STRAX

Q3 2021

STRAX

STRAX sales holding up, at the same time margin has come under pressure as a consequence of Covid-19 impact on the industry

- The Group's sales for the period January 1 – September 30, 2021, amounted to MEUR 81.8 (76.7) with a gross margin of 16.2 (25.5) percent.
- The Group's result for the period January 1 – September 30, 2021, amounted to MEUR -1.3 (-0.9) corresponding to EUR -0.01 (-0.01) per share.
- EBITDA for the period January 1 – September 30, 2021, amounted to MEUR 2.7 (4.9).
- Equity as of September 30, 2021, amounted to MEUR 17.2 (17.5) corresponding to EUR 0.14 (0.14) per share.
- STRAX subsidiary Urbanista, the Swedish lifestyle audio brand, announced Urbanista Los Angeles, the world's first self-charging, wireless active noise cancelling headphones, powered by Powerfoyle™ solar cell material. Using advanced green technology, Los Angeles converts all forms of light, outdoor and indoor, into energy to deliver virtually infinite playtime.
- STRAX launched online only brand Dóttir, with new line of sports-focused true wireless headphones. The brand was developed with CrossFit champions Annie Thorisdottir and Katrin Davidsdottir. The first product, Dóttir Freedom On-Grid in-ear headphones has already been awarded the Red Dot Award for product design.

Significant events after the end of the period

- STRAX launched online only brand, grell, with the first product being true wireless headphones. The brand was developed with world-renowned sound engineer and headphone designer Axel Grell, who has crafted headphones to produce world-class sound for over three decades, most notably at Sennheiser.
- As a result of the compress margin during Q3, 2021, the group did not meet one of the financial covenants in the loan agreement with PCP as of September 30, 2021. After the end of the period a waiver for the breach was granted. The fact the waiver was granted after the end of the period has the effect under IFRS that the related interest-bearing debt is reported as current in the balance sheet as of September 30, 2021.

"Our sales have held up well and grown by 6.7% year-over-year (YoY). However, we continue to be affected by the Covid-19 pandemic and consequential industry dynamics on both the supply and demand sides, negatively impacting our contribution profit margin. On a more positive note, we have not experienced margin erosion on product level, and we expect that these challenging macro factors will start to normalize in 2022."

Gudmundur Palmason, CEO

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COMMENTS FROM THE CEO

Our sales have held up well and grown by 6.7% year-over-year (YoY). However, we continue to be affected by the Covid-19 pandemic and consequential industry dynamics on both the supply and demand sides, negatively impacting our contribution profit margin. These are factors such as broad supply chain disruptions, causing product delays and increased input costs, and global smartphone shortage, all of which have led to unfavourable sales mix and inventory profile resulting in 2.4 MEUR increase in write-offs and devaluation, relative to 2020. To exacerbate the overall industry challenges on our results further, we have been running a lossmaking e-commerce business on own brands, now scaled back, and operated at close to breakeven. On a more positive note, we have not experienced margin erosion on product level, and we expect that these challenging macro factors will start to normalize in 2022.

Q3 results

Sales in Q3 amounted to MEUR 27.0 (26.4), corresponding to an increase of MEUR 0.6 or 2.0% compared to last year, and MEUR 81.8 (76.7) for the period January to September, an increase of 6.7% YoY. EBITDA during the quarter decreased to MEUR 1.1 (3.5), a decrease of 67% YoY. Mobile accessories sales were MEUR 22.1 (21.1), representing an increase of 4.9% YoY and sales from the Health & Wellness product category were MEUR 4.8, equalling 18.0% of total sales during the quarter. Trailing twelve-month (TTM) sales stand at MEUR 116.9 and TTM EBITDA is MEUR 6.4.

Hybrid business model – full segments split up

STRAX operates an integrated business model with own consumer brands in mobile accessories, personal audio, and health products on the one hand and traditional distribution on the other hand. These two separate and independent businesses are to a large extent complimentary whilst at the same time adding operational complexity. The complexity is both an internal one, causing inefficiencies and can therefore drive costs, and external, where stakeholders can be challenged to fully understand what type of company STRAX truly is and even how we create value, since we are most of the time viewed and measured on a fully consolidated basis, vis-a-vis as two standalone businesses. The pandemic has impacted each business unit vastly different, where own brands have gone through decline in sales and profits, whilst the distribution business has consistently delivered throughout.

A full split of own brands and distribution should resolve group complexities and make each business more agile in adapting to their respective markets, furthermore, allowing them to independently address different growth opportunities.

