

napa:tech;
RECONFIGURABLE COMPUTING

ABGSC INVESTOR DAY
livestreamed at introduce.se

CFO Heine Thorsgaard
May 27, 2020

Danish technology company listed on OSE since 2013

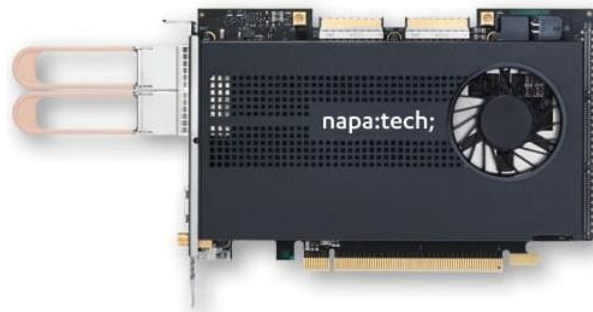
Napatech was founded in 2003, opened its first office in California in 2004, and was listed on OSE in 2013.

Napatech develops and sells Network Interface Cards with 85 employees and offices in Denmark and the US.

R&D located in Denmark and Sales organization located in USA, DK and Asia.

Production handled by a US based contract manufacturer specialized in building complex products in small series meeting extremely high reliability requirements.

Napatech customers are primarily large IT companies and large corporations.



Napatech produces high-performance Network Interface Cards

Network Interface Cards are hardware components connecting servers to a computer network.

SmartNICs are programmable network interface cards capable of performing advanced network processing tasks that would otherwise be handled by the processors (CPUs).

Being programmable SmartNICs enable the networks to accommodate the changing needs on the application level.

Napatech produces high-end SmartNIC's for

- **Original Equipment Manufacturers (OEMs)**
like IBM, Cisco & Polystar, and
- **End User Customers**
like Facebook, Airbus & Morgan Stanley

Unit prices ranges from \$1,500 to \$11,000+



Basic NIC

5-7 years between silicon revisions. Ultra-low cost. Ultra-low power. Small form-factor. Fixed function. ASIC-based. Not programmable



Offload NIC

Focused offload and acceleration. Also ASIC based. Slightly more expensive Small size and low power due to ASIC. Specialized, and not programmable.



Programmable NIC

Ultra-high performance and functionality. Programmable for feature velocity. Slightly higher cost, size and power due to flexibility.

Selling to Top Tier Global Customers

Napatech customers are primarily global top tier customers.

Majority of sales is to global OEMs with long term strategic relationships and sales committed through year-long design win cycles.

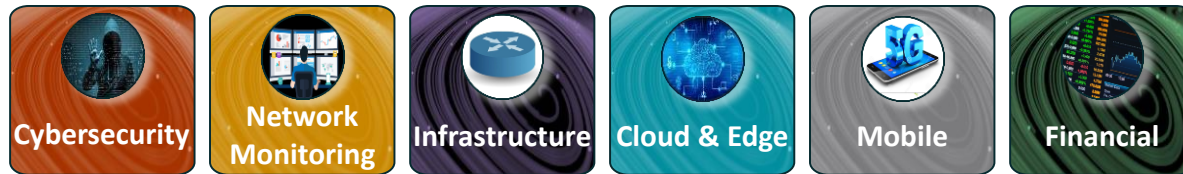
Direct end-user sales to large corporations with own data centers has emerged over the last couple of years.

