

Year-end report



Year-end report, Q4 2021

Fourth quarter 2021

- Net sales amounted to SEK 120.7 million (113.9).
- Product profit amounted to SEK 39.5 million (33.8), with a product margin of 32.7% (29.7).
- Adjusted EBITDA amounted to SEK 2.5 million (7.7), corresponding to an adjusted EBITDA margin of 2.1% (6.8).
- Adjusted EBIT amounted to SEK -1.6 million (4.7), with an adjusted EBIT margin of -1.4% (4.1).
- Operating cash flow amounted to SEK -11.6 million (-55.6).
- Interest-bearing net debt was SEK 126.2 million (49.7).
- Earnings per share amounted to SEK -0.1 (-0.1)

Jan–Dec 2021

- Net sales amounted to SEK 478.6 million (635.7).
- Product profit amounted to SEK 158.1 million (240.8), with a product margin of 33.0% (37.9).
- Adjusted EBITDA amounted to SEK 33.5 million (138.6), corresponding to an adjusted EBITDA margin of 7.0% (21.8).
- Adjusted EBIT amounted to SEK 19.7 million (128.3), with an adjusted EBIT margin of 4.1% (20.2).
- Items affecting comparability were SEK 21.1 million (12.9) related to costs for the IPO.
- Operating cash flow amounted to SEK -60.7 million (62.8).
- Earnings per share amounted to SEK -0.2 (2.8).
- The Board proposes that no dividend be paid.

Financial performance

Amounts in SEKm	Q4		Jan–Dec	
	2021	2020	2021	2020
Net sales	120.7	113.9	478.6	635.7
Net sales, USDm	13.7	13.4	56.0	69.4
Product profit	39.5	33.8	158.1	240.8
Product margin, %	32.7	29.7	33.0	37.9
EBITDA	2.5	-0.1	12.4	125.7
EBITDA margin	2.1	-0.1	2.6	19.8
Adjusted EBITDA	2.5	7.7	33.5	138.6
Adjusted EBITDA margin, %	2.1	6.8	7.0	21.8
EBIT	-1.6	-3.2	-1.4	115.4
EBIT margin, %	-1.4	-2.8	-0.3	18.2
Adjusted EBIT	-1.6	4.7	19.7	128.3
Adjusted EBIT margin, %	-1.4	4.1	4.1	20.2
Operating cash flow	-11.6	-55.6	-60.7	62.8
Interest-bearing net debt	126.2	49.7	126.2	49.7
Earnings per share, SEK	-0.1	-0.1	-0.2	2.8
USD/SEK, average	8.8	8.5	8.5	9.2

CEO's comments

Comments on the quarter

The graphics card shortage continued to affect demand during the fourth quarter. Despite the external challenges we faced during the year in terms of demand and the supply chain, we are enthusiastic about the opportunities we see to generate profitable and sustainable growth in the coming years. Fractal Gaming Group is well positioned to take advantage of growing interest in gaming and esports based on our strong brand and emerging global market position.

Net sales for the quarter, which are entirely in USD, increased to SEK 120.7 million (113.9). Demand for cases continues to be impacted by a shortage of advanced semiconductors which are used in, for example, graphics cards. The limited availability of graphics cards, with prices that are two to three times higher than normal, has meant many gamers are delaying upgrades to their equipment. Total sales from resellers to end consumers decreased organically by 34.7%, with record-high comparison figures and growth of 47.7% during the fourth quarter of 2020. The entire industry was affected by lower demand and we can confirm that we managed to maintain or increase our market shares in our most important markets during the fourth quarter.

Adjusted EBITDA decreased to SEK 2.5 million (7.7), corresponding to an adjusted EBITDA margin of 2.1% (6.8) for the quarter. The product margin increased to 32.7% (29.7) despite rising freight prices (-2 percentage points) and tariffs (-1 percentage point). The improvement was primarily due to price increases that we carried out earlier in the year and a more advantageous product mix.

After several years of strong, profitable growth for Fractal Gaming Group, external factors created considerable headwinds for us and the industry as a whole during full-year 2021. Net sales for the full year decreased 19.3% organically, with an adjusted EBITDA margin of 7% (21.8).

