



Q2 2023

August 9, 2023

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# Q2 Highlights

- Q2 revenue of \$24.5 million, reflecting growth of 45% over Q2 2022 and among top three quarters ever
- Gross margin of 45%, up from 42% in Q2 2022
- Q2 EBITDA adjusted of \$6.2 million, compared with \$1.3 million in Q2 2022
- Record Liquid cooling EBITDA in Q2 2023
- SimSports revenue of \$2.4 million in Q2 2023, compared with \$1.0 million in Q2 2022
- H1 2023 revenue increased 28% to \$39.3 million, and EBITDA adjusted rose to \$8.9 million from \$0.4 million in H1 2022
- Successful listing on Nasdaq Copenhagen on May 17 after completing rights issue raising net proceeds of \$16.1 million
- Full year guidance was updated on August 2 to an expected increase in revenue for 2023 in the range of 40% to 45% compared with 2022, and a projected operating income of about \$7 to \$9 million

# Positive momentum amid market challenges

## 2023 developments

- Strong interest and positive feedback for new Liquid cooling and SimSports products
- Continued improvement in the liquid cooling market with high order activity and execution of product launch plans
- Recent forecasts indicate normalization of inventories and business activity for some Liquid cooling OEM customers
- Increased sim racing shipments on the back of SimSports product roll-out
- Successfully building a relevant brand position in rapidly expanding sim racing community

## Company actions

- Product development and launch of new/more products
- Focus on efficiencies, supply chain capacity and capabilities
- Balance sheet strengthened with rights issue in May
- Successful start of shipments from Malaysia in cooperation with existing contract manufacturers
- Initiated process to increase capacity in Malaysia

## Market backdrop

- War in Ukraine, supply chain issues, inflation and interest rates
- Limited visibility and high volatility in OEM forecasts

# Revenue and EBITDA margin reflect market volatility



## Group revenue and Liquid cooling EBITDA margin

USD thousands



# 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



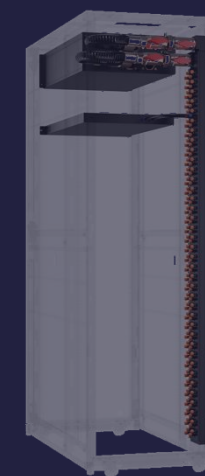
Gaming/Performance PCs

## SimSports



Immersive equipment for gamers, racing  
and automobile enthusiasts

## Data center

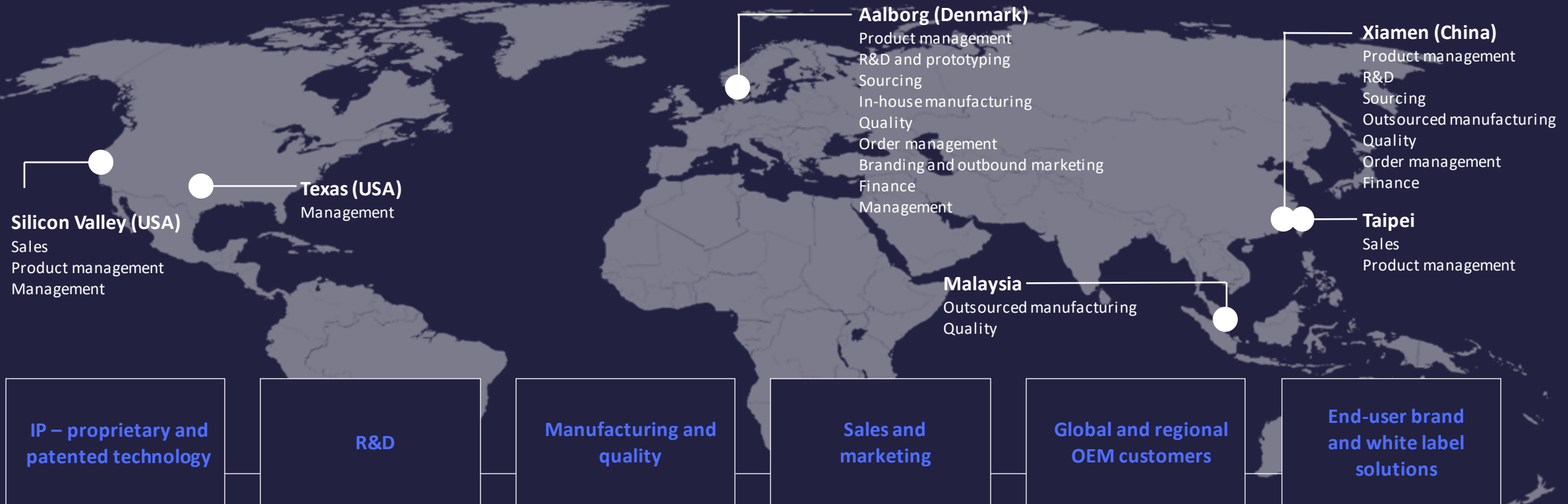


Liquid cooling for  
enterprises

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 | 133 employees | FY'22 revenue of USD 51 million | Listed on Nasdaq Copenhagen and Oslo Stock Exchange



