



ASETEK

**Fourth Quarter 2014**

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- I. **Highlights**
- II. Operations
- III. Financials
- IV. Summary and outlook

- Q4 revenues of USD 4.6M (6.1) and FY revenues USD 20.8m (20.7)
  - Revenues expected to pick up in Q1 and Q2 2015
- Important IPR lawsuits settled
  - U.S. District Court unanimously ruled in favor of Asetek against CMI USA, Inc in Q4 2014
  - Patent case with CoolIT Systems Inc. (“CoolIT”) settled in Q1 2015
  - Acquired two additional U.S. patents
- California Energy Commission selected Asetek for a \$3.5M data center project
- Fujitsu OEM agreement key milestone, confirms data center strategy potential
  - Fujitsu, the 4<sup>th</sup> largest server vendor globally, to Incorporate Asetek Liquid Cooling
  - Fujitsu plans to launch the first products based on RackCDU™ in Q2 2015
- Raised NOK100M to strengthen financial growth platform and partner capacity
  - Strengthening data center business development infrastructure to accelerate further OEM adoption
  - Building stronger balance sheet to support partnering with additional Tier 1 OEMs

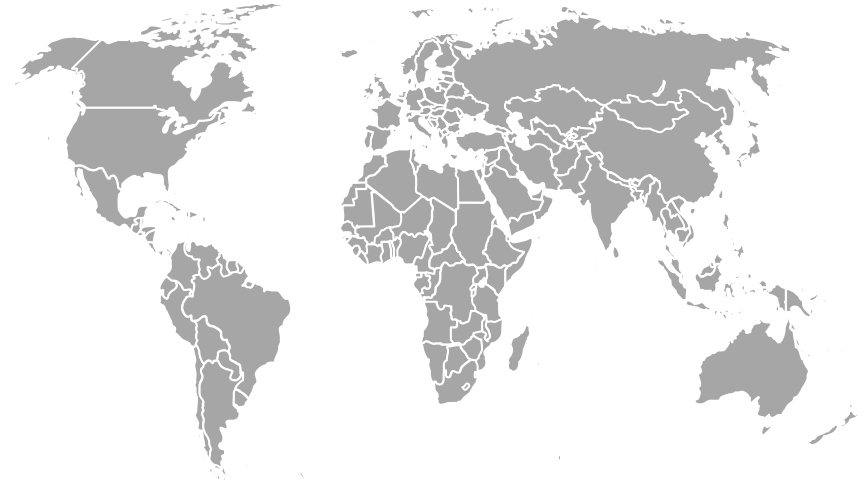
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# Successful IP protection strengthens market position

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## Settlement of three IPR lawsuits since Dec 2014

- Will eliminate risk and reduce legal cost going forward
- U.S. District Court unanimously ruled in favor of Asetek against CMI USA, Inc in Q4 2014
- Patent case with CoolIT Systems Inc. (“CoolIT”) settled in Q1 2015
- Won one lawsuit with damages of USD ~0.5M, injunction or royalty pending
- Damages awards in process
- One case pending
- Fended off competition
- Regained market share



# Asetek Selected for USD 3.5M Project for Two Major California Data Centers

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- Asetek selected by the California Energy Commission (CEC) to \$3.5M project
- RackCDU D2C™ (Direct-to-Chip) liquid-cooling to be installed in two super computing data centers
- Project include installation of RackCDU in ~90 racks of servers
- RackCDU D2C liquid cooling added to servers from multiple OEMs
- Project start-date expected July 1, 2015, 24 months duration, hardware to be installed in month 6 and month 13



*“The Energy Commission’s electricity **innovation investments follow an energy innovation pipeline program design, funding applied research and development, technology demonstration and deployment, and market facilitation to create new energy solutions, foster regional innovation, and bring clean energy ideas to the marketplace.**”*

Project validates the value of Asetek’s direct-to-chip liquid cooling for high performance and high utilization data centers



# Server OEM agreement a game changer for Asetek...

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## OEM agreement validates data center strategy pursued since 2012