Customers placing orders in Q1



Napatech's SmartNICs are used to accelerate applications

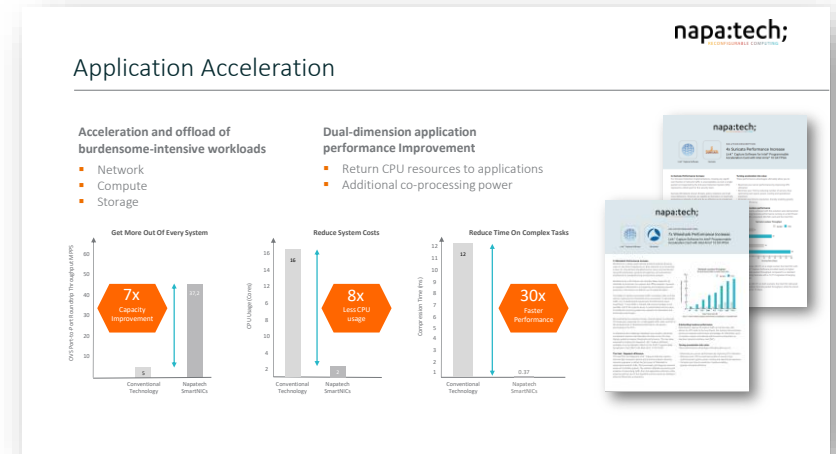
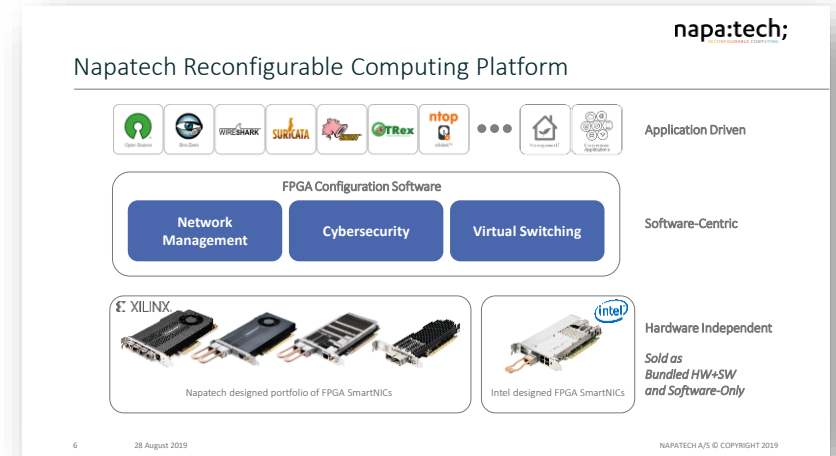
Napatech SmartNICs are used to accelerate applications within:



Running their applications on our SmartNICs our customers secure better performance of their applications and they offload burdensome and intensive workloads from their CPUs.

Using Napatech's SmartNICs customers can:

- achieve significantly faster application performance on business-critical applications,
- obtain significant capacity improvements from increased data throughput
- free up expensive CPU time

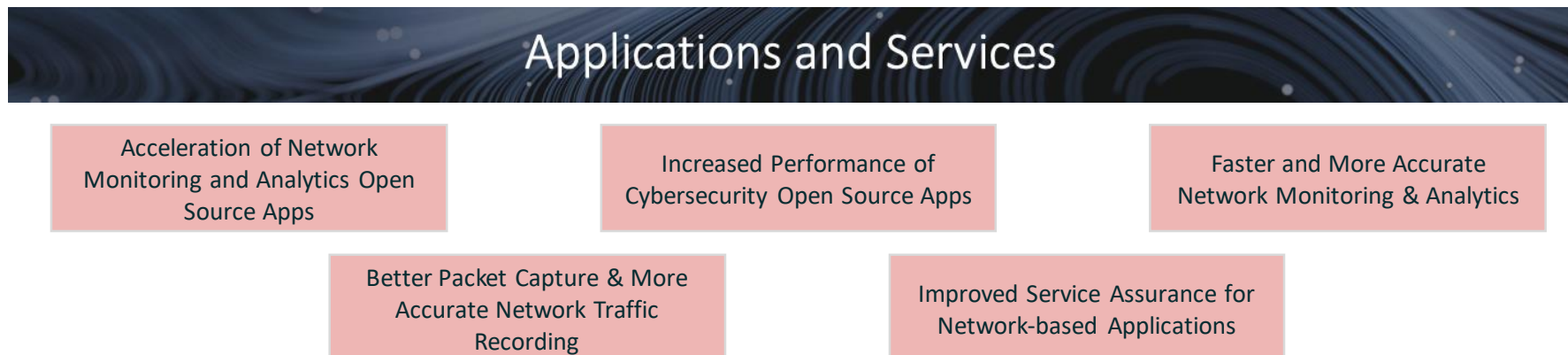


Napatech's Value to Customers is high performance and flexibility

Napatech competes against other technological solutions than SmartNICs and against SmartNICs based on different chipsets.

