Q3 2023

STRAX

STRAX – Tough trading conditions remain, yet managed to complete first divestment process

- The Group's sales for the period January 1 – September 30, 2023, amounted to MEUR 20.4 (25.9) with a gross margin of 14.2 (17.9) percent.
- The Group's result for the period January 1 – September 30, 2023, amounted to MEUR -26.6 (-6.4) corresponding to EUR -0.22 (-0.05) per share.
- EBITDA from remaining operations for the period January 1 – September 30, 2023, amounted to MEUR -14.6 (-2.1).
- Equity as of September 30, 2023, amounted to MEUR -33.6 (4.7) corresponding to EUR -0.28 (0.04) per share.
- Auditors' review report of the interim report includes a reservation concerning the Segment distribution as well as information of special importance.
- As of September 30, 2023, STRAX is not fulfilling the special conditions in the loan agreement with PCP due to the development of profitability and financial position in the Group. STRAX board and management is working closely with PCP on the strategical and tactical plan to return to compliance of the agreement. The plan includes divestment of non-core assets to increase focus as well as reduce costs and lightening the balance sheet and in the longer perspective increase the financial position of the Group. In addition, several initiatives have been taken to partially divest and find strong financial partners for core parts of the business to ensure they can continue to grow and prosper without being limited by the constrained cash of the Group. With these initiatives we are optimistic STRAX will be sitting on solid assets that will continue to develop in the right direction and generate value for STRAX and its stakeholders. STRAX is now executing the plan and expects to considerably lower the debt level of the Group during 2023 and 2024 and in particular repay significant parts of the outstanding amounts under the loan agreement. The board and management have taken numerous actions to ensure the remaining business returns to profitability as well as taking actions on loss making operations being discontinued. After the end of the period STRAX has received a waiver from PCP concerning the breach.
- STRAX signed a MEUR 10 investment agreement with ZEBRA Invest GmbH, a Germany based investment company, for 50.1% ownership of its European based distribution business. All closing conditions have been fulfilled and the transaction closed during the period. The divestment of the majority ownership in the European Distribution represented the full Segment "Distribution" and as an effect it has been reported applying IFRS – Discontinued operations. The effect is that the profit or loss for the period January 1 – September 30, 2023 and July 1 – September 30, 2023 and corresponding figures last year has been reported Profit/loss from discontinued operations in the Income statement. The result relating to the divestment of the Distribution, including goodwill, amounted to MEUR 0.5.
- STRAX subsidiary Urbanista launched Malibu, the world's first solar charging speaker using Powerfoyle solar cell technology by Exeger. Following the previous highly successful launches of the Los Angeles solar charging headphones in 2021 and Phoenix earphones in 2022, the addition of the Malibu speaker to the family of solar powered products completes the brand's offering in the segment. The launch of Malibu speaker further cements Urbanista's position as the leader in the category in the audio space.
- Pia Anderberg decided to resign as a Board Member. Pia was elected as a Board Member in 2018 and has ever since contributed greatly to STRAX. Pia Anderberg has several other board assignments and has recently accepted to join the board of a larger corporation and in light of this will no longer have capacity to be engaged as a board member of STRAX.

"We remain committed to completing our restructuring plan with the objective of presenting a better funded, leaner, and simpler company that has solid growth potential with healthy underlying margins. Our entire team is fully engaged to achieve the desired outcome and I'm thankful for their continued belief in our mission. Once and again, I would like to thank all our stakeholders for their patience and support whilst we future proof STRAX ".

Gudmundur Palmason, CEO

COMMENTS FROM THE CEO

External trading conditions for smartphones and accessories have remained challenging throughout 2023 and we don't expect improvements thereof until H1 2024. This has however not held us back from executing our restructuring plan to improve liquidity and strengthen our balance sheet. In Q3 we completed a transaction for 50.1% of our European distribution platform and we remain focused on executing the previously communicated divestments in the coming months.

The transaction date of the share capital increase of the European distribution business of STRAX was 1 July 2023 and from that date onwards that business will no longer be considered as part of the consolidated financial statements of STRAX AB but accounted for using the equity method. Effectively this makes the comparison to prior periods somewhat difficult and to address that we have restated prior periods to reflect this change in our reported results. During Q3 we have furthermore taken steps to reduce our balance sheet through revaluation of certain assets impacting on our profit and losses in the period.

Q3 in numbers
Sales in Q3 amounted to MEUR 6.0 (6.8), corresponding to a decrease of MEUR 0.8 or 11.8% compared to last year. Gross margin for the period was negative as a result of the impact from MEUR 5 devaluations of assets compared with 43.5% during same period in 2023. EBITDA during the quarter was MEUR -12.7 and decreased MEUR -9 YoY.

Execution of restructuring plan
Our restructuring plan involves divesting the parts of our business that no longer fit into the future STRAX, with those being Health & Wellness and the licensing business operated under Telecom Lifestyle Fashion, both being considered discontinued. The plan furthermore involves selling a minority stake in some of our own brands. The outcome will be a more focused and profitable STRAX consisting of our own brands Urbanista, Clckr and Planet Buddies.

During the quarter, we completed MEUR 10 investment agreement with ZEBRA Invest GmbH, a German based investment company, for 50.1% ownership of the European based distribution business. We have already sold grell and Dóttir has been phased out.

It is imperative for us to execute all contemplated transactions to reduce our interest-bearing debt further and at the same time improve liquidity. We currently are engaged with strategic buyers for both Health & Wellness and Telecom Lifestyle Fashion (licensing business) where our goal is to complete both transactions this year. With the current market conditions however, there are challenges in closing transactions, and we have seen delays in the plan to some part, but we continue to drive this work with a great deal of focus and do expect further progress during Q4.

STRAX for the future – mobile accessories and personal audio products
With the completion of transactions related to our discontinued operations and the sale of the majority ownership of STRAX European Distribution we end up as a pure house of brands company, where our minority ownership in STRAX Distribution will be accounted for at equity. The remaining brands will be Urbanista, Clckr, and Planet Buddies, in addition to private label mobile accessories business. This ultimate outcome will provide for a much leaner and simpler operating structure and improved transparency. This will furthermore enable management to focus on the parts of the business that have stronger underlying growth potential. All our own brands have furthermore good growth potential via online marketplaces, where they are supported by Brandvault, our online marketplace and content specialist business unit.

