



Asetek A/S

Quarterly Report

Quarter ended March 31, 2015

Published April 29, 2015

Key figures

Figures in USD (000's)	Q1 2015	Q1 2014	2014
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Total Company:			
Revenue	5,538	5,400	20,847
Gross profit	2,028	2,244	8,710
Gross margin	36.6%	41.6%	41.8%
Operating profit	(2,159)	(1,762)	(9,510)
Reconciliation from IFRS to EBITDA adjusted:			
Operating profit	(2,159)	(1,762)	(9,510)
Add: Depreciation and amortization	486	413	1,771
Add: Share based compensation	93	329	940
EBITDA adjusted (unaudited)	(1,580)	(1,020)	(6,799)
By Segment (Unaudited):			
Desktop:			
Desktop revenue	5,387	4,861	19,318
Desktop gross margin*	36.4%	43.5%	42.4%
Desktop EBITDA adjusted	760	1,101	3,414
Datacenter:			
Datacenter revenue	151	539	1,529
Datacenter gross margin*	45.0%	27.8%	37.5%
Datacenter EBITDA adjusted	(1,488)	(1,320)	(5,366)
Headquarters:			
Headquarters costs**	(852)	(801)	(4,847)

*Segment gross margins are computed excluding depreciation costs that are normally classified as cost of goods sold.

**Headquarters costs include intellectual property defense, HQ admin costs. Excludes share based compensation.

Note: In 2015, FX loss/gain is now classified as finance expense. In prior periods, FX loss/gain was included as a part of operating expense. Prior period results have been reclassified for comparative purposes.

Highlights

- | | |
|------------------------------|--|
| Summary | <ul style="list-style-type: none">• Significant revenue growth in DIY desktop market; gross margins retreat• Data center revenue growth expected in 2015 from Fujitsu and California Energy Commission• Favorable settlements achieved in intellectual property disputes during the quarter; expect future decline in legal expense |
| Financial results | <ul style="list-style-type: none">• Revenues in the first quarter increased slightly over the same period last year. An 11% increase in desktop revenues was offset by a decrease in data center revenues, due to variability in timing of equipment shipments on a U.S. Government contract.• As indicated last quarter, gross margin decreased from the same period last year, due to increased sales in the lower margin Do-It-Yourself (DIY) market combined with lower sales in the higher margin Workstation and Gaming/Performance Desktop PC markets. |
| Financing | <ul style="list-style-type: none">• Asetek raised a total of \$13.0 million in gross proceeds through a private placement of 10 million shares at a price of NOK 10.00 per share in March 2015 and a subsequent offering of 480 thousand shares at NOK 10.00 per share in April. The proceeds will be used for data center product launches, business development, and strengthening the balance sheet. |
| Operations | <ul style="list-style-type: none">• Asetek executed an agreement with server manufacturer Fujitsu Technology Solutions GmbH to integrate Asetek's RackCDU liquid cooling technology in its products. In April, Fujitsu placed its first product order under this agreement, with a value in excess of \$550K USD for liquid cooling for approximately 40 racks of servers.• The California Energy Commission selected Asetek for a \$3.5 million project to install RackCDU liquid cooling in two large scale data centers.• The Company continues progress on its contract for the U.S. Department of Defense at the Redstone Arsenal data center, carrying a total value of over \$2 million. |
| Intellectual Property | <ul style="list-style-type: none">• The patent case with CoolIT Systems Inc. ("CoolIT") was settled in February 2015, with Asetek agreeing to dismiss the case. Any damage amount payable to Asetek will be made public upon the determination of such amount by the judge. |
| Financial results by segment | <ul style="list-style-type: none">• Operating profits from the desktop segment were \$0.8 million for the first quarter 2015, a decrease from \$1.1 million in the same period last year, due to an increase in operating costs associated with new product releases, and a decrease in gross profit associated with lower margin DIY product sales.• Operating losses from the data center segment were \$1.5 million for the first quarter 2015 compared with losses of \$1.3 million in the same period last year. The results reflect continued implementation of Asetek's data center strategy with investments in technology development, product marketing and business development with partners and customers. |

Financial review

The figures below relate to the consolidated accounts for the first quarter 2015, which comprise activities within the two segments Desktop and Data Center. The figures are unaudited.

