Q4
Year-End report
2019

STRAX

STRAX delivers a record year in sales – like for like sales growth of 25 percent

- The Group's sales for the period January 1 – December 31, 2019, amounted to MEUR 114 (107), corresponding to an increase of 6.2 percent, with a gross margin of 24.5 (24.2) percent.
- The Group's result for the period January 1 – December 31, 2019, amounted to MEUR –1.7 (16.7) corresponding to EUR -0.01 (0.14) per share. The result for the period was negatively affected by MEUR 2.4 related to the decline in value of the Zagg shares.
- EBITDA for the period January 1 – December 31, 2019, increased to MEUR 8.3 (1.5).
- Equity as of December 31, 2019 amounted to MEUR 20.1 (34.3) corresponding to EUR 0.17 (0.28) per share.
- Year over year reduction in operational expenses excluding depreciation amounts to MEUR 8 for 2019 as a result of cost reductions implemented in 2018, corresponding to approximately 24 percent.
- Urbanista accelerated its growth in 2019 and achieved MEUR 22.8 in sales in 2019 corresponding to a growth of 65% percent.
- STRAX acquired all outstanding shares in Racing Shield AB, effective date December 1, 2019, with the main asset being the fashion tech accessories brand Richmond & Finch.
- The board of directors resolved to split the group's business into two parts – Own brands and Distribution. Both businesses will remain wholly owned by STRAX. This change will present an improved view of the value of each part the group's business and is also expected to deliver a more effective cost structure once fully implemented. The change came into effect as of January 1, 2020.

”2019 was by every measure an eventful and successful year at STRAX; kicking off with a MEUR 13 distribution to our shareholders and finishing with an acquisition of the fashion tech brand Richmond & Finch. Number wise we achieved sales of MEUR 114, corresponding to 25 percent in growth on a like for like basis. Following the cost cutting measures initiated in 2018 our EBIDTA increased to MEUR 8.3 compared to 1.5 the previous year”.

Gudmundur Palmason, CEO

This information is information that STRAX AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:55 CET on February 27, 2020.

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 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.

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.

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.

COMMENTS FROM THE CEO

”STRAX delivered another record year in sales and strong operating profit in 2019. Our like for like growth amounted to 25.1%. Sales growth was driven by Urbanista as well as both our distribution businesses, retail and online marketplaces, whilst profitability was improved through MEUR 8 in YoY cost reductions and increase in sales. I’m very satisfied with our overall 2019 performance and proud of the entire STRAX team for its grit, which deserves praise following significant layoffs and the Gear4 divestment in 2018.

During the fourth quarter sales increased MEUR 3.8 over same period last year and are up 10.4% year-over-year (YoY). Sales in 2019 were MEUR 114 (107) and EBITDA amounted to MEUR 8.3 (1.5). YoY sales growth stands at 6.2%, whilst YoY EBITDA has increased by 458%. The strong sales performance was primarily delivered through Urbanista, with sales of MEUR 22.8 representing a sales growth of 65% YoY, and distribution, with sales of MEUR 89.9 (including a proportion of Urbanista sales) representing a sales growth of 12.2% YoY.

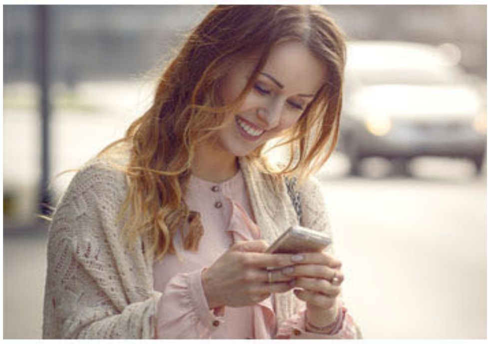
2019 was by every measure an eventful and successful year at STRAX; kicking off with a MEUR 13 distribution to our shareholders and finishing with an acquisition of the fashion tech brand Richmond & Finch. In between these events we completed the acquisition of Brandvault and build up a digital marketing team in Stockholm, both marking a significant change of scope at STRAX, to now include reseller services for online marketplaces and necessary skills to capture e-commerce opportunities across our complete product range. The goal of generating more than half of our sales online in 2-4 years remains fully intact, where the strategic significance of such sales channel mix reduces the dependency on traditional/offline retailers.

