



Q3 2023

November 2, 2023

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Q3 Highlights

- Third-quarter revenue of \$20.5 million, up 96% vs. Q3 2022
- Gross margin of 46% compared with 42% in Q3 2022
- Q3 adjusted EBITDA of \$4.8 million, compared with loss of \$0.6 million in Q3 2022
- SimSports revenue of \$1.2 million in Q3, compared with \$0.5 million in Q3 2022
- Nine-month revenue increased 45% to \$59.7 million, and adjusted EBITDA of \$13.7 million vs. loss of \$0.2 million in 2022
- New OEM Lian Li launched first high-end liquid cooler with Asetek technology
- Full-year Group revenue guidance maintained with an expected increase in the range of 40% to 45% compared with 2022 and the operating income expectation narrowed to \$8 to \$9 million

Low visibility and continued market challenges

2023 developments

- Strong interest and positive feedback for Liquid cooling and SimSports products
- Liquid cooling market improvement reflected in order activity and execution of product launch plans
- Recent forecasts indicate normalized business activity for some Liquid cooling OEM customers after inventory adjustments
- Increased sim racing shipments on the back of SimSports product roll-out, however pace impacted by challenging consumer markets
- 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
- Continued shipments from Malaysia in cooperation with existing contract manufacturers with increased capacity
- New SimSports contract manufacturer operational in Malaysia

Market backdrop and outlook

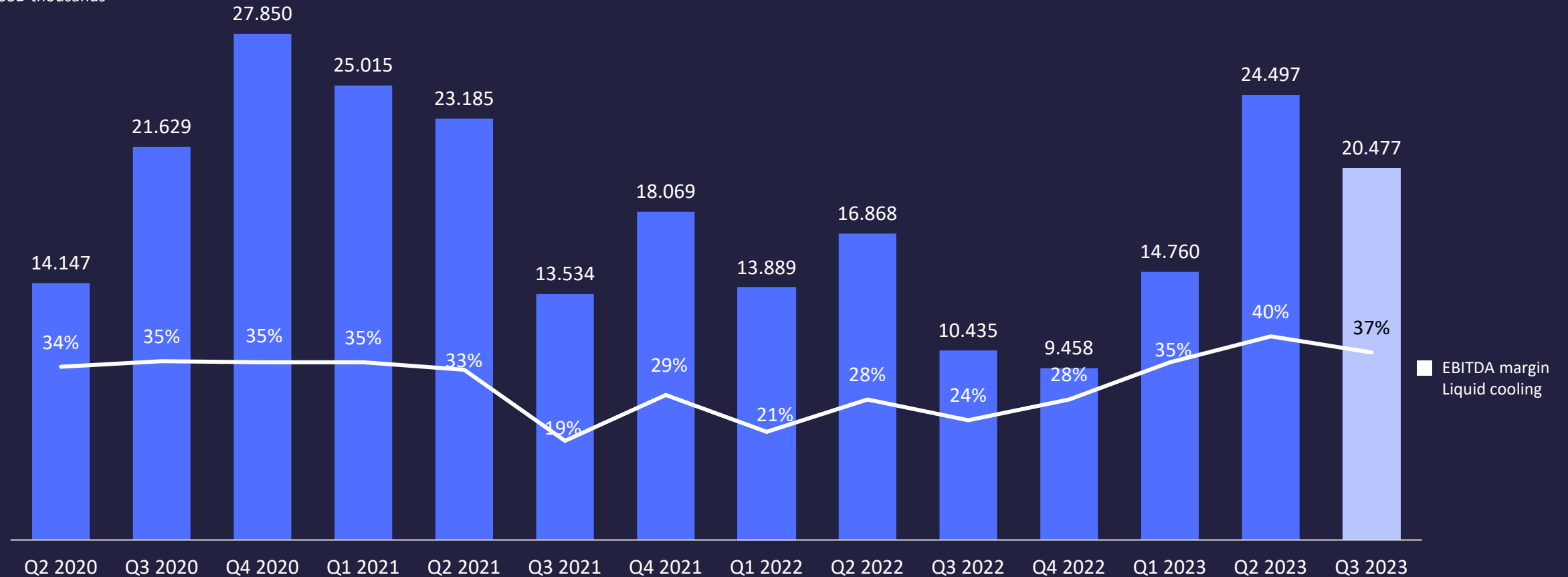
- Geopolitical events, high inflation, rising interest rates impacting negatively on consumer confidence
- Liquid cooling and SimSports products are “luxury goods” and revenue is impacted by changes in consumer discretionary spending
- Continued limited visibility and high volatility in OEM forecasts

