



Asetek – Q1 2020: Lower Revenue and Increased Gross Margin

- Q1 revenue of \$9.1 million, a decrease of 18% from Q1 2019
- Gross margin increased to 49% from 43% in Q1 2019, driven by higher Data center prices, business model transition and a stronger U.S. dollar
- Q1 EBITDA adjusted of \$0.2 million compared to \$0.3 million in Q1 2019
- Cash position increased to \$26.2 million at the end of Q1 from \$24.5 million at end of 2019
- No substantial supply chain- or operational impact from COVID-19 beyond the effects of the lock-down in China in mid-Q1
- Group expectations for 2020 maintained
- Share buy-back program launched to offset employee option grants

Asetek reported first-quarter revenue of \$9.1 million compared with \$11.2 million in the same period of 2019. The change from prior year reflects the previously communicated effects of macroeconomic headwinds including COVID-19, Asetek's transition to a new business model and declining sales to one OEM customer. Specific COVID-19 impact to revenue in the first quarter comprised \$0.6 million of orders scheduled for March that were delayed to the second quarter. Supply chain and general company operations have to date not been significantly impacted by COVID-19.

Gross margin for the first quarter was 49%, an increase from 43% in the same quarter of 2019. The gross margin increase reflects increased prices for Data center products, a stronger U.S. dollar and Asetek's business model transition for Gaming and Enthusiast OEMs that do their own customization of their liquid coolers. Shipments under the new model have lower ASPs as Asetek delivers only the principal core technology with improved margins, while the customer adds their unique features with ancillary components.

"Beyond measures we have taken to safeguard employees and some effects of the lock-down in China in the middle of the quarter, we have not seen major changes to our business environment and outlook to date due to COVID-19," said André Sloth Eriksen, CEO and founder of Asetek. "We maintain our focus on new and innovative Gaming and Enthusiast solutions, the ongoing business model transition and developing our brand position with OEM partners and end-users."

Operating loss totaled \$0.9 million and adjusted EBITDA was positive \$0.2 million in the first quarter of 2020, compared with operating loss of \$1.0 million and adjusted EBITDA of positive \$0.3 million in the first quarter of 2019. Operating expense decreased 6% from the prior year period as a result of reduced amortization expense, lower share-based compensation and a stronger U.S. dollar.

At March 31, 2020, Asetek had working capital of \$27.4 million, of which \$26.2 million is cash and cash equivalents. Long-term debt totaled \$2.5 million.

Today, Asetek announced a share buy-back program to offset employee option grants. The Company may purchase up to 1.0 million shares on the open market for a maximum cost of \$4.5 million through September 2020.

In January, the Company announced its most advanced liquid cooling technology to date with the launch of the NZXT Kraken Z-3 and X-3 series. This latest cooling technology includes a new performance-engineered pump and cold plate, advanced temperature sensing, and even quieter operation.

In February, Asetek began delivering waste heat from its in-house data center to Aalborg Forsyning, the city's municipal district heating network. Asetek's RackCDU™ liquid cooling systems capture and deliver heat to the network to help warm homes and businesses in the city of Aalborg. This connection demonstrates the viability of Asetek's technology in enabling power savings and reducing CO2 emissions.

While first-quarter revenue partly reflected COVID-19 effects, the pandemic has not had a significant impact on the Company's business environment and outlook to date. However, the Company recognizes significant uncertainty related to COVID-19 over time.

Considering current macroeconomic developments, the ongoing business model transition and reduced demand from one OEM customer, the Company maintains its outlook for 2020. Asetek expects a decline in Group revenue of 5% to 10% in 2020 compared with 2019. Asetek is executing against its full-year 2020 operating plan, and the timing of orders and shipments will vary when compared with prior year quarterly results. Gross margin is expected to increase from 2019 and the Company expects a positive income before tax.

Conference call and webcast today Wednesday, 22 April at 10:00 CEST:

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results at 10:00 CEST and invites investors, analysts and media to join the presentation. The presentation is expected to last up to one hour, including Q&A, and can be followed via live webcast or conference call.

Webcast – audio and slide presentation: Please join the Q1 2020 results webcast via the following link:
<https://edge.media-server.com/mmc/p/2eubhva5>

Conference call – audio only: Please dial in 5-10 minutes prior using the phone numbers and confirmation code below:

Copenhagen, Denmark:	+45 3272 8042
Oslo, Norway	+47 2396 0264
London, United Kingdom:	+44 (0) 8445 7188 92
Paris, France:	+33 (0) 1767 00794
New York, United States of America	+1 631 5107 495

Confirmation code: 4567318

Material:

The first quarter report and presentation will also be made available online at www.asetek.com (<https://ir.asetek.com/>) and

www.newsweb.no, as well as through news agencies.

A recorded version of the presentation will be made available at www.asetek.com (<https://ir.asetek.com/>) approximately two hours after the presentation has concluded.

Q&A:

The conference call lines will be opened for participants to ask question at the end of the presentation. Questions can also be submitted through the online webcast during the presentation.

For questions or further information, please contact:

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CFO Peter Dam Madsen, +45 2080 7200, email: investor.relations@asetek.com

About Asetek:

Asetek, the creator of the all-in-one liquid cooler, is the global leader for liquid cooling solutions for high performance gaming and enthusiast PCs, and environmentally aware data centers. Founded in 2000, Asetek is headquartered in Denmark and has operations in China, Taiwan and the United States. Asetek is listed on the Oslo Stock Exchange (ASETEK.OL).

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