

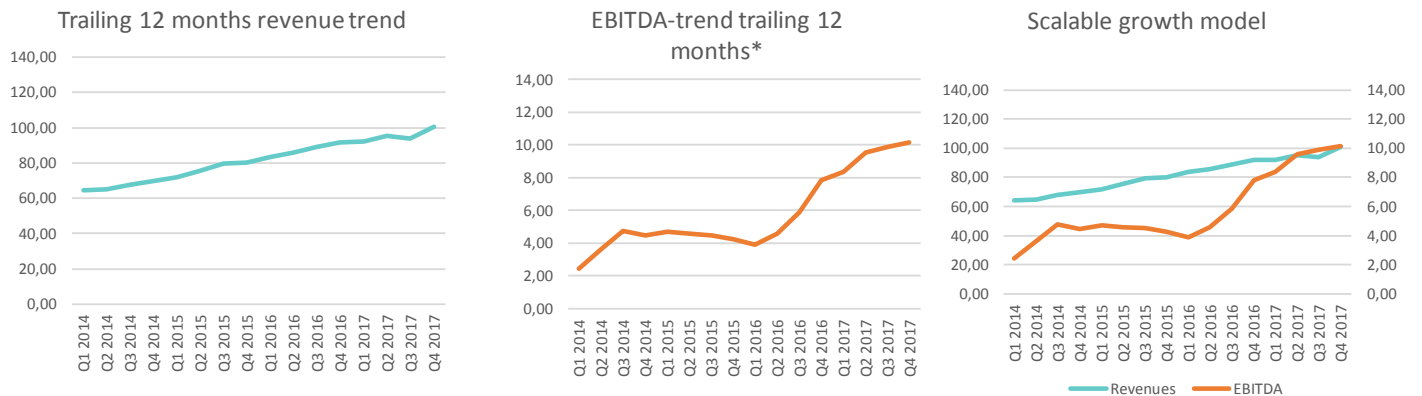


Q4
Year-End
Report
2017

STRAX

In 2017 STRAX, the mobile accessory specialist, delivered a record Q4 leading to its fourth consecutive year of double-digit sales growth and improved gross margin.

- The Group's sales for the period January 1 – December 31, 2017, amounted to MEUR 100.6 (91.8), gross margin amounted to 28.5 (28.0) percent.
- The Group's result for the period January 1 – December 31, 2017, amounted to MEUR 2.8 (3.2) corresponding to EUR 0.03 (0.03) per share. Equity as at December 31, 2017 amounted to MEUR 22.1 (18.2) corresponding to EUR 0.19 (0.15) per share.
- Adjusted EBITDA for 2017 amounted to MEUR 10.2 (7.8) an increase of 27% to be compared with a sales growth of 10% for the same period. The scalable growth model shows greater increase in profitability in relation to growth of revenues.



- Trailing 12 months EBITDA per quarter, EBITDA adjusted by items affecting comparability and currency effects

- STRAX brand Gear4 became the largest mobile accessory case brand in the UK, with a market share of 18.5%, according to GfK.
- STRAX brand Gear4 won T3 accessory of the year award with its Piccadilly mobile accessory case.
- The US became STRAX' largest market, where the proposition is purely based on the house of brands positioning. All of STRAX proprietary and licensed brands are now sold in the US, which is the single largest accessory market in the world.

"We finished the year with a record quarter and enter 2018 with good momentum in all our key markets. I am furthermore pleased with STRAX' positioning heading into a new year; we have a great team, sound strategy and operational platform, broad and geographically diverse customer base, and relevant portfolio of brands in a growing global industry. I remain optimistic and expect exciting times ahead for STRAX and our shareholders".

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



- ▶ D30® 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 D30, 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



▶ 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.



▶ 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

“Strong performance across all markets and brands in the fourth quarter enabled STRAX to deliver a solid 2017 in terms of both sales and EBITDA growth, albeit below our targets and mid-term objectives. Our success continued in North America and markets outside of Western Europe (ROW), where our growth is largely coming through our proprietary and licensed brands and therefore contributing to further improvement in our gross margin. 2017 is the fourth consecutive year where we deliver double-digit growth in sales and we improve our gross margin.

During the fourth quarter sales increased by 7,1 MEUR over the same period last year, corresponding to an increase of 27 % year-over-year (YoY). Sales in 2017 amounted to MEUR 100,6 (91,7) and adjusted EBITDA amounted to MEUR 10.2 (7.8). The yearly sales growth of 10% can be compared to a growth in adjusted EBITDA of 29%, confirming that our scalable growth model is indeed materializing. Growth continues to be driven by our continuous efforts in North America, 100,2% YoY growth, and focused expansion in ROW, 54,4% YoY growth, and increased share of proprietary brands contributes to higher share of profitability, 71,5% (67,6%).

