



The Better
Way to Cool

Company presentation

September 2020

Disclaimer

This presentation contains forward-looking statements concerning Asetek's financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

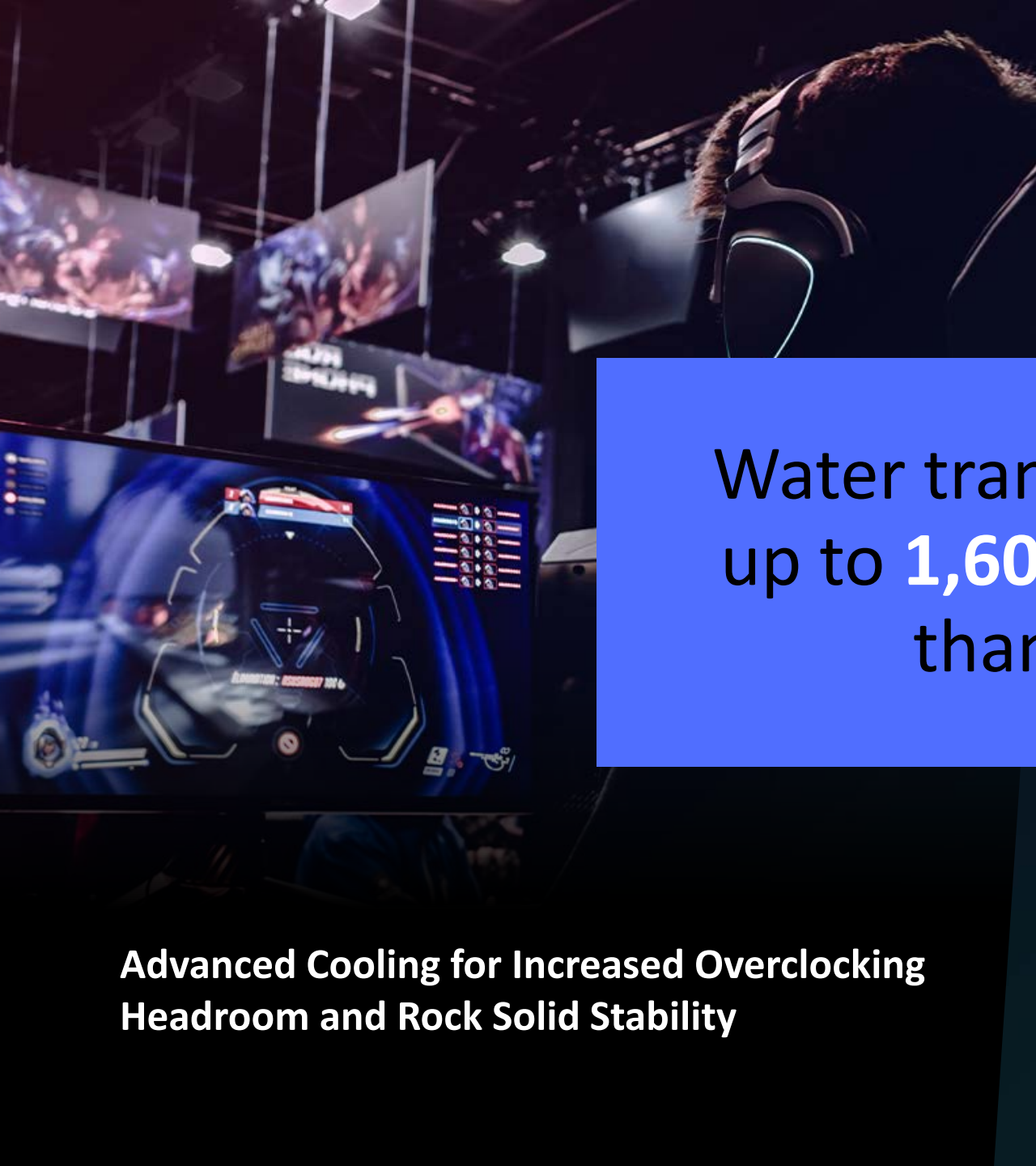
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The global leader in liquid cooling
solutions for gaming and enthusiast PCs,
data centers and servers