# Liquid cooling

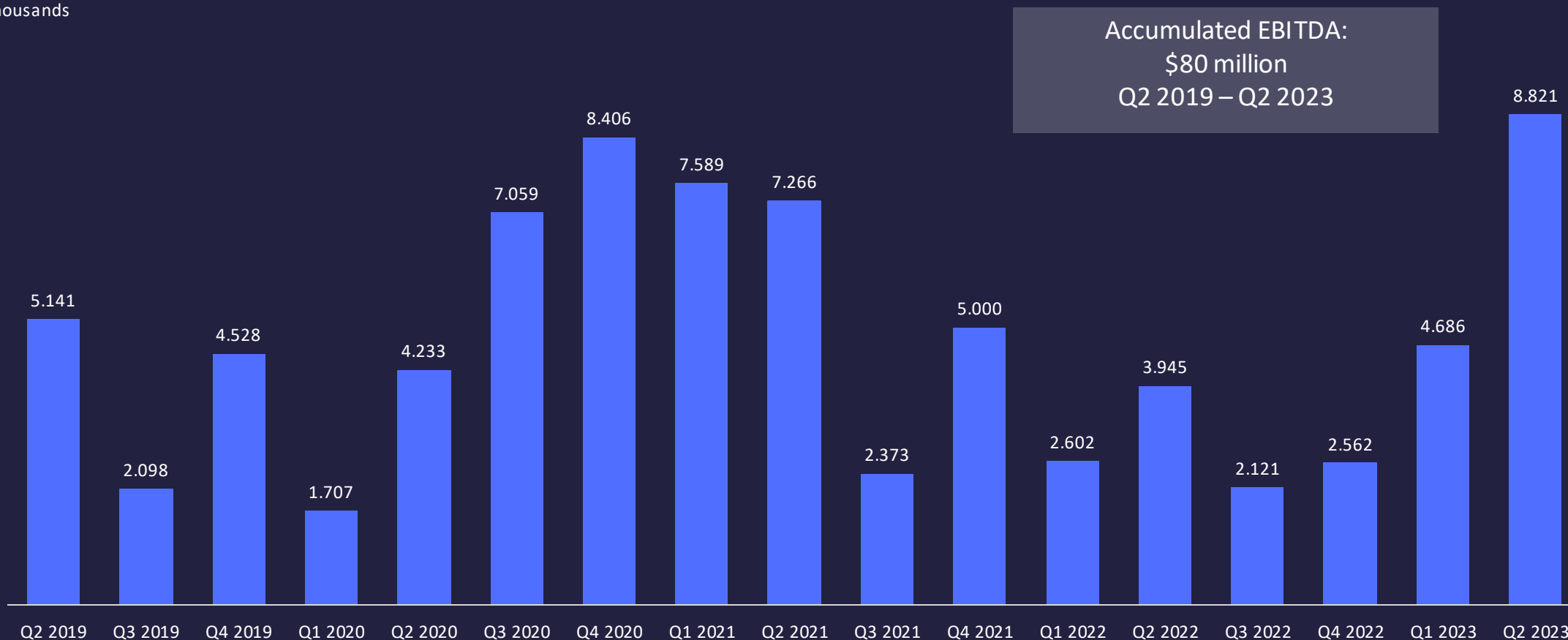
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# Delivering record Liquid cooling EBITDA in Q2

