



# Interim report



# Interim report, Q1 2022

## First quarter 2022

- Net sales amounted to SEK 117.5 million (169.1).
- Product profit amounted to SEK 47.2 million (58.8), with a product margin of 40.2% (34.8).
- EBITDA amounted to SEK 11.3 million (10.6), corresponding to an EBITDA margin of 9.6% (6.3).
- EBIT amounted to SEK 7.3 million (7.6), corresponding to an EBIT margin of 6.2% (4.5).
- No items affecting comparability during the first quarter of 2022. The first quarter of 2021 included items affecting comparability of SEK 21.1 million, which were entirely related to costs for the IPO.
- Operating cash flow amounted to SEK 7.1 million (-38.1).
- Interest-bearing net debt was SEK 119.1 million (98.4).
- Earnings per share amounted to SEK 0.2 (0.1)

## Financial performance

Amounts in SEKm	Q1		Apr-Mar	Full year
	2022	2021	21/22	2021
Net sales	117.5	169.1	427.0	478.5
Net sales, USDm	12.6	20.2	48.4	56.0
Product profit	47.2	58.8	146.6	158.1
Product margin, %	40.2	34.8	34.3	33.0
EBITDA	11.3	10.6	13.1	12.4
EBITDA margin	9.6	6.3	3.1	2.6
EBIT	7.3	7.6	-1.7	-1.4
EBIT margin, %	6.2	4.5	-0.4	-0.3
Operating cash flow	7.1	-38.1	0.2	-60.7
Interest-bearing net debt	119.1	98.4	119.1	126.2
Earnings per share, SEK	0.2	0.1	-0.2	-0.2
USD/SEK, average	9.3	8.4	8.8	8.5



# CEO's comments

## Comments on the quarter

During the first quarter of the year, we noted positive signals in a number of areas that have, despite a heightened level of uncertainty due to the war in Ukraine and the pandemic, strengthened our conviction that we will return to profitable growth in the second half of 2022. Our product margin increased substantially during the quarter and we can see that the supply of graphic cards, which impacts demand for our products, has improved and that prices are beginning to drop from the peak levels we saw last year.

Net sales for the quarter, which are entirely in USD, declined to SEK 117.5 million (169.1). We faced high comparative figures from the first quarter of 2021 when organic growth was 29%. Total sales from resellers to end consumers decreased by 19%.

EBITDA amounted to SEK 11.3 million (10.6), corresponding to an EBITDA margin of 9.6% (6.3). The product margin increased to 40.2% (34.8). The strong product margin was driven by price increases, an advantageous product mix, tariffs exclusions and positive currency effects. Non-recurring effects from the tariffs exclusions had a positive impact on product profit for the quarter by SEK 3.7 million, corresponding to 3 percentage points on the product margin. The repayment of tariffs will have a positive impact on the product margin during upcoming quarters as we sell products from stocks.

## Measures to improve margins are yielding results

The price increases we conducted in 2021 had a positive impact on the quarter's product margin. During the quarter, we noted stable or slightly lower raw material prices in Asia where our products are manufactured. Freight prices have also gradually fallen since the beginning of the year, but remain at high levels and had a negative impact on our product margin. One extremely gratifying decision for our operations came from the Office of the U.S. Trade Representative (USTR) with an announcement at the end of the quarter of the reinstatement of expired tariffs exclusions on a number of products, including the PC cases category. The exclusion will be applied retroactively from 12 October 2021 until 31 December 2022. Tariffs paid for imports of excluded categories between 12 October 2021 and 24 March 2022 will be repaid. For Fractal, this will entail a repayment of approximately USD 970,000. The positive earnings impact for 2022 is expected to be approximately SEK 15–20 million, including the repayment of previously paid tariffs.

## The increased availability of graphics cards will drive demand for our products

The shortage of graphics cards witnessed for most of 2021 has created a pent-up demand in the market since many gamers have waited before upgrading their computers. We expect the increased availability and lower prices for graphics cards expected in 2022 to lead to increased demand for cases and also fans and power supply units. We are well positioned to take advantage of the continued strong interest in high-performance gaming based on our strong brand and prominent global market position.

## Focus on sustainable profitability

We continue to implement our strategic growth agenda. Our new Torrent case series, which has received a number of fine awards since its launch last year, noted a continued positive sales trend for the quarter. During the quarter, we launched additional models in the Torrent series – Torrent Compact and Torrent Nano – which were met with considerable interest. In April, Torrent also received an "Innovation Award 2022" from the leading and highly reputed technology magazine "Tom's Hardware", with more than five million readers every month. The award is given to a small number of products that have raised the bar in their category.

