

Q3 2023

# Interim Report

Q3 2023

# Interim Report

## Third quarter

- ▶ Net sales amounted to SEK 189.9 million (131.0).
- ▶ Product profit amounted to SEK 79.3 million (50.2), with a product margin of 41.8% (38.3).
- ▶ EBITDA amounted to SEK 35.1 million (12.5), corresponding to an EBITDA margin of 18.5% (9.5).
- ▶ EBIT amounted to SEK 29.8 million (7.5), corresponding to an EBIT margin of 15.7% (5.7).
- ▶ Operating cash flow amounted to SEK 65.0 million (12.2).
- ▶ Interest-bearing net debt was SEK -75.5 million (126.0).
- ▶ Earnings per share amounted to SEK 0.8 (0.2).
- ▶ No items affecting comparability for the quarter.

## Jan-Sep 2023

- ▶ Net sales amounted to SEK 630.6 million (343.9).
- ▶ Product profit amounted to SEK 257.1 million (126.8), with a product margin of 40.8% (36.9).
- ▶ EBITDA amounted to SEK 124.6 million (20.8), corresponding to an EBITDA margin of 19.8% (6.0).
- ▶ EBIT amounted to SEK 109.0 million (7.2), corresponding to an EBIT margin of 17.3% (2.1).
- ▶ Operating cash flow amounted to SEK 187.8 million (11.4).
- ▶ Earnings per share amounted to SEK 3.0 (0.3).
- ▶ No items affecting comparability during the period.

| Amounts in SEKm           | Q3    |       | Jan-Sep |       | Oct-Sep | Full year |
|---------------------------|-------|-------|---------|-------|---------|-----------|
|                           | 2023  | 2022  | 2023    | 2022  | 22/23   | 2022      |
| Net sales                 | 189.9 | 131.0 | 630.6   | 343.9 | 772.3   | 485.6     |
| Net sales, USDm           | 17.5  | 12.4  | 59.5    | 34.7  | 72.7    | 47.9      |
| Product profit            | 79.3  | 50.2  | 257.1   | 126.8 | 309.4   | 179.1     |
| Product margin, %         | 41.8  | 38.3  | 40.8    | 36.9  | 40.1    | 36.9      |
| EBITDA                    | 35.1  | 12.5  | 124.6   | 20.8  | 137.9   | 34.0      |
| EBITDA margin             | 18.5  | 9.5   | 19.8    | 6.0   | 17.9    | 7.0       |
| EBIT                      | 29.8  | 7.5   | 109.0   | 7.2   | 117.0   | 15.3      |
| EBIT margin, %            | 15.7  | 5.7   | 17.3    | 2.1   | 15.2    | 3.1       |
| Operating cash flow       | 65.0  | 12.2  | 187.8   | 11.4  | 202.8   | 26.4      |
| Interest-bearing net debt | -75.5 | 126.0 | -75.5   | 126.0 | -75.5   | 115.6     |
| Earnings per share, SEK   | 0.8   | 0.2   | 3.0     | 0.3   | 3.1     | 0.4       |
| USD/SEK, average          | 10.9  | 10.6  | 10.6    | 9.9   | 10.6    | 10.1      |

# CEO's comments

## Continued favorable winds, with robust growth

The third quarter was also one of strong performance for Fractal, with continued healthy growth in sales and profits. We are growing more substantially than the market, and are drawing new customers through our attractive products with innovative designs. During the nine-month period, we increased our sales by 83% compared with the year-earlier period, which is clear proof that we have a strong and distinct offering for our customers around the globe.

Net sales for the quarter, which are entirely in USD, increased 45% to SEK 189.9 million (131.0). Total sales from resellers to end consumers increased by 56% organically, with an increase of a full 69% in the case category, indicating that there is a great deal of interest in our products. The robust growth in net sales in 2023 was driven by a combination of our strong product range and growing market shares, as well as by a much-needed stockpiling among our resellers. We are now of the opinion that our resellers have caught up with their stockpiling, and that net sales in future quarters will likely remain at roughly the same level as sales to end consumers. We expect net sales in the fourth quarter of 2023 to be lower than in the third quarter owing to the robust level of sales to date this year, and there is now a certain need among resellers to normalize inventory.

Growth in 2023 has exceeded our expectations, with our strategic growth initiatives having a clear effect. Apart from a stronger product range, growth benefited from broader sales initiatives, headed by more robust sales on Amazon, and our successful launch of the Fractal Content Creator Program, which has generated positive exposure to new customer segments for our brand. During the year, we also benefited from positive currency effects.

## Successful product launches drive growth

Sales growth was good in all regions, with growth in Europe continuing at a high level during the quarter. Sales growth during the quarter and the nine-month period was driven primarily by our new products in the North, POP, Ridge and Terra series of cases. After North and Ridge, the launch of Terra in the spring further cemented our position as the leading brand for the design-conscious player. Going forward, our focus will be on product development with a number of exciting launches planned for 2024 and beyond.

EBITDA increased to SEK 35.1 million (12.5) for the third quarter, corresponding to an EBITDA margin of 18.5% (9.5). The product margin increased to 41.8% (38.3), with the improvement largely due to substantially lower shipping costs that are now at the lowest levels in many years. The positive margin performance in the quarter was also driven by lower purchase prices that were impacted by lower raw materials prices. The tariff exclusion for PC cases from the US Trade Representative's Office (USTR) has been extended until December 31, 2023.

Cash flow during the quarter remained strong, and operating cash flow increased to SEK 65.0 million (12.2). We have a strong financial position and at the end of the period, Fractal had net cash of SEK 75.5 million, compared with a net debt of SEK 126.0 million in the year-earlier period. This strong financial position gives us scope for action in pursuing our strategic initiatives and further advancing our positions in the market.