## EBITDA - Liquid cooling for gamers and enthusiasts

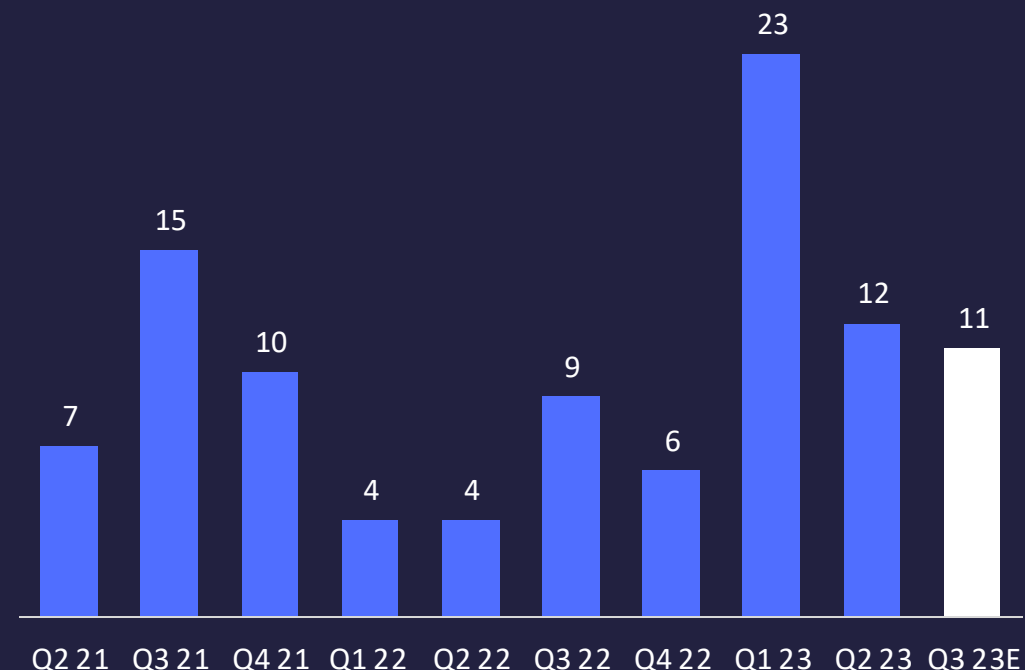
USD thousands



# Increased product release activity into 2023

- High release activity in first half driving revenue growth
- 12 new liquid cooling products started shipping in Q2 2023
  - One featuring Asetek's 8<sup>th</sup> generation liquid coolers with the most advanced technology developed to date
  - Three for a range designed for System Integrator (SI) partners
  - One was the first new low-cost product in a new family of liquid coolers
  - First product for a new OEM partner, Lian Li
- 11 new products estimated to start shipping in Q3 2023
- Investing in product development and branding to expand reach with key customers based on the core tenants of performance, quality and reliability

No. of liquid cooling products started shipping



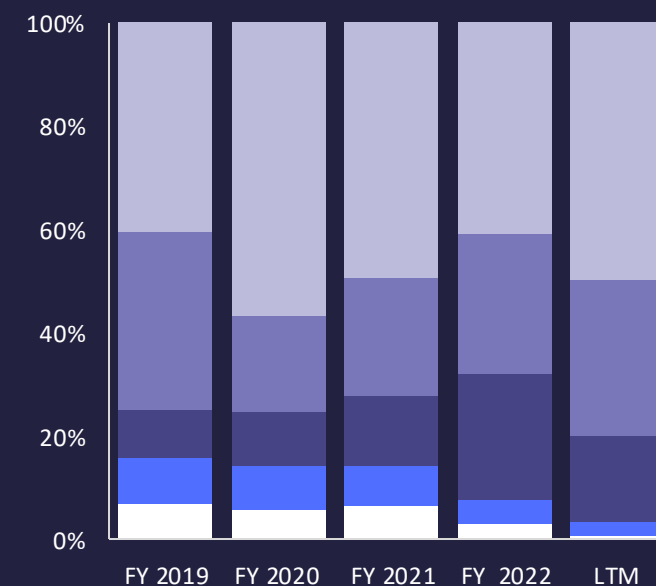
# Wide Liquid cooling OEM base

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

- Currently shipping to over 20 OEMs
- Top five represented 91% of Liquid Cooling revenue LTM, vs. 85% in FY 2022
- Ambition to increase diversification over time
- One new significant customer to launch initial products in late Q3 2023



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





# New product range for SI customers

- Updated to include the 7<sup>th</sup> generation of CPU cooler technology
- New modular cap ID design with additional customization options
- SIs are regional OEMs such as
  - Mouse (Japan)
  - Thirdwave (Japan)
  - Shark Gaming (Denmark)
  - Boxx (US)
  - Cybertron (US)
  - Ironside Computing (US)



# 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

- Four new products started shipping in Q2 2023
  - Industry-first third-party steering-wheel quick release adapter
  - Three branded products for US retailer
- Total of 12 new products started shipping in H1 2023
- Further products to be released in H2 2023
- Q2 2023 revenue of \$2.4 million vs. USD 1.0 million in Q2 2022
  - Gross margins reflect early stage of scale up
- Focus on establishing a profitable business
  - Operating with reduced staff after 2022 cost reductions
  - Impacting pace of product launches and revenue generation



## Early Quick Release reviews:

- “(..) the Invicta QR is currently the best solution on the market.”<sup>1</sup>
- "If I had to chose one quick release for the rest of my life, I'd probably go with the Asetek"<sup>2</sup>

