SteelSeries ApS

Annual report for 2020

1 January – 31 December

CVR No 25 92 31 70

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25 June 2021

Lars Stoltze
Chairman of the General Meeting

Contents

Management's Statement

Executive Board and the Board of Directors have today discussed and approved the Annual Report of SteelSeries ApS and for the Parent Company for 2020.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the SteelSeries Group's and the Parent Company's assets, liabilities and financial position on 31 December 2020 and of the results of the SteelSeries Group's and the Parent Company's operations and cash flows for the financial year 2020.

Further, in our opinion the Management review includes a fair review of the development in the SteelSeries Group's and the Parent Company's operations and financial matters, of the result for the year, and of the SteelSeries Group's and the Parent Company's financial position, as well as describing the significant risks and uncertainties affecting the SteelSeries Group and the Parent Company.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 25 June 2021

Executive Board

Mian Ehtisham Rabbani

Oluf Riddersholm

Board of Directors

John Schappert
Chairman

Lars Cordt
Deputy Chairman

Mark Carges

Christian Bamberger Bro

Jacob Wolff-Petersen

Pernille Fabricius

Independent Auditor's Report

To the shareholder of SteelSeries ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SteelSeries ApS for the financial year 1 January – 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

Independent Auditor’s Report (continued)

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

Independent Auditor’s Report (continued)

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 25 June 2021
EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Mikkel Sthyr
State Authorised
Public Accountant
mne26693

Ole Becker
State Authorised
Public Accountant
mne33732

Company Information

The Company	SteelSeries ApS
	Havneholmen 8, 1.
	DK-2450 Copenhagen SV
	CVR No: 25 92 31 70
	Financial period: 1 January - 31 December
	Incorporated: 21 February 2001
	Municipality of reg. office: Copenhagen
Board of Directors	John Schappert, Chairman
	Lars Cordt, Deputy Chairman
	Mark Carges
	Christian Bamberger Bro
	Jacob Wolff-Petersen
	Pernille Fabricius
Executive Board	Mian Ehtisham Rabbani
	Oluf Riddersholm
Auditors	EY Godkendt Revisionspartnerselskab
	Dirch Passers Allé 36
	DK-2000 Frederiksberg

Financial Highlights

	2020	2019	2018
DKK million			
Income statement			
Revenue	2,020.4	1,244.2	969.8
Gross profit	768.7	521.6	400.3
Adj. EBITDA	265.4	176.4	132.2
Special items	-15.5	-5.9	-10.3
EBITDA	249.9	170.5	121.9
Operating profit (EBIT)	202.5	134.4	95.8
Adj. EBIT	218.1	140.3	106.1
Net financials	-39.4	-16.7	-3.7
Income tax	-30.6	-10.5	-11.8
Net profit	132.5	107.2	80.3
Attributable to			
Shareholder in SteelSeries ApS	132.5	107.2	80.3
Statement of financial position			
Total assets	1,256.3	680.9	499.9
Net interest-bearing debt (NIBD)	394.6	85.7	-52.7
Total Equity	116.0	238.3	229.1
Statement of cash flows			
Cash flow from operating activities	466.9	-95.3	148.6
Cash flow from operational investments	-63.3	-45.1	-26.0
Cash flow from financial investments	-319.2	-	1.0
Cash flow from financing activities	32.0	173.1	-79.9
Investments			
Investments in property, plant and equipment	20.3	13.9	4.6

Financial Highlights (continued)

Financial ratios*		2020	2019	2018
Gross margin	%	38.0	41.9	41.3
Adj. EBITDA margin	%	13.1	14.2	13.6
Operating margin	%	10.0	10.8	9.9
Equity ratio	%	9.2	35.0	45.8
Cash Conversion	%	32.0	-80.0	91.0
NIBD/Equity ratio	x	3.4	0.3	-0.2
NIBD/Adj. EBITDA	x	1.5	0.4	-0.4

Revenue by Constant Currency (%)	2020	2019	2018
Growth, currency neutral	60%	25%	40%
Currency impact	-2%	3%	-3%

* Please refer to the General Accounting Policies in the consolidated financial statements for a definition and calculation of key figures and financial ratios.

Management's Review

Main activity

As SteelSeries ApS is the key contributor to the consolidated figures, management's review covers both the consolidated and parent annual report.

SteelSeries is a leader in gaming peripherals focused on quality, innovation, and functionality. The company was founded in Denmark in 2001 and is currently one of the world's leading global gaming brands - ideally positioned in the premium part of the market.

SteelSeries has built a comprehensive platform for gamers that brings together an ecosystem of leading gaming peripherals and software services with over 9M users and growing. The Company's gaming peripherals include Arctis, the world's leading premium gaming audio line, as well as best-selling keyboards, mice, controllers, and gear and gaming accessories. The Company's software suite includes SteelSeries Engine that brings advanced features including a unique video capture in game application and an of the SteelSeries hardware experience to enhance the gaming experience for millions of gamers on millions of gaming computers, and other services that integrate with the world's leading games and gaming communities.

In 2020, A-Volute (hereafter renamed as SteelSeries France) and KontrolFreek were added to the family. SteelSeries France offers audio enhancing software solutions, such as advanced digital signal processing and virtual surround sound. KontrolFreek is a leading accessory developer within gaming consoles, most famous for their thumbsticks.

Our products are sold through retail, e-tail, strategic distribution, directly to consumers and our software is integrated in computers, headsets, and other peripherals.

SteelSeries operates on a global scale with offices in Copenhagen, Chicago, Taipei, Lille and Singapore. Our products are manufactured in China, Taiwan, Vietnam, Thailand, Myanmar and the USA.

We strive to run a responsible business respectful of our employees, society and the environment. We are mindful of the manufacturing impact of our products and work to minimize the impact through smart design and supplier choices.

In December 2020, SteelSeries acquired KontrolFreek LLC, a US-based global leader of performance accessories for console controllers. We are proud of our 2020 financial results and, most importantly, SteelSeries ended 2020 with an even stronger market footprint, an exciting new premium product line-up and with two new companies that perfectly match and complement our existing business.

Management's Review

Development in the year

Merger

On 28th August 2020 SteelSeries ApS was merged with its parent company SteelSeries Holdings ApS (CVR: 34688923). The effect of the merger under the book-value method is recognized directly under the equity. SteelSeries ApS is the succeeding company.

Revenue

Revenue increased by DKK 776 million, to DKK 2,020 million in 2020 compared with DKK 1,244 in 2019, which surpassed the DKK 2 billion mark with direct-to-consumer sales contributing with more than 12%. The strong result benefitted from a loyal customer base, desirable quality products, an existing strong supply chain and prudent management of cash, which also provided stability during the uncertainty of the COVID-19 pandemic.

America was the region contributing the most to the increase in sales with +87% year-on-year growth, and sales in EMEA and APAC increased by 48% and 40%, respectively. Revenue from direct sales through www. steelseries.com constituted 12% of total revenue, increasing 165% since 2019 as our fastest growing channel.

Sales related to the audio category amounted to 62% of total revenue. Other revenue including mice, keyboards, mousepads, performance accessories and software accounted for 38%.

Due to the size and the timing of the acquisitions of SteelSeries France and KontrolFreek, impact on group revenue was limited in 2020.

Gross profit

Gross profit increased by DKK 247.1 million to DKK 768.7 million in 2020 compared to DKK 521.6 million in 2019 and DKK 400.3 million in 2018. The gross margin declined by 4 %-point to 38.0% compared to 2018 and 2019, mainly due to increased air freight to keep up with demand, and changes in customer and products mix.

Management's Review

Operating expenses

OPEX, excluding distribution expenses, declined as a percentage of net sales, in line with our continued focus on driving operational efficiency and leverage from scaling our business. In addition, expenses related to marketing, esports events and travel were reduced due to COVID-19. We do see a cost impact of the continued investment in software, supporting the inhouse development of our current and future software platform.

Adjusted EBITDA

Adjusted EBITDA (Operating profit before depreciation, amortization, special items and impairment) increased by DKK 89 million to DKK 265 million in 2020 from DKK 176 million in 2019, when adjusting for special non-recurring items. Adjusted EBITDA increased DKK 44.2 million from 2018 to 2019.

Special items

Special items amount to DKK 15.9 million compared with DKK 5.9 million in 2019 and DKK 10.3 million in 2018. The increase can be linked to the transactions cost incurred in 2020 compared to previous years.

EBIT

Operating profit (EBIT) increased DKK 68.2 million to DKK 202.5 million in 2020 compared to DKK 134.4 million in 2019 and increased DKK 38.6 million from 2018 to 2019. The development in EBIT is due to a generally increase in the activity in the Company.

Net Profit

The Group's net profit in 2020 amounted to DKK 132.5 million, which is considered a strong result to attribute to the shareholder of the Group.

Balance sheet development

Total assets amounted to DKK 1,256.3 million in 2020. This was an increase of DKK 575 million compared with 2019 and mainly due to the acquisition SteelSeries France, KontrolFreek and the increase in Q4 trade receivables of DKK 249 million compared to DKK 171.7 million in 2019. Total assets increased DKK 181 million from 2018 to 2019, mainly due to an increase in the inventory to support future sales expectations.

Non-current assets amounted to DKK 463 million, an increase of DKK 414 million compared to 2019. Total current assets amounted to DKK 793 million. Non-current assets increased DKK 7 million from 2018 to 2019 primarily due to a small increase in development projects.

Management's Review

Equity decreased by DKK 122 million to DKK 116 million. The decrease in equity is due to the former parent entity SteelSeries Holdings ApS was merged into SteelSeries ApS with effect as of 28 August 2020. The equity is negatively impacted by DKK 212.6 million due to the merger, as the entity previously has generated losses when adjusting for the value of the investment in SteelSeries ApS.

Furthermore, a dividend to the shareholder of DKK 100 million was paid, to facilitate the debt in SteelSeries Holding. The strong 2020 result of DKK 132.5 million positively impacted the equity. Equity increased DKK 9 million from 2018 to 2019. This development was due to a total comprehensive income of DKK 109 million. A dividend of DKK 100 million was paid to the shareholder. Furthermore, the Group received a group distribution of 61.8 million in 2020 from SteelSeries Holding II ApS.

Long-term borrowings increased by DKK 527.4 million compared with 2019, mainly due to the acquisition of SteelSeries France and KontrolFreek and the merger with SteelSeries Holdings ApS. The Group did not have any long-term borrowings in 2018 and 2019.

Short-term borrowings declined by DKK 111.4 million to DKK 61.5 million, impacted by the repayment of facilities from operating cash and obtaining new loans. The Group did not have borrowings in 2018.

Current liabilities excluding short-term borrowings increased by DKK 222.4 million to DKK 497.8 million in 2020 mainly impacted by higher trade payables and other liabilities due to the increased activity level.

Cash flows

Cash flow from operating activities amounted to DKK 466.9 million. The positive cash flow contribution was mainly due to the increase in EBITDA and net working capital development.

Operational investments of DKK 63.3 million were impacted by a update of our office facilities and higher investments in R&D totaling DKK 43 million, with a strong focus on software.

Total financial investments amounted to DKK 319.2 million compared to DKK 0 million in 2019 and DKK 1 million in 2018. Cash flow from financing activities was impacted by repayment of previously utilized available facilities and installments of loans and offset by increased borrowings related to new acquisitions.

Cash and cash equivalents at year-end amounted to DKK 202.7 million, which together with the unutilized loan facilities of DKK 225 million, totals an available liquidity line of DKK 427.7 million. The Group views the current cash position as an important element to support future growth initiatives.

Management's Review

Operating and financial risks

The Group is exposed to currency fluctuations as much of our business is conducted internationally. Although, we do, to some extent, have a natural currency hedging (as many of our costs are in USD). Cash flows and equity will be affected by exchange rate changes, especially against the US Dollar. The Group is mitigating the USD currency exposure through selling and purchasing in the same currency and exchanging surplus USD to DKK as frequently as possible.

The Group externally ensures a significant part of its trade receivables to counter potential losses caused by bad debtors' inability to pay. Despite this, and the efficient management of credit, sales on credit still involve an inherent business risk.

In addition, the Group continues to closely monitor and manage its sourcing, logistics and supply chain functions. The increased global pressure on product manufacturing and international transportation may also impact our ability to operate our business efficiently, with smooth and secure product deliverables, at the same low-cost levels previously experienced.

Ownership and capital structure

The Group is ultimately owned by the private equity fund Axcel, PKA and AlpInvest. The founder Jacob Wolff-Petersen and selected members of the leadership team and board have invested via SteelSeries Holding II ApS. Axcel controls the majority of the voting rights.

The Group's loan capital consists primarily of a bank facility provided by a joint consortium of Danske Bank A/S, Nykredit Bank A/S and Nordea Danmark, an affiliated branch of Nordea Bank Abp, Finland.

Sustainability

We recognize that our business activities can have both a positive and negative societal impact. Our sustainability efforts are driven by the desire to provide high quality and innovative products while minimizing our environmental footprint and being a responsible employer and corporate citizen. The SteelSeries Sustainability Policy reflects our commitment.

In our sustainability efforts, we aim to proactively act upon the development in stakeholder requirements and our operating environment. Sustainable business is of high priority to many of our stakeholders including our largest corporate customers, with a growing focus on the environmental and societal impact of the products they purchase and sell to end user. SteelSeries is also affected by increasing climate and environmental regulation in countries where our products are manufactured and sold.

Management's Review (continued)

In our sustainability work, we focus on the topics identified as the most relevant for SteelSeries as a company and with the largest societal impact. These priorities have been identified through a materiality assessment of the most important sustainability topics, risks and impacts to be managed by our business. The assessment was conducted in autumn 2020 based on internal meetings, workshops and benchmarking within the industry. Going forward, we expect to revisit the selected focus areas annually to ensure that we maintain the right topics and that our activities remain compatible with stakeholders' expectations of SteelSeries as both company and workplace. Our strategy covers three main areas: reducing our climate and environmental footprint, being an attractive and responsible employer, and ensuring responsible business conduct. For each of the focus areas, we have started the process of identifying strategic targets and initiating actions to be conducted in the upcoming year. We have also identified the UN Sustainable Development Goals associated
with the highest impacts of our business activities.

Corporate governance

For the statutory reporting on corporate responsibility cf. §99a and our report on the underrepresented gender cf. §99b, we refer to the annual report of SteelSeries Group A/S which can be downloaded at: https://steelseries.com/press/76-steelseries-releases-2020-annual-report

Target and expectations for next year

SteelSeries expects growth in revenue and EBITDA – but remain vigilant in managing potential implications from the COVID-19 pandemic.

Despite the market uncertainty due to COVID-19, growth is expected to be driven by the launch of new products, adding new customers within our existing regions, and including the full-year impact of the newly acquired KontrolFreek product line-up.

The Group will continue to invest in marketing initiatives to increase brand awareness and support our position in the market as a global leader in premium gaming peripherals in all key regions.

Continued investments in the research and development of future products and software solutions will also remain high in 2021, as we view a strong pipeline and complementary software platform to be essential for sustainable growth.

Subsequent events

No events have occurred after the balance sheet date.

