



Q1 2022

28 April 2022

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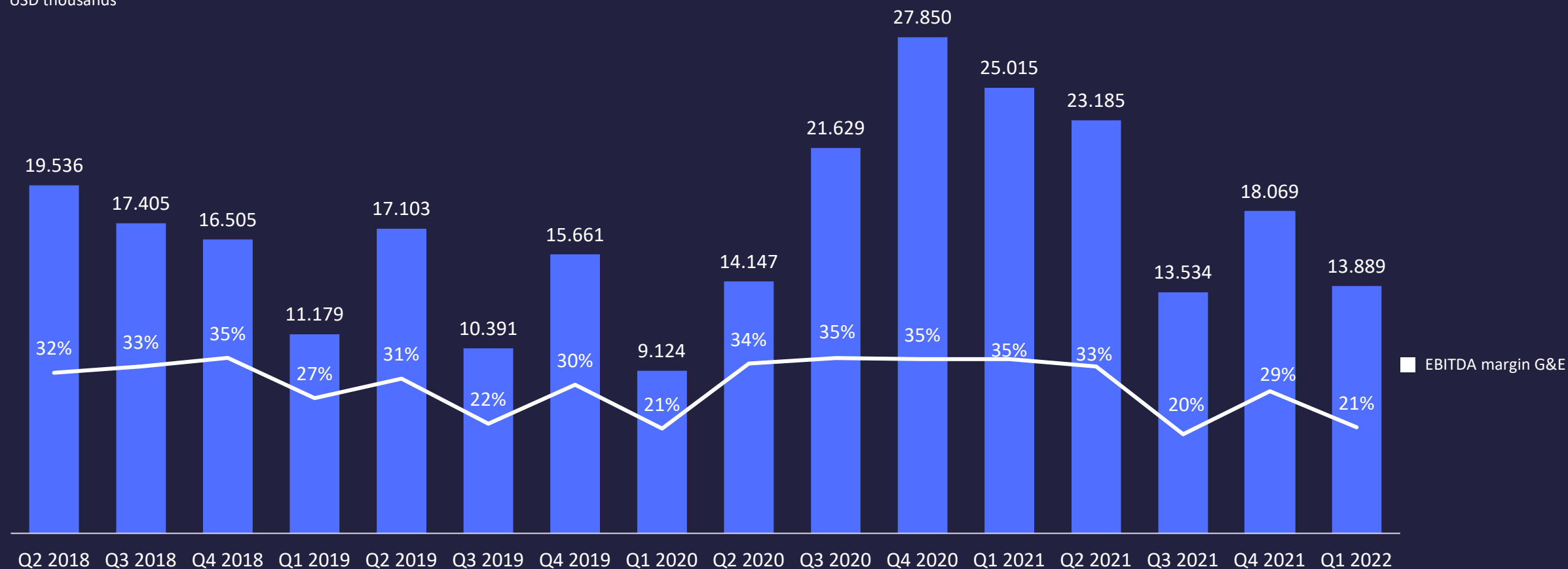
Highlights

- First-quarter revenue of \$13.9 million compared with record \$25.0 million in Q1 2021
- Gross margin of 38% compared with 43% in Q1 2021
- SimSports orders and backlog of ~\$1.5 million per end-April with initial shipments in March and additional products in the pipeline
- 2022 Outlook maintained with group revenue growth expected of -5% to +15% from 2021 and operating income is expected to be between -\$1 and +\$5 million, reflecting a volatile global situation

Revenue and EBITDA margin reflect current market volatility

Group revenue and G&E EBITDA margin

USD thousands



Status update Gaming & Enthusiast market

Early 2022

Outlook

Impact

- Volatile global situation reflected in 2022 growth expectations

- Volatile global situation reflected in 2022 growth expectations
- Ambition of 15% annual average revenue growth over time maintained
- Uncertainty related to timing of the market normalizing

Status

Company specific

- Shut-downs tied to Covid-19, power outages, sporting and political events in China having tangible impact on operations
- Customers assessing timing for launch of new liquid cooling products
- Component supply and logistics issues affecting delivery schedules, ~USD 1 million of revenue postponed to Q2
- Q1 performance reflect one OEM significantly underperforming vs. forecasts

Industry

- Supply chain challenges and rising component cost and shortages
- Global shortage of semiconductor chips, mainly GPUs, curbing demand, also affecting markets for PC and gaming peripherals
- Increasing logistics costs and US tariffs

- Continuous focus on strengthening supply chain capacity and capabilities
- Temporary adjusting product pricing to mitigate logistics costs
- Working with existing contract manufacturers to leverage capacity outside China
- Inflationary pressures may impact discretionary consumer spending
- Major launches of new CPUs and GPUs from NVIDIA, AMD and Intel expected in the second half
- SimSports not affected by tariff as final assembly is in Denmark

Full throttle for SimSports

- Started shipments of high-end Invicta sim racing pedals in March
 - Throttle, brake and add-on clutch, along with the RaceHub software for easy adjustments and calibration
 - Only 17 months after deciding to take a leading position in this growing market
- Strong feedback from sim racing reviewers, influencers and end-users
- Orders and backlog of ~\$1.5 million per end-April
 - Represents thousands of pedal sets
 - Risk in end user conversion and pace of shipments affected by component shortages
 - New products in pipeline indicate more to come

“This is pure awesomeness😊”

- end user

“I already shaved 1 sec. in just 1 lap... Man this feels good.”