Customers choose Napatech for a number of key reasons

- Higher performance and lower latency of applications at high speed in the data center or cloud
- Better cost performance of their server deployments
- Better customer experience with compute-intensive applications that perform better and more securely
- Overall improvements in TCO and space utilization



Napatech is addressing a rapidly growing market

Napatech is addressing a global SmartNIC market estimated to grow at a 40+% CAGR to \$2.1B in 2024.

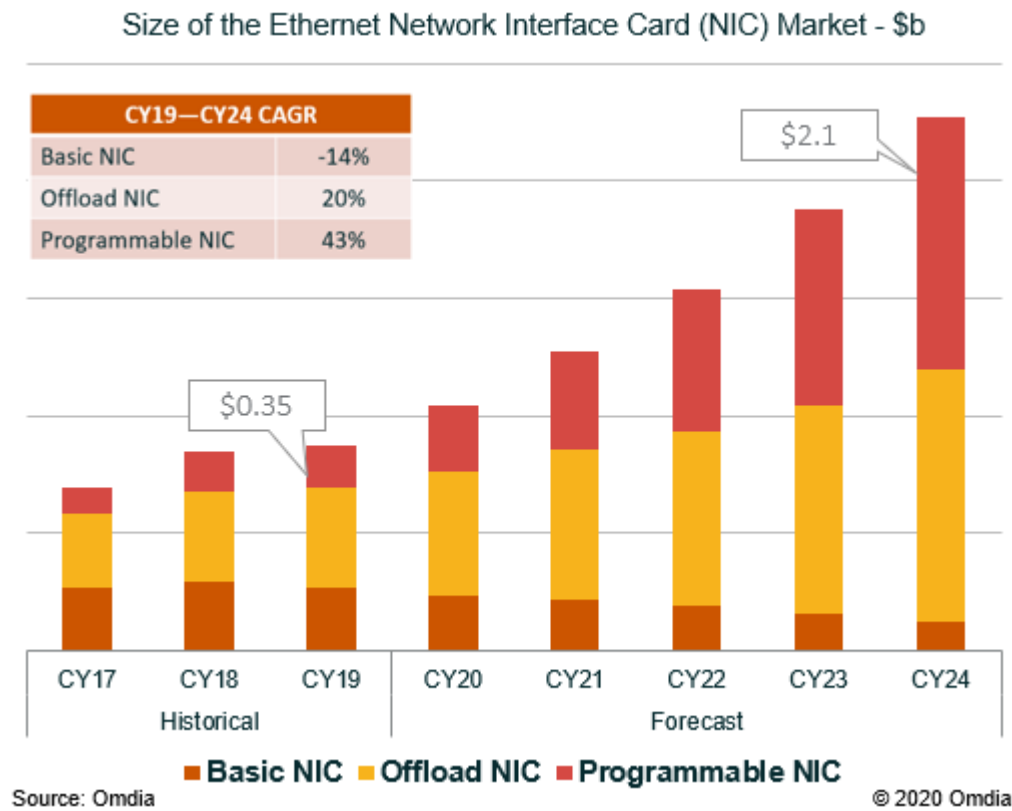
Growth in SmartNIC market is fueled by

- growth in servers for data centers, corporate networks and 5G infrastructure
- accelerating network speeds, and
- increased security workloads



NIC market is transforming

Leading market analysts estimate the NIC market will grow from \$1.7b in 2019 to \$4.5b in 2024 ~ 43% CAGR.



Programmable NIC is the fastest growing part of the NIC market and is estimated to grow from 20% of the total NIC market in 2019 to 47% in 2024.

Basic NIC and Offload NIC market is dominated by large players, but many smaller companies operate within the SmartNIC market with Napatech being the largest of these small players.

The future of the SmartNIC market looks promising.

