

GROWTH AND PROFITABILITY

Q1 2014 PRESENTATION

May 2014

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FINANCIAL HIGHLIGHTS Q1 2014

Invoiced USD sales increased 15% compared to Q1 2013

Revenue in Q1 2014 at 47.8 MDKK

- 8% increase compared to Q1 2013
- 9% increase compared to Q4 2013

Gross margin in Q1 2014 was 73%

- Compared to 68% for Q1 2013

EBITDA in Q1 2014 was 6.5 MDKK

- 25% increase compared to Q1 2013

EBITDA margin in Q1 2014 was 14%

- Compared to 12% for Q1 2013

Net cash at 93 MDKK by end of Q1 2014



FINANCIAL RESULTS Q1 2014

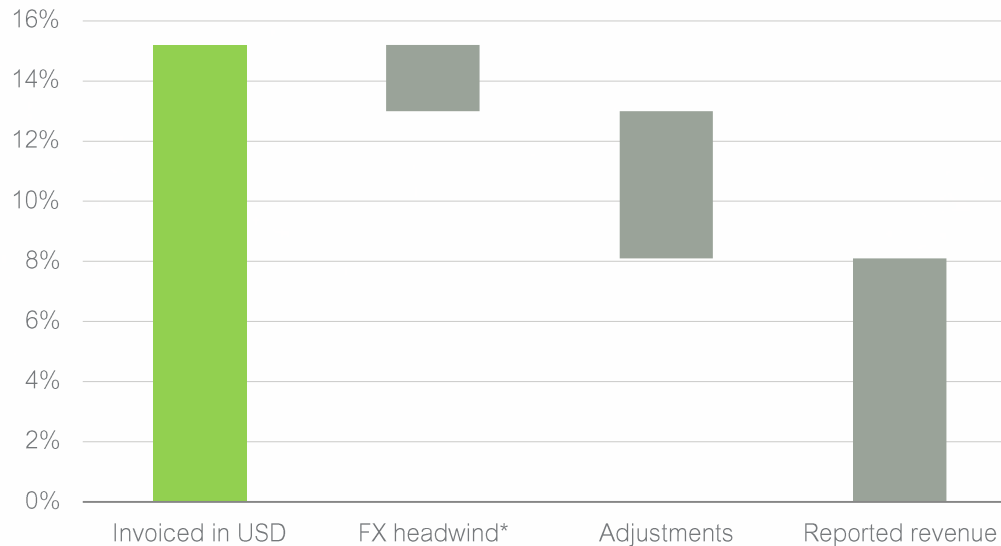
	Q1'14	Q4'13	Q1'13
Revenue (MDKK)	47.8	44.0	44.2
Growth YoY	8%	(16)%	28%
Gross Margin	73%	74%	68%
EBITDA (MDKK)	6.5	10.5	5.2
EBIT bf exceptional items (MDKK)	1.1	5.1	0.1
IPO related cost (MDKK)	0	6.8	0
EBT (MDKK)	0.9	(1.5)	0.8

CASH FLOW Q1 2014

1,000 DKK	Q1'14	Q1'13
Profit before tax	859	839
Net cash flow from operating activities	(9,572)	6,476
Investments in Product development	(10,663)	(4,974)
Net cash used in investments activities	(13,371)	(6,446)
Issue of shares	110	0
Net cash flow from financing	110	0
Net increase in cash & cash equivalents	(22,861)	30
Cash and cash equivalents at January 1'st	122,223	30,105
Cash and cash equivalents at March 31'st	99,163	30,135