Breaking through the MEUR 100 barrier in sales in 2017 was an important milestone for STRAX and provides fuel for the entire organization towards the MEUR 300 goal in annual sales in 3-4 years. We are largely on trajectory with our 2020 corporate objectives through our 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 proprietary brands performed well in 2017 with Gear4 and Urbanista leading the way. Gear4 is now the largest mobile accessory case brand in the UK in both volume and value, whilst Urbanista is the largest headphone brand in the Nordics in volume. Both brands are furthermore experiencing success outside of their home markets. We secured listings for FLAVR in several retailers and Xqisit continued to prove to be the preferred telco brand in Europe. We relaunched THOR, a screen protection brand, in 2017 with promising feedback from our customer base and we have high growth expectations for the brand.

In an effort to strengthen our brand portfolio, we acquired Telecom Lifestyle Fashion (TLF) in 2017, the global exclusive licensee of adidas and bugatti for smartphone accessories. The acquisition provides STRAX with unique alignment and differentiation with one of the hottest global brands today, adidas. TLF doubled its sales in 2017, with much of that growth coming out of online and offline channels in Asia. Many of our partner brands also performed well, especially those in the fast growing screen protection and wireless charging product categories.

We finished the year with a record quarter and enter 2018 with good momentum in all our key markets. I am furthermore pleased with STRAX’ positioning heading into a new year; we have a great team, sound strategy and operational platform, broad and geographically diverse customer base, and relevant portfolio of brands in a growing global industry. I remain optimistic and expect exciting times ahead for STRAX and our shareholders”.



THE BOARD OF DIRECTORS AND THE CEO OF STRAX AB HEREBY SUMMIT THE YEAR-END REPORT FOR THE PERIOD JANUARY 1 – DECEMBER 31, 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 – DECEMBER 31, 2017

THE GROUP'S net sales for the period January 1 – December 31, 2017 amounted to 100 607 (91 770). Gross profit amounted to 28 645 (25 722) and gross margin amounted to 28.5 (28.0) percent. Operating profit amounted to 5 730 (4 916).

Result for the period amounted to 2 829 (3 199). The result included gross profit 28 645 (25 722), selling expenses -16 165 (-13 851), administrative expenses -7 404 (-5 168), other operating expenses -4 605 (-7 349), other operating income 5 258 (5 563), Share of Profit of associates 284 (-) net financial items -1 741 (-1 135) and tax -1 160 (-583).

As at December 31, 2017 total assets amounted to 82 757 (62 955), of which equity totaled 22 086 (18 159), corresponding to equity/assets ratio of 26.7 (28.8) percent. Interest-bearing liabilities as at December 31, 2017, amounted to 11 410 (5 021). The groups cash and cash equivalents amounted to 5 235 (3 663).

SIGNIFICANT EVENTS DURING THE PERIOD

STRAX acquired all outstanding shares in Mobile Accessory Club and divested its shares in Celcom HK.

These transactions did not alter the relationship between Vodafone and STRAX and STRAX has continued to work closely with Celcom HK.

STRAX brand Gear4 became the largest mobile accessory case brand in the UK, with a market share of 18.5%, according to GfK.

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

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 16 398 (4 968), of which investments in intangible assets amounted to 6 820 (1 057), property, plant and equipment amounted to 2 894 (2 222) and investments in financial assets amounted to 7 561 (1 811). Divestment of non-current assets amounted to 878 (122).

THE PARENT COMPANY'S result for the period amounted to -92 (5 318). The result included gross profit from investment activities of -92 (5 574), Net Sales of 878 (398) administrative expenses -876 (-621) and net financial items -2 (-32). As at December 31, 2017 total assets amounted to 77 555 (75 968) of which equity totaled 75 725 (74 316). Cash and cash equivalents amounted to 1 (11).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

STRAX was awarded accessory contract with Vodafone UK to become its sole provider of mobile accessories across all of its 450 retail stores, enterprise business units and online channels via a full category vendor managed availability solution.

STRAX implemented a supply chain financing solution from CrossFlow, a London based fintech company, within its supplier base.

