

The background of the slide features a stylized chart. It includes a white line graph with circular markers and a green line graph with circular markers, both showing fluctuating data points. Behind these lines is a bar chart with vertical bars of varying heights in shades of blue and green. The entire chart is set against a dark blue background with faint, light blue curved lines.

SUSTAINED SCALABILITY DRIVING EBITDA Q1 2016 PRESENTATION

May 10th, 2016 – Henrik Brill Jensen, CEO

FINANCIAL HIGHLIGHTS Q1 2016

USD sales in Q1 2016 was 7.0 MUSD

Revenue in Q1 2016 was 46.3 MDKK

- 6% increase compared to Q1 2015
- 34% decrease compared to Q4 2015

Gross margin in Q1 2016 was 73%

- Compared to 71% for Q1 2015

EBITDA in Q1 2016 was 6.2 MDKK

- 53% increase compared to Q1 2015
- 13% EBITDA margin in Q1 2016

EBIT in Q1 2016 was negative 2.3 MDKK

- Improvement from negative 2.8 MDKK in Q1 2015

EPS in Q1 2016 was (0.77) DKK / (0.96) NOK

- Decrease from 0.60 DKK in Q1 2015

Cash and cash equivalents at 69.8 MDKK

- Decrease of 0.1 MDKK compared to Q1 2015
- Net cash at 64.2 MDKK by end of Q1 2016

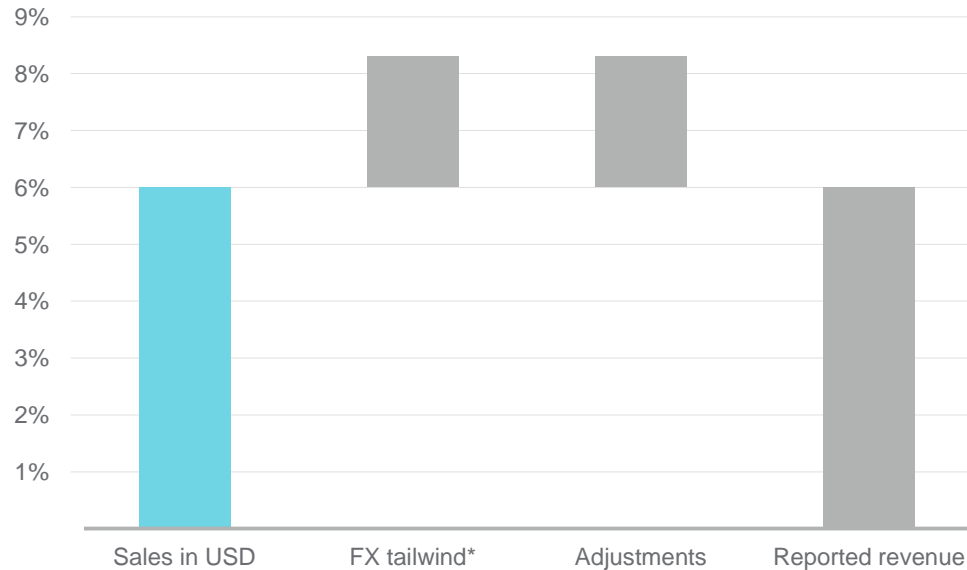
FINANCIAL RESULTS Q1 2016

	Q1'16	Q4'15	Q1'15
Revenue (MDKK)	46.3	69.9	43.7
Growth YoY*	6%	44%	(9%)
Gross Margin	73%	73%	71%
EBITDA (MDKK)	6.2	16.3	4.0
EBT (MDKK)	(5.8)	7.6	4.6
Cash flow from operating activities (MDKK)	8.6	31.1	(5.8)
Cash and cash equivalents, end of quarter (MDKK)	69.8	75.9	69.9

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

Q1 2016 REVENUE

Sales / Revenue Growth (YoY)



