

The background of the slide features a dark blue gradient with faint, light blue curved lines. Overlaid on this are two data visualization elements: a white line graph with circular markers and a green line graph with circular markers, both showing fluctuating trends. Behind these lines is a bar chart with vertical bars of varying heights in shades of green and blue. A large, semi-transparent white rectangle is positioned on the right side of the slide, containing the title and date information.

BUILDING MOMENTUM Q4 2015 PRESENTATION

February 16th, 2016 – Henrik Brill Jensen, CEO

FINANCIAL HIGHLIGHTS Q4 2015

2015 - Strong performance

- Revenue 216.6 MDKK 19% growth
- EBITDA margin 16%

USD sales in Q4 2015 was 10.5 MUSD

Revenue in Q4 2015 was 69.9 MDKK

- 44% increase compared to Q4 2014
- 16% increase compared to Q3 2015

Gross margin in Q4 2015 was 73%

- Compared to 73% for Q4 2014

EBITDA in Q4 2015 was 16.3 MDKK

- Increase from 4.6 MDKK in Q4 2014
- EBITDA margin in Q4 2015 was 23%

EBT in Q4 2015 was 7.6 MDKK

- Increase from negative 0.3 MDKK in Q4 2014

EPS in Q4 2015 was 0.88 DKK / 1.14 NOK

- Increase from negative 0.12 DKK in Q4 2014

Cash and cash equivalents at 75.9 MDKK

- Increase of 24.3 MDKK during the quarter
- Net cash at 70.3 MDKK by end of Q4 2015

FINANCIAL RESULTS Q4 2015

	Q4'15	Q3'15	Q4'14
Revenue (MDKK)	69.9	60.4	48.4
Growth YoY*	44%	36%	10%
Gross Margin	73%	70%	73%
EBITDA (MDKK)	16.3	11.6	4.6
EBT (MDKK)	7.6	5.5	(0.3)
Cash flow from operating activities (MDKK)	31.1	3.1	15.5
Cash and cash equivalents, end of quarter (MDKK)	75.9	51.2	88.2
Total unused credit facilities, end of quarter (MDKK)	17	17	16

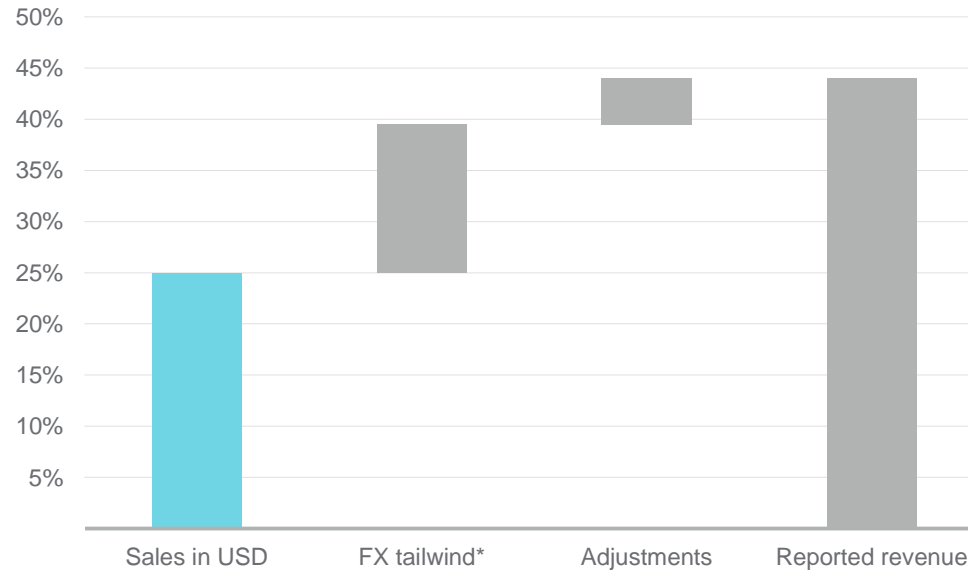
* YoY is the growth of current quarter compared with the same quarter one year earlier

FINANCIAL RESULTS FULL YEAR 2015

	2015	2014
Revenue (MDKK)	216.7	182.3
Growth YoY	19%	0%
Gross Margin	71%	73%
EBITDA (MDKK)	34.2	18.0
EBT (MDKK)	11.0	(0.7)
Cash and cash equivalents, end of quarter (MDKK)	75.9	88.2