The successful divestment of Gear4 to ZAGG in 2018 cemented our value creating potential through the development and growth of global brands in the mobile accessories space which we’ve now followed up with strong channel and geographic expansion of Urbanista. Clckr has been an instant success across multiple of our markets and can easily follow the successes of Gear4 and Urbanista. We do additionally hold several other promising own and licensed brands.

In 2019 we also came to terms with STRAX unique business model of own brands and distribution, where both parts feed off each other through various cost and sales synergies. As a result, we decided to split the group’s business into two parts – Own brands and Distribution. This change presents an improved view of the value of each part of the group’s businesses and is eventually expected to deliver a more effective cost structure.

We launched STRAX+ in 2019, a social corporate responsibility initiative aimed at changing all possible aspects of our business to become much more environmentally conscious, where we’ve already achieved significant improvements in our European logistics centre, office locations, customer shipments and packaging materials, all those being largely cost neutral. STRAX has been a member of UN Global Compact since 2017, where we´ve committed to take actions that advance societal goals. As a part of that commitment we have also continued to support various charitable organizations through donations as well as direct involvement, such as the Tim Bergling Foundation, for mental awareness, and the Sunshine Academy, who provide hope and means for abandoned children in China. The entire STRAX organization is grateful for being able to make a difference.

Up until now we have not been negatively affected by the Covid-19 outbreak in China and all our manufacturing partner facilities have reopened, albeit ramping up more slowly than anticipated. Market demand has largely held up, however, there remains a significant uncertainty about the impact on demand going forward. We are closely monitoring the situation in all of our key markets and ready to swiftly react should it turn for the worse. We feel strongly about our positioning in the mobile accessories market and are excited about our future prospect of building global brands in our space at the same time profitably growing our retail and online marketplace distribution businesses. Our team remains positive, resilient and motivated to improve both of STRAX corporate cornerstones, namely our general social responsibility and shareholder returns, which I’m both proud of and thankful for”.



The Board of Directors and the CEO of Strax AB hereby summit the year-end report for the period January 1 – December 31, 2019

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, 2019

The Group's net sales for the period January 1 – December 31, 2019 amounted to 113 644 (106 967). Gross profit amounted to 27 801 (25 877) and gross margin amounted to 24.5 (24.2) percent. Operating profit amounted to 6 146 (-2 139).

Result for the period amounted to -1 735 (16 746). The result included gross profit 27 801 (-25 877) selling expenses -16 496 (-20 875), administrative expenses -5 191 (-8 968), other operating expenses -8 298 (-2 388), other operating income 8 329 (4 216), net financial items -5 982 (24 075) and tax -1 899 (-5 190).

Financial expenses have been impacted by costs relating to prepayment penalties of loans to the amount of 300. 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 2.4.

As of December 31, 2019 total assets amounted to 102 659 (107 900), of which equity totaled 20 100 (34 265), corresponding to equity/assets ratio of 19.6 (31.8) percent. Interest-bearing liabilities as of December 31, 2019, amounted to 22 534 (29 055). The group's cash and cash equivalents amounted to 3 644 (24 845). 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.

During the year 2019 interest-bearing debt decreased by MEUR 6 as a result of repayment of loans.

Significant events during the period

On January 30, 2019 STRAX completed distribution to shareholders of SEK 1.10 per share, corresponding to MEUR 12.8 in total value.

With the effective date of April 1, 2019 STRAX acquired all outstanding shares in Brandvault, a business focused on sales through e-commerce marketplaces globally.

Urbanista established a very strong position in the important and fast growing True Wireless Headsets category with 20 percent of sold units in Sweden in June 2019 and the brand doubled the market share in UK during the twelve months through June, according to GfK.

