



PANDION STARTING TO CONTRIBUTE Q2 2016 PRESENTATION

August 16th, 2016 – Henrik Brill Jensen, CEO

FINANCIAL HIGHLIGHTS Q2 2016

USD sales in Q2 2016 was 7.3 MUSD

- Compared to 6.6 MUSD in Q2 2015

Revenue in Q2 2016 was 46.6 MDKK

- 9% increase compared to Q2 2015
- 1% increase compared to Q1 2016

Gross margin in Q2 2016 was 73%

- Compared to 72% for Q2 2015

EBITDA in Q2 2016 was 3.2 MDKK

- 38% increase compared to Q2 2015
- 7% EBITDA margin in Q2 2016

EBIT in Q2 2016 was negative 5.3 MDKK

- Decrease from negative 4.6 MDKK in Q2 2015

EPS in Q2 2016 was (0.13) DKK / (0.16) NOK

- Improvement from (0.22) DKK in Q2 2015

Cash and cash equivalents at 48.5 MDKK

- Decrease of 9.2 MDKK compared to Q2 2015
- Net cash at 43.0 MDKK by end of Q2 2016

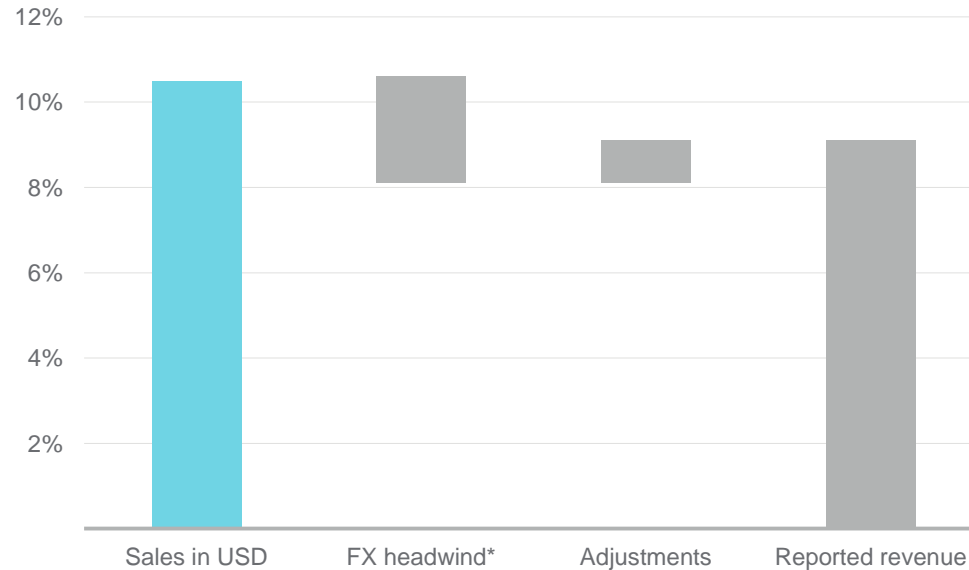
FINANCIAL RESULTS Q2 2016

	Q2'16	Q1'16	Q2'15
Revenue (MDKK)	46.6	46.3	42.7
Growth YoY*	9%	6%	2%
Gross Margin	73%	73%	72%
EBITDA (MDKK)	3.2	6.2	2.3
EBT (MDKK)	(3.8)	(5.8)	(6.7)
Cash flow from operating activities (MDKK)	(11.3)	8.6	3.3
Cash and cash equivalents, end of quarter (MDKK)	48.5	69.8	57.7

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

Q2 2016 REVENUE

Sales / Revenue Growth (YoY)



* Based on average rates

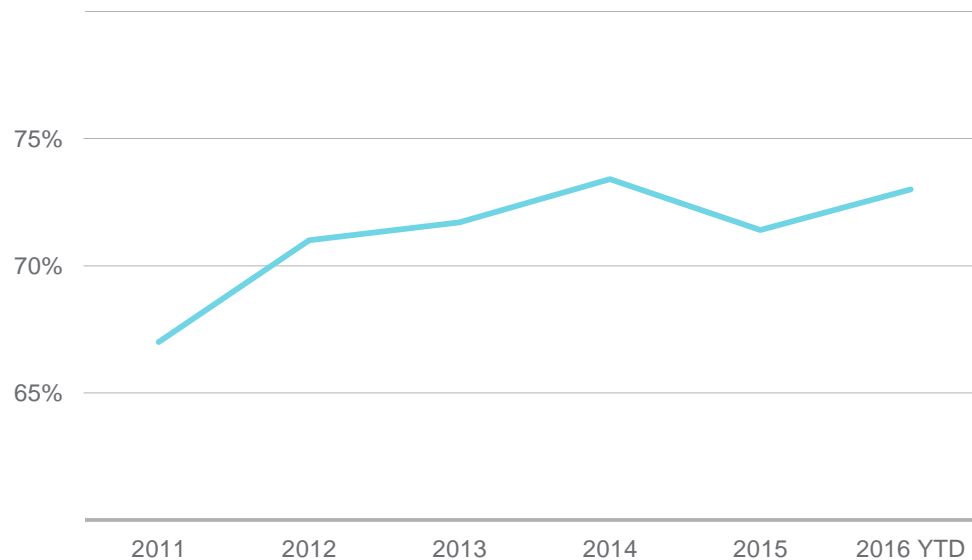
Influencing factors:

- Growth in underlying business, driven by sale of Accelerator products and Pandion products
- Lower US Dollar to Danish Kroner exchange rate (YoY) creates headwind to the revenue
- Revenue recognition and accounting adjustments have a minor positive effect

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

GROSS MARGIN DEVELOPMENT

Gross Margin

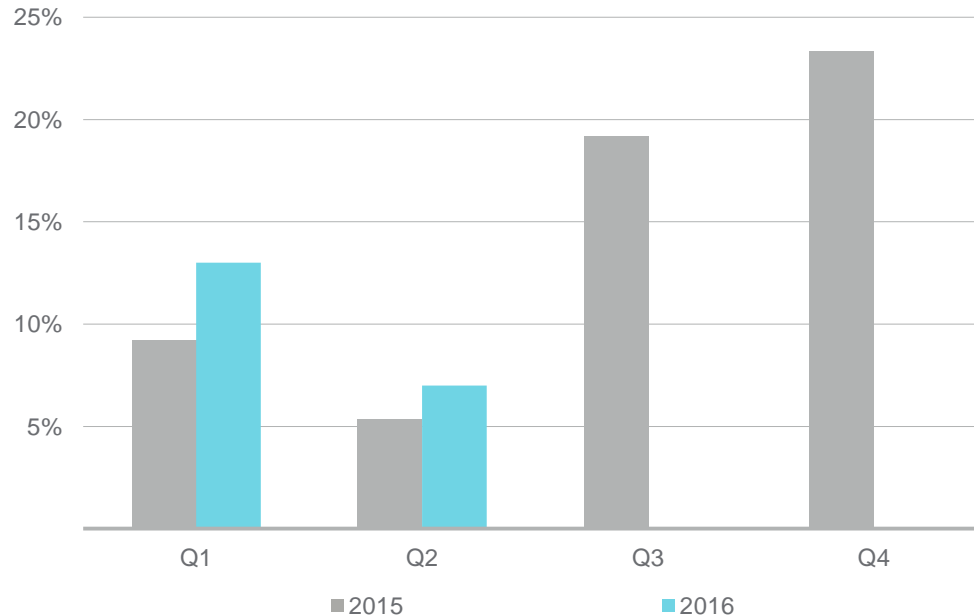


Margin development:

- Focused and aggressive go-to-market strategy could affect gross margin in the longer run
- The gross margin in Q2'16 is better than expected, and due to a favorable product mix

EBITDA MARGIN

EBITDA Margin

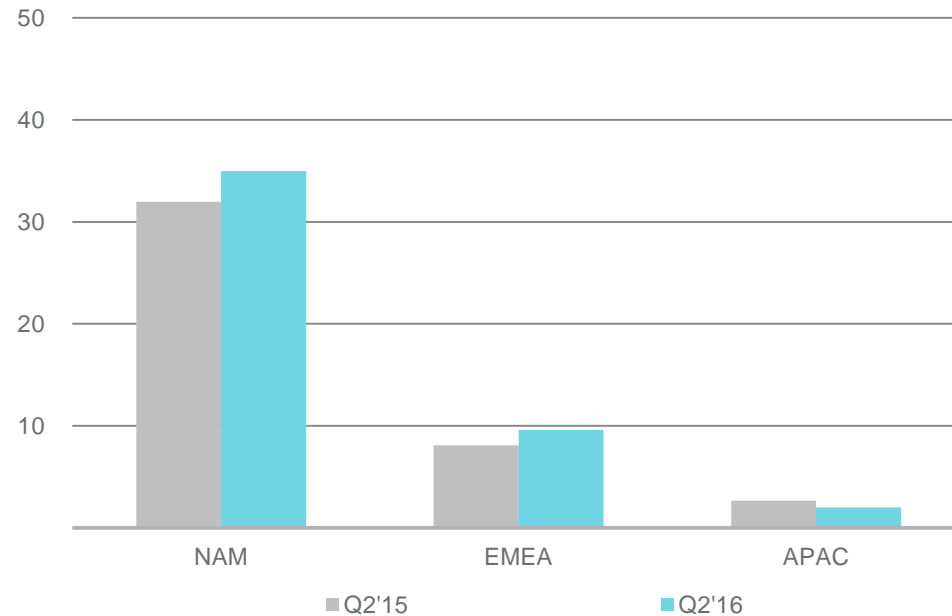


Q2 2016 EBITDA margin:

