Q3 2017

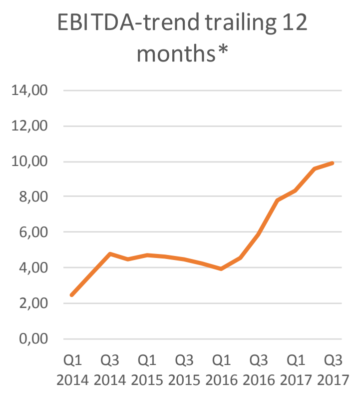
STRAX

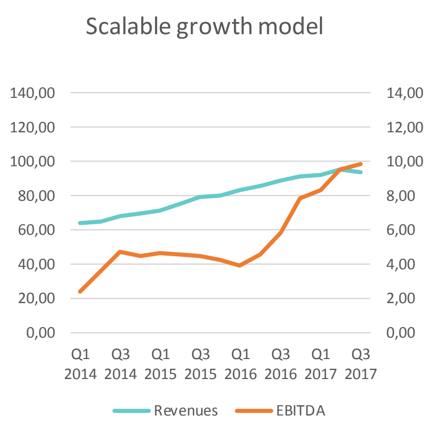
STRAX, the mobile accessory specialist, improves its gross margin and continues to experience strong growth in its targeted international markets, whilst adapting to changing market conditions in Western Europe.

- The Group's sales for the period January 1 – September 30, 2017, amounted to MEUR 67.3 (65.6), gross margin increased to 29.2 (27.4) percent.

- The Group's result for the period January 1 – September 30, 2017, amounted to MEUR 3.5 (1.9) corresponding to EUR 0.03 (0.02) per share. Equity as at September 30, 2017 amounted to MEUR 22.9 (16.8) corresponding to EUR 0.19 (0.15) per share.

- Trailing 12 months' revenues Q3 2017 amounted to MEUR 93.6 (89.0). The scalable growth model shows greater increase in profitability in relation to growth of revenues, with EBITDA on a trailing 12 month basis amounting to MEUR 9.9 (5.9).





* Trailing 12 months EBITDA per quarter, EBITDA adjusted by items affecting cmparability and currency effects.

- STRAX acquired all outstanding shares of Telecom Lifestyle Fashion (TLF), its affiliated brand licensing company. TLF is the global exclusive licensee of adidas and bugatti for smartphone accessories.

- STRAX brand Gear4 continued to extend its footprint in the US and is now sold in more than 6 000 stores distributed through Tessco Technologies and Superior Communications.

- In August STRAX relaunched Thor, the proprietary screen protection brand, with refreshed packaging, retail training kits and a new website.

"Our third quarter results were impacted by later than expected launch of iPhone X and weak initial demand for iPhone 8. We still maintain growth compared to last year so far in 2017, and we are experiencing increased demand from most channels and markets in the fourth quarter giving us comfort in an increased growth for the full year 2017. In line with our strategy and expectations, growth in North America and the Middle East continues to be strong with 84% and 42% respectively and an ever-expanding presence of Urbanista and Gear4 across all our markets and channels is encouraging. Our scalable business model continues to prove greater EBITDA growth over sales growth".

Gudmundur Palmason, CEO

WE INNOVATE, WE CREATE, WE INSPIRE, WE DELIVER.

STRAX is a global company specializing in mobile accessories and connected devices. STRAX offers a unique combination of proprietary, licensed and partner branded accessories. The proprietary brands include XQISIT, GEAR4, Urbanista, THOR, avo+ and FLAVR. The company furthermore represents over 30 licensed and partner brands.
STRAX continually monitors the market and channel development to ensure that the proprietary brands offer relevant product propositions strongly resonating with their target audiences and providing differentiation from the competition.

PROPRIETARY BRANDS

XQISIT

INNOVATIVE PROTECTION, AUDIO, POWER & CHARGING SOLUTIONS

With an extensive product portfolio ranging from protection to audio and power, XQISIT brings mid-priced German quality design and functionality to value-conscious consumers.

urbanista

HIP AUDIO ACCESSORIES WITH SCANDINAVIAN DESIGN

Based in Stockholm, Urbanista is a market leader in its region, developing Scandinavian-style affordable audio accessories for the mobile and design-conscious urban segment.

FLAVR

FASHION SMARTPHONE CASES

Catering to the tastes of the social media-savvy millennials, FLAVR offers seasonal collections of cases in line with the fashion trends of the moment.

