



17 NOVEMBER 2022

Q3 2022 Report

Hannes Wallin, CEO / Karin Ingemarson, CFO

Q3 Highlights

Sales increased by 54% in SEK YoY to 131.0 SEKm (85.1) and increased by 26% in USD.

Salesout revenue increased by 7% YoY.

EBITDA increased to 12,5 SEKm (-3 SEKm).

Despite a challenging macro environment, we are now seeing an increase in demand for high-performance PC-gaming cases. Prices of graphic cards have normalized and paired with new graphics card series launches from Nvidia and AMD during H2 2022, driving increased consumer demand. Pent up demand to upgrade.

Product margin significantly higher, driven by positive currency effects, lower tariffs and lower shipping costs.




Market Development & Demand

Continued strong interest for gaming and user base is expected to grow coming years.

The gaming industry has shown to be more recession resilient in the past and we believe it's likely that gaming will continue to be strong in coming years, despite macro-economical headwinds. However, a lower consumer confidence will surely have some downward effect.

New graphic cards and CPUs launched in Q3 and Q4 is expected to increase upgrade demand for our audiences.

Sources: CNBC, The Verge, ARSTechnica, HBS, Business of Apps, Newzoo



**3.2 billion
gamers**
worldwide by end of 2022

HARDWARE RELEASE

**Nvidia GeForce
40-series is launched**

PC GAMING - GROWTH 2022

+1.6% \$196 billions

SOURCE: NEWZOO

IMAGE: NVIDIA





CASE
**Define 7
Mini & Nano**



CASE
Focus 2



CASE
**Meshify 2
Mini & Nano**



CASE
**Meshify 2 Compact
Lite and RGB**

Net sales and Sales out

Net sales increased by 54% to 131 SEKm (85), with an organic growth of 26%. YTD sales declined by 4% and 18% organically.

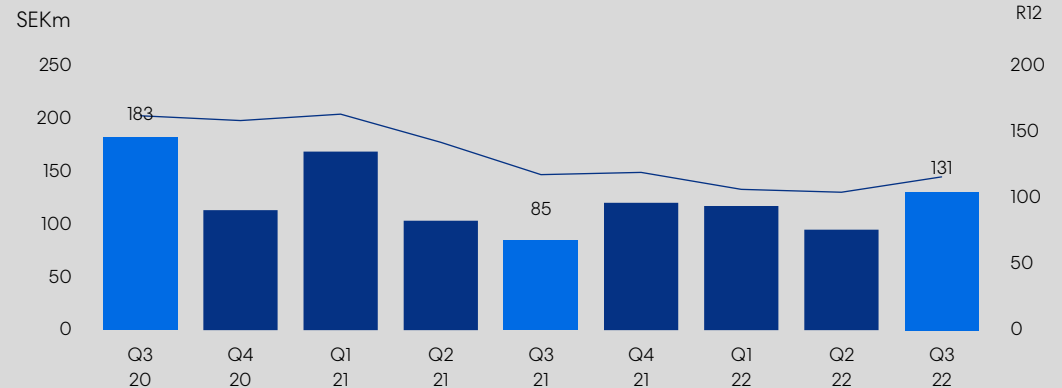
Increased demand and healthy stock levels at the sales channels gave strong growth in Q3. However, continued challenging makro environment and weak consumer confidence.

The availability and prices of graphics cards have improved.

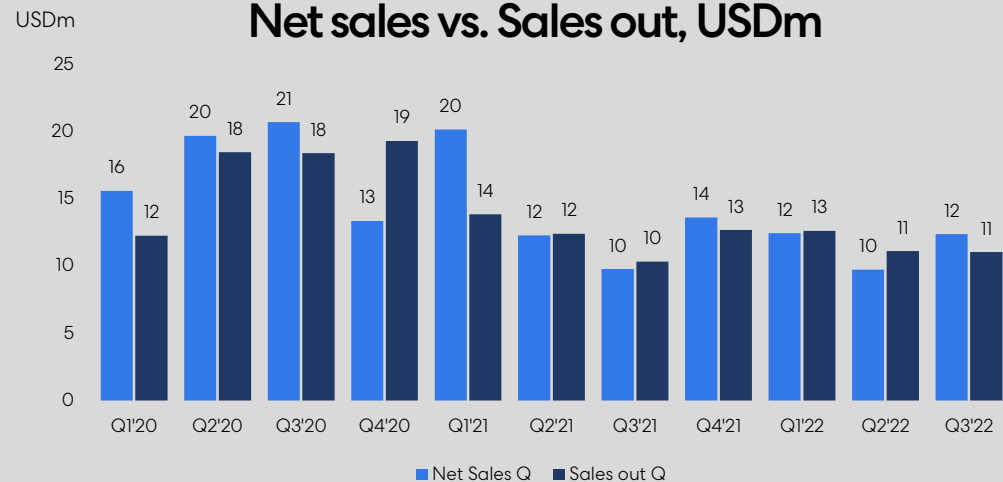
New cases series Torrent and Pop contributed to increased sales.