The Better
Way to Cool



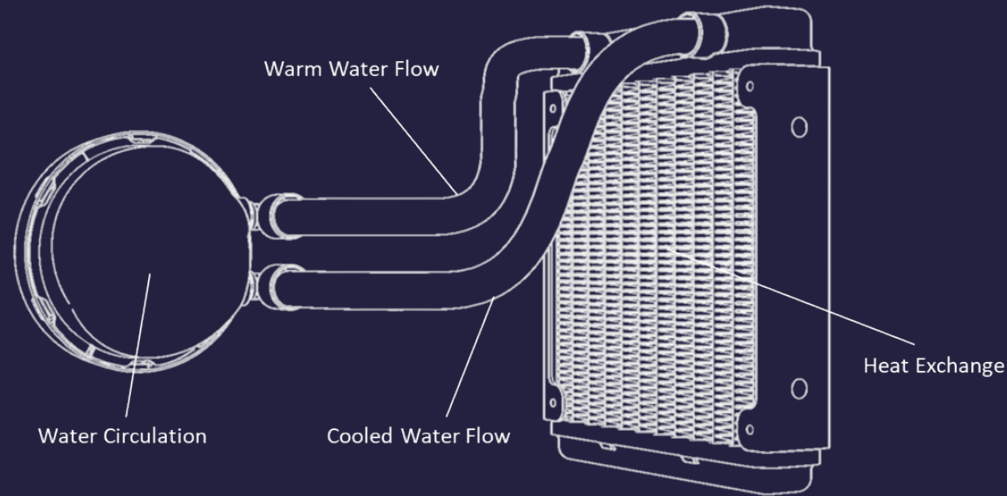
Water transfers heat
up to **1,600 x better**
than air

**Advanced Cooling for Increased Overclocking
Headroom and Rock Solid Stability**

**Flexible, Proven and Reliable Cooling for
Greener Data Centers**

Improving computing performance, quality and reliability

Liquid cooling concept



Heat capture on CPU/GPU ➤ Liquid moves heat to radiator ➤ Heat disperses in radiator fins ➤ Fan distributes heat

CPU and GPU cooling for Gaming and Enthusiast desktop PC's

- Greater overclocking potential
- More stable performance
- Improved acoustics
- Customisation
- Lower space requirements

Data center solutions for high performance computing

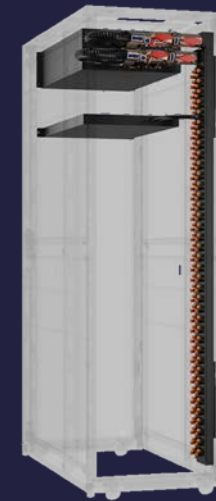
- Reduce energy used for cooling by up to 50%
- Recycle energy through remote heating
- Stable computing performance
- Higher densities
- Lower noise

Business overview

Gaming and Enthusiast



Data center



Enthusiasts and do-it-yourself (DIY)

OEMs¹



ADATA

ASUS

EVGA

Fractal

GIGABYTE

NZXT

thermaltake

Gaming/Performance PCs



ALIENWARE



msi

Data center

FUJITSU

Hewlett Packard
Enterprise

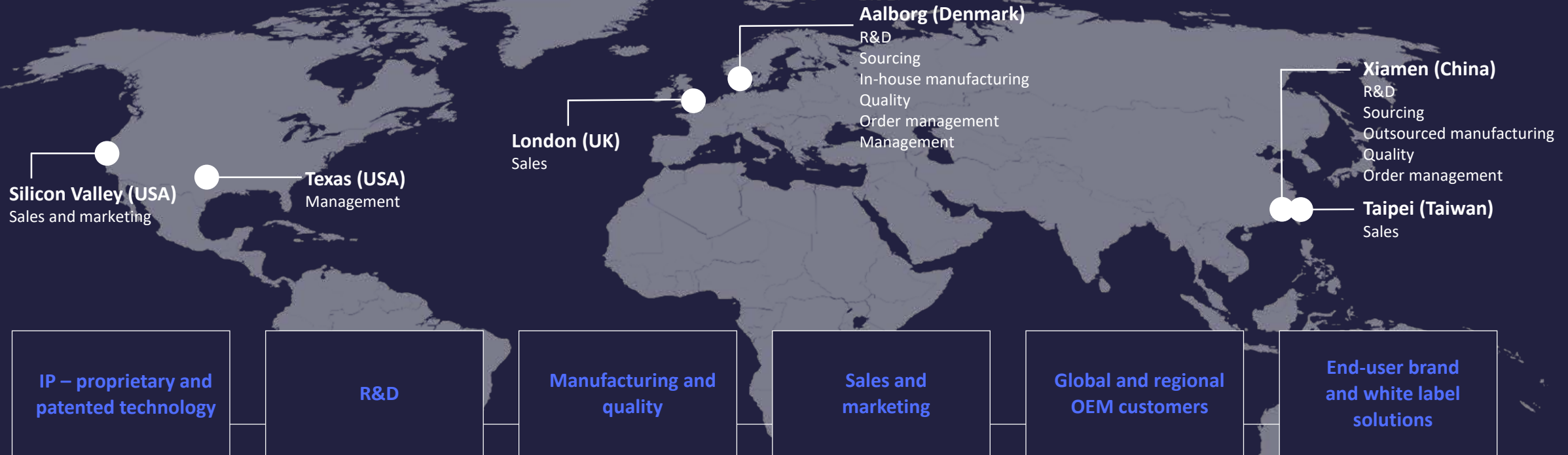
INTECH &
Company

intel

SUPERMICR

XENON

Global platform with integrated value chain



Strategic position: Large and long-term growing markets | Supplying global brands | Market-leading solutions

