



The Better  
Way to Cool

# Company presentation

November 2020

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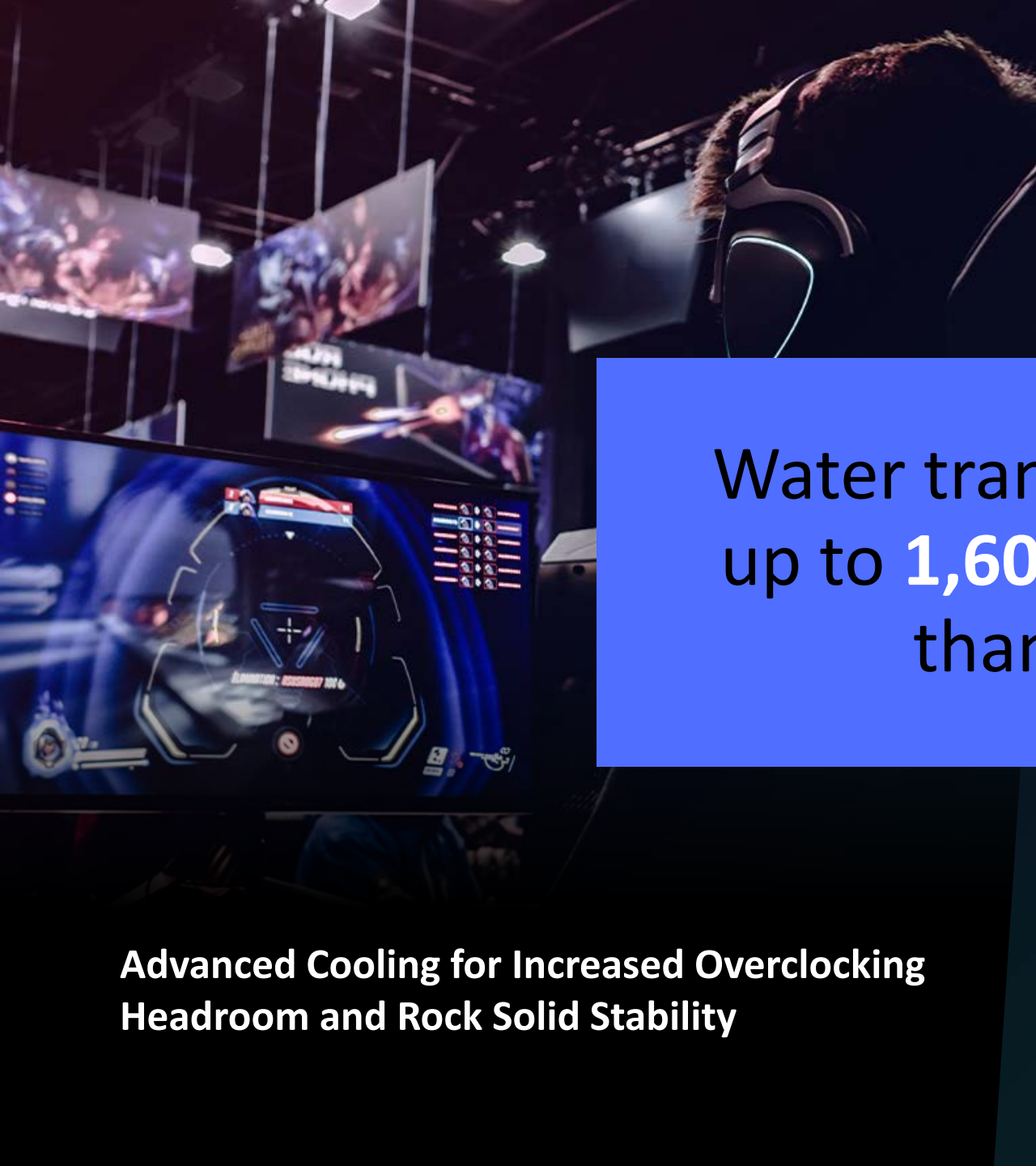
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The global leader in liquid cooling  
solutions for gaming and enthusiast PCs,  
data centers and servers



