

Q1 2021

22 April 2021



Disclaimer

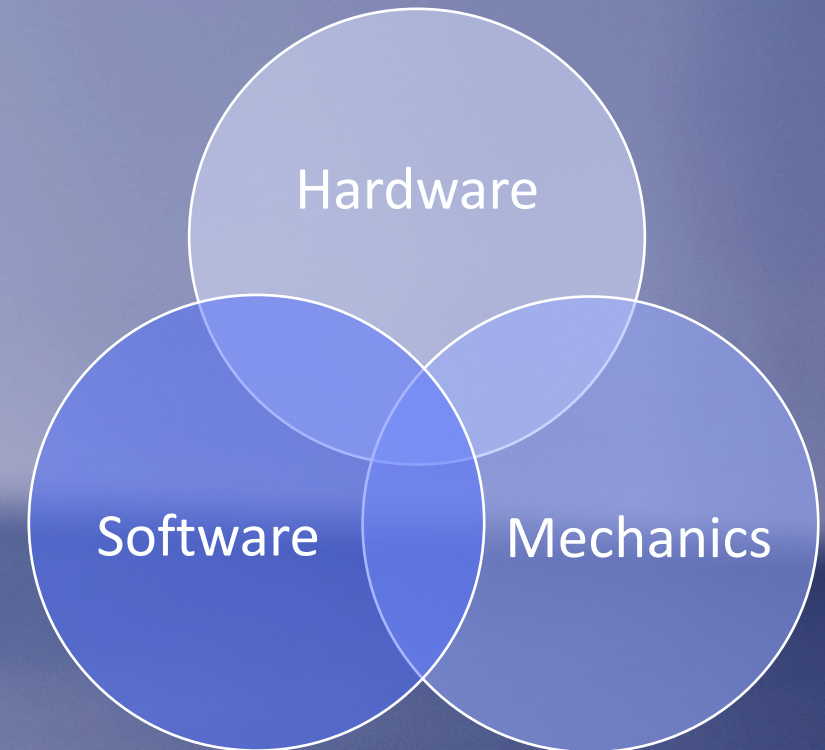
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Forward-looking statements include, among other things, statements concerning Asetek's potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. A number of factors that affect Asetek's future operations and could cause Asetek's results to differ materially from those expressed in the forward-looking statements included in this document, include (without limitation): (a) changes in demand for Asetek's products; (b) currency and interest rate fluctuations; (c) customer concentration and industry competition; (d) legislative, fiscal, and regulatory developments, including changes in tax or accounting policies; (e) ability to enforce patents; (f) product development risks; (g) customer credit risks; and (h) supply of components.

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The global leader in liquid cooling solutions for gaming and enthusiast PCs, data centers and servers...

...founded on innovation and extensive mechatronics capabilities



Highlights



- Record first-quarter revenue of \$25.0 million, reflecting growth of 174% over Q1 2020
- Gross margin of 43% in Q4, compared with 49% in Q1 2020
- Record first-quarter EBITDA adjusted of \$4.7 million, compared with \$0.2 million in Q1 2020
- Announced entering the fast-growing SimSports gaming market, with the expected launch of new products in late 2021
- 2021 Group revenue expectation updated April 7 to an increase of 20% to 30% over 2020 revenue of \$72.8 million
- Gross margin is expected to decline from 2020 and Asetek expects operating income of about \$11 to \$16 million, up from \$10.9 million in 2020

Ensuring robust supply chain and stable operations



External manufacturing

- Limited COVID-19 impact on ability to meet customer demand to date
- Full production capacity available in China
- Expanding supply chain capacity and capabilities to service increased demand
- Avoiding significant impact to build plans despite increase in lead-times for integrated circuits



Asetek

- Continued focus on employee health and safety
- HQ, sales, in-house manufacturing and R&D are fully operational
- High sourcing activity
- Expanding workforce to meet demand growth and develop SimSports offering



