ANNUAL REPORT 2021

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ANNUAL REPORT 2021

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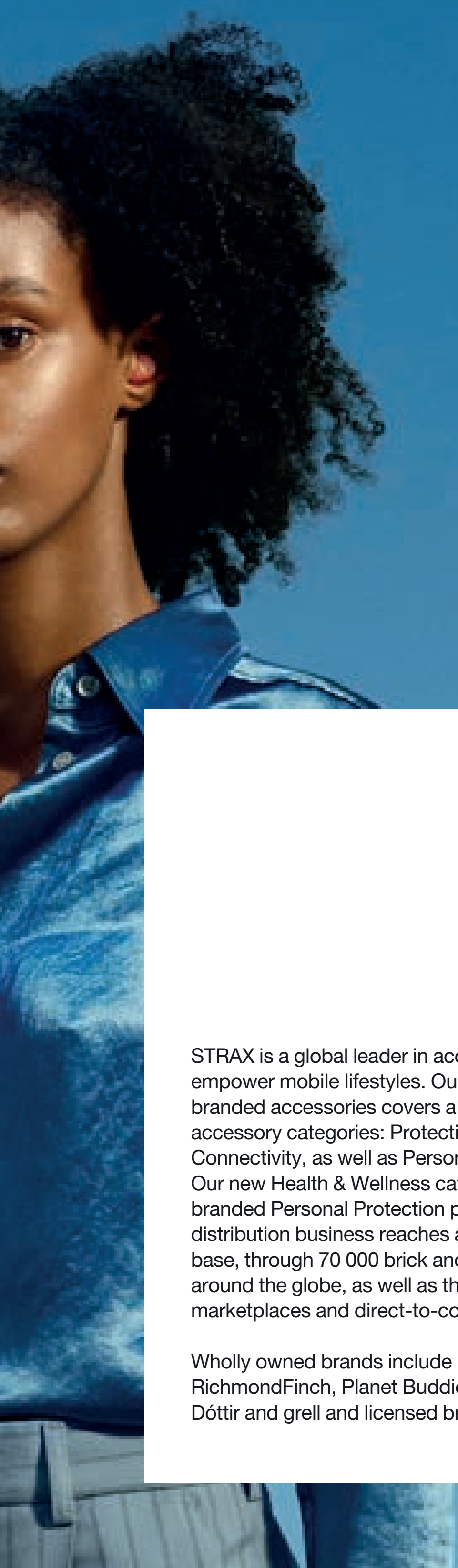


THIS IS STRAX

STRAX is a global leader in accessories that empower mobile lifestyles. Our portfolio of branded accessories covers all major mobile accessory categories: Protection, Power, Connectivity, as well as Personal Audio. Our new Health & Wellness category offers branded Personal Protection products. Our distribution business reaches a broad customer base, through 70 000 brick and mortar stores around the globe, as well as through online marketplaces and direct-to-consumers.

Wholly owned brands include Urbanista, Clckr, RichmondFinch, Planet Buddies, xqisit, AVO+, Dóttir and grell and licensed brands include adidas and Diesel. Our distribution business also services over 40 other major mobile accessory brands.

Founded as a trading company in 1995, STRAX has since expanded worldwide and evolved into a global brand and distribution business. Today we have over 200 employees in 13 countries. STRAX is listed on the Nasdaq Stockholm stock exchange.

THIS WAS OUR 2021

STRAX delivered record annual sales of 123.7 MEUR in 2021, during the same time gross margin was negatively impacted due to Covid-19

STRAX delivered 123.7 MEUR in sales in 2021, corresponding to 10.7% growth year-over-year (YoY) and record annual sales. The ongoing Covid-19 pandemic has caused challenging industry dynamics for our own personal audio and mobile accessories brands, which negatively impacted our blended average contribution profit margin during the period. We experienced product delays and increased input costs on the supply side and global smartphone shortage and drop in retail store footfall on the demand side. These unfavorable market conditions for our core products furthermore led to an inventory profile exposure resulting in 2.2 MEUR increase in write-offs and devaluation, relative to 2020. Overly aggressive e-commerce growth tactics further compressed our margins, which has now largely been scaled back. We expect these challenging macro factors will start to normalize in H1 2022, after which our margins should return to pre-pandemic levels relatively quickly.

Total sales in 2021 were MEUR 123.7 (111.8), a YoY increase of 10.7%. Mobile accessories sales were MEUR 85.3 (86.4) in 2021 representing a decrease of 1.3% YoY, whilst sales from Health & Wellness product category were MEUR 38.4 (25.3), equaling 31% (22.7%) of total sales in 2021. EBITDA for the year was MEUR 4.3 (8.5), representing a YoY decrease of 49.6%.

Split & separate listing of Distribution

Our European distribution business (Distribution) has delivered strong results throughout the Covid-19 pandemic and provided its partners with uninterrupted services day-in and day-out. This business unit has long standing relationships with a broad and diversified customer base throughout Europe, from telecom operators to consumer electronic stores and mass retailers, as well as large enterprises. STRAX is widely recognized as one of the leading specialist distributors of tech accessories in Europe and the business is well positioned to pursue growth through product category expansion and active acquisition strategy in a fragmented distribution landscape.

The evaluation of a full separation and stock exchange listing of segment Distribution, excluding Brandvault, the online marketplace specialist, is progressing well. Our hypothesis is that a split and subsequent listing of our Distribution business will realize value in both businesses as each unit will develop more favorably as fully independent businesses and therefore create better foundation for them to reach their full potential. A split would furthermore provide investors with complete transparency of the performance of each business unit, enabling them to independently value the businesses, rather than as a consolidated group, which often distorts the value.

Remaining business - House of Brands

Supply chain disruptions coupled with extended social restrictions in most of our key markets have had a significant impact on the performance of own brands. At the same time, we have failed to shift sales online profitably to supplement decrease in brick-and-mortar sales. The current product portfolios and future roadmaps of own brands have never been more robust, and we have every reason to believe that all our brands will experience solid growth mid- and long-term once markets have normalized.

Post successful split, STRAX would become a House of Brands, a highly focused company on developing own brands in tech accessories and personal audio products, both offline and online. We already own several strong brands in these product categories, each with a unique positioning in their respective consumer segments. On the personal audio side, we have Urbanista and the two recently launched digital native brands, Dóttir and grell, and in tech accessories we have Clckr, RichmondFinch and Planet Buddies.

Sustainability progress

STRAX+, our initiative aimed at becoming more environmentally conscious and sustainable as a company, remains critically important to us. We have recently achieved a gold rating with Ecovadis, the world´s most trusted business sustainability rating, through a broad range of improvements throughout our business. We aim to step up our efforts further and have set our sights at earning Platinum rating, which only 1% of more than 75,000 rated companies have received.

I still maintain that STRAX has done well since the Covid-19 pandemic started two years ago. At the same time recognizing that improvements are required in several parts of our individual businesses. From day one we have prioritized the health and safety of our employees and in return the entire team has never lost a beat. We have therefore been able to maintain stable and high service levels for our broad vendor and customer base throughout the pandemic. We are committed to protecting our employees and retain this track record until we´ve come out on the other end. I remain very proud of every one of our employees showing such resilience and positivity and look forward to our future successes, which I firmly believe are imminent.

Significant events during 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.

STRAX subsidiary Urbanista, the Swedish lifestyle audio brand, announced Urbanista Los Angeles, the world's first self-charging, wireless active noise cancelling headphones, powered by Powerfoyle™ solar cell material. Using advanced green technology, Los Angeles converts all forms of light, outdoor and indoor, into energy to deliver virtually infinite playtime.

The 2020 Annual General Meeting was held on May 26, 2021. Due to the extraordinary situation resulting from the covid-19 pandemic, the Annual General Meeting was 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 took place. STRAX welcomed all shareholders to exercise their voting rights at the Annual General meeting by voting in advance.

STRAX launched online only brand Dóttir, with new line of sports-focused true wireless headphones. The brand was developed with CrossFit champions Annie Thorisdottir and Katrin Davidsdottir. The first product, Dóttir Freedom On-Grid in-ear headphones has already been awarded the Red Dot Award for product design.

STRAX launched online only brand, grell, with the first product being true wireless headphones. The brand was developed with world-renowned sound engineer and headphone designer Axel Grell, who has crafted headphones to produce world-class sound for over three decades, most notably at Sennheiser. The first product from grell won CES Innovation awards 2022.

STRAX demonstrated its commitment to furthering sustainability by earing gold certification from Ecovadis, the largest independent provider of business sustainability ratings.

Significant events after the end of the period
STRAX entered a partnership with a German personal protective equipment specialist company to deliver Covid-19 tests to a regional government body in Germany. Total sales of the tests are expected to exceed MEUR 32 in the first quarter of 2022 with a significant positive impact on STRAX during the quarter.

STRAX extended its partnership with the German personal protective equipment specialist company to deliver Covid-19 tests to another regional government body in Germany. Total sales of the new contract award are expected to exceed MEUR 12, and the contract covers the first and second quarter of 2022.

AirPop, the premium high performance face mask brand STRAX holds a five-year global exclusive distribution agreement for, recently secured key retail channels in the United States, Canada, and Australia.

Russia's military intervention in Ukraine has led to growing geopolitical uncertainty. STRAX does not conduct any operations in Russia or Ukraine and is not directly impacted from a business perspective, but is indirectly affected by, among other things, increased material prices and supply chain disruptions. STRAX is actively working to limit the negative effects of the situation that has arisen.

GUDMUNDUR PALMASON

OUR CEO SAYS

There is no doubt that 2021 was a challenging year for STRAX, where consequences of Covid-19 continued to cause all types of disruptions on a global scale impacting our daily business. The world, at large, is still dealing with the pandemic and it´s somewhat difficult to predict what a new normal will ultimately look like. Irrespective, we are fully aware that our market landscape has, to some extent, changed permanently, and we are prepared to remain competitive in a different industry landscape.

STRAX was founded in 1995 by two Icelandic entrepreneurs, one based in Hong Kong and the other in Miami. The initial business concept was centered around purchasing overstock clothing from factories in China and selling into retailers in Latin America. This was a fast-paced business and decisions had to be made quickly. Hence, the name STRAX, which stems from Icelandic and means „immediately", somewhat the exact opposite of the Swedish meaning of „later". The company has developed and matured in the past 25 years, whilst the mantra of acting swiftly on market changes and opportunities has been a considered part of what we have achieved to date.

2021 Financial Performance

In 2021 we delivered record sales albeit at a compressed gross margin, negatively affecting our EBITDA. The two most significant impacts on our average blended gross margin stem from the product category mix on one hand, and the brand mix on the other hand. In the product category mix we saw an increased ratio of Health & Wellness products vs. accessories and personal audio, while in the brand mix we saw an increased ratio of distributed brands vs. own brands. We furthermore experienced product delays and increased input costs on the supply side, as well as a global smartphone shortage and a drop in retail store footfall on the demand side. These unfavourable market conditions for our core products furthermore led to an inventory profile exposure resulting in a MEUR 2.2 increase in write-offs and devaluation, relative to 2020. Overly aggressive e-commerce growth tactics further compressed our margins, now largely scaled back.

Sales in 2021 were MEUR 123.7 (111.8), corresponding to an increase of MEUR 11.9 or 10.7% compared to last year. EBITDA for the year was MEUR 4.3 (8.5), representing a YoY decrease of 49.6%. Mobile accessories sales were MEUR 85.3 (86.4) in 2021 representing a decrease of 1.3% YoY, whilst sales from the Health & Wellness product category were MEUR 38.4 (25.3), corresponding to a 51.8% growth and equaling 31% (22.7%) of total sales in 2021. We now expect to realize material improvements in both brand and product mix in H2 2022, and that the difficult macro factors will start to ease at the same time while normalizing in early 2023, after which, our margins should return to pre-pandemic levels relatively quickly.

Integrated business model vs. full separation

Our integrated business model of own consumer brands coupled with traditional distribution has been a success because of a certain level of synergies, whilst at the same time having its own set of challenges. The challenges have mainly been in relation to inherited conflicts of interest, while it at the same time has been adding operational complexity. The complexity is both internal, causing inefficiencies and driving costs, as well as external, where stakeholders are often challenged to fully grasp what type of company STRAX truly is. This is also causing questions about how we create value, since we are most of the time viewed and measured on a fully consolidated basis, vis-a-vis as two stand-alone businesses. The pandemic has furthermore impacted each business unit vastly different, where own brands have gone through a decline in sales and profits, whilst the distribution business has consistently delivered strong results throughout.

We are now in the final phase of a risk vs. benefits evaluation of a full split of own brands and distribution, and foresee a decision before the end of Q2 this year. Our hypothesis is that a split should resolve most group complexities and make each business more agile in adapting to their respective markets, thereby allowing them to independently address different growth opportunities more effectively.

Listing of European distribution

As previously stated, our European distribution business has performed well during the pandemic and provided its partners with uninterrupted services throughout. This business unit has long standing relationships with a broad and diversified customer base, from telecom operators to consumer electronic stores and mass retailers, as well as B2B enterprises throughout Europe. STRAX is recognized as one of the leading European based specialist distributors of tech accessories and the business is well positioned to pursue growth through expanded assortment and the execution of a programmatic acquisition strategy.

The STRAX management team is working closely with external advisors to determine the viability of a stock exchange listing of the European distribution business. We believe that a listing of our Distribution business would be a natural step in our strategy as we are hopeful that the two business segments will develop more favorably on their own and create a better foundation for each part to reach their full potential. The split will furthermore provide investors with complete transparency of the performance of each business, enabling them to independently value the businesses, rather than as a consolidated group.

Remaining business - House of Brands

Post a successful split from the European distribution business, STRAX would become a House of Brands, a highly focused company on developing own brands in tech accessories and personal audio products, both offline and online. We already own several strong brands in these product categories, each with a unique positioning in their respective consumer segments. On the personal audio side, we have Urbanista and the two recently launched digital native brands, Dóttir and grell, and in tech accessories we have Clckr, RichmondFinch and Planet Buddies.

The Health & Wellness business would also remain, at least in the mid-term, whereas it provides a somewhat natural product diversification for STRAX and solid incremental upside once the accessories market stabilizes post the ongoing pandemic. Our expectation is that we´ll experience solid traction in the product category in H1 2022 after which things could start to taper down, with Covid-19 levelling off.

Corporate Social Responsibility (CSR)

Sustainability is a core component of STRAX corporate strategy. This way we ensure that we will give our sustainability program sufficient focus and stay on track towards its overall objectives.
We launched STRAX+ in 2019, a corporate social responsibility initiative aimed at changing all possible aspects of its business to become much more environmentally conscious. STRAX has already achieved significant improvements in its European logistics centre, office locations, customer shipments and packaging materials, all those being largely cost neutral. The Company just recently achieved a Gold rating with EcoVadis, the world´s most trusted business sustainability ratings. STRAX mid-term target is obtaining a Platinum rating which only one percent of more than 75,000 rated companies have earned.

STRAX has been a member of UN Global Compact since 2017, where the Company has committed to take actions that advance societal goals. As a part of that commitment, STRAX has supported various charitable organizations through donations as well as direct involvement. STRAX has been certified as a Nasdaq ESG Transparency Partner, a certification used by Nasdaq to signal engagement in market transparency and in raising environmental standards. The Nasdaq ESG Matrix includes data points from environmental, social and corporate governance as well as future sustainability goals, all of which STRAX considers in its operation.

All in all, we are highly committed to CSR on a broad scale and we will ensure that we stay the course mid- and long term.

The Path Ahead

I maintain that STRAX has done well during the incredibly challenging business environment since the Covid-19 pandemic started two years ago. At the same time recognizing that improvements are required in several parts of our individual businesses to future proof the company. From day one of the pandemic, we have prioritized the health and safety of our employees and in return the entire team has never lost a beat throughout these challenging times. We have therefore been able to maintain stable and high service levels for our broad vendor and customer base from February 2020. We are committed to protecting our employees and retain this track record until we´ve come out on the other end of Covid-19.