Q4 2015 REVENUE

Sales / Revenue Growth (YoY)



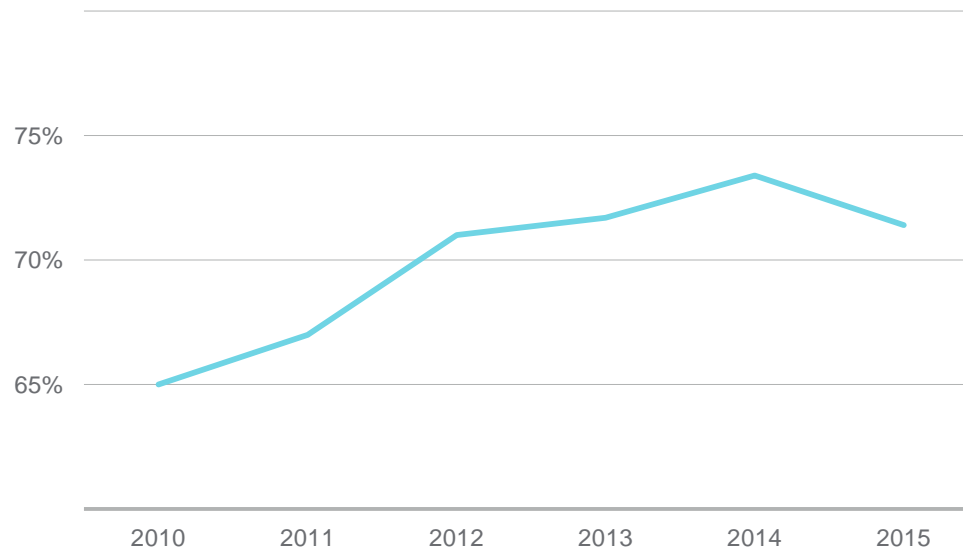
* Based on average rates

Influencing factors:

- Growth in underlying business, primarily driven by existing customers buying 1 and 10 gigabit products
- Higher US Dollar to Danish Kroner exchange rate creates tailwind to the revenue
- Revenue recognition and accounting adjustment have a positive effect

GROSS MARGIN DEVELOPMENT

Gross Margin (Yearly)

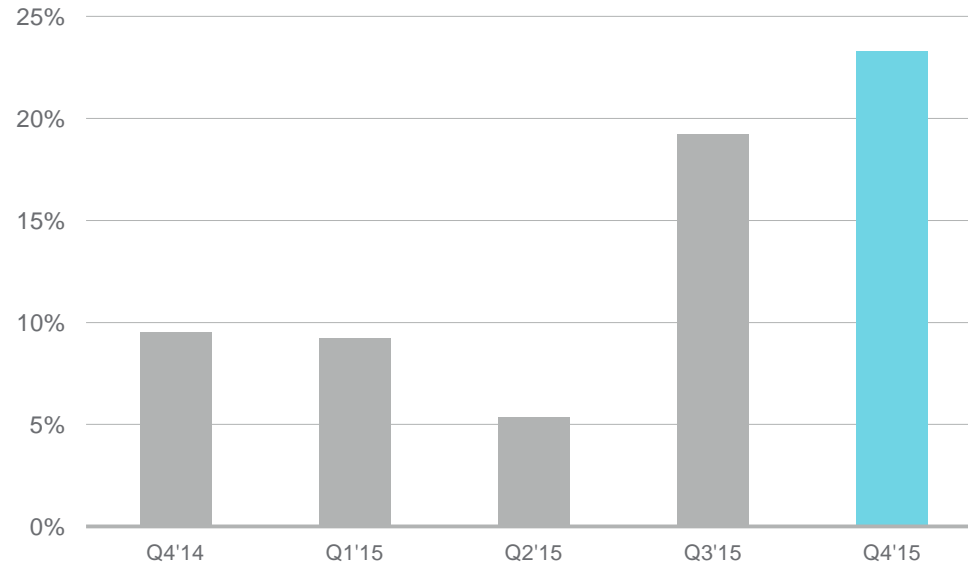


Margin development:

- Focused and aggressive go-to-market strategy could affect gross margin in the longer run
- The gross margin in Q4 is better than expected, and due to a favorable product mix

