



Q2
2019

STRAX

STRAX Q2 2019 driven by Urbanista and cost reductions implemented in 2018

- The Group's sales for the period January 1 – June 30, 2019, amounted to MEUR 44.6 (45.8), corresponding to a decrease of 2.6 percent, with a gross margin of 24.6 (32.5) percent.
- The Group's result for the period January 1 – June 30, 2019, amounted to MEUR -3.2 (-0.9) corresponding to EUR -0,02 (0.00) per share. Equity as of June 30 2019 amounted to MEUR 18.3 (20.9) corresponding to EUR 0.17 (0.18) per share.
- EBITDA for the period January 1 – June 30, 2019, amounted to MEUR 2.1 (2.6).
- Year over year reduction in OPEX amounts to MEUR 3.2 for H1 2019 as a result of cost reductions implemented in 2018, corresponding to approximately 25 percent, and tracking towards MEUR 7-8 reduction in 2019.
- Sales and gross margins declined in H1 2019 following the sale of Gear4, as expected. STRAX does not expect sales to materially decline in 2019 despite the sale of Gear4 and gross margin is expected to remain stable or improve in 2019.
- The positive development of Urbanista continued in Q2 2019 with YoY growth of 80%, creating valuable asset for STRAX.
- During the first six months interest-bearing debts decreased by MEUR 12 as a result of repayment of loans and lower utilization of working capital lines.
- With the effective date of April 1, 2019, STRAX acquired all outstanding shares in Brandvaut, a business focused on sales through e-commerce marketplaces globally.

"I'm pleased with our Q2 2019 performance in a challenging external environment. Most of our geographic markets held up in terms of sales, whilst the strong development for Urbanista with 80% YoY quarterly sales growth increased its significance of sales and profitability for the group. Our aggressive OPEX reduction in 2018 also contributed to profitability during the quarter and we are on track to deliver the previously communicated MEUR 7-8 in cost savings this year".

Gudmundur Palmason, CEO

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 and Clckr 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 was founded in Miami and Hong Kong in 1995 and has since grown across the world. Today, STRAX has over 190 employees in 13 countries with its operational HQ and logistics center based in Germany. STRAX is listed on the Nasdaq Stockholm Stock Exchange.

PROPRIETARY BRANDS

XQISIT
SIMPLY SMARTER



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.

THOR[®]



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.

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 products are designed for a life in motion and built to inspire and endure.

clckr.



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.

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.



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.

COMMENTS FROM THE CEO

"I'm pleased with our Q2 2019 performance in a challenging external environment. Most of our geographic markets held up in terms of sales, whilst the strong development for Urbanista with 80% YoY quarterly sales growth increased its significance of sales and profitability for the group. Our aggressive OPEX reduction in 2018 also contributed to improved profitability during the quarter and we are on track to deliver the previously communicated MEUR 7-8 in cost savings this year.

During the second quarter 2019 sales decreased MEUR 1.6 over same period last year and are down 7% year-over-year (YoY). Sales in Q2 2019 were MEUR 22.0 (23.7) and EBITDA amounted to MEUR 0.7 (1.6). TTM sales growth stands at 3.3%, whilst TTM EBITDA is MEUR 6.5 and has decreased by 18%. Proprietary brands represented 50.1% (68.6%) of sales in the second quarter and given Urbanista's growth trajectory we expect to reach prior year levels within 12-18 months. The impact of the Gear4 divestment is in line with our expectations and this past quarter we continued to realize impact related to our headcount and general cost reductions implemented last year.

The mobile accessories industry continues to be challenging with smartphone sales declining globally, where consumers are now holding onto their existing phones for 32-36 months because of incremental improvements in recently launched hero smartphones. We do believe that 5G adoption will reach mass consumers in the back-end of 2020 which could lead to one or even two smartphone upgrade "super" cycles with corresponding growth in mobile accessories sales. The state of our industry does not in itself alter our strategic framework, although it does increase our commitment to find a suitable joint venture partner for our European distribution business to achieve greater scale and generate synergies. Our 2016 strategic framework therefore continues to evolve around the five independent yet interlinked activities of: brand portfolio management through House of Brands proposition; eCommerce; focused geographic expansion; acquisitions; and operational excellence – all of which are aimed at delivering growth, profitability, shareholder value, happy employees and ultimately successful customers. We have a great team and I believe that our strategy coupled with sound execution will deliver strong shareholder value for years to come.

