Q4 Year-End Report 2016

STRAX

Strax, the mobile accessory brand specialist, delivers strong growth and improved profitability

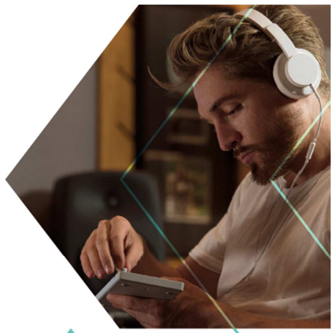
- The Group's[1] sales for the period January 1 – December 31, 2016, amounted to MSEK 868.2 (747.6) corresponding to a growth of 16.1 (18.3) percent. The gross margin amounted to 28.0 (24.5) percent.
- The Group's[1] result for the period January 1 – December 31, 2016, amounted to MSEK 30.3 (11.5) corresponding to SEK 0.26 (0.10) per share. Equity as at December 31 2016 amounted to 173.5 (98.4) corresponding to SEK 1.47 (0.84) per share.
- The Group's[1] sales for Q4, October 1 – December 31, 2016, amounted to MSEK 253.9 (218.8) corresponding to a growth of 16.0 (2.0) percent. The gross margin amounted to 29.5 (24.6) percent.
- The Parent Company's result for the period January 1 – December 31, 2016, amounted to MSEK 50.3 (34.3). Equity as at December 31, 2016, amounted to MSEK 709.9 (238.6) corresponding to SEK 6.0 (6.4) per share.
- The development during 2016 in Strax has been positive with growth in sales of approximately 16 percent, and an increase in operating profit of approximately 43 percent. This trend, coming on the back of increased distribution of proprietary Strax brands, is expected to continue in the coming years with Gear4 leading the way.
- During Q4 Strax entered into a partnership with Vodafone, through acquisitions as well as through a direct contract on proprietary Strax brands. Other significant events include the launch of the FLAVR and Thor brands and renewal of contract with D3O®.

[1]In the accounts, the regulations on reverse acquisition shall be applied with regard to the acquisition of Strax, which entails that the result in the legal entity, formerly AB Novestra (the parent company) shall be eliminated prior to the date of acquisition and also the non-cash issue value with which the outstanding shares in Strax were acquired is eliminated and that the acquisition analysis is based on the transferred values. Comparative figures for the group refer to the previous year's figures for the Strax group.

"2016 has been a transformative year for Strax. We have created a platform for continued profitable growth and set ourselves aspirational 2020 objectives backed by sound strategic framework and engaged staff. We deliver!"

Gudmundur Palmason, CEO

THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR OF STRAX AB HEREBY SUMMIT THE YEAR-END REPORT FOR THE PERIOD JANUARY 1 – DECEMBER 31 2016



All amounts are provided in SEK thousands unless otherwise stated. Figures in parentheses refer to the corresponding period the previous financial year. Information provided refers to the group and the parent company unless otherwise stated.

ABOUT STRAX

STRAX is a global company specializing in mobile accessories and connected devices[1]. STRAX is listed on the Nasdaq Stockholm Stock Exchange. STRAX offers proprietary, licensed and partner branded accessories. The proprietary brands include XQISIT™, GEAR4™, Urbanista™, THOR™, AVO+™, and FLAVR™. The company represents over 30 major OEM as well as mobile accessories brands and sells to a wide channel landscape ranging from telecom operators, specialized mobile and consumer electronics retailers to online, lifestyle, convenience stores, supermarkets and distributors. STRAX was founded in Miami and Hong Kong in 1995 and has since grown significantly across the globe. STRAX now has over 185 employees in 12 countries and its operational HQ and logistics center is based in Germany.

For further information regarding Strax AB reference is made to www.strax.com

[1] Examples of connected devices are smart watches, fitness trackers and smart home solutions that can be scheduled and controlled remotely using e.g. a mobile phone or tablet.

COMMENTS FROM THE CEO

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

Continued revenue and margin growth

In the fourth quarter, the company continued to deliver profitable growth with significant contribution from our proprietary brands into North America and the Middle East. These gains provide positive momentum as we head into 2017. We furthermore delivered strong YoY growth in revenue (+16%), gross margin (+28%) and EBITDA came in at our goal of 8 MEUR (adjusting for listing costs and currency impact) in 2016, all of which came through a set of well-defined action plans and strong execution. Revenue growth was largely driven by strategic markets outside of Europe, delivering growth of 91%, whilst margin growth is attributed to a combination of brand and product mix, where Gear4, our protection case brand, was the main driver, experiencing a growth of 380%.