Revenue and EBITDA margin reflect market volatility



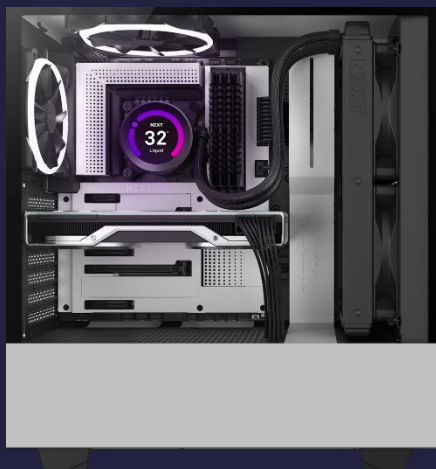
Total revenue and Liquid cooling EBITDA margin

USD thousands

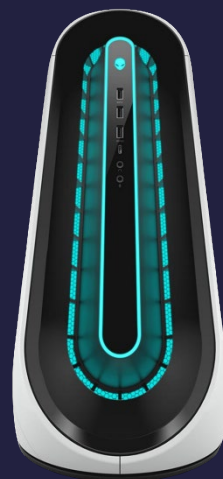


Leading offering for gamers and enthusiasts

Liquid cooling¹



Enthusiasts and
do-it-yourself (DIY)



Gaming/Performance
PCs

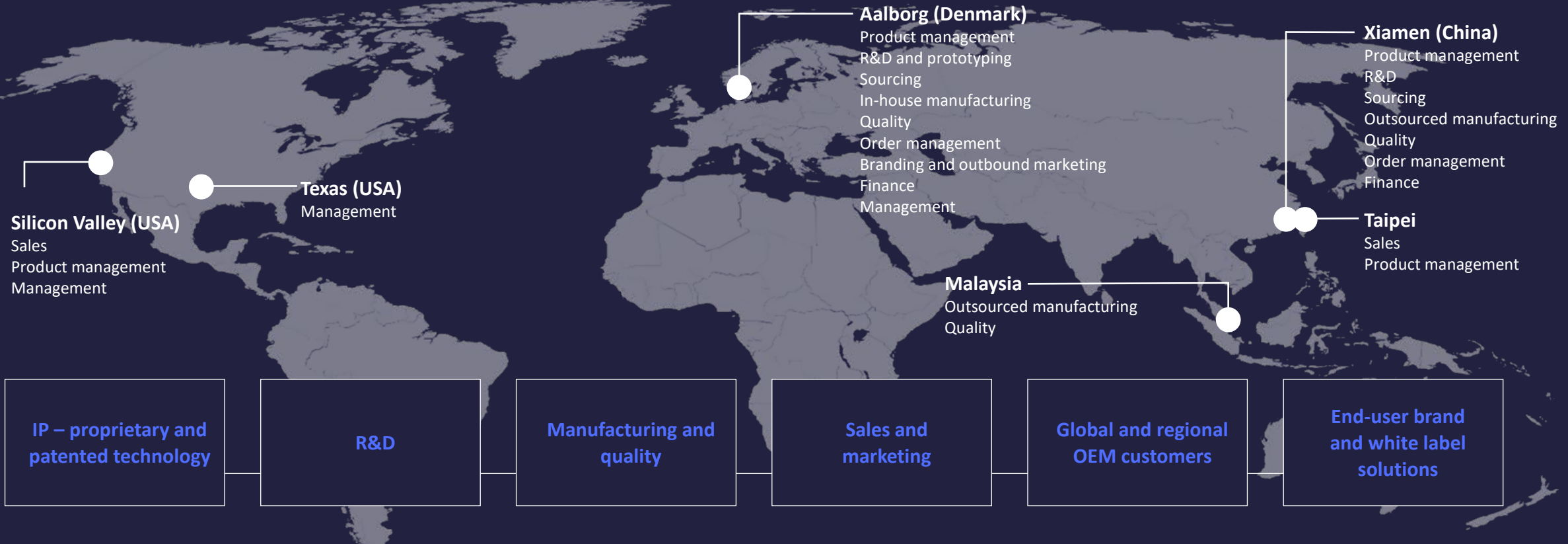
Liquid cooling for competitive and
committed gamers and enthusiasts