We remain committed to completing our restructuring plan with the objective of presenting a better funded, leaner and simpler company that has solid growth potential with healthy underlying margins. Our entire team is fully engaged to achieve the desired outcome and I'm thankful for their continued belief in our mission. Once and again, I would like to thank all our stakeholders for their patience and support whilst we future proof STRAX.

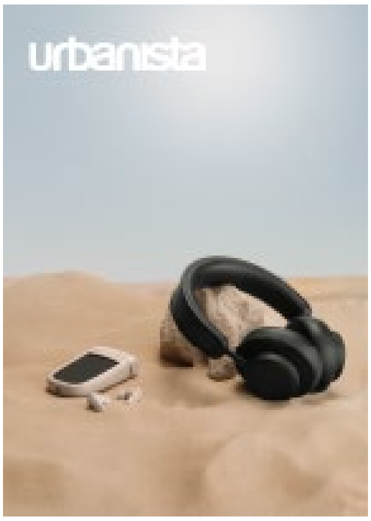
WE INNOVATE, WE CREATE, WE INSPIRE, WE DELIVER

STRAX is a global leader in accessories that empower mobile lifestyles. Our portfolio of branded accessories covers all major mobile accessory categories: Protection, Power, Connectivity, as well as Personal Audio. Own brands are Urbanista, Clckr, Planet Buddies and RichmondFinch. Our brands reach a broad customer base, through 70 000 brick and mortar stores around the globe, as well as through online marketplaces and direct-to-consumers.

Founded as a trading company in 1995, STRAX has since expanded worldwide and evolved into a global brand business. Today we have approximately 90 employees in 6 countries. STRAX is listed on the Nasdaq Stockholm stock exchange.

Discontinued operations include Health & Wellness, and licensed brand portfolio of adidas and Diesel.

OWN BRANDS - MOBILE ACCESSORIES

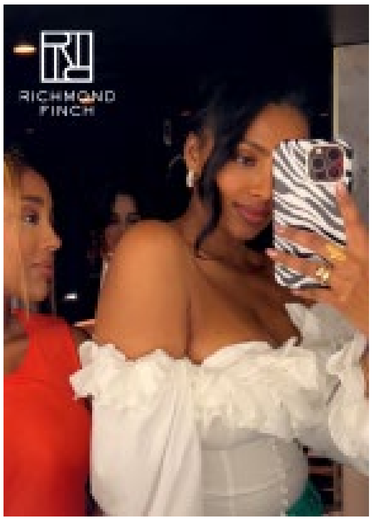


HIP AUDIO ACCESSORIES WITH SCANDINAVIAN DESIGN

Based in Stockholm, Urbanista is a market leader in its region, combining avant-garde design with the latest in audio technology. The products are designed for a life in motion and built to inspire and endure.

A UNIVERSAL PHONE GRIP AND STAND

A patented universal and multi-functional phone grip that helps prevent users dropping their phone, enables better quality selfies and a more enhanced mobile video watching experience. A thin and stylish design, Clckr is easy to apply using 3M-adhesive which will not leave residue.



PREMIUM LIFESTYLE BRAND

RichmondFinch is a Scandinavian tech accessories brand. RichmondFinch designs and produces contemporary mobile phone and travel accessories. The unisex lifestyle brand creates unique designs which reflect current fashion trends.

DISCONTINUED - OWN BRANDS

CHILDRENS BRAND

Planet Buddies have created a range of kids' accessories based on a variety of colorful characters who represent endangered, vulnerable, and threatened species of animals from all over the world. Their goal is to educate children about the issues that threaten animals with extinction at the same time as offering great and fun products such as headphones and speakers.

HIGH-END PERSONALIZED LISTENING EXPERIENCES

Designed to make high-end audio quality more accessible, grell headphones offer personalized listening experience at a price that reflects the cost for quality of the sound, alone. Created by renowned headphone engineer Axel Grell, grell headphones feature a unique combination of high-end technological components, German design, and meticulous attention to detail

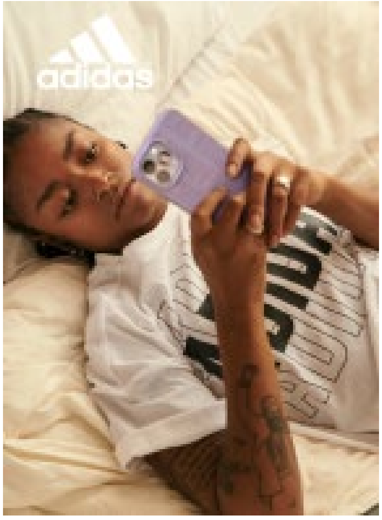
HEADPHONES FOR WORLD CLASS ATHLETES

Dóttir started as an idea between friends that popped up on a stroll around London, creating a headphone for World Class athletes that allows them to train freely without outside distraction. From there it has grown into something much bigger, not only a brand that creates headphones for athletes but a brand that supports female empowerment and equality.

DISCONTINUED - LICENCED BRANDS

FOR ACTIVE USE IN THE GYM AND OUTDOORS

adidas Sports aims to set a new bar in the fast-growing market of tech accessories. The new collection of sports cases consists of a variety of flexible armbands, smart waist straps and highly protective anti-slip and anti-shock cases. The adidas Sports cases are carefully designed to protect smartphones during intense workouts or outdoor activities.



STREET WEAR INSPIRED PROTECTION

adidas Originals continues to evolve the brand's legacy through its commitment to product innovation. Inspired by the creativity and courage found in sporting arenas, the adidas Originals smartphone cases combine contemporary youth culture design with resilient protection features

DISTINGUISHED DEVICE CASES

A small yet distinguished collection of device cases for which the licence was acquired from adidas in 2013. This TLF and Y-3 collaboration offers a variety of statement smartphone protection- and booklet cases. Combining adidas design, quality, and durability with the unique, eye-catching designs of Japanese fashion designer Yohji Yamamoto.

