NATI

Q4 2022 Investor Presentation

Safe Harbor Warning

Forward-looking Statements

During today’s presentation, we expect to make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this presentation regarding the company’s strategy and long-term model, value proposition, goals, priorities, anticipated revenues, anticipated demand, growth opportunities, customer needs, capital allocation, future product offerings, anticipated financial condition, anticipated GAAP and non-GAAP financial targets, goals and expectations, successful integration of acquisitions and future results of acquired companies, the anticipated strengths and expected growth of the markets the company sells into, future operations and earnings, and the outcome of our restructuring activities and strategic alternatives process are forward-looking statements. Forward-looking statements can also be identified by words such as “anticipate,” “plan,” “estimate,” “expect,” “intend,” “forecast,” "target,” “believe,” “outlook,” “prospect,” or future or conditional verbs such as “will,” “should,” “would,” “may,” “can,” or “could.” These statements are subject to a number of risks and uncertainties, and actual results may differ materially from any future results expressed or implied by the forward-looking statements. Risks and uncertainties include without limitation: the global shortage of key components; effect of the global economic and geopolitical conditions; our international operations and foreign economies; adverse public health matters, including epidemics and pandemics such as the COVID-19 pandemic; our ability to effectively manage our partners and distribution channels; interruptions in our technology systems or cyber-attacks on our systems; the dependency of our product revenue on certain industries and the risk of contractions in such industries; concentration of credit risk and uncertain conditions in the global financial markets; our ability to compete in markets that are highly competitive; our ability to release successful new products or achieve expected returns; the risk that our manufacturing capacity and a substantial majority of our warehousing and distribution capacity are located outside of the U.S.; our dependence on key suppliers and distributors; longer delivery lead times from our suppliers; risk of product liability claims; dependence on our proprietary rights and risks of intellectual property litigation; the continued service of key management, technical personnel and operational employees; our ability to comply with environmental laws and associated costs; our ability to maintain our website; the risks of bugs, vulnerabilities, errors or design flaws in our products; our restructuring activities; our exposure to large orders; our shift to more system orders; our ability to effectively manage our operating expenses and meet budget; fluctuations in our quarterly results due to factors outside of our control; our outstanding debt; seasonal variation in our revenues; our ability to comply with laws and regulations; changes in tax rates and exposure to additional tax liabilities; our ability to make certain acquisitions or dispositions, integrate the companies we acquire or separate the companies we sold and/or enter into strategic relationships; risks related to currency fluctuations; provisions in charter documents and Delaware law that delay or prevent our acquisition; and risks related to our restructuring activities and strategic review process. The company directs readers to its Form 10-K for the year ended December 31, 2022, and the other documents it files with the SEC for other risks associated with the company’s future performance. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in our forward-looking statements. All information in this presentation is as of January 31, 2023 (except as otherwise specified). We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in our expectations.

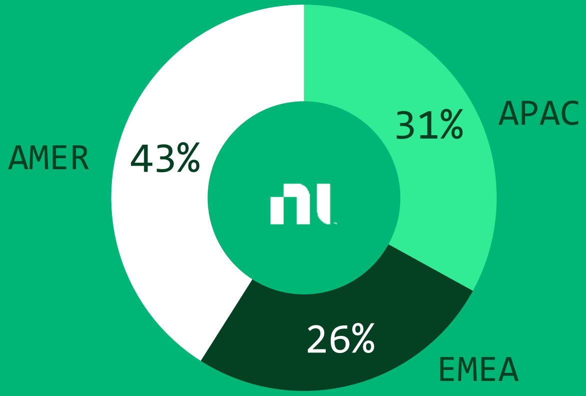
Non-GAAP Information

In today’s presentation, we have included certain non-GAAP financial measures, including revenue, gross margin, operating expenses, diluted earnings per share, operating margin, and operating income. Our non-GAAP measures exclude, as applicable, the impact of purchase accounting fair value adjustments, stock-based compensation, amortization of acquisition-related intangibles, acquisition-related transaction and integration costs, taxes levied on the transfer of acquired intellectual property, foreign exchange gain/loss on acquisitions, restructuring charges, tax reform charges, disposal gain/loss on buildings and related charitable contributions, tax effects related to businesses held for sale, gain/loss on sale of business, impairment losses on equity-method investments, and capitalization and amortization of internally developed software costs. A reconciliation of the adjustments to GAAP financial measures is included in this Investor Presentation. For periods prior to March 31, 2005, our non-GAAP financial measures are the same as our GAAP results. Certain non-GAAP financial measures presented on a forward-looking basis during today’s presentation, such as non-GAAP operating margin, were not reconciled to the comparable GAAP financial measures because the reconciliation could not be performed without unreasonable efforts due to the unpredictability of the amounts and timing of events affecting the items we exclude from non-GAAP measures. Non-GAAP financial information is not meant as a substitute for GAAP results, but is included because management believes such information is useful to our investors for informational and comparative purposes. In addition, certain non-GAAP financial information is used internally by management to evaluate and manage the company. The non-GAAP financial information used by NI may differ from that used by other companies. These non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP.