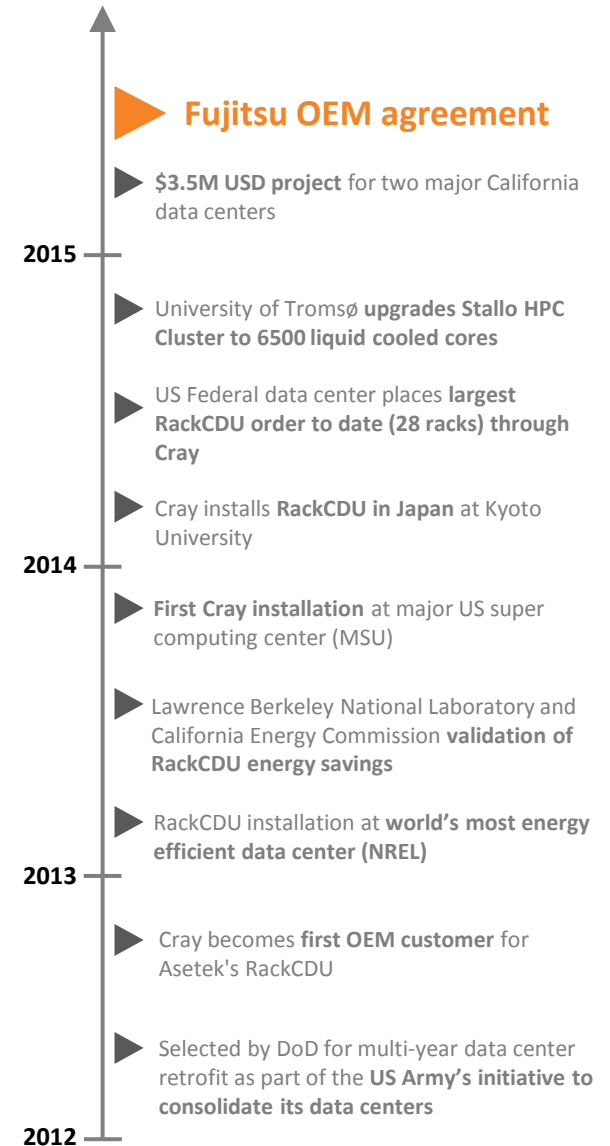
- Asetek is a supplier to Original Equipment Manufacturers (OEMs) who sell servers to end customers
- Asetek positioned as data center OEM supplier since 2012
- The Fujitsu design-win is the first design win with a global top 5 server OEM, the second agreement in total
- Asetek products will be sold under Fujitsu's brand and channel