Urbanista has performed exceptionally well in in 2019 with 50% YoY sales growth, 80% in Q2, and where eCommerce sales have grown more than 400%. The brand has established itself in the Nordics and is now getting meaningful traction in several other markets. The Stockholm true wireless headset has been Urbanista's most successful product launch to date and the portfolio roadmap is ambitious, well rounded and rationalized at the same time. We have had good initial success with Clckr, which is the first brand we launch out of S/X Innovations, our product and brand incubator entity. Clckr is a differentiated product that is protected by intellectual property with promising potential that could easily become one of our main proprietary brands within not too long.

Brandvault has now been fully integrated and as a result we've experienced eCommerce marketplace growth across all our brands. Brandvault has also signed several partner brands as their full global marketplace service provider. Our direct brand website business is also experiencing promising results, e.g. Urbanista.com and adidascases.com, and we are all very excited about our recently launched adidascases.com website. To ensure that we optimize the eCommerce channels we have established a centralized digital marketing team in Stockholm that will steer campaigns and marketing activities for all our proprietary and licensed brands throughout all global eCommerce marketplaces and direct brand websites to maximize the reach of our advertising and promotional spend.

These developments outlined above are integral components on our journey to future proof STRAX. Our plans and tactics are materializing, and we currently have good momentum in all our sales entities. The entire STRAX team is engaged and committed to work tirelessly to deliver strong returns for our shareholders. I feel good about our strategy, tactics and current positioning in the global mobile accessories industry and believe that our outlook is quite positive overall."



The Board of Directors and the CEO of Strax AB hereby submit the interim report for the period January 1 – June 30, 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 – June 30, 2019

The Group's net sales for the period January 1 – June 30, 2019 amounted to 44 560 (45 768). Gross profit amounted to 10 946 (14 881) and gross margin amounted to 24.6 (32.5) percent, decreasing as a result of product/brand mix and the sale of Gear4 in November 2018. Operating profit amounted to 756 (1 133).

Result for the period amounted to -3 182 (-90). The result included gross profit 10 946 (14 881) selling expenses -6 881 (-9 160), administrative expenses -3 077 (-4 032), other operating expenses -3 422 (-2 740), other operating income 3 190 (2 184), net financial items -3 533 (-756) and tax 39 (-200).

Financial expenses have been impacted by costs relating to prepayment penalties of loans to the amount of 252. 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 -2.3.

As of June 30, 2019 total assets amounted to 68 004 (81 804), of which equity totaled 18 284 (20 938), corresponding to equity/assets ratio of 25.6 (25.6) percent. Interest-bearing liabilities as of June 30, 2019, amounted to 17 008 (28 938). The group's cash and cash equivalents amounted to 1 748 (3 846).

During the first six months interest-bearing debt decreased by MEUR 12 as a result of repayment of loans and lower utilization of working capital lines.

Significant events during the period

In accordance with the resolved proposal by the EGM held on December 28, 2018, distribution of MEUR 12.8 to the shareholders was completed on January 30, 2019.

With the effective date of April 1, 2019, STRAX increased its ownership in BrandVault Global Services Ltd from 10 percent to 100 percent. BrandVault is a business focused on sales through e-commerce market places globally.

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 1 158 (1 621), of which investments in intangible assets amounted to 788 (2), property, plant and equipment amounted to 370 (1 623) and investments in financial assets amounted to - (-). Divestment of non-current assets amounted to - (-).

The parent company's result for the period amounted to -1 (-1). The result included gross profit of 472 (499), administrative expenses -491 (-460) and net financial items -1 (-1). As of June 30, 2019 total assets amounted to 75 932 (77 540) of which equity totaled 62 978 (75 723). Cash and cash equivalents amounted to - (-).

Significant events after the end of the period

Urbanista has 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 that Urbanista has doubled the market share during the past twelve months in the UK, according to GfK. Urbanista's growth in 2019 is at approximately 50 percent so far and increasing, whereby eCommerce growth is at 400%.

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 carry out our House of Brands strategy through offline and online sales channels globally with fewer resources relatively. 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 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. Having achieved headcount and annualized operating expense reduction of 25% in 2019 we expect our profitability to improve, whilst 2019 sales remain relatively flat as a result of the Gear4 divestment. 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 3-5 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.

