



Annual Report 2022

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MARKET POSITION

Topp 3

GLOBAL REACH

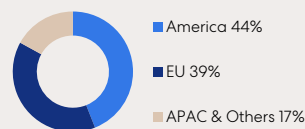
50+ countries

NUMBER OF EMPLOYEES

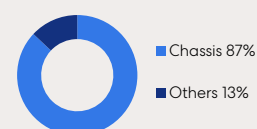
75



Net sales per region



Net sales per product category



2022

SEK 486M net sales

Offices in Gothenburg / Dallas / Taipei / Dongguan

Founded in 2010

This is Fractal Gaming Group

Fractal is a leading manufacturer of premium PC gaming products. Established in 2010, Fractal's products are now sold in more than 50 markets worldwide. Fractal maintains a market-leading position in the category of computer cases on several geographical markets as well as a strong position in power supply units, cooling products, and fans for gaming computers. Fractal Gaming Group was listed on First North in February of 2021.

A cutting-edge gaming company

Our guiding principle is as simple today as it was when we began: What if we develop gaming products based on Scandinavian design concepts while making customer needs our top priority? The answer is clear: an extensive range of premium-quality, innovative, and award-winning products that are praised by both gamers and hardware enthusiasts around the world.

Design, functionality, and performance are our drivers

Drawing on both Scandinavian design and innovative functionality, Fractal has taken the lead in the premium segment of the gaming world. Our solutions reflect an intelligent engineering approach combining award-winning design with performance-driven functionality that is the basis of all our product development. Our products are also distinguished for hygiene factors such as detailed modularity, impressive cooling, effective ventilation, and low noise levels.

Fractal's product portfolio

Our product offering is divided into a number of different product segments, the largest of which is our computer case range. Other categories include power supplies, water cooling, fans, and accessories.

Visible and reliable quality

Through careful and thoughtful material selection, our brand has become virtually synonymous with high product quality in all categories. Fractal products are built to withstand stress and long-term use.

World-class customer experiences

Fractal prioritizes delivering a premium experience before, during, and after a purchase. We are the gaming company that actually listens to the customer while also communicating with high transparency – factors highly appreciated by our target buyers. Fractal's customer support and after-sales department is one of the most highly rated on the market, and is constantly striving to make every customer interaction memorable.



Computer cases

Fractal's computer cases stand out with their Scandinavian design and distinct focus on functionality and performance. Our line of products covers a wide range of applications and size categories. The Torrent and North computer case series were launched in 2021 and 2022, respectively. Both received the prestigious "Best case of the year" award from several influential industry media channels in our sphere – a distinction that further solidifies our market-leading position.



Power supplies

Our power supplies also have a sleek, minimalist design and impressive specifications. The Ion series is our premium range power supply, with features such as very high energy efficiency (80+ Platinum with Ion+), full modularity and passive cooling at low load. All power supplies are available in multiple power classes and are certified for safe, long-term use. We offer warranties of up to 10 years.



Water cooling and fans

Our water-cooling products and computer fans are designed to ensure that all gaming components can deliver optimal performance while running increasingly demanding game titles. Our earlier Celsius cooler range was complemented in 2021 with the new Lumen series, which has been well received by both the market and reviewers, with a number of awards right from the start.



The year in brief

2022 saw a clear turnaround in the market, with a continued increase in demand for PC gaming hardware in the second half of the year. This increase is driven in part by pent-up demand for upgrades and in part by the launch of a new generation of graphics cards, prompting more gamers to upgrade their equipment.

During the year, we launched several new products that were well received on the market and made a strong contribution to sales. Launched in the fourth quarter, the North Computer case won the Tom's Hardware Best Case of the Year 2022 award one week after launch.

Group net sales increased to SEK 485.6 million (478.6), product margin to 36.9% (33.0) and EBITDA margin to 7.0% (2.6).

MSEK	2022	2021	2020	2019
Net sales	485,6	478,6	635,7	401,5
Net sales, USDm	47,9	56,0	69,4	42,8
Product profit	179,1	158,1	240,8	149,0
Product margin, %	36,9%	33,0%	37,9%	37,1%
EBITDA	34,0	12,4	125,7	64,1
EBITDA margin	7,0%	2,6%	19,8%	16,0%
Adjusted EBITDA	34,0	33,5	138,6	64,1
Adjusted EBITDA margin, %	7,0%	7,0%	21,8%	16,0%
Operating cash flow	26,4	-60,7	62,8	33,2
Cash generating	77,6%	-488,8%	50,0%	51,8%
Interest-bearing net debt	115,6	126,2	49,7	30,7
USD/SEK, average	10,1	8,5	9,2	9,4

For the definitions of key ratio, see page 71.

Organization

Workforce investments continued in 2022 to enable continued expansion in both product development and marketing.

Jonas Holst, bringing many years of experience from leading positions in the Unilever group, was appointed Vice President of Sales in July.

With experience as co-founder of the Embracer Group, Erik Stenberg was voted in as a new board member at the annual general meeting on May 19, 2022.



eNPS is a standardized tool for measuring employee loyalty and engagement. The average score for all companies that used the tool in 2022 was 14.



Our strongest launch year ever

Fractal once again cemented its position as one of the leading manufacturers of gaming cases, launching a number of award-winning products over the course of the year.

As winner of the "Best case of the Year 2021" award, we were eager to broaden the range of our category-winning Torrent case series, and in January we launched two smaller variants, the Torrent Compact and Torrent Nano, to meet a wider range of customer needs.

Several new additions were made to the Meshify 2 family over the year, including RGB variants and a more streamlined Lite model, with selected functionality at an attractive price point in several sizes. We also launched the smaller Nano and Mini size variants in both the Meshify 2 and Define 7 families.

In June, we launched two new product ranges in the mid-price segment: Pop Silent and Pop Air. These computer cases are offered in a variety of sizes, with bold color styling that allows customers to put a personal stamp on their build.

Our entry-level model, the Focus 2, was launched in August with an updated and modern design and functionality. The Focus 2 received a number of awards, chiefly reflecting the exceptional value of the product combined with the build quality for which Fractal is known.

In November, we introduced Ridge, a successor to the Node 202, our console-like computer case. With a

unique form factor and a textile front, Ridge's design makes it equally at home in the living room or on the gaming desk.

Fractal has a history of challenging old truths, and one of its guiding principles since inception has been to change the perception of what a gaming corner can look like. This was substantiated once again by our brand new North series, launched in December.

North offers a unique look based on Scandinavian design, with wooden ribs in the front face and metal and leather detailing. Our customers say this groundbreaking computer case feels more like a piece of designer furniture than a traditional gaming computer case. In addition to creating great viral momentum among communities and end users, the product has been awarded "Best Case of the Year 2022" by leading tech and hardware site Tom's Hardware and the YouTube channel Hardware Canucks.

The product has also received a number of awards from various media sources and reviewers.

North sold out in the first week of launch at our major retailers around the world.



Our business model

Product development

Innovation, concept, and design of our products is done in-house at Fractal's headquarters in Gothenburg. The work is based on our overall brand strategy, and we pay particular attention to the balance between innovation and current market trends. This is to always meet or exceed the high expectations of the end customer.

Sourcing and production

All manufacturing takes place in China, and we ourselves own the necessary tools, which allows for greater flexibility of choice in manufacturers without compromising our quality standards. Ongoing inspections from a quality and sustainability perspective are carried out by our own staff on site in Taiwan and China. In addition, we directly manage use of subcontractors for sourcing materials and manufacturing input components, allowing us greater control over both product quality and sustainability performance.

Marketing activities

Our overall marketing strategy covers the entire customer journey, which is divided into four parts: awakening curiosity, deepening interest, gaining trust, and nurturing customer relationships.

Awakening curiosity

We get the attention of potential customers by:

- **Partnering with** global and regional influencers such as streamers and YouTubers, where we are their preferred brand and provide products to be featured on their own channels.
- **Promoting our** products on global and regional gaming and hardware websites, as well as on social media and marketplaces.

- **Sponsoring** gaming-related events and LAN parties to gain direct brand exposure to our main target audience.
- **Promoting our** products through retail channels to enable the best possible product and brand campaigns directly to the end customer.

Deepening interest

The next step is to educate, inspire, and create deepened interest in the brand and our products.

This is achieved by:

- **Providing an inspiring** and informative website and product catalog.
- **Provide retailers** with attractive content and product listings, such as product videos and other high-quality content.
- **Coordinating and** republishing product reviews from leading media, influencers, and end customers in various formats.

Gaining trust

The road to actual sales is mainly a matter of gaining trust:

- **Be available *before*** a purchase through both your own communication channels and others, focusing on providing advice and ensuring that the right information is available at the right time.
- **Continuously running** social media activities to attract and engage both existing and potential customers.
- **Building strong** relationships with key people in the technology and gaming industry, for example through sponsorship and product placements.
- **Offering both** product- and brand-centric campaigns with retailers, focusing on delivery and availability of our product line.

Nurturing customer relationships

Our goal is to create more Fractal ambassadors by increasing engagement through the right channels. This includes working to:

- **Continue to invest** in our aftermarket support through a dedicated customer service team on certain gaming and hardware forums in select regions.
- **Have customer** panels that provide us feedback in order to ensure our customer-focused approach in both product development and communication.

Logistics and sales

Our products are sold through distributors, retailers, and system integrators. Logistics are often outsourced, and in most cases distributors and retailers handle deliveries themselves, in keeping with our high standards of security and sustainability. The breakdown between distributors and retailers, online sales, and sales in physical stores varies geographically.

In North and South America, direct sales to our retailers account for the majority of sales, while sales through distributors account for the majority of sales in the EU, APAC, and other areas. The difference is due to the fact that retailers in North and South America tend to be larger players.

Across all markets, the majority of our products are sold online – more than 90% overall. This percentage is slightly higher in the Americas and the EU than in APAC and other areas where end customers are more likely to buy our products in a physical store.





Letter from the CEO and Founder

After a weak first half of 2022, the market situation improved significantly in the second half of the year as we again delivered growth and improved profitability. We are now seeing increased demand for PC gaming hardware, driven in part by pent-up demand for upgrades and in part by the launch of a new generation of graphics cards, prompting more gamers to upgrade their equipment. The clear turnaround in the market makes us extremely confident in our ability to drive profitable growth in 2023 and beyond based on our strong brand and global market position.

Stable results and significantly improved product margins

Summarizing our net sales for the year as a whole, we report an increase of 2%, with an organic growth of -14%, affected by a weak market at the beginning of the year. The availability of graphics cards has gradually improved and prices have come down, leading to increased demand and sales in the second half of the year, despite continued macroeconomic and geopolitical uncertainty, high inflation, and declining household purchasing power in most markets. Our successful new product launches have strongly contributed to both increased sales and higher margins. The Torrent and Pop computer case series and the newly launched North have enjoyed very positive reception in the market, where North was named Best Case of the Year 2022 by Tom's Hardware one week after launch. We are proud to continue push the design envelope of what PC gaming cases should look like and where North represents our vision of being innovative in the industry, both in terms of design and materials. Something we know is very much appreciated by our enthusiastic customers around the globe.

Despite a challenging first half-year in terms of sales, we report improved results compared to the previous year. Over the course of the year, we improved the product margin significantly, driven by a product mix with a higher proportion of computer case sales, a positive currency effect, and a renewed tariff exemption. It was very positive news for Fractal that the USTR (U.S. Trade Representative) decided in December to extend the tariff exemption on imports of computer cases until September 30, 2023. We

also see good potential for lower procurement prices in 2023 due to lower raw material prices, including steel and plastics, and the weakening of the Chinese yuan against the US dollar. In addition, freight rates to the US- our most important market -have gradually come down in 2022 and have now fallen below pre-pandemic levels, which will have a positive impact on product margins going forward. One key focus area for us in 2023 is also to continue working on operational excellence, balancing our inventory levels, and improving cash flow.

Pent-up demand for new PC gaming equipment

Interest in e-sports and high-performance gaming increased significantly during the pandemic years of 2020 and 2021, and remains at very high levels. The gaming industry has historically been less sensitive to cycles than many other industries and since many held off on upgrading their equipment over the past year, there continues to be pent-up demand. A clear example of the high level of interest is the development of the gaming platform Steam, which reported a new user record in November 2022 of just over 32 million simultaneous online users, three million more than the previous measurement in the third quarter. We enter 2023 with a significantly improved market with good access to graphics cards, significantly lower prices and the launch of new generations of graphics cards, which increases interest. More people are playing computer games than ever before, and the average gamer is willing to spend more on their equipment. Overall, this is very positive for the entire PC gaming industry, which after a tough period can once again enter into a growth phase.

Initiatives for improved sustainability performance

A key development area for us is to contribute to the global development goals, the 2030 Agenda, and to improve the sustainability performance of our products throughout their life cycle. Our sustainability initiatives are based on designing and developing high-quality products, offering world-class spare parts and customer service, and gradually developing a more circular business model. Over the year, we conducted a materiality analysis and established a sustainable development strategy. We have increased the number of supplier audits over the year as part of our work on sustainable supply chains. We have also launched the first computer case product with sustainable pulp packaging, an initial step towards reduced use of plastics in packaging. In 2023, the packaging initiative will be further advanced to reduce not only the use of plastic but also the overall volume of packaging, two factors with a high environmental impact. With great commitment from our staff, we have also launched a partnership to help prevent mental health problems among younger people, an important area to address growing numbers of affected youths. We are convinced that, under the right conditions, gaming can have a positive impact on mental health, especially when there is a connection with others and a social interaction with like-minded people with shared interests.

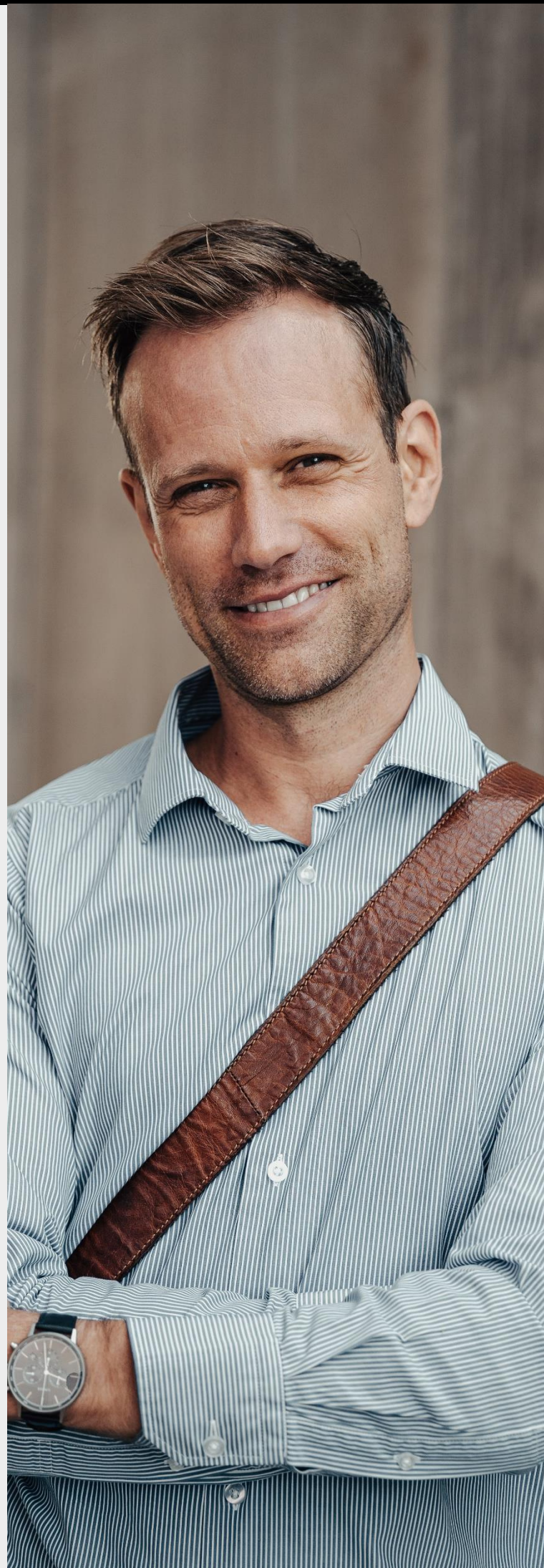
Well positioned to benefit from the increase in demand

Fractal has a strong global market position and a well-established premium brand in our segments and stands to benefit from increased demand. We have made a number of successful product launches over the past two years, making our current product portfolio stronger than ever. To drive growth, we are also increasing our marketing efforts to reach even more gamers in both new and existing segments. Fractal sponsors a large number of small and medium-sized Twitch streamers, who in turn act as brand and product ambassadors. This venture has yielded positive results, and we now have an established partnership with more than 120 streamers.

Despite continued macroeconomic and geopolitical uncertainty coupled with high inflation, which affects general consumer purchasing power across most markets, demand for PC gaming hardware has continued to improve. We see good potential for growth in 2023, based on our attractive offering that meets the demand of high-performance gamers. The underlying long-term demand is good and we will continue to drive our growth-advancing initiatives with a focus on delivering high-quality products, a high level of service, expansion into new product categories, and increased marketing investments.

I would like to thank all my colleagues at Fractal Gaming Group who, with their great dedication and hard work, deliver the products and services that our enthusiastic high-performance gaming customers around the world have come to depend on. I would also like to thank our shareholders for your commitment and support to our development.

Hannes Wallin, CEO





Goals & growth strategy

Fractal will continue to deliver award-winning products in existing product categories and maintain the high level of service and quality for which the brand is known. At the same time, we plan to expand by adding new product categories in the gaming segment and increasing our marketing efforts. We will also establish and/or strengthen our presence in additional countries and sales channels. Our assessment is that there are good opportunities for growth, both with new product offerings and by updating the existing range. Our ambition is to strengthen Fractal's market position in all categories.

Expand into new and relevant product categories

Fractal is a well-established premium brand in several categories. Through our tried-and-true product development and established sales network, we can effectively expand with new offerings in the rapidly growing gaming market. We also win consumer trust thanks to our track record of high customer satisfaction and strong loyalty.

We have identified several relevant product categories in the PC gaming segment where an increased presence would greatly expand our potential market and revenues. New product categories could be developed, either by using our in-house expertise or by acquiring other companies in relevant categories.

Reach more customers through a stronger brand

Fractal has created a strong brand in several communities. This is reflected by the fact that many of

our end customers actively engage with our communication channels. At the same time, we see an opportunity to further increase our brand recognition in all key markets. This would facilitate a wider reach of both the brand and the products beyond our traditional consumer segment.

To further drive Fractal's product and brand recognition, we plan to expand our social media and community presence and continue to grow our network of ambassadors via Twitch, the leading streaming platform.

In addition, we plan to expand our influencer, performance, and channel marketing.

