2016

STRAX

Design and production: Lupo Design.
Print: TMG Sthlm, May 2017.

ANNUAL REPORT 2016

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THIS IS STRAX

STRAX is a global company specializing in mobile accessories and connected devices. STRAX is listed on the Nasdaq Stockholm Stock Exchange. STRAX offers proprietary, licensed, partner branded accessories and connected devices. The proprietary brands include XQISIT, GEAR4, Urbanista, THOR, AVO+ and FLAVR. The company furthermore represents over 30 brands. The company sells to a wide channel landscape ranging from telecom operators, specialized mobile and consumer electronics retailers to online, lifestyle, convenience stores and supermarkets. STRAX was founded in Miami and Hong Kong in 1995 and has since grown significantly across the globe. STRAX has 185 employees in 12 countries and its operational HQ and logistics center is based in Germany.

THIS WAS OUR 2016

In 2016 STRAX clarified its positioning as a global mobile accessory brand specialist and house-of-brands with strong growth and improved profitability. STRAX furthermore emerged as a strategic go-to partner for connected devices.

The proprietary brands XQISIT™, GEAR4™, Urbanista™, THOR™, AVO+™, and FLAVR™ continued to develop well and all strengthened their positioning in key markets as well as product portfolios. STRAX total offering of proprietary, licensed and partner branded accessories as well as OEM products gives STRAX a competitive edge that makes STRAX the strongest partner in the industry for our customers. STRAX positioning, paired with an unparalleled reach into major operators, accessory specialist retail chains as well as CE channels makes STRAX the preferred partner and industry leader in the industry.

STRAX net sales for the period January 1–December 31 2016 amounted to MSEK 868.2 (747.6) corresponding to growth of 16.1 (18.3) percent. Gross profit amounted to MSEK 243.3 (183.4), corresponding to an increase of 32.7 percent and gross margin increased to 28.0 (24.5) percent. Operating profit amounted to MSEK 46.5 (32.6) corresponding to an increase of 42.2 percent.

As at December 31 2016 total assets amounted to MSEK 601.5 (511.6), of which equity totaled MSEK 173.5 (98.4), corresponding to an equity/assets ratio of 28.8 (19.2) percent.

Significant events during the year:

- STRAX launched two new proprietary brands, THOR for screen protection and FLAVR cases targeted for young adults, both of which have gained good traction in most STRAX markets.

- In October, STRAX extended and expanded a long-term global strategic partnership with D3O®. STRAX has, under the previous contract with D3O successfully launched products with D3O patented impact protection technologies in several markets under the GEAR4 brand and also a major US private label brand.

  The extended exclusive three year contract grants STRAX rights to integrate D3O into smartphones, tablets and consumer electronic accessories, plus global distribution rights across both online and offline channels.

- STRAX completed the acquisition of the majority shareholdings in two entities contracted to develop, distribute and sell Vodafone branded accessories to Vodafone in Western Europe, Middle East and Africa. STRAX brings Vodafone significant knowledge on product development and manufacturing, portfolio management, marketing and sales strategies as well as sourcing and quality assurance capabilities. The acquisition of 50.1 percent ownership in Celcom HK and Mobile Accessory Club provides unique access to partner with Vodafone to create what we believe will be one of the strongest lines of accessories for mobile phones and tablets for Vodafone's target market as well as through direct contract for proprietary STRAX brands and connected devices.

- The EGM held on December 22, 2016, resolved to change the STRAX reporting currency from SEK to EUR.

Significant events after the end of the year

- In March 2017, STRAX signed an exclusive contract with Tessco Technologies Inc., for STRAX proprietary brands in the US.

- STRAX won a multi-tiered tender with mobilcom-debitel in Germany in March 2017, to exclusively supply all sales channels with mobile accessories and connected devices.

For information about Novestra and the transaction where Novestra became STRAX we refer to page 26.

OUR CEO SAYS

GUDMUNDUR PALMASON

2016 has been a transformative year for STRAX. We are now a listed company and we have completed our strategic repositioning to an active go-to-market specialist offering multiple proprietary and partner brands of mobile accessories and connected devices to retailers across the globe, hence, now positioning ourselves as a ”house of brands”. We delivered strong growth in sales and close to doubled our EBITDA in addition to executing two acquisitions providing direct access to a global telco customer, launched two proprietary brands and signed up new customers in several key strategic markets.

Continued revenue and margin growth

STRAX continued to deliver profitable growth in 2016 with significant contribution from proprietary brands in North America and the Middle East, providing positive momentum heading into 2017. We furthermore delivered strong YoY growth in gross margin (+28%) and EBITDA came in at our goal of 8 MEUR

"2016 HAS BEEN A TRANSFORMATIVE YEAR FOR STRAX. WE HAVE CREATED A PLATFORM FOR CONTINUED PROFITABLE GROWTH AND SET OURSELVES ASPIRATIONAL 2020 OBJECTIVES BACKED BY SOUND STRATEGIC FRAMEWORK AND ENGAGED STAFF. WE DELIVER!"

GUDMUNDUR PALMASON,
CEO STRAX AB

(adjusting for listing costs and currency impact), all of which came through a set of well-defined action plans and strong execution. Revenue growth was largely driven by strategic markets outside of Europe, delivering growth of 91%, whilst margin growth was attributed to a combination of brand and product mix, where GEAR4, our protection case brand, was the main driver, experiencing exponential growth.

Revised strategic framework

As a house-of-brands we have entered the next phase in our corporate evolution, which entails different organization structure and resource allocation. In light of this repositioning, we have developed a new strategic framework and set 2020 corporate objectives. The key strategies evolve around active brand portfolio management, eCommerce, focused geographic expansion, acquisitions and operational excellence, all of which are aimed at driving growth, profitability, shareholder value, employee satisfaction and ultimately successful customers. We believe that this strategy coupled with our scalable infrastructure and strong team will deliver increased growth rate and EBITDA margin.

A significantly stronger company

We set high goals for 2016 and I am proud to report that we delivered on these goals. We enter 2017 with good momentum in all markets and as a significantly stronger company than one year ago. We have created a platform for continued profitable growth and have at the same time set ourselves aspirational 2020 objectives backed by a sound strategic framework and engaged staff. Needless to say, I am excited about our prospects to create further value.

THIS IS OUR BUSINESS

STRAX Objectives and Goals

STRAX has set the strategic framework for 2020 with strong growth expectations and continued improvements in profitability. The company estimate that by 2020, 70% of revenue will come from proprietary brands. The means by which STRAX plan to achieve these goals include continuing to build the success of our customers, making strategic acquisitions, expanding globally in a focused manner, maintaining a strong constantly evolving brand portfolio as well as our operational and service excellence, including state of the art e-commerce solutions. The strong fundament of core values and highly motivated employees is key to reach the goals.

Customer-centric, State-of-the-art Services

STRAX is focused on building a successful and loyal customer-base by offering differentiated products, services and solutions. The proactive management of the B2C and B2B channels for proprietary, licensed and partner brands includes the creation of profitable platforms for e-commerce. Developing a compelling end to end consumer experience to maximize ROI and profitability.

Focused Global Expansion

STRAX focused global expansion strategy implies supplying smartphone accessories and connected devices all over the world, focusing on the biggest channels/customers outside of Western Europe – while maintaining steady growth across core markets in Western Europe. For 2017, STRAX focus markets are the USA, Japan and MEA, where the intention is to open 20,000 new doors.

A Strong Portfolio

An evolving portfolio of brands in STRAX core existing categories (cases, power, screen protection), and a focus on nurturing new connected devices and accessories into relevant channels are key factors in achieving 70% of revenue via proprietary brands in 2017. Deep market insight tools will guide STRAX and our customers to success.

Operational Excellence

STRAX is an organization where problem-solving, teamwork and leadership result in continuous improvement. Processes are continuously upgraded to support the best profit margins in the industry, with special emphasis on an efficient Sales and Operation Planning process.

Growth with Acquisitions

STRAX continuously analyzes acquisition opportunities. Given STRAX recent M&A activity the company is privy to a steady deal flow.

Agile and lean organisation

STRAX management and group structure equipped with the flexibility required to handle changes in strategy, but also allow to build on a value-based foundation of constantly improved productivity and employee commitment. STRAX plans to maintain employee attrition under 5%.

STRAX operate in a fast moving technology category, where speed to market is a critical success factor, improved agility in identifying and responding to changes in the market are expected from STRAX employees. STRAX aims to lead the industry in time to market and to maintain the headcount at 190 committed employees.

THESE ARE OUR BRANDS


21:29
urbanista
urbanista
iPhone

STRAX BRANDS

XQISIT
Launched in 2010, XQISIT is STRAX first proprietary brand. XQISIT's product portfolio ranges from headphones and chargers to portable speakers and protective cases. The brand is positioned in the mid-price and value segments and targets both consumers looking for advanced functionality and those who are more trend-conscious and lifestyle-oriented.

Urbanista
The Swedish brand Urbanista was acquired by STRAX in 2014. Based in Stockholm, Urbanista develop headphones and speakers in the Scandinavian design tradition, fusing minimalist aesthetics with functionality to cater to the tastes of fashion-conscious consumers in the mid-price segment. Urbanista earphones, headphones and portable audio accessories are available in over 10 000 retail stores, in 80 countries worldwide. Market leaders in the Nordics, Urbanista surpass all well-known audio brands thanks to a successful combination of affordability and design innovation.

GEAR4
The British brand GEAR4 was acquired by STRAX in 2015 and is now the number one smartphone protection brand in the UK. Having a unique partnership and exclusive licensing deal with D3O, the renowned patented impact-protection technology, GEAR4 offer a constantly expanding range of protective cases and screen protection for smart devices. Their shock-resistant protective cases that employ cutting-edge materials and technology make GEAR4 very successful in the upper mid-price segment. Well established on the European market, GEAR4 have recently made a successful debut on North American markets and are expecting significant growth.

avo+
Launched in 2015, STRAX avo+ offers quality affordable standard products in the low- and mid-price segments to consumers looking for value. Recently relaunched with redesigned packaging and a new range of entry level products including power, connectivity, audio and gadgets, avo+ is suited for a variety of channels, including mass market, consumer electronics, petrol stations and others.

FLAVR
Launched in 2016, FLAVR caters to the tastes of the fashion conscious, offering seasonal collections of cases in the low to mid-range price segment, tailored to devices by Apple and Samsung. With constantly refreshed design cycles in line with the fashion trends of the moment, FLAVR's core target are the social media-savvy millennials. The brand has great potential in a growing dynamic marketing segment.

THOR
Launched in 2016, THOR is STRAX screen protection brand created in response to the ever-growing need to provide mobile devices with high-quality display coverage. THOR delivers grade-A screen protection in the mid to high-price range, on an expanding specialized market. With the latest smartphones having increasingly larger displays, there is a growing demand for tempered glass solutions tailored to each device and their particular functions.

LICENSED BRANDS

STRAX collaborates with Telecom Lifestyle Fashion B.V. ("TLF") to add licensed brands to its existing product offering. TLF has licensing agreements with bugatti and adidas, giving them the right to design and develop products in line with the current collections of these well-established brands. STRAX has an exclusive agreement with TLF for these two brands, which includes coordination of production and distribution in the countries where STRAX operates, as well as managing warehousing and logistics for TLF.

adidas

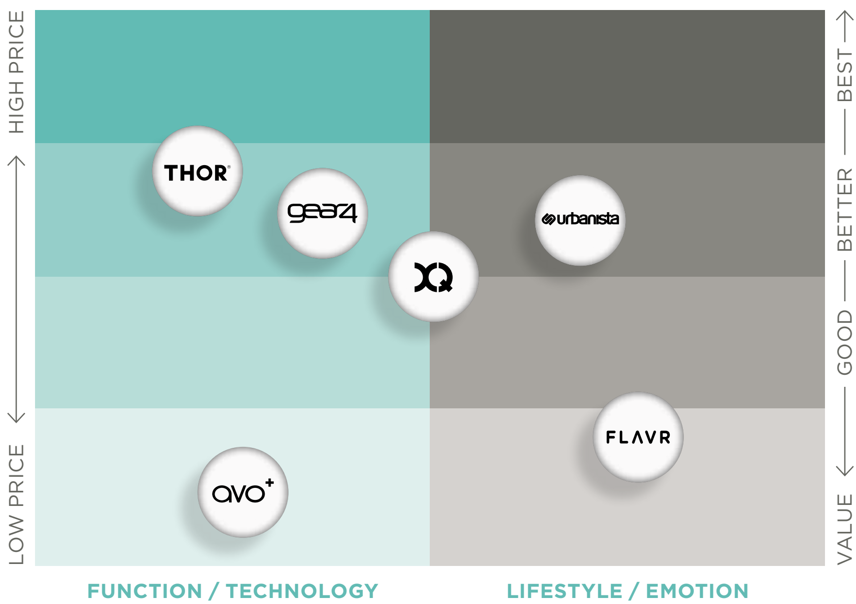
Working with STRAX since 2013, adidas has launched a number of mobile and connected accessory-collections branded adidas Originals, Y-3, and more recently adidas Performance. The range consists of branded protective cases for hero devices such as iPhone, iPad and Samsung Galaxy.

bugatti

bugatti is a well-known European fashion brand. The latest TLF bugatti collection of smartphone accessories is crafted from full-grain leather with a burnished finish. It is styled mainly for devices such as iPhone and the Samsung Galaxy series, but also covers other premium smartphones, and consists of a range of booklets, snap cases, wallets and universal solutions.

VALUE-ADDED SERVICES

STRAX works actively to offer its customers a wide range of value-added services in an individually tailored modular form. The current service offering includes custom logistics solutions, marketing support, product development and e-commerce solutions. Our customers can choose one or more services as needed and benefit from individual standalone service modules, integrated service modules or complete end-to-end solutions, all delivered with a high degree of professionalism and flexibility, and meant to increase profits.



THIS IS OUR INDUSTRY

STRAX develops accessory-solutions for devices in the mobile consumer electronics segment. This market is significant in size and relatively mature, forecasted globally to be worth $119.6bn in 2017[1].

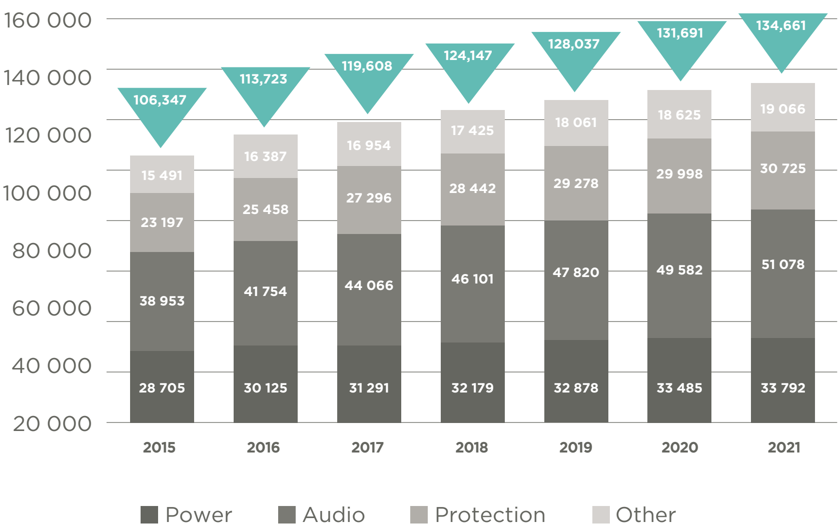
STRAX principal sales channels are dependent on the technological evolution of handsets driving the demand for accessories. As advanced technologies are migrating from hardware to software capabilities, we are set to see a changing landscape for handset sales. The handset market has also started to move away from subsidised contracts, towards consumers buying devices without a contract. The cost is being born "up-front" rather than "over the life of a contract"; a phenomenon that is in turn creating an evolving market-place. Couple this with the increase in the lifespan of ownership towards 28 months and you have crucial evidence that points to consumers reaching for accessories to prolong and enhance the life of their devices. ABI forecasts global sales of smartphone accessories during 2017–2021 at 5.1% (CAGR)[2]

Regionally, ABI forecasts minor growth on major markets, with North America growing by 0.2% CAGR 2016-2021, Western Europe by 0.4% and Middle East & Africa bucking this trend with an 8.7% growth.

[1] Source: ABI
[2] Compounded average growth rate

GLOBAL ACCESSORY FORECAST 2015–21

Source: ABI

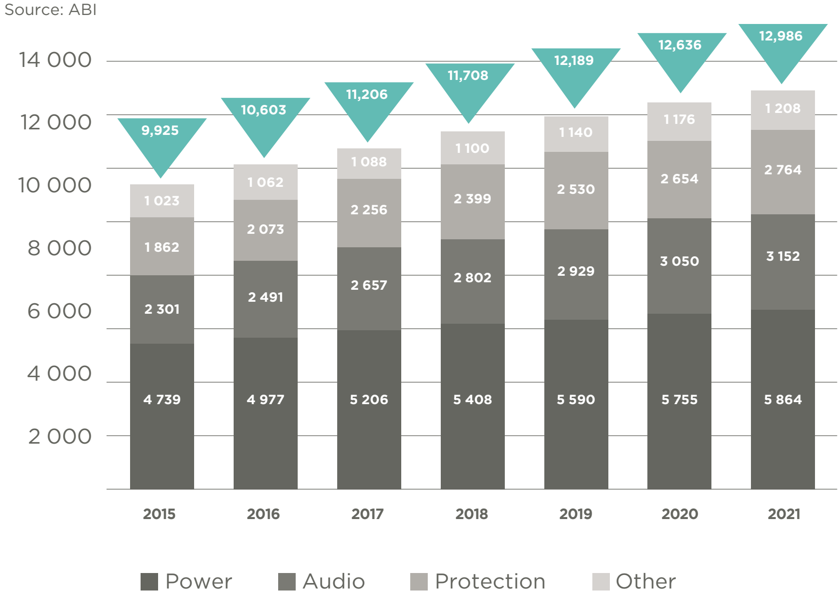


Accessory Category:
Power
Audio
Protection
Other

CAGR 16-21
2.3%
4.1%
3.8%
3.1%

GLOBAL ACCESSORY FORECAST SHIPMENTS 2015–21

Source: ABI



Accessory Category:
Power
Audio
Protection
Other

CAGR 16-21
3.3%
4.8%
5.9%
2.6%

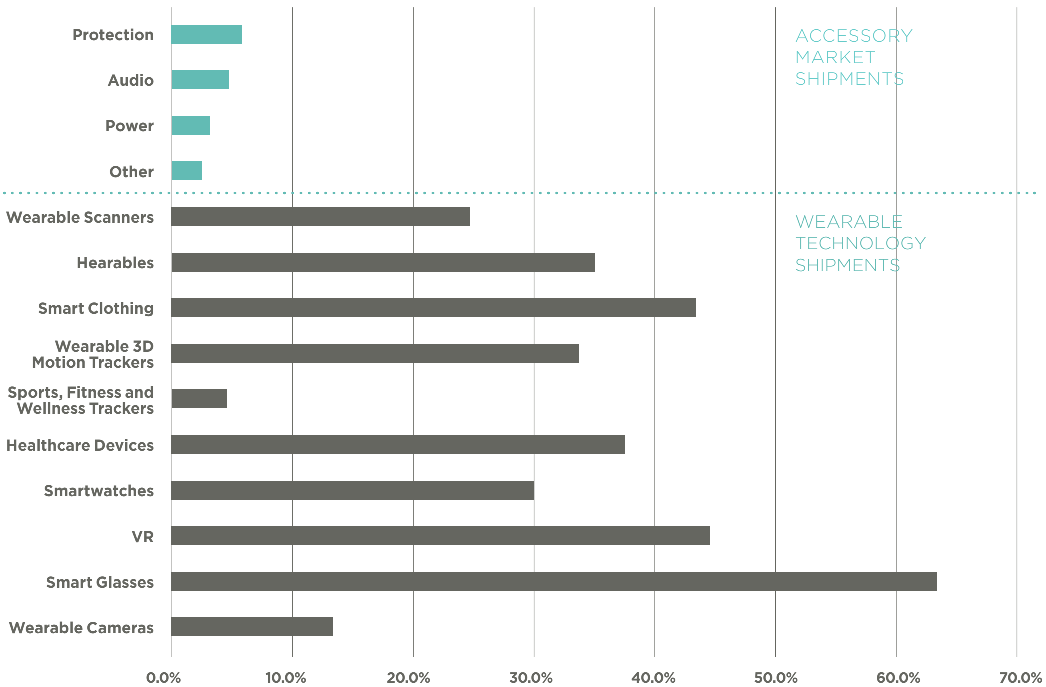
In 2016, we saw significant manufacturer, channel and consumer appetite for connected devices from products for the "home" or "office", to technologies designed for "on the go". STRAX believes these categories will form a significant new market within the technology sector, which has been looking for the next 'silver bullet' for some years. User adoption rates will rely heavily on products which can make a legitimate usability case. STRAX will tread carefully through this minefield, adopting a pragmatic approach.

