



Q2 2023

Interim Report



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Interim Report

Second quarter

- ▶ Net sales amounted to SEK 245.3 million (95.4).
- ▶ Product profit amounted to SEK 98.7 million (29.3), with a product margin of 40.2% (30.7).
- ▶ EBITDA amounted to SEK 47.9 million (-3.0), corresponding to an EBITDA margin of 19.5% (-3.2).
- ▶ EBIT amounted to SEK 42.7 million (-7.5), corresponding to an EBIT margin of 17.4% (-7.9).
- ▶ Operating cash flow amounted to SEK 64.0 million (-7.7).
- ▶ Interest-bearing net debt was SEK -12.7 million (127.4).
- ▶ Earnings per share amounted to SEK 1.2 (-0.1).
- ▶ No items affecting comparability for the quarter.

Jan–Jun 2023

- ▶ Net sales amounted to SEK 440.8 million (212.9).
- ▶ Product profit amounted to SEK 177.7 million (76.6), with a product margin of 40.3% (36.0).
- ▶ EBITDA amounted to SEK 89.5 million (8.3), corresponding to an EBITDA margin of 20.3% (3.9).
- ▶ EBIT amounted to SEK 79.2 million (-0.2), corresponding to an EBIT margin of 18.0% (-0.1).
- ▶ Operating cash flow amounted to SEK 122.8 million (-0.8).
- ▶ Earnings per share amounted to SEK 2.1 (0.1)
- ▶ No items affecting comparability during the period.

Amounts in SEKm	Q2		Jan–Jun		Jul-Jun	Full year
	2023	2022	2023	2022	22/23	2022
Net sales	245,3	95,4	440,8	212,9	713,4	485,6
Net sales, USDm	23,3	9,7	42,0	22,3	67,6	47,9
Product profit	98,7	29,3	177,7	76,6	280,3	179,1
Product margin, %	40,2	30,7	40,3	36,0	39,3	36,9
EBITDA	47,9	-3,0	89,5	8,3	115,3	34,0
EBITDA margin	19,5	-3,2	20,3	3,9	16,2	7,0
EBIT	42,7	-7,5	79,2	-0,2	94,7	15,3
EBIT margin, %	17,4	-7,9	18,0	-0,1	13,3	3,1
Operating cash flow	64,0	-7,7	122,8	-0,8	150,0	26,4
Interest-bearing net debt	-12,7	127,4	-12,7	127,4	-12,7	115,6
Earnings per share, SEK	1,2	-0,1	2,1	0,1	2,5	0,4
USD/SEK, average	10,5	9,8	10,5	9,5	10,5	10,1

CEO's comments

Sales are setting new records

The robust rate of growth that we reported during the first quarter was further strengthened during the second quarter. Sales for the quarter were the highest ever for Fractal, both in USD and SEK. We are growing more substantially than the market, and are drawing new customers through our attractive products with innovative designs.

Net sales for the quarter, which are entirely in USD, increased 157% to SEK 245.3 million (95.4). Total sales from resellers to end consumers increased by 49.4% organically, with an increase of a full 59.7% in the case category, indicating that there is a great deal of interest in our products. The robust growth in net sales was driven by a combination of the high level of sales to end customers, as well as by a much needed stockpiling among our resellers. We believe that our resellers have now largely caught up with their stockpiling, and that net sales in future quarters will likely remain at the same level as sales to end consumers. Resellers balancing their stock promotes a certain amount of irregularity in net sales in periods of both upturns and downturns, which is a dynamic we saw clearly in the fluctuations that have occurred over the past few years.

Our growth is strengthened by successful product launches

The rate of growth was robust in all regions, with sales in Europe also picking up tremendous momentum during the quarter. Our new products – primarily the North, POP, Ridge and Terra series of cases – are continuing to drive Fractal's strong performance. We are deeply proud of the fact that during the quarter, North was honored with the internationally renowned and prestigious Red Dot Product Design Award for 2023. In late May we launched Terra, a smaller case (mini ITX) in an exclusive design with first-rate materials (aluminum and wood). It was very positively received, and the product quickly sold out in all markets. After North and Ridge, the launch of Terra further cemented our position as the leading brand for the design-conscious player.

EBITDA for the second quarter increased to SEK 47.9 million (-3.0), corresponding to an EBITDA margin of 19.5% (-3.2). The product margin increased to 40.2% (30.7), with the improvement largely due to substantially lower shipping costs. For the remainder of the year, we see excellent conditions for better purchase prices, given continued low raw materials prices and positive currency effects. As we previously announced, in December 2022 we received notification from the US Trade Representative's Office regarding an extension of tariff exclusions for PC cases until September 30, 2023. Cash flow during the quarter remained strong, and operating cash flow increased to SEK 64.0 million (-7.7). Our financial position has been strengthened further, and at the end of the period Fractal had net cash of SEK 12.7 million, compared with a net debt of SEK 127.4 million in the year-earlier period. This strong financial position gives us scope for action in fully pursuing our strategic initiatives and advancing our positions in the market.