IP platform: Applications | Technology | Systems | Products | Patents | High-volume manufacturing | World wide hub infrastructure

7 million units shipped | ~100 employees | FY'19 revenue of USD 54m | Listed on Oslo Børs

Since the beginning, innovation has been a core tenet we live by

VapoChill



2000

Sealed-loop liquid cooler



2007

"Closed loop" all-in-one (AIO) liquid cooler



2009

Rack level Direct-to-Chip (D2C) solution for liquid cooled data centers



2013

Rack level Liquid Assisted Air Cooled (LAAC) solution for air cooled data centers



2019

Rad Card™ - Industry's First Slot-In PCIe Radiator Card



2020

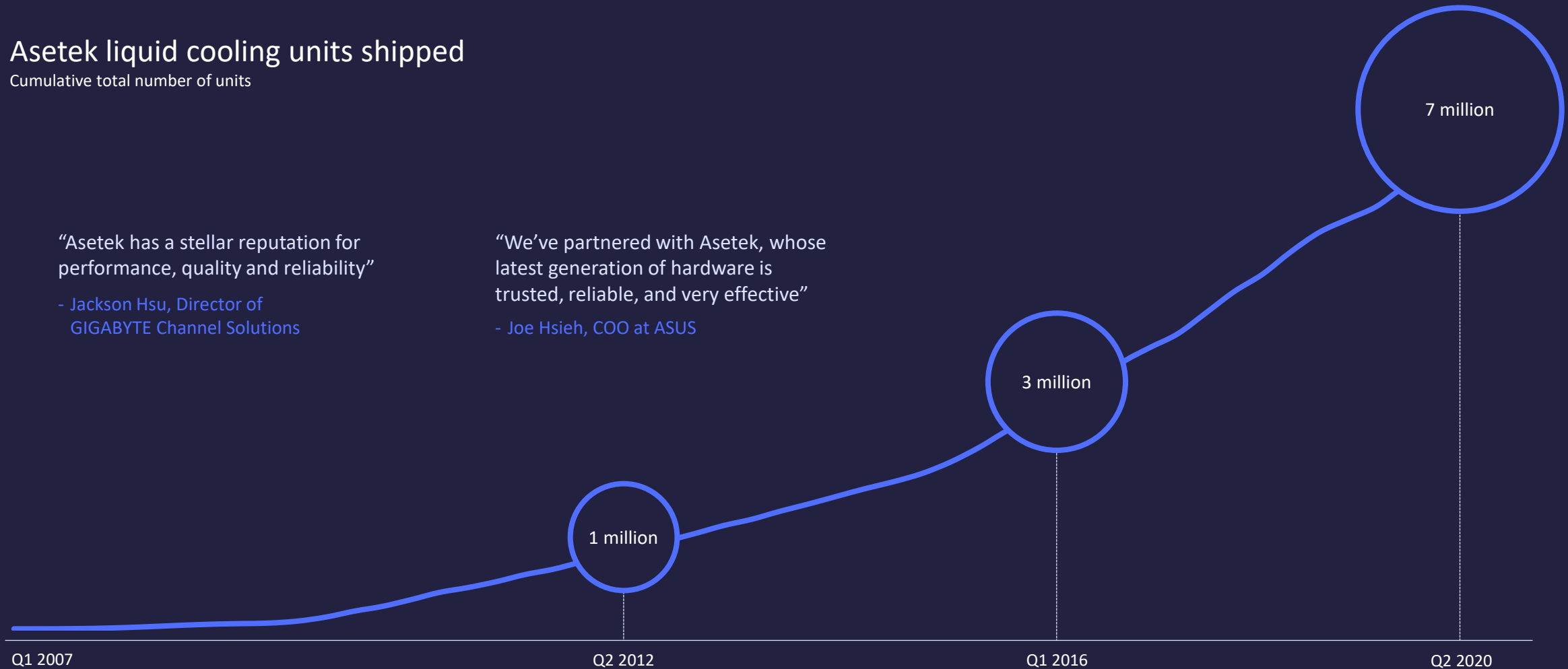
- Our innovations deliver the best performance so that GPUs and CPUs can work even harder in popular games and applications
- Our commitment to innovation has also brought performance advancements and increased density for data centers

- Our solutions are protected by a strong IP structure
- The IP is and has been rigorously and successfully defended multiple times

The adoption of our liquid cooling solutions

Asetek liquid cooling units shipped

Cumulative total number of units



Attractive position in long-term growth markets



Gaming and Enthusiast

- Solutions for new immersive experiences requiring more and stable processing capacity
- Liquid cooling needed to unlock full potential of the fastest desktop processors
- Business model transition to focus on core cooling technology

Data center

- Improved data processing and energy efficiency offer attractive value proposition
- Climate change impact from reduced CO2 emissions and energy recycling a trigger for long-term demand growth



