Fractal

Invitation to acquire shares in Fractal Gaming Group AB (publ)

SOLE GLOBAL COORDINATOR AND JOINT BOOKRUNNER

Carnegie

JOINT BOOKRUNNER

ABG SUNDAL COLLIER

IMPORTANT INFORMATION TO INVESTORS

This offering circular (the "**Offering Circular**") has been prepared in connection with the offering of shares in Fractal Gaming Group AB (publ) (a Swedish public limited liability company) to the public in Sweden and is, together with the admission to trading of the shares on Nasdaq First North Premier Growth Market, referred to as the "**Offering**" in the Offering Circular. In the Offering Circular, **"Fractal"**, the "**Company**" or the "Group" refers to Fractal Gaming Group AB (publ), the group in which Fractal is the parent company or a subsidiary of the group, depending on the context. The "Selling Shareholder" refers to Litorina IV L.P and Långholmen Holding AB, Harnisch Management Consultancy AB and Quiq Distribution Holding AB, depending on the context. The "**Sole Global Coordinator**" refer to Carnegie Investment Bank AB (publ) ("**Carnegie**"). The "**Managers**" or **"Joint Bookrunners"** refers to Carnegie and ABG Sundal Collier AB ("**ABG**"). See section "*Definitions*" for the definitions of these and other terms in this Offering Circular.

The Offering is not directed to the general public in any country other than Sweden. Neither is the Offering directed to such persons whose participation requires additional prospectuses, offering circulars, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden, that would allow any offer of the shares to the public or allow holding, distribution of this Offering Circular or any other documents pertaining to the Company or the shares in such jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession this Offering Circular comes are required by the Company and the Managers to inform themselves about and to observe all such restrictions. Neither the Company nor any of the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. The shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. All offers and sales of shares will be made in compliance with Regulation S under the Securities Act. The shares may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Any reproduction or distribution of the Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. The shares in the Offering have not been approved by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Offering Circular. Any representation to the contrary is a criminal offence in the United States.

This Offering Circular should not be construed as a recommendation by the Company, the Selling Shareholders or the Sole Global Coordinator or any of their respective affiliates or representatives that any recipient of this Offering Circular should purchase the shares. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal, financial, tax or other adviser for legal, financial, tax or other advice in relation to any purchase or proposed purchase of the shares offered hereby. Prior to making any decision as to whether to invest in the shares, each prospective investor should read this entire Offering Circular and not just rely on key information or information summarised within it. None of the Company, the Selling Shareholders or the Sole Global Coordinator, nor any of their respective affiliates or representatives, is making any representation to any offeree or purchaser of the shares regarding the legality of an investment by such offeree or purchaser under the laws applicable to such offeree or purchaser.

A Swedish language version of the Offering Circular (the "**Swedish Offering Circular**") has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). In the event of discrepancies between the Offering Circular and the Swedish Offering Circular, the Swedish Offering Circular shall prevail.

Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date. In the event of any changes to the information in this Offering Circular that may affect the valuation of the shares offered hereby during the period from the date of announcement to the first day of trading, such changes will be announced in accordance with the provisions of Article 23 of the Prospectus Regulation.

Nasdaq First North Premier Growth Market

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

Notice to investors in the United Kingdom

This Prospectus has been prepared on the basis that any offer of shares in the United Kingdom will be made pursuant to an exemption under the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") from the requirement to publish a prospectus for offers of securities. This Offering Circular is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to and will be engaged in only with relevant persons. In connection with the Offering, the Sole Global Coordinator is not acting for anyone other than the Company and will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for providing advice in relation to the Offering.

Notice to prospective investors in the European Economic Area

This Offering Circular has been prepared on the basis that any offer of shares in any member state of the EEA (each a "**Relevant State**") (with the exception of Sweden) will be made pursuant to an exemption under Prospectus Regulation from the requirement to publish a prospectus for offers of shares.

The shares are not intended to be offered or sold to and should not be offered or sold to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II"**); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling any in scope instrument or otherwise making such instruments available to retail investors in the EEA has been prepared. Offering or selling shares or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Stabilisation

In connection with the Offering, Carnegie may carry out transactions that maintain the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilisation transactions may be effected on Nasdaq First North Premier Growth Market, in the over-. the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq First North Premier Growth Market and ending no later than 30 calendar days thereafter. Carnegie is, however, not required to undertake any stabilisation and there is no assurance that stabilisation will be undertaken.

Stabilisation, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, Carnegie shall disclose that stabilisation transactions have been undertaken in accordance with article 5(4) in the Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, Carnegie will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

Important information about the selling of shares

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed as soon as possible after 11 February 2021. Institutional investors are expected to receive notification of allotment on or about 11 February 2021 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed by Carnegie and Avanza, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares in Fractal means that these acquirers will not have shares available in the specified securities depository account or the securities account until 15 February 2021, at the earliest. Trading in Fractal shares on Nasdaq First North Premier Growth Market is expected to commence on or around 11 February 2021. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until 15 February at the earliest, the acquirer may not be able to sell these shares on Nasdaq First North Premier Growth Market as from the time trading in the shares commences, but first when the shares are available in the securities account or the securities depository account.

Information to distributors

Due to the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) articles 9 and 10 of the Commission Delegated Directive (EU) No 2017/595 supplementing MiFID II, and (c) national regulations (jointly referred to as "**MiFID II's product governance requirements**"), and without liability to pay damages for claims that may rest with a manufacturer" in accordance with MiFID II's product governance requirements that may otherwise be relevant, the shares in the Company have been subject to a product approval process in which the target market for the Company's shares are (i) retail clients and investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II, and (ii) suitable for distribution through all distribution channels permitted by MiFID II (the "**target market assessment**"). Notwithstanding the target market assessment, distributors are to note the following: the value of the Company's shares may decrease and it is not certain that investors will recover all or portions of the amount invested; the Company's shares offer no guaranteed income and no capital protection; and an investment in the Company's shares is only suitable for investors who do not require a guaranteed income or capital protection, who (either themselves or together with an appropriate financial or other adviser) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The target market assessment does not affect the requirements for any contractual, legal or regulatory sales restrictions in relation to the Offering. The target market assessment is not to be considered as: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, acquire or take any other action regarding the shares in the Company. Each distributor is responsible for performing its own target market assessment regarding the Company's shares and for deciding on suitable distribution channels.

Presentation of financial information

Unless otherwise stated herein, no financial information in the Offering Circular has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Offering Circular and that is not a part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system. All financial amounts are in Swedish kronor ("**SEK**"), unless indicated otherwise. Figures reported in the Offering Circular have in some cases been rounded and therefore the tables do not necessarily always add up exactly.

Forward-looking statements

The Offering Circular contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Offering Circular concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements.

Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read the Prospectus, including the following sections: "*Summary*", "*Risk factors*", "*Business overview*" and "*Operating and financial review*", which include more detailed descriptions of factors that might have an impact on the Company's business and the market in which it operates. None of the Company, the Selling Shareholder or the Sole Global Coordinator can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Offering Circular may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Offering Circular may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations and occurrence of accidents or systematic delivery deficiencies.

After the date of the Offering Circular, none of the Company, the Selling Shareholder or the Sole Global Coordinator assume any obligation, except as required by law or Nasdaq First North Growth Market – Rulebook, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

Business and industry data

This Offering Circular includes industry and market data pertaining to Fractal's business and markets. Such information is based on the Company's analysis of multiple sources. Fractal is not aware of any exhaustive industry or market reports that comprises or turns to the market for the services of Fractal. It is the Company's view that the information regarding market sizes and market shares in the Prospectus are appropriate and fair estimations of the markets where the Company is active. Furthermore, it is the Company's view that the information fairly reflects the Company's competitive position on these markets. However, such information has not been confirmed by any independent party and Fractal can not guarantee that a third party, using other methods for sampling, analysis or reporting of market information, would come to the same result. Furthermore, certain information is based on estimations made by Fractal.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Prospectus that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Information provided from a third party has been accurately reproduced and, as far as the issuer is aware and has been able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Table of contents

Summary of the offering

Price	SEK 41 per share
Application period for the general public	3 February 2021 – 10 February 2021
First day of trading in Fractal shares	11 February 2021
Settlement date	15 February 2021
Other Information	
Ticker:	FRACTL
ISIN code:	SE0015504477

Financial calendar

Interim report for 1 January – 31 March 2021, Q1	21 May 2021
Interim report for 1 March – 31 June 2021, Q2	20 August 2021
Interim report for 1 July – 30 September 2021, Q3	19 November 2021

Certain definitions

Cornerstone investors	Teknik Innovation Norden Fonder AB, Ernström Finans AB, Handelsbanken Fonder AB on behalf of the investment fund Microcap Sverige and LMK Venture Partners AB.
ABG	ABG Sundal Collier AB.
Euroclear Sweden	Euroclear Sweden AB.
Carnegie	Carnegie Investment Bank AB (publ).
Selling Shareholders	Litorina IV L.P, Långholmen Holding AB, Harnisch Management Consultancy AB and Quiq Distribution Holding AB.
Managers or **Joint Bookrunners**	Carnegie and ABG.
Nasdaq First North Premier	Nasdaq First North Premier Growth Market, an alternative marketplace operated by the various exchanges in Nasdaq.
SEK	Swedish Krona.
Sole Global Coordinator	Carnegie.
Fractal, the Company or **the Group**	Fractal Gaming Group AB (publ), the group in which Fractal is the parent company or a subsidiary of the group, depending on the context.

Summary

Introduction and warnings

Introduction and warnings	This summary should be regarded as an introduction to the Offering Circular. Any decision to invest in the securities should be based on an assessment of the entire Offering Circular by the investor. An investor may lose all or part of the invested capital. In a court action regarding the information in the Offering Circular, the investor who is the plaintiff under national law may have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability can only be imposed on the persons who presented the summary, including translations thereof, but only if the summary is misleading, incorrect or incompatible with the other parts of the prospectus or if it does not, together with the other parts of the offering circular, provide key information to help investors when they are considering investing in such securities.
The issuer	Fractal Gaming Group AB (publ), company no. 559080-2970, Datavägen 37B, SE-436 32 Askim, Sweden. LEI Code: 549300ED9KCK1I6B7870 Ticker: FRACTL ISIN code: SE0015504477
Information about selling shareholders	Litorina IV L.P., Corporate ID no. LP014049, LEI-code: 213800YGPX4AUIRPRG77, Gaspé House, 66–72 Esplanade, St Helier, Jersey, Channel Islands, JE2 3QT, Långholmen Holding AB, reg. no. 556633-3273, LEI-code: 549300PV0T7PTJE0SW41, c/o Fractal Gaming AB, Datavägen 37B, SE-436 32 Askim, Harnisch Management Consultancy AB, reg. no. 556785-7841, LEI-code: 549300A7PY1HGEE5RS59, Paradisets Väg 31, SE-434 93 Vallda, Sverige and Quiq Distribution Holding AB, reg. no. 556637-8054, LEI-code: 5493007UJ4UKIVMQQX60, Lerduvevägen 10, SE-436 51 Hovås.
Competent Authority	The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) is the competent authority and responsible for approving the Swedish Offering Circular. Postal address: Box 7821, SE-103 97 Stockholm Telephone number: +46 (0)8 408 980 00. Website: www.fi.se. The Offering Circular was approved by the Swedish Financial Supervisory Authority on 2 February 2021.

Key information about the issuer

Who is the issuer of the securities?

Issuer information	The issuer of the securities is Fractal Gaming Group AB (publ), company reg. no. 559080-2970. The registered office of the company is in Stockholm municipality. The company is a Swedish public limited company formed in Sweden under Swedish law on 26 August 2016 and conducts its business under Swedish law. The company's form of association is governed by the Companies Act (2005:551). The company's LEI code is 549300ED9KCK1I6B7870.

The issuer's principal activities	Fractal is, according to the Company's own assessment, a leading[1] company within the premium segment of PC gaming products. The Group was founded in 2010 and its products are currently sold in over 50 markets around the world. The current parent company, Fractal Gaming Group AB (publ) was founded in 2016 and acquired the previous parent company of the Group, Fractal Gaming Sweden AB. The Company's products are characterised by a high level of design, performance and quality. The current product offer is divided into two product segments – Cases and Other. Cases is the company's largest segment and includes the sale of PC cases, primarily within the premium segment directed at gamers (a niche within premium gaming products). Other includes the sale of power supply units, cooling products and fans, primarily within the premium segment directed at gamers. In 2020, sales of cases (Segment Cases) and other products (Segment Other) accounted for 83 and 17 per cent respectively of the Company's sales.[2] 1) Leading means that the Company, according to its own assessment, is a leader in terms of net turnover in the segment for premium PC cases (a niche in premium gaming products). 2) See the sections "*Selected financial information – Selected segment information and selected financial geographic information*" for financial information by geographic market
Major shareholders and control over the issuer	The table below describes Fractal's ownership structure immediately before the Offer.

Shareholders	Ownership as per the date of the Offering Circular – Number	Per cent
Shareholders whose holdings exceed 5 per cent of the shares		
Litorina IV L.P.	15,370,350	52.8
Hannes Wallin[1]	9,000,000	30.9
Jens Harnisch[2]	2,100,000	7.2
Daniel Johnsson[3]	1,500,000	5.2
Shareholding board of directors members and executive management and other shareholders (other than the above)		
Patrick Söderlund	514,290	1.8
Magnus Yngen	428,550	1.5
Karin Ingemarson	88,650	0.3
David Järlestedt	60,000	0.2
Pernilla Ekman	44,340	0.2
Alexander Ernryd	13,320	<0.1
Total	**29,119,500**	**100**

1) Indirectly through Långholmen Holding AB.
2) Indirectly through Harnisch Management Consultancy AB.
3) Indirectly through Quiq Distribution Holding AB.

As far as the Company is aware, the Company is as of the day of the Prospectus not controlled directly or indirectly by anyone other than Litorina IV L.P.

Key managing directors	The Company's board of directors consist of Magnus Yngen (Chairman), Patrick Söderlund, Gustav Thott, Hannes Wallin and Pernilla Ekman. The Company's management consist of Hannes Wallin (CEO), Karin Ingemarson, David Järlestedt, Alexander Ernryd and Jens Harnisch.
Auditor	The Company's independent auditor is since 9 December 2016 KPMG AB, which at the Annual General Meeting 2021 was reelected for the period until the end of the Annual General Meeting 2022. Mathias Arvidsson (born in 1975) is the auditor in charge.

Key Financial Information on the issuer

Key financial information in summary

Selected profit and loss account items

Amounts in SEK thousands	Fiscal year 2020 Revised	2019 Revised	2018 Revised
Total revenue	651,971	410,684	335,405
Operating Income (EBIT)	115,447	57,624	49,594
Net profit for the year	83,966	42,768	30,552
Net growth in turnover, %	58.3%	23.4%	–
Operating margin (EBIT margin), %	18.2%	14.4%	15.2%
EBITDA margin, %	19.8%	16.0%	16.8%
Earnings per share before and after dilution	82.52	41.98	30.05

Selected cash flow items

Amounts in SEK thousands	Fiscal year 2020 Revised	2019 Revised	2018 Revised
Total assets	539,089	472,782	381,612
Total equity	270,698	224,382	181,442
Interest-bearing net liabilities	49,721	30,706	50,879

Selected cash flow items

Amounts in SEK thousands	Fiscal year 2020 Revised	2019 Revised	2018 Revised
Cash flow from operating activities	41,319	42,412	68,020
Cash flow from investment activities	–21,056	–19,270	–9,114
Cash flow from financing activities	–18,638	–22,185	–47,209
Annual cash flow	1,625	957	11,697

What are the key risks that are specific for the issuer?

Main risks related to the issuer

The main risks related to Fractal consist of:

- Fractal being exposed to risks related to product defects and that the launch of new products takes place at Company's intended time. If the Company does not successfully launch new products, the sales volume will be negatively affected and recalls due to product defects may damage the Company´s reputation and results;
- Fractal being exposed to risks related to the development of cloud gaming and gaming platforms and thus migration from the use of PC, which could have a significantly negative impact on Fractal's business, future prospects, results and financial position;
- Fractal being exposed to risks related to the Company's reputation and brand and should the Company no longer be able to maintain its reputation as a producer of high-quality PC products and accessories, it could lead to significant damage to the Company's operations and profit;
- Fractal being exposed to intense competition and operating in an industry with transparent pricing, and should Fractal fail to compete effectively, it would have a materially negative impact on Fractal's business, future prospects, results and financial position;
- Fractal being exposed to risks related to inflow of orders from resellers and distributors and deliveries from its suppliers and should Fractal fail in producing and delivering the required volumes of products, this may lead to loss of revenue and damage to Fractal's brand and reputation;
- Fractal being exposed to risks related to changes in macro-economic factors and a deteriorating economic situation can impair the purchasing power of Fractal's end customers and lead to lower revenues for Fractal;

Main risks related to the issuer, *cont.*	▸ Commercial political unrest and tariffs in the US may adversely affect Fractal as this may lead to an increase in the cost of Fractal products compared to alternative products and a decrease in the demand for Fractal products; ▸ Fractal's products being recalled due to product defects, which may entail costs, that the Company becomes involved in legal disputes and that the Company's reputation is damaged; ▸ Fractal being exposed to risks related to intellectual property rights such as the Company not being able to protect its trademark; ▸ Fractal being exposed to currency risk since the Company´s reporting currency is SEK and the Company sells and buys its products in USD and has mechanisms in its supplier agreements that are affected by fluctuations in the CNY exchange rate. The SEK/USD exchange rate and the USD/CNY exchange rate therefore have an impact on the Group´s profit margins; ▸ Fractal being exposed to changes in raw material prices, primarily steel and plastic used in the production of the Company´s products, as well as pulp used in the manufacture of product packaging. Increased costs for raw materials can lead to a lower operating profit/loss; ▸ Fractal being exposed to risks related to financing of the operations and should the Company fail to meet obligations in its financing agreements and the Company's debt be terminated, this could materially affect the Company's ability to operate its business; and ▸ Fractal being exposed to risks related to impairment of the Company's goodwill and if the Company were to be forced to carry out impairment of its goodwill, this could have a material adverse effect on Fractal's reported earnings and equity.

Key information on the securities

What are the main features of the securities?

Securities offered	Shares in Fractal Gaming Group AB (publ), company reg. no. 559080-2970. ISIN code: SE0015504477. The shares are denominated in SEK.
Total number of shares in the Company	As of the date of this Offering Circular, there are 29,119,500 shares in the Company. Each share has a quota value of approximately SEK 0.017170.
Rights associated with the securities	Each share in the Company entitles the holder to one vote at a general meeting, and each shareholder is entitled to vote for all shares held by the shareholder in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, the shareholders generally have a preferential right to subscribe for such securities in relation to the number of shares held before the issue. The shares carry a right to dividends for the first time on the record date for dividends which is nearest after the shares have been admitted to trading. All shares in the Company give equal rights to dividends and to the Company's assets and any surplus in the event of liquidation. All issued shares are fully paid and freely transferrable. The rights associated with shares issued by the Company, including those that follow from the Articles of Association, may only be amended in accordance with the procedures stated in the Companies Act (2005:551).
Dividend Policy	Fractal's objective is to pay out 30 to 50 per cent of its net profit, taking into account other factors such as financial position, cash flow and growth opportunities.

Where will the securities be traded?

Admission to trading	The shares in the Company are planned to be admitted to trading on Nasdaq First North Premier around 11 February 2021, provided that certain conditions, including the distribution requirement for the Company's shares, are met no later than the day of trading.

What are the key risks that are specific to the securities?

Main risks related to the securities	The main risks related to Fractal's shares consist of: ▶ The price of the shares may be volatile as the price depends on several factors associated with both the Company and the stock market as a whole, and potential investors may lose all or part of their investment; ▶ Extensive sales, and sale by certain specific shareholders, of the shares may lead to the share price falling. Certain major shareholders in the Company have undertaken not to sell their respective holdings for a certain period after trading on Nasdaq First North has commenced and may choose to sell their holdings thereafter; and

Key information about the offering of securities to the general public

Under which conditions and timetable can I invest in this security?

Offering Terms and Conditions	**The Offering:** The Offering comprises not more than 11,667,920 existing shares offered by the Selling Shareholders. The Offering is divided into two components: (i) the offering to the general public in Sweden[1] and (ii) the offering to institutional investors in Sweden and abroad.[2] Over-allotment Option: Litorina IV L.P. have provided the Joint Bookrunners with an over-allotment option entitling the Joint Bookrunners, not later than 30 days from the first day of trading in the Company's shares on Nasdaq First North Premier, to request to acquire 1,750,188 existing shares from the Litorina IV L.P., corresponding to approximately 15 per cent of the number of shares in the Offering, at a price corresponding to the offering price. The Over-allotment Option may only be exercised in order to cover any over-allotment in the Offering. **Offering price:** The offering price is SEK 41 per share. The price has been determined by the Company and the Selling Shareholders in consultation with Joint Bookrunners based on a number of factors, including discussions with cornerstone investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation as well as estimates regarding Fractal's business opportunities and future profitability. **Application:** Applications from the public must pertain to a minimum of 250 shares and a maximum of 24 000 shares. Applications can be made to Carnegie or Avanza. Applicants applying to acquire shares through Carnegie must have a securities depository account or an investment savings account with Carnegie. Persons applying to acquire shares through Avanza must hold a securities depository account or an investment savings account at Avanza. Expressions of interest from institutional investors in Sweden and abroad are to be submitted according to special instructions. **Allotment:** The decision concerning the allotment of shares will be made by the Company and the Selling Shareholders in consultation with Carnegie, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public in Sweden to enable regular and liquid trading of the Company's shares on Nasdaq First North Premier. **Listing for trade:** On 25 January 2021, Nasdaq Stockholm decided that the Company meets the current listing requirements for Nasdaq First North Premier. Nasdaq First North Premier will approve an application for admission to trading of the Company's shares on Nasdaq First North Premier provided that certain conditions are met, including that the Company submits such an application and that the distribution requirement for its shares is met. Trading is expected to begin around 11 February 2021. 1) The general public comprise individual persons and legal entities in Sweden who applies for subscription of 24,000 shares as most. 2) Institutional investors comprise individual persons and legal entities who applies for subscription of 24,000 shares as most.
Timetable for the Offering	**Notification period for the general public:** : 3 February 2021 – 10 February 2021 **Notification period for institutional investors:** 3 February 2021 – 10 February 2021 **First day of trading of the Company's shares:** Around 11 February 2021 **Settlement date:** 15 February 2021

Offering cost	Fractal's costs attributable to admission of the shares for trading on Nasdaq First North Premier and the Offer are estimated to amount to approximately SEK 25 million. Such costs are primarily attributable to costs for auditor, lawyers, printing of the Offering Circular, other consulting costs, costs related to presentations by company management, etc.

Who is the offeror?

The offeror of the securities	Litorina IV L.P, Långholmen Holding AB, Harnisch Management Consultancy AB and Quiq Distribution Holding AB are the Selling Shareholders. Litorina IV L.P. is a limited partership founded in England and Wales with reg. no. LP014049 and conducts its business in accordance with the laws in England and Wales and with regitered office Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE2 3QT. Litorina IV L.P.´s LEI code is 213800YGPX4AUIRPRG77. Långholmen Holding AB, reg. no. 556633-3273, with registered office in Västra Götaland county, is a Swedish private limited company formed in Sweden in accordance with Swedish law. The Company's LEI code is 549300PV0T7PTJE0SW41. Harnisch Management Consultancy AB, reg. no. 556785-7841, with registered office in Halland county, is a Swedish private limited company formed in Sweden in accordance with Swedish law. The Company's LEI code is 549300A7PY1HGEE5RS59. Quiq Distribution Holding AB, reg. no. 556637-8054, with registered office in Västra Götaland county, is a Swedish private limited company formed in Sweden in accordance with Swedish law. The Company's LEI code is 5493007UJ4UKIVMQQX60.

Why is this Offering Circular being produced?

Reasons for the Offering	The Offering and listing will broaden the Company's shareholder base and give Fractal access to the Swedish and international capital markets, which is considered to promote the Company's continued growth and development. The board of directors and Fractal's executive management, together with Selling Shareholders, believe that the Offering and listing of the Company's shares is a logical and important step in Fractal's development, which will further increase awareness among current and potential end customers and suppliers regarding Fractal and its operations.
Interests and conflict of interests	The Managers provide financial advice and other services to the Company in connection with the Offering, for which they will receive customary compensation. The Managers have provided, from time to time, and may in the future provide, various banking, financial, investment, commercial and other services to the Company. Advokatfirman Vinge KB has acted as legal adviser in connection with the Offering and the listing and may provide further legal advice to the Company.

Risk factors

This section describes the risk factors and important circumstances that are considered significant to the Group's operations and future development. The risk factors relate to the Group's operations, industry and markets, and include the following categories of risk factors: operational and industry-specific risks, legal risks, financial risks and risks related to the shares and the Offering. The assessment of the significance of each risk factor is based on the probability of its occurrence and the expected magnitude of their negative impact. In accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council (the *Offering Circular Regulation*), the risk factors listed below are limited to risks that are specific to the Company and/or the securities and essential in order to make a well-founded investment decision.

The description below is based on information available as of the date of this Offering Circular. The risk factors that are currently considered most significant are first presented in each category, while the risk factors are then presented without any particular ranking.

Risks related to the business and industry

Fractal is exposed to risks related to the launch of new products and product errors

Fractal is dependent on the Group's product launches taking place as planned in order for the products to be as well received by the market as possible. As the Company operates in an industry where brand perception is of high importance, the Company's brand and reputation are of great importance to the Company's success, see further "*Fractal is exposed to risks related to the Company's reputation and brand*". It is therefore important that new products are successfully marketed and launched on the market at the time that the Company intends to achieve commercial success and in a way that strengthens and maintains the Company's image and reputation.

Launch of new products may be delayed for several different reasons, such as manufacturing defects in production (regardless of whether this is due to the Company, the supplier or anybody else), changes in the market situation, lack of product quality or product design or delays by the Company or its suppliers. If the Company does not successfully launch new products, the sales volume will be adversely affected, which in turn affects the Company's operating results (EBIT). In the event that Fractal launches products that prove to be subject to significant product defects, the Company will need to recall such products, which in itself entails increased costs, and may lead to impaired reputation and reduced sales in the short and long term. Furthermore, delayed launches or launches of products affected by errors relating to the above-stated reasons or other reasons may adversely affect the Company's ability to maintain its market share and harm the Group's image and affect the Company's revenues for the relevant period.

Fractal is exposed to risks related to the development of cloud gaming and gaming platforms

In addition to gaming on PC, there are many other solutions and different types of platforms that enable gaming. So-called cloud gaming refers to solutions that mean that software is run via third-party servers and that both the software and the PC capacity that currently comes from hardware in the PC is instead distributed to the end user over the Internet, which places less requirements on the hardware in the physical console used by the end consumer. As of the Offering Circular date, the type of technology related to cloud gaming is not sufficiently developed to compete with PC-gaming since the functionality that gaming enthusiasts typically require in their user experience is not yet provided by cloud gaming. Demand for Fractal's cases, fans, water cooling systems and power supply units is driven by that the end customers use high-performance PCs that contain PC components such as those manufactured by Fractal. If the cloud gaming technology is developed and the technological developments allow for more general use of cloud gaming even for sophisticated, demanding games and other software, this can mean that gaming enthusiasts migrate from the use of PCs and instead gain access to PC power and software via third-party servers. Such a development could mean that gamers significantly reduce their use of PC, or quit altogether.

In addition to cloud gaming, there are game consoles, virtual reality, application games on mobile phones and other types of gaming platforms and should these types of alternatives increase in popularity at the expense of gaming on PCs, this may reduce demand for Fractal products because its end customers migrate to these consoles instead.

A development towards cloud gaming or other solutions and, as a consequence, migration from the use of PC, or a general decline in interest in gaming, may, in accordance with what has been stated above, have a significantly negative effect on Fractal's business, future prospects, results and financial position.

Fractal is exposed to risks related to the Company's reputation and brand

Fractal operates in an industry where brand perception is of high importance and the Company's brand and reputation, thus, are of great importance to the success of the Company. Fractal's products belong to the premium segments of cases, fans, water cooling systems and power supply units and the Company's reputation and image as a designer and producer of such products is therefore very important for the Company's ability to compete successfully. Fractal's products are marketed, among other things, by profiled people testing, assessing and reviewing PC components and accessories, so-called hardware reviewers, and the Company is dependent on such people leaving good reviews. In addition, Fractal markets its products through social media, collaborations with selected influencers and digital advertising such as banners on e-commerce portals. Should Fractal fail to market its current or future products as innovative and relevant in the premium segment or fail to position its brand and no longer be able to maintain its reputation as a producer of high quality PC components and accessories, it could lead to significant damage to the Company's operations and results. The Company's reputation is also dependent on the design and functional choices that the Company's product development group makes are appealing and continues to appeal to the Company's end customers. If Fractal's design and functional development does not follow the general development of gaming, it would have a negative impact on the Company's sales and earnings.

If any of Fractal's products should attract negative publicity through, for example, statements by influential hardware reviewers, gamers, streamers, esports-people or other people within the gaming community, it could damage Fractal's brand and ability to compete successfully. Fractal's reputation and brand may also be damaged due to negative publicity attributable to complaints from end customers, delivery times, management of online platforms such as blogs, online valuation and reviews, evaluation services and social media and the Company's website.

If any of Fractal's employees, suppliers or other partners should express themselves inappropriately, behave unethically, fail in their handling of sustainability issues or otherwise behave improperly, it could cause serious damage to Fractal's brand and reputation. Inability to handle negative publicity or other problems, including those relating to Fractal's suppliers' environmental and business ethics, product safety, quality and efficiency, whether real or perceived, could also adversely affect Fractal and its brand.

In 2020, the marketing cost of Fractal amounted to SEK 8.2 million, which the Company considers to be a small cost in relation to the Group's size , which is a consequence of Fractal's brand being strong and the Group's reputation positive. If Fractal's brand and reputation were to deteriorate as a result of any of the risks listed above, this could lead to a deterioration of relationships with end customers, suppliers, employees and other partners and could mean that the Group would need to drastically increase its marketing budget in order to try to compensate for damages to the brand and reputation, which would have a negative impact on the Group's financial position and operating profit (EBIT).

Fractal is exposed to intense competition

The gaming market is global, growing rapidly and highly competitive. Rapid technological development requires operators in the gaming market to develop new innovative products with new features and better performance in order to be able to market and sell the latest technology and products. The development rate and the changing market contribute to the fact that product lifecycles are relatively short and products that are not sold risk becoming obsolete, which contributes to Fractal and other players being exposed to constant price pressure.

The market for gaming and esports has developed a lot in a short time. The increasing turnover for the industry as a whole may contribute to companies that have not previously competed for the same market shares that Fractal (for example large multinational electronics companies) may enter the market. If companies which are currently focused on other end customer segments, product segments, sales channels or geographical markets begin to offer competing products to Fractal's target group, via corresponding sales channels or in the Company's geographical markets, competition may further increase which may lead to Fractal losing business opportunities, revenue or forced to change its business model. Such competing companies may have greater financial assets and presence in traditional trade, e-commerce and physical stores than Fractal, which could mean that Fractal would have to lower its prices or take other measures to be able to compete successfully. The widespread e-commerce in Fractal's industry contributes to intense and efficient price competition through transparent pricing. If a competitor, for example, lowers the price of similar products as Fractal's products and advertises and sells its products side by side with Fractal's products on the same e-commerce portal, it could cause Fractal to lose sales. If competitors were to offer a wider range, the Company could have difficulties competing successfully.

Should any of the risks described above be realised, it could have a materially negative impact on Fractal's operations, future prospects, results and financial position.

Fractal is dependent on attracting and retaining employees with key skills

Fractal's business comprise a small organisation with a limited number of key staff and a limited number of executive officers who make up the Group's management. It is important for the Group's success, future operations and business plan to be able to attract, motivate and retain qualified staff and executive management. The Group is particularly dependent on the knowledge, experience and commitment of the management and primarily the company's founder and CEO Hannes Wallin. The Company's product development department is also a core function of the Company and it is therefore very important to retain and recruit competent employees to the product development department. In order to attract, motivate and retain certain key people, the Group may need to increase remuneration to these people, with increased staff costs as a result. In 2020, the Group's costs of remuneration to the employees of the Group amounted to SEK 50,451 thousand, and a material increase in the costs would have a negative effect on the Group's operating profit. If the Group is unable to attract and retain qualified staff in the future, this may have a significantly negative effect on the Group's future prospects.

The demand for Fractal products is dependent on other parties continuing to produce and sell hardware and software

The demand for Fractal's products is dependent that other parties produce, develop and launch both hardware and software, which Fractal has no control over. Fractal products must be used in conjunction with other hardware, including graphics cards and processors, which means that Fractal is dependent on other companies producing, designing and developing such hardware. Furthermore, Fractal's end customers typically play and use sophisticated games and programs that require a high-performance PC with certain components, such as high-quality graphics cards and processors that, during use, generate heat and therefore need to be cooled down, which drives the demand for Fractal's fans and water cooling systems. Fractal is therefore also dependent on that such types of games and programes continues to be developed by other parties, which is beyond Fractal's control. In addition, the development of esports and streaming is important for Fractal's end customer group to continue to grow and maintain demand for the cases, fans, water cooling systems and power supply units that Fractals designs and produces. Should other companies and actors discontinue or reduce their production of the type of hardware, software, games and programs required for the demand of Fractal products, this may have a significantly negative impact on Fractal's business, future prospects, results and financial position.

Fractal is exposed to risks related to inflow of orders from resellers and distributors and deliveries from its suppliers

Fractal has no physical stores and does not sell directly to the end customer and is dependent on distributors and resellers who sell Fractal's products to the end consumer. Fractal has a number of resellers and distributors whose orders constitute a large part of the Company's sales, as an example, Fractal's largest customer Magnell Associates Inc. accounted for 27.1 per cent of sales in 2020. If one or more of Fractal's important resellers and distributors were to stop ordering and selling Fractal's products, this would mean significant loss of revenue for Fractal and affect the Company negatively. Furthermore, there is a consolidation of e-commerce operators worldwide, which could contribute to Fractals' dependence on individual resellers. For example, JD.com and Alibaba are the dominant e-commerce operators in China, which makes Fractal dependent on them in their sales in the Chinese market.

The Company's resellers and distributors have typically not entered into in long-term purchase agreements with Fractal, but instead place orders with the Company with a few weeks' notice. The resellers and distributors are typically not bound by volume commitments, instead they order volumes as the deem fit. This means that the Company has a short order book, without the obligation of the Company's resellers and distributors to order certain volumes from the Company during a given period of time or at all. The company has good relationships with many of its resellers and distributors but has no influence over the volume that each customer orders and can therefore, at short notice, lose large parts of its order inflows and, as a consequence, revenue. Some of the Group's agreements with resellers and distributors contain burdensome contractual terms for Fractal, such as conditions whereby Fractal has undertaken to ensure that the counterparty is given the right to purchase products at the lowest price Fractal applies to other actors, demand that Fractal repurchases products at the end of the contract period, and that, in the event that Fractal lowers the prices of its products, adjust its prices accordingly. These burdensome terms have historically not been invoked by the resellers and distributors who are entitled to do so, but in the event that the relevant resellers and distributors would invoke these burdensome terms, this could mean that the Company's revenues would decrease.

The demand for Fractal's products varies over the seasons and the order stock therefore varies during a typical business year. Generally, the demand for Fractal products is lower during the first and second quarters as a consequence of the period following the strong Christmas shopping season. During the third and fourth quarters, demand is higher instead, and it is greatest during the Christmas shopping season. Demand for the second half of the year is driven by the fact that producers of games and software often release new products during the summer and the second half of the year and that several large, commercially important days occur during the fall, mainly Black Friday and Cyber Monday. Fractal's order stock therefore varies during the year, which means higher demands for planning of production and warehousing. The difference in sales between the month with the lowest sales volume, June, and the highest sales volume, December, was approximately 253 per cent in 2019 and the difference in sales between the month with the lowest sales volume, October, and the highest sales volume, June, was approximately 215 per cent in 2020. Should Fractal fail to produce and supply the volumes of products required during periods of high demand, this may lead to loss of revenue and damage to Fractal's brand and reputation. If Fractal produces too large volumes during periods of lower demand, this may mean that large volumes of products may be stored for longer periods, which entails costs and may mean that values need to be written down to the extent that they may not be realised.

Fractal's suppliers produce the Company's products in a dozen production facilities in China and Fractal is dependent on correct and timely deliveries from the suppliers. As a consequence of the tariffs which the US charges for certain groups of products produced in and supplied from China and which are described in the section "*Commercial political unrest and tariffs in the US may adversely affect Fractal*" the Company intends to work with its manufacturing suppliers to relocate parts of the final assembly of products to other countries. Should the Company not succeed with such a restructuring, for example if the Company's suppliers cannot relocate production or if the Company cannot find other suitable suppliers who can deliver the volume and quality expected, it would have a material adverse effect on the Company's operations and results. The Company assesses that the tariffs and the measures the Company plans to perform as a result of the tariffs in the year 2021 will have a negative net effect on operating profit (EBIT) of SEK 10 million, compared with if the Company had received exemption from tariffs on imports of cases similar to what the Company had during the year 2020.

Fractal does not have full insight into, or control over, the production facilities' operations and cannot control or prevent any production stops, machinery faults, fires, accidents, problems with subcontractors or delivery of materials, shutdowns, personnel problems or other problems that may affect the production facilities' ability to deliver products in the volume, quality and at the time expected and agreed. Should any of the above-mentioned, or other problems affect the production facilities' ability to deliver by agreement, this may mean that Fractal in turn cannot deliver its products as agreed to its resellers and distributors. Loss of or delay in deliveries may result in, among other things, loss of income, damaged relationships with, resellers and distributors, risk of paying a fine or compensate parties for delayed deliveries or damage to Fractal's image.

Should Fractal's distributors and resellers for some reason not order the volumes that have historically been ordered, terminate their cooperation with Fractal or if Fractal's production facilities do not deliver products as expected, it could have a materially negative impact on Fractal's results and future prospects.

Fractal is exposed to risks related to changes in macroeconomic factors

Demand for Fractal's products can, especially in the long term, be affected by changes in the macroeconomic situation, such as growth, general impact on the economy, changes in end consumer behaviour, demographics and population growth. Fractal is particularly dependent on the financial situation in the Americas and EMEA, where 88 per cent of the Group's sales has taken place during 2020. In recent years, a number of events have occurred whose long-term effects on the general economy are unknown, such as the COVID-19 pandemic, the UK's exit from the EU and political uncertainty, including unstable relationships between larger countries that create escalating trade restrictions and countermeasures. Political uncertainty creates great economic uncertainty and the introduction/removal of or increase/decrease of tariffs and taxes could make exports of Fractal's products and the Company's operations in general more difficult.

As a result of COVID-19, states, authorities and other organisations have introduced guidelines, advice, recommendations, bans and implemented other measures to limit the spread of infection. Such measures include, for example, the introduction of national exclusion bans, advice against and restrictions on transport and travel, closures of workplaces, schools and other institutions. The pandemic affects Fractal's operations and causes uncertainty and costs for the Company's operations. Shutdowns and transportation have caused difficulties in delivering products and ensuring timely deliveries that could be ensured before the outbreak of the pandemic, which leads to work and costs for Fractal. Furthermore, Fractal's production is only located in China where the pandemic broke out. During the initial period of the pandemic, strict restrictions were issued in large parts of China, which caused disruption to Fractal's contracted production facilities. Should the pandemic get worse again, it can lead to new shutdowns that can reduce or completely shut down Fractal's production. Deliveries of Fractal products may further be hampered or delayed by further shutdowns in other parts of the world. As per the date of the Offering Circular, it is still difficult to overview how the pandemic will develop and how the consequences thereof may affect Fractal's operations but continued shutdowns, a worsened economic situation and difficulties with the coordination of the operations may have a significantly negative impact on Fractal's operations, future prospects, results and financial position.

Furthermore, Fractal has sales to the UK and the country's exit from the EU is expected to lead to altered market conditions and regulatory conditions and otherwise have a significant impact on companies that do business in, or with actors in, the UK. Fractal's sales in the UK in 2020 corresponded to 5.5 per cent of total sales. It is difficult to predict the consequences that Brexit may have, but if trade and operations in relation to the UK are hampered because of Brexit or other reasons, the Company estimates that, depending on its materiality, it could have a significant impact on the Company's revenue from sales in the UK. For example, a weakened economic situation in the UK could lead to lower purchasing power for Fractal's British end customers, which could mean lower revenues for Fractal than planned, or that revenues do not materialise at all. This would also have a negative impact on the Company's earnings and financial position.