THOR

GRADE A SCREEN PROTECTION

Responding to the growing market demand for tempered glass display protection tailored to each device, THOR produces a variety of high-quality screen protectors in a mid to high price range.

gear4

D3O® HIGH-TECH TRUSTED IMPACT PROTECTION

The number one smartphone protection case brand in the UK, GEAR4 has a unique partnership and exclusive licensing deal with D3O, the world-beating patented impact-protection technology.

avo+

AFFORDABLE MOBILE SOLUTIONS FOR THE MASSES

From power and connectivity, to gadgets, avo+ is a specialist in quality inexpensive products suited for a variety of channels, including mass market, consumer electronics or petrol stations.

STRAX

LICENSED BRANDS

adidas

▶ URBAN CASUAL CASES

The adidas Originals smartphone accessories are an extension of the iconic urban streetwear brand much-loved by youths all over the world.

adidas

▶ PERFORMANCE BOOSTING GEAR

The smartphone accessories licensed by adidas Sports are designed to boost athletic performance and to enhance the urban or outdoor workout experience.

bugatti

▶ REFINED PREMIUM LEATHER CASES

The bugatti collections licensed by the well-known fashion brand are made of premium quality leather and offer smartphone protection with European flair.

The STRAX business model is built around these proprietary, licensed and partner brands enabling us to offer a complete end-to-end category solution to our retail customers and a unique hybrid proposition of world-leading brands enhanced by our distribution and go-to-market know-how and capabilities.

Our market position is tailored to meet the needs of our customers who can choose to simply sell one of our proprietary brands, to take advantage of our logistics services, or to forge a deep strategic partnership where we develop complete OEM/ private label portfolios, as we already do for some of the world's leading retailers and telecom operators like Vodafone and Best Buy.

INDUSTRY DEVELOPMENT

The core sales channels for STRAX have been in the telecom operator sector. Recently, however, STRAX has successfully opened new consumer electronics and mass merchant channels across the world, with a special focus on the US, MEA and Japan, while building on its strong presence across Europe. Mobile accessories are being offered in an ever-expanding channel landscape as they evolve into everyday essentials and lifestyle products; this crucial development points to consumers reaching for accessories to enhance their devices, with ABI Research forecasting the 2017-2021 CAGR rate for global smartphone accessory sales at 5.1%.
This channel development has strengthened STRAX's competitive advantages, including its global coverage, lean organisation, portfolio of proprietary brands and modular service platform, enabling STRAX to be fast and nimble compared to the larger global distributors who offer a logistics-services-centric model. Furthermore, STRAX is faster in spotting global trends compared to local distributors, while also having scale advantage.

STRAX has noticed a significant manufacturer, channel and consumer appetite for connected devices. Within this category, STRAX is developing a focused approach regarding which products to offer, with the key categories being: wearables – smart watches and tracking devices, home security - wireless video door bells, and entertainment - VR headsets. These categories have exceptionally strong CAGR growth forecasts. In conclusion, STRAX has very optimistic expectations for growth in this category.

COMMENTS FROM THE CEO

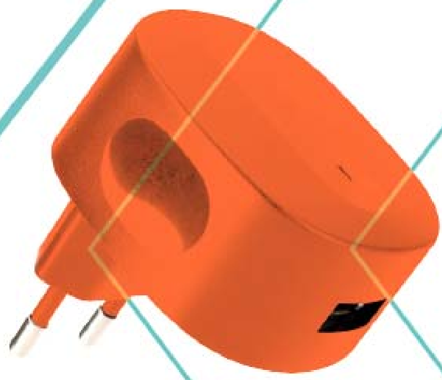
”Our third quarter sales were impacted by weak initial demand for iPhone8 and delay of iPhone X, where our retail partners adopted a cautious approach towards their own quarter-end inventory levels ahead of Apple’s new device launches. We expect availability and demand for all Apple devices to improve in the fourth quarter and well into 2018, which is positive for STRAX and the accessories industry as a whole. Overall we continue to see strong growth in North America, Middle-East, South-Africa and Japan, largely driven by our proprietary and licensed brands, enabling us to further improve our gross margin.

Despite a decrease of 5% in sales during the third quarter in 2017 compared to the same period previous year, STRAX still shows growth of 3% for the period January 1 – September 30, 2017, and we are experiencing strong demand from most channels and markets in the fourth quarter giving us comfort in an increased growth for the full year 2017. Trailing 12 months’ (TTM) sales Q3 2017 amounted to MEUR 93.6 (89.0). EBITDA on a TTM basis amounted to MEUR 9.9 (5.9). TTM sales growth stands at 5.1%, whilst TTM EBITDA growth has grown by 69%. Sales growth continues to be driven by our expansion into North America, 84% YoY growth, and the Middle East, 42% YoY growth, and increased share of proprietary brands contributes to higher share of profitability. Demand, however, remains relatively weak in our core sales channels in Europe.

