



15 AUGUST 2024

Q2 2024 Report



Q2 Highlights

Short-term headwinds but strong long-term outlook.

Net sales was 143.7 SEKm (245.3), a decrease of -41.4%, -42.4% organically.

High comparative figures in Q2 2023 with growth of 157%. Higher freight costs due to the Red Sea situation, some restraint in purchasing by our retailers.

Sales out revenue decreased by 11.9%, weaker consumer purchasing power, impacted by high inflation and higher interest rates. Fractal is gaining market shares in key markets.

EBITDA was 7 SEKm (48), with an EBITDA margin of 4.8% (19.5). The lower result is mainly due to the decrease in net sales and increased costs related to our extensive product launch program.

Product margin increased to 41.4% compared to 40.2% last year. Net cash position of 21 SEKm (-13) at end of quarter.

Expansion to new product categories - our biggest launch ever and the beginning of a shift in Fractal's global brand and market position. The reception has been overwhelming.



Launches in Q2: New Categories & Cases

Fractal's Computex 2024 launch event in Taipei was the company's largest and most successful product launch campaign to date, highlighting our expansion into new product categories and our dedication to enhancing the gaming experience worldwide.

- **Fractal introduced four new products:** the Mood and Era 2 case series, the Refine chair, and the Scape gaming headset,
- **The event drew overwhelming positive feedback** from key industry players, including tech and gaming media, experts, and professional streamers.
- **Major media coverage from outlets** like The Verge and Forbes significantly increased Fractal's brand visibility, with our products receiving top honors as "Best of Computex"-



Market Development & Demand

The PC gaming industry in 2024 is experiencing a transitional phase, with weaker demand and delayed launches of key components, pushing market recovery to 2025.

- The overall PC market is showing signs of recovery, with a 3% growth in Q2 2024.
- The delay of Nvidia's RTX 50 series to 2025 is expected to temporarily dampen interest in gaming PC upgrades.
- The PC gaming platform continues to outperform others, with an 8.4% revenue increase in 2023.
- Long-term growth prospects for the games industry remain positive, with revenues expected to reach \$304 billion by 2028.

Sources: DC, Canalys, SNS, Techspot, NewZoo.



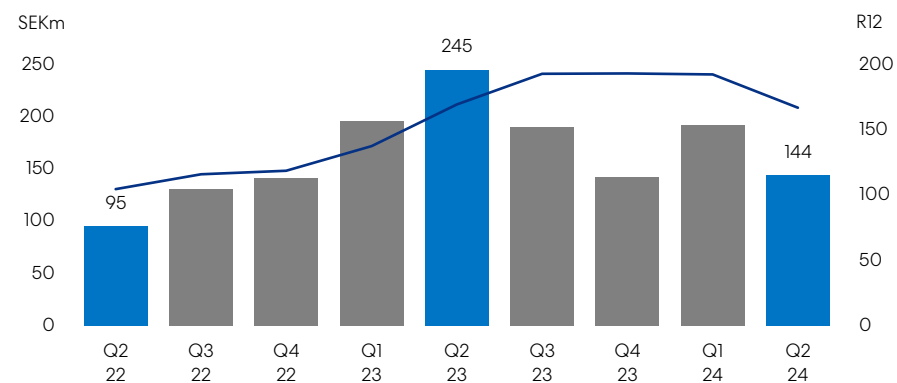
Net sales

Q2 Net sales amounted to 144 SEKm (245), a decrease of 41% YoY. The organic net sales was 13 USDm (23), a decrease of 42%.