Income Statement (Consolidated)

Asetek reported revenues of \$5.5 million in the first quarter of 2015, a slight increase from the same period last year (\$5.4 million). The change resulted from an 11% increase in revenues from desktop products, particularly in the do-it-yourself (DIY) market, offset by a decline in data center revenues, which resulted from the timing of delivery of third party equipment on a contract with the U.S. Government.

Sales unit volumes for the first quarter were 118,000, a 12% increase from the same period of 2014 (106,000). Average selling prices (ASP) per unit for the quarter decreased compared with the first quarter of 2014, reflecting principally the increase in sales of products to the DIY market, which generally carry lower sales prices.

Gross margin was 36.6% for the first quarter 2015, compared with 41.6% for first quarter of 2014. The decline in gross margin reflects a change in the mix of products sold. Shipments of high margin

products for workstations declined from the same period last year while shipments of lower margin DIY products increased.

Operating costs increased \$0.2 million compared with first quarter 2014, principally due to an increase in research and development costs. The Company expects to continue to invest in both the development and marketing of its data center business.

Finance expenses during the first quarter 2015 includes net foreign exchange loss of \$0.4 million resulting from the weakening of the Danish krone by 13% against the U.S. dollar during the period. The currency fluctuation also resulted in offsetting \$0.6 million of favorable translation adjustments included in other comprehensive income.

Asetek incurred total comprehensive loss of \$1.9 million in the first quarter of 2015, comparable to the results of first quarter 2014.

Balance Sheet (Consolidated)

Asetek's total assets at December 31, 2014 amounted to \$23.1 million, a \$10.3 million increase from December 31, 2014. The increase in assets resulted principally from funds received for the

issuance of private equity in the first quarter. Total cash and cash equivalents was \$14.7 million at March 31, 2015.

Cash Flow (Consolidated)

Net cash used by operating activities was \$1.9 million for the first quarter 2015, compared with \$1.8 million used in the same period of 2014.

Cash used by investing activities was \$0.6 million, related principally to additions in capitalized development costs and property and equipment.

Cash provided by financing activities was \$12.4 million in the first quarter of 2015, principally the result of inflows associated with the Company's

private equity financing. The Company raised \$12.4 million of equity in March 2015, resulting in net proceeds of \$11.6 million after accrued expenses.

Net change in cash and cash equivalents was positive \$10.6 million in the first quarter, compared with negative \$2.3 million in the same period of 2014. Not including the private equity transaction, the net change in cash in the first quarter 2015 was negative \$2.0 million.

Segment breakdown

The company is reporting on two distinct segments; the **Desktop** segment and the **Data Center** segment.

The two segments are identified by their specific sets of products and specific sets of customers. The splitting of operating expenses between segments is based on the company's best judgment, and done by using the company's employee/project time tracking system and project codes from the accounting system. Operating expenses that are not divisible by nature (rent, telecommunication expenses, etc.) have been split according to actual time spent on the two businesses, and the company's best estimate for attribution. Costs incurred for intellectual property defense, financing, foreign exchange and headquarters administration have been classified separately as headquarters costs and excluded from segment operating expenses as indicated.

