



**Q4 2022**

8 March 2022

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This presentation contains forward-looking statements concerning Asetek's financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

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All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this disclaimer. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in the risk management section in Asetek's most recent annual report (available at <https://ir.asetek.com/>) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this document. Asetek does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

# Q4 Highlights



- Fourth-quarter revenue of \$9.5 million compared with \$18.1 million in Q4 2021
- Gross margin of 41% compared with 42% in Q4 2021
- Full year revenue of \$50.7 million and EBITDA adjusted of negative \$0.8 million
- Positive Liquid cooling EBITDA in Q4 and for full-year 2022
- Quarterly OPEX reduced 28% YoY due to organizational rightsizing and reduced litigation
- Fully-underwritten<sup>1</sup> rights issue of DKK 140 million (USD 20 million) to be launched in April 2023 to strengthen financial position
- Process initiated to list the company's shares on Nasdaq Copenhagen, with plan to de-list from Euronext Oslo Børs over time
- Full-year 2023 revenue growth expected in the range of 5% to 15% compared with 2022, with operating income projected in between \$2 and \$4 million

# Continued market challenges with signs of stabilization



## End-2022 macro situation and impact on Asetek

- Continued market challenges delaying a normalization of the business climate
- War in Ukraine, COVID-19 and supply chain disruptions
- Discretionary consumer spending impacted by inflation and interest rates
- Reduced end-user demand for gaming products affect both Liquid cooling and SimSports business
- Reduced revenue and visibility with higher volatility in forecasts provided by OEM customers partly due to excess inventories

## Company actions

- Focus on product development and launching new/more products
- Cost reduction initiatives
- Continuous strengthening of supply chain capacity and capabilities
- Start of shipments from Malaysia in Q1 2023 in cooperation with existing contract manufacturers
- Rights issue of DKK 140 million to strengthen the Company's financial position by optimizing its balance sheet and cover its temporary liquidity shortfall

## Early 2023 observations

- Increased order activity and re-instatement of product launch plans
- Indications that inventory situation has started to normalize for liquid cooling business
- Highly positive feedback for new SimSports products
- Started shipments of new sim racing products against order backlog established during Q4/Q1

# Change of listing venue to Nasdaq Copenhagen

## RATIONALE



Support from major shareholders



Additional visibility for institutional Danish investors, particularly investors with mandates restricted to Danish holdings



Increased exposure and media coverage in national Danish media



Closeness to local Danish investors will enable a path to more easily tap into capital sources with the local investor community

## BACKGROUND



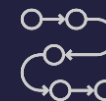
- Asetek has been listed in the Oslo Stock Exchange since January 2013, in spite of the company being established as a Danish entity
- Currently<sup>1</sup>, only approximately 8% of total shareholders are Norwegian nationals
- From an operational perspective, there are no ties between Asetek A/S and Norway

## DANISH LISTING



- Asetek is a Danish incorporated “A/S” company
- Headquarter in Aalborg, Denmark
- Operationally, largest share of employee base is located in Denmark, including the majority of management and board of directors
- “Coming home” to home trading venue in Denmark

## PROCEDURE



- Rights issue to be undertaken in Norway, with a commitment to start a dual listing
- Dual listing to be a temporary solution, as the company is committed to make a full move to Nasdaq Copenhagen



# Background for fully underwritten rights issue

- Due to increased activity levels during 2020-2021, Asetek as an organization grew significantly. To facilitate this growth, after seeking adequate tenancies in the Aalborg area, a decision was made to invest in the construction of a new headquarter, requiring material cash outflows for the 2022-2024 period
- However, since 2021, Asetek has faced unprecedented headwinds in addition to finalizing pre pandemic initiated lawsuits, while simultaneously undertaking investments to establish the new SimSports segment and pausing the Data center business
- As set out in the Company's Q3 2022 report on 3 November, the Company has been working on finalising funding for the development of a new headquarter facility and structuring the long-term post-delivery financing. In December 2022, the Company secured partly financing for purposes of the development of the new headquarter. The Company's bank has as a consequence of the above and the retraction of the real-estate sale-leaseback market required Asetek to raise additional capital to be able to extent the long-term credit facilities and commitments
- To strengthen the Company's financial position by optimizing its balance sheet and cover its temporary liquidity shortfall, the Board of Directors has therefore announced an intention to launch a fully underwritten rights issue to raise gross proceeds of approximately DKK 140 million
- The Company's existing shareholders will receive preemptive subscription rights
- The new shares will be issued at a subscription price not to exceed the theoretical share price exclusive of the subscription rights (TERP) based on the volume-weighted average price (VWAP) of the Company's shares on the Oslo Stock Exchange on the last trading day prior to the publication of the prospectus less a discount of at least 40%
- The fully underwritten rights issue is subject to certain customary conditions, including finalization of the committed loan agreement and approval of the rights issue at an extraordinary general meeting of Asetek

