



Asetek – Q3 2021: Soft Q3 as Expected – Long-term Growth Ambitions Remain Firm

- Nine-month revenue of \$61.7 million (+37%) and EBITDA adjusted of \$6.5 million
- Q3 revenue of \$13.5 million compared with \$21.6 million in Q3 2020; Q3 gross margin of 39% compared with 47% in prior year
- Q3 EBITDA adjusted of negative \$1.4 million, compared with \$5.4 million in Q3 2020
- Results are consistent with update provided on September 22
- One-time charge of \$1.7 million in operating expense for exit of the HPC data center niche
- Opening of orders for SimSports products in Q4, with R&D investment of \$0.8 million in Q3
- Asetek technology incorporated in first AIO liquid cooling solutions from global gaming leader Razer
- Expectation for 2021 Group revenue growth of 10 – 20% maintained, current revenue outlook trending toward the lower end of the range

Asetek reported third-quarter revenue of \$13.5 million, compared with \$21.6 million in the same period of 2020. Revenue in the first nine months was \$61.7 million, representing growth of 37% compared with the same period of 2020. The changes from prior year mainly reflect fluctuation in the volume of shipments of Gaming and Enthusiast products, impacted by several factors: A global shortage of chips, particularly GPUs, has suppressed demand for Asetek's coolers. Disruption in global shipping and logistics has delayed customer shipments. Manufacturing schedules and component deliveries from suppliers have been hindered by a global component shortage, power outages and COVID-related factory shutdowns in the Tongan District in China.

In order to maximize the future profitability of its Data center business, the Company announced that it is exiting the High-Performance Computing (HPC) niche. Asetek plans to prioritize the general data center market and support legislation increasing adoption of its sustainable solutions, capitalizing on its liquid cooling technology and long-term investments in the segment. Asetek recorded a one-time charge of \$1.7 million to operating expense in Q3 2021 following this strategic change.

Gross margin was 39% for the third quarter and 42% in the first nine months, compared with 47% and 49% in the respective periods of 2020. The margin decline reflects increases in certain component costs due to the ongoing global component shortage, higher shipping costs, a change in the mix of product shipments and a weaker U.S. dollar.

"We are set to deliver record revenue in 2021 as gamers invest more in hardware and immersive experiences enabled by Asetek liquid cooling technology. Our long-term revenue ambition of 15% average annual growth through 2025 remain firm despite current shut-downs, component shortages and shipping bottle-necks affecting global supply chains and our short-term growth and cost base," said André Sloth Eriksen, CEO and founder of Asetek. "Our

strategy of profitable growth is led by continuous innovation within the Gaming and Enthusiast segment, our new SimSports product line and a refocused Data center business positioned for significant value-creation by providing sustainable solutions for an emerging general data center market.”

Operating loss was \$4.1 million and adjusted EBITDA was negative \$1.4 million in the third quarter of 2021, compared with operating income of \$4.3 million and adjusted EBITDA of \$5.4 million in the third quarter of 2020. Operating income in the first nine months was \$1.3 million and adjusted EBITDA was \$6.5 million, compared with operating income of \$5.3 million and adjusted EBITDA of \$8.7 million in the same period of 2020.

Operating expense included R&D in the new SimSports line of business of \$0.8 million and \$2.0 million in the third quarter and first nine months of 2021, respectively, compared with zero in the same periods of 2020.

During the third quarter, the Company repurchased 113 thousand common shares for a total of \$1.25 million to complete the share repurchases under the April 2021 program. At September 30, 2021, Asetek had working capital of \$22.9 million including \$25.4 million of cash and cash equivalents, and long-term debt totaled \$1.9 million.

In September, Asetek announced the first of its sim racing products – Invicta Sim Racing Pedals – which include a throttle, brake pedal and add-on clutch pedal, along with its RaceHub software for quick and easy adjustments and calibration. This initial offering will be available for purchase in Q4 2021, with delivery to customers early next year.

In the third quarter, fifteen new Gaming & Enthusiast products began shipping, including one to a new customer. The Company also announced new all-in-one (AIO) coolers offered by its partners – Phanteks introduced the extreme performance Glacier One 240T30 AIO CPU cooler and MSI introduced its MEG CORELIQUID S Series premium AIO CPU coolers.

In October, the Company announced that Asetek technology is incorporated in the first AIO liquid cooling solutions from global gaming leader Razer.

Asetek's short-term outlook is affected by several factors. Manufacturing schedules and component deliveries from suppliers are hindered by power outages and COVID-related factory shutdowns in the Tongan District in China, which may continue. Significant increases in shipping and logistics costs are reducing gross margins. A global shortage of chips, particularly GPUs, is negatively impacting the market for Asetek's coolers.

In recognition of the above factors, Asetek on September 22 updated its 2021 revenue expectation to an increase of 10% to 20% from 2020 (previously 20% to 30%). Operating income expectation was updated to between \$0 and \$2 million in 2021 (previously \$8 to \$12 million), reflecting the effect of reduced revenue due to the shortage of GPUs, increased shipping and component costs, uncertainties regarding operations in China, and non-recurring costs associated with the exit of the HPC data center niche. Asetek's most recent revenue outlook is trending toward the lower end of the above noted range.

Conference call and webcast today Thursday, 28 October at 8:00 CEST:

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results at 8:00 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 third 2021 results webcast via the following link:

<https://streams.eventcdn.net/asetek/2021q3>

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

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Material:

The third 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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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.