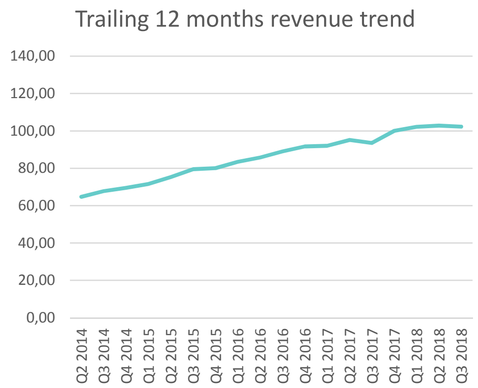
Q3

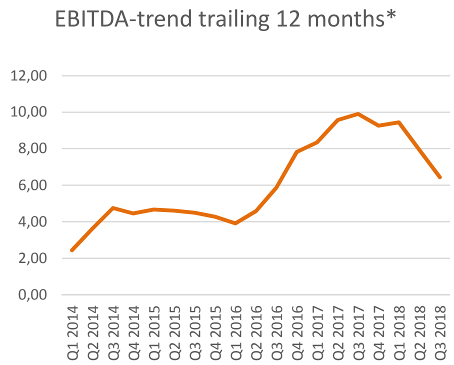
2018

STRAX

STRAX growth continues, against the general market trend, and after the end of the quarter, STRAX divested its Gear4 brand to ZAGG, in a transaction worth up to MEUR 44.

- The Group's sales for the period January 1 – September 30, 2018, amounted to MEUR 69.5 (67.3), gross margin decreased to 28.6 (29.2) percent.
- The Group's result for the period January 1 – September 30, 2018, amounted to MEUR -1.1 (3.5) corresponding to EUR -0.01 (0.03) per share. Equity as at September 30, 2018 amounted to MEUR 19.8 (22.9) corresponding to EUR 0.17 (0.19) per share.
- EBITDA for the period January 1 – September 30, 2018, amounted to MEUR 3.6 (6.1).
- STRAX fully understands and is prepared to address the extensive transformation its retail customers are going through and has in the second half of 2018 reduced its global headcount number by approximately 20 percent. STRAX is furthermore looking at several strategic alternatives for its distribution business with the ultimate objective of becoming a hybrid of an investment and operating company in the accessories space.
- November 30, 2018, STRAX divested Gear4, mobile phone case protection brand, to ZAGG Inc, a global leader in mobile accessories for MEUR 35, with potential additional payments of up to MEUR 9 based on 2019 sales development.
- STRAX board of directors will call for an EGM to resolve on a proposed distribution of at least SEK 1 per share, corresponding to at least MSEK 120,5 in total value.





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

”STRAX has already taken several steps in an effort to prepare for the future, although we remain content that further activity might be required to safeguard and deliver value to all stakeholders. Our entire organization is highly engaged, motivated and has remained positive throughout this ongoing transition phase, and I could not be more proud of each STRAX team member. I'm confident about the rebound of the smartphone and mobile accessories industries and our house of brands strategy, and ultimately that better times are imminent for our shareholders”.

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 below, at 15:05 CET on November 30, 2018.

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

STRAX is a market-leading global company specializing in mobile accessories. STRAX has built a House of Brands to complement its value-added customer-specific solutions and services. STRAX House of Brands includes proprietary brands: XQISIT, Urbanista, THOR GLASS, and licensed brands: adidas and bugatti. In addition, STRAX represents over 40 major mobile accessory brands. STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online.
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 innovative, 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, combining avant-garde design with the latest in audio technology. The Urbanista products are designed for a life in motion and built to inspire and endure.

THOR® GLASS

GRADE A GLASS SCREEN PROTECTION

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

LICENSED BRANDS

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.

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.

bugatti

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 Ultrasuede and come in a range of timeless colors, epitomizing elegance and quality workmanship.