Q1 2014 GROWTH IN UNDERLYING BUSINESS

Invoiced sales /Revenue Growth



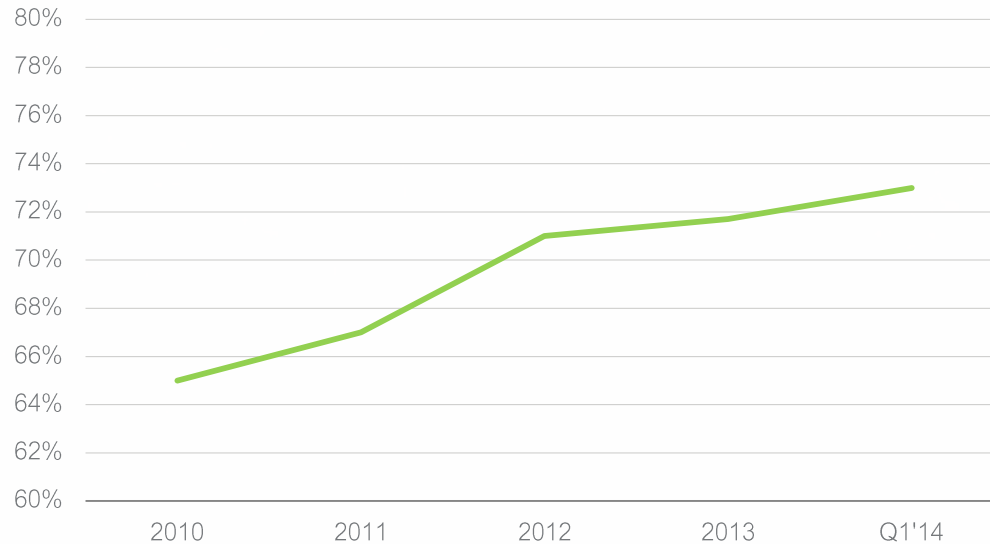
Influencing factors:

- Lower US Dollar to Danish Kroner exchange rate
- Revenue recognition and accounting adjustments

* Based on average bookkeeping rates

GROSS MARGIN - CONTINUED IMPROVEMENTS

Gross Margin

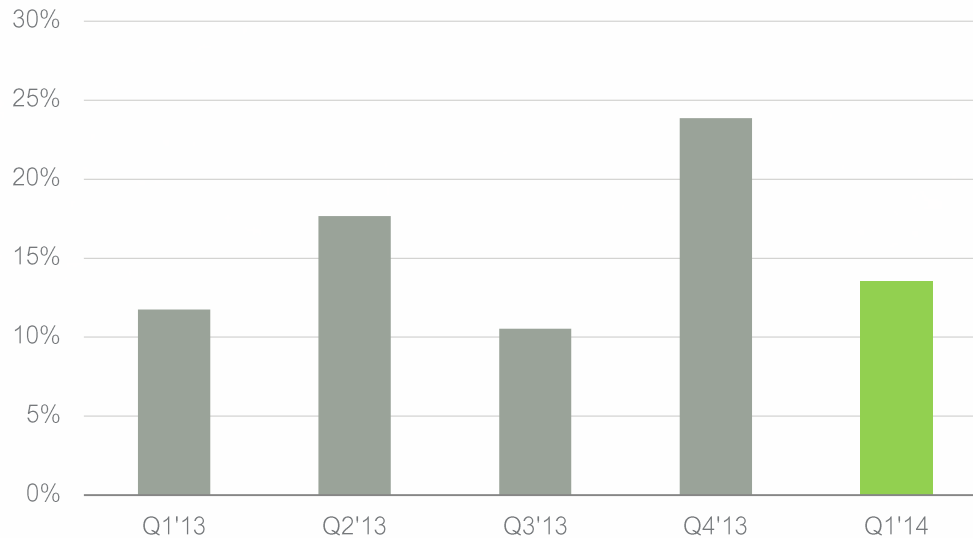


Margin development:

- Transition towards higher speed products
- Operational excellence and improvements
- Development in APAC business

IMPROVED EBITDA MARGIN - YoY

EBITDA Margin



Q1 2014 EBITDA margin:

- Gross margin effect
- Spending in sales and marketing

IMPROVEMENT YoY IN BOTH NAM AND EMEA

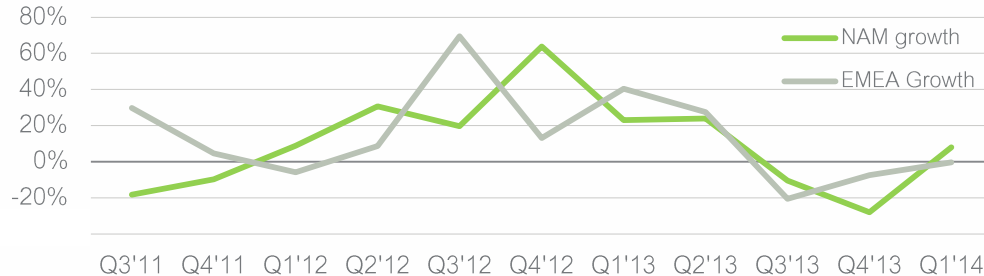
Q1'14 Revenue Growth



Geographical split:

- North America on recovery trend
- EMEA recovery continues. 0% in Q1'14
- APAC shows solid growth
- Large historical fluctuations

YoY Revenue Growth





RECENT EVENTS AND SHAREHOLDER STATUS

RECENT RECOGNITIONS AND EVENTS

- Announced the release of new 4 port 10 GbE PCIe Gen3 accelerator
- New 4 port 10 and 100 Gigabit accelerators included on PCI-SIG compliance list*
- Network Products Guide, selected Napatech as a finalist for the 9th Annual 2014 Hot Companies and Best Products Awards**
- Napatech partnership with Sly Technologies, a US based value added reseller specializing in Java based middle-ware platforms
- Opening of UK office and hiring of Sales Director are the latest steps in expanding our geographical reach

*) http://www.pcisig.com/developers/compliance_program/integrators_list/pcie_3.0#addin

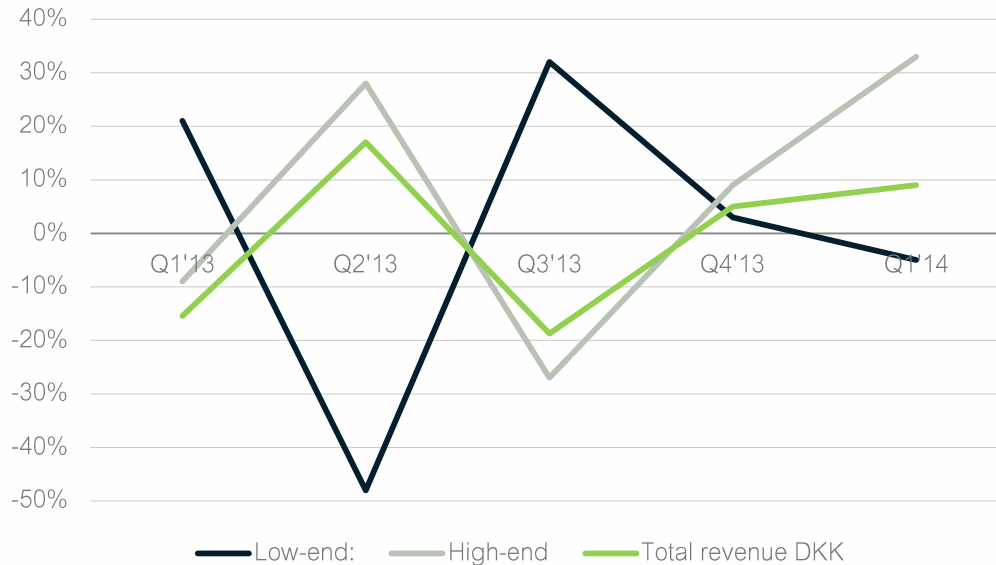
**) <http://www.networkproductsguide.com/>

NEW QUARTERLY SHIPMENT INDICATOR

- Napatech launched a new activity indicator in April named “Napatech Quarterly Shipment Indicator” (QSI)
- The intension is to provide the market with progress in our underlying business
- The QSI shows development in product ports shipped to customers for the previous quarter
- QSI information will be released at the beginning of each quarter
- The QSI is provided for both low-end ports (1 GbE) and high-end ports (10 GbE and above)

THE QSI - HISTORICAL PERSPECTIVE

Sequential port growth



- Measured as sequential growth in port shipment quarter over quarter
- High-end port (10 GbE and above) changes have more impact on revenue
- The correlation between revenue in DKK and the QSI is affected by exchange rate, revenue recognition and accounting adjustments

