



Q3 2024

November 7, 2024

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Q3 2024 financial highlights

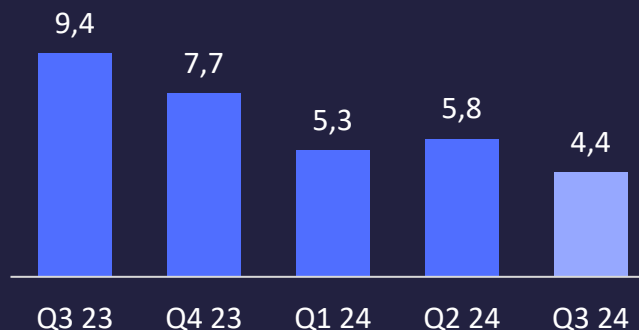
Group revenue

USD million



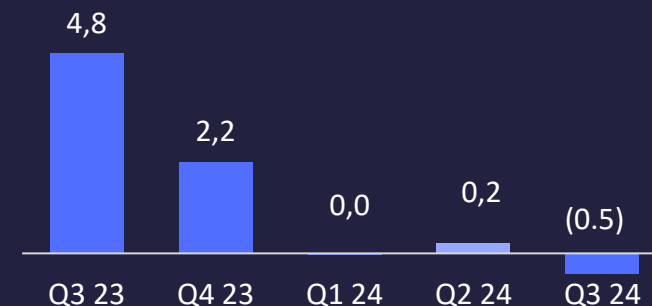
Group Gross profit

USD million



Group adj. EBITDA

USD million



- SimSports business growing according to plan
- Liquid Cooling revenue remains impacted by rapidly changed market dynamics with decreased demand for premium products
- Q3 group gross margin at 36% (46% in Q3 2023) mainly due to a supply chain quality issue that has since been rectified
- Net income impacted by non-cash write downs and U.S. tax cost
- Seek to strengthen the Company's financial position through a rights issue of minimum USD 15 million (gross proceeds) expectedly in Q4 2024 or Q1 2025
- Full-year group revenue expectation maintained

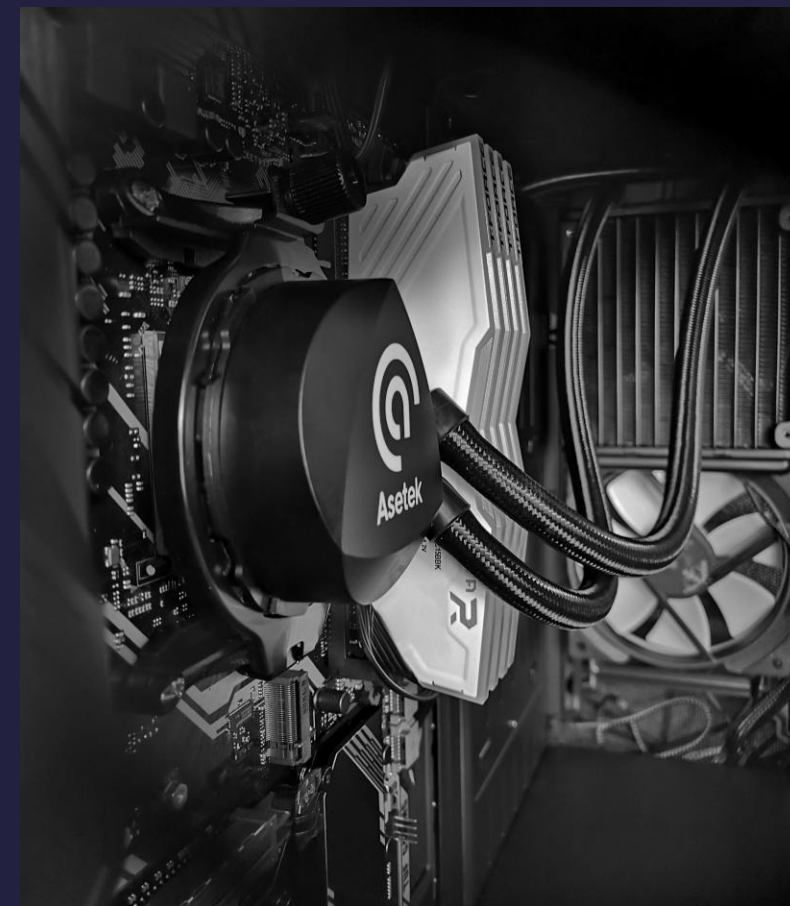
Significant commercial progress in SimSports

- Signed Designed for Xbox partnership agreement to enter the console market
- Two distribution agreements yielding \$2 million in Q4 revenue
- Appointed VP brand and digital to lead the commercial development
- FY 2024 revenue growth expectation maintained at 40-60% vs. 2023
- Growth expected to continue in 2025 and beyond supported by attractive product range, superior customer service and a well-established brand name
- Investments required for continued product development and sales, marketing and brand building to capitalize on the strong growth opportunity