INDUSTRY DEVELOPMENT

STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online. In recent times, technological explosions have slowed down with device manufacturers struggling to impress customers with game-changing solutions. As a result the long-tail halo device launch effect has reduced. Consumers are increasingly opting to keep existing devices for longer and refresh accessories rather than their device. The market has also witnessed an increase in SIM-only contract renewals where consumers are able to negotiate better rates for services instead of replacing their device. These factors have resulted in an increase in demand for a deeper SKU assortment into second tier mobile devices in protection but also for power, audio and connectivity products as consumers upgrade their existing accessories.

Power: In our commodity business we expect solid unit sales growth but a drop in average selling price (ASP) will see this segment stay fairly flat on revenues. New technologies, such as wireless charging and power delivery products, are compatible with the latest halo devices, and we see this trend increasing showing growth in 2018.

Protection: Units and revenues are expected to grow here. We see second tier devices increasing in share as they take the core technologies from major brands and work into mid-priced products. In 2018, we saw further expansion into the protective segment, growth in our licensed business and gains in our screen protection.

Audio: In 2018, we saw the power of Amazon's Alexa platform inject life into the speaker market. Building on its success in the USA and UK, Amazon launched Alexa in Germany, France and Spain, and benefitted from being first to market. Google's range launched later offering greater language and contextual impact to consumers. We see this trend continuing and growing as audio brands add voice capabilities into their portfolios.

The market for headphones also benefitted from transitions away from wired products. STRAX enjoyed growth in its wireless headphone portfolio and looks to 2018, and beyond, to grow this further on an international stage.

COMMENTS FROM THE CEO

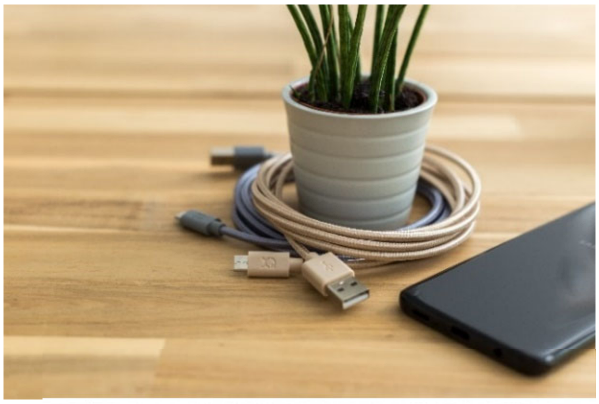
”The third quarter was disappointing albeit largely in line with expectations. Sales remained flat compared to the same period last year and our average blended gross margin came under pressure as a result of a significant inventory adjustment, although sound performance of Gear4, Urbanista and adidas Originals reduced further negative impact. Most importantly, however, as communicated in the Q2 report, we implemented a plan to reduce our global headcount by 20% through job cuts, discontinuation of low impact proprietary brands (Avo+, Eule and FLAVR) and the connected devices product segment. The overall objective of these changes is to streamline STRAX and secure net annualized costs saving of MEUR 5-7, whilst enabling us to continue investing in eCommerce, new brands and stronger market presence in North America.

During the third quarter, sales came in level with 2017 and increased 3.3% during the nine months of 2018. Sales in the third quarter were MEUR 23 720 (23 792) and EBITDA amounted to MEUR 963 (2 800), whilst sales in the first nine months were MEUR 69 488 (67 270). Global smartphone shipments fell by 8% in the quarter, and as a result overall demand for accessories remained relatively weak at the same time traditional retail continued to face challenges from transformative market changes.

Trailing twelve months (TTM) sales Q3 2018 amounted to MEUR 102.3 (93.6) and TTM sales growth stands at 9.3%, whilst TTM EBITDA decreased by 44.3% to MEUR 5.5 (9.9). Sales growth continues to be driven by our proprietary brands in North America and solid share of proprietary brands contributes to almost stable share of profitability 71.4% (70.8%).