Risks related to Fractal's supply chain and global operations

Fractal is a global group with offices in Sweden, the US, China and Taiwan, as well as suppliers in China and distributors in more than 50 countries worldwide, primarily the US, Europe and Japan. Fractal's operations therefore require that Fractal coordinate its operations and distribution around the world. Fractal's processes and systems for logistics include contact with other parties in different parts of the world, manual handling, documentation of production and distribution, storage systems, packaging and similar steps. Faults or interruptions in any of the Company's systems, for example, as a result of malfunctions in software, natural disasters, illnesses, lock-downs or other supplier problems, vandalism or sabotage, or human errors may impair Fractal's ability to deliver its products in the intended amount, quality and at the intended time.

Fractal has two storage facilities: one central warehouse in China and one regional warehouse in the US. These warehouses are central to the Company's supply chain. If Fractal's central warehouse and the products that are kept in stock were to be damaged or for some other reason not be delivered in time by Fractal, for example as a result of burglary, theft, flooding, fire or any other event, or if the central warehouse had to be closed, the Company could suffer losses and delays in deliveries which could have a significant negative impact on Fractal's business, reputation, results and financial position. If stored products are damaged, for example as a result of a flood, fire or any other event, the Company may suffer impairment and may be delayed in relation to resellers and distributors as a consequence of the Group's inability to deliver in time, which may lead to increased costs and delayed deliveries. There is also a risk that delayed deliveries may adversely affect Fractal's reputation.

If Fractal fails to coordinate its operations in any of the above-mentioned ways and as a consequence fails to deliver the correct type, quantity and quality of its products at the right time or is forced to lower its prices or write down book inventory values, this may have a materially negative impact on the Company's financial position and results.

Commercial political unrest and tariffs in the US may adversely affect Fractal

As a global group with international sales, the Company is exposed to trade policy measures such as tariffs, import and export restrictions and other measures. Fractal's largest market is the US, where 41.5 per cent of the Company's sales took place during 2020. Fractal's sales in the US have also almost tripled during the first half of 2020 compared to the same period in 2019. In September 2018, the US introduced tariffs for certain groups of products produced in and imported from China. Fractal has all its production through subcontractors in China and has been affected by the tariffs. Since the introduction of the tariffs, Fractal has paid SEK 16.5 million in tariffs for its sales in the US. In September 2019, Fractal applied to use an exemption from the tariffs regarding the Company's cases and repayment of the previously paid tariffs for that product group, for which Fractal was awarded exemption in April 2020 up until 7 August 2020. The exemption was extended until 31 December 2020. As of 31 December 2020, Fractal has recovered approximately USD 1,493 thousand and expects to recover the remaining approximately USD 127 thousand during the first quarter of 2021. The company has not been able to apply for exemptions for tariffs during 2021 and has therefore paid tariffs from the turn of the year. The company assesses that this also applies to its competitors. As stated in the section "*Fractal is exposed to risks related to inflow of orders from retailers and distributors and deliveries from its suppliers*" the Company intends to work on moving parts of the final assembly of products to other countries which would mean that the products would not be subject to import tariffs to the US.

The US is Fractal's most important geographic market in terms of turnover and at the same time, the Company has production through subcontractors in China. In addition to the impact that the existing tariffs had on Fractal's financial position, the Company may in the future be affected by the political tension between especially the US and China. For example, if the US government chooses to raise tariffs, this would mean that Fractal's cost per sold item in the US would increase and if the price of Fractal's products also increase compared with alternative products, it can lead to a reduced demand for Fractal's products and thus lower revenues. In addition to tariffs, other trade political unrest can lead to negative consequences for Fractal's production and deliveries in relation to the US, China and other parts of the world that can be difficult to foresee. Continued tariffs or other trade barriers between, for example, the US and China or similar trade policy measures may also have a significantly negative impact on Fractal's business, future prospects, results and financial position in addition to increased costs.

Fractal is exposed to IT-related risks

Fractal relies on IT systems in their daily operations, including a business system that the Group uses for the workflow from order to delivery. The Group's daily operations depend on various IT functions such as finance, purchasing and warehousing. Fractal's product development department also uses programs and systems for developing new products and the continuous function of the system is important for the group's operations. It is of great importance that IT providers can maintain and update the Group's existing IT system and that the Group has effective firewalls and antivirus software. Any interruptions or errors in critical IT systems used by the Group, such as those caused by sabotage, PC viruses transmitted by phishing or otherwise, handling errors, software error, PC errors or terminated IT agreements, could have a negative impact on Fractal's business, including the Company's ability to register orders and deliver products, issue invoices, register payments and affect the reporting of results, and thus be able to negatively affect Fractal's operating result (EBIT).

In 2020, Fractal was the subject of IT fraud whereby an email account within the Group was hacked. Using the email account and the information accessed, those who committed the data breach were able to send out incorrect invoices to Fractal's resellers and distributors. The infringement was discovered, and Fractal was able to warn of the infringement, but one of Fractal's distributors was misled to deposit money to an incorrect account for a false invoice. Similarly, Fractal may be misled to pay false supplier invoices, which may amount to several hundred thousand USD. Infringements such as those described above, or other types of IT infringements and fraud may cause major costs for Fractal and adversely affect the Group's relationships with its resellers and distributors if the Group is perceived in a negative light due to the infringement or handling thereof.

Interruptions or errors in the IT systems could also affect Fractal's processing of personal data. Fractal's business is subject to data protection legislation. There is a risk that the measures taken by Fractal to follow these processes and procedures may prove insufficient, and that unauthorized disclosure or incorrect processing of personal data may occur. This could result in fines or claims for damages from individuals as well as injunctions from regulatory authorities. Lack of IT systems or compliance with data protection legislation could adversely affect Fractal's image and financial position.

Legal and regulatory risks

Fractal's products may need to be recalled due to product defects

Fractal's cases, fans, water cooling systems and power supply units are produced in accordance with detailed technical specifications and are made up of several components. Fractal's business is dependent on the technical specifications and production of the Company's products taking place in a correct manner and that no product defects occur. Defects in products may arise for many different reasons such as defects in components, defects in raw materials, errors in, or misunderstandings of, technical specifications, assembly errors, handling errors, damage during delivery or other causes that may be difficult to predict or counteract, and may be beyond Fractal's control.

If Fractal must recall products, this could have a number of consequences for the Group. For example, processing costs and coordination work to either repair products or replace them with new products. Faulty products may be charged to the Group with significant amounts depending on the type of fault, the volume of products that are defective, the time when any faults are discovered, if any faults make the products dangerous or not, and other factors. During the second half of 2020, the Company recalled products for which an defect was attributed to an incorrect specification regarding the cases sent to the supplier. The defects were discovered before the products reached the end customer and the defects did not pose a risk of personal injury or similar. The cost of correcting the errors and handling thereof amounted to approximately SEK 2 million. The revocation did not give rise to any dispute or other legal proceedings.

Fractal's ongoing production is inspected and quality controlled through various quality controls to ensure that Fractal's products are of the quality that cases, fans, water cooling systems and power supply units in the premium segment are expected to have and that the quality is consistent over time. If products that for some reason are not of the expected quality wouldn't be identified in the quality controls, this may lead Fractal to delivering products to resellers and distributors and possibly to end customers who are of substandard quality, which may lead to costs for the Group in order to replace such products and, damage the Group's reputation and raise possible claims towards the Group. The Group has standard agreements which form the basis of the relationship with the Group's suppliers. Some previously entered into standard agreements that still apply are inadequate in certain parts such as in relation to clauses of non-compete. The old standard agreements are replaced by new agreements as the old standard agreements expire.

If the Company is forced to recall products, this may lead to the Company becoming involved in disputes or other legal proceedings related to either personal injury, payment or compensation liability or other types of claims related to the recall. As per the date of the Offering Circular, Fractal has not been involved in disputes or other legal proceedings due to product errors or recalls, but if it were to occur, this may mean significant costs and time required for Fractal as legal proceedings are often extensive and costly. Being involved in legal proceedings, regardless of whether Fractal can successfully defend itself or not, can also damage the Company's reputation. Should Fractal be forced to recall products due to a fault, this may therefore have a materially negative effect on Fractal's business, future prospects, results and financial position.

Fractal is dependent on entering into and maintaining suitable insurance policies

Fractal has taken out credit insurance, transport insurance, business insurance, business travel insurance, PC insurance and criminality insurance. Fractal has insured its inventory items located in one central warehouse in China and one regional warehouse in the US. The stocks have, from time to time, significant value, for example average inventory value amounted to approximately SEK 117 million during 2020, corresponding to approximately 20.1 per cent in relation to the Company's sales during 2020. The inventory value amounted to SEK 172,793 thousand per 31 December 2020. Historically, it has not been possible for the Group to take out an economically viable and comprehensive insurance for the regional warehouse in the US since the Company has its headquarters outside the US. As per the date of the Offering Circular, the Company has been able to insure the entire inventory value in China and approximately 95 per cent of the inventory value in the US. The Company also has credit insurance to protect the Group against losses in the event that any of the Group's financial counterparties cannot meet their payment obligations on the due date. Fractal may, however, be subject to claims exceeding or not covered by Fractal's existing insurance coverage. As an example, in the event that the counterparty cannot pay on the due date and the cost is not covered by the Group's credit insurance, this cause major costs for Fractal. Furthermore, damage suffered by Fractal, even if covered by Fractal's insurance coverage, may lead to increased insurance premiums. In the future, Fractal may not be able to obtain or maintain liability insurances at acceptable conditions or at all, which in turn could create a need or a desire on the part of Fractal to build up an internal buffer to cover risks, which would thus affect Fractal's financial position. Fractal believes that its insurance coverage is appropriate in view of the risks normally associated with Fractal's business, but if this assessment were to be incorrect or if Fractal's insurance premiums are significantly increased, it could lead to financial losses or increased operating costs for Fractal.

Fractal's tax situation could worsen as a result of changes in tax legislation

The group has subsidiaries in the US, China and Taiwan and conducts business of an international nature. In view of the Group's international operations, Fractal is subject to assessments by various local tax authorities. There is a risk that Fractal's understanding and interpretation of tax legislation, tax treaties and other provisions is not correct in all respects and that declared tax information proves to be affected by errors. There is also a risk that tax authorities in the relevant jurisdictions may make assessments and make decisions which differ from Fractal's understanding and interpretation of the above-mentioned laws, tax treaties and other provisions, which may have a negative impact on the Group's tax costs and effective tax rate. There is thus a risk that changed laws, tax treaties and other provisions, which may apply retroactively, may adversely affect Fractal's results.

Fractal is exposed to risks related to changes in applicable accounting standards, or changes in the interpretations of these

Fractal applies International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretation statements by the International Financial Reporting Interpretations Committee ("**IFRIC**") as adopted by the EU. In preparing Fractal's financial statements, Fractal's estimates and assessments are made for accounting purposes that affect the application of Fractal's accounting principles and the reported amounts of liabilities, assets, income and expenses. Valuation methods for certain assets may be subject to subjectivity and fair value of the assets established under these methods may never be realised, and valuation methods for historical assets in the Group may differ from the valuation methods used for current or future assets. Changes to, and changes in the interpretations of, existing accounting standards could have a significant impact on Fractal's financial position, and also lead to increased costs for additional work.

In some cases, the ability to comply with applicable accounting standards depends on the determination of facts and interpretations of complex provisions for which there is no prior guiding decision or authority, or only access to limited guidance. In such cases, it may not be possible for Fractal to correctly assess the consequences of such accounting standards. Such accounting standards may be subject to ongoing review of, among other things, IASB, IFRIC and other self-regulating organisations and groups, which may lead to revised interpretations of established concepts and other changes and interpretations. If such guidelines, or a definition, were to be introduced or if the level of security were to be reviewed or revised, this could have a negative impact on Fractal's reported revenue.

Fractal is exposed to risks related to intellectual property rights

Fractal holds a number of intellectual property rights mainly connected to trademarks but also design rights and patents. As of 31 December 2020, the value of Fractal's goodwill amounted to SEK 210 million. Fractal also has, by licence, the right to use individual logos and other similar rights. Fractal has recently updated the Company's visual identity, which includes, among other things, that a new design for the Company's figurative trademark has been developed. According to Fractal, the new design of the trademark shall replace the Company's previous trademarks entirely and Fractal has, among other things, received an EU trademark protection for the new figurative trademark. However, the trademark application of the new design has been provisionally rejected in Russia, partly provisionally rejected in China and the application in India has been revoked after a registration objection was received. There is thus a risk that the new trademark registration may not go through in jurisdictions that are of material importance to the Company.

Furthermore, Fractal has tried to register "FRACTAL" as a word mark in the markets where the company is active, but difficulties have been noted in registering this as there are other brand holders that have registered FRACTAL as figurative and/or word marks for similar goods and services in some countries. The fact that there are other registrations for "FRACTAL" for similar goods should be taken into account as Fractal does not have any exclusive rights to the word "FRACTAL" and that its use of "FRACTAL" as a trademark risks infringing third party rights in the relevant countries. There is also a risk that Fractal's existing, or future, trademarks may be the subject of infringement by other actors. If Fractal is forced to defend its trademarks, or other intellectual property rights, this may result in significant legal costs for Fractal and possibly negative publicity.

There is also a risk that the trademark and reputation of Fractal may be used by someone producing pirate copies of the Company's products. The Company may then be forced to invest resources in protecting its trademark and initiating legal proceedings against such actors. This may lead to significant costs for Fractal and damage to Fractal's reputation. It can be noted that the Company has previously sought to register protection in the form of patents and design protection for its products, but has, among other things, stopped registering protection due to the high costs associated with this. There is also a risk that Fractal uses, or is alleged to use, products, methods or designs that are patent-protected or design-protected by another party and that the owner of these rights thus accuses the Company of patent infringement, design infringement or intellectual property infringement. This may lead to delays in the Company's business plan and that claims for damages are directed against the Company.

Legal processes are generally time-consuming and associated with significant costs. If Fractal should be alleged to infringe on the intellectual property rights of others or otherwise be forced to defend their intellectual property rights, this may be significantly costly and time-consuming, as well as damage the Company's reputation. Furthermore, a negative outcome for Fractal of a legal process relating to patents may mean that the Company may be forced to pay damages, may be prohibited from continuing the activity that constitutes an infringement and may be required to obtain a special licence for continued manufacture or marketing of products and procedures covered. The Company may also be forced to interrupt projects if the Company is deemed to infringe intellectual property rights, which could lead to a significantly impaired revenue potential for the Company or the specific project. It may also lead to a write-down of fixed assets on the Company's balance sheet.

Fractal's business is exposed to risks attributable to sanction and corruption regulations
Fractal's global operations expose Fractal to risks attributable to sanctions and corruption and similar risks. Fractal's marketing of its products in certain jurisdictions, such as Russia, China, Ukraine and Turkey, increases exposure to corruption. Corruption risks are particularly high in connection with the purchase of orders of significant value. The risk increases in cases where the Group has hired agents, such as in Germany as the Group may become liable for corrupt behaviour of both its agents and its employees. If undue benefits are offered by the Group, or on behalf of the Group, it may be punishable for both the Group and its employees and board members, under Swedish or other applicable anti-corruption law. Under Swedish law, the Group may be liable to pay fines of up to SEK 500 million. According to laws of other jurisdictions, the fines may be even higher.

Financial sanctions have in recent years become an essential risk factor for companies with international operations and trade. Although Fractal's products are, from a sanction point of view, regarded as low-risk products,trading with countries subject to sanctions can entail significant sanction risks for a company in terms of the identity of local business relationships and the retailers and distributors' business sectors, which may be subject to targeted sanctions. For example, Russia is subject to sanctions from both the US and the EU. There is also a risk that products may be re-exported to prohibited countries or persons. It cannot be excluded that due to its geographical spread and international sales, Fractal may be included on sanction lists due to unintentional trading, directly or indirectly through agents, with resellers and distributors in areas subject to targeted sanctions. Violations of applicable anti-corruption or sanction laws may lead to fines and other criminal, civil or administrative penalties and also adversely affect Fractal's reputation and financial position.

Financial risks

Fractal is exposed to currency risk
The Group's reporting currency is SEK and the Group is exposed to risks associated with fluctuating exchange rates in currencies other than SEK. The Group sells its products in USD and pays its suppliers mainly in USD, which means that fluctuations in the SEK/USD exchange rate affect the Group's profit margins. The group is further exposed to fluctuations in CNY since mechanisms in supplier agreements mean that the price of goods purchased in some cases varies with the CNY price.

The Group is also exposed to currency risk in the recalculation of the financial reports pertaining to the Group's foreign operations. At present, this exposure is not significant as the Group's business is mostly attributable to the Swedish subsidiary. On the other hand, the transaction flow in foreign currencies is significant, where SEK/USD represents the largest exposure. The currency exposure is continuously monitored by the management in accordance with the Group's guidelines for currency exposure but there is a risk that such follow-up is inadequate.

In 2020, a change of +/– 2 per cent in USD/SEK would have affected the Group's operating profit within the range of SEK 3–4 million and consequently, if the fluctuations had been to the detriment of the Company, such fluctuation would have had a negative impact on the Group's operating profit. As of the day of the Offering Circular, the Group does not have any hedging of currency fluctuations, and consequently fluctuating exchange rates could have a significantly negative impact on the Group's operations, financial position or results.

Fractal is exposed to changes in commodity prices
The production and manufacturing of Fractal's products requires a number of raw materials which, directly or indirectly, expose Fractal to price changes for such raw materials. In the production of the Company's products, the Company is exposed to, *inter alia*, changes in the price of steel and plastics. Furthermore, the Company is exposed to the price of pulp in the manufacture of product packaging. Fractal's suppliers purchase the raw materials required in the production process for the Company's products, which affects the suppliers' costs and profitability. In cases where suppliers can, according to current or renegotiated contract terms, transfer such cost increases to Fractal, this will mean increased costs and reduced profitability for Fractal. Raw material prices vary over time based on supply and demand in the international raw material markets, which is affected by factors such as climate, oil price, transport costs, political and regulatory changes, country-specific factors and disturbances in, for

example, supply chains. Mentioned factors, or other factors which adversely affect the availability of relevant raw materials, may lead to increased prices, disruption of purchasing opportunities and a lack of raw materials.

If raw material prices, especially for steel, plastic and pulp, increase and Fractal is unable to transfer cost increases as a result of such changes to its resellers or distributors, this may lead to reduced profitability for Fractal and the need for savings measures. This could negatively affect Fractal's ability to invest and develop the business, which in turn could lead to a worse market position. Increased costs of raw materials can also lead to a lower operating profit, which could have a significant impact on Fractal's ability to pay dividends.

Risks related to financing the operations

Fractal finances its operations partly through cash flow and partly through bank financing. Fractal's existing loan agreement is in form of a revolving credit facility of SEK 120 million and contain, and agreements regarding future financing may contain, provisions that limit the freedom of action of the management in certain business issues. For example, Fractal's existing loan agreements contain limitations in the Company's and its subsidiaries ability to incur debt, make acquisitions of shares and disposals of assets, carry out mergers and other restructures, carry out changes to the Company's operations, guarantee liabilities or incur other contingent liabilities and raise pledges. In addition, the loan agreement includes change of control clauses. Fractal's ability to fulfil these and other obligations in the Company's existing and future loan agreements is dependent on the Company's future results, which in turn is dependent on a number of factors, some of which are beyond the Company's control. Violation of any of these obligations or non-compliance with financial key covenants and commitments and tests may result in a breach of the loan agreements, which could lead to a termination of the current debt, unless the breach or deficiency is remedied or unless the lender refrains from claiming termination. Fractal's current loan agreements also includes, and agreements concerning future financing may include, so called cross-default clauses, which is a clause resulting in all outstanding loans and other obligations is due for payment if the Company or another company within the Group don't fulfill its obligation or in any other way is in violation of commitments under another loan agreement or in relation to another lender. Termination of one or more loans raised by the Company or other companies in the Group could have a material adverse effect on the Company's liquidity and financial position in general.

Fractal is exposed to risks related to impairment of the Company's goodwill

As of 31 December 2020, Fractal's goodwill amounted to SEK 210 million, which corresponds to 39 per cent of the balance sheet total and 77 per cent of the Company's equity. In accordance with IFRS, goodwill and intangible assets that are not depreciated shall be subject to at least one annual impairment test. An impairment test is performed more often if there are indicators of impairment needs, such as:

- significant negative changes that have occurred or are expected to occur in the immediate future regarding market conditions and the economic or legal environment in which the Company operates or in its markets;
- interest rate increases or other yield requirements that may materially affect the discount rate used to calculate the recoverable value of the assets;
- the reported value of Fractal's net assets exceeds the Company's future market value;
- the management's forecasts for future net cash flows or operating profit (EBIT) show a significant decline from previous budgets and forecasts;
- cash flows or operating profit (EBIT) are significantly worse than budgeted; and
- The company anticipates operating losses or negative cash flows in the future.

Although Fractal believes that the assessments and assumptions made are reasonable based on currently available information and current business results as well as assumptions about future business results, the Company's assumptions and estimates on future economic and financial market conditions, the result of the Company's cash-generating entities, or any other of the Company's assumptions or estimates, may turn out to be incorrect. In such cases, a future impairment test may mean that the Company may need to write down the value of these assets, which would cause impairment costs. For example, a significant decline in Fractal's markets, in addition to the assumptions made in the management's forecasts for future net cash flows or operating profit (EBIT) from that business, could mean that in a future impairment test, Fractal may need to write down the value of goodwill and other intangible assets that have decreased in value. Any future impairment losses that the Company is obliged to report may have a material adverse effect on Fractal's reported earnings and equity.

Fractal could suffer losses if resellers and distributors or other counterparties were unable to meet their payment obligations by the due date
Credit risk refers to the risk when a counterparty in a financial transaction is unable to fulfil its obligations. In terms of Fractal's net sales, the credit losses (or reservations related thereto) have historically been relatively limited and, after insurance, amounted to SEK 67,000 for the fiscal year 2018, and in 2019, no credit losses were found. In 2020, credit losses amounted to SEK 0. Fractal has an active customer credit insurance and strives to have a larger share, generally more than 95 per cent, of the accounts receivable to be insured. The credit insurance guarantees 90 per cent of outstanding receivables that are within the limit. There is, however, a risk that Fractal's review of its resellers and distributors' ability to pay may prove to be insufficient or incorrect in the future and that Fractal suffers losses not covered by its insurances. Fractal has some resellers and distributors that individually represent large parts of the Group's sales. The Group's largest customer accounted for 27.1 per cent of the Group's sales in 2020. If any of these resellers and distributors were to be unable to fulfil their financial obligations, this would have a significant impact on the Group. If Fractal's measures to minimise credit risk are not sufficient, or if resellers and distributors and counterparties in financing agreements cannot fulfil their payment obligations towards Fractal, this could adversely affect Fractal's operating profit (EBIT) and have a negative effect on the Company's liquidity.

Risks related to the shares and the Offering

The price of the shares may be volatile and potential investors may lose all or parts of their investment
The final Offer Price has been determined by the Selling Shareholders together with Joint Bookrunners. This price will not necessarily reflect the price that investors in the market will be willing to buy and sell the shares for after the Offering. The price that investors on the market will be willing to pay depends on a number of factors, some of which are company-specific, such as the Company not achieving the analyst's expectations of results or the Company not achieving its financial and operational goals, while others are tied to the stock market as a whole, such as changes in general economic conditions. Furthermore, after the completion of the Offer and on the assumption that the Over-Allotment Option is fully exercised, 53.9 per cent of the Company's shares will be subject to lock-up. For further information on lock-ups, see risk factor "*Substantial sales, and sales by certain specific shareholders, of the shares may lead to the share price falling*". Such lock-ups may have a negative impact on the liquidity of the shares and may result in a low trade volume. Low liquidity in the shares may adversely affect the price at which an investor can divest the shares when the investor intends to carry out a sale within a shorter time span, which could affect investors' ability to resell the shares at the Offer Price or higher. This constitutes a significant risk for individual investors.

Substantial sales, and sales by certain specific shareholders, of the shares may lead to the share price falling.
The market price of the Company's share may drop if extensive sales of the Company's shares occur, in particular sales from persons on the Company's board of directors and management but also from other significant shareholders. Selling Shareholders, certain shareholder board of directors members and certain shareholder employees have undertaken not to sell their respective holdings for a certain period after trading on Nasdaq First North Premier has been initiated ("the **Lock-up Period**"). The lock-up period for Hannes Wallin (indirectly by a company), Jens Harnisch (indirectly by a company), David Järlestedt, Karin Ingemarson and Alexander Ernryd amounts to 720 days. The lock-up period for Magnus Yngen, Patrick Söderlund and Pernilla Ekman amounts to 360 days. The lock-up period for Litorina IV L.P. and Daniel Johnsson (indirectly by a company) amounts to 180 days. After the applicable Lock-up periods have expired, the shareholders affected by lock-up will be free to sell their shares in the Company. There is a risk that these shareholders who are covered by lock-up at the end of the lock-up period may choose to divest shares, which may create sales pressure and thus lead to the market price of the Company's shares falling, which constitutes a significant risk for investors.

Fractal's largest shareholder can exert a significant influence over Fractal
Fractal's major shareholders are expected to, after the Offer, hold shares and votes in the Company. The major shareholders can thus, after the listing, exert a significant influence over Fractal in issues that are subject to the approval of the shareholders, including choice of directors, any mergers, consolidations or sales of all, or significant parts, of the Company's assets. Among the major shareholders of the Company as of the date of the Offering Circular are several of the Company's board of directors members and executive management. This ownership concentration may be to the detriment of shareholders who have interests other than the major shareholders. Their interests may differ significantly from, or compete with, the interests of the Company or other shareholders, and these may exert their influence over the Group in a way that is not in the interest of other shareholders. For example, there may

be a conflict between the interests of the current major shareholders on the one hand and the interests of the Company or its other shareholders on the other in terms of dividend resolution. Such conflicts may have a material adverse effect on the Group's operations, earnings and financial position.

Fractal's ability to provide dividends to its shareholders depends on the Company's future earnings, financial position, cash flows, need for net working capital, costs for investments and other factors

Dividends may only be made if there are distributable earnings at Fractal and with such an amount that it appears justifiable having regard to the requirements that the nature, scope and risks of the business place on the size of equity and Fractal's consolidation needs, liquidity and position in general for a particular fiscal year. Furthermore, Fractal's ability to pay dividends in the future is affected by the Group's future earnings, financial position, cash flow, working capital requirements and other factors. There is thus a risk that distributable earnings are not available during any individual fiscal year. Fractal's objective is to pay out 30 to 50 per cent of its net profit, taking into account other factors such as financial position, cash flow and growth opportunities. Given the previous factors that must be taken into account, there is a risk that this policy cannot be followed every single year. Loss of dividends reduces the return on invested capital of an investor.

Shareholders in the US and other jurisdictions are subject to special share-related risks

Fractal's share will only be listed in SEK and any dividend will be paid in SEK. This means that shareholders outside Sweden may have a negative effect on the value of their holding and any dividends when converted to other currencies if SEK decreases in value against the relevant currency. A weak development for SEK has thus a negative effect on the value of equity holdings denominated in other currencies. Furthermore, tax legislation in both Sweden and the shareholder's home country may affect the revenue from any dividends that are paid.

In some jurisdictions, there may be restrictions in national securities legislation that mean shareholders in such jurisdictions are unable to participate in the Company's new issues and other offers of transferrable securities to the public. Examples of such jurisdictions are the US, Australia, Hong Kong, Canada and Singapore in which jurisdictions the Company may have shareholders. If Fractal in the future issues new shares with preferential rights for the Company's shareholders, shareholders in certain jurisdictions, including these countries, may be subject to restrictions which, for example, mean that they cannot participate in such new issues or that their participation is otherwise hampered or limited.

The commitments from the cornerstone investors are not secured and there is thus a risk that these will not be fulfilled

Teknik Innovation Norden Fonder AB, Ernström Finans AB, Handelsbanken Fonder AB on behalf of the investment fund Microcap Sverige and LMK Venture Partners AB (the "**Cornerstone Investors**") are committed to, directly or indirectly, in the Offering, on the same terms as other investors, acquire shares corresponding to 20.9 per cent, 12.4 per cent, 8.4 per cent, 8.4 per cent and 6.3 per cent, respectively, of the Offering. However, the commitments of the Cornerstone Investors are not secured through bank guarantees, blocked funds or pledge of collateral or similar arrangements, which is why there is a risk that the Cornerstone Investors will not fulfil their obligations. Furthermore, the commitments of the Cornerstone Investors are associated with certain terms and conditions relating to, among others, that a certain distribution of the Company's shares is achieved in connection with the Offering. In the event that any of these conditions are not met, there is a risk that the Cornerstone Investors will not meet their obligations, which could have a negative impact on the implementation of the Offering.

Invitation to acquire shares in Fractal

The Company and Selling Shareholders have resolved to diversify the ownership in order to promote Fractal's growth and continued development. Therefore, Fractal's board of directors has applied for listing of the Company's shares on Nasdaq First North Premier Growth Market ("**Nasdaq First North Premier**").

Investors are hereby offered by the Selling Shareholders to, in accordance with the terms of the Offering Circular, acquire a total of a maximum of 11,667,920 shares in Fractal.

The offering price is SEK 41 per share. The price has been determined by the Selling Shareholders in consultation with Joint Bookrunners based on a number of factors, including discussions with the Cornerstone Investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation as well as estimates regarding Fractal's business opportunities and future profitability.

Litorina IV L.P. will issue an option to Managers, which can be fully or partially utilised by Carnegie, for 30 days from the first day of trading in the Company's shares on Nasdaq First North Premier, to acquire additional existing shares from Litorina IV L.P., corresponding to 15 per cent of the total number of shares covered by the Offering, at a price corresponding to the Offer Price, to cover any over-allotment in connection with the Offering (the "**Over-Allotment Option**").

Provided that the Over-Allotment Option is fully exercised the Offering includes a maximum of 13,418,108 shares, which corresponds to approximately 46.1 per cent of the shares and votes in the Company.

The total value of the Offering amounts to approximately SEK 478 million. If the Over-Allotment Option is fully exercised, the total value of the Offering amounts to approximately SEK 550 million.

The Cornerstone Investors Teknik Innovation Norden Fonder AB, Ernström Finans AB, Handelsbanken Fonder AB on behalf of the investment fund Microcap Sverige and LMK Venture Partners AB have committed to acquire shares in the Offering to a total amount of SEK approximately 270 million, equivalent to 22.6 per cent of the shares in the Company following the Offering. See also section "*Legal Issues and Supplementary Information– Cornerstone Investors*".

Stockholm, 2 February 2021

Fractal Gaming Group AB (publ)
The board of directors

Selling Shareholders

Background and reasons

Fractal was founded in 2010[1] by Hannes Wallin and is, in the Company's assessment, is a leading[2] and well-established company within the premium segment of PC gaming products. The Company has currently sold more than five million PC gaming products, which means that the Company has extensive experience and knowledge of the PC gaming market. Since the Company was founded, the focus has been on design, performance and quality in order to offer products that consumers find being of high quality. Since 2010, the Group has gradually expanded geographically and is now, according to the Company's assessment, one of the leading players in the market with a global presence.[3] Today, the Company's products are sold through resellers in more than 50 markets worldwide. Fractal's head office is based in Gothenburg and the Company also has offices in Dallas (the US), Dongguan (China) and Taipei (Taiwan). Since Fractal was founded, the Company has been profitable every year and from the fiscal year 2010/11 to 2020, net sales has increased from SEK 59 million to SEK 636 million, which corresponds to a compound annual growth rate ("**CAGR**") of 28 per cent[4]. The increase in net sales has been achieved without acquisitions, where product development to ensure high quality products and geographic expansion have been key factors. In 2020, the Company's operating profit (EBIT) amounted to SEK 115 million and its adjusted operating profit ((adjusted EBIT)) to SEK 128 million, which corresponds to an operating margin (EBIT margin) of 18.2 per cent and an adjusted operating margin (adjusted EBIT margin) of 20.2 per cent[5].

Litorina IV L.P. acquired a majority of Fractal in 2016 with the aim of, together with a competent and experienced organisation, continue developing the Company.

The Offering and listing will broaden the Company's shareholder base and give Fractal access to the Swedish and international capital markets, which is considered to promote the Company's continued growth and development. The board of directors and Fractal's executive management, together with Selling Shareholders, believe that the Offering and listing of the Company's shares is a logical and important step in Fractal's development, which will further increase awareness among current and potential end customers and suppliers regarding Fractal and its operations. For these reasons, the board of directors has applied for a listing on Nasdaq First North Premier.

In other respects, reference is made to the full particulars of this Offering Circular, which has been prepared by the board of directors of Fractal in connection with the application for admission to trading of the Company's shares on Nasdaq First North Premier and the Offering submitted in connection therewith.

The board of Directors of Fractal is responsible for the content of the Offering Circular and to the best of the board of directors' knowledge, the information contained in this Offering Circular is in accordance with the facts and no information that likely could affect its meaning has been omitted.

Stockholm, 2 February 2021

Fractal Gaming Group AB (publ)
The board of directors

The board of directors of Fractal Gaming Group AB (publ) is responsible for the content in accordance with what is stated herein. The Selling Shareholders, however, confirm that they are bound by the terms of the Offering in accordance with what is stated in "Terms and Conditions" in the Swedish Offering Circular.

Selling Shareholders

1) Fractal Gaming Group AB (publ) was founded in 2016 and acquired the, at that time, parent company of the Group, Fractal Gaming AB, which was founded in 2010.
2) Leading means that the Company, according to its own assessment, is a leader in terms of net sales in the segment for premium PC cases (a niche within premium gaming products).
3) Leading means that the Company, according to its own assessment, is a leader in terms of net sales in the segment for premium PC cases (a niche within premium gaming products).
4) Net sales 2010/2011 refers to Fractal Gaming Sweden AB's net sales in accordance with the annual report for the fiscal year 1 May 2011 to 30 April 2012. Fractal Gaming Sweden AB did not apply the same accounting principles as the Company does, which means that the comparison between net sales 2010/2011 and net sales 2020 is not fully comparable. However, the Company believes that it gives a fair estimate of the growth of the business since 2010/2011. See sections "*Selected financial information– Reconciliation tables*" and "*Selected financial information– Definitions of key figures*" for definitions, explanations and reconciliations of CAGR.
5) See sections "*Selected financial information– Reconciliation tables*" and "*Selected financial information– Definitions of key figures*" for definitions, explanations and reconciliations of operating margin (EBIT margin), adjusted operating profit (adjusted EBIT) and adjusted operating margin (adjusted EBIT margin).

Market overview

The data regarding market growth, market size and the Company's market position in relation to the competitors specified in the Offering Circular is the Company's overall assessment and is based on internal as well as external sources. The sources on which the Company based its assessment is stated continuously in the information. In addition, the Company has made a number of assumptions in the Offering Circular regarding its industry and its competitive position in the industry. These assumptions are based on the Company's experience and own investigations regarding the market conditions. The Company cannot guarantee that any of these assumptions are correct or that they reflect its market position in the industry in a correct manner. None of the Company's internal investigations or information have been verified by independent sources, which may have estimates or opinions regarding industry-related information that differ from the Company's. Market and business information may include estimates of future market development and other forward-looking information. Forward-looking information does not guarantee future results or development, and actual results may deviate materially from the statements made in the forward-looking information.

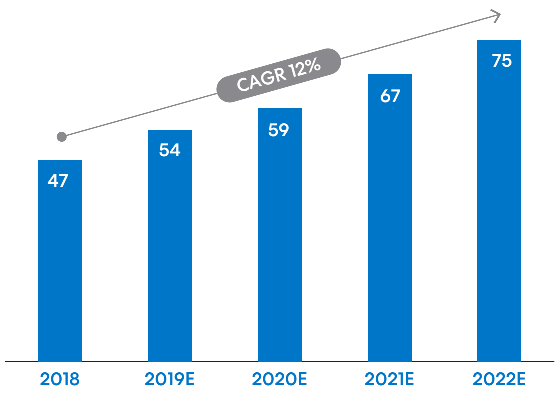
Due to the ongoing COVID-19 pandemic and its impact on the market, there is an extraordinarily high level of uncertainty in such a type of forward-looking information. Information obtained from a third party has been accurately reproduced and, as far as the Company is aware and can ascertain from information published by this third party, no facts has been omitted that could render the reproduced information inaccurate or misleading.

Fractal's main markets

According to the Company's assessment, Fractal is active in the premium segment of PC gaming hardware. According to DFC Intelligence, the global market for the high-end segment of PC gaming hardware amounted to USD 47 billion in 2018. Between 2018 and 2022, the market is expected to grow with a corresponding CAGR[1] of 12 per cent.[2] Fractal estimates that the market for the products the Company currently offers in 2020 amounted to approximately USD 2 billion globally, of which just under half are related to cases and over half are related to power supply units, cooling products and fans. The Company further estimates that the market for the products the Company offers is growing at a pace similar to the market for high-end PC gaming hardware in its entirety. According to the Company's assessment, the Americas, EMEA and APAC & Others account for approximately one third each of the addressable market, and that this division was relatively constant between 2018 and 2020. If Fractal assesses that the conditions within the market segments of cases and/or power supply units, cooling products and fans differ significantly from the conditions in the market for PC gaming hardware as a whole, such information will be made clear.

The figure below illustrates the market size and growth for high-end PC gaming hardware.

Global high-end PC gaming hardware market, USDbn



Source: DFC Intelligence (2018). *PC Game Hardware Forecast May 2018.*

1) See sections "*Selected financial information – Reconciliation tables*" and "*Selected financial information – Definitions of key figures*" for definitions, explanations and reconciliations of CAGR.
2) DFC Intelligence (2018). *PC Game Hardware Forecast May 2018.*

The Company estimates that the market has grown significantly during 2020, partly as a result of the global COVID-19 pandemic. This development is not reflected in the market figures presented above, but the Company believes that the long-term trend illustrated is still relevant. The market development in 2020 and the Company's assessment of the conditions for 2021 are further described in the section "-*Market development in 2020*".

Important growth drivers and trends

The number of gamers is increasing. According to Newzoo in 2020, the number of gamers across all platforms amounted to SEK 2.7 billion globally, and the number of gamers is expected to grow equivalent to a CAGR[1] of 5 per cent until 2023.[2] The Company primarily targets the customer group gamers, and the Company therefore estimates that growth in the total number of gamers globally has a long-term and positive impact on the growth in the Company's target market.

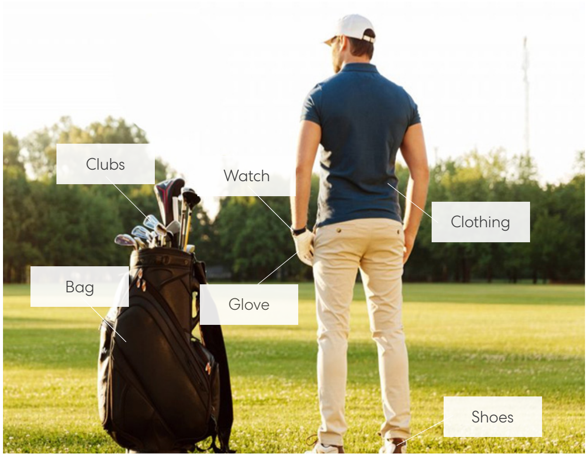
The proportion of competitive/committed gamers increases faster than casual gamers. Technavio estimates that the market for more competitive/committed gaming will grow equivalent to a CAGR of 13 per cent between 2019 and 2023.[3] The Company's main target group is competitive/committed gamers, and the Company assesses that the fact that this segment grows faster than the casual gamer segment has a positive impact on the growth of the Company's target market.

