other non-current assets	**1,587**	**1,541**
	Non-current assets	**41,068**	**54,670**
18	Inventories	69,876	35,572
19, 22	Trade receivables	19,381	37,586
	Prepayments	5,153	2,335
19, 22	Other receivables	23,762	15,880
20	Income tax receivable	6,345	5,885
22	Cash and cash equivalents	64,341	42,367
	Current assets	**188,858**	**139,625**
	Total assets	**229,926**	**194,295**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024

EQUITY AND LIABILITIES

Note	In DKK'000	2024	2023
21	Share capital	24,999	22,544
21	Share premium	483,062	343,064
21	Treasury shares	(619)	(2,110)
	Foreign currency translation reserve	553	(271)
21	Share-based payment reserve	18,946	10,707
	Retained earnings	(373,518)	(262,224)
	Equity	**153,423**	**111,710**
22, 24	Interest-bearing loans and borrowings	6,806	8,601
22, 24	Other financial liabilities	4,540	4,433
16, 24	Lease liabilities	6,406	4,854
23	Contract liabilities	1,550	3,048
	Non-current liabilities	**19,302**	**20,936**
22, 24	Interest-bearing loans and borrowings	36,098	35,504
16, 24	Lease liabilities	3,124	3,282
22	Trade payables	5,789	5,727
	Other payables	8,953	12,495
23	Contract liabilities	3,237	4,641
	Current liabilities	**57,201**	**61,649**
	Total liabilities	**76,503**	**82,585**
	Total equity and liabilities	**229,926**	**194,295**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

Note	In DKK'000	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total equity
	At 1 January 2023	**20,774**	**290,457**	**(2,520)**	**244**	**13,860**	**(234,560)**	**88,255**
	Result for the year	-	-	-	-	-	(32,016)	(32,016)
	Total other comprehensive income	-	-	-	(515)	-	-	(515)
	Total comprehensive income	**-**	**-**	**-**	**(515)**	**-**	**(32,016)**	**(32,531)**
	Issue of shares	1,770	51,970	-	-	-	-	53,740
	Transaction costs	-	(365)	-	-	-	-	(365)
	Reversal, exercised and lapsed share options	-	1,002	410	-	(5,689)	4,352	75
7	Share-based payments	-	-	-	-	2,536	-	2,536
	Total transactions with shareholders	**1,770**	**52,607**	**410**	**-**	**(3,153)**	**4,352**	**55,986**
	At 31 December 2023	**22,544**	**343,064**	**(2,110)**	**(271)**	**10,707**	**(262,224)**	**111,710**
	Result for the year	-	-	-	-	-	(111,257)	(111,257)
	Total other comprehensive income	-	-	-	824	-	-	824
	Total comprehensive income	**-**	**-**	**-**	**824**	**-**	**(111,257)**	**(110,433)**
	Issue of shares	2,455	143,117	-	-	-	-	145,572
	Transaction costs	-	(5,382)	-	-	-	-	(5,382)
	Increase (decrease) through treasury share transactions	-	-	1,491	-	-	-	1,491
	Reversal, exercised and lapsed share options	-	2,263	-	-	(2,660)	(37)	(434)
7	Share-based payments	-	-	-	-	10,899	-	10,899
	Total transactions with shareholders	**2,455**	**139,998**	**1,491**	**-**	**8,239**	**(37)**	**152,146**
	At 31 December 2024	**24,999**	**483,062**	**(619)**	**553**	**18,946**	**(373,518)**	**153,423**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

Note	In DKK'000	2024	2023
	Operating activities		
	Result before tax	(117,087)	(36,445)
	Adjustments to reconcile profit before tax to net cash flows:		
	Finance income	(2,315)	(358)
	Finance costs	3,823	3,904
	Depreciation, amortization and impairment	29,326	32,461
	Share-based payment expense	10,899	2,536
	Working capital adjustments:		
	Change in inventories	(34,304)	3,282
	Change in trade and other receivables and prepayments	9,829	13,181
	Change in trade and other payables and contract liabilities	(6,866)	(26,867)
	Interest received	1,617	358
	Interest paid	(3,135)	(2,881)
	Income tax received, net	5,372	4,044
	Net cash flows from operating activities	**(102,841)**	**(6,785)**
	Investing activities		
	Purchase of tangible assets	(4,432)	(2,170)
	Investments in intangible assets	(6,665)	(10,376)
	Investments in leasehold deposits	(46)	(144)
	Net cash from investing activities	**(11,143)**	**(12,690)**
	Free cash flow	**(113,984)**	**(19,475)**
	Financing activities		
	Capital increase	145,572	53,740
	Proceeds from exercise of share options	-	75
	Payments regarding share options	(246)	-
	Transaction costs on issue of shares	(5,382)	(365)
	Increase (decrease) through treasury share transactions	1,491	-
	Repayment of financial lease liabilities	(3,561)	(3,385)
	Proceeds from borrowings	-	442
	Repayment of borrowings	(1,175)	-
	Net cash flows from financing activities	**136,699**	**50,507**
	Net change in cash and cash equivalents	22,715	31,032
	Net foreign exchange difference	(741)	(627)
	Cash and cash equivalents at 1 January	42,367	11,962
	Cash and cash equivalents at 31 December	**64,341**	**42,367**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 CORPORATE INFORMATION

The consolidated financial statements of Napatech A/S and its subsidiary (collectively, the Group) for the year ended were authorized for issue in accordance with the resolution of the management on March 20, 2025.

ESEF data

Name of reporting entity or other means of identification	Napatech A/S
Domicile of entity	Denmark
Description of nature of entity's operations and principal activities	Tech company
Country of incorporation	Denmark
Principal place of business	Global
Legal form of entity	A/S
Address of entity's registered office	Tobaksvejen 23A, 2860 Soeborg

NOTE 2 MATERIAL ACCOUNTING POLICY INFORMATION

General

The financial statements have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU and additional requirements in the Danish Financial Statement Act.

The consolidated financial statements are prepared on a historical cost basis.

The consolidated financial statements are presented in thousands of Danish kroner (DKK'000).

Changes in accounting policies

The accounting policies are consistent with those applied to the consolidated financial statements for 2023.

New and amended standards and interpretations that have become operative

All new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year beginning on 1 January 2024 have been adopted. The implementation of these new or amended standards and interpretations had no material impact on the financial statements. For standards implemented prospectively, the comparative figures are not restated.

New financial reporting standards not yet adopted

Certain new accounting standards and interpretations have been published that are not yet in effect or endorsed by the EU and, therefore, not relevant for the preparation of 2024 consolidated financial statements. The Group expects to implement these standards as they take effect. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

iXBRL reporting

Napatech A/S has filed the Annual Report for 2024 in the European Single Electronic Format (ESEF), XHTML format, that can be displayed in a standard browser. The primary statements and notes in the consolidated financial statements are tagged using eXtensible Business Reporting Language (iXBRL), which complies with the ESEF taxonomy included in the ESEF Regulation.

The consolidated financial statements

The consolidated financial statements comprise the parent company, Napatech A/S, and its subsidiary. The subsidiary is fully consolidated from the date of acquisition and/or incorporation, being the date on which the parent company obtains control until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company's financial statements, using consistent accounting policies. The consolidated financial statements are prepared as a consolidation of the parent company's and the subsidiary's financial statements, eliminating all intragroup balances, transactions, unrealized gains and losses, and dividends.

NOTE 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Currency translation

For each group entity, a functional currency is determined, and items recognized in the financial statements of the individual entities are measured using that functional currency. The functional currency is the currency used as the primary currency for the activities of the reporting entity. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date. Any exchange difference arising from the translation is recognized in the income statement as financial income or financial expenses. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction.

Translation of group entities

On recognition in the consolidated financial statements of foreign entities with a functional currency different from the parent company's presentation currency (DKK), the income statement and the statement of cash flows are translated at the exchange rates at the transaction date, while the statement of financial position items is translated at the exchange rates at the reporting date. Any foreign exchange differences arising from the translation are recognized as other comprehensive income in a separate reserve. On full or partial disposal of a foreign entity, the share of the currency reserve relating to that particular foreign entity is recognized in the income statement.

Revenue

The Group manufactures and sells network adapters, including software, to end-users and through third-party channel partners. The Group's sales contracts regarding network adapters do not include installation services or significant customization etc., and each sales transaction only relates to a single performance obligation. Extended warranties and technical product support regarding the network adapters are sold separately. The Group also provides specific engineering services according to separate contracts with customers.

Sales of goods

Revenue from contracts with customers is recognized in the income statement at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods, and at an amount that reflects the consideration to which the Group expects to be entitled in exchange for these goods. Revenue is measured at the fair value of the consideration received, excluding rebates and VAT.

Sales of services

If a payment is received or due (whichever is earlier) from a customer before the Group transfers the related goods or services, the revenue is deferred and recognized as a contract liability until the Group performs under the contract. Contract liabilities associated with engineering services are recognized as revenue in the income statement based on the stage of completion (over time), which is determined on the basis of the relationship between the Group’s resources in relation to the recent total estimate of resource consumption. The degree of completion is assessed regularly, and the projects are closely monitored by management, and further adjustments are made to the stage of completion if deemed necessary. When performing this evaluation, all factors concerning the relevant contract are taken into consideration and assessed appropriately. Contract liabilities associated with extended warranties and technical product support are recognized as revenue in the income statement divided equally over the period stated in the contract, and the costs associated with providing the extended warranties and technical product support are recognized as they are incurred.

The Group applies the practical expedient to recognize incremental costs of obtaining a contract as they are incurred.

Cost of goods sold

Cost of goods sold is incurred to generate the period's revenue. Cost of goods sold comprises costs relating to purchases of products that are to be resold. Cost of goods sold also includes movements in inventory write-down for the year.

Staff costs

Staff costs include salaries, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits. Staff costs are recognized in the year in which the associated services are rendered by the employees.

Share-based payments

The Group's employees and management receive consideration in the form of share-based payments. The share-based consideration is an equity-settled program under which employees and management deliver services in return for share options. The share options are measured at fair value at the time of granting. The fair value of share options is determined using the Black-Scholes option-pricing model.

NOTE 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Costs relating to equity-settled share-based payments are recognized in the income statement under staff costs and in equity over the vesting period. The total expense recognized for equity-settled share-based payments at the reporting date reflects the share of the vesting period that has lapsed and management's best estimate of the number of equity instruments that will ultimately vest.

Other external costs

Other external costs comprise costs of research and development not qualifying for recognition as intangible assets, and costs of development associated with engineering service contracts. Other external costs also comprise costs of sales, including costs of sales campaigns, advertising, exhibitions, etc., and administration costs, including office-related expenses. Write-downs on trade receivables are also included.

Finance income and cost

Finance income and costs comprise interest income and expenses, unrealized exchange gains and losses on financial assets and liabilities in foreign currencies, and realized exchange gains and losses on foreign currency transactions.

For financial instruments measured at amortized cost, interest income, and expenses are recognized using the effective interest rate method.

Income tax for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in the tax rate, is recognized in the income statement as regards the portion that relates to the profit or loss for the year and in other comprehensive income as regards the portion that relates to entries in other comprehensive income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Intangible assets

Intangible assets are initially recognized in the statement of financial position at cost. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses.

Intangible assets comprise development projects and patents with finite useful lives.

Intangible assets with finite useful lives are amortized over their economic lives and tested for impairment whenever there is an indication that an asset might be impaired. Useful lives are reassessed on an annual basis. Changes in expected useful lives are accounted for as changes in accounting estimates. Amortization and impairment losses are recognized in the income statement.

Development projects

Research costs are recognized in the income statement as incurred. Development costs incurred for individual projects are recognized as an intangible asset when the Group can demonstrate the following:

- The technical feasibility of completing the development project so that it will be available for use or sale;
- The intention to complete the development project and the Group's ability to use or sell it;
- The probability that the development project will generate future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development project and to use or sell it;
- The ability to measure the costs reliably.

