2019

STRAX

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ANNUAL REPORT 2019

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THIS IS STRAX

STRAX is a global company specializing in mobile accessories. STRAX develops and grows brands through an omnichannel approach. STRAX operates two complimentary businesses – Own brands and Distribution (retail and online marketplaces) - where the lifestyle audio brand Urbanista is the flagship along with our licensed brand adidas.

Through its retail distribution platform in Europe STRAX represents over 40 major mobile accessory brands, whilst Brandvault, focuses on online marketplace distribution globally.

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 approximately 200 employees in 12 countries with its operational HQ and logistics center based in Germany. STRAX is listed on the Nasdaq Stockholm Stock Exchange.

THIS WAS OUR 2019

STRAX delivered a record year in sales – like for like sales growth of 25 percent

STRAX delivered another record year in sales and strong operating profit in 2019. Our like for like growth amounted to 25.1%. Sales growth was driven by Urbanista as well as both our distribution businesses, retail and online marketplaces, whilst profitability was improved through MEUR 8 in YoY cost reductions and increase in sales. We are very satisfied with our overall 2019 performance and proud of the entire STRAX team for its grit, which deserves praise following significant layoffs and the Gear4 divestment in 2018.

Sales in 2019 were MEUR 114 (107) and EBITDA amounted to MEUR 8.3 (1.5). YoY sales growth stands at 6.2%, whilst YoY EBITDA has increased by 458%. The strong sales performance was primarily delivered through Urbanista, with sales of MEUR 23.2 representing a sales growth of 70% YoY, and distribution, with sales of MEUR 89.9 (including a proportion of Urbanista sales) representing a sales growth of 12.2% YoY.

2019 was by every measure an eventful and successful year at STRAX; kicking off with a MEUR 13 distribution to our shareholders and finishing with an acquisition of the fashion tech brand Richmond & Finch. In between these events we completed the acquisition of Brandvault and build up a digital marketing team in Stockholm, both marking a significant change of scope at STRAX, to now include reseller services for online marketplaces and necessary skills to capture e-commerce opportunities across our complete product range. The goal of generating more than half of our sales online in 2-4 years remains fully intact, where the strategic significance of such sales channel mix reduces the dependency on traditional/offline retailers.

The successful divestment of Gear4 to ZAGG in 2018 cemented our value creating potential through the development and growth of global brands in the mobile accessories space which we have now followed up with the strong expansion of Urbanista, both geographically and in terms of sales channels. Clckr has been an instant success across multiple of our markets and can easily follow the successes of Gear4 and Urbanista. We do additionally hold several other promising own and licensed brands.

In 2019 we also came to terms with STRAX unique business model of own brands and distribution, where both parts feed off each other through various cost and sales synergies. As a result, we decided to split the group's business into two parts – Own brands and Distribution. This change presents an improved view of the value of each part of the group's businesses and is eventually expected to deliver a more effective cost structure.

We launched STRAX+ in 2019, a social corporate responsibility initiative aimed at changing all possible aspects of our business to become much more environmentally conscious, where we've already achieved significant improvements in our European logistics centre, office locations, customer shipments and packaging materials, all those being largely cost neutral. STRAX has been a member of UN Global Compact since 2017, where we´ve committed to take actions that advance societal goals. As a part of that commitment we have also continued to support various charitable organizations through donations as well as direct involvement, such as the Tim Bergling Foundation, for mental awareness, and the

Sunshine Academy, who provide hope and means for abandoned children in China. The entire STRAX organization is grateful for being able to make a difference.

Significant events during the period

On January 30, 2019 STRAX completed distribution to shareholders of SEK 1.10 per share, corresponding to MEUR 12.8 in total value.

With the effective date of April 1, 2019 STRAX acquired all outstanding shares in Brandvault, a business focused on sales through e-commerce marketplaces globally.

Urbanista established a very strong position in the important and fast growing True Wireless Headsets category with 20 percent of sold units in Sweden in June 2019 and the brand doubled the market share in UK during the twelve months through June, according to GfK.

In November 2019 the board of directors resolved to split the group's business into two parts – Own brands and Distribution – with both businesses remaining wholly owned by STRAX. The change came into effect on January 1, 2020.

Urbanista was one of the main sponsors of the December 2019 benefit concert organized by the Tim Bergling Foundation in memory of the artist Avicii, as well as sponsoring the foundation itself through direct donation and also sharing a proportion of sales with the foundation, intended to draw attention to mental illness and suicide risks.

In December 2019 STRAX acquired all outstanding shares of Racing Shield AB with the main asset being the fashion tech accessories brand Richmond & Finch.

Significant events after the end of the period

In January 2020 Richmond & Finch, the fashion tech accessories brand, launched exclusive PopGrip designs in collaboration with PopSockets, the largest accessories grip company in the world.

Telecom Lifestyle Fashion (TLF), signed a global licensing agreement with the UK fashion label Superdry for mobile accessories. The agreement is globally exclusive with a three-year duration. The Superdry range will be brought to market in Q2 2020.

Telecom Lifestyle Fashion (TLF), signed a global licensing agreement with the Swedish streetwear brand WeSC for headphones and mobile accessories. The agreement is globally exclusive with a three-year duration. The true wireless headphones will be brought to market in Q3 2020.

From indications received, we now draw the conclusion that we will not receive the additional payment related to the sale of Gear4. We have however, to date received 2/3 of the hold back shares in Zagg emanating from the transaction, and will receive the remaining shares and also a total of MEUR 1.5 in cash currently in escrow until May 2020.

As a result of the Covid-19 virus, sales started decreasing from second week of March 2020, although Urbanista and our online sales platforms have maintained positive momentum. Measures have been taken in all parts of the business to mitigate the impact of the corona-virus, including in the following areas:

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

OUR CEO SAYS

GUDMUNDUR PALMASON

2019 was by every measure a strong year at STRAX. We delivered a record year in sales with like for like growth of 25.1% and a MEUR 9.8 improvement in operating profit. Our sales growth was largely driven by Urbanista in the true wireless audio category and our distribution businesses, consisting of retail and online marketplaces. Profitability was primarily improved through MEUR 8 year on year cost reductions as well as an increase in sales. 2019 was also quite an eventful year for us. Kicking off with a MEUR 13 distribution to our shareholders and finishing with an acquisition of the fashion tech brand Richmond & Finch. In between these events, we completed the acquisition of Brandvault and built up an in-house digital marketing team based in Stockholm.

Business built on two parts - Own brands and Distribution

STRAX operates a unique business model of own brands and distribution. In 2019 we decided to formally split the group's business into these two parts – Own brands and Distribution. The split of the business is important from an operational point of view, giving us greater transparency and control of each business, and providing improved visualization of values and performance within the STRAX Group. Today we own one of the leading European-based specialist distributors of mobile accessories, the rapidly expanding Brandvault for online global marketplace management, established brands such as Urbanista and new brands like Clckr, all of which are performing well. I believe that we have been negatively impacted from a valuation perspective due to the fact the market has not understood our consolidated business model. With this split we will be able to optimize our valuation by clear separation of our complimentary businesses and we expect this change to be viewed positively by our shareholders and the market in general

Shareholder value creation through own brands

The successful divestment of Gear4 to ZAGG in 2018 demonstrated our value creation potential through the development and growth of global brands in the mobile accessories space. The success of Gear4 has now been followed with the strong expansion of Urbanista, both geographically and in terms of sales channels. Clckr has furthermore been an instant success across several markets and is now sold in more than 10 000 retail stores around the world. In addition, we hold other promising brands, own and licensed, which have the potential to follow the same growth trajectory as Gear4 and Urbanista. The key underlying reasons for our ability to create global accessories brands are on the one hand a broad distribution reach, both retail and online, and on the other hand deep, long-standing market knowledge in mobile accessories.

Corporate social responsibility

We launched STRAX+ in 2019, a social corporate responsibility initiative aimed at changing all possible aspects of our business to become much more environmentally conscious. We have already achieved significant improvements in our European logistics centre, office locations, customer shipments and packaging materials, all those being largely cost neutral. Furthermore, we have been a member of UN Global Compact since 2017 and are committed to taking actions that advance societal goals. As a part of that commitment we have also continued to support various charitable organizations through donations as well as direct involvement, such as the Tim Bergling Foundation, for mental awareness, and the Sunshine Academy, which provides hope and means for abandoned children in China. The entire STRAX organization is grateful to be able to make a difference.

The STRAX culture

Our core values, Honesty – Respect – Frugality – Teamwork, have remained unchanged for the last decade. Simple, straightforward and universal in nature, they convey who we are and what we stand for. I firmly believe that the STRAX culture has never been more powerful and empowering at the same time. A clear strategic framework coupled with a strong culture, gives me confidence that we are ready to future proof STRAX and significantly improve both our corporate cornerstones, namely our corporate social responsibility and shareholder returns.

All in all, I am very pleased with our overall 2019 performance and proud of the entire STRAX team for its passion and resilience.

THIS IS OUR BUSINESS

STRAX develops and grows brands using a customer-centric omnichannel approach. This is achieved through four strategic activities supported by four critical success factors all aimed at creating shareholder value and demonstrating meaningful corporate social responsibility.

STRAX refined its strategic framework in 2019 and clarified its business model, splitting its operations into two complimentary businesses, Own brands and Distribution. Our two-fold business model is quite unique in our industry. It generates win-win synergies, where our own brands gain access to vast retail and online channels through STRAX Distribution and Brandvault. In return, these channels are consistently able to offer relevant brands to their customers, defined as traditional retailers and end consumers via the online channels.

Customer centric
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 own, licensed and partner brands includes the creation of profitable platforms for e-commerce, thereby developing a compelling end to end consumer experience to maximize ROI and profitability.

Strategic activities
FOCUSED GEOGRAPHIC EXPANSION. Supplying smartphone accessories all over the world, while focusing on strategic channels and customers outside of western Europe, and at the same time maintaining market share across our core markets in western Europe. In 2020, STRAX will focus on North America and

	1 Product initiation	2 Product development	3 Product approval	4 Sales & operational planning
Own brands	Based on consumer insights, market trends and technical development in products and materials STRAX has a product initiation process for own and licensed brands and a sourcing process for products from licensed brands. The process is partly driven by new launches of handset models combined with key seasonal promotional periods.	The product design team develops products with trend analysis tools and then creates samples together with the production team. The develpoment includes the packaging and other go to market deliverables that all make up a vital part of the product.	Through a toll gate process we only select the best products to add to our own brand portfolios.	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 own and licensed brands and delivery criteria for licensed brands.
Licensed brands			Through a toll gate process the products to be put in production are selected and approved by the licensor.	
Distributed brands		We work with a wide variety of suppliers to bring complimentary products to our own brands.	Our distributed brands have extremely wide assortments. Our teams choose the most relevant SKU's.	

Japan as expansion markets, with the intention of opening a significant number of new retail doors.

RELEVANT BRANDS AND PORTFOLIO. Maintaining an evolving portfolio of brands in current STRAX core categories (protection, power, audio) and achieving 70% of revenue via own brands in 2021. Deep market insight tools will guide STRAX and our customers to success.

e-COMMERCE. Generating more than half of our sales online in 2-4 years. Our understanding is that such a sales channel mix will reduce our dependency on declining traditional/offline retailers and we are therefore continuing to develop the competence to exponentially grow our e-Commerce business. In line with this, we recently acquired Brandvault, an online market-place specialist, and built up an in-house digital marketing team in Stockholm.

ACTIVE M&A. Ongoing analysis of acquisition and divestment opportunities spanning from product companies to distributors. Given our recent M&A activity, STRAX is privy to a steady deal flow.

Critical success factors

LEAN AND AGILE. STRAX management and group structure is equipped with the flexibility required to handle external changes. We operate in a fast-moving technology category, where speed to market is a critical success factor. Even greater agility is expected from STRAX employees in identifying and responding to both changes and opportunities in the market. STRAX aims to maintain a headcount of around 200 committed employees.

OPERATIONAL EXCELLENCE. Problem solving, teamwork and leadership come together at STRAX, generating continuous improvement as an organisation. Processes are continuously upgraded to support the best profit margins in the industry, with special emphasis on a simple organizational structure and an efficient sales and operational planning process.

CORE VALUES. STRAX core values, Honesty – Respect – Frugality – Teamwork, have remai-ned unchanged for the last decade. Simple, straightforward and universal in nature, they convey who we are and what we stand for.

MOTIVATED AND PASSIONATE PEOPLE. STRAX fully understands that everything we have achieved to date is thanks to our people. Hence, major focus is placed on building a culture around our core values and retainment efforts. STRAX culture has never been more powerful and empowering than it is right now. A clear strategic framework coupled with a strong culture instils confidence that the team is ready to future proof the company.

5 Manufacturing/ Purchasing

With the suggested purchase orders as a guidance, and with expertise knowledge the purchase depart-ment places order to factories on own 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.

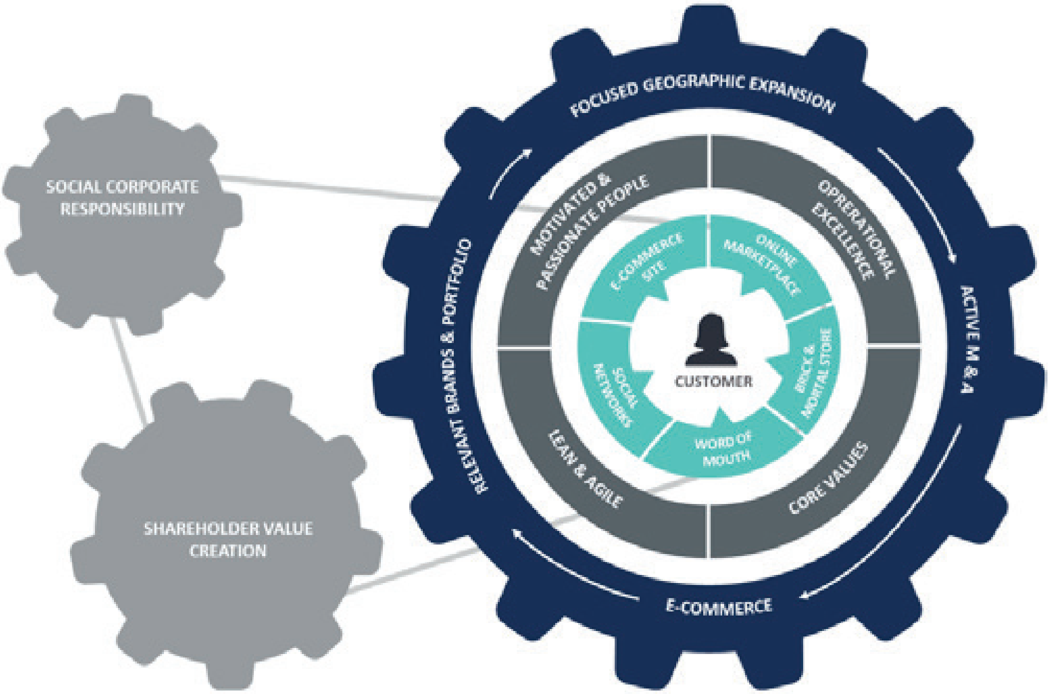
6 Warehousing & services

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



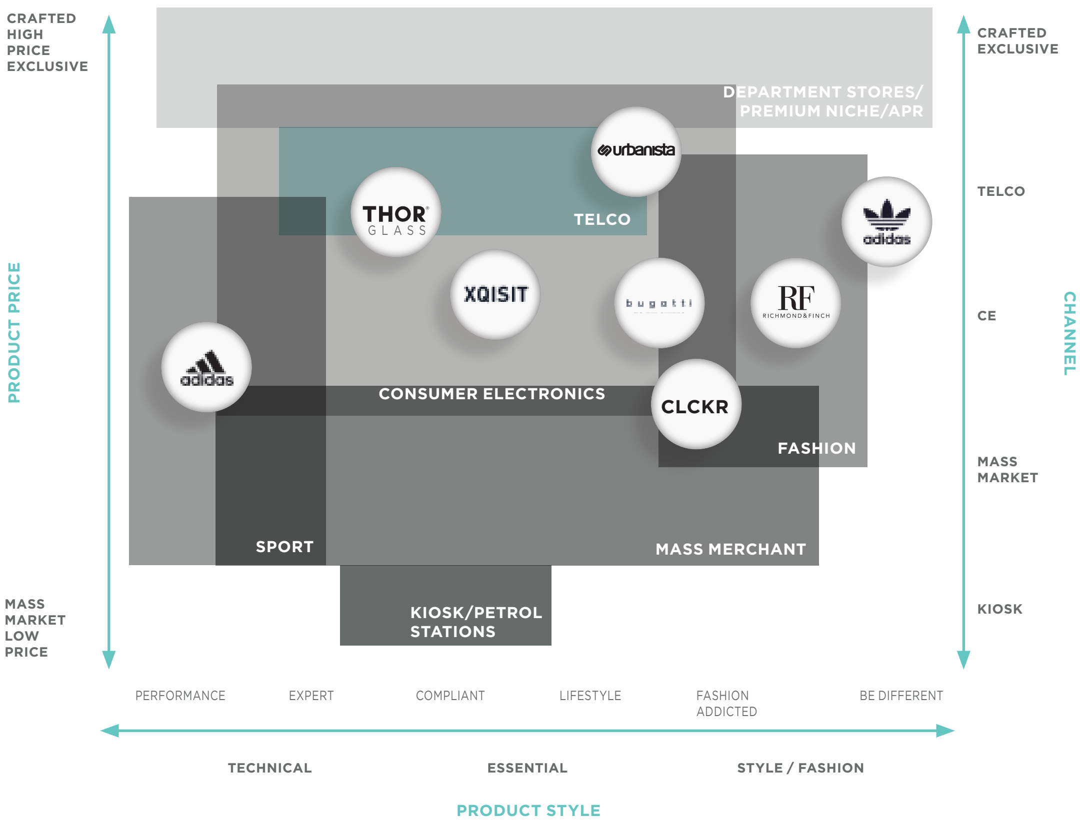
- Four Strategic Activities
- Omni Channel Approach
- Four Critical Success Factors
- Two Cornerstones

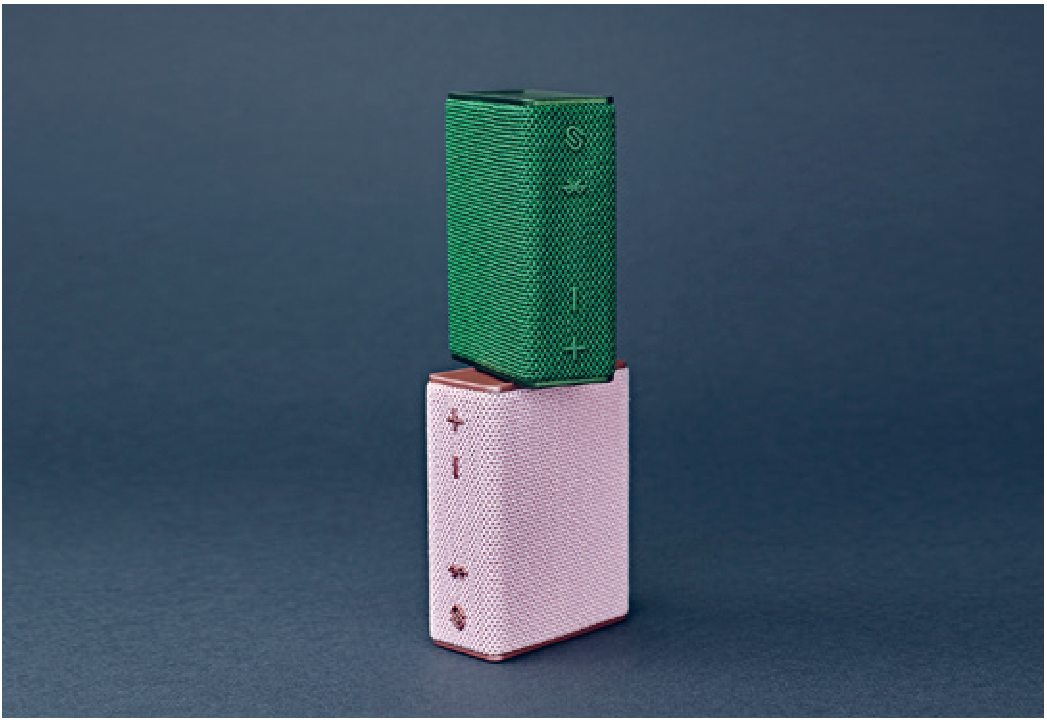

RF

OWN BRANDS & DISTRIBUTION

STRAX own brands are built on a foundation of strong consumer insight across a diverse customer base with the aim of enhancing a better mobile user experience. STRAX offers multiple own brands: XQISIT, Urbanista, THOR, Clckr, Richmond & Finch 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 distributed brands to its customers.