FOR SUCCESSFUL LIVING

The Diesel slogan for the brand's DNA from the very start. TLF acquired the licence for Diesel to launch mobile accessories in 2020.Through a long and storied history of strong, iconic, and playful campaigns Diesel has become a leader in advertising as well as in fashion.

DISCONTINUED - HEALTH & WELLNESS

AVO+ fills the void in the market for appealing, well marketed, value-oriented solutions for consumer healthcare. Understanding that consumers prefer products and packaging that has been designed for their environment and use case AVO+ has resonated with consumers in markets across the world with its bright/fresh easy to understand concept.

The Board of Directors and the CEO of Strax AB hereby submit the interim report for the period January 1 – September 30, 2023

All amounts are provided in EUR thousands unless otherwise stated. Figures in parentheses refer to the corresponding period the previous financial year. Information provided refers to the group and the parent company unless otherwise stated.

Result and financial position January 1 – September 30, 2023

The Group's net sales for the period January 1 – September 30, 2023, amounted to 20 433 (25 951). Gross profit amounted to 2 895 (4 650) and gross margin amounted to 14.2 (17.9) percent. Operating profit amounted to -15 455 (-3 691).

Result for the period from continuing operations amounted to -20 981 (-7 451) and the result for the period amounted to -26 610 (-6 399).
The result included gross profit 2 895 (4 650) selling expenses -6 360 (-7 652), administrative expenses -1 992 (-1 771), other operating expenses -9 707 (-19 562), other operating income 1 268 (20 644), income from associated company -1 560 (-) net financial items -5 944 (-3 532) and tax 419 (-228).

The divestment of the majority ownership in the European Distribution represented the full Segment "Distribution" and as an effect it has been reported applying IFRS – Discontinued operations. The effect is that the profit or loss for the period January 1 – September 30, 2023 and July 1 – September 30, 2023 and corresponding figures last year has been reported Profit/loss from discontinued operations in the Income statement. The result relating to the divestment of the Distribution, including goodwill, amounted to MEUR 0.5.

As a result of the changing business for the Group as well as general market conditions the inventory has also been revaluated by MEUR 4 during the period with a negative impact on the result and resulting in a negative gross margin for the third quarter.

As of September 30, 2023, total assets amounted to 57 701 (112 923), of which equity totaled -33 587 (4 695), corresponding to equity/assets ratio of -58.2 (4.2) percent. Interest-bearing liabilities as of September 30, 2023, amounted to 37 625 (51 539). The group's cash and cash equivalents amounted to 905 (2 591).

STRAX has for the past seven quarters received waivers concerning breach of certain conditions in the loan agreement with its lenders. The communication and relationship with P Capital (PCP) as main lender has been constructive throughout this period. As communicated in the Q4 report for 2022 published February 23, 2023, STRAX has worked out a tactical plan involving divesting certain assets to strengthen the liquidity and balance sheet. As a part of that, PCP has also agreed to restate the covenants for Q1, Q2 and Q3 of 2023 to adjust for the current situation.

As of September 30, 2023, STRAX is not fulfilling the special conditions in the loan agreement with PCP due to the development of profitability and financial position in the Group. STRAX board and management is working closely with PCP on the strategical and tactical plan to return to compliance of the agreement. The plan includes divestment of non-core assets to increase focus as well as reduce costs and lightening the balance sheet and in the longer perspective increase the financial position of the Group. In addition, several initiatives have been taken to partial divest and find strong financial partners for core parts of the business to ensure they can continue to grow and prosper without being limited by the constrained cash of the Group. With these initiatives we are optimistic STRAX will be sitting on solid assets that will continue to develop in the right direction and generate value for STRAX and its stakeholders. After the end of the period STRAX has received a waiver from PCP concerning the breach.

STRAX is now executing the plan and expects to considerably lower the debt level of the Group during 2023 and 2024 and in particular repay significant parts of the outstanding amounts under the loan agreement. The Board and the management have taken numerous actions to ensure the remaining business returns to profitability as well as taking actions on loss making operations being discontinued. This is in combination with the contemplated transactions described in this report leads to the conclusion that liquidity is secured for the coming 12 months, and despite there is some uncertainties of market conditions, liquidity and profitability the business has been reported as a going concern. In this aspect it has to be pointed out that current market conditions are very challenging and the longer it takes to execute necessary measures and the longer it takes for markets to recover impacts the risk in a negative way.

Significant events during the period

STRAX subsidiary Urbanista, received two awards at CES 2023 in Las Vegas, the most influential tech event in the world. Urbanista Phoenix – the world's first true wireless, noise cancelling earphones powered by light – was awarded best of CES by technology magazines TWICE and MakeUseOf (MUO).

STRAX reached an agreement with lenders and implementation of plan to strengthen the balance sheet and liquidity. STRAX has for the past six quarters received waivers concerning breach of certain conditions in the loan agreement with its lenders. The communication and relationship with P Capital (PCP) as main lender has been constructive throughout this period. As communicated in the Q4 report for 2022 published February 23, 2023, STRAX has worked out a tactical plan involving divesting certain assets to strengthen the liquidity and balance sheet. As a part of that, PCP has also agreed to restate the covenants for Q1, Q2 and Q3 of 2023 to adjust for the current situation. STRAX thereby returned to being in compliance with the loan agreement, At the end of Q3 2023 STRAX is not in compliance with the restated agreement and have after the end of the period received a waiver.

STRAX signed a MEUR 10 investment agreement with ZEBRA Invest GmbH, a Germany based investment company, for 50.1% ownership of its European based distribution business. All closing conditions have been fulfilled and the transaction closed during the period.

STRAX subsidiary Urbanista launched Malibu, the world's first solar charging speaker using Powerfoyle solar cell technology by Exeger. Following the previous highly successful launches of the Los Angeles solar charging headphones in 2021 and Phoenix earphones in 2022, the addition of the Malibu speaker to the family of solar powered products completes the brand's offering in the segment. The launch of Malibu speaker further cements Urbanista's position as the leader in the category in the audio space.