Within the connected devices category, STRAX is excited to offer products that have exceptionally strong CAGR growth forecasts, making available to its customers a wide range of new items that are attractive for the end-consumers.

In general, STRAX has very optimistic expectations for growth in this category.

CAGR 2016–2021

Source: Gartner



THIS IS THE STRAX SHARE

The STRAX[1] share is since May 12, 2016 listed on the Nasdaq Stockholm exchange, under the symbol STRAX, in the Small Cap section. STRAX market value at the end of 2016 amounted to approximately MSEK 575.

Mangold Fondkommission is the appointed market maker for STRAX. The share liquidity during 2016 has been relatively good, the share was traded on 100 (82) percent of all trading days and the average turnover was 37 495 (9 527) shares per trading day. The total turnover amounted to 9 486 218 (2 391 167) shares, which corresponds to a turnover rate of approximately 0.08 (0.06) per year.

The share opened at SEK 5.00 on the first day of trading on May 12, 2016 and closed at SEK 4.88 on the last day of trading. The average price during the year was SEK 5.59 (5.28) and the average turnover per trading day was SEK 205 758 (50 381).

Share capital structure

STRAX share capital amounts to 117 762 266 SEK distributed among 117 762 266 shares. The quota value is SEK 1[2]. Each share carries one vote and each person entitled to vote may vote at shareholders' meetings for the full number of shares held or represented at the meeting, without limitation of voting rights. STRAX has only one class of shares and all shares carry an equal right to a share in the company's assets and profits. All shares are fully paid.

Option program

As at December 31, 2016, STRAX had no outstanding option programs.

The Extraordinary General Meeting held on December 22, 2016 resolved to adopt a new warrant program and to issue 4 095 000 warrants during 2017.

Ownership structure

The total number of shareholders as at December 31, 2016 amounted to 1 976 (1 369). Foreign ownership accounted for 83.7 (56.6) percent of total outstanding shares.

Earnings per share

The group's earnings per share amounted to SEK 0.26 (0.10).

Dividend policy and dividend

The Board has not proposed a dividend for the financial year 2016.

Other share information

Shareholders' equity per share at year-end amounted to SEK 1.47 (0.84).

For information about Novestra and the transaction where Novestra became STRAX we refer to page 26.

[1] The Novestra share was listed on the Stockholm Stock Exchange June 21, 2000 and was listed on Nasdaq Stockholm, under the symbol NOVE, in the Small Cap section, on October 2, 2006 and up until May 12, 2016 when the company changed name to STRAX AB.
[2] After the EGM held on December 22, 2016 resolved to change the reporting currency to EUR the amount was changed to EUR 12 327 900.13 corresponding to a quota value of EUR 0.10.

DEVELOPMENT OF SHARE CAPITAL (KSEK)

Date	Transaction	Quota value (SEK)	Change in share capital	Total share capital	Total no. of shares
April 1997	Incorporation	100.00	100	100	1 000
March 1998	Split (10:1)	10.00	–	100	10 000
March 1998	New share issue	10.00	4	104	10 400
March 1998	Issue in kind	10.00	35	139	13 900
April 1998	New share issue	10.00	10	149	14 873
April 1998	Issue in kind	10.00	14	163	16 263
May 1998	New share issue	10.00	65	228	22 763
August 1998	Bonus issue	230.00	5 008	5 236	22 763
August 1998	Split (100:1)	2.30	–	5 236	2 276 300
September 1998	New share issue	2.30	460	5 696	2 476 300
September 1998	Issue in kind	2.30	96	5 792	2 518 195
June 1999	New share issue	2.30	460	6 252	2 718 195
September 1999	New share issue	2.30	828	7 080	3 078 195
January 2000	New share issue	2.30	161	7 241	3 148 195
January 2000	New share issue	2.30	1 150	8 391	3 648 196
February 2000	New share issue	2.30	2 300	10 691	4 648 196
June 2000	Bonus issue	5.00	12 550	23 241	4 648 196
June 2000	Split (5:1)	1.00	–	23 241	23 240 980
September 2000	New share issue	1.00	150	23 391	23 390 980
October 2003	New share issue	1.00	7 797	31 188	31 187 973
June 2004	New share issue	1.00	6 000	37 188	37 187 973
May 2007	Split (2:1)	0.50	–	37 188	74 375 946
May 2007	Redemption	0.50	–18 594	18 594	37 187 973
May 2007	Bonus issue	1.00	18 594	37 188	37 187 973
January 2011	Split (2:1)	0.50	–	37 188	74 375 946
February 2011	Redemption	0.50	–18 594	18 594	37 187 973
February 2011	Bonus issue	1.00	18 594	37 188	37 187 973
October 2013	Split (2:1)	0.50	–	37 188	74 375 946
November 2013	Redemption	0.50	–18 594	18 594	37 187 973
November 2013	Bonus issue	1.00	18 594	37 188	37 187 973
May 2016	Issue in kind	1.00	80 574	80 574	117 762 266
December 2016	EUR	–	–117 763	–	–

DEVELOPMENT OF SHARE CAPITAL (KEUR)

Date	Transaction	Quota value (EUR)	Change in share capital	Total share capital	Total no. of shares
December 2016	EUR	0.10	12 328	12 328	117 762 266

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE AS AT DECEMBER 31, 2016

Shareholder	No. of shares	Proportion of votes and capital
Gudmundur Palmason	37 761 518	32.1%
Ingvi T. Tomasson	35 461 886	30.1%
Anchor Capital 4AS	7 218 000	6.1%
GoMobile Nu AB	5 068 794	4.3%
Anchor Invest 1 AS	3 400 000	2.9%
SEK Landsbankinn	2 869 383	2.4%
Jan Söderberg	2 748 514	2.3%
Nove Capital Master Fund Ltd	2 274 282	1.9%
BNYM RE Regents of the University	1 851 897	1.6%
Theodor Dalenson	1 720 000	1.5%
Other shareholders	17 387 992	14.8%
Total	**117 762 266**	**100.0%**
Of which foreign ownership	98 578 615	83.7%
The 10 largest shareholders – proportionally	100 374 274	85.2%

Source: Euroclear and facts known to the Company

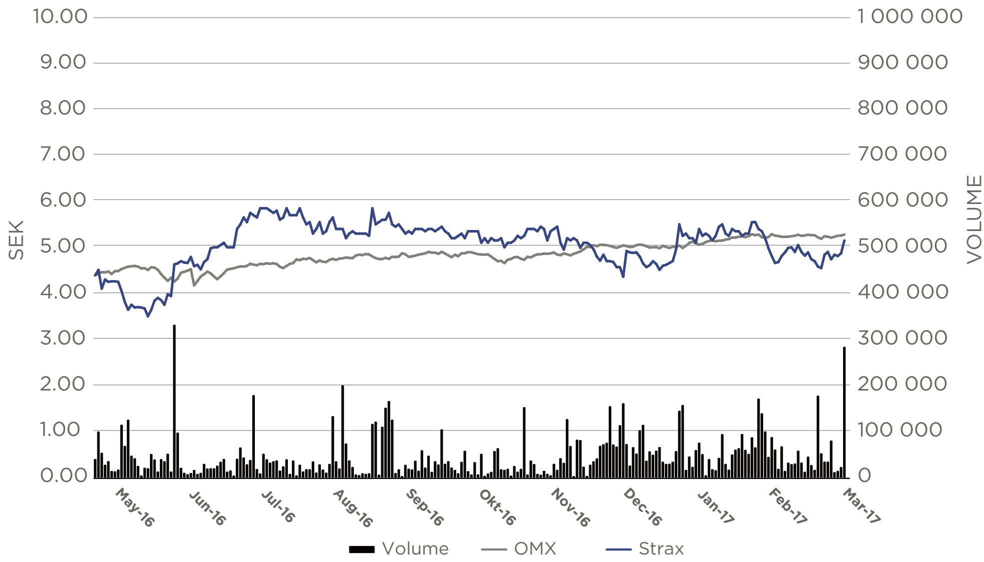
DISTRIBUTION OF SHARES AS AT DECEMBER 31, 2016

No. of shares by size	No. of shares	Proportion	No. of shareholders	Proportion
1–500	241 357	0.5%	1 204	61%
501–1 000	246 859	0.5%	297	15%
1001–10 000	1 307 276	1%	372	19%
10 001–50 000	1 280 603	1%	53	2%
50 001–100 000	1 220 564	1%	15	1%
100 001–	113 465 607	96%	35	2%
Total	**117 762 266**	**100%**	**1 976**	**100%**

Source: Euroclear

STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED MAY 12, 2016 – MARCH 31, 2017

Source: Nasdaq Stockholm

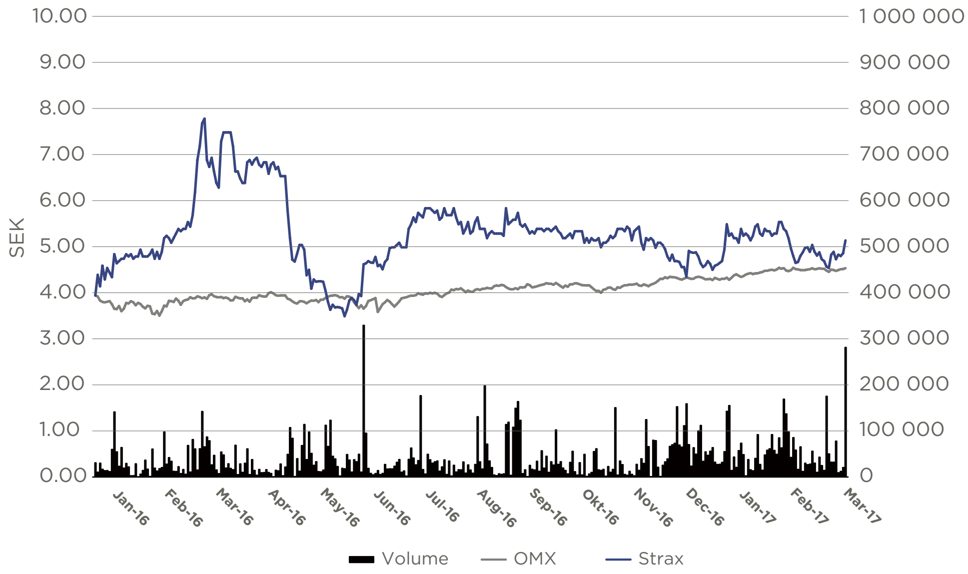


STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JANUARY 1, 2011 – MARCH 31, 2017

Source: Nasdaq Stockholm

STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JANUARY 1, 2016 – MARCH 31, 2017

Source: Nasdaq Stockholm



THIS IS OUR FUTURE

STRAX has experienced positive development in both sales and profit in recent years. This development is expected to continue. Currently the industry is undergoing consolidation and STRAX intends to play an active role in the ongoing consolidation process. We expect higher growth rate in 2017 compared to 2016, and STRAX scalable business model is expected to deliver a higher growth rate in EBITDA compared to growth in sales.

NOVESTRA BECAME STRAX

On May 12, 2016 AB Novestra completed the acquisition of STRAX.
In accordance with the press release disclosed on the 24th of March 2016 and subsequent to the resolution at the annual general meeting of STRAX AB (publ) (former AB Novestra (publ)) ("STRAX" or "the Company") on the 26th of April 2016, the Company has completed the new share issue of 80,574,293 shares against contribution in kind of STRAX Group GmbH shares. The newly issued shares were admitted to trading the 12th of May 2016 and the total amount of shares in STRAX amounted to 117,762,266.

In conjunction with the completion of the transaction, Gudmundur Palmason assumed the position as CEO of STRAX and Johan Heijbel (former Managing Director of AB Novestra) assumed the position as CFO of the Company.

Change of company name
In accordance with the annual general meeting's resolution and subsequent to registration at the Swedish Companies Registration Office, the Company changed its company name from AB Novestra to STRAX AB on the 10th of May. As a result of the change of company name, the Company's ticker on Nasdaq Stockholm was changed to STRAX. The new company name and the new ticker were implemented in Euroclear's and Nasdaq Stockholm's systems the 12th of May 2016.

The change of company name did not affect the stock's ISIN code, which accordingly remains SE0008008254.

STRAX HISTORY

2016

FLAVR AND THOR LAUNCHED

STRAX LISTED ON STOCKHOLM NASDAQ

CELCOM HK AND MAC ACQUIRED

2015

GEAR4 ACQUIRED

RANGELENS & OEM SERVICES LAUNCHED

2014

URBANISTA ACQUIRED

2011

TELECOM LIFESTYLE FASHION B.V. FOUNDED

2010

XQISIT LAUNCHED

2005

STRAX GERMANY ACQUIRED MORE GROUP OF COMPANIES

1999

STRAX HOLDINGS STRAX UK FOUNDED

1995

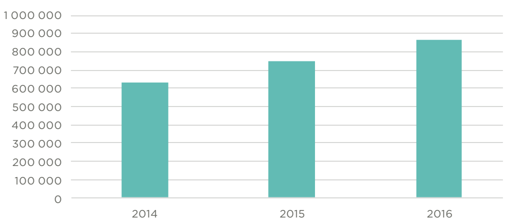
STRAX MIAMI STRAX HONG KONG FOUNDED

THREE-YEAR SUMMARY

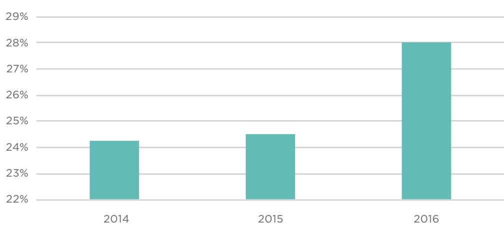
STRAX AB
FINANCIAL SUMMARY AND KEY RATIOS, THE GROUP

(SEK thousands) **Income statements**	**2016**	**2015**	**2014**
Net sales	868 181	747 640	632 251
Cost of goods sold	-624 844	-564 254	-478 743
Gross profit	**243 337**	**183 386**	**153 508**
Gross margin	*28.0%*	*24.5%*	*4.3%*
OPEX	-196 829	-150 777	-116 450
EBIT	**46 508**	**32 609**	**37 058**
Net financial items	-10 736	-10 343	-12 818
EBT	**35 772**	**22 266**	**24 240**
Taxes	-5 511	-10 811	-9 589
PROFIT FOR THE YEAR	**30 261**	**11 455**	**14 651**
Result per share, SEK	0.26	0.10	0.13
Average number of shares	115 319 807	110 374 332	110 374 332

Net sales



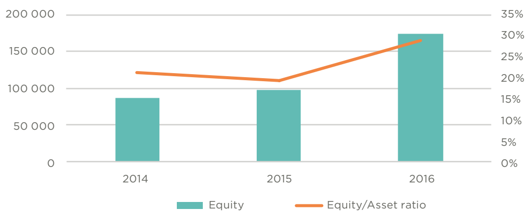
Gross margin



Balance sheets	2016	2015	2014
ASSETS			
Fixed assets			
Intangible	203 425	135 168	85 499
Tangible	15 719	7 195	4 003
Financial	7 705	74	7 456
Other	26 144	12 746	6 398
Total fixed assets	**252 993**	**155 183**	**103 356**
Current assets			
Inventories	109 263	82 108	76 061
Receivables	158 289	144 637	106 404
Other assets	45 996	83 904	41 177
Cash and cash equivalents	34 999	45 727	86 237
Total current assets	**348 547**	**356 376**	**309 879**
TOTAL ASSETS	**601 540**	**511 559**	**413 235**
EQUITY AND LIABILITIES			
EQUITY	**173 516**	**98 447**	**87 267**
Long-term liabilities			
Interest bearing	47 977	-	-
Non-interest bearing	10 462	49 705	41 023
	58 439	**49 705**	**41 023**
Current liabilities			
Interest bearing	111 103	124 270	70 819
Non-interest bearing	258 482	239 137	214 126
	369 585	**363 407**	**284 945**
Total liabilities	**428 024**	**413 112**	**325 968**
TOTAL EQUITY AND LIABILITIES	**601 540**	**511 559**	**413 235**

Financial information according to IFRS is available from the financial year 2014.

Financial position



CORPORATE GOVERNANCE REPORT

Corporate governance defines the decision-making systems and structure through which owners directly or indirectly control a company. Good corporate governance means that effective decision-making processes are defined and are characterized by openness towards company owners so that they can monitor how the company develops.

STRAX belongs to the category of companies that applies the Swedish Code of Corporate Governance from July 1, 2008. In accordance with the Code, STRAX is hereby presenting its Corporate Governance Report, explaining how corporate governance work has been conducted at STRAX during the financial year 2016. The report has been subject to review by the STRAX auditor. The auditors report is on page 89.