- end user

“Asetek is setting new standards when it comes to hydraulic brakes. There are currently no comparable products in this price range from competitors who recreate the brake 1:1, as is the case in real racing.”

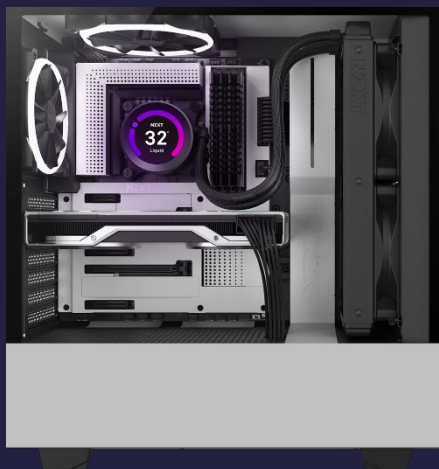
- Ron Reviewt, Hardcore product reviewer

“The brake on this pedal set is absolutely unbelievable. Exactly the same feeling you get in a real car... It's changed the game of how good a brake pedal can be in sim racing...”

- James Baldwin (Influencer and Streamer)

Business overview

Gaming and Enthusiast



Enthusiasts and
do-it-yourself (DIY)



Gaming/Performance PCs

Liquid cooling for Competitive and
committed gamers and enthusiasts

Data center



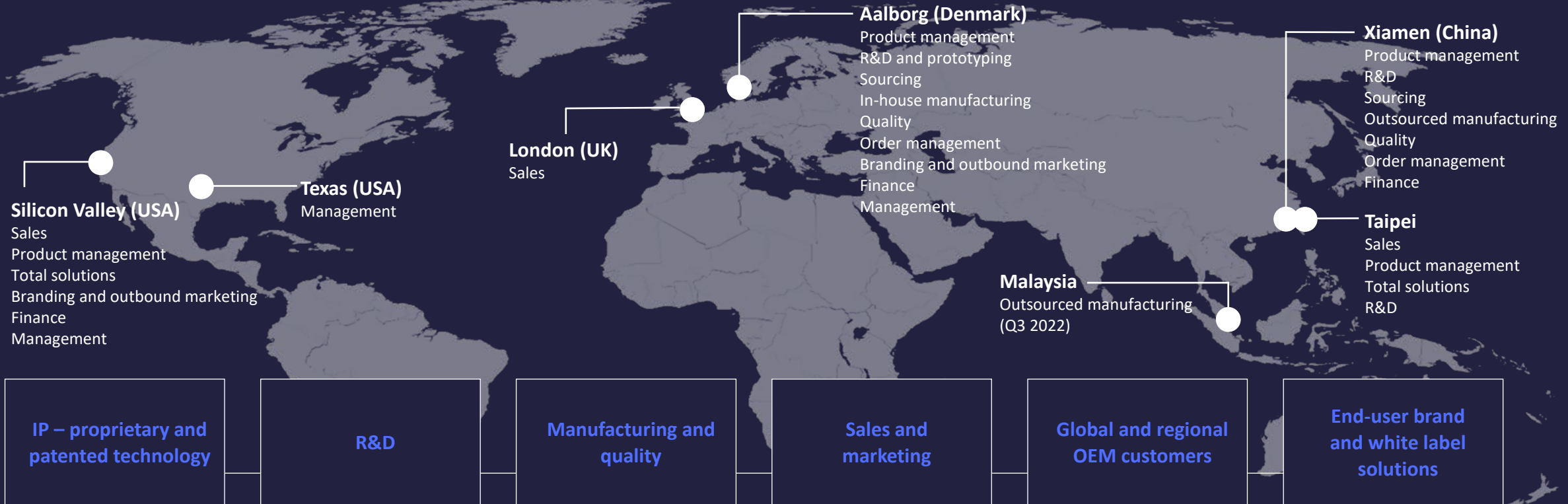
Liquid cooling for
enterprises

SimSports



Immersive equipment for gamers, racing
and automobile enthusiasts

Global platform with integrated value chain supports growth and expansion



Strategic position: Large and long-term growing markets | Supplying global brands | Market-leading solutions

