



2018

STRAX



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ANNUAL REPORT 2018

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THIS IS STRAX

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STRAX is a market-leading global company specializing in mobile accessories. STRAX has built a House of Brands to complement its value-added customer specific solutions and services.

STRAX House of Brands includes proprietary brands: XQISIT, Urbanista, THOR, CLCKR and licensed brands: adidas and bugatti.

In addition, STRAX represents over 40 major mobile accessory brands. STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online.

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



THIS WAS OUR 2018

STRAX delivers a record year with sales of MEUR 107 and net income of MEUR 17

STRAX delivered a record year in both sales and net income in 2018. Sales growth came on the back of strong performance of our proprietary brands in North America, whilst net income was motivated by the successful divestment of Gear4 to ZAGG. More importantly, from a long-term perspective, we reduced our global headcount and operating expense by 25% counted at year end. This was achieved through various measures, from straight job cuts to discontinuation of low impact proprietary brands and the connected devices product segment as well as the sale of Gear4. All-in-all securing annualized cost savings of MEUR 7, thus directly improving our underlying profitability, without dependency on continued growth.

Sales in 2018 were MEUR 107.0 (100.1) corresponding to a growth of 6.9% YoY, EBITDA amounted to MEUR 6.7 (9.3) and net income amounted to MEUR 16.7 (1.8). Sales growth continues to be driven by our strong performance of proprietary brands in North America, 50.5% YoY growth, and Japan, 49.0% YoY growth, and increased share of proprietary brands contributes to higher share of profitability, 72.3% (71.5%).

The divestment of Gear4 was a catalyst move for STRAX, demonstrating our value creation abilities, through brand development competence and market reach. The timing to divest Gear4 was right for both STRAX and our shareholders in order to harvest some of its success at the same time reducing our exposure to the protection product category. This along-side

with the 2019 acquisition of BrandVault are important steps on our mission to future proof STRAX.

STRAX reacted quickly and aggressively to rapidly changing market conditions in 2018, through cost cutting measures and continued investments into growth opportunities offering impactful potential, those being e-commerce, North America and Japan.

Significant events during the period

On November 30, 2018, STRAX divested the mobile phone case protection brand Gear4 to ZAGG Inc, a global leader in mobile accessories for MEUR 33.5, resulting in a capital gain of MEUR 26.3, corresponding to a Gear4 2018 sales multiple of 1, with potential additional payments of up to MEUR 9 based on 2019 sales development.

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

The purchase price was based on a cash and debt-free basis, and the initial cash flow impact of STRAX will equal the initial purchase price less the escrow of MEUR 7. The shares received as part of the purchase price will be subject to a customary 12-month lock-up period, whereby the shares cannot be freely sold or transferred. The shares can be sold or distributed to STRAX shareholders after the lock-up period and release out of escrow.

STRAX will continue to distribute Gear4 products in several markets, including the UK, where Gear4 enjoys a market-leading position in the mobile case category. STRAX does not expect sales to materially decline in 2019 despite the sale of Gear4 and gross margins are expected to remain stable in 2019 as compared to 2018.

STRAX reduced its global headcount by 25%, coming across all support functions, discontinued and divested brands and segments, as well as restructure of certain sales entities, where market conditions remain unfavorable. STRAX discontinued several marginal proprietary brands, FLAVR, avo+ and Eule.

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

STRAX board of directors called for an EGM on December 28, 2018 which resolved on a proposed distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value.

Significant events after the end of the period

STRAX increased its ownership in Brandvault Global Services Ltd from 10 percent to 100 percent. Brandvault is a business focused on sales through e-commerce marketplaces globally.

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

OUR CEO SAYS

GUDMUNDUR
PALMASON



STRAX delivered a record year in both sales and net income in 2018. Sales growth came on the back of strong performance of our proprietary brands in North America and Japan, whilst net income was motivated by the successful divestment of Gear4 to ZAGG. More importantly, from a long-term perspective, we reduced our global headcount and operating expense by 25% counted at year end. This was achieved through various measures, from straight job cuts to discontinuation of low impact proprietary brands and the connected devices product segment, as well as the sale of Gear4. All-in-all, we secured annualized cost savings of MEUR 7, thus directly improving our future underlying profitability without dependency on continued growth.

Sales growth driven by international markets

Sales in 2018 were MEUR 107 corresponding to a growth of 7% YoY and EBITDA amounted to MEUR 6.7. Sales growth continues to be driven by the performance of proprietary brands in North America, 50.5% YoY growth, and Japan, 49.0% YoY growth. Over the last few years we have invested in and developed relationships with major customers in these two significant global markets, which we believe will continue to yield strong results for years to come. Of our proprietary brands Gear4 lead the way in terms of YoY growth, whilst both Urbanista and adidas also experienced strong growth and are expected to continue on that path in 2019.

Gear4 divestment and proprietary brand portfolio

The divestment of Gear4 was a catalyst move for STRAX as it solidified our expertise in the mobile accessories space in terms of developing brands that have global appeal. The transaction was motivated by several factors, from good price and strong value creation to de-risking through less dependency of the protection category and reduction of contingent liabilities. We still hold several proprietary and licensed brands with significant upside potential and we are also in an incubator phase with a couple of new brands, both of which are built around unique and proprietary elements.

eCommerce expansion through Brandvault acquisition

The recent purchase of Brandvault also marks a significant change of scope at STRAX, by opening up new online markets and opportunities for all our proprietary and partner brands.

Our plans aim to generate more than half of our sales online in 3-5 years, through both eCommerce marketplaces and direct brand websites. The significance of this is that we become less dependent on traditional/offline accessories retailers. We will by then, at least partially, become a fully integrated company in the accessories space, doing everything from development, online and offline distribution, marketing and sales to enterprise customers and end consumers, thereby managing the end-to-end sales cycle of mobile accessories. This will furthermore provide direct access to invaluable consumer feedback and data.

Strategic framework

The strategic framework we launched in 2016 remains largely intact. The framework evolves around five independent yet interlinked activities: active brand portfolio management through House of Brands proposition; 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 this strategy coupled with our scalable infrastructure and strong team will deliver increased growth rate and EBITDA margin. We continue our search for a suitable partner for our European distribution business offering both scale and synergies, with the objective of completing a transaction in 2019.

Agile organization

STRAX reacted quickly and aggressively to rapidly changing market conditions in 2018. All of our actions during the year were significant steps in our mission to future proof STRAX through a leaner and more agile House of Brands with direct access to offline and online sales channels globally. I firmly believe that we enter 2019 with a clearer vision and objectives, as well as a solid path to profitability. Our entire organization remains highly engaged and held out strong throughout 2018. I could not be more proud of each of our team members. I remain confident about the rebound of the mobile accessories segment and our House of Brands strategy, and ultimately that better times are imminent for our shareholders.

THIS IS OUR BUSINESS

STRAX is a market-leading global company specializing in mobile accessories. STRAX has built a House of Brands to complement its value-added customer specific solutions and services, with 72.3% of sales coming from the proprietary brands (includes 11.2% from licensed brands) and 27.7% from partner brands.

STRAX Objectives and Goals

STRAX has set the strategic framework for 2020 with above market growth and significant improvements in profitability.

STRAX plans to achieve its objectives by continuing to build on the success of its customers, as well as making strategic acquisitions and expanding globally in a focused manner. STRAX also plans to continue evolving its brand portfolio through the House of Brands proposition, as well as its operational and

service excellence, including state of the art eCommerce solutions. A foundation built around core values and highly motivated employees is key to reaching these goals.

Customer-centric 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

1 Product initiation

2 Product development

3 Product approval

4 Sales & operational planning

Proprietary brands

Based on consumer insights, market trends and technical development in products and materials STRAX has a product initiation process too proprietary and licensed brands and a sourcing process for products from third party brands. The process is partly driven by new launches of handset models combined with key seasonal promotional periods.

Licensed brands

The product design team develops products with trend analysis tools and then creates samples together with the production team. The development includes the packaging and other go to market deliverables that all make up a vital part of the product.

Third party brands

We work with a wide variety of suppliers to bring complimentary products to our proprietary brands.

Through a toll gate process we only select the best products to add to our Proprietary Brand portfolios.

Through a toll gate process the products to be put in production are selected and approved by the licensor.

Our partner brands have extremely wide assortments. Our teams choose the most relevant SKU's.

STRAX works with a sales & operational planning process where proposed purchase orders are based on current inventory levels and forecasted volumes by sales with consideration taken to production lead times on proprietary and licensed brands and delivery criteria for partner brands.

eCommerce. STRAX continues to develop a compelling end-to-end consumer experience to maximize ROI and profitability.

Focused Global Expansion

STRAX focused global expansion strategy involves supplying smartphone accessories all over the world. Focusing on strategic channels/ customers outside of Western Europe, it also maintains market share across core markets in Western Europe. For 2019, STRAX focus markets are North America and Japan, where the intention is to open a significant number of new retail doors.

A Strong Portfolio

STRAX has an evolving portfolio of brands in its existing core categories (protection, power, audio) and achieves 70% of revenue via proprietary brands in 2020. Deep market insight tools will guide STRAX and its customers to success.

Operational Excellence

STRAX is an organization where problem solving, teamwork and strong leadership result in ongoing improvement. Processes are continuously upgraded to support the best profit margins in the industry, with special emphasis on simple organizational structure and an efficient Sales and Operational Planning process.

Growth with Acquisitions

STRAX continuously analyzes acquisition opportunities that span from product companies to distributors. Given STRAX’s recent M&A activity the company is privy to a steady deal flow.

Agile and Lean Organization

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

STRAX operates in a fast-moving technology category, where speed to market is a critical success factor. Improved agility by identifying and responding to changes in the market are expected from all STRAX employees. STRAX aims to lead the industry in time to market, and to maintain headcount at or below 200 committed employees.

5 Manufacturing/ Purchasing

With the suggested purchase orders as a guidance, and with expertise knowledge the purchase department places order to factories on proprietary brands and licensed brands

Our purchasing teams work with suppliers to ensure JIT deliveries on products. We look to balance our intakes to customer demand.

6 Warehousing & services

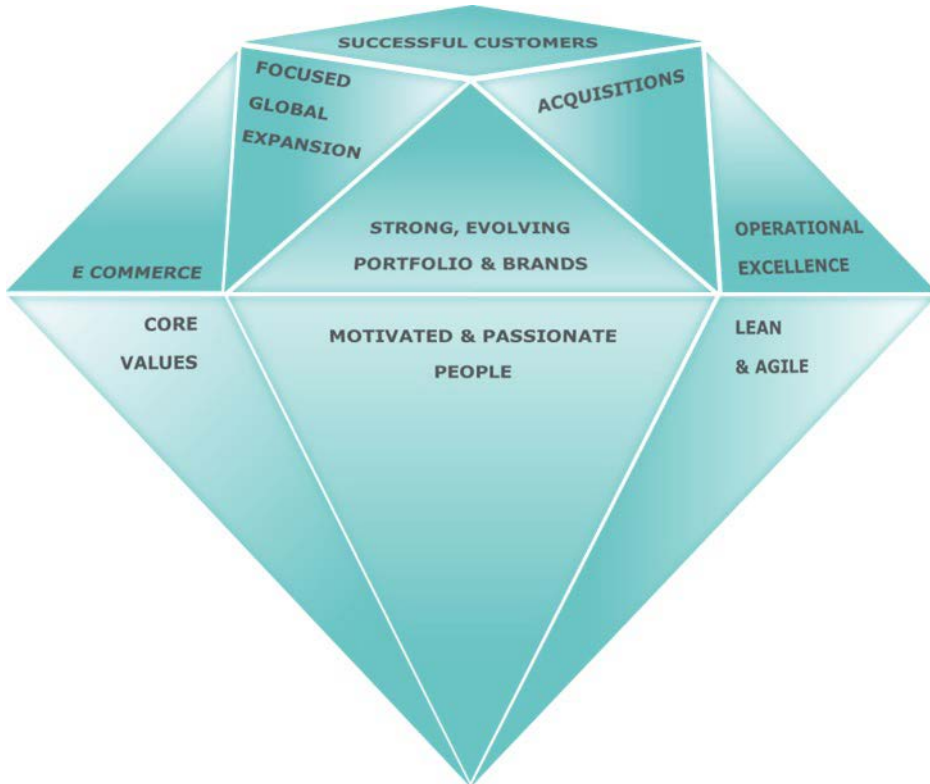
STRAX is a global company with sales in more than 20 countries. Warehouses are located in Germany, UK and Hong Kong. STRAX offers a wide range of value added services ranging from packaging and logistics services to fully integrated assortment and planogram services.

7 Transport

Third party

8 Customers





CREATING SHAREHOLDER VALUE

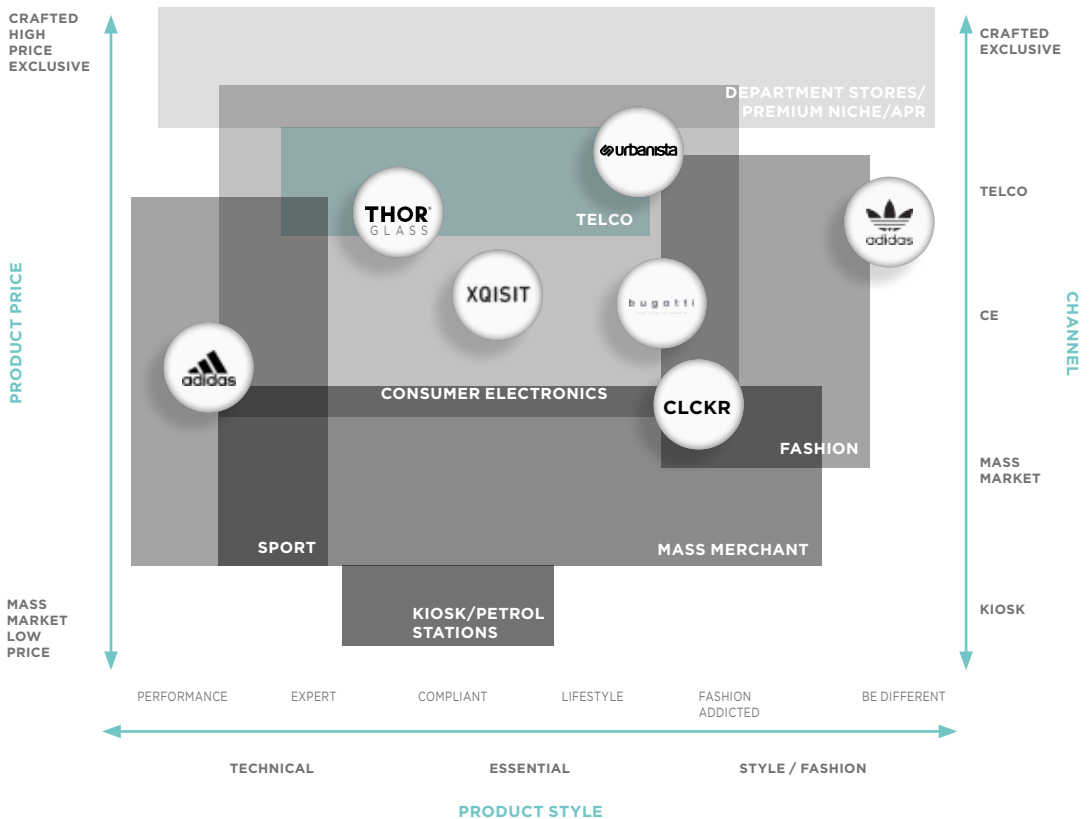


HOUSE OF BRANDS



STRAX House of Brands has been built on strong consumer insight across a diverse customer base with the aim of creating a better mobile user experience. STRAX offers proprietary brands: XQISIT, Urbanista, THOR, CLCKR and licensed brands adidas and bugatti. These brands cover all key categories in the mobile accessories market including protection, audio and power. To complement these brands, STRAX also offers a range of partner brands to complete the House of Brands offering.

GLOBAL BRAND AND CHANNEL MAPPING





HIP AUDIO ACCESSORIES WITH SCANDINAVIAN DESIGN

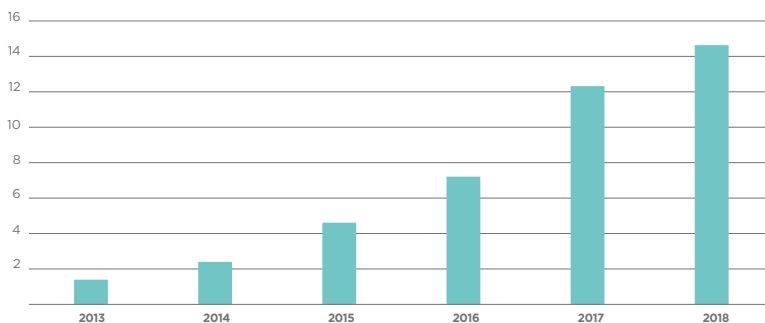
Urbanista was founded in 2010 and acquired by STRAX Group in 2014. The organization is based in Stockholm and employs 14 people. Urbanista is a market leader in its region, combining avant-garde design with the latest in audio technology. The products are designed for a life in motion and built to inspire and endure. In 2018, Urbanista grew in most markets across the world, especially the UK, Japan and the USA. Urbanista also expanded its portfolio of wireless audio products. This included the sleek but affordable on-ear Detroit and the streamlined sport

earphones Chicago, as well as an updated version of the true wireless earphones Tokyo, which continued to sell extremely well during the last quarter.

For the financial year 2018, sales amounted to MEUR 14.6 which corresponds to a growth of 18.7 percent. Urbanista expects to continue growing in 2019 due to new product launches in the rapidly expanding true wireless category, as well as continued penetration into new international markets. www.urbanista.com

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REVENUE DEVELOPMENT FOR URBANISTA 2013-2018, MEUR



BPM group of brands: XQISIT and THOR

This group of brands was founded in 2010 by STRAX Group with the launch of the XQISIT brand, followed by THOR, FLAVR, and avo+. BPM is based in Cologne and employs 4 people.

For the financial year 2018, sales for BPM's group of brands amounted to MEUR 20 and expectations are to return to growth in 2019 as changes have been made in key brands THOR and XQISIT. The changes are set to pave the way towards repeated growth for both brands. The decision to close down FLAVR and avo+ will allow for more focus to be put on the main profit driving brands within BPM, as well as free up time to develop new brands that are more sustainable and futureproof.



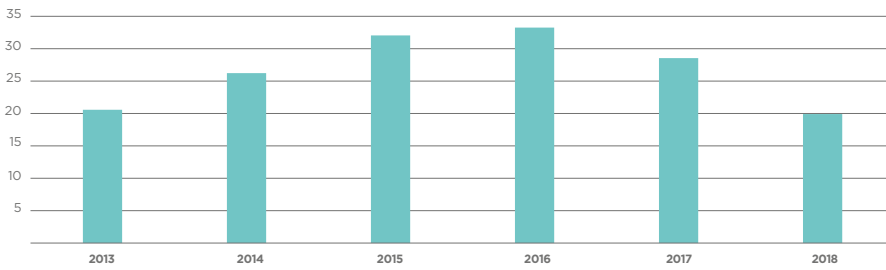
XQISIT

INNOVATIVE PROTECTION, AUDIO, POWER AND CHARGING SOLUTIONS

Launched in 2010, XQISIT offers an extensive product portfolio ranging from protection to audio and power. XQISIT brings mid-priced German quality design and functionality to value-conscious consumers. In 2018, time was spent on revamping the brand and focusing more on profit-driving categories.

The portfolio has been optimized to help lower future stock risk and increase overall profitability. A larger focus has been placed on growing the audio and power ranges whilst continuing to offer a strong protection range that is much leaner. www.xqisit.com

REVENUE DEVELOPMENT FOR BPM BRANDS 2013-2018, MEUR



THOR

PREMIUM STRENGTH GLASS SCREEN PROTECTION DESIGNED FOR A SEAMLESS FIT

THOR launched in 2017 in response to the growing market demand for tempered glass protection. In 2018, the brand underwent improvement to become a higher quality, more premium product, priding itself on being meticulously designed to fit any phone perfectly. The screen protectors are now easy to fit, crystal

clear, ultra-thin and designed to work with the latest technology, including on-screen fingerprint readers, so there is no compromise when it comes to using your phone. THOR will continue to adapt to the market needs by introducing a THOR GUARD film sub brand from March 2019. www.thorglass.com

S/X Innovation

S/X Innovation is a hub within the STRAX group for new innovative products. S/X Innovation acts as an incubator for product ideas generated within the STRAX group as well as constantly scanning the market for new brands and products spun out of STRAX unique contacts with suppliers, factories and agents in Asia and the rest of the world. The most recent launch is the brand CLCKR.



clckr

CLCKR
A UNIVERSAL PHONE GRIP AND STAND

CLCKR - a new brand that launched in 2018 - is a patented universal and multi-functional phone grip that supports a firmer hold, comfy handle and multiple viewing positions. It helps prevent users dropping their phone due to tired fingers, enables better quality selfies and a more enhanced mobile video watching experience.

With a thin and stylish design, CLCKR is easy to apply using 3M-adhesive which will not leave residue.

Telecom Lifestyle Fashion: Licensed brands adidas and bugatti

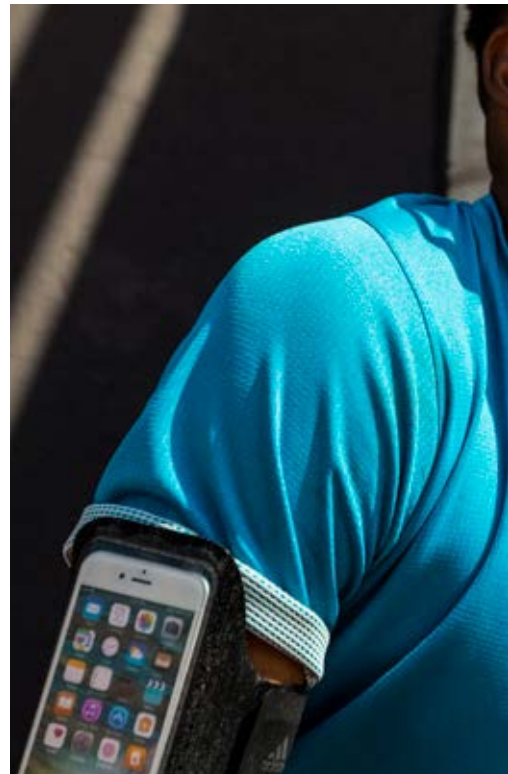
Telecom Lifestyle Fashion was founded in 2011 and fully acquired by STRAX Group in 2017. Based in Tilburg, Telecom Lifestyle Fashion employs 15 people and designs, develops and distributes licensed brands adidas Originals, adidas Sport and bugatti. www.telecomlifestylefashion.com

For the financial year 2018, revenue for Telecom Lifestyle Fashion amounted to MEUR 11.4 which corresponds to a growth of 46 percent. Telecom Lifestyle Fashion expects to continue growing in 2019, especially in global eCommerce, key Asian markets China and Japan, and also by expanding across new major channels in North America.