Revised strategic framework

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

A significantly stronger company

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

RESULT AND FINANCIAL POSITION JANUARY 1 – DECEMBER 31 2016

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

Result for the period amounted to 30 261 (11 455). The result included gross profit 243 337 (183 386), selling expenses -131 040 (-112 950), administrative expenses -48 892 (-41 026), other operating expenses -66 987 (-27 877), other operating income 50 090 (31 076), net financial items -10 736 (-10 343) and tax -5 511 (-10 811).

As at December 31 2016 total assets amounted to 601 540 (511 559), of which equity totaled 173 516 (98 447), corresponding to equity/assets ratio of 28.8 (19.2) percent. Interest-bearing liabilities as at December 31, 2016, amounted to 159 080 (124 270). The groups cash and cash equivalents amounted to 34 999 (45 727). During the fourth quarter the company refinanced and increased operational credit facilities which strengthened liquidity and cash flow during the fourth quarter.

SIGNIFICANT EVENTS DURING THE PERIOD

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

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

A VR headset developed by Strax for Orange group received positive reviews as well as awards, further strengthening Strax position as a partner in the connected devices category.

All our proprietary brands developed strong during 2016, Gear4 quadrupled revenues, became the number one brand in protective cases in the UK and successfully launched in the US.

SEASONAL AND PHONE LAUNCH FLUCTUATIONS Strax operations have defined fluctuations between seasons, whereby the strongest period is September-November. This means the greater part of the Strax result is generated during the second half of the year provided the trends from the last five years continue. Timing of hero smartphone launches, e.g. iPhone and Samsung Galaxy, also impacts Strax' results, with these being hard to predict and sometimes challenging to manage.

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

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

PRELIMINARY ACQUISITION ANALYSIS:

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

THE PARENT COMPANY'S result for the period amounted to 50 307 (34 257). The result included gross profit from investment activities of 56 492 (37 343), administrative expenses -5 878 (-5 022) and net financial items -307 (1 936). As at December 31 2016 total assets amounted to 725 695 (243 001) of which equity totaled 709 896 (238 638). Cash and cash equivalents amounted to 109 (70).During the period the company has worked on refinancing and increasing operational credit facilities, coming into effect in the beginning of 2017.

In January 2016 Novestra received sale proceeds in a total amount of MSEK 90.8 relating to the divestment of the portfolio company Explorica, Inc. As at December 31 2015 the sale proceeds were recognized as a current receivable on the balance sheet.

The Extraordinary General Meeting held on February 9 2016 resolved to distribute a total of MSEK 91.1, corresponding to SEK 2.45 per share to Novestra's shareholders. The distribution was made in the form of a mandatory redemption procedure. The redemption was paid on March 9 2016.

Novestra finalized the acquisition of the remaining outstanding number of shares in Strax Group GmbH through a non-cash issue of 80 574 293 shares. Payment was made through transfer of capital contributed in kind comprising of shares in Strax Group GmbH as resolved by the Annual General Meeting held on April 26 2016.

The Annual General Meeting held on April 26 2016 approved the Board's proposal regarding the distribution of 6 197 995 shares held in WeSC, approximately 95 percent of Novestra's holding in WeSC. Distribution occurred on May 3 2016.

In connection with the completed acquisition Novestra's line of business changed and the company name was changed from AB Novestra to Strax AB.

The Company's focus, over the past five financial years has been on divestment of existing portfolio companies, which is now completed. As at April 2016, a total of approximately MSEK 460 has been distributed to the shareholders from the divestments.
It is a natural progression to consolidate its last major unlisted holding and therefore changing line of business to an operational company as opposed to the previous investment company status.
Fiscally, this also entails the Company changing its fiscal status and character.

ORGANIZATION

Upon completion of the acquisition of Strax, Gudmundur Palmason was appointed CEO and Johan Heijbel (former CEO of AB Novestra) appointed CFO.

DIVIDEND

The Board proposes no dividend is to be paid out relating to the financial year 2016.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The company signed an exclusive agreement with mobilcom-debitel, included in the Freenet Group, in Germany for the supply of mobile accessories and digital lifestyle products for their 568 retail stores.