We have established a unique design position

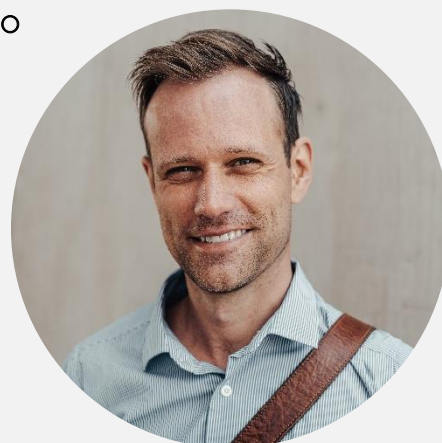
Over the past few quarters, we have seen confirmation time and time again that our offering is gaining ground. Since it was founded in 2010, Fractal has challenged the prevailing design ideas for PC gaming cases. Our latest launches of the North and Terra case series represent our vision of being an innovator in the industry in terms of both design and materials. We have occupied a unique position that distinguishes itself through a stylistically clean and more mature Scandinavian design profile. We are attracting new customers with products that are highly suited to a modern home and show that it is possible for people to enjoy gaming in a stylish and elegant environment. Interest in esports and high-performance gaming remains at very high levels. Historically, the gaming industry has been less sensitive to market fluctuations than several other industries and there is still a major pent-up need, given that many have refrained from upgrading their equipment. To generate growth, we are increasing our marketing activities to reach even more gamers in existing and new segments. Fractal sponsors 154 small to medium-size Twitch streamers, who in turn act as brand and product ambassadors. The results continue to exceed expectations, and we have chosen to gradually 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 second quarter. We are continuing to see excellent potential for profitable growth in 2023, based on our attractive product portfolio that meets the demand we see from high-performance gamers around the globe. 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

August 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



Note: LTM numbers

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

demanding 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).



Cases

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



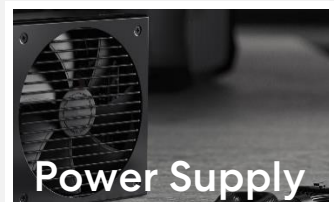
Fans

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.



CPU coolers

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



Power Supply

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



Market performance and trends

The latest market reports indicate a continued downturn in global PC and hardware deliveries in the second quarter. However, the market for PC gaming hardware is expected to recover in the years ahead, with estimated growth of up to USD 5 billion through 2025, according to John Peddie Research (JPR).

Despite the temporary downturn, total sales in PC gaming hardware are expected to reach USD 47.1 billion in 2025, which is an increase of 12% from an estimated USD 42.0 billion in 2022. JPR's report also points to a robust "need for upgrades" over the next two years driven by the fact that many customers have kept their hardware from 2021 owing to runaway prices for graphics cards as well as macroeconomic factors. Some of the factors that will drive the need for upgrades are the potential launch of Windows 12, and advances in high-resolution gaming monitors with greater update frequencies. In turn, monitor upgrades often lead to upgrades in graphics cards, which is a positive factor for our addressable market.

As regards game launches, Diablo 4 – an eagerly awaited title – achieved significant success when launched by exceeding the milestone of USD 666 million in sales in just five days. Blizzard has plans to routinely update Diablo 4 over a longer period of time, with forthcoming live-service seasons and expansions, which indicates continual engagement and willingness to spend from consumers.

In the hardware sector, the Computex computer expo presented new products in the CPU and GPU categories, which is relevant for our market as regards the need for upgrades. In addition, impressive demonstrations showcased the growing role of artificial intelligence (AI) in gaming, including real-time interactions with in-game characters, dynamic gameplay and ad-hoc content generation. These technological developments

are also expected to drive future demand for upgrades to PC hardware.