Consolidated Income Statement and Other Comprehensive Income

DKK million	Note	2020	2019	2018
Revenue	1.1	2,020.4	1,244.2	969.8
Cost of sales	1.2	-1,251.7	-722.6	-569.5
Gross Profit		**768.7**	**521.6**	**400.3**
Other external expenses	1.3	-322.3	-237.9	-170.2
Staff costs	2.1	-181.0	-107.3	-97.9
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)		265.4	176.4	132.2
Special items	3.1	-15.5	-5.9	-10.3
Operating profit before depreciation, amortization and impairments (EBITDA)		249.9	170.5	121.9
Depreciation	6.1	-13.7	-10.0	-7.7
Amortization and impairment	6.1. 6.2	-33.6	-26.1	-18.4
Operating profit (EBIT)		202.5	134.4	95.8
Financial income	4.1	0.1	-	-
Financial expenses	4.2	-39.5	-16.7	-3.7
Profit before tax		163.1	117.6	92.1
Income tax	5.1	-30.6	-10.5	-11.8
Net profit		**132.5**	**107.2**	**80.3**
Attributable to:				
Shareholder in SteelSeries ApS		132.5	107.2	80.3
Items that may be reclassified to the income statement				
Foreign exchange adjustments of foreign entities		-4.0	2.1	-0.9
Items that may be reclassified to the income statement		**-4.0**	**2.1**	**-0.9**
Total comprehensive income		128.5	109.3	79.4
Attributable to:				
Shareholder in SteelSeries ApS		128.5	109.3	79.4

Earnings per share

DKK			
Earnings per share of DKK 1 (EPS)	828.1	669.7	502.0

Consolidated Balance Sheet

Assets

DKK million	Note	2020	2019	2018
Non-current assets				
Goodwill	6.1. 6.2	188.7	-	-
Patents	6.1	52.7	2.4	3.4
Trademarks	6.1. 6.2	103.6	-	-
Development projects	6.1	71.7	30.3	24.2
Property, plant and equipment	6.1	16.0	11.9	7.7
Leasehold improvements	6.1	10.1	1.4	-
Right-to-use assets	6.1	8.6	2.4	4.1
Deposits		1.7	0.9	2.8
Deferred tax asset	5.3	10.1	-	-
Total non-current assets		**463.1**	**49.2**	**42.2**
Current assets				
Inventories	7.1	288.5	354.6	171.1
Trade receivables	7.2	249.0	171.7	224.3
Receivable tax		14.8	0.1	-
Other receivables	7.2	13.6	2.4	1.9
Prepayments		24.6	13.3	3.6
Cash and cash equivalents	7.3, 7.6	202.7	89.6	56.8
Total current assets		**793.2**	**631.7**	**457.7**
Total assets		**1,256.3**	**680.9**	**499.9**

Consolidated Balance Sheet

Equity & Liabilities

DKK million	Note	2020	2019	2018
Equity				
Share capital		0.2	0.2	0.2
Currency translation		-2.8	1.1	-0.9
Retained earnings		118.7	237.0	229.8
Total equity		**116.0**	**238.3**	**229.1**
Non-current liabilities				
Deferred tax	5.3	48.6	1.0	-
Borrowings	7.3	532.3	-	-
Pensions	7.4	0.8	-	-
Lease liabilities	7.3	4.2	0.8	2.4
Total non-current liabilities		**585.9**	**1.8**	**2.4**
Current liabilities				
Borrowings	7.3	56.5	172.9	-
Payables to group enterprises		8.9	106.2	-
Trade payables		306.0	102.8	146.4
Provisions	7.4	5.2	8.2	2.7
Lease liabilities	7.3	4.3	1.6	1.7
Corporation tax		-	9.4	10.4
Prepayments from customers		1.4	-	-
Other payables	7.5	172.1	39.7	107.3
Total current liabilities		**554.3**	**440.8**	**268.4**
Total Equity and liabilities		**1,256.3**	**680.9**	**499.9**

Consolidated Statement of Changes in Equity

2020

DKK million	Share capital	Currency translation	Retained earnings	Equity shareholder in SteelSeries ApS
Equity on 1 January	0.2	1.2	237.0	238.4
Net effect of merger following book-value method*	-	-	-212.6	-212.6
Net profit	-	0	132.5	132.5
Other comprehensive income	-	-4.0	-	-4.0
Total comprehensive income	-	-4.0	132.5	128.5
Transactions with shareholder				
Group contribution	-	-	61.8	61.8
Dividend	-	-	-100.0	-100.0
Total transactions with shareholder	**-**	**-**	**-38.2**	**-38.2**
Total Equity on 31 December	**0.2**	**-2.8**	**118.7**	**116.0**

*The former parent entity SteelSeries Holdings ApS was merged into SteelSeries ApS with effect as of 28 August 2020. The equity is negatively impacted by DKK 212.6 million due to the merger.

2019

DKK million	Share capital	Currency translation	Retained earnings	Equity shareholder in SteelSeries ApS
Equity on 1 January	0.2	-0.9	229.8	229.1
Net profit	-	0	107.2	107.2
Other comprehensive income	-	2.1	-	2.1
Total comprehensive income	-	2.1	107.2	109.3
Transactions with shareholder				
Dividends paid to shareholder	-	-	-100.0	-100.0
Total transactions with shareholder	**-**	**-**	**-100.0**	**-100.0**
Total Equity on 31 December	**0.2**	**1.2**	**237.0**	**238.3**

Consolidated Statement of Changes in Equity (continued)

2018

DKK million	Share capital	Currency translation	Retained earnings	Equity shareholder in SteelSeries ApS
Equity on 1 January	0.2	-	224.5	224.7
Net profit	-	-	80.3	80.3
Other comprehensive income	-	-0.9	-	-0.9
Total comprehensive income	-	-0.9	80.3	79.4
Transactions with shareholder				
Dividends paid to shareholder	-	-	-75.0	-75.0
Total transactions with shareholder	**-**	**-**	**-75.0**	**-75.0**
Total Equity on 31 December	**0.2**	**-0.9**	**229.8**	**229.1**

Consolidated Statement of Cash Flows

DKK million	Note	2020	2019	2018
Operating profit (EBIT)		202.5	134.4	95.8
Depreciation, amortization and impairment	6.1. 6.2	47.3	36.1	26.1
Operating profit before depreciation, amortization and impairment (EBITDA)		**249.9**	**170.5**	**121.9**
Other non-cash adjustments		-24.6	0.0	-6.5
Change in inventories		73.7	-183.5	-33.8
Change in receivables		-82.5	42.4	-74.1
Change in trade payables and other payables		302.0	-107.7	142.5
Interest etc. paid	4.2	-15.8	-7.3	-1.5
Income tax paid		-35.8	-9.7	-
Cash flow from operating activities		**466.9**	**-95.3**	**148.6**
Acquisition of property, plant and equipment	6.1	-20.3	-13.9	-4.6
Acquisition of intangible assets	6.1	-43.0	-31.2	-21.4
Total operational investments		**-63.3**	**-45.1**	**-26.0**
Acquisition of subsidiaries	8	-319.0	-	-
Change in financial receivables		-0.1	-	-1.0
Total financial investments		**-319.2**	**-**	**-**
Free cash flow		**84.4**	**-140.4**	**121.6**
Repayment of borrowings	7.3	-32.8	-	-
Change in overdraft	7.3	-246.8	174.9	-3.2
Proceeds from borrowings	7.3	353.7	-	-
Repayment of lease liabilities	7.3	-3.8	-1.8	-1.7
Transactions with shareholder				
Group contribution		61.8	-	-
Dividend		-100.0	-	-75.0
Cash flow from financing activities		**32.0**	**173.1**	**-79.9**
Net cash flow		**116.4**	**32.7**	**41.6**
Cash and cash equivalents at opening		89.6	56.8	15.2
Foreign exchange adjustment of cash and cash equivalents		-3.3	-	-
Cash and cash equivalents on 31 December	7.6	**202.7**	**89.6**	**56.8**

Notes to the Consolidated Financial Statement

1.1 Revenue

DKK million

Revenue by Region

2020	EMEA	AMERICAS	APAC	Total
Revenue	797.6	944.6	278.2	**2,020.4**
Gross Profit	297.4	342.9	128.4	**768.7**
GP %	*37.3%*	*36.3%*	*46.1%*	*38.0%*
Staff and other cost				503.3
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)				265.4
Special items				-15.5
Operating profit before depreciation, amortization and impairments (EBITDA)				249.9
Depreciation and amortizations				-47.4
Operating profit (EBIT)				**202.5**
Financials items, net				-39.4
Profit before tax				**163.1**

DKK million

2019	EMEA	AMERICAS	APAC	Total
Revenue	539.1	505.9	199.2	1,244.2
Gross Profit	239.3	193.0	89.3	521.6
GP %	*44.4%*	*38.1%*	*44.8%*	*41.9%*
Staff and other cost				-345.2
Operating profit before depreciation, Amortization, impairments and special items (Adj. EBITDA)				176.4
Special items				-5.9
Operating profit before depreciation, amortization and impairments (EBITDA)				170.5
Depreciation and amortizations				-36.1
Operating profit (EBIT)				**134.4**
Financials items, net				-16.7
Profit before tax				**117.6**

Notes to the Consolidated Financial Statement (continued)

1.1 Revenue (continued)

DKK million

2018	EMEA	AMERICAS	APAC	Total
Revenue	411.7	362.3	195.8	969.8
Gross Profit	182.5	128.3	89.5	400.3
GP %	*44.3%*	*35.4%*	*45.7%*	*41.3%*
Staff and other cost				-268.1
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)				132.2
Special items				-10.3
Operating profit before depreciation, amortization and impairments (EBITDA)				121.9
Depreciation and amortizations				-26.1
Operating profit (EBIT)				**95.8**
Financials items, net				-3.7
Profit before tax				**92.1**

Revenue by Product Category	2020	2019	2018
Audio	62%	63%	61%
Other	38%	37%	39%

Revenue by Channel	2020	2019	2018
B2B	87.7%	92.5%	93.2%
D2C	12.3%	7.5%	6.8%

Revenue by Large Customers (%)	2020	2019	2018
Customer A*	27%	24%	22%
Customer B*	13%	11%	9%

Revenue by Organic vs. M&A (%)	2020	2019	2018
Organic	60%	28%	37%
Acquisition, net	2%	0%	0%

Revenue by Organic vs. M&A	2020	2019	2018
Organic	1,988.3	1,244.2	968.8
Acquisition, net	32.1	0	0

*Customer A and B are those which contribute with more than 10% of revenue individually.

Notes to the Consolidated Financial Statements (continued)

1.2 Cost of sales

DKK million	2020	2019	2018
Change in inventory	66.1	-183.5	33.9
Expenses related to purchase of products	1,185.7	906.1	535.6
Total	**1,251.7**	**722.6**	**569.5**

In general, write-offs of inventories were in line with 2019 and 2018 and amounted to less than DKK 500 thousand for the year.

1.3 Other external expenses

DKK million	2020	2019	2018
Sales and Marketing expenses	255.0	190.1	135.3
Other external expenses	67.3	47.8	34.9
Total	**322.3**	**237.9**	**170.2**

2.1 Staff costs

The average costs per employee increased due to high investments in the entire organization to accommodate the growth in previous year. Staff costs were furthermore impacted by higher bonusses for a year exceeding expectation.

The average number of employees increased during 2020 due to insourcing several competencies, expanding to new countries and the effect of A Volute, acquired in April 2020 and KontrolFreek in December 2020. The investment is made to make the foundation of a strong organization to continue the solid growth in the coming years.

DKK million	2020	2019	2018
Wages and salaries	159.7	93.3	86.5
Pension cost	3.2	1.7	1.4
Other social security costs	18.1	12.3	10.0
Total staff cost	**181.0**	**107.3**	**97.9**
Average number of employees	**266**	**183**	**158**

Notes to the Consolidated Financial Statement (continued)

2.1 Staff costs (continued)

Renumeration of the Management

	2020	2019	2018
Wages and Salaries	11.6	10.2	7.8
Pensions	-	-	-
Total	**11.6**	**10.2**	**7.8**

Renumeration of the Board of Directors

	2020	2019	2018
Wages and salaries	0.5	-	-

Renumeration of key management personnel*

	2020	2019	2018
Wages and Salaries	20.1	22.0	13.5
Pensions	-	0.1	0.1
Total	**20.2**	**22.1**	**13.6**

* Key management personnel comprise of the leadership team excluding Management. Key management is defined as: COO, CTO, CSO, CMO, CIO, HR Director, VP's and GM for each region.

3.1 Special items

DKK million	2020	2019	2018
Strategy	7.6	-	-
Transaction cost	6.3	-	-
Disputes	1.4	5.9	10.3
Other	0.2	-	-
Provision 31 December 2020	**15.5**	**5.9**	**10.3**

In 2020 the Group carried out various business combinations and cost related to those business combinations has been recognized as special items. Furthermore, strategy projects have been carried out with focus on continued growth. The group has in 2020 and in previous years taken part in various disputes related to former employees or customers.

4.1 Financial income

Interest income primarily relates to interest on cash and cash equivalents measured at amortized cost.

DKK million	2020	2019	2018
Financial income			
Other	0.1	-	-
Total	**0.1**	**-**	**-**

Notes to the Consolidated Financial Statement (continued)

4.2 Financial expenses

DKK million	2020	2019	2018
Financial expenses			
Interest expenses	14.5	5.4	1.2
Foreign exchange losses etc.	18.8	8.2	0.9
Amortized loan cost	4.9	1.3	0.2
Interest expenses lease	0.2	0.1	0.1
Other	1.0	1.8	1.3
Total	**39.5**	**16.7**	**3.7**
Total finance cost related to financial liabilities at amortized cost	19.6	6.8	2.5

Foreign exchange losses net amounted to DKK 18.8 million, which was primarily due to the deflation of USD vs. DKK. Interest expenses was impacted by the increase in long-term borrowings as a part of financing the business combinations.

4.3 Other comprehensive income

Other comprehensive income has mainly been impacted by a negative foreign exchange adjustment from the appreciation of USD in 2020, mainly impacting goodwill and brands due to the KontrolFreek and SteelSeries France acquisitions.

2019 and 2018 has been less impacted as the risk towards other currencies has been limited due to the assets being recognized in other currencies locally than DKK has been limited.

5.1 Reconciliation of tax for the year:

DKK million	2020	2019	2018
Current tax	14.8	9.6	10.7
Change in deferred tax	15.4	0.9	-
Adjustments to tax in prior years	0.5	-	1.1
Total tax	**30.6**	**10.5**	**11.8**

The total tax payables for the years 2018 and 2019 are limited due to the use of unrecognized tax losses from previous years. The tax carry-forward losses were not recognized on the balance sheet due to uncertainties on the expected earnings and therefore the value that could be utilized. Please refer to note 5.2 for a reconciliation of the effective tax rate for the year.

Notes to the Consolidated Financial Statement (continued)

5.2 Reconciliation of the effective tax rate for the year

	2020		2019		2018	
Effective tax rate	%	TDKK	%	TDKK	%	TDKK
Calculated 22% tax on profit	22.0	35.9	22.0	25.9	22.0	20.2
Adjusted calculated tax in foreign subsidiaries	0.2	0.3	0.1	0.1	-	-
Adjust. to prior year tax	-0.1	-0.1	-	-	-	-
R&D credits	-3.4	-5.5	-0.1	-0.1	-	-
Unrecognized tax losses	-	-	-11.8	-13.9	-10.8	-9.9
Non deduct interest	-1.5	-2.4	-1.2	-1.5	-	-
WHT / Dividend etc.	-	-	-	-	1.2	1.1
Non-taxable income and non-deductible costs, net	1.5	2.4	-0.2	-0.2	0.4	0.4
Total tax	18.8	**30.6**	8.8	**10.5**	12.8	**11.8**

5.3 Deferred tax

DKK million	2020	2019	2018
Intangible assets	55.8	7.0	5.9
Property, plant and equipment	-2.4	-1.9	-1.7
Inventories	-1.8	-1.7	-0.9
Trade receivables	-0.4	-0.8	-1.7
Provisions	0.9	-0.4	-1.5
Tax loss carry-forward	-13.6	-1.2	-16.3
Non-recognized tax assets	-	-	16.2
Total tax	**38.5**	**1.0**	**-**
1 January	1.0	-	-
Tax for the Year	15.4	1.0	-
Adjust. to prior year tax	1.2	-	-
Business combinations	20.9	-	-
31 December	**38.5**	**1.0**	**-**
Deferred tax assets	10.1	-	-
Deferred tax liability	48.6	1.0	-
31 December	**38.5**	**1.0**	**-**

Notes to the Consolidated Financial Statement (continued)

5.3 Deferred tax (continued)

In 2018 the unrecognized carry-forward losses amounted to DKK 16.2 million. The carry-forward losses were fully utilized in 2019.

Management makes judgements on uncertain tax positions to ensure recognition and measurement of tax assets and liabilities and there has not in 2018, 2019 or 2020 been recognized any cost related to uncertain tax positions based on management's assessment.

6.1 Intangible assets and property, plant and equipment

Intangible assets

2020

DKK million	Goodwill	Trademarks	Patents	Development projects and other	Total
Cost on 1 January	-	-	17.0	134.4	151.4
Business combinations	190.6	104.8	51.8	31.0	378.3
Additions	-	-	2.2	40.8	43.0
Disposals	-	-	-	-5.2	-5.2
Foreign exchange adjustments	-1.8	-1.3	-0.7	-0.1	-3.8
Cost on 31 December	188.7	103.6	70.4	201.0	563.7
Amortization 1 January	-	-	14.6	104.1	118.7
Disposals	-	-	-	-5.2	-5.2
Amortization	-	-	3.1	30.5	33.6
Foreign exchange adjustments	-	-	-	-0.1	-0.1
Amortization and impairment on 31 December	-	-	17.7	129.3	147.1
Carrying amount on 31 December	**188.7**	**103.6**	**52.7**	**71.7**	**416.6**

2019

DKK million	Patents	Development projects and other	Total
Cost on 1 January	14.7	106.0	120.7
Additions	2.3	28.9	31.2
Disposals	-	-0.5	-0.5
Cost on 31 December	17.0	134.4	151.4
Amortization 1 January	11.3	81.8	93.1
Amortization	3.3	22.8	26.1
Reversal of amortization of disposals for the year	-	-0.5	-0.5
Amortization and impairment on 31 December	14.6	104.1	118.7
Carrying amount on 31 December	**2.4**	**30.3**	**32.6**

Notes to the Consolidated Financial Statement (continued)

6.1 Intangible assets and property, plant and equipment (continued)

2018

DKK million	Patents	Development projects and other	Total
Cost on 1 January	10.4	99.2	109.6
Additions	4.3	17.1	21.4
Disposals	-	-10.3	-10.3
Cost on 31 December	14.7	106.0	120.7
Amortization 1 January	9.0	76.0	85.0
Amortization	2.3	16.1	18.4
Reversal of amortization of disposals of the year	-	-10.3	-10.3
Amortization and impairment on 31 December	11.3	81.8	93.1
Carrying amount on 31 December	**3.4**	**24.2**	**27.6**

Property, plant and equipment
2020

DKK million	Other fixtures and fittings tools and equipment	Leasehold improvements	Rights-of-use assets	Total
Cost on 1 January	14.0	1.5	5.7	21.2
Business combinations	2.0	0.6	4.3	6.9
Additions	11.4	8.9	6.0	26.3
Disposals	-1.2	-	-	-1.2
Foreign exchange adjustments	-0.1	-	-0.4	-0.5
Cost on 31 December	26.1	10.9	15.6	52.7
Depreciation on 1 January	2.0	0.2	3.3	5.5
Disposals	-1.2	-	-	-1.2
Depreciation	9.3	0.7	3.7	13.7
Depreciation on 31 December	10.1	0.9	7.0	18.0
Carrying amount on 31 December	**16.0**	**10.1**	**8.6**	**34.7**

Notes to the Consolidated Financial Statement (continued)

6.1 Intangible assets and property, plant and equipment (continued)

2019

DKK million	Other fixtures and fittings tools and equipment	Leasehold improvements	Rights-of-use assets	Total
Cost on 1 January	23.3	2.5	5.7	31.5
Additions	12.0	1.9	-	13.9
Disposals	-0.9	-	-	-0.9
Cost on 31 December	34.4	4.4	5.7	44.5
Depreciation on 1 October	15.6	2.5	1.6	19.7
Reversal of depreciation	-0.9	-	-	-0.9
Depreciation	7.8	0.5	1.7	10.0
Depreciation on 31 December	22.5	3.0	3.3	28.8
Carrying amount on 31 December	**11.9**	**1.4**	**2.4**	**15.7**

2018

DKK million	Other fixtures and fittings tools and equipment	Leasehold improvements	Rights-of-use assets	Total
Cost on 1 January	23.3	2.5	-	25.8
Effect of IFRS 16	-	-	5.7	5.7
Additions	4.6	-	-	4.6
Disposals	-4.6	-	-	-4.6
Cost on 31 December	23.3	2.5	5.7	31.5
Depreciation on 1 October	14.7	1.9	-	16.6
Reversal of depreciation	-4.6	-	-	-4.6
Depreciation	5.5	0.6	1.6	7.7
Depreciation on 31 December	15.6	2.5	1.6	19.7
Carrying amount on 31 December	**7.7**	**-**	**4.1**	**11.8**

Rights-of-use assets

The Group leases various properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

During the year additions amounted to DKK 10.3 million (2019: 0, 2018: 0) and depreciation to DKK 3.7 million (2019: DKK 1.7 million, 2018: DKK 1.6 million). Lease expenses recognized in the income statement related to short-term leases and leases of low-value assets and amounted to less than DKK 0.8 million (2019: DKK 0.8 million, 2018: DKK 0.8 million). Such contracts comprise the lease of coffee machines, short-term premise leases, small IT devices and similar equipment.