Sales out increased by 7% organically.

Net sales, SEKm



Net sales vs. Sales out, USDm



Segment development

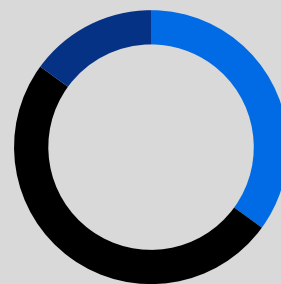
Sales in EU was 50% of total net sales, followed by Americas with 35% and APAC & Other with 15%.

Sales of Cases increased by 63% in total with an increase of 100% in EU, 56% in APAC & Other and 38% in Americas.

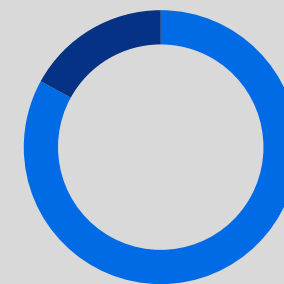
Sales of Other products increased by 21%, with an increase of 65% in EU. However, a decrease of 45% in Americas and a decrease of 14% in APAC & Other.

Net sales by geography and segment (MSEK)

SEKm	Business Segment					
	Cases		Other		Total	
	Q3 2022	2021	Q3 2022	2021	Q3 2022	2021
Geographic market						
Americas	43	31	3	5	46	36
EU	48	24	17	10	65	34
APAC & Other	17	11	3	4	20	15
Total net sales	108	66	23	19	131	85



■ Americas 35% ■ EU 50% ■ APAC & Other 15%



■ Cases 83% ■ Other 17%

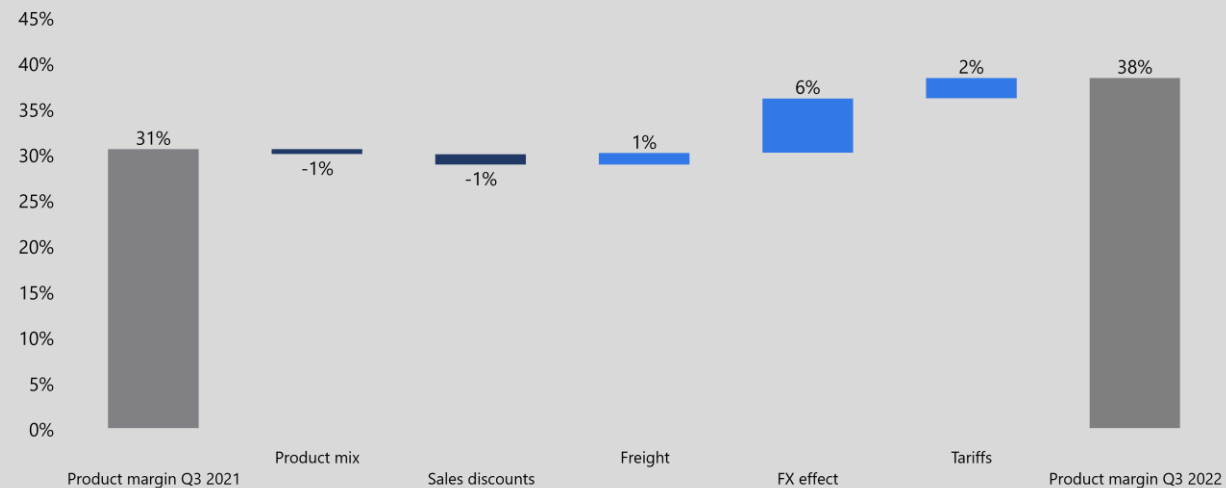
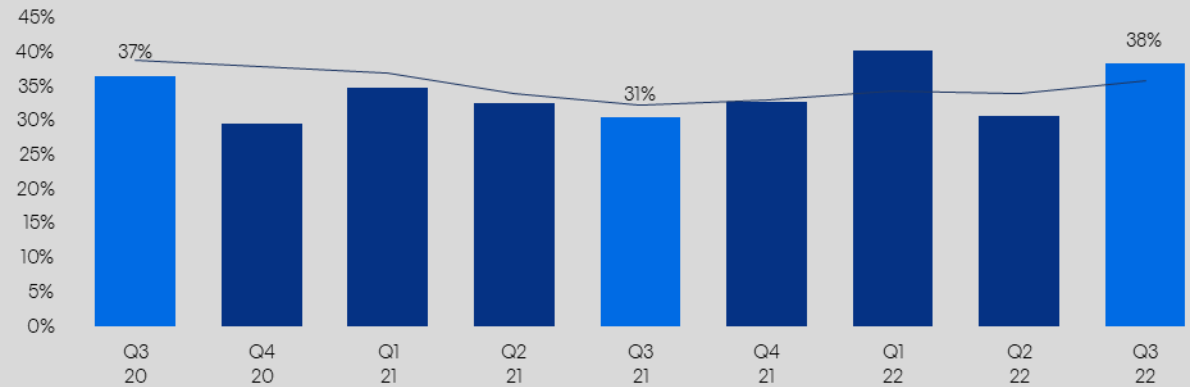
Product margin

