



Q1 2023

Interim Report



Q1 2023

Interim Report

First quarter

- ▶ Net sales amounted to SEK 195.5 million (117.5).
- ▶ Product profit amounted to SEK 79.1 million (47.2), with a product margin of 40.4% (40.2).
- ▶ EBITDA amounted to SEK 41.6 million (11.3), corresponding to an EBITDA margin of 21.3% (9.6).
- ▶ EBIT amounted to SEK 36.5 million (7.3), corresponding to an EBIT margin of 18.7% (6.2).
- ▶ Operating cash flow amounted to SEK 58.8 million (7.1).
- ▶ Interest-bearing net debt was SEK 50.6 million (119.1).
- ▶ Earnings per share amounted to SEK 0.9 (0.2)
- ▶ No items affecting comparability for the quarter.

Amounts in SEKm	Q1		Δ %	Apr-Mar	Full year
	2023	2022		22/23	2022
Net sales	195.5	117.5	66.4	563.5	485.6
Net sales, USDm	18.7	12.6	48.7	54.1	47.9
Product profit	79.1	47.2	67.3	211.0	179.1
Product margin, %	40.4	40.2		37.4	36.9
EBITDA	41.6	11.3	267.4	64.3	34.0
EBITDA margin	21.3	9.6		11.4	7.0
EBIT	36.5	7.3	401.1	44.5	15.3
EBIT margin, %	18.7	6.2		7.9	3.1
Operating cash flow	58.8	7.1		78.2	26.4
Interest-bearing net debt	50.6	119.1		50.6	115.6
Earnings per share, SEK	0.9	0.2		1.1	0.4
USD/SEK, average	10.4	9.3		10.4	10.1

CEO's comments

Strong start to 2023

We began the year with a strong sales and earnings performance, where demand for our products exceeded our expectations. The recovery in the market – which began in the second half of 2022 – strengthened further during the quarter, which also led to our resellers needing to increase their stock levels in order to meet the rising demand. The clear turnaround in the market gives us great confidence about our possibilities of driving profitable growth in 2023 and onwards.

Net sales for the quarter, which are entirely in USD, increased 66.4% to SEK 195.5 million (117.5). Total sales from resellers to end consumers increased by 31.8% organically, with an increase of a full 35.7% in the case category, indicating that there is a great deal of interest in our products.

The new products that were launched last year – including the Torrent, POP, and North series of cases – have met with an overwhelmingly positive reception among our customers around the world, and as a result of this we have increased our market shares. From the very beginning, Fractal has challenged the prevailing design ideas for PC gaming cases. Our latest launch, North, represents our vision of being an innovator in the industry in terms of design as well as materials. We are pleased to announce that North has been honored with the internationally renowned and prestigious Red Dot Product Design Award for 2023.

EBITDA increased to SEK 41.6 million (11.3) for the first quarter, corresponding to an EBITDA margin of 21.3% (9.6). The product margin increased to 40.4% (40.2) with a positive impact from lower freight prices that were partially offset by a less advantageous product mix in the quarter. As we previously announced, in December we received notification from the US Trade Representative's Office regarding an extension of tariff exclusions for PC cases until September 30, 2023. Thanks to lower prices for raw materials such as steel and plastic as well as a weaker Chinese currency against the US dollar last year, we successfully negotiated for lower purchase prices in the first quarter. Freight prices also gradually declined and are now lower than before the pandemic in terms of shipping to the US, our most important market. Our efforts at balancing our stock levels and improving our cash flow have had a good effect, and we can report a strong operating cash flow of SEK 58.8 million (7.1) for the quarter. As a result, the interest-bearing net debt decreased substantially to SEK 50.6 million (119.1).

Pent-up need for new PC gaming equipment

Interest in esports and high-performance gaming increased sharply in the pandemic years of 2020 and 2021 and remains at very high levels. Historically, the gaming industry has been less sensitive to market fluctuations than several other industries and the robust sales in the last few quarters clearly shows that there is a major pent-up need, given that many have refrained from upgrading their equipment. We now have a significantly improved market with good access to graphics cards, lower prices, and the launch of a new generation of graphics cards, all of which increases interest. This is also positive for the entire PC gaming industry, which is once again in a clear phase of growth after a difficult period. Fractal has a strong global market position and a well-established premium brand in our segments, and we are taking advantage of increased demand.