## Outlook for the full-year 2022

Despite the increased uncertainty when it comes to demand and the supply chain due to the war in Ukraine and the continuing impact of the pandemic in Asia, 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 the availability of graphics cards improves and prices fall further.

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.

We will continue to drive our growth-promoting initiatives at full speed during the year to take advantage of the major opportunities we see coming in the market.



Hannes Wallin, CEO  
May 2022

MARKET POSITION

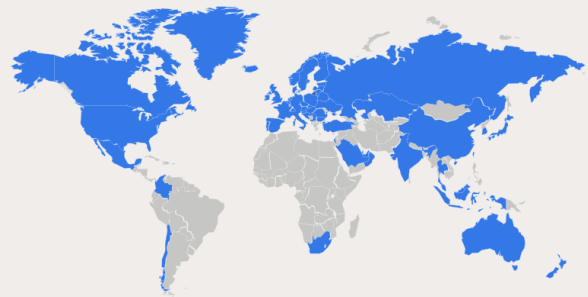
# Top 3

GLOBAL REACH

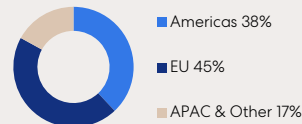
# 50+ countries

NUMBER OF EMPLOYEES

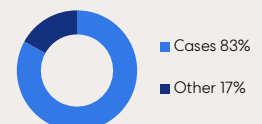
# 84



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).



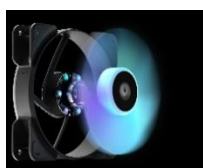
### Cases

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.



### 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.



### 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.



### 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

During the first quarter, viewing hours on the streaming platform Twitch were at similar levels to the year-earlier period. In other words, the interest in PC gaming remains strong, in terms of both playing or watching others play.

At the beginning of January, the gaming service Steam achieved a new user record when more than 27.9 million users were logged in at the same time. Steam has reported growth of more than 10 million users during the pandemic and more than 3 million users compared with Q1 2021, which indicates a high level of customer growth in our addressable market.

During the first quarter, a number of long-awaited releases were launched, such as the PC-ported God of War, Elden Ring and the sequel Dying Light 2 – all AAA titles with high performance requirements that further drive demand for component upgrades.

In hardware, Nvidia launched its RTX 3090 TI reference card, which requires even more cooling, power and ventilation in the customer's gaming computer. During the same period, AMD has launched its own new flagship Radeon RX 6950 XT, which system requirements that are at least as demanding.

Intel's entrance into the graphics card market is expected to take place in the second quarter. We see a clear indication of a more normalized supply and price formation for graphics cards, which is in line with our expectations of a gradual return to normalized supply and price formation in 2022. However, prices for graphics cards remain above normal levels.

During the first quarter, AMD also presented a number of new processors in different pricing segments to challenge Intel's Alder Lake series and create greater competition in the market.

STEAM™

AN INCREASE OF

**2.8 million**

concurrent users compared to January 2021.

GOD OF WAR

ELDEN RING

DYING LIGHT 2  
STAY HUMAN

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ELDEN RING™ & ©BANDAI NAMCO Entertainment Inc. / ©2022 FromSoftware, Inc.  
Dying Light® 2 © Techland S.A. Published and developed by Techland S.A. All trademarks, copyrights and logos are property of their respective owners. All rights reserved.





## First quarter launches

During the second half of 2021, we launched our latest Torrent model series, which provides maximum airflow and industry-leading performance. Torrent quickly rose in the top ranking among performance-demanding end customers and major media and won the “Best Case of the Year” award, among other prizes.

On 9 February 2022, two new products were launched in the Torrent family: Torrent Compact and Torrent Nano, intended to broaden the customer base interested in best-in-category performance similar to Torrent but in a smaller format. Both Compact and Nano were very well

received and won several awards and received high user ratings from the outset.

Torrent Compact offers, like the larger Torrent, a number of different innovative solutions and functions focusing on airflow and performance and requires less desk space.

The Nano variety of Torrent is targeting the ITX category for the smallest gaming computers and similar to other Torrents uses Fractal’s proprietary 180 mm fan to guarantee low temperatures for other components.



