



FACTION

Building Brands People Love

**Shareholder Update
Summer 2020**

Navigating C-19 & Beyond

**C-19 & the
Outdoor Market:
"Skiers will ski"**

**Skis:
Innovation & Awards**

eComm

Team Talent



- Outdoor – bikes & camping posting record sales giving cashflow to our retail partners & demonstrates fan intent
- Strong demand for resorts with spring & summer skiing required ticket lotteries; All resorts open for summer sports¹
- Forecast for Austrian ski resort occupancy est -5 to -10% while currently US season & NZ pass sales are matching prior year¹
- 100% of Faction models updated and improved over 2 years with the shift to Austrian manufacturers
- Our backcountry-focused Agent models have swept magazine awards and reviews for autumn along with familiar models
- Direct eComm sales +54% YoY; +175% since 1 Apr
- New ANZ website and retailer partnership offerings
- Investor & The Pro Collective sites live 4 July
- Board & Exec advisor: ex-CFO/COO Rapha, Burberry
- CFO: ex Michael Kors, Philip Green/Beyoncé JV
- Swiss Sales Rep: ex Mammut, Black Diamond
- Reduction in headcount from prior year, however key hires with deep experience mean a smaller, more skilled team

The FSSC team has spent the past 3 months preparing well for the C-19 FY2021 season

Some very strong talent has joined our team, we have our best quality products ever, eComm is strong

Faction Skis buyers are disproportionately avid and premium skiers who will definitely engage in 2020/21

¹Ski Area Managers Report, Tyrolian Industry meeting, FSSC analysis (summary in appendix)

Navigating C-19 & Beyond

FSSC 2020/21

Financials

“Skiers will ski;
Faction skiers
will ski more”

- +29% FY1920
- +8% FY2021 projected > growing as opportunities are emerging due to larger competitors' strategic errors or facing supply chain issues
- 20%+ market share growth set to be achieved
- FY2122 will be a big 'make-up' year for rental in particular
- Costs reduced by €0.7m for FY2021 - team members, more efficient sales & marketing
- Majority of this year's revenues already confirmed with pre-season orders in hand

Media Content

- Marketing as a Cost of Sales fell 40% in two years through scale and digital efficiency, revenue-generating media, as engagement grows
- Strong spring content featuring with a modified look at the Zermatt-to-Verbier PDG route has already attracted media

Production

- Production nearly 100% complete, shipping starts July 2020
- We reduced our orders by 33% in March to be prudent and retain scarcity given anticipated excess clearance

**Faction will grow this year with the majority of revenues secured through confirmed pre-season orders
Our costs are falling on both an absolute and relative basis as Cost of Sales drops
Production is largely complete with shipping starting in the coming weeks**

New Talent Reflects and Accelerates Trajectory



Rajeshree Bhosle
CFO

Formerly Nicole Fahri,
Ivy Park, Michael Kors

Strong retail base,
worked in Lugano



Emilio Foa
Senior Board &
Executive Team Advisor

Formerly CFO of
Rapha, Burberry EMIEA
and Benneton Group;
Current CEO OKA



Caroline Eckert
Swiss Sales Manager

Formerly Mammut and
Black Diamond



Matt Henry
Western Canada Sales
Manager

Formerly took Blizzard /
Tecnica and Elan both
>€1m in the territory

While we will have a 20% smaller headcount than last year with careful changes, however key additions bring immense expertise including at the Executive level, Sales & Retail Success

Innovation & Awards 2020/21

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This information is embargoed until the magazines go to print – do not share



Ski Magazine "Official Selection"

Agent 3.0
Agent 3.0X

Freeskier "Editor's Picks"

Agent 3.0 (#1 Ranking)
Agent 3.0X
Agent 2.0X
Agent 4.0
CT 2.0
Prodigy 4.0 (#3 Ranking)
Dictator 2.0