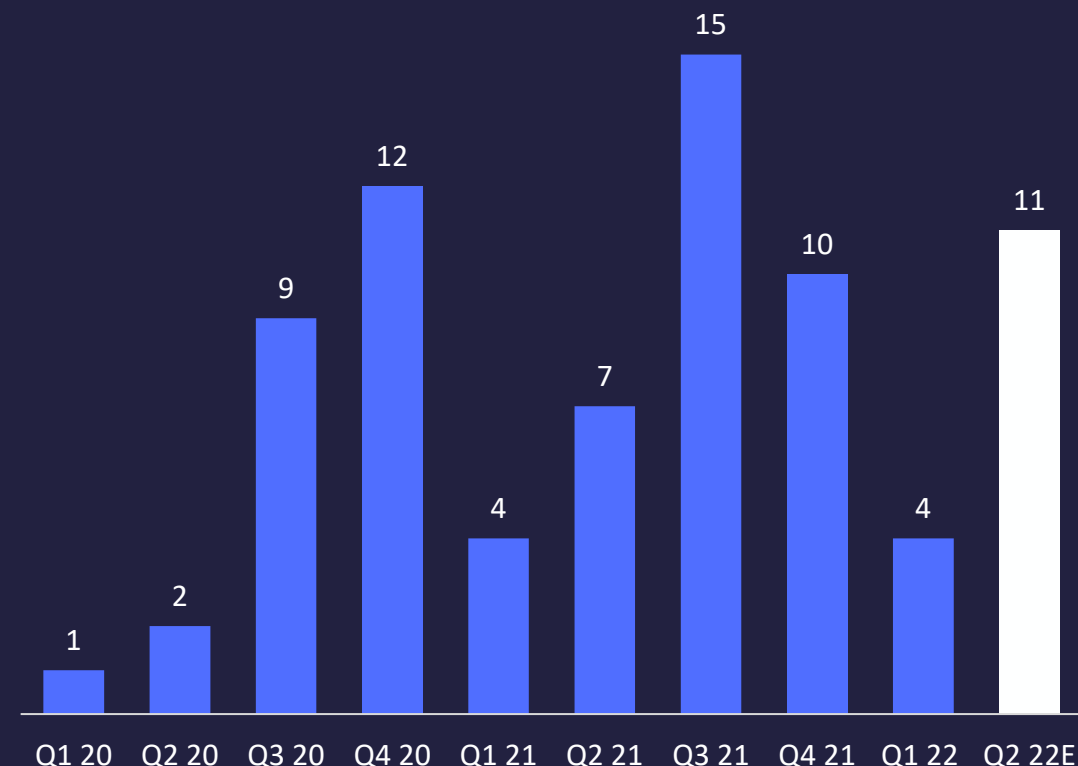
IP platform: Applications | Technology | Systems | Products | Patents | High-volume manufacturing | World-wide hub infrastructure

9 million units shipped | 157 employees | FY'21 revenue of USD 80m | Listed on Oslo Børs

Gaming & Enthusiast

Product release activity affected by current market uncertainties

- Four new products started shipping in Q1 2022
 - One new customers
 - Including two liquid coolers for GPUs
- Eleven new products estimated to start shipping in Q2 2022
 - OEMs continue to assess timing of new products releases due to the component shortages, logistics and cost
 - Continued strong long-term demand growth expected
- Continuous investments in product development and branding to expand reach with key customers based on the core tenants of performance, quality and reliability



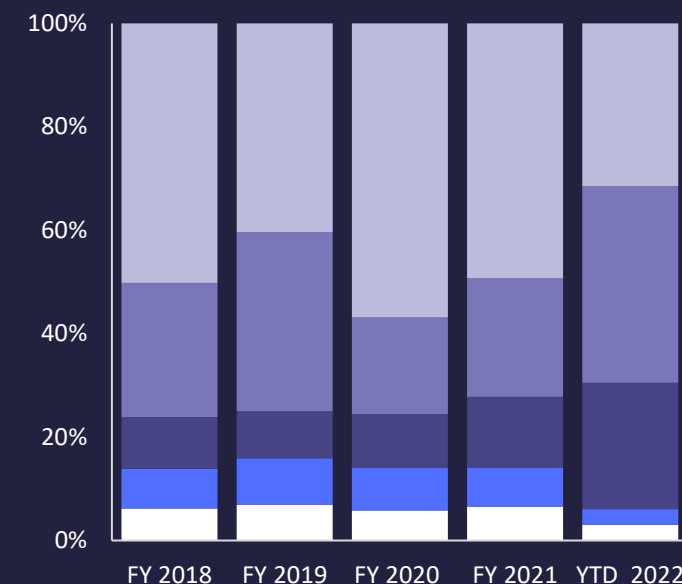
Strengthening a wide and diversified base of Gaming & Enthusiast OEMs

Top 5 Gaming and Enthusiast customers¹

- Currently shipping to over 20 OEMs
- Top five represented 89% of Gaming and Enthusiast revenue in YTD 2022, vs. 83% for full-year 2021
- Ambition to increase diversification over time
- Continuous monitoring and assessment of IP