The retail landscape in Western Europe is also changing and STRAX has already taken actions to become more active and relevant in the growth channels, with those to a large extent being hypermarkets and e-commerce. We have furthermore restructured several business processes through project One Company – One System allowing us to streamline our supply chain in an effort to become more efficient in all aspects of the business. Additionally, we have reallocated resources to support our international market expansion where we are confident in our abilities to continue on the same growth trajectory, thereby reducing the dependency on any geographic market. Finally, we are consistently exploring opportunities to diversify our business in terms of both brands and product categories in an effort to become device launch agnostic.

Our journey towards the 2020 corporate objectives remains intact through the strategic framework developed in 2016 which evolves around five core strategies: active brand portfolio management, e-commerce, focused geographic expansion, acquisitions and operational excellence, all of which are aimed at driving growth, profitability and shareholder value. Our acquisition deal flow remains strong. We have set ourselves a 3-4 year annual sales target of MEUR 300 and continue to develop STRAX to achieve that within the timeframe.

We remain positive for a good 2017 result and are overall optimistic about the future of STRAX. We have a strong team, sound strategy and operational platform, relevant portfolio of brands in a growing global industry”.



THE BOARD OF DIRECTORS AND THE CEO OF STRAX AB HEREBY SUMMIT THE Q3 INTERIM REPORT FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2017

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, 2017

THE GROUP'S net sales for the period January 1 – September 30, 2017 amounted to 67 270 (65 590). Gross profit amounted to 19 646 (17 997) and gross margin amounted to 29.2 (27.4) percent. Operating profit amounted to 4 620 (3 605).

Result for the period amounted to 3 517 (1 894). The result included gross profit 19 646 (17 997), selling expenses -10 916 (-10 055), administrative expenses -5 042 (-3 298), other operating expenses -2 173 (-3 489), other operating income 3 106 (2 451), Share of Profit of associates 284 (-) net financial items -871 (-791) and tax -232 (-920).

As at September 30, 2017 total assets amounted to 80 090 (61 323), of which equity totaled 22 873 (16 829), corresponding to equity/assets ratio of 28.5 (27.4) percent. Interest-bearing liabilities as at September 30, 2017, amounted to 21 458 (14 481). The groups cash and cash equivalents amounted to 1 002 (3 427).

SIGNIFICANT EVENTS DURING THE PERIOD

STRAX acquired all outstanding shares of Telecom Lifestyle Fashion (TLF), its affiliated brand licensing company. TLF is the global exclusive licensee of adidas and bugatti for smartphone accessories. The acquisition of TLF will enable STRAX long term to secure the access to the specific licensing knowledge TLF has in working with major brands, product development as well as marketing and products under licensing arrangements. Taking control further gives access to the current portfolio of licensed brands including adidas originals, adidas performance as well as bugatti. Licensed brands are an important pillar in STRAX strategy to open and strengthen new growth markets as well as to offer exclusive products in existing markets.

All our proprietary brands developed well during the period, STRAX brand Gear4 continued to extend its footprint in the US and is now sold in more than 6000 stores, distributed through Tessco Technologies and Superior Communications. In August STRAX relaunched Thor, the proprietary screen protection brand, with refreshed packaging, retail training kits and a new website.

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 during the period amounted to a total of 11 989 (3 125), of which investments in intangible assets amounted to 268 (173), property, plant and equipment amounted to 1 819 (1 766) and investments in financial assets amounted to 10 792 (1 286). Divestment of non-current assets amounted to 890 (100).

THE PARENT COMPANY'S result for the period amounted to -13 (5 195). The result included gross profit from investment activities of -14 (5 644), Net Sales of 712 (-) administrative expenses -658 (-423) and net financial items -53 (-26). As at September 30, 2017 total assets amounted to 76 237 (75 486) of which equity totaled 74 303 (73 615). Cash and cash equivalents amounted to 1 (67).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

STRAX acquired all outstanding shares in Mobile Accessory Club and divested its shares in Celcom HK. These transactions will not alter the relationship between Vodafone and STRAX and STRAX will furthermore continue to work closely with Celcom HK. Both transactions were dated October 1 and will have limited effect to the Group's financial statements in 2017.

STRAX brand Gear4 is now the largest mobile accessory case brand in the UK, both in volume and value, according to GfK reporting an 18.5 percent market share by value.

STRAX brand Gear4 won T3 accessory of the year award with its Piccadilly mobile accessory case.

STRAX secured additional and expanded credit lines to support the future growth strategy in November of 2017.