## Unique design position is the base for continued growth

Since its founding, Fractal has challenged the prevailing design concepts around how cases for PC gaming should look and we have gradually established a unique position, distinguishing ourselves through a stylistically clean and more mature Scandinavian design profile. The conditions for pursuing profitable growth going forward are good. Our product profile is the strongest it has ever been and we are attracting many 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 and the gaming industry has historically been less sensitive to the economic cycle than many other industries. We are of the opinion that there is still a pent-up need among gamers to upgrade their equipment, and that the upgrade cycle for 2024 and 2025 ought to be stronger than 2023.

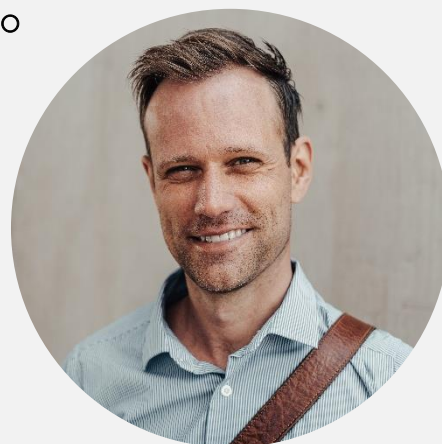
## Outlook going forward

Despite continued macroeconomic and geopolitical uncertainty that is generally affecting consumer purchasing power in most markets, demand for PC gaming hardware during the quarter remained good. We are continuing to see potential for profitable growth in the remainder of 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 strong 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 broadened marketing activities.

## Hannes Wallin, CEO

November 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

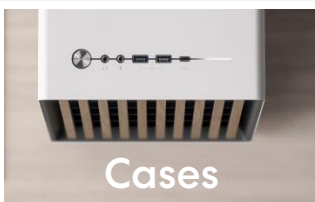
**Founded in 2010**, Fractal quickly became a pioneer that challenged the idea of what gaming products should look like using sleek and scaled-down design. Since then, we've grown into an international brand and an influential company within the premium segment of PC gaming products. Fractal products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

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).



Cases

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



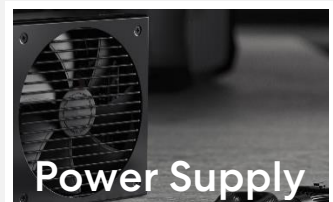
Fans

Our fans are available in every conceivable design, from the discreet 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.





# STARFIELD

## Six million players after two days

Image: Bethesda

## Market performance and trends

**In the constantly evolving** gaming market, the third quarter of this year has involved significant game launches, significant customer engagement and robust game sales.

In Q3, we saw strong launches that garnered a great deal of attention in the game industry. Bethesda's Starfield took communities by storm and exceeded all expectations. Only two days after its official launch, Starfield could boast over 6 million players and secure its position as Bethesda's most successful launch in its history.

Another game in high demand, Baldur's Gate 3, set records with a full 875,000+ players online simultaneously on Steam after only a week, which secured its place on the Top 10 list of the most-played titles on the platform. In addition, over 48 million hours of the game's content was streamed on such platforms as Twitch, YouTube and Facebook Gaming.

CS:GO, one of the most popular esports games of all time, had its successor CS2 launched nearly a decade after its initial introduction. CS:GO broke records this year with over 1.8 million players simultaneously on Steam, with CS2 expected to generate equally strong engagement and further strengthen interest in this extremely popular game.

Another significant launch during the quarter was the successor to the popular game "Alan Wake" by Remedy Entertainment. The recommended hardware specifications set a new standard for both minimum requirements and optimal performance, including ray-tracing technology. To achieve the maximum experience, gamers will need the latest generation of graphics cards, which increases the need for upgrading their PCs.

A fresh report from Jeffries shows a positive development for the broader gaming-related hardware market. This optimism is rooted in an expectation that the large number of gamers who purchased new or upgraded their systems during the pandemic years of 2020 and 2021 will need to upgrade their systems and other gaming hardware over the next year or two despite macroeconomic adverse winds.

The gaming market is showing signs of stabilization after the turbulence caused by the pandemic, with growth of 2.6% year-on-year in 2023. The market is currently at the same levels as 2022, which means very strong growth compared with the years before the pandemic. This promising development tallies with earlier reports from similar analysts, which indicates the strength in our addressable market and growing target group.

On the consumer side, we are seeing good growth among both existing and primarily younger generations of gamers. The younger generation, Gen Alpha, devotes just as much – if not more – of its leisure time to gaming compared with other forms of entertainment. A new report from NewZoo illuminates this generational shift and shows that gaming ranks among the main sources of entertainment for Gen Alpha. For Gen Z, gaming shares first place with the use of social networks. This trend emphasizes how gaming is taking a permanent place in the childhoods and lives of younger generations.

To sum up, the third quarter has shown a promising trend that confirms the strong consumer interest in gaming. With successful launches, a stabilizing market and strengthened interest in gaming among our target group, we see a positive future for both the gaming and hardware market.

Even if the market situation is a challenging one, considering the macroeconomic factors, the gaming market is ready for recovery and good future growth. The potential is promising, underpinned by future upgrading needs, technological development and a customer base that is both increasingly engaged and broader.

# Financial performance

## Net sales

The Group's net sales amounted to SEK 189.9 million (131.0), corresponding to growth of 44.9%. All of Fractal's sales take place in USD and net sales amounted to USD 17.5 million (12.4), corresponding to organic growth of 41.1%. This robust growth was the result of primarily increased demand from end consumers and growing market shares. This is the result of our strong product portfolio and the fact that there is significant demand for Fractal's products. The successful launches in 2022 and earlier this year including the POP, North and Terra series of cases were among the best-selling products in the quarter.

