



16 NOVEMBER 2023

# Q3 2023 Report

QUARTERLY REPORT

## Q3 Highlights

**Sales increased by 45%** in SEK to 190 SEKm (131) and by 41% in USD.

Year to date we have increased our revenues in SEK by 83%

Sales out revenue increased by 56%. The difference between sales-in and sales-out increases is explained by channel stock dynamics.

Strong market position driven by successful product releases and expanded sales and marketing. Growing faster than the market.

EBITDA increased to 35 SEKm (13), with an EBITDA margin of 19% (10).

Product margin increased to 42% compared to 38% last year.

Strong operating cash flow and net cash position of 76 SEKm..



## Market Development & Demand

**The strong consumer sentiment for gaming, successful game launches, and evolving preferences of our target audience indicate a promising future for the industry.**

Q3 witnessed significant game releases and exceptional sales, reinforcing the industry's resilience and future growth potential.

A positive shift in the gaming hardware market is anticipated, driven by the need for PC and peripheral upgrades.

Younger generations are allocating more leisure time to gaming, reinforcing its importance in their lives.

Despite momentary market challenges, the gaming industry is poised for recovery and future growth, driven by demand for upgrades, technological advancements, and an engaged customer base.

Sources: DFC, Steam, Jefferies & NewZoo

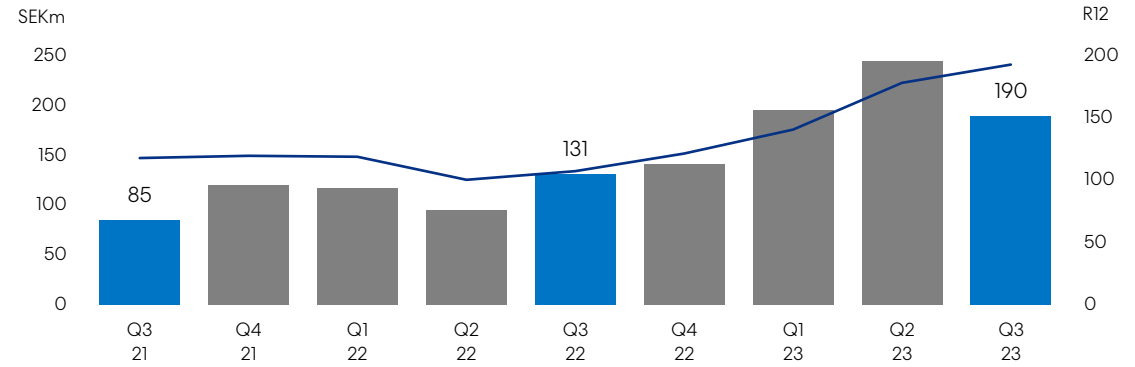


# Net sales and Sales out

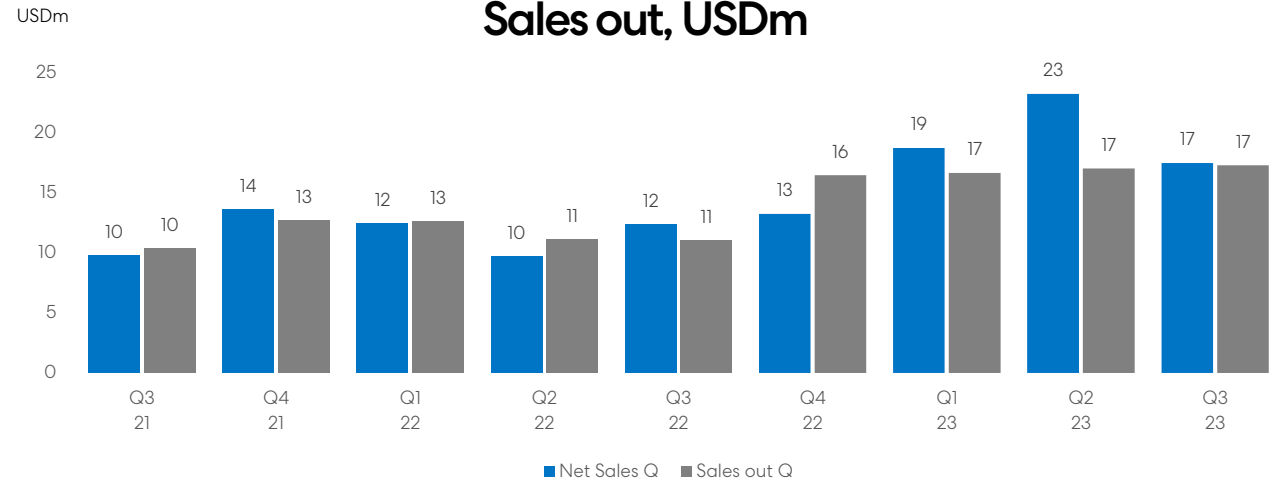
**Net sales increased by 45%** to 190 SEKm (131) and organically by 41% to 18 USDm (12). YTD Net sales amounted to 631 SEKm (344) with a growth of 83%.