1) <https://simracing-pc.de/en/2023/08/03/asetek-la-prima-bundle-review>

2) <https://www.youtube.com/watch?v=G9IPT9VNO7k>

# Building a strong relevant sim racing brand

- Design win with Micro Center for sim racing products online and in physical stores across the US
  - Major retailer founded in 1979
  - Twenty-six large stores with more than 30,000 items in stock
  - Launch of co-branded wheel, wheelbase and pedals with internationally recognized racing driver Tony Kanaan
- Becoming official partner to Racing Prodigy™
  - Providing sim-racer the opportunity to advance to real-life racing through Prodigy Racing League™, the world's first e2Real™ sports league
  - A goal of opening motorsports to all
  - Asetek products featured on sim rigs and as prizes for tournament winners
  - Street Kart tournament in July with ~25,000 entrants and this week 1,400 joined on iRacing to qualify for 40 semi-final spots and 500 Prodigy Passes
- Enabling immersive experiences at Saudi Aramco's Sim Arena in Riyadh
  - 20 ultra high-end Formula 1 racing simulators installed by Advanced SimRacing
  - All featuring Asetek wheels, wheelbases and pedals
  - Equipment used throughout the world-leading Gamers 8 esports event and tournament



# 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 and profitable 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>• Continuous 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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# Income statement

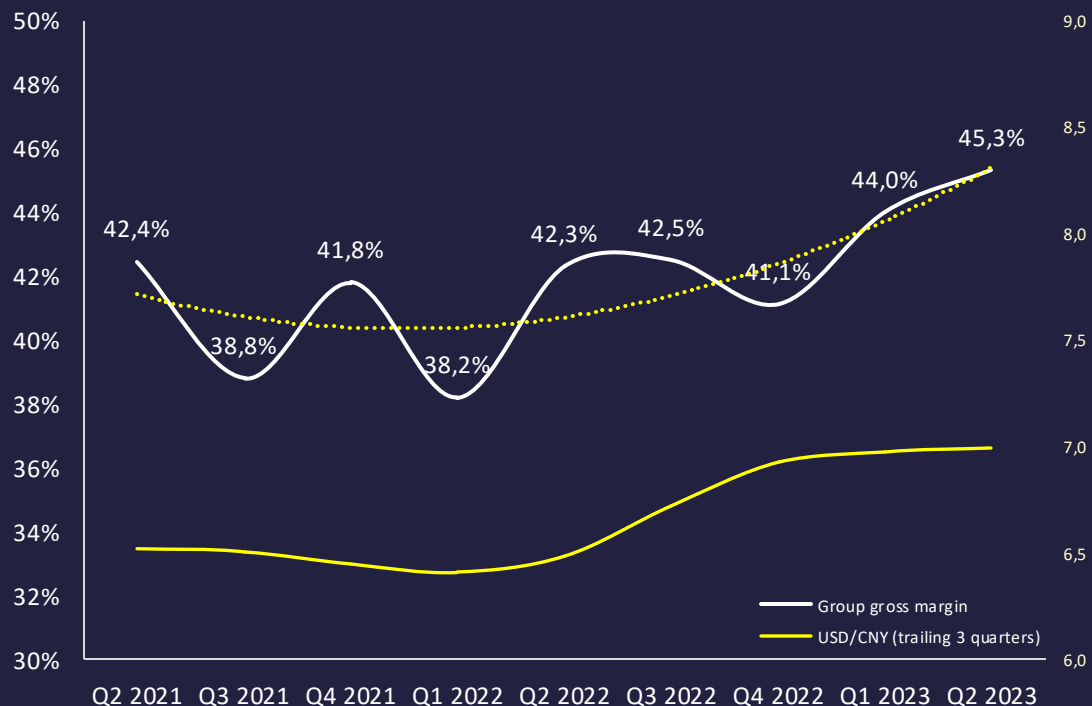
Figures in USD (000's)	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
	Unaudited	Unaudited	Unaudited	Unaudited	
Revenue	\$ 24,497	\$ 16,868	\$ 39,257	\$ 30,757	\$ 50,650
Cost of sales	13,398	9,730	21,666	18,313	29,885
<b>Gross profit</b>	<b>11,099</b>	<b>7,138</b>	<b>17,591</b>	<b>12,444</b>	<b>20,765</b>
Research and development	1,772	1,253	3,434	2,333	5,163
Selling, general and administrative	4,410	5,620	8,174	11,788	20,884
Special items	807	-	807	-	-
Other expense (income)	-	119	-	119	119
<b>Total operating expenses</b>	<b>6,989</b>	<b>6,992</b>	<b>12,415</b>	<b>14,240</b>	<b>26,166</b>
<b>Operating income (loss)</b>	<b>4,110</b>	<b>146</b>	<b>5,176</b>	<b>(1,796)</b>	<b>(5,401)</b>
Foreign exchange (loss) gain	(75)	710	(460)	840	(344)
Finance income (costs)	(2)	(37)	66	(82)	(133)
<b>Total financial income (expenses)</b>	<b>(77)</b>	<b>673</b>	<b>(394)</b>	<b>758</b>	<b>(477)</b>
<b>Income before tax</b>	<b>4,033</b>	<b>819</b>	<b>4,782</b>	<b>(1,038)</b>	<b>(5,878)</b>
Income tax (expense) benefit	(886)	(145)	(1,053)	(279)	1,553
<b>Income for the period</b>	<b>3,147</b>	<b>674</b>	<b>3,729</b>	<b>(1,317)</b>	<b>(4,325)</b>
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency translation adjustments	(97)	(1,599)	280	(2,032)	(1,971)
<b>Total comprehensive income</b>	<b>\$ 3,050</b>	<b>\$ (925)</b>	<b>\$ 4,009</b>	<b>\$ (3,349)</b>	<b>\$ (6,296)</b>
<b>Income per share (in USD):</b>					
Basic	\$ 0.04	\$ 0.01	\$ 0.06	\$ (0.02)	\$ (0.08)
Diluted	\$ 0.04	\$ 0.01	\$ 0.06	\$ (0.02)	\$ (0.08)