Subsequent to the initial recognition of the development costs as an intangible asset, the development project is recognized at cost less any accumulated amortization and impairment losses. Amortization of the intangible asset begins when the development of the asset has been completed, and the asset is used as planned. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful life of development projects is 3 years.

Patents

Patents are recognized as intangible assets at the time of acquisition and measured at cost less accumulated amortization. Patents are amortized over their useful lives, starting at the time when the patent takes effect. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The useful life of patents is estimated at 10 years.

Tangible assets

Tangible assets include plant and equipment and leasehold improvements. Items of tangible assets are measured at cost less accumulated depreciation and impairment losses, the cost being the acquisition price and costs directly related to the acquisition until such time when the asset is ready for use.

NOTE 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, as follows:

Plant and equipment	3 years
Leasehold improvements	5 years

Gains and losses on the disposal of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized in the income statement.

Residual values and useful lives are reassessed on an annual basis. Changes in useful lives or residual values are accounted for as changes in accounting estimates.

Leases

The Group assesses at contract inception whether a contract is or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option or extension option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

A right-of-use asset and a lease liability are recognized in the balance sheet when the specifically identifiable asset is made available under the lease agreement during the lease term and when the Group gains the right to virtually all the economic benefits from the use of the identified asset and the right to control the use of the identified asset.

The Group applies the practical expedient to recognize payments related to service components in leasing contracts for plant and equipment as part of the right-of-use asset and a lease liability.

Lease liabilities

Lease liabilities are initially measured at the present value of future lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease unless the Group is very unlikely to exercise the option to terminate.

In assessing the expected lease term for property leases, the Group estimates for strategic reasons that the expected rental period is between 3-5 years.

In calculating the present value of lease payments, the Group uses its alternative borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The alternative borrowing rate is the cost of raising external financing for a corresponding asset with a financing period corresponding to the term of the lease in the currency in which the lease payments are settled.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties	3-5 years
Plant and equipment	3-6 years

NOTE 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets

In-progress development projects are tested for impairment at least once a year. Other long-term assets with finite useful lives are reviewed for impairment at each reporting date. Where indications of impairment are identified for in-progress development projects or other long-term assets with finite useful lives, the Group estimates the recoverable amount of the asset. The recoverable amount is determined for the individual asset or a group of assets constituting an integrated cash-generating unit. The recoverable amount is the higher of the asset or the cash-generating unit's fair value, less costs to sell and its value in use. When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired, and the carrying amount is reduced to the recoverable amount. The impairment loss is recognized in the income statement.

The value in use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit of which the asset is a part.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is determined using the first-in/first-out (FIFO) method.

The cost of goods for resale, raw materials, and consumables comprises the purchase price plus delivery costs. The Group uses sub-suppliers for the primary production of goods for resale.

The net realizable value of inventories is determined as the selling price less costs of completion and costs incurred to generate the revenue, taking into account marketability, obsolescence, and developments in the expected selling price.

Receivables

Receivables are measured at amortized cost less write-downs. Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual trade receivables and other receivables are provided for when objective indications of credit losses occur such as debtor’s bankruptcy and uncertainty about the debtor’s ability and/or willingness to pay, etc.

Write-downs on receivables are recognized in the income statement under other external costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

Equity

Share premium
Share premium is the value in excess of the nominal value of the shares that are contributed to the company upon formation or a capital increase. The share premium is part of the distributable reserves.

Share-based payment reserve

The value of share options granted is recognized in equity under share-based payment reserve over the vesting period as the employees deliver the relevant services. The reserve reflects the total value of share options granted based on the share of the vesting period that has lapsed and the Group's best estimate of the number of equity instruments that will ultimately vest. The reserve is part of the distributable reserves.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising upon translation of the financial statements of foreign operations from their functional currency to the parent company's presentation currency (DKK).

Upon full or partial realization of the investment in the foreign operation, foreign exchange adjustments are recognized in the income statement in the same item as the gain/loss from the sale. The reserve is part of the distributable reserves.

Financial liabilities

Amounts owed to banks etc., are recognized at the date of borrowing at the amount of proceeds received net of transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in financial expenses over the term of the loan.

Non-financial liabilities are measured at net realizable value.

NOTE 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognized in the statement of financial position as the estimated tax charge for the period, adjusted for tax on previous years' taxable income, and tax paid on account. Income tax return receivables are evaluated with respect to situations in which applicable tax regulations are subject to interpretation, and provisions are established where appropriate.

Deferred tax is measured, using the "balance sheet liability" method, of all temporary differences at the reporting date between the tax base and the carrying amount of assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognized for all taxable, temporary differences, except for taxable, temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible, temporary differences, and all unutilized tax loss carry forward to the extent that it is probable that taxable profit will be available against which the deductible, temporary differences, and unutilized tax loss carry forward can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reviewed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will be available against which the deferred tax asset can be utilized.

Deferred tax assets and deferred tax liabilities relating to items recognized outside profit or loss are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Statement of cash flows

The statement of cash flows shows the Group's cash flows for the year, broken down into operating, investing, and financing activities, the period's changes in cash and cash equivalents, and the Group's cash and cash equivalents at the beginning and the end of the period. Cash flows from operating activities are presented using the indirect method and are stated as the profit or loss for the year before tax, adjusted for non-cash operating items, changes in working capital, paid and/or received interests, and paid and/or received income taxes.

Cash flows from investing activities comprise payments related to purchases and/or proceeds of/from non-current assets.

Cash flows from financing activities comprise dividends distributed to shareholders, capital increases and/ or reductions, repayments and/or proceeds of/from interest-bearing debt, and payments regarding lease agreements, including interests and instalments.

Segment information

The segment information is provided on geographical markets and business segments.

The segmentation is based on the Group's internal financial reporting and has been prepared in accordance with the Group's accounting policies. The Group monitors the performance of the segments to the level of gross profit. All other items of the income statement, as well as assets and liabilities, are managed on a group basis and, therefore, not allocated to individual segments.

Income/expenses in the segments comprise the items directly attributable to the individual segments as well as the items that may be allocated to the individual segments on a reliable basis.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities. Significant accounting judgments, estimates, and assumptions are presented below.

Accounting estimates and uncertainty of estimates

The valuation of certain assets and liabilities requires the management to make estimates and assumptions related to future events. The estimates and assumptions are based on historical experience and other factors that, according to the management's assessment, are reasonable but also inherently subject to uncertainty and unpredictability. The assumptions may be incomplete and inaccurate, and unexpected events and/or circumstances may arise.

Furthermore, the Group is subject to risks and uncertainties that may cause the actual results to differ from these estimates, both positively and negatively. The Group's specific risks are discussed in the relevant sections of the management's review and in the notes to the consolidated financial statements.

The major assumptions concerning future events and other sources of estimation of uncertainties at the reporting date, which involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are presented below.

Development projects

There is an ongoing assessment of whether the development costs meet the criteria for capitalization as set out in the summary of accounting policies, note 2, and whether the development projects will generate future economic benefits.

Development projects in progress are annually tested for impairment. Completed development projects are reviewed for impairment indicators. If there is evidence of impairment, an impairment test is carried out for the project concerned. The impairment test is prepared on the basis of factors such as the future use of the project and the present value of expected future income, interest, and risk. The carrying amount of completed development projects was DKK 19.8 million on December 31, 2024 (December 31, 2023: DKK 36.6 million).

The accounting judgments, estimates, and assumptions that the management makes for development projects are consistent with previous years.

NOTE 4 OPERATING SEGMENTS

The following tables present revenue and gross profit information about the Group's operating segments for the years ended December 31, 2024, and 2023, respectively:

Geographical segments

Year ended 31 December 2024:

DKK'000	AMERICAS	ROW	CONSOLIDATED
Revenue			
Total revenue	80,886	35,522	116,408
- Sales of goods	*72,389*	*34,554*	*106,943*
- Sales of services	*8,497*	*968*	*9,465*
Cost of goods sold	(29,053)	(7,996)	(37,049)
Segment gross profit	**51,833**	**27,526**	**79,359**

NOTE 4 OPERATING SEGMENTS (CONTINUED)

Year ended 31 December 2023:

DKK'000	AMERICAS	ROW	CONSOLIDATED
Revenue			
Total revenue	127,675	54,999	182,674
- Sales of goods	*89,896*	*52,722*	*142,618*
- Sales of services	*37,779*	*2,277*	*40,056*
Cost of goods sold	(34,171)	(14,955)	(49,126)
Segment gross profit	**93,504**	**40,044**	**133,548**

Explanation abbreviations
AMERICAS = North & South America ROW = Rest of the World

The geographical segmentation is based on the location of the customers.

Business segments

Year ended 31 December 2024:

DKK'000	SMARTNIC PRODUCTS	ENGINEERING SERVICES	CONSOLIDATED
Revenue			
Total revenue	112,147	4,261	116,408
- Sales of goods	*106,943*	-	*106,943*
- Sales of services	*5,204*	*4,261*	*9,465*
Cost of goods sold	(36,843)	(206)	(37,049)
Segment gross profit	**75,304**	**4,055**	**79,359**

Year ended 31 December 2023:

DKK'000	SMARTNIC PRODUCTS	ENGINEERING SERVICES	CONSOLIDATED
Revenue			
Total revenue	143,994	38,680	182,674
- Sales of goods	*142,618*	-	*142,618*
- Sales of services	*1,376*	*38,680*	*40,056*
Cost of goods sold	(48,901)	(225)	(49,126)
Segment gross profit	**95,093**	**38,455**	**133,548**

Revenue from Engineering services is considered a separate segment from SmartNIC products due to the difference in economic characteristics and the timing of recognition of revenue. The revenue from engineering service contracts is recognized in the income statement based on the stage of completion (over time) according to IFRS 15, while the main part of the revenue from SmartNIC products is recognized in the income statement at a point in time.

The Group monitors the performance of the segments to the level of gross profit. All other items of the income statement, as well as assets and liabilities, are managed on a group basis and, therefore, not allocated to individual segments.

NOTE 4 OPERATING SEGMENTS (CONTINUED)

Transactions with major customers

In 2024, the Group had two customers (2023: two customers) with revenue amounting to 10% or more of the total revenue of the Group. Revenue from the first significant customer amounted to DKK 22,720 thousand (2023: DKK 31,274 thousand), corresponding to 20% (2023: 17%) of the Group revenue. Revenue from the second significant customer amounted to DKK 14,085 thousand (2023: DKK 9,183 thousand), corresponding to 12% (2023: 5%) of the Group revenue. Revenue from the first significant customer is arising from sales in the Americas segment and from both the SmartNIC Product segment (91%) and the Engineering Services segment (9%). Revenue from the second significant customer is arising from sales in the Americas segment and the SmartNIC Products segment.

NOTE 5 STAFF COSTS

Employee benefits expense is reported as follows:

DKK'000	2024	2023
Wages and salaries	92,525	87,564
Defined contribution schemes	4,250	3,770
Share-based payment expense (note 7)	10,900	2,536
Social security costs	3,551	3,054
Total employee benefits expense	**111,226**	**96,924**
Transferred to capitalized development costs	(6,232)	(9,299)
Total staff costs	**104,994**	**87,625**
Average number of employees	**82**	**77**

Compensation of key management personnel of the Group is as follows:

Enployee benefits expense is reported as follows:	2024			2023		
	Executive management	Other management	Board of Directors	Executive management	Other management	Board of Directors
Short-term staff benefits	2,416	9,939	637	7,497	6,026	1,575
Defined contribution schemes	143	342	-	209	119	-
Share-based payment expense	5,831	1,717	978	549	1,255	195
Total compensation of key management personnel	**8,390**	**11,998**	**1,615**	**8,255**	**7,400**	**1,770**

The executive management in 2023 consisted of the CEO and the CFO, while other management consisted of the COO, CMO, and CR DO. Until February 2023, the CEO of Napatech was Ray Smets, and Henrik Brill Jensen was the COO. On February 27, 2023, Henrik Brill Jensen replaced Ray Smets as CEO of Napatech. On January 21, 2024, Lars Boilesen replaced Henrik Brill Jensen as CEO of Napatech, and Henrik Brill Jensen returned to his previous position as COO. From January 21, 2024, the Executive management consists of the CEO, while other management consists of the CFO, COO, CMO, and CRDO.