## Earnings

Product profit amounted to SEK 79.3 million (50.2), corresponding to a product margin of 41.8% (38.3). The product margin increased by a total of around 3.5 percentage points compared with the year-earlier period.

Lower freight prices had a positive effect of approximately 4.4 percentage points on the product margin, since freight prices were lower than they were before the pandemic. The comparison figures from the third quarter of 2022 were high, since freight prices peaked in the fourth quarter of 2021 and the first quarter of 2022, which meant that products sold in the third quarter of 2022 had been shipped during these periods at a high cost.

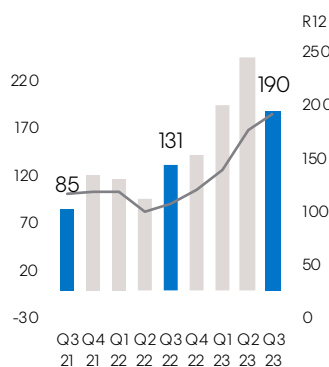
A positive product mix enabled the product margin to increase by approximately 2 percentage points with a greater share of cases and a smaller share of power supply units than in the third quarter of 2022.

Currency effects had a negative impact of approximately 3.5 percentage points on the product margin, with the comparison figures from the year-earlier period achieving the highest level of positive currency effects. The positive effect is a result of the dollar strengthening substantially against the Swedish krona in 2022 up through September.

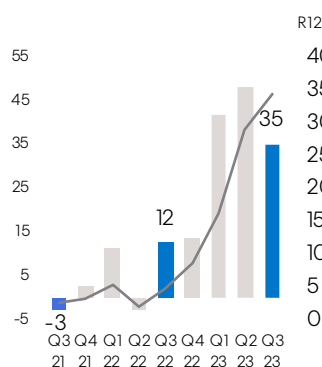
EBIT amounted to SEK 29.8 million (7.5), corresponding to an EBIT margin of 15.7% (5.7). Depreciation/amortization amounted to SEK -5.4 million (-5.0) and was mainly related to investments in product tools and capitalized development costs related to new product launches.

Earnings for the period amounted to SEK 24.2 million (6.3) and net financial items to SEK 0.6 million (0.5). Tax on earnings for the period amounted to SEK -6.3 million (-1.3). Earnings per share amounted to SEK 0.8 (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.

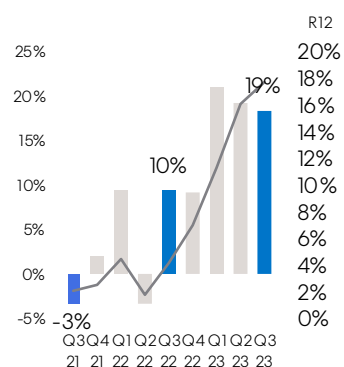
Net sales, SEKm



EBITDA, SEKm



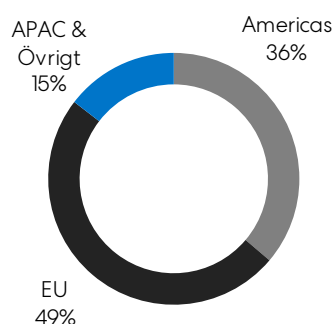
EBITDA margin



### Geographic markets

The strongest region during the quarter was the EU, with net sales of SEK 93.5 million (64.7) – an increase driven primarily by higher demand from end customers and successful launches. Sales in the Americas amounted to SEK 68.8 million (46.1) and APAC & Other amounted to SEK 27.6 million (20.2). Of total net sales, the EU accounted for 49.2% (49.4), Americas for 36.2% (35.2) and APAC & Other for 14.6% (15.4).

### Net sales, quarter



### By geography (Americas, EU, APAC & Other)

| SEKm                         | Q3   |      | Δ %  | Oct–Sep | Full year |
|------------------------------|------|------|------|---------|-----------|
|                              | 2023 | 2022 |      | 22/23   | 2022      |
| Net sales Americas           | 68.8 | 46.1 | 49.1 | 273.3   | 212.7     |
| Net sales Americas, USDm     | 6.4  | 4.4  | 46.1 | 25.7    | 21.0      |
| Net sales EU                 | 93.5 | 64.7 | 44.4 | 392.7   | 191.4     |
| Net sales EU, USDm           | 8.5  | 6.1  | 40.1 | 37.0    | 18.9      |
| Net sales APAC & Other       | 27.6 | 20.2 | 37.1 | 106.3   | 81.5      |
| Net sales APAC & Other, USDm | 2.6  | 1.9  | 33.3 | 10.0    | 8.1       |





## January–September

### Net sales

The Group's net sales amounted to SEK 630.6 million (343.9) in the period, an increase of 83.4%. Net sales in USD amounted to USD 59.5 million (34.7), an organic increase of 71.5%.

Demand during the period 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. Access to and prices for graphics cards have improved compared with the year-earlier period, and end customers have responded with increased purchasing activity.

### Earnings

Product profit amounted to SEK 257.1 million (126.8), corresponding to a product margin of 40.8% (36.9), which was an increase of 3.9 percentage points.