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

FINANCIAL CALENDAR:

November 28, 2019

Interim Report January – September 2019

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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, August 27, 2019

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

	2019 (3 months) Apr 1 - Jun 30	2018 (3 months) Apr 1 - Jun 30	2019 (6 months) Jan 1 - Jun 30	2018 (6 months) Jan 1 - Jun 30	2018 (12 months) Jan 1 - Dec 31
Key ratios					
FINANCIAL KEY RATIOS					
Sales growth, %	-7.1	2.3	-2.6	5.3	6.9
Gross margin, %	22.8	34.5	24.6	32.5	24.2
Equity, MEUR	18.3	20.9	18.3	20.9	34.3
Equity/asset ratio, %	26.9	25.8	25.6	25.6	31.8
DATA PER SHARE¹					
Equity, EUR	0.15	0.17	0.17	0.18	0.28
Equity, SEK	1.60	1.79	1.60	1.79	2.91
Result, EUR	-0.02	0.00	-0.02	0.00	0.14
Result, SEK	-0.26	0.03	-0.24	0.01	1.42
NUMBER OF SHARES¹					
Number of shares at the end of the period	120 592 332	120 592 332	120 592 332	120 592 332	120 592 332
Average number of shares ²	120 592 332	120 592 332	120 592 332	120 592 332	120 592 332
EMPLOYEES					
Average number of employees	188	218	190	225	248

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

Group

	2019 (3 months) Apr 1 - Jun 30	2018 (3 months) Apr 1 - Jun 30	2019 (6 months) Jan 1 - Jun 30	2018 (6 months) Jan 1 - Jun 30	2018 (12 months) Jan 1 - Dec 31
Summary income statements, KEUR					
Net sales	22 011	23 705	44 560	45 768	106 967
Cost of goods sold	-16 987	-15 532	-33 614	-30 886	-81 090
Gross profit	5 024	8 173	10 946	14 881	25 877
Selling expenses	-3 678	-4 542	-6 881	-9 160	-20 875
Administrative expenses ⁽¹⁾	-1 203	-2 533	-3 077	-4 032	-8 968
Other operating expenses	-2 089	- 811	-3 422	-2 740	-2 388
Other operating income	1 751	362	3 190	2 184	4 216
Operating profit	- 194	649	756	1 133	-2 139
Financial income	313	-	30	-	26 392
Financial expenses	-2 905	- 475	-3 563	- 756	-2 317
Net financial items	-2 590	- 475	-3 533	- 756	24 075
Profit before tax	-2 786	378	-2 777	378	21 936
Tax	- 175	- 65	39	- 200	-5 190
PROFIT OR LOSS FOR THE PERIOD⁽²⁾	-2 960	313	-2 738	178	16 747
Result per share before dilution, EUR	-0,02	0,00	-0,02	0,00	0,14
Result per share after dilution, EUR	-0,02	0,00	-0,02	0,00	0,13
Average number of shares during the period	120 592 332	120 592 332	120 592 332	120 592 332	120 592 332
Average number of shares during the period after dilution	124 687 332	124 687 332	124 687 332	124 687 332	124 687 332

Statement of comprehensive income, KEUR

Result for the period	-2 960	313	-2 738	178	16 747
Other comprehensive income, translation gains/losses on consolidation	-444	-124	-444	-268	-3 510
Total comprehensive income for the period	-3 404	189	-3 182	-90	13 237

⁽¹⁾ Depreciation and amortization for the period January 1 – June 30, 2019, amounted to 1 362 (1 455).

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

	Protection		Power		Audio		Connected Devices		Other		Total	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Revenues	25 119	28 081	3 867	6 464	13 920	8 103	459	464	1 196	2 656	44 560	45 768
Cost of Sales	-18 736	-19 406	-3 014	-2 544	-10 450	-6 252	- 435	- 446	- 980	-2 238	-33 614	-33 703
Gross Profit	6 383	8 674	853	3 920	3 470	1 851	24	18	216	418	10 946	12 064
Selling expenses	-4 013	-6 453	- 536	- 881	-2 182	-1 478	- 15	- 14	- 135	- 334	-6 881	-9 160
General Administrative Expenses	-1 507	-2 666	- 201	- 363	- 820	- 608	- 6	- 6	- 51	- 138	-2 585	-3 780
Other Operating Expenses	-2 272	-2 129	- 304	- 292	-1 235	- 490	- 9	- 5	- 77	- 111	-3 897	-3 027
Other Operating Income	1 861	3 548	249	-2 334	1 012	813	7	8	63	184	3 190	5 036
Operating profit	451	973	60	51	245	88	2	1	15	20	773	1 133

