



Q4 2023

March 8, 2024

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De-listing from Oslo Stock Exchange

- Asetek will delist from Oslo Stock Exchange on 27 March 2024, **with the last trading day on 26 March 2024**
- Asetek will deregister from VP Norway on 3 April 2024
- Shareholders wishing to continue trading on a public market must transfer their shares to Nasdaq Copenhagen by instructing their bank or broker
- See Asetek IR website or contact Asetek IR for more information

Q4 Highlights



- Fourth-quarter revenue of \$16.6 million, up 75% vs. Q4 2022
- Gross margin of 47% compared with 41% in Q4 2022
- Q4 adjusted EBITDA of \$2.2 million, compared with loss of \$0.6 million in Q4 2022
- SimSports revenue of \$2.2 million in Q4, compared with \$0.2 million in Q4 2022
- Full-year 2024 revenue growth expected in the range of -5% to 5% compared with 2023, with adjusted EBITDA projected to be between 12% and 17% of revenue

2023 milestones

- Second-highest-ever full year Group revenue of \$76.3 million, up 51% from 2022
- Full year adjusted EBITDA of \$15.9 million vs. loss of \$0.8 million in 2022
- Launched 54 new Liquid Cooling- and 37 new SimSports products
- Passed 11 million products shipped since foundation in 2000
- Listing on Nasdaq Copenhagen

2024 focus areas

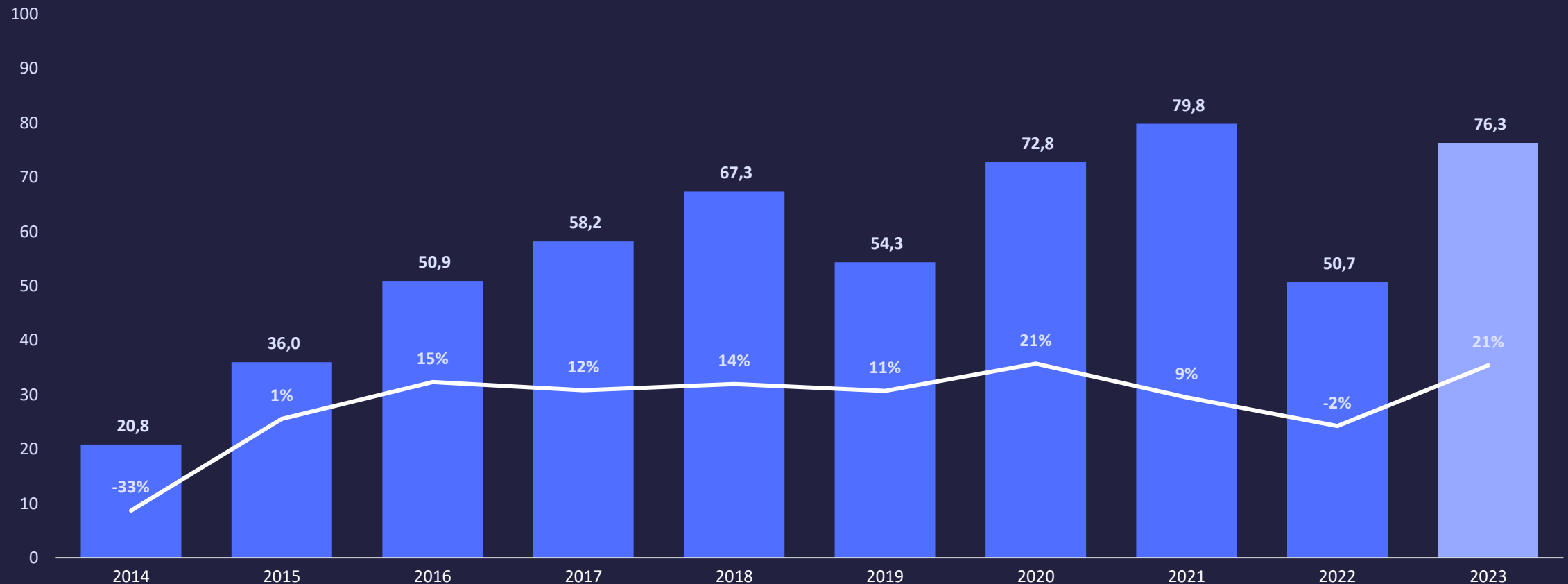
- Broadening addressable Liquid Cooling market with value offering towards low end of premium segment
- Grow sim racing market share with a full range of high-quality sim racing products by end-2024 based on an open ecosystem



