

Investor Fact Sheet

NAPCO Security Technologies, Inc. (Nasdaq: NSSC)



Company Overview

NAPCO Security Technologies, Inc. is one of the world's leading manufacturers and solutions providers of high-technology electronic security, connected home, video, fire alarm, access control and door locking systems. The Company consists of four Divisions: **NAPCO**, its **security and connected home segment**, plus three wholly owned subsidiaries: **Alarm Lock**, **Continental Instruments**, and **Marks USA**. Its products are installed by tens of thousands of security professionals worldwide in commercial, industrial, institutional, residential and government applications. NAPCO products have earned a reputation for innovation, technical excellence and reliability, positioning the Company for growth in the multi-billion dollar and rapidly expanding electronic security market.

The constant barrage of crime in the media continues to drive and shape the growing security industry with the overall market of security-related sales expected to reach more than \$30 billion. NAPCO answers these increasing market demands by developing innovative solutions designed to protect people, property and profits through technology. Today, the NAPCO Group of Companies is well-positioned to capture a greater share of the multi-billion dollar global security marketplace, estimated to be growing at an average annual rate of approximately 6% and accelerating.

Income Statement Highlights

US\$ in millions	2Q2014	2Q2013	% chg	YTD 2014	YTD 2013	% chg	FY2013	FY2012	% chg
Revenues	18.4	17.2	+7	35.6	32.4	+10	71.4	70.9	+1
Op income	0.5	0.4	+51	0.8	(0.045)		3.8	3.8	+0
Net income	0.4	0.1	+173	0.5	(0.3)		3.0	2.3	+30

Financial Highlights

- Broad product array addressing multi-billion dollar security marketplace
- Opportunities for growth, margin expansion and enhanced profitability:
 - New products including StarLink Wireless, iBridge, and iSee Video products (adding recurring revenue)
 - Low cost model with exceptional incremental economics due to Dominican Republic manufacturing facility
 - "Connected Home" trend; NAPCO has the industry's most comprehensive offering, allowing control of temperature, lighting, locks, video cameras and more from anywhere via any smartphone
 - School security: NAPCO offers powerful solutions to provide advanced security to campuses
- Fiscal Q2:14 strongest quarter in five years in terms of revenue, adjusted EBITDA and net income
 - Revenues of \$18.4M increased 7% year over year
 - Adjusted EBITDA (a non-GAAP financial measure) was \$1.0M
 - Net income increased \$233,000, to \$368,000
- Recurring revenue for Q2 & YTD FY 14 increased 115% and 113% respectively and grew sequentially by 30%.
- Debt, net of cash, reduced by \$26.2M to \$9.7M since acquiring Marks in 8/08; reduced by \$3.5M YTD FY14
- No shareholder dilution since IPO; share count increased due to nine stock split/dividends issued
- History of successful strategic accretive acquisitions
- NAPCO received \$1.5 M Networkx product contract for a major university system (Pepperdine U.); Continental Access Control order is largest in Company's history; order completed in August 2013**

Market Opportunity

- \$115B Department of Homeland Security budget
- \$1.2B network camera and video server market
- NAPCO sells to 15,000 security dealers, integrators, locksmiths and contractors in 40+ countries
- New product category launched in 2013 to augment lockdown capabilities at educational facilities, nationally

Competitive Advantages

- A unique "pure play" 1-stop shop in security, NAPCO is the only publicly traded company that manufactures for the three security categories:
 - Intrusion & Fire
 - Door Locking Devices
 - Access Control and Management
- Dominican Republic manufacturing facility provides low-cost manufacturing advantage

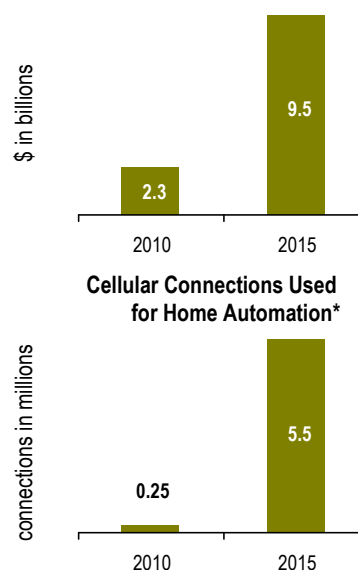
Select Financials and Facts

Nasdaq Ticker:	NSSC
Closing Price at 2/7/14:	\$7.44
52-Week Range:	\$3.31-7.70
Shares O/S (diluted):	19.4M
Est. Public Float:	12.3 M
Market Cap (2/7/14):	\$144.3 M
Enterprise Value (2/7/14):	\$134.6 M
FY '13 Revenue:	\$71.4 M
Total Cash (12/31/13):	\$3.4 M
Cash per share (12/31/13):	\$0.17
Insider Ownership:	38.5%
Institutional Ownership:	17.7%
Fiscal Year-end:	6/30