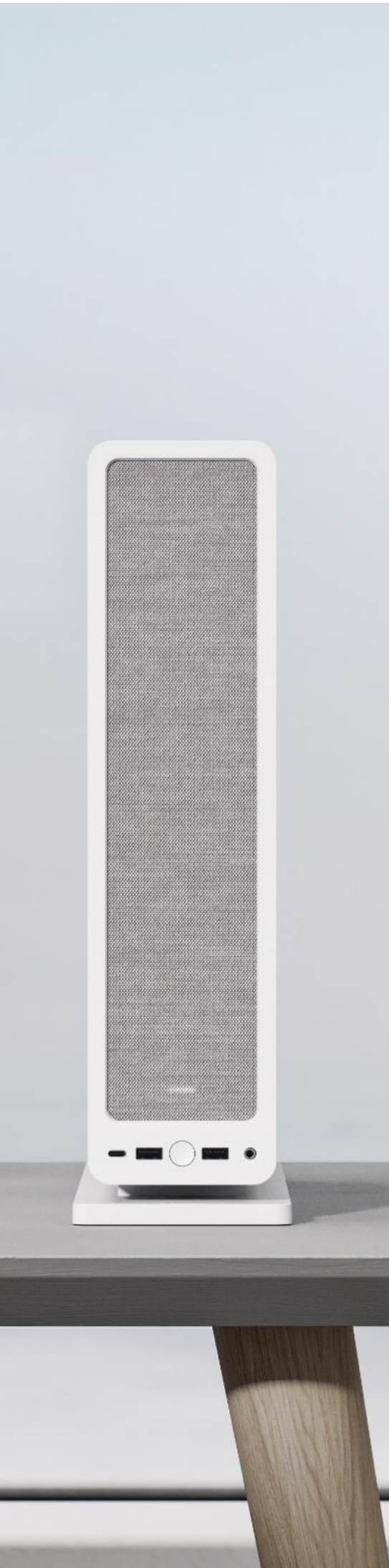
The higher margins were an effect of normalized freight prices, which had a positive effect around 6.0 percentage

points. This compensated for a somewhat negative currency effect that impacted the margin by around 0.7 percentage points as well as a negative product mix effect of 1.5 percentage points 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 remainder of the year.

EBIT increased to SEK 109.0 million (7.2), corresponding to an EBIT margin of 17.3% (2.1). Depreciation/amortization amounted to SEK -15.7 million (-13.5) 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 86.5 million (7.6). Net financial items amounted to SEK 0.3 million (2.4). Earnings for the period amounted to SEK -22.9 million (-2.2). Earnings per share amounted to SEK 3.0 (0.3). 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.



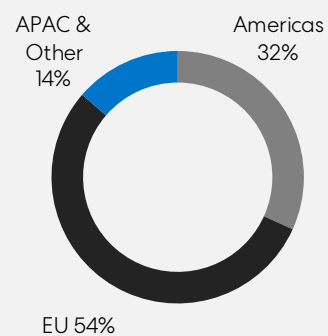


## Geographic markets

The strongest region during the period was the EU, with net sales of SEK 344.1 million (142.8), while the Americas amounted to SEK 200.3 million (139.7) and APAC & Other amounted to SEK 86.2 million (61.4). Net sales were stronger in all regions compared to the year-earlier period.

Of total net sales, the EU accounted for 54.5% (41.5), Americas for 31.8% (40.6) and APAC & Other for 13.7% (17.9).

## Net sales, Jan-Sep



| SEKm                         | Jan-Sep |       | Δ %   | Oct-Sep | Full year |
|------------------------------|---------|-------|-------|---------|-----------|
|                              | 2023    | 2022  |       | 22/23   | 2022      |
| Net sales Americas           | 200.3   | 139.7 | 43.4  | 273.3   | 212.7     |
| Net sales Americas, USDm     | 18.9    | 14.2  | 33.5  | 25.7    | 21.0      |
| Net sales EU                 | 344.1   | 142.8 | 141.0 | 392.7   | 191.4     |
| Net sales EU, USDm           | 32.4    | 14.3  | 126.4 | 37.0    | 18.9      |
| Net sales APAC & Other       | 86.2    | 61.4  | 40.5  | 106.3   | 81.5      |
| Net sales APAC & Other, USDm | 8.1     | 6.2   | 31.2  | 10.0    | 8.1       |



## Financial position and cash flow

### Financial position

At the end of the period, the Group's balance sheet total amounted to SEK 697.6 million (565.0). Stock levels were SEK 161.8 million (160.3).

Utilization of the bank overdraft facility amounted to SEK 0 million (123.7). During the first 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 expired in the second quarter of 2023 and have now returned to original levels.

At the end of the period, Fractal had net cash of SEK 75.5 million, compared with an interest-bearing net debt of SEK 126.0 million at the end of the year-earlier period. Net working capital amounted to SEK 16.5 million (124.2) at the end of the period. The Group's equity amounted to SEK 365.2 million (275.8) and the equity ratio to 52.4% (48.8) at the end of the period.

### Cash flow for the quarter

Cash flow from operating activities amounted to SEK 68.3 million (19.6). Cash flow from investment activities amounted to SEK -4.3 million (-6.2) and was mainly related to the development of new products. Cash flow from financing activities during the quarter amounted to SEK -11.0 million (-9.3) and was largely related to changes in other current interest-bearing liabilities.

Total cash flow in the quarter amounted to SEK 53.0 million (4.1).

### Cash flow, January–September

Cash flow for the period from operating activities amounted to SEK 201.0 million (40.1). Cash flow from investing activities amounted to SEK -17.5 million (-25.8) and is mainly related to the development of new products. Cash flow from financing activities during the period amounted to SEK -92.5 million (-9.2) and was largely related to changes in the bank overdraft facility.

Total cash flow in the period amounted to SEK 91.0 million (5.1).

# Additional information

## Important events during and after the quarter and period

During the third quarter, an announcement was made that Fractal is to be excluded from tariffs on cases for sales to the US. The exclusion is in force until 31 December 2023.

Henrik Gunnerling took office as CTO on September 1. Henrik has many years of experience from executive positions in the IKEA Group and as a management consultant at McKinsey & Company.

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.

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.

## 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 September 30, there were 92 (76) full-time employees, of whom 29 women (22) and 63 men (54). During the third quarter, the average number of employees in the organization was 86 (75), of whom 26 women (20) and 60 men (55).