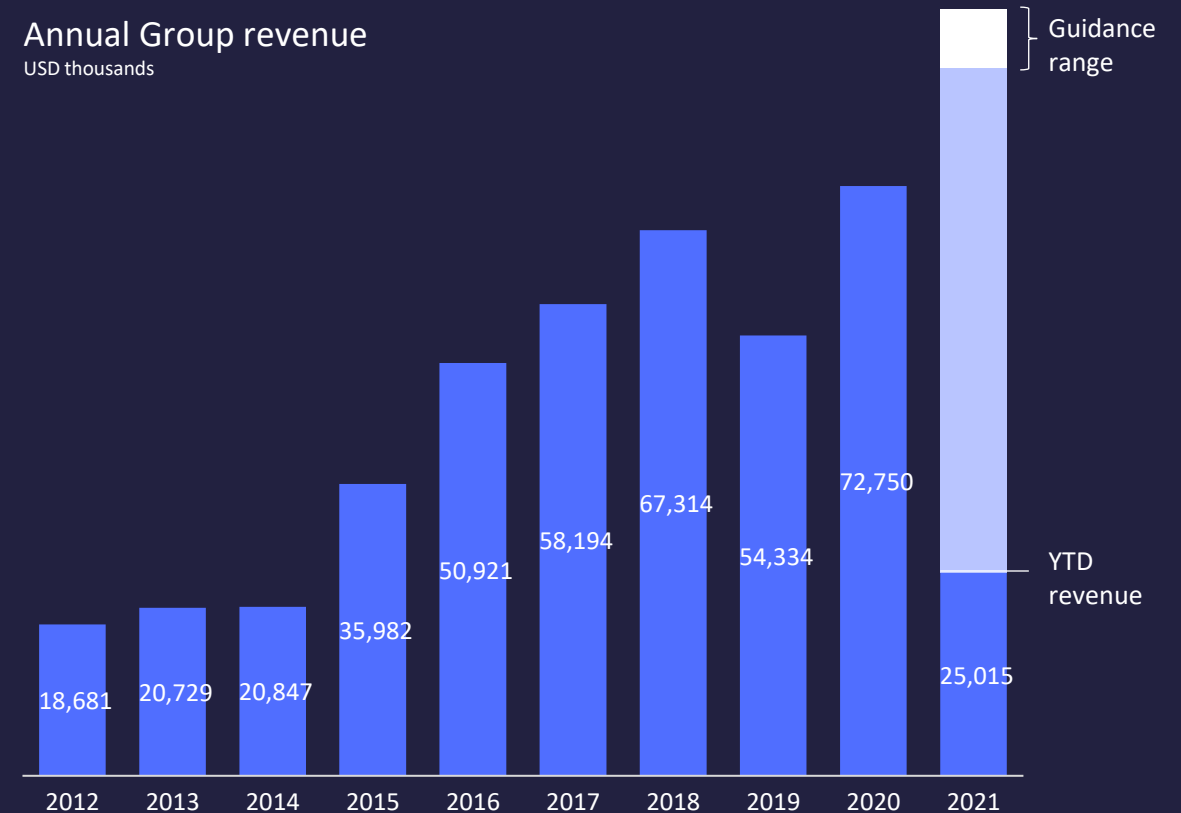
OEMs/end-users

- Continued positive signals from Gaming and Enthusiast OEMs
- Gaming and Enthusiast purchasing volumes developing positively year to date
- Data center; Low visibility

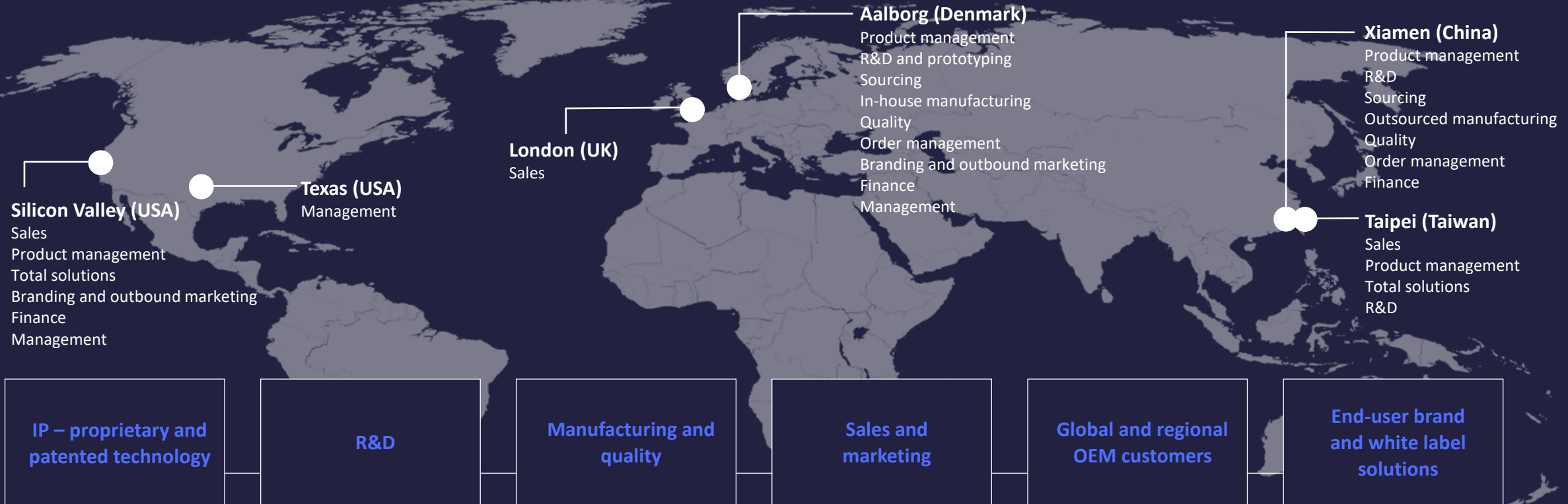
Revenue and profit outlook raised on strong demand for Gaming and Enthusiast products

- 2021 group revenue expected to increase 20% to 30% compared with 2020
 - Equals annual revenue in the range of \$87 - \$95 million
 - Previous guidance was for 10% to 20% growth
- Gross margin expected to decrease from 47% in 2020
- Operating income of \$11 to \$16 million, compared to \$11 million in 2020
 - Partially reflecting increased overhead costs to facilitate growth
 - Previous guidance was for operating income of \$9 to \$15 million
- Uncertainty related to COVID-19

Annual Group revenue
USD thousands



Global platform with integrated value chain supports growth and expansion



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

8 million units shipped | ~140 employees | FY'20 revenue of USD 73m | Listed on Oslo Børs

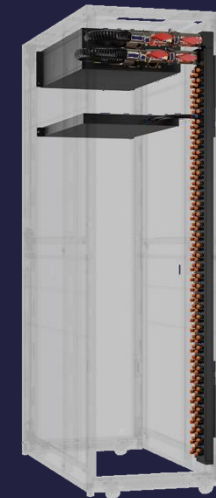
Our leading and innovative revenue generating business segments



Gaming and Enthusiast



Data center



Enthusiasts and do-it-yourself (DIY)