Strong growth in esports. According to Newzoo, the esports market is expected to grow by 18 per cent per year from 2019 to 2023. In addition, investments are increasing in the esports market; in 2019, the global sum of prize money amounted to USD 235 million, which is twice the corresponding sum in 2017.[4] The Company believes that esports is similar to traditional sports in many respects:

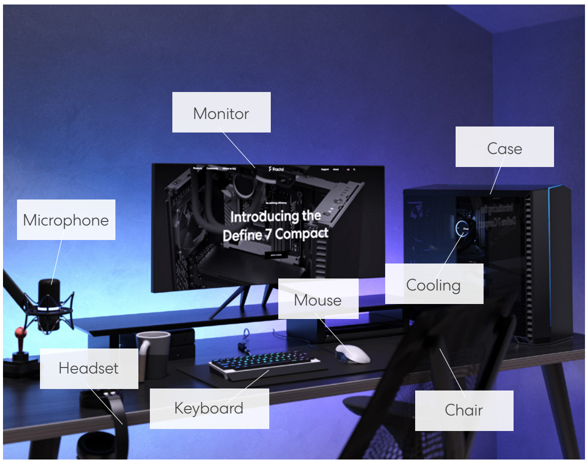
- Amateur players all over the world can watch when the world elite competes at the highest level.
- As with traditional sports, the elite players' strategies, skill and equipment inspire and influence the spectators.
- Professional players often use high-quality equipment, which is the segment in which Fractal operates.

1) See sections "*Selected financial information– Reconciliation tables*" and "*Selected financial information– Definitions of key figures*" for definitions, explanations and reconciliations of CAGR.
2) Newzoo (2020). *2020 Global Games Market Report October Update.*
3) Competitive/committed gaming is defined as "Professional gaming" according to Technavio (2019). *Global Gaming Market 2019–2023.*
4) Esportsearnings.com (as of 21 December 2020). *History: Total Prize Money.*

The figure below illustrates a comparison between equipment in a traditional sport such as golf and the equivalent within esports, according to the Company's assessment.

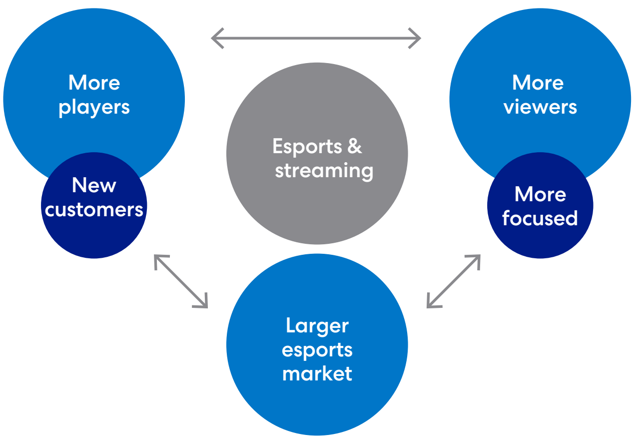


High-end performance sports gear



High-end performance esports gear

The Company believes that a large proportion of its end customers are influenced by esports and professional esports players, and that this phenomenon increases as esports grows. The Company believes that the growth in esports attracts more players and more viewers, which in turn further increases the growth of esports. The figure below illustrates this growth cycle.



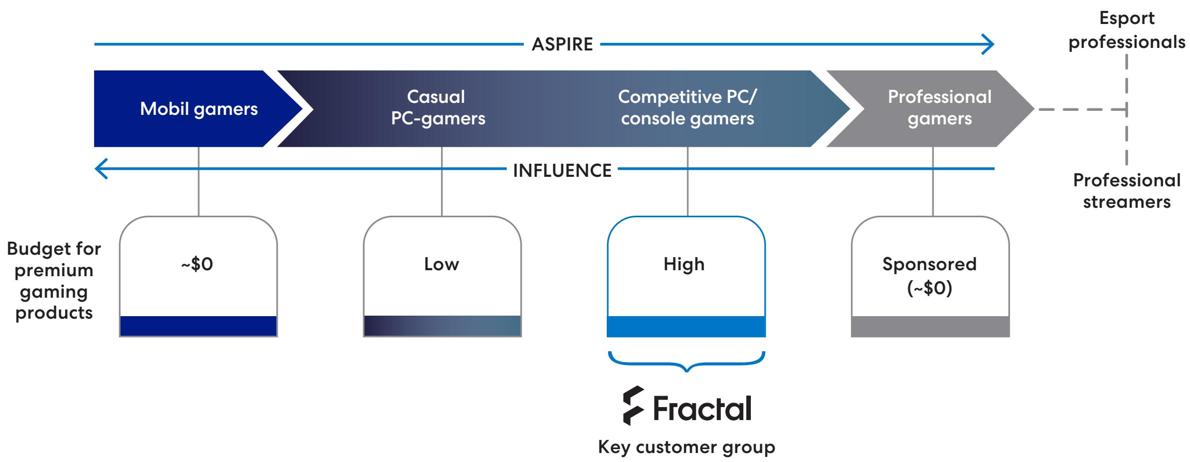
The Company believes that growth in esports drives growth in the number of gamers, the proportion of competitive/committed gamers and increases the proportion of gamers inspired by esports to buy premium products. The Company assesses that all these factors have a positive impact on growth in the Company's target market.

PC continues to be the main platform for gaming at a competitive level. Fractal primarily targets competitive/committed gamers who also play at a competitive level to a certain extent. The Company believes that PC is the main platform for gaming at the highest level of competition, and 98 of the 100 professional esports players that have won the most prize money over time have PC as their primary platform.[1] In the Company's assessment, the fact that PC continues to be the main platform for gaming at a competitive level is an important growth driver for Fractal's end market.

Streaming is increasing in popularity. Streaming means that a person broadcasts when they play PC games to an audience, potentially at a global scale, via platforms such as Twitch and Youtube Gaming. Successful streamers (a person who broadcasts live when they play PC games) can earn up to USD 2 million per year.[2] The Company assesses that for many streamers it is important to have premium gaming products, both for the purpose of maximising performance and also for building their brand. As the streaming market grows and professionalises, the Company believes that the importance of using premium gaming products will continue to increase. Fractal believes that this in turn will inspire viewers to acquire similar gaming products, as illustrated by the figure below.

The Company estimates that parts of its customer group are inspired and influenced by streamers, and that growth in streaming has a positive impact on growth in the Company's target market.

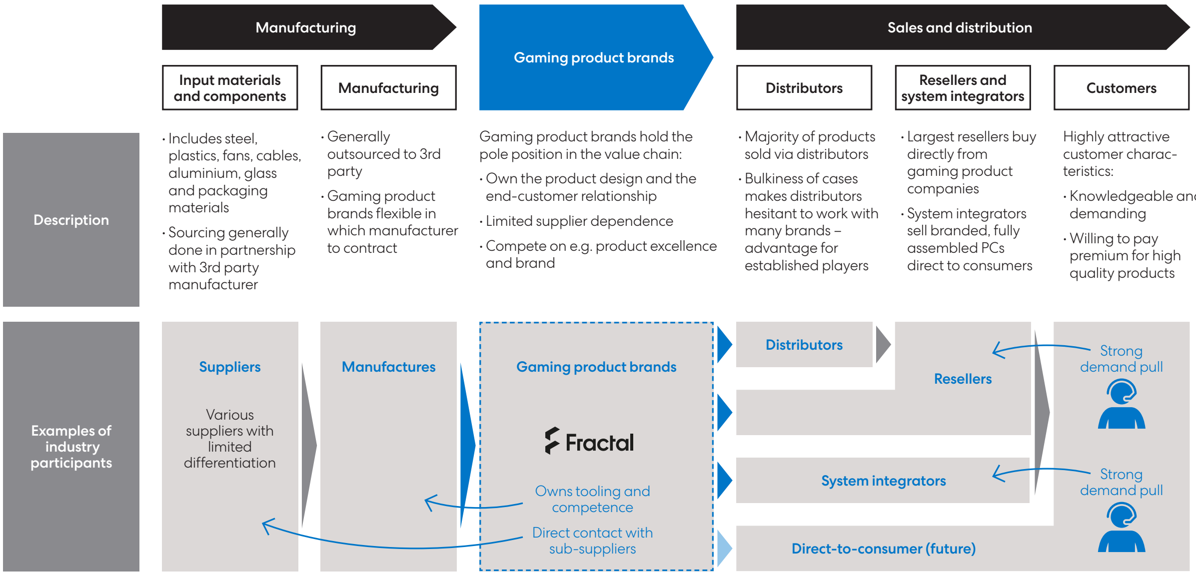
Increasing performance requirements. The Company sells PC gaming products that aim to maximise the performance of both the gamer and the PC. Top performance gives gamers a competitive advantage and, in the Company's assessment, is a prerequisite for success in esports. New games with increased performance requirements are continuously being released, and in order to be able to play more demanding games with higher performance demands, a gamer must have up-to-date and costly hardware.[3] Graphics cards are an important performance parameter and as new generations of graphics cards are introduced, the Company believes that many gamers are replacing their computers. Cooling plays an important role in maximizing the reliability and performance of PC components. A PC's cooling performance is affected, in addition to the components' power consumption, mainly by the PC's case, cooling products and fans.[4] The Company believes that the continuously increasing performance requirements in new PC games drive the development and renewal of gaming computers and thus have a positive impact on growth in the Company's target market.



1) Esportsearnings.com (as of 21 December 2020). *Top 100 Highest Overall Earnings.*
2) SavingSpot (2020) *The Highest-Paid Twitch Streamers in the World.*
3) Intel (2020) *Gaming System Requirements for 2020's Hottest Titles.*
4) Intel (2020) *PC cooling: The Importance of Keeping Your PC Cool.*

Value chain

The value chain of the gaming product market includes several actors including materials manufacturers, product manufacturers, product and brand owners, distribution (especially distributors, resellers and system integrators) and end customers. The Company's assessment of the value chain of the gaming product market is illustrated below.



The Company estimates that the value chain consists of the main players below:

Material manufacturers: The Company buys materials and input components from several different material manufacturers. Examples of materials and input components include steel, plastics, fans and cables. It is the Company's assessment that actors within this category compete on price and the degree of differentiation among these players is relatively low.

Product manufacturers: Fractal outsources the production of its products to contract manufacturers based in China. The Company estimates that the majority of its direct competitors also outsource production mainly to contract manufacturers in China. Fractal owns the product design and the tools used to manufacture the products, and the Company therefore believes that it is not dependent on the specific contract manufacturers currently used. Examples of players in this category are Casing and Zaward. It is the Company's assessment that actors within this category compete on price and product quality among other things.

Product and brand owners: The product and brand owners are the companies whose products the end customer is exposed to. Examples of actors within this category are Fractal, Corsair and Logitech. Actors within this category compete on innovation, product quality and brand, among other things. The Company estimates that this is the most attractive part of the value chain with the highest value creation and margin.

Distributors: Distributors act as intermediaries between product and brand owners and resellers and system integrators. The presence of distributors differs between the various geographical markets. For example approximately 28 per cent of Fractal's sales are made through distributors in the Americas, whilst approximately 65 per cent of its sales are made through distributors in EMEA. Examples of actors within this category are Exertis, Wave and Ma Labs. It is the Company's assessment that actors within this category compete on price and networks of resellers and system integrators.

Resellers and system integrators: The majority of sales to the end customer is done through resellers and system integrators. Resellers buy products from different manufacturers and offer end customers the opportunity to buy gaming products from a counterparty. There are resellers that are more focused on PC gaming, for example Inet, and resellers that are generalists, for example Amazon. System integrators integrate PC components and build entire gaming computers that are then sold to end customers. Many resellers, for example Inet, Complete and Webhallen, also act as system integrators and offer pre-built gaming computers to the end customer. To some extent, there are also dedicated system integrators such as Xotic PC. It is the Company's assessment that actors within the category of resellers and system integrators compete on price and reputation.

End customers: The end customers in the market are consumers who use gaming products. According to the Company, the end customers generally have a strong relationship to the product brands and thus have a strong position to influence the resellers regarding what products the resellers buy.

The Company estimates that it operates in the most value-adding part of the value chain and therefore does not intend to change its position in the value chain. The change the Company intends to do in relation to its position in the value chain is primarely to open an online shop for end customers, in order to offer a larger share of the Company's accessories to its end customers.

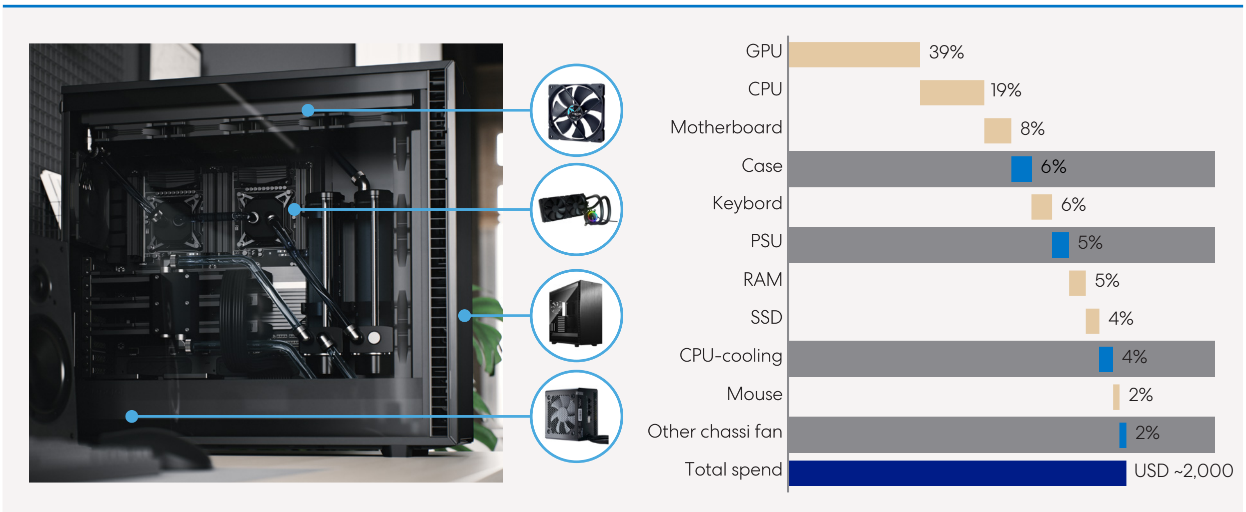
Competitive situation

Fractal believes that the main competitive tool in the market is the actors' brand. Other important factors, according to the Company, include the design, price, performance and quality of the products. These factors are unequally important and are made up by different sub-factors within the different product categories, further described below under each category. The Company estimates that it has gained market share in recent years.

Fractal estimates that the Company to a large extent competes with the same players within cases as within other product categories. Examples of companies similar to Fractal that offer both cases, power supply units and cooling products are American Corsair and Taiwanese Cooler Master. The figure below illustrates the Company's example of companies with whom the Company competes, and an overview of their product offering.

Rank	Company	Country	Cases	PSUs	Cooling	Chairs	Peripherals
1	Corsair		✓	✓	✓	✓	✓
2	Cooler Master		✓	✓	✓	✓	✓
3	Fractal		✓	✓	✓		
4	Phanteks		✓	✓	✓		
5	NZXT		✓	✓	✓		✓

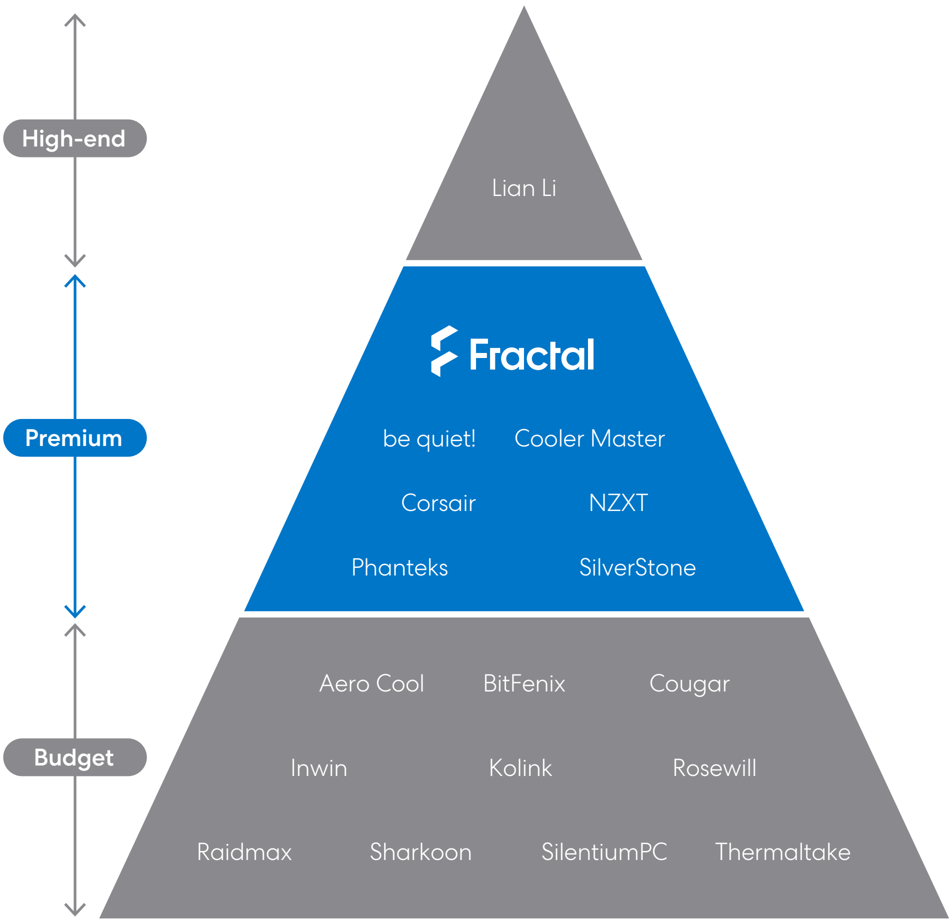
In the Company's view, Fractal's current product categories make up a relatively small part of a complete gaming PC (including keyboard and mouse), which is illustrated by the figure below.



Case
A PC case is the PC's cover and the most visible part of a gaming PC. The Company believes that a cases can generally be classified based on four main features:

- **Value:** Fractal's cases are generally marketed within the premium segment. A few of the Company's cases are marketed within the segment for design, performance and quality at an attractive price.
- **Aesthetics/content creation:** Cases specifically focused on a type of aesthetics that is popular among the customer group that creates content for technology and gaming forums, so-called modding.
- **Sound level:** Cases specially designed to minimise sound from the PC.
- **Cooling performance:** Cases specially designed to maximise throughput of air and thereby optimise cooling performance.

The figure below illustrates the Company's example of competitors in Fractal's segment, as well as other actors who do not operate within the Company's segment.



Power supply units

The power supply unit supplies the components in a PC with power and is connected to an external power source.[1] A power supply unit may affect the stability of the PC and ultimately also the life of the other components.[2] According to the Company, Fractal offers power supply units within the premium segment. The Company estimates that a power supply unit can primarily be differentiated according to the following features:

- **Power:** A gaming PC needs electricity to be used, and the amount of electricity primarily depends on how powerful the components in the computer are. Different power supply units can handle different amounts of power.
- **Stability:** Volt fluctuations may cause the PC to shut down, or, in worst case, irreversible damage to the PC's hardware, which makes stability an important feature for power supply units.
- **Efficiency:** Different power supply units have varying efficiency for transforming electricity. High quality power supply units are certified based on how efficient they are.
- **Modularity:** Power supply units can either be completely non-modular, i.e. without the possibility for the user to remove any wires connected to the PC components, or fully modular, i.e. the user can remove all cables, depending on what wires the user is using. There are also semi-modular options in between.
- **Number of connectors:** In order to operate a demanding gaming PC with, for example, several graphic cards, it is necessary for the power supply unit to have the correct number of connectors.
- **Noise level:** The noise of different power supply units varies a lot, mainly driven by the cooling system of the power supply unit. Some power supply units, primarily within the premium segment, may use only passive cooling at low load, which significantly improves the noise level.
- **Design:** Design is to some extent a competitive factor also within power supply units, but somewhat less than with other gaming products, given that it is not as visually exposed.

The Company estimates its main competitors for power supply units to be Corsair, Seasonic and Be quiet!

1) Techbuyer (2020). *What is a Power Supply Unit (PSU)?*
2) Novatech (2018). *Why you should consider your PC Power Supply Unit more.*

Cooling products and fans

Cooling products and fans are important components to ensure that other components in a gaming PC can perform as intended. In the event of overheating, there is a risk that the PC components may be forced to restrict their performance, be turned off or sustain permanent damage. Fractal offers premium cooling products and fans. The Company estimates that cooling products and fans can primarily be differentiated according to the following features:

- **Area of use:** Fractal currently manufactures closed water cooling systems for CPUs and PC case fans. Cooling systems may also be of other types and with other uses, for example GPU coolers or air-based CPU coolers.
- **Cooling ability:** Cooling products and fans aim to cool off the PC and its components. Delivering good cooling capability for CPU coolers is built on several factors, including the ability to move air, which is the primary purpose of a PC case fan.
- **Noise level:** Cooling products and fans make up a large part of a gaming PC's typical noise, and an important factor for these products is therefore how much noise they make.
- **Size:** The size of the products affects both the type of case in which they can be installed and often correlates positively with the cooling ability.
- **Design:** Both fans and cooling products are relatively visible components in a gaming PC and the design is of great importance. One design factor that can be highlighted is whether the products are illuminated.

The Company believes that its main competitors in cooling products and fans are Corsair, Cooler Master and Noctua.

Market development in 2020

In 2020, the PC gaming market has grown very strongly, partly driven by COVID-19.[1] Examples of data points that indicate this include:

- The gaming platform Steam's users have played 31.3 billion hours in 2020, an increase of 50.7 per cent compared to 2019.[2]
- The streaming platform Twitch's users have streamed 18.6 billion hours in 2020, an increase of 69.1 per cent compared to 2019.[3]

The Company estimates that gamers generally changed their behaviour in 2020 to a greater extent than previous years. According to Simon-Kucher & Partners, the proportion of gamers playing more than five hours a week increased from 63 per cent before COVID-19 to 82 per cent during COVID-19. The amount of money that gamers spend monthly on gaming increased by 39 per cent during COVID-19 compared to before COVID-19.

Simon-Kucher & Partners further believes that this change will largely survive COVID-19. The proportion of gamers playing more than five hours a week will increase from 63 per cent before COVID-19 to 74 per cent after COVID-19. The monthly amount of money gamers spend on gaming will increase by 21 per cent after COVID-19 compared to before COVID-19. [4]

The Company estimates that the market development during 2020 was extraordinary from a historical perspective, where there is now a large and attractive market as a basis for future growth. The Company estimates that the development during 2020 has accelerated a shift in consumer behaviour that benefits the Company's market.

The strong market growth in 2020 means that the Company estimates that there is a relatively high uncertainty around the expected market growth in 2021. The Company estimates that the long-term growth-driving trends continue to exist, but that market growth relative to the very strong year 2020 will be limited.

1) Simon-Kucher & Partners (2020). *Global Gaming Study: More Gamers Spending More Money in COVID lockdowns – Which Publishers Will Benefit?*
2) www.steamcommunity.com/groups/steamworks/announcements/detail/2961646623386540827.
3) twitchtracker.com/statistics.
4) Simon-Kucher & Partners (2020). *Global Gaming Study: More Gamers Spending More Money in COVID lockdowns – Which Publishers Will Benefit?*


Fractal

Business overview

Introduction to Fractal

According to the Company, Fractal is a leading[1] company in the premium segment of PC gaming products. The Group was founded in 2010 and its products are currently sold in more than 50 markets worldwide. The current parent company, Fractal Gaming Group AB (publ) was founded in 2016 and acquired the, at that time, parent company of the Group, Fractal Gaming Sweden AB. Fractal is a market leading company in premium PC cases in several geographic markets, for example in the Nordic region, is top two in Japan, and holds a top-three position globally.[2] The Company also considers itself to have a strong market position within power supply units, cooling products and fans for gaming PCs.[3] In 2020, the sale of cases (segment Cases) and other products (segment Other) accounted for 83 and 17 per cent of the Company's net sales respectively.[4]

Since Fractal was founded, the Company has delivered profitable growth with the Company successfully combining design, performance and quality as requested by consumers, and has expanded its product offering and geographical presence. The head office is based in Gothenburg (Sweden), and the Company has offices in Dallas (the US), Dongguan (China) and Taipei (Taiwan).

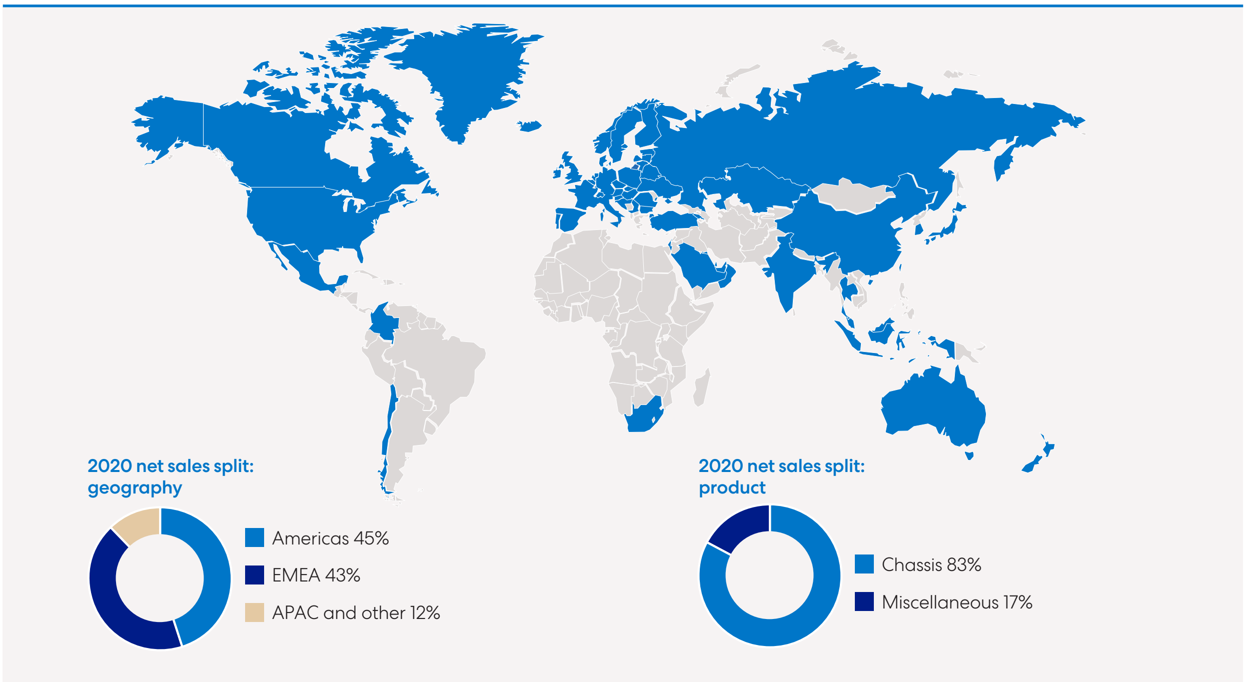
The Company outsources all manufacturing of its products to producers in China. The Company believes that there are several advantages to outsourcing the production, not least that it allows the Company to be more specialised in developing its products and its brand.

The sale of Fractal's products is made through sales to distributors and direct sales to resellers and system integrators. In the sales channels, the Company uses a broad distribution network, including global partnerships with several large distributors such as Exertis Captech, ASK Corporation and Ma Labs, as well as large resellers such as New Egg, Amazon and JD.com. In the future, Fractal also intends to open a "direct to consumer" channel, an online shop of its own, in order to strengthen the relationship with the end customer and offer a wider portfolio of products to more end customers. The in-house online shop would primarily sell accessories that, to an extent, are not provided to the end customers via distributors. The Company's ambition is not to replace sales via resellers with its own online shop, but primarily for the in-house online shop to serve as a complement and enable further growth. The Company plans to launch its own online shop in North America and in Europe during 2022 and in key markets in Asia during 2024.

Fractal is a global company with sales across large parts of the world. In 2020, the Americas, EMEA and APAC & Other accounted for 45, 43 and 12 per cent of the Company's net sales respectively.[5] In the Americas, the Company assesses that it holds a top three position among premium PC cases in terms of net sales. Fractal's largest markets in EMEA and APAC & Other in terms of net sales are Sweden, Germany, France and the UK, and Japan, Australia and New Zealand, South Korea and China, respectively.[6]

1) Leading means that the Company, according to its own assessment, is a leader in terms of net sales in the segment for premium PC cases (a niche within premium gaming products).
2) By market leader it is meant that the Company, according to its own assessment, is leading in terms of net sales in the segment for premium PC cases (a niche within premium gaming products). The Company's assessment is based on market data from, inter alia, NPD Group and the Company's internal market surveys.
3) By strong market position is meant that the Company, according to its own assessment, has an attractive product offering and a well-established brand.
4) See the sections "*Selected financial information– Selected segment information and selected financial geographic information*" for financial information by geographic market.
5) See the sections "*Selected financial information– Selected segment information and selected financial geographic information*" for financial information by segment.
6) In APAC & Other, Japan, Australia and New Zealand, South Korea and China account for about 40 per cent, 25 per cent, 15 per cent and 10 per cent, respectively, of the Company's net sales during 2020. In Japan, the Company estimates that the Company had a market share of approximately 16 per cent during 2020.

During the period 2018 to 2020, net sales grew from SEK 325.2 million to SEK 635.7 million and sales out from external resellers (in USD) increased from USD 34.3 million to USD 68.3 million.[1] During the same period, the operating margin (EBIT margin) and the adjusted operating margin (adjusted EBIT margin) increased from 15.2 per cent and 15.2 per cent in 2018 to 18.2 per cent and 20.2 per cent in 2020.[2] Since the Company was founded in 2010[3] and up to and including 2020, the Company has sold more than five million products. The figure below illustrates which markets the Company's products are sold in and the proportion of sales generated from the Company's geographical and product-related segments.



1) See sections "*Selected financial information– Reconciliation tables*" and "*Selected financial information– Definitions of key figures*" for definitions, explanations and reconciliations of reported sales from external resellers.
2) See sections "*Selected financial information– Reconciliation tables*" and "*Selected financial information– Definitions of key figures*" for definitions, explanations and reconciliations of operating margin (EBIT margin) and adjusted EBIT margin.
3) Fractal Gaming Group AB (publ) was founded in 2016 and acquired the, at that time, parent company of the Group, Fractal Gaming Sweden AB, which was founded in 2010.

Fractal's history

Fractal was founded in 2010 by Hannes Wallin and has since developed into a global company within the premium segment for PC gaming products. As early as 2007, the Company sold gaming products within the premium segment under the Fractal brand, but without formal company formation. Since its inception, Fractal has been a global company where the Company's first product was launched in several countries at the same time. In the first few years, the Company was also a pioneer when it comes to changing the image of how a PC case looks, with a scaled-down design that contrasts with the then-prevailing design image within premium gaming cases. Since its foundation, the Company has had the goal of creating high quality and relevant products for its customer base. The Company has grown and been profitable every year since its foundation. Below is an overview of the Company's development.

The story of Fractal

2007
Prologue
The Fractal brand is founded and the Company launches its first products (fans and power supplies).

2009
Introducing Define
Fractal launches the Define PC case series, which quickly receives international recognition and wins several prestigious awards.

2010
Global expansion
Fractal opens offices in the US (Dallas) and Taiwan (Tapei).

2011
Reinforcements
Two new case series see the light of day: Arc and Core.

2012
Power up!
The Company launches a series of compact PC cases (Node) and a new generation of power supplies (Integra).

2014
Case of the year
Define R5 hits the market and is named "case of the year" by several media.

2015
Massive growth
Fractal introduces a series of water-cooling products along with the Kelvin series and wins the DI Gasell prize for strong growth. The Company's portfolio was also expanded to include spin-offs of the R5, such as Nano S and Define S – both very popular within their segments.

2017
Welcome Meshify
The Meshify series is released, targeted primarily at performance users and achieves immediate success. It also whetted the appetite for creating new, uncompromising case designs from scratch.

2018
Cool and cooler
The legacy of the Define series is developed through the launch of Define R6, which has created a new standard for modular case design and a challenging model for competitors to equal. The Company also launches a successor to the Kelvin water cooler series called Celsius.

2019
50+
Fractal's products are now available in over 50 markets. The Company initiates its partnership with the Chinese market-leading e-commerce platform, JD.com and aims to launch a number of additional new case products during late 2019/early 2020.

Fractal's product offering

Fractal offers premium PC gaming products. The Company's products are characterised by a high level of design, performance and quality. The Company's premium positioning and product offering are based on the three key characteristics below.

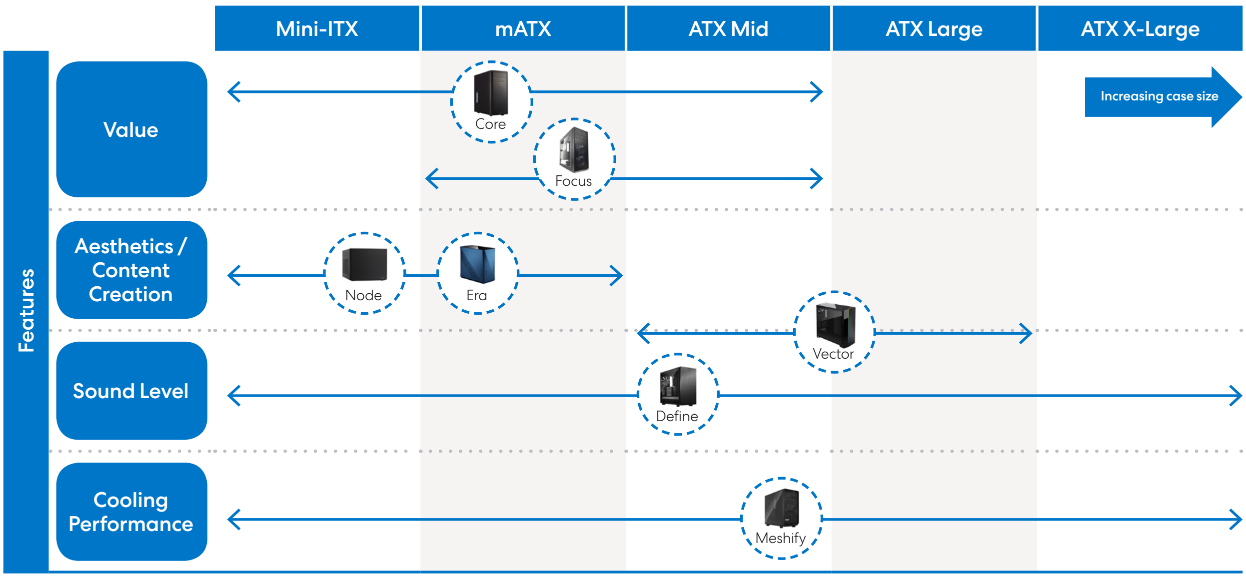
- **Design**: Fractal strives to create products characterised by an elegant, exclusive and minimalist design.
- **Performance:** It is important for Fractal that its products are characterised by functional modularity, good cooling, ventilation and noise levels, and are made up of carefully selected materials. The Company believes that well-functioning cooling is particularly important for the PC and thus its users to be able to perform at maximum performance, and that well-functioning cooling contributes to extending the life of the products. Fractal conducts tests and simulations in-house to develop products with optimised air flow and strong cooling properties.
- **Quality:** Fractal's products are of high quality without compromise. Fractal's products are critical for a gaming PC to work, and the Company puts great effort on the products being able to withstand a high load.

Fractal believes that the strength of its brand facilitates the launch of new products and helps develop loyalty and trust among both distribution partners and end customers. This means that Fractal can build stable relationships with stakeholders throughout the entire value chain. Fractal's ability to maintain and improve the market position of its brand is proof of this. Throughout Fractal's product range, the Company considers itself a prioritised partner for its resellers and a brand with great loyalty among its consumers.

The current product offering is divided into two product segments: Cases and Other. Cases is the company's largest segment and includes the sale of PC cases, primarily within the premium segment targeted towards gamers. Other includes the sale of power supply units, cooling products and fans, primarily within the premium segment targeted towards gamers.

Cases

Fractal's cases have a minimalistic design profile and a clear focus on the Company's core features. Fractal has a comprehensive case portfolio covering many functional and size categories. Cases are primarily categorised, in terms of size, based on the size of the motherboard that can be installed into them. The matrix below provides an overview of Fractal's case families and illustrates which categories the Company's cases cover.



Product example	Era	Define	Vector	Meshify	Focus	Node	Core
#SKUs	5	57	2	9	6	4	5
Recomm	~1,900 SEK	~1,800 SEK	~2,100 SEK	~1,500 SEK	~700 SEK	~1,100 SEK	~700 SEK

Other

Power supply units

Fractal's power supply units have, just as the remainder of its product portfolio, a scaled-down design profile and a clear focus on the Company's core features. Ion+ is Fractal's premium power supply unit with features such as very high energy efficiency (80+ Platinum)[1], full modularity and passive cooling at low load. Integra is Fractal's power supply unit in the price/value segment, with high energy efficiency (80+ Bronze) and semi-modularity. All power supply units are available in several power ratings. The figure below illustrates the Company's family of power supply units and the main functions they fulfil.

	Ion+	*Integra*	
6 SKUs 1,100 – 1,500 SEK Recommended Price 500–860 W eff. Modular 80 Plus platinum			4 SKUs 700 – 1,200 SEK Recommended Price 450–750 W eff. Semimodular 80 Plus Bronze

Cooling products and fans

Fractal's cooling products and fans just as the remainder of its product portfolio has a scaled-down design profile and a clear focus on the Company's core features. Celsius is Fractal's water cooler for processors with features such as very good cooling performance and noise level. Fractal has four fan families with different design and functional features. The figure below illustrates the Company's families of cooling products and fans and their functions.

Product example	 *Celsius/Celsius+*	 *Prisma*	 *Dynamic*	 *Silent Series*	 *Venturi*
#SKUs	10	12	14	13	8
Recomm	1,100–2,200 SEK	170–750 SEK	~200 SEK	90–130 SEK	~200 SEK

Future product categories

Fractal believes that it has a strong brand and a well-developed product development process and organisation that is suitable for expanding into other product categories. The Company has identified a number of product categories to which it considers the most relevant to expand. The Company believes that its brand would facilitate the launch of these products and that these products fit well into the Company's current product offering.

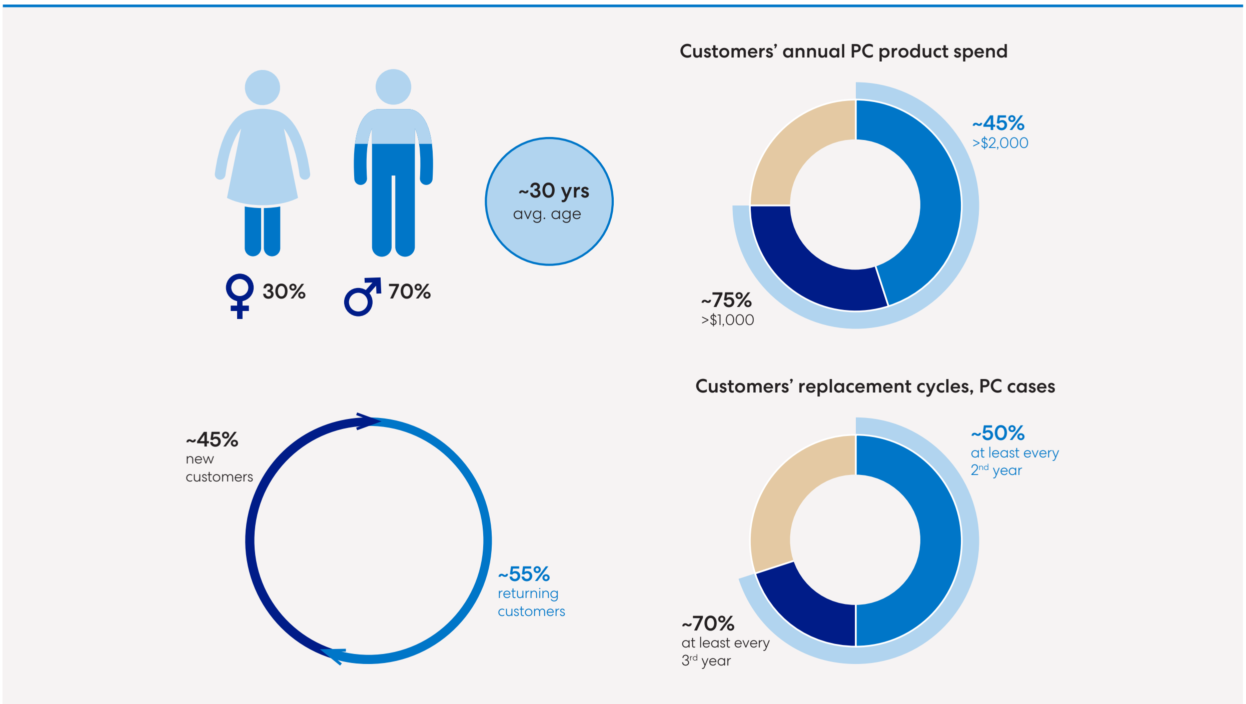
1) A power supply unit may be certified with various levels of 80 Plus if it has a sufficiently reliable power factor correction and sufficiently power-efficient components.