Growth driven by Liquid Cooling shipments and expanding SimSports product range

Annual Group revenue and EBITDA margin

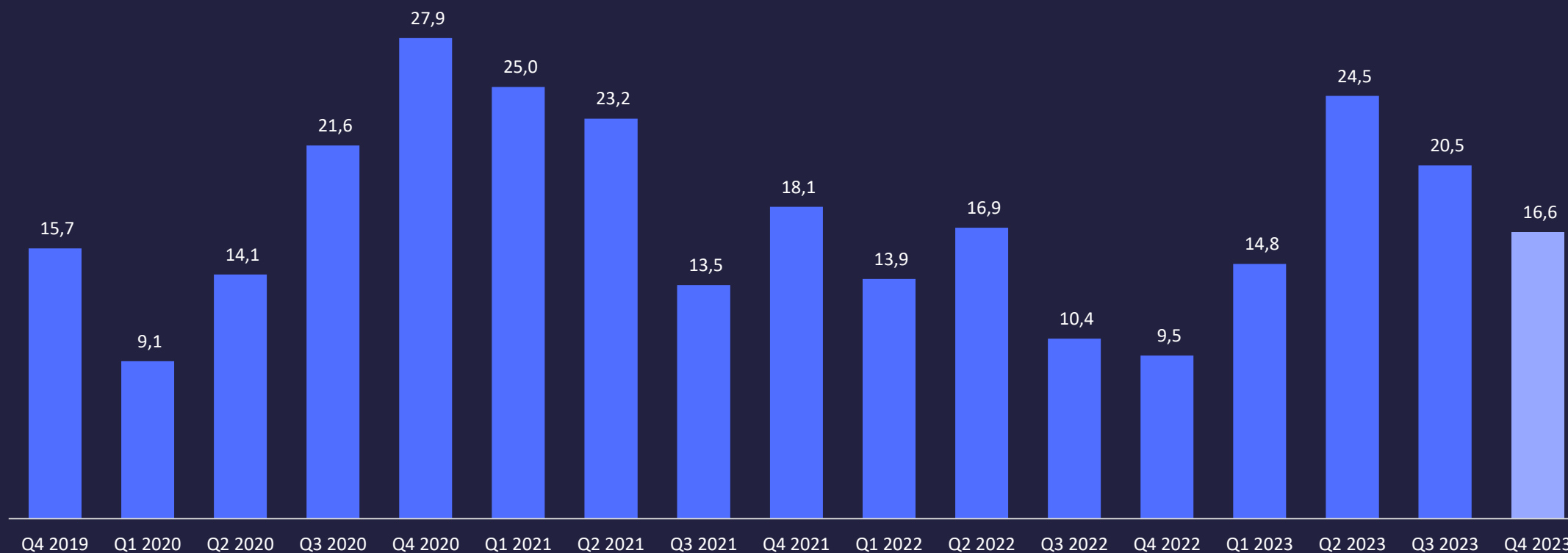
USD million



Quarterly revenue volatility continues

Quarterly Group revenue

USD million

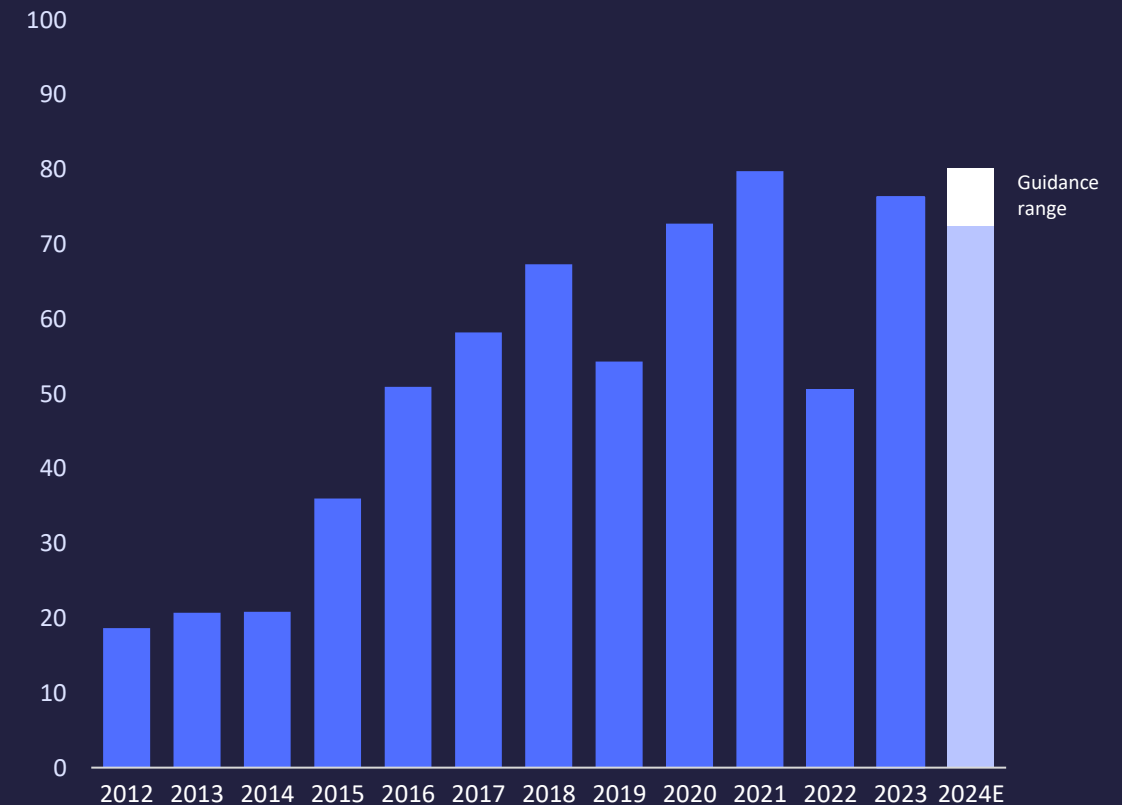


2024 guidance

- Continued low revenue visibility
 - Signs of improving macro
 - Mixed regional picture and geopolitical tensions
 - Some Liquid Cooling OEMs exiting 2023 with elevated inventories
- Full-year 2024 revenue growth is anticipated in the range of -5% to +5% vs. 2023
 - Liquid Cooling revenue: -10% to 0%
 - SimSports revenue: +40% to +60%
- Full-year adjusted Group EBITDA margin expected in the range of 12% to 17%
- Long-term average growth ambition of approximately 15% per annum