Unaudited breakdown of the income statement

First Quarter

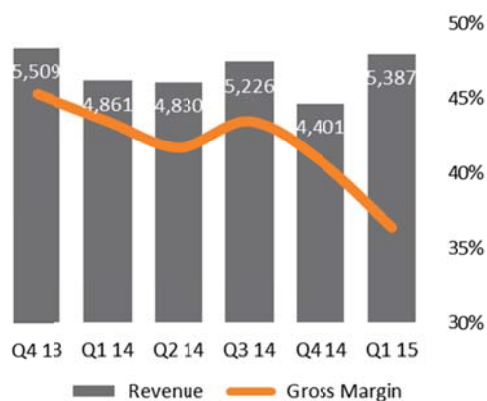
Figures in USD (000's)	Desktop		Data center	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Revenues	5,387	4,861	151	539
Cost of sales	3,427	2,748	83	389
Gross Profit	1,960	2,113	68	150
Gross Margin	36.4%	43.5%	45.0%	27.8%
Total operating expenses*	1,200	1,012	1,556	1,470
EBITDA adjusted	760	1,101	(1,488)	(1,320)
EBITDA margin	14.1%	22.7%	N/A	N/A

*Operating expenses by segment exclude headquarters costs of \$0.9 million and \$0.8 million for Q1 2015 and Q1 2014, respectively. Significant components of headquarters costs include intellectual property defense of \$0.6 million and \$0.5 million in Q1 2015 and Q1 2014, respectively.

Desktop financials

Desktop revenue and margin development

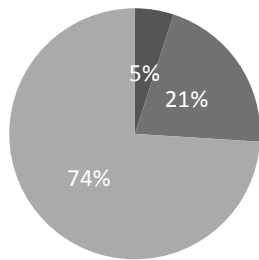
USD (000's)



Asetek's desktop revenues in the first quarter 2015 increased 11% compared with the same period of the prior year, principally due to an increase in shipments of DIY products. The increase was partly offset by decreases in shipments of products in the Workstation and Gaming/Performance Desktop PC markets.

Revenue split, Q1 2015

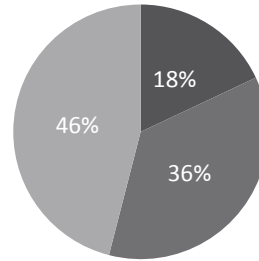
Percent



- Workstations
- Gaming/Performance Desktop PC's
- D I Y

Revenue split, Q1 2014

Percent



- Workstations
- Gaming/Performance Desktop PC's
- D I Y

Desktop operations and market update

During the first quarter of 2015, Asetek's desktop revenue increased 11% from the first quarter 2014. Revenues in the do-it-yourself (DIY) category grew over 70%, while shipments of Workstation and Gaming/Performance Desktop PC products in the first quarter of 2015 declined. Workstation product shipments declined as a result of HP's decision to remove liquid cooling as an option on its newest line of high performance workstations. The decline in shipments of Gaming/Performance Desktop PC products was principally due to fulfillment of a significant graphics cooling order in the first quarter 2014.

Gross margins in the first quarter declined from the same period of 2014 to 36.4%, because of the

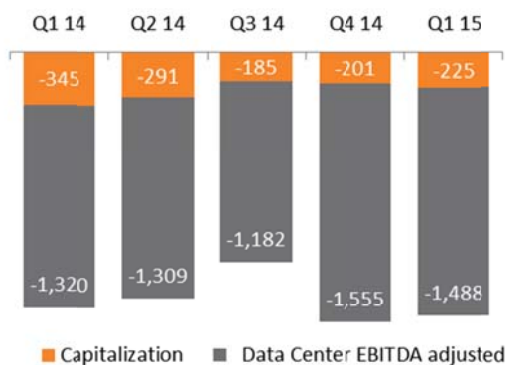
change in mix of products shipped. DIY products generally carry lower gross margins while Workstation and Gaming/Performance Desktop PC products generally provide higher gross margins.

During the first quarter, four new Asetek desktop products were released to the market. The two new DIY products released were the Corsair Hydro Series H80i GT and H100i GTX coolers. The EVGA GeForce GTX980 Hybrid Graphics cooler is a new product released in the Gaming/Performance Desktop PC market. In the Workstation market, the Dell Precision Tower 7910 workstation now offers Intel Xeon processors with Asetek high performance liquid cooling.