The strongest product portfolio ever, and expanded marketing initiatives

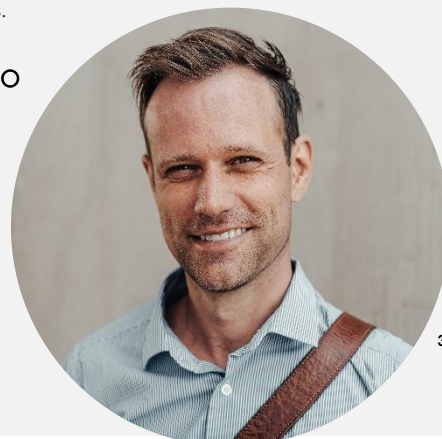
During the last two years, we have had many successful product launches, and we now have our strongest-ever product portfolio, which has enabled an increase in market shares. To generate growth, we are also increasing our marketing activities to reach even more gamers in existing and new segments. Fractal sponsors 130 small to medium-size Twitch streamers, who in turn act as brand and product ambassadors. The marketing initiative, which goes under the name Fractal Creator Program, has become a major success and a new way of showing our leading gaming products on Twitch. The results have exceeded our expectations, which is why we have chosen to expand the program with more ambassadors and channels. We are convinced that this initiative will have positive effects on both our brand and our continued growth.

Outlook for 2023

Despite continued macroeconomic and geopolitical uncertainty that is generally affecting consumer purchasing power in most markets, demand for PC gaming hardware continued to improve in the first quarter. The second quarter began on a continued strong note, and we see excellent potential for continued growth in 2023, based on our attractive product portfolio that meets the demand we see from high-performance gamers around the world.

Underlying long-term demand is good and we will continue to drive our growth-promoting initiatives with a focus on delivering high-quality products, a high level of service, expansion into new product categories, and expanded marketing activities.

Hannes Wallin, CEO
May 2023



MARKET POSITION

Top 3

GLOBAL REACH

50+ countries

NUMBER OF EMPLOYEES

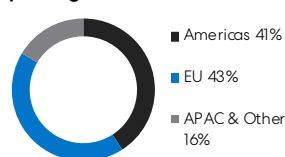
80

>6,000,000 products sold

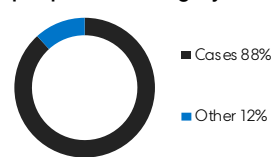
Offices in Gothenburg / Dallas / Taipei / Dongguan

Founded 2010

Net sales
per region



Net sales
per product category



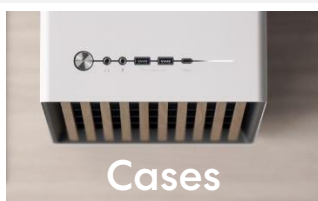
This is Fractal

Founded in 2010, Fractal quickly became a pioneer that challenged the idea of what gaming products should look like using sleek and scaled-down design. Since then, we've grown into an international brand and an influential company within the premium segment of PC gaming products. Fractal products are available in over 50 countries in the attractive and ever-growing gaming market.

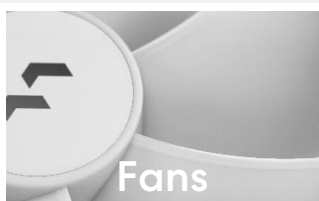
Our product categories are cases, power supply units, cooling products and fans for PC gaming computers. Fractal is a market leader for cases in several geographic markets: number one in the Nordics, number two in Japan, and a top three position globally. Our products are characterized by Scandinavian design, carefully considered materials and high quality.

From day one, we have achieved profitable growth by successfully combining design, performance and quality demanded by consumers, while expanding our product range and geographic presence. Fractal is a leading, well-established brand with a strong premium position – something that has earned us a clear and strong position in relevant and influential communities. We have focused a great deal on the customer experience, for which our customer service and aftermarket department have received high praise in the industry.

We have identified several growth areas for continued profitability and development, through initiatives like broader and more innovative marketing, continued focus on geographic expansion and new markets. Our head office is based in Gothenburg (Sweden) with satellite offices in Dallas (the US), Dongguan (China) and Taipei (Taiwan).



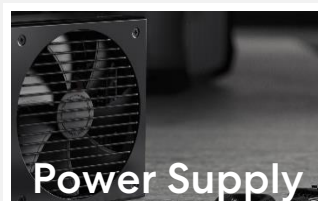
Our cases are designed for users with high expectations, and stand out through their distinctive Scandinavian design, performance, and quality.



Our fans are available in every conceivable design, from the discrete and whisper-quiet 120 mm models to the powerful 180 mm models focused entirely on maximum airflow.



Water cooling is a popular alternative and complement to fans, often for aesthetic reasons but perhaps primarily due to increased efficiency.



A high-performance power supply unit with the right strength and stability is the foundation for every successful build.



Market trends and demand

The first quarter was an exciting period for the gaming industry with the release of several major titles, including the eagerly awaited AAA title *Hogwarts Legacy*, which distinguished itself as the fifth-most played game on Steam in conjunction with its launch. Moreover, the game broke records on the streaming platform Twitch with an incredible 1.3 million viewers, and thereby also set a new record for a single-player game. A full 68% of players chose the PC platform, and 70% of users were located in North America and western Europe, which are also the core markets for Fractal.