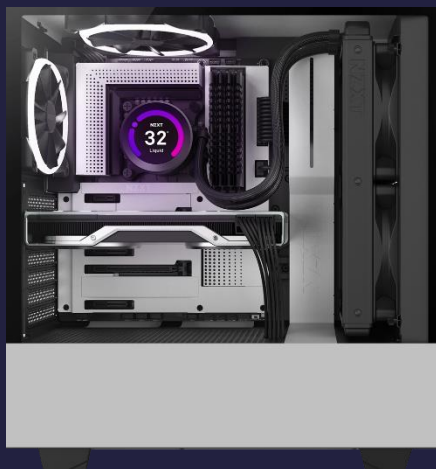
Annual Group revenue

USD million

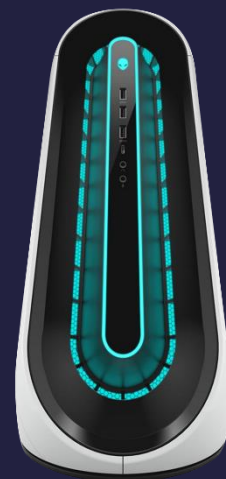


Leading offering for gamers and enthusiasts

Liquid cooling



Enthusiasts and
do-it-yourself (DIY)



Gaming/Performance PCs

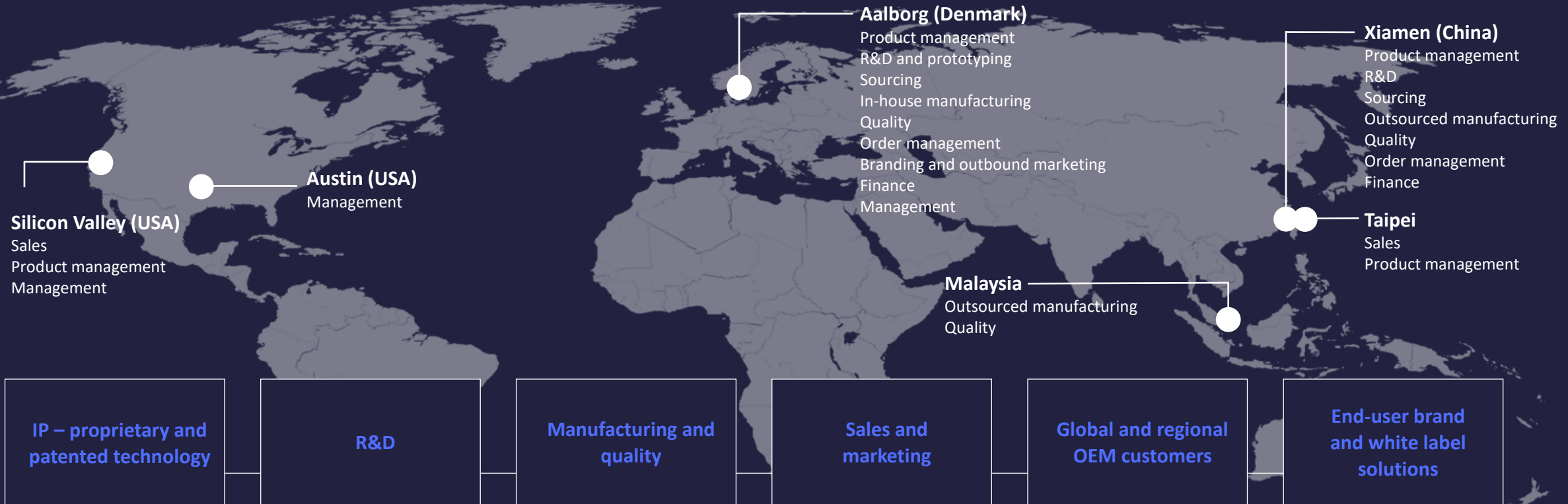
Liquid cooling for competitive and
committed gamers and enthusiasts

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 | 134 employees | LTM¹ revenue of USD 76 million | Listed on Nasdaq Copenhagen and Oslo Stock Exchange