- Q2 and H1 revenue reflects increased sales of Liquid cooling and SimSports products compared to the previous year
  - Sales of 369,000 sealed loops in Q2 (+46%) and 592,000 shipped in H1 (+22%)
  - Cooling unit ASP increased in both periods
  - SimSports revenues of \$2.4 million (\$1.0m) split between three product groups
- Operating expenses decreased in Q2 and H1 vs. same periods of 2022
  - USD 0.8 million of expenses related to the Nasdaq listing recognised as a special item in Q2 2023

The financial tables for Q2 2023 are available in the Interactive Analyst Center at <https://ir.asetek.com/overview/default.aspx>

# Continued positive margin development

## Quarterly Group gross margin development



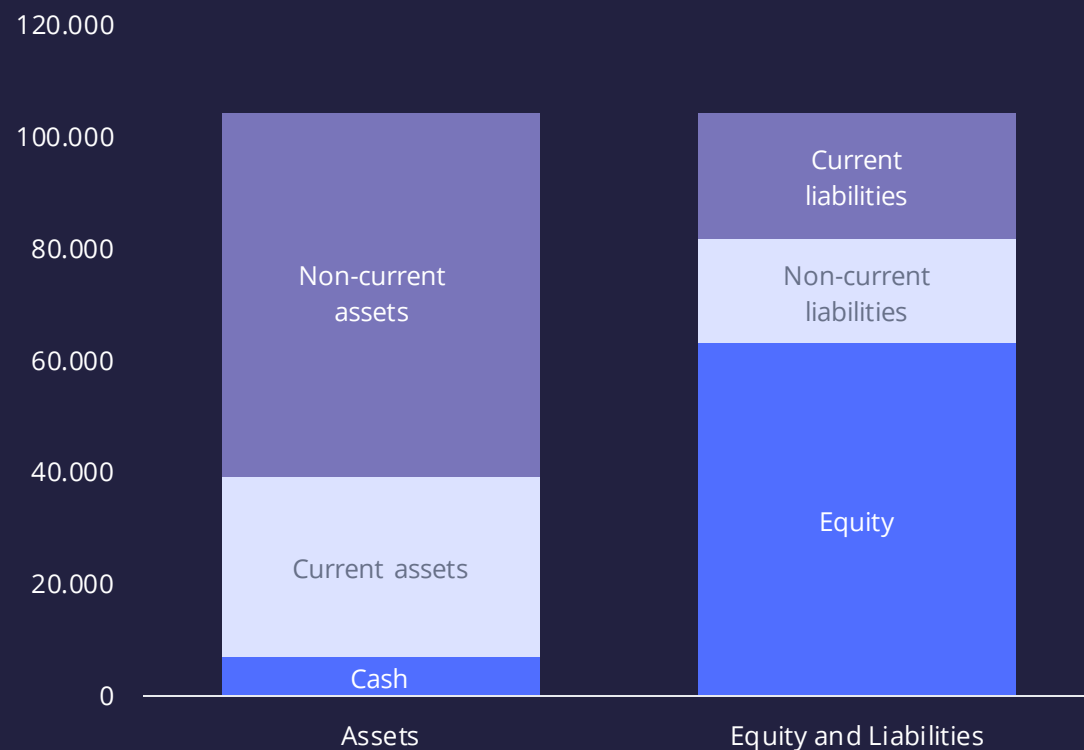
- Q2 2023 gross margin of 45.3% vs. 42.3% in Q2 2022
- H1 2023 margin 44.8% (40.5%)
- Increase in both periods due to richer product mix, increased sales prices, reduced input costs and beneficial exchange rate movements
  - SimSports gross margins still impacted by ramp-up efforts
  - Positive impact from USD/CNY exchange rate developments of 1-2 percentage points in both periods
  - Less positive FOREX impact expected in near future, as exchange rates have recently stabilized