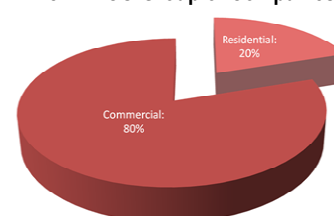
Balance Sheet Highlights

US\$ in millions	12/31/13	6/30/13
Total cash	3.4	3.2
Debt (net of cash)	9.7	13.2
Shareholders' equity	40.6	40.3
Current ratio	4.8:1	4.9:1
Working capital	30.8	33.2

Shipments of Home Automation Systems*



The NAPCO Group of Companies



*Berg Insight



Investor Relations Contact: Hayden IR

Brett Maas (646) 536-7331 Peter Seltzberg: (646) 415-8972
 E-mail: brett@haydenir.com E-mail: peter@haydenir.com
 www.haydenir.com

NAPCO Security Technologies, Inc.

Richard L. Soloway, Chairman & President
 Kevin S. Buchel, Sr. VP of Operations & Finance
 333 Bayview Avenue, Amityville, NY 11701
Website: www.napcosecurity.com (631) 842-9400 ext. 120

NAPCO's Product Lines



Intrusion & Fire Are Big Businesses

- In the U.S. in 2011, there were an estimated 9.1M property crimes; collectively, victims of property crimes (excluding arson) lost an estimated \$15.6B
- In 2011, fires resulted in 3,005 civilian fire fatalities, 17,500 civilian fire injuries and an estimated \$11.7B in direct property loss
- Home fires caused 2,520, or 84%, of the civilian fire deaths
- \$6.9B of property loss occurred in home fires
- From 2010 to 2011, household burglary increased 14% from 25.8 to 29.4 per 1,000 households

Sources: 2012 FBI Uniform Crime Report, Bureau of Justice and National Fire Protection Association

Fully Integrated Security Solutions

NAPCO's Newest Products Target Recurring Revenues

iSee Video®

- iSee Video equipment
- Recurring monthly service revenue typically up to \$3 monthly, per account.



iBridge®

- A suite of recurring revenue services allowing consumers to remotely control their security systems, video cameras, thermostats and lighting remotely from any smartphone or PC. Home automation is driving demand for this product.



- NAPCO's next generation two-way, uploading/downloading GSM communicator; huge recurring monthly revenue potential. ~ \$6/month.

Additional Revenue Opportunities

- NAPCO Commercial 24V Combo Burglary & Fire
- iRemote
- Marks USA's new 'Triple Play' of BHMA certified:
 - Mortise, cylindrical, anti-ligature locks
 - Grade 1 door closers
 - Grade 1 & 2 exit devices
- LOCKDOWN products enable a teacher to lockdown a classroom from the inside.



Senior Management

Richard Soloway, Chairman and CEO

Chairman of the Board of Directors since October 1981; President since 1998; and Secretary since 1975; Founder, 30+ years security, electronics experience.

Kevin Buchel, Senior Vice President of Operations and Finance

Senior Vice President of Operations and Finance since April 1995; Treasurer since May 1998; 20+ years with NAPCO, previously Coopers & Lybrand, CPA.

Jorge Hevia, Senior Vice President of Corporate Sales and Marketing

Senior Vice President of Corporate Sales and Marketing since May 1999; Vice President of Corporate Sales and Marketing since October 1998; 10+ years with NAPCO, previously Colgate Palmolive, Unilever, American Home Products.

Michael Carrieri, Senior Vice President of Engineering

Senior Vice President of Engineering Development since May 2000; Vice President of Engineering Development from September 1999 to May 2000; 10+ years with NAPCO, previously Hazeltine, NCR/AT&T, Boundless Technologies, Chyron.

The foregoing compilation relates to NAPCO Security Technologies, Inc. (Nasdaq: NSSC) and contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. When used in this document, the words "anticipate," "believe," "estimate," "expect," and similar expressions as they relate to NAPCO or its management, are intended to identify such forward-looking statements. NAPCO's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. For more detailed information the reader is referred to NAPCO's Form 10-K and other related documents filed with the Securities and Exchange Commission. This does not constitute an offer to buy or sell securities by the Company and is meant purely for informational purposes. Hayden IR (HIR), its affiliates, officers, directors, subsidiaries and agents have been compensated by the Company for the creation of this document. HIR has relied upon information received from the Company, which, although believed to be reliable, cannot be guaranteed. This information is not an endorsement of the Company by HIR. HIR is not responsible for any claims made by the Company. You should independently investigate and fully understand all risks before investing.