

Fractal Gaming Group Interim Report January-June 2021

Second quarter 2021

- Net sales amounted to SEK 103.7 million (188.7).
- Product profit amounted to SEK 33.8 million (82.8), corresponding to a product margin of 32.6% (43.9).
- Adjusted EBITDA amounted to SEK 2.0 million (57.3), corresponding to an adjusted EBITDA margin of 1.9% (30.3).
- Adjusted EBIT amounted to SEK -1.3 million (54.9), corresponding to an EBIT margin of -1.2% (29.1).
- Items affecting comparability were SEK 0 million (5.0).
- Operating cash flow amounted to SEK 0.9 million (34.5).
- Interest-bearing net debt was SEK 94.5 million (-1.7).
- Earnings per share amounted to SEK 0.0 (1.2)

Jan-june 2021

- Net sales amounted to SEK 272.8 million (339.1).
- Product profit amounted to SEK 92.6 million (140.1), corresponding to a product margin of 33.9% (41.3).
- Adjusted EBITDA amounted to SEK 33.7 million (89.7), corresponding to an adjusted EBITDA margin of 12.3% (26.5).
- Adjusted EBIT amounted to SEK 27.4 million (85.0), corresponding to an EBIT margin of 10.1% (25.1).
- Items affecting comparability were SEK 21.1 million (5.0).
- Operating cash flow amounted to SEK -37.2 million (31.2).
- Interest-bearing net debt was SEK 94.5 million (-1.7).
- Earnings per share amounted to SEK 0.1 (1.9)

Hannes Wallin, CEO and Founder of Fractal comments:

"The lower net sales in the quarter is primarily due to the tougher comparative figures, with growth in the second quarter of 2020 exceeding 100%, but also impacted by factors related to the shortage of graphic cards and delayed shipments due to outbreak of COVID-19 in southern China.

In July and August, market demand was much weaker than anticipated, affected by the continued shortage of graphic cards that is impacting the whole market for enthusiast computers. The shortage is expected to continue to impact Fractal's sales and earnings during the second half of 2021 while product margins are affected in the short-term by exceptionally high freight prices.

Our previous view of the full-year 2021 was for lower or zero growth compared with 2020 given that the base from 2020 was so high, with growth of 58%. In view of the weaker start to the third quarter, we estimate that net sales for the full-year 2021 will decrease by 15–20% organically. Profitability during the second half of 2021 is expected to be weak since most of our operational costs are fixed costs in the short term in combination with a temporarily weakened product margin".

Our development is currently impeded by a number of external factors in the wake of the pandemic, which is also the case for the industry as a whole. Despite these challenges, we see that we are increasing our market shares in key markets such as US, Germany and the UK. We are highly confident in the medium to long term that we can create healthy profitable growth based on our strong global market position, our growth enhancing activities and the record interest in high-performance gaming. During the second half of the year, we will launch a number of new products that we look forward to presenting to our customers around the world".

Telephone and web conference

A telephone and web conference will be held for investors, analysts and media at 09.00 (CET). CEO, Hannes Wallin and CFO, Karin Ingemarsson will present and comment on the report and the presentation will be followed by a question and answer session.

To attend the telephone or web conference:

SE: +46850558374

UK: +443333009032

US: +16467224957

Link to web conference:

<https://tv.streamfabriken.com/fractal-gaming-group-q2-2021>

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This information is information that Fractal Gaming Group is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 7:00 a.m. CEST on August 20, 2021.

Certified Advisor

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Additional information

The full Q2 2021 interim report is available at <https://group.fractal-design.com/investors/financial-reports/interim-annual-reports/>

About Fractal

Fractal is a leading company in the premium segment of PC gaming products. The Group was founded in 2010 and our products are currently sold in more than 50 markets worldwide. Fractal is the market leader in premium PC cases in several geographic markets, for example in the Nordic region, is top two in Japan, and holds a top-three position globally. The Company also has a strong market position within power supply units, cooling products and fans for gaming computers.