

**Prospectus for admission to  
trading of new shares in  
AB Novestra (publ)**

# Important information

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This prospectus (the "Prospectus") has been approved and registered by Finansinspektionen in accordance with the provisions of Chapter 2, §§ 25 and 26, of the Swedish Financial Instruments Trading Act (1991:980) on the occasion of the admission to trading of shares in AB Novestra (publ) ("Novestra", the "Company" or the "Group") on the Nasdaq Stockholm, Small Cap. The approval and registration do not mean that Finansinspektionen guarantees that the factual information in the Prospectus is accurate or complete.

This Prospectus may not be distributed, whether directly or indirectly, in or into the United States, Canada, Japan or Australia, or any other country where such distribution would require additional prospectus actions, registration actions or further actions other than those required by Swedish law, or which would conflict with the regulations in such country. No shares or other securities issued by Novestra have been or will be registered under the United States Securities Act of 1933 (the "Securities Act"), or under the securities laws of any state in the United States or under any provincial law in Canada. Therefore, no shares or other securities issued by Novestra may be transferred or offered for sale in the United States or Canada, other than in certain exceptional cases that do not require registration.

This Prospectus is subject to Swedish law. Disputes arising from the contents of the Prospectus or related legal matters shall be settled exclusively by Swedish courts.

## **FORWARD-LOOKING STATEMENTS AND MARKET INFORMATION**

This Prospectus contains forward-looking statements that reflect Novestra's current views of future events and financial and operational performance. These forward-looking statements apply only as of the date of the Prospectus, and Novestra does not undertake to publish updates of or revisions to any forward-looking statements as a result of new information, future events or the like, except as provided under applicable laws and regulations. By their very nature, forward-looking statements entail risks and uncertainties, because they relate to events and are dependent on circumstances that may or may not occur in the future. Although Novestra believes that the expectations reflected in such forward-looking statements are reasonable, there is no guarantee that these forward-looking statements will materialize or prove to be correct. Consequently, potential investors should not place undue reliance on these or other forward-looking statements. The "Risk Factors" section contains a description, albeit not a complete one, of factors that may cause actual results or actual performance to differ from the forward-looking statements.

The Prospectus contains information from outside sources. Such information has been accurately reproduced and, to the best of Novestra's knowledge and ability to ascertain through comparison with other information published by the sources in question, no information has been omitted in a manner that would render the reproduced information inaccurate or misleading. Although Novestra considers these sources reliable, no independent verification has been performed, for which reason the accuracy or completeness of the information cannot be guaranteed.

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## Select definitions

**Novestra, the Company or the Group** – Refers to AB Novestra (corporate identification number 556539-7709) and its subsidiaries unless otherwise evident from the context

**Strax** – Refers to Strax Group GmbH (corporate registration no. HRB 11221) and its subsidiaries unless otherwise evident from the context

**The Transaction** – The planned acquisition of Strax Group GmbH, including distribution of shares in WeSC AB (publ) and the adoption of new Articles of Association, as described on page 25[] of this Prospectus.

# Summary

## Introduction

*In accordance with the disclosure requirements, this summary is structured in the form of a number of "items" that must contain certain information. These items are numbered in Sections A – E (A.1 – E.7). This summary contains all the items required to be included in a summary for this type of security and issuer. Because certain items need not be included, there may be gaps in the numbering of the items. Even if a particular item is required to be included in the summary for this type of security and issuer, it may happen that there is no relevant information to disclose with regard to such item. In such a case, the summary will contain a brief description of the item in question together with the statement "not applicable".*

## Section A – Introduction and warnings

|            |   |   |
|------------|---|---|
| <b>A.1</b> | <i>Introduction and warnings</i>        | This summary should be regarded as an introduction to the Prospectus. Any decision to invest in the security should be based on an assessment of the Prospectus in its entirety by the investor. If a claim relating to the disclosures in a prospectus is brought before a court of law, the plaintiff investor may, pursuant to the member states' national legislation, be required to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or if it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| <b>A.2</b> | <i>Consent to use of the prospectus</i> | Not applicable. Financial intermediaries are not entitled to use the Prospectus for subsequent resale or final placement of securities.   |

## Section B – Issuer

|             |   |   |
|-------------|---|---|
| <b>B.1</b>  | <i>Legal and trade name</i>                   | AB Novestra (publ), corporate ID no. 556539-7709.   |
| <b>B.2</b>  | <i>Registered office and legal form, etc.</i> | Novestra's registered office is in Stockholm. The Company is a public limited-liability company formed in Sweden under Swedish law, and conducts its business in accordance with Swedish law. The Company's legal form is governed by the Swedish Companies Act (2005:551).   |
| <b>B.3</b>  | <i>Principal activities</i>                   | <p>Novestra is an independent investment company that invests in both listed and unlisted companies whose businesses harbor significant growth potential, or where there is significant potential for value growth for other reasons. Novestra strives to maximize the return on its investments by being active and participating in the business development process in each portfolio company. By limiting the number of investments, Novestra is able to be an active investor without building a large organization.</p> <p>The Company has been a shareholder of Strax since 1999. In recent years Strax been the largest asset in Novestra's portfolio. As at 31 December 2015, Strax comprises nearly 94 percent of the company's net assets. If the planned Transaction is approved at the Annual General Meeting on 26 April 2016, the Company will become the dedicated parent company of Strax.</p> <p>Strax is a global specialist in mobile accessories with a number of proprietary brands, such as Xqisit, Gear4, Urbanista, Agna and Avo, as well as third-party brands and licensed brands, and also has a comprehensive service offering. Strax's product range is aimed mainly at store retailers, mobile operators and e-commerce stores. Strax operates through subsidiaries in Germany, France, England, Sweden, Norway, Denmark, the Netherlands, Switzerland, Poland, the US, Hong Kong and China.</p> |
| <b>B.4a</b> | <i>Trends</i>                                 | The Swedish Private Equity & Venture Capital Association (SVCA), in collaboration with EVCA/PEREP_ Analytics, compiles quarterly statistics on the Swedish venture capital market. The statistics for 2014 as a whole indicate that private equity investments in Sweden increased by over 88 percent compared to 2013. With regard to venture capital investments, the positive trend seen in 2013 persists, both in terms of the number of companies and the amounts involved. The total amount invested in 2014 increased by 27 percent compared to 2013. In the buyout segment, full-year activity in 2014 is up by over 130 percent compared to 2013. Interest in investing in funds formed by Swedish players   |

|  |                                 | <p>in both the venture and buyout segments was very high in 2014; nearly 30 SEK bn in capital was raised in 2014. In light of the above, SVCA estimates that activity in both the venture and buyout segments may increase in the coming year, since many funds have pent-up investment demand.</p> <p>Novestra's investment in Strax is currently the Company's largest exposure, accounting for nearly 94 percent of the Company's net assets as at 31 December 2015. If the planned Transaction is approved at the Annual General Meeting on 26 April 2016, the Company will become the dedicated parent company of Strax. The Company's operations, operating profit, financial position and outlook are thus closely linked to the trends that affect Strax and its operations.</p> <p>Strax's primary market is the mobile accessories market, which is correlated with the markets for mobile phones, tablets and other mobile electronic products. The mobile accessories market consists of two segments: in-box products and aftermarket products, the latter of which is Strax's primary segment. Aftermarket products include everything from protective cases and screen protectors to chargers and speakers, which are either sold individually or bundled. The global market for aftermarket products amounted to 46.2 EUR bn in 2014, and is expected to grow by 5.9 percent per year through 2019, at which time it is anticipated to reach an estimated value of 61.6 EUR bn.<sup>1</sup></p> <p>Strax believes that there are a number of market-specific trends that are driving growth in the mobile accessories market. The most important trends include the rising prices of hardware, the continued expansion of the mobile Internet, new and updated hardware, and consumers' growing interest in customization.</p> |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
|--|---------------------------------|--|--|----|---------|-----------------------|-----------|-------|------------------------------|-----------|-------|----------------|-----------|-------|--------------------|-----------|------|---------------|-----------|------|--------------------|------------|-------|--------------|-------------------|---------------|
| <b>B.5</b>   | <i>Group structure</i>          | The Group comprises the parent company AB Novestra (publ) and the directly owned subsidiary Novestra Financial Services AB.  |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| <b>B.6</b>   | <i>Major shareholders, etc.</i> | <p>The Company's largest shareholders as at 31 December 2015 are indicated below.</p> <table border="1"> <thead> <tr> <th>Shareholders whose holdings exceed 5 percent of shares</th><th>No</th><th>Percent</th></tr> </thead> <tbody> <tr> <td>Anchor Secondary 4 KS</td><td>7,218,000</td><td>19.4%</td></tr> <tr> <td>Nove Capital Master Fund Ltd</td><td>5,583,085</td><td>15.0%</td></tr> <tr> <td>GoMobile Nu AB</td><td>5,068,794</td><td>13.6%</td></tr> <tr> <td>Anchor Invest 1 AS</td><td>3,400,000</td><td>9.1%</td></tr> <tr> <td>Jan Söderberg</td><td>2,571,000</td><td>6.9%</td></tr> <tr> <td>Other shareholders</td><td>13,347,094</td><td>35.9%</td></tr> <tr> <td><b>Total</b></td><td><b>37,187,973</b></td><td><b>100.0%</b></td></tr> </tbody> </table>  | Shareholders whose holdings exceed 5 percent of shares | No | Percent | Anchor Secondary 4 KS | 7,218,000 | 19.4% | Nove Capital Master Fund Ltd | 5,583,085 | 15.0% | GoMobile Nu AB | 5,068,794 | 13.6% | Anchor Invest 1 AS | 3,400,000 | 9.1% | Jan Söderberg | 2,571,000 | 6.9% | Other shareholders | 13,347,094 | 35.9% | <b>Total</b> | <b>37,187,973</b> | <b>100.0%</b> |
| Shareholders whose holdings exceed 5 percent of shares | No                              | Percent  |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| Anchor Secondary 4 KS                                  | 7,218,000                       | 19.4%  |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| Nove Capital Master Fund Ltd                           | 5,583,085                       | 15.0%  |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| GoMobile Nu AB   | 5,068,794                       | 13.6%  |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| Anchor Invest 1 AS                                     | 3,400,000                       | 9.1%   |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| Jan Söderberg  | 2,571,000                       | 6.9%   |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| Other shareholders                                     | 13,347,094                      | 35.9%  |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |
| <b>Total</b>   | <b>37,187,973</b>               | <b>100.0%</b>  |  |    |         |                       |           |       |                              |           |       |                |           |       |                    |           |      |               |           |      |                    |            |       |              |                   |               |

<sup>1</sup> ABI Research, Mobile Accessories Market Data 2014

|            |                                |   |                   |                   |
|------------|--------------------------------|---|-------------------|-------------------|
| <b>B.7</b> | Selected financial information | <p>The following tables show historical financial information in excerpt form for the Group for financial years 2014 and 2015. The information was obtained from the Company's audited annual accounts, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, and in accordance with the Swedish Annual Accounts Act.</p>               |                   |                   |
|            |                                | <p><b>Consolidated income statement</b></p>   |                   |                   |
|            |                                | <b>Group</b>  | <b>2015-01-01</b> | <b>2014-01-01</b> |
|            |                                | <b>Income statements, SEK thousands</b>   | <b>2015-12-31</b> | <b>2014-12-31</b> |
|            |                                | <b>INVESTING ACTIVITIES</b>   |                   |                   |
|            |                                | Changes in value  | 35,250            | 319               |
|            |                                | Dividends   | 2,949             | 2,402             |
|            |                                | Selling expenses (1)  | -856              | -                 |
|            |                                | <b>Gross profit investing activities</b>  | <b>37,343</b>     | <b>2,721</b>      |
|            |                                | <b>Other operations</b>   |                   |                   |
|            |                                | Net sales   | 75                | 100               |
|            |                                | <b>Gross profit other operations</b>  | <b>75</b>         | <b>100</b>        |
|            |                                | <b>Gross profit</b>   | <b>37,418</b>     | <b>2,821</b>      |
|            |                                | Administrative expenses   | -5,535            | -6,279            |
|            |                                | <b>Operating profit</b>   | <b>31,883</b>     | <b>-3,458</b>     |
|            |                                | Financial income  | 2,270             | 633               |
|            |                                | Financial expenses  | -334              | -285              |
|            |                                | Net financial items   | 1,936             | 348               |
|            |                                | <b>Profit before tax</b>  | <b>33,819</b>     | <b>-3,110</b>     |
|            |                                | Tax   | -14               | -19               |
|            |                                | <b>NET INCOME (2)</b>   | <b>33,805</b>     | <b>-3,129</b>     |
|            |                                | Earnings per share, SEK (3)   | 0.91              | -0.08             |
|            |                                | Average number of shares before and during dilution (3)   | 37,187,973        | 37,187,973        |
|            |                                | <b>Statement of comprehensive income, SEK</b>   |                   |                   |
|            |                                | Net income  | 33,805            | -3,129            |
|            |                                | Other comprehensive income  | -                 | -                 |
|            |                                | <b>COMPREHENSIVE INCOME FOR THE YEAR (2)</b>  | <b>33,805</b>     | <b>-3,129</b>     |
|            |                                | <p>(1) Selling expenses refer to the estimated cost of Novestra's variable incentive scheme as adopted by the Annual General Meeting.<br/> (2) Net income and comprehensive income for the year are attributable in their entirety to the parent company shareholders.<br/> (3) No dilution has taken place, meaning that the earnings measure prior to dilution is identical to that after dilution.</p> |                   |                   |
|            |                                | <p><b>The Group's financial position in brief</b></p>   |                   |                   |
|            |                                | <b>Group</b>  |                   |                   |
|            |                                | <b>Balance sheets, SEK thousands</b>  | <b>2015-12-31</b> | <b>2014-12-31</b> |
|            |                                | <b>ASSETS</b>   |                   |                   |
|            |                                | <b>Fixed assets</b>   |                   |                   |
|            |                                | Equipment   | 1,270             | 1,298             |
|            |                                | Shares and participations   | 141,447           | 70,446            |
|            |                                | <b>Total fixed assets</b>   | <b>142,717</b>    | <b>71,744</b>     |
|            |                                | <b>Current assets</b>   |                   |                   |
|            |                                | Prepaid expenses and accrued income   | 465               | 845               |
|            |                                | Shares and participations held for sale   | 8,514             | 135,200           |
|            |                                | Other receivables   | 91,489            | 10,302            |
|            |                                | Cash and cash equivalents   | 165               | 353               |
|            |                                | <b>Total current assets</b>   | <b>100,633</b>    | <b>146,700</b>    |

|   |                   |                   |
|---|-------------------|-------------------|
| <b>TOTAL ASSETS</b>   | <b>243,350</b>    | <b>218,444</b>    |
| <b>EQUITY AND LIABILITIES</b>   |                   |                   |
| <b>Equity</b>   | <b>239,892</b>    | <b>206,087</b>    |
| <b>Liabilities</b>  |                   |                   |
| <b>Current liabilities</b>  |                   |                   |
| Interest-bearing liabilities  | 394               | 10,768            |
| Accounts payable  | 409               | 92                |
| Tax liabilities   | -                 | 19                |
| Other liabilities   | 80                | 66                |
| Accrued expenses and deferred income  | 2,575             | 1,412             |
| <b>Total current liabilities</b>  | <b>3,458</b>      | <b>12,357</b>     |
| <b>Total liabilities</b>  | <b>3,458</b>      | <b>12,357</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>243,350</b>    | <b>218,444</b>    |
| <b>Consolidated cash flow</b>   |                   |                   |
| <b>Group</b>  | <b>2015-01-01</b> | <b>2014-01-01</b> |
| <b>Cash flow statements, SEK thousands</b>  | <b>2015-12-31</b> | <b>2014-12-31</b> |
| <b>OPERATING ACTIVITIES</b>   |                   |                   |
| Profit for the period before tax  | 33,819            | -3,110            |
| Adjustments for items not included in cash flow from operating activities or which do not affect cash flow:   |                   |                   |
| Adjustment for the impact on earnings of financial instruments recognized at fair value   | -35,209           | -228              |
| Adjustments for other non-cash items  | -                 | -                 |
| Tax paid  | -                 | -280              |
| <b>Cash flow from operating activities before changes in working capital</b>  | <b>-1,390</b>     | <b>-3,618</b>     |
| Cash flow from changes in working capital   |                   |                   |
| Increase (-)/decrease (+) in operating receivables  | 10,128            | 6,545             |
| Increase(+)/decrease (-) in operating liabilities   | 1,457             | -1,894            |
| <b>Cash flow from operating activities</b>  | <b>10,195</b>     | <b>1,033</b>      |
| <b>INVESTING ACTIVITIES</b>   |                   |                   |
| Investments in tangible fixed assets  | -8                | -                 |
| Investments in financial fixed assets   | -                 | -6,202            |
| Divestment of financial fixed assets  | -                 | 12                |
| Divestment of tangible fixed assets   | -                 | 9                 |
| <b>Cash flow from investing activities</b>  | <b>-8</b>         | <b>-6,181</b>     |
| <b>FINANCING ACTIVITIES</b> Change in interest-bearing liabilities  | -10,374           | 3,201             |
| <b>Cash flow from Financing Activities</b>  | <b>-10,374</b>    | <b>3,201</b>      |
| Cash flow for the period  | -188              | -1,948            |
| Cash and cash equivalents at start of year  | 353               | 2,301             |
| <b>Cash and cash equivalents at end of year</b>   | <b>165</b>        | <b>353</b>        |
| Cash and cash equivalents consist entirely of cash and bank balances. In addition to the reported cash and cash equivalents, Novestra holds listed Shares and participations having a value of 8,598 (12,936). In addition, the Group has undrawn credit facilities in a total amount of 8,606 (1,232). |                   |                   |
| <b>Select key ratios Novestra</b>   |                   |                   |
| <b>Group</b>  | <b>2015-01-01</b> | <b>2014-01-01</b> |
| <b>Key ratios</b>   | <b>2015-12-31</b> | <b>2014-12-31</b> |
| Equity ratio, %**   | 99%               | 94%               |
| Cash flow after investments, SEK thousands**  | 10,186            | -5,149            |
| Equity per share, SEK thousands**   | 6.45              | 5.54              |

|  |            |            |
|--|------------|------------|
| Distributed to shareholders, SEK thousands**           | -          | -          |
| Distributed to shareholders per share, SEK thousands** | -          | -          |
| Number of shares at end of period***                   | 37,187,973 | 37,187,973 |

\*\* Alternative key financial indicators not defined under IFRS

\*\*\* Non-financial indicators not defined under IFRS

All of the above indicators have been audited by Novestra's auditor.

Alternative financial indicators have been included in the Prospectus as the Company believes that these indicators serve to increase understanding of Novestra's earnings performance and financial position.

If the transaction is approved at the Annual General Meeting on 26 April 2016, Strax will become a subsidiary of the Company, meaning that Novestra will no longer be an investment company. Novestra therefore intends not to report the above key performance indicator going forward.

### **Key performance indicator definitions**

- **Equity ratio** – Equity as a percentage of the balance sheet total.
- **Cash flow after investments** – Profit/loss before tax after reversal of depreciations and other non-cash items, less tax paid, and adjusted for changes in working capital and net investments in fixed assets.
- **Equity per share** – Equity in relation to the number of shares at the end of the period.
- **Distributed to shareholders** – Distributed to shareholders at the end of the period.
- **Distributed to shareholders per share** – Distribution to shareholders in proportion to the number of shares at the end of the period.
- **Number of shares at end of period** – Number of shares at the end of the period, adjusted for the bonus issue and split.

### **Significant changes in the Group's financial position and operating profit Financial year ended 31 December 2015 compared to the financial year ended 31 December 2014**

Consolidated profit for the year amounted to 33 805, which is an increase in the amount of 36 934 over the previous year. The increase in consolidated earnings related primarily to an increase in gross profit from investing activities, which increased from 2 721 to 37 343, of which revaluations accounted for 35 350, dividends accounted for 2 949 and selling expenses accounted for -856. The revaluation was primarily attributable to the disposal of Novestra's entire position in the portfolio company Explorica, Inc., which was sold for SEK 90 935 thousand in December 2015, whereas its carrying value was SEK 57 800 thousand at the start of the year.

### **Significant changes in the Group's financial position and operating profit after 31 December 2015**

In January 2016, Novestra received sale proceeds in a total amount of SEK 90,935 thousand, in cash, from the sale of the portfolio company Explorica, Inc. As per 31 December 2015, the sales proceeds are recognized as a current receivable on the balance sheet. On 15 January 2016, the Board summoned an Extraordinary General Assembly to be held 9 February 2016 concerning a decision on the proposed distribution. It was resolved at this General Assembly, in accordance with the Board's proposal, to make a distribution in a total amount of SEK 91,100 thousand, corresponding to SEK 2.45 per share. The distribution was made in the form of a mandatory redemption procedure whereby each share in Novestra was split into two shares, of which one is referred to as the redemption share, which is redeemed for SEK 2.45 in cash. The redemption was paid on 9 March 2016.

Novestra has entered into an agreement to acquire the remaining 73 percent of Strax and has put forward a proposal to finance the acquisition through newly issued shares in a non-cash issue. The Company's largest single investment has for a long time been its holding in Strax, which has comprised approximately 94 percent of Novestra's total investments for some time. The company's holding of 7,516 shares in Strax corresponds to approximately 27 percent of the total number of shares outstanding in Strax. The purchase price consideration consisted of 80,574,293 new shares in Novestra, with a total value of approximately 583,547,231 SEK, based on the volume-weighted average over the five trading days preceding the contract date. The acquisition is conditional, among other things, on the Annual General Meeting of 26 April 2016 resolving in keeping with the Board's proposal. Furthermore, the Board has put forward a proposal to the Annual General Meeting to the effect that Novestra's holding in WeSC be distributed to the Company's existing shareholders in the form of a distribution in kind. It is proposed that the resolutions regarding the non-cash issue and the distribution in kind be adopted. If the Annual General Meeting resolves in keeping with the Board's proposal, this means that the Company's existing shareholders will own approximately 31.58 percent after the



acquisition, whereas the new shareholders will own approximately 68.42 percent of the total number of shares outstanding in Novestra.

*The following tables show historical financial information in excerpt form for Strax for the financial years 2014 and 2015. The information was obtained from Strax's audited 2015 financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU. Strax's reporting currency is EUR, for which reason Strax's accounts are presented in both the EUR and SEK currencies, in order to provide as clear a view as possible. Accounts restated to SEK have not been audited by Strax's auditor.*

| Strax                     | 2015-01-01     | 2014-01-01     | 2015-01-01    | 2014-01-01    |
|---------------------------|----------------|----------------|---------------|---------------|
|                           | 2015-12-31     | 2014-12-31     | 2015-12-31    | 2014-12-31    |
| Income statements         | SEK thousands  | SEK thousands  | EUR thousands | EUR thousands |
| <b>SALES AND SERVICES</b> |                |                |               |               |
| Net sales                 | 747,644        | 632,251        | 79,947        | 69,508        |
| Cost of goods sold        | -564,256       | -478,743       | -60,337       | -52,632       |
| <b>Gross profit</b>       | <b>183,388</b> | <b>153,508</b> | <b>19,610</b> | <b>16,876</b> |
| Selling expenses          | -112,946       | -86,007        | -12,078       | -9,455        |
| Administrative expenses   | -41,021        | -29,622        | -4,387        | -3,257        |
| Other operating expenses  | -27,881        | -28,066        | -2,981        | -3,086        |
| Other operating income    | 31,072         | 27,245         | 3,323         | 2,995         |
| <b>Operating profit</b>   | <b>32,613</b>  | <b>37,058</b>  | <b>3,487</b>  | <b>4,074</b>  |
| Financial income          | 241            | 176            | 26            | 19            |
| Financial expenses        | -10,587        | -12,994        | -1,132        | -1,429        |
| Net financial items       | -10,346        | -12,818        | -1,106        | -1,409        |
| <b>Profit before tax</b>  | <b>22,267</b>  | <b>24,239</b>  | <b>2,381</b>  | <b>2,665</b>  |
| Tax                       | -10,813        | -9,589         | -1,156        | -1,054        |
| <b>Net income</b>         | <b>11,454</b>  | <b>14,651</b>  | <b>1,225</b>  | <b>1,611</b>  |

The income statement has been restated from EUR to SEK at the average full-year exchange rates for 2014 (9.096 SEK/1 EUR) and 2015 (9.352 SEK/1 EUR)

### Strax's financial position in brief

| Strax                          | 2015-12-31     | 2014-12-31     | 2015-12-31    | 2014-12-31    |
|--------------------------------|----------------|----------------|---------------|---------------|
| Balance sheets                 | SEK thousands  | SEK thousands  | EUR thousands | EUR thousands |
| <b>ASSETS</b>                  |                |                |               |               |
| <b>Fixed assets</b>            |                |                |               |               |
| Goodwill                       | 132,681        | 82,400         | 14,438        | 8,772         |
| Other intangible assets        | 2,493          | 3,099          | 271           | 330           |
| Tangible fixed assets          | 7,200          | 4,003          | 783           | 426           |
| Shares in associated companies | 71             | 7,456          | 8             | 794           |
| Other assets                   | 57,388         | 2,607          | 6,245         | 278           |
| Deferred tax assets            | 5,382          | 3,791          | 586           | 404           |
| <b>Total fixed assets</b>      | <b>205,215</b> | <b>103,355</b> | <b>22,331</b> | <b>11,003</b> |

|  |   |                |                |               |               |
|--|---|----------------|----------------|---------------|---------------|
|  | <b>Current assets</b>   |                |                |               |               |
|  | Inventories   | 82,108         | 76,061         | 8,935         | 8,098         |
|  | Tax receivables   | 22             | 35             | 2             | 4             |
|  | Accounts receivable   | 130,250        | 106,369        | 14,174        | 11,324        |
|  | Receivables from associated companies   | 14,368         | -              | 1,563         | -             |
|  | Other assets  | 99,669         | 41,177         | 10,846        | 4,384         |
|  | Cash and cash equivalents   | 45,727         | 86,237         | 4,976         | 9,181         |
|  | <b>Total current assets</b>   | <b>372,144</b> | <b>309,879</b> | <b>40,497</b> | <b>32,990</b> |
|  | <b>TOTAL ASSETS</b>   | <b>577,358</b> | <b>413,234</b> | <b>62,828</b> | <b>43,994</b> |
|  | <b>EQUITY AND LIABILITIES</b>   |                |                |               |               |
|  | <b>Equity</b>   | <b>98,449</b>  | <b>87,267</b>  | <b>10,713</b> | <b>9,291</b>  |
|  | <b>Liabilities</b>  |                |                |               |               |
|  | <b>Long-term liabilities</b>  |                |                |               |               |
|  | Tax liabilities   | 7,829          | 13,350         | 852           | 1,421         |
|  | Other liabilities   | 85,841         | 24,039         | 9,341         | 2,559         |
|  | Deferred tax liabilities  | 6,064          | 3,634          | 660           | 387           |
|  | <b>Total long-term liabilities</b>  | <b>99,735</b>  | <b>41,023</b>  | <b>10,853</b> | <b>4,367</b>  |
|  | <b>Current liabilities</b>  |                |                |               |               |
|  | Provisions  | 5,869          | 3,110          | 639           | 331           |
|  | Interest-bearing liabilities  | 124,272        | 70,819         | 13,523        | 7,540         |
|  | Accounts payable and other liabilities  | 90,283         | 98,272         | 9,825         | 10,462        |
|  | Liabilities to associated companies   | -              | 6,549          | -             | 697           |
|  | Tax liabilities   | 9,867          | 4,166          | 1,074         | 444           |
|  | Other liabilities   | 148,883        | 102,029        | 16,201        | 10,862        |
|  | <b>Total current liabilities</b>  | <b>379,174</b> | <b>284,945</b> | <b>41,262</b> | <b>30,336</b> |
|  | <b>Total liabilities</b>  | <b>478,909</b> | <b>325,967</b> | <b>52,115</b> | <b>34,703</b> |
|  | <b>TOTAL EQUITY</b>   |                |                |               |               |
|  | <b>AND LIABILITIES</b>  | <b>577,358</b> | <b>413,234</b> | <b>62,828</b> | <b>43,994</b> |
|  | The balance sheet has been restated from EUR to SEK at the exchange rate as of the balance sheet dates of 31 December 2014 (9.393 SEK/1 EUR) and 31 December 2015 (9.190 SEK/1 EUR) |                |                |               |               |

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Strax's cash flow</b>                             |                   |                   |                   |                   |
| <b>Strax</b>   | <b>2015-01-01</b> | <b>2014-01-01</b> | <b>2015-01-01</b> | <b>2014-01-01</b> |
|  | <b>2015-12-31</b> | <b>2014-12-31</b> | <b>2015-12-31</b> | <b>2014-12-31</b> |
|  | <b>SEK thou-</b>  | <b>SEK thou-</b>  | <b>EUR thou-</b>  | <b>EUR thou-</b>  |
| <b>Cash flow statements</b>                          | <b>sands</b>      | <b>sands</b>      | <b>sands</b>      | <b>sands</b>      |
| <b>OPERATING ACTIVITIES</b>                          |                   |                   |                   |                   |
| Net income   | 11,454            | 14,651            | 1,225             | 1,611             |
| Amortization of intangible and tangible fixed assets | 4,825             | 3,229             | 516               | 355               |
| Accruals and provisions                              | 2,877             | -1,185            | 308               | -130              |
| Other non-cash items                                 | 5,712             | 3,204             | 611               | 352               |
| Income tax paid                                      | -3,262            | -4,221            | -349              | -464              |
| Increase (-)/decrease (+) in operating receivables   | -154,685          | 80,889            | -16,541           | 8,893             |
| Increase(+)/decrease (-) in operating liabilities    | 93,284            | -51,037           | 9,975             | -5,611            |
| <b>Cash flow from operating activities</b>           | <b>-39,795</b>    | <b>45,529</b>     | <b>-4,255</b>     | <b>5,005</b>      |
| <b>INVESTING ACTIVITIES</b>                          |                   |                   |                   |                   |
| Divestment of financial and tangible fixed assets    | 935               |                   | 100               |                   |

|  |                |                |               |               |
|--|----------------|----------------|---------------|---------------|
| Investments in intangible fixed assets                 | -4,487         | 564            | -480          | 62            |
| Investments in tangible fixed assets                   | -5,518         | -2,565         | -590          | -282          |
| Acquisitions of subsidiaries                           | -22,484        | -1,846         | -2,404        | -203          |
| <b>Cash flow from investing activities</b>             | <b>-31,554</b> | <b>-3,848</b>  | <b>-3,374</b> | <b>-423</b>   |
| <b>FINANCING ACTIVITIES</b>                            |                |                |               |               |
| Interest-bearing borrowings                            | 134,027        | -              | 14,332        | -             |
| Amortization of interest-bearing liabilities           | -92,014        | -11,370        | -9,839        | -1,250        |
| <b>Cash flow from financing activities</b>             | <b>42,013</b>  | <b>-11,370</b> | <b>4,493</b>  | <b>-1,250</b> |
| Cash flow for the period                               | -29,336        | 30,312         | -3,137        | 3,332         |
| Exchange rate differences in cash and cash equivalents | -707           | 2,495          | 71            | -25           |
| Cash and cash equivalents at start of year             | 86,237         | 53,430         | 9,181         | 5,874         |
| <b>Cash and cash equivalents at end of year</b>        | <b>56,194</b>  | <b>86,237</b>  | <b>6,115</b>  | <b>9,181</b>  |

The cash flow statement has been restated from EUR to SEK at the average full-year exchange rates for 2014 (9.096 SEK/1 EUR) and 2015 (9.352 SEK/1 EUR)

Cash and cash equivalents at year-end 2015 amounted to 56,194, of which 10,467 comprised restricted cash and cash equivalents that are recognized as other assets on the balance sheet. At year-end 2014, Strax had no restricted cash and cash equivalents.

The exchange rate differences in cash and cash equivalents attributable to the difference between the average exchange rate and the exchange rate as of the balance sheet date (SEK/EUR) for each of the two years amounts to SEK 2,722 thousand for 2014 and SEK -1,371 thousand for 2015

#### Select key ratios Strax

| Strax                      | 2015-01-01         | 2014-01-01         | 2015-01-01         | 2014-01-01         |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
|                            | 2015-12-31         | 2014-12-31         | 2015-12-31         | 2014-12-31         |
| Key ratios                 | SEK thou-<br>sands | SEK thou-<br>sands | EUR thou-<br>sands | EUR thou-<br>sands |
| Net sales growth (%)**     | 18%                | n.a.               | 15%                | n.a.               |
| Gross margin (%)**         | 25%                | 24%                | 25%                | 24%                |
| Operating margin (%)**     | 4%                 | 6%                 | 4%                 | 6%                 |
| Profit margin (%)**        | 2%                 | 2%                 | 2%                 | 2%                 |
| Equity, SEK thousands*     | 98,449             | 87,267             | 10,713             | 9,291              |
| Equity ratio, %**          | 17%                | 21%                | 17%                | 21%                |
| Cash and cash equivalents* | 45,727             | 86,237             | 4,976              | 9,181              |

\* Key financial indicators defined under IFRS

\*\* Alternative key financial indicators not defined under IFRS

None of the above indicators have been audited by Strax's auditor.

Alternative financial indicators have been included in the Prospectus. The Company believes that these indicators serve to increase understanding of Strax's earnings performance and financial position, and the Company intends to report the above indicators going forward.

#### Key performance indicator definitions

- **Net sales growth** – Increase in net sales as a percentage of the previous year's net sales.
- **Gross margin** – Gross profit as a percentage of net sales.
- **Operating margin** – Operating profit as a percentage of net sales.
- **Profit margin** – Profit for the period as a percentage of net sales.
- **Equity** – Equity at the end of the period.
- **Equity ratio** – Equity as a percentage of the balance sheet total.
- **Cash and cash equivalents** – Cash and cash equivalents at the end of the period.