As we move into 2022, I want to thank the people at STRAX. Their hard work, dedication, creativity and resilience continue to drive the business forward. I remain very proud of every one of our people and look forward to our future successes, which I firmly believe are imminent.

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 certain synergies, where our own brands gain access to vast retail and online channels through STRAX Distribution and Brandvault albeit creating complexities at the same time. In return, these channels are consistently able to offer relevant brands to their customers, defined as offline and online sales of retailers, end consumers via the online channels and online marketplaces.

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 2022, STRAX will focus on North America 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, connectivity, audio, health and wellness) and achieving 50-70% of revenue via own brands in 2022. Deep market insight tools will guide STRAX and our customers to success.

e-COMMERCE. Generating 30-50% of our sales online in 2025. 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 grow our e-Commerce business profitably. In line with this, we acquired Brandvault, an online marketplace specialist.

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.

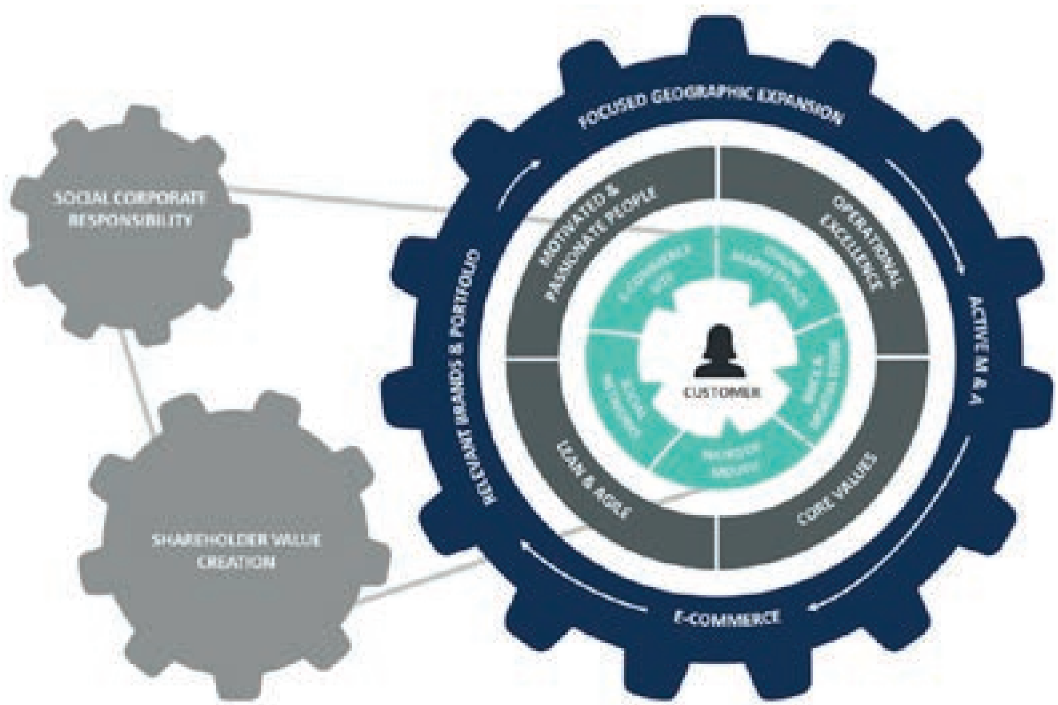
6 Warehousing & services

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



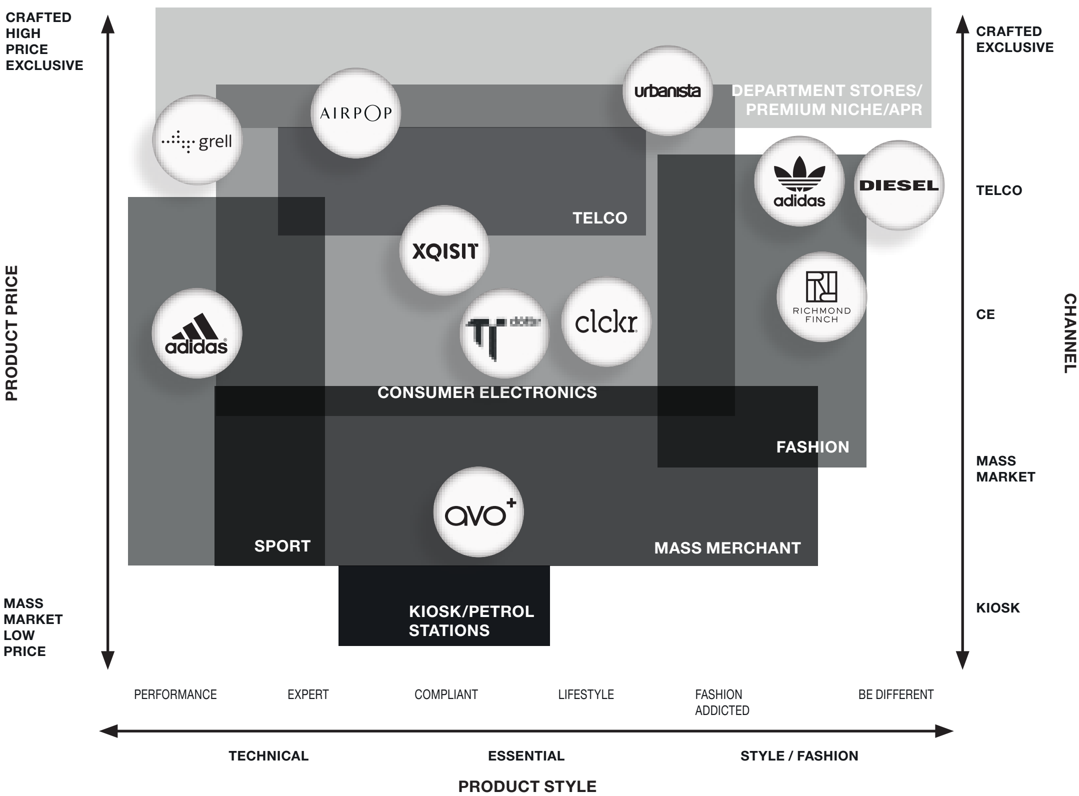
- Four Strategic Activities
- Omni Channel Approach
- Four Critical Success Factors
- Two Cornerstones


DIESEL
FOR SUCCESSFUL LIVING
DIESEL

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. Our new Health & Wellness category offers branded personal protection products. STRAX offers multiple own brands: Urbanista, clckr, RichmondFinch, Planet buddies, xqisit, AVO+, Dóttir, grell and licensed brands such as adidas and Diesel. 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

RICHMONDFINCH PREMIUM TECH ACCESSORIES BRAND

RichmondFinch is a Scandinavian tech accessories brand. RichmondFinch 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.

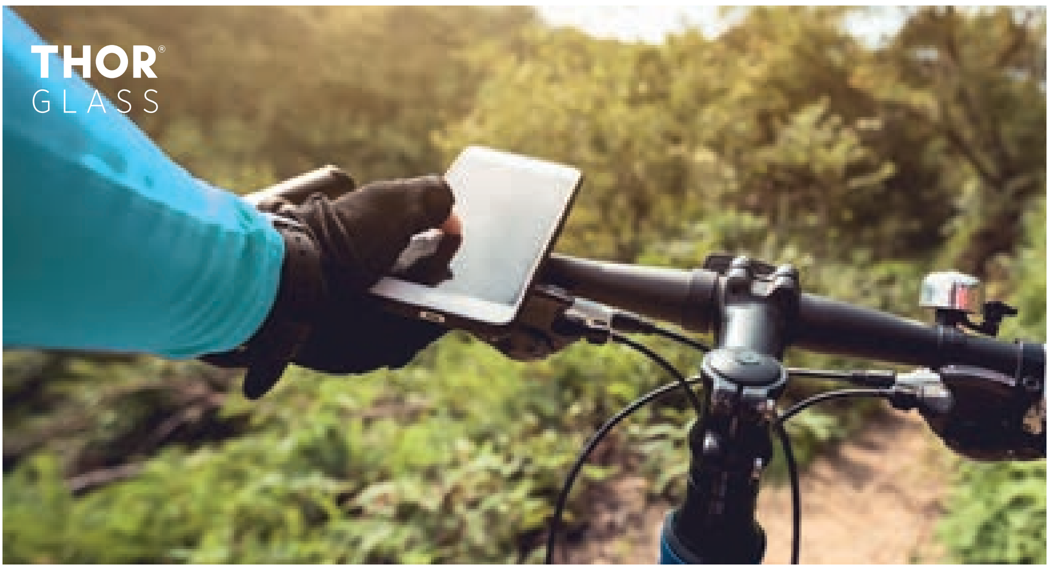
www.clckr.com

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.

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

2021 Mobile accessories market overview

STRAX is a global leader in accessories that empower mobile lifestyles. STRAX sells its products 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, again

From early in 2020 through 2021 the effect of Covid-19 on the market has touched every facet of the world. The pandemic continued to have a broad effect on our industry, from supply chain challenges in Asia to the consequential effects of the spread of the virus across the rest of the world. Our key markets of Western Europe and the Americas were no exception. Nevertheless, both smartphone and accessories experienced sales growth in 2021 and the shift towards online sales channels that occurred in 2020 remained at similar levels.

Renewed lockdowns in markets across the world led to further brick-and-mortar store closures and forced many traditional retailers to pivot their operations more aggressively from physical retail to online. This shift particularly hit the markets in Europe 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.

Employers and employees around the world changed their buying habits and strategies to optimize 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.

Most retailers in the Western hemisphere reopened their stores during the summer months and welcomed customers back in. However, by early autumn the signs of a 3rd wave meant that in most EU markets, 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. Irrespective, most of the market research companies maintained a positive outlook for smartphones and mobile accessories for 2021 and beyond, which largely materialized.

Incremental technology improvements and rapid 5G deployment positively impacted sales of smartphones in 2021, most notably with Apple offering 5G technology across the range. The uptick in demand and strong sales growth was achieved despite relatively low consumer confidence and several major supply chain challenges causing shortages of devices across all the major smartphone manufacturers. Smartphone sales growth is a key contributor in growth in mobile accessories and personal audio products.

2021 In summary

An increase in discretionary spending, opening of marketplaces post lockdown, along with a lower base for comparison from 2020 led to 6% smartphone sales growth in 2021, to 1,434m units. The introduction of 5G at lower price points to meet future proof needs influenced upgrade purchases. As a result, smartphone sales grew for all the top five vendors in 2021. The top 5 was again led by Samsung and the company managed incremental market share growth, which now stands at 19%, with Apple gaining further momentum and growing 20% YoY and finishing the year off with a 17%

share. Xiaomi, Oppo and Vivo gained further share from Huawei´s demise and round out the top 5 global smartphone manufacturers, with Huawei coming in at no. 6.

For accessories, the global marketplace continues to grow on the back of smartphone growth, increasing installed base of smartphones, increased average selling prices and increased attachment rate. Another growth driver behind accessories is the fact that most smartphone manufacturers have taken accessories out of the box and increased adoption of true wireless stereo headsets.

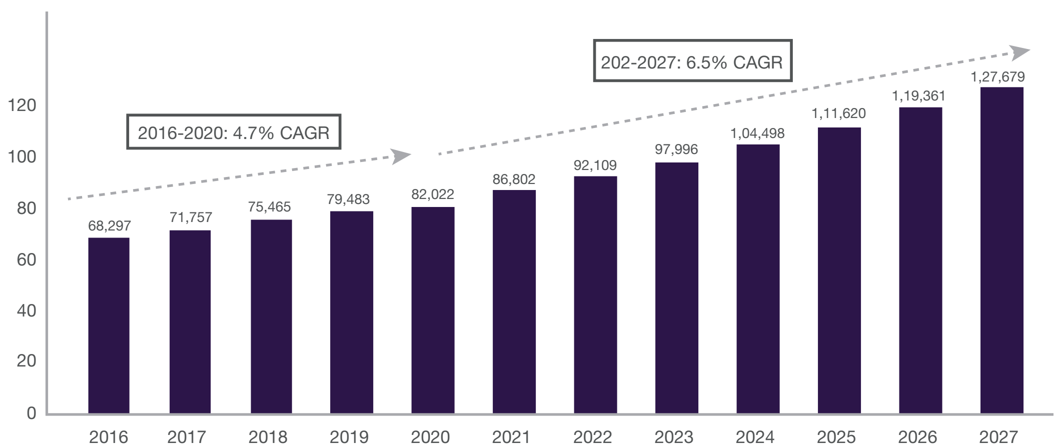
It is also worth mentioning that there has been a channel shift towards online sales channels and geographic markets have furthermore been impacted differently due to lockdowns and other restrictions related to the Covid-19 pandemic.

Looking forward It is expected that a full recovery from the pandemic shall take place in the second half of 2022 globally, albeit with some markets seeing a recovery earlier.

5G picking up and impacting users lives 5G devices made up roughly 1/3 of of handset sales in 2021, up from 15% in 2020, representing 117% growth YoY. We expect the drive towards 5G to continue into 2022 and be the catalyst for smartp-hone growth of the coming years. The entire Apple/ iPhone range is now 5G enabled and lower cost devices are being introduced by all of the key Chinese brands.

Traditional retail has changed
The global pandemic has changed consumer behavior, 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. Retailers will look to their accessory portfolios to make up margin losses and become more active in their own online storefronts to win back share of wallet. Some retailers have already reduced their brick-and-mortar store count, dropping low performing stores as well as streamli-ning their offering.

Global mobile accessories market in million USD (2016-2027)
Source: FMI Analysis 2021

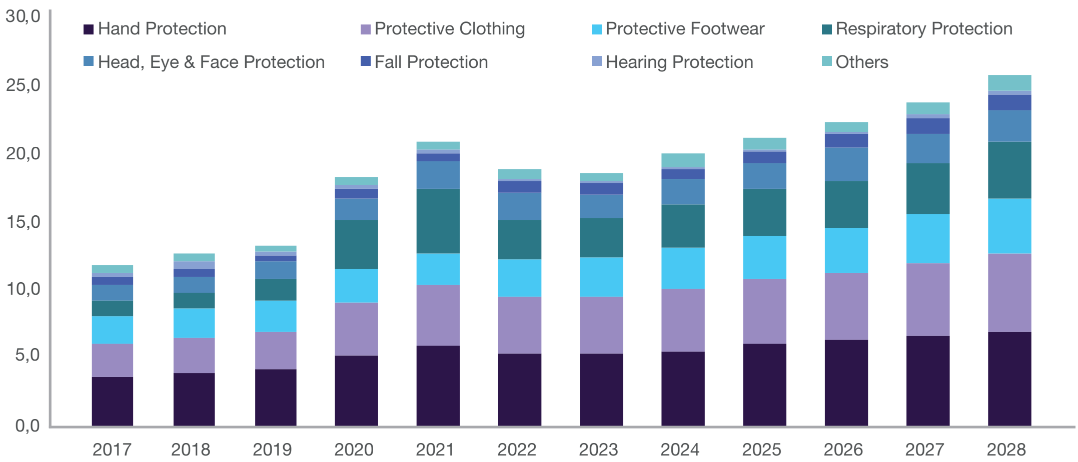


2021 HEALTH AND WELLNESS MARKET OVERVIEW

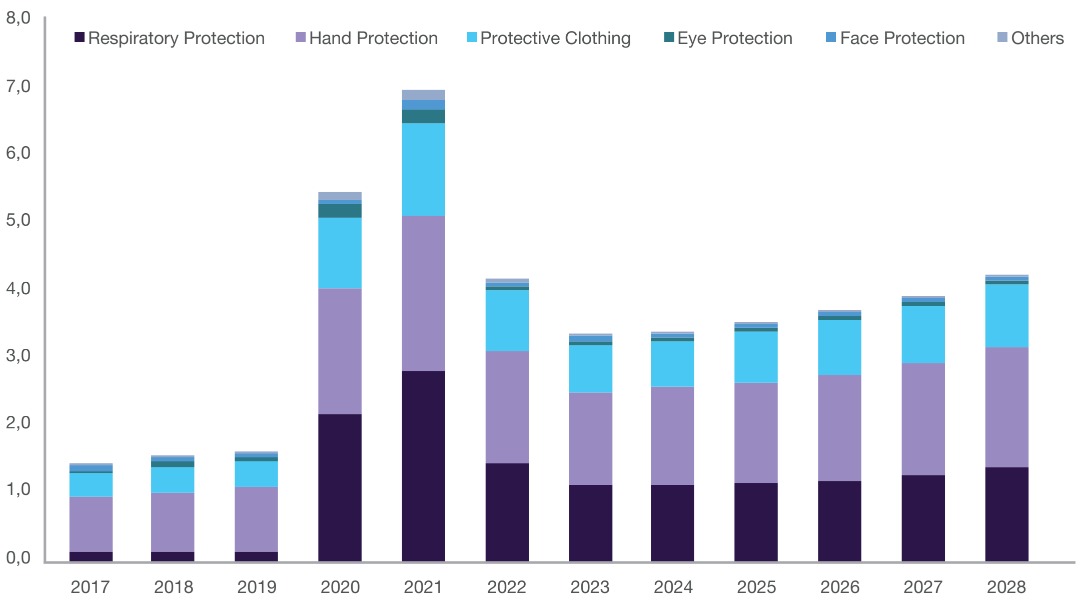
Covid-19 didn't give up in 2021, with waves of variants affecting the world at different times, it has been unrelenting. As the world began to understand how Covid-19 spread it quickly became clear that mask mandates and social distancing would feature in daily lives for some time to come. Vaccine roll outs took place at speed in many wealthy countries which gave rise to optimism towards the future. However, variants such as Delta and Omicron towards the end of 2021 reminded everyone that this virus wouldn't give up easily.

