



## **RAZER CROSSES THE US\$1B REVENUE MILESTONE AND TURNS PROFITABLE AHEAD OF ALL EXPECTATIONS IN FY2020**

*Razer to go above and beyond ESG obligations with its #GoGreenWithRazer initiative*

**Hong Kong, March 24, 2021** – Razer™ (“Razer” or the “Company”, together with its subsidiaries, the “Group”, Hong Kong Stock Code: 1337), the leading global lifestyle brand for gamers, announces its full year results for the financial year ended December 31, 2020 (“FY2020”).

“2020 was a stellar year for Razer and one that marked an inflection point for the business. Despite the global market uncertainty caused by the COVID-19 pandemic, Razer crossed the US\$1 billion revenue milestone and turned profitable on a GAAP basis, ahead of all expectations. This performance reflects our dominant brand position, compelling offerings across our ecosystem of hardware, software and services, and strong execution. We intend to carry on the momentum and the strength of our operations into 2021 as we continue to seek to deliver both outsized revenue growth and continued profitability in 2021, and beyond,” **said Min-Liang Tan, Co-Founder and CEO of Razer.**

“In addition to delivering a strong set of results for full year 2020, we remain a global Environmental, Social and Corporate Governance (“ESG”) leader in the corporate space. We are not just fully compliant with the ESG standards set out by the Hong Kong Stock Exchange but have gone above and beyond to outline how we, as one of the largest youth and millennial brands in the world, intend to contribute towards a more sustainable future in our #GoGreenWithRazer manifesto,” he said.

### **Key highlights for FY 2020 earnings**

#### **COMPANY**

- **Record high revenue of US\$1.2 billion with 48.0% year-on-year growth**, driven by robust demand, as well as market share gains for the Hardware business and continued exponential growth of the Services segment.
- **Gross Profit Margin improved to 22.3%**, driven by improving margins in the Hardware segment and increased contribution of the higher margin Services business to the Group
- **Turned profitable with GAAP Net Profit of US\$0.8 million, ahead of all expectations**, fuelled by exceptional revenue growth and productivity improvements.
- **Cashflow from operating activities turned positive to US\$152.9 million**, driven by strong operating profits, efficient working capital management and cash discipline.
- **Cash Balance increased to over US\$600 million with no debt**, one of the strongest balance sheets in the industry.



## CORE SEGMENTS

### *Hardware*

- Revenue grew by 51.8% year-on-year to US\$1,083.7 million.
- Peripherals business recorded strong growth across core categories in mouse, keyboard and headset.
- Core peripherals business has maintained its market leading position for gaming peripherals across the US, Europe, Asia-Pacific and China while taking significant market share from the competition<sup>1</sup>.
- Systems business has maintained its market leading position in the premium gaming laptop segment in the US while growing market share in new markets outside of the US<sup>2</sup>.
- Systems business saw an acceleration in growth with strong double-digit percentage growth year-on-year since May as a result of pent-up demand from consumers, despite the initial impact on its supply chain at the start of the year due to the COVID-19 pandemic.
- The Group saw further expansion across growth areas such as mobile/ cloud gaming, console gaming, live-streaming products as well as gaming chairs.

### *Software*

- Total user accounts increased 53.8% year-on-year to approximately 123 million with monthly active users surging by over 68.2%, driven by strong growth across all software offerings in light of increased gaming, esports and livestreaming activities.
- Razer continued to focus on further enriching user experience and driving stickiness to the Razer ecosystem.
  - In September, Razer Cortex PC saw huge expansion in user activity and engagement through the launch of the Squad Rewards leaderboard challenge where users can team up with their friends to earn Razer Silver loyalty awards by clocking in time playing games.
  - Razer Chroma™ RGB continued to expand its connected devices program with new partnerships with WD Black, Seagate, Twinkly and Yeelight, bringing the total number of hardware partnerships to over 50.

### *Services*

- Razer also offers payment services for youth, millennials and Generation Z.
- Comprising Razer Gold and Razer Fintech, Services business continued to scale up and recorded 66.8% year-on-year growth to US\$128.4 million for the year.
- Gross margin was 43.8% and contributed 20.8% of the Group's gross profit, an increase from 19.4% of the Group's gross profit in 2019.

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<sup>1 2</sup> Internal sources and market research



### Razer Gold

- Recorded an 102.4% year-on-year increase in total payment volume (“TPV”) driven primarily by the increase in the number of transactions.
- Further expanded its footprint and added 1.6 million channel touch points especially in the Middle East and North Africa region (“MENA”) covering users from more than 130 countries and more than 5 million channel touchpoints.
- Continued to be a partner of choice for content partners with over 34,000 digital entertainment titles and added new popular games such as Apex Legends, Call of Duty: Modern Warfare, Genshin Impact and Ragnarok, as well as other new content such as the MeMe Live livestreaming app.

### Razer Fintech

- Generated US\$4.3 billion in TPV, representing an increase of 104.4% year-on-year.
- This was driven by the onboarding of new merchants in the online e-commerce, consumer retail and food and beverage industries, with approximately 191.0% year-on-year growth to over 50,000 merchants.
- In addition, Razer Fintech also benefitted from surges in online shopping and digital entertainment consumption activities due to the lockdown situation arising from the COVID-19 pandemic.

### ESG

- Fully compliant with the Hong Kong Stock Exchange’s ESG guidelines.
- The Group is going above and beyond with a focus on the environment and sustainability with its #GoGreenWithRazer initiative.
- The sustainability roadmap will focus on four areas:
  - Green Organization: pledge to use recycled and recyclables by the end of 2021, renewable energy by 2025 and be carbon neutral by 2030.
  - Green Products: achieve consumer transparency with carbon consumer labels by 2022, 100% of all Razer products can be recycled with Razer by 2025, and that 100% of Razer products will utilize recycled or recyclable materials by 2030.
  - Green Community: educate fans through various activations such as the saving of one million trees with Sneki Snek campaign in partnership with Conservation International.
  - Green Investments: support and invest in environmental and sustainability startups in the areas of renewable energy, carbon reduction, plastics management and water solutions.



## OUTLOOK

Razer is closely monitoring the market situation in light of the COVID-19 environment and its initiatives to drive outsized revenue growth and continued profitability include:

- **Outsized Revenue Growth:**
  - New Hardware product introductions
  - Growth of Software userbase
  - Further investments to scale fast-growing Services business
  
- **Continued Profitability:**
  - Improvement of Hardware margins
  - Strong OPEX discipline
  - Expansion of higher-margin Hardware and Services as part of the revenue mix
  
- **Use of Cash:**
  - Investments in R&D for new Hardware and development of new Services
  - Continued share buybacks
  - Investment/ M&A activities

*For more details, please refer to the FY2020 results announcement for the results of the Group which are published in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Details of Razer's ESG initiatives can be found on the website: <http://www.razer.com/go-green>.*



## **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 125 million users, includes Razer Synapse (an Internet of Things platform), Razer Chroma RGB (a proprietary RGB lighting technology system supporting thousands of devices and hundreds of games/apps), and Razer Cortex (a game optimizer and launcher).

Razer also offers payment services for gamers, youth, millennials and Generation Z. Razer Gold is one of the world's largest game payment services, and Razer Fintech provides fintech services in emerging markets.

Founded in 2005 and dual-headquartered in Irvine (California) and Singapore, Razer has 17 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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