Liquid cooling

Long-term profitable Liquid Cooling business

Liquid cooling EBITDA and margin

USD million

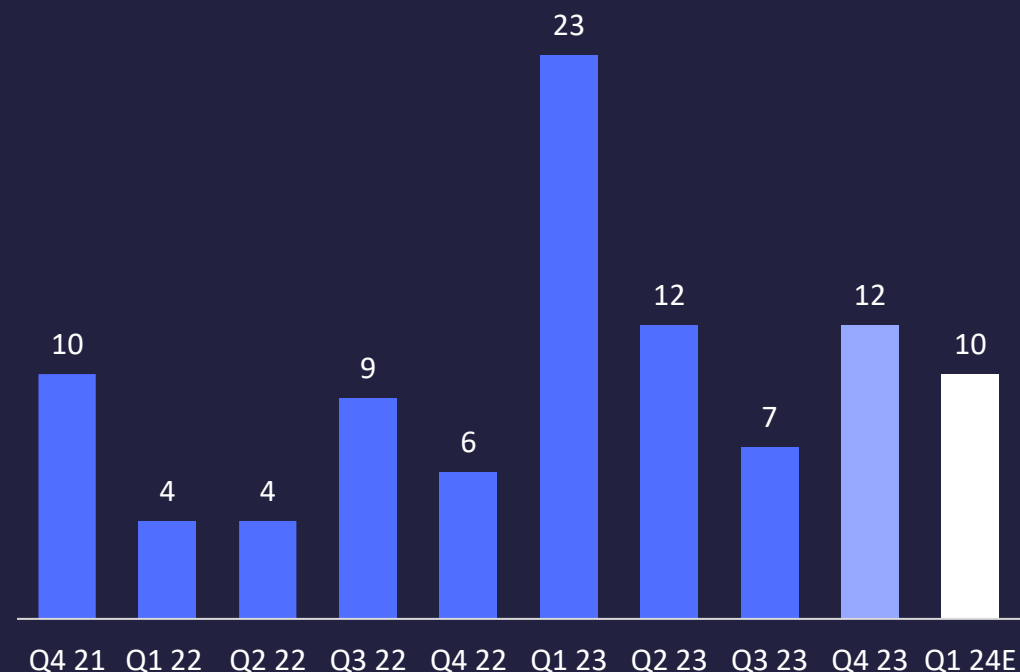
Accumulated EBITDA 2020 – 2023: \$81 million



Stable product release activity going into 2024

- 12 new liquid cooling products started shipping in Q4
 - Three featuring Asetek's 8th generation liquid coolers with the most advanced technology developed to date
- 10 new products estimated to start shipping in Q1 2024
- 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



Stable Liquid Cooling OEM base

- Currently shipping to over 20 OEMs
- Top five represented 91% of Liquid Cooling revenue in 2023, vs. 85% in 2022
- Ambition to increase diversification over time

Top 5 liquid cooling customers¹

ALIENWARE 

ASUS®

 **LIAN LI**
Feel the difference

msi

NZXT

Asus ROG STRIX with Asetek's
new Gen7 v2 technology



Broadening addressable Liquid Cooling market

- A value offering tailored for a new and larger market segment
 - Demand from larger customers to address the lower end of the Liquid Cooling premium segment with price competitive high-quality solutions
 - Targeting China and other value-oriented markets
 - Complementing traditional focus on the higher end of the market
- No compromise on the quality that the Asetek brand represents
- Large volume potential at robust EBITDA margins over time
 - Gross margins expected somewhat lower than historical levels
 - No reflection of a general price or margin pressure on high-end liquid coolers
- Full effect expected in 2025



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">• Broaden addressable market• R&D and product development• Growing existing customers• Widening OEM customer base• Branding and marketing	<ul style="list-style-type: none">• Deploy value offering tailored for a new and larger market segment, meeting customer demand• 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

SimSports



Building full range of high-quality sim racing products

- Eight new products released in Q4 2023
 - Two button boxes and six wheel-rims
- Total of 21 new products released in 2023
- Various SimSports accessories to start shipping in Q1 2024
- Q4 2023 revenue of \$2.2 million vs. \$0.2 million in Q4 2022
 - Gross margins reflect early stage of scale up
- Full-year revenue of \$7.2 million



Realistic life-like approach to sim racing gear paying off

- Delivered almost 400% growth in 2023 driven by multiple new products and customers globally
- On track for a full range of high-quality sim racing products by end-2024
- Ambition to take pole position and build market share based on an open ecosystem
- In 2021, Chinese companies entered the market with a low-cost offering, increasing competition and expanding the strategic focus
- Maintain focus on high-end segment to anchor the Asetek brand name in the premium market
- Leverage strong brand to launch a competitive mass-market product line, acting as a driver for long-term growth

Conclusion

Asetek's concept works!