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 growth to continue, 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:

APRIL, 2018

Annual Report 2017

MAY 24, 2018

Interim Report January – March 2018

MAY 24, 2018

Annual General Meeting

FOR FURTHER INFORMATION CONTACT:

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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, February 27, 2018

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi T. Tomasson
Director

Michel Bracké
Director

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

Group

	2017 (3 months) Oct 1 - Dec 31	2016 (3 months) Oct 1 - Dec 31	2017 (12 months) Jan 1 - Dec 31	2016 (12 months) Jan 1 - Dec 31
Key ratios				
FINANCIAL KEY RATIOS				
Sales growth, %	27.3	14.0	9.6	16.1
Gross margin, %	27.0	29.8	28.5	28.0
Equity, MEUR	22.1	18.2	22.1	18.2
Equity/asset ratio, %	26.7	28.8	26.7	28.8
DATA PER SHARE¹				
Equity, EUR	0.19	0.14	0.18	0.15
Result, EUR	0.04	0.01	0.02	0.03
NUMBER OF SHARES¹				
Number of shares at the end of the period	120 592 332	117 762 266	120 592 332	117 762 266
Average number of shares ^{2,3}	117 762 266	117 762 266	117 762 266	115 299 621
EMPLOYEES				
Average number of employees	205	175	200	185

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

² A share issue concerning 1 500 KEUR, was registered on December 22, 2017, corresponding to 2 830 066 shares. On December 29, 2017, the shares were printed in the Euroclear system, and the amount has thereby not affected the average number of outstanding shares during the period.

³ 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

	2017 (3 months) Oct 1 - Dec 31	2016 (3 months) Oct 1 - Dec 31	2017 (12 months) Jan 1 - Dec 31	2016 (12 months) Jan 1 - Dec 31
Summary income statements, KEUR				
Net sales	33 338	26 181	100 607	91 770
Cost of goods sold	-24 338	-18 455	-71 962	-66 048
Gross profit	9 000	7 725	28 645	25 722
Selling expenses	-5 248	-3 796	-16 165	-13 851
Administrative expenses ⁽¹⁾	-2 362	-1 870	-7 404	-5 168
Other operating expenses	-2 431	-3 860	-4 605	-7 349
Other operating income	2 152	3 112	5 258	5 563
Operating profit	1 111	1 311	5 730	4 916
Shares and participations in associated companies	-	-	284	-
Financial income	103	37	134	30
Financial expenses	- 973	- 380	-2 158	-1 165
Net financial items	- 870	- 344	-1 741	-1 135
Profit before tax	240	967	3 989	3 781
Tax	- 928	337	-1 160	- 583
RESULT FOR THE PERIOD⁽²⁾	- 688	1 304	2 829	3 199
Result per share, EUR ⁽³⁾	0.01	0.01	0.03	0.03
Average number of shares during the period ^{3, 4}	117 762 266	117 762 266	117 762 266	115 299 621
Statement of comprehensive income, KEUR				
Result for the period	- 688	1 304	2 829	3 199
Other comprehensive income, translation gains/losses on consolidation	-212	204	-147	-167
Total comprehensive income for the period	-900	1 508	2 682	3 032

⁽¹⁾ Depreciation and amortization for the period January 1 – December 31, 2017, amounted to 2 563 (1 611).

⁽²⁾ The result for the period, respectively the total comprehensive income is attributed to the parent company's shareholders.

⁽³⁾ A share issue concerning 1 500 KEUR, was registered on December 22, 2017, corresponding to 2 830 066 shares. On December 29, 2017, the shares were printed in the Euroclear system, and the amount has thereby not affected the average number of outstanding shares during the period.