* Based on average rates

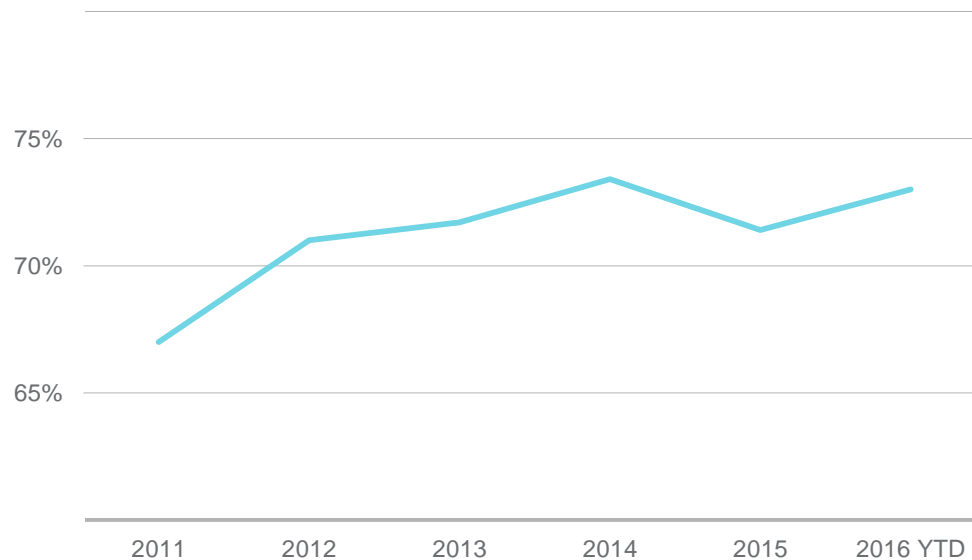
Influencing factors:

- 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 negative effect

Note: The US Dollar to Danish Kroner exchange rate is calculated as a daily average rate through the quarter and compared YoY

GROSS MARGIN DEVELOPMENT

Gross Margin

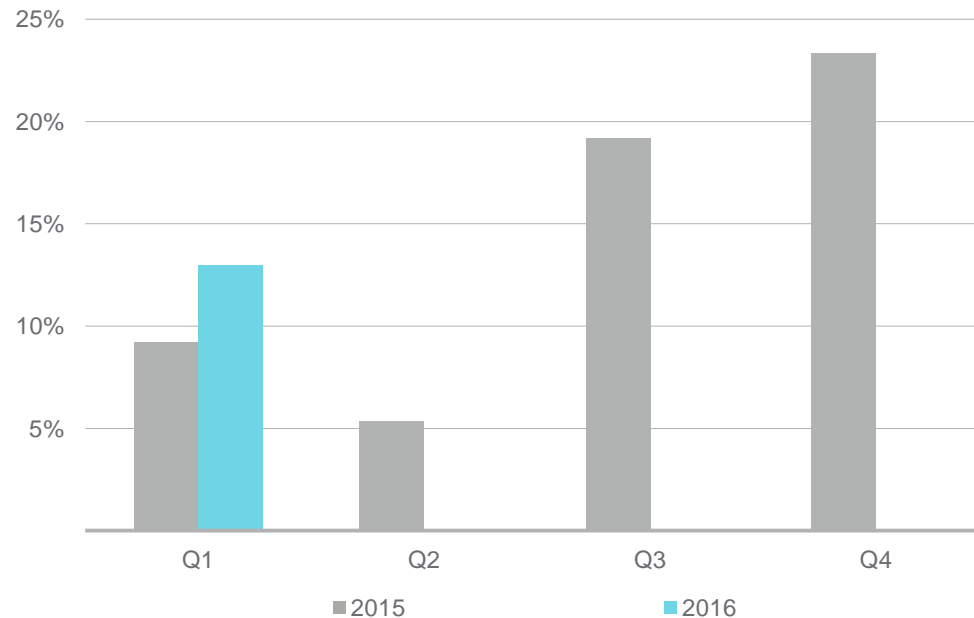


Margin development:

- Focused and aggressive go-to-market strategy could affect gross margin in the longer run
- The gross margin in Q1'16 is better than expected, and due to a favorable product mix

