Q1
2020

STRAX

STRAX sees limited impact from Covid-19 in Q1; sales in line with same period 2019

- The Group's sales for the period January 1 – March 31, 2020, amounted to MEUR 22.2 (22.6), with a gross margin of 26.7 (26.3) percent.
- The Group's result for the period January 1 – March 31, 2020, amounted to MEUR -2 (0.2) corresponding to EUR -0.02 (0.00) per share. The result for the period was negatively affected by MEUR 2.8 (-0.3) related to the decline in value of the Zagg shares, making the results in line with last year when adjusted for the impact of the Zagg shares.
- EBITDA for the period January 1 – March 31, 2020, amounted to MEUR 0.3 (1.4).
- Equity as of March 31, 2020 amounted to MEUR 18.2 (21.7) corresponding to EUR 0.15 (0.18) per share.
- STRAX initiatives in e-com continues according to plan and online sales increased both in terms of absolute value and share of overall group sales.
- STRAX entered the Personal Protection Equipment category (PPE) with shipments starting early April, establishing STRAX as a reliable supplier in the PPE category. The current orderbook includes existing customers as well as healthcare and international government bodies.
- After the end of the period Urbanista launched a limited edition Bluetooth speaker in collaboration with H&M Home.
- The Covid-19 pandemic has put pressure on our core mobile accessories business as many of our traditional retail customers were forced to close stores. As a response we have reduced our operating expenses through various measures including government sponsored programs, stepped up our e-commerce activities as well as entering the PPE category.
- Starting mid-May many of the strictest lockdown measures in our key markets have started to be lifted and we expect business to gradually pick up in these markets.

" The first quarter started well for STRAX and through February our supply chain was not disrupted as a result of the coronavirus outbreak in China. It was only in mid-March that we started to feel the negative impact of the pandemic when strict social distancing measures in our core markets were implemented followed by broad retail store closures. Nevertheless, our e-commerce business continued to perform well throughout the quarter, both via online marketplaces and direct brand websites. Our entire STRAX team has remained positive and held up well throughout the uncertain situation stemming from the Covid-19 pandemic."

Gudmundur Palmason, CEO

WE INNOVATE, WE CREATE, WE INSPIRE, WE DELIVER

STRAX is a global company specializing in mobile accessories. STRAX develops and grows brands through an omnichannel approach. STRAX operates two complimentary businesses – Own brands and Distribution (retail and online marketplaces) - where the lifestyle audio brand Urbanista is the flagship along with our licensed brand adidas. Through its retail distribution platform in Europe STRAX represents over 40 major mobile accessory brands, whilst Brandvault, focuses on online marketplace distribution globally. STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online. STRAX was founded in Miami and Hong Kong in 1995 and has since grown across the world. Today, STRAX has over 200 employees in 12 countries with its operational HQ and logistics center based in Germany. STRAX is listed on the Nasdaq Stockholm Stock Exchange.

OWN BRANDS

INNOVATIVE PROTECTION, AUDIO, POWER & CHARGING SOLUTIONS.
With an extensive product portfolio ranging from protection to audio and power, XQISIT brings mid-priced innovative, quality design and functionality to value-conscious consumers.

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.

PREMIUM STRENGTH GLASS SCREEN PROTECTION DESIGNED FOR A SEAMLESS FIT.
Responding to the growing market demand for tempered glass protection, THOR is a higher quality, premium product, priding itself on being meticulously designed to fit any phone perfectly.

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

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

LICENSED 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.

CHIC AND REFINED PROTECTION

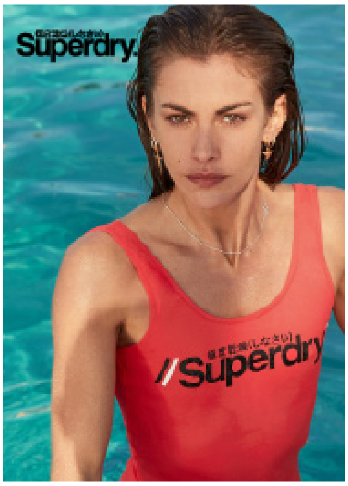
The bugatti brand aims to reflect the cultural and creative diversity of Europe. bugatti's handmade smartphone cases are crafted from high-quality full grain leather and come in a range of timeless colors, epitomizing elegance, and quality workmanship.

DISTINGUISHED DEVICE CASES

A small yet distinguished collection of device cases for which the license 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.