Data center financials

Financial development

USD (000's)



Data center revenues were \$0.2 million in the first quarter of 2015, compared with \$0.5 million in the same period of 2014. The decline in revenue compared with last year is due to fluctuations in timing of delivery of third party equipment on contract with the U.S. Department of Defense.

While Asetek continues the implementation of its data center strategy, costs are driven by investments in technology development, product marketing, and business development with data center partners and customers.

The Company expects revenues and operating results to fluctuate as it builds partnerships with large OEMs and develops the market for liquid cooling in the data center.

Data center operations and market update

Asetek continues to make progress in its data center segment. In February, Fujitsu Technology Solutions GmbH (Fujitsu) a global server vendor, entered into an OEM purchase agreement with Asetek. Fujitsu will use RackCDU D2C liquid cooling to remove heat from processors and other high power components in servers to ensure Fujitsu HPC clusters deliver maximum energy efficiency and performance while keeping costs at a minimum. The agreement is a significant milestone for Asetek as Fujitsu's global reach and industry position can possibly drive adoption of Asetek liquid cooling in data centers worldwide.

After the first quarter, in April, Fujitsu placed its first product order under this agreement. Asetek will deliver RackCDU liquid cooling for approximately 40 racks of servers for a value of \$0.6 million, scheduled for the second quarter. Over time, Asetek anticipates significant data center revenue growth to be derived from RackCDU sales on Fujitsu platforms.

Asetek announced in February that the California Energy Commission has selected Asetek to install

RackCDU D2C liquid cooling in two large-scale, supercomputing data centers in California. The project, valued at \$3.5 million and expected to span two years beginning mid-2015, will include installation of RackCDU in approximately 90 racks of servers.

During the quarter, Asetek made progress on its three-year \$2.4 million contract with the U.S. Department of Defense, successfully completing site preparation for stage 2 of the three-phase effort. Three additional RackCDUs were installed at Redstone Arsenal. Liquid-cooling loops for stage 2 servers were fabricated and delivered to the data center for installation.

In March, the Company showcased its range of RackCDU liquid cooling systems at Data Centre World in London. Asetek displayed liquid cooling solutions in use by multiple customers including the U.S. National Renewable Energy Laboratory, University of Tromsø, and Mississippi State University.

Intellectual Property

Asetek holds a sizable portfolio of intellectual property (IP) rights including patents providing competitive advantages and high barriers to entry for competitors. As part of the Company's efforts to build and maintain its market share, the Company continues to closely review and assess all competitive offerings for infringement of its patents. Currently the Company has pending patent and utility model applications worldwide, with additional applications under preparation.

In February 2015, a patent case with CoolIT Systems Inc. ("CoolIT") was settled, with Asetek

agreeing to dismiss the case. The specific terms of the settlement are maintained as confidential, though any damage amount payable to Asetek will be made public upon the determination of such amount by the judge.

A patent case with PhD Research Group, Inc. was settled in February 2015, with Asetek acquiring two patents.

In February 2015, in an ongoing patent case with Asia Vital Components Co. Ltd., the court granted Asetek's motion to dismiss the case.

Risk Factors

To date the Company has incurred operating losses and is in the development stages of its data center business.

The Company's revenue growth is dependent on the market acceptance of its new data center products and the release of new products from server OEM customers to facilitate its trial system deployments. Revenue in the desktop segment is subject to fluctuation and is dependent, in part, on the popularity and new releases of end user products by Asetek's customers.

Asetek relies upon suppliers and partners to supply products and services at competitive prices. Asetek's desktop products have been historically assembled by a single contract manufacturer which may be difficult to substitute in the short term if the need should arise. The Company is currently in the process of adding a new contract manufacturer. Asetek also mitigates this risk with Company-owned supplemental manufacturing lines which can be utilized if necessary.

Asetek has filed and defended lawsuits against competitors for patent infringement. While some of the recent cases have been settled or dismissed, some may continue, and new cases may be initiated. Such cases may proceed for an extended period and could potentially lead to an unfavorable outcome to Asetek. Asetek has incurred significant legal costs associated with litigation and may continue to do so in the future to the extent management believes it is necessary to protect intellectual property.