GLOBAL BRAND AND CHANNEL MAPPING





HIP AUDIO ACCESSORIES WITH SCANDINAVIAN DESIGN

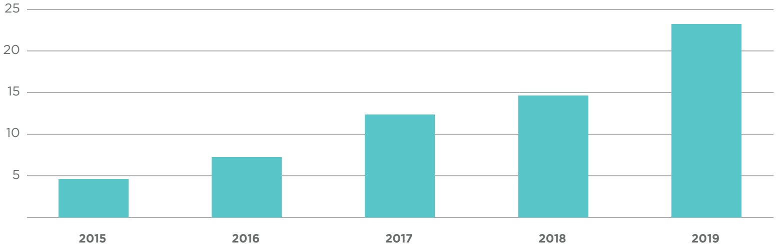
Urbanista was founded in 2010 and acquired by STRAX Group in 2014. The organization is based in Stockholm and employs 18 people.

Urbanista is a lifestyle brand, 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 2019, Urbanista grew in most markets across the world, especially Germany, UK, Australia and USA. Urbanista also expanded the portfolio of true wireless earphones with Stockholm and Paris for everyday life as well as the streamlined sport earphones Athens. The portfolio also expanded with two well-designed portable speakers called Sydney and Brisbane.

For the financial year 2019, sales amounted to MEUR 23.2 which corresponds to a growth of 70 percent. Urbanista expects to continue growing in 2020 due to new product launches in the rapidly expanding true wireless category and continued growth into the international markets and the fast growing e-com segment.

www.urbanista.com

REVENUE DEVELOPMENT FOR URBANISTA 2015-2019, MEUR



RICHMOND&FINCH

PREMIUM LIFESTYLE BRAND

Richmond & Finch was founded in 2014 and acquired by STRAX Group in December 2019. The organization is based in Stockholm with five full time employees.

Richmond & Finch is a Scandinavian tech accessories brand with focus on style and protection. Richmond & Finch's products offer affordable luxury with unrivalled quality and are beautifully designed, inspired by the latest fashion. The products are available in many markets around the world with focus on Europe, Asia and USA through e-commerce and retailers in telco and fashion.

For the financial year 2019, sales amounted to MEUR 3.5. In 2020 the goal is to grow the turn-over through product development and establish the brand in more markets with STRAX as a partner. Focus will lie on growing both through e-commerce and through retail partners.

www.richmondfinch.com

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 London and employs 6 people.

For the financial year 2019, sales for BPM's group of brands amounted to about MEUR 21 which was the first year on year growth in 3 years. Multiple changes have been made in key brands, THOR and XQISIT to simplify the overall portfolio and process. The changes are set to pave a new path towards repeated growth for both brands. Decisions made to close down smaller brands has allowed 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.

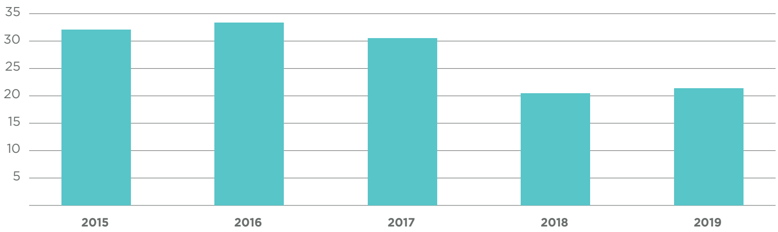
XQISIT

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. Over the last two years the brand has been revamped focusing now on its highest profit driving categories. An optimized portfolio has reduced stock risk and increase profitability, and sharper focus in audio and power complimented by a more refined protection offer.

www.xqisit.com

REVENUE DEVELOPMENT FOR BPM BRANDS 2015-2019, 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 display, the brand was overhauled in 2018 to focus more on its core brand values of quality and premium offer. The screen protectors are now made from market leading materials, are easier to fit, ultra-thin and designed to work with the latest mobile technology, including on screen fingerprint readers. THOR continues to adapt to market needs by introducing a THOR GUARD film sub brand from March 2019 and in-store application solutions currently on trial in Europe and the Middle East.

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, with 3 other brands to be launched in 2020.

clckr

CLCKR
A UNIVERSAL PHONE STAND

Clckr – a new brand that launched in 2018 – Clckr is a patented universal & multi-functional phone stand enabling multiple viewing positions and a grip for a firmer hold. It prevents dropping your phone and tired fingers. Clckr is ultra strong, softly padded, flexible and highly useful. Thin, stylish & easy to apply using 3M-adhesive which does not leave residue. Whether you are making an effort to take the perfect selfie, want to watch a video or to scroll you favorite social feed.

Telecom Lifestyle Fashion: Licensed brands: adidas Sports, adidas Originals, bugatti, Y-3, Superdry and WeSC

Telecom Lifestyle Fashion (TLF) was founded in 2011 and fully acquired by STRAX Group in 2017. Based in Tilburg, in the Netherlands, TLF designs, develops, manufactures and markets innovative accessories for mobile devices under license from the world's biggest fashion and lifestyle brands. Telecom Lifestyle Fashion employs 15 people and strives to be the licensing partner of choice for global lifestyle and fashion brands expanding into mobile device accessories.

For the financial year 2019 revenue for Telecom Lifestyle Fashion amounted to MEUR 9. Telecom Lifestyle Fashion expects to continue growing in 2020, especially in global e-commerce, key Asian markets China and Japan, and also by expanding across new major Carrier and CES channels in North America and Europe.

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 RUNNING, 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.

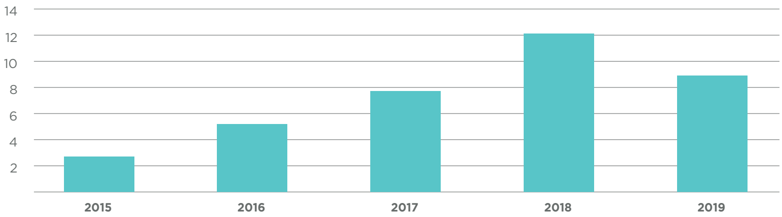
SUPERDRY
ICONIC AND CONTEMPORARY FASHION BRAND

TLF acquired the licence for Superdry in 2020. Founded in the UK in 2003, Superdry has become an iconic and contemporary fashion brand focusing on high-quality products that fuse vintage Americana with Japanese-inspired graphics. Characterized by quality fabrics, authentic vintage washes, unique detailing and world leading graphics, Superdry has gained exclusive appeal as well as a global celebrity following. With over 500 physical points of sale across 46 different countries as well as superdry.com which ships product to over 100 countries, Superdry has a significant and growing presence around the world which is testament to the quality of its products as well as its unique market position.

Y3
DISTINGUISHED DEVICE CASES

A small yet distinguished collection of device cases for which the license was acquired from adidas in 2013. This TLF and Y-3 collaboration offers a variety of statement smartphone protection- and booklet cases. Combining adidas design, quality and durability with the unique, eye-catching designs of Japanese fashion designer Yohji Yamamoto. Show-casing the recognizable sleek graphic designs and floral patterns that are characteristic of Y-3 style. The collection features a number of premium made products such as; hardwearing covers as well as an extremely durable leather booklet cases that not only offers protection, but also has storage.

REVENUE DEVELOPMENT FOR TLF BRANDS 2015-2019, MEUR



bugatti
CHIC & REFINED PROTECTION

TLF acquired the licence for bugatti smartphone 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.

WeSC
PREMIUM STREET WEAR & ACCESSORIES

TLF acquired the licence for WeSC in 2020. WeSC designs, markets and sells clothing & accessories in the premium street wear segment of the international market under the WeSC (We are the Superlative Conspiracy) brand. WeSC's shares are traded on the Nasdaq First North Growth Market and the company's Certified Adviser is G&W Fund Commission.

THIS IS OUR INDUSTRY

2019 Mobile accessories market overview
STRAX is a market-leading global company specializing in mobile accessories. STRAX products are sold via all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online.

The advances in Mobile Technology in 2019 largely failed to ignite the market. Apple continued to dominate North American and UK premium device sales. Direct sales to consumers increased at the cost of traditional channels, which are working hard to combat this trend. Direct sales by Apple, featuring upgrade programs and 0% finance plans, have proven incredibly tempting for consumers and present a challenge for operators in how to cope. With consumers holding onto devices for longer (estimated 38 months+), there has been a rise in "SIM only" and "device only" sales.

Talk of an explosion of foldable devices led to Samsung hastily pushing out its first foldable, only to suffer device failures and subsequent bad press. Its follow up device, like Motorola's foldable, is offered at a high price point and failed to take the market by storm. Huawei's spectacular growth in western markets was abruptly halted by President Trump's accusations of possible links between Huawei and the Chinese government. This handed the baton firmly back to Samsung to build on the initial interest in its A-Series devices to command a compelling volume by the end of the year. Devices now mainly come with full screens across all price points. This has created a lot of competition in the mid-range, a market sector that even brands such as Samsung have overpopulated. While Chinese brands have had pockets of success in markets across Europe, traditional brands still reign in North America.

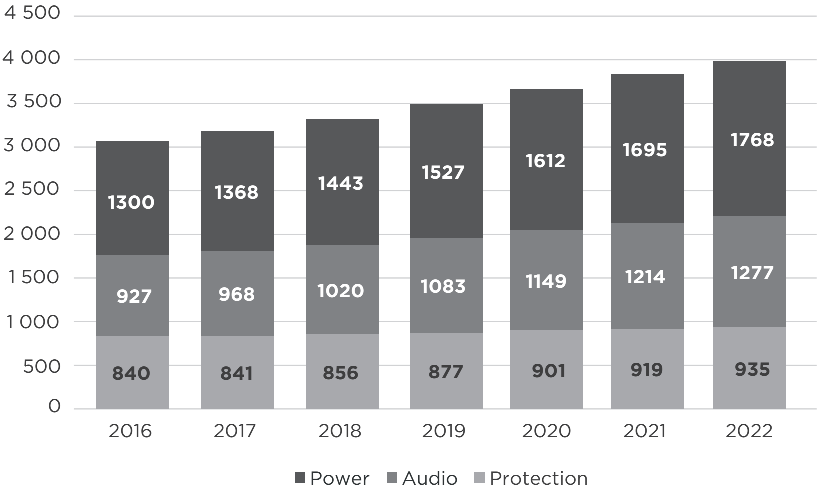
TRADITIONAL RETAILERS REQUIRED TO COVER MORE AND MORE HANDSETS
Last year we reported a trend of retailers being forced to carry more and more halo devices than ever before. 2019 really drove this forward with the mid-tier evolution. Consumers were able to get many of the features that defined products in 2018 in their mid and lower tier devices. Customers across our territories reduced product choice for customers and increased their coverage. As previously reported, customers have turned to alternative channels to source differentiated products, particularly online, where the 'endless aisle' phenomena allows wider selection. Interestingly, this has also piqued interest in D2C (Direct to Consumer) brands particularly in the protection segment.

Q4 PEAK DEFINES OUR MARKET
Black Friday once again saw consumer demand start early for deals in the run up to Q4. Both in store and online retailers chose to compete with Amazon's annual big push in the lead-in to the traditional seasonal peak, with audio dominated deals with TWS headsets being the must have category. Even though Apple released its Airpod Pro product in Q3 and lowered pricing on its Airpods, the market grew and a number of players still did well in the segment. Urbanista in particular had a spectacular end of the year.

HUAWEI – A TURBULENT YEAR
Few would have bet against Huawei's meteoric rise in global handsets continuing into 2020 and beyond. Indeed, their growth in the Android space continued in early 2019 where it left off in 2018. However, the US government's actions in Q2 firmly quashed this growth and Huawei's business in many of the major EU markets was instantly compromised. Interestingly, Huawei products still sell well in some markets and channels. Strax continues to support customers

GLOBAL AFTERMARKET ACCESSORIES UNITS PROJECTIONS 2016–22

Source: ABI Research 2018

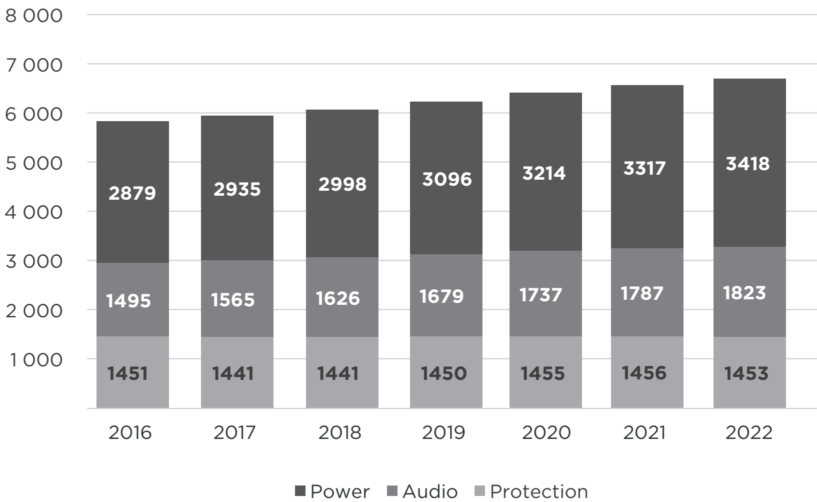


Accessory Category:
Power
Audio
Protection

CAGR 18-22
Power 3.7%
Audio 4.2%
Protection 1.6%
Combined 3.4%

GLOBAL AFTERMARKET ACCESSORIES REVENUE PROJECTIONS 2016–22

Source: ABI Research 2018



Accessory Category:
Power
Audio
Protection

CAGR 18-22
Power 2.5%
Audio 2.1%
Protection 0.1%
Combined 1.8%

and consumers purchasing the brand's latest handsets but admittedly with a smaller range.

PROTECTION

2019 saw most brands add full screen options to their halo devices and towards the second half of 2019 this started to permeate through to mid-range devices as well. We fully expect this trend to continue into 2020, whereby full screen phones will become the norm. This ensures that the protection market is well placed moving forward as consumers seek to protect their investments, which is reflected in both our case and screen protection business.

POWER

The power business saw little growth due to a lack of any radical new technology hitting the mass market. More and more devices are being fitted with Type C charging, including Apple tablets and Macbooks. However, as Apple's iPhones still use the proprietary Lightning port, retailers still have to carry a wide assortment of cables.

Whereas in 2018 devices were using up to 12w charging, 2019 has finally seen devices use POWER DELIVERY chipsets that considerably reduce the charging time of handsets and devices. Given that Apple's handsets have had fast charging capability since the iPhone 8, we can expect 2020 to see a positive reaction to the technology assuming retailers can explain the differences effectively.

AUDIO

In 2018, we reported continued growth in the trend towards wireless headphones. As expected, this stayed the course and continues to skyrocket despite already high adoption rates. The annual spike in Audio in Q4 2019 was no different to previous years and consumer electronics stores sold exceptional numbers of TWS headsets. Speaker sales were not as positive. Saturation from virtual personal assistants, such as those from Amazon and Google, which saw major sales volumes in 2017/18, indicates that consumers already have these devices and see no reason to upgrade. Strax will continue to work with brands in its distribution business to offer solid alternatives in the audio space.

CHANNELS and MARKETS

Amazon appears to have delayed its plans for heavy expansion in Europe and seems to be focusing on other areas of the world instead in its quest for market dominance. That said, there is little doubt that Amazon's business in the UK is stronger than ever and we suspect that retailers will continue to struggle with its growing presence in 2020. Amazon DE is also strong but local consumers are still supporting their traditional stores.

The sales model that undoubtedly moved the needle in 2019 was the 'DIRECT TO CONSUMER' channel. Bypassing traditional sales channels and selling direct to consumers, manufacturers took advantage of social media as a continual and exploitable means to put the product in front of consumers. We expect this trend to continue to grow significantly in 2020 and our Brandvault team has been helping numerous brands explore how they can attack 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 2019 amounted to approximately MEUR 50.

Mangold Fondkommission is the appointed market maker for STRAX. The share liquidity during 2019 has been good, the share was traded on 100 (98) percent of all trading days and the average turnover was 98 856 (39 877) shares per trading day. The total turnover amounted to 24 714 048 (9 974 543) shares, which corresponds to a turnover rate of approximately 0.21 (0.08) per year.

The share opened at SEK 3.15 on the first day of trading, January 2, 2019 and closed at SEK 4.30 on the last day of trading, December 30, 2019. The average price during the year was SEK 2.23 (3.85) and the average turnover per trading day was SEK 99 253 (145 301).

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.

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, 2019 amounted to 2 146 (1 883). Foreign ownership accounted for 67.7 (75.2) percent of total outstanding shares.

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

Dividend policy and dividend
The Board has not proposed a dividend for the financial year 2019.

Other share information
Shareholders' equity per share at year-end amounted to EUR 0.17 (0.28).

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
January 2019	Split (2:1) (3)	0.10	-	12 624	241 184 664
January 2019	Bonus Issue	0.10	12 624	25 248	241 184 664
January 2019	Redemption	0.10	-12 624	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.

(3) A redemption procedure was carried out during January 2019 whereby SEK 1.10 was distributed to STRAX shareholders. A split of the existing shares in STRAX was made in connection with the distribution which resulted in the total number of shares in the company temporarily doubled. The redemption procedure was an alternative transaction method for a dividend and the temporary increase in the number of shares has not been taken into consideration with regard to the calculation of the average number of shares during the period, or, the result per share during the period.