Positioning Liquid Cooling for growth from 2026

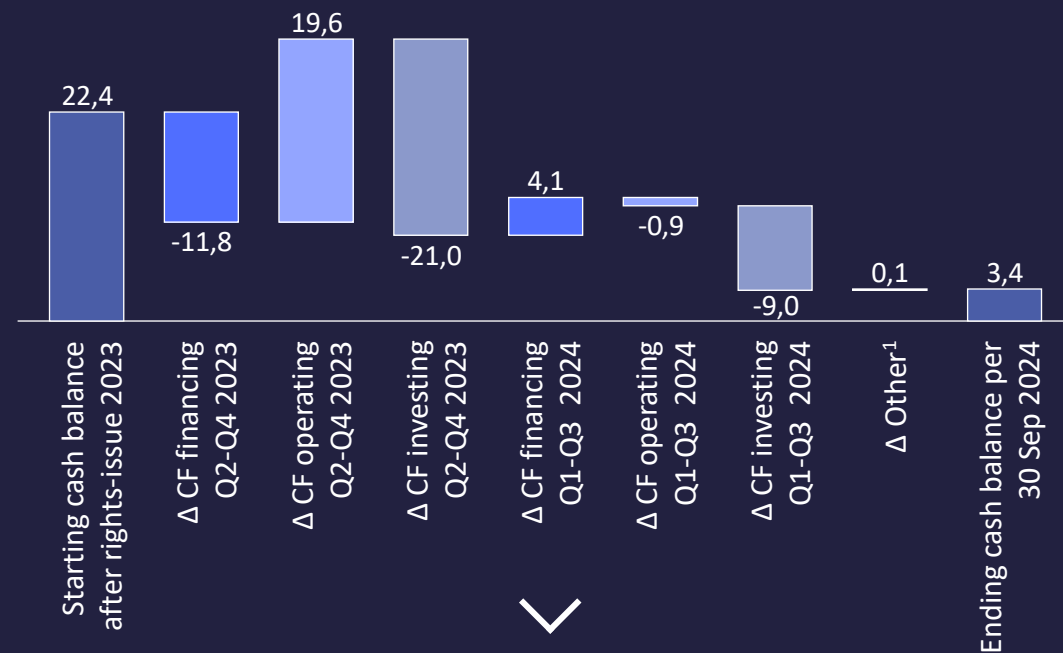
- Rapid and unexpected market changes have resulted in lower-than-expected cash flow in 2024
 - Segment expected to remain profitable for 2024 and beyond
- Measures initiated to increase profitability and strengthen market positioning for growth from 2026 and onwards
 - Leverage technology and brand to target growing mid-market segment
 - Strengthen market presence and reputation to drive revenue growth
 - Appointed dedicated VP sales to drive closer dialogue with key customers and build a strong global consumer brand
- FY 2024 revenue expectation maintained at a decrease 35% to 40% vs. 2023



Background for the contemplated Rights Issue

- Cash flow from operations together with proceeds from rights issue in 2023 have been sufficient to finance HQ completion
- Rapid and unexpected changes in Liquid Cooling market environment has resulted in a significant difference between expected and realized cash flow in 2024
- On-going efforts to secure alternative non-dilutive funding, but a solution has not materialized
- Cost saving initiatives undertaken to protect profitability given current lower activity level in the Liquid Cooling business
- Attractive market opportunity within the SimSports segment to leverage current setup and capitalize on growth opportunities
- Rights issue to strengthen financial position and enable continued investments in SimSports segment
- Completion of contemplated Rights Issue depends on board of directors being authorized by the general meeting

Cash balance development (USDm)



Significant investments into the growth of SimSports and the new HQ since rights issue in 2023

1) Includes effect of exchange rates and difference in cash balance between 28 February 2023 and 31 March 2023

Updated medium-term ambitions

- 2024 guidance is unchanged
- In order to achieve the medium-term ambitions Asetek expects a financing need as of today of around USD 20 million during the medium term, which includes the capital to strengthen the Company's financial position in the short term