Group

	2019	2018	2018
	Jun 30	Jun 30	Dec 31
Summary balance sheets, KEUR			
ASSETS			
NON-CURRENT ASSETS			
Goodwill	20 902	26 560	20 902
Other intangible assets	2 795	3 056	902
Property, Plant & Equipment	1 241	3 207	1 136
Other assets	350	315	1 532
Deferred tax assets	62	620	62
Total non-current assets	25 351	33 757	24 534
CURRENT ASSETS			
Inventories	14 349	13 471	14 980
Tax receivables	1 405	963	1 244
Accounts receivable	15 224	22 963	28 423
Other assets	9 927	6 803	13 875
Cash and cash equivalents	1 748	3 846	24 845
Total current assets	42 653	48 047	83 366
TOTAL ASSETS	68 004	81 804	107 900
EQUITY AND LIABILITIES			
Equity	18 284	20 938	34 265
NON-CURRENT LIABILITIES:			
Tax liabilities	3	3	3
Other liabilities	3 027	605	616
Interest-bearing liabilities	1 881	9 967	8 403
Deferred tax liabilities	819	1 295	1 149
Total non-current liabilities	5 730	11 871	10 170
Current liabilities:			
Provisions	939	1 272	1 742
Interest-bearing liabilities	15 127	18 971	20 652
Accounts payable	9 569	14 103	21 825
Tax liabilities	5 843	2 921	6 470
Other liabilities	12 510	11 729	12 775
Total current liabilities	43 990	48 996	63 464
Total liabilities	49 720	60 867	73 634
TOTAL EQUITY AND LIABILITIES	68 004	81 804	107 900

Summary of changes in equity, KEUR

Equity as of December 31, 2017	21 028
Total Comprehensive income Jan 1 - Jun 30, 2018	- 90
Equity as of June 30, 2018	20 938
Total Comprehensive income Jul 1 - Dec 31, 2018	13 327
Equity as of December 31, 2018	34 265
Distribution to shareholders	-12 742
Cost related to distribution to shareholders	- 57
Total Comprehensive income Jan 1 - Jun 30, 2019	-3 182
Equity as of June 30, 2019	18 284

Group

	2019 (3 months) Apr 1 - Jun 30	2018 (3 months) Apr 1 - Jun 30	2019 (6 months) Jan 1 - Jun 30	2018 (6 months) Jan 1 - Jun 30	2018 (12 months) Jan 1 - Dec 31
Summary cash flow statements, KEUR					
OPERATING ACTIVITIES					
Result before tax	-2 786	174	-2 777	378	21 936
Adjustment for items not included in cash flow from operations or items not affecting cash flow	2 717	896	3 770	1 455	-20 946
Paid taxes	- 147	- 114	- 593	- 200	-1 055
Cash flow from operations prior to changes in working capital	- 216	956	400	1 633	- 64
Cash flow from changes in working capital:					
Increase (-)/decrease (+) in inventories	337	- 223	632	-3 054	-7 121
Increase (-)/decrease (+) current receivables	3 162	- 300	10 170	2 546	-3 323
Increase (-)/decrease (+) in non current receivables	648	342	1 182	196	- 961
Increase (+)/decrease (-) current liabilities	-1 561	- 10	- 57	- 10	1
Increase (+)/decrease (-) in current liabilities	-1 455	1 244	-9 477	-3 500	8 604
Cash flow from operations	915	2 010	2 850	-2 188	-2 865
INVESTMENT ACTIVITIES					
Investments in intangible assets	- 787	2	- 788	2	1 356
Investments in tangible assets	- 289	-1 517	- 370	-1 623	-2 178
Investments in subsidiaries	-	317	-	-	-
Divestment of subsidiaries	-	-	-	-	23 137
Costs relating to sale of subsidiaries	-	-	-	-	-1 588
Cash flow from investment activities	-1 077	-1 198	-1 158	-1 621	20 727
FINANCING ACTIVITIES					
Interest-bearing liabilities	1 419	173	-5 298	3 956	5 637
Amortization of interest-bearing liabilities	- 795	- 513	-6 545	-1 263	-2 827
Distribution to the shareholders	-	-	-12 742	-	-
Paid interest and other expenses	-	- 288	- 204	- 458	-1 520
Cash flow from financing activities	624	- 628	-24 789	2 235	1 291
Cash flow for the period	461	183	-23 097	-1 575	19 152
Exchange rate differences in cash and cash equivalents	-	- 269	-	- 268	3
Cash and cash equivalents at the beginning of the period	1 286	3 932	24 845	5 689	5 689
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1 748	3 846	1 748	3 846	24 845

