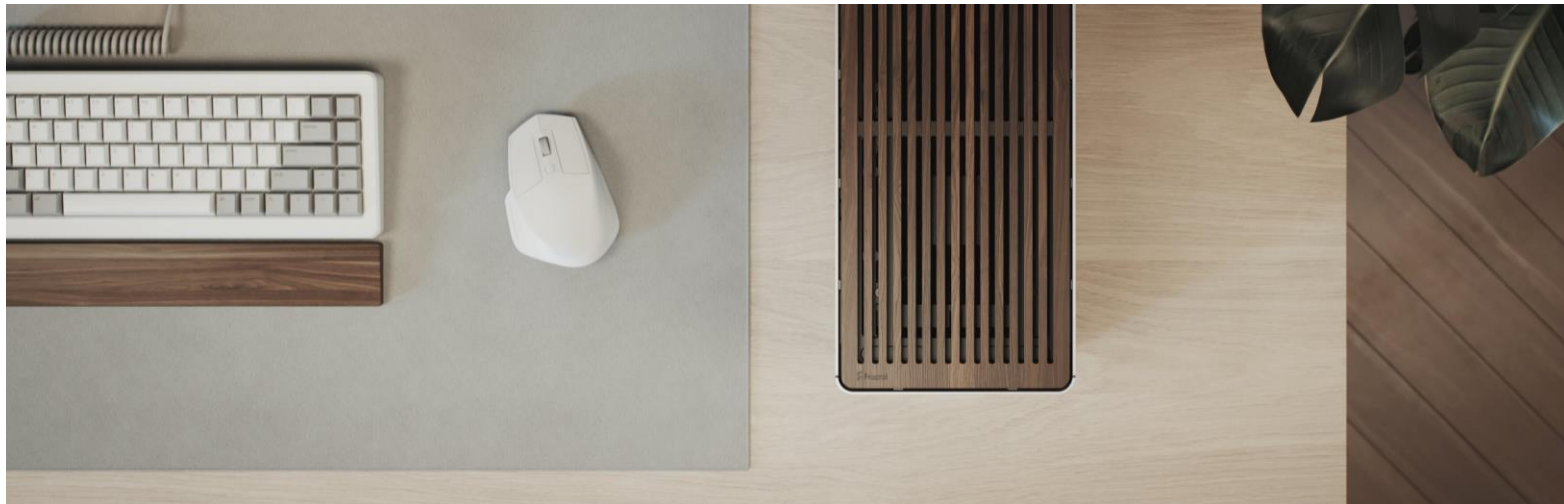




Q2 2024

Interim Report



Q2 2024

Interim Report

Second quarter

- ▶ Net sales amounted to SEK 143.7 million (245.3).
- ▶ Product profit amounted to SEK 59.5 million (98.7), with a product margin of 41.4% (40.2).
- ▶ EBITDA amounted to SEK 7.0 million (47.9), corresponding to an EBITDA margin of 4.8% (19.5).
- ▶ EBIT amounted to SEK 0.9 million (42.7), corresponding to an EBIT margin of 0.6% (17.4).
- ▶ Operating cash flow amounted to SEK 8.9 million (64.0).
- ▶ Interest-bearing net debt was SEK -21.5 (-12.7).
- ▶ Earnings per share amounted to SEK 0.0 (1.2).
- ▶ No items affecting comparability for the quarter.

Jan–Jun 2024

- ▶ Net sales amounted to SEK 336.1 million (440.8).
- ▶ Product profit amounted to SEK 141.8 million (177.7), with a product margin of 42.2% (40.3).
- ▶ EBITDA amounted to SEK 43.3 million (89.5), corresponding to an EBITDA margin of 12.9% (20.3).
- ▶ EBIT amounted to SEK 31.5 million (79.2), corresponding to an EBIT margin of 9.4% (18.0).
- ▶ Operating cash flow amounted to SEK 27.2 million (122.8).
- ▶ Earnings per share amounted to SEK 0.9 (2.1).
- ▶ No items affecting comparability during the period.

Amounts in SEKm	Q2		Jan–Jun		Jul–Jun	Full year
	2024	2023	2024	2023	23/24	2023
Net sales	143.7	245.3	336.1	440.8	668.6	773.3
Net sales, USDm	13.4	23.3	31.9	42.0	62.8	72.8
Product profit	59.5	98.7	141.8	177.7	279.4	315.3
Product margin, %	41.4	40.2	42.2	40.3	41.8	40.8
EBITDA	7.0	47.9	43.3	89.5	91.0	137.2
EBITDA margin	4.8	19.5	12.9	20.3	13.6	17.7
EBIT	0.9	42.7	31.5	79.2	68.1	115.8
EBIT margin, %	0.6	17.4	9.4	18.0	10.2	15.0
Operating cash flow	8.9	64.0	27.2	122.8	35.9	131.6
Interest-bearing net debt	-21.5	-12.7	-42.9	-12.7	-21.5	-7.9
Earnings per share, SEK	-0.0	1.2	0.9	2.1	1.8	3.1
USD/SEK, average	10.7	10.5	10.5	10.5	10.7	10.6

CEO's comments

Short-term headwinds but strong long-term outlook

During the second quarter, we faced short-term market challenges in the form of damped consumer demand and high freight prices, which impacted the entire industry. At the same time, we are highly optimistic about the future after presenting our new, expanded product portfolio to resellers, suppliers and media at the international Computex computer expo in Taipei at the beginning of June. This is our largest ever launch and the start of a shift for Fractal's global brand and market position. It received an overwhelming reception and gave me and my colleagues at Fractal a strong sense of optimism as well as providing clear confirmation that we are moving in the right direction.

