



Asetek



ANNUAL REPORT 2024



Asetek is a developer and manufacturer of high-quality gaming hardware. Founded in 2000, Asetek established its innovative position as the leading OEM developer and producer of the all-in-one liquid cooler for 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 and Malaysia with a total of 114 employees. In 2024 Asetek recorded revenue of \$52.5 million.

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Annual report for the financial year 1 January to 31 December 2024. This annual report is approved by the Board of Directors as of March 7, 2025. The Board will submit this report for approval at the Annual General Meeting on April 28, 2025. This annual report contains prospective information based on Asetek's current expectations. This information is by nature uncertain and associated with risk. Even if company management considers expectations based on such prospective information to be reasonable, no guarantee can be given that these expectations will prove to be correct. Consequently, actual future results may vary significantly compared with what is set out in the prospective information, for reasons including changed conditions in respect of the economy, market and competition, changes in legal requirements and other political measures, exchange rate variations and other factors. Read more about the risks in the chapter on 'Risk management' on pages 29–31 and in note 3 on page 45 'Risk management and debt' in the financial statements.

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FOUNDED ON INNOVATION. DRIVEN BY EXCELLENCE

Asetek has been an innovative force in the global liquid cooling manufacturing industry for more than 25 years. In 2021 we introduced products for SimSports gaming. Asetek is headquartered in Denmark and has operations in China and Taiwan with a total of 114 employees. The Asetek share is listed on Nasdaq Copenhagen. In 2024 the company recorded revenue of 52.5 million USD.

Who we are

We are a high-tech company with a long history in mechatronic innovation, focusing on gaming hardware. Since our foundation we have disrupted the PC cooling market, setting new standards for performance and efficiency. In 2021, we continued to leverage our extensive capabilities with software, hardware and mechanics and entered into the world of sim racing as Asetek SimSports®. We are a diverse and agile organization located close to some key electronic manufacturing hubs in South-East Asia.

What we do

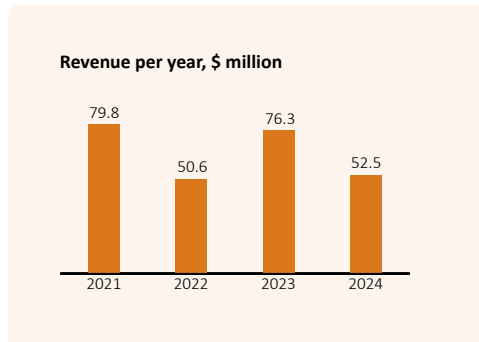
Asetek is a developer and manufacturer of high-quality gaming hardware. Since 2000, we design, manufacture, and sell high-quality liquid cooling solutions to most major PC and Enthusiast gaming brands. In 2021, we introduced our line of products for next-level immersive SimSports gaming experiences, offering every sim racer in the world the possibility to push limits and redefine what’s possible.

Why we do it

With our market-leading and high-quality product offering our goal is to meet our clients’ requirements for performance, design and longer product lifecycles. Our product development centers around our customers’ needs and reflect an innovative engineering approach combined with superior performance. The Asetek brand name has become synonymous with high product quality in all categories, which is confirmed by great reviews and feedback from gamers and hardware enthusiasts around the world. We are in business to push limits and redefine what’s possible.



“ Asetek is a high-tech company with a long history in mechatronic innovation, focusing on gaming hardware



REVENUE 2024

\$52.5

million

GROSS PROFIT 2024

\$21.9

million

15.8%

of revenue invested in research and development in 2024

KEY CONCEPTS FOR UNDERSTANDING ASETEK

CUSTOMERS – a global customer base

We design, manufacture, and sell high-performance gaming hardware that delivers next-level immersive gaming experiences. Our products power some of the world's leading PC and enthusiast gaming brands, including three of the five largest PC manufacturers. Since 2021, we have been pushing the boundaries of sim racing, offering every sim racer the opportunity to redefine what's possible with our cutting-edge SimSports product lines.

REACH – well-balanced and global

We have a longstanding local presence in some key electronic manufacturing hubs in South-East Asia and our headquarter is in Aalborg, north Jutland, Denmark. We have a global platform with a solid supply chain creating long-term value for all stakeholders.

PEOPLE – an international organization

We believe that a diverse workforce and an inclusive workplace is a prerequisite for staying competitive, now and in the future. Our highly skilled employees are all sharing the common purpose of challenging industry standards driven by innovation and operational excellence.

INNOVATION – we are a high-tech company

Asetek is a developer and manufacturer of high-quality gaming hardware. Our journey began almost 25 years ago when we disrupted the PC cooling market with our groundbreaking all-in-one liquid cooler, setting new standards for performance and efficiency. In 2021, we continued to leverage our extensive capabilities with software, hardware and mechanics and entered into the world of sim racing as Asetek SimSports®. Our goal is to transform the sim racing scene, pushing limits and redefining what's possible.

HISTORY – founded on innovation

Our history is rooted in innovation that solved a key challenge of performance limitations caused by computer processors running hot. This innovation is the foundation that took Asetek to a world-leading market position within liquid cooling. Since 2021 we are on a mission to become market-leader in the rapidly growing market for sim hardware.



KEY MILESTONES AND EVENTS 2024

Despite strong growth in the SimSports segment, the relatively larger Liquid Cooling segment experienced declining revenue in 2024. During the year, Asetek also delisted its shares from the Oslo Stock Exchange and is now solely listed on Nasdaq Copenhagen. The year concluded with a decision of a capital increase, enabling continued expansion in the SimSports segment.

45
New Liquid Cooling products launched during 2024

In March, Asetek's share was delisted from the Oslo Stock Exchange and has since been listed exclusively on Nasdaq Copenhagen.

In September, the new headquarters and R&D center in Svenstrup, near Aalborg, were completed.

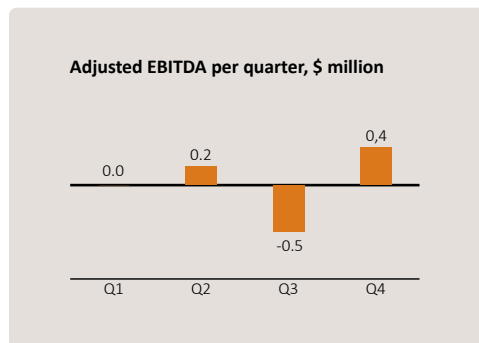
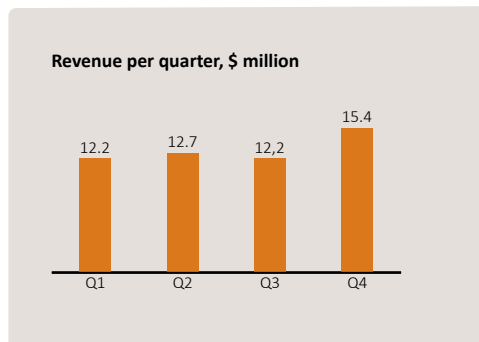
21
New SimSports products launched during 2024



In October, Asetek entered into a license agreement with Xbox. The Designed for Xbox license agreement enables Asetek to expand into the global console market with existing and future sim racing products, making the company's acclaimed sim racing products available to millions of gamers worldwide.

In October, Asetek appointed Maja Sand-Grimnitz as VP Brand and Digital and Henrik Lindskou-Mouritsen as VP Global Sales, with the aim of strengthening the company's commercial focus within its leadership team.

In December, it was announced that 219,925,366 new shares were subscribed for in the rights issue at a subscription price of DKK 0.40 per share, corresponding to gross proceeds of DKK 88 million.



A TURNAROUND YEAR

Looking back, 2024 was a year of significant change – challenging at times, but ultimately necessary to strengthen our foundation for the future. We took decisive steps to secure the long-term growth and development of our business.

Just a few weeks into the new year, Asetek celebrated its 25-year anniversary. It is remarkable to think that an idea conceived in a university dorm room and a prototype built in a garage has led to where we are today. Summing it all up, it comes down to continuous innovation and a team of talented, dedicated individuals working together to deliver products that make a difference by enabling better gaming experiences.

While Asetek have delivered material growth and value creation since inception, the past 25 years have included both ups and downs. There is no denying that 2024 also was a mixed bag, with an unexpected and rapid contraction in our Liquid Cooling segment, but also strong growth for the SimSports business.

Against the challenging Liquid Cooling backdrop, management and the board took decisive actions to cut costs, strengthen commercial management and ultimately raise capital to maintain a strong foundation for delivering future value creation through our market leading liquid cooling and sim racing products.

Following the turnaround measures, 2025 will likely be a transitional year before growth resumes in earnest in 2026. This is supported by ongoing customer dialogues and our plan to expand the addressable markets across both business segments, including the launch of a high-quality sim racing product line for the console-based mass market.

“We took decisive steps to secure the long-term growth and development of our business.”

Platform for profitable growth

In late 2024, Asetek executed a rights issue to ensure the continued SimSports scale-up as cash flow from the profitable Liquid Cooling business fell short of expectations. While we did not raise the full target amount, the new liquidity provides flexibility to adjust and optimize investments. We are confident in our ability to grow the sim racing business. Asking shareholders for capital after a challenging year was far from ideal, and trust shown by both existing and new shareholders is highly appreciated.

During the year, we also reduced our workforce, primarily in Denmark, and closed the U.S. operation. It is always sad to part ways with colleagues, some of whom have been with us for many years. However, the cost-savings were necessary to create a more efficient organization and structure. The U.S. closure also reflects that a local presence has become less relevant as our customers' key decision-makers now primarily based in Asia.



We recognize that increased global geopolitical tensions are creating uncertainties regarding new tariffs and potential global supply chain disturbances. We are monitoring the situation and are prepared to address any future challenges with a combination of measures.

In September 2024, the new headquarters and R&D center was completed after a four-year process. With a new base of operations, stronger balance sheet and leaner organization, we have established a strong platform from which to execute our long-term growth strategy.

Liquid cooling – transition, then profitable growth

For Liquid Cooling, our largest segment, we have always emphasized the challenges of predicting revenue. In 2024, this was especially evident as we faced a rapid and unexpected decrease in revenue. This was due to a combination of high customer inventories and two of our largest customers moving to dual sourcing to strengthen their supply chains. While this is a logical step – just as we maintain dual sourcing in our own supply chain – it nonetheless has a significant short-term negative impact.

However, there were also positive developments. When excluding the two above-mentioned customers, all our other customers grew year-over-year. Also, at the end of 2024, Asetek secured a new customer – one of the world’s largest PC manufacturers – which also required a second source, this time to our benefit. Out of the five biggest PC manufacturers globally, three are now using Asetek Liquid Cooling products.

In 2024, Asetek introduced the strategy of complementing our high-end products with a value-oriented offering to expand our addressable liquid cooling market. This initiative will gradually gain traction from 2026. Furthermore, we are enhancing the commercial capabilities of the organization, applying a sharper commercial focus in all aspects of decision-making and integrating even deeper with our customers. As part of this, in 2024, the commercial expertise within the executive management team was strengthened.

We have a clear plan for resuming growth in Liquid Cooling from 2026, as communicated in connection with the rights issue. For 2025, revenue

is expected to remain largely at the same level as in 2024. The business will remain profitable, as it has been for many years. Asetek has a track record of quickly adapting to changing market conditions and will do so again this time. We are the technology leader with a strong position in the premium segment, and as long as we continue to innovate, Asetek’s products and services will continue to be in demand by both new and existing customers.

SimSports – expanding our sim racing universe

For our SimSports business, 2024 was another positive year with multiple product launches and strong revenue growth. In less than three years, Asetek has become a premium player in the growing sim racing market, going from zero to \$10 million of annual revenue. We now offer several product lines designed as an open ecosystem, which have received highly positive feedback from end-users and reviewers. Additionally, during the year, we entered into an agreement with Xbox to launch products with console support.

Next for us, is the completion and launch of a product line targeting the mass gaming market, followed by Asetek products with Xbox support. Both are set to launch in the second half of 2025, significantly expanding the addressable market and are expected to drive strong revenue growth in the coming years.

Having the best products is not enough. Beyond delivering on the product roadmap, our focus in 2025 will be on attracting top talent to strengthen sales channels as well as building up the SimSports brand. A strategic priority is to ensure our products are readily available in all relevant channels, whether it is our own web shop, resellers or on platforms like Amazon.

As we stated in December, we expect EBITDA improvement compared to 2024, but we do not anticipate the SimSports segment reaching profitability in 2025. This is according to plan as Asetek purposefully move in the right direction by optimizing SimSports investments and creating a strong platform for a growing profitable business.

25 years of innovation – with more to come

We are confident that Asetek is going into 2025 with a stronger foundation, and we have, over time, delivered strong growth and built a sizeable global business. We also know that it does not always move in straight line.

As result of our innovation drive and focus on excellence, far more than 10 million end users worldwide have bought and used our products which we have conceptualized, designed, manufactured and sold. Our innovative products, both in liquid cooling and sim racing, have won several global awards.

With that in mind, I would like to extend a special thank you to all my colleagues, our customers, our shareholders, our partners and suppliers. It has been a challenging year, but we now look forward with confidence to the next 25 years.

André S. Eriksen,
Founder and CEO



FIVE REASONS TO INVEST IN ASETEK

Asetek is well positioned to capitalize on the its competitive strengths through innovation, operational excellence and a leading position as a premium supplier of high-quality gaming hardware.

1.

Large and growing addressable market

Asetek is strategically positioned in the expanding gaming market. The rising interest in gaming is driving the liquid cooling market, as high-performance PC hardware demands efficient cooling solutions. Simultaneously, the growing demand for high-performance gaming setups is boosting the simulation hardware market, as consumers seek more realistic and competitive gameplay. The demand for liquid cooling solutions is to a large extent linked to the growth of the overall PC gaming hardware market (which, however, includes gaming laptops, which do not need liquid cooling). The overall PC gaming hardware market is expected to show an annual growth rate of approximately 5.2%, reaching \$69.0 billion by 2027.¹

¹ Statista (2024), Gaming Hardware, Gaming PCs and Laptops – Worldwide/

2.

Leveraging a leading premium segment position

Asetek has a leading position in the premium segment of the gaming hardware market. Since 2000, we design, manufacture, and sell high-quality liquid cooling solutions to most major PC and Enthusiast gaming brands. In 2021, Asetek expanded its business into the rapidly growing SimSports market for racing simulator gear. Asetek has earned a leading position in the premium segment of both the Liquid Cooling as well as SimSports market. The leading market position combined with our strong brand name and high-quality products can be leveraged into increasing the addressable market. This is accomplished by targeting the Liquid Cooling mid-market segment and launching a new SimSports product line with strong value offering towards entry-level end-users, including products with console compatibility.

3.

Strong innovation capability supporting future growth

Continuous product development is crucial for maintaining and strengthening competitiveness in an industry that is characterized by competition and technological progress. Asetek is renowned for being an innovative, high-tech and entrepreneurial company that provides products with very high quality. At Asetek, product development centers around customers' needs and reflects an innovative engineering approach combined with superior performance. The company has two R&D centers – one in Denmark and one in China. In 2024, Asetek spent 15.8% of total revenue, or USD 8.3 million on R&D, securing continued competitiveness through future launches of world-class products.

4.

Profitable Liquid Cooling business provides a foundation for SimSports growth strategy

Asetek invented the all-in-one liquid cooler and has been solving thermal challenges for 25 years. Our business segment Liquid Cooling has over the last 10 years generated total revenues exceeding \$540 million with an average adjusted EBITDA margin of 29%. The profitable Liquid Cooling operation provides a financial foundation for the growth strategy of the SimSports business. The strategic fit and synergies between the two segments are visible and will act as a driver for future value creation.

5.

Strong SimSports growth potential

In 2024, revenue in the SimSports segment increased by 24% compared with 2023. Growth in 2024 was mainly driven by a combination of multiple new products and a strong increase in new end-users and resellers globally. Gaming simulation is a rapidly expanding segment of the gaming hardware market, and the demand for gaming simulation is linked to the growth of the overall hardware accessories market. For the coming three years, this market is projected to show an annual growth rate of approximately 13.7%, reaching USD 115.3 billion by 2027.¹

¹ Statista (2024), Gaming Hardware, Gaming Accessories – Worldwide

ASETEK'S APPROACH TO VALUE CREATION

Asetek's strategy is based on operational excellence, innovative product development, superior customer service and expansion of the addressable market. In that way we will secure long-term sustainable organic growth. The goal is to be the leading brand in the markets in which we operate.

The strategic framework at Asetek consists of core values, goals, strategic focus areas and operational priorities. By adhering to our strategic framework, Asetek secures a strong platform for long-term sustainable growth.

Core values

The core values at Asetek – innovation and excellence – are rooted in our DNA and have been our guidelines from the start. Asetek was founded 25 years ago with the intention of solving problems for our customers. Since then, we believe staying close to our customers' problems also means being closer to the solution.

Goals

Looking ahead, Asetek has set both a medium-term growth ambition and short term financial goals. Asetek has also committed to set sustainability goals, which provides a pathway to reduce emissions in the future. At group level, the ambition is to achieve annual revenue exceeding \$50 million in both our Liquid Cooling and SimSports segments by the end of the medium-term period. Our market in the Liquid Cooling segment is characterized by low visibility and volatile market dynamics meaning that the growth between different years can vary substantially.

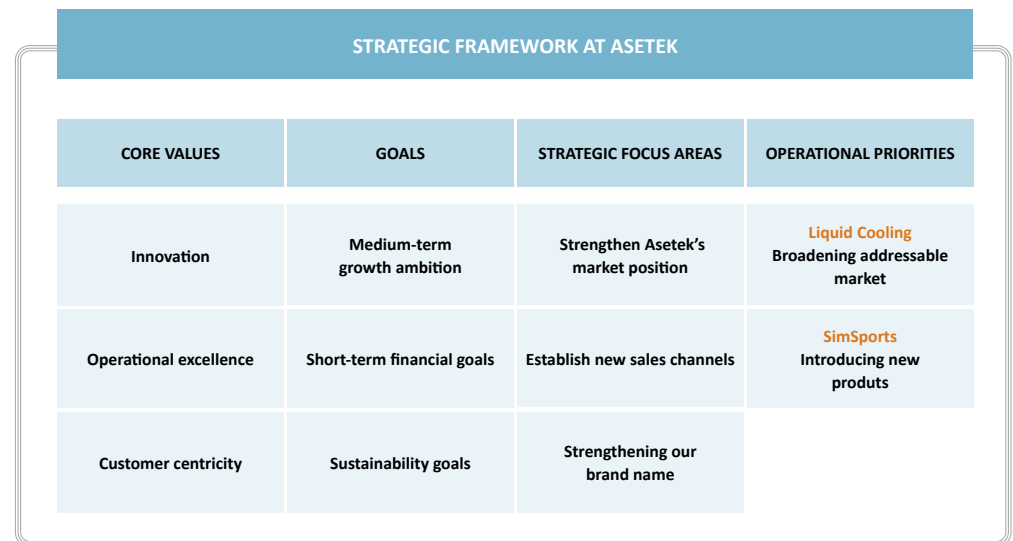
Strategic focus areas

Asetek will continue to do what we are best at – developing and launching high-quality gaming hardware products as well as continue to develop our customer service. At the same time, we plan to expand our addressable market and increase our marketing and brand building efforts. Additionally, we will expand the number of SimSports resellers and sales channels and compete for new OEM Liquid Cooling customers. All of these actions will drive organic growth going forward.

Operational priorities

Asetek is a well-established brand name in the premium market segment. We are guided by a strong belief that there are very good opportunities for growth by leveraging our current market position and strong brand name.

In the short to medium term, our operational priorities are to focus on expanding our potential market and revenues both within our Liquid cooling business unit as well as within SimSports. This will be accomplished by new product launches and by updating the existing product range, targeting the low-end of the premium market. Doing this, we will strengthen Asetek's market position in all product categories and market segments we focus on.



A GLOBAL PLATFORM SUPPORTING GROWTH

Asetek's leading position is based mainly on the competitive strength that originates from the company's operational excellence in offering high-quality gaming hardware products. During 25 years, Asetek has built up a wealth of experience that is unique among companies in our industry and is recognized for premium quality.

Innovation and product development

Product development is and always has been the main focus for Asetek. Since its inception, the company has successfully launched innovative products with high quality. Asetek's R&D team and technology lab are based in Aalborg, Denmark. These teams are responsible for innovation, concept and design of our products and also manage collaboration with Asetek's global customer base to define requirements and develop cutting edge technology. We continuously try to keep our R&D teams close to the customers, which encourages faster, more responsive and effective feedback for improvements to our existing product range as well as new developments. The Aalborg team works closely with the R&D team in Xiamen, China, to identify the optimal sources for the necessary components to fulfill specific customer requirements.

Sourcing and production

Asetek's manufacturing and logistics teams in Xiamen, China and Malaysia, evaluates and sources components and suppliers for the finished product to be assembled, allowing us greater control over product quality. Our cooling solutions are assembled by the Company's principal contract manufacturer based in Xiamen and Malaysia and since 2023, a likewise contract manufacturer has been producing many of our SimSports products in Xiamen and Malaysia. Asetek's business model concentrates primarily on

having contractual relationship with tier-1 contract manufacturers.

A quality team is divided in two groups: one in Denmark and one in Xiamen. Their main focus is to conduct ongoing inspections to ensure control over all aspects of quality and compliance with a growing number of regulated parameters.

Logistics and sales

Finished products are primarily delivered directly to customer hubs in China, with smaller quantities shipped directly to Europe and USA. Logistics are often outsourced, and except our own webshop for SimSports products, our partners handle deliveries to end-users themselves.

Liquid coolers are sold through two channels. The main sales channel is a white-label approach, meaning products are sold as a standalone product to partners who are in turn selling it under their label. Asetek's liquid coolers are also sold to partners using it as a component to build a complete PC, which is then sold to end-users. SimSports products are sold under Asetek's own brand either directly to end-users through our webshop or via resellers, who distribute them both online and in physical stores.