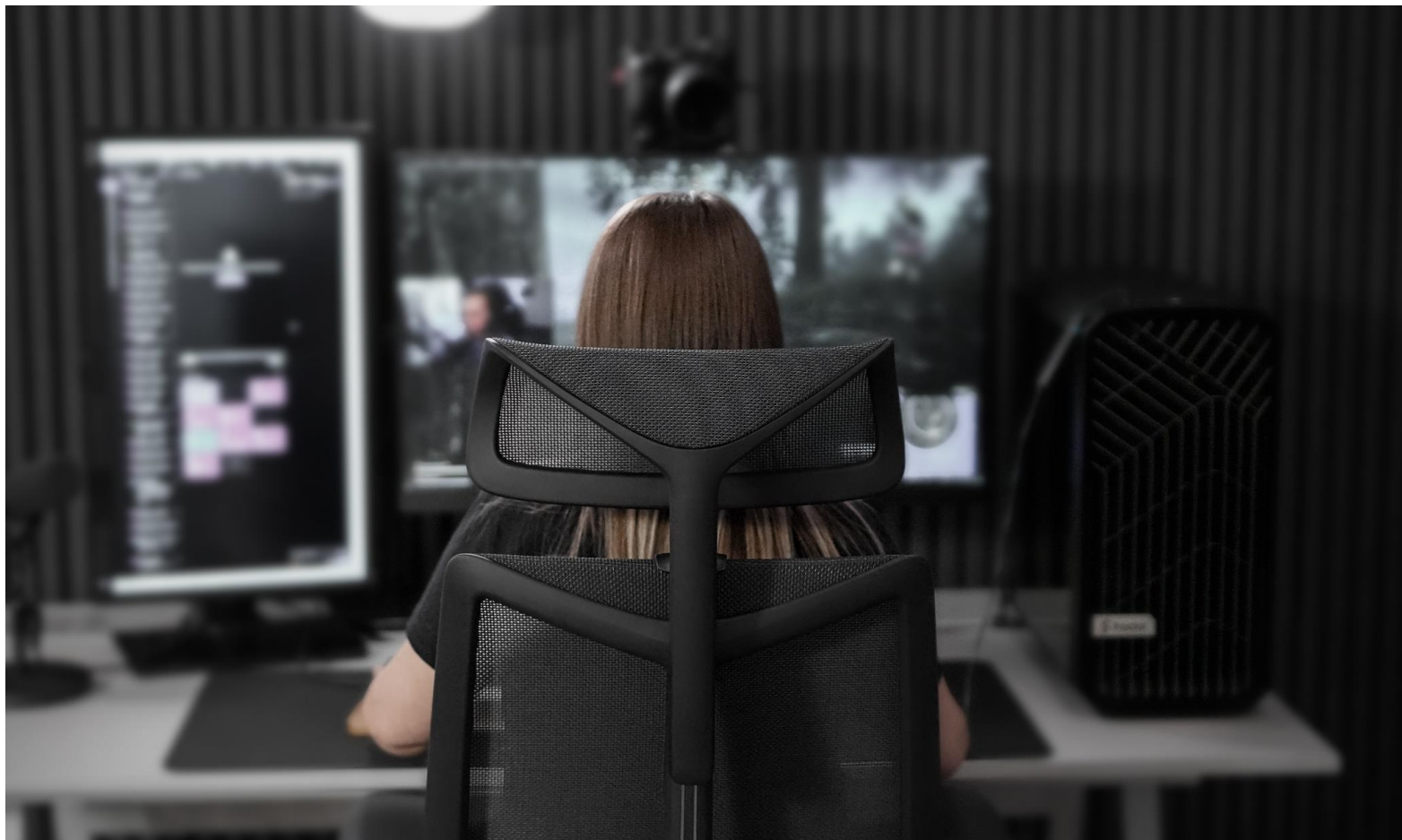
As regards consumer insights, a report from the research company NewZoo shows that 79% of the total number of users online are gamers, which highlights the continued popularity of the market. In addition, 50 engage with gaming in more than one way by combining gaming with watching content, for example, when others play via Twitch. The same report emphasizes gaming as an effective marketing tool, where gamers react positively to brands that are integrated directly into the games or via streaming. The report also indicates that over 50% of gamers and viewers discover new brands either when they themselves play or watch others do so.

Gaming communities and associated communication channels play a crucial role in discovering new brands, with a full 42% stating that they have purchased a product or service that is recommended or used by their favorite streamer.

As a response to this trend, Fractal has launched its own network of streaming ambassadors on Twitch, which facilitates efficient marketing and brand growth in gaming communities. More information can be found further on in this report.

Despite the latest market challenges, the hardware industry in PC gaming is ready for recovery and growth. The possibilities are tremendous, considering future needs for upgrades, new technologies and customer groups that are more engaged than ever. By making use of the power of strong communities and ambassadors, Fractal can efficiently reach both new and existing customers, strengthen brand awareness and broaden its customer base.

Sources: Statista, IDC, Jon Peddie Research and NewZoo



Global launch of the Fractal Creator Program

We are pleased to announce the launch of our sponsorship program for Twitch streamers. The Fractal Creator Program made its “quiet debut” on Twitch in 2022, and has now established partnerships with over 150 streamers who have raised the gaming experience to new levels together with Fractal and our products. In Q2, we launched the program on a broader basis, opening it up for new ambassadors.