ADIDAS ORIGINALS
STREET WEAR-INSPIRED
PROTECTION

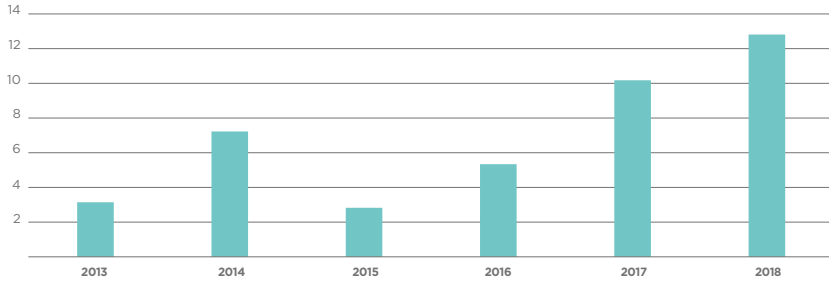
Telecom Lifestyle Fashion acquired the licence for adidas Originals mobile accessories in 2013. adidas Originals continues to evolve the brand's legacy through its commitment to product innovation. Inspired by the creativity and courage found in sporting arenas, adidas Originals mobile accessories combine contemporary youth culture design with resilient protection features.



ADIDAS SPORT
FOR ACTIVE USE DURING RUN-
NING, TRAINING AND OUTDOORS

TLF acquired the licence for adidas Sports cases in 2016. adidas Sport aims to set a new bar in the fast-growing market of tech accessories. The new collection of sport cases consists of a variety of flexible armbands, smart waist straps and highly protective anti-slip and anti-shock cases. adidas Sport cases are carefully designed to protect smartphones during intense workouts, running or outdoor activity.

REVENUE DEVELOPMENT FOR TLF BRANDS 2013-2018, MEUR



bugatti
we are europe

BUGATTI
CHIC & REFINED
PROTECTION

TLF acquired the licence for bugatti smart-phone cases in 2015. The bugatti brand aims to reflect the cultural and creative diversity of Europe. bugatti’s handmade smartphone cases are crafted from high-quality, full grain leather, and come in a range of timeless colours to epitomise elegance and quality workmanship.

THIS IS OUR INDUSTRY

2018 Mobile accessories market overview

STRAX is a market-leading global company specializing in mobile accessories. STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics, to lifestyle retailers and direct to consumers online.

Technology in 2018 followed the trends of 2017 with consumers holding onto devices even longer than before. With each of the major brands launching an ever wider number of hero devices and the success of Huawei taking a significant share of the Android device space, the market has been challenged. Handset manufacturers are having to release more hero devices to try and entice users to upgrade. The challenge for consumers is balancing the cost of new phones against the gains in technology. We believe that in many major STRAX markets, handset lifecycles now exceed 36 months.

HUAWEI BREAKS THROUGH THE APPLE/SAMSUNG GLASS CEILING

Throughout 2017, Apple and Samsung dominated handset sales. However, early in 2018 Huawei started to make an impact. It sold 200 million phones across the world in 2018, jumping from 3 million units in 2010. Annual growth at 66% annual is exceptional. The brand bucked the trend offering products with exceptional specifications and performance in a design that resonated with consumers on every continent. Samsung suffered the most with Galaxy S9 products failing to stimulate significant growth.

TRADITIONAL RETAILERS COVER MORE HERO DEVICES THAN EVER BEFORE

The rise of Huawei and its effects on the mobile landscape means many of STRAX customers

now have to compress accessories for three major brands into their stores. With limited peg space our customers have had to reduce the choice to consumers. This is pushing accessory purchases to other channels, such as e-commerce. Since Huawei consumers do not appear to be as interested in accessories, sales have struggled. Huawei accessory attach rates in some of our retail channels are hovering around 12%, this is around half of those of Samsung, for example, which in turn is around two thirds of Apple consumers. Apple's market share has been maintained in 2018, despite its traditional Q3 launch being drawn out with the late release of the XR handsets. Apple users have stayed loyal to the brand and appear to keeping accessory purchases stable.

PROTECTION

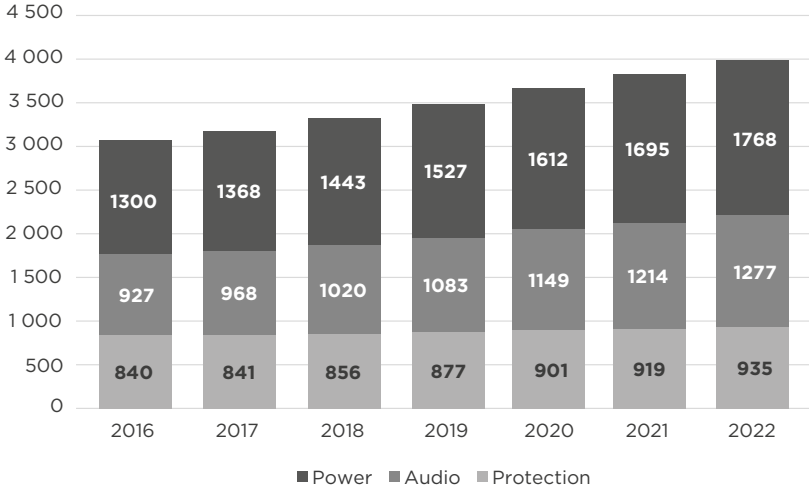
Trends have also moved towards the increased use of glass to protect smart phones. Early adopters, as well as later entrants, have realised that protection is becoming a more important category. This has led to increased sales in both screen protection and also cases. Screen protection has benefitted from manufacturers developing application devices, which have led to increased theatre in store whereby the 'service' element of installing glass and hybrid screen protection has boosted ASPs. This has driven significant business in some of our markets.

POWER

Many Android devices started to move away from Micro USB charging solutions to integrate both Type C fast charger and integrated wireless capabilities. STRAX had expected the power market to become stronger in 2018. However, the compression of peg space for many customers has affected performance,

GLOBAL AFTERMARKET ACCESSORIES UNITS PROJECTIONS 2016-22

Source: ABI Research 2018



Accessory Category:

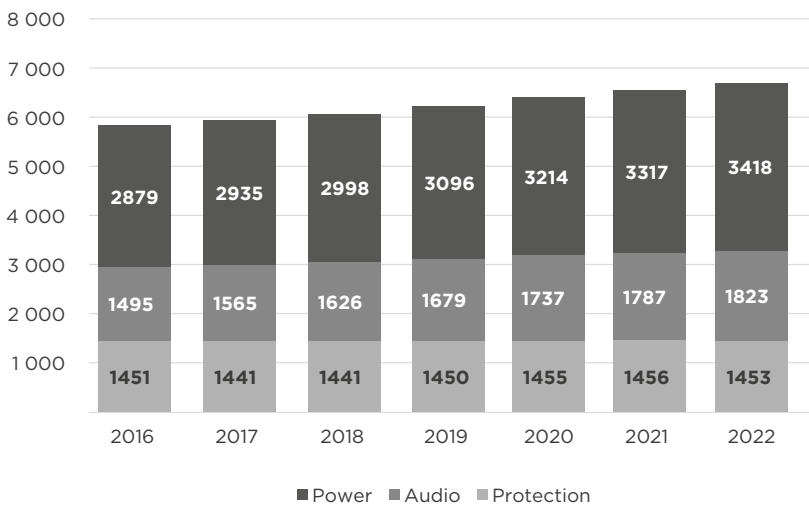
- Power
- Audio
- Protection

CAGR 18-22

- Power 2.3%
- Audio 5.8%
- Protection 5.2%
- Combined 4.6%

GLOBAL AFTERMARKET ACCESSORIES REVENUE PROJECTIONS 2016-22

Source: ABI Research 2018



Accessory Category:

- Power
- Audio
- Protection

CAGR 18-22

- Power 0.2%
- Audio 3.3%
- Protection 2.9%
- Combined 2.5%

together with consumer uncertainty about what technologies they have within their device. With so many different specs available it remains a minefield.

AUDIO

The trend towards wireless headphones continues to grow. Boosted by increased interest in True Wireless Stereo solutions – heavily fuelled by Apple’s AirPods. Q4 2018 saw a number of entries into this sector and STRAX was well positioned to offer solutions to customers, both under the Urbanista brand and XQISIT. We foresee that this will continue into 2019. VPAs from Amazon and Google continue to sell well with the technology being integrated in a more significant number of alternative solutions. Amazon continues to maintain its desire to create the market for its embedded voice technology. Audio speakers saw gains against previous years, as have sound bars which have increased in volume in 2018 with TVs aiming for high quality 4k/8k screens at the expense of the imbedded speaker arrays.

CHANNELS AND MARKETS

Amazon didn’t quite achieve its expected attack on bricks and mortar in 2018 despite having threatened to launch in many new European markets. However, it will most likely launch in markets such as the Nordics, and its business remains very strong in existing markets such as the UK and Germany. We have, however, seen brands disrupt the conventional channel structure and succeed in direct-to-consumer routes to market. This is most evident among younger generations who appear frustrated with the lack of choice of some products. In addition, 2018 has seen considerable changes to methods deployed to target consumers, most notably through social media which has been a heavy influence. Kickstarter and Indiegogo crowd funding sites represent significant means to gain new business, and 2018 saw a number of well-funded programs for entrepreneurs and established brands alike.

We see these disruptive channels continue to grow in 2019 and beyond, and are well placed to attack in this space.



THIS IS THE STRAX SHARE

The STRAX 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 2018 amounted to approximately MEUR 37.

Mangold Fondkommission is the appointed market maker for STRAX. The share liquidity during 2018 has been good, the share was traded on 98 (99) percent of all trading days and the average turnover was 39 877 (122 016) shares per trading day. The total turnover amounted to 9 974 543 (30 625 749) shares, which corresponds to a turnover rate of approximately 0.08 (0.26) per year.

The share opened at SEK 5.00 on the first day of trading, January 2, 2018 and closed at SEK 3.15 on the last day of trading, December 28, 2018. The average price during the year was SEK 3.85 (5.00) and the average turnover per trading day was SEK 145 391 (622 054).

Share capital structure

STRAX share capital amounts to EUR 12 624 164.563374 distributed among 120 592 332 shares. The quota value is EUR 0.10. 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

In addition to the fixed monthly salary STRAX offers variable-remuneration based on goals met tailored to the role of the individual. At the AGM in 2017 it was further decided to implement a share-based incentive program in the

form of three-year warrants. Following the decision at the AGM this program was rolled out and assigned in 2017 and ultimately subscribed by a group of 48 key employees in January 2018. The warrants were not offered to the Board of Directors however, Gudmundur Palmason participated due to his capacity as CEO.

Redemption program

The Extraordinary General Meeting held on December 28, 2018 resolved on a distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value, with distribution to the shareholders completed on January 30, 2019.

Ownership structure

The total number of shareholders as at December 31, 2018 amounted to 1 883 (1 868). Foreign ownership accounted for 75.2 (78.9) percent of total outstanding shares.

Earnings per share

The group's earnings per share amounted to EUR 0.14 (0.02).

Dividend policy and dividend

The Board has not proposed a dividend for the financial year 2018.

Other share information

Shareholders' equity per share at year-end amounted to EUR 0.28 (0.18).

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
January 2017	EUR ⁽¹⁾	-	-117 763	-	-

DEVELOPMENT OF SHARE CAPITAL (KEUR)

Date	Transaction	Quota value (EUR)	Change in share capital	Total share capital	Total no. of shares
January 2017	EUR ⁽¹⁾	0.10	12 328	12 328	117 762 266
December 2017	Issue in kind ⁽²⁾	0.10	296	12 624	120 592 332

(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.

(2) Utilizing a mandate from the AGM the Board resolved to pay TEUR 1 500 of the purchase price relating to an acquisition of TLF by issuing 2 830 066 shares in STRAX AB. The share issue was registered with the Swedish Companies Registration Office on December 22, 2017 and the shares printed in Euroclear on January 3, 2018.

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2018

Shareholder	No. of shares	Proportion of votes and capital
Gudmundur Palmason	31 398 031	26,0%
Ingvi T. Tomasson	31 198 079	25,9%
GoMobile Nu AB	15 678 818	13,0%
Anchor Secondary 4 AS	6 868 000	5,7%
Anchor Invest 1 AS	3 250 000	2,7%
Landsbankinn HF, W8IMY	2 873 780	2,4%
Försäkringsbolaget Avanza Pension	2 396 942	2,0%
USB Switzerland AG, W8IMY	2 332 772	1,9%
NTC IEDP AIF Clients Non Treaty 30% Account	2 260 052	1,9%
Mouhssine Otmani	1 886 711	1,6%
Other shareholders	20 449 147	16,9%
Total	120 592 332	100%
Of which foreign ownership	90 662 619	75,2%
The 10 largest shareholders -proportionally	100 143 185	83,0%

Source: Euroclear and facts known to the Company

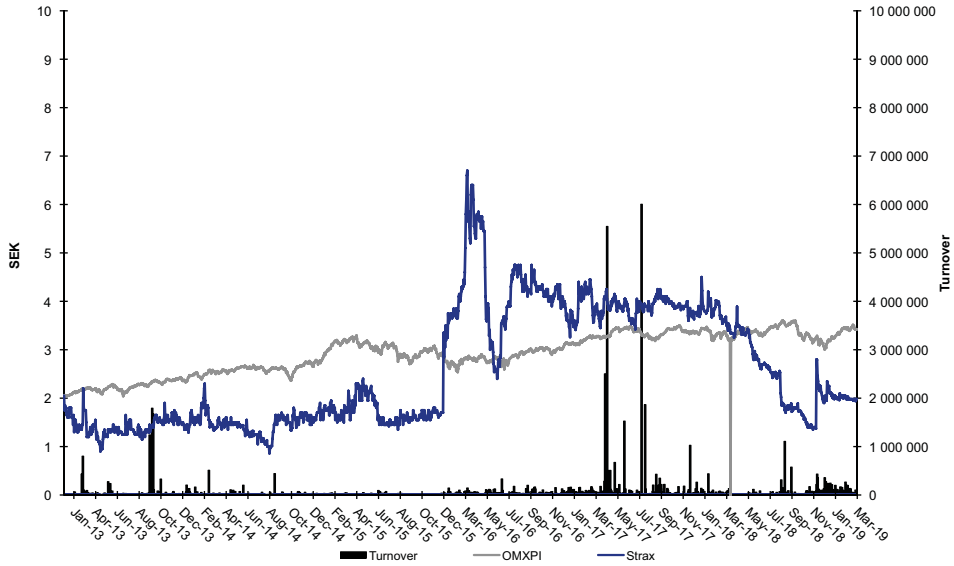
DISTRIBUTION OF SHARES AS OF DECEMBER 31, 2018

No. of shares by size	No. of shares	Proportion	No. of shareholders	Proportion
1-500	222 936	0,2%	1 209	64%
501-1 000	208 141	0,1%	248	13%
1001-10 000	1 168 681	1,0%	326	17%
10 001-50 000	965 028	0,8%	40	2%
50 001- 100 000	1 059 153	0,9%	15	1%
100 001-	116 968 393	97%	45	3%
Total	120 592 332	100%	1 883	100%

Source: Euroclear.

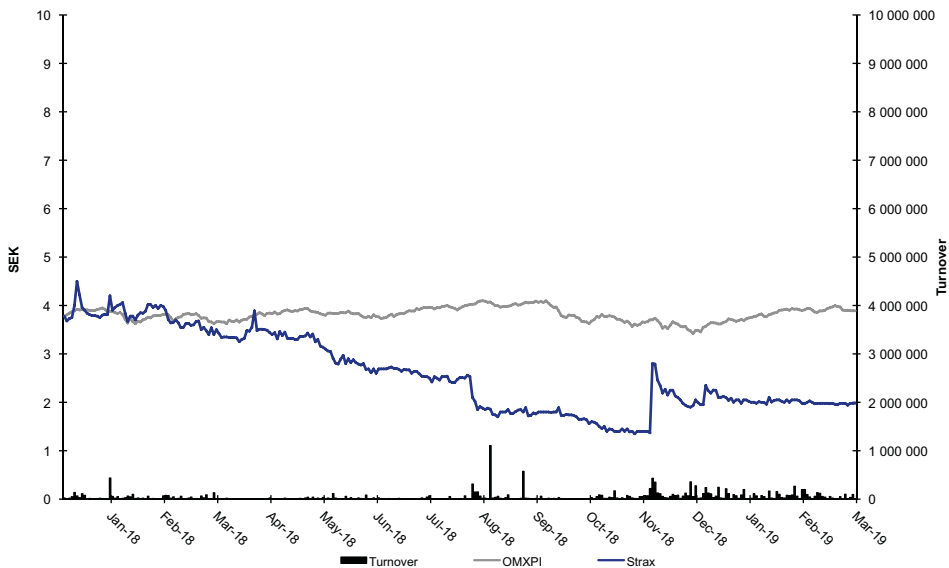
STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JUNE 1 2016 - MARCH 29, 2019

Source: Nasdaq Stockholm



STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JANUARY 1, 2018 - MARCH 29, 2019

Source: Nasdaq Stockholm







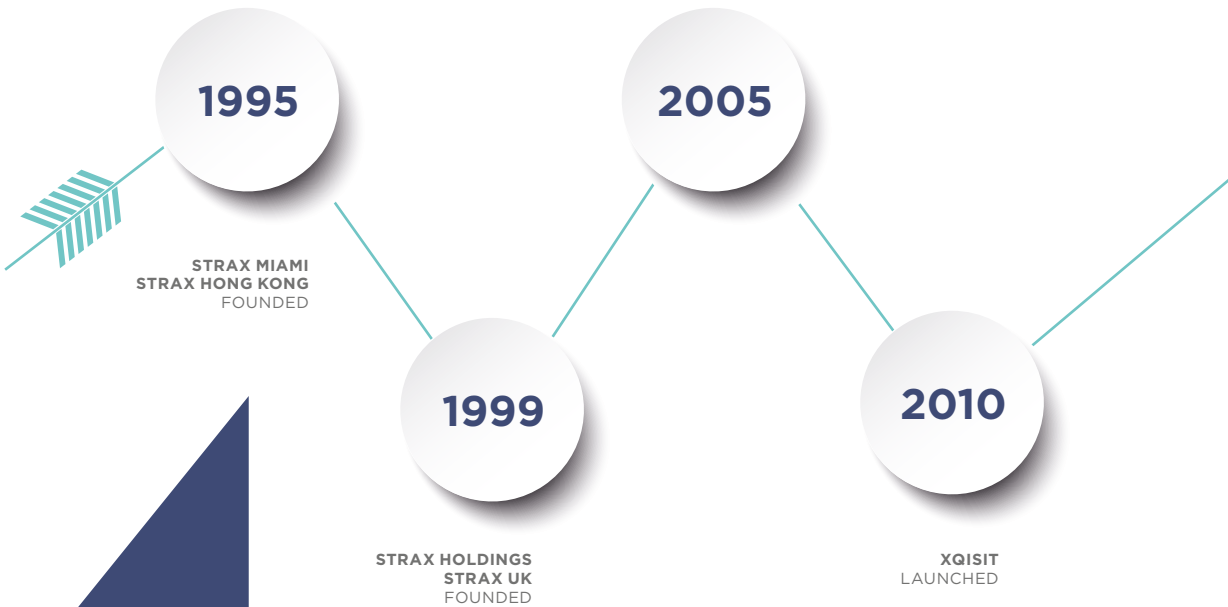
THIS IS OUR FUTURE

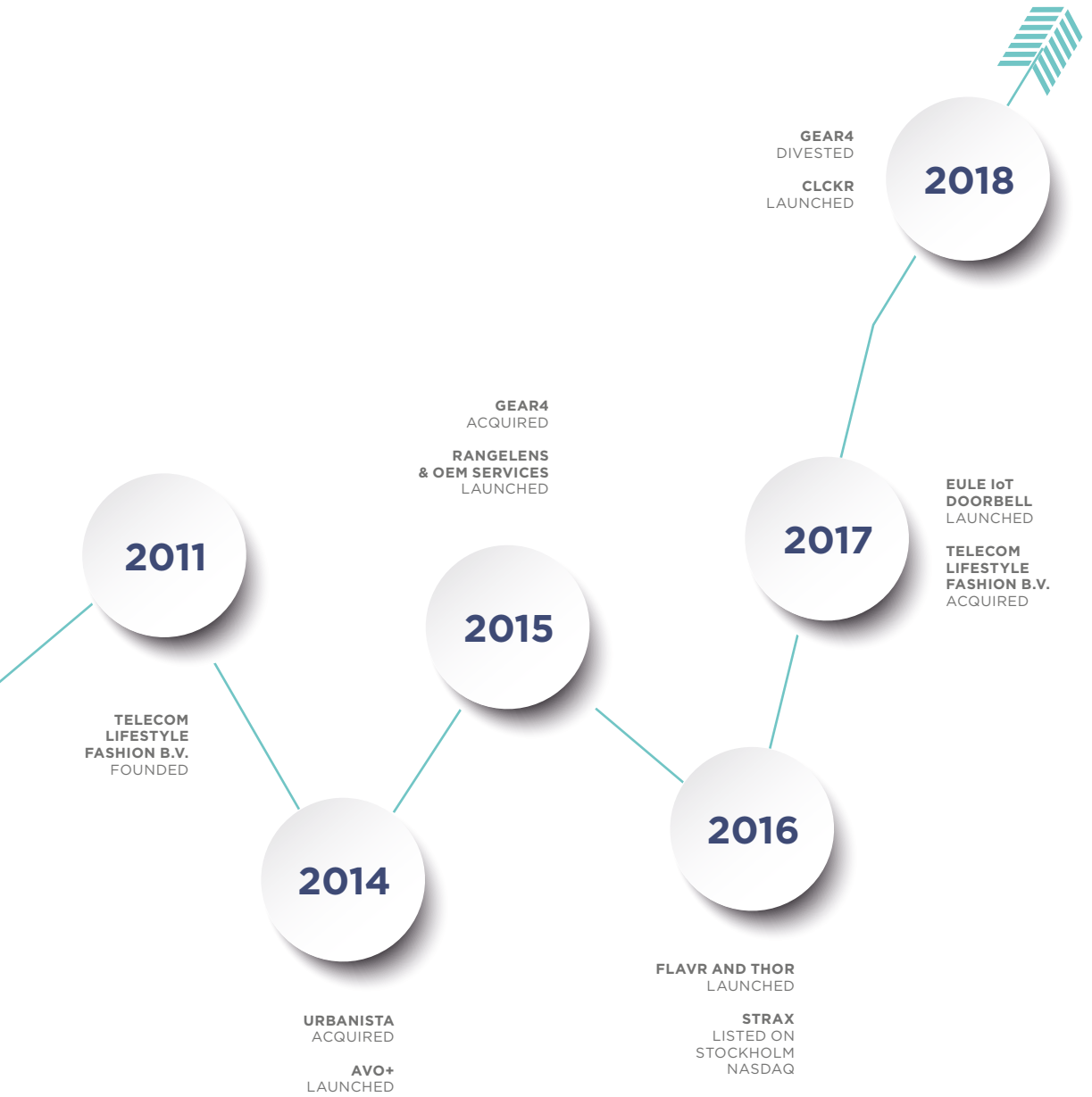
STRAX will play an active role in shaping the mobile accessories industry both offline and online in all of its targeted geographic markets. We will continue to execute against our strategic framework launched in 2016, while simultaneously strengthening the operational platform to enable us to carry out our House of Brands strategy through offline and online sales channels globally with fewer resources.

