

The logo for Napa:tech is positioned vertically on the left side of the slide. It consists of the word "Napa" in a large, bold, orange font, followed by "tech" in a large, bold, teal font. The word "Napa" is partially cut off at the top, and "tech" is partially cut off at the bottom. The background of the slide is a dark blue, abstract pattern of concentric, wavy lines that create a sense of depth and movement, with small white dots scattered throughout.

napa:tech;
RECONFIGURABLE COMPUTING

Q1 2023
Interim Management Statement

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May 3, 2023

Q&A Session at the end of the presentation

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Agenda

- Progress in Business and Partnerships
- Market Outlook
- Financial Review and Outlook
- Q&A Session

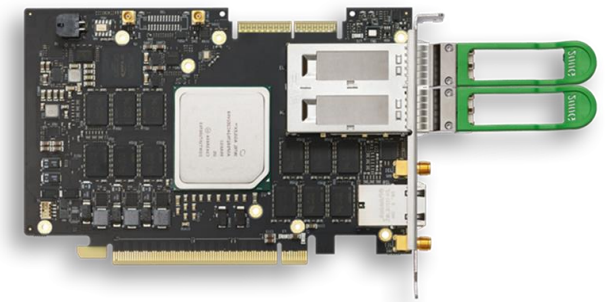
Progress in Business and Partnerships

Status on Business and Execution

- In beginning of Q1'23, we still felt the impact of the worldwide recession on the tech industry
- By beginning Q2'23 we believe that improvements are starting to emerge which supports our ambitions and expectations for 2023
- Our expectations the coming quarters are optimistic and with a positive grow trajectory
- We expect that some of our latest SmartNIC design wins like with F5 Networks will start to generate business over the coming quarters
- Impressive interest at MWC for our new Inline software for 5G UPF applications, kick-starting next phase of system testing, integration and business discussions and options for initial sale later in 2023

New Napatech Product release

- Napatech NT400D SmartNIC
- Powered by Intel Agilex FPGA
- Latest technology standards
- Up to 200 gigabit Ethernet
- 400 Gbps performance
- Supports all Napatech SW



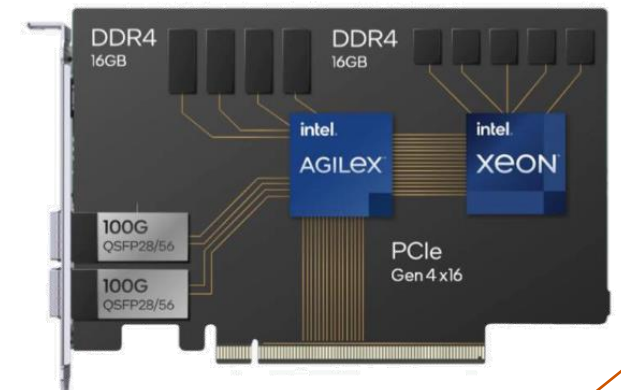
Our Intel Journey

- Solution definition and development of first Oak Spring Canyon (OSC) production grade HW platform initiated, expected available by Napatech to the market by Q4'23
- Solution definition and development of Storage and Content Delivery software initiated, proof of concept versions available by Napatech to the market by Q4'23
- Targeted joint sales, marketing, business development currently ongoing to unlock 70+ initial prospects
- April 2023, release of new Napatech NT400D 400 Gbps performance solution to the market, more software including 5G UPF to be added



Napatech, Intel Solution Overview

- FPGA-based SmartNICs
- FPGA-based IPU
- Napatech software packages
- Innovative software packages
 - Storage
 - Content delivery



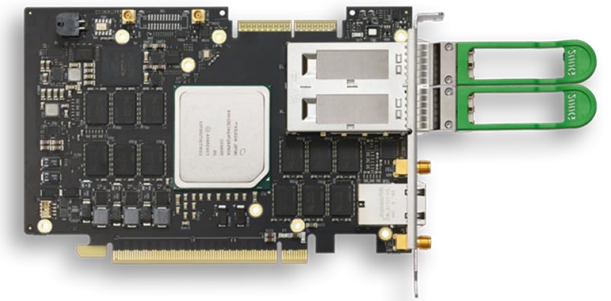
Our F5 Journey

- Napatech delivery of first product to F5 during Q2'23, will enable product integration by F5
- This leading technology from Intel and Napatech is targeted to power F5 Networks next generation product designs
- Expectation is that product roll could happen during 2H'23 supporting substantial annual unit volumes over the coming years



About the solution

- Napatech SmartNIC
- Powered by Intel Agilex FPGA
- Designed for volume servers
- Latest technology standards
- Up to 200 gigabit Ethernet
- 400 Gbps performance



Our NetScout Journey

- April 2023: disclosure of the Napatech and Netscout strategic collaboration agreement
- Along with this agreement Netscout invested \$7.5M USD in Napatech
- Extension of a successful, long-term relationship that includes Napatech SmartNIC hardware and software solutions
- During 2023 more information about deliverables and business opportunities as a result of this enhanced collaboration between the companies will be provided

Highlights

- Netscout, a global leader in network performance management, cybersecurity, and DDoS protection solutions
- Long-term relationship and wide use of Napatech products and technology
- Netscout will help define our future direction, and their investment fuels our position in our fast-growing market
- For many years, our largest partner with substantial growth potential