By being part of the Fractal Creator Program, streamers and content creators gain exclusive access to future Fractal products, take part in customized campaigns and take on the role of brand ambassador, which increases awareness of our brand in gaming communities.

The intent of this strategic effort is to reach new target groups and forge strong bonds with new gaming communities around

the globe where Fractal previously lacked representation. By establishing new communication channels, we invite end customers to join us on our journey, just as we acquire invaluable insights from both consumers and streamers. Their experiences and feedback provide us with a deeper understanding of challenges and opportunities in our market, which can impact the development of our forthcoming products.

Over the course of the year, we will continually expand the program while launching committed marketing campaigns through these entirely new customer channels in partnership with our streamers and ambassadors.

For more information on the Fractal Creator Program, please visit our website.



Second quarter launches

At the Computex computer expo – one of the largest in the industry – in May, we launched yet another product in our efforts to challenge what a gaming station looks like. We proudly presented Terra, our latest addition in the more compact segment of gaming cases, to the press, the market, and our partners.

Terra was designed to highlight the gaming environment and provide possibilities for integrating a powerful gaming computer into the modern gamer's home. Its compact design includes a front panel made of solid FSC-certified walnut, anodized aluminum panels and an aluminum panel 8 millimeters thick.

Terra has met with an outstanding reception and garnered positive reviews from trendsetters in the media and reviewers as well as from the market as a whole. Many have hailed Terra's innovative design, especially the choice of natural and exclusive materials and modern color choices. Terra sold out worldwide within just two weeks of its launch, and we are now restocking regularly to meet the high level of demand.

In addition, we are pleased to announce that Terra received the prestigious "Best of Computex 2023" award from the media during the expo.

Financial performance

Net sales

The Group's net sales amounted to SEK 245.3 million (95.4), corresponding to growth of 157.2%. All of Fractal's sales take place in USD and net sales amounted to USD 23.3 million (9.7), corresponding to organic growth of 139.4%. 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 98.7 million (29.3), corresponding to a product margin of 40.2% (30.7). The product margin increased by a total of around 9.5 percentage points compared with the year-earlier period.

Lower freight prices had a positive effect of approximately 9 percentage points on the product margin, since freight prices were lower than they were before the pandemic. The comparison figures

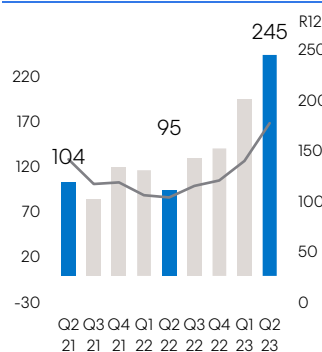
from the second quarter of 2022 were historically high, since freight prices peaked in the fourth quarter of 2021 and the first quarter of 2022, which meant that products sold in the second quarter of 2022 had been shipped during these periods at a high cost.

Despite higher levels of product sales at lower margins, a positive product mix enables us to maintain our margin.

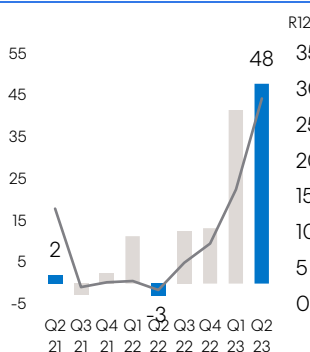
EBIT amounted to SEK 42.7 million (-7.5), corresponding to an EBIT margin of 17.4% (-7.9). Depreciation/amortization amounted to SEK -5.2 million (-4.5) and was mainly related to investments in product tools and capitalized development hours related to new product launches.

Earnings for the period amounted to SEK 35.3 million (-4.1) and net financial items to SEK 1.9 million (2.3). Income tax totaled SEK -9.3 million (1.1). Earnings per share amounted to SEK 1.2 (-0.1). 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.

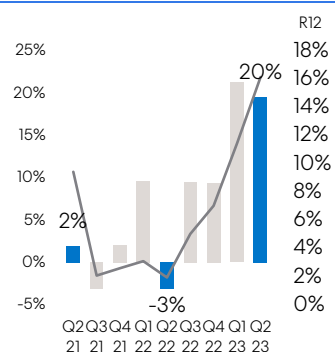
Net sales, SEKm



EBITDA, SEKm



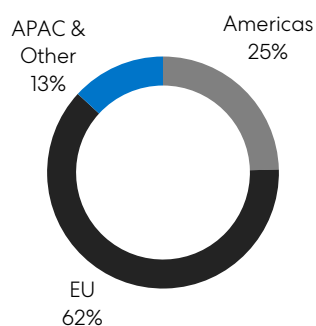
EBITDA margin



Geographic markets

The strongest region during the quarter was the EU, with net sales of SEK 152.7 million (29.3) – an increase driven primarily by higher demand from end customers, successful launches, and low stock levels among resellers. Sales in the Americas amounted to SEK 60.3 million (39.9) and APAC & Other amounted to SEK 32.2 million (26.1). Of total net sales, the EU accounted for 62.0% (30.8), Americas for 24.6% (41.8) and APAC & Other for 13.4% (27.4).