Gaming and Enthusiast

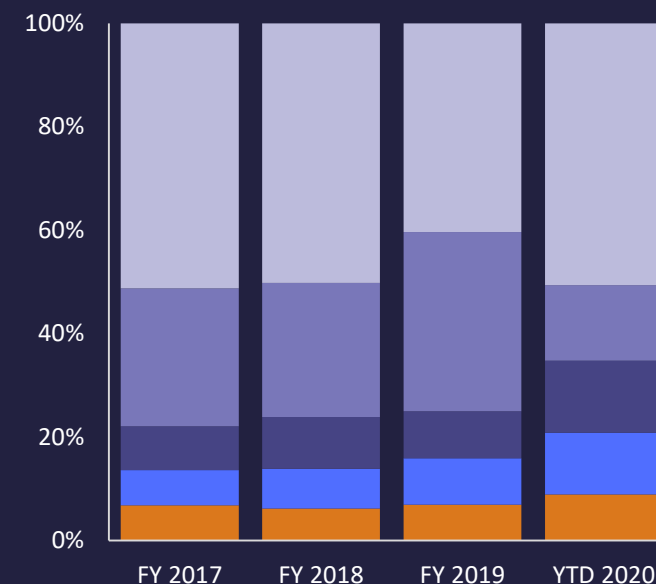
Widening and diversifying base of Gaming and Enthusiast OEMs

- Currently shipping to over 20 OEMs
- Top five represent 79% of Gaming and Enthusiast revenue YTD 2020, down from 81% in 2019
- Diversification increasing with time
- Continuous monitoring and assessment of IP

Top 5 Gaming and Enthusiast customers ¹⁾



Top 5 customers revenue split ²⁾



Building a Gaming and Enthusiast brand

- Putting forward the Asetek brand without compromising the customers' market position
- Dual-branding and brand-behind-the-brand strategies
- Introducing new and high-end products to support brand positioning and deliver on commitment to innovation
- Engaging with the Gaming and Enthusiast community



Gaming and Enthusiast strategic development

Goal	Levers	Development and outlook
Continue to dominate the gaming and enthusiast liquid cooling market	R&D and product development	<ul style="list-style-type: none"> • Focus on delivery of core liquid cooling solutions • Ramp-up of development to bring meaningful innovations to market • Products which deliver best performance, quality and reliability
	Branding and marketing	<ul style="list-style-type: none"> • Co-branding agreements in place with several OEMs • Connecting directly with gamers and enthusiasts via CoolNation forum • Positioning to monetize Asetek brand
	Widening OEM customer base	<ul style="list-style-type: none"> • Currently over 20 OEM customers • Reducing single-customer dependency



Data center

Established position in high-performance computing (HPC) Data center segment

Idea

- Commercial launch in 2013
- Based on liquid being up to 1,600 times better at transferring heat than air
- Offering immediate and measurable benefits for data centers

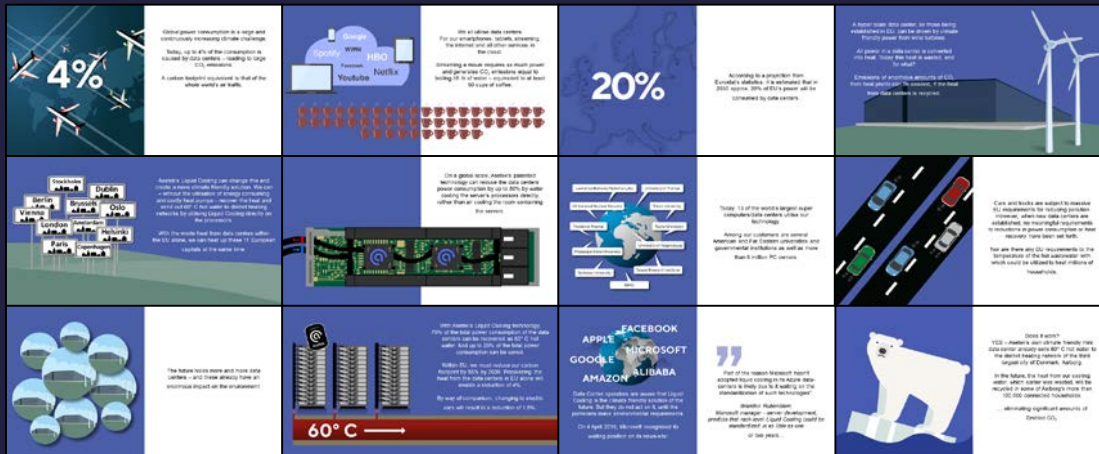
Present position

- Major liquid cooling installations at multiple HPC sites in North America, Asia and Europe
- 13 of the world's most powerful and efficient supercomputers listed in the November 2018 Top500 and Green500
- 3 systems in the Top20
- Not satisfied with present position as scaling has proved challenging and environmental focus is not there yet

Future

- Exponential growth in data
- Global focus on simultaneously increasing energy efficiency and reducing costs
- World-wide focus on reducing CO2 footprint
- Data centers today represent about 2-4% of global energy consumption
- Governmental standards on environmental issues for data centres is a potential demand trigger