During the second quarter, which is normally our seasonally smallest quarter, we continued to be impacted by the situation in the Red Sea that resulted in longer delivery times and an element of restraint in the purchasing behavior of resellers due to significantly higher freight costs. Net sales during the quarter decreased 41.4% to SEK 143.7 million (245.3). All sales take place in USD and sales decreased organically 42.4% to USD 13.4 million (23.3). It is important to emphasize that we are facing very high comparative numbers in the quarter with organic growth of 157% in the year-earlier period that was greatly impacted by inventory build-up and the launch of the North case series.

Sales from resellers to end consumers decreased 11.9% in the quarter. Even though we faced short-term macro-economic challenges, we continued to advance our positions and increased market shares in our key markets. The dampened demand is due to a combination of weaker purchasing power among consumers, affected by high inflation and higher interest rates, as well as the postponed launch of important PC components until 2025.

Resellers balancing their stock, based on changes in sales growth to end consumers, 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 for us and the entire industry.

EBITDA for the quarter amounted to SEK 7.0 million (47.9), corresponding to an EBITDA margin of 4.8% (19.5). The lower earnings are primarily due to the decrease in net sales. During the quarter, we also noted increased costs linked to our extensive product launch program, that included marketing activities, certification and final product development. We continue to invest in the future and are working in parallel to streamline the operations. The product margin increased to 41.4% (40.2), which was largely due to a more favorable product mix. Following a highly robust 2023, we have a solid financial position that gives us the opportunity to pursue our strategic initiatives, with a clear objective of advancing Fractal's global market position in existing and new product categories.

Successful launch of our new, expanded product portfolio

During the quarter, we began an intensive period of launches that will continue during the second half of the year. We presented our new products at the major Computex computer expo where we met a large number of partners, suppliers and influential media. At the launch, we presented two new cases, Mood and Era 2, as well as the new Refine computer chair and the Scape gaming headset. With Refine and Scape, Fractal is entering two new, important product categories with the same Scandinavian principles and quality focus that have defined our brand in the cases category.

The launch of completely new product categories is a milestone in our ongoing journey of growth. We now have an opportunity to apply that which has made us market leaders in the case and component category on a larger portion of the gamers' ecosystem. Sales of Fractal's new Refine and Scape products to gamers around the world will begin in the second half of the year.

Outlook going forward

The underlying demand trend for gaming hardware is robust. Interest in esports and high-performance gaming remains at high levels. In the short term, we are facing a weaker market, impacted by dampened demand from end consumers and the effects of high freight prices. The upgrade cycle for gaming hardware has been postponed slightly, with 2024 expected to be an intermediate year and to be followed by a stronger trend for the industry in 2025 supported by important component launches. For the remainder of 2024, we anticipate a continued slow trend in the third quarter followed by a stronger fourth quarter, when we can again report growth supported by the launch of new products, expansion into new product categories, and increased marketing and channel initiatives.

Jonas Holst, CEO

August 2024



MARKET POSITION

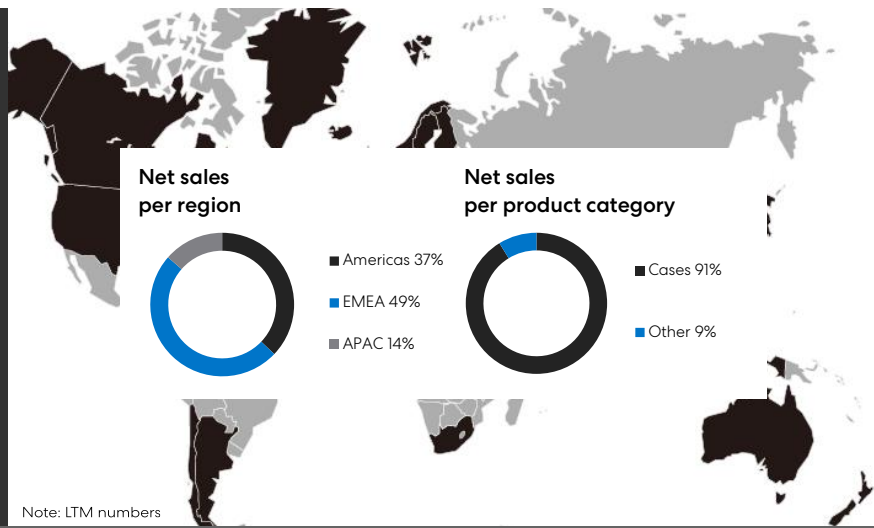
Top 3

GLOBAL REACH

50+ countries

NUMBER OF EMPLOYEES

99



>6,000,000 products sold

Offices in Gothenburg / Dallas / Taipei / Dongguan

Founded 2010

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.

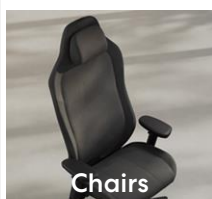
Our product categories are cases, gaming chairs, gaming headsets, power supply, cooling products and fans for PC gaming computers. Fractal is a market leader for cases in several geographic markets: number one in the Nordics, number two in Japan, and a top three position globally. Our products are characterized 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.