# Financial performance

## First quarter 2022

### Net sales

The Group's net sales amounted to SEK 117.5 million (169.1). All of Fractal's sales take place in USD and net sales amounted to USD 12.6 million (20.2), an organic decrease of 37.6% year-on-year. The decrease is due to the high comparative figures, since the first quarter of 2021 noted organic growth of 29%, but also to the continued limited availability of graphics cards, which has meant many gamers are delaying upgrades to their equipment.

Cases accounted for 89.1% (75.6) of net sales, which was an increase on the year-earlier period and was in part due to the favorable reception of case launches.

### Earnings

Product profit amounted to SEK 47.2 million (58.8), corresponding to a product margin of 40.2% (34.8), which is an improvement of 5.4 percentage points (see disaggregation below).

About 8 percentage points of the improved product margin is the result of an advantageous 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.

At the end of the quarter, it was decided that Fractal's tariffs exclusions for computer cases is to be renewed. The exclusion will be applied retroactively from 12 October 2021 until 31 December 2022. Tariffs paid for cases as of 12 October 2021 will be repaid. Non-recurring effects from the tariffs exclusions

had a positive impact on product profit for the quarter by SEK 3.7 million. The tariffs improved the product margin by approximately 1 percentage point year-on-year.

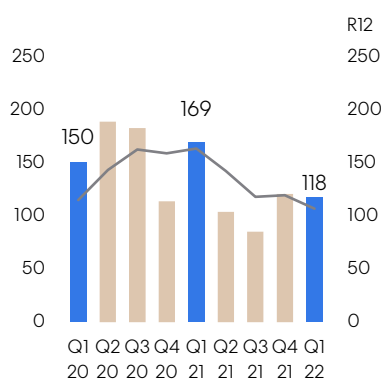
Approximately 2 percentage points of the product margin were related to a positive currency effect and primarily attributable to the sales of stocks that had been purchased at a lower exchange rate and sold at a higher exchange rate.

The continuing high cost of freight to the US reduced the product margin by approximately 6 percentage points, though freight costs have gradually declined during the quarter. Freight costs affect the income statement when stocks are sold, which delays its impact.

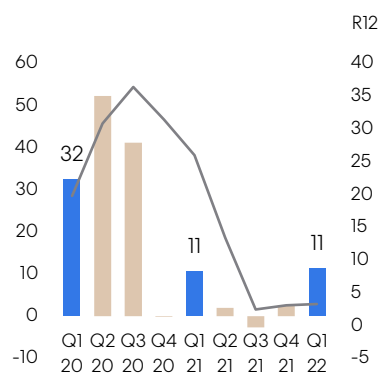
EBIT amounted to SEK 7.3 million (7.6), corresponding to an EBIT margin of 6.2% (4.5). The first quarter of 2021 included items affecting comparability of approximately SEK 21 million, which were entirely related to costs for the IPO. Depreciation/amortization amounted to SEK 4.0 million (3.0) and was mainly related to investments in product tools and capitalized development hours related to new product launches.

Earnings for the period amounted to SEK 5.4 million (4.2) and net financial items to SEK -0.4 million (-2.2). Income tax amounted to SEK -1.5 million (-1.3). Earnings per share amounted to SEK 0.2 (0.1) There is no dilution effect as no shares were issued during the period. The number of historical shares was restated taking into account the split that took place on January 8, 2021.

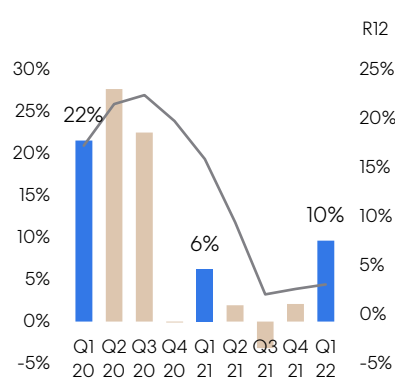
Net sales, SEKm



EBITDA, SEKm



EBITDA margin



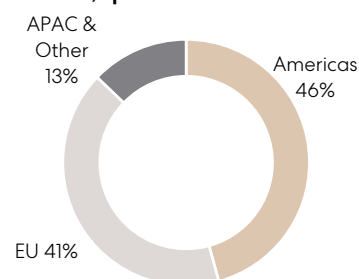


### Geographic markets

The strongest region during the quarter was the Americas, with net sales of SEK 53.7 million (44.9), while the EU amounted to SEK 48.7 million (99.1) and APAC & Other amounted to SEK 15.1 million (25.0). Net sales in the Americas was stronger year on year, but the EU reported weaker figures. The shortage of graphics cards and potential impact of the war in Ukraine has subdued demand temporarily. During the first quarter of 2021, sales grew due to low stock levels in sales channels as a result of record sales out during the fourth quarter of 2020.