We have continuously demonstrated our adaptability and willingness to change, and following the end of Q3 we divested our proprietary Gear4 brand to ZAGG, a global leader in mobile accessories. The transaction is worth up to MEUR 44, with MEUR 35 paid at completion, based on forecasted 2018 Gear4 sales, and potential MEUR 9 based on 2019 Gear4 sales development. We consider this a prospective catalyst move for STRAX and solidifies our mobile accessories expertise when it comes to developing brands that have global appeal. We have the opportunity to almost ten-fold our investment in Gear4 during the course of 3.5 years, and we still hold several proprietary and licensed brands with significant upside potential. We do, however, only consider this transaction as one further move on our mission to future proof STRAX, albeit a significant one as a brand incubator, and we’ll continue to invest in brands that could deliver similar results. Currently we are analyzing several strategic alternatives for our distribution business and we expect to complete a transaction for it in Q1 2019. Upon completion STRAX will become a hybrid of investment and operating company, with direct sales and operations in the US,Asia and eCommerce and several standalone investments, in accessories brands and distribution entities.

STRAX has already taken several steps in an effort to prepare for the future, although we remain content that further activity might be required to safeguard and deliver value to all stakeholders. Our entire organization is highly engaged, motivated and has remained positive throughout this ongoing transition phase, and I could not be more proud of each STRAX team member. I’m confident about the rebound of the smartphone and mobile accessories industries and our house of brands strategy, and ultimately that better times are imminent for our shareholders”.



The Board of Directors and the CEO of Strax AB hereby summit the Interim report for the period January 1 – September 30, 2018

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, 2018

THE GROUP'S net sales for the period January 1 – September 30, 2018 amounted to 69 488 (67 270). Gross profit amounted to 19 841 (19 646) and gross margin amounted to 28.6 (29.2) percent. Operating profit amounted to 880 (4 621).

Result for the period amounted to -1 068 (3 519). The result included gross profit 19 841 (19 646), selling expenses -13 672 (-10 916), administrative expenses -6 637 (-5 042), other operating expenses -2 819 (-2 173), other operating income 4 167 (3 106), Share of profit of associates - (284) net financial items -1 270 (-870) and tax -678 (-232).

As of September 30, 2018 total assets amounted to 87 917 (80 090), of which equity totaled 19 791 (22 873), corresponding to equity/assets ratio of 22.5 (28.6) percent. Interest-bearing liabilities as of September 30, 2018, amounted to 28 292 (21 458). The groups cash and cash equivalents amounted to 4 469 (1 002).

Inventories increased by 6 918 compared to December 31, 2017. Main driver is the launch of Vodafone UK, running on a consignment model. Accounts receivables have decreased by 3 359 compared to year end 2017 and STRAX continues to work on efficient working capital management.

SIGNIFICANT EVENTS DURING THE PERIOD

STRAX invested in a joint venture, BrandVault, a business focused on sales through eCommerce marketplaces globally.

STRAX reduced its global headcount by 20%, coming across all support functions, discontinued brands and segments, as well as certain sales entities, where market conditions remain unfavorable.

STRAX discontinued several marginal proprietary brands, FLAVR, Avo+ and Eule.

STRAX discontinued a proactive management of the connected device segment, whilst continuing to support its core customers with some of their demand for connected devices.

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 2 131 (11 989), of which investments in intangible assets amounted to 11 (268), property, plant and equipment amounted to
2 119 (1 819) and investments in financial assets amounted to - (10 792). Divestment of non-current assets amounted to - (890).

THE PARENT COMPANY'S result for the period amounted to - (-13). The result included gross profit of 918 (-14), administrative expenses -886 (54) and net financial items
-32 (-53). As of September 30, 2018 total assets amounted to 77 718 (76 237) of which equity totaled 75 724 (74 303). Cash and cash equivalents amounted to - (1).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

STRAX divested its Gear4 brand to ZAGG for MEUR 35 with potential additional payments of MEUR 9. The divestment is a share-based transaction, with US-based ZAGG Inc acquiring all outstanding shares in Gear4 Hong Kong Ltd, a wholly-owned subsidiary of STRAX. The value of the transaction is based on the 2018 forecasted Gear4 sales generated by the STRAX group of companies. Eighty percent of the purchase price will be paid in cash and 20 percent will be paid in shares in ZAGG, which is listed on the Nasdaq US stock exchange. MEUR 26.5 will be paid in cash at completion with 5 of the total purchase price held in escrow for five months and 3.5 for 18 months. The effective date of the transaction is 30 November 2018.

