

STRAX AB

Annual General Meeting
Stockholm, 22 May 2019

STRAX
WE DELIVER.

Industry outlook is uncertain

- US/China trade-war → tech war
- Apple challenged
- Chinese OEM growth
- Smartphone sales declining
- Tough retail environment in general

Business

Europe's Retail Apocalypse Spreads to Online From Shopping Malls

By [Will Mathis](#) and [Katie Linsell](#)

December 17, 2018, 7:14 AM GMT Updated on December 17, 2018, 10:27 AM GMT

- ▶ Asos plunges after 'significant deterioration' in November
- ▶ Online retailer cuts outlook, hitting shares of its rivals



Apple reports iPhone revenues down 15%, sees further decline in Q2

Tuesday 29 January 2019 | 23:32 CET | News



Apple reported revenues for its fiscal first quarter to December of USD 84.3 billion, down 5 percent from a year earlier, in line with its [warning early this month](#). Earnings were still up 7.5 percent to USD 4.18 per share, in line with market estimates and driven by lower taxes and fewer shares after



April 26, 2019

April-19 Smartphone Industry Update

Important disclosures can be found in Appendix

Industry Growth Viewed Flat-to-Down in 2019 & 2020 – Huawei Forecasts Raised

Key Points

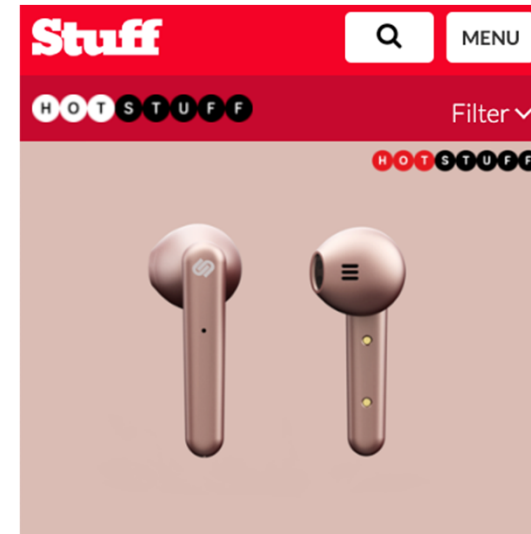
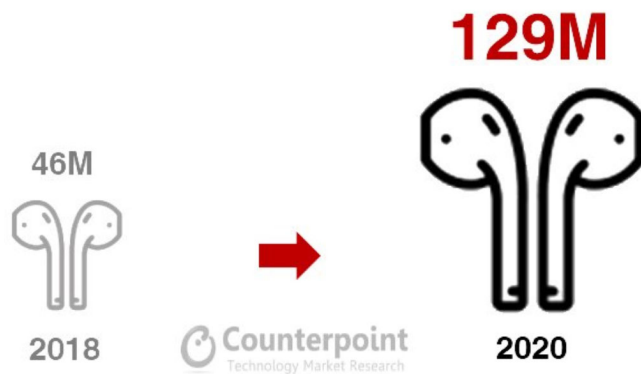
1. Smartphone industry feedback continues to suggest flat to down growth over next 12-24 months
2. Replacement cycles continuing to move higher – average now viewed in the mid 30's month range
3. 5G viewed as potential catalyst to drive industry growth in 2020 – remain cautious on mass adoption in near term
4. Huawei feedback incrementally more positive vs. prior – notably in APAC and Europe – view Samsung, Apple and Xiaomi as donating more share

Apple

- Supply chain forecasts appear 5M lower vs. January discussions– partners now expecting 180-185M in 2019
- Service provider feedback suggesting sell through trending down mid-to-high single digits, consistent vs. prior
- **September-19 cycle expected to feature flat-to-down volumes – new devices expected to be marginally different**
- Service providers appear more cautious with inventory commitments ahead of launch

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Certain product categories & sales channels in growth mode