FUTURE DEVELOPMENT

Strax has experienced positive development in both sales and profit in recent years. This development is expected to continue. Currently the industry is undergoing consolidation and Strax intends to play an active role in the ongoing consolidation process.

RISKS AND UNCERTAINTIES

The primary risks present in Strax business activities are commercial risk, operative risk, price risk attributed to shares and currency 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.

Swedish tax law contains stopping rules for certain transactions with tax losses when the purpose transaction is to benefit from tax advantages. The stopping rules entail that the existing tax losses are utilized in connection with significant changes in ownership. The rules also include limitations on the ability to utilize tax losses during a five year waiting period in certain situations. The change in ownership in connection with acquisition of the outstanding shares in Strax through a non-cash issue is such that the company believes that the existing tax losses should be retained. As there is relatively little case law to draw on in this area however there is a risk that the transaction may be adjudged differently when considered by the authorities and that the loss may be utilized whether in whole or in part.

FINANCIAL CALENDAR:

APRIL 2017
Annual Report 2016

MAY 23 2017
Interim Report January 1 – March 31 2017

MAY 23 2017
Annual General Meting

FOR FURTHER INFORMATION CONTACT:

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The Board is registered in Stockholm, Sweden.

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

The undersigned declare that the interim report provides a true and fair overview of the parent company's and the group's operations, financial position, performance and result and describes material risks and uncertainties facing the parent company and other companies in the group.

Stockholm, February 22, 2017

Bertil Villard
Chairman

Anders Lönnqvist
Director

Gudmundur Palmason
Director/CEO

Ingvi Tomasson
Director

Michel Bracké
Director

This report has not been subject to an audit by the company auditor.

Group

Key ratios	2016 (3 months) Oct 1-Dec 31	2015 (3 months) Oct 1-Dec 31	2016 (12 months) Jan 1-Dec 31	2015 (12 months) Jan 1-Dec 31
FINANCIAL KEY RATIOS				
Sales growth, %	16.0	2.0	16.1	18.3
Gross margin, %	29.5	24.6	28.0	24.5
Equity, MSEK	173.5	98.4	173.5	98.4
Equity/asset ratio, %	28.8	19.2	28.8	19.2
DATA PER SHARE[1]				
Equity, SEK	1.47	0.84	1.47	0.84
Result, SEK	0.11	0.01	0.26	0.10
NUMBER OF SHARES[1]				
Number of shares at the end of the period	117 762 266	117 762 266	117 762 266	117 762 266
Average number of shares[2]	117 762 266	117 762 266	115 299 621	115 299 621
EMPLOYEES				
Average number of employees	185	165	175	165

[1] No dilution exists, which entails that the result prior to and after dilution are identical.

[2] A redemption procedure was carried out during Q1 2016 whereby a split of the existing shares was made whereby the total number of shares temporarily doubled.The redemption procedure was an alternative transaction method for a dividend and the temporary increase in the number of shares has not been taken into consideration in calculating the average number of shares during the period or for the result per share during the period.

DEFINITIONS

In this report, ”Strax” or ”The Company” pertains to Strax AB (publ) and/or the Group depending on which company is the parent company depending on the context.
Other definitions: AB Novestra (“Novestra”), Explorica Inc (“Explorica”) and WeSC AB (”WeSC”).

EQUITY/ASSET RATIO
Equity as a percentage of the total assets.

EQUITY PER SHARE
Equity in relation to the number of shares at the end of the period.

RESULT PER SHARE
Income for the period in relation to the average number of shares during the period.

NUMBER OF SHARES AT THE END OF THE PERIOD
The number of shares at the end of each period adjusted for bonus issue and share buy-back.

AVERAGE NUMBER OF SHARES DURING THE PERIOD
Average number of shares during the period calculated on a daily basis adjusted for bonus issue and share buy-back.

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

GROWTH IN SALES
Sales for a specified period in relation to sales during the same period the previous year.

GROSS PROFIT
Sales less the cost of goods sold.

GROSS MARGIN
Gross profit in relation to sales expressed as a percentage.

OPERATING PROFIT/LOSS Operating income minus operating costs for the specified period before financial items and taxes.

