

2025 Sustainability Report

NAPATECH

SUSTAINABILITY REPORT 2025

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

In 2025, Napatech continued its efforts around the ESG development initiative. Napatech has taken the first steps towards the sustainability reporting requirements, including the 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, we have chosen to proactively enhance our sustainability reporting with some of the elements deemed relevant. The sustainability statement is prepared with reference to the ESRS. We have aimed to implement 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 2025 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 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.

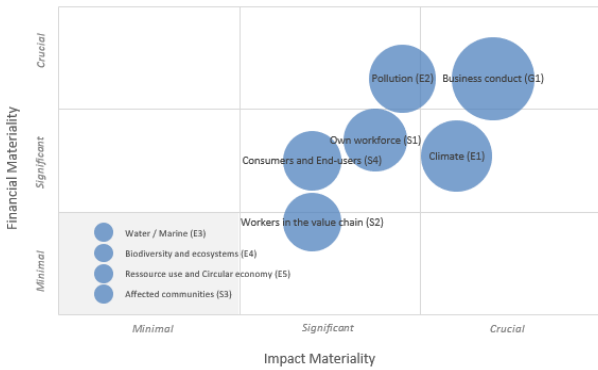
We have assessed how we affect the environment and society (impact materiality) and how sustainability issues can affect us financially (financial materiality). All evaluated impacts and risks are linked to their corresponding topical ESRS standard. The topic's highest-scored impact or risk decides the 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.

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. In 2025, efforts have mainly been focused on getting an overview of emissions. In 2026, further work with the Climate Compass is needed to increase our knowledge of the mechanism involved, set a specific target for reducing our carbon intensity and develop an implementation plan to achieve our target.

Most emissions are scope three emissions. Emissions in scope two relate to electricity and heating, while emissions in scope one relates to the company car fleet. The only greenhouse gas emission that Napatech has and accounts for is carbon dioxide.

Most scope three emissions are related to consultants and IT assets used for research and development activities, and the use of Napatech’s sold products by the customers. As a global company, our business activities include travel, which impacts the environment.

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. 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. 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 2025, 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 2025 placed us well above the benchmark level overall. We detected ergonomics within the working environment as a focus area and a visit from an external provider has already been planned for Q1 2026 to help address it. All employees are offered counseling to prevent injuries due to sedentary computer work.

In 2025, Napatech continued our focus on the physical working environment. There are policies in place around stress and harassment to ensure a healthy and safe working environment where employees can thrive and feel secure. This is for preventative reasons and contributes to a good tone of communication.

Napatech was 82 full-time employees, as of December 31st, 2025, including seven women (9%), compared to eight (9%) in 2024. 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, 2025, included four men and two women (33%). In 2025, One female and one male member left the board. Two new female board members were elected and one new male board member was elected, 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 2025, our sourcing department discussed the approach to human rights with both Asian, European, and American suppliers on multiple 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.

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. Furthermore, a whistleblower hotline is implemented to report unethical behavior.

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.

INDICATORS AND TARGETS

	2025	2024	2023
Environment			
ESRS E1: Climate ^{*)}			
Revenue (mDKK)	146.6	116.4	182.7
Total CO2e-emissions (Scope 1, 2 and 3)	2,676	3,162	2,717
CO2e-emissions for scope 1 (ton CO2e)	1.1	3.0	3.0
CO2e-emissions for scope 2 (ton CO2e)	61	58	48
CO2e-emissions for scope 3 (ton CO2e)	2,614	3,101	2,666
Total CO2e-emissions by main category	2,676	3,162	2,717
Energy and processes (ton CO2e)	73	66	54
Purchase (ton CO2e)	1,588	2,172	1,704
Transport (ton CO2e)	377	402	377
Sold products (ton CO2e)	637	521	582
Carbon intensity (ton of CO2e per mDKK of revenue)	18.3	27.2	14.9
Total water consumption use (m3)	337	435	365
Total electricity use (MWh)	796	697	556
Total energy use (MWh)	1,020	937	770
ESRS E2: Pollution			
Products in compliance with EU RoHS	100%	100%	100%
Products in compliance with EU REACH	100%	100%	100%
Social			
ESRS S1: Own workforce			
Number of employees	86	82	77
Number of nationalities employed	13	15	10
Gender distribution - total number in Board of Directors	6	5	6
Gender distribution - share of women in Board of Directors	33%	20%	17%
Gender distribution - total number in Other Management	15	13	13
Gender distribution - share of women in Other Management	0%	0%	0%
Gender distribution - share of women amongst All Employees	9%	9%	10%
Average number of sick days per FTE	4.82	2.42	3.17
ESRS S2: Workers in the value chain			
Completed supplier visits per year	5	5	4
ESRS S4: Consumers and End-users			
Products carrying the CE mark	100%	100%	100%
Products carrying the UL mark	100%	100%	100%
Governance			
ESRS G1: Business conduct			
Substantiated Whistleblower cases	0	0	0
Whistleblower cases transferred to police	0	0	0
Incidents of corruption	0	0	0
Tax compliance rate	100%	100%	100%
Competition law violations	0	0	0

^{*)} The Climate Compass provided by the Danish Business Authority is used to calculate the energy consumption and greenhouse gas emissions. The emission factors used in the Climate Compass are updated yearly when new data from Energy statistics are published. The emission factors used for this report is based on the newest available data for 2024. Since the effect of changes in the emission factors used can be significant, the comparison figures shown are recalculated with the same emission factors to be comparable.