Top 5 customers revenue split ²⁾



Gaming & Enthusiast strategic development

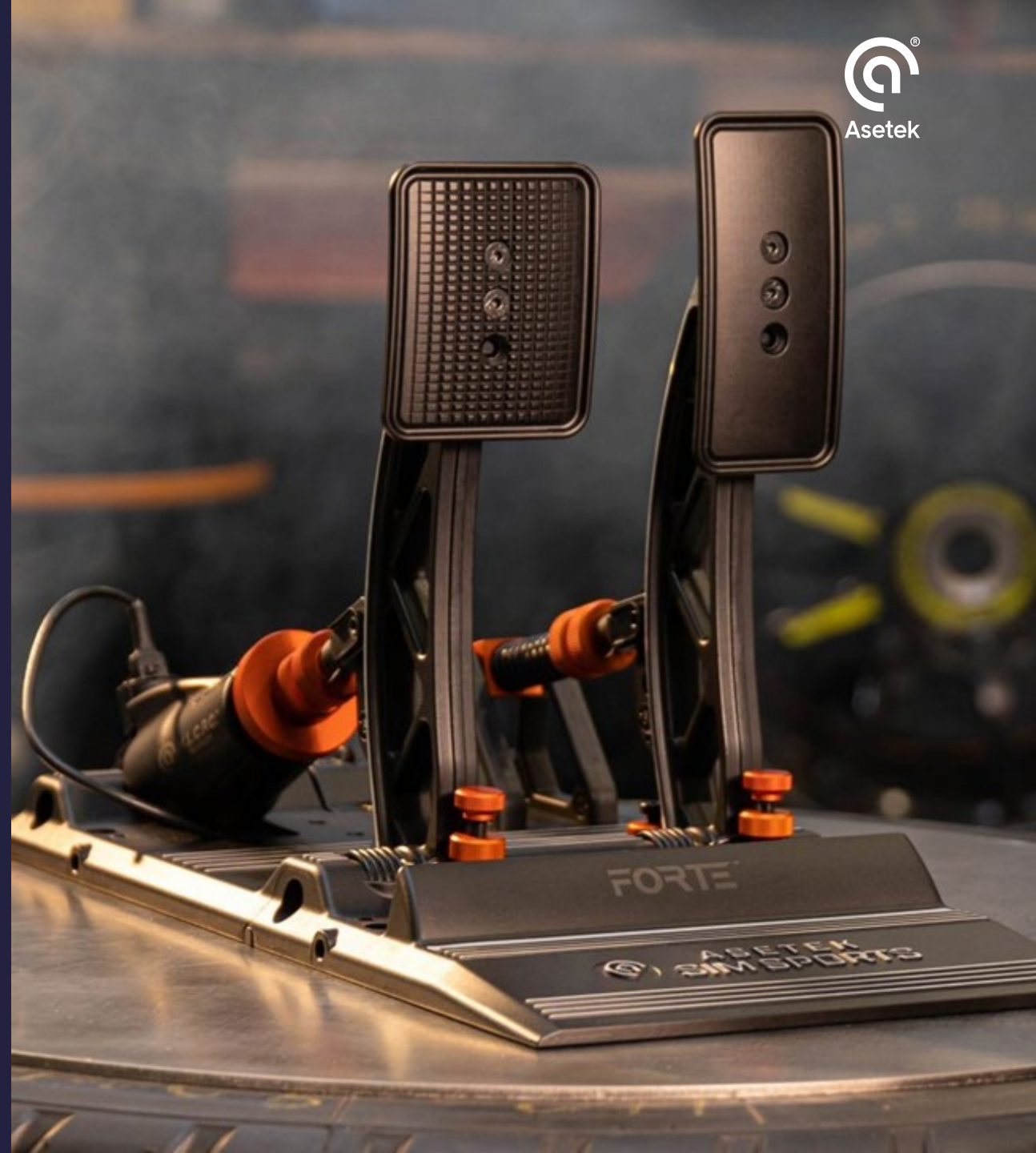
Goal	Strategy	Development and outlook
<p>Further develop leadership in the gaming and enthusiast liquid cooling market</p>	<ul style="list-style-type: none"> • R&D and product development • Growing existing customers • Widening OEM customer base • Branding and marketing 	<ul style="list-style-type: none"> • Focus on delivery of core liquid cooling solutions • Ramp-up of development to bring meaningful innovations to market • Products which deliver best performance, quality and reliability • Currently over 20 OEM customers • Focus on reducing single-customer dependency • Co-branding agreements in place with several OEMs • Connecting directly with gamers and enthusiasts via social media and online communities, such as Discord • Positioning to monetize Asetek brand



SimSports

Product roll-out progressing to plan

- Asetek Invicta premium performance SimRacing pedals already available for customers
- Opened for pre-orders for the Forte mid-level racing pedals in April
 - Plan to start shipping in late June
- Expanding line of accessories including the Invicta™ racing boots for full immersion, maximum performance and unrivalled comfort in sim racing



Developing sim racing eco-system

- Development of steering wheels and wheelbase on track
 - Exclusive agreement with HangZhou MiGE for use of its servo motor technology in Asetek's range of high-end wheel-bases
 - Tailor-made solutions with Asetek designed motor using own software and IP
 - Planned launch in late 2022
- Development of Pagani-licensed products progressing for release in mid-2022
- Developing exciting marketing campaign for F1 and GT3
- Product development founded on extensive mechatronics and real racing competencies in close collaboration with leading sim racers



SimSports strategic development

Goal	Strategy	Development and Outlook
<p>Becoming a next-level immersive gaming experiences provider</p>	<ul style="list-style-type: none"> • Leverage core mechatronics capabilities and global supply chain • Develop product offering based on acquired IP and technology • Establish a thriving third growth segment in a fragmented market 	<ul style="list-style-type: none"> • Initial focus on innovation and product development • Product development on plan based on own software and implementation of acquired IP • Finalize market and channel strategies, including direct sales, online resellers, motorsports shops etc. • First products available for customers Q1 2022 with further launches in 2022 and 2023 • Supported by brand platform and reputation for performance, quality, reliability and immersive experiences