Gaming/Performance PCs

Data center

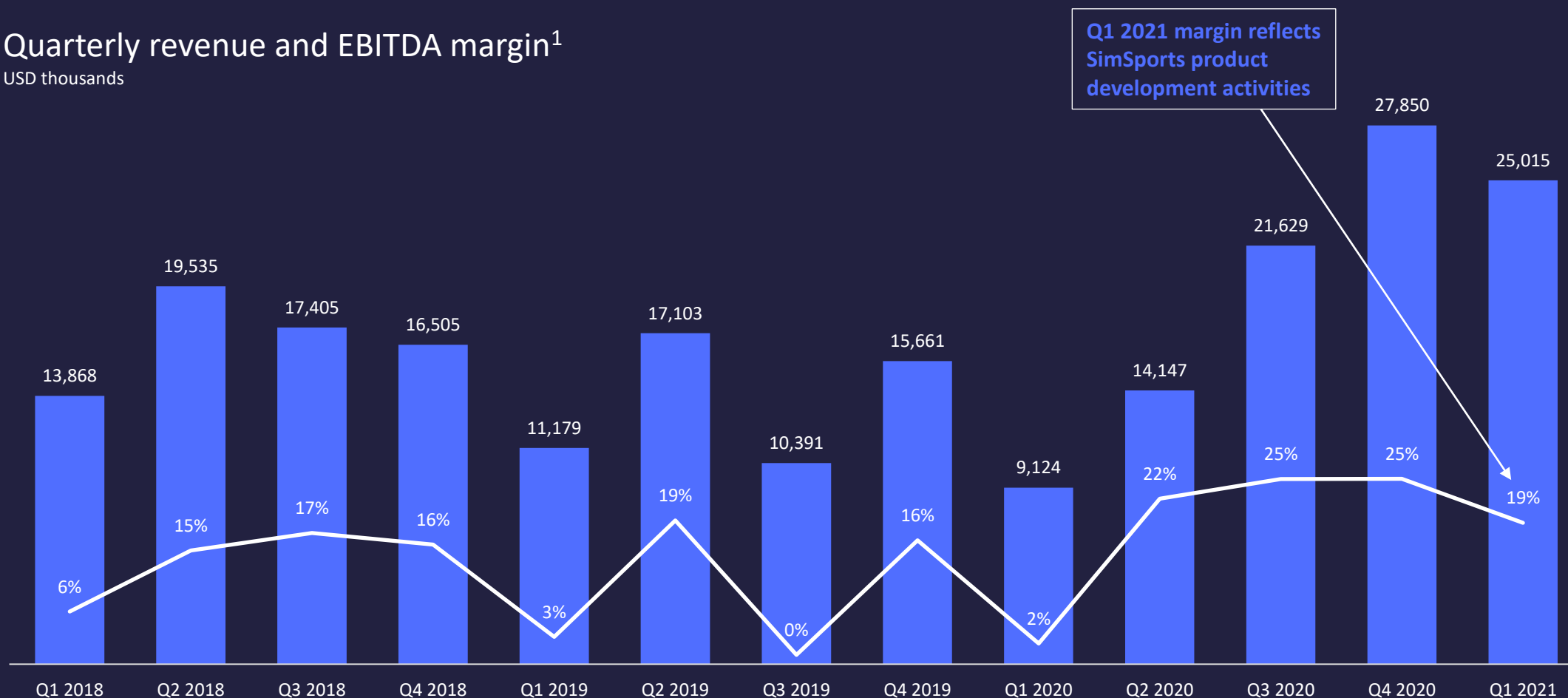
OEMs¹



Quarterly revenue development

Quarterly revenue and EBITDA margin¹

USD thousands



Gaming and Enthusiast

Strong Gaming and Enthusiast revenue and margin development

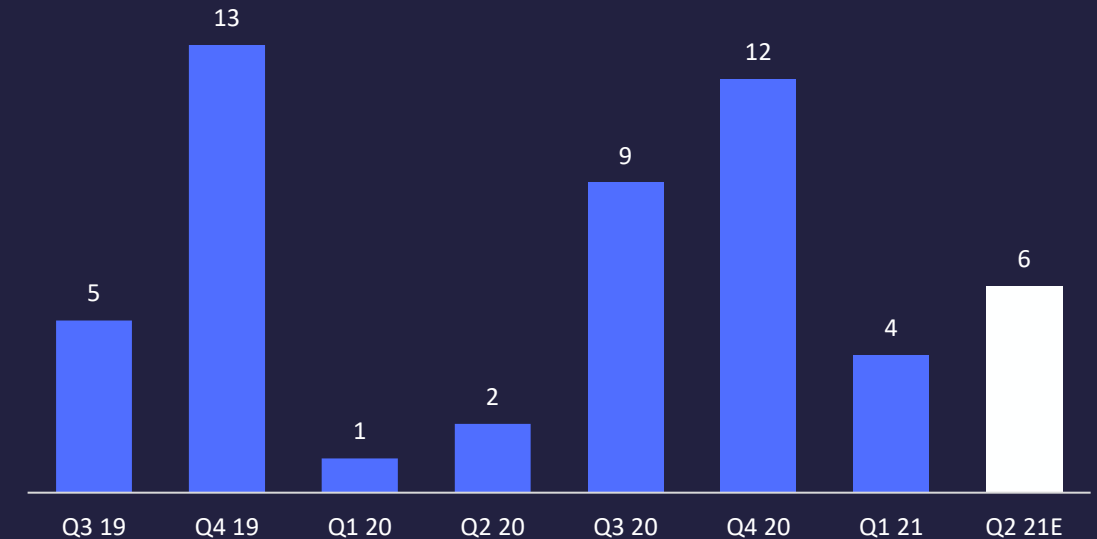
Revenue and EBITDA margin¹

USD thousands



High product release activity

- Four new products started shipping in Q1 2021
 - All to DIY customers
- Six new products expected to start shipping in Q2 2021
- Further investment in product development and branding to expand reach with key customers
 - Brand-behind-the-brand initiatives
 - Asetek featured on partners' websites and SoMe
 - Strong product development with performance, quality and reliability at core



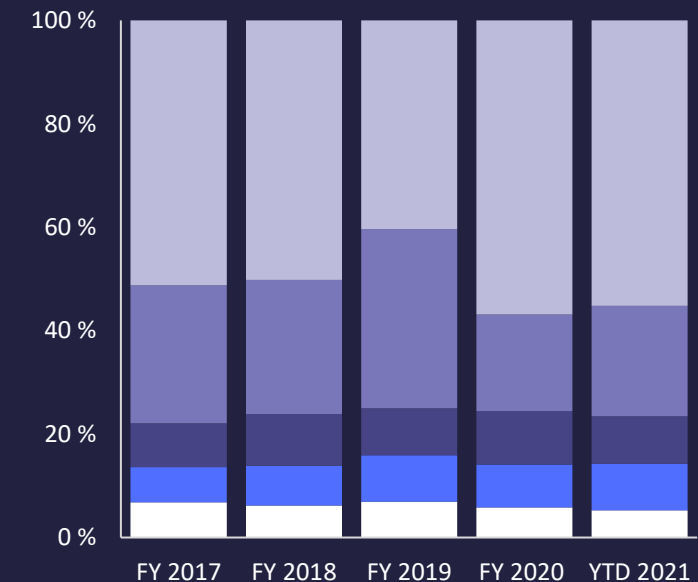
Wide and diversified base of Gaming and Enthusiast OEMs