TOP 20 SHAREHOLDERS APRIL 30TH, 2014

Shareholders 1 - 10

Investor	Type	Country	(%)
Ferd AS	Ordinary	Norway	22,24
Northzone IV K/S	Ordinary	Denmark	21,99
Skandinaviske Enskilda	Nominee	Sweden	6,55
Skandinaviske Enskilda	Nominee	Denmark	5,02
State Street Bank	Nominee	US	4,73
Danske Bank A/S	Nominee	Denmark	4,44
Six SIS AG	Nominee	Switzerland	4,01
SEB Private Bank S.A	Nominee	Luxembourg	3,48
The Bank of New York	Nominee	Denmark	2,70
Treschow-Fritzøe AS	Ordinary	Norway	2,12
Top 10 total			77,27

Shareholders 11 - 20

Investor	Type	Country	(%)
DTU Invest rep. ved Sympion	Ordinary	Denmark	2,04
Northzea Management	Ordinary	US	1,48
J.P Morgan Chase Bank	Nominee	Great Britain	1,24
MVTU rep. ved DTU symbion	Ordinary	Denmark	1,07
Nordea Bank Denmark	Nominee	Denmark	1,06
Pensjonsord. for apotekvirksam.	Ordinary	Norway	1,03
AKA AS	Ordinary	Norway	0,69
Private Investor	Ordinary	Norway	0,64
Bank Julius Bår & Co	Nominee	Switzerland	0,60
Jomani AS	Ordinary	Norway	0,57
Others			12,30
Total			100.00

The background is a dark, abstract composition. It features numerous concentric, semi-transparent circles that create a sense of depth and movement. A bright, glowing yellow line or band of light cuts through the center of the image, adding a focal point. The overall aesthetic is futuristic and technological.

STRATEGIC DIRECTION AND FOCUS

NAPATECH STRATEGIC DIRECTION

To be the recognized standard for accelerating applications that ensure the quality and security of the network services we all rely on



Develop current
and new
customer base



Develop
verticals and
geographies



Expand
our product
portfolio



Enhance
our brand
leadership

RECENT DESIGN WIN SUMMARY

- 10 Gigabit design win with US based leading provider of network visibility and security intelligence to defend enterprises against today's top security threats
- 10 Gigabit design win with South Korean based telecom equipment manufacturer
- 1 Gigabit design win with European based international leader in electronic and information technologies for defense systems
- First major 40 Gigabit design win with US based test & measurement solution vendor for the communications industry, 3'rd design win at existing customer

Design wins underline:

- Pipeline of new customers
- Expansion of business with existing customers
- Customer confidence in Napatech technology, quality and future strategy
- Revenue stream linked to customers' market share

320 GIGABIT BREAKTHROUGH PERFORMANCE

- Napatech's 320 Gbps throughput achievement has shattered industry perception of throughput performance
- This performance is a strong statement of the advantage of our "standardize on Napatech" strategy
- This very impressive high performance achievement, compared to traditional and more expensive proprietary solutions, is expected to have a positive impact on our long term growth opportunities
- The performance is obtained by using 8 of Napatech's new 10 Gigabit accelerator's providing a total of 32 ports
- Napatech will demonstrate this publicly at Cisco Live*

*) <http://www.ciscolive.com/us/>



100 GIGABIT – FLAGSHIP ACCELERATOR

- Our newly released 100 Gigabit accelerator will enable our customers to initiate product development of their next-generation monitoring and security products ahead of the data growth curve
- We expect that 100 Gigabit design decisions are initiated now by the major equipment manufacturers
- Napatech has through the announcement of our new 100 Gigabit accelerator, demonstrated our capabilities to execute on the most demanding new technologies
- Key customers are signed up for our Early Access Program
- Napatech will debut the 100 Gigabit accelerator at Cisco Live



ENHANCE BRAND LEADERSHIP

- Our ambition with the new Napatech positioning is to clearly articulate and enhance Napatech's offering and value proposition to the market
- We believe that a clear positioning of what our customers can expect from Napatech will help guide their strategic decisions in standardizing on Napatech solutions
- As part of the positioning Napatech has launched a new website to improve our communication to customers and the market in general
- We have restated our mission to emphasize our value proposition: Our mission is to keep our customers one step ahead of the data growth curve by accelerating their applications and time-to-market while reducing risk

