



RAZER ANNOUNCES 2019 FULL YEAR FINANCIAL RESULTS

REVENUES REACHED RECORD HIGH OF US\$820.8M
ADJUSTED EBITDA BREAKEVEN IN SECOND HALF OF 2019 (EXCLUDING EXITED MOBILE HANDSET BUSINESS)
CONTINUED BREAKTHROUGH OF SERVICES BUSINESS
ROBUST BALANCE SHEET WITH NO DEBT AND CASH OF OVER US\$500 MILLION

Hong Kong, March 24, 2020 – Razer™ (“Razer” or the “Company”, Hong Kong Stock Code: 1337), the leading global lifestyle brand for gamers, announces its annual results for the year ended December 31, 2019 (“FY2019”).

“2019 was another strong year for Razer as revenues reached a record high of US\$820.8 million, and we achieved adjusted EBITDA breakeven in the second half of the year. Our core gaming ecosystem business saw broad based growth across all business segments of hardware, software and services, while we continued to scale our new growth initiatives with ongoing investments,” said Min-Liang Tan, Co-Founder and CEO of Razer.

“Our business remains on track to maintain its growth trajectory and deliver on its long-term strategy, underpinned by our ecosystem of hardware, software and services. Our disciplined focus on cost management leaves us confident in our ability to drive further improvements to our operations. The fundamentals of our business remain robust. We have no debt and our strong cash position allows us to weather challenging global economic conditions such as the current uncertainty that has resulted from the COVID-19 outbreak,” he added.

HIGHLIGHTS FOR FY2019

COMPANY

- Revenue grew 15.2% year-on-year to an all-time-high of US\$820.8 million.
- Adjusted EBITDA breakeven in the second half of 2019 (excluding exited mobile handset business)¹.
- Services business saw remarkable year-on-year growth of 55.2% in revenues to US\$77.0 million, contributing almost 20% of the Company’s gross profits.
- Robust balance sheet, with no debt, and with cash and cash equivalents of US\$528.3 million as of December 31, 2019.

CORE SEGMENTS

Hardware

- Revenue grew 16.0% year-on-year to US\$714.0 million.
- Finished the year as the number 1 brand for gaming peripherals in the U.S., and saw strong market share gains in Europe, Asia Pacific and China².

¹ On a full-year basis, Adjusted EBITDA loss narrowed by 37.3% to US\$29.4 million. 2019 will be the last year that the Company will see the impact of its mobile handset business on its results as it successfully pivoted its mobile gaming strategy by exiting the mobile handset business towards growing the mobile/cloud gaming (peripherals, software and services) business. The Company achieved breakeven in the second half of 2019 on an Adjusted EBITDA basis (if EBITDA was adjusted to exclude the mobile handset business that it exited).

² GFK, NPD, Company data



- Crowned the official Consumer Electronics Show (“CES”) show’s Best of CES for the 8th time in the Company’s history.
- 10 million units of Razer DeathAdder sold globally since its launch in 2006.
- Number 1 brand for premium gaming laptops in the U.S.³.
- Systems business continued its phenomenal expansion in markets outside of the U.S. (Europe and Asia Pacific) with market share increasing across all regions⁴.

Software

- As of December 31, 2019, total registered user accounts increased 44.6% year-on-year to approximately 80 million, thanks to strong growth across all software offerings.
- The RAZER CHROMA™ RGB Connected Devices Programme secured partnerships across 40 brands, including AMD, Ducky, MSI, Thermaltake, with over 500 RAZER CHROMA™ RGB connected devices.

Services

- Services business continued to go from strength to strength with year-on-year growth of 55.2% in revenue to US\$77.0 million, contributing almost 20% of the Company’s gross profits.
- Transaction volume almost doubled in the second half of the year, thanks to the rapid global expansion of channels, introduction of new content and new in-game items from content partners, strong marketing efforts, and to a lesser extent positive seasonality.
- Expanded the geographical presence of Razer Gold to over 130 countries with 3.4 million channel touchpoints.
- Further reinforced the Company’s position as the partner of choice for the world’s leading gaming publishers.
- 33,250 digital entertainment titles now available on the Razer Gold platform including new gaming content such as World of Dragon Nest. The Company also extended the use case beyond gaming within the digital entertainment space such as live-streaming and e-books/ e-comics.

GROWTH INITIATIVES

Mobile/Cloud gaming

- Cloud gaming is set to become an increasingly crucial part of the gaming industry revolution, as the number of potential users is expected to reach 124.7 million by 2022⁵.
- During the year, the Company successfully pivoted its mobile gaming strategy from mobile handset towards mobile/cloud gaming (peripherals, software and services).
- For peripherals, the Company saw a strong market response to gaming products such as the Razer Kishi, a universal mobile/cloud-gaming controller for iOS and Android phones.
- For software, the Razer Cortex Mobile game recommendation app saw strong take-up, with 1.5 million total user accounts as of December 31, 2019.
- For services, Razer Gold saw success in helping content companies to monetise on mobile, with daily total payment value (“TPV”) with a key content partner reaching a historical high recently.
- Further investment planned to develop mobile gaming, including mobile esports platforms, teams and tournaments.