Notes to the Consolidated Financial Statement (continued)

In December 2020, the Group signed a contract for a new location in Denmark for 3 years. It will be recognized in 2021, when the right to use the assets takes effect. The contract amounts to DKK 4 million.

The impact of IFRS 16 increased EBITDA by DKK 3.8 million as other external expenses decreased by DKK 3.8 million, depreciation increased by DKK 3.8 million and interest by DKK 0.1 million, the net negative impact on the income statement was DKK 0.1 million (2019: DKK 0.1 million, 2018: DKK 0 million)

6.2 Impairment test of non-current assets

In 2020, the impairment tests of goodwill and trademarks with indefinite useful lives were prepared at the reporting date without this leading to recognition of impairment losses. Goodwill and trademarks with indefinite useful lives relating to the acquisition of the SteelSeries France Group and KontrolFreek Group account for 10% or more of the total carrying amount of goodwill and trademark with an indefinite useful life at the reporting date.

Goodwill

Goodwill does not generate largely independent cash inflows on its own and is therefore allocated to the Group's operational regions. At the time of acquisition of entities, goodwill is allocated to a CGU. The Group gained control of the SteelSeries France activities and KontrolFreek activities in 2020, and goodwill recognized on the acquisitions was allocated to the relevant geographical CGU.

Trademarks

Cash flows for trademarks are separately identifiable and are therefore tested individually for impairment. This test is performed in addition to the test for impairment of goodwill. The following trademarks are considered significant when comparing their carrying amount with the total carrying amount of trademarks with indefinite useful lives:

• KontrolFreek

6.2.1 Impairment test of goodwill

The carrying amount of goodwill allocated to groups of CGUs:

DKK million	2020	2019	2018
EMEA	35.5	-	-
Americas	153.2	-	-
Total	**188.7**	**-**	**-**

Notes to the Consolidated Financial Statements (continued)

6.2.1 Impairment of goodwill (continued)

Key assumptions

2020	Pre-tax discount rate	Weighted average cost of capital	Terminal period growth
EMEA	9.9%	9.7%	2.0%
Americas	9.5%	9.2%	2.0%

Potential upsides are not identified and adjusted in the cash flows used for impairment testing.

The value-in-use cash flow projections are based on financial budgets approved by Management covering the subsequent financial years. The assumptions applied in the short to medium term are based on Management's expectations as to the operational development and growth in product contribution. The terminal growth rates applied for periods beyond 5 years do not exceed an expected weighted long-term average growth rate, including inflation.

The applied discount rates represent the current market assessment of the risks, taking into consideration the individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The estimated discount rates are based on expected marked participant perspectives on the relevant weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investments by equity investors. The specific discount rates are generally based on 10-year government bonds.

The cost of debt has been estimated using a weighted average of the credit facilities as of December 2020. The applied cost of debt is 3.3%. A size premium has been applied of 1.4% including an additional 1% illiquidity risk premium.

A capital structure with a ratio of 90% between the market value of debt and equity value has been applied in the calculation based on the capital structure of comparable companies as this represents the expected market participant perspective.

6.2.2 Impairment test of trademarks

DKK million	2020	2019	2018
KontrolFreek	103.6	-	-
Total	**103.6**	**-**	**-**

The test for impairment of trademarks is performed using the relief from royalty method and is based on the expected future cash flows generated from the royalty payments avoided for the individual trademark for the next 25 years and projections for subsequent years. The risk-free cash flows are discounted using a discount rate with a weighted average from the goodwill calculations.

Notes to the Consolidated Financial Statements (continued)

Key assumptions

The key assumptions on which Management bases its cash flow projection include the expected useful life, revenue growth, a theoretical tax amortization benefit, the royalty rate and the discount rate.

Expected useful life

Management has assessed that the value of trademarks with indefinite useful lives can be maintained for an indefinite period, as it is a well-established trademark in its markets. Control of the trademarks is legally established and is enforceable indefinitely. In Management's opinion, the risk of the useful lives of these trademarks becoming finite is minimal because of their individual market positions, expectation of the general gaming industry and because current and planned marketing initiatives are expected to sustain their useful lives.

Revenue growth

At the time of acquisition of any individual trademark, a revenue growth curve is forecast based on a long-term strategic view of the risk and opportunities relevant to the trademark.

The curve is forecast for a 25-year horizon. This horizon reliably reflects the lengthy process of implementing trademark strategies to support a trademark occupying its intended place in the Group's portfolio.

2020	Pre-tax discount rate	Weighted average cost of capital	Terminal period growth
KontrolFreek	9.5%	9.2%	2%

Discount rates

The discount rate is a weighted average cost of capital (WACC) that reflects the risk-free interest rate with the addition of a risk premium relevant to each trademark. The risk-free interest rates used in the impairment tests are based on observed market

Royalty rate

Royalties generated by a trademark are based on the Group's total income from the trademark and are earned globally. The royalty rate is based on the actual market position of the individual trademark in the global markets and assumes a 25-year horizon. A rate of 8.75% has been used in the calculation.

Discount rates

The discount rate is a weighted average cost of capital (WACC) that reflects the risk-free interest rate with the addition of a risk premium relevant to each trademark. The risk-free interest rates used in the impairment tests are based on observed market data. The added credit risk premium (spread) for the risk-free interest rate is fixed at market price or slightly higher, reflecting the expected long-term market price. The aggregate interest rate, including spread, thereby reflects the long-term interest rate applicable to the Group's investments.

Notes to the Consolidated Financial Statements (continued)

6.2.3 Sensitivity tests

Sensitivity tests have been performed to determine the lowest forecast and terminal period growth rates and/or highest discount rates that can occur in the groups of CGUs and trademarks with indefinite useful lives without leading to any impairment loss.

Goodwill

The test for impairment of goodwill did not identify any CGUs to which goodwill is allocated where a reasonably possible negative change in a key assumption would cause the carrying amount to exceed the recoverable amount.

Trademark

Following the strong momentum in the market it is not identified that a reasonably possible negative change in a key assumption would cause the carrying amount to exceed the recoverable amount

7.1 Inventories

DKK million	2020	2019	2018
Raw materials	10.5	4.0	5.3
Finished goods	278.0	350.6	165.8
Total	**288.5**	**354.6**	**171.1**

7.2 Trade and other receivables

DKK million **2020**	Gross receivables	Loss allowances	Receivables. net
Not past due	231.3	-	231.3
Overdue 1 – 30 days	28.6	-	28.6
Overdue 31 – 90 days	3.4	0.7	2.7
Overdue > 90 days	1.0	1.0	-
Total	**264.3**	**1.7**	**262.6**

DKK million **2019**	Gross receivables	Loss allowances	Receivables. net
Not past due	154.0	-	154.0
Overdue 1 – 30 days	21.3	1.2	20.1
Overdue 31 – 90 days	3.5	3.5	-
Overdue > 90 days	2.9	2.9	-
Total	**181.7**	**7.6**	**174.1**

Notes to the Consolidated Financial Statements (continued)

7.2 Trade and other receivables (continued)

DKK million **2018**	Gross receivables	Loss allowances	Receivables. net
Not past due	187.1	-	187.1
Overdue 1 – 30 days	35.9	-	35.9
Overdue 31 – 90 days	4.6	1.5	3.1
Overdue > 90 days	10.9	10.7	0.2
Total	**238.5**	**12.2**	**226.3**

Overview of impairment

DKK million	2020	2019	2018
Impairment on 1 January	**7.6**	**12.2**	**18.9**
Impairment losses recognized	**0.1**	**2.8**	**6.3**
Realized impairment losses	**-6.0**	**-6.0**	**-3.1**
Reversed impairment losses	**-**	**-1.4**	**-9.9**
Impairment on 31 December	**1.7**	**7.6**	**12.2**

7.3 Net interest-bearing debt

Of the gross financial debt at year end, 89% (2019: 0%. 2018: 0%) was long term. i.e., with maturity of more than one year. Long-term and short-term borrowings amounted to DKK 597.3 million on 31 December 2020 (2019: DKK 175.3 million. 2018: DKK 0).

Long-term borrowings totaled DKK 531.6 million (2019: DKK 0.8 million, 2018: DKK 0) and short-term borrowings totaled DKK 65.7 million (2019: DKK 174.5 million, 2018: DKK 0). The change in long-term borrowings is attributable to the investment activities carried out.

Financing costs on 31 December 2020 amounted to DKK 8.2 million (2019: DKK 2.1 million) and are amortized until the expiry date of the loans. Amortization in 2020 amounted to DKK 5 million (2019: DKK 1.3 million).

Net interest-bearing debt overview:

DKK million	2020	2019	2018
Non-current borrowings and lease liabilities	536.5	0.8	2.4
Current borrowings and lease liabilities	60.8	174.5	1.7
Gross financial debt	**597.3**	**175.3**	**4.1**
Cash and cash equivalents	202.7	89.6	56.8
Net interest-bearing debt	**394.6**	**85.7**	**-52.7**

Notes to the Consolidated Financial Statements (continued)

7.3 Net interest-bearing debt (continued)

All debt related to facilities and bank overdrafts is subject to quarterly covenant assessments where the leverage ratio is not to exceed 5.0x (2019: 5.5x) and interest coverage to be above 3.8x (2019: 3.8x) as of 31 December 2020. Covenant testing is performed at SteelSeries Holding ApS, which is the parent entity of SteelSeries ApS. For further please see the annual report of the ultimate parent SteelSeries Group A/S which contains the consolidated debt subject to covenant testing.

There were no covenant breaches in 2020, nor in 2019, and based on management budget assessment, no such breaches are expected to occur in 2021.

The group was not subject to any covenants in 2018, as facility agreement was entered in 2019.

The change during the year in liabilities arising from financing activities is specified below:

DKK million	2020	2019	2018
Gross financial debt on 1 January	175.3	4.1	-
Recognition of lease liabilities	-	-	5.7
Restated gross financial debt	**175.3**	**4.1**	**5.7**
Proceeds from borrowings	361.9	-	-
Borrowing cost paid	-8.2	-3.4	-
Installments of borrowings	-32.8	-	-
Change in bank revolver	-246.8	174.9	-
Lease liabilities	-3.8	-1.7	-1.6
Non-cash movements:			
Net debt from Merger	321.5	-	-
Acquisition of entities	17.1	-	-
Additional lease liabilities	10.3	-	-
Amortization of borrowing cost	5.0	1.3	-
Exchange rate adjustment	-2.1	0.1	-
Total 31 December	**597.3**	**175.3**	**4.1**
Borrowings, non-current	532.3	-	-
Lease liabilities, non-current	4.2	0.8	2.4
Borrowings, current	56.5	172.9	-
Lease liabilities, current	4.3	1.6	1.7
Total 31 December	**597.3**	**175.3**	**4.1**

Notes to the Consolidated Financial Statements (continued)

7.3 Financial liabilities

DKK million	2020	2019	2018
Financial assets at amortized cost			
Trade receivables	249.0	171.7	224.3
Other receivables	13.6	2.4	1.9
Cash	202.7	89.6	56.8
	465.3	**263.7**	**283.1**
Financial liabilities at amortized cost			
Borrowings	588.9	172.9	-
Lease liabilities	8.5	2.4	4.1
Trade payables	306.0	102.8	146.4
Other payables	172.1	39.7	107.3
	1,075.5	**317.8**	**257.8**

Financial instruments measured at fair value

Financial instruments measured at fair value are limited to derivative instruments.

Financial instruments measured at amortized cost

The carrying amounts of the Group's financial instruments, measured at amortized cost, are reasonable approximations of fair values.

Valuation techniques:

Management has assessed that cash, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The following methods and assumptions were used to estimate the fair values of other financial instruments: Fair values of the Group's interest-bearing borrowings and loans which are measured as amortized cost as the reflects the issuer's borrowing rate at the end of the reporting period. The own non-performance risk on 31 December 2019 was assessed to be insignificant.

Notes to the Consolidated Financial Statements (continued)

7.4 Provisions

Provisions primarily comprise warranty provisions regarding any form of hardware warranties on goods sold customer claims and provisions for pensions obligations.

DKK million	Warranty	Other	Total
Provisions on 1 January 2020	3.0	5.2	**8.2**
Business combinations	-	0.5	**0.5**
Additions	4.4	0.3	**4.7**
Used during the year	-2.2	-5.2	**-7.4**
Provision 31 December 2020	**5.2**	**0.8**	**6.0**
Recognized in:			
Current liabilities	5.2	-	**5.2**
Non-current liabilities	-	0.8	**0.8**

7.5 Other payables

Other payables increased compared to 2019 and can be linked to the impact of KontrolFreek, SteelSeries France and the general increase in the business. In 2018 the figures were impacted by sales bonuses being paid to our customers in after year-end.

DKK million	2020	2019	2018
Salary related	52.2	12.2	23.2
Sales and marketing related	74.3	16.0	68.5
VAT, duties etc.	1.8	1.2	7.4
Other	43.8	10.4	8.2
Total 31 December	**172.1**	**39.7**	**107.3**

7.6 Cash and cash equivalents

Assessment of credit risk

The Group is exposed to credit risk on cash and cash equivalents (including fixed deposits) and the Group primarily enters financial instruments and transactions with the Group's relationship banks. i.e., banks extending loans to the Group. Group Reporting monitors the Group's gross credit exposure to banks and operates with individual limits on banks, based on rating.

DKK million	2020	2019	2018
Cash and cash equivalents	202.7	89.6	56.8
Cash and cash equivalents, net	**202.7**	**89.6**	**56.8**

The carrying amount of DKK 202.7 million (2019: DKK 89.6 million, 2018: DKK 56.8 million) represents the maximum credit exposure related to cash and cash equivalents.

Notes to the Consolidated Financial Statements (continued)

7.7 Liquidity risk

Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, for example, settlement of financial debt and paying suppliers.

The Group's liquidity is managed by Group Reporting. The aim is to ensure effective liquidity management. which involves obtaining sufficient committed credit facilities to ensure adequate financial resources and. to some extent tapping a range of funding sources.

On 31 December 2020, the Group had total credit resources available of DKK 428 million (2019: DKK 160 million) consisting of cash and cash equivalents of DKK 203 million (2019: DKK 107 million) plus committed unutilized current credit facilities of DKK 225 million (2019: DKK 53 million).

2020 *DKK million*	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Non-derivative financial instruments				
Lease liabilities	4.4	4.3	-	8.7
Borrowings	83.9	304.0	346.5	734.4
Trade payables and other financial liabilities	478.1	-	-	478.1
Total	566.4	308.3	346.5	1.221,2

2019 *DKK million*	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Non-derivative financial instruments				
Lease liabilities	1.6	0.8	-	2.4
Borrowings	172.9	-	-	172.9
Trade payables and other financial liabilities	142.5	-	-	142.5
Total	**317.0**	**0.8**	**-**	**317.8**

2018 *DKK million*	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Non-derivative financial instruments				
Lease liabilities	1.7	2.4	-	4.1
Trade payables and other financial liabilities	253.7	-	-	253.7
Total	**255.4**	**2.4**	**-**	**257.8**

Notes to the Consolidated Financial Statements (continued)

7.8 Currency risks

The Group's activities and main sales are carried out by the Danish entity and is affected by exchange rate fluctuations, as part of the sales and procurement are settled mainly in USD, EUR and DKK, whereas costs of goods are settled in USD.