Develop our regional sales

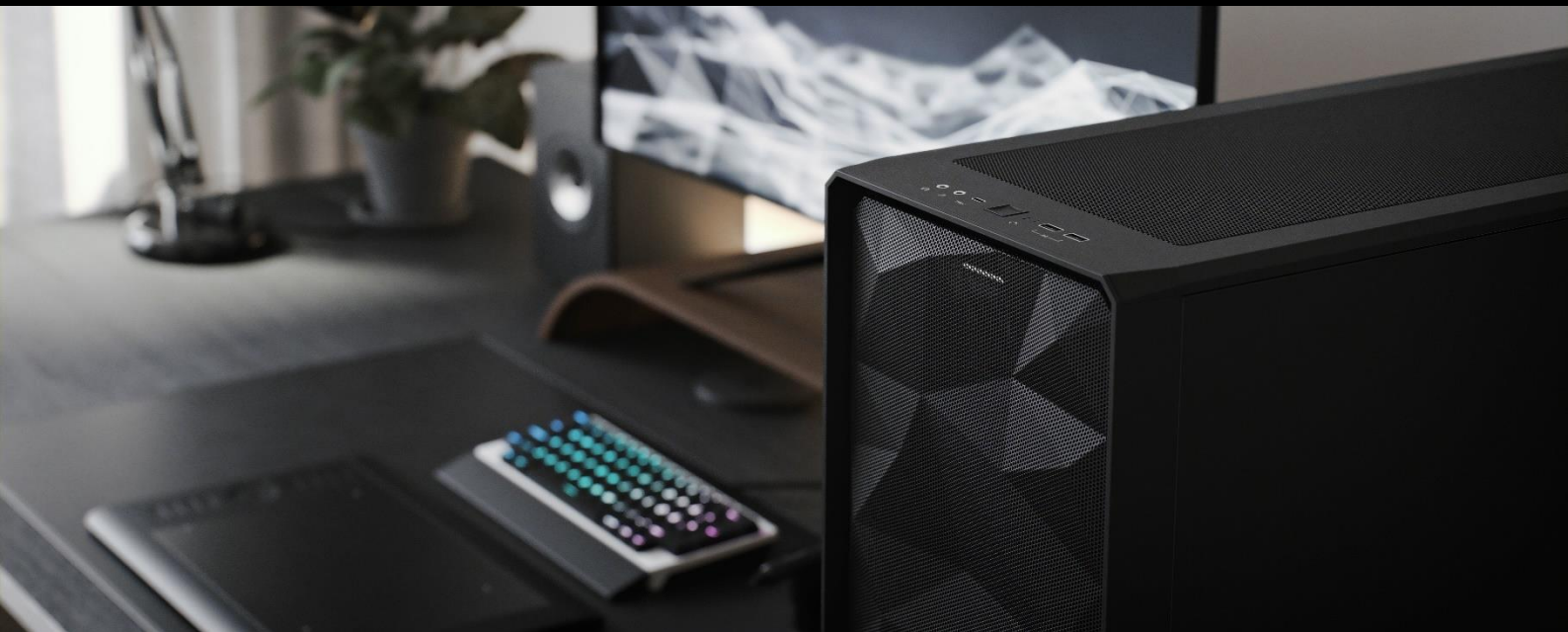
We have extensive experience in establishing the company in new markets and countries with the help of local distributors and retailers. There are several markets of interest where our presence is currently limited. One example is China, where expansion can generate significant revenues. In addition, we will make use of established marketplaces, such as Amazon, to expand in both existing and new markets.

Our financial targets

Net sales growth: Fractal's goal is to achieve annual organic net sales growth of more than 10%.

Profitability: Fractal's goal is to achieve an adjusted EBITDA margin of 20%.

Dividend policy: Fractal aims to distribute 30-50% of net profit, taking into account factors such as financial position, cash flow, and growth opportunities.



Market developments 2022

User growth and sustained interest, even after the pandemic

Interest in gaming continued to grow in 2022. The number of global users across all platforms is estimated at just over 3.1 billion and is estimated to reach a total of 3.3 billion by 2024. In the last seven years alone, the number of gamers has increased by 32%.

Asia and North America remain the strongest markets. With a growth of 45%, Japan in particular has seen a significant increase in new PC gamers over the year. In total, this market has grown by 16 million PC gamers since 2015. In other words, a paradigm shift has taken place in the choice of platform in Japan, which has historically been dominated by consoles.

The leading gaming platform, Steam, set a number of user records in 2022, with the platform reaching an all-time high in October with 32 million users online at the same time. The figures show that users have remained on the platform even after the pandemic.

User growth in gaming is expected to increase by around 5% in 2023, compared to 2022 across all platforms.

Community growth in both PC hardware and gaming

The popular community platform Reddit reports a significant increase in gaming and hardware-related forums over the year. For example, the “r/buildapc” channel increased from 4.7 million to 6.2 million users and “r/pcgaming” increased from 2.7 to 3.0 million users.

The streaming platform Twitch ended up just below the comparison figures from 2021 (-5% YoY). The platform is fighting record-breaking comparative figures during the pandemic years, going from 1.26 million users to 2.78 million users in 2021. In other words, Twitch has maintained its high user numbers while slowing in terms of growth. This may be partly due to the loss of users to competitor Youtube Gaming.

The popular communication app Discord, with over 150 million users (+56 million compared to 2019), has five gaming-related channels in their top list in terms of number of users. In 2022, the list was topped by the games Valorant, Genshin, and Fortnite.

In other words, engagement in gaming remains high despite record-breaking comparative figures from the pandemic years.



Greater supply and availability of graphics cards

2022 was a busy year in terms of hardware and components, with initially high price levels on graphics card combined with reduced availability, leading to a slowdown in sales. The market recovered in the latter part of the year. In particular, the availability of graphics cards has improved, leading to declining prices for several product lines. We see increased competition with attractive launches from both AMD and Nvidia. Intel has also entered the market to compete for market share.

Nvidia and AMD report a +32% increase in year-on-year shipments, while the market as a whole declined in value as a result of lower retail prices. However, the graphics card market is expected to grow from \$46 billion in 2022 to \$57 billion by 2025. This is due to new competitors, extensive model ranges, and increasing demand.

Trends point to good availability in the graphics card market in 2023. This will have a positive impact on our market and trigger the need to upgrade, both among new and existing customers.

Resistance to market fluctuations

The purchasing power of Fractal's customers can also be linked to spending in PC games/software, where the gaming industry as a whole has continued to grow even after the previous record year. However, 2022 has been characterized by greater caution in the purchase of new games across all platforms.

The entire market fell 4.3% in 2022, which is considered a natural correction after record growth during the pandemic, when the market outperformed all growth forecasts. Fortunately, PC gaming is the only segment that recorded growth in the gaming industry. The segment increased by 1.8% compared to the previous year, while console gaming, for example, dropped by 4.2%.

Demographics show that about 56% of active PC gamers are millennials (between 23 and 38 years old). This group continues to grow, a group that fits Fractal's premium profile and range.

Confidence in the future remains positive, with estimated annual growth of 3.4% for the gaming industry as a whole until 2025. This is largely because interest and the number of gaming hours continue to grow, even if purchasing power has declined over the year. Analysts point out that gaming can withstand economic fluctuations better than other industries.

In 2022, gamers have instead returned to older titles and free-to-play games, indicating continued interest in gaming - even if people are not spending as much on new AAA titles as before.

In summary, interest and engagement in gaming continues to break new records, despite a more strained economic macro environment.

Sources: MMR, Statista, SteamDB, Twitchtracker, Reddit, Discordstats, PWC, Juniper, NewZoo, and Jonpeddie.com.



Sustainability report 2022

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About our sustainability work

Fractal Gaming Group's sustainability report describes the value chain and our environmental and social impacts. The report also describes priority sustainability areas and related risks.

We have prepared the report in accordance with chapter six of the Annual Accounts Act. We also base our work on the UN Sustainable Development Goals. Over the year, Fractal has continued to develop its sustainability strategy based on the materiality analysis carried out. The number of supplier audits has increased and our initiative to minimize plastic in our packaging has been started.

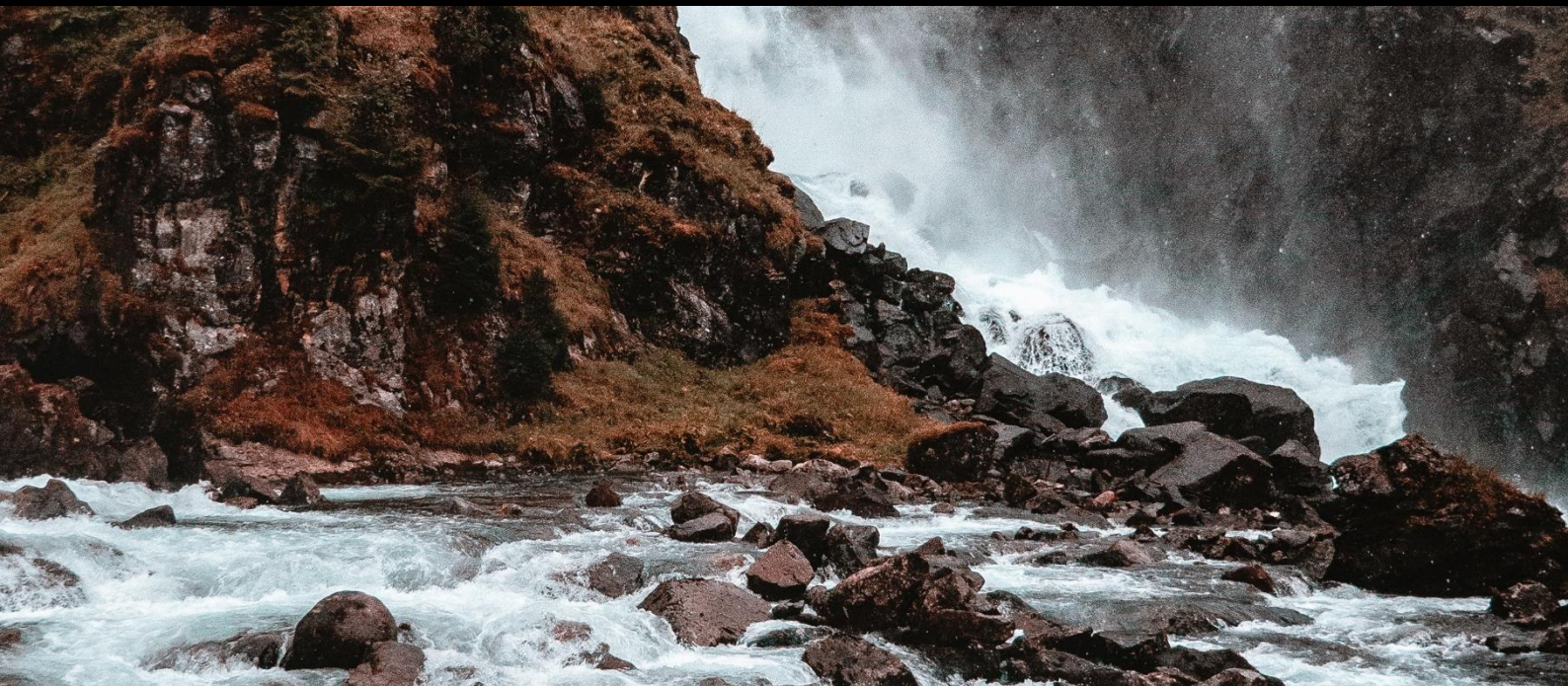
Our business

Fractal is a leading company in the premium segment of PC gaming products. Founded in 2010, the group's products are now sold in more than 50 countries worldwide. Fractal maintains a market leading position in the premium segment of computer cases along with a strong position in power supplies, cooling products, and fans for gaming computers.

Since its inception, the company has enjoyed profitable growth by successfully combining the design, performance, and quality demanded by discerning consumers. We have continuously and successfully expanded our product range and geographical presence.

The head office is based in Gothenburg (Sweden), with additional offices in Dallas (USA), Dongguan (China), and Taipei (Taiwan).

All our products are made in China. Sales are then made to distributors and through direct sales to retailers and system integrators. Our sales channels rely on a broad distribution network with several major distributors such as Exertis, ASK Corporation, and Ma Labs. We also work with several major retailers, including Newegg, Amazon, and JD.com.



Sustainability strategy

We further developed and continuously updated Fractal's sustainability strategy over the year, which extends to 2025. The strategy includes our objectives, initiatives, and our values and culture, to monitor and advance progress in sustainability, social impact, governance, and business ethics.

Our responsibility

Fractal is built on responsible business practices. This is a prerequisite for running a successful business over the long term. Sustainability work is part of our ambition to contribute to positive development in the industry. Clearly defined sustainability work is also important for our customers, investors, employees, and society at large.

Over the course of 2023 we will be collecting baseline data from our value chain and offices to set measurable targets for 2024 and beyond.

Governance and stakeholder dialog

Sustainability work is part of Fractal's overall corporate governance and means making sure that the business is run in a sustainable, responsible, and efficient manner. Governance is an important basis for achieving our long-term strategic objectives and maintaining the trust of our stakeholders.

In 2023, we will continue to develop the stakeholder dialogue to obtain valuable input on key sustainability aspects.

Our promises

Fractal has a thorough understanding of our environmental and social impact and the areas where we can make a difference. Based on the materiality analysis, we will incorporate material sustainability aspects into our decision making. This is something we do whether it's choosing the right partners, exploring new shipping options, designing products, or selecting replacement parts and materials.

Fractal only works with partners who are highly ethical and comply with our Code of Conduct. It is important to us that everyone follow local workplace regulations and take health and safety seriously. Laws and regulations always take precedence.

We have a zero-tolerance policy against bribery, corruption, and questionable business ethics.

Initiatives in 2022

One of our first sustainability initiatives is to actively reduce the amount of plastic in all our product packaging. To achieve this, we are looking into a new packaging concept to replace regular plastic with more environmentally friendly alternatives. One example is pulp packaging - a recycled and biodegradable material that replaces Styrofoam. In November, the first computer case product to be packed with pulp packaging was released. Work on implementing new packaging concepts will continue in 2023, both for future and already released products.



We want to make gaming a more open and healthier space

Fractal's social impact initiative is to create conditions for improved mental health among future generations of gamers



Social impact

Our promise to the next generation of gamers

Our vision is for younger gamers to grow and develop with the right support at the right time. We consider this an important investment for our collective future. We at Fractal believe that gaming can have a positive impact on mental health, given the right circumstances.

Gaming and the gaming community offer young people a place to explore, develop, and socialize. Being able to step into new worlds and stories to become part of a context and community can be important factors for well-being.

According to the WHO, one in seven young people ages 11-19 suffer from mental health problems. Depression, anxiety, and behavioral disorders are common among young people. We want gaming to be a positive part of young people's lives, promoting mental well-being.

We have therefore decided to make mental health for children, adolescents, and young adults a focus area for Fractal. Our efforts include working with organizations and initiatives that safeguard, support, and raise awareness of young people's mental well-being both today and into the future.

Social initiatives

Starting in 2023, Fractal will be collaborating with organizations focusing on mental illness among young people, where the choice of initiatives we support is voted on by Fractal's own employees.

Throughout the year, we will be participating in activities with our streaming ambassadors via Twitch to raise awareness on this important topic.

We will report on progress on our ESG blog (group.fractal-design.com/esg/).

15%

of American adolescents ages 12-17 have had an episode of depression*

60%

of young people in the US suffering from depression do not receive treatment**

1 in 7

young people worldwide suffer, or will suffer, from mental health problems**

*CDC.org

**Mental Health America



Fractal's commitment to mental health

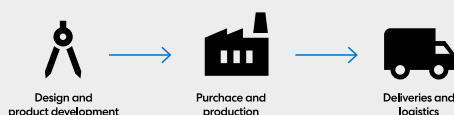
- **Annual collaboration** with and donation to an organization working on mental health issues among young gamers.
- **Quarterly** activities to raise awareness of young people's mental health by Fractal Ambassadors via our Twitch network.
- **Internal engagement** through joint elections of organizations or initiatives, voted on by our staff.



Our business model and value chain

At Fractal, we have high ambitions when it comes to contributing to a resource-efficient and responsible value chain. The same is true when it comes to creating added value for our stakeholders and society at large.

To achieve a responsible value chain, we have analyzed our impact on people and the environment. This includes factors that we can control directly and factors that we can influence indirectly, such as what requirements imposed on our suppliers and how we manage the dialog with our customers and business partners. Against this background, in 2022 we carried out several supplier audits to assess how well our suppliers comply with our Code of Conduct.



Design and product development

Everything related to innovation, concept, and design of our products is done in-house at Fractal's headquarters in Gothenburg. The work is based on our overall brand- and product strategy, and we pay particular attention to the balance between innovation and current market trends. This is to always meet or exceed the high expectations of the end customer.

Because Fractal owns the design process, we are able to continuously extend the lifetime of our products.

Nothing Fractal makes contains so-called conflict minerals – such as gold, tin, tantalum, or tungsten – which are often mined in conflict zones and high-risk countries.

Procurement and production

All manufacturing is done in China and in close cooperation with carefully selected suppliers. Since Fractal owns the manufacturing tools, we are also able to freely choose manufacturers without having to compromise. Ongoing quality controls and sustainability audits are performed on site in Taiwan and China. We also manage the contact with subcontractors for the procurement of materials and manufacturing of components. As a result, we have great potential to influence both the quality and sustainability performance of our products..

Delivery and logistics

Fractal products are sold through distributors, retailers, and system integrators. Our shipping partners are usually responsible for deliveries. In most cases, distributors, and retailers handle the logistics themselves, in keeping with our supplier requirements for safety and sustainability.



Product support

Customer support and after-sales are important factors when it comes to helping our customers find the right products and increasing product lifespan. Choosing a Fractal product should mean enjoying a long and trouble-free customer experience. At Fractal, we set very high goals for our customer support. In 2022, we set a



goal of at least 90% customer satisfaction, which we achieved. Fractal is constantly looking for new ways to improve service and enhance the customer experience. Even if the product was purchased through a retailer, we can handle the case directly, reducing unnecessary returns.

CUSTOMER
SATISFACTION
90%

Customer satisfaction is measured monthly through surveys of customer service.

Fractal Gaming Group's focus areas for sustainability

- **Sustainable** products with high quality and performance.
- **Reduced** climate impact.
- **Responsible** procurement.
- **Healthy** workplace that is inclusive and engaging.
- **Good business ethics.**

The Fractal value chain is designed to deliver optimal performance and experience to customers in the high-performance PC gaming hardware market. Our computer cases, power supplies, and fans are designed to have the highest possible performance with a long lifespan. Products should be repairable and upgradable and, to the greatest extent possible, recyclable at the end of the product life cycle. Fractal's customer support and aftermarket department plays an important role in guiding customers to the right product, offering replacement parts, and handling any warranty issues.