STRAX will retain market share in Western Europe, while at the same time invest and grow at an accelerated rate in North America, Japan and strategic markets in ROW. STRAX will furthermore invest in the eCommerce sales channel in an effort to improve margins, diversify its traditional retail customer base and secure growth. STRAX has experienced positive development in sales in recent years. Having achieved headcount and annualized operating expense reduction of 25% we expect our profitability to improve, whilst 2019 sales remain relatively flat as a result of the Gear4 divestment. We expect that our online sales will grow significantly albeit from a low base and to achieve 50% of our sales through eCommerce in 3-5 years. Currently the industry is undergoing consolidation, and STRAX intends to play an active role in the ongoing consolidation process through acquisitions, divestments and partnerships.

STRAX HISTORY

STRAX
AQUIRED MORE
GROUP OF COMPANIES





FIVE-YEAR SUMMARY

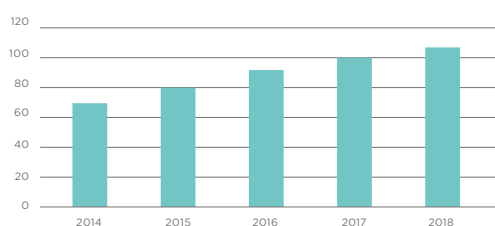
STRAX AB FINANCIAL SUMMARY AND KEY RATIOS, THE GROUP

(EUR Thousands)	2018	2017	2016	2015	2014
Income statements					
Net sales	106 967	100 065	91 770	79 947	69 508
Cost of goods sold	-81 090	-71 958	-66 048	-60 337	-52 632
Gross profit	25 877	28 107	25 722	19 610	16 876
<i>Gross margin</i>	<i>24,2%</i>	<i>28,1%</i>	<i>28,0%</i>	<i>24,5%</i>	<i>24,3%</i>
OPEX	-28 015	-22 448	-20 806	-16 123	-12 802
EBIT	-2 138	5 659	4 916	3 487	4 074
Net financial items	24 075	-2 103	-1 135	-1 106	-1 410
EBT	21 937	3 556	3 781	2 381	2 665
Taxes	-5 190	-1 768	-583	-1 156	-1 054
PROFIT FOR THE YEAR	16 747	1 788	3 199	1 225	1 611

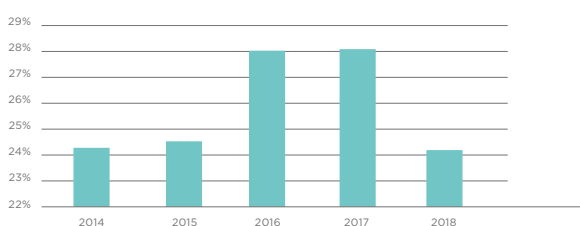
Result per share before dilution, SEK	1.44	0.15	0.26	0.10	0.13
Result per share after dilution, SEK	1.38	0.15	0.26	0.10	0.13
Average number of shares ⁽¹⁾	120 592 332	117 839 802	115 299 621	115 299 621	115 299 621
Average number of shares including dilution	124 687 332	117 839 802	115 299 621	115 299 621	115 299 621

⁽¹⁾ Utilizing a mandate from the AGM the Board resolved to pay TEUR 1 500 of the purchase price relating to an acquisition of TLF by issuing 2 830 066 shares in STRAX AB. The share issue was registered with the Swedish Companies Registration Office on December 22, 2017 and the shares printed in Euroclear on January 3, 2018.

Net sales, MEUR



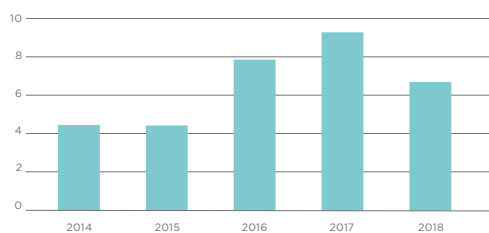
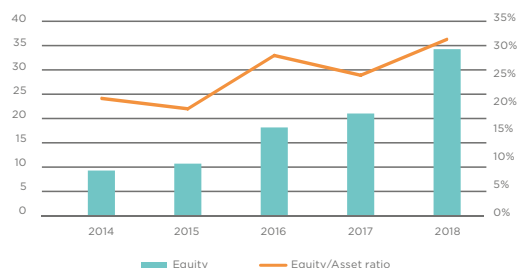
Gross margin



Balance sheets, KEUR	2018	2017	2016	2015	2014
ASSETS					
Fixed assets					
Intangible	21 804	30 453	21 285	14 709	9 101
Tangible	1 136	2 203	1 645	783	426
Financial	-	-	807	8	794
Other	1 594	1 131	2 740	1 387	682
Total fixed assets	24 534	33 787	26 477	16 887	11 003
Current assets					
Inventories	14 980	10 417	11 435	8 935	8 098
Receivables	28 423	25 792	12 959	14 174	11 324
Other assets	15 119	7 484	8 421	10 696	4 388
Cash and cash equivalents	24 845	5 689	3 663	4 976	9 181
Total current assets	83 366	49 382	36 478	38 781	32 991
TOTAL ASSETS	107 900	83 169	62 955	55 668	43 994

EQUITY AND LIABILITIES

EQUITY	34 265	21 028	18 159	10 713	9 291
<i>Equity/Asset ratio</i>	32%	25%	29%	19%	21%
Long-term liabilities					
Interest-bearing	8 403	11 230	5 021	-	-
Non-interest bearing	1 768	1 913	1 095	5 409	4 367
Total long-term liabilities	10 171	13 143	6 116	5 409	4 367
Current liabilities					
Interest bearing	20 652	15 015	11 627	13 523	7 540
Non-interest bearing	42 812	33 983	27 052	26 023	22 796
Total current liabilities	63 464	48 998	38 679	39 546	30 336
Total liabilities	73 635	62 141	44 795	44 955	34 703
TOTAL EQUITY AND LIABILITIES	107 900	83 169	62 955	55 668	43 994

Adjusted EBITDA, MEUR**Equity/Equity asset ratio**

CORPORATE GOVERNANCE REPORT

Strax AB (publ) (“STRAX” or “the Company”) is a Swedish limited liability company with its registered office in Stockholm, Sweden. The STRAX-share is listed on Nasdaq Stockholm (small cap segment) since May 2016.

Corporate governance at STRAX

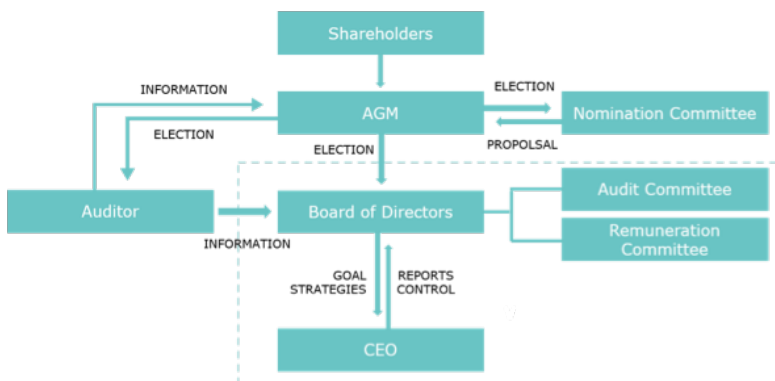
STRAX aims at implementing strict norms and efficient governance processes to ensure that all operations create long-term value for shareholders and other stakeholders. Corporate governance at STRAX is based on external and internal governance instruments and practices. The external instruments that make up the framework of STRAX’s corporate governance activities include, but are not limited to, the Swedish Companies Act, the Swedish Corporate Governance Code (“the Code”) and Nasdaq Stockholm Rule Book for Issuers.

The internal instruments include, but are not limited to, the Company’s Articles of Association,

the Rules of Procedure for the Board of Directors, the Instruction for the CEO and the STRAX Code of Conduct. The Board has also adopted numerous policies, guidelines and instructions that contain binding rules for all of the Company’s operations. All policies are revised yearly. In addition, STRAX works actively with its core values as strategic governance instruments for all employees.

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

Model of Corporate Governance at STRAX



Nomination Committee

At the 2018 AGM it was decided that STRAX shall have a Nomination Committee for the AGM 2019 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 Euroclear Sweden AB's register of recorded shareholders from the last business day in August 2018 and other reliable shareholder information provided to the Company.

The Nomination Committee consists of Bertil Villard in his capacity as Chairman of The Board, Gudmundur Palmason, Ingvi T. Tomasson and Per Åhlgren representing GoMobile Nu AB.

According to the Code, the majority of the members of the Nomination Committee are to be independent of the Company and its Management. Neither the CEO nor other members of the Management are to be members of the Nomination Committee. Members of the Board of Directors may be members of the Nomination Committee but may not constitute a majority thereof. If more than one Board member is included in the Nomination Committee only one of them may be dependent in relation to the Company's major shareholders, according to the Code. STRAX deviates from these provisions in the Code. Gudmundur Palmason and Ingvi T. Tomasson with 26.0 per cent and 25.9 per cent of the votes in the Company respectively, believe that it is only natural that they exercise their interests as owners in the manner described above, both in the Company's Nomination Committee and on the Board of Directors.

The Nomination Committee's duties

The sole task of the Nomination Committee is to propose decisions to the shareholders' meeting regarding electoral and remuneration issues and, where applicable, procedural issues for the next nomination committee.

The Nomination Committee has prepared and presented proposals for submission to the 2019 AGM regarding the following: Board of Directors and Chairman of the Board, Board remuneration apportioned among the Chair-

man and other Board members, auditor and audit fees.

The Nominating Committee's diversity policy is consistent with the rules of the Code.

This means that the Board shall be composed of members who possess a well-balanced mix of expertise that is vital for directing STRAX's strategic work in a responsible and successful manner. The Board members are collectively to exhibit diversity and breadth of qualifications, experience and background. The Company is to strive for gender balance on the Board.

The Chairman of the Board of Directors conducts a yearly evaluation of the work within the Board. The outcome of this survey is shared with the Nomination Committee to give insight in areas that can be strengthened.

The Nomination Committee for the AGM 2019 has been focusing on strengthening "know how" in e-commerce, retail and HR, as well as the diversity amongst the members of the Board.

Annual General Meeting

STRAX AGM is held in Stockholm during the first half of the year. The date 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.

Annual General Meeting 2018

The 2018 AGM was held on May 24, 2018 at the offices of the law firm Vinge in Stockholm. The meeting was attended by twelve shareholders, representing 72.51 per cent of the number of outstanding shares and votes. The most important resolutions of the meeting are described below:

- ▶ The income statement and the consolidated income statement for 2017, as well as the balance sheet and consolidated balance sheet as per 31 December 2017 were approved.
- ▶ The members of the Board of Directors and the CEO were discharged from liability in respect of their management of the Company's business during the financial year 2017.
- ▶ It was resolved, in accordance with the Nomination Committee's proposal, that:
 - Each member of the Board of Directors who is considered to be independent in relation to major shareholders, is entitled to receive SEK 150,000
 - the Chairman of the Board of Directors is entitled to receive SEK 225,000, as remuneration
- ▶ Bertil Villard, Anders Lönnqvist, Gudmundur Palmason and Ingvi Tomasson were re-elected as members of the Board of Directors
- ▶ Pia Anderberg was elected as a member of the Board of Directors
- ▶ Bertil Villard was re-elected as Chairman of the Board of Directors
- ▶ It was resolved, in accordance with the Board of Directors' proposal, to adopt guidelines for remuneration of the Management and other employees (see pages 100-101)
- ▶ It was resolved to adopt a new warrant program and issue warrants in accordance with the Board of Directors' proposal.
- ▶ It was resolved in accordance with the Board of Directors' proposal, to authorize the Board of Directors to resolve on the acquisition and sale of the Company's own shares

- ▶ It was resolved in accordance with the Nomination Committee's proposal, to adopt principles for the appointment of the Nomination Committee

Extra General Meeting 2018

An Extra General Meeting was held on 28 December 2018 to resolve on redemption of shares in STRAX. Further information about the redemption program is presented on page 26.

Annual General Meeting 2019

STRAX 2019 AGM will take place on May 22, 2019 at the offices of the law firm Vinge in Stockholm. Shareholders have had the opportunity to submit their proposals on issues they wish to be addressed at the meeting to the Chairman of the Board as well as proposal as regards nominations to the Nomination Committee. Information about the AGM is available on STRAX website (www.strax.com).

Board of Directors and Committees

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.

The current Board consists of five members elected by the AGM 2018. The Chairman plans and leads the work of the Board of Directors. Board members Gudmundur Palmason and Ingvi T. Tomasson are also executives in the Management. This is a deviation from the Code which states that no more than one Board member elected by the AGM may be part of the Company's Management or the Management of the Company's subsidiaries. The Board believe it is in the best interest of the Company that the collective experience and skills of Mr Palmason and Mr Tomasson are utilized both on the Board and in the Management.

The Board convened for seven meetings during 2018. 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.

Since the 2018 AGM, the Board of Directors has consisted of Bertil Villard, Gudmundur Palmason, Ingvi T. Tomasson, Anders Lönnqvist and Pia Anderberg. Michel Bracké declined re-election. Bertil Villard was appointed Chairman by the AGM. More information about Board members including age, education and other assignments is provided on pages 42-43.

Audit Committee

The Board as a whole fulfills the duties of the Audit Committee. During the auditor's review of the Company's accounts with the Audit Committee, the CEO and any other member

of Management attending the meeting 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 Committee

The Board as a whole fulfills the duties of the Remuneration Committee. The Remuneration Committee prepares and proposes 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 busi-

Independence of Board members, presence, etc.

Name	Position	Elected	Independent in relation to the company and management	Independent in relation to larger shareholders	Share-holding⁽¹⁾	Present	Percent
Bertil Villard	Chairman	2003	Yes	Yes	406 670	(7/7)	100%
Gudmundur Palmason	Board Member/ CEO	2016	No	No	31 398 031	(7/7)	100%
Ingvi T. Tomasson	Board Member	2016	No	No	31 198 079	(7/7)	100%
Michel Bracké ⁽²⁾	Board Member	2016	Yes	Yes	10 000	(3/3)	100%
Pia Anderberg ⁽²⁾	Board Member	2018	Yes	Yes	-	(4/4)	100%
Anders Lönnqvist	Board Member	2000	Yes	Yes	1 294 663	(7/7)	100%

(1) Where relevant, including shares held by family members and holdings through companies as at December 31, 2018..

(2) Pia Anderberg was elected at the AGM May 24, 2018, at the same time Michel Bracké retired from the board.

Work of the Board of Directors

February 26, 2018	Year-end Report 2017, Budget 2018
March 20, 2018	Notice to the Annual General Meeting, 2017 Audit, strategic, tactical and operational review
May 24, 2018	Q1 2018 Interim report, strategic, tactical and operational review
May 24, 2018	AGM: Statutory board meeting
August 22, 2018	Q2 2018 Interim report, strategic, tactical and operational review/Gear4
November 28, 2018	Q3 2018 Interim report, divestment Gear4
December 5, 2018	Q3 Audit review, Mandatory redemption program, budget 2019, strategic review

ness activities 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 2018 AGM, the registered firm of accountants PricewaterhouseCoopers AB was appointed, with authorized public accountant Nicklas Renström 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.

Remuneration to the Board and Management

Remuneration to the Board for the coming year is decided each year by the AGM. The 2018 AGM approved the proposed guidelines for remuneration and other compensation for 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 Management and other personnel to be recruited and retained.

Variable and share-based remuneration to key employees

In addition to the fixed monthly salary STRAX offers variable-remuneration based on goals met tailored to the role of the individual. At the AGM in STRAX in 2017 it was further decided to implement a share-based incentive program in the form of three-year warrants. Following the decision at the AGM this program was rolled out and assigned in 2017 and ultimately subscribed by a group of 48 key employees in January of 2018. The warrants were not offered to the Board of Directors, however Gudmundur Palmason participated due to his capacity as CEO.

Internal control with regard to financial reporting

This report on internal controls is prepared in compliance with the The Swedish Annual

Accounts Act. and the Swedish Corporate Governance Code 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 an integral part 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 for specific tasks. These governing documents are updated as needed to ensure they always reflect current legislation and regulations and changes in processes.

The STRAX Board has delegated the responsibility for maintaining an effective internal control environment to the CEO. The CFO has the overall responsibility for accounting and reporting within the Company and is responsible for ensuring that it is conducted in accordance with applicable standards, norms and legislation.

In order to ensure that the finance department holds current expertise, it is continuously trained i.e. on accounting and tax legislation. Educational needs are identified, among other things, through regular development talks. When needed, external expertise is used to highlight issues, i.e. within accounting, tax and internal control. In matters of a legal nature, the Company uses an external lawyer.

As part of the responsibility structure, the Board of Directors evaluates the performance and results of the operations through a report package that is suited to the purpose and contains outcomes, forecasts, business plans, risk monitoring and analyses of important key ratios.

Risk assessment

STRAX's risk assessment is a dynamic process for identifying and evaluating risks that may affect the Company's ability to fulfill its goals. Risk assessment is done in the form of self-evaluation and also includes establishing action plans to mitigate identified risks. The Group Management is responsible for maintaining the routines and processes that are required to handle significant risks in the day-to-day operations. The risk assessment regarding the financial reporting is updated continuously under the leadership of the CFO.

An assessment of the risk of errors in the financial reporting is performed annually for every line in the income statement and the balance sheet. Any items that are significant taken together and are subject to an increased risk of errors ("critical items") are identified. Any processes and controls related to critical items are subject to special review in order to minimize risk.

As a result of the annual review, the Board decides which risks are considered significant and must be considered to ensure good internal control over the financial reporting.

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.

The control activities include regular monitoring of risk exposure, authorization and approval routines, verifications, bank and account reconciliations, monthly follow-up of results and balance sheet items at Group level, as well as regular monitoring of STRAX IT-environment, security and functionality.

Information and communication

Information and communication is necessary for STRAX to be able to conduct good internal governance and control and achieve its goals. Policies and guidelines are therefore particularly important for accurate accounting, reporting and information disclosure. STRAX's overall internal control instruments in terms of policies, guidelines and manuals are kept up-to-date and are available on the company's intranet.

Monitoring activities

Both the Board and Management regularly follow-up on the compliance and effectiveness of the Company's internal control to ensure the quality of its processes. The CFO reports to the CEO who submits financial reports for the Group to the Board on a quarterly basis. STRAX financial situation and strategy regarding the Company's financial position are discussed at every Board meeting. Each interim report is analyzed by the Board regarding the accuracy and presentation of the financial information. The Board also monitors that there are control activities for prioritized risk areas and communicates important issues to the Management and auditors.

Internal audit

The Board has made the assessment that STRAX, in addition to existing processes and functions for internal control, does not need a formalized internal audit. Follow-up is carried out by the Board of Directors and Management and the control level is currently assessed to meet the Company's needs. An annual assessment is made in order to evaluate whether an internal audit function is considered necessary to maintain good control within STRAX.

THIS IS OUR BOARD



BERTIL VILLARD
BORN 1952
406 670¹⁾ SHARES IN STRAX

Bertil Villard, Board member since 2003 and Chairman of the Board from April 2016 is a lawyer. 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 and partner at the law firm Vinge. Education: Master of Law, Stockholm University. Other board duties include: Landsort Care AB (Chairman), .2 and 3 AB, Cleanergy AB, Prior & Nilsson Fond och Kapitalförvaltning AB, Polaris A/S and ECODC AB.



ANDERS LÖNNQVIST
BORN 1958
1 294 663¹⁾ 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: Novvago Capital AB (Chairman), Stronghold Invest AB (Newsec) (Chairman), SSRS Holding AB (Elite Hotels) and Rental United.

¹⁾ Where appropriate, shareholding in STRAX include shares held by family members and holdings through companies as at December 31 2018 and thereafter known changes.



GUDMUNDUR PALMASON
BORN 1968
31 398 031⁰ SHARES IN STRAX
OPTIONS: 850 000

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



INGVI T. TOMASSON
BORN 1968
31 198 079⁰ 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.



PIA ANDERBERG
BORN 1964
0⁰ SHARES IN STRAX

Pia Anderberg, Board member since May 2018, is Executive Vice President of people and innovation at Axel Johnson. She was formerly the CEO and joint owner of Samsari, and a partner and joint owner of Novare Human Capital. Pia began her career at BTS Group, where she held various positions over a period of 14 years, most recently as Global Partner and Head of BTS Europe. Education: Degree in business administration, Uppsala University. Other board duties include: Mitt Liv (Chairman), Åhléns, Novax, Hyper Island and DIB Services AB.

AUDITORS / NIKLAS RENSTRÖM / BORN 1974

PricewaterhouseCoopers AB, Niklas Renström, Auditor in charge since 2018.

THIS IS OUR MANAGEMENT

During the financial year 2018
STRAX had 209 employees



GUDMUNDUR PALMASON
BORN 1968
31 398 031¹⁾ SHARES IN STRAX
OPTIONS: 850 000

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



INGVI T. TOMASSON
BORN 1968
31 198 079¹⁾ 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, includes shares held by family members and holdings through companies as at December 31, 2018 and thereafter known changes.



JOHAN HEIJBEL

BORN 1975

CFO

OWNS 78 333¹⁾ SHARES IN STRAX
OPTIONS 500 000

Johan Heijbel, CFO since May 2016, was previously Managing Director of AB Novestra between 2006-2016 and during that period was also a board member in STRAX.

Education: Independent courses in business administration and law, Uppsala University and the University of Gothenburg School of Business Economics and Law. Other board duties: Novestra Financial Services AB, Sowntone Ltd and WeSC AB.



“THE SUM OF OUR ACTIONS IS WHAT MAKES STRAX A VIBRANT COMPANY IN WHICH CHANGE IS PERCEIVED AS AN OPPORTUNITY AND EVERYONE IS COMMITTED TO A CONTINUOUS IMPROVEMENT PROCESS.”

- GUDMUNDUR PALMASON, CEO



SUSTAINABILITY REPORT

In the role as a global supplier of mobile accessories, STRAX is committed to protect and improve the environment, health and wellbeing of employees, customers, suppliers and the communities where we operate.