The purchase price is based on a cash and debt-free basis, and the initial cash flow impact of STRAX will equal the initial purchase price less the escrow of MEUR 8.5. The shares received as part of the purchase price will be subject to a customary 12-month lock-up period, whereby the shares cannot be freely sold or transferred. The shares can be sold or distributed to STRAX shareholders after the lock-up period and release out of escrow.

STRAX will continue to distribute Gear4 products in several markets, including the UK, where Gear4 enjoys a market-leading position in the mobile case category. While the transaction will negatively impact STRAX's consolidated annual sales by MEUR 20-25, it will reduce headcount by 17 FTEs and OPEX by 8-10%, therefore mitigating the EBITDA impact.

STRAX board of directors will call for an EGM to resolve on a proposed distribution of at least SEK 1 per share, corresponding to at least MSEK 120,5 in total value.

Future development

STRAX will play an active role in shaping the mobile accessories industry in all of its targeted geographic markets. We will continue to execute against our strategic framework launched in 2016 while at the same time strengthen the operational platform to enable us to carry out our House of Brands strategy globally with fewer resources. STRAX will experience market share increase in Western Europe while at the same time invest and grow at an accelerated rate in North America and strategic markets in ROW. STRAX will furthermore invest in the eCommerce channel in an effort to improve margins, diversify its traditional retail customer base and secure growth. We expect similar growth rate in 2018 compared to 2017. STRAX has experienced positive development in both sales and profit in recent years. This development is expected to continue on a like-for-like basis and profitability will improve with the recent headcount reduction as well as simplified business model. Currently the industry is undergoing consolidation and STRAX intends to play an active role in the ongoing consolidation process.

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 2017 annual report.

FINANCIAL CALENDAR:

February 28, 2019
Year-End Report 2018

April 2019
Annual Report 2018

May 23, 2019
Interim report January – March 2019

May 23, 2019
Annual General Meeting

For further information contact:

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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 30, 2018

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi T. Tomasson
Director

Pia Anderberg
Director

Auditor's report

STRAX AB (publ), reg. no. 556539-7709

Introduction

We have reviewed the condensed interim financial information (interim report) of STRAX AB (publ) as of 30 September 2018 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 November 30 2018

PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Group

Key ratios	2018 (3 months) Jul 1 - Sept 30	2017 (3 months) Jul 1 - Sept 30	2018 (9 months) Jan 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2017 (12 months) Jan 1 - Dec 31
FINANCIAL KEY RATIOS					
Sales growth, %	-0,3	-4,9	3.3	2.7	9.1
Gross margin, %	20.9	31.5	28.6	29.2	28.1
Equity, MEUR	19.8	22.9	19.8	22.9	21.0
Equity/asset ratio, %	22.5	28.5	22.5	28.5	25.3
DATA PER SHARE[1]					
Equity, EUR	0.17	0.19	0.17	0.19	0.17
Result, EUR	-0.01	0.01	-0.01	0.03	0.02
NUMBER OF SHARES[1]					
Number of shares at the end of the period	120 592 332	117 762 266	120 592 332	117 762 266	120 592 332
Average number of shares[2]	120 592 332	117 762 266	120 592 332	117 762 266	117 839 802
EMPLOYEES					
Average number of employees	216	205	213	200	211