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2019

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	19 664 981	16.3%
Anchor Secondary 4 AS	6 868 000	5.7%
Anchor Invest 1 AS	3 250 000	2.7%
Försäkringsaktiebolaget, Avanza Pension	2 991 578	2.5%
Landsbankinn HF, W8IMY	2 833 832	2.3%
Ålandsbanken	2 530 360	2.1%
Nordnet Pensionsförsäkring AB	2 294 107	1.9%
UBS Switzerland AG, W8IMY	1 891 674	1.6%
Övriga aktieägare	15 671 680	13,0%
Total	**120 592 332**	**100.0%**
Of which foreign ownership	81 591 643	67.7%
The 10 largest shareholders -proportionally	104 920 652	87.0%

Source: Euroclear and facts known to the Company

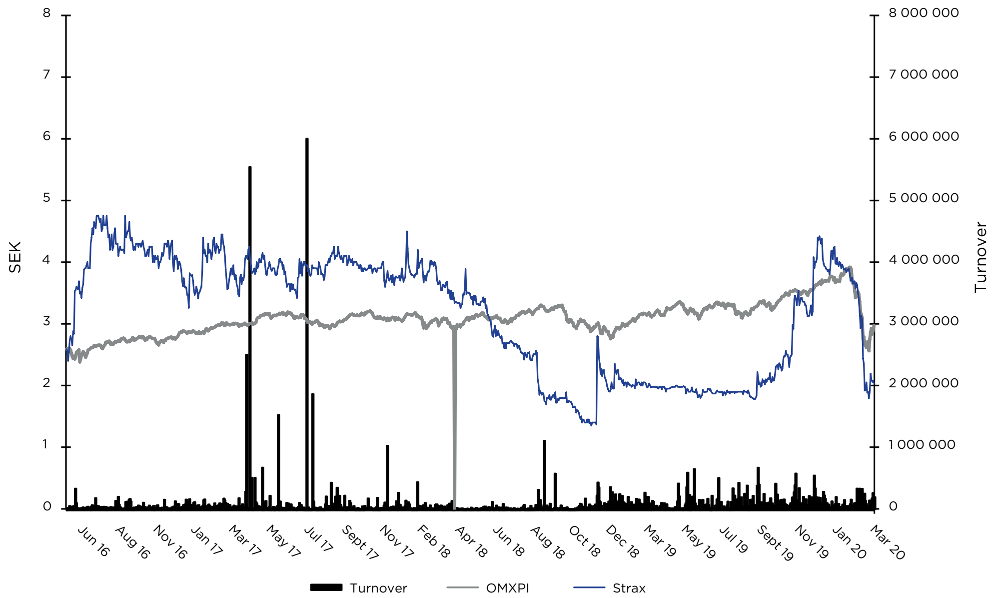
DISTRIBUTION OF SHARES AS OF DECEMBER 31, 2019

No. of shares by size	No. of shares	Proportion	No. of shareholders	Proportion
1-500	245 750	0.2%	1 350	64%
501-1 000	230 486	0.2%	276	13%
1001-10 000	1 432 391	1.2%	408	19%
10 001-50 000	1 204 334	1.0%	56	2%
50 001- 100 000	1 056 561	1.0%	14	1%
100 001-	116 422 810	96.4%	41	1%
Total	**120 592 332**	**100%**	**2 146**	**100%**

Source: Euroclear.

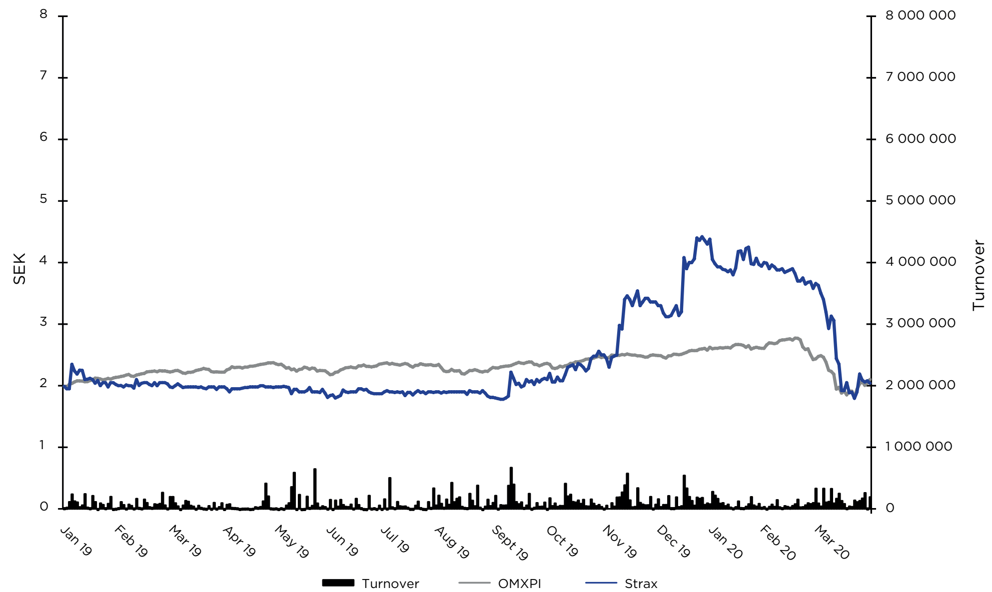
STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JUNE 1 2016 – MARCH 31 2020

Source: Nasdaq Stockholm



STRAXSHARE PRICE TREND AND NUMBER OF SHARES TRADED JANUARY 1 2019 – MARCH 31 2020

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 its targeted geographic markets. We will continue to grow our businesses within the strategic framework that we launched in 2016 and refined in 2019, while simultaneously strengthening our operating platform. This will enable us to drive our own brand growth strategy through offline and online sales channels globally with fewer resources.

While retaining market share in western Europe, STRAX will at the same time invest and grow at an accelerated rate in North America, Japan and strategic markets in the rest of the world. STRAX will furthermore invest in eCommerce sales channels, both direct brand websites and marketplaces, in an effort to improve margins, diversify its traditional retail customer base and secure growth.

STRAX has enjoyed positive developments in sales in recent years. Having achieved 25% like-for-like growth in 2019 we expect continued organic growth, driven specifically by Urbanista and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts, and established an in-house digital marketing team. We expect our online sales to grow significantly, albeit from a relatively low base, with eCommerce accounting for 50% of our sales in 2-4 years.

STRAX intends to play an active role in the ongoing consolidation of our industry through acquisitions, divestments and partnerships.

STRAX HISTORY

1995

STRAX MIAMI
STRAX HONG KONG
FOUNDED

1999

STRAX HOLDINGS
STRAX UK
FOUNDED

2005

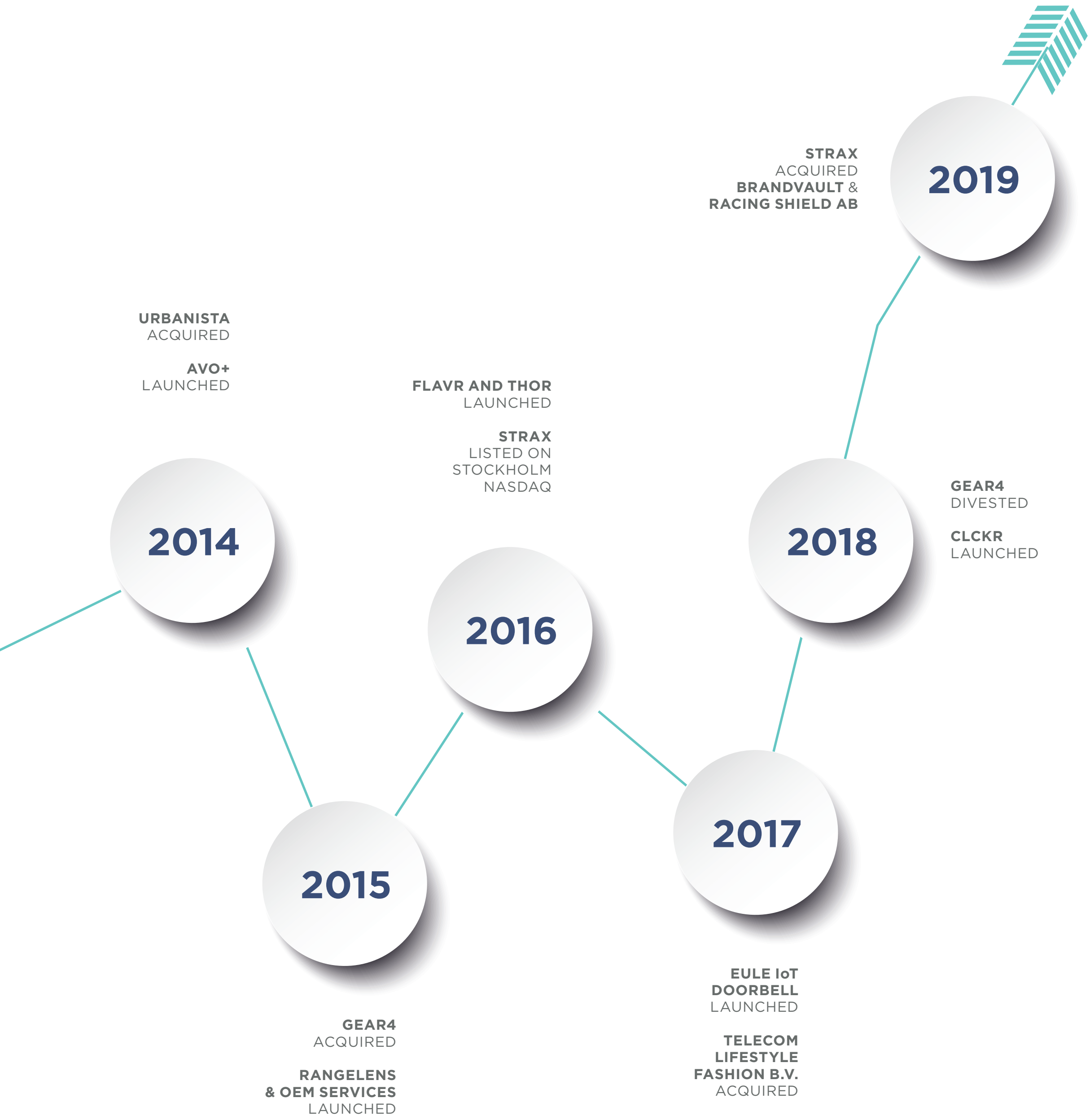
STRAX
AQUIRED **MORE**
GROUP OF COMPANIES

2010

XQISIT
LAUNCHED

2011

TELECOM
LIFESTYLE
FASHION B.V.
FOUNDED


2014
URBANISTA ACQUIRED
AVO+ LAUNCHED
2015
GEAR4 ACQUIRED
RANGELENS & OEM SERVICES LAUNCHED
2016
FLAVR AND THOR LAUNCHED
STRAX LISTED ON STOCKHOLM NASDAQ
2017
EULE IoT DOORBELL LAUNCHED
TELECOM LIFESTYLE FASHION B.V. ACQUIRED
2018
GEAR4 DIVESTED
CLCKR LAUNCHED
2019
STRAX ACQUIRED BRANDVAULT & RACING SHIELD AB

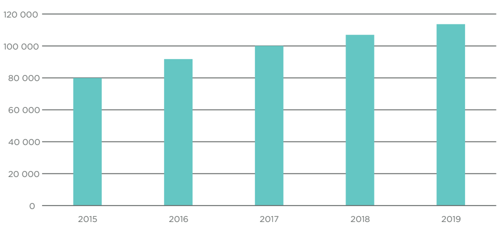
FIVE-YEAR SUMMARY

STRAX AB
FINANCIAL SUMMARY AND KEY RATIOS, THE GROUP

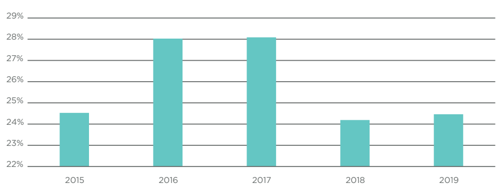
(EUR Thousands) **Income statements**	**2019**	**2018**	**2017**	**2016**	**2015**
Net sales	113 644	106 967	100 065	91 770	79 947
Cost of goods sold	-85 843	-81 090	-71 958	-66 048	-60 337
Gross profit	**27 801**	**25 877**	**28 107**	**25 722**	**19 610**
Gross margin	*24.5%*	*24.2%*	*28.1%*	*28.0%*	*24.5%*
OPEX	-21 656	-28 015	-22 448	-20 806	-16 123
EBIT	**6 146**	**-2 138**	**5 659**	**4 916**	**3 487**
Net financial items	-5 982	24 075	-2 103	-1 135	-1 106
EBT	**164**	**21 937**	**3 556**	**3 781**	**2 381**
Taxes	-1 899	-5 190	-1 768	-583	-1 156
PROFIT FOR THE YEAR	**-1 735**	**16 747**	**1 788**	**3 199**	**1 225**
Result per share prior to dilution SEK	-0.15	1.44	0.15	0.26	0.10
Result per share after dilution SEK	-0.15	1.38	0.15	0.26	0.10
Average number of shares [1]	120 592 332	120 592 332	117 839 802	115 299 621	115 299 621
Average number of shares after dilution	124 687 332	124 687 332	117 839 802	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



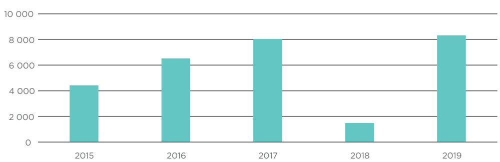
Gross margin



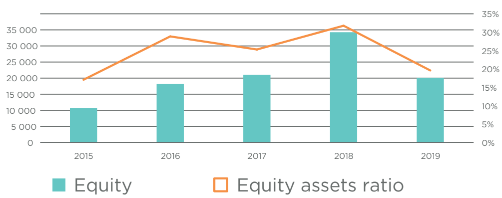
Balance sheets, KEUR	2019	2018	2017	2016	2015
ASSETS					
Fixed assets					
Intangible	32 094	21 804	30 453	21 285	14 709
Tangible	1 087	1 136	2 203	1 645	783
Financial	879	-	-	807	8
Other	52	1 594	1 131	2 740	6 831
Total fixed assets	**34 112**	**24 534**	**33 787**	**26 477**	**22 331**
Current assets					
Inventories	17 430	14 980	10 417	11 435	8 935
Receivables	25 975	28 423	25 792	12 959	14 174
Other assets	20 123	15 119	7 484	8 421	12 412
Cash and cash equivalents	3 644	24 845	5 689	3 663	4 976
Total current assets	**68 547**	**83 366**	**49 382**	**36 478**	**40 497**
TOTAL ASSETS	**102 659**	**107 900**	**83 169**	**62 955**	**62 828**
EQUITY AND LIABILITIES					
EQUITY	**20 100**	**34 265**	**21 028**	**18 159**	**10 713**
Equity/Asset ratio	*20%*	*32%*	*25%*	*29%*	*17%*
Long-term liabilities					
Interest bearing	-	8 403	11 230	5 021	-
Non-interest bearing	12 275	1 768	1 913	1 095	10 853
	12 275	**10 171**	**13 143**	**6 116**	**10 853**
Current liabilities					
Interest-bearing	23 059	20 652	15 015	11 627	13 523
Non-interest bearing	47 225	42 812	33 983	27 052	27 739
	70 284	**63 464**	**48 998**	**38 679**	**41 262**
Total liabilities	**82 559**	**73 635**	**62 141**	**44 795**	**52 115**
TOTAL EQUITY AND LIABILITIES	**102 659**	**107 900**	**83 169**	**62 955**	**62 828**

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

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.

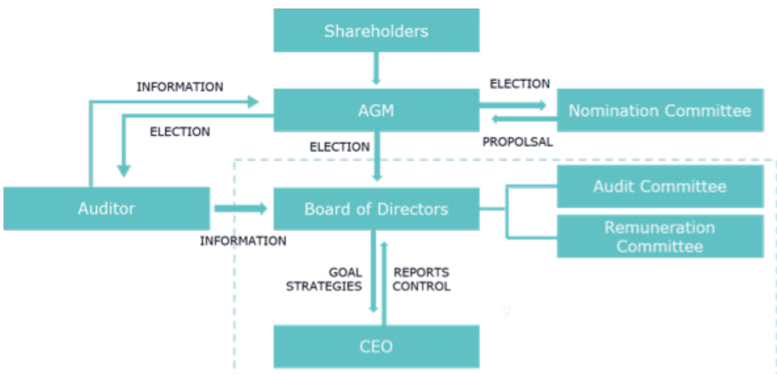
Corporate governance at STRAX

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 2019 AGM it was decided that STRAX shall have a Nomination Committee for the AGM 2020 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 2019 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 2020 AGM regarding the following: Board of Directors and Chairman of the Board, Board remuneration apportioned among the Chairman 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 2020 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 2019
The 2019 AGM was held on May 22, 2019 at the offices of the law firm Vinge in Stockholm. The meeting was attended by thirteen shareholders, representing 72,1 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 2018, as well as the balance sheet and consolidated balance sheet as per 31 December 2018 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 2018.

- 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, Pia Anderberg, Anders Lönnqvist, Gudmundur Palmason and Ingvi Tomasson were re-elected as members 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 107-108)

- 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

Annual General Meeting 2020
STRAX 2020 AGM will take place on May 26, 2020 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).

Presence, votes and capital represented at five previous AGMs

Year	Percentage of capital and votes
2019	72.15 %
2018	72.51 %
2017	57.68 %
2016	72.04%
2015	52.66%

Further information on presence, votes and capital represented can be found on page 70.

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 2019. 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 ten meetings during 2019. 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 2019 AGM, the Board of Directors has consisted of Bertil Villard, Gudmundur Palmason, Ingvi T. Tomasson, Anders Lönnqvist and Pia Anderberg.
Bertil Villard was appointed Chairman by the AGM. More information about Board members including age, education and other assignments is provided on pages 46-47.

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.

Independence of Board members, presence, etc.

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

(1) Where relevant, including shares held by family members and holdings through companies as at December 31, 2019.

Work of the Board of Directors

February 27, 2019	Year-end Report 2018
March 20, 2019	Notice to the Annual General Meeting, 2018 Audit, 2019 Budget, strategic, tactical and operational review
May 6, 2019	Updated loan agreement and collateral structure
May 22, 2019	Approval of loan agreement
May 22, 2019	Annual Report 2018, Q1 2019 Interim report, strategic review Statutory board meeting
May 22, 2019	AGM Statutory board meeting
August 27, 2019	Q2 2019 Interim report, operational review
November 27, 2019	Q3 2019 Interim report, Q3 Audit review, business split
December 4, 2019	Budget 2020, Crisis plan, Share buy-back
December 12, 2019	Acquisition Racing Shield AB

The CEO's responsibilities cover ongoing business 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 2019 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 2019 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.

Covid-19 virus

As a result of the Covid-19 virus, sales started decreasing from second week of March 2020, although Urbanista and our online sales platforms have maintained positive momentum. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

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

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
406 670[1)] 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), 3 and 4 AB, Azelio AB, Prior & Nilsson Fond och Kapitalförvaltning AB, Polaris Management A/S and iCoat AB.

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

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

[(1)] Where appropriate, shareholding in STRAX include shares held by family members and holdings through companies as at December 31 2019 and thereafter known changes.

GUDMUNDUR PALMASON
BORN 1968
31 398 031[1] 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, TLF BV and Richmond & Finch.

INGVI T. TOMASSON
BORN 1968
31 198 079[1] SHARES IN STRAX

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

PIA ANDERBERG
BORN 1964
0[1] SHARES IN STRAX

Pia Anderberg, Board member since May 2018, is an investor and entrepreneur. She previously worked as Executive Vice President of people and innovation at Axel Johnson up until 2020. Pia was formerly the CEO, partner and founder of several companies such as Novare Human Capital and Samsari. 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 2019 STRAX had 198 employees

GUDMUNDUR PALMASON
BORN 1968
31 398 031[1)] 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 and Richmond & Finch.

INGVI T. TOMASSON
BORN 1968
31 198 079[1)] SHARES IN STRAX

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

[(1)] Where appropriate, includes shares held by family members and holdings through companies as at December 31, 2019 and thereafter known changes.

JOHAN HEIJBEL
BORN 1975
CFO
OWNS 78 333[1)] 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, WeSC AB and Richmond & Finch.

SUSTAINABILITY REPORT

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, 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. Read more about our sustainability management on page 60-61 in the annual report.

The past year

In 2019, we identified and implemented several initiatives to reduce the Group's environmental impact. Among other things, we have worked on; reducing the use of plastics in packaging, the coordination and optimization of transportation of goods and the launch of environmentally friendly mobile phone cases that are either biodegradable or compostable. We have also increased the employees' knowledge on how we as an organization work with environmental issues and discussed how the employees can reduce their negative environmental impact in everyday life.

During the year we formed STRAX Plus, a sustainability steering group with representatives from various functions within the organization. Through STRAX Plus, sustainability issues have gained a more well-defined ownership and have become more established in day-to-day operations, which has improved the conditions for successful sustainability work.