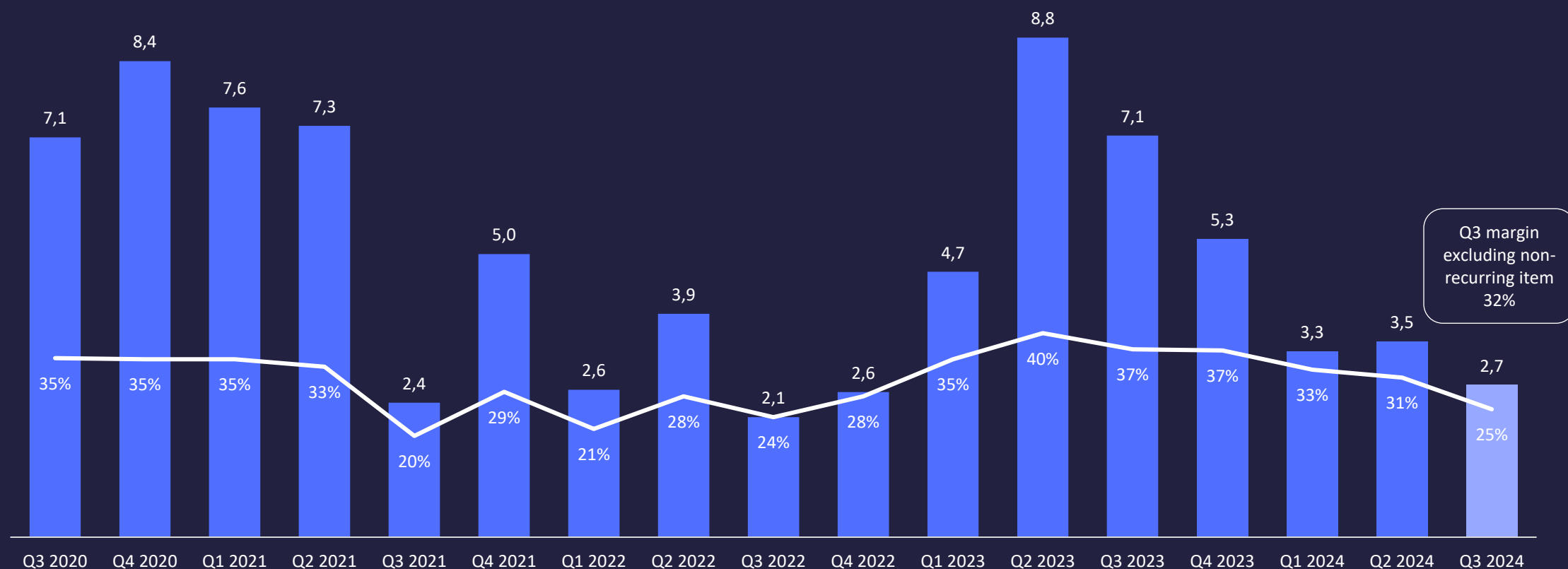
| | 2024 guidance | | | Medium-term ambition | |
|--------------------|---------------------------------|---------------------------------|------------------------------|--|---|
| | Group | Liquid Cooling | SimSports | Liquid Cooling | SimSports |
| Revenue (USD) | 52m – 55m | 42m – 44m | 10m – 11m | 50m | +50m |
| Revenue growth | -28 to -32% compared to 2023 | -35 to -40% compared to 2023 | 40 - 60% compared to 2023 | Likely single-digit negative growth in 2025, positive growth rates will return from 2026 | - |
| Adj. EBITDA margin | 1 - 4% | No guidance | No guidance | Consistently achieve +25% | Continuously improve and reach positive, single-digit margin towards the end of the medium term |

Liquid cooling

Long-term profitable Liquid Cooling business

Liquid cooling EBITDA and margin

USD million

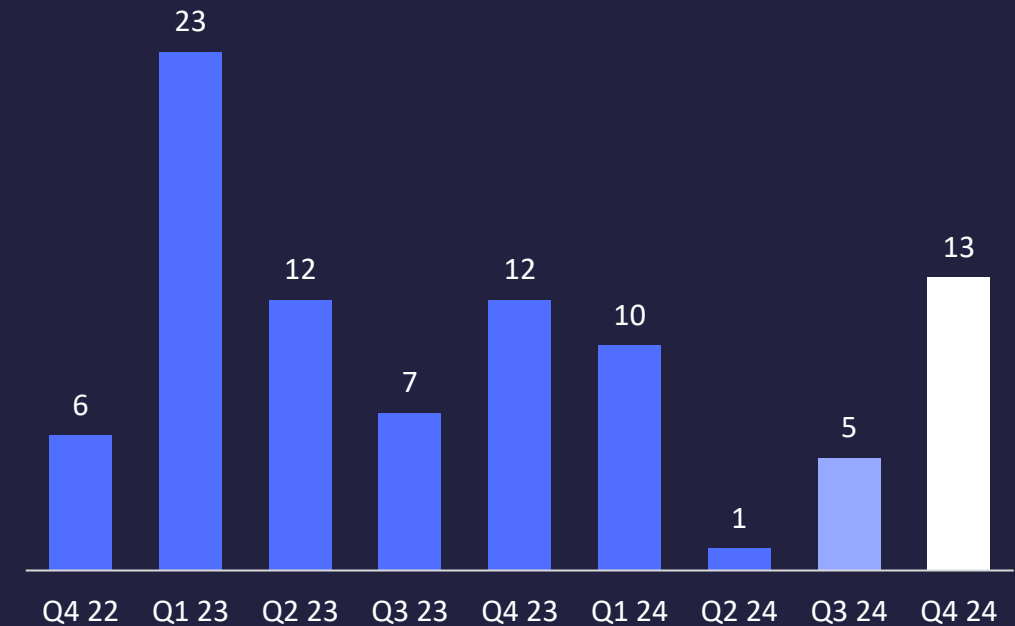


Market leading in premium liquid cooling solutions



- 5 new liquid cooling products started shipping in Q3 2024
- 13 new products estimated to start shipping in Q4 2024
- At end of Q3 shipping to over 20 OEMs
- Top five customers represented 89% of Liquid Cooling revenue in Q3 2024