Fractal's end customers

Fractal's target group of end customers is gamers who use premium products to maximise their PC's performance as well as their own performance. Fractal's brand with clear characteristics aims to attract a group of gamers with high purchasing power who appreciate characteristics such as simplified design and good cooling performance and noise level.

The figure below illustrates statistics on the Company's end customers based on a customer survey conducted by the Company.

The Company targets end customers who are engaged in communities to a large extent, where initiated gamers review different products. This means that Fractal and its competitors must deliver high quality products in order to be appreciated and get positive reviews in communities. A positive review leads to a confirmation of the Company's products, which in turn can mean that more gamers are willing to buy Fractal's products.



Fractal's brand

Fractal believes that its strong brand is a key Company asset. The Company believes that the value of its brand consists primarily of the established, good reputation Fractal has amongst distributors, resellers and end consumers. The Company also strives to consistently work in accordance with a uniform and purposeful graphic profile to further strengthen the brand. This includes logos, colours and other communicative brand design.

Fractal's business model

Product development

Fractal manages the work processes with regard to innovation, concept and design of the Company's products in-house. The Company's work processes for innovation, concept and design are the same for all product areas and are guided by Fractal's brand strategy. Fractal has a strong focus on consumer insight and market trends to ensure that the Company develops and brings products to market that reflect end consumer demand, while Fractal's core principles regarding design, performance and quality are important to the perception of the Company's products as high quality.

In all product areas, Fractal has a high ambition level with regard to innovation, which is important to ensure that the Company is continuously developing new products in line with the preferences of the Company's customers. In general, the development phase from idea to launch takes 6–18 months.

The Company endeavours to have an interactive product development process that from from a top down perspective looks like the following:

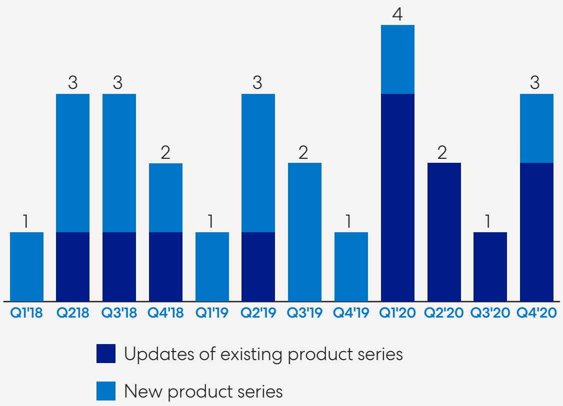
The pre-study phase in which feedback from the technology and gaming community is the most important source of inspiration. The overall purpose of the product is established and a business plan is adopted for the product.

The development phase means that the product is fully designed, suppliers and manufacturers established and pricing negotiated. Product prototypes are manufactured and any potential adjustments are made.

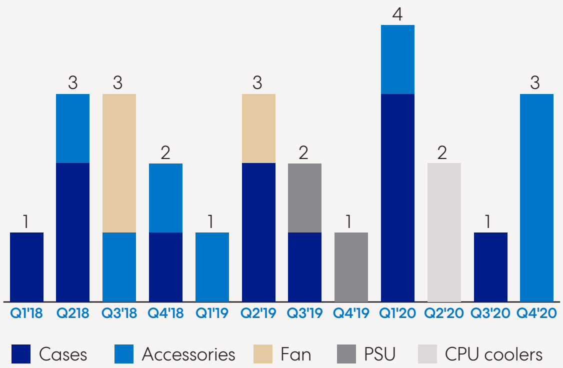
The product introduction phase begins with the signing of contracts with suppliers, the purchasing of the tools required to mass produce the products and the preparation of a marketing strategy. When mass production begins, the products go through a rigorous quality control process before they are ready for delivery to the distribution stage.

The table below illustrates the Company's launches per quarter during the period 2018–2020. During 2021, the Company has planned several launches.

Product launches (SKUs) – updates and new series



Product launches (SKUs) per product segment



Purchasing and production

Fractal has all production of the Company's products located in China through agreements with external partners and suppliers. Movement of parts of the production has been brought to the fore due to the US trade tariffs for imports of certain products from China, including Fractal's product categories. Production of Company products could take place in countries other than China, such as Vietnam. Normally, the Company has discussions with approximately four to five manufacturing suppliers in connection with the development of a new product line.

Fractal has chosen to buy and own the tools required to produce its products, for the purpose of ensuring that the Company is flexible in relation to what manufacturer the Company uses to outsource production. In addition, the Company has employees on site in Taiwan and China managing, inter alia, quality control, purchasing and communication with external partners and suppliers for the Company, and support of the production process. Fractal also manages the relationship with subcontractors for the purpose of ensuring quality, price and sustainability related to the sourcing and manufacturing of input components, as well as to further increase freedom relative to manufacturing partners. Fractal has in-house staff responsible for managing supplier inspections from the perspective of both quality and sustainability.[1)]

1) See the section "*Fractal sustainability work*" for more information on how Fractal works with sustainability.

Marketing activities

Fractal's marketing strategy towards end consumers spans the entire customer journey and is generally divided into four parts: making the end consumer aware of the Company's products, deepening end consumer interest in the Company's products, getting the end consumer to buy the Company's products and nurturing the relationship with the end consumer.

Making the end consumer aware of the Company's products

The Company's approach to making the end consumer aware of the Company's products essentially involves:

- Partnering with global and regional influencers, such as streamers and professional esports players, where the Company is their preferred brand and provides advertising products.
- Marketing the Company's products on global and regional gaming and gaming hardware websites, as well as social media and marketplaces.
- Sponsoring gaming-related events and LAN parties in order to get brand exposure and activity on social media.[1)]
- Marketing the Company's products to resellers to strengthen their knowledge of the brand and the products, as well as enabling the best possible marketing towards end consumers.

Deepening end consumer interest in the Company's products

The Company's approach to deepening end consumer interest in the Company's products is essentially aimed at educating, inspiring and creating interest by:

- Providing an appealing and informative website.
- Providing high-quality product listings, information and media for resellers.
- Focusing on both conventional marketing and social media marketing.
- Being reviewed in both video and written format.
- Providing well-developed product manuals to ensure that the reviewers have sufficient and clear product information and instruction videos in several languages to facilitate end consumer installation of the Company's products.

Getting the end consumer to buy the Company's products

The Company's approach to getting the end consumer to buy the Company's products essentially involves:

- Marketing the Company's products to resellers to strengthen their knowledge of the brand and the products, as well as enabling the best possible marketing towards end consumers.
- Offering reseller promotions for end consumers.

Nurturing the relationship with the end consumer

The Company's approach to nurturing the relationship with the end consumer involves engaging with the end consumer to create more Fractal ambassadors by:

- Investing in aftermarket support, for example with dedicated support in certain forums in selected regions.
- Initiating continuous and well thought out activity on social media to attract and engage end consumers.
- Hosting consumer panels where the Company receives feedback to ensure a customer-centric approach in product development.
- Building strong relationships with key people in the technology and gaming industry, for example through sponsorship.

Logistics and sales

Fractal's products are sold through distributors, resellers and systems integrators. The Company supplies the products either via outsourced logistics facilities or directly to distributors/resellers. In general, Company resellers and distributors handle the logistics themselves. Fractal typically has quantity requirements for the distributors and resellers to place orders for at least 20-foot containers, where they have the ability to mix different products in the container.

The division between distributors and resellers as well as online sales and sales in physical stores varies by geography and are illustrated in the table[2)] below.

Geographic market	The Americas	EMEA	APAC & Other
Distributors	28%	65%	89%
Resellers	72%	35%	11%
Online	95–97%	95–97%	80–85%
Physical stores	3–5%	3–5%	15–20%

In the Americas, resellers account for the majority of sales of the Company's products to end consumers, while distributors account for the majority of sales in EMEA and APAC & Other. This difference can be explained by the fact that resellers consist of larger players in the Americas than in the other geographical areas. In all geographical areas, the majority of

1) A LAN party is when a number of PC users meet up to connect the computers in a LAN (Local Area Network).
2) The information in the table is the Company's estimates.

Fractal's products are sold online; in total over 90 per cent of the Company's products are sold online. However, the share is somewhat higher in the Americas and EMEA than in APAC & Other as it is more common that end consumers in APAC want to see the products physically before they buy them.

Fractal continuously evaluates the need for the number of resellers and distributors on each market market. For example, the Company will reduce the number of collaborative partners in the DACH area[1] from four to three under the first sex months of 2021, which, according to the Company's assessment, will not entail any material effect on the sales in these markets.

Both net sales and the sales out from external resellers usually show a seasonal pattern in which sales are higher during the third and fourth quarters of the year as a result of Christmas and Chinese New Year. When resellers see an increasing demand from end consumers, they replenish their inventories however, this results in a leveraging of Company net sales relative to sales out.[2]

Tariffs on imports to the US

As of the date of the Offering Circular, the Company pays import tariffs on all products that are sold to the US since the Company's products are imported from China. During 2020, the Company was granted an exemption for tariffs on the import of cases and was then also entitled to a reimbursement of the tariffs previously paid by the Company related to the import of cases. The Company has not been able to apply for an exemption for tariffs during 2021 and has therefore paid tariffs from 1 January 2021. The Company assesses that this also applies to its competitors. The table below illustrates the net effect on the Company's consolidated statement of profit/loss and other comprehensive income from tariff payments during the period Q4 2018 – Q4 2020.

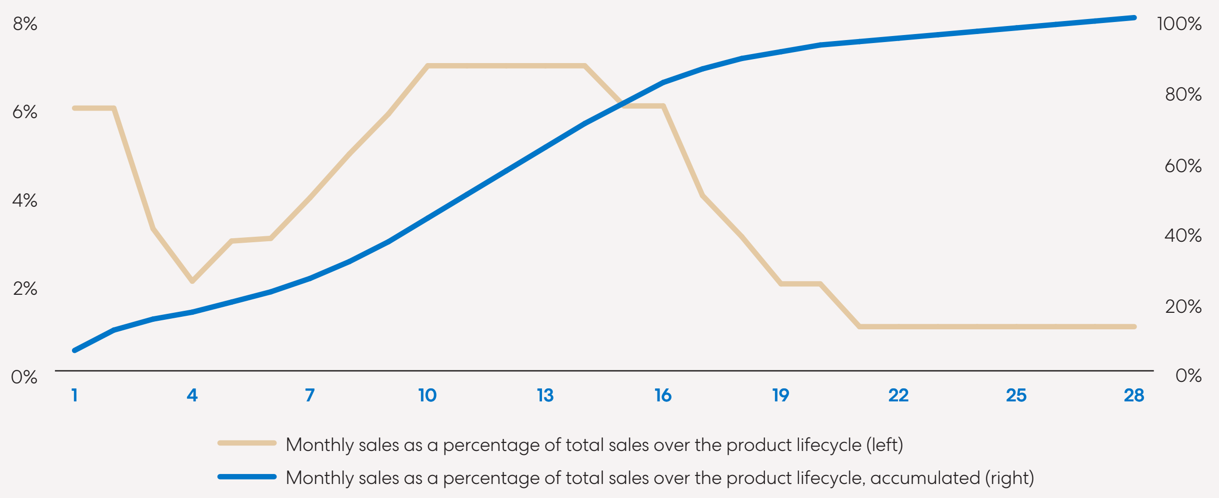
Net effects from tariffs on operating profit (EBIT)

	2018	2019				2020			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK million	–0.5	–0.5	–1.3	–3.4	–5.1	–5.9	+8.1	–2.0	–1.1

The Company intends to work with its manufacturing suppliers to move parts of the final assembly of products to other countries, which would mean that the products would not be charged with tariffs on imports to the US. The Company estimates that it during 2021 will have a negative net effect on operating profit (EBIT) of SEK 10 million, compared to if the Company had received an exemption from tariffs on imports of cases similar to what the Company had in 2020. The expected negative effect mainly consists of increased costs for tariffs before the change of location of the final assembly has occurred. The Company estimates that the above mentioned effect on operating profit (EBIT) will burden the first, second, third and fourth quarters with SEK –1.1, –2.6, –3.6 and –2.6 million, respectively.

Product lifecycle

Based on historical data, Fractal assesses that the average lifecycle of the Company's products – i.e. the time from product development until the product is replaced by an updated or new version – ranges from 24–36 months. Based on historical data, the sale of a product over time generally is distributed according to the graph below. This can vary significantly between different products.



1) The DACH area comprises Germany, Austria and Switzerland.
2) See the sections "*Selected Financial Information– Reconciliation Tables*" and "*Selected Financial Information– Definitions of Key Figures*" for definitions, explanations and reconciliations of sales out.

Fractal's strengths and competitive advantages

Fractal considers itself to have the following strengths and competitive advantages enabling the Company to implement its strategy and achieve its financial goals:

- Fractal operates in the attractive and rapidly growing global gaming market.
- The Company has a premium brand with distinctive characteristics and a leading position within relevant communities.[1]
- Fractal has a strong position in the value chain and an attractive end consumer base.
- The Company has a founder-led management team with a well-documented track record.
- Fractal has a strong financial profile with a history of high growth and high margins.

Fractal operates in the attractive and rapidly growing global gaming market

The Company estimates that its addressable market is characterised by high growth, strong underlying growth drivers and multiple favourable consumer trends. Fractal believes that future growth will be driven by growth in the number of gamers globally, which will increase the size of the Company's groups of end consumers. In addition, the share of competitive/committed gamers is increasing and esports and streaming are growing rapidly, which the Company believes has a positive impact on the number of gaming products sold per gamer on a global basis.[2] At the same time, the Company believes that esports and streaming have a positive impact on the sale of gaming products in the premium segment, as the viewers strive to imitate professional players and streamers.

The Company has a premium brand with distinctive characteristics and a leading position within relevant communities

According to the Company, Fractal has a well-established brand with distinctive characteristics and high quality products, which is something that it has worked according to since the Group was founded.

The Company also believes that it has a strong position within the initiated and influential communities that exist, such as Reddit and Sweclockers. Fractal believes that its strong and district brand, combined with its special position amongst end consumers are some of the main reasons why the Company has succeeded in growing strongly over the years and has good opportunities for profitable future growth.[3]

Fractal has a strong position in the value chain and an attractive end consumer base

Fractal acts as a product and brand owner in the value chain with outsourced production and distribution of its products. The Company believes that this is the most attractive position in the value chain and that this position adds the most value. The Company sees its end consumers as in general loyal, repetitive in their buying patterns and with strong purchasing power and therefore constitute an attractive end consumer base. Furthermore, the end consumers are generally seen as initiated, which means that end consumers' clear preferences primarily determine which products distributors will sell, which strengthens the position of the product and brand owner in the value chain relative to the distribution chain. Since 2010, the Company has sold over five million products and believes that a satisfied Fractal end consumer is likely to become a repeat end consumer when replacing or upgrading their Fractal product.

The Company has a founder-led management team with a well-documented track record

Fractal was founded by the current CEO, Hannes Wallin who has led the Company since its inception. Jens Harnisch, VP Sales is also a co-founder of the Company. Furthermore, several members of the management team have relevant experience from other companies in the gaming and electronics industry. The management team has a history of achieving profitable growth, and has been a strong contributing factor to the Company having grown and being profitable from the start.

1) The phrases "premium brand" and the brand's leading position are intended to communicate that Fractal believes the Company has an attractive product offer and is a well-known trademark within the Company product niches.
2) Technavio (2019) Global Gaming Market 2019–2023 and Newzoo (2020). 2020 Global Games Market Report October Update.
3) The phrases "premium brand" and the brand's leading position are intended to communicate that Fractal believes the Company has an attractive product offer and is a well-known trademark within the Company product niches.

Fractal has a strong financial profile with a history of high growth and high margins

Fractal has a history of high and profitable growth and in 2020 had net sales of SEK 635.7 million. Since 2010, the growth experienced by the Company has been equivalent to a CAGR of 28 per cent, which has been achieved without acquisitions[1]. The Company has succeeded in this through its consumer-focused strategy with a broad and diversified product portfolio consisting of designed, functional and qualitative gaming products.

The Company has successfully combined strong growth with good profitability, despite significant investments in product development, sales and marketing. In the last three fiscal years, the Company has achieved an operating margin (EBIT margin) of 15.2, 14.4 and 18.2 per cent, respectively, and an adjusted operating margin (adjusted EBIT margin) of 15.2, 14.4 and 20.2 per cent, respectively.[2]

Fractal's growth strategy

Historically, Fractal has grown with healthy profitability since the Company was founded and has a strategic plan for continued growth with healthy profitability. The plan is divided into four parts: continue to deliver high quality products within current product categories with a high level of service, expand to new product categories, increase marketing efforts and geographic expansion. Fractal considers that it has good future prospects and that the main challenges to the future development of the Company are related to the execution of the business plan.

Continue on the current path – delivering high quality products and a high level of service to a growing base of end consumers

For ten years, Fractal has experienced a high rate of growth through broadening the product offering within current product categories, launching its products in new geographic markets and continuously launching high quality products. Through this, Fractal has historically taken market shares, especially within premium gaming cases. In addition, the Company assesses that its underlying market is undergoing strong growth. The Company believes that it has good opportunities for continued growth by continuing on the current path. The goal is to strengthen the market position within power supplies, cooling products and fans for gaming PCs, as well as to achieve a top global position in the PC case market.

Expand to new product categories

According to the Company's assessment, Fractal is a well-established premium brand within gaming products. The Company believes that the strong brand, the well-functioning product development organisation and the established sales network mean the Company is well suited to expanding to other product categories in the gaming product market. The Company has identified a number of product categories into which it considers most relevant to expand. The Company believes that an expansion into these product categories would substantially increase its addressable market.

Increase marketing efforts

Fractal considers itself to have established a strong brand within the initiated communities a large part of its end consumers are members of. However, the Company believes it is possible to increase marketing efforts to reach more end consumers compared to its competitors. Fractal sees large opportunities in increasing its marketing efforts, for example, on social media and streaming platforms such as Twitch. Other initiatives include working with influencer marketing to a greater extent, focus more on key figure driven marketing and opening its own e-shop. Fractal further considers that Amazon is an important part of the Company's growth strategy, and aims to offer a complete product range and adapt product information to local languages. Today, Fractal sells directly to Amazon within the EU and via distributors in the US and Japan.

Geographic expansion

Fractal has experience in expanding to new countries and markets around the world through local distributors and resellers. There are several interesting markets in which the Company has a limited presence. One example is China, where the Company made its entry in 2014, and during 2019 entered into a collaboration with JD.com and later Tmall. Another example is Southeast Asia, where the Company currently has a limited presence. Both of these markets are large gaming markets that the Company considers interesting from a growth perspective.

1) Net sales in 2010/2011 refers to net sales for Fractal Gaming Sweden AB in accordance with the annual report for the fiscal year 1 May 2011 to 30 April 2012. Fractal Gaming Sweden AB did not apply the same accounting principles as those applied by the Company, which means that the comparison between net sales for 2010/2011 and net sales for 2020 are not fully comparable. However, the Company believes that it gives a fair estimate of the growth of the business since 2010/2011. See the sections, "*Selected Financial Information– Reconciliation Tables*" and "*Selected Financial Information-Definitions of Key Figures*" for definitions, explanations and reconciliations of CAGR.

2) See the sections, "*Selected Financial Information– Reconciliation Tables*" and "*Selected Financial Information-Definitions of Key Figures*" for definitions, explanations and reconciliations of EBIT margins and adjusted EBIT margins.

Fractal's financial targets

The board of directors of Fractal has adopted the following financial targets:

Net sales growth: Fractal aims to achieve an annual organic growth in net sales[1] of above 10 per cent from 2022 and onwards.[2]

Profitability: Fractal aims to achieve an adjusted EBITDA margin of 20 per cent.[3]

Dividend policy: Fractal aims to pay out 30 to 50 per cent of its net profit, while also taking into account other factors such as financial position, cash flow and growth opportunities.

Fractal's employees

Fractal considers itself to have an efficient organisation that has been strengthened in terms of the number of employees in recent years, which is a development that is in line with the Company's growth strategy. The table below presents an overview of the Company's development in the average number of employees for the years 2018, 2019 and 2020.

Average number of employees	2018	2019	2020
Total	52	63	69

In addition to its employees, the Company has several long-term consultants. Per 30 November 2020 the distribution of the Company's employees and long-term consultants were according to the tables below:

Geographic market	Employees and long-term consultants
EMEA	50
APAC & Other	20
Americas	10

Function	Employees and long-term consultants
Marketing	17
Supply Chain	15
Product Development	15
Sales	11
Other	22

Fractal's sustainability initiatives

Fractal defines sustainability as working with environmental issues, a responsible value chain and anti-corruption initiatives, as well as employee and social issues. Sustainability risks are considered when prioritising sustainability issues, along with the expectations of stakeholders and business strategy. The Company believes that the greatest impact and the most significant sustainability risks are linked to the Company's products and are present both upstream and downstream in Fractal's value chain as described below.

Environment

The most significant environmental impact for Fractal occurs indirectly through design, production, transportation, as well as the use and waste management regarding the Company's products. The direct environmental impact of Fractal's organisation is relatively small and consists mainly of energy consumption in offices, business travel and purchasing products and supplies for offices and events. The Company therefore prioritises reducing the environmental impact throughout the value chain for the products, as described below.

The product value chain from an environmental perspective

The Company has conducted lifecycle analyses of representative products to gain an understanding of the impact of the Company's operations and in particular of the Company's products, on the environment throughout the entire value chain – from when the Company initially plans to produce a new product, how it will be designed, packaged, manufactured, transported to distributors and end consumers to, finally, how the material can be handled or recycled in the final stage of the products' lifecycle.

The Company believes that the largest environmental impact is linked to the Company's products. From a lifecycle perspective, the extraction and production of raw materials for the Company's products represents the greatest environmental impact for the Company. The second largest environmental factor associated with the Company's products is the manufacturing and packaging of the products. Furthermore, emissions in connection with the transportation of the Company's products, firstly from the Company's factories in China to other countries and secondly to and from distributors, will have an impact on the environment, which is the focus of the Company in its environmental work.

1) Defined as growth in net sales measured in USD. See the sections, "*Selected Financial Information– Reconciliation Tables*" and "*Selected Financial Information– Definitions of Key Figures*" for definitions, explanations and reconciliations of organic net sales growth.
2) See the section, "*Selected Financial Information – Trends*" for a background on why the goal is defined from 2022 and onwards.
3) See the sections, "*Selected Financial Information – Reconciliation Tables*" and "*Selected Financial Information – Definitions of Key Figures*" for definitions, explanations and reconciliations of adjusted EBITDA margin.

With regard to the manufacturing of Fractal's products, the Company conducts environmentally-focused sustainability checks of the manufacturing partners and factories in which the Company's products are manufactured. In addition, Fractal implements changes that mean that the packaging material is reduced and replaced with more environmentally friendly alternatives. The Company endeavours to ensure that the design of the packaging is simple to recycle, for example by replacing shock-absorbing cellular plastic with cardboard.

The products are distributed to local warehouses or directly to the distribution chain from Company manufacturing partners in China. A large proportion of transportation takes place by ship. By largely avoiding intermediaries in the form of central warehouses, the Company believes that economic and environmental benefits are taken into consideration.

In the last phase of the product lifecycle, the Company focuses on handling or recycling Company products in an environmentally efficient manner. Fractal always strives to offer high quality products that are appreciated by end consumers and that in such a way reduce the environmental impact through longer use of the Company products. The Company has also enabled and facilitated the delivery of spare parts to extend the life of the Company's products.

Responsible value chain

The manufacturing of products by Fractal is outsourced to manufacturers in China. Fractal wants to collaborate with a limited number of reliable manufacturers with whom long-term relationships can be developed. Manufacturers are expected to share the views of the Company on business ethics, human rights, good work environment and product safety throughout the entire value chain. Through continuous collaboration – from daily contacts and meetings to regular meetings at management level – the Company monitors compliance with the requirements of the Company Code of Conduct. Product manufacturers undergo checks by Fractal staff and deviations are carefully monitored by the manufacturers and action plans compiled for the purpose of finding and implementing improvements. If the deviations remain or recur in subsequent checks, Fractal reserves the right to terminate the collaboration with the manufacturer. The Company has a Code of Conduct about which all manufacturers and partners are informed and must sign when at the conclusion of the agreement.

Anti-corruption

Fractal advocates free and fair trade, strives for open and fair competition and intends to comply with the ethical conditions contained within the legal framework of the countries in which the Company operates. The Company has taken the following measures and continues to develop these continuously, in order for Company partners and employees to comply with the Company's requirements in relation to anti-corruption to the greatest extent possible:

- Established Codes of Conduct for employees, manufacturers and other partners.
- Established an anti-corruption policy.
- Conducted and continuously conducts risk analyses.
- Conducted inspections of manufacturers.

During 2020, an Employee Code of Conduct was prepared for employees within the Group as part of the Company evaluation and training work. The Code of Conduct states that employees must have the knowledge and tools to always put the interests of the Company first and to escalate any doubts about potential conflicts of interests. The internal Code of Conduct states that employees must refrain from offering, giving and accepting bribes and other inappropriate benefits. The Fractal external Code of Conduct contains requirements for combatting corruption and has been signed by all product manufacturers.

Employees and social issues

Company employees form an important part of the business and possess skills from concepts and design to communication, sales and logistics. The Fractal core values are based on Group employees being open and curious, creative and proactive together. Fractal strives to create a culture in which every employee is important, where all employees feel they can develop in their roles and be happy as individuals – in an inclusive, curious and respectful work environment.

The Company has taken the following measures and continues to develop these in order for Company employees to feel appreciated and to develop within the Group:

- Development of quality-assured recruitment processes and the establishment of a plan for employee development according to their individual needs.
- Establishment of culture and value guidelines.


Fractal
Fractal

Selected financial information

The consolidated financial information selected with regard to the financial years ending 31 December 2020, 2019 and 2018 presented below has been taken from the audited consolidated financial reports for the financial years ending 31 December 2020, 2019 and 2018. The current financial accounts have been prepared in accordance with the International Financial Reporting Standards ("*IFRS*"), as adopted by the EU and as stated in the audit report, the accounts been audited by the independent auditor for the Group, KPMG AB. The audited consolidated financial statements that are referred to above and the audit report are included in the section, "*Historical Financial Information*".

Selected key figures that are not defined in accordance with IFRS as specified in the section, "*Selected Key Figures*" are based on information taken from the audited, consolidated financial reports for the financial years ending 31 December 2020, 2019 and 2018 and/or internal accounting and reporting systems that are subject to internal controls for financial reporting and/or from management systems. See section, "*Key Figure Definitions*" for definitions and justification of the use of key figures that are not defined in accordance with IFRS. Also refer to the section, "*Reconciliation Tables*" for reconciliation of these alternative KPIs. Selected key figures have not been audited by KPMG AB, independent auditor for the Group.

Aside from what is expressly stated herein, no financial information in this Offering Circular has been audited or reviewed by the Company auditor.

The following section should be read in conjunction with the section, "*Operational and Financial Overview*", the section, "*Capitalisation, Indebtedness and Other Financial Information*" and the section, "*Historical Financial Information*" and the audited consolidated financial statements for the financial years ended 31 December 2020, 2019 and 2018.

Consolidated statement of profit/loss and other comprehensive income

Taken from the audited consolidated financial statements for the Group as of and for the financial years ending 31 December 2020, 2019 and 2018.

Amounts in SEK thousands	**1 January – 31 December 2020**	**1 January – 31 December 2019**	**1 January – 31 December 2018**
Net sales	635,716	401,502	325,246
Capitalized development expenditure	5,606	4,924	1,524
Other operating income	10,649	4,258	8,635
Total revenue	**651,971**	**410,684**	**335,405**
Operating expenses			
Goods for resale	–394,934	–252,551	–202,088
Other external expenses	–78,422	–47,973	–40,714
Personnel expenses	–52,904	–46,094	–37,909
Depreciation and impairment of tangible and intangible non-current assets	–10,264	–6,443	–5,100
	–536,524	**–353,061**	**–285,811**
Operating profit (EBIT)	**115,447**	**57,624**	**49,594**
Financial income and expense			
Finance income	2	1,438	574
Finance costs	–6,758	–4,017	–8,858
	–6,757	**–2,579**	**–8,284**
Profit/loss after financial items	**108,691**	**55,044**	**41,310**
Income tax expense	–24,725	–12,277	–10,758
Profit for the year	**83,966**	**42,768**	**30,552**
Other comprehensive income			
Items that have been reclassified or can be reclassified to profit/loss for the year			
Foreign subsidiaries – foreign currency translation differences	–1,390	240	103
	–1,390	**240**	**103**
Other comprehensive income for the year	**–1,390**	**240**	**103**
Total comprehensive income for the year	**82,576**	**43,008**	**30,655**
Profit for the year attributable to:			
– Parent Company's shareholders	83,750	42,645	30,483
– Non-controlling interests	216	123	69
Profit for the year	**83,966**	**42,768**	**30,552**
Total comprehensive income attributable to:			
– Parent Company's shareholders	82,360	42,885	30,586
– Non-controlling interests	216	123	69
Total comprehensive income for the year	**82,576**	**43,008**	**30,655**
Earnings per share			
– before and after dilution (SEK)	82.52	41.98	30.05

Consolidated statement of financial position

Taken from the audited consolidated financial statements as of and for the financial years ending 31 December 2020, 2019 and 2018.

Amounts in SEK thousands	as of 31 December 2020	as of 31 December 2019	as of 31 December 2018
Assets			
Goodwill	210,167	210,167	210,167
Capitalised development costs	14,234	9,605	2,850
Property, plant and equipment	25,087	17,364	9,346
Right-of-use assets	944	2,504	4,146
Total non-current assets	**250,432**	**239,640**	**226,509**
Inventories	172,793	107,096	59,363
Accounts receivable	93,505	109,997	78,098
Prepaid expenses and accrued income	4,321	1,004	1,109
Other receivables	2,670	103	3,440
Cash and cash equivalents	15,368	14,942	13,093
Total current assets	**288,657**	**233,142**	**155,103**
Total assets	**539,089**	**472,782**	**381,612,**
Shareholders' equity			
Share capital	101	101	101
Share premium	177,899	177,899	177,899
Reserves	–1047	343	103
Retained earnings including profit/loss for the year	93,745	45,916	3,270
Equity attributable to the Parent Company's shareholders	**270,698**	**224,259**	**181,373**
Non-controlling interest	**–**	**123**	**69**
Total equity	**270,698**	**224,382**	**181,442**
Liabilities			
Debt to Group companies	–	16,141	14,226
Long-term lease liabilities	15	483	2,174
Provisions	1,692	1,600	1,120
Deferred tax liabilities	11,919	6,641	4,297
Total non-current liabilities	**13,626**	**24,866**	**21,817**
Overdraft facility	65,089	29,507	49,746
Current lease liabilities	817	1,878	1,765
Accounts payable	164,950	166,134	108,228
Tax liabilities	3,811	12,667	7,436
Other liabilities	2,518	232	1,434
Accrued expenses and prepaid income	17,580	13,116	9,744
Total current liabilities	**254,765**	**223,534**	**178,353**
Total liabilities	**268,391**	**248,400**	**200,170**
Total equity and liabilities	**539,089**	**472,782**	**381,612**

Consolidated statement of cash flows

Taken from the audited consolidated financial statements as of and for the financial years ending 31 December 2020, 2019 and 2018.

Amounts in SEK thousands	**1 January – 31 December 2020**	**1 January – 31 December 2019**	**1 January – 31 December 2018**
Cash flows from operating activities			
Profit/loss after financial items	108,691	55,045	41,309
Adjustment for items not included in cash flow	4,094	4,160	5,904
Income tax paid	–29,640	–5,202	–2,998
	83,145	**54,003**	**44,215**
Increase (+)/Decrease (–) of inventories	–65,697	–47,733	–24,705
Increase (+)/Decrease (–) of operating receivables	–3,129	–29,008	440
Increase (+)/Decrease (–) of operating liabilities	27,000	65,150	48,070
Net cash from operating activities	**41,319**	**42,412**	**68,020**
Cash flows from investing activities			
Acquisition of property, plant and equipment	–15,687	–12,033	–7,101
Acquisition intangible assets	–5,369	–7,237	–2,013
Net cash used in investing activities	**–21,056**	**–19,270**	**–9,114**
Cash flows from financing activities			
Acquisition of non-controlling interests	–5,504	–	–
New share issue	–	–	500
Redemption of shares	–30,546	–	–
Amortisation of loans to subsidiaries	–16,141	–	–50,000
Net change, bank overdraft facility	35,582	–20,239	3,623
Repayment of borrowings	–1,906	–1,877	–1,332
Paid dividend to non-controlling interests	–123	–69	–
Net cash from financing activities	**–18,638**	**–22,185**	**–47,209**
Net increase in cash and cash equivalents	1,625	957	11,697
Cash and cash equivalents at start of year	14,942	13,093	1,396
Effects of movements in exchange rates on cash held	–1,199	892	–
Cash and cash equivalents at end of year	**15,368**	**14,942**	**13,093**

Selected key figures

Some of the key figures presented below are so-called non-IFRS metrics, i.e. financial metrics that are not defined in accordance with IFRS, including certain metrics such as EBITDA. Fractal believes that along with the metrics defined in accordance with IFRS, these non-IFRS metrics provide a better understanding of the trends in the financial results, and that such metrics that are not defined in accordance with IFRS are useful information for investors, along with other metrics that are defined in accordance with IFRS. A non-IFRS metric is defined as a metric that measures historical or future financial results, financial position or cash flow. These non-IFRS metrics should not be considered in isolation or as a substitute for the performance metrics produced in accordance with IFRS. Such metrics as defined by the Group may also not be comparable to other metrics with similar names that are used by other companies. For a description of the calculation of non-IFRS metrics and the reason for its use, see section, "*Definitions of Key Figures*" and "*Reconciliation Tables*".

Key financial figures

	For the financial years		
Amounts in SEK million	**2020**	**2019**	**2018**
Net sales*	635.7	401.5	325.2
Net sales, USD million**	69.4	42.8	37.6
Product profit**	240.8	149.0	123.2
Product margin, %**	37.9%	37.1%	37.9%
EBITDA**	125.7	64.1	54.7
EBITDA margin, %**	19.8%	16.0%	16.8%
Adjusted EBITDA***	138.6	64.1	54.7
Adjusted EBITDA margin, %***	21.8%	16.0%	16.8%
Operating profit (EBIT)**	115.4	57.6	49.6
Operating margin (EBIT margin), %**	18.2%	14.4%	15.2%
Adjusted operating profit (adjusted EBIT)***	128.3	57.6	49.6
Adjusted operating margin (adjusted EBIT margin), %***	20.2%	14.4%	15.2%
Operating cash flow**	62.8	33.2	69.4
Cash conversion, %**	50.0%	51.8%	126.9%
Interest-bearing net debt**	49.7	30.7	50.9
Earnings per share, SEK*	82.5	42.0	30.1
Organic net sales growth, %**	62.2%	13.8%	–
Net sales growth, %**	58.3%	23.4%	–
USD/SEK, average**	9.2	9.4	8.6

* IFRS key figures taken from audited consolidated financial statements as of and for the financial years ending 31 December 2020, 2019 and 2018.
** See the section, "*Reconciliation Tables*" for reconciliation tables.
*** See the section, "Reconciliation Tables" for reconciliation tables. Adjusted operating profit adjusted EBIT) and adjusted EBITDA are not adjusted for tariff payments and repayments (see the section "*Business overview" – Tariffs on imports to the US*".

Key operational figures

	For the financial years		
Amounts in SEK million	**2020**	**2019**	**2018**
Sales out	68.3	39.9	34.3

Selected segment information and selected financial geographical information

Fractal divides its sales into two product segments, which correspond to the Company's segments in accordance with IFRS: Cases and Other. The table below presents selected key figures by segment for the 2020, 2019 and 2018 fiscal years, based on information taken from the internal accounting and reporting system for Fractal.

	For the financial years		
Amounts in SEK million	**2020**	**2019**	**2018**
Cases			
Net sales	527.8	340.1	272.8
Product profit	204.1	125.7	112.5
Product margin, %	38.7%	37.0%	41.2%
Other			
Net sales	107.9	61.4	52.5
Product profit	36.6	23.2	10.7
Product margin, %	34.0%	37.8%	20.3%

The table below presents a breakdown of the net sales for Fractal by geography for the 2020, 2019 and 2018 fiscal years, based on information taken from the internal accounting and reporting system for Fractal.

	For the financial years		
Amounts in SEK million	**2020**	**2019**	**2018**
Net sales			
Americas	284.2	133.8	102.2
EMEA	276.4	207.3	179.1
APAC and Other	75.2	60.4	43.9
Net sales, % of total net sales			
Americas	44.7%	33.3%	31.4%
EMEA	43.5%	51.6%	55.1%
APAC and Other	11.8%	15.0%	13.5%

Quarterly data for 2018–2020

The tables below present selected unaudited financial information for the quarters during the 2018, 2019 and 2020 fiscal years, which has been taken from the internal accounting and reporting system for Fractal.