Asetek operates internationally in Denmark, USA, China, and Taiwan and is subject to foreign exchange risk. As of March 31, 2015, its principal cash holdings are maintained in deposit accounts in U.S. dollars and Danish krone.

A more thorough elaboration on risk factors can be found in the Company's prospectus dated March 23, 2015, available from the Company's website: www.asetek.com.

Outlook

Desktop

The Desktop segment is expected to continue to be a profitable part of Asetek's offering. The Company expects strong desktop revenue growth in the second quarter 2015. Based on purchase orders and internal forecasts, the Company expects

revenues in the second quarter will be upwards of 40% higher than the average revenue levels achieved in recent quarters. The anticipated increase is primarily due to shifts in the competitive landscape and recent product



launches, particularly the Generation 5 liquid cooling platform. Improved cooling performance and easier installation are two principal reasons why Generation 5 products are expected to generate significant desktop revenues in the future. In addition, Asetek expects to start shipping at least two new products in the second quarter, all of which will be in the DIY market.

Revenue in the Gaming/Performance Desktop PC market is expected to continue at current levels. Revenue in the Workstation market will continue to be negatively impacted in the near term quarters as a result of HP's decision to remove liquid cooling as an option on its most recently

released line of high performance workstations. However, the Company expects to regain workstation revenue in future quarters with liquid cooler shipments for Dell workstations, such as the Dell Precision Tower 7910, which now offers Intel Xeon processors with Asetek high performance liquid cooling

Asetek expects gross margin to decline slightly in the second quarter, due to the significant increase in shipment of DIY cooling products, which typically generate lower margins, combined with a decline in shipment of workstation cooling units, which typically generate higher margins.

Data center

In April, The Company received its first production order for its RackCDU Direct-to-Chip™ data center liquid cooling system under the previously announced OEM purchase agreement with Fujitsu. With a value of \$0.6 million for approximately 40 racks worth of cooling, it is the largest single order Asetek has received thus far on its RackCDU products. Asetek expects to deliver the product in the second quarter, while official product launch by Fujitsu is expected in the third quarter.

Asetek's project with the California Energy Commission, valued at \$3.5 million, will commence work in the second quarter of 2015. The company anticipates completing site preparation for the first installation site at NASA Ames in the fourth quarter of 2015.

Asetek has teamed with multiple OEM vendors in response to a large federal multi-laboratory

procurement. An award announcement is anticipated in the second quarter of 2015. If successful, initial OEM shipments would commence in the fourth quarter of 2015.

Asetek expects to complete stage 2 installation on its U.S. Department of Defense program in the second quarter of 2015. This stage involves retrofitting and installing three racks of liquid-cooled servers in the Redstone Arsenal data center. Asetek expects to complete phase 3 installation in the fourth quarter of 2015, adding an additional 14 racks of liquid-cooled servers to the facility.

In light of these positive developments in the data center business, management anticipates growth in data center revenues in 2015 compared with 2014.

Interim Financial Statements

Consolidated Statement of Comprehensive Income

Figures in USD (000's)	Q1 2015		Q1 2014		2014
	<i>Unaudited</i>		<i>Unaudited</i>		<i>Unaudited</i>
Revenue	\$	5,538	\$	5,400	\$ 20,847
Cost of sales		3,510		3,156	12,137
Gross profit		2,028		2,244	8,710
Research and development		1,017		786	3,556
Selling, general and administrative		3,170		3,220	14,664
Total operating expenses		4,187		4,006	18,220
Operating income		(2,159)		(1,762)	(9,510)
Foreign exchange (loss) gain		(378)		20	(298)
Finance costs		(15)		(21)	(87)
Total financial income (expenses)		(393)		(1)	(385)
Income before tax		(2,552)		(1,763)	(9,895)
Income tax (expense) benefit		(5)		(4)	1,138
Income for the period		(2,557)		(1,767)	(8,757)
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency translation adjustments		628		(87)	335
Total comprehensive income	\$	(1,929)	\$	(1,854)	\$ (8,422)
Income per share (in USD):					
Basic	\$	(0.11)	\$	(0.07)	\$ (0.36)
Diluted	\$	(0.11)	\$	(0.07)	\$ (0.36)