#### Significant changes in Strax's financial position and operating profit

##### Financial year ended 31 December 2015 compared to the financial year ended 31 December 2014

Strax's net sales amounted to 747,644, an increase of 18.3 percent over the previous year. The increase in net sales is primarily attributable to increased product sales on the British market and growth markets outside of Europe, but is also attributable, to a certain extent, to an increase in the sale of services. Strax's gross profit increased from 153,508 to 183,388, which corresponds to an increase of 19.5 percent and a change in gross margin from 24.3 percent to 24.5 percent. The operating costs increased by 26.6 percent, from 143,696 to 181,848. As a result of the increased operating costs, Strax's operating profit decreased by 12.0 percent from 37,058 to 32,613. Profit before tax decreased

|            |   |   |
|------------|---|---|
|            |   | <p>by 8.1 percent from 24,239 to 22,267, while net income decreased by 21.8 percent from 14,651 to 11,454.</p> <p><b><u>Significant changes in Strax's financial position and operating profit after 31 December 2015</u></b></p> <p>No significant changes have occurred as regards the company's financial position or operating profit after 31 December 2015.</p>   |
| <b>B.8</b> | <i>The pro forma financial statements</i> | <p><b><u>Background</u></b></p> <p>Novestra owns 7,516 shares in Strax, corresponding to 27 percent of total outstanding shares. The Board of Directors of the Company has proposed to the General Assembly, which is scheduled to be held on 26 April 2016, that Novestra acquire the remaining 73 percent of shares outstanding in Strax in exchange for a payment of 80,574,293 shares in the Company, through a non-cash issue. Furthermore, as part of this transaction, the Board has proposed to the General Assembly that the shares in WeSC held by Novestra be distributed to the Company's shareholders.</p> <p>At the end of 2015, Novestra divested a large position in Explorica, which was followed by a decision to distribute a total of 91,110,534 SEK to Novestra's shareholders in cash. Overall, the aforementioned transactions have a direct effect on Novestra's future earnings, financial position and cash flow.</p> <p><b><u>Aim of the pro forma financial statements</u></b></p> <p>The pro forma financial statements below have been drawn up as a general hypothetical illustration regarding:</p> <ul style="list-style-type: none"> <li>▪ What effect Novestra's completed sale of shares in Explorica, its completed payment of capital to Novestra shareholders via a redemption procedure, its participation in a new share issue and proposed distribution of shares in WeSC to Novestra shareholders, as well as the proposed acquisition of shares in Strax via a non-cash issue, could have had on Novestra's earnings if these events had taken place on 1 January 2015</li> <li>▪ What effect Novestra's payment of capital to Novestra shareholders via a redemption procedure, its participation in a new share issue and proposed distribution of shares in WeSC to Novestra shareholders, as well as the proposed acquisition of shares in Strax via a non-cash issue, could have had on Novestra's balance sheet of 31 December 2015 if these events had taken place on that date</li> </ul> <p>The pro forma financial statements below are only intended to describe a hypothetical situation and have been prepared for illustrative purposes only, to provide information, and are not intended to present the financial position or the net income that the business would actually have achieved if the aforementioned events had occurred on the dates mentioned above, nor do they illustrate the business's financial position or earnings at a future date or during any future period. Investors should not attach undue importance to the pro forma financial statements in their investment decisions.</p> <p><b><u>Basis of the pro forma financial statements</u></b></p> <p>The pro forma financial statements are based on financial information included in Novestra's audited annual report for the 2015 financial year, as well as Strax's audited financial statements for the 2015 financial year.</p> <p>The accounting principles applied both by Novestra and by Strax are the International Financial Reporting Standards ("IFRS") as adopted by the EU. The pro forma financial statements have been prepared in accordance with Novestra's accounting policies as described in the section "Historical financial information".</p> <p>The pro forma financial statements have been prepared in the form of a reverse acquisition in which Strax is deemed to be the acquirer for accounting purposes.</p> <p>Strax's income statement has been restated from EUR to SEK at an annual average currency exchange rate for 2015, and Strax's balance sheet has been restated from EUR to SEK at the exchange rate as at 31 December 2015.</p> <p>No pro forma adjustments for synergies or integration costs have been made in the pro forma income statement.</p> <p><b><u>Pro forma adjustments</u></b></p> |

**Sale of shares, redemption and distribution of shares**

Pro forma adjustments were made to the balance sheet with regard to Novestra's completed payment of capital to the shareholders through a redemption procedure, its participation in the new share issue in WeSC, and the proposed distribution of shares in WeSC to the shareholders.

Pro forma adjustment for the redemption procedure caused a decline in other current receivables and equity on the pro forma balance sheet. The cash and cash equivalents received upon payment of other current receivables attributable to the divestment of Explorica have been paid out in connection with the settlement of redemption shares. Pro forma adjustment for participation in the new share issue in WeSC caused an increase in short-term interest-bearing liabilities, and the proposed distribution of shares in WeSC has reduced both Shares and participations held for sale and equity on the pro forma balance sheet.

The pro forma income statement has been adjusted for earnings attributable to the Explorica shares sold, the completed payment of capital through the redemption procedure, the participation in the new share issue as well as the proposed distribution of shares in WeSC.

**The acquisition of Strax**

The consideration for Novestra's proposed formal acquisition of shares in Strax consists of newly issued shares in Novestra. This share issue inflates the item "shares in subsidiaries and equity" on Novestra's balance sheet. In accordance with the IFRS rules for reverse acquisitions accounting, Novestra's shares in Strax are eliminated through set-off against equity in Strax's hypothetical repurchase of the Strax shares. The net effect of these transactions is zero.

**Hypothetical share issue relating to the reverse acquisition, fair value adjustments and hypothetical repurchase of own shares**

In accordance with the 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. Because the shares in Novestra are listed on a regulated market and the Strax shares are unlisted, the valuation of Novestra was used the basis for valuing the hypothetical share issue as regards the reverse acquisition in the pro forma financial statements. The value of the hypothetical share issue has been reduced by an estimated allocated market value as regards Strax's hypothetical repurchase of Novestra's existing holdings of Strax shares.

IFRS requires a distribution of fair value (usually referred to as purchase price allocation) as regards Novestra's identifiable assets and liabilities. A preliminary purchase price allocation has been drawn up in which it was assumed that the fair value of Novestra's identifiable assets and liabilities equals the book equity in the Novestra Group as at 31 December 2015, less the book value of redemptions, less the book value of the shares to be distributed, and less the book value of Novestra's shares in Strax. The difference between the transferred consideration and the assumed 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.

**Transaction costs**

Transaction costs include both acquisition-related costs and issue expenses. The costs incurred by the acquirer for accounting purposes (Strax) as a result of the acquisition are recognized as an expense in the income statement. Novestra's costs attributable to the non-cash issue are recognized directly in equity, thereby affecting goodwill.

**Adjustments due to differences in the application of IFRS**

The accounting principles applied both by Novestra and by Strax are the International Financial Reporting Standards (IFRS) as adopted by the EU. In order to achieve uniform application of these accounting principles, certain balance sheet item reclassifications have been undertaken.

**Pro forma income statement**

| Pro forma income statement, SEK thousands | Novestra<br>2015 <sup>1)</sup> | Strax<br>2015 <sup>2)</sup> | Pro forma<br>adjust-<br>ments | Notes | Pro forma |
|---|--------------------------------|-----------------------------|-------------------------------|-------|-----------|
| <b>Investing activities</b>               |                                |                             |                               |       |           |
| Changes in value                          | 35,250                         | -                           | -35,250                       | 3)    | -         |

|  |               |                |                |    |                |
|--|---------------|----------------|----------------|----|----------------|
| Dividends                                | 2,949         | -              | -2,949         | 4) | -              |
| Selling expenses                         | -856          | -              | 856            | 5) | -              |
| <b>Gross profit investing activities</b> | <b>37,343</b> | <b>-</b>       | <b>-37,343</b> |    | <b>-</b>       |
| Net sales                                | 75            | 747,644        | -              |    | 747,719        |
| Cost of goods sold                       | -             | -564,256       | -              |    | -564,256       |
| <b>Gross profit</b>                      | <b>37,418</b> | <b>183,388</b> | <b>-37,343</b> |    | <b>183,463</b> |
| Selling expenses                         | -             | -112,946       | -              |    | -112,946       |
| Administrative expenses                  | -5,535        | -41,021        | -              |    | -46,556        |
| Other operating expenses                 | -             | -27,881        | -500           | 6) | -28,381        |
| Other operating income                   | -             | 31,072         | -              |    | 31,072         |
| <b>Operating profit</b>                  | <b>31,883</b> | <b>32,613</b>  | <b>-37,843</b> |    | <b>26,653</b>  |
| Financial income                         | 2,270         | 241            | -              |    | 2,511          |
| Financial expenses                       | -334          | -10,587        | -345           | 7) | -11,266        |
| Net financial items                      | 1,936         | -10,346        | -345           |    | -8,755         |
| <b>Profit before tax</b>                 | <b>33,819</b> | <b>22,267</b>  | <b>-38,188</b> |    | <b>17,898</b>  |
| Tax                                      | -14           | -10,813        | 175            | 8) | -10,652        |
| <b>Net income</b>                        | <b>33,805</b> | <b>11,454</b>  | <b>-38,013</b> |    | <b>7,246</b>   |

1) Based on the financial information included in Novestra's audited annual report for the 2015 financial year.

2) Based on audited historical financial information for the 2015 financial year. The income statement has been restated from EUR to SEK at the average full-year exchange rate for 2015 (9.352 SEK/1 EUR)

## Pro forma balance sheet in brief

| Pro forma balance sheet 31 December 2015, SEK thousands | Novestra <sup>1)</sup> | Strax <sup>2)</sup> | Pro forma adjustments <sup>3)</sup> | Notes | Pro forma      |
|---|------------------------|---------------------|-------------------------------------|-------|----------------|
| <b>ASSETS</b>   |                        |                     |                                     |       |                |
| <b>Fixed assets</b>                                     |                        |                     |                                     |       |                |
| Goodwill  | -                      | 132,681             | 61,432                              | 4)    | 194,112        |
| Other intangible assets                                 | -                      | 2,493               | -                                   |       | 2,493          |
| Equipment   | 1,270                  | -                   | -1,270                              | 5)    | 0              |
| Tangible fixed assets                                   | -                      | 7,200               | 1,270                               | 6)    | 8,470          |
| Shares in associated companies                          | -                      | 71                  | 63                                  | 7)    | 134            |
| Shares and participations                               | 141,447                | -                   | -141,363                            | 8)    | 84             |
| Other assets  | -                      | 57,388              | -                                   |       | 57,388         |
| Deferred tax assets                                     | -                      | 5,382               | -                                   |       | 5,382          |
| <b>Total fixed assets</b>                               | <b>142,717</b>         | <b>205,215</b>      | <b>-79,868</b>                      |       | <b>268,063</b> |
| <b>Current assets</b>                                   |                        |                     |                                     |       |                |
| Inventories   | -                      | 82,108              | -                                   |       | 82,108         |
| Tax receivables   | -                      | 22                  | 175                                 | 9)    | 197            |
| Accounts receivable                                     | -                      | 130,250             | -                                   |       | 130,250        |
| Receivables from associated companies                   | -                      | 14,368              | -                                   |       | 14,368         |
| Prepaid expenses and accrued income                     | 465                    | -                   | -465                                | 10)   | 0              |
| Other assets  | -                      | 99,669              | 843                                 | 11)   | 100,512        |
| Shares and participations held for sale                 | 8,514                  | -                   | -8,514                              | 12)   | 0              |
| Other receivables                                       | 91,489                 | -                   | -91,489                             | 13)   | 0              |
| Cash and cash equivalents                               | 165                    | 45,727              | -                                   |       | 45,892         |
| <b>Total current assets</b>                             | <b>100,633</b>         | <b>372,144</b>      | <b>-99,450</b>                      |       | <b>373,327</b> |
| <b>TOTAL ASSETS</b>                                     | <b>243,350</b>         | <b>577,358</b>      | <b>-179,318</b>                     |       | <b>641,390</b> |
| <b>Total equity</b>                                     | <b>239,892</b>         | <b>98,449</b>       | <b>-186,721</b>                     | 14)   | <b>151,620</b> |
| <b>Long-term liabilities</b>                            |                        |                     |                                     |       |                |
| Tax liabilities   | -                      | 7,829               | -                                   |       | 7,829          |

|   |                |                |                 |                |
|---|----------------|----------------|-----------------|----------------|
| Other liabilities   | -              | 85,841         | -               | 85,841         |
| Deferred tax liabilities  | -              | 6,064          | -               | 6,064          |
| <b>Total long-term liabilities</b>  | -              | <b>99,735</b>  | -               | <b>99,735</b>  |
| <b>Current liabilities</b>  |                |                |                 |                |
| Provisions  | -              | 5,869          | -               | 5,869          |
| Interest-bearing liabilities  | 394            | 124,272        | 7,403           | 132,069        |
| Accounts payable  | 409            | -              | -409            | 0              |
| Accounts payable and other liabilities  | -              | 90,283         | 409             | 90,692         |
| Tax liabilities   | -              | 9,867          | -               | 9,867          |
| Other liabilities   | 80             | 148,883        | 2,575           | 151,538        |
| Accrued expenses and deferred income  | 2,575          | -              | -2,575          | 0              |
| <b>Total current liabilities</b>  | <b>3,458</b>   | <b>379,174</b> | <b>7,403</b>    | <b>390,035</b> |
| <b>Total liabilities</b>  | <b>3,458</b>   | <b>478,909</b> | <b>7,403</b>    | <b>489,770</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>243,350</b> | <b>577,358</b> | <b>-179,318</b> | <b>641,390</b> |
| 1) Based on the financial information included in Novestra's audited annual report for the 2015 financial year.   |                |                |                 |                |
| 2) Based on audited historical financial information for the 2015 financial year. The balance sheet has been restated from EUR to SEK at the exchange rate as of the balance sheet date of 31 December 2015 (9.190 SEK/1 EUR) |                |                |                 |                |
| 3) Specification of pro forma adjustments   |                |                |                 |                |

|             |                                     |   |
|-------------|-------------------------------------|---|
| <b>B.9</b>  | <i>Earnings forecast</i>            | Not applicable. The company does not publish an earnings forecast.  |
| <b>B.10</b> | <i>Audit finding</i>                | Not applicable. There are no findings in the audit report.  |
| <b>B.11</b> | <i>Insufficient working capital</i> | Not applicable. Novestra believes that the current working capital is sufficient to meet the Company's needs over the next twelve months. |

## Section C – Securities

|            |   |  |
|------------|---|--|
| <b>C.1</b> | <i>Securities admitted to trading</i>       | Shares in AB Novestra, corporate ID no. 556539-7709 and having ISIN code: SE0008008254   |
| <b>C.2</b> | <i>Denomination</i>                         | The shares are denominated in SEK.   |
| <b>C.3</b> | <i>Number of shares in the issuer</i>       | As of the date of this Prospectus, Novestra has issued a total of 37,187,973 shares with a quota value of SEK 1.00. The company's share capital thus capital amounts to 37,187,973 SEK.<br><br>If the planned Transaction is carried out, 80,574,293 shares will be issued in the Company. The total number of shares that the Company has issued will then be 117,762,266. In connection with the share issue, the share capital of the Company will also be increased by 80,574,293 SEK to a total of 117,762,266 SEK. The newly issued shares will be of the same share class as the other shares in the Company. |
| <b>C.4</b> | <i>Rights attached to the securities</i>    | Each share entitles the holder to one vote and each holder so entitled may vote for the full number of shares owned and represented by that person without any restrictions on voting rights at the General Assembly. All shares in the Company confer equal rights to dividends and to the Company's assets and any surplus in the event of liquidation.  |
| <b>C.5</b> | <i>Restrictions on free transferability</i> | Not applicable. The shares in Novestra are not subject to any transfer restrictions.   |
| <b>C.6</b> | <i>Admission to trading</i>                 | The first day of trading in the shares on the Nasdaq Stockholm, Small Cap, is scheduled for around 12 May 2016   |
| <b>C.7</b> | <i>Dividend policy</i>                      | As from financial year 2012, the Company's policy is to distribute capital to the share-   |

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|                          |   | holders in connection with the disposal of holdings in an amount corresponding to the sales proceeds less any selling expenses, and after deducting the amount required to finance operations.  |
| <b>Section D – Risks</b> |   |   |
| <b>D.1</b>               | <i>Main risks related to the issuer or its industry</i> | <p><b><u>Macroeconomic conditions may affect Novestra's operations</u></b></p> <p>Novestra is dependent on the products produced or traded within the Group being successful and being in demand by consumers and industrial purchasers, which in turn depends on factors such as functionality, price, design and general market demand. There is a risk that previous consumption patterns will change in the future, and that even those sectors that have previously been or currently are subject to minor cyclical factors will exhibit more significant fluctuations in the future. Factors such as consumption, business investments, public sector investments, the volatility on and strength of capital markets, as well as inflation, impact the business and the economic climate. A deterioration in these conditions on all or some of the markets on which the Group operates may have material adverse effects on the Company's operations, financial position and earnings.</p> <p><b><u>AB Novestra's main assets consist of its direct and indirect shareholdings in current and future subsidiaries</u></b></p> <p>Once the planned Transaction is complete, AB Novestra will be the parent company of the Group, and its main assets therefore consist of direct or indirect shareholdings. Novestra's revenues therefore stem primarily from dividends from subsidiaries.</p> <p><b><u>Exposure to Strax</u></b></p> <p>Novestra's investment in Strax is currently the Company's largest exposure, accounting for nearly 94 percent of the Company's net assets as at 31 December 2015. Novestra's holding in Strax will continue to comprise a large part of the Company's assets, and if Novestra's Annual General Meeting approves the planned Transaction, Strax will become the Company's sole holding, as a result of which Novestra's operations will shift to being a holding company for the business operations in Strax. The Company's operations, operating profit, financial position and outlook are thus closely linked to the risks that affect Strax and its operations. These risks include, but are not limited to, the following:</p> <p><b><u>Competition</u></b></p> <p>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. 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's operations, operating profit, financial position and outlook.</p> <p><b><u>Higher barriers to entry</u></b></p> <p>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's operations, operating profit, financial position and outlook being adversely affected.</p> <p><b><u>Intellectual property rights</u></b></p> <p>A substantial part of Strax's operations and business strategy is linked to Strax's products and technology. Strax relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect Strax's 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.</p> <p><b><u>Supply chain and inventory management</u></b></p> <p>Inventory represents a significant proportion of Strax's assets and handling, storage and relocation of inventory is costly. An efficient supply chain and efficient inventory management are therefore important to Strax's operations. An inefficient supply chain and inefficient inventory management may have a materially adverse impact on Strax's operations, financial position and earnings.</p> <p><b><u>Regulatory requirements</u></b></p> <p>Certain parts of Strax's operations are conducted in areas that are subject to laws and regulations issued by a variety of authorities. Should new regulations be issued that</p> |



|     |                                      |   |
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|     |                                      | <p>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's operations, financial position and earnings.</p> <p><b><u>Key personnel, employees and consultants</u></b><br/> Novestra's future success is to some extent dependent on the Company's senior executives and other key personnel who contribute their expertise, experience and commitment. 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.</p>   |
| D.3 | Main risks related to the securities | <p><b><u>An active, liquid and efficient market for trading in Novestra shares may not develop, the price of the shares may become volatile, and potential investors may lose part or all of their investment</u></b><br/> Prior to the transaction, shares in Novestra are already traded on Nasdaq Stockholm, Small Cap. However, there is a risk that there will no longer be active and liquid trading in the shares after completion of the Transaction. In addition, in the past there have been extreme upturns and downturns in prices and volumes on the stock market, which in many cases did not bear any connection to, or were disproportionate in relation to, the listed companies' earnings. This means that an investor who buys shares in the Transaction or on the market may lose a portion or all of his investment.</p> <p><b><u>Existing shareholders' future sale of shares may cause the share price to fall</u></b><br/> The price of Novestra shares may fall in the event of a substantial sale of shares in the Company, in particular in the event of sales by the Company's Board members, senior executives, and major shareholders, or in the event that large share blocks are sold.</p> <p><b><u>Novestra's ability to pay dividends to its shareholders is dependent on the Company's future earnings, financial position, cash flows, working capital requirements, investment costs and other factors</u></b><br/> The amount of a future dividend paid to Novestra's shareholders, if granted, will depend on a number of factors, which may include future earnings, financial position, cash flows, working capital requirements, investment costs and other factors. Novestra may not have sufficient distributable funds, and Novestra's shareholders may not approve a dividend in the future.</p> <p><b><u>Future issuances of shares or other securities in the Company may dilute share ownership and may affect the share price</u></b><br/> Any future offerings could reduce the proportional share ownership and voting rights of owners of Novestra shares, as well as the earnings per share and earnings and net debt per share in the Company, and potential share offerings could have an adverse impact on the market price of the shares.</p> |

## Section E – Issuance and admission to trading

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|-----|--|---|
| E.1 | Issue amount and issue expenses              | The shares issued by AB Novestra in connection with the preparation of this Prospectus are paid for through contributions in kind, for which reason there are no proceeds from the issue. Novestra's expenses related to the admission to trading of the shares on the Nasdaq Stockholm are estimated at around SEK 4.7 million.  |
| E.2 | Reasons for the issuance and use of proceeds | By issuing 80,574,293 shares in Novestra, the Company intends for the Company to acquire all outstanding shares in Strax  |
| E.3 | Forms and conditions                         | Not applicable. No application is required in order for the shares to be admitted to trading on the Nasdaq Stockholm, Small Cap.  |
| E.4 | Conflicts of interest, etc.                  | HDR Partners AB is serving as the financial advisor to the Company in connection with the Transaction. Vinge KB is serving as the legal advisor to the Company in connection with the Transaction. HDR Partners AB and Vinge KB receive fixed remuneration agreed upon in advance for services rendered in connection with the Transaction. Except as described above, HDR Partners AB and Vinge KB have no financial or other interests in |

|            |   |   |
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|            |   | the Transaction. No conflicts of interest are deemed to obtain between the parties having a financial or other interest in the Transaction as set out above.  |
| <b>E.5</b> | <i>Lock-up agreement</i>                | Gudmundur Palmason and Ingvi T. Tomasson have entered into what is referred to as a lock-up agreement for a period of 12 months from the completion of the Transaction in respect of 15 percent of the shares that they will receive in the new share issue carried out in connection with the Transaction.   |
| <b>E.6</b> | <i>Dilution effect</i>                  | In connection with the Transaction, a maximum of 80,574,293 shares in the Company will be issued, which will correspond to approximately 68.42 percent of the total of 117,762,266 outstanding shares in the Company after the Transaction. The existing 37,187,973 shares in the Company will, once the planned Transaction is completed, correspond to approximately 31.58 percent of the total of 117,762,266 outstanding shares in the Company. |
| <b>E.7</b> | <i>Expenses charged to the investor</i> | Not applicable. Investors in the Company will not incur any direct costs in connection with the admission to trading of the shares on the Nasdaq Stockholm.   |

# Risk factors

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*An investment in shares is always associated with risks. A number of factors beyond Novestra's control, along with a number of factors whose effects the Company is able to influence through its actions, may have an adverse impact on the Company's operations, earnings and financial position, which may cause the value of the Company's shares to decline, and may result in a shareholder losing all or some of his invested capital. When making an assessment of Novestra's future performance, it is therefore important to take into account the risks in the Company's operations, in addition to opportunities for positive performance. It is naturally not possible to describe all the risk factors in this section, for which reason an overall assessment must also be based on the other information contained in this prospectus as well as a general business environment analysis. The risks and uncertainties deemed to be of significance to Novestra's future performance are described below. The risks are not ranked, and do not purport to be comprehensive. Additional risks and uncertainties of which Novestra is not currently aware may also become important factors affecting the Company's operations and future performance. The risk factors described in this section proceed on the assumption that the proposed Transaction will be carried out.*

## Business and industry-related risks

### ***Macroeconomic conditions may affect Novestra's operations***

Novestra is dependent on the products produced or traded within the Group being successful and being in demand by consumers and industrial purchasers, which in turn depends on factors such as functionality, price, design and general market demand. Demand, in turn, is significantly affected by macroeconomic factors that lie beyond Novestra's control. Conditions on the global capital markets and economic conditions in general affect the Company and its subsidiaries' operations. There is a risk that previous consumption patterns will change in the future, and that even those sectors that have previously been or currently are subject to minor cyclical factors will exhibit more significant fluctuations in the future. Consumer demand is affected, among other things, by disposable household income. Demand among industrial purchasers is affected, among other things, by the willingness of companies to make investments, and by access to financing. Factors such as consumption, business investments, public sector investments, the volatility on and strength of capital markets, as well as inflation, impact the business and the economic climate. A deterioration in these conditions on all or some of the markets on which the Group operates may have material adverse effects on the Company's operations, financial position and earnings.

### ***AB Novestra's main assets consist of its direct and indirect shareholdings in current and future subsidiaries***

Once the planned Transaction is complete, AB Novestra will be the parent company of the Group, and its main assets therefore consist of direct or indirect shareholdings. Novestra's revenues therefore stem primarily from dividends from subsidiaries. The ability of Novestra's subsidiaries to make these payments to the Company may be jeopardized by changes in their operations or by regulatory constraints. Even Group contributions, dividends or other capital flows may be restricted due to tax obligations that make financial transfers more difficult or costly to implement. Novestra's ability to grant dividends in accordance with its dividend policy is also dependent on the dividend the Company receives from its subsidiaries.

### ***Exposure to Strax***

Novestra's investment in Strax is currently the Company's largest exposure, accounting for nearly 94 percent of the Company's net assets as at 31 December 2015. Novestra's holding in Strax will continue to comprise a large part of the Company's assets, and if Novestra's Annual General Meeting approves the planned Transaction, Strax will become the Company's sole holding, as a result of which Novestra's operations will shift to being a holding company for the business operations in Strax. The Company's operations, operating profit, financial position and outlook are thus closely linked to the risks that affect Strax and its operations. These risks include, but are not limited to, the following:

### **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's 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's 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's operations, operating profit, financial position and outlook being adversely affected.

## **Manufacturers and suppliers**

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

## **Partnerships and licensing**

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

## **Intellectual property rights**

A substantial part of Strax's operations and business strategy is linked to Strax's products and technology. Strax relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect Strax's 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's 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's 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's 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's operations, earnings and financial position.

## **Supply chain and inventory management**

Inventory represents a significant proportion of Strax's assets and handling, storage and relocation of inventory is costly. An efficient supply chain and efficient inventory management are therefore important to Strax's 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's 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's 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's relationships with current or future customers deteriorate, the company's customer base, and therefore also Strax's operations, operating profit, financial position and outlook may be adversely affected.

## **Regulatory requirements**

Certain parts of Strax's 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's operations, financial position and earnings.

## **Key personnel, employees and consultants**

Novestra's future success is to some extent dependent on the Company's senior executives and other key personnel who contribute their expertise, experience and commitment. The Company has entered into employment agreements with key personnel on terms that the Company considers to be in line with market terms. There is a

risk that the Company will not succeed in retaining or recruiting qualified personnel in the future. If the Company is unable to retain senior executives and other key personnel, or to recruit new senior executives or other key personnel to replace officers who leave the Company, this may have a materially adverse effect on the Company's operations, financial position and earnings.

## **Competition**

Novestra's subsidiaries operate in sectors with significant competition from local, national and international players. In some cases, subsidiaries compete 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. Each subsidiary's future competitive environment is dependent, among other things, on its ability to meet current and future market needs. There is a risk that the Company 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 by the subsidiaries to meet demand for their products and services, could have a materially adverse effect on the respective subsidiary's operations, financial position and earnings, which in turn could have adverse implications for Novestra's operations, financial position and earnings.

## **Financing risk**

The majority of the Group's financing after the Transaction will be 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. Novestra's operations are financed with a high proportion of equity, and the company does not currently foresee the need for any additional financing, whether in the short term or long term.

## **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. Translation exposure arises as a result of Novestra having net investments in foreign currencies through its foreign subsidiaries. The Company may be subject to adverse effects when translating net income and net assets in such foreign subsidiaries to the Group currency, SEK.

Significant declines in the value of a foreign currency against the SEK may therefore have adverse effects on Novestra's 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.

## **Tax**

The Group conducts business in countries outside of Sweden. The operations, including transactions between subsidiaries where applicable, are conducted in accordance with the Company's and its advisors' interpretation of applicable tax laws, tax treaties and regulations in the relevant countries, and in accordance with the requirements imposed by the relevant tax authorities. However, there is a risk that the Company's and its advisors' interpretations of applicable laws, tax treaties and regulations, of the regulatory frameworks applicable to international transactions, or of the relevant authorities' interpretation of the same or their administrative practice, is not entirely correct, or that such rules, interpretations and practice will be altered, possibly with retroactive effect. In such cases, the Company could become subject to recovery orders and could possibly be compelled to undergo costly and time-consuming legal proceedings to contest the asserted claims, which could have an adverse impact on the Company's financial position and earnings.

If a company no longer meets the conditions defined in the Swedish Income Tax Act in order to qualify as an investment company, the company shall levy a balancing charge as compensation for the tax-free capital gains from which it previously benefited. The status as an investment company may be forfeited, among other things as a consequence of the company's portfolio no longer being sufficiently distributed. The Company has determined that such a change of asset type occurred in 2015, and will, for tax purposes, levy a balancing charge for that year on the order of SEK 13 million, which may be offset against previous years' unutilized loss carry-forwards.

Swedish tax law contains stopping rules for certain transactions with tax losses when the purpose of the 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 proposed transaction is not motivated by tax concerns in the slightest, for which reason the company believes that the existing tax losses should be retained. Because 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 therefore also a risk that the loss will be utilized, whether in whole or in part.

## **Securities-related risks**

### ***An active, liquid and efficient market for trading in Novestra shares may not develop, the price of the shares may become volatile, and potential investors may lose part or all of their investment***

Prior to the transaction, shares in Novestra are already traded on Nasdaq Stockholm, Small Cap. However, there is a risk that there will no longer be active and liquid trading in the shares after completion of the transaction. The price per share paid in the new share issue in connection with the transaction will not necessarily reflect the price at which investors on the market will be willing to buy and sell the shares after the transaction. Investors may therefore be unable to resell the shares at a price equal to or greater than the price per share in the transaction.

In addition, in the past there have been extreme upturns and downturns in prices and volumes on the stock market, which in many cases did not bear any connection to, or were disproportionate in relation to, the listed companies' earnings. General economic and industrial factors may have an impact on the price of a company's shares, including Novestra's, regardless of the company's actual earnings. These fluctuations may be even more pronounced in the trading activity surrounding the shares shortly after the transaction. This means that an investor who buys shares in the transaction or on the market may lose a portion or all of his investment.

### ***Existing shareholders' future sale of shares may cause the share price to fall***

The price of Novestra shares may fall in the event of a substantial sale of shares in the Company, in particular in the event of sales by the Company's Board members, senior executives, and major shareholders, or in the event that large share blocks are sold.

### ***Novestra's ability to pay dividends to its shareholders is dependent on the Company's future earnings, financial position, cash flows, working capital requirements, investment costs and other factors***

The amount of a future dividend paid to Novestra's shareholders, if granted, will depend on a number of factors, which may include future earnings, financial position, cash flows, working capital requirements, investment costs and other factors. Novestra may not have sufficient distributable funds, and Novestra's shareholders may not approve a dividend in the future.

### ***Exchange rate differences may have an adverse impact on the value of shareholdings or dividends paid***

Shares will only be listed in SEK and any dividends will be paid in SEK. This means that shareholders outside of Sweden may experience adverse impacts on the value of their holdings and dividends when these are converted into other currencies, if the Swedish krona declines in value against the currency in question.

### ***Shareholders in the United States or other countries outside Sweden may not be able to participate in any future cash issues***

If the Company issues new shares in a cash issue, the shareholders generally have preferential rights to subscribe for new shares as a proportion of the number of shares they held prior to the issue. The shareholders in certain other countries, however, may be subject to restrictions that prevent them from participating in preferential rights issues, or entailing that their participation is made more difficult or restricted in some other way. For instance, shareholders in the United States may be prevented from exercising their preferential rights if the shares and the subscription rights are not registered in accordance with the Securities Act, and if no exemptions from the registration requirements pursuant to the Securities Act apply. Shareholders in other jurisdictions outside of Sweden may be affected in similar ways if the subscription rights or the new shares are not registered or approved by the competent authorities in such jurisdictions. Novestra is under no obligation to apply for registration under the Securities Act, or to apply for similar approvals under the legislation of any other jurisdiction outside of Sweden in respect of such subscription rights and shares, and to do so in the future may be impractical and costly. To the extent that Novestra shareholders are unable to exercise their rights to subscribe for new shares in any preferential rights issues in jurisdictions outside of Sweden, their proportional ownership of Novestra would decrease accordingly.

***Future issuances of shares or other securities in the Company may dilute share ownership and may affect the share price***

The Company may in future decide to offer additional shares or other securities in the Company in order to finance new capital-intensive projects, in connection with unforeseen obligations or expenses, or for other purposes. Any future offerings could reduce the proportional share ownership and voting rights of owners of Novestra shares, as well as the earnings per share and earnings and net debt per share in the Company, and potential share offerings could have an adverse impact on the market price of the shares.

# Novestra's acquisition of Strax

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Novestra's largest single investment has for a long time been its holding in Strax, which has comprised approximately 94 percent of the company's total investments for some time. Novestra's holding of 7,516 shares in Strax corresponds to 27 percent of the total number of shares outstanding in Strax.

The Board of Directors of Novestra submitted a proposal to the Annual General Meeting on 26 April 2016 moving that Novestra acquire the remaining 73 percent of shares outstanding in Strax through a non-cash issue, meaning that other existing shareholders in Strax receive a total of 80,574,293 shares in Novestra. Furthermore, the Board has put forward a proposal to the Annual General Meeting to the effect that Novestra's holding in WeSC be distributed to Novestra's existing shareholders in the form of a distribution in kind. It is proposed that the resolutions concerning the non-cash issue and the distribution in kind be adopted; these resolutions form part of the Transaction whereby Strax becomes a wholly-owned subsidiary of Novestra. More information regarding the proposals is provided in the notice of the Annual General Meeting, which is available on Novestra's website, [www.novestra.se](http://www.novestra.se).

If the Annual General Meeting resolves in keeping with the Board's proposal, this means that Novestra's existing shareholders will hold approximately 31.58 percent of the shares in Novestra, and the new shareholders will hold approximately 68.42 percent of the total number of shares outstanding in Novestra after the Transaction.

The existing management team at Novestra will remain with the company after the Transaction. The current CEO Johan Heijbel will hold the position of CFO, and Ruth Lidin will stay on board as the company's controller. The current CEO of Strax, Gudmundur Pálmason, will take over as CEO of Novestra after the completion of the Transaction.

As indicated by the Nomination Committee's proposal to the Annual General Meeting, it is proposed that current Board members Bertil Villard and Anders Lönnqvist stay on as Board members, and that it is likewise proposed that Ingvi Tyr Tomasson, Gudmundur Palmason and Michel Bracké join the Board as members. It is also proposed that current Board member Bertil Villard be elected Chairman of the Board of Novestra.



# Background and rationale

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Since its founding in 1997, Novestra has been an active investor with a long-term investment horizon. Over the past five years, its focus has been on divestment of holdings; in most cases the investments in these holdings were made prior to or around the turn of the millennium. As an active investor, Novestra has been involved in developing a number of companies from startups into mature enterprises, in many cases with sales in excess of SEK 0.5 bn, and which had sustainable profitability models at the time of disposal.