Advocating responsible climate policy for data centers



- Educating politicians and other stakeholders about data's expanding environmental footprint
- Presenting the climate benefits and circular-economy effects enabled by Asetek's liquid cooling solutions

<https://www.asetek.com/newsroom/videos/data-center/a-greener-future-for-danish-data-centers?refer=0>

Vast potential for energy recycling and CO₂ reduction

~3,000 TWh

Projected data center electricity demand in 2030¹ up from 15x from today

70%

of data center energy consumption can be recycled using liquid cooling, reducing carbon footprint by 70%

20%

reduction in power consumption, reducing carbon footprint by 20%

6 million

European households potentially heated by recycled energy using liquid cooling technology²

¹ Nature, International journal of science

17 ² Average household district heating consumption in Europe at 12 MWh

Data center strategic development

Goal

**Maintain
position and
create a
meaningful
and profitable
business
over time**

Strategy

- Influence the influencers
- Increase end-user adoption with existing and new OEMs
- Exploit established leadership within HPC
- Explore growth opportunities beyond the HPC segment

Outlook

- Global sustainability agenda strengthens rationale for Asetek's data center solution
- Market adoption of liquid cooling remains slow with need for public standards to trigger wider investments
- Segment revenue and operating results are expected to fluctuate as partnerships with OEMs are developed.
- Optimising segment overhead