Consolidated statement of profit/loss and other comprehensive income

Amounts in SEK thousands	**2020**				**2019**				**2018**			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Net sales	150,370	188,734	182,762	113,850	92,511	74,652	106,284	128,056	77,652	68,925	100,809	77,860
Capitalized development expenditure	1,638	1,752	1,459	757	606	1,203	3,048	67	504	160	300	560
Other operating income	2,493	543	0	9,001	443	0	1,570	3,049	2,675	1354	2371	2235
Goods for resale	–93,044	–105,912	–115,935	–80,043	–55,981	–46,666	–67,118	–82,786	–49,882	–41,054	–59,382	–51,770
Other external expenses	–16,214	–18,825	–14,499	–28,884	–9,884	–10,470	–11,617	–16,002	–11,031	–8,691	–8,781	–12,211
Personnel expenses	–12,808	–14,019	–11,249	–14,828	–10,409	–9,725	–13,362	–12,598	–8,703	–8,993	–9,003	–11,210
Depreciation and impairment of tangible and intangible non-current assets	–2,327	–2,370	–2,509	–3,058	–1,508	–1,427	–1,626	–1,882	–1,234	–1,083	–1,090	–1,693
Other operating expenses	0	0	–1,387	0	0	– 804	0	0	0	0	0	0
Operating profit	**30,109**	**49,903**	**38,641**	**–3,206**	**15,778**	**6,763**	**17,179**	**17,904**	**9,981**	**10,618**	**25,224**	**3,771**
Net financial income and expense	– 511	–3,556	–2,167	–523	– 321	– 661	875	–2,473	–2382	–2,319	–2,289	–1,294
Profit/loss after financial items	**29,598**	**46,347**	**36,474**	**–3,729**	**15,458**	**6,102**	**18,054**	**15,431**	**7,599**	**8,299**	**22,935**	**2,477**
Income tax expense	–5,940	–11,120	–8,094	419	–2,259	–1,755	–4,195	–4,067	–2,069	–1,892	–4,808	–1,989
Profit for the year	**23,658**	**35,227**	**28,380**	**–3,300**	**13,198**	**4,347**	**13,859**	**11,363**	**5,530**	**6,407**	**18,127**	**488**

Operational key performance measures

	2020				2019				2018			
Amounts in USD million	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Sales out	11.8	18.2	18.5	19.2	10.4	6.8	10.6	12.1	8.5	7.0	8.6	10.2

By geographic market

	2020				2019				2018			
Amounts in SEK million	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Net sales Americas	53.7	102.8	83.4	44.2	22.2	28.5	36.6	47.6	26.3	18.4	33.6	24.0
Net sales Americas, USD million	5.5	10.7	9.4	5.1	2.4	3.0	3.8	4.9	3.3	2.1	3.8	2.7
Net sales EU	81.3	66.2	76.4	52.4	55.9	34.8	54.7	60.4	43.0	41.0	53.0	42.1
Net sales EU, USD million	8.5	6.9	8.8	6.3	6.1	3.4	5.9	6.4	5.1	4.5	5.8	4.4
Net sales APAC & Other	15.4	19.7	22.9	17.1	14.4	11.4	15.0	20.1	8.3	9.5	14.2	11.8
Net sales APAC & Other, USD million	1.6	2.0	2.6	2.0	1.6	1.2	1.6	2.1	1.1	1.2	1.7	1.4

By product segment

	2020				2019				2018			
Amounts in SEK million	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Net sales Cases	130.5	156.8	150.7	89.7	75.0	64.1	89.4	111.4	62.9	59.0	83.8	67.1
Net sales Cases, USD million	13.5	16.3	17.0	10.4	8.4	7.0	9.4	11.7	7.8	6.8	9.4	7.5
Net sales Other	19.9	31.9	32.0	24.1	17.5	10.5	16.9	16.7	14.7	9.9	17.0	10.8
Net sales Other, USD million	2.1	3.4	3.8	3.0	1.7	1.1	1.8	1.7	1.7	1.0	1.8	1.1
Product profit Cases	50.5	72.2	55.9	25.6	30.9	23.9	31.8	39.1	25.1	25.8	37.5	24.2
Product margin Cases, %	38.7%	46.1%	37.1%	28.5%	41.2%	37.3%	35.6%	35.1%	39.8%	43.7%	44.8%	36.0%
Product profit Other	6.9	10.6	11.0	8.2	5.7	4.1	7.4	6.2	2.7	2.1	3.9	1.9
Product margin Other, %	34.6%	33.2%	34.2%	34.1%	32.7%	39.2%	43.9%	37.2%	18.5%	21.1%	23.1%	17.8%

Net working capital and investments in non-current assets

	2020				2019				2018			
Amounts in SEK thousands	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Inventories	67,850	81,932	155,333	172,793	49,222	52,644	55,689	107,096	32,633	42,242	40,557	59,363
Accounts receivable	132,102	143,508	132,202	93,505	71,707	66,958	103,063	109,997	75,400	68,408	94,360	78,098
Other current assets*	2,768	19,414	13,824	6,991	2,009	2,019	1,077	1,107	2,473	2,686	3,863	4,549
Net working capital assets	**202,720**	**244,854**	**301,359**	**273,289**	**122,939**	**121,621**	**159,829**	**218,200**	**110,506**	**113,337**	**138,779**	**142,010**
Accounts payable	118,375	154,715	245,414	164,950	89,596	71,855	98,684	166,134	68,854	77,745	76,029	108,228
Other current liabilities**	42,498	41,561	47,803	23,909	31,833	34,309	38,775	26,015	10,948	14,067	17,453	18,614
Net working capital liabilities	**160,872**	**196,276**	**293,217**	**188,859**	**121,429**	**106,164**	**137,459**	**192,149**	**79,802**	**91,812**	**17,453**	**126,842**
Net working capital	**41,848**	**48,578**	**8,143**	**84,430**	**1,510**	**15,457**	**22,370**	**26,051**	**30,704**	**21,525**	**45,297**	**15,168**
Acquisition of property, plant and equipment	2,118	1,872	5,303	6,394	916	381	5,510	5,226	3,603	508	1,974	1,026
Capitalized development expenditure	1,864	1,863	1,534	108	680	1,473	4,344	740	781	184	341	159

* Prepaid expenses and accrued income and Other receivables.
** Tax liabilities, Accrued expenses and prepaid income and Other liabilities.

Definitions of key figures

Non-IFRS metrics	Description	Justification for the use of metrics
Net sales, USD million	Amounts invoiced in USD relating to sales, adjusted for distributor and reseller discounts that are also denominated in other currencies.	Fractal's sales are invoiced in full in USD. The purpose of presenting the key figure is to present the organic growth for the Group.
Product profit	Net sales less Goods for resale.	Demonstrates product profitability of the core business.
Product margin, %	Product profit in relation to net sales.	Demonstrates product profitability of the core business in relation to net sales.
Operating profit (EBIT)	Fractal's reported operating profit (EBIT).	Operating profit (EBIT) is a performance metric that along with EBITDA, shows the earnings generated by the day-to-day activities.
Operating margin (EBIT margin), %	Operating profit (EBIT) in relation to net sales.	Enables comparisons of profitability irrespective of capital structure or tax situation.
Adjusted operating profit (adjusted EBIT)	Operating profit (EBIT) adjusted for items affecting comparability.	Adjusted operating profit (adjusted EBIT) is a performance metric that is relevant to the understanding of Fractal's financial performance from the day-to-day activities. This metric indicates the financial performance of the day-to-day activities without any influence from significant cost or income items that affect the possibility of making comparisons over time, as described under "items affecting comparability" below.
Adjusted operating margin (adjusted EBIT margin), %	Adjusted operating profit (adjusted EBIT) in relation to net sales.	Adjusted operating margin (adjusted EBIT margin) margin is a key figure that is considered relevant to understanding Fractal's financial performance from the day-to-day activities without any impact from significant cost or income items that affect the ability to make comparisons over time.
EBITDA	Operating profit (EBIT) with a reduction of Depreciation and impairment of tangible and intangible non-current assets.	EBITDA together with Operating profit (EBIT) provides an overall picture of the generation of earnings from the day-to-day activities.
EBITDA margin, %	EBITDA in relation to net sales.	This key figure is used for analysis of the generation of earnings by Fractal.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA is a performance metric that is considered relevant to the understanding of Fractal's financial performance from the day-to-day activities. This metric shows the financial performance of the day-to-day activities without any influence from significant cost or income items that affect the possibility of making comparisons over time, as described under "items affecting comparability" below.
Adjusted EBITDA margin, %	Adjusted EBITDA in relation to net sales.	Adjusted EBITDA margin is a key figure that is considered relevant to understanding Fractal's financial performance from the day-to-day activities without any impact from significant cost or income items that affect the ability to make comparisons over time.
Items affecting comparability	Income and cost items that are reported separately as a result of their nature and amount.[1]	Items affecting comparability are used to explain differences in the historical profit/loss. Separate reporting and specification of items affecting comparability enables readers of the financial statements to understand and evaluate the adjustments made in the presentation of adjusted operating profit (adjusted EBIT) and adjusted EBITDA.

1) The items for the 2020 fiscal year only comprise costs relating to the the listing.

Net working capital	Net working capital is calculated as Net working capital assets less Net working capital liabilities. Net working capital assets are calculated as the sum of Inventories, Account receivable and Prepaid expenses and accrued income as well as Other receivables. Net working capital liabilities are calculated as the sum of Accounts payable and Tax liabilities, Accrued expenses and prepaid income as well as Other liabilities.	This metric shows how much net working capital is tied up in Fractal's business.
Operating cash flow	EBITDA less Acquisition of property, plant and equipment and Capitalized development expenditure and adjustments for changes in inventories, operating receivables and operating liabilities.[1]	Operating cash flow is used by Fractal as a metric for how much cash flow the business generates.
Cash conversion, %	Operating cash flow in relation to EBITDA.	Fractal uses this key ratio to monitor how effectively the Group manages ongoing investments and net working capital.
Interest-bearing net debt	Interest-bearing debt less Cash and cash equivalents. Interest-bearing debt consists of the sum of Overdraft facility, and Debt to Group companies.	Interest-bearing net debt is a metric that shows total indebtedness of the Company.
USD/SEK, average	Net sales (MSEK) in relation to net sales (MUSD).	The average USD/SEK exchange rate has a significant impact on Company net sales and operating profit.
Net sales growth, %	Growth in net sales for the period, calculated as an increase in net sales compared to the preceding year, expressed as a percentage.	Shows change in net sales for the business during the period compared to the preceding period.
Organic net sales growth, %	Growth in net sales in MUSD for the period, calculated as the change in net sales in MUSD compared to the preceding year, expressed as a percentage.	Shows organic business growth during the period compared to the preceding period.
Compound annual growth rate (CAGR)	Compound annual growth rate in net sales from the 2010/11 to the 2020 fiscal year.	This metric is relevant as it measures growth under the assumption of constant annual growth, thereby providing an even rate of growth over the given period.

Key Performance Indicators (KPIs)	**Description**	**Justification for the use of metrics**
Sales out, USD	Sales to end consumers in USD, reported by Fractal's resellers.	Sales out measured in USD is used by Fractal as an indicator of the underlying demand for the Company's products.

1) Change in inventories, operating receivables and operating liabilities as defined in the section, "*Cash Flow*".

Reconciliation tables

The following tables show the reconciliation of Product profit, Product margin, EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Operating margin (EBIT margin), Adjusted operating profit (Adjusted EBIT), Adjusted operating margin (Adjusted EBIT margin), Net working capital, Operating cash flow, Cash conversion, Interest-bearing net debt, USD/SEK, Net sales growth, Organic net sales growth and CAGR for Fractal. For a description of the calculation of non-IFRS metrics and the reason for their use, see section, "*Definitions of key figures*".

Product profit and product margin

Amounts in SEK thousands	2020	2019	2018
Net sales	635,716	401,502	325,246
Goods for resale	–394,934	–252,551	–202,088
Product profit	**240,782**	**148,951**	**123,158**
Product margin, %	37.9%	37.1%	37.9%

EBITDA, EBITDA margin and operating margin (EBIT margin)

Amounts in SEK thousands	2020	2019	2018
Net sales	635,716	401,502	325,246
Operating profit (EBIT)	115,447	57,624	49,594
Operating margin (EBIT margin), %	18.2%	14.4%	15.2%
Depreciation and impairment of tangible and intangible non-current assets	–10,264	–6,443	–5,100
EBITDA	**125,711**	**64,067**	**54,694**
EBITDA margin, %	19.8%	16.0%	16.8%

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted operating profit (Adjusted EBIT) and Adjusted operating margin (Adjusted EBIT margin)1)

Amounts in SEK thousands	2020	2019	2018
Net sales	635,716	401,502	325,246
Operating profit (EBIT)	115,447	57,624	49,594
Items affecting comparability	12,870	0	0
Adjusted operating profit (EBIT)	**128,317**	**57,624**	**49,594**
Adjusted operating margin (adjusted EBIT margin), %	20.2%	14.4%	15.2%
Depreciation and impairment of tangible and intangible non-current assets	–10,264	–6,443	–5,100
Adjusted EBITDA	**138,581**	**64,067**	**54,694**
Adjusted EBITDA margin, %	21.8%	16.0%	16.8%

Net working capital

Amounts in SEK thousands	2020	2019	2018
Inventories	172,793	107,096	59,363
Accounts receivable	93,505	109,997	78,098
Prepaid expenses and accrued income	4,321	1,004	1,109
Other receivables	2,670	103	3,440
Net working capital assets	**273,289**	**218,200**	**142,010**
Accounts payable	164,950	166,134	108,228
Tax liabilities	3,811	12,667	7,436
Other liabilities	2,518	232	1,434
Accrued expenses and prepaid income	17,580	13,116	9,744
Net working capital liabilities	**188,859**	**192,149**	**126,842**
Net working capital	**84,430**	**26,051**	**15,168**

1) See the section, "*Reconciliation Tables*" for reconciliation tables. Adjusted operating profit adjusted EBIT) and adjusted EBITDA are not adjusted for tariff payments and repayments (see the section "*Business overview – Tariffs on imports to the US*".

Operating cash flow and cash conversion

Amounts in SEK thousands	2020	2019	2018
EBITDA	125,711	64,067	54,694
Change in inventories, operating receivables and operating liabilities[1]	–41,826	–11,591	23,805
Acquisition of property, plant and equipment and Capitalized development expenditure	–21,056	–19,270	–9,114
Operating cash flow	62,829	33,206	69,385
Cash conversion, %	50.0%	51.8%	126.9%

1) Change in inventories, operating receivables and operating liabilities as defined in the section, "*Cash Flow*".

Interest-bearing net debt

Amounts in SEK thousands	2020	2019	2018
Overdraft facility	65,089	29,507	49,746
Cash and cash equivalents	–15,368	–14,942	–13,093
Debt to Group companies	–	16,141	14,226
Interest-bearing net debt	**49,721**	**30,706**	**50,879**

Amounts in SEK million	2020	2019	2018
Net sales	635.7	401.5	325.2
Net sales, USD million	69.4	42.8	37.6
USD/SEK, average	**9.2**	**9.4**	**8.6**

Net sales growth and organic net sales growth

Amounts in SEK million	2020	2019	2018
Net sales	635.7	401.5	325.2
Net sales growth	58.3%	23.4%	–
Net sales, USD million	69.4	42.8	37.6
Organic net sales growth	62.2%	13.8%	–

CAGR

Amounts in SEK thousands	2020	2010/11[1]
Net sales	635,716	59.2
CAGR to 2020	–	27.8%

1) Net sales 2010/2011 refers to net sales for Fractal Gaming Sweden AB in accordance with the annual report for the fiscal year 1 May 2011 to 30 April 2012. Fractal Gaming AB did not apply the same accounting principles as the Company does, which means that the comparison between net sales 2010/2011 and net sales 2020 is not fully comparable. However, the Company believes that it gives a fair estimate of the growth of the business since 2010/2011.

Operating and financial review

The information below should be read in conjunction with the section, "*Selected Financial Information*", the section "*Capitalisation, Indebtedness and Other Financial Information*" and the audited consolidated financial reports for the financial years ending 31 December 2020, 2019 and 2018. These have been prepared in accordance with the International Financial Reporting Standards ("*IFRS*"), as adopted by the EU and as stated in the audit report, have been audited by the Group's independent auditor, KPMG AB. The audited consolidated financial statements referred to above and the audit report are included in the section, "*Historical Financial Information*"

This operational and financial overview is intended to facilitate the understanding and evaluation of trends and fluctuations in the financial results for the Group. The historical results included in this operational and financial overview do not constitute any indication of the future financial results for the Group.

The review below contains forecast information that is subject to various risks and uncertainties. The Group's actual results may differ significantly from what is predicted in the forecast information due to many different factors, including but not limited to what is stated in this Offering Circular, including those listed in the section "*Risk Factors*" and elsewhere in this Offering Circular.

Overview

Fractal believes that the Company is a leading[1] brand in the premium PC gaming products segment. The Company was founded in 2010[2] and its products are currently sold in more than 50 markets around the world. The Company believes that Fractal is a market leader[3] in PC gaming cases in several geographical markets, for example in the Nordic region and Japan, and holds a top three position on a global basis. The Company also has a strong position in power supplies, cooling products and fans for gaming PCs. During the 2020 fiscal year, the Company had net sales of SEK 635.7 million, operating profit (EBIT) of SEK 115.4 million and adjusted operating profit (adjusted EBIT) of SEK 128.3 million.[4]

Fractal assesses that the Company's financial profile is characterised by:

- *Profitable growth.* Historically, Fractal has been able to grow while maintaining profitability. Net sales showed growth from SEK 59.2 million during the 2010/2011 fiscal year to SEK 635.7 million during the 2020 fiscal year, corresponding to a CAGR[5] of 27.8[6] per cent. At the same time, Fractal had positive and increasing operating margins (EBIT margins). The Company has been profitable since its inception and all growth has been generated without acquisitions. The figure below illustrates net sales for Fractal since the Company was founded in 2010[7].

1) Leading means that the Company, according to its own assessment, is a leader in terms of net sales in the segment for premium PC cases (a niche in premium gaming products).
2) Fractal Gaming Group AB (publ) was founded in 2016 and acquired the previous parent company of the Group, Fractal Gaming Sweden AB, which was founded in 2010.
3) Market leading means that the Company, according to its own assessment, is a leader in terms of net sales in the segment for premium PC cases, (a niche within premium gaming products).
4) See the sections "*Selected Financial Information– Reconciliation Tables*" and "*Selected Financial Information– Definitions of key figures*" for definitions, explanations and reconciliations of adjusted operating margin (adjusted EBIT margin).
5) See the sections "*Selected Financial Information– Reconciliation Tables*" and "*Selected Financial Information– Definitions of key figures*" for definitions, explanations and reconciliations of CAGR.
6) Net sales 2010/2011 refers to net sales for Fractal Gaming AB in accordance with the annual report for the fiscal year 1 May 2011 to 30 April 2012. Fractal Gaming AB did not apply the same accounting principles as the Company does, which means that the comparison between net sales 2010/2011 and net sales 2020 is not fully comparable. However, the Company believes that it gives a fair estimate of the growth of the business since 2010/2011. See the sections "*Selected Financial Information – Reconciliation Tables*" and "*Selected Financial Information – Definitions of key figures*" for definitions, explanations and reconciliations of CAGR.
7) Fractal Gaming Group AB (publ) was founded in 2016 and acquired the previous parent company of the Group, Fractal Gaming Sweden AB, which was founded in 2010.

Net sales development[1)]

Amounts in SEK million	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2018	2019	2020
Net sales	59.2	82.0	140.4	167.4	189.4	253.0	260.1	325.2	401.5	635.7

1) Information for 2010/11–2016/17 (fiscal year 1 May up to and including 30 April) is audited historical financial information for Fractal Gaming Sweden AB, taken from the respective annual and consolidated financial statements (where applicable). These financial years were not prepared in accordance with IFRS and are thus not fully comparable to the information concerning the 2018, 2019 and 2020 financial years that were prepared in accordance with IFRS. The information for 2018, 2019 and 2020 is revised historical financial information for Fractal Gaming Group AB (publ), taken from the section "*Selected Financial Information*". The Fractal Gaming Group AB (publ) Group's fiscal year for the period 1 May 2017–31 December 2017 with a net sales of SEK 185.5 million (not accounted in accordance with IFRS) is not included in the table as the period only includes 8 months.

- *Strong profitability and positive development of operating margin (EBIT margin) and adjusted operating margin (adjusted EBIT margin).* With a strong brand and high quality products, Fractal has been able to report strong profitability and positive development in its operating margin (EBIT margin) and adjusted operating margin (adjusted EBIT margin), with an increase from 15.2 and 15.2 per cent in 2018 to 18.2 and 20.2 per cent during the 2020 fiscal year.
- *Business model with little tied-up capital and low investment requirements.* Fractal has a low need for investments, which on average corresponded to 3.6 per cent of net sales during the 2018, 2019 and 2020 fiscal years. The majority of the investments relate to the development of new products.
- *Low levels of net working capital.* As a result of the Company's favourable payment cycles, Fractal has a low need for net working capital, which on average corresponded to 8.1 per cent of net sales during the 2018, 2019 and 2020 fiscal years.
- *Cash conversion.* As a result of the Fractal low investment need and low levels of net working capital, the Company has good cash conversion. Cash conversion totalled 126.9, 51.8 and 50.0 per cent during the 2018, 2019 and 2020 fiscal years.
- *Solid financial position.* Fractal has a balance sheet with an interest-bearing debt of SEK 49.7 million as of 31 December 2020.

Important factors that affect the Group's operating profit (EBIT), cash flow and financial position

Fractal's operating profit (EBIT), cash flow and financial position have been affected and will continue to be affected by a number of factors, some of which are beyond the control of the Group. The main factors that Fractal considers as having influence on the Group's operating profit (EBIT), cash flow and financial position are described below.

Fractal's ability to continue its growth

Historically, all growth achieved by Fractal has been generated through increased sales to existing end consumers, expansion of the customer base through sales to new end consumers, and expansion into new countries and geographical areas. Growth has occurred without acquisitions.

For example, sales to existing end consumers can increase through the introduction of new Fractal products and expansion of the product portfolio. Fractal's sales to existing end consumers is also increasing in line with the increasing popularity of PC gaming and end consumer purchasing power. Fractal expands its customer base primarily by gaining market share in existing markets, through expansion into new countries and geographical areas, and through underlying market growth. With a strong brand and high quality products, the Company sees good opportunities to gain market share. The Company sees great potential in expanding to new countries and geographical areas in line with the increasing popularity of PC gaming, and increasing end consumer purchasing power on a global basis. In the short term, investment in increased organic net sales growth may have a negative impact on profitability, as it includes recruitment and investment in the organisation.

Product margin

Fractal believes that its brand is well established and that it is associated with premium attributes, such as high quality and service level. Fractal also believes that its position in the value chain is relatively strong, both in relation to suppliers and in relation to the distribution chain. This has enabled the Company to maintain positive development in its product margins.

- *Purchase prices.* Fractal actively works to lower its purchase prices through the choice of and negotiation with manufacturers. Fractal has a flexible position in relation to its to suppliers, as the Company owns the tools needed for production and there are several suppliers who can perform the work required. As Fractal has grown, the Company has successfully negotiated more attractive purchase prices.

- *Sales prices.* As a result of the strong Fractal brand and high quality products, the Company has an advantageous position in relation to its distribution partners. Fractal believes that this contributes to the Company being able to sell to distribution partners at a relatively low discount in relation to the price the end customer pays. Furthermore, Fractal has a strong history of developing the right products for the right end customer which combined with the Company's strong brand, enables attractive pricing for the end consumer.

Operational efficiency

Fractal's ability to maintain its operational efficiency is important for its operating profit (EBIT) and cash flow. The table below shows Fractal's operating margin (EBIT margin), adjusted operating margin (adjusted EBIT margin) and cash conversion for the 2018, 2019 and 2020 fiscal years.

	For the fiscal years		
	2020	**2019**	**2018**
Operating margin (EBIT margin), %*	18.2%	14.4%	15.2%
Adjusted operating margin (adjusted EBIT margin), %*	20.2%	14.4%	15.2%
Cash conversion, %*	50.0%	51.8%	126.9%

* See section, "*Selected Financial Information – Reconciliation Tables*" for reconciliation tables.

Fractal's operational efficiency is primarily demonstrated by its ability to maintain its operating costs excluding goods for resale, as low as possible in relation to net sales and by optimising its level of investments and net working capital.

Operating expenses excluding goods for resale

Fractal's costs attributable to personnel expenses, other external expenses (which includes, inter alia, marketing, warehousing and rental expenses) and depreciation and impairment of tangible and intangible non-current assets in relation to net sales was 26 per cent of net sales in 2018, 25 per cent in 2019 and 22 per cent in 2020. Excluding items affecting comparability, the corresponding percentages were 26, 25 and 20 per cent. Fractal believes that the main reason why these cost items decreased in relation to net sales during the 2018 to 2020 period is because the Company has been able to significantly increase its net sales without increasing the underlying cost base to the same extent. The Company strives to maintain an efficient cost structure in order to benefit from growth in net sales.

Investments and net working capital

With a limited need for investments and low levels of net working capital, Fractal can ensure effective use of its capital. This is demonstrated by the fact that the Group can convert large parts of its EBITDA to cash flow, which is evident from the cash conversion levels in the table above, under the section "*Operational Efficiency*".

Currency fluctuations

Fractal has a significant exposure to USD. Net sales and goods for resale, which during the 2020 fiscal year amounted to 62 per cent of net sales, are denominated entirely in USD. This means that the Company's product margin is not expected to vary due to potential fluctuations in the exchange rate. The Company estimates that among other operating expenses (other external expenses, personnel expenses and depreciation and impairment of tangible and intangible non-current assets), which during the fiscal year 2020 corresponded to 22 per cent of net sales, approximately 46 per cent is denominated in SEK, approximately 42 per cent in USD and approximately 12 per cent in other currencies, primarily EUR and TWD. The Company assesses that it has a certain foreign currency exposure to CNY, as price negotiations with Chinese suppliers to some extent are affected by the USD/CNY exchange rate.

The Company currently does not hedge any foreign currency exposure using financial instruments. The exchange rate between USD and SEK has consequently a significant impact on the consolidated statement of profit/loss and other comprehensive income. Further, Fractal is generally exposed to foreign currency translation risk in relation to its US and Taiwanese subsidiaries whose reporting currency is different from SEK.

Income tax expense

Fractal pays income tax in Sweden, the US and Taiwan. The Group is exposed to the risk of increased income tax expense in these countries, or other countries where the Company may pay income tax in the future, which may affect the Group's earnings and cash flow.

Comparisons between the 2020 and 2019 fiscal years

Operating income

Net sales for the 2020 fiscal year was SEK 635.7 million, which is equivalent to an increase of 58.3 per cent or SEK 234.2 million compared to SEK 401.5 million for the 2019 fiscal year. Growth has occurred entirely without acquisition and was primarily driven by organic growth with a slightly negative currency effect. In USD, net sales increased by 62.2 per cent or 26.6 million, to 69.4 million for the 2020 fiscal year from 42.8 million for the 2019 fiscal year.

Capitalized development expenditure increased 13.9 per cent or SEK 0.7 million to SEK 5.6 million for the 2020 fiscal year from SEK 4.9 million for the 2019 fiscal year. Other operating income increased 150.1 per cent or SEK 6.4 million to SEK 10.6 million for the 2020 fiscal year from SEK 4.3 million for the 2019 fiscal year. Overall, this caused an increase of 58.8 per cent or SEK 241.3 million to SEK 652.0 million in total revenue for Fractal for the 2020 fiscal year from SEK 410.7 million for the 2019 fiscal year.

Operating segments

Growth in net sales differs by operating segment. In the Cases operating segment, net sales totalled SEK 527.8 million in 2020, an increase of 55.2 per cent or SEK 181.7 million, compared to SEK 340.1 million in 2019. The growth was primarily driven by the strong market development and increased market shares. In the Other operating segment, which includes power supplies, cooling products and fans for gaming PCs, net sales totalled SEK 108.0 million in 2020, an increase of 75.9 per cent or SEK 46.6 million, compared to SEK 61.4 million in 2019. The growth was primarily driven by the strong market development and increased market shares.

Geographic areas

The growth in net sales also differs by geographical area. In the Americas, net sales totalled SEK 284.2 million in 2020, an increase of 112.4 per cent or SEK 150.4 million, compared to SEK 133.8 million in 2019. The growth was primarily driven by the strong market growth and the fact that Fractal increased its market share in the US.

In EMEA, net sales totalled SEK 276.4 million in 2020, an increase of 33.3 per cent or SEK 69.1 million, compared to SEK 207.3 million in 2019. The growth was primarily driven by the strong market development.

In APAC & Other, net sales totalled SEK 75.2 million in 2020, an increase of 24.5 per cent or SEK 14.8 million, compared to SEK 60.4 million in 2019. The growth was primarily driven by the strong market development.

Operating expenses

Expenses relating to goods for resale increased by 56.4 per cent or SEK 142.4 million to SEK 394.9 million in 2020 from SEK 252.6 million in 2019. In relation to net sales, these expenses amounted to 62.1 per cent in 2020, a decrease of 0.8 percentage points compared to 62.9 per cent in 2019, primarily as a result of a repayment of tariff expenses, partially compensated by product mix, and increased reseller discounts[1] during the fourth quarter in order to normalise inventory levels at resellers.

Other external expenses, including expenses for marketing, warehousing, service and guarantees and other, totalled SEK 78.4 million in 2020, an increase of 63.5 per cent or SEK 30.4 million, compared to SEK 48.0 million in 2019. The increase was primarily driven by transaction costs related to the listing and increased inventory costs driven by increased sales.

Other operating expenses amounted to SEK 0 million in 2020 and 2019. Other operating expenses consist of net currency exchange losses.

Personnel expenses totalled SEK 52.9 million in 2020, an increase of 14.8 per cent or SEK 6.8 million, compared to SEK 46.1 million in 2019, as a result of new recruitment mainly in the product development and marketing departments.

Depreciation and impairment of tangible and intangible non-current assets increased by 59.3 per cent or SEK 3.8 million to SEK 10.3 million in 2020 from SEK 6.4 million in 2019. Depreciation of tangible non-current assets is primarily attributable to tools used in production. Impairment of intangible non-current assets is primarily attributable to capitalised development expenses related to product development.

Operating profit (EBIT) and operating margin (EBIT margin)

Operating profit (EBIT) totalled SEK 115.4 million in 2020, an increase of 100.3 per cent or SEK 57.8 million, compared to SEK 57.6 million in 2019, and the operating margin (EBIT margin) increased to 18.2 per cent from 14.4 per cent during the period.

Financial income and expense

Financial income and expense totalled SEK –6.8 million in 2020, an absolute change of SEK 4.2 million, compared to SEK –2.6 million in 2019, where the difference is primarily attributable to foreign currency gains related to the conversion of bank accounts in foreign currencies.

Income tax expense

Income tax expense totalled SEK 24.7 million in 2020, an increase of SEK 12.4 million, compared to SEK 12.3 million in 2019. In relation to profit/loss after financial items, income tax expense totalled 22.7 per cent in 2020, an increase of 0.4 percentage points compared to 22.3 per cent in 2019.

Profit for the year

Profit for the year totalled SEK 84.0 million in 2020, an increase of 96.3 per cent or SEK 41.2 million, compared to SEK 42.8 million in 2019.

1) Reseller discounts negatively affect net sales which increases goods for resale in relation to net sales.

Net cash from operating activities

Net cash from operating activities totalled SEK 41.3 million in 2020, a decrease of 2.6 per cent or SEK 1.1 million compared to SEK 42.4 million in 2019. To a large extent, the decrease was driven by an increase in inventory, while an increase in operating profit (EBIT) had a significantly positive impact.

Net cash used in investing activities

Net cash used in investing activities totalled SEK –21.1 million in 2020, an increase of 9.3 per cent or SEK –1.8 million compared to SEK –19.3 million in 2019. Acquisition of property, plant and equipment and capitalized development expenditure caused a net cash outflow of SEK –15.7 million and SEK –5.4 million, respectively, in 2020 and SEK –12.0 million and SEK –7.2 million, respectively, in 2019. Net cash used in investing activities is primarily related to new product development.

Net cash from financing activities

Net cash from financing activities totalled SEK –18.6 million in 2020, a decrease of SEK –3.5 million compared to SEK –22.2 million in 2019. In 2020, cash outflow consisted primarily of redemption of shares. In 2019, cash outflow primarily consisted of the net change in bank overdraft facility.

Comparisons between the 2019 and 2018 fiscal years

Operating income

Net sales for the 2019 fiscal year was SEK 401.5 million, which is equivalent to an increase of 23.4 per cent or SEK 76.3 million compared to SEK 325.2 million for the 2018 fiscal year. Growth has occurred entirely without acquisition and was primarily driven by organic growth but also currency effects. In USD, net sales increased by 13.8 per cent or 5.2 million, to 42.8 million for the 2019 fiscal year from 37.6 million for the 2018 fiscal year.

Capitalized development expenditure increased 223.1 per cent or SEK 3.4 million to SEK 4.9 million for the 2019 fiscal year from SEK 1.5 million for the 2018 fiscal year. Other operating income decreased by 50.7 per cent or SEK 4.4 million to SEK 4.3 million for the 2019 fiscal year from SEK 8.6 million for the 2018 fiscal year. Overall, this caused an increase of 22.4 per cent or SEK 75.3 million to SEK 410.7 million in Fractal's total revenue for the 2019 fiscal year from SEK 335.4 million for the 2018 fiscal year.

Operating segments

Net sales growth differs by operating segment. In the Cases operating segment, net sales totalled SEK 340.1 million in 2019, an increase of 24.7 per cent or SEK 67.3 million, compared to SEK 272.8 million in 2018. The growth was primarily driven by organic growth, including successful product launches but also an increased USD/SEK exchange rate. In the Other operating segment, which includes power supplies, cooling products and fans for gaming PCs, net sales totalled SEK 61.4 million in 2019, an increase of SEK 17.2 per cent or 9.0 million, compared to SEK 52.4 million in 2018. The growth was primarily driven by organic growth, including successful product launches but also an increased USD/SEK exchange rate.

Geographic areas

The growth in net sales also differs by geographical area. In the Americas, net sales totalled SEK 133.8 million in 2019, an increase of 30.9 per cent or SEK 31.6 million, compared to SEK 102.2 million in 2018. The growth was primarily driven by organic growth, including increased market share in the US, but also an increased USD/SEK exchange rate.

In EMEA, net sales totalled SEK 207.3 million in 2019, an increase of 15.7 per cent or SEK 28.2 million, compared to SEK 179.1 million in 2018. The growth was primarily driven by underlying market growth and an increased USD/SEK exchange rate.

In APAC & Other, net sales totalled SEK 60.4 million in 2019, an increase of 37.6 per cent or SEK 16.5 million, compared to SEK 43.9 million in 2018. The growth was primarily driven by underlying market growth and an increased USD/SEK exchange rate.

Operating expenses

Expenses relating to goods for resale increased by 25.0 per cent or SEK 50.5 million to SEK 252.6 million in 2019 from SEK 202.1 million in 2018. In relation to net sales, these expenses amounted to 62.9 per cent in 2019, an increase of 0.8 percentage points compared to 62.1 per cent in 2018, primarily as a result of tariffs introduced on imports into the US, partially offset by the underlying reduction driven by the product mix.

Other external expenses, consisting of, inter alia, expenses for marketing, warehousing, guarantees, premises and business travel, totalled SEK 48.0 million in 2019, an increase of 17.8 per cent or SEK 7.3 million, compared to SEK 40.7 million in 2018. The increase was primarily driven by increased expenses for warehousing, driven by increased sales.

Personnel expenses totalled SEK 46.1 million in 2019, an increase of 21.6 per cent or SEK 8.2 million, compared to SEK 37.9 million in 2018, as a result of new employment.

Depreciation and impairment of tangible and intangible non-current assets increased by SEK 26.3 per cent or SEK 1.3 million to SEK 6.4 million in 2019 from SEK 5.1 million in 2018. In relation to net sales, these items amounted to 1.6 per cent in 2019 and 1.6 per cent in 2018. Depreciation of tangible non-current assets is primarily attributable to tools used in production. Impairment of intangible non-current assets is primarily attributable to capitalised development expenses related to product development.

Operating profit (EBIT) and operating margin (EBIT margin)

Operating profit (EBIT) totalled SEK 57.6 million in 2019, an increase of 16.2 per cent or 8.0 million, compared to SEK 49.6 million in 2018, and operating margin (EBIT margin) decreased to 14.4 per cent from 15.2 per cent during the period.

Financial income and expense

Financial income and expense totalled SEK –2.6 million in 2019, an absolute change of SEK 5.7 million, compared to SEK –8.3 million in 2018, where the difference is primarily attributable to reduced interest costs.

Income tax expense

Income tax expense totalled SEK 12.3 million in 2019, an increase of SEK 1.5 million, compared to SEK 10.8 million in 2018. In relation to profit/loss after financial items, income tax expense was 22.3 per cent in 2019, a decrease of 3.7 percentage points compared to 26.0 per cent in 2018.

Profit for the year

Profit for the year totalled SEK 42.8 million in 2019, an increase of 40.0 per cent or SEK 12.2 million, compared to SEK 30.6 million in 2018.

Net cash from operating activities

Net cash from operating activities totalled SEK 42.4 million in 2019, a decrease of 37.6 per cent or SEK 25.6 million compared to SEK 68.0 million in 2018. To a large extent, the decrease was driven by an increase in inventories and operating receivables.

Net cash used in investing activities

Net cash used in investing activities totalled SEK –19.3 million in 2019, an increase of 111.4 per cent or SEK –10.2 million compared to SEK –9.1 million in 2018. Acquisition of property, plant and equipment and capitalized development expenditure caused a net cash outflow of SEK –12.0 million and SEK –7.2 million, respectively, in 2019 and SEK 7.1 million and 2.0 million, respectively, in 2018. Net cash used in investing activities is primarily related to new product development.

Net cash from financing activities

Net cash from financing activities totalled SEK –22.2 million in 2019, a decrease of SEK –25.0 million compared to SEK –47.2 million in 2018. In 2019, cash outflow consisted primarily of the net change in bank overdraft facility. In 2018, the cash outflow primarily consisted of amortisation of loans to subsidiaries of SEK 50 million.

Liquidity and capital resources

Financing of Fractal's activities

Historically, the main sources of liquidity for Fractal have been the net cash from operating activities, bank overdraft facilities and debt to Group companies. After the Offering, Fractal expects to be able to rely on net cash from operating activities and utilisation of bank overdraft facilities to obtain necessary funds for its operations (see section "*Capitalisation, Net Indebtedness and Other Financial Information*").

Fractal's capital requirements

Profit for the year for Fractal totalled SEK 30.6, 42.8 and 84.0 million for the 2018, 2019 and 2020 fiscal years. Net cash from operating activities totalled SEK 68.0, SEK 42.4 and SEK 41.3 million for the 2018, 2019 and 2020 fiscal years. Fractal does not have any significant ongoing investments nor has it made any fixed commitments to undertake any investment beyond what the Company considers to be included in the operating activities. As of 31 December 2020, total current liabilities for Fractal totalled SEK 254.8 million and accounts receivable totalled SEK 93.5 million. As of 31 December 2020, Fractal had total credit facilities of SEK 54.9 million under a revolving credit facility.

Investments

Historical investments during the 2018–2020 period

In 2018, 2019 and 2020, Fractal invested 7.1, 12.0 and SEK 15.7 million in property, plant and equipment and had SEK 2.0, 7.2 and 5.4 million in capitalized development expenditure. Investment in property, plant and equipment consisted primarily of tools used in production, while capitalized development expenditure consisted primarily of capitalised expenses related to product development.

Ongoing and future investment

The Company has no significant ongoing investment nor any commitments regarding future significant investment, beyond continuous product development within the framework of the operating activities.

Statement on working capital

Fractal believes that the available working capital is sufficient for the needs of the Group during the coming twelve-month period after the date of publication of the Offering Circular.

Trends

During the 2020 fiscal year, Fractal reported net sales growth of 58.3 per cent (62.2 per cent organic net sales). The Company believes that this growth was largely driven by an extraordinarily strong market trend related to the COVID-19 pandemic and that the development in 2020 strengthens the long-term growth opportunities for the Company. However, the Company believes that 2021 will show significantly lower organic net sales growth than the Company's financial target for net sales growth indicates. The Company further assesses that the exchange rates, with the rates as of the date of the Offering Circular, may have a significant adverse effect on the Company's net sales growth and earnings, compared to the fiscal year 2020. The USD/SEK exchange rate is as of 29 January 2021 8.36, to be compared with the average rate for the first and second half of 2020 when the USD/SEK exchange rate was 9.68 and 8.75, respectively.[1), 2)]

In addition to what is described above and in the sections "*Risk Factors*", "*Business Description*", and "*Significant Changes after 31 December 2020*", there are no trends, uncertainties, claims, commitments or events known to the Company as of the date of the Offering Circular that can be reasonably considered to have a material impact on the Company's prospects for the current fiscal year.

Significant Changes after 31 December 2020

During January 2021, the Company has entered into an amendment agreement with Nordea regarding the Company's bank overdraft facility agreement, see further section "*Legal issues and Supplementary information – Bank overdraft facility*".

Apart from what is stated above, there have been no significant changes in the Group's financial position or financial results since 31 December 2020.

1) See the section, "*Business Description – Fractal Financial Targets*" for Company financial targets.
2) USD/SEK-exchange rates from the central bank. Average exchange rates for the first and second half-year 2020 is calculated as the average of the first and second quarter 2020 respectively third and fourth quarter 2020.

Capitalisation, indebtedness and other financial information

The tables in this section report the Company's capitalisation and indebtedness at Group level as of 31 December 2020. See section, "*Share Capital and Ownership*" for further information on Company share capital and shares. The tables in this section should be read in conjunction with the section, "*Operational and Financial Overview*" and the Company financial information with accompanying notes, which can be found elsewhere in this Offering Circular.

Capitalisation

SEK million	Per 31 December 2020
Current liabilities	
Guaranteed	–
Secured[1)]	65.1
Unguaranteed/unsecured	189.7
Total current liabilities	**254.8**
Non-current liabilities	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	13.6
Total non-current liabilities (excluding the current liabilities as part of the non-current liabilities)	**13.6**
Shareholders' equity	
Share capital	0.1
Share premium	177.9
Reserves	–1.0
Other reserves	93.7
Total equity	**270.7**

1) The item "Secured" corresponds to the post "*Overdraft facility*" in the section "*Historical financial information - Consolidated statement on financial position*" as of 31 December 2021, see further "*Legal considerations and supplementary information - Bank overdraft facility*". Security for the bank overdraft facility consist of commercial papers and mortgage deeds in subsidiary shares.

Net indebtedness

Fractal's net indebtedness as of 31 December 2020 is presented in the table below. The table only includes interest-bearing liabilities. As of 31 December 2020, the Company has no indirect indebtedness.