In the previous interim report, we noted that Steam had broken records regarding the number of users logged in simultaneously. In January, the platform reported a new player record of 33 million, which surpassed the previous record of 32 million from the preceding quarter. It is evident that interest in gaming is continuing to grow, and remained strong at the start of 2023 as well.

Looking forward, we are seeing several interesting trends that could have a positive effect on our addressable market. Customers are turning to an increasing extent toward new sales channels for purchasing games, and according to a recently published report from NewZoo, Amazon in Germany has become the platform of choice for purchasing online games and thus overtaken the more traditional digital distribution platforms such as Electronic Arts Origin and Steam. The change indicates that customers are

choosing to buy both hardware and PC games from the same reseller.

Cross-platform gaming continues to grow, with an increase of 16% in AAA titles with multiplatform support year-on-year. This means that console players can play with and against PC players online, which we believe could be a strong gateway to the PC platform, especially for gamers who are looking for the best performance and the associated advantages.

Another focus for the gaming industry during the year will be the launch of several AAA titles, particularly on the PC platform. Many gaming studios slowed development down during the pandemic, which led to a backlog of major releases. During the year, we will witness several eagerly awaited titles built on the hyped-up Unreal Engine 5 tool, which will also require upgraded hardware to enjoy the best graphic settings and gaming experience.

Finally, a new report from the Unity graphics engine revealed that 76% of all game developers who use the Unity technology prioritize the PC platform. This includes game studios that also develop games for other platforms such as PlayStation and Xbox.

In summary, we look forward to an exciting year with rapid technological development in both games and gaming hardware, with the associated marketing opportunities.

Sources: Statista, SteamDB, Unity, Twitchtracker & NewZoo.



Fractal wins the Red Dot Product Design Award 2023

Our latest product release garnered the prestigious Red Dot Design Product Award for 2023. Fractal North took the market by storm with its unique front in walnut and Scandinavian design elements combined with attractive functionality. The product sold out immediately in all markets after its release late in the fourth quarter of 2022.

The Red Dot Design Award is one of the world's largest design competitions, and the Red Dot Award is internationally established as one of the most coveted awards for industry-leading design. The products selected by the Red Dot jury for an award may be aesthetically attractive, functional, smart, or innovative, but what they all have in common is their trailblazing design. The Red Dot jury awards this highly desirable stamp of quality only to products that have an outstanding design.

We are honored to have won the Red Dot Award, which acknowledges our constant effort to be a trailblazer and challenge the conventions in PC gaming and hardware design. Our focus has always been on creating products that combine outstanding functionality with attractive design, and this award from Red Dot is further proof of the success of Fractal North.

At Fractal, we believe that good design is not only about aesthetics, but also about creating products that are intuitive, easy to use, and improve the gaming experience. This award reinforces our position as a market leader in design, and we look forward to continuing to create exceptional products for demanding gamers from here on.

Financial performance

Net sales

The Group's net sales amounted to SEK 195.5 million (117.5), corresponding to growth of 66.4%. All of Fractal's sales take place in USD and net sales amounted to USD 18.7 million (12.6), corresponding to organic growth of 48.7%. This robust growth was the result of primarily increased demand from end consumers, which led to our resellers stocking up in order to meet the increased growth in sales. There is a pent-up need for upgrading equipment, and a healthy demand for Fractal's products. Growth was positively impacted by successful launches in 2022 where the Torrent, POP, and North series of cases were among the best-selling products in the quarter.

Earnings

Product profit amounted to SEK 79.1 million (47.2), corresponding to a product margin of 40.4% (40.2). The product margin increased by a total of around 0.2 percentage points compared with the year-earlier quarter. Factors that primarily impacted the margin were:

- **Lower freight prices** had a positive effect of approximately 5.3 percentage points on the product margin, since freight prices were lower than they were before the pandemic. The comparison figures from the first quarter of 2022 were historically high, since freight prices

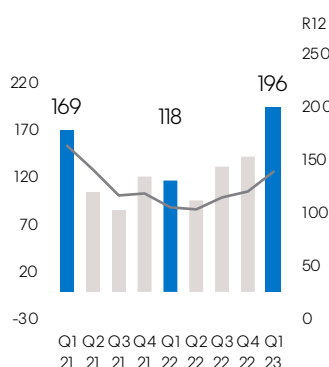
peaked in the fourth quarter of 2021 and the first quarter of 2022.

- **Currency effects** positively impacted the product margin by approximately 2.2 percentage points, attributable to stocks that were purchased at a lower exchange rate and sold at a higher exchange rate.
- **The product mix** adversely impacted the product margin by approximately 7.5 percentage points, attributable primarily to lower gross margins in the product groups.