# Well positioned to capture long-term potential

- High interest and positive feedback for Liquid cooling and SimSports products
- Early signs of market stabilization
  - Increased demand for liquid colling products in forecasts from OEM customers
  - Increased end-user and reseller demand for SimSports products as portfolio expands
  - Challenging supply chain to increase production
  - Maintained focus on cost efficiencies, product development and scalability to meet demand when market normalizes



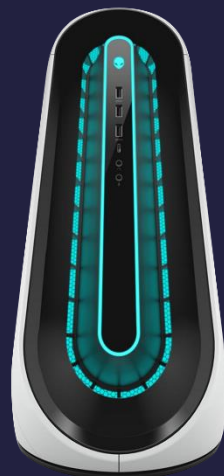
# Leading offering for gamers and enthusiasts

## Liquid cooling<sup>1</sup>



Enthusiasts and  
do-it-yourself (DIY)

Liquid cooling for Competitive and  
committed gamers and enthusiasts



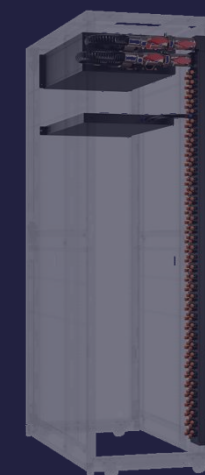
Gaming/Performance PCs

## SimSports



Immersive equipment for gamers, racing  
and automobile enthusiasts

## Data center

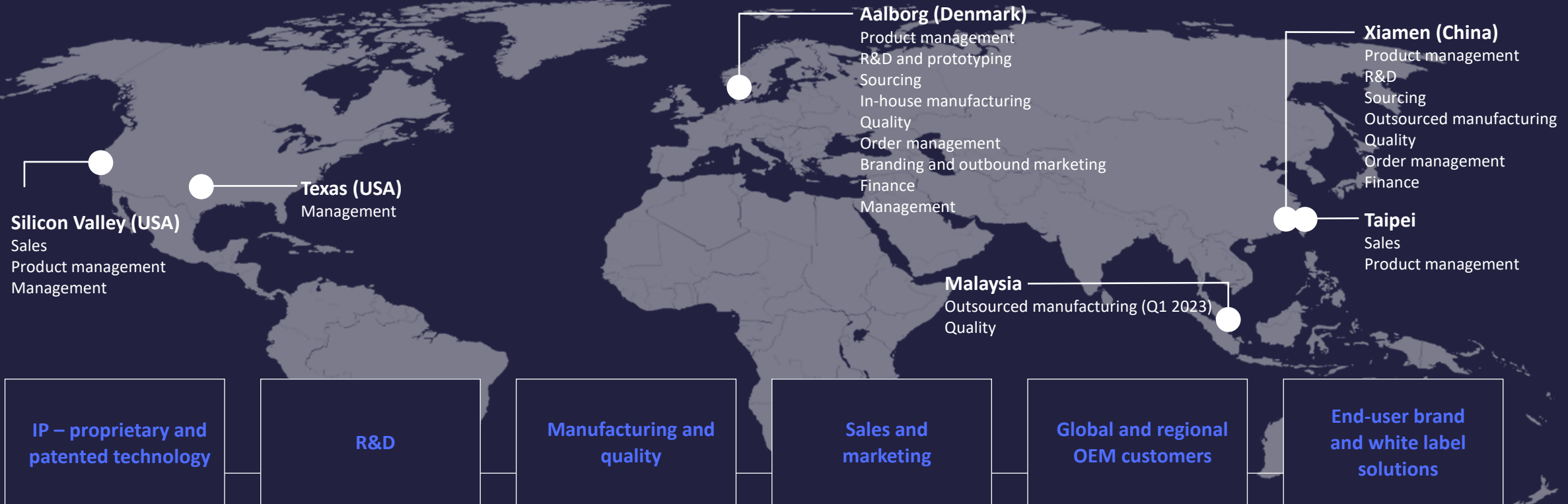


Liquid cooling for  
enterprises

Current focus

Future option

# Global platform with integrated value chain supports long-term growth



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

10 million units shipped | ~115 employees | FY'22 revenue of USD 51 million | Listed on Oslo Stock Exchange

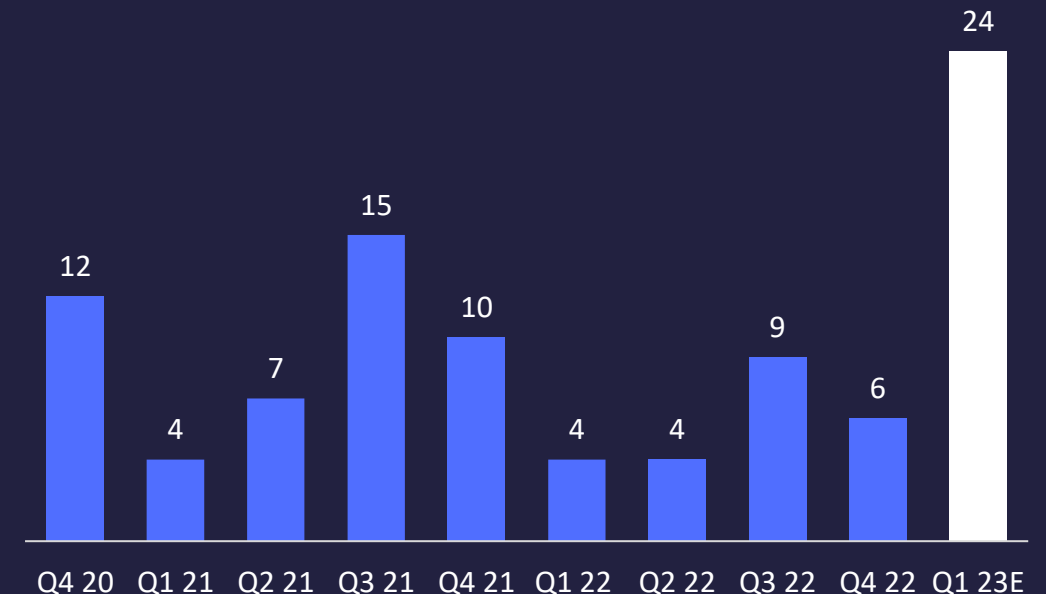
# Liquid cooling

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# Increased product release activity into 2023

- 6 new products started shipping in Q4 2022
  - 2 featuring Asetek's 8<sup>th</sup> generation liquid coolers with the most advanced technology developed to date
  - Improved cooling, less power consumption and quieter operation
- 24 new products estimated to start shipping in Q1 2023
  - Customers preparing to launch new products as channel inventories are reduced
- Continuous focus on core tenants of performance, quality and reliability as key differentiators

