



napa:tech;
RECONFIGURABLE COMPUTING

DNB TMT Presentation

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CEO

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Danish Tech Company Founded in 2003, Listed in 2013

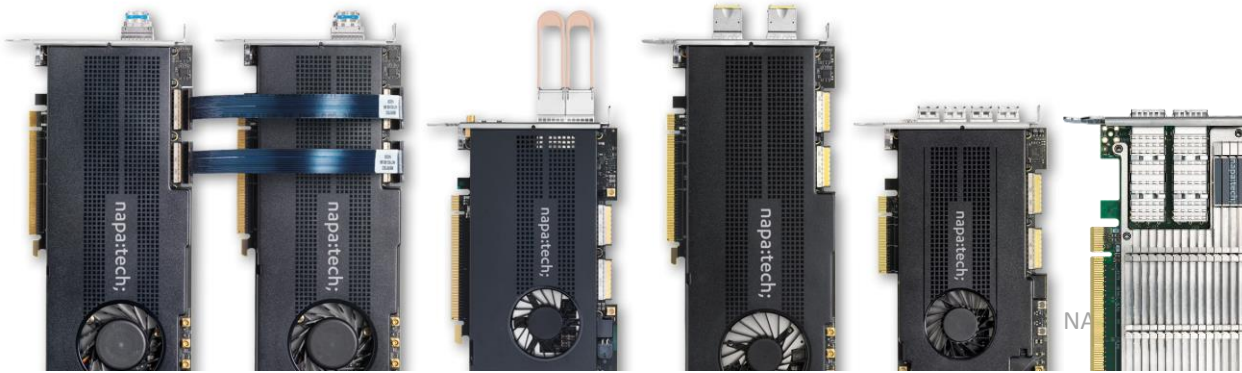
- +17 year history delivering **high-performance Network Interface Cards (SmartNICs)** to customers globally
- Unparalleled expertise accelerating compute-intensive applications on standard open servers
- High-tech solution with 22 patents & patents-pending provides high barrier-to-entry for competitors
- Solid gross margins and highly leverageable business model
- Targeting rapidly expanding \$2.3B Programmable NIC market by 2024
- Listed NAPA:OL

Top Tier Global Customers



Unique Expertise Focused on Application Acceleration

- Napatech designs high-performance SmartNICs with software to offload servers and accelerate CPU-hungry applications
- R&D located in Denmark and Sales organization located in USA, DK and Asia; 85 employee total
- 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
- SmartNIC unit prices range from \$1,500 to \$11,000+



Selling to Top Tier Global Customers

- Napatech customers are primarily global top-tier companies
- Majority of revenue comes from global OEMs with long-term strategic relationships and sales committed through multi-year design win cycles
- Direct end-user sales to large corporations with own data centers has emerged in recent years