Moreover, the Group is affected by changes in exchange rates, as the foreign subsidiaries' results at year end are translated into Danish kroner based on average exchange rates. The Group is exposed to foreign currency risks arising from its operating and financing activities, as the Company has sales, purchases and financing in foreign currencies.

In accordance with the Group's risk management policy, the Group hedges foreign currency risks arising from financing activities using interest rate swaps. The hedging is carried out in SteelSeries Holding ApS.

The operating currency risk exposure is considered relevant, but as the sales in Americas and goods purchased are settled mainly in USD, the exposure is considered limited. A 10% change for USD and 1% change for EUR. with all other variables held constant, would have impacted revenue and gross profit by the amounts below:

DKK million	Revenue	Gross profit
USD	114.3	6.6
EUR	7.3	7.0
Total	**121.6**	**13.6**

7.9 Interest rate risk

The Group's exposure to interest rate risk is considered limited. At the reporting date. 97% of the net financial debt consisted of floating-rate borrowings and is hedged via swaps that are fixed for more than one year by the parent company SteelSeries Holding ApS for information refer annual report of SteelSeries Group A/S.

An interest margin increases of 1% for the facilities which are not hedged would increase the interest expense by DKK 2.0 million. The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Notes to the Consolidated Financial Statements (continued)

2020
DKK million

Interest-bearing loans and borrowings	Expiry	Interest margin	Type	Nominal amount 2020	Carrying amount 2020
Facility A	Sep/25	3.50%	Floating	286.6	286.6
Facility B	Sep/26	4.00%	Floating	298.4	298.4
Revolving facility	Sep/25	3.50%	Floating	225.0	-
Other facilities	Jun 21 - Sep 26	0% - 2%	Fixed	15.0	15.0
Total				**825.0**	**600.0**

Capitalized borrowing cost	11.1
Total borrowings	**588.9**

2019
DKK million

Interest-bearing loans and borrowings	Expiry	Interest margin	Type	Nominal amount 2019	Carrying amount 2019
Season facility	Mar/20	3.50%	Floating	125.3	125.3
Revolving facility	Sep/26	3.50%	Floating	49.6	49.6
Total				**174.9**	**174.9**

Capitalized borrowing cost	2.0
Total borrowings	**172.9**

The group did not have any interest-bearing loans and borrowings in 2018.

7.10 Capital structure

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholder. The overall objective is to ensure a continued development and strengthening of the Group's capital structure that supports long-term profitable growth and a solid increase in key earnings and ratios.

This includes assessment of and decisions on the split of financing between share capital and borrowings, which is a long-term strategic decision to be made in connection with significant investments and other transactions. SteelSeries ApS consist of one type of shares with the same voting power.

Management considers that this structure will remain advantageous for the shareholder, enabling and supporting the long-term development of the Group.

Notes to the Consolidated Financial Statements (continued)

8. Acquisitions - SteelSeries France (f. A Volute)

In 2020, the Group completed two acquisitions totaling DKK 319 million.

On 3 April 2020, SteelSeries gained control of the SteelSeries France Group (f. A Volute) through the acquisition of 100% of the shares, giving SteelSeries the full ownership interest.

The acquisition of the f. A Volute Group was carried out to further strengthen the Group's competencies within software. The calculated goodwill represented staff competences and synergies from expected optimizations within several functions.

The total revenue generated since the acquisition amounts to DKK 21.8 million and the loss amounts to DKK 2.3 million. If ownership had been since 1 January 2020, revenue impact would have been DKK 26.3 million and a loss of DKK 4.3 million. The total acquisition costs amount to DKK 2.5 million. All costs have been recognized as special items.

The fair values of the identifiable assets and liabilities at the date of acquisition were:

DKK million	**2020**
Consideration paid	59.1
Contingent considerations	7.4
Total cost of acquisition	**66.5**
Acquired assets and liabilities	
Development projects	31.0
Right-to-use assets	4.3
Property, plant & equipment	0.8
Financial assets	0.6
Trade & other receivables	4.0
Tax receivable	1.9
Prepayments	0.7
Deferred tax asset	12.0
Cash and cash equivalents	3.4
Borrowings	-17.1
Lease liabilities	-4.3
Pension obligation	-0.5
Prepayments from customers	-1.7
Deferred income	-0.2
Trade payables	-1.3
Other payables	-3.2
Net assets acquired	**30.2**
Goodwill	36.3
Total acquisition price	**66.5**
Payable contingent consideration	-7.4
Hereof cash in A Volute	3.4
Total purchase price	**55.7**

Notes to the Consolidated Financial Statements (continued)

8. Acquisitions - KontrolFreek

On 11 December 2020, SteelSeries gained control of the KontrolFreek LLC (USA) through the acquisition of 100% of the shares, giving SteelSeries the full ownership interest.

The acquisition of the KontrolFreek was carried out to further strengthen the Group's presence within console peripherals and access to the strong userbase which KontrolFreek has built since it was founded. The calculated goodwill represented staff competences and synergies from expected optimizations within several functions.

The total revenue generated since the acquisition amounts to DKK 10.3 million and the profit amounts to DKK 2.9 million. If ownership had been since 1 January 2020, revenue impact would have been DKK 162.2 million and a profit of DKK 31.5 million.

The total acquisitions costs amount to DKK 3.7 million. All costs have been recognized as special items.

The fair values of the identifiable assets and liabilities at the date of acquisition were:

DKK million	**2020**
Consideration paid	287.1
Contingent considerations	-
Total cost of acquisition	**287.1**
Acquired assets and liabilities	
Brand	104.8
Patents	51.8
Property, plant & equipment	1.7
Trade & other receivables	11.0
Inventory	7.5
Prepayments	0.2
Cash and cash equivalents	23.7
Deferred tax liability	-42.3
Trade payables	-2.5
Other payables	-23.2
Net assets acquired	**132.7**
Goodwill	154.3
Total acquisition price	**287.1**
Hereof cash in KontrolFreek	23.7
Total purchase price	**263.4**

Notes to the Consolidated Financial Statements (continued)

9.1 Capital commitments

The Group has entered various capital commitments related to licenses. etc. that will not take effect until after the reporting date and have therefore not been recognized in the consolidated financial statements. Capital commitments amounted to DKK 2 million (2019: DKK 2 million. 2018: DKK 1 million).

In December 2020, the Group signed a contract for a new location in Denmark for 3 years. It will be recognized in 2021, when the right to use the assets takes effect. The contract amounts to DKK 4 million.

9.2 Fees to auditors

Fees to the elected audit firm EY Godkendt Revisionspartnerselskab, Denmark in 2020 amounted to DKK 0.6 million. In 2019 and 2018 PwC Statsautoriseret Revisionspartnerselskab, Denmark was the elected firm and the fees amounted to 2019: DKK 2.7 million and 2018: DKK 0.3 million.

DKK million	2020	2019	2018
Statutory audit	0.3	0.3	0.2
Tax advisory	0.1	0.2	-
Other services	0.2	2.1	0.1
Total tax	**0.6**	**2.7**	**0.3**

9.3 Contingent liabilities

The Group is ongoing part of few disputes. In Management's opinion the outcome of known disputes is recognized in the consolidated financial statements. The following assets have been placed as security with banks: Floating company charge granted by SteelSeries ApS providing security on receivables, inventories, plant and equipment as well as goodwill and trademark total value DKK 92 million (2019, 2018: DKK 92 million).

Negative pledges registered in respect of SteelSeries ApS, pledges of shares in respect of the shares owned by SteelSeries Holding ApS. Assignment of rights under acquisition agreement and W&I insurance granted by SteelSeries Holding ApS.

Capital commitments, lease liabilities and service agreements are described in note 9.1.

Notes to the Consolidated Financial Statements (continued)

9.4 Related parties

SteelSeries Holding ApS, Havneholmen 8. 1st. 2450 Copenhagen SV, Denmark exercises control over SteelSeries ApS. SteelSeries Holdings ApS was the previous parent entity of SteelSeries ApS, due to the merger between SteelSeries Holdings ApS and SteelSeries ApS with effective date 28 August 2020, the direct parent entity of SteelSeries ApS is SteelSeries Holding ApS.

There have been two transactions with shareholder in the year, which consisted of an ordinary dividend of DKK 20 million, and extraordinary dividend of DKK 80 million and a group contribution of DKK 61.8 million. Related parties also comprise SteelSeries ApS' Board of Directors and Executive Board, their close family members and companies in which these persons have significant influence. During the year, there were no transactions between these parties and the Group, except for remuneration as disclosed in note 2.1 of the consolidated financial statements.

No other transactions have been carried out with the related parties.

In 2018 and 2019 the parent entity (SteelSeries Holdings ApS) contributed with management advise in 2019 for a total of DKK 1.5 million and received a dividend of DKK 100 million. In 2018 the dividend amounted to DKK 75 million.

9.5 Events after the reporting period

Apart from the events recognized or disclosed in the consolidated financial statements, no events have occurred after the reporting period of importance to the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

9.6 Earnings per share

Earnings per share

DKK	2020	2019	2018
Earnings per share of DKK 1 (EPS)	828.1	669.7	505.0

Average number of shares

160,000 shares	2020	2019	2018
Average number of issued shares	160.000	160.000	160.000
Average number of shares	**160.000**	**160.000**	**160.000**

Profit attributable to shareholder

DKK million	2020	2019	2018
Consolidated profit	132.5	107.2	80.3
Profit attributable to shareholder in SteelSeries ApS (net profit)	**132.5**	**107.2**	**80.3**

10 Group Companies

EMEA	Country	Ownership and voting rights
SteelSeries France	France	100%

AMERICAS	Country	Ownership and voting rights
SteelSeries North America Corp.	USA	100%
SteelSeries US Holding Inc.	USA	100%
SteelSeries Canada Inc.	Canada	100%
KontrolFreek LLC.	USA	100%
KontrolFreek International Inc.	USA	100%

APAC	Country	Ownership and voting rights
SteelSeries Japan K.K.	Japan	100%
SteelSeries (Shanghai) Commercial and Trading Co. Ltd.	China	100%
Nahimic Singapore Pte. Ltd.	Singapore	100%

The former parent entity SteelSeries Holdings ApS was merged into SteelSeries ApS with effect as of 28 August 2020. The equity is negatively impacted by DKK 212.6 million due to the merger.

Accounting Policies

11. Basis for preparation

11.1 General Accounting Policy

The Group is incorporated and domiciled in Denmark. The registered office is located in Copenhagen. The financial statements of SteelSeries ApS and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements according to the Danish Financial Statements Act applying to large enterprises of reporting class C. The financial statements are prepared based on the standards and interpretations that are effective on 31 December 2020. There have been no impact of the implementation of the standards and interpretations. The annual report includes comparison figures for 2018 and 2019. There has previously not been prepared consolidated annual reports for SteelSeries ApS and it's subsidiaries.

The financial statements are presented in DKK, which is the Parent Company's functional currency and the presentation currency of the Group, and all values are rounded to the nearest million with one decimal, except when otherwise indicated.

The Board of Directors considered and approved the 2020 SteelSeries ApS annual report on 25 June 2021. The annual report will be submitted to the shareholder of SteelSeries ApS for approval at the annual general meeting on 25 June 2021.

New accounting policies and disclosures

SteelSeries ApS has implemented the standards and amendments that are effective for the financial year 2020. The new standards and amendments have neither affected SteelSeries ApS' recognition nor measurement of financial items for 2020, nor are they expected to have any significant future impact.

Standards issued but not yet effective.

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2020 consolidated financial statements. SteelSeries ApS expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the consolidated financial statements when implemented.

Defining materiality

Significant items are presented individually in the financial statements as required by IAS 1. Other items that are considered relevant to stakeholders and necessary for an understanding of the Group's business model, geographical diversity, are also presented individually in the financial statements.

Accounting Policies (continued)

Consolidation

The consolidated financial statements are prepared as a consolidation of the financial statements of the Parent Company. SteelSeries ApS and its subsidiaries according to the Group's accounting policies.

The assessment of whether SteelSeries ApS exercises control or significant influence includes potential voting rights exercisable at the reporting date. The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share of subsidiaries' profit/loss for the year and of equity are included in the Group's profit/loss and equity but are disclosed separately. Entities acquired or established in the year are recognized in the consolidated financial statements from the date of acquisition or formation. The comparative figures are not restated.

Group internal business combinations

Group internal business combinations are accounted for using the book-value method. Thereby are the entities combined with the booked values and adjustments are identified. A remuneration, which exceeds the booked value in the continuing entity will be recognized directly as equity. The business combination will be effective as of 28 August 2020 following the merger date. The comparison figures have not been restated.

Foreign currency translation

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized as financial income or expenses. Receivables, payables, and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date.

The difference between the exchange rates at the reporting date and at the date at which the receivable or payable arose or the exchange rate in the latest consolidated financial statements is recognized as financial income or expenses. On recognition of entities with a functional currency other than the presentation currency, the income statement and statement of cash flows are translated at the exchange rates at the transaction date, and the statement of financial position items are translated at the exchange rates at the reporting date.

Foreign exchange differences arising on translation of the opening balance of equity and of the income statement on the reporting date. are recognized in other comprehensive income and attributed to a separate translation reserve in equity.

Accounting Policies (continued)

Income statement

The presentation of the Group's income statement is based on the internal reporting structure. as IFRS does not provide a specific disclosure requirement. Special items are not directly attributable to ordinary operating activities and are shown separately to facilitate a better understanding of the Group's financial performance.

11.2 Accounting policy

Income statement

Segment information

The Group's gaming peripherals activities are segmented according to the three geographical regions where sales take place and category of peripherals. These regions make up the Group's reportable segments.

The segmentation reflects the geographical and strategic management, decision and reporting structure applied by Management for monitoring the Group's strategic and financial targets.

Segments are managed based on business performance measured as gross profit. Not allocated comprises expenses incurred for ongoing support of the Group's overall operations and strategic development. The expenses write-downs of SKU's which are not considered part of the regional performance.

The geographical allocation of revenue is based on the acquiring entities' domicile and comprises countries individually accounting for more than 10% of the Group's consolidated revenue.

Decisions on staff, marketing, restructuring, acquisition and divestment of entities included in special items as well as on financing (financial income and expenses) and tax planning (income tax) are made based on information for the Group as a whole and therefore not segmented.

Revenue

Recognition and measurement

Revenue from contracts with customers comprises sales of goods and software/license income. Revenue from the sale of finished goods is recognized at the point in time when the control of goods and products is transferred to the customer, which is generally upon delivery. For contracts providing the customer with a right of return within a specified period, the Group considers the timing of recognition. Royalty and license fees are recognized when earned according to the terms of the license agreements. Revenue from contracts with customers is measured at an amount that reflects the expected consideration for those goods. Amounts disclosed as revenue include discounts but excludes VAT and duties collected on behalf of authorities.

Accounting Policies (continued)

Variable consideration

The Group offers various discounts depending on the nature of the customer and business. Discounts comprise on-invoice discounts, volume- and activity-related discounts, including specific promotion prices offered, and other sell-in discounts. On-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales order. This also includes cash discounts. Activity-related discounts is a broad term covering incentives for customers to sustain business with the Group over a longer period and may be related to a current campaign or a sales target measured in volumes or total value.

Examples include discounts paid as a lump sum, discounts for meeting certain sales targets or progressive discounts offered in step with increasing sales to a customer and incentives for early payments. Other discounts include listing fees. i.e., fees for certain listings on shelves, in favorable store locations, as such specific promotions are closely related to the quantities sold.

Cost of sales

Cost of sales comprises cost of materials used in finished goods. including packaging materials. and royalties for items paid when they are produced. The cost of purchased finished goods and packaging materials includes the purchase cost and costs directly related to bringing inventories to the relevant place of sale and getting them ready for sale, for example, tariffs insurance, warehouse handling, transportation, distribution and duties.

Other external expenses

Other external expenses comprise rent of premises, marketing both trademark and trade, office supplies etc. Sales marketing is promotional activities directed towards end-users, such as the supply of point-of-sale materials, promotional materials, events and trade offers. Trademark marketing is an investment in the Group's trademarks and consists of trademark-specific investments in the development of communication vehicles, the use of these to drive the sale of trademarked products, sales campaigns, and sponsorships.

Staff costs

Staff costs are recognized in the financial year in which the employee renders the related service. Most of the Group's pension schemes are defined contribution plans where contributions are paid to publicly or privately administrated pension plans on a statutory, contractual, or voluntary basis. Contributions to defined contribution plans are recognized as staff costs when the related service is provided.

Accounting Policies (continued)

The Group has no further payment obligations once the contributions have been paid. In addition, the Group has a few defined benefit plans where the responsibility for the pension obligation towards the employees lies with the Group. The Group's net obligation is calculated annually by an actuary. The present value less the fair value of any plan assets is recognized as pensions in the statement of financial position and as a part of non-current provision.

Special items

Special items include significant recurring and non-recurring income and costs which in management assessment are of a special nature in terms of the Group's revenue-generating activities and as such cannot be attributed directly to the Group's ordinary operating activities.

Such income and costs relate primarily to transaction costs in connection with business combinations, restructuring- and strategy related costs which are, or are expected to be, significant over time, and significant disputes. Special items are presented separately in the income statement to facilitate a better understanding of Group's financial performance.