PREMIUM STREET WEAR & ACCESSORIES

TLF acquired the license for WeSC in 2020. WeSC designs, markets, and sells clothing & accessories in the premium street wear segment of the international market under the WeSC (We are the Superlative Conspiracy) brand. WeSC's shares are traded on the Nasdaq First North Growth Market and the company's Certified Adviser is G&W Fund Commission



ICONIC AND CONTEMPORARY FASHION BRAND

TLF acquired the license for Superdry in 2020. Founded in the UK in 2003, Superdry has become an iconic and contemporary fashion brand focusing on high-quality products that fuse vintage Americana with Japanese-inspired graphics. Characterized by quality fabrics, authentic vintage washes, unique detailing, and world leading graphics, Superdry has gained exclusive appeal as well as a global celebrity following.

COMMENTS FROM THE CEO

"The first quarter started well for STRAX and through February our supply chain was not disrupted as a result of the coronavirus outbreak in China. It was only in mid-March that we started to feel the negative impact of the pandemic when strict social distancing measures in our core markets were implemented followed by broad retail store closures. Nevertheless, our e-commerce business continued to perform well throughout the quarter, both via online marketplaces and direct brand websites. Our entire STRAX team has remained positive and held up well throughout the uncertain situation stemming from the Covid-19 pandemic.

During the first quarter sales were down by just MEUR 0.4 over same period last year, therefore remaining relatively flat year-over-year (YoY). Sales in Q1 were MEUR 22.2 (22.6) and EBITDA amounted to MEUR 0.3 (1.4). Trailing twelve-month (TTM) sales stand at MEUR 113 and TTM EBITDA is MEUR 7.2. Urbanista delivered strong growth, with sales of MEUR 3.5 representing a sales growth of 67% YoY, and Brandvault, our online marketplace distribution business, multiplied its sales YoY.

Agility has been a critical success factor for STRAX since the company was founded in 1995. Our operating structure is built with flexibility in mind, allowing us to continuously adapt and respond to external market changes. We were therefore able to react quickly on multiple fronts to the Covid-19 pandemic.

As always, it was of utmost importance to protect the health and wellbeing of our employees and we did that by enabling everyone to work from home, save for warehouse colleagues who already started to follow strict hygiene rules back in February. We furthermore decided not to terminate any employees, riding out the worst of the coronavirus pandemic together.

To safeguard our business, we on the one hand implemented cost saving measures across the whole company, thereby reducing costs by more than 30% from April 1st. We will broadly maintain such a reduced operating expense level until we see demand for mobile accessories return to pre-pandemic levels, which we anticipate being at least 12 months out. Irrespective of the timing of such a recovery we are doing our utmost to return to "normalcy" in our day-to-day operations. On the other hand, we maintained our investments in growth initiatives and looked for new opportunities within our customer base. We detected great need for Personal Protection Equipment (PPE) products, which are a good fit to our existing business model. We have therefore reallocated resources to the PPE segment and have already delivered facemasks, gloves, and disinfectants to existing and new customers.

Furthermore, we continue to emphasize our corporate social responsibility and as part of our push into PPE we have donated 100 000 masks to hospitals and key actors within the health care services in several markets in which we are active.

Our positioning in the mobile accessories market is strong and we are excited about the potential in the PPE product category, in addition to the diversification it brings to STRAX business. Our ability to balance cost savings to survive today and continued investments to grow tomorrow puts us in a stronger position to navigate any Covid-19 recession. I am proud of how the entire STRAX organization has responded to the ongoing coronavirus situation and can happily confirm that the team remains positive and highly motivated to improve both of our corporate cornerstones, namely our general corporate social responsibility and shareholder returns."

The Board of Directors and the CEO of Strax AB hereby summit the year-end report for the period January 1 – March 31, 2020

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 – March 31, 2020

The Group's net sales for the period January 1 – March 31, 2020 amounted to 22 212 (22 550). Gross profit amounted to 5 936 (5 922) and gross margin amounted to 26.7 (26.3) percent. Operating profit amounted to -171 (951).

Result for the period amounted to -1 929 (222). The result included gross profit 5 936 (5 922) selling expenses -4 911 (-3 203), administrative expenses -1 461 (-1 874), other operating expenses -2 315 (-1 333), other operating income 2 580 (1 439), net financial items -3 129 (-940) and tax 1 371 (213). Operating expenses have increased as a result of the acquisitions of Brandvault and Richmond & Finch in 2019 as well as the build up of the digital marketing team in Stockholm.

Included in financial expenses are also changes in value relating to shares in ZAGG to be received as part of the consideration for the sale of Gear4 to the amount of MEUR 2.8.

