Fractal

19 AUGUST 2026

Q2 2026 Report

Q2 Highlights

Market slowdown continued in Q2, driven by higher DRAM prices with softer end-customer demand. Channel inventory adjustments significantly reduced distributor purchasing.

Net sales amounted to 74.7 SEKm, down 65% YoY and 64% organically.

Sales out decreased by 28%, while Fractal gained share across key markets. Levels stabilized above 4 MUSD, with June and July improvement, and exceeded sales in by over 60%, reflecting continued channel inventory adjustments.

EBITDA amounted to -23.4 SEKm, with a margin of -31.3%. Excluding restructuring costs of 3.1 SEKm, EBITDA was -20.3 SEKm. Product margin improved to 39.2%.

Operating cash flow amounted to 3.8 SEKm, and the quarter ended with a net cash position of 18.0 SEKm. Tariff refund of 2.5 MUSD is expected during H2.

Cost and structural measures are expected to improve profitability in H2, with the fixed operating cost base approximately 20% lower in 2027 than in 2025.

Product launches and commercial initiatives continue, while normalized channel inventories should allow sales to better reflect underlying demand.

Market Development & Trends

Consumers shifting toward selective upgrades

Continued price increases across GPUs, memory, and storage are reshaping purchasing behavior rather than reducing consumer interest. DRAM prices showed signs of stabilizing toward the end of Q2, although at elevated levels. Higher system costs are encouraging users to extend upgrade cycles and prioritize selective upgrades over complete rebuilds.

Value becoming a key purchase driver

As purchasing decisions become more deliberate, consumers are placing greater emphasis on quality, pricing, and overall ownership value. This creates a favorable environment for brands with trusted products and strong customer loyalty.

Strong engagement supporting long-term demand

PC gaming engagement continues to grow despite weaker consumer purchasing power, indicating that underlying demand remains resilient. As market conditions improve, deferred upgrades are expected to support a gradual recovery in purchasing activity.

Q2 Launches

Pop 2 Vision – Fractal's first Full Vision chassis

Marks Fractal's entry into the rapidly growing case segment, combining panoramic glass aesthetics with the renowned build quality.

- Enters one of the largest segments in the DIY case market
- Premium Full Vision experience at an accessible price point below $100
- Strong value proposition as consumers prioritize affordability amid higher component costs
- Early reception highlights the combination of design, quality, and out-of-box performance, punching above its price tag

Dynamic 3 – High-performance cooling at an accessible price

Expands Fractal's cooling portfolio with an updated fan series focused on delivering strong airflow, low noise, and excellent value.

- Expands addressable market with an attractive mainstream cooling offering
- Delivers strong balance of cooling performance, low noise, and affordability
- Broad product lineup with multiple sizes and RGB options for wide market appeal
- Well positioned as builders seek higher-value upgrades alongside rising component prices

Net sales

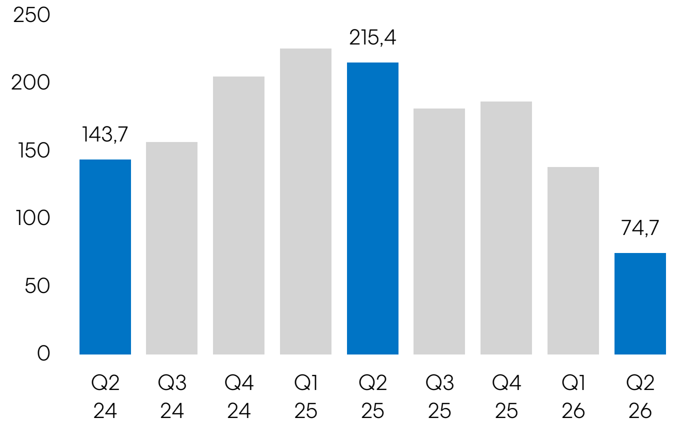
Net sales growth: -65.3% | Organic growth in USD: -64.3% | Sales-out: -28.2%

Q2 2026 net sales declined to 74.7 MSEK (215.4), corresponding to 8.0 MUSD (22.3). The decrease was mainly driven by continued market weakness and significant channel inventory adjustments, with retailer sell-in declining more than underlying end-consumer demand.