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

Group

Summary income statements, KEUR	2018 (3 months) Jul 1 - Sept 30	2017 (3 months) Jul 1 - Sept 30	2018 (9 months) Jan 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2017 (12 months) Jan 1 - Dec 31
Net sales	23 720	23 792	69 488	67 270	100 065
Cost of goods sold	-18 761	-16 297	-49 647	-47 624	-71 958
Gross profit	**4 959**	**7 495**	**19 841**	**19 646**	**28 107**
Selling expenses	-4 512	-3 814	-13 672	-10 916	-15 491
Administrative expenses[1]	-2 604	-2 149	-6 637	-5 042	-7 416
Other operating expenses	- 79	-1 417	-2 819	-2 173	-4 799
Other operating income	1 983	2 051	4 167	3 106	5 258
Operating profit	**- 253**	**2 166**	**880**	**4 621**	**5 659**
Shares and participations in associated companies	-	170	-	284	- 186
Financial income	2	- 10	2	31	142
Financial expenses	- 516	- 426	-1 272	-1 185	-2 058
Net financial items	**- 514**	**- 266**	**-1 270**	**- 870**	**-2 102**
Profit before tax	**- 768**	**1 900**	**- 390**	**3 751**	**3 557**
Tax	- 479	- 587	- 678	- 232	-1 768
PROFIT OR LOSS FOR THE PERIOD[2]	**-1 247**	**1 313**	**-1 068**	**3 519**	**1 789**
Result per share, EUR [3]	*-0.01*	*0.01*	*-0.01*	*0.03*	*0.02*
Average number of shares during the period [3]	*120 592 332*	*117 762 266*	*120 592 332*	*117 762 266*	*117 839 802*

Statement of comprehensive income, KEUR					
Result for the period	-1 247	1 313	-1 068	3 519	1 789
Other comprehensive income, translation gains/losses on consolidation	100	258	-168	65	-75
Total comprehensive income for the period	**-1 147**	**1 571**	**-1 236**	**3 584**	**1 714**

[1] Depreciation and amortization for the period January 1 – September 30, 2018, amounted to 2 672 (1 507).
[2] The result for the period, respectively the total comprehensive income is attributed to the parent company’s shareholders.

Group

Operating segment Q3 (EUR thousands)	Protection Jan 1 - Sept 30 2018	Protection 2017	Power Jan 1 - Sept 30 2018	Power 2017	Audio Jan 1 - Sept 30 2018	Audio 2017	Connected devices Jan 1 - Sept 30 2018	Connected devices 2017	Other Jan 1 - Sept 30 2018	Other 2017	Total Jan 1 - Sept 30 2018	Total 2017
Net sales	44 938	43 477	8 712	7 931	11 064	9 373	838	2 086	3 937	4 403	69 488	67 270
Cost of goods sold	-30 205	-29 316	-7 080	-6 038	-8 233	-6 943	- 756	-1 799	-3 373	-3 528	-49 647	-47 624
Gross profit	**14 733**	**14 161**	**1 632**	**1 893**	**2 830**	**2 429**	**82**	**287**	**564**	**875**	**19 841**	**19 645**
Selling expenses	-10 152	-7 869	-1 125	-1 052	-1 950	-1 350	- 56	- 160	- 388	- 486	-13 672	-10 916
Administrative expenses	-4 425	-3 634	- 490	- 486	- 850	- 624	- 25	- 74	- 169	- 225	-5 959	-5 042
Other operating expenes	-10 080	-1 605	-1 120	- 215	-1 942	- 275	- 56	- 33	- 387	- 45	-13 584	-2 173
Other operating income	10 585	2 239	1 173	299	2 033	384	59	45	405	138	14 254	3 106
Operating profit	**661**	**3 291**	**70**	**440**	**122**	**565**	**4**	**67**	**24**	**257**	**880**	**4 620**