FUTURE DEVELOPMENT

STRAX has experienced positive development in both sales and profit in recent years. This development is expected to continue. Currently the industry is undergoing consolidation and STRAX intends to play an active role in the ongoing consolidation process. We expect solid growth in 2017, and STRAX scalable business model is expected to deliver a higher growth rate in EBITDA compared to growth in sales.

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 also includes establishing action plans to mitigate identified risks. The primary risks present in STRAX business activities are commercial risk, operative risk, financial risks relating to outstanding receivables, obsolete inventory and currency risk. Other risks that impact the company's financial operations are liquidity, interest rate and credit risk. The company is to some extent dependent on a key number of senior executives and other key personnel and consultants in order to run its operations, and is dependent on a functioning distribution chain, logistics and warehousing

For further information on risks and risk management, reference is made to the 2016 annual report.

FINANCIAL CALENDAR:

FEBRUARY 27, 2018
Year-End Report 2017

APRIL, 2018
Annual Report 2017

MAY 24, 2018
Interim Report January – March 2018

MAY 24, 2018
Annual General Meeting

FOR FURTHER INFORMATION CONTACT:

Gudmundur Palmason (CEO)
Johan Heijbel (CFO)

Strax AB (publ)
Mäster Samuelsgatan 10
111 44 Stockholm
Sweden
Corp.id: 556539-7709
Tel: +46 (0)8-545 017 50
ir@strax.com
www.strax.com

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 27, 2017

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi T. Tomasson
Director

Michel Bracké
Director

REVIEW REPORT

To the Board of Directors of Strax AB
Corp. id. 556539-7709

INTRODUCTION

We have reviewed the summary interim financial information (interim report) of Strax AB as of 30 September 2017 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF 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 is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices 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

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 28 November 2017

KPMG AB

Mårten Asplund

Authorized Public Accountant

Group

Key ratios	2017 (3 months) July 1 - Sept 30	2016 (3 months) July 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2016 (9 months) Jan 1 - Sept 30	2016 (12 months) Jan 1 - Dec 31
FINANCIAL KEY RATIOS					
Sales growth, %	-4.9	14.0	2.7	16.2	16.1
Gross margin, %	31.5	29.8	29.2	27.4	28.0
Equity, MEUR	22.9	16.8	22.9	16.8	18.2
Equity/asset ratio, %	28.5	27.4	28.5	27.4	28.2
DATA PER SHARE[1]					
Equity, EUR	0.19	0.14	0.19	0.15	0.15
Result, EUR	0.01	0.01	0.03	0.02	0.03
NUMBER OF SHARES[1]					
Number of shares at the end of the period	117 762 266	117 762 266	117 762 266	117 762 266	117 762 266
Average number of shares[2]	117 762 266	117 762 266	117 762 266	114 472 748	115 299 621
EMPLOYEES					
Average number of employees	205	175	200	175	185

[1] No dilution exists, which entails that the result prior to and after dilution are identical.

[2] A redemption procedure was carried out during Q1 2016 whereby a split of the existing shares was made whereby the total number of shares temporarily doubled. The redemption procedure was an alternative transaction method for a dividend and the temporary increase in the number of shares has not been taken into consideration in calculating the average number of shares during the period or for the result per share during the period.

Group

Summary income statements, KEUR	2017 (3 months) July 1 - Sept 30	2016 (3 months) July 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2016 (9 months) Jan 1 - Sept 30	2016 (12 months) Jan 1 - Dec 31
Net sales	23 792	25 035	67 270	65 590	91 770
Cost of goods sold	-16 297	-17 570	-47 624	-47 593	-66 048
Gross profit	**7 495**	**7 465**	**19 646**	**17 997**	**25 722**
Selling expenses	-3 814	-3 498	-10 916	-10 055	-13 851
Administrative expenses(1)	-2 149	-1 438	-5 042	-3 298	-5 168
Other operating expenses	-1 417	- 144	-2 173	-3 489	-7 349
Other operating income	2 051	- 51	3 106	2 451	5 563
Operating profit	**2 165**	**2 334**	**4 620**	**3 605**	**4 917**
Share of Profit of associates(a)	170	0	284	0	0
Financial income	- 10	- 4	31	- 7	30
Financial expenses	- 426	- 282	-1 185	- 785	-1 165
Net financial items	**- 267**	**- 286**	**- 871**	**- 791**	**-1 135**
Profit before tax	**1 898**	**2 048**	**3 749**	**2 814**	**3 782**
Tax	- 587	- 652	- 232	- 920	- 583
RESULT FOR THE PERIOD(2)	**1 311**	**1 396**	**3 517**	**1 894**	**3 199**
Result per share, EUR(3)	*0.01*	*0.01*	*0.03*	*0.02*	*0,03*
Average number of shares during the period(3)	*117 762 266*	*117 762 266*	*117 762 266*	*114 472 748*	*115 299 621*