SEK million	Per 31 December 2020
(A) Cash	–
(B) Cash equivalents[1]	15.4
(C) Trading securities	–
(D) Liquidity (A)+(B)+(C)	**15.4**
(E) Current financial receivables	**–**
(F) Utilised overdraft facility	65.1
(G) Current portion of non-current liabilities	–
(H) Other current financial liabilities	–
(I) Other current financial liabilities (F)+(G)+(H)	**65.1**
(J) Net current financial indebtedness (I)-(E)-(D)	**49.7**
(K) Non-current bank loans	–
(L) Bonds issued	–
(M) Other current financial liabilities	–
(N) Non-current financial indebtedness (K)+(L)+(M)	**–**
(O) Net financial indebtedness (J)+(N)	**49.7**

1) Cash equivalents refer to cash and disposable accounts with banks and corresponding institutes.

Board of directors, executive management and auditor

Board of directors

Fractal's board of directors consists of five ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual shareholders' meeting 2021. The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent in relation to the Company and/or the major shareholders.

			Independent in relation to	
Name	Position	Member since	The Company and executive management	The major shareholders
Magnus Yngen	Chairman	2017	Yes	Yes
Patrick Söderlund	Board member	2019	Yes	Yes
Gustav Thott	Board member	2016	Yes	No
Hannes Wallin	Board member	2010[1]	No	No
Pernilla Ekman	Board member	2020	Yes	Yes

1) Including Hannes Wallin's time on the board of directors of the subsidiary Fractal Gaming AB before Fractal Gaming Group AB (publ) was formed.

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. Deputy chairman of the board of Intrum AB. Board member of Dometic Group AB (publ) and Frekamara AB.

Previous assignments (last five years): 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 Välinge Group AB. Board member of Camfil Aktiebolag, Dometic Group Services AB, Dometic Holding AB, Dometic Koncern AB, Frostbite Holding AB and Makafrero AB. CEO of Camfil Aktiebolag and Good to Great World AB.

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

Patrick Söderlund

Born 1973. Board member since 2019.

Education: –

Other current assignments: Chairman of the board of Embark Studios AB. Board member of Hexagon Aktiebolag, 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.

Gustav Thott

Born 1977. Board member since 2016.

Education: MSc, Stockholm School of Economics.

Other current assignments: Board member of Fedor Invest AB, Physical Medicine Holding AS, Chino BidCo ApS, Chino Holding ApS and Thott Invest AB.

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

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

Hannes Wallin
Born 1982. Board member since 2010.[1]

Education: –

Other current assignments: Chairman of the board of JHD Holding AB. Board member of Fnatic Gear Ltd, Långholmen Holding AB and SANNPA Ltd.

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

Shareholding in the Company (incl. any related party holdings): 9,000,000 shares.

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 Sniph AB. Board member of Emperek AB. Advisor and partner for Qyre 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.

1) Hannes Wallin's time on the board of directors includes time on the board of the subsidiary Fractal Gaming AB before Fractal Gaming Group AB (publ) was formed.

Executive management

Hannes Wallin
Born 1982. CEO since 2010[1].

For a more detailed description, refer to the section "*Board of directors*" above.

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.

David Järlestedt
Born 1975. VP Product since 2012.

Education: MSc of Education, Malmö University.

Other current assignments: –

Previous assignments (last five years): –

Shareholding in the Company (incl. any related party holdings): 60,000 shares.

Alexander Ernryd
Born 1985. VP Marketing 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.

Jens Harnisch
Born 1964. VP Global Sales since 2010[2].

Education: MSc in Economics, University of Cologne.

Other current assignments: Board member of Harnisch Management Consultancy AB and JHD Holding AB.

Previous assignments (last five years): –

Shareholding in the Company (incl. any related party holdings): 2,100,000 shares.

1) Hannes Wallin's time as CEO includes time in the subsidiary Fractal Gaming AB before Fractal Gaming Group AB (publ) was formed.
2) Jens Harnisch's time as VP of Sales includes time in the subsidiary Fractal Gaming AB before Fractal Gaming Group AB (publ) was formed.

Other information about the board of directors and executive management

There are no family ties between any of the members of the board of directors or executive management.

During the last five years, none of the members of the board of directors or the members of the executive management have (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation, or been subject to administration under bankruptcy, (iii) been the subject to accusations and/or sanctions by any agency authorized by law or regulation (including approved professional organisations) or (iv) been prohibited by a court of law from being a member of any company's administrative, management or supervisory body or from holding a senior or overarching position of any company.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings. As stated above, however, several members of the board of directors and executive management have financial interests in the Company through shareholdings.

No special agreement has been reached between major shareholders, customers, suppliers or other parties according to which any member of the board of directors or executive management has been elected to the current position.

Auditor

KPMG AB has been the Company's independent auditor since 9 December 2016 and was, at the annual shareholders' meeting 2020, re-elected until the end of the annual shareholders' meeting 2022. Mathias Arvidsson (born 1975) is the auditor in charge. Mathias Arvidsson is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). KPMG AB's office address is Vasagatan 16, SE-111 20 Stockholm, Sweden. KPMG AB has been independent auditor throughout the entire period which the historic financial information in this Offering Circular covers.

Corporate governance

Corporate governance

Fractal is a Swedish public limited liability company. Before listing on Nasdaq First North Premier, corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the Company has been listed on Nasdaq First North Premier, the Company will also comply with Nasdaq First North Premier regulations for issuers and apply the Swedish code for corporate governance ("the **Code**"), which is a requirement under Nasdaq First North Premier regulations for issuers. The Code applies to all Swedish companies with shares listed on a regulated market in Sweden, as well as Nasdaq First North Premier and shall be fully applied from the listing. The Company does not have to comply with all rules in the Code as the Code itself allows for deviation from the rules, provided that such potential deviations and the chosen alternative solution are reported and the reasons for this explained in the corporate governance report (according to the so-called "comply or explain principle").

The Company will apply the Code from the time of the listing of the shares Nasdaq First North Premier. Any deviation from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time for the 2021 fiscal year. However, in the first corporate governance report, the Company does not need to explain deviations that are a result of a failure to comply with rules for which application has not been updated during the time period covered by the corporate governance report. The Company does not currently expect to report any deviation from the Code in the corporate governance report.

Shareholders' meeting

According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*), the shareholders' meeting is the Company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditor and remuneration to the board of directors and the auditor.

The annual shareholders' meeting must be held within six months from the end of the fiscal year. In addition to the annual shareholders' meeting, extraordinary shareholders' meetings may be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

Right to participate at shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting, and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder.

To reduce the risk of spreading the virus causing COVID-19 and to facilitate the conducting of shareholders' meetings, temporary exemptions were introduced in 2029 in the Act (2020:198) to facilitate the implementation of the general and association meetings. Under said Act, which applies until the end of 2021, a shareholders' meeting may be held either by electronic connection in combination with postal voting or by the shareholders or members participating solely through postal voting.

Shareholder initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the shareholders' meeting.

Nomination Committee

Companies applying the Code shall have a nomination committee. According to the Code, the general meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Company and the group management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or group of shareholders who cooperates in terms of the Company's management.

At the annual shareholders' meeting that was held on 29 January 2021, it was resolved that the nomination committee for the annual shareholders' meeting 2022 will consist of representatives from the three largest shareholders listed in the shareholders' register kept by Euroclear Sweden as of 30 September 2021 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 chairman of the nomination committee, unless the nomination committee unanimously appoints someone else. If earlier than three months prior to the annual general meeting, one or more of the shareholders having appointed representatives to the nomination committee no longer are among the three largest shareholders, representatives appointed by these shareholders shall resign and the shareholders who then are among the three largest shareholders may appoint their representatives. Should a member resign from the nomination committee before its work is completed and the nomination committee considers it necessary to replace him or her, such substitute member is to represent the same shareholder, or, if the shareholder is no longer one of the largest shareholders, the largest shareholder in turn. Shareholders who have appointed a representative to be a member of the nomination committee shall have the right to dismiss such member and appoint a new representative of the nomination committee. Changes to the composition of the nomination committee must be announced immediately.

The composition of the nomination committee for the annual general meeting shall normally be announced no later than six months before that meeting. Remuneration shall not be paid to the members of the nomination committee. The Company is to pay any necessary expenses that the nomination committee may incur in its work. The term of office for the nomination committee ends when the composition of the following nomination committee has been announced.

Board of directors

The board of directors is the second-highest decision-making body of the Company after the shareholders' meeting. According to the Swedish Companies Act, the board of directors is responsible for the organisation of the company and the management of the company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits as well as evaluating the operating management. The board of directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the board of directors appoints the CEO.

Members of the board of directors are normally appointed by the annual shareholders' meeting for the period until the end of the next annual shareholders' meeting. According to the Company's articles of association, the members of the board of directors elected by the shareholders' meeting shall be not less than three members and not more than ten members, with no deputy members.

According to the Code, the chairman of the board of directors is to be elected by the shareholders' meeting and have a special responsibility for leading the work of the board of directors and for ensuring that the work of the board of directors is efficiently organised.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The Board has decided to fulfil the tasks of the Replacement Committee and the Audit Committee in their entirety. This means that in its entirety the board of directors inter alia, will monitor Company financial reporting, monitor the effectiveness of the Company internal controls, internal audit and risk management, stay informed about the auditing of the annual report and consolidated financial statements, review and monitor auditor impartiality and independence, and thus pay particular attention to the provision of services other than audit services by the auditor to the Company, as well as drafting proposals for the appointment of auditor by the annual shareholders' meeting. In addition, amongst other things the board will decide on remuneration and other employment conditions for the CEO and executive management.

The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continuously discuss the management of the Company.

The Company's board of directors currently consists of five ordinary members elected by the shareholders' meeting, who are presented in the section, "*Board of directors, executive management and auditor*".

The CEO and other executive management

The CEO is subordinated to the board of directors and is responsible for the everyday management and operations of the Company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to evaluate the Company's financial condition.

The CEO is to keep the Board informed on an ongoing basis of the development of Company operations, developments in turnover, Company earnings and financial position, liquidity and credit situation, the most important business events and any other event, circumstance or relationship that can be assumed to be of material importance to Company shareholders.

The CEO and other executive management are presented in the section "*Board of directors, executive management and auditor*".

Remuneration to Board members, CEO and senior executives

Board member remuneration

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the shareholders' meeting. At the Annual General Meeting on 29 January 2021, it was decided that a fee of SEK 300,000 will be paid to the chairman of the board of directors and fees of SEK 150,000 to each of Patrick Söderlund and Pernilla Ekman. In addition, Gustav Thott and Hannes Wallin have abstained from receiving any remuneration. The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board.

Remuneration to the board during the 2020 fiscal year

The table below shows the fees received during the 2020 fiscal year by board members elected by the annual shareholders' meeting.

Name	Position	Base salary/ board fees (SEK)
Magnus Yngen	Chairman of the Board	300,000
Björn Källén	Board member	–
Patrick Söderlund	Board member	–
Gustav Thott	Board member	–
Hannes Wallin	Board member and CEO	1,275,000
Daniel Johnsson	Board member	46,800
Pernilla Ekman	Board member	25,000
Total		**1,646,800**

Current employment agreements for the CEO and other executive management

Decisions regarding current remuneration levels and other employment conditions for the CEO and executive management have been made by the board of directors.

The CEO is entitled to a fixed monthly remuneration and is entitled to variable compensation to a total of a maximum 40 per cent of the annual base salary. Furthermore, the CEO is entitled to pension and insurance benefits in accordance with the applicable Company policy at any given time. The variable remuneration is not pensionable. A mutual notice period of 6 months applies between the Company and the CEO.

The other executive management have customary terms of employment and are also entitled to variable compensation to a total of a maximum 40 per cent of the annual base salary. The variable remuneration is not pensionable.

The table below shows the fees to the CEO and other executive management for the 2020 fiscal year.

SEK Name	Base salary/ board fees	Variable renumeration	Pension costs	Other compensation	Total
Hannes Wallin, CEO	1,275,000	510,000	214,248	94,416	2,093,664
Other executive management (6 people)	4,511,724	1,807,823	609,279	565,758	7,494,584
Total	**5,786,724**	**2,317,823**	**823,527**	**660,174**	**9,588,248**

Fractal Gaming Group AB (publ) and Fractal Gaming AB will pay monthly pension premiums for all employees. The pension plan is equivalent to ITP1 which means that employees are entitled to 4.5 per cent of their monthly salary (including holiday pay) up to a total of 7.5 income base amounts and then 30 per cent of monthly salary that exceeds the salary portions. This pension scheme is applied for new employees. Both companies secure their pension commitments by paying monthly pension premiums to Avanza.

Fractal North America Inc. has prepared a "401k contribution employer match" policy, under which Fractal North America Inc. matches the pension premiums that employees pay into their 401 pension solution. However, such matching pension premiums are limited to an amount equivalent to 6 per cent of the employees' salaries. This pension scheme is a voluntary pension for Fractal North America Inc.

Fractal (Dongguan) Co., Ltd. pays a mandatory pension equivalent to 6 per cent of the employees' monthly salaries, which is included in the salary payments. No additional pension premiums are paid.

Internal control

Internal control comprises the control of the Company's and the Group's organisation, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the Company's and the Group's financial reporting is prepared in accordance with law and applicable accounting standards, that the Company's assets are protected and that other requirements are fulfilled. The system for internal control is also intended to monitor compliance with the Company's and the Group's policies, principles and instructions. Internal control also comprises risk analysis and follow-up of incorporating information and business systems. The Group identifies, assesses and manages risks based on the Group's vision and goals. Risk assessment of strategic, compliance, operational and financial risks shall be performed annually by the CFO and presented to the board of directors.

The Board is responsible for internal control. Processes managing the business and delivering value shall be defined within the business management system. The CEO is responsible for the process structure within the Group.

A self-assessment of minimum requirements of defined controls mitigating identified risks shall annually be performed and reported to the board of directors. The CFO is responsible for the self-assessment process, which is facilitated by the internal controls function. In addition, the internal controls function performs reviews of the risk and internal controls system according to plan agreed with the board of directors and Group Management.

Auditing

The auditor shall review the Company's annual reports and accounting, as well as the management of the board of directors and the CEO. Following each fiscal year, the auditor shall submit an audit report and a consolidated audit report to the annual shareholders' meeting.

Pursuant to the Company's articles of association, the Company must have at least one (1) and a maximum of two (2) auditors and a maximum of two (2) deputy auditors. Independent auditors for the Company is KPMG AB, with Mathias Arvidsson as the main responsible auditor. The Company auditor is presented in more detail in the section "*Board of directors, executive management and auditor*".

In 2020, total remuneration to KPMG AB amounted to SEK 2,554 thousand, of which SEK 225 thousand pertained to audit, SEK 465 thousand pertained to audit work in addition to the audit assignment, SEK 250 thousand pertained to tax advice and SEK 1,614 pertained to other assignments.

Share capital and ownership structure

General information

Pursuant to the Company's articles of association, the Company's share capital may not be less than SEK 500,000 and not more than SEK 2,000,000, and the number of shares must not be less than 29,000,000 and must not exceed 116,000,000. As of the date of the Offering Circular, the Company had issued a total of 29,119,500 shares, which are denominated in SEK and each share has a quota value of approximately SEK 0.017170. Shares in the Company have been issued in accordance with Swedish law and all issued shares are fully paid and freely transferrable.

The offered shares are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding fiscal year.

Certain rights associated with the shares

The offered shares are all of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

Voting rights

Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Rights to dividends and balances in case of liquidation

All shares give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation.

Resolutions regarding dividend are passed by shareholders' meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the shareholders' meeting shall be entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If shareholders cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitations, the dividend amount shall pass to the Company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not resident in Sweden for tax purposes must normally pay Swedish withholding tax, see also section, "*Legal Issues and Supplementary Information– Important Information on Taxation*".

Information regarding the mandatory offering and redemption of minority shares

According to the Swedish Corporate Governance Authority Takeover Rules for certain trading platforms, anyone who does not hold any shares or holds shares that represent less than three-tenths of the voting rights for all shares in a Swedish limited company, for which shares are traded on Nasdaq First North Premier ("**Target Company**") and through the acquisition of shares in the Target Company, alone or together with an affiliated party, achieves a shareholding that represents at least three-tenths of the votes for all shares in the Target Company, must immediately publish the size of his or her shareholding in the Target Company, and within four weeks thereafter submit a public takeover offer with regard to the remaining shares in the Target Company (mandatory offering).

A shareholder who owns more than 90 per cent of the shares in a Swedish limited liability company (the "**Majority Shareholder**") has the right to redeem the remaining shares in the Target Company. Shareholders of the remaining shares ("**Minority Shareholders**") have an equivalent right to have their shares redeemed by the Majority Shareholder. The procedure for the redemption of the shares of Minority Shareholders is regulated in more detail in the Swedish Companies Act (2005:551).

Dividend Policy

Fractal's objective is to pay out 30 to 50 per cent of its net profit, with consideration of other factors such as financial position, cash flow and growth opportunities.

The Company did not pay any dividends for the financial years from 2018–2020.

Central Securities Depository

The shares in the Company are registered in a central securities depository register in accordance with the Swedish Securities Depositories and Financial Instruments Act (1998:1479). This register is kept by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. There have been no share certificates issued for the Company shares. The ISIN code for the shares is SE0015504477.

Share capital development

The table below shows the historical development of Company share capital since the Company was founded.

		Change in number of shares and votes		Number of shares and votes after the transaction		Share capital (SEK)	
Time	Event	Shares	Votes	Shares	Votes	Change	Total
13/10/2016	Establishment	50,000	50,000	50,000	50,000	50,000	50,000
09/12/2016	Share split	450,000	450,000	500,000	500,000	–	50,000
09/12/2016	New share issue[1)]	500,000	500,000	1,000,000	1,000,000	50,000	100,000
18/02/017	New share issue[2)]	14,285	14,285	1,014,285	1,014,285	1,428.5	101,428.5
17/10/2018	New share issue[3)]	1,488	1,488	1,015,773	1,015,773	148.8	101,577.3
07/12/2020	Reduction[4)]	–45,123	–45,123	970,650	970,650	–4,512.30	97,065
07/12/2020	Bonus issue	–	–	970,650	970,650	4,512.30	101,577.3
08/01/2021	Bonus issue	–	–	970,650	970,650	398,422.70	500,000
08/01/2021	Share split	28,148,850	28,148,850	29,119,500	29,119,500	–	500,000

1) The amount in cash amounted to a total value of SEK 175,000,000, corresponding to approximately SEK 350 per share in the Company.
2) The amount in cash amounted to a total value of SEK 2,501,303.5, corresponding to approximately SEK 175.1 per share in the Company.
3) The amount in cash amounted to a total value of SEK 500,116.8, corresponding to approximately SEK 336.1 per share in the Company.
4) A reduction of the share capital and a change in the quota value has been executed in order to achieve an, at the time, appropriate relationship between the share capital and the number of shares.

Convertibles, warrants, etc.

As of the date of this Offering Circular, there are no outstanding warrants, convertibles or other share-related financial instruments in the Company.

Ownership structure

The table below describes the ownership structure of Fractal immediately before the offering and immediately after the completion of the Offering. As far as the Company is aware, the Company is not as per the day of the Prospectus controlled directly or indirectly by anyone other than Litorina IV L.P., Corporate ID no. LP014049, LEI-code: 213800YGPX4AUIRPRG77, Gaspé House, 66–72 Esplanade, St Helier, Jersey, Channel Islands, JE2 3QT, Långholmen Holding AB, reg. no. 556633-3273, LEI-code: 549300PV0T7PTJE0SW41, c/o Fractal Gaming AB, Datavägen 37B, SE-436 32 Askim, a closely related company to Hannes Wallin, Harnisch Management Consultancy AB, reg. no. 556785-7841, LEI-code: 549300A7PY1HGEE5RS59, Paradisets Väg 31, SE-434 93 Vallda, Sverige, a closely related company to Jens Harnisch, and Quiq Distribution Holding AB, reg. no. 556637-8054, LEI-code: 5493007UJ4UKIVM-QQX60, Lerduvevägen 10, SE-436 51 Hovås, a closely related company to Daniel Johnsson. As far as the Company is aware, there are no agreements or equivalent that may lead to a change in control of the Company.

	Ownership before the Offering		After the Offering (provided that the Over-allotment Option is not exercised)		After the Offering (provided that the Over-allotment Option is fully utilised)	
Shareholders	**Number**	**Per cent**	**Number**	**Per cent**	**Number**	**Per cent**
Shareholders with holdings that exceed 5 per cent of the shares						
Litorina IV L.P.	15,370,350	52.8	5,592,775	19.2	3,842,587	13.2
Hannes Wallin[1]	9,000,000	30.9	8,444,655	29.0	8,444,655	29.0
Jens Harnisch[2]	2,100,000	7.2	1,890,000	6.5	1,890,000	6.5
Daniel Johnsson[3]	1,500,000	5.2	375,000	1.3	375,000	1.3
Shareholding Members of the board, Executive management and Other Shareholders (in addition to the above)						
Patrick Söderlund	514,290	1.8	514,290	1.8	514,290	1.8
Magnus Yngen	428,550	1.5	428,550	1.5	428,550	1.5
Karin Ingemarson	88,650	0.3	88,650	0.3	88,650	0.3
David Järlestedt	60,000	0.2	60,000	0.2	60,000	0.2
Pernilla Ekman	44,340	0.2	44,340	0.2	44,340	0.2
Alexander Ernryd	13,320	<0.1	13,320	<0,1	13,320	<0,1
Cornerstone investors						
Teknik Innovation Norden Fonder AB[4]	0	0	2,439,024	8.4	2,439,024	8.4
Ernström Finans AB[4]	0	0	1,452,000	5.0	1,452,000	5.0
Handelsbanken Fonder AB on behalf of the investment fund Microcap Sverige[4]	0	0	975,609	3.4	975,609	3.4
Enter Småbolagsfond[4]	0	0	975,609	3.4	975,609	3.4
LMK Venture Partners AB[4]	0	0	731,707	2.5	731,707	2.5
Summa	**29,119,500**	**100**	**24,025,529**	**82.5**	**22,275,341**	**76.5**

1) Indirectly through Långholmen Holding AB.
2) Indirectly through Harnisch Management Consultancy AB.
3) Indirectly through Quiq Distribution Holding AB.
4) Please see section "*Legal issues and supplementary information – Cornerstone investors*"

Commitment to refrain from selling shares

Through the agreement on the placing of shares that is expected to be concluded around 10 February 2021, Selling Shareholders, certain shareholding board members and certain shareholding employees in the Group undertake with certain reservations, not to sell their respective holdings for a certain period after trading on Nasdaq First North Premier has commenced (the "**Lock-up period**"). The Lock-up period for Hannes Wallin (indirect through company), Jens Harnisch (indirect through company), David Järlestedt, Karin Ingemarson and Alexander Ernryd is a total of 720 days. The Lock-up period for Magnus Yngen, Patrick Söderlund and Pernilla Ekman is a total of 360 days. The Lock-up period for Litorina IV L.P. and Daniel Johnsson (indirectly through companies) is a total of 180 days. After the end of each Lock-up period, the shares may be offered for sale, which may affect the market price of the share. Managers may grant exemptions from the commitments in question. The granting of exemptions from Lock-up commitments is determined on a case-by-case basis and may be of both a personal and a business nature. In the agreement, the Company will undertake inter alia Managers with certain exceptions, for a period of 180 days from the first day of trading in Company shares on Nasdaq First North Premier, to not decide or propose that the shareholders' meeting make a resolution regarding an increase of the share capital through the issue of shares or other financial instruments without the written consent of the Managers. See also the section, "*Legal Issues and Supplementary Information - Agreement on placing of shares*".

Articles of association

Articles of association of Fractal Gaming Group AB (publ), registration number 559080-2970, adopted at the extraordinary shareholders' meeting on 17 December 2020.

1 § Name of company
The company's name is Fractal Gaming Group AB. The company is a public limited liability company (publ).

2 § Registered office
The company's registered office shall be situated in Stockholm, Sweden.

3 § Object of the company's business
The object of the company's business is, directly or indirectly, to own and manage shares and participations in subsidiaries and provide administrative services for these companies, and any other activities compatible therewith.

4 § Share capital
The company's share capital shall not be less than SEK 500,000 and not more than SEK 2,000,000.

5 § Number of shares
The company shall have not less than 29,000,000 shares and not more than 116,000,000.

6 § Euroclear company
The company's shares shall be registered in a securities register in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (SFS 1998:1479).

7 § Board of directors
The board of directors elected by the shareholders' meeting shall consist of not less than three (3) members and not more than ten (10) members without deputy members.

8 § Auditor
The company shall have not less than one (1) and not more than two (2) auditors and not more than two (2) deputy auditors. As auditor and, when applicable, deputy auditor, shall an authorised public accountant or a registered public accounting firm be elected.

9 § Notice of shareholders' meeting
Notices of shareholders' meetings shall be published in *Post- och Inrikes Tidningar* (the Swedish Official Gazette) and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

10 § Participation in shareholders' meetings
Shareholders who wish to participate at a general meeting shall be registered as shareholders on a transcript of the entire shareholders' register and shall also provide notification of their intention to attend the meeting no later than on the date stipulated in the notice convening the general meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday prior to the meeting.

One or two assistants to the shareholder shall be entitled to attend the general meeting only if the shareholder has notified the company hereof in the manner set out above.

11 § Place for shareholders' meeting
Shareholders' meeting shall be held in Stockholm or Gothenburg.

12 § Business at annual shareholders' meetings
The following business shall be addressed at annual shareholders' meetings:

1. election of a chairman of the meeting;
2. preparation and approval of the voting list;
3. approval of the agenda;
4. election of one or two persons who shall approve the minutes of the meeting;
5. determination of whether the meeting was duly convened;
6. submission of the annual report and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the group;
7. resolutions regarding the adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and the consolidated balance sheet;
8. resolutions regarding allocation of the company's profits or losses in accordance with the adopted balance sheet;
9. resolutions regarding discharge of the members of the board of directors and the managing director from liability;
10. determination of the number of members of the board of directors and the number of auditors and deputy auditors;
11. determination of fees for members of the board of directors and auditors;
12. election of the members of the board of directors and auditors and deputy auditors;
13. other matters, which are set out in the Swedish Companies Act or the company's articles of association.

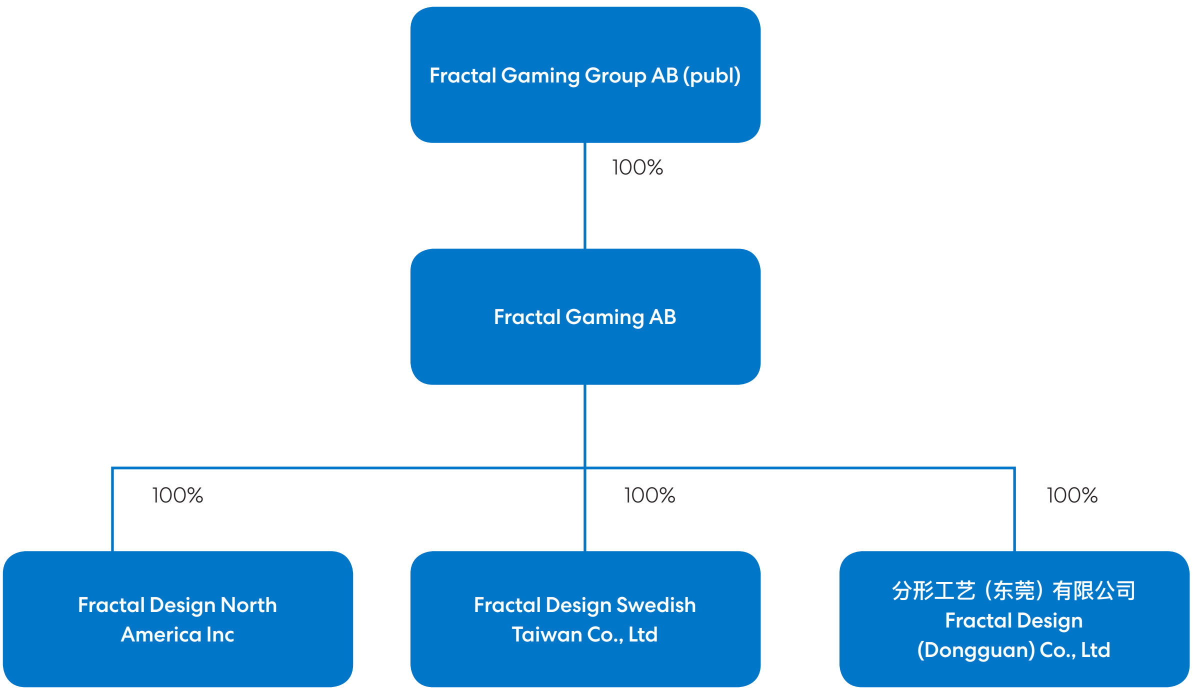
13 § Financial year
The company's fiscal year shall be 1 January – 31 December.

Legal issues and supplementary information

Legal issues and supplementary information

The Company operations are conducted in accordance with the Swedish Companies Act. The parent company Fractal Gaming Group AB (publ) (corporate registration number 559080-2970) is a Swedish public limited liability company and was founded 26 August 2016 and registered with the Swedish Companies Registration Office on 26 August 2016. The Company is registered in Stockholm County, Municipality of Stockholm. LEI-code: 549300ED9KCK1I6B7870.

The Company is currently the parent company for four subsidiaries, including subsidiaries in Sweden, the US, Taiwan and China. The structure of the Group is shown in the figure below.



Agreement

Fractal has a material agreement in the business, which is described below under "*Reseller Agreement with Magnell Associate, Inc*". In addition to this agreement, the Company does not consider that any individual agreement concluded under the framework of its operations or otherwise, is significant to the Group. The sections, "*Supplier Agreements*" and "*Distribution and Reseller Agreements*" instead contain a general description of the terms and conditions and the scope of the two main types of agreements concluded by the Group, i.e. (i) supplier agreements, which primarily concern the manufacture of Group products, and (ii) distribution and reseller agreements, which primarily concern the sale of Fractal products to end consumers.

Finally, the Company's agreement with Nordea regarding a overdraft facility is described in the section "*– Bank overdraft facility*".

Reseller Agreement with Magnell Associate, Inc.

On 29 December 2010, Fractal North America Inc. entered into a reseller agreement with Magnell Associate, Inc. pursuant to which Magnell Associate, Inc. has the non-exclusive right to sell Fractal's products worldwide to resellers, distributors and end-users. The agreement may be terminated for convenience by either party at any given time with 30 days' notice as well as terminated in the event of a material breach if such breach is not cured within 30 days of written notice to the breaching party. The agreement will be automatically renewed for additional one-year terms if not terminated by either party by written notice to the other party at least 90 days prior to the then applicable expiration date.

The agreement with Magnell Associate, Inc. does not grant Fractal North America Inc. a security interest in the products and does not authorize Fractal North America Inc. to file a precautionary UCC-1 financing statement with the Secretary of State of California (i.e., the incorporation state of Magnell Associate, Inc.) to provide public notice that Magnell Associate, Inc. is in possession of certain of Fractal North America Inc.'s products. If Magnell Associate, Inc. were to go bankrupt or be subject to liens of other parties, then there is a possibility that Fractal North America Inc.'s products in the possession of Magnell Associate, Inc. could be characterized as Magnell Associate, Inc.'s property and not that of Fractal North America Inc.

The agreement deviates from the Group's standard agreement and according to the agreement terms Fractal North America Inc. has, among other things, agreed to a "most favored nation provision" which provides that pricing to Magnell Associate, Inc. shall be the lowest offered by Fractal North America Inc. to any of its other operators and to indemnify Magnell Associate, Inc. and its affiliates from any and all claims caused by Fractal North America Inc.'s products. Furthermore, Fractal North America Inc. is obliged to repurchase Magnell Associate, Inc.'s inventory of defective, damaged or unopened products at any time. Fractal North America Inc. in also required to take back, at its cost, any slow-moving products that have been in Magnell Associate, Inc.'s warehouse for more than 6 months. Fractal North America Inc. shall also return repaired or replaced products to Magnell Associate, Inc. within 10 days from the date Fractal North America Inc. has received the defective product from Magnell Associate, Inc.

Magnell Associate, Inc. has according to the terms a right to e.g. (i) be informed of modifications to products and require that Fractal North America Inc. does not implement such modifications and (ii) request modifications to products. Furthermore, Magnell Associate, Inc. has the right to be notified 6 months prior to any intention to discontinue production of any product. The agreement also includes an obligation for Fractal North America Inc. to, during the term of the agreement and 5 years following the date of shipment of the last product to Magnell Associate, Inc.'s customers, provide Magnell Associate, Inc. and its customers with support services for problem determination, resolution and maintenance of products. This provision survives any expiration of the agreement.

Finally, the assignment provision of the agreement does not allow Fractal North America the right to assign the agreement without the prior written consent of Magnell Associate, Inc. The agreement is subject to the laws of the State of California and dispute resolution is pursuant to the Commercial Arbitration Rules of the American Arbitration Association.

Supplier Agreement

The important suppliers to the Group primarily consist of actors that provide manufacturing services with regard to Group products. Historically, the Group has concluded standard supplier agreements for the manufacture of products, which have been entered into for individual products and with each supplier. Several manufacturing agreements have thus been concluded with the same supplier for individual products, all of which are based on standard Group agreement template at the time.

In 2019, the Group developed a new standard agreement template for the conclusion of supplier agreements. This standard agreement is structured with a general framework agreement concluded with each supplier, as well as with supplementary specific purchase agreements for each order, and a product development agreement for the development of future products for the Group.

The Product Development Agreement under the standard agreement template does not involve any right for the Supplier to manufacture or sell the product during the development phase. The Product Development Agreement also means that the manufacturing tools used in the production by the Supplier are owned by the Group. Products produced by the Supplier using the manufacturing tools of the Group and in accordance with Group instructions, are owned by the Group and payment will be made in stages during the development period, whereby each stage means that the Group will inspect the goods at the stage of production.

The new standard agreement template that was developed in 2019 does not replace previously concluded manufacturing agreements for goods manufactured and developed under such agreements. The Company is thus still bound by previous manufacturing agreements, which inter alia contain clauses on competition restrictions for the Supplier for a period of one year after the Agreement has expired, and other terms that may be to the detriment of the Company. The intention and ambition of the Company is that all future supplier agreements are concluded on the basis of the new standard agreement template.

Distribution and reseller agreements

The Group products are sold to the end consumer via resellers and other distributors, which is why distribution and reseller agreements are a central agreement type for the Group. As a rule, the Group distribution and reseller agreements are based on the standard Group agreements, which in some cases are supplemented with addendum agreements. The Agreement has an initial term of 12 months and a notice period of

30 days. In the event that no party terminates the agreement, the extension agreement will run for another year. Orders under the standard agreement will not be binding upon the Company until the Company has accepted the order and thus does not contain conditions for the Company regarding volume commitments. Pricing is done in accordance with the Fractal standardised price list and payment will be made in USD. Under terms of the standard agreement, the distributor/reseller further undertakes to market and sell the Fractal products under its best efforts.

In some cases, the Company has concluded agreements on terms that deviate from the standard Company agreement. Under the terms of such agreements, Fractal has undertaken inter alia, to ensure that the counterparty is given the right to buy products at the lowest price that the Company applies for other actors, require that Fractal repurchase products at the end of the agreement period and in the event that Fractal lowers the prices of its products, to adjust its prices accordingly.

Intellectual property rights

Fractal is the registered holder of a number of registered trademarks, as well as a number of registered patterns and so-called utility patents. Among other things, the Company has registered the figurative mark Fractal in the EU. The Company has also registered another figurative trademark that includes the word fractal in the EU, US, China, Russia, India, Japan, South Korea, Taiwan and Australia. Fractal is in the process of registering the new figurative mark in other jurisdictions around the world. According to Fractal, the Company holds the following domain names: fractal-design.com, fractal-design.se, fractal-design.cn, fractaldesign.com.cn, fractal.design, fractal-design.jp, fractal-design.us, fractaldesign.com and fractaldesign.org.

The Company has previously applied for registration of protection in the form of patents and patterns for its products but due to the high costs associated with the process, it has thus stopped trying to protect its design using such protection.

The Group has no knowledge of any intellectual property disputes, such as violations or infringements in the last three years that may affect the use of significant intellectual property rights that are allocated to the Group.

Bank overdraft facility

Fractal Gaming Group AB (publ) and its subsidiary Fractal Gaming AB have entered into a SEK 120 million bank overdraft facility agreement that expires on 28 February 2022. The bank overdraft facility is automatically prolonged 12 months at a time, however, the bank overdraft facility will not be prolonged further than 28 February 2025, provided that there are no grounds for cancellation and Nordea does not terminate the agreement in writing with 30 days' notice before the end of the relevant 12-month period. The agreement contains customary obligations and provisions regarding financial covenants, information undertakings and cancellation of the agreement. For example, the agreement contains restrictions for Fractal Gaming Group AB (publ) and its subsidiaries to incur debts, acquire shares and to divest assets, change the Company's operations, warrants debt and provide securities without the approval of Nordea. In addition, the agreement contains change of control clauses.

Regulatory overview

Fractal operations, presence and sales in a number of different countries mean that the Company must comply with the requirements of a number of codes, laws, and regulations, including product liability rules, sanction and corruption regulations and rules on the export/import of goods and products. See further information in sections, "*Fractal products may need to be recalled due to product faults*", "*The Fractal business is exposed to risks attributable to sanction and corruption provisions*", and "*Trade policy unrest and tariffs in the United States can affect Fractal negatively*" in the section,"*Risk Factors*".

Furthermore, Fractal is also subject to general regulations applicable to Swedish public limited companies and in the future, the Company will also be subject to the laws, rules and recommendations that follow from the listing of Company shares on Nasdaq First North Premier, which also includes the self-regulation that takes place through the development of good practice on the share market.

Disputes

The Company has not been a party to any government proceedings, legal proceedings or arbitration proceedings (including unsettled cases or matters of which the Company Board of Directors is aware) during the past twelve months that could have a significant effect on the Company financial position or profitability. Nor is the Company Board of Directors aware of any circumstances that could lead to any such government proceedings, legal proceedings or arbitration proceedings.

Insurance

Fractal holds a general liability insurance and credit insurance, transport insurance, business insurance, business travel insurance, computer insurance and criminal insurance. Fractal also has insurance for its inventory assets, which are located in a central warehouse in China and a regional warehouse in the US. The Company considers its insurance policies to be in line with those of other companies within the same business and that the insurances are sufficient for the risks normally associated with Company business.

However, there is no guarantee that the Group will not be affected by losses that are not covered by insurance or covered to a sufficient extent to avoid an unforeseen cost arising.

Agreement on placing of shares

According to the terms of an agreement on the placing of shares that is intended to be concluded around 10 February 2021 between the Company, Selling Shareholders and Managers, (the "**Placing Agreement**"), the Selling Shareholders undertake to divest approximately 40.1 per cent of the shares in the Company to the purchasers designated by the Managers or in the event that the Managers fail, the Managers have undertaken to acquire the shares covered by the Offering themselves. Litorina IV L.P. also intend to submit an Over-allotment Option, which means a commitment to divest an additional maximum of 1,750,188 shares, equivalent to approximately 6.0 per cent of the total number of shares in the Company upon request of the Managers, no later than 30 days from the first day of trading in the Company shares. The Over-allotment Option may only be exercised for the purpose of covering any over-allotment under the Offering.

Through the Placing Agreement, the Company provides customary guarantees to the Managers, primarily with respect to the fact that the information in the Offering Circular is correct, that the Offering Circular and the Offering meet relevant statutory and regulatory requirements and that there are no legal or other obstacles to the Company to concluding the Agreement or to the execution of the Offering. The Placing Agreement prescribes that the obligations of the Managers to mediate buyers or in the event that the Managers fail to do so, to purchase the shares covered by the Offering themselves are conditional inter alia, on the fact that the guarantees provided by the Company and the Selling Shareholders are correct. Under the Placing Agreement and with customary reservations the Company undertakes to indemnify the Managers against certain claims under certain conditions.

Through the Placing Agreement, Selling Shareholders undertake with customary reservations to not sell their respective holdings during the Lock-up period (see also section, "*Share Capital and Ownership-Commitment to refrain from selling shares*"). Under the Placing Agreement, the Company also undertakes not to (i), issue, offer, pledge, sell, undertake to sell, or otherwise transfer or divest, directly or indirectly any shares in the Company or any other securities that may be converted into or that are possible to use or exchange for such shares, or (ii) to purchase or sell options or other instruments or enter into swap agreements or other arrangements that wholly or partially transfer the financial risk associated with Company ownership to a third party until at least 180 days after the day on which trading on Nasdaq First North Premier is commenced. However, Managers may grant exceptions to these restrictions.