Pia Anderberg decided to resign as a Board Member. Pia was elected as a Board Member in 2018 and has ever since contributed greatly to STRAX. Pia Anderberg has several other board assignments and has recently accepted to join the board of a larger corporation and in light of this will no longer have capacity to be engaged as a board member of STRAX.

Seasonal and phone launch fluctuations

STRAX operations have defined fluctuations between seasons, whereby the strongest period is September-November. This means the greater part of the STRAX result is generated during the second half of the year provided the trends from the last five years continue. Timing and supply of hero smartphone launches, e.g. iPhone and Samsung Galaxy, also impacts STRAX results, with these being hard to predict and sometimes challenging to manage.

Investments

Investments during the period amounted to a total of -331 (-620), of which investments in software amounted to - (-764), property, plant and equipment amounted to - (144), divestment in subsidiaries amounted to -331 (-).

The parent company's result for the period

amounted to -53 058 (-). The result included administrative expenses -1 266 (-883) and net financial items -51 792 (355). As of September 30, 2023, total assets amounted to 24 787 (79 297) of which equity totaled 10 018 (63 076). Cash and cash equivalents amounted to 18 (2 784). In the parent company shares and participations in subsidiaries have been written down by 51.7 MEUR to reflect the market conditions, divestment of operations and expected values as a consequence thereof. The Board has in connection with the Q3 report prepared a Balance sheet for liquidation purposes for the parent company, STRAX AB.
The balance sheet for liquidation purposes does not deviate from the balance sheet for the parent company included in the Q3 report.

Significant events after the end of the period

As of September 30, 2023, STRAX is not fulfilling the special conditions in the loan agreement with PCP due to the development of profitability and financial position in the Group. STRAX board and management is working closely with PCP on the strategical and tactical plan to return to compliance of the agreement. After the end of the period STRAX has received a waiver from PCP concerning the breach.

The Board has in connection with the Q3 report prepared a Balance sheet for liquidation purposes for the parent company, STRAX AB.
The balance sheet for liquidation purposes does not deviate from the balance sheet for the parent company included in the Q3 report.

Zebra Invest GmbH has after the period raised concerns over their majority investment into the European distribution business that could potentially lead to them making claims towards guarantees in the investment participation agreement entered with Strax Holding GmbH. The transaction was carried out in a customary process with respect to legal and financial due diligence by the investor and all questions raised was answered during the process The business has been challenging in the European distribution business, especially during September and October, negatively impacting the results. At the same time a lot of efforts are focused on stabilizing the business and together with Zebra a both strategic and operational overview is performed.

Future development

STRAX will play an active role in shaping the mobile accessories industry both offline and online in all its targeted geographic markets. We will continue to grow our businesses within the strategic framework that we launched in 2016 and refined in 2019, while simultaneously strengthening our operating platform. This will enable us to drive our own brand growth strategy through offline and online sales channels globally with fewer resources. While retaining market share in western Europe, STRAX will at the same time invest and grow at an accelerated rate in North America, and strategic markets in the rest of the world.

Subject to acceptable profitability threshold STRAX will invest in eCommerce sales channels, through indirect channels, direct brand websites and marketplaces to diversify its traditional retail customer base and secure growth.

We expect continued organic growth, driven specifically by own brands and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts. Reduced overall demand for mobile accessories, initially stemming from the Covid-19 pandemic, now high inflation, is expected to continue through 2023 but will not alter our mid- to longer-term plans in the product category.

Risks and uncertainties

Risk assessment, i.e. the identification and evaluation of the company's risks is an annual process at STRAX. Risk assessment is done in the form of self-evaluation and includes establishing action plans to mitigate identified risks. The primary risks present in STRAX business activities are commercial risk, operative risk, financial risk relating to outstanding receivables, obsolete inventory, and currency risk. Other risks that impact the company's financial operations are liquidity, financing, interest rate and credit risk. The current market conditions in combination with the losses and financial position of the group significantly increases the liquidity risk as well as the financing risk of the company.

The company is to some extent dependent on a key number of senior executives and other key personnel to run its operations, and is dependent on a functioning distribution chain, logistics and warehousing.

Russia's military intervention in Ukraine has led to growing geopolitical uncertainty. STRAX does not conduct any operations in Russia or Ukraine and is not directly impacted from a business perspective, but is indirectly affected by, among other things, increased material prices and supply chain disruptions. STRAX is actively working to limit the negative effects of the situation that has arisen.

For further information on risks and risk management, reference is made to the 2022 annual report.

FINANCIAL CALENDAR:

February 22 2024
Year-end report 2023

April 2024
Annual report 2023

May 22 2024
Interim report January – March 2024

May 22 2024
Annual General Meeting

For further information contact:

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ir@strax.com
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The Board is registered in Stockholm, Sweden.

The report has been prepared in Swedish and translated into English.
In the event of any discrepancies between the Swedish and English translation, the former shall have precedence.

The undersigned declare that the interim report provides a true and fair overview of the parent company's and the group's operations, financial position, performance, and result and describes material risks and uncertainties facing the parent company and other companies in the group.

Stockholm, November 30, 2023

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi T. Tomasson
Director

Auditors’ review report of interim report

To the Board of Directors of STRAX AB (publ)
Corp. ID no 556539-7709

We have performed a summary review of the interim report for STRAX AB (publ) as of September 30, 2023 and the nine-month period ending on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope and focus of the review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion with reservation

Based on our review nothing has come, except the review of the Segment Distribution and investment in associated companies has not been finished, to our attention that causes us to believe that the accompanying interim financial information has not been prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act in the case of the consolidated financial statements and in accordance with the Annual Accounts Act in the case of the Parent Company.

Information of special importance

We particularly want to draw attention to the information in the quarterly report, ‘’Result and financial position January 1 – September 30, 2023’’ and ‘’Significant events during the period’’. STRAX has reached an agreement with its lenders, the fulfillment of which is dependent on the group’s restructuring plan with the aim of reducing interest-bearing loans and improving liquidity. STRAX does not fulfill the agreements of the loan with PCP as of 30th September 2023, and have after the reporting period received a waiver. Furthermore, the description of the results and financial position in the quarterly report, along with the group income statement and group balance sheet, indicates that the group has a significantly negative result, strained liquidity, and short-term interest-bearing debts exceeding current assets.

