

GN Store Nord to acquire SteelSeries – a global pioneer in premium software-enabled gaming gear

- GN – a global leader in intelligent hearing, audio and video systems – has signed an agreement to acquire SteelSeries – a global innovation driven pioneer in premium software-enabled gaming gear. GN is acquiring SteelSeries from the Nordic private equity company Axcel
- Following the expected acquisition, GN gains a very strong position in the attractive upscale gaming gear market and expands its position in the premium audio market
- SteelSeries will be a new growth engine to GN operating with its own identity, brand and execution strength while benefitting from the industry leading capabilities and track record of GN Audio to drive continuous growth and value creation
- The total purchase price (enterprise value) for SteelSeries amounts to DKK 8.0 billion
- Closing of the transaction is subject to customary regulatory approvals and is anticipated by the beginning of 2022

SteelSeries, with its attractive growth profile and margin structure, presents an attractive new growth opportunity for GN. The acquisition of SteelSeries will bring complementary engineering competencies, commercial capabilities, differentiated brands, a large customer base and an innovative high-growth product offering, adding further technical expertise and IP to GN. SteelSeries will benefit from GN's commercial and operational excellence, and financial strength, allowing SteelSeries to continue its strong growth trajectory and take share in the fast-growing market for premium software-enabled gaming gear.

René Svendsen-Tune, CEO of GN Audio, says: *“We have for some time searched for the right way for GN to enter the very interesting gaming market, being keenly interested in the “high-end” segment. SteelSeries delivers on this aspiration of ours and we see a perfect match in terms of technology and commercial capabilities, premium brand positioning, and growth ambitions. SteelSeries brings a highly relevant and competitive portfolio and strong engineering competencies. Combining our forces will benefit both organizations as we enter a future where demand for our portfolios of products will continue to be strong.”*

Ehtisham Rabbani, CEO of SteelSeries, says: *“SteelSeries is a premium gaming gear brand with a single-minded focus on helping gamers achieve glory. We are thrilled to become part of GN. The fit is perfect as we both share a relentless drive for creating cutting-edge technology to delight our customers. We see great upside in leveraging each organization's unique strengths to build an even more formidable, unified company.”*

SteelSeries – a global pioneer in premium software-enabled gaming gear

Originally founded in Denmark in 2001, SteelSeries is an innovative pioneer in the premium gaming gear market and is favored among the world's e-sports gamers for its superior quality, inventive functionality and Scandinavian design heritage. SteelSeries is particularly known for its premium gaming headsets, keyboards and mice that are software-enabled and system-integrated, which significantly enhance the user experience and reinforce customer loyalty.



The gaming gear market has experienced significant growth over the past few years and is expected to continue to grow in the mid-term at around 7-8% per year. SteelSeries has successfully executed on its strategy in the premium end of this high-growth market and has taken significant market share during the past few years based on its strong, innovative product offering and relentless commercial execution. In addition, SteelSeries acquired France-based A-Volute and U.S.-based KontrolFreek during 2020, adding additional software engineering capabilities and enhancing its position in the console gear market.

SteelSeries has ~350 employees (of which 80 are software engineers) and has offices in Denmark, France, the U.S., China and Taiwan. In 2020, SteelSeries delivered pro forma revenue of DKK 2,175 million and an adj. EBITA margin of 13.3%. In H1 2021, SteelSeries delivered revenue of DKK 1,296 million and an adj. EBITA margin of 14.0%, which is an improvement compared to H1 2020, making the company comfortably on track to deliver strong growth in revenue and EBITA in 2021 on top of the historical strong performance in 2020.

Compelling strategic rationale

The core technology competencies of GN and SteelSeries complement and align very well, to drive continuous growth and value creation. SteelSeries has an outstanding track record of innovation combined with robust design capabilities and a strongly recognized premium gaming brand. GN's technology leadership is within in-ear acoustics, medical grade hearing aids, and connectivity as well as enterprise audio & video collaboration.

Based on GN's successful track-record of integrating acquired assets and a thorough due diligence analysis of SteelSeries, it is anticipated that the combination will produce significant scaling opportunities and revenue synergies when combining SteelSeries with GN's extensive global distribution footprint. Consequently, annual run-rate operational synergies of around DKK 150 million by 2022 are expected. Transaction-related costs including integration costs, insurance costs, fees, consultant costs, etc. are expected to be around DKK 150 million in 2021. Transaction-related costs for 2022 and beyond will be disclosed in connection with closing of the transaction. The financial guidance for 2021 excluding transaction related costs is confirmed.

Key transaction highlights

The transaction represents an enterprise value on a cash and debt free basis of DKK 8.0 billion. The acquisition will be structured as 100% cash payment financed through our existing cash balance and a bridge-loan, which is expected to be replaced with other debt instruments at a later point in time.

As a result of this announcement, GN Store Nord's current share buyback program, where shares worth DKK 1,052 million have been repurchased since early May 2021, (see announcement 14 from May 6, 2021) is paused with immediate effect. GN Store Nord's long-term leverage target of 1-2x NIBD/EBITDA is confirmed. Following closing of the transaction, GN Store Nord will focus on de-leveraging in order to be within its capital structure policy again within a couple of years.

Closing of the transaction is subject to customary regulatory approvals and is anticipated by the beginning of 2022. Moelis & Company LLC and Nordea are serving as Lead Financial Advisors to



GN Store Nords. Credit Suisse and BNP Paribas are serving as Financial Advisors to GN Store Nord and Accura and Allen & Overy LLP, London are serving as main Legal advisors to GN Store Nord on the transaction.

Investor and analyst conference call

GN Store Nord will host a conference call for investors and analysts, today, October 6, 2021, at 11.30 AM CEST to discuss this announcement.

Link to online teleconference:

<https://live.axion.dk/gn/211006/qE9ib76.html>

Dial in details for investors and analysts wanting to ask questions:

Denmark: +45 35445577

UK: +44 3333000804

Germany: +49 6913803430

Access code: 41364372#

For further information, please contact:

Investors and analysts

Henriette Wennicke

Vice President – Investor Relations & Treasury

Tel: +45 45 75 03 33

or

Rune Sandager

Director – Investor Relations & Treasury

Tel: +45 45 75 92 57

Press and the media

Lars Otto Andersen-Lange

Head of Media Relations & Corporate Public Affairs

Tel: +45 45 75 02 55

About GN Group

The GN Group enables people to Hear More, Do More and Be More through its intelligent hearing, audio and video collaboration solutions. Inspired by people and driven by our innovation leadership, we leverage technological synergies to deliver unique and increasingly individualized user experiences in our products and solutions.

150 years ago, GN was founded with a truly innovative and global mindset. Today, we honor that legacy with world-leading expertise in the human ear, sound and video processing, wireless technology, miniaturization and collaborations with leading technology partners. GN's solutions are marketed by the brands ReSound, Beltone, Interton, Jabra, BlueParrott and FalCom in 100 countries. Founded in 1869, the GN Group employs 6,500 people and is listed on Nasdaq Copenhagen (GN.CO).

Visit our homepage GN.com - and connect with us on [LinkedIn](#), [Facebook](#) and [Twitter](#).