Ski Canada

Anticipated, Prodigy 2.0X
Anticipated, Agent 3.0

Powder Skier's Choice

Agent 3.0
Agent 3.0X
Prodigy 4.0

Fall Line

Agent 3.0X
Dictator 3.0X
Dictator 4.0

Backcountry

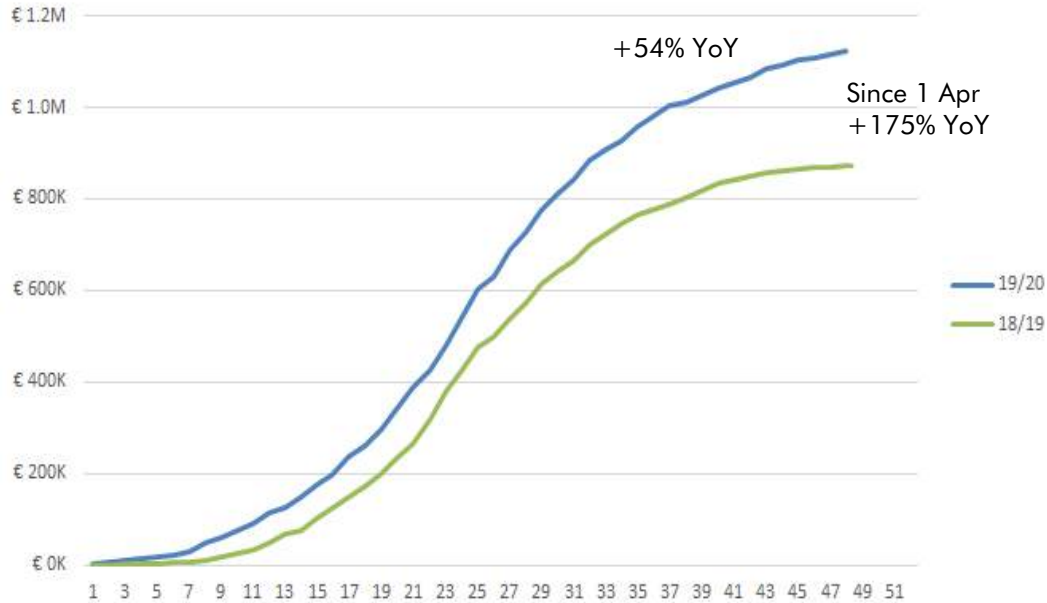
Anticipated, Agent 3.0X



Since building out our hardgoods engineering team in 2018 and shifting production to highest-quality factories, our reputation for high-quality, demo-capable, innovative skis has taken a material improvement in the industry.