## Asetek's technology to be incorporated in Fujitsu's High Performance Computing product line

Asetek RackCDU D2C™  
Liquid Cooling

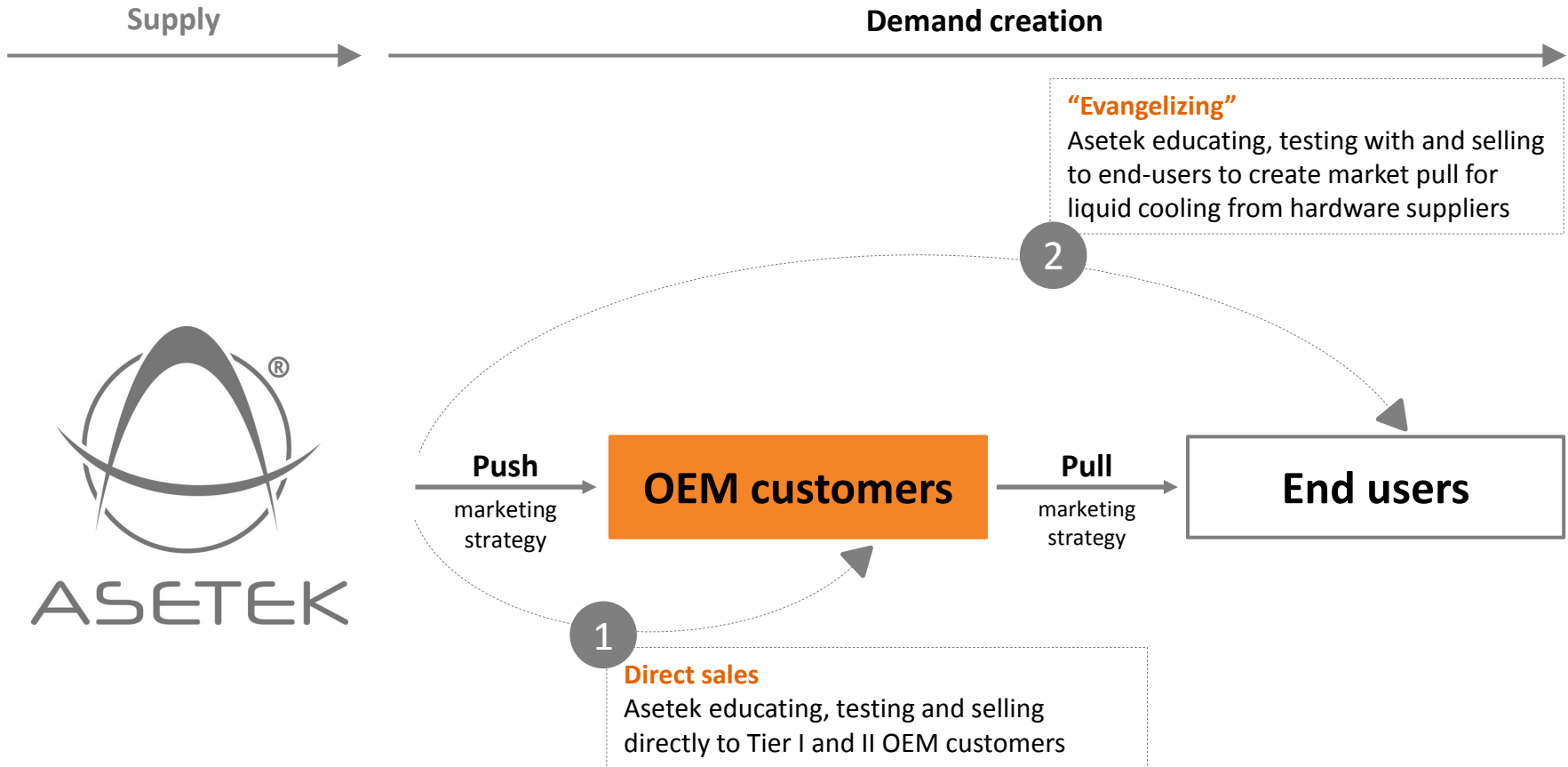


- Fujitsu to incorporate RackCDU liquid cooling in its High Performance Computing product line
- Fujitsu will rollout RackCDU globally as part of the agreement
- Asetek expects first Fujitsu product launch based on RackCDU in Q2 2015



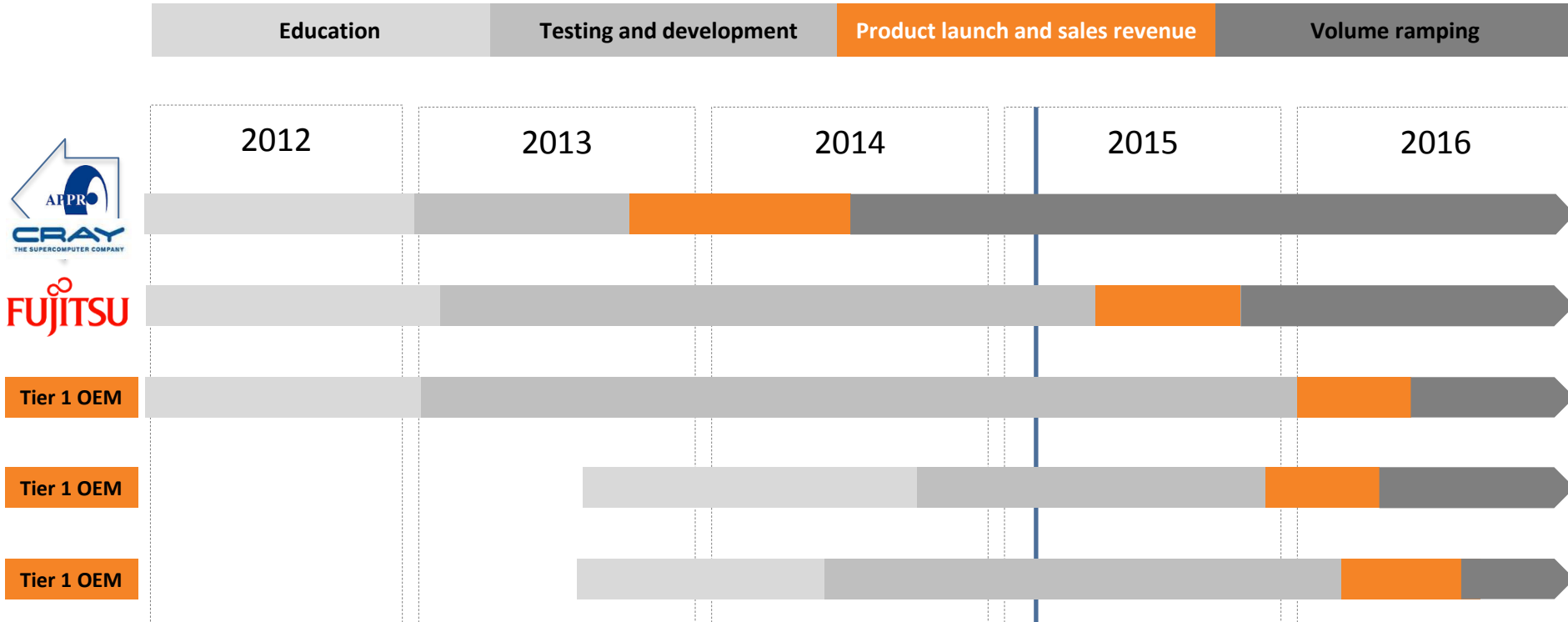
# Data center strategy pursued since 2012...