Group

Summary income statements, KSEK	2016 (3 months) Oct 1–Dec 31	2015 (3 months) Oct 1–Dec 31	2016 (12 months) Jan 1–Dec 31	2015 (12 months) Jan 1–Dec 31
Net sales	253 934	218 826	868 181	747 640
Cost of goods sold	-179 138	-164 934	-624 844	-564 254
Gross profit	**74 796**	**53 892**	**243 337**	**183 386**
Selling expenses	-36 875	-33 893	-131 040	-112 950
Administrative expenses(1)	-18 003	-20 463	-48 892	-41 026
Other operating expenses	-34 314	-4 363	-66 987	-27 877
Other operating income	27 139	15 759	50 090	31 076
Operating profit	**12 743**	**10 932**	**46 508**	**32 609**
Financial income	283	196	283	243
Financial expenses	-3 608	-2 277	-11 019	-10 586
Net financial items	**-3 325**	**-2 081**	**-10 736**	**-10 343**
Profit before tax	**9 418**	**8 851**	**35 772**	**22 266**
Tax	3 103	-8 141	-5 511	-10 811
RESULT FOR THE PERIOD(2)	**12 521**	**710**	**30 261**	**11 455**
Result per share, SEK(3)	*0.11*	*0.01*	*0.26*	*0.10*
Average number of shares during the period(3)	*117 762 266*	*117 762 266*	*115 299 621*	*115 299 621*

Statement of comprehensive income, KSEK				
Result for the period	12 521	710	30 261	11 455
Other comprehensive income, translation gains/losses on consolidation	-297	1 866	-1 579	1 848
Total comprehensive income for the period	**12 224**	**2 576**	**28 682**	**13 303**

(1) Depreciation for the period Jan 1 – Dec 31, 2016, amounted to 15 287 (4 861).
(2) The result for the period, respectively the total comprehensive income is attributed to the parent company's shareholders.
(3) No dilution exists, which entails that the result prior to and after dilution are identical. A redemption procedure was carried out during Q1 2016 whereby a split of the existing shares was made whereby the total number of shares temporarily doubled. The redemption procedure was an alternative transaction method for a dividend and the temporary increase in the number of shares has not been taken into consideration in calculating the average number of shares during the period or for the result per share during the period.

Reporting per business segment

Operating segment 12 months

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

Operating segment Q4

(SEK thousands)	Protection		Power		Audio		Connected devices		Other		Total	
	Oct 1- Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31		Oct 1 - Dec 31	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales	150 475	92 694	53 609	19 169	38 643	60 039	18 514	15 124	-7 306	31 800	253 934	218 826
Cost of goods sold	-100 681	-67 314	-39 163	-16 567	-26 145	-40 493	-16 708	-14 009	3 559	-26 551	-179 138	-164 934
Gross profit	**49 794**	**25 380**	**14 445**	**2 602**	**12 498**	**19 545**	**1 806**	**1 115**	**-3 747**	**5 249**	**74 796**	**53 892**
Selling expenses	-24 424	-16 001	-7 526	-1 687	-6 332	-12 177	-936	-714	2 342	-3 315	-36 875	-33 893
Administrative expenses	-11 589	-10 099	-3 249	-1 592	-3 058	-6 036	-413	-574	306	-2 162	-18 003	-20 463
Other operating expenses	-23 341	-1 844	-4 997	64	-5 048	-2 214	-644	-22	-282	-347	-34 314	-4 363
Other operating income	18 493	7 787	3 847	1 237	3 949	4 624	498	445	353	1 666	27 139	15 759
Operating profit	**8 933**	**5 223**	**2 520**	**625**	**2 009**	**3 743**	**310**	**250**	**-1 029**	**1 091**	**12 743**	**10 932**

Group

Summary balance sheets, KSEK	Dec 31 2016	Dec 31 2015
ASSETS		
FIXED ASSETS		
Goodwill	191 911	132 678
Other intangible assets	11 514	2 490
Tangible fixed assets	15 719	7 195
Shares in associated companies	7 705	74
Other assets	17 393	7 361
Deferred tax assets	15 592	5 385
Total fixed assets	**259 834**	**155 183**
CURRENT ASSETS		
Inventories	109 263	82 108
Tax receivables	2 435	18
Accounts receivable	123 824	130 252
Receivables from associated companies	32 030	14 367
Other assets	39 155	83 904
Cash and cash equivalents	34 999	45 727
Total current assets	**341 706**	**356 376**
TOTAL ASSETS	**601 540**	**511 559**
EQUITY AND LIABILITIES		
Equity	**173 516**	**98 447**
Long-term liabilities:		
Tax liabilities	31	7 829
Other liabilities	3 436	35 811
Interest-bearing liabilities	47 977	-
Deferred tax liabilities	6 995	6 065
Total long-term liabilities	**58 439**	**49 705**
Current liabilities:		
Provisions	3 518	5 872
Interest-bearing liabilities	111 103	124 270
Accounts payable and other liabilities	131 400	90 285
Tax liabilities	28 987	9 870
Other liabilities	94 577	133 110
Total current liabilities	369 585	363 407
Total liabilities	**428 024**	**413 112**
TOTAL EQUITY AND LIABILITIES	**601 540**	**511 559**