SimSports



Immersive equipment for gamers, racing and automobile enthusiasts

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

11 million units shipped | 140 employees | LTM¹ revenue of USD 69 million | Listed on Nasdaq Copenhagen and Oslo Stock Exchange

Liquid cooling

Continued strong Liquid cooling cash generation

Liquid cooling EBITDA

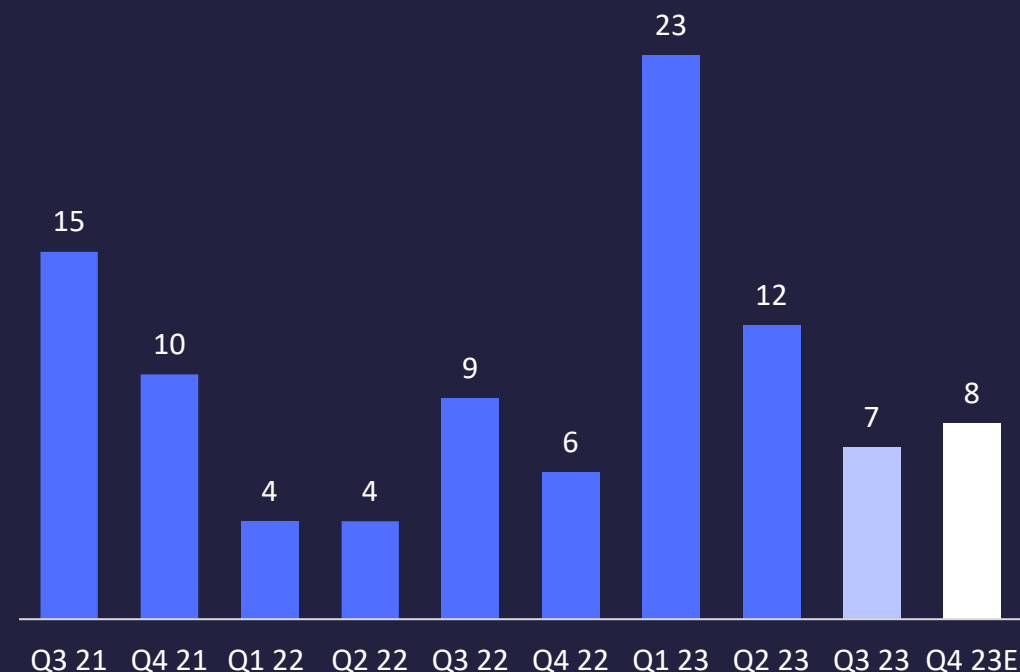
USD thousands



High product release activity in 2023 driving revenue growth

- Seven new liquid cooling products started shipping in Q3 2023
 - Four new products featuring Asetek's 8th generation liquid coolers with the most advanced technology developed to date
- Eight new products estimated to start shipping in Q4 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



Expanding the Liquid cooling OEM base with Lian Li launching first product

Top 5 liquid cooling customers¹

- 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
- New OEM partner, Lian Li, entering top five with launch of its LCD CPU Coolers with Asetek technology in October

ALIENWARE 

ASUS

 **LIAN LI**
Feel the difference

msi

NZXT

1st Lian Li cooler



Liquid cooling strategic development

Goal	Strategy	Development and outlook
Further develop leadership in the gaming and enthusiast liquid cooling market	<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 value-adding innovations to market• Develop and ship products with market leading 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

SimSports



Expanding sim racing product program

- Quick release adapter started shipping in Q3 2023
- Total of thirteen new products YTD 2023
- Eight new products set to be released in Q4 2023
 - Two wheel center parts and six wheel rims
- Q3 2023 revenue of \$1.2 million vs. \$0.5 million in Q3 2022
 - Gross margins reflect early stage of scale up
- Focus on establishing a profitable business amid soft market backdrop for consumer discretionary spending



Taking center stage at ADAC SimRacing Expo

- Asetek a main attraction at the expo held 13-15 October in Dortmund, Germany
 - ~12,000 visitors
 - Sponsored the expo community trophy which generated 38 million views on various media platforms
- Strong audience feedback on the products and the Asetek stand
 - High activity with lead generation and on-site campaign generating sales