Diverse Business to Fuel Long-Term Growth & Resiliency

35,000+

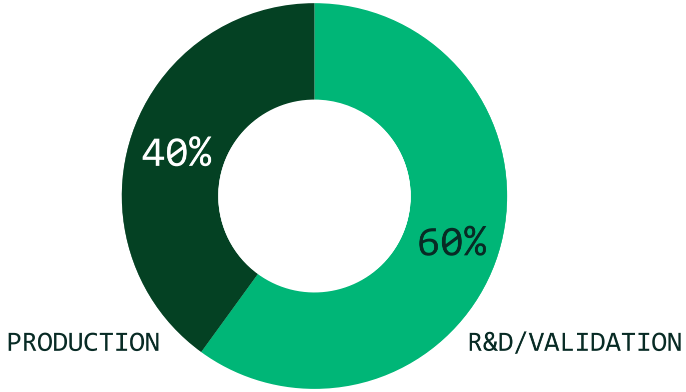
CUSTOMERS WORLDWIDE



2022 Revenue

40+

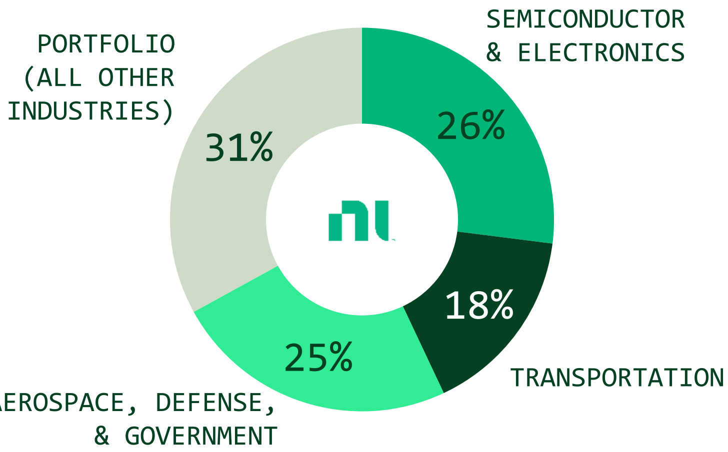
COUNTRIES WITH NI OPERATIONS



2022 Revenue

SOFTWARE AND RELATED SERVICES
18% OF TOTAL REVENUE

CUSTOMER PROFILE
72% DIRECT
28% BROAD-BASED



2022 Revenue



What Truly Differentiates NI?

Our hardware and software **solutions** help customers constantly evolve and bring state-of-the-art electronic components to market faster and at a lower cost.

We provide **flexible** and **modular** system-level test solutions that meet the current and future requirements of our customers.

Our industry standard **open** and **interoperable software** offering enables customers to automate their test processes in increasingly complex and fast changing end markets.

Strategic Focus

Targeting the Most Attractive, High Growth Sub-Segments

Strategically aligned to higher growth segments

Semiconductor and Electronics Business

Macro trends across 5G/wireless infrastructure driving market growth

Supply-chain restrictions of major smartphone suppliers driving new RFIC opportunities

Transportation Business

Significant industry shift to EV resulting in high concentration of R&D and test spend on capital equipment and infrastructure

Aerospace, Defense and Government Business

Highly fragmented market; growth fueled by defense spending, rapidly accelerating opportunities in space travel and commercial aviation

Well Diversified Set of Offerings

Exposure to large and growing $14Bn TAM

Well established within all sectors; product portfolio targeted across major industries without customer concentration

Improving Recurring Revenue Profile

Ongoing transition to subscription model drives improved predictability; enhancements of software and new capabilities provide new sources of revenue while serving as key differentiator

Continue to Drive Improvement in Profitability

Continued channel optimization; increasing wallet share across top customers; increased R&D efficiency; G&A cost management

NI Software-Connected Solutions

Enabling Innovation and Productivity Across the Product Development Cycle

PRODUCT ANALYTICS AND TEST OPERATIONS

OptimalPlus   SystemLink™

Research | Design and Validation | Production | Deployment and Maintenance

APPLICATION AND DEVELOPMENT SOFTWARE

LabVIEW   TestStand   VeriStand   C#/.NET   Python   FlexLogger™   DataStudio   Instrument Drivers

MODULAR HARDWARE

PXI   CompactDAQ   VST   CompactRIO   USRP   ...

SERVICES

Software Services   Hardware Services   Consulting + Integration Services   Education Services   NI Partners

NI Software-Connected Solutions

Enabling Innovation and Productivity Across the Product Development Cycle

PRODUCT ANALYTICS AND TEST OPERATIONS

OptimalPlus SystemLink™

Research | Design and Validation | Production | Deployment and Maintenance

TAILORED, APPLICATION-SPECIFIC SYSTEMS

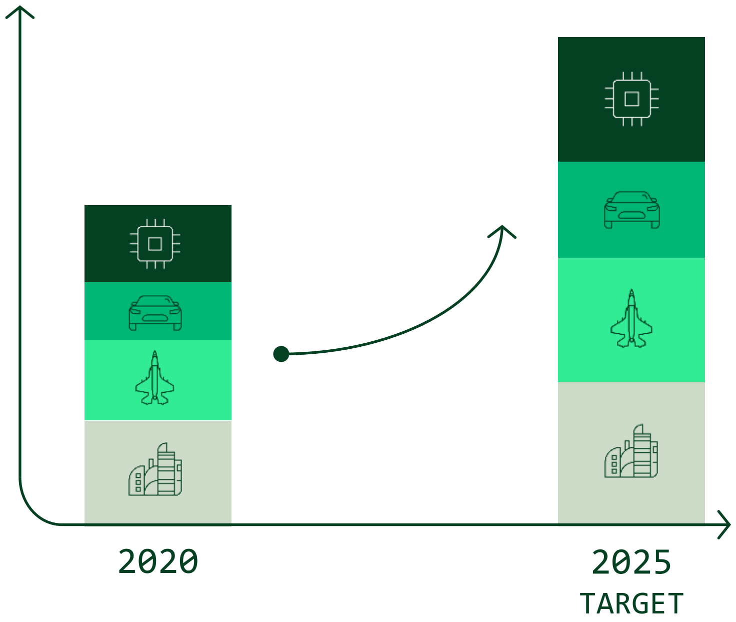
Semiconductor Test System Electric Vehicle Battery Test System ADAS Record and Playback System...