No. of liquid cooling products started shipping



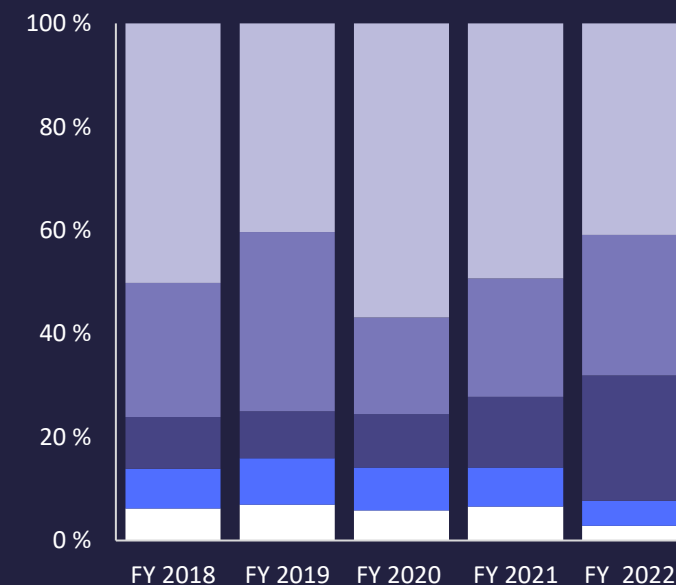
# Wide Liquid cooling OEM base

- Currently shipping to over 20 OEMs
- Top five represented 85% of Liquid Cooling revenue in 2022, vs. 83% in 2021
- Ambition to increase diversification over time

Top 5 liquid cooling customers<sup>1</sup>



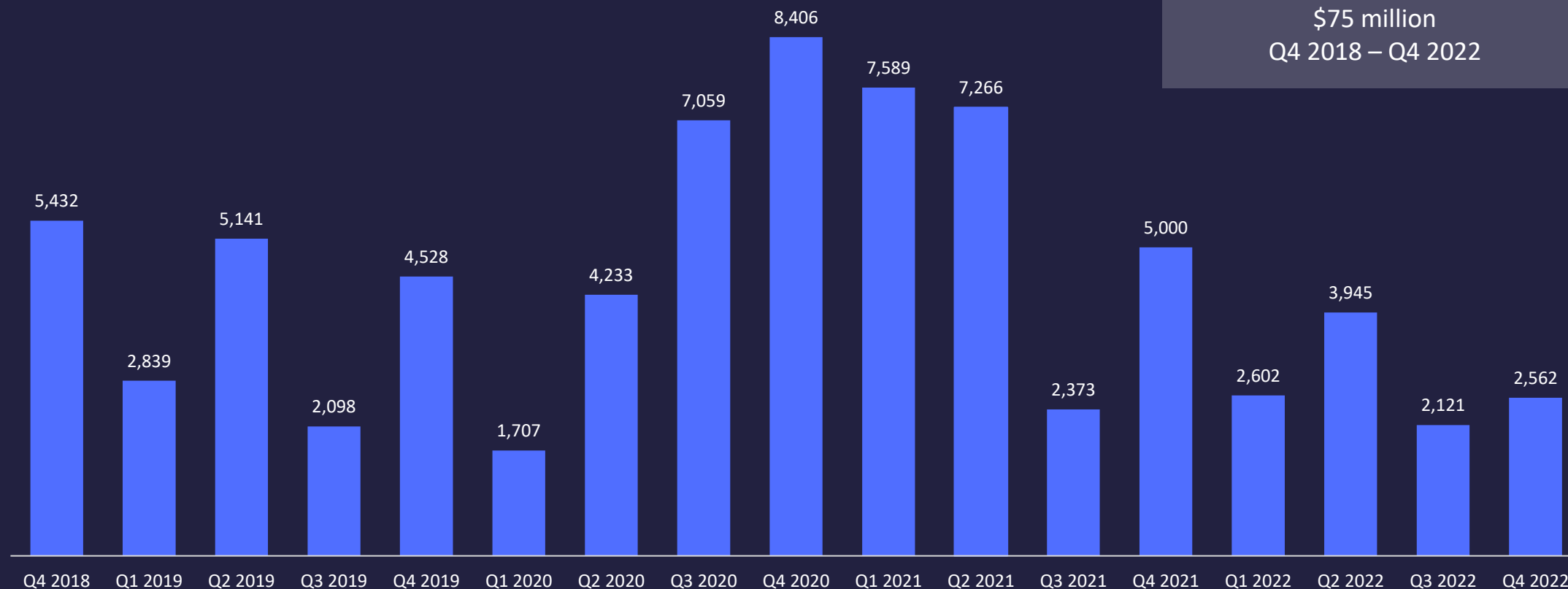
Top 5 customers revenue split <sup>2)</sup>