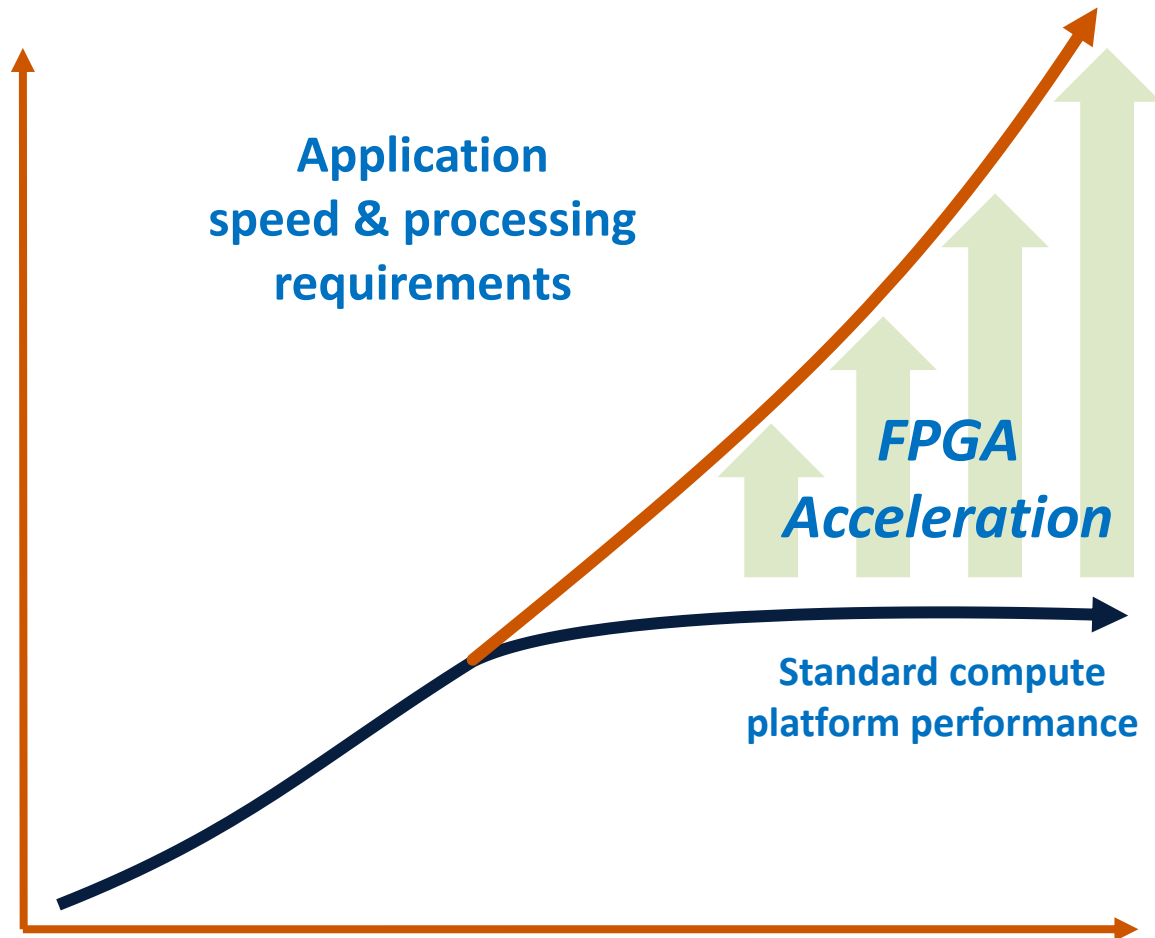
Recurring Order in Q1 & Q2



Ordered in Q2



The Problem: Server CPU's Cannot Keep Up



*Major industry players have focused their strategies on **FPGA technology***

Major FPGA chip vendors



Major cloud companies



Major server vendors



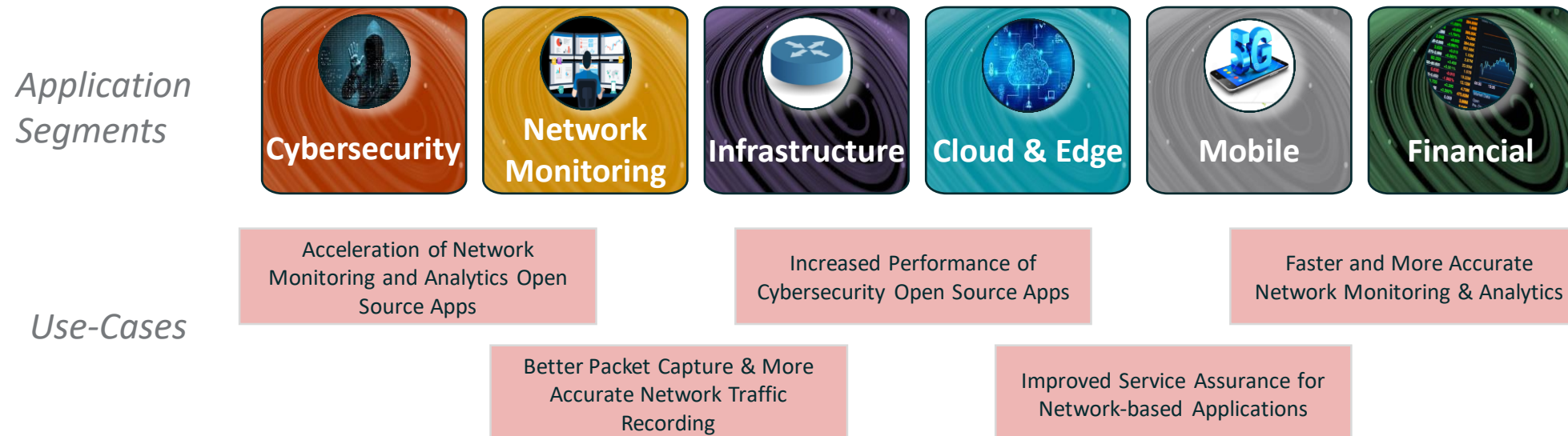
Major telco vendors



***The Solution:** The SmartNIC solves the performance gap on standard compute platforms*

The Solution: Napatech's SmartNICs are Used to Accelerate Applications

- 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 server CPUs, saving floor-space and energy consumption
 - Improve TCO