Statement of comprehensive income, KEUR					
Result for the period	1 311	1 396	3 517	1 894	3 199
Other comprehensive income, translation gains/losses on consolidation	258	205	65	-371	-167
Total comprehensive income for the period	**1.569**	**1.601**	**3.582**	**1.523**	**3.032**

(1) Depreciation and amortization for the period January 1 – September 30, 2017, amounted to 1 507 (897).
(2) The result for the period, respectively the total comprehensive income is attributed to the parent company's shareholders.
(3) No dilution exists, which entails that the result prior to and after dilution are identical. A redemption procedure was carried out during Q1 2016 whereby a split of the existing shares was made whereby the total number of shares temporarily doubled. The redemption procedure was an alternative transaction method for a dividend and the temporary increase in the number of shares has not been taken into consideration in calculating the average number of shares during the period or for the result per share during the period.

Group

Operating segment 9 months (EUR thousands)	Protection Jan 1 - Sep 30 2017	Protection 2016	Power Jan 1 - Sep 30 2017	Power 2016	Audio Jan 1 - Sep 30 2017	Audio 2016	Connected devices Jan 1 - Sep 30 2017	Connected devices 2016	Other Jan 1 - Sep 30 2017	Other 2016	Total Jan 1 - Sep 30 2017	Total 2016
Net sales	43 477	39 678	7 931	8 364	9 373	9 202	2 086	3 649	4 403	4 697	67 270	65 590
Cost of goods sold	-29 316	-26 711	-6 038	-6 349	-6 943	-7 241	-1 799	-3 466	-3 528	-3 826	-47 624	-47 593
Gross profit	**14 161**	**12 967**	**1 893**	**2 015**	**2 429**	**1 961**	**287**	**183**	**875**	**871**	**19 645**	**17 997**
Selling expenses	-7 869	-7 245	-1 052	-1 126	-1 350	-1 095	- 160	- 102	- 486	- 486	-10 916	-10 055
Administrative expenses	-3 634	-2 376	- 486	- 369	- 624	- 359	- 74	- 34	- 225	- 160	-5 042	-3 298
Other operating expenes	-1 605	-2 513	- 215	- 391	- 275	- 380	- 33	- 35	- 45	- 169	-2 173	-3 488
Other operating income	2 239	1 766	299	274	384	267	45	25	138	118	3 106	2 450
Operating profit	**3 291**	**2 599**	**440**	**404**	**565**	**393**	**67**	**37**	**257**	**173**	**4 620**	**3 605**

Operating segment Q3 (EUR thousands)	Protection July 1 - Sep 30 2017	Protection 2016	Power July 1 - Sep 30 2017	Power 2016	Audio July 1 - Sep 30 2017	Audio 2016	Connected devices July 1 - Sep 30 2017	Connected devices 2016	Other July 1 - Sep 30 2017	Other 2016	Total July 1 - Sep 30 2017	Total 2016
Net sales	17 193	15 246	2 741	3 372	2 515	4 136	76	1 143	1 266	1 139	23 792	25 035
Cost of goods sold	-10 941	-9 358	-2 143	-2 666	-1 929	-3 471	- 96	-1 095	-1 188	- 981	-16 297	-17 570
Gross profit	**6 252**	**5 889**	**598**	**706**	**586**	**665**	**- 20**	**48**	**78**	**158**	**7 495**	**7 465**
Selling expenses	-3 246	-2 838	- 295	- 311	- 273	- 289	20	- 18	- 20	- 43	-3 814	-3 498
Administrative expenses	-1 773	-1 162	- 174	- 129	- 176	- 120	3	- 8	- 28	- 20	-2 149	-1 437
Other operating expenses	-1 115	- 450	- 134	- 9	- 160	- 2	- 13	4	5	313	-1 417	- 144
Other operating income	1 552	84	187	- 37	224	- 41	19	- 7	69	- 50	2 051	- 51
Operating profit	**1 670**	**1 524**	**182**	**221**	**202**	**213**	**8**	**19**	**104**	**358**	**2 165**	**2 334**