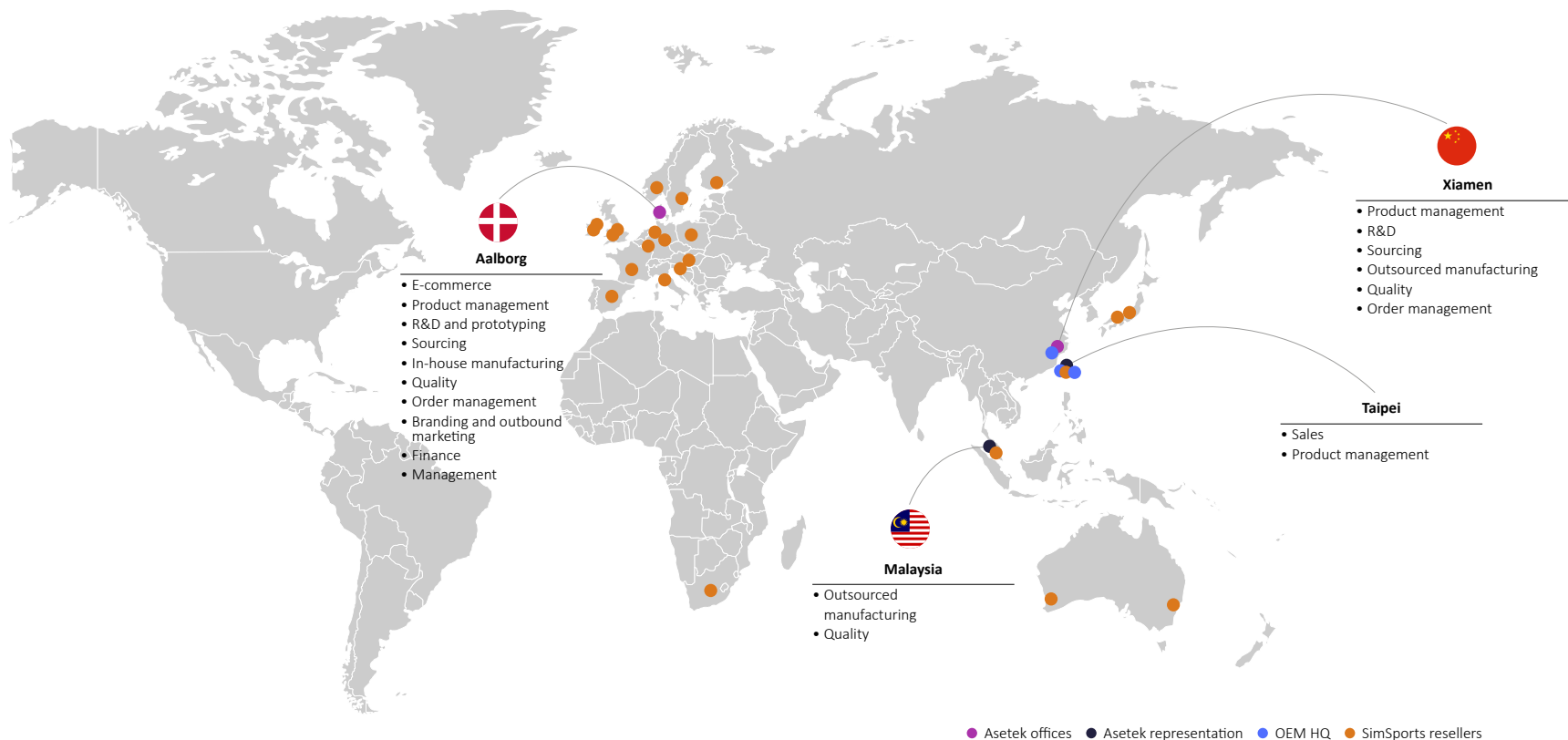
Marketing and customer service

The sales, marketing and product management teams, based principally in Denmark and Taiwan, oversee customer relationships to facilitate communication and development, ensuring that the developed product meets or exceeds customer demands.

Considering our history and DNA, Asetek is in many ways synonymous with innovative and

high-quality liquid cooling solutions. As a consequence, our marketing efforts mainly focus on leveraging this position and building the Asetek SimSports brand name. The overall marketing strategy will benefit both SimSports sales channels – currently done through online reviews using influencers and strategic partnerships as well as presence on tradeshow and other key events.

Delighted customers are our best ambassadors, and we know that they happily share their experience and trust in us. Our dedicated marketing and sales teams are responsible for providing customer service and support, making it easier to establish closer relations to them. In the end, it is our customers that can tell us how we can provide a premium customer-centric experience.



LIQUID COOLING AND SIMSPORTS – AN ATTRACTIVE COMBINATION

Our Liquid Cooling business has over the last 10 years generated total revenues exceeding USD 540 million with an average annual adjusted EBITDA margin of 29%. This profitable business unit provides a financial foundation for the growth strategy of our other key business unit, SimSports.

The profitable Liquid Cooling business enables us to execute on the growth opportunities in SimSports. It also offers a strong strategic fit, enabling synergies between the two business segments and driving future value creation.

White-label and own webshop main sales channels

Liquid coolers are sold through two channels. The main sales channel is a white-label approach, where OEM partners purchase and resell as standalone products under their own label. We also sell liquid coolers to partners who incorporate them as a key component to build a complete PC, which is then sold to end-users.

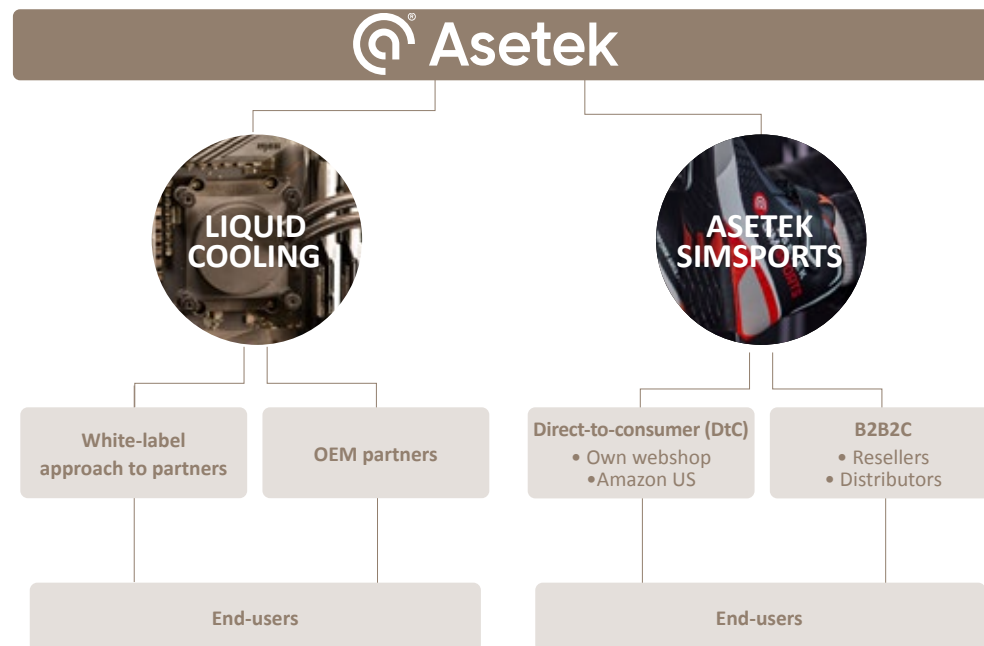
Our SimSports products are sold via a selective distribution network with our primary sales channels being our own webshop where products are sold globally, directly to end-users (DtC), and resellers (B2B2C) offering our products to end-users through online stores and select physical stores. Products are also sold via select distribution partners operating specific geographies.

Clear and attractive synergies

Asetek fosters collaboration and integration between the Liquid Cooling segment and SimSports segment to drive synergies and enhance overall performance. Essentially, three key areas have been identified where clear synergies create long-term value.

- 1)** Asetek benefits from the flexibility and expertise of its engineering teams, who frequently work across both segments. This cross-functional approach enables Asetek to efficiently develop high-quality Liquid cooling and SimSports products, accelerating innovation and product development.
- 2)** By sharing sourcing and manufacturing resources across both segments, Asetek is able to streamline operations, enhancing cost efficiency and product quality.
- 3)** By leveraging cross-selling opportunities, Asetek can introduce SimSports Products to existing Liquid Cooling customers, and vice versa, expanding the customer base and increasing market reach. Synergies include the potential to increase sales in the liquid cooler segment through new sales channels opened by SimSports, as well as bundle SimSports products with liquid coolers to resellers.

Liquid cooling and SimSports sales channels



MARKET LEADER WITHIN PREMIUM LIQUID COOLING SOLUTIONS

Asetek invented the all-in-one liquid cooler and has been solving thermal challenges ever since. Since the beginning, liquid coolers from Asetek have delivered high performance while providing superior reliability.

Asetek is one of the global leaders in premium liquid cooling solutions for computer hardware enthusiasts and gamers. Asetek's Gaming and Enthusiast products are all-in-one coolers that provide reliable, maintenance-free liquid cooling to gaming and high-performance PC customers as well as eSports athletes to enjoy top-tier performance from their equipment.

The two most common cooling methods to cool computer hardware are air cooling and liquid cooling. Air cooling is the most widespread, though it typically offers lower performance. Liquid cooling, on the other hand, provides superior cooling efficiency, especially for high-performance hardware, but it tends to be more expensive than air cooling. Beyond functionality, liquid coolers have evolved into branding and design tools, incorporating features like LED lighting and customisable displays, appealing to enthusiasts and gamers who value aesthetics as part of their setup.

One of the key factors in the performance of a gaming computer is the cooling system, which helps prevent overheating and maintain optimal performance. Liquid cooling systems have gained popularity among gamers due to their ability to effectively dissipate heat and allow for overclocking of the CPU. Overclocking refers to the process of increasing the clock speed of the CPU beyond its factory-set limits,

which can significantly improve the performance of the computer. However, it also generates additional heat, making an effective cooling system essential. Components like CPUs, GPUs, memory modules, chipsets and hard drives are particularly vulnerable to overheating, which can lead to temporary malfunctions or permanent failure.

Liquid cooling systems, which use a closed loop of fluid to transfer heat away from the CPU, can effectively dissipate this heat and allow for sustained overclocking without the risk of overheating or damaging the hardware.

What is liquid cooling?

Liquid cooling is a system used to lower the temperature of a computer or other electronic device by circulating a coolant through its internal components. The coolant, which is usually water or a water-based solution, absorbs heat from the PC and carries it away, keeping the PC cooler than if it were relying on air cooling alone.

Why is liquid cooling better than air cooling?

Air cooling systems use a fan and heat sink to move heat away from the CPU. A liquid cooling system uses a water pump and radiator to move heat away from the CPU. The main advantages of liquid cooling compared to air cooling are:

1. Liquid cooling is more efficient at removing heat from components than air cooling
2. Liquid cooling is not affected by dust build-up or other air flow obstructions
3. Liquid cooling is typically quieter than the fans used for air cooling

LIQUID COOLING
REVENUE 2024

\$42.8
million

LIQUID COOLING AVERAGE
ANNUAL ADJUSTED EBITDA
MARGIN, LAST 10 YEARS

29%

MATURE MARKET WITH STABLE GROWTH

The liquid cooling market is relatively mature and stable, extending to the broader computer hardware ecosystem, where both manufacturers and consumers benefit from the reliability and consistent performance of the current technology. As a result, the risk of sudden technological shifts affecting the market is low.

Historically, the competitive landscape has been divided between low-end, low-quality players and high-end, premium brands. Consumers who preferred premium products did not typically consider low-end alternatives, resulting in limited competition within the high-end segment. Demand for high-quality products has been solid, and the competitive environment has remained stable.

Changing market dynamics

Based on market observations and customer dialogue in 2024, it has become evident that the market dynamics have shifted. The quality of lower-end market products has been more sought after as consumer preferences have shifted towards more affordable gaming PCs, which in turn increases the demand for somewhat cheaper liquid cooling options. As a result, end-users are now prioritising value in the mid-end segment over paying premium prices for high-end models. This shift has made cost-effectiveness and value become critical success factors.

In response, Asetek is expanding its Liquid Cooling product range to include products for the mid-range market, aiming to capture a broader consumer base in an increasingly competitive environment. This shift positions Asetek to meet the evolving needs of both premium and mid-market consumers.

The long-term growth prospects are solid and demand for high-performance hardware like liquid cooling solutions is fuelled by the increasing global demand for gaming-related products, advancements in gaming technology, and the rise of competitive gaming (eSports). Another factor expected to contribute to the demand for liquid cooling solutions is PC upgrade cycles. The advancement of chip technology, including the introduction of new CPUs and GPUs, often occurs in cycles and creates a demand for PC upgrades. As such, the demand for liquid cooling solutions is to a large extent linked to the growth of the overall PC gaming hardware market (which, however, includes gaming laptops, which do not need liquid cooling). The overall PC gaming hardware market is expected to show an annual growth rate of approximately 5.2%, reaching USD 69.0 billion by 2027.¹



1) Statista (2024), Gaming Hardware, Gaming PCs and Laptops – Worldwide

ASETEK SIMSPORTS – PRODUCTS FOR EVERY TYPE OF SIM RACER

In 2021, Asetek introduced its first sim racing products. Since then, over the past three years, Asetek SimSports has established itself in the market with three fully launched product lines, reaching an annual revenue of \$10 million in 2024 and showing strong potential for continued growth in both revenue and profits.

From the start in 2021, Asetek has positioned the SimSports product offering in the high-end of the market, targeting competitive and committed gamers as well as racing and automobile enthusiasts. Asetek's mission is to make high-quality sim racing products available for everyone, which is why we have three different product lines in the premium segment, giving end-users the opportunity to assemble the preferred sim racing setup. The **La Prima** product line is suited for end-users entering the high-end sim racing space seeking to take their racing to the next level, offering the possibility to upgrade and adjust to fit all needs. The **Forte** product Line is the mid-tier offering, for end-users that want to maintain high quality in build and design combined with sublime performance and

user experience. **Invicta** is our premium product line, offering an immersive and authentic sim racing experience.

Asetek's product strategy is to expand its offering to cover multiple price ranges, including introducing mid-segment console products, reaching a broader segment of the sim-racing market. The competitive landscape for simracing is characterised by brands that often look and claim the same. As part of its marketing, Asetek is focusing on its combination of having a real racing background and a strong legacy in gaming, which differentiates it from competitors by providing authenticity, driving technological innovation, enhancing brand credibility, and leveraging cross-industry synergies. Through this approach, Asetek aims to establish itself as a key player in the market, leveraging its expertise in both realms to offer a more integrated and authentic simracing experience.

Strong growth opportunity

The gaming simulation market is a growing industry. The market is driven by the increasing demand for high-quality, immersive gaming experiences that allow gamers to feel as though they are participating in real-life events, and the improvements in graphics and processing power have enhanced the realism and immersion of simulation games, attracting a



broader audience. In the past three years, the trend in the major racing gaming segment has generally shown growth in monthly active users, and the market has further generated spikes in the segment's performance when new gaming titles are released.¹

The gaming simulation market encompasses major racing games like Gran Turismo, F1, BeamNG.drive and Forza Motorsport. Looking at the top 25 major racing games, the market boasts 60.4 million lifetime players as of April 2024, with a robust engagement and an average of 5.3 million monthly

active users (MAUs) over the past twelve months from May 2023 to April 2024, reflecting strong community commitment.²

Increased interest in racing

The significant growth in demand for simracing solutions is also driven by the increasing popularity of real-life motorsports. Events like Formula 1 have expanded into a mass market audience, further fueled by the influence of media such as Netflix series and the release of new racing titles.

SIMSPORTS
REVENUE 2024

\$9.6
million

1) Newzoo- Sim Racing TAM Analysis Report. (a report commissioned by Asetek). Market scope includes 37 markets (excluding China and India) and lifetime players are measured across PS4, PS5, Xbox One, Xbox Series, and Steam.

HIGH QUALITY SIM RACING GEAR

Asetek offers pedals, wheelbases, and steering wheels across three product lines, each offering the user distinct categories of hardware with varying features, authenticity, and price.

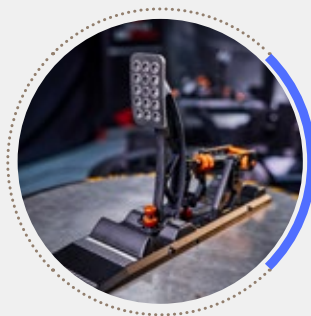
Pedals

Wheelbase

Steering wheel



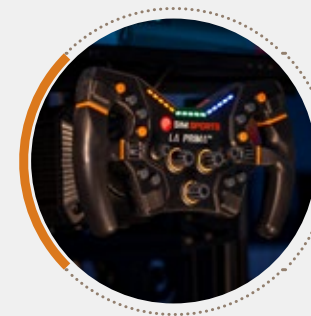
Invicta is the premium product line, offering an immersive and authentic sim racing experience.



The **FORTE** product Line is a high-quality mid-tier offering, for end-users that want to maintain high quality in build and design combined with sublime performance and user experience.



The **La Prima** product line is suited for end-users entering the high-end simracing space seeking to take their racing to the next level, offering the possibility to upgrade and adjust to fit all needs.



THIS IS SIMULATION RACING

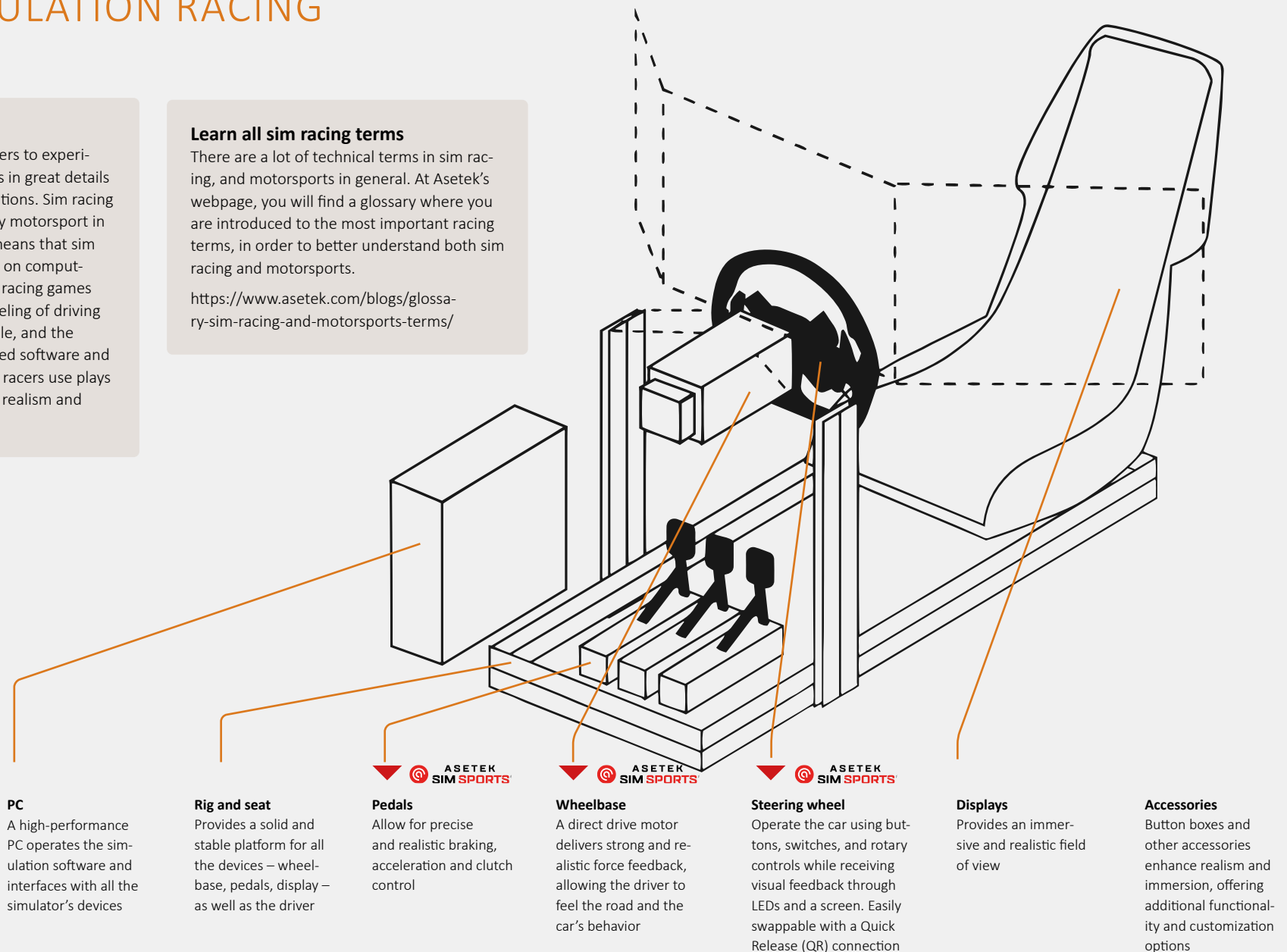
What is sim racing?

Simulator games enable players to experience situations and scenarios in great details and recreate real-world situations. Sim racing (simulation racing) is basically motorsport in a virtual environment. This means that sim racers are driving virtual cars on computer-generated tracks. The sim racing games are designed to mimic the feeling of driving a real car as closely as possible, and the racing is done using specialized software and hardware. The hardware sim racers use plays a crucial role to enhance the realism and overall driving experience.

Learn all sim racing terms

There are a lot of technical terms in sim racing, and motorsports in general. At Asetek's webpage, you will find a glossary where you are introduced to the most important racing terms, in order to better understand both sim racing and motorsports.

<https://www.asetek.com/blogs/glossary-sim-racing-and-motorsports-terms/>



PC

A high-performance PC operates the simulation software and interfaces with all the simulator's devices

Rig and seat

Provides a solid and stable platform for all the devices – wheelbase, pedals, display – as well as the driver

Pedals

Allow for precise and realistic braking, acceleration and clutch control

Wheelbase

A direct drive motor delivers strong and realistic force feedback, allowing the driver to feel the road and the car's behavior

Steering wheel

Operate the car using buttons, switches, and rotary controls while receiving visual feedback through LEDs and a screen. Easily swappable with a Quick Release (QR) connection

Displays

Provides an immersive and realistic field of view

Accessories

Button boxes and other accessories enhance realism and immersion, offering additional functionality and customization options

PRIMARY LISTING ON NASDAQ COPENHAGEN AND COMPLETED RIGHTS ISSUE

In 2024, Asetek's shares were delisted from the Oslo Stock Exchange (Oslo Børs) and primarily listed on Nasdaq Copenhagen. At the end of the year, a rights issue with preferential rights for existing shareholders was initiated, which was completed on January 6, 2025. The rights issue raised gross proceeds of DKK 88 million for Asetek.

Primary listing on Nasdaq Copenhagen

Since the company's IPO on February 11, 2013, the Asetek share had been listed on the Oslo Stock Exchange. On May 17, 2023, the share was dual-listed on Nasdaq and Asetek announced the intention to delist its shares from Oslo Stock Exchange. In December 2023, an extraordinary general meeting approved the de-listing of Asetek's shares, followed by an approval from Oslo Stock Exchange in the same month. As a result of both approvals, Asetek's shares were de-listed from the Oslo Stock Exchange effective March 26, 2024, and have since had a primary listing solely on Nasdaq Copenhagen.

Rights issue

On November 7, 2024, Asetek announced its intention to carry out a rights issue with preemptive rights for existing shareholders. The purpose was to increase financial flexibility and enable continued investments in the SimSports segment to capitalize on future growth opportunities. Each shareholder could subscribe for three new shares for every share they held on the record date, at a price of DKK 0.40 per share. The rights issue was completed on January 6, 2025, and raised gross proceeds of DKK 88 million for Asetek.

Share price development and turnover

The Asetek share trades under the symbol ASTK on Nasdaq Copenhagen and the share's ISIN code is DK0060477263 (Technology: Computer Hardware), segment Small Cap. At the close of 2024, Asetek's share price was DKK 0.479. This is equivalent to a market capitalization of DKK 47.1 million. The highest price quoted during the financial year of 2024 was DKK 3.68 (March 1) and the lowest price was DKK 0.45 (December 27). In 2024, the total turnover of Asetek shares traded on all marketplaces amounted to 131.2 million shares, corresponding to 133 percent of the total number of shares at December 31, 2024.