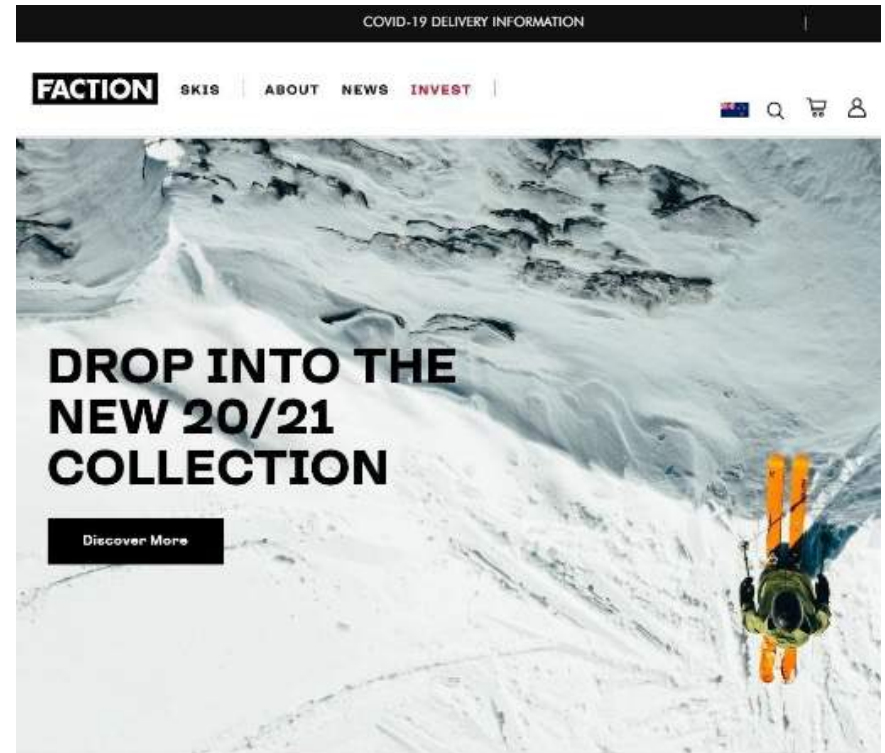
Sales Drivers: eComm

Faction Direct Sales Totals



Direct sales drivers FY1920

- Full year +54% YoY Direct Fan eComm & Direct Pro
- Social media marketing
- Improved UX
- Improved merchandizing



New for 2021

- New Australia / NZ direct sales
- New The Pro Collective & Investor Site 4 July
- New retailer integration for sale & rental
- New segmented email to work with paid social marketing
- Improved US logistics partner

**Strengthened eComm team enabled Faction to surpass €1.1m in Direct Sales for FY1920
FY2021 will exceed €1.5m**

CHINESE OLYMPIC COMMITTEE SUPPLIER

- Faction was chosen to supply skis to 2 segments of the Chinese Olympic freeski team in 2019/20
- Several of the Faction-supported riders performed particularly well – moving up the ranks of home team hopefuls
- Faction is also supporting regional teams as well



Team China @ Wanda

<https://www.newschoolers.com/videos/watch/964349/Team-China---Wanda->



Eileen taking double-gold in Calgary March 2020

The success of the Chinese Olympic teams supported by Faction along with Eileen cement Faction as a leader with Chinese elite athletes

Top Secret

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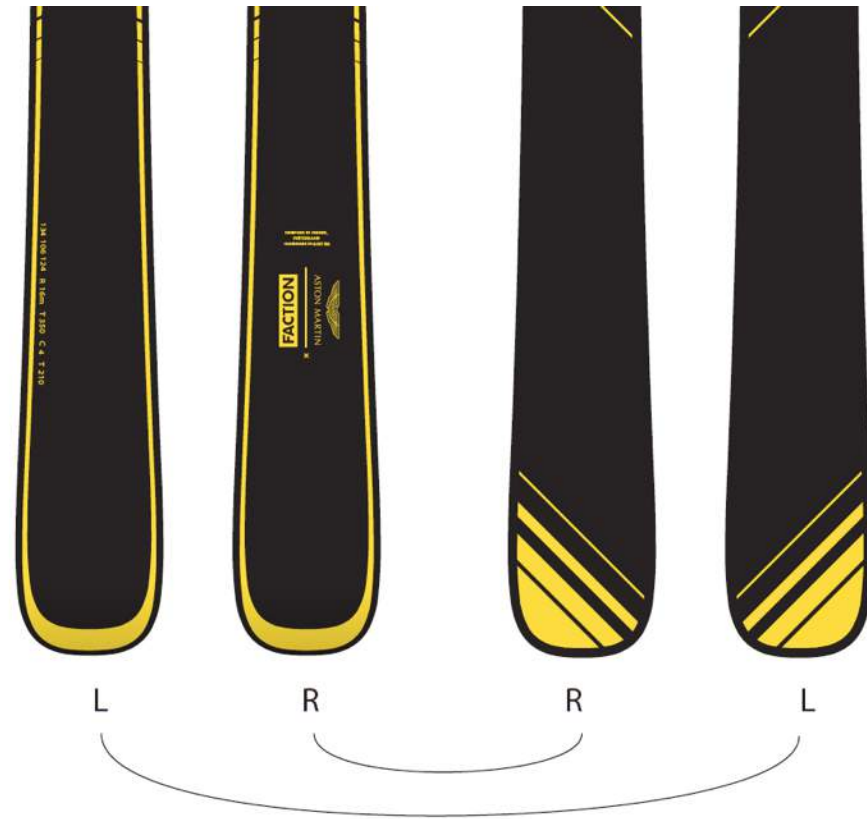
LIVING DAYLIGHTS EDITION VANTAGE SKIS