Group

Summary balance sheets, KEUR	2017 Sept 30	2016 Sept 30	2016 Dec 31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	25 481	20 080	20 080
Other intangible assets	4 490	322	1 205
Property, Plant & Equipment	2 100	1 805	1 645
Shares in associated companies	1 088	38	807
Other assets	1 434	1 388	1 108
Deferred tax assets	1 497	576	1 632
Total non-current assets	**36 090**	**24 209**	**26 477**
CURRENT ASSETS			
Inventories	11 729	10 432	11 435
Tax receivables	871	2	255
Accounts receivable	25 199	15 318	12 959
Receivables from associated companies	203	464	3 352
Other assets	4 996	7 471	4 814
Cash and cash equivalents	1 002	3 427	3 663
Total current assets	**44 000**	**37 114**	**36 478**
TOTAL ASSETS	**80 090**	**61 323**	**62 955**
EQUITY AND LIABILITIES			
Equity	**22 873**	**16 829**	**18 159**
NON-CURRENT LIABILITIES:			
Tax liabilities	3	852	3
Other liabilities	1 394	41	360
Interest-bearing liabilities	3 628	5 543	5 021
Deferred tax liabilities	1 321	660	732
Total non-current liabilities	**6 347**	**7 096**	**6 116**
Current liabilities:			
Provisions	1 131	1 453	368
Interest-bearing liabilities	17 830	8 938	11 627
Accounts payable	20 499	13 852	13 752
Tax liabilities	2 343	1 057	3 033
Other liabilities	9 068	12 099	9 899
Total current liabilities	50 870	37 398	38 679
Total liabilities	**57 217**	**44 494**	**44 796**
TOTAL EQUITY AND LIABILITIES	**80 090**	**61 323**	**62 955**

Summary of changes in equity, KEUR	
Equity as at January 1, 2016	**15 127**
Comprehensive income Jan 1 - Sept 30, 2016	1 523
Other	178
Equity as at Sept, 2016	**16 828**
Comprehensive income Oct 1 - Dec 31, 2016	1 508
Other	- 178
Equity as at December 31, 2016	**18 159**
Comprehensive income Jan 1 - Sept 30, 2017	**3 582**
Other	1 132
Equity as at Sept. 30, 2017	**22 873**

Group

Summary cash flow statements, KEUR	2017 (3 months) July 1 - Sept 30	2016 (3 months) July 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2016 (9 months) Jan 1 - Sept 30	2016 (12 months) Jan 1 - Dec 31
OPERATING ACTIVITIES					
Result before tax	1 898	2 048	3 749	2 814	3 781
Adjustment for items not included in cash flow from operations or items not affecting cash flow	1 256	- 711	2 370	512	1 847
Paid taxes	- 143	- 90	- 759	- 413	- 320
Cash flow from operations prior to changes in working capital	**3 011**	**1 247**	**5 360**	**2 913**	**5 309**
Cash flow from changes in w orking capital:					
Increase (-)/decrease (+) in inventories	-1 155	-1 288	874	-1 497	-2 503
Increase (-)/decrease (+) current receivables	482	-3 686	-2 702	9 503	1 926
Increase (+)/decrease (-) current liabilities	-1 848	5 990	-3 386	-9 472	-3 464
Cash flow from operations	**491**	**2 263**	**145**	**1 447**	**1 267**
INVESTMENT ACTIVITIES					
Investments in intangible assets	- 58	- 142	- 268	- 173	-1 057
Investments in non-current assets	- 749	-1 159	-1 819	-1 766	-2 222
Investments in subsidiaries	- 879	- 243	-2 524	-1 286	-1 811
Divestment of non-current assets	790	50	890	100	122
Cash flow from investment activities	**- 896**	**-1 494**	**-3 720**	**-3 125**	**-4 968**
FINANCING ACTIVITIES					
Interest-bearing liabilities	- 260	33	2 367	1 609	4 621
Repayment of interest-bearing liabilities	- 406	- 532	-1 469	-1 594	-2 125
Cash flow from financing activities	**- 666**	**- 498**	**898**	**15**	**2 496**
Cash flow for the period	**-1 071**	**271**	**-2 677**	**-1 663**	**-1 205**
Exchange rate differences in cash and cash equivalents	400	- 329	16	114	- 108
Cash and cash equivalents at the beginning of the period	1 673	3 485	3 663	4 976	4 976
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1 002**	**3 427**	**1 002**	**3 427**	**3 663**

NOTE 1 REFERENCES

- Seasonal and phone launch fluctuations, see page 5
- Reporting per business segment see page 8
- For further information on accounting principles reference is made to the 2016 annual report
- For events after the end of the period see page 5

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 Group has previously carried out investment activities and was an investment company as defined in IFRS 10, with the effect all shares in subsidiaries and associated companies were reported at fair value through profit or loss, the same principle applied for other investments. Due to the reverse acquisition the group's line of business is since the reverse acquisition in 2016 as an operational company meaning that participations in subsidiaries as well as affiliated companies are consolidated instead of recognized at fair value through profit or loss.