No. of liquid cooling products started shipping



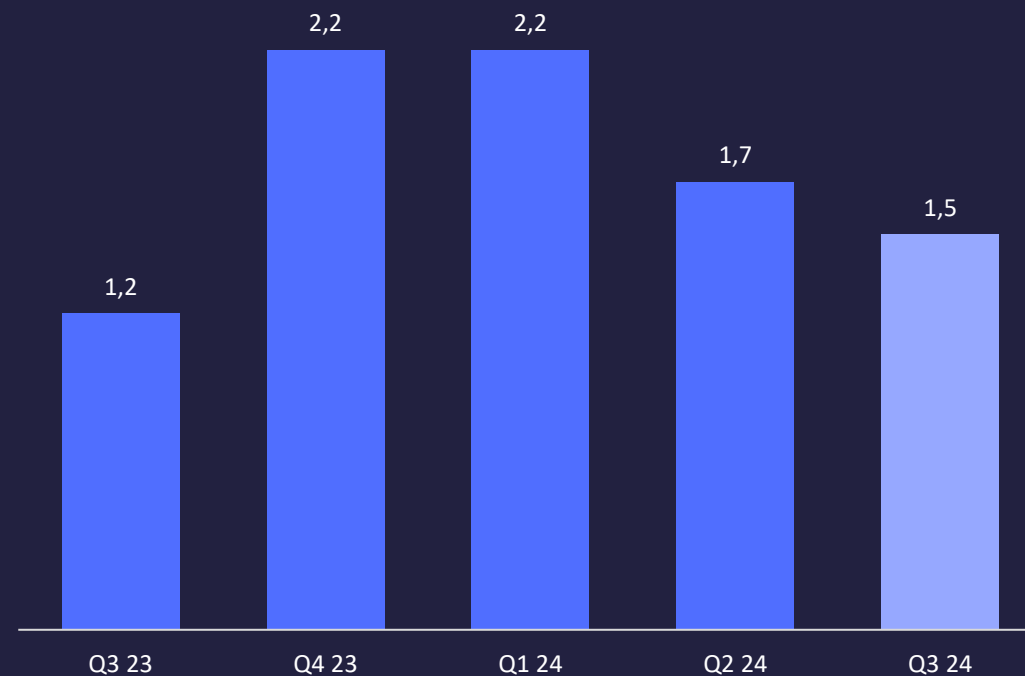
SimSports



SimSports scale-up progressing to plan

- Q3 2024 revenue of \$1.5 million vs. \$1.2 million in Q3 2023
- Xbox license agreement a key milestone in the SimSports growth strategy, set to accelerate growth on the Xbox Series X|S and Xbox One console market
 - Initial products with console support expected to be available in H2 2025
- Distribution agreements generating \$2.0 million of revenue in Q4 2024
 - US-based racing simulator reseller Podium 1
 - Simulator gaming specialist Pagnian Imports in Australia and New Zealand