The product margin increased to 38% (31) in Q3. YTD, the product margin increased to 37% (33).

Quartely changes

- Positive currency effect increased the margin by approx. 6 percentage points.
- US tariff exemption increased the margin by approx. 2 percentage points.
- Lower freight cost to the US increased the margin by approx. 1 percentage point.
- Product mix decreased the margin by approx. 1 percentage point.
- Sales discounts affected the margin negatively by approx. 1 percentage point.

Product margin (%)



Earnings

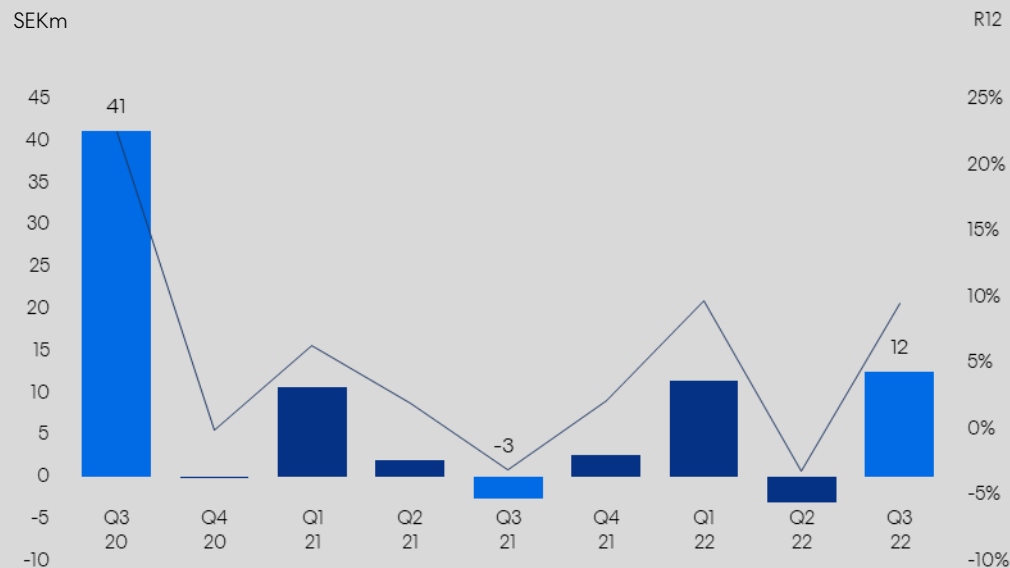
EBITDA was 12 SEKm (-3) and the EBITDA- margin was 10% (-3).