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 and profitable growth segment in a fragmented market 	<ul style="list-style-type: none"> • Initial product development phase completed with the availability of basic eco-systems (wheel, wheelbase and pedals) at each price tier • Market and channel strategies in place and subject to ongoing review and refinement • Continuous innovation and product development to augment eco-systems and drive growth • Supported by brand platform and reputation for performance, quality, reliability and immersive experiences

Financials

Income statement

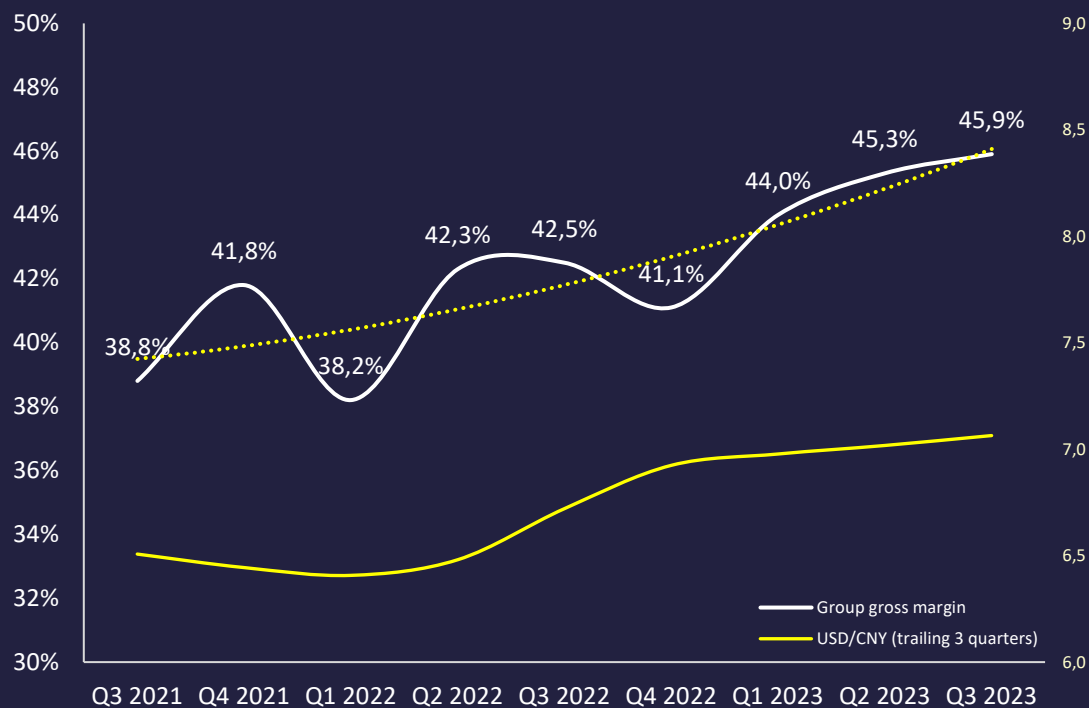
Figures in USD ('000's)	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
	Unaudited	Unaudited	Unaudited	Unaudited	
Revenue	\$ 20,477	\$ 10,435	\$ 59,734	\$ 41,192	\$ 50,650
Cost of sales	11,083	6,004	32,749	24,317	29,885
Gross profit	9,394	4,431	26,985	16,875	20,765
Research and development	1,854	1,425	5,288	3,758	5,163
Selling, general and administrative	4,288	4,684	12,462	16,472	20,884
Special items	-	-	807	-	-
Other expense (income)	-	119	-	119	119
Total operating expenses	6,142	6,109	18,557	20,349	26,166
Operating income (loss)	3,252	(1,678)	8,428	(3,474)	(5,401)
Foreign exchange (loss) gain	721	656	261	1,496	(344)
Finance income (costs)	29	(8)	95	(90)	(133)
Total financial income (expenses)	750	648	356	1,406	(477)
Income before tax	4,002	(1,030)	8,784	(2,068)	(5,878)
Income tax (expense) benefit	(915)	(148)	(1,968)	(427)	1,553
Income for the period	3,087	(1,178)	6,816	(2,495)	(4,325)
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency translation adjustments	(748)	(1,379)	(468)	(3,411)	(1,971)
Total comprehensive income	\$ 2,339	\$ (2,557)	\$ 6,348	\$ (5,906)	\$ (6,296)
Income per share (in USD):					
Basic	\$ 0.03	\$ (0.02)	\$ 0.09	\$ (0.05)	\$ (0.08)
Diluted	\$ 0.03	\$ (0.02)	\$ 0.09	\$ (0.05)	\$ (0.08)