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

Figures in USD (000's)	31 Mar 2015	31 Dec 2014
	<i>Unaudited</i>	<i>Unaudited</i>
ASSETS		
<i>Non-current assets</i>		
Intangible assets	\$ 2,318	\$ 2,334
Property and equipment	741	730
Other assets	257	292
Total non-current assets	3,316	3,356
<i>Current assets</i>		
Inventory	1,065	1,102
Trade receivables and other	3,976	4,186
Cash and cash equivalents	14,728	4,170
Total current assets	19,769	9,458
Total assets	\$ 23,085	\$ 12,814
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	\$ 409	\$ 264
Share premium	75,965	64,451
Accumulated deficit	(59,771)	(57,307)
Translation and other reserves	643	14
Total equity	17,246	7,422
<i>Non-current liabilities</i>		
Long-term debt	255	309
Total non-current liabilities	255	309
<i>Current liabilities</i>		
Short-term debt	320	300
Accrued liabilities	1,392	1,255
Accrued compensation & employee benefits	749	882
Trade payables	3,123	2,646
Total current liabilities	5,584	5,083
Total liabilities	5,839	5,392
Total equity and liabilities	\$ 23,085	\$ 12,814

These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

Unaudited

Figures in USD (000's)	Share capital	Share premium	Translation reserves	Other reserves	Accumulated deficit	Total
Equity at January 1, 2015	\$ 264	\$ 64,451	\$ 26	\$ (12)	\$ (57,307)	\$ 7,422
Total comprehensive income - quarter ended Mar 31, 2015						
Loss for the period	-	-	-	-	(2,557)	(2,557)
Foreign currency translation adjustments	-	-	628	-	-	628
Total comprehensive income - quarter ended Mar 31, 2015	-	-	628	-	(2,557)	(1,929)
Transactions with owners - quarter ended Mar 31, 2015						
Shares issued	145	12,267	-	1	-	12,413
Less: issuance costs	-	(753)	-	-	-	(753)
Share based payment expense	-	-	-	-	93	93
Transactions with owners - quarter ended Mar 31, 2015	145	11,514	-	1	93	11,753
Equity at March 31, 2015	\$ 409	\$ 75,965	\$ 654	\$ (11)	\$ (59,771)	\$ 17,246

Unaudited

Equity at January 1, 2014	\$ 264	\$ 64,357	\$ (309)	\$ (14)	\$ (49,490)	\$ 14,808
Total comprehensive income - quarter ended Mar 31, 2014						
Loss for the period	-	-	-	-	(1,767)	(1,767)
Foreign currency translation adjustments	-	-	(87)	-	-	(87)
Total comprehensive income - quarter ended Mar 31, 2014	-	-	(87)	-	(1,767)	(1,854)
Transactions with owners - quarter ended Mar 31, 2014						
Shares issued	-	54	-	1	-	55
Share based payment expense	-	-	-	-	329	329
Transactions with owners - quarter ended Mar 31, 2014	-	54	-	1	329	384
Equity at March 31, 2014	\$ 264	\$ 64,411	\$ (396)	\$ (13)	\$ (50,928)	\$ 13,338

