Q3 2020

STRAX

STRAX performance in the third quarter driven by strong growth across all online channels and market recovery in retail distribution

- The Group's sales for the period January 1 – September 30, 2020, amounted to MEUR 76.7 (72.3), with a gross margin of 25.5 (24.1) percent.
- The Group's result for the period January 1 – September 30, 2020, amounted to MEUR -2.6 (-2.7) corresponding to EUR -0.01 (-0.02) per share. The result for the period was negatively affected by MEUR 3.1 (1.1) related to the decline in value of the Zagg shares.
- EBITDA for the period January 1 – September 30, 2020, amounted to MEUR 4.9 (5.1).
- Equity as of September 30, 2020 amounted to MEUR 17.5 (18.8) corresponding to EUR 0.14 (0.16) per share.
- STRAX entered the health & wellness product category and started delivering facemasks, gloves and disinfectants to existing as well as new customers, including branches within the United Nations and hospitals in Q2 2020.
- In July 2020 STRAX signed a senior secured loan facility in the amount of MEUR 30 with Proventus Capital Partners.
- The loan proceeds from Proventus were paid out in two tranches, a subordinated tranche of MEUR 6 in July 2020, to provide additional working capital until the full amount was paid out in October 2020, in connection with the refinancing of maturing loans of already existing German bank consortium.
- STRAX signed a five-year global exclusive distribution agreement with Aetheris to accelerate sales of their established and intelligent face mask brand, Airpop. The Airpop product range will be brought to market by STRAX in Q3 2020.

Significant events after the end of the period

- STRAX continues to experience strong interest and demand for health & wellness products and has already established a name for itself in the category. STRAX continues to participate in and winning tenders in the category and volumes are expected to increase in the fourth quarter 2020.
- STRAX and Erikson Consumer, a Jam Industries company, have signed an exclusive distribution agreement in Canada for all STRAX own and licensed mobile accessories brands. The agreement covers both STRAX mobile accessories brands, such as Urbanista, Clckr and Richmond & Finch, as well as newly established health & wellness brands, AVO+ and Airpop as a non-exclusive agreement.

"STRAX performed well during the third quarter, a period heavily impacted by the Covid-19 pandemic. Demand for mobile accessories remained relatively weak in brick and mortar retail, whilst our online sales maintained strong momentum delivering year-over-year growth in excess of 200% in the quarter. Our newly established health & wellness business furthermore secured several large contracts for personal protection equipment (PPE) with deliveries starting later this year. The entire STRAX team has demonstrated both resilience and resourcefulness throughout the pandemic and is fully committed to work tirelessly to future proof our business".

Gudmundur Palmason, CEO

WE INNOVATE, WE CREATE, WE INSPIRE, WE DELIVER

STRAX is a global leader in tech accessories that empower mobile lifestyles. Our portfolio of accessories brands covers all major product categories: Protection, Power, Personal Audio and Connectivity. In response to the ongoing pandemic, STRAX has recently pivoted into Health & Wellness, with an initial focus on personal protection equipment, such as face masks, gloves and sanitizers. Our success lies in a strong offline and online distribution network and best-in-class customer service, delivered by a stellar team.

We develop and grow brands through an omnichannel approach, we operate two complementary businesses: **Own brands** – including Urbanista, Clckr, Richmond & Finch, Planet Buddies, xqisit, AVO+, and licensed brands such as adidas, Bugatti, Diesel, SuperDry and WeSC – and ***Distribution*** (traditional retail, enterprises and online marketplaces). In addition to own and licensed brands, STRAX distributes over 40 major mobile accessory brands and several health & wellness brands with an initial focus on personal protection equipment. We sell into all key sales channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers, large enterprises and direct to consumers online.

Founded in Miami and Hong Kong in 1995, STRAX has since expanded worldwide. Today, we have over 200 employees in 13 countries, with our operational HQ and logistics center in Germany. STRAX is listed on the Nasdaq Stockholm stock exchange.