Of total net sales, the Americas accounted for 45.7% (26.7), the EU for 41.4% (58.6) and APAC & Other for 12.8% (14.8).

### Net sales, quarter



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

SEKm	Q1		Δ %	Apr-Mar	Full year
	2022	2021		21/22	2021
Net sales Americas	53.7	44.9	19.6	163.6	154.8
Net sales Americas, USDm	5.8	5.4	7.3	18.5	18.1
Net sales EU	48.7	99.1	-50.9	192.9	243.3
Net sales EU, USDm	5.2	11.8	-55.9	21.9	28.5
Net sales APAC & Other	15.1	25.0	-39.8	70.6	80.5
Net sales APAC & Other, USDm	1.6	3.0	-46.2	8.0	9.4





# Financial position and cash flow

## Financial performance

At the end of the period, the Group's balance sheet total amounted to SEK 557.6 million (549.8). The year-on-year rise was mainly due to increased stocks and bank overdraft facility. Inventory levels were SEK 158.0 million (142.4) and the change from the previous year was primarily related to limited sales due to the graphics card shortage. The bank overdraft facility amounted to SEK 122.8 million (104.1), SEK 37.2 million of which is available for use, and is mainly related to the purchase of stock items.

Interest-bearing net debt amounted to SEK 119.1 million (98.4). Net working capital amounted to SEK 132.1 million (131.8) at the end of the period.

The Group's equity amounted to SEK 272.4 million (275.4) and the equity ratio to 48.9% (50.1) at the end of the period.

## Cash flow for the quarter

Cash flow from operating activities amounted to SEK 18.3 million (-39.5). The increase was mainly the result of a minor change in stocks, and also minor changes in accounts receivable and accounts payable as well as improved earnings.

Cash flow from investment activities amounted to SEK -9.6 million (-8.8) and was mainly related to the development of new products.

During the quarter, cash flow from financing activities amounted to SEK -8.5 million (38.6), where the year-on-year difference was largely related to changes in the bank overdraft facility.

Total cash flow in the quarter amounted to SEK 0.2 million (-9.7).

# Additional information

## Important events during and after the quarter

During the quarter, an announcement was made that Fractal is to be excluded from tariffs on cases for sales to the US. The exemption will be applied from 12 October 2021 until 31 December 2022.

Given the industry in which the Group operates, the conflict in Ukraine has not had any material impact on operations. It cannot be excluded that an extended conflict in Ukraine may have implications for the business.

## Organization

On March 31, there were 80 (71) full-time employees, of whom 23 women (18) and 57 men (53). During the first quarter, the average number of employees in the organization was 79 (69), of whom 23 women (20) and 56 men (49).

## 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 1.3 million (21.6) in the first quarter. Operating loss amounted to SEK -0.2 million (-0.3) and loss for the period to SEK -0.3 million (-0.3).

## The share

At March 31, 2022, the number of shares in Fractal amounted to 29,119,500 (29,119,500).

At March 31, 2022, the largest shareholders were Långholmen Holding AB (29.0%), Litorina IV L.P.

(13.2%), Herenco Holding AB (11.2%), SEB Life International (9.0%) and SEB Life International (6.5%).

Fractal's shares were allocated among 5,955 shareholders as of March 31, 2022.

## 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.

Fractal is exposed to risk related to changes in macroeconomic factors and to the supply chain and global operations.

Changes in exchange rates, particularly SEK/USD, are very important for the Group's earnings as all sales as well as the accounting currency is SEK.

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 2021 and in the prospectus, which are available at [www.fractal-design.com](http://www.fractal-design.com).

## Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 Supplementary Accounting Rules for Groups. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A are, in addition to the financial statements and accompanying notes, also presented in other parts of the interim report. The Parent Company's report is prepared in accordance with the regulations in RFR 2 Accounting for Legal Entities and Chapter 9 of the Swedish Annual Accounts Act.