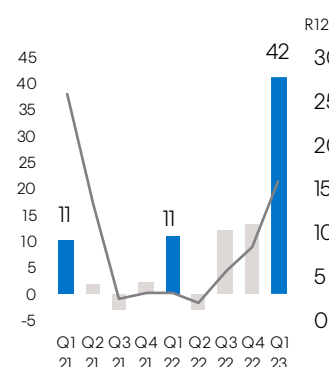
EBIT amounted to SEK 36.5 million (7.3), corresponding to an EBIT margin of 18.7% (6.2). Depreciation/amortization amounted to SEK -5.1 million (-4.0) and was mainly related to investments in product tools and capitalized development hours related to new product launches.

Earnings for the period amounted to SEK 27.0 million (5.4) and net financial items to SEK -2.3 million (-0.4). Income tax totaled SEK -7.2 million (-1.5). Earnings per share amounted to SEK 0.9 (0.2). There is no dilution effect as no shares were issued during the period. The number of historical shares was restated taking into account the split that took place on January 8, 2021.

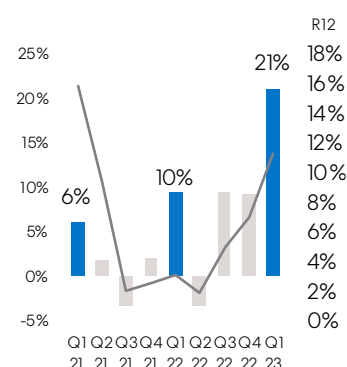
Net sales, SEKm



EBITDA, SEKm



EBITDA margin

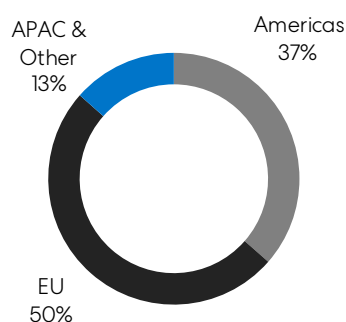


Geographic markets

The strongest region during the quarter was the EU, with net sales of SEK 97.9 million (48.7) – an increase driven primarily by higher demand from end customers, successful launches in the preceding autumn, and low stock levels among resellers. Sales in the Americas amounted to SEK 71.3 million (53.7) and APAC & Other amounted to SEK 26.3 million (15.1).

Of total net sales, the EU accounted for 50.1% (41.5), Americas for 36.5% (45.7) and APAC & Other for 13.4% (12.8).

Net sales, quarter



By geography (Americas, EU, APAC & Other)

SEKm	Q1		Δ %	Apr-Mar 11 year	
	2023	2022		22/23	2022
Net sales Americas	71.3	53.7	32.7	230.3	212.7
Net sales Americas, USDm	6.8	5.8	18.7	22.0	21.0
Net sales EU	97.9	48.7	100.9	240.6	191.4
Net sales EU, USDm	9.4	5.2	79.6	23.1	18.9
Net sales APAC & Other	26.3	15.1	74.7	92.7	81.5
Net sales APAC & Other, USDm	2.5	1.6	55.9	9.0	8.1



Financial position and cash flow

Financial position

At the end of the period, the Group's balance sheet total amounted to SEK 554.5 million (557.6). Stock levels amounted to SEK 109.4 million (158.0) in the period, a decrease of SEK 48.6 million due to increased sales but also to continued focus on stock size.

Utilization of the bank overdraft facility amounted to SEK 17.8 million (122.8) and was mainly related to the purchase of stock items. During the quarter, the total scope available in the bank overdraft facility returned to SEK 120 million, and a loan for SEK 40 million with a one-year maturity was signed instead.

During fourth quarter of 2022, the company signed an updated loan agreement with the bank within the framework of the existing credit scope and the agreement includes temporarily renewed financial covenants, which extend until the second quarter of 2023 and then return to original levels.

Interest-bearing net debt amounted to SEK 50.6 million (119.1), a decrease due primarily to increased sales. Net working capital amounted to SEK 80.9 million (132.1) at the end of the period. The Group's equity amounted to SEK 305.2 million (272.4) and the equity ratio to 55.0% (48.9) at the end of the period.

Cash flow for the quarter

Cash flow from operating activities amounted to SEK 65.6 million (18.3). The increase was due primarily to improved earnings and reduced stock.

Cash flow from investment activities amounted to SEK -9.7 million (-9.6) and was mainly related to the development of new products.

During the quarter, cash flow from financing activities amounted to SEK -52.7 million (-8.5), where the difference was largely related to changes in the bank overdraft facility.

Total cash flow in the quarter amounted to SEK 3.2 million (0.2).

Additional information

Important events during and after the quarter and period

During the quarter, Fractal appointed ABG Sundal Collier as liquidity provider for Fractal's shares listed on Nasdaq First North Premier Growth Market. The commitment takes place within the framework of Nasdaq Stockholm's rules on liquidity providers. ABG Sundal Collier undertakes to continuously quote prices for Fractal's share in accordance with the minimum requirements prevailing at any time for liquidity providers as set out by Nasdaq Stockholm aimed at improving the liquidity of the share and reducing the spread. ABG Sundal Collier's assignment commenced on March 13, 2023.