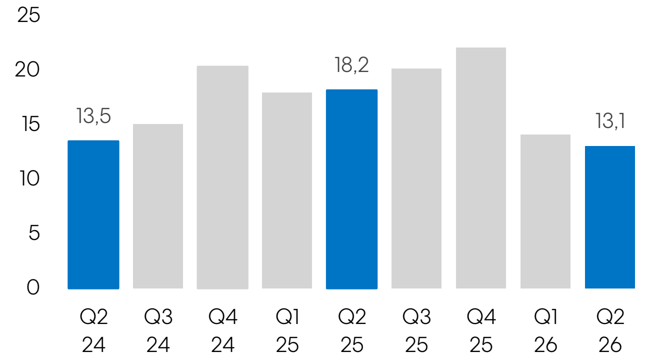
Main drivers of net sales:

- **Elevated channel** inventories led distribution partners to reduce purchases during the quarter.
- **Sales-out remained** above sell-in, supporting a gradual normalization of inventory levels.
- **Softer end-consumer** demand continued to weigh on sales-out across key categories.

Net sales, MSEK



Sales out, MUSD



Segment and regional development

Segment development

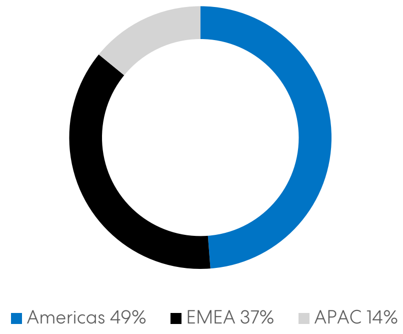
- **Cases remained** the largest category, accounting for 79% of total net sales, compared to 89% in the prior year.
- **Sales within** cases declined by 69%, reflecting the broader market slowdown and continued inventory adjustments in the distribution channel.
- **The Other** category saw a 32% decline, with gaming chairs and headsets showing a less pronounced decline than products more exposed to the broader market slowdown.

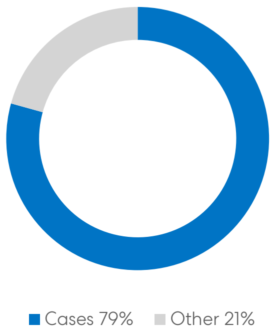
Regional development

- **Americas was** the largest region, accounting for 49% of total net sales, compared with 35% in the prior-year quarter.
- **EMEA accounted** for 37% of total net sales, with the development more heavily affected by elevated channel inventories and continued inventory adjustments.
- **APAC represented** 14% of total net sales, broadly unchanged as a share of sales
- **The shift** in regional mix mainly reflected differences in channel inventory, with sell-in in Americas more closely aligned with underlying sales-out, while EMEA was more affected by continued inventory reductions.

Business Segment

	Cases		Other		Total	
	Q2		Q2		Q2	
MSEK	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Geographic market						
EMEA	19,2	95,4	8,6	13,6	27,8	109,0
Americas	31,5	70,9	4,9	4,8	36,4	75,7
APAC	8,5	26,5	2,0	4,4	10,5	30,8
Total net sales	**59,2**	**192,8**	**15,5**	**22,8**	**74,7**	**215,5**





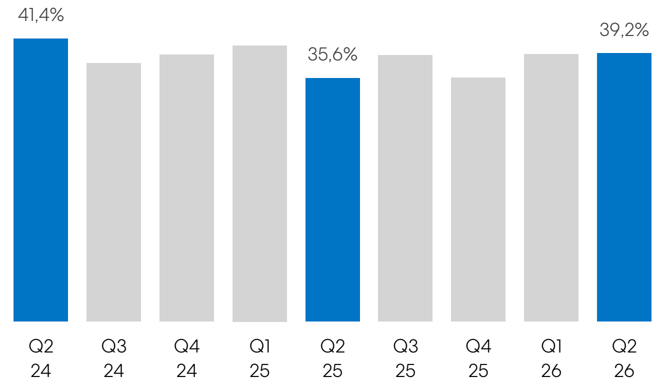
Product margin overview

Product profit amounted to 29.3 MSEK (76.7), corresponding to a product margin of 39.2% (35.6).