- Q3 and 9M revenue reflects increased sales of Liquid cooling and SimSports products compared to the previous year
 - Sales of 329,000 sealed loops in Q3 (+112%) and 921,000 shipped in year-to-date (+44%)
 - SimSports revenues of \$1.2 million (\$0.5m) split between three product groups
- Operating expenses in line with with Q3 2022
 - Lower costs** for the 9M-period due to cost reductions implemented in H2 2022

The financial tables for Q3 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

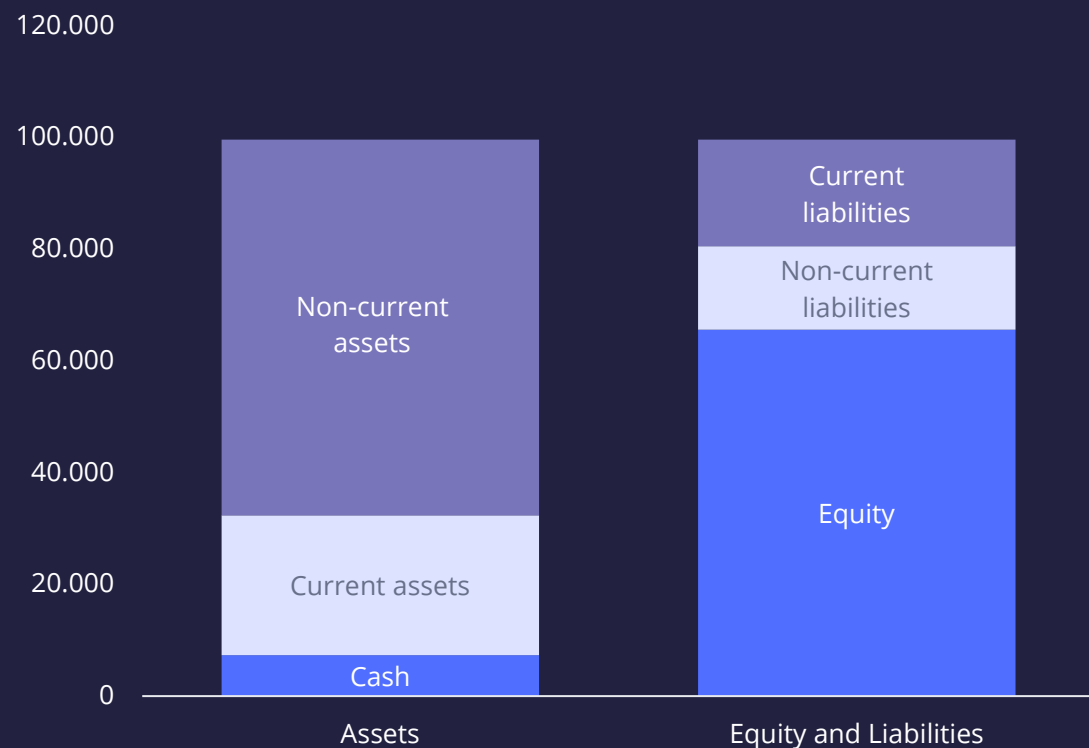


- Q3 2023 gross margin of 45.9% vs. 42.5% in Q3 2022
- 9M 2023 margin 45.2% (41.0%)
- Increase in both periods due to richer product mix, increased sales prices, reduced input costs and beneficial exchange rate movements
 - SimSports gross margins still impacted by ramp-up efforts
 - Less FOREX impact expected in near future, as exchange rates have recently stabilized