The same accounting principles are applied as in the annual report for 2016. Regarding the implementation of the new standards IFRS 9 *Financial instruments*, IFRS 15 *Revenue from contracts with customers*, and IFRS 16 *Leases* no new information as compared to the information provided in the latest annual report has been developed.

Accounting reverse acquisition

In accordance with IFRS rules on reverse acquisition, the fair value of a hypothetical issue of Strax shares as payment for STRAX' reverse acquisition of Novestra, will correspond to the transferred consideration for this acquisition.
As the shares in Novestra are listed on a regulated market and the Strax shares are unlisted, the valuation of Novestra was used as the basis for valuing the hypothetical new share issue for the reverse acquisition. The value of the hypothetical share issue has been reduced by an estimated

allocated market value for STRAX' hypothetical repurchase of Novestra's existing holding of STRAX shares. A preliminary purchase price allocation has been drawn up it was assumed that the fair value of Novestra's identifiable assets and liabilities equals the book equity in the Novestra group as at April 30, 2016 less the book value of Novestra's shares in STRAX. The difference between the transferred consideration and the fair value of identifiable assets and liabilities has been recognized as goodwill. The purchase price allocation will be finally determined no more than one year after the acquisition date.

Accounting and valuation of shares and participations

Shares and participations in subsidiaries and associated companies are in the parent company accounted for at acquisition cost with the fair value of the earlier holding in Strax at the time of acquisition comprised of fair value to the part to which it relates.

NOTE 3 FAIR VALUE: FINANCIAL ASSETS AND LIABILITIES

Since the group's interest-bearing liabilities consist of variable rate loans and the margin in the contracts are expected to be the same if the group should raise equivalent loans at the reporting date, the fair value of the loans is expected to be in all material respects equal to their carrying amount. The groups other financial assets and liabilities mainly comprises of receivables which are current assets and current liabilities. As the duration of these are short-term, the carrying amount and fair value are in all material respects equal.

NOTE 4 ACQUISITION OF SUBSIDIARY

Acquisition of Telecom Lifestyle Fashion B.V.

July 31, 2017 STRAX acquired Telecom Lifestyle Fashion B.V. ("TLF") with a contractual and financial effective date of August 1, 2017. As a result the Group's equity interest increased from 1.1 percent to 100.0 percent of the outstanding shares and votes, obtaining control of TLF.

The acquisition of TLF will enable STRAX to long term secure the access to the specific knowledge TLF has in working with licensed major brands, product development as well as marketing and products under licensed brands. Taking control further gives access to the current portfolio of licensed brands including adidas originals, adidas performance as well as bugatti.

Since the acquisition August 1, 2017, for the two months, August 1 - September 30, 2017, TLF contributed to the Group's revenues to the amount of KEUR 1 789 and profit for the period to the amount of KEUR 518. Should the contribution have been made January 1, 2017 (hypotethically) the Managements view is TLF would in total have contributed with KEUR 5 969 to the Group's revenues and profit for the period to the amount of KEUR 82.

A. Consideration transferred

The total purchase price, according to the contract amounts to KEUR 5 686, all payable in cash, with an option to pay KEUR 1 500 in shares in Strax AB, valued at SEK 5.05 per share corresponding to the closing price on the Nasdaq Stockholm Stock Exchange as at July 31, 2017.

Payment is to be settled latest December 31, 2017 and up until September 30, 2017, all according to the contract the following amount have been settled and the residual is still outstanding to be paid in Q4 2017.

Payment of purchase price	
Consideration payable latest December 31, 2017	4 186
Option to settle with own shares (treated as equity)	1 500
Paid in cash in september 2017	-208
Set-off of receivable with seller	-790
Balance as at September 30, 2017	**4 688**

B. Acquisition-related costs

The Group has included a total of KEUR 18 in legal fees and due diligence costs. All acquisition costs have been included in the profit and loss statement under "Administrative expenses".

C. Identifiable assets acquired and liabilities assumed through the acquisition

Table, in summary, of the recognized amounts of assets acquired and liabilities assumed through the acquisition.

	KEUR
Property, plant and equipment	49
Intangible assets	3 112
Inventories	1 167
Trade receivables	3 285
Other assets	1 103
Deferred tax assets	462
Cash and cash equivalents	21
Loans and borrowings	-257
Deferred tax liabilities	-767
Contingent liabilities	-508
Site restoration provision	-426
Trade and other payables	-6 891
Total identifiable net assets acquired	**349**

D. Goodwill

Goodwill arising from the transaction has been recognized as follows:

Consideration transferred	5 686
Fair value of pre-existing interest in TLF	64
Fair value of identifiable net assets	-349
Goodwill	**5 401**

The revaluation of fair value of the Group's existing 1.1 percent interest in TLF resulted in a gain of KEUR 54, calculated as the difference of fair value amounting to KEUR 64 and the KEUR 10 carrying value of the investment reported according to the equity method at the date of the acquisition.