NOTE 6 RESEARCH AND DEVELOPMENT COSTS

Research and development costs, including annual amortization and impairment of completed development projects and development projects in progress recognized in the consolidated income statement, are DKK 102,089 thousand (2023: DKK 87,330 thousand). All research and development costs are incurred by the parent company. The total amount of research and development costs recognized in the balance sheet is DKK 24,033 thousand (2023: DKK 38,827 thousand).

NOTE 7 SHARE-BASED PAYMENTS

Employees and members of the management in both the parent company and the US-based subsidiary are eligible for share option schemes. They are granted a certain number of share options in the parent company in return for the services they provide to the Group. Share options under these schemes are granted at fixed exercise prices. The right to share options can only be vested as long as the holder is an employee of the Group. Members of the Board of Directors are eligible for share option schemes under corresponding terms as long as the holder is a member of the Board of Directors of the Group.

The share-based payment expense is measured at fair value on the grant date using the Black-Scholes model. The expense is recognized in the income statement with the counter item in the share-based payment reserve under equity, and it is recognized over (a) the period during which the share option holder has met the vesting conditions or (b) the period in which an exercising event is likely to occur if this period is shorter.

Share-based payment programs with outstanding share options on December 31, 2024

Based on the decision made by the General Assembly in April 2017 to issue 460,000 share options, the Board of Directors issued 460,000 share options in September 2018 with the nominal value of DKK 0.25 at an exercise price of NOK 5.00 (DKK 3.88). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first 2 years of the share options' lifetime. The share options vest with 1/6 in each of the remaining 6 years of the share options' lifetime.

Based on the decision made by the General Assembly in April 2018 to issue 480,000 share options, the Board of Directors issued 319,600 share options in September 2018 with a nominal value of DKK 0.25 at an exercise price of NOK 5.00 (DKK 3.88). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first 2 years of the share options' lifetime. The share options vest with 1/6 in each of the remaining 6 years of the share options' lifetime.

Based on the same decision made by the General Assembly in April 2018 to issue 480,000 share options, the Board of Directors issued 55,000 share options in December 2018 with the nominal value of DKK 0.25 at an exercise price of NOK 3.20 (DKK 2.45). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first 2 years of the share options' lifetime. The share options vest with 1/6 in each of the remaining 6 years of the share options' lifetime.

The general terms for all issues based on the 2017 and 2018 share options program are summarized as follows:

Earliest exercise date	2 years from the grant date
Latest exercise date	8 years from the grant date

Based on the decision made by the General Assembly in April 2019 to issue 2,076,704 share options, the Board of Directors issued 1,736,800 share options in July 2019 with the nominal value of DKK 0.25 at an exercise price of NOK 1.50 (DKK 1.16). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first year of the share options' lifetime. The share options vest with 1/4 in each of the following 4 years.

The general terms for all issues based on the 2019 share options program are summarized as follows:

Earliest exercise date	1 year from the grant date
Latest exercise date	8 years from the grant date

Based on the decision made by the General Assembly in April 2020 to issue 1,000,000 share options, the Board of Directors issued 995,000 share options in May 2020 with the nominal value of DKK 0.25 at an exercise price of NOK 4.18 (DKK 2.89). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first year of the share options' lifetime. The share options vest with 1/4 in each of the following 4 years.

Based on the same decision made by the General Assembly in April 2020 to issue 1,000,000 share options, the Board of Directors issued 330,000 share options in August 2023 (as some share options have reverted to the pool) with the nominal value of DKK 0.25 at an exercise price of NOK 9.92 (DKK 6.42). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first year of the share options' lifetime. The share options vest with 1/4 in each of the following 4 years.

Based on the same decision made by the General Assembly in April 2021 to issue 460,000 share options, the Board of Directors issued 40,000 share options in August 2023 with a nominal value of DKK 0.25 at an exercise price of NOK 9.92 (DKK 6.42). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first year of the share options' lifetime. The share options vest with 1/4 in each of the following 4 years.

The general terms for all issues based on the 2020 and 2021 share options program are summarized as follows:

Earliest exercise date	1 year from the grant date
Latest exercise date	8 years from the grant date

NOTE 7 SHARE-BASED PAYMENTS (CONTINUED)

Based on the decision made by the General Assembly in April 2022 to issue 440,000 share options to members of the Board of Directors, the Board of Directors issued 114,487 share options in June 2022 with a nominal value of DKK 0.25 at an exercise price of DKK 0.25. The share options' lifetime is 2 years and 10 months. All the share options vest at the grant date.

Based on the same decision made by the General Assembly in April 2022 to issue 440,000 share options to members of the Board of Directors, the Board of Directors issued 251,007 share options in June 2022 with the nominal value of DKK 0.25 at an exercise price of DKK 0.25. The share options' lifetime is 2 years and 10 months. The share options vest with 1/10 in each of the following 10 months.

Based on the same decision made by the General Assembly in April 2022 to issue 440,000 share options to members of the Board of Directors, the Board of Directors issued 52,924 share options in March 2024 with the nominal value of DKK 0.25 at an exercise price of DKK 0.25. The share options' lifetime is 2 years. The share options vest within one month from the grant date. In November 2024, the Board of Directors canceled 18,488 of these share options.

Based on the same decision made by the General Assembly in April 2022 to issue 440,000 share options to members of the Board of Directors, the Board of Directors issued 61,582 share options in March 2024 with the nominal value of DKK 0.25 at an exercise price of DKK 0.25. The share options' lifetime is 2 years. All the share options vest at the grant date. In November 2024, the Board of Directors canceled 21,512 of these share options.

The general terms for all issues based on the 2022 share options program to the Board of Directors are summarized as follows:

Earliest exercise date	immediately from the grant date
Latest exercise date	2 years and 10 months from the grant date

Based on the decision made by the General Assembly in April 2022 to issue 800,000 share options to key employees, the Board of Directors issued 300,000 share options in June 2022 with a nominal value of DKK 0.25 at an exercise price of NOK 11.00 (DKK 7.92). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first year of the share options' lifetime. The share options vest with 1/4 in each of the following 4 years.

Based on the same decision made by the General Assembly in April 2022 to issue 800,000 share options to key employees, the Board of Directors issued 400,000 share options in August 2023 with a nominal value of DKK 0.25 at an exercise price of NOK 9.92 (DKK 6.42). The share options' lifetime is 8 years, where the share options holders are subject to a lock-up period in the first year of the share options' lifetime. The share options vest with 1/4 in each of the following 4 years.

The general terms for all issues based on the 2022 share options program to key employees are summarized as follows:

Earliest exercise date	1 year from the grant date
Latest exercise date	8 years from the grant date

Based on the decision made by the General Assembly in February 2024 to issue 2,000,000 share options to the CEO, the Board of Directors issued 2,000,000 share options in February 2024 with the nominal value of DKK 0.25 at an exercise price of NOK 17.21 (DKK 11.26). The share options' lifetime is 9 years, where the share options holder is subject to a 3-year lock-up period. The share options vest with 1/4 in each of the following 4 years.

Based on the decision made by the General Assembly in April 2024 to issue 1,500,000 share options to employees and management, the Board of Directors issued 530,000 share options in June 2024 with a nominal value of DKK 0.25 at an exercise price of NOK 33.10 (DKK 21.60). The share options' lifetime is 8 years, where the share options holders are subject to a 3-year lock-up period. The share options vest with 1/4 in each of the following 4 years.

All the 3,500,000 share options can be returned to the pool and used for issue to employees and management until 31 January 2029.

The general terms for all issues based on the 2024 share options program are summarized as follows:

Earliest exercise date	3 years from the grant date
Latest exercise date	9 years from the grant date

NOTE 7 SHARE-BASED PAYMENTS (CONTINUED)

	2024							
	Board of Directors		Management		Other Employees		Total	
Share options	**Number**	**Avg. ex. price**	**Number**	**Avg. ex. price**	**Number**	**Avg. ex. price**	**Number**	**Avg. ex. price**
At 1 January 2024	365,494	0.25	2,458,333	5.34	751,635	5.58	3,575,462	4.87
Granted during the year	114,506	0.25	2,000,000	11.26	530,000	21.60	2,644,506	12.86
Exercised during the year	(127,624)	0.25	(494,999)	3.03	(198,339)	3.24	(820,962)	2.65
Expired/reversed during the year	(40,000)	0.25	-	-	(20,000)	9.89	(60,000)	3.46
At 31 December 2024	**312,376**	**0.25**	**3,963,334**	**8.62**	**1,063,296**	**13.92**	**5,339,006**	**9.19**
Exercisable at 31 December 2024	**312,376**	**0.25**	**1,238,333**	**5.10**	**392,354**	**5.65**	**1,943,063**	**4.43**

The outstanding share options on 31 December 2024 for the Board of Directors were all granted to Lars Boilesen for his services as Chairman of the Board. In February 2024, Lars Boilesen moved to the position of CEO.

	2023							
	Board of Directors		Management		Other Employees		Total	
Share options	**Number**	**Avg. ex. price**	**Number**	**Avg. ex. price**	**Number**	**Avg. ex. price**	**Number**	**Avg. ex. price**
At 1 January 2023	365,494	0.25	3,884,144	4.44	777,960	5.47	5,027,598	4.30
Granted during the year	-	-	650,000	6.42	120,000	-	770,000	6.42
Exercised/expired during the year	-	-	(2,075,811)	3.99	(146,325)	5.69	(2,222,136)	4.10
At 31 December 2023	**365,494**	**0.25**	**2,458,333**	**5.34**	**751,635**	**5.58**	**3,575,462**	**4.87**
Exercisable at 31 December 2023	**365,494**	**0.25**	**1,345,832**	**3.72**	**465,262**	**4.32**	**2,176,588**	**3.26**

In 2023, 922,069 options were exercised, and 1,300,067 lapsed.

The share-based payment expense for the Group specified in management categories can be found in note 6.