STRAX operations

STRAX is a global company specializing in mobile accessories and connected devices. STRAX is listed on the Nasdaq Stockholm Stock Exchange. STRAX offers proprietary, licensed, partner branded accessories and connected devices. The proprietary brands include XQISIT, GEAR4, Urbanista, THOR, AVO+ and FLAVR. The company furthermore represents over 30 brands. The company sells to a wide channel landscape ranging from telecom operators, specialized mobile and consumer electronics retailers to online, lifestyle, convenience stores and supermarkets. STRAX was founded in Miami and Hong Kong in 1995 and has since grown significantly across the globe. STRAX has 185 employees in 12 countries and its operational HQ and logistics center is based in Germany.

Corporate governance at STRAX

STRAX corporate governance practices are primarily regulated by Swedish legislation, in particular the Swedish Companies Act, the Swedish Code of Corporate Governance and the Nasdaq Stockholm Rule Book for Issuers. Furthermore, STRAX follows the resolutions laid out in the STRAX Articles of Association.

In addition to legislation, regulations and recommendations, the company's Articles of Association constitute a central document for the company's governance. The Articles of Association establish, for example, the company's name, where the Board is registered, the focus of STRAX operations and information concerning share capital.

The company's highest decision-authority is the Annual General Meeting (AGM), at which STRAX shareholders' exercise their influence over the business. The AGM is convened no less than once a year to decide how the Nomination Committee is to be appointed, among other matters. The Nomination Committee proposes, for example, the composition of the Board for resolution by the AGM. On behalf of STRAX owners the Board oversees management of the company. STRAX Board is headed by Chairman Bertil

Villard. The Board appoints the company's CEO, who is responsible for the day-to-day management of the company in accordance with directions from the Board. The division of responsibilities between the Board and the CEO is detailed clearly in instructions and procedural plans that have been approved by the Board.

Internal policies and guidelines constitute important control documents in all parts of the company, since they clarify responsibilities and powers of authorization in particular areas, such as information security, compliance and risk.

External auditors, appointed by the AGM for a mandate period of one year, audit the Board's and the CEO's administration of the company, as well as the company's financial reports.

Information about STRAX corporate governance is published and updated on a regular basis on the company's website (www.strax.com).

Annual General Meeting

STRAX AGM is held in Stockholm during the first half of the year. The time and venue of the meeting are announced publicly no later than to coincide with the release of the company's third-quarter report. At this time, shareholders are also informed about their right to have issues addressed at the AGM and the deadline for submitting requests to this effect to the company so that such business may be included in the notice to the AGM.

The AGM notice is published no earlier than six weeks and no later than four weeks before the date of the AGM. The notice includes information on how to register in order to participate and vote in the AGM, as well as an itemized agenda listing the matters that are to be addressed at the AGM, the proposed disposition of earnings and the key content of other proposals being addressed at the meeting. Shareholders or their appointed proxies are entitled to vote for the full number of shares that they own or represent.

The business of the AGM is to report on the company's development over the past financial year and to make decisions on a number of central issues, such as changes to the company's Articles of Association, the election of auditors, discharging the Board from liability for the financial year, remuneration for the Board and auditors, approval of the Board for the period up to the next AGM and the approval of remuneration guidelines for Senior Executives.

STRAX 2016 AGM was held on April 26, 2016 at the offices of Advokatfirman Vinge in Stockholm. The meeting was attended by eleven shareholders, representing 72.04 percent of the number of outstanding shares and votes. At the AGM, shareholders voted to discharge the Board and Managing Director from liability for the 2015 financial year.

STRAX 2017 AGM is planned for May 23, 2017 at the offices of Advokatfirman Vinge in Stockholm. Shareholders have had the opportunity to deliver their proposals on issues they wish to be addressed at the meeting to the Chairman of the Board of STRAX as well as the opportunity to deliver proposed nominations to the Nomination Committee. Information about the AGM is available on STRAX website (www.strax.com).

Presence, votes and capital represented at five previous AGM's

Year	Percentage of capital and votes
2016	72.04 %
2015	52.66 %
2014	63.73 %
2013	61.41 %
2012	61.11 %

Further information on presence, votes and capital represented can be found on page 44.

Nomination Committee

The AGM decides how the Nominating Committee will be appointed. At the 2016 AGM it was decided that STRAX shall have a Nomination Committee consisting of one representative from each of the three shareholders or groups of shareholders controlling the largest number of votes, plus the Chairman of the Board. The composition of the Nomination Committee is based on the register of recorded shareholders from Euroclear Sweden AB as of the last business day in August 2016 and other reliable shareholder information that has been provided to the company at such time. The Nomination Committee consists of Bertil Villard in his capacity as Chairman, shareholders Gudmundur Palmason, Ingvi T. Tomasson, and Jens A. Wilhelmsen representing Anchor Capital 4AS.

The role of the Nomination Committee is to prepare and present proposals for submission to the 2017 AGM regarding the following: Board and Chairman of the Board, Board remuneration apportioned among the Chairman and other Board members, auditor, audit fees and proposals for rules concerning the nomination process for the 2018 AGM.

Board of Directors

The Board members are elected by the shareholders to serve a mandate period beginning at the AGM and ending at the close of the AGM the following year. There are no rules concerning the length of time a person may remain on the Board of Directors. Nominations are processed by the Nomination Committee.

Independence of Board members, presence, etc.

Name	Position	Elected	Independent in relation to the company and management	Independent in relation to larger shareholders	Shareholding[1]	Present	Percent
Bertil Villard	Chairman	2003	Yes	Yes	406 670	(7/7)	100%
Gudmundur Palmason	Board Member/ CEO	2016	No	No	37 761 518	(7/7)	100%
Ingvi T. Tomasson	Board Member	2016	No	No	35 461 886	(7/7)	100%
Michel Bracké	Board Member	2016	Yes	Yes	10 000	(7/7)	100%
Anders Lönnqvist	Board Member	2000	Yes	Yes	1 294 663	(6/7)	86%

Work of the Board of Directors

April 26, 2016	Q1 Interim Report audit review 2015
April 26, 2016	AGM, Statutory Board meeting
May 11, 2016	CEO and CFO appointed, procedural plan for Board and CEO
August 22, 2016	Corporate Governance – policies, development in the company
August 29, 2016	Q2 Interim Report
September 20, 2016	Strategy, Acquisition Celcom
November 4, 2016	Acquisition Sowntone
November 28, 2016	Q3 Interim Report, Audit Q3
December 5, 2016	Budget 2017, Option incentive program and Strategy

[1] Where relevant, including shares held by family members and holdings through companies as at December 31, 2016.

STRAX current Board consists of five members elected by the AGM. The Chairman plans and leads the work of the Board of Directors. The CEO, Gudmundur Palmason is a member of the board and together with Ingvi T. Tomasson the only board members who work operatively in the day-to-day running of the company. Since the AGM held on April 26, 2016, the Board convened for seven meetings. Between meetings of the Board continuous contact has been maintained between the company, the Chairman of the Board and other Board members. Board members were also continuously provided with written information of importance regarding the company. STRAX Board complies and adopts a procedural plan for the Board every year, which includes the following stipulations:

- the Board of Directors shall meet at least five times a year;
- Members of the Board shall receive documentation regarding matters to be dealt with at Board meetings in good time prior to the meeting and be provided with a monthly report of the company's operations;
- In order to ensure that the Board maintains a dialogue with the auditors, the company's auditor shall participate in at least one board meeting annually and report on his or her observations from the annual auditing work.

The procedural plan also includes a description of matters to be dealt with at each board meeting and the specific resolutions to be passed at the statutory meeting. The procedural plan also provides instructions for the CEO.

On behalf of shareholders, the Board of Directors administers the company by establishing goals and strategies, evaluating the operational management and ensuring that systems are in place for monitoring and control of established goals.

Since the 2016 AGM, the Board of Directors has consisted of five members, Bertil Villard, Gudmundur Palmason, Ingvi T. Tomasson, Anders Lönnqvist and Michel Bracké. Bertil Villard was appointed Chairman by the AGM. More detailed information about Board members including age, education and other assignments is provided on pages 36–37.

Audit issues

No Audit Committee is elected and audit issues are addressed by the Board of Directors as a whole at the ordinary board meetings, which means no committee meetings have been held separately. During the auditor's review of the company's accounts with the Audit Committee, the CEO leaves the room to give the Board the opportunity for private deliberation with the auditor. In addition, all Board members have the possibility to contact the auditor directly.

Remuneration issues

No Remuneration Committee is elected and remuneration issues are addressed by the Board of Directors as a whole at the ordinary board meetings, which means no committee meetings have been held separately. It is therefore the Board of Directors who prepare and propose remuneration and other compensation concerning the CEO and other employees who report directly to the CEO.

CEO

The CEO, Gudmundur Palmason, is responsible for STRAX day-to-day operations. The CEO's responsibilities cover ongoing business activites including; personnel, finance and accounting issues, regular contact with the company's stakeholders (such as public authorities and the financial markets) and ensuring that the Board receives the information it needs to make well-founded decisions. The CEO reports to the Board.

Auditors

The company's auditors are appointed by the AGM annually. At STRAX 2016 AGM, the registered firm of accountants KPMG AB was appointed, with authorized public accountant Mårten Asplund as head auditor. The task of the auditors is, on behalf of the shareholders, to audit the company's annual accounts, accounting records and the administration by the Board and CEO. The auditors also present an audit report to the AGM. The shareholders are welcome to put questions to the auditor at the AGM.

Remuneration to the Board and senior management

Remuneration to the Board for the coming financial year is decided each year by the AGM. The 2016 AGM approved the proposed guidelines for remuneration and other compensation for senior management. In order to achieve long-term solid growth in shareholder value, STRAX remuneration policy aims to offer total remuneration in line with the market to enable the right senior management and other personnel to be recruited and retained.

Internal control with regard to financial reporting

This report on internal controls is prepared in compliance with the Swedish Code of Corporate Governance and is thereby limited to internal controls in respect of financial reporting, internally with regard to the Board of Directors and externally in the form of interim reports, annual accounts and annual reports.

Pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for the internal control. Internal control and risk management comprise a part of the Board's and management's governance and follow-up of business operations. Internal control is intended to ensure the appropriate and efficient management of operations, the reliability of financial reporting and compliance with laws, ordinances and internal regulations.

Internal control and risk management are integral parts of all processes at STRAX. The system of internal control and risk management with regard to financial reporting is designed to manage risks in the processes related to financial reporting and to achieve high reliability in external reporting.

Control environment

An effective control environment forms the foundation for the effectiveness of a company's internal control system. It is built on an organization with clear decision-making channels, powers of authorization and responsibilities that are defined by clear guidelines.

STRAX has policies, guidelines and detailed process descriptions for the various phases of each business flow, from transaction management to bookkeeping and the preparation of external reports, stipulating who is responsible

Overview of Corporate Governance

The company's highest decision making authority is the Annual General Meeting. The AGM is convened no less than once a year and has a predetermined agenda published in the Articles of Association, as well as any other matters submitted by shareholders to be addressed at the meeting.

Main items on the AGM agenda include submission of the annual report and the auditors' audit report and report on the administration of the Board and CEO for the period encompassed by the annual report. The AGM determines whether or not to discharge of the members of the Board of Directors and the CEO from liability.

Prior to the AGM the Nomination Committee prepares a proposal for the composition of the Board of Directors to serve a mandate period beginning at the AGM and ending at the close of the AGM the following year. The committee also proposes remuneration for the Chairman of the Board and other Board members. It is also the Nomination Committee's task, where appropriate, to propose auditors.

All shareholders or proxies present at the meeting having registered their participation as described in the notice have the right to vote for the full number of shares they own or represent. Shareholders also have the opportunity to put questions to the Board, CEO and Auditor.

The AGM elects a Board of Directors for a mandate period of one year. The Board appoints a CEO responsible for the day-to-day operations for specific tasks. These governing documents are updated as needed to ensure they always reflect current legislation and regulations and changes in processes.

Risk assessment

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. A more detailed description of risks in Note 2, Risks.

Control Activities

To ensure that the company's business is conducted efficiently and that financial reporting gives a true and fair picture at any one time, STRAX operations incorporate a number of control activities. These involve regular monitoring of risk exposure and monthly follow up of results as well as regular monitoring of STRAX IT environment, security and functionality.

Information and communication

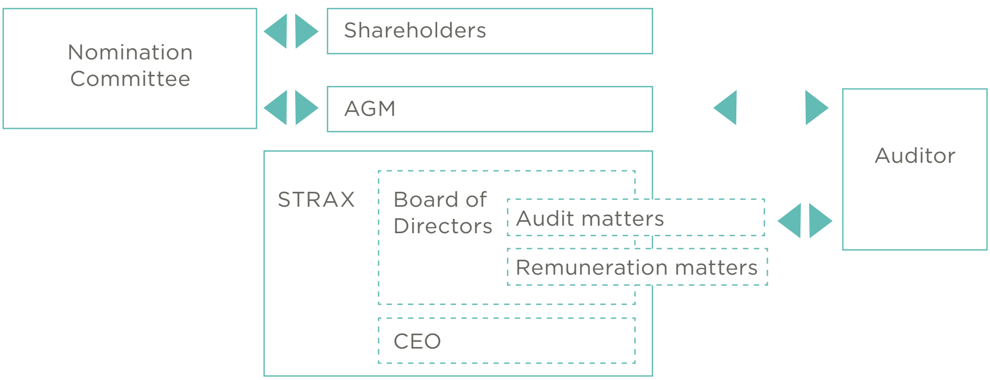
Guidelines are in place at STRAX to govern how financial information is communicated. One condition for accurate distribution of information is that effective procedures for information security must be in place.

Follow-up

Both the Board and management regularly follow up on the compliance and effectiveness of the company's internal control processes to ensure the quality of its processes. STRAX financial situation and strategy regarding the company's financial position are discussed at every board meeting. The company's internal controls are audited by external auditors and no internal audit is carried out due to the size of the company.

of the company. The division of responsibilities between the Board and the CEO is clearly detailed in instructions and formal work plans that have been approved by the Board. The entire board is both the remuneration committee and audit committee which is why questions in these areas are discussed at the regular meeting sessions.

The 2017 AGM will take place on May 23, 2017. More detailed information about the AGM is presented on page 97.



THIS IS OUR BOARD

1. BERTIL VILLARD
BORN 1952
406 670[(1)] SHARES IN STRAX

Bertil Villard, Board member since 2003 and Chairman of the Board from April 2016 is a lawyer, and partner at the law firm Vinge. He previously worked as a legal counsel for Swedish Match AB, Stora Kopparberg AB and Esselte AB (Chief Legal Counsel), and as Head of Corporate Finance at ABN Amro Alfred Berg Fondkommission. Education: Master of Law, Stockholm University. Other board duties include: Landsort Care AB, .2, 3 och 4 AB, Cleanergy AB, Prior & Nilsson Fond och Kapitalförvaltning AB, Polaris A/S, ECODC AB, och Rabbalshede Kraft AB (Chairman).

2. ANDERS LÖNNQVIST
BORN 1958
1 294 663[(1)] SHARES IN STRAX

Anders Lönnqvist, Board member since 2000, is an entrepreneur with experience within several branches. Anders Lönnqvist is the Chairman and owner of Servisen Group AB. Education: Economics, Stockholm University. Other board duties include: Nouvago Capital AB (Chairman), Stronghold Invest AB (Newsec) (Chairman), SSRS Holding AB (Elite Hotels), Opus Group AB, WeSC AB and Rental United.

3. MICHEL BRACKÉ
BORN 1963
10 000[(1)] SHARES IN STRAX

Michel Bracké, Board member since April 2016, is CEO and owner of MRM-Advice AB, CEO Wonder Technology Solutions AB. Education: Master in Applied Arts from LUCA, School of Arts in Brussels. Studies in marketing at Ehsal, College of Economics in Brussels, and PLD and PLDA at Harvard Business School. Other board duties include: MRM-Advice AB (Chairman).

4. GUDMUNDUR PALMASON
BORN 1968
37 761 518[(1)] SHARES IN STRAX

Gudmundur Palmason, Board member since April 2016, is CEO of STRAX Group. Education: Candidate of Law, University of Iceland. Master of Law, University of Miami. MBA, University of Miami. Other board duties include: Zymetech ehf., Urbanista AB, GEAR4 Ltd, Viss ehf., Fortus hf., XOR ehf., SRX ehf., Enzymatica AB, SRX Limited and TLF BV.

5. INGVI T. TOMASSON
BORN 1968
35 461 886[(1)] SHARES IN STRAX

Ingvi T. Tomasson, Board member since April 2016, is CEO and board member of IK Holdings, and CEO of STRAX Americas Inc. Education: Diploma in Hospitality Management, FIU. Other board duties include: Tommi's Burger Joint.

[(1)] Where appropriate, shareholding in STRAX include shares held by family members and holdings through companies as at December 31 2016 and thereafter known changes.

AUDITORS

KPMG AB, Mårten Asplund, Auditor in charge for the company since 2014.

MÅRTEN ASPLUND BORN 1972

Authorized Public Accountant, KPMG AB.

THIS IS OUR MANAGEMENT

During the financial year 2016, STRAX had 185 employees.

1. GUDMUNDUR PALMASON BORN 1968 CEO OWNS 37 761 518[1] SHARES IN STRAX

Gudmundur Palmason, Board member since April 2016, is CEO of STRAX Group. Education: Candidate of Law, University of Iceland. Master of Law, University of Miami. MBA, University of Miami. Other board duties include: Zymetech ehf., Urbanista AB, GEAR4 Ltd, Viss ehf., Fortus hf., XOR ehf., SRX ehf., Enzymatica AB, SRX Limited and TLF BV.

2. INGVI T. TOMASSON BORN 1968 FOUNDER OWNS 35 461 886[1] SHARES IN STRAX

Ingvi T. Tomasson, Board member since April 2016, is CEO and board member of IK Holdings, and CEO of STRAX Americas Inc. Education: Diploma in Hospitality Management, FIU. Other board duties include: Tommi's Burger Joint.

3. JOHAN HEIJBEL BORN 1975 CFO OWNS 78 333[1] SHARES IN STRAX

Johan Heijbel, CFO since May 2016, was previously Managing Director of AB Novestra between 2006–2016. Education: Independent courses in business administration and law, Uppsala University and the University of Gothenburg School of Business, Economics and Law. Other board duties: New Diino AB, Novestra Financial Services AB, STRAX Group GmbH, Celcom HK and WeSC AB.

4. PHIL MULHOLLAND BORN 1963 CMO OWNS 535 259[1] SHARES IN STRAX

Phil Mulholland is CMO since 2015. He previously worked at OSM, BenQ Siemens, Grey Advertising, Vertu, Nokia and Granada TV & Video. Education: City of Hallam University, Sheffield UK.

[1] Where appropriate, includes shares held by family members and holdings through companies as at December 31, 2016 and thereafter known changes.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ACCOUNTS

THE BOARD OF DIRECTORS' REPORT, FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

The formal annual report as defined by "Swedish annual accounts act" (ÅRL) consists of the Board of Directors' report, financial statements and notes to the financial statements.