Net sales, quarter



By geography (Americas, EU, APAC & Other)

SEKm	Q2			Jul-Jun	Full year
	2023	2022	Δ %	22/23	2022
Net sales Americas	60,3	39,9	51,1	250,7	212,7
Net sales Americas, USDm	5,7	4,1	41,1	23,7	21,0
Net sales EU	152,7	29,3	420,8	363,9	191,4
Net sales EU, USDm	14,5	3,0	382,5	34,6	18,9
Net sales APAC & Other	32,2	26,1	23,3	98,8	81,5
Net sales APAC & Other, USDm	3,1	2,7	14,7	9,4	8,1



January–June

Net sales

The Group's net sales amounted to SEK 440.8 million (212.9) in the period, an increase of 107%. Net sales in USD amounted to USD 42.0 million (22.3), an organic increase of 88.3%. Demand in the first half of the year was strong, driven by a robust product portfolio and widespread interest in our products. A combination of high levels of sales to end customers and stockpiling among our resellers enabled increased sales. Inventory levels among resellers have now reached healthy levels, which will likely mean that net sales going forward will be at similar levels as sales to end customers. Access to and prices for graphics cards have improved compared with the first half of 2022, and end customers have responded with increased purchasing activity.

Earnings

Product profit amounted to SEK 177.7 million (76.6), corresponding to a product margin of 40.3% (36.0), which was an increase of 4.3 percentage points. The higher margins were an effect of normalized freight prices, which

contributed around 7 percentage points and offset a disadvantageous product mix compared to the preceding period. Initiatives to strengthen the margin were taken during the period, which will lead to improvements in the margin for these products during the second half of the year. The margin was impacted positively by currency effects compared with the preceding period.

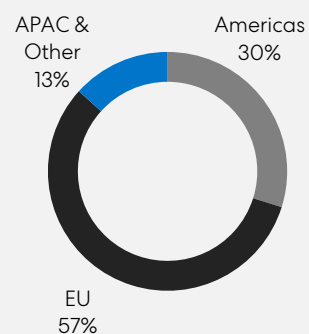
EBIT increased to SEK 79.2 million (-0.2), corresponding to an EBIT margin of 18.0% (-0.1). Depreciation/amortization amounted to SEK -10.3 million (-8.5) and was mainly related to investments in tools related to new product launches. No items affecting comparability during the period.

Earnings for the period amounted to SEK 62.3 million (1.3). Net financial items amounted to SEK -0.3 million (1.9). Income tax amounted to SEK 16.6 million (-0.3). Earnings per share amounted to SEK 2.1 (0.1). 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.

Geographic markets

The strongest region during the period was the EU, with net sales of SEK 250.6 million (78.0), while the Americas amounted to SEK 131.6 million (93.6) and APAC & Other amounted to SEK 58.6 million (41.2). Net sales was stronger in all regions compared to the first half of 2022. Of total net sales, the EU accounted for 56.9% (36.7), Americas for 29.9% (44.0) and APAC & Other for 13.3% (19.4).

Net sales, Jan-Jun



SEKm	Jan-Jun		Δ %	Jul-Jun	Full year
	2023	2022		22/23	2022
Net sales Americas	131,6	93,6	40,5	250,7	212,7
Net sales Americas, USDm	12,6	9,8	28,0	23,7	21,0
Net sales EU	250,6	78,0	221,1	363,9	191,4
Net sales EU, USDm	23,9	8,2	190,4	34,6	18,9
Net sales APAC & Other	58,6	41,2	42,1	98,8	81,5
Net sales APAC & Other, USDm	5,6	4,3	30,2	9,4	8,1



Financial position and cash flow

Financial position

At the end of the period, the Group's balance sheet total amounted to SEK 676.5 million (568.3). Stock levels were SEK 140.7 million (185.5), a decrease of SEK 44.8 million due to increased sales but also to continued focus on stock size.

Utilization of the bank overdraft facility amounted to SEK 0 million (132.1) and was mainly related to robust growth. During the preceding 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.