- Currently shipping to over 20 OEMs
- Top five represented 88% of Gaming and Enthusiast revenue in Q1 2021, vs. 81% for full-year 2020
- The largest OEMs have benefited the most from demand increase since the onset of the pandemic
- Ambition to increase diversification with time
- Continuous monitoring and assessment of IP

Top 5 Gaming and Enthusiast customers¹



Top 5 customers revenue split ²⁾



Introducing next-generation ASUS ROG CPU cooler with expanded co-branding program

- ASUS has been an OEM since 2018 and at the vanguard of co-branding initiative since mid-2019
- Currently one of Asetek's top three Gaming and Enthusiast OEMs
- Expanded co-branding program to include over time:
 - Retail box branding
 - ROG web page feature on liquid cooling including "Cooled by Asetek" badge
 - ROG video to feature "Cooled by Asetek" at the pump section
 - ROG mods and builds engagement activities
 - Asetek unboxing video
 - Co-sponsored giveaway promotion to drive awareness, visibility and excitement in the community



Gaming and Enthusiast 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 meaningful innovations to market• Products which deliver best 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• Positioning to monetize Asetek brand

SimSports



Entering fast-growing SimSports gaming market



- Transforming into mainstream gaming and entertainment
 - Opportunity identified in Asetek eSports Academy and racing engagement
 - Highly complementary to established mechatronics capabilities
- Gamers demanding innovative high-performance equipment
 - Desire for next-level immersive gaming experiences
 - Release of new and improved racing games
 - Competitive and committed gamers willing to invest in hardware
- \$10 million invested in IP, hardware and software
 - Enabling faster go-to-market with launch of new products from late 2021
 - Strengthening Gaming and Enthusiast product offering



Strong strategic fit with Gaming and Enthusiasts segment

Gaming and Enthusiast

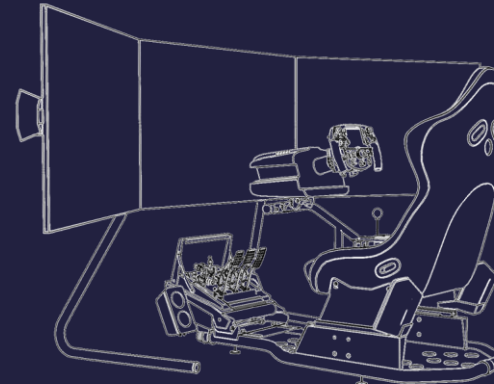
Data center



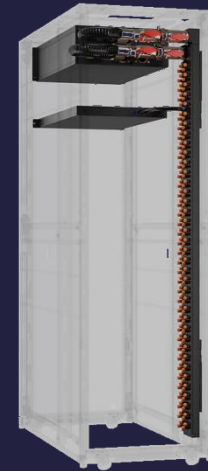
Enthusiasts and
do-it-yourself (DIY)



Gaming/Performance
PCs



SimSports



Enterprise

Competitive and committed gamers and enthusiasts

SimSports strategic development

Goal	Strategy	Development and Outlook
Becoming a next-level immersive gaming experiences provider	<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 third growth segment in a fragmented market	<ul style="list-style-type: none">• Initial focus on innovation and product development• Finalize market and channel strategies, including considering direct sales, online resellers, motorsports shops etc.• Aiming to announce products in 2021 and launch a wider offering during 2022• Supported by brand platform and reputation for performance, quality, reliability and immersive experiences