Share capital

After registration of the share capital increase following the rights issue, the share capital in Asetek amounted to DKK 31,823,925.80 divided into 318,239,258 shares with a nominal value of DKK 0.10. All shares are of the same class and the same share of capital and earnings. Each share entitles the holder to one vote at the General Meeting and each shareholder is entitled to vote for all shares held by the shareholder.

Ownership structure

After the rights issue was registered on January 6, 2025, the ten largest shareholders controlled 41.9 percent of the capital and votes. Board members

and executive management held a total of 3.2 percent of the capital and votes. Other members of management held an additional 0.83 percent of the capital and votes. The total number of shareholders in Asetek was 7,240 at January 6, 2025.

Concentration (Jan 6, 2025)	Shares	Capital and votes
The 10 largest owners	144,176,879	45.31%
The 20 largest owners	165,351,405	51.99%
The 30 largest owners	177,318,367	55.72%

Share repurchases

In 2024, no shares were repurchased. As of December 31, 2024, Asetek holds a total of 1,256,115 treasury shares.

Investor Relations (IR) at Asetek

Aseteks' goal is that the company should be valued on the basis of relevant, correct and current information. This involves a clear financial communication strategy, reliable information and regular contact with various stakeholders in the financial markets. The management and Board of Directors of Asetek have a clear ambition to keep an ongoing dialog with the media and the capital market. This takes place through presentations of quarterly

reports and meetings with analysts, investors and the media at various events, seminars, one-on-one meetings and during visits to Asetek offices. Interested parties can download presentation materials and listen to audio recordings from presentations of quarterly reports on Asetek's website.

Financial information regarding Asetek is available to download from <https://ir.asetek.com/overview/default.aspx>. This includes financial reports, press releases and other presentations. The company's press releases are distributed via Cision and are also available on the company's website.

Financial calendar 2025

April 28, 2025	Q1 2025 financial report
April 28, 2025	Annual General Meeting
August 19, 2025	Q2 2025 financial report
November 04, 2025	Q3 2025 financial report
March 16, 2026	Q4 and annual 2025 financial report

Shareholder contact

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

Shareholding distribution

Holding size	Shares	Capital and votes
1 –1,000	966,168	0.3%
1,001–5,000	4,079,933	1.3%
5,001–10,000	4,361,448	1.4%
10,001–100,000	33,634,422	10.6%
100,001–500,000	39,128,145	12.3%
500,001–1,000,000	18,617,328	5.8%
1,000,001–5,000,000	53,405,172	16.8%
5,000,001–10,000,000	40,977,763	12.9%
10,000,001–	89,354,632	28.0%
Unknown holding size	33,714,247	10.6%
Total	318,239,258	100.0%

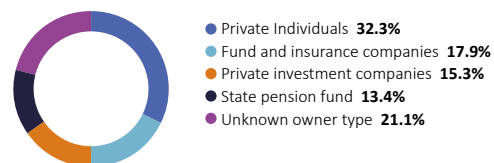
Source: Q4 Inc. Data as of January 6, 2025

Share price development 2024



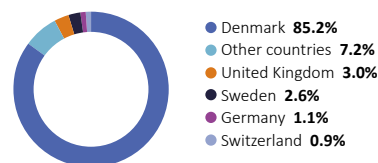
Source: Q4 Inc.

Owner type distribution



Source: Q4 Inc. Data as of January 6, 2025

Geographic distribution



Source: Q4 Inc. Data as of January 6, 2025

Volume per market



Source: Q4 Inc. Data as of January 6, 2025

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MANAGEMENT REPORT

PERFORMANCE IN 2024

Profit and loss

Total revenue for 2024 was \$52.5 million, representing a decrease of 31% from 2023 (\$76.3 million). Sealed loop cooling unit shipments for 2024 totaled 0.8 million compared with 1.17 million in 2023. Revenue and unit shipment changes reflect fewer shipments of liquid cooling products which were negatively impacted by a decrease in the macro level market for gaming hardware and a shift toward cheaper alternatives. These effects were partly offset by an increase in shipments of SimSports prod-

ucts. Average Selling Prices (ASP) for liquid coolers in 2024 decreased to \$55.76 from \$59.29 in 2023.

Gross margin was 41.8% in 2024 compared with 45.5% in 2023. The change reflects a change in product mix and the recent price sensitivity in the gaming hardware market. In 2024, total operating expense increased to \$41.2 million, from \$25.3 million in 2023. Operating expense in 2024 included a required non-cash impairment charge of \$13.8 million as a consequence of an assessed impairment within the cash generating units. Excluding this one-time charge, operating expense in 2024 increased 8% mainly due to marketing and operations costs

associated with investment in the SimSports business.

Personnel expense increased 2% in 2024 compared with 2023. Legal cost incurred associated with intellectual property settlements, defense of existing IP and securing new IP was \$0.2 million, level with 2023. Share-based compensation cost associated with warrants and options issued to employees was \$0.3 million in 2024 (\$0.5 million in 2023).

Adjusted EBITDA was \$0.3 million in 2024, compared with \$15.9 million in 2023. Adjusted EBITDA in 2024 represents operating loss of \$19.2 million,

plus depreciation of \$5.4 million, plus share-based compensation of \$0.3 million, plus the special item non-cash impairment charge of \$13.8 million.

Foreign currency transactions in 2024 resulted in a \$1.4 million gain (\$1.0 million loss in 2023).

Income tax expense was \$5.7 million in 2024, principally due to impairment charges of \$4.2 million to deferred tax assets related to uncertainty regarding their future recoverability. Income tax expense was \$2.5 million in 2023. Income tax expense in 2024 includes \$0.9 million associated with the U.S. Global Intangible Low-Taxed Income (GILTI) inclusion, which requires U.S. companies to report



foreign corporation intangible income that exceeds 10% return on foreign invested assets (\$0.8 million effect in 2023).

Asetek had a total comprehensive loss of \$25.3 million for 2024, compared with total comprehensive income of \$6.7 million in 2023. Comprehensive loss included a negative \$1.3 million translation adjustment in 2024 (positive \$0.7 million in 2023).

Balance sheet

Asetek's total assets at December 31, 2024 were \$79.4 million, compared with \$102.7 million at the end of 2023. The principal factors affecting the change were as follows: Property, plant and equipment decreased by \$8.9 million, principally as a result of a required non-cash impairment charge of \$13.8 million as a consequence of an assessed impairment within the cash generating units. Deferred tax assets decreased by \$5.7 million due to uncertainties regarding their future recoverability. Cash and equivalents decreased by \$5.8 million due to cash requirements of the business. Inventories decreased by \$2.4 million associated with the reduced operating volumes.

Total liabilities increased by \$1.6 million in 2024, due to offsetting factors. Short-term debt decreased by \$12.9 million and long-term debt increased by \$16.6 million principally as a result of net \$5.7 million in funds drawn to complete construction of a new headquarters building. Upon completion of construction in 2024, \$19.3 million of debt was refinanced to a longer term structure, maturing in March 2028. This increase in liabilities was offset by exchange rate effects of a stronger U.S. dollar, lower accrued employee compensation associated with fewer employees, and reduced transaction volumes in accounts payable.

Working capital (current assets minus current liabilities) totaled \$4.4 million at December 31,

2024 (negative \$3.2 million in 2023). The change principally reflects the refinancing of short-term debt in 2024.

Statement of cash flows

Net cash provided by operating activities was \$1.2 million in 2024 (\$16.3 million provided in 2023). The change was principally due to operating loss generated in 2024 compared with operating income in 2023.

Cash used by investing activities was \$10.1 million compared with \$27.4 million used in 2023. The construction of Asetek's headquarters facility was completed in Q3 2024, with property, plant and equipment additions totaling \$7.8 million (\$24.9 million in 2023). Additions to capitalized assets under development associated with future products was \$2.3 million, a decrease of \$0.2 million from 2023.

Cash provided by financing activities was \$5.0 million in 2024 compared with \$12.3 million provided in 2023. \$5.7 million was drawn on credit facilities in 2024 to finance completion of the Company's headquarters building. Funds provided by financing in 2023 included a rights offering which generated net proceeds of \$16.1 million.

Net decrease in cash and cash equivalents was \$5.8 million in 2024, compared with an increase of \$1.7 million in 2023. Cash and cash equivalents at December 31, 2024 was \$3.3 million (\$9.1 million in 2023).

Liquidity and financing

In mid-2024, the Company experienced a decline in revenue resulting from a weakened gaming hardware market while it continued to invest in the growing SimSports business as well as finish construction of its new headquarters. As a result, a projected near-term cash shortfall required that

management initiate fund-raising with the launch of an equity rights offering in November 2024. As of December 31, 2024, the Company had working capital of \$4.4 million and long-term debt of \$19.2 million. Upon subsequent completion of a rights offering on January 6, 2025, the Company generated net proceeds of \$10.5 million through the issuance of 219.9 million new common shares of stock. In May 2023, the Company issued 71.2 million new common shares in an equity rights offering, raising net proceeds of \$16.1 million.

While there is no assurance that the Company will generate sufficient revenue or operating profits in the future, Asetek's management estimate that the Company's cash position and the liquidity available from its operations, external borrowings and other sources available, after the results of the rights offering on January 6, 2025, is sufficient to satisfy its working capital requirements for the foreseeable future, based on financial forecasts. To the extent necessary to fund expansion or other liquidity needs, management will consider offerings of debt, equity, or a combination thereof, depending on the cost of capital and the status of financial markets at that time.

2024 RESULTS vs. EXPECTATIONS

In the 2023 report, the Company communicated expectations of revenue growth between -5% to 5% for 2024 (equivalent to estimated total revenue of \$72.5 to \$81.1 million), with expected adjusted EBITDA margin to be in the range of 12% to 17%. In June 2024, the Company received updated revenue forecasts from its OEM partners indicating a potentially weak second half of 2024 and therefore temporarily suspended its revenue guidance. After a detailed customer review which revealed that the liquid cooling market rebound would be weaker than anticipated, Asetek reduced guidance on July

1 to reflect Group full year revenue expected in the range of \$52 to \$55 million, with an adjusted EBITDA margin of 1% to 4%. The Company's actual results for 2024 were total revenue of \$52.5 million and adjusted EBITDA margin of 1%. The results did not meet management's expectations at the beginning of the year. Revenue and adjusted EBITDA achievement for the year was within the range of the revised expectations communicated on July 1, 2024.

EXPECTATIONS FOR 2025

Recently there has been a shift in the liquid cooling market toward more affordable gaming PC's, which in turn increases the demand for cheaper liquid cooling options. This shift has impeded revenue growth in the Liquid Cooling segment, as Asetek has historically focused on the premium market. In 2025, the Company is expanding its product range to include products for the mid-range market, aiming to capture a broader consumer base in an increasingly competitive environment. As a result of these market dynamics, the Company expects revenue for 2025 at the Group level to be in the range of \$52-58 million, with an adjusted EBITDA margin of 3-5%. The Group revenue outlook is derived from expected revenue in the Liquid Cooling segment in the range of \$40 to \$43 million, and in the SimSports segment \$12 to \$15 million. For the full fiscal year 2025, the Liquid Cooling segment is expected to achieve a gross margin in the range of 40-45%, while the SimSports segment is expected to reach a gross margin of 30-35%. The potential impact of the geopolitical situation and U.S. import tariffs remains uncertain and will depend on various factors beyond the Company's control, as well as the Company's ability to mitigate any potential effects.

CORPORATE GOVERNANCE

The objective of corporate governance is to ensure that Asetek is managed as efficiently as possible in order to create shareholder value. This is achieved through a clear division of responsibilities between the Annual General Meeting, the Board and the executive management, as well as through clear regulations and transparent processes.

Framework for corporate governance

In this process, Asetek uses the corporate governance recommendations from Nasdaq Copenhagen as an important source of inspiration. The recommendations can be found at: <https://www.nasdaq.com/market-regulation/nordic/copenhagen>

The Board of Directors is fundamentally in full agreement with Danish Committee on Corporate Governance recommendations for good company governance. Asetek endeavors to follow the relevant recommendations for the Company, which support the business and ensure value for the Company's stakeholders. The statutory report on Corporate Governance, cf. section 107b of the Danish Financial Statements Act, is available on the Company's website: <https://ir.asetek.com/Corporate-Governance-Statement-2024/>

Communication between the Company and its shareholders

The communication between Asetek and shareholders primarily takes place at the Company's Annual General Meeting and via company announcements. Asetek shareholders are encouraged to subscribe to the e-mail service to receive company announcements, interim management statements, interim reports and annual reports as well as other news via e-mail.

The general meeting

The General Meeting has the final authority over the Company. The Board of Directors emphasize that shareholders are given detailed information and an adequate basis for the decisions to be made by the General Meeting.

The General Meeting elects the Board of Directors, which currently consists of five members. The board members are elected for one year at a time with the option for re-election.

Amendment of Articles of Association

Unless otherwise required by the Danish Companies Act, resolutions to amend the Articles of Association must be approved by at least 2/3 of the votes cast as well as at least 2/3 of the voting share capital represented at the General Meeting.

Board responsibilities

The Board of Directors' main tasks include participating in, developing, and adopting the Company's strategy, performing the relevant control functions and serving as an advisory body for the executive management. The Board reviews and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Company are items processed by the Board. The Board is responsible for hiring the CEO and defining his or her work instructions as well as setting of his or her compensation. The Board periodically reviews the Company's policies and procedures to ensure that the Group is managed in accordance with good corporate governance principles, upholding high ethics.

Financial reporting

The Board of Directors receives regular financial reports on the Company's business and financial status.

Notification of meetings and discussion of items

The Board schedules regular meetings each year. Ordinarily, the Board meets eight to ten times a year, of which four are quarterly update teleconferences. The meetings are typically conducted at either the facility in Aalborg, Denmark or via web based conferencing. Additional meetings may be convened on an ad hoc basis.

All Board members receive regular information about the Company's operational and financial progress in advance of the scheduled Board meetings.

The Board members also regularly receive operations reports and participate in strategy reviews. The Company's business plan, strategy and risks are regularly reviewed and evaluated by the Board. The Board Members are free to consult the Company's senior executives as needed.

Danish Recommendation for Corporate Governance

	2024	2023
Participation:		
Complies with recommendations	38	38
Explanation provided	2	2

Ordinarily, the Chairman of the Board proposes the agenda for each Board meeting. Besides the Board Members, Board meetings are attended by the Executive Board.

Other participants are summoned as needed. The Board approves decisions of particular importance to the Company including the strategies and strategic plans, the approval of significant investments, and the approval of business acquisitions and disposals.

Conflicts of interest

In a situation involving a member of the Board personally, this member will exclude him or herself from the discussions and voting on the issue.

Use of Committees

Currently, the Company has a Nomination Committee, an Audit Committee and a Compensation Committee.

// The Nomination Committee is elected directly by the General Meeting. The Committee consists of three members and must be independent from the Board of Directors and the management, however, it

is recommended that the chairman of the Board of Directors is a member. The tasks include proposing candidates for the Board of Directors, propose remuneration for the Board of Directors as well as perform the annual assessment of the Board of Directors. Members: Ib Sønderby (chairman), Claus Berner Møller and René Svendsen-Tune.

Nomination committee meetings

Meetings held during the year: 3

Participation:

Ib Sønderby (chair) (independent)	100%
Claus Berner Møller (independent)	100%
René Svendsen-Tune	100%

// The Audit Committee is elected among the members of the Board of Directors and has responsibilities related to financial reporting, the independent auditor, internal reporting and risk management, including cybersecurity risks. The Committee consists of at least two shareholder elected Board members. Members: Anja Monrad (chair), Erik Damsgaard.

// The Compensation Committee has responsibilities related to developing proposals for the applicable remuneration policy and remuneration of the Management Board. Members: Jukka Pertola (chair) and René Svendsen-Tune.

BOARD OF DIRECTORS

Name	Elected	Independent	Share holdings	Board meetings	Compensation committee	Audit committee
René Svendsen-Tune	2023	Yes	241,842	17/17	5/5	–
Erik Damsgaard	2019	Yes	145,267	16/17	–	4/4
Jukka Pertola	2019	Yes	164,171	15/17	5/5	–
Anja Monrad ¹	2024	Yes	50,000	12/13	–	2/2

1) Joined board April 30, 2024

The Board's self-evaluation

The Board's composition, competencies, working methods and interaction are discussed on an ongoing basis and evaluated formally on an annual basis. In this connection, the Board also evaluates its efforts in terms of corporate governance.

The composition of the Board is considered appropriate in terms of professional experience and relevant special competences to perform the tasks of the Board of Directors. The Board of Directors continuously assesses whether the competencies and expertise of members need to be updated. All of the members are independent persons, and none of the Board members participates in the day-to-day operation of the Company. At the 2023 Ordinary General Meeting on April 30, 2024, Mr. René Svendsen-Tune was re-elected to the Board, receiving 66% of the votes cast. Mr. Svendsen-Tune was re-elected Chairman of the Board by the Board of Directors on April 30, 2024.

Risk management

Refer to the Risk Management section of the Management Report as well as Note 3 of the consolidated financial statements.

Internal audit

The need for an internal audit function is considered regularly by the Audit Committee. However, due to the size of the Company and the established control activities, the Audit Committee so far considers it unnecessary to establish an independent internal executive audit board.

As part of risk management, Asetek has a whistle-blower function for expedient and confidential notification of possible or suspected wrongdoing.

Share capital

On December 31, 2024, the share capital in Asetek amounted to DKK 9,831,389.20 divided into 98,313,892 shares with a nominal value of DKK 0.10. All shares are of the same class and hold the same share of capital and earnings. Each share entitles the holder to one vote at the General Meeting and each shareholder is entitled to vote for all shares held by the shareholder.

Ownership structure

At the end of 2024, the ten largest shareholders controlled 38.35 percent of the capital and votes.

Board members and executive management held a total of 2.6 percent of the capital and votes. Other members of management held an additional 0.10 percent of the capital and votes. The total number of shareholders in Asetek was 6,584 at December 31, 2024.

As of December 31, 2024, Asetek A/S had two major shareholders, each holding more than 5% of the voting rights and share capital. These two shareholders are:

Nordic Compound Invest A/S
Annexstræde 6, 2500 Valby, Denmark

Arbejdsmarkedets Tillægspension (ATP)
Kongens Vænge 8, 3400 Hillerød, Denmark

Share repurchases

In 2024, no shares were repurchased. As of December 31, 2024, Asetek holds a total of 1,256,115 treasury shares.

BOARD OF DIRECTORS SHARE AUTHORIZATION

Meeting Date	Meeting Type	Action	Shares	Nominal Value	Price
April 23, 2014	Board	Board issues warrants to employees and Board members	118,210	DKK 0.10/share	NOK40.10
August 12, 2014	Board	Board issues warrants to employees and Board members	32,970	DKK 0.10/share	NOK33.90
August 11, 2015	Board	Board issues warrants to employees and Board members	700,000	DKK 0.10/share	NOK10.50
April 29, 2016	Board	Board issues warrants to employees and Board members	600,000	DKK 0.10/share	NOK19.50
April 25, 2017	Board	Board issues warrants to employees and Board members	509,687	DKK 0.10/share	NOK76.25
July 7, 2017	Board	Board issues warrants to employees	106,999	DKK 0.10/share	NOK113.00
April 25, 2018	General	Board authorized to acquire the Company's own shares			
October 31, 2018	Board	Board introduces employee stock option program to replace warrant program and issues options to employees	378,500	DKK 0.10/share	NOK46.30
April 10, 2019	General	Board authorized to acquire the Company's own shares			
September 8, 2019	Board	Board issues options to employees	494,900	DKK 0.10/share	NOK24.70
April 22, 2020	General	Board authorized to acquire the Company's own shares			
April 23, 2020	Board	Board issues options to employees	320,300	DKK 0.10/share	NOK38.33
April 21, 2021	Board	Board issues options to employees	216,300	DKK 0.10/share	NOK100.15
April 22, 2021	General	Board authorized to acquire the Company's own shares			
April 28, 2022	General	Board authorized to acquire the Company's own shares			
September 7, 2022	Board	Board issues options to employees	376,500	DKK 0.10/share	NOK15.04
March 8, 2023	Board	Board authorized capital increase to raise DKK140 million in fully underwritten rights issue	71,166,167	DKK 0.10/share	NOK3.00
May 9, 2023	General	Board authorized to acquire the Company's own shares			
December 12, 2023	Board	Board issues options to employees	2,956,850	DKK 0.10/share	DKK4.07
April 30, 2024	General	Board authorized to acquire the Company's own shares			
November 29, 2024	Extraordinary General	Board authorized to to increase Asetek's share capital and issue new shares with pre-emptive rights for the existing shareholders			

BOARD OF DIRECTORS

Executive and other positions held	Age and gender	Qualifications	Date appointed to end of current term	Independence status
RENÉ SVENDSEN-TUNE, CHAIRMAN Nilfisk A/S- Deputy Chairman NKT A/S- Deputy Chairman	69 Male	CEO at GN Store Nord A/S for 8 years (2015-2023); Prior to this long, exec level career in tech sector.	May 9, 2023 to April 28, 2025	Independent
Committee participation: Compensation; Nomination Asetek equity holdings: 241,842 owned shares 2024 cash compensation: \$64,940				
ERIK DAMSGAARD, VICE CHAIRMAN Masentia Group of companies - Chairman of the Board Tentoma A/S - Member of the Board Damm Cellular Systems ApS, Member of the Board ED Management Holding ApS- Owner and Managing director ED Management ApS- Owner and Managing director CRD Invest ApS- Managing director TRD Invest ApS- Managing director	60 Male	20+ years of senior positions in electronics & electrical manufacturing, business development.	April 10, 2019 to April 28, 2025	Independent
Committee participation: Audit Asetek equity holdings: 145,267 owned shares 2024 cash compensation: \$54,942				
JUKKA PERTOLA, BOARD MEMBER Tryg A/S and Tryg Forsikring A/S- Chairman of the Board COWI Holding A/S- Chairman of the Board Siemens Gamesa Renewable Energy A/S – Chairman of the Board GN Store Nord A/S- Chairman of the Board	65 Male	Former executive at Siemens A/S for 25+ years; Technology, Finance, Corporate governance, Risk management. Extensive board experience with multiple Chairman roles for 10+ years.	April 10, 2019 to April 28, 2025	Independent
Committee participation: Compensation (chair) Asetek equity holdings: 164,171 owned shares 2024 cash compensation: \$44,955				

BOARD OF DIRECTORS

Executive and other positions held	Age and gender	Qualifications	Date appointed to end of current term	Independence status
<p>ANJA MONRAD, BOARD MEMBER Bunker Holding A/S - Member of the Board ATP- Long-term Danish Capital- Member of Advisory Board DTU Entrepreneurship- Member of Advisory Board VL- The Danish Management Society - Vice Chair Jamii Invest ApS- Owner and Managing director Anmoda ApS- Owner and Managing director Anmoda Holding ApS- Managing director O-Mission Invest ApS- Managing director KogelMogel I/S- Owner</p> <p>Committee participation: Audit (chair) Asetek equity holdings: 50,000 owned shares 2024 cash compensation: \$40,144</p>	<p>58 Female</p>	<p>Former executive at Dell Technologies for 23 years where she led the Western Europe region for several years and previously headed up 32 countries for Dell in Europe. Prior sales and marketing leadership roles at Unisys, Compaq and Digital.</p>	<p>April 30, 2024 to April 28, 2025</p>	<p>Independent</p>
<p>EXECUTIVE MANAGEMENT</p> <p>Other positions held:</p> <p>André Sloth Eriksen, Chief Executive Officer Valdemar Eriksen Racing A/S - Owner and Chairman of the Board It's IT A/S - Chairman of the Board</p> <p>Peter Dam Madsen, Chief Financial Officer iFEED Aps - Board of Directors</p>				

RISK MANAGEMENT

Asetek's potential to realize the Company's strategic and operational objectives are subject to a number of commercial and financial risks. Asetek is continuously working to identify risks that can negatively impact the Company's future growth, activities, financial position and results as well as CSR-related risks. Asetek conducts its business with significant focus on continuous risk monitoring and management.