STRAX's ambition is to conduct business in a sustainable manner in all areas possible. Sustainability is considered in profitability and risk analyses, business and product development, investment decisions and in our communication with stakeholders. Doing so will enable us to offer innovative products more competitively, while taking responsibility for the impact our business has on the world around us. Not only do we work to ensure high standards of corporate responsibility internally, but we also engage our external partners to collaboratively manage social and environmental risks and opportunities. A clear vision and shared values form the basis for our behavior and actions at STRAX. They are the expression of our corporate culture, which align with sustainable business principles.

A year has passed since we published our first Sustainability Report. It's been an educative

process that has helped us evolve our sustainability work further by setting clear targets and measuring progress. We are proud of what we have achieved so far, while realizing we still have a long way to go. One of the highlights of 2018 has been the progress made in designing and developing greener packaging.

STRAX's Sustainability Report offers an overview of what we are trying to achieve with our sustainable business strategy, and the progress to date. The focus is on what matters the most, therefore, the content reflects the sustainability aspects where our business has the most impact on people and the environment. As a signatory to the UN Global Compact, STRAX is aligned with its ten principles concerning human rights, labor issues, environment and anti-corruption. This report is our Communication on Progress.

Our Values



Honesty

We aim always to show respect by adhering to facts, by fulfilling promises and admitting failures. We nurture honest communication throughout the company.



Respect

We always show the utmost respect for our co-workers, the company, our competitors, our customers and our partners.



Frugality

We use resources wisely; effective planning and communication together with optimized processes minimize costs across all areas of the business.



Teamwork

We realize and understand that as a team we're stronger than as individuals, so we work together to achieve our common goals.

BUSINESS MODEL AND SUSTAINABILITY CONTEXT

STRAX is a market-leading global company specializing in mobile accessories. We have built a House of Brands to complement our value-added customer-specific solutions and services. These include tailored professional marketing support, a product intelligence tool, customizable E-Com solutions and logistic solutions. STRAX’s brand portfolio includes proprietary brands: XQISIT, Urbanista and THOR and licensed brands: adidas and bugatti. In addition, we represents over 40 major mobile accessory brands. We sell into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online.

STRAX was founded in Miami and Hong Kong in 1995 and has since grown across the world. Today, Today, STRAX has over 190 employees in 13 countries with its operational HQ and logistics center based in Germany.

STRAX proprietary brands develop, produce, package and sell mobile accessories. 61 per cent of sales come from proprietary brands, 14 per cent from licensed brands and 25 per cent from partner brands.

STRAX does not own any factories and all production is sourced from third party suppliers. 99 per cent of the production is based South East Asia. The concentration of production in one geographic area when sales are global results in environmental challenges due to transportation. The development and production of proprietary products add further requirements on the control of materials used in the products and on third party factories’ adherence to sound business practices.

At STRAX, we strive to optimize the business model and value chain by developing and promoting sustainable products and services. Sustainability aspects are considered throughout the value chain which covers everything from product development and procurement to production, logistics and professional marketing support at the point of sales. Our sustainability work is focused on the most significant economic, environmental and social aspects across our value chain in order to reduce the negative impact on people and the environment.

Material sustainability aspects in STRAX’s value chain

Product development

Product safety, product quality, durability, use of chemicals and materials, packaging solutions and recyclability are important sustainability aspects in STRAX’s product development.

Procurement

The procurement process entails challenges related to corruption and briberies.

Production

Throughout the production process, the environmental impact of the production techniques such as use of chemicals, carbon emissions and waste, product quality assurance as well as human rights, fair labor practices and health and safety issues are important aspects to consider.

Logistics

The logistics include challenges related to carbon emissions from transportation of products as well as waste from the packaging used in the logistics process and energy usage in warehouses.

Value-added solutions and services

It is important that STRAX’s value-added solutions and services align with the company’s core values and contribute to the overall quality assurance.

SUSTAINABILITY GOVERNANCE

At STRAX we are committed to ensure that everything we do, and all decisions that we make, are governed by the principles of ethics, integrity and respect for people and care for the environment. In doing so we hope to earn the trust and respect of our customers and society in the process. Our vision, values, and Code of Conduct reflect our entrepreneurial, social and environmental responsibility. They are the company's binding guidelines, providing specific instructions on forming relationships with customers, colleagues, suppliers and other partners.

Principles and practices

STRAX's framework for sustainability respectfully complies with widely recognized international standards including the Universal Declaration of Human Rights, ILO International Labor Standards, the Rio Declaration on Environment and Development, the UN's Convention Against Corruption and OECD Guidelines for Multi-national Enterprises. Since 2017, STRAX is a signatory to the UN Global Compact, aligned with its ten principles concerning human rights, labor issues, environment and anti-corruption. STRAX is also in full compliance with the Responsible Business Alliance (RBA)'s Code of Conduct which includes a set of social, environmental and ethical standards for the electronics industry.

STRAX's quality management system and supplier partnership mechanism ensure adherence to our strict standards throughout the supply chain. The entire business, including the STRAX's logistics center, is ISO-9001 certified.

Sustainability management policies are regularly revised, as well as internal standards and processes, to ensure their conformance with international standards and customer requirements.

The Code of Conduct leads the way

STRAX's Code of Conduct is the Group's overarching sustainability policy document and declares what is expected from every person working for and with the organization. It also underlines our responsibilities to customers, colleagues, suppliers and other partners. The STRAX Code of Conduct is based on the company's core values and the ten principals

provided by the UN Global Compact as well as the other international conventions STRAX complies with.

The STRAX Code of Conduct obliges all employees to uphold high ethical standards in their conduct towards each other and when representing the company. It also aims to ensure a safe working environment, an equal and fair treatment of all employees, a strict quality management and focus on the end-user in product development, as well as to prevent, minimize and remedy the business adverse environmental impacts. The Code of Conduct is complemented by STRAX's Anti-Bribery Policy, Code of Conduct for Suppliers, rules of corporate governance and other relevant policies.

Business ethics

For STRAX, business ethics means more than complying with regulations. As a value-driven organization we believe that adopting a wider ethical approach into our company culture is crucially important. It helps us earn the trust of everyone affected by our operations, enhance our reputation and succeed in business.



Regulatory compliance

STRAX is committed to comply with the laws and regulations in each country in which we operate. The products are designed and tested to meet the appropriate standards for product safety, electromagnetic and wireless connectivity, ergonomics and other regulatory compulsory requirements, when used for their intended purpose.

Whether in areas of corporate governance, fiduciary duty, employee responsibilities, consumer protection, partnership management, or environmental standards, we take our responsibilities seriously; in most cases, legal compliances act as a starting point only, our own policies tend to be more strict than legal compliance requirements.

Group-wide sustainability policy documents

- STRAX Code of Conduct
- STRAX Supplier Code of Conduct
- STRAX Anti-Bribery Policy
- STRAX Cobalt and Conflict Minerals Declaration
- STRAX Travel Policy

Anti-corruption and bribery

STRAX's procurement process mainly takes place in South East Asia, a market that offers good business opportunities, but that is also exposed to material risks relating to areas such as corruption, bribery and fraud.

STRAX has a zero-tolerance policy on corruption. STRAX's Code of Conduct and Anti-Bribery Policy describe our commitment to maintain a high standard of ethics when we do business and our expectations on each employee and partner. We fully support the requirements of the UK Bribery Act as well as similar legislation in all regions in which we do business. We have implemented policies and procedures to ensure we are prepared, to the extent possible, to prevent and deter corrupt practices across our business relationships. This also includes monitoring and preventing potential corruption and bribery and to deal with such practices appropriately if they are discovered.

All staff shall be aware of their responsibilities in respect to anti-corruption and bribery

and shall be empowered to act as a line of defense in the identification of any corrupt practices. STRAX's guidelines on gifts and hospitality serves as a support structure for employees to handle such corrupt activities.

STRAX has set as a target that all employees should be educated on the topics of bribery and corruption by 2020. 100 per cent (100) of all employees in Vendor-facing positions had completed their education on the topic of bribery and corruption at year-end 2018, which corresponds to 24 per cent (18) of the Group's employees.

Reporting concerns

Employees and partners are encouraged and expected to report incidents of non-compliance with the STRAX Code of Conduct. Reported information will only be processed to the extent reasonably necessary for the investigation. There will be no retaliation or other negative consequences for individual reporting on such incidents. The STRAX Code of Conduct have instructions for employees on how to raise their concerns within the organization.

Organization

Sustainability and ethics are emphasized throughout STRAX's corporate governance, starting with the Board of Directors, the CEO and the Group Management Team. The Group Management Team has the ultimate responsibility for the implementation and monitoring of STRAX's sustainability work, as well as its subdivisions' compliance with the STRAX Code of Conduct. Management is also responsible for maintaining adequate documentation to demonstrate compliance by partners.

In 2017 STRAX established a number of sustainability targets as well as Sustainability Performance Indicators (SPIs) for monitoring and develop the sustainability work. In 2018, the focus has been on finalizing this process and measure progress on selected SPIs. We have come a long way but recognize that there is still a lot to be done. We continuously work to develop our business in a more sustainable way and minimize our negative social, environmental and economic impact. The targets will be updated in pace with the continuing work.

DEVELOPING SUSTAINABLE SUPPLIER NETWORKS

Some of the most significant risks and opportunities within STRAX's value chain can be found among the upstream suppliers. With over 150 suppliers globally, continual improvements together with our manufacturing partners on sustainability issues are not only crucial to ensure the rights and conditions of the workers that make our products, but also to minimize the adverse environmental impacts of the production.

At STRAX we expect our suppliers to operate ethically correct and in accordance with internationally recognized standards on human rights, labor rights, environment and anti-corruption, adhere to the STRAX Code of Conduct and to uphold the ethical standards that are integral to our Code of Conduct.

Sustainability management in the supply chain

As a global business with an extensive supplier base, developing a full understanding of the suppliers' sustainability performance is a challenge, even with strict supply chain processes in place.

STRAX has adopted the Responsible Business Alliance (RBA)'s Code of Conduct as a guideline for standardizing the approach with suppliers regarding social, environmental and ethical responsibility.

STRAX has also implemented STRAX Code of Conduct for Suppliers to ensure that all suppliers know what we expect of them. Alongside the Supplier Code of Conduct, STRAX has an Anti-Bribery Contract with factories and other contractors in Asia with heavy penalties for any bribery or inappropriate influence on STRAX employees or representatives. STRAX has amended employee contracts for all Asian employees, giving STRAX the right to terminate employment immediately, and without notice period, should any bribes have been accepted.

STRAX aim for all suppliers to comply with the requirements regarding anti-corruption and bribery with no serious deviations. In 2018, 100 per cent (98) of suppliers complied with the requirements without serious deviations.

Monitoring compliance

STRAX expects all suppliers to continually monitor their compliance with the standards set in the STRAX Supplier Code of Conduct and to promptly rectify any failures to do so. Should any breach of the regulations be detected, the supplier must immediately notify STRAX, so that we can ensure that effective and timely corrective actions are taken.

At STRAX, we believe in a self-assessment system, that over time corrects behavior and creates a sound culture of improvement, for the factories. Initial audits are conducted at all new major suppliers. The self-assessment system is then monitored through our regular presence in the factories and checked through audits. We also implement third party validation of strategic suppliers' CSR-performance to cross reference our internal findings.

In 2018 a total of nine audits were conducted. Major suppliers are defined by accounting for +90 per cent of Group purchasing.

Improving performance and building capability

STRAX's intention is to support safe and fair working conditions and responsible management of environmental and social issues in every part of the supply chain. In order to do so, we support the establishment of a Corporate Social Responsibility (CSR) management structure and incorporate CSR-performance as a part of our supplier evaluation criteria to further incentivize their participation in these activities.

Engaging directly with suppliers is one of the most effective ways to improve performance in the supply chain. Ways to do this include using our monitoring processes, follow-up discussions and briefings with suppliers' managers and executives. If any evidence of non-compliance is identified, STRAX work with the supplier to develop corrective actions and improve the process the supplier uses to manage key risks.

STRAX has developed a program that encourages the suppliers' incremental improve-

ment through the provision of best practice CSR-improvement recommendations. We aim for all suppliers in areas with high CSR-related risks, currently South East Asia, to participa-

te. At year-end 2018, 100 per cent (98) of all suppliers in high-risk areas had participated in the supplier development program.

PRODUCT RESPONSIBILITY

STRAX is dedicated to providing customers with safe products that exceed their expectations regarding quality and safety as well as the environmental impact caused by producing and using them. All STRAX products meet their respective regional and safety requirements.

Quality management system

STRAX develops products in strict compliance with internationally recognized safety and legal requirements. Regulations setting mandatory safety and reliability standards for certain products are defined during the product development stages for the purpose of preventing or reducing the risk of injury or harm to the consumer. These include, but are not limited to, CE, FCC and other recognized regulatory bodies.

STRAX has assembled a Product Safety and Compliance Team which continually monitors product safety issues within the supply chain and reports directly to the Management Team. Together they have developed robust procedures to deter, detect, and prevent non-compliant products from shipping to customers.

The foundation of these procedures is based upon a quality management system and supplier partnership mechanism that ensures adherence to strict standards throughout the supply chain. Procedures have been established for product design and performance as well as raw material selection and regulatory requirements. STRAX ensures the traceability along all instances leading up to the Design Approval Process, which enables us to track products and components to individual suppliers, ensuring supplier accountability. This system also enables us to trace non-standard components that may have safety implications back to their source and thereafter implement root cause analysis and respective solutions.

For product safety certifications, STRAX engage external experts to identify continual improvement areas and corrective actions.

We also cross-check final results with our internal testing facilities; additionally, we have a protocol for product recalls should the need arise.

Materials and substances

STRAX strive to conserve resources and reduce environmental footprint caused by our products through the use of recyclable plastics and packaging materials, as well as ensuring the recyclability of the products where reasonably possible.

In 2018 STRAX invested in developing more sustainable and consumer friendly packaging. By changing plastics used in the packaging construction to biodegradable plastics or paper and create designs that require less plastics, the packaging becomes more sustainable and has less impact on the environment.

In order to ensure that none of STRAX's products contain any harmful, restricted or unnecessary chemicals, we adhere to strict legal compliance across a range of legislative environments around the world, including the EU RoHS (guidelines to restrict the use of harmful substances in electric/electronic products) and the EU REACH (European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals), and have a multi-layered approach to ensure that our suppliers do as well.

At STRAX, continuous progress is a crucial part of the product development process. We continuously work on providing information that helps buyers and customers make sustainable product choices.

Conflict minerals management

STRAX supports the efforts of human rights organizations to end violence and atrocities in Central Africa. It has been widely reported that the major driver of this violence is the natural abundance of the minerals tin, tungsten, tantalum and gold, now referred to as conflict minerals. In 2016, Amnesty International also

shed light on human rights abuses, including child labor, linked to cobalt mining in the Democratic Republic of Congo.

The issues of conflict minerals are important to STRAX. We undertake due diligence to ensure that conflict minerals are not used in our products. STRAX requires that all new suppliers confirm that materials we purchase do not contain conflict minerals and the suppliers are notified periodically to update this assurance. In addition, we require of our existing suppliers that use any of the four metals listed above to ensure that they are using approved smelters,

as informed by the Conflict Free Sourcing Initiative. Suppliers shall exercise due diligence on the source and chain of custody of conflict minerals and make their due diligence measures available to STRAX upon request. Since 2017 STRAX includes cobalt in the requirements. A policy has been implemented to ensure that all suppliers, both upstream and downstream, recognize and align their supply chain policies with the Responsible Cobalt Initiative (RCI). At year-end 2018, 100 per cent (97) of all suppliers had completed a self-assessment, ensuring any sourcing, purchasing or use of Cobalt adheres to the RCI.

OUR PEOPLE

STRAX strives to provide a workplace where employees can fulfill their potential in an open and inspirational working environment. The ability to attract, develop and retain competent and committed employees at all levels is key to continued successful growth.

Living our values

STRAX maintains a strong commitment to high standards in order to deliver a fair, diverse, respectful and safe workplace for all employees.

At the heart of our behavior and actions are four core values: Honesty, Respect, Frugality and Teamwork. We want our people to always show respect by adhering to facts, fulfilling promises and admitting to failures. We also want them to show the outmost respect for co-workers, the company, competitors, customers and partners. Resources shall be used wisely across all areas of the business, with effective planning, communication and optimized processes that reduce costs. We are stronger as a team than as individuals, so we shall all work together to achieve our common goals.

STRAX's Code of Conduct outlines the behaviors expected from every single person working for and with STRAX. The principles outlined in the Code of Conduct are the foundation of how we do business and set the values we want everyone who works for or with us to respect. Together, these elements ensure that we protect our reputation, our people and our assets. All employees are educated in the company's Code of Conduct and informed

of their personal responsibility to ensure that they act according to it.

Health and safety management

STRAX is committed to high standards of health and safety management which is a fundamental part of the sustainability agenda. Ensuring safety awareness, positive attitudes and continual improvement in safety performance requires the commitment and active involvement of all partners, managers, employees and regular contractors at all levels.

STRAX works actively and preemptively to improve the company's employee attendance through initiatives such as preventive health-care, which STRAX strives to offer to all the Group's employees.

In order to make analyzes and plans of action STRAX is measuring employee satisfaction through an employee survey. The target is to have an Employee Satisfaction Index (ESI) score of at least 85 per cent by 2020. The latest survey on employee satisfaction was conducted in 2017. The survey was addressed in Asia with an overall ESI score of 78 per cent. Due to the organizational changes brought about by the optimization phase STRAX is currently in, no survey was conducted in 2018. STRAX is planning to survey employee satisfaction for the entire Group in 2019.

Diversity and equality

At STRAX we are committed to ensure the fair and equal treatment of everyone across all our business. Workplace diversity contributes to

the divergence and exchange of ideas, which is critical to STRAX's innovation process and contributes to a healthy management environment. STRAX has a zero-tolerance policy for all forms of discrimination and harassment. We are committed to provide an inclusive and welcoming environment for all members of our employees, clients, volunteers, subcontractors, vendors, and clients.

STRAX regard gender equality as an essential part of human resource management. While recognizing that differences between

people must be acknowledged and reasonably accommodated, employment practices must ensure that differences do not lead to discrimination in the workplace. The gender division in the Group is 45 per cent (42) women and 55 per cent (58) men. 34 per cent (29) of managers were women during the year. STRAX aim to continuously improve the proportion of women in management positions. The target is that both men and women will represent at least 40 per cent of management positions by year 2020.



ENVIRONMENTAL RESPONSIBILITY

Environmental management is an important part of the culture at STRAX. We work systematically to prevent, minimize and remedy adverse environmental impacts of our business activities through a proactive approach and responsible management of its environmental aspects. As part of STRAX's continuous improvement process for environmental management, we are further analyzing our environmental impact to better understand how we can play a larger and more constructive role in contributing to a healthier global environment.

Reducing our CO²-footprint

There is clear evidence that global temperatures are rising quickly. There is also a very strong consensus among scientists and policymakers that carbon dioxide emissions from fossil fuels together with other greenhouse gases have a direct impact on the climate. At STRAX, we recognize the impacts of global warming and work to be part of the solution. Carbon management is relatively new at STRAX. We have five initiatives that we are currently focusing on:

- Optimize transport emissions by shifting from air to ocean transport modes as much as possible
- Avoid travel emissions by prioritizing alternative technology options such as video conferencing and virtual office use
- Supplier engagement to reduce manufacturing energy usage and CO²-emissions
- Reduce the environmental impacts of our products at the research and design stage
- Use less carbon-intensive materials, such as recycled materials, in the packaging

We are in the process of measuring our baseline carbon footprint and setting short and long-term reduction targets.

Engaging our suppliers

In order to reduce the CO²-emissions throughout our value chain, engaging our suppliers and to work collaboratively, is crucial.

STRAX seeks to reduce manufacturing energy usage by requiring that supplier use energy efficient devices which comply with extended

internationally efficiency standards. Furthermore, suppliers are obliged to provide STRAX with important information about energy consumption, production technology and logistics in order for STRAX to be able to determine and measure the CO²-costs.

For information involving energy consumption, the measures taken by suppliers must be based on the ETSI-TS standard, while for CO²-effects they must be based on internationally recognized standards, in particular the standard of the GHG Protocol and recommendations of the ITU-T SG5. Regarding assembly, suppliers shall provide STRAX with all necessary information about the materials from which the items delivered are assembled, as well as about the packaging.

Optimize transport emissions

Transports are STRAX's largest source of greenhouse gas emissions. An efficient and CO²-minimizing flow of goods is one of the most important factors to reduce our negative impact on the environment.

To ensure efficient transports, STRAX has a screening process with requirements regarding transportation optimization and efficiency when choosing what carriers to use. By optimizing the transports, and prioritizing transports by sea or train over those by air, we are working to lessen the company's impact on the environment.

Starting in 2019, STRAX will operate a bonded warehouse in Asia, which will enable improved co-ordination of transportations as well as provide cost-effective solutions.

The target is that transportation by air should not exceed 70 per cent by year 2020. At year-end 2018, 99 per cent of transports were by air, which is an increase from previous year with 15 percentage points. The increase is related to growth in sales for protection brands. We recognize that we are up for a challenge and that we still have a long way to go, but at the same time, we are confident that our ongoing efforts to reduce our CO²-footprint will pay off in the future.

STRAX is also committed to reduce emissions from business travel by prioritizing alternative technology options such as video conference

and virtual office use. In 2018 STRAX implemented a new stricter travel policy in order to further reduce the impact of business travel.

Circular economy

In the context of rapidly reducing global resources, STRAX strives to understand and optimize our role in contributing to a circular economy.

A circular economy aims to mirror the natural world's regenerative system by ensuring resources can be continually recycled and environmental impacts are minimized. For STRAX, this means making high quality products that last longer, are made of environmentally friendly materials, and can be easily recycled. In this way, we hope to not only benefit the environment, but also achieve cost benefits for us at STRAX and to offer our customers an environmentally friendly product design and better end-of-life management.

STRAX are continually investigating how we can better use the principles of circular economy to deliver value to our customers. Our current approach includes the use of biodegradable plastics in products, as well as the use of recycled material in packaging and to ensure recyclability in line with WEEE regulations. Globally, only nine per cent of all plastics are recycled. In the contrary to non-sustainable plastics, oxo-biodegradable plastics allow the plastics that are not being recycled to degrade in natural environments without harming the natural habitats of wildness such as plants and animals. STRAX most recent investment revolves around packaging. By designing packaging that requires less plastics and replacing plastics with biodegradable plastics or paper, the packaging becomes more sustainable and has less negative impact on the environment.