Our Sustainability Report

STRAX´s Sustainability Report presents an overview of what we are trying to achieve with our sustainable business strategy, how the sustainability work is conducted and our progress so far. The report´s content reflects the sustainability aspects in which our business has the greatest impact on people and the environment. The sustainability report covers STRAX AB (publ), co. no. 556539-7709 and all subsidiary companies in the Group and has been prepared in accordance with the regulations in the Annual Accounts Act (6 chap. 10 §). As signatories of the 10 UN Global Compact Principles within human rights, labor, environment and anti-corruption, the sustainability report also comprises STRAX´s Communication on Progress.

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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.

IMPACT IN OUR BUSINESS MODEL

STRAX is a market-leading global company specializing in mobile accessories with sales in more than 20 countries. Sales are made through all key channels ranging from telecom operators, wholesale and consumer electronic stores to lifestyle retailers or directly to consumers online. STRAX's brand portfolio includes both own brands and licensed brands that make up 61 and 14 percent of sales, respectively. STRAX also represents over 40 distributed brands, which account for 25 percent of sales. In addition to products, STRAX also offers value-added services and customer-specific solutions.

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 own products add further requirements on the control of materials used in the products and on third party factories' adherence to sound business practices.

With over 150 suppliers worldwide, continual improvements together with our partners regarding sustainability issues are not only crucial to ensure the rights and conditions of the workers that make our products, but also to minimize the negative impact that the manufacturing have on the environment. Employees' health and safety, risks of corruption and to ensure a good work environment are other areas that are important to STRAX. 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. More information about STRAX´s business model is to be found on page 10-12 in the annual report.

SUSTAINABLE SUPPLIER NETWORKS

As a global business with an extensive supplier base, it is challenging to develop a full understanding of our suppliers' sustainability performance even with strict supply chain processes in place. We place great emphasis on establishing good relationships with our suppliers and increased control and responsibility throughout the supply chain.

Responsibility in the supply chain

STRAX has adopted the Responsible Business Alliance (RBA)'s Code of Conduct as a guideline for standardizing the requirements and evaluation of suppliers. The code contains a set of social, environmental and ethical standards for the electronics industry. We have also implemented STRAX´s Code of Conduct for Suppliers to ensure that all suppliers know what we expect of them. We expect all suppliers to continually monitor their compliance with the standards set in the STRAX Supplier Code of Conduct. Should any breach of the regulations be detected, the supplier must immediately

Material sustainability aspects in STRAX´s value chain

"A value chain perspective makes it easier for STRAX to manage its sustainability impact and create the highest possible value."

Product development
In product development, close cooperation between the departments is essential to ensure product safety, product quality and product durability. The focus is also on the use of chemicals and materials, packaging solutions and recyclability.

Procurement
The procurement process entails challenges related to corruption and briberies. The focus is on ensuring that STRAX requirements are met and to develop the suppliers' ability to improve the sustainability aspects. STRAX requires that all suppliers comply with STRAX's and RBA's Code of Conduct.

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.

notify STRAX, so that we can ensure that effective and timely corrective actions are taken.

Monitoring and improving suppliers CSR performance

At STRAX, we apply a self-assessment system, that over time corrects behavior and creates a sound culture of improvement and progress for the factories. Initial audits are conducted at all new major suppliers. The self-assessment system is then monitored by regular visits to the factories and checked by audits. We have also implemented third party validation of strategic suppliers' CSR-performance to cross reference our internal controls. In 2019 a total of 2 process audits (9) were conducted. Major suppliers account for over 90 percent of Group purchases. In 2020 focus will be on conducting qms audits (quality management system).

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 the suppliers' managers and executives. If any evidence of non-compliance is identified, STRAX work together with the supplier to develop corrective actions and improve the process used to manage material risks.
STRAX has developed a program that encourages the suppliers to incremental improvements through the provision of best practice CSR-improvement recommendations. We aim to have all suppliers in areas with high CSR-related risks, currently South East Asia, participating in the supplier development program. At year-end 2019, 100 percent (100) of all suppliers in high-risk areas had participated in the development program.

Business ethics

Corruption and unethical behavior can occur both within the organization and indirectly through suppliers. 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'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. STRAX has a zero-tolerance policy on corruption and fully support the requirements of the UK Bribery Act as well as similar legislation in all regions where we conduct 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. All personnel 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 percent (100) of all employees in vendor-facing positions had completed their education on the topic of bribery and corruption at year-end 2019, which corresponds to 30 percent (24) of the Group´s total employees.

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 briberies have been accepted.
STRAX aim for all suppliers to comply with the requirements regarding anti-corruption and bribery with no serious deviations. In 2019, 100 percent (100) of suppliers complied with the requirements without serious deviations.

PRODUCT RESPONSIBILITY

STRAX is dedicated to providing customers with products that exceed their expectations regarding quality and safety as well as the environmental impact caused by producing and using them. Therefore continuous progress is a crucial part of the product development process. STRAX continuously work on providing information that supports customers and consumers to make sustainable product choices.

Quality management system

STRAX develops products in strict compliance with internationally recognized safety and legal requirements. Regulations setting mandatory safety and reliability standards for products on certain geographical markets are defined during the product development stages. Among other things, STRAX´s products are labeled with CE marking, which means that they meet the EU's basic health, environmental and safety requirements. Another example is FCC labeling, which means that the electromagnetic interference caused by the product is below the limits approved by the US independent organization Federal Communications Commission.
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 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 mechanisms that ensure adherence to strict standards throughout the supply chain.
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 components that fail to achieve our requirements, and therefor may affect safety, back to their source. Following this, root cause analyses takes place and solutions are implemented.

For product safety certifications, STRAX engage external experts to identify continual improvement areas and corrective actions. We also cross-check the final results with our internal testing facilities and have established protocols for product recalls in place should the need arise.

Materials and chemicals

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 but are not limited to, 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 we have a multi-layered approach to ensure that our suppliers do as well.

Conflict minerals and cobalt 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 and we undertake due diligence to ensure that no conflict minerals are 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 who 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 regarding the source and chain of custody of conflict minerals and make their due diligence measures available to STRAX upon request.

STRAX Cobalt and Conflict Minerals Declaration also ensure that all suppliers recognize and align their supply chain policies with the Responsible Cobalt Initiative (RCI). STRAX also includes cobalt in the requirements of the supplier evaluation. At year-end 2019, 100 per cent (100) of all suppliers had completed a self-assessment, ensuring all procurements, purchases and use of cobalt adheres to the RCI´s recommendations.

OUR PEOPLE

STRAX maintains a strong commitment to high standards in order to deliver a fair, respectful and safe workplace where employees can fulfill their potential. The ability to attract, develop and retain competent and committed employees at all levels is key to continued successful growth.

Living our values

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.

Health and safety management

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.

In order to make analyzes and plans of action, STRAX is measuring employee satisfaction by using a Employee Satisfaction Index (ESI). The target is set to achieve an ESI-score of at least 85 percent 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 percent. Due to organizational changes no survey was conducted in 2018 or 2019. STRAX is planning to survey employee satisfaction for the entire Group in 2020.

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

Diversity and equality

At STRAX we are committed to ensure the fair and equal treatment of everyone in our organization. Workplace diversity contributes to the variation 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 44 percent (45) women and 56 percent (55) men. 32 percent (34) 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 percent of management positions by year 2020.

ENVIRONMENTAL RESPONSIBILITY

STRAX work systematically to prevent, minimize and remedy the adverse environmental impacts of our business activities. As a 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 climate footprint

At STRAX, we recognize the impacts of global warming and work to be part of the solution.

We are only in the beginning of our work. As a first step we have identified five focus areas:

- Reduce emissions caused by transportation of goods
- Avoid emissions caused by business travels
- Engage suppliers to reduce their manufacturing energy usage and CO2-emissions
- Reduce the environmental impact of our products at the research and design stage
- The use of more environmentally friendly and recyclable materials in packaging

Once we get a bit further in our work, we will start measuring our baseline carbon footprint and setting short and long-term reduction targets.

Reduce transport emissions

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. Reducing our climate footprint caused by transportation of goods is therefore a priority. In this work, optimization of transportation and reduced proportion of transport by air is central.

To ensure efficient transports, STRAX has a screening process with requirements regarding transportation optimization and efficiency when choosing what carriers to use. During the year, we have reviewed and adjusted packaging design and the use of material together with our suppliers, in order to optimize transportation of goods. STRAX also operate a bonded warehouse in Asia, which has enabled improved coordination of transportations as well as provided cost-effective solutions.

At year-end 2019, 85 percent (99) of transports were by air. The target is that transportation by air should not exceed 70 percent by year 2020. 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 yield results in the future.

STRAX is also committed to reduce emissions from business travel by prioritizing alternative technology options such as video conference and virtual offices. STRAX travel policy expresses the company's guidelines and principles that must be considered by all employees during business travels.

Working for a circular economy

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

STRAX is continually investigating how we can better use the principles of a circular economy to deliver value to our customers. 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.

Our current approach includes the use of biodegradable plastics in products, the use of recycled material in packaging and to ensure recyclability of products in line with WEEE regulations. By replacing the plastics used in packaging with biodegradable plastics or paper and creating new design solutions containing less plastics, the packaging becomes more sustainable and has less negative impact on the environment.

In 2019, our work continued by identifying and implementing several initiatives to reduce plastics used in packaging and transportations. We also launched new environmentally friendly mobile phone cases that are either biodegradable or compostable.

Engaging our suppliers

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

STRAX seeks to reduce the energy consumption in manufacturing by requiring that supplier use energy efficient devices which comply with extended internationally efficiency standards. In order for STRAX to measure and follow up on CO2 emissions, the suppliers are required to provide information about energy consumption, production technologies and logistics. For information involving energy consumption, the 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.

URBANISTA AGAINST VIOLENCE AND MENTAL ILLNESS

STRAX's wholly owned subsidary Urbanista is a lifestyle brand focused on audio products. The products are inspired by cities and freedom, with urban lifestyles in mind and are available online as well as in about 20,000 stores spread over 80 countries.

Urbanista x Non Violence Project
In 2019, Urbanista initiated several significant collaborations, such as the launch of special edition headphones for the Non-Violence Project an organization that takes a stand for peace both locally and globally. The goal of the project is to show the next generation that conflicts can be resolved without violence and that we can all make a difference. For each sold pair of the special edition headphones, Urbanista donates a portion of the proceeds to the Non-Violence Project global education work for peace.

Tim Bergling Foundation
Urbanista was also one of the main sponsors of the charity concert organized by the "Tim Bergling Foundation" in memory of the artist Avicii on December 5, 2019. The purpose of the sold-out concert was to highlight mental health issues and suicidal tendencies, with the participation of artists such as David Guetta, Rita Ora and Kygo. In addition to sponsoring the charity concert, Urbanista contributed to the foundation by donating a portion of Urbanista´s sales.

DETROIT NON-VIOLENCE
"Brains no bullets" is illustrated in glossy black along with icon of the famous knotted gun sculpture that serves as this generations most iconic representation of peace.

The foundation was created by Klas and Anki Bergling and their family after the death of their son Tim Bergling, also known as Avicii. The foundation is devoted to recognize suicide as a global health emergency and removing the stigma attached to the discussion of mental health issues.

SUSTAINABILITY TARGETS

STRAX is working toward a number of sustainability targets focused on monitoring the areas where our operations have the greatest impact on people and the environment.

	Sustainability target	Results of 2018
Supply chain	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	100 % (100) of suppliers complied with the requirements without serious deviations in 2019.
	All suppliers in high-risk areas (currently South East Asia) are to participate in STRAX's supplier development program.	At year-end 2019, 100 % (100) of all suppliers in high-risk areas had participated in STRAX´s supplier development program.
Business Ethics	100 % of all employees should be educated on the topics of bribery and corruption by year 2020.	30% (24) of all employees had been educated on the topic of bribery and corruption at year-end 2019, with 100% (100) of employees in vendor-facing positions.
Social Conditions	The target is that both men and women will represent at least 40 % of management positions by year 2020.	At year-end 2019, the gender division in the Group was 44% (45) women and 56% (55) men. 32% (34) of managers were women during 2019.
	The Group's employee satisfaction score (ESI) should be at least 85 % by year 2020.	STRAX conducted a survey on employee satisfaction in Asia during 2017 with an overall ESI score of 78 per cent. Due to organizational changes no survey was conducted in 2018 or 2019. STRAX is planning to survey employee satisfaction for the entire Group in 2020.
Carbon Management	Transportation by air should not exceed 70 % by year 2020.	85 % (99) of transports were by air in 2019.
Product responsibility	All suppliers shall recognize and align their supply chain policies with the Responsible Cobalt Initiative (RCI).	At year-end 2019, 100 % (100) of all suppliers had completed a self-assessment ensuring any sourcing, purchasing or use of Cobalt adheres to the RCI.
	All products shall meet internationally recognized safety and legal requirements for the markets they are sold in.	In 2019 100 % (100) of STRAX products complied with all local and international regulatory safety standards.

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. We take our responsibility seriously whether in areas of corporate governance, employee responsibilities, consumer protection, partnership management, or environmental standards. 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.

Organization
Sustainability and ethics are emphasized throughout STRAX's corporate governance, starting with the Board of Directors and the Group Management Team. The Board of Directors has the ultimate responsibility for the Group's sustainability work. The Group Management Team has the responsibility of monitoring of STRAX's efforts, while operational responsibility and implementation falls under the team STRAX Plus who coordinate the work. The Group Management Team is also responsible for the establishing and implementation of STRAX's Code of Conduct, guidelines and policies. All team heads are obligated to ensure that their coworkers know the Code of Conduct and perform their work in line with it.

Policies and guidelines for STRAX's sustainability management, as well as internal standards and processes, are regularly revised to ensure their conformance with international standards and customer requirements.

Principles and practices
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 purposes. In most cases, legal compliances act as a starting point only, our own policies tend to be more strict than legal compliance requirements.

STRAX´s framework for sustainability is based on 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 Multinational Enterprises. Since 2017, STRAX is a signatory to the UN Global Compact and has aligned the sustainability work 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. The management systems ensure that the operations are conducted in accordance with established procedures and act as support for employees in their daily work.

The Code of Conduct leads the way
STRAX´s Code of Conduct is the Group´s overarching sustainability policy 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.

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. In 2019, no reported deviations from the STRAX Code of Conduct were received.

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

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 STRAX´s 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 briberies, violence of human rights and unfair 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. If STRAX fail to meet customer expectations this could entail a risk of reduced sales and a negative impact on the STRAX brand.	STRAX complies with the EU directives RoHS and WEE as well as the REACH Regulation, which states requirements for companies to take responsibility for products and their impact on society. STRAX strives to reduce the products' environmental footprint through the use of recyclable packaging materials and by ensuring the recyclability of the products when reasonably possible. To reduce the carbon emissions caused by transportation of goods, STRAX is working to optimize the transports and prioritize transports by sea or train over those by air. 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 and cobalt are not used in our products.
Risks related to business ethics	
With employees in 12 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 on 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 on the company's Code of Conduct and informed of their personal responsibility to ensure that they act according to it.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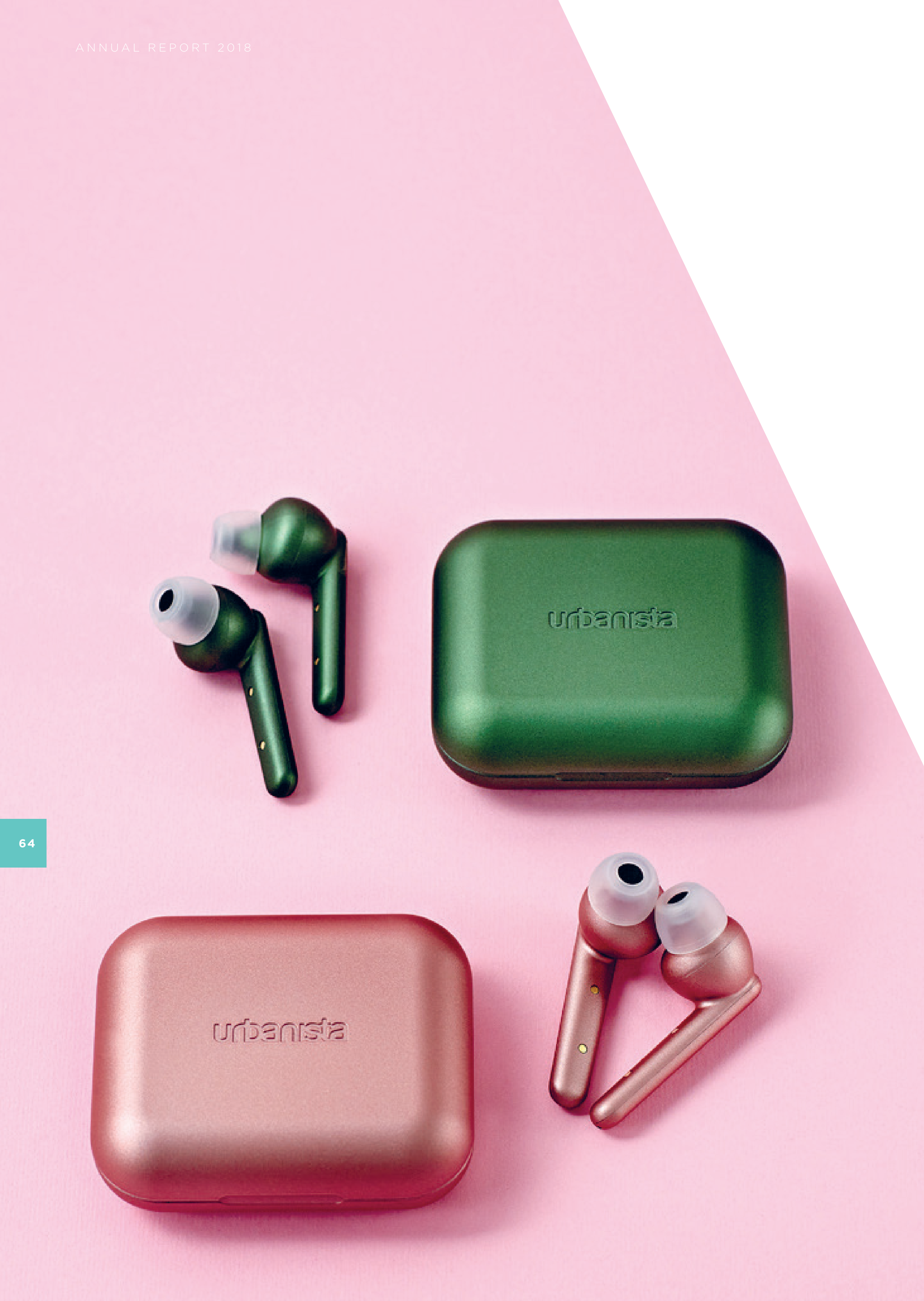
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ACCOUNTS

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

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

THE BOARD OF DIRECTORS' REPORT

The Board of Directors and the 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, 2019.

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 global company specializing in mobile accessories. STRAX develops and grows brands through an omnichannel approach. STRAX operates two complimentary businesses – Own brands and Distribution (retail and online marketplaces) - where the lifestyle audio brand Urbanista is the flagship along with our licensed brand adidas.

Through its retail distribution platform in Europe STRAX represents over 40 major mobile accessory brands, whilst Brandvault, focuses on online marketplace distribution globally. 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 approximately 200 employees in 12 countries with its operational HQ and logistics center based in Germany. STRAX is listed on the Nasdaq Stockholm Stock Exchange.

Significant events during the year

On January 30, 2019 STRAX completed distribution to shareholders of SEK 1.10 per share, corresponding to MEUR 12.8 in total value. With the effective date of April 1, 2019 STRAX acquired all outstanding shares in Brandvault, a business focused on sales through e-commerce marketplaces globally.