Under “Significant events after the end of the period” STRAX has described that the main owner of the European distribution business (Segment Distribution) has raised concern that could potentially lead to claims towards guarantees in the investment participation agreement.

These information does not affect the conclusion stated above.

Stockholm, 2023-11-30
Mazars AB

Samuel Bjälkemo Authorized Public Accountant	Andreas Brodström Authorized Public Accountant

Group

Key ratios	2023 (3 months) Jul 1– Sept 30	2022 (3 months) Jul 1– Sept 30	2023 (9 months) Jan 1– Sept 30	2022 (9 months) Jan 1- Sept 30	2022 (12 months) Jan 1 - Dec 31
FINANCIAL KEY RATIOS					
Sales growth, %	-11.6	-70.7	-21.3	-60.1	-66.4
Gross margin, %	-66.1	43.5	14.2	17.9	11.0
Equity, MEUR	-33.6	4.7	-33.6	4.7	-6.5
Equity/asset ratio, %	-58.2	4.2	-58.2	4.2	-6.5
DATA PER SHARE					
Equity, EUR	-0.28	0.04	-0.28	0.04	-0.05
Equity, SEK	-3.21	0.42	-3.21	0.42	-0.60
Result continuing operations, EUR	-0.11	-0.05	-0.17	-0.06	-0.11
Result continuing operations, SEK	-1.30	-0.54	-2.00	-0.65	-1.14
Result from discontinued operations, EUR	-0.05	0.02	-0.05	0.01	-0.06
Result from discontinued operations, SEK	-0.62	0.16	-0.54	0.09	-0.60
NUMBER OF SHARES					
Number of shares at the end of the period	120 592 332	120 592 332	120 592 332	120 592 332	120 592 332
Average number of shares	120 592 332	120 592 332	120 592 332	120 592 332	120 592 332
EMPLOYEES					
Average number of employees	90	232	160	232	203

Calculation ratios

	3 Months			9 Months			12 Months	
	2023	2022	2021	2023	2022	2021	2022	2021
	Jul 1 - Sept 30	Jul 1 - Sept 30	Jul 1 - Sept 30	Jan 1 - Sept 30	Jan 1 - Sept 30	Jan 1 - Sept 30	Jan 1 - Dec 31	Jan 1 - Dec 31
Sales								
Sales	5 995	6 781	23 176	20 433	25 951	65 076	34 225	101 795
Increase (+)/decrease (-)	-786	-16 395		-5 518	-39 125		-67 570	
Sales growth								
Increase (+)/decrease (-)	-786	-16 395		-5 518	-39 125		-67 570	
Value previous year	6 781	23 176		25 951	65 076		101 795	
= Sales growth	-11,6%	-70,7%		-21,3%	-60,1%		-66,4%	
Gross profit								
Gross profit	-3 960	2 951		2 895	4 650		3 772	
Sales	5 995	6 781		20 433	25 951		34 225	
= Gross profit %	-66,1%	43,5%		14,2%	17,9%		11,0%	
Equity assets ratio								
Equity	-33 587	4 695		-33 587	4 695		-6 482	
Total assets	57 701	112 923		57 701	112 923		99 595	
= Equity assets ratio %	-58,2%	4,2%		-58,2%	4,2%		-6,5%	

Group

Summary income statements, KEUR	2023 (3 months) Jul 1 – Sept 30	2022 (3 months) Jul 1 – Sept 30	2023 (9 months) Jan 1 – Sept 30	2022 (9 months) Jan 1 – Sept 30	2022 (12 months) Jan 1- Dec 31
Net sales	5 995	6 781	20 433	25 951	34 225
Cost of goods sold	-9 955	-3 830	-17 538	-21 301	-30 453
Gross profit	**-3 960**	**2 951**	**2 895**	**4 650**	**3 772**
Selling expenses	-1 461	-2 662	-6 360	-7 652	-10 943
Administrative expenses (1)	-913	-366	-1 992	-1 771	-1 857
Other operating expenses	-6 215	-13 355	-9 707	-19 562	-22 772
Other operating income	844	8 581	1 268	20 644	22 316
Income from associated company	-1 560	-	-1 560	-	-
Operating profit	**-13 264**	**-4 851**	**-15 455**	**-3 691**	**-9 484**
Financial income	-1	-	41	-	2
Financial expenses	-1 099	-1 271	-5 985	-3 532	-2 703
Net financial items	**-1 100**	**-1 271**	**-5 944**	**-3 532**	**-2 701**
Profit before tax	**-14 364**	**-6 122**	**-21 399**	**-7 223**	**-12 185**
Tax	706	-99	419	-228	-682
Profit or loss from continuing operations after tax	**-13 659**	**-6 221**	**-20 981**	**-7 451**	**-12 867**
Profit or loss from discontinued operations after tax	-6 472	1 863	-5 630	1 052	-6 761
PROFIT OR LOSS FOR THE PERIOD (2)	**-20 130**	**-4 358**	**-26 610**	**-6 399**	**-19 628**
Basic earnings per share continuing operations, EUR	*-0.11*	*-0.05*	*-0.17*	*-0.06*	*-0.11*
Diluted earnings per share continuing operations, EUR	*-0.11*	*-0.05*	*-0.17*	*-0.06*	*-0.10*
Basic earnings per share discontinued operations, EUR	*-0,05*	*0.02*	*-0.05*	*0.01*	*-0.06*
Diluted earnings per share discontinued operations, EUR	*-0,05*	*0.01*	*-0.05*	*0.01*	*-0.05*
Weighted average number of shares during the period	120 592 332	*120 592 332*	*120 592 332*	*120 592 332*	*120 592 332*

Statement of comprehensive income, KEUR					
Result for the period	-20 130	-4 358	-26 610	-6 399	-19 628
Other comprehensive income, translation gains/losses on consolidation net of tax	-1 268	-	-494	-1 520	- 890
Total comprehensive income for the period	**-21 398**	**-4 358**	**-27 104**	**-7 919**	**-20 518**

1) Depreciation and amortization for the period January 1 – September 30, 2023, amounted to 796 (1 575).
2) The result for the period, respectively the total comprehensive income is attributed to the parent company's shareholders.