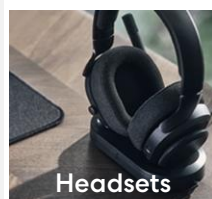
We have identified several growth areas for continued profitability and development, through initiatives like broader and more innovative marketing, continued focus on geographic expansion and new markets. Our head office is based in Gothenburg (Sweden) with satellite offices in Dallas (the US), Dongguan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



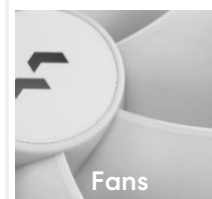
Market leading cases for demanding gamers and PC enthusiasts. Fractal's award-winning cases stand out with a unique Scandinavian design combined with high performance and recognized quality.



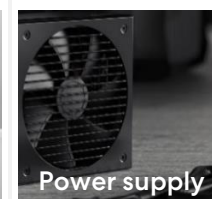
Ergonomic gaming chairs aimed at the most demanding gamers, streamers and creators. Fractal's exclusive gaming chairs offer superior comfort and ergonomics and are designed to fit into the modern gamers' home.



Headsets that challenge the stereotype of how gaming hardware can be designed. Fractal's gaming headset offers top-tier audio and microphone quality combined with a high level of comfort and unique Scandinavian design.



Fans for quiet and efficient cooling of cases and radiators. Fractal's fans are available in every conceivable design, from the discreet and quiet 120 mm models to the powerful 180 mm models.



Reliable and secure power supply for the most high-performance components. Fractal's quiet and high-performance power supply units are offered in a range of different versions and sizes.



Water cooling is a popular alternative to air cooling of a computer's processors. Fractal's water coolers are available in a number of different sizes and with high performance, low noise levels and a scaled-down design.



Gaming Hardware Market

Expected Growth of 6.5% CAGR

Until 2031

Market performance and trends

The industry considers 2024 as a transitional year, marked by weaker consumer demand and the postponed launch of important computer components. This has delayed the upgrade cycle and postponed the expected growth in the market in 2024 until 2025.

The traditional PC market as a whole showed positive signs, and the market for ready-built PCs and laptops continued its recovery, which started in the first quarter, resulting, after eight preceding quarters of decline, in a second growth quarter. Historically, while this market has not been Fractal's primary target group, it can now be reached with the introduction of new categories, such as headsets and chairs. According to preliminary results from IDC, global deliveries amounted to 64.9 million units in the second quarter of 2024, equivalent to year-on-year growth of 3.0% compared to the year-earlier period. This growth underlines a continued recovery in demand for computers in general, strengthened by the upcoming upgrade cycle for Windows 11 and the broader introduction of AI-compatible computers, which includes for gaming use. According to the global analyst firm Canalys, almost 50 million PCs delivered in 2024 will have dedicated AI-accelerators.

At the same time, sales of custom-built gaming computers are being held back by the postponed launch of important computer components. The expected launch of Nvidia's RTX 50 series, a critical factor in the next upgrade cycle for PC gaming, is due to be launched at the beginning of 2025 instead of at the end of 2024, as previously rumored. Historically, Nvidia has launched new graphics cards series every second year. This delay is expected to temporarily reduce interest for upgrades and new gaming computers, but will probably create pent-up demand and accompanying sales when the new cards finally become available.

The PC gaming industry is predicted to plateau in 2024, primarily due to the lack of major blockbuster titles and challenging figures compared with previous years. According to the global analysis and advisory company Omdia, total gaming income for software, hardware and advertising is expected to remain at USD 249 billion. Despite this temporary stagnation, the long-term outlook remains positive, with expected growth in 2025. The industry is expected to reach USD 304 billion in 2028. This follows an explosive growth phase from the pandemic and has been necessary to enable the

market to recalibrate. Key factors that contribute to future growth include the launch of anticipated AAA titles.

PC gaming continues to post a stronger trend than other platforms, and revenue from PC games increased 8.4% year-on-year in 2023, compared with marginal growth of 0.3% for console games and a decrease of 2.1% in revenue from mobile games. This trend is supported by the success of multiplatform titles and a strong development for gaming platforms, such as Steam and Epic Games. The growing popularity of cross-platform games has further enhanced growth and positioned the PC platform as a prioritized choice for consumers.

In the long term, gaming hardware is expected to witness significant growth, with an estimated market of USD 60.0 billion in 2031, according to SNS, equivalent to an average annual growth rate of 6.5% between 2024 and 2031. Growth is driven by consumer demand for performance-driven gaming experiences and advances in technologies such as AI-driven games. Market expansion is further supported by a passionate and global gaming community with accelerating consumer demands that continue to drive the overall gaming experience.

Computex 2024 in Taipei demonstrated significant advances in AI and semiconductor technology. Important announcements from industry leaders, such as NVIDIA, AMD and Intel, highlighted their latest innovations and future direction. NVIDIA presented Project G-Assist, an AI assistant designed to improve the user experience in PC games and applications, together with RTX AI Toolkit to optimize AI models in Windows computers. AMD presented the Ryzen AI 300 series, built on Strix Point architecture with Zen 5 cores and RDNA 3.5 graphics, which promises exceptional performance for AI-driven tasks. Intel presented its next generation Lunar Lake processors, which will offer greater energy efficiency and significant performance improvements at the end of 2024. Nvidia also presented its new 'SFF-ready' program, which addresses PC builders looking for a small form factor for their next PC gaming system. Fractal has one of the leading offerings in this segment and was highlighted in the program with products such as Fractal Terra and our new Fractal Mood and Fractal Era 2 cases.

Sources: IDC, Canalys, SNS, Techspot, NewZoo.



Launch of new products and categories

Our launch event at Computex 2024 in Taipei was a great success and the largest product launch ever for Fractal. The event, which was aimed at resellers, partners, suppliers and leading industry media, showed Fractal's expansion into new product categories and strong commitment to challenge and improve the gaming experience for gamers worldwide. Feedback from leading tech and gaming media, industry experts and professional streamers was overwhelmingly positive, which highlights Fractal's successful strategy to combine Scandinavian design with sought-after performance in gaming hardware.