The following shows the exercise price of the outstanding share options

Number of share options at 31 December	**2024**	**2023**
Exercise price DKK 3.88	197,521	483,768
Exercise price DKK 2.45	18,334	55,000
Exercise price DKK 1.16	592,525	777,450
Exercise price DKK 3.32	-	10,000
Exercise price DKK 2.89	253,750	411,750
Exercise price DKK 14.63	377,000	392,000
Exercise price DKK 13.36	-	10,000
Exercise price DKK 0,25	272,306	365,494
Exercise price DKK 7,92	300,000	300,000
Exercise price DKK 6,42	757,500	770,000
Exercise price DKK 11.26	2,000,000	-
Exercise price DKK 0,25	40,070	-
Exercise price DKK 21.6	530,000	-
Total number of outstanding share options	**5,339,006**	**3,575,462**

NOTE 7 SHARE-BASED PAYMENTS (CONTINUED)

The following shows the weighted average of the remaining contractual period for the outstanding share options

Weighted average of remaining contract period (years) at 31 December	2024	2023
2017 share options program	1.75	2.75
2018 share options program	1.78	2.75
2019 share options program	2.58	3.50
2020 share options program	5.22	5.83
2021 share options program	4.63	5.67
2022 share options program for Board of Directors	0.46	1.33
2022 share options program for key employees	6.17	7.17
2024 share options program	7.96	-

Assumptions for the calculation of the fair value of share options and warrants

The fair value of share options and warrants granted was estimated on the date of grant using the following assumptions:

	September 2018	December 2018	July 2019	February 2020	May 2020
Volatility	56.00%	67.71%	68.25%	79.86%	81.73%
Risk-free interest rate	1.80%	1.76%	1.40%	1.35%	0.61%
Exercise price (DKK)	3.88	2.45	1.16	3.32	2.89
Exercise period (years)	3.00 - 8.00	3.00 - 8.00	2.00 - 8.00	2.00 - 8.00	2.00 - 8.00
Number of options	779,600	55,000	1,736,800	20,000	995,000
Grant date fair value for each option (DKK)	2.04	1.50	0.78	2.69	2.16

	May 2021	November 2021	June 2022	June 2022	June 2022
Volatility	80.60%	80.54%	80.54%	80.54%	80.54%
Risk-free interest rate	1.47%	1.69%	3.18%	3.18%	3.18%
Exercise price (DKK)	14.63	13.36	0.25	0.25	7.92
Exercise period (years)	2.00 - 8.00	2.00 - 8.00	0 - 2.75	0.75 - 2.75	2.00 - 8.00
Number of options	407,000	10,000	114,487	251,007	300,000
Grant date fair value for each option (DKK)	11.07	10.18	7.68	7.67	6.12

	August 2023	February 2024	March 2024	March 2024	June 2024
Volatility	54.69%	50.29%	54.48%	54.48%	57.13%
Risk-free interest rate	3.79%	3.80%	3.17%	3.17%	3.49%
Exercise price (DKK)	6.42	11.26	0.25	0.25	21.60
Exercise period (years)	2.00 - 8.00	3.00 - 9.00	0 - 2.00	0 - 2.00	3.00 - 8.00
Number of options	770,000	2,000,000	52,924	61,582	530,000
Grant date fair value for each option (DKK)	3.96	6.89	6.41	6.37	13.66

The fair value of the share options is determined using the Black-Scholes option-pricing model.

NOTE 8 AUDITORS' FEE

DKK'000	2024	2023
Fees to the Company's auditor appointed by the general meeting:		
Statutory audit fee	580	879
Total auditors' fees	**580**	**879**

NOTE 9 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

DKK'000	2024	2023
Depreciation, amortization and impairment are reported as follows:		
Depreciation of plant and equipment	3,759	3,329
Depreciation of leasehold improvements	177	319
Depreciation of right-of-use assets	3,258	3,150
Total depreciation of tangible assets	**7,194**	**6,798**
Amortization of patents	540	636
Impairment of patents	133	-
Amortization of completed development projects	21,459	25,027
Total amortization and impairment of intangible assets	**22,132**	**25,663**
Total depreciation, amortization and impairment	**29,326**	**32,461**

NOTE 10 FINANCE INCOME

DKK'000	2024	2023
Interest receivable from banks	1,617	358
Foreign exchange gains	698	-
Total finance income	**2,315**	**358**
Finance income at amortized costs	**1,617**	**358**

NOTE 11 FINANCE COSTS

DKK'000	2024	2023
Interest payable to banks	1,922	1,394
Foreign exchange losses	-	688
Interest payable under leases	378	245
Other finance costs	1,523	1,577
Total finance costs	**3,823**	**3,904**
Finance costs at amortized costs	**3,823**	**3,216**

NOTE 12 INCOME TAX

DKK'000	2024	2023
Current tax recognized in the consolidated income statement:		
Current income tax	431	1,517
Current income tax carry back refund	(5,500)	(5,500)
Adjustment prior years taxes	(761)	(446)
Total income tax	**(5,830)**	**(4,429)**

A reconciliation between tax expense and profit before tax multiplied by the applicable income tax rate for the Group for 2024 and 2023 is as follows:

DKK'000	2024	2023
Profit before tax	(117,087)	(36,445)
At the applicable Danish income tax rate for the Group, 22.0% (2023: 22.0%)	(25,759)	(8,018)
Tax effect of:		
Tax-deductable expenses	(4,393)	(2,016)
Non-deductible expenses	2,270	440
Accounting estimate for not recognized deferred tax assets	22,645	4,518
Adjustment prior year taxes	(761)	(446)
Other deviations in foreign subsidiaries including other tax rates	168	1,093
At the effective income tax rate of 5% (2023: 12%)	**(5,830)**	**(4,429)**

NOTE 13 EARNINGS PER SHARE

DKK'000	2024	2023
Net profit attributable to equity holders of the parent company for basic earnings and the effect of dilution	(111,257)	(32,016)

	2024	2023
	Thousands	*Thousands*
Weighted average number of shares for basic earnings per share	96,373	88,110
Effect of dilution:		
Share options	-	-
Weighted average number of shares adjusted for the effect of dilution	**96,373**	**88,110**
Number of share options with potential effect of dilution:	**2,505**	**1,588**

According to IAS 33, the effect of dilution from share options is not allowed to decrease the loss of earnings per share.

NOTE 14 INTANGIBLE ASSETS

	Development projects, completed		Development projects, in progress		Patents		Total	
DKK'000	2024	2023	2024	2023	2024	2023	2024	2023
Cost at 1 January	330,897	304,364	2,226	18,383	10,435	10,435	343,558	333,182
Additions in the year	-	-	6,665	10,376	-	-	6,665	10,376
Transfers in the year	4,622	26,533	(4,622)	(26,533)	-	-	-	-
Disposals	(132,872)	-	-	-	(4,707)	-	(137,579)	-
Cost at 31 December	**202,647**	**330,897**	**4,269**	**2,226**	**5,728**	**10,435**	**212,644**	**343,558**
Accumulated impairment and amortization at 1 January	294,296	269,262	-	-	8,720	8,084	303,016	277,346
Amortization for the year	21,459	25,034	-	-	540	636	21,999	25,670
Impairment for the year	-	-	-	-	133	-	133	-
Disposals	(132,872)	-	-	-	(4,707)	-	(137,579)	-
Accumulated amortization and impairment at 31 December	**182,883**	**294,296**	**-**	**-**	**4,686**	**8,720**	**187,569**	**303,016**
Carrying amount at 31 December	**19,764**	**36,601**	**4,269**	**2,226**	**1,042**	**1,715**	**25,075**	**40,542**

The disposals of development projects and impairment and disposals of patents in 2024 relate to old assets no longer used.

Within the completed development projects, the 3 largest development projects have a carrying amount of DKK 5,295 thousand, DKK 4,237 thousand, and DKK 3,233 thousand, respectively (December 31, 2023, the first project was completed with a carrying amount of DKK 10,176 thousand, the second project was in progress with a carrying amount of DKK 2,226 thousand and the third project was completed with a carrying amount of DKK 5,516 thousand). The first project is aimed at developing Napatech's NT400D13 HW platform capable of delivering full throughput for 2x100G. The second and third projects are both aimed at implementing Capture SW functionality on HW platform NT400D11. The remaining amortization periods of these 3 projects are 1 year and 1 month, 2 years and 9 months, and 1 year and 5 months, respectively.

NOTE 14 INTANGIBLE ASSETS (CONTINUED)

The Group recognized DKK 133 thousand as an impairment in 2024 (2023: DKK 0 thousand) in respect of the Group's development projects and patents. The impairment in 2024 relates to patents no longer being used.

At year-end 2024, the Group performed its annual impairment test, based on the value in use, for both Completed and In Progress Development Projects. The Group considers the relationship between its market capitalization and its accounting value, among other factors, when assessing for indicators of impairment.

In relation to the annual impairment test, the following key assumptions were applied:

- The recoverable amount has been determined based on a value-in-use calculation using cash flow projections from financial budgets for 2025 and cash flow projections for a three-year period. The three-year cash flow projections are based on a three-year strategic plan and investment budget, which are approved by the board of directors. The CAGR from 2025 to 2027, assumed in the impairment test, is 57%. Due to uncertainty in projections, the impairment test is based on a finite life span of three years, equalling the estimated useful life and not including any terminal period. A sensitivity analysis has been performed on the impartment test, showing a DKK 1.0 million impairment needed if the CAGR for the period is lowered by 12 %-points.
- Discount rates representing the current market assessment of the risks specific to the development project were applied to cash flow projections, but since the impairment test is based on a finite life span of three years and without any terminal period, the applied discount rate only had a marginal impact on the impairment test. A discount rate after tax of 22% is used in the impairment test.

The Board of Directors has approved the inputs to the impairment test and is satisfied that the judgments made are appropriate.

The results of the impairment test for both Completed and In Progress Development Projects showed that the recoverable amount exceeded the carrying value and that there was no impairment loss to be recognized.

NOTE 15 TANGIBLE ASSETS

	Plant and equipment		Leasehold improvements		Total	
DKK'000	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Cost at 1 January	15,106	12,953	1,696	1,696	16,802	14,649
Additions	4,130	2,170	302	-	4,432	2,170
Currency adjustment	34	(17)	-	-	34	(17)
Cost at 31 December	**19,270**	**15,106**	**1,998**	**1,696**	**21,268**	**16,802**
Accumulated depreciation at 1 January	10,716	7,402	1,380	1,061	12,096	8,463
Depreciation for the year	3,759	3,329	177	319	3,936	3,648
Currency adjustment	30	(15)	-	-	30	(15)
Accumulated depreciation at 31 December	**14,505**	**10,716**	**1,557**	**1,380**	**16,062**	**12,096**
Carrying amount at 31 December	**4,765**	**4,390**	**441**	**316**	**5,206**	**4,706**

In 2024, the Group assessed the tangible assets for impairment. In relation to this no impairment has been recognized.

NOTE 16 LEASING

Right-Of-Use Assets

DKK'000	Properties 2024	Properties 2023	Plant and equipment 2024	Plant and equipment 2023	Total 2024	Total 2023
Balance at 1 January	7,460	4,007	421	701	7,881	4,708
Additions	4,439	6,323	138	-	4,577	6,323
Depreciation for the year	(2,978)	(2,870)	(280)	(280)	(3,258)	(3,150)
Carrying amount at 31 December	**8,921**	**7,460**	**279**	**421**	**9,200**	**7,881**

Lease Liabilities

DKK'000	2024	2023
Maturity of lease liabilities:		
Falling due within one year	3,124	3,282
Falling due between one and three years	6,406	4,847
Falling due between four and five years	-	7
Total lease liabilities	**9,530**	**8,136**

See note 2 for a description of the extent of the Group's leases, exposure to potential cash flows, and the process of determining the discount rate.

Amounts recognized in the consolidated income statement

DKK'000	2024	2023
Depreciation	3,258	3,150
Finance costs	378	245
Expense relating to low-value assets (included in other external costs)	6	6
Expense relating to short-term leases (included in other external costs)	104	104
Total lease costs recognized in the consolidated income statement	**3,746**	**3,505**

For 2024, the Group has recognized DKK 3,561 thousand (2023: DKK 3,385 thousand) as minimum payments regarding lease agreements, of which interest costs related to lease liabilities amount to DKK 378 thousand (2023: DKK 245 thousand) and repayments on lease liabilities amount to DKK 3,183 thousand (2023: DKK 3,140 thousand). The capitalized right-of-use assets do not have any effect on investing activities in the cash flow statement.

