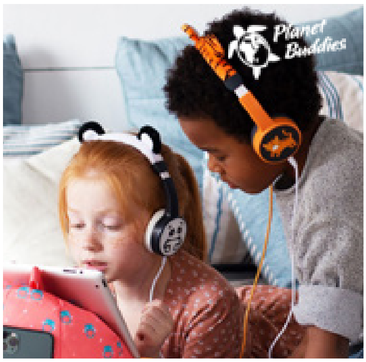
STRAX



ANNUAL REPORT 2020

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ANNUAL REPORT 2020

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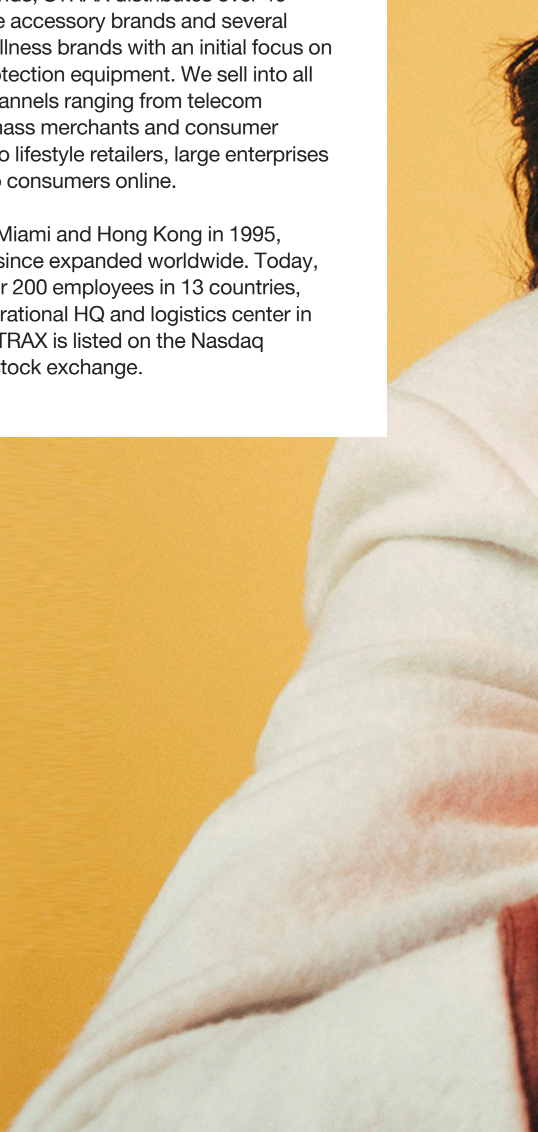
THIS IS STRAX

STRAX is a global leader in accessories that empower mobile lifestyles. Our portfolio of accessories brands targets broad channel scope as well as different customer demographic and covers all major mobile product categories: Protection, Power, Personal Audio and Connectivity. In response to the ongoing pandemic, STRAX pivoted into Health & Wellness products, with an initial focus on personal protection equipment, such as face masks, gloves and sanitizers. Our success lies in a strong offline and online distribution network and best-in-class customer service, delivered by a stellar team.

We develop and grow brands through an omnichannel approach, and we operate two complementary businesses: Own brands – including Urbanista, Clckr, Richmond & Finch, Planet Buddies, xqisit, AVO+, and licensed brands such as adidas, Bugatti, Diesel, Superdry and WeSC – and Distribution (traditional retail, enterprises, and online marketplaces). In addition to own and licensed brands, STRAX distributes over 40 major mobile accessory brands and several Health & Wellness brands with an initial focus on personal protection equipment. We sell into all key sales channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers, large enterprises and direct to consumers online.

Founded in Miami and Hong Kong in 1995, STRAX has since expanded worldwide. Today, we have over 200 employees in 13 countries, with our operational HQ and logistics center in Germany. STRAX is listed on the Nasdaq Stockholm stock exchange.



THIS WAS OUR 2020

STRAX doubled online sales and delivered a record year in EBITDA after successfully launching the Health & Wellness product category.

The year 2020 was very unusual due to the economic and social impact of Covid-19, but STRAX did well in quickly adjusting its business to a new reality as a result of the pandemic. STRAX launched a new product category, delivered a record year in EBITDA and more than doubled online sales, despite strong headwind for our traditional mobile accessories' and audio brands. Many employees worked from home for the past twelve months without missing a beat in securing new customers and suppliers alike, whilst also meeting the needs of the existing ones. The year was indeed a big test on STRAX resilience as an organization and business, which the company passed with flying colors.

Total sales in 2020 were MEUR 111.8 (113.6), a YoY decrease of 1.5%. Mobile accessories sales were MEUR 86.4 (113.6) in 2020 representing a decrease of 24% YoY, whilst sales from the newly established Health & Wellness product category were MEUR 25.3 (-), equaling 22.7% of total sales in 2020.EBITDA for the year was MEUR 8.5 (8.3), representing a YoY increase of 2.5%. Financial expenses were impacted by decline in value relating to shares in ZAGG received as part of the consideration for the sale of Gear4 to the amount of MEUR 2.5 (2.4).

Overall, 2020 was a successful year at STRAX, although in reality a tale of two halves because of Covid-19. All our retail customers experienced store closures during the year and at one point approximately 80% of doors were closed with obvious negative sales impact on all of our own accessories' brands, crystalizing our exposure towards traditional B2B retail customers. This challenging situation forced us to step up our e-commerce investments in both DTC, such as urbanista.com and airpophealth.com, and seller managed marketplaces, such as Amazon and eBay, ultimately delivering more than 100% growth in sales from online channels. We also managed to successfully pivot into Health & Wellness products by largely using the same team and infrastructure as for the traditional mobile accessories. The Health & Wellness business unit is here to stay, and we believe it provides a somewhat natural product diversification for STRAX and solid incremental upside once the accessories market stabilizes post the ongoing pandemic.

STRAX+, our initiative aimed at changing all possible aspects of our business to become more environmentally conscious, progressed well during the year. For example, we managed to reduce the ratio of inbound airfreight from Asia from 84% in 2019 to 67% in 2020, towards a mid-term goal of 50%. Similar progress was made around sustainable packaging material. STRAX furthermore continued its membership of UN Global Compact and we remain committed to take actions that advance societal goals. As a part of that commitment, we supported both hospitals and charitable organizations through donations of hardware and PPE products. The entire STRAX team is grateful for being able to make a difference.

Lockdowns in several of our key markets have continued in 2021 and our expectation is that situation will remain throughout Q1 with full market recovery for accessories not until the end of Q2. However, given our expansion into Health & Wellness products category and increased online sales we are well positioned to manage through this period of uncertainty. Beyond that, smartphone sales are expected to return to healthy growth in 2021 with increased 5G adoption, which will benefit STRAX as the sale of handsets is one of the key drivers for mobile accessories sales.

Significant events during the period

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

In March, Telecom Lifestyle Fashion (TLF), the licensing specialist owned by STRAX, signed two new global licensing agreements. One with the UK fashion label Superdry for mobile accessories and another with the Swedish streetwear brand WeSC for headphones and mobile accessories. Both agreements are globally exclusive with a three-year duration.

STRAX entered the Health & Wellness product category with an initial focus on personal protection equipment and started delivering facemasks, gloves and disinfectants to existing as well as new customers in April 2020.

The Annual General Meeting was held on May 26, 2020. The AGM resolved, in accordance with the Board of Directors' proposal, to adopt a warrant program and to issue warrants. The warrant program comprises in total a maximum of approximately 26 individuals and not more than 4,095,000 warrants may be issued within the framework of the program. Each warrant entitles the holder to subscribe for one share in STRAX during the period 1 July 2023 up to and including 30 September 2023 at a subscription price corresponding to 130 per cent of the volume-weighted average price of the Strax share on Nasdaq Stockholm during the period 10 trading days calculated from and including the day after the Annual General Meeting 2020. If all the 4,095,000 warrants are exercised, the warrant program entails a full dilution corresponding to approximately 3.3 per cent of the shares and votes in STRAX.

Urbanista, a STRAX brand, launched a limited-edition Bluetooth speaker in collaboration with H&M Home.

STRAX renewed its contract with mobilcom-debitel in Germany for another four years.

STRAX signed a senior secured loan facility in the amount of MEUR 30 with Proventus Capital Partners. A subordinated tranche of MEUR 6 was paid out in July 2020, to provide additional working capital until the full amount was paid out in October. The loan from Proventus Capital Partners is for a term of five years and the full amount is denominated in EUR. The loan will carry a Euribor +7.5 percent interest rate, in line with current market pricing, as well as the average financing costs currently paid. The loan is governed by covenants that are primarily profitability and cash flow based. Provided the covenants are fulfilled, the loan agreement allows yearly dividend of up to 50 percent of profits, allowing for expected future levels of dividends.

Urbanista launched the premium true wireless stereo headphones London, with active noise cancellation feature.

STRAX signed a five-year global exclusive distribution agreement with Aetheris to accelerate sales of their established and intelligent face mask brand, Airpop. The Airpop product range was brought to market by STRAX in Q3 2020.

STRAX launched a new brand, Planet Buddies, offering a range of children's headphones, speakers and holders based on a variety of colorful characters of endangered and threatened species.

STRAX and Erikson Consumer, a Jam Industries company, signed an exclusive distribution agreement in Canada for all STRAX own and licensed mobile accessories brands. The agreement covers both STRAX mobile accessories brands, such as Urbanista, Clckr and Richmond & Finch, as well as newly established health & wellness brands, AVO+ and Airpop as a non-exclusive agreement.

Telecom Lifestyle Fashion (TLF), the licensing specialist and wholly owned subsidiary of STRAX AB, has signed a global licensing agreement with the internationally renowned Italian denim and lifestyle brand DIESEL for mobile accessories. The agreement is globally exclusive with a three-year duration.

STRAX partnered with HMD Global to develop and distribute a selection of Nokia branded accessories across the world.

STRAX entered into a collaboration with 4ocean to support the development and manufacturing of 4ocean signature iPhone cases.

STRAX secured a MUSD 20 dedicated financing to capture the full potential for growth within the Health and Wellness category, as a third tranche under the existing loan agreement with Proventus Capital Partners.

Significant events after the end of the period

A bid for all outstanding shares in ZAGG shares was approved February 18, 2021.The bid level was at the current share price so will not have an effect for the P&L but will contribute with approximately 2.5 MEUR in cash, with a potential upside of USD 0.25 per share if certain conditions are met corresponding to an additional USD 159.4 thousands.


XQ

GUDMUNDUR PALMASON

OUR CEO SAYS

The past year was extraordinary in so many ways. Covid-19 wreaked havoc across the world and caused a healthcare crisis that had personal impact on millions of people. The pandemic furthermore caused disruptions on a global scale, many of which had a direct impact on our business, such as the shift to online channels and new product categories, and an indirect impact in the form of travel bans and working from home. Unfortunately, it´s still too early to call the end of the pandemic and predict what a new normal might look like, although we remain encouraged by what we see in terms of vaccination rollout in most of our core markets and we are prepared to remain relevant in a different industry landscape.

Throughout our 25-year history we´ve numerous times quickly adapted to the unexpected, but what we achieved in 2020 was somewhat remarkable. Our entire team showed time and again the creativity and resilience that defines STRAX: We act now! As a result, I´m proud to report that, even during a challenging year, we delivered strong financial performance, while also supporting several Covid-19 relief efforts through donations of critical equipment for hospitals to PPE products for the communities in which we live and work around the world.

I am ever so grateful to our for overcoming whatever was thrown at them in 2020 in such a fashion. Many thanks to everyone at STRAX for staying so motivated and positive throughout the year and making STRAX a better company as a result.

2020 Financial Performance

2020 was a good year at STRAX, although very much a tale of two halves because of the impact of Covid-19. All our traditional retail customers experienced some level of store closures during the year and at one point approximately 80% of doors were closed with an obvious negative sales impact on all our own accessories' brands, crystalizing our exposure towards brick-and-mortar B2B retail customers. On the other hand, we successfully launched a completely new product category, Health & Wellness and significantly stepped up our eCommerce investments, delivering 100% YoY growth.

Sales in 2020 were MEUR 111.8 (113.6), corresponding to a decrease of MEUR 1.8 or 1.5% compared to last year. EBITDA for the year was MEUR 8.5 (8.3), representing a YoY increase of 2.5%. Mobile accessories sales were MEUR 86.4 (113.6) in 2020 representing a decrease of 24% YoY, whilst sales from the newly established Health & Wellness product category were MEUR 25.3 (-), equaling 22.7% of total sales in 2020. Financial expenses were impacted by decline in value relating to shares in ZAGG received as part of the consideration for the sale of Gear4 to the amount of MEUR 2.5 (2.4).

Pivoting into Health & Wellness

It is said that necessity is the mother of all inventions, which certainly holds true for our pivot into Health & Wellness products. Retail store closures across our key markets in March and April immediately left a void in demand for accessories products, which once again tested our ability to quickly respond and adapt to a new reality. We assessed several pivoting opportunities, where the key criteria were as follows: had to fit within our existing business model, be sizable, have potential for immediate impact to offset the short-term decline in mobile accessories sales, and be sustainable mid to long term.

In March, we already noticed a surge in demand for personal protection equipment (PPE) and decided to seize that opportunity since it largely met our requirements. Our initial focus was on supplying non-branded face masks, gloves and disinfectants to our existing customer base, later to be expanded to new customers, such as enterprises, health care providers and government bodies. We furthermore launched a new retail Health & Wellness brand, AVO+, and signed an exclusive global distribution agreement with Aetheris, covering both their intelligent face mask brand Airpop and other health related products they have developed. We believe that changes in individual behavior, as a result ofCovid-19, will be permanent and the likes of masks, gloves and hand sanitizers are going to be part of our daily lives for the foreseeable future. Therefore, our expectation is that the health & wellness product category will remain a meaningful part of our sales going forward.

eCommerce Progress

With the rapid channel shift for accessories and audio products, we have significantly stepped up our efforts and investments in eCommerce capabilities. This holds true for our broader approach to eCommerce in which we address three key sales channels: direct-to-consumer through our own brands websites, online marketplaces such as Amazon, and finally enabling our brick-and-mortar retail customers to serve end consumers through their own websites. Our target of generating half of our sales from online channels is still largely intact and in 2021 we hope to double our online sales once again. To improve our online performance, we are both utilizing a centralised in-house team based out of Stockholm and using external agencies for various specialized functions, which we believe will help us scale faster and thus reach profitability earlier.

It is critically important for us to grow our eCommerce sales faster than traditional retail sales in order to decrease dependency on the latter and retain our margins.

We must nevertheless be cautious on this journey to ensure that our overall profitability is not impaired and to safeguard our traditional distribution business. Direct online marketing spend is not guaranteed to convert to sales and we cannot be overly aggressive on price promotions, since that will immediately cause conflict with our retail customers.

Own Brands & Distribution – Shareholder Value Creation

STRAX operates a unique business model of own brands and distribution, which has not changed with the addition of the Health & Wellness product category. The split of the business into own brand and distribution is important from an operational point of view, giving us greater transparency and control of each business, and providing improved visualization of values and performance within the STRAX group. We own one of the leading European-based specialist distributors of accessories, the rapidly expanding Brandvault for online global marketplace management, established audio and accessories brands such as Urbanista, new brands like Richmond & Finch and Clckr, and most recently AVO+ in Health & Wellness product category. I believe that we have been negatively impacted from a valuation perspective due to the fact the market has not yet recognised the strength of our consolidated business model.

The Health & Wellness business unit is here to stay, and it provides a somewhat natural product diversification for STRAX and a solid incremental upside once the accessories market stabilizes post pandemic. Our expectation is that we will experience accelerated growth from mid-2021 through 2022 whereby accessories, audio and health & wellness products will contribute simultaneously.

STRAX creates shareholder value by matching own brands with a broad distribution reach both offline and online. The clearest example is how we executed the full value creation cycle with Gear4, where we managed to reposition the brand towards protection, grow sales by a factor of 20x over three years and ultimately sell the brand with a capital gain of MEUR 28. We are confident that we have other brands in our portfolio that have similar potential to Gear4, which could materialise in the coming 12-24 months.

Corporate Social Responsibility

The pandemic did not hold us back in terms of our activities on corporate social responsibilities, quite the contrary. STRAX+, our initiative aimed at changing all possible aspects of our business to become more environmentally conscious, progressed well during the year. E.g., inbound airfreight from Asia decreased from 84% in 2019 to 67% in 2020, towards a mid-term goal of 50% and similar progress was made around sustainable packaging material. STRAX furthermore continued its membership of UN Global Compact and we remain committed to take more actions that advance societal goals. As a part of that commitment, we supported both hospitals and charitable organizations through donations of critical equipment and PPE products. The entire STRAX team is grateful for being able to make a difference.

The STRAX People

Our core values, Honesty – Respect – Frugality – Teamwork, are simple, straightforward, and universal in nature. They convey who we are and what we stand for. The ongoing pandemic has only strengthened our team and sense of purpose. Furthermore, I firmly believe that the STRAX culture has never been more powerful and empowering at the same time.

The Path Ahead

We are cautiously optimistic about 2021, after a somewhat challenging year in 2020. Our accessories and audio sales dropped as a result of the pandemic, whilst the newly established Health & Wellness product category performed well . Lockdowns in several of our key markets have continued and our expectation is that situation will remain throughout Q1 with market recovery for accessories at the end of Q2, although much depends on the effort to slow the spread of the virus and how quickly vaccines are distributed. However, given our expansion into Health & Wellness products and increased online sales, we are well positioned to manage this period of uncertainty.

Despite ongoing market disruptions related to Covid-19 we still expect modest growth in the first half of 2021 with accelerated growth in the second half, where all of our product categories should have returned to “normal” trading levels.

I am incredibly proud of the progress we made in 2020, and we never would have done it without the extraordinary efforts of our people. I am humbled by the commitment of the entire STRAX team and thankful for their resilience and agility over the past year. A clear strategic framework coupled with a strong culture and engaged team, gives me confidence that we are ready to future proof STRAX and continue to strengthen both our corporate cornerstones, namely our corporate social responsibility and shareholder returns. Lastly, I want to reiterate that we are confident that STRAX improved in many business areas in 2020 and will come out of Covid-19 as an even stronger, future-proof company.

THIS IS OUR BUSINESS

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

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

Customer centric

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

Strategic activities

FOCUSED GEOGRAPHIC EXPANSION. Supplying smartphone accessories all over the world, while focusing on strategic channels and customers outside of western Europe, and at the same time maintaining market share across our core markets in western Europe. In 2021, STRAX will focus on North America and Japan as expansion markets, with the intention of opening a significant number of new retail doors.

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

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

e-COMMERCE. Generating more than half of our sales online in 3 years. Our understanding is that such a sales channel mix will reduce our dependency on declining traditional/offline retailers and we are therefore continuing to develop the competence to exponentially grow our e-Commerce business. In line with this, we acquired Brandvault, an online marketplace specialist, and built up an in-house digital marketing team in Stockholm.

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

Critical success factors

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

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

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

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

5 Manufacturing/ Purchasing

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

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

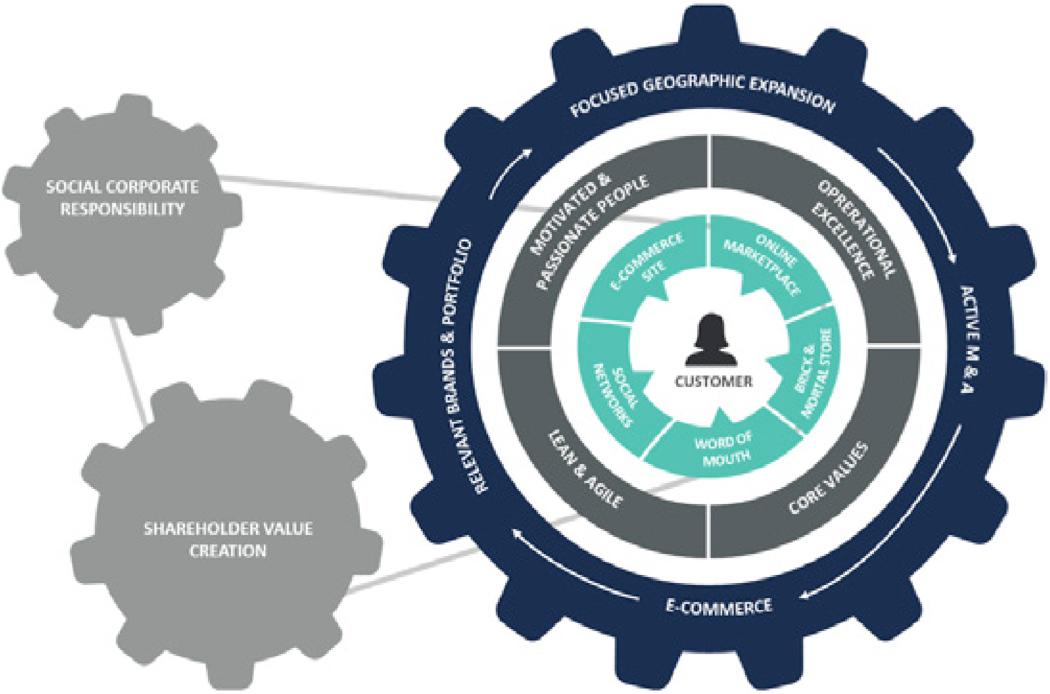
6 Warehousing & services

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

7 Transport

Third party

8 Customers

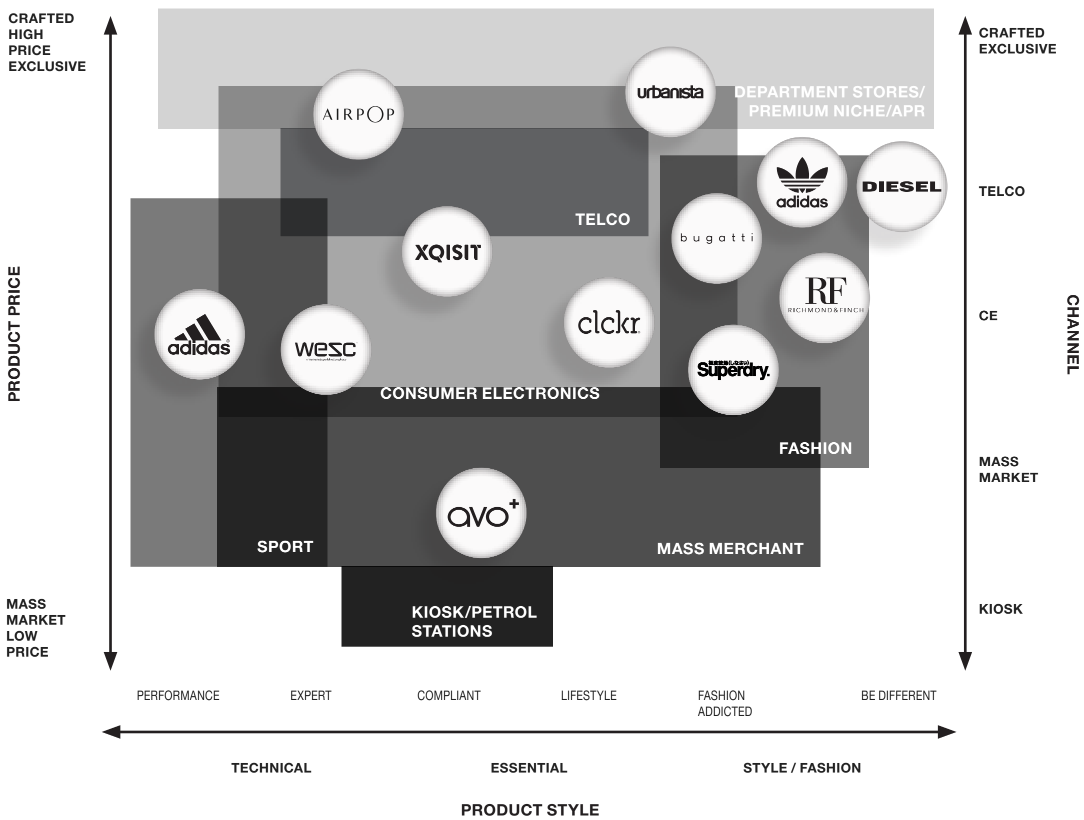


- Four Strategic Activities
- Omni Channel Approach
- Four Critical Success Factors
- Two Cornerstones

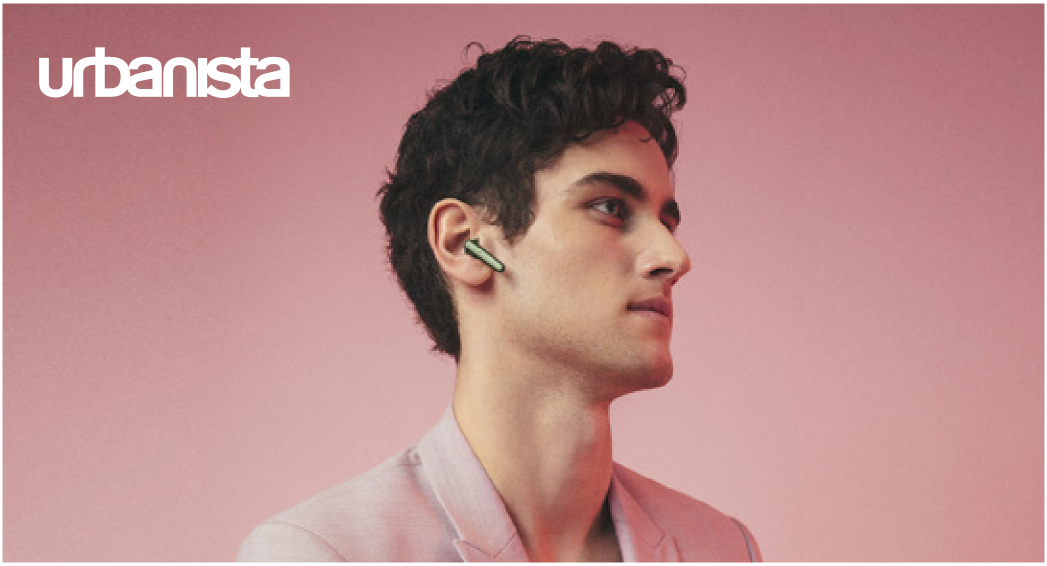
OWN BRANDS & DISTRIBUTION

STRAX own brands are built on a foundation of strong consumer insight across a diverse customer base with the aim of enhancing a better mobile user experience. STRAX offers multiple own brands: Urbanista, clckr, Richmond & Finch, Planet buddies, xqisit, AVO+ and licensed brands such as adidas, Bugatti, Diesel, Superdry and WeSC. These brands cover all key categories in the mobile accessories market including protection, audio and power. To complement these brands, STRAX also offers a range of distributed brands to its customers.