Summary of changes in equity, KSEK	
Equity as at January 1 2015	85 380
Comprehensive income Jan 1 – Dec 31 2015	13 303
Other	-236
Equity as at December 31 2015	98 447
Comprehensive income Strax Jan 1 – Dec 31 2016	28 682
Other sub-group Strax	3 825
Transferred compensation provided for in the preliminary acquisition analysis[1]	48 381
Costs non-cash issue	-5 819
TOTAL EQUITY AS AT DECEMBER 31 2016	173 516

[1] The preliminary acquisition analysis is detailed on page 3.

Group

Summary cash flow statements, KSEK	2016 (12 months) Jan 1-Dec 31	2015 (12 months) Jan 1-Dec 31
OPERATING ACTIVITIES		
Result before tax	35 772	22 266
Adjustment for items not included in cash flow from operations or items not affecting cash flow	22 935	13 410
Paid taxes	-3 012	-10 811
Cash flow from operations prior to changes in working capital	**55 695**	**24 865**
Cash flow from changes in working capital:		
Increase (-)/decrease (+) in inventories	-23 586	-7 827
Increase (-)/decrease (+) current receivables	17 546	-160 774
Increase (+)/decrease (-) current liabilities	-36 817	93 293
Cash flow from operations	**12 839**	**-50 444**
INVESTMENT ACTIVITIES		
Investments in intangible assets	-9 960	-4 489
Investments in tangible assets	-20 942	-5 518
Investments in subsidiaries	-17 064	-22 481
Divestment of fixed assets	1 621	935
Cash flow from investment activities	**-46 345**	**-31 553**
FINANCING ACTIVITIES		
Interest-bearing liabilities	44 505	134 029
Amortization of interest-bearing liabilities	-20 023	-92 011
Cash flow from financing activities	**24 482**	**42 017**
Cash flow for the period	**-9 023**	**-39 979**
Exchange rate differences in cash and cash equivalents	-1 705	-152
Cash and cash equivalents at the beginning of the period	45 727	85 858
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**34 999**	**45 727**

NOTE 1 REFERENCES

- Information on the acquisition, see page 3, intent and the legally acquired subsidiary Strax operations are found in the foremost section of the report.
- Seasonal and phone launch fluctuations, see page 3
- Reporting per business segment see page 8

NOTE 2 ACCOUNTING PRINCIPLES

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

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

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

The Group has previously carried out investment activities and defined as an investment company as defined in IFRS 10, with the effect all shares in subsidiaries and associated companies had been reported 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 is now as an operational company, compared to previous investment company and shares and participations in subsidiaries as well as affiliated companies will be consolidated using standard principles.

In previous reporting, certain purchase commitments relating to licensed materials was reported as a liability, and corresponding asset. This has been re-evaluated and it has been deemed more fair to report the contracts as “executory contracts”, with the effect previous reported liability and corresponding asset are no longer reported. The reason is these contracts have been concluded to include buying minimum guaranteed levels of licensed material to fair market value, and Strax commitment equals in value the other party's obligation to deliver the material, making it “executory contracts”. The effects only relates to the balance sheet, with the same amount in assets and liabilities. Figures in comparative periods have been adjusted. As per December 31 2015, assets have been decreased by a total amount of 65 793, financial fixed assets have been reduced from 57 388 to 7 361 and other current assets have been reduced from 99 669 to 83 901, with the corresponding adjustment to other long-term and short-term liabilities.

Significant accounting principles in addition to those mentioned below with regard to accounting reverse acquisition which were applied after the reverse acquisition are also found in the appendix to the report.

Accounting reverse acquisition

In accordance with IFRS rules on reverse acquisition, the fair value of a hypothetical issue of Strax shares as payment for Strax's reverse acquisition of Novestra, will correspond to the transferred consideration for this acquisition.