Pent-up need for hardware for high-performance gaming

We firmly believe the current shortage of graphics cards is creating a pent-up demand that will drive sales when access to graphic cards and other components improves and prices normalize. We expect that graphics card availability will improve gradually during 2022 and that prices will start to drop. There is a strong underlying demand for the high-performance gaming hardware that we offer. The number of viewing hours on Twitch, a reliable indicator for measuring interest in gaming, continues to rise with a total increase of 31% during 2021 – a record-high level. PC games are growing in popularity, playing time among gamers is increasing and the average gamer is willing to spend more on their equipment.

Managing challenges in the supply chain and price increases

During the year we noted drastic price increases in ocean freight, and this high level continued in the fourth quarter. To offset rising freight and raw material costs, we raised prices during the year for large parts of the product range. We also worked intensively to address the cost effects of the import duties that were re-introduced in the beginning of the year for products imported to the US from China. The Office of the US Trade Representative (USTR) announced in the beginning of October that they were accepting applications to extend the exemption for import duties with a deadline of December 1. We have applied for an extension of our previous exemption. The application is still being processed and it's difficult to say with certainty whether our exemption will be granted, but we are cautiously optimistic about a positive decision. To avoid import duties in the future, we are striving to transfer a portion of final product assembly outside of China to the American market. Due to ongoing travel restrictions, we will not be able to start this process until the end of the first half of 2022.

Carrying out our strategic growth agenda

During the year, we continued to carry out our strategic growth agenda to create profitable growth during the next few years. We've chosen to drive our growth-promoting initiatives at full speed, even during a turbulent period when external factors are limiting demand, to take full advantage of the major opportunities we see coming in the market. Our primary focus has been to continue to expand our offering of high-quality products to meet the high requirements of a growing base of gamers. In August we launched the first product in our new Torrent case series, designed to deliver exceptional airflow performance. Torrent has received high ratings in various product tests and won the prestigious "Gamers Nexus Case of the Year" award. We're pleased to see continued high interest in the product and sales that exceed our forecasts for the fourth quarter. The product also improved our product margin for the quarter. In February 2022, we launched additional models in the Torrent series and we have a solid product launch plan with more launches to come in the next few months. Another important development area for us is supporting the Sustainable Development Goals in Agenda 2030 and to improve the environmental performance of our products during their life cycles.

Outlook for 2022

Despite continued uncertainty when it comes to demand and the supply chain, we expect to once again post growth for 2022. We anticipate low demand that will continue during the first half of the year but stronger growth during the second half as graphics cards availability improves.

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 remains strong.

I'd like to conclude by thanking all of my colleagues at Fractal Gaming Group who have worked hard, despite the challenging circumstances, to deliver the products and services that our enthusiastic high-performance gaming customers around the world rely on. I'd also like to thank our shareholders for their commitment and support.

Hannes Wallin, CEO
February 2022



MARKET POSITION

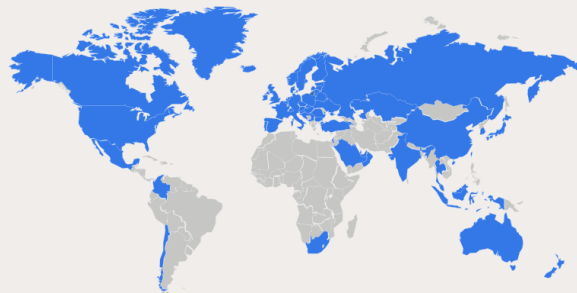
Top 3

GLOBAL REACH

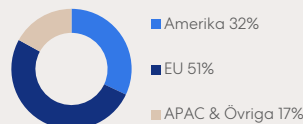
50+ countries

NUMBER OF EMPLOYEES

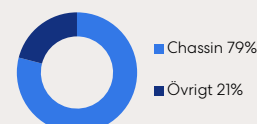
84



Net sales per region



Net sales per product category



Note: LTM numbers

>5,000,000 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, power supply units, cooling products and fans for PC gaming computers. Fractal is a market leader for cases in several geographic markets: number one in the Nordics, number two in Japan, and a top three position globally. Our products are characterized by Scandinavian design, carefully considered materials and high quality.