EU supports use of liquid cooling to cut data center CO2 emissions and enable circular economy

- Continued shipping to existing HPC customers in Q1 2022
- Development of new EU energy legislation favorable to adoption of Asetek technology progressing based on the EU Commission's July 2021 Energy Efficiency Directive
- Proposal requires the reuse of waste heat generated in data centers
- The EU seeks to neutralize CO2 emissions and preserve and reuse precious resources from rapidly growing data center activity through adoption of circular infrastructure
- Asetek's Direct-to-chip liquid cooling enables power savings and CO2 emission reductions by enabling direct reuse of the waste heat at 60-65 centigrade in district heating systems without using power consuming heat-pumps
- It is one of the most impactful technologies available to address these issues and meets EU's requirements for "minimal ancillary energy inputs"
- Preparing for increased long-term demand associated with this potential legislation



Update data center strategic development

Goal	Strategy	Development and Outlook
Maintain Data center position and create a sustainable and profitable business over time	<ul style="list-style-type: none">• Influence the influencers and support adoption of latest EU proposals into legislation for climate gains from reusing waste heat on the way towards carbon neutrality• Leverage existing technology and investments to gain position in the general Data center segment	<ul style="list-style-type: none">• Global sustainability agenda strengthens rationale for Asetek's data center solution over times• Positive impact from direct engagement with the EU with current "Green Deal" proposals favoring liquid cooling• Market adoption of liquid cooling will remain slow until adoption of the proposed Green Deal legislation has been decided• Prepared and positioned for a potential shift in demand driven by adoption of the proposed legislation• Sharpening Data center business segment and stop investments in HPC niche to improve profitability• General Data center business segment to be main priority going forward

Financials

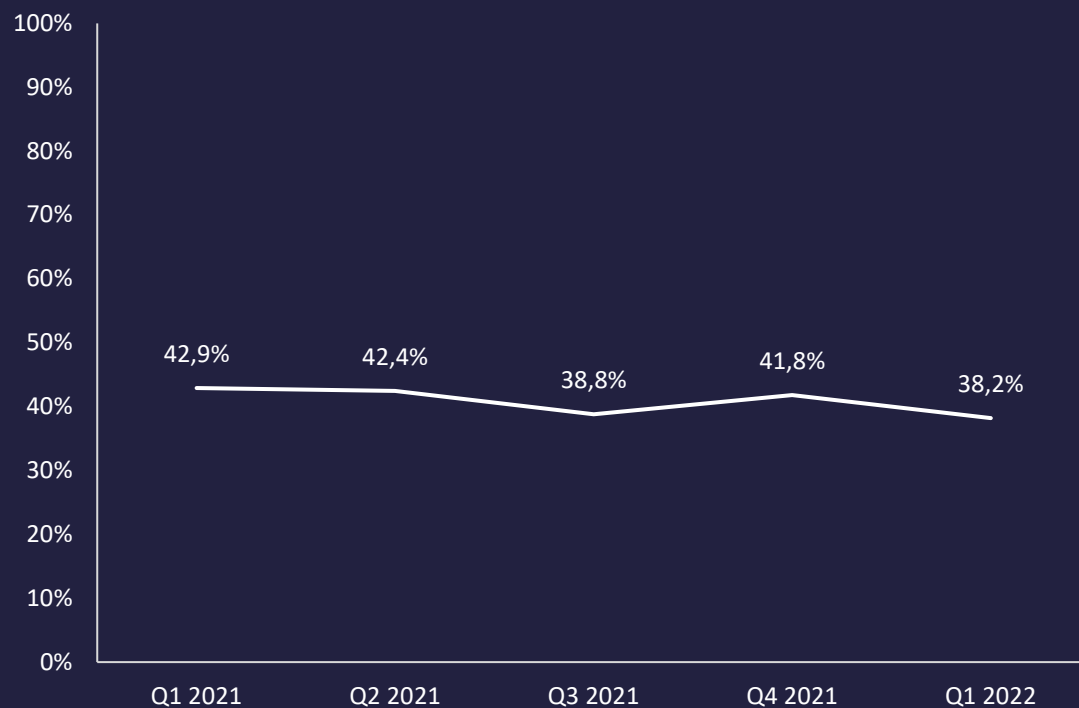
Income statement

Figures in USD (000's)	Q1 2022	Q1 2021	2021
	Unaudited	Unaudited	
Revenue	\$ 13,889	\$ 25,015	\$ 79,803
Cost of sales	8,583	14,284	46,430
Gross profit	5,306	10,731	33,373
Research and development	1,080	1,850	7,092
Selling, general and administrative	6,168	5,347	24,503
Special items	-	-	1,713
Other expense (income)	-	-	(714)
Total operating expenses	7,248	7,197	32,594
Operating income	(1,942)	3,534	779
Foreign exchange (loss) gain	130	534	832
Finance income (costs)	(45)	(52)	(214)
Total financial income (expenses)	85	482	618
Income before tax	(1,857)	4,016	1,397
Income tax (expense) benefit	(134)	(890)	(60)
Income for the period	(1,991)	3,126	1,337
Foreign currency translation adjustments	(433)	(1,212)	(1,709)
Total comprehensive income	\$ (2,424)	\$ 1,914	\$ (372)
Income per share (in USD):			
Basic	\$ (0.08)	\$ 0.12	\$ 0.05
Diluted	\$ (0.08)	\$ 0.12	\$ 0.05