In November 2019 the board of directors resolved to split the group's business into two parts – Own brands and Distribution – with both businesses remaining wholly owned by STRAX. The change came into effect on January 1, 2020.

Urbanista was one of the main sponsors of the December 2019 benefit concert organized by the Tim Bergling Foundation in memory of the artist Avicii, as well as sponsoring the foundation itself through direct donation and also sharing a proportion of sales with the foundation, intended to draw attention to mental illness and suicide risks.

In December 2019 STRAX acquired all outstanding shares of Racing Shield AB with the main asset being the fashion tech accessories brand Richmond & Finch.

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 1 932 (2 073), of which investments in intangible assets amounted to 1 301 (206), property, plant and equipment amounted to 536 (1 867) and investments in financial assets amounted to 95 (-).

The parent company's result for the period amounted to 100 (71). The result included gross profit of 1 042 (1 208), administrative expenses -925 (-1 192) and net financial items -17 (55). As of December 31, 2019 total assets amounted to 76 222 (77 686) of which equity totaled 63 076 (75 795). Cash and cash equivalents amounted to 1 (2).

Significant events after the end of the period

In January 2020 Richmond & Finch, the fashion tech accessories brand, launched exclusive PopGrip designs in collaboration with PopSockets, the largest accessories grip company in the world.

From indications received, we now draw the conclusion that 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 will receive the remaining shares and also a total of MEUR 1.5 in cash currently in escrow until May 2020.

Dividend

The board proposes no ordinary dividend for the financial year 2019.

Future development

STRAX will play an active role in shaping the mobile accessories industry both offline and online in all of its targeted geographic markets. We will continue to execute against our strategic framework launched in 2016 while simultaneously strengthening the operational platform to enable us to capitalize opportunities within both our businesses – Own brands and Distribution. STRAX will retain market share in Western Europe while at the same time invest and grow at an accelerated rate in North America, Japan and strategic markets in ROW. STRAX will furthermore invest in the e-commerce sales channel, both direct websites and online marketplace distribution, in an effort to improve margins, diversify its traditional retail customer base and secure growth. STRAX has experienced positive development in sales in recent years. We expect that our online sales will grow significantly albeit from a low base and to achieve 50% of our sales through e-commerce in 2-4 years. Currently the industry is undergoing consolidation, and STRAX intends to play an active role in the ongoing consolidation process 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 also 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 in order to run its operations, and is dependent on a functioning distribution chain, logistics and warehousing.

Up until now we have not been negatively affected by the Covid-19 outbreak in China and all our manufacturing partner facilities have reopened, albeit ramping up slowly than anticipated. Market demand has largely held up, however, there remains a significant uncertainty about the impact on demand going forward. We are closely monitoring the situation in all of our key markets and ready to swiftly react should it turn for the worse.

For further information on risks and risk management, reference is made to the 2018 annual report.

FINANCIAL CALENDAR:

February 27, 2020
Year-End Report 2019

April 2020
Annual Report 2019

May 26, 2020
Interim report January 1 - March 31 2020

May 26, 2020
Annual General Meeting

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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, 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	2019 (3 months) Oct 1 - Dec 31	2018 (3 months) Oct 1 - Dec 31	2019 (12 months) Jan 1 - Dec 31	2018 (12 months) Jan 1 - Dec 31
FINANCIAL KEY RATIOS				
Sales grow th, %	10.4	14.3	6.2	6.9
Gross margin, %	25.1	16.1	24.5	24.2
Equity, MEUR	20.1	34.3	20.1	34.3
Equity/asset ratio, %	19.6	31.8	19.6	31.8
DATA PER SHARE[1]				
Equity, EUR	0.17	0.28	0.17	0.28
Equity, SEK	1.67	2.87	1.67	2.87
Result, EUR	-0.02	0.15	-0.02	0.14
Result, SEK	-0.20	1.53	-0.20	1.44
NUMBER OF SHARES[1]				
Number of shares at the end of the period	120 592 332	120 592 332	120 592 332	120 592 332
Average number of shares[2]	120 592 332	120 592 332	120 592 332	120 592 332
EMPLOYEES				
Average number of employees	200	190	198	209