Financial items

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Income tax

Income tax comprises current tax and changes in deferred tax for the year. including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement, while the tax expense relating to items recognized in other comprehensive income is recognized in the statement of comprehensive income.

Balance sheet

Intangible assets and property. plant and equipment

Cost

Intangible assets and property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated amortization or depreciation and impairment losses. Cost comprises the purchase price and costs directly attributable to the acquisition until the date when the asset is available for use.

Research and development costs are recognized in the income statement as incurred. Development costs of intangible assets, for example software, are recognized as development projects if the costs are expected to

Accounting Policies (continued)

generate future economic benefits. It comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries. For assets acquired in business combinations, including trademarks and property, plant and equipment, cost at initial recognition is determined by estimating the fair value of the individual assets in the purchase price allocation.

Goodwill and trademarks are only acquired in business combinations and is measured in the purchase price allocation. Goodwill and trademarks are not amortized but is subject to an annual impairment test. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. Subsequent costs, for example in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group.

Useful life, amortization, depreciation, and impairment losses

Useful life and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Amortization and depreciation are recognized on a straight-line basis over the expected useful lives of the assets. taking into account any residual value. The expected useful life and residual value are determined based on past experience and expectations of the future use of assets. Amortization/depreciation is calculated on the basis of the cost less the residual value and impairment losses.

Impairment losses of a non-recurring nature are recognized under special items.

Type	Years
Development projects	3 - 5
Patents	5 - 15
Hardware	3
Plant and equipment	3 - 5
Leasehold improvements	3

Impairment

Goodwill and trademarks with indefinite useful lives are subject to an annual impairment test, performed initially before the end of the year of acquisition. The test is performed at the level where cash flows are considered to be generated. All assets are tested if an event or circumstance indicates that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

Accounting Policies (continued)

For all assets, the value in use is assessed based on budget and target plan with reference to the expected future net cash flows. The assessment is based on the lowest CGU affected by the changes that indicate impairment. The cash flow is discounted by a discount rate adjusted for any risk specific to the asset, if relevant to the applied calculation method.

Right-of-use assets

At the commencement date, the Group recognizes a lease liability and a corresponding right-of-use asset at the same amount, except for short-term leases of 12 months or less and leases of low-value assets.

A right-of-use asset is initially measured at cost, which equals the initial lease liability and initial direct costs less any lease incentives received. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for remeasurement of the lease liability.

The right-of-use asset is depreciated over the earlier of the lease term or the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment.

Right-of-use assets are recognized as property, plant and equipment. The Group has elected not to recognize right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Lease payments related to such leases are recognized in the income statement as an expense on a straight-line basis over the lease term.

Tax assets and liabilities

Current tax payable and receivable are recognized in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method.

However, deferred tax is not recognized on temporary differences relating to goodwill that is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the acquisition date without affecting either profit/loss for the year or taxable income.

Deferred tax assets related to tax loss carryforwards are recognized under other non-current assets at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred tax is measured according to the tax rules at the reporting date and at the tax rates applicable when the deferred tax is expected to materialize as current tax.

Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value. The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence, and development in expected selling price. The cost of goods for resale comprises the cost of the purchase plus freight costs.

Trade and other receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance or impairment losses. Trade receivables comprise sale of goods, licenses, or software. Other receivables comprise VAT receivables, interest receivables and other financial receivables. The Group applies the simplified approach to measure expected credit losses. This entails recognizing a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of trade receivables sharing the same credit risk characteristics and past due days.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years.

Borrowings

Borrowings are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method. Accordingly, the difference between the fair value less transaction costs and the nominal value is recognized under financial expenses over the term of the loan.

Lease liability

The lease liability is measured at the present value of the remaining lease payments at the reporting date, discounted using the incremental borrowing rate for similar assets, taking into account the terms of the leases. A remeasurement of the lease liability, for example a change in the assessment of an option to purchase, results in a corresponding adjustment of the related right-of-use assets.

Extension or termination options are included in the lease term if the lease is reasonably certain to be extended or not terminated. Consequently, all cash outflows that are reasonably certain to impact the future cash balances are recognized as lease liabilities at initial recognition of leases. The Group reassesses the circumstances leading to it not recognizing extension or termination options on an ongoing basis.

Accounting Policies (continued)

Financial instruments

Financial instruments measured at fair value.

Financial instruments measured at fair value are limited to derivative instruments. As described below, the fair value of derivatives is based on observable market data and valuation techniques (level 2). The financial instruments are measured at fair value on a recurring basis.

Financial instruments measured at amortized cost

The carrying amounts of the Group's financial instruments, measured at amortized cost, are reasonable approximations of fair values.

Valuation techniques

Management has assessed that cash, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The following methods and assumptions were used to estimate the fair values of other financial instruments:

Fair values of the Group's interest-bearing borrowings and loans which are measured as amortized cost as the reflects the issuer's borrowing rate at the end of the reporting period. The own non-performance risk on 31 December 2019 was assessed to be insignificant.

Provisions

In connection with restructurings, Management assesses the timing of the costs to be incurred, which influences the classification as current or non-current liabilities. Management assesses provisions, contingent assets and liabilities and the likely outcome of pending or probable lawsuits. etc. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. In assessing the likely outcome of disputes, etc. Management bases its assessment on external legal advice and established precedents. Provisions are recognized when the Group has a current legal or constructive obligation and include warranty and pension provisions. Provisions are recognized based on best estimates.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans, and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities on initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, after initial recognition at amortized cost. This includes directly attributable transaction and borrowing costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivative financial instruments. Trade and other payables, bank overdrafts, loans and borrowings are subsequently measured at amortized cost.

Accounting Policies (continued)

Acquisitions

The acquisition date is the date when the Group effectively obtains control of an acquired subsidiary. The cost of a business combination comprises the fair value of the consideration agreed upon, including the fair value of consideration contingent on future events if such exists. Goodwill and fair value adjustments in connection with the acquisition of an entity are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date.

The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

Identifiable intangible assets are recognized if they are separable or arise from a contractual right. Deferred tax on revaluations is recognized. The identifiable assets, liabilities and contingent liabilities on initial recognition at the acquisition date are subsequently adjusted up until 12 months after the acquisition. The effect of the adjustments is recognized in the opening balance of equity, and the comparative figures are restated accordingly if the amount is material.

Trademarks

The value of the trademarks acquired, and their expected useful lives are assessed based on the individual trademark's market position, expected long-term developments in the relevant markets and profitability. The estimated value includes all future cash flows associated with the trademark, including the related value of customer relationships etc.

Management determines the useful life based on the trademark's relative local, regional and global market strength, market share, and the current and planned marketing efforts that are helping to maintain and increase its value. When the value of a well-established trademark is expected to be maintained for an indefinite period in the relevant markets, and these markets are expected to be profitable for a long period, the useful life of the trademark is determined to be indefinite.

Trademarks are measured using the relief from royalty method, under which the expected future cash flows are based on key assumptions about expected useful life, royalty rate, growth rate and a theoretically calculated tax effect. A post-tax discount rate is used that reflects the risk-free interest rate with the addition of a risk premium associated with the particular trademark. The model and assumptions applied are consistent with those used in impairment testing.

Accounting Policies (continued)

Patents

The value of acquired patents is assessed based on the available data and expected relationship between the patents, technology and sales adjusted for impact for the trademark. For most entities, there is a close relationship between trademarks and sales. The relationship between trademarks and customers is carefully considered so that trademarks and patents are not all recognized based on the same underlying cash flows.

Receivables

Receivables consist primarily of trade receivables and are recognized at the amount that is expected to be collected.

Cash flow

Cash flow is calculated using the indirect method and is based on operating profit before special items adjusted for depreciation, amortization, and impairment losses. Cash flow cannot be derived directly from the statement of financial position and income statement.

Segments

The acquired entities are allocated to the relevant geographical segment. The segmentation reflects the geographical and strategic management, decision and reporting structure applied by Management for monitoring the Group's strategic and financial targets.

Segments are managed based on business performance measured as gross profit. Not allocated comprises expenses incurred for ongoing support of the Group's overall operations and strategic development. The expenses write-downs of SKU's which are not considered part of the regional performance.

The geographical allocation of revenue is based on the acquiring entities' domicile and comprises countries individually accounting for more than 10% of the Group's consolidated revenue.

Accounting Policies (continued)

11.3 Accounting estimates and judgements

In preparing the consolidated financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses.

Revenue

The Group considers all terms and activities in contracts with customers to determine the performance obligation, the transaction price and the allocation of the transaction price. If the consideration in a contract includes a variable amount, the Group estimates the consideration to which it will be entitled in exchange for transferring goods to the customer. The variable consideration is estimated at contract inception based on expected sales volumes using historical and year-to-date sales data and other information about trading with the individual customer or with a group of customers.

The Group considers whether contracts include separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration. No element of financing is deemed present, as payment is generally made as prepayment or based on 14-60 days of credit.

The Group estimates discounts using either the expected value method or the most likely amount method, depending on which method better predicts the amount of consideration to which it will be entitled. Management makes judgements when deciding whether supporting activities with a customer should be

classified as a discount or a marketing expense. Generally, activities with the individual customer are accounted for as a discount, whereas costs related to broader marketing activities are classified as marketing expenses.

Special items

The use of special items entails management judgment in the separation of such costs of special nature from other ordinary operating costs. Management carefully considers individual items and projects to ensure that significant income and expenses of a special nature constitute items that are of a special nature in terms of the Group's revenue-generating activities and as such in the view of Management cannot be attributed directly to the Group's ordinary operating activities.

Further, Management carefully considers the note disclosure in respect of such special items. In respect of restructuring and strategy projects. Management initially assesses the entire project and recognizes all current incurred costs of the project. The projects are assessed on an ongoing basis. with additional costs possibly being incurred during the lifetime of the project.

Accounting Policies (continued)

Goodwill and Trademarks

The Group's management structure reflects the geographical split, cf. note 1.1. and decisions are made by the regional managements responsible for performance, operating investments, and growth initiatives in their respective regions; therefore, gaming peripherals are seen as three CGUs. There is significant vertical integration of the production, logistics, supporting and promoting optimizations across the Group. Within 12 months from the date of acquisition, the determination of CGU allocation is made, and cash inflows are assessed in connection with the purchase price allocation.

The test for impairment of trademarks is performed using the relief from royalty method and is based on the expected future cash flows generated from the royalty payments avoided for the individual trademark for the next 25 years and projections for subsequent years. The risk-free cash flows are discounted using a discount rate with a weighted average from the goodwill calculations.

Useful lives and residual value of intangible assets with finite useful lives and property, plant and equipment

Useful life and residual value are initially assessed in business combinations. Management assesses intangibles and property, plant and equipment for changes in useful life. If an indication of a reduction in the value or useful life exists, such as changes in restructuring the asset is tested for impairment.

If necessary, the asset is written down or the amortization/depreciation period is reassessed and, if necessary, adjusted in line with the asset's changed useful life. When changing the amortization or depreciation period due to a change in the useful life, the effect on amortization/depreciation is recognized prospectively as a change in accounting estimates.

Lease

At inception of a contract, Management assesses whether the contract is or contains a lease. Management considers the substance of any service being rendered to classify the arrangement as either a lease or a service contract.

Particularly important is whether fulfilment of the contract depends on the use of specific assets. The assessment involves judgement of whether the Group obtains substantially all the economic benefits from the use of the specified asset and whether it has the right to direct how and for what purpose the asset is used. If these criteria are satisfied at the commencement date, a right-of-use asset and a lease liability are recognized in the statement of financial position.

Accounting Policies (continued)

In determining the lease term, Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension or termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The term is reassessed if a significant change in circumstances occurs.

Inventories

The calculation of the net realizable value of inventories is relevant to all finished goods. The net realizable value is normally calculated monthly, and end-of-life products are scrapped.

Trade receivables

Exposure to credit risk on receivables is managed between the Group and the regions, and credit limits are set as deemed appropriate for the customer, considering the current local market conditions.

Regional management assesses the credit risk and adhere to group guidelines, which include setting credit limits, encouraging prepayments, and credit insurance. In assessing credit risk, Management analyses the need for impairment of trade receivables due to customers' inability to pay.

Management assesses the expected credit losses (ECL) for portfolios of receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

Provisions

Provisions are recognized when the Group has a current legal or constructive obligation and include warranty and pension provisions. Provisions are recognized based on best estimates.

Acquisitions

For acquisitions of entities, the assets, liabilities and contingent liabilities of the acquiree are recognized using the acquisition method. The most significant assets acquired generally comprise goodwill, trademarks, property, plant and equipment, receivables and inventories. No active market exists for most of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently. The unallocated purchase price (positive amount) is recognized in the statement of financial position as goodwill and allocated to the Group's cash generating units.

Accounting Policies (continued)

11.4 Ratios (APM):

In the consolidated annual report for SteelSeries Group are the following ratios used, which are not defined by IFRS (Alternative Performance Measures): EBIT, EBITDA. Adj., EBITDA, Interest-bearing debt. The ratios are currently being used as a part of the daily operations and while communicating with the group's stakeholders.

Ratios (APM):

	2020	2019	2018
Income statement ratios:			
EBIT	202.5	134.4	95.3
Depreciation	13.7	10.0	7.7
Amortization and impairment	33.6	26.1	18.4
EBITDA	**249.9**	**170.5**	**121.9**
Special items	15.5	5.9	10.3
Adj. EBITDA	**265.4**	**176.4**	**132.2**
Depreciation	-13.7	-10.0	-7.7
Amortization and impairment	-33.6	-26.1	-18.4
Ajd. EBIT	**218.0**	**140.3**	**106.1**
Balance ratios:			
Operating cash-flow	466.9	-95.3	148.6
Total operational investments	-63.3	-45.1	-26.0
Total financial investments	-319.2	-	-1.0
Free cash flow	**84.4**	**-140.4**	**121.6**
Non-current borrowings	527.4	-	-
Non-current lease liabilities	4.2	0.8	2.4
Current borrowings	61.5	172.9	-
Current lease liabilities	4.3	1.6	1.7
Gross financial debt	**597.3**	**175.3**	**4.1**
Cash and cash equivalents	202.7	89.6	56.8
Net interest-bearing debt (NIBD)	**394.6**	**85.7**	**-52.7**
Cash conversion (FCF/Adj EBITDA)	**0,32**	**-0,80**	**0,91**

Accounting Policies (continued)

11.4 Ratios (APM) (Continued):

Financial ratios	
Gross margin	Gross profit as a percentage of revenue
EBITDA margin	Operating profit before depreciation, amortization, impairment losses and special items as a percentage of revenue
Operating margin	Operating profit as a percentage of revenue
Effective tax rate	Income tax as a percentage of profit before tax
Equity ratio	Equity attributable to shareholders in SteelSeries at year-end as a percentage of total assets at year-end
NIBD/Equity ratio	Net interest-bearing debt at year-end divided by total equity at year-end
NIBD/Adj. EBITDA	Net interest-bearing debt divided by operating profit before depreciation, amortization, impairment losses and special items
Leverage Ratio	Proforma EBITDA (recognition of acquisitions with full-year impact) / Adj. EBITDA
Free Cash Flow	Free Cash Flow (FCF) represents the cash generated after accounting for cash outflows to support operations and maintain its capital assets.
Cash conversion	Free cash flow divided by adjusted EBITDA.
Organic growth	Percentage change in the Group’s organic revenue as compared to total revenue from the prior period to the current period.