The Better  
Way to Cool



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

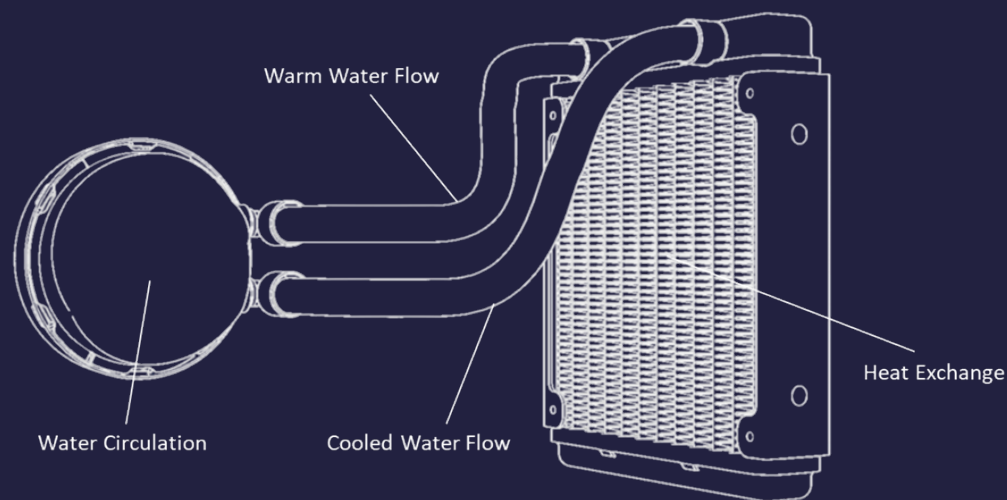
**Advanced Cooling for Increased Overclocking  
Headroom and Rock Solid Stability**

**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

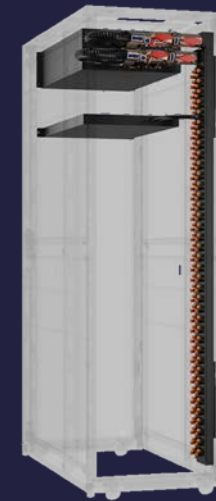
- Reduce energy used for cooling by up to 50%
- Recycle energy through remote heating
- Stable computing performance
- Higher densities
- Lower noise