- EBITDA margin shows continued growth compared to 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 NAM AND EMEA

Quarterly Revenue in MDKK



Geographical split:

- North America showed a growth of 9% compared with Q2 2015
- EMEA showed a significant growth of 18% driven by new design wins
- APAC showed a decline in general; our business continues to show good progress in China

2016 KEY FINANCIAL FOCUS AND TREND

Q2 2016 STATUS

Our focus areas	Target trend	Target Comment	2016 Target	2016 YTD
Revenue		Deliver to guidance	~ 20% growth	8% 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	6% increase
EBITDA Margin		Deliver to guidance	~ 20%	10%
R&D Investments		Product development to support the strategy	> 40 MDKK	22 MDKK
Net Cash Position		Continued investment in future growth	+/- 10 MDKK	- 26 MDKK

BUSINESS HIGHLIGHTS

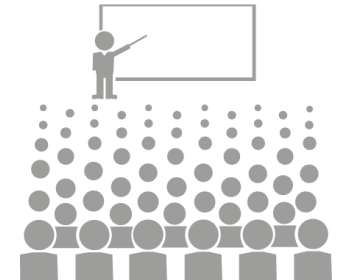
NAPATECH PANDION CONTRIBUTING TO GROWTH IN Q2

- Our Pandion offering today consist of 2 different products:
 - Pandion 20: High performance and low rack-space consumption
 - Pandion Flex: High performance and high storage capabilities
- The Pandion platforms enable our customers to build critical network management and security applications quickly and efficiently
- Pandion has contributed to Q2 revenue with 4% of the revenue for the quarter
- Projects in general are of significant size compared to our more traditional business



DELL PARTNERSHIP PROGRAM TRAINING HAS BEEN INITIATED

- Previously announced Dell “Sell Trough” program is now being rolled out in North America where Pandion is sold under the Dell brand by Dell salesforce
- More than 100 Dell sales representatives have already been trained
- Dell’s strong salesforce will increase the market awareness of Pandion and boost the sales effort



ADDRESSING MORE OF 100 GIGABIT MARKET

NEW 2 PORT 100 GIGABIT PRODUCT

- Market expectations for growth in 100 Gigabit deployments are very high
- Napatech has developed a 2 port 100 Gigabit Accelerator to address market needs and specific customer requirements for higher port density
- Napatech now offers a complete 100 Gigabit portfolio with 1 or 2 ports, compact size for effective server usage, and very powerful 200 Gigabit data delivery
- The solution is highly scalable, accommodating market requirements for 25 and 50 Gigabit port speeds. As always, products provide lossless operation at wire speed with flexible functionality due to our FPGA technology