"Innovations in simracing have become rare and many new steering wheels only differ in nuances such as the buttons used or the shape.

But Asetek is breaking new ground with its button boxes."

(November 20, 2023)



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 • Realistic life-like approach to racing gear • 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 ecosystems (wheel, wheelbase and pedals) at each price tier • Offer full range of high-quality sim racing products based on an open ecosystem • Leverage strong premium market brand to launch a competitive mass-market product line • Market and channel strategies in place and subject to ongoing review and refinement • Continuous innovation and product development to augment ecosystems and drive growth • Supported by brand platform and reputation for performance, quality, reliability and immersive experiences

Financials

Income statement

Figures in USD ('000's)	Q4 2023	Q4 2022	2023	2022
	Unaudited	Unaudited		
Revenue	\$ 16,598	\$ 9,458	\$ 76,332	\$ 50,650
Cost of sales	8,875	5,568	41,624	29,885
Gross profit	7,723	3,890	34,708	20,765
Research and development	2,091	1,405	7,379	5,163
Selling, general and administrative	4,617	4,412	17,079	20,884
Special items	40	-	847	-
Other expense (income)	-	-	-	119
Total operating expenses	6,748	5,817	25,305	26,166
Operating income (loss)	975	(1,927)	9,403	(5,401)
Foreign exchange (loss) gain	(1,276)	(1,840)	(1,015)	(344)
Finance income (costs)	15	(43)	110	(133)
Total financial income (expenses)	(1,261)	(1,883)	(905)	(477)
Income before tax	(286)	(3,810)	8,498	(5,878)
Income tax (expense) benefit	(529)	1,980	(2,497)	1,553
Income for the period	(815)	(1,830)	6,001	(4,325)
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustments	1,189	1,440	721	(1,971)
Total comprehensive income	\$ 374	\$ (390)	\$ 6,722	\$ (6,296)
Income per share (in USD):				
Basic	\$ (0.01)	\$ (0.03)	\$ 0.07	\$ (0.08)
Diluted	\$ (0.01)	\$ (0.03)	\$ 0.07	\$ (0.08)