EBITDA MARGIN

EBITDA Margin

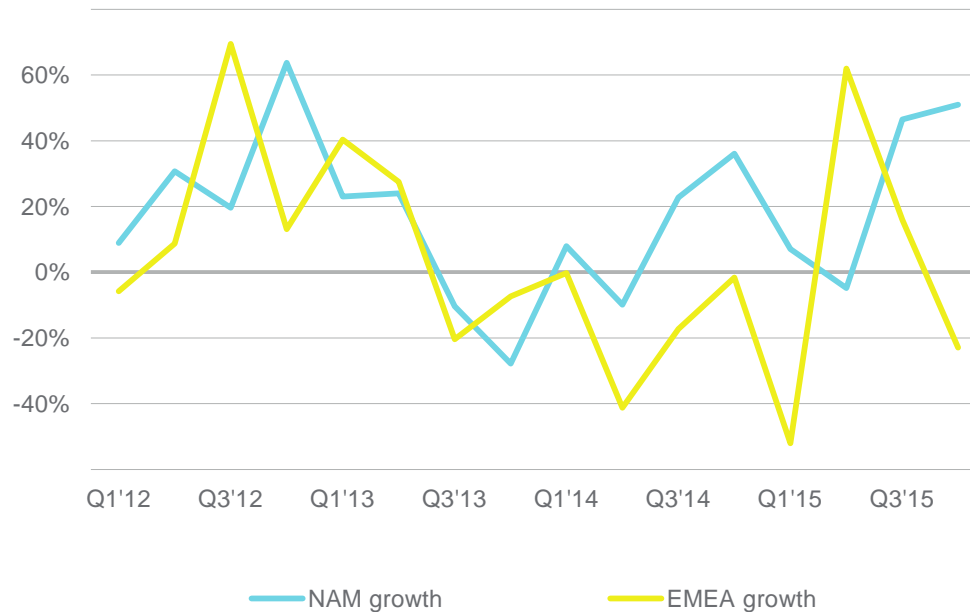


Q4 2015 EBITDA margin:

- EBITDA margin shows solid growth compared to previous quarters in 2014 and 2015
- Growth in revenue have had a positive impact on the EBITDA margin
- The development clearly shows our scalability, as increase in revenue leads to margin expansion

NORTH AMERICA DELIVERED SOLID GROWTH IN Q4

YoY Revenue Growth










Geographical split:

- North America increased by 51% (in DKK) in the quarter as a result of increased business at existing and new customers
- EMEA declined 23% mainly due to a very strong comparing quarter in 2014 and was in line with expectations
- APAC (not shown on graph) showed strong growth for the quarter, and had one of its best quarters

2015 KEY FINANCIAL FOCUS AND TREND

STRONGLY SUPPORTING OUR PLANS

Our focus areas	Our expectations	Result	2015 Target	2015 Result
Revenue		Deliver to guidance	12% growth	19% growth
Gross Margin		Aggressive go-to-market strategy	70%	71%
R&D Costs		Reallocation of resources to Sales and Marketing	Reduction	6% reduction
Admin Costs		Reallocation of resources to Sales and Marketing	Reduction	1% increase
Sales and Marketing Investments		Improved customer pipeline and sales momentum	Increase	8% increase
Overall Costs		Improved overall profitability	Flat	4% increase
Net Cash		Increased cash, exp. above Q1'15 level	> 64 MDKK	70 MDKK

Note: Costs including 2015 employee bonus, due to increased performance
R&D costs are not including capitalized R&D efforts

BUSINESS HIGHLIGHTS

NAPATECH RELEASES PANDION FLEX

FLEXIBILITY AND SCALABILITY

- A new Addition to our Pandion Family. Enables scalability, speed and more storage with superior performance
- Growing focus on network security, policy and regulatory compliance drive demand for simple data recording
- The Pandion Flex platform enable our customers to build critical network management and security applications quickly and efficiently
- Our new Pandion solution will be showcased at Mobile World Congress on February 22



NAPATECH VIRTUALIZATION SOLUTION FOR HIGH-PERFORMANCE NFV INFRASTRUCTURE

- Our new NFV NIC is a Network Interface Card designed specifically for Network Functions Virtualization
- Focused on enabling high-performance virtual networks by
 - Accelerating time-to-market for new functions
 - Flexibly supporting multiple services
 - Continuously enhancing capabilities
 - Optimizing the total cost of ownership
- Our new NFV NIC solution will be showcased at Mobile World Congress on February 22