## 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 (1.0) in the third quarter. Operating loss amounted to SEK -0.3 million (-0.2) and loss for the period to SEK -0.3 million (-0.2).

## The share

At September 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** 8.9%
- ▶ **SEB Life International II** 6.0%

Fractal's shares were allocated among 5,213 shareholders as of September 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](http://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 been audited.

*Stockholm, November 16, 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



# Audit

To the Board of Directors of Fractal Gaming Group AB (publ)  
Corp. Reg. No. 559080-2970

## Introduction

We have reviewed the condensed interim financial information (interim report) for Fractal Gaming Group AB for September 30, 2023 and the nine-month period then ended. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A

review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Gothenburg, November 16, 2023

KPMG AB

## Maria Kylén

Authorized Public Accountant

Auditor in Charge

## Income statement, Group

| SEKm  | Q3            |               | Jan—Sep       |               | Oct—Sep       | Full year     |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2023          | 2022          | 2023          | 2022          | 22/23         | 2022          |
| Net sales   | 189.9         | 131.0         | 630.6         | 343.9         | 772.3         | 485.6         |
| Capitalized development expenditure   | 1.9           | 2.0           | 5.9           | 7.4           | 7.5           | 9.0           |
| Other operating income  | 0.0           | 0.0           | 0.2           | 1.1           | 0.2           | 1.1           |
| <b>Total revenue</b>  | <b>191.8</b>  | <b>133.0</b>  | <b>636.7</b>  | <b>352.4</b>  | <b>780.0</b>  | <b>495.7</b>  |
| <b>Operating expenses</b>   |               |               |               |               |               |               |
| Goods for resale  | -110.5        | -80.8         | -373.5        | -217.1        | -462.8        | -306.4        |
| Other external expenses   | -27.9         | -22.9         | -80.9         | -64.7         | -102.5        | -86.3         |
| Personnel expenses  | -18.2         | -16.9         | -57.7         | -49.8         | -76.7         | -68.9         |
| Depreciation and impairment of tangible and intangible non-current assets                     | -5.4          | -5.0          | -15.7         | -13.5         | -20.9         | -18.8         |
| <b>Total operating expenses</b>   | <b>-162.0</b> | <b>-125.6</b> | <b>-527.7</b> | <b>-345.2</b> | <b>-662.9</b> | <b>-480.4</b> |
| <b>Operating profit</b>   | <b>29.8</b>   | <b>7.5</b>    | <b>109.0</b>  | <b>7.2</b>    | <b>117.0</b>  | <b>15.3</b>   |
| Finance income  | 0.8           | 2.8           | 3.1           | 7.3           | 1.3           | 5.5           |
| Finance costs   | -0.2          | -2.3          | -2.9          | -4.9          | -5.2          | -7.2          |
| <b>Profit/loss after financial items</b>  | <b>30.4</b>   | <b>8.0</b>    | <b>109.2</b>  | <b>9.7</b>    | <b>113.2</b>  | <b>13.6</b>   |
| Income tax expense  | -6.3          | -1.1          | -22.9         | -2.2          | -24.9         | -4.2          |
| Deferred tax liabilities  | 0.1           | -0.5          | 0.1           | 0.2           | 1.2           | 1.2           |
| <b>Profit for the period</b>  | <b>24.2</b>   | <b>6.3</b>    | <b>86.5</b>   | <b>7.6</b>    | <b>89.5</b>   | <b>10.7</b>   |
| <b>Other comprehensive income</b>   |               |               |               |               |               |               |
| <b>Items that have been reclassified or can be reclassified to profit/loss for the period</b> |               |               |               |               |               |               |
| Foreign subsidiaries - foreign currency translation differences                               | 0.1           | 0.5           | 0.3           | 1.1           | -0.4          | 0.4           |
| <b>Other comprehensive income for the period</b>  | <b>0.1</b>    | <b>0.5</b>    | <b>0.3</b>    | <b>1.1</b>    | <b>-0.4</b>   | <b>0.4</b>    |
| <b>Total comprehensive income for the period</b>  | <b>24.2</b>   | <b>6.8</b>    | <b>86.8</b>   | <b>8.7</b>    | <b>89.1</b>   | <b>11.1</b>   |
| <b>Profit for the year attributable to:</b>   |               |               |               |               |               |               |
| Parent Company's shareholders   | 24.2          | 6.3           | 86.5          | 7.6           | 89.5          | 10.7          |
| Profit for the period   | 24.2          | 6.3           | 86.5          | 7.6           | 89.5          | 10.7          |
| <b>Total comprehensive income attributable to:</b>  |               |               |               |               |               |               |
| Parent Company's shareholders   | 24.2          | 6.8           | 86.8          | 8.7           | 89.1          | 11.1          |
| <b>Total comprehensive income for the period</b>  | <b>24.2</b>   | <b>6.8</b>    | <b>86.8</b>   | <b>8.7</b>    | <b>89.1</b>   | <b>11.1</b>   |
| 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   | 0.8           | 0.2           | 3.0           | 0.3           | 3.1           | 0.4           |
| Before and after dilution, SEK  | 0.8           | 0.2           | 3.0           | 0.3           | 3.1           | 0.4           |