On April 20, Fractal published a press release with a positive profit warning since the preliminary results for the first quarter were stronger than expected.

Effects of war in Ukraine

Given the industry in which the Group operates, the conflict in Ukraine had no material impact on operations during the period.

Organization

On March 31, there were 81 (80) full-time employees, of whom 23 women (23) and 58 men (57). During the first quarter, the average number of employees in the organization was 77 (79), of whom 21 women (23) and 56 men (56).

Seasonal variations

Fractal has a seasonal business that is characterized by higher sales during the second half of the year due to traditional festivals and the Chinese New Year. The company's product purchasing is adapted to take into account this seasonal variation.

Parent Company

The Parent Company's operations comprise Group management services performed for the Group's companies. The Parent Company's net sales amounted to SEK 1.2 million (1.3) in the first quarter. Operating loss amounted to SEK -0.2 million (-0.2) and loss for the period to SEK -0.2 million (-0.3).

The share

At March 31, 2023, the number of shares in Fractal amounted to 29,119,500 (29,119,500).

The largest shareholders were:

- ▶ Långholmen Holding AB 29.0%
- ▶ Litorina IV L.P. 13.2%
- ▶ Herenco Holding AB 11.7%
- ▶ SEB Life International I 9.3%
- ▶ SEB Life International II 7.0%

Fractal's shares were allocated among 5,167 shareholders as of March 31, 2023.

Significant risks and uncertainties

Fractal is dependent on product launches progressing as planned and delays could potentially have a substantial impact on total sales volume.

Changes in exchange rates, particularly USD/SEK, are very important for the Group's earnings as all sales as well as product purchasing take place in USD.

Fractal is exposed to changes in raw material prices, primarily steel and plastic.

The business is dependent on free global flows of goods, particularly between the major markets in North America and Europe and manufacturing in China.

Further information about risks and uncertainties can be found in the annual report for 2022 and in the prospectus, which are available at www.fractal-design.com.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 Supplementary Accounting Rules for Groups. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A are, in addition to the financial statements and accompanying notes, also presented in other parts of the interim report. The Parent Company's report is prepared in accordance with the regulations in RFR 2 Accounting for Legal Entities and Chapter 9 of the Swedish Annual Accounts Act.

Assurance of the Board of Directors and the CEO

The Board of Directors and the CEO give their assurance that the interim report gives a true and fair view of the development of the Group's and Parent Company's operations, financial position and results of operations and describes significant risks and uncertainties facing the Parent Company and the Group companies.

Stockholm, May 11, 2023

Magnus Yngen

Chairman of the Board

Patrick Söderlund

Board member

Gustav Thott

Board member

Pernilla Ekman

Board member

Ola Nilsson

Board member

Erik Stenberg

Board member

Hannes Wallin

CEO and Board member

Income statement, Group

SEKm	Q1		Apr-Mar	Full year
	2023	2022	22/23	2022
Net sales	195.5	117.5	563.5	485.6
Capitalized development expenditure	1.8	1.8	8.9	9.0
Other operating income	1.5	0.2	2.3	1.1
Total revenue	198.7	119.6	574.8	495.7
Operating expenses				
Goods for resale	-116.4	-70.3	-352.6	-306.4
Other external expenses	-22.1	-21.3	-87.1	-86.3
Personnel expenses	-18.6	-16.7	-70.8	-68.9
Depreciation and impairment of tangible and intangible non-current assets	-5.1	-4.0	-19.8	-18.8
Total operating expenses	-162.2	-112.3	-530.3	-480.4
Operating profit	36.5	7.3	44.5	15.3
Finance income	-	0.8	4.7	5.5
Finance costs	-2.3	-1.2	-8.3	-7.2
Profit/loss after financial items	34.2	6.9	40.9	13.6
Income tax expense	-7.2	-1.5	-9.9	-4.2
Deferred tax liabilities	0.0	0.0	1.3	1.2
Profit for the period	27.0	5.4	32.3	10.7
Other comprehensive income				
Items that have been reclassified or can be reclassified to profit/loss for the period				
Foreign subsidiaries - foreign currency translation differences	0.1	-	0.5	0.4
Other comprehensive income for the period	0.1	-	0.5	0.4
Total comprehensive income for the period	27.1	5.4	32.7	11.1
Profit for the year attributable to:				
Parent Company's shareholders	27.0	5.4	32.3	10.7
Profit for the period	27.0	5.4	32.3	10.7
Total comprehensive income attributable to:				
Parent Company's shareholders	27.1	5.4	32.7	11.1
Total comprehensive income for the period	27.1	5.4	32.7	11.1
Average number of shares before dilution	29.1	29.1	29.1	29.1
Average number of shares after dilution	29.1	29.1	29.1	29.1
Earnings per share, SEK	0.9	0.2	1.1	0.4
Before and after dilution, SEK	0.9	0.2	1.1	0.4