SUPPORTING OUR COMMUNITIES

As a global business it is essential to understand the social challenges in our surroundings and the crucial role businesses play in society. AT STRAX, we are dedicated to taking responsibility towards a sustainable social development in the communities in which we operate. In 2018, we supported two non-profit organizations in Asia and one in Kenya to contribute towards children's and young adults' right to education, development and an independent life.



From One to Another

STRAX supports the non-profit organization From One to Another who works to provide financial support and support for education for girls in Kenya. The organization's strategy is to contribute to sustainable communities around these girls by creating centers that will provide support, advice and education to the girls' mothers.

STRAX donation during 2018 has enabled 25 girls to go to high school for one year. Twice a year STRAX gets a personal update letter from the girls they are sponsoring.

Captivating International

STRAX supports the Annual Captivating Charity Auction – an event run in partnership with the Shenzhen Charity Federation. The Shenzhen Charity Federation; SHAMTSE; and LOVEQTRA (The Seng Girls Home), funds raised from this year's event will be used to impact the lives of up to 1,000 girls and many of their families in remote locations of Western China. With a focus on solutions such as greenhouses, animal husbandry, health education, vocational school scholarships, and programs helping girls get into their first genuine and safe job.



Sunshine Academy

STRAX partners with a Chinese non-profit organization, Sunshine Academy, on a number of vocational programs. Sunshine Academy is dedicated to love and educate Chinese orphans instilling dignity and life skills to enable an independent life. Sunshine Academy students have a variety of special needs which means they will need support throughout their growing up years as well as their adult life.

Through one of STRAX core manufacturing partners we support a vocational initiative to help Sunshine Academy students build life skills in the work place allowing them to become as self-sufficient as possible and give them opportunities to have a meaningful life.

SUSTAINABILITY RISKS

Stakeholders have ever increasing demands on companies' accountability. The active work with issues concerning the environment, social conditions, human rights and corruption is an integrated part of STRAX's operations. Should our efforts in these areas prove insufficient, sales and market shares could be negatively affected.

Risk

Risk management

Risks in the supply chain

Some of the more significant sustainability risks and opportunities are found in STRAX's supply chain. The risks include, but are not limited to, corruption and bribes, human rights and fair labor practices, health and safety, and environmental damage. Should STRAX's suppliers break international rules and legislation, or if they should deviate from established standards, STRAX's would risk facing economic damages, negative publicity and legal ramifications.

STRAX expect all suppliers to operate ethically correct and in accordance with internationally recognized standards on human rights, labor rights, environment, anti-corruption and bribery. Principles and values are communicated through STRAX's Supplier Code of Conduct, which applies to all STRAX's suppliers and subcontractors. STRAX support the establishment of a CSR management structure and incorporate CSR performance as a part of the supplier evaluation criteria to further incentivize their participation in CSR activities.

Product-related risks

STRAX's ability to offer products that meet stakeholders' expectations regarding quality, safety, use of materials and chemicals, as well as comply with all regional and country-level statutory standards is crucial to maintain customer trust.

STRAX complies with the EU directives; RoHS, REACH and WEEE, and strive to reduce the products' environmental footprint through the use of recyclable plastics and packaging materials as well as ensuring the recyclability of the products when reasonably possible. Product safety issues within the supply chain are continually monitored and STRAX has developed robust procedures to deter, detect, and prevent non-compliant products from shipping to customers. STRAX also undertake due diligence to ensure that conflict minerals & cobalt materials are not used in our products.

Risks related to business ethics

With employees in 13 countries and over 150 suppliers around the world, STRAX is, to a varying degree, exposed to the risk of corruption. Unethical behavior would entail legal ramifications and harm the company's reputation.

STRAX has a zero-tolerance policy on corruption. All STRAX's employees are educated in the company's Code of Conduct and made aware of their responsibilities in respect to anti-corruption and bribery. STRAX's guidelines on gifts and hospitality serves as a support structure.

Risks related to social conditions

Skilled and engaged employees are instrumental to the company's ability to develop according to the long-term strategic plan and to reach the established targets. If STRAX were to fail in providing an attractive working environment it would have a direct negative impact on the company's ability to attract and retain skilled employees.

STRAX maintains a strong commitment to high standards in order to deliver a fair, diverse, respectful and safe workplace for all employees. STRAX's Code of Conduct establishes the organization's stance on these topics. All STRAX's employees are educated in the company's Code of Conduct and informed of their personal responsibility to ensure that they act according to it.

Environmental risks in the transportation of goods

With a global network of suppliers and distributors, a significant part of STRAX's value chain's negative impact on the environment stems from the transportation of goods in the form of carbon emissions.

By optimizing the transports, and prioritizing transports by sea or train over those by air, STRAX is working to lessen the company's impact on the environment.

SUSTAINABILITY TARGETS

In 2017 STRAX established a number of sustainability targets as well as Sustainability Performance Indicators (SPIs) for monitoring the areas of product compliance, responsible suppliers, carbon management, employees and social conditions. In 2018, the focus has been on finalizing this process and measure progress on selected SPIs.

	Sustainability target	Results of 2018
Supply chain	<p>100 % of suppliers are to comply with the requirements of STRAX's Supplier Code of Conduct regarding anti-corruption and bribery with no serious deviations.</p> <p>All suppliers in high-risk areas (currently South East Asia) are to participate in STRAX's supplier development program.</p>	<p>100 % (98) of suppliers complied with the requirements without serious deviations in 2018.</p> <p>At year-end 2018, 100 % (89) of all suppliers in high-risk areas had participated in STRAX's supplier development program.</p>
Business Ethics	<p>100 % of all employees should be educated on the topics of bribery and corruption by year 2020.</p>	<p>24 % (18) of all employees had been educated on the topic of bribery and corruption at year-end 2018, with 100 % (100) of employees in Vendor-facing positions.</p>
Social Conditions	<p>The target is that both men and women will represent at least 40 % of management positions by year 2020.</p> <p>The Group's employee satisfaction score (ESI) should be at least 85 % by year 2020.</p>	<p>At year-end 2018, the gender division in the Group was 45 % (42) women and 55 % (58) men. 34 % (29) of managers were women during 2018.</p> <p>STRAX conducted a survey on employee satisfaction in Asia during 2017 with an overall ESI score of 78 per cent. Due to the organizational changes brought about by the optimization phase STRAX is in, no survey was conducted during 2018. STRAX is planning to survey employee satisfaction for the entire Group in 2019.</p>
Carbon Management	<p>Transportation by air should not exceed 70 % by year 2020.</p> <p>Reduce emissions from business travel by prioritizing alternative technology options (video conference, virtual office use).</p>	<p>99 % (84) of transports were by air in 2018. The increase is related to growth in sales for protection brands.</p> <p>In 2018 STRAX implemented a new stricter travel policy in order to further reduce the impact of business travel.</p>
Product responsibility	<p>All suppliers shall recognize and align their supply chain policies in line with the Responsible Cobalt Initiative (RCI).</p> <p>All products shall meet internationally recognized safety and legal requirements for the markets they are sold in.</p>	<p>At year-end 2018, 100 % (97) of all suppliers had completed a self-assessment ensuring any sourcing, purchasing or use of Cobalt adheres to the RCI.</p> <p>In 2018 100 % (100) of STRAX products complied with all local and international regulatory safety standards.</p>



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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 Managing Director 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, 2018.

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

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

This is STRAX

STRAX is a market-leading global company specializing in mobile accessories. STRAX has built a House of Brands to complement its value-added customer specific solutions and services.

STRAX House of Brands includes proprietary brands: XQISIT, Urbanista, THOR, CLCKR and licensed brands: adidas and bugatti.

In addition, STRAX represents over 40 major mobile accessory brands. STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online.

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

Significant events during the year

STRAX was awarded accessory contract with Vodafone UK to become its sole provider of mobile accessories across all of its 450 retail

stores, enterprise business units and online channels via a full category vendor managed availability solution.

STRAX implemented a supply chain financing solution from CrossFlow, a London-based fintech company, within its supplier base. STRAX invested in a joint venture, BrandVault, a business focused on sales through e-commerce marketplaces globally.

STRAX reduced its global headcount by 25%, coming across all support functions, discontinued and divested brands and segments, as well as restructure of certain sales entities, where market conditions remain unfavorable.

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

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

STRAX divested its Gear4 brand to ZAGG for MEUR 33,5 with potential additional payments of MEUR 9. The divestment is a share-based transaction, with US-based ZAGG Inc acquiring all outstanding shares in Gear4 Hong Kong Ltd, a wholly-owned subsidiary of STRAX. The value of the transaction is based on the 2018 forecasted Gear4 sales generated by the STRAX group of companies. Eighty percent of the purchase price will be paid in cash and 20 percent will be paid in shares in ZAGG, which is listed on the Nasdaq US stock exchange. MEUR 26.5 will be paid in cash at completion with 3.5 of the total purchase price held in escrow for five months and 3.5 for 18 months. The effective date of the transaction was 30 November 2018. The purchase price is based on a cash and debt-free basis, and the initial cash flow impact of STRAX

will equal the initial purchase price less the escrow of MEUR 8.5. The shares received as part of the purchase price will be subject to a customary 12-month lock-up period, whereby the shares cannot be freely sold or transferred. The shares can be sold or distributed to STRAX shareholders after the lock-up period and release out of escrow. STRAX will continue to distribute Gear4 products in several markets, including the UK, where Gear4 enjoys a market-leading position in the mobile case category. While the transaction will negatively impact STRAX's consolidated annual sales by MEUR 20-25, it will reduce headcount by 17 FTEs and OPEX by 8-10%, therefore mitigating the EBITDA impact.

STRAX board of directors called for an EGM on December 28, 2018, which resolved on a distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value, with distribution to the shareholders completed on January 30, 2019.

Dividends and distributions

The Board has not proposed a dividend for the financial year 2018. In January 2019 a distribution of MEUR 12.8 to the shareholders was completed through a mandatory redemption program.

Earnings and financial position

THE GROUPS net sales for the period January 1 - December 31 2018 amounted to 106 967 (100 065) corresponding to growth of 6.9 percent. Gross profit amounted to 25 877 (28 107) and gross margin amounted to 24.2 (28.1) percent, decreasing as a result of one time charges. Operating profit amounted to -2 139 (5 658).

Result for the period amounted to 16 747 (1 787). The result included gross profit 25 877 (28 107), selling expenses -20 875 (-15 491), administrative expenses -8 968 (-7 416), other operating expenses -2 388 (-4 799), other operating income 4 216 (5 258), share of profit of associates - (186), net financial items 24 075 (-2 103) and tax -5 190 (-1 768).

As of December 31 2018 total assets amounted to 107 900 (83 169), of which equity totaled 34 265 (21 028), corresponding to equity/assets ratio of 31.8 (25.3) percent.

THE PARENT COMPANY'S result for the period amounted to 71 (-92). The result included gross profit from net sales of 1 208 (878), administrative expenses -1 192 (-876) and net financial items 55 (-94). As of December 31 2018 total assets amounted to 77 686 (77 555) of which equity totaled 75 795 (75 724).

LIQUIDITY AND FINANCING

Cash and cash equivalents consist of cash and bank balances amounting to 24 845 (5 689) as of December 31, 2018. At the end of 2018 interest-bearing liabilities amounted to 29 055 (26 245).

INVESTMENTS during the period amounted to a total of 2 073 (16 398), of which investments in intangible fixed assets amounted to 206 (346), property, plant and equipment amounted to 1 867 (2 894) and investments in financial assets amounted to - (7 561). Divestment of non-current assets amounted to - (22).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

STRAX increased its ownership in Brandvault Global Services Ltd from 10 percent to 100 percent. Brandvault is a business focused on sales through e-commerce marketplaces globally.

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

FUTURE DEVELOPMENT

STRAX will play an active role in shaping the mobile accessories industry both offline and online in all of its targeted geographic markets. We will continue to execute against our strategic framework launched in 2016, while simultaneously strengthening the operational platform to enable us to carry out our House of Brands strategy through offline and online sales channels globally with fewer resources.

STRAX will retain market share in Western Europe, while at the same time invest and grow at an accelerated rate in North America, Japan and strategic markets in ROW. STRAX will furthermore invest in the eCommerce sales channel in an effort to improve margins, diversify its traditional retail customer base and secure growth. STRAX has experienced

positive development in sales in recent years. Having achieved headcount and annualized operating expense reduction of 25% we expect our profitability to improve, whilst 2019 sales remain relatively flat as a result of the Gear4 divestment. We expect that our online sales will grow significantly albeit from a low base and achieve 50% of our sales through eCommerce in 3-5 years. Currently the industry is undergoing consolidation, and STRAX intends to play an active role in the ongoing consolidation process through acquisitions, divestments and partnerships.

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 36-41 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 EUR 12 624 165 distributed among 120 592 332 shares with a quota value of EUR 0.10 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 of December 31, 2018 the company had a total of 1 883 (1 868) shareholders. The ten largest shareholders' holdings as of December 31, 2018 amounted to 83 (83) percent of the total number of outstanding shares and votes in the company. There are a total of three shareholders, Gudmundur Palmason, Ingvi T. Tomasson and GoMobile Nu AB who as of December 31, 2018 reported a holding of at least 10% in STRAX through disclosure notices.

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

Sustainability Report

In accordance with the requirements in the Swedish Annual Accounts Act, STRAX presents a Sustainability report. STRAX participates in the UN Global Compact and the sustainability report also includes the Group's Communication of Progress. The statutory sustainability report is presented separately from the Board of Director's report and is found on the pages 46-59 of the annual report. The sustainability risks facing the Group is accounted for on page 58.

Proposed distribution of earnings in the parent company (KEUR)

At the disposal of the Annual General Meeting is:

Retained earnings	62 315
Distribution resolved upon as of December 28, 2018 ⁽¹⁾	-12 761
Profit/Loss for the year 2018	71
Total	49 625

The Board of Directors propose that the profit for 2018, EUR 71 together with the remaining retained earnings, EUR 49 554, totalling EUR 49 625 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) The EGM held on December 28, 2018, resolved on a mandatory redemption of SEK 1.10 per share to the shareholders, corresponding MEUR 12.8 in total value.



THE GROUP

Income statements, KEUR	NOTE	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Net sales	5	106 967	100 065
Cost of goods sold ¹⁾	6	-81 090	-71 958
Gross profit		25 877	28 107
Selling expenses ¹⁾	8	-20 875	-15 491
Administrative expenses ¹⁾	9	-8 968	-7 416
Other operating expenses ¹⁾	10	-2 388	-4 799
Other operating income	12	4 216	5 258
Operating profit		-2 139	5 658
Share of profit of associates		-	- 186
Financial income	13	26 392	142
Financial expenses	14	-2 317	-2 058
Net financial items		24 075	-2 103
Profit before tax		21 936	3 555
Tax	15	-5 190	-1 768
Profit or loss for the year ²⁾		16 747	1 787
Result per share before dilution, EUR		0.14	0.02
Result per share after dilution, EUR		0.13	0.02
Average number of shares during the period		120 592 332	117 839 802
Average number of shares during the period including dilution		124 687 332	117 839 802
Statement of comprehensive income, KEUR			
Profit or loss for the year		16 747	1 787
Items that may be reclassified to profit or loss			
Other comprehensive income, translation gains/ losses on consolidation after tax		-3 510	- 75
Total comprehensive income for the period		13 237	1 712

⁽¹⁾ Depreciation and amortization for the period January 1 – December 31, 2018, amounted to 3 630 (2 567).

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

THE GROUP

Balance sheets, KEUR	NOTE	12 31 2018	12 31 2017
Assets			
NON-CURRENT ASSETS			
Goodwill	18	20 902	26 560
Other intangible assets	19	902	3 893
Tangible fixed assets	20	1 136	2 203
Other assets	21	1 532	593
Deferred tax assets	22	62	538
Total non-current assets		24 534	33 787
CURRENT ASSETS			
Inventories		14 980	10 417
Tax receivables		1 244	752
Accounts receivable	23	28 423	25 792
Other assets	21	13 875	6 732
Cash and cash equivalents	24	24 845	5 689
Total current assets		83 366	49 382
Total assets		107 900	83 169
Equity and liabilities			
EQUITY			
	25		
Share capital		12 622	12 622
Other contributed equity		-1 650	-1 650
Translation reserve		-3 510	-
Retained earnings including profit or loss for the year		26 804	10 057
Total equity		34 265	21 028
NON-CURRENT LIABILITIES			
Tax liabilities		3	3
Other liabilities		616	615
Interest-bearing liabilities		8 403	11 230
Deferred tax liabilities		1 149	1 295
Total non-current liabilities		10 170	13 143
Current liabilities			
Provisions	26	1 742	1 320
Interest-bearing liabilities		20 652	15 015
Accounts payable and other liabilities		21 825	18 367
Tax liabilities		6 470	2 796
Other liabilities		12 775	11 500
Total current liabilities		63 464	48 998
Total liabilities		73 635	62 141
Total equity and liabilities		107 900	83 169

THE GROUP'S STATEMENT OF CHANGES IN EQUITY

KEUR	Share capital	Other contributed equity	Trans-lation Reserve	Retained earnings incl. profit/loss for the year	Total equity
Opening balance January 1, 2017	12 326	-2 854	-	8 688	18 159
Total comprehensive income 2017				1 712	1 712
New share issue	296	1 204		- 22	1 478
Other				- 321	- 321
Balance as of December 31, 2017	12 622	-1 650	-	10 057	21 028
Total comprehensive income 2018			-3 510	16 747	13 237
Balance as of December 31, 2018	12 622	-1 650	-3 510	26 804	34 265

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

THE GROUP

Cash flow statements, KEUR	NOTE	01 01 2018 12 31 2018	01 01 2017 12 31 2017
OPERATING ACTIVITIES			
Result before tax		21 936	3 555
Adjustment for items not included in cash flow from operations or items not affecting cash flow		-20 946	5 087
Paid taxes		-1 055	- 811
Cash flow from operations prior to changes in working capital		- 64	7 831
Cash flow from changes in working capital			
Increase (-)/decrease (+) inventories		-7 121	2 196
Increase (-)/decrease (+) current receivables		-3 323	-11 793
Increase (-)/decrease (+) non-current receivables		- 961	1 302
Increase (+)/decrease (-) non-current liabilities		1	195
Increase (+)/decrease (-) current liabilities		8 604	4 242
Cash flow from operations		-2 865	3 973
INVESTMENT ACTIVITIES			
Investments in intangible assets		1 356	- 346
Investments in tangible assets		-2 178	-2 464
Investments in subsidiaries		23 137	-6 917
Costs relating to sale of subsidiaries		-1 588	-
Divestment of non-current assets		-	22
Cash flow from investment activities		20 727	-9 705
FINANCING ACTIVITIES			
Interest-bearing liabilities		5 637	17 961
Amortization of interest-bearing liabilities		-2 827	-8 588
Other financing Liabilities		-	31
Acquisition of minority interests		-	- 22
Paid interest expenses		-1 520	-1 699
Cash flow from financing activities		1 291	7 683
Cash flow for the period		19 152	1 951
Exchange rate differences in cash and cash equivalents		3	75
Cash and cash equivalents at the beginning of the period		5 689	3 663
Cash and cash equivalents at the end of the period	24	24 845	5 689

THE PARENT COMPANY

Income statements, KEUR	NOTE	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Net sales		1 208	878
Gross profit		1 208	878
Administrative expenses	30, 31, 32	-1 192	-876
Operating income		16	2
RESULT FROM FINANCIAL ITEMS			
Results from shares and participations		-	-92
Interest income and similar charges	32	88	48
Interest expense and similar charges	32	- 33	-50
Result after financial items		71	-92
Current taxes		-	-
Profit or loss for the year		71	-92

STATEMENT OF COMPREHENSIVE INCOME, KEUR

Result for the year	71	-92
Other comprehensive income	-	-
Total comprehensive income for the year	71	-92

THE PARENT COMPANY

Balance sheets KEUR	NOTE	12 31 2018	12 31 2017
Assets			
NON-CURRENT ASSETS			
Tangible fixed assets:			
Equipment	33	130	131
NON-CURRENT FINANCIAL ASSETS			
Shares and participations in group companies	34	75 694	75 693
Total fixed assets		75 824	75 824
CURRENT ASSETS			
Receivables:			
Shares and participations held for sale	35	3	6
Other receivables		29	28
Receivables from group companies		1 802	1 675
Prepaid expenses and accrued income		26	21
		1 860	1 730
Cash and bank balances	40	2	1
Total current assets		1 862	1 731
Total assets		77 686	77 555

THE PARENT COMPANY

Balance sheets, KEUR	NOTE	12 31 2018	12 31 2017
Equity and liabilities			
EQUITY			
	36		
Restricted equity:			
Share capital		12 624	12 624
Statutory reserve		785	785
		13 409	13 409
Non-restricted equity:			
Accumulated profit/loss		62 315	62 407
Profit/loss for the year		71	-92
		62 386	62 315
Total equity		75 795	75 724
LIABILITIES			
Non-current liabilities:			
Interest-bearing liabilities	37	622	816
Current liabilities:			
Interest-bearing liabilities	37	556	585
Accounts payable		269	20
Liabilities to group companies	38	96	96
Other liabilities		56	17
Accrued expenses and prepaid income	39	291	297
		1 268	1 015
Total liabilities		1 890	1 831
Total equity and liabilities		77 685	77 555

THE PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

KEUR	Share capital	Restricted reserves	Retained earnings incl profit/loss for the year	Total equity
Opening balance January 1, 2017	12 328	785	61 203	74 316
Total comprehensive income 2017			- 92	- 92
New share issue	296		1 204	1 500
Balance as of December 31, 2017	12 624	785	62 315	75 724
Total comprehensive income 2018			71	71
Balance as of December 31, 2018	12 624	785	62 386	75 795

As of December 31, 2018 share capital amounted to EUR 12 624 165 divided into 120 592 332 shares representing a nominal value of EUR 0.10

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

THE PARENT COMPANY CASH FLOWS

Statement of cash flow, KEUR	NOTE	01 01 2018 12 31 2018	01 01 2017 12 31 2017
OPERATING ACTIVITIES			
Profit/loss for the year before tax		71	-92
Adjustments for income items from operations not included in the cash flow and do not affect the cash flow:			
Adjustments for other non-cash items		3	72
Paid taxes		-	-
Funds provided from operations prior to changes in working capital		74	-20
Details of changes in working capital			
Increase (-)/Decrease (+) in current receivables		- 142	-160
Increase (-)/Decrease (+) in current liabilities		294	-596
Cash flow from operations		226	-776
INVESTMENT ACTIVITIES			
Investments in tangible assets		- 2	-1
Cash flow from investment activities		- 2	-1
FINANCING ACTIVITIES			
Changes in interest-bearing liabilities		- 223	767
Cash flow from financing activities		- 223	767
Cash flow for the year		1	-10
Cash and cash equivalents at the beginning of the period		1	11
Cash and cash equivalents at the end of the period	40	2	1

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

The Conditions when preparing the group's financial reports

As of the financial year 2017 the functional currency of the Parent Company is Euro (EUR), which is also the reporting currency of the parent company and the Group. The financial reports are therefore presented in Euro.