Separate listing of Distribution

As stated above, our European distribution business (Distribution) has held its own during the Covid-19 pandemic and provided its partners with uninterrupted services day-in and day-out. This business unit has long standing relationships with a broad and diversified customer base, from telecom operators to consumer electronic and mass retailers, as well as enterprises throughout Europe. Where STRAX is recognized as one of the leading European based specialist distributors of tech accessories and the business is well positioned to pursue growth through new product categories and execution of a programmatic acquisition strategy.

The board of STRAX has in its strategic review, in line with the decision in 2019 to separate the group in two business segments, instructed management to evaluate a separation and stock exchange listing of segment Distribution, excluding Brandvault, the online marketplace specialist. We believe that a listing of our Distribution business is a natural step in our strategy as we are hopeful that the two business segments will develop more favourably on their own and create better foundation for them to reach their full potential.

The split would furthermore provide investors with complete transparency of the performance of each business, enabling them to independently value the businesses, rather than as a consolidated group.

Remaining business - House of Brands
Post successful split, STRAX will become a House of Brands, a highly focused company on developing own brands in tech accessories and personal audio products, both offline and online. We already own several strong brands in these product categories, each with a unique positioning in their respective consumer segments, all of which we strongly believe are on the cusp of high growth. On the personal audio side, we have Urbanista and the two recently launched digital native brands, Dóttir and grell, and in tech accessories we have Clckr, Richmond & Finch and Planet Buddies.

Extended lockdowns in most of our key markets have had a big impact on the performance of own brands and we have not been successful in supplementing decrease in brick-and-mortar sales with online sales. The current product portfolios and future roadmaps of own brands have never been more robust and we have every reason to believe that all our brands will experience strong growth mid- and long-term.

This would also entail divesting non-core businesses, such as licensed brands and Health & Wellness business, where proceeds will be utilized to develop existing and new brands, as well as to reduce interest-bearing debt.

Sustainability
Despite the recent turmoil, we have never lost sight of STRAX+, our initiative aimed at becoming more environmentally conscious and sustainable as a company. We have continued to drive towards a Gold rating with EcoVadis, the world´s most trusted business sustainability ratings, through a broad range of improvements throughout our business. Our mid-term target of obtaining Platinum rating, which only 1% of more than 75,000 rated companies have earned, remains intact.

I strongly believe that STRAX has done well in adapting and managing the extremes caused by the Covid-19 pandemic. From launching an entirely new product category in the health and wellness space to maintaining historical sales levels. From day one we have prioritized the health and safety of our employees and in return the entire team has never lost a beat throughout these challenging times. I remain very proud of every one of our employees showing such resilience and positivity and look forward to our future successes.

WE INNOVATE, WE CREATE, WE INSPIRE, WE DELIVER

STRAX is a global leader in accessories that empower mobile lifestyles. Our portfolio of branded accessories covers all major mobile accessory categories: Protection, Power, Connectivity, as well as Personal Audio. Our new Health & Wellness category offers branded Personal Protection products. Our distribution business reaches a broad customer base, through 70 000 brick and mortar stores around the globe, as well as through online marketplaces and direct-to-consumers.

Wholly owned brands include Urbanista, Clckr, Richmond & Finch, Planet Buddies, xqisit, AVO+, Dóttir and grell, and licensed brands include adidas, Bugatti, Diesel, Superdry and WeSC. Our distribution business also services over 40 other major mobile accessory brands.

Founded as a trading company in 1995, STRAX has since expanded worldwide and evolved into a global brand and distribution business. Today we have over 200 employees in 13 countries. STRAX is listed on the Nasdaq Stockholm stock exchange.

OWN BRANDS – MOBILE ACCESSORIES

INNOVATIVE PROTECTION, AUDIO, POWER & CHARGING SOLUTIONS

With an extensive product portfolio ranging from protection to audio and power, XQISIT brings mid-priced innovative, quality design and functionality to value-conscious consumers.

HIP AUDIO ACCESSORIES WITH SCANDINAVIAN DESIGN

Based in Stockholm, Urbanista is a market leader in its region, combining avant-garde design with the latest in audio technology. The products are designed for a life in motion and built to inspire and endure.

PREMIUM STRENGTH GLASS SCREEN PROTECTION DESIGNED FOR A SEAMLESS FIT

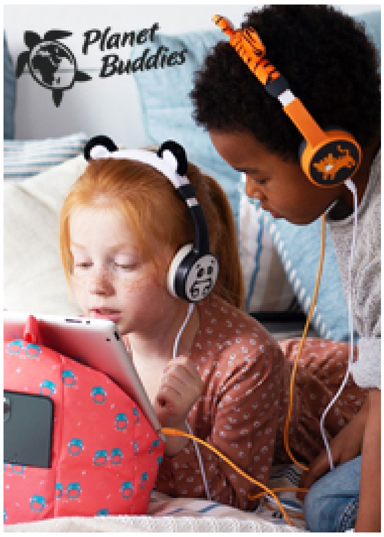
Responding to the growing market demand for tempered glass protection, THOR is a higher quality, premium product, priding itself on being meticulously designed to fit any phone perfectly.