Right side



Left side



We have made some exceptions and are producing a small run of co-branded pair of skis with Aston Martin for the launch of their 007 Living Daylights Limited Edition car release this autumn

Outdoor Industry Landscape & Faction Sales



The way ahead

It's impossible to completely predict the future, but multiple indicators reflect strong demand from Faction's target market, particularly with enhanced backcountry offerings
Above Sam plans the next climb.

Outdoor Market – Summer

- Most of Faction's retail clients sell bicycles and camping gear, both achieving record sales, so cashflow is coming in
- Faction management is tracking 78 ski resorts around the world, and all are opening for summer sports by June while demand for summer skiing has been "crushing"
- Summer snow ski locations have opened - Mt. Hood (USA), Crans Montana, Saas Fee (CH), Kaunertal (AT), Nisekeko, Hakuba (JP), Chengdu (CN); and NZ / Australia



PPE for skiing is relatively straightforward; dining will be simplified
Lift passes for Timberline at Mt. Hood sold out online in 2 minutes and lotteries for A-Basin were 5x capacity; Big Bear broke year-around capacity records in June

Faction athletes and demos will be featured at Mt Hood camps and events in June and July

Outdoor Market – Next Winter

- Flight capacity in China is now in excess of 2019 capacity and consumer intent to travel as usual by January is 96% of normal and segment labelled "revenge travel" is showing higher-than-historical growth
- A 'factoid': Easyjet winter holiday bookings are up 229% YoY in Europe¹; Notably this is skewed by re-bookings, but is demonstrative of demand and intent
- Family time together features strongly in the post C-19 culture, which suits a large portion of the skier base

While a great amount of uncertainty exists in the market, with an innovative, premium 0.8% of the market ... Faction buyers are avid, premium-focused, and engaged heavily digitally in quarantine "Skiers will ski; Faction skiers will ski more"



Appendix

- Management Team
- C-19 Quarterly Impact Chart
- C-19 impact assessment backup data

PROFESSIONAL MANAGEMENT



ALEX HOYE
CEO & Cofounder
Stock market listed 1st startup,
Disney, private equity,
McKinsey, NASDAQ; Idaho skier