# Business overview

## Gaming and Enthusiast



## Data center



## Enthusiasts and do-it-yourself (DIY)

OEMs<sup>1</sup>



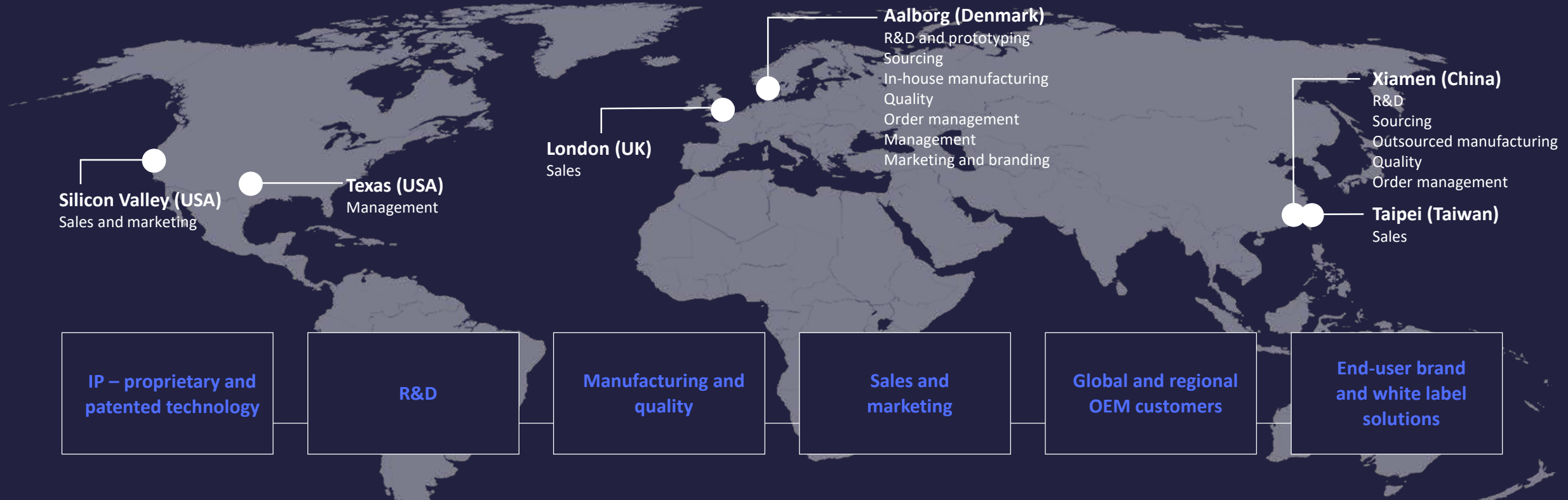
## Gaming/Performance PCs



## Data center



# 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 | ~120 employees | FY'19 revenue of USD 54m | Listed on Oslo Børs

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

VapoChill



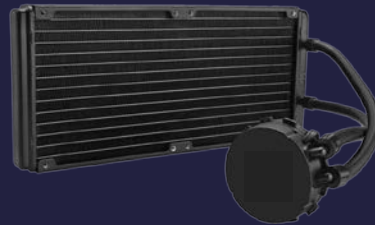
2000

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

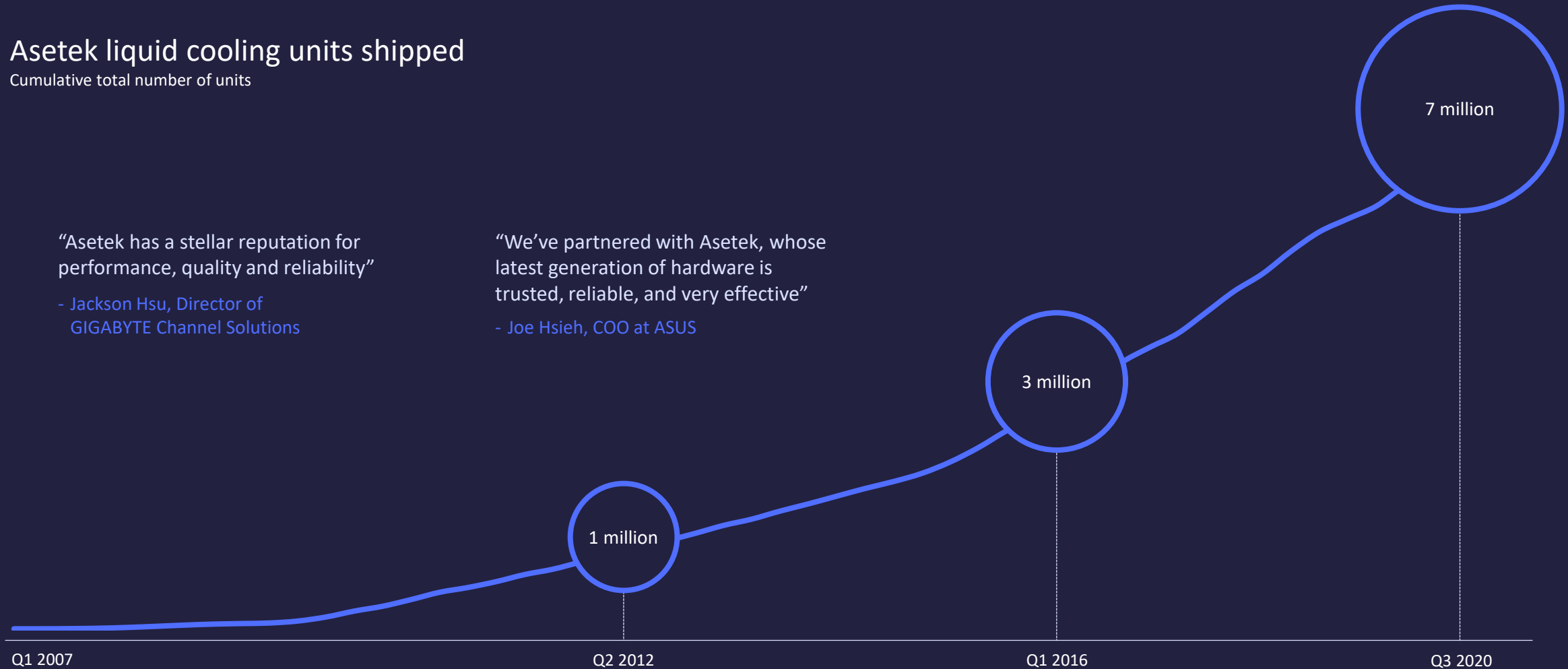
- Our solutions are protected by a strong IP structure
- The IP is and has been rigorously and successfully defended multiple times



