



# Q1 2018 and Capital Markets Update

25 April 2018

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# Agenda



11:00	Welcome
11:05 – 11:30	<b>Liquid cooling makes sense in a data driven world</b> CEO André Sloth Eriksen
11:30 – 12:15	<b>Our markets and business segments</b> COO John Hamill
Break	Refreshments and product demo
12:30 – 13:00	<b>Creating value through profitable growth</b> CFO Peter Dam Madsen
13:00 – 13:15	<b>Sum-up</b> CEO André Sloth Eriksen
13:15 -	Q&A, mingling and food




A close-up photograph of industrial machinery, likely a liquid cooling system. A black pipe with a blue cap is visible in the upper left. Below it, several orange cables are connected to a component. The background is blurred, showing more of the machinery.

# Liquid cooling makes sense in a data driven world

CEO André S. Eriksen





A data-driven world  
puts new demands on  
computers and servers



# What we do



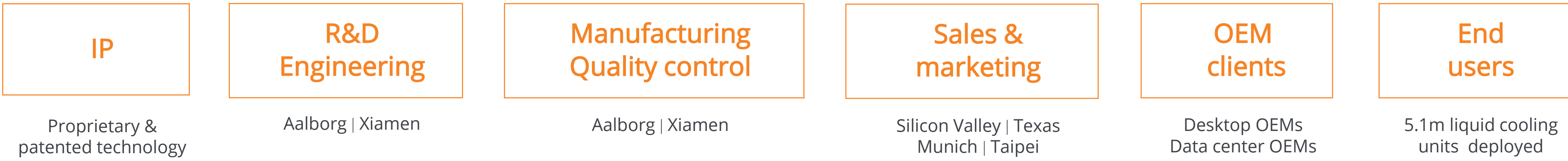
Asetek specializes in liquid cooling solutions for data centers, servers and PCs

# Asetek snapshot





**Company facts**  
Listed on Oslo Stock Exchange (Oslo Børs)  
FY'17 sales of USD 58 million  
FY'17 adjusted EBITDA of USD 6.8 million  
94 employees

## Integrated value chain



# Our two business segments



IP Platform	Business segments	Market	Q1'18 financials
<p>Applications Technology Systems Products</p> <p>Patents</p> <p>High Volume manufacturing</p> <p>WW hub infrastructure</p>	 <p>Desktop PC</p>	<ul style="list-style-type: none"><li>• Do It Yourself (DIY)</li><li>• Gaming</li></ul>	<p><b>95% of revenue</b> USD 4.0m of EBITDA</p>
	 <p>Data Center</p>	<ul style="list-style-type: none"><li>• High performance computing (HPC)</li><li>• Server racks</li><li>• Servers</li><li>• Hyperscale computing</li></ul>	<p><b>5% of revenue</b> USD (2.3m) of EBITDA</p>

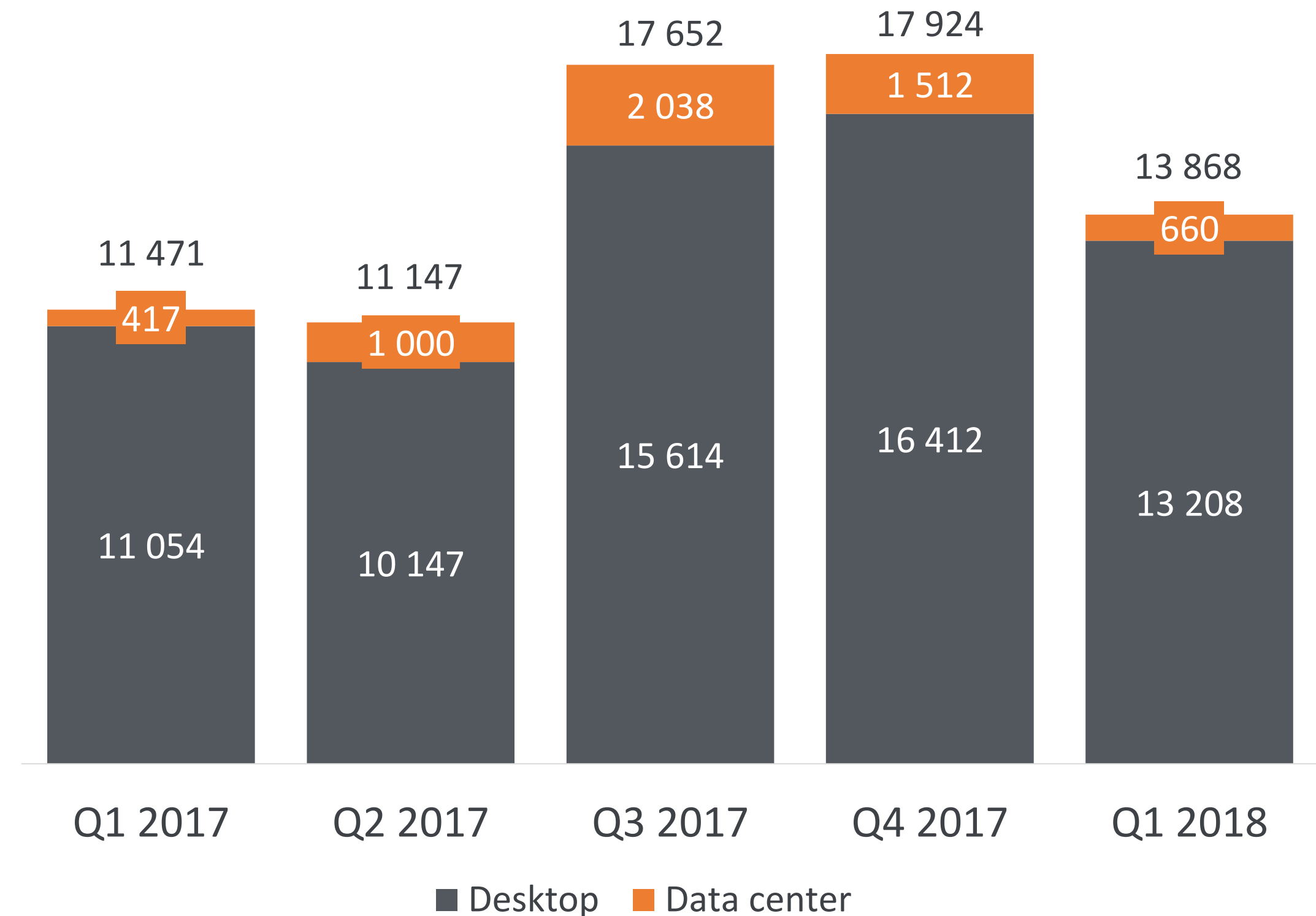


# Recent highlights



- Record Q1 revenue of USD 13.9 million, up 21%
  - Driven by high-end desktop cooling demand
- Q1 2018 EBITDA adjusted of USD 0.9 million
  - Reflecting currency effects, costs and growth investments
- Surpassed total of 5 million sealed loop coolers shipped since inception
- Announcement with Intel Product Collaboration and Systems Division (PCSD)
  - Initial forecasts for sealed loops has not met Asetek's expectations (run-rate volume business)
  - RackCDU business showing up in pipeline, but will take time (bid-based business)

Group revenue  
USD thousands

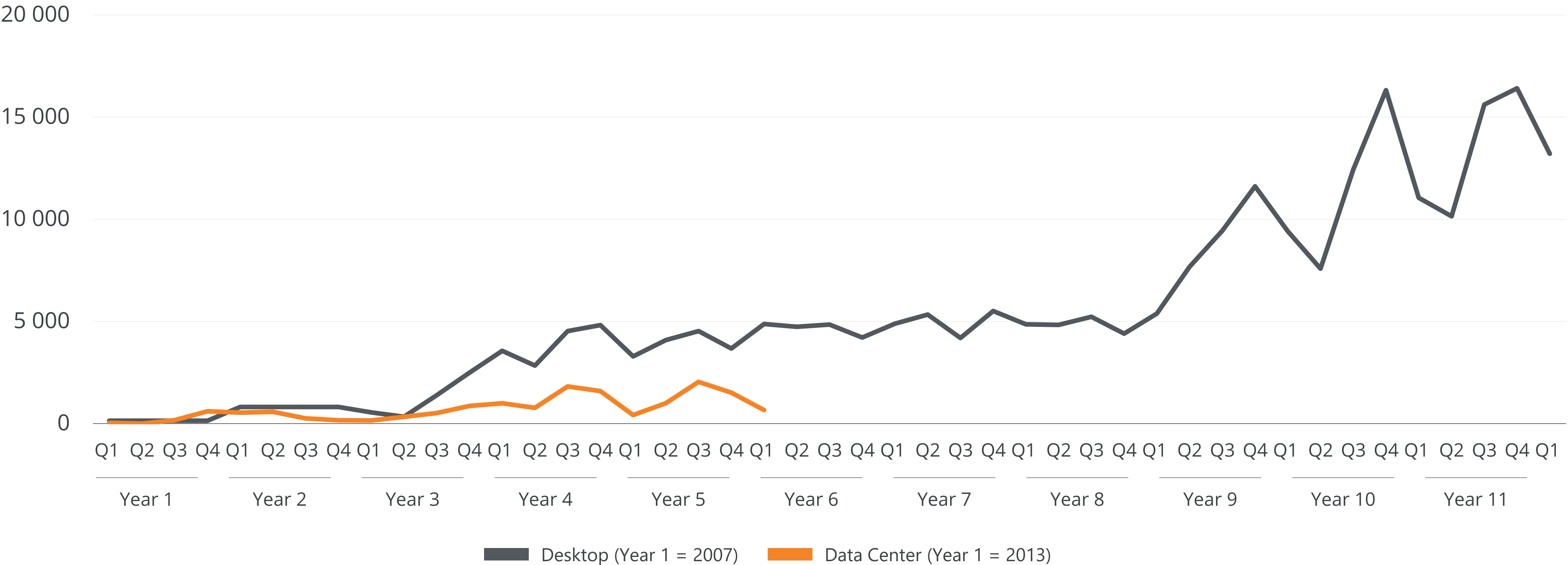




# Hardware commercialization is a long-term business



Quarterly revenue development since commercialization  
USD thousands





Liquid cooling offers a strong  
value proposition to  
data center and PC owners





# Performance and cost efficiency



Data center



- Up to 10% performance increase
- Up to 5x higher density
- 50% lower cooling costs



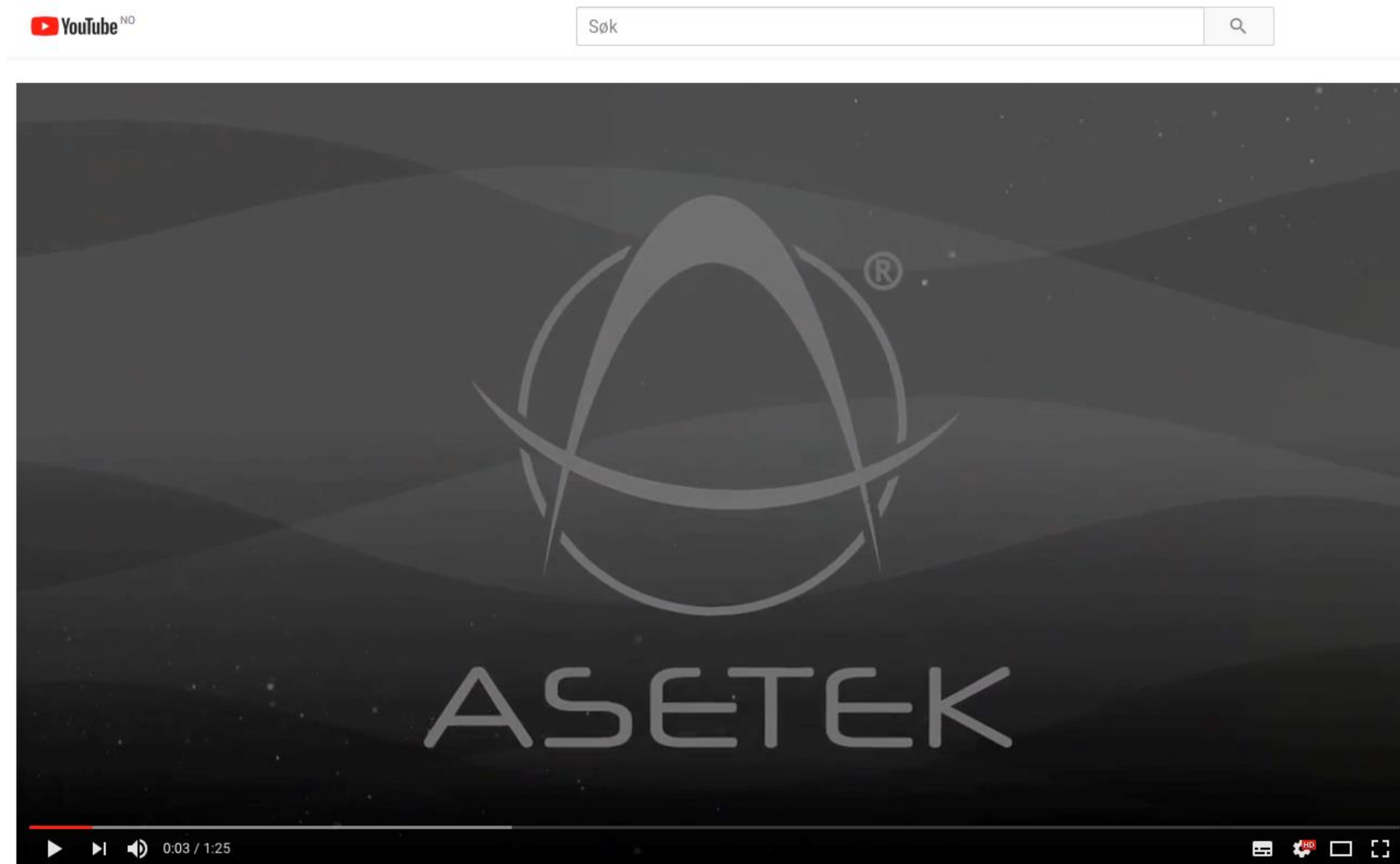
Desktop



- Reliable CPU and GPU performance
- Low noise and overclocking
- Customization



# Energy savings and environmental impact



VIDEO:

[https://www.youtube.com/watch?time\\_continue=1&v=tSNY9X\\_8ySc](https://www.youtube.com/watch?time_continue=1&v=tSNY9X_8ySc)

# Asetek's go-to-market strategy

- Develop strong ties to global and regional OEMs and channel partners
- Partnerships with hardware and infrastructure providers
- Leveraging relationships across both desktop and data center segments