- Q1 revenue reflects reduced shipments of Gaming & Enthusiast products compared to same period last year
- Sales of 211,000 sealed loops in Q1 (-49%)
- Revenue fluctuations due to changes in shipments of G&E products negatively impacted by shortage of semiconductor chips and
- Operating expenses level with Q1 2021
 - Reflects increased investment in the SimSports business and reduced Data center related expenses
 - DKK/USD FX rate beneficial to operating expenses in Q1 2022

Margin development

Quarterly Group gross margin development

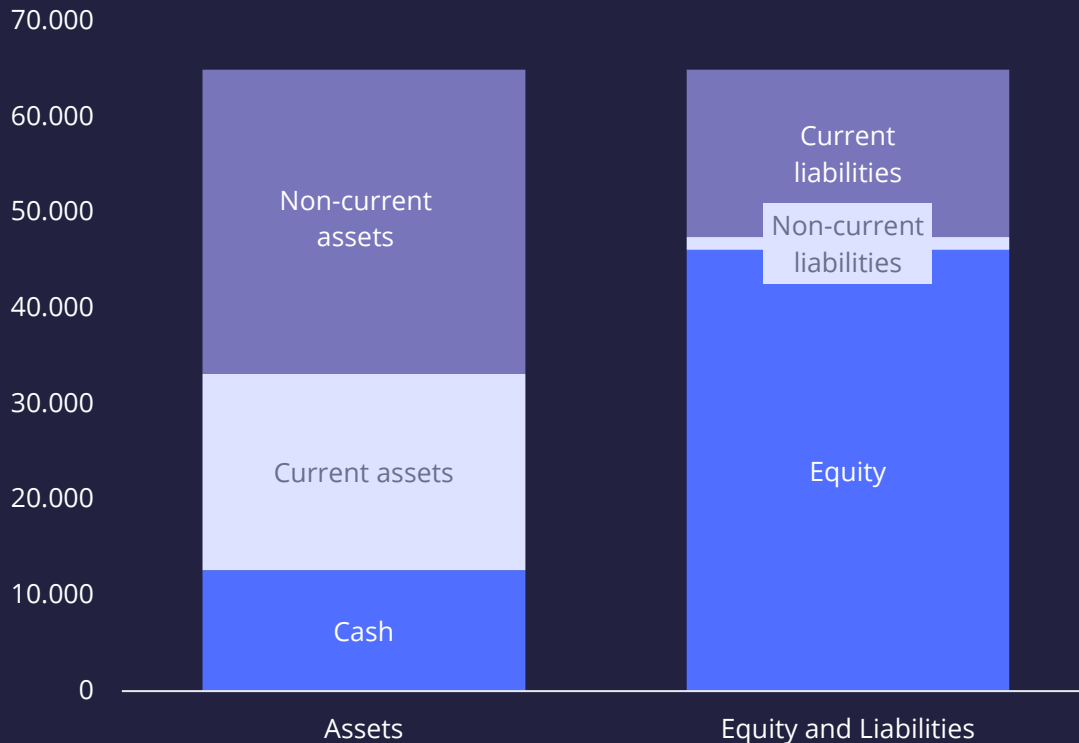


- Gross margin of 38.2% vs. 42.9% in Q1 2021
- Decrease reflects higher component costs due a weaker U.S. dollar and supply shortages, increased shipping costs and a change in the mix of product shipments
- Gross margin is expected to be higher than 40% going forward

Strong balance sheet supporting long-term growth

Balance sheet

USD thousands as at March 31, 2022



- Cash position primarily reflects reduction to accounts payable and other balance items including investment in new HQ during Q1
- Low interest-bearing debt
- Solid and attractive partner for OEM customers
- Flexibility to develop and defend IP
- Platform for expanding gaming product portfolio
- Supportive of efficient funding of new corporate HQ
- Ambition to distribute cash surplus over time subject to change of current tax situation