For a comprehensive discussion of risk factors, refer to the Company's 2024 Prospectus here: <https://ir.asetek.com/share-info/prospectus/Asetek-2024-Prospectus/>

The overall goal of risk management is to ensure that the Company is run with a level of risk, which is in a sensible ratio to the activity level, the nature of the business, and the Company's expected earnings and equity. To the largest extent possible, Asetek tries to accommodate and limit the risks which the Company can affect through its own actions.

Insurance

It is the Company's policy to mitigate significant risk areas with commercially available insurance products. This currently includes insurance for product liability, operating material and inventory as well as compulsory coverage, which varies from country to country. Management assessments indicate that the necessary and relevant precautions have been taken to thoroughly cover insurance issues. Asetek's insurance policies and overall coverage approach are reviewed at least annually.

The following are some of the risk factors management considers as being of special importance to the Group, described in no specific order.

CSR-related risks

Please see the separate Asetek Sustainability Report 2024 for identified risks and remedies.

Capital resources and indebtedness

In recent years, the Company has been dependent on third party debt and equity financing. In the fourth quarter of 2024, a decline in revenue resulted in a projected near-term cash shortfall requiring the Company to initiate an equity rights offering which raised net \$10.5 million in January 2025. The Company had previously raised \$16.1 million in an equity rights offering in May 2023. As of December 31, 2024 the Company has long-term debt of \$19.2 million, principally incurred for construction of a new headquarters facility, which was completed in 2024 and is now occupied by the Company. The Company's principal debt is based on a variable interest rate (Danish CIBOR 3) and matures in March 2028.

Economic recession

A general slowdown in the global economy, including a recession, inflation or a tightening of the credit markets could negatively impact Asetek's business, financial condition and liquidity. Adverse global economic conditions have caused or exacerbated significant slowdowns in the markets in which the Company operates, which have adversely affected Asetek's results of operations recently and in the past. Macroeconomic weakness and uncertainty also make it more difficult for management to accurately forecast revenue, gross margin, and expenses. Further economic downturn or increased uncertain-

ty may also lead to increased credit and collectibility risks, reduced availability of capital and credit markets, reduced profits, liquidity and potentially adverse impacts on Asetek's suppliers.

Investment in SimSports

In 2020 and 2021, Asetek acquired technology and intellectual property in support of the Company's entrance into the fast-growing SimSports gaming market. In March 2022, the Company shipped the first of its SimSports products and has released several new products through 2024. Revenue generated from SimSports products totaled \$9.6 million in 2024, approximately 18% of the Group's total revenue for the year. The SimSports segment is not yet profitable, generating adjusted EBITDA losses of \$8.9 million in 2024 and \$6.7 million in 2023. There is no assurance that the SimSports segment will generate operating profits in the future.

Customer concentration

In 2024, three customers accounted for 34%, 18% and 9% of total revenue. In the event of a decline or loss of any of these customers, replacement of the revenue stream would be difficult for Asetek to achieve in the short term. The Company is actively working with its other customers to grow their respective market shares and order volumes.

Competition

The markets in which the Company operates are competitive, the technological development is rapid, and the Company may in the future also be exposed to increased competition from current market players or new entrants.

Credit risk

Credit risk is the risk of a counterpart neglecting to fulfill its contractual obligations and in so doing imposing a loss on Asetek. The Group's credit risk originates mainly from receivables from the sale of products as well as deposits in financial institutions. Receivables from the sale of products are split between many customers and geographic areas.

Three customers represented 31%, 12% and 10% of trade receivables at December 31, 2024. A systematic credit evaluation of all customers is conducted, and the rating forms the basis for the payment terms offered to the individual customer. Credit risk is monitored centrally.

Intellectual property defense

Asetek has filed and defended lawsuits against competitors for patent infringement. While some of the cases have been settled or dismissed, some may continue, and new cases may be initiated. Such cases may proceed for an extended period and could potentially lead to an unfavorable outcome to Asetek. Asetek has historically incurred significant legal costs associated with litigation and may continue to do so in the future to the extent management believes it is necessary to protect intellectual property.

New chip releases

Asetek's liquid cooling revenue is dependent upon timely releases by major suppliers of new GPU's and CPU's. In recent years, the global economy was subject to an unprecedented shortage of semiconductor chips due to production constraints and increased demand brought on by accelerated digital

transformation. This shortage negatively impacted demand. The global chip shortage eased in 2023; however, the Company's revenue continues to be dependent upon timely releases of GPU's and CPU's, and future shortages could negatively impact customer demand.

Manufacturing supply

Asetek relies upon suppliers and partners to supply products and services at competitive prices. Supply constraints and disruptions in the global supply chain may increase component costs and limit the Company's ability to fulfill customer demand.

Asetek's liquid cooling products have been

historically assembled in Xiamen, China by a single contract manufacturer which may be difficult to substitute in the short term if the need should arise. Suppliers are proactively managed by the Company's operations teams based in Xiamen and Aalborg. In 2023, the Company began outsourced manufacturing of certain products in Malaysia, and continues to increase production volumes at that site.

U.S. import tariffs

In 2018, the U.S. imposed a 25% tariff on imports of certain goods manufactured in China, which include Asetek products. In February 2025, an additional tariff of 10% was added to all goods imported to the

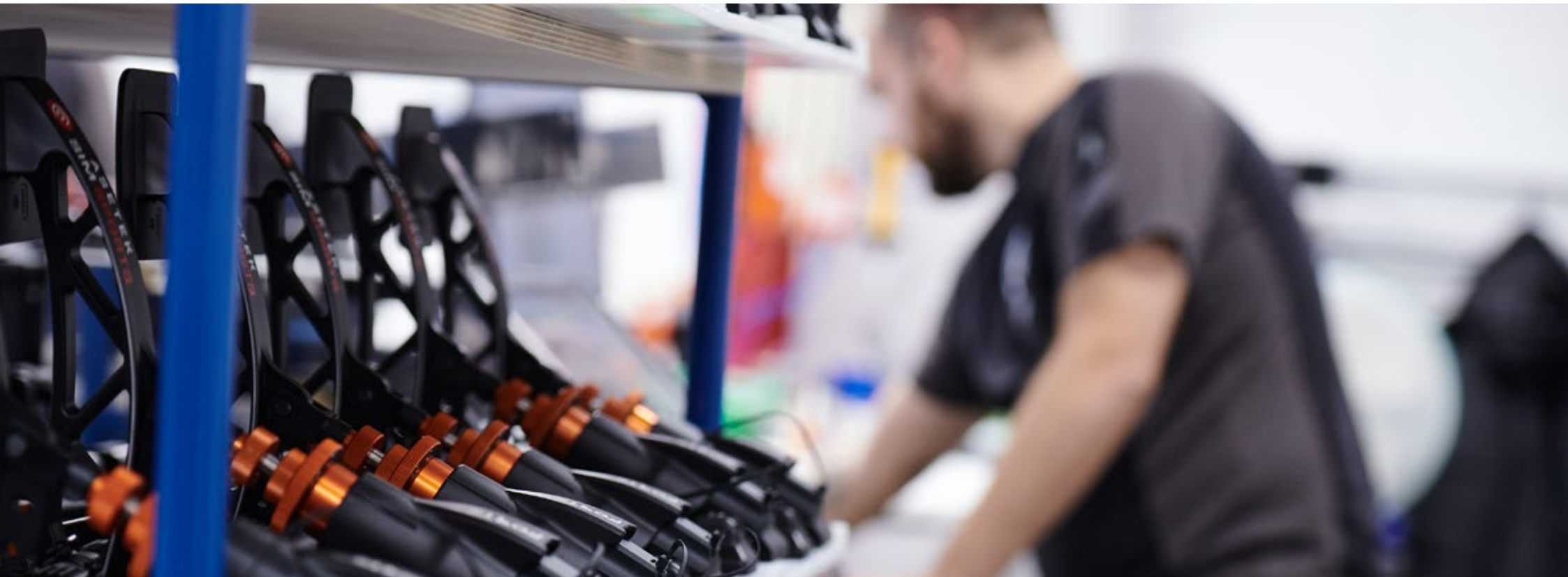
U.S. from China. The existence of the tariffs has contributed to market uncertainties, particularly in the liquid cooling segment. The Company continues to work to minimize the impact of the tariffs on Asetek and its customers.

Foreign exchange rates

Substantially all of Asetek's revenue is billed in USD. However, many customers resell Asetek products to end users in countries where USD is not the transactional currency. As a result, there is a risk that fluctuations in currency will affect the cost of product to the end user and negatively impact market demand for Asetek products. Asetek estimates

that about one third of its sold products ultimately are delivered in Europe or Japan, which are the two geographical areas which could have the largest potential impact due to USD fluctuation. Asetek believes that other factors in the end users' buying decision play a larger role than price fluctuation on the liquid cooling component. During 2024, the USD strengthened against both the DKK and EUR by 6% to 7% and strengthened against the Japanese Yen by 11%.

Asetek's raw materials are predominantly purchased with USD, from vendors whose underlying currency is CNY. The USD strengthened against the CNY by 2% in 2024.



Asetek recognizes that USD appreciation can result in sales price pressure for its suppliers. Historically, the Company has not seen significant reaction from its markets. In addition, Asetek believes that competing products are prone to the same exchange rate scenarios as Asetek.

A significant portion of Asetek's overhead costs are incurred in DKK. As a result, fluctuations in USD vs. DKK will continue to have an influence on results of operations and financial position. The Group has not entered into any forward exchange instruments.

Research and development, product innovation, market development

The Company's future success, including the opportunities to ensure growth, depends on the ability to continue developing new solutions and products adapted to the latest technology and the clients' needs as well as improving existing solutions and market position. As such, the Company develops new releases on a regular basis, with emphasis on higher performance, improved efficiency and noise-reduction. Providing new and innovative applications for Asetek's cooling technology is also a focus, as evidenced by the new SimSports products released during 2024.

Projects and contracts

It is important to Asetek's overall success that development projects are executed at high quality and at predetermined timeframes and cost prices. Risks are attached to the sale, analysis and design, development and initial manufacturing phases. Asetek has carefully defined the individual phases and the activities contained therein, with a view to active risk management and efficient implementation. Through project reviews and ongoing analyses before, during, and after initiation, Asetek works to ensure that agreements are adhered to and that revenue and margins are as planned.

Knowledge resources

Asetek is a knowledge-intensive company and in order to continue to develop innovative products and attain satisfactory financial results, it is necessary to attract and develop the right employees. Asetek has the goal of maintaining an attractive workplace and achieves this through various programs including a stock option incentive program and attractive working conditions. The Company seeks to support a company culture founded on individual responsibility and performance as well as team accomplishment.

IT security

Asetek continuously implements measures to monitor and respond to data breaches and cyberattacks. Management ensures that security assessments, including vulnerability assessments and assumed breach tests are performed on a regular basis. Additional security measures to mitigate phishing and spam mails are delivered to employees and password policies are maintained to mitigate the risk of password dictionary attacks or other forms of brute force hacking of individuals. The Company maintains ongoing efforts with external specialists to continuously improve and strengthen the IT Infrastructure security. Mandatory training in cybersecurity is carried out for all employees, and the knowledge level of cybersecurity is thus being changed from awareness-based to training- and compliance-based.

The Company has entered into an information security risk insurance policy. This area is actively monitored by the Board of Directors' Audit Committee.

Taxation

The tax situation of the Company is complex. In connection with its initial public offering in 2013, Asetek moved its Parent company from the U.S. to Denmark.

However, USA – in a unilateral tax treaty override – still considers Asetek A/S a U.S. tax subject, resulting in double taxation of Parent company earnings. Asetek has approached both countries' tax authorities with the aim of resolving the situation as per the double taxation treaty. However, a determination may take several years, and the authorities are not obligated to resolve the problem. The Company continues to make progress in working with the tax authorities of Denmark and U.S. to possibly resolve this issue.

In June 2019, the U.S. released regulation for its Global Intangible Low-Taxed Income (GILTI) inclusion for U.S. taxation, effective beginning with tax year 2018. The GILTI regulation requires U.S. companies to report foreign corporation intangible income that exceeds 10% return on foreign invested assets. Under prior law, U.S. owners of foreign corporations were able to defer recognizing taxable income until there was a distribution of earnings back to U.S. owners. In 2024, The GILTI regulation caused net incremental tax liability of \$0.9 million (\$0.9 million in 2023), which was partly offset by utilization of available deferred tax assets. Because of Asetek's U.S. tax status as described above, management believes that the impact of the GILTI regulation as it applies to the Company could be reformed in the future; however, such reform is not certain. The Company continues to work with its tax advisors to clarify and address these matters.

CORPORATE SOCIAL RESPONSIBILITY

Asetek seeks to be a good corporate citizen in everything that it does, and therefore has combined its operating principles into one framework policy.

The Asetek Sustainability Report 2024 is the Company's Report on Corporate Social Responsibility, c.f. Section 99a of the Danish Financial Statements Act. Please refer to the Report here: <https://ir.asetek.com/reports-and-presentations/annual-reports/default.aspx>

The Asetek Sustainability Report 2024 is the Company's Report on Data Ethics, c.f. Section 99d of the Danish Financial Statements Act. Please refer to the Report here: <https://ir.asetek.com/reports-and-presentations/annual-reports/default.aspx>

Pursuant to section 107d of the Danish Financial Statements Act, the Company is reporting on its diversity policy in the following sections. Furthermore, Asetek's diversity policy is available here: <https://ir.asetek.com/Diversity-Policy>.

This statement of Asetek's diversity policy is a component of the Management's Report in the Annual Report for 2024 and covers the financial period 1 January –31 December 2024:

Asetek believes that diversity among employees and management, including an even distribution of age, nationality and educational background, contributes positively to the work environment and strengthens the company's competitiveness and performance.

Historically, Asetek has been a diverse workplace, where employees have very different backgrounds, competencies and living conditions. Not only in relation to gender, age and origin, but equally in relation to education, experience and personality. It is therefore Asetek's goal that the management should equally reflect the diversity among our employees. In order to promote diversity among the company's management and Board of Directors, there is a focus on this in recruiting new managers. In 2024, Asetek has therefore sought to ensure broad diversity among applicants when recruiting and promoting.

As of December 31, 2024, the Board of Directors consists of 4 individuals, of which 75% are men and 25% are women. In terms of nationality composition, 25% of the Executive Board and Board of Directors are of a nationality other than Danish. In terms of age composition, 0% of management is under 40 years old, 50% are between 40 and 60 years old, and 50% of management is over 60.

The board members of Asetek cover a wide range of experiences from both the Danish and international business community and the high-tech industry. This composition is considered appropriate, as it ensures a breadth in the members' approach to the tasks, and thus helps to ensure qualified considerations and decisions.



FIVE-YEAR SUMMARY

FINANCIALS

FISCAL YEAR	2024	2023	2022	2021	2020
COMPREHENSIVE INCOME (\$'000'S)					
Revenue	52,502	76,332	50,650	79,803	72,750
Gross profit	21,945	34,708	20,765	33,373	34,194
Operating income	(19,248)	9,403	(5,401)	779	10,928
Financial items, net	1,031	(905)	(477)	618	(1,502)
Income before tax	(18,217)	8,498	(5,878)	1,397	9,426
Income for the year	(23,936)	6,001	(4,325)	1,337	9,195
Comprehensive income	(25,273)	6,722	(6,296)	(372)	11,587
Operating income before amortization, depreciation and financial items (EBITDA), unaudited	(13,802)	14,503	(1,231)	4,529	14,681
Adjusted EBITDA	271	15,864	(791)	7,223	15,600
BALANCE SHEET (\$'000'S)					
Total assets	79,363	102,739	78,615	75,354	71,393
Total equity	41,135	66,126	42,748	48,388	47,525
Interest-bearing debt	22,061	18,378	21,689	3,243	4,129
Working capital	4,362	(3,232)	(6,312)	20,603	32,837
Invested capital	115,860	112,177	99,346	80,900	81,786
Investment in property, plant and equipment	7,823	24,902	22,215	8,322	2,597
Investment in intangible assets	2,320	2,561	3,405	10,196	2,876
CASH FLOW (\$'000'S)					
Operating activities	1,213	16,280	(8,354)	14,317	11,430
Investing activities	(10,096)	(27,373)	(25,395)	(13,204)	(4,816)
Financing activities	4,959	11,836	18,327	(4,636)	(5,088)
Total cash flow	(5,828)	1,710	(15,885)	(3,803)	2,594

RATIOS & METRICS

FISCAL YEAR	2024	2023	2022	2021	2020
PROFIT & LOSS					
Gross margin	41.8%	45.5%	41.0%	41.8%	47.0%
Operating margin	-36.7%	12.3%	-10.7%	1.0%	15.0%
Return on invested capital (ROIC)	-20.7%	5.3%	-4.4%	1.7%	11.2%
Organic growth	-31.2%	50.7%	-36.5%	9.7%	33.9%
BALANCE SHEET					
Quick ratio	0.9	0.6	0.6	1.6	2.4
Current ratio	1.2	0.9	0.8	1.8	2.5
Days sales outstanding	78.7	50.6	63.1	69.6	116.1
Inventory turns per year	3.9	5.2	4.8	11.5	18.4
Days payable outstanding	146.6	129.0	132.2	145.4	133.6
Debt to equity	53.6%	27.8%	50.7%	6.7%	8.7%
STOCK MARKET					
Earnings per share, basic (USD)	(0.25)	0.07	(0.08)	0.03	0.18
Earnings per share, diluted (USD)	(0.25)	0.07	(0.08)	0.03	0.17
Shares issued (000's)	98,314	98,314	27,147	26,970	26,433
Treasury shares (000's)	1,256	1,256	1,256	1,262	931
Share price (DKK)	0.48	3.90	8.46	30.58	76.74
Share price to earnings	-	7.87	-	90.56	35.98
Market capitalization (\$000's)	6,509	56,122	31,413	119,825	323,054
BUSINESS DRIVERS					
Sealed loop units shipped (000's)	768	1,165	797	1,386	1,201
Average selling price per unit, liquid coolers (USD)	55.7	59.3	56.2	52.6	53.9
Revenue per employee (\$000's)	407	570	362	528	661
Average number of employees	129	134	140	151	110

Refer to the Definitions of Ratios and Metrics on page 78 of this report.

FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(USD 000's)	Note	2024	2023
Revenue	4	52,502	76,332
Cost of sales	8	(30,557)	(41,624)
GROSS PROFIT		21,945	34,708
Research and development		(8,295)	(7,379)
Selling, general and administrative		(19,107)	(17,079)
Special items	2, 8	(13,791)	(847)
TOTAL OPERATING EXPENSES		(41,193)	(25,305)
OPERATING INCOME		(19,248)	9,403
Foreign exchange gain (loss)	9	1,444	(1,015)
Finance income	9	99	265
Finance costs	9	(512)	(155)
TOTAL FINANCIAL INCOME		1,031	(905)
INCOME BEFORE TAX		(18,217)	8,498
Income tax (expense) benefit	10, 11	(5,719)	(2,497)
INCOME FOR THE YEAR		(23,936)	6,001
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation adjustments		(1,337)	721
TOTAL COMPREHENSIVE INCOME		(25,273)	6,722
INCOME PER SHARE: (IN USD)			
Basic	12	(0.25)	0.07
Diluted	12	(0.25)	0.07

CONSOLIDATED BALANCE SHEET

(USD 000's)	Note	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	14	10,943	12,050
Property, plant and equipment	15	44,992	53,897
Deferred income tax assets	11	–	5,689
Other assets		39	318
TOTAL NON-CURRENT ASSETS		55,974	71,954
CURRENT ASSETS			
Inventory	17	6,604	9,053
Trade and other receivables	16	13,492	12,611
Cash and cash equivalents		3,293	9,121
TOTAL CURRENT ASSETS		23,389	30,785
TOTAL ASSETS		79,363	102,739

(USD 000's)	Note	2024	2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	1,478	1,478
Retained earnings		52,375	76,029
Translation and other reserves		(12,718)	(11,381)
TOTAL EQUITY		41,135	66,126
NON-CURRENT LIABILITIES			
Long-term debt	19	19,201	2,596
TOTAL NON-CURRENT LIABILITIES		19,201	2,596
CURRENT LIABILITIES			
Short-term debt	19, 20	2,860	15,782
Accrued liabilities		2,646	1,790
Accrued compensation and employee benefits		1,250	1,733
Trade payables		12,271	14,712
TOTAL CURRENT LIABILITIES		19,027	34,017
TOTAL LIABILITIES		38,228	36,613
TOTAL EQUITY AND LIABILITIES		79,363	102,739

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(USD 000's)	Share capital	Share premium	Translation reserves	Treasury share reserves	Retained earnings	Total
EQUITY AT DECEMBER 31, 2022	444	–	(896)	(11,206)	54,406	42,748
Total comprehensive income for 2023						
Income for the year	–	–	–	–	6,001	6,001
Foreign currency translation adjustments	–	–	721	–	–	721
Total comprehensive income for 2023	–	–	721	–	6,001	6,722
Transactions with owners in 2023						
Shares issued in rights offering, net of issuance costs	1,034	15,108	–	–	–	16,142
Transfer	–	(15,108)	–	–	15,108	–
Share-based payment expense	–	–	–	–	514	514
Transactions with owners in 2023	1,034	–	–	–	15,622	16,656
EQUITY AT DECEMBER 31, 2023	1,478	–	(175)	(11,206)	76,029	66,126
Total comprehensive income for 2024						
Income for the year	–	–	–	–	(23,936)	(23,936)
Foreign currency translation adjustments	–	–	(1,337)	–	–	(1,337)
Total comprehensive income for 2024	–	–	(1,337)	–	(23,936)	(25,273)
Transactions with owners in 2024						
Share-based payment expense	–	–	–	–	282	282
Transactions with owners in 2024	–	–	–	–	282	282
EQUITY AT DECEMBER 31, 2024	1,478	–	(1,512)	(11,206)	52,375	41,135

CONSOLIDATED STATEMENT OF CASH FLOWS

(USD 000's)	Note	2024	2023	(USD 000's)	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				CASH FLOWS FROM FINANCING ACTIVITIES			
Income (loss) for the year		(23,936)	6,001	Borrowings (repayment) on line of credit	19	5,759	(3,354)
Depreciation and amortization	14,15	5,446	5,100	Proceeds from issuance of share capital	18	–	17,020
Impairment of property, plant and equipment	14	13,791	–	Costs incurred for issuance of share capital	18	–	(878)
Impairment of intangible assets	14	211	60	Financing of equipment	19	171	181
Finance income recognized	9	(99)	(265)	Principal payments on equipment financing	19	(262)	(293)
Finance costs incurred	9	1,494	1,284	Principal payments on leases	20	(709)	(840)
Finance income, cash received		99	265	NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		4,959	11,836
Finance costs, cash paid		(1,471)	(1,243)	Effect of exchange rate changes on cash and equivalents		(1,904)	967
Impairment of deferred tax assets	11	4,209	–	NET CHANGES IN CASH AND CASH EQUIVALENTS		(5,828)	1,710
Income tax expense (income)	10, 11	1,510	2,497	Cash and cash equivalents at beginning of period		9,121	7,411
Cash receipt (payment) for income tax		(1,480)	543	CASH AND CASH EQUIVALENTS AT END OF PERIOD		3,293	9,121
Share-based payments expense	7	282	514	SUPPLEMENTAL DISCLOSURE – NON-CASH ITEMS			
Changes in receivables, prepaid assets, inventories		1,836	(847)	Assets acquired under leases	20	152	273
Changes in trade payables and accrued liabilities		(678)	2,371				
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,213	16,280				
CASH FLOWS FROM INVESTING ACTIVITIES							
Additions to intangible assets	14	(2,320)	(2,561)				
Purchase of property, plant and equipment	15	(7,823)	(24,902)				
Disposal of long-term assets	15	47	90				
NET CASH USED IN INVESTING ACTIVITIES		(10,096)	(27,373)				
FREE CASH FLOW		(8,883)	(11,093)				

NOTES

1. GENERAL INFORMATION

Asetek A/S ('the Company'), and its subsidiaries (together, 'Asetek Group', 'the Group' or 'Asetek') designs, develops and markets gaming hardware for computers. The Group's core products utilize liquid cooling technology to provide improved performance, acoustics and energy efficiency. The Company is based in Aalborg, Denmark with personnel in USA, China and Taiwan. The Company's shares trade on the Nasdaq Copenhagen under the symbol 'ASTK'.