THE BOARD OF DIRECTORS' REPORT

The Board of Directors and the CEO of STRAX AB (publ), corporate identity number 556539-7709, hereby present the annual report and consolidated financial statements for the financial year January 1 – December 31, 2016.

Unless indicated otherwise, the information refers to the group and the parent company.

All amounts are provided in SEK thousands (KSEK) unless indicated otherwise. Figures provided in parentheses refer to comparative figures for the previous year.

This is STRAX

STRAX is a global company specializing in mobile accessories and connected devices. STRAX is listed on the Nasdaq Stockholm Stock Exchange. STRAX offers proprietary, licensed, partner branded accessories and connected devices. The proprietary brands include XQISIT, GEAR4, Urbanista, THOR, AVO+ and FLAVR. The company furthermore represents over 30 brands. The company sells to a wide channel landscape ranging from telecom operators, specialized mobile and consumer electronics retailers to online, lifestyle, convenience stores and supermarkets. STRAX was founded in Miami and Hong Kong in 1995 and has since grown significantly across the globe. STRAX has 185 employees in 12 countries and its operational HQ and logistics center is based in Germany.

Significant events during the year

STRAX launched two new proprietary brands, THOR for screen protection and FLAVR cases targeted for young and trendy adults, both of which have gained good traction in most STRAX markets.

In October STRAX extended and expanded a long-term global strategic partnership with D3O®. STRAX has, under the previous contract with D3O successfully launched products with D3O patented impact protection technologies in several markets under the GEAR4 brand and also a major US private label brand. The extended exclusive three year contract grants STRAX rights to integrate D3O into smartphones, tablets and consumer electronic accessories, plus global distribution rights across both online and offline channels.

STRAX completed the acquisition of the majority shareholdings in two entities contracted to develop, distribute and sell Vodafone branded accessories to Vodafone in Western Europe, Middle East and Africa. STRAX brings Vodafone significant knowledge on product development and manufacturing, portfolio management, marketing and sales strategies as well as sourcing and quality assurance capabilities. The acquisition of 50.1 percent ownership in Celcom HK and Mobile Accessory Club provides unique access to partner with Vodafone to create what we believe will be one of the strongest lines of accessories for mobile phones and tablets for Vodafone's target market as well as through direct contract for proprietary STRAX brands and consumer IoT products.

The EGM held on December 22, 2016, resolved to change STRAX reporting currency from SEK to EUR.

Dividends

The Board has not proposed a dividend for the financial year 2016.

Acquisition of Strax

The acquisition of Strax, finalized on April 30 2016 had the effect that in the accounts the regulations on reversed acquisition shall be applied, which entails that the groups result prior to the acquisition date is comprised of the previous Strax group (the legal subsidiary's group) and that the acquisition analysis is based on the fair value of Novestra's earlier holding in Strax. Novestra previously owned 27 percent in Strax and acquired, through the current transaction the remaining outstanding shares through payment in own shares. See note 16, Goodwill.

Earnings and financial position

The group's net sales for the period January 1 – December 31 2016 amounted to 868 181 (747 640) corresponding to growth of 16.1 (18.3) percent. Gross profit amounted to 243 337 (183 386) and gross margin amounted to 28.0 (24.5) percent. Operating profit amounted to 46 508 (32 609).

Result for the period amounted to 30 261 (11 455). The result included gross profit 243 337 (183 386), selling expenses –131 040 (-112 950), administrative expenses –48 892 (-41 026), other operating expenses -69 525 (-27 877), other operating income 52 628 (31 076), net financial items –10 736 (–10 343) and tax –5 511 (–10 811).

As at December 31 2016 total assets amounted to 601 540 (511 559), of which equity totaled 173 516 (98 447), corresponding to equity/assets ratio of 28.8 (19.2) percent.

The parent company's result for the period amounted to 50 307 (34 257). The result included gross profit from investment activities of 52 730 (37 343), administrative expenses –5 878 (–5 022) and net financial items –307 (1 936). As at December 31 2016 total assets amounted to 725 695 (243 001) of which equity totaled 709 896 (238 638), corresponding to equity/assets ratio of 97.8 (98.2) percent. The parent company has issued a guarantee of MEUR 1.2 in favor of Strax Holding GmbH.

Liquidity and financing

Cash and cash equivalents consists of cash and bank balances amounting to 34 999 (45 727) as at December 31, 2016. At the end of 2016 interest-bearing liabilities amounted to 159 080 (124 270). After the end of the financial year, the Group and the parent company increased existing credit lines to secure future growth and capital.

Investments during the period amounted to a total of 47 961 (32 488), of which investments in intangible fixed assets amounted to 9 960 (4 489), tangible fixed assets amounted to 20 938 (5 518) and investments in financial assets amounted to 17 064 (22 481). Divestment of fixed assets amounted to 1 621 (935).

Significant events after the end of the period

In March 2017 STRAX signed an exclusive contract with Tessco Technologies Inc., for STRAX proprietary brands in the US.

STRAX won a multi-tiered tender with mobilcom-debitel in Germany in March 2017 to exclusively supply all sales channels with mobile accessories and consumer IoT products.

Future development

STRAX has experienced positive development in both sales and profit in recent years. This development is expected to continue. Currently the industry is undergoing consolidation and STRAX intends to play an active role in the ongoing consolidation process. We expect higher growth rate in 2017 compared to 2016, and STRAX scalable business model is expected to deliver a higher growth rate in EBITDA compared to growth in sales.

Risk assessment

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.

Corporate governance

Legislation and Articles of Association

STRAX corporate governance is regulated by Swedish law, by the Swedish Companies Act, the Code for Swedish Corporate Governance and the regulations stated in the Listing Agreement of the Nasdaq Stockholm stock exchange. STRAX shall, when conducting business, follow the rules in the company's Articles of Association. More information on Corporate Governance is provided on pages 30–35 and also contains information regarding the key elements for the group's internal control procedures and risk management.

Share and ownership structure

The STRAX share is listed on the Nasdaq Stockholm (Small Cap) stock exchange under the ticker symbol STRAX. It is the parent company STRAX AB share that is listed and the reported share capital in the group constitutes the parent company's share of capital. Share capital in the parent company amounts to SEK 117 762 266 distributed among 117 762 266 shares with a quota value of SEK 1[1] each. There is only one type of share and all shares have equal rights to the company's net income and profit and each share has equal voting rights at the general meeting. There are no restrictions regarding the number of votes a shareholder can vote for at the general meeting. In addition to the legal provisions there are no limitations in the company's Articles of Association regarding the appointment of, or dismissal of Board members or changes to the Articles of Association.

As at December 31, 2016 the company had a total of 1 976 (1 369) shareholders. The ten largest shareholders' holdings as at December 31, 2016 amounted to 85.2 (83.7) percent of the total number of outstanding shares and votes in the company. There are a total of two shareholders, Gudmundur Palmason and Ingvi T. Tomasson who as at December 31, 2016 reported a holding of at least ten percent in STRAX through Disclosure Notices. The Extraordinary General Meeting in December 2016 resolved to adopt new articles of association whereby the company's reporting currency is changed to EUR, and to adopt a new warrant program and issue warrants in accordance with the Board of Directors proposal.

There are no pre-emption clauses, right of first refusal clauses, or other restrictions in court to transfer shares in the company legally, in the company's Articles of Association or any agreement or other deed involving the company. As far as the company is aware there are no other agreements in which the company is not involved in such as agreement between shareholders which possibly may entail restrictions in court regarding transfer of shares in the company.

The company is not involved in any significant agreement containing such conditions that cause effect, change or cease to be valid in the case that control of the company changes, which also includes agreements with the Board of Directors and the employees. Long term, however, a significant change in the control of the company may, for example, result in credit institutions may no longer extend or renew loan agreements, or demand changes in the current conditions upon extending the loan agreement.

Investor Relations

STRAX information to shareholders is provided via annual, year-end and interim reports and press releases on the company's website www.strax.com.

Environment

STRAX does not conduct operations requiring environmental permits or any obligation to report in accordance with environmental laws. STRAX environmental impact is negligible but the company works actively to minimize its operations' environmental impact. The basis for the environmental work is a common environmental awareness.

Proposed distribution of earnings in the parent company (KSEK)

At the disposal of the Annual General Meeting is:

Retained earnings	87 140
Profit/Loss for the year 2016	50 307
Total	**137 447**

The Board of Directors propose that the profit for 2016, SEK 50 306 404 together with the retained earnings, SEK 87 139 850, totalling SEK 137 446 254 be transferred to retained earnings.

For further information regarding the company's earnings and financial position, please refer to the income statement, balance sheet, cash flow statement and the corresponding notes to the financial statements.

[1] After the EGM held on December 22, 2016 resolved to change the reporting currency to EUR the amount was changed to EUR 12 327 900.13 corresponding to a quota value of EUR 0.10.

THE GROUP

Income statements, KSEK	NOTE	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Net sales	4	868 181	747 640
Cost of goods sold	5	–624 844	–564 254
Gross profit		**243 337**	**183 386**
Selling expenses	7	–131 040	–112 950
Administrative expenses[1]	8, 14	–48 892	–41 026
Other operating expenses	9	-69 525	-27 877
Other operating income	10	52 628	31 076
Operating profit	6	**46 508**	**32 609**
Financial income	11	283	243
Financial expenses	12	–11 019	–10 586
Net financial items		**–10 736**	**–10 343**
Profit before tax		**35 772**	**22 266**
Tax	13	–5 511	-10 811
Profit/loss for the year[2]		**30 261**	**11 455**
Result per share, SEK[3]		0,26	0,10
Average number of shares during the period[3]		115 319 807	110 374 332

Statement of comprehensive income, KSEK		
Profit/loss for the year	30 261	11 455
Other comprehensive income, translation gains/ losses on consolidation	-1 579	1 848
Total comprehensive income for the year	**28 682**	**13 303**

(1) Depreciation for the period Jan 1 – Dec 31, 2016 amounted to 15 287 (4 861).

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

(3) No dilution exists, which entails that the result prior to and after dilution are identical. A redemption procedure was carried out during Q1 2016 whereby a split of the existing shares was made whereby the total number of shares temporarily doubled. The redemption procedure was an alternative transaction method for a dividend and the temporary increase in the number of shares has not been taken into consideration in calculating the average number of shares during the period or for the result per share during the period.

THE GROUP

Balance sheets, KSEK	NOTE	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Assets			
FIXED ASSETS			
Goodwill	16	191 911	132 678
Other intangible assets	17	11 514	2 490
Tangible fixed assets	18	15 719	7 195
Shares in associated companies	19	7 705	74
Other assets	20	10 552	7 361
Deferred tax assets	21	15 592	5 385
Total fixed assets		**252 993**	**155 183**
CURRENT ASSETS			
Inventories		109 263	82 108
Tax receivables		2 435	18
Accounts receivable	22	123 824	130 252
Receivables from associated companies	23	32 030	14 367
Other assets	20	45 996	83 904
Cash and cash equivalents	24	34 999	45 727
Total current assets		**348 547**	**356 376**
Total assets		**601 540**	**511 559**
Equity and liabilities			
EQUITY	25		
Share capital		117 762	257
Other contributed equity		-27 291	90 214
Retained earnings including profit or loss for the year		83 045	7 976
Total equity		**173 516**	**98 447**
LIABILITIES			
Long-term liabilities			
Tax liabilities		31	7 829
Other liabilities		3 436	35 811
Interest-bearing liabilities		47 977	-
Deferred tax liabilities		6 995	6 065
Total long-term liabilities		**58 439**	**49 705**

THE GROUP

Current liabilities			
Provisions	26	3 518	5 872
Interest-bearing liabilities		111 103	124 270
Accounts payable and other liabilities		131 400	90 285
Tax liabilities		28 987	9 870
Other liabilities		94 577	133 110
Total current liabilities		**369 585**	**363 407**
Total liabilities		**428 024**	**413 112**
Toal equity and liabilities		**601 540**	**511 559**

THE GROUP'S STATEMENT OF CHANGES IN EQUITY

KSEK	Share capital	Other contributed equity	Retained earnings incl. profit/loss for the year	Total equity
Opening balance 01 01 2015	**257**	**90 214**	**–5 091**	**85 380**
Total comprehensive income 2015			13 303	13 303
Other			–236	–236
Balance at year end 12 31 2015	**257**	**90 214**	**7 976**	**98 447**
Total comprehensive income 2016			28 682	28 682
Other sub-group STRAX			3 825	3 825
Transferred compensation provided for in the preliminary acquisition analysis			48 381	48 381
Costs non-cash issue			–5 819	-5 819
Allokation of share capital in legal parent company	117 505	–117 505	–	–
Balance at year end 12 31 2016	**117 762**	**-27 291**	**83 045**	**173 516**

As at December 31, 2016 share capital amounted to SEK 117 762 266 divided into 117 762 266 shares, representing a nominal value of SEK 1 per share[1]. Further information regarding the group's equity is available in Note 25.

[1] After the EGM held on December 22, 2016 resolved to change the reporting currency to EUR the amount was changed to EUR 12 327 900.13 corresponding to a quota value of EUR 0.10.

THE GROUP

Cash flow statements, KSEK	NOTE	01 01 2016 12 31 2016	01 01 2015 12 31 2015
OPERATING ACTIVITIES			
Result before tax		35 772	22 266
Adjustment for items not included in cash flow from operations or items not affecting cash flow		22 935	13 410
Paid taxes		-3 012	-10 811
Cash flow from operations prior to changes in working capital		**55 695**	**24 865**
Cash flow from changes in working capital			
Increase (-)/decrease (+) inventories		-23 586	-7 827
Increase (-)/decrease (+) current receivables		17 546	-160 774
Increase (-)/decrease (+) current liabilities		-36 817	93 293
Cash flow from operations		**12 838**	**-50 443**
INVESTMENT ACTIVITIES			
Investments in intangible assets		-9 960	-4 489
Investments in tangible assets		-20 942	-5 518
Investments in subsidiaries		-17 064	-22 481
Divestment of fixed assets		1 621	935
Cash flow from financing activities		**-46 345**	**-31 553**
FINANCING ACTIVITIES			
Interest-bearing liabilities		44 505	134 029
Amortization of interest-bearing liabilities		-20 023	-92 011
Cash flow from financing activities		**24 482**	**42 018**
Cash flow for the period		-9 023	-39 979
Exchange rate differences in cash and cash equivalents		-1 705	-152
Cash and cash equivalents at the beginning of the period		45 727	85 858
Cash and cash equivalents at the end of the period	24	34 999	45 727

THE PARENT COMPANY

Income statements, KSEK	NOTE	01 01 2016 12 31 2016	01 01 2015 12 31 2015
INVESTMENT ACTIVITIES			
Result from shares and participations		52 730	35 250
Dividends		–	2 949
Selling expenses[1]		–	–856
Gross profit		**52 730**	**37 343**
Administrative expenses		–5 878	–5 022
Other operating income		3 762	–
Operating income		**50 614**	**32 321**
RESULT FROM FINANCIAL ITEMS			
Interest income and similar charges	32	8	2 270
Interest expense and similar charges	32	–315	–334
Result after financial items		**50 307**	**34 257**
Current taxes		–	–
Result for the year		**50 307**	**34 257**

STATEMENT OF COMPREHENSIVE INCOME, KSEK

Result for the year	50 307	34 257
Other comprehensive income	–	–
Total comprehensive income for the year	**50 307**	**34 257**

[1] Selling expenses refer to Novestra's incentive program resolved by the AGM and relating to the divestment of Explorica in 2015.

THE PARENT COMPANY

Balance sheets KSEK	NOTE	2016 12 31	2015 12 31
Assets			
FIXED ASSETS			
Tangible fixed assets:			
Equipment	33	1 247	1 270
Financial fixed assets:			
Shares and participations in group companies	34	723 061	100
Shares and participations in associated companies	35	63	141 363
Other shares and participations	36	–	84
		723 124	141 547
Total fixed assets		**724 371**	**142 817**
CURRENT ASSETS			
Receivables:			
Shares held for sale		214	8 514
Other receivables		822	91 310
Prepaid expenses and accrued income		179	290
		1 215	100 114
Cash and bank balances	42	109	70
Total current assets		**1 324**	**100 184**
Total assets		**725 695**	**243 001**

THE PARENT COMPANY

Balance sheets, KSEK	NOTE	2016 12 31	2015 12 31
Equity and liabilities			
EQUITY	37		
Restricted equity:			
Share capital		117 762	37 188
Statutory reserve		454 687	7 500
		572 449	**44 688**
Non-restricted equity:			
Accumulated profit/loss		87 140	159 693
Profit/loss for the year		50 307	34 257
		137 447	**193 950**
Total equity		**709 896**	**238 638**
LIABILITIES			
Short-term liabilities:			
Interest-bearing liabilities	38	6 060	394
Accounts payable		6 109	409
Inter-company debt	39	913	928
Other liabilities		331	80
Accrued expenses and prepaid income	40	2 387	2 552
		15 800	**4 363**
Total liabilities		**15 800**	**4 363**
Total equity and liabilities		**725 695**	**243 001**

THE PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

KSEK	Share capital	Other contributed equity	Retained earnings incl profit/loss for the year	Total equity
Opening balance 01-01-2015	**37 188**	**7 500**	**159 693**	**204 381**
Total comprehensive income 2015	–	–	34 257	34 257
Balance at year end 12-31-2015	**37 188**	**7 500**	**193 950**	**238 638**
Shareholder distribution			–91 110	-91 110
Costs shareholder distribution			–341	-341
Dividend			–9 540	-9 540
Non-cash issue	80 574	447 187		527 761
Costs non-cash issue			–5 819	-5 819
Comprehensive income 2016		–	50 307	50 307
Balance at year end 12-31-2016	**117 762**	**454 687**	**137 447**	**709 896**

As at December 31, 2016 share capital amounted to SEK 117 762 266 divided into 117 762 266 shares representing a nominal value of SEK 1[(1)].

Further information regarding the parent company's equity is available in Note 25.

[(1)] After the EGM held on December 22, 2016 resolved to change the reporting currency to EUR the amount was changed to EUR 12 327 900.13 corresponding to a quota value of EUR 0.10.

THE PARENT COMPANY CASH FLOWS

Cash flow statements, KSEK	NOTE	01 01 2016 12 31 2016	01 01 2015 12 31 2015
OPERATING ACTIVITIES			
Profit/loss for the year before tax		50 307	34 257
Adjustments for income items from operations not included in the cash flow and do not affect the cash flow:			
Adjustments for earnings impact of financial instruments valued at fair value			–
Adjustments for other non-cash items		–52 644	–35 214
Paid taxes		–	–
Funds provided from operations prior to changes in working capital		**–2 337**	**–957**
Details of changes in working capital			
Increase (–)/Decrease (+) in current receivables		90 599	9 705
Increase (–)/Decrease (+) in current liabilities		5 788	1 448
Cash flow from operations		**94 050**	**10 196**
INVESTMENT ACTIVITIES			
Investments in tangible assets		–4	–8
Investments in financial assets		–2 403	–
Cash flow from investment activities		**–2 407**	**–8**
FINANCING ACTIVITIES			
Shareholder distribution		–91 111	–
Costs non-cash issue		–6 160	–
Changes in interest-bearing liabilities		5 666	–10 374
Cash flow from financing activities		**–91 605**	**–10 374**
Cash flow for the year		**39**	**–187**
Cash and bank at beginning of year		**70**	**257**
Cash and bank at end of year	42	**109**	**70**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

Conditions when preparing the group's financial reports

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group. The financial reports are therefore presented in Swedish kronor. Assets and liabilities are recognized at historical cost, and financial assets and liabilities are recognized at amortized cost.