## Balance sheet, Group

| SEKm  | Sep 30, 2023 | Sep 30, 2022 | 31 Dec 2022  |
|---|--------------|--------------|--------------|
| <b>ASSETS</b>   |              |              |              |
| <b>Non-current assets</b>                                       |              |              |              |
| Goodwill  | 210.2        | 210.2        | 210.2        |
| Capitalised development costs                                   | 35.0         | 29.4         | 30.0         |
| Property, plant and equipment                                   | 39.3         | 38.8         | 39.8         |
| Right-of-use assets   | 11.2         | 12.2         | 12.1         |
| Deferred Tax Asset  | 0.1          | 0.8          | -            |
| <b>Total non-current assets</b>                                 | <b>295.8</b> | <b>291.3</b> | <b>292.0</b> |
| <b>Current assets</b>   |              |              |              |
| Inventories   | 161.8        | 160.3        | 126.8        |
| Accounts receivable   | 132.9        | 85.8         | 99.1         |
| Prepaid expenses and accrued income                             | 4.8          | 3.7          | 3.1          |
| Other receivables   | 6.8          | 16.3         | 12.0         |
| Cash and cash equivalents                                       | 95.5         | 7.7          | 3.9          |
| <b>Total current assets</b>                                     | <b>401.9</b> | <b>273.7</b> | <b>244.9</b> |
| <b>TOTAL ASSETS</b>   | <b>697.6</b> | <b>565.0</b> | <b>536.8</b> |
| <b>EQUITY AND LIABILITIES</b>                                   |              |              |              |
| <b>Shareholders' equity</b>                                     |              |              |              |
| Share capital   | 0.5          | 0.5          | 0.5          |
| Share premium   | 178.4        | 178.0        | 178.0        |
| Reserves  | 0.3          | 0.7          | -0.0         |
| Retained earnings including profit/loss for the period          | 186.1        | 96.6         | 99.7         |
| <b>Equity attributable to the Parent Company's shareholders</b> | <b>365.2</b> | <b>275.8</b> | <b>278.2</b> |
| <b>Total equity</b>   | <b>365.2</b> | <b>275.8</b> | <b>278.2</b> |
| <b>Non-current liabilities</b>                                  |              |              |              |
| Long-term lease liabilities                                     | 7.2          | 8.9          | 8.5          |
| Provisions  | 4.8          | 3.0          | 3.6          |
| Deferred tax liabilities  | 6.6          | 8.5          | 6.6          |
| <b>Total non-current liabilities</b>                            | <b>18.6</b>  | <b>20.4</b>  | <b>18.7</b>  |
| <b>Current liabilities</b>                                      |              |              |              |
| Overdraft facility  | -            | 123.7        | 109.5        |
| Other short term interest-bearing liabilities                   | 20.0         | -            | -            |
| Current lease liabilities                                       | 3.9          | 3.4          | 3.5          |
| Accounts payable  | 244.5        | 103.7        | 93.1         |
| Tax liabilities   | 16.9         | 0.1          | 0.1          |
| Other liabilities   | 2.1          | 20.4         | 12.2         |
| Accrued expenses and prepaid income                             | 26.4         | 17.7         | 21.5         |
| <b>Total current liabilities</b>                                | <b>313.8</b> | <b>268.8</b> | <b>240.0</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>697.6</b> | <b>565.0</b> | <b>536.8</b> |

## Cash flow, Group

| SEKm   | Q3           |             | Jan—Sep      |              | Oct—Sep       | Full year    |
|--|--------------|-------------|--------------|--------------|---------------|--------------|
|  | 2023         | 2022        | 2023         | 2022         | 22/23         | 2022         |
| <b>Cash flows from operating activities</b>              |              |             |              |              |               |              |
| Profit/loss after financial items                        | 30.4         | 8.0         | 109.2        | 9.7          | 113.2         | 13.6         |
| Adjustments for items not included in cash flow          | 5.7          | 5.7         | 17.0         | 15.1         | 22.1          | 20.3         |
| Income tax paid  | -1.9         | -           | -5.9         | -1.1         | -6.0          | -1.2         |
|  | <b>34.1</b>  | <b>13.7</b> | <b>120.3</b> | <b>23.7</b>  | <b>129.3</b>  | <b>32.7</b>  |
| Increase (+)/Decrease (-) of inventories                 | -21.1        | 25.2        | -35.0        | 10.2         | -1.6          | 43.7         |
| Increase (+)/Decrease (-) of operating receivables       | 53.2         | -18.5       | -30.4        | 5.0          | -41.2         | -5.8         |
| Increase (+)/Decrease (-) of operating liabilities       | 2.0          | -0.8        | 146.1        | 1.3          | 131.3         | -13.6        |
| <b>Net cash from operating activities</b>                | <b>68.3</b>  | <b>19.6</b> | <b>201.0</b> | <b>40.1</b>  | <b>217.8</b>  | <b>57.0</b>  |
| <b>Cash flows from investing activities</b>              |              |             |              |              |               |              |
| Acquisition of property, plant and equipment             | -1.5         | -3.9        | -8.8         | -15.4        | -13.1         | -19.7        |
| Acquisition intangible assets                            | -2.8         | -2.3        | -8.7         | -10.4        | -10.5         | -12.2        |
| <b>Net cash used in investing activities</b>             | <b>-4.3</b>  | <b>-6.2</b> | <b>-17.5</b> | <b>-25.8</b> | <b>-23.6</b>  | <b>-31.9</b> |
| <b>Cash flows from financing activities</b>              |              |             |              |              |               |              |
| Net change other short term interest-bearing liabilities | -10.0        | -           | 20.0         | -            | 20.0          | -            |
| Net change, bank overdraft facility                      | -            | -8.4        | -109.5       | -6.8         | -123.7        | -20.9        |
| Repayment of borrowings                                  | -1.0         | -0.9        | -2.9         | -2.4         | -3.9          | -3.5         |
| <b>Net cash used in financing activities</b>             | <b>-11.0</b> | <b>-9.3</b> | <b>-92.5</b> | <b>-9.2</b>  | <b>-107.6</b> | <b>-24.4</b> |
| Net increase in cash and cash equivalents                | 53.0         | 4.1         | 91.0         | 5.1          | 86.6          | 0.6          |
| Cash and cash equivalents at start of period             | 42.7         | 4.7         | 3.9          | 4.3          | 7.7           | 4.3          |
| Effects of movements in exchange rates on cash held      | -0.1         | -1.1        | 0.5          | -1.7         | 1.2           | -1.0         |
| <b>Cash and cash equivalents at end of period</b>        | <b>95.5</b>  | <b>7.7</b>  | <b>95.5</b>  | <b>7.7</b>   | <b>95.5</b>   | <b>3.9</b>   |