NETSCOUT[®]

General Market Conditions 2023

- Component supply expected to improve later in 2023
- Server and switch supply should improve during 2H'23
- End-user IT spending remains guarded
 - Cybersecurity vertical remains robust
- Server and Appliance demand increasing
- Major trends that increase Napatech SmartNIC demand
 - 5G Edge, Private 5G
 - Cybersecurity
 - Storage
 - Content Delivery
 - Next-wave cloud service providers

Napatech may be affected in various ways

- Headwind: Component and server supply hit our customers and delay their purchase by Napatech
- Headwind: End customer are careful with their IT spending caused by general economy
- Tailwind: Strong cybersecurity sector with increasing demand
- Tailwind: Requirements for SmartNIC within major sectors and application areas where Napatech plays a role

Financial Review and Outlook

Consolidated Income Statement Q1 2023

DKK'000	Q1		Q1 Δ
	2023	2022	
Revenue	37,096	52,237	-29%
Cost of goods sold	(16,566)	(25,600)	
Gross profit	20,530	26,637	-23%
GM%	55.3%	51.0%	
Other operating income	-	-	
Staff costs	(29,456)	(28,636)	3%
Other external costs	(8,966)	(7,090)	26%
EBITDAC	(17,892)	(9,089)	
Transferred to capitalized development costs	5,079	7,064	-28%
EBITDA	(12,813)	(2,025)	
Depreciation, amortization and impairment	(7,726)	(5,706)	35%
Operating result (EBIT)	(20,539)	(7,731)	
Finance income	3	1,269	
Finance costs	(1,028)	(127)	
Result before tax	(21,564)	(6,589)	
Income tax	(7)	2	
Result for the period	(21,571)	(6,587)	

Key Points

- Revenue in Q1 down 29% compared to Q1'22 but 11% up compared to Q4'22 in USD
- GM in Q1 55% up 4 basis points compared to Q1'22. Product margins are still significantly impacted by extraordinary component costs related to components purchased in 2022.
- Staff costs in Q1 up 3% compared to Q1'22.
- Other external costs in Q1 up 26% compared to Q1'22.
- Q1 EBITDAC negative DKK 17.9m.
- Result for the period in Q1 negative DKK 21.6m – compared to negative DKK 6.6m in Q1'22.

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

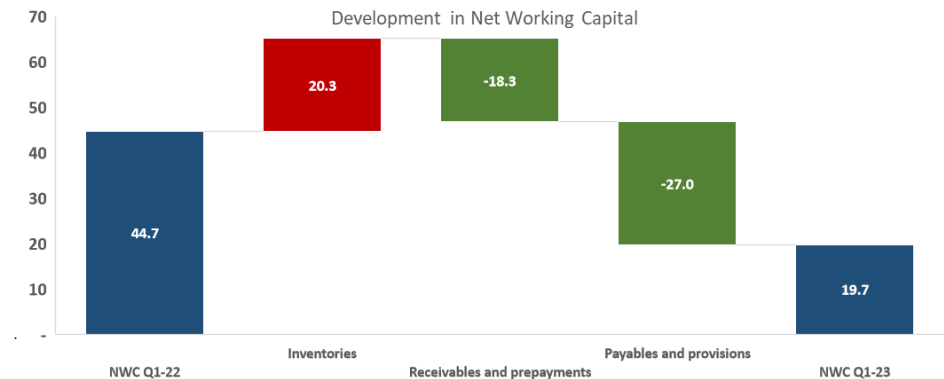
Consolidated Cash Flow Statement Q1 2023

DKK'000	Q1	
	2023	2022
Earnings before tax (EBT)	(21,564)	(6,589)
Adjustments to reconcile profit before tax to net cash flows	9,613	5,379
Working capital adjustments	35,617	1,005
Interest and tax	(416)	(67)
Net cash flows from operating activities	23,250	(272)
Net cash used in investing activities	(6,078)	(10,898)
Free cash flow	17,172	(11,170)
Net cash flows used in financing activities	(16,333)	4,845
Net change in cash and cash equivalents	839	(6,325)
Net foreign exchange difference	(524)	285
Cash and cash equivalents at the beginning of the period	11,962	39,449
Cash and cash equivalents at the end of the period	12,277	33,409

	2023	2022
Net working capital	19,687	44,669
- NWC as % of revenue in quarter	53%	86%

Key Points

- Net Cash flow from operating activities in Q1 positive DKK 23.3m
- Net working capital end of Q1 DKK 19.7m ~ 53% of revenue in the quarter



- Free cash flow in Q1 positive DKK 17.2m
- Cash and cash equivalents of DKK 12.3m end of Q1 compared to DKK 33.4m end of Q1'22 – unused credit facilities of DKK 19m
- Total cash and credit available amounted DKK 31.3m

2023 Guidance unchanged

	Guidance
Revenue	DKK 180-200m
Gross margin	68-71%
Staff expenses & Other external costs	DKK 160-170m
Transferred to capitalized development costs	DKK 20-25m

Summary

- 2023 is a year focused on the development activities in key partnership project
- With performance in the middle of the guided ranges:
 - Revenue in 2023 is expected to grow 20%
 - EBITDA in 2023 will be negative 10.5mDKK

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