Quarterly SimSports revenue
USD million



Completing the Invicta product line and preparing mass-market product launch

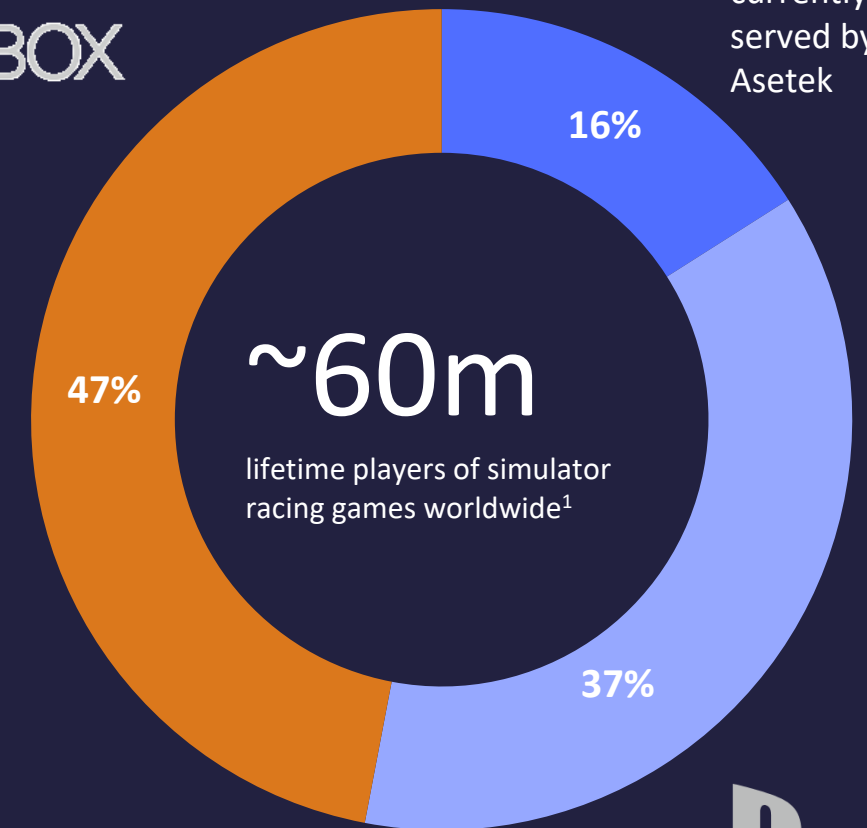
- Invicta steering wheel started shipping in October, completing the Invicta product line
- On track for launch of competitive mass-market product line in H1 2025
- Product development, sales and marketing, and brand building investments to continue in 2H 2024 and beyond
- Two main sales channels
 - 35 niche resellers globally, clear ambition to grow volume and revenue through strengthened distribution strategy
 - Resellers largest sales channel in Q3 (55% of revenue)
 - Targeting new sales channels with new mass market offering



Entering the console market to accelerate SimSports growth



- An estimated 60 million lifetime players of sim racing games worldwide
 - More than 80% of lifetime players are console based, with Xbox being the biggest platform for sim racing
 - PC players represent about 16% of lifetime players
- Designed for Xbox partnership significantly expanding addressable end-user market
- Initial mass-market products with console support expected in 2H 2025



Financials

Income statement

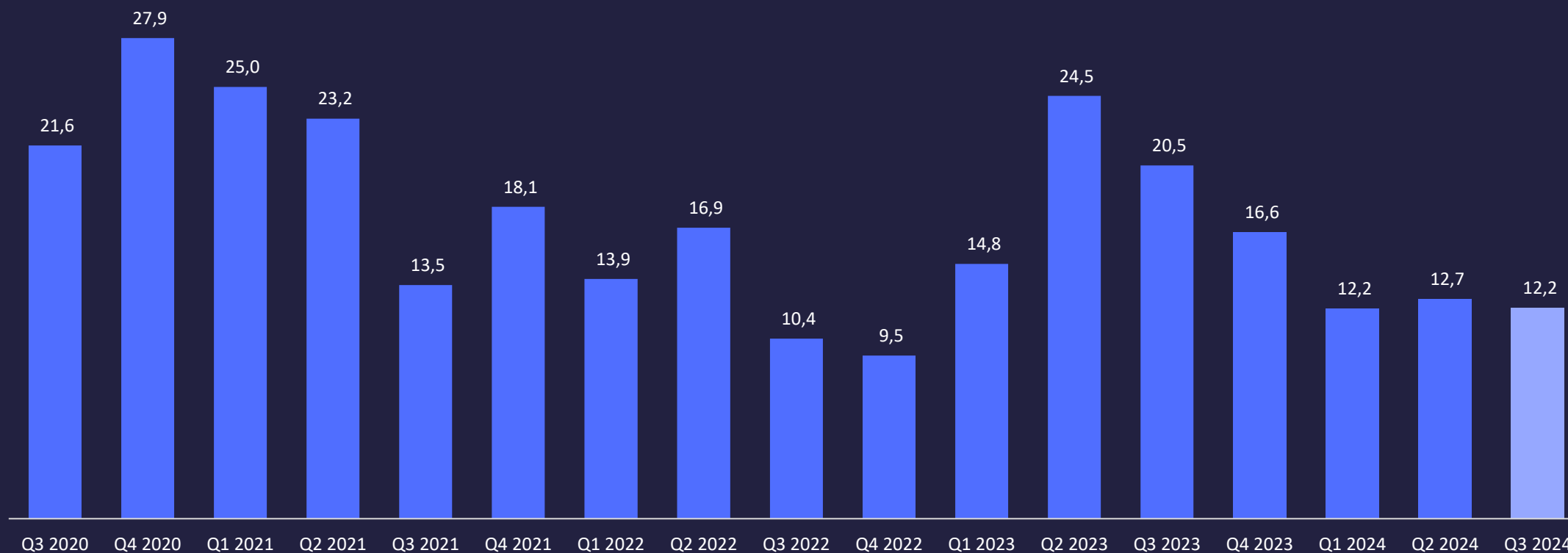
| Figures in USD (000's) | Q3 2024 | Q3 2023 | YTD 2024 | YTD 2023 | 2023 |
|--|------------------|------------------|------------------|------------------|---------------|
| | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | |
| Revenue | 12,214 | 20,477 | 37,134 | 59,734 | 76,332 |
| Cost of sales | 7,832 | 11,083 | 21,630 | 32,749 | 41,624 |
| Gross profit | 4,382 | 9,394 | 15,504 | 26,985 | 34,708 |
| Research and development | 1,919 | 1,854 | 6,003 | 5,288 | 7,379 |
| Selling, general and administrative | 4,316 | 4,288 | 13,924 | 12,462 | 17,079 |
| Special items | 13,791 | - | 13,791 | 807 | 847 |
| Total operating expenses | 20,026 | 6,142 | 33,718 | 18,557 | 25,305 |
| Operating income (loss) | (15,644) | 3,252 | (18,214) | 8,428 | 9,403 |
| Foreign exchange (loss) gain | (1,441) | 721 | (501) | 261 | (1,015) |
| Finance income (costs) | (24) | 29 | (28) | 95 | 110 |
| Total financial income (expenses) | (1,465) | 750 | (529) | 356 | (905) |
| Income before tax | (17,109) | 4,002 | (18,743) | 8,784 | 8,498 |
| Income tax (expense) benefit | (5,041) | (915) | (6,699) | (1,968) | (2,497) |
| Income for the period | (22,150) | 3,087 | (25,442) | 6,816 | 6,001 |
| Other comprehensive income items that may be reclassified to profit or loss in subsequent periods: | | | | | |
| Foreign currency translation adjustments | 1,152 | (748) | 286 | (468) | 721 |
| Total comprehensive income | (20,998) | 2,339 | (25,156) | 6,348 | 6,722 |
| Income per share (in USD): | | | | | |
| Basic | (0.23) | 0.03 | (0.26) | 0.09 | 0.07 |
| Diluted | (0.23) | 0.03 | (0.26) | 0.09 | 0.07 |