1.1. Liquidity from rights offerings

Subsequent to the balance sheet date, on January 6, 2025, the Company issued 219,925,366 new common shares of stock in a rights offering, raising net proceeds of \$10.5 million. Refer to Note 24. On May 17, 2023, the Company issued 71,166,167 new common shares of stock in a rights offering, raising net proceeds of \$16.1 million after deduction of total issuance costs of \$3.7 million.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements have been prepared on a historical cost convention, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the supplementary Danish information requirements for class D publicly listed companies.

2.2. Consolidation

The consolidated financial statements comprise the Company and its consolidated subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from the intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

2.3. Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company's operations in the United States of America, Denmark and China are the U.S. dollar, Danish kroner, and Chinese Yuan Renminbi, respectively. The consolidated financial statements are presented in U.S. dollars, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as operating expense in the income statement in foreign exchange (loss)/gain.

Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

// Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

// Income and expenses for each income statement are translated at average exchange rates;

// All resulting exchange differences are recognized in other comprehensive income

2.4. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. For assets constructed, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the historical cost (Note 2.16). Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is provided over the estimated useful lives of the depreciable assets, generally three to five years, using the straight-line method. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized as other income or expense in the consolidated income statement. Property, plant and equipment is grouped as follows:

Group	Estimated Useful Life
Buildings	30–50 years
Leasehold improvements	Lesser of 5 years or lease term
Plant and machinery	5 years
Tools and fixtures	3 to 5 years

2.5. Research and development

Research costs are expensed as incurred. Costs directly attributable to the design and testing of new or improved products to be held for sale by the Group are recognized as intangible assets within development projects when all of the following criteria are met:

- // it is technically feasible to complete the product so that it will be available for sale;
- // management intends to complete the product and use or sell it;
- // there is an ability to use or sell the product;
- // it can be demonstrated how the product will generate probable future economic benefits;
- // adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- // the expenditures attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the product include the employee costs associated with development. Other development expenditures that do not meet these criteria are recognized as expense when incurred. Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs recognized as assets are amortized on a straight-line basis over their estimated useful lives, which generally range between three and sixty months. Amortization expense related to capitalized development costs is included in research and development expense.

2.6. Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment annually, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of 1) an asset's fair value less costs to sell or 2) its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. If an impairment loss on goodwill is identified, it is recognized as an expense and is not reversed in a subsequent period.

2.7. Financial assets

Recognition and Measurement

The Group determines the classification of its financial assets at initial recognition. Financial assets within the scope of IFRS 9 Financial Instruments are classified as follows:

- // 'Amortized cost' are financial assets representing contractual cash flows held for collection, where such cash flows solely represent payment of principal and interest.
- // 'Fair value'. All other financial assets, representing other debt and equity instruments that do not meet the 'amortized cost' criteria, are recognized at fair value. All fair value movements on financial assets are taken through the income statement, or for certain debt instruments that qualify, through other comprehensive income.

For all years presented, the Group's financial assets are all classified as 'amortized cost'.

Impairment of financial assets

For financial assets carried at amortized cost, the Group measures at the end of each reporting period the expected credit losses to be incurred for a financial asset or group of financial assets. The Company utilizes historical experience, evaluation of possible outcomes, current conditions and forecasts of future economic conditions to determine expected credit losses. Evidence may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.8. Financial liabilities

Recognition and measurement. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, or other liabilities. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value less, in the case of other liabilities, directly attributable transaction costs. The measurement of financial liabilities depends on their classification as follows:

- // 'Financial liabilities at fair value through profit or loss' are derivatives entered into that do not meet the hedge accounting criteria as defined by IFRS 9. Gains or losses on liabilities held for trading are recognized in profit and loss. At December 31, 2024, the Company has no liabilities measured at fair value through profit and loss.
- // 'Other liabilities' – After initial recognition, interest bearing debt is subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Offsetting of financial instruments. Financial assets and financial liabilities are offset, and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.9. Inventories

Inventories are stated at the lower of actual cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made for estimated excess, obsolescence, or impaired balances.

2.10. Trade receivables

Trade receivables are amounts due from customers for product sold in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for expected credit losses. If collection is expected in one year or less, trade receivables are classified as current assets. Expected credit losses are determined utilizing the simplified approach allowed under IFRS 9 Financial Instruments.

2.11. Cash and cash equivalents

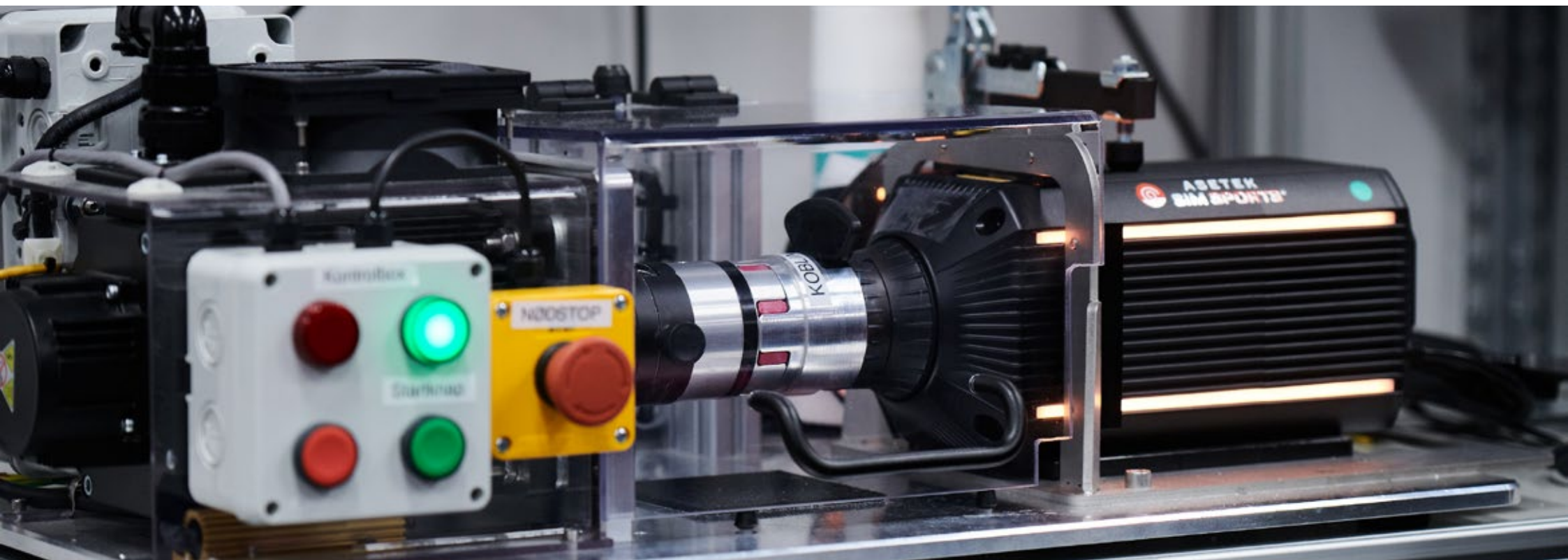
Cash and cash equivalents includes cash on hand, deposits with banks, overdrafts and other short-term highly liquid investments with original maturities of three months or less.

2.12. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are recorded against equity in the period the equity transaction closes, as a deduction net of tax, from the proceeds.

2.13. Share-based payments

The Company issues options (or warrants) that allow management and key personnel to acquire shares in the Company. Through equity-settled, share-based compensation plans, the Company receives services from employees as consideration for the granting of equity options to purchase shares in the Company at a fixed exercise price. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of options granted is recognized as an employee expense with a corresponding in-



crease in equity, over the period that the employees become unconditionally entitled to the options (vesting period). The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions as set forth in the share option program. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. At each reporting date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The impact of the revision to original estimates, if any, is recognized in the Statement of Comprehensive Income, with a corresponding adjustment to equity.

2.14. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15. Revenue recognition and other income

Revenue represents sale of the Group's products to customers which are principally resellers and original equipment manufacturers. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, sales tax, returns and after eliminating sales within the Group.

The Group's revenue is predominantly comprised of shipment of Asetek products in fulfillment of customer purchase orders. As such, the Company recognizes revenue when a valid contract is in place and control of the goods have transferred to the customer. Customer purchase orders and/or contracts are used as evidence of an arrangement. Delivery occurs and control of the goods is deemed to transfer when products are shipped to the specified location and the risks of obsolescence and loss have been transferred to the customer. For certain customers with vendor-managed inventory, delivery does not occur until product is acquired by the customer from the vendor-managed inventory location. The Company assesses collectability based primarily on the creditworthiness of the customer as determined by credit checks and customer payment history. Customers do not generally have a right of return.

Income received as a result of patent litigation settlement is recorded as other income as an offset to operating expense in the period the award is granted. Estimated costs for future product returns under warranty are charged to cost of sales and included in accrued liabilities.

2.16. Borrowings and related costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.17. Leases

Lease liabilities are accounted for under IFRS 16 Leases and measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Lease liabilities include the net present value of: fixed lease payments, amounts expected to be payable under residual value guarantees, any purchase options that are reasonably expected to be exercised, and any penalties for termination reflected in the lease term. The corresponding rental obligations, net of finance charges, are included in other long-term debt. Amounts due within one year are included in short-term debt.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to reflect a constant periodic rate of interest on the remaining balance of the liability for each period.

Leased assets are recognized as a right-of-use asset at the date at which the leased asset is available for use by the Group, initially measured at the present value of the lease liability and included in Property and equipment on the balance sheet.

2.18. Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. If the impact of time value is significant, the provision is calculated by discounting anticipated future cash flow using a discount rate before tax that reflects the market's pricing of the present value of money and, if relevant, risks specifically associated with the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.19. Contingent liabilities

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

2.20. Segment reporting

Business segmentation. The Group is reporting on three segments, Liquid cooling, SimSports and Data center. The three segments are identified by their specific sets of products and specific sets of customers. The splitting of operating expenses between segments is based on the Company's best judgment and done by using the Company's employee/project time tracking system to capture total hours charged by project code. Operating expenses that are not divisible by nature (rent, telecommunication expenses, etc.) have been split according to actual time spent on the three businesses, and the Company's best estimate for attribution. Costs incurred for intellectual property defense and headquarters administration have been classified separately as headquarters costs and excluded from segment operating expenses. The CEO is the Group's chief operating decision maker. The CEO assesses the performance of the Group principally on measures of revenue and adjusted EBITDA.

Geographical segmentation. Each of the Group's offices in its three principal geographies fulfills a particular function that serves the Asetek Group as a whole. The majority of costs incurred in each of the geographies are generally incurred for the benefit of the entire Group and not to generate revenue in the respective geography. As a result, the financial results of the Group are not divided between multiple geographical segments for key operating decision-making. Revenue and assets by geography is measured and reported in Note 4, Geographical information.

2.21. Cash flow statement

The cash flow statement is prepared using the indirect method.

2.22. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Areas where significant judgment has been applied are:

- // Impairment of non-current assets: In October 2024, management identified external indicators of impairment to the Company's net asset book value, including a significant decrease in the Group's market capitalization as reflected on Nasdaq Copenhagen compared with the equity value as of mid-2024. In performing an impairment test, management measured the net book value of equity for the Group against the net present value of future prospective cash flows. The impairment test was performed using the same approach as the test described in Note 14, using the same key assumptions for cash-generating units (CGUs), periods analyzed, revenue growth, discount rate, terminal growth and tax rates. As a result of the test, management estimated impairment to the Group's equity value of approximately \$18 million to be applied to long-term assets. Current assets were not impaired because they are stated at net realizable value. Intangible assets were assessed separately for impairment and deemed fairly valued as described in Note 14. Deferred tax assets were determined to be impaired as specified in the following paragraph. In property, plant and equipment, the Group's headquarters building had shown signs of impairment during a recent assessment of its alternative uses. As a result, management used judgment to apply \$13.8 million impairment to the headquarters building. This impairment charge is classified as a special item within operating expense in the consolidated income statement.
- // Valuation of deferred tax assets: Deferred income tax assets are recognized to the extent that the realization of the tax benefit to offset future tax liabilities is considered to be probable. In prior years, the Company has recorded deferred tax assets representing the estimated amount of net operating losses that will be utilized to offset future taxable income for the next five years. In 2024, management determined that it is not probable that the tax assets available to the Company would be utilized within five years, and therefore recorded impairment of \$4.2 million in the third quarter of 2024 and valued the assets at zero on the balance sheet at December 31, 2024. The deferred tax asset impairment charge is included in income tax expense in the consolidated income statement. Refer to the previous paragraph regarding the impairment of other non-current assets. In future periods, management will continue to assess the probability of realization of the assets' value and adjust the valuation in accordance with IAS 12.
- // Capitalization of development costs: the Group's business includes a significant element of research and development activity. Under IAS 38, there is a requirement to capitalize and amortize development spend to match costs to expected benefits from projects deemed to be commercially viable. The application of this policy involves the ongoing consideration by management of the forecasted economic benefit from such projects compared to the level of capitalized costs, together with the selection of amortization periods appropriate to the life of the associated revenue from the product. If customer demand for products or the useful lives of products vary from estimates, impairment charges on intangibles could occur.

2.23. Defined contribution plan

In 2008, the Company established a defined contribution savings plan (the “Plan”) in the U.S. that meets the requirements under Section 401(k) of the U.S. Internal Revenue Code. This Plan covers U.S. employees who meet the minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the Plan may be made at the discretion of the Board of Directors. For the year ended December 31, 2024, the Company’s matching contributions total \$15,000 (\$17,000 in 2023).

2.24. Special items

The Company may identify special items that are significant non-recurring items that management does not consider to be part of the Group’s ordinary activities. Such special items may include one-time impairment costs, restructuring, and strategic considerations regarding the future of the business, and are presented separately in the Consolidated Statement of Comprehensive Income to provide a more comparable basis for the Company’s operations. Management assesses which items are to be identified as special items and shown separately, in order to give a correct presentation of the statement of profit or loss and other comprehensive income.

2.25. ESEF Regulation

The Company’s Annual Report is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the Annual Report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

2.26. Changes in accounting policy and disclosures - New standards and amendments included in Annual Report for 2024

Certain new standards, amendments to standards, and annual improvements to standards and interpretations are effective for annual periods beginning after January 1, 2024 and have been applied in preparing these consolidated financial statements. These applications did not materially impact the Group’s consolidated financial statements.

2.27. New standards and amendments not applied in the Annual Report for 2024

There are some new standards and amendments to standards and interpretations that have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group:

Standard	Content	Effective date
EU endorsed as of December 31, 2024		
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Amends IAS 21 to 1) specify when a currency is exchangeable to another currency and when it is not; 2) specify how to determine the exchange rate to apply when a currency is not exchangeable; 3) require disclosure of additional information when a currency is not exchangeable.	1-Jan-25
Not endorsed by EU as of December 31, 2024		
IFRS 18 Presentation and Disclosure in Financial Statements	New standard issued to replace IAS 1, focusing principally on the statement of profit and loss, requiring management-defined performance measures and enhanced principles on aggregation and disaggregation in reporting.	1-Jan-27
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	May permit discharge of financial liabilities before settlement when paid by electronic transfer; amends classification of certain financial assets; requires additional disclosures for investments in equity instruments and disclosure of contractual terms that could change the timing or amount of contractual cash flows.	1-Jan-26

3. RISK MANAGEMENT AND DEBT

The Group's activities expose it to a variety of risks: liquidity risk, market risk (including foreign exchange risk and interest rate risk) and credit risk. The primary responsibility for Asetek's risk management and internal controls in relation to the financial reporting process rests with executive management.

Asetek's internal control procedures are integrated in the accounting and reporting systems and include procedures with respect to review, authorization, approval and reconciliation. All entities in the Asetek Group report financial and operational data to the executive office on a monthly basis, including commentary regarding financial and business development. Based on this reporting, the Group's financial statements are consolidated and reported to executive management. Management is in charge of ongoing efficient risk management, including the identification of material risks, the development of systems for risk management, and that significant risks are routinely reported to the Board of Directors.

Liquidity risk. The Group incurred losses from operations and negative cash flows from operations from inception through 2015. Positive operating cash flows and operating income were first generated in 2016 and continued through 2021. In 2022, the Company incurred operating losses and began facilities construction which required new capital. In 2023, the Company issued 71.2 new common shares of stock in a rights offering, raising net proceeds of \$16.1 million (refer to Note 18) and generated \$9.4 million of operating income and \$16.3 million of operating cash flows. In mid-2024, the Company experienced a decline in revenue resulting from a weakened gaming hardware market while it continued to invest in the growing SimSports business and finish construction of its new headquarters. As a result, a projected near-term cash shortfall required that management initiate fund-raising with the launch of an equity rights offering in November 2024. Upon subsequent completion of a rights offering on January 6, 2025, the Company generated net proceeds of \$10.5 million through the issuance of 219.9 million new common shares of stock. The Company believes that its cash position and the liquidity available from its operations, external borrowings and other sources after the recent offering completion on January 6, 2025 is sufficient to satisfy its working capital requirements for the foreseeable future.

The Group's corporate finance team monitors risk of a shortage of funds through regular updates and analysis of cash flow projections and maturities of financial assets and liabilities. The finance teams also review liquidity, balance sheet ratios (such as days' sales outstanding, inventory turns) and other metrics on a regular basis to ensure compliance both on a short- and long-term basis.

Asetek will continue to invest its capital principally in the development and marketing of its products. In 2016, the Board of Directors implemented a policy under which it may declare and distribute dividends to shareholders. At the Annual General Meetings in 2024 and 2023, the Board was authorized to acquire the Company's own shares. In 2024 and 2023, the Company did not repurchase shares. When considering

payment of dividends or Asetek share purchases, the Board takes into consideration the Company's growth plans, international tax implications, liquidity requirements and necessary financial flexibility.

Debt covenants. Under lines of credit terms with Jyske Bank, the Company is required to comply with the following financial covenants at each quarter-end:

// Group solvency of at least 40%

// Segment reporting of EBITDA at Group level

// Minimum liquidity reserve of USD 2.5 million, with the exception that a minimum liquidity reserve of USD 1.5 million will be accepted for 2026

The Company complies with these covenants at December 31, 2024 and there are no indications that the Company will not comply with these covenants in the next reporting period (Q1 2025).

The following are contractual maturities of financial liabilities, including lease and other financing payments on an undiscounted basis:

AS OF DECEMBER 31, 2024

(USD 000's)	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Lines of credit	–	(1,226)	(987)	(18,634)	(20,847)
Leases and equipment financing	–	(274)	(461)	(598)	(1,333)
Payables and accrued liabilities	–	(15,622)	(545)	–	(16,167)
	–	(17,122)	(1,993)	(19,232)	(38,347)

AS OF DECEMBER 31, 2023

(USD 000's)	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Construction commitments	–	(1,689)	(2,213)	–	(3,902)
Lines of credit	–	–	(14,700)	(1,489)	(16,189)
Leases and equipment financing	–	(256)	(910)	(1,180)	(2,346)
Payables and accrued liabilities	–	(17,447)	(788)	–	(18,235)
	–	(19,392)	(18,611)	(2,669)	(40,672)



Market risk factors. The Group's current principal financial liabilities consist of principally long-term lines of credit and amounts owed on equipment financing and leases. The Group's financial assets mainly comprise trade receivables, cash and deposits. The Group's operations are exposed to market risks, principally foreign exchange risk and interest rate risk.

(a) Foreign exchange risk. With few exceptions, the Group's inventory purchase and sale transactions are denominated in U.S. dollars. The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, principally with respect to the Danish kroner. Foreign exchange risk arises from operating results and net assets associated with Denmark-based operations where the Danish krone is the functional currency. Translation of the Denmark entity balance sheet accounts from Danish kroner to U.S. dollars affect the equity balances of the Group.

The Group has available lines of credit totaling 153 million Danish krone, of which DKK 149 million (USD 20.8 million) is outstanding at December 31, 2024 (further described in "(b) Interest rate risk" below). The lines of credit are revalued at the year-end exchange rate with the offset recognized as foreign exchange gain or loss in the consolidated income statement. In 2024, the strengthening of the U.S. dollar versus the Danish krone resulted in a gain of \$1.1 million related to revaluation of the lines of credit. The Group does not enter into derivatives or other hedging transactions to manage foreign exchange risk. Management mitigates this exposure through timely settlement of intercompany operating liabilities.

The ending exchange rate at December 31, 2024 was 7.14 Danish kroner to one U.S. dollar (6.74 to the U.S. dollar at December 31, 2023). The effect of a 10% strengthening of the Danish krone against the U.S. dollar for the reporting period would have resulted in a decrease in pre-tax income for fiscal year 2024 of \$2.5 million (in 2023, decrease of the pre-tax income of \$1.6 million).

(b) Interest rate risk. The Group's interest rate risk consists of the following credit lines. As of December 31, 2024, Asetek has two lines of credit totaling 153.8 million Danish krone (USD 21.5 million), of which USD 20.8 million has been utilized, principally to finance a new headquarters facility.

// Asetek A/S, the Parent company, has a line of credit with Jyske Bank for DKK 138.75 million (USD 19.4 million), of which USD 19.25 million was utilized at December 31, 2024. This line is secured by the Group's land and building and carries interest at Danish CIBOR 3 rate plus 2.45 percentage points which in total was 5.2% at December 31, 2024. The line specifies quarterly payments of DKK 2.35 million (USD 329,000) and matures on March 31, 2028.