Financials

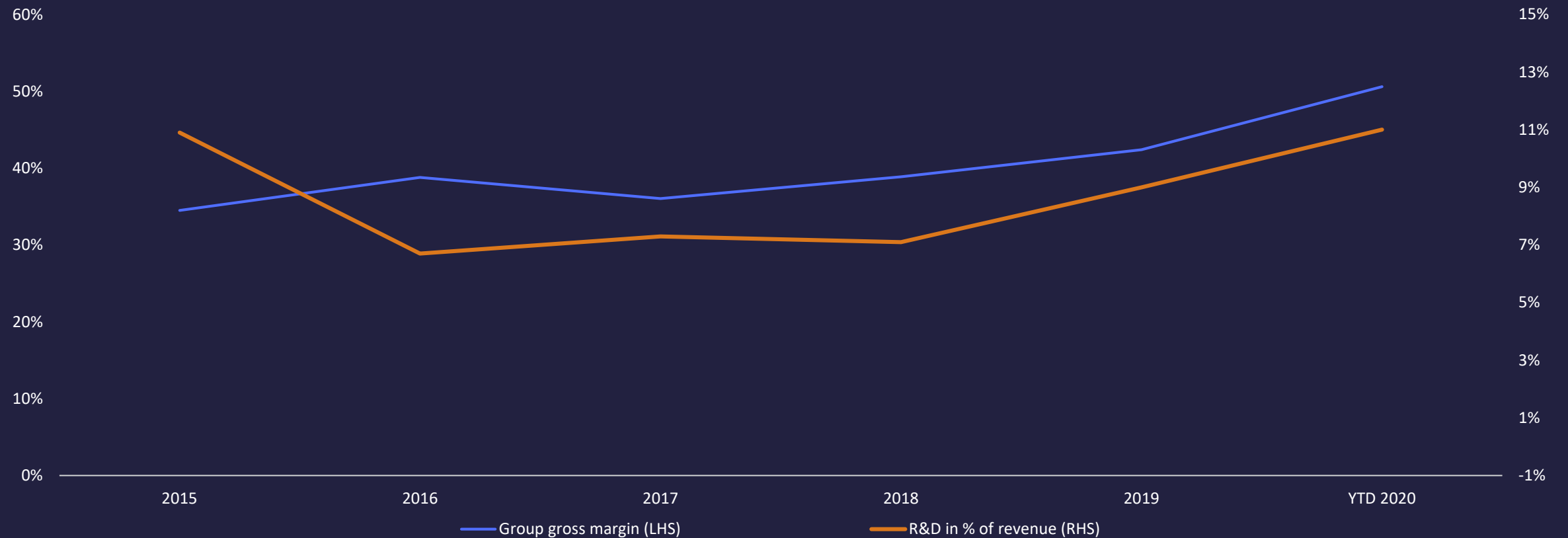
Revenue development

Group revenue and EBITDA margin

USD thousands



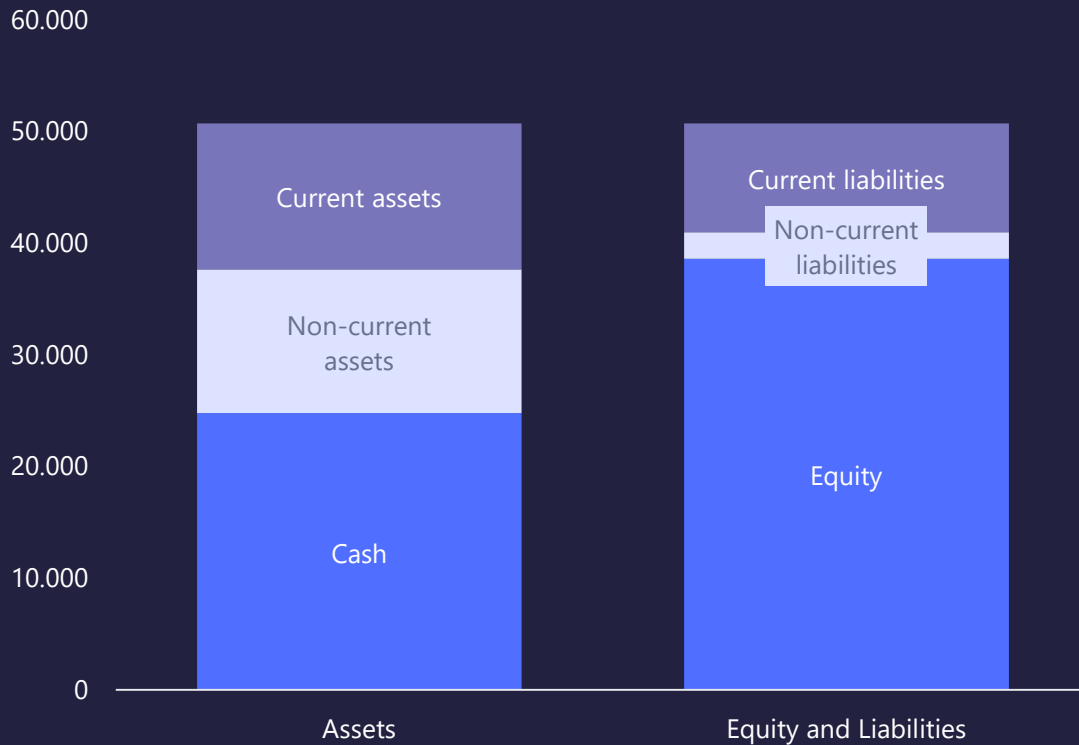
High gross margin and commitment to innovation



Strong balance sheet supporting long-term growth

Balance sheet

USD thousands as at 30.06.2020

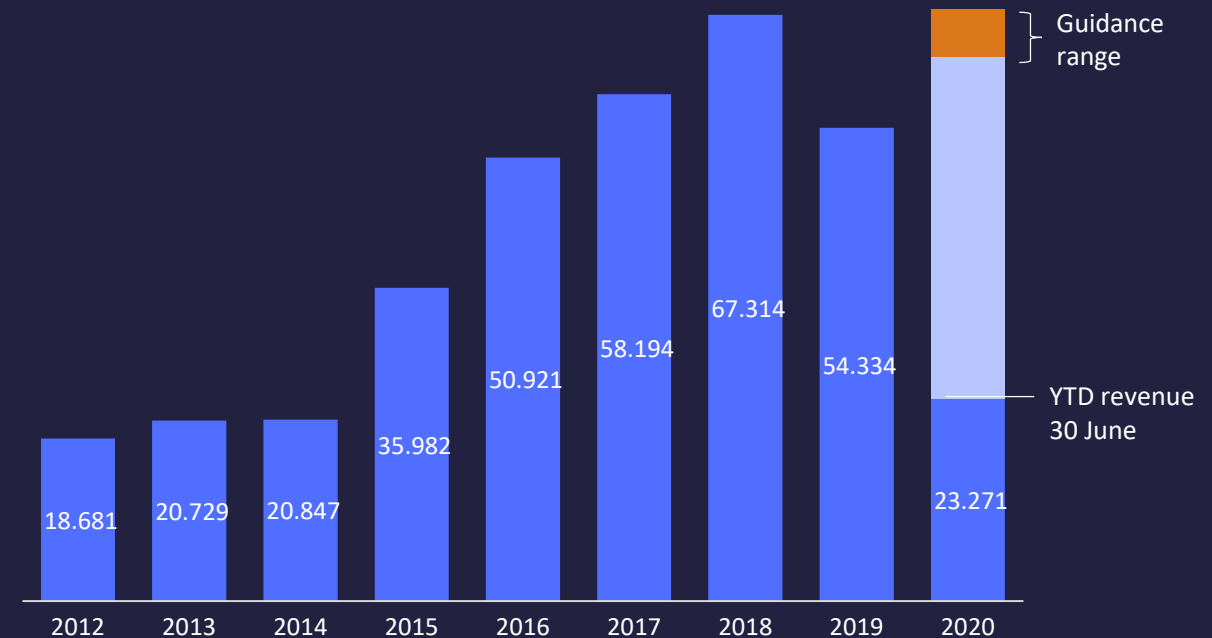


- Strong cash position and low interest-bearing debt
- Solid and attractive partner for OEM customers
- Flexibility to develop and defend IP
- Ambition to distribute cash surplus over time subject to change of current tax situation