## OEM adoption timeline

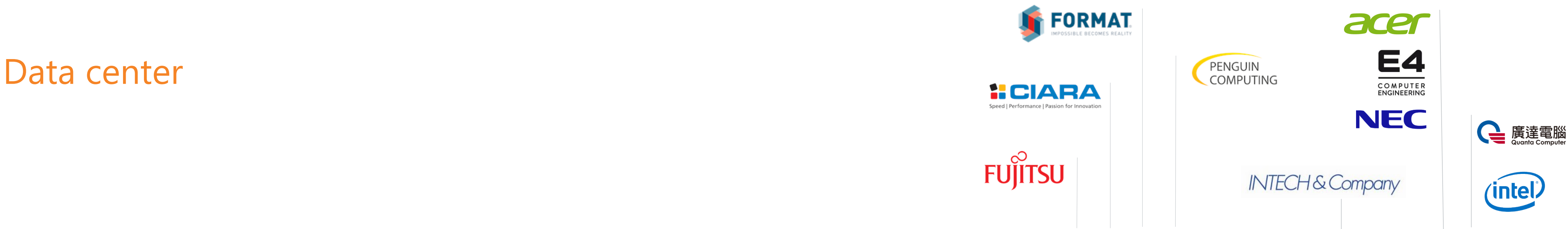




# Building partnerships and global reach



## Data center



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

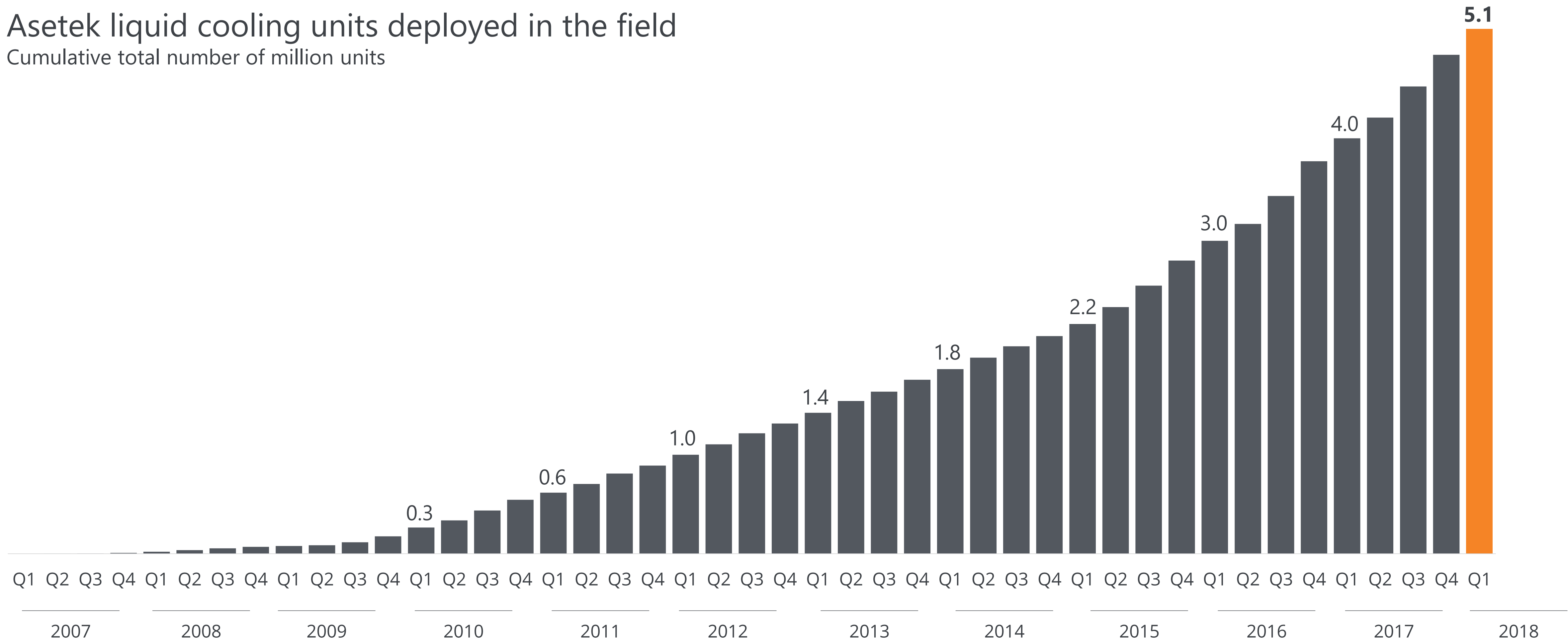
## Desktop



# ~ 5.1 million liquid cooling units deployed in the field



Asetek liquid cooling units deployed in the field  
Cumulative total number of million units

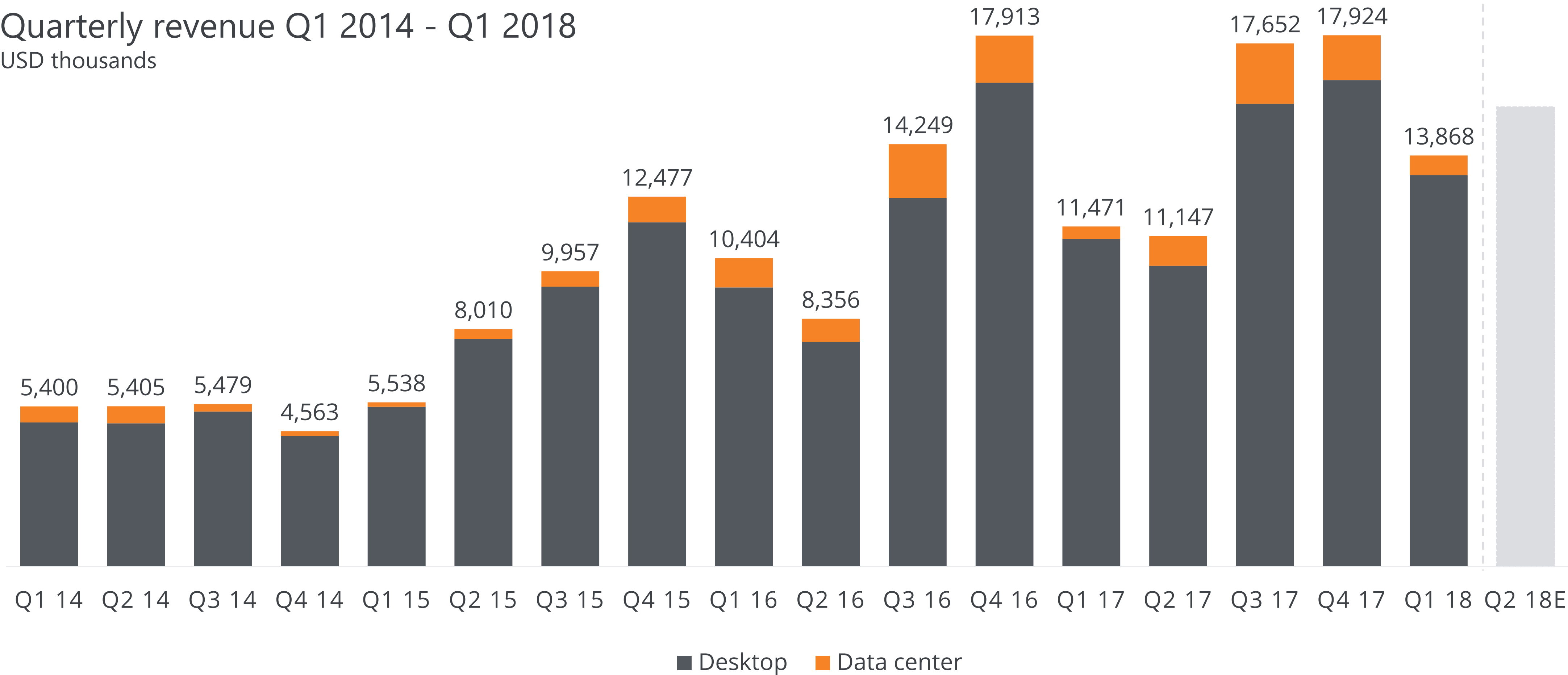




# Revenue development



Quarterly revenue Q1 2014 - Q1 2018  
USD thousands



# Strategic position



Large and growing markets

Supplying global brands

Market leading solutions

Strong IP

Profitable growth





# Our markets and business segments

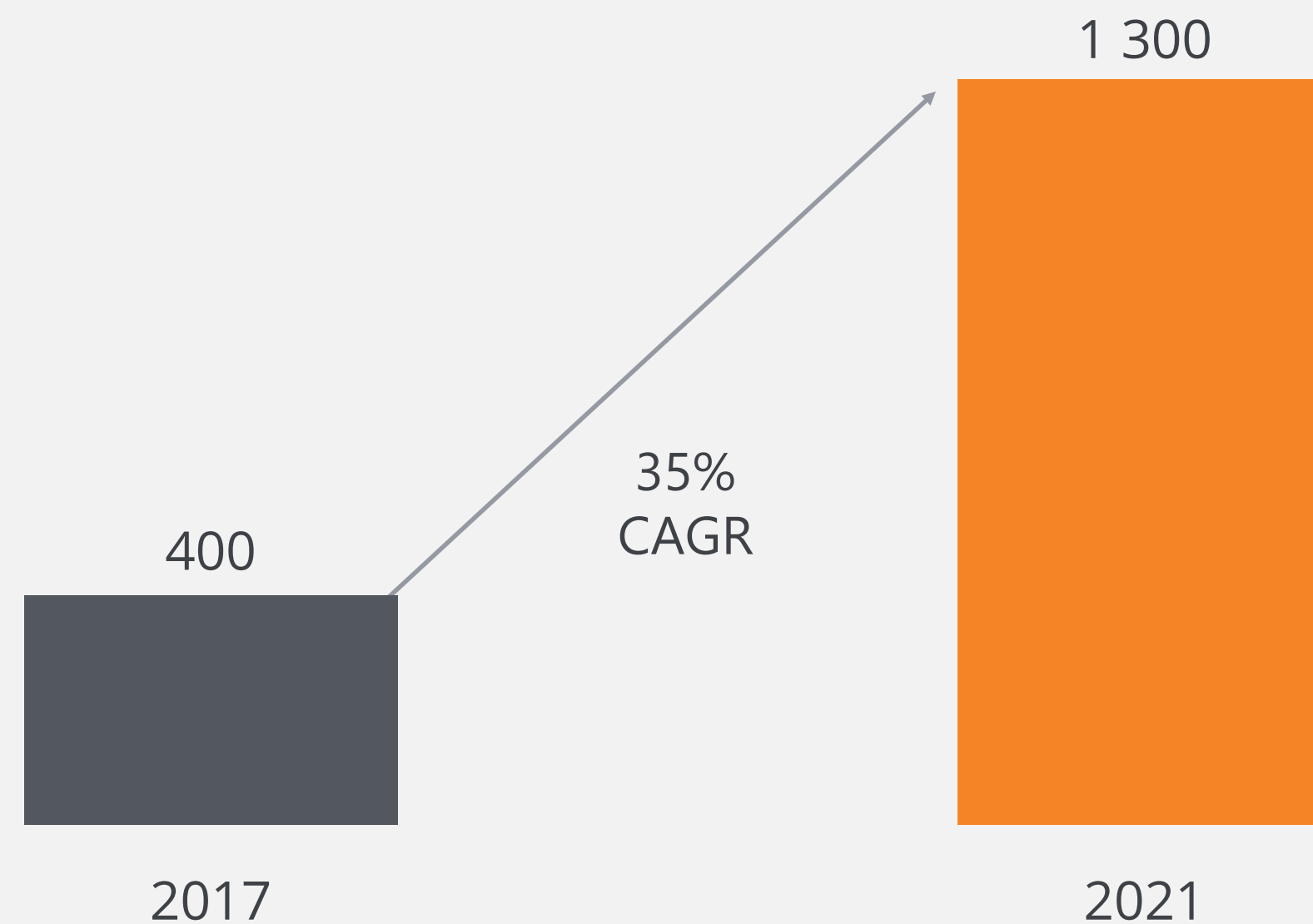
COO John Hamill



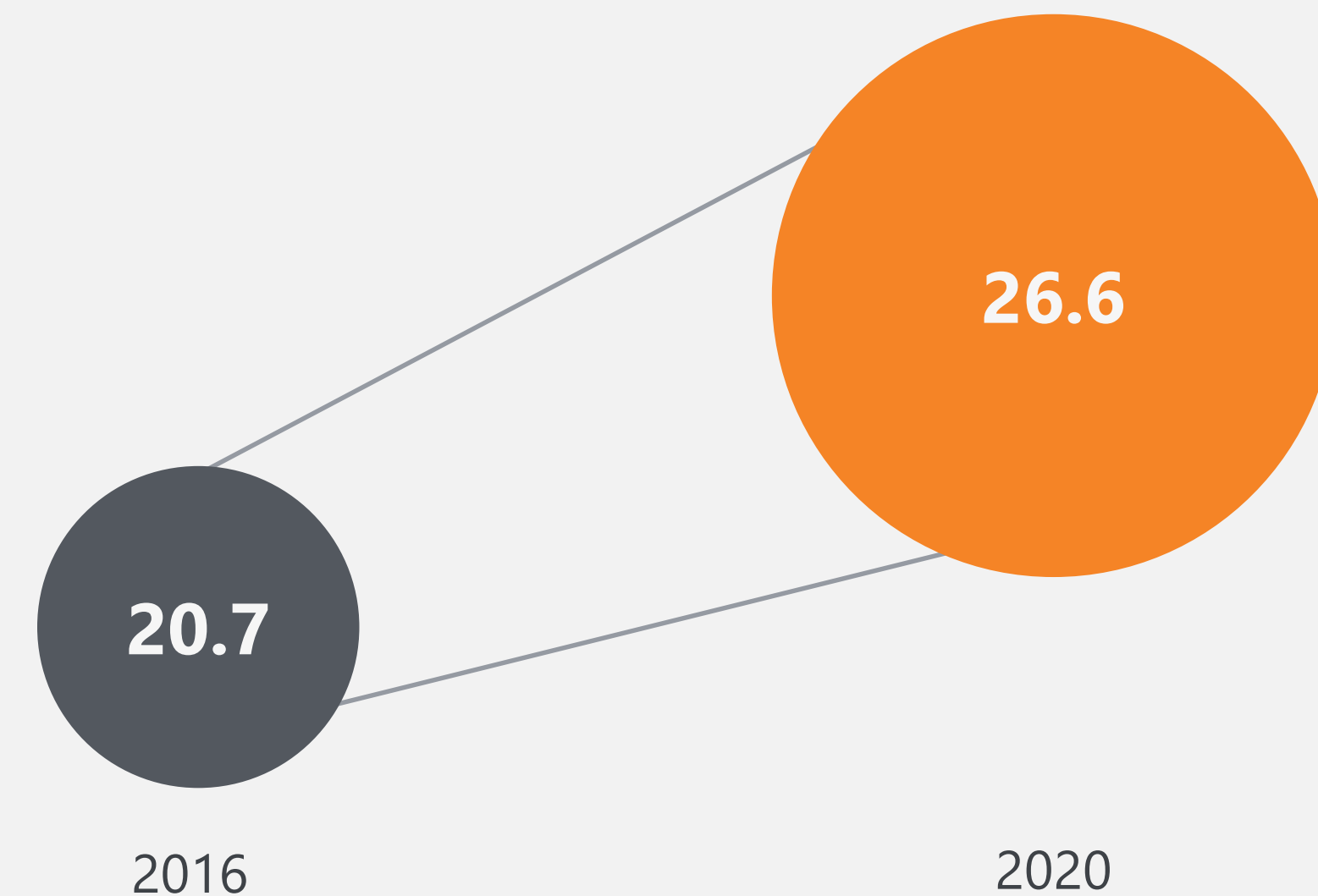
# Key macro trends

- Exponential growth in amount of data which must be processed and stored
- Ever increasing requirements for data transfer and processing speeds
- New data driven applications
- Gaming and VR push the boundaries for desktop system capabilities

Data stored (Exabytes) in data centers



Worldwide high-end gamer population (million users)





# Our desktop business



Do-It-Yourself PC enthusiasts / gamers  
76% sales



OEM Gaming Desktop PCs  
24% sales



Shipped more than 1 million desktop units in 2017  
Shipped 245,000 desktop units in Q1 2018