OWN BRANDS – MOBILE ACCESSORIES

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

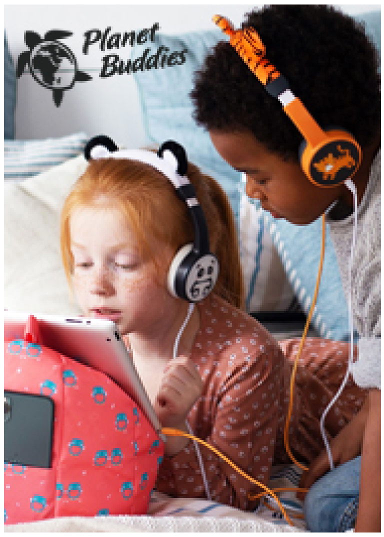
Responding to the growing market demand for tempered glass protection, THOR is a higher quality, premium product, priding itself on being meticulously designed to fit any phone perfectly.

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.



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.

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

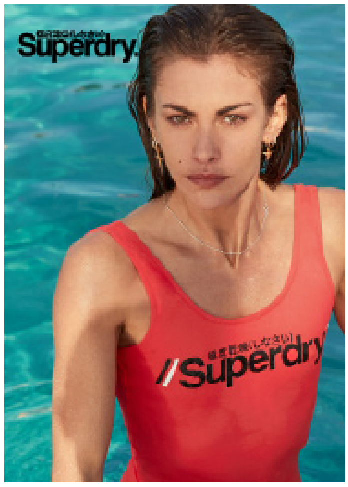
The bugatti brand aims to reflect the cultural and creative diversity of Europe. bugatti's handmade smartphone cases are crafted from high-quality full grain leather and come in a range of timeless colors, epitomizing elegance, and quality workmanship.

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.

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.

OWN BRANDS – 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.

COMMENTS FROM THE CEO

"STRAX performed well during the third quarter, a period heavily impacted by the Covid-19 pandemic. Demand for mobile accessories remained relatively weak in brick and mortar retail, whilst our online sales maintained strong momentum delivering year-over-year growth in excess of 200% in the quarter. Our newly established health & wellness business furthermore secured several large contracts for personal protection equipment (PPE) with deliveries starting later this year. The entire STRAX team has demonstrated both resilience and resourcefulness throughout the pandemic and is fully committed to work tirelessly to future proof our business.

Sales in Q3 amounted to MEUR 26.4 (27.7), corresponding to a decrease of MEUR 1.3 or 4.6% compared to last year. EBITDA increased to MEUR 3.5 (3.0), an increase of 14.5% YoY. Mobile accessories sales year-to-date (YTD) are MEUR 58.7 (72.3), representing a decrease of 18.8% YoY, whilst sales from the health & wellness product category were MEUR 18.0, equaling 23.5% of sales YTD. Trailing twelve-month (TTM) sales stand at MEUR 118.0 and TTM EBITDA is MEUR 8.1.

We increased our investments in e-commerce and believe that we are largely on track to achieve our target to generate half of sales through online channels in 2023. As an important part of that journey we created the role of Digital transformation & eCommerce Director and hired an experienced external resource with responsibility to develop systems, infrastructure and to deliver against that 2023 goal. We have experienced strong growth across all our addressable online channels, with those being direct to consumers websites, such as urbanista.com and airpophealth.com, and seller managed marketplaces, such as Amazon and eBay, through Brandvault. In addition, we also have significant indirect e-commerce sales to brick and mortar retail customers selling through their own websites. Here we are continuously fielding requests from more of customers for support of their online sales, which provides for a significant opportunity by combining our already available content with e-commerce expertise and fulfillment capabilities.

Our newly established health & wellness business is progressing well. We have secured multiple sub-distribution agreements and retail listings for both Airpop and AVO+ and Airpop is furthermore selling well on its direct to consumer website and across our seller managed online marketplaces. The enterprise channel has also responded favourably to the Airpop masks, which do provide more comfort and protection for extended wear in the workplace. The PPE bulk business has also enjoyed solid wins and we have recently been awarded a long-term arrangement with major international agencies where deliveries will commence now in the fourth quarter and will extend well into 2021.