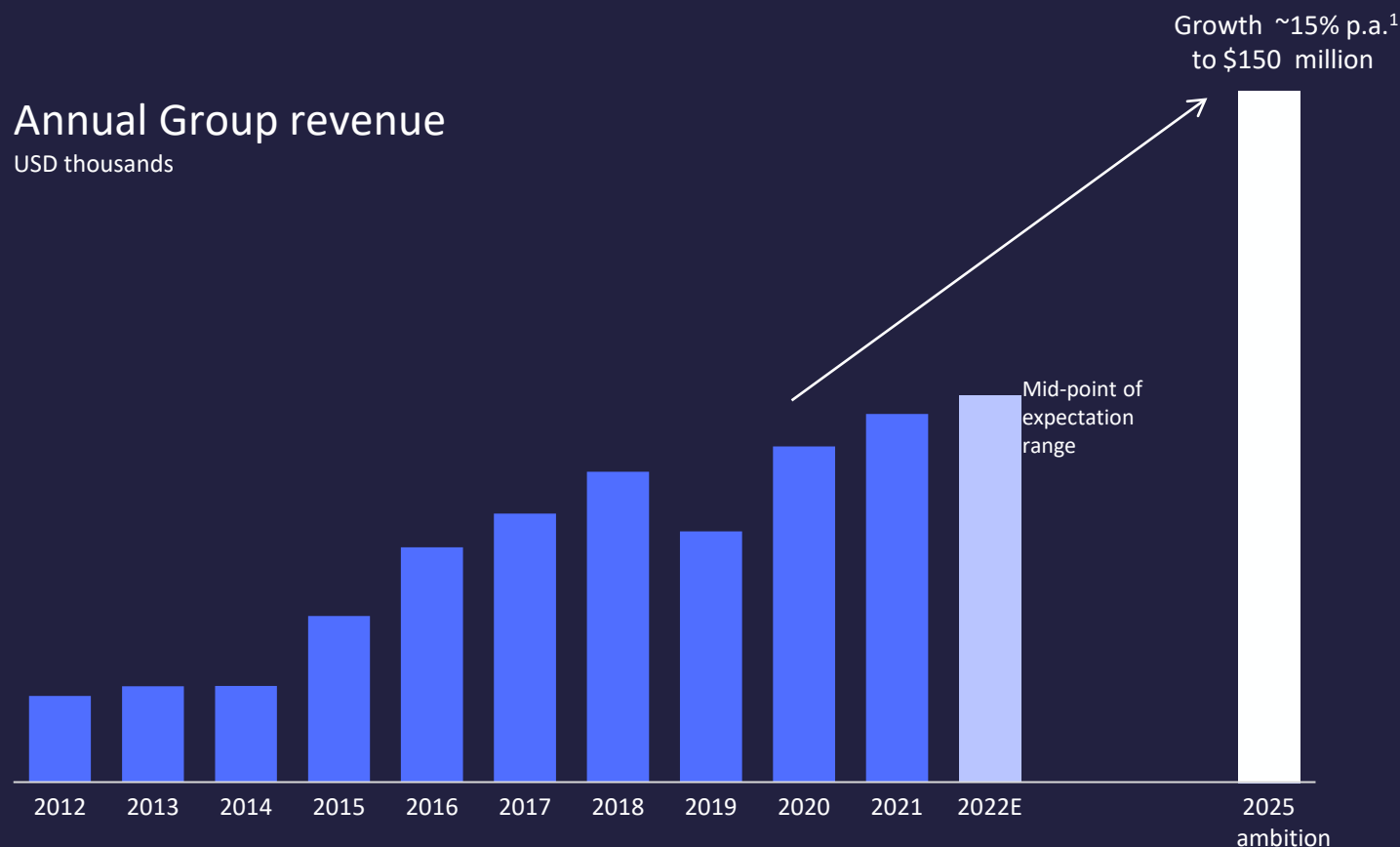
Financial strategy



Summary and outlook:

2025 revenue ambition maintained

- Long-term growth target of an average of approximately 15% per annum
 - In some years growth may exceed the average, and in other years it may be lower
- 2022 growth expectation considers chip shortages, logistics challenges, pandemic lockdowns, general geo-political tensions and an expected normalization of business climate
- Encouraging market debut for first SimSports products
- Development of SimSports offering progressing to plan with more products for launch in 2022 and 2023



Q&A



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
Henrik Gertz

- 20+ years in operations management roles, where he managed fulfilment, logistics, manufacturing planning, procurement, and supply chain functions
- He became a machine fitter at ABB and then studied and earned his Production Technologist degree, and a Diploma in Management



Director, Global Product Management
Brian Park

- 15+ years experience in defining and executing winning product strategies across multiple industries
- Has held various senior product management and product marketing roles within the Solar, Building Construction and Semiconductor industries
- Holds a B.S. in Chemical Engineering and a B.S. in Material Science both from the University of California, Berkeley as well as an MBA from the University of California, Davis



VP Global Sales
Jamie Jamieson

- 10 years+ global liquid cooling sales and management experience
- Prior to becoming VP, he was Senior Director of Sales at Asetek, and has held business development positions at CIARA and CoolIT Systems.
- Studied Sociology and Eastern Religious Studies at the University of Calgary in Canada



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
- Holds an M.A. in Modern Middle Eastern Studies, Public Policy and Governance from A.U. of Beirut and a Masters 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
Erik Damsgaard

- Experienced Managing Director from the electrical and electronic manufacturing industry
- 20 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



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
Maria Hjorth

- 20+ years of consulting and financial sector experience covering business development, M&A, investor relations and operational optimization
- Professional board member
- MSc and BSc in Economics from University of Copenhagen and a MSc in Business Psychology from University of Westminster in London

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Income tax (expense) benefit		(134)		(890)	(60)
Income for the period		(1,991)		3,126	1,337
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency translation adjustments		(433)		(1,212)	(1,709)
Total comprehensive income	\$	(2,424)	\$	1,914	\$ (372)
Income per share (in USD):					
Basic	\$	(0.08)	\$	0.12	\$ 0.05
Diluted	\$	(0.08)	\$	0.12	\$ 0.05