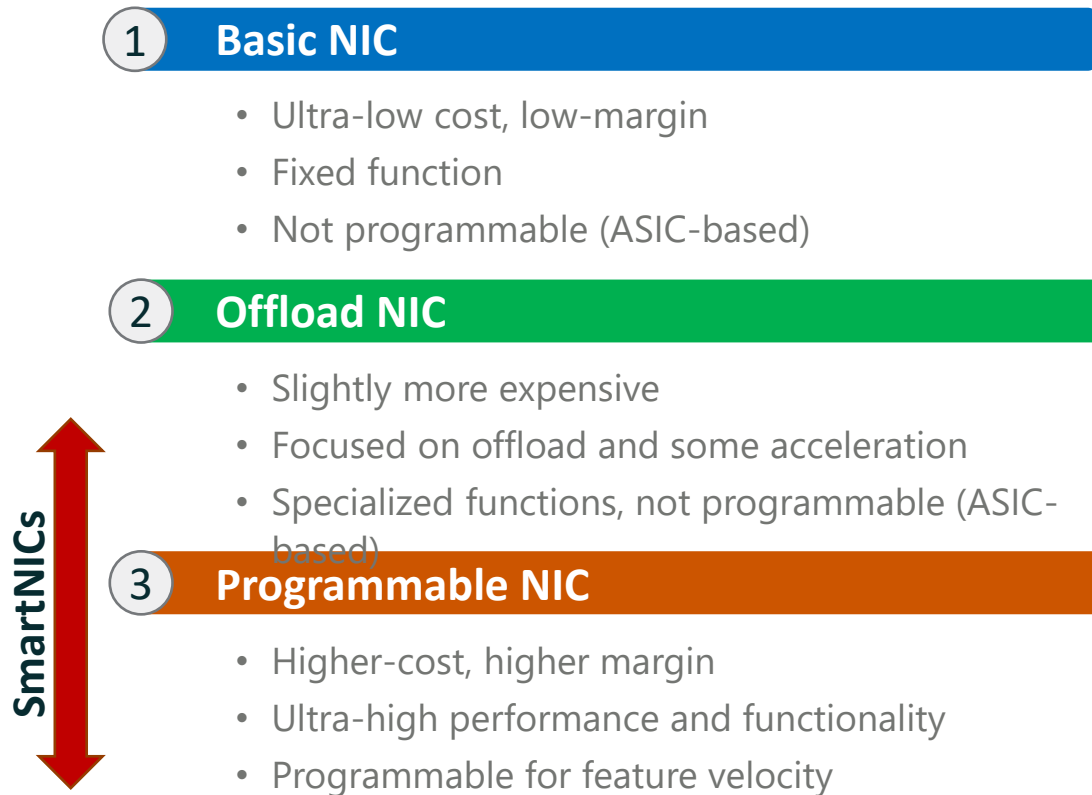


Napatech is addressing a rapidly growing market

- 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



TOTAL NIC Market Segmentation

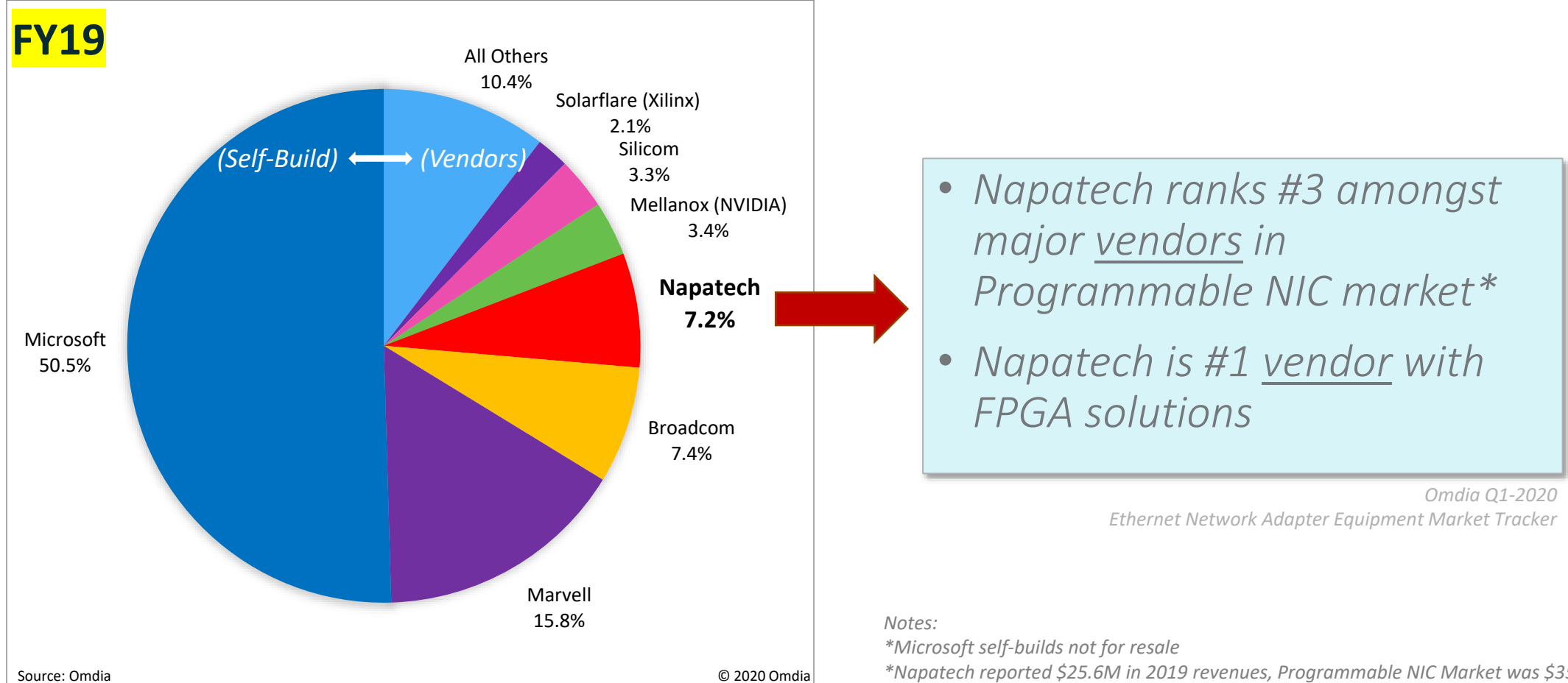


Market Share (%)		FY 2019
1.	Intel	24.3%
2.	Mellanox (NVIDIA)	20.5%
3.	Broadcom	14.3%
4.	Microsoft	10.3%
5.	Amazon	7.4%
6.	Marvell	6.3%
7.	Solarflare (Xilinx)	2.5%
8.	Silicom	2.2%
9.	Cisco	2.2%
10.	Napatech	1.5%