# Balance sheet

## Balance sheet

USD thousands at June 30, 2023



- USD 7.1 million cash position at end Q2 2023
- Rights issue completed in May with net proceeds of \$16.1 million
- Increased working capital due to higher activity and inventory to meet demand
- Investments in product development and new HQ
- Construction debt previously classified as short-term decreased by \$1.8 million and was restructured into a long-term credit line

# Nasdaq Copenhagen listing

- Asetek shares admitted to trading on Nasdaq Copenhagen on May 17 following rights issue
- Delisting process from Euronext Oslo Børs ongoing
- The Company encourages shareholders to move shares from Oslo to Copenhagen
  - ~80% of shares outstanding registered in Denmark (VP DK) as of end July
  - FAQ available at [ir.asetek.com](http://ir.asetek.com)

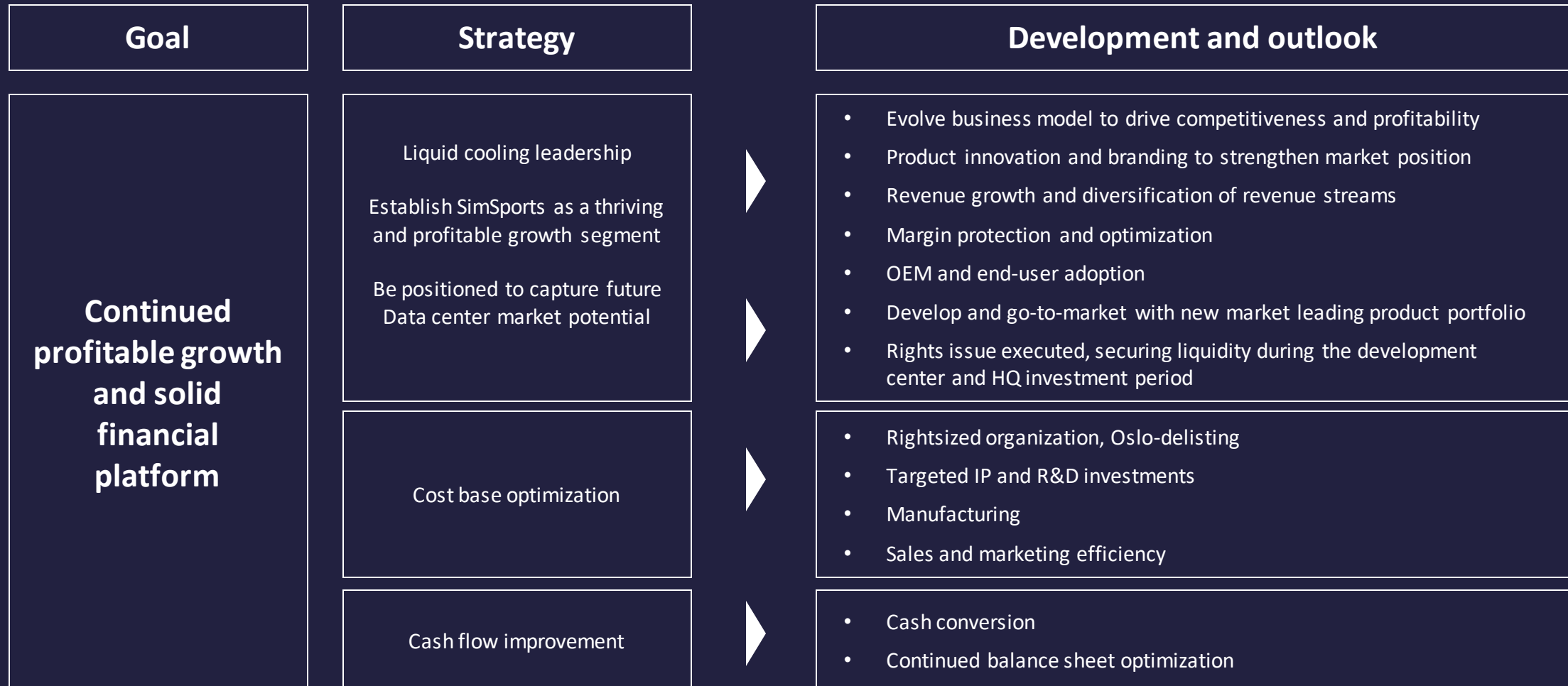


# Construction of new development center and HQ progressing to plan

- New HQ on schedule for completion in mid-2024
- Limited cost inflation due to locking in deliveries early
- Dialogues ongoing with potential additional tenants
- To evaluate sale-leaseback market post completion vs. standard long-term mortgage financing
- Lack of available office and warehouse space may impact regional growth, according to recent media reports