STRAX prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and with the restrictions which apply due to the Swedish national legislative when preparing the parent company's financial statements. In addition the consolidated financial statements of STRAX AB as the top-level parent company were prepared for the period ending December 31, 2018, in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU). 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

The accounting principles changed slightly from the 2017 annual report due the standards IFRS9 and IFRS15. The new standards IFRS 9 Financial instruments, IFRS 15 Revenue from contracts with customers have been implemented without material effects due to the fact the STRAX group have seen historically low default numbers in combination with the fact most of the accounts receivables have been secured with credit insurances. Other amended IFRSs applicable from 2018 have not had any material effects on the financial statements.

New and amended IFRS issued but not yet effective

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 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The group has set up a project team which has reviewed all of the group's leasing arrangements during the past financial year 2018 in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the group's operating leases.

The new leasing standard IFRS 16 has an impact on the true and fair view of the asset, financial and earnings position of STRAX. While future payment obligations for operating leases had previously only been disclosed in the notes (see Note 27 Operating Leases), the resulting rights and payment obligations are to be accounted for in future as rights of use and lease liabilities. This mainly affects the leasing of real estate.

With regards to IFRS 16 Leases, total assets have been calculated to increase by MEUR 2.2 upon first time adoption, in effect as of January 1, 2019.

The group will apply the standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

The following, compared to the prior year are unchanged. The principles of consolidation have been applied to the Group financial statements.

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 to 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 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 currencies 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

The new IFRS 15 (Revenue from Contracts with Customer) replaces the old 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 a contract and rights of return. 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.

Revenue and other income are recognized when the goods have been transferred or the services rendered and control is passed, either over time or at a point in time. In STRAX's business this is usually when the goods are dropped by a logistic company at customers site and the customer is confirming that he has taken possession and control over the goods which results in issuing the invoice with the agreed payment terms (standard 30 days).

Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to:

- using the asset to produce goods or provide services;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset;
- pledging the asset to secure a loan

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 VAT 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.

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 de-recognized. Hold back relating to factored receivables is reported under other receivables and accounted for at fair value.

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.

Tangible fixed assets

Tangible fixed assets are recognised at cost with deductions for depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquisition. Costs for repairs and maintenance are recognized as costs in profit or loss in the period in which they arise. In the event that an asset's carrying amount exceeds its estimated re-co-

verable amount, the asset is written down to its recoverable amount, which is charged to operating profit. In the income statement, operating profit is charged with straight-line depreciation, which is calculated on the original cost and is based on the estimated useful lives of the assets (2-5 years).

Intangible assets

Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognised in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash-generating units. Since goodwill has an indeterminate useful life, it is not amortized annually. Instead, goodwill is subject to impairment testing either annually or when an indication of an impairment requirement arises. The carrying amount comprises the cost less any accumulated impairment losses. A description of the method and assumptions applied when conducting impairment tests is found under principle 'Impairments'.

Other intangible assets are recognised at cost less accumulated amortization and any impairment. It also includes capitalized costs for purchases and internal and external costs for the development of software for the Group's IT operations, patents and licenses. Amortization takes place according to the straight-line method based on the estimated useful life of the asset (three to six years).

Impairments

The recognized values of the Group's tangible and intangible assets, including goodwill, are tested each reporting period end in order to assess 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 flows 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 realizable 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.

Parent Company accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Financial Reporting Board's statements for listed companies were also applied. RFR 2 entails that the Parent Company applies all IFRSs adopted by the EU and statements to the Annual Report of the legal entity as far as possible under the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with respect to the connection between accounting and taxation. The recommendation states the exceptions and additions to IFRS that are to be made. Overall, the recommendation entails differences between the Group's and the Parent Company's accounting policies in the areas stated below. The accounting policies for the Parent Company described below were applied consistently to all periods presented in the Parent Company's financial statements.

- Changed accounting policies

Changes to accounting policies applied from 2017 did not have any effect on the Parent Company's financial statements.

- Classification and presentation form

An income statement and statement of comprehensive income are presented for the Parent Company and the Group. The Parent Company's income statement and balance sheet are presented following the format stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in shareholders' equity and cash-flow statement are based on IAS 1 presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's income statement and the balance sheet compared with the

presentation of the consolidated financial statements primarily pertain to the recognition of financial income and expenses, fixed assets, shareholders' equity and the existence of provisions as a separate heading in the balance sheet.

- Shares and participations

Shares and participations in subsidiaries and associated companies are in the parent company accounted for at acquisition cost with the fair value of the earlier holding in STRAX at the time of acquisition comprised of fair value to the part to which it relates.

Contingent consideration is valued based on the probability of the consideration being paid. Any changes to the provisions/receivable are added to/deducted from the cost. In the consolidated financial statements, contingent considerations are measured at fair value with changes in value recognised in profit or loss.

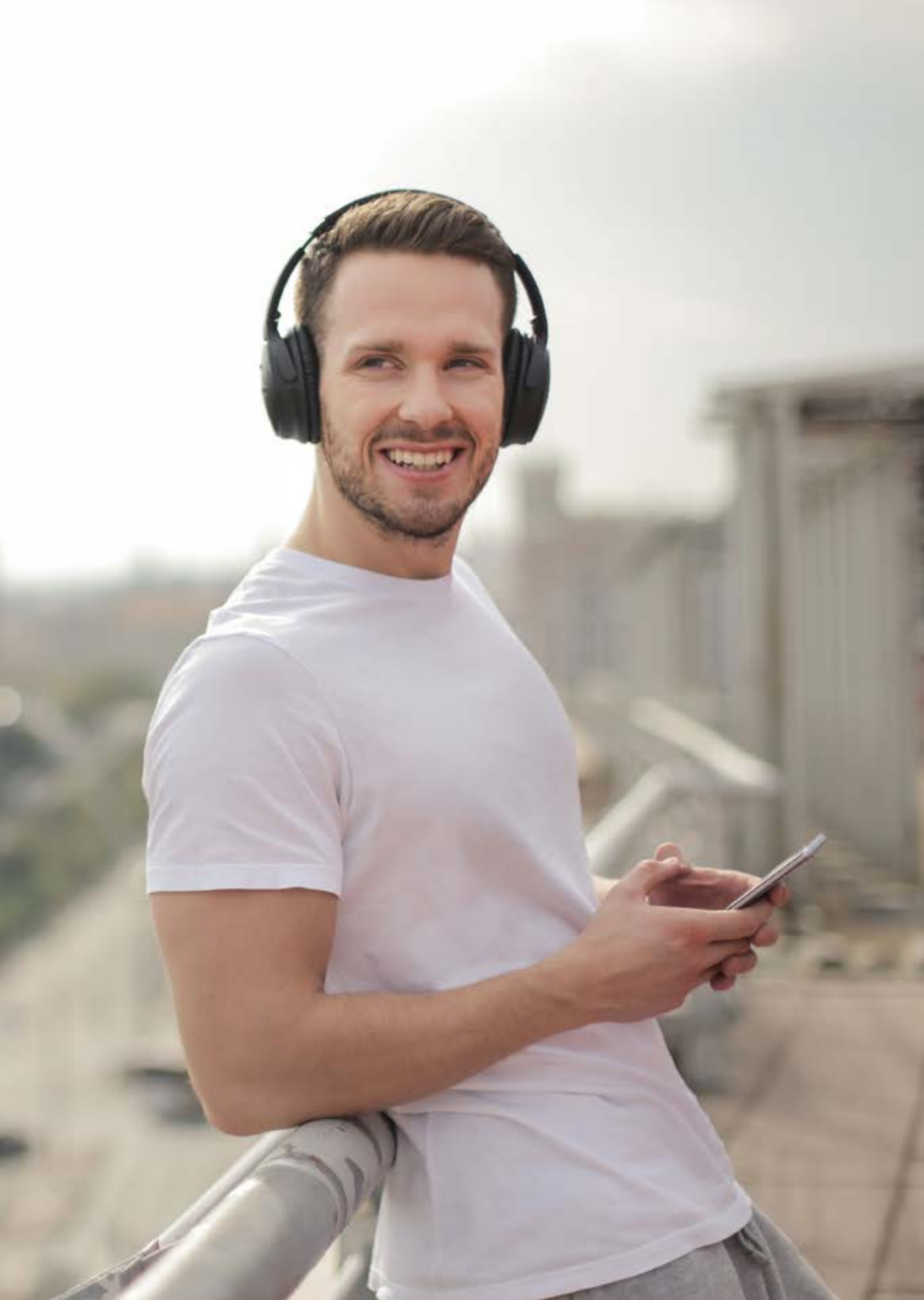
Bargain purchases corresponding to future losses and costs are reversed during the expected periods in which the losses and costs arise. Bargain purchases arising for other reasons are recognized as a provision to the extent that the purchase does not exceed the fair value of the acquired, identifiable non-monetary assets. The portion that exceeds this fair value is recognized in profit or loss immediately. The portion that does not

exceed the fair value of acquired, identifiable non-monetary assets is recognized in profit or loss systematically over a period calculated as the remaining weighted average useful life of the acquired identifiable assets that are depreciable. In the consolidated financial statements, bargain purchases are recognized directly in profit or loss.

Compliance with standards and legislation

STRAX consolidated financial statements are prepared in accordance with International Financial reporting Standards, IFRS, as published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was also applied.

The Parent Company applies the same accounting policies as the Group except in the cases described below under the section entitled "Parent Company accounting policies." The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and the Managing Director on 18 April 2019.



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 discontinued 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.

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 a borrower and complied with those requirements. 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.

Credit Risks and non-payment risk management (Accounts receivables)

Credit risk is the risk that a business partner will not meet its obligations in the framework of a financial instrument or customer contract, leading to a financial loss. The maximum credit risk to which the STRAX Group is exposed is the total carrying amounts of accounts receivables as well as financial and other claims. Credit limits are set for all customers based on internal risk classification criteria. Outstanding claims against customers are monitored on a regular basis. Allowances are recognized based on experience pursuant to maturity ranges in order to reduce the credit risk. Allowances are made for accounts receivables following unsuccessful attempts to recover the amount due by a collection agency, following a declaration of personal bankruptcy, and when the statute of limitations is reached. In addition, accounts receivables are also sold separately in accordance with factoring agreements. After the accounts receivables are sold, none of the opportunities and risks associated with them remain with the Group. Trade credit insurance contributes to risk minimization throughout the Group. For other Group financial assets, such as cash and cash equivalents, the maximum credit risk in the even the counterparty defaults are the carrying amount of the assets.

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, EUR.

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

Management of Financial Risks and Derivatives

Capital Risk Management

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, to generate liquid assets, to actively manage net current assets, and to comply with financial covenants. In order to ensure that the equity ratio is in line with the required amount on the dates when it is re-viewed for compliance, additional controls were established since 2017. These controls are intended to ensure that the working capital and thus the total assets of the STRAX Group develop in line with objectives through both potential grooming transactions and better coordinated purchasing and sales. In view of the dynamic nature of the level of debt, the STRAX Group expects that sufficient operating cash flow will be generated to meet all obligations arising from existing liabilities in a timely manner.

The group manages its capital structure

on the basis of the equity ratio and makes adjustments, if necessary, taking account of changes in economic conditions. The Group's strategy in 2018 is to maintain an equity ratio of at least 25%. At the end of fiscal 2018, the

KEUR	12 31 2018	12 31 2017
Total Assets	107 900	83 169
Equity	34 265	21 028
Equity ratio	32%	25%

KEUR	12 31 2018	12 31 2017
Total Assets	107 900	83 169
Outsourced operating line	-15 707	-5 689
Passivated earn out obligations	-	- 655
Adjusted total assets	92 193	76 825
Equity	34 265	21 028
Equity ratio	37%	27%

Group's equity ratio was 32%, compared to 25% the year before.

The increase in total assets is mainly related to the sale of the brand Gear4 which is reflected in the cash and other receivables as well as equity. Therefore, the increase in equity ratio results mainly from disposal gain of the Gear4 brand, compensated by the effect of increase in total assets.

In order to manage STRAX's capital properly, cash and cash equivalents amounting to 15 707 (5 678) are deducted from the financial liabilities and reduce the working capital lines, due to the operating asset. The liabilities from an earn-out obligation of - (655) are also eliminated from the balance sheet total. This results in an adjusted equity ratio of 37% (27%).

Loan finance granted by banks is dependent on compliance with certain financial covenants; these are to be calculated on the basis of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). If it fails to do so, UniCredit Bank AG, Bayerische Landesbank, Sparkasse Köln-Bonn, Postbank and Swedbank may calculate penalties and/or terminate the existing financing.

The covenants involve three measurements:

- The equity ratio in %

- Leverage Ratio - Senior net debt/EBITDA

- Borrowing Base

When calculating and reporting on the covenants certain adjustments will take place, after approval by the banks, for example the calculation bases for total assets according to calculated equity ratio above, as well as posts that may affect comparability and one time charges. For the year 2018 STRAX is in com-

pliance with the agreed financial covenants according to the loan agreements.

Financial Risk Management

As part of its financial risk management, the centralized group finance department within the STRAX GmbH provides services to the business areas. In addition, it monitors and controls the financial risks associated with the group's business areas. These risks include market risk (including exchange rate risks, interest rate-induced fair value risks, and price risks), default risk, and liquidity risk.

In order to reduce some of these risks the group used derivative financial instruments during the fiscal year. These primarily include interest rate hedges (interest rate swaps) and currency forwards. The purpose of these derivative financial instruments is to hedge interest rate and currency risk resulting from the Group's business activities and sources of financing. None of the derivative financial instruments were as of December 31, 2018.

The Group's risk management is focused on the unpredictability of developments on the financial markets and aims to minimize potential negative effects on the group's financial position. The group uses isolated derivative financial instruments to minimize certain risks.

Risk management is carried out centrally by the finance department under STRAX GmbH. The group finance department identifies, assesses, and hedges financial risks in close cooperation with the operational units of the group. Management provides both the principles for cross-departmental risk management and guide-lines for specific departments on how, for example, to handle foreign exchange risk, interest rate and credit risk, the use of individual derivative and non-derivative financial instruments, and the investment of excess liquidity.

Market Risk

Foreign Exchange Risk with Sensitivity Analysis

The Group is internationally active and is therefore exposed to foreign exchange risk based on changes in the exchange rate for various foreign currencies, mainly the US dollar, British pound, HK dollar, Swedish and Norwegian krone, Hong Kong dollar and Chinese Renminbi. The risks arising from US and Hong Kong dollars and Chinese Renminbi are the result of purchases in Asia.

Foreign exchange risks arise from expected future transactions and assets and liabilities recognized in the balance sheet.

The sensitivity analysis only includes outstanding monetary positions denominated in a foreign currency, with conversion adjustments at the end of the period in line with a 10% change in the exchange rate.

Rate change +10%												
(Currency relationship Euro / foreign currency after tax)												
PROFIT OR LOSS							EQUITY					
KEUR	SEK	USD	GBP	HKD	Other	Total	SEK	USD	GBP	HKD	Other	Total
2018-12-31	- 280	922	- 551	- 389	- 269	- 567	- 280	922	- 551	- 389	- 269	- 567
2018-12-31 after tax	- 187	615	- 367	- 259	- 179	- 378	- 187	615	- 367	- 259	- 179	- 378
2017-12-31	- 295	76	- 345	- 334	- 300	-1 198	- 295	76	- 345	- 334	- 300	-1 198
2017-12-31 after tax	- 197	51	- 230	- 223	- 200	- 799	- 197	51	- 230	- 223	- 200	- 799

Rate change -10%												
(Currency relationship Euro / foreign currency after tax)												
PROFIT OR LOSS							EQUITY					
KEUR	SEK	USD	GBP	HKD	Other	Total	SEK	USD	GBP	HKD	Other	Total
2018-12-31	280	- 922	551	389	269	567	280	- 922	551	389	269	567
2018-12-31 after tax	187	- 615	367	259	179	378	187	- 615	367	259	179	378
2017-12-31	242	- 61	283	273	245	982	242	- 61	283	273	245	982
2017-12-31 after tax	161	- 41	182	173	163	655	161	- 41	189	182	163	655

Interest Rate Risks

The Group currently only has current account overdraft facilities as well as current and non-current money market loans with variable interest rates. There are interest rate risks if interest rates rise.

Taking account of current developments results in the following sensitivity analysis.

Rate increase

Income effect at 1% interest

KEUR	Profit or loss	Equity
2018-12-31	296	296
2018-12-31 after tax	198	198
2017-12-31	225	225
2017-12-31 after tax	150	150

Liquidity Risk Management

The Group continuously monitors the risk of a liquidity shortage through liquidity planning. Liquidity planning takes account of the incoming and outgoing cash flows of financial assets and the expected cash flows from operating activities. The cash flow forecasts are prepared at the level of the individual company and combined for the group.

The Group's aim is to maintain a balance between the continuous coverage of financing needs and ensuring flexibility through the utilization of current account overdraft facilities and loans. STRAX uses cash pooling techniques – in some cases, cross-border techniques – to manage the Group's liquidity effectively. Any remaining short-term liquidity peaks are balanced out through the use of current account overdraft facilities. As of the date the

consolidated annual financial statements were prepared, the group had unused lines of credit amounting to – (6 363) at four different banks.

The amount of other financial liabilities was mainly due to customer bonus obligations. The current financial liabilities includes the used working capital line of 15 708 (6 363) which was utilized on December 31, 2018.

The following maturity analysis table shows the Group's financial liabilities by maturity category, based on the residual term as of the balance sheet date. The overall short term liabilities amount to 62 926 while short term assets, taking into consideration account receivables, inventories and cash amount to 68 248.

Balance sheet item per 12 31 2018 (KEUR)	up to 1 year	1-5 years	Total
Borrowings	20 652	8 403	29 055
Other financial liabilities	7 672	-	7 672
Trade and other payables	34 601	-	34 601
Total	62 926	8 403	71 328

Liabilities per 12 31 2018 (KEUR)	up to 1 year	1-5 years	Total
Borrowings	20 652	8 403	29 055
Interest payments	713	1 414	2 126
Other financial liabilities	7 672	0	7 672
Trade and other payables	34 601	0	34 601
Total	63 638	9 816	73 454

Balance sheet item per 12 31 2017 (KEUR)	up to 1 year	1-5 years	Total
Borrowings	15 015	11 230	26 245
Other financial liabilities	8 528	417	8 945
Trade and other payables	18 367	-	18 367
Total	41 910	11 647	53 557

3. GROUP COMPOSITION

Corporate acquisitions in the reporting period

On 17 May 2018, STRAX acquired a 10% equity interest in BrandVault Global Services Limited, Berkshire (England). BrandVault Global Services Limited was founded in 2018 and is a global ecommerce company specialising in mobile accessories and connected devices. The investment in BrandVault Global Services Limited is part of STRAX strategic move to expand its global ecommerce reach. BrandVault was accounted for using the at equity method and did not have a material effect on the consolidated financial statements.

Corporate disposals in the reporting period

On November 30, 2018, STRAX divested the mobile phone case protection brand Gear4 to ZAGG Inc, a global leader in mobile accessories for MEUR 33.5, resulting in a capital gain of MEUR 26.3, corresponding to a Gear4 2018 sales multiple of 1, with potential additional payments of up to MEUR 9 based on 2019 sales development.

The divestment is a share-based transaction, with US-based ZAGG Inc acquiring all outstanding shares in Gear4 Limited, Kowloon (China), a wholly-owned subsidiary of STRAX. The value of the transaction was based on

the 2018 Gear4 brand sales generated by the STRAX group of companies. Eighty percent of the purchase price was paid in cash and 20 percent will be paid in shares in ZAGG Inc, which is listed on the Nasdaq US stock exchange. MEUR 26.5 was paid in cash at completion with 3.5 of the total purchase price held in escrow for five months and 3.5 for 18 months. The effective date of the transaction was November 30, 2018.

The purchase price was based on a cash and debt-free basis, and the initial cash flow impact of STRAX will equal the initial purchase price less the escrow of MEUR 7. The shares received as part of the purchase price will be subject to a customary 12-month lock-up period, whereby the shares cannot be freely sold or transferred. The shares can be sold or distributed to STRAX shareholders after the lock-up period and release out of escrow.

STRAX will continue to distribute Gear4 products in several markets, including the UK, where Gear4 enjoys a market-leading position in the mobile case category.

Financial information relating to the divested transaction is set out below:

Consideration received or receivable	KEUR
Paid in cash	26 500
Consideration payable in shares and cash in holdback	7 000
Total purchase price	33 500

Capital gain from the disposal of subsidiaries (KEUR)	2018
Purchase price	33 500
Book value goodwill	-5 658
Transaction related cost	-1 587
Total capital gain	26 255

Corporate acquisitions in the prior period

Acquisition of Telecom Lifestyle Fashion B.V. On July 31, 2017 STRAX acquired Telecom Lifestyle Fashion B.V. ("TLF") with a contractual and financial effective date of August 1, 2017. As a result the Group's equity interest increased from 1.1 percent to 100.0 percent of the outstanding shares and votes, obtaining control of TLF.

The acquisition of TLF will enable STRAX to long term secure the access to the specific knowledge TLF has in working with licensed major brands, product development as well as marketing and products under licensed brands. Taking control further gives access to the current portfolio of licensed brands including adidas originals, adidas performance as well as bugatti.

Since the acquisition August 1, 2017, for the five months, August 1 - December 31, 2017, TLF contributed to the Group's revenues to the amount of KEUR 5 415 and profit for the period to the amount of KEUR 747. Should the contribution have been made January 1, 2017 (hypothetically) the Managements view is TLF would in total have contributed with KEUR 9 816 to the Group's revenues and profit for the period to the amount of KEUR 311.

As an associated company, TLF has since 2011 been reported in the consolidated financial statements of STRAX using the equity method. The equity method is a partial consolidation method with a one line effect in the income statement and balance sheet compared to the line by line consolidation used in a full consolidation.

Both contractual and operational facts resulted in the judgment that TLF was a joint venture in which STRAX had joint control but not control and therefore should be consolidated using the equity method.

As of August 1, 2017, STRAX acquired 100 percent of the outstanding shares in TLF, and STRAX management is of the opinion that this is the point in time when STRAX obtained control of TLF and the company should be full included in STRAX consolidated accounts.

Consideration transferred

The total purchase price, according to the contract amounts to KEUR 5 686, all payable in cash, with an option to pay KEUR 1 500 in shares in STRAX AB, valued at SEK 5.05 per share corresponding to the closing price on the Nasdaq Stockholm Stock Exchange as at July 31, 2017. In December 2017 it was decided to utilize the option and the remaining amount was settled in cash.