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# ...yielding pipeline pointing to further OEM agreements

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*Testing and development may affect timing and realization of technology adoption and sales*



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# Income Statement – segment breakdown



USD (000's)	Q4 2014			Q4 2013		
	Group	Desktop	Data center	Group	Desktop	Data center
Revenue	<b>4 563</b>	4 401	162	<b>6 112</b>	5 509	603
<i>Gross Margin</i>	<b>39.9%</b>	40.8%	14.8%	<b>41.9%</b>	45.5%	9.1%
Other operating expenses	<b>3 017</b>	1 363	1 654	<b>3 030</b>	1 200	1 830
EBITDA adjusted	<b>(1 198)</b>	432	(1 630)	<b>( 468)</b>	1 307	(1 775)
Depreciations	<b>410</b>	122	288	<b>553</b>	315	238
Share based compensation	<b>98</b>	44	54	<b>401</b>	172	229
E B I T	<b>(1 706)</b>	266	(1 972)	<b>(1 422)</b>	820	(2 242)
<i>EBIT Margin</i>	<b>-37.4%</b>	6.0%	N/A	<b>-23.3%</b>	14.9%	N/A
HQ, Litigation expenses	<b>1 523</b>			<b>424</b>		
HQ, Share based compensation	<b>37</b>			<b>85</b>		
HQ, Other	<b>238</b>			<b>422</b>		
Headquarters costs	<b>1 798</b>			<b>931</b>		
<b>EBIT, total</b>	<b>(3 504)</b>			<b>(2 353)</b>		

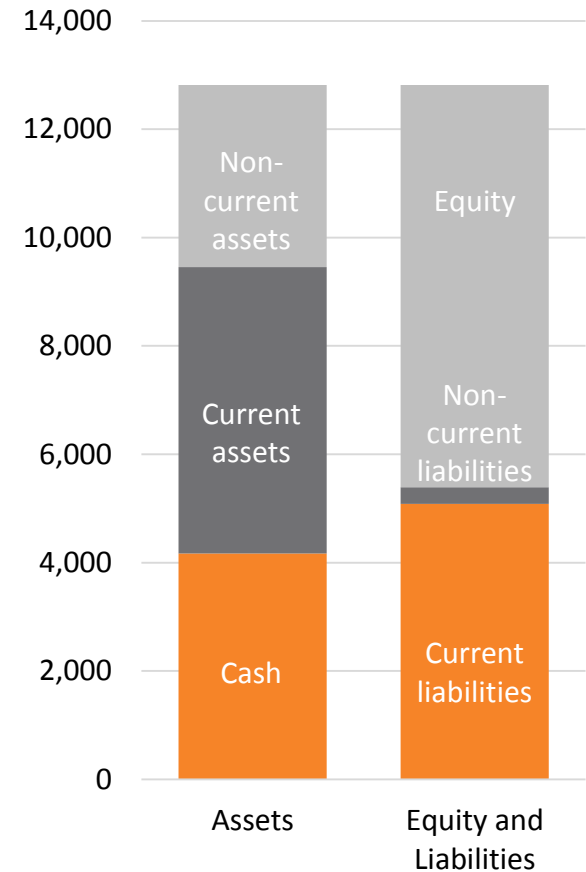
- Desktop revenues down compared to record quarter Q4 2013
  - Significant new order shifted to Q1 2015
  - HP removed liquid cooling on its most recent high performance workstation line - Dell adopting instead
- Data center revenue decline explained by fluctuations in timing of equipment delivery to the U.S. Department of Defense