SERVICES

Software Services Hardware Services Consulting + Integration Services Education Services NI Partners

LONG-TERM GROWTH EXPECTATIONS

Focus on Industry Inflections Drives Growth Above Macro Indicators



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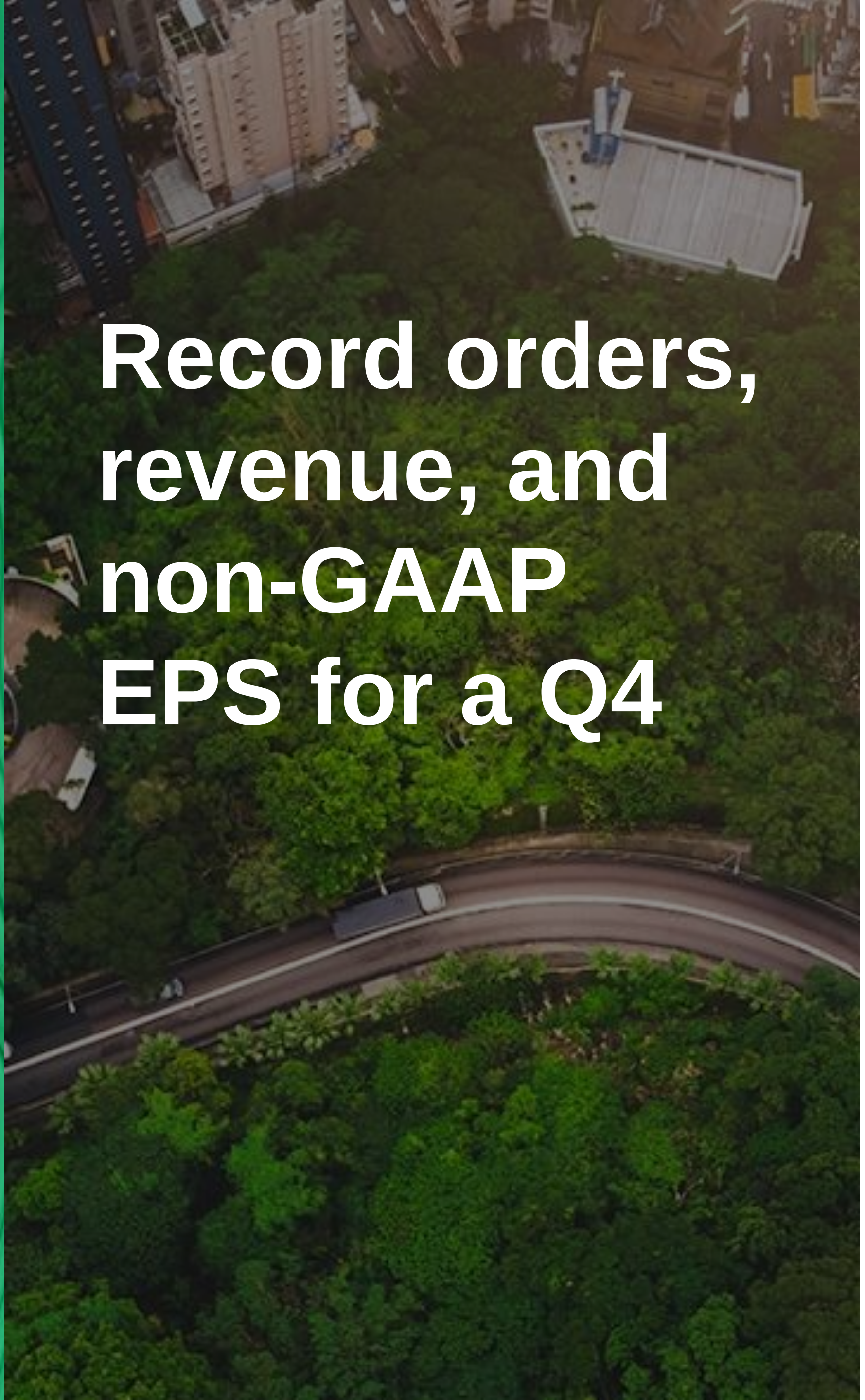
Semiconductor and Electronics	Transportation	Aerospace, Defense, and Government	Portfolio Business
2022 REVENUE OF $433M UP 11% YOY	2022 REVENUE OF $302M UP 39% YOY	2022 REVENUE OF $412M UP 9% YOY	2022 REVENUE OF $511M UP 5% YOY
5G MOBILE, WIFI	EV, ADAS	COGNITIVE SYSTEMS, NEW SPACE	NEXTGEN WIRELESS, DIGITAL TRANS
10-15% REVENUE CAGR GOAL 2022-2025	15-20% REVENUE CAGR GOAL 2022-2025	6-9% REVENUE CAGR GOAL 2022-2025	3-6% REVENUE CAGR GOAL 2022-2025
*IC INSIGHTS—1SEMI CAPEX (EXCLUDING MEMORY/FOUNDRY) + ELECTRONICS	*IHS—GLOBAL VEHICLE PRODUCTION	*STRATEGY ANALYTICS—GLOBAL DEFENSE EXPENDITURES	*COMBINED VIEW OF FROST & SULLIVAN, INTERNAL NI

DIGITAL TRANSFORMATION

2022 Revenue is Non-GAAP



Q4 2022 Financial Summary

Record Non-GAAP Revenue of $449M, up 7% YoY

Orders down 3% YoY

Record Non-GAAP operating income for a fourth quarter, up 16% YoY

Record Non-GAAP diluted EPS for a fourth quarter up 5% YoY

Software and related services represents 18% of total revenue (YTD)