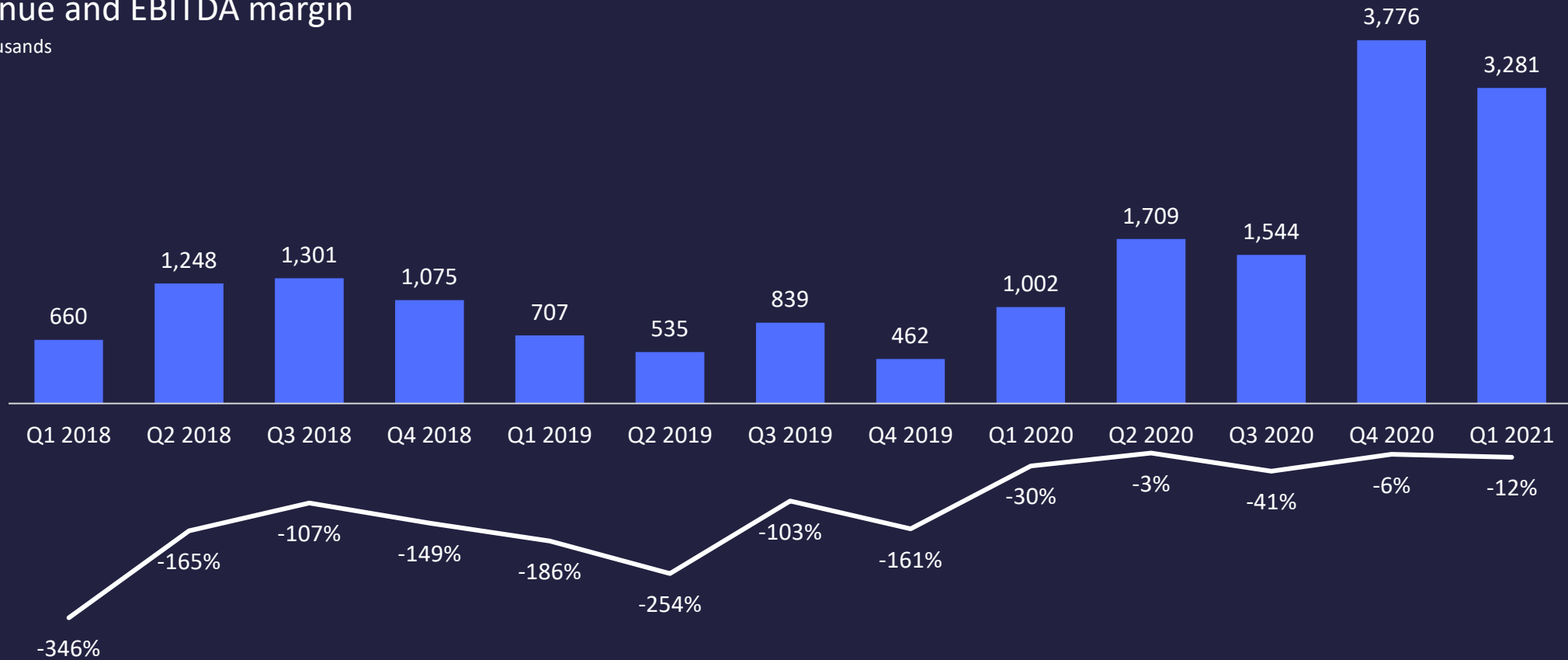


Data center

YoY Data center growth on increased demand and higher prices

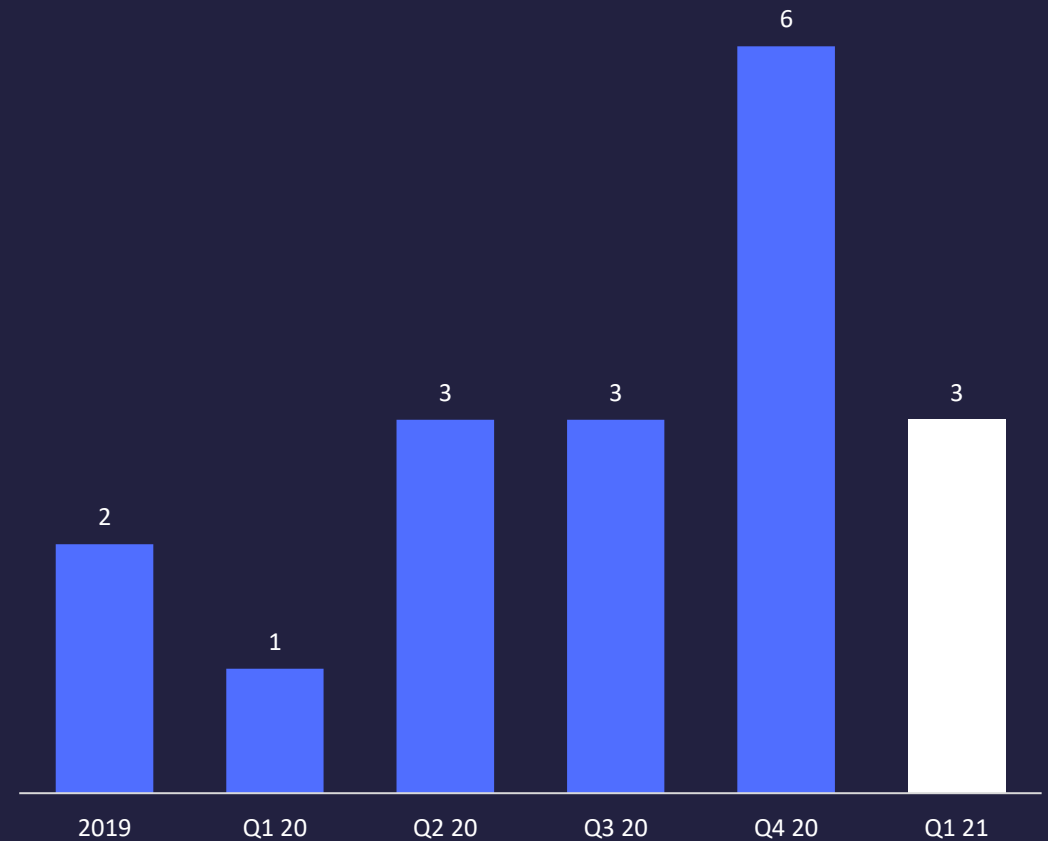
Revenue and EBITDA margin

USD thousands



Data center; Low visibility

- Three new Data Center orders announced in Q1 2021 totaling \$0.9 million of value
- 2020 demand growth driven by two new OEMs
- Nearly 20 new server loop designs added to support new customers
- Green data center legislation the main long-term trigger



Data center strategic development

Goal	Strategy	Development and Outlook
Maintain position and create a sustainable and profitable business over time	<ul style="list-style-type: none">• Influence the influencers and develop policy support for climate gains of utilization of reused waste heat toward carbon neutrality• Increase end-user adoption with existing and new OEMs• Exploit established leadership within HPC	<ul style="list-style-type: none">• Global sustainability agenda strengthens rationale for Asetek's data center solution• Market adoption of liquid cooling remains slow with need for public standards to trigger wider investments• Segment revenue and operating results are expected to fluctuate as partnerships with OEMs are developed.• Optimising segment overhead