Napatech enters top 10 for ALL NICs

Omdia Q1-2020
Ethernet Network Adapter Equipment Market Tracker

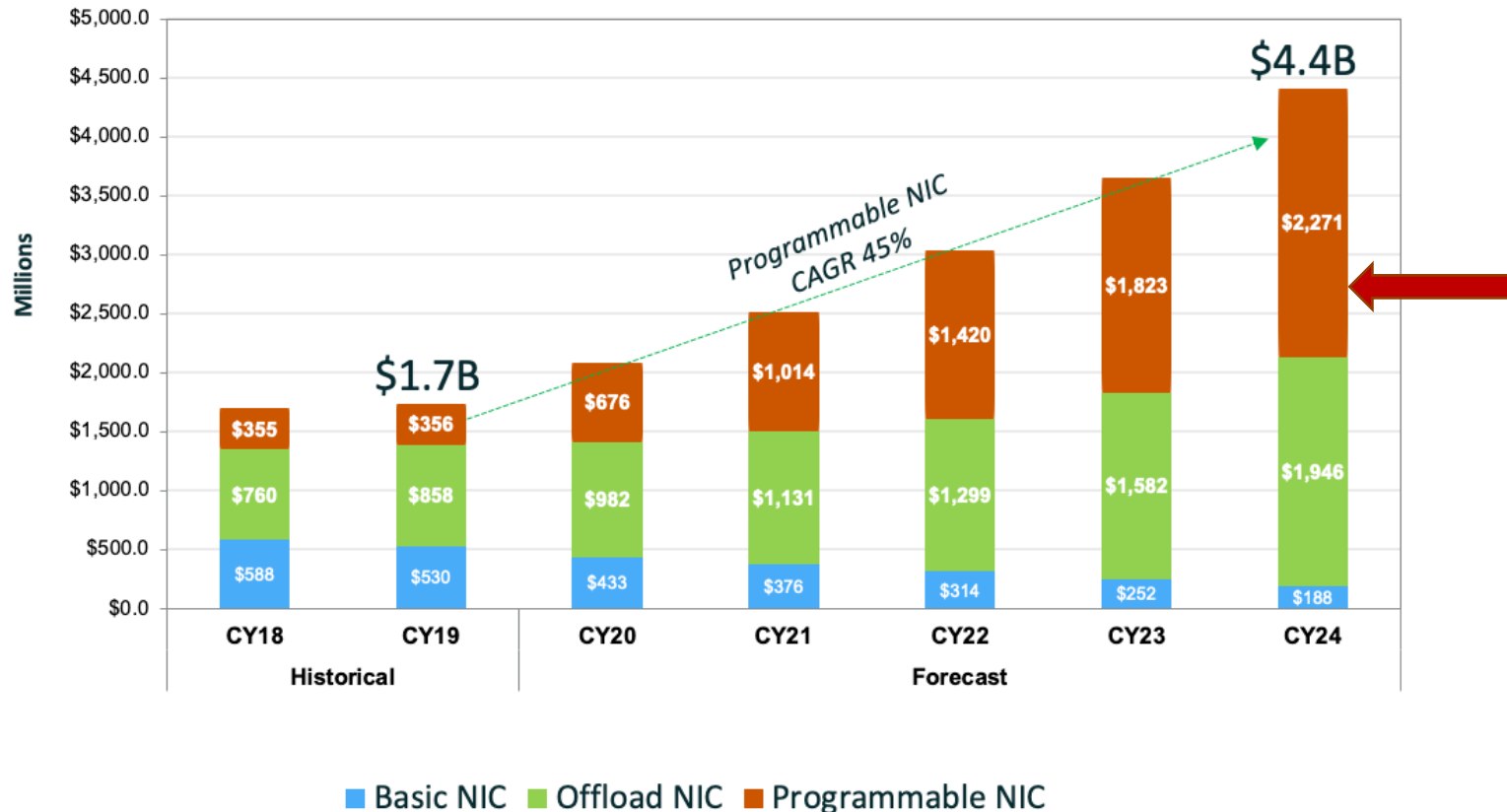
Programmable NIC Market Overview



Napatech is Emerging in a Large Growing Market

Leading market analysts estimate the NIC market will grow from \$1.7B in 2019 to \$4.4B in 2024