The Computex event significantly raised Fractal's visibility and recognition and helped to further expand our brand. Our launch was widely covered by leading media, such as The Verge and Forbes, as well as traditional gaming and tech media. Fractal's unique mix of design and performance received a positive response and Fractal was designated "Best of Computex" by several media and industry experts. This coverage not only increased our brand awareness but also aroused significant consumer interest, and many people registered to receive more information about our new products and future launch dates.

Fractal announced the launch of four new products at Computex 2024: the Mood and Era 2 case series, the Refine chair and the Scape gaming headset. With Refine and Scape, Fractal is entering two new, important product categories, with products designed with the same Scandinavian principles and quality focus that have defined our brand in the cases category. Fractal Refine redefines the design of a computer and gaming chair by combining

Scandinavian aesthetics with advanced ergonomics that compare favorably with high-end office chairs. Fractal Refine is available in mesh, fabric or Alcantara and offers comfort and an excellent user experience. The chair has adjustable lumbar support, a headrest and 4D armrests that provide extensive ergonomic comfort. It also has 13 lockable tilt positions. Refine will be available worldwide in August in five different versions: light or dark mesh, light or dark single-color fabric and dark Alcantara.

Fractal Scape focuses equally on gaming performance as design and provides a comfortable, wireless gaming experience. A charging stand is included that means the headset is always ready to use. Scape has a detachable microphone with a flip-to-mute function, support for Bluetooth 5.3 and includes a wireless dongle with very low-latency. Scape will be available later in 2024.

Fractal Mood is a compact case designed to seamlessly integrate into a modern gaming station. With side panels in fabric and a very small footprint, the case supports larger graphics cards and includes a 180 mm top fan for effective cooling. Mood will be available in black and light gray and was launched in June.

Era 2, a new design and evolution of the Era ITX case series, combines unique materials that include anodized aluminum and a top panel in solid walnut. This case with a small form factor offers better cooling compared with its predecessor and support for water cooling and larger graphics cards. Era 2 will be available later in the third quarter in silver, charcoal gray and midnight blue.



reddot winner 2024

Fractal Terra awarded prestigious Red Dot Design Award 2024

Fractal Terra, one of our latest innovations in PC case design, has received the prestigious Red Dot Design Award 2024. This recognition is a testimony to our commitment to further develop the gaming experience for the small form factor in PC gaming.

Fractal Terra stands out with its unique boutique design inspired by the homes of modern gamers. The case has thick panels cut from anodized aluminum, CNC-milled details and FSC-certified solid walnut, which create an aesthetic that seamlessly integrates into the home interior, while Terra also delivers first-class gaming performance.

Since Fractal Terra's initial launch, it has been a perfect example of Fractal's vision to create unobtrusive, home-integrated gaming experiences while keeping broad component compatibility and leading performance. The Red Dot Award is well established internationally as a seal of quality and outstanding design.

The Fractal Terra was chosen among a starting field of products that totals over 20,000 yearly submissions, by a jury of forty international experts, led by the motto "In search of good design and innovation." This award not only highlights the exceptional quality and innovation of Fractal Terra, but also the continued prominence of Fractal Design among gaming equipment providers.

Financial performance

Net sales

The Group's net sales amounted to SEK 143.7 million (245.3), down 41.4%. All of Fractal's sales take place in USD and net sales amounted to USD 13.4 million (23.3), corresponding to an organic decrease of 42.4%. The negative growth during the second quarter of 2024, which is normally the lowest seasonally, was due to high comparison figures with organic growth of 157% in the year-earlier period, which was the strongest ever quarter for Fractal. The successful launch of the North case series made a strong contribution to the high level of sales in the previous year, together with restocking by our customers. In addition, longer delivery times and higher freight costs due to the situation in the Red Sea resulted in an element of restraint in the purchasing behavior of our resellers in the second quarter of 2024. High inflation and higher interest rates impacted the purchasing power of our end consumers.

Sales in the case product category accounted for 89% (92) of total sales.

Earnings

Product profit amounted to SEK 59.5 million (98.7), corresponding to a product margin of 41.4% (40.2). Year-on-year, the product margin increased a total of around 1.2 percentage points.

A favorable product mix had a positive impact of approximately 2.3 percentage points on the product margin, which was an effect of lower purchase prices that were impacted by lower raw materials prices

and successful negotiations with product suppliers for several of our products.

Higher freight costs had a negative impact on the product margin of approximately 0.8 percentage points. During the second quarter, freight prices were higher, and Americas' share of Fractal's total sales increased to 33% compared to 25% the previous year. This increase, which is directly related to the region's freight costs, contributed to higher total freight prices for Fractal during the period.

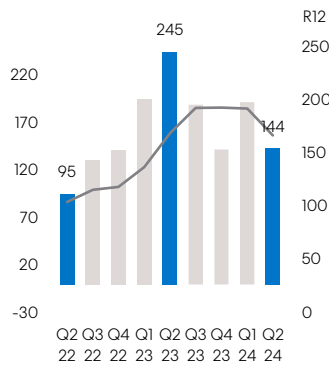
An increase in price discounts and sales campaigns during the period had a negative effect on the product margin, which decreased approximately 0.5 percentage points.

Currency effects resulted in a positive impact on the product margin during the second quarter of approximately 0.2 percentage points.