Multi-speed: 10G, 25G, 40G, 50G and 100G

MEET NAPATECH AT MWC AND RSA

HUGE EXPOSURE TO EXISTING AND NEW CUSTOMERS

- Mobile World Congress (MWC) is the single biggest event for Napatech to meet up with current customers and build new exciting relationships
- RSA is the single biggest security event for Napatech
- More than 120,000 relevant professionals from around the globe are attending
- At both events we will launch
 - Our new positioning, Smarter Data Delivery
 - Showcase our new Pandion Flex recorder solution
 - Showcase our new NFV NIC virtualization solution



RECENT DESIGN WINS

SOLID TRACTION IN OUR TARGET INDUSTRIES

- 1 Gigabit design win by a US based Tier 1 Network equipment manufacture, for a security solution
- 1 Gigabit design win by US SPAWAR (Space and Naval Warfare Systems) for a security solution
- 10 Gigabit design win by HP Enterprise for a latency monitoring solutions for LTE networks



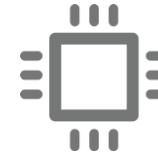
Technology Partner



OUR STRATEGIC DIRECTION

SMARTER DATA. DELIVERED. OUR STRATEGY

- Our ambition is to be the #1 vendor for Smarter Data Delivery Solutions, providing a 100 MUSD top-line by 2020
- Major trends within Mobile, Security, 100G penetration & Virtualization, drive demand for smarter data management and security solutions
- The goal for the strategic review done during 2H 2015 has been to establish the long term strategic position, define growth platforms and a road map of strategic initiatives for the coming years
- We will secure growth by executing in 4 clearly defined areas
 - Accelerator solutions
 - Network recorder solutions
 - Virtualization solutions
 - Continuous innovation