// Asetek Danmark A/S has a revolving line of credit with Jyske Bank for DKK 5 million (USD \$0.7 million), with a temporary increase to DKK 15 million (USD 2.1 million) until January 2, 2025, of which DKK 9.8 million (USD 1.37 million) was utilized at December 31, 2024. The line is secured by the assets of Asetek Danmark A/S and carries interest at the Danish CIBOR 3 rate plus 4.25 percentage points, which in total was 7.0% at December 31, 2024. The line matures on March 31, 2028. Amounts outstanding in excess of DKK 5 million are payable on January 2, 2025.

The variable nature of the Danish CIBOR 3 rate results in risk of increased interest cost due to potential changes in rates. At the level of borrowings as of December 31, 2024, the effect of a 50% relative increase in the Danish CIBOR 3 rate would result in increased annual interest cost of \$0.3 million (\$0.3 million in 2023).

Capital and debt management. To date the Company's primary focus has been to support its product development initiatives, maintain liquidity through use of financing alternatives, and maximize shareholder val-

ue. The Group manages its capital and debt structure with consideration of the liquidity needs of the Company and existing economic conditions. In mid-2024, the Company experienced a decline in revenue resulting from a weakened gaming hardware market while it continued to invest in the growing SimSports business as well as finish construction of its new headquarters. As a result, a projected near-term cash shortfall required that management initiate fund-raising with the launch of an equity rights offering in November 2024. Upon subsequent completion of a rights offering on January 6, 2025, the Company generated net proceeds of \$10.5 million through the issuance of 219.9 million new common shares of stock. In May 2023, to bridge a short-term working capital deficit associated with its facility construction, the Company issued 71,166,167 new common shares of stock in a rights offering, raising net proceeds of \$16.1 million.

Credit risk factors. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk primarily through trade receivables and cash deposits. Management mitigates credit risk through standard review of customer credit-worthiness and maintaining its liquid assets primarily with banks with credit ratings of A or higher, such as Wells Fargo Bank in the U.S. and Jyske Bank in Denmark. The carrying amount of the financial assets represents the maximum credit exposure.

Trade receivables that are deemed uncollectible are charged to expense with an offsetting allowance recorded against the trade receivable. Historically, bad debt expense has not been significant. Certain customers have accounted for a significant portion of the Company's revenue in the years presented, as follows. In 2024, the Company's three largest customers, all in the liquid cooling segment, accounted for 34%, 18% and 9% of revenue (three customers accounted for 38%, 24% and 13% of revenue in 2023), respectively. The Company mitigates risk with its largest customer by requiring two remittances per month as well as frequent monitoring and communicating regarding invoices coming due.

At December 31, 2024 three customers, all in the liquid cooling segment, represented 31%, 12% and 10% of outstanding trade receivables (three represented 35%, 16% and 12% at December 31, 2023), respectively. The reserve for uncollectible trade accounts was \$32,000 at December 31, 2024 and \$59,000 at December 31, 2023. The aged trade receivables and bad debt reserve balances for all years presented are provided in Note 16.

The maximum exposure to credit risk at the reporting dates was:

(USD 000's)	2024	2023
Cash and cash equivalents	3,293	9,121
Trade receivables and other	13,492	12,611
Other assets	39	318
MAXIMUM CREDIT EXPOSURE	16,824	22,050

4. GEOGRAPHICAL INFORMATION

The Group operates internationally in several geographical areas, principally in Asia, Europe and the Americas. The following table presents the Group's revenue and assets in each of the principal geographical areas:

(USD 000's)	2024			2023		
	Revenue	Current assets	Non-current assets	Revenue	Current assets	Non-current assets
Asia	40,132	10,316	130	65,252	11,045	119
Americas	6,420	5,029	49	5,130	5,369	1,099
Europe	5,950	8,044	55,795	5,950	14,371	70,736
TOTAL	52,502	23,389	55,974	76,332	30,785	71,954

For the purpose of the above presentation, the information pertaining to revenue and current assets is calculated based on the location of the customers, whereas information pertaining to non-current assets is based on the physical location of the assets. The information pertaining to current assets is calculated as a summation of assets such as trade receivables and finished goods inventories reasonably attributable to the specific geographical area.

(USD 000's)	Non-current assets	
	2024	2023
Denmark	55,795	70,736
USA	49	1,099
China	130	119
TOTAL	55,974	71,954

(USD 000's)	Revenue	
	2024	2023
Denmark	609	525
China	5,631	8,576
Singapore	6,808	6,756
Taiwan	22,570	46,737
USA	6,240	4,917
Japan	4,034	2,667
All others	6,610	6,154
TOTAL	52,502	76,332

5. SEGMENT INFORMATION

In 2024, the Company reports on three segments, Liquid cooling, Data center and SimSports. The three segments are identified by their specific sets of products and customers. The CEO is the Group's chief operating decision-maker. The CEO assesses the performance of each segment principally on measures of revenue, gross margin and adjusted EBITDA. Refer to page 78 for definition of adjusted EBITDA. The following tables represent the results by operating segment in 2024 and 2023. Disaggregation of revenue by sales channel is also presented for the major markets within each segment. Revenue generated from retailers and online webstore is principally from the sale of SimSports products.

Reconciliation of Adjusted EBITDA to Income before tax

(USD 000's)	2024	2023
EBITDA adjusted- Liquid Cooling	12,495	25,861
EBITDA adjusted- Data center	–	192
EBITDA adjusted- SimSports	(8,897)	(6,688)
Special items	(13,791)	(847)
Headquarters costs, net	(3,327)	(3,501)
Share-based compensation	(282)	(514)
Depreciation and amortization	(5,446)	(5,100)
Total financial income (expenses)	1,031	(905)
CONSOLIDATED INCOME BEFORE TAX	(18,217)	8,498

Disaggregation of revenue

(USD 000's)	2024	2023
OEM and System Integrators	42,803	69,153
Retailers	5,265	4,289
Online webstore	4,329	2,890
Office lease	105	–
TOTAL	52,502	76,332

Segment operating results – years ended December 31

(USD 000's)	2024					2023				
	Liquid Cooling	Data center	SimSports	Not allocable to divisions	Total	Liquid Cooling	Data center	SimSports	Not allocable to divisions	Total
Revenue	42,803	–	9,594	105	52,502	69,052	102	7,178	–	76,332
Gross margin	45%	–	25%	–	42%	47%	–	28%	–	45%
Personnel expense	5,476	–	6,286	112	11,874	5,259	71	5,508	451	11,289
Adjusted EBITDA	12,495	–	(8,897)	(3,327)	271	25,861	192	(6,688)	(3,501)	15,864

6. SALARY COSTS AND REMUNERATIONS

(USD 000's)	2024	2023
Salaries	11,460	11,382
Retirement fund payments to defined contribution plan	629	578
Social cost	1,492	1,541
Share-based payment	282	514
Other expenses	1,186	806
TOTAL PERSONNEL COSTS	15,049	14,821
Less: Costs applied to inventory production	(1,065)	(1,592)
Less: Capitalized as development cost	(2,110)	(1,940)
TOTAL PERSONNEL COSTS IN OPERATING EXPENSE	11,874	11,289
AVERAGE NUMBER OF EMPLOYEES	129	134

(USD 000's)	2024	2023
Research and development	4,688	4,517
Selling, general and administrative	10,361	10,304
TOTAL PERSONNEL COSTS	15,049	14,821

Options Granted

	2024	2023
Board of Directors	–	–
Officers	–	1,543,400
Other executives	–	646,900
Other employees	–	766,550
TOTAL	–	2,956,850

Compensation to Board of Directors, Officers and Other Executives

(USD 000's)	2024				2023			
	Directors	Officers	*Other Executives	Total	Directors	Officers	*Other Executives	Total
Salary	–	1,147	1,003	2,150	–	1,047	887	1,934
Bonus	–	287	311	598	–	520	637	1,157
Share-based	–	210	68	278	–	258	117	375
Other	255	268	233	756	255	219	65	539
TOTAL	255	1,912	1,615	3,782	255	2,044	1,706	4,005

* Other executives include the Chief Operating Officer and other members of the executive team who are leaders of the key functions (Engineering, Sales and Operations).

The Company's CEO has an agreement of twelve months' severance pay in case of termination or termination in connection with change of control. The Company's CFO has an agreement of seven months' severance pay in case of termination or termination in connection with change of control. Except for the Company's CEO and CFO and other members of the executive group, no member of the administrative, management or supervisory bodies has contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

Total compensation to Other Executives for the year ending December 31, 2024 includes a one-time severance payment of \$161,000 representing six months salary to the Chief Operating Officer (COO), as per the terms of his separation agreement and is included in 'Other' compensation to 'Other Executives' in the compensation table below. Total compensation to the Board of Directors and Officers was \$2,167,000 and \$2,299,000 in 2024 and 2023, respectively.

Share ownership of officers, including immediate family members, at December 31, 2024:

	André S. Eriksen	Peter D. Madsen
Common shares	1,391,128	467,594
Options at DKK 4.07	1,150,000	393,400
Options at DKK 4.49	151,900	50,975
Options at DKK 7.37	106,800	61,750
Options at DKK 11.44	68,500	42,075
Options at DKK 13.82	53,300	26,500
Options at DKK 29.89	57,200	17,700
TOTAL SHARES CONTROLLED	2,978,828	1,059,994

7. SHARE BASED PAYMENT

Asetek's Equity Incentive Program is a share compensation program where the employees that deliver services to the Group have been granted share options (or warrants). The options, if vested and executed, will be settled in common shares of the Company.

The options are granted at the time of employment and, under other circumstances, at the discretion of the Board of Directors. The options are granted with exercise prices equaling the fair market value of the underlying security. The exercise prices of option grants are determined based on the closing market price of the shares for the five most recent trading days prior to the grant date. Share-based compensation expense was \$282,000 and \$514,000 for the years ended December 31, 2024 and 2023, respectively. The goals of the equity incentive program are as follows:

- // To attract and retain the best available personnel for positions of substantial responsibility;
- // To provide additional incentive to employees, directors and consultants, and
- // To promote the success of the Company's business.

In July 2023, in consideration of the dilution effect of the Company's May 2023 rights offering (Note 18), and transition of listing to the Nasdaq Copenhagen, the Board of Directors reduced the exercise prices of outstanding share options by 45% and converted the currency denomination to Danish krone. Stock compensation expense in 2023 associated with the exercise price adjustments was \$142,000. The repricing of options is summarized as follows:

Grant year	Original Exercise Price	Revised Exercise Price
2022	NOK 15.04	DKK 4.49
2021	NOK 100.15	DKK 29.89
2020	NOK 38.33	DKK 11.44
2019	NOK 24.70	DKK 7.37
2018	NOK 46.30	DKK 13.82
2017	NOK 76.25	DKK 22.76
2017	NOK 113.00	DKK 33.72
2016	NOK 19.50	DKK 5.82

The Company's shares trade on the Nasdaq Copenhagen at prices denominated in Danish krone (DKK). The exchange rate at December 31, 2024 of DKK to USD was 7.14.

The Company did not grant any options in 2024. In December 2023, the Company granted 2,956,850 options with exercise prices of DKK 4.07 per share. Movements in the number of share options outstanding and their related weighted average exercise price are specified on the following table.

Activity for exercise prices of DKK 4.07 to DKK 7.37

	2024	Weighted Average Exercise price (DKK)	2023	Weighted Average Exercise price (DKK)
Outstanding on January 1	3,721,003	4.46	992,460	5.94
Options/warrants granted	–	–	2,956,850	4.07
Options/warrants exercised	–	–	–	–
Options/warrants forfeited	(255,157)	4.31	(228,307)	5.84
OUTSTANDING ON DECEMBER 31	3,465,846	4.47	3,721,003	4.46
EXERCISABLE ON DECEMBER 31	659,145	6.14	558,766	6.52

No exercise for the above shares in 2024 & 2023.

Activity for exercise prices of DKK 11.44 to DKK 33.72

	2024	Weighted Average Exercise price (DKK)	2023	Weighted Average Exercise price (DKK)
Outstanding on January 1	1,198,476	20.20	1,226,419	20.15
Options/warrants granted	–	–	–	–
Options/warrants exercised	–	–	–	–
Options/warrants forfeited	(518,148)	24.29	(27,943)	18.32
OUTSTANDING ON DECEMBER 31	680,328	17.08	1,198,476	20.20
EXERCISABLE ON DECEMBER 31	680,328	17.08	1,170,239	20.19

No exercise for the above shares in 2024 & 2023.

The composition of options and warrants outstanding at December 31 is as follows:

Options and Warrants Outstanding at December 31

	2024	2023
DKK 4.07	2,733,300	2,956,850
DKK 4.49	355,580	370,381
DKK 7.37	376,966	393,772
DKK 11.44	249,867	258,427
DKK 13.82	255,442	278,791
DKK 22.76	–	384,054
DKK 29.89	175,019	180,205
DKK 33.72	–	96,999
TOTAL	4,146,174	4,919,479

Total outstanding options and warrants represents 4.3% of total common shares issued at December 31, 2024 (5.0% in 2023).

The Company calculated the fair value of each option award on the date of grant using the Black-Scholes option pricing model, which requires subjective assumptions, including future stock price volatility and expected time to exercise. The Company sets the exercise price of shares granted as the average closing price of the Company's shares for the five most recent trading days prior to the grant date. The expected volatility was based on the historical volatility of the Company's stock price. The weighted average remaining contractual term of options outstanding is 3.23 years. The options granted in December 2023 have an estimated total value of \$1.2 million.

Expected volatility is calculated based on the actual volatility experienced during the three-year period prior to each option's grant date. The following weighted average assumptions were used for the period indicated.

Valuation assumptions for options granted

	2024	2023
Risk-free interest rate	NA	4.33%–4.58%
Dividend yield	NA	0.0%
Expected life of options (years)	NA	2.5–3.96
Expected volatility	NA	114%

8. EXPENSES BY NATURE

Expenses by Nature

(USD 000's)	Note	2024	2023
Inventories recognized as cost of sales	17	30,557	41,624
Personnel expenses	6	15,049	14,821
Depreciation and amortization	14,15	5,446	5,100
Legal, patent, consultants and auditor		2,430	2,269
Facilities and infrastructure		1,720	1,192
Special items		13,791	847
Other expenses		4,867	3,637
TOTAL OPERATING EXPENSES BEFORE CAPITALIZATION		73,860	69,490
Less: capitalized costs for development projects	14	(2,110)	(2,561)
TOTAL EXPENSES		71,750	66,929

Depreciation and amortization expense classification

(USD 000's)	2024	2023
Depreciation and amortization expense included in:		
Research and development	2,866	2,560
Selling, general and administrative	2,580	2,540
TOTAL	5,446	5,100

Special items. In 2024, the Company recorded a non-cash impairment charge of \$13.8 million as a consequence of an assessed impairment within the cash generating units. This one-time charge is classified as a special item in operating expense on the income statement and was recorded as impairment of the Company's headquarters facility included in property, plant and equipment. Refer to Note 2.22 in the consolidated financial statements.

In May 2023, in conjunction with the rights offering described in Note 18, the Company began transition of its shares for trading from Oslo Stock Exchange to Nasdaq Copenhagen. Operating expense in 2023 includes \$0.8 million of non-recurring costs associated with this listing change, classified as a special item in operating expense on the income statement.

9. FINANCE COSTS AND INCOME

(USD 000's)	2024	2023
FOREIGN EXCHANGE GAIN (LOSS)	1,444	(1,015)
FINANCE INCOME	99	265
Interest cost on line of credit	(1,105)	(1,009)
Interest cost on leases and equipment financing	(83)	(109)
Other banking and finance fees	(306)	(166)
Subtotal	(1,494)	(1,284)
Less: amount capitalized	982	1,129
FINANCE COST	(512)	(155)

10. INCOME TAXES

Asetek A/S, the Group's parent company, moved from U.S. to Denmark in 2013 and is currently subject to income tax in both U.S. and Denmark. The Company is working with the U.S. and Danish tax authorities to negotiate a resolution in accordance with international double taxation treaties.

The tax expense on the group's income before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

(USD 000's)	2024	2023
INCOME (LOSS) BEFORE TAX	(18,217)	8,498
Tax calculated at domestic rates applicable to profits/losses in respective countries	3,991	(1,902)
Tax effects of:		
R&D credit	61	50
Timing differences between book and tax, recognized	–	70
Timing differences between book and tax not recognized, principally due to book impairment charge on property plant and equipment	(3,206)	–
Impairment of deferred tax assets	(4,209)	–
Deferred tax value of current year losses, net unrecognized	(1,491)	–
Effect of U.S. GILTI regulation applied to foreign corporation income pertaining to fiscal 2023	(867)	(766)
Other permanent differences between book and tax	2	51
TAX (EXPENSE) BENEFIT	(5,719)	(2,497)

11. DEFERRED INCOME TAX

(USD 000's)	2024	2023
Potential tax assets from net losses	5,227	6,064
Potential tax assets resulting from timing differences between book and tax	6,799	618
Tax assets not recognized	(12,026)	(993)
DEFERRED INCOME TAX ASSETS	–	5,689

At December 31, 2024, potential income tax assets totaled \$12.0 million (2023: \$6.7 million) in respect of timing differences and losses to be carried forward amounting to \$19.4 million applied to different tax rates. The losses can be carried forward against future taxable income but may be limited in use according to local jurisdictions. The potential tax assets resulting from timing differences include the effect of dual taxation of the Parent company, by both U.S. and Denmark. In 2024, due to uncertainty of the realizability of deferred tax assets, the Group fully reserved the value of potential assets, resulting in zero value on the balance sheet at December 31, 2024 (\$5.7 million in 2023). Refer to the Group impairment assessment in Note 2.22.

In accordance with IAS 12, the Company recognizes deferred tax assets arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the Company. The estimated tax benefit is calculated considering historical levels of income, expectations and risks associated with estimates of future taxable income. The calculation utilizes the statutory tax rates that are expected to apply to taxable income for the years in which the asset is expected to be realized.

Losses of the U.S. parent company and U.S. subsidiary will begin to expire in 2029 for carryforward purposes. Losses of the Denmark subsidiary do not expire.

(USD 000's)	Tax effected loss
Expire in years 2029 to 2044	965
Expire in year 2033	59
Do not expire	4,203
TOTAL	5,227

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the number of common shares outstanding used in the Basic calculation for the effect of dilutive equity instruments, which include options and warrants to the extent their inclusion in the calculation would be dilutive.

In a rights offering in May 2023, the Company issued new shares to existing shareholders at a discounted price from fair market value. IAS 33 requires that the price discount be recognized as a bonus element, with retrospective adjustment to the denominators for both basic and diluted earnings per share amounts for all periods before the rights issue. In accordance with IAS 33, the Company calculated and applied a bonus factor of 2.05 to the weighted average shares outstanding for all prior periods.

	2024	2023
Income attributable to equity holders of the Company (USD 000's)	(23,936)	6,001
Weighted average number of common shares outstanding (000's)	97,058	81,642
BASIC EARNINGS PER SHARE	(\$0.25)	\$0.07
Weighted average number of common shares outstanding (000's)	97,058	81,642
Instruments with potentially dilutive effect: Warrants and options (000's)	–	–
Weighted average number of common shares outstanding, diluted (000's)	97,058	81,642
DILUTED EARNINGS PER SHARE	(\$0.25)	\$0.07

As described in Note 24, on January 6, 2025, the Company issued 219,925 thousand shares in a rights offering. If these shares had been outstanding from January 1, 2024, the weighted average number of shares outstanding used for both basic and diluted earnings per share calculations would have been 316,983 thousand shares in 2024.

13. FINANCIAL INSTRUMENTS CATEGORY AND FAIR VALUE ESTIMATION

The Company uses the following valuation methods for fair value estimation of financial instruments:

- // Quoted prices (unadjusted) in active markets (Level 1).
- // Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
- // Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Company's financial assets as of December 31, 2024 are classified as "amortized cost" having fixed or determinable payments that are not quoted in an active market (Level 3). As of December 31, 2024, all of the Company's financial liabilities are carried at amortized cost having fixed or determinable payments that are not quoted in an active market (Level 3).

Based on current interest rates and its recent bank financing negotiations, the Company believes that book value approximates fair value for all financial instruments as of December 31, 2024 and 2023. The values of the Group's assets and liabilities are as follows:

At December 31, 2024

(USD 000's)	Amortized cost
Assets as per balance sheet:	
Trade receivables and other	13,492
Cash and cash equivalents	3,293
	16,785

At December 31, 2023

(USD 000's)	Amortized cost
Assets as per balance sheet:	
Trade receivables and other	12,611
Cash and cash equivalents	9,121
	21,732

At December 31, 2024

(USD 000's)	Liabilities at fair value through profit and loss	Other Financial Liabilities at amortized cost	Total
Liabilities as per balance sheet:			
Long-term debt	–	19,201	19,201
Short-term debt	–	2,860	2,860
Trade payables and accrued liabilities	–	16,167	16,167
	–	38,228	38,228

At December 31, 2023

(USD 000's)	Liabilities at fair value through profit and loss	Other Financial Liabilities at amortized cost	Total
Liabilities as per balance sheet:			
Long-term debt	–	2,596	2,596
Short-term debt	–	15,782	15,782
Trade payables and accrued liabilities	–	18,235	18,235
	–	36,613	36,613

14. INTANGIBLE ASSETS

In 2021, the Company purchased intellectual property and other assets from a third party which included intangible assets with an estimated fair value of \$7.8 million, the majority of which were in development. As the assets are placed in service, they are being amortized over their estimated useful lives ranging from 6 to 10 years.

Goodwill. Goodwill of \$0.5 million originated from an acquisition by the Company in 2020. Goodwill is not amortized but reviewed for impairment once a year and also if events or changes in circumstances indicate the carrying value may be impaired. If impairment is established, goodwill is written down to its lower recoverable amount. The goodwill recorded is denominated in Danish krone and is subject to fluctuation in the consolidated financial statements due to changes in foreign exchange rates.

Intangible assets as of December 31 are as follows:

(USD 000's)	2024	2023
Goodwill	513	543
Capitalized development costs	5,162	5,211
Other assets	5,268	6,296
TOTAL INTANGIBLE ASSETS	10,943	12,050

Capitalized development costs. The Group routinely incurs costs directly attributable to the design and testing of new or improved products to be held for sale. These costs are capitalized as intangible assets and amortized over the estimated useful lives of the products, typically three to sixty months.

Impairment tests are performed annually on developed assets and assets under construction. Impairment tests are also performed on completed assets whenever there are indications of a need for write-offs and for assets still in development regardless of whether there have been indications for write downs. If the value of expected future free cash flow of the specific development project is lower than the carrying value, the asset is written down to the lower value. The booked value includes capitalized salary and related expenses for the cash flow producing project. Expected future free cash flow is based on budgets and anticipations prepared by management. The main parameters are the development in revenue, EBIT and working capital. Impairment losses represent principally assets which are no longer associated with a future income stream. Refer to the end of this Note for the Company's approach, assumptions and conclusion regarding impairment test of carrying values in 2024.