From day one, we have achieved profitable growth by successfully combining design,

performance and quality demanded by consumers, while expanding our product range and geographic presence.

Fractal is a leading, well-established brand with a strong premium position – something that has earned us a clear and strong position in relevant and influential communities. We have focused a great deal on the customer experience, for which our customer service and aftermarket department have received high praise in the industry.

We have identified several growth areas for continued profitability and development, through initiatives like broader and more innovative marketing, continued focus on geographic expansion and new markets.

Our head office is based in Gothenburg (Sweden) with satellite offices in Dallas (the US), Dongguan (China) and Taipei (Taiwan).



Cases

All of our cases are designed to meet or exceed the high expectations of demanding users. They stand out from the competition through their distinctive Scandinavian design, high performance, user-friendliness and quality.



Fans

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



AIO/CPU coolers

Water cooling is a popular alternative and complement to fans, often for aesthetic reasons but possibly primarily due to increased efficiency, since water has better heat transference than air.



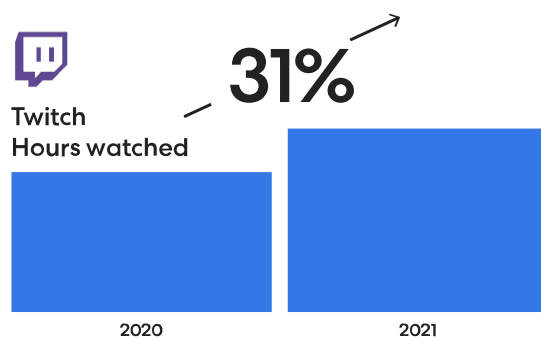
Power Supplies

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

Market trends and demand

More PC gaming and Streaming users

PC gaming and streaming reached new heights in 2021, breaking the records set in 2020. The streaming platform Twitch saw viewing hours increase by 31% compared to 2020, and 3 million new users signed up for the leading game platform Steam, representing an increase of 12.3% compared with the previous year.



Hardware releases pave the way for upgrades

In early January, the world's largest hardware trade fair was organized in Las Vegas: the Consumer Electronics Show. Several highly interesting products were unveiled, including new flagship processors from Intel (12900KS) and AMD (5800X3D).

Intel also announced they are entering the graphics card market with Intel Arc. Expectations are high and Intel is set to challenge the GPU giants AMD and Nvidia within several price segments. Arc is expected to launch during the first quarter.

We also saw new introductory models and budget-friendly graphics cards from both AMD (RX6500XT) and Nvidia's GeForce series (RTX-3050).



Game releases in Q4

Two long-awaited Q4 releases have next-generation graphics and system requirements. One is Halo Infinite, which was released in December and enjoyed a warm reception. The other is the highly anticipated addition to the incredibly popular, Swedish-developed Battlefield series: Battlefield 2042. Despite a lukewarm response, over 4.2 million copies of Battlefield 2042 were sold in the first week alone, making it the second-best selling Battlefield game at launch (following Battlefield 3). Something both titles have in common is the high requirements for processors and graphics cards in order to ensure the best game experience, making upgrades even more important for the uncompromising gamer.



More gateways to PC gaming

During 2021, the PC hardware market generated USD 35.6 billion in sales, with more than 1.4 billion active PC gamers around the world.

While PC/Desktop remains the top platform, it is worth noting the strong growth in Laptop gaming during the last few years (5%-7%). Laptop gaming is reliably considered a gateway to a gamer's first build, making the increasing interest an important underlying growth factor for us.

Sources: SteamDB, SullyGnome, Statista



Fourth quarter launches

During the fourth quarter, we launched our updated Adjust RGB controller and a new power supply, the Anode SFX Bronze.

The Adjust 2 accessory offers users an intuitive manual control over all standard 5V addressable RGB devices, such as a case fans, where the user can synchronize and adapt the color scheme and appearance of their gaming computer according to their own preferences.

The Anode SFX PSU is designed for smaller gaming cases and offers impressive specifications and improved start times and 80PLUS® Bronze energy efficiency at an attractive price.



