



Interim report



Interim report, Q2 2021

Second quarter 2021

- Net sales amounted to SEK 103.7 million (188.7).
- Product profit amounted to SEK 33.8 million (82.8), corresponding to a product margin of 32.6% (43.9).
- Adjusted EBITDA amounted to SEK 2.0 million (57.3), corresponding to an adjusted EBITDA margin of 1.9% (30.3).
- Adjusted EBIT amounted to SEK -1.3 million (54.9), corresponding to an EBIT margin of -1.2% (29.1).
- Items affecting comparability were SEK 0 million (5.0).
- Operating cash flow amounted to SEK 0.9 million (34.5).
- Interest-bearing net debt was SEK 94.5 million (-1.7).
- Earnings per share amounted to SEK 0.0 (1.2)

Jan–Jun 2021

- Net sales amounted to SEK 272.8 million (339.1).
- Product profit amounted to SEK 92.6 million (140.1), corresponding to a product margin of 33.9% (41.3).
- Adjusted EBITDA amounted to SEK 33.7 million (89.7), corresponding to an adjusted EBITDA margin of 12.3% (26.5).
- Adjusted EBIT amounted to SEK 27.4 million (85.0), corresponding to an EBIT margin of 10.1% (25.1).
- Items affecting comparability were SEK 21.1 million (5.0).
- Operating cash flow amounted to SEK -37.2 million (31.2).
- Interest-bearing net debt was SEK 94.5 million (-1.7).
- Earnings per share amounted to SEK 0.1 (1.9)

Financial performance

| Amounts in SEKm | Q2 | | | Jan–Jun | | | Jul–Jun | Full year |
|---------------------------|-------|-------|--------|---------|-------|-------|---------|-----------|
| | 2021 | 2020 | Δ % | 2021 | 2020 | Δ % | 20/21 | 2020 |
| Net sales | 103.7 | 188.7 | -45.0 | 272.8 | 339.1 | -19.5 | 569.4 | 635.7 |
| Net sales, USDm | 12.3 | 19.7 | -37.6 | 32.5 | 35.3 | -8.0 | 66.6 | 69.4 |
| Product profit | 33.8 | 82.8 | -59.2 | 92.6 | 140.1 | -33.9 | 193.3 | 240.8 |
| Product margin, % | 32.6 | 43.9 | -25.7 | 33.9 | 41.3 | -17.9 | 33.9 | 37.9 |
| EBITDA | 2.0 | 52.3 | -96.2 | 12.6 | 84.7 | -85.1 | 53.6 | 125.7 |
| EBITDA margin | 1.9 | 27.7 | -93.0 | 4.6 | 25.0 | -81.5 | 9.4 | 19.8 |
| Adjusted EBITDA | 2.0 | 57.3 | -96.5 | 33.7 | 89.7 | -62.4 | 82.6 | 138.6 |
| Adjusted EBITDA margin, % | 1.9 | 30.3 | -93.6 | 12.3 | 26.5 | -53.3 | 14.5 | 21.8 |
| EBIT | -1.3 | 49.9 | -102.5 | 6.3 | 80.0 | -92.1 | 41.7 | 115.4 |
| EBIT margin, % | -1.2 | 26.4 | -104.6 | 2.3 | 23.6 | -90.2 | 7.3 | 18.2 |
| Adjusted EBIT | -1.3 | 54.9 | -102.3 | 27.4 | 85.0 | -67.7 | 70.7 | 128.3 |
| Adjusted EBIT margin, % | -1.2 | 29.1 | -104.1 | 10.1 | 25.1 | -59.9 | 12.4 | 20.2 |
| Operating cash flow | 0.9 | 34.5 | | -37.2 | 31.2 | | -25.7 | 62.8 |
| Interest-bearing net debt | 94.5 | -1.7 | | 94.5 | -1.7 | | 94.5 | 49.7 |
| Earnings per share, SEK | 0.0 | 1.2 | | 0.1 | 1.9 | | 0.9 | 2.8 |
| USD/SEK, average | 8.4 | 9.6 | | 8.4 | 9.6 | | 8.6 | 9.2 |

CEO's comments

Comments on the quarter

Fractal's net sales during the second quarter were impacted by delayed deliveries of products to distributors in June due to a local outbreak of COVID-19 in southern China that meant some ports in the Guangdong region had reduced capacity and canceled routes.

Net sales for the quarter, which are entirely in USD, declined 45% to SEK 103.7 million (188.7). The lower growth rate was due, in addition to the delivery delays in June 2021, to the tougher comparative figures, with growth in the second quarter of 2020 exceeding 100%. Sales of cases were impacted by a shortage of advanced semiconductors which are used in, for example, graphic cards. The limited access to graphic cards, which are at the heart of enthusiast computers and the most important factor for performance, has meant some gamers are delaying upgrades to their equipment.

Total sales from resellers to end consumers decreased organically by 34%. However, we have reinforced or retained our market share in all key markets quarter-on-quarter, which is clear confirmation of the strength in our range of products and brand.

