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Q1 2022 Report

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Q1 Highlights

Sales declined by 31% in SEK to 117,5 SEKm (169,1) and by 38% in USD. Tough comparables with +29% USD growth in Q1 2021.

EBITDA was 11,3 SEKm (10,6) representing an EBITDA margin of 9,6% (6,3%).

High prices of graphics cards continued to hamper demand for High-performance PC-gaming cases but prices have started to drop in early 2022 and a gradual normalization is expected during 2022.

Increased our market shares in Q1 in key markets.

Strong product margin (40,2%), significantly higher than Q1-21 (34,8%), despite continued headwinds from high freight prices. The improvement is driven by price increases, favorable product mix, tariff exemption and positive currency effect.

Tariff exemption for Cases from October 2021 to December 2022 had a positive effect on product results in the quarter and increased product margin by approx. 3 percentage points. 15-20m in approx. positive EBITDA effect during 2022.



Market Development & Demand

Increasing numbers of PC gamers worldwide.

Continuous launches of performance
demanding PC games in Q1.

New Intel Arc GPU-series estimated to be
released in Q2.

Twitch hours viewed still at historical high levels.



AN INCREASE OF

2.8 million

concurrent users compared to January 2021.



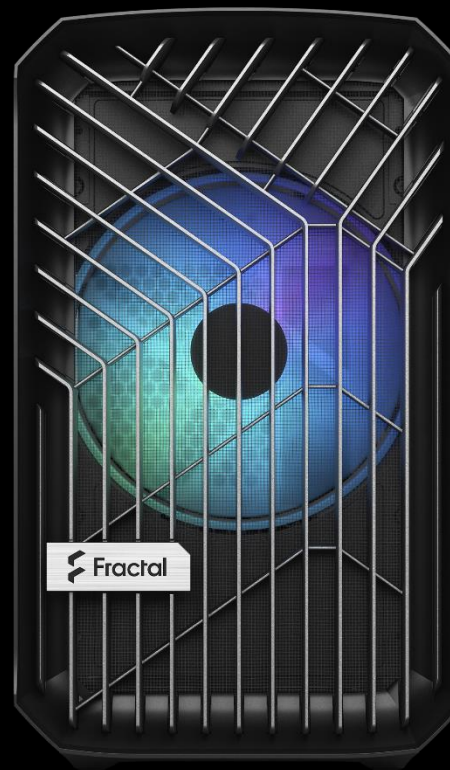
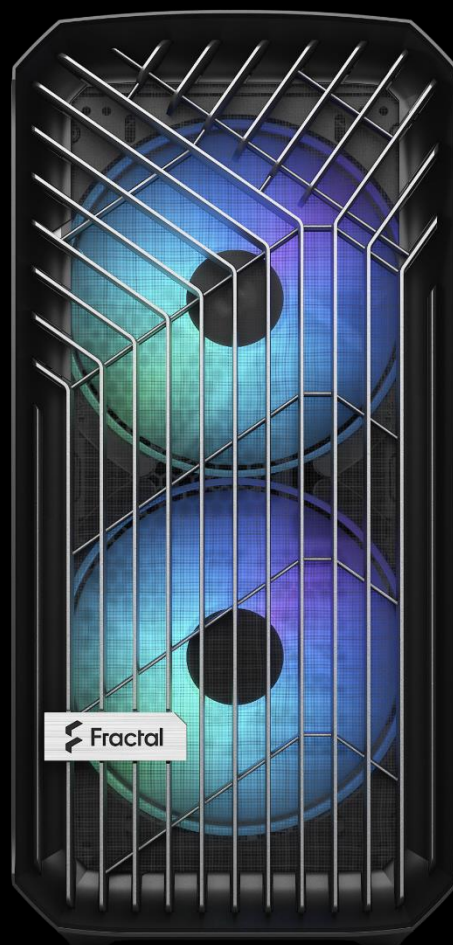
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Released Products

C A S E

Torrent Compact



C A S E

Torrent Nano

Net sales and Sales out

Net sales declined by 31% to 118 SEKm (169), with an organic decline of 38%.