Balance sheet

Figures in USD ('000's)	31 Mar 2022	31 Dec 2021
	<i>Unaudited</i>	
ASSETS		
<i>Non-current assets</i>		
Intangible assets	\$ 11,466	\$ 10,938
Property and equipment	13,803	11,732
Deferred income tax assets	6,196	6,293
Other assets	353	362
Total non-current assets	31,818	29,325
<i>Current assets</i>		
Inventory	5,832	5,532
Trade receivables and other	14,666	17,201
Cash and cash equivalents	12,632	23,296
Total current assets	33,130	46,029
Total assets	\$ 64,948	\$ 75,354
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	\$ 442	\$ 442
Retained earnings	56,264	58,077
Translation and treasury share reserves	(10,564)	(10,131)
Total equity	46,142	48,388
<i>Non-current liabilities</i>		
Long-term debt	1,328	1,540
Total non-current liabilities	1,328	1,540
<i>Current liabilities</i>		
Short-term debt	2,858	1,703
Accrued liabilities	2,704	3,157
Accrued compensation & employee benefits	1,145	2,074
Trade payables	10,771	18,492
Total current liabilities	17,478	25,426
Total liabilities	18,806	26,966
Total equity and liabilities	\$ 64,948	\$ 75,354

Cash flow statement

Figures in USD (000's)	31 Mar 2022	31 Mar 2021	FY 2021
	<i>Unaudited</i>	<i>Unaudited</i>	
Cash flows from operating activities			
Income for the period	(1,991)	3,126	1,337
Depreciation and amortization	923	982	3,750
Gain on sale of property, plant and equipment	-	-	(688)
Special items	-	-	1,713
Finance income recognized	-	(1)	(2)
Finance costs recognized	45	53	216
Finance income, cash received	-	1	2
Finance costs, cash paid	(30)	(32)	(141)
Income tax expense	154	890	60
Cash receipt (payment) for income tax	-	(70)	(446)
Share based payments expense	142	172	981
Changes in trade receivables, inventories, other assets	1,853	1,336	2,957
Changes in trade payables and accrued liabilities	(8,859)	485	4,578
Net cash provided by (used in) operating activities	(7,763)	6,942	14,317
Cash flows from investing activities			
Additions to intangible assets	(956)	(4,109)	(5,974)
Purchase of property, plant and equipment	(2,780)	(3,320)	(8,322)
Disposal of property, plant and equipment	-	-	1,092
Net cash used in investing activities	(3,736)	(7,429)	(13,204)
Cash flows from financing activities			
Funds drawn (paid) against line of credit	1,205	(525)	260
Repurchase of common shares	-	(2,124)	(4,833)
Proceeds from issuance of share capital	36	617	865
Principal payments on capitalized leases	(222)	(215)	(928)
Net cash provided by (used in) financing activities	1,019	(2,247)	(4,636)
Effect of exchange rate changes on cash and cash equivalents	(184)	(311)	(280)
Net changes in cash and cash equivalents	(10,664)	(3,045)	(3,803)
Cash and cash equivalents at beginning of period	23,296	27,099	27,099
Cash and cash equivalents at end of period	12,632	24,054	23,296
Supplemental disclosures -			
Property and equipment acquired under leases	-	-	108
Shares issued for purchase of assets	-	4,222	4,222

Statement of equity

Unaudited Figures in USD (000's)	Share capital	Translation reserves	Treasury share reserves	Retained earnings	Total
Equity at January 1, 2022	\$ 442	\$ 1,075	\$ (11,206)	\$ 58,077	\$ 48,388
Total comprehensive income – quarter ended March 31, 2022					
Income for the period	-	-	-	(1,991)	(1,991)
Foreign currency translation adjustments	-	(433)	-	-	(433)
Total comprehensive income - quarter ended March 31, 2022	-	(433)	-	(1,991)	(2,424)
Transactions with owners - quarter ended March 31, 2022					
Shares issued for options exercised	-	-	-	36	36
Share based payment expense	-	-	-	142	142
Transactions with owners – quarter ended March 31, 2022	-	-	-	178	178
Equity at March 31, 2022	\$ 442	\$ 642	\$ (11,206)	\$ 56,264	\$ 46,142
Equity at January 1, 2021	\$ 433	\$ 2,784	\$ (6,373)	\$ 50,681	\$ 47,525
Total comprehensive income – quarter ended March 31, 2021					
Income for the period	-	-	-	3,126	3,126
Foreign currency translation adjustments	-	(1,212)	-	-	(1,212)
Total comprehensive income – quarter ended March 31, 2021	-	(1,212)	-	3,126	1,914
Transactions with owners – quarter ended March 31, 2021					
Shares issued for purchase of assets	6	-	-	4,216	4,222
Shares issued for options exercised	1	-	-	616	617
Shares repurchased	-	-	(2,124)	-	(2,124)
Share based payment expense	-	-	-	172	172
Transactions with owners – quarter ended March 31, 2021	7	-	(2,124)	5,004	2,887
Equity at March 31, 2021	\$ 440	\$ 1,572	\$ (8,497)	\$ 58,811	\$ 52,326



Asetek

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