A UNIVERSAL PHONE GRIP AND STAND

A patented universal and multi-functional phone grip that helps prevent users dropping their phone, enables better quality selfies and a more enhanced mobile video watching experience. A thin and stylish design, Clckr is easy to apply using 3M-adhesive which will not leave residue.

PREMIUM LIFESTYLE BRAND

Richmond & Finch is a Scandinavian tech accessories brand. Richmond & Finch designs and produces contemporary mobile phone and travel accessories. The unisex lifestyle brand creates unique designs which reflect current fashion trends.

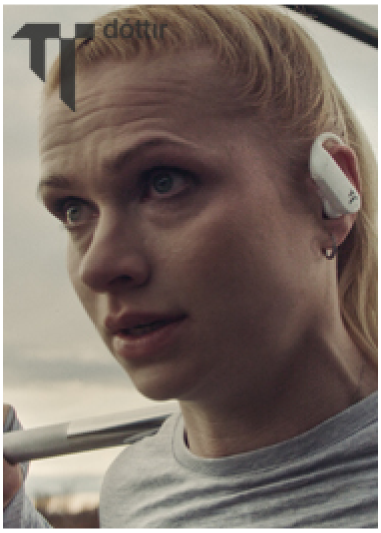


CHILDRENS BRAND

Planet Buddies have created a range of kids' accessories based on a variety of colorful characters who represent endangered, vulnerable, and threatened species of animals from all over the world. Their goal is to educate children about the issues that threaten animals with extinction at the same time as offering great and fun products such as headphones and speakers.

HIGH-END PERSONALIZED LISTENING EXPERIENCES

Designed to make high-end audio quality more accessible, grell headphones offer personalized listening experience at a price that reflects the cost for quality of the sound, alone. Created by renowned headphone engineer Axel Grell, grell headphones feature a unique combination of high-end technological components, German design, and meticulous attention to detail.



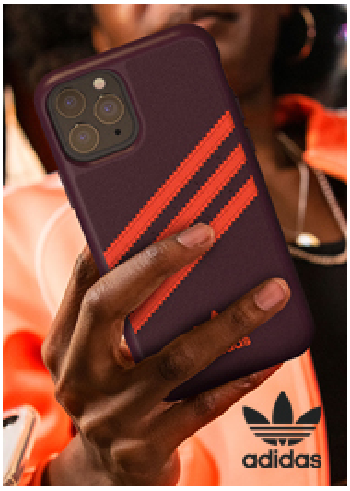
HEADPHONES FOR WORLD CLASS ATHLETES

Dóttir started as an idea between friends that popped up on a stroll around London, creating a headphone for World Class athletes that allows them to train freely without outside distraction. From there it has grown into something much bigger, not only a brand that creates headphones for athletes but a brand that supports female empowerment and equality.

LICENSED BRANDS

FOR ACTIVE USE IN THE GYM AND OUTDOORS

adidas Sports aims to set a new bar in the fast-growing market of tech accessories. The new collection of sports cases consists of a variety of flexible armbands, smart waist straps and highly protective anti-slip and anti-shock cases. The adidas Sports cases are carefully designed to protect smartphones during intense workouts or outdoor activities.



STREET WEAR INSPIRED PROTECTION

adidas Originals continues to evolve the brand's legacy through its commitment to product innovation. Inspired by the creativity and courage found in sporting arenas, the adidas Originals smartphone cases combine contemporary youth culture design with resilient protection features.

CHIC AND REFINED PROTECTION

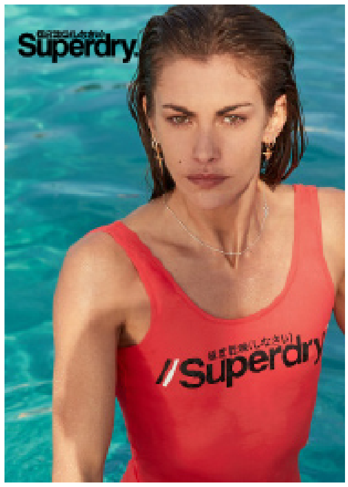
The bugatti brand aims to reflect the cultural and creative diversity of Europe. bugatti's handmade smartphone cases are crafted from high-quality full grain leather and come in a range of timeless colors, epitomizing elegance, and quality workmanship.