- Sales out increased by 56% organically, with an increase in the case category of 69%.
- Strong product portfolio and successful product launches, with award winning case series Torrent, Pop, North and Terra.
- Increased demand from end customers has led to retailers replenishing their stocks to be able to meet the increased sales growth.
- Net sales in the coming quarters will likely be in line with sales out.

### Net sales, SEKm



### Sales out, USDm



# Segment development

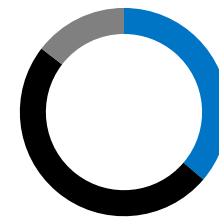
Sales growth was good in all regions, where growth in EU continued to be at a high level during the third quarter, with net sales of 93 SEKm (65), corresponding to 49% of total net sales. The increase was primarily driven by successful product launches.

Net sales in Americas amounted to 69 SEKm (46), corresponding to 36% of total net sales and APAC & Other amounted to 28 SEKm (20), 15% of total net sales.

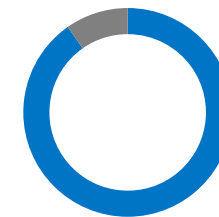
Sales of Cases was 90% (83) of total net sales, which is an increase vs. last year.

## Net sales by geography and segment (SEKm)

SEKm	Business Segment					
	Cases Q3		Other Q3		Total Q3	
	2023	2022	2023	2022	2023	2022
<b>Geographic market</b>						
Americas	67	43	2	3	69	46
EU	83	48	10	17	93	65
APAC & Other	21	17	7	3	28	20
<b>Total net sales</b>	<b>171</b>	<b>108</b>	<b>19</b>	<b>23</b>	<b>190</b>	<b>131</b>