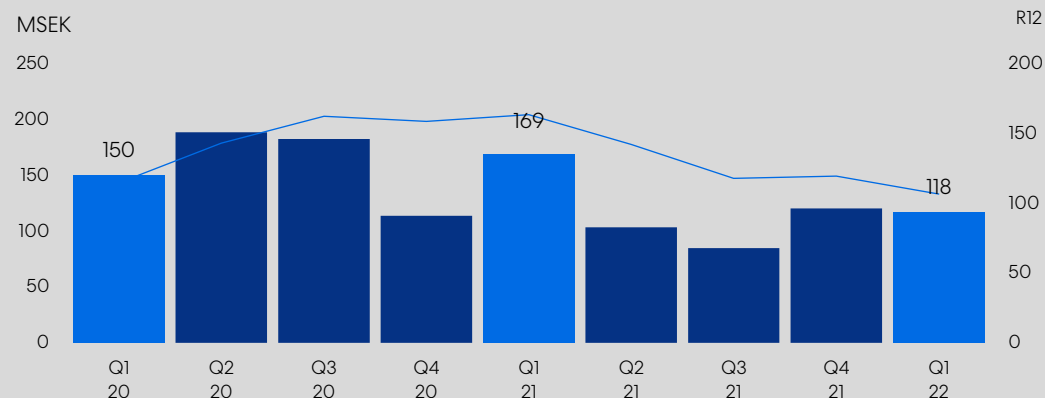
Tough comparable with 29% net sales organic growth in Q1 2021. During the first quarter of 2021, sales increased largely due to too low inventory levels in the sales channels because of record high sales out during the fourth quarter of 2020.

High prices on graphics cards continued to affect demand during the first quarter.

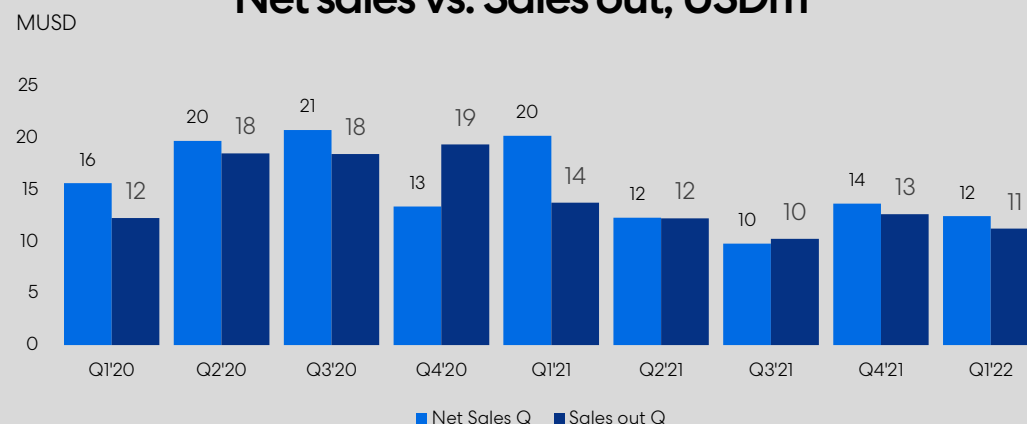
Russia's invasion of Ukraine has dampened demand particular in Europe.

Sales out declined by 19%.

Net sales, SEKm



Net sales vs. Sales out, USDm



Segment development

Sales in Americas was 46% of total net sales, followed by EU with 41% and APAC & Other with 13%.

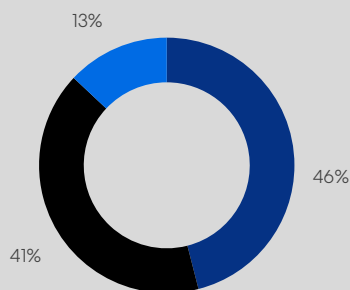
Sales of Cases decreased by 18% . Americas by 22%, EU by 37% and APAC & Other by 38%.