Stabilisation

In connection with the Offering, Carnegie may conduct transactions in order to keep the market price of the shares at a higher level than what might otherwise have been the case in the market. Such stabilisation transactions may be conducted on Nasdaq First North Premier, the OTC market or in another manner and may be conducted at any time during the period beginning on the first day of trading in the shares on Nasdaq First North Premier and ending no later than 30 calendar days thereafter. However, Carnegie have no obligation to perform any stabilisation and there is no guarantee that stabilisation will be performed.

Furthermore, if initiated stabilisation may be interrupted at any time without notice. Under no circumstances will transactions be conducted at a price that is higher than the price set in the Offering. By the end of the seventh trading day following the completion of stabilisation transactions, Carnegie will declare that stabilisation measures have been carried out in accordance with Article 5(4) of the EU Market Abuse Regulation 596/2014. Within one week after the expiry of the stabilisation period, Carnegie will publish whether stabilisation was conducted or not, the date on which stabilisation was initiated, the date on which stabilisation was last conducted and the price range within which stabilisation was conducted for each of the dates on which stabilisation transactions were carried out.

Cornerstone investors

Teknik Innovation Norden Fonder AB, Ernström Finans AB, Handelsbanken Fonder AB on behalf of the investment fund Microcap Sverige and LMK Venture Partners AB have undertaken to Sole Global Coordinator to acquire shares in the Offering for the equivalent of a total of approximately SEK 270 million. The cornerstone investors will hold an approximate total of 22.6 per cent of the number of shares and votes in the Company after completion of the Offering. Cornerstone investors will not receive compensation for their respective commitments and their investments are made under the same terms as for other investors in the Offering. Sole Global Coordinator considers the cornerstone investors to have good credit ratings and will thus be able to fulfil their respective commitments. However, the commitments of the cornerstone investors are not secured by bank guarantee, blocked funds or pledge of collateral or similar arrangements. The commitments of the cornerstone investors are linked to certain conditions, including that a certain distribution of Company shares is achieved in association with the Offering and that the Offering is executed within a certain period of time.

Cornerstone investors	Commitment (amount in MSEK)
Teknik Innovation Norden Fonder AB[1)]	100
Ernström Finans AB[2)]	59.5
Handelsbanken Fonder AB on behalf of the investment fund Microcap Sverige[3)]	40
Enter Småbolagsfond[4)]	40
LMK Venture Partners AB[5)]	30

1) Reg. No. 559190-9600, LEI-code: 894500BMYHG81MEMWI87, address: Riddargatan 23 2TR, SE-114 57 Stockholm.
2) Reg. No. 556589-3731, LEI-code: 549300KU3L7HLYLH0F82, address: Östra Hamngatan 19, SE-411 10 Göteborg.
3) Reg. No. 515602-8549 LEI-code: 549300FDIMJHME9CE468, address: Blasieholmstorg 12, SE-111 48 Stockholm.
4) Reg. No. 515602-7764, LEI-code: 549300KTKQQ6NFMS1B33, address: Berzelii Park 9, SE-111 47 Stockholm.
5) Reg. No. 559023-3838, LEI-code: 549300FZLYG0J9RB6E74, address: Box 2025, SE-220 02 Lund.

Transactions with closely related parties

For information about remuneration to the board, CEO and the salaries for other executive management's salaries and other remuneration, costs and agreements regarding severance pay, see section, "*Corporate governance - Remuneration to board members, CEO and senior executives*". Transactions with closely related parties take place under market terms and conditions. For information of transactions with affiliated parties, that aside from remuneration to board members, CEO and senior executes refers to interest paid to Litorina I.V. LP, please see note 27 on page F-22 in the section, "*Historical Financial Information*".

Advisor interests

Managers provide financial advice and other services to the Company in connection with the Offering, for which they will receive customary remuneration. From time to time, Managers have provided various banking, financial, investment, commercial and other services to the Company on the day-to-day activities and may do so in the future.

The law firm, Advokatfirman Vinge KB has acted as legal adviser in connection with the Offering and the listing and may provide further legal advice to the Company.

Costs for the Offering

As remuneration for the work of the Manager in connection with the admission of the shares for trading on Nasdaq First North Premier and the Offering, subject to certain reservations, Managers will be remunerated by the Company for the external costs they have incurred.

Costs incurred by Fractal that are attributable to the admission of the shares for trading on Nasdaq First North Premier and the Offering are estimated to total approximately SEK 25 million. Such costs are primarily attributable to costs for auditors, lawyers, printing of the Offering Circular, other consulting costs, costs related to presentations by company management, etc.

Fractal will not receive any revenue from the Offering.

Important information regarding taxation

The tax legislation in the home country of the investor and in Sweden may affect any revenue obtained from shares in Fractal. The taxation of dividends, as well as capital gains tax and rules regarding capital losses in the sale of securities, depends on the specific situation of each individual shareholder. Special tax rules apply to certain types of taxpayer and certain types of investment forms.

Each holder of shares should therefore consult a tax advisor to obtain information regarding the specific consequences that may arise in the individual case, including the applicability and effect of foreign tax rules and tax treaties.

Approval of the Offering Circular

The Offering and the Offering Circular are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Offering Circular. A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority in accordance with Regulation (EU) 2017/1129. In the event of any discrepancies between the Offering Circular and the Swedish prospectus, the Swedish prospectus shall prevail.

Documents available for inspection

The Fractal (i) Articles of Association, (ii) registration certificate and (iii) annual reports for the 2018, 2019 and 2020 financial years including audit reports, are kept available for inspection during office hours at the Company head office at Datavägen 37B, SE-436 32 Askim, Sweden. These documents are also available in electronic format on Fractal website, www.fractalgaminggroup.com. Information on the Fractal website is not included in the Offering Circular unless this information is incorporated by reference.

Definitions

ABG	ABG Sundal Collier AB.
Carnegie	Carnegie Investment Bank AB (publ).
CNY	Chinese yuan (renminbi).
Code	Swedish Code of Corporate Governance.
Cornerstone investors	Teknik Innovation Norden Fonder AB, Ernström Finans AB, Handelsbanken Fonder AB on behalf of the investment fund Microcap Sverige and LMK Venture Partners AB.
EUR	Euro.
Euroclear Sweden	Euroclear Sweden AB.
Managers or **Joint Bookrunners**	Carnegie and ABG.
Nasdaq First North Premier	Nasdaq First North Premier Growth Market, an alternative marketplace operated by the different exchanges included in Nasdaq.
Offering	The Offering of shares in accordance with this offering circular.
Offering Price	SEK 41 per share.
Placing Agreement	The agreement on placing of shares as described in the section, "*Legal Issues and Supplementary Information – Agreement on Placing of Shares*".
Offering Circular	This offering circular.
SEK	Swedish kronor.
SEK million	Million of Swedish kronor.
Selling Shareholders	Litorina IV L.P, Långholmen Holding AB, Harnisch Management Consultancy AB and Quiq Distribution Holding AB.
Sole Global Coordinator	Carnegie.
USD	American dollar.
Fractal, the Company or **the Group**	Fractal Gaming Group AB (publ), the Group within which Fractal is the parent company or a subsidiary of the Group, depending on the context.

Historical financial information

Historical financial information

Financial information for the 2018-2020 financial years

Consolidated statement of profit/loss and other comprehensive income

1 January – 31 December kSEK	Note	2020	2019	2018
Net Sales	2,3	635,716	401,502	325,246
Capitalized development expenditure		5,606	4,924	1,524
Other Operating Income	4	10,649	4,258	8,635
Total revenue		**651,971**	**410,684**	**335,405**
Operating expenses:				
Goods for Resale	3	–394,934	–252,551	–202,088
Other External expenses	6	–78,422	–47,973	–40,714
Personnel expenses	5	–52,904	–46,094	–37,909
Depreciation and Impairment of Tangible and Intangible Non-current Assets	11,12,13	–10,264	–6,443	–5,100
		–536,524	**–353,061**	**–285,811**
Operating Profit		**115,447**	**57,624**	**49,594**
Financial income and expense	*7*			
Finance income		2	1,438	574
Finance costs		–6,758	–4,017	–8,858
		–6,757	**–2,579**	**–8,284**
Profit/Loss after Financial Items		**108,691**	**55,044**	**41,310**
Income tax expense	8	–24,725	–12,277	–10,758
Profit for the year		**83,966**	**42,768**	**30,552**
Other comprehensive income				
Items that have been Reclassified or can be Reclassified to Profit/Loss for the Year				
Foreign subsidiaries – foreign currency translation differences		–1,390	240	103
		–1,390	**240**	**103**
Other comprehensive income for the year		**–1,390**	**240**	**103**
Total comprehensive income for the year		**82,576**	**43,008**	**30,655**
Profit for the year attributable to:				
Parent Company's Shareholders		**83,750**	42,645	30,483
Non-controlling interests		216	123	69
Profit for the year		**83,966**	**42,768**	**30,552**
Total comprehensive income attributable to:				
Parent Company's Shareholders		82,360	42,885	30,586
Non-controlling interests		216	123	69
Total comprehensive income for the year		**82,576**	**43,008**	**30,655**
Earnings per Share				
before and after dilution (SEK)	9	82.52	41.98	30.05

Consolidated statement of financial position

kSEK	Note	2020-12-31	2019-12-31	2018-12-31
Assets				
Goodwill	10	210,167	210,167	210,167
Capitalised Development Costs	11	14,234	9,605	2,850
Property, plant and equipment	12	25,087	17,364	9,346
Right-of-Use Assets	13	944	2,504	4,146
Total Non-Current Assets		**250,432**	**239,640**	**226,509**
Inventories	14	172,793	107,096	59,363
Accounts Receivable	15	93,505	109,997	78,098
Prepaid Expenses and Accrued Income	16	4,321	1,004	1,109
Other Receivables		2,670	103	3,440
Cash and Cash equivalents	17	15,368	14,942	13,093
Total Current Assets		**288,657**	**233,142**	**155,103**
Total Assets		**539,089**	**472,782**	**381,612**
Shareholders' Equity	18			
Share Capital		101	101	101
Share Premium		177,899	177,899	177,899
Reserves		–1,047	343	103
Retained Earnings Including Profit/Loss for the Year		93,745	45,916	3,270
Equity Attributable to the Parent Company's Shareholders		**270,698**	**224,259**	**181,373**
Non-controlling Interest		**–**	**123**	**69**
Total Equity		**270,698**	**224,382**	**181,442**
Liabilities	29			
Debt to Group Companies	19	–	16,141	14,226
Long-Term Lease Liabilities	19	15	483	2,174
Provisions	21	1,692	1,600	1,120
Deferred Tax Liabilities	8	11,919	6,641	4,297
Total Non-Current Liabilities		**13,626**	**24,866**	**21,817**
Overdraft Facility	19	65,089	29,507	49,746
Current Lease Liabilities	19	817	1,878	1,765
Accounts Payable		164,950	166,134	108,228
Tax Liabilities		3,811	12,667	7,436
Other Liabilities		2,518	232	1,434
Accrued Expenses and Prepaid Income	22	17,580	13,116	9,744
Total Current Liabilities		**254,765**	**223,534**	**178,353**
Total Liabilities		**268,391**	**248,400**	**200,170**
Total Equity and Liabilities		**539,089**	**472,782**	**381,612**

Consolidated statement of changes in equity

kSEK	Share capital	Share premium	Translation reserve	Retained earnings incl. this year's profit/loss	Total	Non-controlling interests	Total equity
	Equity Attributable to the Parent Company's Shareholders						
Balance at 1 January 2018	101	177,399		–27,213	150,287		150,287
Total Comprehensive income for the year							
Total comprehensive income for the year			103	30,483	30,586	69	30,655
Total comprehensive income for the year	–	–	103	30,483	30,586	69	30,655
Transactions with Group owners							
New Share Issue		500			500		500
Total Transactions with Group owners	–	500	–	–	500	–	500
Balance at 31 December 2018	**101**	**177,899**	**103**	**3,270**	**181,373**	**69**	**181,442**

kSEK	Share capital	Share premium	Translation reserve	Retained earnings incl. this year's profit/loss	Total	Non-controlling interests	Total equity
	Equity Attributable to the Parent Company's Shareholders						
Balance at 1 January 2019	101	177,899	103	3,270	181,373	69	181,442
Total Comprehensive income for the year							
Total comprehensive income for the year			240	42,645	42,885	123	43,009
Total comprehensive income for the year	–	–	240	42,645	42,885	123	43,009
Transactions with Group owners							
Dividends paid					–	–69	–69
Total Transactions with Group owners	–	–	–	–	–	–69	–69
Balance at 31 December 2019	**101**	**177,899**	**343**	**45,915**	**224,258**	**123**	**224,382**

kSEK	Share capital	Share premium	Translation reserve	Retained earnings incl. this year's profit/loss	Total	Non-controlling interests	Total equity
	Equity Attributable to the Parent Company's Shareholders						
Balance at 1 January 2020	101	177,899	343	45,915	224,258	123	224,381
Total Comprehensive income for the year							
Total comprehensive income for the year			–1,390	83,750	82,360	216	82,576
Total comprehensive income for the year	–	–	–1,390	83,750	82,360	216	82,576
Transactions with Group owners							
Dividends					–	–69	–69
Bonus issue	5			–5	–		–
Acquisition of non-controlling interests				–5,372	–5,372	–270	–5,642
Redemption of shares in the parent company	–5			–30,543	–30,548		–30,548
Summa transaktioner med koncernens ägare	–	–	–	*–35,920*	*–35,920*	*–339*	*–36,259*
Equity brought forward 31 December 2020	**101**	**177,899**	**–1,047**	**93,745**	**270,698**	**0**	**270,698**

Consolidated statement of cash flows

1 January – 31 December kSEK	Note	2020	2019	2018
	29			
Cash flows from operating activities				
Profit/Loss after Financial Items		108,691	55,045	41,309
Adjustment for Items not Included in Cash Flow		4,094	4,160	5,904
Income Tax Paid		–29,640	–5,202	–2,998
		83,145	**54,003**	**44,215**
Increase (–)/Decrease (+) of Inventories		–65,697	–47,733	–24,705
Increase (–)/Decrease (+) of Operating Receivables		–3,129	–29,008	440
Increase (+)/Decrease (–) of Operating Liabilities		27,000	65,150	48,070
Net cash from operating activities		**41,319**	**42,412**	**68,020**
Cash flows from investing activities				
Acqusition of property, plant and equipment		–15,687	–12,033	–7,101
Acquisition of intangible assets		–5,369	–7,237	–2,013
Net cash used in investing activities		**–21,056**	**–19,270**	**–9,114**
Cash flows from financing activities				
Acquisition of non-controlling interests		–5,504	–	–
New Share Issue		–	–	500
Redemption of shares		–30,546	–	–
Amortisation of loans to subsidiaries		–16,141	–	–50,000
Net Change, Bank Overdraft Facility		35,582	–20,239	3,623
Repayment of borrowings		–1,906	–1,877	–1,332
Paid Dividend to Non-Controlling Interests		–123	–69	–
Net cash from financing activities		**–18,638**	**–22,185**	**–47,209**
Net increase in cash and cash equivalents		1,625	957	11,697
Cash and Cash Equivalents at Start of Year		14,942	13,093	1,396
Effects of movements in exchange rates on cash held		–1,199	892	–
Cash and cash equivalents at end of year	17	**15,368**	**14,942**	**13,093**

Notes to the consolidated financial statements

Note 1 General information and accounting policies

About the business

According to the Company, Fractal Design is a leading[1] company in the premium segment of PC gaming products. The Group was founded in 2010 and its products are currently sold in more than 50 markets worldwide. The current parent company, Fractal Gaming Group AB (publ) was founded in 2016 and acquired the previous parent company of the Group, Fractal Gaming Sweden AB. The Company's products are characterised by a high level of design, performance and quality. The head office is based in Gothenburg (Sweden), and the Company has offices in Dallas (the US), Dongguan (China) and Taipei (Taiwan). The operations are mainly carried out through Fractal Gaming AB.

The Group

The Group consists of the parent company Fractal Gaming Group AB (publ) and the subsidiary 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. Amounts in the consolidated accounts are stated in SEK unless otherwise indicated.

Compliance with standards and regulations

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the RFR 1 Supplementary accounting rules for Groups rrecommended by the Swedish Financial Reporting Board have been applied.

The consolidated accounts have been approved for issue by the Board and CEO on 29 Januari 2021. The consolidated statement of profit or loss and other comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet are subject to approval on the 29 Januari 2021.

Measurement basis applied in the preparation of the financial statements

Assets and liabilities are reported at historical acquisition cost. The group does not hold any assets or liabilities that are reported at fair value.

Functional currency and presentation currency

The Parent Company's functional currency is SEK which also constitutes the presentation currency for the Parent Company and for the Group. This means that the financial statements are presented in Swedish kronor. All amounts, unless otherwise specified, rounded to the nearest thousand.

Judgements and estimates in the financial statements

Preparing the financial statements in accordance with IFRS requires the management to make judgements and estimates and makes assumptions that affect the application of the accounting practices and the reported amounts of assets, liabilities, revenue and costs. The actual outcome may differ from these estimates and judgments.

The estimates and judgements are reviewed regularly. Changes to estimates are reported in the period in which the change is made if the change only affected this period, or in the period the change is made and future periods if the change affects both current period and future periods.

Judgements made by the management in the application of IFRS that have a significant impact on the financial statements and estimates that may result in significant adjustments in the financial statements of the following year are described in more detail in note 33.

Significant Accounting Policies

The accounting practices stated below have, with the exceptions described in more detail, been applied consistently to all periods presented in the group's financial statements. The Group's accounting practices have also been consistently applied of the Group's companies.

New IFRS that has not yet been applied

New and amended IFRSs with future application are not expected to have any significant effect on the company's financial reports.

Classification, etc.

Non-current 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 calculated from the balance sheet date. Non-current liabilities essentially consist of amounts that the group, at the end of the reporting period, has an unconditional right to choose to pay more in the period than twelve months after the end of the reporting period. Does the Group not have such a right as the end of the reporting period, the debt amount is reported as current debt.

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 there is independent financial information available. The result of an operating segment is further monitored by the company's chief operating decision makers to evaluate the result and to be able to allocate resources to the operating segment. See note 3 for further description of the division and presentation of operating segments.

1) Leading means that the Company, according to its own assessment, is a leader in terms of net turnover in the segment for premium computer cases (a niche in premium gaming products).

Basis of consolidation and business combinations

Subsidiaries are companies that are subject to control from the Parent Company. Controll exists if The Parent Company has power over the investment object, is exposed to or has the right to variable return from its commitment and can use its power over the investment to impact the return. When assessing whether a decision influence exists, potential voting shares are considered and if de facto control exists.

Subsidiaries are reported according to the acquisition method. The method means that the acquisition of a subsidiary is considered a transaction whereby the group indirectly acquires the subsidiary's assets and takes over its liabilities. The acquisition analysis establishes fair value on the acquisition date of acquired identifiable assets and assumed liabilities and any non-controlling interests. Transaction expenses, except transaction expenses attributable to the issue of equity instruments or debt instruments, which arise are recognised directly in profit or loss for the year.

For business combinations where the consideration transferred, any non-controlling interest and fair value of previously owned share (in the event of incremental acquisitions), the fair value of acquired assets and assumed liabilities reported separately exceed the fair value of acquired assets and assumed liabilities, the difference is recognized as goodwill. When the difference is negative, so-called gain on a bargain purchase, this is recognized directly in profit or loss for the year.

In cases where the acquisition does not relate to 100% of the subsidiary, non-controlling interest arise. There are two options to recognize non-controlling interests. These two options are to recognize non-controlling interests proportional to net assets or recognize non-controlling interests at fair value, which means that non-controlling interests have a share in goodwill. The choice between the different options for reporting non-controlling interests can be made for each acquisition individually. The Group's acquisitions are recognized in accordance with the latter alternative.

Acquisition of Non-Controlling Interests

Acquisitions from non-controlling interests are recognized 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 proportional share of net assets.

Transactions eliminated on consolidation

Group-internal receivables and liabilities, income or expenses and unrealised gains or losses arising from intra-group transactions between group companies are eliminated in its entirety when preparing the consolidated accounts.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate that exists on the transaction date. The functional currency is the currency of the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currency is converted to the functional currency at the exchange rate at the balance sheet date. Currency exchange differences arising from the recalculations are recognized in profit or loss for the year. Non-monetary assets and liabilities recognized at historical acquisition cost are converted at the exchange rate for the transaction. The group contains no assets or liabilities that are recognized and measured at fair values.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the functional currency of the foreign operation to the group's presentation currency, SEK, at the exchange rate prevailing at the Balance Sheet Date. Income and expenses in a foreign operation are translated into Swedish kronor at an average exchange rate that is an approximation of the exchange rates that existed at the respective time of the transaction. Translation differences arising from Exchange translation of foreign operations are recognized in other comprehensive income and accumulated in a separate component in equity, referred to as translation reserve.

The company has chosen to set accumulated translation differences attributable to foreign operations to zero at the time for transition to IFRS, 1 January 2018.

Revenue

Performance obligations and revenue recognition practices

Revenue is measured based on the remuneration specified in the agreement with the customer. The Group recognizes revenue when control over goods or services are transferred to the customer. The Group's revenues mainly relate to sales of goods in the form of PC gaming products.

Customers gain control of the goods when they have been delivered and accepted and at that time the revenue is recognized.

Invoices are prepared at this time and usually expire within 30-90 days. Volume discounts occur, are calculated on an ongoing basis and reduces recognized revenue.

Government grants

Government grants are recognized in the statement of financial position when there is reasonable assurance that the grant will be received and that the group will fulfil the conditions associated with the grant. Grants are systematically accrued in this year's profit or loss on in the same way and over the same periods as the costs for which the grants are intended to compensate. Government grants related to assets are reported in the statement of financial position as a reduction in the asset's reported value.

Leases

When an agreement is entered into, the group assesses whether the agreement is, or contains, a lease. A lease is, or contains, a lease if the agreement transfers the right to determine, for a certain period, the use of an identified asset in exchange for compensation

VAT the start of the lease or when reviewing a lease that contains several components, lease and non-lease components, the group allocates the consideration under the agreement to each component based on the relative stand-alone prices.

Leases where the group is the lessee

The Group recognises a right-of-use asset and a leasing liability at the start date of the lease. The Right-of-Use Asset is initially measured at acquisition cost, which consists of the initial value of the leasing liability plus leasing fees paid at or before the start date to the earlier of the end of the asset's useful life and the lease period's end, which normally for the group is the end of the lease period. In the more rare cases, where the acquisition cost of the right of use reflects that the group by exercising an option to buy the underlying asset, the asset is depreciated over the useful life of the underlying asset.

Lease liabilities- which are split into long-term and short-term shares- initially at the present value of the remaining lease payments under the estimated lease period. The lease period consists of the non-cancellable period with the addition of additional periods in the agreement if on the introduction date, it is considered reasonable to ensure that these will be used.

Lease payments are normally discounted with the group's marginal borrowing rate, which in addition to the group's credit risk reflects the respective lease term, currency and quality of the underlying asset for which collateral is provided.

The carrying amount is increased by the interest cost for each period and is reduced by the lease payments. Interest costs are calculated as the value of the debt times the discount rate

The lease liability for the group's premises with rent as index is calculated on the rent applicable for each reporting period finished. At this time, the liability is adjusted by corresponding adjustment of the carrying amount of the right-of-use asset. Similarly, the carrying amounts of the debt and the asset is adjusted in connection with a re-assessment being made during the lease term. This occurs in connection with the last termination date for the previously assessed lease term for premises lease agreements having passed significant events occur or the circumstances change in a significant way in a manner which is the group's control and affects the relevant assessment of the lease term.

The Group presents right-of-use assets and lease liabilities as its own items in the statement of financial position.

For leases with a lease term of 12 months or less or with an underlying asset of low value, less than KSEK 50, any right-of-use asset or lease liability is not recognised. Lease payments for these leases are recognised as expenses on a straight-line basis over the lease term.

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

Financial income and expenses

The effective interest rate is the interest rate that accurately discounts the estimated future cash payments over the expected maturity for the financial instrument to:
– reported gross value of the financial asset, or
– the accrued acquisition cost of the financial liability.

Interest income and expenses are calculated using the effective interest method to the recognised gross carrying amount of the asset (when the asset is not impaired by credit) or at the accrued acquisition cost of the financial liability. For financial assets that have become credit impaired after the first reporting date, interest income is calculated by applying the effective interest rate on the accrued acquisition cost of the financial asset. If the asset is no longer impaired by credit,interest income is calculated by applying the effective interest rate to the gross carrying amount.

Income taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss for the year except when the underlying transaction is recognised in other comprehensive income or in equity, whereby the associated tax effect 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 according to the balance sheet method based on temporary differences between reported and tax values of assets and liabilities. Temporary differences are not considered in group goodwill or difference arising in the initial recognition of assets and liabilities that are not business combinations as at the date of the transaction does not affect either recognised or taxable results. Also, temporary differences attributable to shares in subsidiaries that are not expected to be returned in the foreseeable future. Measurement of deferred tax is based on how underlying assets or liabilities are expected to be realised or regulated. Deferred tax is calculated as application of the tax rates and tax rules decided or in practice decided on the balance sheet date.

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

Financial Instruments

Accounting and initial measurement

Accounts receivable and debt instruments issued are recognised when they are issued. Other financial assets and financial liabilities are recognised when the group becomes a party to the contractual terms of the instrument.

A financial asset (with the exception of accounts receivable which do not have a significant financing component) or financial liability is measured at the initial recognition at fair value plus, in relation to financial instruments that are not measured at fair value through profit and loss, transaction costs directly attributable to the acquisition or issue. An account receivable without a significant financing component is measured at the transaction price.

Classification and subsequent measurement

Financial assets

At initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income – debt instrument investment; fair value through other comprehensive income – equity investment; fair value through profit or loss. All of the Group's financial assets are classified as measured at amortised cost.

Financial assets are not reclassified after initial recognition, except if the group changes business model for the management of the financial assets, in which case all the affected financial assets are reclassified as of the first day of the first reporting period following the change of the business model.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost value or fair value through profit or loss. The Group all financial liabilities are classified as measured at amortised cost.

Impairment – expected credit losses
The loss reserve for accounts receivable, contractual assets and lease receivables is always measured at an amount corresponding to the expected credit losses during the remaining term of the claim. The group uses a matrix for calculating the loss reserve with expected loss percentages divided into how many days a claim is late and which customer category the claim originates from. The loss percentages are based on historical experiences and specific conditions and expectations 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 measured at amortised cost are deducted from the gross value of the assets.

Derecognition
The reported gross value of a financial asset is derecognised when the group has no reasonable expectations of recovering a financial asset in its entirety or part thereof.

Removal from the statement of financial position (derecognition)
Financial liabilities
The Group derecognises a financial asset from the statement of financial position when the contractual rights to cash flows from the financial asset ceases or if it transfers the right to receive the contractual cash flows through a transaction in which all the risks and rewards of ownership have been transferred or in which the group does not transfer or retain in significance, all the risks and rewards of ownership and it does not retain control over the financial asset.

Financial liabilities
The Group derecognises a financial liability from the statement of financial position when the obligations stated in the agreement are fulfilled, are cancelled or expires. The Group also derecognises a financial liability when contractual conditions are modified and cash flows from the modified debt is significantly different. In that case, a new financial liability is recognised at fair value based on the modified terms and conditions.

When a financial liability is derecognised, the difference between the carrying amount that has been derecognised and the compensation that has been paid (including transferred non-monetary assets or assumed liabilities) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and recognised with a net amount in the statement of financial position only when the group has a legal right to offset the recognised amounts and intends to settle the items with net amount or to realise the asset at the same time and settle the debt.

Property, plant and equipment

Property, plant and equipment
Property, plant and equipment are recognised in the Group at acquisition cost after deductions for accumulated depreciation and any impairments. The acquisition cost includes the purchase price and expenses directly attributable to the asset for getting it on location and condition to be used in accordance with the purpose of the acquisition.

The carrying amount of an item of property, plant and equipment is derecognised from the statement of financial position at disposalor when no future economic benefits are expected from the use or disposal/decommissioning of the asset. Profit or loss which arises when selling or disposing of an asset consists of the difference between the selling price and the asset's carrying amount less direct sales costs. Profit and loss are recognised as other operating income/costs.

Additional Expenses
Additional expenses are added to the acquisition cost only if it is probable that the future economic benefits that are associated with the asset will benefit the company and the acquisition cost can be calculated in a reliable manner. All other additional expenses are reported as expenses in the period in which they arise.

Depreciation Principles
Depreciation takes place using the straight-line method over the asset's estimated useful life, in applicable cases taking into account the estimated residual value.

Depreciation methods, residual values and useful lives are reassessed at the end of each year.

Intangible Assets

Goodwill
Goodwill is measured at acquisition cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and are tested at least annually for impairment.

Research and development
Expenses for research aimed at gaining new scientific or technical knowledge are reported as expenses when they arise.

Expenses for development, where research results or other knowledge is applied to create new or improved products or processes, are recognised as an asset in the statement of financial position, if the product or process is technical 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; e.g. for materials and services, remuneration to employees, registration of a legal right, depreciation of patents and licences, borrowing costs in accordance with IAS 23. Other expenses for development are recognised in the year as an expense when they arise. The development costs recognised in the statement of financial position are recognised at acquisition cost less accumulated depreciation and any impairment losses.

Additional Expenses
Additional expenses for capitalised intangible assets are recognised 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 when they arise.

Depreciation Principles
Depreciation is recognised in profit/loss for the year on a straight-line basis over the estimated useful life 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 which is not yet ready to be used, is tested for impairment on an annual basis and as soon as indications arise, indicating that the asset in question has decreased in value. Intangible assets with definite useful life periods are amortised from the time when they are available for use.

Impairment of property, plant & equipment, intangible assets and right-of-use assets

If there is an indication of a need for impairment, the asset's recoverable value is calculated (see below). For goodwill, others intangible assets with an indefinite useful life and intangible assets that are not yet ready for use the recoverable amount is also calculated annually. If it is not possible to determine essentially independent cash flows for an individual asset, and its fair value minus selling expenses cannot be used, the assets are grouped in determining the need for impairment to the lowest level where it is possible to identify substantially independent cash flows – a so-called cash-generating unit.

An impairment loss is recognised when an asset or cash-generating unit (group of entities') carrying amount exceeds the recoverable amount. An impairment loss is recognised as an expense in profit/loss. When a need for impairment has been identified for a cash-generating unit (group of units) it is allocated primarily to goodwill. Thereafter, a proportional impairment of other assets included in the entity (the group of entities).

The recoverable amount is the higher of fair value less selling costs and value in use. When calculating value in use, future cash flows are discounted with a discount rate that takes into account risk-free interest rates and the risk that is associated with the specific asset.

Reversing of impairment losses

An impairment loss is reversed if there is an indication that the need for impairment no longer exists and it has there has been a change in the assumptions that formed the basis for the calculation of the recoverable amount. Impairment of goodwill is, however, never reversed. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, with deductions for depreciation where applicable, if no impairment had been made.

Inventories

Inventories are measured at the lower of cost and net realisable value. The acquisition cost for inventories is calculated by the application of the first-in, first-out (FIFU) method and includes expenses incurred in the acquisition of the inventory assets and transport them to their current location and condition. The net realisable value is the estimated sales price in the ongoing the business, after deductions for estimated costs to achieve sales.

Payment of capital to the owners

Dividends

Dividends are recognised as liabilities after the annual general meeting has approved the dividend.

Earnings per Share

The calculation of earnings per share before dilution is based on the year's profit in the group 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 lead to dilution effects have been for the Group.

Employee benefits

Short-term benefits

Short-term employee benefits are calculated without discounting and are recognised as expenses when the related services are obtained.

Defined contribution pension plans

Defined contribution pension plans are classified as plans where the company's obligation is limited to the fees the company has agreed to pay. If so, the size of the employee's pension depends on the fees that the company pays for the plan or to a insurance companies and the capital return that the fees 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 compensation). The Group's all pension plans are defined contribution and contributions to these are reported as an expense in the profit for the year as they are earned by the employees providing services to the company for a period.

Termination benefits

A cost for compensation in connection with termination of staff is recognised at the earliest point in time by when the company can withdraw the offer for employees or when the company recognises restructuring costs. The compensation that are expected to be settled after twelve months, to its present value. Compensation which is not expected to be settled entirely within twelve months are reported according to long-term benefits.

Provisions

A provision differs from other liabilities in that there is uncertainty about the payment date or the amount in order to regulate the provision. A provision is reported in the statement of financial position when there is an existing legal or informal obligation arising from 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 amount that is the best estimate of what is required to settle the existing obligation at the Balance Sheet Date. Where the effect of when payment takes place is significant, provisions are calculated by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical data on warranties and a weighting of potential outcomes in relation to the probabilities that the outcomes are associated with.

Contingent Liabilities

Information on contingent liabilities shall be provided when there is a possible obligation arising from past events and whose existence is only confirmed by one or more uncertain future events outside the control of the group or when there is a commitment which are not recognised 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.

Note 2 Revenue

Revenue streams

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

Disaggregation of revenue from agreements with customers

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

The Group

	Business segment								
	Cases			Other Products			Total		
SEK Million	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Geographic Market									
Americas	244.4	123.5	93.9	39.8	10.3	8.3	284.2	133.8	102.2
EMEA	224.2	166.2	139.3	52.1	41.1	39.8	276.3	207.3	179.1
APAC and Other	59.2	50.4	39.6	16.0	10.0	4.3	75.2	60.4	43.9
Time of revenue recognition									
Goods recognised at a point in time	527.8	340.1	272.8	108.0	61.4	52.4	635.8	401.5	325.2
Goods and services recognised over time	–	–	–	–	–	–	–	–	–
Total, net sales	**527.8**	**340.1**	**272.8**	**108.0**	**61.4**	**52.4**	**635.8**	**401.5**	**325.2**

The Group

Sales distributed by customer group

SEK Million	**2020**	**2019**	**2018**
Distributors	327.4	274.6	205.1
Resellers	308.3	126.9	120.2
Total	**635.7**	**401.5**	**325.2**

Contract balances

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

The Group

kSEK	**31 December 2020**	**31 December 2019**	**31 December 2018**
Accounts Receivable	93,505	109,997	78,098
Accrued income	–	–	–
Prepaid income	253	13	–

Note 3 Operating segments

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 Cases and Other products. Cases is the largest segment and includes the sale of computer cases, primarily within the market's premium segment aimed at gamers. Other products include the sale of supply units, cooling products and fans, also that which is aimed at gamers within the market's premium segments.

Group Operating Segment

	Cases			Other Products			Group-Wide			Total Consolidated		
KSEK	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Revenue from external customers	527,800	340,122	272,790	107,916	61,380	52,456				635,716	401,502	325,246
Product results	204,136	125,737	112,502	36,646	23,216	10,656				240,782	148,953	123,158
Other revenue in operating profit							16,255	9,181	10,159	16,255	9,181	10,159
Other expenses in operating profit/loss							–141,590	–100,511	–83,723	–141,590	–100,511	–83,723
Financial income							2	1,438	574	2	1,438	574
Financial expenses							–6,758	–4,017	–8,859	–6,758	–4,017	–8,859
Profit before tax										108,691	55,044	41,309

Product results correspond to the item Net Sales less the item Goods for resale in the group profit and loss statement.

The column Group-Wide refers, in summary, to the items in the group's income statement that are not subject to follow-up at segment level.

Note 3 Operating segments, cont.

Geographical areas

The Group

kSEK	2020	2019	2018
Revenue from external customers			
Sweden	26,054	25,807	30,521
US	263,745	120,252	99,713
Americas excluding USA	20,628	10,350	4,976
EMEA excluding Sweden	251,100	185,243	145,906
APAC and others	74,189	59,850	44,130
	635,716	**401,502**	**325,246**
Fixed assets			
Sweden	249,935	238,291	224,309
US	497	1,349	2,201
	250,432	**239,640**	**226,510**

Revenues from external customers have been attributed to individual countries according to the country from which the sale took place.

Information about major customers

In 2020, sales to an individual customer amounted to SEK 178.1 million. In 2019, the group had two major customers, which represented MSEK 46.1 and MSEK 44.4 of total sales. In 2018, the group had a larger customer who represented MSEK 60.4 of total sales.

Note 4 Other Operating Income

kSEK	2020	2019	2018
The Group			
Invoiced costs	4,605	2,160	2,993
Currency exchange differences	5,966	2,098	4,153
Miscellaneous	78	–	1,489
	10,649	**4,258**	**8,635**

The Group has large gross flows in foreign currency, mainly USD and both exchange gains and exchange losses occurs.

The table below shows gross profits and gross losses, which is presented net in the consolidated statement of profit or loss.

kSEK	2020	2019	2018
The Group			
Exchange gain	120,066	40,126	16,814
Exchange loss	–114,100	–38,028	–12,661
	5,966	**2,098**	**4,153**

Note 5 Employees, staff costs and senior executives' remuneration

Costs for employee benefits

kSEK	2020	2019	2018
The Group			
Salaries and remuneration, etc.	41,699	34,844	28,108
Pension costs, fee-based plans	2,006	1,626	1,260
Social security contributions	6,746	6,331	5,709
	50,451	**42,801**	**35,077**

Average number of employees

	2020	2019	2018
The Parent Company			
Sweden	2	2	2
Parent company in total	*2*	*2*	*2*
Subsidiaries			
Sweden	42	37	22
US	11	10	11
Taiwan	14	14	17
Subsidiaries in total	*67*	*61*	*50*
Group in total	**69**	**63**	**52**

Gender distribution in company management

	2020-12-31 Proportion men	2019-12-31 Proportion men	2018-12-31 Proportion men
The Group			
Board of Directors	80%	100%	100%
Other member of executive management	86%	86%	100%

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

	2020	2019	2018
	Senior executives (10 people)	**Senior executives (10 people)**	**Senior executives (9 people)**
The Group			
Salaries and other remuneration	9,960	8,149	7,958
(of which bonus etc.)	(2,318)	(1,115)	(1,618)
Pension costs	824	762	633

Note 5 Employees, personnel costs and senior executives' compensation, cont.

Salaries and remuneration to senior executives

The Parent Company

2020 SEK	Base salary board fee	Variable compensation	Pension Costs	Other compensation	Total
Chairman of the Board (Magnus Yngen)					
Compensation from the Parent Company	300,000			–	300,000
Compensation from subsidiaries				–	
Board member (Daniel Johnsson)					
Compensation from the Parent Company	46,800			–	46,800
Compensation from subsidiaries				–	
Board member (Pernilla Ekman)					
Compensation from the Parent Company	25,000			–	25,000
Compensation from subsidiaries				–	
CEO (Hannes Wallin)					
Compensation from the Parent Company	1,275,000	510,000	214,248	94,416	2,093,664
Compensation from subsidiaries				–	
Other member of executive management (6 people)					
Compensation from the Parent Company	939,648	375,859	153,252	120,174	1,588,933
Compensation from subsidiaries	3,572,076	1,431,964	456,027	445,584	5,905,651
Total	**6,158,524**	**2,317,823**	**823,527**	**660,174**	**9,960,048**
Compensation from the Parent Company	2,586,448	885,859	367,500	214,950	4,054,397
Compensation from subsidiaries	3,572,076	1,431,964	456,027	445,584	5,950,651

The remaining board members do not receive remuneration.

2019 SEK	Base salary board fee	Variable compensation	Pension Costs	Other compensation	Total
Chairman of the Board (Magnus Yngen)					
Compensation from the Parent Company	300,000				300,000
Compensation from subsidiaries					–
Board member (Daniel Johnsson)					
Compensation from the Parent Company	46,800				46,800
Compensation from subsidiaries					–
CEO (Hannes Wallin)					
Compensation from the Parent Company	1,118,160	229,310	220,670	187,112	1,755,252
Compensation from subsidiaries					–
Other member of executive management (7 people)					
Compensation from the Parent Company	907,290	197,347	107,562	136,352	1,348,551
Compensation from subsidiaries	3,268,012	688,325	434,193	307,583	4,698,113
Total	**5,640,262**	**1,114,982**	**762,425**	**631,047**	**8,148,716**
Compensation from the Parent Company	2,372,250	426,657	328,232	323,464	3,450,603
Compensation from subsidiaries	3,268,012	688,325	434,193	307,583	4,698,113

The remaining board members do not receive remuneration.