Balance sheet, Group

SEKm	Mar 31, 2023	Mar 31, 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	210.2	210.2	210.2
Capitalised development costs	31.4	25.0	30.0
Property, plant and equipment	43.9	35.0	39.8
Right-of-use assets	11.8	13.9	12.1
Deferred Tax Asset	0.0	0.6	-
Total non-current assets	297.2	284.7	292.0
Current assets			
Inventories	109.4	158.0	126.8
Accounts receivable	128.1	88.4	99.1
Prepaid expenses and accrued income	7.1	7.9	3.1
Other receivables	5.5	15.0	12.0
Cash and cash equivalents	7.2	3.7	3.9
Total current assets	257.3	272.9	244.9
TOTAL ASSETS	554.5	557.6	536.8
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	0.5	0.5	0.5
Share premium	178.0	177.9	178.0
Reserves	0.1	-0.4	-0.0
Retained earnings including profit/loss for the period	126.6	94.4	99.7
Equity attributable to the Parent Company's shareholders	305.2	272.4	278.2
Total equity	305.2	272.4	278.2
Non-current liabilities			
Long-term lease liabilities	8.0	10.5	8.5
Provisions	4.0	2.8	3.6
Deferred tax liabilities	6.6	8.5	6.6
Total non-current liabilities	18.6	21.9	18.7
Current liabilities			
Overdraft facility	17.8	122.8	109.5
Other short term interest-bearing liabilities	40.0	-	-
Current lease liabilities	3.7	3.4	3.5
Accounts payable	145.5	120.4	93.1
Tax liabilities	5.1	1.3	0.1
Other liabilities	1.6	2.0	12.2
Accrued expenses and prepaid income	17.0	13.4	21.5
Total current liabilities	230.7	263.3	240.0
TOTAL EQUITY AND LIABILITIES	554.5	557.6	536.8

Cash flow, Group

SEKm	Q1		Apr-Mar	Full year
	2023	2022	22/23	2022
Cash flows from operating activities				
Profit/loss after financial items	34.2	6.9	40.9	13.6
Adjustments for items not included in cash flow	5.5	4.1	21.7	20.3
Income tax paid	-1.1	1.9	-4.2	-1.2
	38.7	12.9	58.4	32.7
Increase (+)/Decrease (-) of inventories	17.4	12.5	48.5	43.7
Increase (+)/Decrease (-) of operating receivables	-27.7	-2.6	-30.9	-5.8
Increase (+)/Decrease (-) of operating liabilities	37.3	-4.6	28.3	-13.6
Net cash from operating activities	65.6	18.3	104.3	57.0
Cash flows from investing activities				
Acquisition of property, plant and equipment	-7.1	-5.7	-21.1	-19.7
Acquisition intangible assets	-2.6	-3.9	-10.9	-12.2
Net cash used in investing activities	-9.7	-9.6	-32.1	-31.9
Cash flows from financing activities				
Net change other short term interest-bearing liabilities	40.0	-	40.0	-
Net change, bank overdraft facility	-91.7	-7.7	-105.0	-20.9
Repayment of borrowings	-0.9	-0.8	-3.6	-3.5
Net cash used in financing activities	-52.7	-8.5	-68.6	-24.4
Net increase in cash and cash equivalents	3.2	0.2	3.7	0.6
Cash and cash equivalents at start of period	3.9	4.3	3.7	4.3
Effects of movements in exchange rates on cash held	-0.0	-0.8	-0.2	-1.0
Cash and cash equivalents at end of period	7.2	3.7	7.2	3.9

Change in equity, Group

Amounts in SEKm	Share capital	Share premium	Reserves	Retained earnings including profit/loss for the year	Total	Non-controlling interest	Total equity
Balance at 2022-01-01	0.5	177.9	-0.4	89.0	267.0	-	267.0
Profit for the period				5.4	5.4		5.4
Translation differences			-		-		-
Total comprehensive income for the period			-	5.4	5.4		5.4
Bonus issue					-		-
Balance at 2022-03-Ma	0.5	177.9	-0.4	94.4	272.4	-	272.4
Balance at 2023-01-01	0.5	178.0	-0.0	99.7	278.2	-	278.2
Profit for the period				27.0	27.0		27.0
Translation differences			0.1		0.1		0.1
Total comprehensive income for the period			0.1	27.0	27.1		27.1
Premium paid when issuing stock options		-			-		-
Balance at 2023-03-Ma	0.5	178.0	0.1	126.6	305.2	-	305.2