NEWS

Urbanista launches affordable Stockholm true wireless earbuds

2018 IN BRIEF



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Significant events

- STRAX won an accessory contract with Vodafone UK to become its sole provider of mobile accessories across all of its 450 retail stores, enterprise business units and online channels.
- STRAX invested in a joint venture, Brandvault, global e-commerce marketplaces specialist.
- STRAX reduced its global headcount by 25%.
- STRAX discontinued several marginal proprietary brands, FLAVR, Avo+ and Eule.
- STRAX discontinued a proactive management of the connected device segment.
- STRAX divested its Gear4 brand to ZAGG for MEUR 33,5 with potential additional payments of MEUR 9.
- STRAX board of directors called for an EGM in December, which resolved on a distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value, with distribution in January 30, 2019.

Results

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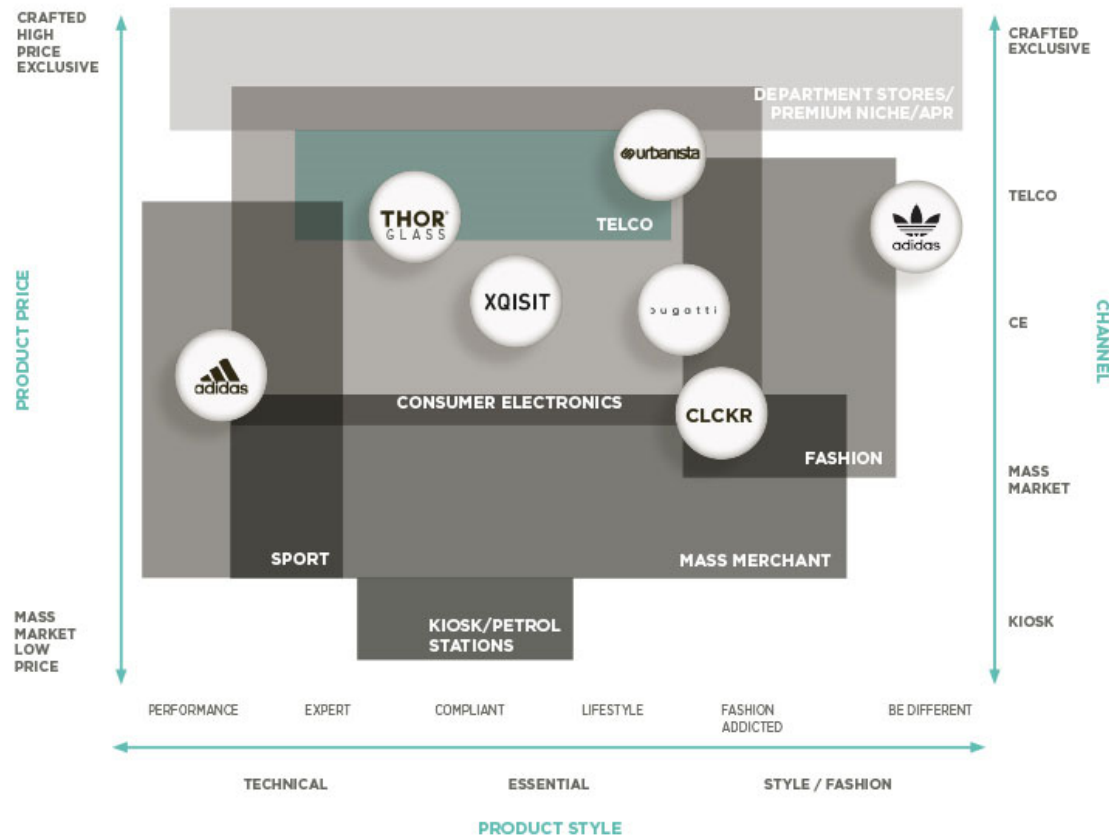
	(€ '000)	FY 2018	FY 2017
Sales		106,967	100,065
Growth %		6.9%	9.0%
GM %		24.2%	28.1%
Operating profit		(2,139)	5,658
EBITDA		6,687	9,265
Headcount		248	230