**MARKET LEADER IN
NETWORK ACCELERATOR
SOLUTIONS**



**MARKET LEADER FOR
DEDICATED NETWORK
RECORDER SOLUTIONS**

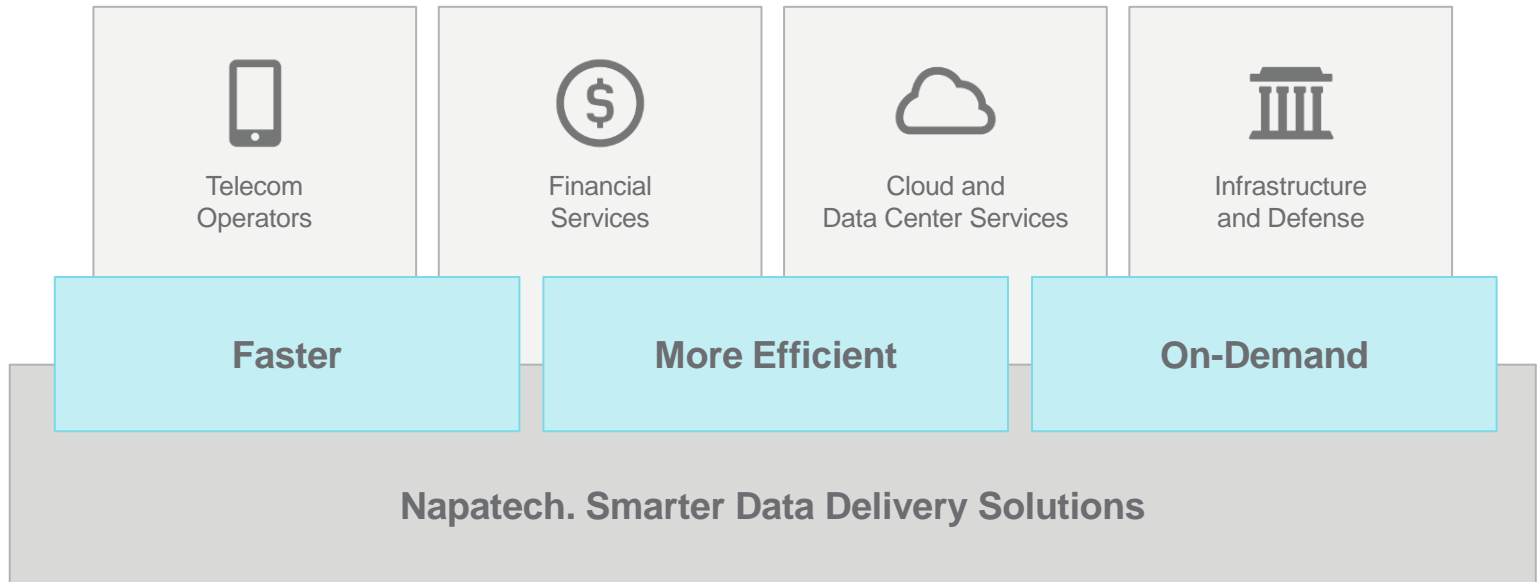


**FRONT-RUNNER
IN ACCELERATING
VIRTUALIZED NETWORKS**



**THOUGHT LEADER
DRIVING EXCEPTIONAL
NEW INNOVATION**

OUR MARKETS PROVIDE GREAT POTENTIALS STRONG VALUE PROPOSITIONS



MARKET INSIGHTS FROM CLOSE COLLABORATION WITH TIER 1 CUSTOMERS PROVE SIGNIFICANT POTENTIAL

**+450
MUSD**

ACCELERATORS – FULL POTENTIAL YET TO BE EXPLOITED

Scaling ongoing projects with Tier 1 Network Management, Telecom and Data Center Providers to the entire market offers a potential of more than USD 450 million by 2020*

"We anticipate the market for network visibility tools – and the closely adjacent market for advanced traffic analysis tools that incorporate multiple sources of data alongside packet captures and flow data – to continue to grow rapidly as enterprises seek to manage new virtual networking."

The 451 Group, May 2015

**+600
MUSD**

NETWORK RECORDERS – HUGE MARKET POTENTIAL

A combined focus on cross selling to existing OEM customers and developing new customer engagements within Finance, Defense and Data Center Providers will open a network recorder market potential of more than 600 MUSD**

"Advanced Threat Detection is estimated to be a \$2bn market which is just emerging... Network Traffic Analysis provides opportunity for Napatech accelerators and Network Forensics provides opportunity for Pandion."

CTO, Cybersecurity Vendor

**+6000
MUSD**

NETWORK FUNCTION VIRTUALIZATION – NEW OPPORTUNITIES

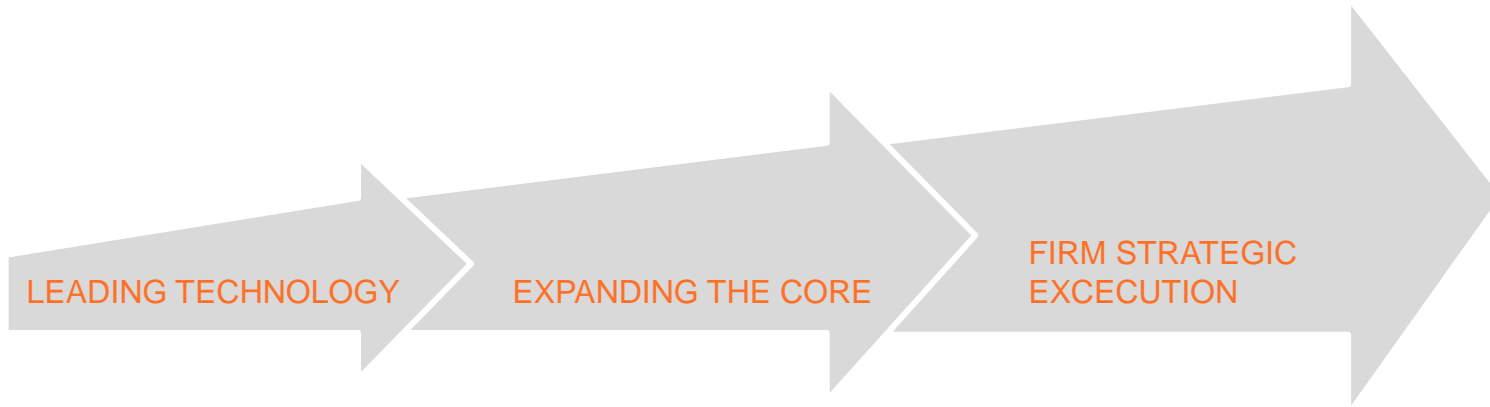
NFVI market is estimated to 300 MUSD in 2015 and are expected to grow to +6,000 MUSD by 2020***

"By the end of 2014, we moved 40% of our total strategic IT apps to the cloud and we continue to migrate an app a day...our goal is to virtualize and control over 75 percent of our network using this new architecture by 2020."