Main margin drivers:

- **Currency transaction effects** contributed positively by approximately +3.5 pp
- **Lower freight** costs contributed positively by approximately +1.2 pp
- **Lower US** tariff costs contributed positively by approximately +0.7 pp
- **Improved product** mix contributed positively by approximately +0.5 pp
- **Higher sales** discounts negatively impacted the margin by approximately -2.3 pp

Product margin (%)



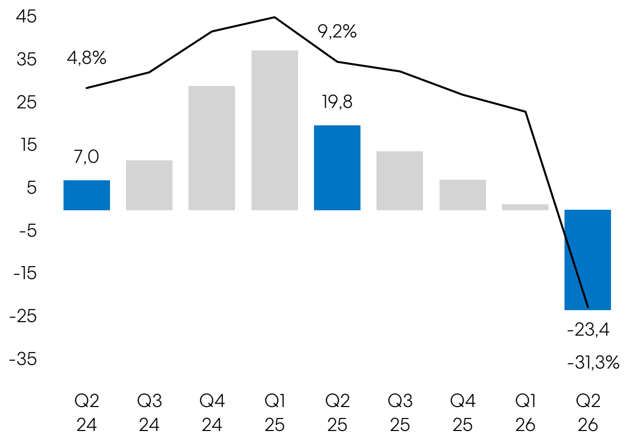
Profitability development

EBITDA for the quarter amounted to -23.4 MSEK, corresponding to an EBITDA margin of -31.3%, compared with 19.8 MSEK and 9.2% in the same quarter last year. EBIT amounted to -31.2 MSEK.

Key profitability drivers in the quarter:

- **Significantly lower** net sales were the main driver of the decline in EBITDA.
- **Improved product** margin partly offset the impact from the lower sales level
- **Lower operating** expenses reflected implemented cost-saving measures and continued adaptation of the cost base
- **Personnel expenses** included restructuring costs of 3.1 MSEK; excluding these costs, personnel expenses were slightly below the prior-year level

EBITDA (MSEK) and margin (%)



Cash flow and financial position

Operating cash flow for the quarter amounted to 3.8 MSEK (5.6).

Cash flow was supported by a positive change in net working capital of 38.2 MSEK. Lower inventory levels and accounts receivable contributed positively, partly offset by lower accounts payable. In the comparative period, significant capital was tied up in inventory ahead of expected changes in tariff conditions.

The weaker result negatively impacted cash flow, while the release of working capital provided a significant offset.

Net tangible and intangible expenditure amounted to 11.0 MSEK (6.7) and mainly related to investments in product tooling and the development of new products.

At quarter-end, net cash amounted to 18.0 MSEK, compared with 13.9 MSEK at the end of Q1. Liquidity remains a key focus for the second half of the year, with renegotiated bank terms providing increased financial flexibility.

	Q2		Jan—Jun		Jul—Jun	Full year
MSEK	**2026**	**2025**	**2026**	**2025**	**25/26**	**2025**
EBITDA	-23,4	19,8	-22,1	57,1	-1,3	77,8
Change in NWC	38,2	-7,4	71,7	35,3	3,3	-33,1
Net tangible and intangible expenditure	-11,0	-6,7	-22,6	-14,1	-37,1	-28,6
Operating cash flow	**3,8**	**5,6**	**27,1**	**78,3**	**-35,1**	**16,1**

Note: Operating cash flow is a non-IFRS measure defined as EBITDA less tangible and intangible expenditure, adjusted for changes in net working capital.

Summary

The gaming hardware market remained weak in Q2, driven by elevated DRAM prices and softer end-consumer demand. Channel inventory adjustments amplified the impact on Fractal's sales.

Net sales amounted to SEK 74.7m, down 65% YoY and 64% organically, while sales out declined 28%. Fractal gained market share across key markets, and reported sales out exceeded sales in by more than 60%, reflecting continued channel inventory adjustments.

The lower sales significantly impacted profitability with EBITDA amounting to SEK -23.4m, corresponding to a margin of -31.3%. Excluding restructuring costs of SEK 3.1m, EBITDA was SEK -20.3m.

Operating cash flow was positive at SEK 3.8m, supported by working capital normalization. Net cash increased to SEK 18.0m and the SEK 100m credit facility remained unused.

Significant cost and structural measures are being implemented, with profitability expected to improve during H2, resulting in the fixed operating cost base being around 20% lower in 2027 than in 2025.

- **Product margin improved to 39.2%**, supported by positive FX effects, lower freight and tariff costs, partly offset by higher campaign discounts.
- **Lower tariff exposure will continue to support margins**, while the expected USD 2.5m IEEPA tariff refund should benefit both earnings and cash flow.
- **Channel inventories are normalizing**, with Americas and APAC already closer to balance and EMEA expected to follow, allowing future sales to better reflect underlying end-customer demand.
- **Product launches and commercial initiatives continue**, including Pop 2 Vision and Dynamic 3 during Q2, alongside further launches, campaigns and increased focus on system integrators during the second half of the year.
- **Underlying gaming engagement remains strong.** Demand is expected to remain softer in the near term but gradually improve, with further potential as market conditions recover over time.


Q & A