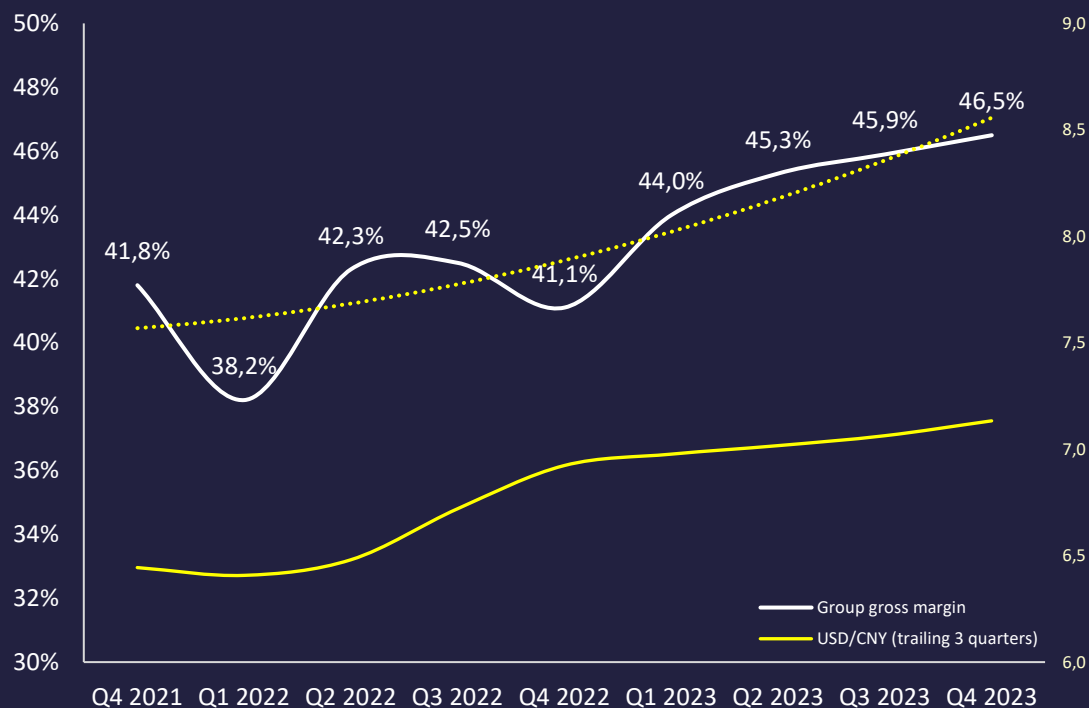
- Q4 and full-year revenue reflects increased sales of Liquid cooling and SimSports products vs. the previous year
 - Sales of 244,000 sealed loops in Q4 (+55%) and 1,165,000 shipped in 2023 (+46%)
 - SimSports revenues of \$2.2 million (\$0.2 million)
- Q4 OPEX increased vs. Q4 2022 primarily due to product and supply chain development
- Full-year OPEX*) declined 7% vs. 2022 due to cost reductions implemented in late 2022

*) Special Items not included

The financial tables for Q4 2023 are available in the Interactive Analyst Center at <https://ir.asetek.com/overview/default.aspx>

Continued positive margin development

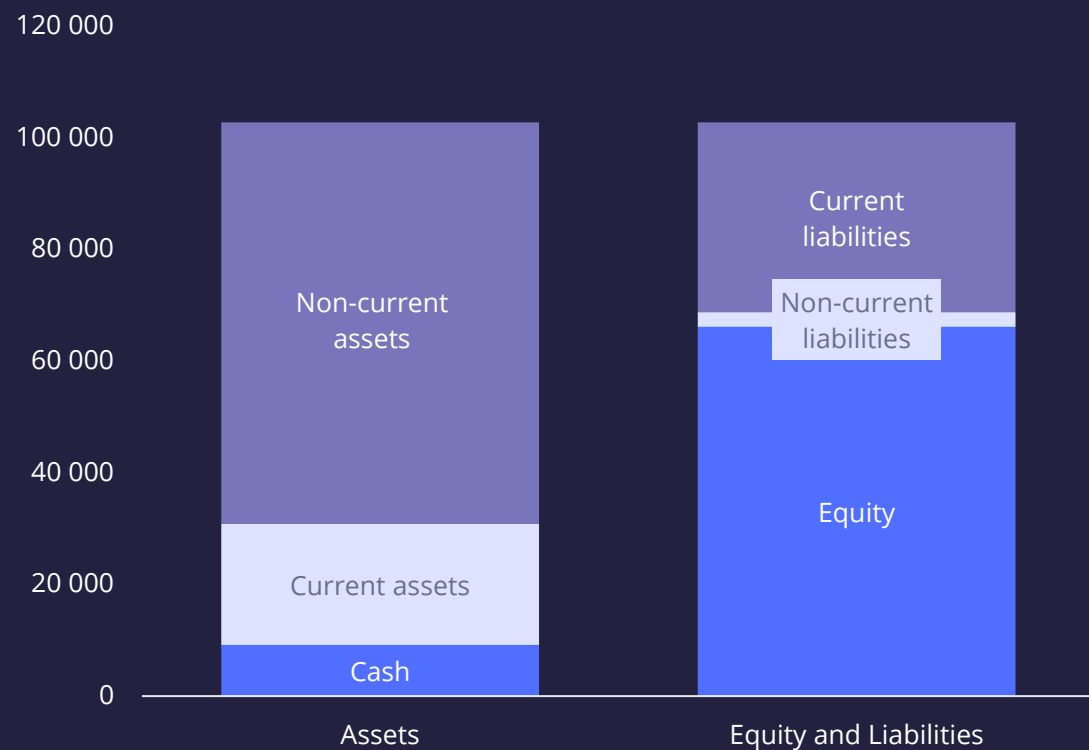
Quarterly Group gross margin development