Financial performance

Fourth quarter 2021

Net sales

The Group's net sales amounted to SEK 120.7 million (113.9), which is an increase of 6.0% compared with the fourth quarter of 2020. All of Fractal's sales take place in USD and net sales amounted to USD 13.7 million (13.4), an organic increase of 2.2%. Net sales were negatively impacted by the continued limited availability of graphics cards, which has meant many gamers are delaying upgrades to their equipment. Cases accounted for 85.0% (78.8) of net sales for the quarter.

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 39.5 million (33.8), corresponding to a product margin of 32.7% (29.7). The higher margin is primarily due to a product mix with a higher share of sold cases compared with other products. The mix in cases was also advantageous, with increased sales of cases with higher margins. Small discounts had an effect of 2.9 percentage points on the product margin.

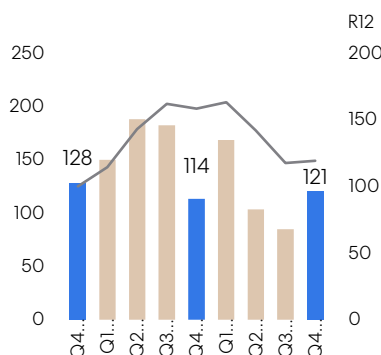
The high cost of freight had a negative effect of 1.9 percentage points on the product margin, compared with the fourth quarter of 2020.

Ocean freight prices to the Americas had the main impact on freight costs. The product margin was also impacted by tariffs, leading to a decrease of 0.9 percentage, that were reintroduced at the beginning of the year and mean that we currently pay tariffs on all products sold in the US. In 2020, we did not pay tariffs on cases, only on other products.

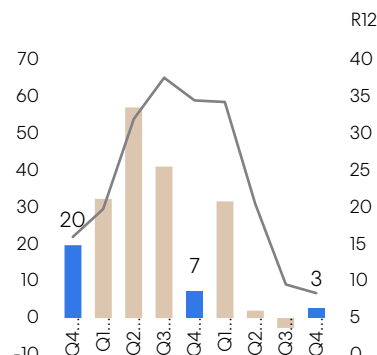
Adjusted EBIT was SEK -1.6 million (4.7), corresponding to an adjusted EBIT margin of -1.4% (4.1). Depreciation/amortization amounted to SEK 4.2 million (3.1) and was mainly related to investments in product tools and capitalized development hours related to new product launches.

Earnings for the period amounted to SEK -1.9 million (-3.3) and net financial items to SEK -1.5 million (-0.5). Income tax amounted to SEK -1.1 million (0.4). Earnings per share amounted to SEK -0.1 (-0.1). There is no dilution effect as no shares were issued during the period. The number of historical shares was restated taking into account the split that took place on January 8, 2021.

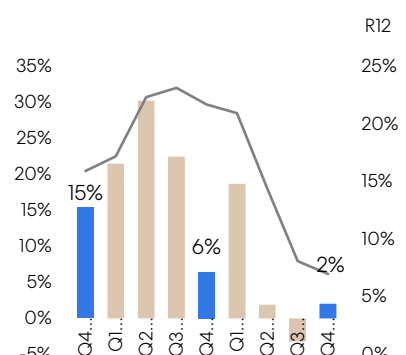
Net sales, SEKm



Adjusted EBITDA, SEKm



Adjusted EBITDA margin



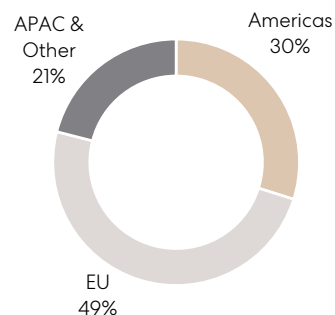


Geographic markets

The strongest region during the quarter was the EU, with net sales of SEK 59.3 million (52.4), while the Americas amounted to SEK 36.0 million (44.2) and APAC & Other amounted to SEK 25.3 million (17.1).

Of total net sales, the EU accounted for 49.1% (46.0), Americas for 29.9% (38.8) and APAC & Other for 21.0% (15.0). Net sales in all regions were limited by the graphics card shortage.