# Balance sheet

USD (000's)	Q4 2014	Q3 2014	Q4 2013
Total non-current assets	3 356	3 525	3 249
Inventories	1 102	1 124	1 074
Receivables	4 186	4 023	4 997
Cash and equivalents	4 170	6 252	11 663
Total current assets	9 458	11 399	17 734
<b>Total assets</b>	<b>12 814</b>	<b>14 924</b>	<b>20 983</b>
<b>Total equity</b>	<b>7 422</b>	<b>9 490</b>	<b>14 808</b>
Total non-current liabilities	309	340	475
Total current liabilities	5 083	5 094	5 700
<b>Total liabilities</b>	<b>5 392</b>	<b>5 434</b>	<b>6 175</b>
<b>Total equity and liabilities</b>	<b>12 814</b>	<b>14 924</b>	<b>20 983</b>

- Inventory turns: ~11 times per year
- Trade receivables DSO: ~52 days at Q4 2014

Balance sheet composition – Q4 2014



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# Raising capital to strengthen financial growth platform and partner capacity



## Size and main terms

- Asetek raised NOK 100 million in a private placement February 24, 2015
  - 10,000,000 new shares at a subscription price of NOK 10 per new share
- Subsequent offering of up to 2,000,000 new shares at a subscription price of NOK 10, raising gross proceeds of up to NOK 20 million
  - Will be directed towards Asetek's shareholders as of February 24 who were not allocated shares in the private placement
- Both the private placement and subsequent offering are conditional upon approval by an extraordinary general meeting to be held March 19, 2015

## Use of proceeds

- Prepare for data center product launches and volume ramp during H2 2015 and 2016 including optimization of manufacturing processes and capabilities
- Strengthen data center business development infrastructure in order to continue to accelerate further OEM adoption
- Build stronger balance sheet to support partnering with Tier 1 OEMs

## Transaction timeline

- Extraordinary general meeting: March 19, 2015
- Settlement and delivery of new shares in the private placement: On or about March 24, 2015
- Approval of prospectus: On or about March 24, 2015
- Subscription period subsequent offering: Late March/early April





- Important IPR lawsuits settled
  - Eliminating risks and reducing legal costs going forward
- Fujitsu OEM agreement key milestone
  - Confirms data center strategy potential
- Raised capital to strengthen financial growth platform and partner capacity
  - NOK 100M at NOK10 per share
- Revenues expected to pick up
  - Expect Q1 2015 desktop revenue above Q4 2014, Q2 2015 upwards of 40% higher than the average revenue levels achieved recent quarters
  - Over time, Asetek anticipates significant data center revenue growth to be derived from RackCDU sales on Fujitsu platforms



University of Tromsø, Norway  
with Asetek RackCDU

# Appendix

# Income statement

Figures in USD (000's)	Q4 2014		Q4 2013		2014		2013	
	<i>Unaudited</i>		<i>Unaudited</i>		<i>Unaudited</i>			
Revenue	\$	4 563	\$	6 112	\$	20 847	\$	20 729
Cost of sales		2 749		3 687		12 137		12 680
<b>Gross profit</b>		1 814		2 425		8 710		8 049
Research and development		880		1 341		3 556		4 492
Selling, general and administrative		4 302		3 393		14 664		11 236
Foreign exchange loss (gain)		136		44		298		80
<b>Total operating expenses</b>		5 318		4 778		18 518		15 808
<b>Operating income</b>		(3 504)		(2 353)		(9 808)		(7 759)
Finance income		1		-		2		1 865
Finance costs		(27)		(23)		(89)		(830)
<b>Total financial income (expenses)</b>		(26)		(23)		(87)		1 035
<b>Income before tax</b>		(3 530)		(2 376)		(9 895)		(6 724)
Income tax (expense) benefit		1 142		443		1 138		443
<b>Income for the period</b>		(2 388)		(1 933)		(8 757)		(6 281)
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>								
Foreign currency translation adjustments		184		29		335		52
<b>Total comprehensive income</b>	\$	(2 204)	\$	(1 904)	\$	(8 422)	\$	(6 229)
<b>Income per share (in USD):</b>								
Basic	\$	(0.17)	\$	(0.14)	\$	(0.62)	\$	(0.46)
Diluted	\$	(0.17)	\$	(0.14)	\$	(0.62)	\$	(0.46)