³ 15” gaming laptops at US\$1,800 and above according to NPD

⁴ GFK, NPD, Company data

⁵ Newzoo



Razer Fintech

- Razer Fintech saw robust performance and generated over US\$2.1 billion in TPV, an increase of 50.0% year-on-year. The increase was driven by the expansion in the merchant base, and an increased focus in driving average transaction size as well as monthly average number of transactions per user.
- Razer Merchant Services (“RMS”) accounted for the majority of Razer Fintech’s revenue and TPV and recorded significant growth during the year.
 - RMS Online, a leading card processing gateway in the region, saw significant progress as the Company continued to onboard new merchants to adopt its processing capabilities, such as regional e-commerce players and regional e-wallet partners.
 - RMS Offline, one of Southeast Asia’s largest offline payment networks with over 1 million physical acceptance points, saw strong growth, driven by mobile top-ups, bill payments such as utility bill payments, cash-over-counter services, as well as sale of Point of Sale Activation (“POSA”) gaming and entertainment gift cards.
- Razer Pay, the B2C (business-to-consumer) e-wallet solution first available in Malaysia in mid-2018 and subsequently available in Singapore at the end of 2019.
 - The upgraded Razer Pay app experienced tremendous growth, with 1,763% and 271% increase in both monthly TPV and monthly transaction volume since its release in Malaysia in February 2019.
- Razer is focused on building a global youth bank - Razer Youth Bank, to address the unmet needs of the large, yet underserved segment of the population of youths and millennials.
 - This capitalises on the Company’s strong brand with youths and millennials, a deep understanding of youths, and an extensive technology and fintech expertise.
 - The Company announced in January 2020 that it has submitted its application for the Digital Full Bank License in Singapore, with the announcement of the award by the Monetary Authority of Singapore expected to be in mid-2020.

Esports

- Razer is one of the world’s leading brands in esports and supports some of top teams competing in major esports games across the U.S., Europe and Asia Pacific, including China.
- Razer was instrumental in bringing esports to the masses by successfully lobbying for esports to be included as an official sport at the 2019 Southeast Asian Games (“SEA Games 2019”) - the first major global sporting event to include esports as a medal sport which took place in late 2019.
- The Company was the official esports partner for the SEA Games 2019, which was a historic moment for esports. Razer’s streaming platforms registered 20 million impressions and 90,000 concurrent viewers for the event at its peak.

OUTLOOK

CORE SEGMENT

- Hardware: Continue to sustain market share leadership while rolling out innovative, category-defining products.
- Software: Continue to grow and activate user base in 2020 and explore monetisation opportunities.
- Services: Continue to grow with the addition of new content, partners and channels.



GROWTH INITIATIVES

- Razer Fintech: Continue to increase foothold in existing markets and explore new emerging markets for B2B business; Invest in B2C market expansion, such as digital banking initiatives.
- Mobile/Cloud gaming: Further expand mobile/cloud gaming (peripherals, software, services) initiatives while working with other key players in the industry.
- Esports: Elevate the status of esports to the mainstream through deep collaboration with global sports bodies and work with the best esports athletes to develop stellar esports products.

INITIAL ASSESSMENT OF COVID-19

First quarter of 2020 :

- Consumer demand remains strong though there was a short-term impact to hardware supply. Supply chain issues have largely been addressed by mid-March.

Full year of 2020 :

- "Stay-At-Home":
 - Expect to see more opportunities and growth for the Razer gaming ecosystem due to the "stay-at-home" situation.
- Esports:
 - With the cancellation of many traditional sporting activities, expect esports to continue to grow as esports events are primarily watched via livestreaming online.
- Razer Fintech:
 - Expect to see healthy expansion, especially on the B2B front with increasing e-commerce activity and the move away from cash in lieu of digital payments.

OVERALL

- Continued momentum in growth trajectory underpinned by its ecosystem of hardware, software and services.
- Continue to maintain strong operating cost discipline to drive further improvements in its operations.
- Robust fundamentals, no debt and strong cash position of over US\$500 million to weather challenging economic conditions.

ABOUT RAZER

Razer™ is the world's leading lifestyle brand for gamers.

The triple-headed snake trademark of Razer is one of the most recognized logos in the global gaming and esports communities. With a fan base that spans every continent, the company has designed and built the world's largest gamer-focused ecosystem of hardware, software and services.

Razer's award-winning hardware includes high-performance gaming peripherals and Blade gaming laptops.



Razer's software platform, with over 80 million users, includes Razer Synapse (an Internet of Things platform), Razer Chroma (a proprietary RGB lighting technology system), and Razer Cortex (a game optimizer and launcher).

In services, Razer Gold is one of the world's largest virtual credit services for gamers, and Razer Fintech is one of the largest offline-to-online digital payment networks in SE Asia.

Founded in 2005 and dual-headquartered in Irvine and Singapore, Razer has 16 offices worldwide and is recognized as the leading brand for gamers in the USA, Europe and China. Razer is listed on the Hong Kong Stock Exchange (Stock Code: 1337).

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Razer - **For Gamers. By Gamers.™**

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