As of March 31, 2020, total assets amounted to 84 308 (78 339), of which equity totaled 18 171 (21 688), corresponding to equity/assets ratio of 21.6 (27.7) percent. Interest-bearing liabilities as of March 31, 2020, amounted to 18 425 (16 385). The group's cash and cash equivalents amounted to 2 576 (1 287).

The interest-bearing liabilities will be refinanced during 2020.

STRAX holds 637,628 shares in Zagg received as part of the purchase price from the sale off Gear4, valued at USD 10.23 per share, at the time of the transaction, of which 1/3 is in lock-up and being released in May 2020.

Significant events during the period

In January, Richmond & Finch, the fashion tech accessories brand, launched exclusive PopGrip designs in collaboration with PopSockets, the largest accessories grip company in the world.

In March, Telecom Lifestyle Fashion (TLF), the licensing specialist owned by STRAX, signed two new global licensing agreements. One with the UK fashion label Superdry for mobile accessories and another with the Swedish streetwear brand WeSC for headphones and mobile accessories.
Both agreements are globally exclusive with a three-year duration. The Superdry range will be brought to market in Q2 2020, followed by WeSC true wireless and wired headphones in Q3 2020.

We will not receive the additional payment related to the sale of Gear4. We have however, to date received 2/3 of the hold back shares in Zagg emanating from the transaction, and expect to receive the remaining shares in May 2020.

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 72 (81), of which investments in intangible assets amounted to - (-), property, plant and equipment amounted to 72 (81) and investments in financial assets amounted to - (-).

The parent company's result for the period amounted to - (-20). The result included gross profit of 253 (239), administrative expenses -268 (-250) and net financial items 15 (-9). As of March 31, 2020, total assets amounted to 76 267 (75 923) of which equity totaled 63 076 (62 976). Cash and cash equivalents amounted to - (-).

Significant events after the end of the period

STRAX entered the Personal Protection Equipment category (PPE). Shipments started in April establishing STRAX as a reliable supplier in the PPE category. The current orderbook includes existing customers within the telecom and CE channels, enterprise customers as well as healthcare and international government bodies.

After the end of the period Urbanista launched a limited edition Bluetooth speaker in collaboration with H&M Home.

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, Japan, and strategic markets in the rest of the world. STRAX will furthermore invest in eCommerce sales channels, both direct brand websites and marketplaces, to improve margins, diversify its traditional retail customer base and secure growth. STRAX has enjoyed positive developments in sales in recent years. Having achieved 25% like-for-like growth in 2019 we expect continued organic growth, driven specifically by Urbanista and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts, and established an in-house digital marketing team. We expect our online sales to grow significantly, albeit from a relatively low base, with eCommerce accounting for 50% of our sales in 2-3 years. STRAX intends to play an active role in the ongoing consolidation of our industry through acquisitions, divestments, and partnerships.

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, interest rate and credit risk. 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.

As a result of the Covid-19 virus, sales started decreasing from second week of March 2020, although Urbanista and our online sales platforms have maintained positive momentum. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

- Adjustments to product purchasing plans
- Reduction of operating expenses through reduced working hours or direct salary reductions, and reductions of rent, marketing and travel expenditures
- Credit facilities are being expanded to strengthen liquidity
- Increased activities in online channels
- Distribution of medical products, such as face masks, gloves and hand sanitizers

Our retail customers started opening some of their stores in late May and we expect a gradual increase in demand for the rest of 2020.

For further information on risks and risk management, reference is made to the 2019 annual report.

FINANCIAL CALENDAR:

May 26, 2020
Annual General Meeting

August 27, 2020
Interim Report January 1 – June 30 2020

November 26, 2020
Interim Report January 1 – September 30 2020

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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, May 26, 2020

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi T. Tomasson
Director

Pia Anderberg
Director

This report has not been subject to an audit by the company auditor.