# 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



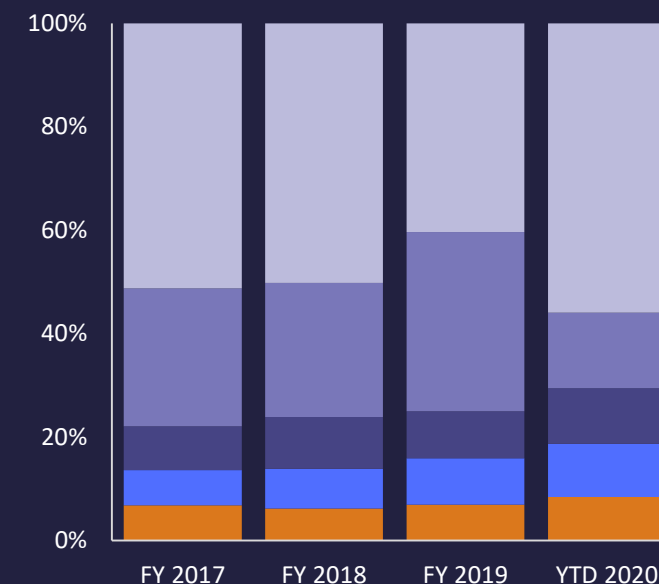
# Widening and diversifying base of Gaming and Enthusiast OEMs

Top 5 Gaming and Enthusiast customers<sup>1</sup> (YTD)



- Currently shipping to over 20 OEMs
- Top five represent 81% of Gaming and Enthusiast revenue YTD 2020, unchanged from 2019
- Ambition to increase diversification with time
- Continuous monitoring and assessment of IP