Financials

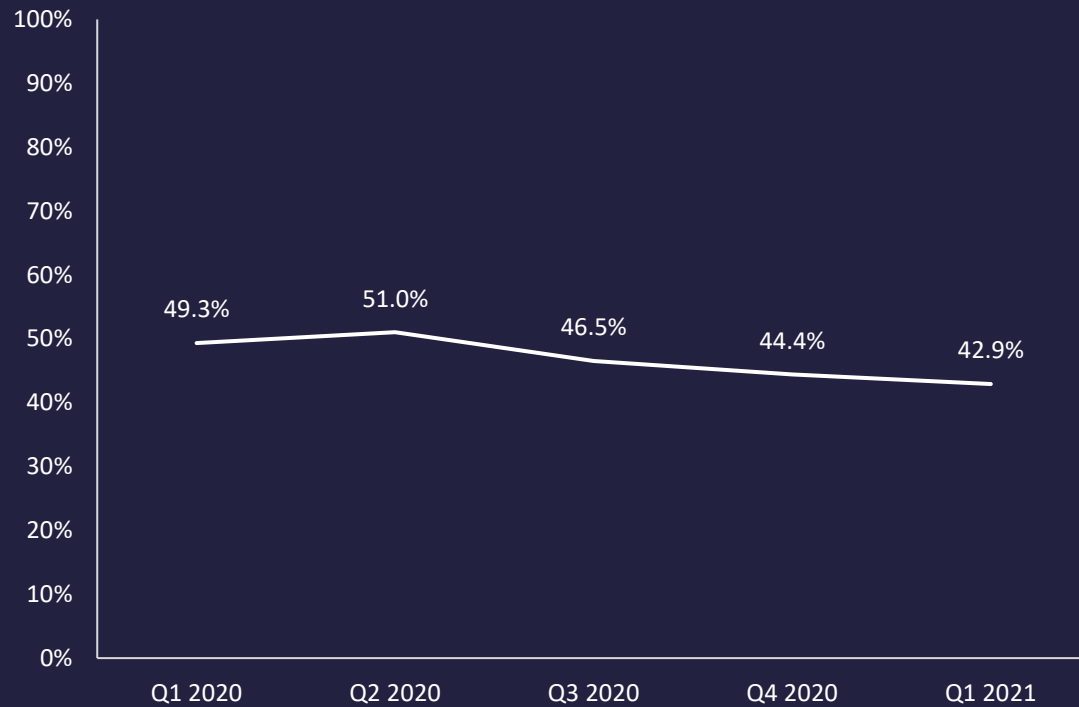
Income statement

Figures in USD (000's)	Q1 2021	Q1 2020	2020
	<i>Unaudited</i>	<i>Unaudited</i>	
Revenue	25,015	9,124	72,750
Cost of sales	14,284	4,626	38,556
Gross profit	10,731	4,498	34,194
Research and development	1,850	1,167	5,718
Selling, general and administrative	5,347	4,252	17,548
Total operating expenses	7,197	5,419	23,266
Operating income	3,534	(921)	10,928
Foreign exchange (loss) gain	534	212	(1,361)
Finance income (costs)	(52)	9	(141)
Total financial income (expenses)	482	221	(1,502)
Income before tax	4,016	(700)	9,426
Income tax (expense) benefit	(890)	-	(231)
Income for the period	3,126	(700)	9,195
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation adjustments	(1,212)	(399)	2,392
Total comprehensive income	1,914	(1,099)	11,587
Income per share (in USD):			
Basic	0.12	(0.03)	0.36
Diluted	0.12	(0.03)	0.35

- Record Q1 revenue on increased shipments of Gaming and Enthusiast products
 - Sales of 412,000 sealed loop coolers, compared with 143,000 in Q1 2020
 - ASP per unit in decreased from the prior year periods due to changes to business model
- Increase in overhead due to new SimSports business and costs to support the revenue growth
 - Staff increased by 40% to ~140 employees over the past year

Margin development

Quarterly Group gross margin development

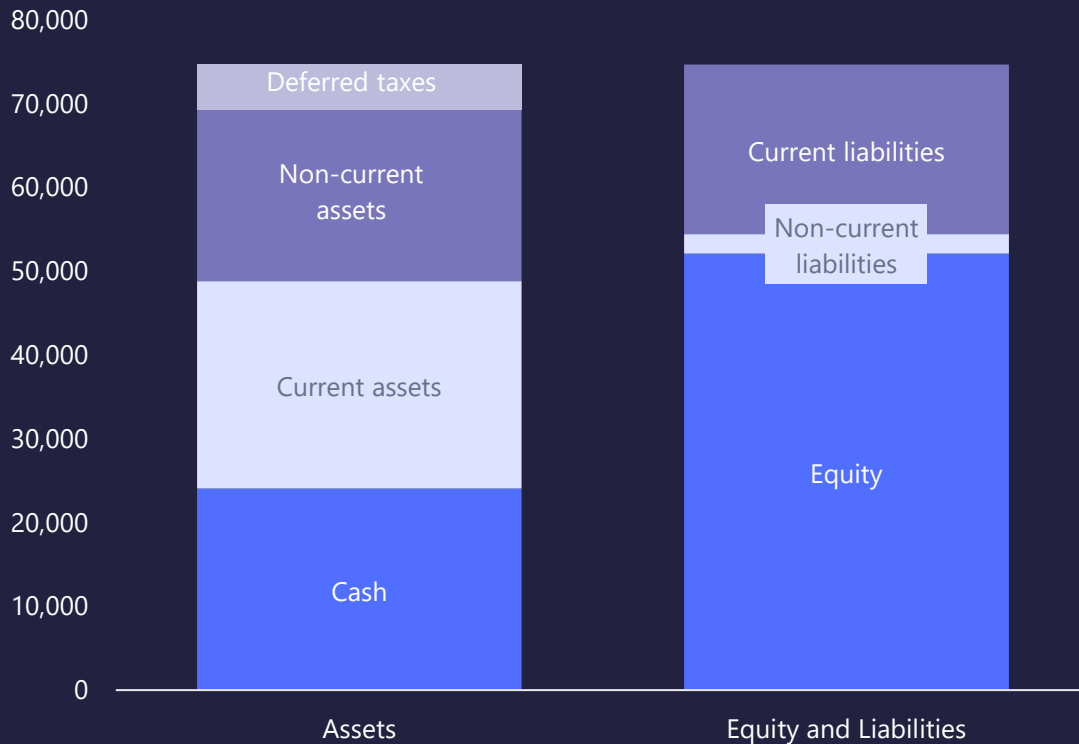


- Gross margin of 42.9% down from 49.3% in Q1 2020
 - Decrease due to change in the mix of product shipments, increases in certain component costs and weaker USD
- Full-year 2021 margin is expected to decrease vs. 2020
 - Around 45%-level expected for the full year