Q1 2023 Guidance

Revenue $415M to $445M, up 12% YOY at the midpoint

GAAP Diluted EPS of $0.14 to $0.28

Non-GAAP Diluted EPS of $0.48 to $0.62

Deliberate Business Transformation

ORGANIC TRANSFORMATION

GTM and Channel	Industry Focus	Systems and Solutions	Software Value	Opex Optimization
Streamline Sales Force Grow Top Accounts	Align to Secular Growth Trends	Expand SAM	Grow Recurring Revenue	Target 25% Non-GAAP Operating Margin

INORGANIC TRANSFORMATION

Aligning to secular trends, adding differentiated technologies, and increasing exposure to recurring revenue

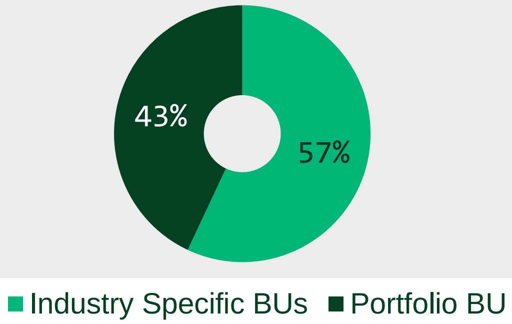
Reduce cyclicality, lower exposure to margin dilutive businesses, sharpening NI's strategic focus, and aligning with business unit concentration

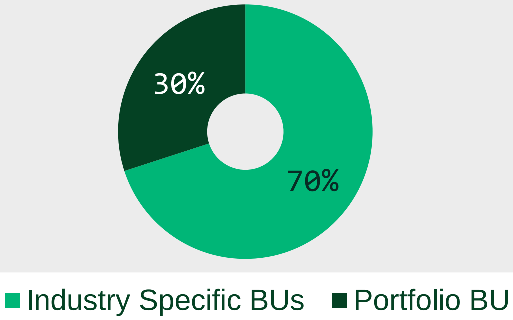
Momentum Is Now on Our Side and It Is Time for Us to Capitalize

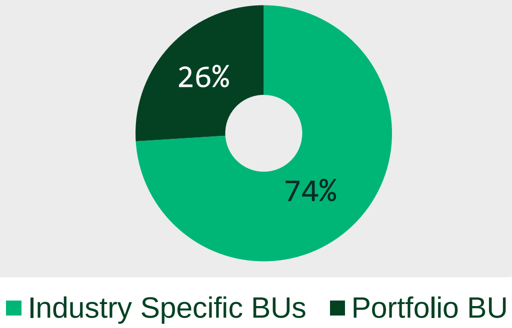
Our Mix Has Become More Favorable to Growth