Theme	Points
Business ethics	5
Development of sustainable products	4
Health and safety at work	3,6
Ansvarsfulla inköp	2,9
Personal development	2,8
Reduction of CO ₂ emissions	2,7
Diversity and inclusion	2,6
Circular economy	1,9
Water use	1,1
Waste management	0,9

Materiality analysis

A materiality analysis was conducted in 2022 with the aim of identifying our stakeholders' most important sustainability concerns.

The results of the analysis serve as the basis of our sustainability strategy developed over the year.

Fractal's main stakeholders include:

- Employees
- Management team
- Board of Directors
- Owners
- Customers
- Suppliers
- Manufacturers
- Distributors

Priority areas included:

- Business ethics
- Diversity and inclusion
- Personal development
- Reduction of CO₂ emissions
- Water use

- Waste management
- Circular economy
- Development of sustainable products
- Health and safety at work
- Responsible purchasing

The area ranked highest among stakeholders was business ethics. At Fractal, business ethics is something that runs through the entire company, from our internal relations to our business relationships with customers and partners. It also includes our product development, support, and communication.

The next-highest ranking was the development of sustainable products. This is an area that we have been focusing on for some time, and that has strongly contributed to the development of our current sustainability strategy and is directly linked to the lifetime of our products.

The insights from the analysis have helped us to better focus on priority areas and guide our long-term work.



Value chain from an environmental perspective

Environmental impacts relate mainly to the energy consumption of the products during their lifetime, raw materials, manufacturing, packaging materials, and emissions during shipment.

The products are mainly transported by ship from the factory to local warehouses or directly to our distribution channels. At Fractal, we use as few intermediaries as possible, which proves both economically and environmentally beneficial.

Handling and recycling constitute the last phase of the product lifecycle. By now, a large part of the sustainability performance has been delivered, as our products have a long lifespan, thanks in part to the high quality of their design, replacement parts, and other forms of aftermarket support.

Steps towards a circular economy

A circular economy is based on extending product lifetime, reducing waste, conserving natural resources, and transitioning to more renewable forms of energy and materials. Since we design and develop our products ourselves, we have a great opportunity to influence energy efficiency, lifespan, and environmental impact, and to optimize material selection from a quality perspective. Fractal also provides replacement parts and after-sales service. We also help our customers make informed purchasing decisions that account for the sustainability performance of products. Detailed product information increases interest, further contributing to more informed purchasing decisions and product choices. Together with our customers, we are well placed to help reduce climate impact by extending product lifetimes. This is done by repairing, upgrading, reselling, and ultimately recycling them.

Code of Conduct and policies

The Board of Directors, management, and employees of Fractal are committed to adhering to the company's Code of Conduct, policies, guidelines, and applicable legislation. This commitment also includes other relevant rules such as the GDPR, government regulations, and industry rules.

In 2020 we developed a code of conduct for our employees, which includes zero tolerance for bribery and corruption. The principle is that everyone should work on the basis of common guidelines and have a shared set of values.

In 2022, we implemented the following measures:

- Sustainability has been implemented as part of our supplier screening process. This is in addition to quality, which has been part of the audit in the past. Fractal has conducted eight audits, resulting in a sustainability compliance rate of 92%. No serious deviations were identified over the year.
- The first computer case product with pulp tray packaging has been launched and more products with the same type of solution are planned for release. Pulp packaging reduces environmental impact in two ways. It replaces Styrofoam with biodegradable pulp material and allows for reduction in packaging size.



Responsible procurement and supplier code of conduct

Fractal Gaming Group's Supplier Code of Conduct is divided into five parts that are reviewed and subject to follow-up during each supplier audit. All our suppliers must sign the code of conduct and comply with the requirements it puts forth.

Human rights

- **Respect the** personal rights and privacy of every individual.
- **Do not tolerate** violations of human rights, abuse, and/or coerced labor.
- **All people are** of equal worth and have the same rights regardless of origin, culture, affiliation, and sexual orientation.

Fair working conditions

- **We have zero** tolerance for child- or forced labor.
- **All employees** have the right to a fair salary and fair working hours.
- **Compensate employees** fairly and follow local wage regulations and/or collective agreements.
- **Working hours**, including overtime, must never exceed applicable legal limits.

Health, safety, and environment

- **Safeguard the** health and safety of all employees.
- **View environmental** aspects in terms of relevant objectives, requirements, and directives.
- **Provide a safe** and healthy workplace for all employees, and operate in an environmentally sustainable manner.
- **Maintain a** commitment to environmental protection and management.

- **Sustainable manufacturing** methods.
- **Comply with** all applicable laws and regulations regarding environmental legislation.
- **Have an organization** and procedures in place to effectively manage health, safety, and environmental risks.

Hazardous substances and conflict minerals

- **Comply with** regulatory requirements regarding the prohibition and restriction of substances.
- **Comply with the EU Directive** on the restriction of hazardous substances (RoHS).
- **Use minerals** and metals that are "DRC conflict-free".

Business ethics

- **Conduct business** operations according to the highest standards of integrity and ethics.
- **Conduct business** openly, honestly, and ethically.
- **Do not offer** customers or suppliers, or any representatives of such entities, rewards or benefits that violate applicable laws and/or generally accepted business practices.
- **Not participate** in- or facilitate any form of corruption. This includes fraudulent acts, bribery, influential payments, and money laundering.



Summary of supplier audits carried out in 2022

In the eight surveys conducted, suppliers received an average overall score of 92%.

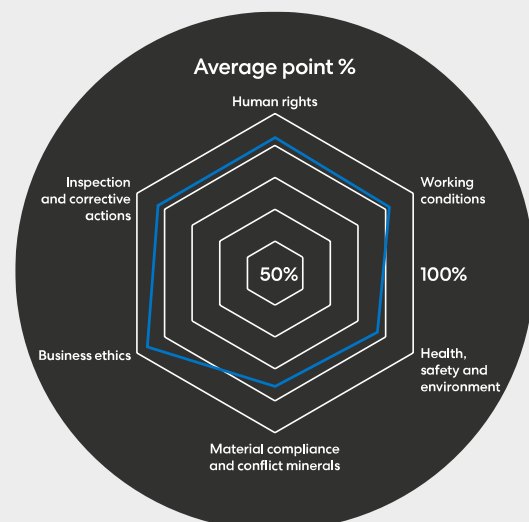
In 2023, we will be continuously evaluating our existing processes to identify possible improvement measures. Fractal will also be working with suppliers on sustainability issues.

Supplier	Human rights	Fair working conditions	Health, safety, and environment	Hazardous substances and conflict minerals	Business ethics	Inspection and corrective actions
Supplier 01	16	28	7	8	18	9
Supplier 02	20	30	8	10	20	10
Supplier 03	20	30	7	9	20	6
Supplier 04	20	30	9	5	20	10
Supplier 05	18	25	9	9	20	9
Supplier 06	16	28	9	8	16	10
Supplier 07	20	26	10	10	20	10
Supplier 08	18	22	10	9	20	10
Average score	18	27	8	8	19	9
Maximum points	20	30	10	10	20	10
Result %	92,5%	91,4%	87,0%	85,5%	96,3%	92,4%

Explanation: Each criterion has a maximum score. Every supplier is evaluated on each criterion and scored with regard to compliance. The scores for each criterion and supplier are added together to give an average score. The outcome in % describes the ratio between the average score and the maximum score.

The sustainability aspects of our supplier audits are divided into six criteria that are weighted as follows:

- Human rights: 20% of the total score
- Working conditions: 30% of the total score
- Health, safety, & environment: 10% of the total score
- Material compliance and conflict minerals: 10% of the total score
- Business ethics.: 20% of the total score
- Inspection and corrective actions: 10% of the total score





Personnel and workplace

Our workplace

Fractal has an open and welcoming workplace where personal freedom and development are important parts of the company culture. Good interdepartmental cooperation creates the best possible conditions for our innovative development work, which is refined into new, improved, and more sustainable products. Owing to our agile approach, we bring new products to market without compromising on either function or quality.

Our work environment

At Fractal, we work to create a pleasant, safe, and stimulating work environment with strong team spirit and developmental opportunities for everyone. This includes balanced staff turnover and a healthy work-life balance.

Our skilled employees are Fractal's most important resource. Our success is based largely on the

commitment, openness, curiosity, and creativity of the whole team.

In 2022, work continued on implementing and further developing our policies and guidelines in our staff handbook. This covers everything from working environment, health, and safety regulations to personal development and compensation.

In terms of business principles, ethics, and transparency, we have zero tolerance for bribery and corruption. Any signs of inappropriate activities are reported to the immediate manager or through a digital whistleblowing tool.

Our workplace health and safety policy was also further developed over the year. The document provides an in-depth description of what we consider to be a well-functioning and safe working environment, including responsibilities and working methods.

How do we define a safe and secure working environment?

- **No one risks** injury or illness because of their work
- **Focus on** cooperation, development, and job satisfaction
- **Carry out** continuous assessments of risk elements
- **Establish** proactive efforts to identify stress problems at an early stage
- **Ensure the** opportunity to be creative and solution-oriented in one's professional role
- **We promote** a positive workplace that encourages interdepartmental cooperation



Engaging workplace

In 2022, we continued to work on our employee survey tool, which was implemented the previous year. The survey, which provides real-time metrics of satisfaction and well-being, helps us work towards our overall goals.

Job satisfaction is measured on a 10-point scale every month. The aim is to reach and maintain an average score of at least 8.5 in all categories by 2023. For 2022 we achieved an overall average of 8.0.



The survey shows that some of our main strengths are team spirit, leadership, and high levels of employee engagement. This is something we will continue to develop with insights into how Fractal stands out from other comparable employers. With the help of the results, we will continue to strengthen our brand, both internally and externally.

Inclusion and equality

Fractal promotes equal rights and opportunities for all employees regardless of gender, nationality, ethnic origin, sexual orientation, or religious beliefs. Our recruitment policy is to always select the most qualified individual. This sets the framework for an innovative and inspiring working environment.

We aim to build strong teams made up of different skills, genders, ages, and nationalities. All employees should be given equal opportunities for professional development and be treated with respect.

Employee well-being and development

At Fractal, each departmental manager ensures that all employees have a clear role with responsibilities and authority and that they experience a high level of job satisfaction. Furthermore, employees must be given the opportunity for the development and training required to achieve set goals. Performance is evaluated on an ongoing basis and reported at regular review meetings where progress, challenges, and personal development are discussed. Performance reviews are held twice a year. The aim is to strengthen the development process and prevent both stress and disease.

Fractal offers wellness grants and gym facilities during working hours to encourage physical activity.



Activities over the year

Over the course of the year, Fractal worked to develop and improve the recruitment process in order to advance plans for expansion.

We have worked continuously to counteract sedentary behavior, such as by offering wellness grants, shared exercise facilities, and encouraging group exercise. In addition, we have organized training courses in ergonomics. The focus here has been on basic anatomy, what makes for good posture, and how poor posture can affect the risk of pain. Other topics discussed include how the workplace should be adapted to ensure optimal ergonomics, both in the office and at the home office. Training in CPR and fire safety has been carried out for a safer working environment.

We have also continued to train our employees on our Code of Conduct and focus areas in our sustainability work. At the beginning of the year, we added a new category focused on sustainability to our survey tool. The category includes questions that measure how our employees perceive the company's initiatives and efforts in social, environmental, and economic sustainability. The score for 2022 is 6.7 on a 10-point scale.

Ambitions for the work environment

In 2023, we will continue to focus on developing Fractal's strong team spirit and good leadership, while maintaining the high level of engagement among all employees. Priority will be given to measures that ensure a high level of job satisfaction and personal development. We will also increase our efforts to prevent stress and mental illness.

KPI

Number of employees at close of 2022	75
Staff turnover	11,5%
Gender distribution	72% Men 28% Women
Sick leave %	3,93%
Employees per country	Sweden: 53, France: 1, Czech Republic: 1, USA: 11, Taiwan: 9
Health-related incidents	0
Women on the Board	14%
Women in management	20%



Engaging with the United Nations Sustainable Development Goals

Based on Fractal's operations and social and environmental footprint, there is an opportunity to contribute and make a difference within 4 of the 17 Sustainable Development Goals of the 2030 Agenda.

The Sustainable Development Goals were adopted by the UN General Assembly and endorsed by all Member States in 2015. The aim is to achieve a better and more sustainable future by 2030. We have identified goals with a direct or indirect impact that can influence developments across the value chain. These include: equality, decent work and economic growth, responsible consumption and production, and sustainable cities and communities.



Goal no. 5 - Equality

Fractal is dedicated to providing equal opportunities to every person employed by the company. Our strategic direction is to be an inclusive company that welcomes and develops extraordinary people, regardless of gender or cultural background.



Goal no. 12 - Responsible consumption and production

As Fractal controls the design process, important sustainability features can be built into our products. Our goal is to increase sustainability across the entire product life cycle and to take additional steps towards a circular business model, which we see as an important part in reducing our environmental and climate impact.



Goal no. 8 - Decent work and economic growth

Our employees are Fractal's most important asset. We therefore offer safe and competitive working conditions and terms throughout the organization. All our suppliers have signed and agreed to follow our code of conduct.



Goal no. 16 - Sustainable cities and communities

Responsible and ethical business practices are a prerequisite for prosperous, fair, and well-functioning societies. It is also a central part of Fractal's values and our sustainability work. To prevent risks in the value chain, we have implemented policies and procedures for all employees and business partners.

Sustainability risks and measures

Effective risk management is a prerequisite for creating competitiveness and a long-term sustainable business. Fractal Gaming Group works systematically to identify and manage sustainability-related risks. The most significant risks and associated measures are presented below..

Sustainable products

Demand for sustainability from customers and other stakeholders is gradually increasing. Commercial success on the market presupposes a high level of trust in the company's operations and that business is conducted in a sustainable and ethical manner. Risks also include any harmful substances or products that do not meet the sustainability requirements of customers or authorities. Requirements for energy efficiency, upgradability, and recyclability of products are also expected to increase.

Fractal Gaming Group conducts extensive product testing, quality controls, and other measures to ensure compliance with legal requirements and policies.

Climate impact and increased sustainability requirements

The EU and UN Sustainable Development Goals require improved sustainability performance in all parts of the value chain. Companies failing to comply with these requirements and expectations risk falling behind other market players, which can lead to a loss of competitiveness. Demands are also increasing not only from customers, but also from employees, owners, and lenders.

Climate change and natural disasters can affect companies and their suppliers, which in turn can affect the ability to manufacture and deliver products.

Business risks related to corruption and ethics

Global companies operate in markets and societies with elevated risks of corruption and bribery. Risks include loss of trust as well as damage to the brand, imposition of penalties, fines or other financial consequences for violating laws and regulations.

Fractal Gaming Group's long-term strategy for controlling risks is an essential part of its sustainability work. Implementation and continuous updating of our Code of Conduct and supplier compliance with the Code of Conduct are key factors. Approval of suppliers and business partners and follow-up through sustainability audits are important measures to manage current risks. Training initiatives are also a tool to ensure compliance with the Code of Conduct.

Circular resource flows

Scarcity of natural resources and assets can lead to new legislation that makes production more expensive and complex, which in turn can lead to higher prices.

Fractal Gaming Group designs all Fractal products, which translates to good control over material selection, properties, and performance across the entire range.

To the general meeting of the shareholders of Fractal
Gaming Group AB, company registration no. 559080-2970

Auditor's opinions

Assignment

It is the Board of Directors that is responsible for the sustainability report for 2022 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our review was conducted in accordance with FAR's recommendation RevR 12 Auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the review has provided us with sufficient basis for our opinion.

Statement

A sustainability report has been drawn up.
Gothenburg, 26 April 2023
KPMG AB

Mathias Arvidsson

Authorized public accountant

Chief auditor



Corporate governance

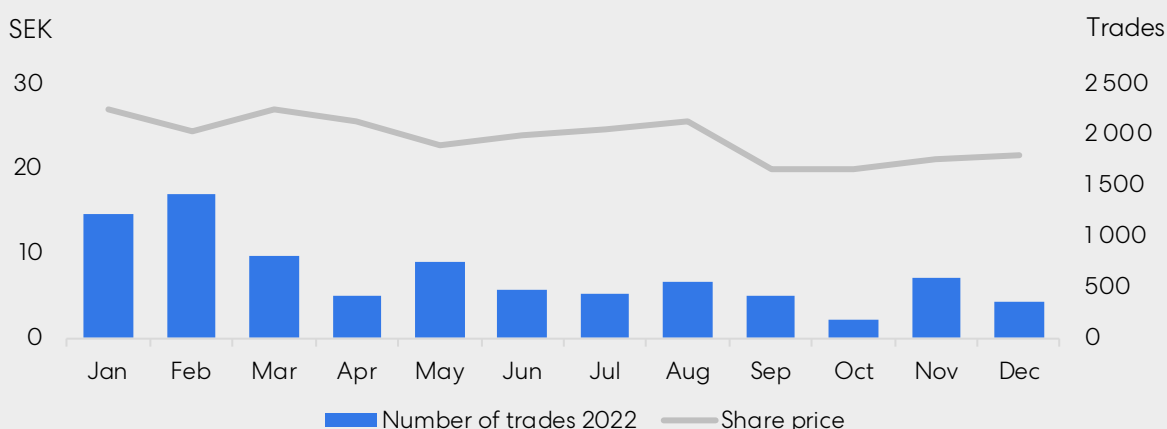
The share and shareholders

Share price development and turnover

Fractal has been listed on Nasdaq First North Premier since February 11, 2021 and is traded under the symbol FRACTL. At the close of 2022, Fractal's share price was listed at SEK 21.55 (29.50). This is equivalent to a market capitalization of SEK 628 million. The highest price quoted during the financial year was SEK 29.50 and the lowest price was SEK 17.54. During the period, a total of 4.5 million shares were traded with a total value of SEK 109.6 million.

Share capital

On December 31, 2022, share capital in Fractal amounted to SEK 500,000, divided into 29,119,500 shares with a quota value of SEK 0.017. According to the company's articles of association, share capital may not be less than SEK 500,000 and not exceed SEK 2,000,000, and the number of shares must remain between 29,000,000 and 116,000,000. Each share entitles the holder to one vote at the General Meeting and each shareholder is entitled to vote for all shares held by the shareholder. On January 8th, 2021, a share split was carried out and the number of shares went from 970,650 to 29,119,500.



Ownership structure

The number of shareholders as of December 31 was 5,336 (6,508). The ten largest shareholders controlled 85.8% (82.9%) of capital and votes. The three largest shareholders were Långholmen Holding AB, a related company to Hannes Wallin (CEO), Litorina IV L.P., and Herenco Holding Aktiebolag.

Dividend and dividend policy

Fractal's goal is to pay out 30%-50% of the net profits, considering other factors such as financial position, cash flow, and growth opportunities. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2022 financial year.