# Financial strategy



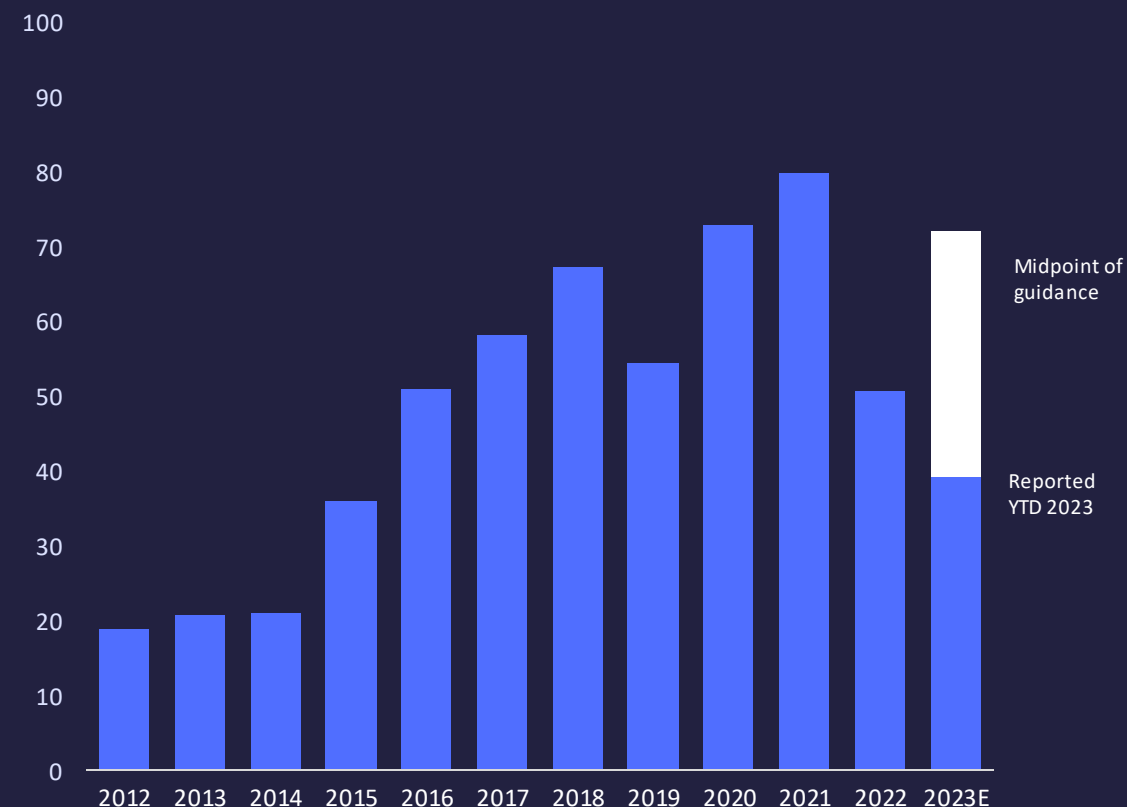


# Summary and outlook

- Strong end-user interest in Asetek liquid cooling and sim racing products
- Improved liquid cooling market with high customer activity but visibility beyond 2023 remains low
- Focus on 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
- Full-year 2023 revenue growth expected in the range of 40% to 45% and operating income in between \$7 and \$9 million
- Long-term average growth expectation of approximately 15% per annum when markets normalize maintained

## Annual Group revenue

USD million



# 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 MIT, 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

René Svendsen-Tune

- 30+ years of management and executive experience in technology sectors ranging from mobile network technology to consumer products
- 10+ years of global experience in board positions at private and public companies combined with years of strategic, operational and financial responsibilities
- Global perspective and experience rooted in Nordic leadership mindset and style



## 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

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



## 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 Frølund 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

# Balance sheet summary

Figures in USD (000's)	30 June 2023	31 Dec 2022
<b>ASSETS</b>	<i>Unaudited</i>	
<i>Non-current assets</i>		
Intangible assets	\$ 12,192	\$ 12,014
Property, plant and equipment	45,849	31,084
Deferred income tax assets	6,643	7,366
Other assets	336	335
<b>Total non-current assets</b>	65,020	50,799
<i>Current assets</i>		
Inventory	8,207	6,973
Trade and other receivables	23,956	13,432
Cash and cash equivalents	7,095	7,411
<b>Total current assets</b>	39,258	27,816
<b>Total assets</b>	\$ 104,278	\$ 78,615
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	\$ 1,478	\$ 444
Retained earnings	73,408	54,406
Translation and treasury share reserves	(11,822)	(12,102)
<b>Total equity</b>	63,064	42,748
<i>Non-current liabilities</i>		
Long-term debt	18,628	1,739
<b>Total non-current liabilities</b>	18,628	1,739
<i>Current liabilities</i>		
Short-term debt	1,070	19,950
Accrued liabilities	2,195	1,896
Accrued compensation & employee benefits	1,121	1,454
Trade payables	18,200	10,828
<b>Total current liabilities</b>	22,586	34,128
<b>Total liabilities</b>	41,214	35,867
<b>Total equity and liabilities</b>	\$ 104,278	\$ 78,615