SteelSeries ApS

Financial Statement for 2020

1 January – 31 December

Income Statement and Other Comprehensive Income

DKK million	Note	2020	2019	2018
Revenue	1.1	1.988.2	1.244,2	969.8
Cost of sales	1.2	-1.247.2	-722.6	-569.5
Gross Profit		**741.0**	**521.6**	**400.3**
Other external expenses	1.3	-322.2	-243.0	-172.7
Staff costs	2.1	-162.2	-107.3	-97.9
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)		256.6	171.3	129.7
Special items	3.1	-15.5	-5.9	-10.3
Operating profit before depreciation, amortization and impairments (EBITDA)		241.1	165.4	119.4
Depreciation	6.1	-10.7	-9.2	-7.0
Amortization and impairment	6.1	-28.2	-26.1	-18.4
Operating profit (EBIT)		202.2	130.1	94.0
Financial income	4.1	1.0	3.4	-
Financial expenses	4.2	-42.6	-16.7	-3.8
Profit before tax		160.6	116.8	90.2
Income tax	5.1	-31.6	-9.3	-11.6
Net profit		**129.0**	**107.5**	**78.7**
Attributable to:				
Shareholder in SteelSeries ApS		129.0	107.5	78.7
Items that may be reclassified to the income statement				
Foreign exchange adjustments of foreign entities		-	-	-
Items that may be reclassified to the income statement		-	-	-
Total comprehensive income		129.0	107.5	78.7
Attributable to:				
Shareholder in SteelSeries ApS		129.0	107.5	78.7

Balance Sheet 31 December

Assets

DKK million	Note	2020	2019	2018
Non-current assets				
Patents	6.1	1.6	2.4	3.4
Development projects	6.1	61.6	30.4	24.3
Property, plant and equipment	6.1	13.6	11.8	7.6
Leasehold improvements	6.1	0.7	1.3	-
Right-to-use assets	6.1	0.5	1.5	2.4
Investments in subsidiaries	6.2	68.0	1.2	1.2
Receivables from group enterprises		280.0	-	-
Deposits		0.8	0.8	2.7
Total non-current assets		**426.8**	**49.4**	**41.6**
Current assets				
Inventories	7.1	303.6	354.6	171.7
Trade receivables	7.2	236.0	171.7	224.2
Receivable tax		13.8	-	-
Other receivables	7.2	9.3	2.3	1.2
Prepayments		23.5	12.8	3.1
Cash and cash equivalents	7.3	170.9	81.2	48.9
Total current assets		**757.0**	**622.6**	**448.4**
Total assets		**1,183.8**	**672.1**	**490.0**

Balance Sheet 31 December

Equity & liabilities

DKK million	Note	2020	2019	2018
Equity				
Share capital		0.2	0.2	0.2
Retained earnings		104.8	226.6	219.1
Total equity		**105.0**	**226.8**	**219.3**
Non-current liabilities				
Deferred tax	5.2	9.2	1.0	-
Borrowings	7.3	517.2	-	-
Lease liabilities	7.3	-	0.5	1.4
Total non-current liabilities		**526.4**	**1.5**	**1.4**
Current liabilities				
Borrowings	7.3	56.5	172.9	-
Trade payables		334.2	105.1	151.4
Payables to group enterprises		6.1	109.6	-
Lease liabilities	7.3	0.5	1.0	1.0
Provisions	7.4	5.2	3.0	2.7
Corporation tax		-	9.2	10.5
Other payables	7.5	149.9	43.0	103.7
Total current liabilities		**552.4**	**443.8**	**269.3**
Total Equity and liabilities		**1,183.8**	**672.1**	**490.0**

Statement of Changes in Equity

2020

DKK million	Share capital	Retained earnings	Proposed dividend	Equity shareholder in SteelSeries ApS
Equity on 1 January	0.2	226.6	-	226.8
Effect of Merger*	-	-212.6	-	-212.6
Net profit	-	109.0	20.0	129.0
Other comprehensive income	-	-	-	-
Total comprehensive income	-	109.0	20.0	129.0
Transactions with shareholder				
Group contribution	-	61.8	-	61.8
Dividend paid to shareholder	-	-100.0	-	-100.0
Total transactions with shareholder	**-**	**-38.2**	**-**	**-38.2**
Total Equity on 31 December	**0.2**	**84.8**	**20.0**	**105.0**

*The former parent entity SteelSeries Holdings ApS was merged into SteelSeries ApS with effect as of 28 August 2020. The equity is negatively impacted by DKK 212.6 million due to the merger.

2019

DKK million	Share capital	Retained earnings	Equity shareholder in SteelSeries ApS
Equity on 1 January	0.2	219.2	219.3
Net profit	-	107.5	107.5
Other comprehensive income	-	-	-
Total comprehensive income	-	107.5	107.5
Transactions with shareholder			
Dividends paid to shareholder	-	-100.0	-100.0
Total transactions with shareholder	**-**	**-100.0**	**-100.0**
Total Equity on 31 December	**0.2**	**226.6**	**226.8**

2018

DKK million	Share capital	Retained earnings	Equity shareholder in SteelSeries ApS
Equity on 1 January	0.2	224.8	225.0
Effects of changes in accounting policies	-	-9.3	-9.3
Net profit	-	78.7	78.7
Exchange adjustments relating to foreign entities	-	-	-
Total comprehensive income	-	78.7	78.7
Transactions with shareholder			
Dividends paid to shareholder	-	-75.0	-75.0
Total transactions with shareholder	**-**	**-75.0**	**-75.0**
Total Equity on 31 December	**0.2**	**219.2**	**219.3**

Parent Statement of Cash Flows

DKK million	Note	2020	2019	2018
Operating profit (EBIT)		202.2	130.1	94.0
Depreciation, amortization, and impairment	6.1	38.9	35.3	25.4
Operating profit before depreciation, amortization, and impairment (EBITDA)		**241.1**	**165.4**	**119.4**
Other non-cash adjustments		-23.4	-8.1	-3.1
Change in inventories		51.0	-183.6	-33.8
Change in receivables		-362.0	41.6	-67.6
Change in trade payables and other payables		332.6	-98.2	136.4
Interest etc. received	4.1	1.0	3.4	0.0
Interest etc. paid	4.2	-15.6	-7.3	-1.6
Income tax paid		-35.8	-9.7	0.0
Cash flow from operating activities		**188.9**	**-96.5**	**149.8**
Acquisition of property, plant and equipment	6.1	-10.9	-13.8	-4.6
Acquistion of intangible assets	6.1	-58.5	-31.2	-21.5
Total operational investments		**-69.4**	**-45.0**	**-26.1**
Acquisition of subsidiaries		-66.4	0.0	0.0
Change in financial receivables		0.0	1.9	-0.8
Total financial investments		**-66.4**	**1.9**	**-0.8**
Free cash flow		**53.1**	**-139.6**	**122.9**
Repayment of borrowings		-31.1	0.0	-3.3
Change in overdraft		-246.8	172.9	0.0
Proceeds from borrowings	7.3	353.7	0.0	0.0
Repayment of lease liabilities		-1.0	-1.0	-1.0
Transaction with shareholder				
Group contribution		61.8	-	-
Dividend		-100.0	-	-75.0
Cash flow from financing activities		**36.6**	**171.9**	**-79.2**
Net cash flow		**89.7**	**32.4**	**43.6**
Cash and cash equivalents at opening		81.2	48.9	5.2
Foreign exchange adjustment of cash and cash equivalents		0.0	**0.0**	**0.0**
Cash and cash equivalents on 31 December	7.3	**170.9**	**81.2**	**48.8**

Notes to the Parent Financial Statements

1.1 Revenue

DKK million

Revenue by Region

2020	EMEA	AMERICAS	APAC	Total
Revenue	794.8	932.3	261.1	**1.988.2**
Gross Profit	295.2	334.0	111.8	**741.0**
GP %	*37%*	*36%*	*43%*	*37%*
Staff and other cost				484.4
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)				256.6
Special items				-15.5
Operating profit before depreciation, amortization and impairments (EBITDA)				241.1
Depreciation and amortizations				-38.9
Operating profit (EBIT)				**202.2**
Financials items. net				-41.6
Profit before tax				**160.6**

DKK million

2019	EMEA	AMERICAS	APAC	Total
Revenue	539.1	505.9	199.2	1,244.2
Gross Profit	239.3	193.0	89.3	521.6
GP %	*45%*	*39%*	*45%*	*42%*
Staff and other cost				350.3
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)				171.3
Special items				-5.9
Operating profit before depreciation, amortization and impairments (EBITDA)				165.4
Depreciation and amortizations				-35.3
Operating profit (EBIT)				**130.1**
Financials items, net				-13.3
Profit before tax				**116.8**

Notes to the Parent Financial Statements (continued)

1.1 Revenue (continued)

DKK million

2018	EMEA	AMERICAS	APAC	Total
Revenue	411.7	362.3	195.8	969.8
Gross Profit	182.5	128.3	89.5	400.3
GP %	*44%*	*35%*	*46%*	*41%*
Staff and other cost				270.6
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)				129.7
Special items				-10.3
Operating profit before depreciation, amortization and impairments (EBITDA)				119.4
Depreciation and amortizations				-25.4
Operating profit (EBIT)				**94.0**
Financials items, net				-3.8
Profit before tax				**90.2**

Revenue by Product Category	**2020**	**2019**	**2018**
Audio	63%	63%	61%
Other	37%	37%	39%

Revenue by Channel	**2020**	**2019**	**2018**
B2B	88%	92%	93%
D2C	12%	8%	7%

Revenue by Large Customers (%)	**2020**	**2019**	**2018**
Customer A*	27%	24%	22%
Customer B*	13%	11%	9%

*Customer A and B are those which contribute with more than 10% of revenue individually.

Notes to the Parent Financial Statements (continued)

1.2 Cost of sales

DKK million	2020	2019	2018
Change in inventory	51.0	-183,5	33.9
Expenses related to purchase of products	1,196.2	906,1	535.6
Total	**1,247.2**	**722.6**	**569.5**

1.3 Other external expenses

DKK million	2020	2019	2018
Sales and Marketing expenses	254.1	190.1	135.3
Other external expenses	68.1	52.9	37.4
Total	**322.2**	**243.0**	**172.7**

2.1 Staff costs

The average costs per employee increased due high investments in the entire organization to accommodate the growth in previous year. Staff costs were furthermore impacted by higher bonusses for a year exceeding expectation.

The average number of employees increased during 2020 due to insourcing several competencies, expanding to new countries. The investment is made to make the foundation of a strong organization to continue the solid growth in the coming years.

Notes to the Parent Financial Statements (continued)

2.1 Staff costs (continued)

DKK million	2020	2019	2018
Wages and salaries	145.1	93.3	86.5
Pension cost	2.1	1.7	1.4
Other social security costs	15.0	12.3	10.0
Warrants	-	-	-
Other staff cost	-	-	-
Total staff cost	**162.2**	**107.3**	**97.9**
Average number of employees	**230**	**183**	**158**
Renumeration of the Management			
Wages and Salaries	11.6	10.2	7.8
Pensions	-	-	-
Total	**11.6**	**10.2**	**7.8**
Renumeration of the Board of Directors			
Wages and salaries	0.5	-	-
Renumeration of key management personnel*			
Wages and Salaries	20.1	22.0	13.5
Pensions	-	0.1	0.1
Total	**20.2**	**22.1**	**13.6**

* Key management personnel comprise of the leadership team excluding Management. Key management is defined as: COO, CTO, CSO, CMO, CIO, HR Director, VP's and GM for each region.

3.1 Special items

DKK million	2020	2019	2018
Strategy	7.6	-	-
Transaction cost	6.3	-	-
Disputes	1.4	5.9	10.3
Other	0.2	-	-
Provision 31 December 2020	**15.5**	**5.9**	**10.3**

In 2020 SteelSeries carried out various business combinations and cost related to those business combinations has been recognized as special items. Furthermore, strategy projects have been carried out with focus on continued growth. The group has in 2020 and in previous years taken part in various disputes related to former employees or customers.

Notes to the Parent Financial Statements (continued)

4.1 Financial income

Interest income primarily relates to interest on cash and cash equivalents measured at amortized cost.

DKK million	2020	2019	2018
Financial income			
Interest income	1.0	-	-
Dividend	-	3.4	-
Total	**1.0**	**3.4**	**-**

4.2 Financial expenses

DKK million	2020	2019	2018
Financial expenses			
Interest expenses	14.4	5.4	1.2
Foreign exchange losses etc.	22.0	8.2	0.9
Amortized loan cost	4.9	1.3	0.2
Interest expenses lease	0.1	0.1	0.1
Other	1.1	1.8	1.4
Total	**42.6**	**16.7**	**3.8**
Total finance cost related to financial liabilities at amortized cost	19.5	6.8	2.5

Foreign exchange losses net amounted to DKK 22 million, which was primarily due to the deflation of USD vs. DKK. Interest expenses was impacted by the increase in long-term borrowings as a part of financing the business combinations. 2018 and 2019 was less impacted by the foreign exchange impact as fluctuations in USD was not as material as in 2020 and the absolute numbers settled in USD was lower.

Notes to the Parent Financial Statements (continued)

5.1 Reconciliation of tax for the year:

DKK million	2020	2019	2018
Current tax	15.2	8.3	10.5
Change in deferred tax	16.5	1.0	-
Adjustments to tax in prior years	-0.1	-	1.1
Total tax	**31.6**	**9.3**	**11.6**

The total tax payables for the years 2018 and 2019 are limited due to the use of unrecognized tax losses from previous years. The tax carry-forward losses were not recognized on the balance sheet due to uncertainties on the expected earnings and therefore the value that could be utilized. Please refer to note 5.2 for a reconciliation of the effective tax rate for the year.

5.2 Reconciliation of the effective tax rate of the year

	2020		2019		2018	
Effective tax rate	%	TDKK	%	TDKK	%	TDKK
Calculated 22% tax on profit	22.0	35.3	22.0	25.7	22.0	19.9
Adjust. to prior year tax	-0.1	-0.1	-	-	-	-
R&D credits	-2.3	-3.7	-0.1	-0.1	-	-
Unrecognized tax losses	-	-	-11.9	-13.9	-11.0	-9.9
Non deduct interest	-1.5	-2.4	-1.1	-1.3	-	-
Dividend etc.	-	-	-	-	1.2	1.1
Non-taxable income and non-deductible costs, net	1.6	2.5	-0.9	-1.1	0.6	0.5
Total tax	19.7	**31.6**	8.0	**9.3**	12.8	**11.6**

Notes to the Parent Financial Statements (continued)

5.3 Deferred tax

DKK million	2020	2019	2018
Intangible assets	13.8	7.0	5.9
Property, plant and equipment	-2.4	-1.9	-1.7
Inventories	-1.8	-1.7	-0.9
Trade receivables	-0.4	-0.8	-1.7
Provisions	-	-0.4	-1.6
Tax losses	-	-1.2	16.2
Not recognized tax assets	-	-	-16.2
Total tax	**9.2**	**1.0**	**-**
1 January 2020	1.0	-	-
Tax for the Year	16.5	1.0	-
Adjust. to prior year tax	1.1	-	-
Business combinations	-9.4	-	-
31 December 2020	**9.2**	**1.0**	**-**
Deferred tax assets	-	-	-
Deferred tax liability	9.2	1.0	-
31 December 2020	**9.2**	**1.0**	**-**

In 2018 the unrecognized carry-forward losses amounted to DKK 16.2 million. The carry-forward losses was fully utilized in 2019.

Management makes judgements on uncertain tax positions to ensure recognition and measurement of tax assets and liabilities and there has not in 2018, 2019 or 2020 been recognized any cost related to uncertain tax positions based on management's assessment.

Notes to the Parent Financial Statements (continued)

6.1 Intangible assets and property, plant and equipment

Intangible assets
2020

DKK million	Patents	Development projects and other	Total
Cost on 1 January	17.0	134.5	151.5
Additions	2.2	56.3	58.5
Disposals	-	-63.9	-63.9
Foreign exchange adjustments	0.1	-	0.1
Cost on 31 December	19.3	126.9	146.2
Amortization 1 January	14.6	104.1	118.7
Disposals	-	-63.9	-63.9
Amortization and depreciation	3.1	25.1	28.2
Amortization and impairment on 31 December	17.7	65.3	83.0
Carrying amount on 31 December	**1.6**	**61.6**	**63.2**

2019

DKK million	Patents	Development projects and other	Total
Cost on 1 January	14.7	106.1	120.8
Additions	2.3	28.9	31.2
Disposals	-	-0.5	-0.5
Cost on 31 December	17.0	134.5	151.5
Amortization 1 January	11.3	81.8	93.1
Amortization	3.3	22.8	26.1
Reversal of amortization of disposals for the year	-	-0.5	-0.5
Amortization and impairment on 31 December	14.6	104.1	118.7
Carrying amount on 31 December	**2.4**	**30.4**	**32.8**

Notes to the Parent Financial Statements (continued)

6.1 Intangible assets and property, plant and equipment (continued)

2018

DKK million	Patents	Development projects and other	Total
Cost on 1 January	10.4	99.2	109.6
Additions	4.3	17.2	21.5
Disposals	-	-10.3	-10.3
Cost on 31 December	14.7	106.1	120.8
Amortization 1 January	9.0	76.0	85.0
Amortization	2.3	16.1	18.4
Reversal of amortization of disposals of the year	-	-10.3	-10.3
Amortization and impairment on 31 December	11.3	81.8	93.1
Carrying amount on 31 December	**3.4**	**24.3**	**27.7**

Tangible assets
2020

DKK million	Other fixtures and fittings tools and equipment	Leasehold improvements	Right to use assets	Total
Cost on 1 January	34.4	4.3	3.3	42.0
Additions	10.9	-	-	10.9
Disposals	-1.2	-	-	-1.2
Foreign exchange adjustments		-	-	-
Cost on 31 December	44.1	4.3	3.3	51.7
Depreciation on 1 January	22.6	3.0	1.8	27.4
Disposals	-1.2	-	-	-1.2
Depreciation	9.1	0.6	1.0	10.7
Depreciation on 31 December	30.5	3.6	2.8	36.9
Carrying amount on 31 December	**13.6**	**0.7**	**0.5**	**14.8**

Notes to the Parent Financial Statements (continued)

6.1 Intangible assets and property, plant and equipment (continued)

2019

DKK million	Other fixtures and fittings tools and equipment	Leasehold improvements	Right to use assets	Total
Cost on 1 January	23.3	2.5	3.3	29.1
Additions	12.0	1.8	-	13.8
Disposals	-0.9	-	-	-0.9
Cost on 31 December	34.4	4.3	3.3	42.0
Depreciation on 1 October	15.7	2.5	0.9	19.1
Reversal of depreciation	-0.9	-	-	-0.9
Depreciation	7.8	0.5	0.9	9.2
Depreciation on 31 December	22.6	3.0	1.8	27.4
Carrying amount on 31 December	**11.8**	**1.3**	**1.5**	**14.6**

2018

DKK million	Other fixtures and fittings tools and equipment	Leasehold improvements	Right-to-use assets	Total
Cost on 1 January	23.3	2.5	-	25.8
Effect of IFRS 16	-	-	3.3	3.3
Additions	4.6	-	-	4.6
Disposals	-4.6	-	-	-4.6
Cost on 31 December	23.3	2.5	3.3	29.1
Depreciation on 1 October	14.8	1.9	-	16.7
Reversal of depreciation	-4.6	-	-	-4.6
Depreciation	5.5	0.6	0.9	7.0
Depreciation on 31 December	15.7	2.5	0.9	19.1
Carrying amount on 31 December	**7.6**	**-**	**2.4**	**10.0**

Rights-of-use assets

The Group leases various properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

During the year additions amounted to DKK 0 million (2019: 0, 2018: 0) and depreciation to DKK 1 million (2019: DKK 0.9 million, 2018: DKK 0.9 million). Lease expenses recognized in the income statement related to short-term leases and leases of low-value assets and amounted to less than DKK 0.1 million (2019: DKK 0.1 million, 2018: DKK 0.1 million).