Our perception is that the demand will continue to be strong, particularly from those who are medically more at risk than the general population. We see the trends and traits of eastern cultures starting to show in Western markets, where people who show signs of respiratory sickness now wear masks to protect others.

US PPE market size, by product, 2017-2028 (USD Billion)
Source: grandviewresearch.com



US Healthcare PPE market size, by product, 2017-2028 (USD Billion)
Source: grandviewresearch.com



Test Kits
One of the significant changes to modern life has been the widespread use of test kits. Lateral flow kits have changed the dynamic in testing for Covid-19 as a quick and easy mechanism for self-testing.

We have supported the supply of test kits in the EU and in 2022 we look to expand in this area, both for Covid-19 and other diseases.

Medical Products are still vital to our future
Our medical portfolio shall remain in place in all our markets as we look forward. We have reached an excellent position within medical organizations in certain markets. As the trading community pulls back from respiratory protection and gloves, we will see the market stabilize as we seek to continue to grow our market share. It is a key pillar of our business.

Differentiation to wellness products
As 2021 closes we see the market changing and that people are learning to live with Covid-19. Although we do not see the disease being beaten in 2022, we do expect consumers to move towards the lifestyles they enjoyed in the past.

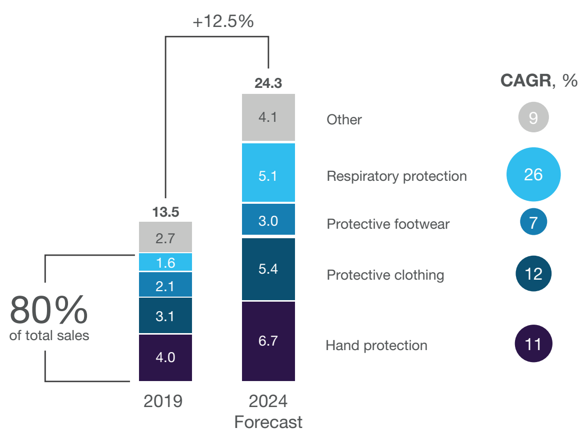
Strax Health and Wellness will expand its portfolio towards a wellness proposition. Both in the consumer as well as in the industrial space, and we have already started to see some clear opportunities in these sectors.

PPE in Education
In all age groups the need to protect both students and school staff has become apparent in every country. We foresee both government, state and private sector education building up higher reserves of PPE to deal with future pandemics.

Industrial Solutions
Many organizations were caught short of supplies early in the pandemic, but during 2021 stock levels normalized. We saw higher levels of demand as waves of new variants of Covid-19 spread through all walks of life. This led to spikes in the industrial side. Although traditional brands boosted production of N95 masks, it was those who did not have secure contracts that were left high and dry.

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 cities, it has developed into 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 has best in class performance when being worn in the real world. This revolved around contoured seals and adaptive fit sizing.

US PPE market size by segment, $ billions
Source: McKinsey and company



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 2021 amounted to approximately MEUR 45.

Mangold Fondkommission is the appointed market maker for STRAX.

The share liquidity during 2021 has been good, the share was traded on 100 (100) percent of all trading days and the average turnover was 71 123 (102 985) shares per trading day.

The total turnover amounted to 17 994 071 (25 952 333) shares, which corresponds to a turnover rate of approximately 0.15 (0.22) per year.

The share opened at SEK 4.30 on the first day of trading, January 4, 2021 and closed at SEK 3.75 on the last day of trading, December 30, 2021. The average price during the year was SEK 3.99 (3.27) and the average turnover per trading day was SEK 283 966 (336 812).

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, 2021 amounted to 2 132 (2 225).

Foreign ownership accounted for 62.3 (64.5) percent of total outstanding shares.

Dividend

The Board of directors have not proposed a dividend for the financial year 2021.

Earnings per share

The group's earnings per share amounted to EUR -0.03 (0.01).

Other share information

Shareholder's equity per share at year-end amounted to EUR 0.12 (0.15).

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, 2021

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	22 559 082	18.7%
Anders Lönnqvist	4 601 333	3.8%
Anchor Invest 4 AS	4 534 442	3.8%
Försäkringsbolaget Avanza Pension	3 507 168	2.9%
Anchor Invest 1 AS	2 088 327	1.7%
Johan Richard Kaijser	1 580 776	1.3%
Nordnet Pensionsförsäkring	1 571 021	1.3%
Trecenta AB	797 178	0.7%
Other shareholders	16 756 895	13.9%
Total	**120 592 332**	**100.0%**
Of which foreign ownership	75 147 832	62.3%
The 10 largest shareholders -proportionally	103 835 437	86.1%

Source: Euroclear and facts known to the Company.

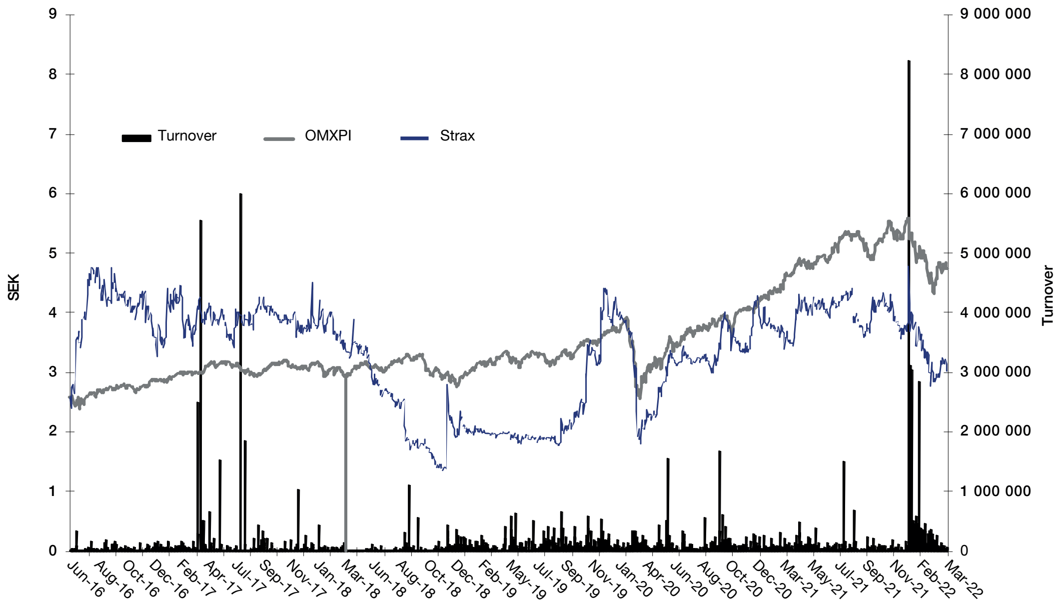
DISTRIBUTION OF SHARES AS OF DECEMBER 30, 2021

No. of shares by size	No. of shares	Proportion	No. of shareholders	Proportion
1-500	240 854	0.2%	1 409	66%
501-1 000	197 082	0.2%	240	11%
1001-10 000	1 309 594	1.1%	370	17%
10 001-50 000	1 412 133	1.2%	57	3%
50 001- 100 000	1 482 206	1.2%	18	1%
100 001-	115 950 463	96.1%	38	2%
Total	**120 592 332**	**100%**	**2 132**	**100%**

Source: Euroclear.

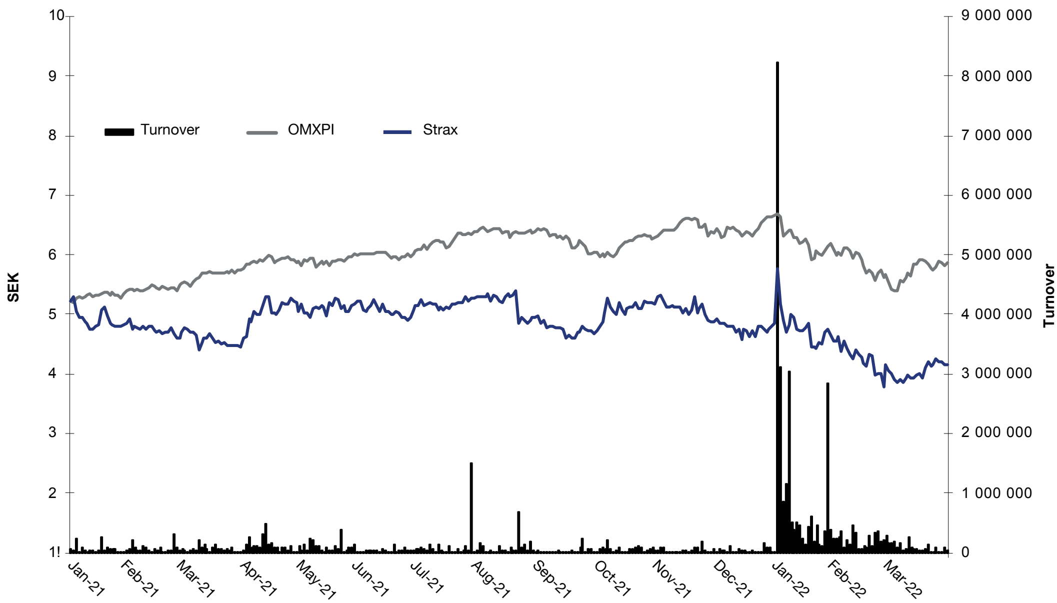
STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JUNE 1 2016 – MARCH 31 2022

Source: Nasdaq Stockholm



STRAX SHARE PRICE TREND AND NUMBER OF SHARES TRADED JANUARY 1 2021 – MARCH 31 2022

Source: Nasdaq Stockholm



THIS IS OUR FUTURE

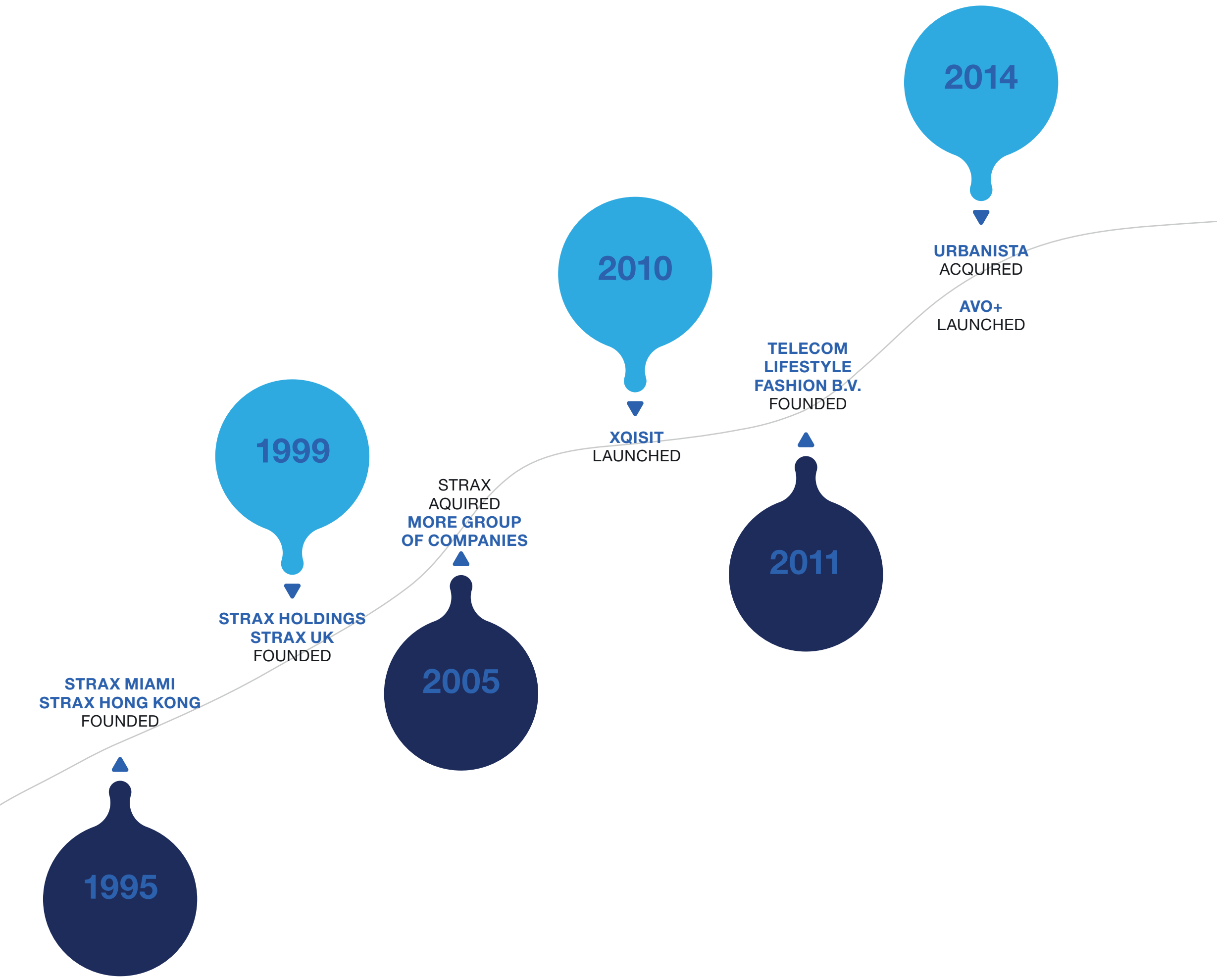
STRAX will play an active role in shaping the mobile accessories industry both offline and online in all its targeted geographic markets. We will continue to grow our businesses within the strategic framework that we launched in 2016 and refined in 2019, while simultaneously strengthening our operating 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, through indirect channels, direct brand websites and marketplaces to diversify its traditional retail customer base and secure growth.