DISTINGUISHED DEVICE CASES

A small yet distinguished collection of device cases for which the license was acquired from adidas in 2013. This TLF and Y-3 collaboration offers a variety of statement smartphone protection- and booklet cases. Combining adidas design, quality, and durability with the unique, eye-catching designs of Japanese fashion designer Yohji Yamamoto.

PREMIUM STREET WEAR & ACCESSORIES

TLF acquired the license for WeSC in 2020. WeSC designs, markets, and sells clothing & accessories in the premium street wear segment of the international market under the WeSC (We are the Superlative Conspiracy) brand.



ICONIC AND CONTEMPORARY FASHION BRAND

TLF acquired the license for Superdry in 2020. Founded in the UK in 2003, Superdry has become an iconic and contemporary fashion brand focusing on high-quality products that fuse vintage Americana with Japanese-inspired graphics. Characterized by quality fabrics, authentic vintage washes, unique detailing, and world leading graphics, Superdry has gained exclusive appeal as well as a global celebrity following.

FOR SUCCESSFUL LIVING

The Diesel slogan for the brand's DNA from the very start. TLF acquired the licence for Diesel to launch mobile accessories in 2020.Through a long and storied history of strong, iconic, and playful campaigns Diesel has become a leader in advertising as well as in fashion.

OWN BRANDS – HEALTH & WELLNESS

AVO+ fills the void in the market for appealing, well marketed, value-oriented solutions for consumer healthcare. Understanding that consumers prefer products and packaging that has been designed for their environment and use case AVO+ has resonated with consumers in markets across the world with its bright/fresh easy to understand concept.

The Board of Directors and the CEO of Strax AB hereby summit the interim report for the period January 1 – September 30, 2021

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, 2021

The Group's net sales for the period January 1 – September 30, 2021, amounted to 81 754 (76 668). Gross profit amounted to 13 208 (19 537) and gross margin amounted to 16.2 (25.5) percent. Operating profit amounted to 856 (3 596).

Result for the period amounted to -1 310 (-874). The result included gross profit 13 208 (19 537) selling expenses -12 300 (-13 194), administrative expenses -3 820 (-3 840), other operating expenses -6 874 (-7 015), other operating income 10 641 (8 107), of which 2 900 (-) relates to re-evaluation of earnout libilility,net financial items -3 345 (-4 778) and tax 1 179 (308).

As of September 30, 2021, total assets amounted to 109 884 (91 923), of which equity totaled 17 178 (17 454), corresponding to equity/assets ratio of 15.6 (19.0) percent. Interest-bearing liabilities as of September 30, 2021, amounted to 41 547 (24 791). The group's cash and cash equivalents amounted to 1 876 (1 906).

As a result of the compressed margin during Q3 2021, the group did not meet one of the financial covenants in the loan agreement with PCP as of September 30, 2021. After the end of the period a waiver for the breach was granted. The fact the waiver was granted after the end of the period has the effect under IFRS that the related interest-bearing debt is reported as current in the balance sheet as of September 30, 2021.

Significant events during the period

STRAX subsidiary Urbanista, the Swedish lifestyle audio brand, announced Urbanista Los Angeles, the world's first self-charging, wireless active noise cancelling headphones, powered by Powerfoyle™ solar cell material. Using advanced green technology, Los Angeles converts all forms of light, outdoor and indoor, into energy to deliver virtually infinite playtime.

STRAX launched online only brand Dóttir, with new line of sports-focused true wireless headphones. The brand was developed with CrossFit champions Annie Thorisdottir and Katrin Davidsdottir. The first product, Dóttir Freedom On-Grid in-ear headphones has already been awarded the Red Dot Award for product design.

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 1 562 (728), of which investments in intangible assets amounted to 416 (373), property, plant and equipment amounted to 665 (186) and investments in subsidiaries amounted to 480 (169).

The parent company's result for the period amounted to - (-). The result included gross profit of 840 (747), administrative expenses -930 (-729) and net financial items 90 (-18). As of September 30, 2021, total assets amounted to 77 508 (76 400) of which equity totaled 63 076 (63 076). Cash and cash equivalents amounted to 1 266 (-).

Significant events after the end of the period

STRAX launched online only brand grell with true wireless headphones. The brand was developed with world-renowned sound engineer and headphone designer Axel Grell, who has crafted headphones to produce world-class sound for over three decades, most notably at Sennheiser.

As a result of the compressed margin during Q3 2021, the group did not meet one of the financial covenants in the loan agreement with PCP as of September 30, 2021. After the end of the period a waiver for the breach was granted. The fact the waiver was granted after the end of the period has the effect under IFRS that the related interest-bearing debt is reported as current in the balance sheet as of September 30, 2021.