Data per share

2022

Stock price as of December 31	21.6
Market capitalization as of 31 December	627,525,225
Dividend, SEK / share	-
Earnings per share, SEK	0.4
Number of outstanding shares	29,119,500
Average number of shares before dilution	29,119,500
Average number of shares after dilution	29,119,500
The number of shareholders as of December	5,336

10 largest shareholders	Total number of shares	% of total number of shares
Långholmen Holding AB	8,444,655	29.0
Litorina IV L.P.	3,842,587	13.2
Herenco Holding Aktiebolag	3,402,776	11.7
SEB Life International	2,705,500	9.3
SEB Life International	1,890,000	6.5
Mediuminvest AS	1,283,043	4.4
Enter fonder	1,225,309	4.2
Tin Ny Teknik	1,139,024	3.9
Avanza Pension	522,045	1.8
Patrick Söderlund	514,290	1.8

Distribution of shareholdings	Quantity	Holdings,%
1-500	4,696	88.0%
501-1 000	330	6.2%
1 001-5 000	240	4.5%
5 001-10 000	20	0.4%
10 001-15 000	11	0.2%
15 001-20 000	6	0.1%
20 001-	33	0.6%
	5,336	100%

Year	Transaction	Number of shares after transaction	Total share capital after transaction
2018	New share iss	1,015,773	101,577
2020	Withdrawal	970,650	101,577
2021	Split	29,119,500	500,000

Corporate Governance Report

Corporate governance structure

The governance of Fractal Gaming Group AB (Fractal) is regulated by both internal governing documents as well as external regulations. External regulations include the Swedish Companies Act and the Annual Accounts Act, Nasdaq Stockholm's regulations for issuers and other laws and regulations. The internal governing documents consist of, among other things, the Articles of Association adopted by the Annual General Meeting, the Board's rules of procedure and the Board's instructions for the CEO. The Swedish Code of Corporate Governance (the Code) is applied by the company and no deviations from the Code have been reported.

Shareholders

At the close of the year, Fractal had a share capital of SEK 500,000. The number of registered shares amounted to 29,119,500.

Fractal's largest shareholders were Långholmen Holding AB with 29% of the votes, Litorina IV L.P. with 13.2%, and Herenco Holding Aktiebolag with 11.7%. The number of shareholders amounted to 5,336 (6,508). Distribution of ownership is presented on the previous page. Fractal's shares are connected to Euroclear Sweden AB, meaning that they maintain a shareholder register of owners and administrators in the company and that no share certificates are issued.

General meeting

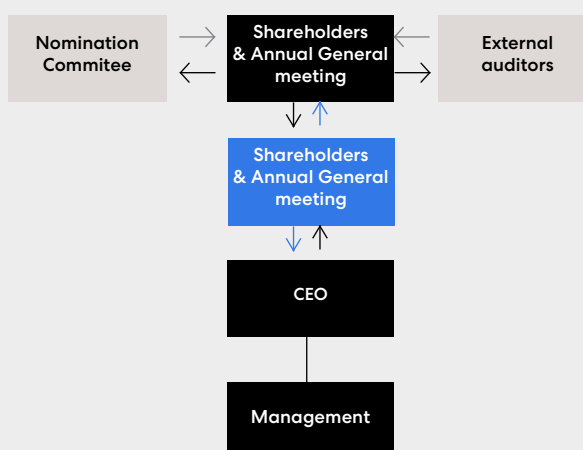
In accordance with the Swedish Companies Act (2005:551), the general meeting is the company's highest decision-making body. At the General Meeting, the shareholders exercise their voting rights on key issues such as approval of income statements and balance sheets, appropriation of the company's profit or loss, granting discharge from liability for board members and the CEO, election of board members and auditor, and remuneration to the board and auditor.

The Annual General Meeting must be held no later than six months after the end of the financial year. An Extraordinary General Meeting may be convened in addition to the Annual General Meeting. In accordance with the Articles of Association, notice to convene the General Meeting is announced by advertising in Post- och Inrikes Tidningar and by making the notice available on the company website. The notice to convene is also announced in Svenska Dagbladet. The Annual General Meeting is held in Stockholm or Gothenburg.

Each share in Fractal entitles the holder to one vote at the General Meeting and each shareholder has the right to vote for all shares held by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter considered at the General Meeting must submit a written request on this matter to the Board of Directors. The request should normally be received by the Board no later than seven weeks before the General Meeting.



Annual General Meeting

Fractal's last Annual General Meeting was held on May 19, 2022. A total of 6 shareholders participated or were represented at the meeting, representing approximately 62% of the total number of votes in the company. The Annual General Meeting was held without the physical presence of the shareholders in accordance with the temporary Act (2020:198) on temporary exceptions to facilitate the conduct of general meetings in companies and associations. Minutes from the Annual General Meeting and the Articles of Association are available on Fractal's website, group.fractal-design.com. The Annual General Meeting passed the following decisions, among others:

- decision, in accordance with the nomination committee's proposal, that remuneration to the Board of Directors should be paid in a maximum amount of SEK 1,231,000, of which SEK 307,000 to the Chairman of the Board and SEK 154,000 to each of the other Board members.
- decision, in accordance with the nomination committee's proposal, to appoint Magnus Yngen (re-election), Pernilla Ekman (re-election), Ola Nilsson (re-election), Gustav Thott (re-election), Patrick Söderlund (re-election) and Erik Stenberg (new election) as members of the Board of Directors. Magnus Yngen was re-elected as Chairman of the Board.
- decision, in accordance with the nomination committee's proposal, to re-elect KPMG AB as the company's auditor, with Mathias Arvidsson as chief auditor.

- decision on the principles for appointing the nomination committee (see below).
- a decision to amend the Articles of Association, in accordance with the Board of Directors' proposal, to incorporate the possibility of voting by mail in the Articles of Association.
- decision, in accordance with the Board's proposal, on a long-term incentive program and issue of warrants to certain senior executives.
- decision, in accordance with the Board's proposal, to authorize the Board to resolve to increase the company's share capital by issuing new shares, corresponding to a maximum of 10% of the number of outstanding shares and votes in the company.

Nomination committee

Companies complying with the Code must have a nomination committee. The Code states that the General Meeting shall appoint the members of the nomination committee or specify how the members are to be appointed. That the nomination committee shall, according to the Code, consist of at least three members, a majority of which are independent in relation to the company and Group management. Additionally, at least one member of the nomination committee must be independent in relation to the largest shareholder in terms of votes or the group of shareholders who collaborate on managing the company.

At the Annual General Meeting held on May 19, 2022, it was decided that the nomination committee shall consist of representatives from the three largest shareholders listed in the share register maintained by Euroclear Sweden as of September 30, 2022 and the Chairman of the Board, who will also convene the first meeting of the nomination committee. The member representing the largest shareholder shall be appointed president of the nomination committee unless the nomination committee unanimously appoints someone else. If one or more of the shareholders who appointed representatives to the nomination committee earlier than three months before the Annual General Meeting are no longer among the three largest shareholders, representatives appointed by these shareholders shall resign, and the shareholders who subsequently belong to the three largest shareholders may appoint their own representatives.

If a representative resigns from the nomination committee before the nomination committee's work is completed and the nomination committee considers it necessary to replace the said representative, such a replacement representative shall represent the same shareholder unless said shareholder is no longer one of the largest shareholders, in which case the replacement representative shall instead represent the largest shareholder in turn. Shareholders who have appointed a representative as a member of the nomination committee have the right to dismiss such a member and appoint a new representative as a member of the nomination committee. Changes in the composition of

the nomination committee must be announced immediately.

The composition of the nomination committee prior to the Annual General Meeting is usually announced no later than six months before the meeting. Representatives of the nomination committee shall not receive compensation. The company shall reimburse any costs that the nomination committee incurs through its work. The term of office for the nomination committee ends when the composition of the following nomination committee has been announced.

Prior to the 2023 Annual General Meeting, the nomination committee consisted of Daniel Johnsson as representative of Långholmen Holding AB, Lars Verneholt as representative of Litorina IV L.P., Carl-Mikael Lindholm as representative of Herenco Holding Aktiebolag and Chairman of the Board Magnus Yngen. Daniel Johnsson has been appointed president of the nomination committee. The shareholders appointed as representatives to the nomination committee jointly represent 55.4% of the votes in Fractal

Board member	Appointed by	Independent	Participation * / number of meetings
Daniel Johnsson	Repr. for Långholmen Holding AB	Yes	3/3
Lars Verneholt	Litorina IV L.P.	Yes	3/3
Carl-Mikael Lindholm	Herenco Holding AB	Yes	3/3
Magnus Yngen	In his capacity as	Yes	3/3

*by the company and the company management

Board of Director

Work of the Board of Directors

The Board of Directors is Fractal's highest decision-making body after the General Meeting. In accordance with the Swedish Companies Act, the Board is responsible for the company's management and organization, which means in part that the Board is responsible for setting goals and strategies, ensuring routines and systems for evaluating set goals, continuously evaluating the company's results, financial position and operational management. The Board is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. The Board also appoints Fractal's CEO.

Composition of the Board of Directors

The members of the Board of Directors are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. In keeping with Fractal's Articles of Association, the Board (as elected by the General Meeting) shall consist of a minimum of three members and a maximum of ten

members (no deputies). In accordance with the Code, the Chairman of the Board is elected by the Annual General Meeting and has a special responsibility for the management of the Board's work and for ensuring that said work being is organized and carried out in an efficient manner.

The Board follows written rules of procedure that are revised annually and adopted annually at the board meeting following election. The rules of procedure regulate, among other things, board practice, functions, and the distribution of work between Board members and the CEO. In connection with the board meeting following election, the board also adopts the instructions for the CEO, including financial reporting.

The Board of Directors has decided to discharge the tasks of the Remuneration Committee and the Audit Committee in full. This means that the Board as a whole must, among other things, monitor Fractal's financial reporting, monitor the efficiency of the company's internal control, internal audit and risk management, remain abreast of the audit of the annual accounts and consolidated accounts, review and monitor the auditor's impartiality and independence and thereby pay particular attention to whether the auditor provides non-audit services to Fractal, and prepare proposals for the election of the auditor by the general meeting. Furthermore, the Board shall also decide on remuneration and other terms of employment for the CEO and senior executives.

The Board meets according to an annually established schedule. Additional board meetings can be convened to address issues that cannot be referred to an ordinary board meeting. In addition to the board meetings, the Chairman of the Board and the CEO have an ongoing dialog regarding the management of Fractal. In 2022, nine recorded board meetings were held, including board meetings following election and per capsulam meetings.

Board member	Elected	Independent of the company and the company management	Independent of major share-holders	Participation / number of meetings
Magnus Yngen	2017	Ja	Ja	9/9
Hannes Wallin (VD)	2010	Nej	Nej	9/9
Patrick Söderlund	2019	Ja	Ja	8/9
Gustav Thott	2016	Ja	Nej	9/9
Pernilla Ekman	2020	Ja	Ja	8/9
Ola Nilsson	2021	Ja	Ja	9/9
Erik Stenberg	2022	Ja	Ja	7/9

Managing Director and other senior executives

The Managing Director is subordinate to the Board of Directors and is responsible for Fractal's general management and daily operations. The division of tasks between the Board and the CEO is set out in the Rules of Procedure for the Board and the Instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from management prior to board meetings and is the presenter of the material at board meetings.

According to the financial reporting instructions, the CEO is responsible for financial reporting in the company and must consequently ensure that the Board of Directors receives sufficient information to enable the Board to continuously evaluate Fractal's financial position.

The CEO shall keep the Board of Directors continuously informed of developments in Fractal's operations, the development of sales, results and financial position, liquidity and financial situation, important business events and any other event, circumstance, or relationship that can be assumed to be of material importance to Fractal's shareholders.

Internal control

Internal control encompasses control of the group's organization, procedures, and support measures. The aim is to ensure that the financial reporting is reliable and accurate, that company and consolidated financial reports are prepared in accordance with regulations and applicable accounting practice, that Fractal's assets are protected, and that other requirements are met. The internal control system is also designed to monitor compliance with Fractal's policies, principles, and instructions. Internal control also includes analysis of risks and monitoring of implementing information and business systems. The Group identifies, assesses, and

manages risks based on the Group's vision and objectives. Risk assessments of strategic, compliance, operational, and financial risks are performed annually by the CFO, and the assessment is presented to the Board.

The Board is responsible for internal control. Processes for managing the business and ensuring that the group delivers value should be established within the business management system. The CEO is responsible for the process structure within the group.

A self-evaluation of the minimum requirements of defined controls for identified risks shall be performed annually and reported to the Board of Directors. The CFO is responsible for the self-evaluation process, which is facilitated given that the internal control works. In

addition, the internal control function performs assessments of risk controls and internal systems in accordance with the plan agreed upon with the Board and Group Management.

Audit

The auditor shall review Fractal's annual report and accounts and the management of the Board of Directors and CEO. After each financial year, the auditor shall submit an auditor's report and a consolidated auditor's report to the Annual General Meeting.

Per Fractal's Articles of Association, the Company shall have a minimum of one (1) and a maximum of two (2) auditors and a maximum of two (2) deputy auditors. The company's independent auditors are KPMG AB, with Mathias Arvidsson as chief auditor.

Board



Magnus Yngen

Born: 1958. Chairman of the board since 2017.

Education: MSc in Engineering, KTH Royal Institute of Technology.

Other current assignments: Chairman of the board of LMY Stockholm AB. Board member of Dometic Group AB (publ) and Frekamara AB.

Previous assignments (last five years): Deputy chairman of the board of Intrum AB. Chairman of the board of Camfil Power Systems AB, Camfil Svenska Aktiebolag, Duni AB, Golvviken Newco AB, SD Group Intressenter AB, Sveba-Dahlén Group AB and Vålinge Group AB. Board member of Camfil Aktiebolag, Dometic Group Services AB, Dometic Holding AB, Dometic Koncern AB, Frostbite Holding AB and Makafretero AB. CEO of Camfil Aktiebolag and Good to Great World AB.

Shareholding in the Company (incl. any related party holdings) 428 550 shares.



Gustav Thott

Born: 1977. Board member since 2016.

Education: MSc, Stockholm School of Economics.

Other current assignments: Physical Medicine Holding AS, Chino BidCo ApS och Chino Holding ApS

Previous assignments (last five years): Board member of FHV Intressenter AB, Fiskarhedenvillan AB, Fiskarhedenvillan Group AB, Fiskarhedenvillan Group Holding AB, LL Intressenter AB, L&R Intressenter AB and mySafety Group AB.

Shareholding in the Company (incl. any related party holdings) -



Pernilla Ekman

Born: 1972. Board member since 2020.

Education: MSc in Business Administration and Economics, Stockholm University.

Other current assignments: Chairman of the board of Aarke Group AB. Chairman of the board of Stronger AB. Board member of Emperek AB. Board member of Profoto Holding AB.

Previous assignments (last five years): Chairman of the board of Zound Industries Smartphones AB. CEO of Zound Industries International AB.

Shareholding in the Company (incl. any related party holdings): 44 340 shares.



Patrick Söderlund

Born: 1973. Styrelseledamot sedan 2019.

Education: -

Other current assignments: Chairman of the board of Embark Studios AB. Board member of Hexagon Aktiebolag, Nexon Co., Ltd., Ortalis Group AB, Sicalis AB and Surmount Together AB. CEO of Embark Studios AB.

Previous assignments (last five years): Chairman of the board of ESN Social Software AB and JOOSEO Capital Operations Uppsala AB. Board member of BIMobject AB, Digital Illusions CE AB, EA Digital Illusions CE AB, Ortalis Byggnation AB, Ortalis Fastigheter AB and Peltarion AB..

Shareholding in the Company (incl. any related party holdings). 514 290 shares.



Hannes Wallin

Born: 1982. Chairman of the board since 2010.

Education: -

Other current assignments: Styrelseordförande för JHD Holding AB. Styrelseledamot för Fratic Gear Ltd, Långholmen Holding AB och SANNPA Ltd.

Previous assignments (last five years): CEO of Långholmen Holding AB.

Shareholding in the Company (incl. any related party holdings): 8 507 908 shares.



Ola Nilsson

Born: 1969. Styrelseledamot sedan 2021.

Education: Civilekonom.

Other current assignments: Chief Experience Officer at Electrolux (head of the Consumer Experience function), Executive Vice President

Previous assignments (last five years): Various senior positions within Electrolux including Head of the Home Care & SDA business area, Senior Vice President Product Line Laundry Major Appliances EMEA and President Small Appliances Asia Pacific.

Shareholding in the Company (incl. any related party holdings): 70 000 shares.



Erik Stenberg

Born: 1963

Education: BSc in Business and Economics from Högskolan Karlstad

Other current assignments: Board member of Embracer Group AB, Sting Bioeconomy AB, Richter Life Science Development AB, Plaion Holding GmbH and Xagonus AB.

Previous assignments (last five years): Long and solid experience in business management of Embracer Group AB. Board member of Coffee Stain Holding AB, Saber Interactive Inc.

Shareholding in the Company (incl. any related party holdings): -

Executive management



Hannes Wallin

Born: 1982. CEO since 2010).

For a more detailed description, view the section "Board".



Karin Ingemarson

Born: 1976. CFO since 2019.

Education: MSc in Economics, University of Gothenburg.

Other current assignments: Deputy board member of Stevia Holding AB.

Previous assignments (last five years): Board member of Shiloh Holdings Sweden AB and Shiloh Industries AB. Finance Manager Nordic for Essentra Components AB.

Shareholding in the Company (incl. any related party holdings): 88 650 shares.



Alexander Ernyrd

Born: 1985. CMO since 2020.

Education: Game Development, Örebro University and San Diego University.

Other current assignments: -

Previous assignments (last five years): Nordic e-commerce manager for Ingram Micro Mobility Sweden AB.

Shareholding in the Company (incl. any related party holdings): 13 320 shares.



Martin Gustavsson

Born: 1977. VP Supply Chain since 2021.

Education: Bachelor of Science in Mechanical Engineering, Chalmers tekniska högskola, Göteborg.

Other current assignments: -

Previous assignments (last five years): VP Global Sourcing at Breas Medical AB.

Shareholding in the Company (incl. any related party holdings): 3 130 shares.



Jonas Holst

Born: 1984. VP Global Sales since 2022.

Education: MA in European Studies, BSc in Economic History and BSc in Industrial and Financial Management, University of Gothenburg

Previous assignments (last five years): Chairman of the Board of I&L Consulting AB

Previous assignments (last five years): Chief Product Officer of Blueair AB. Sales Director Blueair Asia Limited. Member of the Board of Blueair AB. Member of the Board of Jonborsten AB

Shareholding in the Company (incl. any related party holdings): -

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Fractal Gaming Group AB, company registration no. 559080-2970

Mission and division of responsibilities

It is the Board of Directors that is responsible for the corporate governance report for 2022 on pages 32-39, prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our review was conducted in accordance with FAR's recommendation RevR 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the review has provided us with sufficient basis for our opinion.