Adjusted EBITDA was SEK 2.0 million (57.3), corresponding to an adjusted EBITDA margin of 1.9% (30.3). The product margin was 32.6% (43.9), and was impacted by a higher share of sales of products with lower margins, negative currency effects, and rising raw material and freight prices.

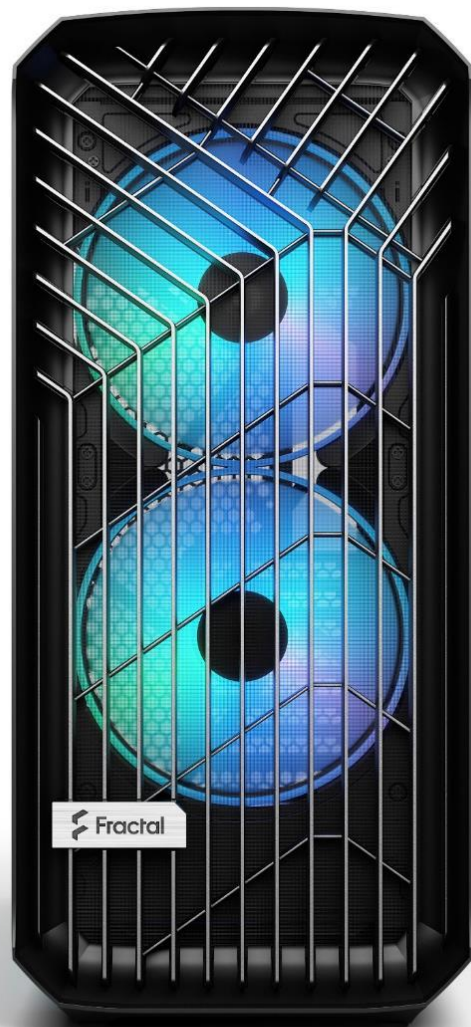
Strong underlying demand

Despite the strong growth for the industry during the pandemic year of 2020, interest in esports and high-performance gaming has again grown significantly in 2021. One key figure to measure this interest is the number of viewing hours on the streaming platform Twitch. In the second quarter, the number of viewing hours rose by a full 25.7% compared with the year-earlier period. For Fractal, this means strong underlying demand for our products supported by trends in esports and streaming where PC games are growing in popularity, playing time among gamers is increasing and the average gamer is

willing to spend more on their equipment even after COVID-19. We also believe the shortage of graphic cards has created a pent-up demand that should boost sales when access to graphic cards and other components improves and prices normalize.

Component shortage and higher costs

External factors pertaining to component shortages, and rising raw material and freight prices are currently affecting the entire hardware industry. The logistics situation in ocean freight is highly challenging at present with long lead times for shipping and strong increases in freight prices.



Our new **Torrent** case series focusing on market-leading air flow and performance

Rising raw material prices are driven by strong demand for products in general during the pandemic and by the introduction of tariffs on product imports from China to the US. All of our production is currently in China, though we are working together with our manufacturing partners to transfer some of the final assembly of products for the US market to other countries. Our ambition was that this would take place in the fourth quarter of 2021, but as a result of the pandemic, and continuing restrictions on travel, it will not be possible to implement this until the first half of 2022.

To offset rising raw material costs as far as possible, we raised prices during second quarter for large parts of the product range and will continue to review opportunities for additional price adjustments during the second half of the year.

High level of activity

Fractal's growth is currently impeded by a number of external factors in the wake of the pandemic, which is also the case for the industry as a whole. Despite these challenges, we are highly confident in the medium to long term that we can create healthy profitable growth based on our strong global market position and the record interest in high-performance gaming. During the first half of 2021, we continued to pursue our growth-enhancing activities that include delivering high-quality products and a high level of service to a growing base of gamers, expansion to new product categories, increased marketing efforts and geographic expansion.



Changes to outlook for the full-year 2021

In July and August, market demand was much weaker than anticipated, affected by the continued shortage of graphic cards that is impacting the whole market for enthusiast computers. The shortage is expected to continue to impact Fractal's sales and earnings during the second half of 2021 while product margins are affected in the short-term by exceptionally high freight prices.

Our previous view of the full-year 2021, which we presented in our interim report for the first quarter of 2021, was for lower or zero growth compared with 2020 (organic growth, measured in USD) given that the base from 2020 was so high, with growth of 58%. In view of the weaker start to the third quarter, we estimate that net sales for the full-year 2021 will fall by 15–20% organically. Since most of our operational costs, primarily personnel costs, are fixed costs in the short term, this will – in combination with a product margin under pressure from high freight prices – mean we can see weak but positive profitability in the second half of the year.

Our view of the market and our financial targets in the medium to long term are unchanged with net sales growth of at least 10% and an adjusted EBITDA margin of 20%. Underlying demand for high-performance gaming products is strong. We have a clearly differentiated premium brand and a leading position among gamers who impose high demands on design, performance and quality. Our new Meshify 2 Compact case, which was launched in the first quarter, had a very positive reception with considerable interest and good reviews. During the second half of the year, we will launch a number of new products that we look forward to presenting to our customers around the world.