It is a natural progression of this strategy for Novestra to consolidate its last major unlisted holding, Strax, by acquiring all outstanding shares. Novestra can continue developing and managing Strax, not only as a company, but also in terms of its value to Novestra's shareholders.

Practically speaking, this means that as Strax's holding company, Novestra's operations will be focused exclusively on Strax's operational business, for which reason Novestra will change its name to STRAX AB in connection with the acquisition of the outstanding shares.

In 2015 Strax had sales of approximately SEK 748 million, with an operating profit of approximately SEK 33 million. Strax has been a successful investment for Novestra, and the Board of Directors is convinced that this Transaction will contribute to continued successful performance on behalf of Novestra's shareholders.

*Please also refer to the account given in the Prospectus, which has been prepared by the Novestra's Board of Directors on the occasion of the application for admission to trading of the Company's shares on the Nasdaq Stockholm.*

*Novestra's Board of Directors is responsible for the content of this Prospectus. We hereby warrant that all reasonable precautions have been taken to ensure that, to the best of the Board's knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import. Information from third parties has been accurately reproduced and, to the best of the Board's knowledge, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Stockholm, 26 April 2016

**AB Novestra (publ)**

*The Board of Directors*

# Historical development

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*Novestra was founded in 1997 in Sweden as a business focused on making investments in unlisted companies. In 2000, the Company was awarded investment company status and listed on the Stockholm Stock Exchange's O-list. Since that time, Novestra has invested in both listed and unlisted companies, and continues to be listed on the Nasdaq Stockholm, Small Cap, under ticker symbol NOVE. The Company has been a shareholder of Strax since 1999. In recent years Strax been the largest asset in Novestra's portfolio. As at 31 December 2015, Strax comprises nearly 94 percent of the company's net assets. Provided that the proposed Transaction is approved at the Annual General Meeting on 26 April 2016, Strax will become Novestra's sole holding, as a result of which Novestra's operations will shift to being a holding company for the operational business in Strax.*

## Novestra's history

**1997** – Novestra was founded with limited capital resources.

**1997/98** – Novestra built up a small portfolio with a total of some ten unlisted companies. Some of the investments were divested during the first two years, with good returns. In many cases, the positive outcome of these investments was partly the result of Novestra's active involvement in both strategic issues and in the execution of transactions of importance to the companies. The return on these early investments created the conditions allowing Novestra to make additional investments over the next two years without requiring external financing.

**1999** – The market began assigning high valuations to small, unlisted companies, based on high expectations regarding growth and future profits. Against this backdrop, Novestra completed additional divestments, along with a number of major new investments, including its investment in Strax. Within a short period of time, high valuations were imputed to some of these new investments. Unofficial trading in Novestra shares began in November 1999.

**2000** – As a result of the significant interest in Novestra and its portfolio companies, primarily from foreign institutional investors, in February Novestra decided to conduct a directed equity issue, which raised a total of SEK 476 million for the company. In the spring, Novestra was granted investment company status. Novestra was listed on the Stockholm Stock Exchange O-list in June. No new share issue took place in connection with the listing, as the company did not believe that there was any need for further capital contributions, and considered that the share spread requirement had already been met. Novestra participated in a number of new share issues in companies scheduled for initial public offering in the following 12-month period. During the latter part of the year, a dramatic downturn in the IT and telecom sector began, with the result, inter alia, that two of Novestra's largest portfolio companies' planned IPOs were canceled.

**2001** – Poor stock market performance continued, and industrial sales were rendered impossible. This prompted Novestra to restrict its operational focus to a smaller number of investments. At the same time, Novestra's carrying values underwent significant write-downs. A number of Novestra's companies were sold, and in a few cases companies were wound up through liquidation or bankruptcy.

**2002** – The consolidation process, whereby Novestra increased its holdings in portfolio companies that were performing well while reducing its ownership stakes in other companies, continued. Novestra remained involved in the holdings through the development and growth phases. The process of streamlining Novestra's management began. Extensive changes were made to the Board of Directors and management team.

**2003** – The performance of the private equity portfolio companies was very strong during the year, and after the substantial impairment losses of the past three years, a decision was taken to reverse a few of these. In the autumn, Novestra completed a new share issue that raised SEK 48.5 million for the company, after which company implemented a new investment strategy calling for exposure to the public equity market as well. In addition, the company lowered its administrative expenses significantly. Moreover, there was a restructuring and simplification of the company's structure through the divestment of all subsidiaries.

**2004** – The performance of the private equity portfolio companies remained very strong during the year. The management of the public portfolio generated good returns. During the summer, Novestra completed a new share issue that raised SEK 81.7 million for the company, which was used to increase its investments in publicly traded portfolio companies, primarily in Nordic companies. A dividend of SEK 1.00 per share was paid out for the 2004 financial year.

**2005** – The performance of the private equity portfolio was very strong, and at the end of the year all four of the primary holdings had positive cash flows. In May 2005, Novestra invested approximately SEK 190 million in the Nove Capital Fund, thereby liquidating its direct investments in publicly traded companies. Decisions were made concerning the company's business focus going forward. The Annual General Meeting resolved that Novestra's objective, through the end of 2007, would be to dispose of a large part of the company's private equity portfolio and to distribute the proceeds from this divestment to Novestra's shareholders in step with the divestment process. A dividend of SEK 2.00 per share was paid out for the 2005 financial year.

**2006** – After two of the most important portfolio companies posted relatively poor performance in 2006, the Board and management decided not to force the sale of the private equity portfolio, given that the portfolio companies were thought to have good prospects. The board and management chose instead to examine the possibility of distributing the majority of the value of the company's holding in the Nove Capital Fund. The appreciation of Novestra's investment in the Nove Capital Fund since its inception in May 2005 amounted to SEK 101.3 million as at 31 December 2006, corresponding to a value appreciation of 53.5 percent. No dividend was paid for the 2006 financial year.

**2007** – Some of the operational problems seen in a few of the portfolio companies in 2006 carried over to the early part of 2007, which led to considerably more internal work than planned in the companies. The problems were gradually resolved over the course of the year, and several of the portfolio companies posted a very strong finish to 2007. In the spring, Novestra completed a redemption procedure in which SEK 5.00 per share was distributed to shareholders, bringing the total distributed to shareholders over a three-year period to SEK 298 million, corresponding to SEK 8.00 per share. Principal ownership of Novestra shares was acquired by two new owners during the year: Nove Capital and Anchor Capital. The new owners saw significant potential for value creation in the portfolio companies, and decisions were taken to continue developing the companies and to defer asset divestment until such time as the Board and management considered such transactions optimal from a value perspective.

**2008** – Novestra's portfolio posted positive performance in 2008 despite the unfavorable economic situation. Growth was very strong during the first half of the year, with a slight weakening in the second half of the year as economic conditions deteriorated. The assessment of management was that the majority of portfolio companies would continue to perform well in 2009, and that the conditions for significant value appreciation would improve markedly if the portfolio companies met the established growth and earnings targets. Novestra considered several investments in publicly traded companies and made a few investments deemed to harbor value potential even if the general economic situation were to remain weak.

**2009** – Despite the difficult market situation in 2009, Novestra's portfolio companies posted very strong performance. Due to the financial turmoil that prevailed at the end of 2008 and beginning of 2009, the focus was on increased profitability through cost savings rather than growth. For most companies, the result was improved profitability and increased market share in a very weak economy. In 2009, Netsurvey, MyPublisher, Qbranch and WeSC paid dividends to their shareholders. For Novestra, the implication was that a large part of the company's expenses were now financed by its portfolio companies.

**2010** – The positive performance of the portfolio continued in 2010. Novestra's portfolio companies had strong balance sheets, and generally threw off strong cash flows. In 2010, Netsurvey, MyPublisher, Qbranch and WeSC again paid dividends to their shareholders. Overall, Novestra received SEK 13.4 million in dividends and distributions.

**2011** – Two exits in 2011, Qbranch and Netsurvey. These divestments were made at prices significantly above Novestra's carrying values, and enabled Novestra to repay all of its interest-bearing liabilities during the year, and to conduct share buyback operations in 2012.

**2012** – The private equity portfolio companies posted very good sales and earnings, in particular Strax and MyPublisher. Diino was liquidated. The Annual General Meeting renewed the Board's mandate to repurchase the Company's own shares. Novestra received SEK 1.7 million in dividends.

**2013** – Disposal of MyPublisher. Novestra's share of the purchase price amounted to SEK 62.7 million. The Annual General Meeting renewed the Board's mandate to repurchase the Company's own shares; 1,657,470 shares were repurchased, and on the basis of the authorization granted by the Annual General Meeting, all shares were sold in September for SEK 9.8 million. In the autumn, Novestra's CEO, Johan Heijbel, was also appointed acting CEO of WeSC AB, of which Novestra owns approximately 12 percent. Novestra received SEK 1.6 million in dividends.

**2014** – Strax appointed advisors for the M&A and IPO process. The Board announced that it would distribute cash and all shares in Explorica and WeSC in connection with a disposal of Strax. Novestra received SEK 2.4 million in dividends. A strong end to 2014 and good prospects for 2015 with an improved cost position.

**2015** – Explorica, Inc. was sold for a total of SEK 90.9 million. Novestra also received SEK 12.1 million as the last installment related to the consideration for the sale of MyPublisher, and SEK 2.9 million in dividends. After the Company sold its Explorica, Inc. shareholding in the fourth quarter of 2015, the investment in Strax amounted to nearly 94 percent of the company's total investment portfolio.

**2016** – Novestra distributed SEK 91.1 million in March 2016 and has distributed a total of about SEK 461 million since its inception. If the proposed Transaction is approved at the Annual General Meeting on 26 April 2016, Strax will become Novestra's sole holding, as a result of which Novestra's operations will shift to being a holding company for the operational business in Strax. In view of this, the Prospectus contains a more comprehensive description of Strax's operations and the markets where it is active, in addition to the description offered in the "Overview Novestra" section.

# Overview Novestra

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*Novestra is an independent investment company listed on the Nasdaq Stockholm, Small Cap, under ticker symbol NOVE. Provided that the proposed Transaction is approved at the Annual General Meeting on 26 April 2016, Strax will become Novestra's sole holding, as a result of which Novestra's operations will shift to being a holding company for the operational business in Strax*

## Description of the business

Novestra is an independent investment company that invests in both listed and unlisted companies whose businesses harbor significant growth potential, or where there is significant potential for value growth for other reasons. Novestra strives to maximize the return on its investments by being active and participating in the business development process in each portfolio company. By limiting the number of investments, Novestra is able to be an active investor without building a large organization. As at 31 December 2015 and as at 31 December 2014, Novestra had three full-time employees.

Novestra has been the owner of Strax since 1999. In recent years Strax been the largest asset in the Company's portfolio. Novestra's holding in Strax will continue to comprise a large part of the Company's assets, and if Novestra's Annual General Meeting approves the planned Transaction, Strax will become the Company's sole holding, as a result of which Novestra's operations will shift to being a holding company for the business operations in Strax.

## Distributions and returns

Returns shall accrue to Novestra's shareholders through both share price appreciation and in the form distributions. In total, Novestra has distributed approximately SEK 461 million, equivalent to SEK 12.40 per share<sup>2</sup>, from March 2005 to March 2016. Novestra's market capitalization as at 30 December 2015 was approximately SEK 257 million, and the share price was SEK 6.9. Novestra's total shareholder returns from 2002 to 2015, including distributions, amount to 242.2 percent, which is equivalent to an annualized rate of return of 9.9 percent. The Nasdaq Stockholm total return index generated returns of 8.5 percent annually during the same period.

## Novestra's portfolio companies

Novestra's investment portfolio consists of three holdings; Strax, WeSC and Swiss Picturebank. As at 31 December 2015, the total carrying value of Novestra's investments was SEK 149.9 million. Strax, WeSC and Swiss Picturebank accounted for 94, 6 and 0<sup>3</sup> percent of total holdings, respectively.

### Strax

#### Background

Strax is a global specialist in mobile accessories, a segment that has seen rapid growth in recent years, having expanded from exclusively mobile phone accessories to include equivalent products for e.g. tablets and wearables. Strax was founded in 1996 and is headquartered in Troisdorf, outside Cologne, Germany. Novestra has been a Strax shareholder since 1999, and has served on the Strax Board since that time. Novestra owns 27 percent of Strax.

#### Operations and market

Strax markets a number of proprietary brands, such as Xqisit, Gear4, Urbanista, Agna and Avo, as well as third-party brands and licensed brands, and also has a comprehensive service offering. Strax's product range includes, for instance, headphones, speakers, protective cases and chargers, as well as services addressing the entire mobile accessories value chain, from product development and packaging through to marketing and sales support. Strax is also continuing to progressively entrench its presence in "connected devices", with products such as fitness trackers and smart home devices.<sup>4</sup> Strax's product range is aimed mainly at store retailers, mobile operators and e-commerce stores. In total, Strax has more than 600 B2B customers worldwide, including companies such as Dixons Carphone, Staples, Swisscom, Telenor, T-Mobile and Amazon. Strax operates through subsidiaries in Germany, France, England, Sweden, Norway, Denmark, the Netherlands, Switzerland, Poland, the US, Hong Kong and China. Broad geographical coverage in conjunction with a comprehensive product and service range have made Strax an attractive and competitive partner, which has strengthened its relationships with both customers and suppliers.

Strax's primary market is the mobile accessories market, which is correlated with the markets for mobile phones, tablets and other mobile electronic products. The mobile accessories market consists of two segments: in-box products and aftermarket products, the latter of which is Strax's primary segment. Aftermarket products include everything from protective cases and screen protectors to chargers and speakers, which are either sold individually or bundled. The global market for aftermarket products amounted to EUR 46.2 bn in 2014, and is expected to grow

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<sup>2</sup>Based on the number of shares outstanding as at 31 December 2015, 37,187,973 shares

<sup>3</sup> The company's stake in Swiss Picturebank amounts to approximately SEK 100,000

<sup>4</sup> Examples of smart home devices are cloud-connected security cameras, light switches and lamps that can be scheduled and controlled remotely using e.g. a mobile phone or tablet

by 5.9 percent per year through 2019, at which time it is anticipated to reach an estimated value of EUR 61.6 bn.<sup>5</sup> The market is fragmented, and consolidation is underway at the distributor level in particular. Thanks to its acquisitions of Gear4 and Urbanista, Strax has gained solid experience in corporate acquisitions, and is well-positioned to continue seizing market share by participating in the ongoing consolidation process.

### **Financial performance**

In 2008, Strax thoroughly streamlined its operations, which are now focused exclusively on mobile accessories. Since 2009, the company has focused on high-margin products, and has launched a number of proprietary brands that have posted excellent results since that time. The result of this focus has been significantly higher gross margins, along with solid sales growth since that time. Sales figures totaled approximately SEK 748 million in 2015, which corresponds to a growth rate of approximately 18 percent. The company posted an operating profit of approximately SEK 33 million for the same period. As at 31 December 2015, Strax had 165 full-time employees.

## **Swiss Picturebank**

### **Background**

Through its subsidiary Diino, Swiss Picturebank offers online storage and backup solutions directly to end-users via [www.diino.com](http://www.diino.com). Diino was founded in 2004 and is headquartered in Stockholm. Novestra invested in Diino in 2004 and has been represented on that company's Board since then. The company owns 25 percent of Swiss Picturebank.

### **Operations and market**

The Diino service is a combined software application and online service that makes it easy and secure for users to store, share, publish and back up their digital files. These files can then be accessed anytime, anywhere from a computer, mobile phone or tablet, with all the benefits that flow from having a remote backup located outside the home or office. The service is marketed to individuals and small and medium-sized enterprises. The service is currently primarily marketed directly to end-users, but the software platform also has the potential to be used for platform sales and white label solutions. There are a number of global competitors to the service that Diino provides.

## **WeSC**

### **Background**

WeSC designs, markets and sells clothing and accessories on the international market in the premium streetwear segment under the WeSC brand (We are the Superlative Conspiracy). The brand currently has a presence in 25 countries, with sales made partly through company-owned and distributor-operated concept stores, and partly through retailers. The company was founded in 2000, and is headquartered in Stockholm, with branch offices in New York and the UK. Novestra invested in WeSC in 2008 and serves on the company's board. The company owns approximately 9 percent of WeSC.

### **Operations and market**

One of WeSC's success factors is its brand, which is based on credibility and a strong corporate culture. Another success factor is the company's innovative and effective marketing method, whereby WeSC communicates through what are referred to as We-activists – informal brand ambassadors. We-activists range from actors, performers, skaters and snowboarders to photographers, musicians and artists, and also include other well-known and less well-known people who are recognized in their niches. WeSC's business model is based on the company having distributors present in most of the markets where the company sells its products. The distributors buy product from WeSC using pre-orders, and are then responsible for delivery and billing to retailers in their respective markets. This means that the distributors incur both the inventory and the credit risk. WeSC has in-house wholesale operations in Sweden, England and the United States, which involves direct selling to the company's retailers. WeSC is one of the strongest "premium streetwear" brands, with sales in 25 countries, 29 concept stores and over 2000 retailers. WeSC maintains a focus on profitability, and will continue expanding by growing in existing markets, opening additional concept stores, identifying new markets and developing new product categories.

### **Financial performance**

WeSC is in the final stages of a total restructuring and reorganization initiative. In 2015, the company posted sales of approximately SEK 132 million, with an operating profit of SEK -37 million. In late 2015, WeSC acquired The Shirt Factory AB, which sells shirts under its own brand, and primarily through a company-owned store network in Sweden. WeSC is currently listed on the First North exchange under the ticker symbol WESC, and prepares regular financial statements.

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<sup>5</sup> ABI Research, Mobile Accessories Market Data 2014

# Overview Strax

*Provided that the proposed Transaction is approved at the Annual General Meeting on 26 April 2016, Strax will become Novestra's sole holding, as a result of which Novestra's operations will shift to being a holding company for the operational business in Strax. For that reason, this Prospectus contains a relatively comprehensive operational description of Strax and its market.*

*This section contains certain historical and forward-looking market information, which was primarily obtained from Allied Business Intelligence Inc., but also in part from Gartner, Inc. In cases where information was obtained from a third party, the Company is responsible for ensuring that the information has been accurately reproduced. To the best of the Company's knowledge, no facts have been omitted which would render the information inaccurate or misleading with respect to the original sources. However, the Company has not engaged in any independent verification of information provided by third parties, for which reason the completeness or accuracy of the information presented in the section cannot be guaranteed.*

## Introduction to Strax

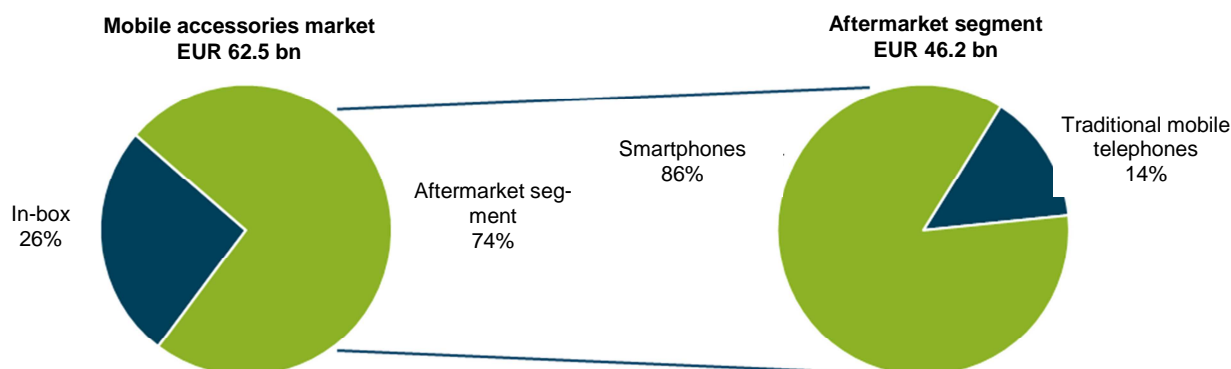
Strax is a global specialist in mobile accessories with a number of proprietary brands, such as Xqisit, Gear4, Urbanista, Agna and Avo, as well as third-party brands and licensed brands, and also has a comprehensive service offering. Strax is also continuing to progressively entrench its presence in "connected devices", with products such as fitness trackers and smart home devices<sup>6</sup>. Strax's product range is aimed mainly at store retailers, mobile operators and e-commerce stores. Strax is active in the mobile accessories market, which is made up of in-box products and the aftermarket segment. The latter is Strax's primary segment, and is expected to grow from EUR 46.2 bn in 2014 to EUR 61.6 bn in 2019, which corresponds 5.9 percent annual growth.<sup>7</sup>

For the 2015 financial year, Strax reported net sales of SEK 748 million and an operating profit of SEK 33 million, which corresponds to an operating margin of around 4 percent. Strax was formed in 1996 and is headquartered in Troisdorf, Germany. Strax distributes its products in most of the world and has subsidiaries in Germany, France, England, Sweden, Norway, Denmark, the Netherlands, Switzerland, Poland, the US, Hong Kong and China. As at 31 December 2015, Strax had 165 full-time employees.

## Market information

The mobile accessories market consists of two segments: in-box products and aftermarket products, the latter of which is Strax's primary segment. In-box products are typically standardized products that come bundled with the hardware, such as headphones and chargers for mobile phones. Aftermarket products include everything from protective cases and screen protectors to chargers and speakers, which are sold either individually or bundled. Aftermarket products generally provide customers with access to more customized mobile accessories as compared to the standardized in-box products. The global mobile accessories market is valued at EUR 62.5 bn, with 74 percent of that valuation comprising aftermarket products, and the remaining 26 percent attributable to in-box products. The aftermarket segment, in turn, can be divided into two sub-segments: smartphones and traditional mobile phones. Strax focuses on accessories for smartphones, which represent 86 percent of the aftermarket segment, whereas the traditional mobile phone segment accounts for 14 percent of the total aftermarket.

### The global mobile accessories market, 2014



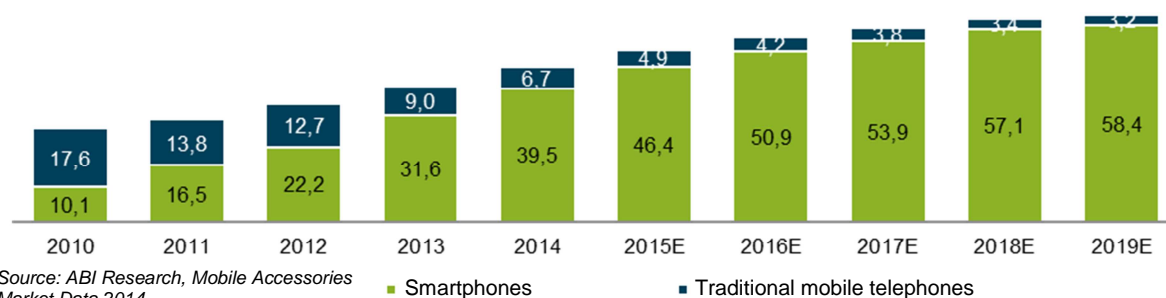
Source: ABI Research, Mobile Accessories Market Data 2014

The aftermarket products segment amounted to EUR 46.2 bn in 2014, and is expected to grow by 5.9 percent per year through 2019, at which time it is anticipated to reach an estimated value of EUR 61.6 bn. This growth is mainly attributable to a growing market for smartphone accessories, which is also the portion of the aftermarket segment to which the data below relate.

<sup>6</sup> Examples of smart home devices are cloud-connected security cameras, light switches and lamps that can be scheduled and controlled remotely using e.g. a mobile phone or tablet

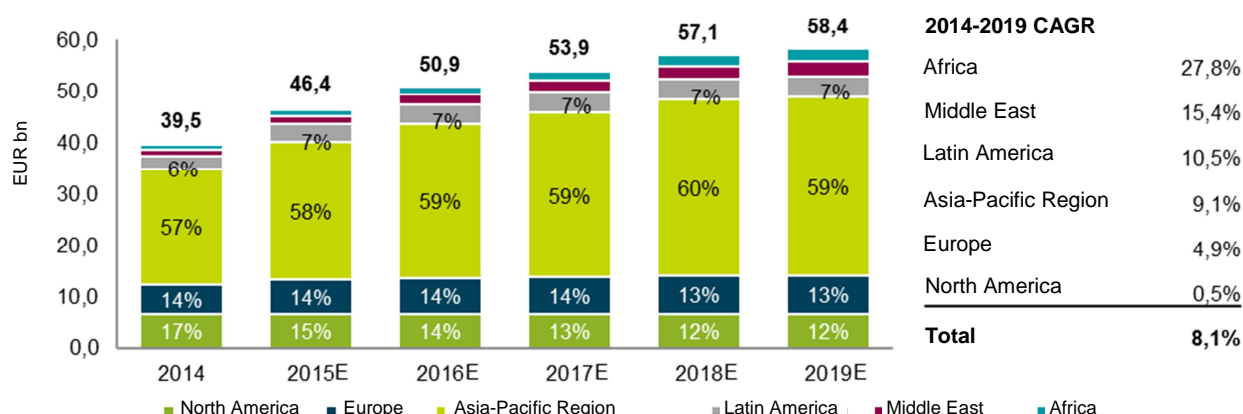
<sup>7</sup> ABI Research, Mobile Accessories Market Data 2014

## Global performance of mobile accessories for the aftermarket segment, 2010-2019E (EUR bn)



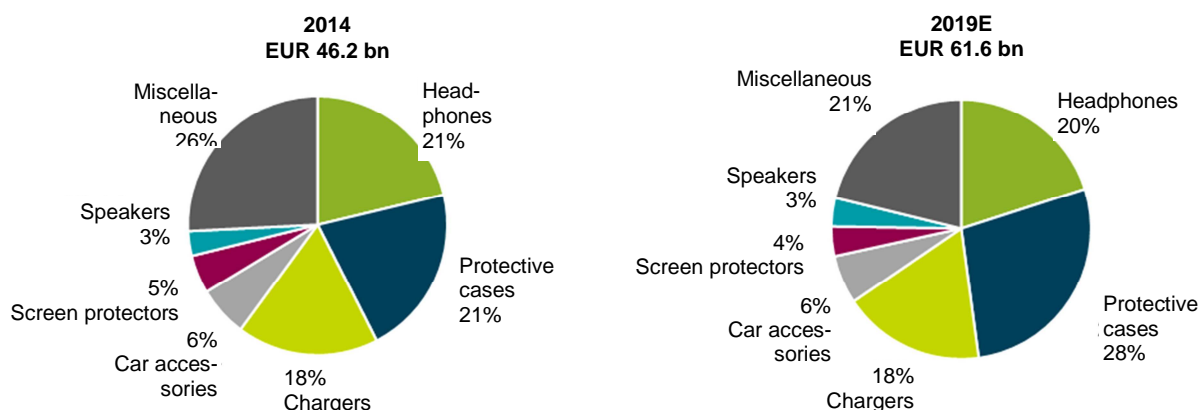
The European market, Strax's primary market, is the third-largest from a geographical perspective, and one where the aftermarket segment for smartphone accessories is expected to grow by an average of 4.9 percent per year through 2019. The largest market, the Asia-Pacific region, is expected to grow by an average of 9.1 percent per year, while the fastest-growing market is expected to be Africa, with an average annual growth of 27.8 percent from 2014 through 2019.

## Global performance of smartphone accessories for the aftermarket segment, 2010-2019E



The global aftermarket for smartphone accessories consists of a number of product categories, such as headphones, protective cases, chargers, car accessories and screen protectors. All of these product categories are expected to continue growing, and are expected to represent roughly the same share of the total aftermarket segment by 2019 as they did in 2014. The product group that is expected to grow most rapidly is protective cases, which is estimated to grow by an average of 27.8 percent per year from 2014 through 2019. The protective case product category is expected to grow from a 21 percent share in 2014 to a 28 percent share in 2019, primarily at the expense of the "miscellaneous" product category.<sup>8</sup>

## Global revenue by product category for the aftermarket segment, 2014 compared to 2019E



Source: ABI Research, Mobile Accessories Market Data 2014

<sup>8</sup> The "miscellaneous" product category includes e.g. batteries, memory cards and decorative details

In addition to smartphone accessories, Strax's addressable market also includes accessories for tablets and the rapidly growing segment of what are referred to as connected devices, along with the wearables subsegment.<sup>9</sup> The market share of tablet accessories is expected to grow from EUR 6.4 bn in 2014 to EUR 11.5 bn in 2019, corresponding to an annual growth rate of 12.6 percent.<sup>10</sup> The broad segment of connected devices, which can also be referred to as the Internet of things, is expected to grow from an installed device base of 3.8 billion in 2014 to 20.8 billion devices in 2020, corresponding to an annual growth rate of 32.7 percent.<sup>11</sup> In the wearables subsegment, the number of shipped devices is expected to grow from 84 million in 2014 to 385 million in 2019, corresponding to an annual growth rate of 35.6 percent per year.<sup>12</sup>

## **Market drivers**

Strax believes that there are a number of market-specific trends that are driving growth in the mobile accessories market. The most important trends include the rising prices of hardware, the continued expansion of the mobile Internet, new and updated hardware, and consumers' growing interest in customization.

### **Higher hardware pricing**

Smartphones, tablets and similar products contain more and more features, which has caused the prices of these products to increase globally. The higher pricing level for e.g. smartphones has led to increased consumer acceptance of expensive accessories, which still represents a small fraction relative to the price of hardware, generally speaking. In addition, hardware price increases mean that consumers will have a greater incentive to buy accessories to protect the hardware, such as protective cases and screen protectors.

### **Continued expansion of the 4G network and mobile Internet**

The continued expansion of the mobile Internet and faster data transmission speeds via e.g. 4G, have resulted in growing consumer interest in using mobile products for streaming services for e.g. music and movies. As a result, Strax has seen an increased interest in accessories like speakers and headphones. Strax expects this trend to continue driving interest in the above-mentioned accessories.

### **New and updated hardware**

The markets for smartphones, tablets and similar products are evolving continuously, including both hardware updates and new product releases. The market is being propelled both by new product segments like connected devices and wearables, and by the evolution of products that are already popular, such as mobile phones and tablets. Strax expects this trend to continue for the foreseeable future, and believes that the trend will facilitate expansion into new product and accessory segments that will be added to its existing product range.

### **Consumers' growing interest in user customization**

Strax has identified a growing trend among consumers where more and more people are becoming interested in adding accessories that give their smartphone or tablet a more personal look. This is the result of the fact that most hardware products are sold having a small number of standardized appearances, with limited opportunity for user customization. Strax expects this to be a persistent trend that will drive the mobile accessories market forward.

## **Competitive situation**

Strax's operations are exposed to competition mainly from two types of market operators: distributors and manufacturers of other brands. Most of the competition is concentrated within distribution, which is a fragmented market with both local and global players. The fragmented distributor market is undergoing consolidation, and the major global players are in the process of acquiring local players in order to grow their volumes. Thanks to its two acquisitions over the last two years, Strax has also gained solid experience in corporate acquisitions, and intends to play an active role in the ongoing consolidation process.

## **Description of the business**

Strax's product range is characterized by a wide range of mobile accessories and a comprehensive service offering. The product range is centered around the company's proprietary brands, which are complemented by third-party brands, e.g. from OEMs and aftermarket brands, as well as licensed brands and value-added services like logistics solutions and marketing support. Strax is also continuing to progressively entrench its presence in "connected devices", with products such as fitness trackers and smart home devices<sup>13</sup>. Strax's product range is aimed mainly at store retailers, mobile operators and e-commerce stores. Strax also addresses its product range to distributors and directly to consumers, to a limited degree. Strax has subsidiary operations in over 10 countries that are serviced by warehouses and distribution centers in Germany, Hong Kong and China.

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<sup>9</sup> Examples of smart products: Garments that measure pulse and heart rate, glasses with a built-in camera and display, watches with a digital display and touchscreen

<sup>10</sup> ABI Research, Mobile Accessories Market Data 2014

<sup>11</sup> Gartner, November 2015: <http://www.gartner.com/newsroom/id/3165317>

<sup>12</sup> ABI Research, Mobile Accessories Market Data 2014

<sup>13</sup> Examples of smart home devices are cloud-connected security cameras, light switches and lamps that can be scheduled and controlled remotely using e.g. a mobile phone or tablet



Strax has services addressing the entire aftermarket mobile accessories value chain, from product development and packaging to marketing and sales support, which enhances the company's ability to build strong, enduring relationships with both customers and suppliers.

## Strax's position in the value chain

|  |   |
|--|---|
| <b>Product development and design</b>      | <ul style="list-style-type: none"> <li>Product development for proprietary brands and licensed brands</li> <li>Product development as a service to retailers</li> </ul>   |
| <b>Manufacturing</b>                       | <ul style="list-style-type: none"> <li>The company primarily uses established third-party manufacturers located in Asia</li> </ul>  |
| <b>Purchasing and warehousing</b>          | <ul style="list-style-type: none"> <li>Purchasing is generally carried out under framework agreements with short contract durations</li> <li>Both global and local agreements with the suppliers of third-party brands</li> <li>Warehousing solutions via the distribution center in Troisdorf, Germany, and via 3PL partners in Shenzhen, China and Hong Kong</li> </ul> |
| <b>Packaging and other add-on services</b> | <ul style="list-style-type: none"> <li>Packaging services like bundling and repackaging for suppliers</li> <li>Packaging services for retailers who are looking for specific packaging solutions</li> <li>Marketing support and e-commerce solutions for retailers</li> </ul>   |
| <b>Distribution / Delivery</b>             | <ul style="list-style-type: none"> <li>Deliveries are made mainly from the distribution center in Troisdorf, Germany</li> <li>DHL or UPS are used for deliveries to retailers</li> </ul>  |
| <b>Retail</b>                              | <ul style="list-style-type: none"> <li>The retailers consist primarily of store retailers, mobile operators and e-commerce stores</li> <li>The retailers are local and global players</li> </ul>  |



Thanks to its strong position in the value chain and to its broad product and service offering, Strax is able to tailor customized offerings. The broad product range, which includes five proprietary brands, gives Strax the flexibility to offer customers products addressing specific segments, from the discount segment to the premium segment. Strax believes that its proprietary brands and the comprehensive service offering reinforce Strax's position vis-à-vis its competitors.

Strax further believes that its position on the market is protected by high barriers to entry thanks to its far-reaching relationships with customers, manufacturers and third-party brands. Although it is relatively easy to gain access to brands with a focus on the aftermarket, it is significantly more difficult to build an extensive network of customers, agreements with OEM partners and attractive proprietary brands. Far-reaching relationships with mobile operators and relevant OEM partners are important factors in the company's ability to establish a successful market presence.

## Strax's customer benefits

Strax's broad product offering includes a large number of different products and brands, and is rounded out by a comprehensive service offering. Strax's combination of products and services enhances its ability to build strong customer relationships. Strax also works actively to continuously maintain a high level of service and to ensure rapid, reliable delivery of its products and services.