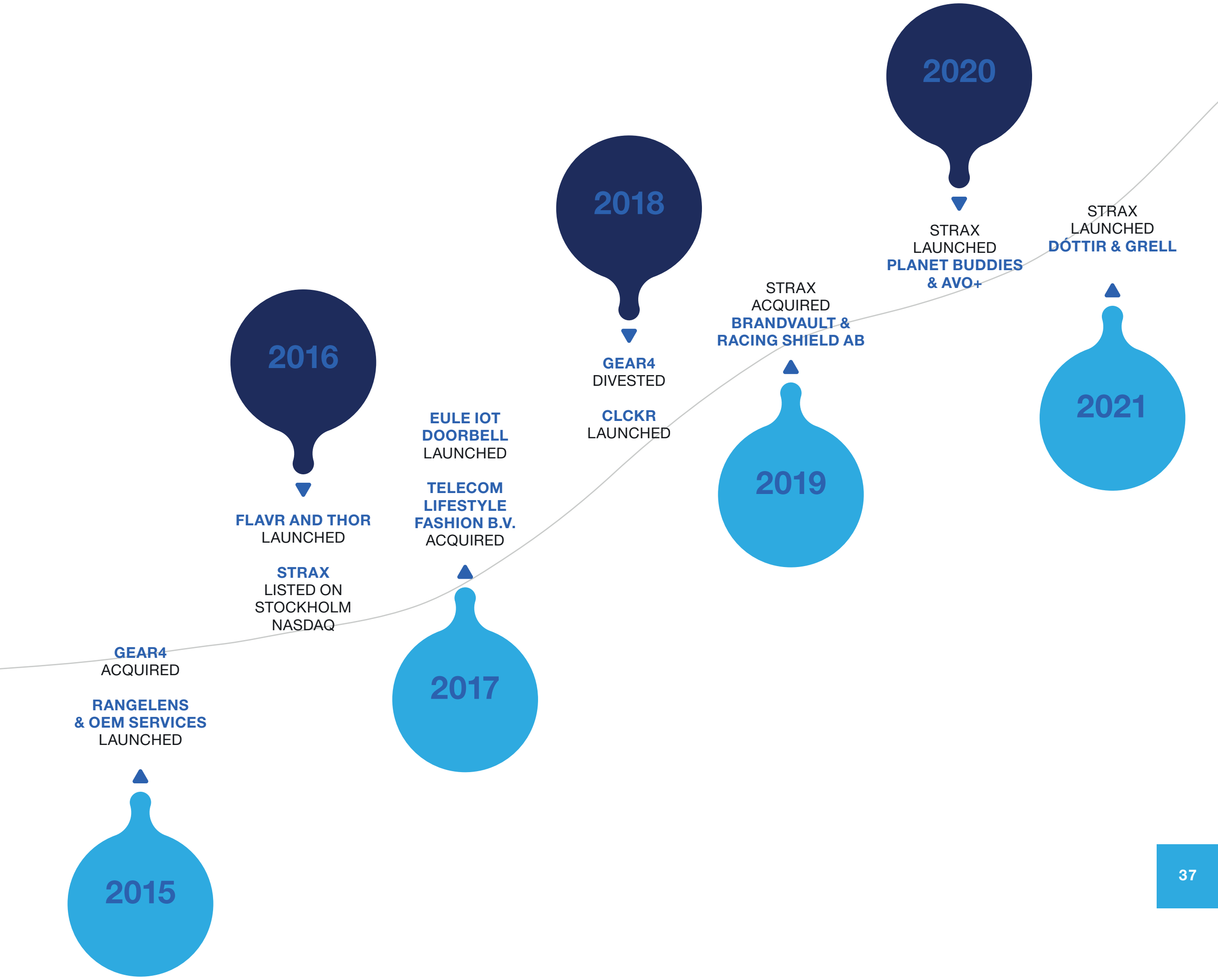
STRAX has enjoyed positive developments in sales in recent years, except for the heavily impacted Covid-19 pandemic year of 2020. We expect continued organic growth, driven specifically by own brands and improvements in our profitability. We have completed the acquisition of Brandvault, the global online marketplace experts. We expect our online sales to grow significantly, albeit from a relatively low base, with total eCommerce accounting for 30-50% of our sales in 2025. 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 through 2022 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 mid-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+
2021
STRAX LAUNCHED DÓTTIR & GRELL

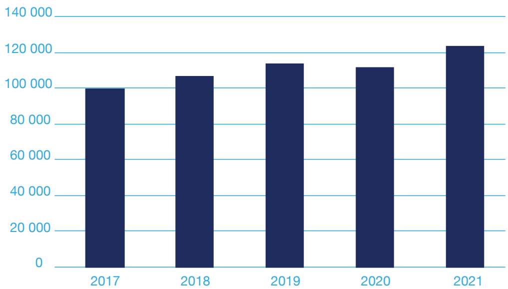
FIVE-YEAR SUMMARY

STRAX AB
FINANCIAL SUMMARY AND KEY RATIOS, THE GROUP

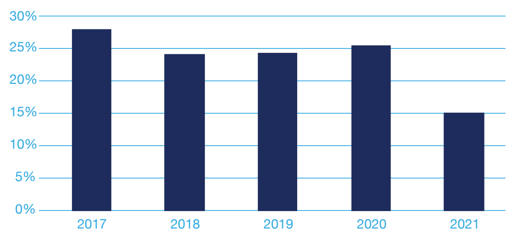
(EUR Thousands) Income statements	2021	2020	2019	2018	2017
Net sales	123 698	111 790	113 644	106 967	100 065
Cost of goods sold	-105 055	-83 272	-85 843	-81 090	-71 958
Gross profit	**18 643**	**28 518**	**27 801**	**25 877**	**28 107**
Gross margin	*15.1%*	*25.5%*	*24.5%*	*24.2%*	*28.1%*
OPEX	-16 744	-21 745	-21 656	-28 015	-22 448
EBIT	**1 899**	**6 774**	**6 146**	**-2 138**	**5 659**
Net financial items	-4 895	-5 931	-5 982	24 075	-2 103
EBT	**-2 996**	**843**	**164**	**21 937**	**3 556**
Taxes	-902	-174	-1 899	-5 190	-1 768
PROFIT FOR THE YEAR	**-3 898**	**669**	**-1 735**	**16 747**	**1 788**
Result per share prior to dilution SEK	-0.03	0.01	-0.15	1.44	0.15
Result per share after dilution SEK	-0.03	0.01	-0.15	1.38	0.15
Average number of shares [1]	120 592 332	120 592 332	120 592 332	120 592 332	117 839 802
Average number of shares after dilution	124 687 332	124 687 332	124 687 332	124 687 332	117 839 802

[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



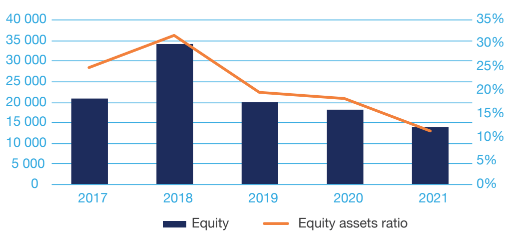
Gross margin



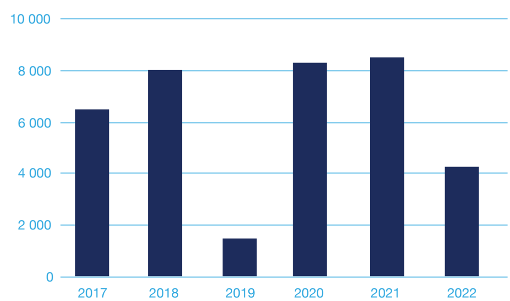
Balance sheets, KEUR	2021	2020	2019	2018	2017
ASSETS					
Fixed assets					
Intangible	31 612	32 197	32 094	21 804	30 453
Tangible	1 362	1 063	1 087	1 136	2 203
Financial	4 178	1 655	879	-	-
Deferred tax assets	287	1 016	52	1 594	1 131
Total fixed assets	**37 439**	**35 931**	**34 112**	**24 534**	**33 787**
Current assets					
Inventories	30 708	27 560	17 430	14 980	10 417
Receivables	30 037	19 149	25 975	28 423	25 792
Other assets	13 569	8 021	20 123	15 119	7 484
Cash and cash equivalents	2 601	7 379	3 644	24 845	5 689
Total current assets	**76 915**	**63 168**	**68 547**	**83 366**	**49 382**
TOTAL ASSETS	**114 354**	**99 099**	**102 659**	**107 900**	**83 169**
EQUITY AND LIABILITIES					
EQUITY	**14 036**	**18 171**	**20 100**	**34 265**	**21 028**
Equity/Asset ratio	*12%*	*18%*	*20%*	*32%*	*25%*
Long-term liabilities					
Interest bearing	1 840	32 918	-	8 403	11 230
Non-interest bearing	3 918	10 016	12 275	1 768	1 913
	5 758	**42 934**	**12 275**	**10 171**	**13 143**
Current liabilities					
Interest-bearing	42 551	1 031	23 059	20 652	15 015
Non-interest bearing	52 008	36 962	47 225	42 812	33 983
	94 559	**37 993**	**70 284**	**63 464**	**48 998**
Total liabilities	**100 317**	**80 928**	**82 559**	**73 635**	**62 141**
TOTAL EQUITY AND LIABILITIES	**114 354**	**99 099**	**102 659**	**107 900**	**83 169**

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.

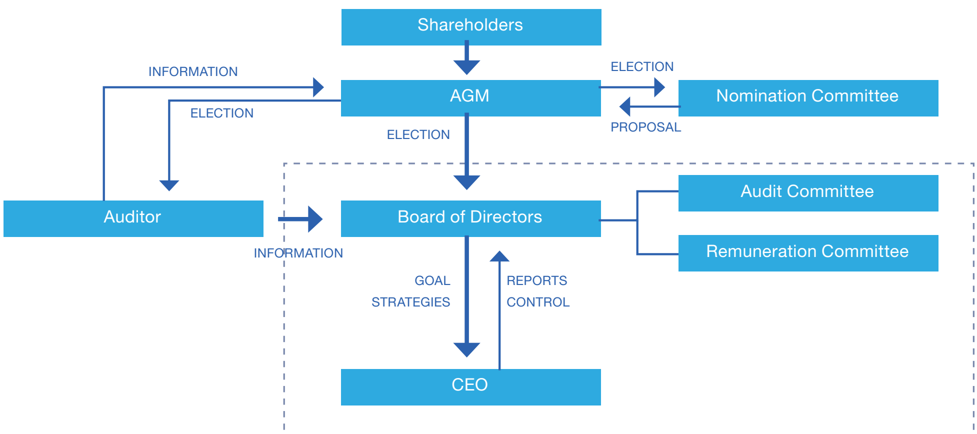
The internal instruments include, but are not limited to, the Company's Articles of Association, the Rules of Procedure for the Board of Directors, the Instruction for the CEO and the STRAX Code of Conduct. The Board has also adopted numerous policies, guidelines and instructions that contain binding 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).

Nomination Committee

At the 2021 AGM it was decided that STRAX shall have a Nomination Committee for the AGM 2022 consisting of one representative from each of the

Model of Corporate Governance at STRAX



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 2021 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 2022 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 2022 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 2021
The Annual General Meeting was held on May 26, 2021. Due to the extraordinary situation resulting from the covid-19 pandemic, the Annual General Meeting was 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 took place. STRAX welcomed all shareholders to exercise their voting rights at the Annual General meeting by voting in advance.

The most important resolutions of the meeting are described below:

- The income statement and the consolidated income statement for 2020, as well as the balance sheet and consolidated balance sheet as per 31 December 2020 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 2020.

- 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 page 90).

- It was resolved, in accordance with the Board of Directors' proposal to authorize the Board of Directors to, during the period until the next Annual Shareholders' Meeting, on one or more occasions, resolve upon issuances of new shares, warrants and/or convertible bonds.

- 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 2022
STRAX 2022 AGM will take place on May 25, 2022. The Annual General Meeting will be conducted by advance voting only, without the physical presence of shareholders, proxies or third parties. The company welcomes all shareholders to exercise their voting rights at the Annual General Meeting through advance voting on the basis of temporary statutory rules, in accordance with the procedure below. Information on the decision of the Annual General Meeting will be published as soon as the results of the postal vote are finally compiled on Wednesday 25 May 2022. 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
2021	18.9 %
2020	68.6 %
2019	72.15 %
2018	72.51 %
2017	57.68 %

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 2021. 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 10 meetings during 2021. 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 2021 AGM, the Board of Directors has consisted of Bertil Villard, Gudmundur Palmason, Ingvi T. Tomasson, Anders Lönnqvist and Pia Anderberg. Bertil Villard was appointed Chairman by the AGM. More information about Board members including age, education and other assignments is provided on pages 46-47.

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

Remuneration Committee
The Board as a whole fulfills the duties of the Remuneration Committee. The Remuneration

Independence of Board members, presence, etc.

Name	Position	Elected	Independent in relation to the company and management	Independent in relation to larger share-holders	Share-holding(1)	Present	Percent
Bertil Villard	Chairman	2003	Yes	Yes	406 670	(10/10)	100%
Gudmundur Palmason	Board Member/ CEO	2016	No	No	31 398 031	(10/10)	100%
Ingvi T. Tomasson	Board Member	2016	No	No	31 198 079	(10/10)	100%
Pia Anderberg	Board Member	2018	Yes	Yes	49 580	(9/10)	90%
Anders Lönnqvist	Board Member	2000	Yes	Yes	4 601 333	(10/10)	100%

(1) Where relevant, including shares held by family members and holdings through companies as at December 30, 2021.

Work of the Board of Directors

February 24, 2021	Year end report 2021
March 16, 2021	Strategic topics, sales development
May 26, 2021	AGM, Q1 2022, Annual Report 2020
May 26, 2022	Constituent board meeting
August 24, 2021	Q2 2021, Business & brand update,
August 24, 2021	Approval previous minutes
October 27, 2021	European distribution split/spinoff
November 17, 2021	Review Q3 2021, Distribution split/spinoff
November 24, 2021	Q3 2021, Audit, Covenant breach, split and spinoff
December 21, 2021	2021 Financial update, Budget 2022, split and listing of Strax Europe, Strategic and operational topics

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 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 2021 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 2021 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 during 2022. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

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

Control activities

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

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

Information and communication

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

Monitoring activities

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

Internal audit

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

THIS IS OUR BOARD

BERTIL VILLARD
BORN 1952
406 670[1)] SHARES IN STRAX

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

ANDERS LÖNNQVIST
BORN 1958
5 918 394[1)] SHARES IN STRAX

Anders Lönnqvist, Board member since 2000, is an entrepreneur with experience within several branches. Anders Lönnqvist is Managing Director of the listed company TBD30 and 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 30, 2021 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, Verna ehf., Fortus hf., XOR ehf., SRX ehf., Enzymatica AB, SRX Limited, TLF BV and RichmondFinch.

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, Tommi's Burger Joint, Ormsson ehf., and XOR ehf.

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, Sofigate OY, Sofigate AB, Rädda Barnen Välfärd and DIB Services AB.

AUDITORS / NIKLAS RENSTRÖM / BORN 1974

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

THIS IS OUR MANAGEMENT

During the financial year 2021 STRAX had 231 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, Verna ehf., Fortus hf., XOR ehf., SRX ehf., Enzymatica AB, SRX Limited and, TLF BV and RichmondFinch.

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, Tommi's Burger Joint, Ormsson ehf., and XOR ehf.

[(1)] Where appropriate, includes shares held by family members and holdings through companies as at December 30, 2021 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, Vestum AB, Urbanista AB and RichmondFinch. Deputy Board member in Strax Nordic AB.

SUSTAINABILITY REPORT

As a global company, it is important to take responsibility for our entire business' impact at all stages of the value chain. Within STRAX, we strive to constantly develop ourselves and our business in order to reduce our negative impact on the environment and take our social responsibility.