Parent Company

Income statement

SEKm	Q1		Apr-Mar	Full year
	2023	2022	22/23	2022
Net sales	1.2	1.3	5.8	5.9
Other operating income	-0.0	0.2	-0.0	0.2
	1.2	1.3	6.0	6.1
Operating expenses				
Other external expenses	-0.3	-0.3	-1.8	-1.7
Personnel expenses	-1.1	-1.3	-5.6	-5.8
	-1.4	-1.6	-7.4	-7.5
Operating profit	-0.2	-0.2	-1.4	-1.4
<i>Net financial income and expenses</i>				
Finance costs	-0.0	0.0	-0.1	-0.1
Profit/loss after financial items	-0.2	-0.2	-1.5	-1.6
Appropriations	-	-	1.8	1.8
Net income before taxes	-0.2	-0.2	0.2	0.2
Income tax expense	-	-0.0	-0.1	-0.1
Deferred tax liabilities	0.0	-	0.0	-0.0
Profit for the period	-0.2	-0.3	0.2	0.1

The Parent Company has no items that are recognized as other comprehensive income. Total comprehensive income is therefore the same as net profit for the period.

Balance sheet

SEKm	Mar 31, 2023	Mar 31, 2022	31 Dec 2022
ASSETS			
Non-current assets			
Shares in group companies	271.4	271.4	271.4
Total non-current assets	271.4	271.4	271.4
Current assets			
Receivables from group companies	0.6	0.3	1.2
Other receivables	2.2	0.9	1.6
Prepaid expenses and accrued income	0.4	0.5	0.2
Cash and cash equivalents	0.2	0.6	0.2
Total current assets	3.5	2.2	3.2
TOTAL ASSETS	275.0	273.6	274.6
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	0.5	0.5	0.5
Total restricted equity	0.5	0.5	0.5
Non-restricted equity			
Share premium	178.0	177.9	178.0
Retained earnings	56.2	56.0	56.0
Profit for the period	-0.2	-0.0	0.1
Total non-restricted equity	234.0	233.9	234.2
Shareholders' equity	234.5	234.4	234.7
Untaxed reserves	26.0	26.0	26.0
Current liabilities			
Debt to group companies	13.0	10.9	10.6
Accounts payable	0.0	0.3	-
Tax liabilities	0.1	0.2	-
Other liabilities	0.3	0.8	0.6
Accrued expenses and prepaid income	0.9	1.1	2.7
Total current liabilities	14.5	13.3	13.9
TOTAL EQUITY AND LIABILITIES	275.0	273.6	274.6

Operating segment and revenue distribution

Fractal monitors net sales and product profit by product category. Sales are also monitored by geography, for which separate disclosures are provided in the report.

Note 1 – Net sales and earnings by segment

SEKm	Q1		Apr-Mar	Full year
	2023	2022	22/23	2022
Net sales	195.5	117.5	563.5	485.6
- Cases	177.3	104.7	497.0	424.4
- Other	18.2	12.8	66.6	61.2
Product profit	79.1	47.2	211.0	179.1
- Cases	71.5	42.3	190.1	160.9
- Other	7.6	4.9	20.9	18.2
Capitalized development expenditure	1.8	1.8	8.9	9.0
Other operating income	1.5	0.2	2.3	1.1
Other external expenses	-22.1	-21.3	-87.1	-86.3
Personnel expenses	-18.6	-16.7	-70.8	-68.9
Depreciation and impairment of tangible and intangible non-current assets	-5.1	-4.0	-19.8	-18.8
Operating profit	36.5	7.3	44.5	15.3
Finance income	-	0.8	4.7	5.5
Finance costs	-2.3	-1.2	-8.3	-7.2
Net financial income and expenses	-2.3	-0.4	-3.6	-1.7
Net income before taxes	34.2	6.9	40.9	13.6

Note 2 – Distribution of revenue

The Group generates revenue primarily from the sale of premium PC gaming products in the form of cases, power supply units, cooling products and fans. Sales are made to distributors, resellers and system integrators and purchases are made from contracted manufacturers. Ownership of the sold products normally transfers to the customer on physical delivery of each product. Other revenue mainly consists of currency exchange differences regarding sales and purchases and are not included in the table below, which describes the nature of the revenue streams.

Disaggregation of revenue from agreements with customers

The disaggregation of net sales in product areas, geographic markets and time of reporting is summarized below. Product areas and geographic markets coincide with those mentioned in the segment reporting.

Group	Cases		Other		Total	
	Jan—Mar		Jan—Mar		Jan—Mar	
SEKm	2023	2022	2023	2022	2023	2022
Geographic market						
Americas	69.0	49.9	2.3	3.9	71.3	53.7
EU	88.7	42.4	9.2	6.3	97.9	48.7
APAC & Other	19.7	12.5	6.7	2.6	26.3	15.1
Time of revenue recognition						
Goods recognized at a point in time	177.3	104.7	18.2	12.8	195.5	117.5
Goods and services recognized over time	-	-	-	-	-	-
Total net sales	177.3	104.7	18.2	12.8	195.5	117.5

Note 3 – Financial instruments at fair value

The Group's financial instruments are recognized at amortized cost. The carrying amount offers a reasonable estimate of fair value.