RAJESHREE BHOSLE
CFO
Michael Kors,
Philip Green JV
17 yrs



OLIVIER GOUBY
Sales & Apparel Brand Dir.
Norrøna, Salewa, Millet
18 yrs



DANIEL TANZER
Head of Hardgoods
Scott, Kaestle, Fischer
17 yrs



EMILIO FOA
Board & Exec Advisor
Ex-CFO/COO Rapha
Burberry EMEA, Benetton
Group



ANNA SMOOTHY
Head of Marketing
Mons Royal,
Freeride World Tour



SARA ASMOARP
Head of Supply Chain &
ESG
Volvo engineer



HENRIK LAMPERT
NA co-lead/Marketing
Chief Editor *Freeskier* Mag
Gorsuch



MARION CHARPENET
Head of Apparel
Eider, Millet 17 yrs



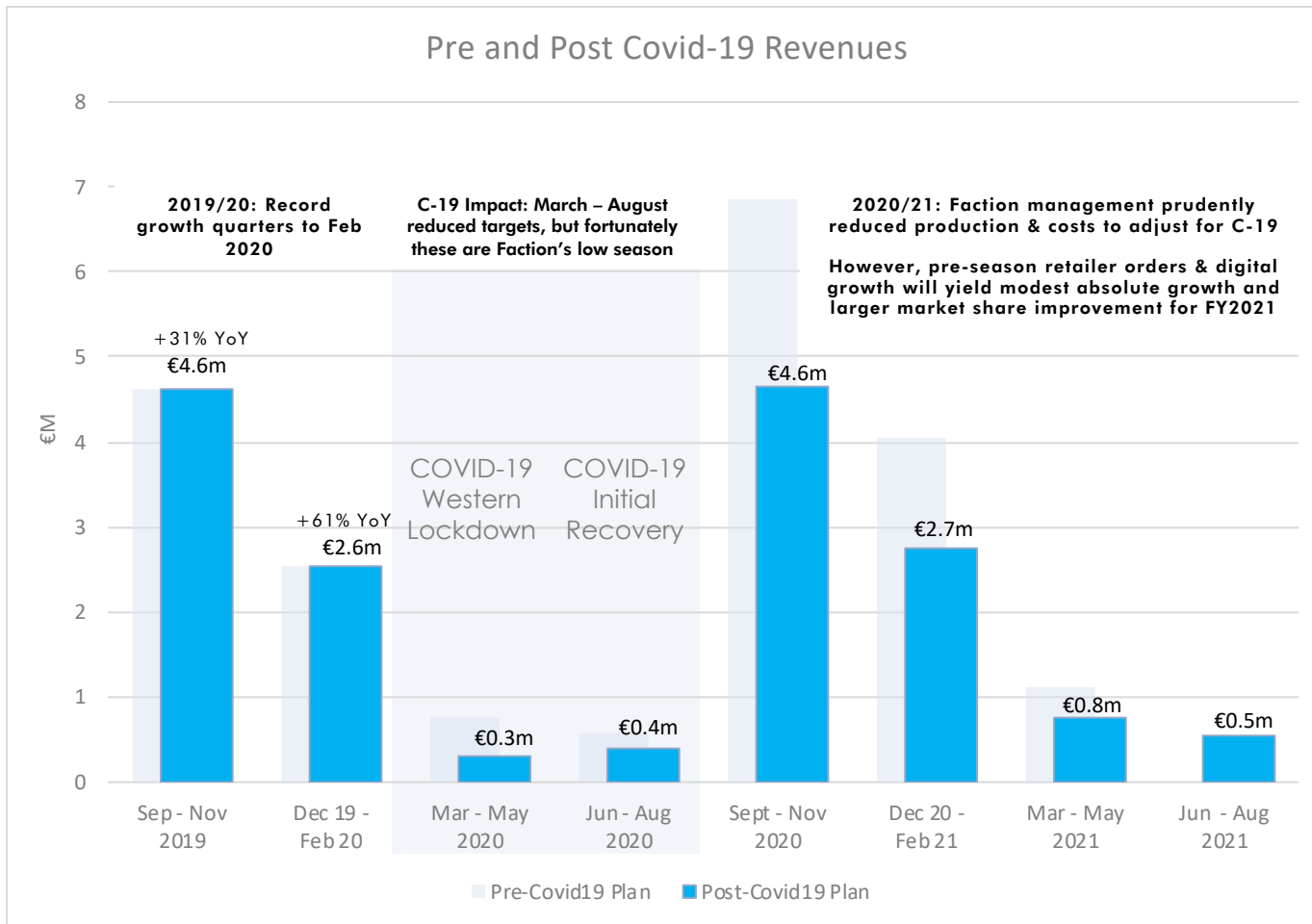
CHARLIE DONNELLY
Head of Digital & eComm
Thought clothing

Our Senior Management Team combines decades of experience with a radical intensity to do things better. We are lean, hands-on and tightly-aligned for seamless execution

Our Board and Advisory ensures that the big picture as well as tactical execution is on the mark

IMPACT OF COVID-19

Primary Negative Impact on Faction's Off-Season



Faction achieved very strong growth in FY1920 despite C-19 headwinds from March 2020
The highest-impact period for C-19 struck at Faction's lowest revenue six-month period
FY2021 production and revenue targets were cut by 33% to prepare for C-19 impact
However, this still yields 8% growth which will increase market share

Sample Feedback from Ski Area Management Association

Arapahoe Basin, Colorado

- For 600 open spots on the mountain, 4,000 people logged on in the first 15 seconds of the site going live, forcing them to move to a lottery system.
- Alan Henceroth, CEO, said “Demand was crushing. There was a huge pent up desire to go skiing.”