# Balance Sheet

Figures in USD (000's)	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>	<i>Unaudited</i>	
<i>Non-current assets</i>		
Intangible assets	\$ 2 334	\$ 1 823
Property and equipment	730	1 096
Other assets	292	330
<b>Total non-current assets</b>	<b>3 356</b>	<b>3 249</b>
<i>Current assets</i>		
Inventory	1 102	1 074
Trade receivables and other	4 186	4 997
Cash and cash equivalents	4 170	11 663
<b>Total current assets</b>	<b>9 458</b>	<b>17 734</b>
<b>Total assets</b>	<b>\$ 12 814</b>	<b>\$ 20 983</b>
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	\$ 264	\$ 264
Share premium	64 451	64 357
Accumulated deficit	(57 307)	(49 490)
Translation and other reserves	14	(323)
<b>Total equity</b>	<b>7 422</b>	<b>14 808</b>
<i>Non-current liabilities</i>		
Long-term debt	309	243
Other long-term liabilities	-	232
<b>Total non-current liabilities</b>	<b>309</b>	<b>475</b>
<i>Current liabilities</i>		
Short-term debt	300	420
Accrued liabilities	1 255	802
Accrued compensation & employee benefits	882	995
Trade payables	2 646	3 483
<b>Total current liabilities</b>	<b>5 083</b>	<b>5 700</b>
<b>Total liabilities</b>	<b>5 392</b>	<b>6 175</b>
<b>Total equity and liabilities</b>	<b>\$ 12 814</b>	<b>\$ 20 983</b>

# Cash Flow

Figures in USD (000's)	2014	2013
	<i>Unaudited</i>	
<b>Cash flows from operating activities</b>		
Income (loss) for the period	\$ (8 757)	\$ (6 281)
Depreciation and amortization	1 771	2 030
Finance costs (income)	87	(1 035)
Income tax expense (income)	(1 138)	(443)
Impairment of intangible assets	36	62
Cash receipt (payment) for income tax	204	222
Share based payments expense	940	593
Changes in trade receivables, inventories, other assets	1 264	(1 109)
Changes in trade payables and accrued liabilities	(230)	1 406
<b>Net cash used in operating activities</b>	<b>(5 823)</b>	<b>(4 555)</b>
<b>Cash flows from investing activities</b>		
Additions to intangible assets	(1 873)	(2 128)
Addition to other assets	-	(314)
Purchase of property and equipment	(172)	(631)
<b>Net cash used in investing activities</b>	<b>(2 045)</b>	<b>(3 073)</b>
<b>Cash flows from financing activities</b>		
Cash received for leasing of previously purchased equipment	248	-
Long-term deposit received from sub-lessee	-	234
Cash payments on long-term debt	-	(3 621)
Funds drawn (paid) against line of credit	(141)	57
Cash payments for interest on debt	-	(461)
Proceeds from issuance of share capital	96	25 099
Cash paid for fees related to IPO	-	(3 405)
Principal and interest payments on finance leases	(151)	(42)
<b>Net cash provided by financing activities</b>	<b>52</b>	<b>17 861</b>
Effect of exchange rate changes on cash and cash equivalents	323	182
<b>Net changes in cash and cash equivalents</b>	<b>(7 493)</b>	<b>10 415</b>
Cash and cash equivalents at beginning of period	11 663	1 248
<b>Cash and cash equivalents at end of period</b>	<b>\$ 4 170</b>	<b>\$ 11 663</b>
<b>Supplemental disclosure - non-cash transactions</b>		
Property and equipment acquired on finance leases	\$ -	\$ 321