Senior VP, Telecom Operator

Sources: * Based on Gartner market data and Napatech assessment, ** Based on Gartner market data, US Department of Defense Cyberstrategy and Napatech insight, ***Aggregation of several sources: Orbis Research February 2015, "NFV Market Business Case", "Market Analysis and Forecasts 2015 – 2020", Infonetics November 2014, "Carrier SDN and NFV Hardware and Software", SDxCentral May 2015, "SDxCentral SDN and NFV Market Size Report"

STRONG TECHNOLOGY, PORTFOLIO & ORGANIZATION IN PLACE TO ACHIEVE OUR GROWTH AMBITIONS

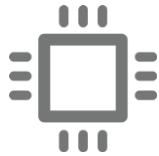


- World leader within **network accelerator solutions** based on series of successfully launched technology innovations
- Strong **core technology and organizational capabilities** in place

- Additional growth realized based on enhanced **accelerator product line**
- New **network recording** product line, to grab new market opportunities
- Organization adjusted to exploit **full potential** of core business and to secure future growth

- New **NFV product line** capitalizing on strong growth in virtualization
- Growth strategy developed by **strengthened management team, validated with key customers** and supported by market insights
- Strong strategic ambition, secured by **firm execution of strategic road map** over the next years

IMPROVED TRACTION THROUGH CLOSE CUSTOMER COLLABORATION & NEW GROWTH THROUGH INNOVATION



CO-CREATED AND OFF THE SHELF ACCELERATOR SOLUTIONS

Be the market leader in co-created and standard network accelerating solutions to fulfill the need for real-time data analysis



CO-CREATED NETWORK RECORDER SOLUTIONS

Be the leading vendor for network recorder solutions for network management and security applications to fulfill the need for on-demand analysis



FRONT-RUNNER IN VIRTUALIZATION SOLUTIONS

Be the preferred partner and de-facto standard for high performance hardware acceleration solutions in virtualized networks



INNOVATIVE SMARTER DATA DELIVERY SOLUTIONS

Be the innovative market leader and drive growth through innovation outside existing business areas to fulfill new data delivery needs

LEADING-EDGE CORE TECHNOLOGY PLATFORM

Continuously improve our core technology platform to ensure that Napatech is on the leading edge of technology trends and well-positioned to collaborate with market leaders in creating new solutions as well as to develop additional innovative solutions

STRATEGY WITH FIRM ASPIRATION TO BE THE #1 VENDOR FOR SMARTER DATA DELIVERY SOLUTIONS

**DELIVER DATA
TO THE RIGHT PLACE**

We deliver the data where it needs to be analyzed in the right form and at the right speed

**SMARTER
DATA.
DELIVERED.**

**DELIVER THE RIGHT DATA
TO USERS**

We deliver the data that needs to be analyzed to improve our customers' business performance

**DELIVER DATA
AT THE RIGHT TIME**

We deliver the data in real time or on demand to suit the analysis needs of our customers

BUSINESS OUTLOOK

MANAGEMENT OUTLOOK 2016

- We expect that 2016 will be a very exciting year, where we will continue to execute on our growth opportunities, as well as securing an EBITDA margin expansion
- We see the following to be the important growth drivers for Napatech during 2016
 - Continued strong growth of 10 gigabit networks deployments
 - Acceleration of 100 gigabit with Telecom and Datacenters
 - Increased focus on cyber security and public safety requiring effective 10 to 100 gigabit real time and on-demand solutions
 - Our addition of the Pandion Flex product line

Guidance for full year 2016 is:

- Revenue growth around 20%
- EBITDA margin around 20%

2016 KEY FINANCIAL FOCUS AND TREND

SCALE AND GROW

Our focus areas	The Trend	Target Comment	2016 Target
Revenue		Deliver to guidance	~ 20% growth
Gross Margin		Influenced by new product line(s) and go to market strategy	~ 70%
Overall Costs		Improved overall profitability by scalability	5% increase
EBITDA Margin		Deliver to guidance	~ 20%
R&D Investments		Product development to support the strategy	> 40 MDKK
Net Cash Position		Continued investment in future growth	+/- 10 MDKK

NAPATECH HIGHLIGHTS

Fourth quarter 2015

- 44% revenue growth
- 23% EBITDA margin
- EPS 0.82 DKK / 1.06 NOK

Full year 2015

- 19% revenue growth
- 16% EBITDA margin
- Pre-tax profit 11 MDKK

Guidance full year 2016

- Around 20% revenue growth
- Around 20% EBITDA margin

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QUESTIONS AND ANSWERS SESSION

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