Statement

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, section 6, second paragraph, items 2-6 of the Annual Accounts Act and Chapter 7, section 31, second paragraph of the same Act are consistent with the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, April 26, 2023
KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Management report

Group

The Fractal Group consists of the parent company Fractal Gaming Group AB and the subsidiary Fractal Gaming AB, which in turn has three subsidiaries: Fractal Design North American Inc, Fractal Design Swedish Taiwan Ltd., and Fractal Design (Dongguan) Co, Ltd.

Amounts in these consolidated accounts and annual accounts are stated in SEK thousands, unless otherwise specified.

Parent company

The parent company Fractal Gaming Group AB (publ), company registration number 556080-2970, has its registered office in Stockholm. The operations of the parent company consist of group management services performed for the group companies.

General information about the company

Founded in 2010, Fractal quickly became a pioneer, revamping the image of what gaming products could look like with a clean and streamlined design. Fractal has since developed into both an international brand and a benchmark in the premium segment of PC gaming products. Today, Fractal sells in over 50 countries in the attractive and still-growing gaming market.

The product categories currently consist of computer cases, power supplies, cooling products, and fans for gaming PCs. Fractal is the market leader in computer cases in several geographical markets: currently number one in the Nordic region, second in Japan, and maintains a top-three position globally. Fractal's offer and range is distinguished by Scandinavian design, careful material selection, and high quality.

From day one, the Company has delivered profitable growth by successfully combining design, performance, and quality to satisfy consumer demand, while also expanding the product offering and geographical

presence. Fractal is a leading, well-established brand with a strong premium positioning that has proven popular within relevant and influential communities. Extensive effort is devoted to improving the customer experience itself, in part through the industry's most acclaimed customer service and aftermarket departments.

Fractal has identified a number of growth areas for continued profitability and development, such as broader and more innovative marketing, aggressive broadening of both the product portfolio and product range, and a continued focus on geographical expansion and new markets. The head office is based in Gothenburg (Sweden) with satellite offices in Dallas (USA), Dongguan (China), and Taipei (Taiwan).

Development of operations and position

The first half of 2022 started on a weak note, but was followed by a positive development in the second half of the year when Fractal again delivered growth and improved profitability. The launch of a new generation of graphics cards, along with a pent-up need to upgrade, are factors that have contributed to the increased demand for PC gaming hardware. Fractal has a strong global market position and a well-established premium brand in its segments, and benefits from increased demand. This is despite continued macroeconomic and geopolitical uncertainty with high inflation, which are impacting the overall purchasing power of consumers in most markets.

The group's net sales over the year amounted to SEK 485.6 million (478.6), an increase of 1.5%. Net sales in USD amounted to USD 47.9 million (56.0), and the organic change was -14.5%.

The company's investments consist mainly of tangible and intangible assets and are strongly linked to product development.

The Group in summary

MSEK	2022	2021	2020	2019
Net sales	485.6	478.6	635.7	401.5
Net sales, USDm	47.9	56.0	69.4	42.8
Product profit	179.1	158.1	240.8	149.0
Product margin, %	36.9%	33.0%	37.9%	37.1%
EBITDA	34.0	12.4	125.7	64.1
EBITDA margin	7.0%	2.6%	19.8%	16.0%
Adjusted EBITDA	34.0	33.5	138.6	64.1
Adjusted EBITDA margin, %	7.0%	7.0%	21.8%	16.0%
Operating cash flow	26.4	-60.7	62.8	33.2
Cash generating	77.6%	-488.8%	50.0%	51.8%
Interest-bearing net debt	115.6	126.2	49.7	30.7
USD/SEK, average	10.1	8.5	9.2	9.4

For the definitions of key ratio, see page 82

Items affecting comparability were 0 SEKm (21,1), related to costs for listing.

Parent company in summary

MSEK	2022	2021	2020	2019
Net sales	5.9	26.3	12.4	4.5
Profit/loss after financial items	-1.5	-0.3	41.7	-3.4
Balance sheet total	274.6	273.0	279.3	271.8

Noteworthy events during the financial year

During the period, it was announced that Fractal had received a tariff exemption for computer case sales to the US. The exemption applied from October 12, 2021 to December 31, 2022. In December 2022, the tariff exemption was extended until September 30, 2023.

Erik Stenberg was elected as a new board member at the Annual General Meeting on May 19, 2022. Furthermore, the Annual General Meeting also decided to introduce a long-term incentive program (LTIP) for certain senior executives.

The Board of Directors proposes that no dividends be paid.

Operations in research and development

Fractal conducts internal product development, to further develop both new and existing product areas. Expenditure on product development in 2022 amounted to 13,868 kSEK (13,587), of which 11,065 kSEK (9,967) were capitalized development expenses.

Development operations take place mainly in the subsidiary Fractal Gaming AB.

Sustainability report according to the Annual Accounts Act

A sustainability report has been prepared in accordance with Chapter 6, section 11 of the Annual Accounts Act. The statutory sustainability report can be found on page 13.

Information on risks and uncertainties

Fractal is dependent on product launches taking place as planned, and delays can have large effects on total sales volume.

The group's products are priced mainly in USD. Procurement is also priced mainly in USD but is also partly affected by the relationship between the USD and the Chinese currency CNY. Changes in the exchange rate (especially SEK/USD) greatly affect the Group's earnings.

Fractal is exposed to fluctuations in raw material prices, primarily steel and plastics. Restrictions in the supply chain (such as a shortage of semiconductors) can affect the Group's earnings. Our operations are also dependent on the free global flow of goods (especially between the major markets in North America and Europe), manufacturing in China, and other factors.

Financial instruments and risk management

The Group's financial policy involves forecasting and monitoring liquidity and financial position on an ongoing basis. This includes forecasting and monitoring the USD flow.

Currency risk is managed primarily through close monitoring of the net flow of USD and adjusting the supply to the expected demand. Hedging instruments and hedge accounting are not used to manage currency risk. See also note 25. Credit risk, which is mainly attributable to trade receivables, is managed partly through credit checks and partly through credit insurance. So far, the net cost of unpaid receivables has been very low.

The parent company faces indirect currency risk through investment in subsidiaries.

Future outlook

The company's board and management are positive with respect to the future, as the group's global market is growing given the continued growth of e-sports,

among other things. Fractal continues to maintain a strong global market position and the Board and management see good conditions for continued growth and profitability based on the company's attractive offerings that meet the demands of high-performance gamers. The underlying long-term demand is good, and Fractal will continue to pursue its growth-advancing initiatives with continued geographical expansion and market growth.

One clear example of the high interest in e-sports and high-performance gaming is the development of the gaming platform Steam, which in November 2022 reported a new user record of just over 32 million simultaneous online users. This is an increase of 3 million users compared to the previous measurement in the third quarter of 2022.

Given the industry in which the Group operates, the conflict in Ukraine has not had any significant impact on its operations during the period. It cannot be ruled out that a prolonged conflict in Ukraine could have an impact on operations and indirectly affect sales through increased macroeconomic uncertainty, higher inflation, higher interest rates, and reduced consumer confidence and purchasing power.

Proposed appropriation of the company's profit

The following amounts in SEK are in disposal to the Annual General Meeting.

Share premium	178,041
Retained earnings	56,016
Net loss for the year	140
Total	234,197
To be carried forward.	234,197
Total	234,197

Regarding the Group and the Parent Company's earnings and position in general, reference is made to subsequent financial reports and accompanying notes.

Income statement and statement of other comprehensive income - The group

January 1 - December 31

TSEK	Note	2022	2021
Net sales	2, 3	485,567	478,560
Capitalized development expenditure		8,985	8,903
Other operating income	4	1,119	123
		495,670	487,586
Operating expenses			
Goods for resale		-306,415	-320,443
Other external expenses	6	-86,331	-96,835
Personnel expenses	5, 21	-68,885	-57,880
Depreciation and impairment of tangible and intangible non-current assets		-18,753	-13,848
		480,383	489,006
Operating profit		15,287	-1,420
Net financial income and expenses			
Finance income	7	5,540	-
Finance costs	7	-7,224	-4,691
		-1,684	-4,691
Profit/loss after financial items		13,603	-6,111
Income tax expense	9	-2,912	1,753
Net loss for the year		10,692	-4,358
<i>Other comprehensive income</i>			
Items that have been reclassified or can be reclassified to profit/loss for the period			
Foreign subsidiaries - foreign currency translation differences		353	650
Other comprehensive income for the year		353	650
Total comprehensive income for the year		11,045	-3,708
Profit for the year attributable to:			
Shareholders of the Parent Company		10,692	-4,358
Holdings without control		-	-
Annual profit		10,692	-4,358
Total comprehensive income attributable to:			
Parent Company's shareholders		11,045	-3,708
Non-controlling interests		-	-
Total comprehensive income for the year		11,045	-3,708
Earnings per share, SEK		0	-0
Before and after dilution, SEK	10	0	-0

Statement of the financial position

- The group

TSEK	Note	12/31/2022	12/31/2021
Assets			
Goodwill	11	210,167	210,167
Capitalised development costs	12	29,952	21,897
Tangible assets	13	39,765	31,706
Right-of-use assets	14	12,066	14,696
Deferred Tax Asset	9	-	601
Total non-current assets		291,950	279,067
Inventories	15	126,784	170,456
Accounts receivable	16, 25	99,104	93,353
Prepaid expenses and accrued income	17	3,081	9,513
Other receivables		12,018	7,888
Cash and cash equivalents	18	3,890	4,272
Total current assets		244,878	285,483
TOTAL ASSETS		536,828	564,550
Shareholders' equity			
	19		
Share capital		500	500
Share premium		178,041	177,899
Reserves		-44	-397
Retained earnings including profit/loss for the period		99,679	88,988
Equity attributable to the Parent Company's shareholders		278,177	266,990
Total equity		278,177	266,990
Liabilities			
Long-term lease liabilities	20, 25	8,496	11,328
Provisions	22	3,552	2,810
Deferred tax liabilities	9	6,624	8,463
Total non-current liabilities		18,672	22,602
Overdraft facility	20, 25	109,537	130,461
Current lease liabilities	20, 25	3,513	3,399
Accounts payable	25	93,065	122,642
Tax liabilities	9	100	641
Other liabilities		12,247	1,642
Accrued expenses and prepaid income	23	21,517	16,172
Total current liabilities		239,979	274,959
Total Liabilities		258,651	297,560
Total Equity and liabilities		536,828	564,550

Statement of changes in equity - The group

	Equity attributable to the parent company's shareholders						Total equity
	Share capital	Share premium	Translation reserve	Retained earnings including profit/loss for the period	Total	Possession without controlling influence	
Opening equity 2021-01-01	101	177,899	-1,047	93,745	270,698		270,698
Comprehensive income for the year							
Other comprehensive income for the year			650	-4,358	-3,708		-3,708
Other comprehensive income for the year			650	-4,358	-3,708		-3,708
Dividends paid							
Fund issue	399			-399	-		-
Acquisition of minority							
Total transactions with the Group's owners	399			-399	-		-
Outgoing equity 2021-12-31	500	177,899	-397	88,988	266,990		266,990

	Equity attributable to the parent company's shareholders						Total equity
	Share capital	Share premium	Translation reserve	Retained earnings including profit/loss for the period	Total	Possession without controlling influence	
Opening equity 2022-01-01	500	177,899	-397	88,988	266,990		266,990
Comprehensive income for the year							
Other comprehensive income for the year			353	10,692	11,045		11,045
Other comprehensive income for the year			353	10,692	11,045		11,045
Dividends paid							
Fund issue							
Acquisition of minority							
Premium paid when issuing stock options		143			143		143
Total transactions with the Group's owners		143			143		143
Outgoing equity 2022-12-31	500	178,041	-44	99,679	278,177		278,177

Statement of cash flows - The group

January 1 – December 31

TSEK	Note	2022	2021
	32		
<i>Cash flows from operating activities</i>			
Profit/loss after financial items		13 603	-6 111
Adjustments for items not included in cash flow		20 255	15 758
Income tax paid		-1 221	-10 465
Increase (+)/Decrease (-) of inventories		43 673	2 337
Increase (+)/Decrease (-) of operating receivables		-5 795	-5 217
Increase (+)/Decrease (-) of operating liabilities		-13 589	-44 591
Net cash from operating activities		56 926	-48 289
<i>Cash flows from investing activities</i>			
Acquisition of property, plant and equipment		-19 685	-15 664
Disposal of tangible fixed assets		-	229
Acquisition intangible assets		-12 232	-10 317
Net cash used in investing activities		-31 917	-25 752
<i>Cash flows from financing activities</i>			
Net change, bank overdraft facility		-20 924	65 372
Amortization of lease liabilities		-3 467	-2 159
Net cash used in financing activities		-24 391	63 213
Net change in cash and cash equivalents		618	-10 828
Cash and cash equivalents at start of the year		4 272	15 368
Effects of movements in exchange rates on cash held		-1 000	-268
Cash and cash equivalents at end of the year		3 890	4 272

Parent Company income statement

January 1 – December 31

TSEK	Note	2022	2021
Net sales		5,880	26,287
Other operating income		219	-
		6,099	26,287
Operating expenses			
Other external expenses	6	-1,739	-21,666
Personnel expenses	5, 21	-5,797	-4,919
Operating profit		-1,438	-298
Net financial income and expenses			
Financial income		0	-
Finance costs	7	-92	-49
Profit/loss after financial items		-1,530	-347
Appropriations	8	1,750	-
Net income before taxes		220	-347
Income tax expense	9	-80	-26
Profit/loss for the year		140	-373

Parent Company balance sheet

TSEK	Note	12/31/2022	12/31/2021
Assets			
Non-current assets			
Financial fixed assets			
Shares in group companies	30	271,432	271,432
Total non-current assets		271,432	271,432
Current assets			
Current assets			
Receivables from group companies	2	1,165	844
Other receivables		1,603	283
Prepaid expenses and accrued income	17	196	65
<i>Total current receivables</i>		<i>2,964</i>	<i>1,192</i>
Cash and cash equivalents		201	423
Total current assets		3,164	1,614
Total assets		274,597	273,047
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		500	500
Non-restricted equity			
Share premium		178,041	177,899
Retained earnings		56,016	56,388
Profit for the year		140	-373
Shareholders' equity		234,697	234,414
Untaxed reserves	31	26,023	26,023
Long-term liabilities			
Liabilities to group companies	20	-	-
<i>Total long-term liabilities</i>		<i>-</i>	<i>-</i>
Current liabilities			
Overdraft facility		-	269
Dept to group companies		10,638	3,500
Tax liabilities		-	6,880
Other liabilities		556	509
Accrued expenses and prepaid income	23	2,682	1,452
<i>Total current liabilities</i>		<i>13,877</i>	<i>12,610</i>
Total equity and liabilities		274,597	273,047

Statement of changes in equity - Parent Company

TSEK	Restricted equity	Unrestricted equity			Total equity
	Share capital	Share premium fund	Balanced results	Profit/loss for the year	
Opening equity 2021-01-01	101	177 899	-10 375	67 162	234 787
Comprehensive income for the year					
Net loss for the year				-373	-373
<i>Comprehensive income for the year</i>				-373	-373
Reversal of previous year's results			67 162	-67 162	-
Fund issue	399		-399		-
Outgoing equity 2021-12-31	500	177 899	56 388	-373	234 414

TSEK	Restricted equity	Unrestricted equity			Total equity
	Share capital	Share premium fund	Balanced results	Profit/loss for the year	
Opening equity 2022-01-01	500	177 899	56 388	-373	234 414
Comprehensive income for the year					
Net loss for the year				140	140
<i>Comprehensive income for the year</i>				140	140
Reversal of previous year's results			-373	373	-
Premium paid when issuing stock options		143			143
Outgoing equity 2022-12-31	500	178 041	56 016	140	234 697

Statement of Cash flows - Parent Company

January 1 – December 31

TSEK	Note	2022	2021
	32		
<i>Cash flows from operating activities</i>			
Profit/loss after financial items		-1,530	-347
Adjustments for items not included in cash flow		-	-
Income tax paid		-6,658	-3,338
		-8,188	-3,685
Increase (+)/Decrease (-) of operating receivables		-182	5,422
Increase (+)/Decrease (-) of operating liabilities		6,397	-2,521
Net cash from operating activities		-1,973	-783
<i>Cash flows from financing activities</i>			
Received group contribution		1,750	-
Net cash used in financing activities		1,750	-
Net change in cash and cash equivalents		-223	-783
Cash and cash equivalents at start of the year		424	1,207
Cash and cash equivalents at end of period		201	424

Notes to the financial statements

Note 1 – Significant accounting principles

Compliance with standards and laws

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. The Parent Company applies the same accounting principles as the Group, except in the cases listed below under the section "Parent Company's accounting principles".

Valuation criteria applied in the preparation of the financial statements

Assets and liabilities are reported at historical acquisition values. The Group has no assets or liabilities that are reported at fair value.

Functional currency and reporting currency

The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the Parent Company and for the Group. This means that the financial reports are presented in Swedish kronor. Unless otherwise stated, all amounts are rounded to the nearest thousand.

Significant applied accounting principles

The accounting principles set out below have (with detailed exceptions to follow) been applied consistently to all periods presented in the Group's financial reports. The Group's accounting principles have also been consistently applied by the Group's companies.

New IFRS that have not yet been applied

New and amended IFRS with future applications are not expected to have any significant effect on the company's financial statements.

Classification and more

Fixed assets essentially consist of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date, while current assets essentially consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date. Long-term liabilities essentially consist of amounts that the Group at the end of the reporting period has an unconditional right to choose to pay further away in time than twelve months after the end of the reporting period. If the Group does not have such a right at the end of the reporting period, the debt amount is reported as a current liability.

Operating segment reporting

An operating segment is a part of the Group that conducts operations from which it can generate

revenue and incur costs and for which independent financial information is available. The result of an operating segment is further monitored by the company's highest executive decision-makers to evaluate the result and to allocate resources to the operating segments. See Note 3 for more details on the division and presentation of operating segments.

Consolidation principles and business acquisitions

Subsidiaries are companies that are under a controlling influence from Fractal Gaming Group AB. A controlling influence exists if Fractal Gaming Group AB has influence over the investment object, is exposed to, or has the right to a variable return from its commitment and can use its influence over the investment to influence the return. In assessing whether a controlling influence exists, potential voting shares are considered and whether de facto control exists.

Subsidiaries are reported according to the acquisition method. This means that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and take over its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction expenses that arise are reported directly in the profit for the year (with the exception of transaction expenses that are attributable to the issue of equity instruments or debt instruments).

In business acquisitions where transferred remuneration, possible holdings without a controlling influence and fair value of previously owned share (in the case of step-by-step acquisitions) exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill. When the difference is negative, so-called acquisitions at a low price, this is reported directly in the profit for the year.