EBITDA MARGIN

EBITDA Margin

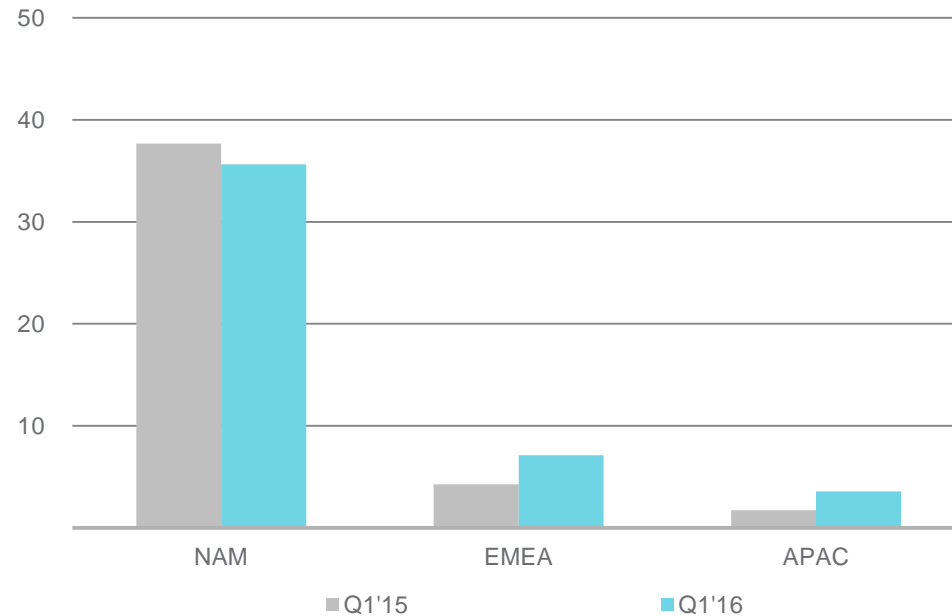


Q1 2016 EBITDA margin:

- EBITDA margin shows solid growth compared to first quarter 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

GROWTH IN EMEA AND APAC

Quarterly Revenue in MDKK



Geographical split:

- North America showed a decline of 5% compared with Q1 2015
- EMEA showed a significant growth driven by run-rate business
- APAC showed high growth but from a low level, APAC continues to show good progress in China

2016 KEY FINANCIAL FOCUS AND TREND

Q1 2016 STATUS

Our focus areas	The Trend	Target Comment	2016 Target	2016 YTD
Revenue		Deliver to guidance	~ 20% growth	6% growth
Gross Margin		Influenced by new product line(s) and go to market strategy	~ 70%	73%
Overall Costs		Improved overall profitability by sustained scalability	5% increase	3% increase
EBITDA Margin		Deliver to guidance	~ 20%	13%
R&D Investments		Product development to support the strategy	> 40 MDKK	11 MDKK
Net Cash Position		Continued investment in future growth	+/- 10 MDKK	- 6 MDKK

BUSINESS HIGHLIGHTS

NAPATECH RELEASES NEW PRODUCT

2 PORT 40 GIGABIT ACCELERATOR

- Our newly released 40 Gigabit accelerator is a 2 port 40 Gigabit product – improving our 1 to 100 Gigabit accelerator portfolio of Smarter Data Delivery solutions
- Our target markets are the Datacenter, Telecom and Financial sector where we see large interest in 40 Gigabit network connectivity and the ability to analyze the data in real time with guaranteed 100% data integrity
- The product launch was conducted on March 31'st, and Napatech shipped the first products on the same day to multiple customers



RECENT DESIGN WINS

FIRST PANDION DESIGN WIN

- 40 Gigabit accelerator design win with a European network data analytics company for a network analysis solution
- 100 Gigabit accelerator design win with a Japanese Tier 1 network equipment manufacturer for a security solution
- Pandion recorder design win with a European system integrator for a network management solution