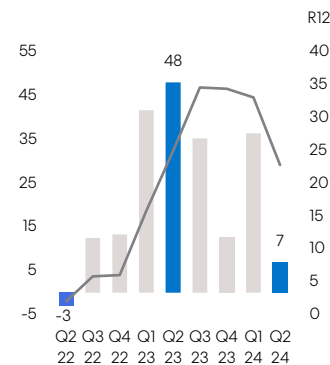
EBIT amounted to SEK 0.9 million (42.7), corresponding to an EBIT margin of 0.6% (17.4). Depreciation/amortization amounted to SEK -6.0 million (-5.2) and was mainly related to investments in product tools and capitalized development costs related to new product launches.

Earnings for the period amounted to SEK -0.6 million (35.3) and net financial items to SEK -1.3 million (2.0). Tax on earnings for the period amounted to SEK -0.2 million (-9.4). Earnings per share amounted to SEK 0.0 (1.2) There is no dilution effect as no shares were issued during the period.

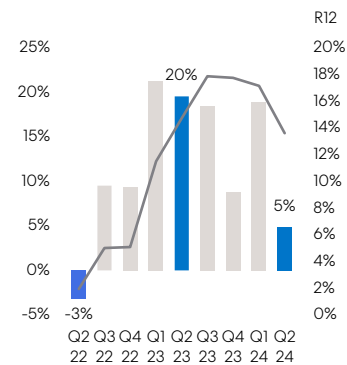
Net sales, SEK million



EBITDA, SEK million



EBITDA margin

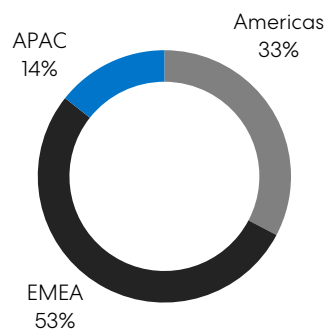


Geographic markets

The strongest region during the quarter was EMEA, with net sales of SEK 76.1 million (152.7). The year-on-year decrease was mainly driven by significant restocking by our customers during the second quarter of 2023. Net sales in the Americas amounted to SEK 47.0 million (60.3) and APAC amounted to SEK 20.6 million (32.2).

Of total net sales, EMEA accounted for 52.9% (62.0), the Americas for 32.7% (24.6) and APAC for 14.4% (13.4).

Net sales, quarter



By geography (Americas, EMEA, APAC)

SEKm	Q2			Jul—Jun	Full year
	2024	2023	Δ %	2024	2023
Net sales Americas	47.0	60.3	-22.0	248.2	259.0
Net sales Americas, USDm	4.4	5.7	-23.4	23.3	24.4
Net sales EMEA	76.1	152.7	-50.2	329.7	407.0
Net sales EMEA, USDm	7.1	14.5	-51.1	30.9	38.3
Net sales APAC	20.6	32.2	-36.0	90.7	107.3
Net sales APAC, USDm	1.9	3.1	-36.7	8.5	10.1



January–June

Net sales

The Group's net sales amounted to SEK 336.1 million (440.8) in the period, a decrease of 23.7%. Net sales in USD amounted to USD 31.9 million (42.0), an organic decrease of 24.0%.

Above all during the period, the second quarter reported significantly lower net sales compared with the year-earlier period. The second quarter of 2023 was the highest ever for the company and the high comparison figures were primarily due to significant restocking by our customers.

Fractal has a seasonal business that is characterized by higher sales during the second half of the year due to important traditional festivals and the first quarter includes the Chinese New Year.

In some regions, a certain degree of restraint in the purchasing behavior of our resellers was noted due to higher freight costs during the period. However, the period benefited from positive sales of North XL, which was launched in March. Sales in the case product category accounted for 92% (92) of total sales.

Earnings

Product profit amounted to SEK 141.8 million (177.7), corresponding to a product margin of 42.2% (40.3), which was an increase of 1.9 percentage points.

The higher margin was an effect of lower purchase prices that were impacted by lower raw materials prices and successful negotiations with product suppliers for several of our products by approximately 2.7 percentage points.

Furthermore, the margin was positively impacted by lower freight costs by approximately 0.7 percentage points, mainly attributable to the first quarter. This compensated for a negative currency effect that impacted the margin by 1.4 percentage points.

EBIT amounted to SEK 31.5 million (79.2), corresponding to an EBIT margin of 9.4% (18.0). Depreciation/amortization amounted to SEK -11.8 million (-10.3) 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 26.0 million (62.3). Net financial items amounted to SEK 1.6 million (-0.3). Tax on earnings for the period amounted to SEK -7.3 million (16.6). Earnings per share amounted to SEK 0.9 (2.1) There is no dilution effect as no shares were issued during the period.

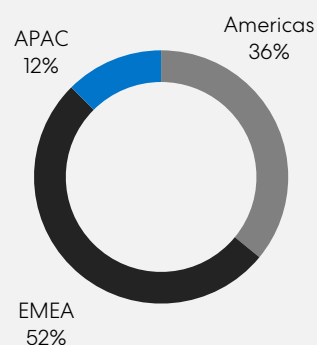
Geographic markets

The strongest region during the period was the EMEA, with net sales of SEK 173.4 million (250.6), while the Americas amounted to SEK 120.8 million (131.6) and APAC amounted to SEK 42.0 million (58.6).

Year-on-year, net sales were weaker in all regions, which was mainly attributable to restocking and strong sales of North last year.

Of total net sales, EMEA accounted for 51.6% (56.9), the Americas for 35.9% (29.9) and APAC for 12.5% (13.3).