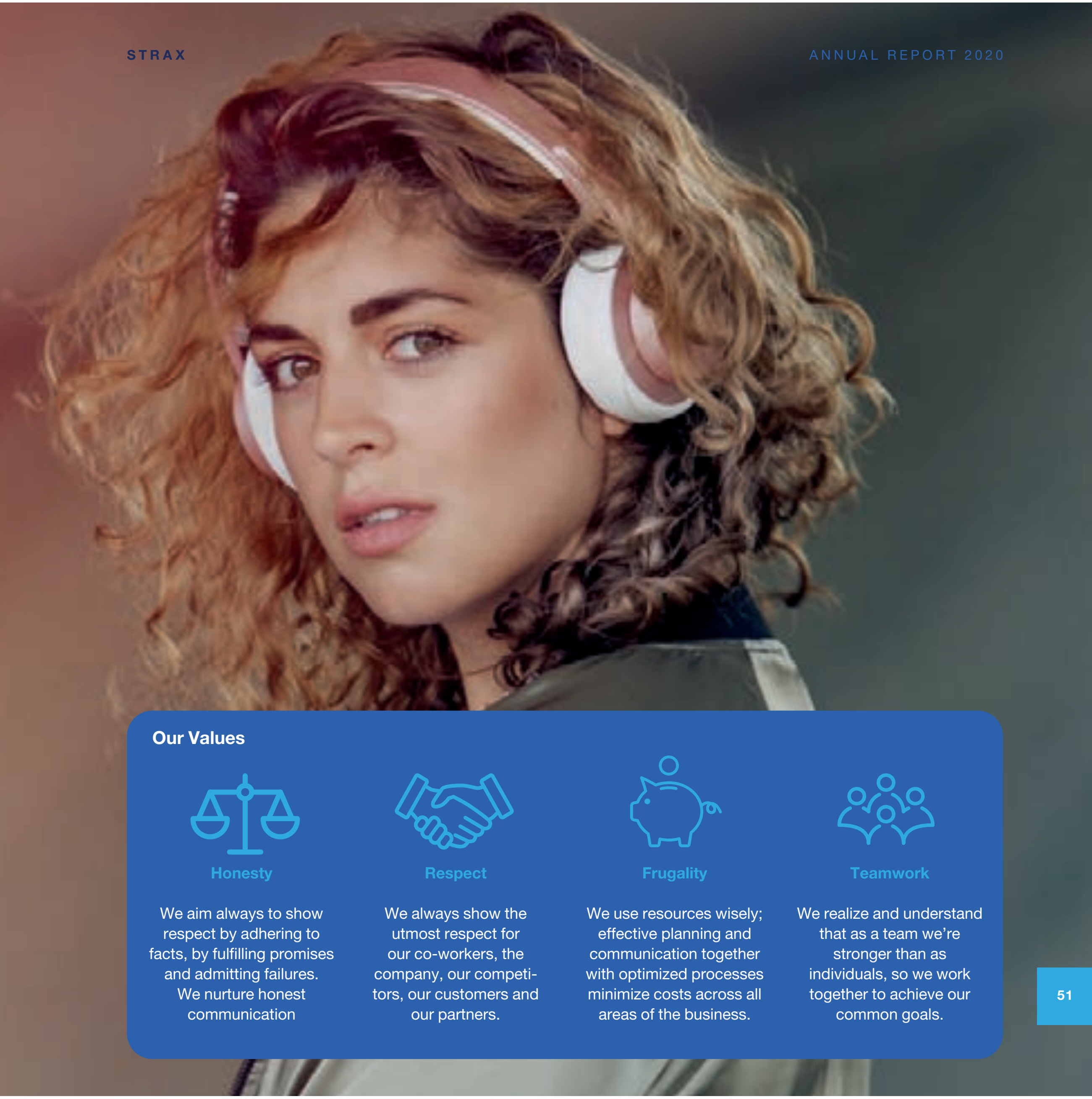
Our sustainability approach

STRAX´s ambition is to conduct business in as a sustainable manner as possible. To us, this means that we shall offer innovative and sustainable products in a competitive way, while at the same time offer an attractive workplace and take 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 in their operations. A clear vision, shared values and our Code of Conduct form the basis for our behavior and actions at STRAX.

The past year

Like 2020, 2021 has been characterized by challenges related to the Covid-19 pandemic, which has placed continued high demands on the organization's and its employees' flexibility and adaptability. At STRAX, we have worked systematically to maintain a good and safe work environment and ensure a well-functioning supply of information throughout the organization, which is of particular importance during a time when a large proportion of our work being done from home. STRAX has since before the pandemic established a flexible digital way of working, which has contributed to why the transition to making fewer business trips and physical meetings has been working well.
In 2021, the pandemic has had a major indirect impact on transports. Reduced availability for air and train freight, container shortages and closed ports have posed major challenges. The supply of certain raw materials has also been negatively affected. We have worked intensively with our customers and partners to handle the challenges and secure deliveries in the best possible way.
During the pandemic, certified high-quality personal protection equipment has been important for companies and societal functions to perform. By continuing to be a reliable supplier of our new product category, Personal Protection Equipment, which was established in 2020, we at STRAX have had the opportunity to contribute to the communities in which we operate.

In 2021, STRAX has achieved a couple of important milestones. Our sustainability work was rewarded a Gold certification from EcoVadis, which in recent years has been a goal of ours. In addition, STRAX's subsidiary Urbanista launched the world's first self-charging wireless headphones. That we have been involved in introducing green technology to this product category is something we are proud of.



Our Values

Honesty

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

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.

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 §). There have been no significant changes in the application of reporting principles or scope when compared to the previous year's Sustainability Report. STRAX AB's Board of Directors also approved the Sustainability Report when signing the Annual Report 2021. The auditors' opinion on the Sustainability Report can be found on page 132. 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.

IMPACT IN OUR BUSINESS MODEL

STRAX is a global leader in accessories empowering a mobile lifestyle with sales in more than 20 countries. Operations are divided into to complementing legs, Own brands and Distribution. Our brand portfolio for mobile accessories includes all major product categories: Protection, Power, Connectivity, and Personal Audio. Since spring 2020, STRAX has also expanded into Health & Wellness products with brands for Personal Protection Equipment, such as face masks, gloves and sanitizers. Through 70,000 physical stores as well as via online marketplaces and sales directly to consumers, our distribution operations reach a wide customer base. Today STRAX has over 200 employees in 13 countries.

The brand portfolio includes both own brands and licensed brands, representing 42 and 58 percent of sales respectively. STRAX also represents more than 40 distributed mobile accessory brands and several Personal Protection brands, which combined account for 31 percent of sales. In addition to mobile accessories and personal protection equipment, STRAX also offers value-creating services and customer-specific solutions.

STRAX does not own any factories and all production is sourced from third party suppliers, of which 92 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.

SIGNIFICANT SUSTAINABILITY ASPECTS IN STRAX'S VALUE CHAIN

Based on the operations' impact on the economy, social conditions and the environment, as well as the issues that are deemed to be the most significant to the Group's stakeholders, STRAX has identified the aspects that are deemed to be most important for the Group's sustainability work.

Product development
In product development, close cooperation between the departments is essential to ensure product safety, product quality and product durability. Another focus is that 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
STRAX offers a wide selection of value-creating services, from packaging and logistics to integrated assortment and planogram. The range of services is central to ensure a sustainable offering with overall high service and quality.

STRAX IS AWARDED ECOVADIS GOLD CERTIFICATION

STRAX's ongoing efforts to develop its sustainability work, was in December 2021 awarded with Ecovadi's gold certification. EcoVadis is the largest independent provider of sustainability assessments globally. STRAX has participated in EcoVadi's annual evaluations since 2013 and has previously achieved silver certification. The goal has always been to achieve a gold certification or an even higher level.

"We placed these sustainability issues at the top of our agenda several years ago and it has yielded results in several ways, also from a business perspective. Today, we have very robust processes for product design and development regarding sustainability, quality and customer experience. This means that we have products that we can be proud of and that are appreciated by our customers. To be awarded EcoVadi's gold certification is a major milestone, but it is still just a milestone on the path I see ahead of us", – Gudmundur Palmason, CEO, STRAX.

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. All purchases shall be sourced from suppliers committed to the STRAX Supplier Code of Conduct*.

2021 outcome: 100 %
100) of all purchases were sourced from suppliers committed to the STRAX Supplier Code of Conduct.

Through the self-assessment system, the suppliers commit to 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 shall immediately notify STRAX, to allow for corrective actions.

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. STRAX has also implemented third party validation of strategic suppliers' social responsibility performance as a complement to internal controls. In 2021 a total of 3 JAC audits were conducted. The Joint Audit Cooperation (JAC) is an international collaboration of telecom operators aimed at verifying, evaluate and promote sustainability at major key multinational suppliers of information communication technologies.

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.

2021 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 is that all employees in vendor-facing positions should be educated on the topics of bribery and corruption.

2021 outcome: 100 %
(100) of all employees in vendor-facing positions have completed their education on the topic of bribery and corruption, 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 regarding anti-corruption and bribery with no serious deviations. No material deviations were identified during the year.

*Includes signing STRAX Manufacturing Agreement, STRAX Supplier Code of Conduct, STRAX Anti-Bribery Appendix, STRAX Cobalt and Conflict Minerals Declaration and committing to STRAX self-assessment system.

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 warehouses, 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.

2021 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. Amnesty International has 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.

2021 outcome: 100 %
(100) of all suppliers had completed a self-assessment ensuring a responsible sourcing of cobalt in line with the RCI's requirements.

URBANISTA LOS ANGELES – SOLAR CELL POWERED HEADPHONES WITH INFINITE PLAYTIME

STRAX subsidiary Urbanista, announced during the year the new model Los Angeles – the world's first self-charging, wireless headphones, powered by Powerfoyle™ solar cell material. Using advanced green technology, Los Angeles converts all forms of light, outdoor and indoor, into energy to deliver virtually infinite playtime. To deliver this limitless audio experience, Urbanista has teamed up with Exeger, a Swedish innovation company, that has created a ground-breaking solar cell technology.

"We are both proud and happy to take part in introducing clean energy into this category, an initiative that fits very well into STRAX's ongoing work with sustainability."
– Gudmundur Palmason, CEO, STRAX AB.

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 challenges we have faced during the pandemic of the past two years have 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 to adapt our operations to the prevailing conditions and, together with our suppliers, secure deliveries to fulfill the needs of our customers.

Common guidelines

As STRAX has employees in many different countries, we as an employer need to adapt to local laws, regulations and circumstances.

To clarify the Group's approach, STRAX established Group-wide HR-guidelines in 2021. The guidelines stipulate, among other things, that each subsidiary shall have distinct employee handbooks and established processes for the introduction of new employees. The guidelines also set requirements for locally adapted and relevant HR-policies and processes that align with the Group's Code of Conduct and other policies. Employees need to know what is expected of them and what they can expect from management and leadership. There shall be a clear and consistent communication about important policies and employees shall understand content of the Code of Conduct and what is expected of them when they act in accordance with it. Each employee shall have an individual development plan and regular employee development interviews.

In the spring of 2022, STRAX will finish a common digital portal where employees shall confirm that they have read all important policy documents that are relevant to them in their work. Their immediate manager shall act as support if questions and thoughts arise. The platform will also, amongst other things, facilitate the implementation and follow-up of a digital education in the Code of Conduct.

Health and safety management

STRAX has a responsibility to ensure that the entire organization enjoys a good work environment and a safe workplace. STRAX is systematically working on improving the work environment and safety thought its operations. As STRAX has employees in many different countries, based both in offices and in warehouses, certain adaptability to local regulations and circumstances are necessary. To accommodate this, each subsidiary shall have their own Health and Safety policy, processes and routines that comply with the requirements set in the Groups HR-guidelines.

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

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.
The majority of STRAX employees work in the warehousing operations in Germany. This is also the part of our operations that has the greatest risk of workplace accidents. Therefore, there are well-established routines to ensure a safe working environment. A work environment committee with representatives of both employees and management as well as a safety specialist has quarterly meetings. Regular risk assessments of the work environment are carried out and evaluated, and the goal of that all employees to have undergone training in health and safety, was fulfilled in 2021.
STRAX has a zero vision for accidents that we work towards. In the German warehouse operations, where the largest proportion of employees are located, one workplace accident in 2021 resulted in sick leave.

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 our 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 49 percent (48) women and 51 percent (52) men. STRAX aim to continuously improve the proportion of women in management positions. The target is that both men and women shall represent at least 40 percent of management positions by 2025.

2021 outcome: 10%
(9) 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

The impact of global warming is at risk of being devastating and STRAX works toward 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 product and shipping packaging

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 the 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.
The pandemic has brought major challenges regarding shipping. Closedowns, canceled flights, closed ports and container shortages in the transport sector have led to STRAX, like many other companies, having to adapt and use the transports that have been available to secure our deliveries in the best possible way. The challenges in the transport sector will probably continue in 2022 as well, but within STRAX we will do what we can to continue reducing our emissions by optimizing transport.
The goal is to reduce the proportion of transport by air to less than 50 percent by 2025.

2021 outcome: 43 %
(67) 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.

Reduced energy use

At STRAX, we work to reduce energy use in our own operations in every way we can. This includes, among other things, the use of low-energy lighting, the use of energy-efficient appliances and switching to green energy suppliers where possible. STRAX has set a target to reduce scope 2 CO2 emissions[1] by five percent per year.

2021 outcome:
Total scope 2 CO2 emissions amounted to 4 242 399 tCO[2]e in 2021.

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 2021, we have continued our work to identify and implement 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.

STRAX has as a target that all product packaging and shipping packaging shall be made of recyclable or biodegradable materials by 2025 at the latest.

2021 outcome: 99 % of all product packaging & **90 %** of all shipping packaging were recyclable in 2021.

Engaging our suppliers

In order to reduce the CO2-emissions throughout our value chain, it is crucial that we engage our suppliers and create a good collaboration with them.

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 us.

CLEAR CASE OF 100% RECYCLED MATERIALS

STRAX partners with HMD Global to develop and distribute a selection of Nokia-branded accessories across the world. As part of this collaboration STRAX has developed a clear case for Nokia G11 and G21 made from 100% recycled materials that can also be recycled at the end of the products life cycle.

[1] Including purchased energy inputs which include electricity, heat, steam and cooling for use by own operations.
[2] Includes STRAX's offices in Hong Kong, Shenzhen and Germany as well as the logistics center in Germany.

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

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 + consists of representatives from various functions within the organization and gives sustainability issues clearer ownership in day-to-day operations, which is a cornerstone of a successful sustainability work.

The Group Management Team is also responsible for reviewing and updating 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.

Additionally, STRAX´s 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 system also contributes to increased customer and stakeholder value and to decrease STRAX's negative environmental impact.

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 AntiBribery Policy, Code of Conduct for Suppliers, rules of corporate governance and other relevant policies.

Whistleblowing

STRAX has a so-called "whistleblower function" where employees, partners or other stakeholders are given the opportunity to both openly and anonymously report all types of serious deviations from the Code of Conduct or suspicions of crimes committed by persons with managerial responsibilities. Serious deviations can refer to irregularities that are ongoing, were previously committed or are planned, and which can harm STRAX's operations or employees. Reporting is done anonymously to third parties and there are no retaliation or other negative consequences for individuals reporting on such incidents. The number of cases reported to STRAX whistleblowing function in 2021 was 0 (0).

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
- STRAX HR-Guidelines
- STRAX Entertainment Policy
- STRAX Anti-corruption Policy
- STRAX Privacy Policy

SUSTAINABILITY RISKS

Sustainability risks are defined as a direct or indirect environmental, social or business event or circumstance that, if it were to occur, would have a significant negative impact on STRAX's operations. The most significant of STRAX's sustainability risks are presented below in terms of the probability that the risk will occur and the impact that this would have.

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, violations 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 negative publicity, economic damages and legal ramifications.	STRAX demands that all suppliers 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 sub-contractors. STRAX works on the basis of a CSR-based governance structure where the suppliers' work with sustainability-related issues is included as an important part of evaluation and follow-up.
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 fails 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.

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, 2021.

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 branded accessories covers all major mobile accessory categories: Protection, Power, Connectivity, as well as Personal Audio. Our new Health & Wellness category offers branded Personal Protection products. Our distribution business reaches a broad customer base, through 70 000 brick and mortar stores around the globe, as well as through online marketplaces and direct-to-consumers.

Wholly owned brands include Urbanista, Clckr, RichmondFinch, Planet Buddies, xqisit, AVO+, Dóttir and grell, and licensed brands include adidas, and Diesel. Our distribution business also services over 40 other major mobile accessory brands.

Founded as a trading company in 1995, STRAX has since expanded worldwide and evolved into a global brand and distribution business. Today we have over 200 employees in 13 countries. STRAX is listed on the Nasdaq Stockholm stock exchange.

Significant events during 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.

STRAX subsidiary Urbanista, the Swedish lifestyle audio brand, announced Urbanista Los Angeles, the world's first self-charging, wireless active noise cancelling headphones, powered by Powerfoyle™ solar cell material. Using advanced green technology, Los Angeles converts all forms of light, outdoor and indoor, into energy to deliver virtually infinite playtime.