In 2024 and 2023, the Company recognized impairment of \$2.0 million and \$0.1 million, respectively, on capitalized development costs associated with Liquid Cooling as a result of updated prioritization of future commercial projects.

The following table presents a summary of the Company's development projects.

Capitalized development costs

(USD 000's)	2024	2023
COST:		
Balance at January 1	9,850	7,487
Additions	2,320	2,561
Deletions- completion of useful life	-	(61)
Impairment loss	(2,029)	(137)
BALANCE AT DECEMBER 31	10,141	9,850
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES:		
Balance at January 1	(4,639)	(2,724)
Amortization for year	(2,158)	(2,053)
Amortization associated with deletions	-	61
Amortization associated with impairment losses	1,818	77
BALANCE AT DECEMBER 31	(4,979)	(4,639)
CARRYING AMOUNT	5,162	5,211

Other intangible assets

(USD 000's)	2024	2023
COST:		
Balance at January 1	7,195	6,958
Additions	-	-
Exchange rate differences	(401)	237
BALANCE AT DECEMBER 31	6,794	7,195
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES:		
Balance at January 1	(899)	(233)
Amortization for year	(704)	(637)
Exchange rate differences	77	(29)
BALANCE AT DECEMBER 31	(1,526)	(899)
CARRYING AMOUNT	5,268	6,296

14. INTANGIBLE ASSETS, continued

Impairment assessment. In compliance with IAS 36 Impairment of Assets, the Company assessed impairment of intangible assets as follows.

- // Identify Cash-Generating Units (CGUs). The Group has identified two principal businesses as its operating segments and CGUs – Liquid Cooling and SimSports. Assets pertaining to the Company's third segment, Data center, are not significant. Refer to Note 5 for segment information.
- // Approach to assessment. The Group considers both qualitative and quantitative factors when determining whether an asset or CGU may be impaired. Management measured the book value of intangible assets against the net present value of future projected cash flows for the respective CGU. In doing so, management incorporated the Company's fiscal 2025 budget and subsequent year projections by management utilizing market data and assistance from external advisors. Internal management reporting is in place to monitor revenues and cash flows at an operating segment-level basis to enable management to properly assess impairment.
- // Allocation of assets to CGU. Capitalized development costs are accounted for and specifically identified by CGU as either Liquid Cooling or SimSports products under development. Other intangible assets and goodwill represents assets acquired in prior years associated with SimSports.
- // Key assumptions. In preparing the assessment, management used a five-year projection for Liquid Cooling and ten-year projection for SimSports. Liquid cooling revenue is projected to decrease by 6% in 2025 and return to 14% growth in 2026 and 2027, and 10% growth thereafter. For SimSports, because it is in a higher growth stage and currently at a lower base level of revenue, annual growth rates averaging 75% are expected over the first three years, leveling off to 15% by 2029. SimSports' anticipated growth rate is reflective of the high rate of new product introductions planned into the foreseeable future.

The present value of expected cash flows is determined by applying a suitable discount rate. The discount rate of 14% was derived based on a weighted-average cost of capital (WACC) for comparable entities in the industry, based on market data. For the calculation of the net present value (NPV), Asetek's WACC is applied, which is based on the current borrowing rate and its expected development as well as the return on equity requirement, which is determined based on the risk profile.

The following table summarizes the key assumptions used in the impairment assessment:

Key Assumption	Liquid Cooling	Simsports
Projection time period analyzed	5 years	10 years
Compound annual growth rate of revenue	8.0%	29.0%
EBITDA margin in year 5	25.3%	9.4%
Discount rate	14.0%	14.0%
Terminal growth rate	4.1%	4.1%
Income tax rate	22.0%	22.0%

- // Conclusion. The Company's assessment concluded that the net present value of projected future cash flows is sufficient to support the valuation of intangible assets at December 31, 2024. As part of this test, management identified external indicators of impairment to the Company's net asset book value, including a significant decrease in the Group's market-based valuation. Refer to Note 2.22.

15. PROPERTY, PLANT AND EQUIPMENT

In 2024, the Company capitalized \$6.1 million of costs associated with the construction of a new headquarters facility, including \$1.0 million of borrowing costs (\$22.8 million and \$1.1 million, respectively in 2023). Refer to Notes 19 and 25. The building was completed in September 2024 and occupied by the Company. Asetek recorded an impairment charge of \$13.8 million against this asset in 2024. Refer to Note 2.22.

The Company is leasing sections of the building that are not occupied by Asetek and plans to continue to do this for three to five years and to subsequently occupy the entire facility thereafter. The sections leased are contiguous with the premises occupied by Asetek and cannot be feasibly separated. As a result, the asset is accounted for as a domicile property, recorded at cost and depreciated over its estimated useful life of 50 years. In 2024, the Company recognized \$0.1 million of rental income associated with this lease.

The following table presents total property, plant and equipment:

(USD 000's)	Leasehold Improvements	Machinery	Other fixtures, fittings, tools, equipment	Properties	Building under construction	Total
COST:						
Balance at January 1, 2023	1,657	7,043	3,573	5,969	23,854	42,095
Additions	20	1,517	843	29	22,766	25,175
Disposals	(141)	(852)	(788)	(654)	–	(2,435)
Exchange rate differences	(34)	246	92	98	–	402
BALANCE AT DECEMBER 31, 2023	1,502	7,954	3,720	5,442	46,620	65,237
Balance at January 1, 2024	1,502	7,954	3,720	5,442	46,620	65,237
Additions	43	580	1,274	–	6,078	7,975
Transfer	–	–	–	52,698	(52,698)	–
Disposals	(1,383)	(601)	(764)	(130)	–	(2,878)
Exchange rate differences	(40)	(442)	(159)	(163)	–	(804)
BALANCE AT DECEMBER 31, 2024	122	7,491	4,071	57,847	–	69,531
ACCUMULATED DEPRECIATION:						
Balance at January 1, 2023	(1,469)	(5,173)	(2,185)	(2,184)	–	(11,011)
Disposals	141	849	701	654	–	2,345
Depreciation for the year	(151)	(1,058)	(611)	(590)	–	(2,410)
Exchange rate differences	38	(173)	(61)	(68)	–	(264)
BALANCE AT DECEMBER 31, 2023	(1,441)	(5,555)	(2,156)	(2,188)	–	(11,340)
Balance at January 1, 2024	(1,441)	(5,555)	(2,156)	(2,188)	–	(11,340)
Disposals	1,382	600	586	–	–	2,568
Impairment	–	–	–	(13,791)	–	(13,791)
Depreciation for the year	(40)	(1,154)	(654)	(740)	–	(2,588)
Exchange rate differences	37	327	109	139	–	612
BALANCE AT DECEMBER 31, 2024	(62)	(5,782)	(2,115)	(16,580)	–	(24,539)
CARRYING AMOUNT AT DECEMBER 31, 2023	61	2,399	1,564	3,254	46,620	53,897
CARRYING AMOUNT AT DECEMBER 31, 2024	60	1,709	1,956	41,267	–	44,992

16. TRADE RECEIVABLES AND OTHER

Trade receivables are non-interest bearing and are generally on payment terms of Net 30 days. The trade receivables of Asetek Danmark A/S carry a general lien on the business of Asetek Danmark A/S (refer to Note 25). The carrying amount of trade receivables is approximately equal to fair value due to the short term to maturity. Regarding credit risks, refer to Note 3.

(USD 000's)	2024	2023
Gross trade receivables	11,349	10,641
Provision for uncollectible accounts	(32)	(59)
NET TRADE RECEIVABLES	11,317	10,582
Other receivables	1,236	1,153
Prepaid assets	939	876
TOTAL TRADE RECEIVABLES AND OTHER	13,492	12,611

(USD 000's)	2024	2023
Provision for uncollectible accounts		
Balance at January 1	(59)	(41)
Additions	(32)	(59)
Reversals	59	41
BALANCE AT DECEMBER 31	(32)	(59)

The aging of trade receivables as of reporting date is as follows:

(USD 000's)	Past due:				
	Total	Not yet due	1 to 30 days	31 to 60 days	Over 60 days
December 31, 2024	11,349	9,225	1,400	517	207
December 31, 2023	10,641	9,355	1,142	71	73

Credit Loss Provision Matrix 2024

(USD 000's)	Past due:				
	Total	Not yet due	1 to 30 days	31 to 60 days	Over 60 days
Gross carrying amount	11,349	9,225	1,400	517	207
Expected credit loss rate		0.1%	0.5%	1.9%	2.9%
Lifetime expected credit loss	(32)	(9)	(7)	(10)	(6)

Credit Loss Provision Matrix 2023

(USD 000's)	Total	Past due:			
		Not yet due	1 to 30 days	31 to 60 days	Over 60 days
Gross carrying amount	10,641	9,355	1,142	71	73
Expected credit loss rate		0.1%	0.4%	4.2%	58.9%
Lifetime expected credit loss	(59)	(8)	(5)	(3)	(43)

17. INVENTORIES

The Company's inventories are pledged as security for lines of credit outstanding as per Note 19. Inventories at December 31 are as follows:

(USD 000's)	2024	2023
Raw materials and work-in-process	3,197	5,320
Finished goods	4,390	4,995
Total gross inventories	7,587	10,315
Less provision for inventory reserves	(983)	(1,262)
TOTAL NET INVENTORIES	6,604	9,053

(USD 000's)	2024	2023
Inventories recognized as cost of sales during period	(30,557)	(41,624)
Write-down of inventories to net realizable value	(983)	(1,262)

A summary of the activity in the provision for inventory reserves is as follows:

Provision for inventory reserves

(USD 000's)	2024	2023
Balance at January 1	(1,262)	(781)
Additions	(983)	(1,262)
Write-offs	1,262	781
BALANCE AT DECEMBER 31	(983)	(1,262)

18. SHARE CAPITAL

Subsequent to 2024 year-end, on January 6, 2025, the Company issued 219,925,366 new common shares of stock in a rights offering, raising net proceeds of \$10.5 million after deduction of total issuance costs of \$1.8 million. Refer to Note 24.

In May 2023, the Company issued 71,166,167 new common shares of stock in a rights offering, raising net proceeds of \$16.1 million after deduction of total issuance costs of \$3.7 million. The shares were issued through an offering to then-existing shareholders to purchase 2.62 common shares for each share held at a price of NOK3.00 per share, representing a 64% discount on fair market value. The transaction meets the requirements for exemption from accounting for derivative financial instruments per IAS 32 Financial Instruments Presentation.

In conjunction with the 2023 rights offering, the Company established a dual listing of its shares for trading on Nasdaq Copenhagen, in addition to its existing listing on Oslo Børs Stock Exchange. The Company delisted from Oslo Børs in March 2024. Operating expense in 2023 includes \$0.8 million of non-recurring costs associated with the dual listing, classified as a special item in operating expense on the income statement.

In 2024 and 2023, there were no stock options exercised.

As of December 31, 2024, there are 97,058 thousand common shares outstanding with a nominal value of 0.10 DKK per share and 1,256 thousand shares (1.3% of total shares, nominal value DKK 125.6 thousand) held in treasury. Included in equity is a reserve for treasury shares of approximately \$11,206 thousand at December 31, 2024. All common shares outstanding are fully paid and carry no special rights.

The Company does not cancel shares that are repurchased but maintains them in treasury to fulfill option exercises. Refer to 'Shareholder information' in this report for information regarding the composition of Asetek shareholders.

The following table summarizes the common share activity in the years presented:

(USD 000's)	2024	2023
Common shares outstanding- January 1	97,058	25,891
Common shares issued in rights offering	–	71,167
COMMON SHARES OUTSTANDING – DECEMBER 31	97,058	97,058

19. NET DEBT

The Company's debt at December 31, 2024 consists of the following:

// Asetek A/S, the Parent company, has a line of credit with Jyske Bank for DKK 137.5 million (USD 19.3 million) at December 31, 2024. This line is secured by the mortgage deed for the Group's land and building and carries interest at Danish CIBOR 3 rate plus 2.45 percentage points which in total was 5.2% at December 31, 2024. The line specifies quarterly payments of DKK 2.35 million (USD 329,000) and matures on March 31, 2028.

// Asetek Danmark A/S has a revolving line of credit with Jyske Bank for DKK 5 million (USD \$0.7 million), with a temporary increase to DKK 15 million (USD 2.1 million) until January 2, 2025. This line is secured by the mortgage deed for the Group's land and building and carries interest at the Danish CIBOR 3 rate plus 4.25 percentage points, which in total was 7.0% at December 31, 2024. The line matures on March 31, 2028. Amounts outstanding in excess of DKK 5 million are payable on January 2, 2025.

Debt covenants. Under the terms of the lines of credit, the Company is required to comply with certain financial covenants as described in Note 3. As of December 31, 2024, the Company is in compliance with all covenants.

The capitalization rate for borrowing costs on lines of credit was 100% up through September 30, 2024, as all funds drawn to that point were utilized for additions to the qualifying asset.

The Company has entered into agreements to finance previously purchased equipment. The amortized cost of the equipment at transaction date was used as the estimate on fair value and the liability is accounted for at amortized cost using the effective interest rate method. The financing agreements carry interest at the Danish CIBOR 3 rate plus 2.4 to 3.1 percentage points, which in total ranged from 5.2% to 5.9% at December 31, 2024.

The following is a summary of the Company's net debt and reconciliation of the lines of credit:

(USD 000's)	2024	2023
Line of credit- due within one year	(2,213)	(14,700)
Equipment financing- due within one year	(320)	(270)
Leases- amounts due within one year	(327)	(812)
DEBT INCLUDED IN CURRENT LIABILITIES	(2,860)	(15,782)
Line of credit- due after one year	(18,634)	(1,489)
Equipment financing- due after one year	(556)	(756)
Leases- amounts due after one year	(11)	(351)
TOTAL DEBT	(22,061)	(18,378)
Less cash and cash equivalents	3,293	9,121
NET DEBT	(18,768)	(9,257)

(USD 000's)	2024	2023
Beginning balance, line of credit	(16,189)	(18,971)
Net paid (drawn) on line of credit	(5,759)	3,354
Foreign exchange impact	1,101	(572)
ENDING BALANCE, LINE OF CREDIT	(20,847)	(16,189)

20. LEASES

Asetek leases certain equipment, office facilities and motor vehicles. Contracts are typically for fixed periods of five years or more for office facilities, five years for equipment, and two years or less for motor vehicles. The leased asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Operating expenses associated with leases of one year or less are not significant in 2024 and 2023.

In 2024, the Company moved its Aalborg, Denmark headquarters from a leased facility to a newly constructed facility owned by Asetek in Svenstrup, Denmark. The lease on the former office space in Aalborg expires in March 2025. The Company's office space in Taipei, Taiwan is under lease until August 2025.

Reconciliation of lease liability

(USD 000's)	2024	2023
Beginning balance	1,163	1,664
Additions to lease liabilities	152	273
Payments of lease liabilities	(709)	(802)
Adjustments/reductions to leases	(133)	(54)
Foreign exchange impact	(135)	82
ENDING BALANCE	338	1,163

Total cash payments for leases was \$735,000 and \$840,000 in 2024 and 2023, respectively.

Future minimum lease payments are as follows as of the balance sheet date:

Future minimum lease payments

(USD 000's)	2024	2023
Minimum lease payments at December 31	221	1,010
Asset residual at end of lease	147	183
Less: amount representing interest	(30)	(30)
TOTAL OBLIGATIONS UNDER LEASES	338	1,163
Obligations under leases due within one year	327	812
Obligations under leases due after one year	11	351
TOTAL OBLIGATIONS UNDER LEASES	338	1,163

Right-of-use Assets. The following table presents a summary of the Right-of-use assets under lease, which is a subset of the property, plant and equipment presented in Note 15:

(USD 000's)	Machinery	Other fixtures, fittings, tools, equipment	Properties	Total
COST:				
Balance at December 31, 2023	1,402	339	2,912	4,653
Additions	-	152	-	152
Disposals and transfers	-	(223)	(130)	(353)
Exchange rate differences	-	(3)	(163)	(166)
BALANCE AT DECEMBER 31, 2024	1,402	265	2,619	4,286
ACCUMULATED DEPRECIATION:				
Balance at December 31, 2023	(1,098)	(68)	(2,160)	(3,326)
Disposals and transfers	-	90	-	90
Depreciation for the year	-	(88)	(496)	(584)
Exchange rate differences	-	1	138	139
BALANCE AT DECEMBER 31, 2024	(1,098)	(65)	(2,518)	(3,681)
CARRYING AMOUNT AT DECEMBER 31, 2023	304	271	752	1,327
CARRYING AMOUNT AT DECEMBER 31, 2024	304	200	101	605

21. TRANSACTIONS WITH RELATED PARTIES

The Company's CEO serves as Chairman of the Board for a vendor that supplies information technology services to the Company. In 2024, the Company purchased services totaling \$0.9 million (\$0.8 million in 2023) from this vendor. At December 31, 2024 and 2023, the Company had outstanding payables to this vendor of \$56,000 and \$66,000, respectively.

The Company sponsors and occasionally purchases equipment and other services from Valdemar Eriksen Racing A/S ("VER"), an organization partially owned by the Company's CEO. In the years ended December 31, 2024 and 2023, the Company paid \$14,500 and \$2,000 to VER.

22. SUBSIDIARIES

The following entities are included in the consolidated accounts:

Company	Domicile	Stake	Voting Share	Activity
Asetek A/S	Denmark	100%	100%	Trading
Asetek Holdings, Inc.	USA	100%	100%	Inactive
Asetek USA, Inc.	USA	100%	100%	Trading
Asetek Danmark A/S	Denmark	100%	100%	Trading
Xiamen Asetek Computer Industry Co., Ltd.	China	100%	100%	Trading

23. AUDIT FEES

The Group's principal auditors perform audits for all of Asetek's entities except for the Xiamen, China subsidiary, which is audited by a local firm. The Group's principal auditors received a total fee of \$415,000 and \$586,000 in 2024 and 2023, respectively.

Fees for services other than statutory audits provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the group amount to \$111,000 (\$371,000 in 2023). Other assurance services in 2024 were principally review and verification of filings associated with the Company's rights offering preparation in late 2024. Tax and other services provided in 2024 were transfer pricing documentation and benchmarking, U.S. tax structure considerations, and other miscellaneous services. Other assurance services in 2023 were principally financial review and verification of filings associated with the Company's rights offerings and listing on Nasdaq Copenhagen in May 2023. Tax and other services provided in 2023 were tax advice related to transfer pricing and other miscellaneous services.

The fee is distributed between these services:

(USD 000's)	2024	2023
Audit	267	215
Other assurance services	51	294
Tax services	88	62
Other services	9	15
TOTAL	415	586

24. POST BALANCE SHEET EVENTS

The Company has evaluated the period after December 31, 2024 up through the date of the Management Statement and determined that there were no transactions that required recognition in the Company's financial statements, except for the following:

On January 6, 2025, the Company issued 219,925,366 new common shares of stock in a rights offering raising net proceeds of DKK 75.5 million, after deducting offering expenses of DKK 12.5 million (Net proceeds of USD 10.5 million, after deducting offering expenses of USD 1.8 million). The shares were issued through an offering to then-existing shareholders to purchase three common shares for each share held at a price of DKK 0.40 per share, representing an approximate discount of 14% from fair market value. Incremental costs incurred directly attributable to the share issuance will be recorded as an offset to equity in January 2025. The transaction meets the requirements for exemption from accounting for derivative financial instruments per IAS 32 Financial Instruments Presentation.

On January 27, 2025, in consideration of the dilution effect of the January rights offering, the Board of Directors reduced the exercise prices of outstanding share options by 51%. The effect of this option repricing is not expected to have a material impact to share-based compensation expense.

25. CONTINGENT LIABILITIES

Debt collateral. In conjunction with the debt referenced in Note 19, Asetek's creditors have secured the following as collateral for the credit provided: The total loan amount of DKK 142.5 million (USD 20.0 million) at the Group level with Jyske Bank, representing DKK 137.5 million (USD 19.3 million) to Asetek A/S and DKK 5 million (USD 0.7 million) to Asetek Denmark A/S, is secured by the mortgage deed for the property located at Skjoldet 20, 9230 Svenstrup. The mortgage deed of DKK 140 million (USD 19.6 million) serves as collateral for the loan commitments in both Asetek A/S and Asetek Denmark A/S. Asetek A/S has executed a guarantee to Jyske Bank for all outstanding matters with Asetek Denmark A/S.

Legal proceedings. In the ordinary course of conducting business, the Company is involved in various intellectual property proceedings, including those in which it is a plaintiff that are complex in nature and have outcomes that are difficult to predict. Asetek records accruals for such contingencies to the extent that it is probable that a liability will be incurred, and the amount of the related loss can be reasonably estimated. The Company's assessment of each matter may change based on future unexpected events. An unexpected

adverse judgment in any pending litigation could cause a material impact on the Group's business operations, intellectual property, results of operations or financial position. In addition to the above, Asetek Group is engaged in various other ongoing cases. In the opinion of Management, neither settlement nor continuation of such proceedings are expected to have a material effect on Asetek's financial position, operating profit or cash flow.

The Company has challenged the Danish tax authorities in a matter related to the deductibility of expenses related to stock options granted to certain employees of a subsidiary. The maximum tax exposure for the Company is about \$0.1 million. A formal complaint has been initiated and further proceedings are pending.

On September 30, 2024, Cooler Master Co., Ltd. filed a review petition with the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office to challenge the validity of Asetek's '681 patent. Asetek will soon file an opposition to Cooler Master's petition, explaining flaws in Cooler Master's petition and requesting that the PTAB not institute trial on the petition. The PTAB will decide whether to institute trial later in 2025. If the PTAB institutes trial, Asetek will have the opportunity to provide more fulsome briefing to explain why the petition should be denied.