- Sales growth driven by our proprietary brands in North America
- Gross margin negatively impacted by non-recurring YE charges and Gear4 sales
- Headcount reductions implemented in H2 → impact in 2019

House of brands

GLOBAL BRAND AND CHANNEL MAPPING

PROPRIETARY & LICENSED BRANDS



PARTNER BRANDS

-
-
-
-
-
-

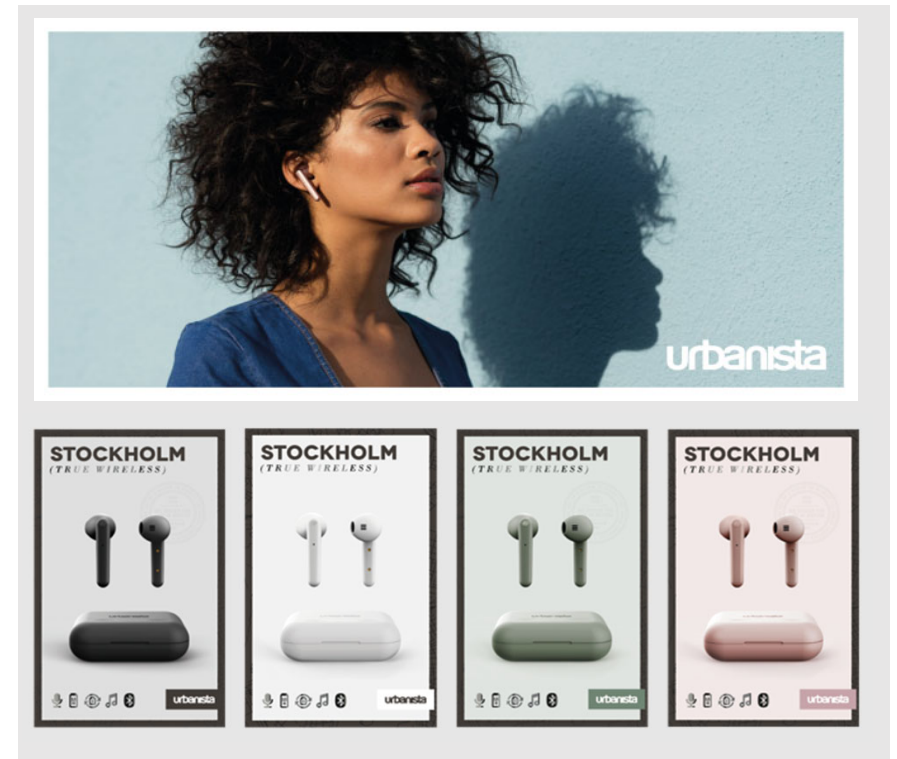
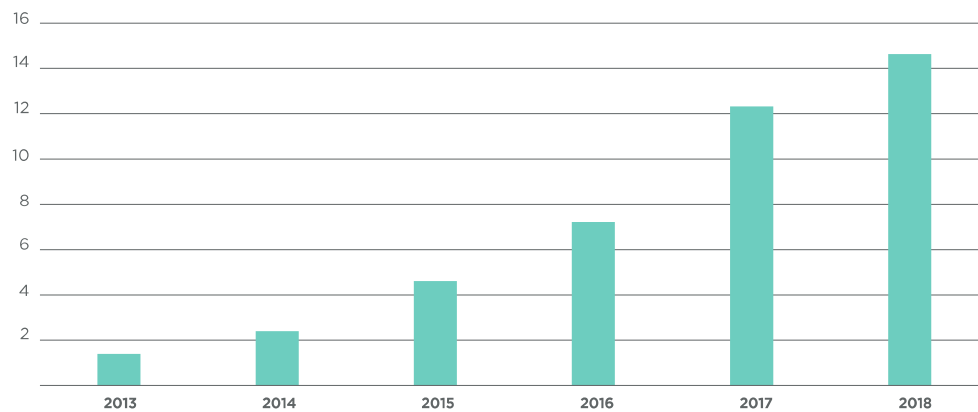
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HIP AUDIO WITH SCANDINAVIAN DESIGN

