

# Strong demand and improved margins in a quarter marked by supply challenges

**In a quarter marked by continued supply chain issues, net sales for Zound Industries amounted to 256.2 MSEK, in line with the same period last year (257.7). There is high demand for Zound's brands and products across all channels and key markets.**

The first quarter of 2021 has been highly characterized by the on-going challenges in the supply chain, which have been evident across the industry since the outbreak of the global pandemic back in 2020. The shortages of critical components are limiting the production output and, in turn, Zound's ability to meet consumer demand.

“Supply shortages will continue to be a challenge throughout the year. We are working tirelessly in finding ways around these issues and collaborating with our partners to source key components”, said Jeremy de Maillard, CEO, Zound Industries.

The ability to meet demand would have resulted in strong revenue growth compared to 2020. However, this demand surplus is driving significant gross margin improvement for the company this quarter compared to the same period last year. A lower need for sales promotions, favourable currency rates, and a good product mix – with best sellers such as the Marshall speakers Emberton and Stanmore II as well as the Major IV headphones – are having a positive impact on profitability compared to the same quarter last year.

On March 18<sup>th</sup> Zound launched the first true wireless headphones for Marshall, the Mode II, a product that has been very well received by consumers and the media alike. The launch was accompanied by the brand campaign “Never Stop Listening” featuring Iggy Pop as the headliner.

“While the supply chain issues will continue to be a challenge for Zound, our partners and the industry as a whole, we have an exciting product line-up for 2021. Consumer demand is strong and we're focusing on improving our production output for the rest of the year. We have a clear ambition and strategy for the next five years and a talented team ready to bring it to life”, said Jeremy de Maillard.

## For more information, please contact

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**About Zound Industries International AB**

Zound Industries designs and develops speakers and headphones under the brand names adidas, Marshall and Urbanears. With a strong focus on innovative technology and user-centered design, Zound has launched a wide range of iconic, award-winning products. Zound is a global company with offices in Stockholm, New York, London, Paris, Shenzhen and Hong Kong.