2020 revenue and profit outlook

- Group revenue expected to increase 15% to 25% compared with 2019
- Gross margin to increase from 2019
- Income before tax of about \$7 to \$8 million, up from \$1.5 million in 2019
- Uncertainty related to COVID-19

Annual Group revenue
USD thousands



Financial priorities

Priorities

Continued
profitable growth
and solid financial
platform

Value drivers

Gaming and Enthusiast leadership

Maintaining Data center
market position

Cost base optimization

Cash flow improvement

- Evolve business model to drive competitiveness and profitability
- Product innovation and rebranding to strengthen market position
- Revenue growth and diversification of revenue streams
- Margin protection and optimization

- Ensuring efficient data center operations
- OEM and end-user adoption

- Targeted IP and R&D investments
- Manufacturing
- Sales and marketing efficiency

- Cash conversion
- Continued balance sheet optimization

Investment highlights

- Asetek liquid cooling improving data performance and sustainability
- Innovative solutions delivered through strong OEM partnerships
- Primed for Gaming and Enthusiast and Data center growth
- Recognized global market leader with high gross margins



Appendix

Management



Founder and CEO
André S. Eriksen

- Long-term entrepreneur and founder of Asetek
- Previously employed at Danfoss in their management trainee program
- Holds an engineering degree from Aalborg University
- Several MBA level executive management programs from Right, Stanford, MIT and Wharton



CFO
Peter Dam Madsen

- Previous positions include International Controller (DK) and Chief Financial Officer (US) at Martin Professional, Inc.
- Also served as CFO of Dantax Radioindustri A/S listed on the Copenhagen Stock Exchange
- MBA from Fort Lauderdale Metropolitan University



COO
John Hamill

- 30+ years of high tech industry sales, sales management and marketing experience
- Previously held position as VP of Global Sales at nVidia and AMD
- Has managed global sales teams
- BSc in Electronics and Electrical Engineering from the University of Glasgow in Scotland



VP Global Operations
Csaba Vesei

- 14+ years with IBM in numerous leadership roles, where he managed fulfilment, logistics, manufacturing planning, procurement, and supply chain functions
- MBA from Buckinghamshire Chilterns University, as well as a BSc in Information Technology from the College of Dunaujvaros



VP Global Sales and Marketing
Dipak Rao

- 15 years+ experience leading global teams and managing global accounts in the high-tech industry
- Prior to joining Asetek, Dipak held senior sales and product marketing roles at AMD
- B.A. (Honors) in Marketing from De Montfort University, Leicester in the U.K



VP Global R&D
Thomas Ditlev

- 15+ years of experience with Vestas and Grundfos he has an intimate background in sophisticated pumping and cooling systems designed for global markets
- M.Sc.EE degree from Aalborg University as well as an EMBA in Business Psychology from Business Institute in Aalborg



VP Global Quality
Magnus Hakanen

- 20+ years of experience from quality management positions within international organizations like VELUX, Grundfos, Vestas, Nilfisk and automotive companies
- M.Sc. in Mech. Engineering from the KTH Royal Institute of Technology in Stockholm, Sweden. In addition he also has a Six-Sigma Black Belt certification



Director Branding and Outbound Marketing
Solveig Malvik

- Extensive international experience within branding, marketing, communication and business development in organizations such as Med24, First4Skills and Survitec
- Holds an M.A. in Modern Middle Eastern Studies, Public Policy and Governance from the American University of Beirut and a Cand.mag. in Political Science and Public Administration from the University of Bergen

Board of Directors



Chairman
Jukka Pertola

- 20+ years of management experience in ICT, energy, industry, infrastructure and healthcare sectors
- 10+ years of international experience in board positions at private and public companies and organizations
- Solid technological background in telecommunications, IT, digitalization and electrical engineering.
- Experience in R&D funding and technology transfer projects



Vice Chairman
Chris Christopher

- 40+ years of leadership, management and tech industry experience
- Most recent Senior VP and GM at HP for an USD 18bn portfolio consisting of blades based client systems, workstations and desktop PCs
- BSEE and MSEE from Colorado State University and an Executive MBA from Insead School of Business



Director
Maria Hjorth

- 20+ years of consulting and financial sector experience covering business development, M&A, investor relations and operational optimization
- CEO of VP Securities
- MSc and BSc in Economics from University of Copenhagen and a MSc in Business Psychology from University of Westminster in London



Director
Jørgen Smidt

- 25 years of international operational and business management experience from the mobile telecoms industry, including Nokia and Motorola
- Experience includes investment and international marketing, market positioning and communication strategies
- Currently a partner at Sunstone Technology Ventures Fund I
- Holds an engineering degree in computer science from the Engineering College of Copenhagen.