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

Figures in USD (000's)	Q1 2015	Q1 2014	2014
	Unaudited	Unaudited	Unaudited
Cash flows from operating activities			
Income (loss) for the period	\$ (2,557)	\$ (1,767)	\$ (8,757)
Depreciation and amortization	486	413	1,771
Finance costs (income)	15	21	87
Income tax expense (income)	5	4	(1,138)
Impairment of intangible assets	-	20	36
Cash receipt (payment) for income tax	(5)	(4)	204
Share based payments expense	93	329	940
Changes in trade receivables, inventories, other assets	(212)	(27)	1,264
Changes in trade payables and accrued liabilities	269	(811)	(230)
Net cash used in operating activities	(1,906)	(1,822)	(5,823)
Cash flows from investing activities			
Additions to intangible assets	(387)	(626)	(1,873)
Purchase of property and equipment	(178)	(39)	(172)
Net cash used in investing activities	(565)	(665)	(2,045)
Cash flows from financing activities			
Cash received for leasing of previously purchased equipment	-	279	279
Funds drawn (paid) against line of credit	29	26	(141)
Proceeds from issuance of share capital	12,413	55	96
Principal and interest payments on finance leases	(53)	(41)	(145)
Net cash provided by financing activities	12,389	319	89
Effect of exchange rate changes on cash and cash equivalents	640	(124)	286
Net changes in cash and cash equivalents	10,558	(2,292)	(7,493)
Cash and cash equivalents at beginning of period	4,170	11,663	11,663
Cash and cash equivalents at end of period	\$ 14,728	\$ 9,371	\$ 4,170
Supplemental disclosure -			
Unpaid financing fees included in accrued liabilities	\$ 753	\$ -	\$ -

These financial statements should be read in conjunction with the accompanying notes.

Notes to the quarterly financial statements

1. General information

Asetek A/S ('the Company'), and its subsidiaries (together, 'Asetek Group', 'the Group' or 'Asetek') designs, develops and markets thermal management solutions used in computers and data center servers. The Group's core products utilize liquid cooling technology to provide improved performance, acoustics and energy efficiency. The Company is based in Aalborg, Denmark with offices in USA and China. The Company's shares trade on the Oslo Stock Exchange under the symbol 'ASETEK'.

These condensed consolidated financial statements for the quarter ended March 31, 2015 have been prepared on a historical cost convention in accordance with International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting' as adopted by the European Union (EU) and do not include all of the information and disclosure required in the annual consolidated financial statements. These statements should be read in conjunction with the Asetek A/S 2014 Annual Report.

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2014.

The Group operates in an industry where seasonal or cyclical variations in total sales are not normally experienced during the financial year.

2. Private placement and subsequent offering

On March 19, 2015, the Company raised \$12.4 million in gross proceeds through a private placement of 10 million new common shares, each with a par value of DKK 0.10, at a price of NOK 10.00 per share. Subsequent to the end of the first quarter, in April 2015, the Company raised \$0.6 million in gross proceeds through the public issuance of an additional 480 thousand new shares, each with a par value of DKK 0.10, at a price of NOK 10.00 per share.

After completion of both share offerings in 2015, there are 24.7 million common shares outstanding and 0.7 million shares in treasury as of the date of this report. Treasury shares may be used to fulfill share options and warrants outstanding totaling approximately 1.3 million. Share based payment expense associated with total warrants and options outstanding was \$0.1 million and \$0.3 million in the quarters ended March 31, 2015 and 2014, respectively.

3. Intangible assets

The Group's business includes a significant element of research and development activity. Under IAS 38, there is a requirement to capitalize and amortize development spend to match costs to expected benefits from projects deemed to be commercially viable. Costs capitalized are recorded on the balance sheet as intangible assets, net of amortization. In the first quarter of 2015, the Company capitalized approximately \$0.4 million of development costs and recorded amortization of approximately \$0.4 million (capitalized costs of \$0.6 million and amortization of \$0.3 million in 2014).

4. Earnings (losses) per share

IAS 33 requires disclosure of basic and diluted earnings per share for entities whose shares are publicly traded. Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the number of common shares outstanding used in the Basic calculation for the effect of dilutive equity instruments, which include options, warrants and debt or preferred shares that are convertible to common shares, to the extent their inclusion in the calculation would be dilutive.