- Liquid cooling revenue impacted by lower demand
 - Sales of 197,000 sealed loops in Q3, down 40% YoY and stable vs. Q2 2024
 - Liquid Cooling ASP \$54 (\$59)
- SimSports revenue increased in line with growth plan
- Gross margin includes inventory-write down
 - Related to a resolved supply chain quality issue
- Measures to reduce Opex implemented with full effect from Q1 2025
- Income tax expense includes deferred tax asset write-down and \$0.8 million related to U.S. tax due associated with international income reported in 2023 tax return

Quarterly revenue development

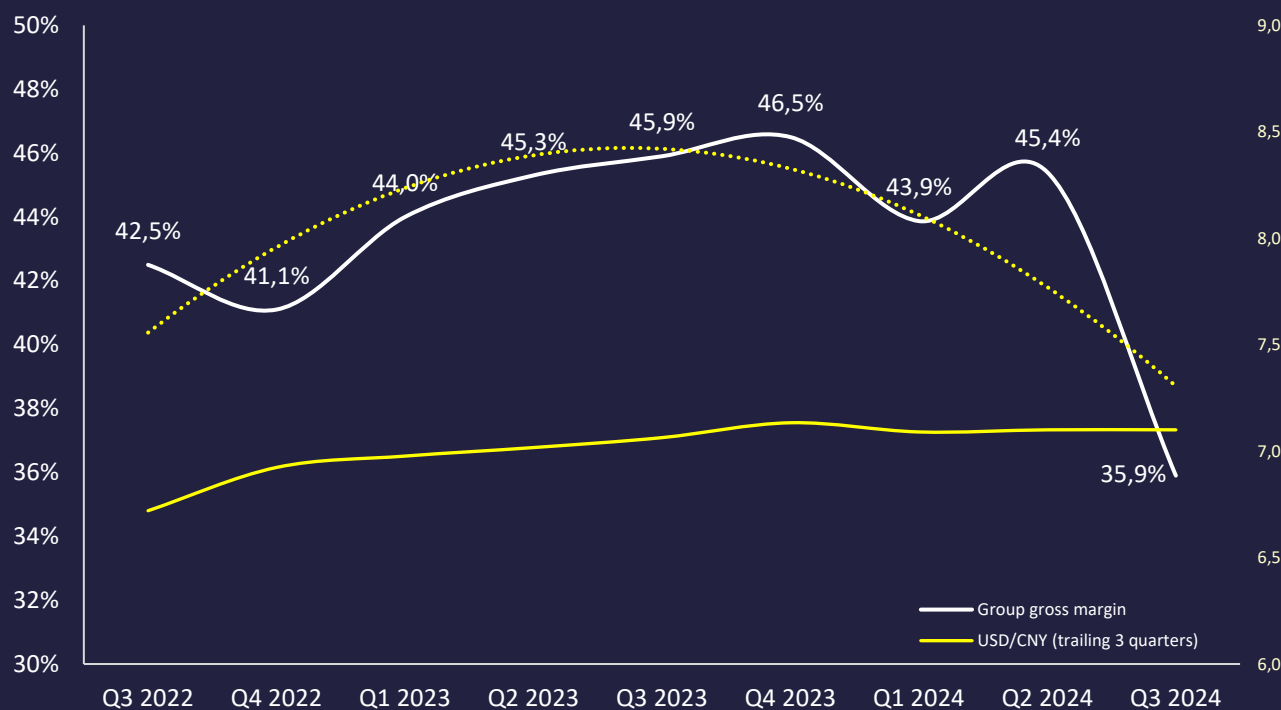
Quarterly Group revenue

USD million



Gross margin development

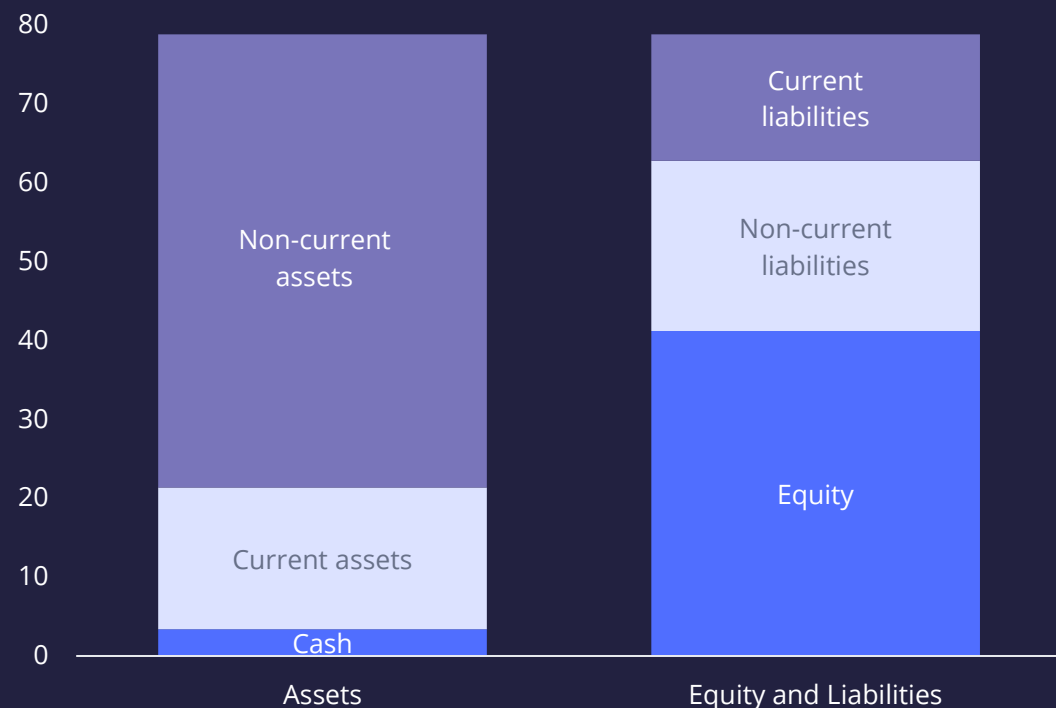
Quarterly Group gross margin development



- Q3 2024 gross margin of 35.9% vs. 45.9% in Q3 2023
 - One off-impact about 6%-points
 - YTD 2024 gross margin of 41.8% vs. 45.9% 9M 2023
- Stable underlying margin
- Decline primarily related to non-recurring quality issue