Strong balance sheet supporting long-term growth

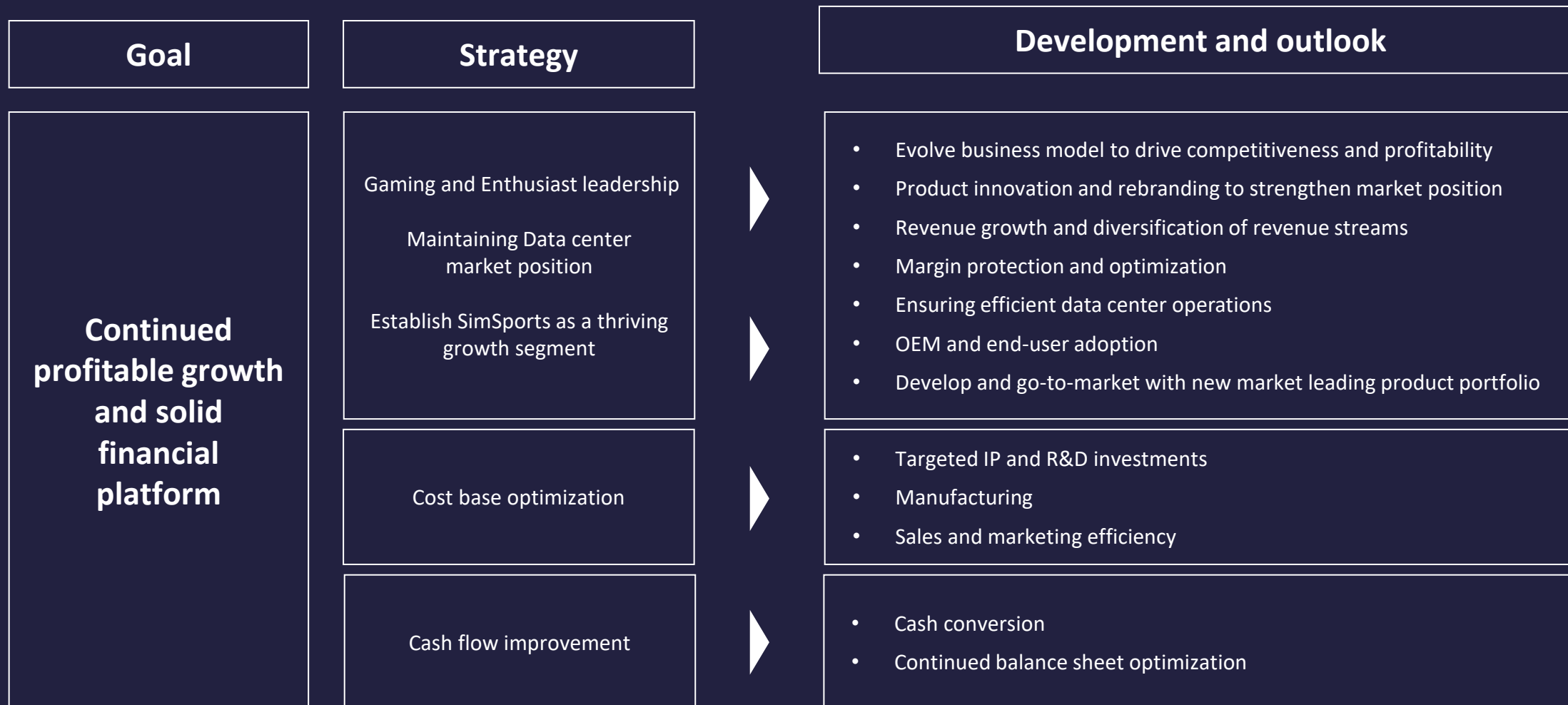
Balance sheet

USD thousands as at March 31, 2021



- Strong cash position and low interest-bearing debt
- Solid and attractive partner for OEM customers
- Flexibility to develop and defend IP
- Platform for expanding gaming product portfolio
- Ambition to distribute cash surplus over time subject to change of current tax situation
- Q1 2021 share repurchases of \$2.1 million to offset employee option
 - Completed buyback program launched in October 2020
- Now initiating share repurchases of \$3.0 million to offset 2021 employee options

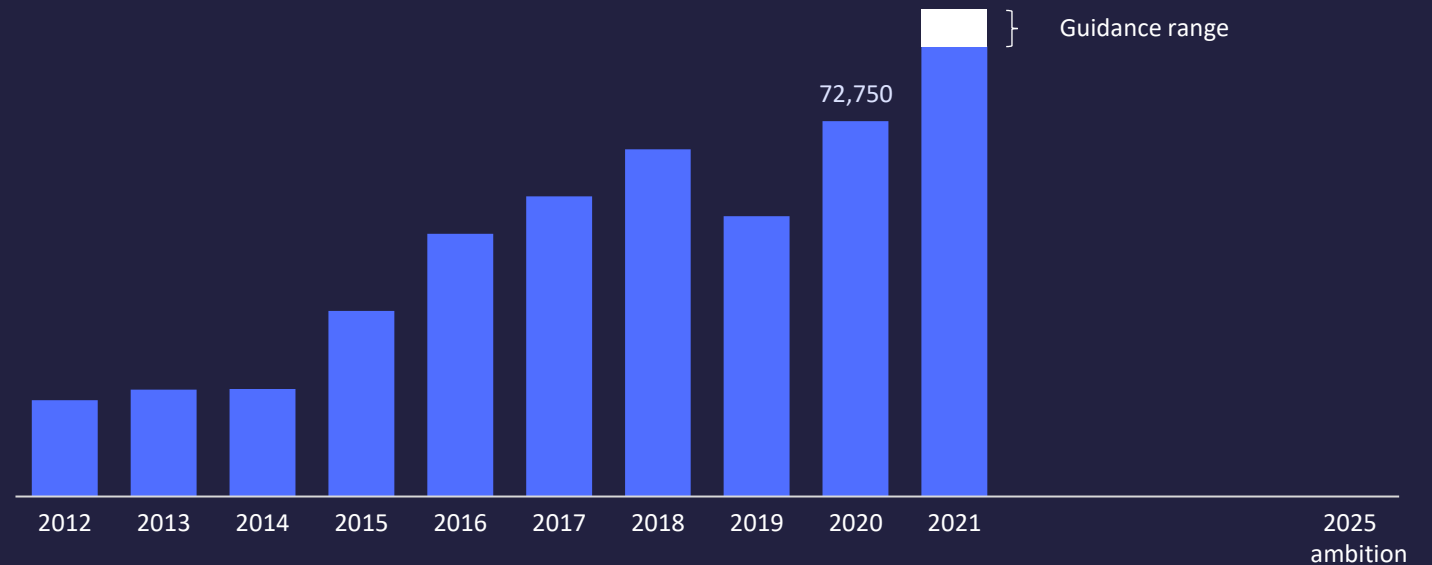
Financial strategy



Summary and outlook

- Record Group revenue expected for FY 2020
- Driven by strong demand for Gaming and Enthusiast products
- Data center; Low visibility
- Developing SimSports offering with launch of first products in 2021
- On track to deliver on 2025 revenue ambition

Annual Group revenue
USD thousands



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 & GM, B2C BU
Jim Carlton

- A veteran product and marketing leader with nearly 30 years of experience. He started his career as a software programmer and tech support agent and has consistently taken on roles offering an opportunity to challenge himself and his teams
- He studied Biological Science at University of California, Irvine