GLOBAL BRAND AND CHANNEL MAPPING



OWN BRANDS



URBANISTA LIFESTYLE AUDIO PRODUCTS WITH SCANDINAVIAN DESIGN

Based in Stockholm, Urbanista is a market leader in its region, combining avant-garde design with the latest in audio technology. The products are designed for a life in motion and built to inspire and endure.
www.urbanista.com

RICHMOND & FINCH PREMIUM TECH ACCESSORIES BRAND

Richmond & Finch is a Scandinavian tech accessories brand. Richmond & Finch designs and produces contemporary mobile phone and travel accessories. The unisex lifestyle brand creates unique designs which reflect current fashion trends. **www.richmondfinch.com**

CLCKR A UNIVERSAL PHONE GRIP AND STAND

A patented universal and multi-functional phone grip and stand that helps prevent users dropping their phone, enables better quality selfies and a more enchanced mobile video watching experience. A thin and stylish design, Clckr is easy to apply using 3M-adhesive which will not leave residue.
www.clckr.com

PLANET BUDDIES CHILDRENS BRAND

Planet Buddies have created a range of kids' accessories based on a variety of colorful characters who represent endangered, vulnerable, and threatened species of animals from all over the world. Their goal is to educate children about the issues that threaten animals with extinction at the same time as offering great and fun products such as headphones and speakers.
www.planetbuddies.com

XQISIT INNOVATIVE PROTECTION, AUDIO, POWER & CHARGING SOLUTIONS
With innovative and extensive product portfolio ranging from protection to audio and power. XQISIT brings mid-priced quality design and functionality to value-conscious consumers.
www.xqisit.com

THOR PREMIUM STRENGHT GLASS SCREEN PROTECTION DESIGNED FOR A SEAMLESS FIT
Responding to the growing market demand for tempered glass protection, THOR is a higher quality, premium product, priding itself on being meticulously designed to fit any phone perfectly.
www.thorglass.com

LICENCED BRANDS

ADIDAS ORIGINALS STREET WEAR INSPIRED PROTECTION

adidas Originals continues to evolve the brand's legacy through its commitment to product innovation. Inspired by the creativity and courage found in sporting arenas, adidas Originals smartphone cases combine contemporary youth culture design with resilient protection features.

ADIDAS SPORTS FOR ACTIVE USE IN THE GYM AND OUTDOORS

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

Y-3 DISTINGUISHED DESIGN CASES

A small yet distinguished collection of device cases for which the license was acquired from adidas in 2013. This TLF and Y-3 collaboration offers a variety of statement smartphone protection- and booklet cases. Combining adidas design, quality and durability with the unique, eye-catching designs of Japanese fashion designer Yohji Yamamoto.

SUPERDRY ICONIC & CONTEMPORARY FASHION BRAND

TLF acquired the license for Superdry in 2020. Founded in the UK in 2003, Superdry has become an iconic and contemporary fashion brand focusing on high-quality products that fuse vintage Americana with Japanese-inspired graphics. Characterized by quality fabrics, authentic vintage washes, unique detailing, and world leading graphics, Superdry has gained exclusive appeal as well as a global celebrity following.

BUGATTI CHIC AND REFINED PROTECTION
The bugatti brand aims to reflect the cultural and creative diversity of Europe. bugatti's handmade smartphone cases are crafted from high-quality full grain leather and come in a range of timeless colors, epitomizing elegance, and quality workmanship.

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

DIESEL FOR SUCCESSFUL LIVING

The Diesel slogan for the brand's DNA from the very start. TLF acquired the licence for Diesel to launch mobile accessories in 2020.Through a long and storied history of strong, iconic, and playful campaigns Diesel has become a leader in advertising as well as in fashion.

OWN BRANDS - HEALTH & WELLNESS

AVO+ fills the void in the market for appealing, well marketed, value-oriented solutions for consumer healthcare. Understanding that consumers prefer products and packaging that has been designed for their environment and use case AVO+ has resonated with consumers in markets across the world with its bright/fresh easy to understand concept.

THIS IS OUR INDUSTRY

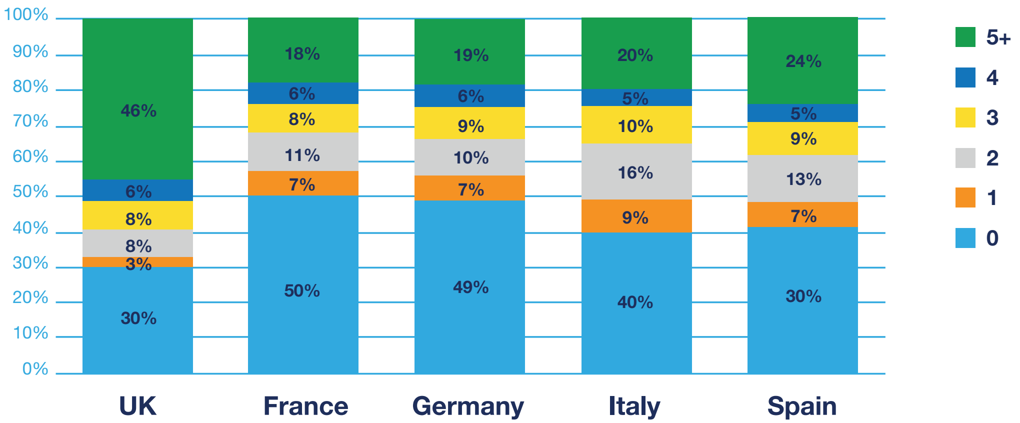
2020 Mobile accessories market overview
STRAX is a global leader in accessories that empower mobile lifestyles. STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers, large enterprises and direct to consumers online.

Covid-19 affects every market.
From early in 2020 the effect of Covid-19 on the market has touched facet of the world. The affect of the pandemic in Asia on supply chain early in the year and the consequential after affects of the spread of the virus across Western Europe and the Americas, our principal markets have been widely publicised. For many the uncertainty of the market did pull down consumer confidence and high-ticket items such as mobile phone sales were affected.

Compounded by lockdowns in markets across the world closed stores and forced many retailers to change their operations from physical to online. This particularly hit the markets in Europe in the first half of 2020 where many companies suspended their businesses considering lock down and moved their employees to working from home. The North American market was relatively unaffected in comparisons to Europe and emphasis was affected by the USA's elections in Q4.

Employers and employees around the world changed their buying habits and strategies to optimise performance from the home with remote working driving sales of monitors, webcams, headsets, and workspace ergonomics. Strax diverted attention to this sector particularly in its audio subset.

Days working from home in major EU Markets Aug 2020 (Statista)



As the year moved towards the summer months in the western hemisphere retailers reopened their stores and welcomed customers back in. However, by early autumn the signs of a 2nd wave meant that in most EU markets that lock downs were back on the horizon with the government mandated non-essential shop closures resumed. The populations in Europe looked forward to coming out of lockdown ahead of Christmas driving the market to capture lost sales in the run up to the years end.

With market research companies struggling to assess the impact on the market, STRAX has turned to its local in field operatives to help define the projections for 2020 and beyond. Most predicted a drop in handset sales in 2020 against 2019 and looked to recovery in 2021 and beyond.

Technology and advanced in 5G deployment did impact sales in 2020, with some supply chain issues Apple did make expected moved to launch its iPhone 12 series of devices, changing the main body shape, and looking to offer 5G technology across the range. The uptick in demand was muted but it is fair that this was affected by local market nervousness and expectations towards a possible global recession. This said globally Apple enjoyed record revenues in Q4, driving the market to 4.3% year on year growth.

From the early launches of foldable devices and low adoption rates Asian manufacturers have continued to pioneer in this area, but it remains a niche play and one which Strax believes may develop in time, however, mobile gaming is an area of expansion, however, this does not require expanded screens for optimal mobile gaming.

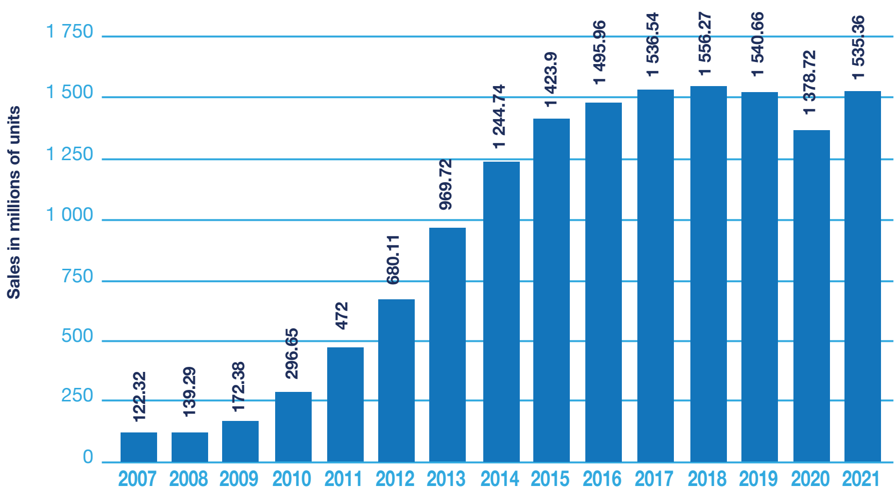
Huawei continues to fall foul of regulators and governments in Western Europe and the Americas. It has not recovered from issues in 2019 to regain market share in these markets.

2020 In summary

The mobile device market declined 10.5% against 2019 to 1,378m devices. The top 5 was again led by Samsung but the company recorded one of its worst Q4 results in many years with Apple finishing the year strongly shipping between 80-90m handsets in Q4 depending on analyst views. Huawei dropped out of the Q4 top five for the first time in some years with Xiaomi, Oppo and Vivo taking up places in this important quarter.

For accessories, the global marketplace is set to be neutrally affected since many who do not replace their handsets will continue to replace their accessories as these wear out and fashions change. Markets such as Europe may face a net downturn in final 2020 numbers but markets in Asia are expected to continue to rebound quickly from the impact of the pandemic.

Number of smartphones sold to end users worldwide from 2007 to 2021 (in million units)
Source: Gartner Statista 2021



Looking forward

It is expected that a full recovery from the pandemic shall take place by 2022 globally with some markets seeing a recovery late in 2021.

5G picking up and finally impacting users lives

5G devices made up 213m 15% of handset sales in 2020, up from just 1% in 2019. We expect the drive towards 5G to continue with exponential rates in 2021, however, the cost of adoption might be high for many still recovering from this year's pandemic. However, we do believe that as the pandemic is fought by vaccine deployment in 2021 that the mobile phone industry will recover to levels seen in 2019. However, we believe the way consumers purchase these devices will change. Gartner forecasts 538m 5G devices will be sold in 2021 due to this being the new standard within premium smartphone devices. They believe this will be particularly relevant in the US, China, Japan, and South Korea.

TRADITIONAL RETAIL HAS CHANGED, MAYBE FOREVER

There is little doubt that the global pandemic has changed consumer behaviour, driving more decisions towards online retail. Consumers no longer feel they need high street retailers in the same way, making decisions themselves and accepting fast, often next day, delivery on most items. The only war will drive pricing ever tighter. Retailers will look to their accessory portfolios to make up margin losses.

We have seen many retailers already make reductions to their real estate, dropping low performing stores and streamlining their offering.


bugatti

2020 HEALTH AND WELLNESS MARKET OVERVIEW

The birth of our Health and Wellness division in reaction to the global pandemic took place early in 2020. The nature of the pandemic drove many organisations to source face masks, principally from China, to offer to all markets and sell to users in most channels. Data is extremely unreliable in the segment – therefore STRAX Health & Wellness is reporting via the projections our team of industry experts. We believe many of the short-term investors from early in the pandemic will move on leaving the market to the incumbent larger brands and those who are focused on adding value in the longer term.

Reacting through our agile infrastructure
Our earliest developments involved working with NGOs on the supply of masks and gowns to less developed markets. We continue to build on this sourcing an ever-wider assortment of product to cater to the demands of the market including masks, gowns, disposable gloves, apparel, and wellness products such as thermometers and oximeters.

Masks are here to stay
Strax believes that the impact of the pandemic and general acceptance of wearing masks and other health and wellness adaptions to daily lives will see a long-term business in multiple channels. It is well documented that countries who had a previous acceptance of wearing masks have lower rates of respiratory transferred conditions such as flu and measles. It is anticipated that each winter that the adoption rates, particularly in the older generations and those with underlying health issues shall maintain for many years to come.

We expect that in the workplace that the use of masks to protect other workers from those not feeling well shall continue and become common practice.

AirPop serving users of all ages.
AirPop has been developed over time to define the highest levels of protection, fit and customer experience for customers around the world. Initially developed as a solution for air pollution in Asian

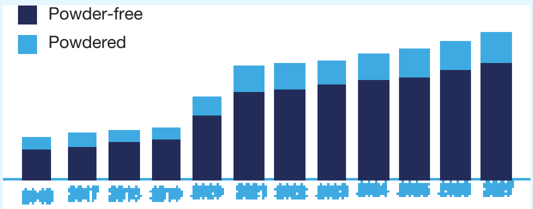
Nitrile Glove Global Market, 2019

cities it has developed into becoming one of the finest protection systems against Ecologic (naturally occurring air pollution; allergenics, forest fires, volcanic eruptions, dust storms), Anthropogenic (human made; carbon combustion. Particulate pollution) and Pathogenic (Biological; viral epidemics, bacterial disease). AirPop has invested heavily in the "fit" of its masks. Ensuring that the product as best in class performance when being worn in the real world. This revolved around contoured seals and adaptive fit sizing.

Disposable glove industry

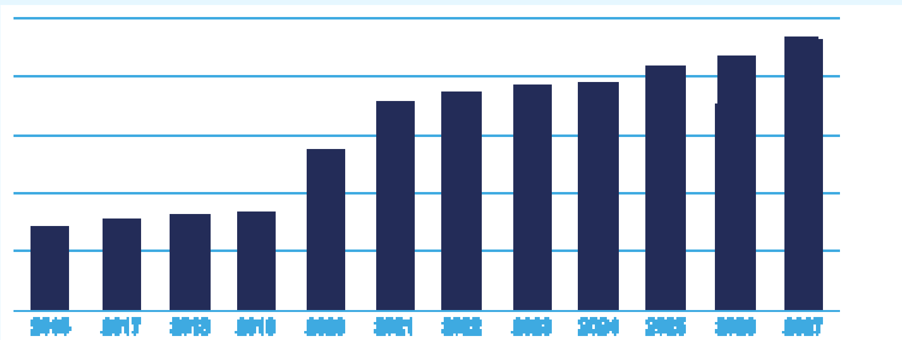
Strax continues to support both medical and industrial customers with disposable nitrile gloves. This sector has seen a significant in demand via the global pandemic. Many new sectors have started to use gloves in ways they had not previously. With employers hold a duty of care to those working on their behalf therefore are changing the way they work in the workplace to protect their employees and customers alike.

The glove market is fragmented but the demand for product is predicted to stay strong through 2026 with medical, dental, law enforcement, nursing home and veterinary channels all increasing the use of examination glove. Industrial usage predicted to grow more than 7.5% over the next 6 years. General predictions are for a CAGR of 5.9-7% in this category.

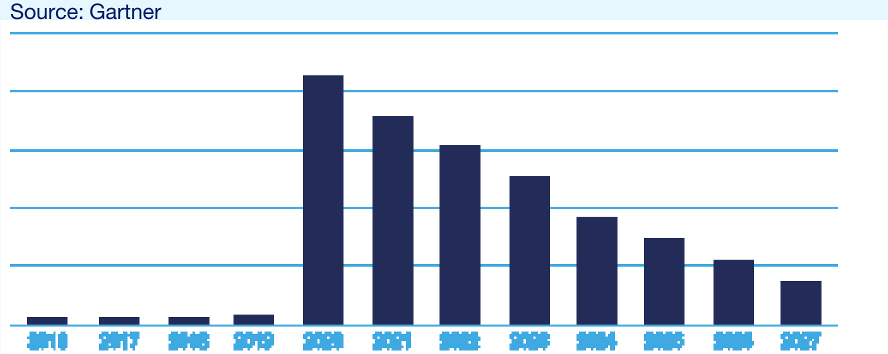


US nitrile gloves market size by type (USD Million)
Source: Gartner

US Disposable Gloves Sales Revenue 2016-2027
Source: Gartner



US Disposable Face Mask Sales Revenue 2016-2027
Source: Gartner



THIS IS THE STRAX SHARE

The STRAX share is since May 12, 2016 listed on the Nasdaq Stockholm exchange, under the symbol STRAX, in the Small Cap section. STRAX market value at the end of 2020 amounted to approximately MEUR 50.

Mangold Fondkommission is the appointed market maker for STRAX.

The share liquidity during 2020 has been good, the share was traded on 100 (100) percent of all trading days and the average turnover was 102 985 (98 856) shares per trading day.
The total turnover amounted to 25 952 333 (24 714 048) shares, which corresponds to a turnover rate of approximately 0.22 (0.21) per year.

The share opened at SEK 4.30 on the first day of trading, January 2, 2020 and closed at SEK 4.20 on the last day of trading, December 30, 2020. The average price during the year was SEK 3.27 (2.23) and the average turnover per trading day was SEK 336 812 (99 253).

Share capital structure

STRAX share capital amounts to EUR 12 624 164.563374 distributed among 120 592 332 shares. The quota value is EUR 0.10. Each share carries one vote and each person entitled to vote maybe vote at shareholders' meetings for the full number of shares held or represented at the meeting, without limitation of voting rights. STRAX has only one class of shares and all shares carry an equal right to a share in the company's assets and profits. All shares are fully paid.

Ownership structure

The total number of shareholders as of December 30, 2020 amounted to 2 225 (2 146).

Foreign ownership accounted for 64.5 (67.7) percent of total outstanding shares.

Earnings per share

The group's earnings per share amounted to EUR 0.01 (-0.02).

Other share information

Shareholder's equity per share at year-end amounted to EUR 0.15 (0.17).

DEVELOPMENT OF SHARE CAPITAL (KSEK)

Date	Transaction	Quota value (SEK)	Change in share capital	Total share capital	Total no. of shares
April 1997	Incorporation	100.00	100	100	1 000
March 1998	Split (10:1)	10.00	–	100	10 000
March 1998	New share issue	10.00	4	104	10 400
March 1998	Issue in kind	10.00	35	139	13 900
April 1998	New share issue	10.00	10	149	14 873
April 1998	Issue in kind	10.00	14	163	16 263
May 1998	New share issue	10.00	65	228	22 763
August 1998	Bonus issue	230.00	5 008	5 236	22 763
August 1998	Split (100:1)	2.30	–	5 236	2 276 300
September 1998	New share issue	2.30	460	5 696	2 476 300
September 1998	Issue in kind	2.30	96	5 792	2 518 195
June 1999	New share issue	2.30	460	6 252	2 718 195
September 1999	New share issue	2.30	828	7 080	3 078 195
January 2000	New share issue	2.30	161	7 241	3 148 195
January 2000	New share issue	2.30	1 150	8 391	3 648 196
February 2000	New share issue	2.30	2 300	10 691	4 648 196
June 2000	Bonus issue	5.00	12 550	23 241	4 648 196
June 2000	Split (5:1)	1.00	–	23 241	23 240 980
September 2000	New share issue	1.00	150	23 391	23 390 980
October 2003	New share issue	1.00	7 797	31 188	31 187 973
June 2004	New share issue	1.00	6 000	37 188	37 187 973
May 2007	Split (2:1)	0.50	–	37 188	74 375 946
May 2007	Redemption	0.50	–18 594	18 594	37 187 973
May 2007	Bonus issue	1.00	18 594	37 188	37 187 973
January 2011	Split (2:1)	0.50	–	37 188	74 375 946
February 2011	Redemption	0.50	–18 594	18 594	37 187 973
February 2011	Bonus issue	1.00	18 594	37 188	37 187 973
October 2013	Split (2:1)	0.50	–	37 188	74 375 946
November 2013	Redemption	0.50	–18 594	18 594	37 187 973
November 2013	Bonus issue	1.00	18 594	37 188	37 187 973
May 2016	Issue in kind	1.00	80 574	80 574	117 762 266
January 2017	EUR(1)	–	–117 763	–	–

DEVELOPMENT OF SHARE CAPITAL (KEUR)

Date	Transaction	Quota value (EUR)	Change in share capital	Total share capital	Total no. of shares
January 2017	EUR(1)	0.10	12 328	12 328	117 762 266
December 2017	Issue in kind (2)	0.10	296	12 624	120 592 332
January 2019	Split (2:1) (3)	0.10	-	12 624	241 184 664
January 2019	Bonus Issue	0.10	12 624	25 248	241 184 664
January 2019	Redemption	0.10	-12 624	12 624	120 592 332

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

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

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

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE AS OF DECEMBER 30, 2020

Shareholder	No. of shares	Proportion of votes and capital
Gudmundur Palmason	31 398 031	26.0%
Ingvi T. Tomasson	31 198 079	25.9%
GoMobile Nu AB	21 963 034	18.2%
Ålandsbanken	6 108 659	5.1%
Anchor Invest 4 AS	5 618 000	4.7%
Försäkringsaktiebolaget, Avanza Pension	3 480 604	2.9%
Landsbankinn HF, W8IMY	2 832 582	2.3%
Anchor Invest 1 AS	2 675 000	2.2%
UBS Switzerland AG, W8IMY	1 727 251	1.4%
Johan Richard Kaijser	1 580 776	1.3%
Other shareholders	12 010 316	10,0%
Total	**120 592 332**	**100.0%**
Of which foreign ownership	77 742 669	64.5%
The 10 largest shareholders -proportionally	108 582 016	90.0%

Source: Euroclear and facts known to the Company

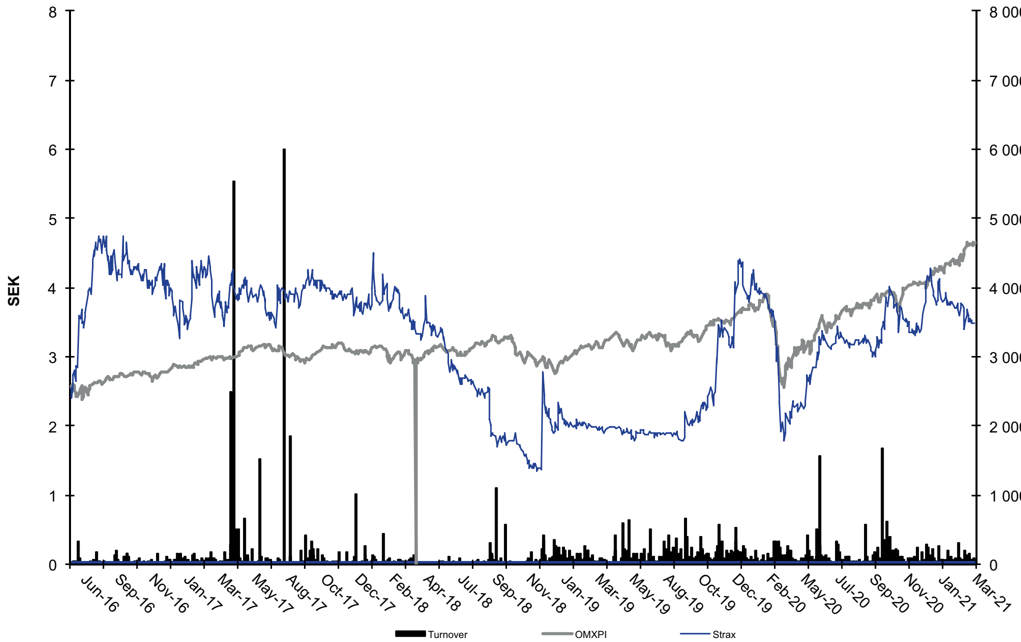
DISTRIBUTION OF SHARES AS OF DECEMBER 30, 2020

No. of shares by size	No. of shares	Proportion	No. of shareholders	Proportion
1-500	246 041	0.2%	1 416	64%
501-1 000	233 957	0.2%	284	13%
1001-10 000	1 518 680	1.3%	410	18%
10 001-50 000	1 358 898	1.1%	60	3%
50 001- 100 000	1 320 145	1.1%	17	1%
100 001-	115 914 611	96.1%	38	1%
Total	**120 592 332**	**100%**	**2 225**	**100%**

Source: Euroclear

STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JUNE 1 2016 – MARCH 31 2021