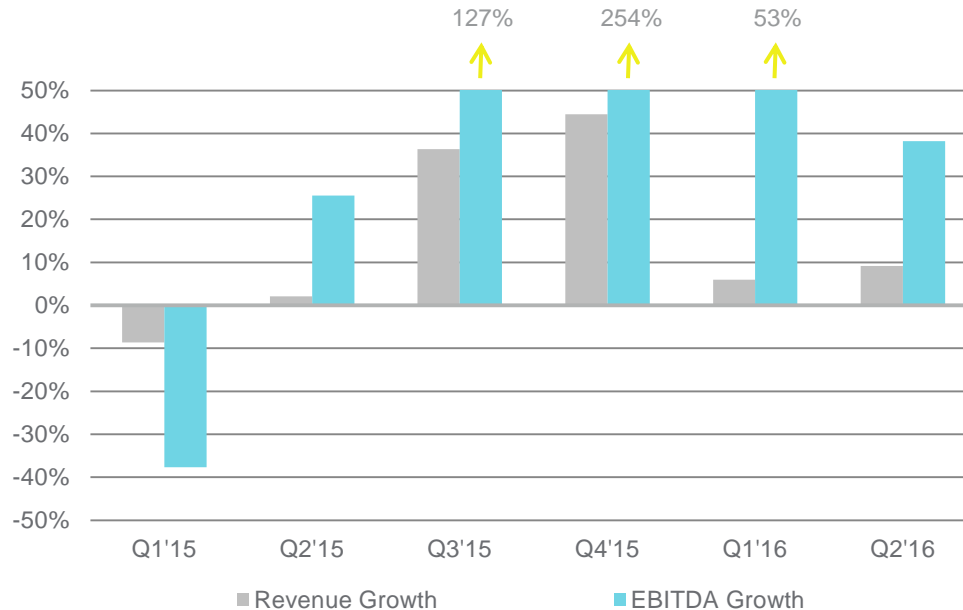
RECENT DESIGN WINS

- 10 Gigabit design win with a Chinese network monitoring company for the financial and public sector solution
- 100 Gigabit design win with European Test and Measurement equipment manufacturer for a Deep Packet Inspection (DPI) solution
- 10 Gigabit design win with US based network monitoring company for a satellite communication analysis solution within the defense and public infrastructure market



5TH CONSECUTIVE QUARTER WITH GROWTH SUSTAINED SCALABILITY DRIVING EBITDA

Growth in Revenue and EBITDA (YoY)

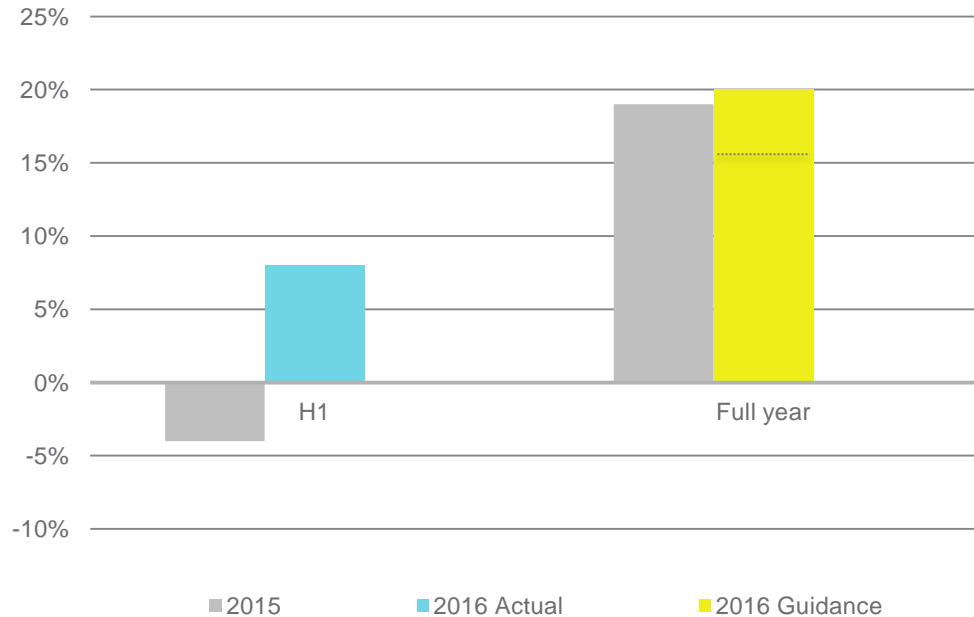


Comments to scalability:

- The Revenue to EBITDA ratio shows solid sustained scalability trough 2015 and into 2016
- Fifth consecutive quarter with growth in both revenue and EBITDA

REVENUE GROWTH INDICATOR 2016 AHEAD OF 2015

Revenue Growth (YoY)



Comments to quarterly revenue indicator:

- First half of 2016 growth at 8% compared to negative 4% in first half of previous year
- Full year growth in 2015 ended at 19%
- For 2016 guidance see the “Management outlook” Section

BUSINESS OUTLOOK

MANAGEMENT OUTLOOK 2016

- We continue to have a sharp focus on revenue growth and our targets for the remainder of 2016. And we believe that our Pandion product line will be the major contributor to our 2016 growth ambitions
- Our core Accelerator business is progressing and generating growth compared to 2015, but its contribution to the overall growth ambitions for the remainder of 2016 has become slightly more uncertain as some of Napatech's OEM-customers are delayed with their own roll-out of new solutions
- We continue to see increased customers focus on cyber security and public safety requiring Napatech solutions for both real-time and on-demand **Smarter Data Delivery**

Guidance for full year 2016 is revised at:

- Revenue growth of 15% - 20%
- Pandion contributing with around 10% of overall revenue
- 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

QUESTIONS AND ANSWERS SESSION

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