Hannes Wallin, CEO

August 2021

Financial performance

Second quarter 2021

Net sales

The Group's net sales amounted to SEK 103.7 million (188.7). All of Fractal's sales take place in USD and net sales amounted to USD 12.3 million (19.7), a decrease of 37.6% year-on-year. The difference is primarily due to high comparative figures since the second quarter 2020 reported growth in excess of 100%, driven by lockdowns around the world as a result of the pandemic.

Net sales in June 2021 were adversely affected by a new outbreak of COVID-19 in southern China with new restrictions that limited port capacity and delayed shipping. We believe capacity will return to normal levels in the upcoming quarters.

Cases account for 75.7% (83.1) of net sales, which is a decline on the year-earlier period and reflects a higher share of sales of other products, particularly power supply units. The strongest region during the quarter was the EU, with net sales of SEK 51.2 million (66.2), while Americas fell 63.6% compared with 2020.

Earnings

100% of Fractal's product purchasing takes place in USD, which offers a degree of currency hedging since 100% of sales are also in USD. Product profit amounted to SEK 33.8 million (82.8), corresponding to a product margin of 32.6% (43.9). The lower margin was primarily due to a higher share of sales of products with lower margins, such as power supply units and water cooling. The margin in the preceding year was positively affected by the repayment of tariffs, excluding this the product

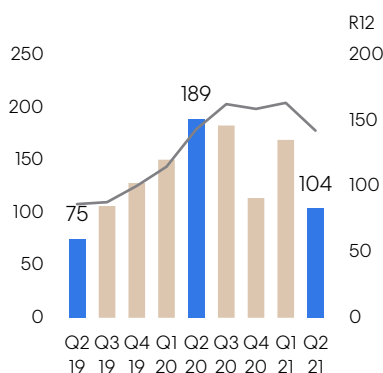
margin was 38.6%. In the second quarter, ocean freight prices reached high levels, which impacts product margins when we sell goods. The margin was also affected by rising raw material prices and the reintroduction of tariffs, though our large initial stocks at year-end helped to lessen the negative impact. Wherever possible, we will strive to offset rising costs with price increases.

Adjusted EBITDA amounted to SEK 2.0 million (57.3), corresponding to an adjusted EBITDA margin of 1.9% (30.3). There were no items affecting comparability during the second quarter, though the year-earlier period included items affecting comparability of SEK 5.0 million, which were entirely transaction related.

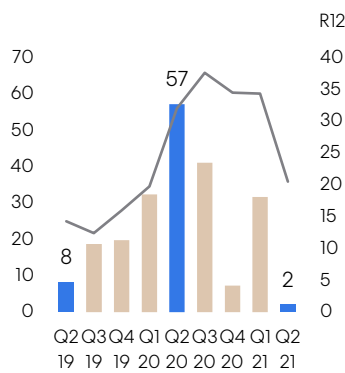
Adjusted EBIT fell to SEK -1.3 million (54.9), corresponding to an adjusted EBIT margin of -1.2% (29.1). Depreciation/amortization amounted to SEK 3.3 million (2.4) and mainly related to investments in new product launches, such as Fractal-owned tools and capitalized development hours.

Earnings for the period amounted to SEK -1.1 million (35.2) and net financial items to SEK -0.2 million (-3.6). Income tax amounted to SEK 0.3 million (-11.1). Earnings per share amounted to SEK 0.0 (1.2). 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.

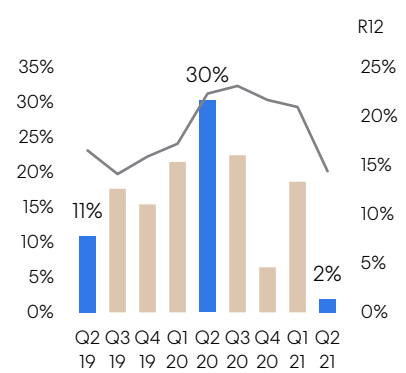
Net sales, SEKm



Adjusted EBITDA, SEKm



Adjusted EBITDA margin

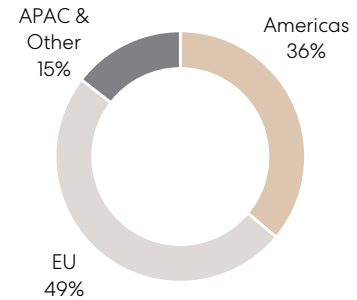


Geographic markets

Of total net sales, the EU accounted for 49.4% (35.1), Americas for 36.1% (54.5) and APAC & Other for 14.5% (10.5).

The EU region reported the highest net sales for the quarter at SEK 51.2 million (66.2), followed by Americas with SEK 37.4 million (102.8) and APAC & Other with SEK 15.1 million (19.7). Net sales were particularly inhibited in the EU in June by capacity shortages in Chinese ports due to a COVID-19 outbreak. This had less of an impact on Americas as the company has a regional warehouse in the US.