The recent spike in Covid-19 infections has led to new lockdowns in several of our key markets thereby negatively impacting sales in traditional retail and brought along increased market uncertainty. However, STRAX is significantly better equipped to deal with the situation given our successful pivoting into health & wellness products and increased online sales. Hence, as things stand right now, we are most likely not going to implement broad based cost saving measures, although we might consider doing that in individual markets.

Lastly, I want to reiterate that we are confident that STRAX will emerge from the pandemic as a much stronger and better diversified company. I am very satisfied how we have managed throughout the pandemic and proud of the entire STRAX team."

The Board of Directors and the CEO of Strax AB hereby summit the year-end report for the period January 1 – September 30, 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 – September 30, 2020

The Group's net sales for the period January 1 – September 30, 2020 amounted to 76 668 (72 271). Gross profit amounted to 19 537 (17 412) and gross margin amounted to 25.5 (24.1) percent. Operating profit amounted to 3 596 (3 659).

Result for the period amounted to -2 646 (-2 683). The result included gross profit 19 537 (17 412) selling expenses -13 194 (-11 014), administrative expenses -3 840 (-3 667), other operating expenses -7 015 (-5 335), other operating income 8 107 (6 263), net financial items -4 777 (-5 571) and tax 308 (-618). Operating expenses increased as a result of the acquisitions of Brandvault and Richmond & Finch in 2019 as well as the buildup 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 3.1 (1.1).

As of September 30, 2020, total assets amounted to 91 923 (87 444), of which equity totaled 17 454 (18 782), corresponding to equity/assets ratio of 19.0 (21.5) percent. Interest-bearing liabilities as of September 30, 2020, amounted to 24 791 (22 447). The group's cash and cash equivalents amounted to 1 906 (1 387).

STRAX entered into a MEUR 30 loan agreement with Proventus Capital Partners and existing interest-bearing liabilities were therefore refinanced in October 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, and valued at USD 2.80 per share as of September 30, 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.

STRAX entered the health & wellness product category with an initial focus on personal protection equipment and started delivering facemasks, gloves and disinfectants to existing as well as new customers in April 2020.

The 2019 Annual General Meeting was held on May 26, 2020. The AGM resolved, in accordance with the Board of Directors' proposal, to adopt a warrant program and to issue warrants. The warrant program comprises in total a maximum of approximately 26 individuals and not more than 4,095,000 warrants may be issued within the framework of the program. Each warrant entitles the holder to subscribe for one share in STRAX during the period 1 July 2023 up to and including 30 September 2023 at a subscription price corresponding to 130 per cent of the volume-weighted average price of the Strax share on Nasdaq Stockholm during the period 10 trading days calculated from and including the day after the Annual General Meeting 2020. If all the 4,095,000 warrants are exercised, the warrant program entails a full dilution corresponding to approximately 3.3 per cent of the shares and votes in STRAX.

Urbanista, a STRAX brand, launched a limited-edition Bluetooth speaker in collaboration with H&M Home.

STRAX renewed its contract with mobilcom-debitel for another four years.

STRAX signed a senior secured loan facility in the amount of MEUR 30 with Proventus Capital Partners. A subordinated tranche of MEUR 6 was paid out in July 2020, to provide additional working capital until the full amount was paid out in October.

Urbanista launched the premium true wireless stereo headphones London, with active noise cancellation feature.

STRAX signed a five-year global exclusive distribution agreement with Aetheris to accelerate sales of their established and intelligent face mask brand, Airpop. The Airpop product range was brought to market by STRAX in Q3 2020.

STRAX launched a new brand, Planet Buddies, offering a range of children's headphones, speakers and holders based on a variety of colorful characters of endangered and threatened species.

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 728 (928), of which investments in intangible assets amounted to 373 (800), property, plant and equipment amounted to 186 (127) and investments in subsidiaries amounted to 169 (-).