- **Broad product range:** Strax's objective is to provide a comprehensive product range that meets all customer needs in the mobile accessories segment, and needs related to associated marketing and sales support. Strax offers around 6700 different products under both its proprietary brands and under licensed brands and other third-party brands.
- **Comprehensive service offering:** Strax offers services such as product development, packaging, logistics solutions and the ability for companies to integrate their business systems with Strax in order to facilitate smooth information exchange and automatic ordering. Strax endeavors to offer its customers services and support all the way from product development through to the end-customer phase.
- **High service level and fast, reliable delivery:** Strax works actively to offer its customers a high level of service and reliable delivery. In 2015, Strax delivered just over 84 percent of its services "on time in full", meaning that delivery was made on time and in its entirety to the purchaser.
- **Broad-based geographical presence:** Strax offers its product range in a large number of countries worldwide. This broad-based geographical presence allows Strax customers to take advantage of Strax's product and service offerings across several geographical areas in which they operate.

## Strax's benefits for third-party brands

Few of Strax's competitors are able to offer as wide a network of repeat customers, or one which gives third-party brands the ability to reach out to a broad customer group. Strax also offers its partners a variety of value-added services in order to smooth the way from production to the consumer.

- **Access to a broad-based customer network:** Strax offers its suppliers of third-party brands and licensed brands access to more than 600 B2B customers with a large number of retailers spread all over the world, but with an especially strong presence in Europe.
- **High proportion of repeat customers:** Around 80 percent of net sales for the 2015 financial year were to companies that had been Strax customers for more than three years. The loyal customer base ensures that the third-party brands represented by Strax have access to reliable retailers for their products.

- **Comprehensive service offering:** Strax offers its suppliers of third-party brands and licensed brands a number of value-added services to simplify their path to the consumer. Among other things, Strax offers custom marketing materials, packaging services and logistics solutions.

## Strategic objectives

### Broadened product offering

Strax works actively to evaluate new products that can be added to round out the existing product range. As part of this process of evaluating new products and product segments, Strax continuously analyzes market trends and listens to customer demands. For example, Strax is reviewing the possibility of entering into additional partnerships with materials research companies, similar to the existing partnership with the British smart materials company D3O, which Strax believes will increase its ability to offer new varieties of e.g. protective cases and other products. Strax is also continuing to progressively entrench its presence in "connected devices", with products such as fitness trackers and smart home devices.<sup>14</sup>

### Acquisitions for increased growth

Strax continually evaluates potential acquisition opportunities to boost growth. New acquisitions are evaluated partly with a view to enabling Strax to expand its existing offering to customers, but also with a view to consolidating the company's position on existing markets, expanding its customer base, and achieving cost synergies. Thanks to its two acquisitions over the last two years, Strax has also gained solid experience in corporate acquisitions, and has developed functional integration strategies.

### Enhanced geographical presence

Strax works continuously to grow its market share in existing markets, yet also continuously examines the possibility of establishing a foothold in new markets. In the coming years, Strax intends to strengthen its position in the North American market, but also to consolidate its leading position in Europe. Strax also believes that there is good potential to introduce its comprehensive product and service offering in additional geographical regions over the next few years.

### Increased sales to e-commerce stores

Strax works actively to recruit e-commerce stores that sell mobile accessories and similar products in order to improve its opportunities to introduce its broad product range. Strax believes that there is good potential to increase its sales to e-commerce stores in the company's existing markets.

## Customer offering

Strax's product range consists of a mix of proprietary brands, third-party brands and licensed brands, all of which are complemented by a comprehensive service offering. Strax's product range comprises more than 6700 different items, including everything from typical standard accessories like batteries, chargers and cables, to folders, headphones and speakers. Strax's value-added services include everything from logistics services and custom packaging to developing marketing concepts and a solution allowing (B2B) customers to analyze and optimize their product range. Below you will find an overview of Strax's offering illustrating the three different brand segments, the different types of value-added services that are offered, and finally an overview of the three primary customer groups. Strax's service offering is available both to its customers and to suppliers of licensed brands and third-party brands.

### Strax's offering

| Service range       | Proprietary brands | Third-party brands | Licensed brands |
|---------------------|--------------------|--------------------|-----------------|
| Product development | ✓                  |                    |                 |
| Logistics solutions | ✓                  | ✓                  | ✓               |
| Marketing           | ✓                  | ✓                  | ✓               |
| POS solutions       | ✓                  | ✓                  | ✓               |

Strax's primary customer groups

| Store resellers             |                   |                 | Mobile operators | E-commerce stores |
|-----------------------------|-------------------|-----------------|------------------|-------------------|
| Consumer electronics stores | Specialist stores | Other retailers |                  |                   |

<sup>14</sup> Examples of smart home devices are cloud-connected security cameras, light switches and lamps that can be scheduled and controlled remotely using e.g. a mobile phone or tablet

## Branding and product strategy

Strax avails itself of a diversified product strategy in order to enable a broad offering with minimal internal competition. Strax works actively to offer products under a number of proprietary brands, third-party brands and licensed brands, and carefully selects products so as to minimize internal competition. This strategy gives Strax greater latitude to offer a wide range of different products to its customers.

### Proprietary brands

Strax offers products in all price segments under five proprietary brands: Xqisit, Urbanista, Gear4, Agna and Avo. The product portfolio contains approximately 2,100 products. Strax's proprietary brands are run by dedicated teams that are responsible for product development and to some extent for marketing, whereas purchasing and similar functions are managed centrally.

#### Strax's proprietary brands

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#### Xqisit

Xqisit is Strax's oldest proprietary brand and was launched in 2008. Xqisit's products include headphones, chargers, portable speakers, and protective cases. Xqisit focuses on consumers in the mid-price segment, and its product portfolio includes products both for consumers looking for advanced functionality and for the fashion-conscious. In total, Strax offers just over 1,750 products under the Xqisit brand.

#### Xqisit – sampling of products

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#### Urbanista

Urbanista is a Swedish brand that was acquired by Strax in 2014. Urbanista focuses on product development of audio-related mobile accessories designed for fashion-conscious consumers in the mid-price segment. The main product types are headphones and portable speakers. In total, Strax offers approximately 100 products under the Urbanista brand.

#### Urbanista – sampling of products

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#### Gear4

Gear4 is a British brand that was acquired by Strax in mid-2015. Gear4's offering includes portable Bluetooth speakers and protective cases. Gear4 addresses consumers in the mid-price segment, and has partnered with the materials research company D3O in order to provide shock-resistant protective cases that employ cutting-edge

materials technology.<sup>15</sup> Gear4 also offers more advanced products addressing the premium segment under the brand Gear4 Black. In total, Strax offers approximately 200 products under the Gear4 and Gear4 Black brands.

**Gear4 – sampling of products**

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**Agna**

Strax launched Agna in 2014 as a brand offering high-quality leather products to consumers in the mid-price segment. In total, Strax offers 18 products under the Agna brand.

**Agna – sampling of products**

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**Avo**

Strax's proprietary brand Avo was launched in 2015, and offers affordable standard products to consumers in the low-price and mid-price segments. Avo offers products such as chargers and headphones. In total, Strax offers 14 products under the Avo brand.

**Avo – sampling of products**

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**Third-party brands**

To complement its proprietary brands, Strax collaborates with a large number of third-party brands for which Strax owns distribution rights. Strax's third-party brands include both established mobile phone manufacturers and well-known brands with a focus on aftermarket mobile accessories.

**Third-party brands**

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| OEM partners  |   | Aftermarket brands  |   |
|---|---|---|---|
|  |  |    |  |
|  |  |  |   |
|  |  |    |   |
|   |   |   |  |
|   |   |  |   |

<sup>15</sup> D3O's materials are used by militaries all over the world and consist of what is referred to as non-Newtonian fluids, whose molecules are liquid during normal use, but which solidify and absorb collision forces on impact

## OEM

Most of Strax's distribution agreements are with well-known OEM companies, including Samsung, HTC and Sony. These distribution agreements mainly relate to aftermarket products like chargers, protective cases and headphones.

## Aftermarket brands

Strax distributes mobile accessories from a number of brands with a focus on the aftermarket. A few of Strax's partnerships include the brands Griffin, iGrip, SwitchEasy, Kensington and Jabra. The aftermarket brands broaden and round out Strax's product range to include additional options for headphones, cases, bags, etc.

## Licensed brands

Strax collaborates with Telecom Lifestyle Fashion B.V. ("TLF")<sup>16</sup> to add licensed brands to its existing product offering. TLF currently has licensing agreements with Bugatti, Adidas and Diesel, companies for which TLF has the right to design and develop products. Strax has an exclusivity agreement with TLF for these three brands, which includes coordination of production and distribution in the countries where Strax operates. Strax's commitment also extends to managing warehousing and logistics for the brands in question.

### Strax's licensed brands



## Value-added services

Strax works actively to offer its customers a wide range of value-added services. The current service offering includes custom logistics solutions, marketing support, product development and e-commerce solutions. Strax's customers are able to choose one or more services as needed. Strax constantly strives to offer a high level of service and flexibility to its customers.

### Overview – Strax's service offering



## Product development

Strax offers its customers support in product development and concept development. The product development team is based in Hong Kong, where Strax has built close relationships with relevant manufacturers during its 20-year presence there. As a result, the local team is able to be involved throughout the entire process, from the idea and prototype stage through to the finished product and quality control.

<sup>16</sup> Strax owns 1.1 percent of TLF. The company divested the majority of its previous 70 percent ownership stake in October 2015.



### **Logistics solutions**

Strax offers its customers a variety of logistics solutions, such as packaging, warehousing, delivery, billing and returns management. For European customers, these services are handled through Strax's modern 4,500m<sup>2</sup> warehouse and distribution center in Troisdorf, Germany. For its other customers, Strax offers these services via its 3PL partner in Hong Kong or Shenzhen.

### **Marketing services**

Strax offers its customers, third-party brands and licensed brands marketing services that include everything from executing a new marketing concept to designing finished or customized packaging materials. The Strax marketing team works proactively to come up with new concepts custom-designed for e.g. short-term promotions or for more extensive campaigns, which are then presented to the customers. Strax also offers its customers the ability to tailor packaging to their specifications, e.g. through product bundling and volume-efficient packaging.

### **Examples of marketing services**

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### **POS solutions**

Strax offers its customers the ability to design and produce customized retail modules, for instance presentation panels, monitors, shelves and brochures. This allows the customer to design and customize its retail space as needed. In addition, Strax also provides its customers with services like sales training, support during sales campaign execution, and the drafting of detailed sales reports.

### **RangeLens**

Strax recently began offering its customers the RangeLens software solution, which was developed in partnership with the company Soundout. RangeLens gives Strax customers the ability to optimize their product purchasing for increased profitability. The software program analyzes customer reviews with regard to select products' design and shelf placement, among other things, providing customers with actionable information when making e.g. product purchases.

### **E-commerce solutions**

In collaboration with a third party, Strax has developed an e-commerce platform called "Multiple eTrade Application" ("MeTA"). MeTA is marketed to Strax customers and can be used for both B2B and B2C, and can also be used as a standalone solution or integrated into an existing e-commerce store. The MeTA e-commerce platform offers customers the ability to automatically receive updates regarding inventory, orders and invoices. It is also possible for the customer to use MeTA with its own brand.

### **Logistics and purchasing**

The products that Strax offers under its proprietary brands are produced mainly in Asia, where Strax has long had established relationships with manufacturers and shipping companies. Products from third-party brands and licensed brands are sourced from many different parts of the world.

### **The logistics chain**

Strax uses two different logistics chains, one for proprietary brands and one for other brands. The logistics chain for Strax's proprietary brands extends from product development and design through to packaging, warehousing and delivery. For other brands, Strax is not involved in development and design, as illustrated in the image below. Furthermore, Strax is never involved in the manufacture of products, but instead maintains close partnerships with a number of manufacturing partners in which Strax plays a supervisory role, and is involved in relevant quality checks.

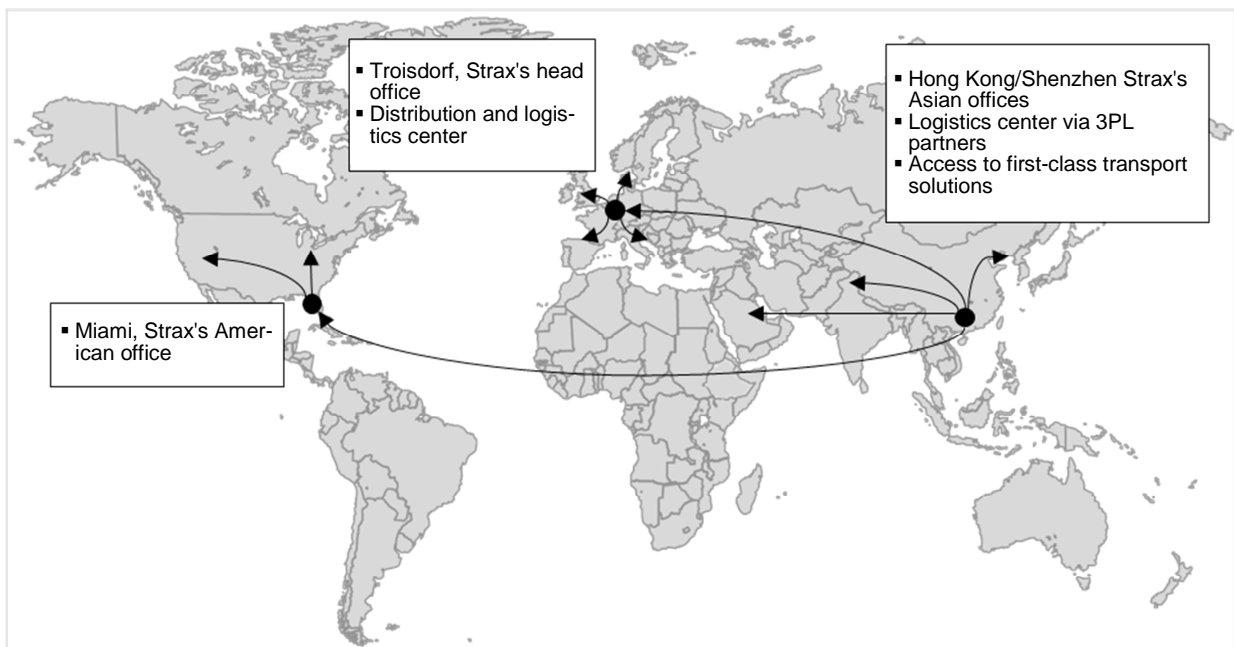
## Overview – logistics chain

### Proprietary brands



The purchasing department is located in Hong Kong/Shenzhen, where Strax has cultivated strong relationships with reliable manufacturers. For products for delivery to European customers, shipments are made via Strax's distribution center in Troisdorf, Germany; from there they are delivered to the respective customer after any repackaging or bundling actions, based on customer requests. Products for delivery to customers in the rest of the world are sent directly from Strax's 3PL partners in Hong Kong or Shenzhen. Below is an overview of the Strax logistics chain and current transport distances.

## Strax's logistics hubs



Strax works continually to optimize its logistics chain and to be responsive to any changes in demand, while simultaneously maintaining its focus on fast, reliable delivery. Strax works on an ongoing basis to maintain high inventory turnover and to minimize inventory obsolescence by cultivating close relationships and constant communication with all parties in the logistics chain, from producers and freight forwarders to retailers.

## Suppliers

Strax has approximately 140 different suppliers that it uses regularly. Strax categorizes and prioritizes its suppliers into three categories: proprietary brands, core suppliers and non-strategic suppliers. For its proprietary brands, Strax has a direct relationship with the manufacturers. Strax has mostly chosen to work with manufacturers located in Shenzhen and Hong Kong, as a result of the competitive prices that prevail there, and the area's well-developed infrastructure for the manufacture of electronics and accessories. The Company's management does not believe that Strax is dependent on any single manufacturer for its proprietary brands. The core suppliers consist of OEM partners and the majority of the aftermarket brands. Strax only uses its non-strategic suppliers when none of its other suppliers offers a comparable product, or if a major customer demands specific products from the non-strategic suppliers.

## Quality control

Strax holds an ISO 9001:2000 certificate for Germany, which it has held since 2003. The most recent renewal was in 2015. The current certificate, ISO 9001:2008, is valid through 2018 for:

- Logistics services
- Sales and marketing concept for the mobile telecom market

Strax's business model is dependent on high product quality, and Strax has therefore established a team dedicated solely to quality control of all products before they leave Hong Kong and Shenzhen.

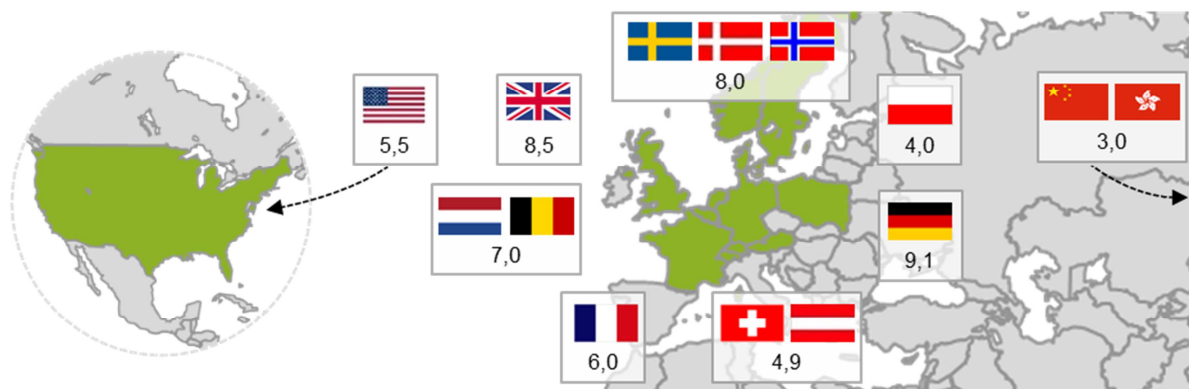
## Sales and marketing

Strax addresses its sales and marketing efforts almost exclusively to the B2B segment. In the 2015 financial year, the B2B segment represented over 99 percent of net sales.

### Sales strategy and team

Strax's sales strategy is focused on expanding its customer network, and on increasing upselling to existing customers. Strax's salespeople work continuously to expand the existing customer network, and believe that their most important selling point is the ability to provide a wide product range and a comprehensive service offering. Strax also works on an ongoing basis to increase its upselling and to maintain a high level of repeat purchasing among its existing customers. The sales team's key account managers proactively propose new ideas and concepts, with support from the marketing team, in order to increase the number of products that customers purchase from Strax. Proactive customer-facing work allows Strax to build stronger customer relationships, which in turn can lead to better shelf location in the stores, and increased opportunities for upselling.

### Strax's sales force broken down geographically



Strax's sales team consists of 56 employees, of whom 19 are salespeople with a focus on new customer contracts; the remaining 37 are key account managers. The sales team is distributed across a number of geographical areas. There geographical distribution as at 31 December 2015 is illustrated above.

## Marketing

Strax has a marketing team comprising 11 employees. The primary focus of the marketing team's work is to create marketing materials, for both internal and external use. These materials can range from brochures, custom packaging, product videos, to online banners and product tests, through to custom store shelves and monitors. In addition to marketing materials, the marketing team also engages in creative work like conceptualizing and executing marketing campaigns. The majority of the marketing team's work is focused on supporting Strax's customers.

## Customers

Strax primarily addresses its product range to three customer segments: store retailers, mobile operators and e-commerce stores. In addition to the above segments, Strax also sells its products to distributors in countries where the company currently has no presence, and, to a limited extent, directly to consumers. The customer network consists of more than 600 customers.



## Examples of customers



## Customer distribution

Mobile operators represent Strax's largest customer segment, accounting for a total of 55 percent of net sales in the 2015 financial year. In terms of the geographic distribution of the Portfolio Company's revenue, Germany is the largest market, accounting for approximately 28 percent of net sales in the 2015 financial year.

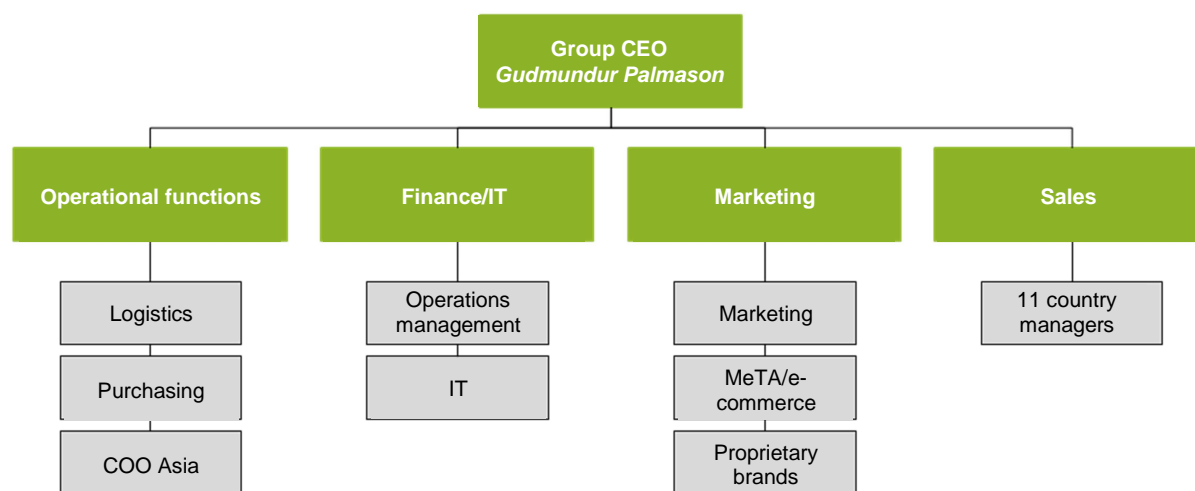
## Customer dependence

Strax has a broad customer network, meaning that its customer dependence is relatively low. Strax's 10 largest customers accounted for approximately 60 percent of Strax's net sales in the 2015 financial year; five of these customers individually accounted for more than five percent of net sales in the 2015 financial year.

## Organization

Strax has divided its operations into four separate parts: finance/IT, operational functions, marketing, and sales, all of which report to Group CEO Gudmundur Palmason. The operational functions include the logistics chain and purchasing. The financial functions include both operations management and IT, in addition to accounting. The marketing department is also tasked with responsibility for the proprietary brands and for Strax's e-commerce solution MeTA. The sales department comprises key account managers and sales managers, each of whom are put in charge of a geographical area.

## Organizational structure

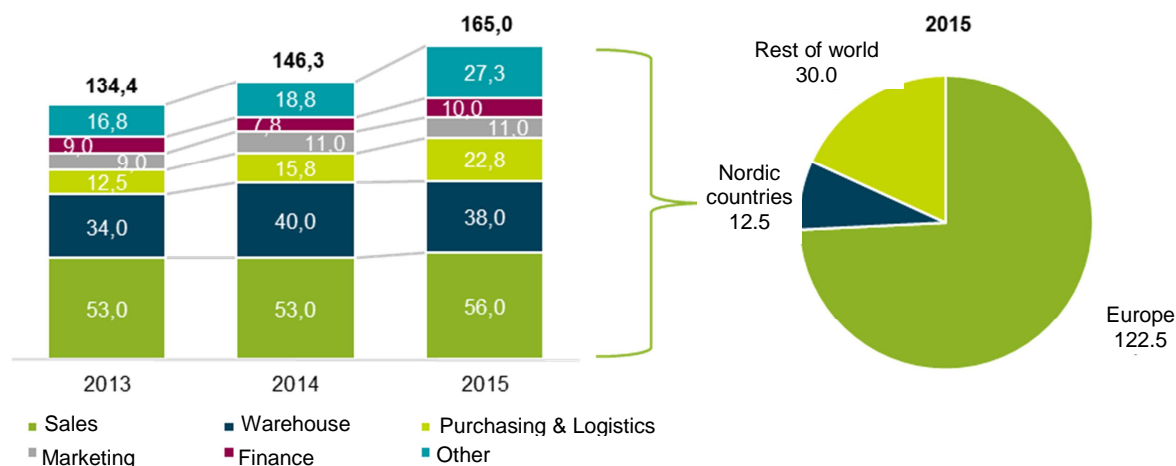


Strax's executive management comprises the Group CEO, who is supported by Strax's HQ steering group, which consists of the CFO and the heads of logistics, purchasing, operations management and IT. The aim of the HQ steering group is to create a group that supervises and bears ultimate responsibility for Strax's operating activities and direction.

## Employees

As at 31 December 2015, Strax had 165 full-time employees, including its part-time employees. There has been no significant change in the number of full-time employees until the publication date of this Prospectus. The following table illustrates the trend in the number of full-time employees for financial years 2013-2015, and the geographical distribution of those employees.

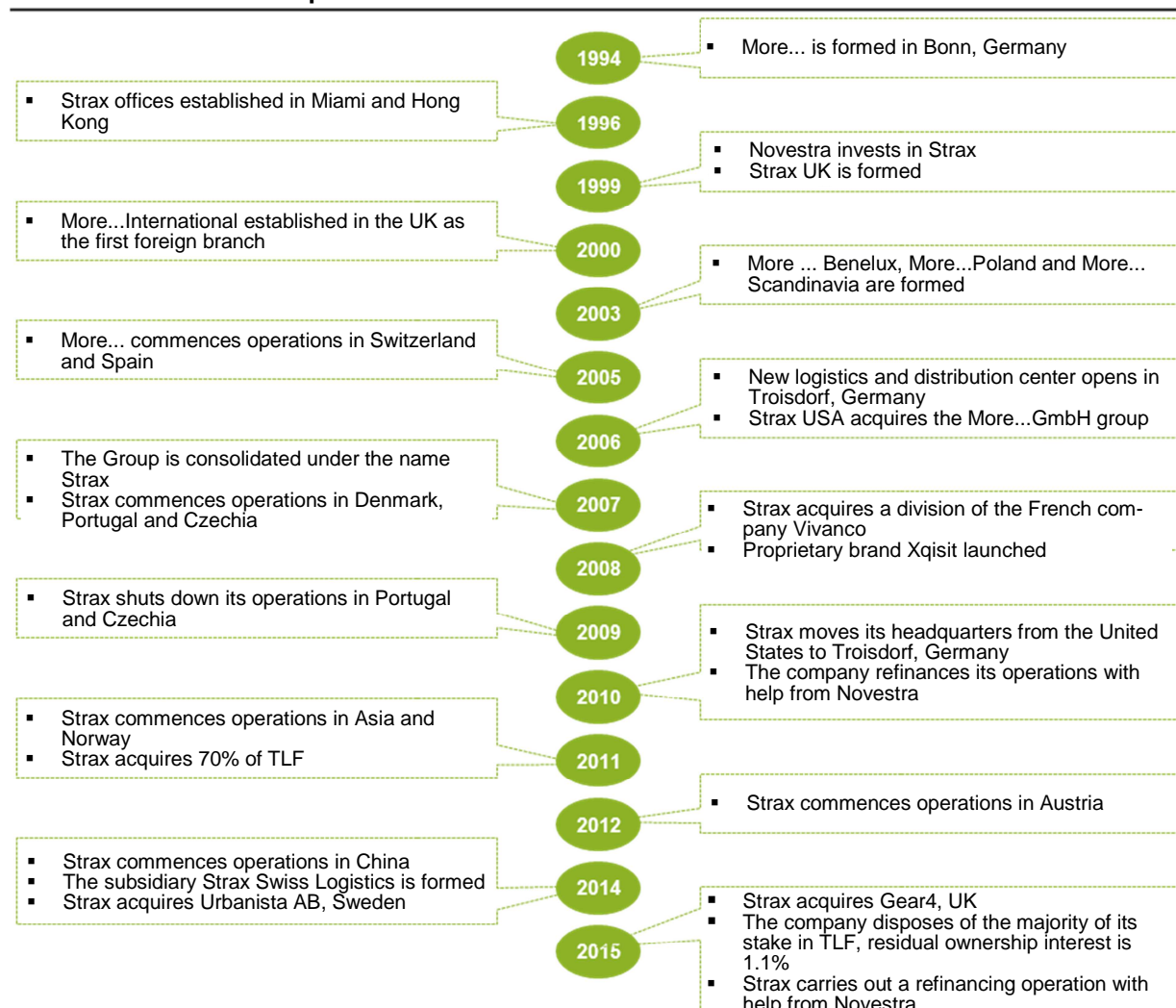
## Trend in the number of full-time employees incl. HR category and geographical distribution



## Strax's history

Strax was founded in the United States in 1996, with a branch in Hong Kong, and its current business is the result of a merger between Strax and More...Mobilfunkzubehör GmbH ("More ...") in 2006. Since that time, Strax has done business under the name Strax. From the start, Strax has been active in the mobile accessories market, and has accumulated around 20 years of experience in the market since its inception. Novestra has been one of the company's major shareholders since 1999.

## Strax's historical development



# Financial overview Novestra

The following tables show historical financial information in excerpt form for the Group for financial years 2014 and 2015. The information was obtained from the Company's audited annual accounts, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU.

## Consolidated income statement

| Group  | 2015-01-01    | 2014-01-01    |
|--|---------------|---------------|
| Income statements, SEK thousands                                   | 2015-12-31    | 2014-12-31    |
| <b>INVESTING ACTIVITIES</b>  |               |               |
| Changes in value   | 35,250        | 319           |
| Dividends  | 2,949         | 2,402         |
| Selling expenses <sup>(1)</sup>                                    | -856          | -             |
| <b>Gross profit investing activities</b>                           | <b>37,343</b> | <b>2,721</b>  |
| <b>Other operations</b>  |               |               |
| Net sales  | 75            | 100           |
| <b>Gross profit other operations</b>                               | <b>75</b>     | <b>100</b>    |
| <b>Gross profit</b>  | <b>37,418</b> | <b>2,821</b>  |
| Administrative expenses  | -5,535        | -6,279        |
| <b>Operating profit</b>  | <b>31,883</b> | <b>-3,458</b> |
| Financial income   | 2,270         | 633           |
| Financial expenses   | -334          | -285          |
| Net financial items  | 1,936         | 348           |
| <b>Profit before tax</b>   | <b>33,819</b> | <b>-3,110</b> |
| Tax  | -14           | -19           |
| <b>NET INCOME <sup>(2)</sup></b>                                   | <b>33,805</b> | <b>-3,129</b> |
| Earnings per share, SEK <sup>(3)</sup>                             | 0.91          | -0.08         |
| Average number of shares before and during dilution <sup>(3)</sup> | 37,187,973    | 37,187,973    |
| <b>Statement of comprehensive income, SEK</b>                      |               |               |
| Net income   | 33,805        | -3,129        |
| Other comprehensive income   | -             | -             |
| <b>COMPREHENSIVE INCOME FOR THE YEAR <sup>(2)</sup></b>            | <b>33,805</b> | <b>-3,129</b> |

(1) Selling expenses refer to the estimated cost of Novestra's variable incentive scheme as adopted by the Annual General Meeting.

(2) Net income and comprehensive income for the year are attributable in their entirety to the parent company shareholders.

(3) No dilution has taken place, meaning that the earnings measure prior to dilution is identical to that after dilution.

## The Group's financial position in brief

| Group                                   |                |                |
|---|----------------|----------------|
| Balance sheets, SEK thousands           | 2015-12-31     | 2014-12-31     |
| <b>ASSETS</b>                           |                |                |
| <b>Fixed assets</b>                     |                |                |
| Equipment                               | 1,270          | 1,298          |
| Shares and participations               | 141,447        | 70,446         |
| <b>Total fixed assets</b>               | <b>142,717</b> | <b>71,744</b>  |
| <b>Current assets</b>                   |                |                |
| Prepaid expenses and accrued income     | 465            | 845            |
| Shares and participations held for sale | 8,514          | 135,200        |
| Other receivables                       | 91,489         | 10,302         |
| Cash and cash equivalents               | 165            | 353            |
| <b>Total current assets</b>             | <b>100,633</b> | <b>146,700</b> |
| <b>TOTAL ASSETS</b>                     | <b>243,350</b> | <b>218,444</b> |
| <b>EQUITY AND LIABILITIES</b>           |                |                |
| <b>Equity</b>                           | <b>239,892</b> | <b>206,087</b> |
| <b>Liabilities</b>                      |                |                |
| <b>Current liabilities</b>              |                |                |
| Interest-bearing liabilities            | 394            | 10,768         |
| Accounts payable                        | 409            | 92             |
| Tax liabilities                         | -              | 19             |
| Other liabilities                       | 80             | 66             |
| Accrued expenses and deferred income    | 2,575          | 1,412          |
| <b>Total current liabilities</b>        | <b>3,458</b>   | <b>12,357</b>  |
| <b>Total liabilities</b>                | <b>3,458</b>   | <b>12,357</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>     | <b>243,350</b> | <b>218,444</b> |

## Consolidated cash flow

| Group   | 2015-01-01    | 2014-01-01    |
|---|---------------|---------------|
| Cash flow statements, SEK thousands   | 2015-12-31    | 2014-12-31    |
| <b>OPERATING ACTIVITIES</b>   |               |               |
| Profit for the period before tax  | 33,819        | -3,110        |
| Adjustments for items not included in cash flow from operating activities or which do not affect cash flow: |               |               |
| Adjustment for the impact on earnings of financial instruments recognized at fair value                     | -35,209       | -228          |
| Adjustments for other non-cash items  | -             | -             |
| Tax paid  | -             | -280          |
| <b>Cash flow from operating activities before changes in working capital</b>                                | <b>-1,390</b> | <b>-3,618</b> |

|  |                |               |
|--|----------------|---------------|
| Cash flow from changes in working capital          |                |               |
| Increase (-)/decrease (+) in operating receivables | 10,128         | 6,545         |
| Increase(+)/decrease (-) in operating liabilities  | 1,457          | -1,894        |
| <b>Cash flow from operating activities</b>         | <b>10,195</b>  | <b>1,033</b>  |
| <b>INVESTING ACTIVITIES</b>                        |                |               |
| Investments in tangible fixed assets               | -8             | -             |
| Investments in financial fixed assets              | -              | -6,202        |
| Divestment of financial fixed assets               | -              | 12            |
| Divestment of tangible fixed assets                | -              | 9             |
| <b>Cash flow from investing activities</b>         | <b>-8</b>      | <b>-6,181</b> |
| <b>FINANCING ACTIVITIES</b>                        |                |               |
| Change in interest-bearing liabilities             | -10,374        | 3,201         |
| <b>Cash flow from financing activities</b>         | <b>-10,374</b> | <b>3,201</b>  |
| Cash flow for the period                           | <b>-188</b>    | <b>-1,948</b> |
| Cash and cash equivalents at start of year         | <b>353</b>     | <b>2,301</b>  |
| <b>Cash and cash equivalents at end of year</b>    | <b>165</b>     | <b>353</b>    |

Cash and cash equivalents consist entirely of cash and bank balances. In addition to the reported cash and cash equivalents, Novestra holds listed Shares and participations having a value of 8,598 (12,936). In addition, the Group has undrawn credit facilities in a total amount of 8,606 (1,232).