2017 | 2022A | 2025 TARGET

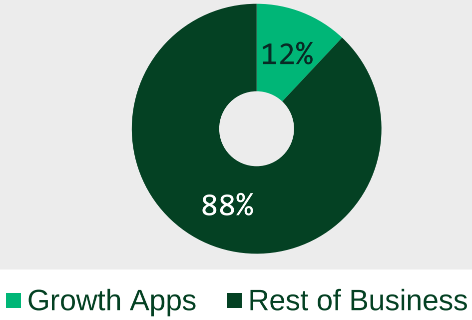
Target Industries

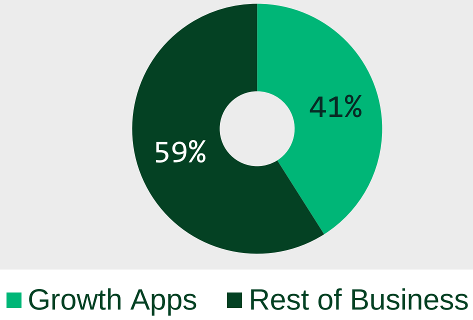


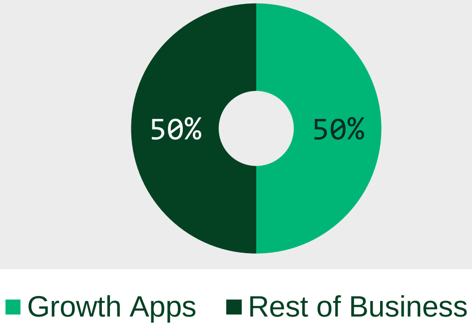




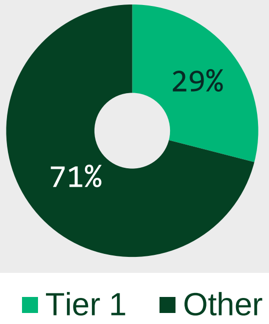
Growth Applications

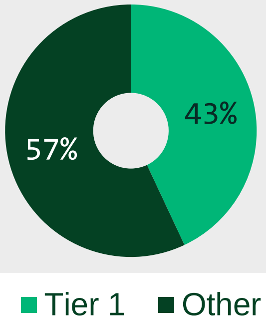


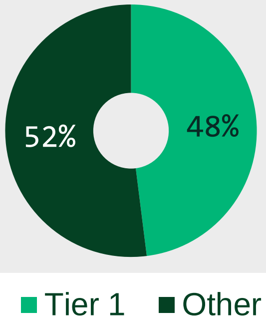




Tier 1 Accounts







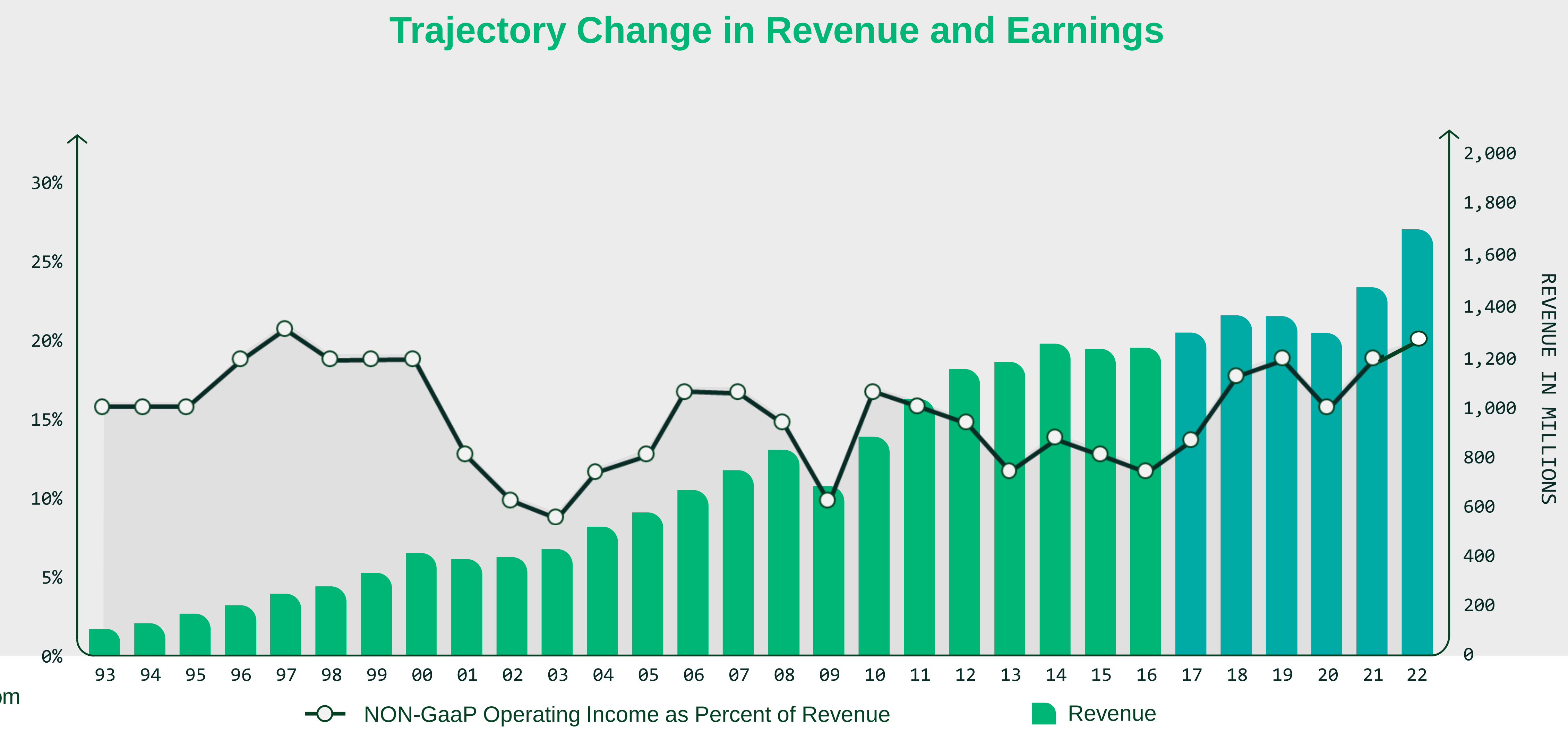
NOTE

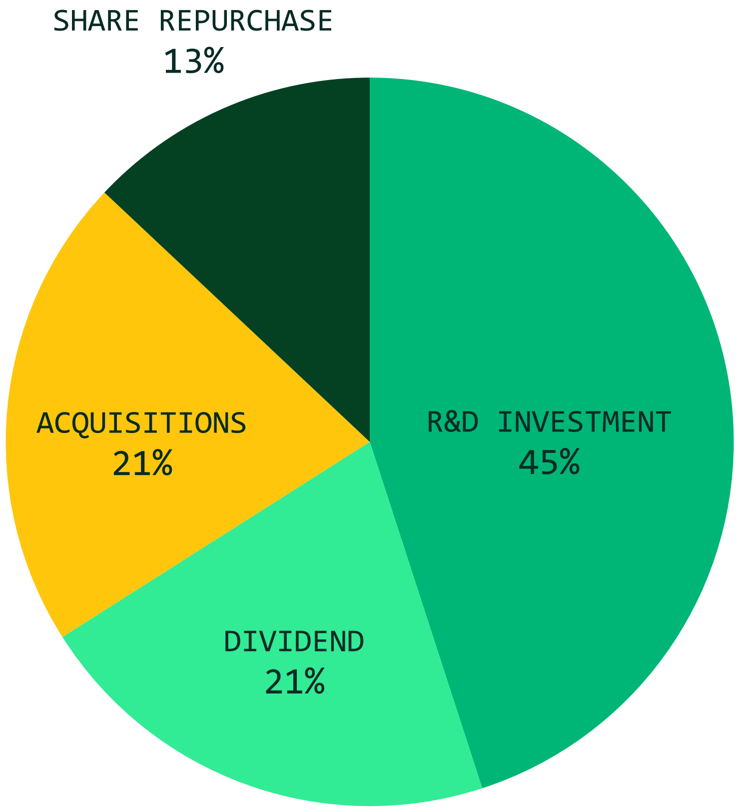
TARGET INDUSTRIES, TIER 1 ACCOUNTS AND GROWTH APPLICATIONS BASED ON BOOKINGS

Non-GAAP Long-Term Model

	YE 2022	Model Through 2025
Revenue Growth	\$1.7B 13% YoY	Outpace Growth of T&M Industry
Non-GAAP Operating Margin	20%	300 Basis Points Margin Expansion in 2023 Followed by 100 Basis Points Margin Expansion Through 2025
Share Count	131M	Repurchase to Offset Dilution

