



24 OCTOBER 2024

# Q3 2024 Report

## Q3 Highlights

**Headwinds weakening** and positive outlook ahead.

**Net sales was 157 SEKm** (190), a decrease of -17.5%, -13.9% organically.  
**High comparative figures in Q3 2023** with growth of 45%.

**Compared to the first half of 2024, we see a gradual improvement in the market.** The restraint in retailer purchases that we saw in the first half of the year has eased at the end of the quarter as many partners look to increase their stock levels ahead of the important sales period in the fourth quarter.

Sales out revenue decreased by 16.5%, weaker consumer purchasing power, impacted by high inflation and higher interest rates.

**EBITDA was 12 SEKm (35)**, with an EBITDA margin of 7.4% (18.5). The lower result is mainly due to the decrease in net sales and lower product margin.

**Product margin decreased to 37.8%** compared to 41.8% last year.  
Net cash position of 30 SEKm (76) at end of quarter.

The reception of Fractal's new Refine gaming chair and Scape gaming headset, as well as our new cases Mood and Era 2, has been very positive.



# Launches in Q3: New Categories & Cases

Fractal achieved significant milestones by launching further new products, including the sales start of our first gaming chair, Refine, and the next-generation small form factor case, Era 2.

- **Fractal entered the gaming furniture market** with the sales start of the Refine gaming chair, praised for merging ergonomic design with Scandinavian aesthetics.
- **Refine received strong positive reviews** for its adjustability, premium materials, and seamless integration into home environments.
- **The global launch of the Era 2** small form factor case in September received glowing feedback for its enhanced cooling, innovative design, and high performance.
- **Fractal's new product launches reinforce our position as a leader** in the gaming hardware market, catering to modern gamers worldwide.



# Market Development & Demand

2024 is a transitional year for gaming hardware, with weaker demand and delayed component launches. However, strong consumer engagement and upcoming PC upgrade cycles indicate a rebound in 2025.

- **The global games market is projected to reach \$204 billion in 2024, growing at 6% annually**, fueled by increased time and money spent on gaming, socializing, and gaming-related media.
- **Gamers are increasingly integrating gaming into their lifestyle**, with 80% of consumers under 18 years old identifying as gamers and spending 30% of their entertainment time in gaming environments.
- **Gamers are increasingly influenced by streamers**, with over 30% of respondents having purchased a product recommended by a streamer.
- **The gaming hardware market is set for growth in 2025**, driven by new components like Nvidia's RTX 50 series and advancements from AMD and Intel.

Sources: Sources: Bain & Company, NewZoo, Tinuiti, TechpowerUp



REPORT FROM TENUITI

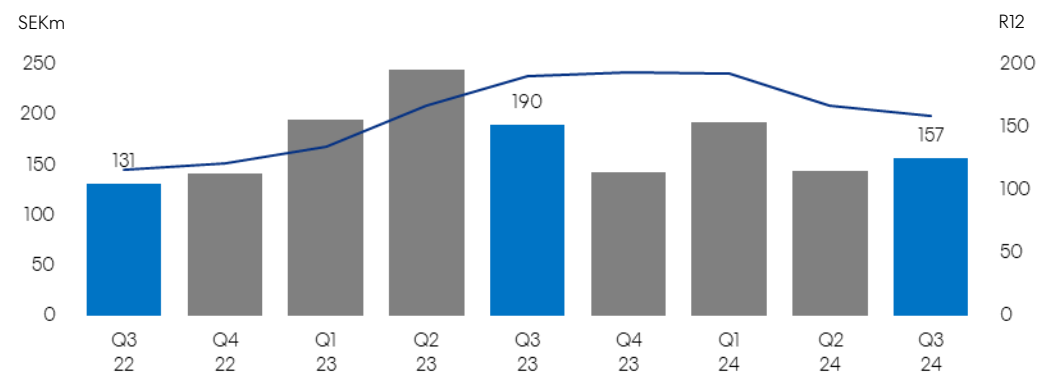
**Over 30% has purchased a product recommended by a streamer in the past year.**