Top 5 customers revenue split <sup>2)</sup>



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



# 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

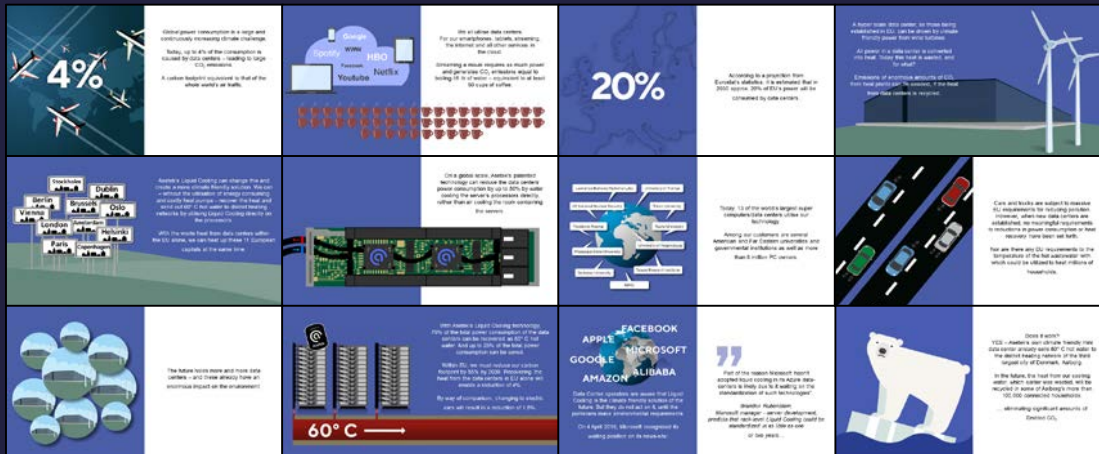
## Present position

- 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?referer=0>

Vast potential for energy recycling and CO2 reduction

~3,000 TWh

Projected data center electricity demand in 2030<sup>1</sup>  
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 technology<sup>2</sup>