Such contracts comprise the lease of coffee machines, small IT devices and similar equipment.

Notes to the Parent Financial Statement (continued)

In December 2020, the SteelSeries signed a contract for a new location in Denmark for 3 years. It will be recognized in 2021, when the right to use the assets takes effect. The contract amounts to DKK 4 million.

The impact of IFRS 16 increased EBITDA by DKK 1 million as other external expenses decreased by DKK 1 million, depreciation increased by DKK 1 million and interest by DKK 0.0 million, the net negative impact on the income statement was DKK 0.0 million (2019: DKK 0.0 million, 2018: DKK 0 million)

6.2 Investments in subsidiaries

2020

DKK million	Investments in subsidiaries
Cost on 1 January	1.2
Additions	66.8
Cost on 31 December 2020	**68.0**

2019

DKK million	Investments in subsidiaries
Cost on 1 January	1.2
Cost on 31 December 2019	**1.2**

2018

DKK million	Investments in subsidiaries
Cost on 1 January	1.2
Cost on 31 December 2018	**1.2**

Investments in subsidiaries are specified as follows:

EMEA	Market	Ownership and voting rights
SteelSeries France	France	100%
AMERICAS		
SteelSeries North America Corp.	USA	100%
SteelSeries US Holding Inc.	USA	100%
SteelSeries Canada Inc.	Canada	100%
KontrolFreek LLC.	USA	100%*
KontrolFreek International Inc.	USA	100%*
APAC		
SteelSeries Japan K.K.	Japan	100%
SteelSeries (Shanghai) Commercial and Trading Co. Ltd.	China	100%
Nahimic Singapore Pte. Ltd.	Singapore	100%*

** Indirect ownership*

Notes to the Parent Financial Statements (continued)

7.1 Inventories

DKK million	2020	2019	2018
Raw materials	10.5	4.0	5.3
Finished goods	293.1	350.6	165.8
Total	**303.6**	**354.6**	**171.1**

7.2 Trade and other receivables

2020 *DKK million*	Gross receivables	Loss allowances	Receivables, net
Not past due	214.0	-	214.0
Overdue 1 – 30 days	28.6	-	28.6
Overdue 31 – 90 days	3.4	0.7	2.7
Overdue > 90 days	1.0	1.0	-
Total	**247.0**	**1.7**	**245.3**

2019 *DKK million*	Gross receivables	Loss allowances	Receivables, net
Not past due	154.0	-	154.0
Overdue 1 – 30 days	21.3	1.2	20.1
Overdue 31 – 90 days	3.5	3.5	-
Overdue > 90 days	2.9	2.9	-
Total	**181.7**	**7.6**	**174.1**

2018 *DKK million*	Gross receivables	Loss allowances	Receivables, net
Not past due	186.1	-	186.1
Overdue 1 – 30 days	35.9	-	35.9
Overdue 31 – 90 days	4.6	1.5	3.1
Overdue > 90 days	10.9	10.7	0.2
Total	**237.5**	**12.2**	**225.3**

DKK million	2020	2019	2018
Impairment on 1 January	**7.6**	**12.2**	**18.9**
Impairment losses recognized	**0.1**	**2.8**	**6.3**
Realized impairment losses	**-6.0**	**-6.0**	**-3.1**
Reversed impairment losses	**-**	**-1.4**	**-9.9**
Impairment on 31 December	**1.7**	**7.6**	**12.2**

Notes to the Parent Financial Statements (continued)

7.3 Net interest-bearing debt

Of the gross financial debt at year end. 89% (2019: 0%. 2018: 0%) was long term. i.e. with maturity of more than one year. Long-term and short-term borrowings amounted to DKK 597.3 million at 31 December 2020 (2019: DKK 175.3 million. 2018: DKK 0).

Long-term borrowings totaled DKK 517.2 million (2019: DKK 0.5 million. 2018: DKK 1.4) and short-term borrowings totaled DKK 57.0 million (2019: DKK 173.9 million. 2018: DKK 1.0). The change in long-term borrowings is attributable to the investment activities carried out.

Financing costs on 31 December 2020 amounted to DKK 8.2 million (2019: DKK 2.1 million) and are amortized until the expiry date of the loans. Amortization in 2020 amounted to DKK 5 million (2019: DKK 1.3 million).

Net interest-bearing debt overview:

DKK million	2020	2019	2018
Non-current borrowings and lease liabilities	517.2	0.5	1.4
Current borrowings and lease liabilities	57.0	173.9	1.0
Gross financial debt	**574.2**	**174.4**	**2.4**
Cash and cash equivalents	170.9	81.2	48.9
Net interest-bearing debt	**403.3**	**93.2**	**-46.5**

All debt related to facilities and bank overdrafts is subject to quarterly covenant assessments where the leverage ratio is not to exceed 5.0x (2019: 5.5x) and interest coverage to be above 3.8x (2019: 3.8x) as of 31 December 2020. Covenant testing is performed at SteelSeries Holding ApS. which is the parent entity of SteelSeries ApS. For further please see the annual report of SteelSeries Group A/S which contains the consolidated debt subject to covenant test.

There were no covenant breaches in 2020, nor in 2019, and based on management budget assessment no such breaches are expected to occur in 2021. The Company was not subject to any covenants in 2018, as facility agreement was entered in 2019.

Notes to the Parent Financial Statements (continued)

The change during the year in liabilities arising from financing activities is specified below:

DKK million	2020	2019	2018
Gross financial debt on 1 January	174.4	2.4	-
Recognition of lease liabilities	-	-	3.3
Restated gross financial debt	**174.4**	**2.4**	**3.3**
Proceeds from borrowings	361.9	-	-
Borrowing cost, paid	-8.2	-3.4	-
Installments of borrowings	-31.1	-	-
Change in overdraft	-246.8	174.9	-
Lease liabilities	-1.7	-0.9	-0.9
Non-cash movements:			
Net effect of merger	321.5	-	-
Amortization of borrowing cost	5.0	2.0	-
Exchange rate adjustment	-0.8	-0.6	-
Total 31 December	**574.2**	**174.4**	**2.4**
Borrowings, non-current	517.2	-	-
Lease liabilities, non-current	-	0.5	1.4
Borrowings, current	56.5	172.9	-
Lease liabilities, current	0.5	1.0	1.0
Total 31 December	**574.2**	**174.4**	**2.4**

DKK million	2020	2019	2018
Financial assets at amortized cost			
Trade receivables	236.0	171.7	224.2
Other receivables	9.3	2.3	1.2
Cash	170.9	81.2	48.9
	416.2	**255.2**	**274.3**
Financial liabilities at amortized cost			
Borrowings	517.2	173.0	-
Lease liabilities	0.5	1.5	2.4
Trade payables	334.2	105.1	151.4
Other payables	149.9	43.0	103.7
	1,001.8	**322.6**	**257.5**

Financial instruments measured at fair value

Financial instruments measured at fair value are limited to derivative instruments.

Financial instruments measured at amortized cost

The carrying amounts of the Group's financial instruments, measured at amortized cost, are reasonable approximations of fair values.

Notes to the Parent Financial Statements (continued)

Valuation techniques:

Management has assessed that cash, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The following methods and assumptions were used to estimate the fair values of other financial instruments: Fair values of the Group's interest-bearing borrowings and loans which are measured as amortized cost as the reflects the issuer's borrowing rate at the end of the reporting period. The own non-performance risk on 31 December 2019 was assessed to be insignificant.

7.4 Provisions

Provisions primarily comprise warranty provisions regarding any form of hardware warranties on goods sold and customer claims.

DKK million	Warranty	Other	Total
Provisions on 1 January 2020	3.0	5.2	**8.2**
Additions	4.4	0.0	**4.4**
Used during the year	-2.2	-5.2	**-7.4**
Provision 31 December 2020	**5.2**	**-**	**5.2**
Recognized in:			
Current liabilities	5.2	-	**5.2**

7.5 Other payables

DKK million	2020	2019	2018
Salary related	46.7	12.2	23.2
Sales and marketing related	70.6	16.0	71.7
VAT, duties etc.	-	1.2	7.4
Other	32.6	13.6	1.9
Total 31 December	**149.9**	**43.0**	**103.7**

7.6 Cash and cash equivalents

Assessment of credit risk

The Group is exposed to credit risk on cash and cash equivalents (including fixed deposits) and the Group primarily enters financial instruments and transactions with the Group's relationship banks. i.e., banks extending loans to the Group. Group Reporting monitors the Group's gross credit exposure to banks and operates with individual limits on banks based on rating.

Notes to the Parent Financial Statements (continued)

DKK million	2020	2019	2018
Cash and cash equivalents	170.9	81.2	48.9
Cash and cash equivalents. net	**170.9**	**81.2**	**48.9**

The carrying amount of DKK 170.9 million (2019: DKK 81.2 million, 2018: DKK 48.9 million) represents the maximum credit exposure related to cash and cash equivalents.

7.7 Liquidity risk

Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, for example, settlement of financial debt and paying suppliers.

The Group's liquidity is managed by Group Reporting. The aim is to ensure effective liquidity management. which involves obtaining sufficient committed credit facilities to ensure adequate financial resources and. to some extent. tapping a range of funding sources.

On 31 December 2020, the Group had total credit resources available of DKK 428 million (2019: DKK 160 million) consisting of cash and cash equivalents of DKK 203 million (2019: DKK 107 million) plus committed unutilized current credit facilities of DKK 225 million (2019: DKK 53 million).

2020 *DKK million*	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Non-derivative financial instruments				
Lease liabilities	0.5	-	-	0.5
Borrowings	78.9	294.0	346.5	719.4
Trade payables and other financial liabilities	490.2	-	-	490.2
Total	569.6	294.0	346.5	1,210.1

2019 *DKK million*	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Non-derivative financial instruments				
Lease liabilities	1.0	0.5	-	1.5
Borrowings	172.9	-	-	172.9
Trade payables and other financial liabilities	148.1	-	-	148.1
Total	**322.0**	**0.5**	**-**	**322.5**

Notes to the Parent Financial Statements (continued)

2018 *DKK million*	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Non-derivative financial instruments				
Lease liabilities	1.0	1.4	-	2.4
Trade payables and other financial liabilities	255.1	-	-	255.1
Total	**256.1**	**1.4**	**-**	**257.5**

7.8 Currency risks

The Group's activities and main sales are carried out by the Danish entity and is affected by exchange rate fluctuations, as part of the sales and procurement are settled mainly in USD, EUR and DKK, whereas costs of goods are settled in USD.

Moreover, the Group is affected by changes in exchange rates, as the foreign subsidiaries' results at year end are translated into Danish kroner based on average exchange rates. The Group is exposed to foreign currency risks arising from its operating and financing activities, as the Company has sales, purchases and financing in foreign currencies.

In accordance with the Group's risk management policy, the Group hedges foreign currency risks arising from financing activities using interest rate swaps. The hedging is carried out in SteelSeries Holding ApS.

The operating currency risk exposure is considered relevant, but as the sales in Americas and goods purchased are settled mainly in USD, the exposure is considered limited. A 10% change for USD and 1% change for EUR. with all other variables held constant, would have impacted revenue and gross profit by the amounts below:

DKK million	Revenue	Gross profit
USD	114.3	6.6
EUR	7.3	7.0
Total	**121.6**	**13.6**

7.9 Interest rate risk

The Group's exposure to interest rate risk is considered limited. At the reporting date. 97% of the net financial debt consisted of floating-rate borrowings and is hedged via swaps that are fixed for more than one year by the parent company SteelSeries Holding ApS. for information refer annual report of SteelSeries Group A/S.

An interest margin increases of 1% for the facilities which are not hedged would increase the interest expense by DKK 2.0 million. The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Notes to the Parent Financial Statements (continued)

2020
DKK million

Interest-bearing loans and borrowings	Expiry	Interest margin	Type	Nominal amount 2020	Carrying amount 2020
Facility A	Sep/25	3.50%	Floating	286.6	286.6
Facility B	Sep/26	4.00%	Floating	298.4	298.4
Revolving facility	Sep/25	3.50%	Floating	225.0	-
Other facilities	Jun 21 - Sep 26	0% - 2%	Fixed	15.0	15.0
Total				**825.0**	**600.0**

Capitalized borrowing cost	11.1
Total borrowings	**588.9**

2019
DKK million

Interest-bearing loans and borrowings	Expiry	Interest margin	Type	Nominal amount 2019	Carrying amount 2019
Season facility	Mar/20	3.50%	Floating	125.3	125.3
Revolving facility	Sep/26	3.50%	Floating	49.6	49.6
Total				**174.9**	**174.9**

Capitalized borrowing cost	2.0
Total borrowings	**172.9**

The group did not have any interest-bearing loans and borrowings in 2018.

7.10 Capital structure

Management regularly assesses whether the SteelSeries capital structure is in the interests of SteelSeries and its shareholder. The overall objective is to ensure a continued development and strengthening of SteelSeries capital structure that supports long-term profitable growth and a solid increase in key earnings and ratios.

This includes assessment of and decisions on the split of financing between share capital and borrowings, which is a long-term strategic decision to be made in connection with significant investments and other transactions.

SteelSeries ApS consist of one type of shares with the same voting power.

Management considers that this structure will remain advantageous for the shareholder, enabling and supporting the long-term development of SteelSeries.

Notes to the Parent Financial Statements (continued)

8.1 Capital commitments

The Group has entered various capital commitments related to licenses. etc. that will not take effect until after the reporting date and have therefore not been recognized in the consolidated financial statements. Capital commitments amounted to DKK 2 million (2019: DKK 2 million. 2018: DKK 1 million).

In December 2020, the Group signed a contract for a new location in Denmark for 3 years. It will be recognized in 2021, when the right to use the assets takes effect. The contract amounts to DKK 4 million.

8.2 Fees to auditors

Fees to the elected audit firm EY Godkendt Revisionspartnerselskab, Denmark in 2020 amounted to DKK 0.6 million. In 2019 and 2018 PwC Statsautoriseret Revisionspartnerselskab, Denmark was the elected firm and the fees amounted to 2019: DKK 2.7 million and 2018: DKK 0.3 million.

DKK million	2020	2019	2018
Statutory audit	0.3	0.3	0.2
Tax advisory	0.1	0.2	-
Other services	0.2	2.1	0.1
Total tax	**0.6**	**2.7**	**0.3**

8.3 Contingent liabilities

The company is ongoing part of few disputes. In Management's opinion the outcome of known disputes is recognized in the consolidated financial statements. The following assets have been placed as security with banks: Floating company charge granted by SteelSeries ApS providing security on receivables, inventories, plant and equipment as well as goodwill and trademark total value DKK 92 million (2019, 2018: DKK 92 million).

Negative pledges registered in respect of SteelSeries ApS pledges of shares in respect of the shares owned by SteelSeries Holding ApS. Assignment of rights under acquisition agreement and W&I insurance granted by SteelSeries Holding ApS.

Capital commitments, lease liabilities and service agreements are described in note 8.1.

Notes to the Parent Financial Statements (continued)

8.4 Related parties

SteelSeries Holding ApS, Havneholmen 8. 1st. 2450 Copenhagen SV, Denmark exercises control over SteelSeries ApS. SteelSeries Holdings ApS was the previous parent entity of SteelSeries ApS, due to the merger between SteelSeries Holdings ApS and SteelSeries ApS with effective date 28 August 2020, the direct parent entity of the SteelSeries ApS is SteelSeries Holding ApS.

There have been two transactions with shareholder in the year, which consisted of an ordinary dividend of DKK 20 million, and extraordinary dividend of DKK 80 million and a group contribution of DKK 61.8 million. Related parties also comprise SteelSeries ApS' Board of Directors and Executive Board, their close family members and companies in which these persons have significant influence. During the year, there were no transactions between these parties and the Group, except for remuneration as disclosed in note 2.1 of the consolidated financial statements.

No other transactions have been carried out with the related parties.

In 2018 and 2019 the parent entity (SteelSeries Holdings ApS) contributed with management advise in 2019 for a total of DKK 1.5 million and received a dividend of DKK 100 million. In 2018 the dividend amounted to DKK 75 million.

No other transactions have been carried out with the related parties.

8.5 Events after the reporting period

Apart from the events recognized or disclosed in the consolidated financial statements. no events have occurred after the reporting period of importance to the consolidated financial statements.

Transition to IFRS

The financial statements for the year ended 31 December 2020 with comparative figures are the first set of financial statements prepared in accordance with IFRS as endorsed by the EU. For periods up to and including the year ended 31 December 2020, SteelSeries ApS prepared its financial statements in accordance with the Danish Financial Statements Act.