Transformation Accelerating Revenue and Earnings Growth





2018 TO 2022

Balanced Capital Allocation

Investing in Growth and Returning Excess Cash to Shareholders

Strong Cash Generation

Generated $0.9B of cash flow from operations in last 5 years

Ended Q4 2022 with $140M in cash and short-term investments

Cash Priorities

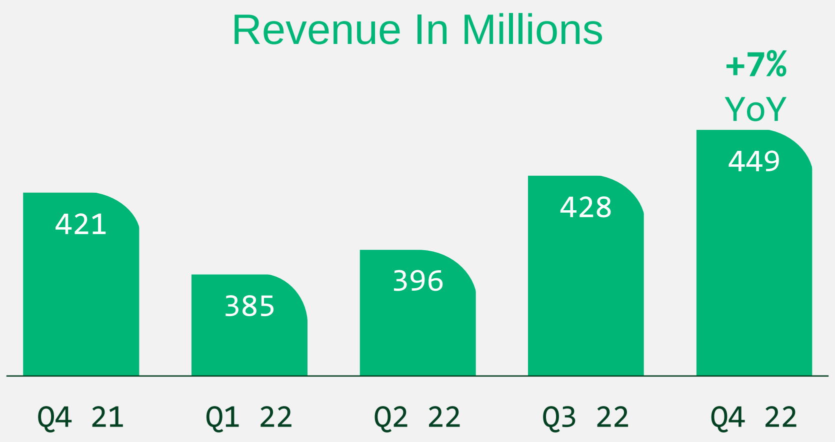
Organic growth through R&D

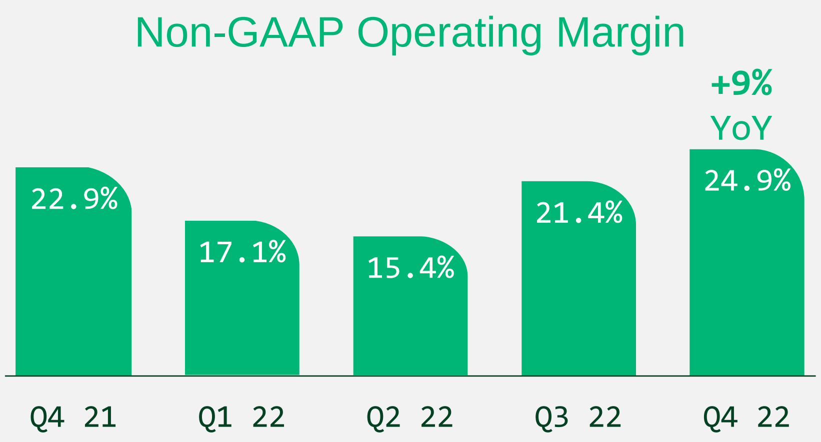
Growth acceleration through inorganic investments