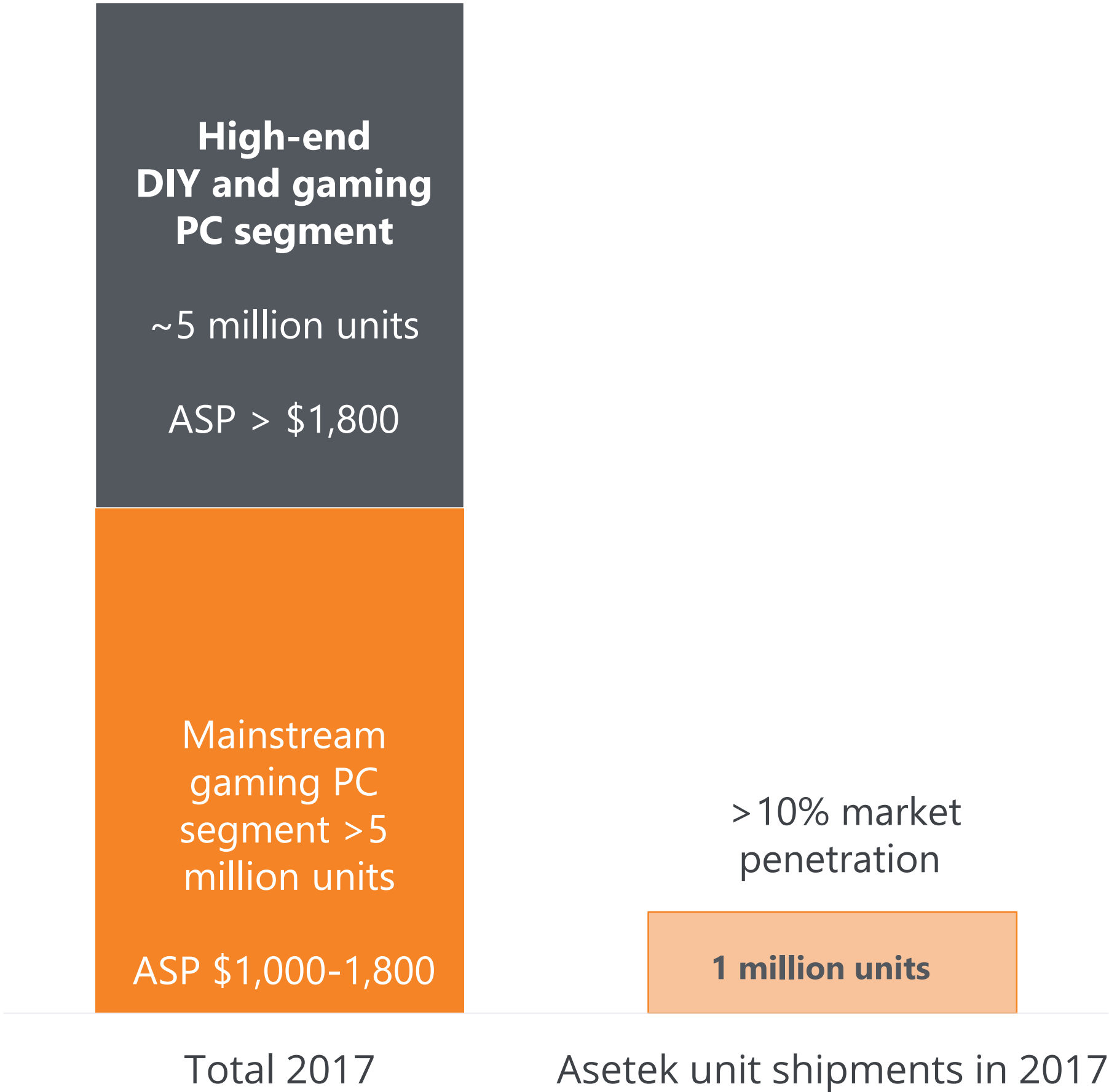


# Untapped desktop market potential

- Estimated less than 10% penetration in high-end gaming and DIY enthusiast desktop segment

2017 high-end gaming population, assumed one system unit each	22 million
Notebook market share	25%-30%
Desktop high-end gaming population	12.5 - 15.4 million
Replacement cycle	3 to 3.5 years
High-end desktop gaming PC potential per year (Minimum PC ASP USD 1,800)	~ 5 million units
Mid-range desktop gaming PC potential per year (PC ASP 1,000 – 1,800)	> 5 million units
Estimated Total Available Market (units per year)	+10 million
Asetek average sealed loop ASP in 2017	USD 52.5 per unit
<b>Estimated TAM for Asetek’s Desktop business</b>	<b>&gt;USD 525 million</b>

- High-end gaming PC equipment market expect to grow by a CAGR of 7.5%\* to USD 17 billion by 2020

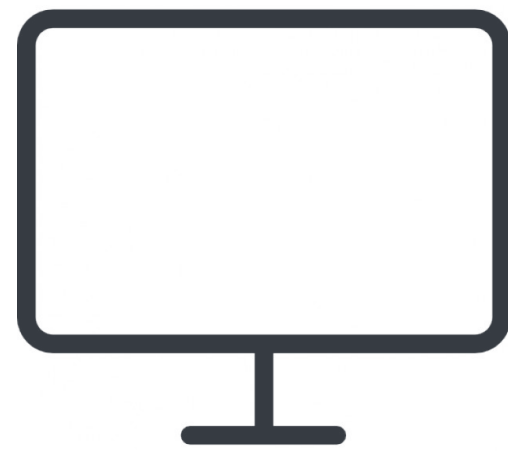




# Key market drivers



## New technologies and rapidly growing segments



4K resolution  
and ultra-high-  
definition (UHD)



Virtual reality

**AAA**

Triple-A games



eSports



# eSports

Total high-end eSports  
PC gaming hardware  
market USD million

USD 150  
million  
2016

USD 750  
million  
2020e

Source: Jon Peddie Research



# Customer overview

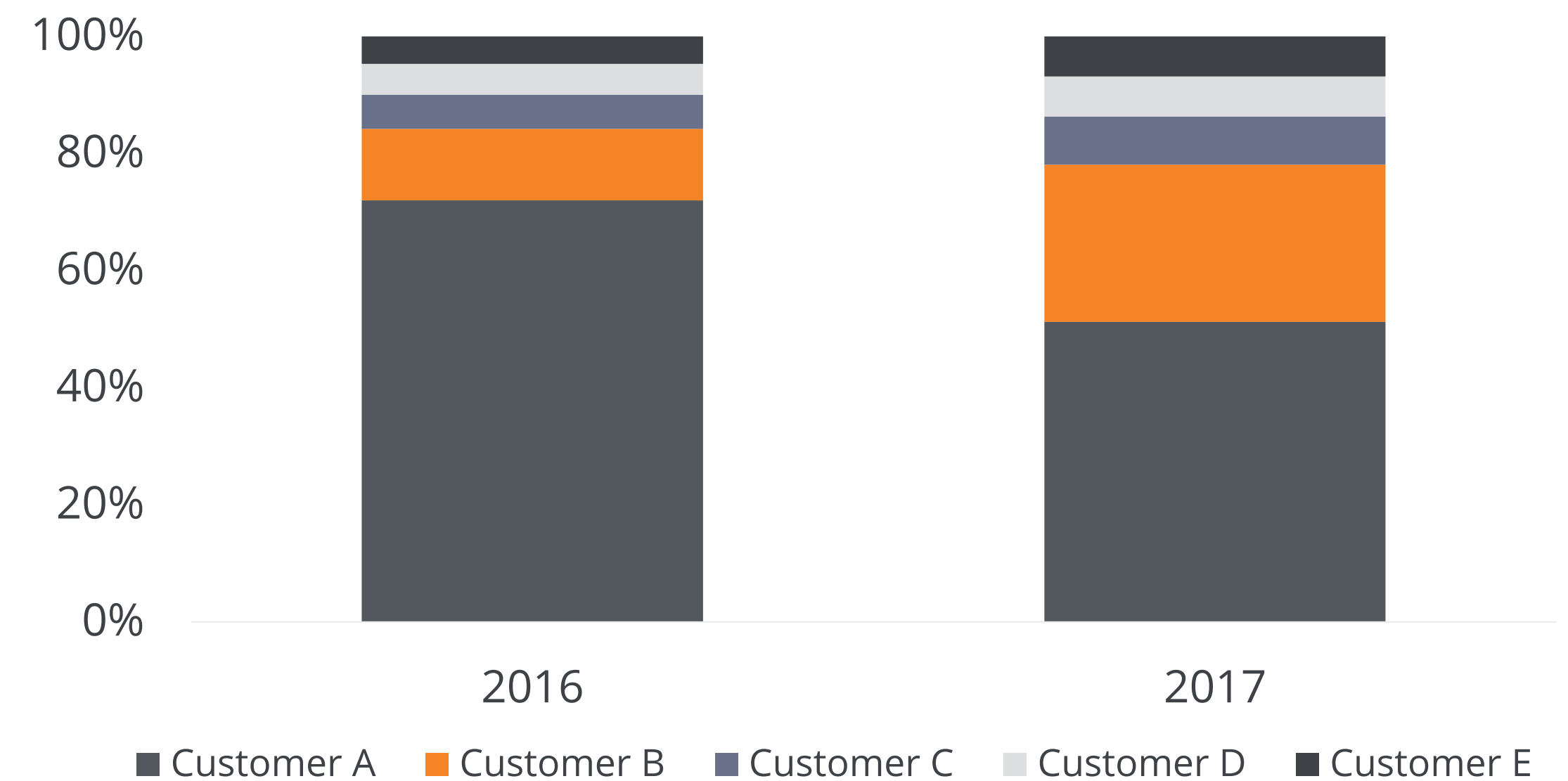


## Top five desktop customers



**+27** additional desktop customers



## Revenue split among top 5 desktop customers



- Continued focus on widening base of providers offering Asetek liquid cooling
- Reducing dependency on one single customer

# Desktop strategy and outlook



Goal	Strategic platform	Strategy	Outlook
Continue to dominate the desktop liquid cooling market	<div><p><b>Do-It-Yourself PC enthusiasts</b> 76% sales</p><p><b>Gaming and Performance Desktop PCs</b> 24% sales</p></div>	<ul style="list-style-type: none"><li>• Drive innovation</li><li>• Drive differentiation</li><li>• Increase GPU attach</li></ul>	<p>Desktop revenue growth expected to exceed 50% in Q2 18</p> <p>Desktop revenue expected to grow in the range of 10% to 20% in 2018, increased from 5% to 15%</p>



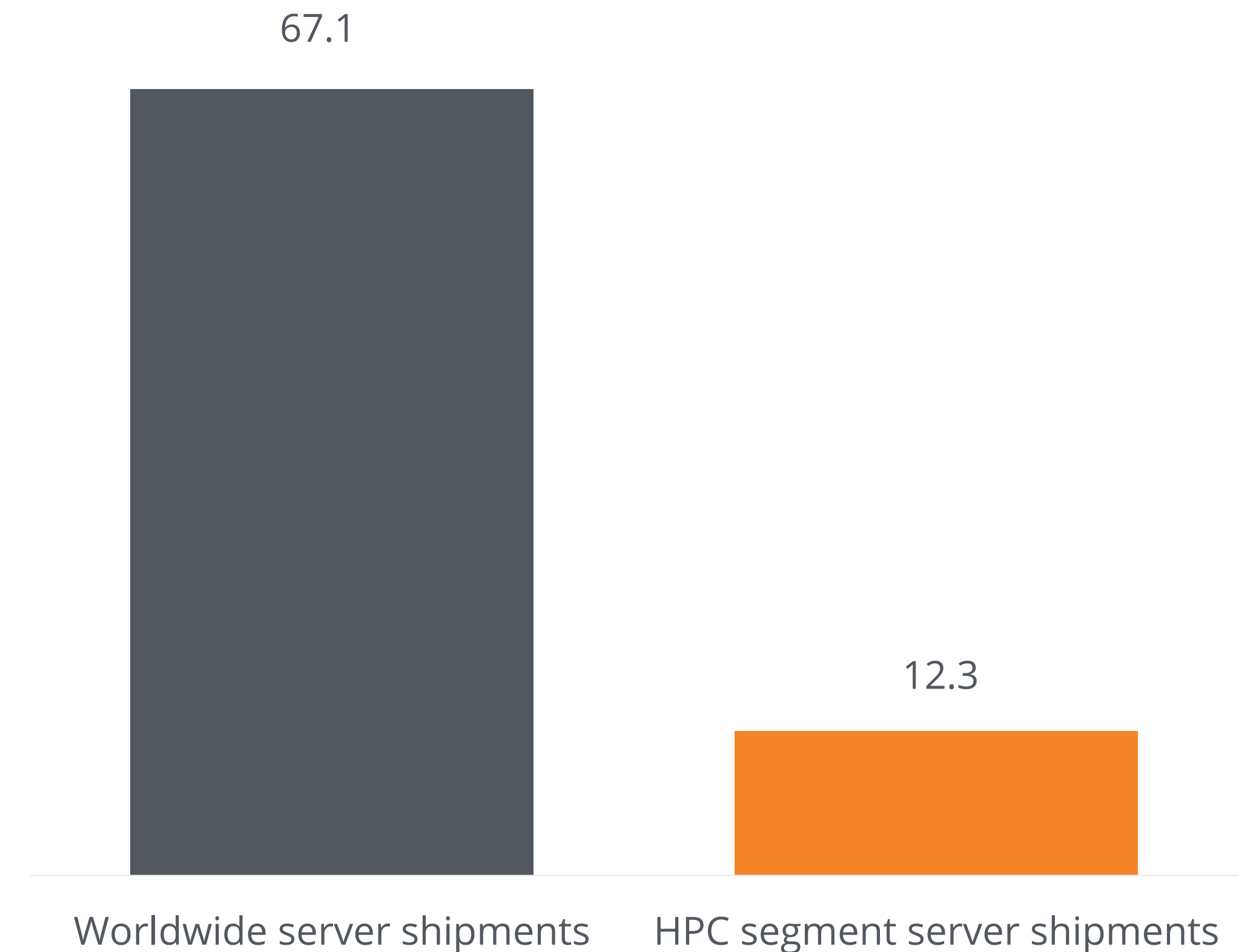
# Data center introduction



- The Asetek liquid cooling-technology value proposition resonates best in the HPC (high performance computing) segment of the data center market
- Demand is increasing as new applications are introduced that require servers with HPC capabilities
- HPC capabilities are needed across various data center market sub-segments