Balance sheet

USD million, at September 30, 2024



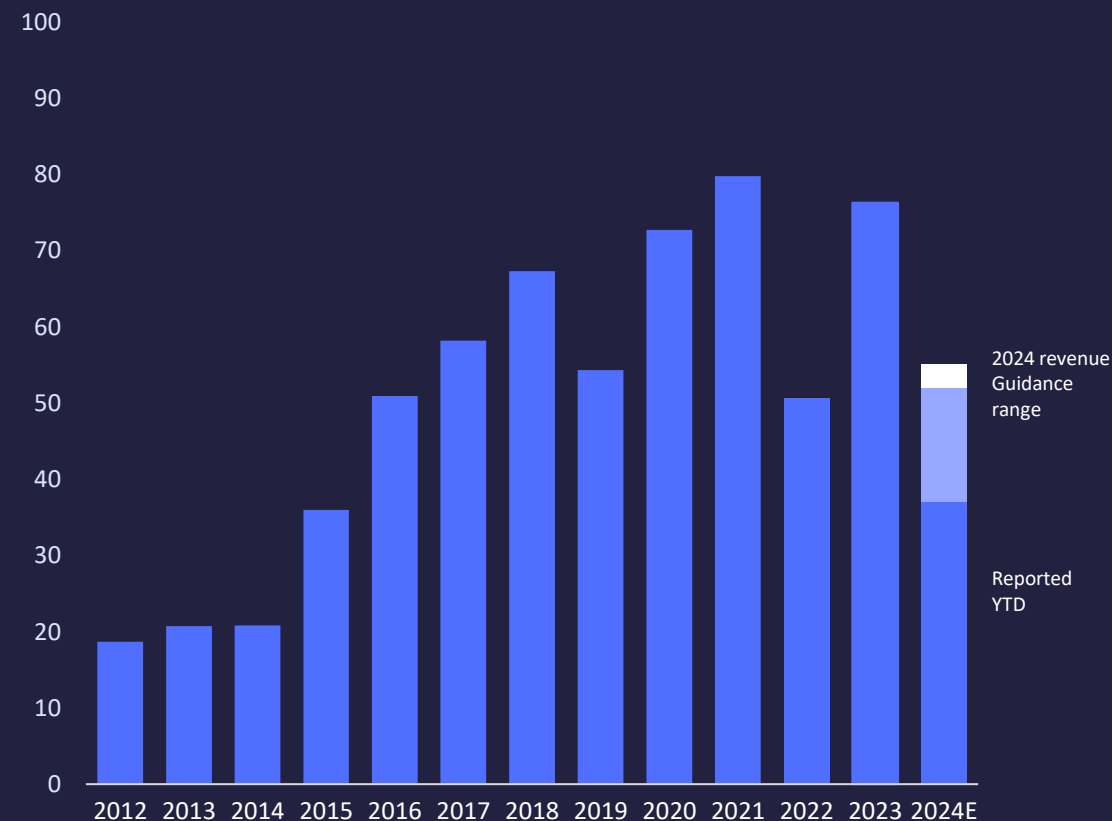
- Mandatory, non-cash, write-downs of \$18 million to match booked equity towards share-price based valuation models
- USD 3.4 million cash position at end Q3 2024
- Total investment in new HQ amounts to \$55.2 million
 - \$1.3 million invested in Q3
 - Construction of HQ completed
- Loans of \$22 million included in long-term debt
 - April 1, 2026, maturity, long-term repayment profile
 - In breach of earnings-related covenant as per September 30. In close dialogue with bank and expect to resolve issue

Summary and outlook

- Group 2024 outlook maintained
- Contemplated Rights Issue to strengthen financial position, fund accelerated SimSports growth strategy and deliver on medium term ambitions
- Build on SimSports commercial progress and execute growth plan
- Position Liquid Cooling business for growth from 2026 targeting a wider market from a lower cost base

Annual Group revenue

USD million



Q&A

Appendix

Balance sheet summary

| Figures in USD (000's) | 30 Sept 2024 | 31 Dec 2023 |
|-------------------------------------|------------------|-------------------|
| ASSETS | <i>Unaudited</i> | |
| Total non-current assets | 57,485 | 71,954 |
| Total current assets | 21,382 | 30,785 |
| Total assets | \$ 78,867 | \$ 102,739 |
| EQUITY AND LIABILITIES | | |
| Total equity | 41,235 | 66,126 |
| Total non-current liabilities | 21,590 | 2,596 |
| Total current liabilities | 16,042 | 34,017 |
| Total equity and liabilities | \$ 78,867 | \$ 102,739 |

Statement of equity summary

| Figures in USD (000's) | Nine months ended | |
|---|-------------------|------------------|
| | 30 Sept 2024 | 30 Sept 2023 |
| | <i>Unaudited</i> | <i>Unaudited</i> |
| Equity at January 1 | \$ 66,126 | \$ 42,748 |
| Total comprehensive income for the period | | |
| Income for the period | (25,442) | 6,816 |
| Foreign currency translation adjustments | 286 | (468) |
| Total comprehensive income for the period | (25,156) | 6,348 |
| Transactions with owners during the period | | |
| Shares issued in rights offering, net | - | 16,142 |
| Share based payment expense | 265 | 382 |
| Transactions with owners during the period | 265 | 16,524 |
| Equity at end of period | \$ 41,235 | \$ 65,620 |

Summary cash flow statement

| Figures in USD (000's) | Nine months ended | |
|--|-------------------|------------------|
| | 30 Sept 2024 | 30 Sept 2023 |
| | <i>Unaudited</i> | <i>Unaudited</i> |
| Net cash provided by (used in) operating activities | (917) | 12,426 |
| Net cash used in investing activities | (9,039) | (22,375) |
| Net cash provided by (used in) financing activities | 4,073 | 10,086 |
| Effect of exchange rate changes on cash and cash equivalents | 174 | (214) |
| Net changes in cash and cash equivalents | (5,709) | (77) |
| Cash and cash equivalents at beginning of period | 9,121 | 7,411 |
| Cash and cash equivalents at end of period | \$ 3,412 | \$ 7,334 |



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