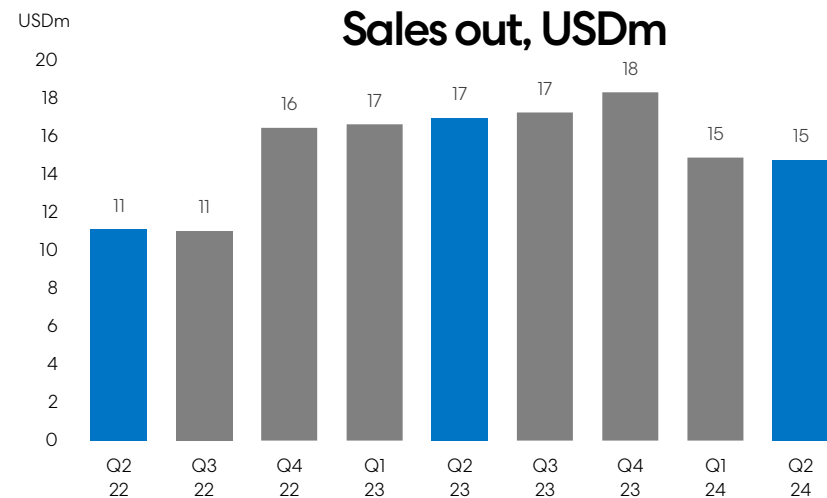
- Strong comparative numbers with 157% organic growth in Q2 last year.
- Red Sea conflict led to longer delivery times as well as a certain restraint with purchases at retailers due to increased freight prices.
- Weaker consumer sentiment and postponed graphics cards launches delayed the expected upgrade cycle.
- Fractal's business is seasonal, characterized by higher sales during the second half of the year and Q2 typically being the lowest.

Q2 Sales out, for tracked partners, amounted to 15 USDm, which is a decline of 12% YoY.

Net sales, SEKm



Sales out, USDm



Segment development

Sales of cases accounted for 89% of total sales, which was 3 percentage points lower compared to the previous year.

Total Net sales of cases in Q2 amounted to 128 SEKm (227), a decrease by 44%.

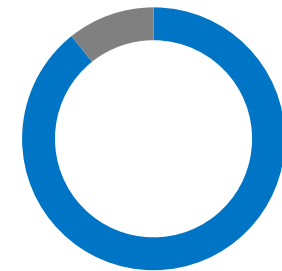
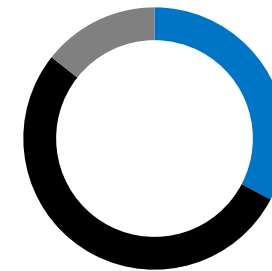
The strongest region was EMEA with net sales of 76 SEKm (153), a decrease of approx. 50%. Sales of Other products was in line with last year. EMEA's share of total sales was 53% (62), which was 9 percentage points lower compared to last year.

Americas net sales amounted to 46 SEKm (58), a decrease of 21% which was mainly related to sales of cases. Americas share of total sales was 33% (25).

Net sales in APAC was 16 SEKm (26), and APAC's share of total sales was 14% (13).

Net sales by geography and segment (SEKm)

SEKm	Business Segment					
	Cases Q2		Other Q2		Total Q2	
	2024	2023	2024	2023	2024	2023
Geographic market						
EMEA	66	142	10	10	76	153
Americas	46	58	1	2	47	60
APAC	16	26	4	6	21	32
Total net sales	128	227	15	19	144	245