Group

Summary balance sheets, KEUR	2018 Sept 30	2017 Sept 30	2017 Dec 31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	26 560	25 481	26 560
Other intangible assets	2 651	4 490	3 893
Property, Plant & Equipment	2 494	2 100	2 203
Shares in associated companies	-	1 088	-
Other assets	1 546	1 434	593
Deferred tax assets	614	1 497	538
Total non-current assets	**33 865**	**36 090**	**33 787**
CURRENT ASSETS			
Inventories	17 185	11 729	10 417
Tax receivables	1 073	871	752
Accounts receivable	22 433	25 199	25 792
Receivables from associated companies	-	203	-
Other assets	8 891	4 996	6 732
Cash and cash equivalents	4 469	1 002	5 689
Total current assets	**54 051**	**44 000**	**49 382**
TOTAL ASSETS	**87 917**	**80 090**	**83 169**
EQUITY AND LIABILITIES			
Equity	**19 791**	**22 873**	**21 028**
NON-CURRENT LIABILITIES:			
Tax liabilities	3	3	3
Other liabilities	605	1 394	615
Interest-bearing liabilities	9 699	3 628	11 230
Deferred tax liabilities	1 295	1 321	1 295
Total non-current liabilities	**11 602**	**6 346**	**13 143**
Current liabilities:			
Provisions	1 519	1 131	1 320
Interest-bearing liabilities	18 593	17 830	15 015
Accounts payable	21 246	20 499	18 367
Tax liabilities	3 232	2 343	2 796
Other liabilities	11 933	9 068	11 500
Total current liabilities	56 523	50 871	48 998
Total liabilities	**68 125**	**57 217**	**62 141**
TOTAL EQUITY AND LIABILITIES	**87 917**	**80 090**	**83 169**

Summary of changes in equity, KEUR	
Equity as of December 31, 2016	**18 159**
Comprehensive income Jan 1 - Sept 30, 2017	3 582
Other	1 132
Equity as of September 30, 2017	**22 873**
Comprehensive income Oct 1 - Dec 31, 2017	-1 868
Other	23
Equity as of December 31, 2017	**21 028**
Comprehensive income Jan 1 - Sept 30, 2018	-1 237
Other	-
Equity as of September 30, 2018	**19 791**

Group

Summary cash flow statements, KEUR	2018 (3 months) Jul 1 - Sept 30	2017 (3 months) Jul 1 - Sept 30	2018 (9 months) Jan 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2017 (12 months) Jan 1 - Dec 31
OPERATING ACTIVITIES					
Result before tax	- 768	1 898	- 390	3 749	3 555
Adjustment for items not included in cash flow from operations or items not affecting cash flow	1 217	1 256	2 672	2 370	5 087
Paid taxes	- 479	- 143	- 678	- 759	- 811
Cash flow from operations prior to changes in working capital	**- 29**	**3 011**	**1 604**	**5 360**	**7 831**
Cash flow from changes in working capital:					
Increase (-)/decrease (+) in inventories	-3 714	-1 155	-6 768	874	2 196
Increase (-)/decrease (+) current receivables	-1 668	482	878	-2 702	-11 793
Increase (-)/decrease (+) in non current Receivables	-1 225	-	-1 029	-	1 302
Increase (+)/decrease (-) current liabilities	-	-	- 10	-	195
Increase (+)/decrease (-) in current liabilities	8 658	-1 441	5 158	-2 366	4 242
Cash flow from operations	**2 021**	**897**	**- 166**	**1 166**	**3 973**
INVESTMENT ACTIVITIES					
Investments in intangible assets	- 13	- 58	- 11	- 268	- 346
Investments in non-current assets	- 86	- 749	-1 709	-1 819	-2 464
Investments in subsidiaries	-	- 879	-	-2 524	-6 917
Divestment of non-current assets	-	790	-	890	22
Cash flow from investment activities	**- 98**	**- 896**	**-1 720**	**-3 721**	**-9 705**
FINANCING ACTIVITIES					
Interest-bearing liabilities	- 377	- 260	3 578	2 367	17 961
Amortization of interest-bearing liabilities	- 269	- 406	-1 531	-1 469	-8 588
Other financing liabilities	-	-	-	-	31
Acquisition of minority interests	-	-	-	-	- 22
paid interest and other expenses	- 752	- 407	-1 210	-1 020	-1 699
Cash flow from financing activities	**-1 397**	**-1 073**	**837**	**- 122**	**7 683**
Cash flow for the period	**526**	**-1 072**	**-1 049**	**-2 677**	**1 951**
Exchange rate differences in cash and cash equivalents	97	401	- 171	16	75
Cash and cash equivalents at the beginning of the period	3 846	1 673	5 689	3 663	3 663
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4 469**	**1 002**	**4 469**	**1 002**	**5 689**

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 2017 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 2017, 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. With regards to IFRS 16 Leases no new information as compared to the information provided in the latest annual report have been developed.