The parent company's result for the period

amounted to - (1). The result included gross profit of 747 (678), administrative expenses -729 (-688) and net financial items -18 (11).
As of September 30, 2020, total assets amounted to 76 400 (75 899) of which equity totaled 63 076 (62 976). Cash and cash equivalents amounted to - (-).

Significant events after the end of the period

STRAX and Erikson Consumer, a Jam Industries company, have signed an exclusive distribution agreement in Canada for all STRAX own and licensed mobile accessories brands. The agreement covers both STRAX mobile accessories brands, such as Urbanista, Clckr and Richmond & Finch, as well as newly established health & wellness brands, AVO+ and Airpop as a non-exclusive agreement.

STRAX entered into a MEUR 30 loan agreement in July with Proventus Capital Partners and existing interest-bearing liabilities were therefore refinanced in October 2020. The loan from Proventus Capital Partners is for a term of five years and the full amount is denominated in EUR. The loan will carry a Euribor +7.5 percent interest rate, in line with current market pricing, as well as the average financing costs currently paid. The loan is governed by covenants that are primarily profitability and cash flow based. Provided the covenants are fulfilled, the loan agreement allows yearly dividend of up to 50 percent of profits, allowing for expected future levels of dividends.

Telecom Lifestyle Fashion (TLF), the licensing specialist and wholly owned subsidiary of STRAX AB, has signed a global licensing agreement with the internationally renowned Italian denim and lifestyle brand DIESEL for mobile accessories. The agreement is globally exclusive with a three-year duration.

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.
Reduced overall demand for mobile accessories, stemming from the Covid-19 pandemic, is expected to be short-term and does therefore not alter our mid- to longer-term plans in the product category.

STRAX recently entered the health & wellness product category with promising initial results.
To a large extent we utilize our existing resources, infrastructure and distribution competence.
Although still being in a relatively early stage of addressing existing customers and developing new customer relationships, we feel strongly about the potential and long-term sustainability of the product category, given that changes in behavior, as a result of Covid-19, are most likely permanent. This applies to the usage of face masks, gloves and various sanitizing products. The new health & wellness category furthermore provides diversification and can reduce our seasonality stemming from the mobile accessories industry.

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:

February 25, 2021
Year-End Report 2020

April 2021
Annual Report 2020

May 26, 2021
Interim Report January – March 2021

May 26, 2021
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 26, 2020

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi T. Tomasson
Director

Pia Anderberg
Director

AUDITOR'S REPORT

STRAX AB (publ) 556539-7709

Introduction

We have reviewed the condensed interim financial information (interim report) of STRAX AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish 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 the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do 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, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 26 November 2020

PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Group

Key ratios	2020 (3 months) Jul 1 - Sept 30	2019 (3 months) Jul 1– Sept 30	2020 (9 months) Jan 1– Sept 30	2019 (9 months) Jan 1- Sept 30	2019 (12 months) Jan 1 - Dec 31
FINANCIAL KEY RATIOS					
Sales growth, %	-4.6	16.8	6.1	4.0	6.2
Gross margin, %	28.9	23.3	25.5	24.1	24.5
Equity, MEUR	17.5	18.8	17.5	18.8	20.1
Equity/asset ratio, %	19.0	21.5	19.0	21.5	19.6
DATA PER SHARE					
Equity, EUR	0.14	0.16	0.14	0.16	0.17
Equity, SEK	1.53	1.67	1.53	1.67	1.67
Result, EUR	0.02	-0.02	-0.01	-0.02	-0.02
Result, SEK	0.21	-0,20	-0.08	-0.20	-0.20
Result per share prior to dilution, EUR	0.02	0.00	-0.01	-0.02	-0.01
Result per share after dilution, EUR	0.02	0.00	-0.01	-0.02	-0.01
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
Average number of shares during the period after dilution	124 687 332	124 687 332	124 687 332	124 687 332	124 687 332
EMPLOYEES					
Average number of employees	228	188	221	190	198