Net sales, quarter



By geography (Americas, EU, APAC & Other)

SEKm	Q4		Δ %
	2021	2020	
Net sales Americas	36.0	44.2	-18.5
Net sales Americas, USDm	4.1	5.1	-19.7
Net sales EU	59.3	52.4	13.2
Net sales EU, USDm	6.7	6.3	7.0
Net sales APAC & Other	25.3	17.1	48.2
Net sales APAC & Other, USDm	2.9	2.0	43.1



January–December 2021

Net sales

The Group's net sales amounted to SEK 478.6 million (635.7) in the period, a decrease of 24.7%. Net sales in USD amounted to USD 56.0 million (69.4), an organic decrease of 19.3%.

The comparative figures for the period were challenging, since sales in 2020 were at record-high levels, affected by lockdowns around the world that helped to strengthen sales and led to organic growth of 62%. The shortage in graphics cards in 2021 meant that end customers waited to upgrade their equipment, which impacted sales of Fractal's products. Logistics disruptions in China also led to delivery delays.

Earnings

Product profit amounted to SEK 158.1 million (240.8), corresponding to a product margin of 33.0% (37.9). The lower margin was due to a product mix with a higher share of other products as well as the effect of increased purchase prices that we could not fully offset through higher selling prices. Together, these had a negative effect of approximately two percentage points on the margin. During the second half of the year, the price of ocean freight increased drastically, which had a negative impact

of approximately one percentage point on the margin. This primarily affected freight to the warehouse in the US. Since there is no effect from freight costs in the income statement until we sell the goods, it becomes a delayed effect. Tariffs had a negative impact of approximately two percentage points on the margin.

Adjusted EBIT fell to SEK 19.7 million (128.3), corresponding to an adjusted EBIT margin of 4.1% (20.2). Depreciation/amortization amounted to SEK 13.8 million (10.3) and was mainly related to investments in new product launches.

Items affecting comparability amounted to SEK 21.1 million (12.9), primarily related to costs for the IPO.

Earnings for the period amounted to SEK -4.4 million (84.0). Net financial items amounted to SEK -4.7 million (-6.8), primarily impacted by bank overdraft facilities. Income tax amounted to SEK -2.3 million (-24.7).

Earnings per share amounted to SEK -0.2 (2.8). There is no dilution effect as no shares were issued during the period. The number of historical shares was restated taking into account the split that took place on January 8, 2021.

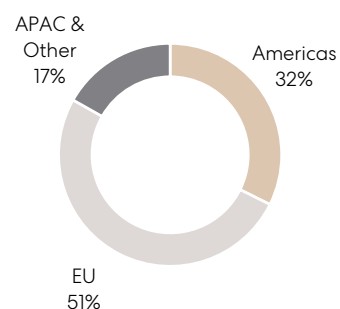


Geographic markets

The EU region reported the highest net sales at SEK 243.3 million (276.3), followed by Americas with SEK 154.8 million (284.1) and APAC & Other with SEK 80.4 million (75.2).

Of total net sales for the period, the EU accounted for 50.8% (43.5), Americas for 32.4% (44.7) and APAC & Other for 16.8% (11.8).

Net sales, Jan–Dec



By geography (Americas, EU, APAC & Other)

SEKm	Jan–Dec		
	2021	2020	Δ %
Net sales Americas	154.8	284.1	-45.5
Net sales Americas, USDm	18.1	30.7	-41.1
Net sales EU	243.3	276.3	-11.9
Net sales EU, USDm	28.5	30.5	-6.5
Net sales APAC & Other	80.4	75.2	7.0
Net sales APAC & Other, USDm	9.4	8.2	14.5

Financial position and cash flow

Financial performance

At the end of the period, the Group's balance sheet total amounted to SEK 564.5 million (539.1). Inventory levels were SEK 170.5 million (172.8), related to logistics problems in China involving shipping delays and a graphics card shortage that limited sales. The bank overdraft facility amounted to SEK 130.5 million (65.1), SEK 29.5 million of which is available for use.