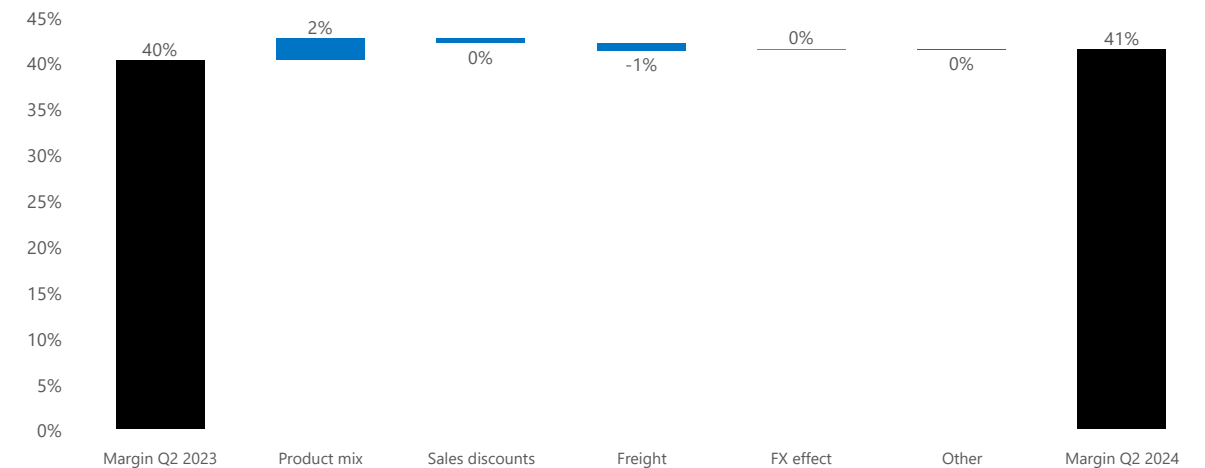
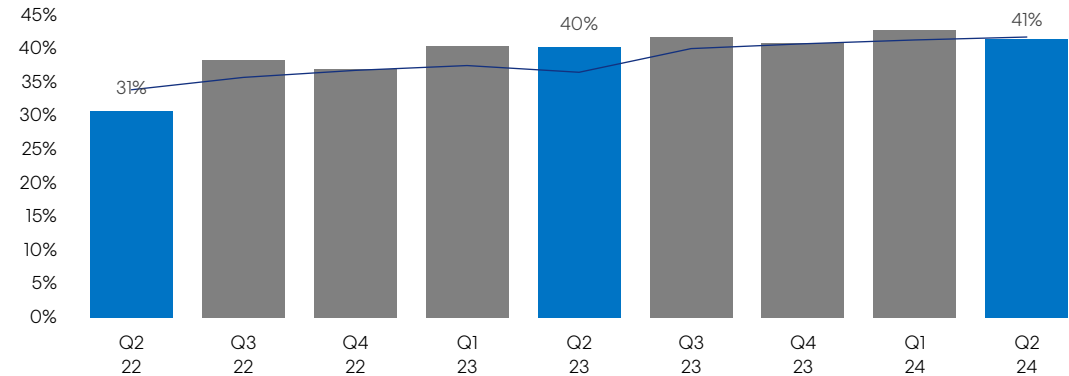
■ Americas 33% ■ EMEA 53% ■ APAC 14% ■ Chassin 89% ■ Övrigt 11%

Product margin

The product result amounted to 60 SEKm (99) and the product margin was 41.4% (40.2), an increase of 1.2 percentage points YoY.

- **Product mix** positively affected the product margin by approximately 2 percentage points and the main driver was lower purchase prices on high runners.
- **Higher shipping costs** negatively affected the product margin by approximately 1 percentage point.

Product margin (%)



Earnings and Cash flow

EBITDA in Q2 was 7 SEKm (48) and the EBITDA-margin was 4.8% (19.5).

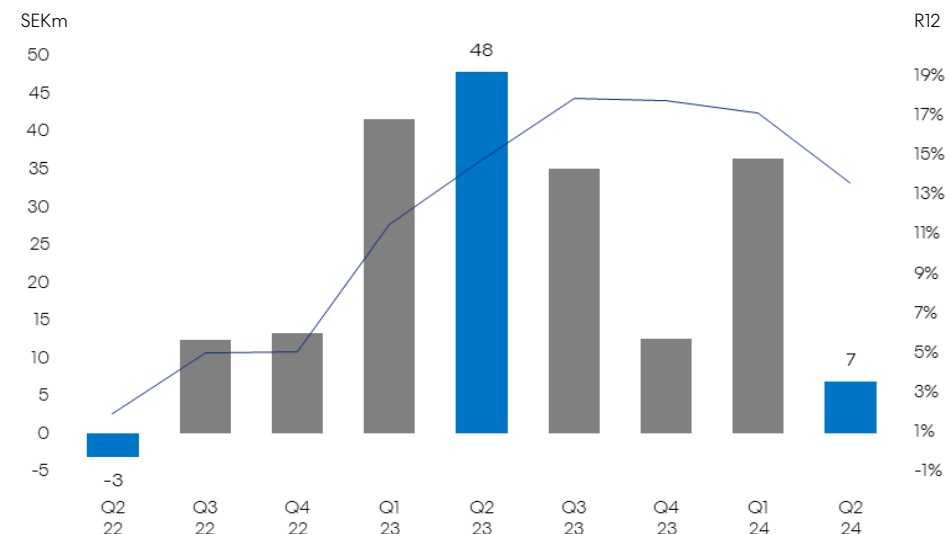
Q2 operating cash flow was 9 SEKm (64), with 128% cash conversion (134%). Cash flow from investing activities amounted to 5 SEKm (3) and was related to development of new products.