Urbanista established a very strong position in the important and fast growing True Wireless Headsets category with 20 percent of sold units in Sweden in June 2019 and the brand doubled the market share in UK during the twelve months through June, according to GfK.

In November 2019 the board of directors resolved to split the group's business into two parts – Own brands and Distribution – with both businesses remaining wholly owned by STRAX. The change came into effect on January 1, 2020.

Urbanista was one of the main sponsors of the December 2019 benefit concert organized by the Tim Bergling Foundation in memory of the artist Avicii, as well as sponsoring the foundation itself through direct donation and also sharing a proportion of sales with the foundation, intended to draw attention to mental illness and suicide risks.

In December 2019 STRAX acquired all outstanding shares of Racing Shield AB with the main asset being the fashion tech accessories brand Richmond & Finch.

Dividends and distributions

The Board has not proposed a dividend for the financial year 2019.

A distribution of MEUR 12.8 was made in January 2019 to the shareholders through a mandatory redemption program.

Earnings and financial position

THE GROUPS net sales for the period January 1 – December 31 2019 amounted to 113 644 (106 967). Gross profit amounted to 27 801 (25 877) and gross margin amounted to 24.5 (24.2) percent. Operating profit amounted to 6 146 (-2 139).

Result for the period amounted to -1 735 (16 746). The result included gross profit 27 801 (25 877), selling expenses-16 496 (-20 875), administrative expenses-5 191 (-8 968), other operating expenses-8 298 (-2 388), other operating income 8 329 (4 216), net financial items -5 982 (24 075) and tax -1 899 (-5 190).

As of December 31 2019 total assets amounted to 102 659 (107 900), of which equity totaled 20 100 (34 265), corresponding to equity/assets ratio of 19.6 (31.8) percent.

THE PARENT COMPANY'S result for the period amounted to 100 (71). The result included gross profit from net sales of 1 042 (1 208), administrative expenses -925 (-1 192) and net financial items -17 (55). As of December 31 2019 total assets amounted to 76 222 (77 686) of which equity totaled 63 076 (75 795).

LIQUIDITY AND FINANCING

Cash and cash equivalents consist of cash and bank balances amounting to 3 644 (24 845) as of December 31, 2019. At the end of 2019 interest-bearing liabilities amounted to 23 059 (29 055).

The STRAX AB group is primarily financed through interest bearing financing provided by a German bank club comprising of four banks. The current contract is expiring October 31, 2020, and as a result a refinancing is currently under negotiation. The negotiation is involving the existing bank club as well as other financial institutions and is expected to be closed no later than Q3 2020.

STRAX holds 637,628 shares in Zagg received as part of the purchase price from the sale of Gear4, valued at USD 10.23 per share, at the time of the transaction, of which 1/3 is in lock-up and being released in May 2020.

INVESTMENTS during the period amounted to a total of 1 932 (2 073), of which investments in intangible fixed assets amounted to 1 301 (206), property, plant and equipment amounted to 536 (1 867) and investments in financial assets amounted to 95 (-).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

In January 2020 Richmond & Finch, the fashion tech accessories brand, launched exclusive PopGrip designs in collaboration with PopSockets, the largest accessories grip company in the world.

Telecom Lifestyle Fashion (TLF), signed a global licensing agreement with the UK fashion label Superdry for mobile accessories. The agreement is globally exclusive with a three-year duration. The Superdry range will be brought to market in Q2 2020.

Telecom Lifestyle Fashion (TLF), signed a global licensing agreement with the Swedish streetwear brand WeSC for headphones and mobile accessories. The agreement is globally exclusive with a three-year duration. The true wireless headphones will be brought to marked in Q3 2020.

From indications received, we now draw the conclusion that we will not receive the additional payment related to the sale of Gear4. We have however, to date received 2/3 of the hold back shares in Zagg emanating from the transaction, and will receive the remaining shares and also a total of MEUR 1.5 in cash currently in escrow until May 2020.

As a result of the Covid-19 virus, sales started decreasing from second week of March 2020, although Urbanista and our online sales platforms have maintained positive momentum. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

- Adjustments to product purchasing plans
- Reduction of operating expenses through reduced working hours or direct salary reductions, and reductions of rent, marketing and travel expenditures

• Credit facilities are being expanded to strengthen liquidity
• Increased activities in online channels
• Distribution of medical products, such as face masks, gloves and hand sanitizers

FUTURE DEVELOPMENT

STRAX will play an active role in shaping the mobile accessories industry both offline and online in all its targeted geographic markets. We will continue to grow our businesses within the strategic framework that we launched in 2016 and refined in 2019, while simultaneously strengthening our operating platform. This will enable us to drive our own brand growth strategy through offline and online sales channels globally with fewer resources.

While retaining market share in western Europe, STRAX will at the same time invest and grow at an accelerated rate in North America, Japan and strategic markets in the rest of the world. STRAX will furthermore invest in eCommerce sales channels, both direct brand websites and marketplaces, in an effort to improve margins, diversify its traditional retail customer base and secure growth.

STRAX has enjoyed positive developments in sales in recent years. Having achieved 25% like-for-like growth in 2019 we expect continued organic growth, driven specifically by Urbanista and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts, and established an in-house digital marketing team. We expect our online sales to grow significantly, albeit from a relatively low base, with eCommerce accounting for 50% of our sales in 2-4 years.

STRAX intends to play an active role in the ongoing consolidation of our industry 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 38-44 and also contains information regarding the key elements for the group's internal control procedures and risk management.

GUIDELINES FOR REMUNERATION FOR SENIOR EXECUTIVES IN STRAX AB (PUBL)

Introduction

These guidelines for remuneration include salaries and other benefits for the senior executives in STRAX AB (publ) ("STRAX" or the "Company"). Senior executives include members of the Board of Directors, the CEO and other individuals in the Company executive management team. The guidelines shall be applied in relation to every commitment on remuneration to senior executives, and every change made to already agreed commitments, which is resolved after the guidelines are adopted at the Company's 2020 annual general meeting. These guidelines shall be applicable until the annual general meeting 2024, at the latest. The guidelines do not apply to remuneration approved by the general meeting.

The proposed guidelines are more detailed than before to conform with new legal requirements. The changes will not have any major effects on the current remuneration structure.

Purpose and fundamental principles

STRAX long-term goal and business strategy is to continue to develop and grow brands in mobile accessories through a broad offline and online distribution reach. More information regarding STRAX business strategy and sustainability work is available in the Company's annual report.

STRAX principle is that the Company shall offer remuneration levels and employment conditions needed to enable recruitment and retention of senior executives with the required competence, experience and expertise in order to achieve the business objective, implement the Company's business strategy and to safeguard the Company's long-term interests, including its sustainability. The remuneration shall be decided on market-based terms. The remuneration is not to be discriminating on grounds of gender, ethnic background, national origin, age, disability or other such factors.

The decision-making process to determine, review and implement the guidelines
The Remuneration Committee shall prepare the Board of Director's proposal on guidelines for remuneration. Based upon the Remuneration Committee's recommendation, the Board of Directors shall at least every fourth year or upon material changes to the guidelines make a proposal on guidelines to be resolved by the annual general meeting. The Remuneration Committee shall also monitor and evaluate plans for variable remuneration for senior executives, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

In the preparation of the Board of Directors' proposal for the guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and limitations set out herein are reasonable.

Long-term share-related incentive programs have been implemented in the company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive program proposed by the board of directors and submitted to the annual general meeting 2020 for approval is excluded for the same reason. The proposed program essentially corresponds to existing programs. The programs include, among other, senior executives in the Company. The performance criteria used to assess the outcome of the programs are distinctly linked to the business strategy and thereby to the Company's long-term value creation, including its sustainability. At present, these performance criteria comprise and focus on profitable growth. The programs are further conditional upon the participant's own investment and holding periods of three years. For more information regarding these incentive programs, including the criteria which the outcome depends on, please see the Company´s annual report.

Fixed salary and benefits
The fixed salary for the senior executives shall be market-based and based on the individual's work duties, responsibilities, experience, competence and performance.

STRAX offers other customary benefits to senior executives, such as company car, and occupational health services, equivalent to what is considered as reasonable in reference to market practice and the benefit for the Company. Such benefits shall not exceed 25 per cent of the fixed annual cash salary. To the extent a member of the Board of Directors performs work for the Company alongside the work as a member of the Board of Directors, a market-based consultancy fee should be payable. Such fees are to be compliant with these guidelines.

Variable remuneration
In addition to fixed salary, variable remuneration may be offered for rewarding target-related performance, depending on to what extent certain pre-established objectives have been met within the framework of the Company's business operations. The goals may include financial as well as non-financial criteria, which are to be predetermined and measurable. The criteria shall be structured in such a way that they promote the Company's business strategy and long-term interests, including

its sustainability, for example by being clearly linked to the business strategy or promoting the executive's long-term development.

The variable remuneration shall be relevant and reasonable in relation to total remuneration and shall not exceed 100 per cent of the fixed annual salary. Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 per cent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

When the measurement period for attainment of the criteria for payment of variable cash remuneration has ended, the Remuneration Committee shall determine the extent to which the criteria have been attained. As far as financial goals are concerned, the judgement shall be based on the latest financial information published by the Company.

Pension

Pension benefits shall be contribution based occupational pension insurances, which shall be marked-based in relation to what generally applies for equivalent senior executives on the market. The pension benefits shall not exceed 30 per cent of the fixed annual cash salary.

Pension benefits shall generally be granted in accordance with rules, collective agreements (which may include a right to early retirement pension) and practice in the country where each respective senior executive is permanently resident.

Notice period and severance payment

Employment agreements between the Company and senior executives generally apply until further notice.

The notice period and possible severance payment shall not exceed an amount equivalent to the fixed salary and other benefits for 18 months. When termination is made by the senior executive, the notice period may not exceed 12 months and may not include any right to severance pay.

Deviation from the guidelines

The Board of Directors shall be entitled to deviate from these guidelines in individual cases if there are special reasons for doing so and if such a deviation is necessary to meet the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration matters, which include decisions on any deviation from the guidelines. If such deviation occurs, the Board of Directors shall report the reasons for the deviation at the closest following annual general meeting.

For guidelines for remuneration for senior executives for 2019 please see note 16, page 105

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, 2019 the company had a total of 2 146 (1 883) shareholders. The ten largest shareholders' holdings as of December 31, 2019 amounted to 87 (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, 2019 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 50-62 of the annual report. The sustainability risks facing the Group is accounted for on page 62.

Proposed distribution of earnings in the parent company (KEUR)
At the disposal of the Annual General Meeting is:

Retained earnings	49 567
Profit/Loss for the year 2019	100
Total	**49 667**

The Board of Directors propose that the profit for 2019, EUR 100 together with the remaining retained earnings, EUR 49 567, totalling EUR 49 667 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.

THE GROUP

Income statements, KEUR	NOTE	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Net sales	5	113 644	106 967
Cost of goods sold [1]	6	-85 843	-81 090
Gross profit		**27 801**	**25 877**
Selling expenses[1]	8	-16 495	-20 875
Administrative expenses[1]	9	-5 191	-8 968
Other operating expenses[1]	10	-8 298	-2 389
Other operating income	12	8 329	4 216
Operating profit		**6 146**	**-2 139**
Financial income	13	–	26 392
Financial expenses	14	-5 982	-2 317
Net financial items		**-5 982**	**24 075**
Profit before tax		164	21 936
Tax	15	-1 899	-5 189
Profit or loss for the period [2]		**-1 735**	**16 747**
Result per share before dilution, EUR		-0.01	0.14
Result per share after dilution, EUR		-0.01	0.13
Average number of shares during the period		120 592 332	120 592 332
Average number of shares during the period including dilution		124 687 332	124 687 332

Statement of comprehensive income, KEUR		
Profit or loss for the year	-1 735	16 747
Items that may be reclassified to profit or loss		
Translation gains/losses on consolidation net of tax	- 297	-3 510
Other comprehensive income	666	–
Total comprehensive income for the period	**-1 366**	**13 237**

[1] Depreciation and amortization for the period January 1 – December 31, 2019, amounted to 2 175 (3 630).
[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 2019	12 31 2018
Assets			
NON-CURRENT ASSETS			
Goodwill	18	28 175	20 902
Other intangible assets	19	3 919	902
Tangible fixed assets	20	1 087	1 136
Other assets	21	879	1 532
Deferred tax assets	22	52	62
Total non-current assets		**34 112**	**24 534**
CURRENT ASSETS			
Inventories		17 430	14 980
Tax receivables		1 374	1 244
Accounts receivable	23	25 976	28 423
Other assets	21	20 123	13 875
Cash and cash equivalents	24	3 644	24 845
Total current assets		**68 547**	**83 366**
Total assets		**102 659**	**107 900**
Equity and liabilities			
EQUITY	25		
Share capital		12 622	12 622
Other contributed equity		-1 650	-1 650
Translation reserve		-3 807	-3 510
Retained earnings including profit or loss for the year		12 935	26 804
Total equity		**20 100**	**34 265**
NON-CURRENT LIABILITIES			
Tax liabilities		2 853	3
Other liabilities		8 792	616
Interest-bearing liabilities		–	8 403
Deferred tax liabilities		629	1 149
Total non-current liabilities		**12 274**	**10 170**
Current liabilities			
Provisions	26	1 563	1 742
Interest-bearing liabilities	28	23 060	20 652
Accounts payable and other liabilities	27	22 100	21 825
Tax liabilities	28	3 753	6 470
Other liabilities		19 809	12 775
Total current liabilities		**70 285**	**63 465**
Total liabilities		**82 559**	**73 635**
TOTAL equity and liabilities		**102 659**	**107 900**

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, 2018	**12 622**	**-1 650**	**-**	**10 056**	**21 028**
Total comprehensive income					
Jan 1 - Dec 31, 2018			-3 510	16 747	13 237
Balance as of December 31, 2018	**12 622**	**-1 650**	**-3 510**	**26 803**	**34 265**
Distribution to shareholders				-12 742	-12 742
Cost related to distribution to shareholders				- 57	- 57
Total Comprehensive income					
Jan 1 - Dec 31, 2019			-297	-1 069	-1 366
Balance as of December 31, 2019	**12 622**	**-1 650**	**-3 807**	**12 935**	**20 100**

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

THE GROUP

Cash flow statements, KEUR	NOTE	01 01 2019 12 31 2019	01 01 2018 12 31 2018
OPERATING ACTIVITIES			
Result before tax		164	21 936
Adjustment for items not included in cash flow from operations or items not affecting cash flow [1]		8 345	-20 946
Paid taxes		- 906	-1 055
Cash flow from operations prior to changes in working capital		**7 603**	**- 64**
Cash flow from changes in working capital			
Increase (–)/decrease (+) inventories		-2 860	-7 121
Increase (–)/decrease (+) current receivables		-10 800	-3 323
Increase (-)/decrease (+) non-current receivables		653	- 961
Increase (+)/decrease (-) non-current liabilities		-2 255	1
Increase (+)/decrease (-) current liabilities		10 837	8 604
Cash flow from operations		**3 178**	**-2 865**
INVESTMENT ACTIVITIES			
Investments in intangible assets		-1 301	1 356
Investments in tangible assets		- 536	-2 178
Investments in subsidiaries		- 95	–
Divestment in subsidiaries		–	23 137
Costs relating to sale of subsidiaries		–	-1 588
Cash flow from investment activities		**-1 932**	**20 727**
FINANCING ACTIVITIES			
Interest-bearing liabilities		3 622	5 637
Amortization of interest-bearing liabilities		-9 618	-2 827
Distribution to the shareholders		-12 742	–
Paid interest expenses		-3 709	-1 520
Cash flow from financing activities		**-22 447**	**1 291**
Cash flow for the period		**-21 201**	**19 152**
Exchange rate differences in cash and cash equivalents		–	3
Cash and cash equivalents at the beginning of the period		24 845	5 689
Cash and cash equivalents at the end of the period	24	3 644	24 845

[1] Non-cash items for the period January 1 - December 31, 2019, including depreciation KEUR 2 175 (3 630); finance cost KEUR 3 709 (1 520), deduction shares KEUR 2 381 (-) and other KEUR 80 (-26 096).

THE PARENT COMPANY

Income statements, KEUR	NOTE	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Net sales		1 042	1 208
Gross profit		**1 042**	**1 208**
Administrative expenses	29,30,31	- 925	-1 192
Operating profit		**117**	**16**
RESULT FROM FINANCIAL ITEMS			
Interest income and similar charges	32	–	88
Interest expense and similar charges	32	- 17	- 33
Result after financial items		**100**	**71**
Current taxes		-	–
Profit or loss for the year		**100**	**71**

STATEMENT OF COMPREHENSIVE INCOME, KEUR

Result for the year	100	71
Other comprehensive income	-20	-
Total comprehensive income for the year	**80**	**71**

THE PARENT COMPANY

Balance sheets KEUR	NOTE	12 31 2019	12 31 2018
Assets			
NON-CURRENT ASSETS			
Tangible fixed assets:			
Equipment	33	134	130
NON-CURRENT FINANCIAL ASSETS			
Shares and participations in group companies	34	75 693	75 693
Total fixed assets		**75 827**	**75 823**
CURRENT ASSETS			
Receivables:			
Shares and participations held for sale	35	–	3
Other receivables		189	29
Receivables from group companies		–	1 803
Prepaid expenses and accrued income		205	26
		394	1 861
Cash and bank balances	40	1	2
Total current assets		**395**	**1 863**
Total assets		**76 222**	**77 686**

THE PARENT COMPANY

Balance sheets, KEUR	NOTE	12 31 2019	12 31 2018
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		49 567	62 315
Profit/loss for the year		100	71
		49 667	**62 386**
Total equity		**63 076**	**75 795**
LIABILITIES			
Non-current liabilities:			
Interest-bearing liabilities	37	–	622
Current liabilities:			
Interest-bearing liabilities	37	548	556
Accounts payable		468	269
Liabilities to group companies	38	11 788	96
Other liabilities		23	57
Accrued expenses and prepaid income	39	319	291
		13 146	**1 269**
Total liabilities		**13 146**	**1 891**
Total equity and liabilities		**76 222**	**77 686**

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, 2018	**12 624**	**785**	**62 315**	**75 724**
Comprehensive income Jan 1 - Dec 31 , 2018			71	71
Balance as of December 31, 2018	**12 624**	**785**	**62 386**	**75 795**
Distribution to shareholders			-12 742	-12 742
Cost related to distribution to shareholders			- 57	- 57
Comprehensive income Jan 1 - Dec 31, 2019			80	80
Balance as of December 31, 2019	**12 624**	**785**	**49 667**	**63 076**

As of December 31, 2019 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 2019 12 31 2019	01 01 2018 12 31 2018
OPERATING ACTIVITIES			
Profit/loss for the year before tax		100	71
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		4	3
Funds provided from operations prior to changes in working capital		**104**	**74**
Details of changes in working capital			
Increase (-)/decrease (+) current receivables		1 466	- 142
Increase (+)/decrease (-) current liabilities		11 886	294
Cash flow from operations		**13 456**	**226**
INVESTMENT ACTIVITIES			
Investments in tangible assets		- 8	- 2
Cash flow from investment activities		**- 8**	**- 2**
FINANCING ACTIVITIES			
Shareholder distribution		-12 799	-
Changes in interest-bearing liabilities		- 630	- 223
Cash flow from financing activities		**-13 429**	**- 223**
Cash flow for the year		**19**	**1**
Exchange rate differences in cash and cash equivalents		-20	-
Cash and cash equivalents at the beginning of the period		**2**	**1**
Cash and cash equivalents at the end of the period	40	**1**	**2**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

The basis for preparing the consolidated financial statements
As of the 2017 financial year, the currency of the Parent Company is Euro (EUR), which is also the reporting currency of the parent company and the Group. The financial statements 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 31 December 2019, 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.