Future development

STRAX will play an active role in shaping the mobile accessories industry both offline and online in all its targeted geographic markets. We will continue to grow our businesses within the strategic framework that we launched in 2016 and refined in 2019, while simultaneously strengthening our operating platform. This will enable us to drive our own brand growth strategy through offline and online sales channels globally with fewer resources. While retaining market share in western Europe, STRAX will at the same time invest and grow at an accelerated rate in North America, and strategic markets in the rest of the world. STRAX will furthermore invest in eCommerce sales channels, both direct brand websites and marketplaces, to improve margins, diversify its traditional retail customer base and secure growth.

STRAX has enjoyed positive developments in sales in recent years, except for the heavily impacted Covid-19 pandemic year of 2020. We expect continued organic growth, driven specifically by own brands and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts, and established an in-house digital marketing team. We expect our online sales to grow significantly, albeit from a relatively low base, with eCommerce accounting for 50% of our sales in 2-3 years. STRAX furthermore intends to play an active role in the ongoing consolidation of our industry through acquisitions, divestments, and partnerships. Reduced overall demand for mobile accessories, stemming from the Covid-19 pandemic, is expected to continue through 2021 but will not alter our mid- to longer-term plans in the product category. STRAX entered the health & wellness product category with promising results. To a large extent we utilize our existing resources, infrastructure and distribution competence.

Although still being in a relatively early stage of addressing existing customers and developing new customer relationships, we feel strongly about the potential and long-term sustainability of the product category, given that changes in behavior, as a result of Covid-19, are most likely permanent.

This applies to the usage of face masks, gloves and various sanitizing products. The new health & wellness category furthermore provides diversification and can reduce our seasonality stemming from the mobile accessories industry.

Risks and uncertainties

Risk assessment, i.e. the identification and evaluation of the company's risks is an annual process at STRAX. Risk assessment is done in the form of self-evaluation and includes establishing action plans to mitigate identified risks. The primary risks present in STRAX business activities are commercial risk, operative risk, financial risk relating to outstanding receivables, obsolete inventory, and currency risk. Other risks that impact the company's financial operations are liquidity, interest rate and credit risk. The company is to some extent dependent on a key number of senior executives and other key personnel to run its operations, and is dependent on a functioning distribution chain, logistics and warehousing.

The Covid-19 pandemic is still impacting our day-to-day business and many of the initial measures taken back in March 2020 remain intact. With the increase of cases related to the Delta variant of the Covid-19 virus we expect these measures to remain in place throughout 2021.

Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

- Adjustments to product purchasing plans
- Reduction of operating expenses through reduced working hours or direct salary reductions, and reductions of rent, marketing and travel expenditures
- Credit facilities are being expanded to strengthen liquidity
- Increased activities in online channels
- Distribution of medical products, such as face masks, gloves and hand sanitizers

For further information on risks and risk management, reference is made to the 2020 annual report.

FINANCIAL CALENDAR:

February 24, 2022
Year-end report 2021

April 2022
Annual report 2021

May 25, 2022
Interim Report January – March 2022

MAY 25, 2022
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, November 25, 2021

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi T. Tomasson
Director

Pia Anderberg
Director

Auditor's report

STRAX AB (publ) 556539-7709

Introduction
We have reviewed the condensed interim financial information (interim report) of STRAX AB (publ) as of 30 September 2021 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, 25 November 2021

PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Group

Key ratios	2021 (3 months) Jul 1– Sept 30	2020 (3 months) Jul 1– Sept 30	2021 (9 months) Jan 1– Sept 30	2020 (9 months) Jan 1- Sept 30	2020 (12 months) Jan 1 - Dec 31
FINANCIAL KEY RATIOS					
Sales growth, %	2.0	-4.6	6.6	6.1	-0.7
Gross margin, %	10.3	28.9	16.2	25.5	26.3
Equity, MEUR	17.2	17.5	17.2	17.5	18.2
Equity/asset ratio, %	15.6	19.0	15.6	19.0	18.3
DATA PER SHARE					
Equity, EUR	0.14	0.14	0.14	0.14	0.15
Equity, SEK	1.45	1.53	1.45	1.53	1.52
Result, EUR	0.01	0.02	-0.01	-0.01	0.01
Result, SEK	0.12	0.21	-0.11	-0.08	0.06
Result per share prior to dilution, EUR	0.01	0.02	-0.01	-0.01	0.00
Result per share after dilution, EUR	0.01	0.02	-0.01	-0.01	0.00
NUMBER OF SHARES					
Number of shares at the end of the period	120 592 332	120 592 332	120 592 332	120 592 332	120 592 332
Average number of shares	120 592 332	120 592 332	120 592 332	120 592 332	120 592 332
Average number of shares during the period after dilution	124 687 332	124 687 332	124 687 332	124 687 332	124 687 332
EMPLOYEES					
Average number of employees	231	228	231	221	224