# Robust cash generating Liquid cooling business

## EBITDA - Liquid cooling for gamers and enthusiasts

USD thousands



# Liquid cooling strategic development

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

# SimSports



# Expanding sim racing product program

- Multiple SimSports products unveiled for pre-order in Q4
  - Forte Formula wheel
  - Invicta™ and Forte™ direct drive wheelbases
  - Invicta™ and Forte™ S-series pedals
  - La Prima wheel, wheelbase and pedal-set bundle
  - La Prima wheel and wheelbase bundle
  - La Prima pedals
  - Current backlog of \$2 to \$3 million
- All new products shipping in Q1 2023
  - All Invicta and Forte products has started to ship
  - The La Prima products to start shipping in March
- Established U.S. hub to expedite delivery and cut shipping costs to consumers and resellers in North America



# Strong feedback for wheelbases and steering wheels

- *"This wheelbase did provide me with what I would describe as the best force feedback I've ever felt."*  
- Will Ford
- *"It is going to come as no surprise when I tell you that this performed perfectly, it really did."*  
- Dave Cam
- *"I am happy to recommend not only the wheelbase but the wheel also, and the company themselves."* - Karl Gosling
- *"The performance, the force feedback and the directness are at the highest level."*  
- Ron Reviewt



# SimSports strategic development

Goal	Strategy	Development and Outlook
<p><b>Becoming a next-level immersive gaming experiences provider</b></p>	<ul style="list-style-type: none"> <li>• Leverage core mechatronics capabilities and global supply chain</li> <li>• Develop product offering based on acquired IP and technology</li> <li>• Establish a thriving growth segment in a fragmented market</li> </ul>	<ul style="list-style-type: none"> <li>• Initial product development phase completed with the availability of basic eco-systems (wheel, wheelbase and pedals) at each price tier</li> <li>• Market and channel strategies in place and subject to ongoing review and refinement</li> <li>• Focus on further innovation and product development to augment eco-systems and drive growth</li> <li>• Supported by brand platform and reputation for performance, quality, reliability and immersive experiences</li> </ul>