## 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 |
|--|---------------|---------------|-------------|--|--------------|--------------------------|--------------|
| <b>Balance at 2022-01-01</b>                     | <b>0.5</b>    | <b>177.9</b>  | <b>-0.4</b> | <b>89.0</b>  | <b>267.0</b> | <b>-</b>                 | <b>267.0</b> |
| Profit for the period                            |               |               |             | 7.6  | 7.6          |                          | 7.6          |
| Translation differences                          |               |               | 1.1         |  | 1.1          |                          | 1.1          |
| <b>Total comprehensive income for the period</b> |               |               | <b>1.1</b>  | <b>7.6</b>   | <b>8.7</b>   |                          | <b>8.7</b>   |
| Premium paid when issuing stock options          |               | 0.1           |             |  | 0.1          |                          | 0.1          |
| <b>Balance at 2022-09-30</b>                     | <b>0.5</b>    | <b>178.0</b>  | <b>0.7</b>  | <b>96.6</b>  | <b>275.8</b> | <b>-</b>                 | <b>275.8</b> |
| <b>Balance at 2023-01-01</b>                     | <b>0.5</b>    | <b>178.0</b>  | <b>-0.0</b> | <b>99.7</b>  | <b>278.2</b> | <b>-</b>                 | <b>278.2</b> |
| Profit for the period                            |               |               |             | 86.5   | 86.5         |                          | 86.5         |
| Translation differences                          |               |               | 0.3         |  | 0.3          |                          | 0.3          |
| <b>Total comprehensive income for the period</b> |               |               | <b>0.3</b>  | <b>86.5</b>  | <b>86.7</b>  |                          | <b>86.8</b>  |
| Premium paid when issuing stock options          |               | 0.4           |             |  | 0.4          |                          | 0.4          |
| <b>Balance at 2023-09-30</b>                     | <b>0.5</b>    | <b>178.4</b>  | <b>0.3</b>  | <b>186.1</b>   | <b>365.2</b> | <b>-</b>                 | <b>365.2</b> |

# Parent Company

## Income statement

| SEKm                                     | Q3          |             | Jan—Sep     |             | Oct—Sep     | Full year   |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2023        | 2022        | 2023        | 2022        | 22/23       | 2022        |
| Net sales                                | 1.2         | 1.0         | 3.6         | 3.6         | 5.8         | 5.9         |
| Other operating income                   | -0.0        | -           | -0.0        | 0.2         | -0.0        | 0.2         |
|  | <b>1.2</b>  | <b>1.0</b>  | <b>3.6</b>  | <b>3.8</b>  | <b>5.8</b>  | <b>6.1</b>  |
| <b>Operating expenses</b>                |             |             |             |             |             |             |
| Other external expenses                  | -0.4        | -0.2        | -1.2        | -1.2        | -1.7        | -1.7        |
| Personnel expenses                       | -1.1        | -1.0        | -3.4        | -3.5        | -5.6        | -5.8        |
|  | <b>-1.5</b> | <b>-1.2</b> | <b>-4.6</b> | <b>-4.7</b> | <b>-7.4</b> | <b>-7.5</b> |
| <b>Operating profit</b>                  | <b>-0.3</b> | <b>-0.2</b> | <b>-1.0</b> | <b>-0.9</b> | <b>-1.5</b> | <b>-1.4</b> |
| <i>Net financial income and expenses</i> |             |             |             |             |             |             |
| Finance costs                            | -0.0        | -0.0        | -0.0        | -0.1        | -0.0        | -0.1        |
| <b>Profit/loss after financial items</b> | <b>-0.3</b> | <b>-0.2</b> | <b>-1.0</b> | <b>-1.0</b> | <b>-1.5</b> | <b>-1.6</b> |
| Appropriations                           | -           | -           | -           | -           | 1.8         | 1.8         |
| <b>Net income before taxes</b>           | <b>-0.3</b> | <b>-0.2</b> | <b>-1.0</b> | <b>-1.0</b> | <b>0.2</b>  | <b>0.2</b>  |
| Income tax expense                       | -           | -           | -           | -           | -0.1        | -0.1        |
| Deferred tax liabilities                 | 0.0         | 0.0         | 0.1         | 0.2         | -0.0        | -0.0        |
| <b>Profit for the period</b>             | <b>-0.3</b> | <b>-0.2</b> | <b>-0.9</b> | <b>-0.8</b> | <b>0.0</b>  | <b>0.1</b>  |