The 2020 Annual General Meeting was held on May 26, 2021. Due to the extraordinary situation resulting from the covid-19 pandemic, the Annual General Meeting was 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 took place. STRAX welcomed all shareholders to exercise their voting rights at the Annual General meeting by voting in advance.

STRAX launched online only brand Dóttir, with new line of sports-focused true wireless headphones. The brand was developed with CrossFit champions Annie Thorisdottir and Katrin Davidsdottir. The first product, Dóttir Freedom On-Grid in-ear headphones has already been awarded the Red Dot Award for product design.

STRAX launched online only brand, grell, with the first product being true wireless headphones. The brand was developed with world-renowned sound engineer and headphone designer Axel Grell, who has crafted headphones to produce world-class sound for over three decades, most notably at Sennheiser. The first product from grell won CES Innovation awards 2022.

STRAX demonstrated its commitment to furthering sustainability by earing gold certification from

Ecovadis, the largest independent provider of business sustainability ratings.

Dividends and distributions

The Board has not proposed a dividend for the financial year 2021.

Earnings and financial position

THE GROUPS net sales for the period January 1 – December 31 2021 amounted to 123 698 (111 790). Gross profit amounted to 18 643 (28 518) and gross margin amounted to 15.1 (26.3) percent. Operating profit amounted to 1 899 (6 774).

Result for the period amounted to -3 898 (669). The result included gross profit 18 643 (28 518) selling expenses -17 725 (-17 817), administrative expenses -5 962 (-3 924), other operating expenses -9 728 (-12 121), other operating income 16 671 (12 117) of which 4 661 (-) relates to re-evaluation of earnout liability, net financial items -4 895 (-5 931) and tax -902 (-174).

As a result of the compressed margin during the second half of 2021, the group did not meet one of the financial covenants in the loan agreement with PCP as of December 31, 2021. After the end of the period a waiver for the breach was granted. The fact the waiver was granted after the end of the period has the effect under IFRS that the related interest-bearing debt is reported as current in the balance sheet as of December 31, 2021.

As of December 31, 2021, total assets amounted to 114 354 (99 099), of which equity totaled 14 036 (18 171), corresponding to equity/assets ratio of 12.3 (18.3) percent. Interest-bearing liabilities as of December 31, 2021, amounted to 44 391 (33 949). The group's cash and cash equivalents amounted to 2 601 (7 379).

THE PARENT COMPANY'S result for the period amounted to - (-). The result included gross profit of 1 147 (1 036), administrative expenses -1 224 (-976) and net financial items 77 (-60). As of December 31, 2021, total assets amounted to 77 131 (80 296) of which equity totaled 63 076 (63 076). Cash and cash equivalents amounted to 673 (3 976).

LIQUIDITY AND FINANCING

Cash and cash equivalents consist of cash and bank balances amounting to 2 601 (7 379) as of December 31, 2021. At the end of 2021 interest-bearing liabilities amounted to 44 391 (33 949).

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.

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.

INVESTMENTS during the period amounted to a total of 2 793 (2 446), of which investments in intangible assets amounted to 980 (1 761), property, plant and equipment amounted to 1 142 (359) and investments in subsidiaries amounted to 671 (326).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

STRAX entered a partnership with a German personal protective equipment specialist company to deliver Covid-19 tests to a regional government body in Germany. Total sales of the tests are expected to exceed MEUR 32 in the first quarter of 2022 with a significant positive impact on STRAX during the quarter.

STRAX extended its partnership with the German personal protective equipment specialist company to deliver Covid-19 tests to another regional government body in Germany. Total sales of the new contract award are expected to exceed MEUR 12, and the contract covers the first and second quarter of 2022.

AirPop, the premium high performance face mask brand STRAX holds a five-year global exclusive distribution agreement for, recently secured key retail channels in the United States, Canada, and Australia.

Russia's military intervention in Ukraine has led to growing geopolitical uncertainty. STRAX does not conduct any operations in Russia or Ukraine and is not directly impacted from a business perspective, but is indirectly affected by, among other things, increased material prices and supply chain disruptions. STRAX is actively working to limit the negative effects of the situation that has arisen.

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, through indirect channels, direct brand websites and marketplaces to 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. We expect our online sales to grow significantly, albeit from a relatively low base, with total eCommerce accounting for 30-50% of our sales in 2025. 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-2022 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 mid-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.

The Covid-19 pandemic is still impacting our day-to-day business and many of the initial measures taken back in March 2020 remain intact. With the increase of cases related to the Omicron variant of the Covid-19 virus we expect these measures to remain in place throughout 2022. Measures have been taken in all parts of the business to mitigate the impact of the coronavirus, including in the following areas:

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

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 2021 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 2021 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 2021 please see note 2.10.

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, 2021 the company had a total of 2 132 (2 225) shareholders. The ten largest shareholders' holdings as of December 30, 2021 amounted to 86 (90) 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, 2021 reported a holding of at least 10% in STRAX through disclosure notices.

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

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

Investor Relations

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

Sustainability Report

In accordance with the requirements in the Swedish Annual Accounts Act, STRAX presents a Sustainability report. STRAX participates in the UN Global Compact and the sustainability report also includes the Group's Communication of Progress. The statutory sustainability report is presented separately from the Board of Director's report and is found on the pages 50-63 of the annual report. The sustainability risks facing the Group is accounted for on page 63.

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 2021	-
Total	**49 667**

The Board of Directors propose that the profit - for 2021 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.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THE GROUP

Income statements, KEUR	NOTE	2021	2020
Net sales	2.1, 4.4	123 698	111 790
Cost of goods sold		-105 055	-83 271
Gross profit		**18 643**	**28 519**
Selling expenses		-17 725	-17 817
Administrative expenses		-5 962	-3 924
Other operating expenses	2.2	-9 728	-12 121
Other operating income	2.3	16 671	12 117
Operating profit		**1 899**	**6 774**
Financial income	2.4	24	-
Financial expenses	2.5	-4 919	-5 931
Net financial items		**-4 895**	**-5 931**
Profit before tax		**-2 996**	**843**
Tax	2.6	-902	-174
Profit or loss for the period [1]		**-3 898**	**669**
Basic earnings per share, EUR	2.7	-0.03	0.01
Diluted earnings per share, EUR	2.7	-0.03	0.01
Weighted basic average number of shares during the period		120 592 332	120 592 332
Weighted diluted average number of shares during the period		124 687 332	124 687 332

Statement of comprehensive income, KEUR		
Profit or loss for the period	-3 898	669
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translation gains/losses on consolidation net of tax	-237	-2 598
Total comprehensive income for the period [1]	**-4 135**	**-1 929**

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

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Balance sheets, KEUR	NOTE	12 31 2021	12 31 2020
Assets			
NON-CURRENT ASSETS			
Goodwill	3.1	28 176	28 176
Software	3.2	2 481	2 327
Property, plant and equipment	3.3	1 362	1 063
Right of use of assets	3.4	955	1 694
Financial assets	3.5	4 178	1 655
Deferred tax assets	2.6	287	1 016
Total non-current assets		**37 439**	**35 931**
CURRENT ASSETS			
Inventories	3.7	30 708	27 560
Accounts receivables	3.8	29 124	19 149
Tax receivables	2.6	913	1 058
Financial assets	3.5	9 112	4 411
Other assets	3.6	4 457	3 611
Cash and cash equivalents	3.9	2 601	7 379
Total current assets		**76 915**	**63 168**
Total assets		**114 354**	**99 099**
Equity and liabilities			
EQUITY			
Share capital		12 622	12 622
Other contributed equity		-1 606	-1 650
Translation reserve		-6 020	-5 739
Retained earnings including profit or loss for the period		9 040	12 938
Total equity attributable to the parent company's shareholder	3.10	**14 036**	**18 171**
NON-CURRENT LIABILITIES			
Liabilities against credit institutions	3.11	1 840	32 918
Lease liabilities	3.4	382	979
Other financial liabilities	3.12	288	7 684
Other liabilities	3.13	1 647	-
Deferred tax liabilities	2.6	941	1 350
Total non-current liabilities		**5 098**	**42 931**
Current liabilities			
Liabilities against credit institutions	3.11	42 551	1 031
Lesase liabilities	3.4	656	803
Other financial liabilities	3.12	4 509	6 177
Accounts payables		28 998	15 801
Provisions	3.14	640	654
Tax liabilities	2.6	4 342	6 050
Other liabilities	3.13	13 524	7 481
Total current liabilities		**95 220**	**37 997**
Total liabilities		**100 318**	**80 928**
Total equity and liabilities		**114 354**	**99 099**

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, 2020	**12 622**	**-1 650**	**-3 141**	**12 269**	**20 100**
Profit or 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**
Profit or loss for the period				-3 898	-3 898
Translation gains/losses		44	-281		-237
Total comprehensive income for the period		44	-281	-3 898	-4 135
Balance as of December 31, 2021	**12 622**	**-1 606**	**-6 020**	**9 040**	**14 036**

Further information regarding the group’s equity is available in Note 3.10.

THE GROUP

Cash flow statements, KEUR	NOTE	2021	2020
OPERATING ACTIVITIES			
Profit before tax		-2 996	843
Adjustment for items not included in cash flow from operations or items not affecting cash flow	4.1	2 634	7 687
Paid taxes		-1 406	-429
Cash flow from operations prior to changes in working capital		**-1 768**	**8 101**
Cash flow from changes in working capital			
Increase (–)/decrease (+) inventories		-3 148	-10 130
Increase (–)/decrease (+) non- current receivables		-1 794	-1 740
Increase (-)/decrease (+) current receivables		-15 930	14 468
Increase (+)/decrease (-) non-current liabilities		-79	-1 263
Increase (+)/decrease (-) current liabilities		16 546	-11 981
Cash flow from operations		**-6 173**	**-2 545**
INVESTMENT ACTIVITIES			
Investments in software	3.2	-980	-1 344
Investments in property, plant and equipment	3.3	-1 142	-547
Investments in subsidiaries		-671	-326
Cash flow from investment activities		**-2 793**	**-2 217**
FINANCING ACTIVITIES			
Proceeds from liabilities against credit institutions	4.1	10 443	34 000
Repayment of liabilities against credit institutions	4.1	-	-21 313
Repayment of lease liabilities	4.1	-1 360	-995
Paid interest	4.1	-4 895	-3 195
Cash flow from financing activities		**4 188**	**8 497**
Cash flow for the period		**-4 778**	**3 735**
Cash and cash equivalents at the beginning of the period		7 379	3 644
Cash and cash equivalents at the end of the period	3.9	2 601	7 379

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1 Company information

STRAX AB (publ) is listed on the Nasdaq Stockholm Stock exchange with its registered office in Stockholm, Sweden. The business address is: Mäster Samuelsgatan 10, 111 44 Stockholm, Sweden. STRAX AB is registered under the corporate identity number 556539-7709.

STRAX AB (publ) as the parent entity and its direct and indirect subsidiaries together form the STRAX Group (hereinafter also referred to as “STRAX” or the “Group”).

STRAX is a global leader in accessories that empower mobile lifestyles. Our portfolio of branded accessories covers all major mobile accessory categories: Protection, Power, Connectivity, as well as Personal Audio. STRAX new Health & Wellness category offers branded Personal Protection products. Our distribution business reaches a broad customer base as well as through online marketplaces and direct-to-consumers. Founded as a trading company in 1995, STRAX has since expanded worldwide and evolved into a global brand and distribution business.

1.2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of STRAX consolidated financial statements. These policies have been consistently applied to both years presented.

Unless otherwise indicated, figures are presented in thousands of euros (EUR ’000). The tables and information presented may contain rounding differences.

1.2.1 Basis of preparation

(i) Compliance with IFRS and historical cost covention
STRAX consolidated financial statements for the year ended December 31, 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU. Further, STRAX applies RFR 1 “Additional rules for Group Accounting,” and the Swedish Annual Accounts Act.

The consolidated financial statements are prepared based on historical cost, except for financial assets (investments in shares) and financial liabilities (contingent considerations), which are measured at fair value through profit or loss.

(ii) New and amended standards adopted by the Group
A number of amendments of standards are effective from 1 January 2021, but these did not have a material effect on the Group’s financial statements.

(iii) New standards and interpretations not yet adopted by the Group
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.2.2 Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business and any equity interests issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and acquisition-date fair value of the net identifiable assets acquired is recorded as goodwill. Contingent considerations are classified as financial liabilities and are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.2.3 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management Board. In the case of STRAX, the Executive Management Board has been identified as being the chief operating decision makers that assesses the financial performance and position of the Group and makes strategic decisions.

The following operating segments has been identified: Distribution and Own Brands. The Executive Management Board uses primarily the measure gross profit, EBIT (Earnings before interest and taxes) and EBITDA (Earnings before interest, tax, depreciation and amortisation) to assess the performance of the operating segments. However, the Executive Management Board also receives information about the segments' net sales and assets.

1.2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of all STRAX Group entities is the respective local currency. The presentation currency of the consolidated financial statements is the euro (EUR).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss.

Foreign exchange gains and losses are presented in the income statement on a gross basis in Other operating income and Other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The financial statements of foreign operations that have a functional currency different from the presentation currency euro are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences accumulated in the translation reserve in equity, are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.2.5 Revenue – sale of goods

STRAX is a global leader in accessories that empower mobile lifestyles and develop and grow brands through an omnichannel approach where the Group operate two complementary businesses:

Own brands – including Urbanista, Clckr, RichmondFinch, Planet Buddies, xqisit, AVO+, Dóttir and grell,, and licensed brands such as adidas and Diesel 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. The Group 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.

All revenues categories relate to sale of goods and follow the same revenue recognition principals ie. revenue is recognized at a point in time net of VAT and sales reductions (discounts, bonuses, discounts for cash etc.).

(i) Sale of goods – wholesale
Revenue from the sale of goods is recognised at the point in time when the control of the products has been transferred. For STRAX, this is usually when the goods are delivered by a logistic company to customer's site and the customer confirms that he has taken possession and control over the goods.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (see Note 3.13) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision (see Note 3.14). No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Sale of goods – retail and online marketplaces
Revenue from the sale of goods in retail stores and online marketplaces is recognised when a Group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods.

It is the Group's policy to sell its products to the end customer with a right of return within the contractual terms. Therefore, a refund liability and a right to the returned goods (see Note 3.13) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision (see Note 3.14).

1.2.6 Government grants
Grants from the government are recognised at their fair value under other operating income 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 during 2021 or 2020.

Government grants related to costs are deferred and recognized in the income statement as Other operating income over the period necessary to match them with the costs that they are intended to compensate.

1.2.7 Income Taxes
Income taxes comprise current taxes as well as deferred taxes. Income taxes are recognized in profit or loss, in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.2.8 Leases

Leases in STRAX as a lessee mainly relate to real estate, technical equipment and cars.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments and variable lease payments that are based on an index or a rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

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.

The expected useful lives for right-of-use assets are as follows:

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

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

(i) Extension and termination options
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 included in the lease liability.

1.2.9 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). Nonfinancial 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.

1.2.10 Financial instruments

(i) Recognition and derecognition of a financial instruments

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.

Financial 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. Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

(ii) Classification and Measurement of financial assets

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.

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 in profit or loss.

All financial assets in STRAX, except for shares in Zagg included in current financial assets in the balance sheet, are measured subsequently at amortised cost. These financial assets are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest.

The shares in Zagg are measured at fair value through profit or loss. The fair value of the shares is based on the quoted market price at the end of the reporting period and included in level 1 in the fair value hierarchy.

(iii) Classification and Measurement of financial liabiities

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

All financial liabilities in STRAX, except for contingent considerations included in Other current financial liabilities in the balance sheet, are measured subsequently at amortised cost. Contingent considerations are measured subsequently at fair value through profit or loss. The fair value is based on unobservable market data and included in level 3 in the fair value hierarchy.

1.2.11 Accounts Receivables

Accounts receivables are outstanding amounts from sale of goods 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. For accounts receivables, the Group applies the simplified approach for impairment permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.8 for further details.