2018 SEK	Base salary board fee	Variable compensation	Pension Costs	Other compensation	Total
Chairman of the Board (Magnus Yngen)					
Compensation from the Parent Company	300,000				300,000
Compensation from subsidiaries					–
Board member (Daniel Johnsson)					
Compensation from the Parent Company	46,800				46,800
Compensation from subsidiaries					–
CEO (Hannes Wallin)					
Compensation from the Parent Company	1,044,480	420,000	199,038	148,553	1,812,051
Compensation from subsidiaries					–
Other member of executive management (6 people)					
Compensation from the Parent Company	881,521	354,000	68,269	90,987	1,394,777
Compensation from subsidiaries	2,998,567	844,000	365,268	196,364	4,404,199
Total	**5,271,368**	**1,618,000**	**632,575**	**435,884**	**7,957,827**
Compensation from the Parent Company	2,272,801	774,000	267,307	239,520	3,553,628
Compensation from subsidiaries	2,998,567	844,000	365,268	196,364	4,404,199

The remaining board members do not receive remuneration.

Note 6 Renumeration and cost reimbursement to auditors

kSEK	2020	2019	2018
The Group			
KPMG AB			
Audit assignment	225	170	160
Audit activities in addition to the audit assignment	465	68	10
Tax advice	250	–	–
Other assignments	1,614	–	–

The audit assignment refers to a statutory audit of the annual and consolidated accounts and accounts as well as the board of directors' and the CEO's management as well as audits and other reviews carried out in accordance with the agreement or agreement.

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

Note 7 Net financial items

The Group

kSEK	2020	2019	2018
Current financial receivables	2	–	6
Cash and cash equivalents	–	–	220
Financial assets measured at amortised cost	**2**	**–**	**226**
Exchange rate difference on current receivables	–	1,438	348
Financial revenue – other	**–**	**1,438**	**348**
Total financial revenue	**2**	**1,438**	**574**
Financial Costs			
Group liabilities measured at amortised cost – interest expenses	–841	–1,915	–6,977
Other liabilities measured at amortised cost – interest expenses	–2,029	–2,102	–1,881
Foreign exchange losses – net	–3,888	–	–
Financial Costs – Other	**–6,758**	**–4,017**	**–8,858**
Net financial expenses recognised in profit/loss	**–6,756**	**–2,579**	**–8,284**

Note 8 Income taxes

Recognised in the statement of profit/loss and other comprehensive income

The Group

kSEK	2020	2019	2018
Current tax expense (–)			
Tax expense for the year	–16,277	–9,933	–8,330
	–16,277	**–9,933**	**–8,330**
Deferred tax expense (–) /tax revenue (+)			
Deferred tax for temporary differences	–16	13	–43
Deferred tax attributable to untaxed reserves	–8,432	–2,357	–2,385
	–8,448	**–2,344**	**–2,428**
Total recognised income tax tax expense in the group	**–24,275**	**–12,277**	**–10,758**

Reconciliation of tax expense

The Group

kSEK		2020		2019		2018
Profit before tax		108,691		55,044		41,309
Tax according to the applicable tax rate for the Parent Company	*21.4%*	–23,260	*21.4%*	–11,779	*22.0%*	–9,088
Effect of other tax rates for foreign subsidiaries	0.0%		*–0.2%*	126	*–0.3%*	134
Non-deductible costs	1.3%	–1,465	*1.1%*	–623	*4.4%*	–1,804
Recognised tax expense	**22,7**	**–24,725**	***22.3%***	**–12,276**	***26.0%***	**–10,758**

Change in deferred tax in temporary differences and loss carryforwards

The Group

kSEK	Balance per 1 Jan 2020	Reported in This Year's Profit/Loss	Balance per 31 Dec 2020
Right-of-Use Assets	516	–322	194
Tax allocation reserve	6,611	5,285	11,896
Lease liabilities	–486	315	–171
	6,641	**5,278**	**11,919**

kSEK	Balance per 1 Jan 2019	Reported in This Year's Profit/Loss	Balance per 31 Dec 2019
Right-of-Use Assets	854	–338	516
Tax allocation reserve	4,254	2,357	6,611
Lease liabilities	–811	325	–486
	4,297	**2,344**	**6,641**

kSEK	Balance per 1 Jan 2018	Reported in This Year's Profit/Loss	Balance per 31 Dec 2018
Right-of-Use Assets	–	854	854
Tax allocation reserve	1,870	2,384	4,254
Lease liabilities	–	–811	–811
	1,870	**2,427**	**4,297**

Changed tax rate

From 1 January 2019, the tax rate in Sweden is 21.4% for companies with financial years starting 1 January 2019 or later. The tax rate is reduced to 20.6% for financial years starting 1 January 2021 or later.

Note 9 Earnings per Share

Earnings per Share

The Group

	Before and after dilution		
SEK	**2020**	**2019**	**2018**
Earnings per Share	82.52	41.98	30.05

Profit/loss for the year attributable to the Parent Company's shareholders

kSEK	**2020**	**2019**	**2018**
This year's profit/loss attributable to the Parent Company's shareholders	83,750	42,645	30,483
This year's profit/loss attributable to the Parent Company's shareholders	**83,750**	**42,645**	**30,483**
Number of outstanding shares at end of year	970,650	1,015,773	1,015,773
Weighted average number of shares	1,014,908	1,015,773	1,014,342

No financial instruments that may give rise to dilution effects have been issued.

In 2018, a new share issue was made which affected the average number of outstanding shares.

Note 10 Goodwill

The Group

kSEK	Intangible non-current assets		
Accumulated acquisition values	**2020**	**2019**	**2018**
Opening balance	210,167	210,167	210,167
Acquisitions	–	–	–
Closing balance	**210,167**	**210,167**	**210,167**

Impairment review of goodwill

The group's goodwill is entirely attributable to the parent company's acquisition of FD Sweden AB in 2016. No new businesses have been acquired or started up since then, which is why the impairment review of the value has been conducted on the entire group's operations excluding operations carried out in the parent company.

The impairment review has been 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 of directors. For year five, a growth of 10% has been used in the calculation. Thereafter, cash flows are based on an annual growth rate of 2%. The estimated cash flows have been calculated at present value with a discount rate of 12% after tax. Assumptions that are important in the business plan are described below.

Note 10 Goodwill, cont.

Important variables	**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 speed 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 specifically relate 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%, 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 11 Capitalised Development Costs

The Group

kSEK	Intangible non-current assets		
Accumulated acquisition values	**2020**	**2019**	**2018**
Opening balance	10,545	3,309	1,296
Internally developed assets	6,929	7,236	2,013
Closing balance	**17,474**	**10,545**	**3,309**
Accumulated depreciation			
Opening balance	–940	–459	–250
Depreciation for the year	–2,300	–481	–209
Closing balance	**–3,240**	**–940**	**–459**
Reported amounts	**14,234**	**9,605**	**2,850**

Note 12 Property, plant and equipment

The Group

kSEK	Inventory, Tools and Installations		
Accumulated acquisition values	**2020**	**2019**	**2018**
Opening balance	40,207	28,174	21,073
Acquisitions	13,781	12,033	7,101
Closing balance	**53,988**	**40,207**	**28,174**
Accumulated depreciation			
Opening balance	–22,843	–18,828	–15,081
Depreciation for the year	–6,058	–4,015	–3,747
Closing balance	**–28,901**	**–22,843**	**–18,828**
Reported values	**25,087**	**17,364**	**9,346**

Note 13 Right of use assets

The Group			
kSEK	Leasing assets		
Accumulated acquisition values	**2020**	**2019**	**2018**
Opening balance	5,571	5,271	2,690
Acquisitions	346	300	2,581
Closing balance	**5,917**	**5,571**	**5,271**
Accumulated depreciation			
Opening balance	–3,067	–1,125	–
Depreciation for the year	–1,906	–1,942	–1,125
Closing balance	**–4,973**	**–3,067**	**–1,125**
Reported values	**944**	**2,504**	**4,146**

Note 14 Inventories

The Group			
kSEK	**2020-12-31**	**2019-12-31**	**2018-12-31**
Finished goods and commodities	172,793	107,096	59,363
	172,793	**107,096**	**59,363**

Note 15 Trade receivables

Accounts receivable are reported according to account taken into consideration during the year for bad debt losses which amounted to SEK 0 (2019:0, 2018:67) in the Group. For the development of the credit loss reserve, see Note 24.

Note 16 Prepaid Costs and Accrued Income

The Group			
kSEK	**2020-12-31**	**2019-12-31**	**2018-12-31**
The Group			
Prepaid interest expenses		190	251
Prepaid insurance premiums	228	–	13
Other Prepaid Costs and Accrued Income	4,093	182	209
	4,321	**1,004**	**1,109**

Note 17 Cash and cash equivalents

The Group			
kSEK	**2020-12-31**	**2019-12-31**	**2018-12-31**
The following components are included in cash and cash equivalents:			
Cash and bank balances	15,368	14,942	13,093
Total according to the statement of financial position	**15,368**	**14,942**	**13,093**
Total as per the statement of cash flows	**15,368**	**14,942**	**13,093**

Note 18 Equity

Types of shares

Thousands of shares	**2020**	**2019**	**2018**
Ordinary shares			
Issued as of January 1	1,015,773	1,015,773	1,014,285
Cash issue			1,488
Withdrawal of shares	–45,123		
Issued as per 31 December – paid	**970,650**	**1,015,773**	**1,015,773**

As of 31 December 2020, the registered share capital included 970,650 ordinary shares (1,015,773 and 1,015,773).

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

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 statements in SEK.

Note 19 Interest-bearing liabilities

The following provides 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 changes, see Note 24.

The Group			
kSEK	**2020**	**2019**	**2018**
Long-Term Liabilities			
Liabilities to group companies	–	16,141	14,226
Lease liabilities	15	483	2,174
	15	**16,624**	**16,400**
Current Liabilities			
Overdraft Facility	65,089	29,507	49,746
Short-term part of leasing liabilities	817	1,878	1,765
	65,906	**31,385**	**51,511**

Terms and refund periods

The overdraft facility runs for one year starting on 23 February and the year in question. As of 31 December 2020, the credit granted was 120,000 (2019: 90,000, 2018: 90,000). The surety loan from Litorina IV L.P. matured in November 2023. However, partial repayment was made in 2018 and in May 2020 the remaining part including accrued interest was repaid. The interest rate has been 12.5%. As security for the overdraft facility, company mortgages of 120 000 kSEK (2019:40,000, 2018: 40 000) and the shares in the subsidiaries have been provided. The promissory note has been without collateral.

Note 20 Pensions

Defined contribution pension plans
The Group only has defined contribution pension plans. Payment to these plans is made on an ongoing basis in accordance with the rules in each plan.

kSEK	2020	2019	2018
The Group			
Insurance premiums	2,006	1,628	1,260

Note 21 Provisions

The Group

kSEK	2020-12-31	2019-12-31	2018-12-31
Guarantee obligations	1,692	1,601	1,120
Total	**1,692**	**1,601**	**1,120**

Total provisions

kSEK	2020-12-31	2019-12-31	2018-12-31
The Group			
Total carrying amount at the beginning of the period	1,601	1,120	400
Provisions made during the period	91	481	720
Total reported value at the end of the period	**1,692**	**1,601**	**1,120**

Provisions for warranties refer to product warranties. The provision is based on calculations made on historical data linked to product sales.

Note 22 Accrued expenses and Prepaid Income

kSEK	2020-12-31	2019-12-31	2018-12-31
The Group			
Accrued salaries	3,646	1,492	2,291
Accrued holiday pay	2,275	1,719	2,104
Accrued social security contributions	2,009	1,748	1,056
Accrued interest expenses	–	211	345
Accrued shipping costs	1,922	2,500	1,215
Other accrued expenses	7,728	5,446	2,733
	17,580	**13,116**	**9,744**

Note 23 Measurement of financial assets and liabilities

Classification and fair value
All financial assets and liabilities in the group are measured at amortised cost. The carrying amount is a reasonable approximation of the fair value.

Note 24 Financial risks and risk management

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

- Credit Risk
- Liquidity risk
- Market risk

Financial Risk Management Framework

The Group's finance policy for the management of financial risks has been designed by the Board and forms a framework of guidelines and rules in in the form of risk mandates and limits for financial operations. Responsibility for the Group's financial transactions and risks is managed is central to the group's finance function that exists in the subsidiary FD Sweden AB. The overall goal of the finance function is to provide cost-effective financing and to minimise negative effects on the Group's profit/loss which is primarily derived 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 includes all of the group's units. The planning is updated every quarter Liquidity planning is used to manage liquidity risk and costs for financing the group. The goal is for the Group to be able to meet its financial commitments in ups and downs as well as significant unforeseen costs. costs and without risking the Group's reputation. Liquidity risks are handled centrally for the entire group by the finance function in subsidiary Fractal Gaming AB.

The Group finances its operations partly through the operations' cash flow and partly through bank financing. Existing credit agreements contain restrictions on raising additional credit, making acquisitions and disposals, carrying out mergers, make changes to the operations, guarantee debts or incur other contingent liabilities and pledge mortgages.

For those present, the Group's credit agreement is in the form of a bank overdraft facility of MSEK 120 (SEK 2019:90 million and SEK 2018:90 million, respectively).

Until May 2020, the group was also financed by a loan from the Parent Company Litorina IV L.P. As of 31 December 2020, SEK 65,1 million (SEK 2019:30 million and 2018:50 MSEK) of the overdraft facility was utilised.

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

Repayment structure financial liabilities – undiscounted cash flows

The Group

2020

kSEK	Total	< 1 mon	1–3 mon	3 mon –1 yr	1–5 yr	> 5 yr
Overdraft Facility	65,089			65,089		
Accounts Payable	164,950	165,007	–5	–52		
Lease liabilities	832	175	229	413	15	
Total	**230,871**	**165,182**	**224**	**65,450**	**15**	**–**

2019

kSEK	Total	< 1 mon	1–3 mon	3 mon –1 yr	1–5 yr	> 5 yr
Overdraft Facility	29,507			29,507		
Liabilities to subsidiaries	16,141				16,141	
Accounts Payable	166,134	143,143	22,991			
Lease liabilities	2,528	107	398	1,479	544	
Total	**214,310**	**143,250**	**23,389**	**30,986**	**16,685**	**–**

2018

kSEK	Total	< 1 mon	1–3 mon	3 mon –1 yr	1–5 yr	> 5 yr
Overdraft Facility	49,746			49,746		
Liabilities to subsidiaries	14,226				14,226	
Accounts Payable	108,228	100,413	7,815			
Lease liabilities	4,477	106	381	1,462	2,528	
Total	**176,677**	**100,519**	**8,196**	**51,208**	**16,754**	**–**

Note 24 Financial risks and risk management, cont.

Market risk

The Group is mainly exposed to currency risk but credits also entails certain interest risk.

Interest risk

The Group's interest risk is mainly associated with the use of the bank overdraft and partly to the use of leasing as financing of right of use of premises and other fixed assets. The fixed interest period for the bank overdraft is currently 3 months, whereby the floating interest component Nordea Stibor (NSSu) is adjusted to the relevant level.

Currency risk

The Group's reporting currency is SEK and the Group is exposed to risks associated with fluctuating exchange rates in currencies other than SEK. The Group sells its products in USD and pays its suppliers mainly in USD. The

Group is further exposed to fluctuations in CNY because mechanisms in the supplier agreements mean that the price of goods purchased in some cases varies with the CNY rate. The Group is exposed to SEK/USD currency risk in the period between purchase and sale of goods because the currency flow is not hedged.

The Group is also exposed to currency risk in the recalculation of foreign operations' financial reports. At present, this exposure is not significant as the Group's business is mostly attributable to the Swedish subsidiary.

On the other hand, the transaction flow in foreign currencies is significant where SEK/USD represents the largest exposure. The currency exposure is monitored continuously by the management in accordance with the Group's guidelines for currency exposure but there is a risk that such follow-up is inadequate.

The group does not use hedging instruments to manage the currency risk since the net flow is in foreign currency. In 2020, a change of +/– 2 per cent in USD/SEK would have affected the Group's operating profitv within the range of SEK 3–4. The corresponding number 2019 was SEK 3,5-4 million.

Credit Risk

Credit risk is the risk that a customer or counterparty in a financial instrument cannot fulfill its commitment and thereby causes the group a financial loss and arises mainly from the group's accounts receivable.

Fractal Design has an active credit insurance and strives for at least 90 per cent of the accounts receivable to be secured in accordance with the Company's finance policy. For 2020, the credit losses after insurance compensation amounted to SEK 0 thousand (2019: SEK 0 thousand, 2018: SEK 67 thousand). The insurance cost for 2020 was SEK 751 thousand (2019:1,067, 2018: 845). The group has some customers who account for a significant share of sales, see note 3.

On 31 December 2020, credit exposure for accounts receivable per counterparty is as follows.

	Carrying amount		
kSEK	**2020**	**2019**	**2018**
Distributors	48,357	73,800	50,539
Resellers	45,448	36,197	24,671
Other	3,262	–	2,888
Total	**97,067**	**109,997**	**78,098**

On 31 December 2020, the carrying amount for the Group's largest customer was SEK 22,239 thousand (2019: SEK 12,904 thousand, 2018 SEK 12,204 thousand)

Reserves for expected credit losses

Assessment of expected credit losses

The group assesses its reserve for expected bad debt losses based on credit risk exposure in absolute numbers and its age structure. Based on historical experience, reserves are then reported with respect to the age of the exposures. If knowledge about credit deterioration among individual customers is obtained, the information is used to assess the individual receivables.

Changes in reserves for impairment losses of accounts receivable

kSEK	2020	2019	2018
Opening balance as of 1 January	**104**	**–**	**142**
Regulated amounts	–104	–	–142
New loss reserves	57	104	–
Closing balance as per 31 December	**57**	**104**	**–**

Capital management

According to the Board's policy, the Group's financial objective is to have a good financial position, which contributes to maintaining investors', creditors' and the market's trust and form the basis for continued development of the business; while the long-term return generated for the shareholders is satisfactory.

The dividend policy entails a goal of paying out 30 to 50% of the Group's net profit, taking into account other factors such as financial position, cash flow and growth opportunities.

The Group's credit agreement contains terms that mean net debt may not exceed 200% of an EBITDA measure.

Note 25 Leases

Leases where the company is the lessee
The group's leases relate primarily to premises and company cars. No leases contain covenants or other restrictions beyond the security of the leased asset. The Parent Company has not entered into any leases.

Amounts recognised in profit/loss

The Group

kSEK	2020	2019	2018
Depreciation and amortisation during the year	–1,906	–1,942	–1,125
Interest on lease liabilities	–38	–76	–54
Variable lease payments that are not included in the measurement of the lease liability	–297	–205	–549
Costs for short-term leases	–364	–363	–328
Costs for leases of low value, not short-term leases of low value	–4	–11	–12

For the maturity analysis of lease liabilities, see Note 24 Financial risks and risk management in the section on liquidity risk.

Amounts recognised in the statement of cash flows

The Group

kSEK	2020	2019	2018
Total cash outflows attributable to leases	2,609	2,533	2,275

The above cash outflow includes both amounts for leases recognised as lease liabilities, and amounts paid for variable lease payments, short-term leases and leases of low value.

Extension and termination options
Some leases contain extension options and futures that the Group can exercise and not use before the end of the non-cancellable lease term. When it is practical, the Group tries to include such options in new leases as it contributes to operational flexibility. Whether it is reasonably certain that a extension options will be exercised or not set on the initial date of the lease.

The Group reconsiders whether it is reasonably certain that an extension option will be exercised or not if there is an important events or significant changes in circumstances within the Group's control.

Note 26 Pledged collateral, contingent liabilities and contingent assets

The Group

kSEK	2020-12-31	2019-12-31	2018-12-31
Collateral pledged			
In the form of pledged collateral for own debt and provisions			
Chattel	120,000	40,000	40,000
	120,000	**40,000**	**40,000**
Total Collateral pledged	**120,000**	**40,000**	**40,000**

Note 27 Related parties

Related parties relationships
In 2019 and 2018, the Parent Company and the group were partly financed through loans from Litorina IV L.P., which is the Parent Company of FDGI Holding AB. The debt amount is shown on the consolidated balance sheets and interest expenses are shown in note 7. Wages and remuneration to management and key staff are set out in note 5.

Related party transactions are priced on market terms.

Note 28 Group Companies

The business is primarily conducted in Fractal Gaming AB, which in turn has two subsidiaries - Fractal Design North America Inc. and Fractal Design Swedish Taiwan Ltd. The US subsidiary conducts marketing, sales and technical support in the North American market, while the company in Taiwan is responsible for, among other things, purchasing and quality assurance of the company's products.

Holdings in subsidiaries

Subsidiary registered office, country	Ownership in %		
	2020-12-31	2019-12-31	2018-12-31
Fractal Gaming AB, 556799-7506, Gothenburg. 600 sahres corresponding to 100%	100%	100%	100%
Fractal Design North America Inc, Frisco, Texas USA	100%	98%	98%
Fractal Design Swedish Taiwan Co, Ltd, Taipei, Taiwan	100%	100%	100%
Fractal Design (Dongguan) Co., Ltd, Dongguan City, China	100%	–	–

Note 29 Specification to the statement of cash flows

Cash and cash equivalents

kSEK	2020-12-31	2019-12-31	2018-12-31
The Group			
The following components are included in cash and cash equivalents:			
Cash and bank balances	15,368	14,942	13,093
Total as per balance sheet	**15,368**	**14,942**	**13,093**
Total as per the statement of cash flows	–	–	–

Adjustment for items not included in cash flow

kSEK	2020	2019	2018
The Group			
Depreciations	12,170	6,441	5,081
Currency translation operating receivables, operating liabilities, bank	–8,281	–3,043	
Translation differences group-internal	114	281	103
Changes in provisions	91	481	720
	4,094	**4,160**	**5,904**

Transactions which do not involve payments

kSEK	2020	2019	2018
The Group			
Acquisition of assets through leases	274	300	2,581

Note 29 Specifications for the statement of cash flows, cont.

Changes in liabilities from financing activities – the Group

kSEK	Bank overdraft	Promissory note loan from Parent Company	Lease liabilities	Total Liabilities originating from financing activities
The Group				
Opening balance 2020	29,507	16,141	2,362	48,010
Cash Flow from Financing Activities				
Net change, bank overdraft	35,582			–
Borrowings				–
Amortisation of Loans		–16,981		–16,981
Amortisation of Lease Liabilities			–1,906	–1,906
Other changes				–
Capitalised interest		840		840
Additional lease liabilities			274	274
Closing balance 2020	**65,089**	**–**	**730**	**30,237**
Opening balance 2019	49,746	14,226	3,939	67,911
Cash Flow from Financing Activities				
Net change	–20,239			–20,239
Amortisation of Lease Liabilities			–1,877	–1,877
Other changes				–
Capitalised interest		1,915		1,915
Additional lease liabilities			300	300
Total other changes				–
Closing balance 2019	**29,507**	**16,141**	**2,362**	**48,010**
Opening balance 2018	46,123	57,249	2,690	106,062
Cash Flow from Financing Activities				
Net change	3,623			3,623
Amortisation of Loans		–50,000		–50,000
Amortisation of Lease Liabilities			–1,332	–1,332
Other changes				
Capitalised interest		6,977		6,977
Additional lease liabilities			2,581	2,581
Closing balance 2018	**49,746**	**14,226**	**3,939**	**67,911**

Credits not utilised

kSEK	2020	2019	2018
The Group			
Unused credit amounts to	54,911	41,254	43,877

Note 30 Events after the balance sheet date

On 25 January, the Company disclosed its intention to list its shares on First North Premier Growth Market. After the balance date, registration has been made of the name change to Fractal Gaming Group AB. An extraordinary shareholders' meeting has resolved on a split and the number of shares amounts to 29,117,500 shares after the resolution. Further, the Company's change from a private company to a public company and the bonus issue resulting in the share capital amounting to SEK 500,000 has been approved.

During January 2021, the Company has entered into an amendment agreement with Nordea regarding the bank overdraft agreement. The amendments to the earlier agreements primarily concerns adaptions towards a listed environment such as enabling dividends to be paid out. The credit facility is prolonged to 28 February 2022 and is annually renewed unless a party terminates the agreement.

Note 31 Significant judgements and estimates

Significant judgements when applying the group's accounting practices
Some significant accounting judgements made when applying the group's accounting practices are described below.

Payments to customers
The Group makes payments to customers, partly as compensation for the execution of specific marketing activities in terms of the Group's products and/or trade marks, partly through sales-based discounts. The first payments are recognised as marketing costs and the latter are recognised as a reduction in the group's net sales.

Leases
Some leases contain extension options and termination options that the group can exercise and not use before the end of the non-terminable lease period. Where possible, the group includes such options in new leases as they contribute to operational flexibility. An assessment as to whether it is reasonably certain that extension options will be exercised on the initial date of the lease. The group reassessesses the lease period at the occurrence of an important event or significant changes in circumstances which lie within the control of the group and which affects whether it is reasonably certain that the Group will exercise (or not exercise) an option included in the original the agreement.

Significant sources of uncertainties in estimates
The sources of uncertainties in the estimates listed below refer to those that involve a significant risk that assets or the value of the debts may need to be significantly adjusted during the coming fiscal year.

Impairment testing of goodwill
When calculating the recoverable amount of cash-generating units for the assessment of any impairment needs for goodwill, several assumptions have been made about future conditions and estimates of parameters. An account of these can be found in note 10. As understood by the description in note 10, in 2021 changes to the conditions for these assumptions and estimates be able to have a significant effect on the value of goodwill.

Recoverability of capitalised development costs
The Group has capitalised costs for its product development work. In light of current and estimated expected development regarding the sale of these products, no indications of impairment needs have been identified. A change in the conditions for these assumptions and estimates could have a significant effect on the value of the activated development costs.

Note 32 Information about the parent company

Fractal Gaming Group AB (publ), org nr 559080-2970, is a Swedish registered limited company with its registered office in Stockholm. The address of the head office is Datavägen 37, 436 32 Askim.

The consolidated accounts for 2020 consist of the Parent Company and its subsidiaries, collectively referred to as the Group.

Fractal Gaming Group AB is a subsidiary of Litorina IV L.P., company no. LP014049, with registered office in Jersey.

Note 33 Explanations regarding transition to IFRS

The consolidated accounts for the group is the first prepared in accordance with IFRS, as set out in Note 1.

The accounting practices set out in Note 1 have been applied in the preparation of the group's financial statements for the fiscal year 2020 and for the comparative years 2019 and 2018 and for the Group's opening balance on 1 January 2018. At the statement of the Group's opening balance sheet has amounts recognised in accordance with previously applied accounting practices adjusted in accordance with IFRS. Explanations for how the transition from previous accounting practices to IFRS has affected the group's financial position, financial results and cash flows are shown in the following tables and explanations for these.

IFRS 3

Business combinations before 2018-01-01 have not been recalculated. After this date, no depreciation is made on intangible assets with an indefinite useful life, which for the group has meant goodwill.

IFRS 16

Under previously applied accounting practices, leases were classified as operating or financial. Transition to IFRS has resulted in lease agreements being recognised as a right-of-use asset that represents a right to use it the underlying asset and a lease liability that represents an obligation to pay leasing fees. Right-of-Use Assets and lease liabilities have not been recognised for leases for which the lease period ends in 12 months or earlier (short-term leases) and for leases with underlying low-value asset. In the income statement the lease expense is replaced with depreciation and interest costs.

Effects on statement of profit or loss, balance sheet and equity

The following summaries show the above effects on the income statement, balance sheet and equity as if IFRS had been applied in 2018 and 2019.

Statement of financial position for the group, 1 January 2018

kSEK	As per previous policies	Effect of IFRS16	According to IFRS
Assets			
Goodwill	210,167		210,167
Capitalised Development Costs	1,046		1,046
Property, plant and equipment	5,992		5,992
Right-of-Use Assets	–	2,690	2,690
Total Non-current Assets	**217,205**	**2,690**	**219,895**
Inventories	34,658		34,658
Accounts Receivable	82,064		82,064
Prepaid expenses and Accrued Income	722		722
Other Receivables	301		301
Cash and cash equivalent	1,396		1,396
Total Current Assets	**119,141**	**–**	**119,141**
Total Assets	**336,346**	**2,690**	**339,036**
Shareholders' Equity			
Share Capital	101		101
Other equity Including Profit/Loss for the Year	150,186		150,186
Equity attributable to Parent Company's Shareholders	**150,287**	**–**	**150,287**
Non-controlling interests			–
Total Equity	**150,287**	**–**	**150,287**
Liabilities			
Liabilities to Group companies	57,249		57,249
Long-Term Lease Liabilities		1,358	1,358
Other Provisions	400		400
Deferred Tax Liabilities	1,870		1,870
Total Non-current Liabilities	**59,519**	**1,358**	**60,877**
Overdraft Facility	46,123		46,123
Current Lease Liabilities		1,332	1,332
Accounts Payable	70,791		70,791
Income tax Liabilities	2,103		2,103
Other Liabilities	1,395		1,395
Accrued Expenses and Prepaid Income	6,128		6,128
Total Current Liabilities	**126,540**	**1,332**	**127,872**
Total Liabilities	**186,059**	**2,690**	**188,749**
Total Equity and Liabilities	**336,346**	**2,690**	**339,036**

Note 33 Explanations regarding transition to IFRS, cont.

Statement of profit/loss for the Group, 1 January – 31 December 2018

kSEK	As per previous policies	Effect of IFRS16	Depreciation goodwill	Sales discounts and currency differences	According to IFRS
Net Sales	339,503			–14,257	325,246
Capitalised Development expenditure	1,524				1,524
Other Operating Income	21,296			–12,661	8,635
	362,323	**–**	**–**	**–26,918**	**335,405**
Goods for Resale	–202,088				–202,088
Other External Expenses	–56,357	1,386		14,257	–40,714
Personnel Expenses	–37,909				–37,909
Depreciation of non-current assets	–27,597	–1,125	23,622		–5,100
Other Operating Expenses	–12,661			12,661	–
Operating Profit	**25,711**	**261**	**23,622**	**–**	**49,594**
Finance income	574				574
Finance expenses	–8,805	–53			–8,858
Net financial items	**–8,231**	**–53**	**–**	**–**	**–8,284**
Profit before tax	**17,480**	**208**	**23,622**	**–**	**41,310**
Income taxes	–10,715	–43			–10,758
This Year's Profit/Loss	**6,765**	**165**	**23,622**	**–**	**30,552**
Other comprehensive income					
Items that have been Reclassified or can be Reclassified to Profit/Loss for the Year					
Translation Differences for the Year for Translation of Foreign Subsidiaries	103				103
Other Comprehensive Income for the Year	**103**	**–**	**–**	**–**	**103**
Total comprehensive income for the Year	**6,868**	**165**	**23,622**	**–**	**30,655**
This Year's Profit/Loss Attributable to:					
Parent company owner	6,696	165	23,622		30,483
Non-controlling interests	69				69
	6,765	**165**	**23,622**	**–**	**30,552**
Total Profit/Loss for the Year Attributable to:					
Parent company owner	6,799	165	23,622		30,586
Non-controlling interests	69				69
	6,868	**165**	**23,622**	**–**	**30,655**

Note 33 Explanations regarding transition to IFRS, cont.

Statement of financial position for the group, 31 December 2018

kSEK	As per previous policies	Effect of IFRS16	Depreciation goodwill	Depreciation goodwill	According to IFRS
Assets					
Goodwill	186,545		23,622		210,167
Capitalised Development Costs	2,850				2,850
Property, plant and equipment	9,346				9,346
Right-of-Use Assets	–	4,146			4,146
Total Non-current Assets	**198,741**	**4,146**	**23,622**	**–**	**226,509**
Inventories	59,363				59,363
Accounts Receivable	78,098				78,098
Prepaid expenses and Accrued Income	1,109				1,109
Other Receivables	3,440				3,440
Cash and cash equivalents	13,093				13,093
Total Current Assets	**155,103**	**–**	**–**	**–**	**155,103**
Total Assets	**353,844**	**4,146**	**23,622**	**–**	**381,612**
Shareholders' Equity					
Share Capital	101				101
Other Contributed Capital	177 899				177,899
Reserves	103				103
Other equity Including Profit/Loss for the Year	–20 516	164	23,622		3,270
Equity attributable to Parent Company's Shareholders	**157,587**	**164**	**23,622**	**–**	**181,373**
Non-controlling interests	**69**				**69**
Total Equity	**157,656**	**164**	**23,622**	**–**	**181,442**
Liabilities					
Liabilities to Group companies				14,226	14,226
Long-Term Lease Liabilities		2,174			2,174
Other Provisions	1,120				1,120
Deferred Tax Liabilities	4,254	43			4,297
Total Non-current Liabilities	**5,374**	**2,217**	**–**	**14,226**	**21,817**
Overdraft Facility	49,746				49,746
Current Lease Liabilities		1,765			1,765
Accounts Payable	108,228				108,228
Income tax Liabilities	7,436				7,436
Other Liabilities	8,683			–7,249	1,434
Accrued Expenses and Prepaid Income	16,721			–6,977	9,744
Total Current Liabilities	**190,814**	**1,765**	**–**	**–14,226**	**178,353**
Total Liabilities	**196,188**	**3,982**	**–**	**–**	**200,170**
Total Equity and Liabilities	**353,844**	**4,146**	**23,622**	**–**	**381,612**

Note 33 Explanations regarding transition to IFRS, cont.

Statement of profit/loss for the Group, 31 December 2019

kSEK	As per previous policies	Effect of IFRS16	Depreciation goodwill	Sales discounts and currency differences	According to IFRS
Net Sales	419,116			–17,614	401,502
Capitalised Work on Own Account	4,924				4,924
Other Operating Revenue	42,286			–38,028	4,258
	466,326	**–**	**–**	**–55,642**	**410,684**
Goods for Resale	–252,551				–252,551
Other External Costs	–67,540	1,954		17,614	–47,972
Personnel Costs	–46,094				–46,094
Depreciation of fixed assets	–28,119	–1,942	23,618		–6,443
Other Operating Expenses	–38,028			38,028	–
Operating Profit	**33,994**	**12**	**23,618**	**–**	**57,624**
Financial revenue	1,438				1,438
Financial costs	–3,941	–76			–4,017
Net financial items	**–2,503**	**–76**	**–**	**–**	**–2,579**
Profit before tax	**31,491**	**–64**	**23,618**	**–**	**55,045**
Taxes	–12,290	13			–12,277
This Year's Profit/Loss	**19,201**	**–51**	**23,618**	**–**	**42,768**
Other total profit					
Items that have been Reclassified or can be Reclassified to Profit/Loss for the Year					
Translation Differences for the Year for Translation of Foreign Subsidiaries	240				240
Other Comprehensive Profit/Loss for the Year	**240**	**–**	**–**	**–**	**240**
Comprehensive Profit/Loss for the Year	**19,441**	**–51**	**23,618**	**–**	**43,008**
This Year's Profit/Loss Attributable to:					
Parent company owner	19,078	–51	23,618		42,645
Holdings Without Controlling Influence	123	–			123
	19,201	**–51**	**23,618**	**–**	**42,768**
Total Profit/Loss for the Year Attributable to:					
Parent company owner	19,318	–51	23,618		42,885
Holdings Without Controlling Influence	123	–			123
	19,441	**–51**	**23,618**	**–**	**43,008**

Note 33 Explanations regarding transition to IFRS, cont.

Statement of financial position for the Group, 31 December 2019

kSEK	As per previous policies	Effect of IFRS16	Depreciation goodwill	Depreciation goodwill	According to IFRS
Assets					
Goodwill	162,925		47,242		210,167
Capitalised Development Costs	9,605				9,605
Tangible Fixed Assets	17,364				17,364
Right-of-Use Assets	–	2,504			2,504
Total Fixed Assets	**189,894**	**2,504**	**47,242**	**–**	**239,640**
Inventories	107,096				107,096
Accounts Receivable	109,997				109,997
Prepaid Costs and Accrued Income	1,004				1,004
Other Receivables	103				103
Cash Equivalents	14,942				14,942
Total Current Assets	**233,142**	**–**	**–**	**–**	**233,142**
Total Assets	**423,036**	**2,504**	**47,242**	**–**	**472,782**
Shareholders' Equity					
Share Capital	101				101
Other Contributed Capital	177,899				177,899
Reserves	343				343
Retained Earnings Including Profit/Loss for the Year	–1,440	114	47,242		45,916
Equity attributable to Parent Company's Shareholders	**176,903**	**114**	**47,242**	**–**	**224,259**
Holdings Without Controlling Influence	**123**				**123**
Total Equity	**177,026**	**114**	**47,242**	**–**	**224,382**
Liabilities					
Liabilities to Group companies				16,141	16,141
Long-Term Leasing Liabilities		483			483
Other Provisions	1,600				1,600
Deferred Tax Liabilities	6,613	29			6,641
Total Long-Term Liabilities	**8,212**	**512**	**–**	**16,141**	**24,865**
Overdraft Facility	29,507				29,507
Current Leasing Liabilities		1,878			1,878
Accounts Payable	166,134				166,134
Tax Liabilities	12,667				12,667
Other Liabilities	16,373			–16,141	232
Accrued Costs and Prepaid Income	13,116				13,116
Total Current Liabilities	**237,798**	**1,878**	**–**	**–16,141**	**223,534**
Total Liabilities	**246,010**	**2,390**	**–**	**–**	**248,399**
Total Equity and Liabilities	**423,036**	**2,504**	**47,242**	**–**	**472,782**

The Auditor's report

This is a literal translation of the Swedish original

Independent auditor's report

To the Board of Directors of Fractal Gaming Group AB (publ), corporate identity number 559080-2970

Report on the consolidated accounts

Opinions

We have audited the consolidated financial statements of Fractal Gaming Group AB (publ) (below "the entity" and together with subsidiaries "the Group" in the pages of F-3–F-29 including the Group's balance sheet, the Group's statement of profit or loss and other comprehensive income, the Group's statement of cashflows and the Group's statement of changes in equity together with information of adopted accounting principles and notes for these years.

In our opinion, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and present fairly, in all material respects, the financial position of the Group as of the 31 December 2020, 2019 and 2018 and their financial performance and cash flow for each of the three financial years ending the 31 December 2020 in accordance with IFRS.

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 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 and the Managing Director are responsible for the preparation of the consolidated financial statements and that they give a fair presentation 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, The Board of Directors and the Managing Director are responsible for the assessment of 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 intends to liquidate the entity, 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 consolidated financial statements as a whole are free from material misstatements, 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 consolidated financial statements.

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 consolidated financial statements, 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, misrepresentation, or the override of internal control.
- Obtain an understanding of the Group'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 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 consolidated financial statements. 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 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the consolidated financial statements. 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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 financial statements. 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.

Gothenburg 2nd February 2021

KPMG AB

Mathias Arvidsson

Authorized Public Accountant

Addresses

THE COMPANY

Fractal Gaming Group AB (publ)
Datavägen 37B
SE-436 32 Askim
Sweden
Telephone number: +4631-380 71 00
www.fractalgaminggroup.com

SOLE GLOBAL COORDINATOR AND JOINT BOOKRUNNER

Carnegie Investment Bank AB (publ)
Regeringsgatan 56
SE-111 56 Stockholm
Sweden

JOINT BOOKRUNNER

ABG Sundal Collier AB
Regeringsgatan 65
SE-111 56 Stockholm
Sweden

CERTIFIED ADVISOR

FNCA Sweden AB
Box 5216
SE-102 45 Stockholm
Sweden

AUDITOR

KPMG AB
Vasagatan 16
SE-111 20 Stockholm
Sweden

LEGAL ADVISER TO THE COMPANY

Advokatfirman Vinge KB
Smålandsgatan 20
SE-111 46 Stockholm
Sweden

EXCLUSIVE RETAIL DISTRIBUTOR

Avanza Bank AB (publ)
Regeringsgatan 103
SE-111 39 Stockholm
Sweden

LEGAL ADVISER TO THE SOLE GLOBAL COORDINATOR AND THE JOINT BOOKRUNNERS

Cirio Advokatbyrå AB
Mäster Samuelsgatan 20
Box 3294
SE-103 65 Stockholm

Fractal

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