# Assurance of the Board of Directors and the CEO

The Board of Directors and the CEO give their assurance that the interim report gives a true and fair view of the development of the Group's and Parent Company's operations, financial position and results of operations and describes significant risks and uncertainties facing the Parent Company and Group companies.

Stockholm, May 12, 2022

**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	Q1		Apr-Mar	Full year
	2022	2021	21/22	2021
Net sales	117.5	169.1	427.0	478.6
Capitalized development expenditure	1.8	3.6	7.2	8.9
Other operating income	0.2	0.8	-0.5	0.1
<b>Total revenue</b>	<b>119.6</b>	<b>173.5</b>	<b>433.7</b>	<b>487.6</b>
<b>Operating expenses</b>				
Goods for resale	-70.3	-110.3	-280.4	-320.4
Other external expenses	-21.3	-39.1	-79.0	-96.8
Personnel expenses	-16.7	-13.4	-61.1	-57.9
Depreciation and impairment of tangible and intangible non-current assets	-4.0	-3.0	-14.8	-13.8
Other operating expenses	-	-	-	-
<b>Total operating expenses</b>	<b>-112.3</b>	<b>-165.9</b>	<b>-435.4</b>	<b>-489.0</b>
<b>Operating profit</b>	<b>7.3</b>	<b>7.6</b>	<b>-1.7</b>	<b>-1.4</b>
Finance income	0.8	-	0.8	-
Finance costs	-1.2	-2.2	-3.8	-4.7
<b>Profit/loss after financial items</b>	<b>6.9</b>	<b>5.4</b>	<b>-4.6</b>	<b>-6.1</b>
Income tax expense	-1.5	-1.3	-2.5	-2.3
Deferred tax liabilities	0.0	-	4.0	4.0
<b>Profit for the period</b>	<b>5.4</b>	<b>4.2</b>	<b>-3.1</b>	<b>-4.4</b>
<b>Other comprehensive income</b>				
<b>Items that have been reclassified or can be reclassified to profit/loss for the period</b>				
Foreign subsidiaries - foreign currency translation differences	-	0.1	0.5	0.6
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>0.1</b>	<b>0.5</b>	<b>0.6</b>
<b>Total comprehensive income for the period</b>	<b>5.4</b>	<b>4.3</b>	<b>-2.7</b>	<b>-3.8</b>
<b>Profit for the year attributable to:</b>				
Parent Company's shareholders	5.4	4.2	-5.8	-4.4
Non-controlling interests	-	-	-0.0	-0.0
Profit for the period	5.4	4.2	-5.8	-4.4
<b>Total comprehensive income attributable to:</b>				
Parent Company's shareholders	5.4	4.3	-2.7	-3.8
Non-controlling interests	-	-	-0.0	-0.0
<b>Total comprehensive income for the period</b>	<b>5.4</b>	<b>4.3</b>	<b>-2.6</b>	<b>-3.8</b>
Average number of shares before dilution	29.1	29.1	29.8	29.1
Average number of shares after dilution	29.1	29.1	29.8	29.1
Earnings per share, SEK	0.2	0.1	-0.2	-0.2
Before and after dilution, SEK	0.2	0.1	-0.2	-0.2



## Balance sheet, Group

SEKm	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	210.2	210.2	210.2
Capitalised development costs	25.0	17.4	21.9
Property, plant and equipment	35.0	28.2	31.7
Right-of-use assets	13.9	0.7	14.7
Deferred Tax Asset	0.6	-	0.6
<b>Total non-current assets</b>	<b>284.7</b>	<b>256.4</b>	<b>279.1</b>
<b>Current assets</b>			
Inventories	158.0	142.4	170.5
Accounts receivable	88.4	135.6	93.4
Prepaid expenses and accrued income	7.9	2.7	9.5
Other receivables	15.0	7.1	7.8
Cash and cash equivalents	3.7	5.7	4.3
<b>Total current assets</b>	<b>272.9</b>	<b>293.4</b>	<b>285.4</b>
<b>TOTAL ASSETS</b>	<b>557.6</b>	<b>549.8</b>	<b>564.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	0.5	0.5	0.5
Share premium	177.9	177.9	177.9
Reserves	-0.4	-1.0	-0.4
Retained earnings including profit/loss for the period	94.4	97.9	89.0
<b>Equity attributable to the Parent Company's shareholders</b>	<b>272.4</b>	<b>275.4</b>	<b>267.0</b>
Non-controlling interest	-	-	-
<b>Total equity</b>	<b>272.4</b>	<b>275.4</b>	<b>267.0</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	10.5	0.1	11.3
Provisions	2.8	1.9	2.8
Deferred tax liabilities	8.5	11.9	8.5
<b>Total non-current liabilities</b>	<b>21.9</b>	<b>13.9</b>	<b>22.6</b>
<b>Current liabilities</b>			
Overdraft facility	122.8	104.1	130.5
Current lease liabilities	3.4	0.5	3.4
Accounts payable	120.4	131.4	122.6
Tax liabilities	1.3	0.7	0.7
Other liabilities	2.0	6.3	1.6
Accrued expenses and prepaid income	13.4	17.6	16.2
<b>Total current liabilities</b>	<b>263.3</b>	<b>260.5</b>	<b>275.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>557.6</b>	<b>549.8</b>	<b>564.5</b>