## Key ratios and selected financial items

| Group  | 2015-01-01 | 2014-01-01 |
|--|------------|------------|
| Key ratios   | 2015-12-31 | 2014-12-31 |
| Equity ratio, %**                                      | 99%        | 94%        |
| Cash flow after investments, SEK thousands**           | 10,186     | -5,149     |
| Equity per share, SEK thousands**                      | 6.45       | 5.54       |
| Distributed to shareholders, SEK thousands**           | -          | -          |
| Distributed to shareholders per share, SEK thousands** | -          | -          |
| Number of shares at end of period***                   | 37,187,973 | 37,187,973 |

\*\* Alternative key financial indicators not defined under IFRS

\*\*\* Non-financial indicators not defined under IFRS

All of the above indicators have been audited by Novestra's auditor.

Alternative financial indicators have been included in the Prospectus as the Company believes that these indicators serve to increase understanding of Novestra's earnings performance and financial position.

If the transaction is approved at the Annual General Meeting on 26 April 2016, Strax will become a subsidiary of the Company, meaning that Novestra will no longer be an investment company. Novestra therefore intends not to report the above key performance indicator going forward.

## **Key performance indicator definitions**

**Equity ratio** – Equity as a percentage of the balance sheet total.

**Cash flow after investments** – Profit/loss before tax after reversal of depreciations and other non-cash items, less tax paid, and adjusted for changes in working capital and net investments in fixed assets.

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

**Distributed to shareholders** – Distributed to shareholders at the end of the period.

**Distributed to shareholders per share** – Distribution to shareholders in proportion to the number of shares at the end of the period.

**Number of shares at end of period** – Number of shares at the end of the period, adjusted for the bonus issue and split.

## **Comments on the financial overview**

### ***Financial year ended 31 December 2015 compared to the financial year ended 31 December 2014***

*All amounts are expressed in thousands of SEK (SEK thousands), unless stated otherwise. Figures in parentheses refer to comparative figures for the previous year, hereinafter 2015 (2014).*

#### **Revenue and profit**

Consolidated profit for the year amounted to 33,805 (-3,129). The profit figure included gross profit from investing activities in the amount of 37,343 (2,721), of which revaluations accounted for 35,250 (319), dividends accounted for 2,949 (2,402) and selling expenses accounted for -856 (-). The revaluations are attributable to upvaluations of Strax and Explorica, Inc., in the amount of 6,130 and 33,135, respectively, and a downward revaluation in the amount of -3,985 for the listed holding WeSC. Dividends are attributable in their entirety to the dividend paid by Explorica, Inc. Selling expenses were related to the estimated cost of Novestra's variable incentive system. The profit figure also included gross profit from other operations in the amount of 75 (100), administrative expenses in the amount of -5,535 (-6,279) and net financial items in the amount of 1,936 (348).

#### **Balance sheet**

The balance sheet total amounted to 243,350 (218,444), of which equity accounted for 239,892 (206,087), corresponding to an equity ratio of 98.6 (94.3) percent. The change in equity is attributable to the profit for the period in the amount of 33,805 (-3,129). Shares and participations increased from 70,446 to 141,447, which was primarily the result of the fact that the Strax shareholding was reclassified from "Shares and participations held for sale" to "Shares and participations". Shares and participations held for sale decreased by 126,686 to 8,514 (135,200), which is mainly attributable to the reclassification of the Strax shareholding. Other receivables increased by 81,187 to 91,489 (10,302), which is attributable to a claim against the purchase price for the divestment of Explorica, Inc. Interest-bearing liabilities decreased by 10,374 to 394 (10,768), while cash and cash equivalents decreased by 188 to 165 (353). Cash and cash equivalents, including holdings of listed shares, amounted to 8,598 (12,936). In addition, the Group has undrawn credit facilities in the amount of 8,606 (1,232).

#### **Cash flow**

Cash flow from operating activities increased during the year to 10,195 (1,033). Cash flow was affected mainly by the fact that operating receivables declined, which primarily had to do with the disposal of MyPublisher. Cash flow from investing activities increased, amounting to -8 (-6,181). Cash flow for financing activities amounted to -10,374 (3,201), a change attributable in its entirety to the repayment of interest-bearing liabilities. Total cash flow for 2015 amounted to -188 (-1,948) while cash and cash equivalents at the end of the year amounted to 165 (353).

# Equity, liabilities and other financial information

## Novestra

The tables in this section present the Group's equity and debt, as well as net debt as at 31 January 2016.

All information, with the exception of that in the tables as at 31 January 2016, relates to the 2015 financial year and the balance sheet as at 31 December 2015, with the 2014 financial year and the balance sheet as at 31 December 2014 presented in parentheses as comparative figures.

The information presented in this section should be read together with the section "Financial overview Novestra". Please refer to the "Share capital and ownership structure" section for additional information about the Company's share capital and shares.

All amounts are expressed in thousands of SEK (SEK thousands), unless stated otherwise.

## Financial resources and the financial structure

The Group's cash and cash equivalents amounted to 165 (353) as at 31 December 2015. The Group has a relatively low proportion of interest-bearing liabilities, and the Board believes that the Group's short-term solvency is good. Novestra does not believe that the Group has any borrowing requirements over the next 12-month period, or that there are any restrictions on the use of capital that could materially affect the business.

| (SEK thousands) Group Equity and liabilities  | 2016-01-31 | (SEK thousands) Consolidated Net debt                | 2016-01-31 |
|---|------------|--|------------|
| <b>Current liabilities</b>  |            | <b>(A) Cash</b>                                      | -          |
| Guaranteed  | -          | <b>(B) Cash and cash equivalents<sup>1)</sup></b>    | 87,726     |
| Secured   | -          | <b>(C) Listed securities</b>                         | 14,158     |
| Unsecured loans   | -          | <b>(D) Liquidity (A)+(B)+(C)</b>                     | 101,884    |
| <b>Total current liabilities</b>  | 0          | <b>(E) Current receivables</b>                       | 1,260      |
| <b>Long-term liabilities</b>  |            | <b>(F) Short-term bank loans</b>                     | -          |
| Guaranteed  | -          | <b>(G) Current portion of long-term liabilities</b>  | -          |
| Secured   | -          | <b>(H) Other current liabilities</b>                 | 3,150      |
| Unsecured loans   | -          | <b>(I) Current liabilities (F)+(G)+(H)</b>           | 3,150      |
| <b>Total long-term liabilities (excluding current portion of long-term liabilities)</b> | 0          | <b>(J) Net current debt (I)-(E)-(D)<sup>2)</sup></b> | -99,994    |
| <b>Equity</b>   |            | <b>(K) Long-term bank loans</b>                      | -          |
| Share capital   | 37,188     | <b>(L) Bonds issued</b>                              | -          |
| Other capital contributions   | 402,250    | <b>(M) Other long-term loans</b>                     | -          |
| Profit brought forward including net profit for the period                              | -196,746   | <b>(N) Long-term liabilities (K)+(L)+(M)</b>         | 0          |
| <b>Total equity</b>   | 242,692    | <b>(O) Net debt (J)+(N)<sup>2)</sup></b>             | -99,994    |
| <b>Total equity and liabilities</b>   | 242,692    |  |            |

<sup>1)</sup> Consists entirely of cash and bank balances

<sup>2)</sup> A negative number means that the Company has a net cash surplus, meaning that its available liquidity exceeds short-term and long-term liabilities

## Fixed assets

The Group has no intangible fixed assets. As at 31 December 2015, the Group's tangible fixed assets amounted to 1,270 (1,298), attributable to equipment. Financial fixed assets amounted to 141,447 (70,446), consisting of Shares and participations. There are no pertinent environmental factors that could affect the Group's use of the tangible fixed assets.

## Consolidated shareholders' equity and liabilities

As at 31 December 2015, the Group had shareholders' equity in the amount of 239,892 (206,087) and 3,458 (12,357) in total liabilities, of which interest-bearing liabilities amounted to SEK 394 (10,768). The interest-bearing liabilities are backed in their entirety by collateral comprising pledged financial instruments in the form of Shares and participations. Beginning on 31 December 2015 and until Finansinspektionen's registration of this Prospectus on 26 April 2016, consolidated equity and debt was affected by a mandatory redemption procedure resolved upon at an Extraordinary General Assembly on 9 February, whereby 91,100 was distributed to Novestra's shareholders. In addition, the Board proposed to the Annual General Meeting that 6,197,995 shares in WeSC (equivalent to around 95 percent of the company's shares in WeSC) be distributed to Novestra's shareholders.

## Provisions

There are no provisions.

## Working capital

Novestra's assessment is that the existing working capital is sufficient to meet current needs over the next 12-month period. The Group's working capital requirements are linked primarily to administrative costs for current operating activities, which declined in recent years due to the progressive disposal of investments.

## Investments and divestments

In the 2015 financial year, the Group's investments amounted to 8 (6,202), of which - (6,202) consisted of investments in financial assets and 8 (-) pertained to investments in tangible assets. Divestment of financial assets during the year totaled 90,935 (-), and were related to Novestra's portfolio company Explorica, Inc. As per 31 December 2015, the sales proceeds are recognized as a current receivable on the balance sheet.

## Current investments and future investments that have been resolved upon

Novestra has entered into an agreement to acquire the remaining 73 percent of Strax and has put forward a proposal to finance the acquisition through newly issued shares in a non-cash issue. The company's holding of 7,516 shares in Strax corresponds to approximately 27 percent of the total number of shares outstanding in Strax. The purchase price consideration consisted of 80,574,293 new shares in Novestra, with a total value of approximately 583,547,231 SEK, based on the volume-weighted average over the five trading days preceding the contract date. The acquisition is conditional, among other things, on the Annual General Meeting of 26 April 2016 resolving in keeping with the Board's proposal. If the Annual General Meeting resolves in keeping with the Board's proposal, this means that the Company's existing shareholders will own approximately 31.58 percent after the acquisition, whereas the new shareholders will own approximately 68.42 percent of the total number of shares outstanding in Novestra.

## Trends and outlook for the future

Novestra has been disposing of existing holdings in its portfolio over the past few financial years. In connection with this divestment, a total of approximately SEK 461 million was distributed to shareholders. It is a natural progression of this strategy for Novestra to consolidate its last major unlisted holding, Strax, by acquiring all outstanding shares. Novestra can continue developing and managing Strax, not only as a company, but also in terms of its value to Novestra's shareholders.

Practically speaking, this means that as Strax's holding company, Novestra's operations will be focused exclusively on Strax's operational business, for which reason Novestra will change its name to Strax AB in connection with the acquisition of the outstanding shares. In 2015 Strax had sales of approximately SEK 748 million, with an operating profit of approximately SEK 33 million. Strax has been a successful investment for Novestra, and the Board of Directors is convinced that this transaction will contribute to continued successful performance on behalf of Novestra's shareholders.

## Material changes

In January 2016, Novestra received sale proceeds in a total amount of SEK 90,935 thousand, in cash, from the sale of the portfolio company Explorica, Inc. As per 31 December 2015, the sales proceeds are recognized as a current receivable on the balance sheet. On 15 January 2016, the Board summoned an Extraordinary General Assembly to be held 9 February 2016 concerning a decision on the proposed distribution. It was resolved at this General Assembly, in accordance with the Board's proposal, to make a distribution in a total amount of SEK 91,100 thousand, corresponding to SEK 2.45 per share. The distribution was made in the form of a mandatory redemption procedure whereby each share in Novestra was split into two shares, of which one is referred to as the redemption share, which is redeemed for SEK 2.45 in cash. The redemption was paid on 9 March 2016.

Novestra has entered into an agreement to acquire the remaining 73 percent of Strax and has put forward a proposal to finance the acquisition through newly issued shares in a non-cash issue. The Company's largest single investment has for a long time been its holding in Strax, which has comprised approximately 94 percent of Novestra's total investments for some time. The company's holding of 7,516 shares in Strax corresponds to approximately 27 percent of the total number of shares outstanding in Strax. The purchase price consideration consisted of 80,574,293 new shares in Novestra, with a total value of approximately 583,547,231 SEK, based on the volume-weighted average over the five trading days preceding the contract date. The acquisition is conditional, among other things, on the Annual General Meeting of 26 April 2016 resolving in keeping with the Board's proposal. Furthermore, the Board has put forward a proposal to the Annual General Meeting to the effect that Novestra's holding in WeSC be distributed to the Company's existing shareholders in the form of a distribution in kind. It is proposed that the resolutions regarding the non-cash issue and the distribution in kind be adopted. If the Annual General Meeting resolves in keeping with the Board's proposal, this means that the Company's existing shareholders will own approximately 31.58 percent after the acquisition, whereas the new shareholders will own approximately 68.42 percent of the total number of shares outstanding in Novestra.



# Financial overview Strax

The following tables show historical financial information in excerpt form for Strax for the financial years 2014 and 2015. The information was obtained from Strax's audited 2015 financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU. Strax's reporting currency is EUR, for which reason Strax's accounts are presented in both the EUR and SEK currencies, in order to provide as clear a view as possible. Accounts restated to SEK have not been audited by Strax's auditor.

## Strax income statement

| Strax                     | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Income statements         | SEK thousands            | SEK thou-<br>sands       | EUR thou-<br>sands       | EUR thou-<br>sands       |
| <b>SALES AND SERVICES</b> |                          |                          |                          |                          |
| Net sales                 | 747,644                  | 632,251                  | 79,947                   | 69,508                   |
| Cost of goods sold        | -564,256                 | -478,743                 | -60,337                  | -52,632                  |
| <b>Gross profit</b>       | <b>183,388</b>           | <b>153,508</b>           | <b>19,610</b>            | <b>16,876</b>            |
| Selling expenses          | -112,946                 | -86,007                  | -12,078                  | -9,455                   |
| Administrative expenses   | -41,021                  | -29,622                  | -4,387                   | -3,257                   |
| Other operating expenses  | -27,881                  | -28,066                  | -2,981                   | -3,086                   |
| Other operating income    | 31,072                   | 27,245                   | 3,323                    | 2,995                    |
| <b>Operating profit</b>   | <b>32,613</b>            | <b>37,058</b>            | <b>3,487</b>             | <b>4,074</b>             |
| Financial income          | 241                      | 176                      | 26                       | 19                       |
| Financial expenses        | -10,587                  | -12,994                  | -1,132                   | -1,429                   |
| Net financial items       | -10,346                  | -12,818                  | -1,106                   | -1,409                   |
| <b>Profit before tax</b>  | <b>22,267</b>            | <b>24,239</b>            | <b>2,381</b>             | <b>2,665</b>             |
| Tax                       | -10,813                  | -9,589                   | -1,156                   | -1,054                   |
| <b>Net income</b>         | <b>11,454</b>            | <b>14,651</b>            | <b>1,225</b>             | <b>1,611</b>             |

The income statement has been restated from EUR to SEK at the average full-year exchange rates for 2014 (9.096 SEK/1 EUR) and 2015 (9.352 SEK/1 EUR)

## Strax's financial position in brief

| Strax                                 | 2015-12-31     | 2014-12-31         | 2015-12-31         | 2014-12-31         |
|---------------------------------------|----------------|--------------------|--------------------|--------------------|
| Balance sheets                        | SEK thousands  | SEK thou-<br>sands | EUR thou-<br>sands | EUR thou-<br>sands |
| <b>ASSETS</b>                         |                |                    |                    |                    |
| <b>Fixed assets</b>                   |                |                    |                    |                    |
| Goodwill                              | 132,681        | 82,400             | 14,438             | 8,772              |
| Other intangible assets               | 2,493          | 3,099              | 271                | 330                |
| Tangible fixed assets                 | 7,200          | 4,003              | 783                | 426                |
| Shares in associated companies        | 71             | 7,456              | 8                  | 794                |
| Other assets                          | 57,388         | 2,607              | 6,245              | 278                |
| Deferred tax assets                   | 5,382          | 3,791              | 586                | 404                |
| <b>Total fixed assets</b>             | <b>205,215</b> | <b>103,355</b>     | <b>22,331</b>      | <b>11,003</b>      |
| <b>Current assets</b>                 |                |                    |                    |                    |
| Inventories                           | 82,108         | 76,061             | 8,935              | 8,098              |
| Tax receivables                       | 22             | 35                 | 2                  | 4                  |
| Accounts receivable                   | 130,250        | 106,369            | 14,174             | 11,324             |
| Receivables from associated companies | 14,368         | -                  | 1,563              | -                  |
| Other assets                          | 99,669         | 41,177             | 10,846             | 4,384              |
| Cash and cash equivalents             | 45,727         | 86,237             | 4,976              | 9,181              |

|  |                |                |               |               |
|--|----------------|----------------|---------------|---------------|
| <b>Total current assets</b>            | <b>372,144</b> | <b>309,879</b> | <b>40,497</b> | <b>32,990</b> |
| <b>TOTAL ASSETS</b>                    | <b>577,358</b> | <b>413,234</b> | <b>62,828</b> | <b>43,994</b> |
| <b>EQUITY AND LIABILITIES</b>          |                |                |               |               |
| <b>Equity</b>                          | <b>98,449</b>  | <b>87,267</b>  | <b>10,713</b> | <b>9,291</b>  |
| <b>Liabilities</b>                     |                |                |               |               |
| <b>Long-term liabilities</b>           |                |                |               |               |
| Tax liabilities                        | 7,829          | 13,350         | 852           | 1,421         |
| Other liabilities                      | 85,841         | 24,039         | 9,341         | 2,559         |
| Deferred tax liabilities               | 6,064          | 3,634          | 660           | 387           |
| <b>Total long-term liabilities</b>     | <b>99,735</b>  | <b>41,023</b>  | <b>10,853</b> | <b>4,367</b>  |
| <b>Current liabilities</b>             |                |                |               |               |
| Provisions                             | 5,869          | 3,110          | 639           | 331           |
| Interest-bearing liabilities           | 124,272        | 70,819         | 13,523        | 7,540         |
| Accounts payable and other liabilities | 90,283         | 98,272         | 9,825         | 10,462        |
| Liabilities to associated companies    | -              | 6,549          | -             | 697           |
| Tax liabilities                        | 9,867          | 4,166          | 1,074         | 444           |
| Other liabilities                      | 148,883        | 102,029        | 16,201        | 10,862        |
| <b>Total current liabilities</b>       | <b>379,174</b> | <b>284,945</b> | <b>41,262</b> | <b>30,336</b> |
| <b>Total liabilities</b>               | <b>478,909</b> | <b>325,967</b> | <b>52,115</b> | <b>34,703</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>    | <b>577,358</b> | <b>413,234</b> | <b>62,828</b> | <b>43,994</b> |

The balance sheet has been restated from EUR to SEK at the exchange rate as of the balance sheet dates of 31 December 2014 (9.393 SEK/1 EUR) and 31 December 2015 (9.190 SEK/1 EUR)

## Strax's cash flow

| <b>Strax</b>   | <b>2015-01-01</b> | <b>2014-01-01</b> | <b>2015-01-01</b> | <b>2014-01-01</b> |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>2015-12-31</b> | <b>2014-12-31</b> | <b>2015-12-31</b> | <b>2014-12-31</b> |
| <b>Cash flow statements</b>                            | <b>SEK thou-</b>  | <b>SEK thou-</b>  | <b>EUR thou-</b>  | <b>EUR thou-</b>  |
|  | <b>sands</b>      | <b>sands</b>      | <b>sands</b>      | <b>sands</b>      |
| <b>OPERATING ACTIVITIES</b>                            |                   |                   |                   |                   |
| Net income   | 11,454            | 14,651            | 1,225             | 1,611             |
| Amortization of intangible and tangible fixed assets   | 4,825             | 3,229             | 516               | 355               |
| Accruals and provisions                                | 2,877             | -1,185            | 308               | -130              |
| Other non-cash items                                   | 5,712             | 3,204             | 611               | 352               |
| Income tax paid  | -3,262            | -4,221            | -349              | -464              |
| Increase (-)/decrease (+) in operating receivables     | -154,685          | 80,889            | -16,541           | 8,893             |
| Increase(+)/decrease (-) in operating liabilities      | 93,284            | -51,037           | 9,975             | -5,611            |
| <b>Cash flow from operating activities</b>             | <b>-39,795</b>    | <b>45,529</b>     | <b>-4,255</b>     | <b>5,005</b>      |
| <b>INVESTING ACTIVITIES</b>                            |                   |                   |                   |                   |
| Divestment of financial and tangible fixed assets      | 935               | -                 | 100               | -                 |
| Investments in intangible fixed assets                 | -4,487            | 564               | -480              | 62                |
| Investments in tangible fixed assets                   | -5,518            | -2,565            | -590              | -282              |
| Acquisitions of subsidiaries                           | -22,484           | -1,846            | -2,404            | -203              |
| <b>Cash flow from investing activities</b>             | <b>-31,554</b>    | <b>-3,848</b>     | <b>-3,374</b>     | <b>-423</b>       |
| <b>FINANCING ACTIVITIES</b>                            |                   |                   |                   |                   |
| Interest-bearing borrowings                            | 134,027           | -                 | 14,332            | -                 |
| Amortization of interest-bearing liabilities           | -92,014           | -11,370           | -9,839            | -1,250            |
| <b>Cash flow from financing activities</b>             | <b>42,013</b>     | <b>-11,370</b>    | <b>4,493</b>      | <b>-1,250</b>     |
| Cash flow for the period                               | -29,336           | 30,312            | -3,137            | 3,332             |
| Exchange rate differences in cash and cash equivalents | -707              | 2,495             | 71                | -25               |
| Cash and cash equivalents at start of year             | 86,237            | 53,430            | 9,181             | 5,874             |

|   |               |               |              |              |
|---|---------------|---------------|--------------|--------------|
| <b>Cash and cash equivalents at end of year</b> | <b>56,194</b> | <b>86,237</b> | <b>6,115</b> | <b>9,181</b> |
|---|---------------|---------------|--------------|--------------|

The cash flow statement has been restated from EUR to SEK at the average full-year exchange rates for 2014 (9.096 SEK/1 EUR) and 2015 (9.352 SEK/1 EUR)

Cash and cash equivalents at year-end 2015 amounted to 56,194, of which 10,467 comprised restricted cash and cash equivalents that are recognized as other assets on the balance sheet. At year-end 2014, Strax had no restricted cash and cash equivalents.

The exchange rate differences in cash and cash equivalents attributable to the difference between the average exchange rate and the exchange rate as of the balance sheet date (SEK/EUR) for each of the two years amounts to SEK 2,723 thousand for 2014 and SEK -1,371 thousand for 2015

## Key ratios and selected financial items

| Strax                      | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Key ratios                 | SEK thou-<br>sands       | SEK thou-<br>sands       | EUR thou-<br>sands       | EUR thousands            |
| Net sales growth (%)**     | 18%                      | n.a.                     | 15%                      | n.a.                     |
| Gross margin (%)**         | 25%                      | 24%                      | 25%                      | 24%                      |
| Operating margin (%)**     | 4%                       | 6%                       | 4%                       | 6%                       |
| Profit margin (%)**        | 2%                       | 2%                       | 2%                       | 2%                       |
| Equity, SEK thousands*     | 98,449                   | 87,267                   | 10,713                   | 9,291                    |
| Equity ratio, %**          | 17.1%                    | 21.1%                    | 17%                      | 21%                      |
| Cash and cash equivalents* | 45,727                   | 86,237                   | 4,976                    | 9,181                    |

\* Key financial indicators defined under IFRS

\*\* Alternative key financial indicators not defined under IFRS

None of the above indicators have been audited by Strax's auditor.

Alternative financial indicators have been included in the Prospectus. The Company believes that these indicators serve to increase understanding of Strax's earnings performance and financial position, and the Company intends to report the above indicators going forward.

## Key performance indicator definitions

**Net sales growth** – Increase in net sales as a percentage of the previous year's net sales.

**Gross margin** – Gross profit as a percentage of net sales.

**Operating margin** – Operating profit as a percentage of net sales.

**Profit margin** – Profit for the period as a percentage of net sales.

**Equity** – Equity at the end of the period.

**Equity ratio** – Equity as a percentage of the balance sheet total.

**Cash and cash equivalents** – Cash and cash equivalents at the end of the period.

## Comments on the financial overview

### Financial year ended 31 December 2015 compared to the financial year ended 31 December 2014

All amounts are expressed in thousands of SEK (SEK thousands), unless stated otherwise. Figures in parentheses refer to comparative figures for the previous year, hereinafter 2015 (2014).

#### Revenue and profit

Strax's net sales amounted to 747,644 (632,251), an increase of 18.3 percent over the previous year. The increase in net sales is primarily attributable to increased product sales on the British market and growth markets outside of Europe, but is also attributable, to a certain extent, to an increase in the sale of services. Strax's gross profit increased from 153,508 to 183,388, which corresponds to an increase of 19.5 percent and a change in gross margin from 24.3 percent to 24.5 percent. The operating costs increased by 26.6 percent, from 143,696 to 181,848. The change in operating costs is mainly attributable to increased selling expenses, 112,946 (86,007), and to increased administrative expenses, 41,021 (29,622). As a result of the increased operating costs, Strax's operating profit decreased by 12.0 percent from 37,058 to 32,613.

Strax's net financial items increased by 2,473 to -10,346 (-12,818), which was primarily related to a decline in financial expenses. Profit before tax decreased by 8.1 percent from 24,239 to 22,267, while net income decreased by 21.8 percent from 14,651 to 11,454.

#### Balance sheet

The balance sheet total amounted to 577,358 (413,234), of which equity accounted for 98,449 (87,267), corresponding to an equity ratio of 17.1 (21.1) percent. The change in equity is mainly attributable to the profit for the year in the amount of 11,454 (14,651). Fixed assets amounted to 205,215 (103,355). The change in fixed assets is primarily related to other assets and goodwill, which increased by 54,782 and 50,281, respectively. The increase in other assets was related to items pursuant to commitments by a supplier to deliver, with a corresponding obligation

on the part of Strax to purchase, as recognized under other liabilities. The change in goodwill is attributable to the acquisition of Gear4. Current assets amounted to 372,144 (309,879). The increase in current assets was related primarily to changes in other assets and accounts receivable, which increased by 58,492 and 23,881, respectively. The increase in other assets was primarily related to items pursuant to the current portion of commitments by a supplier to deliver, with a corresponding obligation on the part of Strax to purchase, as recognized under other liabilities. The change in accounts receivable was mainly driven by the increase in net sales. Cash and cash equivalents decreased by 40,509 to 45,727 (86,237).

Strax's long-term liabilities increased by 58,712 to 99,735 (41,023), which was primarily the result of other liabilities increasing by 61,802 to 85,841 (24,039). The change in other liabilities was primarily attributable to the non-current portion of the additional consideration related to the acquisition of Gear4, and to items pursuant to a commitment by Strax to purchase, with a corresponding obligation on the part of a supplier to deliver, as recognized under other assets. Strax's current liabilities amounted to 379,174 (284,945). The increase in current liabilities was primarily attributable to interest-bearing liabilities and other liabilities, which increased by 53,454 and 46,854, respectively. The change in interest-bearing liabilities was related to a refinancing transaction that Strax carried out in 2015. The increase in other liabilities was related to the current portion of the additional consideration related to the acquisition of Gear4, and to items pursuant to the current portion of a commitment by Strax to purchase, with a corresponding obligation on the part of a supplier to deliver, as recognized under other assets.

## **Cash flow**

Cash flow from operating activities amounted to -39,795 (45,529). The reason for the decline in cash flow from operating activities was primarily that operating receivables increased by 154,685 over the previous year. Cash flow from investing activities amounted to -31,554 (-3,848), which was largely attributable to the acquisition of Gear4. Cash flow from financing activities amounted to 42,013 (-11,370). The improved cash flow from financing activities is attributable in its entirety to interest-bearing borrowings. Strax reported a negative cash flow of SEK -29,336 (30,312) for the period. Cash and cash equivalents amounted to SEK 56,194 (86,237) at year-end, of which restricted cash and cash equivalents accounted for 10,467 (-).

# Pro forma financial statements

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## Background

Novestra owns 7,516 shares in Strax, corresponding to 27 percent of total outstanding shares. The Board of Directors of the Company has proposed to the General Assembly, which is scheduled to be held on 26 April 2016, that Novestra acquire the remaining 73 percent of shares outstanding in Strax in exchange for a payment of 80,574,293 shares in the Company, through a non-cash issue. Furthermore, as part of this transaction, the Board has proposed to the General Assembly that the shares in WeSC held by Novestra be distributed to the Company's shareholders.

At the end of 2015, Novestra divested a large position in Explorica, which was followed by a decision to distribute a total of 91,110,534 SEK to Novestra's shareholders in cash. Overall, the aforementioned transactions have a direct effect on Novestra's future earnings, financial position and cash flow.

## Aim of the pro forma financial statements

The pro forma financial statements below have been drawn up as a general hypothetical illustration regarding:

- What effect Novestra's completed sale of shares in Explorica, its completed payment of capital to Novestra shareholders via a redemption procedure, its participation in a new share issue and proposed distribution of shares in WeSC to Novestra shareholders, as well as the proposed acquisition of shares in Strax via a non-cash issue, could have had on Novestra's earnings if these events had taken place on 1 January 2015
- What effect Novestra's payment of capital to Novestra shareholders via a redemption procedure, its participation in a new share issue and proposed distribution of shares in WeSC to Novestra shareholders, as well as the proposed acquisition of shares in Strax via a non-cash issue, could have had on Novestra's balance sheet of 31 December 2015 if these events had taken place on that date

The pro forma financial statements below are only intended to describe a hypothetical situation and have been prepared for illustrative purposes only, to provide information, and are not intended to present the financial position or the net income that the business would actually have achieved if the aforementioned events had occurred on the dates mentioned above, nor do they illustrate the business's financial position or earnings at a future date or during any future period. Investors should not attach undue importance to the pro forma financial statements in their investment decisions.

## Basis of the pro forma financial statements

The pro forma financial statements are based on financial information included in Novestra's audited annual report for the 2015 financial year, as well as Strax's audited financial statements for the 2015 financial year.

The accounting principles applied both by Novestra and by Strax are the International Financial Reporting Standards (IFRS) as adopted by the EU. The pro forma financial statements have been prepared in accordance with Novestra's accounting policies as described in the section "Historical financial information".

The pro forma financial statements have been prepared in the form of a reverse acquisition in which Strax is deemed to be the acquirer for accounting purposes.

Strax's income statement has been restated from EUR to SEK at an annual average currency exchange rate for 2015, and Strax's balance sheet has been restated from EUR to SEK at the exchange rate as at 31 December 2015.

No pro forma adjustments for synergies or integration costs have been made in the pro forma income statement.

## Pro forma adjustments

### *Sale of shares, redemption and distribution of shares*

Pro forma adjustments were made to the balance sheet with regard to Novestra's completed payment of capital to the shareholders through a redemption procedure, its participation in the new share issue in WeSC, and the proposed distribution of shares in WeSC to the shareholders.

Pro forma adjustment for the redemption procedure caused a decline in other current receivables and equity on the pro forma balance sheet. The cash and cash equivalents received upon payment of other current receivables attributable to the divestment of Explorica have been paid out in connection with the settlement of redemption shares. Pro forma adjustment for participation in the new share issue in WeSC caused an increase in short-term interest-bearing liabilities, and the proposed distribution of shares in WeSC has reduced both Shares and participations held for sale and equity on the pro forma balance sheet.

The pro forma income statement has been adjusted for earnings attributable to the Explorica shares sold, the completed payment of capital through the redemption procedure, the participation in the new share issue as well as the proposed distribution of shares in WeSC.

## ***The acquisition of Strax***

The consideration for Novestra's proposed formal acquisition of shares in Strax consists of newly issued shares in Novestra. This share issue inflates the item "shares in subsidiaries and equity" on Novestra's balance sheet. In accordance with the IFRS rules for reverse acquisitions accounting, Novestra's shares in Strax are eliminated through set-off against equity in Strax's hypothetical repurchase of the Strax shares. The net effect of these transactions is zero.

## ***Hypothetical share issue relating to the reverse acquisition, fair value adjustments and hypothetical repurchase of own shares***

In accordance with the 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. Because the shares in Novestra are listed on a regulated market and the Strax shares are unlisted, the valuation of Novestra was used the basis for valuing the hypothetical share issue as regards the reverse acquisition in the pro forma financial statements. 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 holdings of Strax shares.

IFRS requires a distribution of fair value (usually referred to as purchase price allocation) as regards Novestra's identifiable assets and liabilities. A preliminary purchase price allocation has been drawn up in which it was assumed that the fair value of Novestra's identifiable assets and liabilities equals the book equity in the Novestra Group as at 31 December 2015, less the book value of redemptions, less the book value of the shares to be distributed, and less the book value of Novestra's shares in Strax. The difference between the transferred consideration and the assumed 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.

## ***Transaction costs***

Transaction costs include both acquisition-related costs and issue expenses. The costs incurred by the acquirer for accounting purposes (Strax) as a result of the acquisition are recognized as an expense in the income statement. Novestra's costs attributable to the non-cash issue are recognized directly in equity, thereby affecting goodwill.

## ***Adjustments due to differences in the application of IFRS***

The accounting principles applied both by Novestra and by Strax are the International Financial Reporting Standards (IFRS) as adopted by the EU. In order to achieve uniform application of these accounting principles, certain balance sheet item reclassifications have been undertaken.

# Pro forma income statement

| Pro forma income statement, SEK thousands | Novestra<br>2015 <sup>1)</sup> | Strax<br>2015 <sup>2)</sup> | Pro forma<br>adjustments | Notes | Pro forma      |
|---|--------------------------------|-----------------------------|--------------------------|-------|----------------|
| <b>Investing activities</b>               |                                |                             |                          |       |                |
| Changes in value                          | 35,250                         | -                           | -35,250                  | 3)    | -              |
| Dividends                                 | 2,949                          | -                           | -2,949                   | 4)    | -              |
| Selling expenses                          | -856                           | -                           | 856                      | 5)    | -              |
| <b>Gross profit investing activities</b>  | <b>37,343</b>                  | <b>-</b>                    | <b>-37,343</b>           |       | <b>-</b>       |
| Net sales                                 | 75                             | 747,644                     | -                        |       | 747,719        |
| Cost of goods sold                        | -                              | -564,256                    | -                        |       | -564,256       |
| <b>Gross profit</b>                       | <b>37,418</b>                  | <b>183,388</b>              | <b>-37,343</b>           |       | <b>183,463</b> |
| Selling expenses                          | -                              | -112,946                    | -                        |       | -112,946       |
| Administrative expenses                   | -5,535                         | -41,021                     | -                        |       | -46,556        |
| Other operating expenses                  | -                              | -27,881                     | -500                     | 6)    | -28,381        |
| Other operating income                    | -                              | 31,072                      | -                        |       | 31,072         |
| <b>Operating profit</b>                   | <b>31,883</b>                  | <b>32,613</b>               | <b>-37,843</b>           |       | <b>26,653</b>  |
| Financial income                          | 2,270                          | 241                         | -                        |       | 2,511          |
| Financial expenses                        | -334                           | -10,587                     | -345                     | 7)    | -11,266        |
| Net financial items                       | 1,936                          | -10,346                     | -345                     |       | -8,755         |
| <b>Profit before tax</b>                  | <b>33,819</b>                  | <b>22,267</b>               | <b>-38,188</b>           |       | <b>17,898</b>  |
| Tax                                       | -14                            | -10,813                     | 175                      | 8)    | -10,652        |
| <b>Net income</b>                         | <b>33,805</b>                  | <b>11,454</b>               | <b>-38,013</b>           |       | <b>7,246</b>   |

1) Based on the financial information included in Novestra's audited annual report for the 2015 financial year.