Category Breakdown



- Programmable NIC is the fastest growing part of the NIC market
- Napatech targets the highest growth segment of the overall NIC market

1H 2020 Financials

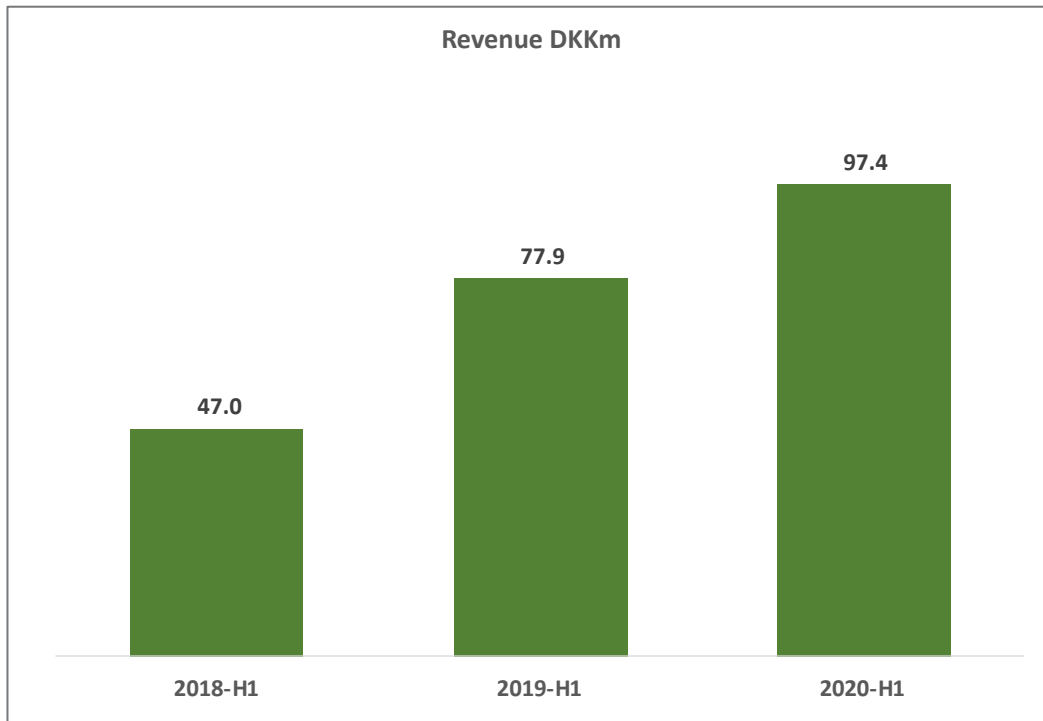
Strong Performance in 1H 2020

- ✓ Growing
- ✓ Profitable
- ✓ 1H 2020 YoY Revenue Growth **+25%**
- ✓ Solid Gross Margins of **72%**
- ✓ Free Cash Flow for 1H was **Best Ever**
- ✓ EBITDAC **Positive** and **Growing**
- ✓ Earnings is **Positive for the FIRST TIME**