Net sales, quarter



By geography (Americas, EU, APAC & Other)

| SEKm | Q2 | | Δ % | Jul-Jun | Full year |
|------------------------------|------|-------|-------|---------|-----------|
| | 2021 | 2020 | | 20/21 | 2020 |
| Net sales Americas | 37.4 | 102.8 | -63.6 | 210.1 | 284.2 |
| Net sales Americas, USDm | 4.4 | 10.7 | -58.7 | 24.2 | 30.7 |
| Net sales EU | 51.2 | 66.2 | -22.6 | 279.3 | 276.4 |
| Net sales EU, USDm | 6.1 | 6.9 | -12.7 | 33.0 | 30.5 |
| Net sales APAC & Other | 15.1 | 19.7 | -23.8 | 80.1 | 75.2 |
| Net sales APAC & Other, USDm | 1.8 | 2.0 | -11.5 | 9.4 | 8.2 |



January–June 2021

Net sales

The Group's net sales amounted to SEK 272.8 million (339.1) in the period. Net sales in USD amounted to USD 32.5 million (35.3), a decrease of 8.0%. Net sales growth for the period was -19.5% (103%).

2021 started well, and the first quarter reported high organic net sales growth of 29.4%, primarily due to increased sales of power supply units, above all in the EU but also in APAC. Sales of cases remained at a high level in line with 2020. Low initial stocks in sales channels also contributed to higher sales.

Comparative figures for the second quarter were high since the preceding year was marked by lockdowns around the world that helped to strengthen sales due to a high interest in gaming and growth was in excess of 100%. Logistics disruption in China, mainly in June, led to delivery delays and thereby lower net sales. We believe capacity will return to normal levels in the upcoming quarters.

Earnings

Product profit amounted to SEK 92.6 million (140.1), corresponding to a product margin of 33.9% (41.3). The lower margin was in part due to currency effects since the company's product purchasing and sales, which take place in USD, do not occur at the same time. It was also due to a higher share of

sales of products with lower margins. The margin in the preceding year was positively affected by the repayment of tariffs, excluding this the product margin was 38.4%. Rising prices for ocean freight together with rising raw material prices and the reintroduction of tariffs in the US market had a negative impact on earnings. However, the impact was lessened as we had large initial stocks from last year and wherever possible we will strive to offset rising costs with price increases.

Adjusted EBITDA amounted to SEK 33.7 million (89.7), corresponding to an adjusted EBITDA margin of 12.3% (26.5).

Adjusted EBIT fell to SEK 27.4 million (85.0), corresponding to an adjusted EBIT margin of 10.1% (25.1). Depreciation/amortization amounted to SEK 6.3 million (4.7) and mainly related to investments in new product launches.

Items affecting comparability amounted to SEK 21.1 million (5.0) related to costs for the IPO.

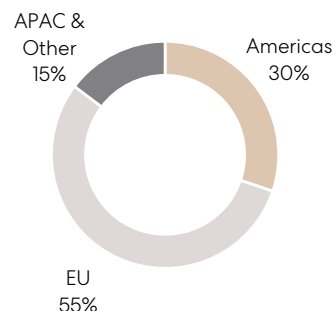
Earnings for the period amounted to SEK 3.1 million (58.9). Net financial items amounted to SEK -2.3 million (-4.1), impacted by negative currency effects and higher utilization of bank overdraft facilities. Income tax amounted to SEK -0.9 million (-17.1). Earnings per share amounted to SEK 0.1 (1.9). 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

Of total net sales for the period, the EU accounted for 55.1% (43.5), Americas for 30.2% (46.1) and APAC & Other for 14.7% (10.4).

The EU region reported the highest net sales of SEK 150.4 million (147.4), with organic growth of 16.0%, followed by Americas with SEK 82.4 million (156.5) and APAC & Other with SEK 40.1 million (35.2).

Net sales, Jan–Jun



By geography (Americas, EU, APAC & Other)

| SEKm | Jan–Jun | | Δ % | Jul–Jun | Full year |
|------------------------------|---------|-------|-------|---------|-----------|
| | 2021 | 2020 | | 20/21 | 2020 |
| Net sales Americas | 82.4 | 156.5 | -47.4 | 210.1 | 284.2 |
| Net sales Americas, USDm | 9.8 | 16.3 | -39.7 | 24.2 | 30.7 |
| Net sales EU | 150.4 | 147.4 | 2.0 | 279.3 | 276.4 |
| Net sales EU, USDm | 17.9 | 15.4 | 16.0 | 33.0 | 30.5 |
| Net sales APAC & Other | 40.1 | 35.2 | 14.0 | 80.1 | 75.2 |
| Net sales APAC & Other, USDm | 4.8 | 3.6 | 32.3 | 9.4 | 8.2 |

Financial position and cash flow

Financial performance

At the end of the period, the Group's balance sheet total amounted to SEK 523.8 million (488.3). The increase compared with the preceding year is a result of higher inventory levels, which amounted to SEK 163.9 million (81.9) at the end of the period. Inventory levels in the preceding year were low, which was due to a capacity shortage among our suppliers as a result of COVID-19. The inventory build-up required an extended bank overdraft facility that totaled SEK 100.2 million (-1.2) at the end of the period. At the end of the period, the available bank overdraft facility totaled SEK 59.8 million.