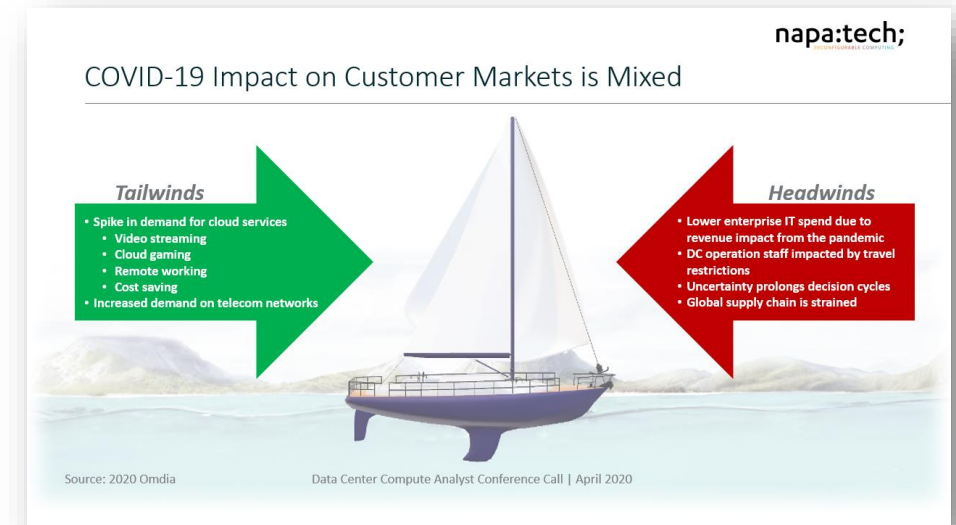
Strong Start to 2020 with 27% growth and positive free cash flow

Q1 2020 YoY Revenue Growth +27%

Solid Gross Margins of 68.8%

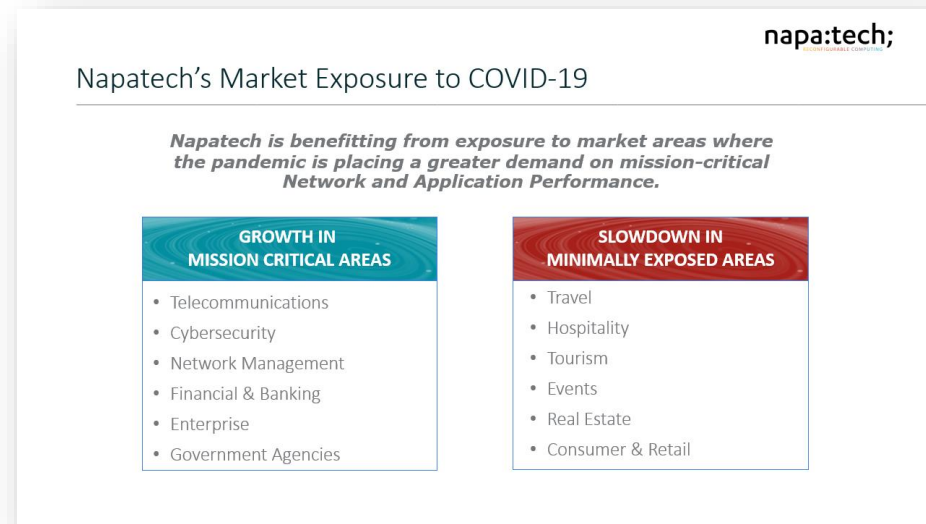
Free Cash Flow Positive

Earnings On-Track for 2020



The COVID-19 situation brings uncertainty to our market space.

But from what we see today our business is agile enough to find opportunities in a world of uncertainty.



Why Invest In Napatech?



**STABLE
&
GROWING**



**GROWTH IN
REVENUE,
CASH FLOW
&
LEVERAGABLE**



**EXECUTING
ON OUR
STRATEGY**



**DELIVERING
PRODUCT
INNOVATION**



**WINNING
TOP
CUSTOMER
BRANDS**

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For More Information

<http://www.napatech.com/investor-relations/>

<https://www.napatech.com/napatechworld/>