Interest-bearing net debt amounted to SEK 126.2 million (49.7). Net working capital amounted to SEK 140.1 million (84.4) at the end of the period.

At the end of the period, the Group's equity amounted to SEK 267.0 million (270.7) and the equity ratio to 47.3% (50.2).

Cash flow for the quarter

Cash flow from operating activities amounted to SEK -9.9 million (-72.8). The increase is primarily due to reduced accounts payable compared with the same period in the previous year.

Cash flow from investment activities amounted to SEK -4.8 million (-6.2), mainly related to the development of new products.

During the quarter, cash flow from financing activities amounted to SEK 13.4 million (30.0), where the year-on-year difference was largely related to changes in the bank overdraft facility and redemption of own shares.

Total cash flow in the quarter amounted to SEK -1.4 million (-49.0).

Cash flow, Jan-Dec

Cash flow for the period from operating activities amounted to SEK -48.3 million (41.3). The decrease is primarily due to the lower earnings and the decrease in accounts payable.

Cash flow from investment activities amounted to SEK -25.7 million (-21.1) and is mainly related to the development of new products.

During the period, cash flow from financing activities amounted to SEK 63.2 million (-18.6), mainly as a result of an increased bank overdraft facility.

Total cash flow in the period amounted to SEK -10.8 million (1.6).

Additional information

Important events during and after the quarter and period

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, an Extraordinary General Meeting was held when Ola Nilsson was elected as new Board member. The Board proposes that no dividend be paid.

Organization

On December 31, there were 84 (67) full-time employees, of whom 23 women (20) and 61 men (47). During the fourth quarter, the average number of employees in the organization was 85 (65), of whom 24 women (20) and 61 men (46).

Seasonal variations

Fractal has a seasonal business that is characterized by lower sales during the first half of the year, due to the Chinese New Year, among other factors, and higher sales during the second half of the year due to traditional festivals. 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 1.8 million (8.2) in the fourth quarter. Operating profit amounted to SEK 0.1 million (-1.3) and profit for the period to SEK 0.1 million (14.7).

The share

At December 31, 2021, the number of shares in Fractal amounted to 29,119,500 (970,650), where the increase was the result of a split on January 8, 2021.

At December 31, 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 Herenco Holding (5.4%).

Fractal's shares were allocated among 6,508 shareholders as of December 31, 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. Bottlenecks in the supply chain, such as the semiconductor shortage, can affect the Group's earnings.

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, February 10, 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

Income statement, Group

SEKm	Q4		Jan—Dec	
	2021	2020	2021	2020
Net sales	120.7	113.9	478.6	635.7
Capitalized development expenditure	1.6	0.8	8.9	5.6
Other operating income	0.1	9.0	0.1	10.6
Total revenue	122.4	123.6	487.6	652.0
Operating expenses				
Goods for resale	-81.2	-80.0	-320.4	-394.9
Other external expenses	-22.4	-28.9	-96.8	-78.4
Personnel expenses	-16.4	-14.8	-57.9	-52.9
Depreciation and impairment of tangible and intangible non-current assets	-4.2	-3.1	-13.8	-10.3
Other operating expenses	-	-	-	-
Total operating expenses	-124.1	-126.8	-489.0	-536.5
Operating profit	-1.6	-3.2	-1.4	115.4
Finance income	-	0.0	-	-
Finance costs	-1.5	-0.5	-4.7	-6.8
Profit/loss after financial items	-3.2	-3.7	-6.1	108.7
Income tax expense	-1.1	0.4	-2.3	-24.7
Deferred tax liabilities	2.3	-0.0	4.0	-0.0
Profit for the period	-1.9	-3.3	-4.4	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	0.4	-1.5	0.6	-1.4
Other comprehensive income for the period	0.4	-1.5	0.6	-1.4
Total comprehensive income for the period	-1.5	-4.8	-3.8	82.6
Profit for the year attributable to:				
Parent Company's shareholders	-1.9	-3.3	-4.4	83.8
Non-controlling interests	-	-	-	0.2
Profit for the period	-1.9	-3.3	-4.4	84.0
Total comprehensive income attributable to:				
Parent Company's shareholders	-1.5	-4.8	-3.8	82.4
Non-controlling interests	-	-	-	0.2
Total comprehensive income for the period	-1.5	-4.8	-3.8	82.6
Average number of shares before dilution	29.1	29.1	29.1	30.4
Average number of shares after dilution	29.1	29.1	29.1	30.4
Earnings per share, SEK	-0.1	-0.1	-0.2	2.8
Before and after dilution, SEK	-0.1	-0.1	-0.2	2.8



