



Asetek updates 2024 outlook and initiates cost saving program

Asetek A/S (“Asetek” or “the Company”) updates its revenue and profitability outlook for 2024. Group revenue is expected in the range of \$52-55 million, with an adjusted EBITDA margin of 1-4%. Due to the revised outlook, Asetek has initiated measures that are expected to yield annual cost savings of approximately \$3 million with full effect from the first quarter of 2025.

Following the suspension of guidance for 2024 announced on 11 June, the Company has analyzed the latest available purchase forecasts from the largest OEM customers and conducted a review of operations, resulting in:

- Updated full-year guidance reflecting weaker customer demand and increased price pressure in the liquid cooling market
- SimSports growth expectations unchanged
- Measures implemented to right size organization and management, including scaling down US operation
- Preliminary second quarter 2024 revenue of \$13 million
- Agreement on an extension of the existing financing agreement and updated covenants with the Company's bank

The updated 2024 Group revenue expectation implies a decrease of 28% to 32% compared to 2023 with an adjusted EBITDA margin of 1% to 4%. The previous revenue development expectation was in the range of -5% to 5% with an EBITDA margin of 12% to 17%, as communicated in the Q1 2024 report.

Asetek will release its second quarter report for 2024 on August 13. Preliminary figures show revenue of approximately \$13 million. Cash holding on June 30 amounted to \$6.8 million. An agreement with Asetek's bank has resulted in updated covenants and an extension of the credit facilities until April 1, 2026. The updated financing agreement and covenants better reflect the changed market situation.

Liquid Cooling business segment

Full-year revenue for the Liquid Cooling business segment is expected to decrease in the range of 35% to 40% compared to 2023, corresponding to 2024 revenue in the range of \$42 to \$44 million. The previous revenue development expectation was in the range of -10% to 0%.

The new guidance follows a detailed review of the majority of the Company's customers after the Computex tradeshow in Taiwan in the beginning of June. Liquid cooling revenue for 2024 is mainly impacted by a weaker market rebound than anticipated, affecting all customers. In addition, one customer is leaving the market completely and one major customer has exceeded established credit limits from the customer's creditor, resulting in limitations in placing further purchase orders despite continued demand.

In 2025, Asetek expects one OEM customer to introduce dual sourcing and one customer, which is likely to lead to less orders. In addition, a recent strong increase in the number of low-cost competitors based in China, is expected to impact demand, ASPs and gross margins next

year. The Chinese market is important to several of Asetek's current OEM customers. Growth in the liquid cooling segment is expected again in 2026 and beyond based on newly added customers and customer feedback.

The liquid cooling business segment is expected to continue to be profitable for the full year 2024 and beyond. After 2024, the Company expects that the profits generated from the liquid cooling business segment may not be sufficient to fully finance the planned investments in the fast-growing SimSports business.

SimSports business segment

Guidance for the SimSports business segment is unchanged, with an expected revenue growth between 40-60% in 2024 compared to 2023, corresponding to revenue in the range of \$10 to \$11 million. The growth trend is expected to continue in 2025 and beyond.

The SimSports business has solid long-term growth opportunities based on an attractive product range, superior customer service and a strong brand name. Investment in SimSports product development, sales and marketing, and brand building is expected to continue in the second half of 2024 and beyond to capitalize on the strong growth opportunities. The impact on EBITDA of the investments is reflected in the 2024 Group margin expectation. In line with the strategy to launch a competitive mass-market product line in the first half of 2025, a new position as interim Commercial Lead in the SimSports business segment has been established. The Commercial Lead will support the product launch and execute the go-to-market strategy for the mass market segment.

Cost saving program

Against the background of weaker customer demand and increased price pressure in the market, Asetek has immediately initiated a cost reduction program to support profitability and restore margins. Measures include the removal of about thirty full-time positions across the organization, three of which are in the Group Management Team. CEO André S. Eriksen will step closer to the operations. Asetek will also scale down the Company's US operation to an absolute minimum, as essentially all major US OEM customers have based their R&D and purchasing in Taiwan and/or China.

Starting with full effect from the first quarter of 2025, the cost reduction program is expected to generate annual cost savings of approximately \$3 million in 2025 compared to 2024.

"We are experiencing a sudden and unexpected perfect storm of several factors impacting our liquid cooling business. We are taking immediate and significant steps to reduce our cost base to support profitability, and thereby increasing the ability to continue the planned investments in our SimSports operations. The measures to reduce cost are necessary, but I am saddened by the impact on many people in our organization. I would like to thank all of them for their contribution."

"Through dialogue with our bank, we have agreed on a new financing agreement that secures our credit facilities and is better adapted to the current market situation. We are continuing to monitor the development closely and are ready to take further actions if needed. We remain fully confident in the long-term potential in both our business segments", CEO André S. Eriksen says.

For questions or further information, please contact:

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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.

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