# Cash flow summary

Figures in USD (000's)	1H 2023	1H 2022	2022
	<i>Unaudited</i>	<i>Unaudited</i>	
<b>Cash flows from operating activities</b>			
Income for the period	\$ 3,729	\$ (1,317)	\$ (4,325)
Depreciation and amortization	2,791	1,979	4,170
Gain on sale of property, plant and equipment	-	-	(53)
Impairment of intangible assets	208	-	111
Special items	807	-	-
Finance income recognized	(131)	-	(45)
Finance costs recognized	599	82	663
Finance income, cash received	131	-	45
Finance costs, cash paid	(491)	(53)	(609)
Income tax expense	1,053	279	(1,553)
Cash receipt (payment) for income tax	(105)	(117)	(461)
Share based payments expense	165	257	440
Changes in trade receivables, inventories, other assets	(11,525)	649	1,891
Changes in trade payables and accrued liabilities	6,097	(7,781)	(8,628)
<b>Net cash provided by (used in) operating activities</b>	<b>3,328</b>	<b>(6,022)</b>	<b>(8,354)</b>
<b>Cash flows from investing activities</b>			
Additions to intangible assets	(1,822)	(1,985)	(3,405)
Purchase of property, plant and equipment	(15,791)	(6,966)	(22,215)
Disposal of property, plant and equipment	62	-	225
<b>Net cash used in investing activities</b>	<b>(17,551)</b>	<b>(8,951)</b>	<b>(25,395)</b>
<b>Cash flows from financing activities</b>			
Borrowings (repayment) on line of credit for building construction	(1,910)	4,050	18,582
Borrowings (repayment) on line of credit	-	-	(690)
Net proceeds from issuance of share capital	17,020	216	216
Costs incurred for issuance of share capital	(878)	-	-
Financing of previously purchased equipment	181	-	1,129
Principal payments on equipment financing	(145)	-	(75)
Principal payments on leases	(425)	(416)	(835)
<b>Net cash provided by (used in) financing activities</b>	<b>13,843</b>	<b>3,850</b>	<b>18,327</b>
Effect of exchange rate changes on cash and cash equivalents	64	(745)	(463)
<b>Net changes in cash and cash equivalents</b>	<b>(316)</b>	<b>(11,868)</b>	<b>(15,885)</b>
Cash and cash equivalents at beginning of period	7,411	23,296	23,296
<b>Cash and cash equivalents at end of period</b>	<b>\$ 7,095</b>	<b>\$ 11,428</b>	<b>\$ 7,411</b>
<b>Supplemental disclosures -</b>			
Assets acquired under leases	\$ 212	\$ -	\$ 95

# Statement of equity

Unaudited

Figures in USD (000's)	Share capital	Share premium	Translation reserves	Treasury share reserves	Retained earnings	Total
<b>Equity at January 1, 2023</b>	\$ 444	\$ -	\$ (896)	\$ (11,206)	\$ 54,406	\$ 42,748
<b>Total comprehensive income - six months ended June 30, 2023</b>						
Income for the period	-	-	-	-	3,729	3,729
Foreign currency translation adjustments	-	-	280	-	-	280
Total comprehensive income - six months ended June 30, 2023	-	-	280	-	3,729	4,009
<b>Transactions with owners - six months ended June 30, 2023</b>						
Shares issued in rights offering, net of issuance costs	1,034	15,108	-	-	-	16,142
Transfer		(15,108)	-	-	15,108	-
Share based payment expense	-	-	-	-	165	165
Transactions with owners - six months ended June 30, 2023	1,034	\$ -	-	-	15,273	16,307
<b>Equity at June 30, 2023</b>	\$ 1,478	\$ -	\$ (616)	\$ (11,206)	\$ 73,408	\$ 63,064
<b>Equity at January 1, 2022</b>	\$ 442	\$ -	\$ 1,075	\$ (11,206)	\$ 58,077	\$ 48,388
<b>Total comprehensive income - six months ended June 30, 2022</b>						
Income for the period	-	-	-	-	(1,317)	(1,317)
Foreign currency translation adjustments	-	-	(2,032)	-	-	(2,032)
Total comprehensive income - six months ended June 30, 2022	-	-	(2,032)	-	(1,317)	(3,349)
<b>Transactions with owners - six months ended June 30, 2022</b>						
Shares issued for options exercised	2	-	-	-	214	216
Share based payment expense	-	-	-	-	258	258
Transactions with owners - six months ended June 30, 2022	2	-	-	-	472	474
<b>Equity at June 30, 2022</b>	\$ 444	\$ -	\$ (957)	\$ (11,206)	\$ 57,232	\$ 45,513





**Asetek**

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