■ Americas 36% ■ EU 49% ■ APAC & Other 15%



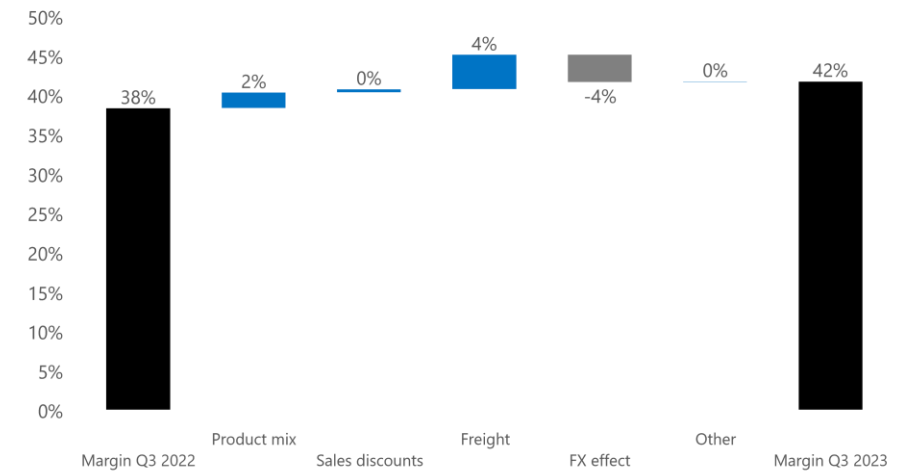
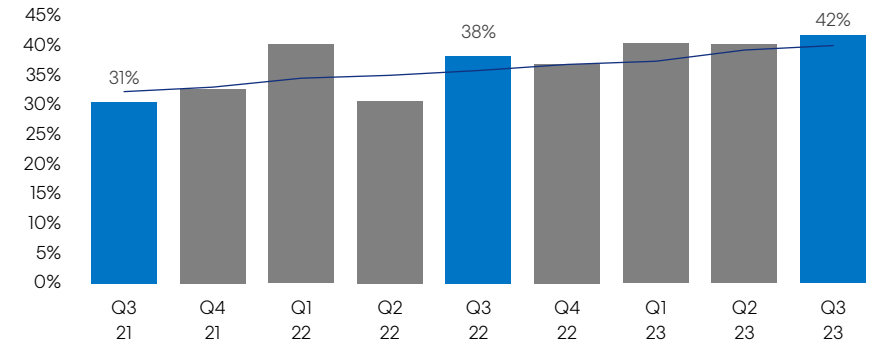
■ Cases 90% ■ Other 10%

# Product margin

The product result amounted to 79 SEKm (50) and the product margin was 42% (38), an increase of 4 percentage points.

- **Lower shipping costs** positively affected the product margin by approximately 4 percentage points.
- **Favorable product mix** positively affected the product margin by approximately 2 percentage points; more cases sold with higher margins mainly due to lower purchase prices.
- **Currency effects** negatively affected the margin by approximately 4 percentage points, with high comparison figures in 2022.
- **Sales discounts and Tariffs** together had a positive effect by 1 percentage point.

## Product margin (%)

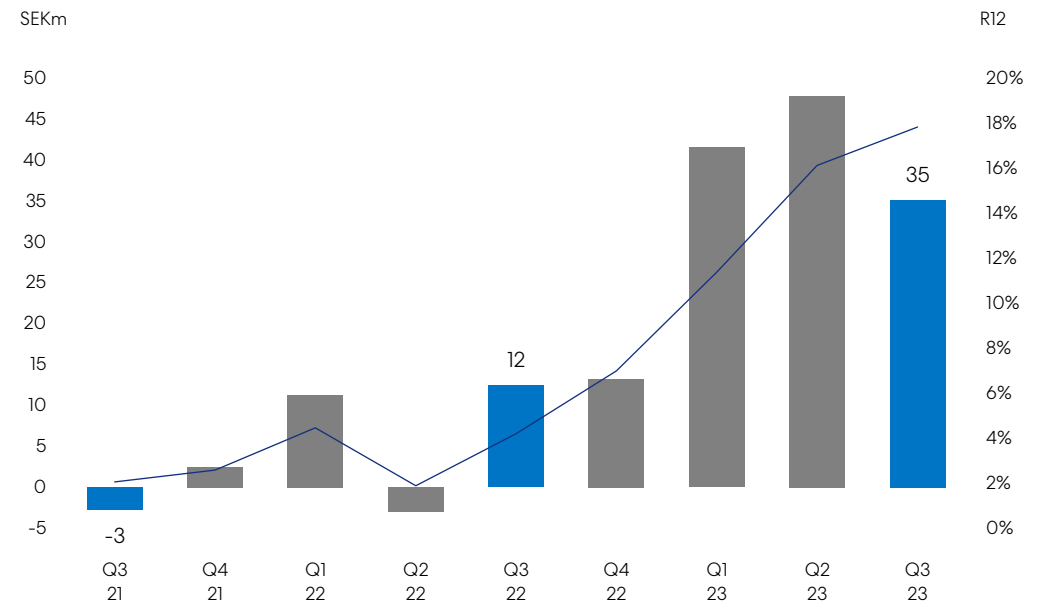


# Earnings

**EBITDA was 35 SEKm** (13) and the EBITDA-margin was 19% (10).

The increase in EBITDA was mainly due to higher sales, lower freight cost and warehouse cost, together with other external costs being scalable. Personnel cost increased according to expectation.