# Net sales

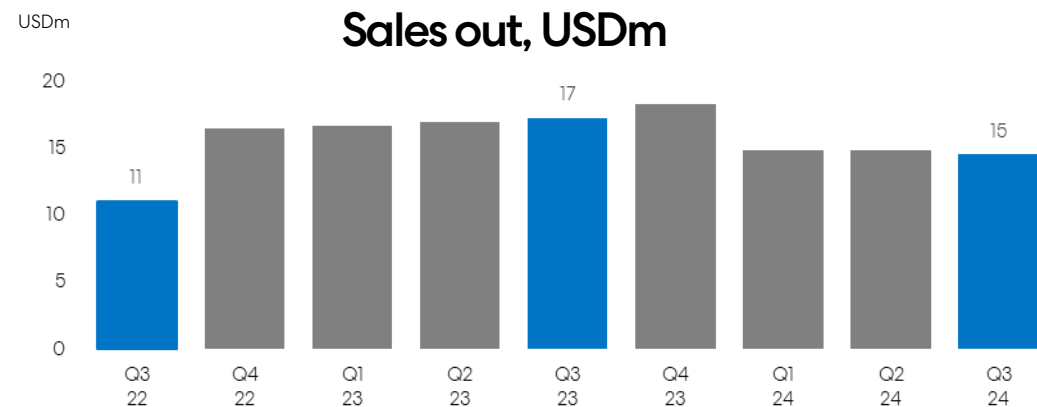
**Q3 Net sales** amounted to 157 SEKm (190), a decrease of 17.5% YoY. The organic net sales were 15 USDm (17), a decrease of 13.9%.

- Last year, we had strong comparative numbers with 45% organic growth in Q3.
- Compared to the first half of 2024, we see a gradual improvement in the market. Resellers aim to increase their stock levels ahead of the important sales period in the fourth quarter.
- Sales out revenue, for tracked partners decreased by 16.5%, due to continued weak consumer sentiment and postponed components.

## Net sales, SEKm



## Sales out, USDm



# Segment development

**Sales of cases** accounted for 91% of total sales, which was 1 percentage points higher compared to the previous year.

**Total Net sales of cases** in Q3 amounted to 142 SEKm (171), a decrease by 17%.

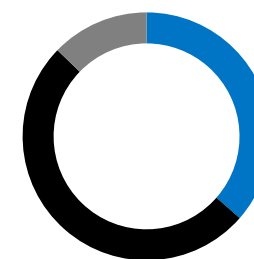
**The strongest region was EMEA** with net sales of 80 SEKm (93), a decrease of approx. 15%. EMEA's share of total sales was 51% (49), which was 2 percentage points higher compared to last year.

**Americas net sales** amounted to 57 SEKm (69), a decrease of 17% which was mainly related to sales of cases. Americas share of total sales was 36% (36).

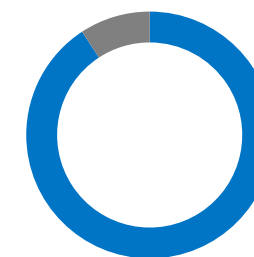
**Net sales in APAC** was 20 SEKm (28), and APAC's share of total sales was 13% (15).

## Net sales by geography and segment (SEKm)

SEKm	Business Segment					
	Cases Q3		Other Q3		Total Q3	
	2024	2023	2024	2023	2024	2023
<b>Geographic market</b>						
EMEA	72	83	8	10	80	93
Americas	54	67	3	2	57	69
APAC	16	21	4	7	20	28
<b>Total net sales</b>	<b>142</b>	<b>171</b>	<b>14</b>	<b>19</b>	<b>157</b>	<b>190</b>