Interest-bearing net debt amounted to SEK 94.5 million (-1.7).

Net working capital amounted to SEK 126.6 million (48.6) at the end of the period. The year-on-year rise is mainly due to increased inventories.

At the end of the period, the Group's equity amounted to SEK 274.2 million (283.4) and the equity ratio to 52.3% (58.0).

Cash flow for the quarter

Cash flow from operating activities amounted to SEK 7.3 million (31.1). The decrease is primarily due to the lower earnings, increased inventories and the decrease in accounts payable.

Cash flow from investment activities amounted to SEK -2.9 million (-3.7) and is mainly related to the development of new products.

During the quarter, cash flow from financing activities amounted to SEK -4.3 million (-39.6), where the year-on-year difference is largely related to a change in the bank overdraft facility.

Total cash flow in the quarter amounted to SEK 0.1 million (-12.2).

Cash flow for the period

Cash flow for the period from operating activities amounted to SEK -32.2 million (25.0). The decrease is primarily due to the lower earnings and the decrease in accounts payable.

Cash flow from investment activities amounted to SEK -11.7 million (-7.7) and is mainly related to the development of new products.

During the period, cash flow from financing activities amounted to SEK 34.3 million (-31.9), mainly as a result of an increased bank overdraft facility.

Total cash flow in the period amounted to SEK -9.6 million (-14.6).

Additional information

Important events during and after the quarter and period

No important events occurred in the quarter.

During the first half of the year, Fractal was listed on Nasdaq First North Premier on February 11, 2021.

During the period, the company has changed name to Fractal Gaming Group AB.

As of January 1, 2021, tariffs were reintroduced on all of Fractal's products sold in the US.

In July 2021, after the end of the reporting period, an Extraordinary General Meeting was held when Ola Nilsson was elected as new Board member.

Organization

On June 30, there were 80 (66) full-time employees, of whom 22 women (19) and 58 men (47).

During the second quarter, the average number of employees in the organization was 76 (64), of whom 21 women (18) and 55 men (46).

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 1.6 million (1.4) in the second quarter. Operating loss amounted to SEK -0.1 million (-5.0) and loss for the period to SEK -0.1 million (profit: 49.0).

The share

At June 30, 2021, the number of shares in Fractal amounted to 29,119,500 (1,015,773), where the increase was the result of a split on January 8, 2021.

At June 30, 2021, the largest shareholders were Långholmen Holding AB (29.0%), Litorina IV L.P. (13.2%), Tin Ny Teknik (8.4%), SEB Life International (6.5%) and SEB Life International (5.0%). Fractal's shares were allocated among 7,775 shareholders as of June 30, 2021.

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 SEK/USD, 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 2020 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. The Group and the Parent Company have applied the same accounting policies as used in the 2020 Annual Report.



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 Group companies.

Stockholm, August 20, 2021

Magnus Yngen
Chairman of the Board

Patrick Söderlund
Board member

Gustav Thott
Board member

Pernilla Ekman
Board member

Ola Nilsson
Board member

Hannes Wallin
CEO and Board member

Audit

This report has not been audited.