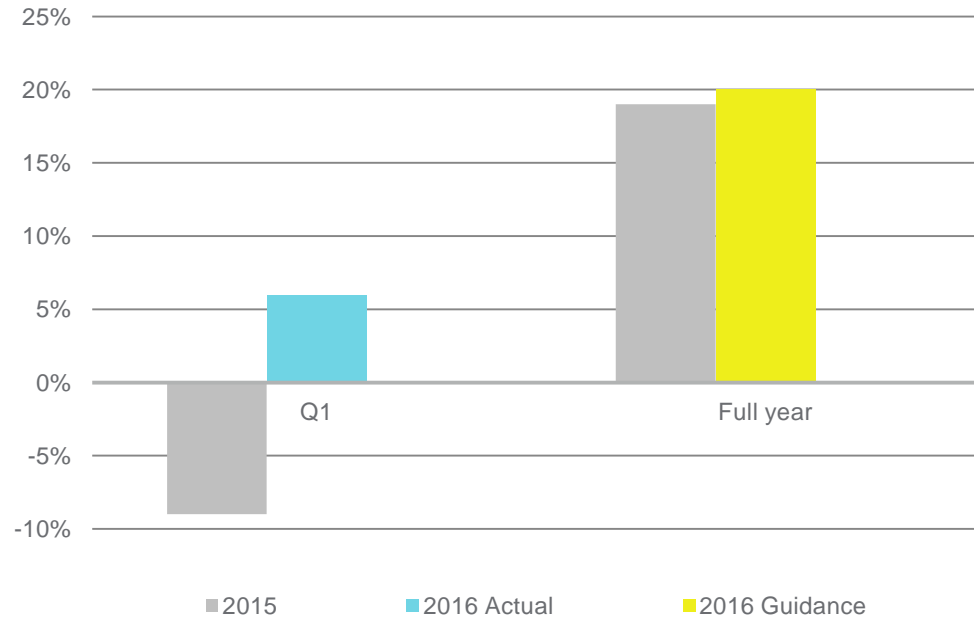
Technology Partner



REVENUE GROWTH INDICATOR

2016 STARTING AHEAD OF 2015

Revenue Growth (YoY)



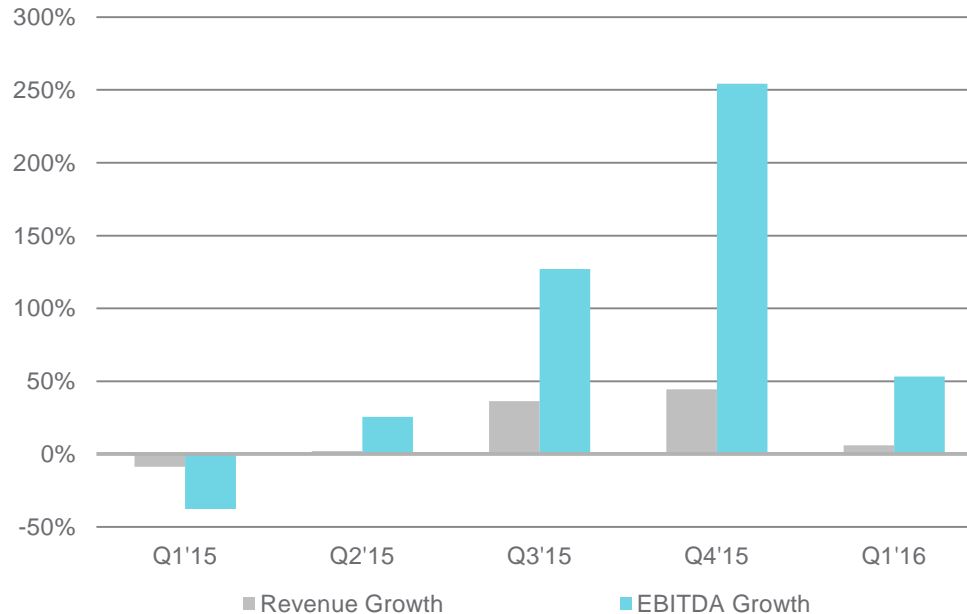
Comments to quarterly revenue indicator:

- Q1 2016 growth at 6% compared to negative 9% in Q1 previous year
- Full year growth in 2015 ended at 19%, and guidance for 2016 is around 20% growth

BUSINESS MODEL INDICATOR

SUSTAINED SCALABILITY DRIVING EBITDA

Growth in Revenue and EBITDA (YoY)



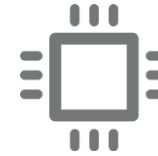
Comments to scalability:

- The Revenue to EBITDA ratio shows solid sustained scalability trough 2015 and into 2016
- We expect the Revenue to EBITDA ratio will decline over time. However the sustained scalability will continue to drive a strong EBITDA long term

PROGRESS ON OUR STRATEGY

SMARTER DATA DELIVERY PROGRESS BY FOCUSED CO-CREATION

- Our ambition is to be the #1 vendor for Smarter Data Delivery Solutions, providing a 100 MUSD top-line by 2020
- An important stepping stone to our ambition is strategic corporation with our customers through a program we call Co-creation
- We are already working on significant Co-creation projects within our accelerator and network recorder business
- We are currently identifying Co-creation projects within our virtualization business, to drive our NFV NIC technology into the market



**MARKET LEADER IN
ACCELERATOR
SOLUTIONS**



**MARKET LEADER FOR
DEDICATED RECORDER
SOLUTIONS**



**FRONT-RUNNER
IN ACCELERATING
VIRTUALIZED NETWORKS**



**THOUGHT LEADER
DRIVING EXCEPTIONAL
INNOVATION**

CO-CREATING WITH OUR CUSTOMERS

A STRATEGIC PROGRAM

- Napatech is currently developing new solutions and services in close corporation with a number of market leading customers
- We call this: Co-creation – as this covers our joint creativity to find new innovating ways to solve unique market challenges
- By Co-creation Napatech obtain a strong customer partnership, industry focused solutions and faster time to revenue
- Based on our Co-created solutions, Napatech, in addition, provides innovative and attractive solutions for our other customers
- We believe that Co-creation provides a unique growth path for our business now and towards our ambition of a 100 MUSD topline by 2020



NAPATECH MARKET INSIGHTS - REITERATION

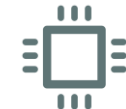
PROMISING GROWTH PLATFORMS

- The combined potential towards 2020 building upon our Accelerator, Recorder and Virtualization solutions is huge and clearly shows a very attractive market size

**+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*



ACCELERATOR
SOLUTIONS

**+600
MUSD**

NETWORK RECORDERS – HUGE MARKET POTENTIAL

A focus on selling to OEM customers targeting Finance, Defense and Data Center Providers will open a network recorder market potential of more than 600 MUSD**



RECORDER
SOLUTIONS

**+6,000
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***



VIRTUALIZED
NETWORKS

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"

BUSINESS OUTLOOK

MANAGEMENT OUTLOOK 2016

- 2016 started with solid progress on our key activities and we believe that 2016 will continue to be a very exciting year, where we will continue to execute on our growth opportunities
- Major trends within mobile, security and new virtualization solutions, as well as the continuous enhancement of network connectivity towards Terabit speeds, will drive our business
- The current product portfolio is well poised to meet our customers' demand for solutions supporting:
 - Strong growth in 10 and 40 Gigabit networks deployments
 - Roll-out of 100 Gigabit networks with Telecom and Datacenters
 - Increased focus on cyber security and public safety requiring both real-time and on-demand **Smarter Data Delivery**

Guidance for full year 2016 is maintained at:

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

NOTE: Please find additional information about Napatech in the Annual Report 2015 and presentation from the Capital Markets Day 2016. The material is available on www.napatech.com – investors section

The background is a dark blue gradient with faint, stylized line and bar charts. A white rectangular box is centered in the middle of the slide, containing the text "QUESTIONS AND ANSWERS SESSION".

QUESTIONS AND ANSWERS SESSION

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This presentation was prepared for first quarter

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