Payment of purchase price	KEUR
Consideration payable latest December 31, 2017	4 186
Settle with own shares (treated as equity)	-1 500
Paid in cash	-3 396
Set-off of receivables with seller	- 790
Balance as of December 31, 2017	-

Acquisition-related costs

The Group has included a total of KEUR 18 in legal fees and due diligence costs. All acquisition costs have been included in the profit and loss statement under "Administrative expenses". Identifiable assets acquired and liabilities assumed through the acquisition

Table, in summary, of the recognized amounts of assets acquired and liabilities assumed through the acquisition:

	KEUR
Property, plant and equipment	49
Intangible assets	3 112
Inventories	1 167
Trade receivables	3 285
Other Assets	1 103
Deferred tax assets	462
Cash and cash equivalents	21
Loans and Borrowings	- 257
Deferred tax liabilities	- 767
Contingent liabilities	- 508
Site restoration provisions	- 426
Trade and other payables	-6 892
Total identifiable net assets acquired	349

Goodwill

Goodwill arising from the transaction has been recognized as follows:

	KEUR
Consideration transferred	5 686
Fair value of pre-existing interest in TLF	64
Fair value of identifiable net assets	- 349
Goodwill	5 401

The revaluation of fair value of the Group's existing 1.1 percent interest in TLF resulted in a gain of KEUR 54, calculated as the difference of fair value amounting to KEUR 64 and the KEUR 10 carrying value of the investment reported according to the equity method at the date of the acquisition.

The goodwill is attributable to specific knowledge and track record TLF has in working with licensed major brands, product development as well as marketing and products under licensed brands.

Acquisition of Sowntone Ltd

Identifiable assets acquired and liabilities assumed through the acquisition.

Table, in summary, of the recognized amounts of assets acquired and liabilities assumed through the acquisition:

	KEUR
Other non-current assets	20
Inventories	11
Accounts receivables	72
Other Assets	9
Interest bearing liabilities	- 37
Deferred tax liabilities	- 13
Accounts payable	- 244
Other liabilities	- 105
Total identifiable net assets acquired	- 287

Goodwill

Goodwill arising from the transaction has been recognized as follows:

	KEUR
Consideration transferred	398
Fair value of pre-existing interest in Sowntone	394
Fair value of identifiable net assets	287
Goodwill	1 079

The revaluation of fair value of the Group's existing 51% interest in Sowntone Ltd resulted in a loss of 271 (394 less the 665 carrying amount of the equity-accounted investee at the date of acquisition). This amount has been included in "income (loss) from investments accounted for using the equity method". The trade receivables comprise gross contractual amounts due of 73 and were expected to be recoverable at the date of acquisition.

Acquisition related were not incurred.

Since the acquisition on October 1, 2017, for the three months October 1 - December 31, 2017, Sowntone Ltd contributed to the Group's revenues to the amount of 165 and profit for the period to the amount of 105. Should the contribution been made on January 1, 2017 (hypothetically) the managements view is Sowntone Ltd would in total have contributed with 589 to the Group's revenues and profit for the period to the amount of 158.

4. OPERATING SEGMENT 12 MONTHS, THE GROUP

(EUR thousands)	Protection		Power		Audio		Connected devices		Other		Total	
	Jan 1 – Dec 31		Jan 1 – Dec 31		Jan 1 – Dec 31		Jan 1 – Dec 31		Jan 1 – Dec 31		Jan 1 – Dec 31	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net sales	72 749	58 272	11 609	13 790	17 048	17 526	1 202	4 254	4 360	6 222	106 967	100 065
Cost of goods sold	-53 535	-40 223	-9 284	-9 723	-13 370	-13 799	-1 107	-3 466	-3 794	-4 747	-81 090	-71 958
Gross profit	19 213	18 049	2 325	4 067	3 678	3 727	95	788	566	1 475	25 877	28 107
Selling expenses	-15 499	-9 948	-1 876	-2 242	-2 967	-2 054	- 76	- 435	- 456	- 813	-20 875	-15 492
Administrative expenses	-6 659	-4 762	- 806	-1 073	-1 275	- 983	- 33	- 208	- 196	- 389	-8 968	- 7 415
Other operating expenses	-1 773	-3 082	- 215	- 694	- 339	- 636	- 9	- 135	- 52	- 252	-2 388	-4 799
Other operating income	3 130	3 377	379	761	599	697	15	147	92	276	4 216	5 258
Operating profit	-1 588	3 634	- 192	819	- 304	750	- 8	159	- 47	297	-2 139	5 659

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.

	01 01 2018	01 01 2017
Net sales	12 31 2018	12 31 2017
Western Europe		
Denmark	156	7
France	9 224	10 323
Germany	14 927	15 921
Netherlands	3 381	2 756
Switzerland	16 680	15 155
Austria	640	11
Norway	2 419	3 802
Poland	2 306	2 996
Sweden	6 489	7 807
UK	15 966	10 664
Spain	941	769
North America	20 895	19 388
Rest of the world	12 943	10 466
Total	106 967	100 065

	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Total non-current assets		
Western Europe		
Denmark	27	2
France	1 575	2 890
Germany	2 548	4 457
Netherlands	577	772
Switzerland	2 847	4 243
Austria	109	3
Norway	413	1 064
Poland	394	839
Sweden	7 382	7 958
UK	2 726	2 985
Spain	161	215
North America	3 567	5 428
Rest of the world	2 209	2 930
Total	24 534	33 786

Customers representing more than 10% of total sales:

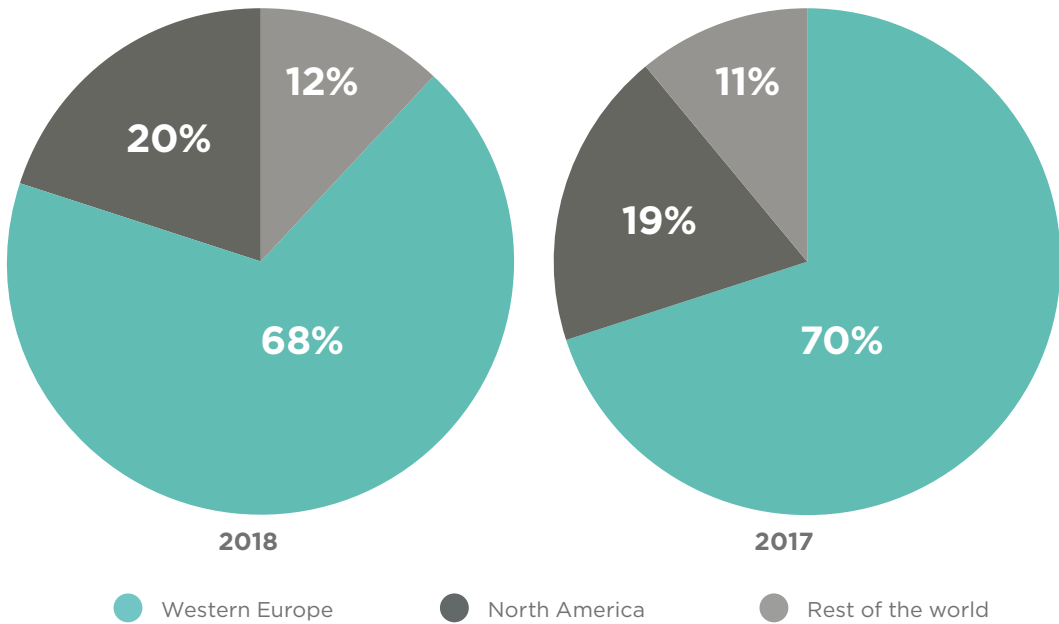
No customer generated more than 10% of total sales during 2018.

5. NET SALES, THE GROUP

Net sales relates to sale of merchandise.

	01 01 2018 12 31 2018		01 01 2017 12 31 2017	
Revenues per segment	Revenues	%	Revenues	%
Protection	72 749	68	58 272	58,2
Audio	17 048	16	17 526	17,5
Power	11 609	11	13 790	13,8
Connected Devices	1 202	1	4 254	4,3
Other	4 360	4	6 222	6,2
Total	106 967	100	100 065	100

Sales by region	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Western Europe	73 129	70 211
North America	20 895	19 388
Rest of the world	12 943	10 466
Total	106 967	100 065

Sales by region**6. COST OF GOOD SOLD, THE GROUP**

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

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7. OPERATING EXPENSES, THE GROUP

Operating expenses are classified by function.

8. SELLING EXPENSES, THE GROUP

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

9. ADMINISTRATIVE EXPENSES, THE GROUP

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

10. OTHER OPERATING EXPENSES, THE GROUP

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

11. EXPENSES BY FUNCTION, THE GROUP

	Cost of goods sold	Selling expenses	Admin- istrative expenses	Other operating expenses	Total
Employee expenses	4 362	10 084	2 536	-	16 982
Depreciation	2 432	167	142	889	3 630
Other external expenses	74 296	10 624	6 290	1 499	92 710
	81 090	20 875	8 968	2 388	113 322

12. OTHER OPERATING INCOME, THE GROUP	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Gains from exchange rate differences	3 043	3 941
Other operating income	1 173	1 317

13. FINANCIAL INCOME, THE GROUP	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Capital gain divestment subsidiary	26 254	-
Interest income and similar income	138	142

14. FINANCIAL EXPENSES, THE GROUP	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Interest expense and similar expenses	-1 588	-1 832
Bank fees	-410	226
Interest expense on taxes	-319	-

15. INCOME TAXES, THE GROUP

The expected actual income tax as well as the deferred tax assets and liabilities are recognized as the income taxes for the individual countries. The main components of the income taxes are as follows:

	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Current tax expense/ -income		
Current tax expense/ -income for the period	- 579	-1 255
Current tax expense/ -income from previous years	-3 727	793
Total current tax expense/ -income	-4 306	- 461
Deferred tax expense/ -income		
Deferred tax expense/ -income due to temporary difference	- 436	- 199
Deferred tax expense/ -income from loss carried forward	- 448	-1 107
Total deferred tax expense/ -income	- 884	-1 306
Total income taxes	-5 190	-1 768

15. (CONTINUATION)

The tax on income and earnings is comprised of Swedish taxes, well as the corresponding foreign income taxes.

The corporate tax rate in Sweden in the 2018 assessment period was 22%, the same as the previous year. As a result, the group tax rate for 2018 was 22% (22%).

As of the respective balance sheet dates, tax assets and tax liabilities are as follows:

	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Income tax receivables (current)	1 244	752
Deferred income tax receivables (non-current)	-	538
Deferred tax income -income from loss carried forward	62	-
Income tax receivables	1 306	1 289
Income tax liabilities (current)	6 470	2 796
Deferred income tax liabilities (non-current)	1 149	1 295
Deferred tax expense/ -income from loss carried forward	3	3
Income tax liabilities	7 622	4 094

Deferred taxes are calculated in line with the tax rate of each company they arise from in 2018 and 2017.

Tax losses carried forward to the total amount of 6 836 exists, where no deferred tax asset have been accounted for.

The deferred tax assets on the above losses carried forward are not recognized or impaired, provided it is not or it is no longer expected that the tax advantages contained in them will be realized. The total deferred tax assets and liabilities resulted in the following balance sheet positions and tax losses carried forward:

Balance sheet items	12 31 2018		12 31 2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Other intangible assets	-	526	-	769
Property, plant and equipment	-	-	-	4
Inventories	-	203	17	-
Trade receivables	-	-	-	95
Other assets	35	131	44	237
Other liabilities	27	289	30	189
Losses carryforwards	-	-	448	-
Deferred tax assets	62	1 149	538	1 295
Thereof current	-	-	-	-
Thereof non-current	62	1 149	538	1 295

The reasons for the difference between the expected and the recognized tax expense as well as the expected and the actual tax rate for the Group are as follows:

Tax reconciliation	2018	2017
Profit before tax	21 936	3 555
Expected tax rate	22%	22%
Expected tax expenses 2018: 22% (22%)	4 826	738
Adjustment of taxes to different foreign tax rate	2 797	- 329
Tax effects from additions to and reductions of local taxes	-8 832	382
Tax expense and refunds related to prior years	3 690	- 723
Losses of current year not recognized as a deferred tax asset	2 270	399
Release of deferred tax asset on taxable losses carried forward	456	1 277
Capture of deferred tax asset on taxable losses of prior years	-	- 475
Tax effects due to changes in tax rate of already recorded tax assets	-	150
Other tax effects	- 17	349
Tax expense	5 190	1 768
Effective tax rate	24%	50%

On the German sub-group level a tax audit (Betriebsprüfung) commenced in the beginning of April 2018. The tax years to be audited cover the FY 2013 in which a debt for equity swap took place at the level of Strax Holding GmbH. Whilst the management of this subsidiary discussed the debt for equity swap in the final meeting of the previous tax field audit, the tax filing position taken with respect to the debt for equity swap has not yet been subject to audit. STRAX management appreciate that the tax treatment of the debt for equity swap involves a level of expertise and have therefore involved a third party legal advisor to assess the issue. The legal advisors supported the management assessment. However, there is a risk that the tax authorities disagree with the tax filing position taken by the subsidiary which would imply an increase of the tax base in Germany to an amount of MEUR 11 with a tax effect of approximately MEUR 3.6 (assuming a tax rate for corporate income tax and trade tax of 33%). The equity value of the debt for equity swap amounted to MEUR 11, expensed in full.

16. EMPLOYEES AND PERSONNEL COSTS, THE GROUP

Average number of employees and gender distribution:

The average number of employees during the year amounted to 209 (211) of which 111 (119) men and 98 (92) women.

Geographical distribution:	2018	2017
Western Europe	161	162
USA	9	8
Rest of the world	39	41
Total	209	211

Geographical gender distribution	Female	Male
Western Europe	76	85
USA	3	6
Rest of the world	19	20
	98	111

Gender distribution in the Board of Directors and senior management:

The Board of Directors and other senior management consisted of five (seven) men and one woman (-).

	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Salaries, other remunerations and social security expenses (KEUR):		
<i>Salaries and other remunerations:</i>		
The Board of Directors and CEO	743	540
Other Senior management	341	342
Other employees	13 438	10 492
Total salaries and other remunerations	14 522	11 824
<i>Social security expenses:</i>		
The Board of Directors and CEO	57	51
(of which are pension costs)	(7)	(4)
Other Senior management	157	188
(of which are pension costs)	(39)	(48)
Other employees	2 245	2 132
Total social costs	2 459	2 371
Total salaries, other remunerations and social costs	16 981	14 195

Information on senior management benefits

Senior management

Senior management refers to the management defined as the CEO, the Executive Director and the CFO. Remuneration to the CEO and the Executive director is accounted for in the Board of Directors & CEO section. Other senior management has not been defined.

Remuneration to the Board of Directors

According to the decision at the AGM 2018, the Directors' remuneration amounts to a total of 52 (35). The Board remuneration covers the period from the date the Director is elected at the Annual General Meeting until the next AGM. The two directors who are independent in relation to major shareholders are entitled to receive 15 each while the Chairman of the board is entitled to receive 22.

Principles for remuneration to senior management

Senior management has a fixed salary for work assignments and are entitled to participate in share-based incentive programs.

Current guidelines for remuneration to senior management

The Annual General Meeting on May 24, 2018, 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 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 the CEO and board members:

Person/function	Remuneration 2018	Remuneration 2017
Gudmundur Palmason		
CEO		
Salary	242	264
Bonus	82	-
Pension	7	4
	331	268
Ingvi T. Tomasson		
Executive board member		
Salary	287	276
Bonus	82	-
Pension	-	-
	369	276
Non executive board members:		
Bertil Villard	22	15
Anders Lönnqvist	15	10
Michel Bracké	-	10
Pia Anderberg	15	-
	52	35

Salary and other benefits to the CEO

The principles for the variable remuneration for the financial year 2018 were decided by the Annual General Meeting 2018. 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.

17. REMUNERATION TO AUDITORS, THE GROUP

	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Audit PricewaterhouseCoopers AB	233	-
Audit KPMG AB	16	761
Related audit assignments	-	5
Tax consultancy	-	-
Other assignments	187	-
Total remuneration to auditors	436	766

Of fees for audit engagements 126 pertains to PwC Sweden, no part of other assignments relate to PwC Sweden.

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 PricewaterhouseCoopers in 2018 and to KPMG in 2017 and 2018.

18. GOODWILL, THE GROUP

	12 31 2018	12 31 2017
Acquisition-/ Production Costs		
Balance as of January 1	31 105	24 625
Currency translation differences	-	-
Additions	-	6 480
Disposals	-5 658	-
Reclassifications	-	-
Balance as of December 31	25 447	31 105
Balance as of January 1	-4 545	-4 545
Currency translation differences	-	-
Additions	-	-
Disposals	-	-
Reclassifications	-	-
Balance as of December 31	-4 545	-4 545
Net book value as of December 31	20 902	26 560
Goodwill by segmentation		
Protection	15 694	21 352
Power	1 167	1 167
Audio	3 882	3 882
Connected devices	159	159
Total	20 902	26 560
Acquisition/Disposal of subsidiary, changing Goodwill		
12 31 2018	12 31 2017	
Gear4 Limited	-5 658	-
TLF B.V.	-	5 401
Sowntone Ltd	-	1 079
Additions/ Disposals	-5 658	6 480

Based on the provisions of IFRS 3 in conjunction with IAS 36, an impairment test of goodwill is conducted annually. This requires an estimate of the value in use of the cash generating units to which the goodwill is allocated. In order to estimate the value in use the Group must estimate the likely future cash flows of the cash generating units and select an appropriate discount rate to determine the present value of these cash flows. The discount rate before tax applied to the cash flow projection is at 11.90 (5.6%). During 2018 STRAX implemented a new impairment model where a different approach was taken when calculating the WACC and assessing expected future growth when calculating discounted cash flow. The growth rate used to extrapolate the cash flow projection beyond the period covered by the most recent budget/forecasts is at 2% (1%). The period over which management has projected cash flows based on financial budget/forecasts is at 5 years. The values assigned to each key assumption basically reflect past experience, in addition, the positive growth for mobile accessories branch were respected referred to future prospects of ABI research. The parameters described above apply uniformly to all cash-generating units. The applied WACC and future growth rate have been judged to be the same for all segments.

The required annual review was conducted on December 31, 2018, and confirmed the recoverability of the capitalized goodwill. In relation to the executed sensitivity test based on reduced future cash flows, an increase of the market risk rate by 10% each and reducing the growth rate of the terminal value down to 0% the recoverability of the capitalized goodwill was confirmed. By using the market risk rate and growth rate of the terminal value used in the annual review, the recoverability of the cash generating units was confirmed even if the cash flow is 25% (30%) lower in the future.

19. OTHER INTANGIBLE ASSETS,
THE GROUP

	Software and similar rights	Customer base	Total
Acquisition-/ Production Costs			
Balance as of January 1, 2018	5 097	580	5 677
Currency translation differences	- 11	-	- 11
Additions	61	-	61
Disposals due to deconsolidation	- 554	-	- 554
Disposals	- 797	- 580	-1 377
Reclassifications	-	-	-
Balance as of December 31, 2018	3 796	-	3 796

Depreciation

Balance as of January 1, 2018	-1 203	- 580	-1 783
Currency translation differences	- 12	-	- 12
Additions	-2 198	-	-2 198
Disposals due to deconsolidation	535	-	535
Disposals	- 15	580	565
Reclassifications	-	-	-
Balance as of December 31, 2018	-2 893	-	-2 893
Net book value as of December 31, 2018	902	-	902

Acquisition-/ Production Costs

Balance as of January 1, 2017	1 711	580	2 291
Currency translation differences	- 92	-	- 92
Additions	3 478	-	3 478
Disposals	-	-	-
Reclassifications	-	-	-
Balance as of December 31, 2017	5 097	580	5 677

Depreciation

Balance as of January 1, 2017	- 506	- 580	-1 086
Currency translation differences	32	-	32
Additions	- 729	-	-729
Disposals	-	-	-
Reclassifications	-	-	-
Balance as of December 31, 2017	-1 203	- 580	-1 783
Net book value as of December 31, 2017	3 893	-	3 893

20. TANGIBLE FIXED ASSETS, THE GROUP

	12 31 2018	12 31 2017
Acquisition-/ Production Costs		
Balance as of January 1	5 826	3 598
Currency translation differences	- 58	- 187
Additions	2 308	2 462
Disposals due to deconsolidation	-3 544	-
Disposals	- 812	- 96
Reclassifications	-	49
Balance as of December 31	3 720	5 826
Balance as of January 1	-3 623	-1 953
Currency translation differences	- 6	71
Additions	-2 052	-1 834
Disposals due to deconsolidation	2 317	-
Disposals	780	93
Reclassifications	-	-
Balance as of December 31	-2 584	-3 623
Net book value as of December 31	1 136	2 203

21. OTHER ASSETS, THE GROUP (KEUR)

	12 31 2018	12 31 2017
Creditors on the debits side	3 416	2 704
Receivables resulting from reserves of factoring	375	323
Prepayments to third parties	753	855
Other receivables	7 003	-
Miscellaneous other financial assets	1 757	-
Other financial assets	13 304	3 882
Prepaid expenses and deferred charges	319	2 373
Prepayments royalties	-	126
Miscellaneous other assets	1 784	944
Other assets	2 103	3 443
Total other assets	15 407	7 325
of which non-current	1 532	593
of which current	13 875	6 732

Other receivables includes receivables emanating from the sale of Gear4 ultimately partly to be settled in shares, Value at fair value through profit or loss.

22. DEFERRED TAX ASSETS, THE GROUP

	12 31 2018	12 31 2017
Related to tax carried forward	-	538
Other	62	-
Total	62	538

23. ACCOUNTS RECEIVABLES, THE GROUP

	12 31 2018	12 31 2017
Balance as of January 1	152	395
Allocation	61	34
Utilization/ Reversal	- 155	- 277
Balance as of December 31	58	152
Total accounts receivables	28 423	25 792
Of which neither overdue nor impaired	20 544	18 789
Overdue	7 938	7 155
Impairment	- 58	- 152
Overdue not impaired	7 880	7 003
Up to 30 days	2 423	3 676
30-60 days	839	1 257
> 60 days	4 618	2 070

In some regions' especially the Middle East and Asia, some customers have not paid according to the terms of payment and in some cases pay on extended payment terms. In general the Group's accounts receivables are protected via credit insurances and STRAX have experienced low default rates.

24. CASH FLOW AND CASH EQUIVALENTS, THE GROUP

Cash and cash equivalents includes cash and current account balances.

Adjustments for items not included in cash flow from operations or not affecting cash flow

	2018	2017
Capital gain Gear4 Limited	-26 096	-
Depreciations	3 630	2 567
Gains and losses from associated companies	-	418
Paid interest expenses reclassification	1 520	1 699
Effective interest rate reclassification	-	217
Exchange rate gains	-	186
	-20 946	5 087

For acquired assets and liabilities reference is made to Note 18, Goodwill. For change in financial liabilities reference is made to Note 28, Financial assets and liabilities by valuation category, the Group.

