



## **Asetek – Updates on Full Year 2022 Guidance and Operational Developments**

Aalborg, Denmark – August 03, 2022 – Asetek A/S today provided an update to its full-year 2022 revenue and operating income expectations and on recent operational developments:

- Full-year guidance temporarily suspended due to reduced visibility on OEM customer and end-user demand for Gaming & Enthusiast products as rising inflation and interest rates add to a continued uncertain and challenging business climate
- Organizational rightsizing implemented to reduce operating costs and improve efficiency
- Allocating resources to accelerate SimSports product development
- Preliminary second quarter revenue of \$17 million and operating income of \$0 million

Rising inflation and interest rates have recently added to the continued impact of pandemic lockdowns, supply chain disturbances and general geo-political tensions, delaying a normalization of the business climate. The effects are reduced discretionary consumer spending with decreased demand for the Company's Gaming & Enthusiast products. In addition, the Company experiences reduced visibility, caused by significantly increased volatility, in the forecasts provided by OEM customers for the second half of the year.

Due to the increased uncertainty, the Company has suspended its revenue and operating income guidance for 2022, beyond that revenue and operating income will likely be below previously communicated expectations. Previous guiding framed a revenue development in the range between a 5% decrease and 15% increase, and operating income in the range from -\$1 to +\$5 million. The Company will resume guidance when it has a more certain basis for providing full-year expectations.

"Inflation and rising interest rates are directly affecting demand and adds to the lingering headwinds and supply chain disturbances created by shutdowns in China, shipping bottlenecks and the invasion of Ukraine. The weaker market outlook and probable OEM inventory reductions for our Gaming & Enthusiast products has led to reduced visibility going forward and our decision to temporarily suspend guidance," said André Sloth Eriksen, CEO and founder of Asetek. "Despite being part of an industry with volatile markets and varying visibility, Asetek has over time provided guidance to ensure transparency around future expectations. In the current extraordinary environment, we need to be transparent when it comes to the shorter-term uncertainty related to our full-year 2022 numbers. We do however expect to make a loss this year, leading us to optimize our cost base as announced today", Sloth Eriksen added.

To reduce costs and drive efficiencies, the company has laid off 52 full-time employees in Asia, the US and Denmark, with an expected annual cost reduction of \$4 to \$5 million with full effect during the second half of the year. The staff reduction affects all business segments. The company does not expect to book any material related non-recurring costs.

As SimSports and Gaming & Enthusiast end customers largely are part of the same population, the temporary decrease in demand is experienced in both businesses. The company has limited ability to impact its Gaming & Enthusiast OEM customers' enduser demand and

inventories, but possibly a stronger ability to impact the customers in the SimSports segment. As such, Asetek has allocated development resources from that segment to SimSports to accelerate product development. The company aims to expand its product program with several new products such as pedals, wheelbases and steering wheels later in 2022 and in 2023. This follows the positive market reception of the Invicta and Forte sim racing pedal sets launched earlier this year.

“The continued logistics, component and COVID-19 issues also had a negative impact on our SimSports revenue this year. On top of this, end-user demand has temporarily softened. We fully expect this to recover despite the overall market challenges that everyone currently is facing. Asetek continue to receive strong end-user feedback and acclaim from the sim racing community which is reflected in real incoming orders. We now see an opportunity to accelerate product development within SimSports as we move towards becoming a next-level immersive gaming experiences provider,” said André Sloth Eriksen.

The Company will release its second quarter and report for 2022 on August 11. Preliminary figures indicate second quarter revenue of \$17 million and operating income of \$0 million.

**For questions or further information, please contact:**

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**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 considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act. This stock exchange release was published by Peter Dam Madsen, CFO at Asetek A/S, on August 03, 2022 at 20:30 CEST.