1.2.12 Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and immediately accessible funds at banks and similar institutions. They are measured at nominal values, which approximate their fair values due to their short term to maturity.

1.2.13 Liabilities against credit institutions

Borrowings (Liabilities against credit institutions) are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1.2.14 Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, within STRAX being the operating segments (see Note 4.4).

(ii) Software and tooling

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

- it is technically feasible to complete the software and tooling so that it will be available for use both in 2020 and 2021
- management intends to complete the software and tooling and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software and tooling will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software and tooling are available, and
- the expenditure attributable to the software and tooling 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 assets as follows:

• Software	3-6 years
• Tooling costs	3 years

1.2.15 Property, plant and equipment

Property, plant and equipment is measured at historical cost less straight-line depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The estimated useful life of the assets as follows;

• Leasehold improvements	10 years
• Other equipment, furniture and fixtures	3–10 years

Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss in "Other operating income" in the case of a gain and in "Other operating expenses" in the case of a loss.

1.2.16 Inventories

Inventories consists of raw materials, packaging and finished goods and merchandise and are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. 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.

1.2.17 Employment benefits

(i) Defined contribution plans

Within the Group, pension plans consist of defined-contribution pension plans. In defined contribution plans, the company pays defined contributions to a separate legal entity and has no future obligation to pay additional contributions. The employee benefits expense is charged to profit or loss during the period when the employee provides services.

1.2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

1.2.19 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss for the period attributable to the parent company's shareholders 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 dilutive effect of potential ordinary shares (for STRAX warrants). Warrants have not been included in the calculation of diluted earnings per share because they are antidilutive for the year ended 31 December 2021 and 2020. These options could potentially dilute basic earnings per share in the future.

1.2.20 Significant estimates and assumptions

The preparation of the financial statements requires that qualified estimates and assessments be made for accounting purposes. Therefore, management make certain assumptions which are considered reasonable under the prevailing circumstances. Thus, estimates and assessments affect the financial statements and they are frequently based on experience as well as other factors, including expectations of future events. Using other assumptions than those actually applied in the preparation of the financial statements, the result can be different.

(i) Impairment testing of goodwill

For STRAX, estimates and assessments are particularly important in impairment testing of goodwill. The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2021 and 2020 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets/forecasts approved by management covering a five-year period. These calculations are based on certain assumptions regarding the future which, for the Group, are associated with a risk of material adjustments of carrying amounts during the forthcoming financial year. Significant assumptions and the effects of reasonable changes of such are stated in Note 3.1 Goodwill.

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2.1 Net Sales
Breakdown of net sales by operating segment

Net sales per segment, KEUR	2021	%	2020	%
Distribution	71 831	58%	64 887	58%
Own brands	51 867	42%	46 903	42%
Total	**123 698**	**100%**	**111 790**	**100%**

Breakdown of net sales by product category
The tables below shows net sales by product category in total and by operating segment:

Net sales per product category, KEUR	2021	%	2020	%
Accessories	63 281	51%	60 582	54%
Audio	22 019	18%	25 843	23%
Health and Wellness	38 398	31%	25 365	23%
Total	**123 698**	**100%**	**111 790**	**100%**

Distribution net sales, KEUR	2021	%	2020	%
Accessories	43 344	35%	45 618	41%
Audio	12 226	10%	16 799	15%
Health and Wellness	16 261	13%	8 915	8%
Total	**71 831**	**58%**	**71 332**	**64%**

Own brands net sales, KEUR	2021	%	2020	%
Accessories	19 937	16%	14 965	13%
Audio	9 793	8%	9 043	8%
Health and Wellness	22 137	18%	16 450	15%
Total	**51 867**	**42%**	**40 458**	**36%**

Below geographic informations reflect net sales per geographical market and by region:

	2021			2020		
Geographic market and regions, KEUR	**Total**	**Distribution**	**Own brands**	**Total**	**Distribution**	**Own brands**
Western Europe						
Denmark	2 281	26	2 256	97	28	69
France	13 503	13 177	326	13 132	12 803	329
Germany	27 437	25 053	2 384	14 673	11 509	3 164
Netherlands	2 841	2 252	589	3 313	2 694	619
Switzerland	14 977	14 851	126	15 780	15 665	115
Austria	607	138	469	654	-	654
Norway	437	382	55	465	425	40
Poland	1 900	1 742	158	1 880	1 758	122
Sweden	7 650	5 122	2 527	9 125	6 092	3 033
UK	6 935	4 005	2 930	9 145	6 821	2 324
Spain	284	8	276	642	28	614
North America	22 162	-	22 162	21 022	-	21 022
Rest of the world	22 684	5 075	17 609	21 861	7 064	14 797
Total	**123 698**	**71 831**	**51 867**	**111 790**	**64 887**	**46 903**

Customers representing more than 10% of total net sales:
No customer generated more than 10% (10%) of total net sales during 2021.

2.2 Other operating expenses

KEUR	2021	2020
Foreign exchange rate losses	7 611	9 946
Other operating expenses	2 117	2 175
	9 728	**12 121**

2.3 Other operating income

KEUR	2021	2020
Foreign exchange rate gains	8 636	9 880
Other operating income	8 035	2 237
	16 671	**12 117**

Included in other operating income are grants to support of the Covid-19 crisis from the German government in the amount of KEUR 757 (228), realized through profit and loss.

2.4 Financial income

KEUR	2021	2020
Interest income	24	-
	24	**-**

2.5 Financial expenses

KEUR	2021	2020
Interest on borrowing	- 4 568	-3 091
Fair value loss on shares in ZAGG Inc.	-	-2 451
Interest on lease liabilities	-78	-110
Bank fees	-273	-279
	-4 919	**-5 931**

2.6 Income taxes

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:

KEUR	2021	2020
Current tax expense/ -income		
Current tax expense for the period	-1 760	-1 934
Current tax expense from previous periods	1 174	1 487
Total current tax expense/ -income	**- 586**	**- 447**
Deferred tax expense/ -income		
Deferred tax income due to temporary difference	- 204	273
Deferred tax from loss carryforwards	- 112	-
Total deferred tax expense/ -income	- 316	273
Total income taxes	**- 902**	**- 174**

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 2021 assessment period was 20.6% (21.4%).

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

KEUR	12 31 2021	12 31 2020
Deferred tax assets (non-current)	287	1 016
Income tax receivables (current)	913	1 058
Total tax receivables/assets	**1 200**	**2 074**
Income tax liabilities (non-current)	3	3
Income tax liabilities (current)	4 339	6 050
Deferred tax liabilities	941	1 350
Total tax liabilities	**5 283**	**7 403**

For tax losses carried forward in the amount of KEUR 24 185 (22 378) no deferred tax assets are accounted for due to uncertainty in the posibility of utilization.

	12 31 2021		12 31 2020	
Balance sheet items (KEUR)	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Inventories	-	231	-	175
Trade receivables	13	468	5	163
Other assets due to future deductable amounts	274	-	1 011	-
Other liabilities due to future taxable amounts	-	242	-	1 012
Deferred tax assets	**287**	**941**	**1 016**	**1 350**
Thereof current	-	-	-	-
Thereof non-current	*287*	*941*	*1 016*	*1 350*

Deferred tax assets, KEUR	2021	2020
Deferred tax assets at the beginning of period	**1 016**	**-**
Recognized in the income statement	- 729	1 016
Deferred tax assets at the end of period	**287**	**1 016**

Deferred tax liabilities, KEUR	2021	2020
Deferred tax liabilities at the beginning of period	**1 350**	**2 071**
Recognized in the income statement	- 409	- 721
Deferred tax liabilities at the end of period	**941**	**1 350**

Total recognized in the income statement	**- 320**	**1 737**

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

Tax reconciliation, KEUR	2021	2020
Profit before tax	-2 996	843
Expected tax rate	20.6%	21.4%
Expected income tax	**-617**	**193**
Adjustment of taxes to different foreign tax rate	854	-229
Tax effects from non taxable income	-101	-230
Tax effects from taxable not deductable expenses	6	275
Tax expense and refunds related to prior years	-1 333	-1 462
Losses of current year not recognized as an deferred tax asset	1 807	3 088
Utilisation of taxable losses from prior years not recognized as an deferred tax asset	426	-1 251
Other tax effects	-140	-210
Income tax	**902**	**174**
Effective tax rate	**-29.8%**	**20.6%**

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.

In September 2021 the audit was closed without any additional tax impact and therefore in line with the tax filing position taken by the subsidiary. Any previously build up tax liability has been finally reversed according to the final result of the audit. Due to this the tax refunds for prior years have been effected by KEUR 1 800.

2.7 Earnings per share

The table below shows the calculation of basic and diluted earnings per share attributable to the shareholders of the parent company:

KEUR/Number	2021	2020
Earnings attributable to shareholders of the parent company	-3 898	669
Weighted average number of shares for earnings per share		
Basic	120 592 332	120 592 332
Diluted	124 687 332	124 687 332
Earnings per share, EUR		
Basic	-0.03	0.01
Diluted	-0.03	0.01

The dilution was solely related to potential shares in connection with share-based payments.

2.8 Breakdown expenses by nature

Expenses by nature, KEUR	2021	2020
Goods purchased	88 004	68 276
Employee expenses	18 062	15 124
Depreciation and amortization	2 399	1 756
Freight costs	5 534	7 236
Professional service fees	5 254	2 311
Marketing	2 666	2 614
Rent and facility expenses	652	971
Packaging	402	453
Miscellaneous	5 769	6 271
Total cost of sales, selling and administrative expenses	**128 742**	**105 012**

2.9 Personnel expenses and number of employees

Personnel expenses break down as follows:

KEUR	2021	2020
Wages and salaries	14 349	12 319
Social security costs	2 604	2 338
Temporary staff	601	621
Other payroll related costs	508	352
Total	**18 062**	**15 630**

Average number of employees and gender distribution:

The average number of employees during the financial year amounted to 231 (224) of which 117 (116) men and 114 (108) women.

Geographical distribution	2021	2020
Western Europe	194	190
USA	17	13
Rest of the world	20	21
Total	**231**	**224**

Geographical gender distribution	2021		2020	
	Female	Male	Female	Male
Western Europe	96	98	93	97
USA	5	12	4	9
Rest of the world	13	7	11	10
Total	**114**	**117**	**108**	**116**

2.10 Board, CEO and executive management

The Board of Directors, CEO and executive management consisted of six (six) men and one woman (one).

Remuneration to Board and executive management during the year, KEUR	Salary/ Board fees		Social security costs		Pension expenses		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Chairman of the Board, Bertil Villard	22	22	2	2	-	-	24	24
Board member, Anders Lönnqvist	15	15	5	5	-	-	20	20
Board member, Pia Anderberg	15	15	5	5	-	-	20	20
CEO, Gudmundur Palmason	274	248	49	33	-	-	323	281
Board member, executive director, Ingvi T. Tomasson	336	294	8	8	-	-	344	302
Other executive management, 1 (1) individual	230	230	48	48	50	46	328	324
Total	**892**	**824**	**117**	**101**	**50**	**46**	**1 059**	**971**

Information on Board and Executive management benefits

Remuneration to the Board of Directors

According to the decision at the AGM 2021, the Directors' remuneration amounts to a total of KEUR 52 (52). The Board remuneration covers the period from the date the Director is elected at the Annual General Meeting until the next AGM. The two directors who are independent in relation to major shareholders are entitled to receive KEUR 15 each while the Chairman of the board is entitled to receive KEUR 22.

Executive management

Executive management refers to the management defined as the CEO, the Executive Director and the CFO. Other senior management has not been defined.

Remuneration to executive management

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 executive management shall be in line with market conditions. The principles for the variable remuneration for the financial year 2021 were decided by the Annual General Meeting 2021.

The employment contract of the CEO and other executive management is subject to 24 months' notice by either party and contains no provision regarding lowered retirement age.

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.

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.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1 Goodwill

Goodwill, KEUR	2021	2020
Acquisition Costs		
Balance as of January 1	32 721	32 721
Currency translation differences	-	-
Additions	-	-
Disposals	-	-
Reclassifications	-	-
Balance as of December 31	**32 721**	**32 721**
Impairment		
Balance as of January 1	-4 545	-4 545
Currency translation differences	-	-
Additions	-	-
Disposals	-	-
Reclassifications	-	-
Balance as of December 31	**-4 545**	**-4 545**
Net book value as of December 31	**28 176**	**28 176**

In 2021, allocation of goodwill has been performed based on a change within the segment reporting. The change was made in consolidation of the segment "Own brands" and "Other" as well as in moving the company BrandVault (online marketplaces) from "Distribution" to "Own brands". As illustrated in the able below and due to comparability, goodwill has been moved between the cash-generating units.

Goodwill by segmentation, KEUR	12 31 2021	Revised 2020	12 31 2020
Distribution	9 359	9 359	12 084
Own Brands	18 817	18 817	16 092
Total	**28 176**	**28 176**	**28 176**

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

The discount rate before tax applied to the cash flow projection is at 17.52 % (19.73%). The discount rate applies for both operating segments/CGU.

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 both operating segments/CGU.

The required annual review was conducted on December 31, 2021, 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 15% each and reducing the growth rate of the terminal value down to 0% the recoverability of the capitalized goodwill was confirmed. By using the market risk rate and growth rate of the terminal value used in the annual review, the recoverability of the cash generating units was confirmed even if the cash flow in the forecasted period is 88% (73%).

3.2 Software and tooling

Software and tooling, KEUR	2021	2020
Acquisition Costs		
Balance as of January 1	6 366	5 515
Currency translation differences	615	- 57
Additions	744	908
Disposals	-	-
Reclassifications	-	-
Balance as of December 31	**7 725**	**6 366**
Accumulated amortization		
Balance as of January 1	-4 039	-3 656
Currency translation differences	- 539	-
Amortization charge	- 666	- 383
Disposals	-	-
Reclassifications	-	-
Balance as of December 31	**-5 244**	**-4 039**
Net book value as of December 31	**2 481**	**2 327**

3.3 Property, plant and equipment

Property, plant and equipment, KEUR	2021	2020
Acquisition Costs		
Balance as of January 1	4 719	4 235
Currency translation differences	- 136	- 17
Additions	1 112	547
Disposals	-	- 46
Reclassifications	-	-
Balance as of December 31	**5 695**	**4 719**
Accumulated depreciation		
Balance as of January 1	-3 656	-3 148
Currency translation differences	157	-
Depreciation charge	- 834	- 544
Disposals	-	36
Reclassifications	-	-
Balance as of December 31	**-4 333**	**-3 656**
Net book value as of December 31	**1 362**	**1 063**

3.4 Assets and liabilities from leasing agreements

Existing leases mainly relate to real estate, technical equipment and cars for selected employees. For the policy choice disclosures, see note 1.2.8 "Leases". The amounts recognised in the balance sheets attributable to leases are presented in the table below;

Right-of-use assets, KEUR	2021	2020
Acquisition Costs		
Balance as of January 1	3 345	2 909
Currency translation differences	-	-
Additions	219	436
Disposals	-	-
Reclassifications	-	-
Balance as of December 31	**3 564**	**3 345**
Accumulated depreciation		
Balance as of January 1	-1 651	- 849
Currency translation differences	-	-
Depreciation charge	- 958	- 802
Disposals	-	-
Reclassifications	-	-
Balance as of December 31	**-2 609**	**-1 651**
Net book value as of December 31	**955**	**1 694**

The carrying amount of the right of use assets break down as follows, KEUR	12 31 2021	12 31 2020
Real estate	819	1 418
Technical equipment	49	79
Cars	87	197
Total	**955**	**1 694**

The amounts recognized in the income statement attributable to leases are presented in the table below:

KEUR	2021	2020
Depreciation	958	802
Interest on lease liabilities	78	110
Total	**1 036**	**912**

The amounts recognised in the cash flow statements attributable to leases in 2021 are KEUR 1 360 (995).

In accordance with IFRS 16, lease liabilities were measured at the present value of the future lease payments at the date of first-time application or the commencement date. As of the reporting date, lease liabilities comprise the following items.