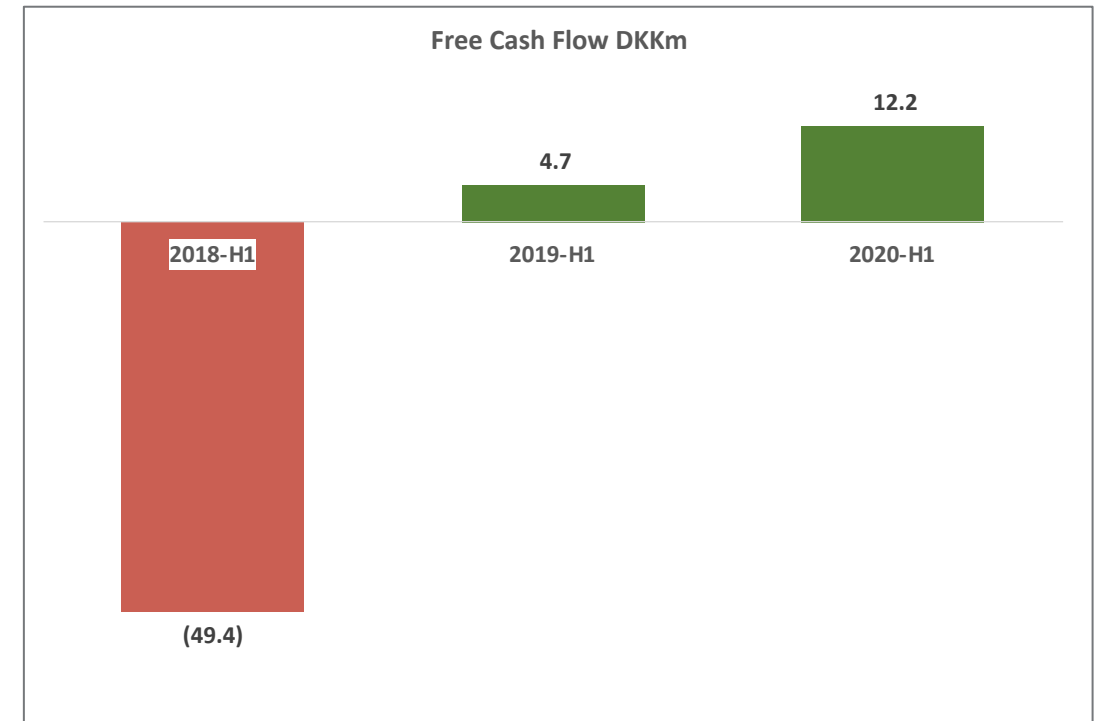
Trends: Growing and Profitable



Revenue over the last 3 1H periods demonstrate the underlying strength and stability of Napatech's business



