



RAZER BEATS EXPECTATIONS WITH RECORD HIGH REVENUE OF US\$447.5M AND POSITIVE ADJUSTED EBITDA OF US\$3.2 MILLION FOR 1H 2020

Fuelled by dominant brand position, user base expansion and stay-at-home trends

(Hong Kong, August 26, 2020) – Razer™ (“Razer” or the “Company”, Hong Kong Stock Code: 1337), the leading global lifestyle brand for gamers, announces unaudited financial results for the six months ended 30 June 2020 (“1H 2020”).

“2020 has been a year like no other for all of us around the world. Despite the global market uncertainty caused by the COVID-19 pandemic, Razer has had a spectacular start to the year, driven by dominant brand position, user base expansion and stay-at-home trends,” **said Min-Liang Tan, Co-Founder and CEO of Razer.**

“The global ‘stay-at-home’ situation has boosted user engagement with gaming and esports to record levels. With our gamer/ youth-centric ecosystem of hardware, software and services, Razer is well-positioned to capture the opportunities of these secular trends. The fundamentals of our business remain as solid as ever, thanks to our entrenched brand leadership, compelling offerings across hardware, software and services and strong execution. We are confident that these factors, coupled with our strong operating cost discipline and our strong cash position of over US\$500 million, put us in good stead, even during times of challenging global economic conditions,” he added.

Key highlights for 1H 2020 earnings

COMPANY

- **Record high revenue of US\$447.5 million with 25.3% year-on-year growth**, beating expectations driven by strong growth across the entire Peripherals portfolio, strong double-digit percentage year-on-year growth for Systems in May and June and phenomenal growth in the Services business
- **Gross Profit Margin improved to 22.0%**, as a result of increased Services contribution which offset the increase in freight costs to facilitate surges in demand for its products
- **Positive Adjusted EBITDA of US\$3.2 million, beating expectations** fuelled by exceptional revenue growth and continued cost efficiency improvements
- **Cashflow from operating activities turned positive to US\$66.0 million**, with operating profit growth and strong working capital management leading to record cash conversion cycles from -51 days in the first half of 2019 to -72 days in the first half of 2020
- **Cash Balance of over US\$500 million with no debt**, an incredibly strong balance sheet to weather the uncertainties of the pandemic environment



CORE SEGMENTS

Hardware

- Revenue grew by 26.0% year-on-year to US\$382.7 million.
- Peripherals business recorded strong growth across core categories in mouse, keyboard and headset during the first half of 2020.
- Stay-at-home situation also boosted sales of live-streaming portfolio such as the Kiyo camera and Seiren streaming microphone.
- Retained its market-leading position for gaming peripherals across the U.S., Europe, Asia Pacific and China.
- Systems business sustained its number 1 market-leading position in premium gaming laptop in the U.S and recorded a strong double-digit percentage growth on a year-on-year basis in May and June as a result of strong pent-up demand for products.

Software

- Total user accounts increased 42.8% year-on-year to approximately 100 million with monthly active users surging by over 45%, driven by strong growth across all software offerings in light of increased gaming, esports and livestreaming activities.
- Razer was the launch partner for Microsoft's Xbox Game Bar SDK, and was able to develop first-of-its-kind widgets for its software products that made them instantly accessible on the Xbox Game Bar on Windows 10 through this partnership. This software integration enables users to have a much better user experience in playing games.

Services

- Continued to soar and recorded 79.3% growth year-on-year in revenue to US\$64.0 million, contributing almost 30% to the Company's gross profits with a gross margin of 45.9%.

Razer Gold

- Recorded a 125.9% 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 600,000 channel touch points especially in the Middle East and North Africa region, covering users from more than 130 countries and more than 4 million channel touchpoints.
- Continued to be a partner of choice for content partners with over 33,000 digital entertainment titles and added new popular games such as Call of Duty: Modern Warfare and Ragnarok Online, as well as other new content such as cloud clubbing and Comico e-comic platform.



Razer Fintech

- Generated US\$1.8 billion in TPV (FY2019: US\$2.1 billion) in the first half of the year, representing an increase of 114.3% year-on-year, driven by the onboarding of new merchants and surges in online shopping and digital entertainment consumption activities due to the COVID-19 lockdown.
- As the leading global youth and millennial brand, alongside its understanding of the banking challenges for the youth, Razer aims to create a banking experience that is an integral part of the youth and millennials' lives, including their learning, playing, traveling, entrepreneurship or daily lives.
- In January 2020, the Company announced that Razer Fintech has submitted its application for a Digital Full Bank License to be issued by the Monetary Authority of Singapore ("MAS"). According to the MAS, the award of the digital banking licenses is expected to be announced in the second half of 2020. At this time, the Company is also exploring applying for digital bank licenses in other jurisdictions.

OUTLOOK

- **The Razer ecosystem is expected to continue to grow** with sustained market share leadership in Hardware, exponential growth in Software user metrics and phenomenal growth of Services.
- **Continued outsized revenue growth**, driven by Hardware new product introductions in the second half of 2020, growing Services revenues supported by ongoing growth momentum from stay-at-home trends.
- **Continued improvements of Gross Profit Margin** due to improving Hardware margins and high margin Services growing as part of the revenue mix of the Razer ecosystem.
- **Continued improvement in bottom-line**, having achieved positive Adjusted EBITDA in the first half of 2020, the Company expects the exceptional revenue growth to drive the bottom-line.
- **Supported with a robust balance sheet** with over US\$500 million cash and no debt, the Company will continue with R&D investments in new Hardware categories and development of new Services, continued share buybacks and investment/ M&A activities.

For details, please refer to the 1H 2020 results announcement for the results of the Company which are published in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 100 million users, includes Razer Synapse (an Internet of Things platform), Razer Chroma RGB (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 (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).

PRESS CONTACTS

RAZER

Canny Lo

Canny.lo@razer.com

+852 9836 7249

FINSBURY

Evonne Xiao

Evonne.Xiao@finsbury.com

+852 9681 9865

Razer - For Gamers. By Gamers

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