At the end of the period Fractal had net cash of SEK 12.7 million, which is due to increased sales, compared with an interest-bearing net debt of SEK 127.4 million at the end of the year-earlier period. Net working capital amounted to SEK 54.8 million (130.1) at the end of the period. The Group's equity amounted to SEK 341.1 million (269.0) and the equity ratio to 50.4% (47.3) at the end of the period.

Cash flow for the quarter

Cash flow from operating activities amounted to SEK 67.1 million (2.1). The increase was due primarily to improved earnings. Cash flow from investment activities amounted to SEK -3.5 million (-9.9) and was mainly related to the development of new products. Cash flow from financing activities during the quarter amounted to SEK -28.8 million (8.5) and was largely related to changes in the bank overdraft facility.

Total cash flow in the quarter amounted to SEK 34.8 million (0.7).

Cash flow Jan-Jun

Cash flow for the period from operating activities amounted to SEK 132.7 million (20.4). The increase was primarily due to reduced operating receivables. Cash flow from investing activities amounted to SEK -13.2 million (-19.6) and is mainly related to the development of new products. Cash flow from financing activities during the period amounted to SEK -81.4 million (0.1) and was largely related to changes in the bank overdraft facility.

Total cash flow in the period amounted to SEK 38.1 million (0.9).

Additional information

Important events during and after the quarter and period

During the first 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'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 June 30, there were 84 (76) full-time employees, of whom 25 women (20) and 59 men (56). During the second quarter, the average number of employees in the organization was 83 (78), of whom 24 women (21) and 58 men (57).

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 -0.4 million (-0.6) and loss for the period to SEK -0.4 million (-0.6).

The share

At June 30, 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%
- ▶ **Pension Futur** 9.5%
- ▶ **SEB Life International II** 7.0%

Fractal's shares were allocated among 5,509 shareholders as of June 30, 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. This report has not been audited.

Stockholm, August 17, 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	Q2		Jan—Jun		Jul-Jun	Full year
	2023	2022	2023	2022	22/23	2022
Net sales	245,3	95,4	440,8	212,9	713,4	485,6
Capitalized development expenditure	2,2	3,6	4,0	5,4	7,6	9,0
Other operating income	0,2	0,9	0,2	1,1	0,2	1,1
Total revenue	247,6	99,8	444,9	219,4	721,2	495,7
Operating expenses						
Goods for resale	-148,0	-66,1	-263,0	-136,3	-433,1	-306,4
Other external expenses	-30,8	-20,5	-52,9	-41,8	-97,5	-86,3
Personnel expenses	-20,9	-16,3	-39,5	-32,9	-75,4	-68,9
Depreciation and impairment of tangible and intangible non-current assets	-5,2	-4,5	-10,3	-8,5	-20,5	-18,8
Total operating expenses	-205,0	-107,3	-365,7	-219,6	-626,5	-480,4
Operating profit	42,7	-7,5	79,2	-0,2	94,7	15,3
Finance income	3,1	3,7	2,4	4,5	3,4	5,5
Finance costs	-1,2	-1,4	-2,7	-2,6	-7,3	-7,2
Profit/loss after financial items	44,7	-5,2	78,9	1,7	90,8	13,6
Income tax expense	-9,4	0,4	-16,6	-1,0	-19,8	-4,2
Deferred tax liabilities	0,1	0,7	0,1	0,7	0,6	1,2
Profit for the period	35,3	-4,1	62,3	1,3	71,7	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	0,2	0,6	0,3	0,6	0,1	0,4
Other comprehensive income for the period	0,2	0,6	0,3	0,6	0,1	0,4
Total comprehensive income for the period	35,5	-3,5	62,6	1,9	71,7	11,1
Profit for the year attributable to:						
Parent Company's shareholders	35,3	-4,1	62,3	1,3	71,7	10,7
Profit for the period	35,3	-4,1	62,3	1,3	71,7	10,7
Total comprehensive income attributable to:						
Parent Company's shareholders	35,5	-3,5	62,6	1,9	71,7	11,1
Total comprehensive income for the period	35,5	-3,5	62,6	1,9	71,7	11,1
Average number of shares before dilution	29,1	29,1	29,1	29,1	29,1	29,1
Average number of shares after dilution	29,1	29,1	29,1	29,1	29,1	29,1
Earnings per share, SEK	1,2	-0,1	2,1	-0,1	2,5	0,4
Before and after dilution, SEK	1,2	-0,1	2,1	-0,1	2,5	0,4