<sup>1</sup> Nature, International journal of science

17 <sup>2</sup> 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

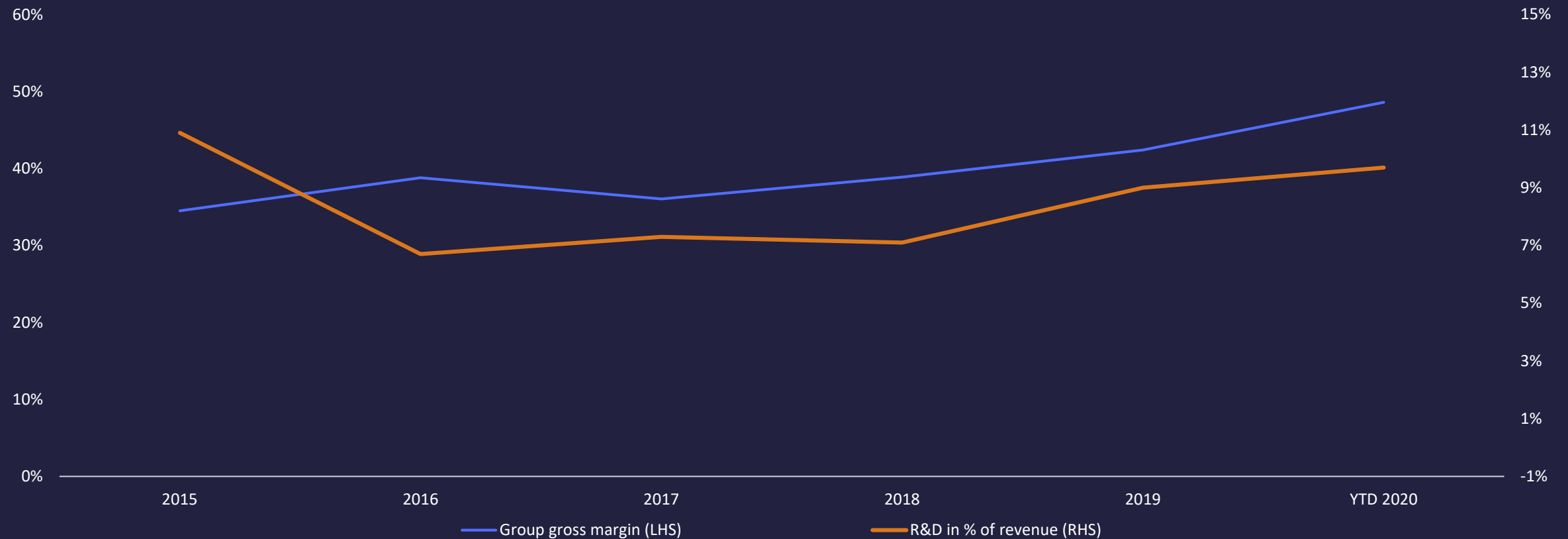
# Revenue development

## Group revenue and EBITDA margin

USD thousands



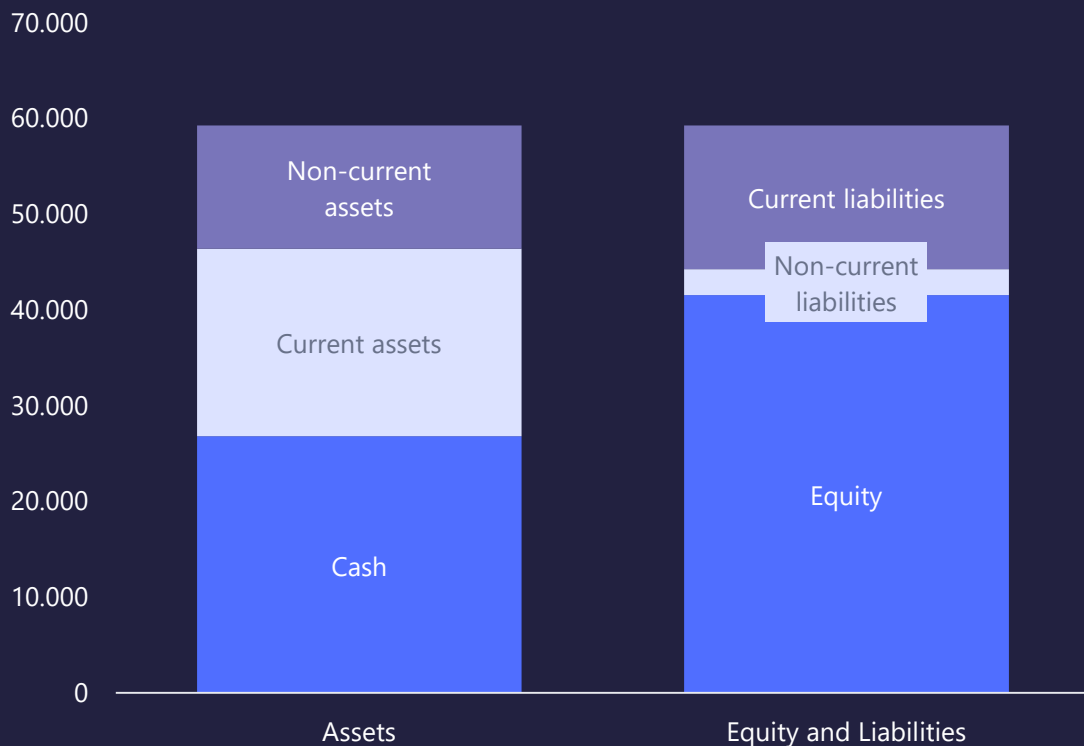
# High gross margin and commitment to innovation