Group

Summary income statements, KEUR	2020 (3 months) Jul 1 - Sept 30	2019 (3 months) Jul 1 - Sept 30	2020 (9 months) Jan 1 – Sept 30	2019 (9 months) Jan 1 – Sept 30	2019 (12 months) Jan 1- Dec 31
Net sales	26 443	27 711	76 668	72 271	113 644
Cost of goods sold	-18 801	-21 245	-57 130	-54 859	-85 843
Gross profit	**7 642**	**6 466**	**19 537**	**17 412**	**27 801**
Selling expenses	-4 648	-4 133	-13 194	-11 014	-16 495
Administrative expenses (1)	-1 368	-590	-3 840	-3 667	-5 191
Other operating expenses	-2 101	-1 913	-7 015	-5 335	-8 298
Other operating income	3 537	3 073	8 107	6 263	8 329
Operating profit	**3 061**	**2 902**	**3 596**	**3 659**	**6 146**
Financial income	57	306	1	336	-
Financial expenses	-790	-2 345	-4 779	-5 908	-5 982
Net financial items	**-734**	**-2 038**	**-4 777**	**-5 571**	**-5 982**
Profit before tax	**2 328**	**863**	**-1 182**	**-1 913**	**164**
Tax	-382	-657	308	-618	-1 899
PROFIT OR LOSS FOR THE PERIOD (2)	**1 945**	**207**	**-874**	**-2 532**	**-1 735**
Result per share before dilution, EUR	*0.02*	*0.00*	*-0.01*	*-0.02*	*-0.01*
Result per share after dilution, EUR	*0.02*	*0.00*	*-0.01*	*-0.02*	*-0.01*
Average number of shares during the period	*120 592 332*	*120 592 332*	*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*	*124 687 332*	*124 687 332*

Statement of comprehensive income, KEUR					
Result for the period	1 945	207	-874	-2 531	-1 735
Other comprehensive income, translation gains/losses on consolidation	-1 773	292	-1 773	-152	369
Total comprehensive income for the period	**172**	**499**	**-2 646**	**-2 683**	**-1 366**

1) Depreciation and amortization for the period January 1 – September 30, 2020, amounted to 1 284 (1 482).
2) The result for the period, respectively the total comprehensive income is attributed to the parent company's shareholders.

Operating segment

	DISTRIBUTION				OWN BRANDS				OTHER				TOTAL			
	YTD Q3 2020	Q3 2020	YTD Q3 2019	Q3 2019	YTD Q3 2020	Q3 2020	YTD Q3 2019	Q3 2019	YTD Q3 2020	Q3 2020	YTD Q3 2019	Q3 2019	YTD Q3 2020	Q3 2020	YTD Q3 2019	Q3 2019
Net Sales	50 778	17 625	46 644	16 389	25 890	8 818	25 627	11 322	-	-	-	-	76 668	26 443	72 271	27 711
Net COS	-37 124	-12 272	-35 264	-12 404	-20 006	-6 530	-19 595	-8 841	-	-	-	-	-57 130	-18 801	-54 859	-21 245
Gross profit	13 654	5 353	11 380	3 985	5 884	2 288	6 032	2 481	-	-	-	-	19 538	7 642	17 412	6 466
Gross Margin	27%	30%	24%	24%	23%	26%	24%	22%	-	-	-	-	25%	29%	24%	23%
Distribution Costs	-5 509	-1 871	-5 175	-1 873	-7 685	-3 421	-4 383	-1 875	-	644	-1 456	-385	-13 194	-4 648	-11 014	-4 133
Administrative Expenses	-354	-128	-309	-89	-472	-126	-463	-175	-3 014	-1 114	-2 894	-327	-3 840	-1 368	-3 667	-590
Other Operating Expenses	-4 423	-1 391	-878	-334	-2 283	-858	-658	-338	-309	148	-3 800	-1 241	-7 015	-2 101	-5 335	-1 913
Other Operating Income	1 341	385	1 017	462	1 492	909	856	421	5 275	2 243	4 390	2 190	8 107	3 537	6 263	3 073
EBIT	4 708	2 348	6 035	2 151	-3 064	-1 208	1 384	515	1 952	1 921	-3 760	237	3 596	3 062	3 659	2 903