Balance sheet, Group

SEKm	Jun 30, 2023	Jun 30, 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	210,2	210,2	210,2
Capitalised development costs	33,4	28,2	30,0
Property, plant and equipment	41,1	38,1	39,8
Right-of-use assets	11,3	13,1	12,1
Deferred Tax Asset	0,1	1,3	-
Total non-current assets	295,9	290,8	292,0
Current assets			
Inventories	140,7	185,5	126,8
Accounts receivable	185,8	63,8	99,1
Prepaid expenses and accrued income	5,3	7,0	3,1
Other receivables	6,1	16,5	12,0
Cash and cash equivalents	42,7	4,7	3,9
Total current assets	380,5	277,5	244,9
TOTAL ASSETS	676,5	568,3	536,8
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	0,5	0,5	0,5
Share premium	178,4	178,0	178,0
Reserves	0,2	0,2	-0,0
Retained earnings including profit/loss for the period	162,0	90,3	99,7
Equity attributable to the Parent Company's shareholders	341,1	269,0	278,2
Total equity	341,1	269,0	278,2
Non-current liabilities			
Long-term lease liabilities	7,4	9,8	8,5
Provisions	4,5	2,9	3,6
Deferred tax liabilities	6,6	8,5	6,6
Total non-current liabilities	18,5	21,2	18,7
Current liabilities			
Overdraft facility	-	132,1	109,5
Other short term interest-bearing liabilities	30,0	-	-
Current lease liabilities	3,8	3,4	3,5
Accounts payable	241,3	127,6	93,1
Tax liabilities	12,1	0,1	0,1
Other liabilities	2,0	1,8	12,2
Accrued expenses and prepaid income	27,6	13,2	21,5
Total current liabilities	316,8	278,1	240,0
TOTAL EQUITY AND LIABILITIES	676,5	568,3	536,8

Cash flow, Group

SEKm	Q2		Jan—Jun		Jul-Jun	Full year
	2023	2022	2023	2022	22/23	2022
Cash flows from operating activities						
Profit/loss after financial items	44,7	-5,2	78,9	1,7	90,8	13,6
Adjustments for items not included in cash flow	5,7	4,6	11,3	8,6	22,9	20,3
Income tax paid	-2,8	-2,3	-3,9	-0,4	-4,7	-1,2
	47,5	-3,0	86,2	9,9	109,0	32,7
Increase (+)/Decrease (-) of inventories	-31,2	-27,5	-13,9	-15,0	44,8	43,7
Increase (+)/Decrease (-) of operating receivables	-56,0	25,9	-83,7	23,3	-112,8	-5,8
Increase (+)/Decrease (-) of operating liabilities	106,8	6,8	144,1	2,2	128,3	-13,6
Net cash from operating activities	67,1	2,1	132,7	20,4	169,3	57,0
Cash flows from investing activities						
Acquisition of property, plant and equipment	-0,2	-5,8	-7,4	-11,5	-15,6	-19,7
Acquisition intangible assets	-3,2	-4,1	-5,8	-8,1	-10,0	-12,2
Net cash used in investing activities	-3,5	-9,9	-13,2	-19,6	-25,6	-31,9
Cash flows from financing activities						
Net change other short term interest-bearing liabilities	-10,0	-	30,0	-	30,0	-
Net change, bank overdraft facility	-17,8	9,3	-109,5	1,6	-132,1	-20,9
Repayment of borrowings	-1,0	-0,8	-1,9	-1,6	-3,8	-3,5
Net cash used in financing activities	-28,8	8,5	-81,4	0,1	-105,9	-24,4
Net increase in cash and cash equivalents	34,8	0,7	38,1	0,9	37,8	0,6
Cash and cash equivalents at start of period	7,2	3,7	3,9	4,3	4,7	4,3
Effects of movements in exchange rates on cash held	0,7	0,3	0,7	-0,5	0,2	-1,0
Cash and cash equivalents at end of period	42,7	4,7	42,7	4,7	42,7	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				1,3	1,3		1,3
Translation differences			0,6		0,6		0,6
Total comprehensive income for the period			0,6	1,3	1,9		1,9
Premium paid when issuing stock options		0,1			0,1		0,1
Balance at 2022-06-30	0,5	178,0	0,2	90,3	269,0	-	269,0
 Balance at 2023-01-01	 0,5	 178,0	 -0,0	 99,7	 278,2	 -	 278,2
Profit for the period				62,3	62,3		62,3
Translation differences			0,2		0,2		0,2
Total comprehensive income for the period			0,2	62,3	62,6		62,6
Premium paid when issuing stock options		0,4			0,4		0,4
Balance at 2023-06-30	0,5	178,4	0,2	162,0	341,1	-	341,1