Definitions

This report contains key financial figures in accordance with the framework applied by Fractal, which is based on IFRS. In addition, other key figures (alternative performance measures) are used by management and other stakeholders to analyze trends and the performance of the Group's operations that cannot be identified or derived from the financial statements. Fractal's stakeholders should not regard these alternative performance measures as a substitute, but rather as a complement to the financial statements which are prepared in accordance with IFRS. A list of definitions and key figures used and referred to in this report is presented below.

Non-IFRS metrics	Description	Justification for the use of metrics
Net sales, USD million	Amounts invoiced in USD relating to sales, adjusted for distributor and reseller discounts that are also denominated in other currencies.	Fractal's sales are invoiced in full in USD. The purpose of presenting the key figure is to present the organic growth for the Group.
Product profit	Net sales less goods for resale.	Demonstrates product profitability of the core business.
Product margin, %	Product profit in relation to net sales.	Demonstrates product profitability of the core business in relation to net sales.
Operating profit (EBIT)	Fractal's reported operating profit (EBIT).	Operating profit (EBIT) is a performance metric that along with EBITDA, shows the earnings generated by the day-to-day activities.
Operating margin (EBIT margin), %	Operating profit (EBIT) in relation to net sales.	Enables comparisons of profitability irrespective of capital structure or tax situation.
EBITDA	Operating profit (EBIT) with a reduction of depreciation and impairment of tangible and intangible non-current assets.	EBITDA together with operating profit (EBIT) provides an overall picture of the generation of earnings from the day-to-day activities.
EBITDA margin, %	EBITDA in relation to net sales.	This key figure is used for analysis of the generation of earnings by Fractal.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA is a performance metric that is considered relevant to the understanding of Fractal's financial performance from the day-to-day activities. This metric shows the financial performance of the day-to-day activities without any influence from significant cost or income items that affect the possibility of making comparisons over time, as described under "items affecting comparability" below.
Adjusted EBITDA margin, %	Adjusted EBITDA in relation to net sales.	Adjusted EBITDA margin is a key figure that is considered relevant to understanding Fractal's financial performance from the day-to-day activities without any impact from significant cost or income items that affect the ability to make comparisons over time.
Items affecting comparability	Income and cost items that are reported separately as a result of their nature and amount.	Items affecting comparability are used to explain differences in the historical profit/loss. Separate reporting and specification of items affecting comparability enables readers of the financial statements to understand and evaluate the adjustments made in the presentation of adjusted operating profit (adjusted EBIT) and adjusted EBITDA.
Net working capital	Net working capital is calculated as net working capital assets less net working capital liabilities. Net working capital assets are calculated as the sum of inventories, accounts receivable and prepaid expenses and accrued income as well as other receivables. Net working capital liabilities are calculated as the sum of accounts payable and tax liabilities, accrued expenses and prepaid income as well as other liabilities.	This metric shows how much net working capital is tied up in Fractal's business.
Operating cash flow	EBITDA less acquisition of property, plant and equipment and capitalized development expenditure and adjustments for changes in inventories, operating receivables and operating liabilities.	Operating cash flow is used by Fractal as a metric for how much cash flow the business generates.
Cash conversion, %	Operating cash flow in relation to EBITDA.	Fractal uses this key ratio to monitor how effectively the Group manages ongoing investments and net working capital.

Non-IFRS metrics	Description	Justification for the use of metrics
Interest-bearing net debt	Interest-bearing debt less cash and cash equivalents. Interest-bearing debt consists of the sum of overdraft facility, and debt to Group companies.	Shows organic business growth during the period compared to the preceding period.
USD/SEK, average	Net sales in SEK million in relation to net sales in USD million.	The average USD/SEK exchange rate has a significant impact on company net sales and operating profit.
Net sales growth, %	Growth in net sales for the period, calculated as an increase in net sales compared to the preceding year, expressed as a percentage.	Shows change in net sales for the business during the period compared to the preceding period.
Organic net sales growth, %	Growth in net sales in USD million for the period, calculated as the change in net sales in USD million compared to the preceding year, expressed as a percentage.	Shows organic business growth during the period compared to the preceding period.
Equity ratio	Equity in relation to total assets	Shows how large a share of assets are financed by equity and can be used as an indicator of the company's ability to pay over the long term.
Key Performance Indicators (KPIs)	Description	Justification for the use of metrics
Sales out, USD sellers to end consumers (Sales Out), USD	Sales out measured in USD, reported by Fractal's resellers.	Sales out measured in USD is used by Fractal as an indicator of the underlying demand for the company's products.



Financial calendar

Annual General Meeting
Interim report, January–June 2023
Interim report, January–September 2023

May 17, 2023
August 17, 2023
November 16, 2023

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