## 2017 global data center market and HPC segment

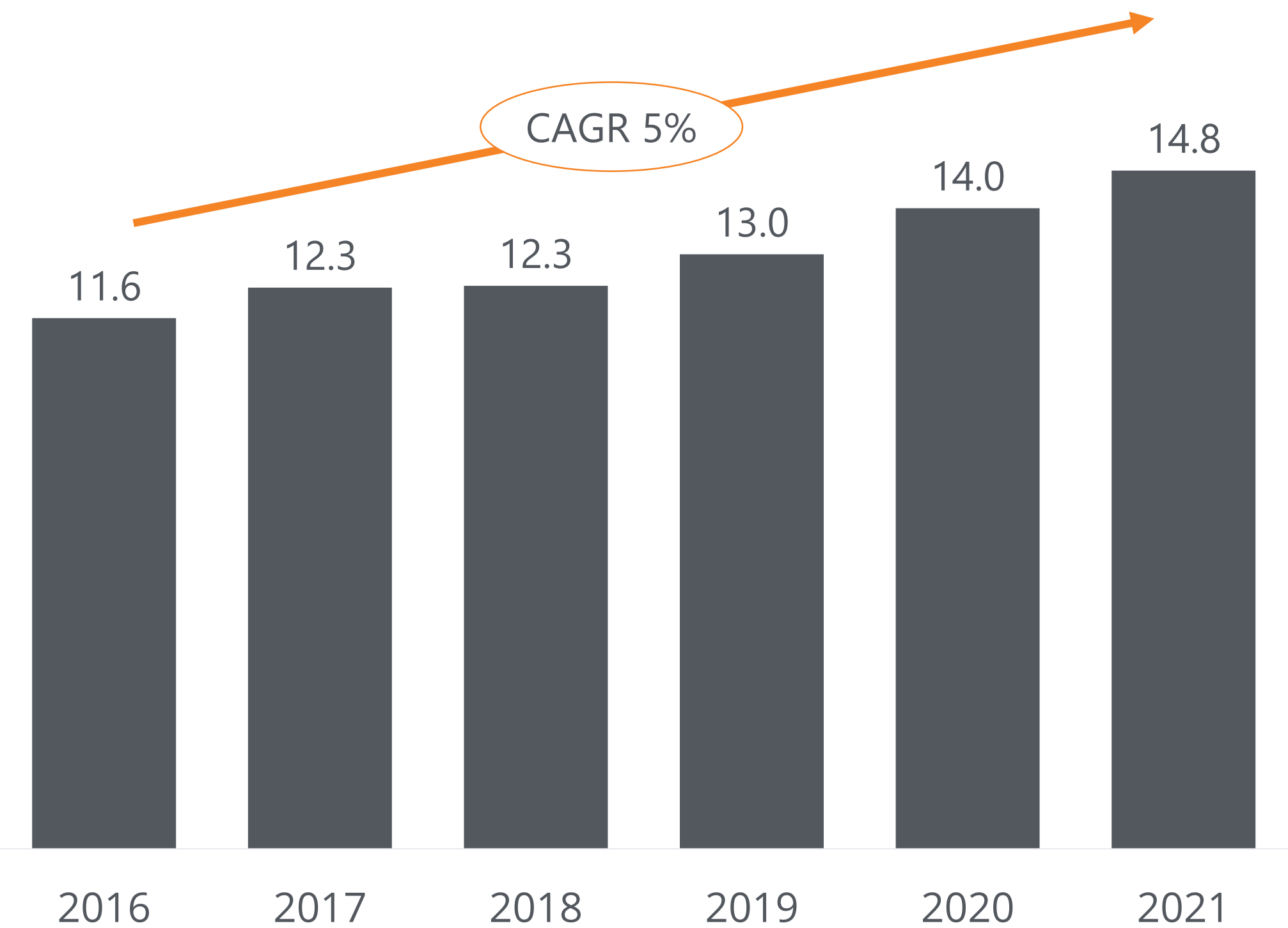
(Estimated value USD billion based on server shipments)



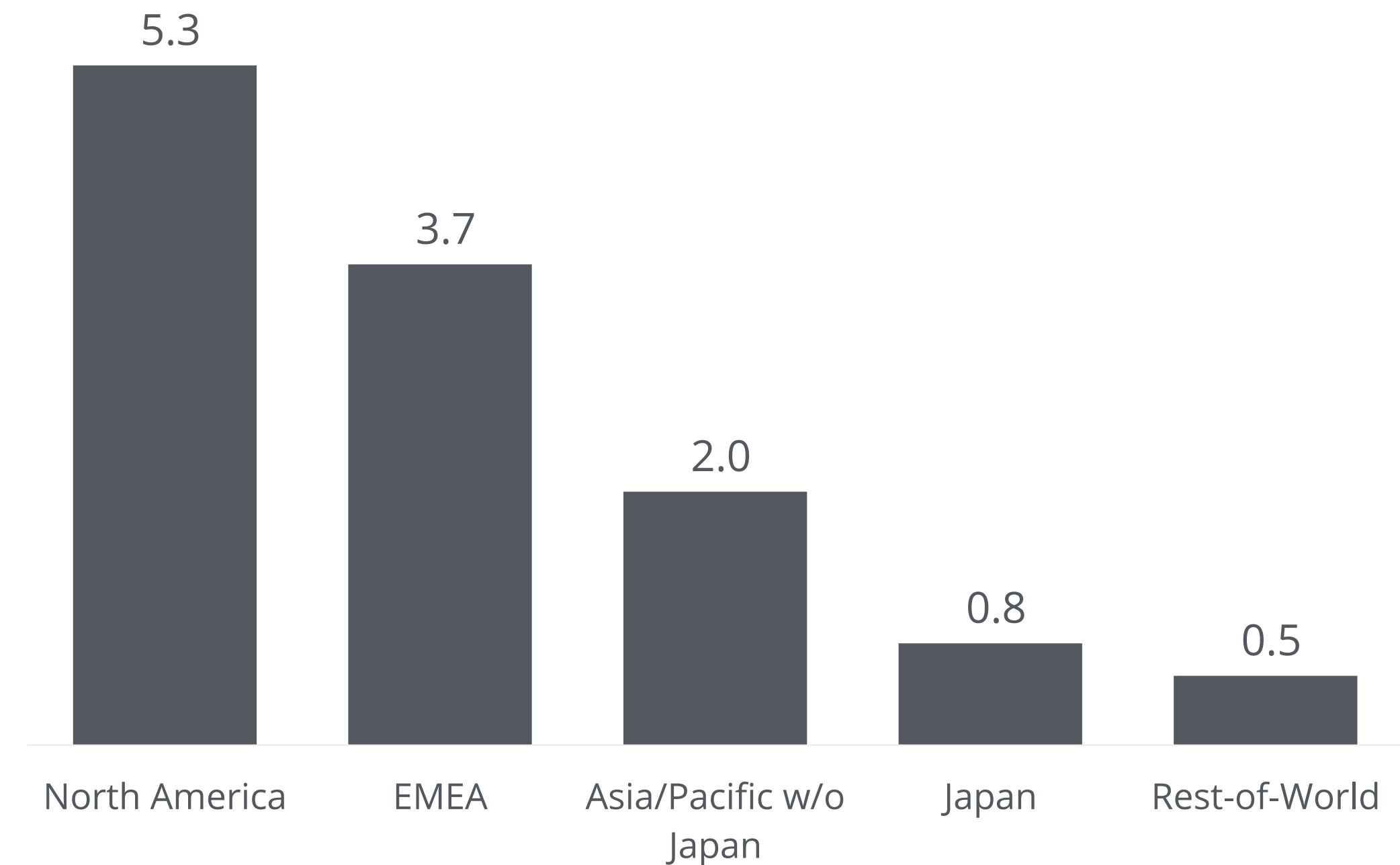


# HPC market characterized by steady growth

Overall HPC market  
(Revenues USD billion based on server/nodes)



2017 HPC market geographical split  
(Revenues USD billion)



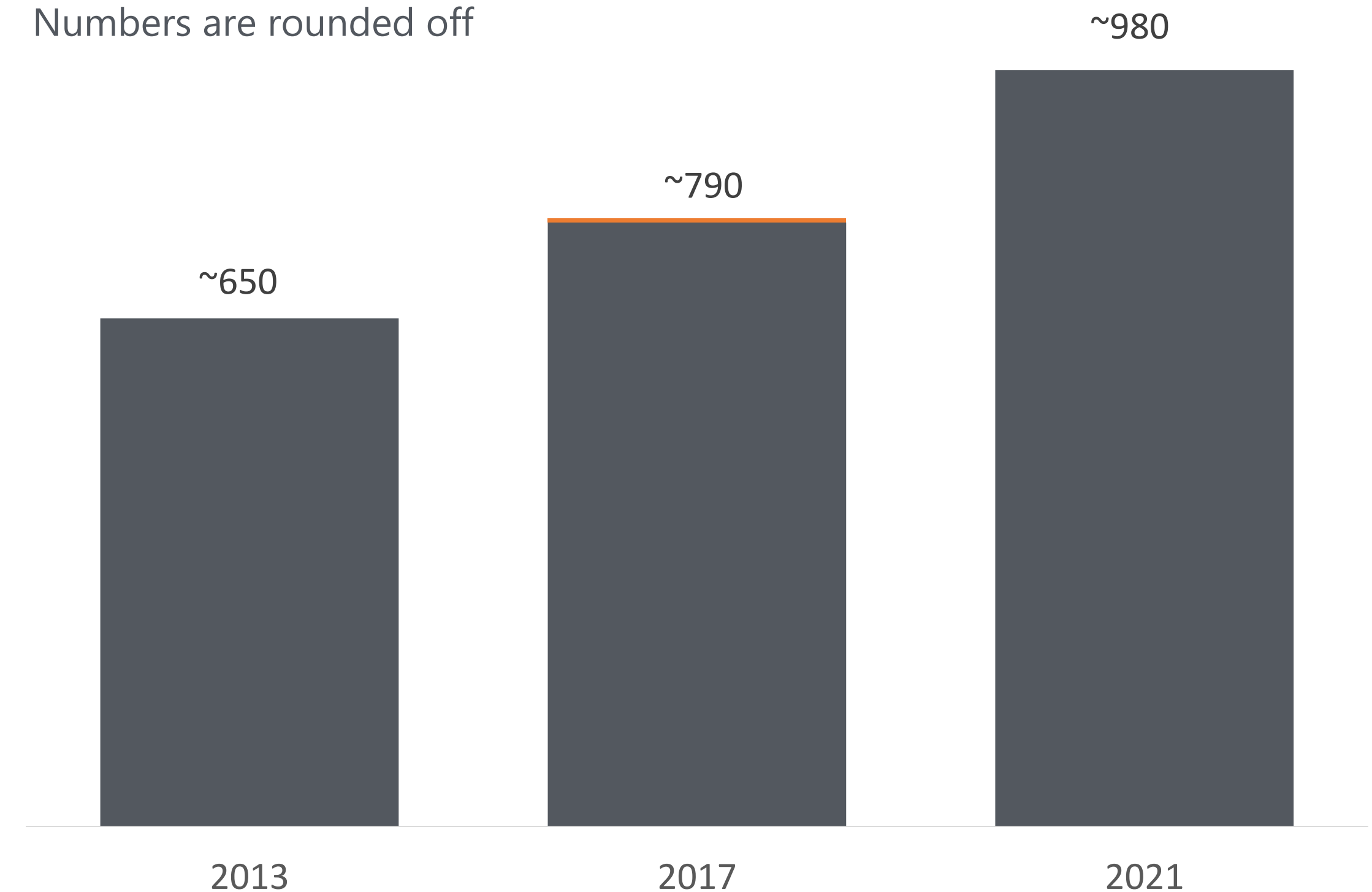


# Total available market to Asetek- HPC segment

- Vast untapped market potential
- Estimated TAM for the HPC segment of ~USD 790 million
- Asetek reported USD 5 million in Data center revenue in 2017, <1% implied market share

## Estimated HPC segment TAM USD million

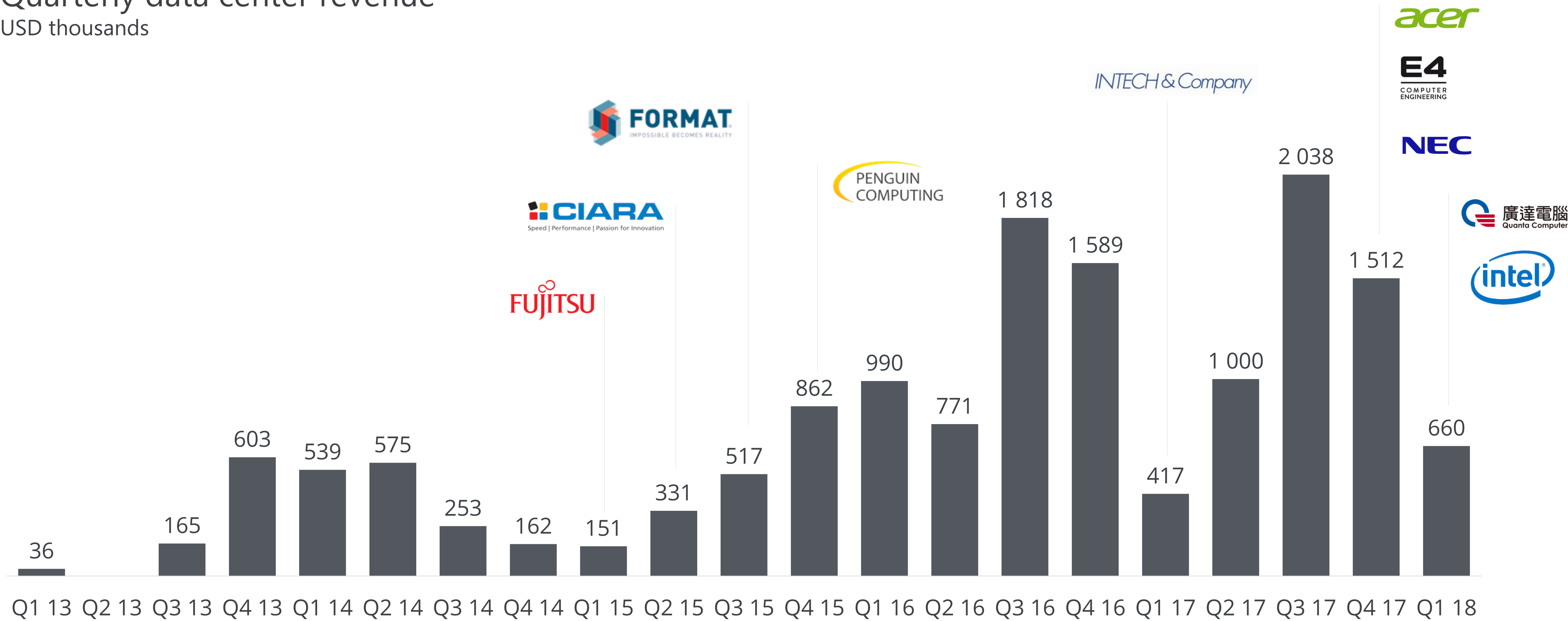
Assuming 72 processors nodes per rack  
and USD 15,000 ASP per RackCDU  
Numbers are rounded off



# Delivering on data center strategy by adding six new OEMs



Quarterly data center revenue  
USD thousands





# Intel collaboration on liquid cooling for servers and data centers



## Starting point

- Partnership with Intel Product Collaboration and Systems Division (PCSD)
- Hot water liquid cooling for servers and datacenters based on Asetek's\* sealed loop and D2C technologies
- Focused on liquid cooling of density-optimized Intel® Compute Models supporting high-performance Intel® Xeon® Scalable processors