NOTE 17 DEFERRED TAX

DKK'000	Consolidated statement of financial position 2024	Consolidated statement of financial position 2023	Consolidated income statement 2024	Consolidated income statement 2023
Tax losses carry-forwards	(1,406)	(6,137)	4,731	3,887
Intangible assets	5,492	8,859	(3,367)	(3,292)
Tangible assets	(1,363)	(864)	(499)	(39)
Lease liabilities	(2,097)	(1,790)	(307)	(702)
Provision for expected credit loss	(626)	(68)	(558)	146
Deferred tax liability / (asset) and expense / (income)	**-**	**-**	**-**	**-**

The Group has tax losses of DKK 272,886 thousand (2023: DKK 191,447 thousand) that are available indefinitely for offsetting against future taxable profit. In 2024 the deferred tax assets were not fully recognized in respect of these losses due to uncertainty in timing to offset future taxable profit. Determining the amount that can be recognized for deferred tax assets is based on estimates of the probable timing and size of future taxable profit. When assessing future profits, historical profits have been taken into account. If the Group were able to recognize all unrecognized deferred tax assets, the value would be DKK 58,628 thousand (2023: DKK 35,982 thousand).

NOTE 18 INVENTORIES

DKK'000	2024	2023
Consumables and components	12,080	11,870
Finished goods and goods for resale	57,796	23,702
Total inventories	**69,876**	**35,572**
Carrying value of inventories recognised at fair value	**-**	**-**

The cost of goods sold for the year is DKK 37,049 thousand (2023: DKK 49,126 thousand), which also includes movements in inventory write-down for the year. Movements in inventory write-down are as follows:

DKK'000	2024	2023
Inventory write-down at 1 January	1,908	130
Inventory write-down for the year	1,322	1,843
Reversal of inventory wirte-down	(140)	(65)
Inventory write-down at 31 December	**3,090**	**1,908**

In 2024, DKK 1,322 thousand (2023: DKK 1,843 thousand) was recognized as an impairment expense. The impairment expense in 2024 was mainly related to the decision to end the life of a group of products, some of which were already subject to partial write-down in 2023. The reversal of inventory write-down relates mainly to products sold in 2024.

NOTE 19 TRADE AND OTHER RECEIVABLES

DKK'000	2024	2023
Receivables recognized in the consolidated statement of financial position:		
Trade receivables	19,381	37,586
Other receivables	23,762	15,880
Total current receivables	**43,143**	**53,466**

Trade receivables regarding service contracts on December 31, 2024, was DKK 231 thousand; on December 31, 2023, DKK 11,522 thousand; and on January 1, 2023, DKK 32,245 thousand.

Other receivables primarily consist of inventory support payments to the manufacturing company used by the Group.

Movements in the provision for bad debts on trade receivables are as follows:

DKK'000	2024	2023
At 1 January	917	1,593
Reversed in the year	(90)	(676)
Provision in the year	2,558	-
At 31 December	**3,385**	**917**

See note 27 for the aging analysis of trade receivables and description of the credit risk.

NOTE 20 INCOME TAX RECEIVABLES

DKK'000	2024	2023
At 1 January	5,885	5,500
Income tax carry back refund	5,502	5,500
Income tax received during the year	(5,372)	(4,044)
Current income tax	(431)	(1,517)
Adjustment prior years taxes	761	446
At 31 December	**6,345**	**5,885**

NOTE 21 ISSUED CAPITAL AND RESERVES

	2024	2023
Authorised shares	*thousands*	*thousands*
Ordinary shares of DKK 0.25 each at 1 january	90,176	83,095
Increase in ordinary shares DKK 0.25 each	9,821	7,081
Ordinary shares of DKK 0.25 each at 31 December	**99,997**	**90,176**

NOTE 21 ISSUED CAPITAL AND RESERVES (CONTINUED)

Ordinary shares and fully paid	Thousands	DKK'000
At 1 January 2024	90,176	22,544
Exercise of share options for cash during the year	821	205
Capital increase	9,000	2,250
At 31 December 2024	**99,997**	**24,999**

DKK'000	2024	2023
Share premium		
At 1 January	343,064	290,457
Issue of shares for cash in excess of the cost of ordinary shares during the year	143,117	51,970
Transaction costs	(5,382)	(365)
Reversals regarding exercised share options	2,263	1,002
At 31 December	**483,062**	**343,064**

Treasury shares

Treasury shares have been acquired with the purpose of settling share options in the Group's share option program.
The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares on a weighted average basis. Any excess of the cash received from employees over the reduction in treasury shares is recorded in share premium, and any deficit of cash received is recorded in retained earnings.

Movements in treasury shares are as follows:

DKK'000	2024	Number of shares of DKK 0.25	Percentage of share capital
		thousands	
At 1 January	(2,110)	(218)	-0.3%
Disposal	1,491	154	0.2%
At 31 December	**(619)**	**(64)**	**-0.1%**

Disposal in 2024 is due to one sale of shares to the CEO at an average price of NOK 13.01 per share, corresponding to DKK 1,304 thousand.

Share-based payment reserve

Share-based payment reserve is issued to recognize the value of equity-settled share-based payments provided to employees, including key management personnel, and the Board of Directors as part of their remuneration. Refer to note 7 for further details on the share-based payment programs.

Movements in share-based payment reserve are as follows:

DKK'000	2024	2023
At 1 January	10,707	13,860
Share-based payment expense (Note 7)	10,899	2,536
Reversal, exercised and lapsed share options	(2,660)	(5,689)
At 31 December	**18,946**	**10,707**

NOTE 22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

DKK'000	2024	2023
Financial assets measured at amortized cost:		
Leasehold deposits	1,587	1,541
Trade receivables	19,381	37,586
Other receivables	23,762	15,880
Cash and cash equivalents	64,341	42,367
Total financial assets	**109,071**	**97,374**
Financial liabilities measured at amortized cost:		
Other financial liabilities	4,540	4,433
Interest-bearing loans and borrowings	42,904	44,105
Trade payables	5,789	5,727
Total financial liabilities	**53,233**	**54,265**

Carrying amounts of financial assets and financial liabilities approximate their fair value. The main part of the financial liabilities is current/short-term. Loans and overdraft facilities are subject to variable interest rates.

NOTE 23 CONTRACT LIABILITIES

Contract liabilities relate to prepayment from customers regarding engineering services, extended warranties and technical product support. The movements in contract liabilities are as follows:

DKK'000	2024	2023
At 1 January	7,689	34,312
Deferred during the year	5,500	6,107
Recognized as revenue during the year	(8,402)	(32,730)
At 31 December	**4,787**	**7,689**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) on 31 December is expected to be recognized as revenue in the income statement as follows:

DKK'000	2024	2023
Within one year	3,237	4,641
More than one year	1,550	3,048
	4,787	**7,689**

The remaining performance obligation expected to be recognized as revenue in more than one year primarily relates to extended warranties.

NOTE 24 LIABILITIES FROM FINANCING ACTIVITIES

	2024			
DKK'000	At 1 January	Non-cash	Cash flows	At 31 December
Interest bearing loans and borrowings	44,105	-	(1,201)	42,904
Other financial liabilities	4,433	81	26	4,540
Lease liabilities	8,136	4,955	(3,561)	9,530
Total liabilities from financing activities	**56,674**	**5,036**	**(4,736)**	**56,974**

	2023			
DKK'000	At 1 January	Non-cash	Cash flows	At 31 December
Interest bearing loans and borrowings	43,528	-	577	44,105
Other financial liabilities	4,568	-	(135)	4,433
Lease liabilities	4,946	6,575	(3,385)	8,136
Total liabilities from financing activities	**53,042**	**6,575**	**(2,943)**	**56,674**

NOTE 25 COMMITMENTS AND CONTINGENCIES

Collaterals

The Group has issued a floating charge in the amount of DKK 40 million (2023: DKK 40 million) secured on receivables, inventories, patents, and plant and equipment with a carrying amount of DKK 82.4 million (2023: DKK 62.5 million) as collateral for loans.

NOTE 26 RELATED PARTY DISCLOSURES

Controlling influence

The Group has no shareholders with controlling influence.

Entity with significant influence over the Group

There are no entities with significant influence over the Group on December 31, 2024 (2023: no entities).
The Group had no transactions with shareholders with significant influence or their portfolio companies in 2024 and 2023.

Transactions with key management personnel

Remunerations, salaries, and share-based payments to the Board of Directors and the Executive Management are reflected in note 5.
In 2024, there was a transaction regarding the sale of 153,787 treasury shares to the CEO. The sale was carried out at fair market value.
Besides this, there were no other transactions with the Board of Directors and the Executive Management in 2024 and 2023.

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, trade, and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, cash, and long-term leasehold deposits that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk, interest rate risk, and foreign currency risk. The Group's senior management provides assurance that financial risks are identified, measured, and managed in accordance with the Group's policies and risk objectives. It is the Group's policy not to undertake any trading in derivatives for speculative purposes. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to financial loss. The Group is exposed to credit risk from its operating activities, receivables, and deposits with banks.

Trade receivables

Customer credit risk is managed at the group level. The credit quality of a customer is assessed based on a review of available financial information. The Group's customers have 30 - 90 days as a standard payment term, and historically, the Group has not had material impairment for bad debts.

On December 31, 2024, the Group had 3 customers (December 31, 2023: 1 customer) that owed the Group more than 10% of all trade receivables. The amount receivable from these 3 customers on 31 December 2023 was DKK 5,610 thousand, DKK 3,710 thousand, and DKK 2,587 thousand, respectively. For the first customer, DKK 4,619 thousand of the receivable is past due, with the due date exceeded by more than 90 days, and a provision for impairment loss for this part is made with DKK 2,778 thousand calculated based on the expected loss percentage as described below. The overdue part is due to special circumstances, and the loss provision is assessed to be sufficient. The credit risk associated with the other 2 customers has been assessed as low, and the part due was fully paid in February 2025.

The assessment of the need for impairment of financial assets measured at amortized cost, including trade receivables, is made according to the simplified expected credit loss model. The model implies that the expected loss over the lifespan of the asset is recognized immediately in the income statement and is continuously monitored in accordance with the Group's risk management until realization.

Impairment is calculated based on expected loss percentages, which are calculated individually per geographical location. Loss percentages are calculated based on historical data based on expected losses over the total maturity of the receivable, adjusted for estimates of the effect of expected changes in relevant parameters, such as economic development, political risks, etc., in the given market.

	2024			
DKK'000	**Loss percentage**	**Receivable**	**Expected loss**	**Total**
Not past due	0.9%	16,724	157	16,567
Past due for less than 30 days	2.3%	990	23	967
Past due after 90 days	63.4%	5,052	3,205	1,847
Total maximum credit risk		**22,766**	**3,385**	**19,381**

	2023			
DKK'000	**Loss percentage**	**Receivable**	**Expected loss**	**Total**
Not past due	0.9%	29,185	275	28,910
Past due for less than 30 days	2.3%	7,586	176	7,410
Past due between 30 and 60 days	4.7%	1,315	62	1,253
Past due between 60 and 90 days	14.3%	7	1	6
Past due after 90 days	98.3%	410	403	7
Total maximum credit risk		**38,503**	**917**	**37,586**

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The maximum exposure to credit risk for trade receivables at the reporting date is the carrying value disclosed in note 19. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate independently. The customer credit risk related to geographical segments in which the Group operates is similar and does not differ significantly.

Other receivables

Other receivables on December 31, 2024, primarily consist of inventory support payments to the manufacturing company used by the Group and will be repaid as the inventory need regarding the Group declines. The Group considers the credit risk regarding this receivable to be low based on many years of experience in close collaboration with the manufacturing company.

Cash deposits

Credit risk from balances with banks is managed by the senior management in accordance with the Group's policy. Investments of surplus funds are mainly made to finance development projects. Development projects are reviewed by the senior management on a quarterly basis.

The Group's maximum exposure to credit risk for the components of the statement of financial position on December 31, 2024, and 2023 is the carrying amounts as illustrated in note 22.

Liquidity risk

Liquidity risk is the risk that the Group is unable to repay its financial liabilities as they fall due.