Source: Nasdaq Stockholm



STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JANUARY 1 2020 – MARCH 31 2021

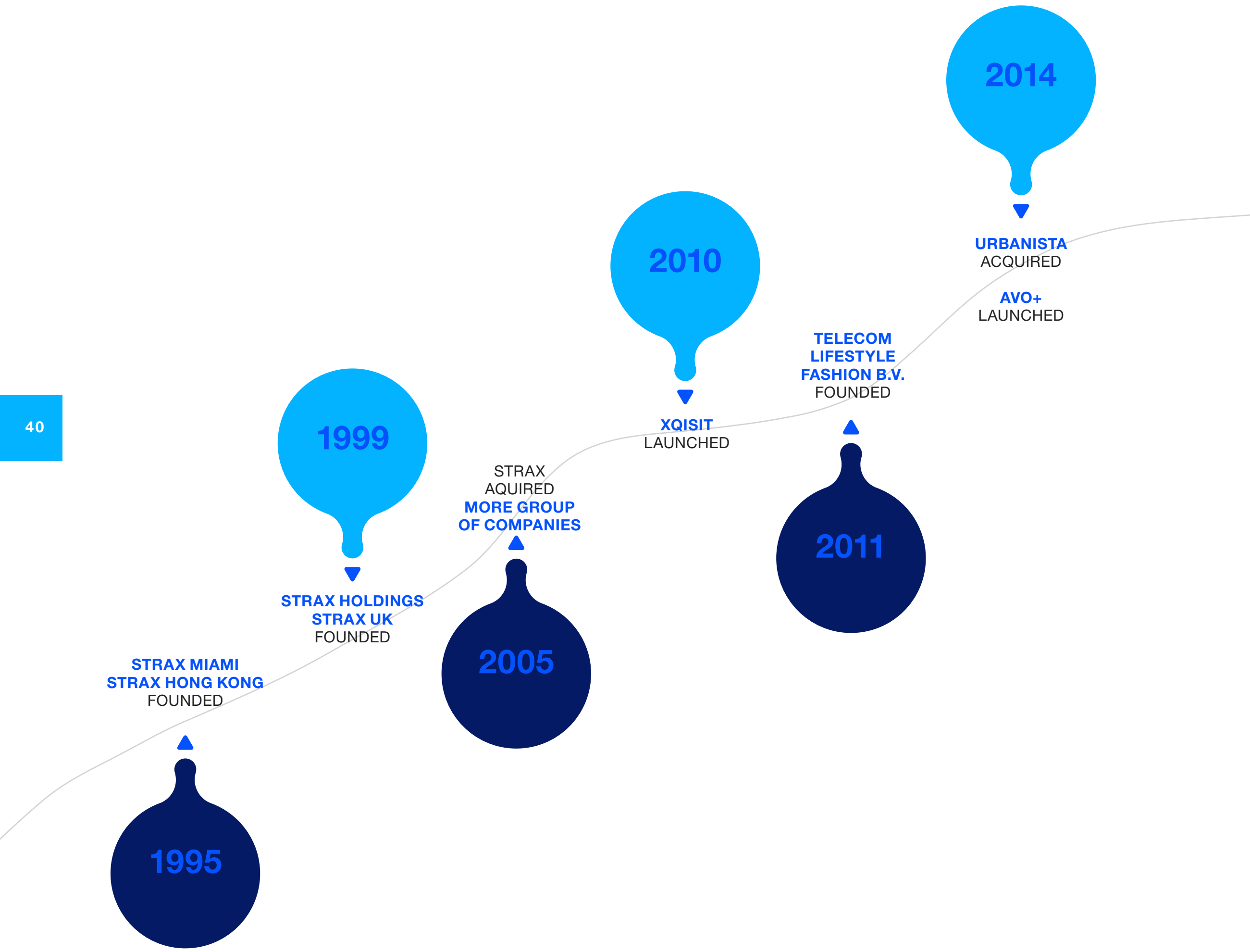
Source: Nasdaq Stockholm

THIS IS OUR FUTURE

STRAX will play an active role in shaping the mobile accessories industry both offline and online in all its targeted geographic markets. We will continue to grow our businesses within the strategic framework that we launched in 2016 and refined in 2019, while simultaneously strengthening our operating platform. This will enable us to drive our own brand growth strategy through offline and online sales channels globally with fewer resources. While retaining market share in western Europe, STRAX will at the same time invest and grow at an accelerated rate in North America, and strategic markets in the rest of the world. STRAX will furthermore invest in eCommerce sales channels, both direct brand websites and marketplaces, to improve margins, diversify its traditional retail customer base and secure growth. STRAX has enjoyed positive developments in sales in recent years, except for the heavily impacted Covid-19 pandemic year of 2020. We expect continued organic growth, driven specifically by own brands and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts, and established an in-house digital marketing team. We expect our online sales to grow significantly, albeit from a relatively low base, with eCommerce accounting for 50% of our sales in 3 years. STRAX furthermore intends to play an active role in the ongoing consolidation of our industry through acquisitions, divestments, and partnerships. Reduced overall demand for mobile accessories, stemming from the Covid-19 pandemic, is expected to continue into mid-2021 but will not alter our mid- to longer-term plans in the product category. STRAX entered the health & wellness product category with promising results.

To a large extent we utilize our existing resources, infrastructure and distribution competence. Although still being in a relatively early stage of addressing existing customers and developing new customer relationships, we feel strongly about the potential and long-term sustainability of the product category, given that changes in behavior, as a result of Covid-19, are most likely permanent. This applies to the usage of face masks, gloves and various sanitizing products. The new health & wellness category furthermore provides diversification and can reduce our seasonality stemming from the mobile accessories industry.

STRAX HISTORY



2015

GEAR4 ACQUIRED

RANGELENS & OEM SERVICES LAUNCHED

2016

FLAVR AND THOR LAUNCHED

STRAX LISTED ON STOCKHOLM NASDAQ

2017

EULE IOT DOORBELL LAUNCHED

TELECOM LIFESTYLE FASHION B.V. ACQUIRED

2018

GEAR4 DIVESTED

CLCKR LAUNCHED

2019

STRAX ACQUIRED BRANDVAULT & RACING SHIELD AB

2020

STRAX LAUNCHED PLANET BUDDIES & AVO+

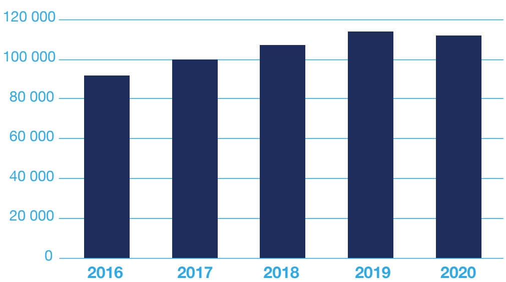
FIVE-YEAR SUMMARY

STRAX AB
FINANCIAL SUMMARY AND KEY RATIOS, THE GROUP

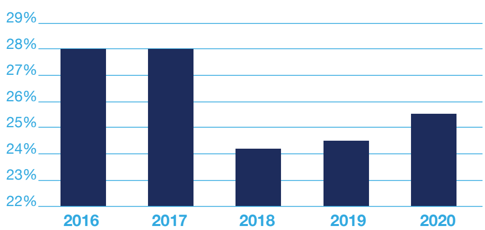
(EUR Thousands) Income statements	**2020**	**2019**	**2018**	**2017**	**2016**
Net sales	111 790	113 644	106 967	100 065	91 770
Cost of goods sold	-83 272	-85 843	-81 090	-71 958	-66 048
Gross profit	**28 518**	**27 801**	**25 877**	**28 107**	**25 722**
Gross margin	*25,5%*	*24,5%*	*24,2%*	*28,1%*	*28,0%*
OPEX	-21 745	-21 656	-28 015	-22 448	-20 806
EBIT	**6 774**	**6 146**	**-2 138**	**5 659**	**4 916**
Net financial items	-5 931	-5 982	24 075	-2 103	-1 135
EBT	**843**	**164**	**21 937**	**3 556**	**3 781**
Taxes	-174	-1 899	-5 190	-1 768	-583
PROFIT FOR THE YEAR	**669**	**-1 735**	**16 747**	**1 788**	**3 199**
Result per share prior to dilution SEK	0.01	-0.15	1.44	0.15	0.26
Result per share after dilution SEK	0.01	-0.15	1.38	0.15	0.26
Average number of shares [1]	120 592 332	120 592 332	120 592 332	117 839 802	115 299 621
Average number of shares after dilution	124 687 332	124 687 332	124 687 332	117 839 802	115 299 621

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

Net sales, MEUR



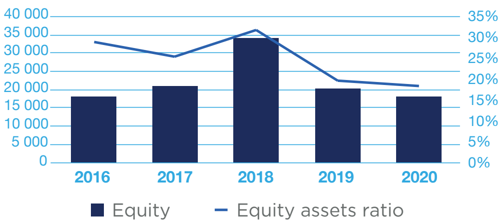
Gross margin



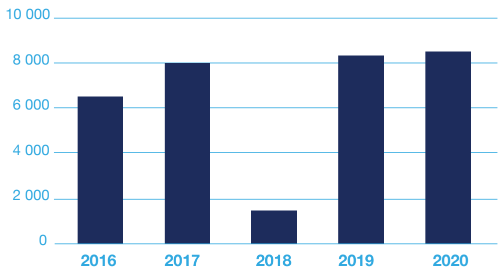
Balance sheets, KEUR	2020	2019	2018	2017	2016
ASSETS					
Fixed assets					
Intangible	32 197	32 094	21 804	30 453	21 285
Tangible	1 063	1 087	1 136	2 203	1 645
Financial	1 655	879	-	-	807
Other	1 016	52	1 594	1 131	2 740
Total fixed assets	**35 931**	**34 112**	**24 534**	**33 787**	**26 477**
Current assets					
Inventories	27 560	17 430	14 980	10 417	11 435
Receivables	19 149	25 975	28 423	25 792	12 959
Other assets	8 021	20 123	15 119	7 484	8 421
Cash and cash equivalents	7 379	3 644	24 845	5 689	3 663
Total current assets	**63 168**	**68 547**	**83 366**	**49 382**	**36 478**
TOTAL ASSETS	**99 099**	**102 659**	**107 900**	**83 169**	**62 955**
EQUITY AND LIABILITIES					
EQUITY	**18 171**	**20 100**	**34 265**	**21 028**	**18 159**
Equity/Asset ratio	*18%*	*20%*	*32%*	*25%*	*29%*
Long-term liabilities					
Interest bearing	32 918	-	8 403	11 230	5 021
Non-interest bearing	10 016	12 275	1 768	1 913	1 095
	42 934	**12 275**	**10 171**	**13 143**	**6 116**
Current liabilities					
Interest-bearing	1 031	23 059	20 652	15 015	11 627
Non-interest bearing	36 962	47 225	42 812	33 983	27 052
	37 993	**70 284**	**63 464**	**48 998**	**38 679**
Total liabilities	**80 928**	**82 559**	**73 635**	**62 141**	**44 795**
TOTAL EQUITY AND LIABILITIES	**99 099**	**102 659**	**107 900**	**83 169**	**62 955**

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

Equity/Equity asset ratio



EBITDA, MEUR



CORPORATE GOVERNANCE REPORT

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

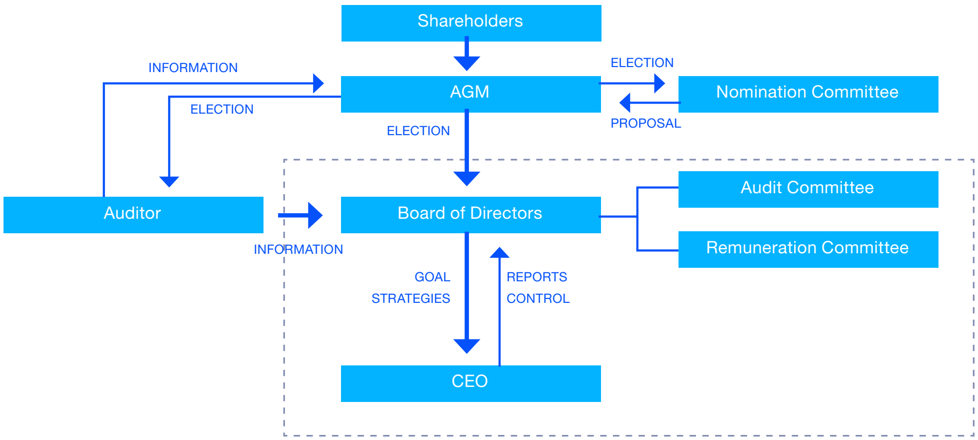
Corporate governance at STRAX

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

The internal instruments include, but are not limited to, the Company’s Articles of Association, the Rules of Procedure for the Board of Directors, the Instruction for the CEO and the STRAX Code of Conduct. The Board has also adopted numerous policies, guidelines and instructions that contain binding rules for all of the Company’s operations. All policies are revised yearly. In addition, STRAX works actively with its core values as strategic governance instruments for all employees.

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

Model of Corporate Governance at STRAX



Nomination Committee

At the 2020 AGM it was decided that STRAX shall have a Nomination Committee for the AGM 2021 consisting of one representative from each of the three shareholders or groups of shareholders controlling the largest number of votes, plus the Chairman of the Board.

The composition of the Nomination Committee is based on Euroclear Sweden AB´s register of recorded shareholders from the last business day in August 2020 and other reliable shareholder information provided to the Company.

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

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

The Nomination Committee's duties

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

The Nomination Committee has prepared and presented proposals for submission to the 2021 AGM regarding the following: Board of Directors and Chairman of the Board, Board remuneration apportioned among the Chairman and other Board members, auditor and audit fees.

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

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

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

The Nomination Committee for the AGM 2021 has been focusing on strengthening "know how" in e-commerce, retail and HR, as well as the diversity amongst the members of the Board.

Annual General Meeting

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

The AGM notice is published no earlier than six weeks and no later than four weeks before the date of the AGM. The notice includes information on how to register in order to participate and vote in the AGM, as well as an itemized agenda listing the matters that are to be addressed at the AGM, the proposed disposition of earnings and the key content of other proposals being addressed at the meeting.

Shareholders or their appointed proxies are entitled to vote for the full number of shares that they own or represent.

Annual General Meeting 2020

The 2020 AGM was held on May 26, 2020 at the offices of the law firm Vinge in Stockholm. The meeting was attended by 6 shareholders, representing 68.6 per cent of the number of outstanding shares and votes.

The most important resolutions of the meeting are described below:

- The income statement and the consolidated income statement for 2019, as well as the balance sheet and consolidated balance sheet as per 31 December 2019 were approved.
- The members of the Board of Directors and the CEO were discharged from liability in respect of their management of the Company's business during the financial year 2019.
- It was resolved, in accordance with the Nomination Committee's proposal, that the number of members of the Board of Directors appointed by the Meeting, for the time until the end of the next Annual General Meeting, shall be five (5) ordinary Directors and no deputy Directors.
- It was resolved, in accordance with the Nomination Committee's proposal that each member of the Board of Directors who is considered to be independent in relation to major shareholders, is entitled to receive SEK 150,000and the Chairman of the Board of Directors is entitled to receive SEK 225,000, as remuneration
- Bertil Villard, Pia Anderberg, Anders Lönnqvist, Gudmundur Palmason and Ingvi T. Tomasson were re-elected as members of the Board of Directors
- Bertil Villard was re-elected as Chairman of the Board of Directors
- It was resolved, in accordance with the Nomination Committee's proposal, to re-elect PwC AB, with Niklas Renström as the auditor in charge, as the company's auditor for the period until the end of the next Annual General Meeting.
- It was resolved, in accordance with the Board of Directors' proposal, to adopt guidelines for remuneration of the Management and other employees (see pages 107-108)
- The AGM resolved, in accordance with the Board of Directors' proposal, to adopt a warrant program and to issue warrants. The warrant program comprises in total a maximum of approximately 26 individuals and not more than 4,095,000 warrants may be issued within the framework of the program.
- It was resolved to authorize the Board of Directors to resolve upon new share issues.
- It was resolved in accordance with the Board of Directors' proposal, to authorize the Board of Directors to resolve on the acquisition and sale of the Company's own shares.

Annual General Meeting 2021
STRAX 2021 AGM will take place on May 26, 2021 at the offices of the law firm Vinge in Stockholm. Shareholders have had the opportunity to submit their proposals on issues they wish to be addressed at the meeting to the Chairman of the Board as well as proposal as regards nominations to the Nomination Committee. Information about the AGM is available on STRAX website (www.strax.com).

Presence, votes and capital represented at five previous AGMs

Year	Percentage of capital and votes
2020	68.6%
2019	72.15 %
2018	72.51 %
2017	57.68 %
2016	72.04 %

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

Board of Directors and Committees

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

The current Board consists of five members elected by the AGM 2020. The Chairman plans and leads the work of the Board of Directors. Board members Gudmundur Palmason and Ingvi T. Tomasson are also management executives. This is a deviation from the Code which states that no more than one Board member elected by the AGM may be part of the Company’s Management or the Management of the Company's subsidiaries. The Board believe it is in the best interest of the Company that the collective experience and skills of Mr Palmason and Mr Tomasson are utilized both on the Board and in Management.

The Board convened for nine meetings during 2020. Between meetings of the Board continuous contact has been maintained between the Company, the Chairman of the Board and other Board members. Board members were also continuously provided with written information of importance regarding the Company.

Since the 2020 AGM, the Board of Directors has consisted of Bertil Villard, Gudmundur Palmason, Ingvi T. Tomasson, Anders Lönnqvist and Pia Anderberg. Bertil Villard was appointed Chairman by the AGM. More information about Board members including age, education and other assignments is provided on pages 50-51.

Audit Committee
The Board as a whole fulfills the duties of the Audit Committee. During the auditor's review of the Company's accounts with the Audit Committee, the CEO and any other member of Management attending the meeting leaves the room to give the Board the opportunity for private deliberation with the auditor. In addition, all Board members have the possibility to contact the auditor directly.

Remuneration Committee
The Board as a whole fulfills the duties of the Remuneration Committee. The Remuneration Committee prepares and proposes remuneration and other compensation concerning the CEO and other employees who report directly to the CEO.

CEO

The CEO, Gudmundur Palmason, is responsible for STRAX day-to-day operations.

The CEO's responsibilities cover ongoing business activities including; personnel, finance and accounting issues, regular contact with the Company's stakeholders (such as public authorities

Independence of Board members, presence, etc.

Name	Position	Elected	Independent in relation to the company and management	Independent in relation to larger shareholders	Shareholding[1]	Present	Percent
Bertil Villard	Chairman	2003	Yes	Yes	406 670	(8/9)	89%
Gudmundur Palmason	Board Member/ CEO	2016	No	No	31 398 031	(9/9)	100%
Ingvi T. Tomasson	Board Member	2016	No	No	31 198 079	(9/9)	100%
Pia Anderberg	Board Member	2018	Yes	Yes	49 580	(9/9)	100%
Anders Lönnqvist	Board Member	2000	Yes	Yes	1 294 663	(9/9)	100%

(1) Where relevant, including shares held by family members and holdings through companies as at December 31, 2020.

Work of the Board of Directors

February 3, 2020	Research & Marketing making, Refinancing possibilities, Year-end Report 2020
February 26, 2020	Year-end Report 2019
March 3, 2020	Notice to the AGM, Q1 2020, Covid-19
May 26, 2020	Approval Q1 2020 Interim report, Annual Report 2019, Constituent board meeting
July 14, 2020	Refinancing with Proventus Capital Partners
July 24, 2020	Warrant program 2020
August 26, 2020	Q2 2020 Interim report, financial update
November 25, 2020	Q3 2020 Interim report, PwC audit review
December 8, 2020	2020 Financial update, Budget 2021, operational & strategic review

and the financial markets) and ensuring that the Board receives the information it needs to make well-founded decisions. The CEO reports to the Board.

Auditors

The Company's auditors are appointed by the AGM annually. At STRAX 2020 AGM, the registered firm of accountants PricewaterhouseCoopers AB was appointed, with authorized public accountant Nicklas Renström as head auditor. The task of the auditors is, on behalf of the shareholders, to audit the Company's annual accounts, accounting records and the administration by the Board and CEO. The auditors also present an audit report to the AGM.

Remuneration to the Board and Management

Remuneration to the Board for the coming year is decided each year by the AGM. The 2020 AGM approved the proposed guidelines for remuneration and other compensation for Management. In order to achieve long-term solid growth in shareholder value, STRAX Remuneration Policy aims to offer total remuneration in line with the market to enable the right Management and other personnel to be recruited and retained.

Variable and share-based remuneration to key employees

In addition to the fixed monthly salary STRAX offers variable-remuneration based on goals met tailored to the role of the individual. At the AGM in STRAX in 2020 it was further decided to implement a share-based incentive program in the form of three-year warrants. Following the decision at the AGM this program was rolled out and assigned in 2020 and ultimately subscribed by a group of 28 key employees in October 2020. The warrants were not offered to the Board of Directors, however Gudmundur Palmason participated due to his capacity as CEO.

Internal control with regard to financial reporting

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

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

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

Control environment

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

STRAX has policies, guidelines and detailed process descriptions for the various phases of each business flow, from transaction management to bookkeeping and the preparation of external reports, stipulating who is responsible for specific tasks. These governing documents are updated as needed to ensure they always reflect current legislation and regulations and changes in processes.

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

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

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

Risk assessment

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

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

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

Covid-19 virus

As a result of the Covid-19 virus, sales started-decreasing from second week of March 2020. Relative weakness in mobile accessories sales was prevalent throughout 2020 and is expected to remain until Q2 2021. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

- Adjustments to product purchasing plans
- Reduction of operating expenses through reduced working hours or direct salary reductions, and reductions of rent, marketing and travel expenditures
- Credit facilities are being expanded to strengthen liquidity. See Note 26.
- Increased activities in online channels
- Distribution of medical products, such as face masks, gloves and hand sanitizers

Control activities

To ensure that the company's business is conducted efficiently and that financial reporting gives a true and fair picture at any one time, STRAX operations incorporate a number of control activities.

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

Information and communication

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

Monitoring activities

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

Internal audit

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

THIS IS OUR BOARD

BERTIL VILLARD

BORN 1952

406 670[1] SHARES IN STRAX

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

ANDERS LÖNNQVIST

BORN 1958

1 294 663[1] SHARES IN STRAX

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

[(1)] Where appropriate, shareholding in STRAX include shares held by family members and holdings through companies as at December 31 2020 and thereafter known changes.

GUDMUNDUR PALMASON

BORN 1968
31 398 031[1)] SHARES IN STRAX
OPTIONS: 550 000

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

INGVI T. TOMASSON

BORN 1968
31 198 079[1)] SHARES IN STRAX

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

PIA ANDERBERG

BORN 1964
49 580[1)] SHARES IN STRAX
OPTIONS: 300 000

Pia Anderberg, Board member since May 2018, is an investor and entrepreneur. She previously worked as Executive Vice President of people and innovation at Axel Johnson up until 2020. Pia was formerly the CEO, partner and founder of several companies such as Novare Human Capital and Samsari. Pia began her career at BTS Group, where she held various positions over a period of 14 years, most recently as Global Partner and Head of BTS Europe. Education: Degree in business administration, Uppsala University. Other board duties include: Expandia, Canucci, Hyper Island, Rädda Barnen Välfärd and DIB Services AB. Pia is also a mandator for Hjärt&Lungfonden.

AUDITORS / NIKLAS RENSTRÖM / BORN 1974

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

THIS IS OUR MANAGEMENT

During the financial year 2020 STRAX had 224 employees

GUDMUNDUR PALMASON

BORN 1968
31 398 031[1)] SHARES IN STRAX
OPTIONS: 550 000

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

INGVI T. TOMASSON

BORN 1968
31 198 079[1)] SHARES IN STRAX

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

[(1)] Where appropriate, includes shares held by family members and holdings through companies as at December 31, 2020 and thereafter known changes.

JOHAN HEIJBEL

BORN 1975
CFO
OWNS 78 333[1)] SHARES IN STRAX
OPTIONS 500 000

Johan Heijbel, CFO since May 2016, was previously Managing Director of AB Novestra between 2006-2016 and during that period was also a board member in STRAX.
Education: Independent courses in business administration and law, Uppsala University and the University of Gothenburg School of Business Economics and Law. Board duties: Novestra Financial Services AB, Sowntone Ltd, Mobile Accessories Club Ltd, WeSC AB, Urbanista AB and Richmond & Finch. Deputy Board member in Strax Nordic AB.

SUSTAINABILITY REPORT

As a global company, it is important to create an understanding of our entire business' impact at all stages of the value chain. We strive to constantly develop ourselves and our business in order to reduce our impact on the environment and take our social responsibility.

Our sustainability approach

STRAX´s ambition is to conduct business in as a sustainable manner as possible. In doing so, we can offer innovative products in a competitive way, while taking responsibility for the impact our business has on the world around us. Not only do we work to ensure high standards of corporate responsibility internally, we also engage our external partners to collaboratively manage social and environmental risks and opportunities. A clear vision, shared values and our Code of Conduct form the basis for our behavior and actions at STRAX. Read more about our sustainability management on page 64-65 in the annual report.

The past year

2020 was greatly affected by covid-19 and its economic and social ramifications, both of which have tried the organization's flexibility and adaptability. Work from home and isolation following the national close downs and restrictions have been challenges that have affected our employees to varying degrees over the past twelve months. As a company, we have worked continuously to maintain a good and safe working environment and ensure a stable provision of information throughout the organization. During this challenging year, our corporate culture was strengthened thanks to the employees' adaptability and teamwork and we have proven our ability to go on even under to most dire of market conditions.