## Status

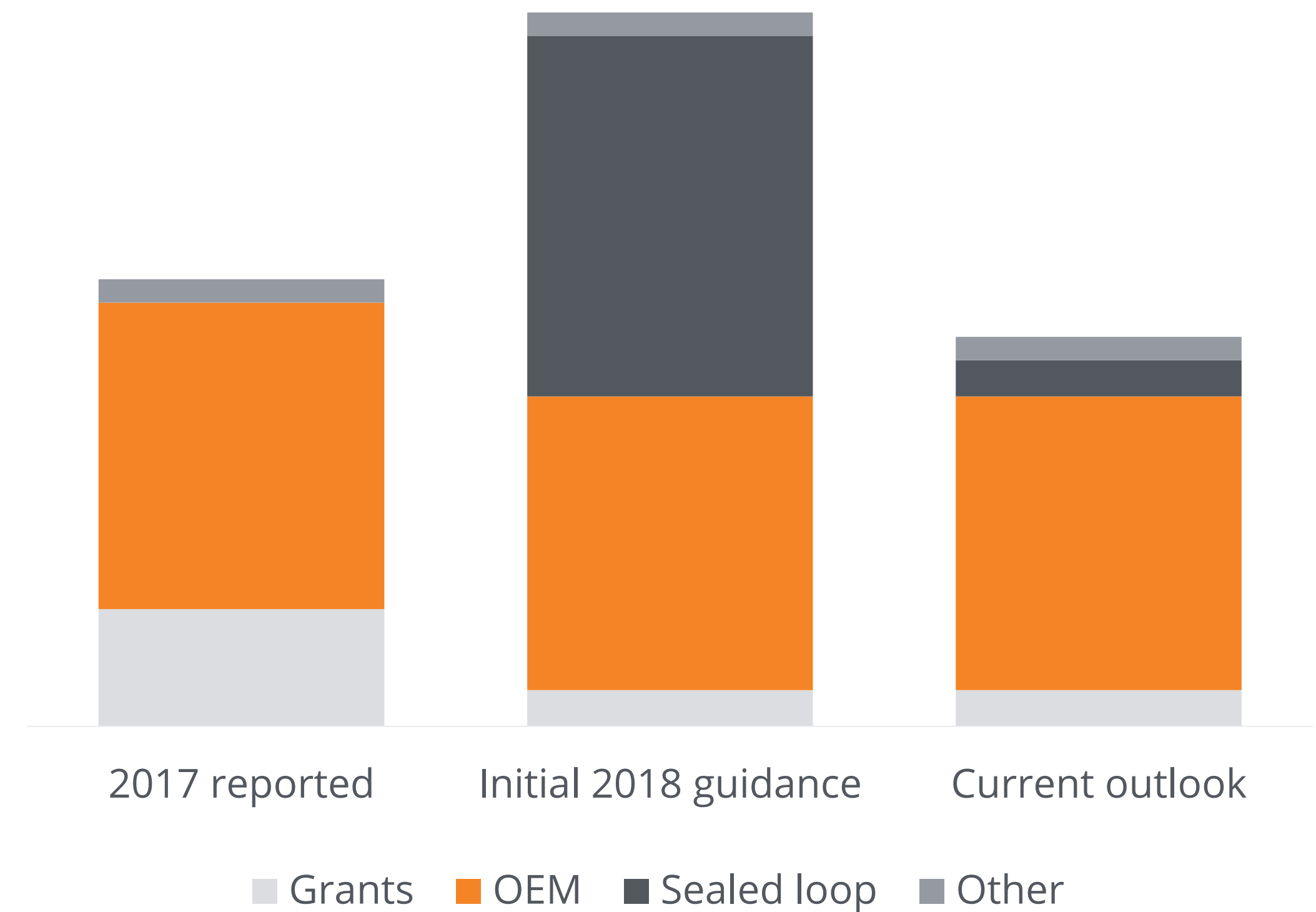
- Initial focus on sealed loop solutions, with launch of first product series in March 2018
- Current forecasts and orders suggest that volume will not meet previous expectations, which were substantial
- Shift of focus to D2C solutions for OEM- and system-integrator customers of Intel PCSD
- Widened reach for Asetek in the HPC segment which is in line with data center strategy of increasing number of OEMs
- Several HPC projects related to Intel currently being discussed, including opportunities with new OEMs
- Still too early to provide any estimate of D2C impact

\*) Includes Asetek's ServerLSL and RackCDU D2C technologies

# Changes to data center guidance

- Based on orders and forecasts received to date, it appears that the sealed loop market is not materializing as expected
- The OEM section of the forecast is dominated by opportunities within the pipeline sponsored by Fujitsu, Penguin, Intel customers and others
- Experience and techniques allows the distillation of the data center pipeline into an outlook, although it is difficult to predict accurately
- Current outlook includes only known opportunities. Additional projects are likely to emerge
- Most likely outcome is a flat revenue development year over year

Data center outlook breakdown







# Data center strategy and outlook

Goal	Strategy	Outlook
Create a meaningful and profitable business	Increase end-user adoption with existing OEMs Add new OEMs	Data center revenue expectation revised to flat development, from a growth of 50% to 75%
	Exploit established leadership within HPC	
	Explore potential opportunities to grow beyond the HPC segment	





# Creating value through profitable growth

CFO Peter Dam Madsen



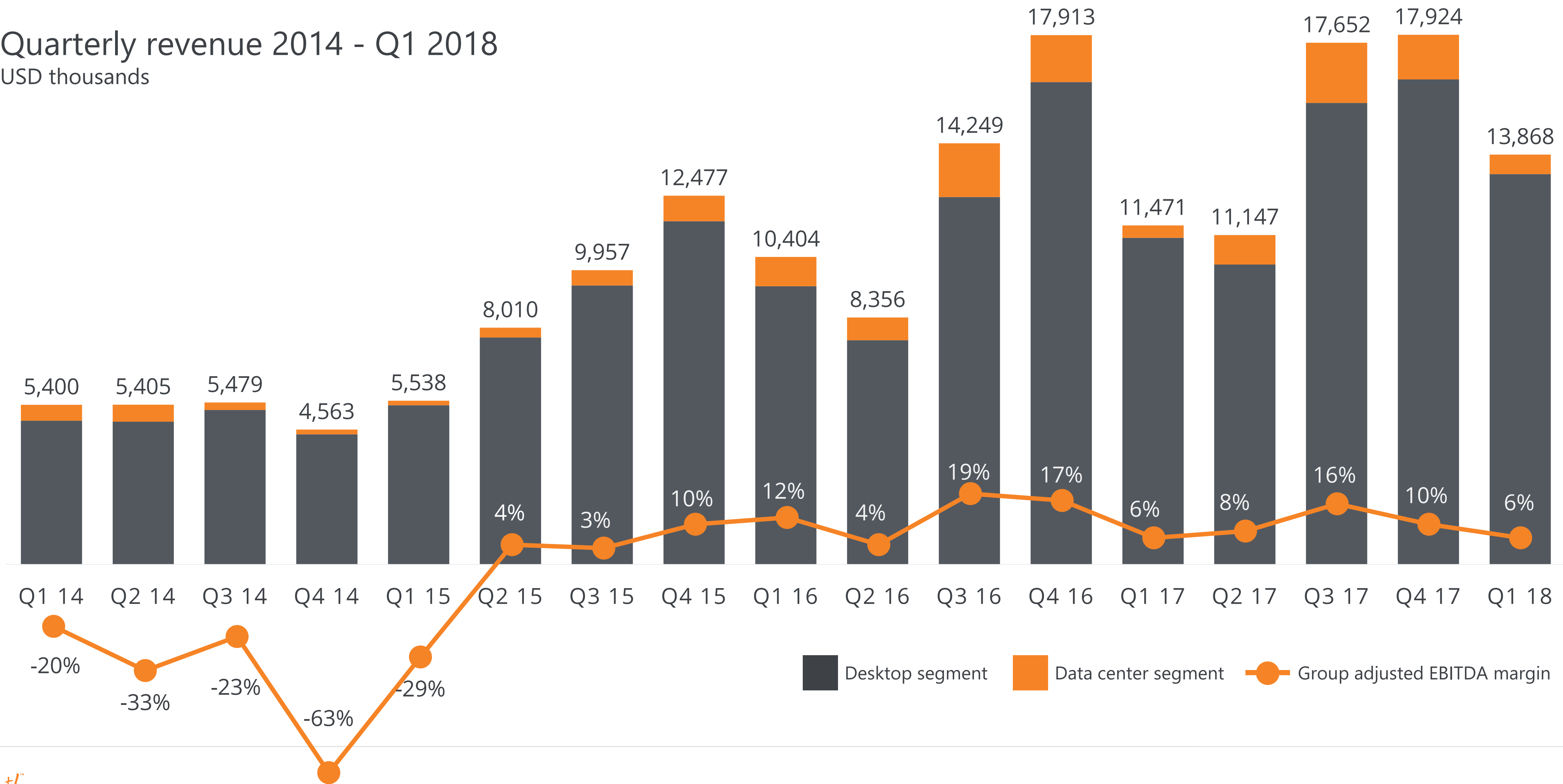
# Ensuring value creation



Priority	Value drivers	
Profitable growth	Desktop PC leadership	<ul style="list-style-type: none"><li>• Revenue growth</li><li>• Diversification of revenue streams</li><li>• Margin protection and optimization</li></ul>
	Data center penetration	<ul style="list-style-type: none"><li>• Customer adoption</li><li>• Operations and margin stabilization</li></ul>
	Cost base optimization	<ul style="list-style-type: none"><li>• Targeted IP and R&amp;D investments</li><li>• Manufacturing</li><li>• Sales and marketing efficiency</li></ul>
	Cash flow improvement	<ul style="list-style-type: none"><li>• Cash conversion</li><li>• Continued balance sheet optimization</li></ul>

# Revenue and EBITDA

Quarterly revenue 2014 - Q1 2018  
USD thousands

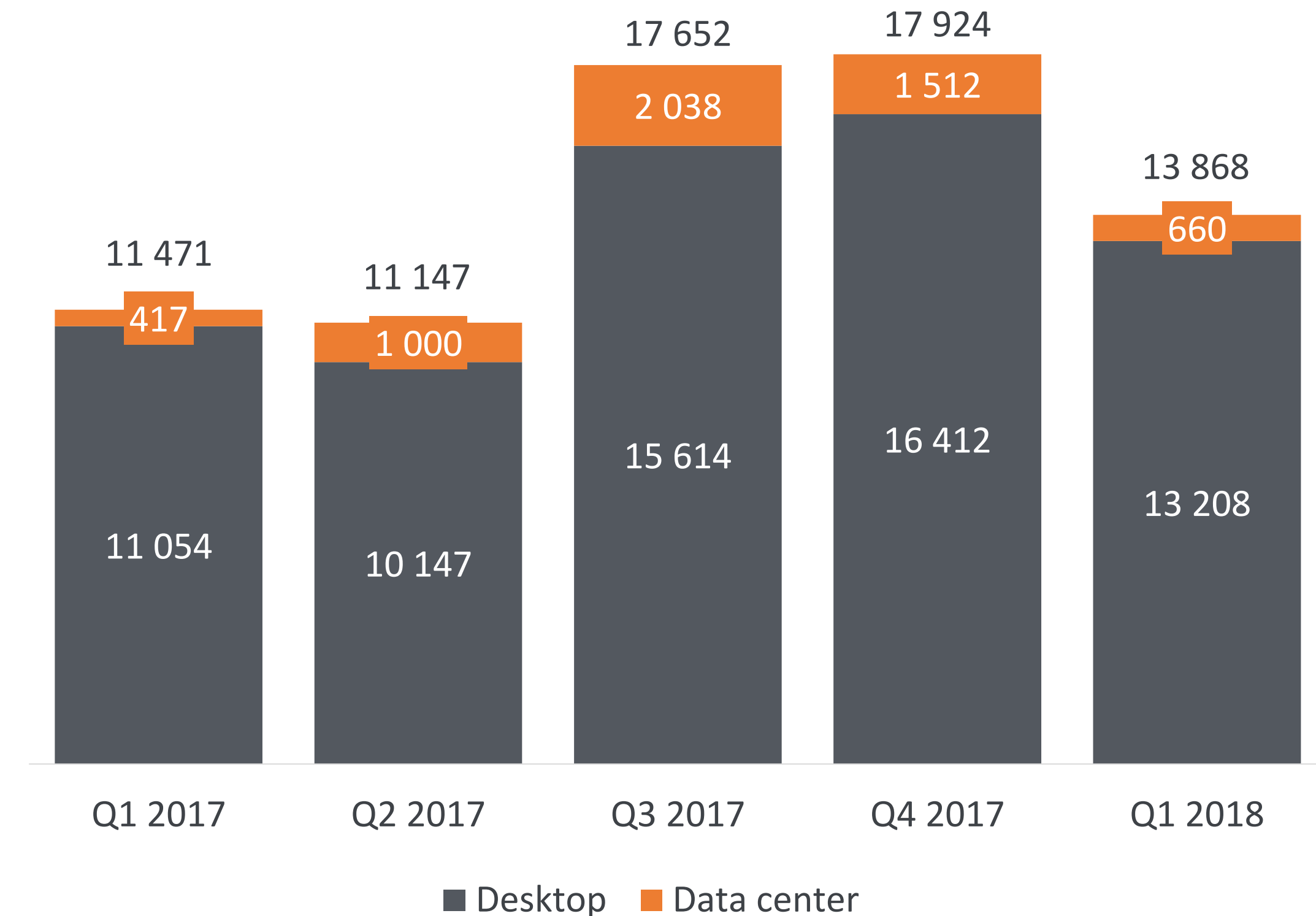




# Revenue development

- Q1'18 group revenue of USD 13.9m driven by high-end cooling demand
  - Y-o-Y Quarterly growth of 21%
  - Record Q1 revenue
- Q1'18 desktop revenue USD 13.2m
  - Driven by an increase in DIY product sales
  - Compares with USD 11.1m in Q1'17 and USD 16.4m in Q4'17
- Q1'18 data center revenue of USD 0.7m
  - The revenue in Q1 2018 did not meet Company expectations
  - Compares with USD 0.4m in Q1'17 and USD 1.5m in Q4'17

Group revenue  
USD thousands

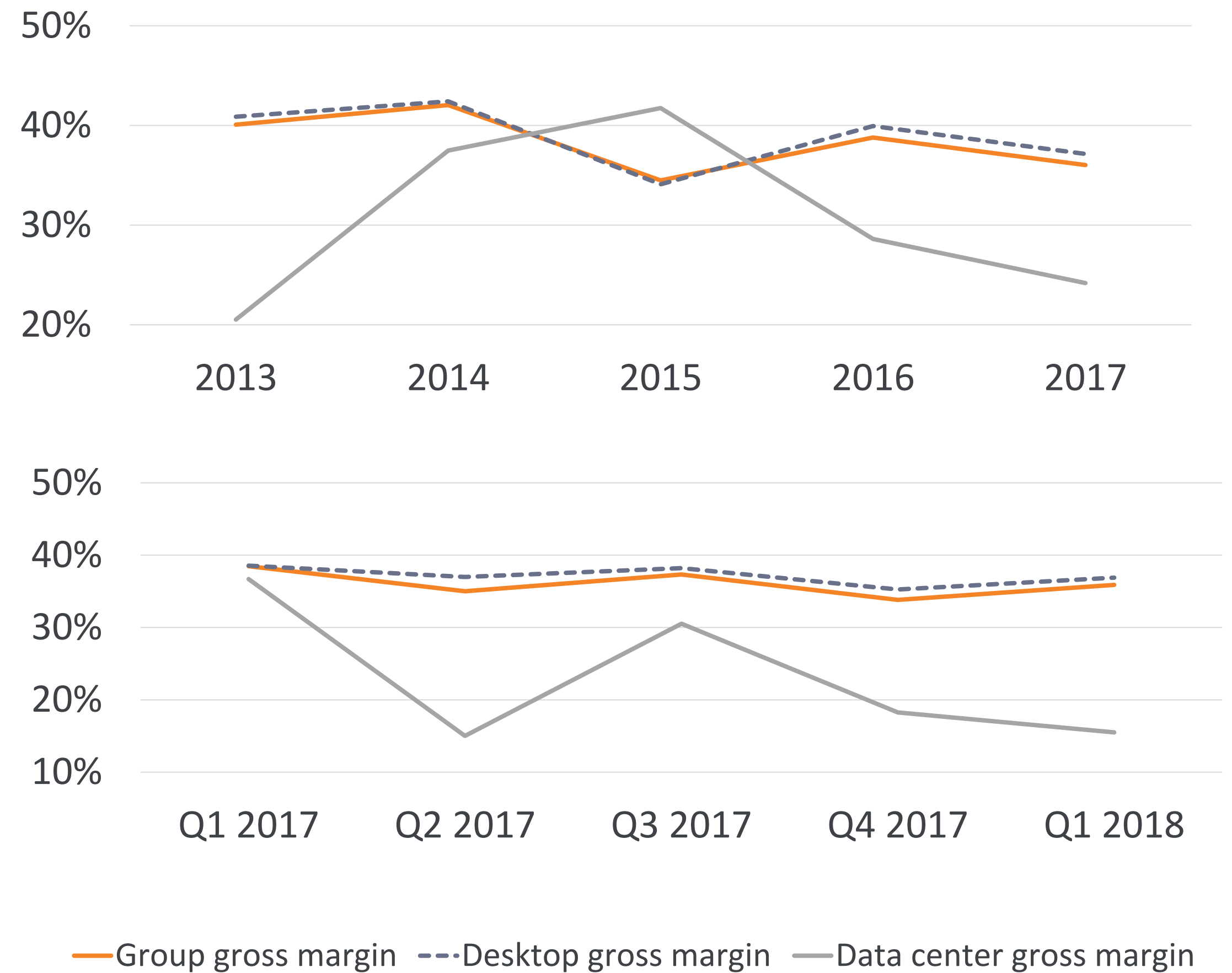


# Gross margin development



- Full year group gross margin decreased to 36.0% (38.8%)
- Q1'18 desktop gross margin decreased to 36.7% (38.6%)
  - Impacted by currency exchange headwind
  - Recovery seen in Q1'18 due to sales price increases and richer product mix
- Q1'18 data center gross margin decreased to 15.5% (36.7%)
  - Impacted by manufacturing inefficiencies due to low volumes