Group

Key ratios	2020 (3 months) Jan 1 - Mar 31	2019 (3 months) Jan 1 - Mar 31	2019 (12 months) Jan 1 - Dec 31
FINANCIAL KEY RATIOS			
Sales growth, %	-1.5	2.2	6.2
Gross margin, %	26.7	26.3	24.5
Equity, MEUR	18.2	21.7	20.1
Equity/asset ratio, %	21.6	27.7	19.6
DATA PER SHARE[1]			
Equity, EUR	0.15	0.18	0.17
Equity, SEK	1.66	1.87	1.67
Result, EUR	-0.02	0.00	-0.02
Result, SEK	-0.21	0.02	-0.20
Result per share prior to dilution, EUR	-0.02	0.00	-0.01
Result per share after dilution, EUR	-0.02	0.00	-0.01
NUMBER OF SHARES[1]			
Number of shares at the end of the period	120 592 332	120 592 332	120 592 332
Average number of shares[2]	120 592 332	120 592 332	120 592 332
Average number of shares during the period after dilution	124 687 332	124 687 332	124 687 332
EMPLOYEES			
Average number of employees	218	198	198

Group

Summary income statements, KEUR	2020 (3 months) Jan 1 - Mar 31	2019 (3 months) Jan 1 - Mar 31	2019 (12 months) Jan 1- Dec 31
Net sales	22 212	22 550	113 644
Cost of goods sold	-16 276	-16 628	-85 843
Gross profit	**5 936**	**5 922**	**27 801**
Selling expenses	-4 911	-3 203	-16 496
Administrative expenses [(1)]	-1 461	-1 874	-5 191
	-2 315	-1 333	-8 298
Other operating income	2 580	1 439	8 329
Operating profit	**- 171**	**951**	**6 146**
Financial income	-	- 283	-
Financial expenses	-3 129	- 659	-5 982
Net financial items	**-3 129**	**- 940**	**-5 982**
Profit before tax	**-3 300**	**9**	**164**
Tax	1 371	213	-1 899
PROFIT OR LOSS FOR THE PERIOD [(2)]	**-1 929**	**222**	**-1 735**
Result per share before dilution, EUR	*-0.02*	*0.00*	*-0.01*
Result per share after dilution, EUR	*-0.02*	*0.00*	*-0.01*
Average number of shares during the period	*120 592 332*	*120 592 332*	*120 592 332*
Average number of shares during the period after dilution	*124 687 332*	*124 687 332*	*124 687 332*

Statement of comprehensive income, KEUR			
Result for the period	-1 929	222	-1 735
Other comprehensive income, translation gains/losses on consolidation	-	-	369
Total comprehensive income for the period	**-1 929**	**222**	**-1 366**

Operating segment

	DISTRIBUTION		OWN BRANDS		OTHER		TOTAL	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Net Revenues	16 702	17 500	5 250	4 974	253	230	22 205	22 704
Net COS	-12 276	-11 684	-2 182	-3 802	-237	-212	-14 695	-15 698
Gross profit	4 426	5 816	3 068	1 172	16	18	7 510	7 006
Gross Margin	27%	33%	58%	24%	6%	8%	34%	31%
Payroll	-1 663	-2 633	-1 148	-854	-174	-257	-2 985	-3 744
Other	-2 043	-1 565	-2 016	-503	-287	-303	-4 345	-2 371
Total Opex	-3 706	-4 198	-3 163	-1 357	-461	-560	-7 331	-6 115
EBITDA	720	1 618	-96	-185	-445	-542	179	891

Group

Summary balance sheets, KEUR	2020 Mar 31	2019 Mar 31	2019 Dec 31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	28 175	20 902	28 175
Other intangible assets	3 871	2 782	3 919
Property, Plant & Equipment	1 020	1 089	1 087
Other assets	641	998	879
Deferred tax assets	54	62	52
Total non-current assets	**33 761**	**25 832**	**34 112**
CURRENT ASSETS			
Inventories	18 431	14 686	17 430
Tax receivables	1 325	1 366	1 374
Accounts receivable	16 812	21 933	25 975
Other assets	11 403	13 236	20 123
Cash and cash equivalents	2 576	1 287	3 644
Total current assets	**50 547**	**52 506**	**68 547**
TOTAL ASSETS	**84 308**	**78 339**	**102 659**
EQUITY AND LIABILITIES			
Equity	**18 171**	**21 688**	**20 100**
NON-CURRENT LIABILITIES:			
Tax liabilities	2 853	3	2 853
Other liabilities	8 750	3 801	8 803
Interest-bearing liabilities	-	2 676	-
Deferred tax liabilities	629	819	629
Total non-current liabilities	**12 232**	**7 298**	**12 284**
Current liabilities:			
Provisions	1 082	1 149	1 563
Interest-bearing liabilities	18 425	13 709	23 060
Accounts payable	17 605	18 725	22 100
Tax liabilities	1 904	5 893	3 753
Other liabilities	14 888	9 876	19 808
Total current liabilities	53 904	49 353	70 284
Total liabilities	**66 137**	**56 651**	**82 568**
TOTAL EQUITY AND LIABILITIES	**84 308**	**78 339**	**102 659**