Accordingly, SteelSeries ApS has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2020, together with the comparative period at and for the period 1 January 2019 – 31 December 2019 and the period 1 January 2018 – 31 December 2018, as described in the summary of significant accounting policies. In preparing these financial statements, SteelSeries ApS' opening balance sheet was prepared on 1 January 2018, the date of transition to IFRS.

This note explains the principal adjustments made by SteelSeries ApS in restating its financial statements prepared in accordance with the Danish Financial Statements Act, including the balance sheet on 1 January 2018 and the financial statements at and for the year ended 31 December 2018.

Exemptions applied:

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. In the preparing these financial statements, SteelSeries ApS has not applied any exemptions.

Transition to IFRS (continued)

Balance sheet 1 January 2018

Assets				
DKK million	DK GAAP		Effect of transition	IFRS 1 January 2018
Non-current assets				
Development projects	23.2			23.2
Patents	1.4			1.4
Other fixtures and fitting, tools and equipment	8.5			8.5
Leasehold improvements	0.6			0.6
Rights-of-use assets	-	**C**	3.3	3.3
Other receivables	4.9			4.9
Deposits	1.9			1.9
Investments	9.7	**A**	-8.5	1.2
Total non-current assets	**50.1**		**-5.2**	**44.9**
Current assets				
Inventories	137.2			137.2
Trade receivables	142.4			142.4
Receivables from group enterprises	4.9			4.9
Other receivables	6.5			6.5
Prepayments	2.1			2.1
Cash and cash equivalents	5.2			5.2
Total current assets	**298.3**		**-**	**298.3**
Total assets	**348.4**		**-5.2**	**343.2**

Liabilities and Equity				
DKK million	DK GAAP		Effect of transition	IFRS 1 January 2018
Equity				
Share capital	0.2			0.2
Reserves	18.0	**A, B**	-18	-
Retained earnings	206.5	**A, B**	9.5	216.0
Total equity attributable to shareholder of SteelSeries ApS	**224.7**		**-8.5**	**216.2**
Non-current liabilities				
Provision	32.4			32.4
Lease liabilities	-	**C**	1.4	1.4
Other payables	-			-
Total non-current liabilities	**32.4**		**1.4**	**33.8**
Current liabilities				
Borrowings	3.3			3.3
Payables to group enterprises	4.3			4.3
Lease liabilities	-	**C**	1.9	1.9
Other payables	83.8			83.8
Total current liabilities	**91.3**		**1.9**	**93.2**
Total Equity and liabilities	**348.4**		**-5.2**	**343.2**

Transition to IFRS (continued)

Balance sheet 31 December 2018

Assets							
DKK million	DK GAAP		Adjustment	DK GAAP adjusted		Effect of transition	IFRS 31 December 2018
Non-current assets							
Development projects	24.3		-	24.3			24.3
Patents	3.4		-	3.4			3.4
Property, plant and equipment	7.6		-	7.6			7.6
Rights-of-use assets	-		-	-	C	2.4	2.4
Investments in subsidiaries	11.1			11.1	A	-9.9	1.2
Deposits	2.7		-	2.7			2.7
Total non-current assets	**49.1**		**-**	**49.1**		**-7.5**	**41.6**
Current assets							
Inventories	188.5	J	-17.4	171.1			171.1
Trade receivables	238.6	F	-14.4	224.2			224.2
Other receivables	1.2		-	1.2			1.2
Prepayments	3.1		-	3.1			3.1
Cash and cash equivalents	48.9		-	48.9			48.9
Total current assets	**480.2**		**-31.8**	**448.4**		**-**	**448.4**
Total assets	**529.3**		**-31.8**	**497.5**		**-7.5**	**490.0**

Liabilities and Equity							
DKK million	DK GAAP		Adjustment	DK GAAP adjusted		Effect of transition	IFRS 31 December 2018
Equity							
Share capital	0.2		-	0.2			0.2
Retained earnings	226.3		2.7	229.0	A	-9.9	219.1
Total equity attributable to shareholder of SteelSeries ApS	**226.5**		**2.7**	**229.2**		**-9.9**	**219.3**
Non-current liabilities							
Lease liabilities	-		-	-		1.4	1.4
Total non-current liabilities	**-**		**-**	**-**		**1.4**	**1.4**
Current liabilities							
Trade payables	168.8	J	-17.4	151.4		-	151.4
Corporation tax	9.7		-0.8	10.5		-	10.5
Lease liabilities	-			-	C	1.0	1.0
Provisions	-	L	2.7	2.7		-	2.7
Other payables	124.3	F	- 20.6	103.7		-	103.7
Total current liabilities	**302.8**		**-34.5**	**268.3**		**1.0**	**269.3**
Total Equity and liabilities	**529.3**		**-31.8**	**497.5**		**-7.5**	**490.0**

Transition to IFRS (continued)

Income statement

Income statement and other comprehensive income

DKK million	DK GAAP		Adjustment	DK GAAP adjusted		Effect of transition	IFRS 1 January 2018 - 31 December 2018
Revenue	983.8	**H**	-14.0	969.8			969.8
Cost of goods sold	-566.0	**I**	-3.5	-569.5			-569.5
Gross Profit	**417.8**		**-17.5**	**400.3**		**-**	**400.3**
Other external expenses	-214.6	**H**	30.6	-184.0	**C, D**	11.3	-172.7
Staff expenses	-88.2	**G**	-9.7	-97.9			-97.9
Operating profit before depreciation, amortization, impairments, and special items (Adj. EBITDA)	**115.0**		**3.4**	**118.4**		**11.3**	**129.7**
Special items, net	-			-	**D**	-10.3	-10.3
Operating profit before depreciation, amortization, and impairments (EBITDA)	**115.0**		**3.4**	**118.4**		**1.0**	**119.4**
Depreciations	-6.0			-6.0	**C**	-1.0	-7.0
Amortization and impairments	-18.4			-18.4		-	-18.4
Operating profit (EBIT)	**90.6**		**3.4**	**94.0**		**-**	**94.0**
Income from investments in subsidiaries	1.4			1.4	**A**	-1.4	-
Financial expenses	-3.9			-3.9	**C**	0.1	-3.8
Profit before tax	**88.1**		**3.4**	**91.5**		**-1.3**	**90.2**
Income tax	-10.8	**K**	-0.8	-11.6		-	-11.6
Net profit	**77.3**		**2.7**	**80.0**		**-1.3**	**78.7**

Transition to IFRS (continued)

Income statement other comprehensive income (continued)					
DKK million	DK GAAP	Adjustment	DK GAAP adjusted	Effect of transition	IFRS 1 January 2018 - 31 December 2018
Attributable to:					
Shareholder in SteelSeries ApS	77.3	3.4	80.7	-1.3	78.7
Items that may be reclassified to the income statement					
Foreign exchange adjustment of foreign entities	-		-	-	-
Items that may be reclassified to the income statement	-	-	-	-	-
Total comprehensive income	77.3	3.4	80.7	-1.3	78.7
Attributable to:					
Shareholder in SteelSeries ApS	77.3	-	80.7	-1.3	78.7

Transition to IFRS (continued)

Balance sheet 31 December 2019

Assets							
DKK million	DK GAAP		Adjustment	DK GAAP adjusted	Effect of transition		IFRS 31 December 2019
Non-current assets							
Development projects	30,4		-	30,4	-		30,4
Patents	2,4		-	2,4	-		2,4
Other fixtures and fitting, tools and equipment	11,8		-	11,8	-		11,8
Leasehold improvements	1,3		-	1,3	-		1,3
Rights-of-use assets	0,0		-	0,0	1,5	C	1,5
Other receivables			-	0,0	-		
Deposits	0,8		-	0,8	-		0,8
Investments	12,3		-	12,3	-11,1	B	1,2
Total non-current assets	**59,0**			**59,0**	**-9,6**		**49,4**
Current assets							
Inventories	362,1	J	-7,5	354,6	-		354,6
Trade receivables	267,5	F	-96,4	171,1	-		171,1
Other receivables	11,4		-8,3	3,1	-		3,1
Prepayments	4,6		8,1	12,7	-		12,7
Cash and cash equivalents	81,2		-	81,2	-		81,2
Total current assets	**726,8**		**-104,1**	622,7	**0**		**622,7**
Total assets	**785,8**		**-104,1**	681,7	**-9,6**		**672,1**

Transition to IFRS (continued)

Liabilities and Equity							
DKK million	DK GAAP		Adjustment	DK GAAP adjusted	Effect of transition		IFRS 31 December 2019
Equity							
Share capital	0,2		0,0	0,2	-		0,2
Reserves	0,0		0,0	0,0	-		0,0
Retained earnings	238,2		-0,5	237,7	-11,1	**B**	226,6
Total equity attributable to shareholder of SteelSeries ApS	**238,4**		**-0,5**	237,9	**-11,1**		**226,8**
Non-current liabilities							
Deferred tax	1,0		-	1,0			1,0
Lease liabilities	0,0		-	0,0	0,5	**C**	0,5
Other payables	0,0		-	0,0			
Total non-current liabilities	**1,0**		**0,0**	1,0	**0,5**		**1,5**
Current liabilities							
Borrowings	172,9		-	172,9	0,0		172,9
Trade payables	118,1	**J**	-13,0	105,1	0,0		105,1
Payables to group entreprises	117,1		-7,5	109,6	0,0		109,6
Lease liabilities	0,0		-	0,0	1,0	**C**	1,0
Provisions	3,0		-	3,0	0,0		3,0
Corporation tax	9,2			9,2	0,0		9,2
Other payables	126,1	**F**	-83,1	43,0	0,0		43,0
Total current liabilities	**546,4**		**-103,6**	442,8	**1,0**		**443,8**
Total Equity and liabilities	**785,8**		**-104,1**	681,7	**-9,6**		**672,1**

Transition to IFRS (continued)

Income statement

Income statement							
DKK million	DK GAAP		Adjustment	DK GAAP adjusted	Effect of transition		IFRS 1 January 2019 - 31 December 2019
Revenue	1.265,9	**E, H**	-21,7	1.244,2	0,0		1.244,2
Cost of goods sold	-714,2	**I**	-8,4	-722,6	0,0		-722,6
Gross Profit	551,7		-30,1	521,6	0,0		521,6
Other external expenses	-288,5	**E, H, I**	38,6	-249,9	6,9	**C,D**	-243,0
Staff expenses	-95,3	**G**	-12,0	-107,3	-		-107,3
Operating profit before depreciation, amortization, impairments and special items (Adj. EBITDA)	167,9		-3,5	164,4	6,9		171,3
Special items, net	0,0		-	0,0	-5,9	**D**	-5,9
Operating profit before depreciation, amortization and impairments (EBITDA)	167,9		-3,5	164,4	1,0		165,4
				0,0			
Depreciations	-8,3		-	-8,3	-0,9	**C**	-9,2
Amortization and impairments	-26,1		-	-26,1	-		-26,1
Operating profit (EBIT)	133,5		-3,5	130,0	0,1		130,1
				0,0			
Income from investments in subsidiaries	4,9			4,9	-1,5	**A**	3,4
Financial expenses	-16,6		-	-16,6	-0,1	**C**	-16,7
Profit before tax	121,8		-3,5	118,3	-1,5		116,8
				0,0			
Income tax	-10,1		0,8	-9,3	0,0		-9,3
Net profit	111,7		-2,7	109,0	-1,5		107,5
Attributable to:							
Shareholder in SteelSeries ApS	111,7		-2,7	109,0	-1,5		107,5
Items that may be reclassified to the income statement							
Foreign exchange adjustment of foreign entities	-			-	-		-
Items that may be reclassified to the income statement	-		-	-	-		-
Total comprehensive income	111,7		-2,7	109,0			107,5
Attributable to:							
Shareholder in SteelSeries ApS	111,7		-2,7	109,0			107,5

Transition to IFRS (continued)

Impact from the transition

A) Following the transition to IFRS accounting principles for Investments in subsidiaries has been changed from equity method to cost.

B) Following the transition to IFRS reserves related to equity value adjustment of investments and development projects has been released and recognized as a part of retained earnings.

C) Leases are under DK GAAP expenses under other external expenses but are under IFRS 16 recognized with a right-of-use assets and liabilities in the balance sheet and in the income statement other external expenses are reversed and depreciation of the right of use asses and interest on the lease liabilities are recognized instead.

Reclassifications

Apart from changes in accounting policies, the following reclassifications, and changes in format, including restatement of comparative figures for 2018/19, have been made:

Income statement

D) One-off items are considered special items, which are reclassified to a separate line between Operating profit before special items and EBIT.

Balance sheet

Assets are presented as either non-current or current assets compared to fixed assets and current assets previously.

Deferred tax is classified as non-current assets or non-current liabilities. Previously. deferred tax was classified as current assets.

Transition to IFRS (continued)

Other adjustments

E) Prior year the Company has recognized certain discounts under other external expenses. The comparative figures for 2018 and 2019 have been adjusted. The correction has resulted in a reduction of revenue of DKK 16.5 million in 2018 and correspondingly a reduction in other external expenses of DKK 16.5 million in 2018. In 2019 the correction resulted in a reduction of revenue of DKK 21.7 million and correspondingly a reduction in other external expenses of DKK 21.7 million.

F) Rebates and discounts that will be off set against trade receivables have been reclassified from other payables to trade receivables. And provision for the same are included as provision, and not as other payables.

G) Presentation of health insurance for employees located in USA. Previously recognized in other external expenses.

H) In 2018 the company had overstated some provision related to marketing DKK 1 million and sales rebates DKK 2.5 million, which had been released in 2019. These has been adjusted in 2018 and 2019, accordingly with no net effect on equity at the end of 2019.

I) In 2019 the company had recognized some cost of sales in other external cost.

J) In 2019 the company had goods in transit for 7.5 million posted as inventories. The amount has been offset in trade payables. In 2018 the company had goods in transit for 17.4 million, recognized as inventory. The amount has been offset in trade payables.

K) Tax effect of the changes in the income statement. The effect is calculated at 22%.

L) In prior years provisions was shown as other payables. This has been reclassified to a separate line in the balance sheet.

Accounting Policies

General accounting policy

SteelSeries ApS is incorporated and domiciled in Denmark. The registered office is located in Copenhagen. The financial statements of SteelSeries ApS and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements according to the Danish Financial Statements Act applying to large enterprises of reporting class C. The financial statements are prepared based on the standards and interpretations that are effective on 31 December 2020. There have been no impact of the implementation of the standards and interpretations.

The financial statements are presented in Danish kroner (DKK), which is the presentation currency. The accounting policies for the Parent Company are the same as for the Group, cf. note 11 in the consolidated financial statements.

For the period 1 January 2019 - 31 December 2019, and 1 January 2018 – 31 December 2018, SteelSeries ApS prepared its financial statements in accordance with the Danish Financial Statements Act. The financial statements for the year ending 31 December 2020 are the first financial statements which SteelSeries ApS has prepared the financial statements in accordance with IFRS as adopted by the EU. Refer to section 'Transition to IFRS' for information on how SteelSeries ApS parent has adopted IFRS.

Investments in subsidiaries:

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write down is made to this lower value.

Income from investment in subsidiary

Dividend from subsidiaries is recognized as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary

Accounting estimates and judgments

Indications of impairment of investments in subsidiaries are assessed annually by management. Impairment tests are conducted in the same way as for goodwill in the Group. cf. section 6.2 in the consolidated financial statements. It is management's assessment that no indications of impairment existed at year-end 2020. Impairment tests have therefore not been carried out for subsidiaries.

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Oluf Riddersholm
Executive Board
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: PID:9208-2002-2-131618527442
IP: 82.192.xxx.xxx
2021-06-25 13:34:33Z
NEM ID

Ehtisham Mian Rabbani
Executive Board
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: CVR:25923170-RID:38422382
IP: 82.192.xxx.xxx
2021-06-25 13:48:38Z
NEM ID

Pernille Fabricius
Board of Directors
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: PID:9208-2002-2-283265515405
IP: 217.16.xxx.xxx
2021-06-25 15:17:27Z
NEM ID

Jacob Wolff-Petersen
Board of Directors
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: PID:9208-2002-2-540988380719
IP: 90.118.xxx.xxx
2021-06-25 15:31:22Z
NEM ID

Lars Cordt
Deputy Chairman
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: PID:9208-2002-2-184567700061
IP: 77.241.xxx.xxx
2021-06-25 19:12:51Z
NEM ID

Mark Carges
Board of Directors
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: CVR:25923170-RID:99259651
IP: 69.130.xxx.xxx
2021-06-26 05:20:12Z
NEM ID

John Schappert
Chairman
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: CVR:25923170-RID:63156912
IP: 76.110.xxx.xxx
2021-06-26 13:06:33Z
NEM ID

Christian Bamberger Bro
Board of Directors
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: PID:9208-2002-2-534024407204
IP: 93.163.xxx.xxx
2021-06-28 09:23:53Z
NEM ID

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Mikkel Sthyr
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: PID:9208-2002-2-050812743782
IP: 194.219.xxx.xxx
2021-06-28 12:36:52Z
NEM ID

Ole Becker
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:65669285
IP: 185.109.xxx.xxx
2021-06-28 13:54:18Z
NEM ID

Lars Pries Stoltze
Chairman of the General Meeting
On behalf of: SteelSeries ApS, SteelSeries Holding Ap...
Serial number: PID:9208-2002-2-735356783575
IP: 87.49.xxx.xxx
2021-06-28 14:15:31Z
NEM ID

Penneo document key: UYKG8-2WK4Q-J1US2-3KV1I-IPWWS-3W2MJ