Sales of Other products decreased by 68%. The main decrease comes from EU due to tough comparable numbers.

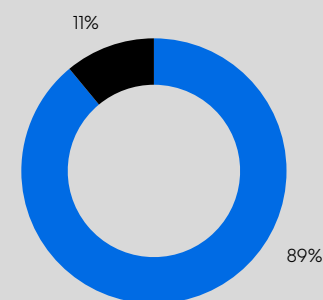
Increased market shares.

Net sales by geography and segment (MSEK)

SEKm	Business Segment					
	Cases		Other		Total	
	Jan—Mar		Jan—Mar		Jan—Mar	
	2022	2021	2022	2021	2022	2021
Geographic market						
Americas	50	41	4	4	54	45
EU	42	68	6	31	49	99
APAC & Other	12	19	3	6	15	25
Total net sales	105	128	13	41	118	169



■ Americas ■ EU ■ APAC & Other



■ Cases ■ Other

Product margin

Product margin increased to 40.2 (34.8) percent, which is 5.4 percentage points higher Y-o-Y.

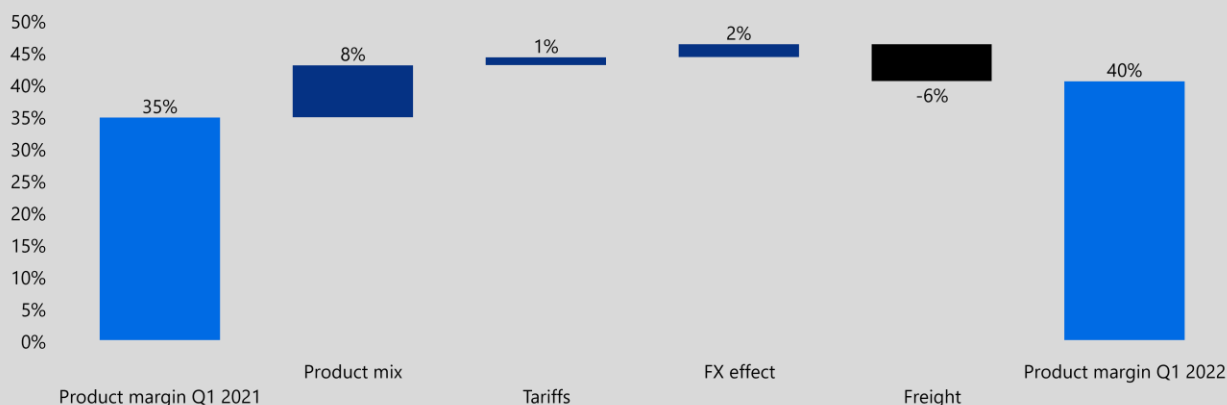
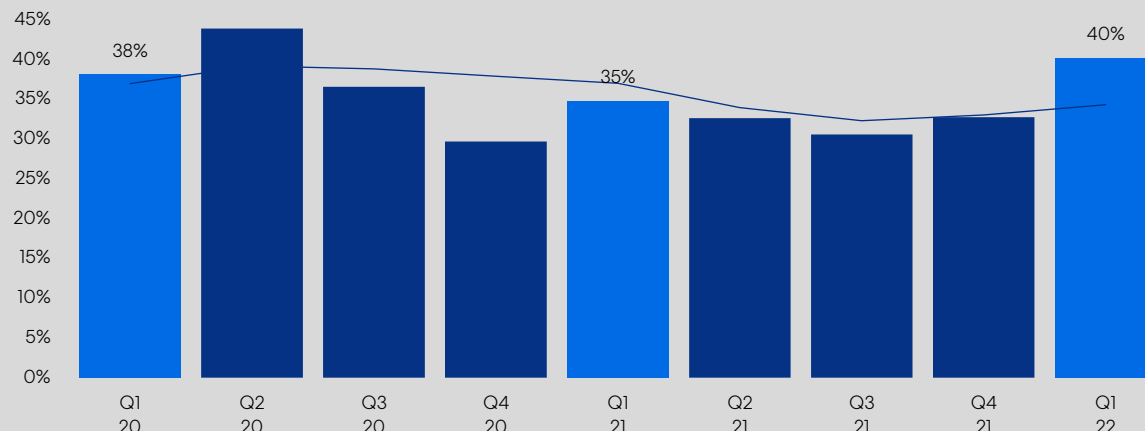
Favorable product mix, with higher share of cases and higher share of high margin cases, increased margin by approx. 8 percentage points.