NOTE 1 REFERENCES

- Seasonal and phone launch fluctuations, see page 5
- Reporting per business segment see page 9
- For further information on accounting principles reference is made to the 2018 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 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 2.2 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 10. In the cash flow for the period the reclassification of leasing expenses to depreciation has impacted the cash flow by KEUR 195.

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. *STRAX has no other financial instruments recognized at fair value.*

DEFINITIONS

Key ratio	Calculation	What it measures or represents
Equity/Asset ratio	Equity as a percentage of the total assets.	This measure reflects the financial position and the long term solvency and resistance to periods of economic downturn.
Equity per share	Equity in relation to the number of shares at the end of the period.	Measures development of equity in relation to number of outstanding shares at the end of the period, captures both changes in equity and changes in number of outstanding shares.
Number of shares at the end of the period	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Items affecting comparability	Items affecting comparisons as they do not recur with the same regularity as other items.	Guidance of normalized EBITDA.
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

	2019 (3 months) Apr 1 - Jun 30	2018 (3 months) Apr 1 - Jun 30	2019 (6 months) Jan 1 - Jun 30	2018 (6 months) Jan 1 - Jun 30	2018 (12 months) Jan 1 - Dec 31
Bridge to adjusted EBITDA, KEUR					
EBITDA					
Operating profit	-194	649	756	1 133	-2 139
+ Depreciation & amortization	912	940	1 362	1 455	3 630
EBITDA	718	1 589	2 118	2 588	1 491
ADJUSTED EBITDA					
EBITDA	718	1 589	2 119	2 588	1 491
+ Items affecting comparability	-	-	-	-	5 578
+ Currency effects	-105	- 305	- 202	- 498	- 381
ADJUSTED EBITDA	613	1 284	1 917	2 090	6 687
Items affecting comparability					
- One time charges	-	-	-	-	5 578
Total items affecting comparability	-	-	-	-	5 578

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 terms.

Parent Company

	2019 (3 months) Apr 1 - Jun 30	2018 (3 months) Apr 1 - Jun 30	2019 (6 months) Jan 1 - Jun 30	2018 (6 months) Jan 1 - Jun 30	2018 (12 months) Jan 1 - Dec 31
Summary income statements, KEUR					
INVESTMENT ACTIVITIES					
Net Sales	472	288	472	499	1 208
Gross profit	472	288	472	499	1 208
Administrative expenses	-491	-252	-491	-460	-1 192
Operating income	-19	36	-19	39	16
Net financial items	18	-35	18	-40	55
Result after financial items	-1	1	-1	-1	71
Current taxes	-	-	-	-	-
RESULT FOR THE PERIOD	-1	1	-1	-1	71

Statement of comprehensive income, KEUR					
Result for the period	-1	1	-1	-1	71
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-1	1	-1	-1	71

	2019 Jun 30	2018 Jun 30	2018 Dec 31
Summary balance sheets, KEUR			
ASSETS			
Non-current assets	130	129	130
Non-current financial assets	75 695	75 693	75 694
Total non-current assets	75 825	75 822	75 824
Shares and participations held for sale	1	4	3
Current receivables	106	1 714	1 857
Cash and bank balances	-	-	2
Total current assets	107	1 718	1 862
TOTAL ASSETS	75 932	77 540	77 685
EQUITY AND LIABILITIES			
Equity	62 978	75 723	75 795
Current liabilities	12 954	1 817	1 890
Total liabilities	12 954	1 817	1 890
TOTAL EQUITY AND LIABILITIES	75 932	77 540	77 685

Summary of changes in equity, KEUR	
Equity as of December 31, 2017	75 724
Comprehensive income Jan 1 - Jun 30, 2018	-1
Equity as of June 30, 2018	75 723
Comprehensive income April 1 - Dec 31, 2018	73
Equity as of December 31, 2018	75 795
Distribution to shareholders	-12 742
Cost related to distribution to shareholders	-57
Comprehensive income Jan 1 - June 30, 2019	-18
Equity as of June 30, 2019	62 978