Balance sheet, Group

SEKm	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Goodwill	210.2	210.2
Capitalised development costs	21.9	14.2
Property, plant and equipment	31.7	25.1
Right-of-use assets	14.7	0.9
Deferred Tax Asset	0.6	-
Total non-current assets	279.1	250.4
Current assets		
Inventories	170.5	172.8
Accounts receivable	93.4	93.5
Prepaid expenses and accrued income	9.5	4.3
Other receivables	7.8	2.7
Cash and cash equivalents	4.3	15.4
Total current assets	285.4	288.7
TOTAL ASSETS	564.5	539.1
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	0.5	0.1
Share premium	177.9	177.9
Reserves	-0.4	-1.0
Retained earnings including profit/loss for the period	89.0	93.7
Equity attributable to the Parent Company's shareholders	267.0	270.7
Non-controlling interest	-	-
Total equity	267.0	270.7
Non-current liabilities		
Long-term lease liabilities	11.3	-
Provisions	2.8	1.7
Deferred tax liabilities	8.5	11.9
Total non-current liabilities	22.6	13.6
Current liabilities		
Overdraft facility	130.5	65.1
Current lease liabilities	3.4	0.8
Accounts payable	122.6	165.0
Tax liabilities	0.7	3.8
Other liabilities	1.6	2.5
Accrued expenses and prepaid income	16.2	17.6
Total current liabilities	275.0	254.8
TOTAL EQUITY AND LIABILITIES	564.5	539.1

Cash flow, Group

SEKm	Q4		Jan—Dec	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit/loss after financial items	-3.2	-3.7	-6.1	108.7
Adjustments for items not included in cash flow	4.7	3.1	15.8	4.1
Income tax paid	-2.2	-22.9	-10.5	-29.6
	-0.7	-23.5	-0.8	83.1
Increase (+)/Decrease (-) of inventories	-3.2	-17.5	2.3	-65.7
Increase (+)/Decrease (-) of operating receivables	-31.2	46.8	-5.2	-3.1
Increase (+)/Decrease (-) of operating liabilities	25.1	-78.6	-44.6	27.0
Net cash from operating activities	-9.9	-72.8	-48.3	41.3
Cash flows from investing activities				
Acquisition of property, plant and equipment	-3.0	-4.5	-15.4	-15.7
Acquisition intangible assets	-1.9	-1.7	-10.3	-5.4
Net cash used in investing activities	-4.8	-6.2	-25.7	-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	14.3	66.3	65.4	35.6
Repayment of borrowings	-0.9	-0.4	-2.2	-1.9
Paid dividend to non-controlling interests	-	-	-	-0.1
Net cash used in financing activities	13.4	30.0	63.2	-18.6
Net increase in cash and cash equivalents	-1.4	-49.0	-10.8	1.6
Cash and cash equivalents at start of period	5.7	64.5	15.4	14.9
Effects of movements in exchange rates on cash held	-	-0.1	-0.3	-1.2
Cash and cash equivalents at end of period	4.3	15.4	4.3	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				83.8	83.8	0.2	84.0
Translation differences			-1.4		-1.4		-1.4
Total comprehensive income for the period			-1.4	83.8	82.4	0.2	82.6
Bonus issue					-		-
Acquisition of non-controlling interests				-5.4	-5.4	-0.3	-5.6
Redemption of shares in the parent company				-30.5	-30.5		-30.5
Balance at 2020-12-De	0.1	177.9	-1.0	93.8	270.7	0.1	270.8
Balance at 2021-01-01	0.1	177.9	-1.0	93.8	270.7	0.1	270.8
Profit for the period				-4.4	-4.4		-4.4
Translation differences			0.6		0.6		0.6
Total comprehensive income for the period			0.6	-4.4	-3.8		-3.8
Bonus issue	0.4			-0.4	-		-
Balance at 2021-12-De	0.5	177.9	-0.4	89.0	267.0	-	267.0