■ Americas 36% ■ EMEA 51% ■ APAC 13%

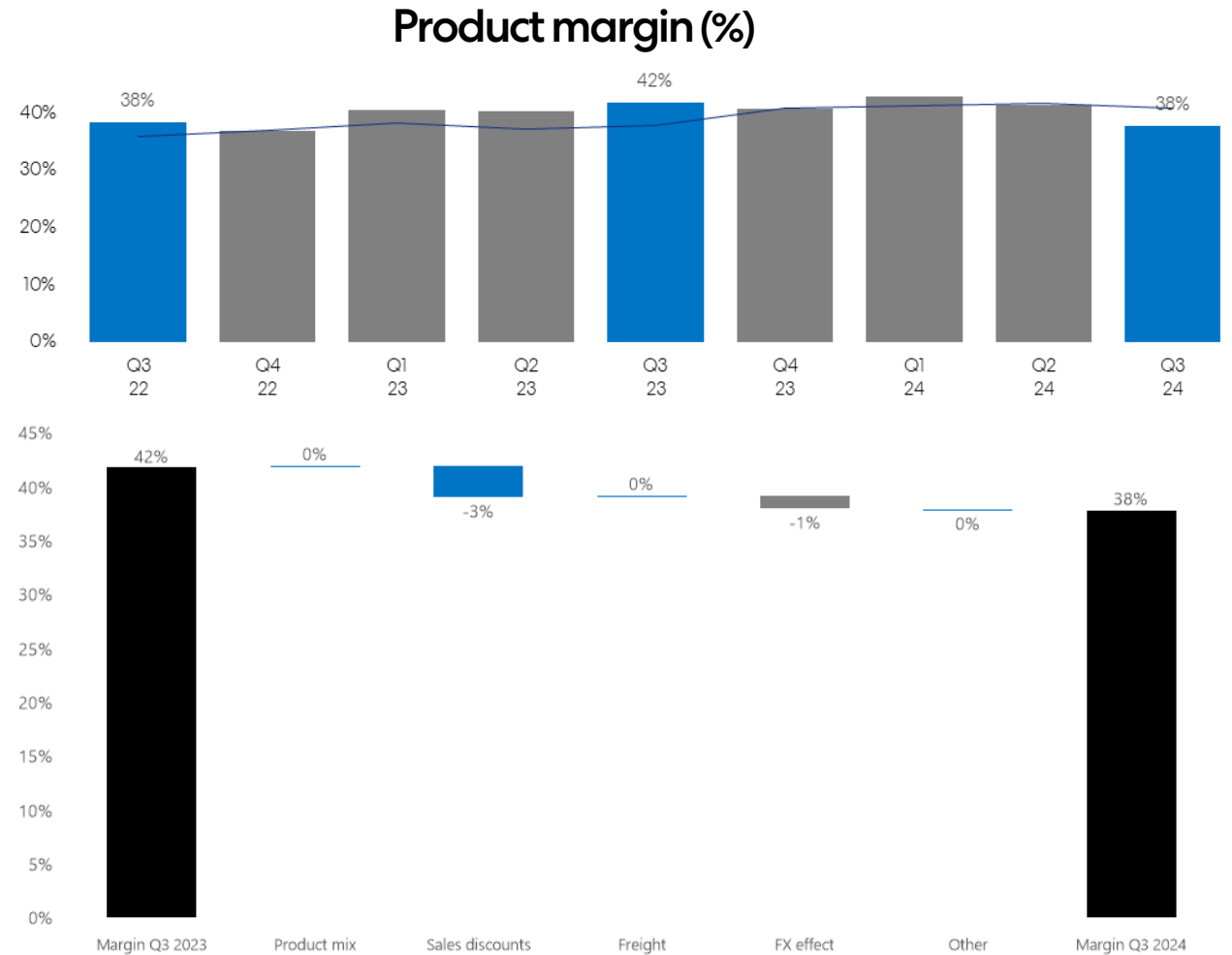


■ Cases 91% ■ Other 9%

# Product margin

The product result amounted to 59 SEKm (79) and the product margin was 37.8% (41.8), a decrease of 4.0 percentage points YoY.

- **Sales discounts** negatively affected the product margin by approximately 3 percentage points.
- **Freight** positively affected the product margin by approximately 0.2 percentage point.
- **FX** negatively affected the product margin by approximately 1 percentage point.



# Earnings and Cash flow

**EBITDA in Q3** was 12 SEKm (35) and the EBITDA-margin was 7.4% (18.5).

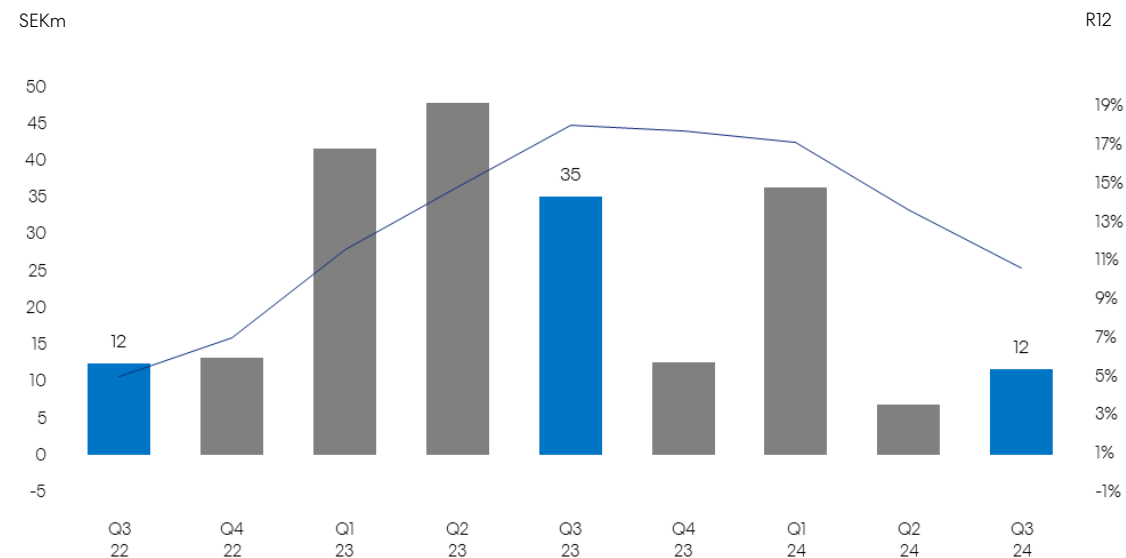
**Q3 operating cash flow** was 15 SEKm (65), with 127% cash conversion (185%). Cash flow from investing activities amounted to 4 SEKm (4) and was related to development of new products.