In addition to dealing with the extraordinary challenges following the pandemic, we continued to develop our work with STRAX +. STRAX + is our initiative to change all possible aspects of our business with the end goal of becoming a more environmentally friendly company. Among other things, we have succeeded in making more progress in the work of developing sustainable packaging solutions by further reducing the use of plastic in packaging and in transport. During the year, we also managed to reduce the proportion of air freight to 67 percent, which meant that we achieved our target set for 2020.

About the Sustainability Report

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

Our Values

Honesty

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

Respect

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

Frugality

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

Teamwork

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

IMPACT IN OUR BUSINESS MODEL

STRAX is a market-leading global company specializing in mobile accessories with sales in more than 20 countries. In response to the ongoing pandemic, STRAX expanded into Health & Wellness products during 2020, with an initial focus on personal protection equipment, such as face masks, gloves and sanitizers. Sales are made through all key channels; ranging from telecom operators, wholesale and consumer electronic stores to lifestyle retailers or directly to consumers online. The brand portfolio includes both own brands and licensed brands, representing 61 and 14 percent of sales respectively. STRAX also represents over 40 distributed mobile accessory brands and several Health & Wellness brands, which combined account for 25 percent of sales. In addition to products corporate customers, healthcare providers as well as to international authorities.

It is important to us to be involved and contribute to the communities in which we operate and through our new product category we had the opportunity to continue our social responsibility efforts in line with our previous work. We are proud to have been able to donate 100,000 breathing masks to hospitals and other important actors in the healthcare system in several countries where we conducted business during the year.

in accessories and Health & Wellness, STRAX also offers value-added services and customer-specific solutions.

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

With more than 150 suppliers worldwide, continual improvements together with our partners regarding sustainability issues are not only crucial to ensure the rights and condition of the workers that make our products, but also to minimize the negative impact that the manufacturing have on the environment. Employees' health and safety, risks of corruption and efforts to ensure a good work environment are other areas that are important to STRAX. Sustainability aspects are considered throughout the value chain, which covers everything from product development and procurement to production, logistics and professional marketing support at the point of sales. More information about STRAX´s business model can be found on page 14-16 in the annual report.

Material sustainability aspects in STRAX´s value chain

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

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

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

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

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

Donation of PPE-products

Since April 2020, STRAX has been a reliable supplier of personal protection equipment to both existing and new customers in the telecom and consumer electronics industry.

It is important to us to be involved and contribute to the communities in which we operate and through our new product category we had the opportunity to continue our social responsibility efforts in line with our previous work. We are proud to have been able to donate 100,000 breathing masks to hospitals and other important actors in the healthcare system in several countries where we conducted business during the year.

SUSTAINABLE SUPPLIER NETWORKS

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

Supplier Code of Conduct

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

Self-assessment approach

STRAX utilizes a self-assessment system, that over time corrects behavior and creates a sound culture of improvement and progress for the factories. Initial audits are conducted at all new major strategic suppliers, which accounts for more than 90 percent of Group purchases. The self-assessment system is then monitored by regular visits to the factories and controlled by audits. We have also implemented third party validation of strategic suppliers' CSR-performance as a complement to internal controls. In 2020 a total of 11 audits (2) were conducted.

Monitoring and improving the suppliers' CSR performance

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

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

STRAX has developed a program that encourages the suppliers to incremental improvements through the provision of best practice CSR improvement recommendations. We aim to have all suppliers in areas with high CSR related risks, currently South East Asia, participating in the supplier development program.

2020 outcome: 100 %
(100) of all suppliers in high-risk areas participated in STRAX's supplier development program.

Business ethics

Corruption and unethical behavior can occur both within the organization and indirectly through suppliers. STRAX's procurement process takes place primarily in South East Asia, a market that offers good business opportunities, but which is also exposed to material risks associated with corruption, bribery and fraud.

STRAX's Code of Conduct, Anti-Bribery Policy and STRAX´s Code of Conduct for Suppliers outline our commitment to maintain a high standard of ethics when we do business and our expectations on each employee and partner. STRAX has a zero-tolerance policy on corruption and fully support the requirements of the UK Bribery Act and similar legislation in all regions where we conduct business. We have implemented policies and procedures to ensure that we are prepared, to the extent possible, to prevent and deter corrupt practices across our business relationships. All employees shall be aware of their responsibilities regarding anti-corruption and bribery and they shall be empowered

to act as a line of defense if any corrupt practices are identified. STRAX's guidelines on gifts and hospitality serves as a support structure. The target was that all employees should be educated on the topics of bribery and corruption by year 2020.

2020 outcome: 100 %
(100) of all employees in vendor-facing positions had completed their education on the topic of bribery and corruption at year-end 2020, which corresponds to 30 percent (30) of the Group´s total employees.

Alongside the Supplier Code of Conduct, STRAX has an Anti-Bribery Contract with factories and other contractors in Asia with heavy penalties for any bribery or inappropriate influence on STRAX's employees or representatives. STRAX has amended employee contracts for all Asian employees, giving STRAX the right to terminate employment immediately, and without notice period, should any briberies have been accepted. STRAX aim for all suppliers to comply with the requirements r egarding anti-corruption and bribery with no serious deviations. No material deviations were identified during the year.

PRODUCT RESPONSIBILITY

STRAX is dedicated to providing customers with products that exceed their expectations regarding quality and safety. Therefore, continuous progress is a crucial part of the product development process. STRAX continuously work on providing information that supports customers and consumers to make sustainable product choices.

Quality management system

The products are developed in compliance with internationally recognized safety standards and legal requirements. What specific local requirements a product faces on the different geographical markets in which it is to be sold are defined during the product development stage. STRAX has a Product Safety and Compliance Team who reports directly to the Management Team and continually monitors quality and product safety issues within the supply chain. Together they have developed robust procedures to detect and prevent non-compliant products from shipping to customers. The work is based on a quality management system and supplier partnership mechanisms, ensuring adherence to strict standards throughout the supply chain. The entire business, including the STRAX´s logistics center, is ISO-9001 certified.

STRAX ensures the traceability throughout the supply chain, leading up to the design approval process. Our processes enable us to track products and components to individual suppliers, ensuring supplier accountability. This system also enables us to trace components that fail to reach our requirements, and therefor may affect safety, back to their source. If any discrepancies in the products are discovered, careful analyzes are performed. We also cross-check the results in our internal testing facilities and have established protocols for product recalls in place, should the need arise.

Safety certifications

STRAX´s products shall fulfill all safety and legal requirements applicable on the markets on which they are sold. The products are, amongst other certifications, CE marked, which means that they meet the EU's essential health, environmental and safety requirements. Another example is FCC labeling, which means that the electromagnetic interference caused by the product is below the limits approved by the independent US organization Federal Communications Commission.

Regarding product safety certifications, STRAX works with external experts to continually identify areas of improvement and corrective actions.

2020 outcome: 100 %
(100) of STRAX's products complied with all local and international regulatory safety standards.

Materials and chemicals

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

Conflict minerals and cobalt management

STRAX supports the efforts of human rights organizations to end violence and atrocities in Central Africa. It has been widely reported that the major driver of this violence is the natural abundance of the minerals tin, tungsten, tantalum and gold, now referred to as conflict minerals. In 2016, Amnesty International also shed light on human rights abuses, including child labor, linked to cobalt mining in the Democratic Republic of Congo.

The issues of conflict minerals are important to STRAX and we undertake due diligence to ensure that no conflict minerals are used in our products. STRAX requires that all new suppliers confirm that materials we purchase do not contain conflict minerals and the suppliers are notified periodically to reaffirm this commitment. In addition, we require of our existing suppliers who use any of the four metals listed above to ensure that they are using approved smelters, as informed by the Conflict Free Sourcing Initiative. Suppliers shall exercise due diligence regarding the source and chain of custody of conflict minerals and make their due diligence measures available to STRAX upon request.

STRAX Cobalt and Conflict Minerals Declaration also ensures that all suppliers recognize and align their supply chain policies with the Responsible Cobalt Initiative (RCI). STRAX also includes cobalt in the requirements of the supplier evaluation to ensure all procurements, purchases and use of cobalt adheres to the RCI´s recommendations.

2020 outcome: 100 %
(100) of all suppliers had completed a self-assessment ensuring a responsible sourcing of cobalt in line with the RCI's requirements.

OUR PEOPLE

STRAX strives to offer a fair, respectful and safe workplace where employees can fulfill their potential. The ability to attract, develop and retain competent and committed employees at all levels is key to continued successful growth.

Living our values

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

The past year has shown that our strong culture and experience of being an international organization can guide us through extraordinary times and it has been a clear proof that we uphold our core value, Teamwork. We quickly had to re-prioritize and rearrange parts of the business, and in this our employees have shown enormous commitment. Together, we have joined forces and worked hard to acquire new customers and suppliers while simultaneously fulfilling the needs of our existing customers.

Health and safety management

Ensuring safety awareness, positive attitudes and continual improvement in safety performance requires the commitment and active involvement of all partners, managers, employees and regular contractors at all levels.

Working from home and isolation following national lockdowns and restrictions have been challenges that have affected our employees in the past twelve months. As a company, we have worked continuously to maintain a good working environment and to ensure a stable provision of information throughout the organization.

Measuring employee satisfaction through the Employee Satisfaction Index (ESI) is a good tool for the purpose of analyzing and identifying areas of improvement. STRAX's most recent employee survey was conducted in Asia in 2017 with an ESI of 78 percent. Due to organizational changes, no employee survey has been conducted since, but STRAX's aim going forward is to measure employee satisfaction throughout the Group.

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

Diversity and equality

Diversity and gender equality are an important part of the work to strengthen the STRAX corporate culture. At STRAX, everyone's equal value must be promoted, regardless of gender, age, ethnicity or sexual orientation. Diversity promotes creativity and the exchange of ideas, which is crucial for the STRAX innovation process. STRAX has zero tolerance for all forms of discrimination and harassment. We work to offer an inclusive and welcoming environment for all our employees, customers, volunteers, suppliers and subcontractors.

While it is important to pay reasonable attention to, and allow for, differences between people, it is equally important that employment conditions ensure that such differences do not lead to discrimination in the workplace. STRAX regard gender equality as an essential part of human resource management. The gender division in the Group at year-end was 48 percent (44) women and 52 percent (56) men. STRAX aim to continuously improve the proportion of women in management positions. The target was that both men and women will represent at least 40 percent of management positions by year 2020.

2020 outcome: 9%
(32) of managers were women at the year-end.

ENVIRONMENTAL RESPONSIBILITY

STRAX work systematically and proactively to prevent, minimize and remedy the adverse environmental impacts of our business activities. As a part of STRAX's continuous improvement process for environmental management, we are further analyzing our environmental impact to better understand how we can play a larger and more constructive role in contributing to a healthier global environment.

Reducing our climate footprint

STRAX recognizes the impact of global warming and works towards being a part of the solution. We are still only in the beginning of our efforts but as a first step we have identified five focus areas:

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

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

Reduce transport emissions

With a global network of suppliers and distributors, a significant part of STRAX's value chain's negative impact on the environment stems from the transportation of goods in the form of carbon emissions. Reducing our climate footprint caused by transportation of goods is therefore a priority. In these efforts, optimization of transportation and reducing the proportion of air freight is a key factor.

To ensure efficient transports, STRAX places clear requirements on our carriers and works together with suppliers in order to optimize the transport of goods through, among other things, packaging design and use of materials. By using a customs warehouse in Asia, an additional opportunity is created for better coordination of transports and more cost-effective logistics solutions.

Following the pandemic, the number of flights was greatly decreased during 2020. This new reality has brought challenges due to increased lead times, but it has also allowed STRAX to decrease the number of air freight in favor of transport by sea and rail and by that we achieved our target to reduce air freight to below 70 percent by 2020. Even though the extreme conditions of 2020 aided our efforts in this regard, we realize that we continue to face a challenge. The reduction of our transportation emissions is still a prioritized area and we will continue to further optimize and make our transports more cost-effective.
delivered are assembled, as well as about the packaging.

2020 outcome: 67 %
(85) of all transports consisted of air freight.

STRAX has a long-term commitment to reduce emissions from business travel by prioritizing alternative technology solutions such as video conference and virtual offices. Our travel policy clearly expresses the company's guidelines and principles that must be considered by all employees while on business travels. That we have progressed so far in our digital conversion is a key reason to why we have managed to deal with the pandemic's challenges in such an effective way.

Working towards a circular economy

STRAX is continually investigating how the principles of a circular economy can be developed in the business and create value for our customers. To us, this means making high quality products that last longer, are made of environmentally friendly materials and can be easily recycled. In this way, we hope to not only benefit the environment, but also achieve cost benefits for us at STRAX and to offer our customers an environmentally friendly product design and better end-of-life management.

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

In 2020, our work continued by identifying and implementing several initiatives to reduce plastics used in packaging and transportation. We continuously work to review new innovative solutions in packaging design, packaging materials and environmentally friendly products. During the year, we have, among other things, together with 4ocean developed mobile phone cases made of recycled plastic from the oceans.

Engaging our suppliers

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

STRAX seeks to reduce the energy consumption in manufacturing by requiring that supplier use energy efficient devices that comply with extended internationally efficiency standards. For STRAX to be able to measure and follow up on CO2-emissions, the suppliers are required to provide information about energy consumption, production technologies and logistics. Information on energy consumption must be based on the ETSI-TS standard, while for CO2-emissions, they must be based on internationally recognized standards. Particularly important are the standards of the GHG Protocol and the recommendations of the ITU-T SG5. Suppliers shall also provide STRAX with all necessary information about the materials used in the products and packaging delivered to the company.

Collaboration with 4ocean

In 2020, STRAX acted as a development partner for 4ocean, a purpose driven business with the mission to end the ocean plastic crisis and supported the development and manufacturing of their new 4ocean Signature iPhone cases made from 4ocean Plastic™ (recycled plastic from the sea). As a part of the development process of the new product in the USA, STRAX supported the material development, testing, design and production optimization.

We are pleased and proud of our collaboration with 4ocean for their venture into mobile accessories and that we at the same time can support such an important cause as cleaning our oceans from plastic waste. This type of partnership is completely aligned with STRAX overall commitment to corporate social responsibility.

4ocean Plastic™ is certified ocean plastic that 4ocean's professional cleanup crews have recovered and recycled into verified ocean plastic materials. The products made with this material are intended to continue raising awareness about ocean plastic pollution. The sales of the case will help fund 4ocean's global operation of cleaning up plastics from the oceans.

SUSTAINABILITY GOVERNANCE

We are committed to ensure that everything we do, and all decisions we make, are governed by the principles of ethics, integrity and respect for people and care for the environment. Our vision, values, and Code of Conduct reflect our entrepreneurial, social and environmental responsibility.

Organization
Sustainability and ethics are emphasized throughout STRAX's corporate governance, starting with the Board of Directors and the Group Management Team. The Board of Directors are ultimately responsible for the Group's sustainability work. The Group Management Team is responsible for the monitoring of STRAX's sustainability efforts, while operational responsibility and implementation falls under the umbrella of the STRAX+ team, who coordinate the efforts. STRAX + was established in 2019 and consists of representatives from various functions within the organization. Through STRAX +, sustainability issues have been given clearer ownership in day-to-day operations, which has improved the conditions for a successful sustainability work.

The Group Management Team is also responsible for establishing and implementing the STRAX's Code of Conduct, guidelines and policies. All team heads are obligated to ensure that their co-workers know the Code of Conduct and perform their work in line with it.

Policies and guidelines, as well as internal standards and processes, are regularly revised to ensure their conformance with international standards and customer requirements.

Principles and practices
STRAX is committed to comply with the laws and regulations in each country in which we operate. The products are designed and tested to meet the appropriate standards for product safety, electromagnetic and wireless connectivity, ergonomics and other regulatory compulsory requirements, when used for their intended purposes. In most cases, legal compliances act as a starting point only, our own policies tend to be more strict than legal compliance requirements.

STRAX´s framework for sustainability is based on widely recognized international standards including the Universal Declaration of Human Rights, ILO International Labor Standards, the Rio Declaration on Environment and Development, the UN's Convention Against Corruption and OECD Guidelines for Multinational Enterprises. Since 2017, STRAX is a signatory to the UN Global Compact and has aligned the sustainability work with its ten principles concerning human rights, labor issues, environment and anti-corruption.

STRAX is also in full compliance with the Responsible Business Alliance (RBA)'s Code of Conduct which includes a set of social, environmental and ethical standards for the electronics industry.

STRAX´s quality management system and supplier partnership mechanism ensure adherence to our strict standards throughout the supply chain. The entire business, including the STRAX´s logistics center, is ISO-9001 certified. The management systems ensure that the operations are conducted in accordance with established procedures and act as support for the employees in their daily work.

The Code of Conduct leads the way
STRAX´s Code of Conduct is the Group´s overarching sustainability policy and outlines what is expected from every person working for, and with,

the organization. It also underlines our responsibilities to customers, colleagues, suppliers and other partners.

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

Reporting concerns

Employees and partners are encouraged and expected to report incidents of non-compliance with the STRAX Code of Conduct. Reported information will only be processed to the extent reasonably necessary for the investigation. There will be no retaliation or other negative consequences for individual reporting on such incidents. The STRAX Code of Conduct have instructions for employees on how to raise their concerns within the organization. **In 2020, no deviations from the STRAX Code of Conduct were reported.**

Group-wide sustainability policy documents

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

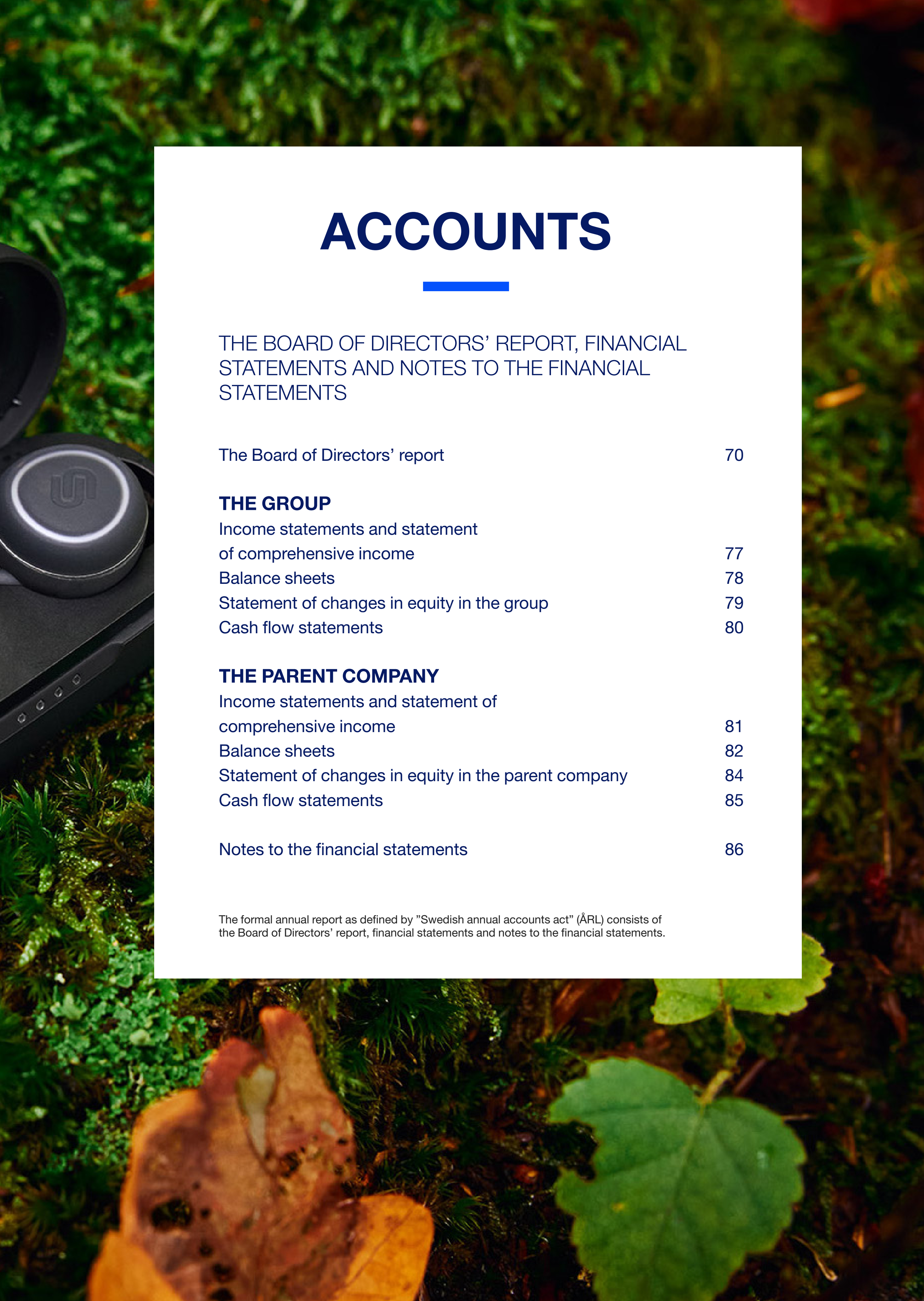
SUSTAINABILITY RISKS

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

Risk	Risk management
Risks in the supply chain	
Some of the more significant sustainability risks and opportunities are found in STRAX's supply chain. The risks include, but are not limited to, corruption and briberies, violence of human rights and unfair labor practices, health and safety, and environmental damage. Should STRAX's suppliers break international rules and legislation, or if they should deviate from established standards, STRAX's would risk facing economic damages, negative publicity and legal ramifications.	STRAX expects all suppliers to operate ethically correct and in accordance with internationally recognized standards on human rights, labor rights, environment, anti-corruption and bribery. Principles and values are communicated through STRAX's Supplier Code of Conduct, which applies to all STRAX's suppliers and subcontractors. STRAX support the establishment of a CSR management structure and incorporate CSR performance as a part of the supplier evaluation criteria to further incentivize their participation in CSR activities.
Product-related risks	
STRAX's ability to offer products that meet stakeholders' expectations regarding quality, safety, use of materials and chemicals, as well as comply with all regional and country- level statutory standards is crucial to maintain customer trust. If STRAX fail to meet customer expectations this could entail a risk of reduced sales and a negative impact on the STRAX brand.	STRAX complies with the EU directives RoHS and WEE as well as the REACH Regulation, which states requirements for companies to take responsibility for products and their impact on society. STRAX strives to reduce the products' environmental footprint through the use of recyclable packaging materials and by ensuring the recyclability of the products when reasonably possible. To reduce the carbon emissions caused by transportation of goods, STRAX is working to optimize the transports and prioritize transports by sea or train over those by air. Product safety issues within the supply chain are continually monitored and STRAX has developed robust procedures to deter, detect, and prevent non-compliant products from shipping to customers. STRAX also undertake due diligence to ensure that conflict minerals and cobalt are not used in our products.
Risks related to business ethics	
With employees in 13 countries and over 150 suppliers around the world, STRAX is, to a varying degree, exposed to the risk of corruption. Unethical behavior would entail legal ramifications and harm the company's reputation.	STRAX has a zero-tolerance policy on corruption. All STRAX's employees are educated on the company's Code of Conduct and made aware of their responsibilities in respect to anti-corruption and bribery. STRAX's guidelines on gifts and hospitality serves as a support structure.
Risks related to social conditions	
Skilled and engaged employees are instrumental to the company's ability to develop according to the long-term strategic plan and to reach the established targets. If STRAX were to fail in providing an attractive working environment it would have a direct negative impact on the company's ability to attract and retain skilled employees.	STRAX maintains a strong commitment to high standards in order to deliver a fair, diverse, respectful and safe workplace for all employees. STRAX's Code of Conduct establishes the organization's stance on these topics. All STRAX's employees are educated on the company's Code of Conduct and informed of their personal responsibility to ensure that they act according to it.

The corona pandemic

In 2020, the ongoing pandemic exposed STRAX to new types of risks which have added new dimensions to the risk management efforts. Work from home and isolation following lockdowns and restrictions, fast paced adjustments, uncertainties and concerns about one's own wellbeing and that of those close to us have all posed challenges to our employees. STRAX has established a management committee representing different parts of the organization. The committee oversees the pandemic's development in the geographical areas in which the Group conducts business and ensures that the Group perform the best possible proactive actions. The highest priority has been the health and safety of our employees together with ensuring an effective provision of information and communication throughout the organization. As a part of the ongoing risk management, STRAX continues to closely follow the pandemic's development and will continue to adjust our efforts when needed.



ACCOUNTS

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

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

THE BOARD OF DIRECTORS' REPORT

The Board of Directors and the Managing Director of Strax AB (publ), corporate identity number 556539-7709, hereby present the annual report and consolidated financial statements for the financial year January 1 – December 31, 2020.

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

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

This is STRAX

STRAX is a global leader in accessories that empower mobile lifestyles. Our portfolio of accessories brands targets broad channel scope as well as different customer demographic and covers all major mobile product categories: Protection, Power, Personal Audio and Connectivity. In response to the ongoing pandemic, STRAX pivoted into Health & Wellness products, with an initial focus on personal protection equipment, such as face masks, gloves and sanitizers. Our success lies in a strong offline and online distribution network and best-in-class customer service, delivered by a stellar team.

We develop and grow brands through an omnichannel approach, and we operate two complementary businesses: Own brands – including Urbanista, Clckr, Richmond & Finch, Planet Buddies, xqisit, AVO+, and licensed brands such as adidas, Bugatti, Diesel, SuperDry and WeSC – and Distribution (traditional retail, enterprises, and online marketplaces). In addition to own and licensed brands, STRAX distributes over 40 major mobile accessory brands and several Health & Wellness brands with an initial focus on personal protection equipment. We sell into all key sales channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers, large enterprises and direct to consumers online.

