

The background of the slide features a dark blue gradient with faint, light blue grid lines. Overlaid on this are two data visualizations: a white line graph with circular markers and a green line graph with circular markers, both showing fluctuating trends. In the background, there are also vertical bars of varying heights in shades of blue and green, resembling a bar chart.

NAPATECH PRESENTATION

DNB MARKETS TMT CONFERENCE 2016

September 20, 2016 – Henrik Brill Jensen, CEO

NAPATECH IN SHORT

SMARTER DATA DELIVERY

- Listed at Oslo Stock Exchange 2013
- Current market cap ~ 510 million NOK
- Napatech currently have 2 portfolios driving revenue
 - Real time data delivery - our Accelerator products
 - On-demand data delivery - our Pandion recorders
- Napatech future revenue generator
 - Virtualized data delivery - our NFV NIC
- Napatech solutions are integrated into high-performance Network Management and Cyber Security equipment that guarantees user connectivity and security
- Business growth drivers:
 - Increased internet dependency
 - More sophisticated services and usage
 - Exploding volumes of data



Accelerator



Pandion Recorder

NAPATECH CUSTOMER UNIVERSE

EQUIPMENT MANUFACTURES AND LARGE DIY'S



Technology Partner



A US Tier 1 online
content provider

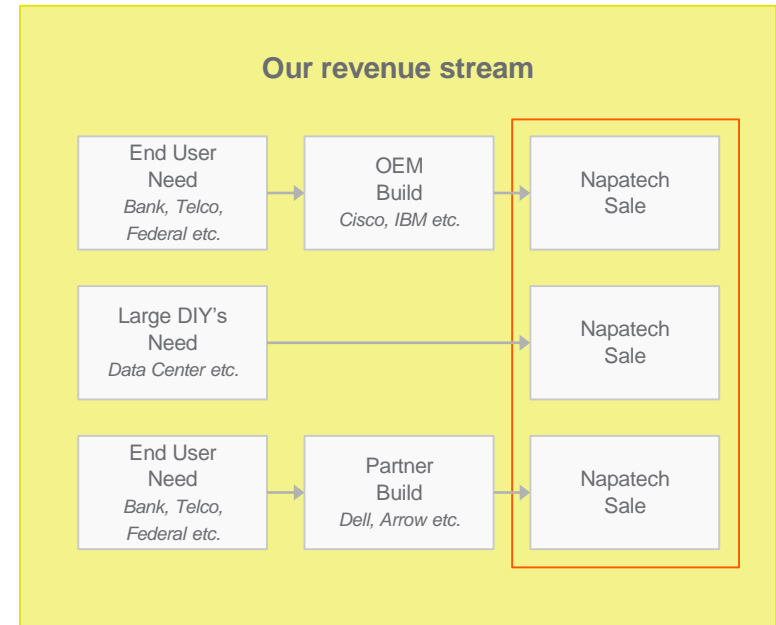
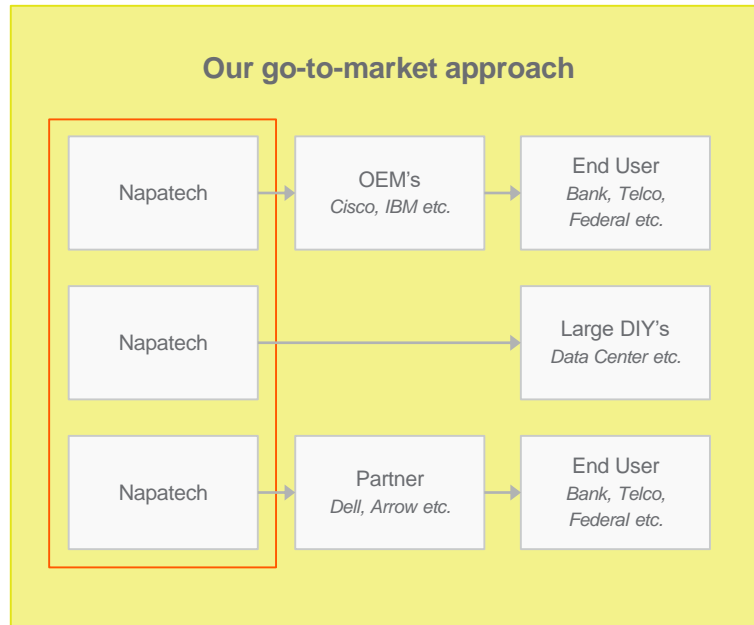
A EU Tier 1 telecom
equipment manufacture

A US Tier 1 social
network provider

A US Tier 1 network
equipment manufacture

- High profile customers in the networking industry
- Typically customer relations are covered by NDA, but Napatech continuously work on increasing knowledge of our customer base

NAPATECH GO-TO-MARKET POWER AND OUR REVENUE STREAM

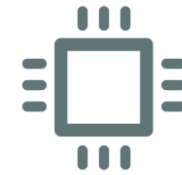


SMARTER DATA DELIVERY IN REAL TIME

In a connected world, it is about getting all the right data you need – and providing the ability to analyze the data in real time. To get all the right data you need “Full Packet Capture”.

Packet capture is a term used to describe solutions for reliably intercepting a data packet that is traversing specific computer network and then delivering the packet to an application for analysis.

Think – Smarter Data Delivery



ACCELERATOR
SOLUTIONS



SMARTER DATA DELIVERY ON DEMAND

When you analyze in real time you know what you are looking for, but sometimes you do not – you will need to analyze the data later.

Using a Network Recorder you can perform Packet Capture in real time and simultaneously store the data for on-demand analysis.

This allows you to select the critical data to be analyzed and deliver them efficiently to the right analysis application.

Think – **Smarter Data Delivery**



RECORDER
SOLUTIONS



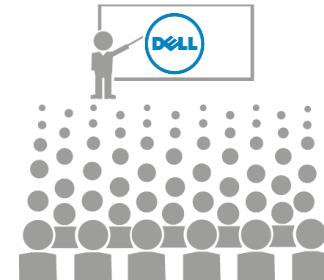
DELL PARTNERSHIP PROGRAM

INCREASED SALES POWER - RECORDER

- 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 recorder solution and boost the sales effort



RECORDER
SOLUTIONS



SMARTER DATA DELIVERY

VIRTUALIZED

Unlike physical networks where network function software and hardware are closely integrated and data is delivered from one box to the next, in virtualized networks, software is virtualized and separated from the hardware.

Data is delivered from one virtualized network function to the next. These virtual functions can be hosted on any server in the datacenter and can be moved.

Ensuring that each virtual function gets the right data, at the right time in the right place even at high speeds is the challenge that Napatech virtualization solutions address.

Think – Smarter Data Delivery



VIRTUALIZED
NETWORKS



NAPATECH MARKET INSIGHTS

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***



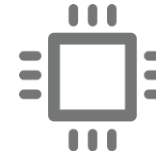
VIRTUALIZED
NETWORKS

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"

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

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

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

THANK YOU

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