⁽⁴⁾ 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 segments 12 months (EUR thousands)	Protection		Power		Audio		Connected devices		Other		Total	
	Jan 1 - Dec 31		Jan 1 - Dec 31		Jan 1 - Dec 31		Jan 1 - Dec 31		Jan 1 - Dec 31		Jan 1 - Dec 31	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	58 588	53 575	13 865	11 991	17 621	13 286	4 277	6 004	6 256	6 914	100 607	91 770
Cost of goods sold	-40 193	-35 862	-9 720	-9 144	-13 823	-9 870	-3 474	-5 571	-4 753	-5 601	-71 962	-66 048
Gross profit	18 395	17 713	4 145	2 847	3 799	3 416	803	433	1 503	1 313	28 645	25 722
Selling expenses	-10 380	-9 538	-2 339	-1 533	-2 144	-1 839	-453	-233	-848	-707	-16 165	-13 851
Administrative expenses	-4 754	-3 559	-1 071	-572	-982	-686	-208	-87	-388	-264	-7 404	-5 168
Other operating expenses	-2 957	-5 061	-666	-813	-611	-976	-129	-124	-242	-375	-4 605	-7 349
Other operating income	3 377	3 831	761	616	697	739	147	94	276	284	5 258	5 563
Operating profit	3 680	3 386	829	544	760	653	161	83	301	251	5 730	4 917
Operating segment Q4												
Operating segment Q4 (EUR thousands)	Protection		Power		Audio		Connected devices		Other		Total	
	Oct 1 - Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	15 112	13 897	5 934	3 627	8 249	4 084	2 191	2 355	1 853	2 218	33 338	26 181
Cost of goods sold	-10 877	-9 151	-3 681	-2 795	-6 880	-2 629	-1 675	-2 105	-1 224	-1 775	-24 338	-18 455
Gross profit	4 234	4 746	2 252	832	1 369	1 455	516	250	628	443	9 000	7 726
Selling expenses	-2 512	-2 294	-1 287	-407	-794	-744	-294	-131	-362	-220	-5 248	-3 796
Administrative expenses	-1 134	-1 203	-577	-204	-357	-312	-131	-49	-162	-102	-2 362	-1 870
Other operating expenses	-1 350	-2 716	-482	-452	-347	-648	-104	-97	-149	53	-2 431	-3 860
Other operating income	1 138	2 065	462	341	313	472	102	69	138	165	2 152	3 112
Operating profit	376	599	368	110	186	223	89	41	92	338	1 111	1 311

Group

	2017	2016
	Dec 31	Dec 31
Summary balance sheets, KEUR		
ASSETS		
NON-CURRENT ASSETS		
Goodwill	26 482	20 080
Other intangible assets	3 912	1 205
Property, Plant & Equipment	2 203	1 645
Shares in associated companies	0	807
Other assets	1 648	1 108
Deferred tax assets	797	1 632
Total non-current assets	35 043	26 477
CURRENT ASSETS		
Inventories	10 482	11 435
Tax receivables	749	255
Accounts receivable	25 674	12 959
Receivables from associated companies	0	3 352
Other assets	5 575	4 814
Cash and cash equivalents	5 235	3 663
Total current assets	47 714	36 478
TOTAL ASSETS	82 757	62 955
EQUITY AND LIABILITIES		
Equity	22 086	18 159
NON-CURRENT LIABILITIES:		
Tax liabilities	3	3
Other liabilities	615	360
Interest-bearing liabilities	11 410	5 021
Deferred tax liabilities	1 313	732
Total non-current liabilities	13 342	6 116
Current liabilities:		
Provisions	1 086	368
Interest-bearing liabilities	15 498	11 627
Accounts payable	16 619	13 752
Tax liabilities	2 596	3 033
Other liabilities	11 530	9 899
Total current liabilities	47 329	38 679
Total liabilities	60 671	44 796
TOTAL EQUITY AND LIABILITIES	82 757	62 955

Summary of changes in equity, KEUR

Equity as at January 1, 2016	15 127
Comprehensive income January 1 - December 31, 2016	3 032
Other	-
Equity as at December 31, 2016	18 159
Comprehensive income January 1 - December 31, 2017	2 682
New share issue ¹	1 500
Other	- 255
Equity as at December 31, 2017	22 086

¹ A share issue concerning 1 500 KEUR, was registered on December 22, 2017, corresponding to 2 830 066 shares. On December 29, 2017, the shares were printed in the Euroclear system, and the amount has thereby not affected the average number of outstanding shares during the period.

Group

	2017 (3 months) Oct 1 - Dec 31	2016 (3 months) Oct 1 - Dec 31	2017 (12 months) Jan 1 - Dec 31	2016 (12 months) Jan 1 - Dec 31
Summary cash flow statements, KEUR				
OPERATING ACTIVITIES				
Result before tax	240	967	3 989	3 781
Adjustment for items not included in cash flow from operations or items not affecting cash flow	4 352	- 711	6 723	1 847
Paid taxes	- 52	- 90	- 811	- 320
Cash flow from operations prior to changes in working capital	4 541	166	9 901	5 309
Cash flow from changes in working capital:				
Increase (-)/decrease (+) in inventories	1 258	-1 288	2 131	-2 503
Increase (-)/decrease (+) current receivables	-3 784	-3 686	-6 486	1 926
Increase (+)/decrease (-) current liabilities	6 102	5 990	2 716	-3 464
Cash flow from operations	8 117	1 182	8 262	1 267
INVESTMENT ACTIVITIES				
Investments in intangible assets	-6 552	- 142	-6 820	-1 057
Investments in non-current assets	-1 075	-1 159	-2 894	-2 222
Investments in subsidiaries	-5 038	- 243	-7 561	-1 811
Divestment of non-current assets	- 12	50	878	122
Cash flow from investment activities	-12 677	-1 494	-16 398	-4 968
FINANCING ACTIVITIES				
Interest-bearing liabilities	8 998	33	11 365	4 621
Amortization of interest-bearing liabilities	-	- 532	-1 469	-2 125
Cash flow from financing activities	8 998	- 498	9 896	2 496
Cash flow for the period	4 438	- 810	1 761	-1 205
Exchange rate differences in cash and cash equivalents	- 205	- 503	- 189	- 108
Cash and cash equivalents at the beginning of the period	1 002	4 976	3 663	4 976
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5 235	3 663	5 234	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 have 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 that took place in April 2016.