Founded in Miami and Hong Kong in 1995, STRAX has since expanded worldwide. Today, we have over 200 employees in 13 countries, with our operational HQ and logistics center in Germany. STRAX is listed on the Nasdaq Stockholm stock exchange.

Significant events during the year

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

In March, Telecom Lifestyle Fashion (TLF), the licensing specialist owned by STRAX, signed two new global licensing agreements. One with the UK fashion label Superdry for mobile accessories and another with the Swedish streetwear brand WeSC for headphones and mobile accessories. Both agreements are globally exclusive with a three-year duration.

STRAX entered the Health & Wellness product category with an initial focus on personal protection equipment and started delivering facemasks, gloves and disinfectants to existing as well as new customers in April 2020.

The Annual General Meeting was held on May 26, 2020. The AGM resolved, in accordance with the Board of Directors' proposal, to adopt a warrant program and to issue warrants. The warrant program comprises in total a maximum of approximately 26 individuals and not more than 4,095,000 warrants may be issued within the framework of the program. Each warrant entitles the holder to subscribe for one share in STRAX during the period 1 July 2023 up to and including 30 September 2023 at a subscription price corresponding to 130 per cent of the volume-weighted average price of the Strax share on Nasdaq Stockholm during the period 10 trading days calculated from and including the day after the Annual General Meeting 2020. If all the 4,095,000 warrants are exercised, the warrant program entails a full dilution corresponding to approximately 3.3 per cent of the shares and votes in STRAX.

Urbanista, a STRAX brand, launched a limited-edition Bluetooth speaker in collaboration with H&M Home.

STRAX renewed its contract with mobilcom-debitel in Germany for another four years.

STRAX signed a senior secured loan facility in the amount of MEUR 30 with Proventus Capital Partners. A subordinated tranche of MEUR 6 was paid out in July 2020, to provide additional working capital until the full amount was paid out in October. The loan from Proventus Capital Partners is for a term of five years and the full amount is denominated in EUR. The loan will carry a Euribor +7.5 percent interest rate, in line with current market pricing, as well as the average financing costs currently paid. The loan is governed by covenants that are primarily profitability and cash flow based. Provided the covenants are fulfilled, the loan agreement allows yearly dividend of up to 50 percent of profits, allowing for expected future levels of dividends.

Urbanista launched the premium true wireless stereo headphones London, with active noise cancellation feature.

STRAX signed a five-year global exclusive distribution agreement with Aetheris to accelerate sales of their established and intelligent face mask brand, Airpop. The Airpop product range was brought to market by STRAX in Q3 2020.

STRAX launched a new brand, Planet Buddies, offering a range of children's headphones, speakers and holders based on a variety of colorful characters of endangered and threatened species.
STRAX and Erikson Consumer, a Jam Industries company, signed an exclusive distribution agreement in Canada for all STRAX own and licensed mobile accessories brands. The agreement covers both STRAX mobile accessories brands, such as Urbanista, Clckr and Richmond & Finch, as well as newly established health & wellness brands, AVO+ and Airpop as a non-exclusive agreement.

Telecom Lifestyle Fashion (TLF), the licensing specialist and wholly owned subsidiary of STRAX AB, signed a global licensing agreement with the internationally renowned Italian denim and lifestyle brand DIESEL for mobile accessories. The agreement is globally exclusive with a three-year duration.

STRAX partnered with HMD Global to develop and distribute a selection of Nokia branded accessories across the world.

STRAX entered into a collaboration with 4ocean to support the development and manufacturing of 4ocean signature iPhone cases.

STRAX secured a MUSD 20 dedicated financing to capture the full potential for growth within the Health and Wellness category, as a third tranche under the existing loan agreement with Proventus Capital Partners.

Dividends and distributions

The Board has not proposed a dividend for the financial year 2020.

Earnings and financial position

THE GROUPS net sales for the period January 1 – December 31 2020 amounted to 111 790 (113 644). Gross profit amounted to 28 519 (27 801) and gross margin amounted to 26.3 (24.5) percent. Operating profit amounted to 6 774 (6 146).

Result for the period amounted to 669 (-1 735). The result included gross profit 28 519 (27 801) selling expenses -17 817 (-16 495), administrative expenses -3 924 (-5 191), other operating expenses -12 121 (-8 298), other operating income 12 117 (8 329), net financial items -5 931 (-5 982) and tax -174 (-1 899). Operating expenses increased as a result of the acquisitions of Brandvault and Richmond & Finch in 2019 as well as the buildup of the digital marketing team in Stockholm.

Included in financial expenses are also changes in value relating to shares in ZAGG to be received as part of the consideration for the sale of Gear4 to the amount of MEUR 2.5 (2.4).

As of December 31, 2020, total assets amounted to 99 099 (102 659), of which equity totaled 18 171 (20 100), corresponding to equity/assets ratio of 18.3 (19.6) percent. Interest-bearing liabilities as of December 31, 2020, amounted to 33 949 (23 060). The group's cash and cash equivalents amounted to 7 379 (3 644).

STRAX entered into a MEUR 30 loan agreement with Proventus Capital Partners and existing interest-bearing liabilities were therefore refinanced in October 2020.

STRAX held 637,628 shares in Zagg received as part of the purchase price from the sale of Gear4, valued at USD 10.23 per share, at the time of the transaction, and valued at USD 4.17 (8.11) per share as of December 31, 2020.

THE PARENT COMPANY'S result for the period amounted to - (80). The result included gross profit of 1 036 (1 042), administrative expenses -976 (-925) and net financial items -60 (-17). As of December 31, 2020, total assets amounted to 80 296 (76 222) of which equity totaled 63 076 (63 076). Cash and cash equivalents amounted to 3 976 (1).

LIQUIDITY AND FINANCING

Cash and cash equivalents consist of cash and bank balances amounting to 7 379 (3 645) as of December 31, 2020. At the end of 2020 interest-bearing liabilities amounted to 33 949 (23 060).

The STRAX Group is primarily financed through an senior interest bearing financing provided by Proventus Capital Partners in the amount of MEUR 30 under a five year loan agreement. In addition Proventus Capital Partners have provided a dedicated order financing to support the business within the Health and Wellness category. STRAX also utilizes working capital financing such as non-recourse factoring to improve the cash conversion cycle.

STRAX held 637,628 shares in Zagg received as part of the purchase price from the sale of Gear4, valued at USD 10.23 per share, at the time of the transaction, and valued at USD 4.17 (8.11) per share as of December 31, 2020. A guarantee amount of KEUR 1 500 was paid in 2020.

INVESTMENTS during the period amounted to a total of 2 447 (1 932), of which investments in intangible assets amounted to 1 761 (1 301), property, plant and equipment amounted to 359 (536) and investments in subsidiaries amounted to 326 (95).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

A bid for all outstanding shares in ZAGG shares was approved February 18, 2021.The bid level was at the current share price so will not have an effect for the P&L but will contribute with approximately 2.5 MEUR in cash, with a potential upside of USD 0.25 per share if certain conditions are met corresponding to an additional USD 159.4 thousands.

FUTURE DEVELOPMENT

STRAX will play an active role in shaping the mobile accessories industry both offline and online in all its targeted geographic markets. We will continue to grow our businesses within the strategic framework that we launched in 2016 and refined in 2019, while simultaneously strengthening our operating platform. This will enable us to drive our own brand growth strategy through offline and online sales channels globally with fewer resources. While retaining market share in western Europe, STRAX will at the same time invest and grow at an accelerated rate in North America, and strategic markets in the rest of the world. STRAX will furthermore invest in eCommerce sales channels, both direct brand websites and marketplaces, to improve margins, diversify its traditional retail customer base and secure growth. STRAX has enjoyed positive developments in sales in recent years, except for the heavily impacted Covid-19 pandemic year of 2020. We expect continued organic growth, driven specifically by own brands and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts, and established an in-house digital marketing team. We expect our online sales to grow significantly, albeit from a relatively low base, with eCommerce accounting for 50% of our sales in 3 years. STRAX furthermore intends to play an active role in the ongoing consolidation of our industry through acquisitions, divestments, and partnerships. Reduced overall demand for mobile accessories, stemming from the Covid-19 pandemic, is expected to continue into mid-2021 but will not alter our mid- to longer-term plans in the product category. STRAX entered the health & wellness product category with promising results.

To a large extent we utilize our existing resources, infrastructure and distribution competence. Although still being in a relatively early stage of addressing existing customers and developing new customer relationships, we feel strongly about the potential and long-term sustainability of the product category, given that changes in behavior, as a result of Covid-19, are most likely permanent. This applies to the usage of face masks, gloves and various sanitizing products. The new health & wellness category furthermore provides diversification and can reduce our seasonality stemming from the mobile accessories industry.

RISK ASSESSMENT

Risk assessment, i.e. the identification and evaluation of the company's risks is an annual process at STRAX. Risk assessment is done in the form of self-evaluation and also includes establishing action plans to mitigate identified risks. The primary risks present in STRAX business activities are commercial risk, operative risk, financial risks relating to outstanding receivables, obsolete inventory and currency risk. Other risks that impact the company's financial operations are liquidity, interest rate and credit risk. The company is to some extent dependent on a key number of senior executives and other key personnel and consultants in order to run its operations, and is dependent on a functioning distribution chain, logistics and warehousing.

As a result of the Covid-19 virus, sales started decreasing from second week of March 2020. Relative weakness in mobile accessories sales was prevalent throughout 2020 and is expected to remain until Q2 2021. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

- Adjustments to product purchasing plans
- Reduction of operating expenses through reduced working hours or direct salary reductions, and reductions of rent, marketing and travel expenditures
- Credit facilities are being expanded to strengthen liquidity. See note 26.
- Increased activities in online channels
- Distribution of medical products, such as face masks, gloves and hand sanitizers.

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

Introduction

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

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

Purpose and fundamental principles

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

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

The decision-making process to determine, review and implement the guidelines

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

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

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

Fixed salary and benefits

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

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

Variable remuneration

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

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

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

Pension

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

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

Notice period and severance payment

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

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

Deviation from the guidelines

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

For guidelines for remuneration for senior executives for 2020 please see note 14.

CORPORATE GOVERNANCE

Legislation and Articles of Association
STRAX corporate governance is regulated by Swedish law, by the Swedish Companies Act, the Code for Swedish Corporate Governance and the regulations stated in the Listing Agreement of the Nasdaq Stockholm stock exchange. STRAX shall, when conducting business, follow the rules in the company's Articles of Association. More information on Corporate Governance is provided on pages 38-44 and also contains information regarding the key elements for the group's internal control procedures and risk management.

SHARE AND OWNERSHIP STRUCTURE

The STRAX share is listed on the Nasdaq Stockholm (Small Cap) stock exchange under the ticker symbol STRAX. It is the parent company Strax AB share that is listed and the reported share capital in the group constitutes the parent company's share of capital. Share capital in the parent company amounts to EUR 12 624 165 distributed among 120 592 332 shares with a quota value of EUR 0.10 each. There is only one type of share and all shares have equal rights to the company's net income and profit and each share has equal voting rights at the general meeting. There are no restrictions regarding the number of votes a shareholder can vote for at the general meeting. In addition to the legal provisions there are no limitations in the company's Articles of Association regarding the appointment of, or dismissal of Board members or changes to the Articles of Association.

As of December 30, 2020 the company had a total of 2 225 (2 146) shareholders. The ten largest shareholders' holdings as of December 30, 2020 amounted to 90 (87) percent of the total number of outstanding shares and votes in the company. There are a total of three shareholders, Gudmundur Palmason, Ingvi T. Tomasson and GoMobile Nu AB who as of December 30, 2020 reported a holding of at least 10% in STRAX through disclosure notices.

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

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

Investor Relations

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

Sustainability Report

In accordance with the requirements in the Swedish Annual Accounts Act, STRAX presents a Sustainability report. STRAX participates in the UN Global Compact and the sustainability report also includes the Group's Communication of Progress. The statutory sustainability report is presented separately from the Board of Director's report and is found on the pages 54-67 of the annual report. The sustainability risks facing the Group is accounted for on page 66.

Proposed distribution of earnings in the parent company (KEUR)

At the disposal of the Annual General Meeting is:

Retained earnings	49 667
Profit/Loss for the year 2020	-
Total	**49 667**

The Board of Directors propose that the profit - for 2020 together the the remaining retained earnings EUR 49 667 be transferred to retained earnings.

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

THE GROUP

Income statements, KEUR	NOTE	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Net sales	5	111 790	113 644
Cost of goods sold [1]	6	-83 271	-85 843
Gross profit		**28 519**	**27 801**
Selling expenses[1]	7	-17 817	-16 495
Administrative expenses[1]	8	-3 924	-5 191
Other operating expenses[1]	9	-12 121	-8 298
Other operating income	11	12 117	8 329
Operating profit		**6 774**	**6 146**
Financial expenses	12	-5 931	-5 982
Profit before tax		**843**	**164**
Tax	13	-174	-1 899
Profit or loss for the period [1]		**669**	**-1 735**
Result per share before dilution, EUR	23	0.01	-0.01
Result per share after dilution, EUR		0.01	-0.01
Average number of shares during the period		120 592 332	120 592 332
Average number of shares during the period after dilution		124 687 332	124 687 332

Statement of comprehensive income, KEUR		
Profit or loss for the period	669	-1 735
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translation gains/losses on consolidation net of tax	-2 598	369
Total comprehensive income for the period	**-1 929**	**-1 366**

[1] The result for the period, respectively the total comprehensive income is attributable to the parent company's shareholders.

THE GROUP

Balance sheets, KEUR	NOTE	12 31 2020	12 31 2019
Assets			
NON-CURRENT ASSETS			
Goodwill	16	28 176	28 176
Intangible assets	17	2 327	1 859
Tangible fixed assets	18	1 063	1 087
Right of use of assets	17, 26	1 694	2 060
Other assets	19	1 655	879
Deferred tax assets	13	1 016	52
Total non-current assets		**35 931**	**34 113**
CURRENT ASSETS			
Inventories	20	27 560	17 430
Tax receivables	13	1 058	1 374
Accounts receivable	21	19 150	25 975
Other assets	19	8 021	20 123
Cash and cash equivalents	22	7 379	3 644
Total current assets		**63 168**	**68 546**
Total assets		**99 099**	**102 659**
Equity and liabilities			
EQUITY	23		
Share capital		12 622	12 622
Other contributed equity		-1 650	-1 650
Translation reserve		-5 735	-3 141
Retained earnings including profit or loss for the period		12 938	12 269
Total equity		**18 171**	**20 100**
NON-CURRENT LIABILITIES			
Tax liabilities	13	3	2 853
Other liabilities	26	8 663	8 792
Interest-bearing liabilities	26	32 918	-
Deferred tax liabilities	13	1 350	629
Total non-current liabilities		**42 934**	**12 274**
Current liabilities			
Provisions	24	654	1 563
Interest-bearing liabilities	26	1 031	23 060
Accounts payable	26	15 802	22 100
Tax liabilities	13	6 050	3 753
Other liabilities	26	14 457	19 809
Total current liabilities		**37 994**	**70 285**
Total liabilities		**80 928**	**82 559**
Total equity and liabilities		**99 099**	**102 659**

THE GROUP

Statement of changes in equity, KEUR	Share capital	Other contributed equity	Translation Reserve	Retained earnings incl. profit/ loss for the period	Total equity
Opening balance January 1, 2019	**12 622**	**-1 650**	**-3 510**	**26 803**	**34 265**
Profit / loss for the period				-1 735	-1 735
Translation gains/ losses			369		369
Total comprehensive income for the period			369	-1 735	-1 366
Distribution to shareholders				-12 742	-12 742
Cost related to distribution to shareholders				- 57	- 57
Balance as of December 31, 2019	**12 622**	**-1 650**	**-3 141**	**12 269**	**20 100**
Profit / loss for the period				669	669
Translation gains/ losses			-2 598		-2 598
Total comprehensive income for the period			-2 598	669	-1 929
Balance as of December 31, 2020	**12 622**	**-1 650**	**-5 739**	**12 938**	**18 171**

Further information regarding the Group's equity is available in Note 23.

THE GROUP

Cash flow statements, KEUR	NOTE	01 01 2020 12 31 2020	01 01 2019 12 31 2019
OPERATING ACTIVITIES			
Profit before tax		843	164
Adjustment for items not included in cash flow from operations or items not affecting cash flow (1)		7 687	8 345
Paid taxes		-429	- 906
Cash flow from operations prior to changes in working capital		**8 101**	**7 603**
Cash flow from changes in working capital			
Increase (–)/decrease (+) inventories		-10 130	-2 860
Increase (–)/decrease (+) current receivables		14 468	-10 800
Increase (-)/decrease (+) non-current receivables		-1 740	653
Increase (+)/decrease (-) non-current liabilities		-2 258	-2 255
Increase (+)/decrease (-) current liabilities		-11 981	10 837
Cash flow from operations		**-3 540**	**3 178**
INVESTMENT ACTIVITIES			
Investments in intangible assets	17	-1 344	-1 301
Investments in tangible assets	18	-547	- 536
Investments in subsidiaries		- 326	- 95
Cash flow from investment activities		**-2 218**	**-1 932**
FINANCING ACTIVITIES			
Interest-bearing liabilities	26	34 000	3 623
Amortization of interest-bearing liabilities	26	-21 313	-9 619
Distribution to the shareholders		-	-12 742
Paid interest expenses	26	-3 195	-3 709
Cash flow from financing activities		**9 492**	**-22 447**
Cash flow for the period		**3 735**	**-21 201**
Cash and cash equivalents at the beginning of the period		3 644	24 845
Cash and cash equivalents at the end of the period	22	7 379	3 644

(1) Non cash-items for the period January 1 – December 31, 2020, include depreciation and amortization 1 756 (2 175), financial expenses 3 481 (3 709), revaluation of shares 2 451 (2 381) and other - (80).

THE PARENT COMPANY

Income statements, KEUR	NOTE	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Net sales		1 036	1 042
Gross profit		**1 036**	**1 042**
Administrative expenses	27, 28, 29	-976	- 925
Operating profit		**60**	**117**
RESULT FROM FINANCIAL ITEMS			
Interest expense and similar charges	30	-60	- 17
Result after financial items		**-**	**100**
Profit or loss for the year		**-**	**100**

STATEMENT OF COMPREHENSIVE INCOME, KEUR

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

THE PARENT COMPANY

Balance sheets KEUR	NOTE	12 31 2020	12 31 2019
Assets			
NON-CURRENT ASSETS			
Tangible fixed assets:			
Equipment	31	132	134
NON-CURRENT FINANCIAL ASSETS			
Shares and participations in group companies	32	75 693	75 693
Total fixed assets		**75 825**	**75 827**
CURRENT ASSETS			
Receivables:			
Other receivables		495	189
Prepaid expenses and accrued income		-	205
		495	394
Cash and bank balances	38	3 976	1
Total current assets		**4 471**	**395**
Total assets		**80 296**	**76 222**

THE PARENT COMPANY

Balance sheets, KEUR	NOTE	12 31 2020	12 31 2019
Equity and liabilities			
EQUITY	34		
Restricted equity:			
Share capital		12 624	12 624
Statutory reserve		785	785
		13 409	**13 409**
Non-restricted equity:			
Accumulated profit/loss		49 667	49 567
Profit/loss for the year		-	100
		49 667	**49 667**
Total equity		**63 076**	**63 076**
LIABILITIES			
Current liabilities:			
Interest-bearing liabilities	35	490	548
Accounts payable		582	468
Liabilities to group companies	36	15 733	11 788
Other liabilities		81	23
Accrued expenses and prepaid income	37	334	319
		17 220	**13 146**
Total liabilities		**17 220**	**13 146**
Total equity and liabilities		**80 296**	**76 222**

THE PARENT COMPANY

Statement of changes in equity, KEUR	Share capital	Restricted reserves	Retained earnings incl profit/loss for the year	Total equity
Opening balance January 1, 2019	**12 624**	**785**	**62 386**	**75 795**
Comprehensive income Jan 1 - Dec 31, 2019			80	80
Distribution to shareholders			-12 742	-12 742
Cost related to distribution to shareholders			- 57	- 57
Balance as of December 31, 2019	**12 624**	**785**	**49 667**	**63 076**
Comprehensive income Jan 1 - Dec 31, 2020			-	-
Balance as of December 31, 2020	**12 624**	**785**	**49 667**	**63 076**

As of December 31, 2020 share capital amounted to EUR 12 624 164.563374, divided into 120 592 332 shares representing a nominal value of EUR 0.10.

Further information regarding the parent company's equity is available in Note 34.

THE PARENT COMPANY

Statement of cash flow, KEUR	NOTE	01 01 2020 12 31 2020	01 01 2019 12 31 2019
OPERATING ACTIVITIES			
Profit/loss for the year before tax		-	100
Adjustments for income items from operations not included in the cash flow and do not affect the cash flow:			
Adjustments for other non-cash items		3	4
Funds provided from operations prior to changes in working capital		**3**	**104**
Details of changes in working capital			
Increase (-)/decrease (+) current receivables		- 101	1 466
Increase (+)/decrease (-) current liabilities		4 132	11 886
Cash flow from operations		**4 034**	**13 456**
INVESTMENT ACTIVITIES			
Investments in tangible assets		-1	- 8
Cash flow from investment activities		**-1**	**- 8**
FINANCING ACTIVITIES			
Shareholder distribution		-	-12 799
Changes in interest-bearing liabilities		-64	- 630
Cash flow from financing activities		**-64**	**-13 429**
Cash flow for the year		**3 975**	**19**
Exchange rate differences in cash and cash equivalents		-	-20
Cash and cash equivalents at the beginning of the period		**1**	**2**
Cash and cash equivalents at the end of the period	38	**3 976**	**1**

NOTES TO THE FINANCIAL STATEMENTS

Significant accounting principles
The basis for preparing the consolidated financial statements. The functional currency of the Parent Company is Euro (EUR), which is also the presentation currency of the parent company and the Group.

STRAX consolidated financial statements for the year ended December 31, 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and RFR 1 "Additional rules for Group Accounting," related interpretations issued by the Swedish Financial Reporting Board (Rådet för Finansiell Rapportering), and the Swedish Annual Accounts Act.

Assets and liabilities are recognized at historical cost except for certain financial assets and liabilities, which are measured at amortized cost or fair value. The preparation of financial statements and application of accounting standards require that management use estimates and assessments. Therefore, they make certain assumptions which are considered reasonable under the prevailing circumstances. Thus, estimates and assessments affect the financial reports and they are frequently based on experience as well as other factors, including expecta-tions of future events. Using other assumptions than those actually applied in the preparation of the financial statements, the result can be different and the actual outcome seldom complies with the anticipated result.

For STRAX, estimates and assessments are particularly important in:

- *impairment testing of goodwill, see Note 16*
  The accounting principles for the Group described below have been applied consistently for all periods that are presented in the Group's financial reports, unless otherwise is indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company and subsidiaries.

New and amended IFRSs
A number of new standards and amendments are effective from 1 January 2020, but these do not have a material effect on the Group's financial statements. In the second quarter of 2020, the International Accounting Standards Board published an amendment to IFRS 16 ("Covid-19-Related Rent Concessions"), in which they provide an accounting policy choice to lessees to apply practical relief for rent concessions arising because of the covid-19 pandemic. STRAX does not apply this practical expedient for lessees.

New and amended IFRSs issued but not yet effective
In August 2020 the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). The amendments address issues related to the application of the reform and its effects on financial reporting for lease contracts, hedges and other financial instruments caused by replacing existing interest-rate benchmarks with alternative benchmark rates.

Application is mandatory for reporting periods beginning on or after January 1, 2021. STRAX has not opted for early adoption and no significant impact is expected. In addition, further standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

Effective January 1, 2020, the business segments reporting format changed. The STRAX Board of Directors has resolved to split the group's business into three segments reported as: Distribution, Own Brands and Other. These businesses will remain wholly owned by STRAX. This change will present an improved view of the value of each part of the group's businesses and is also expected to deliver a more effective cost structure, once fully implemented.

The split of the business into Own Brands and Distribution, is key from an operational point of view, where STRAX has increased transparency of each business as well as provide for improved visualization of values and performance within the STRAX Group.

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

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

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

The method means that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The Group's acquisition value is determined though an acquisition analysis in relation to the acquisition. In the analysis both the purchase price of the shares or the operations, and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities at the point of acquisition. The purchase price of the shares in subsidiaries and the operations respectively consists of the fair values at the point of acquisition for assets, arisen or assumed liabilities and issued equity instruments which have been given in exchange for the acquired net assets. At acquisitions (of subsidiaries that are consolidated) where the purchase price exceeds the net-value of identifiable acquired assets and assumed liabilities and contingent liabilities, the difference is recognized as goodwill.

When the difference is negative this is recognized in profit or loss. Financial reports for consolidated subsidiaries are included in the Group accounting as of the point when control is transferred to the group and up until the date where the control ceases to exist. Intra-group receivables and payables, revenue or expenses and unrealized profit or loss, which pertain to intra-group transactions between consolidated group companies are eliminated in the consolidation.

Foreign currencies transactions
Transactions in foreign currencies are translated into the respective functional currency of Group companies at the exchange rates at the dates of the transactions. Functional currency is the currency in the primary economic areas the companies has operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing at the date of recognition. Exchange rate differences are recognized in profit or loss within other operating income and expenses.