First Quarter			
	Q1 2015		Q1 2014
Loss attributable to equity holders of the Company (USD 000's)	\$	(2,557)	\$ (1,767)
Weighted average number of common shares outstanding (000's)		24,184	24,075
Basic loss per share	\$	(0.11)	\$ (0.07)
Diluted loss per share	\$	(0.11)	\$ (0.07)

Potential dilutive instruments are not included in the calculation of diluted loss per share for the periods presented because the effect of including them would be anti-dilutive and reduce the loss per share. In accordance with IAS 33, weighted average shares outstanding have been adjusted to reflect the share issuance that occurred in 2015, as if the issuance had occurred as of January 1, 2014.

5. Foreign exchange loss (gain) presentation

Beginning in 2015, foreign exchange loss (gain) is included as a component of financial income (expenses). Previously foreign exchange loss (gain) was included as a component of operating expenses. Prior year results have been reclassified for comparative purposes.

6. Transactions with related parties

The Company's chairman is a member of the board of directors of Corsair, a customer of the Company. During the first quarter of 2015 and 2014, Asetek had sales of inventory to Corsair of \$3.1 million and \$1.7 million, respectively. As of March 31, 2015 and 2014, Asetek had outstanding trade receivables from Corsair of \$1.2 million and \$1.2 million, respectively.

The Company's CEO serves as Chairman of the Board for a vendor that supplies services to the Company. In the first quarter 2015, the Company purchased services totaling approximately \$0.1 million (\$0.1 million in 2014) from this vendor.

7. IFRS accounting compared with U.S. GAAP

Since 2011, the Company's annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Previously, the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). The following represent the principal effects to Asetek's financial statements as a result of this change:

Intangible assets. Capitalization of costs associated with product development is required under IFRS but is not required under GAAP. Intangible assets of \$2.3 million on the Company's balance sheet at March 31, 2015 represent the capitalization of product development costs, net of amortization. The associated amortization over the products' lifecycle is charged as an operating expense.

Share based compensation. IFRS requires that each installment of a share based payment award be treated as a separate grant and separately measured and attributed to expense over the vesting period. As a result, calculation of share based payment expense under IFRS generally results in recognition of a greater amount of expense earlier in the life of the option grant than the comparable calculation under GAAP.



8. Segment reporting

Unaudited breakdown of the income statement

First Quarter

Figures in USD (000's)	Desktop		Data center	
	<u>Q1 2015</u>	<u>Q1 2014</u>	<u>Q1 2015</u>	<u>Q1 2014</u>
Revenues	5,387	4,861	151	539
Cost of sales	3,427	2,748	83	389
Gross Profit	1,960	2,113	68	150
Gross Margin	36.4%	43.5%	45.0%	27.8%
Total operating expenses*	1,200	1,012	1,556	1,470
EBITDA adjusted	760	1,101	(1,488)	(1,320)
EBITDA margin	14.1%	22.7%	N/A	N/A

*Operating expenses by segment exclude headquarters costs of \$0.9 million and \$0.8 million for Q1 2015 and Q1 2014, respectively.

Significant components of headquarters costs include intellectual property defense of \$0.6 million and \$0.5 million in Q1 2015 and Q1 2014, respectively.

Statement by the Board of Directors and Management

The Board of Directors and the Management have considered and adopted the Interim Report of Asetek A/S for the period 1 January – 31 March 2015. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting and additional Danish disclosure requirements. The accounting policies applied in the Interim Report are unchanged from those applied in the Group's Annual Report for 2013.

We consider the accounting policies appropriate, the accounting estimates reasonable and the

overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of Asetek's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing Asetek. The Interim Report has not been audited or reviewed by the auditors.

Asetek A/S
Aalborg, 28 April 2015

Management:

André S. Eriksen
CEO

Peter Dam Madsen
CFO

Board of Directors:

Sam Szeinbaum
Chairman

Bengt Olof Thuresson
Member

Chris J. Christopher
Member

Knut Øversjøen
Member

Jim McDonnell
Member

Peter Gross
Member



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