



Asetek – Q1 2023: Increased Activity Amid Continued Market Challenges

- **First-quarter revenue of \$14.8 million, up 6% from \$13.9 million in Q1 2022**
- **Gross margin increased to 44%, compared with 38% in Q1 2022**
- **Q1 EBITDA adjusted of \$2.8 million compared with EBITDA loss of \$0.9 million in Q1 2022**
- **SimSports revenue of \$1.3 million in the quarter, reflecting shipments of eight new products**
- **23 new liquid coolers began shipping in Q1**
- **Quarterly OPEX reduced 25% YoY due to organizational rightsizing and reduced IP litigation efforts**
- **Successful listing on Nasdaq Copenhagen on 17 May after completing rights issue raising gross proceeds of \$20 million**
- **Full-year 2023 outlook maintained – revenue growth expected in the range of 5% to 15% compared with 2022, with operating income projected between \$2 to \$4 million**

Asetek reported first-quarter revenue of \$14.8 million compared with \$13.9 million in the same period of 2022. The growth from last year reflects an increase in sales of liquid cooling and SimSports products, partly offset by the planned reduction in data center shipments. Gross margin was 44% for the first quarter compared with 38% in the same period of 2022. The revenue and margin improvement reflects a richer product mix, increased sales prices, reduced input costs and beneficial exchange rate movements.

“We are encouraged by the positive response we have received for our new SimSports products and by increased activity among our liquid cooling customers as reflected by the number of new products which started shipping in the quarter despite continued market challenges. This reflects our commitment to innovation and to bringing high value products to gamers and enthusiasts. We are also excited to have joined Nasdaq Copenhagen to come closer to our main shareholder base as we execute our strategy for long-term value creation,” said André Sloth Eriksen the CEO of Asetek.

Operating income was \$1.1 million and adjusted EBITDA was \$2.8 million in the quarter, both improved over the operating loss of \$1.9 million and adjusted EBITDA loss of \$0.9 million in the first quarter of 2022.

Operating expenses of \$5.4 million were 25% lower compared to first quarter 2022, mainly due to staff reductions and less IP litigation activity. Depreciation and amortization was \$1.6 million and share based compensation was \$95 thousand.

In the first quarter, the Company invested \$5.2 million in property, plant and equipment, including development of a new headquarters facility, and \$1.2 million in capitalized costs for the development of new products. The Company drew \$7.4 million on construction credit lines during the quarter. In April 2023, the Company extended the maturity on its construction credit to December 31, 2024.

As of March 31, 2023, the Company had working capital of negative \$10.2 million and non-current liabilities of \$1.6 million. On May 15, the Company issued 71.167 million new common

shares of stock in a rights offering, raising gross proceeds of approximately \$20 million to cover its working capital shortfall.

At March 31, 2023, total assets were \$86.1 million (\$78.6 million at December 31, 2022) and total equity was \$43.8 million (\$42.7 million). The increase in assets were mainly due to net additions to property, plant and equipment of \$4.6 million and an increase in trade receivables of \$4.0 million associated with higher sales volume.

On May 17, the Company's shares were listed on Nasdaq Copenhagen A/S. The dual listing will be temporary as the Company intends to explore the option of delisting from Oslo Børs, which will, among other things, be subject to approval by Oslo Børs and the Company's general meeting.

OPERATIONS

In March and April, the Company announced that three different OEM partners are offering new all-in-one liquid coolers featuring Asetek's liquid cooling technology: Phanteks introduced its second generation of Glacier One T30 CPU coolers, NZXT announced its highest performing Kraken and Kraken Elite CPU coolers, and ASUS introduced its third generation of ROG RYUJIN all-in-one CPU coolers.

Thirty-one new products began shipping in the first quarter, comprising twenty-three liquid coolers and eight SimSports products. In the second quarter, sixteen new liquid cooling products and three new SimSports products are expected to begin shipping. In the first quarter, Asetek shipped 223 thousand sealed loop coolers compared with 232 thousand in the first quarter of 2022.

OUTLOOK

High inflation, rising interest rates and geo-political tensions continue to impact 2023. At the same time, the market continues to show signs of stabilization following the earlier impacts from pandemic lockdowns and supply chain disturbances. Discretionary consumer spending reflects the continued macro-economic uncertainty, but the Company is experiencing increased demand for Liquid cooling and SimSports products. This is also reflected in the forecasts provided by OEM customers. However, visibility remains low, and the Company maintains its focus on cost efficiencies and product development.

The Company maintains its expectation of revenue growth for 2023 in the range of 5% to 15% compared with 2022. This outlook considers the possibility of further supply chain disruptions, continued general geo-political tensions, no Data center revenue (\$4 million for full-year 2022), as well as an overall expectation that the business climate will normalize over the course of the year. Operating income is projected to be between \$2 and \$4 million in 2023.

Conference call and webcast

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results today 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 results webcast via the following link:
<http://events.q4inc.com/attendee/890064265>

Conference call – audio only:

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

Denmark

+45 8987 5045

Norway	+47 8150 3308
United Kingdom	+44 (0) 20 3936 2999
Germany	+49 (0) 32 22109 8334
United States of America	+1 646 787 9445

Access code: 928711

Material:

The first 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:

CEO and Founder André S. Eriksen, email: ceo@asetek.com

CFO Peter Dam Madsen, +45 2080 7200, 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 2013, Asetek went public while expanding into energy-efficient and environmentally friendly cooling solutions for data centers. 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.