Net sales, Jan-Jun



SEKm	Jan-Jun			Jul-Jun	Full year
	2024	2023	Δ %	23/24	2023
Net sales Americas	120.8	131.6	-8.2	248.2	259.0
Net sales Americas, USDm	11.5	12.6	-8.9	23.3	24.4
Net sales EMEA	173.4	250.6	-30.8	329.7	407.0
Net sales EMEA, USDm	16.5	23.9	-30.9	30.9	38.3
Net sales APAC	42.0	58.6	-28.3	90.7	107.3
Net sales APAC, USDm	4.0	5.6	-28.3	8.5	10.1



Financial position and cash flow

Financial position

At the end of the period, the Group's balance sheet total amounted to SEK 567.1 million (676.5). Inventory levels were SEK 128.9 million (140.7). Fractal regularly adjusts its inventory levels to more efficiently meet demand and optimize resource use.

Utilization of the bank overdraft facility amounted to SEK 1.3 million (0.0). The bank overdraft facility has a scope of SEK 118.7 million. The loan agreement includes financial covenants for the Group's net debt relative to EBITDA. Fractal has good headroom with respect to the covenants, which highlights Fractal's financial strength. Fractal's low overdraft facility utilization indicates solid margins, which benefits Fractal's financial stability and flexibility.

At the end of the period, Fractal had net cash of SEK 21.5 million, compared with net cash of SEK 12.7 million at the end of 2023. Net working capital amounted to SEK 90.7 million (54.8) at the end of the period. The Group's equity amounted to SEK 393.3 million (341.1) and the equity ratio to 69.4% (50.4) at the end of the period.

Cash flow for the quarter

Cash flow from operating activities amounted to SEK 6 million (67.1). The decrease was primarily due to reduced sales compared with the same period in the previous year. Cash flow from investment activities amounted to SEK -4.9 million (-3.5) and was mainly related to the development of new products. Cash flow from financing activities during the quarter amounted to SEK -10.1 million (-28.8) and was largely related to changes in the bank overdraft facility.

Total cash flow in the quarter amounted to SEK -9.1 million (34.8).

Cash flow Jan-Jun

Cash flow for the period from operating activities amounted to SEK 25.2 million (132.7). The decrease was primarily due to reduced sales compared with the same period in the previous year. Cash flow from investing activities amounted to SEK -9.5 million (-13.2) and was mainly related to the development of new products.

Cash flow from financing activities during the period amounted to SEK -13.2 million (-81.4) and was largely related to changes in other current interest-bearing liabilities.

Total cash flow in the period amounted to SEK 2.4 million (38.1).

Additional information

Important events during and after the quarter and period

In conjunction with the Computex computer expo in Taiwan in early June 2024, four new products were launched, of which two in new product categories: chairs and headsets.

In the final days of May 2024, an announcement was made that Fractal is once again to be excluded from tariffs on cases for sales to the US. The exclusion is in force until May 31, 2025. The previous exclusion was in force until May 31, 2024.

On January 18, 2024, Alexander Kahl was appointed VP Global Sales starting February 1, 2024. Alexander comes from the role as VP and General Manager of Turtle Beach Asia and has many years of senior industry experience.

On January 9, 2024, Fractal announced that the company would be expanding its direct import business in the US and expanding its sales channels to include Amazon.

On January 1, 2024, Jonas Holst took over as CEO of Fractal Gaming Group AB, replacing Hannes Wallin (founder). Hannes Wallin was elected Chairman of Fractal Gaming Group at the Annual General Meeting on May 21, 2024.

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 109 (84) full-time employees, of whom 37 women (25) and 72 men (59). During the second quarter, the average number of employees in the organization was 110 (82) of whom 36 women (24) and 73 men (58).

Seasonal variations

Fractal has a seasonal business that is characterized by higher sales during the second half of the year due to important traditional festivals. The first quarter includes 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 1.5 million (1.2) in the second quarter. Operating loss amounted to SEK -0.4 million (-0.4) and loss for the period to SEK -0.7 million (-0.4).

The share

As of June 30, 2024, the number of shares in Fractal amounted to 29,119,500 (29,119,500). The largest shareholders were: Långholmen Holding AB (29.1%), Herenco Holding AB (14.3%), Mediuminvest AS (10.0%), TIN Ny Teknik (6.3%) and Enter Fonder AB (4.2%).

Fractal's shares were allocated among 4,957 shareholders as of June 30, 2024.

Significant risks and uncertainties

Fractal has credit insurance for all its customers, but at present there is one customer without this insurance. The company is actively engaged in finding a solution to also insure this customer as soon as possible. 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 2023 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 15, 2024