# Strong balance sheet supporting long-term growth

## Balance sheet

USD thousands as at September 30, 2020

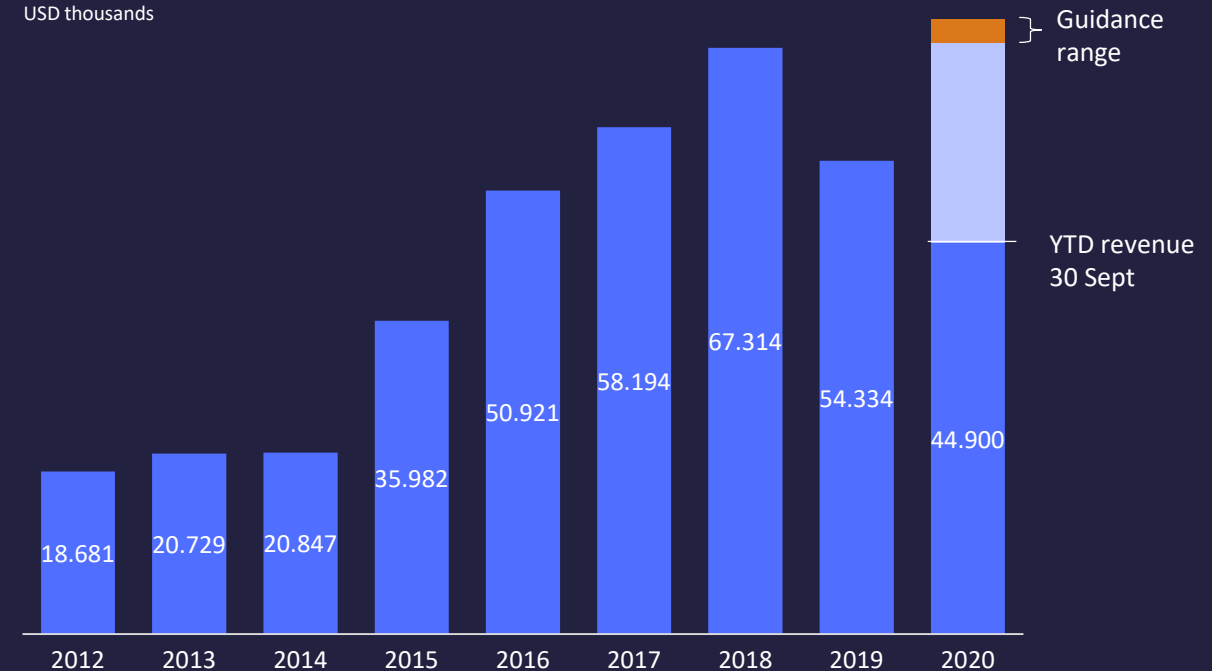


- Strong cash position and low interest-bearing debt
- Solid and attractive partner for OEM customers
- Flexibility to develop and defend IP
- Platform for considering expanding gaming product portfolio
- Ambition to distribute cash surplus over time subject to change of current tax situation

# 2020 revenue and profit outlook

- Group revenue expected to increase 25% to 30% compared with 2019
  - Equals record annual revenue in the range of \$67.9 - \$70.6 million
- Gross margin expected to increase to ~47% from 42.3% in 2019
- Income before tax of about \$9 to \$10 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 Sept 2020	2019	2018	2017
	<i>Unaudited</i>			
Revenue	\$ 44,900	54,334	67,314	58,194
Cost of sales	23,060	31,329	41,142	37,225
<b>Gross profit</b>	<b>21,840</b>	<b>23,005</b>	<b>26,172</b>	<b>20,969</b>
Research and development	3,959	4,889	4,764	4,220
Selling, general and administrative	12,543	17,821	16,989	14,905
Other expense (income)	-	(753)	-	(913)
<b>Total operating expenses</b>	<b>16,502</b>	<b>21,957</b>	<b>21,753</b>	<b>18,212</b>
<b>Operating income</b>	<b>5,338</b>	<b>1,048</b>	<b>4,419</b>	<b>2,757</b>
Foreign exchange (loss) gain	(671)	218	342	(1,239)
Finance income (costs)	(76)	188	109	(19)
<b>Total financial income (expenses)</b>	<b>(747)</b>	<b>406</b>	<b>451</b>	<b>(1,258)</b>
<b>Income before tax</b>	<b>4,591</b>	<b>1,454</b>	<b>4,870</b>	<b>1,499</b>
Income tax (expense) benefit	(1,536)	(2,082)	(1,198)	2,976
<b>Income for the period</b>	<b>3,055</b>	<b>(628)</b>	<b>3,672</b>	<b>4,475</b>
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustments	1,099	(444)	(169)	1,253
<b>Total comprehensive income</b>	<b>4,154</b>	<b>(1,072)</b>	<b>3,503</b>	<b>5,728</b>
<b>Earnings per share (in USD):</b>				
Basic	0.12	(0.02)	0.14	0.18
Diluted	0.12	(0.02)	0.14	0.17