Income statement, Group

| SEKm | Q2 | | Jan—Jun | | Jul-Jun | Full year |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 20/21 | 2020 |
| Net sales | 103.7 | 188.7 | 272.8 | 339.1 | 569.4 | 635.7 |
| Capitalized development expenditure | 2.0 | 1.8 | 5.6 | 3.4 | 7.8 | 5.6 |
| Other operating income | -0.8 | 0.5 | -0.0 | 3.0 | 7.6 | 10.6 |
| Total revenue | 104.9 | 191.0 | 278.4 | 345.5 | 584.9 | 652.0 |
| Operating expenses | | | | | | |
| Goods for resale | -69.9 | -105.9 | -180.2 | -199.0 | -376.2 | -394.9 |
| Other external expenses | -18.1 | -18.8 | -57.2 | -35.0 | -100.5 | -78.4 |
| Personnel expenses | -15.0 | -14.0 | -28.4 | -26.8 | -54.5 | -52.9 |
| Depreciation and impairment of tangible and intangible non-current assets | -3.3 | -2.4 | -6.3 | -4.7 | -11.9 | -10.3 |
| Total operating expenses | -106.2 | -141.1 | -272.1 | -265.5 | -543.0 | -536.5 |
| Operating profit | -1.3 | 49.9 | 6.3 | 80.0 | 41.7 | 115.4 |
| Finance income | - | 0.0 | - | 0.5 | -0.5 | - |
| Finance costs | -0.2 | -3.6 | -2.3 | -4.6 | -4.5 | -6.8 |
| Profit/loss after financial items | -1.4 | 46.3 | 4.0 | 75.9 | 36.8 | 108.7 |
| Income tax expense | 0.3 | -11.1 | -0.9 | -17.1 | -8.6 | -24.7 |
| Deferred tax liabilities | - | -0.0 | - | -0.0 | | - |
| Profit for the period | -1.1 | 35.2 | 3.1 | 58.9 | 28.1 | 84.0 |
| Other comprehensive income | | | | | | |
| Items that have been reclassified or can be reclassified to profit/loss for the period | | | | | | |
| Foreign subsidiaries – foreign currency translation differences | - | -0.2 | 0.1 | 0.1 | -1.4 | -1.4 |
| Other comprehensive income for the period | - | -0.2 | 0.1 | 0.1 | -1.4 | -1.4 |
| Total comprehensive income for the period | -1.1 | 35.1 | 3.2 | 59.1 | 26.7 | 82.6 |
| Profit for the year attributable to: | | | | | | |
| Parent Company's shareholders | -1.1 | 35.1 | 3.1 | 58.7 | 28.1 | 83.8 |
| Non-controlling interests | - | 0.1 | - | 0.1 | 0.1 | 0.2 |
| Profit for the period | -1.1 | 35.2 | 3.1 | 58.9 | 28.2 | 84.0 |
| Total comprehensive income attributable to: | | | | | | |
| Parent Company's shareholders | -1.1 | 35.0 | 3.2 | 58.8 | 26.7 | 82.4 |
| Non-controlling interests | - | 0.1 | - | 0.1 | 0.1 | 0.2 |
| Total comprehensive income for the period | -1.1 | 35.1 | 3.2 | 59.0 | 26.8 | 82.6 |
| Earnings per share, SEK | 0.0 | 1.2 | 0.1 | 1.9 | 0.9 | 2.8 |
| Before and after dilution, SEK | 0.0 | 1.2 | 0.1 | 1.9 | 1.0 | 2.8 |



Balance sheet, Group

| SEKm | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|--------------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 210.2 | 210.2 | 210.2 |
| Capitalised development costs | 19.3 | 12.4 | 14.2 |
| Property, plant and equipment | 26.3 | 18.6 | 25.1 |
| Right-of-use assets | 11.3 | 1.8 | 0.9 |
| Total non-current assets | 267.1 | 243.0 | 250.4 |
| Current assets | | | |
| Inventories | 163.9 | 81.9 | 172.8 |
| Accounts receivable | 80.7 | 143.5 | 93.5 |
| Prepaid expenses and accrued income | 3.2 | 18.0 | 4.3 |
| Other receivables | 3.2 | 1.4 | 2.7 |
| Cash and cash equivalents | 5.7 | 0.4 | 15.4 |
| Total current assets | 256.7 | 245.3 | 288.7 |
| TOTAL ASSETS | 523.8 | 488.3 | 539.1 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | 0.5 | 0.1 | 0.1 |
| Share premium | 177.9 | 177.9 | 177.9 |
| Reserves | -1.0 | 0.4 | -1.0 |
| Retained earnings including profit/loss for the period | 96.8 | 104.7 | 93.7 |
| Equity attributable to the Parent Company's shareholders | 274.2 | 283.1 | 270.7 |
| Non-controlling interest | - | 0.3 | - |
| Total equity | 274.2 | 283.4 | 270.7 |
| Non-current liabilities | | | |
| Long-term lease liabilities | 9.4 | - | - |
| Provisions | 1.9 | 1.6 | 1.7 |
| Deferred tax liabilities | 11.9 | 6.6 | 11.9 |
| Total non-current liabilities | 23.2 | 8.2 | 13.6 |
| Current liabilities | | | |
| Overdraft facility | 100.2 | -1.2 | 65.1 |
| Current lease liabilities | 1.8 | 1.6 | 0.8 |
| Accounts payable | 111.0 | 154.7 | 165.0 |
| Tax liabilities | 0.0 | 22.0 | 3.8 |
| Other liabilities | 1.5 | 0.9 | 2.5 |
| Accrued expenses and prepaid income | 11.8 | 18.7 | 17.6 |
| Total current liabilities | 226.4 | 196.7 | 254.8 |
| TOTAL EQUITY AND LIABILITIES | 523.8 | 488.3 | 539.1 |