US tariff exemption increased product margin by approx. 1 percentage points.

Positive currency effects increased product margin by approx. 2 percentage points.

Extraordinary high freight costs decreased product margin by approx. 6 percentage points.

Product-margin (%)



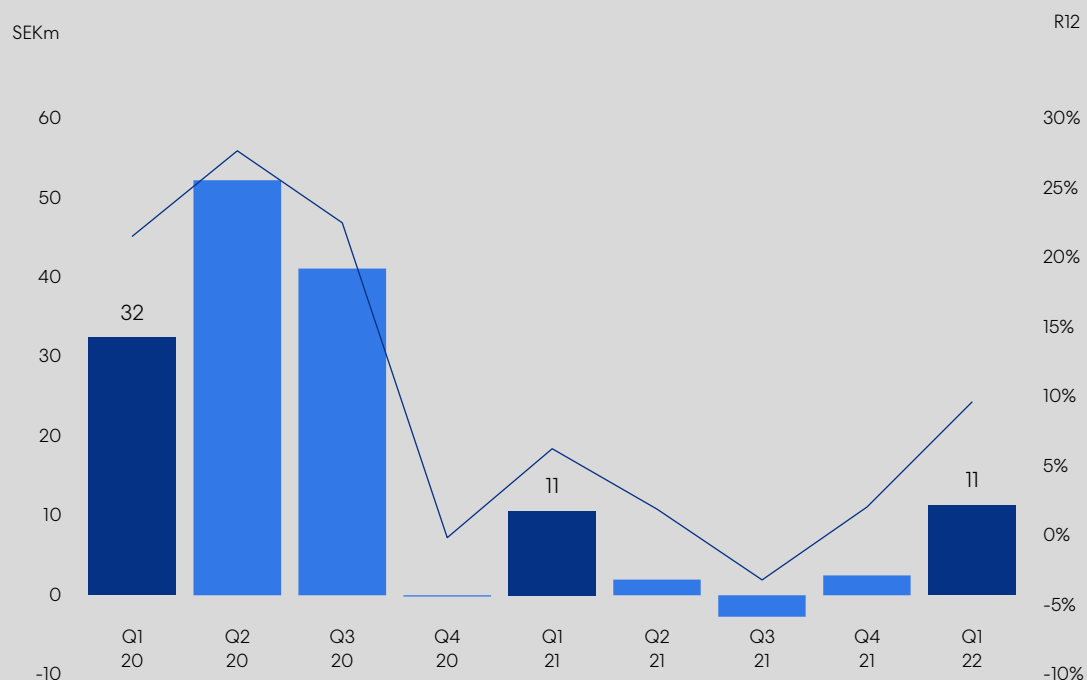
Earnings

EBITDA was 11 SEKm (11) and the margin was 9.6% (6.3). Items affecting comparability of 21.1 SEKm booked in Q1 2021 related to the IPO.

Lower sales volumes but higher margins, despite high freight costs.

Reinstated Tariff exclusion increased EBTIDA by 3.7 SEKm.