## Cash flow, Group

SEKm	Q1		Apr-Mar	Full year
	2022	2021	21/22	2021
<b>Cash flows from operating activities</b>				
Profit/loss after financial items	6.9	5.4	-4.6	-6.1
Adjustments for items not included in cash flow	4.1	3.6	13.0	15.8
Income tax paid	1.9	-8.6	-28.8	-10.5
	<b>12.9</b>	<b>0.4</b>	<b>-20.4</b>	<b>-0.8</b>
Increase (+)/Decrease (-) of inventories	12.5	30.4	-15.5	2.3
Increase (+)/Decrease (-) of operating receivables	-2.6	-40.5	77.1	-5.2
Increase (+)/Decrease (-) of operating liabilities	-4.6	-29.8	-49.9	-44.6
<b>Net cash from operating activities</b>	<b>18.3</b>	<b>-39.5</b>	<b>11.7</b>	<b>-48.3</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	-5.7	-5.1	-15.2	-15.4
Acquisition intangible assets	-3.9	-3.6	-9.5	-10.3
<b>Net cash used in investing activities</b>	<b>-9.6</b>	<b>-8.8</b>	<b>-24.7</b>	<b>-25.7</b>
<b>Cash flows from financing activities</b>				
Acquisition of non-controlling interests	-	-	-5.5	-
Redemption of shares	-	-	-30.5	-
Amortization of loans to subsidiaries	-	-	-	-
Net change, bank overdraft facility	-7.7	39.0	18.7	65.4
Repayment of borrowings	-0.8	-0.4	-2.5	-2.2
Paid dividend to non-controlling interests	-	-	-	-
<b>Net cash used in financing activities</b>	<b>-8.5</b>	<b>38.6</b>	<b>-19.9</b>	<b>63.2</b>
Net increase in cash and cash equivalents	0.2	-9.7	-53.3	-10.8
Cash and cash equivalents at start of period	4.3	15.4	0.4	15.4
Effects of movements in exchange rates on cash held	-0.8	0.4	0.0	-0.3
<b>Cash and cash equivalents at end of period</b>	<b>3.7</b>	<b>6.1</b>	<b>3.7</b>	<b>4.3</b>



## Change in equity, Group

Amounts in SEKm	Share capital	Share premium	Reserves	Retained earnings including profit/loss for the year	Total	Non-controlling interest	Total equity
<b>Balance at 2021-01-01</b>	0.1	177.9	-1.0	93.7	270.7	-	270.7
Profit for the period				4.2	4.2		4.2
Translation differences			0.1		0.1		0.1
<b>Total comprehensive income for the period</b>			<b>0.1</b>	<b>4.2</b>	<b>4.3</b>		<b>4.3</b>
Bonus issue	0.4				0.4		0.4
Acquisition of non-controlling interests							-
Redemption of shares in the parent company							-
<b>Balance at 2021-03-Ma</b>	<b>0.5</b>	<b>177.9</b>	<b>-1.0</b>	<b>97.9</b>	<b>275.4</b>	<b>-</b>	<b>275.4</b>
<b>Balance at 2022-01-01</b>	<b>0.5</b>	<b>177.9</b>	<b>-0.4</b>	<b>89.0</b>	<b>267.0</b>	<b>-</b>	<b>267.0</b>
Profit for the period				5.4	5.4		5.4
Translation differences			-		-		-
<b>Total comprehensive income for the period</b>			<b>-</b>	<b>5.4</b>	<b>5.4</b>		<b>5.4</b>
Bonus issue					-		-
<b>Balance at 2022-03-Ma</b>	<b>0.5</b>	<b>177.9</b>	<b>-0.4</b>	<b>94.4</b>	<b>272.4</b>	<b>-</b>	<b>272.4</b>