Timberline (Mt. Hood), Oregon

- Being proactive with government was key to opening.
- Ski and boot rental relatively easy compare to protective equipment or mountain biking equipment.

Crystal Mountain, Washington

- Two greatest hurdles to overcome will be capacity and lodges.
- Exploring reserved times to sit in the lodge.

New Zealand

- With 0 reported cases, things are operating more or less business as usual save for international tourism.
- Some resorts “sold as many passes this year as we did last year”.

Chile

- Mountain communities are seeing very few COVID cases, however surrounding municipalities are seeing a rise in cases.

Resort Radar the FSSC Sales Team is Monitoring

EUROPE

<i>No closure</i>	Riksgransen - SE
<i>May 1</i>	Fonna – NO
<i>May 31</i>	Hintertux – AT
<i>June 5</i>	SNØ (Oslo Indoor) – NO
<i>June 10</i>	Verbier - CH Kitzsteinhorn – AT Kaunertaler Gletscher – AT Crans Montana – CH Stelvio-Pass – IT La Clusaz – FR Champex-Lac - CH Val D’Isere – FR
<i>June 15</i>	Strynn – NO Les Diablerets – CH Arosa-Lenzerheide – CH Pila – IT
<i>June 20</i>	Saas Fee – CH
<i>June 30</i>	Zermatt – CH

NORTH AMERICA

<i>May 15</i>	Mt. Hood – OR	
<i>June 1</i>	Crystal Mountain – WA	
<i>June 5</i>	Jay Peak - VT	
<i>June 15</i>	Mount Norquay – AB Aspen Mountain - CO Whitefish – MT Snowbird - UT	
<i>June 20</i>	Brundage – ID Jackson Hole – WY	
<i>June 25</i>	Snowmass Mountain – CO	
<i>June 30</i>	Magic Mountain – VT Deer Valley – UT Kicking Horse – BC Bogus Basin – ID Lake Louise – AB	Schweitzer – ID Steamboat – CO Keystone – CO Winter Park – CO
<i>July 15</i>	Boyne Resorts – US Breckenridge – CO Crested Butte – CO Vail Resorts	Beaver Creek – CO Copper Mountain – CO
<i>Open</i>	Arapahoe Basin – CO Tamarack – ID Lookout Pass – ID Beartooth - WY Killington – VT Powder Ridge Mountain Peak – CT Big Bear - CA	