Parent Company

Income statement

SEKm	Q4		Jan—Dec	
	2021	2020	2021	2020
Net sales	1.8	8.2	26.3	12.4
	1.8	8.2	26.3	12.4
Operating expenses				
Other external expenses	-0.4	-8.0	-21.7	-13.4
Personnel expenses	-1.3	-1.5	-4.9	-5.4
	-1.7	-9.6	-26.6	-18.8
Operating profit	0.1	-1.3	-0.3	-6.3
<i>Net financial income and expenses</i>				
Result from shares in subsidiaries	-	-	-	50.0
Finance costs	0.0	-0.3	-0.0	-2.0
Profit/loss after financial items	0.1	-1.7	-0.3	41.7
Appropriations	-	20.7	-	32.2
Net income before taxes	0.1	19.0	-0.3	73.9
Income tax expense	-0.0	-4.3	0.0	-6.7
Profit for the period	0.1	14.7	-0.3	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	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Shares in group companies	271.4	271.4
Total non-current assets	271.4	271.4
Current assets		
Receivables from group companies	0.8	6.5
Other receivables	0.3	-
Prepaid expenses and accrued income	0.1	0.1
Cash and cash equivalents	0.4	1.2
Total current assets	1.6	7.8
TOTAL ASSETS	273.0	279.3
EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity		
Share capital	0.5	0.1
Total restricted equity	0.5	0.1
Non-restricted equity		
Share premium	177.9	177.9
Retained earnings	56.4	-10.4
Profit for the period	-0.4	67.2
Total non-restricted equity	233.9	234.7
Shareholders' equity	234.4	234.8
Untaxed reserves	26.0	26.0
Current liabilities		
Debt to group companies	3.5	-
Overdraft facility	-	-
Accounts payable	0.3	1.0
Tax liabilities	6.9	10.2
Other liabilities	0.5	1.5
Accrued expenses and prepaid income	1.5	5.8
Total current liabilities	12.6	18.4
TOTAL EQUITY AND LIABILITIES	273.1	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	Q4		Jan—Dec	
	2021	2020	2021	2020
Net sales	120.7	113.9	478.6	635.7
- Cases	102.6	89.7	376.7	527.8
- Other	18.1	24.1	101.9	107.9
Product profit	39.5	33.8	158.1	240.7
- Cases	35.2	25.6	134.9	204.1
- Other	4.3	8.2	23.3	36.6
Capitalized development expenditure	1.6	0.8	8.9	5.6
Other operating income	0.1	9.0	0.1	10.6
Other external expenses	-22.4	-28.9	-96.8	-78.4
Personnel expenses	-16.4	-14.8	-57.9	-52.9
Depreciation and impairment of tangible and intangible non-current assets	-4.2	-3.1	-13.8	-10.3
Operating profit	-1.6	-3.2	-1.4	115.4
Finance income	-	0.0	-	-
Finance costs	-1.5	-0.5	-4.7	-6.8
Net financial income and expenses	-1.5	-0.5	-4.7	-6.8
Net income before taxes	-3.2	-3.7	-6.1	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. 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—Dec		Jan—Dec		Jan—Dec	
SEKm	2021	2020	2021	2020	2021	2020
Geographic market						
Americas	137.9	241.3	16.8	42.9	154.8	284.2
EU	178.0	226.5	65.2	49.9	243.3	276.4
APAC & Other	60.7	60.0	19.8	15.1	80.5	75.2
Time of revenue recognition						
Goods recognized at a point in time	376.7	527.8	101.9	107.9	478.6	635.7
Goods and services recognized over time	-	-	-	-	-	-
Total net sales	376.7	527.8	101.9	107.9	478.6	635.7

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

Non-IFRS metrics	Description	Justification for the use of metrics
		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.
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 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.



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April 28, 2022
May 12, 2022
May 19, 2022
August 18, 2022
November 17, 2022

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