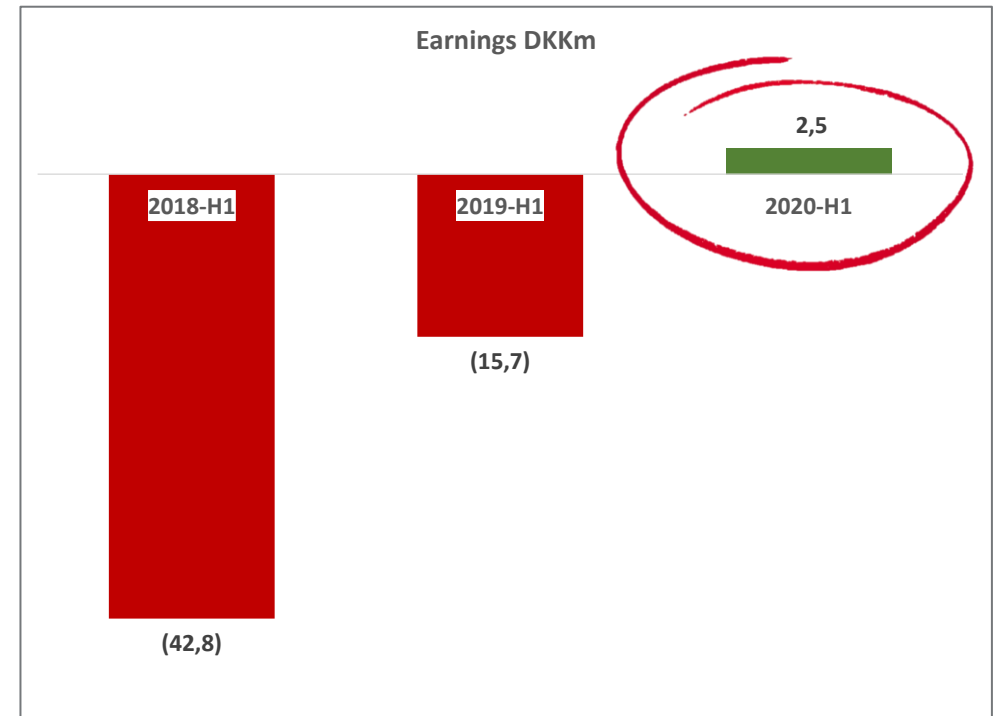
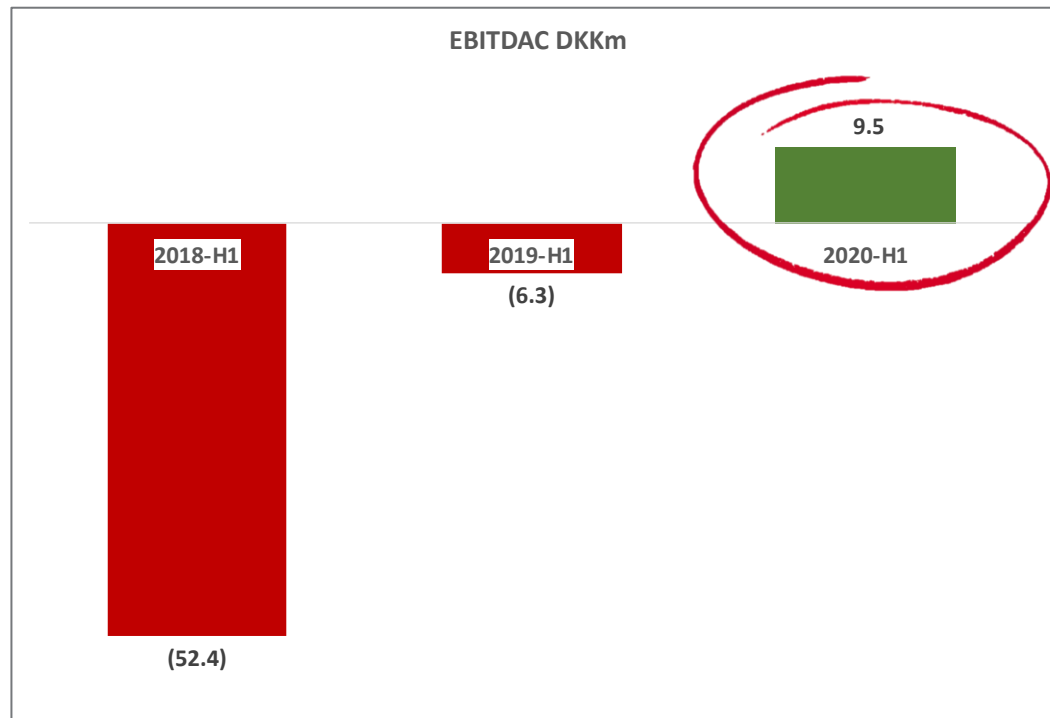
Free Cash Flow over the last 3 1H periods demonstrates improved operating leverage and lowers risk



Positive 1H EBITDAC and Earnings for the First Time



1H positive earnings show solid progress towards leverage and longer-term profitable operation



2020 Outlook

Updated Guidance for 2020

Annual guidance for 2020 guidance is updated as follows:

Guidance	Previous	Updated
Revenue	DKK 185-205m	DKK 185-205m
Gross margin	68-72%	70-72%
Staff expenses & Other external costs	DKK 125-135m	DKK 120-125m
Transferred to capitalized development costs	DKK 15-20m	DKK 13-18m
Depreciation and amortization	DKK 20-25m	DKK 20-25m



Note:

- Due to the exchange rate development guided **Revenue** range in USD is up from \$27.7-30.7M to \$28.3-31.4M
- With performance in the middle of the guided ranges:
 - EBITDAC would be **DKK 16.0m** (*previous guidance: DKK 6.5m*) – **up DKK 9.5m**
 - EBIT would be **DKK 8.9m** (*previous guidance: DKK 1.5m*) – **up DKK 7.4m**

As the current COVID-19 situation is unprecedented it causes increased uncertainty in customer demand and the Covid-19 situation can potentially have a negative impact on the outlook for 2020.

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

Why Invest In Napatech?



**STABLE
&
GROWING**



**REVENUE,
CASH FLOW
&
EARNINGS**



**EXCITING
MARKET
POTENTIAL**



**DELIVERING
PRODUCT
INNOVATION**



**WINNING
TOP
CUSTOMER
BRANDS**

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