Hannes Wallin

Chairman of the Board

Magnus Yngen

Board member

Gustav Thott

Board member

Pernilla Ekman

Board member

Ola Nilsson

Board member

Jonas Holst

CEO

Income statement, Group

SEKm	Q2		Jan—Jun		Jul—Jun	Full year
	2024	2023	2024	2023	23/24	2023
Net sales	143.7	245.3	336.1	440.8	668.6	773.3
Capitalized development expenditure	3.0	2.2	6.2	4.0	11.0	8.7
Other operating income	0.6	0.2	0.6	0.2	0.6	0.2
Total revenue	147.3	247.6	343.0	444.9	680.2	782.2
Operating expenses						
Goods for resale	-84.6	-148.0	-194.6	-263.0	-389.6	-458.0
Other external expenses	-30.0	-30.8	-55.9	-52.9	-109.1	-106.1
Personnel expenses	-25.8	-20.9	-49.1	-39.5	-90.5	-80.9
Depreciation and impairment of tangible and intangible non-current assets	-6.0	-5.2	-11.8	-10.3	-22.9	-21.4
Total operating expenses	-146.4	-205.0	-311.4	-365.7	-612.1	-666.4
Operating profit	0.9	42.7	31.5	79.2	68.1	115.8
Finance income	0.0	3.1	3.4	2.4	2.2	1.1
Finance costs	-1.3	-1.2	-1.8	-2.7	-2.6	-3.5
Profit/loss after financial items	-0.4	44.7	33.2	78.9	67.7	113.4
Income tax expense	-0.2	-9.4	-7.3	-16.6	-16.6	-25.9
Deferred tax liabilities	0.1	0.1	0.1	0.1	2.2	2.2
Profit for the period	-0.6	35.3	26.0	62.3	53.3	89.6
Other comprehensive income						
Items that have been reclassified or can be reclassified to profit/loss for the period						
Foreign subsidiaries - foreign currency translation differences	-0.0	0.2	-0.0	0.3	-0.9	-0.6
Other comprehensive income for the period	-0.0	0.2	-0.0	0.3	-0.9	-0.6
Total comprehensive income for the period	-0.6	35.5	25.9	62.6	52.4	89.0
Profit for the year attributable to:						
Parent Company's shareholders	-0.6	35.3	26.0	62.3	53.3	89.6
Profit for the period	-0.6	35.3	26.0	62.3	53.3	89.6
Total comprehensive income attributable to:						
Parent Company's shareholders	-0.6	35.5	-0.6	62.6	25.8	89.0
Total comprehensive income for the period	-0.6	35.5	-0.6	62.6	25.8	89.0
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	-0.0	1.2	0.9	2.1	1.8	3.1
Before and after dilution, SEK	-0.0	1.2	0.9	2.1	1.8	3.1

Balance sheet, Group

SEKm	Jun 30, 2024	Jun 30, 2023	31 Dec 2023
ASSETS			
Non-current assets			
Goodwill	210.2	210.2	210.2
Capitalised development costs	44.5	33.4	38.9
Property, plant and equipment	36.2	41.1	42.0
Right-of-use assets	11.3	11.3	11.0
Deferred Tax Asset	0.1	0.1	-
Total non-current assets	302.3	295.9	302.0
Current assets			
Inventories	128.9	140.7	159.6
Accounts receivable	102.8	185.8	107.9
Prepaid expenses and accrued income	7.6	5.3	4.3
Other receivables	2.7	6.1	2.9
Cash and cash equivalents	22.8	42.7	20.4
Total current assets	264.8	380.5	295.0
TOTAL ASSETS	567.1	676.5	597.1
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	0.5	0.5	0.5
Share premium	178.4	178.4	178.4
Reserves	-0.7	0.2	-0.6
Retained earnings including profit/loss for the period	215.1	162.0	189.2
Equity attributable to the Parent Company's shareholders	393.3	341.1	367.5
Total equity	393.3	341.1	367.5
Non-current liabilities			
Long-term lease liabilities	6.9	7.4	6.8
Provisions	5.2	4.5	5.0
Deferred tax liabilities	4.6	6.6	4.5
Total non-current liabilities	16.8	18.5	16.2
Current liabilities			
Overdraft facility	1.3	-	2.5
Other short term interest-bearing liabilities	-	30.0	10.0
Current lease liabilities	4.3	3.8	4.1
Accounts payable	122.9	241.3	158.7
Tax liabilities	3.9	12.1	9.8
Other liabilities	2.3	2.0	2.1
Accrued expenses and prepaid income	22.2	27.6	26.2
Total current liabilities	157.0	316.8	213.4
TOTAL EQUITY AND LIABILITIES	567.1	676.5	597.1

Cash flow, Group

SEKm	Q2		Jan—Jun		Jul—Jun	Full year
	2024	2023	2024	2023	23/24	2023
Cash flows from operating activities						
Profit/loss after financial items	-0.4	44.7	33.2	78.9	67.7	113.4
Adjustments for items not included in cash flow	6.1	5.7	12.0	11.3	23.6	22.9
Income tax paid	-6.6	-2.8	-13.3	-3.9	-22.5	-13.1
	-0.9	47.5	31.8	86.2	68.8	123.2
Increase (+)/Decrease (-) of inventories	-5.9	-31.2	30.7	-13.9	11.8	-32.8
Increase (+)/Decrease (-) of operating receivables	36.4	-56.0	2.3	-83.7	81.8	-4.2
Increase (+)/Decrease (-) of operating liabilities	-23.6	106.8	-39.6	144.1	-123.5	60.2
Net cash from operating activities	6.0	67.1	25.2	132.7	38.9	146.4
Cash flows from investing activities						
Acquisition of property, plant and equipment	-0.7	-0.2	-1.2	-7.4	-8.9	-15.0
Acquisition intangible assets	-4.2	-3.2	-8.3	-5.8	-16.2	-13.8
Net cash used in investing activities	-4.9	-3.5	-9.5	-13.2	-25.2	-28.9
Cash flows from financing activities						
Net change other short term interest-bearing liabilities	-	-10.0	-10.0	30.0	-30.0	10.0
Net change, bank overdraft facility	-9.1	-17.8	-1.1	-109.5	1.3	-107.1
Repayment of borrowings	-1.0	-1.0	-2.1	-1.9	-4.2	-4.0
Net cash used in financing activities	-10.1	-28.8	-13.2	-81.4	-32.8	-101.1
Net increase in cash and cash equivalents	-9.1	34.8	2.4	38.1	-19.2	16.5
Cash and cash equivalents at start of period	31.9	7.2	20.4	3.9	42.7	3.9
Effects of movements in exchange rates on cash held	-	0.7	-	0.7	-0.7	-0.0
Cash and cash equivalents at end of period	22.8	42.7	22.8	42.7	22.8	20.4