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

Group

Summary income statements, KEUR	2019 (3 months) Oct 1 - Dec 31	2018 (3 months) Oct 1 - Dec 31	2019 (12 months) Jan 1 - Dec 31	2018 (12 months) Jan 1 - Dec 31
Net sales	41 373	37 480	113 644	106 967
Cost of goods sold	-30 984	-31 443	-85 843	-81 090
Gross profit	**10 389**	**6 036**	**27 801**	**25 877**
Selling expenses	-5 482	-7 202	-16 496	-20 875
Administrative expenses(1)	-1 524	-2 332	-5 191	-8 968
Other operating expenses	-2 962	431	-8 298	-2 388
Other operating income	2 066	48	8 329	4 216
Operating profit	**2 488**	**-3 019**	**6 146**	**-2 139**
Financial income	- 336	26 390	-	26 392
Financial expenses	- 74	-1 045	-5 982	-2 317
Net financial items	**- 410**	**25 346**	**-5 982**	**24 075**
Profit before tax	**2 078**	**22 326**	**164**	**21 936**
Tax	-1 281	-4 512	-1 899	-5 190
PROFIT OR LOSS FOR THE PERIOD(2)	**797**	**17 815**	**-1 735**	**16 747**
Result per share before dilution, EUR	*-0,02*	*0,15*	*-0,01*	*0,14*
Result per share after dilution, EUR	*0,01*	*0,14*	*-0,01*	*0,13*
Average number of shares during the period	*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*

Statement of comprehensive income, KEUR				
Result for the period	797	17 815	-1 735	16 747
Other comprehensive income, translation gains/losses on consolidation	-145	-45	-297	-3 510
Total comprehensive income for the period	**652**	**17 770**	**-2 032**	**13 237**

(1) Depreciation and amortization for the period January 1 – December 31, 2019, amounted to 2 175 (3 630).
(2) The result for the period, respectively the total comprehensive income is attributed to the parent company's shareholders.

Operating Segment	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	
(EUR thousands)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	57 969	72 749	12 495	11 609	37 395	17 048	1 195	1 202	4 590	4 360	113 644	106 967
Cost of Sales	-40 681	-53 535	-9 215	-9 284	-31 353	-13 370	-1 072	-1 107	-3 522	-3 794	-85 843	-81 090
Gross Profit	**17 288**	**19 213**	**3 281**	**2 325**	**6 042**	**3 678**	**123**	**95**	**1 068**	**566**	**27 801**	**25 876**
Gross Margin%												
Distribution Costs	-10 247	-15 499	-1 950	-1 876	-3 591	-2 967	- 73	- 76	- 635	- 456	-16 496	-20 875
General Administrative Expenses	-3 575	-6 659	- 504	- 806	- 929	-1 275	- 19	- 33	- 164	- 196	-5 191	-8 968
Other Operating Expenses	-4 861	-1 773	-1 072	- 215	-1 975	- 339	- 40	- 9	- 349	- 52	-8 298	-2 388
Other Operating Income	5 175	3 130	985	379	1 813	599	37	15	320	92	8 330	4 216
Operating Income / EBIT	**3 780**	**-1 588**	**738**	**- 192**	**1 360**	**- 304**	**28**	**- 8**	**240**	**- 47**	**6 146**	**-2 139**
EBITDA according to IFRS												
Ebitda Ratio% in relation to Revenues												