Cash flow, Group

| SEKm | Q2 | | Jan—Jun | | Jul-Jun | Full year |
|--|-------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 20/21 | 2020 |
| Cash flows from operating activities | | | | | | |
| Profit/loss after financial items | -1.4 | 46.3 | 4.0 | 75.9 | 36.8 | 108.7 |
| Adjustments for items not included in cash flow | 3.3 | -0.7 | 6.9 | 2.2 | 13.0 | 4.1 |
| Income tax paid | 3.6 | -0.5 | -5.0 | -7.3 | -28.8 | -29.6 |
| | 5.5 | 45.2 | 5.9 | 70.9 | 21.0 | 83.1 |
| Increase (+)/Decrease (-) of inventories | -21.4 | -14.1 | 8.9 | 25.2 | -81.9 | -65.7 |
| Increase (+)/Decrease (-) of operating receivables | 54.1 | -34.6 | 13.6 | -52.9 | 77.1 | -3.1 |
| Increase (+)/Decrease (-) of operating liabilities | -30.9 | 34.6 | -60.7 | -18.1 | -49.9 | 27.0 |
| Net cash from operating activities | 7.3 | 31.1 | -32.2 | 25.0 | -54.7 | 41.3 |
| Cash flows from investing activities | | | | | | |
| Acquisition of property, plant and equipment | -0.2 | -1.9 | -5.4 | -4.0 | -15.2 | -15.7 |
| Acquisition intangible assets | -2.7 | -1.9 | -6.3 | -3.7 | -9.5 | -5.4 |
| Net cash used in investing activities | -2.9 | -3.7 | -11.7 | -7.7 | -24.7 | -21.1 |
| Cash flows from financing activities | | | | | | |
| Acquisition of non-controlling interests | - | - | - | - | -5.5 | -5.5 |
| Redemption of shares | - | - | - | - | -30.5 | -30.5 |
| Amortization of loans to subsidiaries | - | - | - | - | - | -16.1 |
| Net change, bank overdraft facility | -3.8 | -38.9 | 35.2 | -30.8 | 101.5 | 35.6 |
| Repayment of borrowings | -0.4 | -0.6 | -0.9 | -1.1 | -1.7 | -1.9 |
| Paid dividend to non-controlling interests | - | -0.1 | - | -0.1 | - | -0.1 |
| Net cash used in financing activities | -4.3 | -39.6 | 34.3 | -31.9 | 63.8 | -18.6 |
| Net increase in cash and cash equivalents | 0.1 | -12.2 | -9.6 | -14.6 | 5.4 | 1.6 |
| Cash and cash equivalents at start of period | 5.7 | 13.0 | 15.4 | 28.0 | 0.4 | 14.9 |
| held | - | -0.3 | -0.1 | -0.0 | 0.0 | -1.2 |
| Cash and cash equivalents at end of period | 5.7 | 0.4 | 5.7 | 13.4 | 5.7 | 15.4 |

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 2020-01-01 | 0.1 | 177.9 | 0.3 | 45.9 | 224.3 | 0.1 | 224.4 |
| Profit for the period | | | | 58.8 | 58.8 | 0.1 | 58.9 |
| Translation differences | | | 0.1 | | 0.1 | | 0.1 |
| Total comprehensive income for the period | | | 0.1 | 58.8 | 58.9 | 0.1 | 59.0 |
| Balance at 2020-06-Ju | 0.1 | 177.9 | 0.4 | 104.7 | 283.1 | 0.3 | 283.4 |
| Balance at 2021-01-01 | 0.1 | 177.9 | -1.0 | 93.7 | 270.7 | - | 270.7 |
| Profit for the period | | | | 3.1 | 3.1 | | 3.1 |
| Translation differences | | | | | - | | - |
| Total comprehensive income for the period | | | | 3.1 | 3.1 | | 3.1 |
| Bonus issue | 0.4 | | | | 0.4 | | 0.4 |
| Balance at 2021-06-Ju | 0.5 | 177.9 | -1.0 | 96.8 | 274.2 | - | 274.2 |

Parent Company

Income statement

| SEKm | Q2 | | Jan—Jun | | Jul-Jun | Full year |
|--|-------------|-------------|--------------|-------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 20/21 | 2020 |
| Net sales | 1.6 | 1.4 | 23.2 | 2.9 | 32.7 | 12.4 |
| | 1.6 | 1.4 | 23.2 | 2.9 | 32.7 | 12.4 |
| Operating expenses | | | | | | |
| Other external expenses | -0.4 | -5.1 | -21.1 | -5.3 | -29.2 | -13.4 |
| Personnel expenses | -1.3 | -1.3 | -2.5 | -2.6 | -5.3 | -5.4 |
| | -1.7 | -6.4 | -23.6 | -7.9 | -34.5 | -18.8 |
| Operating profit | -0.1 | -5.0 | -0.4 | -5.0 | -1.7 | -6.3 |
| <i>Net financial income and expenses</i> | | | | | | |
| Result from shares in subsidiaries | - | 50.0 | - | 50.0 | - | 50.0 |
| Finance costs | -0.0 | -0.7 | -0.0 | -1.5 | -0.5 | -2.0 |
| Profit/loss after financial items | -0.1 | 44.3 | -0.4 | 43.5 | -2.2 | 41.7 |
| Appropriations | - | 6.0 | - | 6.0 | 26.2 | 32.2 |
| Net income before taxes | -0.1 | 50.3 | -0.4 | 49.5 | 24.0 | 73.9 |
| Income tax expense | 0.0 | -1.2 | 0.0 | -1.2 | -5.5 | -6.7 |
| Profit for the period | -0.1 | 49.0 | -0.4 | 48.2 | 18.6 | 67.2 |