The preparation of financial statements and application of accounting standards require that management use estimates and assessments. Therefore, management makes certain assumptions which are considered reasonable under the prevailing circumstances. Thus, estimates and assessments affect the financial statements and they are frequently based on experience as well as other factors, including expectations of future events. Using other assumptions than those actually applied in the preparation of the financial statements, the result can be different and the actual outcome seldom complies with the anticipated result. For Strax, estimates and assessments are particularly important in:
• impairment testing of goodwill, see Note 18

The accounting policies for the Group described below have been applied consistently for all periods that are presented in the Group's financial statements, unless otherwise indicated below. The accounting policies for the Group have been applied consistently in recognizing and consolidating the Parent Company and subsidiaries.

New and amended IFRSs
The same accounting principles are applied as in the annual report for 2018.

The Group initially applied IFRS 16 Leases from January 1, 2019. A number of other new standards are also effective from January 1, 2019, but these do not have a material effect on the Group's financial statements.

IFRS 16 Leases
The new standard IFRS 16 replaces 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 abolishes for lessees the previous classification of leasing agreements as either operating or finance leases. Instead, IFRS 16 introduces a single lessee accounting model, requiring lessees to recognize assets for the right of use as well as lease liabilities for the outstanding lease payments. This means that as of January 1, 2019, all leases have to be recognized in the Consolidated Statement of Financial Position.

According to IFRS 16, a lessee may elect, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability.

STRAX applies both recognition exemptions. Low-value assets are generally defined as leased assets worth a maximum of EUR 5,000. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term. The first-time adoption of IFRS 16 at STRAX as of January 1, 2019 follows the modified method, meaning that the comparative information presented for 2018 is not restated and continues to be reported under IAS 17 and IFRIC 4. STRAX as lessee uses the following practical expedients of IFRS 16 at the date of initial application:

STRAX as lessee uses the following practical expedients of IFRS 16 at the date of initial application:

– With leases previously classified as operating leases according to IAS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at January 1, 2019. The weighted average incremental borrowing rate was 5.0%. The respective right-ofuse asset is generally recognized at an amount equal to the lease liability.

– Regardless of their original lease term, leases for which the lease term ends at the latest on December 31, 2019 are recognized as short-term leases.

– Current knowledge is given due consideration when determining the lease term if the contract contains options to extend or terminate the lease options to extend or terminate the lease.

The principal effects as of 1 January 2019 are as follows:

Balance sheet

The first-time adoption of IFRS 16 did not have any effect on equity. In relation to the obligations arising from leases, there was an increase of KEUR 2 833 in lease liabilities, and a corresponding increase of the same amount in non-current assets, as of 1 January 2019. As a result of this increase in total assets, the equity ratio as of 1 January 2019 was 0.9 percentage points lower compared with 31 December 2018. There is a difference between the present value of obligations from operating leases recognized in the notes to the consolidated financial statements as of 31 December 2018 in accordance with IAS 17 and the present value of the lease liabilities recognized as of 1 January 2019. This is related to the fact that the operating leases contain incidental lease expenses, which in accordance with IFRS 16 were not capitalised, as well as short-term leases and low-value assets for which the Group elected to disclose the associated cost in lease expenses.

Income statement

The initial effect has not impacted the income statement. The changed recognition of expenses for operating leases on a straight-line basis as depreciation of right-of-use assets and interest expenses for lease liabilities led to an improvement of KEUR 954 in the key indicator, ordinary operating EBITDA, in the 2019 financial year.

Cash flow statement

The initial effect has not impacted the cash flow statement. Repayments of lease liabilities and the payments attributable to the interest portion of lease liabilities are allocated to the cash flow from financing activities. Only payments not included in the calculation of the lease liability and payments from short-term and low-value leases, where use is made of the practical expedients, have been allocated to the cash flow from operating activities. This new allocation of lease expenses from operating leases compared with the previous year led to an improvement in the cash flow from operating activities and a decrease of KEUR 954 in the cash flow from financing activities in the 2019 financial year.

New and amended IFRSs issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2019 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods or 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 and to be 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, at the end of the reporting period, the Group 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 are unchanged compared to the prior year. The principles of consolidation have been applied to the consolidated financial statements.

The Group has previously carried out investment activities and was an investment company as defined in IFRS 10, with the effect that all shares in subsidiaries and associated companies were recognized at fair value through profit or loss, the same principle applied for other investments. Due to the reverse acquisition, the Group's line of business since the reverse acquisition in 2016 is as an operational company, meaning that participations in subsidiaries as well as affiliated companies are consolidated instead of being recognized at fair value through profit or loss.

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

The method means that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The Group's cost is determined though an acquisition analysis in relation to the acquisition. The analysis relates to 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 both the shares in subsidiaries and the operations 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% of the votes. The Group's carrying amount of shares in associated companies corresponds to the Group's share in the associated company's equity, as well as goodwill and, if any, remaining surplus value or deficit values. The profit or loss within the Group is recognized as "Share in profit or loss of associated companies", with the Group's share in the profit or loss in associated companies adjusted for any depreciation and impairment of acquired surplus value and deficit values. The Group's share of other comprehensive income in associated companies is recognized separately in the Group's other comprehensive income.

Foreign-currency transactions
Transactions in foreign currencies are translated into the respective functional currency of Group companies at the exchange rates prevailing at the dates of the transactions. Functional currency is the currency used in the primary economic areas in which the companies have operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing at the date of recognition.

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 prevailing 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 prevailing 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 stan-

dard 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 and on changes over time.

Revenue and other income are recognized when the goods have been transferred or the services rendered and control is passed on, either over time or at a point in time. In STRAX's business, this is usually when the goods are delivered by a logistic company to the customer's site and the customer confirms 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 less 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 consist 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 carrying amount 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 receivable 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 payable are recognized when an invoice has been received.

Classification and Measurement

Financial instruments are initially recognized at the instrument's 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.

Disclosures on Fair Value (Hierarchy)

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the recognized fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

When determining the fair value, it is important to maximize the use of current inputs observable in liquid markets for the financial instrument in question and minimize the use of other inputs (e.g., historical prices, prices for similar instruments, prices on illiquid markets). A three-level measurement hierarchy is defined for these purposes:

- If, at the date of recognition of the respective financial instrument, prices quoted in liquid markets are available, these will be used unadjusted for the measurement (fair value hierarchy Level 1). Other input parameters are then irrelevant for the measurement. One such example is shares that are actively traded on a stock exchange.

- If at the date of recognition of the respective financial instrument, quoted prices on liquid markets are not available, but the instrument can be measured using other inputs that are observable on the market at the date of recognition, a Level 2 measurement will be applied. The conditions for this are that no major adjustments have been made to the observable inputs and no unobservable inputs are used. (fair value hierarchy Level 2).

- If the conditions for a Level 1 or Level 2 measurement are not met, a Level 3 measurement is applied. In such cases, major adjustments must be made to observable inputs or unobservable inputs must be used (fair value hierarchy Level 3).

Accounts receivable
Accounts receivable consist of financial assets that are not derivatives and have determined or affirmable payments which are not listed on an active market. Accounts receivable 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 date of recognition. If the due date is after more than twelve months from the date of recognition, they are classified as non-current assets.

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

Cash and cash equivalents
Cash and cash equivalents consist 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 and 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 applying the effective interest method, which means that the value is adjusted for 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 of the loan. The accruals are calculated on the basis of the initial effective interest rate of the loan.

Accounts payable 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 less depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquisition. Costs for repairs and maintenance are expensed in profit or loss in the period in which they arise. In the event that an asset’s carrying amount exceeds its estimated recoverable 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 (two to five 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 business combinations, goodwill is allocated to cash-generating units. Since goodwill has an indeterminable 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 the accounting policy for Impairment.

Other intangible assets are recognized at cost less accumulated amortization and any impairment. This 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).

Impairment

The cost of inventories recognized as expense and included in Cost of goods sold amounted to MEUR 74 (61) for the Group. Write-downs due to obsolescence amounted to MEUR 1,5 (4,0) and reversals of previous write-downs, due to inventories either scrapped or sold, amounted to MEUR 0,1 (0,2) for the Group. The amounts have been included in the item Cost of goods sold in the income statement.

The recoverable amount is the highest of fair value less cost of sales and the value in use. When calculating the value in use, 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 is 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 among 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 asset's 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. The carrying amount is determined either 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 is classified as a decrease in 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 realizable value. Net realizable value is the estimated sales price in operations, deducted for estimated costs of completion and sales. Risks related to average days in stock that exceed what is normal and/or reduced usefulness are reflected through impairment to net realizable value.

If the reason for impairment to net realizable value no longer exists, a reversal is recognized. Since the inventories of Strax do not meet the definition of a qualifying asset according to IAS 23 (Borrowing costs), directly related interest on capital borrowed for the inventories is not capitalized. The cost of inventories recognized as expense and included in Cost of goods sold amounted to MEUR 74 (61) for the Group. Write-downs due to obsolescence amounted to MEUR 1,5 (4,0) and reversals of previous write-downs, due to inventories either scrapped or sold, amounted to MEUR 0,1 (0,2) for the Group. The amounts have been included in the item Cost of goods sold in the income statement.

Leases

A lease is an agreement that conveys the right to control the use of an identified asset for a defined period of time in return for a payment. Leases in which STRAX is a lessee mainly relate to real estate and transportation and technical equipment.

Leases can be embedded within other contracts. If separation is required under IFRS, the embedded lease is recognized separately from its host contract and each component of the contract is carried and measured in accordance with the applicable regulations.

Accounting treatment until 31 December 2018

Leases were classified as either operating or finance leases until 31 December2018. The Group only had operating leases.

Assets subject to operating leases were not capitalized. Lease payments from operating leases were recognized on a straight-line basis over the term of the corresponding contracts under other operating expenses in the income statement.

Accounting treatment as of 1 January 2019

As lessee, STRAX now accounts for nearly all leases, recognizing right-of-use assets for leased assets and liabilities for lease agreements.

Right-of-use assets, which are included under other intangible assets, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset.

Lease liabilities, which are included under other liabilities, are measured at the present value of the remaining lease payments, taking into account the incremental borrowing rate.

According to IFRS 16, the depreciation of right-of-use assets is recognized within functional costs. The interest due on the lease liability is a component of interest expense. With the introduction of lessee accounting, repayments of lease liabilities and the payments attributable to the interest portion of lease liabilities are allocated to the cash flows from financing activities.

In addition, the following principles and practical expedients are considered:

– STRAX exercises the exemption for lease agreements with a maximum term of 12 months from the date of provision and low-value assets. Low-value assets are generally defined as leased assets worth a maximum of EUR 5,000.

– As a general rule, STRAX separates non-lease components, such as services, from lease payments.

– A right-of-use asset is generally recognized at the same amount as the lease liability. Differences may arise from the lease payments made prior to the provision of the leased asset, less any lease incentives received.

– A number of leases, particularly for real estate, include extension and termination options. Extension and termination options are taken into account on recognition of the lease liability only if STRAX is reasonably certain that these options will be exercised in the future. When contract terms are being determined, consideration is given to all facts and circumstances that offer an economic incentive for exercising extension options or not exercising termination options.
Changes in lease terms arising from the exercise of an extension option or non-exercise

– If an existing lease is modified, the lease liability and right-of-use asset must be remeasured, provided the modification changes the payment profile (pursuant to the interest and principal plan) or the scope (either quantitatively or time-related) of use of the asset.

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 the service.

Provisions
Provisions are recognized when the Group has an existing legal or informal obligation 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 made. 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 current 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 measurement of deferred taxes is based on how the carrying amounts for 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 that it is probable that these can be utilized. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilized.

Tax legislation contains certain allocation clauses governing 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 in the event of 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, whereby Novestra acquired all of the outstanding shares in Strax through a share issue for a non-cash consideration, is of such a nature that the Group deems that the current tax loss carry-forwards should remain. As there are relatively few legal cases that provide guidance in this 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 since an outflow of resources embodying economic benefits is not probable.

Parent Company accounting policies
The section of the report applicable to the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9.

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 2019 did not have any effect on the Parent Company's financial statements. All leases are treated as operational lease.

– 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
In the Parent Company, shares and participations in subsidiaries and associated companies are recognized at acquisition cost with the fair value of the earlier holding in Strax at the time of acquisition constituting fair value in the part to which it relates.

Contingent consideration is measured 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 recognized 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's 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 28 April 2020.

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.

Covid-19 virus
As a result of the Covid-19 virus, sales started decreasing from second week of March 2020, although Urbanista and our online sales platforms have maintained positive momentum. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:
- Adjustments to product purchasing plans
- Reduction of operating expenses through reduced working hours or direct salary reductions, and reductions of rent, marketing and travel expenditures
- Credit facilities are being expanded to strengthen liquidity
- Increased activities in online channels
- Distribution of medical products, such as face masks, gloves and hand sanitizers

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

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

Intellectual property rights
A substantial part of STRAX operations and business strategy is linked to STRAX products and technology. STRAX relies on a combination of patent and trademark laws,

trade secrets, confidentiality procedures and contractual provisions to protect STRAX intellectual property rights. There is a risk that STRAX will be unable to secure patent or trademark protection, or will be unable to maintain confidentiality of trade secrets to the extent desired by the company, which may mean that an unauthorized party could benefit from important rights belonging to STRAX. In addition, there is a risk that STRAX could become involved in legal or administrative intellectual property rights proceedings, with the risk that large claims for damages or other demands for payment will be brought. It is difficult to predict the outcome of such proceedings. In the event of a negative outcome in a major judicial or administrative proceeding, significant liability may be imposed on STRAX, irrespective of whether such liability is based on a judgment or settlement. Should any of the above risks materialize, this may have a materially adverse effect on STRAX operations, financial position and earnings.

Credit risk
STRAX has exposure to its customers, primarily in the form of outstanding accounts receivable, and may be adversely impacted if a customer becomes insolvent or goes bankrupt. STRAX usually extends credit to its customers, which may at times grow to represent a large portion of STRAX net sales. Therefore, STRAX is subject to a risk that its customers will not pay for the products and services they have bought, or will pay later than expected. This risk increases during periods of economic downturn and uncertainty. There is thus a risk that STRAX customers will not be able to pay as expected for the products and services they have bought, which may have a materially adverse impact on STRAX operations, earnings and financial position.

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 quali-

fied personnel in the future. If the Company is unable to retain senior executives and other key personnel, or to recruit new senior executives or other key personnel to replace officers who leave the Company, this may have a materially adverse effect on the Company's operations, financial position and earnings.

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

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

Management of Financial Risks 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 providing existing level of interest-bearing financing is maintained.

KEUR	12 31 2019	12 31 2018
Total Assets	**102 659**	**107 900**
Equity	20 100	34 265
Equity ratio	**20%**	**32%**

KEUR	12 31 2019	12 31 2018
Total Assets	**102 659**	**107 900**
Outsourced operating line	-3 644	-15 707
Passivated earn out obligations	-6 207	–
Adjusted total assets	**92 808**	**92 193**
Equity	20 100	34 265
Equity ratio	**22%**	**37%**

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 2020 is to maintain an equity ratio of at least 25%. At the end of fiscal 2019, the group's equity ratio was 20%, compared to 32% the year before.

STRAX Board of Directors called for an EGM on December 28, 2018 which resloved 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. This distribution affected the equity as well as the cash position and resulted in a MEUR 12.8 reduction in total assests.

Taking distribution into consideration, the increase in total assets is mainly related to the Goodwill based on the purchase of the outstanding shares of the legal entity Brandvault Ltd, as well as the purchase of 100% of shares in the company Racing Shield AB.

In order to manage STRAX's capital properly, cash and cash equivalents amounting to KEUR 3 644 (15 707) 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 KEUR 6 207 (-) are also eliminated from the balance sheet total. This results in an adjusted equity ratio of 22% (37%).

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 2019 STRAX is in compliance with the agreed financial covenants according to the loan agreements.

Financial Risk Management

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, 2019.

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, Swiss franc, Danish, Swedish and Norwegian krone, Hong Kong dollar and other 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**
2019-12-31	- 267	797	- 476	- 181	- 123	**- 250**	- 267	797	- 476	- 181	- 123	- 250
2019-12-31 after tax	- 178	531	- 317	- 121	- 82	**- 167**	- 178	531	- 317	- 121	- 82	- 167
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

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**
2019-12-31	267	- 797	476	181	123	**250**	267	- 797	476	181	123	250
2019-12-31 after tax	178	- 531	317	121	82	**167**	178	- 531	317	121	82	167
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

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**
2019-12-31	200	200
2019-12-31 after tax	133	133
2018-12-31	296	296
2018-12-31 after tax	198	198

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 EUR – (6 363) at four different banks.

The amount of other financial liabilities was mainly due to the earn out payment obligations Sowntone Limited. No payments were made to Sowntone during 2019. The current financial liabilities includes the used working capital line of EUR 15 708 (6 363) which was utilized as of 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 liabilites amount to 72 290 while short term assets, taking into consideration account receivables, inventories and cash amount to 47 050.

Balance sheet item per 12 31 2019 (KEUR)	up to 1 year	1-5 years	Total
Borrowings	23 060	–	23 060
Other financial liabilities [(1)]	7 321	7 528	14 849
Trade and other payables	41 909	8 792	50 701
Total	**72 290**	**16 320**	**88 610**

Liabilities per 12 31 2019 (KEUR)	up to 1 year	1-5 years	Total
Borrowings	23 060	–	23 060
Interest payments	838	–	838
Other financial liabilities [(1)]	7 321	7 528	14 849
Trade and other payables	41 909	8 792	50 701
Total	**73 128**	**16 320**	**89 448**

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	7 191	481	7 672
Trade and other payables	34 601	–	34 601
Total	**62 445**	**8 884**	**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	7 191	481	7 672
Trade and other payables	34 601	–	34 601
Total	**63 157**	**10 297**	**73 454**

[(1)] Includes Lease liabilities amounting to KEUR 2 117 (-) of which KEUR 797 are short-term and KEUR 1 062 are 1-5 years.

3. GROUP COMPOSITION

Business combinations in the reporting period

Acquisition of Brandvault Global Services Ltd
With the effective date of April 1, 2019, STRAX increased its ownership in Brandvault Global Services Ltd, Berkshire (England), from 10 percent to 100 percent. Brandvault is a business focused on sales through online marketplaces globally.

Consideration transferred
The total purchase price according to the contract is an earn out structure based on sales and EBITDA development in Brandvault Ltd for the period 2019 – 2021. The purchase price, based on forecasts has been calculated to KEUR 2 029.

Identifiable assets acquired and liabilities assumed through the acquisition.

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

	KEUR
Other non-current assets	10
Inventories	1 607
Accounts receivables	20
Other Assets	52
Accounts payable	-2 318
Other liabilities	- 67
Total identifiable net assets acquired	**- 696**

Goodwill
Goodwill arising from the transaction has been recognized as follows:

Calculated expected purchase price	2 029
Fair value of pre-existing interest	–
Fair value of identifiable net assets	- 696
Goodwill	**2 725**

The goodwill is attributable to specific knowledge and Brandvault's track record in working with global online marketplaces and related services including content creation and product marketing.

Acquisition related costs were limited to legal and administrative costs amounting to KEUR 10.

For the period April 1 – December 31, 2019, Brandvault contributed to the Group's revenues to the amount of KEUR 2 695, an EBIT of KEUR 197 and a profit for the period to the amount of KEUR 240. Had the contribution been made on January 1, 2019 (hypothetically) the management's view is Brandvault would in total have contributed with KEUR 2 848 to the group's revenues, an EBIT of KEUR -340 and a loss for the period to the amount of KEUR 332.