The Group monitors cash flows on a monthly basis and a maximum of one year in advance. The aim is to ensure sufficient cash from the operating activities to fund project development and daily operations.

December 31, 2024, the Group had unused credit facilities of DKK 2.8 million (unused credit facilities December 31, 2023: DKK 2.2 million).

In March 2022, the Group established an overdraft facility of DKK 30 million in Denmark in addition to the facility in the US of USD 1 million. The overdraft facility in Denmark is up for renewal yearly, next time in August 2025, and it is the assessment of management that the overdraft facilities will be renewed, as management has no indications of otherwise. The facility in the US is up for renewal in June 2025. In addition to the overdraft facility, the Group has established a loan of DKK 10 million to be repaid in 5 years from January 1, 2024, with a fixed yield at DKK 673 thousand per quarter and variable interest, balance on December 31, 2024, was DKK 8,586 thousand.

Based on the budget for 2025, the cash available, together with the unused credit facilities, are assessed to be sufficient to cover the Group's obligations and planned investments as they fall due for a period of at least 12 months from December 31, 2024. However, in the event of the budget for 2025 not being realized as planned, management has identified sufficient cost savings to ensure sufficient cash throughout 2025.

The Group's manufacturing policy is based on order production to ensure minimal amounts of cash are being tied up in inventories. Furthermore, the suppliers' terms of payment are between 30 and 60 days, and the Group's customers' standard terms of payment are between 30 and 90 days.

In line with previous reporting periods, the Group's policy for liquidity management is to ensure timely payments from customers and to balance suppliers' credit terms with the terms of payment offered to the customers.

The Group's cash inflows arising from the financial assets and outflows arising from the financial liabilities recognized in the consolidated statement of financial position are due as follows:

			2024		
DKK'000	**Jan - Mar**	**Apr - Dec**	**1 - 2 years**	**over 2 year**	**Total**
Leasehold deposits	-	-	-	1,587	1,587
Trade receivables	19,381	-	-	-	19,381
Other receivables	10,737	13,025	-	-	23,762
Cash and cash equivalents	64,341	-	-	-	64,341
Total financial assets	**94,459**	**13,025**	**-**	**1,587**	**109,071**

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	2024				
DKK'000	Jan - Mar	Apr - Dec	1 - 2 years	over 2 year	Total
Interest-bearing loans and borrowings	1,221	37,164	2,692	5,467	46,545
Other financial liabilities	-	-	-	4,540	4,540
Trade payables	5,789	-	-	-	5,789
Total financial liabilities	**7,010**	**37,164**	**2,692**	**10,007**	**56,874**

	2023				
DKK'000	Jan - Mar	Apr - Dec	1 - 2 years	over 2 year	Total
Leasehold deposits	-	-	-	1,541	1,541
Trade receivables	37,586	-	-	-	37,586
Other receivables	3,581	12,299	-	-	15,880
Cash and cash equivalents	42,367	-	-	-	42,367
Total financial assets	**83,534**	**12,299**	**-**	**1,541**	**97,374**

	2023				
DKK'000	Jan - Mar	Apr - Dec	1 - 2 years	over 2 year	Total
Interest-bearing loans and borrowings	919	30,397	9,709	8,196	49,222
Other financial liabilities	-	-	-	4,433	4,433
Trade payables	5,727	-	-	-	5,727
Total financial liabilities	**6,646**	**30,397**	**9,709**	**12,629**	**59,382**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates mainly to the Group's interest-bearing loans with the amount of DKK 42,904 thousand (2023 DKK 44,105 thousand). The interest rates on the Group´s loans and credit facilities are variable and in the range of 5.92% - 10.40% at the end of December 2024. The Group's policy is to keep sufficient cash in place to mitigate adverse impacts caused by fluctuation in market interest rates. The interest rates used to determine lease obligations are fixed. The Group's interest rate risk is immaterial.

Foreign currency risk

The parent company's functional currency is DKK. The Group's revenues and cost of goods sold are mainly denominated in USD. However, the majority of all other transactions are denominated in DKK and USD. The Group's main currency risk is thus associated with fluctuations in USD against DKK. The Group has negligible transactions in other currencies.

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Sensitivity analysis of presentation currency

The following demonstrates the sensitivity to a reasonably likely change in the DKK exchange rate, with all other variables held constant. The effect on the Group's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities.

	Effect on profit before tax		Effect on equity	
DKK'000	2024	2023	2024	2023
Change in USD by +/÷ 5%	+/÷ 1,743	+/÷ 2,769	+/÷ 1,360	+/÷ 2,160
Change in USD by +/÷ 10%	+/÷ 3,487	+/÷ 5,538	+/÷ 2,720	+/÷ 4,320

Capital management

Capital includes shares attributable to the equity holders of the parent company.

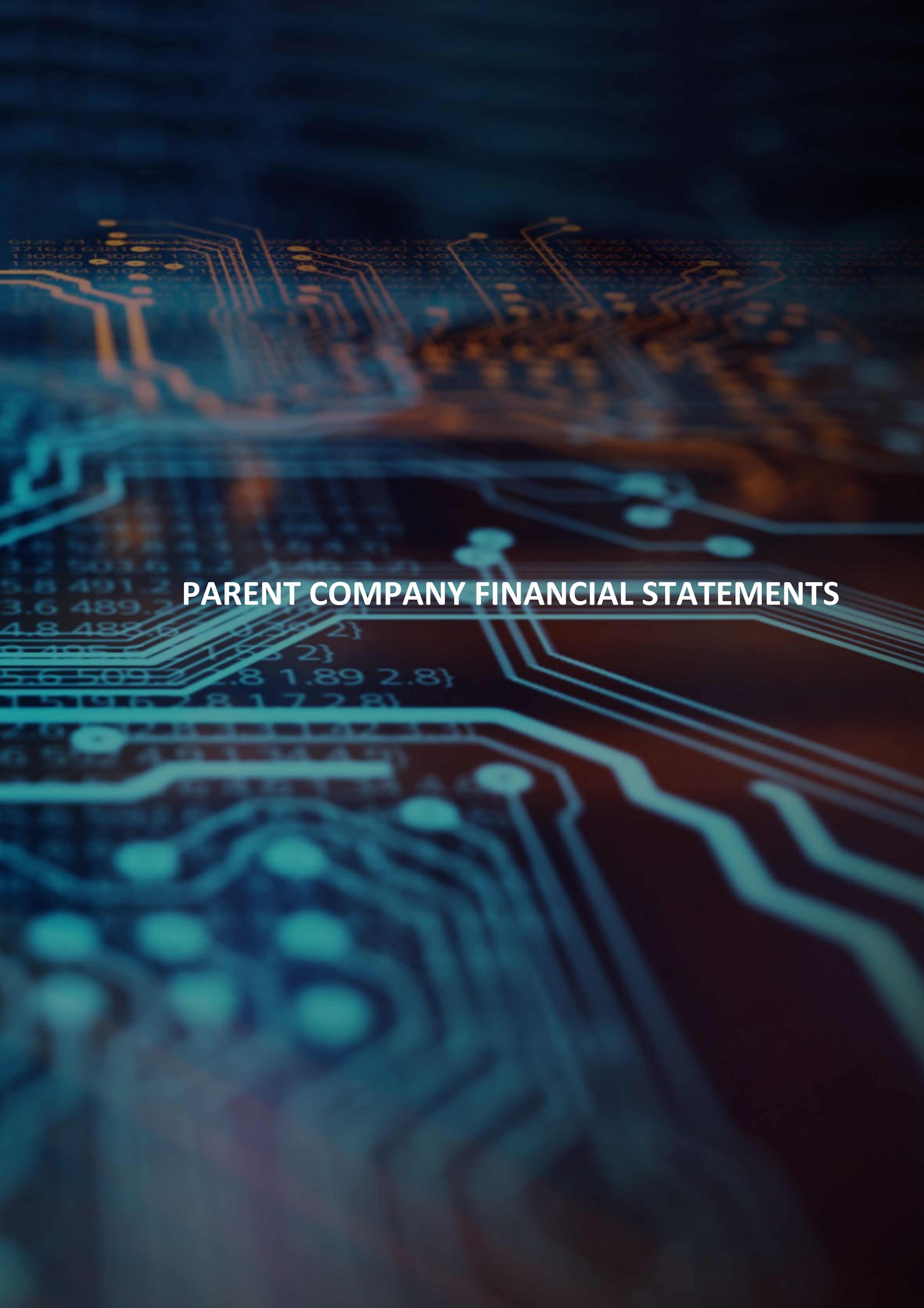
The primary objective of the Group's capital management, in the short term, is to ensure the sufficient capital needed to fund the development of new products and new markets and thereby create a healthy business platform to ensure returns to the shareholders in the long term.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. The Group has not distributed any dividends, and it is not expecting to do so in the near future.

To ensure sufficient capital to fund project development and daily operations, the Group made a capital raise in May 2024 of DKK 143 million in gross proceeds from a private placement of 9,000,000 shares.

NOTE 28 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after December 31, 2024, that might affect the consolidated financial statements.



PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

For the year ended 31 December 2024

Note	DKK'000	2024	2023
	Revenue	87,802	153,427
	Cost of goods sold	(36,998)	(49,105)
	Gross profit	**50,804**	**104,322**
3, 4, 6	Staff costs	(80,793)	(62,803)
4, 5	Other external costs	(58,078)	(44,061)
	Operating profit before depreciation, amortization and impairment (EBITDA)	**(88,067)**	**(2,542)**
7	Depreciation, amortization and impairment	(29,275)	(32,405)
	Operating result (EBIT)	**(117,342)**	**(34,947)**
8	Finance income	2,302	349
9	Finance costs	(3,243)	(3,774)
	Result before tax	**(118,283)**	**(38,372)**
10	Income tax	5,500	5,500
	Result for the year	**(112,783)**	**(32,872)**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

Note	DKK'000	2024	2023
	Result for the year	(112,783)	(32,872)
	Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	-	-
	Total comprehensive income for the year, net of tax	(112,783)	(32,872)

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2024

ASSETS

Note	DKK'000	2024	2023
	Development projects, completed	19,764	36,601
	Development projects, in progress	4,269	2,226
	Patents	1,042	1,715
11	**Intangible assets**	**25,075**	**40,542**
12	Plant and equipment	4,683	4,343
13	Right-of-use assets	9,200	7,881
12	Leasehold improvements	441	316
	Tangible assets	**14,324**	**12,540**
14	Investments in subsidiaries	8,870	8,243
20	Leasehold deposits	1,579	1,533
	Other non-current assets	**10,449**	**9,776**
	Non-current assets	**49,848**	**62,858**
16	Inventories	69,876	35,572
17, 20	Trade receivables	6,784	20,863
17, 20	Receivables from group entities	-	10,047
	Prepayments	5,081	2,177
17, 20	Other receivables	23,762	15,880
18	Income tax receivable	5,502	5,500
20	Cash and cash equivalents	52,693	28,195
	Current assets	**163,698**	**118,234**
	Total assets	**213,546**	**181,092**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2024

EQUITY AND LIABILITIES

Note	DKK'000	2024	2023
19	Issued capital	24,999	22,544
19	Share premium	483,062	343,064
19	Treasury shares	(619)	(2,110)
19	Share-based payment reserve	18,946	10,707
	Reserve for development project costs	18,746	30,286
	Retained earnings	(398,372)	(297,092)
	Equity	**146,762**	**107,399**
20, 22	Interest-bearing loans and borrowings	6,806	8,601
20, 22	Other financial liabilities	4,540	4,433
13, 22	Lease liabilities	6,406	4,854
21	Contract liabilities	1,550	3,048
	Non-current liabilities	**19,302**	**20,936**
20, 22	Interest-bearing loans and borrowings	28,955	28,759
13, 22	Lease liabilities	3,124	3,282
20	Trade payables	5,601	5,587
20	Payables to group entities	185	-
	Other payables	6,853	10,911
21	Contract liabilities	2,764	4,218
	Current liabilities	**47,482**	**52,757**
	Total liabilities	**66,784**	**73,693**
	Total equity and liabilities	**213,546**	**181,092**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