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                                | Sep 30, 2023 | Sep 30, 2022 | 31 Dec 2022  |
|-------------------------------------|--------------|--------------|--------------|
| <b>ASSETS</b>                       |              |              |              |
| <b>Non-current assets</b>           |              |              |              |
| Shares in group companies           | 271.4        | 271.4        | 271.4        |
| Deferred Tax Asset                  | 0.1          | 0.2          | -            |
| <b>Total non-current assets</b>     | <b>271.6</b> | <b>271.6</b> | <b>271.4</b> |
| <b>Current assets</b>               |              |              |              |
| Receivables from group companies    | 0.5          | 0.4          | 1.2          |
| Other receivables                   | 3.0          | 1.3          | 1.6          |
| Prepaid expenses and accrued income | 0.3          | 0.3          | 0.2          |
| Cash and cash equivalents           | 0.2          | 0.0          | 0.2          |
| <b>Total current assets</b>         | <b>4.0</b>   | <b>2.0</b>   | <b>3.2</b>   |
| <b>TOTAL ASSETS</b>                 | <b>275.6</b> | <b>273.6</b> | <b>274.6</b> |
| <b>EQUITY AND LIABILITIES</b>       |              |              |              |
| <b>Shareholders' equity</b>         |              |              |              |
| <b>Restricted equity</b>            |              |              |              |
| Share capital                       | 0.5          | 0.5          | 0.5          |
| <b>Total restricted equity</b>      | <b>0.5</b>   | <b>0.5</b>   | <b>0.5</b>   |
| <b>Non-restricted equity</b>        |              |              |              |
| Share premium                       | 178.4        | 178.0        | 178.0        |
| Retained earnings                   | 56.2         | 56.0         | 56.0         |
| Profit for the period               | -0.9         | -0.8         | 0.1          |
| <b>Total non-restricted equity</b>  | <b>233.7</b> | <b>233.2</b> | <b>234.2</b> |
| <b>Shareholders' equity</b>         | <b>234.2</b> | <b>233.7</b> | <b>234.7</b> |
| Untaxed reserves                    | 26.0         | 26.0         | 26.0         |
| <b>Current liabilities</b>          |              |              |              |
| Debt to group companies             | 13.0         | 12.2         | 10.6         |
| Accounts payable                    | 0.1          | 0.1          | -            |
| Tax liabilities                     | -            | -            | -            |
| Other liabilities                   | 0.3          | 0.5          | 0.6          |
| Accrued expenses and prepaid income | 1.9          | 1.1          | 2.7          |
| <b>Total current liabilities</b>    | <b>15.4</b>  | <b>13.8</b>  | <b>13.9</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>275.6</b> | <b>273.6</b> | <b>274.6</b> |

# 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  | Q3           |              | Jan—Sep      |              | Oct—Sep      | Full year    |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2023         | 2022         | 2023         | 2022         | 22/23        | 2022         |
| <b>Net sales</b>  | <b>189.9</b> | <b>131.0</b> | <b>630.6</b> | <b>343.9</b> | <b>772.3</b> | <b>485.6</b> |
| - Cases   | 171.4        | 108.3        | 575.2        | 295.7        | 703.9        | 424.4        |
| - Other   | 18.5         | 22.8         | 55.4         | 48.2         | 68.4         | 61.2         |
| <b>Product profit</b>   | <b>79.3</b>  | <b>50.2</b>  | <b>257.1</b> | <b>126.8</b> | <b>309.4</b> | <b>179.1</b> |
| - Cases   | 72.6         | 42.0         | 236.1        | 111.6        | 285.3        | 160.9        |
| - Other   | 6.7          | 8.2          | 21.0         | 15.1         | 24.1         | 18.2         |
| Capitalized development expenditure                                       | 1.9          | 2.0          | 5.9          | 7.4          | 7.5          | 9.0          |
| Other operating income  | 0.0          | 0.0          | 1.7          | 1.1          | 1.7          | 1.1          |
| Other external expenses   | -27.9        | -22.9        | -80.9        | -64.7        | -102.5       | -86.3        |
| Personnel expenses  | -18.2        | -16.9        | -57.7        | -49.8        | -76.7        | -68.9        |
| Depreciation and impairment of tangible and intangible non-current assets | -5.4         | -5.0         | -15.7        | -13.5        | -20.9        | -18.8        |
| <b>Operating profit</b>   | <b>29.8</b>  | <b>7.5</b>   | <b>109.0</b> | <b>7.2</b>   | <b>117.0</b> | <b>15.3</b>  |
| Finance income  | 0.8          | 2.8          | 3.1          | 7.3          | 1.3          | 5.5          |
| Finance costs   | -0.2         | -2.3         | -2.9         | -4.9         | -5.2         | -7.2         |
| <b>Net financial income and expenses</b>                                  | <b>0.6</b>   | <b>0.5</b>   | <b>0.3</b>   | <b>2.4</b>   | <b>-3.8</b>  | <b>-1.7</b>  |
| <b>Net income before taxes</b>  | <b>30.4</b>  | <b>8.0</b>   | <b>109.2</b> | <b>9.7</b>   | <b>113.2</b> | <b>13.6</b>  |



## 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<br>Jan—Sep |              | Other<br>Jan—Sep |             | Total<br>Jan—Sep |              |
|---|------------------|--------------|------------------|-------------|------------------|--------------|
|   | 2023             | 2022         | 2023             | 2022        | 2023             | 2022         |
| <b>SEKm</b>                             |                  |              |                  |             |                  |              |
| <b>Geographic market</b>                |                  |              |                  |             |                  |              |
| Americas                                | 194.4            | 131.7        | 5.9              | 8.1         | 200.3            | 139.7        |
| EU                                      | 314.3            | 114.2        | 29.8             | 28.6        | 344.1            | 142.8        |
| APAC & Other                            | 66.5             | 49.8         | 19.7             | 11.6        | 86.2             | 61.4         |
| <b>Time of revenue recognition</b>      |                  |              |                  |             |                  |              |
| Goods recognized at a point in time     | 575.2            | 295.7        | 55.4             | 48.2        | 630.6            | 343.9        |
| Goods and services recognized over time | -                | -            | -                | -           | -                | -            |
| <b>Total net sales</b>                  | <b>575.2</b>     | <b>295.7</b> | <b>55.4</b>      | <b>48.2</b> | <b>630.6</b>     | <b>343.9</b> |

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

February 8, 2024  
April 25, 2024  
May 21, 2024  
August 15, 2024  
October 24, 2024

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