



Asetek – Q1 2022: Soft Q1 on continued component shortages, encouraging SimSports launch

- **First-quarter revenue of \$13.9 million compared with record \$25.0 million in Q1 2021**
- **Gross margin of 38% compared with 43% in Q1 2021**
- **SimSports orders and backlog of ~\$1.5 million per end-April with initial shipments in March and additional products in the pipeline**
- **2022 Outlook maintained with group revenue growth expected of -5% to +15% from 2021 and operating income is expected to be between -\$1 and +\$5 million, reflecting a volatile global situation**

Asetek reported first-quarter revenue of \$13.9 million compared with \$25.0 million in the same period of 2021. The change from prior year mainly reflects fewer shipments of Gaming & Enthusiast products.

Gross margin was 38% for the first quarter of 2022 compared with 43% in the first quarter of 2021. The margin decline reflects higher component costs due a weaker U.S. dollar, generally higher component prices due to continued shortages, increased shipping costs due to global supply chain disruptions, and a change in the mix of product shipments.

"Market headwinds created by component shortages, shutdowns in China and shipping bottlenecks continue into 2022, exacerbated by the invasion of Ukraine. We seek to proactively manage these challenges and position for an expected normalization of component access and global supply chains later in the year," said André Sloth Eriksen, CEO and founder of Asetek. "At the same time, the first of our acclaimed SimSport products, reflecting our credo of passion, precision and performance, have started to ship to end-users. Early indications support our decision to invest in a third growth segment, leveraging the same capabilities and innovation focus our Gaming & Enthusiast and Data center businesses is founded on."

Operating loss was \$1.9 million and adjusted EBITDA was negative \$0.9 million in the first quarter of 2022, compared with operating income of \$3.5 million and adjusted EBITDA of positive \$4.7 million in the first quarter of 2021.

Operating expenses of \$7.2 million were level with the first quarter of 2021. Expenditures related to development and marketing of the new SimSports product line increased while Data center product line expenses decreased. Depreciation and amortization was \$0.9 million and share based compensation was \$142 thousand.

During the quarter, the Company invested \$2.8 million in property and equipment, including development of a new headquarters facility. Additions to capitalized costs for the development of new products totaled \$1.0 million.

At March 31, 2022, Asetek had total assets of \$64.9 million (\$75.4 million at December 31, 2021) and total equity of \$46.1 million (\$48.4 million). Working capital at March 31 was \$15.7 million (\$20.6 million) including \$12.6 million of cash and cash equivalents (\$23.3 million). Long-term debt totaled \$1.3 million (\$1.5 million).

OPERATIONS

In March, the Company began shipping orders for the first of its SimSports 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, which has received highly positive reviews, provides competitive SimSports gamers with full immersion and the feeling of a real racecar. In early April, the Company introduced its new high-performance Forte Throttle and Brake Pedal Set for immersive racing at a lower price point.

In February, the Company announced an exclusive supply agreement with HangZhou MiGE Electric Co., which will use its highly effective servo motor technology to produce a full range of wheelbases exclusively for Asetek SimSports, based on the Company's designs.

Per end of April, the Company's SimSports orders and backlog amounted to approximately \$1.5 million, representing thousands of pedal sets. The Forte pedals and additional new products in the pipeline indicate future upside potential. However, the Company notes the risk of end-user conversion from order to firm purchase and component shortages which may affect pace of shipments.

In the first quarter, the Company shipped 211 thousand sealed loop coolers compared with 412 thousand in the first quarter of 2021. Four new Gaming & Enthusiast products began shipping in the first quarter, including two liquid coolers for GPUs. Due to changes to OEM release schedules, some introductions originally expected in the first quarter were moved to the second quarter in which eleven new products are expected to begin shipping. In the third quarter, the Company expects to begin production of liquid cooling products at an additional outsourced facility in Malaysia.

Management maintains its outlook for 2022, with revenue growth expected to be in the range of -5% to +15% compared with 2021, considering assumptions such as shortages of semiconductor chips, shipping cost and capacity variances, pandemic lockdowns, general geopolitical tensions 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 -\$1 and +\$5 million in 2022, reflecting the above uncertainties.

Conference call and webcast today, Thursday, 28 April at 12:30 CEST

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results at 12:30 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:

<https://streams.eventcdn.net/asetek/2022q1>

Conference call – audio only:

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

Denmark	+45 3271 4988
Norway	+47 2198 4292
United Kingdom	+44 (0) 203 059 58 69
Germany	+49 (0) 69 566 037000
United States of America	+1 760 294 1674

Material:

The first quarter 2022 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:

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

About Asetek:

Asetek (ASTK.OL), 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.