## Gross margin development





# Currency exchange rates

## CNY vs. USD – 2016 and 2017/'18



- 2017: 6% increase in the Chinese Yuan (CNY) vs. USD
  - Explains cost price increases for desktop COGS in 2017
  - Most of desktop COGS is denominated in CNY
- 2018: Seems stabilized at 3% higher level

## DKK vs. USD – 2016 and 2017/'18

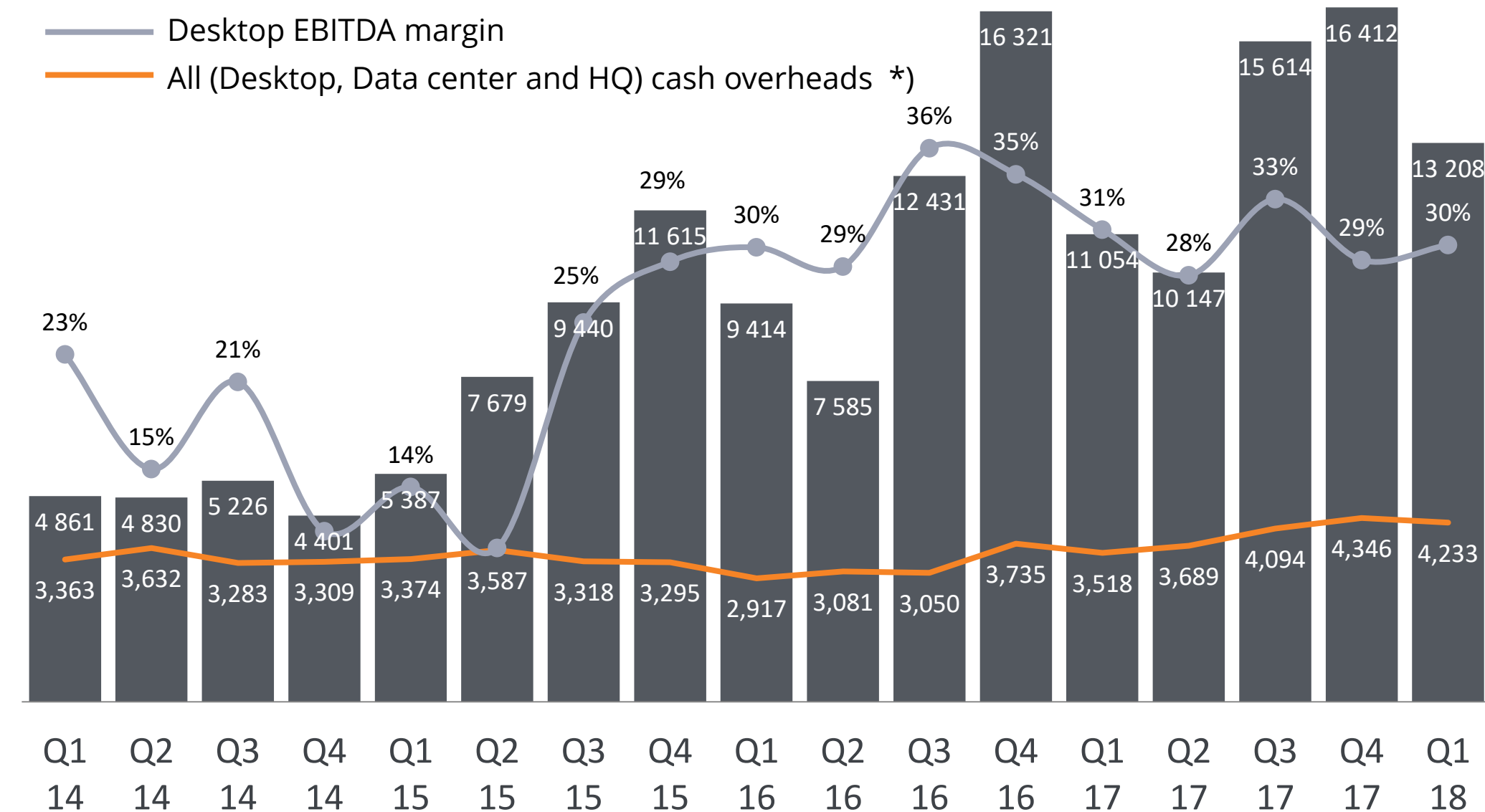


- 12% increase in the Danish krone (DKK) vs the USD
  - Partial explanation for 2017 increase in overheads
  - About 80% of overheads are denominated in DKK
- 2018: Seems stabilized at 3% higher level

# Earnings development

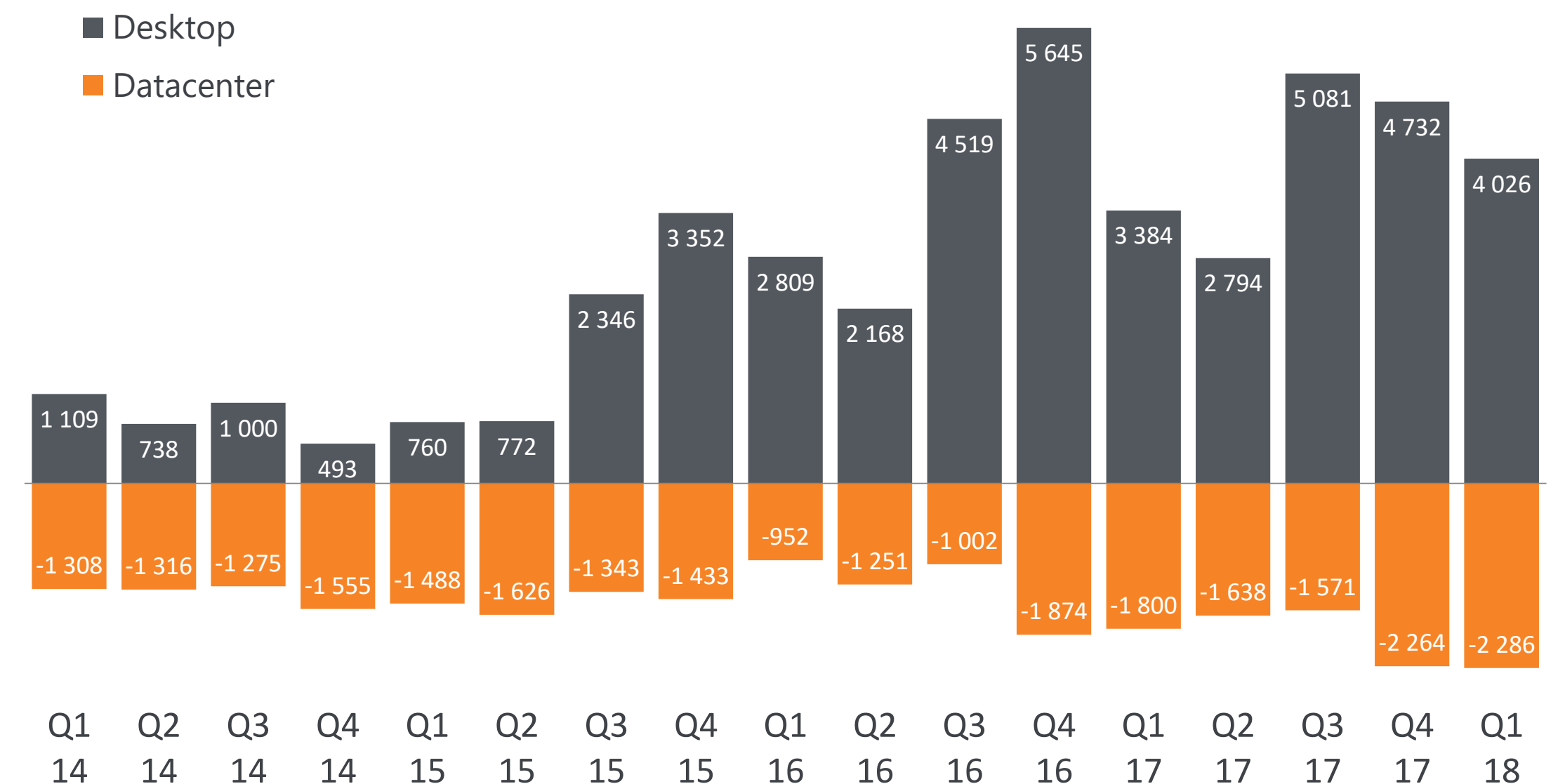


## Desktop revenue and EBITDA margin all overheads



- Desktop EBITDA-margin level around 30%
- Slowly increasing overhead levels throughout timeframe

## Group EBITDA development USD thousands



- Q1 2018 Group EBITDA reflecting higher activity, but also increased costs as a result of exchange rates.
- Desktop EBITDA margin of 30.5% (30.6%)
- Data center EBITDA of USD (2.3) million



# Income statement



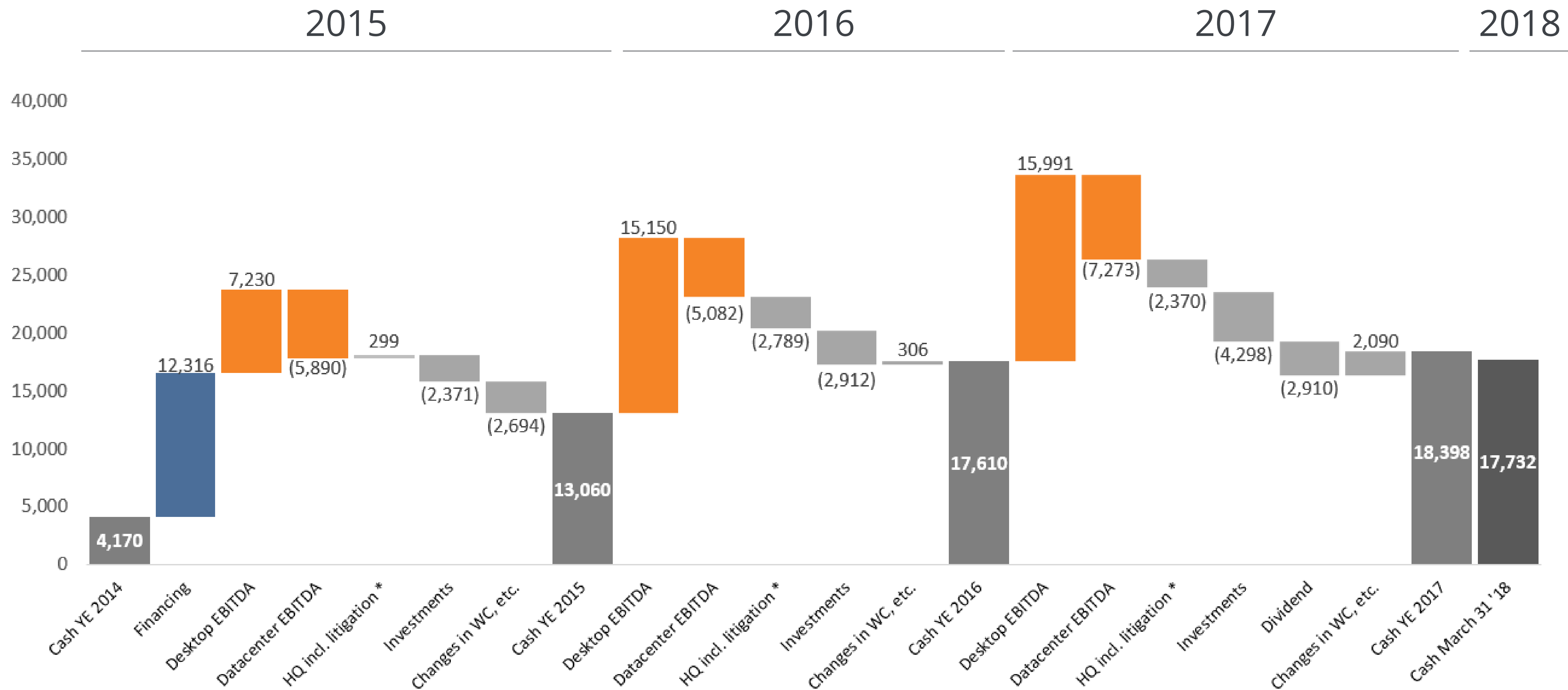
USD (000's)	Q1 2018			Q1 2017		
	Group	Desktop	Data center	Group	Desktop	Data center
Revenue	<b>13 868</b>	13 208	660	<b>11 471</b>	11 054	417
<i>Gross Margin</i>	<b>35.7 %</b>	36.7%	15.5%	<b>38.5%</b>	38.6%	36.7%
Other operating expenses	<b>3 215</b>	827	2 388	<b>2 831</b>	878	1 953
EBITDA adjusted	<b>1 740</b>	4 026	(2 286)	<b>1 584</b>	3 384	(1 800)
<i>EBITDA Margin</i>	<b>12.6 %</b>	30.5%	N/A	<b>10.0%</b>	30.6%	N/A
Depreciations	<b>848</b>	458	390	<b>388</b>	162	226
Share based compensation	<b>300</b>	74	226	<b>48</b>	16	32
EBIT	<b>592</b>	3 494	(2 902)	<b>1 148</b>	3 206	(2 058)
<i>EBIT Margin</i>	<b>4.3 %</b>	26.5%	N/A	<b>10.0%</b>	29.0%	N/A
HQ, Litigation expenses, net	<b>325</b>			<b>549</b>		
HQ, Share based compensation	<b>113</b>			<b>24</b>		
HQ, Other	<b>536</b>			<b>296</b>		
Headquarters costs	<b>974</b>			<b>869</b>		
<b>EBIT, total</b>	<b>(382)</b>			<b>279</b>		

## Increased overhead costs

- Significant negative impact from increased CNY and DKK vs. USD exchange rates
- Increased EBITDA in Desktop despite FOREX headwind
- Data Center overheads driven by higher R&D activity leading up to launch of new partner
- Increase in depreciation following investments in project development, manufacturing equipment, ERP and facilities
- Share based compensation costs increased to USD 0.4 million in Q1 2018 mainly driven by warrants granted and higher share price



# Cash generation and usage



\* HQ incl. Litigation contains various cash based elements of residual character. Corporate tax income is also included here.