Acquisition of Racing Shield AB (preliminary)
With the effective date of December 1, 2019, STRAX acquired all outstanding shares in Racing Shield AB, Stockholm (Sweden), with the main asset being the fashion tech accessories brand Richmond & Finch. Richmond & Finch was founded in 2014 and acquired by STRAX Group in December 2019. The organization is based in Stockholm with five full time employees. Richmond & Finch is a Scandinavian tech accessories brand with focus on style and protection. Richmond & Finch's products offer affordable luxury with unrivalled quality and are beautifully designed, inspired by the latest fashion. The products are available in many markets around the world with focus on Europe, Asia and USA through e-commerce and retailers in telco and fashion. The investment in Richmond & Finch is part of STRAX strategic move to complement the current brand offering from STRAX.

Consideration transferred
The total purchase price according to the contract is an earn out structure based on sales and EBITDA development in Racing Shield AB for the period 12/2019 – 2022. The purchase price, based on forecasts has been calculated to KEUR 4 178. Identifiable assets acquired and liabilities assumed through the acquisition.

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

	KEUR
Fixed assets	21
Inventory	535
Accounts receivables	294
Other current assets	35
Long term liabilities	- 598
Interest bearing liabilities	- 471
Accounts payables	- 795
Taxes	- 108
Other current liabilities	- 327
Total identifiable net assets acquired	**-1 414**

Allocation of acquired assets and goodwill	
Calculated expected purchase price fair value of trademarks	4 179
Fair value of trademarks	1 045
Fair value of identifiable net assets	-1 414
Goodwill	**4 548**

The goodwill is attributable to Richmond & Finch position in the market know how of the fashion tech segment and design capabilities.

Acquisition related costs were limited to legal and administrative costs amounting to KEUR 15.

For the period December 1 – December 31, 2019, Racing Shield AB contributed to the Group's revenues to the amount of 155, an EBIT of -92 and loss for the period to the amount of 108.

Business combinations in the prior period

On 6 September 2018, STRAX acquired a 10% equity interest in Brandvault Global Services Ltd, Berkshire (England). Brandvault Global Services Limited was founded in 2018 and is a global ecommerce company specialising in mobile accessoires and connected devices. The investment in Brandvault Global Services Limit 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 prior 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 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 equaled the initial purchase price less the escrow of MEUR 7. The shares received as part of the purchase price are 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	**KEUR**
Paid in cash	26 500
Shares consideration (Holdback)	7 000
Total purchase price	**33 500**

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

4. OPERATING SEGMENT 12 MONTHS, THE GROUP

(EUR thousands)	Protection Jan 1 – Dec 31 2019	Protection Jan 1 – Dec 31 2018	Power Jan 1 – Dec 31 2019	Power Jan 1 – Dec 31 2018	Audio Jan 1 – Dec 31 2019	Audio Jan 1 – Dec 31 2018	Connected devices Jan 1 – Dec 31 2019	Connected devices Jan 1 – Dec 31 2018	Other Jan 1 – Dec 31 2019	Other Jan 1 – Dec 31 2018	Total Jan 1 – Dec 31 2019	Total Jan 1 – Dec 31 2018
Net sales	57 969	72 749	12 495	11 609	37 395	17 048	1 195	1 202	4 590	4 360	113 644	106 967
Cost of goods sold	-40 681	-53 535	-9 215	-9 284	-31 353	-13 370	-1 072	-1 107	-3 522	-3 794	-85 843	-81 090
Gross profit	**17 288**	**19 213**	**3 281**	**2 325**	**6 042**	**3 678**	**123**	**95**	**1 068**	**566**	**27 801**	**25 877**
Selling expenses	-10 247	-15 499	-1 950	-1 876	-3 591	-2 967	- 73	- 76	- 635	- 456	-16 496	-20 875
Administrative expenses	-3 575	-6 659	- 504	- 806	- 929	-1 275	- 19	- 33	- 164	- 196	-5 191	-8 968
Other operating expenses	-4 861	-1 773	-1 072	- 215	-1 975	- 339	- 40	- 9	- 349	- 52	-8 298	-2 388
Other operating income	5 175	3 130	985	379	1 813	599	37	15	320	92	8 330	4 216
Operating profit	**3 780**	**-1 588**	**738**	**- 192**	**1 360**	**- 304**	**28**	**- 8**	**240**	**- 47**	**6 146**	**-2 138**

Geographic information

STRAX has a global business, with the majority of employees including warehouse based in Germany.

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

Net sales	**01 01 2019 12 31 2019**	**01 01 2018 12 31 2018**
Western Europe		
Denmark	97	156
France	13 553	9 224
Germany	16 493	14 927
Netherlands	2 739	3 381
Switzerland	16 401	16 680
Austria	709	640
Norway	498	2 419
Poland	1 864	2 306
Sweden	10 676	6 489
UK	18 354	15 966
Spain	739	941
North America	11 292	20 895
Rest of the world	20 231	12 943
Total	**113 644**	**106 967**

Total non-current assets	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Western Europe		
Denmark	29	27
France	4 068	1 575
Germany	4 951	2 548
Netherlands	822	577
Switzerland	4 923	2 847
Austria	213	109
Norway	149	413
Poland	559	394
Sweden	3 205	7 382
UK	5 509	2 726
Spain	222	161
North America	3 389	3 567
Rest of the world	6 073	2 209
Total	**34 112**	**24 534**

Customers representing more than 10% of total sales:
No customer generated more than 10% of total sales during 2019.

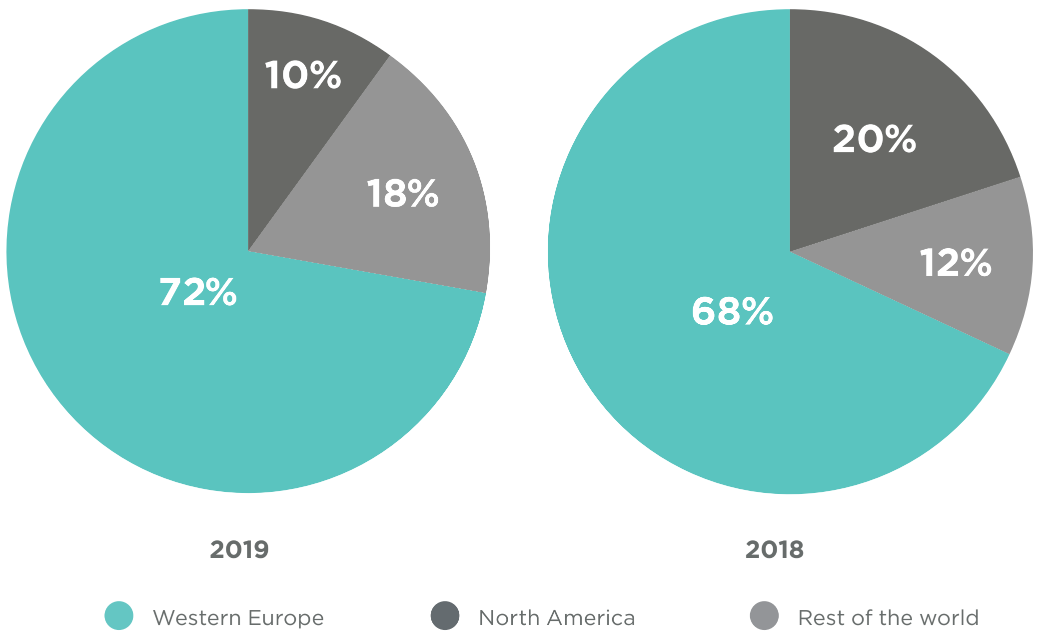
5. NET SALES, THE GROUP

Net sales relates to sale of merchandise.

	01 01 2019 12 31 2019		01 01 2018 12 31 2018	
Revenues per segment	**Revenues**	**%**	**Revenues**	**%**
Protection	57 969	51	72 749	68
Audio	37 395	33	17 048	16
Power	12 495	11	11 609	11
Connected Devices	1 195	1	1 202	1
Other	4 590	4	4 360	4
Total	113 644	100	106 967	100

Sales by region	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Western Europe	82 122	73 129
North America	11 292	20 895
Rest of the world	20 231	12 943
Total	**113 644**	**106 967**

Sales by region



6. COST OF GOOD SOLD, THE GROUP

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

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, 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	3 586	9 315	1 974	10	14 885
Depreciation	688	699	143	645	2 175
Other external expenses	81 569	6 481	3 074	7 643	98 767
	85 843	**16 495**	**5 191**	**8 298**	**115 827**

12. OTHER OPERATING INCOME, THE GROUP

	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Gains from exchange rate differences	7 311	3 043
Other operating income	1 018	1 173
	8 329	**4 216**

13. FINANCIAL INCOME, THE GROUP

	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Capital gain out of disvestment of subsidary	–	26 254
Interest income and similar income	32	138
	32	**26 392**

14. FINANCIAL EXPENSES, THE GROUP

	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Interest expenses and similar expenses	-5 586	-1 588
Bank fees	- 396	- 410
Interest expenses on taxes	–	- 319
	-5 982	**-2 317**

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 2019 12 31 2019	01 01 2018 12 31 2018
Current tax expense/ -income		
Current tax expense/ -income for the period	-1 725	- 579
Current tax expense/ -income from previous years	18	-3 727
Total current tax expense/ -income	**-1 707**	**-4 306**
Deferred tax expense/ -income		
Deferred tax expense/ -income due to temporary difference	- 192	- 436
Deferred tax expense/ -income from loss carryforwards	–	- 448
Total Deferred tax expense/ -income	**- 192**	**- 884**
Total income taxes	**-1 899**	**-5 190**

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 for the 2019 assessment period was 21.4%, marginally lower than the previous year. As a result, the group tax rate for 2019 was 21.4% (22%).

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

	01 01 2019 12 31 2019	**01 01 2018 12 31 2018**
Income tax receivables (current)	1 374	1 244
Income tax receivables (non-current)	52	–
Deferred tax income -income from loss carryforwards	–	62
Income tax receivables	**1 426**	**1 306**
Income tax liabilities (current)	3 753	6 470
Income tax liabilities (non-current)	629	1 149
Deferred tax expense/ -income from loss carryforwards	–	3
Income tax liabilities	**4 382**	**7 622**

Deferred taxes are calculated in line with the tax rate of each company they arise from in 2019 and 2018.

For tax losses carried forward in the amount of 12 575 no deferred tax assets are accounted for due to uncertainty in the posibility of utilization.

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:

	12 31 2019		**12 31 2018**	
Balance sheet items (KEUR)	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Other intangible assets			–	526
Inventories		169	–	203
Trade receivables		10	–	–
Other assets	26	–	35	131
Other liabilities	26	450	27	289
Deferred tax assets	**52**	**629**	**62**	**1 149**
Thereof current	**–**	**–**	**–**	**–**
Thereof non-current	**–**	**–**	**62**	**1 149**

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 (KEUR)	2019	2018
Profit before tax	**164**	**21 936**
Expected tax rate	**21.4%**	**22.0%**
Expected tax expenses 2019: 21.4% (22%)	35	4 826
Adjustmet of taxes to different foreign tax rate	-496	2 797
Tax effects from additions to and reductions of local taxes	-87	-8 832
Tax expense and refunds related to prior years	147	3 690
Losses of current year not recognized as an deferred tax asset	2 477	2 270
Release of deferred tax asset on taxable losses carried forward	–	456
Tax effects due to changes in tax rate of already recorded tax assets	7	–
Other tax effects	-186	- 17
Tax expense	**1 897**	**5 190**
Effective tax rate	**1157%**	**24%**

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. Taking the above mentioned into account, STRAX management decided to not account a deferred tax asset on the taxable losses occured in 2019 in the Strax Holding GmbH entity and the taxable loss of Strax Holding GmbH (MEUR 4.2) has not been taken into account as a defered tax asset of MEUR 1.8 but is shown in the losses that have not been realized as deferred tax asset.

16. EMPLOYEES AND PERSONNEL COSTS, THE GROUP

Average number of employees and gender distribution:
The average number of employees during the year amounted to 198 (209) of which 111 (111) men and 87 (98) women.

Geographical distribution:	2019	2018
Western Europe	172	161
USA	7	9
Rest of the world	19	39
Total	**198**	**209**

Geographical gender distribution 2019	Female	Male
Western Europe	74	96
USA	3	6
Rest of the world	10	9
	87	**111**

Gender distribution in the Board of Directors and senior management: The Board of Directors and other senior management consisted of six (seven) men and one woman (-).	**01 01 2019 12 31 2019**	**01 01 2018 12 31 2018**
Salaries, other remunerations and social security expenses (KEUR):		
Salaries and other remuneration:		
The Board of Directors and CEO	628	743
Other Senior management	257	341
Other employees	11 736	13 438
Total salaries and other remuneration	**12 621**	**14 522**
Social security expenses:		
The Board of Directors and CEO	59	57
(of which pension costs)	(11)	(7)
Other Senior management	142	157
(of which pension costs)	(46)	(39)
Other employees	2 207	2 245
Total social costs	**2 208**	**2 459**
Total salaries, other remuneration and social costs	**14 829**	**16 981**

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 2019, the Directors' remuneration amounts to a total of 52 (52). 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 22, 2019, 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 2019	Remuneration 2018
Gudmundur Palmason		
CEO		
Salary	273	242
Bonus	-	82
Pension	8	7
	282	331
Ingvi T. Tomasson		
Executive board member		
Salary	299	287
Bonus	-	82
Pension	-	-
	299	369
Non executive board members:		
Bertil Villard	23	22
Anders Lönnqvist	16	15
Pia Anderberg	16	15
	55	52

Salary and other benefits to the CEO
The principles for the variable remuneration for the financial year 2019 were decided by the Annual General Meeting 2019. 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 2019 12 31 2019	01 01 2018 12 31 2018
Audit PricewaterhouseCoopers AB	236	233
Audit KPMG AB	-	16
Related audit assignments	-	-
Tax consultancy	-	-
Other assignments	-	187
Total remuneration to auditors	**236**	**436**

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 in 2019 was to PwC.

18. GOODWILL, THE GROUP	12 31 2019	12 31 2018
Acquisition-/ Production Costs		
Balance as of January 1	**25 447**	**31 105**
Additions	7 273	-
Disposals	-	-5 658
Balance as of December 31	**32 720**	**25 447**
Balance as of January 1	**-4 545**	**-4 545**
Balance as of December 31	**-4 545**	**-4 545**
Net book value as of December 31	**28 175**	**20 902**

Goodwill by segmentation (KEUR)		
Protection	22 967	15 694
Power	1 167	1 167
Audio	3 882	3 882
Connected devices	159	159
Total	**28 175**	**20 902**

For the Group, the most significant estimates and assumptions are those relating to impairment testing of goodwill. This means that the effect on the financial reports may be considerable if the estimates and assessments made would prove to deviate significantly from the actual outcome. In connection with impairment testing of goodwill the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the higher of an asset's net realizable value and its value in use. Normally, it is not possible to determine the net realizable value. Therefore, the value in use is normally the value being compared with the carrying amount. Thus, each cash generating unit's value in use is calculated in assessing any impairment of goodwill. Calculations are performed through discounting future estimated cash flows. In order to perform the calculations a number of assumptions concerning future circumstances and estimates of parameters are made, for example growth and discount rate. Any adjustments of the assumptions made could have an effect on the carrying amount of the goodwill. Assuming a lower growth rate would lead to a lower recoverable amount. A higher discount rate would also lead to a lower recoverable amount.

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 15.27 % (15.71%).

The growth rate used to extrapolate the cash flow projection beyond the period covered by the most recent budget/forecasts is at 2% (2%). 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, 2019, 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 discount rate to 15% 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 34% (25%).

19. OTHER INTANGIBLE ASSETS, THE GROUP	Software	Right of use assets	Customer base	Total
Acquisition-/ Production Costs	**3 795**	-	**580**	**4 375**
Transitional effect from adopting IFRS 16	-	2 833	-	**2 833**
Balance as of January 1, 2019 pursuant to IFRS 16	**3 795**	**2 833**	**580**	**7 208**
Currency translation differences	-	-	-	**-**
Additions	1 763	79	-	**1 842**
Disposals due to deconsolidation	-	-	-	**-**
Disposals	- 43	- 3	-	**- 46**
Reclassifications	-	-	-	**-**
Balance as of December 31, 2019	**5 515**	**2 909**	**580**	**9 004**
Depreciation				
Balance as of January 1, 2019	**-2 893**	**-**	**- 580**	**-3 473**
Currency translation differences	-	-	-	**-**
Additions	- 763	- 849	-	**-1 612**
Disposals due to deconsolidation	-	-	-	**-**
Disposals	-	-	-	**-**
Reclassifications	-	-	-	**-**
Balance as of December 31, 2019	**-3 656**	**- 849**	**- 580**	**-5 085**
Net book value as of December 31, 2019	**1 859**	**2 060**	**-**	**3 919**
Acquisition-/ Production Costs				
Balance as of January 1, 2018	**5 096**	**-**	**5 096**	**5 676**
Currency translation differences	- 11	-	-	**- 11**
Additions	61	-	-	**61**
Disposals due to deconsolidation	- 554	-	-	**- 554**
Disposals	- 797	-	-	**-**
Reclassifications	-	-	-	**-**
Balance as of December 31, 2018	**3 795**	**-**	**580**	**4 375**
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	-	-	**-**
Reclassifications	-	-	-	**-**
Balance as of December 31, 2018	**-2 893**	**-**	**- 580**	**-3 473**
Net book value as of December 31, 2018	**902**	**-**	**-**	**902**

20. TANGIBLE FIXED ASSETS, THE GROUP	12 31 2019	12 31 2018
Acquisition-/ Production Costs		
Balance as of January 1	**3 720**	**5 826**
Currency translation differences	8	- 58
Additions	536	2 308
Disposals due to deconsolidation	–	-3 544
Disposals	- 29	- 812
Balance as of December 31	**4 235**	**3 720**
Balance as of January 1	**-2 584**	**-3 623**
Currency translation differences	-	- 6
Additions	- 566	-2 052
Disposals due to deconsolidation	-	2 317
Disposals	2	780
Balance as of December 31	**-3 148**	**-2 584**
Net book value as of December 31	**1 087**	**1 136**

21. OTHER ASSETS, THE GROUP (KEUR)	12 31 2019	< 1 year	> 1 year	12 31 2018	< 1 year	> 1 year
Creditors on the debits side	266	266	–	3 416	3 416	–
Receivabels resulting from reserves of factoring	2 094	2 094	–	375	375	–
Prepayments to third parties	8	8	–	753	133	620
Other receivables	5 207	5 207	–	7 003	7 003	-
Miscellaneous other financial assets	632	632	–	1 757	845	912
Other financial assets	**8 207**	**8 207**	**–**	**13 304**	**11 772**	**1 532**
Prepaid expenses and deferred charges	1 304	1 304	–	319	319	–
Reimbursements due to income and other tax refunds	7 102	7 102	–	–		
Miscellaneous other assets	4 389	3 510	879	1 784	1 784	–
Other assets	**12 795**	**11 916**	**879**	**2 103**	**2 103**	**–**
Total other assets	**21 002**	**20 123**	**879**	**15 407**	**13 875**	**1 532**
of which non-current	879			1 532		
of which current	20 123			13 875		

In 2018 and 2019, other receivables includes receivables emanating from the sale of Gear4 utlimately partly to be settled in shares, value at fair value through profit or loss.