YTD EBITDA was 21 SEKm (10) and the EBITDA-margin was 6% (3).

Items affecting comparability of 21 SEKm booked in Q1 2021 related to the IPO.

The increase in EBITDA was mainly due to higher sales volumes and higher product margin.

EBITDA (SEKm) and EBITDA-margin (%)



Cash flow

SEKm	Q3		Jan—Sep		Oct/Sep	Full year
	2022	2021	2022	2021	21/22	2021
EBITDA	12,5	-2,7	20,8	9,9	23,3	12,4
Change in NWC	5,9	-0,0	16,4	-38,2	1,2	-47,5
Net tangible and intangible expenditure	-6,2	-9,5	-25,8	-21,2	-30,3	-25,7
Operating cash flow	12,2	-12,2	11,4	-49,4	-5,9	-60,8

Operating cash flow was positively impacted by higher EBITDA.

The change in NWC was mainly related to lower inventory (25 SEKm) and increased account receivables (22 SEKm).

Cash flow from investing activities amounted to 6 SEKm (10) and was related to development of new products.

The overdraft facility amounted to 124 SEKm (116) and was mainly related to purchases of products in stock. During Q3 Fractal signed an additional agreement with the bank and increased the overdraft facility by 20 SEKm, to increase flexibility, in conjunction with product purchases and launches of new products.

1. Net sales in Q3 increased by 54%, mainly due to improved availability and lower prices on graphics cards as well as healthy stock levels at the sales channels. However, continued weak consumer confidence, particularly in Europe.
2. Positive currency effects, as well as tariff exemption, lower freight cost to the US improved the product margin.
3. Other external costs are higher than last year, mainly due to higher warehouse cost and rework cost.
4. Increased personnel cost due to higher variable salaries vs. Q3 2021.
5. Financial net mainly related to interest expenses and FX translation effect.

Income statement

SEKm	Q3		jan—sep		okt-sep	Helår
	2022	2021	2022	2021	21/22	2021
1 Nettoomsättning	131,0	85,1	343,9	357,9	464,6	478,6
Aktiverat arbete för egen räkning	2,0	1,7	7,4	7,3	9,0	8,9
Övriga rörelseintäkter	0,0	0,0	1,1	0,0	1,2	0,1
Summa rörelsens intäkter	133,0	86,8	352,4	365,2	474,8	487,6
Rörelsens kostnader						
2 Handelsvaror	-80,8	-59,1	-217,1	-239,3	-298,2	-320,4
3 Övriga externa kostnader	-22,9	-17,3	-64,7	-74,5	-87,0	-96,8
4 Personalkostnader	-16,9	-13,1	-49,8	-41,5	-66,2	-57,9
Avskrivningar och nedskrivningar av materiella och immateriella anläggningstillgångar	-5,0	-3,4	-13,5	-9,7	-17,6	-13,8
Övriga rörelsekostnader	-	-	-	-	-	-
Summa rörelsens kostnader	-125,6	-92,9	-345,2	-364,9	-469,1	-489,0
Rörelseresultat	7,5	-6,1	7,2	0,2	5,7	-1,4
5 Övriga ränteintäkter och liknande resultatposter	2,8	-	7,3	-	7,3	-
Räntekostnader och liknande resultatposter	-2,3	-0,8	-4,9	-3,2	-6,5	-4,7
Resultat efter finansiella poster	8,0	-7,0	9,7	-2,9	6,5	-6,1
Skatt på periodens resultat	-1,1	-0,3	-2,2	-1,2	-3,3	-2,3
Uppskjuten skatt	-0,5	1,7	0,2	1,7	1,8	4,0
Periodens resultat	6,3	-5,5	7,6	-2,5	5,7	-4,4

Summary and outlook

Strong net sales growth in the quarter driven by increased salesout (7%), lower prices of graphics cards and new hardware releases as well as channel stock dynamics.

We are releasing many new products in Q3 and Q4 which will further stimulate our growth this and coming years.

Significantly improved product margin in the quarter.

We are satisfied to have returned to growth but are humble for the macro-economical challenges leading to lower consumer confidence.



Q&A