# Parent Company

## Income statement

SEKm	Q1		Apr-Mar	Full year
	2022	2021	21/22	2021
Net sales	1.3	21.6	6.1	26.3
Other operating income	0.2	-	0.2	-
	<b>1.3</b>	<b>21.6</b>	<b>6.1</b>	<b>26.3</b>
<b>Operating expenses</b>				
Other external expenses	-0.3	-20.7	-1.2	-21.7
Personnel expenses	-1.3	-1.2	-5.0	-4.9
	<b>-1.6</b>	<b>-21.9</b>	<b>-6.3</b>	<b>-26.6</b>
<b>Operating profit</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.3</b>
<i>Net financial income and expenses</i>				
Result from shares in subsidiaries	-	-	-	-
Finance costs	0.0	-0.0	-0.0	-0.0
<b>Profit/loss after financial items</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>
Appropriations	-	-	-	-
<b>Net income before taxes</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>
Income tax expense	-0.0	-0.0	0.0	0.0
<b>Profit for the period</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.3</b>

The Parent Company has no items that are recognized as other comprehensive income. Total comprehensive income is therefore the same as net profit for the period.



## Balance sheet

SEKm	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in group companies	271.4	271.4	271.4
<b>Total non-current assets</b>	<b>271.4</b>	<b>271.4</b>	<b>271.4</b>
<b>Current assets</b>			
Receivables from group companies	0.3	24.9	0.8
Other receivables	0.9	0.5	0.3
Prepaid expenses and accrued income	0.5	0.1	0.1
Cash and cash equivalents	0.6	0.0	0.4
<b>Total current assets</b>	<b>2.2</b>	<b>25.5</b>	<b>1.6</b>
<b>TOTAL ASSETS</b>	<b>273.6</b>	<b>297.0</b>	<b>273.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted equity</b>			
Share capital	0.5	0.5	0.5
<b>Total restricted equity</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Non-restricted equity</b>			
Share premium	177.9	177.9	177.9
Retained earnings	56.0	56.4	56.4
Profit for the period	-0.0	-0.3	-0.4
<b>Total non-restricted equity</b>	<b>233.9</b>	<b>233.9</b>	<b>233.9</b>
<b>Shareholders' equity</b>	<b>234.4</b>	<b>234.4</b>	<b>234.4</b>
Untaxed reserves	26.0	26.0	26.0
<b>Current liabilities</b>			
Debt to group companies	10.9	0.8	3.5
Overdraft facility	-	-	-
Accounts payable	0.3	21.7	0.3
Tax liabilities	0.2	6.8	6.9
Other liabilities	0.8	4.0	0.5
Accrued expenses and prepaid income	1.1	3.2	1.5
<b>Total current liabilities</b>	<b>13.3</b>	<b>36.5</b>	<b>12.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>273.6</b>	<b>297.0</b>	<b>273.1</b>



## Operating segment and revenue distribution

Fractal monitors net sales and product profit by product category. Sales are also monitored by geography, for which separate disclosures are provided in the report.

### Note 1 – Net sales and earnings by segment

SEKm	Q1		Apr-Mar 21/22	Full year 2021
	2022	2021		
<b>Net sales</b>	<b>117.5</b>	<b>169.1</b>	<b>427.0</b>	<b>478.6</b>
- Cases	104.7	127.8	353.6	376.7
- Other	12.8	41.3	73.4	101.9
<b>Product profit</b>	<b>47.2</b>	<b>58.8</b>	<b>146.6</b>	<b>158.1</b>
- Cases	42.3	48.2	129.0	134.9
- Other	4.9	10.6	17.6	23.3
Capitalized development expenditure	1.8	3.6	7.2	8.9
Other operating income	0.2	0.8	-0.5	0.1
Other external expenses	-21.3	-39.1	-79.0	-96.8
Personnel expenses	-16.7	-13.4	-61.1	-57.9
Depreciation and impairment of tangible and intangible non-current assets	-4.0	-3.0	-14.9	-13.8
<b>Operating profit</b>	<b>7.3</b>	<b>7.6</b>	<b>-1.7</b>	<b>-1.4</b>
Finance income	0.8	-	0.8	-
Finance costs	-1.2	-2.2	-3.7	-4.7
<b>Net financial income and expenses</b>	<b>-0.4</b>	<b>-2.2</b>	<b>-2.9</b>	<b>-4.7</b>
<b>Net income before taxes</b>	<b>6.9</b>	<b>5.4</b>	<b>-4.6</b>	<b>-6.1</b>