Balance sheet

Balance sheet

USD thousands at September 30, 2023



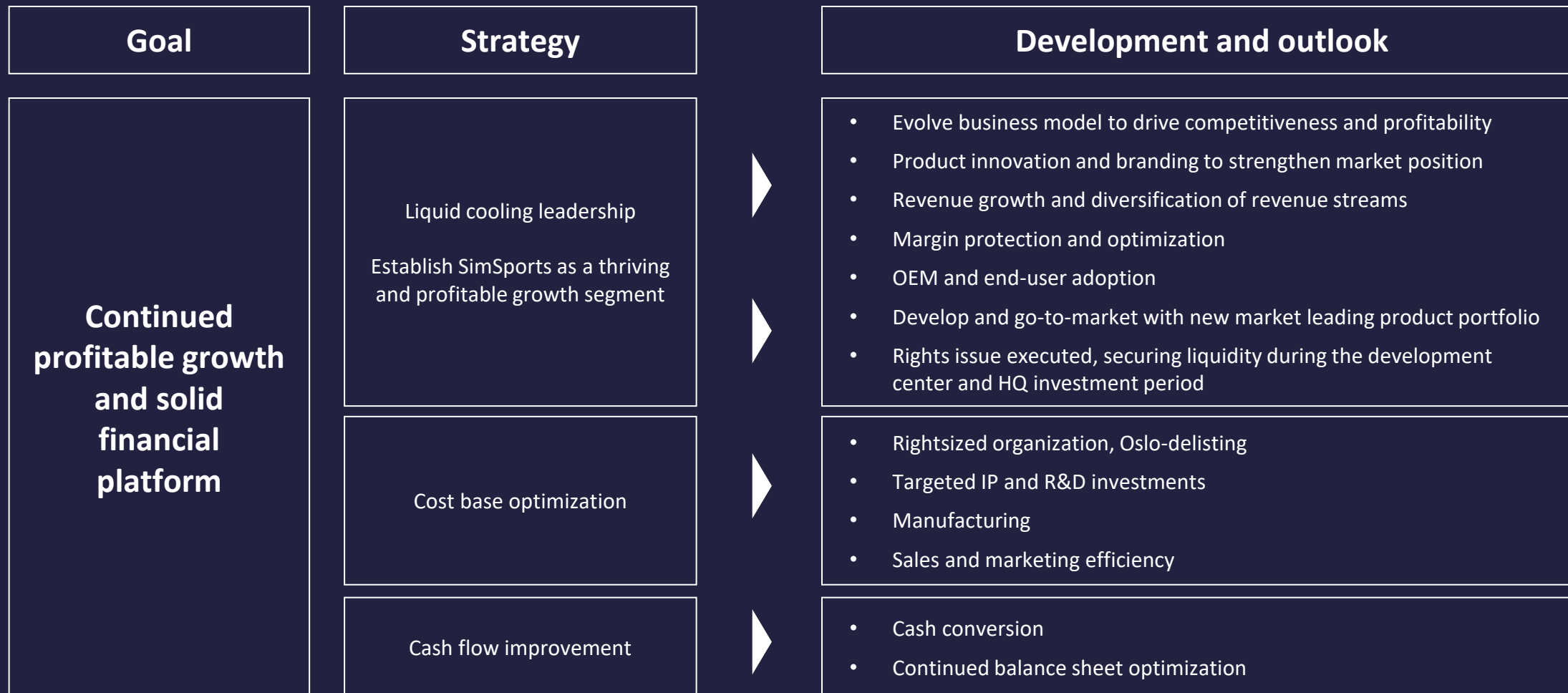
- USD 7.3 million cash position at end Q3 2023
- Increased working capital due to higher activity and inventory to meet demand
- Investments in new HQ of USD 3.6 million in Q3
- Construction credit paid down by USD 3.5 million in Q3 in place for HQ financing

New development center and HQ on track for mid-2024 completion

- Progressing on schedule and budget
- Limited cost inflation due to locking in deliveries early
- In closing stage with potential additional tenant
- To evaluate sale-leaseback market post completion vs. standard long-term mortgage financing
- Shortage of available office and warehouse space may impact regional growth, according to recent media reports