The goodwill is attributable to specific knowledge and track record TLF has in working with licensed major brands, product development as well as marketing and products under licensed brands.

DEFINITIONS

Key ratio	Calculation	What it measures or represents
Equity/Asset ratio	Equity as a percentage of the total assets.	This measure refelects the financial position and the long term solvency and resistance to periods of economic dow ntrun.
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.
Gross profit	Sales less the cost of goods sold.	Measures how w ell prices to customers in relation to cost of goods solad 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, efficency measure presented in percentage.
Operating profit/loss	Operating income minus operating costs for the specified period before financial items and taxes.	Meausures over all profitability from operations and ongoing business activities including depreciation and amortization.
EBITDA	Operating profit/loss plus depreciations.	Measures over all profitability from operations and ongoing business activities excluding depreciation and amortization.
ADJUSTED EBITDA	EBITDA adjusted for items affecting comparability and currency effects.	Measures over all profitability from operations and ongoing business activities including depreciation and amortization, adjusted for items affecting comparability and currency effects.

Group

	2017	2016	2017	2016	2016
	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Bridge to adjusted EBITDA, KEUR	**July 1 - Sept 30**	**July 1 - Sept 30**	**Jan 1 - Sept 30**	**Jan 1 - Sept 30**	**Jan 1 - Dec 31**
EBITDA					
Operating profit	2 165	2 334	4 620	3 605	4 917
+ Depreciation & amortization	635	627	1 507	897	1 611
EBITDA	**2 800**	**2 961**	**6 127**	**4 502**	**6 528**
ADJUSTED EBITDA					
EBITDA	2 800	2 961	6 127	4 502	6 528
+ Items affecting comparability	177	47	291	369	457
+ Currency effects	341	- 289	451	- 80	863
ADJUSTED EBITDA	**3 318**	**2 719**	**6 869**	**4 791**	**7 848**
Itmes affecting comparability					
Listing costs	7	47	7	369	458
Share of Profit of associates(a)	170	0	284	0	- 1
Total items affecting comparability	**177**	**47**	**291**	**369**	**457**

STRAX recognizes items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons due to the fact they do not recur with the same regularity as other items.

Parent Company

Summary income statements, KEUR	2017 (3 months) July 1 - Sept 30	2016 (3 months) July 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2016 (9 months) Jan 1 - Sept 30	2016 (12 months) Jan 1 - Dec 31
INVESTMENT ACTIVITIES					
Result from shares and participations	-2	2	-14	5 644	5 574
Gross profit	**-2**	**2**	**-14**	**5 644**	**5 574**
Administrative expenses	-218	-138	-658	-423	-621
Other operating income	260	-	712	-	398
Operating income	**40**	**-136**	**40**	**5 221**	**5 350**
Net financial items	-53	-9	-53	-26	-32
Result after financial items	**-13**	**-145**	**-13**	**5 195**	**5 318**
Current taxes	-	-	-	-	-
RESULT FOR THE PERIOD	**-13**	**-145**	**-13**	**5 195**	**5 318**
Statement of comprehensive income, KEUR					
Result for the period	-13	-145	-13	5 195	5 318
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-13**	**-145**	**-13**	**5 195**	**5 318**

Summary balance sheets, KEUR	Sept 30 2017	Sept 30 2016	Dec 31 2016
ASSETS			
Non-current assets	131	131	131
Non-current financial assets	75 700	75 161	75 700
Total non-current assets	**75 831**	**75 292**	**75 830**
Shares and participations held for sale	9	35	22
Current receivables	396	92	105
Cash and bank balances	1	67	11
Total current assets	**406**	**195**	**138**
TOTAL ASSETS	**76 237**	**75 486**	**75 968**
EQUITY AND LIABILITIES			
Equity	**74 303**	**73 615**	**74 316**
Current liabilities	1 934	1 871	1 652
Total liabilities	1 934	1 871	1 652
TOTAL EQUITY AND LIABILITIES	**76 237**	**75 486**	**75 968**

Summary of changes in equity, KEUR	
Equity as at January 1 2016	**24 975**
Shareholder distribution	-9 535
Costs shareholder distribution	-36
Dividend	-976
Non-cash issue	55 233
Costs non-cash issue	-609
Comprehensive income January 1 – December 31 2016	5 264
Equity as at December 31 2016	**74 316**
Comprehensive income January 1 – September 30 2017	-13
TOTAL EQUITY AS AT SEPTEMBER 30 2017	**74 303**