Preparing the financial reports in compliance with IFRS requires management to make judgments and estimates, as well as assumptions which affect the application of the accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experiences and a number of factors which under the circumstances are deemed reasonable. The result of these estimates and assumptions are then used to assess the value of assets and liabilities where the value is not evident from other sources. Actual outcomes may deviate from these estimates and judgments.

Estimates and judgments are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change affects only this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

The accounting principles for the Group described below have been applied consistently for all periods that are presented in the Group's financial reports, unless otherwise is indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company and subsidiaries.

New and amended IFRSs

New and amended IFRSs applicable from 2016 have not had any material effects on the financial statements.

New and amended IFRSs issued but not yet effective

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments. The new IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* covering the classification and measurement of financial instruments.

IFRS 9 introduces a new approach for the classification of financial instruments based on the contractual cash flows of the financial instrument and the business model within which is being held. The guidance for recognizing impairments will be based on an expected loss model in the future. IFRS 9 also includes new regulations regarding the application of hedge accounting to be able to reflect better on the entity's risk management activities especially with regards to managing non-financial risks. Moreover, IFRS 9 requires additional disclosures to be made in the notes.

These amendments must be applied to accounting periods commencing on or after January 1, 2018. As a part of the project dealing with the introduction of IFRS 9 at Strax Holding GmbH, the impact of the new standard will be analyzed over the course of the financial year 2017.

IFRS 15 Revenue from Contracts with Customers
The new IFRS 15 *Revenue from Contracts with Customers* replaces the current guidance on the recognition of revenue in IAS 18 *Revenue* and IAS 11 *Construction Contracts*, as well as the related interpretations. IFRS 15 stipulates a uniform and comprehensive model for recognizing revenue from customers.

The new standard uses a five step model to determine the amount of revenue and the date of realization. In this model, the first steps are to identify the relevant contracts with the customer and the performance obligations in the contracts. Revenue is then recognized in the amount of the consideration expected for each distinct performance obligation satisfied at a point in time or over time.

In addition to the five-step model, IFRS 15 addresses various special topics such as the treatment of costs for obtaining and fulfilling a contract, presentation of contract assets and liabilities, rights of return, commission business, customer retention and customer loyalty programs. In addition, the disclosures in the notes are significantly expanded. Accordingly, this requires qualitative and quantitative disclosures to be made in the future on contracts with customers, on significant estimates and judgements as well as changes over time.

The new standard must be applied to accounting periods commencing on or after January 1, 2018. Based on analyses performed in 2016, Strax does not expect significant impacts on its Consolidated Financial Statements. In addition, for certain types of contracts, the timing for recognizing revenue will change, in particular revenue may be recognized earlier if variable consideration components exist or re-allocations of the transaction price between performance obligations take place.

IFRS 16 Leases
On January 13, 2016, the IASB published IFRS 16 Leases. The new standard IFRS 16 will replace the currently applicable standard IAS 17 Leases as well as IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions involving the legal form of lease.*

IFRS 16 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. As part of a project dealing with the introduction of IFRS 16 at Strax Holding GmbH, the impact of the new standard will be analyzed over the course of 2017 financial year. Providing by EU Endorsement, the company will adopt the standard for the fiscal year beginning as of January 1, 2019.

Operating segments
An operating segment is a component of the Group carrying out business operations from which it can generate revenue and incur expenses and about which separate financial information is available. Further, the result of an operating segment is monitored by the chief operational decision maker, in the case of STRAX, the CEO, to evaluate the result as well as being able to allocate resources to the operating segment.

Classification etc.
Non-current assets are assets that are expected to be realized after more than twelve months from the balance sheet date. Current assets are assets that are expected to be realized within twelve months of the balance sheet date. Liabilities are classified as non-current if the Group at the end of the reporting period has an unconditional right to pay later than twelve months from that date. All other liabilities are recognized as current.

Principles of consolidation
Subsidiaries
Subsidiaries are entities controlled by the Parent Company, STRAX AB. The Group controls the entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are recognized according the acquisition method.

The method means that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The Group's acquisition value is determined through an acquisition analysis in relation to the acquisition. In the analysis both the purchase price of the shares or the operations, and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities are determined at the point of acquisition. The purchase price of the shares in subsidiaries and the operations respectively consists of the fair values at the point of acquisition for assets, arisen or assumed liabilities and issued equity instruments which have been given in exchange for the acquired net assets. At acquisitions (of subsidiaries that are consolidated) where the purchase price exceeds the net-value of identifiable acquired assets and assumed liabilities and contingent liabilities, the difference is recognized as goodwill. When the difference is negative this is recognized in profit or loss. Financial reports for consolidated subsidiaries are included in the Group accounting as of the point of acquisition up until the date where the control ceases to exist. Intra-group receivables and payables, revenue or expenses and unrealized profit or loss, which pertain to intra-group transactions between consolidated group companies are eliminated in the consolidation.

Associated companies

Associated companies are those companies where the Group has a significant influence, but not control, over the operational and financial governance, usually through a share of 20 to 50 percent of the votes. The Groups recognized value of shares in associated companies corresponds to the Groups share in the associated company's equity, as well as goodwill and, if any, remaining surplus value or undervalues. The profit or loss within the Group is recognized as "Share in profit or loss of associated companies", the groups share in the profit or loss in associated companies adjusted for, if any, depreciations, impairments and resolution of acquired surplus value and under values. The Group's share of other comprehensive income in associated companies is recognized separately in the Group's other comprehensive income.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group companies at the exchange rates at the dates of the transactions. Functional currency is the currency in the primary economic areas the companies has operations. Monetary assets and liabilities in foreign currency is revaluated to the functional currency at the exchange rate at the reporting date.

Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Revenue

Revenue and other income are recognized when the goods have been transferred or the services rendered. Goods are considered transferred when significant risks and rewards of ownership have been transferred to the customer.

If the customer has been granted the right to return (which for STRAX includes the customer's right to return products and the right to revoke a purchase agreement), the revenue is recognized at the point in time when the probability of return can be reliably calculated. For this purpose frequencies of returns are calculated based on historical data and used to forecast future return commitments. Revenue is not recognized for the share of which a return is expected, instead a provision is recognized. The size of the provision corresponds to the price of the goods delivered for which a return is expected, adjusted for the cost of handling the return and the losses incurred from the sales of these goods. Revenue is recognized net, i.e. the sum of what the customers pay deducted for V.A.T. and sales reductions (discounts, bonuses, discounts for cash etc.).

Operational costs are recognized as an expense when the services have been rendered or when they are consumed.

Finance income and finance costs
Finance income and costs consists of interest income from bank accounts, receivables and interest-bearing securities, interest expense from loans and exchange rate differences. Interest income from receivables and interest expense from liabilities are calculated through the effective interest method. The effective interest is the interest rate at which the present value of estimated future cash flows during the expected fixed interest period is equal to the recognized value of the asset or liability.

Financial instruments
Recognition and derecognition of a balance sheet item
A financial asset or financial liability is recognized on the balance sheet when the company becomes a party according to the contractual agreements of the instrument. A receivable is recognized when the Group has performed and the other party has a contractual obligation to pay even if the invoice has not yet been sent. Accounts receivables are recognized when an invoice has been sent. Liabilities are recognized when the other party has performed and the Group has a contractual agreement to pay, even if an invoice has not yet been received. Accounts payables are recognized when an invoice has been received. A financial asset is derecognized when the rights of the contract are realized, due or when the Group no longer has control over the asset. A financial liability is derecognized when the contractual obligation is fulfilled or otherwise extinguished. Acquisition or sale of financial assets are recognized at the date of transaction, which is the day the Group commits to acquiring or selling the asset.

Classification and measurement
Financial instruments are initially recognized at the instruments fair value with the addition of transaction costs apart from financial instruments which are recognized at fair value through profit or loss where the transaction costs are expensed. The financial instrument is classified on initial recognition based on the purpose for which the instrument was acquired, which in turn affects the accounting going forward.

Accounts receivables
Accounts receivables consist of financial assets that are not derivatives and has determined or affirmable payments which are not listed on an active market. Trade receivables are outstanding amounts from sale of goods or services performed within the regular business activity. They are included in current assets if the due date occurs within twelve months of the reporting date. If the due date is after more than twelve months from the reporting date, they are classified as non-current assets.

Trade receivables are initially recognized at fair value and are in the following reporting periods valued at amortized cost with the effective interest method, deducted for any impairment. An impairment is recognized when there are objective indications that outstanding payments are not fully collectable (such as in the event of late payments or insolvency of the customer). Doubtful reserves are accounted for on a separate account. They are eliminated at the same point in time as the corresponding impaired receivable is derecognized.

Cash and cash equivalents
Cash and cash equivalents consists of cash and immediately accessible funds at banks and similar institutions, as well as liquid investments with a duration of less than three months from the time of acquisition with subject to only an insignificant risk of fluctuations in value.

Interest-bearing liabilities
Loans are initially recognized at cost corresponding to the fair value of what has been received less transaction costs and any premiums or discounts. Thereafter the loans are recognized at amortized cost with the effective interest method, which means that the value is adjusted with any premiums and discounts related to when the loan agreement was entered into, and expenses related to the borrowing transaction are accrued over the duration period of the loan. The accruals are calculated on the basis of the initial effective interest rate of the loan.

Accounts payables and other non-interest bearing liabilities
Non-interest bearing liabilities are recognized at amortized cost based on the effective interest rate calculated at initial recognition which, due to the short duration, usually means the nominal amount.

Goodwill
Goodwill is not amortized, instead an impairment test is performed at least annually.

Impairments
The recognized values of the Group's tangible and intangible assets, including goodwill, are tested each reporting period end in order to asses if there is an indication of a need for an impairment. An impairment is recognized when an asset or the recognized value of a cash generating unit exceeds the recoverable amount. An impairment is recognized through profit and loss.

The recoverable amount is the highest of fair value less cost of sales and the useful value. When calculating the useful value future cash flows are discounted with a discount factor taking the risk free rate and the risk related to the specific asset into account. For an asset which does not generate cash lows and are materially independent of other assets the recoverable amount is calculated for the cash generation unit to which the asset pertains. Goodwill is always tested divided on cash generating units or groups of cash generating units.

Impairments are reversed if there has been a change in the underlying assumptions in the calculation of the recoverable amount. An impairment is reversed only to the extent the assets carrying amount after reversal does not exceed the value the asset would have had if an impairment had never been done. Impairment of goodwill is never reversed.

Inventories
The goods recognized as inventory in compliance with IAS 2 (Inventories) are initially carried at cost. Carrying amount is either determined on the basis of an individual valuation of purchases from the perspective of the market or through the method of average cost. Compensation from suppliers that are classified as a decrease of the initial cost reduces the carrying amount of the inventories.

At the end of the reporting period inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated sales price in operations, deducted for estimated costs of completion and sales. Risks related to average days in stock that exceeds what is normal and/or reduced usefulness is reflected through impairment to net realisable value.

If the reason for impairment to net realisable value no longer exists, a reversal is recognized. Since the inventories of STRAX does not meet the definition of a qualifying asset according to IAS 23 (Borrowing costs), directly related interest on borrowed capital to the inventories are not capitalized.

Lease assets
In the Group, leasing is classified as either financial or operating leases. Financial leasing occurs when all the risks and rewards of ownership has been substantially transferred to the lessee; if that is not the case then the lease is classified as an operating lease. The group only has operating leases. As operating lessee the underlying asset is not recognized in the balance sheet. The leasing fees are expensed on a straight line basis over the leasing period.

Employment benefits
Defined contribution plans
The Group only has defined contribution plans. Obligations concerning defined contribution plans are recognized as expenses during the period when the employee provides service.

Provisions
Provisions are recognized when the Group has an existing legal or informal obligations as a consequence of an occurred event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and where a reasonable estimation of the amount can be done. When the effect of the timing of the payment is significant, provisions are calculated through discounting future expected cash flows at an interest rate before tax which reflects current market assessments of the time value of money and, if applicable, the risks associated with the provision.

Taxes

Income taxes consist of current taxes and deferred taxes. Income taxes are recognized in profit or loss, in other comprehensive income or directly in equity. Current taxes are taxes payable or refundable related to the currency year, through the application of the tax rates which are decided, or practically decided, at the balance sheet date. This includes adjustments of current taxes pertaining to previous periods.

Deferred tax is based on temporary differences between recognized and taxable values of assets and liabilities. The valuation of deferred taxes is based on how the recognized values of assets or liabilities are expected to be realized or settled. Deferred taxes are calculated through the application of the tax rates which are decided, or practically decided, at the balance sheet date. Deferred taxes related to deductible temporary differences and tax loss carry-forwards are recognized only to the extent where it is probable that these can be utilized. The value of deferred tax assets is reduced when deemed it is no longer probable that it can be utilized. Tax legislation contains certain allocation clauses when there are changes in the ownership structures in companies with tax loss carry-forwards. The allocation clauses mean that current tax loss carry-forwards can be depleted at major changes in ownership. The clauses also include limitations to the right to use tax loss carry-forwards against group contributions during a five year qualifying period. The changes in the ownership structure related to the reverse acquisition, where Novestra through an issue for non-cash consideration acquired all of the outstanding shares in STRAX, is of such a nature that the Group deems that the current tax loss carry-forwards should remain. As relatively few legal cases exist to guide within the area, there is a risk that the transaction can be judged otherwise at a trial with the consequence that the loss carry-forwards totally or in part may be depleted.

Contingent liabilities

Contingent liabilities are disclosed when there is a potential commitment related to occurred events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation not recognized as a liability or a provision as an out-flow of resources embodying economic benefits is not probable.

2. RISK EXPOSURE AND RISK MANAGEMENT

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.

Control Activities

To ensure that the company's business is conducted efficiently and that financial reporting gives a true and fair picture at any one time, STRAX operations incorporate a number of control activities. These involve regular monitoring of risk exposure and monthly follow up of results as well as regular monitoring of STRAX IT environment, security and functionality. STRAX CEO is overall responsible for the risk management.

Competition

STRAX operates in a competitive market. In some cases, STRAX competes with players that are able to offer a more complete range of products and services, and which are larger, have better access to financing and greater financial, technical, marketing and human resources. STRAX future competitive environment is dependent, among other things, on its ability to meet current and future market needs. There is a risk that STRAX will be unable to successfully develop/deliver new, competitive goods and services, or that costly investments, restructuring initiatives and/or price reductions may need to be carried out in order to adapt operations to a new competitive environment. Increased competition from existing or new players, or a diminished ability to meet demand for its products and services, could have a material adverse effect on STRAX operations, operating profit, financial position and outlook.

Higher barriers to entry

In recent years several consolidations have taken place in markets on which STRAX is active, a development that has led to new players and increased competition, and has thus also raised the barriers to entry for the markets of relevance to STRAX. There is a risk that there will be barriers to entry in the future making it impossible for STRAX to establish itself in certain markets. Should such a risk materialize, this may lead to STRAX operations, operating profit, financial position and outlook being adversely affected.

Manufacturers and suppliers

In its production, STRAX is dependent on its partnerships with suppliers and manufacturers working properly. Should the partnerships with manufacturers and suppliers deteriorate in the future, this may lead to STRAX operations, operating profit, financial position and outlook being adversely affected.

Partnerships and licensing

STRAX manufactures many of its products under license or through partnerships with other parties. Should such licensing or partnership agreements be altered or discontinue in the future, this could have an adverse impact on STRAX operations, operating profit, financial position and outlook.

Intellectual property rights

A substantial part of STRAX operations and business strategy is linked to STRAX products and technology. STRAX relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect STRAX intellectual property rights. There is a risk that STRAX will be unable to secure patent or trademark protection, or will be unable to maintain confidentiality of trade secrets to the extent desired by the company, which may mean that an unauthorized party could benefit from important rights belonging to STRAX. In addition, there is a risk that STRAX could become involved in legal or administrative intellectual property rights proceedings, with the risk that large claims for damages or other demands for payment will be brought.

It is difficult to predict the outcome of such proceedings. In the event of a negative outcome in a major judicial or administrative proceeding, significant liability may be imposed on STRAX, irrespective of whether such liability is based on a judgment or settlement. Should any of the above risks materialize, this may have a materially adverse effect on STRAX operations, financial position and earnings.

Credit risk

STRAX has exposure to its customers, primarily in the form of outstanding accounts receivable, and may be adversely impacted if a customer becomes insolvent or goes bankrupt. STRAX usually extends credit to its customers, which may at times grow to represent a large portion of STRAX net sales. Therefore, STRAX is subject to a risk that its customers will not pay for the products and services they have bought, or will pay later than expected. This risk increases during periods of economic downturn and uncertainty. There is thus a risk that STRAX customers will not be able to pay as expected for the products and services they have bought, which may have a materially adverse impact on STRAX operations, earnings and financial position. STRAX has a long-term and ongoing business partnership with TLF, a company with significant life style brand licences such as adidas. STRAX is TLF's largest customer and at year-end total exposure, mainly related to old receivables and products in production to the amount of approximately MEUR 3. This level was unusually high at year-end and is expected to decrease in 2017. Furthermore, Management is confident of the recoverability of the outstanding receivables.

Supply chain and inventory management

Inventory represents a significant proportion of STRAX assets and handling, storage and relocation of inventory is costly. An efficient supply chain and efficient inventory management are therefore important to STRAX operations. Inefficiency in inventory management (e.g. in the form of errors or omissions in forecasts or orders placed by STRAX or its customers) may result in an excessive or insufficient stock of a particular product or product group. An overly broad product range may lead to surplus stocks, thereby subjecting STRAX to the risk that the inventory may have to be written down. Insufficient stock, contrariwise, may result in additional costs for STRAX to fulfill its obligations to customers, or to cater to increased demand (e.g. in the form of having to purchase materials and components at higher prices, or the costs associated with express freight). During inventory management, it is also possible that products and components will be damaged or otherwise affected in such a way that their value is impaired, thereby necessitating an inventory write-down. An inefficient supply chain and inventory management may have a materially adverse impact on STRAX operations, financial position and earnings.

Internal restructuring

STRAX continually evaluates the need for internal restructuring in order to streamline its operations. Should past, present or future restructuring efforts not bring about the expected results, this may have an adverse impact on STRAX operations, operating profit, financial position and outlook.