Director
Erik Damsgaard

- Experienced Managing Director from the electrical and electronic manufacturing industry
- 19 years as leader at OJ Industries in the HVAC and Floor heating industry. He is also Chairman of Danish service and distributor company Masentia A/S and Masentia Holding AB
- Holds M.Sc. in Electronics and a diploma in Business Economics, both from Aarhus University. Has graduated an Executive Management Program at INSEAD

Income statement

USD thousands	YTD - 30 Jun 2020	2019	2018	2017
	<i>Unaudited</i>			
Revenue	23,271	54,334	67,314	58,194
Cost of sales	11,498	31,329	41,142	37,225
Gross profit	11,773	23,005	26,172	20,969
Research and development	2,506	4,889	4,764	4,220
Selling, general and administrative	8,188	17,821	16,989	14,905
Other expense (income)	-	(753)	-	(913)
Total operating expenses	10,694	21,957	21,753	18,212
Operating income	1,079	1,048	4,419	2,757
Foreign exchange (loss) gain	(111)	218	342	(1,239)
Finance income (costs)	(28)	188	109	(19)
Total financial income (expenses)	(139)	406	451	(1,258)
Income before tax	940	1,454	4,870	1,499
Income tax (expense) benefit	(325)	(2,082)	(1,198)	2,976
Income for the period	615	(628)	3,672	4,475
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustments	58	(444)	(169)	1,253
Total comprehensive income	673	(1,072)	3,503	5,728
Earnings per share (in USD):				
Basic	0.02	(0.02)	0.14	0.18
Diluted	0.02	(0.02)	0.14	0.17

Balance sheet

USD thousands	31.06.2020	31.12.2019	31.12.2018	31.12.2017
ASSETS	<i>Unaudited</i>			
<i>Non-current assets</i>				
Intangible assets	1,933	1,920	2,414	2,754
Property and equipment	5,382	6,115	4,103	3,856
Deferred income tax assets	5,230	5,521	7,458	7,778
Other assets	336	307	309	794
Total non-current assets	12,881	13,863	14,284	15,182
<i>Current assets</i>				
Inventory	1,656	1,657	2,862	2,316
Trade receivables and other	11,413	14,080	15,625	13,280
Cash and cash equivalents	24,780	24,505	18,627	18,398
Total current assets	37,849	40,242	37,114	33,994
Total assets	50,730	54,105	51,398	49,176
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital	423	423	422	419
Retained earnings	39,377	38,197	37,704	31,976
Translation and other reserves	(1,192)	388	832	999
Total equity	38,608	39,008	38,958	33,394
<i>Non-current liabilities</i>				
Long-term debt	2,380	2,774	641	816
Total non-current liabilities	2,380	2,774	641	816
<i>Current liabilities</i>				
Short-term debt	1,345	1,518	980	1,051
Accrued liabilities	1,157	1,022	2,185	2,432
Accrued compensation & employee benefits	2,093	1,526	1,512	1,335
Trade payables	5,147	8,257	7,122	10,148
Total current liabilities	9,742	12,323	11,799	14,966
Total liabilities	12,122	15,097	12,440	15,782
Total equity and liabilities	50,730	54,105	51,398	49,176

Cash flow statement

USD thousands	YTD 30 Jun 2020	2019	2018	2017
	<i>Unaudited</i>			
Cash flows from operating activities				
Income for the period	615	(628)	3,672	4,475
Depreciation and amortization	1,721	4,057	3,690	2,430
Finance income	0	0	(205)	(84)
Finance costs	37	87	96	103
Income tax expense (benefit)	325	2,082	1,198	(2,976)
Impairment of intangible assets	0	0	0	5
Cash receipt (payment) for income tax	0	(172)	(118)	(43)
Share based payments expense	501	1,056	1,276	1,597
Changes in trade receivables, inventories, other assets	2,674	2,234	(3,502)	693
Changes in trade payables and accrued liabilities	(2,476)	154	(2,264)	(112)
Net cash provided by (used in) operating activities	3,397	8,870	3,843	6,088
Cash flows from investing activities				
Additions to intangible assets	(700)	(1,441)	(1,745)	(2,426)
Purchase of property and equipment	(298)	(713)	(1,914)	(1,872)
Net cash used in investing activities	(998)	(2,154)	(3,659)	(4,298)
Cash flows from financing activities				
Funds drawn (paid) against line of credit	(212)	22	(6)	295
Repurchase of common shares	(1,638)	0	0	0
Proceeds from issuance of share capital	68	64	782	686
Payment of dividends	0	0	0	(2,910)
Principal payments on capitalized leases	(363)	(734)	(321)	(162)
Net cash provided by (used in) financing activities	(2,145)	(648)	455	(2,091)
Effect of exchange rate changes on cash and cash equivalents	21	(190)	(410)	1,089
Net changes in cash and cash equivalents	275	5,878	229	788
Cash and cash equivalents at beginning of period	24,505	18,627	18,398	17,610
Cash and cash equivalents at end of period	4,780	24,505	18,627	18,398
Supplemental disclosures -				
Property and equipment acquired under leases	78	413	134	868



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www.asetek.com