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

Revenue
Revenue are recognized when the goods have been transferred or the services rendered and control is passed, either over time or at a point in time. In STRAX's business, this is usually when the goods are delivered by a logistic company at customer's site and the customer confirms that he has taken possession and control over the goods, which results in issuing the invoice with the agreed payment terms (standard 30 days) , except the payment terms for online activities to end consumer

which are always upfront payments. However, all revenues categories are following the same revenue recognition principals. In the event the agreed payment terms have been extended with the customer the accounting follows the same principal. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to:

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

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

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

Finance Expenses

Finance expenses consists of interest expense from leasing and exchange rate differences. Interest expense from liabilities are calculated through the effective interest method. The effective interest is the interest rate at which the present value of estimated future cash flows during the expected fixed interest period is equal to the recognized value of the asset or liability.

Financial instruments

Recognition and derecognition of a balance sheet item

A financial asset or financial liability is recognized on the balance sheet when the company becomes a party according to the contractual agreements of the instrument. A receivable is recognized when the Group has performed and the other party has a contractual obligation to pay even if the invoice has not yet been sent. Accounts receivables are recognized when an invoice has been sent. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Liabilities are recognized when the other party has performed and the Group has a contractual agreement to pay, even if an invoice has not yet been received. Accounts payables are recognized when an invoice has been received. Liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Classification and Measurement

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss. Group reclassifies debt investments when and only when its business model for managing those assets changes

Financial assets are initially recognized at the instrument's fair value with the addition of transaction costs; apart from financial assets which are recognized at fair value through profit or loss where the transaction costs are expensed.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset.

Amortized cost:	Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Impairment losses are presented in profit and loss.
FVPL:	Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Disclosures on Fair Value (Hierarchy)
The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the recognized fair values can only be viewed as indicators of the prices that may actually be achieved on the market. When determining the fair value, it is important to maximize the use of current inputs observable in liquid markets for the financial instrument in question and minimize the use of other inputs (e.g., historical prices, prices for similar instruments, prices on illiquid markets). A three-level measurement hierarchy is defined for these purposes:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Accounts Receivables
Accounts receivables are outstanding amounts from sale of goods or services performed within the regular business activity. They are included in current assets if the due date occurs within twelve months of the reporting date. If the due date is after more than twelve months from the date of recognition, they are classified as non-current assets.

Accounts receivable are initially recognized at fair value and in the following reporting periods they are measured at amortized cost with the effective interest method, less any impairment.

Impairment of financial assets
The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 21 for further details.

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

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

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

Government grants
Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

These grants are given from governmental institution to cover the cost or to compensate less revenues due to governmental rulings like advised closing for retail stores and therefore the effect and impact on the business of enterprises.

In addition, governmental support has been granted in posting due taxes for a certain period. This applies especially for the due VAT and CIT which could be postponed by several month. There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Tangible fixed assets
Property, plant and equipment are recognized at cost less depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquisition. Costs for repairs and maintenance are expensed in profit or loss in the period in which they arise. In the event that an asset's carrying amount exceeds its estimated recoverable amount, the asset is written down to its recoverable

amount, which is charged to operating profit. In the income statement, operating profit is charged with straight-line depreciation, which is calculated on the original cost and is based on the estimated useful lives of the assets (two to five years).

Intangible assets

Goodwill

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

Software

Costs associated with maintaining software programmers are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the soft-ware are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Software are recognized at cost less accumulated amortization and any impairment. Amortization takes place according to the straight-line method based on the estimated useful life of the asset (three to six years).

Impairment

Goodwill and capitalized development costs not ready for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. When calculating the value in use, future cash flows are discounted with a discount factor taking the risk free rate and the risk related to the specific asset into account. For an asset which does not generate cash lows and are materially independent of other assets, the recoverable amount is calculated for the cash generation unit to which the asset pertains For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairments are reversed if there has been a change in the underlying assumptions in the calculation of the recoverable amount. An impairment is reversed only to the extent the asset's carrying amount after reversal does not exceed the value the asset would have had if an impairment had never been done. Impairment of goodwill is never reversed.

Inventories

The goods recognized as inventory are initially carried at cost. The carrying amount is determined either on the basis of an individual valuation of purchases from the perspective of the market or through the method of average cost. Compensation from suppliers that is classified as a decrease in the initial cost reduces the carrying amount of the inventories. At the end of the reporting period, inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated sales price in operations, deducted for estimated costs of completion and sales. The assumptions made to determine the estimated sales price is mainly based on the average days in stock as well as the consumption and follows the principle that the older stock is and the less consumption took and will take, place the more risk it includes. Risks related to average days in stock that exceed what is normal and/or reduced usefulness are reflected through impairment to net realizable value. If the reason for impairment to net realizable value no longer exists, a reversal is recognized. Since the inventories of STRAX do not meet the definition of a qualifying asset according to IAS 23 (Borrowing costs), directly related interest on borrowed capital for the inventories is not capitalized.

Leases

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

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

As lessee, STRAX now accounts for nearly all leases, recognizing right-of-use assets for leased assets and liabilities for lease agreements. Right-of-use assets are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. Lease liabilities, which are included under other non-current liabilities and other current liabilities, are measured at the present value of the remaining lease payments, taking into account the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The expected economic useful lives are as follows:

Right-of-use asset for buildings	1–10 years
Right-of-use asset for cars	2–3 years
Right-of-use asset for technical equipment	1– 5 years

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

Further following principles and practical expedients are considered:

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

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

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

– A number of leases, particularly for real estate, include extension and termination options. Extension and termination options are taken into account on recognition of the lease liability only if STRAX is reasonably certain that these options will be exercised in the future. When contract terms are being determined, consideration is given to all facts and circumstances that offer an economic incentive for exercising extension options or not exercising termination options. No extension or termination options have been includ-ed in the lease liability.

Changes in lease terms arising from the exercise of an extension option or non-exercise.

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

Employment benefits

Defined contribution plans

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

Provisions

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

Taxes

Income taxes consist of current taxes and deferred taxes. Income taxes are recognized in profit or loss, in other comprehensive income or directly in equity.

Current taxes are taxes payable or refundable related to the current year, through the application of the tax rates which are decided, or practically decided, at the balance sheet date. This includes adjustments of current taxes pertaining to previous periods. Deferred tax is based on temporary differences between recognized and taxable values of assets and liabilities. The measurement of deferred taxes is based on how the carrying amounts for assets or liabilities are expected to be realized or settled. Deferred taxes are calculated through the application of the tax rates which are decided, or practically decided, at the balance sheet date. Deferred taxes related to deductible temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that these can be utilized. The value of deferred tax assets is reduced when it is no longer probable that it can be utilized.

Contingent liabilities

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

Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing: the profit attributable to owners of the company, by the weighted average number of ordinary shares outstanding during the financial year

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
• the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The parent company's accounting principles

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

- Changed accounting policies
  Changes to accounting policies applied from 2019 did not have any effect on the Parent Company's financial statements. All leases are treated as operational lease.

- Classification and presentation form
  An income statement and statement of comprehensive income are presented for the Parent Company and the Group. The Parent Company's income statement and balance sheet are presented following the format stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in shareholders' equity and cash-flow statement are based on IAS 1 presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's income statement and the balance sheet compared with the presentation of the consolidated financial statements primarily pertain to the recognition of financial income and expenses, fixed assets, shareholders' equity and the existence of provisions as a separate heading in the balance sheet.

- Shares and participations
  In the Parent Company, shares and participations in subsidiaries and associated companies are recognized at acquisition cost with the fair value of the earlier holding in Strax at the time of acquisition constituting fair value in the part to which it relates. Contingent consideration is measured based on the probability of the consideration being paid. Any changes to the provisions/receivable are added to/deducted from the cost. In the consoli-dated financial statements, contingent considerations are measured at fair value with changes in value recognized in profit or loss.

Bargain purchases corresponding to future losses and costs are reversed during the expected periods in which the losses and costs arise. Bargain purchases arising for other reasons are recognized as a provision to the extent that the purchase does not exceed the fair value of the acquired, identifiable non-monetary assets. The portion that exceeds this fair value is recognized in profit or loss immediately. The portion that does not exceed the fair value of acquired, identifiable non-monetary assets is recognized in profit or loss systematically over a period calculated as the remaining weighted average useful life of the acquired identifiable assets that are depreciable. In the consolidated financial statements, bargain purchases are recognized directly in profit or loss.

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and the Managing Director on May 5, 2021.

2. RISK EXPOSURE AND RISK MANAGEMENT

Risk assessment, i.e. the identification and evaluation of the company's risks is an annual process at STRAX. Risk assessment is done in the form of self-evaluation and also includes establishing action plans to mitigate identified risks. The primary risks present in STRAX business activities are commercial risk, operative risk, financial risks relating to outstanding receivables, obsolete inventory and currency risk. Other risks that impact the company's financial operations are liquidity, interest rate and credit risk. The company is to some extent dependent on a key number of senior executives and other key personnel and consultants in order to run its operations, and is dependent on a functioning distribution chain, logistics and warehousing.

Control Activities

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

Competition

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

Higher barriers to entry

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

Manufacturers and suppliers

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

Partnerships and licensing

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

Intellectual property rights

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

Credit risk

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

Supply chain and inventory management

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

Internal restructuring

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

Customer relationships

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

Regulatory requirements

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

Key personnel, employees and consultants

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

Financing risk

The majority of the Group's financing is covenant-based, i.e. the loan agreement contains financial terms that STRAX has undertaken to honor as the borrower and contains either loans prior to 2020 and new loans. This means that the costs of existing loans may go up considerably in the event of deviations from the financial terms stipulated by the agreement, or, in the event of persistent or repeated deviations, that the agreement may be terminated or restricted with regard to its scope. The Group is dependent on existing loans and credit facilities continuing to exist in order to finance its operations. The Group has both a short-term and long-term liquidity plan in place to ensure its immediate and future solvency, although there is a risk that it will not be possible to obtain financing when needed, or that such financing can only be obtained at significantly elevated costs.

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

Credit risk is the risk that a business partner will not meet its obligations in the framework of a financial instrument or customer contract, leading to a financial loss. The maximum credit risk to which the STRAX Group is exposed is the total carrying amounts of accounts receivables as well as financial and other claims. Receivables are credit insured, the maximum exposure is related to coverage cap of 90% of the outstanding receivables. Credit limits are set for all customers based on internal risk classification criteria. Outstanding claims against customers are monitored on a regular basis.

Allowances are recognized based on experience pursuant to maturity ranges in order to reduce the credit risk. Allowances are made for accounts receivables following unsuccessful attempts to recover the amount due by a collection agency, following a declaration of personal bankruptcy, and when the statute of limitations is reached. Strax ERP system blocks sales and shipments in case of an event, whereby invoices are overdue or balances are exceeding the credit limit. The ERP information results into a limit request and/or a request of early payment to keep the balance within the granted credit limits. In addition, accounts receivables are also sold separately in accordance with factoring agreements. After the accounts receivables are sold, none of the opportunities and risks associated with them remain with the Group. Trade credit insurance contributes to risk minimization throughout the Group as at least 90% of the receivables generated are covered by credit insurance. For other Group financial assets, such as cash and cash equivalents, the maximum credit risk in the even the counterparty defaults are the carrying amount of the assets.

Currency risk

Currency risk refers to the risk that changes in exchange rates will adversely impact the Group's financial position. Currency risk can be broken down into transaction exposure and translation exposure. Transaction exposure arises as a result of companies within the Group effecting transactions in a currency other than the functional currency, for example by importing products for sale on the domestic market and/or by selling products in a foreign currency. The Company may be subject to adverse effects when translating net income and net assets in such foreign subsidiaries to the Group currency, EUR.

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

CAPITAL RISK MANAGEMENT

Capital Risk Management

The group's main objectives with respect to capital management are to maintain and ensure an optimal capital structure in order to reduce capital costs, to generate liquid assets, to actively manage net current assets, and to comply with financial covenants. In order to ensure that the equity ratio is in line with the required amount on the dates when it is reviewed for compliance. The established controls which are conducted by using Business Intelegent softwaretools in combination with monthly Interviews with releveant manager, contains detaild analytics of Assets and Liabiliteis, econimical changes, risks, opportunities as well as actual vs budget comparisons to identify potential exposures. These controls are intended to ensure that the working capital and thus the total assets of the Strax Group develop in line with objectives through both potential grooming transactions and better coordinated purchasing and sales. In view of the dynamic nature of the level of debt, the Strax

KEUR	12 31 2020	12 31 2019
Total Assets	**99 099**	**102 659**
Equity	18 171	20 100
Equity ratio	**18%**	**20%**

KEUR	12 31 2020	12 31 2019
Total Assets	**99 099**	**102 659**
Cash and cash equivalents	-7 379	-3 644
Passivated earn out obligations	-5 856	-6 207
Adjusted total assets	**85 864**	**92 808**
Equity	18 171	20 100
Equity ratio	**21%**	**22%**

Group expects that sufficient operating cash flow will be generated to meet all obligations arising from existing liabilities in a timely manner providing existing level of interest-bearing financing is maintained.

The Group manages its capital structure on the basis of the equity ratio and makes adjustments, if necessary, taking account of changes in economic conditions. The Group's strategy in 2021 is to maintain an equity ratio of at least 20%. At the end of fiscal 2020, the Group's equity ratio was 21%, compared to 22% the year before. The adjustments made to the total assets relate to the neutralization of specific earn out obligation out of the purchase of Racing Shield and Brandvault entites as well as the offsetting of cash and cash equivaliant against the long term liabilities in order to show a resolved equity ratio.

STRAX Board of Directors called for an EGM on December 28,2018 which resloved on a proposed distribution of SEK 1.10 per share, corresponding to MEUR 12.8 in total value with distribution to the shareholders completed on January 30,2019. This distribution effected the equity as well as the cash position and resulted in a MEUR 12,8 reduction in total assests.

In order to manage STRAX's capital properly, cash and cash equivalents amounting to 7 379 (3 644) are deducted from the financial liabilities and reduce the working capital lines, due to the operating asset. The liabilities from an earn-out obligation of 5 856 (6 207) are also eliminated from the balance sheet total. This results in an adjusted equity ratio of 21% (22%).

In July 2020 STRAX signed a senior secured loan facility in the amount of MEUR 30 with Proventus Capital Partners. The loan proceeds from Proventus were paid out in two tranches, a subordinated tranche of MEUR 6 in July 2020, to provide additional working capital until the full amount was paid out in October 2020. The loan from Proventus Capital Partners is for a term of five years and the full amount is denominated in EUR. The loan will carry a Euribor +7.5 percent interest rate, in line with current market pricing, as well as the average financing costs currently paid.

The loan is governed by covenants that are primarily profitability and cash flow based. Provided the covenants are fulfilled, the loan agreement allows yearly dividend of up to 50 percent of profits, allowing for expected future levels of dividends. If it fails to do so, Proventus may calculate penalties and/or terminate the existing finance.

The covenants involve two measurements:
- Leverage Ratio – Senior net debt/EBITDA
- DSCR - Cashflow Cover -

For the year 2020 and for the previous year, STRAX is in compliance with the agreed financial covenants according to the loan agreements.

Financial Risk Management

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

In order to reduce some of these risks the group used derivative financial instruments during the fiscal year. These primarily include interest rate hedges (interest rate swaps) and currency forwards. The purpose of these derivative financial instruments is to hedge interest rate and currency risk resulting from the Group`s business activities and sources of financing. None of the derivative financial instruments were as of December 31, 2020.

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

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

FOREIGN EXCHANGE RISK WITH SENSITIVITY ANALYSIS

Market Risk

Foreign Exchange Risk with Sensitivity Analysis
The group is internationally active and is therefore exposed to foreign exchange risk based on changes in the exchange rate for various foreign currencies, mainly the US dollar, British pound, Swedish kronor and Hong Kong dollar. The risks arising from US and Hong Kong dollars and Chinese Renminbi are the result of purchases in Asia.

Foreign exchange risks arise from expected future transactions and assets and liabilities recognized in the balance sheet. The company set up leads to to a natural currency hedge where various balance sheet position are accounted in various currencies. Partly purchases in foreign currencies are covered by sales in the same currency to there is only limited need for seperate currency hedges with in the year.

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

Effect of changes in currency rate: +10%												
(Currency relationship Euro / foreign currency after tax)												
	PROFIT (+) OR LOSS (-)						EQUITY					
KEUR	**SEK**	**USD**	**GBP**	**HKD**	**Other**	**Total**	**SEK**	**USD**	**GBP**	**HKD**	**Other**	**Total**
2020-12-31 before tax	59	- 21	55	42	93	**228**	59	- 21	55	42	93	228
2020-12-31 after tax	39	- 14	37	28	62	**152**	39	- 14	37	28	62	152
2019-12-31 before tax	- 267	797	- 476	- 181	- 123	**- 250**	- 267	797	- 476	- 181	- 123	- 250
2019-12-31 after tax	- 178	531	- 317	- 121	- 82	**- 167**	- 178	531	- 317	- 121	- 82	- 167

Effect of changes in currency rate: -10%												
(Currency relationship Euro / foreign currency after tax)												
	PROFIT (+) OR LOSS (-)						EQUITY					
KEUR	**SEK**	**USD**	**GBP**	**HKD**	**Other**	**Total**	**SEK**	**USD**	**GBP**	**HKD**	**Other**	**Total**
2020-12-31 before tax	- 72	25	- 67	- 52	- 111	**- 277**	- 72	25	- 67	- 52	- 111	- 277
2020-12-31 after tax	- 48	17	- 45	- 35	- 74	**- 185**	- 48	17	- 45	- 35	- 74	- 185
2019-12-31 before tax	267	- 797	476	181	123	**250**	267	- 797	476	181	123	250
2019-12-31 after tax	178	- 531	317	121	82	**167**	178	- 531	317	121	82	167

INTEREST RATE RISKS

The group currently only has an non-current money market loans with variable interest rates. There are interest rate risks if interest rates rise. The current loan is mainly related to non-recourse factoring.

Taking account of current developments results in the following sensitivity analysis. The contractual agreed interest rates are a combination of fixed rates as well as a variable market rate component which is negative in 2020. Strax use an Interest Derivate product the market offers to secure certain interest rates and minimize the risk exposure as soon as the negative market rate changes.

Rate increase

Effect at 1% interest

KEUR	Profit or loss	Equity
2020-12-31 before tax	300	300
2020-12-31 after tax	200	200
2019-12-31 before tax	200	200
2019-12-31 after tax	133	133

LIQUIDITY RISK MANAGEMENT: FINANCIAL LIABILITIES BY MATURITY

Liquidity Risk Management

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

The Group's aim is to maintain a balance between the continuous coverage of financing needs and ensuring flexibility through the utilization of current account overdraft facilities and loans. STRAX uses cash pooling techniques – in some cases, cross-border techniques – to manage the group's liquidity effectively.

The amount of other financial liabilities was mainly due to the earn out payment obligations.

The following maturity analysis table shows the Group's financial liabilities by maturity category, based on the residual term as of the balance sheet date. The overall short term liabilites amount to KEUR 26 889 while short term assets, taking into consideration account receivables, inventories and cash amount to KEUR 54 089.

Balance sheet item per 12 31 2020 (KEUR)	up to 1 year	1 to 5 years	Total
Interest-bearing liabilities	1 031	32 918	33 949
Other financial liabilities (1)	7 806	8 663	16 469
Accounts payable	15 802	-	15 802
Total	**24 639**	**41 581**	**66 220**

Financial liabilities per 12 31 2020 (KEUR)	up to 1 year	1 to 5 years	Total
Interest-bearing liabilities	1 031	32 918	33 949
Interest payments	2 250	8 625	10 875
Other financial liabilities (1)	7 806	8 663	16 469
Accounts payable	15 802	-	15 802
Total	**26 889**	**50 206**	**77 095**

Balance sheet item per 12 31 2019 (KEUR)	up to 1 year	1 to 5 years	Total
Interest-bearing liabilities	23 060	-	23 060
Other financial liabilities (1)	7 321	7 528	14 849
Accounts payable	41 909	8 792	50 701
Total	**72 290**	**16 320**	**88 610**

Financial liabilities per 12 31 2019 (KEUR)	up to 1 year	1 to 5 years	Total
Interest-bearing liabilities	23 060	-	23 060
Interest payments	838	-	838
Other financial liabilities (1)	7 321	7 528	14 849
Accounts payable	41 909	8 792	50 701
Total	**73 128**	**16 320**	**89 448**

(1) Includes Lease Liabilities amounting to 1 782 (2 117), of which 803 (797) are short-term and 979 (1 062) are 1-5 years. For further information see note 25.

3. GROUP COMPOSITION

Business combinations in the reporting period
The segment reporting or the scope of the consolidation has not changed due to acquisitons.

4. OPERATING SEGMENT 12 MONTHS, THE GROUP

	Distribution		Own brands		Other		Elimination		Total	
	Jan 1 – Dec 31		Jan 1 – Dec 31		Jan 1 – Dec 31		Jan 1 – Dec 31		Jan 1 – Dec 31	
KEUR	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales	71 332	74 407	40 458	39 237	-	-	-	-	111 790	113 644
Net Cost of goods sold	-55 638	-57 012	-27 634	-28 830	-	-	-	-	-83 272	-85 842
Gross Profit	**15 694**	**17 395**	**12 824**	**10 407**	**-**	-	-	-	**28 518**	**27 802**
Gross Margin	**22%**	**23%**	**32%**	**27%**	**-**	-	-	-	**26%**	**24%**
Selling expenses	-6 974	-9 221	-10 483	-7 059	- 360	- 215	-	-	-17 817	-16 495
Administrative expenses	-1 842	-3 001	-1 621	-1 598	- 462	- 591	-	-	-3 925	-5 190
Other operating expenes	-10 548	-12 166	-8 972	-3 782	-	-	7 400	7 648	-12 120	-8 300
Other operating income	8 521	12 071	10 997	3 907	-	-	-7 400	-7 649	12 118	8 329
Operating profit	**4 851**	**5 078**	**2 745**	**1 875**	**- 822**	**- 806**	-	-	**6 774**	**6 146**
Depreciations and amortizations	855	1 059	901	1 116	-	-	-	-	1 756	2 175
EBITDA	**5 706**	**6 137**	**3 646**	**2 991**	**- 822**	**- 806**	-	-	**8 530**	**8 321**
Depreciations and amortizations									-1 756	-2 175
Financial expenses									-5 931	-5 982
Profit or loss before tax									**843**	**164**
Taxes									- 174	-1 899
Profit or loss for the period									669	-1 735

Operating Segments
Developing and growing brands through an omnichannel approach, we operate two complementary businesses: Own brands – including Urbanista, Clckr, Richmond & Finch, Planet Buddies, xqisit, AVO+, and licensed brands such as adidas, bugatti, Diesel, Superdry and WeSC and Distribution (traditional retail, enterprises, and online marketplaces). In addition to own and licenced brands, STRAX distributes over 40 major mobile accessory brands and several Health & Wellness brands with an intial focus on personal protection equipment. We sell into all key sales channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers, large enterprises and direct to consumers online.

Segment Distribution
The segment STRAX Distribution consists of the business the STRAX group carries out as a distributor, primarily in Europe, but also in Asia and Middle East.

STRAX offers a value added full-service distribution of own, and licensed, brands as well as parnter brands including category and protfolio management and supply chain services. The segment also includes online dristribution through marketplaces.

Segment Own Brands
The segment Own Brands consists of the business carried out by the brand entities in the Group including licensed brands. The brands included in this segment are primarily Urbanista, Clckr, Richmond & Finch, Planet Buddies, xqisit and AVO+.

Segment Other
The segment other consists of costs that are not to be assigned to the segment Distribution or the segment Own Brands.

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

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

Net sales (KEUR)	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Western Europe		
Denmark	97	97
France	13 984	13 553
Germany	14 673	16 493
Netherlands	3 436	2 739
Switzerland	16 814	16 401
Austria	654	709
Norway	465	498
Poland	1 880	1 864
Sweden	9 125	10 676
UK	9 525	18 353
Spain	642	739
North America	21 022	11 292
Rest of the world	19 473	20 230
Total	**111 790**	**113 644**

Total non-current assets (KEUR)	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Western Europe		
Denmark	31	29
France	4 495	4 068
Germany	4 716	4 951
Netherlands	1 104	822
Switzerland	5 404	4 923
Austria	210	213
Norway	150	149
Poland	604	559
Sweden	2 933	3 205
UK	3 062	5 509
Spain	206	222
North America	6 757	3 389
Rest of the world	6 259	6 073
Total	**35 931**	**34 112**

Customers representing more than 10% of total sales:
No customer generated more than 10% of total sales during both 2019 and 2020.