In cases where the contingent purchase price is classified as an equity instrument, no revaluation is done, and equity is adjusted. For other contingent purchase prices, these are revalued at each reporting date and the change is reported in profit for the year. In cases where the acquisition does not concern 100% of the subsidiary, holdings arise without a controlling influence. There are two ways of reporting non-controlling interest: by share of proportional net assets or at fair value, meaning that non-controlling interests have a share in goodwill. The choice can be made on a case-by-case basis. The Group's acquisitions are reported according to the latter alternative.

Acquisition of non-controlling interests

Acquisitions from non-controlling interests are reported as a transaction within equity, i.e. between the Parent Company's owners (within retained earnings) and non-controlling interests. Therefore, goodwill does not arise

in these transactions. The change in non-controlling interests is based on its proportionate share of net assets.

Transactions that are eliminated on consolidation

Intra-group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate of the transaction date. Functional currency is the currency in the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate of the balance sheet date. Exchange rate differences that arise in the conversions are reported in the profit for the year. Non-monetary assets and liabilities that are reported at historical acquisition values are translated at the exchange rate at the time of the transaction. The Group does not contain any assets or liabilities that are reported at fair value.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign currency's functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate of the balance sheet date. Income and expenses in a foreign operation are translated into Swedish kronor at an average exchange rate that constitutes an approximation of the exchange rates that existed at the time of each transaction. Translation differences that arise from currency translation or foreign operations are reported in other comprehensive income and accumulated in a separate component in equity, called the translation reserve.

Income

Performance commitments and revenue recognition principles

Revenue is valued based on the compensation specified in the agreement with the customer. The Group reports revenue when control of a product or service is transferred to the customer. The Group's revenues mainly pertain to sales of goods in the form of PC gaming products. Customers gain control over the goods when they have been delivered and accepted and at this time the revenue is reported. Invoices are drawn up at this time and usually expire within 30-90 days. Volume discounts occur, are calculated on an ongoing basis and reduce reported income.

Government support

Government grants are reported in the statement of financial position when there is reasonable assurance that the grant will be received and that the Group will meet the conditions associated with the grant. Grants are systematically accrued in the profit for the year in the same way and over the same periods as the costs the grants are intended to compensate. Government grants related to assets are reported in the statement of financial position as a reduction of the asset's carrying amount.

Leasing

When an agreement is entered into, the Group assesses whether the agreement is, or contains, a leasing agreement. An agreement is, or contains, a leasing agreement if the agreement leaves the right to decide for a certain period of use of an identified asset in exchange for compensation.

At the beginning of (or reconsidering) a leasing agreement that contains several (leasing and non-leasing) components, the Group distributes the compensation in accordance with the agreement to each component based on the independent price.

Leasing agreements where the Group is the lessee

The Group reports a usufruct asset and a lease liability at the commencement date of the lease agreement. The usufruct asset is initially valued at acquisition value, which consists of the initial value of the lease liability with additions for lease fees paid at or before the commencement date to the earlier end of the asset's useful life and the end of the lease term. In rare cases where the acquisition value of the right to use reflects that the Group will exercise an option to purchase the underlying asset, the asset is depreciated until the end of the useful life.

The leasing liability (divided into long-term and short-term) is initially in part valued at the present value of the remaining leasing fees during the assessed leasing period. The leasing period consists of the non-cancellable period with additions for additional periods in the agreement is at the commencement it is deemed reasonably certain that these will be used.

Leasing fees are normally discounted with the Group's marginal borrowing rate, which in addition to the Group's credit risk reflects the respective agreement's leasing period, currency, and quality of the underlying asset as intended collateral.

The value of the debt is increased by the interest cost for each period and is reduced by the lease payments. The interest expense is calculated as the value of the debt times the discount rate.

The lease liability for the Group's premises with rent as an index is calculated on the rent that applies at the end of each reporting period. At this time, the liability is adjusted with a corresponding adjustment of the carrying amount of the usufruct asset. Correspondingly, the value of the debt and the asset is adjusted in connection with a reassessment of the leasing period.

This occurs in connection with the last notice date within the previously assessed leasing period for premises lease agreements having passed or noteworthy events occurring or circumstances significantly changing in a way that is within the Group's control and affects the current assessment of the leasing period.

The Group presents usufruct assets and leasing liabilities as separate items in the statement of financial position.

For leasing agreements that have a leasing period of 12 months or less or with an underlying asset of low value (less than SEK 50,000), no usufruct asset and leasing debt are reported. Leasing fees for these leasing agreements are reported as an expense on a straight-line basis over the leasing period.

The Group has no agreements where the Group is the lessor.

Financial income and expenses

Interest income or interest expenses are reported according to the effective interest method.

The effective interest rate is the interest rate that exactly discounts the estimated future inflows and outflows during the expected maturity of the financial instrument to:

- carrying amount of the financial asset, or
- the accrued acquisition value of the financial liability.

Interest income and interest expenses are calculated by applying the effective interest method to the reported gross value of the asset (when the asset is not impaired) or to the accrued acquisition value of the financial liability. For financial assets that have deteriorated in credit after the first reporting date, interest income is calculated by applying the effective interest rate to the accrued acquisition value of the financial asset. If the asset is no longer impaired in credit, interest income is calculated again by applying the effective interest rate to the reported gross value.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported in the profit for the year, except when the underlying transaction is reported in other comprehensive income or in equity, whereby the associated tax effort is reported in other comprehensive income or in equity.

Current tax is tax that must be paid or received for the current year, with application of the tax rates that have been decided or in practice decided on the balance sheet date. Current tax also includes an adjustment of current tax attributable to previous periods.

Deferred tax is calculated using the balance sheet method based on temporary differences between reported and taxable values of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill, nor for differences that arose in

the first recognition of assets and liabilities that are not business combinations that at the time of the transaction do not affect either reported or taxable profit. Furthermore, temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future are also not considered. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been decided or in practice decided on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that these will be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Financial instruments

Accounting and initial valuation

Accounts receivable and issued debt instruments are reported when they are issued. Other financial assets and financial liabilities are reported when the Group becomes a party to the instrument's contractual terms. A financial asset (except for accounts receivable that do not have a significant financing component) or financial liability is valued at fair value at initial recognition plus, in the case of financial instruments that are not valued at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue. A trade receivable without a significant financing component is valued at the transaction price.

Classification and subsequent valuation

Financial assets

At the first reporting date, a financial asset is classified as valued at accrued acquisition value; fair value via other comprehensive income – debt instrument investment; fair value via other comprehensive income – equity investment; or fair value through profit or loss. All the Group's financial assets are classified as valued at amortized costs.

Financial liabilities – Classification, subsequent valuation and gains and losses

Financial liabilities are classified as valued at amortized cost or fair value through profit or loss. All the Group's financial liabilities are classified as valued at accrued acquisition value.

Impairment losses – expected credit losses

The loss reserve for accounts receivable, contract assets and leasing receivables is always valued at an amount corresponding to expected credit losses during the remaining term of the receivable. The Group uses a matrix for calculating the loss reserve with expected loss percentages divided by how many days a receivable is late and which customer category the receivable originates from. The loss percentages are based on historical experience and specific conditions at the end of the reporting period.

Presentation of reserves for expected credit losses in the statement of financial position

Loss reserves for financial assets valued at accrued acquisition value are deducted from the assets' gross value

Write-off

The reported gross value of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in whole or in part.

Removal from the statement of financial position (cancellation)

Financial assets

The Group removes a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset cease or if it transfers the right to receive the contractual cash flows through a transaction in which essentially all risks and rewards of ownership have been transferred or which the Group does not transfer or retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group writes off a financial liability from the statement of financial position when the commitments stated in the agreement are fulfilled, canceled, or terminated. The Group also writes off a financial liability when the contractual terms are modified and the cash flows from the modified liability is reported at fair value based on the modified terms.

When a financial liability is written off, the difference between the carrying amount that has been removed and the compensation that has been paid (including transferred non-monetary assets or assumed liabilities) is reported in the income statement

Offsetting

Financial assets and financial liabilities are set off and reported with a net amount in the statement of financial position only when the Group has a legal right to set off the reported amounts and intends to settle the items with a net amount or to simultaneously realize the asset and settle the liability.

Tangible fixed assets

Owned assets

Tangible fixed assets are reported in the Group at acquisition value after deductions for accumulated depreciation and any write-downs. The acquisition value includes the purchase price and expenses directly attributable to the asset to bring it into place and in condition to be utilized in accordance with the purpose of the acquisition.

The carrying amount of a property, plant and equipment is removed from the statement of financial position upon disposal or when no future economic benefits are expected from the use or disposal of the asset. Gains or losses arising from the sales or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling

expenses. Profit and loss are reported as other operating income / expenses.

Additional expenses

Additional expenses are added to the acquisition value if it is probably that the future economic benefits associated with the asset will benefit the company and the acquisition value can be reliably calculated. All other additional expenses are reported as an expense in the period in which they arise.

Depreciation methods

Depreciation takes place on a straight-line basis over the asset's estimated useful life, where applicable regarding the estimated residual value.

Depreciation methods used, residual values and periods of use are reassessed at each year-end.

Intangible assets

Goodwill

Goodwill is valued at acquisition value less any accumulated write-downs. Goodwill is allocated to cash-generating units and tested at least annually for impairment.

Research and Development

Expenditure on research aimed at obtaining new scientific or technical knowledge is reported as an expense when it arises. Expenditure on development, where research results or other knowledge is applied to achieve new or improved products or processes, is reported as an asset in the statement of financial position, if the product or process is technically and commercially useful and the company has sufficient resources to complete the development and then use or sell the intangible asset. The carrying amount includes all directly attributable expenses; for example for materials and services, employee benefits, registration of a legal right, amortization of patents and licenses or borrowing expenses in accordance with IAS 23. Other expenses for development are reported in profit for the year as an expense when they arise. Development expenses reported in the statement of financial position are stated at acquisition value less accumulated depreciation and any write-downs.

Additional expenses

Additional expenses for capitalized intangible assets are reported as an asset in the statement of financial position only when they increase the future economic benefits of the specific asset to which they relate. All other expenses are expensed as incurred.

Depreciation methods

Depreciation is reported in profit or loss for the year on a straight-line basis over the estimated useful lives of intangible assets unless such useful lives are indefinite. The useful lives are reviewed at least annually. Goodwill and other intangible assets with an indefinite useful life or that have not yet been ready for use are tested for impairment annually and as soon as indications arise that the asset in question has decreased in value.

Intangible assets with determinable useful lives are amortized from the time they are available for use.

Impairment of tangible fixed assets, intangible assets, and usufruct assets

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill, other intangible assets with an indefinite useful life and intangible assets that are not ready for use, the recoverable amount is also calculated annually. If it is not possible to determine substantially independent cash flows for an individual asset (and its fair value less costs to sell cannot be used), the assets are grouped when testing for impairment at the lowest level where substantially independent cash flows can be identified – a so-called cash-generating unit. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit (group of units) exceeds its recoverable amount. An impairment loss is reported as an expense in the profit for the year. When impairment needs have been identified for a cash-generating unit (group of units), the impairment amount is primarily allocated to goodwill. Thereafter, a proportional write-down is made of other assets included in the unit (group of units). The recoverable amount is the higher of fair value less costs to sell and value in use. When calculating the value in use, future cash flows are discounted with a discount factor that considers risk-free interest and the risk associated with the specific asset.

Impairment reversal

An impairment loss is reversed if there is both an indication that the impairment loss no longer exists and there has been a change in the assumptions that formed the basis for calculating the recoverable amount. Impairment of goodwill is never reversed, however. A reversal is made only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been reported (less depreciation, where applicable) if no write-down has been made.

Inventory

Inventories are valued at the lower cost and net realizable value. The acquisition value of inventories is calculated by applying the first-in, first-out method (FIFO) and includes expenses incurred in everything from acquiring the inventory assets and transporting them, to their current location and condition. The net sales value is the estimated sales price in operating activities, after deduction of estimated costs to achieve a sale.

Payment of capital to the owners

Dividends

Dividends are reported as a liability after the Annual General Meeting has approved the dividend.

Earnings per share

The calculation of earnings per share before dilution is based on the Group's earnings for the year attributable to the Parent Company's owners and on the weighted

average number of shares outstanding during the year. There have been no circumstances that could have led to dilution effects for the Group.

Remuneration to employees

Short-term benefits

Short-term benefits to employees are calculated without discounting and are reported as an expense when the related services are received.

Defined contribution pension plans

Defined contribution pension plans are those plans where the company's obligation is limited to the contributions the company has undertaken to pay. In such a case, the size of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return on capital the contributions provide. Consequently, it is the employee who bears the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected remuneration). All the Group's pension plans are defined contribution, and contributions to these are reported as an expense in the profit for the year at the rate they are earned by the employees' performing services for the company for a period.

Compensation in the event of termination

A cost for remuneration in connection with redundancy is reported at the earliest time when the company can no longer withdraw the offer to the employees or when the company reports costs for restructuring. The benefits that are expected to be adjusted after twelve months are reported at their present value. Remuneration that is not expected to be settled in full within twelve months is reported according to long-term remuneration.

Provisions

A provision differs from other liabilities in that there is uncertainty about the time or size of the payment required. A provision is reported in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made with the best estimation of the amount to settle the existing obligation on the balance sheet date. Where payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and the risks associated with the debt (if applicable).

Guarantee

A provision for guarantees is reported when the underlying products or services are sold. The provision is based on historical data on guarantees and a weighting of possible outcomes in relation to the probabilities with which the outcomes are associated.

Contingent liabilities

Disclosure of contingent liability is provided when there is a possible liability arising from events that have occurred (and said occurrence is confirmed by one or more uncertain future events beyond the Group's control), or when there is a liability that is not reported as a liability or provision because it is not likely that an outflow of resources will be required, or cannot be calculated with sufficient reliability.

Parent Company accounting principles

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Statements issued by the Swedish Financial Reporting Board applicable to listed companies are also applied. RFR 2 states that the Parent Company in the annual report for the legal entity shall apply all IFRSs and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Social Security Act and regarding the connection between accounting and taxation. The recommendation states which exceptions from (and additions) to IFRS should be made.

Differences between the Group's and the Parent Company's accounting principles

The differences between the Group's and the Parent Company's accounting principles are set out below. The accounting principles for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial reports.

Classification and layout forms

For the Parent Company, an income statement and a report on earnings and other comprehensive income are reported. Together, they make up a report on earnings and other comprehensive income. Furthermore, for the Parent Company, the terms balance sheet and cash flow analysis are used for the

reports that in the Group have the titles report on financial position and report on cash flows, respectively. The income statement and balance sheet are prepared for the Parent Company in accordance with the schedules of the Annual Accounts Act, while the report on earnings and other comprehensive income, the report on changes in equity and the cash flow analysis are based on IAS 1 Presentation of Financial Statements and IAS 7 Cash Flows Report. The difference from the Group's reports that apply in the Parent Company's income statements and balance sheets mainly consist of the presentation of fixed assets, equity, and the presence of untaxed reserves in the balance sheet.

Subsidiary

Participations in subsidiaries are reported in the Parent Company according to the acquisition value method. This means that transaction expenses are included in the carrying amount. In consolidated accounts, transaction expenses attributable to subsidiaries are reported directly in the income statement as they arise.

Leased assets

The Parent Company does not apply IFRS 16, in accordance with the exception contained in RFR 2. As a lessee, leasing fees are reported as an expense on a straight-line basis over the leasing period and thus usufruct rights and leasing liabilities are not reported in the balance sheet.

Taxes

In the Parent Company, untaxed reserves are reported in the balance sheet without a breakdown by equity and deferred tax liability, unlike in the Group. In the income statement, no corresponding distribution of part of year-end appropriations is made to the deferred tax expense in the parent company.

Group contribution

Group contributions are reported as appropriations.

Note 2 – Revenue

Revenue streams

The Group generates revenue mainly from the sale of premium PC gaming products such as chassis, power supplies, cooling products and fans. Sales are made to distributors, resellers and system integrators, and purchases are made from contracted manufacturers. Control over the products sold normally passes to the customer upon physical delivery of each product. Other income consists mainly of invoiced transports and exchange rate differences regarding sales and purchases and is not included in the table below, which describes the nature of the revenue streams. The Parent

Company's revenues mainly consist of invoiced group management services.

Distribution of income from agreements with customers

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

Group	Operating segment					
	Chassis		Other products		Total	
MSEK	2022	2021	2022	2021	2022	2021
Geographic market						
Americas	202.3	137.9	10.4	16.8	212.7	154.8
EMEA	156.8	178.0	34.6	65.2	191.4	243.3
APAC & Other	65.3	60.7	16	20	81.5	80.5
Time of revenue recognition						
Goods recognized at a point in time	424.4	376.7	61.2	101.9	485.6	478.6
Goods and services recognized over time	-	-	-	-	-	-
Total net sales	424.4	376.7	61.2	101.9	485.6	478.6

Sales by customer group

MSEK	2022	2021
Distributors	254.9	299.8
Resellers	230.7	178.8
Total	485.6	478.6

Contract balances

Information on receivables, contract assets and contractual liabilities from contracts with customers is summarized below.

Group

TSEK	Note	12/31/2022	12/31/2021
Accounts receivable		99,104	93,353
Deferred income		-	403

Parent company

TSEK	Note	12/31/2022	12/31/2021
Accounts receivable, which are included in "receivables on group companies"		1,165	844

Note 3 – Operating segment

The Group's operations are divided into operating segments based on the Group management's follow-up structure. Group management monitors revenues and product results per product segment. The product segments used are Chassis and Other products. The

chassis is the largest segment and includes sales of computer chassis, primarily in the market's premium segment aimed at gamers. Other products include sales of power supplies, cooling products and fans. Including those in the market's premium segment aimed at gamers.

Group operating segment

TSEK	Chassis		Other products		Group-wide		Total consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from external customers	424,367	376,710	61,200	101,850	-	-	485,567	478,560
Product profit	160,917	134,851	18,235	23,266	-	-	179,152	158,117
other income in operating profit	-	-	-	-	10,104	9,026	10,104	9,026
Other costs in operating profit	-	-	-	-	-173,968	-168,563	-173,968	-168,563
Financial income					5,540	-	5,540	-
Financial expenses					-7,224	-4,691	-7,224	-4,691
Profit/loss before tax							13,603	-6,111

Product results correspond to the item Net sales less the item Merchandise in the consolidated income statements. The column "Group-wide" refers in summary to the items in the consolidated income statements that are not subject to follow-up at segment level.

Geographical areas

TSEK	2022	2021
Group		
<i>Income from external customers</i>		
Sweden	13,674	29,805
USA	191,323	143,097
Americas excluding USA	21,389	11,728
EMEA excluding Sweden	177,705	213,441
APAC & Other	81,476	80,489
Group		
<i>Fixed assets</i>		
Sweden	288,523	275,558
USA	2,771	3,510
Taiwan	657	-
	291,950	279,067

Information about major customers

In 2022, sales to an individual customer amounted to SEK 131 million (84,3).