Financial strategy

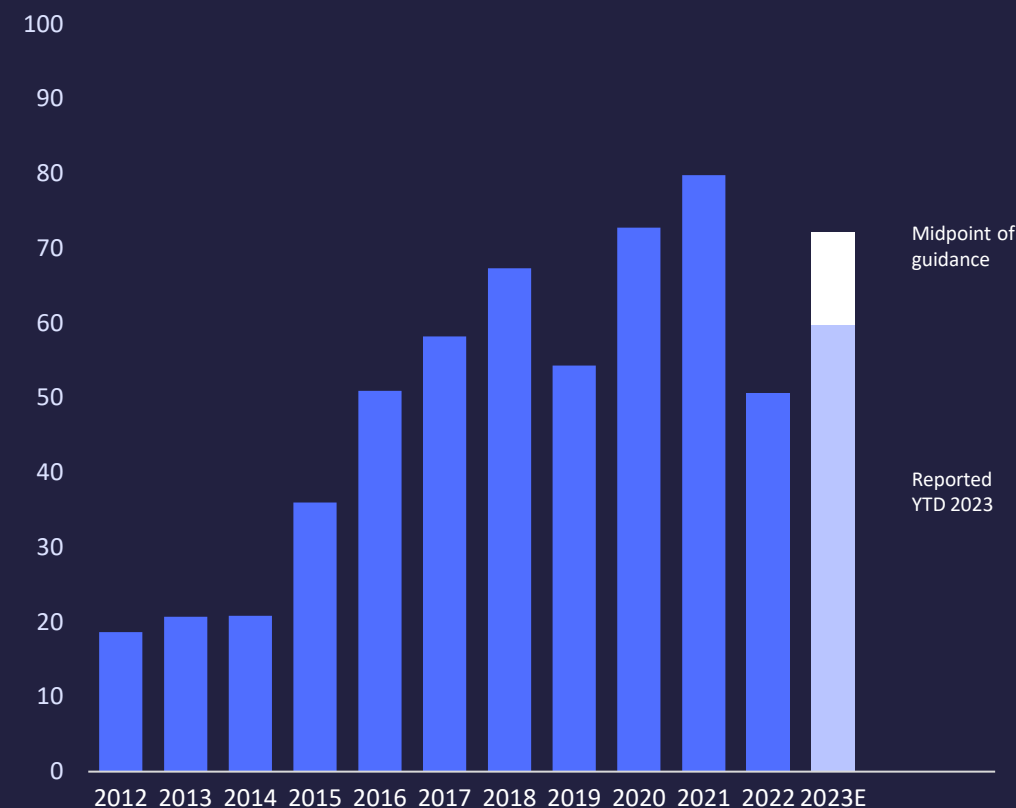


Summary and outlook

- Strong end-user interest in Asetek liquid cooling and sim racing products
- Improved liquid cooling market in 2023 with increased customer activity
- Focus on growing the SimSports business
- Full-year 2023 revenue growth and operating income is anticipated in the the range of 40% to 45% and between \$8 and \$9 million, respectively
- Low visibility into 2024 with consumer discretionary spending impacted by high interest rates and inflation
- 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 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
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 Sept 2023	31 Dec 2022
ASSETS	<i>Unaudited</i>	
Total non-current assets	67,226	50,799
Total current assets	32,382	27,816
Total assets	\$ 99,608	\$ 78,615
EQUITY AND LIABILITIES		
Total equity	65,620	42,748
Total non-current liabilities	14,930	1,739
Total current liabilities	19,058	34,128
Total equity and liabilities	\$ 99,608	\$ 78,615

Cash flow summary

Figures in USD (000's)	Nine months ended	
	30-Sep-23 <i>Unaudited</i>	30-Sep-22 <i>Unaudited</i>
Net cash provided by (used in) operating activities	12,426	(4,275)
Net cash used in investing activities	(22,375)	(14,397)
Net cash provided by (used in) financing activities	10,086	7,808
Effect of exchange rate changes on cash and cash equivalents	(214)	(1,437)
Net changes in cash and cash equivalents	(77)	(12,301)
Cash and cash equivalents at beginning of period	7,411	23,296
Cash and cash equivalents at end of period	\$ 7,334	\$ 10,995

Statement of equity

Unaudited

Figures in USD (000's)

	Nine months ended	
	30-Sep-23	30-Sep-22
Equity at January 1	\$ 42,748	\$ 48,388
Total comprehensive income for the period		
Income for the period	6,816	(2,495)
Foreign currency translation adjustments	(468)	(3,411)
Total comprehensive income for the period	6,348	(5,906)
Transactions with owners during the period		
Shares issued in rights offering, net	16,142	-
Shares issued for options exercised	-	216
Share based payment expense	382	290
Transactions with owners during the period	16,524	506
Equity at end of period	\$ 65,620	\$ 42,988



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