2) Based on audited historical financial information for the 2015 financial year. The income statement has been restated from EUR to SEK at the average full-year exchange rate for 2015 (9.352 SEK/1 EUR).

3) The adjustment for a change in value in the amount of SEK 35,250 thousand relates to divested shares in Explorica in the amount of SEK 33,135 thousand, distributed WeSC shares in the amount of SEK -3,985 thousand and own shares in Strax acquired in the amount of SEK 6,100 thousand.

4) The adjustment for dividends relates to divested shares in Explorica in the amount of SEK 2,949 thousand.

5) The adjustment for selling expenses relates to divested shares in Explorica in the amount of SEK 856 thousand.

6) The adjustment attributable to estimated transaction costs in Strax amounts to SEK 500 thousand.

7) The pro forma adjustment for financial expenses in the amount of SEK 345 thousand relates to the financing of Novestra's transaction costs in the amount of SEK 4,500 thousand, and to the financing of Novestra's participation in WeSC's new share issue in the amount of SEK 2,403 thousand. The adjustment for financial expenses was calculated on the basis of the 5 percent interest rate charged for Novestra's overdraft facility. Novestra's transaction costs are attributable to the non-cash issue, and were recognized directly in equity. Financial expenses relating to the financing of Strax's transaction costs are deemed insignificant, and no pro forma adjustments have been for these expenses.

8) The pro forma adjustment for tax income in the amount of SEK 175 thousand is attributable to tax-deductible transaction costs Strax in the amount of SEK 500 thousand. The calculation is based on a tax rate of 35 percent.

9) The adjustments for investing activities (Valuation Changes, Dividend and Selling Expenses) are permanent, as the company will not conduct and report Investing Activities going forward. Transaction costs, financial expenses related to transaction costs, income tax related to transaction costs, financial expenses related to transaction costs, participation in the new share issue in WeSC, as well as pro forma adjustments for these expenses, are non-recurring.

# Pro forma balance sheet in brief

Pro forma balance sheet 31 December 2015, SEK thousands

|   | Novestra <sup>1)</sup> | Strax <sup>2)</sup> | Pro forma adjust-ments <sup>3)</sup> | Notes | Pro forma      |
|---|------------------------|---------------------|--------------------------------------|-------|----------------|
| <b>ASSETS</b>                           |                        |                     |                                      |       |                |
| <b>Fixed assets</b>                     |                        |                     |                                      |       |                |
| Goodwill                                | -                      | 132,681             | 61,432                               | 4)    | 194,112        |
| Other intangible assets                 | -                      | 2,493               | -                                    |       | 2,493          |
| Equipment                               | 1,270                  | -                   | -1,270                               | 5)    | 0              |
| Tangible fixed assets                   | -                      | 7,200               | 1,270                                | 6)    | 8,470          |
| Shares in associated companies          | -                      | 71                  | 63                                   | 7)    | 134            |
| Shares and participations               | 141,447                | -                   | -141,363                             | 8)    | 84             |
| Other assets                            | -                      | 57,388              | -                                    |       | 57,388         |
| Deferred tax assets                     | -                      | 5,382               | -                                    |       | 5,382          |
| <b>Total fixed assets</b>               | <b>142,717</b>         | <b>205,215</b>      | <b>-79,868</b>                       |       | <b>268,063</b> |
| <b>Current assets</b>                   |                        |                     |                                      |       |                |
| Inventories                             | -                      | 82,108              | -                                    |       | 82,108         |
| Tax receivables                         | -                      | 22                  | 175                                  | 9)    | 197            |
| Accounts receivable                     | -                      | 130,250             | -                                    |       | 130,250        |
| Receivables from associated companies   | -                      | 14,368              | -                                    |       | 14,368         |
| Prepaid expenses and accrued income     | 465                    | -                   | -465                                 | 10)   | 0              |
| Other assets                            | -                      | 99,669              | 843                                  | 11)   | 100,512        |
| Shares and participations held for sale | 8,514                  | -                   | -8,514                               | 12)   | 0              |
| Other receivables                       | 91,489                 | -                   | -91,489                              | 13)   | 0              |
| Cash and cash equivalents               | 165                    | 45,727              | -                                    |       | 45,892         |
| <b>Total current assets</b>             | <b>100,633</b>         | <b>372,144</b>      | <b>-99,450</b>                       |       | <b>373,327</b> |
| <b>TOTAL ASSETS</b>                     | <b>243,350</b>         | <b>577,358</b>      | <b>-179,318</b>                      |       | <b>641,390</b> |
| <b>Total equity</b>                     | <b>239,892</b>         | <b>98,449</b>       | <b>-186,721</b>                      | 14)   | <b>151,620</b> |
| <b>Long-term liabilities</b>            |                        |                     |                                      |       |                |
| Tax liabilities                         | -                      | 7,829               | -                                    |       | 7,829          |
| Other liabilities                       | -                      | 85,841              | -                                    |       | 85,841         |
| Deferred tax liabilities                | -                      | 6,064               | -                                    |       | 6,064          |
| <b>Total long-term liabilities</b>      | <b>-</b>               | <b>99,735</b>       | <b>-</b>                             |       | <b>99,735</b>  |
| <b>Current liabilities</b>              |                        |                     |                                      |       |                |
| Provisions                              | -                      | 5,869               | -                                    |       | 5,869          |
| Interest-bearing liabilities            | 394                    | 124,272             | 7,403                                | 15)   | 132,069        |
| Accounts payable                        | 409                    | -                   | -409                                 | 16)   | 0              |
| Accounts payable and other liabilities  | -                      | 90,283              | 409                                  | 17)   | 90,692         |
| Tax liabilities                         | -                      | 9,867               | -                                    |       | 9,867          |
| Other liabilities                       | 80                     | 148,883             | 2,575                                | 18)   | 151,538        |
| Accrued expenses and deferred income    | 2,575                  | -                   | -2,575                               | 19)   | 0              |
| <b>Total current liabilities</b>        | <b>3,458</b>           | <b>379,174</b>      | <b>7,403</b>                         |       | <b>390,035</b> |
| <b>Total liabilities</b>                | <b>3,458</b>           | <b>478,909</b>      | <b>7,403</b>                         |       | <b>489,770</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>     | <b>243,350</b>         | <b>577,358</b>      | <b>-179,318</b>                      |       | <b>641,390</b> |

1) Based on the financial information included in Novestra's audited annual report for the 2015 financial year.

2) Based on audited historical financial information for the 2015 financial year. The balance sheet has been restated from EUR to SEK at the exchange rate as of the balance sheet date of 31 December 2015 (9.190 SEK/1 EUR)

3) Specification of the forma adjustments



## Notes regarding pro forma balance sheet

|   | Total    | B)     | C)       | D)       | E)       | F)    |
|---|----------|--------|----------|----------|----------|-------|
| 4) Goodwill                                 | 61,432   |        |          |          | 56,932   | 4,500 |
| 5) Equipment                                | -1,270   | -1,270 |          |          |          |       |
| 6) Tangible fixed assets                    | 1,270    | 1,270  |          |          |          |       |
| Shares in subsidiaries A)                   |          |        |          | 141,300  | -141,300 |       |
| 7) Shares in associated companies           | 63       | 63     |          |          |          |       |
| 8) Shares and participations                | -141,363 | -63    |          | -141,300 |          |       |
| 9) Tax receivables                          | 175      |        |          |          |          | 175   |
| 10) Prepaid expenses and accrued income     | -465     | -465   |          |          |          |       |
| 11) Other assets                            | 843      | 843    |          |          |          |       |
| 12) Shares and participations held for sale | -8,514   |        | -8,514   |          |          |       |
| 13) Other receivables                       | -91,489  | -378   | -91,111  |          |          |       |
| 14) Total equity                            | -186,721 |        | -102,028 | -        | -84,368  | -325  |
| 15) Interest-bearing liabilities            | 7,403    |        | 2,403    |          |          | 5,000 |
| 16) Accounts payable                        | -409     | -409   |          |          |          |       |
| 17) Accounts payable and other liabilities  | 409      | 409    |          |          |          |       |
| 18) Other liabilities                       | 2,575    | 2,575  |          |          |          |       |
| 19) Accrued expenses and deferred income    | -2,575   | -2,575 |          |          |          |       |

### A) Shares in subsidiaries

The balance sheet item "shares in subsidiaries" is eliminated and is not included in the consolidated balance sheet, but is included in the table in order to clarify pro forma adjustments made for Novestra's existing shareholding in Strax, equivalent to 27 percent of the share capital in Strax.

### B) Reclassification in order to achieve uniform presentation format

Reclassifications in order to achieve a uniform balance sheet presentation format have been made in that SEK 1,270 thousand was reclassified from Equipment to Tangible Fixed Assets, SEK 63 thousand was reclassified from Shares and participations to Shares in Associated Companies, SEK 378 thousand was reclassified from Other Receivables to Other Assets, SEK 465 thousand was reclassified from Prepaid expenses and Accrued Income to Other Assets, SEK 409 thousand was reclassified from Accounts Payable to Accounts Payable and Other Liabilities, and SEK 2,575 thousand was reclassified from Accrued Expenses and Deferred Income to Other Liabilities.

### C) Redemption and distribution of shares

Pro forma adjustment for the completed redemption reduced other current receivables and equity by SEK 91,111 thousand. The cash and cash equivalents received on disposal of other current receivables have been paid out in connection with the settlement of redemption shares. Furthermore, it was proposed that shares in WeSC be distributed as a prerequisite for the non-cash issue to be undertaken. Pro forma adjustment for the distribution of these shares, corresponding to a book value as at 31 December 2015 in the amount of SEK 8,514 thousand, reduced Shares and participations held for sale and equity, and the participation in the new issue of shares in WeSC to be distributed in the amount of SEK 2,403 thousand was financed by interest-bearing liabilities, and reduced equity. The sum of the above equity adjustments in the amounts of SEK 91,111 thousand, SEK 8,514 thousand and SEK 2,403 thousand, amounts to a reduction in equity of SEK 102,028 thousand.

### D) Reclassification of shares in Strax, non-cash issue in Novestra and hypothetical repurchase of shares

Novestra's holding of 7,516 shares in Strax, having a book value as at 31 December 2015 of SEK 141,300 thousand, has been reclassified from Shares and participations to Shares in Subsidiaries.

The consideration for Novestra's proposed formal acquisition of shares in Strax consists of newly issued shares in Novestra. The share issue is valued on Novestra's balance sheet on the basis of Novestra's share price on the transaction date. In the pro forma financial statements, the non-cash issue was recognized in the amount of SEK 583,547 thousand, based on an issue price of 7.24235 per share, which corresponds to the volume-weighted average bid price for Novestra shares during the five trading days prior to the date of the Board's proposal regarding the non-cash issue (i.e. 16, 17, 18, 21 and 22 March). This share issue inflates the item "shares in subsidiaries and equity" on Novestra's balance sheet by SEK 583,547 thousand. In accordance with the IFRS rules for reverse acquisitions accounting, Novestra's shares in Strax are eliminated through set-off against equity in Strax's hypothetical repurchase of the company's own Strax shares. The net effect of these transactions is zero.

## **E) Hypothetical share issue relating to the reverse acquisition, fair value adjustments and hypothetical repurchase of own shares**

In accordance with the 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. Because the shares in Novestra are listed on a regulated market and the Strax shares are unlisted, the valuation of Novestra was used the basis for valuing the hypothetical share issue as regards the reverse acquisition. The assumed fair value of SEK 53,496 thousand was calculated in that SEK 269,328 thousand, which corresponds to the total market value of Novestra, based on the volume-weighted share price of 7.24235 per share used in the Board's proposal moving for the non-cash issue, was reduced by SEK 215,832 for Strax's hypothetical repurchase of Novestra's existing holdings of Strax shares, corresponding to 27 percent of Strax's share capital. The valuation of the hypothetical repurchase was based on an allocation of Novestra's market value across the shares in Strax and other assets.

IFRS requires a distribution of fair value (usually referred to as purchase price allocation) as regards Novestra's identifiable assets and liabilities. A preliminary purchase price allocation has been drawn up in which it was assumed that the fair value of Novestra's identifiable assets and liabilities amounts to a net liability of SEK 3,436 thousand, which corresponds to book equity in the Novestra Group as at 31 December 2015 in the amount of SEK 239,892 thousand, less redemptions in the amount of SEK 91,111 thousand, less the book value as at 31 December 2015 and the participation in the issue of new shares in WeSC to be distributed in the amount of SEK 10,917 thousand, and less the book value of Novestra's shares in Strax as at 31 December 2015 in the amount of SEK 141,300 thousand. The difference between the transferred consideration for Strax's acquisition of the shares in Novestra in the amount of SEK 53,496 thousand, and the fair value of identifiable assets and liabilities, which was assumed to correspond to the book value of SEK 3,436 thousand in debt, was recognized as goodwill on the pro forma balance sheet in the amount of SEK 56,932 thousand. The reduction in equity in the amount of SEK 84,368 thousand consists of goodwill in the amount of SEK 56,932 thousand, less the book value of SEK 141,300 thousand relating to the acquirer (for accounting purposes) Strax's acquisition of its own shares in the form of Novestra's holding of Strax shares.

## **F) Transaction costs**

The transaction costs in Strax in the amount of SEK 500 thousand are financed by interest-bearing liabilities, and the reduced equity and the tax effect on transaction costs in Strax in the amount of SEK 175 thousand has increased tax receivables and equity, resulting in a reduction of equity in the amount of SEK 325 thousand. The estimated costs in Novestra, in the amount of SEK 4,500 thousand, attributable to the non-cash issue, are recognized directly in equity, thereby affecting goodwill.

## **G) Shareholders' equity – non-controlling interests**

Of the equity in Strax, SEK 112 thousand is attributable to Non-Controlling Interests.

## ***Report of the independent auditor on the pro forma financial statements***

To the Board of AB Novestra (publ)

Corporate identity number 556539-7709

### ***Auditor's report regarding pro forma financial statements***

We have conducted an audit of the pro forma financial statements presented on pp. 52 – 57 of the Novestra (publ) prospectus dated 2016-04-26.

The pro forma financial statements have been prepared exclusively in order to provide information about how Novestra's completed sale of shares in Explorica, its completed payment of capital to Novestra shareholders through a redemption procedure, its participation in the new share issue in WeSC, the proposed distribution of WeSC shares to Novestra shareholders, and the proposed acquisition of 20,322 shares in Strax through a non-cash issue, could have affected Novestra's consolidated income statement for the 2015 financial year, and how Novestra's completed payment of capital to Novestra shareholders through a redemption procedure, its participation in the new share issue in WeSC, the proposed distribution of WeSC shares to Novestra shareholders, and the proposed acquisition of 20,322 shares in Strax through a non-cash issue, could have affected the consolidated balance sheet as at 31 December 2015 in the event that these transactions had taken place on 1 January 2015 and on 31 December 2015, respectively.

### **Board's responsibilities**

It is the Board's responsibility to prepare the pro forma financial statements in accordance with the requirements of Prospectus Directive 809/2004/EC.

### **Auditor's responsibility**

It is our responsibility to issue an opinion in accordance with Annex II, p. 7 of Prospectus Directive 809/2004/EC. We are under no obligation to issue any other opinion about the pro forma financial statements or any of its constituent parts. We do not accept any responsibility for such financial information as was used to compile the pro forma financial statements beyond our responsibility for the auditor's reports concerning historical financial information that we submitted previously.

### **Work performed**

We conducted our work in accordance with FAR's recommendation RevR 5 Audit of financial information in prospectuses. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work, which did not include an independent review of the underlying financial information, primarily consisted of comparing the unadjusted financial information to the source documentation, of assessing the basis on which the pro forma adjustments were made, and discussing the pro forma financial statements with management.

We planned and performed our work to obtain the information and explanations we considered necessary to obtain reasonable assurance that the pro forma financial statements have been compiled on the basis stated on pp. 52-53 and that this basis is consistent with the accounting policies applied by the company.

### **Opinion**

It is our opinion that the pro forma financial statements have been compiled correctly on the basis stated on pp. 52-53 and that this basis is consistent with the accounting policies applied by the company.

Stockholm 2016-04-26

KPMG AB

Mårten Asplund

Authorized Public Accountant

# Share capital and ownership structure

## Share information

According to the Company's Articles of Association, the share capital must be at least SEK 30,000,000 and no more than SEK 120,000,000. The number of shares shall be a minimum of 30,000,000 and a maximum of 120,000,000. The shares are denominated in SEK and have a quota value of SEK 1.00. As of the date of this Prospectus, the Company has issued a total of 37,187,973 shares and therefore has share capital in the amount of SEK 37,187,973.

If the planned Transaction is carried out, 80,574,293 shares will be issued in the Company. The total number of shares that the Company has issued will then be 117,762,266 shares. In connection with the share issue, the share capital of the Company will also be increased by SEK 80,574,293 to a total of SEK 117,762,266. The newly issued shares will be of the same share class as the other shares in the Company. In addition, the Articles of Association will be amended if the planned Transaction is completed, to the effect that the Company's share capital must be at least SEK 70,000,000 and no more than SEK 280,000,000, distributed across at least 70,000,000 shares and no more than 280,000,000 shares.

The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid up and freely transferable. Each share entitles the holder to one vote and each holder so entitled may vote for the full number of shares owned and represented by that person without any restrictions on voting rights at the General Assembly. If the company issues new shares, warrants or convertible bonds during a cash issue or set-off issue, the shareholders generally have preferential rights to subscribe for such securities as a proportion of the number of shares they held prior to the issue. The rights associated with shares issued by the Company, including those deriving from the Articles of Association, may only be amended in accordance with the procedures set out in the Swedish Companies Act.

The offered shares are not subject to any offer made as a result of a mandatory bid, redemption rights or a redemption obligation. No public takeover bid has been made regarding the offered shares during the current or previous financial year.

Upon listing of the Company's shares on the Nasdaq Stockholm, there will not be any outstanding warrants, convertible bonds or other equity-related financial instruments in the Company.

The shares in the Company are registered in a securities register pursuant to the Swedish Financial Instruments Accounts Act (1998:1479). This register is maintained by Euroclear Sweden AB, Box 191, 101 23 Stockholm. No share certificates have been issued for the Company's shares. Mangold Fondkommission AB is the acting account operator in connection with the planned issue of new shares in the Company. The ISIN code for the Company's shares is SE0008008254.

The table below illustrates the historical trend as regards the number of shares and the Company's share capital for the period to which the historical financial information relates, and the change that will occur on completion of the planned new share issue in connection with the Transaction.

| Date                    | Event                 | Number of shares |                | Share capital (SEK) |                |
|-------------------------|-----------------------|------------------|----------------|---------------------|----------------|
|                         |                       | Change           | Total          | Change              | Total          |
| 2014-01-01              | -                     | -                | 37,187,973.00  | -                   | 37,187,973.00  |
| 2016-02-24              | Bonus issue           | 37,187,973.00    | 74,375,946.00  | 37,187,973.00       | 74,375,946.00  |
| 2016-02-24              | Decrease <sup>1</sup> | -37,187,973.00   | 37,187,973.00  | -37,187,973.00      | 37,187,973.00  |
| 2016-05-03 <sup>2</sup> | New share issue       | 80,574,293.00    | 117,762,266.00 | 80,574,293.00       | 117,762,266.00 |

<sup>1</sup> The decrease in share capital was carried out in order to repay shareholders through an automatic redemption procedure whereby the share capital was reduced by 50 percent.

<sup>2</sup> Planned in connection with the proposed acquisition of Strax, and payment for the shares will consist of Strax shares. The scheduled date for the new share issue is around 3 May 2016.

## Dividends and dividend policy

All shares in the Company confer equal rights to dividends and to the Company's assets and any surplus in the event of liquidation.

The decision regarding dividends is made by the General Assembly. All shareholders who are registered in the share register maintained by Euroclear Sweden as of the record date set by the General Assembly are entitled to a dividend. Dividends are normally paid to shareholders by Euroclear Sweden in the form of a cash amount per share, but payment can also be made in a form other than cash (referred to as a distribution in kind). If a shareholder cannot be reached through Euroclear Sweden, the shareholder retains his claim on the Company for the dividend amount, and such claim is subject to a ten-year limitation period. When the claim becomes time-barred, the distribution amount is forfeited to the Company.

There are no restrictions regarding the right of shareholders not resident in Sweden to receive dividends. Shareholders whose tax domicile is outside of Sweden are normally subject to Swedish withholding tax; see also the section entitled "Tax issues in Sweden".

As from financial year 2012, the Company's policy is to distribute capital to the shareholders in connection with the disposal of holdings in an amount corresponding to the sales proceeds less any selling expenses, and after deducting the amount required to finance operations.

## Trading in shares

The Novestra share was listed on the Stockholm Stock Exchange on 21 June 2000 and has been listed on the Nasdaq Stockholm, Small Cap, since 2 October 2006, where it trades under the ticker symbol NOVE. At year-end 2015, Novestra's market capitalization was approximately SEK 257 million.

No application is required in order for the shares whose issue is planned in connection with the Transaction to be admitted to trading on the Nasdaq Stockholm, Small Cap. Trading in the shares is scheduled to begin around 12 May 2016.

## Ownership structure

As at 31 December 2015, the Company had 1,369 shareholders. The table below describes Novestra's ownership structure as at 31 December 2015, and how the ownership structure would change if the Transaction were carried out on said date, provided that all Strax shareholders choose to sell their shares in Strax to Novestra.

|  | Ownership before the Transaction |               | Ownership after the Transaction |               |
|--|----------------------------------|---------------|---------------------------------|---------------|
| Shareholders whose holdings exceed 5 percent of shares | Number                           | Percent       | Number                          | Percent       |
| Anchor Secondary 4 KS                                  | 7,218,000                        | 19.4%         | 7,218,000                       | 6.1%          |
| Nove Capital Master Fund Ltd                           | 5,583,085                        | 15.0%         | 5,583,085                       | 4.7%          |
| GoMobile Nu AB   | 5,068,794                        | 13.6%         | 5,068,794                       | 4.3%          |
| Anchor Invest 1 AS                                     | 3,400,000                        | 9.1%          | 3,400,000                       | 2.9%          |
| Jan Söderberg  | 2,571,000                        | 6.9%          | 2,571,000                       | 2.2%          |
| Other current shareholders                             | 13,347,094                       | 34.2%         | 13,347,094                      | 11.3%         |
| <b>Total current shareholders</b>                      | <b>37,187,973</b>                | <b>100.0%</b> | <b>37,187,973</b>               | <b>31.6%</b>  |
| <b>New shareholders</b>                                |                                  |               |                                 |               |
| Gudmundur Palmason                                     | -                                | -             | 37,761,517                      | 32.1%         |
| Ingvi T. Tomasson                                      | -                                | -             | 35,461,886                      | 30.1%         |
| Other new shareholders                                 | -                                | -             | 7,350,890                       | 6.2%          |
| <b>Total</b>   | <b>-</b>                         | <b>-</b>      | <b>117,762,266</b>              | <b>100.0%</b> |

As is evident from the above, Gudmundur Palmason and Ingvi T. Tomasson's respective shareholdings in Novestra will grow to a share representing at least 30 percent of votes in the Company in connection with the planned Transaction, which triggers a mandatory bid in accordance with the Swedish Act (2006: 451) on Public Takeover Bids on the Stock Market. Both Gudmundur Palmason and Ingvi T. Tomasson have been granted an exemption from such a mandatory bid by the Swedish Securities Council pursuant to declaration AMN 2016:13.

## Authorization

At the Annual General Meeting held on 23 April 2015, the Board was authorized to resolve on the issue of a maximum of 6,000,000 new shares in total against payment in cash, by means of a non-cash issue, or by set-off, during the period until the 2016 Annual General Meeting, and to do so on one or more occasions, with or without preferential rights for the shareholders. As of the date of this Prospectus, this authorization has not yet been exercised.

# Board of Directors, senior executives and auditor

## Current Board

As of the date of this prospectus, Novestra's Board comprises five ordinary Board members, including the Chairman of the Board, and one deputy member. The Board members have been elected to serve until the 2016 Annual General Meeting. The table below illustrates the members of the Board, when they were first elected, and whether they are independent of the Company and/or the major shareholders.

| Name               | Position              | Elected                    | Independent of                 |                        |
|--------------------|-----------------------|----------------------------|--------------------------------|------------------------|
|                    |                       |                            | the Company and its management | the major shareholders |
| Theodor Dalenson   | Chairman of the Board | 1997 (Chairman since 2000) | No                             | No                     |
| Anders Lönnqvist   | Board Member          | 2000                       | Yes                            | Yes                    |
| Jan Söderberg      | Board Member          | 2008                       | Yes                            | Yes                    |
| Bertil Villard     | Board Member          | 2003                       | Yes                            | Yes                    |
| Jens A. Wilhelmsen | Board Member          | 2008                       | Yes                            | No                     |
| Stein Wessel-Aas   | Deputy Board Member   | 2009                       | Yes                            | No                     |

### Theodor Dalenson

*Born in 1959. Chairman of the Board since 2000.*

**Education:** Law, Stockholm University.

**Other current positions:** Chairman of the Board of The Shirt Factory Limited, WeSC AB (publ) and Nove Capital Management AB. Member of the Board of Nove Arte AB.

**Previous positions (last five years):** Chairman of the Board of Stålploggen Fastigheter AB and We International AB. Member of the Board of POC Sweden AB.

**Shareholding in the Company:** Theodor Dalenson controls a total of 1,375,000 shares in the Company, both directly and indirectly through related parties.

### Anders Lönnqvist

*Born in 1958. Board Member since 2000.*

**Education:** Economics, Stockholm University.

**Other current positions:** CEO and Member of the Board of Servisen Local AB. Chairman of the Board of Förvaltningsaktiebolaget Tiffany, Plania Fastighets AB, Texcel International AB (publ), Stronghold Invest AB (publ), Lidingö Invest & Partners AB and Collage Intressenter Stockholm AB. Member of the Board of SSRS Fastighets Aktiebolag, Northern Light Management Aktiebolag, Opus Group AB (publ), Servisen Investment Management AB, Flintyxan Kapitalförvaltning AB, SSRS Holding Aktiebolag, WeSC AB (publ), Newsec AB, Novago Capital AB, EBH Servisen Partners AB, Servisen Holding AB, Rentals United AB, Servisen Group AB and FG London Group AB. Deputy Board Member of Aktiebolaget Kunzit, Twingly AB and AnCha Investment AB.

**Previous positions (last five years):** Chairman of the Board of Servoni Invest AB. Member of the Board of Regerg International AB, Lidingö Invest Aktiebolag, Sponsor Service IKS Aktiebolag, Tiffany Fastighets AB, Tradewinns AB, Servisen Group AB, Lidingö Estate AB, Förvaltningsbolaget Villa Godthem AB, Dkid AB, AnCha Investment AB and Servisen Local AB. Deputy Board Member of Brands of Sweden AB and Winner Media AB.

**Shareholding in the Company:** Anders Lönnqvist controls a total of 1,294,663 shares in the Company, both directly and indirectly through related parties.

**Jan Söderberg**

*Born in 1950. Board Member since 2008.*

**Education:** Degree in Business Administration, University of Gothenburg School of Business, Economics and Law. Postgraduate studies in International Marketing, University of Gothenburg School of Business, Economics and Law.

**Other current positions:** CEO and Chairman of the Board of Pearl Aircraft Corporation Ltd. Member of the Board of Hardford Sweden AB. Deputy Board Member of Hardford Holding AB. Member of Hillary Clinton's Finance Committee.

**Previous positions (last five years):** Chairman of the Board of Voddler Group AB. Member of the Board of Voddler Sweden AB. Member of Barack Obama's Finance Committee.

**Shareholding in the Company:** Jan Söderberg owns 2,571,000 shares in the Company.

**Bertil Villard**

*Born in 1952. Board Member since 2003.*

**Education:** Candidate of Law, Stockholm University.

**Other current positions:** Chairman of the Board of Landsort Care AB, Landsort Care 2 AB and Landsort Care 3 AB. Member of the Board of Gränges AB, Mercuri International Group AB, Prior & Nilsson Fond- och Kapitalförvaltning Aktiebolag, Bertil Villard Holding AB, Cleanergy AB and Polaris A/S. Deputy Board Member of Tengroth & Co AB, Advokat Johan Winnerblad AB and Advokat CJMGB AB.

**Previous positions (last five years):** Chairman of the Board of Advokatfirman Vinge Aktiebolag, Advokatfirman Vinge Stockholm AB, Lernia AB, Burgundy AB, Voddler Group AB and AMF Pensionsförsäkring AB. Member of the Board of Auriant Mining AB, Voddler Group AB and HEXICON AB. Deputy Board Member of Voddler Sweden AB.

**Shareholding in the Company:** Bertil Villard owns 406,670 shares of the Company.

**Jens A. Wilhelmsen**

*Born in 1956. Board Member since 2008.*

**Education:** MBA, Norwegian School of Economics.

**Other current positions:** CEO of Anchor Capital Advisors (UK) Ltd. Member of the Board of Energivekst 2 AS, Energivekst 1 AS, New Economy Advisers Ltd, Hajfa Ltd, Anchor Secondary 5 Ltd, Emes (Cyprus) Ltd, Vaset Ltd, Anchor Secondary Management and Anchor Capital Management Ltd.

**Previous positions (last five years):** Member of the Board of Anchor Secondary 2 Holding AS, Hazel Shipping Ltd, Den norske Klub Ltd and Songa Offshore SE.

**Shareholding in the Company:** Jens A. Wilhelmsen owns 10,000 shares in the Company.

**Stein Wessel-Aas**

*Born in 1943. Deputy Board Member since 2009.*

**Education:** MBA from McMaster University in Canada and a BA from the Oslo School of Business & Economics.

**Other current positions:** Chairman of the Board of Anchor Invest 1 AS, Anchor Secondary 7 AS, Anchor Services AS, Anchor Secondary 4 AS, Anchor Secondary 4 KS, Anchor Secondary 6 AS and Anchor Invest 2 AS. Member of the Board of Jiffy International AS.

**Previous positions (last five years):** Chairman of the Board of Storebrand Bank AS and Norvestor Equity AS. Member of the Board of Norvestor Equity 3 Ltd, Norvestor Equity 4 Ltd, Norvestor Equity 5 Ltd and Hav Eiendom AS.

**Shareholding in the Company:** Stein Wessel-Aas owns no shares in the Company.

## Proposed Board of Directors

Once the Transaction has been completed, Novestra's Nomination Committee proposes that the Board consist of five ordinary Board Members, including the Chairman. The Board members will be elected to serve until the 2017 Annual General Meeting. The table below illustrates the Board members proposed after completion of the Transaction, when they were first elected, and whether they are independent of the Company and/or the major shareholders.

| Name               | Position              | Elected  | Independent of                 |                        |
|--------------------|-----------------------|----------|--------------------------------|------------------------|
|                    |                       |          | the Company and its management | the major shareholders |
| Bertil Villard     | Chairman of the Board | 2003     | Yes                            | Yes                    |
| Gudmundur Palmason | Board Member          | Proposed | No <sup>1</sup>                | No <sup>1</sup>        |
| Ingvi T. Tomasson  | Board Member          | Proposed | No <sup>2</sup>                | No <sup>2</sup>        |
| Anders Lönnqvist   | Board Member          | 2000     | Yes                            | Yes                    |
| Michel Bracké      | Board Member          | Proposed | Yes                            | Yes                    |

<sup>1</sup> Provided that the planned Transaction is completed and that Gudmundur Palmason is hired to serve in the Company's management.

<sup>2</sup> Provided that the planned Transaction is completed and that Ingvi T. Tomasson is hired to serve in the Company's management.

For more information about Chairman Bertil Villard and Board Member Anders Lönnqvist, see "Current Board" above.

### Gudmundur Palmason

*Born in 1968. Proposed Board Member.*

**Education:** Candidate of Law, University of Iceland. LLM, University of Miami. MBA, University of Miami.

**Other current positions:** CEO of Strax Group GmbH, Strax Holding GmbH, Strax GmbH, Strax Germany GmbH, Strax France sarl and Protenus GmbH. Chairman of the Board of Zymetech ehf., Fortus hf., XOR ehf., Viss ehf. and SRX ehf. Member of the Board of Strax Global Mobile Solutions AB, Strax (UK) Ltd., Strax Sp zoo, Strax Mobile ApS Denmark, Strax Americas, Inc., Strax Asia Limited, Strax Norway, Strax Swiss Logistics GmbH, Strax Shenzhen, More International Ltd., More assessorios Espania SL, Urbanista AB, Gear4 HK Limited, SRX Limited, IJF B.V. and TLF B.V. **Previous positions (last five years):** Deputy Board Member of Kvika bank hf.

**Shareholding in the Company:** Will own 37,761,517 shares in the Company after the planned Transaction.

### Ingvi T. Tomasson

*Born in 1968. Proposed Board Member.*

**Education:** Diploma in Hospitality Management, FIU.

**Other current positions:** CEO and Member of the Board of IK Holdings Ehf, Xor ehf, SRX Limited and SRX Inc. CEO of Strax Americas, Inc. Member of the Board of HBT Ehf, Strax Group GmbH, Strax (UK) Ltd., Strax Sp zoo, Strax Asia Limited, SRX Ehf, IJF B.V, TBJ London, TBJ DE and Viss ehf. **Previous positions (last five years):** -

**Shareholding in the Company:** Will own 35,461,886 shares in the Company after the planned Transaction.

### Michel Bracké

*Born in 1963. Proposed Board Member.*

**Education:** Master in Applied Arts from LUCA, School of Arts in Brussels. Also pursued studies in marketing at Ehsal, College of Economics in Brussels, and PLD and PLDA at Harvard Business School.