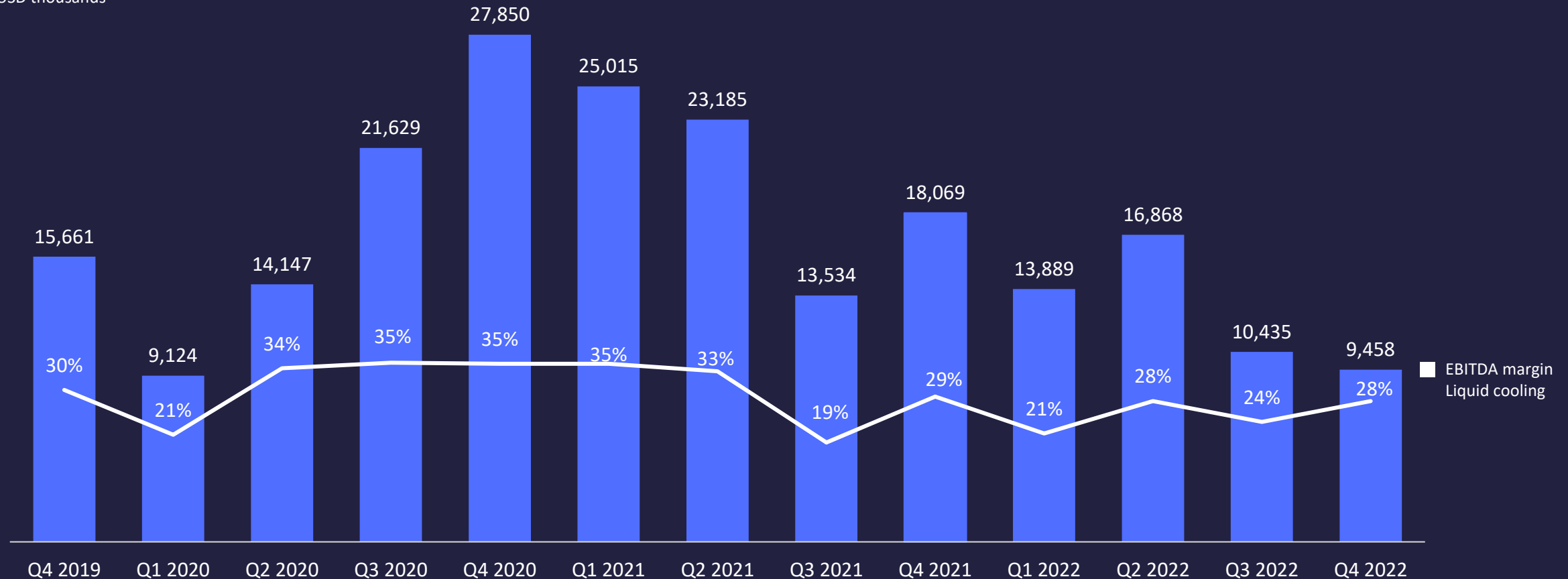
# Financials

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# Revenue and EBITDA margin reflect market volatility

## Group revenue and Liquid cooling EBITDA margin

USD thousands



# Income statement

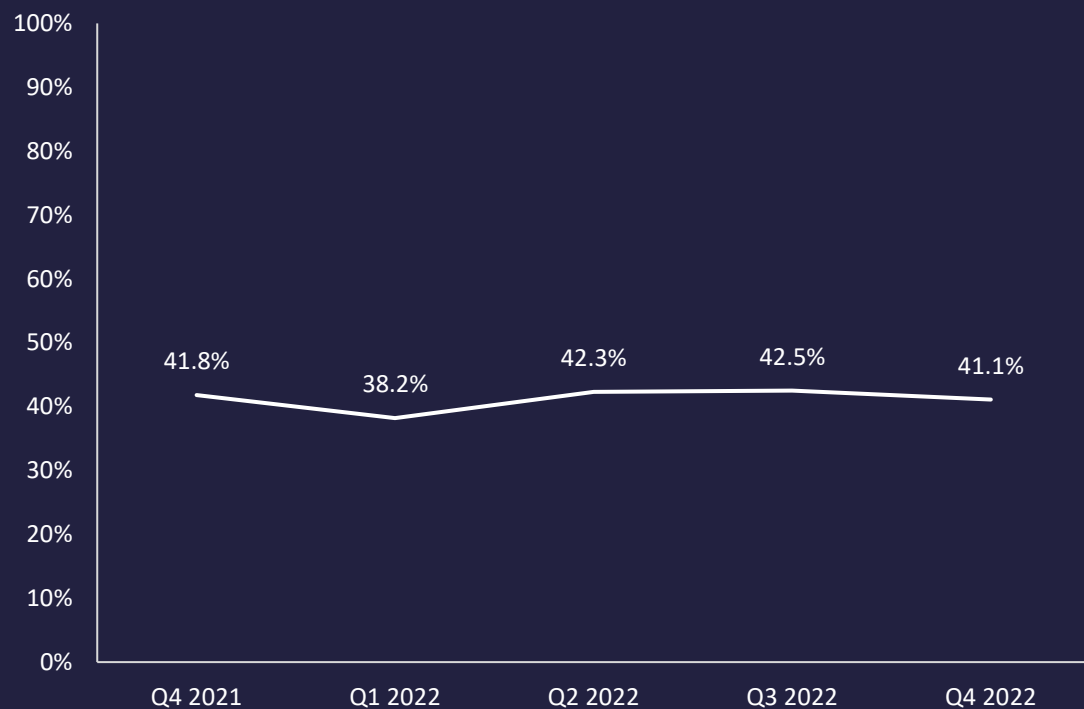
Figures in USD (000's)	Q4 2022	Q4 2021	2022	2021
	<i>Unaudited</i>	<i>Unaudited</i>		
Revenue	9,458	18,069	50,650	79,803
Cost of sales	5,568	10,519	29,885	46,430
<b>Gross profit</b>	<b>3,890</b>	<b>7,550</b>	<b>20,765</b>	<b>33,373</b>
Research and development	1,405	1,807	5,163	7,092
Selling, general and administrative	4,412	6,297	20,884	24,503
Special items	-	-	-	1,713
Other expense (income)	-	-	119	(714)
<b>Total operating expenses</b>	<b>5,817</b>	<b>8,104</b>	<b>26,166</b>	<b>32,594</b>
<b>Operating income</b>	<b>(1,927)</b>	<b>(554)</b>	<b>(5,401)</b>	<b>779</b>
Foreign exchange (loss) gain	(1,840)	249	(344)	832
Finance income (costs)	(43)	(64)	(133)	(214)
<b>Total financial income (expenses)</b>	<b>(1,883)</b>	<b>185</b>	<b>(477)</b>	<b>618</b>
<b>Income before tax</b>	<b>(3,810)</b>	<b>(369)</b>	<b>(5,878)</b>	<b>1,397</b>
Income tax (expense) benefit	1,980	215	1,553	(60)
<b>Income for the period</b>	<b>(1,830)</b>	<b>(154)</b>	<b>(4,325)</b>	<b>1,337</b>
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustments	1,440	(186)	(1,971)	(1,709)
<b>Total comprehensive income</b>	<b>(390)</b>	<b>(340)</b>	<b>(6,296)</b>	<b>(372)</b>
<b>Income per share (in USD):</b>				
Basic	(0.07)	(0.01)	(0.17)	0.05
Diluted	(0.07)	(0.01)	(0.17)	0.05