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, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|-------------------------------------|--------------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Shares in group companies | 271.4 | 271.4 | 271.4 |
| Total non-current assets | 271.4 | 271.4 | 271.4 |
| Current assets | | | |
| Receivables from group companies | 0.8 | 0.6 | 6.5 |
| Other receivables | 0.3 | 0.9 | - |
| Prepaid expenses and accrued income | 0.0 | 0.3 | 0.1 |
| Cash and cash equivalents | 0.2 | 1.2 | 1.2 |
| Total current assets | 1.3 | 3.1 | 7.8 |
| TOTAL ASSETS | 272.7 | 274.5 | 279.3 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | 0.5 | 0.1 | 0.1 |
| Share premium | 177.9 | 177.9 | 177.9 |
| Retained earnings | 56.4 | 20.2 | -10.4 |
| Profit for the period | -0.3 | 48.2 | 67.2 |
| Shareholders' equity | 234.4 | 246.4 | 234.8 |
| Untaxed reserves | 26.0 | 15.6 | 26.0 |
| Current liabilities | | | |
| Debt to group companies | 4.3 | - | - |
| Overdraft facility | - | - | - |
| Accounts payable | 0.0 | 6.2 | 1.0 |
| Tax liabilities | 6.8 | 4.6 | 10.2 |
| Other liabilities | 0.2 | 0.1 | 1.5 |
| Accrued expenses and prepaid income | 1.0 | 1.5 | 5.8 |
| Total current liabilities | 12.3 | 12.5 | 18.4 |
| TOTAL EQUITY AND LIABILITIES | 272.7 | 274.5 | 279.3 |

Operating segment and revenue distribution

Fractal monitors net sales and product profit by product category. Sales is 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 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 20/21 | 2020 |
| Net sales | 103.7 | 188.7 | 272.8 | 339.1 | 569.4 | 635.7 |
| - Cases | 78.5 | 156.8 | 206.3 | 287.3 | 446.8 | 527.8 |
| - Other | 25.3 | 31.9 | 66.5 | 51.8 | 122.7 | 107.9 |
| Product profit | 33.8 | 82.8 | 92.6 | 140.1 | 193.2 | 240.7 |
| - Cases | 28.6 | 72.2 | 76.8 | 122.7 | 158.2 | 204.1 |
| - Other | 5.2 | 10.6 | 15.8 | 17.5 | 34.9 | 36.6 |
| Capitalized development expenditure | 2.0 | 1.8 | 5.6 | 3.4 | 7.8 | 5.6 |
| Other operating income | -0.8 | 0.5 | -0.0 | 3.0 | 7.6 | 10.6 |
| Other external expenses | -18.1 | -18.8 | -57.2 | -35.0 | -100.5 | -78.4 |
| Personnel expenses | -15.0 | -14.0 | -28.4 | -26.8 | -54.5 | -52.9 |
| Depreciation and impairment of tangible and intangible non-current assets | -3.3 | -2.4 | -6.3 | -4.7 | -11.9 | -10.3 |
| Operating profit | -1.3 | 49.9 | 6.3 | 80.0 | 41.7 | 115.4 |
| Finance income | - | 0.0 | - | 0.5 | -0.5 | - |
| Finance costs | -0.2 | -3.6 | -2.3 | -4.6 | -4.5 | -6.8 |
| Net financial income and expenses | -0.2 | -3.6 | -2.3 | -4.1 | -5.1 | -6.8 |
| Net income before taxes | -1.4 | 46.3 | 4.0 | 75.9 | 36.8 | 108.7 |

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, as well as other items. 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.

| Text | Business Segment | | | | | |
|---|------------------|--------------|-------------|-------------|--------------|--------------|
| | Cases | | Other | | Total | |
| | Jan—Jun | | Jan—Jun | | Jan—Jun | |
| SEKm | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Geographic market | | | | | | |
| Americas | 73.1 | 137.4 | 9.3 | 19.1 | 82.4 | 156.4 |
| EU | 103.6 | 123.4 | 46.7 | 24.0 | 150.3 | 147.5 |
| APAC & Other | 29.6 | 29.3 | 10.6 | 5.8 | 40.2 | 35.2 |
| Time of revenue recognition | | | | | | |
| Goods recognized at a point in time | 206.3 | 290.1 | 66.5 | 49.0 | 272.8 | 339.1 |
| Goods and services recognized over time | - | - | - | - | - | - |
| Total net sales | 206.3 | 290.1 | 66.5 | 49.0 | 272.8 | 339.1 |

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 EBITA 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 | Sales to end consumers 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. |



Interim report, January–September 2021
Year-end report, January–December 2021
Interim report, January–March 2022

November 19, 2021
February 10, 2022
May 12, 2022

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