- Founded in 2009 and acquired by STRAX in 2014
- Stockholm based with 14 FTEs
- Market leader in the Nordics combining avant-garde design with the latest in audio technology. Its products are designed for a life in motion and built to inspire and endure

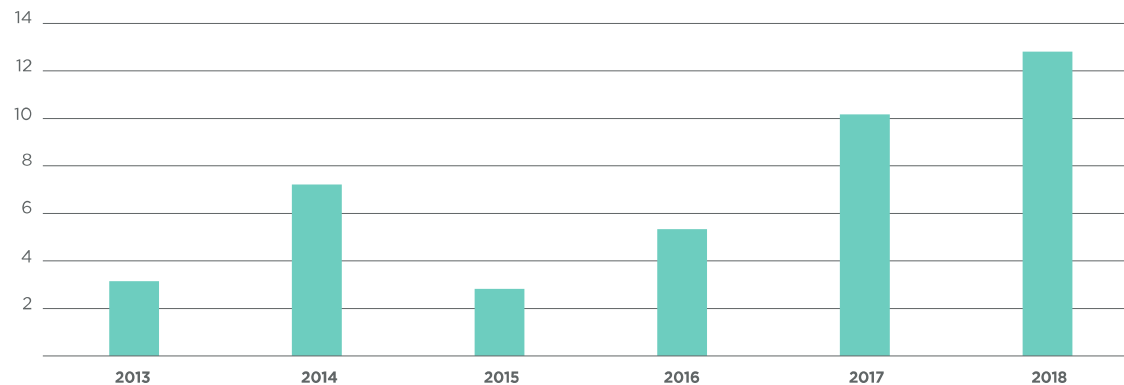
REVENUE DEVELOPMENT FOR URBANISTA 2013-2018, MEUR



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REVENUE DEVELOPMENT FOR TLF BRANDS 2013-2018, MEUR



TELECOM LIFESTYLE FASHION

- Founded in 2011 and acquired by STRAX in 2017
- Netherland based licensing specialist with 15 FTEs
- Exclusive global licesing agreements with adidas Originals, adidas Sport and Bugatti
- Great success online and offline in China and Japan with strong interest out of North America on the back of adidas growing precense

XQISIT

SIMPLY SMARTER

INNOVATIVE PROTECTION, AUDIO, POWER & CHARGING SOLUTIONS

- Launched in 2010
- Mid-priced German quality design and functionality to value-conscious consumers