VP Global Sales and Marketing
Dipak Rao

- 15 years+ experience leading global teams and managing global accounts in the high-tech industry
- Prior to joining Asetek, Dipak held senior sales and product marketing roles at AMD
- B.A. (Honors) in Marketing from De Montfort University, Leicester in the U.K



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



VP Global Quality
Magnus Hakanen

- 20+ years of experience from quality management positions within international organizations like VELUX, Grundfos, Vestas, Nilfisk and automotive companies
- M.Sc. in Mech. Engineering from the KTH Royal Institute of Technology in Stockholm, Sweden. In addition he also has a Six-Sigma Black Belt certification



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

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
Chris Christopher

- 40+ years of leadership, management and tech industry experience
- Most recent Senior VP and GM at HP for an USD 18bn portfolio consisting of blades based client systems, workstations and desktop PCs
- BSEE and MSEE from Colorado State University and an Executive MBA from Insead School of Business



Director
Maria Hjorth

- 20+ years of consulting and financial sector experience covering business development, M&A, investor relations and operational optimization
- CEO of VP Securities
- MSc and BSc in Economics from University of Copenhagen and a MSc in Business Psychology from University of Westminster in London



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
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

Income statement

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Basic	\$	0.12	\$	(0.03)	\$ 0.36
Diluted	\$	0.12	\$	(0.03)	\$ 0.35

Balance sheet

Figures in USD (000's)

	31 Mar 2021	31 Dec 2020
	Unaudited	
ASSETS		
<i>Non-current assets</i>		
Intangible assets	\$ 10,906	\$ 3,217
Property and equipment	9,428	7,049
Deferred income tax assets	5,369	6,421
Other assets	348	605
Total non-current assets	26,051	17,292
<i>Current assets</i>		
Inventory	2,801	2,531
Trade receivables and other	21,972	24,471
Cash and cash equivalents	24,054	27,099
Total current assets	48,827	54,101
Total assets	\$ 74,878	\$ 71,393
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	\$ 440	\$ 433
Retained earnings	58,811	50,681
Translation and treasury share reserves	(6,925)	(3,589)
Total equity	52,326	47,525
<i>Non-current liabilities</i>		
Long-term debt	2,316	2,604
Total non-current liabilities	2,316	2,604
<i>Current liabilities</i>		
Short-term debt	925	1,525
Accrued liabilities	1,978	2,429
Accrued compensation & employee benefits	1,468	3,193
Trade payables	15,865	14,117
Total current liabilities	20,236	21,264
Total liabilities	22,552	23,868
Total equity and liabilities	\$ 74,878	\$ 71,393

Cash flow statement

Figures in USD ('000's)	Three months ending		2020
	31 Mar 2021	31 Mar 2020	
	Unaudited	Unaudited	
Cash flows from operating activities			
Income for the period	\$ 3,126	\$ (700)	\$ 9,195
Depreciation and amortization	982	873	3,754
Finance income recognized	(1)	(49)	(51)
Finance costs recognized	53	40	192
Finance income, cash received	1	49	51
Finance costs, cash paid	(32)	(21)	(112)
Income tax expense	890	-	231
Cash receipt (payment) for income tax	-	-	10
Share based payments expense	172	221	918
Changes in trade receivables, inventories, other assets	1,336	6,490	(10,121)
Changes in trade payables and accrued liabilities	415	(4,425)	7,363
Net cash provided by (used in) operating activities	6,942	2,478	11,430
Cash flows from investing activities			
Acquisition of business	-	-	(1,316)
Additions to intangible assets	(4,109)	(357)	(1,571)
Purchase of property and equipment	(3,320)	(109)	(1,929)
Net cash used in investing activities	(7,429)	(466)	(4,816)
Cash flows from financing activities			
Funds drawn (paid) against line of credit	(525)	(4)	(269)
Repurchase of common shares	(2,124)	-	(6,369)
Proceeds from issuance of share capital	617	-	2,381
Principal payments on capitalized leases	(215)	(226)	(831)
Net cash provided by (used in) financing activities	(2,247)	(230)	(5,088)
Effect of exchange rate changes on cash and cash equivalents	(311)	(128)	1,068
Net changes in cash and cash equivalents	(3,045)	1,654	2,594
Cash and cash equivalents at beginning of period	27,099	24,505	24,505
Cash and cash equivalents at end of period	\$ 24,054	\$ 26,159	\$ 27,099
Supplemental disclosures -			
Property and equipment acquired under leases	\$ -	\$ -	\$ 668

Statement of equity

Unaudited

Figures in USD (000's)	Share capital	Translation reserves	Treasury share reserves	Retained earnings	Total
Equity at January 1, 2021	\$ 433	\$ 2,784	\$ (6,373)	\$ 50,681	\$ 47,525
Total comprehensive income - quarter ended March 31, 2021					
Income for the period	-	-	-	3,126	3,126
Foreign currency translation adjustments	-	(1,212)	-	-	(1,212)
Total comprehensive income - quarter ended March 31, 2021	-	(1,212)	-	3,126	1,914
Transactions with owners - quarter ended March 31, 2021					
Shares issued for purchase of assets	6	-	-	4,216	4,222
Shares issued for options exercised	1	-	-	616	617
Shares repurchased	-	-	(2,124)	-	(2,124)
Share based payment expense	-	-	-	172	172
Transactions with owners - quarter ended March 31, 2021	7	-	(2,124)	5,004	2,887
Equity at March 31, 2021	\$ 440	\$ 1,572	\$ (8,497)	\$ 58,811	\$ 52,326
Equity at January 1, 2020	\$ 423	\$ 392	\$ (4)	\$ 38,197	\$ 39,008
Total comprehensive income - quarter ended March 31, 2020					
Income for the period	-	-	-	(700)	(700)
Foreign currency translation adjustments	-	(399)	-	-	(399)
Total comprehensive income - quarter ended March 31, 2020	-	(399)	-	(700)	(1,099)
Transactions with owners - quarter ended March 31, 2020					
Share activity	-	-	(3)	-	(3)
Share based payment expense	-	-	-	221	221
Transactions with owners - quarter ended March 31, 2020	-	-	(3)	221	218
Equity at March 31, 2020	\$ 423	\$ (7)	\$ (7)	\$ 37,718	\$ 38,127



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