22. DEFERRED TAX ASSETS, THE GROUP	12 31 2019	12 31 2018
Other	52	62
Total	**52**	**62**

23. ACCOUNTS RECEIVABLES, THE GROUP	12 31 2019	12 31 2018
Balance as of January 1	**58**	**152**
Allocation	437	61
Utilization/ Reversal	- 188	- 155
Balance as of December 31	**307**	**58**
Total accounts receivables	25 976	28 423
Of which neither overdue nor impaired	22 896	20 544
Overdue	3 387	7 938
Impairment	- 307	- 58
Overdue not impaired	**3 080**	**7 880**
Up to 30 days	1 781	2 423
30–60 days	1 039	839
> 60 days	260	4 618

The increase in bad debt is mainly due to impairments of two customers in the Chinese market. In some regions especially Middle East and Asia, some customers have not paid on the terms on original invoices and in some cases pay on extended payment terms. In general the groups accounts receivable is protected with credit insurances and STRAX have seen 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	2019	2018
Capital gain Gear4	-	-26 096
Depreciations	2 175	3 630
Paid interest expenses reclassification	3 709	1 520
Re-evaluation financial assets	2 381	-
Inventory evaluation	410	-
Exchange rate gains	- 387	-
Other	57	-
	8 345	**-20 946**

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.

Dividends and distributions
The Board of Directors propose that no dividend be paid out for the financial year 2019.

A distribution of MEUR 12.8 was made in January 2019 to the shareholders through a mandatory redemption program.

Authorization for the Board of Directors to resolve upon new share issues
The Annual General Meeting held on May 22, 2019 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 20 100 (34 265) 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 22, 2019 renewed the Boards mandate to purchase the company's own shares. The mandate has not yet been utilized to-date.

	12 31 2019	**12 31 2018**
At the beginning of the year	120 592 332	120 592 332
Number of registered shares at the end of the year	**120 592 332**	**120 592 332**
Average number of shares during the period	**120 592 332**	**120 592 332**

STRAX has only one class of shares and all shares are fully paid for. All shares carry an equal right to a share in the company's assets and profits, and each share carries one vote at shareholder meetings. Total share capital amounts to EUR 12 624 165 and the quota value is EUR 0.10

26. PROVISIONS, THE GROUP

Balance as of January 1, 2018	**1 320**
Thereof current	
Allocation	1 742
Reversal	- 593
Utilization	- 727
Balance as of December 31, 2018	**1 742**
Balance as of January 1, 2019	**1 742**
Thereof current	
Allocation	1 563
Reversal	- 37
Utilization	-1 705
Balance as of December 31, 2019	**1 563**
Thereof current	1 563

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

27. LEASES, THE GROUP

In accordance with IFRS 16, lease liabilities, allocated to other assets in the balance sheet, were measured at the present value of the future lease payments at the date of first-time application or the commencement date. Leases in which STRAX is a lessee mainly relate to real estate and transportation and technical equipment.

The depreciation and the interest expense recognised relating to leases amounted to KEUR 849 respectively KEUR 105 in the 2019 financial year. STRAX presents the interest component of lease payments in cash flows from operating activities and the repayment portion in cash flows from financing activities. Lease payments under short-term agreements, agreements with low-value assets or variable payments are presented in cash flows from operating activities.

Lease liabilities

The interest expense recognised relating to leases amounted to KEUR 105 for 2019.

As of the reporting date, lease liabilities comprise the following:

Lease liabilities break down as follows:

KEUR	**12 31 2019**	**12 31 2018**
Gross lease liabilities - minimum lease payments		-
Up to 1 year	862	-
1-3 years	786	-
3-5 years	303	-
More than 5 years	268	-
Gross lease liabilities	2 220	-
Present value of the lease	**2 117**	**-**

The present values break down as follows:

KEUR	12 31 2019	12 31 2018
Up to 1 year	797	-
1-3 years	776	-
3-5 years	286	-
More than 5 years	258	-
Total	**2 117**	**-**

In 2018, all leases were treated as operating leases. As of the reporting date 2018, lease payments comprise the following:

In 2018, all leases were treated as operating leases. As of the reporting date 2018, lease payments comprise the following:	**12 31 2018**
Future lease payments up to 1 year	1 032
1-5 years	3 069
Total	**4 101**

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

Financial assets	**12 31 2019**	**12 31 2018**
Other non-current financial assets	–	1 532
Accounts receivable	25 976	28 423
Other current financial assets	8 207	11 772
Cash and bank balances	3 644	24 845
	37 827	**66 572**
Financial liabilities		
Other non-current financial liabilities	7 528	481
Non-current interest bearing liabilities	–	8 403
Current interest bearing liabilities	23 060	20 652
Accounts payable	22 100	21 825
Other current financial liabilities	7 321	7 191
	60 009	**58 552**

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 if the Group should raise equivalent loans at the reporting date, the fair value of the loans is expected to be in all material respects equal to their carrying amount. The Group's other financial assets and liabilities mainly comprises of receivables which are current assets and current liabilities. As the duration of these are short-term, the carrying amount and fair value are in all material respects equal.

Financial liabilities

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

	12 31 2019	**12 31 2018**
Overdraft facility (utilized)	15 188	15 949
Bank Loans	5 968	12 537
Other	1 904	458
Total	**23 060**	**28 944**

The carrying amount is fair value.

The weighted interest rate is based on the following overview:

	12 31 2019	12 31 2018
Overdraft facility (utilized)	3,20%	3,10%
Bank Loans	4,31%	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.

The STRAX AB group is primarily financed through interest bearing financing provided by a German bank club comprising of four banks. The current contract is expiring October 31, 2020, and as a result a refinancing is currently under negotiation. The negotiation is involving the existing bank club as well as other financial institutions and is expected to be closed no later than Q3 2020.

Institute	Working Capital Line	Duration in Years	Loan Term (SFA)	Duration in Years
Facility A	4 378	3	975	5
Facility B	3 978	3	867	5
Facility C	4 011	3	867	5
Facility D	2 499	3	542	5
	14 866		**3 251**	

All working capital lines are reported in the balance sheet under current financial liabilities.

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 2019	Payments in the period	Loan Admission	12 31 2019
Liabilities against credit institutions (current)	19 818	-1 215	2 553	21 156
Liabilities against credit institutions (non-current)	8 403	-8 403	–	–
Short-term liabilities factoring	834	–	1 070	1 904
Total	**29 055**	**-9 618**	**3 623**	**23 060**

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.

KEUR	Measurement category and carrying amount pursuant to IFRS 9 31 12 2019		
	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost
Cash and cash equivalents	-	-	3 644
Accounts receivables	-	-	25 976
Other short-term financial assets	5 672 (1)	-	2 535
Total assets	**5 672**	-	**32 155**
Accounts payables	-	-	22 100
Short-term borrowings	-	-	23 060
Long-term borrowings	-	-	7 321
Other long-term financial liabilities	6 207 (2)	-	1 321
Total liabilities	**6 207**	-	**53 802**

(1) The total sales proceeds emanating from the sale of Gear4 amounted to MEUR 33.7. An amount of MEUR 7.2 is held back as collateral for seller guarantees, whereof the contract states that MEUR 5.7 will be settled through payment of shares in ZAGG Inc. This receivables, as part of the purchase price will be settled in shares that have been valued at fair value through profit and loss on the share price of the ZAGG share per the balance sheet date (fair value hierarchy level 1).

(2) Calculated expected purchase price relating to the acquisition of Brandvault amounts to MEUR 2 and Racing Shield MEUR 4.2 and is valued at fair value (fair value hierarchy level 3).

KEUR	Measurement category and carrying amount pursuant to IFRS 9 31 12 2018		
	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 1)	-	8 047
Other long-term financial assets	-	-	1 532
Total assets	**3 725**	-	**62 847**
Accounts payables	-	-	21 825
Short-term borrowings	-	-	20 652
Long-term borrowings	-	-	8 403
Other short-term financial liabilities	-	-	7 191
Other long-term financial liabilities	-	-	481
Total liabilities	**-**	-	**58 552**

(1) The quoted market price used for financial assets held by the Group is the current share price (fair value hierarchy level 1).

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.

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 six men (seven) and one woman (-).

Salaries, other remunerations and social security expenses:	01 01 2019 12 31 2019	01 01 2018 12 31 2018
Salaries and other remunerations:		
Board of Directors and Managing Director	55	52
Other senior management	257	341
Total salaries and other remunerations	**312**	**393**
Social security expenses:		
Board of Directors and Managing Director	11	11
(of which pension costs)	-	-
Other senior management	142	157
(of which pension costs)	(46)	(48)
Total social costs	**153**	**168**
Total salaries, other remunerations and social security expenses	**465**	**561**

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 2019 12 31 2019	01 01 2018 12 31 2018
Board members:		
Bertil Villard	23	22
Anders Lönnqvist	16	15
Pia Anderberg	16	15
	55	**52**

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 2019 12 31 2019	01 01 2018 12 31 2018
Audit PricewaterhouseCoopers AB	127	126
Related audit assignments	-	-
Tax consultancy	-	-
Other assignments	-	-
Total remuneration to auditors	**127**	**126**

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.

31. DEPRECIATION OF TANGIBLE FIXED ASSETS, THE PARENT COMPANY	01 01 2019 12 31 2019	01 01 2018 12 31 2018
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 2019 12 31 2019	01 01 2018 12 31 2018
Financial income:		
Exchange rate gains	-	88
Total	**-**	**88**
Financial expenses:		
Other interest expense	-17	-33
Total	**- 17**	**- 33**

33. EQUIPMENT, THE PARENT COMPANY

	12 31 2019	12 31 2018
Accumulated acquisition value:		
At the beginning of the year	167	165
Acquisitions	8	2
At the end of the year	**175**	**167**
Accumulated depreciation:		
At the beginning of the year	- 37	-34
Depreciation	- 4	- 3
At the end of the year	- 41	- 37
Carrying value at the end of the year	**134**	**130**

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

	12 31 2019	12 31 2018
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
Carrying value at the end of the year				**75 693**

[1] Share of capital and votes.

Shares in subsidiaries under STRAX AB:

Subsidaries included in the consolidated financial statements		**Currency**	**Equity interest in %** **12 31 2019**	**12 31 2018**	**12 31 2019**	**12 31 2018**
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	F
BPM.Brands.Products.Marketing GmbH	Troisdorf (Germany)	EUR	100,00%	100,00%	F	F
Strax UK Ltd.	St. Albans (England)	GBP	100,00%	100,00%	F	F
Sowntone Limited	Essex (England)	GBP	100,00%	100,00%	F	F
Mobile Accessory Club Ltd.	Essex (England)	GBP	100,00%	100,00%	F	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	F
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
Strax Nordic AB	Stockholm (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	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	100,00%	10,00%	F	E
Racing Shield AB	Stockholm (Sweden)	SEK	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.

Audit Exemption for subsidiary in the United Kingdom
STRAX AB has provided a guarantee to its subsidiary Strax UK Ltd., incorporated in England, under the registration number 03827953, in order to claim audit exemption, with respect to fiscal year 2019, under Section 479A of the UK Companies Act 2006.

Audit and Publication Exemption for subsidiary in Germany
STRAX AB has provided a guarantee to its subsidiary Strax Germany GmbH HRB 9347, Strax GmbH HRB 5421, STRAX Holding GmbH HRB 10855, Mobile Accessory Deals GmbH HRB 14890 and BPM Brands, Products, Marketing GmbH HRB 14791 in order to claim exemption from audit and publication with respect to § 264 Absatz 3 Handelsgesetzbuch.

35. SHARES AND PARTICIPATIONS, THE PARENT COMPANY

	12 31 2019	12 31 2018
Carrying value:		
At the beginning of the year	3	6
Changes in value through profit or loss	- 3	- 3
Carrying value at the end of the year	**-**	**3**
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.

Dividends and distributions

The Board of Directors proposes that no dividend be made for the financial year 2019.

A distribution of MEUR 12.8 was made in January 2019 to the shareholders through a mandatory redemption program.

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

The Annual General Meeting held on May 22, 2019 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. The mandate todate has not been utilized.

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	49 567
Profit/Loss for the year 2019	100
Total	**49 667**

Number of shares issued	12 31 2019	12 31 2018
At the beginning of the year	120 592 332	120 592 332
Number of shares registered at the end of the year	**120 592 332**	**120 592 332**
Average number of shares during the period	-	-
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 12 624 164 and the quote value is EUR 0.10.

37. INTEREST-BEARING LOANS, THE PARENT COMPANY

	12 31 2019	12 31 2018
Raised loans – credit institutions	548	1 178
Total	**548**	**1 178**

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

38. LIABILITIES TO THE GROUP, THE PARENT COMPANY

	12 31 2019	12 31 2018
Novestra Financial Services	92	96
STRAX Holding GmbH	11 696	-
Total	**11 788**	**96**

39. ACCRUED EXPENSES AND PREPAID INCOME, THE PARENT COMPANY

	12 31 2019	12 31 2018
Other personnel costs	209	176
Costs for annual report, audit and AGM	105	103
Other accrued expenses	5	12
Total	**319**	**291**

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

	12 31 2019	12 31 2018
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	3	-
Write-downs	1	3
Total	**4**	**3**

Cash and cash equivalents

The following components are included in cash and cash equivalents:

Cash and bank balances	1	2
	1	**2**

Paid interest and dividends received		
Interest paid	27	32

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 refelects the financial position and the long term solvency and resistance to periods of economic downturn.
Equity per share	Equity in relation to the number of shares	Measures development of equity in relation to number of outstanding shares at the end of the period, captures both changes in equity and changes in number of outstanding shares.
Number of shares at the end of the period	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Items affecting comparability	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Gross profit	Sales less the cost of goods sold.	Measures how well prices to customers in relation to cost of goods sold are maintained including costs to deliver sold goods.
Gross margin	Gross profit in relation to sales expressed as a percentage.	Gross profit in relation to Sales, efficency 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 over all profitability from operations and ongoing business activities including depreciation and amortization.
EBITDA	Operating profit/loss plus depreciations.	Measures over all profitability from operations and ongoing business activities excluding depreciation and amortization.
ADJUSTED EBITDA	EBITDA adjusted for items affecting comparability and currency effects.	Measures over all 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 (KEUR)	**01 01 2019 12 31 2019**	**01 01 2018 12 31 2018**
EBITDA		
Operating profit	6 146	-2 139
+ Depreciation & amortization	2 175	3 630
EBITDA	**8 321**	**1 491**
ADJUSTED EBITDA		
EBITDA	8 321	8 035
+ Items affecting comparability	–	5 578
+ Currency effects	- 269	- 381
ADJUSTED EBITDA	**8 052**	**6 687**
Items affecting comparability		
One time charges	–	5 578
Total items affecting comparability	**-**	**5 578**

STRAX recognizes items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons due to the fact they do not recurwith 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 2019.

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

In January 2020 Richmond & Finch, the fashion tech accessories brand, launched exclusive PopGrip designs in collaboration with PopSockets, the largest accessories grip company in the world.

Telecom Lifestyle Fashion (TLF), signed a global licensing agreement with the UK fashion label Superdry for mobile accessories. The agreement is globally exclusive with a three-year duration.

Telecom Lifestyle Fashion (TLF), signed a global licensing agreement with the Swedish streetwear brand WeSC for headphones and mobile accessories. The agreement is globally exclusive with a three-year duration.

From indications received, STRAX now draws the conclusion that the additional payment related to the sale of Gear4 will not be received. STRAX has however, to date received 2/3 of the hold back shares in Zagg emanating from the transaction, and will receive the remaining shares and also a total of MEUR 1.5 in cash currently in escrow until May 2020.

As a result of the Covid-19 virus, sales started decreasing from second week of March 2020, although Urbanista and our online sales platforms have maintained positive momentum. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:
- Adjustments to product purchasing plans
- Reduction of operating expenses through reduced working hours or direct salary reductions, and reductions of rent, marketing and travel expenditures
- Credit facilities are being expanded to strengthen liquidity
- Increased activities in online channels
- Distribution of medical products, such as face masks, gloves and hand sanitizers

No other significant events have occurred after the end of the financial year 2019 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 28, 2020. 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 26, 2020.

Stockholm April 28, 2020

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 28, 2020

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, 2020 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 28, 2020 at 4.00 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 2019. The annual accounts and consolidated accounts of the company are included on pages 66-127 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 2019 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 2019 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.

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 inherently 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.

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 5-64 and 135-137. The Board of Directors and the Managing Director are responsible for this other information.

Key audit matter	How we adressed the key audit matter in our audit
Impairment testing In the consolidated balance sheet, goodwill has been recognised in an amount of MEUR 28.2. 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 2019.	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 2019. • 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	How we adressed the key audit matter in our audit
Valuation of inventories In the consolidated balance sheet, inventories have been recognised in an amount of MEUR 17.4. 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 87 of the Annual Report for 2019.	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.

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

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

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

Responsibilities of the Board of 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 Director's and the Managing Director of Strax AB (publ) for the year 2019 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 Director's 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 Director's 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' 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 22 May 2019 and has been the company's auditor since the 24 May 2018.

Stockholm 28 April 2020
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 2019 on pages 38-44 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, 28 April 2020
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 (publ), corporate identity number 556539-7709

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 50-62 and that it has been prepared in accordance with Årsredovisningslagen.

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, 28 April 2020
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”), CLCKR™ ("CLCKR"), RICHMOND & FINCH™ ("RICHMOND & FINCH").

SHAREHOLDER INFORMATION

Annual General Meeting
The Annual General Meeting will be held at 2:00 p.m. on Tuesday, May 26, 2020 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 27 2020 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 May 19 2020, and must notify the company of their intention to attend the Meeting no later than May 19 2020.

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.

Advance voting
The shareholders may exercise their voting rights at the general meeting by voting in advance, so called postal voting in accordance with Section 3 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Strax encourages the shareholders to use this opportunity in order to minimize the number of participants attending the Meeting in person and thus reduce the spread of infection.

A special form shall be used for advance voting. The form is available on the company's website, www.strax.com. A shareholder who is exercising its voting right through advance voting do not need to notify the company of its attendance to the general meeting. The advance voting form is considered as the notification of attendance to the general meeting.

The completed voting form must be submitted to Strax no later than on Tuesday 19 May 2020. The completed and signed form shall be sent to the address stated under "Notification to attend the Meeting" above. A completed form may also be submitted electronically and is to be sent to ir@strax.com. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed to the form. The same apply for shareholders voting in advance by proxy. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote is invalid.

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 19 2020. 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).

Information in relation to the Corona virus (Covid-19)
In view of the recent developments of the spread of the Corona virus (Covid-19), Strax has taken certain precautionary measures in relation to the Annual General Meeting on 26 May 2020. The measures are being taken to reduce the risk of spread of contagion.

Shareholders should carefully consider the possibility to vote in advance, please see above, as well as the possibility of participating by way of proxy. Shareholders who display symptoms of infection (dry cough, fever, respiratory distress, sore throat, headache, muscle and joint ache), have been in contact with people displaying symptoms, have visited a risk area, or belong to a risk group, are in particular encouraged to utilize such possibility. A form for advance voting and proxy form is available at www.strax.com.
- No external guests will be invited.
- No refreshments will be served prior to or after the Annual General Meeting.
- Merely a shorter speech will be held by the CEO on the Annual General Meeting.
- The Annual General Meeting will be conducted in the shortest possible time without limiting the rights of the shareholders.

Kindly review the information and recommendations issued by the Swedish Public Health Authority (Sw. Folkhälsomyndigheten).

The continued spread of the Corona virus (Covid-19) and its effects are still difficult to assess with certainty and Strax is closely following the developments. If any further precautionary measures in relation to the annual general meeting must be taken, information thereof will be published on the company's website www.strax.com.

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 2020

May 26, 2020
Interim Report Q1 January 1 – March 31, 2020

May 26, 2020
Annual General Meeting

May 26, 2020
Bulletin from the Annual General Meeting

August 27, 2020
Interim Report Q2 January 1 – June 30, 2020

November 26, 2020
Interim Report Q3 January 1 – September 30, 2020

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STRAX