EBITDA (SEKm) and EBITDA-margin (%)



Cash flow

SEKm	Q1		Apr-Mar	Full year
	2022	2021	20/21	2021
EBITDA	11.3	10.6	13.1	12.4
Change in NWC	5.4	-39.9	11.7	-47.5
Net tangible and intangible captial expenditure	-9.6	-8.8	-24.7	-25.7
Operating cash flow	7.1	-38.1	0.2	-60.7

Operating cash flow affected by increased EBITDA.

The change in NWC is mainly related to decreased inventory (13 SEKm).

Cash flow from investing activities amounted to -10 SEKm (9) and is related to development of new products.

The overdraft facility amounted to 123 SEKm (104) and is mainly related to purchase of products in stock. When selling out from stock, we get a positive net effect on cash flow because much of the products are purchased in 2021.

1. Net sales declined by 31%. Tough comparables with +29% growth in Q1 2021. Net sales in Q1 2022 impacted by a soft market with high prices on graphics cards and Russia's invasion of Ukraine.
2. Product margin favorable due to product mix with more share of high margin cases. Continued high freight cost to the US. Tariff exemption from October 2021.
3. Other external costs are lower than last year due to IPO related cost of approx. 21 SEKm in Q1 2021. Personnel cost are higher due to investment in new employees. Denominated in SEK to ~46%, USD to ~42% and other currencies ~12%.
4. Financial net mainly related to interest expenses and FX translation effect, in line with last year.

Income statement

		Q1		Apr-Mar	Full year
SEKm		2022	2021	21/22	2021
1	Net sales	117,5	169,1	427,0	478,6
	Capitalized development expenditure	1,8	3,6	7,2	8,9
	Other operating income	0,2	0,8	-0,5	0,1
	Total revenue	119,6	173,5	433,7	487,6
	Operating expenses				
2	Goods for resale	-70,3	-110,3	-280,4	-320,4
3	Other external expenses	-21,3	-39,1	-79,0	-96,8
	Personnel expenses	-16,7	-13,4	-61,1	-57,9
	Depreciation and impairment of tangible and intangible non-current assets	-4,0	-3,0	-14,8	-13,8
	Other operating expenses	-	-	-	-
	Total operating expenses	-112,3	-165,9	-435,4	-489,0
	Operating profit	7,3	7,6	-1,7	-1,4
4	Finance income	0,8	-	0,8	-
	Finance costs	-1,2	-2,2	-3,8	-4,7
	Profit/loss after financial items	6,9	5,4	-4,6	-6,1
	Income tax expense	-1,5	-1,3	-2,5	-2,3
	Deferred tax liabilities	0,0	-	4,0	4,0
	Profit for the period	5,4	4,2	-3,1	-4,4

Current activities and priorities

Product launches and marketing – New case series, Torrent, continues to perform well. Torrent Nano and Torrent Compact launched during the quarter with very positive reviews. Many more launches planned during 2022. Increased market shares in Q1.

Cost management – Temporary impact from extraordinary high freight prices (6% product margin impact in Q1). We try to moderate keeping cost in line while still keeping focus and driving our mid- to long term growth initiatives.

Price increases and inflation – Price adjustments made for large parts of the range in Q2 and Q3 2021 to offset increases in raw materials and adverse FX (USD/RMB). We currently don't foresee any additional cost increases; our main raw materials, steel and plastic, are right now relatively stable in China.

Strategic direction

Delivering best in class products with excellent service.

Expand product portfolio to suitable adjacent categories.

Improve marketing efforts - Increase presence on key platforms.

Geographical expansion - Build a stronger foothold Asia.

Summary and outlook

Net sales still impacted by weak market, caused by the high prices on graphic cards. Improved demand expected from H2 2022.

Increased market shares.

Strong product margin development.

Reinstated Tariff exclusion will continue to support product margin during 2022.

Current headwinds are expected to be short term and we remain positive regarding our mid- to long-term outlooks. The interest in gaming keeps being on a record high level which indicates a strong underlying pent-up demand once graphics card pricing normalizes.



Q&A