- Q4 and full-year revenue reflect reduced shipments of liquid cooling products compared to previous year
  - Sales of 157,000 sealed loops in Q4 vs. 302,000 shipped in Q4 2021
  - Unit ASP increased to \$59 (\$58) due to shift in product mix towards higher performance products
- Shipments of gaming products remained impacted by inventory de-stocking and softer end-user demand
- Operating expenses reduced compared to 2021
  - Staff reductions
  - Legal cost reductions
  - DKK/USD FX rate beneficial to operating expenses

The financial tables for Q4 2022 are available in the Interactive Analyst Center at <https://ir.asetek.com/overview/default.aspx>

# Stable margin development

## Quarterly Group gross margin development

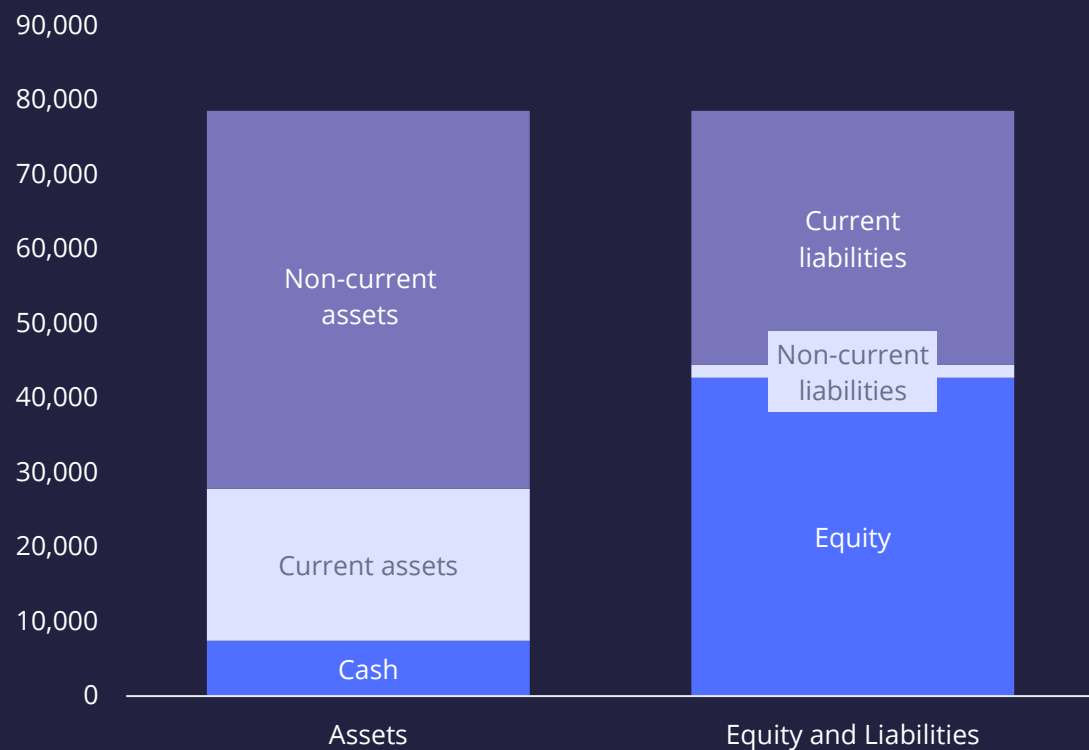


- Q4 2022 gross margin of 41.1% vs. 41.8% in Q4 2021
  - Change in the product mix partly offset by stronger USD
- 2022 margin of 41.0% (41.8%)