Net cash position strengthened to 22 SEKm compared to net debt of 13 SEKm last year.

The utilization of the bank overdraft facility was 1 SEKm (0).

Q2 Cash Conversion Cycle was 38 days in average, which is an improvement by 10 days YoY.

EBITDA (SEKm) and EBITDA-margin R12 (%)



SEKm	Q2		jan—jun		jul—jun	Helår
	2024	2023	2024	2023	23/24	2023
EBITDA	7	48	43	89	91	137
Change in NWC	7	20	-7	47	-30	23
Net tangible and intangible expenditure	-5	-3	-10	-13	-25	-29
Operating cash flow	9	64	27	123	36	132
<i>Cash conversion %</i>	<i>128%</i>	<i>134%</i>	<i>63%</i>	<i>137%</i>	<i>39%</i>	<i>96%</i>

Income statement

Net sales in Q2 amounted to 144 SEKm a decrease of 41%.

Goods for resale in % of sales was positively affected by favorable product mix.

Other external expenses was in line YoY, including costs associated to our extensive product launch program.

Personnel expenses increased due to new hirings 2024 and full year effect from last year's hirings.

Finance net was lower due to a negative FX effect.

SEKm	Q2		Jan—Jun		Jul—Jun	Full year
	2024	2023	2024	2023	23/24	2023
Net sales	143,7	245,3	336,1	440,8	668,6	773,3
Capitalized development expenditure	3,0	2,2	6,2	4,0	11,0	8,7
Other operating income	0,6	0,2	0,6	0,2	0,6	0,2
Total revenue	147,3	247,6	343,0	444,9	680,2	782,2
Operating expenses						
Goods for resale	-84,6	-148,0	-194,6	-263,0	-389,6	-458,0
Other external expenses	-30,0	-30,8	-55,9	-52,9	-109,1	-106,1
Personnel expenses	-25,8	-20,9	-49,1	-39,5	-90,5	-80,9
Depreciation and impairment of tangible and intangible non-current assets	-6,0	-5,2	-11,8	-10,3	-22,9	-21,4
Total operating expenses	-146,4	-205,0	-311,4	-365,7	-612,1	-666,4
Operating profit	0,9	42,7	31,5	79,2	68,1	115,8
Finance income	0,0	3,1	3,4	2,4	2,2	1,1
Finance costs	-1,3	-1,2	-1,8	-2,7	-2,6	-3,5
Profit/loss after financial items	-0,4	44,7	33,2	78,9	67,7	113,4
Income tax expense	-0,2	-9,4	-7,3	-16,6	-16,6	-25,9
Deferred tax liabilities	0,1	0,1	0,1	0,1	2,2	2,2
Profit for the period	-0,6	35,3	26,0	62,3	53,3	89,6

Summary

- **Net sales decreased by -41.4%**. High comparative figures in Q2 2023 (+157%).
- **Higher freight costs** due to the Red Sea situation contributed to some restraint in purchasing by our retailers. Weak end-customer demand.
- **Increased product margin of 41.4%**, up 1.2 percentage points YoY, mainly driven by favorable product mix.
- **EBITDA margin of 4.8%**, down 15.8 percentage points YoY, mainly driven by lower Net Sales and higher costs related to our product launches
- **Expansion to new product categories** and the beginning of a shift in Fractal's global brand and market position. The reception has been overwhelming.
- **The strong financial position** gives us the opportunity to pursue our strategic initiatives and to further advance our position in the market.
- **The upgrade cycle for gaming hardware** has been pushed forward slightly, with 2024 expected to be an intermediate year with stronger industry performance in 2025 supported by key PC component launches.
- **For the remainder of 2024**, we expect continued soft development in the third quarter followed by a stronger fourth quarter where we can again show growth supported by new product launches, expansion into new product categories and increased marketing and channel initiatives.



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