# Balance sheet

USD thousands	30.09.2020	31.12.2019	31.12.2018	31.12.2017
<b>ASSETS</b>	<i>Unaudited</i>			
<i>Non-current assets</i>				
Intangible assets	1,927	1,920	2,414	2,754
Property and equipment	6,130	6,115	4,103	3,856
Deferred income tax assets	4,454	5,521	7,458	7,778
Other assets	354	307	309	794
<b>Total non-current assets</b>	<b>12,865</b>	<b>13,863</b>	<b>14,284</b>	<b>15,182</b>
<i>Current assets</i>				
Inventory	2,206	1,657	2,862	2,316
Trade receivables and other	17,375	14,080	15,625	13,280
Cash and cash equivalents	26,830	24,505	18,627	18,398
<b>Total current assets</b>	<b>46,411</b>	<b>40,242</b>	<b>37,114</b>	<b>33,994</b>
<b>Total assets</b>	<b>59,276</b>	<b>54,105</b>	<b>51,398</b>	<b>49,176</b>
<b>EQUITY AND LIABILITIES</b>				
<i>Equity</i>				
Share capital	433	423	422	419
Retained earnings	44,127	38,197	37,704	31,976
Translation and other reserves	(3,011)	388	832	999
<b>Total equity</b>	<b>41,549</b>	<b>39,008</b>	<b>38,958</b>	<b>33,394</b>
<i>Non-current liabilities</i>				
Long-term debt	2,725	2,774	641	816
<b>Total non-current liabilities</b>	<b>2,725</b>	<b>2,774</b>	<b>641</b>	<b>816</b>
<i>Current liabilities</i>				
Short-term debt	1,346	1,518	980	1,051
Accrued liabilities	1,403	1,022	2,185	2,432
Accrued compensation & employee benefits	2,533	1,526	1,512	1,335
Trade payables	9,720	8,257	7,122	10,148
<b>Total current liabilities</b>	<b>15,002</b>	<b>12,323</b>	<b>11,799</b>	<b>14,966</b>
<b>Total liabilities</b>	<b>17,727</b>	<b>15,097</b>	<b>12,440</b>	<b>15,782</b>
<b>Total equity and liabilities</b>	<b>59,276</b>	<b>54,105</b>	<b>51,398</b>	<b>49,176</b>

# Cash flow statement

USD thousands	YTD 30 Sept 2020	2019	2018	2017
	<i>Unaudited</i>			
<b>Cash flows from operating activities</b>				
Income for the period	3,055	(628)	3,672	4,475
Depreciation and amortization	2,597	4,057	3,690	2,430
Finance income	(50)	0	(205)	(84)
Finance costs	126	87	96	103
Income tax expense (benefit)	50	2,082	1,198	(2,976)
Impairment of intangible assets	(70)	0	0	5
Cash receipt (payment) for income tax	1,536	(172)	(118)	(43)
Share based payments expense	-	1,056	1,276	1,597
Changes in trade receivables, inventories, other assets	736	2,234	(3,502)	693
Changes in trade payables and accrued liabilities	(3,015)	154	(2,264)	(112)
<b>Net cash provided by (used in) operating activities</b>	<b>1,964</b>	<b>8,870</b>	<b>3,843</b>	<b>6,088</b>
<b>Cash flows from investing activities</b>				
Additions to intangible assets	(1,008)	(1,441)	(1,745)	(2,426)
Purchase of property and equipment	(823)	(713)	(1,914)	(1,872)
<b>Net cash used in investing activities</b>	<b>(1,831)</b>	<b>(2,154)</b>	<b>(3,659)</b>	<b>(4,298)</b>
<b>Cash flows from financing activities</b>				
Funds drawn (paid) against line of credit	(313)	22	(6)	295
Repurchase of common shares	(4,500)	0	0	0
Proceeds from issuance of share capital	2,149	64	782	686
Payment of dividends	0	0	0	(2,910)
Principal payments on capitalized leases	(471)	(734)	(321)	(162)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,135)</b>	<b>(648)</b>	<b>455</b>	<b>(2,091)</b>
Effect of exchange rate changes on cash and cash equivalents	362	(190)	(410)	1,089
<b>Net changes in cash and cash equivalents</b>	<b>2,325</b>	<b>5,878</b>	<b>229</b>	<b>788</b>
Cash and cash equivalents at beginning of period	24,505	18,627	18,398	17,610
<b>Cash and cash equivalents at end of period</b>	<b>26,830</b>	<b>24,505</b>	<b>18,627</b>	<b>18,398</b>
<b>Supplemental disclosures -</b>				
Property and equipment acquired under leases	593	413	134	868



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[www.asetek.com](http://www.asetek.com)