Customer relationships

As a supplier of products and services, STRAX is dependent on its customer relationships in order for the company to succeed in marketing and selling its products and services. If STRAX relationships with current or future customers deteriorate, the company's customer base, and therefore also STRAX operations, operating profit, financial position and outlook may be adversely affected.

Regulatory requirements

Certain parts of STRAX operations are conducted in areas that are subject to laws and regulations issued by a variety of authorities. Such regulations may include standards that certain products are required to meet, or regulations and laws affecting how STRAX may manufacture its products or conduct its business. Should new regulations be issued that entail stricter requirements or altered conditions governing the manufacture of products or how STRAX conducts its operations in general, this may have a materially adverse effect on STRAX operations, financial position and earnings.

Key personnel, employees and consultants
STRAX future success is to some extent dependent on the Company's senior executives and other key personnel who contribute their expertise, experience and commitment. The Company has entered into employment agreements with key personnel on terms that the Company considers to be in line with market terms. There is a risk that the Company will not succeed in retaining or recruiting qualified personnel in the future. If the Company is unable to retain senior executives and other key personnel, or to recruit new senior executives or other key personnel to replace officers who leave the Company, this may have a materially adverse effect on the Company's operations, financial position and earnings.

Financing risk
The majority of the Group's financing is covenant-based, i.e. the loan agreement contains financial terms that STRAX has undertaken to honor as the borrower. This means that the costs of existing loans may go up considerably in the event of deviations from the financial terms stipulated by the agreement, or, in the event of persistent or repeated deviations, that the agreement may be terminated or restricted with regard to its scope. The Group is dependent on existing loans and credit facilities continuing to exist in order to finance its operations. The Group has both a short-term and long-term liquidity plan in place to ensure its immediate and future solvency, although there is a risk that it will not be possible to obtain financing when needed, or that such financing can only be obtained at significantly elevated costs.

Currency risk
Currency risk refers to the risk that changes in exchange rates will adversely impact the Group's financial position. Currency risk can be broken down into transaction exposure and translation exposure.

Transaction exposure arises as a result of companies within the Group effecting transactions in a currency other than the local currency, for example by importing products for sale on the domestic market and/or by selling products in a foreign currency. The Company may be subject to adverse effects when translating net income and net assets in such foreign subsidiaries to the Group currency, SEK.

Significant declines in the value of a foreign currency against the SEK may therefore have adverse effects on STRAX earnings and financial position; likewise, currency pair fluctuations, in particular USD/EUR, USD/GBP and EUR/GBP, have an impact on the Group's cash flow, earnings and financial position.

Management of Financial Risks
The group's main objectives with respect to capital management are to maintain and ensure an optimal capital structure in order to reduce capital costs, generate free cash flow, manage net current assets and to meet financial covenants relating to loan agreements.

The goal is to maintain an equity/asset ratio above 25 percent. At the end of 2016 the asset/equity ratio was 29% (19%).

Financial risks
The groups primary financial risks, managed and controlled, are market risk (including currency risks and interest rate risks), liquidity risks and credit risks.

The sensitivity analysis below shows the effects on results after tax as well as equity.

Rate change -10%												
(Currency relationship Euro / foreign currency after tax)												
	FINAL RESULTS						EQUITY					
KSEK	**SEK**	**USD**	**GBP**	**HKD**	**other**	**Total**	**SEK**	**USD**	**GBP**	**HKD**	**other**	**Total**
2015-12-31	-922	-102	-5 167	-1 206	-260	**-7 397**	-922	-102	-5 167	-1 206	-260	-7 397
2015-12-31 after tax	-614	-68	-3 445	-804	-173	**-4 932**	-614	-68	-3 445	-804	-173	-4 932
2016-12-31 after tax	-726	-1 796	-2 331	-1 051	-2 560	**-9 123**	-726	-1 796	-2 331	-1 051	-2 560	-9 123
2016-12-31	-484	-1 197	-1 554	-701	-1 707	**-6 082**	-484	-1 197	-1 554	-701	-1 707	-6 082

Rate change +10%												
(Currency relationship Euro / foreign currency after tax)												
	FINAL RESULTS						EQUITY					
KSEK	**SEK**	**USD**	**GBP**	**HKD**	**other**	**Total**	**SEK**	**USD**	**GBP**	**HKD**	**other**	**Total**
2015-12-31	754	-102	83	4 228	890	**5 955**	754	83	4 228	890	210	5 955
2015-12-31 after tax	503	-68	56	2 819	593	**3 970**	503	56	2 819	593	143	3 970
2016-12-31	602	-1 796	1 471	1 911	860	**7 489**	602	1 471	1 911	860	2 111	7 489
2016-12-31 after tax	401	-1 197	981	1 274	573	**4 993**	401	981	1 274	573	1 407	4 993

Rate increase		
Income effect at 1% interest (including hedging instruments)		
KSEK	**Final Results**	**Equity**
2015-12-31	336	336
2015-12-31 after tax	224	224
2016-12-31	732	732
2016-12-31 after tax	488	488

3. OPERATING SEGMENT 12 MONTHS, THE GROUP

(SEK thousands)	Protection Jan 1 – Dec 31		Power Jan 1 – Dec 31		Audio Jan 1 – Dec 31		Connected devices Jan 1 – Dec 31		Other Jan 1 – Dec 31		Total Jan 1 – Dec 31	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales	510 835	330 966	112 292	75 316	127 004	139 668	54 452	100 832	63 598	100 857	868 181	747 640
Cost of goods sold	-342 716	-237 464	-85 309	-57 151	-94 762	-94 490	-50 837	-94 722	-51 219	-80 427	-624 844	-564 254
Gross profit	**168 118**	**93 503**	**26 982**	**18 165**	**32 242**	**45 178**	**3 615**	**6 110**	**12 379**	**20 431**	**243 337**	**183 387**
Selling expenses	-90 534	-57 589	-14 530	-11 188	-17 363	-27 825	-1 947	-3 763	-6 666	-12 584	-131 040	-112 950
Administrative expenses	-33 779	-20 918	-5 421	-4 064	-6 478	-10 107	-726	-1 367	-2 487	-4 571	-48 892	-41 026
Other operating expenses	-46 281	-14 214	-7 428	-2 761	-8 876	-6 868	-995	-929	-3 408	-3 106	-66 987	-27 877
Other operating income	34 608	15 844	5 554	3 078	6 637	7 656	744	1 035	2 548	3 462	50 090	31 076
Operating profit	**32 133**	**16 626**	**5 157**	**3 230**	**6 163**	**8 033**	**691**	**1 087**	**2 366**	**3 633**	**46 508**	**32 609**

Geographic information

STRAX has a global business, with the greatest part of employees as well as warehouse in Germany.

Below geographic information reflects sales and non-current assets per geographical market based on the location of the assets.

Net sales	**01 01 2016 12 31 2016**	**01 01 2015 12 31 2015**
Western Europe		
Denmark	1 070	2 394
France	103 719	125 010
Germany	176 538	244 765
Netherlands	25 770	20 907
Switzerland	154 148	97 243
Austria	907	7 288
Norway	31 589	21 043
Poland	31 180	18 886
Sweden	99 298	52 131
UK	132 756	95 158
North America	78 493	30 477
Rest of the world	32 714	32 338
Total	**868 181**	**747 640**

Fixed assets	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Western Europe	227 671	142 145
Denmark	243	497
France	23 617	25 948
Germany	40 203	50 805
Netherlands	5 868	4 340
Switzerland	35 100	20 184
Austria	207	1 513
Norway	7 193	4 368
Poland	7 100	3 920
Sweden	77 912	10 820
UK	30 229	19 751
North America	17 873	6 326
Rest of the world	7 449	6 712
	252 993	**155 184**

Customers representing more than 10% of total sales	01 01 2016 12 31 2016		01 01 2015 12 31 2015	
Operator	124 366	14%	170 516	23%
Specialist mobile reseller	103 003	12%	43 489	6%

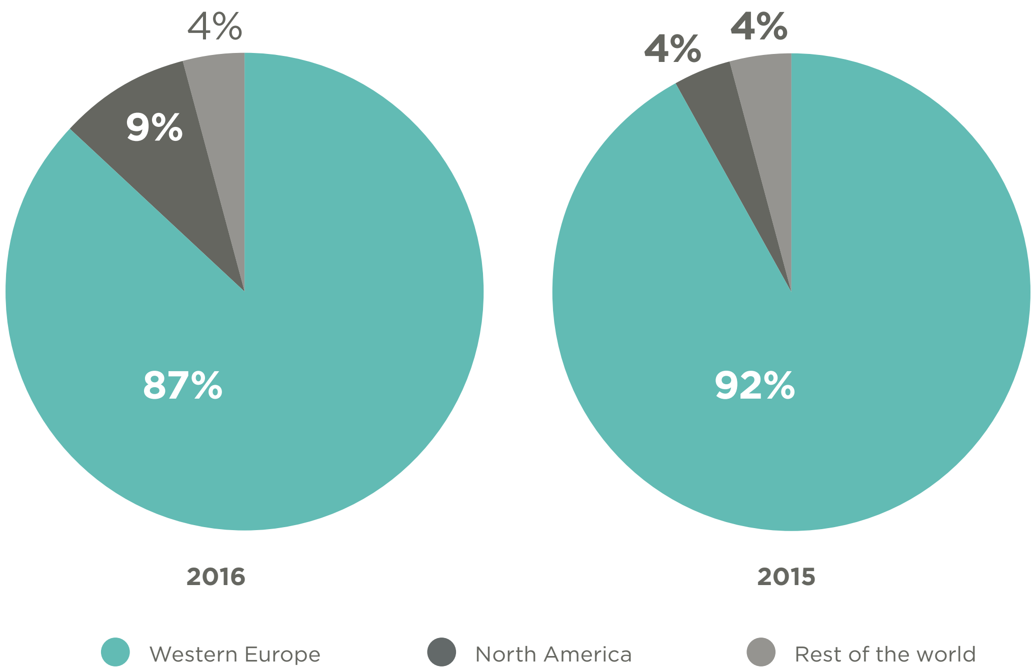
4. NET SALES, THE GROUP

Net sales relates to sale of merchandise.

	01 01 2016 12 31 2016		01 01 2015 12 31 2015	
Revenues per segment	**Revenues**	**%**	**Revenues**	**%**
Protection	510 833	58.8%	330 966	44.3%
Audio	127 006	14.6%	139 668	18.7%
Power	112 295	12.9%	75 319	10.1%
Connected Devices	54 454	6.3%	100 830	13.5%
Other	63 593	7.3%	100 858	13.5%
	868 181	100%	747 640	100%

Sales by region	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Western Europe	756 974	684 825
North America	78 493	30 477
Rest of the world	32 714	32 338
Total	**868 181**	**747 640**

Sales by region



5. COST OF GOOD SOLD, THE GROUP

Cost of goods sold includes all costs STRAX incurred in order to generate sales during the same period. Cost of goods sold includes shipping costs relating to transportation of sold goods, depreciation of fixed tangible assets, and personnel related expenses.

6. OPERATING EXPENSES, THE GROUP

Operating expenses are classified by function.

7. SELLING EXPENSES, THE GROUP

Selling expenses mainly include personnel expenses, rent, material costs as well as depreciation relating to sales activities.

8. ADMINISTRATIVE EXPENSES, THE GROUP

Administrative expenses mainly include personnel expenses, rent, consultancy fees as well as depreciation relating to administration activities.

9. OTHER OPERATING EXPENSES, THE GROUP

Other operating expenses include foreign exchange rate losses to the greater part.

10. OTHER OPERATING INCOME, THE GROUP

Other operating income includes foreign exchange rate gains to the greater part.

11. FINANCIAL INCOME, THE GROUP	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Interest income and similar income	283	243

12. FINANCIAL EXPENSES, THE GROUP	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Interest expenses and similar expenses	-11 019	-10 586

13. INCOME TAXES, THE GROUP

The expected actual income tax and the deferred tax assets and tax liabilities are recognized as the calculated income tax in each subsidiary, applying each country/tax domicile legislation.

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Current taxes		
Current tax expense/income current year	12 043	9 398
Current tax expense/income previous years	2 753	430
Total current tax expense/income	**14 796**	**9 829**
Deferred taxes		
Deferred tax expense/income relating to temporary differences	2 370	-1 356
Deferred tax expense/income from loss carry forwards	-11 655	2 338
Total current tax expense/income	**-9 285**	**982**
Total current tax expense/income	**5 511**	**10 811**

Tax reconciliation, the group		**in kSEK**		**in kSEK**
Profit before tax		35 772		22 266
Expected tax rate		**33,33 %**		**33,33%**
Expected tax expences 2016: 33,33% (2015: 33,33%)	33,3%	12 034	33,3%	7 423
Adjustmet of taxes to different foreign tax rate	-23,3%	-8 329	-11,0%	-2 133
Tax effects from additions to and of local taxes	12,3%	4 389	4,0%	892
Tax payments and refunds for previous years	7,7%	2 756	18,6%	4 133
Losses for current year for which no deferred tax asset was recognized	0,0%	0	12,4%	2 758
Recognition of previously unrecognized tax loss carryforwars in previous years	-14,3%	-5 099	-9,0%	-2 008
Other tax effects	-0,7%	-240	0,3%	70
Tax expense	15,4%	**5 511**	48,6%	**10 811**
Effective tax rate		**15%**		**49%**

Reconciliation of the effective tax rate is based on the German, from an accounting perspective, parent company's view with reference to the fact it is accounted for as a reversed merger.

14. EMPLOYEES AND PERSONNEL COSTS, THE GROUP

Average number of employees and gender distribution:
The average number of employees during the year amounted to 197 (165) of which 111 (90) men and 86 (75) women.

Geographical distribution:		
Western Europe	164	151
USA	7	6
Rest of the world	26	9
Total	**197**	**165**

Gender distribution in the Board of Directors and senior management:
The Board of Directors and other senior management consisted of men as in the previous year.

	01 01 2016 12 31 2016	**01 01 2015 12 31 2015**
Salaries, other remunerations and social security expenses:		
Salaries and other remunerations:		
The Board of Directors and CEO	3 535	1 768
Other employees	102 750	86 739
Total salaries and other remunerations	**106 285**	**88 507**
Social security expenses:		
The Board of Directors and CEO	277	266
(of which are pension costs)	25	28
Other employees	14 761	12 715
(of which are pension costs)	3 938	3 459
Total social costs	**15 039**	**12 489**
Total salaries, other remunerations and social costs	**121 323**	**101 489**

Information on senior management benefits

Senior management
Senior management refers to the management defined as the CEO and the Executive Director, CFO and CMO. Other senior management has not been defined.

Remuneration to the Board of Directors
According to the decision at the AGM 2016, the Directors' remuneration amounts to a total of 350 (200). The Board remuneration covers the period from the date the Director is elected at the Annual General Meeting until the next AGM and is to be divided equally among the members of the Board who are not employees of STRAX.

Principles for remuneration to senior management
Senior management have fixed salary for work carried out and is entitled to participate in share-based incentive programs.

Current guidelines for remuneration to senior management
The Annual General Meeting on 26 April 2016, resolved to approve the Board of Directors' proposal regarding guidelines for remuneration of the Management as set forth below. The proposal substantially complies with earlier applied guidelines for remuneration of the Management of the Company. The Board of Directors as a whole serves as a remuneration committee in relation to matters regarding

14. (CONTINUATION)

remuneration and other terms of employment for the Management of the Company.

The Board of Directors annually monitors and evaluates on-going, and during the year completed, programs concerning variable remuneration. The Board of Directors also monitors and evaluates the current remuneration structure and levels of remuneration in the Company, the application of the guidelines approved at the Annual General Meeting regarding remuneration of the Management and other employees, and otherwise consider the need for change. According to the Board of Directors, there are reasons for continuing with guidelines for remuneration and variable salary that are consistent with the previous year.

The Company shall offer conditions in line with the market which will enable the Company to recruit and retain competent personnel. The remuneration of the Management of the Group shall consist of fixed salary, variable remuneration, pension and other customary benefits. The remuneration is based on the commitment and performance of the individual in relation to individual objectives and joint objectives for the Company which have been determined in advance. The individual performance is continuously evaluated.

The fixed salary is in general reviewed on a yearly basis and shall be based on the qualitative performance of the individual. The fixed salary of the CEO and the Management shall be in line with the market.

The Company may adopt share-based incentive programs intended to promote the Company's long-term interests by motivating and rewarding the Management of the Company, among others.

The Board of Directors may, if special circumstances are at hand in a certain case, decide to deviate from the guidelines.

Specification of remuneration and other benefits to management and board members:

Person/function	Remuneration 2016	Remuneration 2015
Management:		
Gudmundur Palmason		
CEO		
Salary	2 111	772
Pension	25	28
	2 136	799
Ingvi T. Tomasson		
Working board member		
Salary	1 036	996
Pension	–	–
	1 036	996
Board members:		
Bertil Villard	188	–
Anders Lönnqvist	75	–
Michel Bracké	75	–
	338	–

14. (CONTINUATION)

Salary and other benefits to the CEO
The principles for the variable remuneration for the financial year 2016 were decided by the Annual General Meeting 2016. The employment contract is subject to 24 months' notice by either party and contains no provision regarding lowered retirement age.

Decision process
All remuneration matters concerning management and other potential benefits are considered and decided upon by the Board. The same process applies to potential remunerations regarding consulting fees for members of the Board. Decisions on potential variable result based remuneration to management are referred to the Annual General Meeting.
The remuneration committee consists of the whole Board of Directors.

Pension
Pension is paid in accordance with the ITP plan for all employees, the retirement age is 65.

Severance pay
There are no agreements including severance pay.

15. REMUNERATION TO AUDITORS, THE GROUP

	01 01 2016 12 31 2016	**01 01 2015 12 31 2015**
Audit	2 970	479
Related audit assignments	1 423	41
Tax consultancy	–	–
Other assignments	150	–
Total remuneration to auditors	**4 543**	**520**

Audit assignment is defined as the audit of the annual financial statements, the administration of the Board of Directors and the CEO, and other tasks, which rest upon the auditor as well as consulting and other assistance, which has been initiated by the findings in performing the audit work or implementation of such tasks. All other work is referred to as other assignments.

All remuneration paid was to KPMG.

16. GOODWILL, THE GROUP	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Acquisition-/ Production Costs		
Balance at 01.01.	**174 445**	**125 096**
Currency translation differences	6 891	-2 710
Additions	53 989	52 059
Disposals	-	-
Reclassifications	-	-
Balance at 31.12.	**235 325**	**174 445**
Depreciation		
Balance at 01.01.	**-41 766**	**-42 691**
Currency translation differences	-1 650	925
Additions	-	-
Disposals	-	-
Reclassifications	-	-
Balance at 31.12.	**-43 416**	**-41 766**
Net book value 31.12.	**191 911**	**132 678**
Goodwill by segmentation		
Protection	142 068	98 861
Power	11 149	4 659
Audio	37 087	28 423
Connected devices	1 607	735
Total	**191 911**	**132 678**

The acquisition of Strax, finalized on April 30 2016 had the effect that in the accounts the regulations on reversed acquisition shall be applied, which entails that the groups result prior to the acquisition date is comprised of the previous Strax group (the legal subsidiary's group) and that the acquisition analysis is based on the fair value of Novestra's earlier holding in Strax. Novestra previously owned 27 percent in Strax and acquired, through the current transaction the remaining outstanding shares through payment in own shares.