Operating segment

YTD 2023

Operating Segment, KEUR	2023 (9 months) Jan 1 - Jun 30	2022 (9 months) Jan 1 - Sep 30	2022 (12 months) Jan 1 - Dec 31	2023 (9 months) Jan 1 - Sep 30	2022 (9 months) Jan 1 - Sep 30	2022 (12 months) Jan 1 - Dec 31	2023 (9 months) Jan 1 - Sep 30	2022 (9 months) Jan 1 - Sep 30	2022 (12 months) Jan 1 - Dec 31
		Distribution			Own Brands and Others			Total	
Net Sales				20 433	25 951	34 225	20 433	25 951	34 225
Net COS				-17 538	-21 301	-30 453	-17 538	-21 301	-30 453
Gross profit	-	-	-	**2 895**	**4 650**	**3 772**	**2 895**	**4 650**	**3 772**
Gross Margin				14,2%	17,9%	11,0%	14,2%	17,9%	11,0%
Distribution Costs				-6 360	-7 652	-10 943	-6 360	-7 652	-10 943
Administrative Expenses				-1 992	-1 771	-1 857	-1 992	-1 771	-1 857
Other Operating Expenses				-9 707	-19 562	-22 772	-9 707	-19 562	-22 772
Other Operating Income				1 268	20 644	22 316	1 268	20 644	22 316
Income from associated company				-1 560	0	0	-1 560		
EBIT	-	-	-	**-15 455**	**-3 691**	**-9 484**	**-15 455**	**-3 691**	**-9 484**
Depreciation and amortizations							796	1 575	1 624
EBITDA							**-14 660**	**-2 116**	**-7 860**
Depreciation and amortizations							-796	-1 575	-1 624
Financial Income							41	-	2
Financial Expenses							-5 985	-3 532	-2 703
Profit before tax							**-21 399**	**-7 223**	**-12 185**
Taxes							419	-228	-682
Profit or loss from continuing operations after tax							**-20 981**	**-7 451**	**-12 867**
Profit or loss from discontinued operations after tax							-5 630	1 052	-6 761
Profit or loss for the period							**-26 610**	**-6 399**	**-19 628**

Q3 2023

Operating Segment, KEUR	2023 (3 months) Jul 1 - Sept 30	2022 (3 months) Jul 1 - Sept 30	2023 (3 months) Jul 1 - Sept 30	2022 (3 months) Jul 1 - Sept 30	2023 (3 months) Jul 1 - Sept 30	2022 (3 months) Jul 1 - Sept 30
	Distribution		Own Brands and Others		Total	
Net Sales	-	-	5 995	6 781	5 995	6 781
Net COS	-	-	-9 958	-3 830	-9 958	-3 830
Gross profit	-	-	**-3 963**	**2 951**	**-3 963**	**2 951**
Gross Margin			-66,1%	43,5%	-66,1%	17,8%
Distribution Costs			-1 448	-2 662	-1 448	-2 662
Administrative Expenses			-908	-366	-908	-366
Other Operating Expenses			-6 250	-13 355	-6 250	-13 355
Other Operating Income			860	8 580	860	8 580
Income from associated company			-1 560	0	-1 560	0
EBIT	-	-	**-13 268**	**-4 852**	**-13 268**	**-4 852**
Depreciation and amortizations			-	-	517	1 104
EBITDA					**-12 752**	**-3 748**
Depreciation and amortizations					-517	-1 104
Financial Income					25	-
Financial Expenses					-3 787	-2 008
Profit before tax					**-17 030**	**-6 860**
Taxes					6	-155
Profit or loss from continuing operations after tax					**-17 025**	**-7 015**
Profit or loss from discontinued operations after tax					-4 494	1 010
Profit or loss for the period					**-21 518**	**-6 005**

Breakdown of net sales by operating segment

Net sales per segment, KEUR	2023 Jan 1 – Sept 30	%	2022 Jan 1 – Sept 30	%
Distribution	-	0%	-	0%
Own brands	20 433	100%	25 951	100%
Total	**20 433**	**100%**	**25 951**	**100%**

Breakdown of net sales by product category

The tables below show net sales by product category in total and operating segment:

Own brands, net sales per product category, KEUR	2023 Jan 1 – Sept 30	%	2022 Jan 1 – Sept 30	%
Accessories	9 195	45%	7 096	27.3%
Audio	8 173	40%	7 725	29.8%
Health and Wellness	3 065	15%	11 130	42.9%
Total	**20 433**	**100%**	**25 951**	**100%**

Own brands, net sales per product category, KEUR	2023 Jul 1 – Sept 30	%	2022 Jul 1 – Sept 30	%
Accessories	2 778	46%	1 860	27%
Audio	2 363	39%	2 215	33%
Health and Wellness	854	14%	2 706	40%
Total	**5 995**	**100%**	**6 781**	**100%**

Geographic market and regions

Below geographic information reflects net sales per geographical market and by region:

	2023			2022		
Geographic market and regions, KEUR	**Total**	**Distribution**	**Own Brands**	**Total**	**Distribution**	**Own Brands**
Western Europe						
Denmark	219	-	219	47	-	47
France	757	-	757	153	-	153
Germany	1 135	-	1 135	4 404	-	4 404
Netherlands	180	-	180	69	-	69
Switzerland	798	-	798	138	-	138
Austria	28	-	28	53	-	53
Norway	20	-	20	11	-	11
Poland	102	-	102	6	-	6
Sweden	699	-	699	427	-	427
UK	2 399	-	2 399	4 183	-	4 183
Spain	432	-	432	179	-	179
Belgium	157	-	157	23	-	23
Italy	744	-	744	-	-	-
Finland	502	-	502	-	-	-
North America	**9 635**	**-**	**9 635**	**13 078**	**-**	**13 078**
Rest of the world	**2 625**	**-**	**2 625**	**3 180**	**-**	**3 180**
Total	**20 433**	**-**	**20 433**	**25 951**	**-**	**25 951**