PARENT COMPANY FINANCIAL STATEMENTS

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COMPREHENSIVE INCOME STATEMENT, PARENT COMPANY

(USD 000's)	Note	2024	2023
Service fees	14	2,646	3,699
Rental income	7	507	–
TOTAL REVENUE		3,153	3,699
Research and development	3, 4	(52)	(61)
Selling, general and administrative	3, 4	(4,065)	(3,769)
Special items	3	(13,791)	(847)
TOTAL OPERATING EXPENSES		(17,908)	(4,677)
OPERATING INCOME		(14,754)	(978)
Foreign exchange gain (loss)	6	947	(294)
Finance income	6	5	101
Finance costs	6	(1,414)	(333)
TOTAL FINANCIAL INCOME		(462)	(526)
INCOME BEFORE TAX		(15,216)	(1,504)
Income tax (expense) benefit	10	(763)	58
INCOME FOR THE YEAR		(15,979)	(1,446)
TOTAL COMPREHENSIVE INCOME (LOSS)		(15,979)	(1,446)

BALANCE SHEET, PARENT COMPANY

(USD 000's)	Note	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	11	20,100	20,100
Property, plant and equipment	7	42,150	49,549
Receivables from subsidiaries	12	–	337
TOTAL NON-CURRENT ASSETS		62,250	69,986
CURRENT ASSETS			
Other assets		446	999
Cash and cash equivalents		49	183
TOTAL CURRENT ASSETS		495	1,182
TOTAL ASSETS		62,745	71,168

(USD 000's)	Note	2024	2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	1,478	1,478
Retained earnings		43,264	58,961
Translation and other reserves		(11,206)	(11,206)
TOTAL EQUITY		33,536	49,233
NON-CURRENT LIABILITIES			
Payables to subsidiaries	12	8,634	5,323
Long-term debt	8, 9	17,998	–
TOTAL NON-CURRENT LIABILITIES		26,632	5,323
CURRENT LIABILITIES			
Short-term debt	8, 9	1,700	14,896
Accrued liabilities		437	153
Accrued compensation and employee benefits		299	65
Trade payables		141	1,498
TOTAL CURRENT LIABILITIES		2,577	16,612
TOTAL LIABILITIES		29,209	21,935
TOTAL EQUITY AND LIABILITIES		62,745	71,168

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

(USD 000's)	Share capital	Share premium	Translation reserves	Treasury share reserves	Retained earnings	Total
EQUITY AT DECEMBER 31, 2022	444	–	–	(11,206)	44,785	34,023
Total comprehensive income for 2023						
Income for the year	–	–	–	–	(1,446)	(1,446)
Total comprehensive income for 2023	–	–	–	–	(1,446)	(1,446)
Transactions with owners in 2023						
Shares issued in rights offering, net of issuance costs	1,034	15,108	–	–		16,142
Transfer	–	(15,108)	–	–	15,108	–
Share-based payment expense	–	–	–	–	514	514
Transactions with owners in 2023	1,034	–	–	–	15,622	16,656
EQUITY AT DECEMBER 31, 2023	1,478	–	–	(11,206)	58,961	49,233
Total comprehensive income for 2024						
Income for the year	–	–	–	–	(15,979)	(15,979)
Total comprehensive income for 2024	–	–	–	–	(15,979)	(15,979)
Transactions with owners in 2024						
Share-based payment expense	–	–	–	–	282	282
Transactions with owners in 2024	–	–	–	–	282	282
EQUITY AT DECEMBER 31, 2024	1,478	–	–	(11,206)	43,264	33,536

STATEMENT OF CASH FLOWS, PARENT COMPANY

(USD 000's)	Note	2024	2023	(USD 000's)	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				CASH FLOWS FROM FINANCING ACTIVITIES			
Income (loss) for the year		(15,979)	(1,446)	Lease payments on right-of-use assets	9	(63)	(88)
Depreciation and amortization	7	407	86	Borrowings (repayment) on line of credit	8	5,790	(18)
Impairment of property, plant and equipment	7	13,791	–	Proceeds from issuance of share capital	13	–	17,019
Share-based payments expense	4	282	514	Costs incurred for issuance of share capital	13	–	(878)
Finance cost incurred	6	2,396	1,062	Financing of equipment		76	–
Finance cost, cash paid	6	(2,389)	(1,058)	NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		5,803	16,035
Income tax expense (income)	10	763	(58)	Effect of exchange rate changes on cash and cash equivalents		(1,019)	482
Cash received (paid) for income taxes	10	(1,287)	841	NET CHANGES IN CASH AND CASH EQUIVALENTS		(134)	(1,426)
Changes in other assets		553	3,548	Cash and cash equivalents at beginning of period		183	1 609
Changes in trade payables and accrued liabilities		(322)	(3,385)	CASH AND CASH EQUIVALENTS AT END OF PERIOD		49	183
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(1,786)	104	SUPPLEMENTAL DISCLOSURE - NON-CASH ITEMS			
CASH FLOWS FROM INVESTING ACTIVITIES				Assets acquired under leases		152	273
Purchase of property and equipment	7	(6,780)	(22,985)				
Net receipts from (payments to) subsidiaries	12	3,648	4,938				
NET CASH USED IN INVESTING ACTIVITIES		(3,132)	(18,047)				
FREE CASH FLOW		(4,918)	(17,943)				

NOTES, PARENT COMPANY

1. GENERAL INFORMATION

Regarding accounting policies, refer to Note 2 to the Consolidated Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 2024 financial statements for Asetek A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB and adopted by the EU.

The financial statements are presented in U.S. Dollars (USD), which is the functional currency.

The accounting policies for the Parent Company are the same as for the Asetek Group, as per Note 2 to the consolidated financial statements, with the exception of the items listed below:

- 1.1. *Dividends on investments in subsidiaries, joint ventures and associates.* Dividends on investments in subsidiaries, joint ventures and associates are recognized as income in the income statement of the Parent Company in the financial year in which the dividend is declared.
- 1.2. *Investments in subsidiaries, joint ventures and associates.* Investments in subsidiaries, joint ventures and associates are measured at the lower of cost or the recoverable amount. An impairment test on the investment in subsidiaries is performed if the carrying amount of the subsidiaries' net assets is below the carrying value of the Parent Company's investments in the consolidated financial statements.

3. TOTAL OPERATING EXPENSES

Operating expenses consisted of the following for the year ended December 31

(USD 000's)	2024	2023
Personnel expenses (Note 4)	2,124	2,462
Legal, consultants and auditor	769	622
Special items	13,791	847
Other expenses	1,224	746
TOTAL EXPENSES	17,908	4,677

Special items. In 2024, the Company recorded a non-cash impairment charge of \$13.8 million as a consequence of an assessed impairment within the cash generating units. This one-time charge is classified as a special item in operating expense on the income statement and was recorded as impairment of the Company's headquarters facility in property, plant and equipment. Refer to Note 2.22 in the consolidated financial statements.

In May 2023, In conjunction with the rights offering described in Note 18 of the consolidated financial statements, the Company began transition of its shares for trading from Oslo Stock Exchange to Nasdaq Copenhagen. Operating expense in 2023 includes \$0.8 million of non-recurring costs associated with this listing change, classified as a special item in operating expense on the income statement.

4. PERSONNEL EXPENSES

Total personnel costs by type for the year ended December 31

(USD 000's)	2024	2023
Salaries, pension and other	1,842	1,948
Share-based payment	282	514
TOTAL PERSONNEL EXPENSES	2,124	2,462

Total personnel costs by classification in the income statement for the year ended December 31

(USD 000's)	2024	2023
Research and development	52	61
Selling, general and administrative	2,072	2,401
TOTAL EXPENSES	2,124	2,462

The average number of employees in the Parent company is two for both years presented. The figures listed above include a portion of the executive management's cash compensation based on an estimate of the actual resources allocated to the management of the Parent company. The figures include incentive-based compensation in the form of share options and warrants granted to employees in the Asetek Group. Refer to Notes 6 and 7 in the Consolidated Financial Statements for information regarding incentive compensation programs and management remuneration.

Remuneration of the Group Board of Directors is specified in Note 6 to the Consolidated Financial Statements. The Company's share-based incentive pay program is described in Note 7 to the Consolidated Financial Statements.

5. AUDIT FEES

Fees associated with the Parent company financial statements for services provided by the Company's principal auditors were as follows:

(USD 000's)	2024	2023
Audit	189	157
Other assurance services	51	294
Tax services	88	62
Other services	7	14
TOTAL	335	527

Services other than statutory audit are described in Note 23 in the consolidated financial statements.

6. FINANCIAL INCOME AND COSTS

(USD 000's)	2024	2023
FOREIGN EXCHANGE GAIN (LOSS)	947	(294)
Interest income on loans to subsidiaries	–	90
Interest from bank accounts	5	12
FINANCE INCOME	5	101
Interest cost on loans from subsidiaries	(1,027)	(326)
Interest cost on line of credit	(1,237)	(698)
Interest cost on leases and equipment financing	(7)	(4)
Other banking and finance fees	(126)	(34)
Subtotal	(2,396)	(1,062)
Less: amount capitalized	982	729
FINANCE COST	(1,414)	(333)

7. PROPERTY, PLANT AND EQUIPMENT

In September 2024, the Company completed construction of its headquarters building and occupied it. The Company is leasing sections of the building that are not occupied by Asetek and plans to continue to do so for three to five years and to subsequently occupy the entire facility thereafter. The sections leased are contiguous with the premises occupied by Asetek and cannot be feasibly separated. As a result, the asset is accounted for as a domicile property, recorded at cost and depreciated over its estimated useful life of 50 years. In 2024, the Company recorded an impairment charge of \$13.8 million as a consequence of an assessed impairment within the cash generating units. Refer to Note 2.22 in the consolidated financial statements.

As of December 31, 2024 and 2023, carrying value of vehicles under right-of-use leases totaled \$181,000 and \$195,000, respectively, and their associated leases are for terms of 12 months. Total property, plant and equipment is specified as follows:

Company	Vehicles and software	Land and Building	Building under construction	Total
COST:				
Balance at January 1, 2023	158	2,493	23,854	26,505
Additions	492	–	22,766	23,258
Disposals	(95)	–	–	(95)
BALANCE AT DECEMBER 31, 2023	555	2,493	46,620	49,668
Balance at January 1, 2024	555	2,493	46,420	49,668
Additions	854	–	6,078	6,932
Transfer	–	52,698	(52,698)	–
Disposals	(223)	–	–	(223)
BALANCE AT DECEMBER 31, 2024	1,186	55,191	–	56,377
ACCUMULATED DEPRECIATION:				
Balance at January 1, 2023	(75)	–	–	(75)
Disposals	42	–	–	42
Depreciation for the year	(86)	–	–	(86)
BALANCE AT DECEMBER 31, 2023	(119)	–	–	(119)
Balance at January 1, 2024	(119)	–	–	(119)
Impairment	–	(13,791)	–	(13,791)
Disposals	90	–	–	90
Depreciation for the year	(163)	(244)	–	(407)
BALANCE AT DECEMBER 31, 2024	(192)	(14,035)	–	(14,227)
CARRYING AMOUNT AT DECEMBER 31, 2023	436	2,493	46,620	49,549
CARRYING AMOUNT AT DECEMBER 31, 2024	994	41,156	–	42,150

8. NET DEBT

Asetek A/S has a long-term line of credit with Jyske Bank for DKK 137.5 million (USD 19.3 million) at December 31, 2024, with a temporary increase of DKK 1.6 million (USD 0.2 million) payable on January 2, 2025. This line is secured by the mortgage deed for the Group's land and building and carries interest at Danish CIBOR 3 rate plus 2.45 percentage points which in total was 5.2% at December 31, 2024. The line specifies quarterly payments of DKK 2.35 million (USD 329,000) and matures on March 31, 2028.

Net debt is as follows at December 31:

(USD 000's)	2024	2023
Line of credit- amounts due within one year	(1,537)	(14,700)
Leases- amounts due within one year	(151)	(196)
Equipment financing -amounts due within one year	(12)	–
DEBT INCLUDED IN CURRENT LIABILITIES	(1,700)	(14,896)
Line of credit - amounts due after one year	(17,934)	–
Equipment financing - amounts due after one year	(64)	–
TOTAL DEBT	(19,698)	(14,896)
Cash and cash equivalents	49	183
NET DEBT	(19,649)	(14,713)

Reconciliation of line of credit

(USD 000's)	2024	2023
Beginning balance	(14,700)	(14,236)
Net paid (drawn) on line of credit	(5,790)	18
Foreign exchange impact	1,018	(482)
ENDING BALANCE, LINE OF CREDIT	(19,471)	(14,700)

9. LEASES

Obligations under leases are as follows:

(USD 000's)	2024	2023
Minimum lease payments as of December 31	5	15
Asset residual value at end of lease	147	184
Less: amount representing interest	(1)	(3)
TOTAL OBLIGATIONS UNDER LEASES	151	196

Total lease obligations due within one year were \$151,000 and \$196,000 at December 31, 2024 and 2023, respectively. Operating expenses associated with leases of one year or less are not significant.

10. INCOME TAX

At December 31, 2024 and 2023, the tax benefit (provision) for Asetek A/S differed from the statutory tax rate principally as a result of impairment charges and share compensation expenses that are treated differently for tax purposes.

(USD 000's)	2024	2023
INCOME BEFORE TAX	(15,216)	(1,504)
Tax calculated at domestic rates applicable to profits/losses in respective countries	3,348	331
Differences between book and tax	(4,111)	(273)
INCOME TAX (EXPENSE)	(763)	58

11. INVESTMENT IN SUBSIDIARIES

(USD 000's)	Investment in Asetek Holdings, Inc.
Balance at December 31, 2023	20,100
Additions	–
Balance at December 31, 2024	20,100
CARRYING AMOUNT AT DECEMBER 31, 2023	20,100
CARRYING AMOUNT AT DECEMBER 31, 2024	20,100

Asetek A/S acquired 100% of Asetek Holdings, Inc. through the exchange of shares in February 2013. At the time of acquisition, Asetek Holdings, Inc. had negative net equity, resulting in the initial investment to be valued at zero. Asetek Holdings, Inc. represents Asetek A/S's only direct investment in subsidiaries.

12. NET RECEIVABLES FROM (PAYABLES TO) SUBSIDIARIES

Net receivables is as follows at December 31:

(USD 000's)	2024	2023
Asetek Danmark A/S	(7,220)	(5,323)
Asetek USA, Inc.	(1,541)	135
Asetek Xiamen	31	109
Asetek Holdings, Inc.	96	93
NET DUE FROM (TO) SUBSIDIARIES	(8,634)	(4,986)
AVERAGE EFFECTIVE INTEREST RATE	10.3%	10.2%

During construction of the headquarters facility, Asetek Danmark A/S maintained a line of credit to support financing of the building for Asetek A/S. The total outstanding on this line of credit was \$0 and \$1.5 million as of December 31, 2024 and 2023. Refer to Note 19 in the consolidated financial statements. Borrowing costs of \$0.4 million and \$0.4 million incurred in 2024 and 2023, respectively, on the Asetek Danmark A/S line of credit are included as capitalized cost of the building.

13. EQUITY

Refer to Note 18 to the Consolidated Financial Statements.

14. TRANSACTIONS WITH RELATED PARTIES

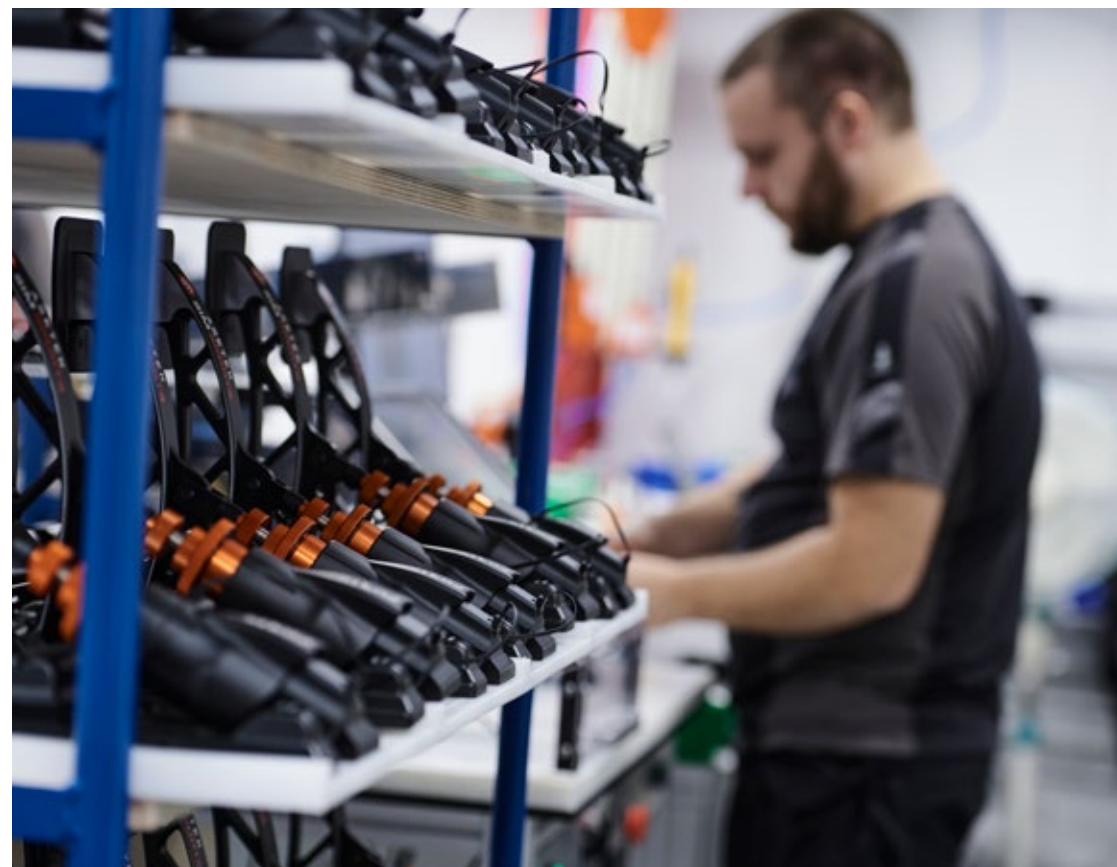
Asetek A/S charges its subsidiaries a management service fee. Reference Notes 6 and 12 regarding transactions with subsidiaries. With regard to transactions with related parties that are not subsidiaries, refer to Note 21 to the consolidated financial statements.

15. EVENTS AFTER THE REPORTING PERIOD

Refer to Note 24 to the consolidated financial statements.

16. CONTINGENT LIABILITIES

The Danish group enterprises are jointly and severally liable for tax on group income subject to joint taxation, as well as for Danish withholding taxes by way of dividend tax, royalty tax, tax on unearned income and any subsequent adjustments to these. Asetek A/S has executed a guarantee to its Group's principal bank, Jyske Bank, for all outstanding matters with its wholly owned subsidiary, Asetek Danmark A/S. Refer to Note 25 to the Consolidated Financial Statements.



MANAGEMENT STATEMENT

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Asetek A/S for the financial year 1 January – 31 December 2024.

The Consolidated Financial Statements and the Parent Company Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2024.

In our opinion, Management's Review includes a fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent Company are facing.

In our opinion, the annual report of Asetek A/S for the financial year 1 January to 31 December 2024 with the file name Asetek-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, Denmark
March 7, 2025

Executive Board



André S. Eriksen
CEO



Peter Dam Madsen
CFO

Board of Directors



René Svendsen-Tune
Chairman



Erik Damsgaard
Vice chairman



Jukka Pertola
Member



Anja Monrad
Member

INDEPENDENT AUDITOR'S REPORTS

To the shareholders of Asetek A/S

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Asetek A/S for the financial year 1 January to 31 December 2024 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the shares of Asetek A/S for listing on Oslo Stock Exchange, we were first appointed auditors of Asetek A/S on 24 April 2014 for the financial year 2014. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 11 years including the financial year 2024. We were reappointed following a tendering process at the General Meeting on 30 April 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Capitalization of development costs

The Group capitalizes development costs when certain criteria according to IFRS are met. The criteria for recognition and measurement of development costs are subject to Management's judgment and assumptions, which is uncertain by nature. Completed development projects are assessed for impairment indications. For in-progress development projects impairment tests are performed at least annually. The impairment tests are based on the strategy plan approved by Management and value-in-use calculations based on expected future cash flows.

We focused on this area because the criteria for recognition and measurement of development projects are subject to Management judgments and assumptions. Refer to note 14 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

We assessed whether the Group's accounting policies are in accordance with IFRS Accounting Standards.

We carried out risk assessment procedures in order to obtain an understanding of IT systems, business processes and relevant controls regarding capitalized development costs. For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement.

We selected a sample of in-progress development projects and considered whether all criteria described in IFRS Accounting Standards were met as basis for capitalization.

We evaluated and challenged Management's assessment of impairment indicators of completed development projects based on the commercial prospects of the projects. For in-progress development projects and projects with impairment indicators, we challenged the key assumptions applied in the value-in-use calculations. Our work was based on our understanding of the business cases and significant assumptions applied.

We challenged whether the intent to finalize the projects remain and whether the projects are expected to generate future economic benefits exceeding the carrying values.

Key audit matter

Impairment of non-current assets

During 2024, Management identified impairment indicators for the Group. Consequently, Management prepared impairment tests resulting in impairment losses recognized for the Group's property, plant and equipment.

The impairment tests are based on Management's assumptions of expected cash inflows and outflows for the individual cash-generating units (CGUs). The impairment tests are prepared as value-in-use calculations for the individual CGUs.

The significant assumptions in estimating the future cash flows are Management's outlook for revenue growth rates, margins and operating expenses, as well as Management's determination of the discount rate.

We focused on this area because the impact on the profit for the year is significant, and because the impairment tests of non-current assets are considered complex non-routine transactions and require significant judgments in determining the assumptions.

Reference is made to notes 2.22 and 15 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

As part of our audit, we considered the appropriateness of the CGUs defined by Management and the methodology used by Management to assess the carrying amount of the non-current assets assigned to CGUs.

We performed detailed testing of Management's impairment tests for the CGUs, and challenged the significant assumptions affecting the future cash flows, including assumptions related to revenue growth, margins and operating expenses as well as the discount rate.

We used our internal valuation specialists to independently challenge the discount rate used. In calculating the discount rate, the key inputs used were independently sourced from market data, and we assessed the methodology applied. Further, we tested the mathematical accuracy of the impairment models prepared by Management.

Finally, we assessed the adequacy of disclosures provided by Management in the Financial Statements.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Asetek A/S for the financial year 1 January to 31 December 2024 with the filename Asetek-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Asetek A/S for the financial year 1 January to 31 December 2024 with the filename Asetek-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

In our opinion, the annual report of Asetek A/S for the financial year 1 January to 31 December 2024 with the filename Asetek-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Aalborg, 7 March 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31



Mads Melgaard
State Authorised Public Accountant
mne34354



Line Borregaard
State Authorised Public Accountant
mne34353

DEFINITIONS OF RATIOS AND METRICS

Asetek uses various metrics, financial and non-financial ratios which provide shareholders with useful information about the Group's financial position, performance and development.

PROFIT & LOSS

Adjusted EBITDA	Operating income + amortization & depreciation + share-based compensation + special items
Gross margin	Gross profit / Revenue
Operating margin	Operating income / Revenue
Return on Invested Capital (ROIC)	Income for the year / Invested capital
Organic growth	(Revenue current year – Comparable revenue* prior year) / Comparable revenue* prior year

BALANCE SHEET

Invested capital	Equity raised from sale of shares and conversion of debt + interest bearing debt
Quick ratio	(Cash and cash equivalents + Trade receivables and other) / Total Current Liabilities
Current ratio	Total current assets / Total current liabilities
Days sales outstanding	Trade receivables / (Revenue / 365 days)
Inventory turns per year	Cost of sales / (beginning inventory + ending inventory / 2)
Days payable outstanding	Trade payables / (Cost of sales / 365 days)
Debt to equity	Interest-bearing debt / Total equity

STOCK MARKET

Earnings per share, basic	Refer to Note 12 of the Consolidated financial statements
Earnings per share, diluted	Refer to Note 12 of the Consolidated financial statements
Share price to earnings	Share price / DKK to USD exchange rate / Earnings per share, diluted. If earnings is negative, not reported.
Market capitalization	(Shares issued – Treasury shares) x (Share price in DKK / DKK to USD exchange rate)

BUSINESS DRIVERS

Average selling price per unit, Liquid Cooling	Liquid cooling revenue / Sealed loop units shipped
Revenue per employee	Revenue / Number of employees

* Comparable revenue excludes changes in revenue attributable to foreign exchange rates and any acquisitions or divestments.