- Q4 2023 gross margin of 46.5% vs. 41.1% in Q4 2022
- 2023 margin 45.5% (41.0%)
- Margin expansion driven by a combination of richer product mix, reduced input costs and favorable foreign exchange rates
 - SimSports gross margins impacted by ramp-up efforts

Balance sheet

USD thousands at December 31, 2023



- USD 9.1 million cash position at end 2023
- Working capital reflects improved operating cash flow in 2023
- Investments in new HQ of USD 4.4 million in Q4 and USD 22.8 million for full year 2023
- Current liabilities includes \$14.7 million construction debt
 - Subsequently refinanced in early 2024 with new loan due January 1, 2025, to be refinanced with long-term mortgage post completion

Nearing completion of new development center and HQ



- Progressing on schedule and budget for completion in mid-2024
- Signed three-year lease for 20% of the space at attractive terms
- To evaluate sale-leaseback market post completion vs. standard long-term mortgage financing



Financial strategy



Summary and outlook

- Strong end-user interest in Asetek liquid cooling and sim racing products
- Full-year 2024 revenue growth is anticipated in the range of -5% to +5% vs. 2023
- Full-year adjusted Group EBITDA margin expected in the range of 12% to 17%
- Expanding addressable Liquid Cooling market through products tailored for new markets
- Growing SimSports business with widening product offering based on an open ecosystem



Q&A

Appendix

Balance sheet summary

Figures in USD (000's)	31 Dec 2023	31 Dec 2022
ASSETS		
Total non-current assets	71,954	50,799
Total current assets	30,785	27,816
Total assets	\$ 102,739	\$ 78,615
EQUITY AND LIABILITIES		
Total equity	66,126	42,748
Total non-current liabilities	2,596	1,739
Total current liabilities	34,017	34,128
Total equity and liabilities	\$ 102,739	\$ 78,615

Cash flow summary

Figures in USD (000's)	Year ended	
	31 Dec 2023	31 Dec 2022
Net cash provided by (used in) operating activities	16,280	(8,354)
Net cash used in investing activities	(27,373)	(25,395)
Net cash provided by (used in) financing activities	12,316	18,327
Effect of exchange rate changes on cash and cash equivalents	487	(463)
Net changes in cash and cash equivalents	1,710	(15,885)
Cash and cash equivalents at beginning of period	7,411	23,296
Cash and cash equivalents at end of period	\$ 9,121	\$ 7,411

Statement of equity

Figures in USD (000's)	Year ended	
	31 Dec 2023	31 Dec 2022
Equity at January 1	\$ 42,748	\$ 48,388
Total comprehensive income for the period		
Income for the period	6,001	(4,325)
Foreign currency translation adjustments	721	(1,971)
Total comprehensive income for the period	6,722	(6,296)
Transactions with owners during the period		
Shares issued in rights offering, net	16,142	-
Shares issued for options exercised	-	216
Share based payment expense	514	440
Transactions with owners during the period	16,656	656
Equity at end of period	\$ 66,126	\$ 42,748



Asetek

www.asetek.com