Group

Summary balance sheets, KEUR	2019 Dec 31	2018 Dec 31
ASSETS		
NON-CURRENT ASSETS		
Goodwill	28 175	20 902
Other intangible assets	3 919	902
Property, Plant & Equipment	1 087	1 136
Other assets	879	1 532
Deferred tax assets	52	62
Total non-current assets	**34 112**	**24 534**
CURRENT ASSETS		
Inventories	17 430	14 980
Tax receivables	1 374	1 244
Accounts receivable	25 975	28 423
Other assets	20 123	13 875
Cash and cash equivalents	3 644	24 845
Total current assets	**68 547**	**83 366**
TOTAL ASSETS	**102 659**	**107 900**
EQUITY AND LIABILITIES		
Equity	**20 100**	**34 265**
NON-CURRENT LIABILITIES:		
Tax liabilities	2 853	3
Other liabilities	8 793	616
Interest-bearing liabilities	-	8 403
Deferred tax liabilities	629	1 149
Total non-current liabilities	**12 275**	**10 170**
Current liabilities:		
Provisions	1 563	1 742
Interest-bearing liabilities	23 059	20 652
Accounts payable	22 100	21 825
Tax liabilities	3 753	6 470
Other liabilities	19 809	12 775
Total current liabilities	70 284	63 465
Total liabilities	**82 559**	**73 635**
TOTAL EQUITY AND LIABILITIES	**102 659**	**107 900**

Summary of changes in equity, KEUR	
Equity as of December 31, 2017	**21 028**
Total Comprehensive income Jan 1 - Dec 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 Jan 1 - Dec 31, 2019	-1 366
Equity as of December 31, 2019	**20 100**

Group

Summary cash flow statements, KEUR	2019 (3 months) Oct 1 - Dec 31	2018 (3 months) Oct 1 - Dec 31	2019 (12 months) Jan 1 - Dec 31	2018 (12 months) Jan 1 - Dec 31
OPERATING ACTIVITIES				
Result before tax	2 077	22 326	164	21 936
Adjustment for items not included in cash flow from operations or items not affecting cash flow	4 325	-23 618	8 345	-20 946
Paid taxes	- 150	- 377	- 906	-1 055
Cash flow from operations prior to changes in working capital	**6 252**	**-1 667**	**7 603**	**- 64**
Cash flow from changes in working capital:				
Increase (-)/decrease (+) in inventories	1 982	- 354	-2 860	-7 121
Increase (-)/decrease (+) current receivables	-11 389	-4 202	-10 800	-3 323
Increase (-)/decrease (+) in non current receivables	- 36	68	654	- 961
Increase (+)/decrease (-) current liabilities	- 523	11	-2 255	1
Increase (+)/decrease (-) in current liabilities	10 050	3 446	10 837	8 604
Cash flow from operations	**6 336**	**-2 698**	**3 179**	**-2 865**
INVESTMENT ACTIVITIES				
Investments in intangible assets	- 501	1 367	-1 301	1 356
Investments in tangible assets	- 409	- 469	- 536	-2 178
Investments in subsidiaries	- 95	-	- 95	-
Disvestments in subsidaries	-	23 137	-	23 137
Costs relating to sale of subsidiaries	-	-1 588	-	-1 588
Cash flow from investment activities	**-1 004**	**22 448**	**-1 932**	**20 727**
FINANCING ACTIVITIES				
Interest-bearing liabilities	3 748	2 059	3 623	5 637
Amortization of interest-bearing liabilities	-3 667	-1 296	-9 618	-2 827
Distribution to the shareholders	-	-	-12 742	-
Paid interest and other expenses	-3 155	- 310	-3 709	-1 520
Cash flow from financing activities	**-3 074**	**455**	**-22 446**	**1 291**
Cash flow for the period	**2 257**	**20 204**	**-21 200**	**19 153**
Exchange rate differences in cash and cash equivalents	-	171	-	3
Cash and cash equivalents at the beginning of the period	1 387	4 469	24 844	5 689
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3 644**	**24 845**	**3 644**	**24 845**

NOTE 1 REFERENCES

- Seasonal and phone launch fluctuations, see page 5
- Reporting per business segment see page 10
- For further information on accounting principles reference is made to the 2018 annual report
- For events after the end of the period see page 6

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 2018, 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:

Other non-current assets	10
Inventories	1 607
Accounts receivables	20
Other Assets	52
Accounts payable	-2 319
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**

The goodwill is attributable to specific knowledge and Brandvault's track record in working with global online marketplaces and related services including content creation and product marketing.