As the shares in Novestra are listed on a regulated market and the Strax shares are unlisted, the valuation of Novestra was used as the basis for valuing the hypothetical new share issue for the reverse acquisition. The value of the hypothetical share issue has been reduced by an estimated allocated market value for Strax's hypothetical repurchase of Novestra's existing holding of Strax shares. A preliminary purchase price allocation has been drawn up it was assumed that the fair value of Novestra's identifiable assets and liabilities equals the book equity in the Novestra group as at April 30 2016 less the book value of Novestra's shares in Strax. The difference between the transferred consideration and the fair value of identifiable assets and liabilities has been recognized as goodwill. The purchase price allocation will be finally determined no more than one year after the acquisition date.

Accounting and valuation of shares and participations

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

NOTE 3 FAIR VALUE: FINANCIAL ASSETS AND LIABILITIES

Since 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 sould 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 groups 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.

Parent company

Summary income statements, KSEK	2016 (3 months) Oct 1-Dec 31	2015 (3 months) Oct 1-Dec 31	2016 (12 months) Jan 1-Dec 31	2015 (12 months) Jan 1-Dec 31
INVESTMENT ACTIVITIES				
Result from shares and participations	-125	23 746	52 730	35 250
Dividends	-	-	-	2 949
Selling expenses[1]	-	-856	-	-856
Gross profit	**-125**	**22 890**	**52 730**	**37 343**
Administrative expenses	-1 916	-1 306	-5 878	-5 022
Other operating income	3 762	-	3 762	-
Operating income	**1 721**	**21 584**	**50 614**	**32 321**
Net financial items	-68	-13	-307	1 936
Result after financial items	**1 653**	**21 571**	**50 307**	**34 257**
Current taxes	-	-	-	-
RESULT FOR THE PERIOD	**1 653**	**21 571**	**50 307**	**34 257**
Statement of comprehensive income, KSEK				
Result for the period	1 653	21 571	50 307	34 257
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1 653**	**21 571**	**50 307**	**34 257**

Summary balance sheets, KSEK	Dec 31 2016	Dec 31 2015
ASSETS		
Tangible fixed assets	1 247	1 270
Fixed financial assets	723 124	141 547
Total fixed assets	**724 371**	**142 817**
Shares and participations held for sale	214	8 514
Current receivables	1 001	91 600
Cash and bank balances	109	70
Total current assets	**1 324**	**100 184**
TOTAL ASSETS	**725 695**	**243 001**
EQUITY AND LIABILITIES		
Equity	**709 896**	**238 638**
Current liabilities	15 799	4 363
Total liabilities	15 799	4 363
TOTAL EQUITY AND LIABILITIES	**725 695**	**243 001**

[1] Selling expenses cost with regard to Novestras incentive program resolved by the AGM and relating to the divestment of Explorica in 2015.

Summary of changes in equity, KSEK	
Equity as at January 1 2015	**204 381**
Comprehensive income January 1 – December 31 2015	34 257
Equity as at December 31 2015	**238 638**
Shareholder distribution	-91 111
Costs shareholder distribution	-341
Dividend	-9 540
Non-cash issue	527 762
Costs non-cash issue	-5 819
Comprehensive income January 1 – December 31 2016	50 307
TOTAL EQUITY AS AT DECEMBER 31 2016	**709 896**

APPENDIX

Significant accounting principles in addition to those mentioned on page 4.

CONDITIONS WHEN PREPARING THE GROUP'S FINANCIAL REPORTS

The functional currency of the Parent Company is Swedish crowns or kronor (SEK), which is also the reporting currency of the Parent Company and the Group. The financial reports are therefore presented in Swedish kronor. Assets and liabilities are recognized at historical cost, and financial assets and liabilities are recognized at amortized cost.
Preparing the financial reports in compliance with IFRS requires management to make judgments and estimates, as well as assumptions which affect the application of the accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experiences and a number of factors which under the circumstances are deemed reasonable. The result of these estimates and assumptions are then used to assess the value of assets and liabilities where the value is not evident from other sources. Actual outcomes may deviate from these estimates and judgments.
Estimates and judgments are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change affects only this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.
The accounting principles for the Group described below have been applied consistently for all periods that are presented in the Group's financial reports, unless otherwise is indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company and subsidiaries.