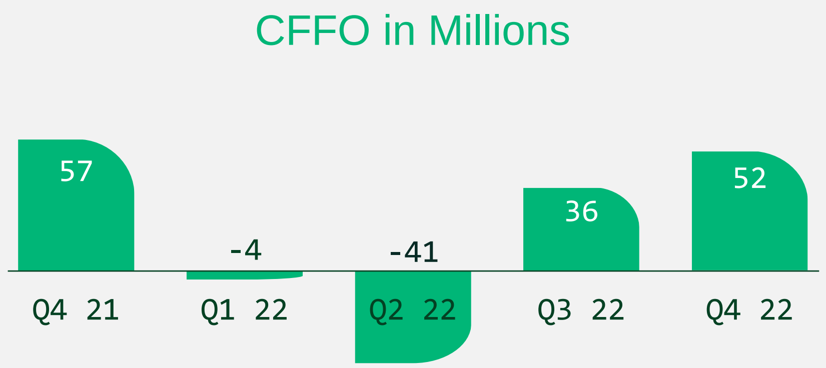
Return capital through dividend

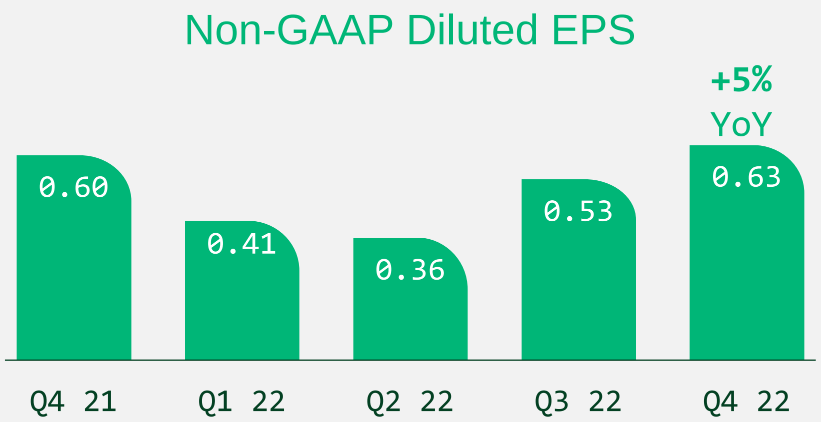
Reduce dilution with share repurchase

Quarterly Business Trends

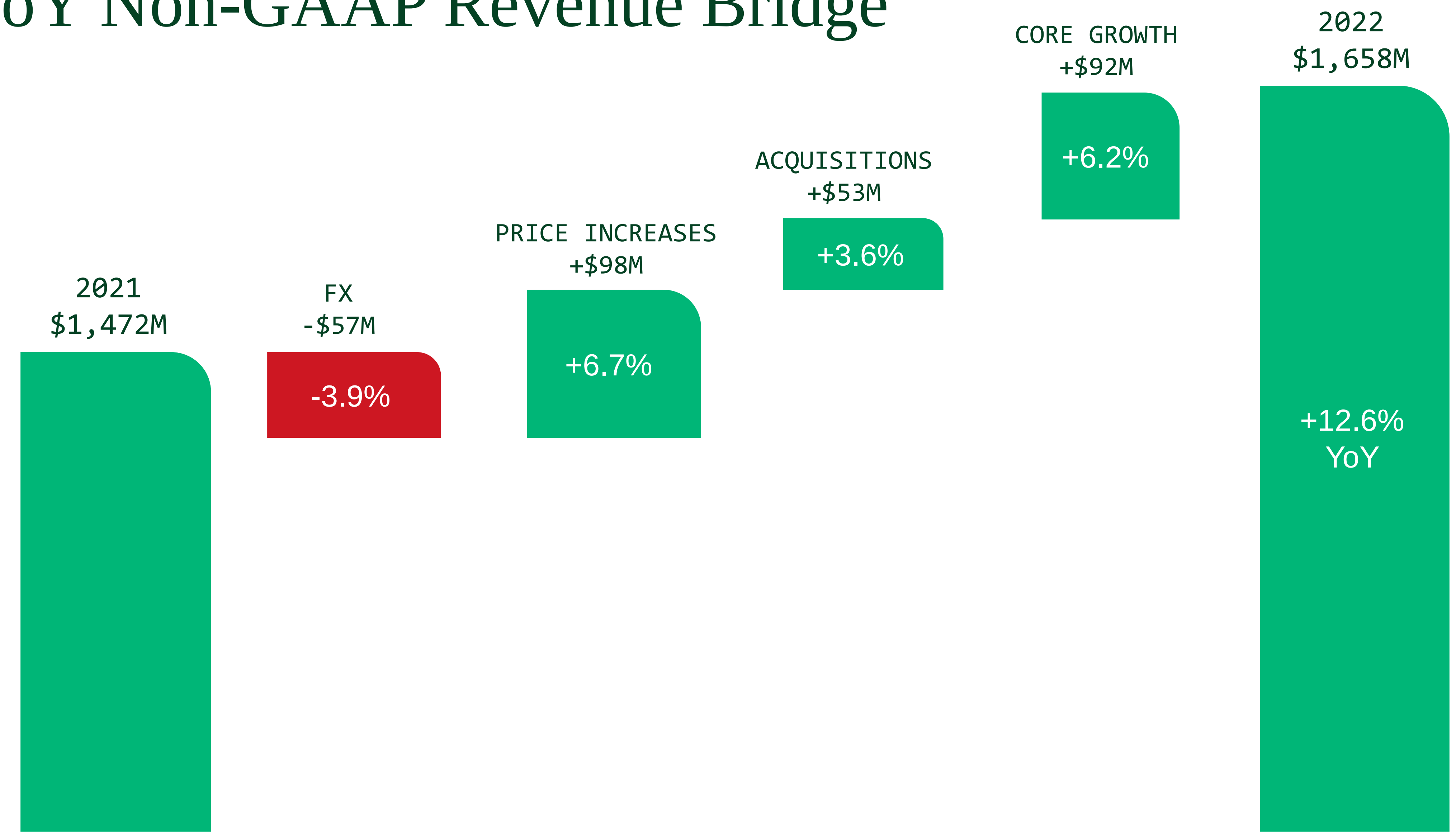






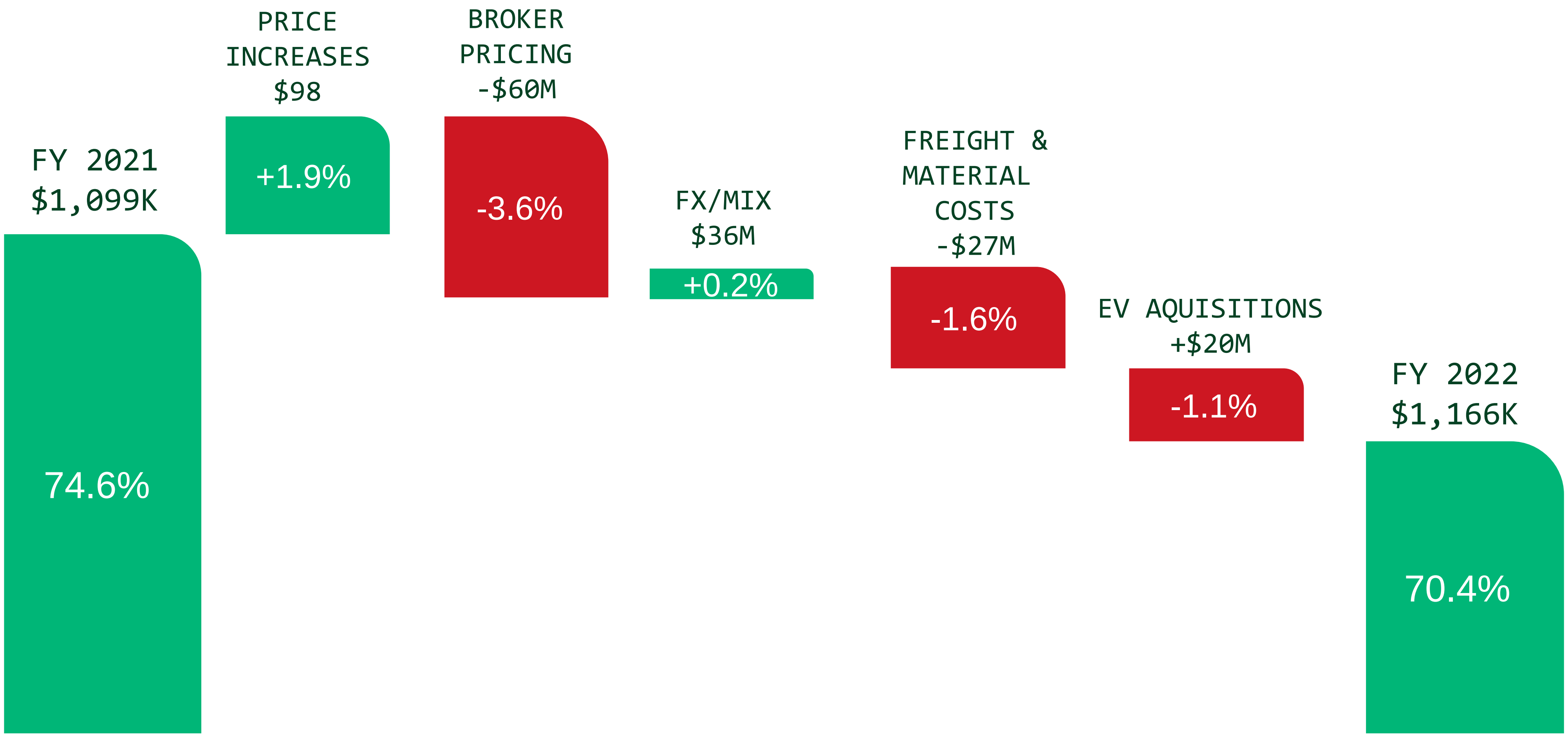


YoY Non-GAAP Revenue Bridge



NOTE: ACQUISITIONS INCLUDES COMPANIES ACQUIRED IN LAST 12 MONTHS (NHR, KRATZER, HEINZINGER)

YoY Non-GAAP Gross Margin Bridge



Business Transformation Driving Financial Momentum

Revenue Growth Above the Market

Mid-to-high single digit CAGR through 2025

Continue to grow share over the next 3 years

500 bps of Improvement in Non-GAAP Operating Margin Over the Next 3 Years

25% Non-GAAP operating margin by 2025

Resiliency and Scale Built into the Business

Cash generation and solid shareholder returns

Supplemental Reconciliation Data

Reconciliation of Operating Income to Non-GAAP Operating Income

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Years Ended December 31, 2022	Years Ended December 31, 2021
Reconciliation of Operating Income to Non-GAAP Operating Income				
Operating income, as reported	$ 60,331	$ 49,897	$ 192,069	$ 118,165
Stock-based compensation	17,771	18,522	78,614	74,712
Amortization of acquisition-related intangibles and fair value adjustments	11,087	10,706	46,329	32,227
Acquisition transaction and integration costs, restructuring charges and other	21,774	12,259	41,410	27,092
Net amortization of internally developed software costs	773	4,853	5,475	22,241
Gain on sale of business/assets	—	—	(33,636)	—
Non-GAAP operating income	$ 111,736	$ 96,237	$ 330,261	$ 274,437
Non-GAAP operating margin	25%	23%	20%	19%
Net income, as reported	$ 40,066	$ 40,336	$ 139,644	$ 89,315
Adjustments to reconcile net income to non-GAAP net income:				
Stock-based compensation	17,771	18,522	78,614	74,712
Amortization of acquisition-related intangibles and fair value adjustments	11,554	11,237	48,297	34,234
Acquisition transaction and integration costs, restructuring charges and other	21,374	12,259	35,725	31,414
