



Asetek – Q2 2015: Revenue Growth

August 12, 2015

- Record quarter and first half year revenue driven by DIY desktop product sales
- Data center segment delivered first revenue from a significant OEM purchase agreement in the second quarter 2015, a strategic milestone for the company
- Gross margins down due to increase in lower margin DIY product sales and a one-time charge related to product quality assurance within the desktop segment
- IP portfolio strength demonstrated via patent infringement lawsuit settlement of \$1.9 million
- Expecting significant revenue growth in the desktop segment in the third quarter
- While OEM adoption has taken longer than anticipated, expect significant revenue growth within the data center segment in 2016

Asetek reported record total revenue of \$8.0 million in the second quarter of 2015, up 48% versus the same period of 2014 (\$5.4 million). The development reflects record revenue from the desktop DIY market, as well as \$0.3 million in revenue from the emerging data center segment.

First half 2015 revenue amounted to \$13.5 million, up 25% versus the comparable period of 2014.

Operating profits from the desktop segment were \$0.8 million for the second quarter and \$1.5 million for the first half year, below expectations due to lower margins and the one-time charge.

While Asetek continued to invest in its data center segment, operating losses from the segment amounted to \$1.6 million for the second quarter and \$3.1 million for the first half. Expenditures relate to technology development, product marketing and business development activities with data center partners and OEM customers.

In June, Asetek shipped \$0.2 million of RackCDU Direct to Chip™ products of the total \$0.5 million first order received from Fujitsu, under an OEM purchase agreement executed in the first quarter 2015. The balance of the order is expected to be fulfilled in second half 2015.

Asetek executed a purchase agreement with CIARA, a leading supplier of high performance servers and expects to generate future revenue of \$1.0 million annually from this agreement.

The European Patent Office (EPO) agreed to allow Asetek's patent claims on the Company's All-In-One liquid cooling system designed for cooling CPUs and GPUs.

Asetek settled a significant patent infringement lawsuit with CoolIT Systems Inc. The U.S. District Court awarded damages to be paid to the Company totaling \$1.9 million. This income will be recorded upon receipt and is therefore not included in first half 2015 results. \$0.5 million was received in July 2015 and the remainder is expected to be received by the end of 2015.

"We are proud of the revenue growth achieved by our desktop segment, while we continue to invest in our data center strategy. For several quarters, we have worked closely with computer manufacturers to demonstrate the huge advantages of using Asetek liquid cooling in the data center. So I'm excited when a large OEM like Fujitsu goes to market with servers using our liquid cooling solutions" said André Sloth Eriksen, founder and CEO of Asetek, "our focus now is on continued data center revenue growth".

Second quarter material

The second quarter report and webcast presentation are attached to this release and available from the company's website www.asetek.com.

Webcast and conference call

In order to follow the presentation of the results use one of the following channels:

a. Webcast – audio and slide presentation

A link to the webcast will be released on the company's investor website in due time before the presentation. Please refer to asetek.com/investor-relations/reports-presentations.

b. Conference call – audio only

Dial in 5-10 minutes prior to the start time using the phone numbers and confirmation code below.

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A recorded version of the presentation will be available on www.asetek.com after the broadcast has concluded.

Q&A

The conference call lines will be opened for participants to ask questions at the end of the presentation.

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