OPERATING SEGMENTS

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

CLASSIFICATION ETC.

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

PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are entities controlled by the Parent Company, AB Novestra. The Group controls the entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are recognized according the acquisition method. The method means that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The Group's acquisition value is determined though an acquisition analysis in relation to the acquisition. In the analysis both the purchase price of the shares or the operations, and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities at the point of acquisition. The purchase price of the shares in subsidiaries and the operations respectively consists of the fair values at the point of acquisition for assets, arisen or assumed liabilities and issued equity instruments which have been given in exchange for the acquired net assets. At acquisitions (of subsidiaries that are consolidated) where the purchase price exceeds the net-value of identifiable acquired assets and assumed liabilities and contingent liabilities, the difference is recognized as goodwill. When the difference is negative this is recognized in profit or loss. Financial reports for consolidated subsidiaries are included in the Group accounting as of the point of acquisition up until the date where the control ceases to exist. Intra-group receivables and payables, revenue or expenses and unrealized profit or loss, which pertain to intra-group transactions between consolidated group companies are eliminated in the consolidation.

ASSOCIATED COMPANIES

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

FOREIGN CURRENCY TRANSACTIONS

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

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

REVENUE

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

FINANCE INCOME AND FINANCE COST

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

FINANCIAL INSTRUMENTS

RECOGNITION AND DERECOGNITION OF A BALANCE SHEET ITEM

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

CLASSIFICATION AND MEASUREMENT

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

ACCOUNTS RECEIVABLES

Accounts receivables consist of financial assets that are not derivatives and has determined or affirmable payments which are not listed on an active market. Trade receivables are outstanding amounts from sale of goods or services performed within the regular business activity. They are included in current assets if the due date occurs within twelve months of the reporting date. If the due date is after more than twelve months from the reporting date, they are classified as non-current assets.
Trade receivables are initially recognized at fair value and are in the following reporting periods valued at amortized cost with the effective interest method, deducted for any impairment. An impairment is recognized when there are objective indications that outstanding payments are not fully collectable (such as in the event of late payments or insolvency of the customer). Doubtful reserves are accounted for on a separate account. They are eliminated at the same point in time as the corresponding impaired receivable is derecognized.

CASH AND CASH EQUIVALENTS

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

INTEREST-BEARING LIABILITIES

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

ACCOUNTS PAYABLES AND OTHER NON-INTEREST BEARING LIABILITIES

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

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

IMPAIRMENTS
The recognized values of the Group's tangible and intangible assets, including goodwill, are tested each reporting period end in order to asses if there is an indication of a need for an impairment. An impairment is recognized when an asset or the recognized value of a cash generating unit exceeds the recoverable amount. An impairment is recognized through profit and loss.
The recoverable amount is the highest of fair value less cost of sales and the useful value. When calculating the useful value future cash flows are discounted with a discount factor taking the risk free rate and the risk related to the specific asset into account. For an asset which does not generate cash lows and are materially independent of other assets the recoverable amount is calculated for the cash generation unit to which the asset pertains. Goodwill is always tested divided on cash generating units or groups of cash generating units.
Impairments are reversed if there has been a change in the underlying assumptions in the calculation of the recoverable amount. An impairment is reversed only to the extent the assets carrying amount after reversal does not exceed the value the asset would have had if an impairment had never been done. Impairment of goodwill is never reversed.

INVENTORIES
The goods recognized as inventory in compliance with IAS 2 (Inventories) are initially carried at cost. Carrying amount is either determined on the basis of an individual valuation of purchases from the perspective of the market or through the method of average cost. Compensation from suppliers that are classified as a decrease of the initial cost reduces the carrying amount of the inventories.
At the end of the reporting period inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated sales price in operations, deducted for estimated costs of completion and sales. Risks related to average days in stock that exceeds what is normal and/or reduced usefulness is reflected through impairment to net realisable value.
If the reason for impairment to net realizable value no longer exists, a reversal is recognized. Since the inventories of Strax does not meet the definition of a qualifying asset according to IAS 23 (Borrowing costs), directly related interest on borrowed capital to the inventories are not capitalized.

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

EMPLOYMENT BENEFITS
DEFINED CONTRIBUTION PLANS
The Group only has defined contribution plans. Obligations concerning defined contribution plans are recognized as expenses during the period when the employee provides service.

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

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

CONTINGENT LIABILITIES

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