

Asetek – Q3 2023: Strong Liquid Cooling Demand Drives Revenue and EBITDA Growth

- **Third-quarter revenue of \$20.5 million, up 96% vs. Q3 2022**
- **Gross margin of 46% compared with 42% in Q3 2022**
- **Q3 adjusted EBITDA of \$4.8 million, compared with loss of \$0.6 million in Q3 2022**
- **SimSports revenue of \$1.2 million in Q3, compared with \$0.5 million in Q3 2022**
- **Nine-month revenue increased 45% to \$59.7 million and adjusted EBITDA of \$13.7 million vs. loss of \$0.2 million in 2022**
- **New OEM Lian Li launched first high-end liquid cooler with Asetek technology**
- **Full-year Group revenue guidance maintained with an expected increase in the range of 40% to 45% compared with 2022 and the operating income expectation narrowed to between \$8 to \$9 million**

Asetek reported third-quarter revenue of \$20.5 million, an increase of 96% from the same period of 2022. Revenue in the first nine months amounted to \$59.7 million, an increase of 45% from the first nine months of 2022. The growth in both periods mainly reflects increased shipments of liquid cooling products.

Gross margin was 46% in the third quarter and 45% for the first nine months of 2023, compared with 42% and 41% in the same periods of 2022. The increased gross margins from the corresponding periods last year reflect a richer product mix, reduced costs, and favorable exchange rates.

“Demand for Liquid cooling products has been strong on the back of high product launch activity year-to-date and new OEM customer ramp-up. We are executing our plan for expanding the Sim Racing product family and strengthening the Asetek brand position. While revenue growth combined with a lowered cost base has led to increased cash flows so far this year, our revenue outlook reflects low visibility of demand and market headwinds going forward, which are expected to impact consumer discretionary spending,” said André Sloth Eriksen the CEO of Asetek.

Operating income was \$3.3 million and adjusted EBITDA was \$4.8 million in the third quarter of 2023, compared with an operating loss of \$1.7 million and adjusted EBITDA of negative \$0.6 million in the third quarter of 2022. In the first nine months of 2023, operating income was \$8.4 million and adjusted EBITDA was \$13.7 million, compared with operating loss of \$3.5 million and adjusted EBITDA of negative \$0.2 million in the same period of 2022.

Operating expense of \$6.1 million was in line with the third quarter of 2022. Depreciation and amortization was \$1.3 million and share based compensation amounted to \$0.2 million. Operating expense in the first nine months was \$18.6 million, 9% lower than the same period of the prior year. Operating expense in the first nine months of 2023 includes \$0.8 million of non-recurring charges related to the dual listing of shares on Nasdaq Copenhagen in the second quarter.

During the first nine months of 2023, the Company invested \$20.1 million in property and equipment, including development of a new headquarters facility, and \$2.4 million in capitalized costs for the development of new products. The Company paid down its long-term construction credit line by net \$5.3 million in the first nine months of 2023.

At September 30, 2023, total assets were \$99.6 million (\$78.6 million at December 31, 2022) and total equity was \$65.6 million (\$42.7 million). In May 2023, the Company issued 71.2 million new common shares in a rights offering, raising net proceeds of \$16.1 million.

Working capital at September 30 was \$13.3 million (negative \$6.3 million at December 31, 2022) including \$7.3 million of cash and cash equivalents (\$7.4 million). Long-term debt totaled \$14.9 million (\$1.7 million).

OPERATIONS

In the third quarter, the Company shipped 329 thousand sealed loop coolers compared with 155 thousand in the third quarter of 2022. Eight new products began shipping in the third quarter, including seven liquid coolers, four of which feature the new 8th generation cooling technology, and one SimSports product. In the fourth quarter, eight new liquid cooling products and eight new SimSports products are expected to begin shipping.

In October, the Company announced that new OEM partner Lian Li is launching its Galahad II LCD CPU Coolers, leveraging the superior performance and reliability of Asetek's most advanced technology to date. The Galahad II LCD coolers will enable enthusiasts to boost CPU overclocking capability for extreme performance and will provide exceptional stability for immersive gaming.

OUTLOOK

Considering the effects of market headwinds on demand and the expected impact to consumer discretionary spending going forward, Asetek maintains its Group revenue outlook for 2023, expecting revenue to increase 40% to 45% from 2022 and the operating income expectation narrowed to between \$8 and \$9 million in 2023.

Conference call and webcast

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results today at 14:00 CET 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 results webcast via the following link: <https://events.q4inc.com/attendee/874100850>

Conference call – audio only:

Please dial in 5-10 minutes prior using the phone numbers:

Denmark	+45 32 74 07 10
USA:	+1 646 307 1963
Germany	+49 6958 996 4217
Norway	+47 57 98 94 30
UK	+44 20 3481 4247

Conference ID: 4233834

The third quarter 2023 earnings release and presentation will be made available online at www.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 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:

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

Head of Investor Relations, Per Anders Nyman, +45 2566 6869, email: investor.relations@asetek.com

About Asetek:

Asetek (ASTK), a global leader in mechatronic innovation, is a Danish garage-to-stock-exchange success story. Founded in 2000, Asetek established its innovative position as the leading OEM developer and producer of the all-in-one liquid cooler for all major PC & Enthusiast gaming brands. In 2021, Asetek introduced its line of products for next level immersive SimSports gaming experiences. Asetek is headquartered in Denmark and has operations in China, Taiwan and the United States.

This information is subject to the disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.