**Other current positions:** CEO, Chairman of the Board and owner of MRM-Advice AB.

**Previous positions (last five years):** CEO of OSM Customized Product Solutions AB, OSM Group AB and OSM Holding AB. CEO and Member of the Board of Nicoccino Holding AB (publ). CEO and Deputy Board Member of FFT Consumer AB and Nicoccino AB. Chairman of the Board of Urbanista AB. Member of the Board of Dicota Holding AB and Karessa Pharma Holding AB (publ).

**Shareholding in the Company:** Michel Bracké owns no shares in the Company.



## Current senior executives

As of the date of this Prospectus, Novestra's senior executives comprise Johan Heijbel, CEO, Ruth Lidin, Group Controller, and Executive Chairman of the Board Theodor Dalenson (for information about Theodor Dalenson, please refer to the "Board of Directors, senior executives and auditor – Board" section above.

### Johan Heijbel

*Born in 1975. CEO since 2006.*

**Education:** Independent courses in business administration and law, including at Uppsala University and the University of Gothenburg School of Business, Economics and Law.

**Other current positions:** CEO of WeSC AB (publ). Chairman of the Board and CEO of We International AB. Member of the Board of The Shirt Factory Aktiebolag, Nove Capital Management AB, Novestra Financial Services AB, Buddy Distributions A/S, New Diino AB, WeSC UK Ltd, We Are the superlative conspiracy Inc and WeSC AMERICA Inc.

**Previous positions (last five years):** Chairman of the Board of Diino AB. Member of the Board of Stålploggen Fastigheter AB, Qbranch Aktiebolag and Diino Systems AB.

**Shareholding in the Company:** Johan Heijbel owns 78,333 shares of the Company.

## Proposed senior executives

Following completion of the Transaction, it is proposed that Novestra's senior executives comprise Gudmundur Palmason, CEO and Johan Heijbel, CFO. For information about Gudmundur Palmason, please refer to "Proposed Board of Directors" above, and for information about Johan Heijbel and Ruth Lidin, please refer to "Current senior executives" above.

## Other employees

As of the date of this Prospectus, Novestra's management also includes Ruth Lidin, Group Controller, and it is planned that Ruth Lidin will stay on as Group Controller after completion of the Transaction.

### Ruth Lidin

*Born in 1968. Group Controller since 2005.*

**Education:** Studies in Business Administration, Företagekonomiska Institutet. Diploma in IR at Kanton. Business Administration/Marketing, Organization & Leadership, Swedish at Komvux. Business studies at Youngs Business School, Ireland. Quality Assurance & Logistics at ART College, Ireland.

**Other current positions:** Deputy Board Member of Novestra Financial Services AB and New Diino AB.

**Previous positions (last five years):** -

**Shareholding in the Company:** Ruth Lidin owns 1,000 shares in the Company through related parties.

## Other disclosures concerning the Board of Directors and senior executives

There are no family ties between any of the members of the Board or senior executives.

The Vinge law firm, in which Bertil Villard is active as a partner, has provided legal services to Novestra. Otherwise there are no conflicts of interest or potential conflicts of interest between the Board members' and senior executives' commitments to the Company and their private interests and/or other commitments.

The Board of Directors of Diino Systems AB, on which Johan Heijbel served as part of his position at the investment company AB Novestra, filed for bankruptcy in the autumn 2012. Diino Systems was a development company that developed a software program and a system for online storage and backup. The company's largest customer and investor, Swisscom, decided on short notice not to launch the system and not to continue investing in the company. At that time, the company's organization and strategy was entirely focused on Swisscom, making it impossible to save the company from bankruptcy.

Anders Lönnqvist has served as the Chairman of the Board of Servoni Invest AB, and served as a member on the boards of both Regerg International AB and Sponsor Service ICC Aktiebolag while liquidation was ongoing, or resigned his post less than one year before liquidation was completed. The voluntary liquidation of all of the foregoing companies was completed in 2013. In addition, Anders Lönnqvist was serving as a Deputy Board Member of Brands of Sweden AB when the company completed its bankruptcy in 2013.

Johan Heijbel and Theodor Dalenson have been under investigation for a petty accounting offense since November 2015 after their late submission of an annual report to the Swedish Companies Registration Office for a private company on whose board they served as members. The offense occurred due to lack of time and was not based on willful intent or committed with a view to gain. A tax penalty was imposed on Theodor Dalenson in 2014 due to an accrual discrepancy. In 2012, Jens A. Wilhelmsen settled a tax dispute with the tax authorities in the United Kingdom. Over the course of the past five years, an extraordinary fee has been levied on Jan Söderberg by Finansinspektionen due to his late notification regarding the sale of shares in Novestra.

Except as presented above, over the past five years, no board member or senior executive has (i) been convicted of fraud, (ii) represented a company that declared bankruptcy or entered into liquidation proceedings, (iii) been subject to sanctions or been charged with an offense by an authority or organization representing a particular profession and which is regulated under public law, or (iv) been disqualified from engaging in business activities.

All board members and senior executives can be reached via the Company's postal address, AB Novestra (publ), Grev Turegatan 3, 114 46 Stockholm.

## **Other disclosures concerning the proposed Board of Directors and senior executives**

There are no family ties between any of the proposed members of the Board or senior executives, or with current members of the Board or senior executives.

Over the past five years, no proposed board member or senior executive has (i) been convicted of fraud, (ii) represented a company that declared bankruptcy or entered into liquidation proceedings, (iii) been subject to sanctions or been charged with an offense by an authority or organization representing a particular profession and which is regulated under public law, or (iv) been disqualified from engaging in business activities. Nor are there any other conflicts of interest or potential conflicts of interest between the proposed Board members' and senior executives' commitments to the Company and their private interests and/or other commitments, except as presented above.

## **Auditors**

Novestra's auditors are elected annually by the Annual General Meeting. Novestra's auditors, as elected by the 2015 Annual General Meeting, are KPMG AB, and the chief auditor is Mårten Asplund. Mårten Asplund is an authorized public accountant and a member of FAR (a trade organization for authorized public accountants). KPMG's office address is Tegelbacken 4A, SE-103 23 Stockholm. KPMG AB has served as the company's auditor throughout the period to which the historical financial information in the Prospectus relates.

## General company information

The Company's operations are conducted in accordance with the Swedish Companies Act (2005:551). AB Novestra (publ), corporate ID no. 556539-7709, is a public limited company headquartered in Stockholm. The Company was formed on 2 January 1997 and was registered with the Swedish Companies Registration Office on 14 April 1997.

## Corporate structure and shareholding

As of the date of this Prospectus, the Company's subsidiaries consist exclusively of Novestra Financial Services AB, in which Novestra owns 100 percent of the shares and votes. Once the Transaction is complete, Novestra will own 100 percent of the shares and votes in Strax Group GmbH, a company established in Germany.

## Significant agreements

The Company is not party to any significant agreements containing terms to the effect that the agreements enter into effect, shall be amended or lapse in the event that control of the Company should change; the foregoing also includes agreements with members of the Board and employees. Over the long term, however, a significant change in control over the Company could entail, for instance, that an important lender will not consent to extend or renew loan agreements, or will require amendments to the current terms when extending a loan agreement.

## Significant agreements in current or future subsidiaries

**Strax customer agreements** – As part of its day-to-day operations, Strax has agreements with a number of customers. These agreements vary in terms of both content and scope, and the relationships with these customers may have significant impacts on Strax's operations, see *"Risk factors – Exposure to Strax – Customer relationships"*. Strax's customer agreement with T-Mobile Deutschland GmbH (Germany), Strax's largest customer agreement, resulted in revenues accounting for approximately 24 percent of Strax's sales in the 2015 financial year. The underlying agreement with Telekom Deutschland GmbH was originally concluded in 2006. The agreement is non-exclusive, does not stipulate any minimum purchasing levels, has an indefinite duration and may be terminated at mid-year each year, subject to three months' notice.

Strax's other major customers include Orange (France), Swisscom (Switzerland), SFR (France) and Carphone (UK).

**Strax's financing agreements** – In order to finance Strax's operations, Strax Holding GmbH and Strax Germany GmbH have entered into a variety of financing agreements with UniCredit Bank AG, Bayerische Landesbank and Sparkasse KölnBonn as lenders. Strax has a general credit facility with UniCredit AG totaling EUR 7.2 million, one with Bayerische Landesbank totaling EUR 4.8 million, and one with Sparkasse KölnBonn totaling EUR 4.0 million. The loan agreements contain standard representations, commitments and covenants for Strax and its subsidiaries. If Strax fails to meet all of its commitments and to comply with the contractual provisions, the lenders are entitled to terminate the loan agreements and to demand repayment of outstanding loans.

**Strax's acquisition agreement** – In 2015, Strax acquired 100 percent of the shares in Gear4 HK Limited. In accordance with the share transfer agreement, Strax is required to make what is referred to as an "earnout" payment during the 36 months following completion of the acquisition. The "earnout" payment essentially consists of 40 percent of the company's gross profits, and the "earnout" payment is to be made quarterly within 30 working days of the end of each quarter. "Earnout" payments in a total amount of USD 255,141.36 have been made under the agreement in the form of two quarterly payments. Otherwise, the share transfer agreement contains the customary guarantees and commitments on the part of the sellers.

In 2014, Strax acquired 100 percent of the shares in Urbanista AB. In accordance with the share transfer agreement, Strax is required to make what is referred to as an "earnout" payment during the 3 years following the closing date of the acquisition. The "earnout" payment essentially consists of (i) 25 percent the company's net sales to Strax or to Strax's affiliates or to Urbanista AB, and (ii) 17.5 percent of the company's net sales to customers other than Strax, and the "earnout" payment must be paid quarterly on the 25th of the first month following the given quarter, beginning on 25 January 2015. However, the total purchase price consideration shall not exceed SEK 25 million. "Earnout" payments in a total amount of SEK 9,143,111 have been made under the agreement in the form of five quarterly payments. Otherwise, the share transfer agreement contains the customary guarantees and commitments on the part of the sellers.

In 2015, Strax also disposed of the majority of its shares in Telecom Lifestyle Fashion B.V., corresponding to approximately 68.9 percent of the total number of shares in Telecom Lifestyle Fashion B.V. The majority of the purchase price consideration for the shares, EUR 1 million, has been waived under the share transfer agreement, and is instead replaced by a debt obligation between Strax and the buyer in the amount of EUR 1 million, i.e. what is referred to as a *"seller's" loan*.

## **Legal and arbitration proceedings**

In 2015, Novestra was ordered to pay an extraordinary fee in the amount of SEK 15,000 to Finansinspektionen for its failure to submit timely notification of a change to Company insiders related to the appointment of a new auditor. Neither Novestra nor the Group is at present party to, or has in the last 12 months been party to, any dispute that has or could have a materially adverse effect on the Company or the Group's financial position or profitability. However, the outcome of disputes is difficult to predict, and Novestra is unable to make any guarantees in this regard.

## **Legal proceedings and arbitration proceedings in current or future subsidiaries**

Following an audit in 2015, additional taxes were levied on Strax for the 2010-2012 financial years, which was not contested by Strax. In addition, Strax's subsidiary Urbanista has been involved in intellectual property disputes with Bose and Freebit, both of which have been resolved through settlement. Strax and its subsidiary Urbanista are also involved in a legal dispute in Sweden with one of the sellers and founders of Urbanista.

## **Transactions with related parties**

Novestra's subsidiary, Novestra Financial Services AB, has entered into a management agreement with the Nove Capital Fund. This agreement involves a limited administrative undertaking; the consideration paid in the 2014 financial year was SEK 100,000, with consideration in the amount of SEK 75,000 having been paid for the 2015 financial year. Novestra's Chairman of the Board Theodor Dalenson is involved in Nove Capital Master Fund Ltd and has both direct and indirect economic interests. Moreover, Theodor Dalenson, acting through a company, submitted invoices for board remuneration in the amount of SEK 144,000, excluding VAT, during the 2014 financial year.

Novestra procured corporate legal advice from Advokatfirman Vinge KB in a total amount of SEK 130,000 during the 2014 financial year, and in a total amount of SEK 124,000 for the 2015 financial year. Bertil Villard, Member of the Board of Novestra, is active as a solicitor and partner at Advokatfirman Vinge KB. The services were procured on market terms, are not linked to Bertil Villard as a person, and fall outside Bertil Villard's remit as a Member of the Board, for which he receives board remuneration, as do the Company's other board members.

Since 28 August 2013, Novestra's CEO, Johan Heijbel, has served as CEO of WeSC AB, of which Novestra owns 9.4 percent. In connection with his assumption of this role, Johan Heijbel's degree of employment at Novestra was lowered, with a corresponding reduction in salary and pension.

Except as noted above, as at the date of this Prospectus, no transactions with related parties having a material bearing on the Company have taken place.

## **Transactions with related parties concerning current or future affiliates**

Both Ingvi Tomasson and Gudmundur Palmason bill their board fees to Strax Holding GmbH from their own businesses. The services and which amount they are to be billed in are determined by service agreements. Ingvi Tomasson, Gudmundur Palmason and AB Novestra are purchasing shares owned by Strax Group GmbH at face value. The underlying economic reason for this is the restructuring operation and refinancing transaction conducted by the Strax Group in 2010, in which these three shareholders entered into critical commitments for Strax, among other things.

## **Revenues and expenses attributable to the admission to trading of the Company's shares**

The shares issued by AB Novestra in connection with the preparation of this Prospectus are paid for through contributions in kind, for which reason there are no proceeds from the issue.

Novestra's expenses related to the admission to trading of the shares on the Nasdaq Stockholm are estimated at around SEK 4.7 million. Such expenses are mainly attributable to remuneration for financial advisors, auditors, legal advisors, the cost of printing the Prospectus, etc. In addition, Strax is expected to incur costs related to the planned Transaction in the amount of approximately SEK 0.5 million.

## **Description of commitments related to the new share issue**

In connection with the Transaction, Gudmundur Palmason and Ingvi T. Tomasson have entered into what is referred to as a lock-up agreement in respect of 15 percent of their consideration shares for a period of 12 months from the completion of the Transaction.

Existing shareholders have undertaken to vote for the Board's proposals at the Annual General Meeting for shares corresponding to approximately 50 percent of the total number of votes in Novestra.

## **Interests in Novestra**

HDR Partners AB is serving as the financial advisor to the Company in connection with the Transaction. Vinge KB is serving as the legal advisor to the Company in connection with the Transaction. HDR Partners AB and Vinge KB receive fixed remuneration agreed upon in advance for services rendered in connection with the Transaction. Except as described above, HDR Partners AB and Vinge KB have no financial or other interests in the Transaction.

No conflicts of interest are deemed to obtain between the parties having a financial or other interest in the Transaction as set out above.

## **Documents kept available for inspection**

The Company's and its subsidiaries' (i) Articles of Association and (ii) annual accounts for the 2014 and 2015 financial years, including audit reports, are kept available for inspection during office hours at the Company's head office at Grev Turegatan 3, 114 46 Stockholm. These documents are also available in electronic form on Novestra's website, [www.novestra.se](http://www.novestra.se).

# Corporate governance

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*Novestra is a Swedish public limited company. The Company's corporate governance is based on Swedish law, internal rules and regulations, on Nasdaq Stockholm's body of rules for issuers, and on the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden, and are to be implemented in full in connection with the first Annual General Meeting held the year after listing. The Company is not required to follow all rules in the Code, as the Code itself allows for deviations from the rules, provided that such potential deviations and the alternative solution selected are described, and the reasons therefor explained, in the corporate governance report (under the so-called "comply or explain principle").*

*The Company currently applies the Code, and the derogations the company makes from the Code are reported on in the Company's corporate governance, which is established for each financial year. For the derogations from the Code that the Company currently makes, please refer to the "Application of and deviations from the Swedish Corporate Governance Code" section below.*

## Application of and deviations from the Swedish Corporate Governance Code

The Nomination Committee proposed to the 2015 Annual General Meeting that a deputy board member be elected, and one was duly elected. Appointing deputy board members represents a deviation from the Swedish Corporate Governance Code, but is appropriate in Novestra's case, in the opinion of the Nomination Committee. The Nomination Committee has not proposed that any deputy board member be elected prior to the 2016 Annual General Meeting.

## General Assembly

Under the Swedish Companies Act (2005:551), the General Assembly is the Company's highest governing body. At the General Assembly, shareholders exercise their voting rights on key issues, for instance the adoption of income statements and balance sheets, the allocation of the Company's profits, the discharge from liability of the members of the Board and the CEO, the election of board members and auditors, and remuneration paid to the Board and auditors.

The Annual General Meeting must be held within six months of the end of the financial year. In addition to the Annual General Meeting, it is possible to convene extraordinary general assemblies. According to the Articles of Association, notice of general assemblies must be given by making an announcement in *Post- och Inrikes Tidningar* and by posting the notice on the Company's website. At the time that notice is given, information indicating that the notice has been issued must be published in the Swedish newspaper "Svenska Dagbladet".

## Right to attend the General Assembly

Shareholders who wish to participate in the deliberations at the General Assembly must, on the one hand, be recorded in the transcript or other record of the entire share register in a manner setting forth the circumstances in question five days before the meeting, and must further notify the company of their wish by no later than 4:00 p.m. on the day specified in the notice of the meeting. Such day may not be a Sunday, another public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and must fall no earlier than the fifth weekday prior to the meeting.

Shareholders or proxies may bring a maximum of two assistants to the General Assembly, and may only do so if the shareholder notifies the company of the number of assistants in the manner specified in the preceding paragraph.

## Shareholder initiatives

Shareholders who wish to have a matter considered at the General Assembly must submit a written request in this effect to the Board. Such request must normally be received by the Board no later than seven weeks prior to the General Assembly.

## Annual General Meeting

Novestra's Annual General Meeting is held in Stockholm during the first half of each year. The time and place of the meeting are published no later than upon publication of the third quarter report. Information concerning a shareholder's right to have matters considered at the meeting, and when such a request must be received by the company in order to ensure that the matter will be certain to be included in the meeting notice, is announced no later than upon publication of the third quarter report.

## Nomination Committee

According to the Code, the Company is required to have a Nomination Committee whose task is to prepare and present proposals to the Annual General Meeting with regard to the Chairman of the Annual General Meeting, the Board and Chairman of the Board, the board fee distributed among the Chairman and each of the other Board members, the auditor, the audit fee and proposed rules for the Nomination Committee prior to the Annual General Meeting.

At the Annual General Meeting on 23 April 2015, it was resolved that the following principles should apply to the appointment of the Nomination Committee:

The Company shall have a Nomination Committee comprising one member nominated by each of the two largest shareholders or groups of shareholders in terms of the number of votes, plus the Chairman of the Board. The Nomination Committee shall be formed on the basis of the shareholder statistics published by Euroclear Sweden AB on the last banking day in August of each year, and other reliable shareholder information that has been provided to the company at such time. The Nomination Committee's mandate extends until such time as a new Nomination Committee has been appointed. The Nomination Committee and its chairman should meet the criteria regarding independence set out in the applicable code of corporate governance. The Nomination Committee shall prepare proposals concerning the selection of the meeting chairman, the determination of the number of Board members and any deputy members, the election and remuneration of the Chairman of the Board and other members of the Board, and the election and remuneration of auditors, as well as regulations concerning the Nomination Committee. No fee shall be paid to the Nomination Committee for its work.

## **Board of Directors**

The Board of Directors is the Company's highest ranking decision-making body after the General Assembly. According to the Swedish Companies Act, the Board of Directors is responsible for the Company's management and organization, which means that the Board is responsible, among other things, for establishing objectives and strategies, for assuring procedures and systems for the evaluation of set objectives, for continuously evaluating the Company's performance and financial position, and for evaluating operational management. The Board of Directors is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. The Board of Directors also appoints the Company's CEO.

The members of the Board of Directors are normally elected each year by the Annual General Meeting, and serve until such time as the next Annual General Meeting has been held. There are no rules stipulating how long a member may serve on the Board. The Nomination Committee conducts the work related to nominations.

### ***Composition of the Board***

Novestra's current Board of Directors consists of five ordinary members elected by the General Assembly, and one deputy, all of whom who are introduced in the section "*Board of Directors, senior executives and auditors – Directors*". The Chairman is the only Board member who has an operational role in ongoing business activities. The CEO is not a member of the Board.

### ***Chairman of the Board***

The Code requires that the Chairman of the Board be elected by the Annual General Meeting, and that the Chairman be vested with special responsibility for managing the Board's work, and for ensuring that the Board's work is well-organized and is conducted in an efficient manner.

### ***Remuneration committee***

No remuneration committee has been formed, and remuneration issues are deliberated by the Board in the framework of ordinary meetings, meaning that no separate committee meetings are held. It is the Board that prepares and proposes salary and other remuneration for the CEO and for the officers who report directly to the CEO.

### ***Audit committee***

No audit committee has been formed, and audit issues are deliberated by the entire Board in the framework of ordinary meetings, meaning that no separate committee meetings are held. It is the Board that monitors the Company's financial reporting, monitors the effectiveness of the Company's internal control, internal audit and risk management, keeps abreast of the audit of annual report and consolidated financial statements, and reviews and monitors the auditor's impartiality and independence, paying particular attention to whether the auditor provides any services to the Company other than auditing services. During the auditor's review with the Board, the CEO shall leave the meeting in order to allow the Board to deliberate privately with the auditor. In addition, each Board member has the opportunity to contact the auditors directly.

## **CEO and other senior executives**

Novestra's CEO, Johan Heijbel, is responsible for daily operations. The CEO's responsibilities include ongoing investments and divestment, HR, financial and accounting issues, ongoing contacts with the company's stakeholders (such as authorities and the financial markets) and providing the Board with the information required in order to make informed decisions. The CEO reports to the Board.

The CEO's employment contract is subject to a mutual notice period of 24 months, and contains no provision regarding a lowered retirement age.

## Remuneration to Board members, the CEO and other senior executives

Remuneration to the Board members for the coming financial year is resolved upon annually by the Annual General Meeting. At the Company's Annual General Meeting on 23 April 2015, it was resolved that Board fees should be paid in the amount of SEK 100,000 to each of the Board members who are considered to be independent of the Company's major shareholders, meaning that fees are paid to Board members Bertil Villard and Anders Lönnqvist. The members of the Board are not entitled to any benefits once their duties as members of the Board have discontinued.

The table below shows the total remuneration received by Board members from the Company during the 2015 financial year.

| Name               | Position              | Total remuneration (SEK) |
|--------------------|-----------------------|--------------------------|
| Theodor Dalenson   | Chairman of the Board | 25,000                   |
| Anders Lönnqvist   | Board Member          | 100,000                  |
| Jan Söderberg      | Board Member          | 25,000                   |
| Bertil Villard     | Board Member          | 100,000                  |
| Jens A. Wilhelmsen | Board Member          | 25,000                   |
| Stein Wessel-Aas   | Deputy Board Member   | 25,000                   |
| Total (SEK)        |                       | 300,000                  |

The Annual General Meeting of 23 April 2015 also resolved that the Company's guidelines governing remuneration paid to the Company's senior executives and other employees should be as follows. The guidelines adopted at the Annual General Meeting are broadly consistent with the guidelines that applied previously for remuneration paid to the Company's senior executives, and variable remuneration for the Company's employees.

Novestra is required to offer market terms enabling the company to recruit and retain skilled personnel. Remuneration paid to senior executives shall consist of a base salary, variable remuneration, pension and other customary benefits. The remuneration is based on the individual's level of commitment and performance relative to predetermined targets, both individual targets and joint targets for the entire Company. Individual performance is evaluated continuously.

As a rule, the base salary is reviewed once per year, and such review shall take into account the individual's qualitative performance. The base salary for the CEO, other senior executives and employees shall be in line with market terms.

As a group, the employees of the Company (also including the Company's Executive Chairman) shall be entitled to annual variable remuneration in cash from the Company according to the employment contracts currently in effect.

Total variable remuneration for the Company's employees shall, expressed as total cost to the Company, be equivalent to ten (10) percent of the net return realized on divestment occurring during the year to which the variable remuneration pertains. The return on holdings shall be calculated as the difference between the proceeds on disposal and the total invested amount. Therefore, variable remuneration is not affected by unrealized changes in value. The distribution of total variable remuneration between the Company's employees shall be determined by the Company's Board (without participation by any Board members disqualified for conflict of interest). No individual employee shall be guaranteed a certain minimum percentage of total variable remuneration. In addition, variable remuneration paid to an individual employee shall not exceed an amount corresponding to five times that employee's annual base salary for the year to which the variable remuneration pertains. Variable remuneration includes holiday pay and shall not confer pensionable income. The Company shall deduct preliminary tax and social security contributions, as well as VAT where applicable, from variable remuneration as described above. For 2016, however, variable remuneration shall only be paid if and when the shareholders have benefited from a corresponding disposal in the form of a dividend, distribution or the equivalent. The cost to the Company for variable remuneration is linear relative to the net return realized on disposal of the Company's holdings. The variable performance-based remuneration may not exceed five times the highest base salary in the Company, meaning that the maximum total amount that can be paid out (expressed as the cost to the company) is SEK 14.2 million, based on a profit of SEK 142 million. Approval of variable remuneration per the above may only relate to variable remuneration for the 2015 financial year. The remuneration shall be in accordance with the provisions of the employment contract.

No variable remuneration has been paid for 2014 and 2015. The variable remuneration payable under each executive's employment contract will be presented at each Annual General Meeting.

The Board is entitled to deviate from the aforementioned guidelines if the Board determines that special considerations warrant so doing in a particular case.



The table below shows the total remuneration received by senior executives from the Company during the 2015 financial year.

| Name                                 | Base salary | Variable remuneration | Other benefits | Pension costs | Total remuneration (SEK) |
|--------------------------------------|-------------|-----------------------|----------------|---------------|--------------------------|
| Johan Heijbel, CEO                   | 405,000     | 0                     | 0              | 221,000       | 626,000                  |
| Other senior executives <sup>1</sup> | 0           | 0                     | 0              | 0             | 0                        |
| <b>Total (SEK)</b>                   | 405,000     | 0                     | 0              | 221,000       | 626,000                  |

<sup>1</sup> Refers to Executive Chairman Theodor Dalenson, who in the 2015 financial year did not receive any remuneration other than that received in his capacity as Chairman of the Board, and which is presented in the table above.

## Audit

Auditors are elected at the Annual General Meeting each year. Novestra's auditors, as elected by the 2015 Annual General Meeting, are KPMG AB, and the chief auditor is Mårten Asplund. Mårten Asplund is an authorized public accountant and a member of FAR (a Swedish trade organization for authorized public accountants). KPMG's office address is Tegelbacken 4A, SE-103 23 Stockholm. KPMG AB has served as the company's auditor throughout the period to which the historical financial information in the Prospectus relates. The auditors' task on behalf of shareholders is to review Novestra's annual report and accounts, as well as the administration of the Board and the CEO. The auditors also submit an audit report to the Annual General Meeting. Shareholders have the opportunity to ask questions of the auditors at the Annual General Meeting.

## Remuneration to the auditor

During the 2015 financial year, total remuneration paid to the Company's auditors was SEK 520,000.

# Articles of Association

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## Current Articles of Association of AB Novestra (publ)

Articles of Association of AB Novestra (publ)

(corporate ID no. 556539-7709)

Adopted at the Annual General Meeting of 22 April 2009

### **1 § Company name**

The company name is AB Novestra. The company is public (publ).

### **2 § Registered office**

Company's Board of Directors shall have its registered office in Stockholm.

### **3 § Operations**

The object of the company's operations shall be, whether directly or indirectly, to invest in and manage shares and other financial instruments through a well-diversified securities portfolio in order to offer the company's shareholders the opportunity to participate in investments in which the company's shareholders are normally unable to participate individually, to provide financial consulting services, and to conduct other operations compatible therewith.

### **4 § Share capital and shares**

The share capital shall be not less than thirty million (30,000,000) and not more than one hundred and twenty million (120,000,000) Swedish kronor. The number of shares shall be not less than thirty million (30,000,000) and not more than one hundred and twenty million (120,000,000).

### **5 § VPC-registered company**

The Company's shares shall be registered in a securities register pursuant to the Swedish Financial Instruments Accounts Act (1998:1479).

### **6 § Financial year**

The company's financial year shall run from 1 January to 31 December.

### **7 § Board of Directors**

The Board of Directors shall comprise at least three (3) and a maximum of six (6) members with a maximum of two (2) deputies.

### **8 § Auditors**

The Company shall have one (1) auditor with a maximum of one (1) deputy auditor. An authorized public accountant or registered audit firm shall be appointed to serve as auditor and as deputy auditor, where appropriate.

### **9 § Notice of General Assembly**

Notice of General Assembly shall be given by making an announcement in *Post- och Inrikes Tidningar* and by posting the notice on the company's website. At the time of the notice, information indicating that the notice has been given must be published in the Swedish newspaper "Svenska Dagbladet".

### **10 § Shareholders' right to participate in the General Assembly**

Shareholders who wish to participate in the deliberations at the General Assembly must, on the one hand, be recorded in the transcript or other record of the entire share register in a manner setting forth the circumstances in question five days before the meeting, and must further notify the company of their wish by no later than 4:00 p.m. on the day specified in the notice of the meeting. Such day may not be a Sunday, another public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and must fall no earlier than the fifth weekday prior to the meeting.

Shareholders or proxies may bring a maximum of two assistants to the General Assembly, yet only if the shareholder notifies the company of the number of assistants in the manner specified in the preceding paragraph.

### **11 § Annual General Meeting**

The following matters shall be addressed at the Annual General Meeting:

1. Election of the Chairman of the General Assembly;
2. Preparation and approval of electoral register;
3. Approval of agenda;
4. Election of one or two members to check the minutes;

5. Determination of whether the General Assembly has been duly convened;
  6. Presentation of the annual report and the audit report and, where applicable, the consolidated financial statements and consolidated audit report;
  7. Resolution adopting the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
  8. Resolution on the appropriation of the company's profit or loss in accordance with the adopted balance sheet;
  9. Resolution on the discharge from liability of the members of the Board and the CEO;
  10. Determination of the number of Board members and deputy Board members and, where applicable, deputy auditors;
  11. Determination of fees paid to the Board and, where applicable, the auditors;
  12. Election of Board members and deputy Board members and, where applicable, auditor and deputy auditor;
- Other matters incumbent on the General Assembly to address pursuant to the Swedish Companies Act or the Articles of Association.

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## Proposed Articles of Association to be adopted at the Annual General Meeting on 26 April 2016

Articles of Association for Strax AB (publ)

(corporate ID no. 556539-7709)

Adopted at the Annual General Meeting of 26 April 2016

### **1 § Company name**

The company name is Strax AB. The company is public (publ).

### **2 § Registered office**

Company's Board of Directors shall have its registered office in Stockholm.

### **3 § Operations**

The object of the Company's operations shall be to own and manage movable and immovable property, primarily by making investments, whether directly or indirectly through subsidiaries or affiliated companies, in order to design, develop, manufacture and sell products and accessories for personal devices such as mobile phones and tablets as well as other related products, related services and all actions and business transactions deemed necessary or expedient to fulfill the company's corporate purpose.

### **4 § Share capital and shares**

The share capital shall be not less than seventy million (70,000,000) and not more than two hundred eighty million (280,000,000) Swedish kronor. The number of shares shall be not less than seventy million (70,000,000) and not more than two hundred eighty million (280,000,000).

### **5 § VPC-registered company**

The Company's shares shall be registered in a securities register pursuant to the Swedish Financial Instruments Accounts Act (1998:1479).

### **6 § Financial year**

The company's financial year shall run from 1 January to 31 December.

### **7 § Board of Directors**

The Board of Directors shall comprise at least three (3) and a maximum of six (6) members with a maximum of two (2) deputies.

### **8 § Auditors**

The Company shall have one (1) auditor with a maximum of one (1) deputy auditor. An authorized public accountant or registered audit firm shall be appointed to serve as auditor and as deputy auditor, where appropriate.

### **9 § Notice of General Assembly**

Notice of General Assembly shall be given by making an announcement in *Post- och Inrikes Tidningar* and by posting the notice on the company's website. At the time of the notice, information indicating that the notice has been given must be published in the Swedish newspaper "Svenska Dagbladet".

## **10 § Shareholders' right to participate in the General Assembly**

Shareholders who wish to participate in the deliberations at the General Assembly must, on the one hand, be recorded in the transcript or other record of the entire share register in a manner setting forth the circumstances in question five days before the meeting, and must further notify the company of their wish by no later than 4:00 p.m. on the day specified in the notice of the meeting. Such day may not be a Sunday, another public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and must fall no earlier than the fifth weekday prior to the meeting.

Shareholders or proxies may bring a maximum of two assistants to the General Assembly, yet only if the shareholder notifies the company of the number of assistants in the manner specified in the preceding paragraph.

## **11 § Annual General Meeting**

The following matters shall be addressed at the Annual General Meeting:

1. Election of the Chairman of the General Assembly;
2. Preparation and approval of electoral register;
3. Approval of agenda;
4. Election of one or two members to check the minutes;
5. Determination of whether the General Assembly has been duly convened;
6. Presentation of the annual report and the audit report and, where applicable, the consolidated financial statements and consolidated audit report;
7. Resolution adopting the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
8. Resolution on the appropriation of the company's profit or loss in accordance with the adopted balance sheet;
9. Resolution on the discharge from liability of the members of the Board and the CEO;
10. Determination of the number of Board members and deputy Board members and, where applicable, deputy auditors;
11. Determination of fees paid to the Board and, where applicable, the auditors;
12. Election of Board members and deputy Board members and, where applicable, auditor and deputy auditor;

Other matters incumbent on the General Assembly to address pursuant to the Swedish Companies Act or the Articles of Association.

# Historical financial information

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## Documentation of historical financial information

Historical financial information regarding Novestra in excerpt form for financial years 2014 and 2015 in the section "Financial overview Novestra" was obtained from the Company's audited annual accounts, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU.

Historical financial information regarding Strax in excerpt form for financial years 2014 and 2015 in the section "Financial overview Strax" was obtained from Strax's audited 2015 financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU. Strax's reporting currency is EUR, for which reason Strax's accounts are presented in both the EUR and SEK currencies, in order to provide as clear a view as possible. Accounts restated to SEK have not been audited by Strax's auditor.

The pro forma financial statements in the section "Pro forma financial statements" are based on financial information included in Novestra's audited annual report for the 2015 financial year, and on financial information included in Strax's audited financial statements for the 2015 financial year. Novestra's audited annual report for the 2015 financial year and Strax's audited financial statements for the 2015 financial year have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU. Strax's accounts have been restated from EUR to SEK. The restated accounts have not been audited by Strax's auditor.

No information other than the historical financial information and the pro forma financial statements above has audited.