Note	DKK'000	Share capital	Share premium	Treasury shares	Share based payment reserve	Reserve for develop-ment project costs	Retained earnings	Total equity
	At 1 January 2023	**20,774**	**290,457**	**(2,520)**	**13,860**	**41,718**	**(280,003)**	**84,286**
	Result for the year	-	-	-	-	(11,432)	(21,440)	(32,872)
	Total comprehensive income	**-**	**-**	**-**	**-**	**(11,432)**	**(21,440)**	**(32,872)**
	Issue of shares	1,770	51,970	-	-	-	-	53,740
	Transaction costs	-	(365)	-	-	-	-	(365)
	Reversal, exercised and lapsed share options	-	1,002	410	(5,689)	-	4,351	74
6	Share-based payments	-	-	-	2,536	-	-	2,536
	Total transactions with shareholders	**1,770**	**52,607**	**410**	**(3,153)**	**-**	**4,351**	**55,985**
	At 31 December 2023	**22,544**	**343,064**	**(2,110)**	**10,707**	**30,286**	**(297,092)**	**107,399**
	Result for the year	-	-	-	-	(11,540)	(101,243)	(112,783)
	Total comprehensive income	**-**	**-**	**-**	**-**	**(11,540)**	**(101,243)**	**(112,783)**
	Issue of shares	2,455	143,117	-	-	-	-	145,572
	Transaction costs	-	(5,382)	-	-	-	-	(5,382)
	Increase (decrease) through treasury share transactions	-	-	1,491	-	-	-	1,491
	Reversal, exercised and lapsed share options	-	2,263	-	(2,660)	-	(37)	(434)
6	Share-based payments	-	-	-	10,899	-	-	10,899
	Total transactions with shareholders	**2,455**	**139,998**	**1,491**	**8,239**	**-**	**(37)**	**152,146**
	At 31 December 2024	**24,999**	**483,062**	**(619)**	**18,946**	**18,746**	**(398,372)**	**146,762**

PARENT COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

Note	DKK'000	2024	2023
	Operating activities		
	Result before tax	(118,283)	(38,372)
	Adjustments to reconcile profit before tax to net cash flows:		
	Finance income	(2,302)	(349)
	Finance costs	3,243	3,774
	Depreciation, amortization and impairment	29,275	32,405
	Share-based payment expense	10,273	1,892
	Working capital adjustments:		
	Change in inventories	(34,304)	3,282
	Change in trade and other receivables, prepayments and intercompany receivables	15,670	4,704
	Change in trade and other payables, intercompany payables and contract liabilities	(7,295)	(27,070)
	Interest received	1,603	349
	Interest paid	(2,555)	(2,750)
	Income tax received, net	5,500	5,500
	Net cash flows from operating activities	**(99,175)**	**(16,635)**
	Investing activities		
	Purchase of tangible assets	(4,350)	(2,170)
	Investments in intangible assets	(6,665)	(10,376)
	Investments in leasehold deposits	(46)	(144)
	Net cash from investing activities	**(11,061)**	**(12,690)**
	Free cash flow	**(110,236)**	**(29,325)**
	Financing activities		
	Capital increase	145,572	53,740
	Proceeds from exercise of share options	-	75
	Payments regarding share options	(246)	-
	Transaction costs on issue of shares	(5,382)	(365)
	Increase (decrease) through treasury share transactions	1,491	-
	Repayment of lease liabilities	(3,561)	(3,385)
	Proceeds from borrowings	-	804
	Repayment of borrowings	(1,573)	(135)
	Net cash flows from financing activities	**136,301**	**50,734**
	Net change in cash and cash equivalents	26,065	21,409
	Net foreign exchange difference	(1,567)	(101)
	Cash and cash equivalents at 1 January	28,195	6,887
	Cash and cash equivalents at 31 December	**52,693**	**28,195**

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

nada:tech:

NOTE 1 MATERIAL ACCOUNTING POLICY INFORMATION

General
The financial statements for Napatech A/S (the parent company) have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU, and additional requirements in the Danish Financial Statements Act. The accounting policies for the Parent company are the same as for the Group as set out in note 2 to the consolidated financial statements, except for the items listed below.

Dividends
Dividends from the investment in subsidiaries are recognized as income in the parent company's income statement in the year in which the dividend is declared. Dividends are presented in the cash flow statement as investing activities.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. If there is evidence of impairment, an impairment test is performed. If the cost exceeds the recoverable amount, a write-down is made to such lower value.

Share-based payments to employees in subsidiaries
The value of share options to the employees in the US-based subsidiary Napatech Inc. is recognized as an increase in the investment in subsidiaries as the employees' services rendered in exchange for the share options are received in the subsidiary.

Equity reserve for development project costs
The reserve for development project costs comprises recognized development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved with amortization, impairment, or disposed of if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

NOTE 2 REVENUE

Set out below is a disaggregation of the Parent's revenue from contracts with customers:

DKK'000	2024	2023
- Sales of goods	80,901	113,114
- Sales of services	6,901	40,313
Total revenue	**87,802**	**153,427**

NOTE 3 STAFF COSTS

DKK'000	2024	2023
Employee benefits expense is reported as follows:		
Wages and salaries	72,072	66,202
Defined contribution schemes	4,000	3,522
Share-based payment expense (note 6)	10,273	1,892
Social security costs	680	486
Total employee benefits expense	**87,025**	**72,102**
Transferred to capitalized development costs	(6,232)	(9,299)
Total staff costs	**80,793**	**62,803**
Average number of employees	**71**	**66**

Compensation of key management personnel is set out in note 5 to the consolidated financial statements of the Group.

NOTE 4 RESEARCH AND DEVELOPMENT COSTS

Research and development costs for the parent company and the Group are the same. Details of research and development costs are disclosed in note 6 to the consolidated financial statements.

NOTE 5 AUDITORS' FEES

DKK'000	2024	2023
Fees to the Company's auditor appointed by the general meeting:		
Statutory audit fee	580	879
Total auditors' fees	**580**	**879**

NOTE 6 SHARE-BASED PAYMENT EXPENSE

The share options described in note 7 to the consolidated financial statements are issued by the parent company. The value of share options granted to employees in the fully owned US-based subsidiary is recognized as the cost of the investment in the subsidiary. Out of the Group's total share-based payment expense of DKK 10,900 thousand (2023: DKK 2,536thousand), DKK 627 thousand (2023: DKK 644 thousand) has been recognized as an additional cost of the investment in the subsidiary see note 14.

NOTE 7 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

DKK'000	2024	2023
Depreciation, amortization and impairment are reported as follows:		
Depreciation plant and property	3,708	3,273
Depreciation of leasehold improvements	177	319
Depreciation of right-of-use assets	3,258	3,150
Total depreciation of tangible assets	**7,143**	**6,742**
Amortization of patents	540	636
Impairment of patents	133	-
Amortization of completed development projects	21,459	25,027
Total amortization and impairment of intangible assets	**22,132**	**25,663**
Total depreciation, amortization and impairment	**29,275**	**32,405**

NOTE 8 FINANCE INCOME

DKK'000	2024	2023
Interest receivable from banks	1,604	349
Foreign exchange gains	698	-
Total finance income	**2,302**	**349**
Finance income at amortized costs	**1,604**	**349**

NOTE 9 FINANCE COSTS

DKK'000	2024	2023
Interest payable to banks	1,398	1,264
Foreign exchange losses	-	688
Interest payable under leases	378	245
Other finance costs	1,467	1,577
Total finance costs	**3,243**	**3,774**
Finance costs at amortized costs	**3,243**	**3,086**

NOTE 10 INCOME TAX

DKK'000	2024	2023
Current tax recognised in the parent company income statement:		
Current income tax carry back refund	(5,500)	(5,500)
Total income tax	**(5,500)**	**(5,500)**

A reconciliation between tax expense and profit before tax multiplied by the applicable income tax rate for the parent company for 2024 and 2023 is as follows:

DKK'000	2024	2023
Profit before tax	(118,283)	(38,372)
At the applicable Danish income tax rate for the parent company, 22% (2023: 22%)	(26,022)	(8,442)
Tax effect of:		
Tax deductable expenses	(4,393)	(2,016)
Non-deductible expenses	2,270	440
Accounting estimate for not recognized deferred tax assets	22,645	4,518
At the effective income tax rate of 5% (2023: 14%)	**(5,500)**	**(5,500)**

NOTE 11 INTANGIBLE ASSETS

Intangible assets comprise patents and development projects, which are the same for the parent company and the Group. An overview of these assets is disclosed in note 14 to the consolidated financial statements.

NOTE 12 TANGIBLE ASSETS

	Plant and equipment		Leasehold improvements		Total	
DKK'000	2024	2023	2024	2023	2024	2023
Cost at 1 January	14,628	12,458	1,704	1,704	16,332	14,162
Additions	4,048	2,170	302	-	4,350	2,170
Disposals in the period	-	-	-	-	-	-
Cost at 31 December	**18,676**	**14,628**	**2,006**	**1,704**	**20,682**	**16,332**
Accumulated depreciation at 1 January	10,285	7,012	1,388	1,069	11,673	8,081
Depreciation for the year	3,708	3,273	177	319	3,885	3,592
Accumulated depreciation at 31 December	**13,993**	**10,285**	**1,565**	**1,388**	**15,558**	**11,673**
Carrying amount at 31 December	**4,683**	**4,343**	**441**	**316**	**5,124**	**4,659**

In 2024, the parent company tested the tangible assets for impairment. In relation to this no impairment has been recognized.

NOTE 13 LEASING

Right-Of-Use Assets

	Properties		Plant and equipment		Total	
DKK'000	2024	2023	2024	2023	2024	2023
Balance at 1 January	7,460	4,007	422	702	7,881	4,708
Additions	4,439	6,323	138	-	4,577	6,323
Depreciation for the year	(2,978)	(2,870)	(280)	(280)	(3,258)	(3,150)
Carrying amount at 31 December	**8,921**	**7,460**	**280**	**422**	**9,200**	**7,881**

Lease Liabilities

DKK'000	2024	2023
Maturity of lease liabilities:		
Falling due within one year	3,124	3,282
Falling due between one and three years	6,406	4,847
Falling due between four and five years	-	7
Total lease liabilities	**9,530**	**8,136**

See note 2 to the consolidated financial statements for a description of the extent of the Group's leases, exposure to potential cash flows and the process of determining the discount rate.

NOTE 13 LEASING (CONTINUED)

Amounts recognized in the parent company income statement

DKK'000	2024	2023
Depreciation	3,258	3,150
Finance costs	378	245
Expense relating to low-value assets (included in other external costs)	6	6
Total lease costs recognized in the parent company income statement	**3,642**	**3,401**

For 2023, the parent company has recognized DKK 3,561 thousand (2023: DKK 3,385 thousand) as minimum payments regarding lease agreements, of which interest costs related to lease liabilities amount to DKK 378 thousand (2023: DKK 245 thousand), and repayments on lease liabilities amount to DKK 3,183 thousand (2023: DKK 3,140 thousand). The capitalized right-of-use assets do not have any effect on investing activities in the cash flow statement.