Group

Summary balance sheets, KEUR	2023 Sept 30	2022 Sept 30	2022 December 31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	13 420	28 176	22 774
Other intangible assets	2 201	1 900	4 317
Property, Plant & Equipment	781	1 218	886
Investments in associated companies	7 860	-	-
Other assets	1 114	5 737	1 706
Deferred tax assets	110	272	514
Total non-current assets	**25 485**	**37 303**	**30 197**
CURRENT ASSETS			
Inventories	15 510	34 602	26 644
Tax receivables	877	-	1 170
Accounts receivable	8 521	27 728	18 661
Other assets	1 610	5 884	8 646
Cash and cash equivalents	905	2 591	2 909
Assets held for sale	4 794	4 815	11 368
Total current assets	**32 216**	**75 620**	**69 398**
TOTAL ASSETS	**57 701**	**112 923**	**99 595**
EQUITY AND LIABILITIES			
Equity	**-33 587**	**4 695**	**-6 482**
NON-CURRENT LIABILITIES:			
Tax liabilities	420	3	3
Other liabilities	1 161	1 264	3 629
Interest-bearing liabilities	519	1 251	1 742
Deferred tax liabilities	-	941	1 536
Total non-current liabilities	**2 101**	**3 459**	**6 910**
Current liabilities:			
Provisions	474	480	714
Interest-bearing liabilities	37 106	50 288	48 094
Accounts payable	22 649	17 088	26 720
Tax liabilities	1 604	4 438	4 714
Liabilities to associated companies	12 000	-	-
Other liabilities	12 232	24 564	16 334
Liabilities associated with assets held for sale	3 122	7 911	2 591
Total current liabilities	**89 187**	**104 769**	**99 167**
Total liabilities	**91 288**	**108 228**	**106 077**
TOTAL EQUITY AND LIABILITIES	**57 701**	**112 923**	**99 595**

Summary of changes in equity, KEUR	
Equity as of December 31, 2021	**14 036**
Comprehensive income January 1 – December 31 2022	-20 518
Equity as of December 31, 2022	**-6 482**
Comprehensive income January 1 – September 30, 2023	-27 105
Equity as of September 30, 2023	**-33 587**

Group

Summary cash flow statements, KEUR	2023 (3 months) Jul 1- Sept 30	2022 (3 months) Jul 1- Sept 30	2023 (9 months) Jan 1- Sept 30	2022 (9 months) Jan 1- Sept 30	2022 (12 months) Jan 1- Dec 31
OPERATING ACTIVITIES					
Result before tax, continuing operations	-17 138	-1 222	-21 400	-984	-9 628
Adjustment for items not included in cash flow from operations or items not affecting cash flow	-951	2 114	3 531	5 924	8 699
Paid taxes	-1 027	-174	-464	-367	-2 099
Cash flow from continuing operations prior to changes in working capital	**-19 116**	**718**	**-18 333**	**4 573**	**-3 028**
Cash flow from changes in working capital:					
Increase (-)/decrease (+) operating items	20 662	424	26 372	-4 403	18 714
Cash flow from operating activities continuing operations	**-1 546**	**1 142**	**8 039**	**170**	**15 686**
Cash flow from operating activities discontinued operations	-7 221	-1 125	-7 221	-1 125	-6 805
Cash flow from operations	**-5 675**	**17**	**818**	**-955**	**8 881**
INVESTMENT ACTIVITIES					
Investments in software	-1 663	-1 406	-	-764	-1 922
Investments in property, plant & equipment	-98	315	-	144	-106
Investments in subsidiaries	-	-9	-	-	-
Divestment of subsidiary	-331	-	-331	-	-
Cash flow from investing activities of continuing operations	**-1 761**	**-1 100**	**-331**	**-620**	**-2 028**
Cash flow from investing activities of discontinued operations	-	-1 110	-	-1 110	-3 672
Cash flow from investment activities	**-1 761**	**-2 210**	**-331**	**-1 730**	**-5 700**
FINANCING ACTIVITIES					
Repayment of interest-bearing liabilities	-	2 334	-2 056	7 235	5 995
Amortization of interest-bearing liabilities	-	268	-	-87	-98
Repayment Leasing liabilities	882	-340	-	-1 020	-1 476
Paid interest and other expenses	3 108	-1 380	-435	-4 349	-7 076
Cash flow from financing activities of continuing operations	**3 990**	**882**	**-2 491**	**1 779**	**-2 655**
Cash flow from financing activities of discontinued operations	-	896	**-**	896	-218
Cash flow from financing activities	**3 990**	**1 778**	**-2 491**	**2 675**	**-2 873**
Cash flow for the period	**-3 446**	**-415**	**-2 004**	**-10**	**308**
Cash and cash equivalents at the beginning of the period	4 680	3 006	2 909	2 601	2 601
Cash and cash equivalents at the end of the period	**1 234**	**2 591**	**905**	**2 591**	**2 909**

NOTE 1 REFERENCES

- Seasonal and phone launch fluctuations, see page 7.
- Reporting per operating segment see pages 13-14.
- For further information on accounting principles reference is made to the 2022 annual report.
- For events after the end of the period, see page 7.

NOTE 2 ACCOUNTING PRINCIPLES

As of the financial year 2017 the currency of the Parent Company is Euro (EUR), which is also the reporting currency of the parent company and the Group.

STRAX prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and with the restrictions which apply due to the Swedish national legislative when preparing the parent company's financial statements.
The Interim report for the group has been prepared in accordance with IAS 34" Interim Reporting" and applicable sections of the Annual Accounts Act.
The section of the report applicable to the parent company has been prepared in accordance with Annual Accounts Act, Chapter 9.

The same accounting principles are applied as in the annual report for 2022.

HELD FOR SALE OR/AND DISCONTINUED OPERATIONS

During the fall of 2022 the board of directors conducted a strategic review of the groups business and as a result of that process it was decided to simplify the group structure and reduce the number of brands and types of businesses we engage in as well as operational entities in the group.