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.

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 five months, August 1 - December 31, 2017, TLF contributed to the Group's revenues to the amount of KEUR 5 415 and profit for the period to the amount of KEUR 747. Should the contribution have been made January 1, 2017 (hypothetically) the Managements view is TLF would in total have contributed with KEUR 9 816 to the Group's revenues and profit for the period to the amount of KEUR 311.

As an associated company, TLF has since 2011 been reported in the consolidated financial statements of STRAX using the equity method. The equity method is a partial consolidation method with a one line effect in the income statement and balance sheet compared to the line by line consolidation used in a full consolidation.

Both contractual and operational facts resulted in the judgment that TLF was a joint venture in which Strax had joint control but not control and therefore should be consolidated using the equity method.

As of August 1, 2017, STRAX acquired 100 percent of the outstanding shares in TLF, and STRAX management is of the opinion that this is the point in time when STRAX obtained control of TLF and the company should be full included in STRAX consolidated accounts.

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. In December 2017 it was decided to utilize the option and the remaining amount was settled in cash.

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	-3 396
Set-off of receivable with seller	-790
Balance as at December 31, 2017	-

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 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.
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 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 including 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 (3 months) Oct 1 - Dec 31	2016 (3 months) Oct 1 - Dec 31	2017 (12 months) Jan 1 - Dec 31	2016 (12 months) Jan 1 - Dec 31
Bridge to adjusted EBITDA, KEUR				
EBITDA				
Operating profit	1 111	1 311	5 730	4 916
+ Depreciation & amortization	1 732	714	3 228	1 611
EBITDA	2 843	2 025	8 958	6 527
ADJUSTED EBITDA				
EBITDA	2 843	2 025	8 958	6 527
+ Items affecting comparability	234	316	525	457
+ Currency effects	215	943	671	863
ADJUSTED EBITDA	3 292	3 283	10 154	7 847
Items affecting comparability				
Listing costs	- 4	62	3	458
Share of Profit of associates(a)	-	254	284	- 1
One time charges	238	-	238	-
Total items affecting comparability	234	316	525	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

	2017 (3 months) Oct 1 - Dec 31	2016 (3 months) Oct 1 - Dec 31	2017 (12 months) Jan 1 - Dec 31	2016 (12 months) Jan 1 - Dec 31
Summary income statements, KEUR				
INVESTMENT ACTIVITIES				
Result from shares and participations	-78	-70	-92	5 574
Gross profit	-78	-70	-92	5 574
Administrative expenses	-218	-198	-876	-621
Other operating income	166	398	878	398
Operating income	-130	130	-90	5 350
Net financial items	51	-6	-2	-32
Result after financial items	-79	124	-92	5 318
Current taxes	-	-	-	-
RESULT FOR THE PERIOD	-79	124	-92	5 318

Statement of comprehensive income, KEUR

Result for the period	-79	124	-92	5 318
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-79	124	-92	5 318

Summary balance sheets, KEUR

	Dec 31 2017	Dec 31 2016
ASSETS		
Non-current assets	131	131
Non-current financial assets	75 693	75 700
Total non-current assets	75 824	75 830
Shares and participations held for sale	6	22
Current receivables	1 724	105
Cash and bank balances	1	11
Total current assets	1 731	138
TOTAL ASSETS	77 555	75 968
EQUITY AND LIABILITIES		
Equity	75 725	74 316
Current liabilities	1 830	1 652
Total liabilities	1 830	1 652
TOTAL EQUITY AND LIABILITIES	77 555	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
New share issue	1 500
Comprehensive income January 1 – December 31 2017	-92
TOTAL EQUITY AS AT DECEMBER 31 2017	75 725