Group

Summary income statements, KEUR	2021 (3 months) Jul 1 – Sept 30	2020 (3 months) Jul 1 – Sept 30	2021 (9 months) Jan 1 – Sept 30	2020 (9 months) Jan 1 – Sept 30	2020 (12 months) Jan 1- Dec 31
Net sales	26 979	26 443	81 754	76 668	111 790
Cost of goods sold	-24 204	-18 801	-68 546	-57 130	-83 272
Gross profit	**2 775**	**7 642**	**13 208**	**19 537**	**28 518**
Selling expenses	-2 798	-4 648	-12 300	-13 194	-17 817
Administrative expenses (1)	-975	-1 368	-3 820	-3 840	-3 924
Other operating expenses	-1 704	-2 101	-6 874	-7 015	-12 121
Other operating income	3 277	3 536	10 641	8 107	12 117
Operating profit	**574**	**3 061**	**856**	**3 596**	**6 774**
Financial income	-12	57	24	1	-
Financial expenses	-1 235	-790	-3 369	-4 779	-5 931
Net financial items	**-1 246**	**-734**	**-3 345**	**-4 778**	**-5 931**
Profit before tax	**-672**	**2 328**	**-2 489**	**-1 182**	**843**
Tax	2 061	-382	1 179	308	-174
PROFIT OR LOSS FOR THE PERIOD (2)	**1 389**	**1 945**	**-1 310**	**-874**	**669**
Result per share before dilution, EUR	*0.01*	*0.02*	*-0.01*	*-0.01*	*0.01*
Result per share after dilution, EUR	*0.01*	*0.02*	*-0.01*	*-0.01*	*0.01*
Average number of shares during the period	*120 592 332*	*120 592 332*	*120 592 332*	*120 592 332*	*120 592 332*
Average number of shares during the period after dilution	*124 687 332*	*124 687 332*	*124 687 332*	*124 687 332*	*124 687 332*

Statement of comprehensive income, KEUR					
Result for the period	1 389	1 945	-1 310	-874	669
Other comprehensive income, translation gains/losses on consolidation	-424	-1 773	317	-1 773	-2 597
Total comprehensive income for the period	**965**	**172**	**-993**	**-2 646**	**-1 928**

1) Depreciation and amortization for the period January 1 – September 30, 2021, amounted to 1 847 (1 284).
2) The result for the period, respectively the total comprehensive income is attributed to the parent company's shareholders.

Operating segment

YTD 2021

	2021 (9 months) Jan 1 - Sept 30	2020 (9 months) Jan 1 - Sept 30	2021 (9 months) Jan 1 - Sept 30	2020 (9 months) Jan 1 - Sept 30	2021 (9 months) Jan 1 - Sept 30	2020 (9 months) Jan 1 - Sept 30
	Distribution		Own Brands and Others		Total	
Net Sales	40 812	46 987	40 942	29 681	81 754	76 668
Net COS	-31 326	-34 255	-37 220	-22 875	-68 546	-57 130
Gross profit	9 485	12 732	3 723	6 806	13 208	19 537
Gross Margin	23%	27%	9%	23%	16%	25%
Distribution Costs	-4 220	-4 363	-8 080	-8 831	-12 300	-13 194
Administrative Expenses	-2 818	-287	-1 002	-3 553	-3 820	-3 840
Other Operating Expense	-617	-4 112	-6 257	-2 903	-6 874	-7 015
Other Operating Income	1 008	1 155	9 633	6 953	10 641	8 107
EBIT	2 839	5 125	-1 983	-1 528	856	3 596

Q3 2021

	2021 (3 months) Jul 1 - Sept 30	2020 (3 months) Jul 1 - Sept 30	2021 (3 months) Jul 1 - Sept 30	2020 (3 months) Jul 1 - Sept 30	2021 (3 months) Jul 1 - Sept 30	2020 (3 months) Jul 1 - Sept 30
	Distribution		Own Brands and Others		Total	
Net Sales	14 920	16 376	12 060	10 067	26 979	26 443
Net COS	-11 360	-11 693	-12 845	-7 108	-24 204	-18 801
Gross profit	3 560	4 683	-785	2 959	2 775	7 642
Gross Margin	24%	29%	-7%	29%	10%	29%
Distribution Costs	-1 241	-1 506	-1 557	-3 142	-2 798	-4 648
Administrative Expenses	-1 009	-92	34	-1 276	-975	-1 368
Other Operating Expense	-221	-1 317	-1 483	-784	-1 704	-2 101
Other Operating Income	158	397	3 119	3 140	3 277	3 537
EBIT	1 247	2 165	-673	897	574	3 062

The reporting segments in 2021 changed and the 2020 segment reporting has been changed due to comparability. The change made is consolidation of the segment “Own brands” and “Other” and in addition BrandVault (online marketplaces) was moved from “Distribution” to “Own brands & Other”.