## EBITDA (SEKm) and EBITDA-margin R12 (%)



# Cash flow

**Operating cash flow** strengthened to 65 SEKm (12) and was positively impacted by higher EBITDA.

- **The change in NWC** was mainly related to decreased account receivables, slightly increased accounts payables and inventory.
- **Cash flow from investing** activities amounted to 4 SEKm (6) and was related to development of new products.
- **The bank overdraft facility** amounted to 0 SEKm (124).
- **Net cash strengthened** to 76 SEKm compared to net debt of 116 SEKm last year.

SEKm	Q3		Jan—Sep	Oct—Sep	Full year
	2023	2022	2023	22/23	2022
EBITDA	35	12	125	138	34
Change in NWC	34	6	81	89	24
Net tangible and intangible expenditure	-4	-6	-18	-24	-32
<b>Operating cash flow</b>	<b>65</b>	<b>12</b>	<b>188</b>	<b>203</b>	<b>26</b>



# Income statement

**Net sales increased by 45%** to 190 SEKm, mainly driven by a strong product portfolio and increased demand in the market.

**Goods for resale** in % of sales was positively affected by lower shipping cost and favorable product mix.

**Other external expenses** was 5 SEKm higher than last year, mainly due to increased marketing activities. Other cost in line with last year.

**Personnel expenses** increased due to new hirings.

**Finance costs** lower due to a net cash position and lower interest cost compared to the same period in 2022.

SEKm	Q3		Jan—Sep		Oct—Sep	Full year
	2023	2022	2023	2022	22/23	2022
Net sales	190	131	631	344	772	486
Capitalized development expenditure	2	2	6	7	7	9
Other operating income	0	0	0	1	0	1
<b>Total revenue</b>	<b>192</b>	<b>133</b>	<b>637</b>	<b>352</b>	<b>780</b>	<b>496</b>
<b>Operating expenses</b>						
Goods for resale	-111	-81	-374	-217	-463	-306
Other external expenses	-28	-23	-81	-65	-103	-86
Personnel expenses	-18	-17	-58	-50	-77	-69
Depreciation and impairment of tangible and intangible non-current assets	-5	-5	-16	-14	-21	-19
<b>Total operating expenses</b>	<b>-162</b>	<b>-126</b>	<b>-528</b>	<b>-345</b>	<b>-663</b>	<b>-480</b>
<b>Operating profit</b>	<b>30</b>	<b>7</b>	<b>109</b>	<b>7</b>	<b>117</b>	<b>15</b>
Finance income	1	3	3	7	1	6
Finance costs	-0	-2	-3	-5	-5	-7
<b>Profit/loss after financial items</b>	<b>30</b>	<b>8</b>	<b>109</b>	<b>10</b>	<b>113</b>	<b>14</b>
Income tax expense	-6	-1	-23	-2	-25	-4
Deferred tax liabilities	0	-1	0	0	1	1
<b>Profit for the period</b>	<b>24</b>	<b>6</b>	<b>86</b>	<b>8</b>	<b>90</b>	<b>11</b>

# Summary

- **Continued strong sales development**, driven by successful product launches and improved sales and marketing initiatives.
- **Net sales growth** of +45%.
- **Increased** product margin of 42%.
- **Significantly** improved EBITDA-margin of 19%.
- **Strong** cash flow development and a net cash position of 76 SEKm.
- **The build-up of inventory** at our retailers has now caught up and we expect net sales in the coming quarters to be approximately at the same level as sales to end consumers (Sales out). Net sales in the fourth quarter of 2023 is expected to be lower than in the third quarter due to the strong sales so far this year and that there is now a certain need to normalize the inventory at retailers in the fourth quarter.
- **Our assessment** is that there is still a pent-up demand among gamers to upgrade their equipment and that the upgrade cycle for 2024 and 2025 should be stronger than 2023.