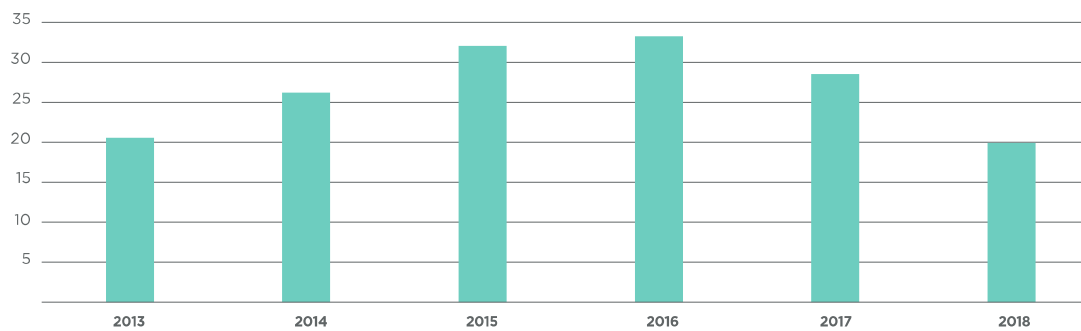
THOR[®] GLASS

GRADE A SCREEN PROTECTION

- Launched in 2017
- High-quality screen protection in a mid to high price range

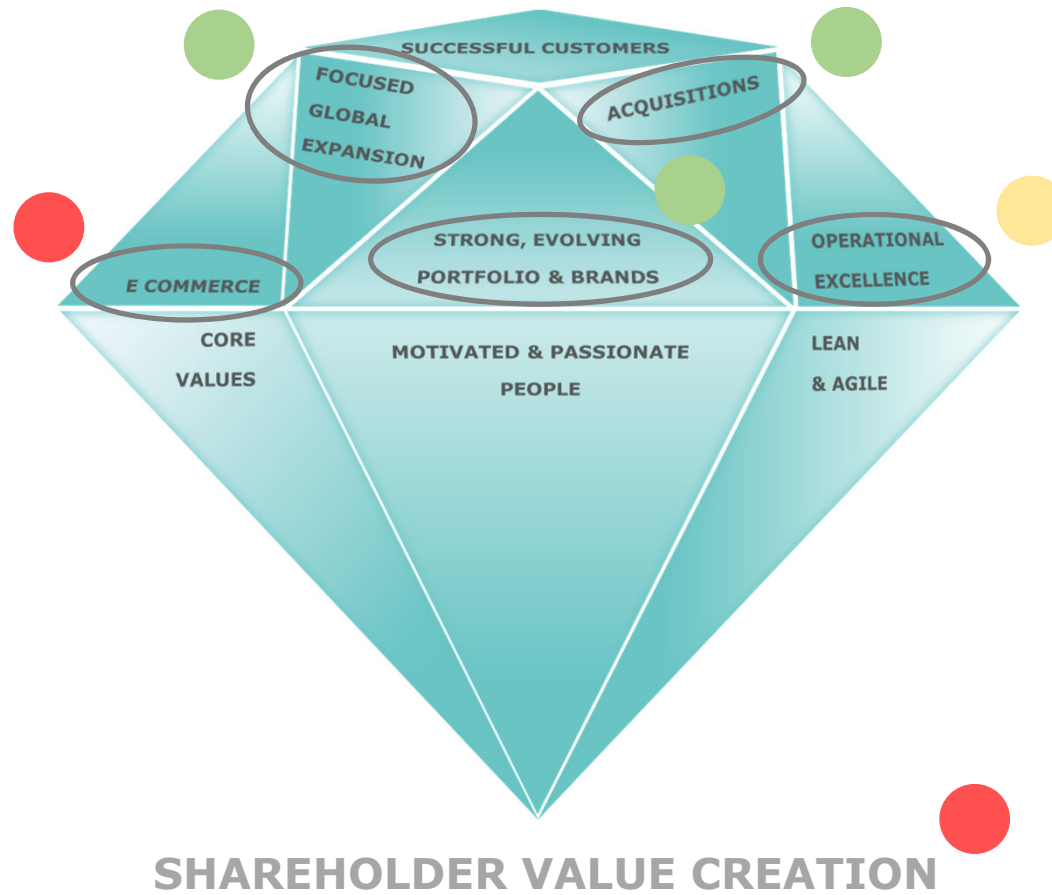


REVENUE DEVELOPMENT FOR BPM BRANDS 2013-2018, MEUR



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Strategic framework - scorecard



Q1 2019 IN BRIEF



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Significant events

- 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.
- In February 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. Effective date of transaction is April 1, 2019.

Q1 results

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	(€ '000)	Q1 2019	Q1 2018
Sales		22,550	22,063
Growth %		2.2%	8.6%
GM %		26.3%	30.4%
OPEX		(6,074)	(7,632)
Operating profit		951	485
Adjusted EBITDA		1,304	807
Headcount		198	263

- Growth in Q1, whilst overall market in decline and we divested Gear4 in Nov 2018
- Decline in gross margin related to Gear4 as well as brand and product mix
- YoY OPEX reduction of 1.5m
- **France had a great start to the year overachieving on sales, GP and EBITDA in Q1**

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Results

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Status quo

- Global company well positioned in the mobile accessories industry
- Diversified in terms of brands, product categories, geography and customer base
- Strong proprietary brand portfolio > 50% of sales
- Track record of developing brands with global appeal
- Executed a 25% cost reduction program in 2018 – profitability without growth
- Track record of organic and external growth
- Experienced leadership team



**THANK
YOU!**