Group

Summary balance sheets, KEUR	2020 Sept 30	2019 Sept 30	2019 Dec 31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	28 175	23 627	28 175
Other intangible assets	3 394	3 368	3 919
Property, Plant & Equipment	887	813	1 087
Other assets	1 317	842	879
Deferred tax assets	23	62	52
Total non-current assets	**33 795**	**28 713**	**34 112**
CURRENT ASSETS			
Inventories	25 476	19 822	17 430
Tax receivables	1 281	1 535	1 374
Accounts receivable	17 904	23 498	25 975
Other assets	11 560	12 489	20 123
Cash and cash equivalents	1 906	1 387	3 644
Total current assets	**58 127**	**58 731**	**68 547**
TOTAL ASSETS	**91 923**	**87 444**	**102 659**
EQUITY AND LIABILITIES			
Equity	**17 454**	**18 782**	**20 100**
NON-CURRENT LIABILITIES:			
Tax liabilities	1 903	3	2 853
Other liabilities	8 509	4 623	8 792
Interest-bearing liabilities	6 000	2 474	-
Deferred tax liabilities	629	448	629
Total non-current liabilities	**17 041**	**7 548**	**12 274**
Current liabilities:			
Provisions	943	1 323	1 563
Interest-bearing liabilities	18 791	19 973	23 060
Accounts payable	17 558	17 749	22 100
Tax liabilities	3 562	5 896	3 753
Other liabilities	16 574	16 173	19 809
Total current liabilities	57 428	61 114	70 285
Total liabilities	**74 469**	**68 662**	**82 559**
TOTAL EQUITY AND LIABILITIES	**91 923**	**87 444**	**102 659**

Summary of changes in equity, KEUR	
Equity as of December 31, 2018	**34 265**
Distribution to shareholders	-12 742
Cost related to distribution to shareholders	- 57
Comprehensive income January 1 – September 30, 2019	-2 683
Equity as of September 30, 2019	**18 782**
Comprehensive income October 1 - December 31, 2019	1 318
Equity as of December 31, 2019	**20 100**
Comprehensive income January 1 – September 30, 2020	-2 646
Equity as of September 30, 2020	**17 454**

Group

Summary cash flow statements, KEUR	2020 (3 months) Jul 1 - Sept 30	2019 (3 months) Jul 1 - Sept 30	2020 (9 months) Jan 1- Sept 30	2019 (9 months) Jan 1- Sept 30	2019 (12 months) Jan 1 - Dec 31
OPERATING ACTIVITIES					
Result before tax	2 327	863	-1 182	-1 913	164
Adjustment for items not included in cash flow from operations or items not affecting cash flow	-1 227	250	4 378	4 020	8 345
Paid taxes	-795	-163	-289	-756	- 906
Cash flow from operations prior to changes in working capital	**305**	**950**	**2 907**	**1 351**	**7 603**
Cash flow from changes in working capital:					
Increase (-)/decrease (+) in inventories	-3 178	-5 474	-8 045	-4 842	-2 860
Increase (-)/decrease (+) current receivables	7 405	-9 580	13 892	589	-10 800
Increase (-)/decrease (+) in non-current receivables	-665	-493	-380	690	653
Increase (+)/decrease (-) current liabilities	-1 155	-1 675	-2 184	-1 733	-2 255
Increase (+)/decrease (-) in current liabilities	-4 586	10 263	-8 611	787	10 837
Cash flow from operations	**-1 875**	**-6 008**	**-2 421**	**-3 159**	**3 178**
INVESTMENT ACTIVITIES					
Investments in intangible assets	-	-13	-373	-800	-1 301
Investments in tangible assets	-182	243	-186	-127	- 536
Investments in subsidiaries	-36	-	-169	-	- 95
Cash flow from investment activities	**-218**	**230**	**-728**	**-928**	**-1 932**
FINANCING ACTIVITIES					
Interest-bearing liabilities	6 331	5 173	6 668	-125	3 622
Amortization of interest-bearing liabilities	-2 080	593	-3 580	-5 951	-9 618
Distribution to the shareholders	-	-	-	-12 742	-12 742
Paid interest and other expenses	-482	-350	-1 678	-554	-3 709
Cash flow from financing activities	**3 770**	**5 416**	**1 411**	**-19 374**	**-22 447**
Cash flow for the period	**1 677**	**-362**	**-1 739**	**-23 460**	**-21 201**
Cash and cash equivalents at the beginning of the period	229	1 749	3 645	24 845	24 845
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1 906**	**1 387**	**1 906**	**1 387**	**3 644**