## Note 2 – Distribution of revenue

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

### Disaggregation of revenue from agreements with customers

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

Group	Business Segment					
	Cases		Other		Total	
	Jan—Mar		Jan—Mar		Jan—Mar	
SEKm	2022	2021	2022	2021	2022	2021
<b>Geographic market</b>						
Americas	49.9	40.7	3.9	4.3	53.7	44.9
EU	42.4	68.4	6.3	30.7	48.7	99.1
APAC & Other	12.5	18.7	2.6	6.3	15.1	25.0
<b>Time of revenue recognition</b>						
Goods recognized at a point in time	104.7	127.8	12.8	41.3	117.5	169.1
Goods and services recognized over time	-	-	-	-	-	-
<b>Total net sales</b>	<b>104.7</b>	<b>127.8</b>	<b>12.8</b>	<b>41.3</b>	<b>117.5</b>	<b>169.1</b>

## Note 3 – Financial instruments at fair value

The Group's financial instruments are recognized at amortized cost. The carrying amount offers a reasonable estimate of fair value.



# Definitions

This report contains key financial figures in accordance with the framework applied by Fractal, which is based on IFRS. In addition, other key figures (alternative performance measures) are used by management and other stakeholders to analyze trends and the performance of the Group's operations that cannot be identified or derived from the financial statements. Fractal's stakeholders should not regard these alternative performance measures as a substitute, but rather as a complement to the financial statements which are prepared in accordance with IFRS. A list of definitions and key figures used and referred to in this report is presented below.

Non-IFRS metrics	Description	Justification for the use of metrics
Net sales, USD million	Amounts invoiced in USD relating to sales, adjusted for distributor and reseller discounts that are also denominated in other currencies.	Fractal's sales are invoiced in full in USD. The purpose of presenting the key figure is to present the organic growth for the Group.
Product profit	Net sales less goods for resale.	Demonstrates product profitability of the core business.
Product margin, %	Product profit in relation to net sales.	Demonstrates product profitability of the core business in relation to net sales.
Operating profit (EBIT)	Fractal's reported operating profit (EBIT).	Operating profit (EBIT) is a performance metric that along with EBITDA, shows the earnings generated by the day-to-day activities.
Operating margin (EBIT margin), %	Operating profit (EBIT) in relation to net sales.	Enables comparisons of profitability irrespective of capital structure or tax situation.
EBITDA	Operating profit (EBIT) with a reduction of depreciation and impairment of tangible and intangible non-current assets.	EBITDA together with operating profit (EBIT) provides an overall picture of the generation of earnings from the day-to-day activities.
EBITDA margin, %	EBITDA in relation to net sales.	This key figure is used for analysis of the generation of earnings by Fractal.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA is a performance metric that is considered relevant to the understanding of Fractal's financial performance from the day-to-day activities. This metric shows the financial performance of the day-to-day activities without any influence from significant cost or income items that affect the possibility of making comparisons over time, as described under "items affecting comparability" below.
Adjusted 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.



<b>Non-IFRS metrics</b>	<b>Description</b>	<b>Justification for the use of metrics</b>
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.
<b>Key Performance Indicators (KPIs)</b>	<b>Description</b>	<b>Justification for the use of metrics</b>
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**

Annual General Meeting  
Interim report, Jan–Jun 2022  
Interim report, Jan–Sep 2022

May 19, 2022  
August 18, 2022  
November 17, 2022

### **Contact details**

**Hannes Wallin, CEO**  
+46 (0)31 380 71 00  
ir@fractal-design.com

**Karin Ingemarson, CFO**  
+46 (0)31 380 71 00  
ir@fractal-design.com

**Fractal Gaming**  
Fractal Gaming Group AB (publ)  
Datavägen 37B, SE-436 32 Askim, Sweden  
+46 (0)31 380 71 00  
www.fractalgaminggroup.se

**Certified Advisor**  
FNCA Sweden AB  
Box 5216, SE-102 45 Stockholm, Sweden  
+46 (0)8 528 00 399  
info@fnca.se