Group

Summary balance sheets, KEUR	2021 September 30	2020 September 30	2020 December 31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	28 176	28 175	28 176
Other intangible assets	3 199	3 394	4 021
Property, Plant & Equipment	1 120	887	1 063
Other assets	2 096	1 317	1 655
Deferred tax assets	910	23	1 016
Total non-current assets	**35 500**	**33 796**	**35 931**
CURRENT ASSETS			
Inventories	26 530	25 476	27 560
Tax receivables	1 230	1 281	1 058
Accounts receivable	22 718	17 904	19 149
Other assets	22 030	11 560	8 021
Cash and cash equivalents	1 876	1 906	7 379
Total current assets	**74 384**	**58 127**	**63 168**
TOTAL ASSETS	**109 884**	**91 923**	**99 099**
EQUITY AND LIABILITIES			
Equity	**17 178**	**17 454**	**18 171**
NON-CURRENT LIABILITIES:			
Tax liabilities	3	1 903	3
Other liabilities	4 616	8 509	8 662
Interest-bearing liabilities	1 800	6 000	32 918
Deferred tax liabilities	1 350	629	1 350
Total non-current liabilities	**7 768**	**17 041**	**42 934**
Current liabilities:			
Provisions	567	943	654
Interest-bearing liabilities	39 747	18 791	1 031
Accounts payable	26 609	17 558	15 801
Tax liabilities	3 124	3 562	6 050
Other liabilities	14 891	16 574	14 457
Total current liabilities	84 938	57 428	37 993
Total liabilities	**92 707**	**74 469**	**80 928**
TOTAL EQUITY AND LIABILITIES	**109 884**	**91 923**	**99 099**

Summary of changes in equity, KEUR	
Equity as of December 31, 2019	**20 100**
Comprehensive income January 1 – December 2020	-1 929
Equity as of December 31, 2020	**18 171**
Comprehensive income January 1 – September 30, 2021	-993
Equity as of September 30, 2021	**17 178**

Group

Summary cash flow statements, KEUR	**2021** (3 months) Jul 1- Sept 30	**2020** (3 months) Jul 1- Sept 30	**2021** (9 months) Jan 1- Sept 30	**2020** (9 months) Jan 1- Sept 30	**2020** (12 months) Jan 1 - Dec 31
OPERATING ACTIVITIES					
Result before tax	-672	2 327	-2 489	-1 182	842
Adjustment for items not included in cash flow from operations or items not affecting cash flow	1 873	-1 227	3 763	4 378	7 687
Paid taxes	-693	-795	-1 135	-289	-429
Cash flow from operations prior to changes in working capital	**507**	**305**	**139**	**2 907**	**8 101**
Cash flow from changes in working capital:					
Increase (-)/decrease (+) in inventories	3 688	-3 178	1 030	-8 045	-10 130
Increase (-)/decrease (+) current receivables	-2 369	7 405	-14 239	13 892	14 468
Increase (-)/decrease (+) in non-current receivables	-4 192	-665	-3 631	-380	-1 740
Increase (+)/decrease (-) current liabilities	-1 817	-1 155	-2 618	-2 184	-2 258
Increase (+)/decrease (-) in current liabilities	903	-4 586	11 125	-8 611	-11 752
Cash flow from operations	**-3 280**	**-1 875**	**-8 193**	**-2 421**	**-3 311**
INVESTMENT ACTIVITIES					
Investments in intangible assets	-108	-	-416	-373	-1 761
Investments in tangible assets	-153	-182	-665	-186	- 359
Investments in subsidiaries	-122	-36	-480	-169	-326
Cash flow from investment activities	**-383**	**-218**	**-1 562**	**-728**	**-2 447**
FINANCING ACTIVITIES					
Interest-bearing liabilities	13	6 331	6 271	6 668	34 000
Amortization of interest-bearing liabilities	1 483	-2 080	1 327	-3 580	-21 313
Paid interest and other expenses	-1 246	-482	-3 345	-1 678	-3 195
Cash flow from financing activities	**250**	**3 770**	**4 253**	**1 411**	**9 492**
Cash flow for the period	**-3 413**	**1 677**	**-5 503**	**-1 739**	**3 734**
Cash and cash equivalents at the beginning of the period	5 288	229	7 379	3 645	3 645
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1 876**	**1 906**	**1 876**	**1 906**	**7 379**

NOTE 1 REFERENCES

- Seasonal and phone launch fluctuations, see page 9
- Reporting per operating segment see page 15
- For further information on accounting principles reference is made to the 2020 annual report
- For events after the end of the period, see page 9

NOTE 2 ACCOUNTING PRINCIPLES

As of the financial year 2017 the currency of the Parent Company is Euro (EUR), which is also the reporting currency of the parent company and the Group.