Preliminary acquisition analysis:	
Market value at acquisition date	243 581
Value current holding in STRAX	**-195 200**
Transferred consideration	48 381
Equity at time of acquisition	189 592
Carrying amount Strax	-195 200
Fair value acquired net assets	-5 608
Goodwill	**53 989**
Transferred consideration	48 381

The goodwill amount primarily relatets to the listed platform STRAX has been given access to through the reversed acquisition. STRAX AB (former AB Novestra), from an accounting perspective as a subsidiary in the group, has not contributed to the net sales or result since the acquisition, which would also have been the case if the acquisition had been made as at January 1, 2016. The goodwill amount is not deductible from a tax perspective.

The assets acquired at fair value amounted to -5 608, and represents cash and bank balances, net receivables after deduction of utilized credit facilities amount to -5 815.

17. OTHER INTANGIBLE ASSETS, THE GROUP

	Software and similar rights	Customer base	Total
Acquisition-/ Production Costs			
Balance at 01.01.2016	**7 922**	**5 339**	**13 261**
Currency translation differences	704	211	**915**
Additions	10 680	–	**10 680**
Disposals	-2 980	–	**-2 980**
Reclassifications	–	–	**-**
Balance at 31.12.2016	**16 325**	**5 550**	**21 875**
Depreciation			
Balance at 01.01.2016	**-6 138**	**-4 632**	**-10 770**
Currency translation differences	-366	-183	**-549**
Additions	-1 280	-736	**-2 016**
Disposals	2 971	–	**2 971**
Reclassifications	–	–	**-**
Balance at 31.12.2016	**4 814**	**-5 551**	**-10 364**
Net book value 31.12.2016	**11 511**	**-**	**11 514**
Acquisition-/ Production Costs			
Balance at 01.01.2015	**6 669**	**5 457**	**12 126**
Currency translation differences	-144	-118	**-262**
Additions	1 397	–	**-1 397**
Disposals	–	–	**-**
Reclassifications	–	–	**-**
Balance at 31.12.2015	**7 922**	**5 339**	**13 261**
Depreciation			
Balance at 01.01.2015	**- 5072**	**-3 945**	**-9 017**
Currency translation differences	110	85	**195**
Additions	-1 176	-772	**-1 948**
Disposals	–	–	**-**
Reclassifications	–	–	**-**
Balance at 31.12.2015	**-6 138**	**-4 632**	**-10 770**
Net book value 31.12.2015	**1 783**	**707**	**2 490**

18. TANGIBLE FIXED ASSETS, THE GROUP	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Acquisition-/ Production Costs		
Balance at 01.01.	**22 018**	**16 907**
Currency translation differences	477	-8
Additions	20 712	5 422
Disposals	-8 836	-303
Reclassifications	–	–
Balance at 31.12.	**34 372**	**22 018**
Depreciation		
Balance at 01.01.	**-14 822**	**-12 915**
Currency translation differences	-126	22
Additions	-11 881	-2 233
Disposals	8 177	303
Reclassifications	–	–
Balance at 31.12.	**-18 653**	**-14 823**
Net book value 31.12.	**15 719**	**7 195**

19. SHARES IN ASSOCIATED COMPANIES, THE GROUP	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Acquisition-/ Production Costs		
Balance at 01.01.	**1 222**	**8 491**
Currency translation differences	48	-27
Additions	7 629	–
Disposals	–	-7 242
Balance at 31.12.	**8 899**	**1 222**
Depreciation		
Balance at 01.01.	**-1 149**	**-1 033**
Currency translation differences	-45	22
Reclassifications	–	-138
Balance at 31.12.	**-1 194**	**-1 149**
Net book value 31.12.	**7 705**	**74**

20. OTHER ASSETS, THE GROUP	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Creditors on the debit side	7 317	24 159
Assigned cash	–	10 458
Factoring receivables	7 871	9 530
Loans to third parties	8 387	9 199
Payments to third parties	5 149	1 663
Miscellaneous other financial assets	-	2 959
Other financial assets	**28 724**	**57 967**
Other tax refund claims	659	8 849
Prepaid expenses and deferred charges	5 041	6 056
Prepayments royalties	3 277	5 146
Shareholder loans	–	3 492
Miscellaneous other assets	18 850	9 750
Other assets	**27 827**	**33 294**
Total other assets	**56 551**	**91 261**
of which non-current	10 552	7 361
of which current	45 996	83 904

21. DEFERRED TAX ASSETS, THE GROUP	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Related to tax carry forwards	14 854	2 959
Other	738	2 424
Total	**15 592**	**5 385**

22. ACCOUNTS RECEIVABLES, THE GROUP

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Balance at 01.01.	**3 354**	**3 685**
Allocation	1 446	239
Utilization/ Reversal	–1 157	–570
Balance at 31.12.	**3 643**	**3 354**

Total accounts receivables	123 824	130 252
Of which neither overdue nor impaired	**26 928**	**47 626**
Overdue	3 776	3 354
Impairment	**23 153**	**44 272**
Overdue not impaired	15 934	23 472
Up to 30 days	4 155	15 106
30–60 days	3 064	5 694
> 60 days		

STRAX has a long-term and ongoing business relationship with TLF, a company with a considerable number of licences within lifestyle brands, for example, adidas. STRAX is TLF's largest customer, and at the end of 2016 had receivables of approximately MSEK 30, mainly attributable to older receivables and ongoing production of goods. At the end of the year the level was unusually high and is expected to decrease during 2017. Management is confident that the entire receivables will be received, as well as the exposure over time shall normalize with regard to value and credit days.

23. RECEIVABLES FROM ASSOCIATED COMPANIES, THE GROUP

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Telecom Lifestyle Fashion B.V.	27 620	14 367
Celcom Hong Kong Limited	4 410	–
Total	**32 030**	**14 367**

24. CASH AND CASH EQUIVALENTS, THE GROUP

Cash and cash equivalents includes cash and current account balances.

25. EQUITY, THE GROUP

The group's equity consists of share capital, other contributed capital and retained earnings including profit or loss for the year.

Share capital

The group's share capital consists of the parent company's share capital, share capital in subsidiaries have been eliminated in the group accounts. The share capital amounts to SEK 37 187 973, distributed over the same number of shares. The quota value amounts to SEK 1.00. All shares have the same right to the net assets, and every share has one vote at a general meeting with the shareholders.
All shares are fully paid.

Other contributed capital

Other contributed capital is capital paid in by the shareholders.

Retained earnings including profit or loss for the year

Retained earnings including profit or loss for the year consists of accumulated earnings in the parent company and the subsidiary, as well as accumulated effects on profit or loss emanating from consolidation of the group accounts. Previous transfers into the statutory reserve, excluding transferred other contributory equity, are included in their own capital item.

Dividend

The Board of Directors propose that no dividend be paid out for the financial year 2016.

Authorization for the Board of Directors to resolve upon new share issues

On April 26, 2016, the Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to up until the next Annual General Meeting and on one or several occasions and with or without preferential rights for the shareholders, decide on a share issue of a maximum of 6 000 000 new shares for payment in cash, through contribution in kind or by set-off. The reason for the proposal and the possibility to deviate from shareholders' preferential rights in the proposal is, among other things, to facilitate for the company to carry out acquisitions with payment in shares or to otherwise procure the financing of the company in an active and appropriate manner.

Management of capital and dividend policy

Capital consists of accounted equity, amounting to 173 516 (98 447) in the group. The Board of Directors' aim is that the company shall have a capital structure resulting in a high return through the use of suitable pledges, while at the same time aiming to maintain a sound financial stability through maintaining a high solidity.

The Board of Directors intend, providing the capital structure and the group's financial obligations permit, propose distribution to the shareholders, through a dividend or other method, depending on which method is most suitable at each individual occasion.

Share buy-back

The Annual General Meeting held on April 26, 2016 renewed the Boards mandate to purchase the company's own shares. The mandate has not yet been utilized to-date.

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
At the beginning of the year	37 187 973	37 187 973
Non-cash issue	80 574 293	–
Number of registered shares at the end of the year	**117 762 266**	**37 187 973**
Average number of shares at the end of the year	**117 762 266**	**37 187 973**
Average number of shares during the period	**115 319 807**	**110 374 332**

STRAX has only one class of shares and all shares are fully paid for. All shares carry an equal right to a share in the company's assets and profits, and each share carries one vote at shareholder meetings. Total share capital amounts to SEK 117 762 266 [1] and the quota value is SEK 1.00.

[1] After the EGM held on December 22, 2016 resolved to change the reporting currency to EUR the amount was changed to EUR 12 327 900.13 corresponding to a quota value of EUR 0.10.

26. PROVISIONS, THE GROUP

Balance at 01.01.2015	**3 042**
Thereof current	3 042
Allocation	4 025
Reversal	
Utilization	-1 195
Balance at 31.12.2015	**5 872**
Balance at 01.01.2016	**5 872**
Thereof current	5 872
Allocation	2 350
Reversal	-802
Utilization	-4 136
Balance at 31.12.2016	**3 518**
Thereof current	3 518

27. OPERATING LEASES, THE GROUP

	01 01 2016 12 31 2016	**01 01 2015 12 31 2015**
Up to 1 year	11 644	10 577
1–5 years	36 643	35 462
Total	**48 288**	**46 039**

28. FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

Financial assets	2016 Receivables and accounts receivable	2015 Receivables and accounts receivable
Other non-current financial receivables	6 477	7 361
Accounts receivable	123 824	130 252
Receivables on associated companies	32 030	14 363
Other current financial receivables	23 375	50 616
Cash and bank balances	34 999	45 727
	220 705	**248 319**

Financial liabilities	2016 Borrowings and accounts payable	2015 Borrowings and accounts payable
Other non-current financial liabilities	1 863	35 811
Non-currnt interest bearing liabilities	47 973	–
Commitment to buy-back own shares	–	2 297
Current interest bearing debt	111 099	124 270
Accounts payable and other liabilities	131 400	90 278
Other current financial liabilities	61 590	97 730
	353 925	**350 386**

The reported value of financial assets and liabilities is deemed to correspond to their fair value. The long-term interest bearing liabilities have variable interest rates and there is no indication that another interest rate margin would be obtained todate. Other financial assets and liabilities are essentially short-term.

29. EMPLOYEES, THE PARENT COMPANY

Average number of employees and gender distribution
The average number of employees during the year amounted to two (two) of which one (one) was a man.

Gender distribution in the Board of Directors and management:
The Board of Directors and other management consisted of men, as in the previous year.

Salaries, other remunerations and social security expenses:	**01 01 2016 12 31 2016**	**01 01 2015 12 31 2015**
Salaries and other remunerations:		
Board of Directors and Managing Director	1 145	705
Other employees	764	755
Total salaries and other remunerations	**1 909**	**1 460**
Social security expenses:		
Board of Directors and Managing Director	680	437
(of which pension costs)	(319)	(221)
Other employees	408	404
(of which pension costs)	(168)	(166)
Total social costs	**1 088**	**841**
Total salaries, other remunerations and social security expenses	**2 997**	**2 301**

All salaries and other remunerations relate to personnel in Sweden.

Information regarding individual remunerations for the Board of Directors and the management is available in Note 14, Employees and personnel costs, the group.

Management:		
Johan Heijbel		
Managing Director (January – April) 2016	4 month	12 month
Salary	150	450
Pension	60	221
	210	671
Board members:		
Bertil Villard	213	100
Anders Lönnqvist	100	100
Michel Bracké	75	100
	388	300

30. REMUNERATION TO AUDITORS, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Audit	844	479
Related audit assignments	967	41
Tax consultancy	–	–
Other assignments	150	–
Total remuneration to auditors	**1 961**	**520**

Audit assignment is defined as the audit of the annual financial statements, the administration of the Board of Directors and the CEO, and other tasks, which rest upon the auditor as well as consulting and other assistance, which has been initiated by the findings in performing the audit work or implementation of such tasks.
All other work is referred to as other assignments.

All remuneration paid was to KPMG AB.

31. DEPRECIATION OF TANGIBLE FIXED ASSETS, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Depreciation according to plan by type of asset:		
Equipment	27	36
Total depreciation	**27**	**36**

The total depreciation relates to administration.

32. NET FINANCIAL ITEMS, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Financial income:		
Interest income, associated companies	8	–
Exchange rate gains	–	2 270
Total	**8**	**2 270**
Financial expenses:		
Other interest expense	–315	–334
Exchange rate losses	–	–
Total	**–315**	**–334**

For information per valuation category see Note 28, Assets and Liabilities, categorization and result, the parent company.

33. EQUIPMENT, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Accumulated acquisition value:		
At the beginning of the year	1 560	1 552
Acquisitions	4	8
At the end of the year	**1 564**	**1 560**
Accumulated depreciation:		
At the beginning of the year	–290	–254
Depreciation	–27	–36
At the end of the year	–317	–290
Carrying value at the end of the year	**1 247**	**1 270**

34. SHARES AND PARTICIPATIONS IN GROUP COMPANIES, AND THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Accumulated acquisition value:		
At the beginning of the year	100	100
Acquisition STRAX	527 761	–
Reclassification STRAX	195 200	–
Carrying value at the end of the year	**723 061**	**100**

Specification of shares and participations held in group companies:

Name	Corporate Identity No.	Reg. Office	Ownership[1]	Value
Novestra Financial Services AB	556680-2798	Stockholm	100%	100
STRAX Holding GmbH	n/a	Troisdorf	100%	723 061

The parent company has issued a guarantee of MEUR 1.2 in favor of Strax Holding GmbH.

[1] Share of capital and votes.

Shares in subsidiaries under STRAX GmbH:

Subsidaries included in the consolidated financial statements		Currency	Equity interest in % 12 31 2015	Equity interest in % 12 31 2016	Full Consolidation (F) At-Equity Consolidation (E) Non Consolidation (nC) 12 31 2015	Full Consolidation (F) At-Equity Consolidation (E) Non Consolidation (nC) 12 31 2016
STRAX Holding GmbH	Troisdorf (Germany)	EUR	100.00%	100,00%	F	F
STRAX GmbH	Troisdorf (Germany)	EUR	100.00%	100.00%	F	F
STRAX Germany GmbH	Troisdorf (Germany)	EUR	100.00%	100.00%	F	F
STRAX France sarl	Jouy en Josas (France)	EUR	100.00%	100.00%	F	F
STRAX Global mobile solution AB	Karlstad (Sweden)	SEK	100.00%	100.00%	F	F
STRAX UK Ltd.	St. Albans (England)	GBP	100.00%	100.00%	F	F
STRAX Sp. z o.o	Warschau	PLN	100.00%	100.00%	F	F
STRAX Mobile ApS	Glostrup (Denmark)	DKK	100.00%	100.00%	F	F
STRAX Americas Inc.	Miami (USA)	USD	100.00%	100.00%	F	F
more... accesorios Espana S.L.	Madrid (Spain)	EUR	100.00%	100.00%	F	F
more... International Ltd.	St. Albans (England)	GBP	100.00%	100.00%	F	F
STRAX Asia Ltd.	Kowloon (China)	HKD	100.00%	100.00%	F	F
STRAX Norway AS	Sandefjord (Norway)	NOK	100.00%	100.00%	F	F
Urbanista AB	Stockholm (Sweden)	SEK	100.00%	100.00%	F	F
Gear4 Limited	Kowloon (China)	HKD	100.00%	100.00%	F	F
STRAX Shenzhen	Shenzen City (China)	CNY	100.00%	100.00%	F	F
STRAX Swiss Logistics	Kloten (Switzerland)	CHF	70.00%	70.00%	F	F
Telecom Lifestyle Fashion B.V.	Tillburg (Netherland)	EUR	1.11%	1.11%	E(1)	E(1)
Celcom Hong Kong Limited	Kowloon (China)	HKD	–	50.10%	–	E(2)
Sowntone Limited	Essex (England)	GBP	–	51.00%	–	E(2)

(1) Significant influence due to contractual arrangements or legal circumstances.
(2) No control due to substantive removal or participation rights held by other parties.

35. SHARES IN ASSOCIATED COMPANIES, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Carrying value:		
At the beginning of the year	141 363	135 263
Investments	–	–
Disposals	–	–
Reclassification STRAX	-195 200	–
Changes in value through profit/loss	53 900	6 100
Carrying value at the end of the year	**63**	**141 363**

Specification of shares and participations held in associated companies

As at December 31, 2016

Name	Corp. Id. No.	Reg. Office	Equity(3) (100%)	Profit/ loss(3) (100%)	Owner-ship(1)	Carrying value
Swiss Picturebank (Group) AG	n/a	Switzerland	n/a	n/a	25%	63
Total						**63**

As at December 31, 2015

Name	Corp. Id. No.	Reg. Office	Equity (100%)	Profit/ loss (100%)	Owner-ship	Carrying value
Swiss Picturebank (Group) AG	n/a	Switzerland	n/a	n/a	25%	63
STRAX Group GmbH(2)(3)	n/a	Germany	99 777	15 911	27%	141 300
Totalt						**141 363**

(1) After diluation and utilization of options etc.
(2) EUR/SEK = 9.5525 (9.1707).
(3) According to IFRS.For key estimates and assumptions in establishing valuation at fair value, see Note 1, Accounting principles

Receivables, associated companies
Receivables from associated companies amounted to 375 (375) as at 31 december 2016.

Interest income, associated companies
During the year interest income received from associated companies amounted to – (–).

Dividends from associated companies
Dividend received from associated companies during the year amounted to – (–).

36. SHARES AND PARTICIPATIONS, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Carrying value:		
At the beginning of the year	8 598	70 383
Investments	2 403	–
Disposals	-195 277	-90 935
Changes in value through profit/loss(1)	-1 226	29 150
Carrying value at the end of the year	**-185 502**	**8 598**
of which is held for sale	*214*	*8 514*

Specification of shares and participations:

Name	Ownership % 12 31 2016	No. of shares 12 31 2016	Carrying value 12 31 2016	Carrying value 12 31 2015
Holding:				
WeSC AB	0.31	356 398	214	8 514
Other	–	–	–	84
Total holdings			**214**	**8 598**

For key estimates and assumptions in establishing valuation at fair value, see Note 1, Accounting principles and Note 19, Shares and participations, the group.

37. EQUITY, THE PARENT COMPANY

Equity in the parent company consists of restricted equity and non-restricted equity. Restricted equity may not be reduced through dividends to the shareholders.

Restricted equity

STRAX restricted equity consists of share capital and statutory reserve. The statutory reserve may be used to cover incurred losses, after decision taken by a general meeting with the shareholders.