Net amortization of internally developed software costs	773	4,853	5,475	22,241
Gain on sale of business/asset	—	—	(33,636)	—
Income tax effects and adjustments(1)	(8,735)	(7,429)	(18,790)	(27,832)
Non-GAAP net income	$ 82,803	$ 79,778	$ 255,329	$ 224,084
Non-GAAP net margin	18.5%	18.9%	15.4%	15.2%
Diluted EPS, as reported	$ 0.30	$ 0.30	$ 1.05	$ 0.67
Adjustment to reconcile diluted EPS to non-GAAP diluted EPS				
Stock-based compensation	0.14	0.14	0.59	0.56
Amortization of acquisition-related intangibles and fair value adjustments	0.09	0.09	0.37	0.26
Acquisition transaction and integration costs, restructuring charges and other	0.16	0.09	0.27	0.23
Net amortization of internally developed software costs	0.01	0.04	0.04	0.17
Gain on sale of business/asset	—	—	(0.25)	—
Income tax effects and adjustments(1)	(0.07)	(0.06)	(0.14)	(0.21)
Non-GAAP diluted EPS	$ 0.63	$ 0.60	$ 1.93	$ 1.68

(1): The income tax effect related to each non-GAAP item is calculated based on the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment, and considers the current and deferred tax impact of those adjustments.

Reconciliation of GAAP Diluted EPS Guidance to Non-GAAP Diluted EPS Guidance (unaudited)

	Three Months Ended March 31, 2023	
	Low	**High**
GAAP Diluted EPS, guidance	$ 0.14	$ 0.28
Adjustment to reconcile diluted EPS to non-GAAP diluted EPS:		
Stock-based compensation	0.14	0.14
Amortization of acquisition-related intangibles and fair value adjustments	0.08	0.08
Acquisition transaction and integration costs, restructuring charges and other	0.19	0.19
Net amortization of internally developed software costs	—	—
Income tax effects and adjustments[1]	(0.07)	(0.07)
Non-GAAP Diluted EPS, guidance	$ 0.48	$ 0.62

(1): The income tax effect related to each non-GAAP item is calculated based on the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment, and considers the current and deferred tax impact of those adjustments.

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is now NI.