Summary of changes in equity, KEUR	
Equity as of December 31, 2017	**21 028**
Total Comprehensive income January 1 - December 31, 2018	13 237
Equity as of December 31, 2018	**34 265**
Distribution to shareholders	-12 742
Cost related to distribution to shareholders	- 57
Comprehensive income January 1 - March 31, 2019	222
Equity as of March 31, 2019	**21 688**
Comprehensive income January 1 - December 31, 2019	-1 588
Equity as of December 31, 2019	**20 100**
Comprehensive income January 1 – March 31, 2020	-1 929
Equity as of March 31, 2020	**18 171**

Group

Summary cash flow statements, KEUR	2020 (3 months) Jan 1 - Mar 31	2019 (3 months) Jan 1 - Mar 31	2019 (12 months) Jan 1 - Dec 31
OPERATING ACTIVITIES			
Result before tax	-3 300	9	164
Adjustment for items not included in cash flow from operations or items not affecting cash flow	3 446	1 053	8 345
Paid taxes	- 101	- 446	- 906
Cash flow from operations prior to changes in working capital	**45**	**616**	**7 603**
Cash flow from changes in working capital:			
Increase (-)/decrease (+) in inventories	-1 000	295	-2 860
Increase (-)/decrease (+) current receivables	8 355	7 008	-10 800
Increase (-)/decrease (+) in non-current receivables	238	535	653
Increase (+)/decrease (-) current liabilities	- 280	1 504	-2 255
Increase (+)/decrease (-) in current liabilities	-7 075	-8 022	10 837
Cash flow from operations	**282**	**1 936**	**3 178**
INVESTMENT ACTIVITIES			
Investments in intangible assets	- 263	-	-1 301
Investments in tangible assets	- 72	- 81	- 536
Investments in subsidiaries	-	-	- 95
Cash flow from investment activities	**- 335**	**- 81**	**-1 932**
FINANCING ACTIVITIES			
Interest-bearing liabilities	- 750	-6 717	3 622
Amortization of interest-bearing liabilities	-	-5 750	-9 618
Distribution to the shareholders	-	-12 742	-12 742
Paid interest and other expenses	- 266	- 204	-3 709
Cash flow from financing activities	**-1 016**	**-25 413**	**-22 447**
Cash flow for the period	**-1 068**	**-23 558**	**-21 201**
Cash and cash equivalents at the beginning of the period	3 645	24 845	24 845
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2 576**	**1 287**	**3 644**

NOTE 1 REFERENCES

- Seasonal and phone launch fluctuations, see page 6
- Reporting per business segment see page 10
- For further information on accounting principles reference is made to the 2019 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 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 2019, new standards IFRS 9 Financial instruments, IFRS 15 Revenue from contracts with customers have been implemented without material effects due to the fact the STRAX group have seen historically low default numbers in combination with the fact most of the accounts receivables have been secured with credit insurances. As of January 1, 2019, IFRS 16, Leasing, was implemented.
The first-time implementation had an impact on the balance sheet, increasing non-current assets by MEUR 2.8 with the corresponding increase in non-current liabilities. The initial effect has not impacted the cash flow statement.
In the income statement a portion of the leasing expenses has been reclassified to interest expenses and the remaining part has been reclassified to depreciation. The impact on interest expenses for the period amounts to KEUR 104.
In the cash flow for the period the reclassification of leasing expenses to depreciation has impacted the cash flow by KEUR 849.

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 FAIR VALUE: HIERARCHY

The total sales proceeds emanating from the sale of Gear4 amounted to MEUR 33.7. An amount of MEUR 7.2 is held back as collateral for seller guarantees, whereof the contract states that MEUR 5.7 will be settled through payment of shares in ZAGG Inc. This receivable has to the part it will be settled in shares been valued at fair value through profit and loss (fair value hierarchy level 1) on the share price of the ZAGG share per the balance sheet date. Calculated expected purchase price relating to the acquisition of Brandvault amounts to MEUR 2.0 and Racing Shield MEUR 4.2 and is valued at fair value (fair value hierarchy level 3). The amount is reported as other non-current liabilities in the balance sheet.
STRAX has no other financial instruments recognized at fair value.

NOTE 5: ACQUISITION OF BRANDVAULT LTD

Consideration transferred
The total purchase price according to the contract is an earn out structure based on sales and EBITDA development in Brandvault Ltd for the period 2019 – 2021. The purchase price based on forecasts has been calculated to KEUR 2 029.Identifiable assets acquired, and liabilities assumed through the acquisition.