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.

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 downtrun.
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 adjusted EBITDA, KEUR	2018 (3 months) Jul 1 - Sept 30	2017 (3 months) Jul 1 - Sept 30	2018 (9 months) Jan 1- Sept 30	2017 (9 months) Jan 1- Sept 30	2017 (12 months) Jan 1 - Dec 31
EBITDA					
Operating profit	- 254	1 040	880	4 620	5 660
+ Depreciation & amortization	1 217	1 076	2 672	1 507	2 563
+ Share of Profit of associates(a)	-	- 186	-	-	- 186
EBITDA	**963**	**1 930**	**3 552**	**6 127**	**8 037**
ADJUSTED EBITDA					
EBITDA	963	1 930	3 552	6 127	8 037
+ Items affecting comparability	-	374	-	291	381
+ Currency effects	61	385	- 437	451	662
- Share of Profit of associates(a)	-	- 155	-	-	186
ADJUSTED EBITDA	**1 024**	**2 534**	**3 114**	**6 869**	**9 266**
Items affecting comparability					
Listing costs	-	-	-	7	3
one off effect*	-	-	-	284	378
Total items affecting comparability	**-**	**-**	**-**	**291**	**381**

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

Parent Company

Summary income statements, KEUR	2018 (3 months) Jul 1 - Sept 30	2017 (3 months) Jul 1 - Sept 30	2018 (9 months) Jan 1 - Sept 30	2017 (9 months) Jan 1 - Sept 30	2017 (12 months) Jan 1 - Dec 31
INVESTMENT ACTIVITIES					
Net Sales	419	-2	918	-14	878
Gross profit	**419**	**-2**	**918**	**-14**	**878**
Administrative expenses	-426	42	-886	54	-876
Operating income	**-7**	**40**	**32**	**40**	**2**
Net financial items	8	-53	-32	-53	-94
Result after financial items	**1**	**-13**	**-**	**-13**	**-92**
Current taxes	-	-	-	-	-
RESULT FOR THE PERIOD	**1**	**-13**	**-**	**-13**	**-92**

Statement of comprehensive income, KEUR					
Result for the period	1	-13	-	-13	-92
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1**	**-13**	**-**	**-13**	**-92**

Summary balance sheets, KEUR	2018 Sept 30	2017 Sept 30	2017 Dec 31
ASSETS			
Non-current assets	129	131	131
Non-current financial assets	75 694	75 700	75 693
Total non-current assets	**75 823**	**75 831**	**75 824**
Shares and participations held for sale	4	9	6
Current receivables	1 891	396	1 724
Cash and bank balances	-	1	1
Total current assets	**1 895**	**406**	**1 731**
TOTAL ASSETS	**77 718**	**76 237**	**77 555**
EQUITY AND LIABILITIES			
Equity	**75 724**	**74 303**	**75 724**
Current liabilities	1 994	1 934	1 831
Total liabilities	1 994	1 934	1 831
TOTAL EQUITY AND LIABILITIES	**77 718**	**76 237**	**77 555**

Summary of changes in equity, KEUR	
Equity as of December 31, 2016	**74 316**
Comprehensive income Jan 1 - Sept, 30 2017	-13
Equity as of September 30, 2017	**74 303**
Issue of new share	1 500
Comprehensive income Sept 1 - Dec 31, 2017	-79
Equity as of December 31, 2017	**75 724**
Comprehensive income Jan 1 - Sept 30, 2018	-
Equity as of September 30, 2018	**75 724**