NOTE 1 REFERENCES

- Seasonal and phone launch fluctuations, see page 8
- Reporting per operating segment see page 12
- For further information on accounting principles reference is made to the 2019 annual report
- For events after the end of the period see page 8

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 2019.

Government support

Government support is allocated to the related period and is reported when granted, and to reasonable certainty that the company has met the requirements. The amount received amounted to KEUR 20 for the period April – July 2020 and is reported as a deduction of the relating cost.

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

STRAX holds 637,628 shares in Zagg received as part of the purchase price from the sale of Gear4, valued at USD 10.23 per share at the time of the transaction and valued at USD 2.80 per share as of September 30, 2020 and has 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.

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**	**2020**	**2019**	**2019**
	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Bridge to EBITDA, KEUR	Jul 1 - Sept 30	Jul 1 - Sept 30	Jan 1- Sept 30	Jan 1- Sept 30	Jan 1- Dec 31
EBITDA					
Operating profit	3 060	2 903	3 596	3 659	6 147
+ Depreciation & amortization	401	120	1 284	1 482	2 175
EBITDA	**3 461**	**3 023**	**4 880**	**5 142**	**8 322**

Parent Company

Summary income statements, KEUR	2020 (3 months) Jul 1 - Sept 30	2019 (3 months) Jul 1 - Sept 30	2020 (9 months) Jan 1 - Sept 30	2019 (9 months) Jan 1 - Sept 30	2019 (12 months) Jan 1 - Dec 31
INVESTMENT ACTIVITIES					
Net Sales	190	206	747	678	1 042
Gross profit	**190**	**206**	**747**	**678**	**1 042**
Administrative expenses	-183	-197	-729	-688	-925
Operating income	**7**	**9**	**18**	**-10**	**117**
Net financial items	-6	-7	-18	11	-17
Result after financial items	**1**	**2**	**-**	**1**	**100**
Current taxes	-	-	-	-	-
RESULT FOR THE PERIOD	**1**	**2**	**-**	**1**	**100**
Statement of comprehensive income, KEUR					
Result for the period	1	2	-	1	100
Other comprehensive income	-	-	-	-	-20
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1**	**2**	**-**	**1**	**80**

Summary balance sheets, KEUR	2020 Sept 30	2019 Sept 30	2019 Dec 31
ASSETS			
Non-current assets	133	133	134
Non-current financial assets	75 693	75 693	75 693
Total non-current assets	**75 826**	**75 826**	**75 827**
Current receivables	574	73	189
Cash and bank balances	-	-	1
Prepaid expenses and accrued income	-	-	205
Total current assets	**574**	**73**	**395**
TOTAL ASSETS	**76 400**	**75 899**	**76 222**
EQUITY AND LIABILITIES			
Equity	**63 076**	**62 976**	**63 076**
Current liabilities	13 324	12 923	13 146
Total liabilities	13 324	12 923	13 146
TOTAL EQUITY AND LIABILITIES	**76 400**	**75 899**	**76 222**

Summary of changes in equity, KEUR	
Equity as of December 31, 2018	**75 795**
Distribution to shareholders	-12 742
Cost related to distribution to shareholders	-57
Comprehensive income Jan 1 - Sept 30, 2019	-20
Equity as of September 30, 2019	**62 976**
Comprehensive income Oct 1 – Dec 31, 2019	100
Equity as of December 31, 2019	**63 076**
Comprehensive income Jan 1 – Sept 30, 2020	-
Equity as of September 30, 2020	**63 076**