Non-restricted equity

STRAX non-restricted equity consists of the net profit/loss for the year and previous years' accumulated profit/loss, reduced by any statutory reserve provision and after any dividends have been paid out. All income and costs accounted for during a period are included in the net profit/loss, unless recommendation from the Swedish Accounting Standards Council, or within IFRS, require or allows them to be accounted for directly against the equity. The non-restricted equity that is accounted for at the end of each year is available for dividends to the shareholders.

Dividend

The Board of Directors propose that no dividend be made for the financial year 2016.

Authorization for the Board of Directors to resolve upon new share issues

The Annual General Meeting held on April 26, 2016 resolved in accordance with the proposal of the Board of Directors, to authorize the Board to resolve upon new share issues, to acquire and sell the company's own shares and to issue new shares against contribution in kind.

Capital management

For information regarding capital management we refer to Note 25, Equity, the group.

Proposed distribution of earnings in the parent company (KSEK)

At the disposal of the Annual General Meeting is:

Retained earnings	87 140
Profit/Loss for the year 2016	50 307
Total	**137 447**

Number of shares issued	01 01 2016 12 31 2016	01 01 2015 12 31 2015
At the beginning of the year	37 187 973	37 187 973
Number of shares registered at the end of the year	**117 762 266**	**37 187 973**
Reported number of shares at the end of the year	**117 762 266**	**37 187 973**
Average number of shares during the period	*115 319 807*	*37 187 973*

STRAX has only one class of shares. All shares carry an equal right to the company's assets and profits and each share carries one vote at shareholders' meetings. Total share(1) capital amounts to SEK 117 762 266 and the quote value is SEK 1.

(1) After the EGM held on December 22, 2016 resolved to change the reporting currency to EUR the amount was changed to EUR 12 327 900.13 corresponding to a quota value of EUR 0.10

38. INTEREST-BEARING LOANS, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Raised loans – credit institutions	6 060	394
Total	**6 060**	**394**

Liabilities to credit institutions are in the form of a SEK bank overdraft, which normally expires and is renewed annually. The interest is due and paid at the end of every quarter. Other liabilities 150 (80) comprise of operating liabilities which normally are due for payment within 10–90 days.

39. LIABILITIES TO THE GROUP, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Novestra Financial Services	913	928
STRAX Holding GmbH	–	–
Total	**913**	**928**

The parent company has issued a guarantee to the benefit of Strax Holding GmbH to the amount of MEUR 1.2.

40. ACCRUED EXPENSES AND PREPAID INCOME, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Personnel related costs	–	856
Other personnel costs	1 731	1 139
Costs for annual report, audit and AGM	430	484
Other accrued expenses	227	74
Total	**2 387**	**2 552**

41. PLEDGED ASSETS, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Pledged assets	197 187	149 822
Utilised assets	–6 060	–394
Second mortgage	**191 127**	**149 428**

The parent company has issued a guarantee of MEUR 1.2 in favor of Strax Holding GmbH.

42. SPECIFICATION TO THE CASH FLOW STATEMENT, THE PARENT COMPANY

	01 01 2016 12 31 2016	01 01 2015 12 31 2015
Adjustment for income items from operations not included in cash flow and do not affect the cash flow:		
Adjustments for earnings impact of financial instruments at fair value	–52 674	–35 250
Write-downs	27	36
Adjustment for reserve long-term liabilities	4	–1
	–52 643	**–35 215**
Cash and cash equivalents		
The following components are included in cash and cash equivalents:		
Cash and bank balances	109	70
	109	**70**

Paid interest and dividends received

Dividends received	–	2 949
Interest paid	315	344

Sale of assets through debenture

Divestment Explorica	–	90 935

43. RELATED PARTIES DISCLOSURE, THE GROUP AND THE PARENT COMPANY

The following additional information about related parties is being provided in addition to what has been described in the annual report.

Companies with common Board members
Apart from specified related parties there are a number of companies in which STRAX and the respective company have common Board members. Information has not been provided in this note because these situations are either not considered to involve influence of the type described in IAS 24, or the transactions refer to intangible amounts.

Related party transactions
STRAX has purchased corporate law advisory services from Advokatfirman Vinge KB for a total of 2 684 (124) during the financial year 2016. Bertil Villard, Chairman of the Board of STRAX, isactive as attorney and partner of Vinge KB. The services were purchased on market terms, and are not tied to Bertil Villard in person and lie outside the tasks Bertil Villard carries out within the framework of his board assignment, for which he receives board remuneration in conformity with the other board members.

44. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD, THE GROUP AND THE PARENT COMPANY

In March 2017 STRAX signed an exclusive contract with Tessco Technologies Inc., for STRAX proprietary brands in the US.

STRAX won a multi-tiered tender with mobilcom-debitel in Germany in March 2017 to exclusively supply all sales channels with mobile accessories and consumer IoT products.

No other significant events have occurred after the end of the financial year 2016 up to the date of this annual report.

The Board of Directors and the CEO hereby verify that the consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the European Council of July 19, 2002 on the application of international accounting standards and generally accepted auditing standards in Sweden and give a true and fair view of the group's and parent company's financial position and results of operations. The Board of Directors' Report for the group and the parent company gives a true and fair view of the group's and the parent company's operations, position and results, and describes significant risks and uncertainty factors that the parent company and group companies face.

The annual accounts and the consolidated financial statements were approved for release by the Board of Directors on May 2, 2017. The consolidated income statement and balance sheet, and the income statement and balance sheet of the parent company, will be presented for adoption by the Annual General Meeting on May 23, 2017.

Stockholm May 2, 2017

Bertil Villard
Chairman

Gudmundur Palmason
Board member & CEO

Ingvi T. Tomasson
Board member

Michel Bracké
Board member

Anders Lönnqvist
Board member

Our audit report was submitted on May 2, 2017

KPMG AB

Mårten Asplund
Authorized Public Accountant

The information in this annual report is such that STRAX AB is required to disclose according to Sweden's Securities Market Act. STRAX AB released the year-end report, including the interim report for the fourth quarter to the media for publication on February 23, 2017 at 8.55 am through a press release and also on the website www.STRAX.com. The Annual Report was released on STRAX website on May 2, 2017 at 11 pm with a press release detailing such information at the same time.

This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

AUDITOR'S REPORT

To the general meeting of the shareholders of Strax AB, corp. id 556539-7709

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Strax AB for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 42-90 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Matter

The audit of the annual accounts for year 2015 was performed by another auditor who submitted an auditor´s report dated 25 April 2016, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Accounting for reversed takeover

See disclosure, note 16, and accounting principles starting on page 54 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

At the beginning of the year, AB Novestra (now renamed to Strax AB (publ)) owned 27% of Strax Gmbh. During the year, the remaining shares (73 percent) of the Strax Gmbh Group have been acquired for a purchase price of 244 MSEK.

In conjunction with business acquisitions, the new operations must be reported in the consolidated financial statements, which requires that an purchase price allocation be prepared. In preparing this allocation, acquired assets and liabilities, irrespective of whether they have been previously reported or not, are to be identified and assigned amounts corresponding to their fair values at the acquisition date.

The acquisition of Strax Gmbh, which was completed on April 30th, 2016, involves accounting in accordance with the Rules for a Reverse Acquisition, which means that the acquirer's profit before the acquisition date consists of the former Strax Group's (the legal subsidiary Strax Gmbh) and that the purchase price allocation is based on fair value of Novestra's previous holding in Strax Gmbh. The acquisition of the remaining part of Strax Gmbh was settled through payment in own shares, new share issue.

In accordance with IFRS Rules on Reverse Acquisitions, the fair value of a hypothetical issue of Strax Gmbh shares, as payment for Strax Gmbhs reverse takeover of Novestra, the transferred compensation for this acquisition. Since the shares in Novestra are listed on a regulated market and the shares in Strax Gmbh are unlisted, the valuation of Novestra has been used as the basis for assessing the hypothetical issue of the reverse acquisition. The value of the hypothetical issue has been reduced by an estimated allocated market value of Strax Gmbh's hypothetical repurchase of Novestra's existing holdings of Strax Gmbh shares. A preliminary purchase price allocation has been prepared where the fair value of Novestra's identifiable assets and liabilities have been estimated to amount to book equity in the Novestra Group as at April 30th, 2016, reduced by book value of Novestra's shares in Strax Gmbh. The difference between the transferred remuneration and the fair value of identifiable assets and liabilities is reported as goodwill.

In order to establish this allocation, there is a need for knowledge of the methods to be used in the analysis and knowledge of the conditions in the acquired business that give rise to values to be reported at group level. In addition to this, knowledge of the accounting methodology is required to identify the components that form the basis for the accounting of a reverse acquisition of this character.

The purchase price allocation requires assessments of the management of the Group regarding the assets to be included in the accounting – in particular, intangible assets may be difficult to assess and what values they may assigned in the accounting. These assessments affect the Group's future earnings, among other things depending on whether depreciable or non-depreciable assets are identified in the accounts. The value remaining after all assets and liabilities have been assessed and valued are reported as goodwill. This goodwill is not subject to depreciation, but should instead be subject to impairment testing at least annually.

Response in audit

We have audited the purchase price allocation in order to assess whether it has been prepared using appropriate methods, taking into account that the transaction accounts for a reverse acquisition. In our work we have involved accounting specialists and specialists in transactions where methodology and valuation techniques are based on the rules for reverse acquisitions. In our work we have, among other things, focused on the intangible assets and that the techniques used by Group management to allocate these assets values in the accounting are consistent with the regulations.

Other important elements of our work is to assess that the assets included in the purchase price allocation exist and that all assets, in particular the intangible assets, have been included. This assessment has been based, among other things, on inspection of agreements and reports prepared by external consultants hired by the Group in order to carry out a so-called due diligence before the acquisition was completed.

We have also checked the completeness of the disclosures in the annual report and assessed whether they are consistent with the disclosures that the Group has used in its purchase price allocation and whether the information is sufficiently comprehensive to understand management's assessments and the nature of the transaction

Accounting for reversed takeover

See disclosure, note 16, and accounting principles with start from page 54 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As of December 31st, 2016, the Group reported goodwill of 191.9 MSEK. Goodwill will annually be subject to at least one so-called impairment test that contains both complexity and a significant amount of assesment by the company.

According to the applicable regulation, the test must be carried out according to a certain technique where the company must make assessments of both the future internal and external conditions and plans. Examples of such assessments are future cash flows, which requires assumptions about future market conditions. Another important assumption is which discount rate should be used to take into account that future estimated cash flows are associated with risk.

The Parent Company reported as of 31st December, 2016, participations in Group companies of SEK 723 MSEK. In cases where the subsidiary's equity is less than the book value of the shares, an impairment test is carried out where the conditions are the same as in the description above for goodwill.

In view of the above, there are significant assessments that are of importance to the financial reporting.

Response in the audit

We have inspected the company's impairment tests to assess whether they are implemented in accordance with the prescribed technique. Furthermore, we have assessed the reasonableness of the future cash flows as well as the assumed discount rate and growth rate by reviewing and evaluating management's written documentation and plans. We have also interviewed management and evaluated previous years' assessments in relation to actual outcomes.

We have involved our own valuation specialists in the audit team in order to ensure experience and expertise in the field, primarily regarding assumptions related to external markets and competitors as well as assessment of the company's assumptions regarding future cash flows.

An important part of our work has also been to evaluate how changes in assumptions can affect the valuation, that is, performing and taking part in the Group's so-called sensitivity analysis.

We have also checked the completeness of the disclosures in the annual report and assessed whether they are consistent with the assumptions applied by the Group in its impairment test and whether the information is sufficiently comprehensive to understand management's assessments.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–41. The other information comprises of a description of the copamny, Corporate goverenance report, three year summary, words from the CEO but does not include the annual accounts and consolidated accounts and our auditor's report thereon. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.

- Conclude on the appropriateness of the Board of Directors' and the CEO, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of STRAX AB for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 2 May 2017
KPMG AB

Mårten Asplund
Authorized Public Accountant

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Strax AB, corporate identity number 555539-7709

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2016 on pages 30–35 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

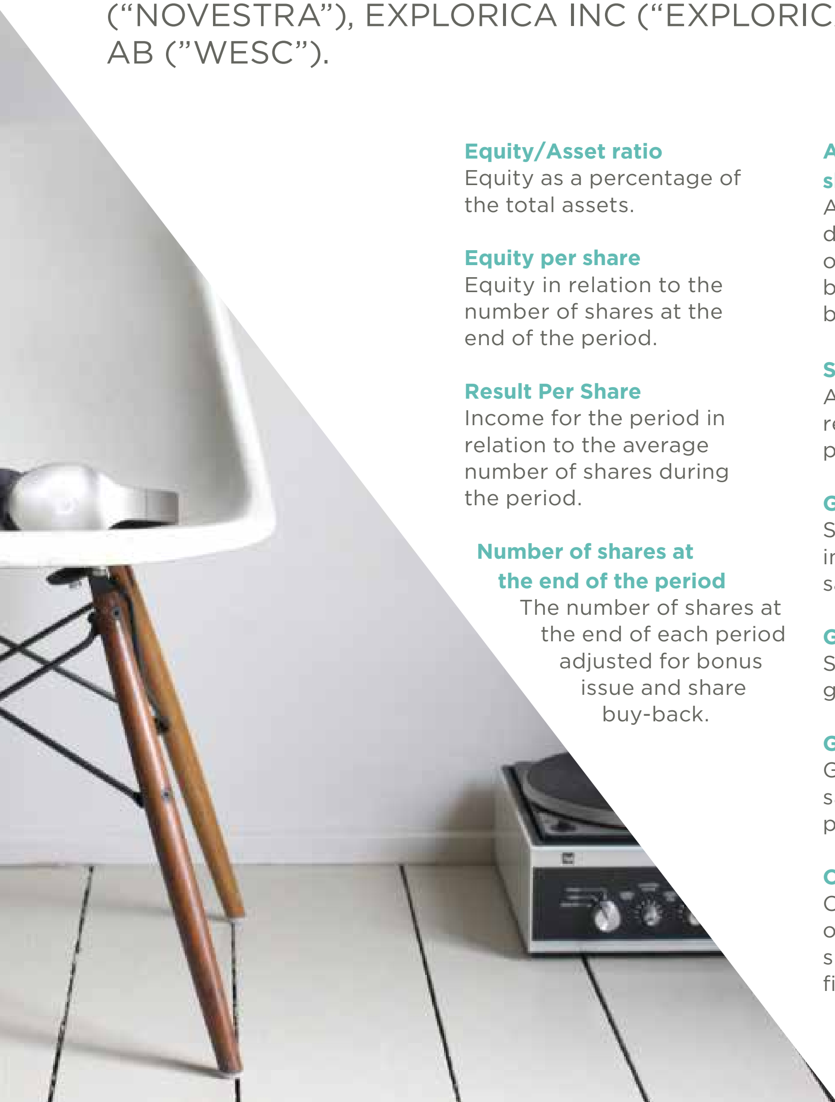
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 2 May 2017
KPMG AB

Mårten Asplund
Authorized Public Accountant

DEFINITIONS

IN THIS REPORT, ”STRAX” OR ”THE COMPANY” PERTAINS TO STRAX AB (PUBL) AND/OR THE GROUP DEPENDING ON THE CONTEXT. OTHER DEFINITIONS: XQISIT™ (”XQISIT”), GEAR4™ (”GEAR4”), URBANISTA™ (”URBANISTA”), THOR™ (”THOR”), AVO+™ (”AVO+”) AND FLAVR™ (”FLAVR”), AB NOVESTRA (“NOVESTRA”), EXPLORICA INC (“EXPLORICA”) AND WESC AB (”WESC”).



Equity/Asset ratio
Equity as a percentage of the total assets.

Equity per share
Equity in relation to the number of shares at the end of the period.

Result Per Share
Income for the period in relation to the average number of shares during the period.

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.

Average number of shares during the period
Average number of shares during the period calculated on a daily basis adjusted for bonus issue and share buy-back.

Sales
A company’s total operating revenue for the specified period.

Growth in sales
Sales for a specified period in relation to sales during the same period the previous year.

Gross profit
Sales less the cost of goods sold.

Gross margin
Gross profit in relation to sales expressed as a percentage.

Operating profit/loss
Operating income minus operating costs for the specified period before financial items and taxes.

SHAREHOLDER INFORMATION

Annual General Meeting

The Annual General Meeting will be held at 16.00 p.m. on Tuesday May 23, 2017 at the law firm Vinge KB, Norrlandsgatan 10, Stockholm, Sweden.

Notice

Information regarding the Notice to the Annual General Meeting was published through a press release on April 21, 2017, and was published in Svenska Dagbladet and the Notice in its entirety was published in Post- och Inrikes Tidningar (the Swedish Official Gazette) on April 25, 2017.

Participation

To be entitled to participate in the Meeting, shareholders:

must be recorded in the register of shareholders maintained by Euroclear Sweden AB (the Swedish Securities Register Center) on Wednesday May 17, 2017, and

must notify the company of their intention to attend the Meeting no later than Wednesday May 17, 2017.

Notification of participation in the Annual General Meeting

Notification can be given by writing to STRAX AB, Mäster Samuelsgatan 10, SE-111 44 Stockholm, Sweden, by calling +46 8 545 017 50, or by emailing ir@strax.com.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee through the trust department of a bank or similar institution must, in order to be entitled to participate in the Meeting, request that their shares are temporarily re-registered in their own names in the register of shareholders maintained by Euroclear Sweden AB. Such registration must be effected on Wednesday May 17, 2017. Shareholders are requested to inform their nominees in good time prior to this date.

Proxies, etc.

Shareholders who are represented by a proxy must authorize the proxy by issuing a power of attorney. If such authorization is issued by a legal entity, an attested copy of a certificate of registration or similar must be attached. The power of attorney and the certificate may not be more than one year old, however, the power of attorney may have a validity of maximum five years if this is specifically stated. The original authorization and certificate of registration, where applicable, should be sent to STRAX AB, Mäster Samuelsgatan 10, SE-111 44 Stockholm, Sweden, well in advance of the Meeting. A proxy form is available on the Company's website (www.strax.com).

Representatives

Shareholders or proxies for shareholders at the Annual General Meeting may take a maximum of two representatives with them to the Meeting. Representatives may be brought to the Meeting only if the shareholder of STRAX AB gives notice of their attendance as described above for notification of participation of shareholders.

Other

The economic information can be found in Swedish and in English on STRAX website www.strax.com and may be ordered from:

STRAX AB
Mäster Samuelsgatan 10
111 44 Stockholm, Sweden
Tel: +46 (0)8-545 017 50
ir@strax.com

FINANCIAL CALENDARIUM 2017

May 23, 2017
Annual General Meeting

May 23, 2017
Interim Report Q1 January 1 – March 31, 2017

May 23, 2017
Bulletin from the Annual General Meeting

August 22, 2017
Interim Report Q2 January 1 – June 30, 2017

November 28, 2017
Interim Report Q3 January 1 – September 30, 2017

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