# Cash conversion



- Inventory turns: ~**21 times** per year (2017 full year)
  - 17 times when measured in Q1'18 (Q1'17: 25)
- Trade receivables DSO: ~**80 days** (2017 full year)
  - 61 days when measured in Q1 2018 (Q1'17: 67)
- Trade payables DPO: ~**98 days** (2017 full year)
  - 68 days when measured in Q1 2018 (Q1'17: 52)
- Cash conversion in **4 days** (2017 full year)
  - 11 days when measured in Q1 2018 (Q1'17: 29)

USD (000's)	Q1 2018	Q4 2017	Q1 2017
Plant, property and equipment	4 359	3 856	1 924
Development projects	2 771	2 754	2 043
Deferred tax asset	8 386	7 778	4 763
Other assets	736	794	675
<b>Total non-current assets</b>	<b>16 252</b>	<b>15 182</b>	<b>9 407</b>
Inventories	1 775	2 316	1 111
Receivables	10 460	13 280	9 272
Cash and equivalents	17 732	18 398	16 184
<b>Total current assets</b>	<b>29 967</b>	<b>33 994</b>	<b>26 567</b>
<b>Total assets</b>	<b>46 219</b>	<b>49 176</b>	<b>35 974</b>
<b>Total equity</b>	<b>34 172</b>	<b>33 394</b>	<b>28 784</b>
Total non-current liabilities	733	816	361
Total current liabilities	11 314	14 966	6 829
<b>Total liabilities</b>	<b>12 047</b>	<b>15 782</b>	<b>7 190</b>
<b>Total equity and liabilities</b>	<b>46 219</b>	<b>49 176</b>	<b>35 974</b>

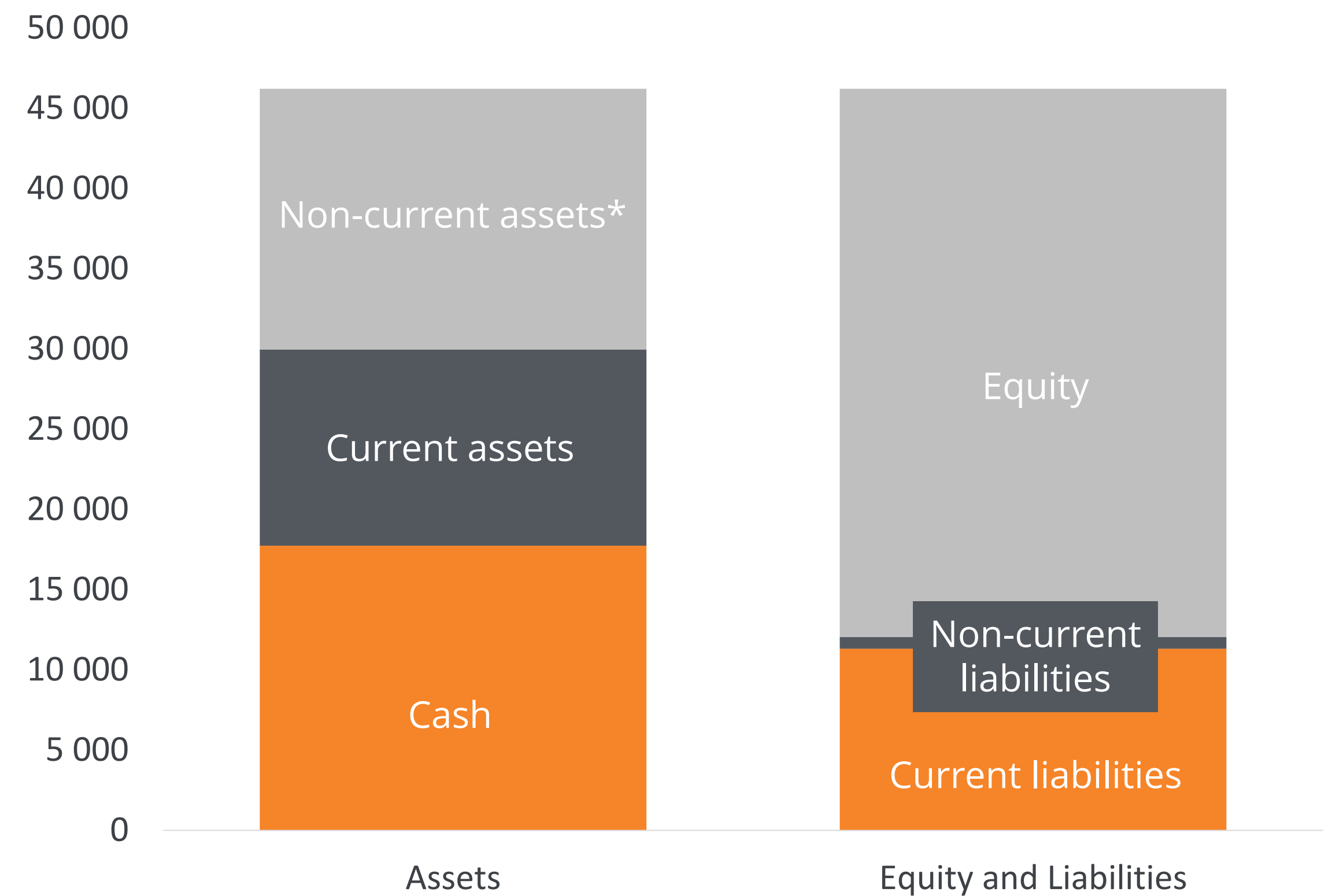
# Balance sheet



- Strong cash position
- Low interest bearing debt
- Lean balance sheet enabling growth and financial flexibility

## Balance sheet composition

USD thousands



\* Non-current assets contains mainly capitalized R&D and deferred taxes



# FY 2018 financial outlook



Priority	Value drivers and outlook	
Profitable growth	Revenue	<ul style="list-style-type: none"><li>Desktop segment: Expecting revenue growth between 10 - 20%</li><li>Data center segment: Revenue expectation revised to flat</li></ul>
	Margins	<ul style="list-style-type: none"><li>DT: Stable at current, slightly increasing levels</li><li>DC: To increase with scale</li></ul>
	Capital allocation	<ul style="list-style-type: none"><li>R&amp;D at \$3-5m</li><li>Headcount constant</li><li>Stable overheads</li><li>Capex at \$2-3m</li></ul>
	Financial position/flexibility	<ul style="list-style-type: none"><li>Maintain strong balance sheet and a healthy cash balance - long-term cash conversion cycle 'soft target' at 0 (zero) days</li></ul>
	Shareholder return	<ul style="list-style-type: none"><li>Share appreciation</li><li>Share buy-back program under consideration</li></ul>





# Sum-up

CEO André S. Eriksen



# Platform for growth and value creation



## Desktop

- Growing business driven by a rapidly developing gaming market
- Market leader
- Significant untapped potential



## Data center

- Low short- to medium term visibility
- Reach widened as Intel collaboration opens access to additional OEMs
- Committed to developing data center business

Large and growing markets

Supplying global brands

Market leading solutions

Strong IP

Profitable growth





# Appendix



# Largest shareholders as of 18 April 2018

Name	Holding	Percentage	Country	Account Type
ARBEJDSMARKEDETS TIL	2,429,022	9.5%	DNK	ORDINARY
UBS SWITZERLAND AG	1,752,835	6.8%	CHE	NOMINEE
CLEARSTREAM BANKING	1,662,909	6.5%	LUX	NOMINEE
DANSKE BANK A/S	1,656,631	6.5%	DNK	NOMINEE
SUNSTONE TECHNOLOGY	1,586,341	6.2%	DNK	ORDINARY
HSBC BANK PLC	1,267,579	5.0%	GBR	NOMINEE
NORDEA BANK AB	1,163,006	4.5%	DNK	NOMINEE
KLP AKSJENORGE	977,671	3.8%	NOR	ORDINARY
RBC INVESTOR SERVICE	887,500	3.4%	LUX	NOMINEE
THE BANK OF NEW YORK (1)	718,074	2.8%	DNK	NOMINEE
KOMMUNAL	707,670	2.8%	NOR	ORDINARY
NORDNET BANK AB	658,205	2.5%	SWE	NOMINEE
LANNEBO EUROPA SMÅBO	588,535	2.3%	SWE	ORDINARY
EUROCLEAR BANK S.A./	519,025	2.0%	BEL	NOMINEE
THE BANK OF NEW YORK	437,261	1.7%	BEL	NOMINEE
J.P. MORGAN CHASE	422,972	1.6%	GBR	NOMINEE
DANSKE BANK A/S (1)	409,200	1.6%	DNK	NOMINEE
DZ PRIVATBANK S.A. 0	336,500	1.3%	LUX	NOMINEE
DANSKE BANK A/S (2)	330,574	1.3%	DNK	NOMINEE
STATE STREET BANK &	316,554	1.2%	USA	NOMINEE
<b>Total Top 20</b>	<b>18,828,064</b>	<b>73.3%</b>		
<b>Other Shareholders</b>	<b>6,513,652</b>	<b>25.4%</b>		
<b>ASETEK Treasury Shares</b>	<b>330,524</b>	<b>1.3%</b>		
<b>Total share capital</b>	<b>25,672,240</b>	<b>100.0%</b>		

# Board of Directors



**Chairman, BoD**  
Sam Szteinbaum

- 20+ years of international management and tech industry experience
- Most of career at HP, where he served in a variety of leadership roles
- Former VP and GM for HP's Americas Consumer Products
- Holds an MSc in Management from Purdue University



**Director, BoD**  
Chris Christopher

- 40+ years of leadership, management and tech industry experience
- Most recent Senior VP and GM at HP for an \$18B 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, BoD**  
Jorgen Smidt

- 25 years of international operational and business management experience from the mobile telecoms industry.
- Analysis and implementation of investment and international marketing, market positioning and communication strategies. Prior to Sunstone, Jørgen's career in Nokia spanned 13 years and six years with Motorola
- Jørgen holds an engineering degree in computer science from the Engineering College of Copenhagen.
- Mr. Smidt is currently a partner in Sunstone Technology Ventures Fund I,



**Director, BoD**  
Jim McDonnell

- 36 year career of growth and accomplishment at Intermec Technologies, Hewlett-Packard and General Electric Co. where he held leadership roles in sales and marketing
- Brings a wealth of strategic and hands-on experience in global sales, marketing, customer engagement, channel, and enterprise management
- BS degree in Electrical Engineering from Villanova University



# Management team



**CEO & Founder**  
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 fulfillment, 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 Engineering**  
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

# Income statement



Figures in USD (000's)	Q1 2018	Q1 2017	2017
	<i>Unaudited</i>	<i>Unaudited</i>	
Revenue	\$ 13,868	\$ 11,471	\$ 58,194
Cost of sales	8,913	7,056	37,225
<b>Gross profit</b>	4,955	4,415	20,969
Research and development	1,122	883	4,220
Selling, general and administrative	4,215	3,253	14,905
Other expense (income)	-	-	(913)
<b>Total operating expenses</b>	5,337	4,136	18,212
<b>Operating income</b>	(382)	279	2,757
Foreign exchange (loss) gain	(570)	(110)	(1,239)
Finance costs	(10)	(9)	(19)
<b>Total financial income (expenses)</b>	(580)	(119)	(1,258)
<b>Income before tax</b>	(962)	160	1,499
Income tax (expense) benefit	-	(9)	2,976
<b>Income for the period</b>	(962)	151	4,475
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation adjustments	917	(6)	1,253
<b>Total comprehensive income</b>	\$ (45)	\$ 145	\$ 5,728
<b>Income per share (in USD):</b>			
Basic	\$ (0.04)	\$ 0.01	\$ 0.18
Diluted	\$ (0.04)	\$ 0.01	\$ 0.17



# Balance sheet



Figures in USD (000's)	31 Mar 2018	31 Dec 2017
<b>ASSETS</b>		
<i>Non-current assets</i>		
Intangible assets	\$ 2,771	\$ 2,754
Property and equipment	4,359	3,856
Deferred income tax assets	8,386	7,778
Other assets	736	794
<b>Total non-current assets</b>	<b>16,252</b>	<b>15,182</b>
<i>Current assets</i>		
Inventory	1,775	2,316
Trade receivables and other	10,460	13,280
Cash and cash equivalents	17,732	18,398
<b>Total current assets</b>	<b>29,967</b>	<b>33,994</b>
<b>Total assets</b>	<b>\$ 46,219</b>	<b>\$ 49,176</b>
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	\$ 421	\$ 419
Retained earnings	31,834	31,976
Translation and other reserves	1,917	999
<b>Total equity</b>	<b>34,172</b>	<b>33,394</b>
<i>Non-current liabilities</i>		
Long-term debt	733	816
<b>Total non-current liabilities</b>	<b>733</b>	<b>816</b>
<i>Current liabilities</i>		
Short-term debt	1,097	1,051
Accrued liabilities	2,245	2,432
Accrued compensation & employee benefits	1,219	1,335
Trade payables	6,753	10,148
<b>Total current liabilities</b>	<b>11,314</b>	<b>14,966</b>
<b>Total liabilities</b>	<b>12,047</b>	<b>15,782</b>
<b>Total equity and liabilities</b>	<b>\$ 46,219</b>	<b>\$ 49,176</b>

# Equity





Unaudited

Figures in USD (000's)	Share capital	Translation reserves	Other reserves	Retained earnings	Total
<b>Equity at January 1, 2018</b>	\$ 419	\$ 1 005	\$ (6)	\$ 31 976	\$ 33 394
<b>Total comprehensive income - quarter ended March 31, 2018</b>					
Income for the period	-	-	-	(962)	(962)
Foreign currency translation adjustments	-	917	-	-	917
Total comprehensive income - quarter ended March 31, 2018	-	917	-	(962)	(45)
<b>Transactions with owners - quarter ended March 31, 2018</b>					
Shares issued	2	-	1	407	410
Share based payment expense	-	-	-	413	413
Transactions with owners - quarter ended March 31, 2018	2	-	1	820	823
<b>Equity at March 31, 2018</b>	\$ 421	\$ 1 922	\$ (5)	\$ 31 834	\$ 34 172
<b>Equity at January 1, 2017</b>	\$ 417	\$ (248)	\$ (9)	\$ 28 130	\$ 28 290
<b>Total comprehensive income - quarter ended March 31, 2017</b>					
Income for the period	-	-	-	151	151
Foreign currency translation adjustments	-	(6)	-	-	(6)
Total comprehensive income - quarter ended March 31, 2017	-	(6)	-	151	145
<b>Transactions with owners - quarter ended March 31, 2017</b>					
Shares issued	-	-	3	274	277
Share based payment expense	-	-	-	72	72
Transactions with owners - quarter ended March 31, 2017	-	-	3	346	349
<b>Equity at March 31, 2017</b>	\$ 417	\$ (254)	\$ (6)	\$ 28 627	\$ 28 784