The divestment of the majority ownership in the European Distribution represented the full Segment "Distribution" and as an effect it has been reported applying IFRS – Discontinued operations. The effect is that the profit or loss for the period January 1 – September 30, 2023 and July 1 – September 30, 2023 and corresponding figures last year has been reported Profit/loss from discontinued operations in the Income statement. The divestment of Distribution is an own segment and therefore treated as discontinued operations. The main part of discontinued operations in the schedule below belongs to the segment Distribution.

Group

Income statements for discontinued operations, KEUR	2023 (3 months) Jul 1 – Sept 30	2022 (3 months) Jul 1 – Sept 30	2023 (9 months) Jan 1 – Sept 30	2022 (9 months) Jan 1 – Sept 30	2022 (12 months) Jan 1 - Dec 31
Net sales	2 288	19 064	25 231	63 691	78 082
Cost of goods sold	-3 236	-17 073	-22 633	-52 082	-67 994
Gross profit	**-948**	**1 991**	**2 598**	**11 609**	**10 088**
Selling expenses	-282	-2 553	-3 324	-6 982	-9 062
Administrative expenses	-172	-1 166	-2 132	-3 442	-4 610
Other operating expenses	-6 003	1 680	-5 668	-4 379	-486
Other operating income	950	2 241	1 390	5 330	2 423
Operating profit	**-6 454**	**2 193**	**-7 135**	**2 136**	**-1 647**
Financial income	1	-	1	-	-
Financial expenses	-18	-255	953	-812	-4 594
Net financial items	**-17**	**-255**	**954**	**-812**	**-4 594**
Profit before tax	**-6 471**	**1 938**	**-6 181**	**1 324**	**-6 241**
Tax	-	-75	552	-272	-520
Profit or loss from discontinued operations after tax	**-6 471**	**1 863**	**-5 630**	**1 052**	**-6 761**

Group

Bridge to EBITDA discontinued operations KEUR	2023 (3 months) Jul 1 - Sept 30	2022 (3 months) Jul 1 - Sept 30	2023 (9 months) Jan 1 - Sept 30	2022 (9 months) Jan 1 - Sept 30	2022 (12 months) Jan 1 - Dec 31
Operating profit from discontinued operations	**-6 454**	**2 193**	**-7 135**	**2 136**	**-1 647**
+ Depreciation & amortization from discontinued operations	107	256	491	609	809
EBITDA from discontinued operations	**-6 347**	**2 449**	**-6 644**	**2 745**	**-838**

Definitions

Key ratio	Calculation	What it measures or represents
Equity/Asset ratio	Equity as a percentage of the total assets.	This measure reflects the financial position and the long-term solvency and resistance to periods of economic downturn.
Equity per share	Equity in relation to the number of shares at the end of the period.	Measures development of equity in relation to number of outstanding shares at the end of the period, captures both changes in equity and changes in number of outstanding shares.
Number of shares at the end of the period	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Items affecting comparability	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Gross profit	Sales less the cost of goods sold.	Measures how well prices to customers in relation to cost of goods sold are maintained including costs to deliver sold goods.
Gross margin	Gross profit in relation to sales expressed as a percentage.	Gross profit in relation to Sales, efficiency measure presented in percentage.
Operating profit/loss	Operating income minus operating costs for the specified period before financial items and taxes.	Measures overall profitability from operations and ongoing business activities including depreciation and amortization.
EBITDA	Operating profit/loss plus depreciations.	Measures overall profitability from operations and ongoing business activities including depreciation and amortization.

Group

Bridge to EBITDA continuing operations KEUR	2023 (3 months) Jul 1 - Sept 30	2022 (3 months) Jul 1 - Sept 30	2023 (9 months) Jan 1 - Sept 30	2022 (9 months) Jan 1 - Sept 30	2022 (12 months) Jan 1 - Dec 31
Operating profit from continuing operations	**-13 264**	**-4 851**	**-15 455**	**-3 691**	**-9 484**
+ Depreciation & amortization from continuing operations	40	562	796	1 575	1 624
EBITDA from continuing operations	**-13 225**	**-4 289**	**-14 660**	**-2 116**	**-7 860**

Parent Company

Summary income statements, KEUR	2023 (3 months) Jul 1 - Sept 30	2022 (3 months) Jul 1 - Sept 30	2023 (9 months) Jan 1 - Sept 30	2022 (9 months) Jan 1 - Sept 30	2022 (12 months) Jan 1 - Dec 31
INVESTMENT ACTIVITIES					
Net Sales	-	37	-	528	943
Gross profit	**-**	**37**	**-**	**528**	**943**
Administrative expenses	-398	-243	-1 266	-883	-1 092
Operating income	**-398**	**-206**	**-1 266**	**-355**	**-149**
Net financial items	-51 775	206	-51 792	355	149
Result after financial items	**-52 173**	**-**	**-53 058**	**-**	**-**
Current taxes	-	-	-	-	-
RESULT FOR THE PERIOD	**-52 173**	**-**	**-53 058**	**-**	**-**
Statement of comprehensive income, KEUR					
Result for the period	-52 173	-	-53 058	-	-
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-52 173**	**-**	**-53 058**	**-**	**-**

Summary balance sheets, KEUR	2023 September 30	2022 September 30	2022 December 31
ASSETS			
Non-current assets	129	128	129
Non-current financial assets	24 000	75 745	75 755
Total non-current assets	**24 129**	**75 873**	**75 884**
Current receivables	195	640	206
Prepaid expenses and accrued income	445	-	450
Cash and bank balances	18	2 784	2 538
Total current assets	**658**	**3 424**	**3 194**
TOTAL ASSETS	**24 787**	**79 297**	**79 078**
EQUITY AND LIABILITIES			
Equity	**10 018**	**63 076**	**63 076**
Current liabilities	14 769	16 221	16 002
Total liabilities	**14 769**	**16 221**	**16 002**
TOTAL EQUITY AND LIABILITIES	**24 787**	**79 297**	**79 078**

Summary of changes in equity, KEUR	
Equity as of December 31, 2021	**63 076**
Comprehensive income Jan 1 – Dec 31 2022	-
Equity as of December 31, 2022	**63 076**
Comprehensive income Jan 1 - Sept 30 2023	-53 058
Equity as of September 30, 2023	**10 018**