Note 4 – Other operating income

TSEK	2022	2021
Group		
Re-invoiced costs	-	-
Exchange rate differences	-	-
Other	1,119	124
	1,119	124

The Group has large gross flows in foreign currency, mainly USD, and both exchange rate gains and exchange rate losses occur. The table below shows gross profits and gross losses, which are presented net in the consolidated income statement.

TSEK	2022	2021
Group		
Exchange rate gains	79,223	76,579
Exchange rate losses	-87,004	-77,231
	-7,782	-652

Note 5 – Employees, personnel costs, and remuneration of senior executives

Costs for compensation to employees

TSEK	2022	2021
Group		
Salaries and allowances, etc.	47 837	42 216
Pension costs, defined contribution pension plans (for more information, see Note 21)	2 922	2 780
Social security contributions	11 589	10 316
	62 348	55 311

Average number of employees

	2022	2021
Parent company		
Sweden	2	2
<i>Total Parent company</i>	2	2

Subsidiaries

Sweden	55	54
USA	11	11
Taiwan	9	12
<i>Total Subsidiaries</i>	75	77

Group total	77	79
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Proportion of men

	Proportion of men	
	12/31/2022	12/31/2021
Parent company		
Board of directors	86%	83%
Other senior executives	100%	100%
Group		
Board of directors	86%	83%
Other senior executives	80%	83%

Salaries and other remuneration distributed between senior executives and other employees as well as social costs in the Parent Company.

Parent company 2022

	Senior executives (1 person)	Other employees	Total
Salaries and other remuneration (of which bonus etc.)	2,248	719	2,967
	623	-	623
<i>Total Parent company</i>	2,248	719	2,967
etc.)	623	-	623
Social security contributions (of which pension costs)	1,151	341	1,493
	358	93	451

2021

	Senior executives (1 person)	Other employees	Total
TSEK			
Salaries and other remuneration (of which bonus etc.)	1,564	1,043	2,607
	-	-	-
<i>Total Parent company</i>	1,564	1,043	2,607
etc.)	-	-	-
Social security contributions (of which pension costs)	671	464	1,135
	315	148	463

Salaries and other remuneration, pensions costs and pension obligations for senior executives in the Group

	Senior executives 12 persons (10 persons)	
	2022	2021
TSEK		
Group		
Salaries and other remuneration (of which bonus etc.)	8,174	7,103
	2,070	104
Pension costs	1,302	951

Salaries and other remuneration to senior executives

Parent company 2022 TSEK	Basic salary/ board fee	Variable remun- eration	Pension cost	Other compen- sation	Total
Chairman of the Board (Magnus Yngen)					
Remuneration from the parent company	307				307
Remuneration from subsidiaries					
Board member (Patrik Söderlund)					
Remuneration from the parent company	154				154
Remuneration from subsidiaries					
Board member (Pernilla Ekman)					
Remuneration from the parent company	154				154
Remuneration from subsidiaries					
Board member (Pernilla Ekman)					
Remuneration from the parent company	154				154
Remuneration from subsidiaries					
Board member (Pernilla Ekman)					
Remuneration from the parent company	154				154
Remuneration from subsidiaries					
Board member (Ola Nilsson)					
Remuneration from the parent company	103				103
Remuneration from subsidiaries					
CEO (Hannes Wallin)					
Remuneration from the parent company	1 556	623	358	69	2 606
Remuneration from subsidiaries					
Other senior executives (4 persons)					
Remuneration from the parent company	701	-	93	18	812
Remuneration from subsidiaries	3 643	1 447	851	117	6 058
<i>total</i>	6 926	2 070	1 302	204	10 502
Remuneration from the parent company	3 283	623	451	87	4 444
Remuneration from subsidiaries	3 643	1 447	851	117	6 058

Parent company 2021 TSEK	Basic salary/ board fee	Variable remun- eration	Pension cost	Other compen- sation	Total
Chairman of the Board (Magnus Yngen)					
Remuneration from the parent company	300				300
Remuneration from subsidiaries					
Board member (Patrik Söderlund)					
Remuneration from the parent company	150				150
Remuneration from subsidiaries					
Board member (Pernilla Ekman)					
Remuneration from the parent company	150				150
Remuneration from subsidiaries					
Board member (Ola Nilsson)					
Remuneration from the parent company	63				63
Remuneration from subsidiaries					
CEO (Hannes Wallin)					
Remuneration from the parent company	1,497		315	67	1,880
Remuneration from subsidiaries					
Other senior executives (5 persons)					
Remuneration from the parent company	975	-	148	68	1,191
Remuneration from subsidiaries	3,643	104	487	86	4,321
<i>total</i>	6,778	104	951	221	8,055
Remuneration from the parent company	3,135	-	463	135	3,734
Remuneration from subsidiaries	3,643	104	487	86	4,321

Other board members are not remunerated.

Note 6 – Fees and cost reimbursement to auditors

TSEK	2022	2021
Group		
<i>KPMG AB</i>		
Audit assignment	400	350
Auditory operation beyond the auditory assignment	-	215
TAX advice	-	302
Other assignments	110	253
Parent company		
<i>KPMG AB</i>		
Audit assignment	125	100
Auditory operation beyond the auditory assignment	-	105
TAX advice	-	302
Other assignments	84	253

Audit assignments refer to statutory audits of the annual and consolidated accounts and accounting, as well as the Board of Directors' and the President's administration, as well as other audits performed in accordance with an agreement or contract.

This includes tasks that are up to the company's auditor to perform as well as advice or other assistance prompted by observations during such review or the implementation of such other tasks.

Note 7 – Net financial items

TSEK	2022	2021
Group		
Current receivables	-	0
Cash and cash equivalents	-	-
Interest income from financial assets valued at amortised cost		
Exchange rate difference on current receivables	-	-
Net exchange rate gains	5,509	-
Financial income - other	31	-
Total financial income	5,540	0

Financial expenses

Other liabilities valued at accrued amortised cost - interest expenses	-7,224	-4,416
Net exchange rate losses	-	-275
Financial costs - other	-7,224	-4,691
Net financial items reported in pr	-1,684	-4,691

TSEK	2022	2021
Parent Company		
Interest expenses and similar earnings items		
Interest expenses	-92	-49
Of which others	-92	-49

Note 8 – Appropriations

TSEK	2022	2021
Parent Company		
TAX allocation reserve, provision for the year	-	-
Group contribution received	1,750	-
<i>Total</i>	1,750	-

Note 9 – Taxes

TSEK	2022	2021
Group		
Current tax expense (-)		
Tax expense for the year	-4,150	-2,304
Deferred tax expense (-) / tax revenue (+)		
Deferred tax on temporary differences	-601	624
Deferred tax on untaxed reserves	1,840	3,434
	1,238	4,058
<i>Total reported tax expense in the group</i>	-2,912	1,753
TSEK	2022	2021
Parent company		
Current tax expense (-)		
Tax expense for the year	-91	-26
Adjustment tax attributable to previous years	11	-
	-80	-26
<i>Total reported tax expense in the parent company</i>	-80	-26

Reconciliation of effective tax

TSEK	2022	2021
Group		
Profit/loss before tax	13,603	-6,111
Tax according to the current tax rate for the parent company	20.6% -2,802	20.6% 1,259
Effect of other tax rates for foreign subsidiaries	-0.3% -43	0.1% -5
Non-deductible expenses	-0.4% -55	4.0% -244
Tax attributable to previous years	-0.1% -11	-2.3% 142
Other	0.0% -	-9.8% 601
<i>Reported effective tax</i>	-21.4% -2,912	-28.7% 1,753
TSEK	2022	2021
Parent company		
Profit/loss before tax	220	-347
Tax according to the current tax rate for the parent company	20.6% -45	20.6% 71
Non-deductible expenses	-20.7% -46	28.1% -97
Tax attributable to previous years	5.0% 11	0.0% -
<i>Reported effective tax</i>	-36.4% -80	7.5% -26

Change in deferred tax in temporary differences and loss carry-forwards

	Balance as at Jan 1 2022	Presented in result for the year	Presented in other comprehensive income	Presented in equity	Acquisition / Sale of business	Balance as at December 31 2022
TSEK						
Group						
Rights of use assets	3 028	-542				2 486
Tax allocation reserves	8 463	-1 840				6 624
Leasing liabilities	-3 033	559				-2 474
Other	-595	584				-11
	7 863	-1 238	-	-	-	6 624

	Balance as at Jan 1 2021	Presented in result for the year	Presented in other comprehensive income	Presented in equity	Acquisition / Sale of business	Balance as at December 31 2021
TSEK						
Group						
Rights of use assets	194	2 833				3 028
Tax allocation reserves	11 896	-3 434				8 463
Leasing liabilities	-171	-2 862				-3 033
Other	-	-595				-595
	11 919	-4 058	-	-	-	7 863

Note 10 – Earnings per share

Result per share	Before and after dilution	
SEK	2022	2021
Earnings per share	0.4	-0.2
<i>Profit for the year attributable to the parent company's ordinary shareholders</i>	-	-
TSEK	2022	2021
Profit for the year attributable to the parent company's ordinary shareholders	10,692	-4,358
Results attributable to the parent company's ordinary shareholders	10,692	-4,358
The number of shares outstanding at the end of the year	29,119,500	29,119,500
Weighted average number of shares	29,119,500	29,119,500
No financial instruments that could give rise to a dilution effect have been issued.		

Note 11 – Goodwill

	Intangible fixed assets	
TSEK	2022	2021
Group		
Opening balance	210,167	210,167
Acquisition	-	-
Closing balance	210,167	210,167

Impairment testing of goodwill

The Group's goodwill is entirely attributable to the Parent Company's acquisition of Fractal Gaming AB in 2016. No new operations have been acquired or started up since, so the impairment test of the value has been performed on the entire group's operations excluding those conducted in the Parent Company.

The impairment test is based on the calculation of value in use. This value is based on cash flow calculations, of which the first four years are based on the business plan approved by the Board. For year five in the calculation, a growth of 10% has been used. From that point on, cash flows are based on an annual growth of 2%. The estimated cash flows have been calculated at present value with a discount rate of 12.5% after tax. Assumptions pertinent to the business plan are outlined below.

Important variables and methods for estimating values

Market growth

Expected market growth is based on the fact that the strong market growth that currently exists will level off in the coming year but then pick up again. New product releases are also the basis for growth in the coming years.

Discount rate

The discount rate is generated by a weighted average cost of capital for the industry in which the Group operates and reflects current market assessments of the time value of money and the risks that relate specifically to the asset for which future cash flows have not been adjusted. The risk-free interest rate has been set at 0%, the market risk premium at 7,5%, the size premium at 3% and the adjustment for company-specific risk at 2%

Management believes that no reasonable changes in the important assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Note 12 – Balanced development expenses

	Intangible fixed assets	
TSEK	2022	2021
Group		
Opening balance	27,644	17,474
Internally developed assets	12,232	10,317
Disposals	-151	-147
Closing balance	39,730	27,644
Accumulated depreciation		
Opening balance	-5,747	-3,240
This year's depreciations	-4,182	-2,654
Disposals	151	147
Closing balance	-9,778	-5,747
Reported values	29,952	21,897

Note 13 – Tangible fixed assets

	Fixtures, tools and installations	
TSEK	2022	2021
Group		
Opening balance	69,423	53,988
Acquisition	19,685	15,664
Disposals	-122	-229
Closing balance	88,986	69,423
Accumulated depreciation		
Opening balance	-37,717	-28,901
This year's depreciations	-11,504	-9,045
Disposals	-	229
Closing balance	-49,221	-37,717
Reported values	39,765	31,706

Note 14 – Rights of use

	Leasing assets	
TSEK	2022	2021
Group		
Opening balance	21,716	5,917
Acquisition	696	15,904
Disposals	-174	-105
Closing balance	22,237	21,716
Accumulated depreciation		
Opening balance	-7,020	-4,973
This year's depreciations	-3,152	-2,152
Disposals	-	105
Closing balance	-10,172	-7,020
Reported values	12,066	14,696

Note 15 – Inventory

TSEK	12/31/2022	12/31/2021
Group		
Goods for resale	126,784	170,456
	126,784	170,456

Note 16 – Accounts receivable

Accounts receivable are reported after considering customer losses incurred during the year, which amounted to SEK 0 (0) thousand in the Group. The Parent Company has not suffered any customer losses. For the development of the credit loss reserve, see Note 25.

Note 17 – Prepaid expenses and accrued income

TSEK	12/31/2022	12/31/2021
Group		
Prepaid insurance	372	435
Other prepaid expenses and accrued income	2,709	9,078
	3,081	9,513
Parent company		
Prepaid insurance	8	9
Other prepaid expenses and accrued income	188	56
	196	65

Note 18 – Cash and cash equivalents

TSEK	12/31/2022	12/31/2021
Group		
<i>The following components are included in cash and cash equivalents:</i>		
Cash and bank balances	3,890	4,272
<i>Total according to the report on financial position</i>	3,890	4,272
<i>Total according to the cash flow statement</i>	3,890	4,272

Note 19 – Equity

	2022	2021
Ordinary share		
Issued as of January 1st	29,119,500	970,650
Split of shares	-	28,148,850
Withdrawal of shares	-	-
Issued as of December 31 - paid	29,119,500	29,119,500

As of December 31st, 2022, the registered share capital comprised 29,119,500 ordinary shares (29,119,500).

Holders of ordinary shares are entitled to dividends that are determined gradually and the shareholding entitles the holder to vote at the Annual General Meeting with one vote per share. All shares have the same right to the Parent Company's remaining net assets.

Translation reserve

The translation reserve includes all exchange rate differences that arise when translating financial reports from foreign operations that have prepared their financial reports in a currency other than the currency in which the Group's financial reports are presented. The Parent Company and the Group present their financial reports in Swedish kronor.

Parent Company

Restricted equity

Restricted equity may not be reduced through dividends.

Unrestricted equity

The following components (together with the profit for the year) constitute unrestricted equity, i.e. the amount available for dividends to shareholders.

Share premium fund

When shares are issued at a premium (i.e. for the shares to be paid more than the quota value of the shares), an amount corresponding to the amount received in addition to the quota value of the shares shall be transferred to the share premium fund.

Balanced profits

Retained earnings consist of the previous year's retained earnings and profit after deductions for dividends paid during the year. Fractal Gaming Group AB has not paid any dividends during the period 2018-2022.

Note 20 – Interest-bearing liabilities

The following is information about the company's contractual terms regarding interest-bearing liabilities. For more information on the company's exposure to interest rate risk and risk of exchange rate fluctuations, see Note 25.

TSEK	2022	2021
Group		
Long-term liabilities		
Liabilities to Group companies	-	-
Leasing liabilities	8,496	11,328
	8,496	11,328
Current liabilities		
Overdraft facility	109,537	130,461
Short-term leasing liabilities	3,513	3,399
	113,051	133,860

Terms and repayment periods

As of December 31st, 2022, the credit granted was SEK 180,000 thousand (SEK 160,000 thousand). As security for the overdraft facility, corporate mortgages of SEK 160,000 thousand (SEK 120,000 thousand) have been provided. For more information, see Note 27.

Note 21 – Pensions

Defined contribution pension plans

The Group only has defined contribution pension plans. Ongoing payments are made in accordance with the rules of each plan.

TSEK	2022	2021
Group		
Costs for defined contribution plans	2,922	2,780
Parent company		
plans	419	553

Note 22 – Provisions

TSEK	12/31/2022	12/31/2021
Group		
Warranty commitments	3,552	2,810
<i>Total</i>	3,552	2,810
TSEK	12/31/2022	12/31/2021
Group		
Total carrying amount at the beginning of the period	2,810	1,692
Provisions made during the period	743	1,118
<i>Total carrying amount at the end of the period</i>	3,552	2,810

Provisions for guarantees relate to product guarantees. The provision is based on calculations made on the basis of historical data linked to product sales.

Note 23 – Accrued expenses and prepaid income

TSEK	12/31/2022	12/31/2021
Group		
Accrued wages	4,104	951
Accrued holiday pay	3,453	3,185
Accrued social security contributions	2,259	1,222
Accrued interest expenses	-	-
Accrued shipping costs	1,811	6,056
Other accrued expenses	9,891	4,759
	21,517	16,172
Parent company		
Accrued wages	1,803	600
Accrued holiday pay	238	486
Accrued social security contributions	641	341
Accrued interest expenses	-	-
Other accrued expenses	-	25
	2,682	1,452

Note 24 – Valuation of financial assets and liabilities

Classification and fair value

All financial assets and liabilities in the Group are valued at accrued acquisition value. Carrying amount is a reasonable approximation of fair value.

Note 25 – Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks.

- Credit risk
- Liquidity risk
- Market risk

Framework for financial risk management

The Group's financial policy for managing financial risks has been formulated by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for financial operations. Responsibility for the Group's financial transactions and risks is handled centrally by the Group's finance function located in the subsidiary Fractal Gaming AB. The overall objective of the financing function is to provide cost-effective financing and to minimize negative effects on

the Group's earnings that arise primarily from currency risks.

Liquidity risk

Liquidity risk is the risk that the Group may have problems fulfilling its obligations associated with financial liabilities. The Group has rolling liquidity planning that covers all the Group's units. The planning is updated quarterly. Liquidity planning is used to manage liquidity risks and the costs of financing the Group. The goal is for the Group to be able to meet its financial commitments in ups and downs without significant unforeseen costs or risking the Group's reputation. Liquidity risks are managed centrally for the entire Group by the finance function in the subsidiary Fractal Gaming AB.

The Group finances its operations partly through the cash flow of the business and partly through bank financing. Existing credit agreements contain restrictions on raising additional credits, making acquisitions and divestments, carrying out mergers or changes in operations, guaranteeing liabilities or incurring other contingent liabilities and granting pledges.

At present, the Group's credit agreement is in the form of an overdraft facility of SEK 180 million (SEK 160 million).

As of December 31st, 2022, SEK 109,5 million (SEK 130,4 million) of the overdraft facility was utilized.

The maturity structure of the Group's financial liabilities is shown in the table below.

Maturity structure of financial liabilities - undiscounted cash flows

TSEK	Total	<1 month	1-3 months	3 months-1 year	1-5 years	> 5 years
2022 Group						
Overdraft facility	109,537			109,537		
Accounts payable	93,065	8,171	45,351	39,542	-	
Leasing liabilities	12,009	20	811	2,513	8,665	
<i>Total</i>	214,611	8,191	46,162	151,592	8,665	-

TSEK	Total	<1 month	1-3 months	3 months-1 year	1-5 years	> 5 years
2021 Group						
Overdraft facility	130,461			130,461		
Liabilities to Group companies						
Accounts payable	122,642	119,078	2,953	611	-	-
Leasing liabilities	14,728	22	786	2,381	11,539	
<i>Total</i>	267,831	119,100	3,739	133,453	11,539	-

Market risks

The Group is mainly affected by currency risk, but loans also involve a certain interest rate risk.