# Balance sheet

## Balance sheet

USD thousands at December 31, 2022



- USD 7.4 million cash position end 2022
- Stable development in working capital performance measures
- Investments in product development and HQ
- Continued debt draw-down to finance new HQ
- Planned rights issue

# Development of new development center and HQ progressing to plan

- On schedule for completion in mid-2024
- Limited cost inflation due to locking in deliveries early
- Potential to take in additional tenants following downsizing of own organization
- To evaluate sale-leaseback market post completion vs. standard long-term mortgage financing



# Financial strategy



# Summary and outlook

- Continued high end-user interest in Asetek liquid cooling and SimRacing products
- Signs of stabilization in the liquid cooling market with increased customer activity
- Continued scaling of SimSports business in terms of products and end-user connection points
- Optimized cost base and continuous focus on efficiencies as a stronger and more scalable company
- Complete the fully underwritten rights issue
- Full-year 2023 revenue growth expected in the range of 5% to 15% and operating income in between \$2 and \$4 million
- Long-term average growth expectation of approximately 15% per annum when markets normalize maintained

# 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



**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



**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



**Director, Global Product Management**  
Brian Park

- 15+ years experience in defining and executing winning product strategies across industries
- 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

# 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



**Director**  
Maja Sand-Grimnitz

- Experienced marketing leadership and business growth professional
- Expertise in growing brands and businesses through strategy, process development and implementation
- Experience from Sport & Entertainment, tech, FMCG and finance
- Currently a Director, Brand Management & Global Gaming Marketing at EPOS Group

# Income statement, summary

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	Unaudited				Unaudited		
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Basic	\$	(0.07)	\$	(0.01)	\$	(0.17)	\$ 0.05
Diluted	\$	(0.07)	\$	(0.01)	\$	(0.17)	\$ 0.05

# Balance sheet, summary

Figures in USD (000's)	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>		
Total non-current assets	50,799	29,325
Total current assets	27,816	46,029
<b>Total assets</b>	<b>\$ 78,615</b>	<b>\$ 75,354</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	42,748	48,388
Total non-current liabilities	1,739	1,540
Total current liabilities	34,128	25,426
<b>Total equity and liabilities</b>	<b>\$ 78,615</b>	<b>\$ 75,354</b>

# Cash flow statement, summary

Figures in USD (000's)	2022	2021
Net cash provided by (used in) operating activities	(8,354)	14,317
Net cash used in investing activities	(25,395)	(13,204)
Net cash provided by (used in) financing activities	18,327	(4,636)
Effect of exchange rate changes on cash and cash equivalents	(463)	(280)
<b>Net changes in cash and cash equivalents</b>	<b>(15,885)</b>	<b>(3,803)</b>
Cash and cash equivalents at beginning of period	23,296	27,099
<b>Cash and cash equivalents at end of period</b>	<b>\$ 7,411</b>	<b>\$ 23,296</b>

# Statement of equity, summary

Figures in USD (000's)

	2022	2021
<b>Equity at January 1</b>	\$ 48,388	\$ 47,525
<b>Total comprehensive income for the year</b>		
Income for the period	(4,325)	1,337
Foreign currency translation adjustments	(1,971)	(1,709)
Total comprehensive income for the year	(6,296)	(372)
<b>Transactions with owners during the year</b>		
Shares issued for purchase of assets	-	4,222
Shares issued for options exercised	216	865
Shares repurchased	-	(4,833)
Share based payment expense	440	981
Transactions with owners - nine months ended September 30	656	1,235
<b>Equity at December 31</b>	\$ 42,748	\$ 48,388



**Asetek**

[www.asetek.com](http://www.asetek.com)