Parent Company

Income statement

SEKm	Q2		Jan—Jun		Jul-Jun	Full year
	2023	2022	2023	2022	22/23	2022
Net sales	1,2	1,3	2,4	2,6	5,7	5,9
Other operating income	-0,0	-	-0,0	0,2	-0,0	0,2
	1,2	1,3	2,4	2,9	5,7	6,1
Operating expenses						
Other external expenses	-0,5	-0,6	-0,8	-0,9	-1,6	-1,7
Personnel expenses	-1,2	-1,3	-2,2	-2,6	-5,4	-5,8
	-1,7	-1,9	-3,1	-3,5	-7,1	-7,5
Operating profit	-0,4	-0,6	-0,7	-0,7	-1,4	-1,4
<i>Net financial income and expenses</i>						
Finance costs	-0,0	-0,1	-0,0	-0,1	-0,0	-0,1
Profit/loss after financial items	-0,4	-0,7	-0,7	-0,8	-1,4	-1,6
Appropriations	-	-	-	-	1,8	1,8
Net income before taxes	-0,4	-0,7	-0,7	-0,8	0,3	0,2
Income tax expense	-	0,1	-	-0,8	0,7	-0,1
Deferred tax liabilities	0,1	-	0,1	-	0,1	-0,0
Profit for the period	-0,4	-0,6	-0,6	-0,8	0,4	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	Jun 30, 2023	Jun 30, 2022	31 Dec 2022
ASSETS			
Non-current assets			
Shares in group companies	271,4	271,4	271,4
Deferred Tax Asset	0,1	0,1	-
Total non-current assets	271,5	271,6	271,4
Current assets			
Receivables from group companies	0,6	0,9	1,2
Other receivables	2,6	1,0	1,6
Prepaid expenses and accrued income	0,3	0,3	0,2
Cash and cash equivalents	0,4	0,0	0,2
Total current assets	3,9	2,2	3,2
TOTAL ASSETS	275,4	273,7	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	178,4	178,0	178,0
Retained earnings	56,2	56,0	56,0
Profit for the period	-0,6	-0,6	0,1
Total non-restricted equity	234,0	233,4	234,2
Shareholders' equity	234,5	233,9	234,7
Untaxed reserves	26,0	26,0	26,0
Current liabilities			
Debt to group companies	13,0	11,7	10,6
Accounts payable	0,1	0,6	-
Tax liabilities	-	-	-
Other liabilities	0,3	0,4	0,6
Accrued expenses and prepaid income	1,4	1,2	2,7
Total current liabilities	14,9	13,8	13,9
TOTAL EQUITY AND LIABILITIES	275,4	273,7	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	Q2		Jan—Jun		Jul-Jun	Full year
	2023	2022	2023	2022	22/23	2022
Net sales	245,3	95,4	440,8	212,9	713,4	485,6
- Cases	226,5	82,7	403,8	187,4	640,7	424,4
- Other	18,8	12,7	36,9	25,5	72,7	61,2
Product profit	98,7	29,3	177,7	76,6	280,3	179,1
- Cases	92,0	27,3	163,5	69,6	254,7	160,9
- Other	6,7	2,0	14,3	6,9	25,6	18,2
Capitalized development expenditure	2,2	3,6	4,0	5,4	7,6	9,0
Other operating income	0,2	0,9	1,6	1,1	1,6	1,1
Other external expenses	-30,8	-20,5	-52,9	-41,8	-97,5	-86,3
Personnel expenses	-20,9	-16,3	-39,5	-32,9	-75,4	-68,9
Depreciation and impairment of tangible and intangible non-current assets	-5,2	-4,5	-10,3	-8,5	-20,5	-18,8
Operating profit	42,7	-7,5	79,2	-0,2	94,7	15,3
Finance income	3,1	3,7	3,1	4,5	4,2	5,5
Finance costs	-1,2	-1,4	-3,5	-2,6	-8,1	-7,2
Net financial income and expenses	2,0	2,3	-0,3	1,9	-3,9	-1,7
Net income before taxes	44,7	-5,2	78,9	1,7	90,8	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 Jan—Jun		Other Jan—Jun		Total Jan—Jun	
SEKm	2023	2022	2023	2022	2023	2022
Geographic market						
Americas	127,4	88,3	4,2	5,4	131,6	93,6
EU	230,9	66,4	19,7	11,7	250,6	78,1
APAC & Other	45,7	32,8	12,9	8,5	58,6	41,2
Time of revenue recognition						
Goods recognized at a point in time	404,0	187,5	36,7	25,5	440,8	212,9
Goods and services recognized over time	-	-	-	-	-	-
Total net sales	404,0	187,5	36,7	25,5	440,8	212,9

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

Interim report, January–September 2023
Interim report, January–December 2023
Interim report, January–March 2024
Annual General Meeting
Interim report, January–June 2024
Interim report, January–September 2024

November 16, 2023
February 8, 2024
April 26, 2024
May 21, 2024
August 15, 2024
October 24, 2024

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