5. NET SALES, THE GROUP

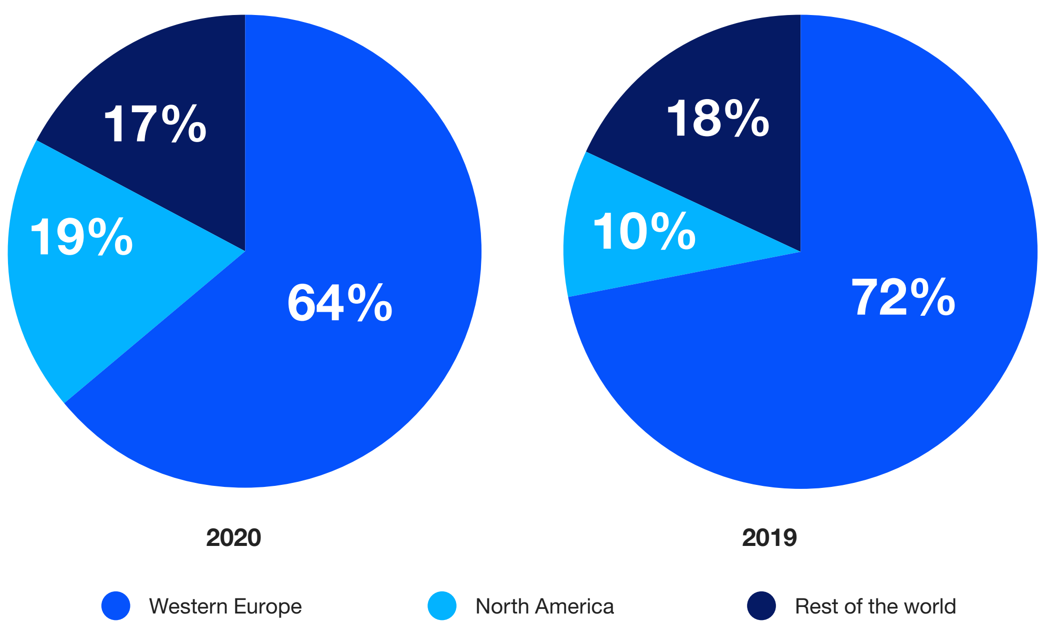
Net sales relates to sale of merchandise.

	01 01 2020 12 31 2020		01 01 2019 12 31 2019	
Revenues per segment	**Revenues**	**%**	**Revenues**	**%**
Distribution	71 332	64%	74 407	65,5%
Own Brands	40 458	36%	39 237	34,5%
Total	**111 790**	**100%**	**113 644**	**100%**

Net Sales	**01 01 2020 12 31 2020**	**%**	**01 01 2019 12 31 2019**	**%**
Product category	**111 790**	**100**	**113 644**	**100**
Accessories	60 583	54%	77 251	68%
Audio	25 843	23%	36 393	32%
Health and Wellness	25 365	23%	-	-

Sales by region	**01 01 2020 12 31 2020**	**01 01 2019 12 31 2019**
Western Europe	71 295	82 122
North America	21 022	11 292
Rest of the world	19 473	20 230
Total	**111 790**	**113 644**

Sales by region



6. COST OF GOOD SOLD, THE GROUP

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

7. SELLING EXPENSES, THE GROUP

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

8. ADMINISTRATIVE EXPENSES, THE GROUP

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

9. OTHER OPERATING EXPENSES, THE GROUP

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

	01 01 2020 12 31 2020	**01 01 2019 12 31 2019**
Losses from exchange rate differences	9 946	6 923
Other operating expenses	2 175	1 375
	12 121	**8 298**

10. EXPENSES BY FUNCTION AND NATURE, THE GROUP

	Cost of goods sold	**Selling expenses**	**Admin-istrative expenses**	**Other operating expenses**	**Total**
Employee expenses	2 527	10 720	1 869	8	15 124
Depreciation	623	902	92	139	1 756
Other external expenses	80 121	6 195	1 963	11 974	100 253
	83 271	**17 817**	**3 924**	**12 121**	**117 133**
thereof					
Goods purchase	*68 276*	-	-	-	*68 276*
Freight costs	*7 236*	-	-	-	*7 236*
Packaging	*453*	-	-	-	*453*
Marketing	-	*2 371*	*243*	-	*2 614*
Consulting fees	-	*1 555*	*756*	-	*2 311*
Rent	-	*627*	*209*	*135*	*971*
Legal and audit fees	-	-	*223*	-	*223*
Traveling costs	-	-	*78*	-	*78*
Losses exchange rate differences	-	-	-	*9 946*	*9 946*
Other	4 156	1 642	454	1 893	8 145
Total	**83 271**	**17 817**	**3 924**	**12 121**	**117 133**

11. OTHER OPERATING INCOME, THE GROUP

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

	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Gains from exchange rate differences	9 880	7 311
Other operating income	2 237	1 018
	12 117	**8 329**

Included in above: Other expenses	2020 realized through profit and loss	Total
Government Support - Covid-19	228	228

12. FINANCIAL EXPENSES, THE GROUP	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Interest expenses	-3 305	-3 205
Devaluation of shares in ZAGG Inc.	-2 451	-2 381
Bank fees	- 175	- 396
	-5 931	**-5 982**

Included in financial expenses are also changes of value relating to shares in ZAGG, with the evaluation effect shown in the net financial items of the operating result.

13. INCOME TAXES, THE GROUP

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

	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Current tax expense/ -income		
Current tax expense for the period	-1 934	-1 725
Current tax expense from previous periods	1 487	18
Total current tax expense/ -income	**- 447**	**-1 707**
Deferred tax expense/ -income		
Deferred tax income due to temporary difference	273	- 192
Total Deferred tax expense/ -income	**273**	**- 192**
Total income taxes	**- 174**	**-1 899**

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

The current tax income from previous years mainly relates to the release of tax accruals for tax audits related to 2013 that are no longer appropriate.

The corporate tax rate in Sweden in the 2020 assessment period was 21,4%, same than previous year. As a result, the group tax rate for 2020 was 21,4% (21,4%).

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

	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Income tax receivables (current)	1 058	1 374
Income tax receivables (non-current)	1 016	52
Income tax receivables	**2 074**	**1 426**
Income tax liabilities (current)	6 050	3 753
Income tax liabilities (non-current)	3	2 853
Income tax liabilities deferred taxes	1 350	629
Income tax liabilities	**7 403**	**7 235**

Non-current tax liabilites relates to a postponed income tax liability in Poland, which is due in more than one year.

Deferred taxes are calculated in line with the tax rate of each company they arise from in 2020 and 2019.

For tax losses carried forward in the amount of 22 378 (18 039) no deferred tax assets are accounted for due to uncertainty in the posibility of utilization.

	12 31 2020		12 31 2019	
Balance sheet items (KEUR)	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Inventories	-	175	-	169
Trade receivables	5	163	-	10
Other assets due to future deductable amounts	1 011	-	26	-
Other liabilities due to future taxable amounts	-	1 012	26	450
Deferred tax assets	**1 016**	**1 350**	**52**	**629**
Thereof non-current	*1 016*	*1 350*	*52*	*629*

13. INCOME TAXES, THE GROUP (CONTINUATION)

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

Deferred tax assets	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Deferred tax at the beginning of period	**52**	**62**
Recognized in the income statement	506	- 172
Recognized in the OCI due to translation reserves	510	162
Deferred tax at the end of period	**1 016**	**52**

Deferred tax liabilities	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Deferred tax at the beginning of period	**629**	**1 149**
Recognized in the income statement	233	20
Recognized in the OCI due to translation reserves	488	- 540
Deferred tax at the end of period	**1 350**	**629**

Total recognized in the income statement	**273**	**- 192**

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

Tax reconciliation (KEUR)	2020	2019
Profit before tax	**843**	**164**
Expected tax rate	**21,4%**	**21,4%**
Expected tax expenses 2020: 21,4% (2019: 22%)	193	35
Adjustmet of taxes to different foreign tax rate	- 229	- 496
Tax effects from non taxable income	- 230	- 225
Tax effects from taxable not deductable expenses	275	138
Tax expense and refunds related to prior years	-1 462	147
Losses of current year not recognized as an deferred tax asset	3 088	2 477
Utilisation of taxable losses from prior years not recognized as an deferred tax asset	-1 251	-
Tax effects due to changes in tax rate of already recorded tax assets	-	7
Other tax effects	- 210	- 186
Tax expense	**174**	**1 897**
Effective tax rate	**21%**	**1157%**

On the German sub-group level a tax audit (Betriebsprüfung) commenced in the beginning of April 2018. The tax years to be audited cover the FY 2013 in which a debt for equity swap took place at the level of Strax Holding GmbH. Whilst the management of this subsidiary discussed the debt for equity swap in the final meeting of the previous tax field audit, the tax filing position taken with respect to the debt for equity swap has not yet been subject to audit. STRAX management appreciate that the tax treatment of the debt for equity swap involves a level of expertise and have therefore involved a third party legal advisor to assess the issue. The legal advisors supported the management assessment. However, there is a risk that the tax authorities disagree with the tax filing position taken by the subsidiary which would imply an increase of the tax base in Germany to an amount of MEUR 11 with a tax effect of approximately MEUR 3.6 (assuming a tax rate for corporate income tax and trade tax of 33%). The equity value of the debt for equity swap amounted to MEUR 11, expensed in full. Taking the above mentioned into account, STRAX management decided to not account a deferred tax asset on the taxable losses inccured in 2020 in the Strax Holding GmbH entity. Therefore the taxable loss of Strax Holding GmbH (MEUR 4.4) has not been taken into a defered tax asset of MEUR 1.4 but is shown in the losses that have not been realized as deferred tax asset.

14. EMPLOYEES AND PERSONNEL COSTS, THE GROUP

Average number of employees and gender distribution:
The average number of employees during the year amounted to 224 (198) of which 116 (111) men and 108 (87) women.

Geographical distribution:	**2020**	**2019**
Western Europe	190	172
USA	13	7
Rest of the world	21	19
Total	**224**	**198**

Geographical gender distribution 2020	**Female**	**Male**
Western Europe	93	94
USA	4	9
Rest of the world	11	10
	108	**116**

Gender distribution in the Board of Directors and senior management:
The Board of Directors and other senior management consisted of six (six) men and one woman (one).

	01 01 2020 12 31 2020	**01 01 2019 12 31 2019**
Salaries, other remunerations and social security expenses (KEUR):		
Salaries and other remuneration:		
The Board of Directors and CEO	591	628
Other Senior management	231	257
Other employees	14 302	11 736
Total salaries and other remuneration	**15 124**	**12 621**
Social security expenses:		
The Board of Directors and CEO	41	59
(of which pension costs)	(8)	(11)
Other Senior management	161	142
(of which pension costs)	(46)	(46)
Other employees	2 136	2 007
Total social costs	**2 238**	**2 208**
Total salaries, other remuneration and social costs	**17 462**	**14 829**

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

Remuneration to the Board of Directors
According to the decision at the AGM 2020, the Directors' remuneration amounts to a total of KEUR 52 (KEUR 55). The Board remuneration covers the period from the date the Director is elected at the Annual General Meeting until the next AGM. The two directors who are independent in relation to major shareholders are entitled to receive KEUR 15 each while the Chairman of the board is entitled to receive KEUR 22.

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

Current guidelines for remuneration to senior management
The Annual General Meeting on May 26, 2020, resolved to approve the Board of Directors' proposal regarding guidelines for remuneration of the Management as set forth below. The proposal substantially complies with earlier applied guidelines for remuneration of the Management of the Company. The Board of Directors as a whole serves as a remuneration committee in relation to matters regarding remuneration and other terms of employment for the Management of the Company.

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

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

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

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

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

Specification of remuneration and other benefits to the CEO and board members:

Person/function	**Remuneration 2020**	**Remuneration 2019**
Gudmundur Palmason		
CEO		
Salary	281	273
Pension	8	8
	289	282
Ingvi T. Tomasson		
Executive board member		
Salary	302	299
	302	299
Non executive board members:		
Bertil Villard	22	23
Anders Lönnqvist	15	16
Pia Anderberg	15	16
	52	55

Salary and other benefits to the CEO
The principles for the variable remuneration for the financial year 2020 were decided by the Annual General Meeting 2020. The employment contract is subject to 24 months' notice by either party and contains no provision regarding lowered retirement age.

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

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

Severance pay
There are no agreements including severance pay.

15. REMUNERATION TO AUDITORS, THE GROUP

PricewaterhouseCoopers, KEUR	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Audit	236	236
Tax consultancy	4	-
Total remuneration to auditors	**240**	**236**

KPMG, TEUR	01 01 2020 31 12 2020	01 01 2019 31 12 2019
Audit	16	-
Total remuneration to auditors	**16**	**-**
Total remuneration to all auditors	**256**	**236**

Of fees for audit engagements 168 (126) pertains to PwC Sweden (Group Auditors), no part of tax assignments relate to PwC Sweden.

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

16. GOODWILL, THE GROUP

	12 31 2020	12 31 2019
Balance as of January 1	**32 721**	**25 447**
Additions	-	7 274
Balance as of December 31	**32 721**	**32 721**
Accumulated depreciation		
Balance as of January 1	**-4 545**	**-4 545**
Balance as of December 31	**-4 545**	**-4 545**
Net book value as of December 31	**28 176**	**28 176**

Goodwill by segmentation (KEUR)		
Distribution	12 084	12 084
Own Brands	16 092	16 092
Total	**28 176**	**28 176**

Goodwill per segment 2019	Distribution	Own Brands	12 31 2019
Protection	9 727	13 240	22 967
Power	1 167	-	1 167
Audio	1 030	2 852	3 882
Conncected devices	160	-	160
Total	**12 084**	**16 092**	**28 176**

The STRAX Board of Directors has resolved to split the group's business into two parts – Own Brands and Distribution. Both businesses remain wholly owned by STRAX.

The split of the business into Own Brands and Distribution, is key from an operational point of view enabling increased transparency of each business as well as provide improved visualization of values and performance within the STRAX Group.

For the Group, the most significant estimates and assumptions are those relating to impairment testing of goodwill. This means that the effect on the financial reports may be considerable if the estimates and assessments made would prove to deviate significantly from the actual outcome. In connection with impairment testing of goodwill the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the higher of an asset's net realizable value and its value in use. Normally, it is not possible to determine the net realizable value. Therefore, the value in use is normally the value being compared with the carrying amount. Thus, each cash generating unit's value in use is calculated in assessing any impairment of goodwill. Calculations are

16. GOODWILL, THE GROUP (FORTS.)

performed through discounting future estimated cash flows. In order to perform the calculations a number of assumptions concerning future circumstances and estimates of parameters are made, for example growth and discount rate. Any adjustments of the assumptions made could have an effect on the carrying amount of the goodwill. Assuming a lower growth rate would lead to a lower recoverable amount. A higher discount rate would also lead to a lower recoverable amount.

Based on the provisions of IFRS 3 in conjunction with IAS 36, an impairment test of goodwill is conducted annually. This requires an estimate of the value in use of the cash generating units to which the goodwill is allocated. In order to estimate the value in use the Group must estimate the likely future cash flows of the cash generating units and select an appropriate discount rate to determine the present value of these cash flows. The discount rate before tax applied to the cash flow projection is at 19.73 % (15.27%). The discount rate applies for all segements.

The long-term growth rate used to extrapolate the cash flow projection beyond the period covered by the most recent budget/forecasts is at 2% (2%). The period over which management has projected cash flows based on financial budget/forecasts is at 5 years. The values assigned to each key assumption basically reflect past experience, in addition, the positive growth for mobile accessories branch were respected referred to future prospects of ABI research. The parameters described above apply uniformly to all cash-generating units. The applied WACC and future growth rate have been judged to be the same for all segments.

The required annual review was conducted on December 31, 2020, and confirmed the recoverability of the capitalized goodwill. In relation to the executed sensitivity test based on reduced future cash flows, an increase of the market risk rate discount rate to 25% each and reducing the growth rate of the terminal value down to 0% the recoverability of the capitalized goodwill was confirmed. By using the market risk rate and growth rate of the terminal value used in the annual review, the recoverability of the cash generating units was confirmed even if the cash flow in the forecasted period is 73% (34%).

Therefore the internal reporting structure moved from the previous goodwill reporting structure to the new goodwill reporting in the same way like the segment reporting was changed. As a result the CGU's identified and used for the goodwill testing are the same like the segments in the segment reporting. This reflects the smallest possible cash generating unit identified. All existing goodwill is allocated to CGU/segement Distribution and Own Brands, non goodwill has been assigned to Others, containing the administrative Holding companies only. The CGU Distribution contains the sales entities that are retailer selling both to B2B customer own brands and 3rd parties brands. CGU Own Brands includes the Strax fully owned Brands entities, selling only owned and licensed brands. See note 4.

Right of use assets	**12 31 2020**	**12 31 2019**
Acquisition cost		
Balance as of January 1	**2 909**	**2 833**
Additions	-	79
Disposals	-	- 3
Balance as of December 31	2 909	2 909
Accumulated depreciation		
Balance as of January 1	**- 849**	**-**
Additions	- 366	- 849
Balance as of December 31	-1 215	- 849
Carrying amount as of December 31	**1 694**	**2 060**

The carrying amount of the right of use assets breaks down as follows:		
Real estate	1 418	1 732
Technical equipment	79	119
Cars	197	209
Total	**1 694**	**2 060**

17. OTHER INTANGIBLE ASSETS, THE GROUP

	12 31 2020	12 31 2019
Software		
Acquisition cost Balance as of January 1	**5 515**	**3 795**
Currency translation differences	- 57	-
Additions	908	1 763
Disposals	-	- 43
Balance as of December 31	**6 366**	**5 515**
Accumulated depreciation		
Balance as of January 1	**-3 656**	**-2 893**
Depreciation	- 383	- 763
Balance as of December 31	**-4 039**	**-3 656**
Carrying value as of December 31	**2 327**	**1 859**

18. TANGIBLE FIXED ASSETS, THE GROUP

	12 31 2020	12 31 2019
Tangible assets		
Acquisition cost Balance as of January 1	**4 235**	**3 720**
Currency translation differences	- 17	8
Additions	547	536
Disposals	- 46	- 29
Balance as of December 31	**4 719**	**4 235**
Accumulated depreciation		
Balance as of January 1	**-3 148**	**-2 584**
Additions	- 544	- 566
Disposals	36	2
Balance as of December 31	**-3 656**	**-3 148**
Carrying amount as of December 31	**1 063**	**1 087**

19. OTHER ASSETS, THE GROUP

	12 31 2020	< 1 year	> 1 year	12 31 2019	< 1 year	> 1 year
Receivables to vendors	607	607	-	266	266	-
Receivables resulting from reserves - factoring	231	-	231	2 094	2 094	-
ZAGG Inc shares	2 168	2 168	-	4 600	4 600	-
Prepayment to vendors	684	392	292	8	8	-
Other receivables	1 094	320	774	1 716	607	-
Miscellaneous other financial assets	1 964	1 606	358	632	632	-
Other financial assets	**6 749**	**5 093**	**1 655**	**9 316**	**9 316**	**-**
Prepaid expenses and deferred charges	997	997	-	1 304	1 304	-
Reimbursements other tax refunds	1 835	1 835	-	7 102	7 102	-
Miscellaneous other assets	95	95	-	3 280	2 410	879
Other assets	**2 928**	**2 928**	**-**	**11 686**	**10 807**	**879**
Total other assets	**9 676**	**8 021**	**1 655**	**21 002**	**20 123**	**879**
of which non-current	1 655			879		
of which current	8 021			20 123		

In 2019 other receivables includes a cash portion of the retained purchase price emanating from the sale of Gear4.

20. INVENTORIES, THE GROUP

	12 31 2020	12 31 2019
Raw materials	909	995
Packaging	40	40
Finished goods and merchandise	26 611	16 395
Total	**27 560**	**17 430**

The cost of inventories recognized as expense and included in Cost of goods sold amounted to MEUR 68 (61) for the Group. Write-downs due to obsolescence amounted to MEUR 2.9 (1.5) and reversals of previous write-downs, due to inventories either scrapped or sold, amounted to MEUR 0.2 (0.1) for the Group. The amounts have been included in the item Cost of goods sold in the income statement.

21. ACCOUNTS RECEIVABLES, THE GROUP

	12 31 2020	12 31 2019
Balance of provision for impairment as of January 1	**307**	**58**
Allocation	70	437
Utilization/ Reversal	- 279	- 188
Balance as of December 31	**98**	**307**

Total accounts receivables		
Of which neither overdue nor impaired	11 764	22 896
Overdue	7 484	3 387
Impairment	- 98	- 307
Overdue not impaired	**7 386**	**3 080**
Up to 30 days	2 547	1 781
30–60 days	298	1 039
> 60 days	4 541	260

In some regions such as the Middle East and Asia, some customers have not paid on the terms on original invoices and in some cases pay on extended payment terms. In general the Groups accounts receivable is protected with credit insurances and STRAX have seen low default rates.

22. CASH FLOW AND CASH EQUIVALENTS, THE GROUP

Cash and cash equivalents includes cash and current account balances.

Adjustments for items not included in cash flow from operations or not affecting cash flow	12 31 2020	31 12 2019
Depreciation and amortization	1 756	2 175
Paid interest expense on financing activities	3 480	3 709
Devaluation Zagg shares	2 451	2 381
Other	-	80
	7 687	**8 345**

For acquired assets and liabilities reference is made to Note 16, Goodwill. Information regarding financial liabilities reference is made to Note 26, Financial assets and liabilities by valuation category, the Group.

23. EQUITY/ SHARE CAPITAL, THE GROUP

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

Share capital
The group's share capital consists of the parent company's share capital, share capital in subsidiaries have been eliminated in the group accounts. The share capital amounts to EUR 12 624 164.563374, distributed over 120 592 332 shares. The quota value amounts to EUR 0.10. All shares have the same right to the net assets, and every share has one vote at a general meeting with the shareholders. All shares are fully paid.

Other contributed capital
Other contributed capital is capital paid in by the shareholders.

Translation reserves
The translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign subsidiaries.

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

Dividend
The Board of Directors propose that no dividend be paid out for the financial year 2020.

Authorization for the Board of Directors to resolve upon a warrant program
The Annual General Meeting held on May 26, 2020 resolved, in accordance with the Board of Directors' proposal, to adopt a warrant program and to issue warrants. The warrant program comprises in total a maximum of approximately 26 individuals and not more than 4,095,000 warrants may be issued within the framework of the program. Each warrant entitles the holder to subscribe for one share in STRAX during the period 1 July 2023 up to and including 30 September 2023 at a subscription price corresponding to 130 per cent of the volume- weighted average price of the Strax share on Nasdaq Stockholm during the period 10 trading days calculated from and including the day after the Annual General Meeting 2020. If all the 4,095,000 warrants are exercised, the warrant program entails a full dilution corresponding to approximately 3.3 per cent of the shares and votes in STRAX.

Authorization for the Board of Directors to resolve upon a new share issues
The Annual General Meeting held on May 26, 2020 resolved to authorize the Board of Directors to resolve upon new share issues.

Authorization for the Board of Directors to resolve upon repurchase and transfer of own shares
The Annual General Meeting held on May 26, 2002 resolved to authorize the Board of Directors to resolve on the repurchase and transfer of the company's own shares. The mandate has not yet been utilized to-date.

	12 31 2020	**12 31 2019**
At the beginning of the period	120 592 332	120 592 332
Number of registered shares at the end of the period	**120 592 332**	**120 592 332**
Number of shares at the end of the period	*120 592 332*	*120 592 332*
Average number of shares during the period	*120 592 332*	*120 592 332*
Warrant program / granted options	4 095 000	4 095 000
Average number of shares at the end of the period after dilution	*124 687 332*	*124 687 332*

STRAX has only one class of shares and all shares are fully paid for. All shares carry an equal right to a share in the company's assets and profits, and each share carries one vote at shareholder meetings. Total share capital amounts to EUR 12 624 164.563374 and the quota value is EUR 0.10.

24. PROVISIONS, THE GROUP

Balance as of January 1, 2019	**1 742**
Thereof current	1 742
Allocation	1 563
Reversal	- 37
Utilization	-1 705
Balance as of December 31, 2019	**1 563**
Balance as of January 1, 2020	**1 563**
Thereof current	1 563
Allocation	654
Reversal	- 938
Utilization	- 625
Balance as of December 31, 2020	**654**
Thereof current	654

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

Returns are possible in the contractual agreed terms within a specific period and if the goods returned are in re-saleable condition.

25. LEASES, THE GROUP

Leases in which STRAX is a lessee mainly relate to real estate technical equipment and transportation.

The depreciation and the interest expense recognised relating to leases amounted to KEUR 802 (849) respectively KEUR 110 (105) for the financial year 2020. STRAX presents the interest component of lease payments in cash flows from operating activities and the repayment portion in cash flows from financing activities. Lease payments under short-term agreements, agreements with low-value assets or variable payments are presented in cash flows from operating activities.

Total cash flow effect due to leases in 2020 amounted to 2 481 (2 014).

Lease liabilities

Lease liabilities break down as follows:

	12 31 2020	**12 31 2019**
Gross lease liabilities		
Up to 1 year	867	862
1-3 years	813	786
3-5 years	187	303
More than 5 years	35	269
Gross lease liabilities	1 902	2 220
Current value of the lease	**1 792**	**2 117**

Lease liabilities are specified as follows:

	12 31 2020	**12 31 2019**
Real estate	1 418	1 732
Technical equipment	79	119
Cars	197	209
Total	**1 694**	**2 060**

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

Financial assets	**12 31 2020**	**12 31 2019**
Other non-current financial assets	1 655	-
Accounts receivable	19 150	25 976
Other current financial assets	5 094	8 207
Cash and bank balances	7 379	3 644
	33 278	**37 827**

Financial liabilities		
Other non-current financial liabilities	8 663	7 528
Non-current interest bearing liabilities	32 918	-
Current interest bearing liabilities	1 031	23 060
Accounts payable	15 802	22 100
Other current financial liabilities	7 806	7 321
	66 220	**60 009**

The reported value of financial assets and liabilities is deemed to correspond to their fair value.