Acquisition related costs were limited to legal and administrative costs amounting to EUR 10.

For the period April 1 – September 30, 2019, Brandvault contributed to the Group's revenues to the amount of 1 361, an EBIT of -37 and loss for the period to the amount of 31. Had the contribution been made on January 1, 2019 (hypothetically) the management's view is Brandvault Ltd would in total have contributed with 1 514 to the group's revenues, an EBIT of -616 and a loss for the period to the amount of -599.

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)	EUR
Assets	
Fixed assets	20 599
Inventory	535 142
Accounts receivables	294 156
Other current assets	34 847
Long term liabilities	-598 291
Interest bearing liabilities	-470 704
Accounts payables	-795 121
Taxes	-107 945
Other current liabilities	-327 130
Total identifiable net assets required	**-1 414 445**
Allocation of acquired assets and goodwill	
Calculated expected purchase price	4 178 538
Fair value of trademarks	1 044 634
Fair value of identifiable net assets	-1 414 445
Goodwill	**4 548 348**

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 refelects 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 solad are maintained including costs to deliver sold goods.
Gross margin	Gross profit in relation to sales expressed as a percentage.	Gross profit in relation to Sales, efficency measure presented in percentage.
Operating profit/loss	Operating income minus operating costs for the specified period before financial items and taxes.	Meausures over all profitability from operations and ongoing business activities including depreciation and amortization.
EBITDA	Operating profit/loss plus depreciations.	Measures over all profitability from operations and ongoing business activities 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

Bridge to EBITDA, KEUR	2019 (3 months) Oct 1 - Dec 31	2018 (3 months) Oct 1 - Dec 31	2019 (12 months) Jan 1- Dec 31	2018 (12 months) Jan 1 - Dec 31
EBITDA				
Operating profit	2 487	-3 019	6 147	-2 139
+ Depreciation & amortization	693	958	2 175	3 630
EBITDA	**3 180**	**-2 061**	**8 322**	**1 491**

Bridge sales growth on "Like for like basis", KEUR	2019 (12 months) Jan 1 - Dec 31	2018 (12 months) Jan 1 - Dec 31
Revenues		
Total Net sales	113 644	106 967
- Sales related to Gear4 distribution in lost markets	-2 756	-18 466
- Sales related to Racing Shield (Richmond & Finch)	- 155	-
Adjusted Net sales	110 733	88 501
Grow th on "like for like basis"	**25,12%**	

Parent Company

Summary income statements, KEUR	2019 (3 months) Oct 1 - Dec 31	2018 (3 months) Oct 1 - Dec 31	2019 (12 months) Jan 1 - Dec 31	2018 (12 months) Jan 1 - Dec 31
INVESTMENT ACTIVITIES				
Net Sales	364	709	1 042	1 208
Gross profit	**364**	**709**	**1 042**	**1 208**
Administrative expenses	-237	-732	-925	-1 192
Operating income	**127**	**-23**	**117**	**16**
Net financial items	-28	95	-17	55
Result after financial items	**99**	**72**	**100**	**71**
Current taxes	-	-	-	-
RESULT FOR THE PERIOD	**99**	**72**	**100**	**71**
Statement of comprehensive income, KEUR				
Result for the period	99	72	100	71
Other comprehensive income	-20	-	-20	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**79**	**72**	**80**	**71**

Summary balance sheets, KEUR	2019 Dec 31	2018 Dec 31
ASSETS		
Non-current assets	134	130
Non-current financial assets	75 693	75 694
Total non-current assets	**75 827**	**75 824**
Shares and participations held for sale	-	3
Current receivables	394	1 857
Cash and bank balances	1	2
Total current assets	**395**	**1 862**
TOTAL ASSETS	**76 222**	**77 686**
EQUITY AND LIABILITIES		
Equity	**63 076**	**75 795**
Current liabilities	13 146	1 891
Total liabilities	13 146	1 891
TOTAL EQUITY AND LIABILITIES	**76 222**	**77 686**

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**