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 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
Balance at 2024-01-01	0.5	178.4	-0.6	189.2	367.5	-	367.5
Profit for the period				26.0	26.0		26.0
Translation differences			-0.0		-0.0		-0.0
Total comprehensive income for the period			-0.0	26.0	25.9		25.9
Premium paid when issuing stock options		-			-		-
Balance at 2024-06-30	0.5	178.4	-0.7	215.1	393.3	-	393.3

Parent Company

Income statement

SEKm	Q2		Jan—Jun		Jul—Jun	Full year
	2024	2023	2024	2023	23/24	2023
Net sales	1.5	1.2	2.9	2.4	5.4	4.9
Other operating income	-	-0.0	-	-0.0	-0.0	-0.0
	1.5	1.2	2.9	2.4	5.4	4.9
Operating expenses						
Other external expenses	-0.4	-0.5	-0.8	-0.8	-1.6	-1.6
Personnel expenses	-1.5	-1.2	-2.9	-2.2	-5.3	-4.7
	-1.9	-1.7	-3.7	-3.1	-6.9	-6.3
Operating profit	-0.4	-0.4	-0.8	-0.7	-1.5	-1.3
<i>Net financial income and expenses</i>						
Finance income	0.0		0.0	-	0.0	0.0
Finance costs	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
Profit/loss after financial items	-0.4	-0.4	-0.8	-0.7	-1.4	-1.3
Appropriations	-	-	-	-	21.9	21.9
Net income before taxes	-0.4	-0.4	-0.8	-0.7	20.5	20.6
Income tax expense	-	-	-	-	-4.5	-4.5
Deferred tax liabilities	0.1	0.1	0.1	0.1	0.0	-0.0
Profit for the period	-0.3	-0.4	-0.7	-0.6	16.0	16.1

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, 2024	Jun 30, 2023	31 Dec 2023
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	271.5	271.4
Current assets			
Receivables from group companies	0.6	0.6	-
Other receivables	0.0	2.6	0.0
Prepaid expenses and accrued income	0.3	0.3	0.2
Cash and cash equivalents	0.2	0.4	1.7
Total current assets	1.1	3.9	2.0
TOTAL ASSETS	272.7	275.4	273.4
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	178.4	178.4
Retained earnings	72.3	56.2	56.2
Profit for the period	-0.7	-0.6	16.1
Total non-restricted equity	250.0	234.0	250.7
Shareholders' equity	250.5	234.5	251.2
Untaxed reserves	15.6	26.0	15.6
Current liabilities			
Debt to group companies	2.9	13.0	1.0
Accounts payable	0.0	0.1	0.0
Tax liabilities	1.8	-	2.7
Other liabilities	0.3	0.3	0.5
Accrued expenses and prepaid income	1.6	1.4	2.4
Total current liabilities	6.5	14.9	6.6
TOTAL EQUITY AND LIABILITIES	272.7	275.4	273.4

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
	2024	2023	2024	2023	23/24	2023
Net sales	143.7	245.3	336.1	440.8	668.6	773.3
- Cases	128.3	226.5	308.1	403.8	609.9	705.6
- Other	15.4	18.8	28.0	36.9	58.7	67.6
Product profit	59.5	98.7	141.8	177.7	279.4	315.3
- Cases	53.5	92.0	131.0	163.5	258.1	290.6
- Other	6.0	6.7	10.8	14.3	21.3	24.7
Capitalized development expenditure	3.0	2.2	6.2	4.0	11.0	8.7
Other operating income	0.6	0.2	0.6	1.6	-0.8	0.2
Other external expenses	-30.0	-30.8	-55.9	-52.9	-109.1	-106.1
Personnel expenses	-25.8	-20.9	-49.1	-39.5	-90.5	-80.9
Depreciation and impairment of tangible and intangible non-current assets	-6.0	-5.2	-11.8	-10.3	-22.9	-21.4
Operating profit	0.9	42.7	31.5	79.2	68.1	115.8
Finance income	0.0	3.1	3.4	3.1	1.4	1.1
Finance costs	-1.3	-1.2	-1.8	-3.5	-1.8	-3.5
Net financial income and expenses	-1.3	2.0	1.6	-0.3	-0.4	-2.4
Net income before taxes	-0.4	44.7	33.2	78.9	67.7	113.4

Note 2 – Distribution of revenue

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

Disaggregation of revenue from agreements with customers

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

Group	Cases		Other		Total	
	Jan—Jun		Jan—Jun		Jan—Jun	
SEKm	2024	2023	2024	2023	2024	2023
Geographic market						
Americas	118.3	127.4	2.5	4.2	120.8	131.6
EMEA	155.4	230.9	17.9	19.7	173.4	250.6
APAC	34.4	45.7	7.6	12.9	42.0	58.6
Time of revenue recognition						
Goods recognized at a point in time	308.1	404.0	28.0	36.7	336.1	440.8
Goods and services recognized over time	–	–	–	–	–	–
Total net sales	308.1	404.0	28.0	36.7	336.1	440.8

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 2024
Interim report, January–December 2024
Interim report, January–March 2025
Annual General Meeting
Interim report, January–June 2025
Interim report, January–September 2025

October 24, 2024
February 6, 2025
May 8, 2025
May 20, 2025
August 15, 2025
October 23, 2025

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