Interest rate risk

The Group's interest rate is mainly attributable to the utilization of the overdraft facility and to some extent the use of leasing as financing of the right use of premises and other fixed assets. At present, the fixed interest rate on the overdraft facility is 7 days, whereby the variable

interest component Nordea Stiborbas (NSSu) is adjusted to the current level.

Currency risk

The Group's reporting currency is SEK, and the financial reports are exposed to risks linked to currencies other than SEK. The Group sells its products in USD and pays its suppliers mainly in USD. The agreements with suppliers also mean that the Group is exposed to fluctuations in CNY, as mechanisms in the supplier agreements mean that the price of purchased goods varies with the CNY price. The Group is exposed to currency risk in SEK/USD between the time of purchase and sale as the currency flows are not hedged.

In addition to currency exposure that arises when purchases and sales take place in foreign currency (transaction exposure), the Group is exposed to currency exposure when translating the financial statements of foreign operations (translation exposure). At present, the translation exposure is not significant as the Group's operations are largely attributed to the Swedish subsidiary. On the other hand, the transaction flow in foreign currencies is significant where SEK/USD accounts for the largest exposure. Currency exposure is monitored on an ongoing basis by management in accordance with the Group's guidelines for currency exposures. The Group does not use hedging instruments to manage currency risk as the net flow is in foreign currency. In 2022, a change of +/- 2 % in USD/SEK would have an insignificant impact on the Group's operating profit in the range of SEK -1,2 - +1,2 million. For 2021, the corresponding figure was SEK -0,9 - +0,9 million.

Credit risk

Credit risk is the risk that a customer of counterparty in a financial instrument will not be able to fulfill its obligation and thereby cause the Group a financial loss and arises mainly from the Group's accounts receivable. The Group has active customer credit insurance and strives for at least 90% of accounts receivable to be credit insured in accordance with the Group's financial policy. For 2021, credit losses after insurance compensation amounted to SEK 0 thousand (SEK 0 thousand). The insurance cost in 2022 amounted to SEK 528 thousand (SEK 533 thousand). The Group has some customers who account for a significant share of sales, see Note 3.

The credit exposure for accounts receivable per counterparty (December 31st, 2022):

TSEK	Carrying amount	
	2022	2021
Distributors	53,125	60,051
Re-sellers	46,572	32,254
Other	-	1,765
Total	99,696	94,070

The carrying amount for the Group's largest customer (December 31st, 2022): SEK 27 457 thousand (SEK 11 433 thousand)

Reserve for feared credit losses

Assessment of feared credit losses

The Group assesses its reserve for feared customer losses based on the credit risk exposure in absolute terms and its age structure. Based on historical experience, reserves are then reported regarding the age of the exposures. If knowledge of credit impairment is obtained from individual customers, that information is used to assess the individual receivables.

Change in reserves for write-downs regarding accounts receivable

TSEK	2022	2021
Opening balance as of 1 January	466	57
Settled amounts	-410	-57
New loss reserves	293	466
Closing balance as of 31 December	350	466

Capital management

In keeping with the Board's policy, the Group's financial objective is to have a good financial position contributing to maintaining investor, lender and market confidence and forming a basis for continued development of the business – while the long-term return generated to shareholders is satisfactory.

The dividend policy aims to pay out 30% to 50% of the Group's net profit, considering other factors such as financial position, cash flow and growth opportunities.

In 2022, the Group signed an updated loan agreement with the bank within the existing credit facility and the agreement contains temporarily renewed financial covenants that run until the second quarter of 2023 and then revert to original levels.

Note 26 – Leasing agreements

Leasing agreements where the company is the lessee

The Group's leasing agreements mainly relate to premises and company cars. No leasing agreements contain covenants or other restrictions in addition to the security of the leased asset. The Parent Company has not entered into any leasing agreements.

Rights of use

Information on reported values and additional usufruct assets is provided in Note 14.

Cash outflow includes amounts for leasing agreements that are reported as leasing liabilities, as well as amounts paid for variable leasing fees, short-term leasing, and leases of low value.

Amounts reported in the income statement

TSEK	2022	2021
Group		
Depreciation during the year	-3,152	-2,152
Interest on leasing liabilities	-199	-201
Variable leasing fees that are not included in the valuation of the leasing liability	-853	-211
Costs for short-term leasing	-266	-345
Costs for leases of low value, not short-term leasing of low value	-35	-35

For a maturity analysis of the leasing liabilities, see Note 25
Financial risks and risk management in the section on liquidity risk.

TSEK	2022	2021
Group		
Total cash outflows attributable to leasing agreements	4,505	2,944

Extension and termination options

Some leasing agreements contain extension and termination options that the Group may or may not exercise before the end of the non-cancellable leasing period. Whenever practical, the Group tries to include such options in new leasing agreements as it contributes to operational flexibility. Whether or not it is reasonably certain that an extension option will be exercised, is determined on the commencement date of the leasing agreement. The Group reconsiders if there is an important event or significant changes in circumstances within the Group's control.

Note 27 – Pledged collateral, contingent liabilities, and contingent assets

TSEK	12/31/2022	12/31/2021
Group		
Pledged assets		
<i>As pledged assets for own liabilities and provisions</i>		
Corporate mortgages	160,000	120,000
	160,000	120,000

<i>Total pledged assets</i>	160,000	120,000
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TSEK	12/31/2022	12/31/2021
Parent entity		
Pledged assets		
<i>As pledged assets for own liabilities and provisions</i>		
Pledged shares in group companies	271,432	271,432
	271,432	271,432

<i>Total pledged assets</i>	271,432	271,432
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Contingent liabilities

Guarantees for the benefit of subsidiaries	160,000	160,000
<i>Total contingent liabilities</i>	160,000	160,000

Note 28 – Disposition of company's profit**Proposed disposition of the company's profit**

Unrestricted equity in the parent company	234,197
To be carried forward	234,197
<i>Total</i>	234,197

Note 29 – Related parties

Related party relationships

Salaries and remuneration to management and key personnel are stated in Note 5.

The Parent Company has a related party relationship with its subsidiaries; see Note 30. Net sales in the Parent Company, SEK 5 880 thousand (SEK 26 287 thousand) consist of Group management services. Receivables and liabilities to Group companies are stated in the balance sheets for each year.

In 2022, Fractal was granted an increase in the overdraft facility of SEK 20 million with the bank. The increase was temporary and extended over 5 months. The condition for the bank to pay the additional amount of SEK 20

million was that shareholders or members of Fractal's Board of Directors lend a total amount of SEK 10 million. The term of the shareholder loans is 5 months, subject to market interest rates.

The Annual General Meeting on May 19, 2022 decided, in accordance with the Board's proposal, to introduce a long-term incentive program for certain senior executives and to issue a maximum of 68,000 warrants with subscription rights for 68,000 new shares in the company. In 2022, 51,000 options were thus granted with an average exercise price per share option of SEK 33.55. The incentive program does not include the CEO.

Transactions with related parties are priced on market terms.

Note 30 – Group companies

The business is mainly conducted in Fractal Gaming AB, which in turn has three subsidiaries: Fractal Design North America Inc., Fractal Design Swedish Taiwan Ltd and Fractal Design (Dongguan) Co., Ltd. The American

subsidiary runs marketing, sales and technical support in the North American market, while the company in Taiwan and China is responsible for e.g. purchasing and quality assurance of the company's products.

Ownership in %			Ownership in %	
Subsidiary's registered office, country			12/31/2022	12/31/2021
Fractal Gaming AB, 556799-7506, Gothenburg			100%	100%
Fractal Design North America Inc, Frisco, Texas USA			100%	100%
Fractal Design Swedish Taiwan Co, Ltd, Taipei, Taiwan			100%	100%
Fractal Design (Dongguan) Co., Ltd, Dongguan City, China			100%	100%
TSEK			2022	2021
Parent company				
Accumulated acquisition values				
At the beginning of the year			271,432	271,432
Carrying amount on 31 December			271,432	271,432
Specification of the parent company's direct holding of shares in subsidiaries				
			Carrying amount	
Subsidiaries / Organization number / Registered address, registered office	Number of shares	Number in %	12/31/2022	12/31/2021
Fractal Gaming AB, 556799-7506, Gothenburg	600	100	271,432	271,432

Note 31 – Untaxed reserves

TSEK	2022	2021
Parent company		
Tax allocation reserve		
Provision at taxation 2018	10,420	10,420
Provision at taxation 2019	5,146	5,146
Provision at taxation 2020	10,457	10,457
<i>Closing balance 31 December</i>	26,023	26,023
Amount of untaxed reserves	26,023	26,023

Note 32 – Specifications for cash flow statement

TSEK	12/31/2022	12/31/2021
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Group

The following components are included in cash and cash equivalents:

Cash and bank balances	3,890	4,272
<i>Total according to the balance sheet</i>	3,890	4,272
<i>Total according to the cash flow statement</i>	3,890	4,272

Parent company

The following components are included in cash and cash equivalents:

Cash and bank balances	201	423
<i>Total according to the balance sheet</i>	201	423
<i>Total according to the cash flow analysis</i>	201	423

Adjustments for items that are not included in cash flow	2022	2021
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Group

Depreciations	18,753	13,848
Currency translation operating receivables, operating liabilities, bank	714	728
Translation differences within the group	46	64
Changes in provisions	743	1,118
	20,255	15,758

TSEK	2022	2021
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Group

Acquisition of assets through leasing agreements	696	15,904
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Change in liabilities within the financing operations - Group

TSEK	Overdraft credit	Reverse loan from parent company	Leasing liability	Total liabilities arising from financing activities
Opening balance 2021	65,089	-	730	65,819
Cash flows in financing activities				
Net change	65,372	-		65,372
Amortization of lease liabilities			-2,184	-2,184
<i>Other changes</i>				
Additional leasing liabilities			16,182	16,182
Total change				-
Closing balance 2021	130,461	-	14,728	145,189
Opening balance 2022	130,461	-	14,728	145,189
Cash flows in financing activities				
Net change	-20,924	-	-2,719	-23,643
Amortization of lease liabilities			-3,467	-3,467
<i>Other changes</i>			93	93
Additional leasing liabilities			655	655
Total change				-
Closing balance 2022	109,537	-	12,009	121,546

TSEK	2022	2021
Group		
Unutilized credits amount to	70,463	29,539
Parent company		
Unutilized credits amount to	-	-

macroeconomic uncertainty, higher inflation, higher interest rates, and reduced consumer confidence and purchasing power.

On April 20th, 2023 Fractal published preliminary results for the first quarter. Net sales are estimated at SEK 195.5m (117.5), an increase of 66.4%. EBITDA is estimated at SEK 41.6m (11.3), corresponding to an EBITDA margin of 21.3% (9.6). EBIT is estimated at SEK 36.5m (7.3), corresponding to an EBIT margin of 18.7% (6.2).

Note 33 – Subsequent events

During March 2023, Fractal appointed ABG Sundal Collier as liquidity provider for Fractal's shares listed on Nasdaq First North Premier Growth Market. The commitment is made within the framework of Nasdaq Stockholm's regulatory framework for liquidity providers. ABG Sundal Collier is committed to continuously quoting prices for the Fractal share in accordance with the minimum requirements for liquidity providers established by Nasdaq Stockholm at any given time. The aim is to improve the liquidity of the shares and reduce the spread. ABG Sundal Collier's engagement will begin on March 13, 2023.

Given the industry in which the Group operates, the conflict in Ukraine has not had any significant impact on its operations. It cannot be ruled out that a prolonged conflict in Ukraine could have an impact on operations and indirectly affect sales through increased

Note 34 – Important estimates and judgements

Payment to customers

The Group makes payments to customers partly as compensation for the implementation of specific marketing activities regarding the Group's products and/or brand, and partly through sales-based discounts. The former payments are recognized as marketing expenses and the latter are recognized as a decrease in consolidated net sales.

Leasing agreement

Some leasing agreements contain extension and termination options that the Group can choose to exercise before the end of the non-cancellable leasing period. Whenever possible, the Group includes such options in new leasing agreements as it contributes to operational flexibility. An assessment of whether it is

reasonably certain that an extension option will be exercised is made on the commencement date of the leasing agreement. The Group reconsiders the leasing period in the event of an important event or significant changes in circumstances that are within the Group's control and that affect whether it is reasonably certain that the Group will or will not exercise any option included in the original agreement.

Important sources of uncertainty in estimates

The sources of uncertainties in estimates stated below refer to those that entail a significant risk that the value of assets or liabilities may need to be adjusted significantly during the coming financial year.

Impairment testing of goodwill

When calculating the recoverable number of cash-generating units for assessing any need for impairment of goodwill, several assumptions about future conditions and estimates of parameters have been made. An account of these can be found in note 11. As stated in note 11, changes in 2023 of the conditions for these assumptions and estimates could have a significant effect on the value of goodwill.

Recovery of the value of development expenses

The Group has capitalized expenses for its product development work. Considering current and estimated expected development regarding the sale of these products, no indications of impairment have been identified. A change in the conditions for these assumptions and estimates could have a significant effect on the value of the capitalized development expenditure.

Note 35 – Information about the Parent Company

Fractal Gaming Group AB (publ), corporate identity number 559080-2970, is a Swedish-registered limited liability company with its registered office in Stockholm. The address of the head office is Victor Hasselblads Gata 16A, 421 31 Västra Frölunda.

The consolidated financial statements for 2022 consist of the parent company and its subsidiaries, collectively referred to as the Group.

Declaration by the Board of Directors and the CEO

The consolidated income statements and balance sheets will be submitted to the Annual General Meeting on May 17th, 2023.

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's position and results. The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's position and results.

The Board of Directors' report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, position and results and describes significant risks and uncertainties that face the Parent Company and the companies included in the Group.

Stockholm April 26th, 2023

Magnus Yngen
Chairman of the Board

Patrick Söderlund
Board member

Gustav Thott
Board member

Pernilla Ekman
Board member

Ola Nilsson
Board member

Erik Stenberg
Board member

Hannes Wallin
CEO and Board member

Our audit report has been submitted on April 26th 2023
KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Fractal Gaming Group AB (publ),
corp. id 559080-2970

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Fractal Gaming Group AB (publ) for the year 2022, except for the corporate governance statement on pages 32-39 and the sustainability report on pages 13-30. The annual accounts and consolidated accounts of the company are included on pages 41-76 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 32-39 and sustainability report on pages 13-30. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-30. The Board of Directors are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is

however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Fractal Gaming Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Gothenburg April 26th, 2023

KPMG AB

Mathias Arvidsson

Authorized Public Accountant

Auditor in charge

Definitions

This report contains key financial ratios in accordance with the frameworks applied by Fractal, which is based on IFRS. In addition, there are other key ratios (alternative key ratios) used by company management and other stakeholders to analyze trends and the development of the Group's operations that cannot be directly deduced or derived from the financial statements. Fractal's stakeholders should not consider these alternative key figures as substitutes, but as a complement to the financial reporting prepared in accordance with IFRS. See below for a list of definitions and key figures used and referenced in this report.

Non-IFRS measures	Description	Justification for the use of measures
Net sales, USDm	Invoiced amounts in USD that relate 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 Group's organic growth.
Product result	Net sales less the cost of merchandise.	Indicates the profitability of the core business.
Product margin, %	Product result in relation to net sales.	Indicates the core business's product profitability in relation to net sales.
Operation profit (EBIT)	Fractal's reported operating profit.	Operating profit (EBIT) is a profit measure that, together with EBITDA, shows the profit generated by the operating activities.
Operating margin (EBIT margin), %	Operating profit (EBIT) in relation to net sales.	Enables comparisons of profitability regardless of capital structure of tax situation.
EBITDA	Operating profit (EBIT) with reimbursement of costs for amortization of tangible and intangible fixed assets.	EBITDA together with Operating profit (EBIT) provides an overall picture of the generation of results from operating activities.
EBITDA margin, %	EBITDA in relation to net sales.	This key figure is used for analysis of Fractal's operational profit generation.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA is a performance measure that is considered relevant for understanding Fractal's financial performance from operating activities. The measure shows the financial performance in the operating activities without the impact of significant cost or revenue items that affect the ability to make comparisons over time, as described under "Items affecting comparability" below.
Adjusted EBITDA margin, %	Adjusted EBITDA in relation to net sales.	Adjusted EBITDA margin is a key figure that is considered relevant for understanding Fractal's financial performance from operating activities without the impact of significant cost or revenue items that affect the ability to make comparisons over time.
Items affecting comparability	Revenue and expense items reported separately due to nature and/or amount.	Items affecting comparability are used to explain differences in historical result. Separate reporting and specification of items affecting comparability enables readers of the financial statements to understand and evaluate the adjustments that have been 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 reduced by net working capital liabilities. Net working capital assets are calculated as the sum of inventories, accounts receivable and prepaid expenses and other accrued income and other receivables. Net working capital liabilities are calculated as the	This measure shows how much net working capital is tied up in Fractal's operations.

Non-IFRS measures	Description	Justification for the use of measures
	sum of accounts payable and tax liabilities, accrued expenses and prepaid income as well as other liabilities.	
Operating cash flow	EBITDA less deductions for tangible and intangible fixed assets as well as adjustments for changes in inventories, operating receivables, and operating liabilities.	Operating cash flow is used by Fractal as a measure of how much cash flow the business generates.
Cash generation, %	Operating cash flow in relation to EBITDA.	Fractal uses the key figure to monitor how efficiently the Group handles current investments and net working capital.
Interest-bearing net debt	Interest-bearing liabilities less cash and cash equivalents. Interest-bearing liabilities consist of the sum of overdraft facilities and liabilities of group companies.	Interest-bearing net debt is a measure that shows the Company's total indebtedness.
USD/SEK, average	Net sales in SEKm in relation to net sales in USDm.	The average USD/SEK exchange rate has a significant impact on the Company's net sales and operating profit.
Net sales growth, %	Net sales growth for the period, calculated as an increase in net sales compared with the previous year, expressed as a percentage.	Indicates the business's net sales change compared to the previous period.
Organic net sales growth, %	Growth in net sales in USDm for the period (calculated as the change in net sales) compared with the previous year, expressed as a percentage.	Indicates the business's organic growth compared to the previous period.
Equity / assets ratio	Equity in relation to total assets.	Shows the proportion of the assets that are financed with equity and can be used as an indicator of the company's ability to pay in the long term.
Operational key figures	Description	Justification for use of measures
Sales from resale Sales Out to Consumer (Sales Out), USD	Sales to end consumers in USD, reported by resellers to Fractal.	Reported sales from external resellers measured in USD are used by Fractal as an indicator of the underlying demand for the Company's products.



Financial calendar

Interim report Januari – March 2023	2023-05-11
Annual General Meeting	2023-05-17
Interim report January – June 2023	2023-08-17
Interim report January – September 2023	2023-11-16

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