25. EQUITY/ SHARE CAPITAL, 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 EUR 12 624 165, distributed over 120 592 332 shares. The quota value amounts to EUR 0.10. 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. Other changes stated in previous years relate to the adoption of subsidiaries.

Dividend

The Board of Directors propose that no dividend be paid out for the financial year 2018. STRAX Board of Directors called for an EGM on December 28, 2018 which resolved on

a distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value, with distribution to the shareholders completed on January 30, 2019.

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

The Annual General Meeting held on May 24, 2018 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.

Management of capital and dividend policy

Capital consists of reported equity, amounting to 34 265 (21 028) 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 May 24, 2018 renewed the Boards mandate to purchase the company's own shares. The mandate has not yet been utilized to-date.

	12 31 2018	12 31 2017
At the beginning of the year	120 592 332	117 762 266
Non-cash issue	-	2 830 066
Number of registered shares at the end of the year	120 592 332	120 592 332
<i>Number of shares at the end of the year</i>		
<i>Average number of shares during the period</i>		

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 EUR12 624 165 and the quota value is EUR 0.10.

26. PROVISIONS, THE GROUP

Balance as of January 1, 2017	368
Allocation	1 320
Reversal	- 25
Utilization	- 343
Balance as of December 31, 2017	1 320
Balance as of January 1, 2018	1 320
Thereof current	1 320
Allocation	1 320
Reversal	- 593
Utilization	- 727
Balance as of December 31, 2018	1 742
Thereof current	1 742

The provisions relate to possible returns due to warranty claims or for similar reasons for goods sold to customer.

27. OPERATING LEASES, THE GROUP

Leasing contracts where the company is part.

Binding lease payments according to contract:	12 31 2018	12 31 2017
Future lease payments up to 1 year	1 032	1 236
1-5 years	3 068	4 370
Total	4 100	5 606

Operating leases mainly relating to office/warehouse rent, company cars and office equipment. Lease cost is recognized in the income statement and amounted to 1 744 for the period.

28. FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY, THE GROUP

Financial assets	12 31 2018	12 31 2017
Other non-current financial receivables	1 532	522
Accounts receivable	28 423	25 792
Other current financial receivables	11 772	3 360
Cash and bank balances	24 845	5 689
	66 572	35 363
Financial liabilities		
Other non-current financial liabilities	481	417
Non-current interest bearing liabilities	8 403	11 230
Commitment to buy-back own shares	-	-
Current interest bearing liabilities	20 652	15 015
Accounts payable	21 825	18 367
Other current financial liabilities	7 191	8 528
	58 552	53 557

The reported value of financial assets and liabilities is deemed to correspond to their fair value. As the Group's interest-bearing liabilities consist of variable rate loans and the margin in the contracts are expected to be the same should the Group should raise equivalent loans at the reporting date, the fair value of the loans is expected to be in all material respects equal to their carrying amount. The Group's other financial assets and liabilities mainly comprise of receivables of current assets and current liabilities. As the duration of these are short-term, the carrying amount and fair value are in all material respects equal.

Financial liabilities

There are current and non-current liabilities due to banks. These liabilities are as follows:

	12 31 2018	12 31 2017
Overdraft facility (utilized)	15 949	8 836
Bank Loans	12 537	15 258
Others	458	2 151
Total	28 944	26 245

The carrying amount is the fair value.

The weighted interest rate is based on the following overview:

	12 31 2018	12 31 2017
Overdraft facility (utilized)	3,10%	2,93%
Bank Loans	4,63%	4,63%

In October 2017, STRAX successfully adjusted its financing structure through an international consortium of banks.

The aim of the refinancing in October 2017 was to build up additional cash reserves for planned growth strategies. The senior facility agreement (SFA) has been repaid linear on the duration of the contracts of the respective banks. As of the reporting date, the SFA comprises four facilities (A, B, C and D) for a total of 15.000 minus repayments. As part of the new loan, STRAX Group received a working capital line of 15.000 in addition to the loan.

Institute	Working Capital Line	Duration in Years	Loan Term (SFA)	Duration in Years
Facility A	4 601	3	3 227	5
Facility B	4 221	3	2 889	5
Facility C	2 631	3	1 811	5
Facility D	4 256	3	2 927	5
	15 708		10 854	

All working capital lines are reported in the balance sheet under current financial liabilities. The overdraft of 708 is related to the quarterly repayment of the SFA at 12 31 2018 which is covered in January 2019 with the existing available cash.

Changes in liabilities from financing activities (IAS 7)

The following reconciliation presents cash changes in liabilities from financing activities and are disclosed from the opening balance on the statement of financial position to the closing balance on the same statement:

	01 01 2018	Payments in the period	Loan Admission	12 31 2018
Liabilities against credit institutions (current)	12 864	3 223	10 177	19 818
Liabilities against credit institutions (non-current)	11 230	-	-2 827	8 403
Short-term liabilities factoring	2 151	1 317	-	834
Total	26 245	4 540	7 350	29 055

The table below shows the classification and measurement of financial assets and liabilities held by STRAX in relation to the first-time adoption of first-time application of IFRS 9.

**Measurement category and carrying amount
pursuant to IFRS 9
12 31 2018**

KEUR	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost
Cash and cash equivalents	-	-	24 845
Accounts receivables	-	-	28 423
Other short-term financial assets	3 725	-	8 047
Other long-term financial assets	-	-	1 532
Total assets	3 725	-	62 847
Accounts payables	-	-	21 825
Short-term borrowings	-	-	20 652
Other short-term financial liabilities	-	-	7 191
Long-term borrowings	-	-	8 403
Other long-term financial liabilities	-	-	481
Total liabilities	-	-	58 552

Recognised fair value measurements

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded shares) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current share price. Other short-term financial assets, to the part measured at fair value through profit or loss, pertains to Level 1.

KEUR	Valuation category according to IAS 39	Book value as of 12 31 2017	Amor- tized cost	Acqui- sition cost	Income Fair Value	Fair Value as of 12 31 2017
Assets						
Cash and cash equivalents	LaR	5 689	5 689	-	-	5 689
Accounts receivables	LaR	25 792	25 792	-	-	25 792
Other short term financial assets	LaR	3 360	3 360	-	-	3 360
Other long term financial assets	LaR	522	522	-	-	522
Equity and Liabilities						
Accounts payables	LaR	18 367	18 367	-	-	18 367
Short term borrowings	LaR	15 015	15 015	-	-	15 015
Other short term financial liabilities	LaR	8 528	8 528	-	-	8 528
Long term borrowings	LaR	11 230	11 230	-	-	11 230
Other long term financial liabilities	LaR	417	417	-	-	417
Which aggregated by IAS 39 categories						
At fair value through profit or loss	FVtPoL	-	-	-	-	-
Loans and receivables	LaR	88 920	-	-	-	-
Available for sale	AfS	-	-	-	-	-

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 management consisted of five men (seven) and one woman (-).

Salaries, other remunerations and social security expenses:	01 01 2018 12 31 2018	01 01 2017 12 31 2017
<i>Salaries and other remunerations:</i>		
Board of Directors and Managing Director	52	35
Other senior management	341	206
Total salaries and other remunerations	393	241
<i>Social security expenses:</i>		
Board of Directors and Managing Director	11	11
(of which pension costs)	-	-
Other senior management	157	113
(of which pension costs)	(48)	(48)
Total social costs	168	124
Total salaries, other remunerations and social security expenses	561	365

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 16, Employees and personnel costs, the Group.

	01 01 2018 12 31 2018	01 01 2019 12 31 2019
Board members:		
Bertil Villard	22	15
Anders Lönnqvist	15	10
Michel Bracké	-	10
Pia Anderberg	15	-
	52	35

Board members receiving remuneration relating to operational positions in the STRAX Group do not receive separate board remuneration in addition.

30. REMUNERATION TO AUDITORS, THE PARENT COMPANY

	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Audit PricewaterhouseCoopers AB	126	-
Audit KPMG AB	-	250
Related audit assignments	-	5
Tax consultancy	-	-
Other assignments	-	-
Total remuneration to auditors	126	255

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 PricewaterhouseCoopers AB in 2018 and to KPMG AB in 2017 and 2018.

31. DEPRECIATION OF TANGIBLE FIXED ASSETS, THE PARENT COMPANY

	01 01 2018 12 31 2018	01 01 2017 12 31 2017
Depreciation according to plan by type of asset:		
Equipment	1	1
Total depreciation	1	1

The total depreciation relates to administration.

32. NET FINANCIAL ITEMS, THE PARENT COMPANY

	01 01 2017 12 31 2017	01 01 2016 12 31 2016
Financial income:		
Interest income, associated companies	-	-
Exchange rate gains	88	48
Total	88	48
Financial expenses:		
Other interest expense	-33	-50
Exchange rate losses	-	-
Total	- 33	- 50

33. EQUIPMENT, THE PARENT COMPANY	12 31 2018	12 31 2017
Accumulated acquisition value:		
At the beginning of the year	165	164
Acquisitions	2	1
At the end of the year	167	165
Accumulated depreciation:		
At the beginning of the year	- 34	-33
Depreciation	- 3	- 1
At the end of the year	- 37	- 34
Carrying value at the end of the year	130	131

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

	12 31 2018	12 31 2017
Carrying value at the end of the year	75 693	75 693

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%	10
STRAX Holding GmbH	n/a	Troisdorf	100%	75 683
				75 693

⁽¹⁾ Share of capital and votes.

Shares in subsidiaries under STRAX GmbH:

Subsidiaries included in the consolidated financial statements	Currency	Equity interest in %		At-Equity Consolidation		
		12 31 2018	12 31 2017	12 31 2018	12 31 2017	
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
Mobile Accessory Deals GmbH	Troisdorf (Germany)	EUR	100,00%	100,00%	F	-
BPM.Brands.Products. Marketing GmbH	Troisdorf (Germany)	EUR	100,00%	100,00%	F	-
Strax UK Ltd.	St. Albans (England)	GBP	100,00%	100,00%	F	E ²
Sowntone Limited	Essex (England)	GBP	100,00%	100,00%	F	E ²
Mobile Accessory Club Ltd.	Essex (England)	GBP	100,00%	100,00%	F	-
more... International Ltd.	St. Albans (England)	GBP	100,00%	100,00%	F	F
Strax France sarl	Jouy en Josas (France)	EUR	100,00%	100,00%	F	F
Telecom Lifestyle Fashion B.V.	Tilburg (Netherland)	EUR	100,00%	100,00%	F	E ¹
Strax Norway S.A.	Sandefjord (Norway)	NOK	100,00%	100,00%	F	F
Strax Sp. z o.o	Warschau (Poland)	PLN	100,00%	100,00%	F	F
Strax Global mobile solution AB	Karlstad (Sweden)	SEK	100,00%	100,00%	F	F
Urbanista S.A.	Stockholm (Sweden)	SEK	100,00%	100,00%	F	F
Strax Swiss Logistics GmbH	Kloten (Switzerland)	CHF	100,00%	100,00%	F	F
more... accesorios Espana S.L.	Madrid (Spain)	EUR	100,00%	100,00%	F	F
Strax Americas Inc.	Miami (USA)	USD	100,00%	100,00%	F	F
TLF Shenzhen Ltd.	Shenzen City (China)	CNY	100,00%	100,00%	F	F
TLF Hong Kong Ltd.	Hong Kong (China)	CNY	100,00%	100,00%	F	F
Strax Global Services Limited	Hong Kong (China)	CNY	100,00%	100,00%	F	-
Strax Asia Ltd.	Kowloon (China)	HKD	100,00%	100,00%	F	F
Strax Shenzhen	Shenzen City (China)	CNY	100,00%	100,00%	F	F
Brandvault Global Services Limited	Berkshire (England)	GBP	10,00%	-	E	-
Gear4 Limited	Kowloon (China)	HKD	-	100,00%	-	F

⁽¹⁾ Significant influence due to contractual arrangements or legal circumstances.

⁽²⁾ No control due to substantive removal or participation rights held by other parties.

F = Full consolidation

E = At equity consolidation

STRAX AB, 556539-7709 is the parent company for the entire group. STRAX AB is listed on the Nasdaq Stockholm stock exchange.

Net sales from TLF to STRAX Group relating to the period January 1 – July 31, 2017 amounts to 1 699. STRAX Group have during the same period invoiced TLF a total amount of 2 270 relating to costs and services.

35. SHARES AND PARTICIPATIONS, THE PARENT COMPANY

	12 31 2018	12 31 2017
Carrying value:		
At the beginning of the year	6	22
Changes in value through profit or loss	- 3	- 16
Carrying value at the end of the year	3	6

of which is held for sale

For key estimates and assumptions in establishing valuation at fair value, see Note 1, Accounting principles.

36. 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 2018. STRAX Board of Directors called for an EGM on December 28, 2018 which resolved on a proposed distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value with distribution to the shareholders completed on January 30, 2019.

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

The Annual General Meeting held on May 24, 2018 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 (KEUR)

At the disposal of the Annual General Meeting is:

Retained earnings	62 315
Distribution resolved upon as of December 28, 2018 ⁽¹⁾	-12 761
Profit/Loss for the year 2018	71
Total	49 625

(1) The EGM held on December 28, 2018, resolved on a mandatory redemption of SEK 1.10 per share to the shareholders, corresponding MEUR 12.8 in total value.

Number of shares issued	12 31 2018	12 31 2017
At the beginning of the year	120 592 332	117 762 266
Non-cash issue	-	2 830 066
Number of shares registered at the end of the year	120 592 332	120 592 332
<i>Average number of shares during the period</i>	-	-
Reported number of shares at the end of the year	120 592 332	120 592 332

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 capital amounts to EUR 12 624 165 and the quote value is EUR 0.10.

37. INTEREST-BEARING LOANS, THE PARENT COMPANY

	12 31 2018	12 31 2017
Raised loans - credit institutions	1 178	1 401
Total	1 178	1 401

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 70 (17) comprise of operating liabilities which normally are due for payment within 10-90 days.

38. LIABILITIES TO THE GROUP, THE PARENT COMPANY

	12 31 2018	12 31 2017
Novestra Financial Services	96	96
Total	96	96

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

39. ACCRUED EXPENSES AND PREPAID INCOME, THE PARENT COMPANY

	12 31 2018	12 31 2017
Other personnel costs	176	190
Costs for annual report, audit and AGM	103	96
Other accrued expenses	12	11
Total	291	297

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

	12 31 2018	12 31 2017
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	71	-92
Write-downs	3	72
Adjustment for reserve long-term liabilities	-	-
	74	- 20
Cash and cash equivalents		
The following components are included in cash and cash equivalents:		
Cash and bank balances	2	1
	2	1
Paid interest and dividends received		
Interest paid	32	50

41. DEFINITIONS AND BRIDGE TO ADJUSTED EBITDA

Key ratio	Calculation	What it measures or represents
Equity/Asset ratio	Equity as a percentage of the total assets.	This measure reflects the financial position and the long term solvency and resistance to periods of economic downtrun.
Equity per share	Equity in relation to the number of shares	Measures development of equity in relation to number of outstanding shares at the end of the period, captures both changes in equity and changes in number of outstanding shares.
Number of shares at the end of the period	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Items affecting comparability	Items affecting comparisons as they do not recur with the same regularity as other items.	Guidance of normalized EBITDA.
Gross profit	Sales less the cost of goods sold.	Measures how well prices to customers in relation to cost of goods sold are maintained including costs to deliver sold goods.
Gross margin	Gross profit in relation to sales expressed as a percentage.	Gross profit in relation to sales, efficiency measure presented in percentage.

Key ratio	Calculation	What it measures or represents
Operating profit/loss	Operating income minus operating costs for the specified period before financial items and taxes.	Measures overall profitability from operations and ongoing business activities including depreciation and amortization.
EBITDA	Operating profit/loss plus depreciations.	Measures overall profitability from operations and ongoing business activities excluding depreciation and amortization.
ADJUSTED EBITDA	EBITDA adjusted for items affecting comparability and currency effects.	Measures overall profitability from operations and ongoing business activities excluding depreciation and amortization, adjusted for items affecting comparability and currency effects.

THE GROUP

Bridge to adjusted EBITDA	01 01 2018	01 01 2017
	12 31 2018	12 31 2017
EBITDA		
Operating profit	-2 139	5 658
+ Depreciation & amortization	3 630	2 563
+ Share of profit of associates	-	- 186
EBITDA	1 491	8 035
ADJUSTED EBITDA		
EBITDA	1 491	8 035
+ Items affecting comparability	5 578	381
+ Currency effects	- 381	662
+ Share of Profit of associates(a)	-	186
ADJUSTED EBITDA	6 687	9 264
Items affecting comparability		
Listing costs	-	3
One time charges	5 578	378
Total items affecting comparability	5 578	759

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

42. 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 immaterial amounts.

Related party transactions

There were no related party transactions during 2018.

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

STRAX increased its ownership in Brandvault Global Services Limited from 10 percent to 100 percent. Brandvault is a business focused on sales through e-commerce marketplaces globally.

STRAX board of directors called for an EGM on December 28, 2018 which resolved on a proposed distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value. In accordance with this resolved proposal, a distribution of MEUR 12.8 to the shareholders was completed through a mandatory redemption program on January 30, 2019.

No other significant events have occurred after the end of the financial year 2018 up to the date of this annual report.

The Board of Directors and the Managing Director 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 April 18, 2019. 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 22, 2019.

Stockholm April 18, 2019

Bertil Villard
Chairman

Gudmundur Palmason
*Board member &
Managing Director*

Ingvi T. Tomasson
Board member

Pia Anderberg
Board member

Anders Lönnqvist
Board member

Our audit report was submitted on April 18, 2019

PricewaterhouseCoopers AB

Niklas Renström
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 27, 2018 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 April 18, 2019 at 2.00 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 (publ), corporate identity number 556539-7709

This is an in-house translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Strax AB (publ) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 62-117 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 parent company and the group as of 31 December 2018 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 2018 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional

report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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 and consolidated accounts for year 2017 was performed by another auditor who submitted an auditor's report dated 21 May 2018, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inhe-

rently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

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.

Key audit matter

Impairment testing

In the consolidated balance sheet, goodwill has been recognised in an amount of MEUR 20.8.

Goodwill corresponds to the difference between the value of net assets and the consideration paid upon an acquisition. Unlike other non-current assets, goodwill is not amortised. Instead, this balance-sheet item is tested for impairment on an annual basis or when there are indications of a decline in value.

Impairment testing, and thus the carrying amount, is dependent on the estimates, assessments and assumptions made by the Board of Directors and management concerning, for example, growth, future profitability and discount rate. These assessments and estimates may change as a result of future events and new information, and it is therefore particularly important that management regularly assess whether the value of acquisition-related intangible assets are warranted given the new information and circumstances. Management's calculation of the assets' value in use is based on the budget for the next year and the forecasts for the subsequent four years. A more detailed description of these assumptions is presented in Note 18.

Impairment testing naturally involves a higher degree of estimates and assessments on the part of management, which is why we have deemed this to be a key audit matter.

Refer to Note 18 Goodwill in the Annual Report for 2018.

How we addressed the key audit matter in our audit

In our audit, we devoted particular focus to management's impairment testing.

Among other measures, we applied the following audit procedures:

- Assessed the company's process for testing goodwill for impairment.
- Examined how management identified cash-generating units and compared this with the internal monitoring of goodwill.
- Assessed the reasonableness of the assumptions made and conducted sensitivity analyses for changed assumptions.
- With the support of PwC's internal valuation specialists, examined the correctness of the calculation models and assessed the reasonableness of the discount rate used for the cash-generating units and subsidiaries in which the greatest uncertainty exists.
- Compared the calculated value in use with the market value as of 31 December 2018.
- Assessed management's forecast ability by comparing earlier forecasts with actual outcomes.

Confirmed that sufficient disclosures have been provided in the notes to the Annual Report based on materiality.

Key audit matter

Valuation of inventories

In the consolidated balance sheet, inventories have been recognised in an amount of MEUR 14.9. The subsidiaries in the Strax Group have inventories of raw materials and purchased finished goods relating to mobile accessories. The development of new phones could cause these accessories to become out of date and make it impossible to sell them at full price. Technological development therefore creates a risk of inventory obsolescence. Strax assesses each item of inventory on an individual basis, taking the potential for obsolescence into consideration. Based on this individual assessment, an obsolescence reserve is recognised. These assessments are complex and dependent on several factors, and thus naturally involve a certain degree of uncertainty, which is why we have deemed this to be a key audit matter.

Refer to pages 80 and 85 of the Annual Report for 2018.

How we addressed the key audit matter in our audit

In our audit, we devoted particular focus to management's assessment of the value of inventories.

Among other measures, we applied the following audit procedures:

- Assessed the establishment of control procedures and processes for purchasing and testing of obsolescence.
- Conducted a detailed examination through sample testing of the carrying amount of inventory items compared with underlying purchase invoices.
- Used data analyses to assess the company's obsolescence reserves by monitoring slow-moving items and pricing.
- Conducted inventory checks at large storage facilities.

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 4-61 and 127-129. The Board of Directors and the Managing Director 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 concern-

ing 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 Director's and the Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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 Managing Director of Strax AB (publ) for the year 2018 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 Managing Director 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 Managing Director

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 Managing Director 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 Managing Director 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 STOCKHOLM, was appointed auditor of Strax AB (publ) by the general meeting of the shareholders on the 24 May 2018 and has been the company's auditor since the 24 May 2018.

Stockholm 18 April 2019
PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Strax AB (publ), corporate identity number 556539-7709

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2018 on pages 36-45 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 18 April, 2019
PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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 statutory sustainability report for the year 2018 on pages 47-57 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 RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

Opinions

A statutory sustainability report has been prepared.

Stockholm, 18 April, 2019
PricewaterhouseCoopers AB

Niklas Renström
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”).

SHAREHOLDER INFORMATION

Annual General Meeting

The Annual General Meeting will be held at 11.00 a.m. on Wednesday May 22, 2019 at the law firm Vinge KB, Stureplan 8, Stockholm, Sweden.

Notice

Notice to the Annual General Meeting was published through a press release on April 17 2019 and was published in Svenska Dagbladet, and the Notice in its entirety was published in Post- och Inrikes Tidningar (the Swedish Official Gazette).

Participation

To be entitled to participate in the business of the Meeting, shareholders: must be recorded in the register of shareholders maintained by Euroclear Sweden AB (the Swedish Securities Register Center) on Thursday May 16, 2019, and must notify the company of their intention to attend the Meeting no later than Thursday May 16, 2019.

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 by May 16, 2019. 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 homepage 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 2019

May 22, 2019

Interim Report Q1 January 1 - March 31, 2019

May 22, 2019

Annual General Meeting

May 22, 2019

Bulletin from the Annual General Meeting

August 28, 2019

Interim Report Q2 January 1 - June 30, 2019

November 28, 2019

Interim Report Q3 January 1 - September 30, 2019

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STRAX