ANZ

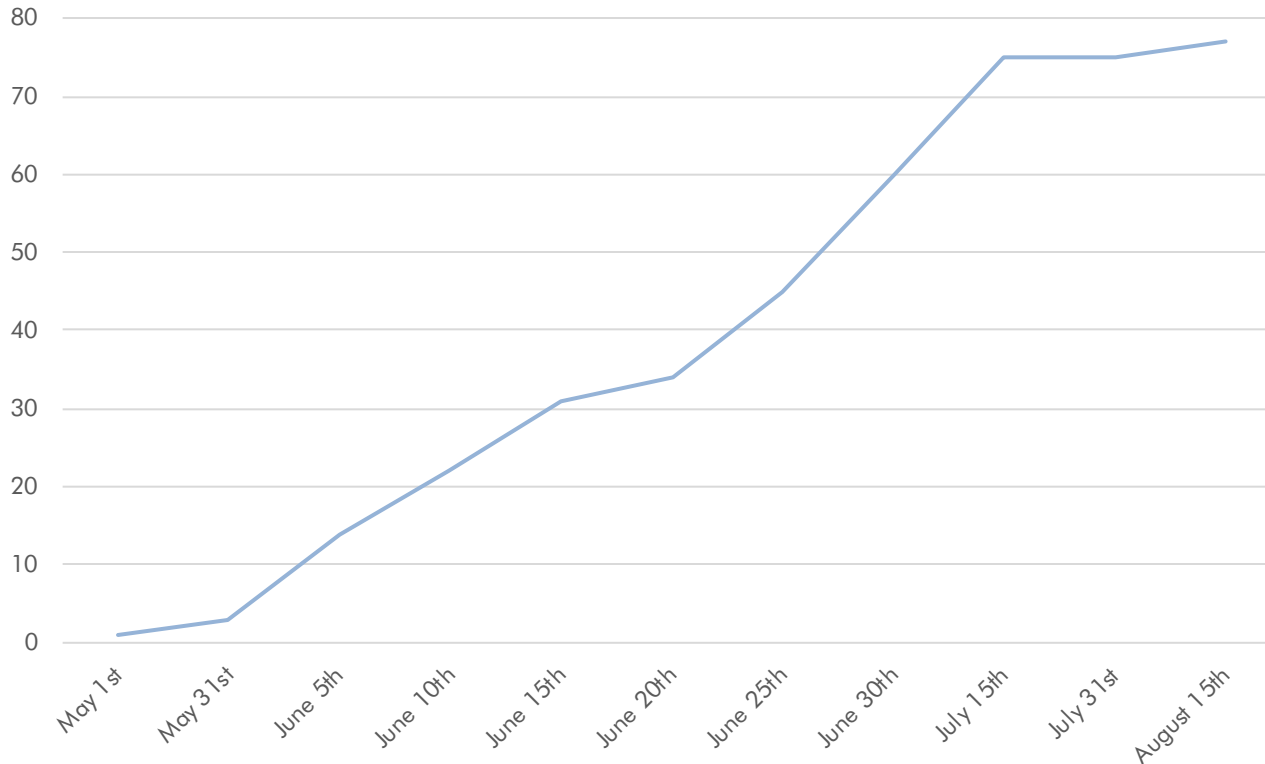
<i>June 25</i>	Buller – AU Mt. Baw Baw – AU Lake Mountain Resort – AU Mt. Stirling – AU Perisher – AU Thredbo – AU Hotham – AU Falls Creek - AU
<i>June 30</i>	Cardrona – NZ Charlotte Pass – AU Treble Cone – NZ NZ Ski – NZ
<i>July 15</i>	Mt. Ruapehu – NZ <i>Broken River - NZ</i> <i>Temple Basin – NZ</i> Mt. Cheeseman – NZ Mt Olympus - NZ

JAPAN & CHINA

<i>June 1</i>	Tsugaike kogen Hakuba Happo-One Niseko Hanazono
<i>May 15</i>	Jianfeng Guangzhou Rongchuang Qidi Shaoxing Indoor
<i>July 1</i>	Chengdu Rongchuang

Resort Radar the FSSC Sales Team is Monitoring

Post-COVID Ski Resort Re-openings 2020 - Global



- Ski Resorts continue to re-open across the globe throughout June
- Even with the ski season now wrapped up at most resorts, many have re-opened for mountain biking, golf, hospitality services etc.

COVID-19 Impacts Actions from April 2020

Summary

- **FY1920 Performance** Faction delivered with growth worldwide 36% pre-COVID, 29% post-COVID; COVID timing was fortunate for revenue & production cycle
- **Demand Assessment**

The industry will be damaged, but Faction & FW will still grow, improving market position; Faction & FW's differentiated position already aligns to post-COVID market and we are acting to capitalize

Orders coming weekly; Expectation is not normal, but positive
- **Supplier Assessment** Production under way, delays limited to 2-3 weeks, we were able to reduce production orders for prudence
- **Strategic Assessment**

Outperformers post-COVID amplify trends already in progress
Faction is strong in these trends & doubling down

Premium brands with an ethos will outperform broad brands and middle players
Online, in-store, directly engaged with fans: Omnichannel is complex and Faction well-positioned

Quarantine generated appreciation for nature & climate awareness
- **Near-term Response** Monthly payroll costs reduced 52% from February to May from \$234k to \$115k and will remain through summer
- **FY2021 Budget & 5YP** Margins will improve with new factory shifts
\$0.9m reduced from people, travel, marketing, OH costs in FY2021

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