Table, in summary, of the recognized amount of assets acquired and the liabilities assumed through the acquisition KEUR:

Recognized values (fair value)	KEUR
Other non-current assets	10
Inventories	1 607
Accounts receivables Other Assets	20
Other Assets	52
Accounts payable	-2 318
Other liabilities	- 67
Total identifiable net assets acquired	**- 696**

Goodwill

Goodwill arising from the transaction has been recognized as follows:

Calculated expected purchase price	2 029
Fair Value of pre-existing interest	0
Fair Value of identifiable net assets	- 696
Goodwill	**2 725**

NOTE 6: ACQUISITION OF RACING SHIELD AB (PRELIMINARY)

The total purchase price according to the contract is an earn out structure based on sales and EBITDA development in Racing Shield AB for the period 12/2019 – 2022. The purchase price based on forecasts has been calculated to KEUR 4 178. Identifiable assets acquired and liabilities assumed through the acquisition.

Table, in summary, of the recognized amount of assets acquired and the liabilities assumed through the acquisition KEUR:

Recognized values (fair value)	**KEUR**
Fixed assets	21
Inventory	535
Accounts receivables	294
Other current assets	35
Long term liabilities	- 598
Interest bearing liabilities	- 471
Accounts payables	- 795
Taxes	- 108
Other current liabilities	- 327
Total identifiable net assets acquired	**-1 414**

Allocation of acquired assets and goodwill	
Calculated expected purchase price Fair value of trademarks	4 179
Fair value of trademarks	1 045
Fair value of identifiable net assets	-1 414
Goodwill	**4 548**

The goodwill is attributable to Richmond & Finch position in the market know how of the fashion tech segment and design capabilities.

Acquisition related costs were limited to legal and administrative costs amounting to EUR 15.

For the period December 1 – December 31, 2019, Racing Shield AB contributed to the Group's revenues to the amount of 155, an EBIT of -92 and loss for the period to the amount of 108.

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

	2020	2019	2019
	(3 months)	(3 months)	(12 months)
Bridge to EBITDA, KEUR	Jan 1 - Mar 31	Jan 1 - Mar 31	Jan 1- Dec 31
EBITDA			
Operating profit	-172	951	6 147
+ Depreciation & amortization	450	450	2 175
EBITDA	**278**	**1 401**	**8 322**

Parent Company

Summary income statements, KEUR	2020 (3 months) Jan 1 - Mar 31	2019 (3 months) Jan 1 - Mar 31	2019 (12 months) Jan 1 - Dec 31
INVESTMENT ACTIVITIES			
Net Sales	253	239	1 042
Gross profit	**253**	**239**	**1 042**
Administrative expenses	-268	-250	-925
Operating income	**-15**	**-11**	**117**
Net financial items	15	-9	-17
Result after financial items	**-**	**-20**	**100**
Current taxes	-	-	-
RESULT FOR THE PERIOD	**-**	**-20**	**100**

Statement of comprehensive income, KEUR			
Result for the period	-	-20	100
Other comprehensive income	-	-	-20
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-20**	**80**

Summary balance sheets, KEUR	2020 Mar 31	2019 Mar 31	2019 Dec 31
ASSETS			
Non-current assets	134	130	134
Non-current financial assets	75 693	75 693	75 693
Total non-current assets	**75 827**	**75 823**	**75 827**
Shares and participations held for sale	-	2	-
Current receivables	440	98	189
Cash and bank balances	-	-	1
Prepaid expenses and accrued income	-	-	205
Total current assets	**440**	**100**	**395**
TOTAL ASSETS	**76 267**	**75 923**	**76 222**
EQUITY AND LIABILITIES			
Equity	**63 076**	**62 976**	**63 076**
Current liabilities	13 191	12 947	13 146
Total liabilities	13 191	12 947	13 146
TOTAL EQUITY AND LIABILITIES	**76 267**	**75 923**	**76 222**

Summary of changes in equity, KEUR	
Equity as of December 31, 2017	**75 724**
Comprehensive income Jan 1 - Dec 30, 2018	71
Equity as of December 31, 2018	**75 795**
Distribution to shareholders	-12 742
Cost related to distribution to shareholders	-57
Comprehensive income Jan 1 - Dec 31, 2019	80
Equity as of December 31, 2019	**63 076**
Comprehensive income Jan 1 - Mar 31, 2020	-
Equity as of March 31, 2020	**63 076**