



Asetek – Q2 2021: Record Second-quarter Revenue on Strong Gaming and Enthusiast Demand

- **Record Q2 revenue of \$23.2 million reflecting growth of 64% over Q2 2020**
- **Q2 EBITDA adjusted of \$3.2 million, compared with \$3.1 million in Q2 2020**
- **First-half 2021 revenue grew 107% to \$48.2 million, and EBITDA adjusted increased 140% to \$7.9 million**
- **SimSports R&D investment of \$0.7 million in Q2, with launch of first products expected later this year**
- **G&E investments increased to support future revenue growth**
- **2021 Group revenue expectation maintained at increase of 20% to 30% over 2020 revenue of \$72.8 million**
- **Gross margin is expected to normalize to between 40% and 45% in 2021 and operating income expectation is revised to the range of \$8 to \$12 million (previously \$11-\$16 million), compared with \$10.9 million in 2020**

Asetek reported second-quarter revenue of \$23.2 million, an increase of 64% from the same period of 2020. First-half 2021 revenue was \$48.2 million, an increase of 107% from first-half 2020. The growth in both periods mainly reflects increased shipments of Gaming and Enthusiast products.

Gross margin was 42% for the second quarter and 43% in the first half of 2021 compared with a record level 51% in the each of the same periods of 2020. The decline reflects a change in the mix of product shipments, increases in certain component costs due to the ongoing global component shortage, and a weaker U.S. dollar.

“We experience continued strong demand for our Gaming and Enthusiast products as reflected in record revenue for the second quarter and the first half. This provides a robust platform for investing in future growth. However, high product development activity combined with increased costs for certain components, IP defense and FX impacted margins for the period,” said André Sloth Eriksen, CEO and founder of Asetek. “We maintain our full-year growth outlook as we move towards the introduction of the first of our SimSports products for this rapidly expanding segment of the gaming market later in the year.”

Operating income was \$1.9 million and adjusted EBITDA was \$3.2 million in the second quarter of 2021, compared with operating income of \$2.0 million and adjusted EBITDA of \$3.1 million in the second quarter of 2020. First-half 2021 operating income was \$5.4 million and adjusted EBITDA was \$7.9 million, compared with operating income of \$1.1 million and adjusted EBITDA of \$3.3 million in the same period of 2020.

Operating expense included R&D investment in the new SimSports line of business of \$0.7 million and \$1.2 million in the second quarter and first half of 2021, respectively, compared with zero in the same periods of 2020.

In April, to offset an approved employee option grant, the Board of Directors authorized the repurchase of 237 thousand shares for up to \$3.0 million over a three-month period. During the second quarter, the Company repurchased 124 thousand common shares for a total of \$1.5 million.

At June 30, 2021, Asetek had working capital of \$28.2 million, of which \$24.7 million was cash and cash equivalents. Long-term debt totaled \$2.1 million.

During the quarter, the Company announced that Asetek technology is powering several new all-in-one coolers offered by ASUS, including its second-generation ROG Ryujin line of CPU coolers, its new family of ROG Strix LC II ARGB high performance CPU coolers, and its new liquid cooled NVIDIA GeForce RTX 3080 Ti graphics card. These offerings provide extreme performance and overclocking capability, silent operation and next-generation aesthetics.

In the first quarter, Asetek announced its entrance into the fast-growing SimSports gaming market. Asetek has invested over \$10 million to advance the development of its SimSports offerings, including software, hardware, mechanical designs and operational proficiency from asset acquisitions in January 2021 and November 2020. Asetek anticipates the launch of new SimSports products in late 2021.

In 2021, various factors including production constraints and the accelerated digital transformation brought upon by the COVID-19 pandemic has led to a shortage of semiconductor chips. This shortage has constrained the ability of both the Company's suppliers and customers to fulfill demand, thereby limiting Asetek's revenue growth in the short term. The time and manner in which the chip shortage may ease is currently unclear.

Asetek maintains its 2021 revenue expectation of an increase of 20% to 30% from 2020. The gross margin is anticipated to normalize within the range of 40% to 45% in 2021, compared with 47% in 2020. Management revises the operating income expectation to between \$8 and \$12 million in 2021, reflecting increased overhead costs to facilitate growth combined with FX, component shortage mitigation as well as U.S. tariff mitigation. This compares to the previous expectation of operating income in the range of \$11 to \$16 million.

The Company recognizes uncertainty related to potential impact from COVID-19 and the global semiconductor chip shortage. Any such uncertainty is not included in the expectations for 2021.

Conference call and webcast today Thursday, 12 August at 2:00 PM CEST:

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results at 2:00 PM 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 Q2 2021 results webcast via the following link: <https://streams.eventcdn.net/asetek/q2-2021/register>

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

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Frankfurt, Germany	+49 6913 8034 52
London, United Kingdom	+44 (0) 3333 00 9032
New York, United States of America	+1 631 913 1422 (US only PIN: 14473374#)

Material:

The second quarter report and presentation are 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@astek.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 (ASTK.OL).

www.asetek.com

This information is subject to the disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act. This stock exchange release was published by Peter Dam Madsen, CFO at Asetek A/S, on August 12, 2021 at 12:00 CEST