**Net cash position** was 30 SEKm (76).

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

**Q3 Cash Conversion Cycle** was 29 days, which is an improvement by 14 days YoY.

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



SEKm	Q3		jan—sep		okt—sep	Helår
	2024	2023	2024	2023	23/24	2023
EBITDA	12	35	55	125	68	137
Change in NWC	7	34	0	81	-57	23
Net tangible and intangible expenditure	-4	-4	-13	-18	-25	-29
<b>Operating cash flow</b>	<b>15</b>	<b>65</b>	<b>42</b>	<b>188</b>	<b>-14</b>	<b>132</b>
<i>Cash conversion %</i>	<i>127%</i>	<i>185%</i>	<i>76%</i>	<i>151%</i>	<i>-21%</i>	<i>96%</i>



# Income statement

**Net sales in Q3** amounted to 157 SEKm a decrease of 17.5%.

**Goods for resale** in % of sales was positively affected by a slightly favorable product mix and freight cost, however negatively affected by FX.

**Other external expenses** decreased from last year, mainly due to lower warehouse costs and changes in consultant costs.

**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	Q3		Jan—Sep		Oct—Sep	Full year
	2024	2023	2024	2023	23/24	2023
Net sales	156,6	189,9	492,7	630,6	635,4	773,3
Capitalized development expenditure	2,6	1,9	8,9	5,9	11,7	8,7
Other operating income	0,0	0,0	0,6	0,2	0,6	0,2
<b>Total revenue</b>	<b>159,2</b>	<b>191,8</b>	<b>502,2</b>	<b>636,7</b>	<b>647,7</b>	<b>782,2</b>
<b>Operating expenses</b>						
Goods for resale	-98,7	-110,5	-293,4	-373,5	-377,8	-458,0
Other external expenses	-26,4	-27,9	-82,3	-80,9	-107,6	-106,1
Personnel expenses	-22,5	-18,2	-71,6	-57,7	-94,8	-80,9
Depreciation and impairment of tangible and intangible non-current assets	-5,9	-5,4	-17,7	-15,7	-23,5	-21,4
<b>Total operating expenses</b>	<b>-153,5</b>	<b>-162,0</b>	<b>-465,0</b>	<b>-527,7</b>	<b>-603,6</b>	<b>-666,4</b>
<b>Operating profit</b>	<b>5,7</b>	<b>29,8</b>	<b>37,2</b>	<b>109,0</b>	<b>44,0</b>	<b>115,8</b>
Finance income	0,0	0,8	0,0	3,1	-2,0	1,1
Finance costs	-4,8	-0,2	-3,2	-2,9	-3,8	-3,5
<b>Profit/loss after financial items</b>	<b>0,9</b>	<b>30,4</b>	<b>34,1</b>	<b>109,2</b>	<b>38,3</b>	<b>113,4</b>
Income tax expense	-0,4	-6,3	-7,7	-22,9	-10,7	-25,9
Deferred tax liabilities	0,1	0,1	0,2	0,1	2,2	2,2
<b>Profit for the period</b>	<b>0,6</b>	<b>24,2</b>	<b>26,5</b>	<b>86,5</b>	<b>29,7</b>	<b>89,6</b>

# Summary

- **Net sales decreased by -17.5%**. High comparative figures in Q2 2023 (+45%).
- Compared to the first half of 2024, we see a **gradual improvement in the market**. partners look to increase their stock levels ahead of Q4.
- **Lower product margin of 37.8%**, down 4.0 percentage points YoY, mainly driven by higher sales discounts and negative FX effects.
- **EBITDA margin of 7.4%**, down 11.2 percentage points YoY, following lower net sales and product margin.
- **Very positive reception of Refine** gaming chair and our new case Era 2, as well as big interest for Scape gaming headset. Beginning of a shift in Fractal's global brand and market position.
- Our **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 **stronger industry performance in 2025** supported by key PC component launches.
- **We foresee a stronger sales development already in the fourth quarter of 2024** where we can come back to growth supported by new product launches, expansion into new product categories and increased marketing and channel initiatives.