## Accounting principles

Novestra's och Strax's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), as adopted by the EU. As stated in the notice of Novestra's 2016 ordinary General Assembly, the Board of Directors has proposed to the Annual General Meeting that all outstanding shares in Novestra's portfolio company Strax be acquired in the form of a non-cash issue, and if the annual General Meeting resolves in keeping with the Board's proposal, Strax will become a Novestra subsidiary. This means that Novestra will no longer be an investment company. The transaction is treated as a reverse acquisition in Novestra's consolidated financial statements, where Strax is the acquirer for accounting purposes and Novestra is the acquiree for accounting purposes. The change means that the accounting principles for investment companies will not be applied going forward, and that the Group will be subject to new accounting principles, the most significant of which relate to the sale of goods and services, the valuation and reporting of inventories, as well as additional operating receivables and operating liabilities. Novestra's most significant accounting principles, assuming completion of the acquisition, are described below.

## *Compliance with standards and laws*

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), as adopted by the EU. In addition, recommendation RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Financial Reporting Council, is applied.

## *Assumptions during preparation of the consolidated financial statements*

The parent company's functional currency is Swedish kronor, which is also the reporting currency for both the parent company and the Group. This means that the financial statements are presented in Swedish kronor. Other assets and liabilities are carried at historical cost, while financial assets and liabilities are carried at amortized cost.

Preparing financial statements in conformity with IFRS requires that management make assessments and estimates, and make assumptions affecting the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and a number of other factors that appear reasonable under the circumstances. The result of these estimates and assumptions is then used in order to assess the carrying values of assets and liabilities that are not otherwise readily apparent from other sources. The actual outcome may differ from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the revision is made, if the change affects only that period, or both in the period in which the change is made and in future periods if the change affects both the current and future periods.

The following consolidated accounting principles have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated below. The consolidated accounting principles have been applied consistently to the reporting and consolidation of parent company and subsidiaries.

## *Segment reporting*

An operating segment is a Group entity that conducts operations that may generate revenue and incur expenses, and for which separate financial information is available. Operating segment earnings are reviewed by the company's chief operating decision maker, in Novestra's case the CEO, in order to assess performance and to be able to allocate resources to the operating segment as needed.

## ***Classification, etc.***

Fixed assets essentially comprise amounts expected to be recovered or paid 12 months or more after the balance sheet date. Current assets essentially comprise amounts expected to be recovered or paid within 12 months of the balance sheet date. Liabilities are classified as non-current if the company, as at the end of the reporting period, has an unconditional right to pay more than 12 months after the end of the reporting period. Other liabilities are carried as current liabilities.

## ***Principles of consolidation***

### **Subsidiaries**

Subsidiaries are companies in which the parent company, AB Novestra, has a controlling interest. A controlling interest obtains if the owner company has influence over the investee, is exposed to or entitled to variable returns from its involvement, and is able to use its influence over the investment in order to affect the return. Subsidiary accounting relies on the acquisition method. Under this method, the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets while also assuming its liabilities and contingent liabilities. The consolidated cost is determined by an acquisition analysis in connection with the acquisition. The analysis is used to determine both the cost of the shares or the business, and the fair value, as at the acquisition date, of identifiable assets as well as assumed liabilities and contingent liabilities. The cost of the subsidiary shares or the subsidiary's business comprises the fair values, as at the transfer date, of assets, liabilities incurred or assumed, and any equity instruments issued as consideration in exchange for the net assets acquired. For business combinations (acquisitions of subsidiaries that are consolidated) where the cost exceeds the net value of identifiable assets acquired, liabilities assumed and contingent liabilities, the difference is recognized as goodwill. When the difference is negative, it is recognized directly in the income statement. Financial statements for subsidiaries that are consolidated are included in the consolidated financial statements from the acquisition date until such date as the controlling influence ceases to exist. Intercompany receivables and liabilities, income or expenses and unrealized gains or losses arising from intercompany transactions between Group companies that are consolidated, are eliminated on consolidation.

### **Associated companies**

Associated companies are the entities over which the Group has a significant influence, yet where it does not have a controlling influence over operational and financial management, and generally comprise shareholdings of between 20 and 50 percent of the votes. The Group's reported value of shares in associated companies corresponds to the associated company's equity plus consolidated goodwill and any other residual value of consolidated surpluses and deficits. In consolidated net income, the Group's share of the associated companies' earnings, adjusted for any depreciation and amortization, impairment losses and reversals of acquired surpluses or deficits, is recognized as "Share in earnings of associated companies". The Group's share of other comprehensive income in the associated companies is recognized on a separate line in consolidated comprehensive income.

## ***Transactions in foreign currencies***

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency in the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing on the balance sheet date.

Exchange rate differences arising on currency translation are recognized in the income statement. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the exchange rate prevailing on the date of valuation at fair value.

## ***Revenue***

Revenue and other operating income is recognized when the goods have been transferred or the services rendered. In this context, goods are considered to have been transferred once significant risks and benefits associated with ownership of the goods have been transferred to the purchaser.

If the customer was granted a right of return (in Strax's case this refers to the customers' right to return products and the right to cancel purchase agreements), the revenue is recognized when the likelihood of a return can be reliably assessed. For this purpose, return rates are estimated on the basis of historical data, and are then used to forecast future return obligations. Revenue is not recognized for the portion of sales for which returns are expected; a provision is recognized instead. The amount of the provision corresponds to the price of the goods delivered and for which returns are expected, having regard to the cost that arises for handling the return, and the losses arising from the sale of these goods.

Revenues are recognized net, i.e. as the sum of what the customers pay, less VAT and sales-related deductions (discounts, bonuses, cash discounts, etc.)

Operating expenses are recognized as an expense once the services have been rendered or when they have been consumed.

## **Financial income and expenses**

Financial income and expenses consist of interest income on bank balances and claims and interest-bearing securities, as well as interest paid on borrowings and currency translation differences. Interest income from claims and interest paid on borrowings is calculated using the effective interest method. The effective interest rate is the interest rate at which the present value of all estimated future receipts and disbursements during the anticipated fixed interest term is equal to the carrying amount of the receivable or the liability.

## **Financial instruments**

### **Balance sheet recognition and derecognition**

A financial asset or financial liability is recognized on the balance sheet when the company becomes party to the instrument's contractual terms. A claim is recognized when the company has rendered performance and there is a contractual obligation on the part of the counterparty to pay, even if an invoice has not yet been sent. Accounts receivable are recognized on the balance sheet once an invoice has been sent. Liabilities are recognized when the counterparty has rendered performance and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recognized when an invoice has been received. A financial asset is derecognized when the rights in the contract are exercised, or when they expire, or when the company loses control of them. A financial liability is derecognized when the contractual obligation is fulfilled or is otherwise extinguished. Acquisitions and divestment of financial assets are recognized on the transaction date, which is the date on which the company undertakes to acquire or dispose of the asset.

### **Classification and valuation**

Financial instruments are initially recognized at the instrument's fair value plus transaction expenses, which represents the cost, with the exception of financial instruments that are recognized at fair value through earnings, where transaction expenses are not added to the carrying value, but are recognized as an expense in earnings. Upon initial recognition, a financial instrument is classified based on the purpose for which the instrument was acquired, which determines how the instrument is carried thereafter.

### **Accounts receivable**

Accounts receivable consist of non-derivative financial assets, and have fixed or determinable payments that are not quoted on an active market. Accounts receivable are outstanding amounts from the sale of goods or services rendered within the scope of normal business operations. They are included in current assets if their due date does not fall more than 12 months after the end of the reporting period. Those maturing more than 12 months after the end of the reporting period are included in fixed assets (non-current receivables).

Accounts receivable are initially recognized at fair value, and are, on subsequent valuation, carried at amortized cost using the effective interest rate method, less any impairment losses. An impairment loss is recognized when there is objective evidence indicating that outstanding payments cannot be collected in full (e.g. in the event of delayed payments or customer insolvency). Allowances for doubtful Accounts receivable are recognized in a separate reserve account. They are derecognized at the same time that the corresponding impaired receivable is derecognized.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash plus immediately available balances held with banks and similar institutions, plus current liquid investments with original maturities of three months or less, and which are subject to a negligible risk of fluctuation in value.

### **Interest-bearing liabilities**

Loans are initially recognized at cost, corresponding to the fair value of funds received, net of transaction costs and any premiums and discounts. Thereafter, the loans are recognized on an ongoing basis at amortized cost using the effective interest method, meaning that the value is adjusted by amortizing any discounts or premiums when the loan was raised and expenses related to the borrowing over the expected term of the loan. The amortization is calculated on the basis of the loan's initial effective interest rate.

### **Accounts payable and other operating liabilities**

Operating liabilities are recognized at the amortized cost determined using the effective interest rate calculated on the acquisition date, which typically means the face value due to the short maturity.

### **Goodwill**

Goodwill arising from investments is recognized as an asset in accordance with IFRS 3 (Business Combinations). Goodwill is not amortized continuously, but is reviewed for the need to book impairment losses at least annually.

## ***Impairment losses***

The carrying amounts of the Group's tangible and intangible assets, including goodwill, are reviewed on each balance sheet date to determine whether there is any indication that impairment losses need to be booked. An impairment loss is recognized when an asset or cash-generating unit's carrying value exceeds the recoverable amount. An impairment loss is recognized as an expense in the income statement.

The recoverable amount is the higher of the fair value less selling expenses and the value in use. When calculating the value in use, future cash flows are discounted by applying a discount factor that takes into account the risk-free interest rate and the risk associated with the specific asset. For an asset that does not generate cash flows and which is essentially independent of other assets, the recoverable amount of the cash-generating unit to which the asset belongs is calculated. When reviewing goodwill, goodwill is always allocated across cash-generating units or groups of cash-generating units.

Impairment losses are reversed if there has been a change in the assumptions underlying the calculation of the recoverable amount. An impairment loss will only be reversed to the extent that the asset's post-reversal carrying amount does not exceed the carrying amount that the asset would have had if no impairment loss had been recognized, and for non-financial assets having regard to the depreciation or amortization that would then have been recognized. Impairment losses on goodwill are never reversed.

## ***Inventories***

The goods recognized as inventories in accordance with IAS 2 (Inventories) are initially recognized at cost. The cost is either determined on the basis of an individual assessment of purchases from the perspective of the procurement market, or by applying the average cost method. Benefits received from suppliers that have been classified as reductions in the cost reduce the carrying value of the inventory accordingly.

At the end of the reporting period, inventories are valued at the lower of either the cost basis or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and bringing about a sale. Risks arising from average storage periods in excess of normal storage periods and/or reduced usability are reflected in the form of write-down adjustments to net realizable value.

If the reason for the write-down to the net realizable value of the goods no longer obtains, a reversal is recognized.

Because Strax's inventories are not consistent with the definition of qualifying assets under IAS 23 (Borrowing Costs), directly attributable interest on borrowed capital is not capitalized to inventories.

## ***Leased assets***

In the consolidated financial statements, leases are classified either as finance or operating leases. A lease is considered to be a finance lease if the economic risks and benefits associated with ownership are in all essentials transferred to the lessee; if this is not the case, the lease is an operating lease. The only types of leases in the Group are operating leases. As the operating lessee, the underlying asset is not carried on the balance sheet. Lease payments are recognized as an expense on a straight-line basis over the term of the lease.

## ***Remuneration to employees***

### **Defined contribution pension plans**

The Group has only defined contribution pension plans. Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as they accrue through the employees' rendering of services to the company during a defined period.

## ***Provisions***

A provision is recognized on the balance sheet when the Group has an existing legal or constructive obligation as a consequence of a past event, and it is likely that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. In cases where the effect of when a payment is made is material, provisions are calculated by discounting the expected future cash flow at a pre-tax interest rate reflecting current market assessments of the time value of money and, where appropriate, the risks associated with the liability.

## ***Taxes***

Income tax is comprised of current tax and deferred tax. Income tax is recognized in the income statement, in other comprehensive income, or directly in equity. Current tax is tax to be paid or received for the current year, using the tax rates that have been enacted or substantively enacted as at the balance sheet date; this also includes adjustment of current tax applicable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the reported and fiscal value of the assets and liabilities. The valuation of deferred tax is based on the way in which the carrying values of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets for deductible temporary differences and loss carry-forwards are only recognized to the extent



that it is likely that it will be possible to utilize them. The value of deferred tax assets is reduced when it is no longer considered likely that it will be possible to utilize them.

Swedish tax legislation contains certain stopping rules upon changes in ownership in companies with tax losses. The stopping rules entail that existing tax losses may be utilized in connection with significant changes in ownership. The rules also include restrictions, during a five-year waiting period, on the right to utilize tax losses by netting them against group contributions. The change of ownership in connection with the proposed transaction, in which Novestra acquires all outstanding shares in Strax through a non-cash issue, is of such a nature that the company believes that the existing tax losses should be retained. Because 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, with the consequence that the loss may be utilized, whether in whole or in part.

### ***Contingent liabilities***

Contingent liabilities are disclosed when there is a possible obligation arising from past events and whose existence will only be confirmed by one or more uncertain future events, or if there is an obligation that has not been recognized as a liability or provision because it is unlikely that the outflow of financial resources will be required.

# Audit reports

The audit reports set out below are retrieved directly from Novestra's annual report for the 2014 and 2015 financial years, respectively. For Strax, the following audit reports have been retrieved from the audited financial statements for the 2014 and 2015 financial years, respectively, as subsequently translated into Swedish.

## 2014 audit report concerning Novestra

To the Annual General Meeting of AB Novestra, corporate ID no. 556539-7709

### Report on the annual report and consolidated financial statements

We have conducted an audit of the annual report and consolidated financial statements of AB Novestra for 2014. The company's annual report and consolidated financial statements are included in the printed version of this document, on pages 44-88.

#### ***The Board of Directors' and the CEO's responsibility for the annual report and consolidated financial statements***

The Board of Directors and the CEO are responsible for preparing an annual report that gives a true and fair view in accordance with the Swedish Annual Accounts Act, and for preparing consolidated financial statements that give a true and fair view in accordance with both the International Financial Reporting Standards as adopted by the EU and the Swedish Annual Accounts Act, and are further responsible for such internal control as the Board and CEO deem necessary in order to prepare an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on the annual report and the consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with professional ethical requirements and that we plan and perform our audit so as to obtain reasonable assurance that the annual report and consolidated financial statements are free from material misstatement.

An audit involves employing a variety of actions to collect audit evidence about amounts and other disclosures in the annual report and consolidated financial statements. The auditor decides which actions to take, including by assessing the risks of material misstatement in the annual report and consolidated financial statements, whether due to fraud or error. In performing this risk assessment, the auditor takes into account those parts of internal control that are relevant to how the company prepares its annual report and consolidated financial statements so as to give a true and fair view, doing so for the purpose of designing audit procedures appropriate in view of the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes an evaluation of the appropriateness of the accounting principles used, and of the reasonableness of the Board's and the CEO's accounting estimates, as well as an evaluation of the overall presentation of the annual report and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

#### ***Opinions***

It is our opinion that the annual report has been prepared in accordance with the Swedish Annual Accounts Act and that it gives a true and fair review, in all material respects, of the parent company's financial position as at 31 December 2014, and of its financial performance and cash flows for the year in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair review, in all material respects, of the Group's financial position as at 31 December 2014, and of its financial performance and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and with the Swedish Annual Accounts Act. The management report is consistent with the other parts of the annual report and consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for both the parent company and the Group.

### Report on other requirements pursuant to laws and other regulations

In addition to our audit of the annual report and consolidated financial statements, we have also performed an audit of the proposed appropriation of the company's profit or loss, and of the Board of Directors' and the CEO's administration of AB Novestra for 2014.

#### ***The Board of Directors' and the CEO's responsibility***

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss, and the Board and CEO together are responsible for administration under the Swedish Companies Act.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion with reasonable assurance on the company's profit or loss and regarding the administration of the company, based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As the basis for our opinion regarding the Board's proposed appropriation of the company's profit or loss, we examined whether the proposal is consistent with the Swedish Companies Act. As the basis for our opinion regarding discharge from liability, in addition to our audit of the financial statements and consolidated financial statements, we

have examined significant decisions, actions and circumstances in the company so as to assess whether any member of the Board, or the CEO, is liable in respect of the company. We also examined whether any member of the Board or the CEO has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act, or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

***Opinions***

We recommend that the Annual General Meeting appropriate the profit in accordance with the proposal in the management report, and that it discharge the members of the Board and the CEO from liability for the financial year.

Stockholm, 2 April 2015

KPMG AB

Mårten Asplund

Authorized Public Accountant

## 2015 audit report concerning Novestra

To the Annual General Meeting of AB Novestra, corporate ID no. 556539-7709

### **Report on the annual report and consolidated financial statements**

We have conducted an audit of the annual report and consolidated financial statements of AB Novestra for 2015. The company's annual report and consolidated financial statements are included in the printed version of this document, on pages 44-88.

#### ***The Board of Directors' and the CEO's responsibility for the annual report and consolidated financial statements***

The Board of Directors and the CEO are responsible for preparing an annual report that gives a true and fair view in accordance with the Swedish Annual Accounts Act, and for preparing consolidated financial statements that give a true and fair view in accordance with both the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act, and are further responsible for such internal control as the Board and CEO deem necessary in order to prepare an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on the annual report and the consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with professional ethical requirements and that we plan and perform our audit so as to obtain reasonable assurance that the annual report and consolidated financial statements are free from material misstatement.

An audit involves employing a variety of actions to collect audit evidence about amounts and other disclosures in the annual report and consolidated financial statements. The auditor decides which actions to take, including by assessing the risks of material misstatement in the annual report and consolidated financial statements, whether due to fraud or error. In performing this risk assessment, the auditor takes into account those parts of internal control that are relevant to how the company prepares its annual report and consolidated financial statements so as to give a true and fair view, doing so for the purpose of designing audit procedures appropriate in view of the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes an evaluation of the appropriateness of the accounting principles used, and of the reasonableness of the Board's and the CEO's accounting estimates, as well as an evaluation of the overall presentation of the annual report and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

#### ***Opinions***

It is our opinion that the annual report has been prepared in accordance with the Swedish Annual Accounts Act and that it gives a true and fair review, in all material respects, of the parent company's financial position as at 31 December 2015, and of its financial performance and cash flows for the year in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair review, in all material respects, of the Group's financial position as at 31 December 2015, and of its financial performance and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Swedish Annual Accounts Act. The management report is consistent with the other parts of the annual report and consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for both the parent company and the Group.

### **Report on other requirements pursuant to laws and other regulations**

In addition to our audit of the annual report and consolidated financial statements, we have also performed an audit of the proposed appropriation of the company's profit or loss, and of the Board of Directors' and the CEO's administration of AB Novestra for 2015.

#### ***The Board of Directors' and the CEO's responsibility***

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss, and the Board and CEO together are responsible for administration under the Swedish Companies Act.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion with reasonable assurance on the company's profit or loss and regarding the administration of the company, based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As the basis for our opinion regarding the Board's proposed appropriation of the company's profit or loss, we examined whether the proposal is consistent with the Swedish Companies Act.

As the basis for our opinion regarding discharge from liability, in addition to our audit of the annual report and consolidated financial statements, we have examined significant decisions, actions and circumstances in the company so as to assess whether any member of the Board, or the CEO, is liable in respect of the company. We also examined whether any member of the Board or the CEO has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act, or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

***Opinions***

We recommend that the Annual General Meeting appropriate the profit in accordance with the proposal in the management report, and that it discharge the members of the Board and the CEO from liability for the financial year.

Stockholm, 5 April 2016

KPMG AB

Mårten Asplund

Authorized Public Accountant

### Audit report

We have performed an audit of the consolidated financial statements prepared by Strax Group GmbH, Troisdorf – consisting of a consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes regarding the consolidated financial statements – as well as the Group management report for Strax Group GmbH for the financial year from 1 January 2014 - 31 December 2014. The management of the parent company is responsible for preparing the consolidated financial statements and the Group management report in accordance with German commercial law. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB (German Commercial Code) and German standards governing the audit of financial statements issued by Institut der Wirtschaftsprüfer. Those standards require that we plan and perform our audit so as to obtain reasonable assurance that the statement of net assets, financial position and operational earnings in the consolidated financial statements, as well as the Group management report, are free from material misstatement, in accordance with the applicable financial reporting framework. Knowledge of the enterprise's operations and of the economic and legal environment in which the Group operates, as well as expectations regarding possible misstatements, are taken into account when determining which audit procedures to implement. The effectiveness of the internal controls linked to the accounts, the documentation underlying the disclosures in the consolidated financial statements, and the Group management report, is examined primarily by conducting spot checks, for the purposes of the audit. The audit includes an evaluation of the annual financial statements of the companies included in the Group consolidation, a determination of which companies should be included in the consolidation, which accounting and consolidation principles were applied, and significant estimates made by management; the audit further includes an evaluation of the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not produce any objections.

It is our opinion, based on the findings of our audit, that the consolidated financial statements of Strax Group GmbH, Troisdorf, for the financial year from 1 January 2014 - 31 December 2014, have been prepared in accordance with applicable legal requirements, and that they give a true and fair view of the Group's net assets, financial position and earnings situation, in accordance with generally accepted accounting principles in Germany. The Group management report is consistent with the other parts of the consolidated financial statements, and provides a suitable view of the Group's financial position, while adequately describing future opportunities and risks.

Düsseldorf, 31 March 2015

Warth & Klein Grant Thornton AG  
Auditing Firm

|                              |                              |
|------------------------------|------------------------------|
| sgd. Ralf Clemens            | sgd. Edi Bećirović           |
| Wirtschaftsprüfer            | Wirtschaftsprüfer            |
| Authorized Public Accountant | Authorized Public Accountant |

### Audit report

We have performed an audit of the consolidated financial statements prepared by Strax Group GmbH, Troisdorf – consisting of a consolidated balance sheet, consolidated income statement and statement of other comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes regarding the consolidated financial statements – as well as the Group management report for Strax Group GmbH for the financial year from 1 January 2015 - 31 December 2015. The management of the parent company is responsible for preparing the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and in accordance with the additional requirements stipulated by section 315a, paragraph one, of the German Commercial Code (HGB). Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB (German Commercial Code) and the German audit standards issued by Institut der Wirtschaftsprüfer. Those standards require that we plan and perform our audit so as to obtain reasonable assurance that the statement of net assets, financial position and operational earnings in the consolidated financial statements, as well as the Group management report, are free from material misstatement, in accordance with the applicable financial reporting framework. Knowledge of the enterprise's operations and of the economic and legal environment in which the Group operates, as well as expectations regarding possible misstatements, are taken into account when determining which audit procedures to implement. The effectiveness of the internal controls linked to the financial statements, the documentation underlying the disclosures in the consolidated financial statements, and the Group management report, is examined primarily by conducting spot checks, for the purposes of the audit. The audit includes an evaluation of the annual financial statements of the companies included in the Group consolidation, a determination of which companies should be included in the consolidation, which accounting and consolidation principles were applied, and significant estimates made by management; the audit further includes an evaluation of the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not produce any objections.

It is our opinion, based on the findings of our audit, that the consolidated financial statements of Strax Group GmbH, Troisdorf, for the financial year from 1 January 2015 - 31 December 2015, have been prepared in accordance with IFRS as adopted by the EU, and in accordance with the additional requirements stipulated by section 315a, paragraph one, of the German Commercial Code (HGB), and that they give a true and fair view of the Group's net assets, financial position and earnings situation in accordance with these requirements. The Group management report is consistent with the other parts of the consolidated financial statements, and provides a suitable view of the Group's financial position, while adequately describing future opportunities and risks.

Düsseldorf, 25 April 2016

Warth & Klein Grant Thornton AG  
Auditing Firm

sgd. Ralf Clemens  
Wirtschaftsprüfer  
Authorized Public Accountant

sgd. Edi Bećirović  
Wirtschaftsprüfer  
Authorized Public Accountant

# Tax issues in Sweden

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*The following is a summary of the tax consequences that may arise under current Swedish legislation as a consequence of owning shares in the Company, or as a consequence of the Transaction. This summary is intended for holders of shares who are resident in Sweden, unless otherwise stated. This summary is not intended to comprehensively address all tax issues that may arise in this context. For instance, it does not address the special rules that apply to shares owned by partnerships or which are held as inventory items in business operations, or which are held by private individuals in an investment savings account. The special rules that apply in the corporate sector with regard to tax-exempt capital gains (including non-deductible capital losses) and dividends on stakes held as trade investments<sup>17</sup> are not addressed. Nor does the summary deal with foreign companies that conduct operations from a permanent establishment in Sweden, or foreign companies that have been Swedish companies, unless otherwise stated. Special tax consequences that are not described herein may also arise for other categories of holders of Shares, such as investment companies, life insurance companies and individuals who are not resident in Sweden. Every holder of shares is advised to consult a tax advisor regarding the tax consequences that may arise as a result of owning shares in the Company, including the applicability and the effect of foreign rules and tax treaties.*

## Taxation on disposal of shares in Strax in exchange for shares in the Company

For shareholders in Strax who accepted the offer pursuant to the Transaction and who received remuneration in the form of shares in the Company, the sale is treated in accordance with the rules on deferred taxation (for natural persons) and for share swaps qualifying for hold-over relief (for public limited companies).

For natural persons therefore, no taxable capital gain or tax-deductible capital loss is calculated for the shares sold for consideration in the form of shares in the Company. The shares in the Company received are instead considered to have been acquired at the tax basis amount that was applicable to the sold shares in Strax.

Public limited companies may, in the event that the swap gives rise to a capital gain, be granted hold-over relief regarding the taxation on this capital gain if so requested in the company's income tax declaration, in accordance with the rules governing share swaps qualifying for hold-over relief.

### **Deferred taxation for share swaps**

If a natural person (or the estate of a Swedish decedent) has disposed of shares in Strax for consideration in the form of shares in the Company in accordance with the rules on deferred taxation for share swaps, such transaction does not give rise to a taxable capital gain or a tax-deductible capital loss. Rather, the received shares in the Company are considered to have been acquired for a consideration that corresponds to the tax basis for the sold shares in Strax. Normally, no declaration obligation attaches to the share swap itself.

In order for the rules regarding deferred taxation to be applicable, the company is required, inter alia, to hold more than 50 percent of the votes in Strax at the end of the calendar year in which the share swap took place. The Company will hold the shares in Strax in a manner that satisfies this requirement.

If a natural person moves abroad and is no longer domiciled in the EEA and no longer has his habitual abode within the EEA, the capital gain that arose from the share swap shall become taxable.

### **Deferral of taxation on capital gains for share swaps qualifying for hold-over relief**

Where a company has sold shares in Strax for consideration in the form of shares in the Company, hold-over relief may be granted by claiming such relief in the tax declaration, if certain conditions are met.

In order for the rules regarding hold-over relief to be applicable, the company is required, inter alia, to hold shares in Strax corresponding to more than 50 percent of the votes in Strax at the end of the calendar year in which the share swap took place. The Company will hold the shares in Strax in a manner that satisfies this requirement.

Shareholders who wish to apply for hold-over relief to defer capital gains taxation shall report the gain in their tax declaration for the year of sale and request relief accordingly. If hold-over relief is granted, the capital gain shall be determined by the Swedish Tax Agency upon taxation in the form of a hold-over amount. The hold-over amount shall thereafter be allocated equally across the shares in Strax that were received through the share swap.

If hold-over relief is granted, the capital gain shall be subject to tax no later than the fiscal year in which the ownership of the received shares in the Company are transferred to another, or ceases to exist. However, the foregoing does not apply if the received shares are disposed of through a subsequent share swap that meets the conditions for continued hold-over relief. The party to whom holdover relief was granted, however, may at any time request that the hold-over amount be reverted to that party's tax basis.

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<sup>17</sup> Listed shares are held as trade investments if the holding constitutes a capital asset and the aggregate voting power of the investor company's total shareholding amounts to at least 10 percent of the votes of all shares in the company, or if the holding is motivated by a business operation carried on by the owner company or by another related company defined in a certain way.



# Taxation on disposal of shares

## ***Natural persons***

Natural persons and estates are taxed on the entire capital gain in income from capital upon sale of shares in the Company. The tax is 30 percent of the capital gain. Capital gains and capital losses are calculated as the difference between the selling price less selling expenses, and the divested shares' tax basis.

If the rules regarding deferred taxation have been applied (see above) and if, at the time of the share swap, the seller owns shares of the same class and type as the shares received in the Company, or acquires such shares after the share swap, the shares in the Company shall be deemed as having been disposed of in the following order: (1) shares acquired prior to the share swap, (2) shares acquired through the share swap, and (3) shares acquired after the share swap.

The tax bases for all shares of the same class and type are added up and calculated collectively, using the average acquisition method. This means that the average tax basis of shares held is normally affected if shares of the same class and type are acquired. Shares in the Company received from the share swap (see above under "Deferred taxation for share swaps") are deemed to have been acquired at the tax basis that applied to the divested shares in Strax. Since the shares in the Company are listed, it is possible, as an alternative to the average acquisition method, to use the standardized method when calculating the tax basis. This rule means that the cost basis may be calculated as 20 percent of the sales proceeds, less selling expenses.

Capital losses on sale of shares in the Company are tax-deductible. Such losses may be set off in full against capital gains on listed shares and the taxable portion of capital gains on unlisted shares during the same year. Unrestricted set-off against capital gains on other listed part ownership rights (such as subscription rights) is also possible, apart from shares in investment funds containing only Swedish debt claims (fixed income funds).<sup>18</sup> Excess losses are 70 percent deductible. In the event of a loss in income from capital, a reduction of the tax on income from employment and business operations is granted, as is a reduction of property tax and the municipal property tax. Such a tax concession is granted in the amount of 30 percent for losses of less than SEK 100,000, and in the amount of 21 percent for losses in excess of that threshold. Losses cannot be carried forward to later fiscal years.

## ***Public limited company***

Public limited companies are taxed on all income in the income category "income from business operations". The tax rate is 22 percent. Capital gains and losses are calculated in the same way as for natural persons, as set forth above.

If a hold-over of tax liability has been granted for share swaps qualifying for hold-over relief and if, at the time of the share swap, the seller owns shares of the same class and type as the shares received in the Company, or acquires such shares after the share swap, the shares in the Company shall be deemed as having been disposed of in the following order: (1) shares acquired prior to the share swap, (2) shares acquired through the share swap, and (3) shares acquired after the share swap.

Shares in the Company obtained through the share swap are deemed to have been acquired for an amount equal to the market value as at the acquisition date. If a hold-over of tax liability has been granted (see above under "Deferral of taxation on capital gains for share swaps qualifying for hold-over relief"), normally the granted hold-over amount must be reverted to the tax basis.

Deductions for capital losses on shares are only granted against capital gains on shares and other part ownership rights. Such capital losses may also, if certain conditions are met, be set off against capital gains on shares and part ownership rights in other companies within the same group, provided that a group contribution entitlement exists between this company and the company that reported the capital loss. Capital losses on shares and other part ownership rights that could not be utilized during a given fiscal year may be carried forward and deducted from capital gains on shares and other part ownership rights during subsequent fiscal years without limitation in time.

If the shares in the Company are shares held for business purposes, special rules apply.

## Taxation of dividends

For natural persons and estates, dividends on shares in the Company are taxed as income from capital in Sweden, at a tax rate of 30 percent. For natural persons and estates, preliminary tax is withheld by the payer of the dividend, normally Euroclear Sweden, or the nominee if the shares are held by a nominee.

For public limited companies, dividends are taxed as income from business operations, at 22 percent. If the shares in the Company are shares held for business purposes, special rules apply. The Company is not responsible for withholding taxes on dividends.

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<sup>18</sup> Potential capital losses can also be set off against reversals of investor deductions.

## **Shareholders subject to limited tax liability**

Shareholders subject to limited tax liability in Sweden and who receive dividends on shares in a Swedish public limited company are normally subject to Swedish withholding tax. The tax rate is 30 percent. However, the tax rate is generally reduced through tax treaties with other countries to avoid double taxation. In Sweden, the withholding tax is normally deducted by Euroclear Sweden, or by the nominee if the shares are held by a nominee.

Holders of shares subject to limited tax liability in Sweden and who do not conduct business operations from a permanent establishment in Sweden are normally not taxed on capital gains in Sweden upon disposal of shares. Holders may however be subject to taxation in their country of domicile. Under a special rule, however, natural persons subject to limited tax liability in Sweden may, in certain cases, be subject to Swedish capital gains taxation upon disposal of certain part ownership rights (such as shares in the Company) if their permanent residence or habitual abode was in Sweden at any point during the calendar year in which the disposal takes place, or during any of the preceding 10 calendar years. In many cases, such taxing powers are restricted by tax treaties between Sweden and other countries.

# Definitions

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**3PL** – Third Party Logistics.

**ABI Research** – Allied Business Intelligence, Inc., the analyst firm from which the market data of relevance to Strax were primarily obtained. The relevant report is ABI Research, Mobile Accessories Market Data 2014.

**B2B** – Business to Business. Trade between two or more companies.

**B2C** – Business to Consumer. Trade between companies and consumers.

**Connected devices** – Products connected to the Internet via small built-in sensors and computers. Can also be called the Internet of Things; see definition below.

**EUR** – Euro.

**Abbreviations of numbers** – In the Prospectus, the letters T, Mn and Bn are used abbreviations for thousands, million and billions. For example, EUR billions is abbreviated to EUR bn and SEK millions is abbreviated to SEK Mn.

**Gartner** – Gartner, Inc., a research firm from which certain market data regarding the market Strax operates were obtained. Relevant information was obtained from a press release dated 10 November 2015: "Gartner Says 6.4 Billion Connected "Things" Will Be in Use in 2016, Up 30 Percent From 2015".

**IFRS** – International Financial Reporting Standards

**In-box** – Products that have been bundled with and are sold together with hardware such as mobile phones and tablets.

**Internet of Things** – An umbrella term for the technological evolution whereby machinery, vehicles, cargo, household appliances, clothing and other items are provided with small built-in sensors and computers. Can also be referred to as connected devices, see definition above.

**MeTA** – Multiple eTrade Application. The e-commerce platform that Strax offers its customers.

**Mobile accessories market** – Includes all kinds of accessories for mobile phones, tablets and other similar products.

**Novestra, the Company or the Group** – Refers to AB Novestra (corporate identification no. 556539-7709) and its subsidiaries, unless the context indicates otherwise.

**OEM** – Original equipment manufacturer. Also known as original equipment manufacturers.

**PoS** – Point of Sale. Point of sale such as a store or e-commerce store.

**The Prospectus** – This prospectus.

**Partners** – Refers to Strax's suppliers of third-party brands, licensed brands and other services, unless the context indicates otherwise.

**SEK** – Swedish kronor.

**Strax** – Refers to Strax Group GmbH (corporate registration no. HRB 11221) and its subsidiaries, unless the context indicates otherwise.

**The Transaction** – The planned acquisition of Strax Group GmbH, including distribution of shares in WeSC AB (publ) and the adoption of new Articles of Association, as described on page 25 of this Prospectus.

**Wearables** – Computer-based technology built into products like clothing and accessories that are worn on the body. Can be regarded as a sub-segment of connected devices. Also known as "fashion electronics".

# Addresses

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