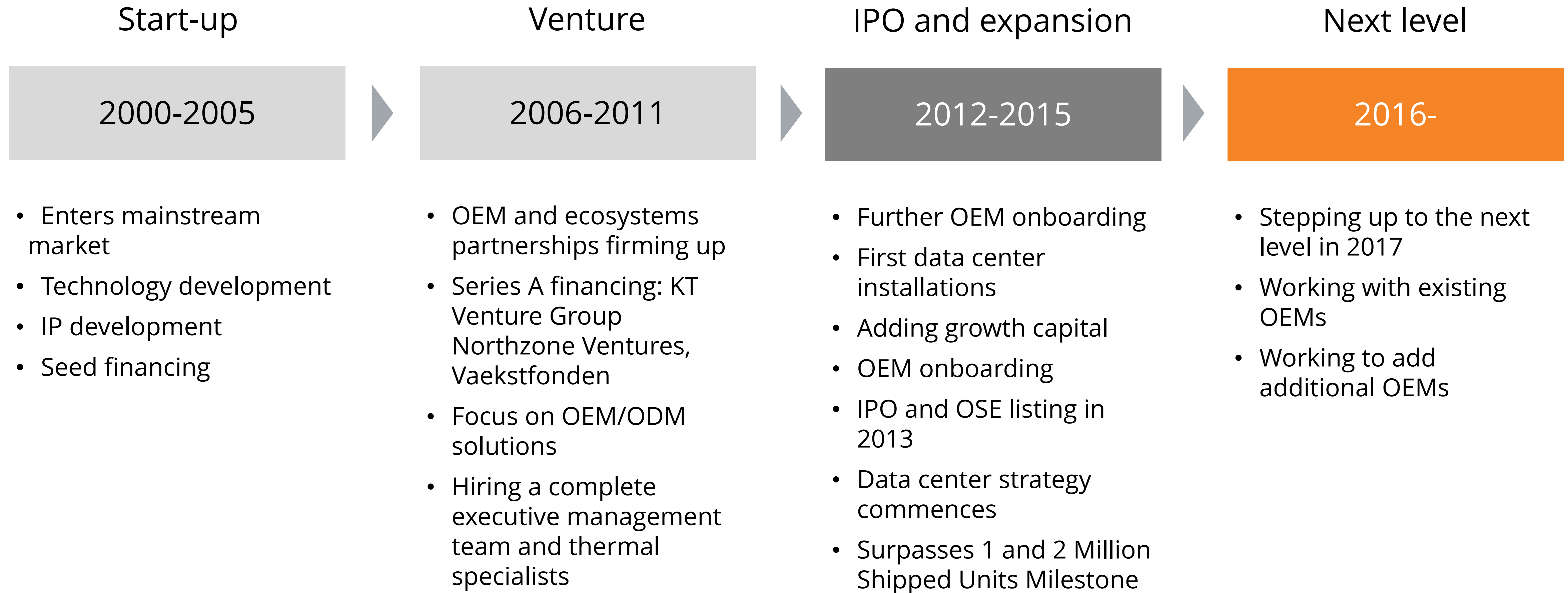


# KPI development

	Status YE 2016		Status YE 2017
 Desktop	<ul style="list-style-type: none"><li>• Three-year average revenue growth of 32%</li><li>• Blended gross margin at ~40% for FY 2016</li><li>• EBITDA margin 33% for FY 2016</li><li>• Net working capital (excl. cash) ~4% of revenues</li></ul>	➔	<ul style="list-style-type: none"><li>• Three-year average revenue growth of 40%</li><li>• Blended gross margin at 37% for FY 2017</li><li>• EBITDA margin 30% for FY 2017</li><li>• Net working capital (excl. cash) ~1% of revenues</li></ul>
 Data Center	<ul style="list-style-type: none"><li>• Value based pricing strategy based on significant TCO/ROI</li><li>• Gross margin at ~29%. Efficiency benefits to be harvested as revenue ramps up and revenues shift towards commercial sales rather than government grants</li><li>• EBITDA margin projected at 20-30% when reaching critical mass</li><li>• *Current R&amp;D and SG&amp;A spending of \$7-8m</li><li>• Net negative cash flow before breaking even to be funded by profits from desktop business</li></ul>	➔	<ul style="list-style-type: none"><li>• Value based pricing strategy based on significant TCO/ROI</li><li>• Gross margin at ~24%. Efficiency benefits to be harvested as revenue ramps up and revenues shift towards commercial sales rather than government grants</li><li>• EBITDA margin projected at 20-30% when reaching critical mass</li><li>• *Current R&amp;D and SG&amp;A spending of \$10m</li><li>• Net negative cash flow before breaking even to be funded by profits from desktop business</li></ul>

\*) Of which approximately 10-15% is capitalized and amortized over typically 36 months

# Historical development

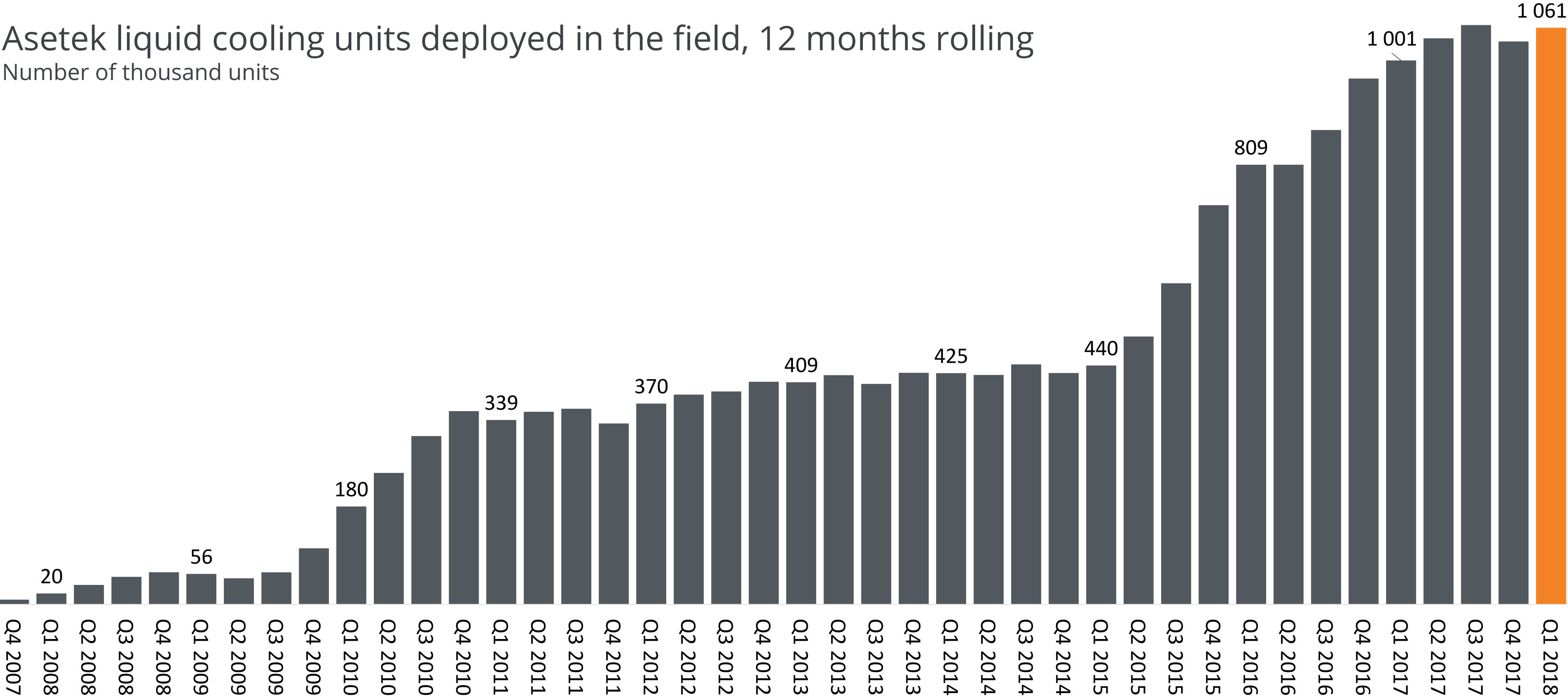




# Liquid cooling units deployed in the field



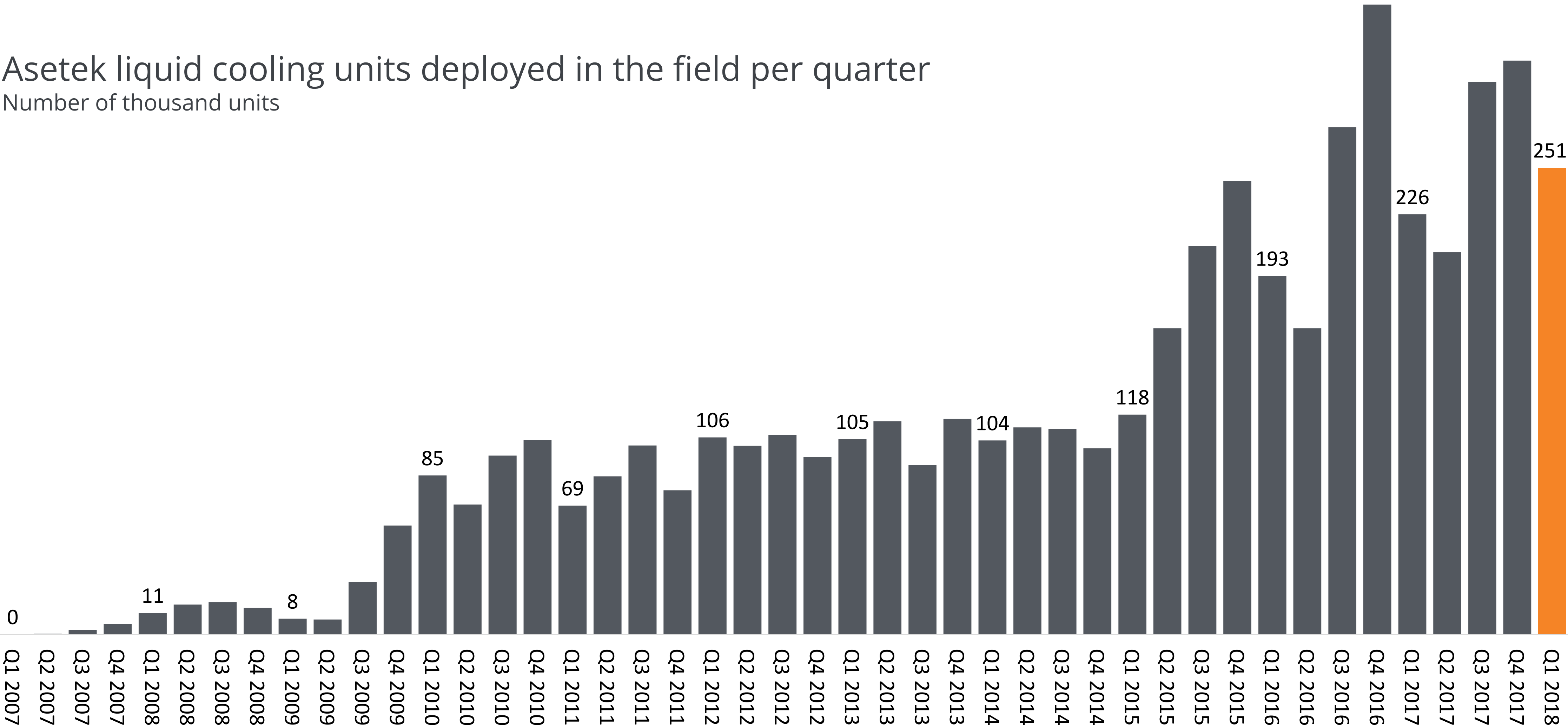
Asetek liquid cooling units deployed in the field, 12 months rolling  
Number of thousand units



# Liquid cooling units deployed in the field



Asetek liquid cooling units deployed in the field per quarter  
Number of thousand units



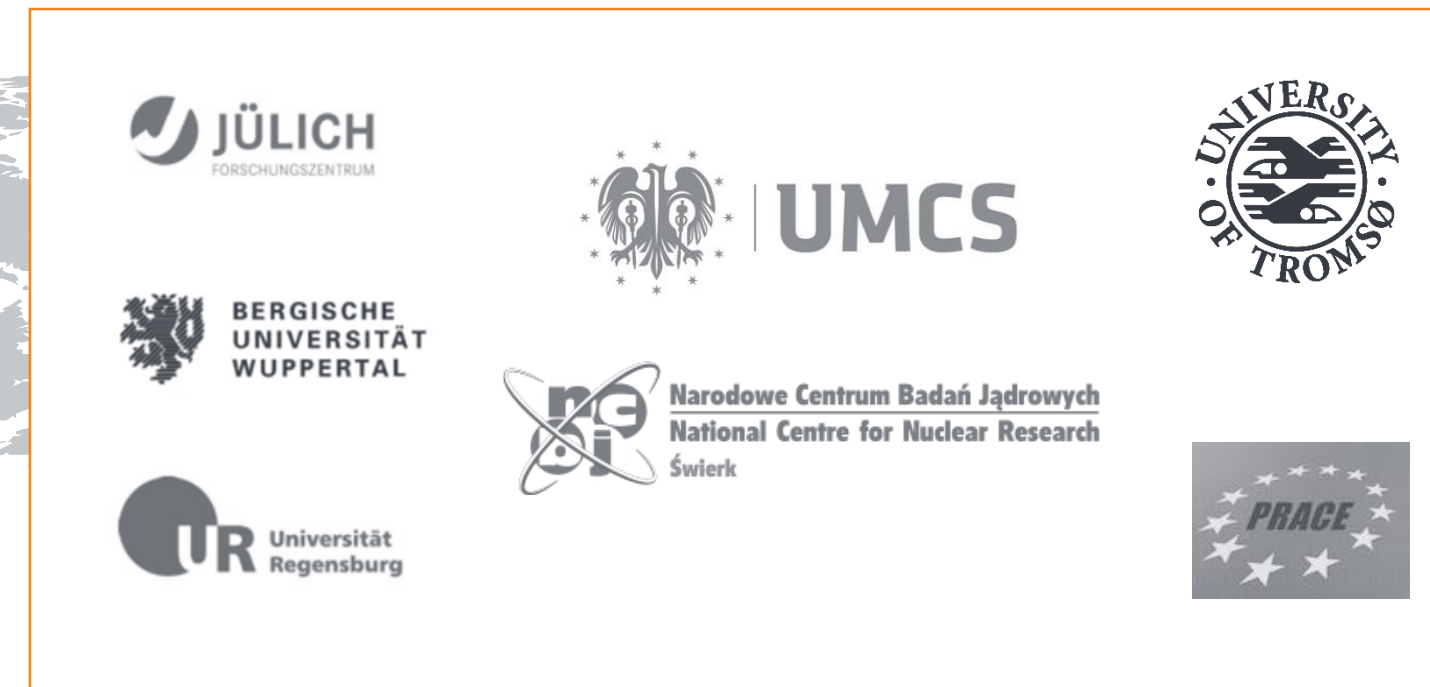


# Data center installations

## North-America



## Europe



## Asia



### Selected data center/HPC installations adopting Asetek's liquid cooling technology

**Japan**, AI Bridging Cloud Infrastructure (ABCI) cluster, the most powerful AI HPC system in Japan at National Institute of Advanced Industrial Science and Technology (AIST)

**Taiwan**, Peta HPC cluster, the most powerful system in Taiwan installed at the National Supercomputing Centre (NCHC) - #95 on HPC Top500 List

**Italy**, PRACE DAVIDE an OpenPOWER-based Petaflops Class cluster based on Power Architecture installed at CINECA in Italy - #18 on HPC Green500 List

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