NOTE 14 INVESTMENTS IN SUBSIDIARIES

DKK'000	2024	2023
Cost at 1 January	12,993	12,349
Value of share-based payment to employees in subsidiaries	627	644
Cost at 31 December	**13,620**	**12,993**
Accumulated impairment at 1 January	4,750	4,750
Accumulated impairment at 31 December	**4,750**	**4,750**
Carrying amount at 31 December	**8,870**	**8,243**

The parent company's investments in subsidiaries on 31 December 2024 and 2023 consist of the following:

		Ownership in %		Proportion of voting rights in %		
Name	**Country**	**2024**	**2023**	**2024**	**2023**	**Business activity**
Napatech Inc.	USA	100	100	100	100	Sale and distribution of the Group's products

DKK'000	Result for the year		Equity	
Name	**2024**	**2023**	**2024**	**2023**
Napatech Inc.	2,153	1,500	15,531	12,554

NOTE 15 DEFERRED TAX

DKK'000	Statement of financial position 2024	Statement of financial position 2023	Income statement 2024	Income statement 2023
Tax losses carry-forwards	(1,406)	(6,137)	4,731	3,887
Intangible assets	5,492	8,859	(3,367)	(3,292)
Tangible assets	(1,363)	(864)	(499)	(39)
Lease liabilities	(2,097)	(1,790)	(307)	(702)
Provision for expected credit loss	(626)	(68)	(558)	146
Deferred tax liability and expense	-	-	-	-

The parent company has tax losses of DKK 272,886 thousand (2023: DKK 191,447 thousand) that are available indefinitely for offsetting against future taxable profit. In 2023, the deferred tax assets were not fully recognized in respect of these losses due to uncertainty in timing to offset future taxable profit. Determining the amount that can be recognized for deferred tax assets is based on estimates of the probable timing and size of future taxable profit. When assessing future profits, historical profits have been taken into account. If the parent company was able to recognize all unrecognized deferred tax assets, the value would be DKK 58,628 thousand (2023: DKK 35,982 thousand).

NOTE 16 INVENTORIES

DKK'000	2024	2023
Consumables and components	12,080	11,870
Finished goods and goods for resale	57,796	23,702
Total inventories	**69,876**	**35,572**
Carrying value of inventories recognized at fair value	-	-

The cost of goods sold for the year is DKK 36,998 thousand (2023: DKK 49,105 thousand), which also includes movements in inventory writedown for the year. Movements in inventory writedown are as follows:

DKK'000	2024	2023
Inventory writedown at 1 January	1,908	130
Inventory writedown for the year	1,322	1,843
Reversal of inventory wirtedown	(140)	(65)
Inventory writedown at 31 December	**3,090**	**1,908**

In 2024, DKK 1,322 thousand (2023: DKK 1,843 thousand) was recognized as an impairment expense. The impairment expense in 2024 was mainly related to the decision to end the life of a group of products, some of which were already subject to partial write-down in 2023. The reversal of inventory write-down relates mainly to products sold in 2024.

NOTE 17 TRADE AND OTHER RECEIVABLES

DKK'000	2024	2023
Receivables recognized in the parent company statement of financial position:		
Trade receivables	6,784	20,863
Receivables from group entities	-	10,047
Other receivables	23,762	15,880
Total current receivables	**30,546**	**46,790**

Trade receivables regarding service contracts on December 31, 2024, was DKK 231 thousand; on December 31, 2023, DKK 11,273 thousand; and on January 1, 2023, DKK 28,403.

Other receivables primarily consist of inventory support payments to the manufacturing company used by the Group.

Movements in the provision for bad debts on trade receivables are as follows:

DKK'000	2024	2023
At 1 January	310	974
Reversed in the year	-	(664)
Change in the year	2,535	-
At 31 December	**2,845**	**310**

See note 25 for an aging analysis of trade receivables and a description of the credit risk.

NOTE 18 INCOME TAX RECEIVABLES

DKK'000	2024	2023
At 1 January	5,500	5,500
Income tax carry back refund	5,502	5,500
Income tax received during the year	(5,500)	(5,500)
At 31 December	**5,502**	**5,500**

Income tax receivable relates to income tax carry back refund based on tax losses as a result of investments in development projects.

NOTE 19 ISSUED CAPITAL AND RESERVES

Information in relation to issued capital and reserves is disclosed in note 21 to the consolidated financial statements.

NOTE 20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

DKK'000	2024	2023
Financial assets measured at amortized cost:		
Leasehold deposits	1,579	1,533
Trade receivables	6,784	20,863
Receivables from group entities	-	10,047
Other receivables	23,762	15,880
Cash and cash equivalents	52,693	28,195
Total financial assets	**84,818**	**76,518**
Financial liabilities measured at amortized cost:		
Interest-bearing loans and borrowings	35,761	37,360
Trade payables	5,601	5,587
Other non current financial liabilities	4,540	4,433
Payables to group entities	185	-
Total financial liabilities	**46,087**	**47,380**

Carrying amounts of financial assets and financial liabilities approximate their fair value. The main part of the financial liabilities is current/short-term. Loans and overdraft facilities are subject to variable interest rates.

NOTE 21 CONTRACT LIABILITIES

Contract liabilities relate to prepayment from customers regarding engineering services, extended warranties and technical product support. The movements in contract liabilities are as follows:

DKK'000	2024	2023
At 1 January	7,266	34,312
Deferred during the year	3,699	3,569
Recognized as revenue during the year	(6,651)	(30,615)
At 31 December	**4,314**	**7,266**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) on 31 December is expected to be recognized as revenue in the income statement as follows:

DKK'000	2024	2023
Within one year	2,764	4,218
More than one year	1,550	3,048
	4,314	**7,266**

The remaining performance obligation expected to be recognized as revenue in more than one year primarily relates to extended warranties.

NOTE 22 LIABILITIES FROM FINANCING ACTIVITIES

	2024			
DKK'000	At 1 January	Non-cash	Cash flows	At 31 December
Interest bearing loans and borrowings	37,360	-	(1,599)	35,761
Other financial liabilities	4,433	81	26	4,540
Lease liabilities	8,136	4,955	(3,561)	9,530
Total liabilities from financing activities	**49,929**	**5,036**	**(5,134)**	**49,831**

	2023			
DKK'000	At 1 January	Non-cash	Cash flows	At 31 December
Interest bearing loans and borrowings	36,556	-	804	37,360
Other financial liabilities	4,568	-	(135)	4,433
Lease liabilities	4,946	6,575	(3,385)	8,136
Total liabilities from financing activities	**46,070**	**6,575**	**(2,716)**	**49,929**

NOTE 23 COMMITMENTS AND CONTINGENCIES

Collaterals

The parent company (as vel as the Group) has issued a floating charge in the amount of DKK 40 million (2023: DKK 40 million) secured on receivables, inventories, patents, and plant and equipment with a carrying amount of DKK 82.4 million (2023: DKK 62.5 million) as collateral for loans. The parent company has, in addition, issued a charge in the shares in the subsidiary Napatech Inc.

NOTE 24 RELATED PARTY TRANSACTIONS

The parent company’s related parties are the same as the Group’s. Additional information is set out in note 26 to the consolidated financial statements.

Related parties in which the parent company has a controlling influence include the company’s subsidiary, as disclosed in note 14 to the parent company's financial statements.

The following provides the total amount of transactions that have been entered into with the subsidiary for the relevant financial year:

	Napatech Inc, USA	
DKK'000	2024	2023
Income statement:		
Sales to subsidiary	51,198	57,091
Statement of financial position:		
Receivables from subsidiary	-	10,047
Payables to subsidiary	185	-

NOTE 25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The parent company incurs external financial liabilities and settles its transactions in currencies other than the functional currency. The group's financial risks are, therefore, primarily related to the parent company. Relevant additional information is set out in note 27 to the consolidated financial statements.

Overview of expected loss on trade receivables in the parent company:

	2024			
DKK'000	**Loss percentage**	**Receivable**	**Expected loss**	**Total**
Not past due	0.9%	4,374	41	4,333
Past due for less than 30 days	2.3%	618	14	604
Past due after 90 days	60.2%	4,637	2,790	1,847
Total maximum credit risk		**9,629**	**2,845**	**6,784**

	2023			
DKK'000	**Loss percentage**	**Receivable**	**Expected loss**	**Total**
Not past due	0.9%	13,909	131	13,778
Past due for less than 30 days	2.3%	7,246	168	7,078
Past due after 90 days	61.1%	18	11	7
Total maximum credit risk		**21,173**	**310**	**20,863**

For the receivables from group entities, the assessment is based on the fact that the parent company has not historically realized any significant losses on group receivables and the fact that the subsidiary is able to settle the receivables as they fall due. As such, as in previous years, no impairment provision has been recognized as of 31 December 2024.

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

Information in relation to events after the reporting period is disclosed in note 28 to the consolidated financial statements.

STATEMENT BY THE EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today discussed and approved the annual report of Napatech A/S for 2024.

The annual report has been prepared in accordance with IFRS Accounting Standards, as adopted by the EU, and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company's financial statements give a true and fair view of the financial position of the Group and the Parent Company on 31 December 2024 and of the results of their operations and cash flows for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results for the year, cash flows, and financial position, as well as a description of material risks and uncertainties that the Group and the Parent Company face.

In our opinion, the Annual Report of Napatech A/S for the financial year 1 January to 31 December 2024 with the file name Napatech-2024-12-31-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the annual report be approved at the annual general meeting.

Søborg, 20 March 2025

Executive Management

Lars Boilesen, Chief Executive Officer

Board of Directors

Christian Jebsen, Chairman

Beth Topolovsky

Danny Lobo

Howard Bubb

Shannon Poulin

Sven Tore Larsen

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NAPATECH A/S

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Napatech A/S for the financial year 1 January – 31 December 2024, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Napatech A/S on 29 April 2014 for the financial year 2014. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 11 years up until the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2024. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition

The Group's revenue primarily consists of the sales of goods that are recognized at a point in time. Engineering services are recognized as revenue in the income statement based on the stage of completion (over time), which is determined on the basis of the relationship between the Group's resources spend in relation to the total estimate of resource consumption. The degree of completion is assessed regularly and adjustments are made to the stage of completion if deemed necessary.

Revenue recognition is a matter of most significance in our audit due to the inherent risk in the timing of revenue recognition before and after balance sheet date.

Refer to note 1 and 4 in the consolidated financial statements and to note 2 in the financial statements for the parent company.

How our audit addressed the above key audit matters:

- Assessment of managements IFRS-15 accounting memorandum regarding recognition of revenue over time.
- Test of Management's assessment of the degree of completion of Engineering services, including test to underlying contracts, supporting documentation and evaluation of assumptions.
- Data analytical procedures on revenue including correlation analysis and activity analysis, where the flow of the transactions from revenue to cash are analysed. Gross revenue and gross profit are analysed during the year using data analytics tools.
- Test of sales transactions during the year and recognized sales transactions and after the balance sheet date to contracts and other supporting documentation to assess proper revenue recognition and cut-off.
- Assessment whether the applied revenue recognition criteria follow the Group's accounting policies as disclosed in note 1 to the consolidated financial statements.
- Evaluation of the adequacy of the disclosures provided by management in the financial statements compared to applicable accounting standards

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management’s responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of Napatech A/S, we performed procedures to express an opinion on whether the annual report of Napatech A/S for the financial year 1 January – 31 December 2024 with the file name Napatech-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor’s judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company’s iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company’s use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Napatech A/S for the financial year 1 January – 31 December 2024 with the file name Napatech-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 20 March 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Andersen
State Authorised
Public Accountant
mne34313

napa:tech;
SMARTNIC+IPU SOLUTIONS

EUROPE, MIDDLE EAST AND AFRICA
Napatech A/S
Copenhagen
Denmark

Tel. +45 45 96 15 00
info@napatech.com
www.napatech.com

NORTH AMERICA
Napatech Inc.
Portsmouth
New Hampshire
USA

Tel. +1 888 318 8288
info@napatech.com
www.napatech.com

APAC
info@napatech.com
www.napatech.com