



Asetek – Q3 2020: Record Revenue and EBITDA on Strong Gaming and Enthusiast Demand

- Record quarterly revenue of \$21.6 million, reflecting growth of 108% over Q3 2019
- Gross margin increased to 47% in Q3 and 49% in the first nine months, from 42% in both prior year periods
- Record quarterly EBITDA adjusted of \$5.4 million in Q3 2020, compared with \$32,000 in Q3 2019
- Year-to-date revenue grew to \$44.9 million with EBITDA adjusted of \$8.7 million compared with \$38.7 million and \$3.6 million respectively in 2019
- 2020 Group revenue expectation updated October 19 to an increase of 25% to 30% to an annual record level, compared with 2019 revenue of \$54.3 million
- Gross margin is expected to increase from 2019 and Asetek expects an income before tax of about \$9 to \$10 million, up from \$1.5 million in 2019

Asetek reported record revenue of \$21.6 million in the third quarter of 2020, an increase of 108% from the same period of 2019. Revenue in the first nine months was \$44.9 million representing growth of 16% compared with the same period of 2019. The change from prior year mainly reflects increased shipments of Gaming and Enthusiast products.

Gross margin was 47% for the third quarter and 49% for the first nine months, up from 42% in both comparable periods of the prior year. The gross margin increase reflects a richer product mix, higher sales prices for Data center products and Asetek's business model transition for Gaming and Enthusiast OEMs that customize their liquid coolers.

"The step-change in demand for Gaming and Enthusiast products experienced since late second quarter continues and with year-over-year margin improvement for all product groups, we are on track to report record revenue and profit for 2020," said André Sloth Eriksen, CEO and founder of Asetek. "During the second half, we plan to start shipping an all-time-high of new products, reflecting our commitment to innovation, great end-user experiences and strong OEM partnerships which form the foundation for our long-term growth and value-creation."

Operating income totaled \$4.3 million and adjusted EBITDA was \$5.4 million in the third quarter of 2020, compared to operating loss of \$1.2 million and adjusted EBITDA of \$32,000 in the third quarter of 2019. Operating income in the first nine months was \$5.3 million and adjusted EBITDA was \$8.7 million, compared with operating loss of \$0.1 million and adjusted EBITDA of \$3.6 million in the same period of 2019.

In April, the Company initiated a share buy-back program to offset employee option grants. Under this program, the Company repurchased a total of 657 thousand shares for a total cost of \$4.5 million through to September 30. On October 22, the Company renewed this program with authorization to repurchase shares for an additional \$4 million through March 5, 2021.

At September 30, 2020, Asetek had working capital of \$31.4 million, of which \$26.8 million was cash and cash equivalents. Long-term debt totaled \$2.7 million.

In July, the Company confirmed its collaboration with Hewlett Packard Enterprise (HPE) to deliver its premium data center liquid cooling solutions in HPE Apollo Systems targeting high performance computing and artificial intelligence applications.

During the quarter, Asetek announced three new orders in the data center market from existing HPC OEM partners for new high-density clusters. Total value of the orders is approximately \$1.6 million, and all are expected to be delivered in the fourth quarter.

Asetek began shipping nine new Gaming and Enthusiast products in the third quarter, four of which to a new DIY customer.

There was no significant negative impact from the COVID-19 pandemic on revenue, supply chain or overall operations during the quarter.

Asetek revised its full-year 2020 outlook on October 19. As a result of continued strong demand for the Gaming and Enthusiast products, and improvements in supply chain capabilities enabling this demand to be serviced, Group revenue is expected to increase 25% to 30% from 2019 revenue of \$54.3 million. This projection corresponds to a revenue range of \$67.9 million to \$70.6 million, implying a record annual Group revenue for the full year 2020. Gross margin is expected to increase from 2019, and Asetek expects an income before tax of about \$9 to \$10 million, compared with \$1.5 million in 2019.

The Company recognizes uncertainty related to potential impact from COVID-19 over time. Any such uncertainty is not included in the expectations for the remainder of 2020.

Conference call and webcast today Friday, 23 October at 08:30 CEST:

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results at 08:30 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 Q3 2020 results webcast via the following link:
<https://edge.media-server.com/mmc/p/vmjbxrso>

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
Frankfurt, Germany	+49 (0) 69 2443 7351
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: 2352504

Material:

The third 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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