



Asetek - Q4 2020: Record Quarter and Full-Year Revenue and EBITDA on Gaming and Enthusiast Demand

- Record quarterly revenue of \$27.9 million, reflecting growth of 78% over Q4 2019
- Gross margin increased to 44% in Q4, from 43% in Q4 2019
- Record quarterly EBITDA adjusted of \$6.9 million in Q4 2020, compared with \$2.6 million in Q4 2019
- Announced two acquisitions strengthening the Gaming and Enthusiast product offering
- Full year revenue grew to a record \$72.8 million with EBITDA adjusted of \$15.6 million compared with \$54.3 million and \$6.2 million, respectively in 2019
- Group revenue growth expectation of 10 to 20% for 2021, with an expected lower gross margin
- Full year 2021 operating income is expected to be between \$9 and \$15 million

Asetek reported record revenue of \$27.9 million in the fourth quarter of 2020, an increase of 78% from the same period of 2019. Revenue in the full year was a record \$72.8 million representing growth of 34% compared with 2019. The change from prior year mainly reflects increased shipments of Gaming and Enthusiast products.

Gross margin was 44% for the fourth quarter and 47% for the full year, up from 43% and 42% in the respective 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. A weaker U.S. dollar in the fourth quarter of 2020 tempered the increase in margin from the prior year.

"2020 was a record year in terms of revenue and profitability on the back of demand growth and high activity in both the Gaming and Enthusiast and Data Center business," said André Sloth Eriksen, CEO and founder of Asetek. "Looking ahead, we expect growth to continue in 2021. We also look forward to developing our SimSports product offering for a rapidly growing segment of the gaming market by leveraging the same capabilities that made us the global leader in liquid cooling solutions."

Operating income totaled \$5.6 million and adjusted EBITDA was \$6.9 million in the fourth quarter of 2020, compared with operating income of \$1.2 million and adjusted EBITDA of \$2.6 million in the fourth quarter of 2019. Operating income in the full year was \$10.9 million and adjusted EBITDA was \$15.6 million, compared with operating income of \$1.0 million and adjusted EBITDA of \$6.2 million in 2019.

During the fourth quarter, the Company repurchased a total of 187 thousand common shares for a total cost of \$1.9 million, to offset employee option grants. In the full year 2020, the Company repurchased a total of 844 thousand shares for a total cost of \$6.4 million.

At December 31, 2020, Asetek had working capital of \$32.8 million, of which \$27.1 million was cash and cash equivalents. Long-term debt totaled \$2.6 million.

In November 2020, Asetek acquired JMH Gallows Pound Technologies Ltd., a UK-based developer of hardware and software technology and owners of the Ultimate Game Tech brand, for \$1.4 million.

In January 2021, the Company announced an agreement to acquire intellectual property from Finland-based Granite Devices Inc. for EUR 6.8 million (USD 8.3 million). Asetek will pay EUR 3.4 million in cash and the remainder in newly issued shares of Asetek common stock.

The assets acquired from the above transactions are expected to strengthen Asetek's intellectual property and product offerings in market opportunities identified within the Asetek eSports Academy.

During the fourth quarter, the Company announced that Supermicro is deploying Asetek's Direct-to-Chip liquid cooling in a new high-performance computing cluster at Lawrence Livermore National Labs. The integration of Asetek liquid cooling enables the use of high wattage processors in high density configurations to support compute-intensive workloads.

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

For 2021, the Company expects revenue to increase by 10% to 20% from 2020, with gross margins anticipated to be lower than 2020, partly due to negative currency effects. Management expects the Company to report operating income of between \$9 and \$15 million in 2021.

The Company recognizes uncertainty related to potential impact from COVID-19 over time. Any such uncertainty is not included in the expectations for 2021.

Material:

Today, Asetek also published its Annual Report and its Sustainability Report for 2020. It is attached to this release together with the fourth quarter report and is also available online at www.asetek.com (<https://ir.asetek.com/>) and www.newsweb.no, as well as through news agencies.

Capital Markets Update (CMU) and fourth quarter 2020 presentation on Thursday, 4 March:

Asetek is pleased to invite investors, analysts, media and other stakeholders to its Capital Markets Update (CMU) and fourth quarter 2020 presentation on Thursday, 4 March 2021. A detailed program will be announced closer to the CMU date.

Attend Asetek's live webcast and learn more about the company's positioning and development as a Global Leader in Liquid Cooling Solutions and plans for strengthening its Gaming and Enthusiast offering.

The CMU presentation will be given in English by CEO André Sloth Eriksen, COO John Hamill and CFO Peter Dam Madsen.

For questions or further information, please contact:

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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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