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

	31 12 2020			**31 12 2019**		
	Total	**< 1 year**	**> 1 year**	**Total**	**< 1 year**	**> 1 year**
Prepayments and customer credits	3 284	3 284	-	2 544	2 544	-
Accrued customer bonus	2 893	2 893	-	1 887	1 887	-
Finetrading	825	825	-	2 093	2 093	-
Earn out Richmond & Finch	3 650	-	3 650	4 179	-	4 179
Earn out Brandvault	2 029	-	2 029	2 029	-	2 029
Lease Liabilities	1 782	803	979	2 117	797	1 320
Miscellaneous other financial liabilities	2 006	1	2 005	400	400	-
Other financial liabilities	**16 469**	**7 806**	**8 663**	**15 249**	**7 721**	**7 528**
Liabilities employees	360	360	-	1 152	1 152	-
Other tax liabilities	3 874	3 874	-	7 603	7 603	-
Miscellaneous other liabilities	2 417	2 417	-	4 597	3 333	1 264
Other liabilities	**6 651**	**6 651**	**-**	**13 352**	**12 088**	**1 264**
Total other liabilities	**23 120**	**14 457**	**8 663**	**28 601**	**19 809**	**8 792**
of which non-current	8 663			8 792		
of which current	14 457			19 809		

Included in above:	2020 accounted	
Other liabilites	as liability	Total
Government support loans	1 808	1 808

Financial liabilities

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

	12 31 2020	12 31 2019
Overdraft facility (utilized)	-	15 188
Bank Loans	34 000	5 968
Others	- 51	1 904
Total	**33 949**	**23 060**

The carrying amount is fair value.

The weighted interest rate is based on the following overview:

	12 31 2020	12 31 2019
Overdraft facility (utilized)	-	3.2%
Bank Loans	7.50%	4.31%

In July 2020, STRAX signed a senior secured loan facility in the amount of MEUR 30 with Proventus Capital Partners to provide additional working capital and the existing interest-bearing liabilities were therefore refinanced in October 2020. The loan from Proventus Capital Partners is for a term of five years and the full amount is denominated in EUR. The loan will carry a Euribor +7.5 percent interest rate, in line with current market pricing, as well as the average financing costs currently paid. The loan is governed by covenants that are primarily profitability and cash flow based. Provided the covenants are fulfilled, the loan agreement allows yearly dividend of up to 50 percent of profits, allowing for expected future levels of dividends.

STRAX also secured a MUSD 20 dedicated financing to capture the full potential for growth within the Health and Wellness category, as a third tranche under the existing loan agreement with Proventus Capital Partners, (Tranche C).

As of December 31, 2020 the facilities amount to a total of KEUR 34 000

PROVENTUS CAPITAL PARTNERS	(SFA)	Years
Tranche A	6 000	5
Tranche B	24 000	5
Tranche C	4 000	5
	34 000	

The previous finance structure, beginning in October 2017, was primarily financed through interest bearing financing provided by a German bank consortium comprising of four banks. The contract expired in October 2020. The senior facility agreement (SFA) had been repaid linear on the duration of the contracts of the respective banks. As of the reporting date 2019, the SFA comprised four facilities (A, B, C & D) for a total of 15 000 minus repayments. As part of the loan, STRAX Group received a working capital line of 15 000 in addition to the loan.

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

Changes in liabilities from financing activities (IAS 7)
The following reconciliation presents cash changes in liabilities from financing activities and are disclosed from the opening balance on the statement of financial position to the closing balance on the same statement:

	01 01 2020	Amortization during the period	Loan Admission	Paid interest	12 31 2020
Liabilities against credit institutions (current)	18 672	-18 672	-	-	-
Liabilities against credit institutions (non-current)	367	-1 433	34 000	-1 798	31 136
Lease Liabilities	2 117	- 335	-	-	1 782
Short-term liabilities factoring	1 904	- 873	-	-	1 031
Total	**23 060**	**-21 313**	**34 000**	**-1 798**	**33 949**

	01 01 2019	Amortization during the period	Loan Admission	Paid interest	12 31 2019
Liabilities against credit institutions (current)	17 334	-1 215	2 553	-	18 672
Liabilities against credit institutions (non-current)	8 403	-8 036	-	-	367
Lease Liabilities IFRS 16	-	- 368	2 485	-	2 117
1st time adoption IFRS 16 lease liabilities	2 485		-2 485	-	-
Short-term liabilities factoring	834	-	1 070	-	1 904
Total	**29 056**	**-9 619**	**3 623**	**-**	**23 060**

Interest expenses	**2020**	**2019**
Interest paid during the period	3 195	3 709
Reversal of interrest acruals due to early repayments	-	- 609
Interest non cash from Lease Liabilities (IFRS 16)	110	105
Total	**3 305**	**3 205**

The table below shows the classification and measurement of financial assets and liabilities held by STRAX in relation according to IFRS 9.

	Measurement category and carrying amount pursuant to IFRS 9 12.31.2020	
Financial Assets (KEUR)	**At fair value through profit or loss**	**Amortized cost**
Cash and cash equivalents	-	7 379
Accounts receivables	-	19 150
Other short term financial assets [1)]	2 168	2 926
Other long term financial assets	-	1 655
Financial Liabilities (KEUR)	**2 168**	**31 110**
Accounts payables	-	15 802
Short term interest-bearing liabilities	-	1 031
Long term interest-bearing liabilities	-	32 918
Other short term financial liabilities [2)]	5 679	7 806
Total financial liabilities	**5 679**	**57 557**

[(1)] The total sales proceeds emanating from the sale of Gear4 amounted to MEUR 33.7. An amount of MEUR 7.2 is held back as collateral for seller guarantees, whereof the contract states that MEUR 5.7 will be settled through payment of shares in ZAGG Inc. This receivables as part of the purchase price will be settled in shares been valued at fair value through profit and loss on the share price of the ZAGG share per the balance sheet date (fair value hierarchy level 1). A guarantee amount of KEUR 1 500 was paid in 2020.

[(2)] Calculated expected purchase price relating to the acquisition of Brandvault amounts to MEUR 2.0 and Racing Shield MEUR 3.65 and is valued at fair value (fair value hierarchy level 3).

	Measurement category and carrying amount pursuant to IFRS 9 12.31.2019	
Financial Assets (KEUR)	**At fair value through profit or loss**	**Amortized cost**
Cash and cash equivalents	-	3 644
Accounts receivables	-	25 976
Other short term financial assets [1)]	5 672	2 535
Other long term financial assets	-	-
Financial Liabilities (KEUR)	**5 672**	**32 155**
Accounts payables	-	22 100
Short term borrowings	-	23 060
Other short term financial liabilities [2)]	6 207	1 321
Total financial liabilities	**6 207**	**46 481**

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

[(2)] Calculated expected purchase price relating to the acquisition of Brandvault amounts to MEUR 2.0 and Racing Shield MEUR 4.2 and is valued at fair value (fair value hierarchy level 3).

The listed market price used for calculating the Group's financial assets is the actual share price (fair value hierarchy level 1).

27. EMPLOYEES, THE PARENT COMPANY

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

Gender distribution in the Board of Directors and management:
The Board of Directors and management consisted of six men (six) and one woman (one).

Salaries, other remunerations and social security expenses:	**01 01 2020 12 31 2020**	**01 01 2019 12 31 2019**
Salaries and other remunerations:		
Board of Directors and Managing Director	52	55
Other Senior management	301	257
Total salaries and other remuneration	**353**	**312**
Social security expenses:		
Board of Directors and Managing Director	11	11
(of which pension costs)	-	-
Other senior management	161	142
(of which pension costs)	46	46
Total social costs	**172**	**153**
Total salaries, other remunerations and social security expenses	**525**	**465**

All salaries and other remunerations relate to personnel in Sweden.

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

	01 01 2020 12 31 2020	**01 01 2019 12 31 2019**
Board members:		
Bertil Villard	22	23
Anders Lönnqvist	15	16
Pia Anderberg	15	16
	52	**55**

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

28. REMUNERATION TO AUDITORS, THE PARENT COMPANY

	01 01 2020 12 31 2020	**01 01 2019 12 31 2019**
Audit PricewaterhouseCoopers AB	155	127
Other assignments	-	-
Total remuneration to auditors	**155**	**127**

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

All remuneration paid in 2020 was to PricewaterhouseCoopers AB.

29. DEPRECIATION OF TANGIBLE FIXED ASSETS, THE PARENT COMPANY

	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Depreciation according to plan by type of asset:		
Equipment	3	1
Total depreciation	**3**	**1**

The total depreciation relates to administration.

30. NET FINANCIAL ITEMS, THE PARENT COMPANY

	01 01 2020 12 31 2020	01 01 2019 12 31 2019
Financial expenses:		
Other interest expense	-60	-17
Total	**- 60**	**- 17**

31. EQUIPMENT, THE PARENT COMPANY

	12 31 2020	12 31 2019
Accumulated acquisition value:		
At the beginning of the year	175	167
Acquisitions	1	8
At the end of the year	**176**	**175**
Accumulated depreciation:		
At the beginning of the year	- 41	-37
Depreciation	- 3	- 4
At the end of the year	- 44	- 41
Carrying value at the end of the year	**132**	**134**

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

	12 31 2020	12 31 2019
Carrying value at the end of the year	**75 693**	**75 693**

Specification of shares and participations held in group companies:

Name	Corporate Identity No.	Reg. Office	Ownership[1]	Value
Novestra Financial Services AB	556680-2798	Stockholm	100%	10
Strax Holding GmbH	HRB 10855	Troisdorf	100%	75 683
Carrying value at the end of the year				**75 693**

[1] Share of capital and votes.

Shares in subsidiaries under STRAX AB:

Subsidaries included in the consolidated financial statements		**Currency**	**Equity interest in % 12 31 2020**	**12 31 2019**	**12 31 2020**	**12 31 2019**
Strax Holding GmbH	Troisdorf (Germany)	EUR	100%	100%	F	F
Strax GmbH	Troisdorf (Germany)	EUR	100%	100%	F	F
Strax Germany GmbH	Troisdorf (Germany)	EUR	100%	100%	F	F
Mobile Accessory Deals GmbH	Troisdorf (Germany)	EUR	100%	100%	F	F
BPM.Brands.Products.Marketing GmbH	Troisdorf (Germany)	EUR	100%	100%	F	F
Strax UK Ltd	St. Albans (England)	GBP	100%	100%	F	F
Sowntone Ltd	Essex (England)	GBP	100%	100%	F	F
Mobile Accessory Club Ltd	Essex (England)	GBP	100%	100%	F	F
more… International Ltd	St. Albans (England)	GBP	100%	100%	F	F
Strax France sarl	Jouy en Josas (France)	EUR	100%	100%	F	F
Telecom Lifestyle Fashion B.V.	Tilburg (Netherland)	EUR	100%	100%	F	F
Strax Norway S.A.	Sandefjord (Norway)	NOK	100%	100%	F	F
Strax Sp. z o.o	Warschau (Poland)	PLN	100%	100%	F	F
Strax Global mobile solution AB	Karlstad (Sweden)	SEK	100%	100%	F	F
Strax Nordic AB	Stockholm (Sweden)	SEK	100%	100%	F	F
Urbanista AB	Stockholm (Sweden)	SEK	100%	100%	F	F
Strax Swiss Logistics GmbH	Kloten (Switzerland)	CHF	100%	100%	F	F
more… accesorios Espana S.L.	Madrid (Spain)	EUR	100%	100%	F	F
Strax Americas Inc	Miami (USA)	USD	100%	100%	F	F
TLF Shenzhen Ltd	Shenzen City (China)	CNY	100%	100%	F	F
TLF Hong Kong Ltd	Hong Kong (China)	CNY	100%	100%	F	F
Strax Global Services Ltd	Hong Kong (China)	CNY	100%	100%	F	F
Strax Asia Ltd	Kowloon (China)	HKD	100%	100%	F	F
Strax Shenzhen	Shenzen City (China)	CNY	100%	100%	F	F
Brandvault Global Services Ltd	Berkshire (England)	GBP	100%	100%	F	F
Racing Shield AB	Uppsala (Sweden)	SEK	100%	100%	F	F
Racing Shield Hong Kong Ltd	Hong Kong (China)	CNY	100%	100%	F	F
Schenzen Richmond & Finch Shenzen Ltd	Shenzen City (China)	CNY	100%	100%	F	F

F = Full consolidation

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

Audit exemption for subsidiary in the United Kingdom

Strax AB provided a guarantee to its subsidiary Strax UK Ltd., incorporated in England, under the registration number 03827953, in order to claim exemption from audit with respect to fiscal year 2020, under Section 479A of the UK companies Act 2006.

Audit and publication exemption for subsidiary in Germany

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

33. SHARES AND PARTICIPATIONS, THE PARENT COMPANY

	12 31 2020	12 31 2019
Carrying value:		
At the beginning of the year	-	3
Changes in value through profit or loss	-	- 3
Carrying value at the end of the year	**-**	**-**
of which is held for sale	-	3

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

34. EQUITY, THE PARENT COMPANY

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

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

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

Dividend
The Board of Directors proposes that no dividend be made for the financial year 2020.

Authorization for the Board of Directors to adopt a warrant program
The Annual General Meeting held on May 26, 2020 resolved, in accordance with the Board of Directors' proposal, to adopt a warrant program and to issue warrants. The warrant program comprises in total a maximum of approximately 26 individuals and not more than 4,095,000 warrants may be issued within the framework of the program. Each warrant entitles the holder to subscribe for one share in STRAX during the period July 1, 2023 up to and including September 30, 2023 at a subscription price corresponding to 130 per cent of the volume-weighted average price of the Strax share on Nasdaq Stockholm during the period 10 trading days calculated from and including the day after the Annual General Meeting 2020. If all the 4,095,000 warrants are exercised, the warrant program entails a full dilution corresponding to approximately 3.3 per cent of the shares and votes in STRAX.

Authorization for the Board of Directors to resolve upon new share issues
The Annual General Meeting held on May 26, 2020 resolved to authorize the Board of Directors to resolve upon new share issues.

Authorization for the Board of Directors to resolve on the repurchase and transfer of the company's own shares.
The Annual General Meeting held on May 26, 2020 resolved in accordance with the Board of Directors' proposal, to to authorize the Board of Directors to resolve on the repurchase and transfer of the company's own shares.

Capital management
For information regarding capital management, we refer to Note 23, Equity, the Group.

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

Retained Earnings	49 667
Profit or loss for the year 2020	-
Total	**49 667**

Number of shares issued	12 31 2020	12 31 2019
At the beginning of the year	120 592 332	120 592 332
Number of shares registered at the end of the year	**120 592 332**	**120 592 332**
Reported number of shares at the end of the year	**120 592 332**	**120 592 332**

	12 31 2020	12 31 2019
At the beginning of the period	120 592 332	120 592 332
Number of registered shares at the end of the period	**120 592 332**	**120 592 332**
Number of shares at the end of the period	*120 592 332*	*120 592 332*
Average number of shares during the period	*120 592 332*	*120 592 332*
Warrant program / granted options	4 095 000	4 095 000
Average number of shares at the end of the period after dilution	*124 687 332*	*124 687 332*

STRAX has only one class of shares. All shares carry an equal right to the company's assets and profits and each share carries one vote at shareholders' meetings. Total share capital amounts to EUR 12 624 164.563374 and the quote value is EUR 0.10.

35. INTEREST-BEARING LOANS, THE PARENT COMPANY

	12 31 2020	12 31 2019
Raised loans – credit institutions	490	548
Total	**490**	**548**

Liabilities to credit institutions are in the form of a SEK bank overdraft, which normally expire and renewed annually. The interest is due and paid at the end of every quarter. Other liabilities 81 (23) comprise of operating liabilities which normally are due for payment within 10-90 days.

36. LIABILITIES TO THE GROUP, THE PARENT COMPANY

	12 31 2020	12 31 2019
Novestra Financial Services	83	92
Strax Holding GmbH	15 650	11 696
Total	**15 733**	**11 788**

37. ACCRUED EXPENSES AND PREPAID INCOME, THE PARENT COMPANY

	12 31 2020	12 31 2019
Other personnel costs	253	209
Costs for annual report, audit and AGM	81	105
Other accrued expenses	-	5
Total	**334**	**319**

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

	12 31 2020	12 31 2019
Adjustment for income items from operations not included in cash flow and do not affect the cash flow:		
Adjustments for earnings impact of financial instruments at fair value	3	3
Write-downs	-	1
Total	**3**	**4**

Cash and cash equivalents

The following components are included in cash and cash equivalents:

Cash and bank balances	3 976	2
	3 976	**2**

Paid interest and dividends received		
Interest paid	26	27

39. DEFINITIONS AND BRIDGE TO ADJUSTED EBITDA

Key ratio	Calculation	What it measures or represents
Equity/Asset ratio	Equity as a percentage of the total assets.	This measure refelects the financial position and the long term solvency and resistance to periods of economic downturn.
Equity per share	Equity in relation to the number of shares	Measures development of equity in relation to number of outstanding shares at the end of the period, captures both changes in equity and changes in number of outstanding shares.
Number of shares at the end of the period	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Items affecting comparability	The number of shares at the end of each period adjusted for bonus issue and share buy-back etc.	Calculation bases for all balance sheet per shares based key ratios.
Gross profit	Sales less the cost of goods sold.	Measures how well prices to customers in relation to cost of goods sold are maintained including costs to deliver sold goods.
Gross margin	Gross profit in relation to sales expressed as a percentage.	Gross profit in relation to Sales, efficency measure presented in percentage.

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

THE GROUP **Bridge to EBITDA (KEUR)**	**01 01 2020** **12 31 2020**	**01 01 2019** **12 31 2019**
EBITDA		
Operating profit	6 774	6 146
+ Depreciation & amortization	1 756	2 175
EBITDA	**8 530**	**8 321**

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

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

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

Related party transactions
There were no related party transactions during 2020.

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

A bid for all outstanding shares in ZAGG shares was approved February 18, 2021.The bid level was at the current share price so will not have an effect for the P&L but will contribute with approximately 2.5 MEUR in cash, with a potential upside of USD 0.25 per share if certain conditions are met corresponding to an additional USD 159.4 thousands.

No other significant events have occurred after the end of the financial year 2020 up to the date of this annual report.

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

The annual accounts and the consolidated financial statements were approved for release by the Board of Directors on May 5, 2021. The consolidated income statement and balance sheet, and the income statement and balance sheet of the parent company, will be presented for adoption by the Annual General Meeting on May 26, 2021.

Stockholm May 5, 2021

Bertil Villard
Chairman

Gudmundur Palmason
Board member &
Managing Director

Ingvi T. Tomasson
Board member

Pia Anderberg
Board member

Anders Lönnqvist
Board member

Our audit report was submitted on May 5, 2021

PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

The information in this annual report is such that STRAX AB is required to disclose according to Sweden's Securities Market Act. STRAX AB released the year-end report, including the interim report for the fourth quarter to the media for publication on February 26, 2021 at 8.55 am through a press release and also on the website www.strax.com. The Annual Report was released on STRAX website on May 5, 2021 at 5.00 pm with a press release detailing such information at the same time.

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

AUDITOR'S REPORT

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Strax AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 70-127 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

Key audit matter	How we addressed the key audit matter in our audit
Impairment testing In the consolidated balance sheet, goodwill has been recognized in an amount of MEUR 28.2. Goodwill corresponds to the difference between the value of net assets and the consideration paid upon an acquisition. Unlike other non-current assets, goodwill is not amortised. Instead, this balance-sheet item is tested for impairment on an annual basis or when there are indications of a decline in value. Impairment testing, and thus the carrying amount, is dependent on the estimates, assessments and assumptions made by the Board of Directors and management concerning, for example, growth, future profitability and discount rate. These assessments and estimates may change as a result of future events and new information, and it is therefore particularly important that management regularly assess whether the value of acquisition-related intangible assets are warranted given the new information and circumstances. Management's calculation of the assets' value in use is based on the budget for the next year and the forecasts for the subsequent four years. A more detailed description of these assumptions is presented in Note 16. Refer to Note 16 Goodwill in the Annual report for 2020.	In our audit, we devoted particular focus to management's impairment testing. Among other measures, we applied the following audit procedures: • Assessed the company's process for testing goodwill for impairment. • Authorised Public AccountantExamined how management identified cash-generating units and compared this with the internal monitoring of goodwill. • Assessed the reasonableness of the assumptions made and conducted sensitivity analyses for changed assumptions. • With the support of PwC's internal valuation specialists, examined the correctness of the calculation models and assessed the reasonableness of the discount rate used for the cash-generating units and subsidiaries in which the greatest uncertainty exists. • Compared the calculated value in use with the market value as of 31 December 2020. • Assessed management's forecast ability by comparing earlier forecasts with actual outcomes. • Confirmed that sufficient disclosures have been provided in the notes to the Annual Report based on materiality.

Key audit matter	How we addressed the key audit matter in our audit
Valuation of inventories In the consolidated balance sheet, inventories have been recognized in an amount of MEUR 27.6. The subsidiaries in the Strax Group have inventories of raw materials and purchased finished goods relating to mobile accessories. The development of new phones could cause these accessories to become out of date and make it impossible to sell them at full price. Technological development therefore creates a risk of inventory obsolescence. Strax assesses each item of inventory on an individual basis, taking the potential for obsolescence into consideration. Based on this individual assessment, an obsolescence reserve is recognized. These assessments are complex and dependent on several factors, and thus naturally involve a certain degree of uncertainty, which is why we have deemed this to be a key audit matter. Refer to page 90 in the Annual Report 2020.	In our audit, we devoted particular focus to management's assessment of the value of inventories. Among other measures, we applied the following audit procedures: • Assessed the establishment of control procedures and processes for purchasing and testing of obsolescence. • Conducted a detailed examination through sample testing of the carrying amount of inventory items compared with underlying purchase invoices. • Used data analyses to assess the company's obsolescence reserves by monitoring slow-moving items and pricing. • Conducted inventory checks at large storage facilities.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-69. The remuneration report that is published on Strax's website is also other information. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

Responsibilities of the Board of Director's and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the

Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Strax AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Director's and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

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

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Strax AB (publ) by the general meeting of the shareholders on the 26 May 2020 and has been the company's auditor since the 24 May 2018.

Stockholm May 5, 2021
PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2020 on pages 44–49 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm May 5, 2021
PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 54-67 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, May 5, 2021
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

DEFINITIONS

IN THIS REPORT, “STRAX” OR “THE COMPANY” PERTAINS TO STRAX AB PUBL AND/OR THE GROUP DEPENDING ON THE CONTEXT. OTHER DEFINITIONS: XQISIT™ (“XQISIT”), AVO+™ ("AVO+"), URBANISTA™ (“URBANISTA”), THOR™ (“THOR”), CLCKR™ ("CLCKR"), RICHMOND & FINCH™ ("RICHMOND & FINCH"), PLANET BUDDIES™ ("PLANET BUDDIES").

SHAREHOLDER INFORMATION

The shareholders of Strax AB (publ), Reg. No. 556539-7709, with its registered office in Stockholm, Sweden, are hereby summoned to the annual general meeting to be held on Wednesday 26 May 2021.

Due to the extraordinary situation resulting from the covid-19 pandemic, the Annual General Meeting will be carried out through advance voting (postal voting) pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place. Strax welcomes all shareholders to exercise their voting rights at the Annual General Meeting by voting in advance in accordance in the order described below.

Preconditions for participation in the Meeting

Shareholders who wish to participate, through advance voting, in the Meeting must

firstly be included in the shareholders' register prepared by Euroclear Sweden AB as of Tuesday 18 May 2021,

secondly notify the company of their participation in the Meeting by casting their advance votes in accordance with the instructions under the heading "Advance voting" below so that the advance vote is received by the company no later than on Tuesday 25 May 2021.

Nominee registered shares

To be entitled to participate at the Annual General Meeting, in addition to providing notification of participation, shareholders whose shares are held in the name of a nominee must have their shares re-registered in their own name so that the shareholder is recorded in the share register on Tuesday 18 May 2021. Such registration may be temporary and is requested from the nominee in accordance with the nominee's procedures and such time in advance as the nominee determines. Voting right registrations completed not later than the second banking day after Tuesday 18 May 2021 are taken into account when preparing the register of shareholders.

Advance voting

The shareholders may exercise their voting rights at the meeting only by voting in advance, so called postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of meetings in companies and other associations.

A special form shall be used for advance voting. The form is available on the company's website www.strax.se. The advance voting form is considered as the notification of participation at the Annual General Meeting.

The completed voting form must be received by the company no later than on Tuesday 25 May 2021. The completed form shall be sent by e-mail to ir@strax.com. The form may also be sent by post to Strax AB, Mäster Samuelsgatan 10, SE-111 44 Stockholm. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote (in its entirety) is invalid. Further instructions and conditions are included in the form for advance voting.

If the shareholder votes in advance by proxy, a power of attorney shall be enclosed with the form. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed with the form.

Right to request information

The board of directors and the managing director are required to, upon request from shareholders and if the board of directors believes that it can be done without material harm to the company, provide information that may affect a matter on the agenda, the company's or its subsidiaries financial situation and the company's relation to another group company, pursuant to Chapter 7 Section 32 of the Swedish Companies Act (Sw. aktiebolagslagen). A request for such information shall be sent by post to Strax AB, Mäster Samuelsgatan 10, SE-111 44 Stockholm or by e-mail to ir@strax.com, no later than on Sunday 16 May 2021. The information will be made available at the company's head office at Mäster Samuelsgatan 10, SE-111 44 Stockholm and at www.strax.com no later than on Friday 21 May 2021. The information will also be sent, within the same period of time, to any shareholder who so has requested and who has stated its address.

Other

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

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Mäster Samuelsgatan 10
111 44 Stockholm, Sweden
Tel: +46 (0)8-545 01750
ir@strax.com

FINANCIAL CALENDARIUM 2021

May 26, 2021
Interim report January 1 – March 31, 2021
Annual General Meeting
Bulleting from the Annual General Meeting

August 25, 2021
Interim report January 1 – June 30, 2021

November 25, 2021
Interim report January 1 – September 30, 2021

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