STRAX prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and with the restrictions which apply due to the Swedish national legislative when preparing the parent company's financial statements.

The Interim report for the group has been prepared in accordance with IAS 34" Interim Reporting" and applicable sections of the Annual Accounts Act.

The section of the report applicable to the parent company has been prepared in accordance with Annual Accounts Act, Chapter 9.

The same accounting principles are applied as in the annual report for 2020.

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.

Definitions

Key ratio	Calculation	What it measures or represents
Equity/Asset ratio	Equity as a percentage of the total assets.	This measure reflects the financial position and the long-term solvency and resistance to periods of economic downturn.
Equity per share	Equity in relation to the number of shares at the end of the period.	Measures development of equity in relation to number of outstanding shares at the end of the period, captures both changes in equity and changes in number of outstanding shares.
Number of shares at the end of the period	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Items affecting comparability	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Gross profit	Sales less the cost of goods sold.	Measures how well prices to customers in relation to cost of goods sold are maintained including costs to deliver sold goods.
Gross margin	Gross profit in relation to sales expressed as a percentage.	Gross profit in relation to Sales, efficiency measure presented in percentage.
Operating profit/loss	Operating income minus operating costs for the specified period before financial items and taxes.	Measures overall profitability from operations and ongoing business activities including depreciation and amortization.
EBITDA	Operating profit/loss plus depreciations.	Measures overall profitability from operations and ongoing business activities including depreciation and amortization.

Group

	2021	**2020**	**2021**	**2020**	**2020**
	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Bridge to EBITDA, KEUR	Jul 1- Sept 30	Jul 1- Sept 30	Jan 1- Sept 30	Jan 1- Sept 30	Jan 1- Dec 31
EBITDA					
Operating profit	574	3 060	856	3 596	6 774
+ Depreciation & amortization	556	401	1 847	1 284	1 756
EBITDA	**1 131**	**3 461**	**2 703**	**4 880**	**8 530**

Parent Company

Summary income statements, KEUR	2021 (3 months) Jul 1 – Sept 30	2020 (3 months) Jul 1 – Sept 30	2021 (9 months) Jan 1 – Sept 30	2020 (9 months) Jan 1 – Sept 30	2020 (12 months) Jan 1 - Dec 31
INVESTMENT ACTIVITIES					
Net Sales	222	190	840	747	1 036
Gross profit	**222**	**190**	**840**	**747**	**1 036**
Administrative expenses	-263	-183	-930	-729	-976
Operating income	**-41**	**7**	**-90**	**18**	**60**
Net financial items	41	-6	90	-18	-60
Result after financial items	**-**	**1**	**-**	**-**	**-**
Current taxes	-	-	-	-	-
RESULT FOR THE PERIOD	**-**	**1**	**-**	**-**	**-**
Statement of comprehensive income, KEUR					
Result for the period	-	1	-	-	-
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**1**	**-**	**-**	**-**

Summary balance sheets, KEUR	2021 September 30	2020 September 30	2020 December 31
ASSETS			
Non-current assets	130	133	132
Non-current financial assets	75 693	75 693	75 693
Total non-current assets	**75 823**	**75 826**	**75 825**
Shares and participations held for sale	7	-	-
Current receivables	412	574	495
Cash and bank balances	1 266	-	3 976
Total current assets	**1 685**	**574**	**4 471**
TOTAL ASSETS	**77 508**	**76 400**	**80 296**
EQUITY AND LIABILITIES			
Equity	**63 076**	**63 076**	**63 076**
Current liabilities	14 432	13 324	17 220
Total liabilities	14 432	13 324	17 220
TOTAL EQUITY AND LIABILITIES	**77 508**	**76 400**	**80 296**

Summary of changes in equity, KEUR	
Equity as of December 31, 2019	**63 076**
Comprehensive income Jan 1 - Dec 31, 2020	-
Equity as of December 31, 2020	**63 076**
Comprehensive income Jan 1 – Sept 30, 2021	-
Equity as of September 30, 2021	**63 076**