Napatech. FASTER THAN THE FUTURE



MARKET TRENDS AND OUTLOOK

40 GIGABIT MARKET TRENDS

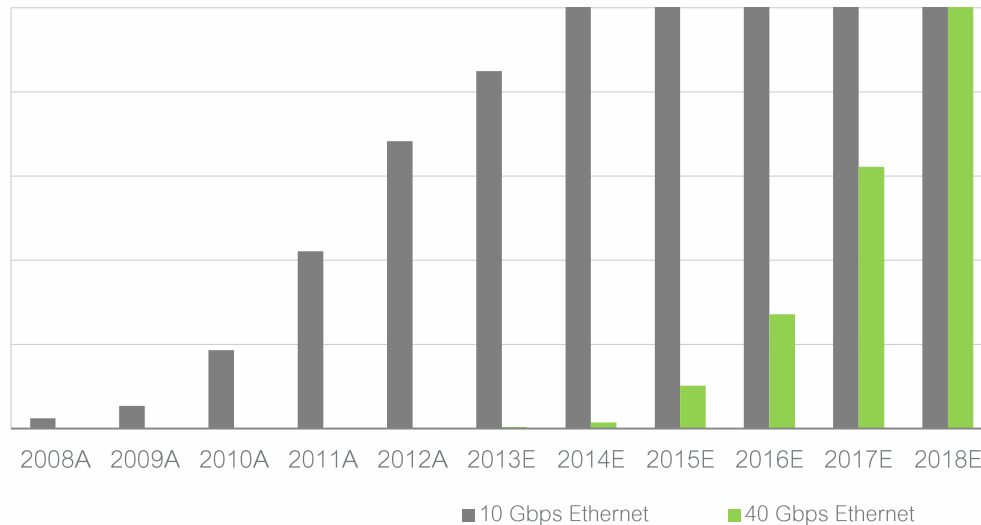
- At recent Ethernet Tech Summit industry leaders (e.g. Cisco and others) expressed expectation of significant up-take in 40 Gigabit Ethernet deployment
- The broad Cisco portfolio of 40 Gigabit Ethernet products as well as their removal of barriers of adoption by delivering connectivity for existing infrastructure, leads Napatech to believe in emerging business opportunities within the 40 Gigabit market
- Dell'Oro Group* expects 2014 to be the year where 40 Gigabit Ethernet takes off. As deployment started in 2013, the next few years will see strong growth within 40 Gigabit server shipments. 10 and 40 Gigabit Ethernet will account for 60% of all shipments in 2014, reaching 100% market share in 2018, at the expense of 1 Gigabit Ethernet
- Directing analyst, Matthias Machowinski, Infonetics states**: “40 GbE alone will easily pass \$1 billion in revenue this year as it becomes the technology of choice in the data center.”

*) Dell'Oro research: www.ethernetsummit.com/English/Collaterals/Proceedings/2014/20140430_Keynote2_Weckel.pdf

**) Infonetics Analysis: <http://www.infonetics.com/pr/2014/4Q13-Ethernet-Switch-Market-Highlights.asp>

40 GIGABIT VOLUME DEPLOYMENT

Server ports



*) all figures from Crehan Research

- Crehan research expects 40 GbE port deployment to be meaningful in 2014
- 40 GbE port deployment growth expectations are higher than actual growth in 10 GbE
- 10 GbE port deployment in 2008 seems above 40 GbE in 2014

MANAGEMENT OUTLOOK

- The general climate for network infrastructure investments are expected to continue to improve during 2014
- Our new 10 and 100 Gigabit product lines and expansion of our Sales & Marketing activities are expected to fuel additional growth
- The market predictions of up-take in 40 Gigabit from 2014 are positive signs supporting our growth expectations
- Increasing customer requirements for guaranteed data security and information protection are driving demand for Napatech high performance accelerators

Guidance for full year 2014 is maintained at:

- Revenue growth 17%-23%
- EBITDA margin 18%-23%

USD exchange rate:

- Assumed to be at same level as 2013

QUESTIONS AND ANSWERS SESSION

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