Lease liabilities, KEUR	12 31 2021	12 31 2020
Lease liabilities, non-current	382	979
Lease liabilities, current	656	803
Total	**1 038**	**1 782**

The present value of lease liabilities break down as follows:

Lease liabilities, KEUR	12 31 2021	12 31 2020
Up to 1 year	656	803
1-5 years	223	675
More than 5 years	159	304
Total	**1 038**	**1 782**

Options to extend the lease are taken into consideration in measuring the lease liabilities if it is reasonably certain that the option will be exercised. To provide for flexibility, there are options to extend the lease under office rental agreements. As it is not reasonably certain that the respective options will be exercised, these were not taken into account in measuring the lease liability

3.5 Financial assets

The financial assets break down as follows as of the respective reporting dates:

KEUR	12 31 2021	12 31 2020
Non-current		
Other receivables	2 834	774
Holdback Amazon payments	134	-
Rent deposits	707	265
Miscellaneous	503	616
Total	**4 178**	**1 655**
Current		
Creditors with debit balances	6 304	607
Vendor bonus	1 613	-
Rent deposits	218	768
Factoring receivables	259	231
ZAGG Inc shares	-	2 168
Other receivables	213	320
Miscellaneous	505	317
Total	**9 112**	**4 411**

3.6 Other assets

Other assets break down as follows as of the respective reporting dates.

KEUR	12 31 2021	12 31 2020
Current		
Taxes other than income taxes	2 949	1 835
Prepaid expenses and deferred charges	976	997
Advanced payments	229	684
Miscellaneous	302	95
Total	**4 456**	**3 611**

3.7 Inventories

KEUR	12 31 2021	12 31 2020
Raw materials	183	909
Packaging	115	40
Finished goods and merchandise	30 410	26 611
Total	**30 708**	**27 560**

The cost of inventories recognized as expense and included in Cost of goods sold amounted to KEUR 88 017 (68 000) for the Group. Write-downs due to obsolescence amounted to KEUR 4 500 (2 900) and reversals of previous write-downs, due to inventories either scrapped or sold, amounted to KEUR 1 365 (200) for the Group. The amounts have been included in the item Cost of goods sold in the income statement.

3.8 Accounts receivables

Accounts receivables from contract with customers, KEUR	12 31 2021	12 31 2020
Not past due	19 668	11 763
1 to 30 days past due	1 971	2 547
31 to 60 days past due	6 358	298
More than 60 days past due	1 271	4 639
Total gross accounts receivables	**29 268**	**19 247**
Loss Allowance	-144	- 98
Total net accounts receivables	**29 124**	**19 149**

The loss allowances on accounts receivables developed as follows:

Loss allowance, KEUR	2021	2020
Balance as of January 1	**98**	**307**
Allocation	92	70
Utilization/ Reversal	-46	-279
Balance as of December 31	**144**	**98**

Loss allowance are applied to net accounts receivables from third parties, i.e. excluding VAT. Increases and reversals of loss allowances are reported under other operating expenses and other operating income.

3.9 Cash and cash equivalents

Cash and cash equivalents include bank balances and cash on hand of KEUR 2 601 (7 379).

3.10 Equity/Share capital

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

Share capital

The group's share capital consists of the parent company's share capital, share capital in subsidiaries have been eliminated in the group accounts. The share capital amounts to EUR 12 624 165, distributed over 120 592 332 shares. The quota value amounts to EUR 0.10. All shares have the same right to the net assets, and every share has one vote at a general meeting with the shareholders. All shares are fully paid.

Other contributed capital

Other contributed capital is capital paid in by the shareholders.

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 period

Retained earnings including profit or loss for the periodconsists 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.

Dividend

The Board of Directors propose that no dividend be paid out for the financial year 2021.

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, 2021 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, 2021 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.

Registered shares, number	**2021**	**2020**
At the beginning of the year	120 592 332	120 592 332
At the end of the year	**120 592 332**	**120 592 332**

3.11 Liabilities against credit institutions

As of the reporting date, liabilities against credit institutions comprise of the following items.

KEUR	12 31 2021	12 31 2020
Liabilities against credit instititutions, non-current	1 840	32 918
Liabilities against credit instititutions, current	42 551	1 031
Total	**44 391**	**33 949**

In July 2020, STRAX signed a senior secured loan facility in the amount of KEUR 30 000 (Trance A+B) 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.

As a result of the compressed margin during 2021, the group did not meet one of the financial covenants in the loan agreement with PCP as of December 31, 2021. After the end of the period a waiver for the breach was granted. The fact that the waiver was granted after the end of the period has the effect under IFRS that the related interest-bearing debt is reported as current in the balance sheet as of December 31, 2021.

STRAX also secured a KUSD 20 000 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). Trance C can only be drawn within a ringfenced PPE project, where isolated purchases will be financed.

During the pandemic the German government offered state backed guarantees to companies to apply for a loan to cover and secure the revenue shortfall during the several lockdowns STRAX was facing. STRAX applied for a Corona Loan during Q2 2021 with Commerzbank which was paid out on June 9, 2021. The loan is for a term of ten years and the full amount is denominated in EUR. The loan will carry 3.0 % percent interest rate. First repayment has to be made on September 30, 2023. From this point in time the loan will be repaid on a quarterly basis up until June 30, 2031.

As of December 31, 2021 the facilities amount to a total of KEUR 44 391 (33 949).

Credit facilities, KEUR	Loan Term (SFA)	Duration in years
Proventus Tranche A	6 000	5
Proventus Tranche B	24 000	5
Proventus Tranche C	12 551	5
Commerzbank Corona Loan	1 800	10
Other	40	n/a
Total	**44 391**	

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.

3.12 Other financial liabilities

As of the reporting date, other financial liabilities comprise the following items.

KEUR	12 31 2021	12 31 2020
Non-current		
Liabilities from business combinations	288	5 679
Government support loans	-	1 808
Sundry	-	197
Total	**288**	**7 684**
Current		
Debtors with credit balances	1 199	3 284
Accrued customer bonus	3 310	2 893
Total	**4 509**	**6 177**

3.13 Other liabilities

As of the reporting date, other liabilities comprise the following items.

KEUR	12 31 2021	12 31 2020
Non-current		
Accrued liabilities	666	-
Liabilities due to personnel	115	-
Miscellaneous other liabilities	866	-
Total	**1 647**	**-**
Current		
Taxes other than income taxes	5 206	3 874
Taxes on wages owed to tax office	971	533
Accrued liabilities	3 111	1 884
Liabilities due to personnel	257	360
Miscellaneous other liabilities	3 979	830
Total	**13 524**	**7 481**

3.14 Provisions

KEUR	
Balance as of January 1, 2020	**1 563**
Thereof current	*1 563*
Increase	654
Utilization	- 625
Reversal	- 938
Balance as of December 31, 2020	**654**
Balance as of January 1, 2021	**654**
Thereof current	*654*
Increase	746
Utilization	- 405
Reversal	- 355
Balance as of December 31, 2021	**640**
Thereof current	*640*

The provisions relate to possible returns due to warranty claims 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.

4. OTHER NOTES

4.1 Specification to the Cashflow statement

Adjustments for items not included in cash flow from operations or not affecting cash flow, KEUR	2021	2020
Depreciations and amortization	2 458	1 756
Fair value changes on Zagg shares	-	2 451
Paid interest expenses on financing activities	4 895	3 195
Release Earnout from business combinations	-4 660	-
Interest non cash from Lease Liabilities (IFRS 16)	78	110
Other	- 137	175
Total	**2 634**	**7 687**

Changes in liabilities from financing activities

The following reconciliation presents cash changes in liabilities from financing activities and are disclosed from the opening balance on the balance sheet to the closing balance on the same statement.

Total liabilities from financing activities changed as follows in the past financial year:

KEUR	01 01 2021	Cash	Non-cash		12 31 2021
			Fair value changes	Other changes	
Liabilities against credit institutions	33 949	10 443	-	-	44 391
Lease Liabilities	1 782	-1 360	-	616	1 038
Total	**35 731**	**9 083**	**-**	**616**	**45 429**

KEUR	01 01 2020	Cash	Non-cash		12 31 2020
			Fair value changes	Other changes	
Liabilities against credit institutions	23 060	12 687	-	1 798	33 949
Lease Liabilities	2 117	- 995	-	660	1 782
Total	**25 117**	**11 692**	**-**	1 138	**35 731**

4.2 Disclosures on financial instruments

Carrying amounts and fair values

The following table presents the reconciliation of the statement of financial position items and the categories pursuant to IFRS 9, analysed by category and with respect to fair value by class.

In accordance with IFRS 13, financial assets and liabilities measured at fair value must be allocated to the three levels of the fair value hierarchy, see note 1.2.10 "Financial instruments" what is applicable for the group. It is assumed that reclassifications between the individual levels of the fair value hierarchy are performed at the end of the period. In both reporting periods, there were no reclassifications between the levels.

Due to the short-term nature of the other current financial assets and liabilities at amortised cost, their carrying amount is considered to be the same as their fair value. For the non-current financial assets and liabilities at amortised cost, the fair values are also not significantly different from their carrying amounts.

		12 31 2021		12 31 2020	
Amount recognised in Balance sheet, KEUR	Level of the fair value hierarchy	Fair value through profit or loss	Amortized cost	Fair value through profit or loss	Amortized cost
Cash and cash equivalents		-	2 601	-	7 379
Accounts receivables		-	29 124	-	19 149
Non-current financial assets		-	4 178	-	1 655
Current financial assets	1	-	9 112	2 168	2 926
Total Financial Assets		**-**	45 015	2 168	**31 109**
Accounts payables		-	28 998	-	15 801
Non-current liabilities against credit institutions		-	1 840	-	32 918
Current liabilities against credit institutions		-	42 551	-	1 031
Other non-current financial liabilities		-	288	-	7 684
Other current financial liabilities	3	288	4 509	5 679	6 177
Total Financial Liabilities		**288**	78 186	5 679	**63 611**

4.3. Financial risk management and capital management

The STRAX Group is exposed to various financial risks, which are explained below as credit risk, liquidity risk, foreign currency risk and interest rate risk. Risk management is performed by Group treasury. Group treasury identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. Appropriate changes are made to processes in response to changes in the risk situation. The objective of risk management is to reduce the financial risk through planned measures.

Credit risk

Credit risk is managed at Group level. Credit risks arise from cash and cash equivalents, non-current and current financial assets and accounts receivables. Customer risks are systematically recorded, analysed and managed in the respective subsidiary, whereby both internal and external information sources are used. The maximum credit risk was reflected by the carrying amounts of the financial assets recognised in the balance sheet. STRAX has a credit insurance in place which is covering 90% (90%) of the outstanding trade receivables, if a customer is not in the position to pay. No collateral or other credit enhancements existed that would reduce the credit risk from financial assets.

The Group considers a financial asset to be credit-impaired when the probability is remote that the debtor will be able to pay all its credit obligations due to the Group.

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 grants payment terms on maket levels (30 - 120 days) to its customer groups, 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.

To the extent that credit risks are identifiable, these are countered with active receivables management as well as credit ratings of customers.

A financial asset's gross carrying amount is reduced when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

Allowances are recognized based on experience pursuant to maturity ranges. 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 all items other than accounts receivables, impairment losses are immaterial to the Group (note 3.8).

Liquidity risk

Liquidity risk describes the risk that STRAX cannot meet its financial obligations or can only meet them to a limited extent. Cash requirements are covered by the cash flow from operating activities and external financing under the term and revolving facilities agreement and the promissory note loan. Liquidity risks are monitored and managed centrally for the entire Group by the operating cash management of the group. The risk of a potential liquidity shortage is monitored by means of periodic liquidity planning and monthly cash flow analyses. The due dates of financial liabilities are continually monitored and managed.

In order to avoid short-term liquidity risks within the Group, a Group-wide cash pool is in place between STRAX and most of its subsidiaries.

The following table shows the future undiscounted cash outflows with respect to the existing financial liabilities.

Financial liabilities as of 12 31 2021, KEUR	up to 1 year	1 to 5 years	more than 5 years	Total
Accounts payable	28 998	-	-	28 998
Liabilities against credit institutions	42 551	1 840	-	44 391
Lease liabilities	656	382	-	1 038
Other financial liabilities	4 509	288	-	4 797
Interest payments	4 895	-	-	4 895
Total	**81 609**	**2 510**	**-**	**84 119**

Financial liabilities as of 12 31 2020, KEUR	up to 1 year	1 to 5 years	more than 5 years	Total
Accounts payable	15 801	-	-	15 801
Liabilities against credit institutions	1 031	32 918	-	33 949
Lease liabilities	803	979	-	1 782
Other financial liabilities	6 177	7 684	-	13 861
Interest payments	2 250	8 625	-	10 875
Total	**26 062**	**50 206**	**-**	**76 268**

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 on profit or loss											
	(Currency relationship Euro / foreign currency after tax)											
	RATE CHANGE +10%						RATE CHANGE -10%					
KEUR	**SEK**	**USD**	**GBP**	**HKD**	**Other**	**Total**	**SEK**	**USD**	**GBP**	**HKD**	**Other**	**Total**
12-31-2020 after tax	39	- 14	37	28	62	**152**	- 48	17	- 45	- 35	- 74	- 185
12-31-2021 after tax	58	- 333	71	2	41	**- 160**	- 71	407	- 87	- 2	- 50	197

Interest Rate Risks

The group currently has current and 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 2021.

	Effect on profit or loss	
KEUR	**at +1% interest rate change**	**at -1% interest rate change**
12-31-2020 after tax	200	- 200
12-31-2021 after tax	212	- 212

Capital management

The objective of STRAX with respect to capital management is basically to secure the STRAX Group's ability to continue as a going concern and finance its long-term growth. The STRAX Group's capital structure is optimised continuously and adapted to the respective general economic conditions.

The Group manages its capital structure on the basis of the adjusted equity ratio and makes adjustments, if necessary, taking account of changes in economic conditions. The Group's strategy in 2022 is to maintain an adjusted equity ratio of at least 20%. At the end of fiscal 2021, the Group's adjusted equity ratio was 13%, compared to 21% 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 an adjusted equity ratio.

In order to manage STRAX's capital properly, cash and cash equivalents amounting to 2 601 (7 379) are deducted from the financial liabilities and reduce the working capital lines, due to the operating asset. The liabilities from an earn-out obligation of KEUR 600 (5 856) are also eliminated from the balance sheet total. This results in an adjusted equity ratio of 13% (21%).

KEUR	12 31 2021	12 31 2020
Total Assets	**114 354**	**99 099**
Equity	14 036	18 171
Equity ratio	**12%**	**18%**

KEUR	12 31 2021	12 31 2020
Total Assets	**114 354**	**99 099**
Cash and cash equivalents	-2 601	-7 379
Passivated earn out obligations	- 600	-5 856
Adjusted total assets	**111 153**	**85 864**
Equity	14 036	18 171
Adjusted equity ratio	**13%**	**21%**

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 2021 STRAX is not in compliance with the Leverage Ratio - Senior net debt/EBITDA financial covenant according to the loan agreements. STRAX requested a waiver which was agreed by Proventus after the reporting date.

4.4 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of an entity's internal management and reporting structure. The organisational and reporting structure of the STRAX Group is based on management by operating segment. As the chief operating decision-maker, the Executive Management Board assesses the performance of the various segments and the allocation of resources on the basis of a reporting system that it has established. STRAX primarily uses the measure gross profit, EBIT and EBITDA to assess the performance of the operating segments.

Operating Segments

Developing and growing brands through an omnichannel approach, we operate two complementary businesses: Own brands – including Urbanista, Clckr, RichmondFinch, Planet Buddies, xqisit, AVO+, Dóttir, and grell, licensed brands such as adidas and Diesel and online marketplaces and Distribution (traditional retail and enterprises). In addition to own and licenced 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.

Segment Distribution

The segment 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 partner brands including category and portfolio management and supply chain services.

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, RichmondFinch, Planet Buddies and AVO+, Dóttir and grell. The segment also includes online distribution through marketplaces.

Change in the operating Segments

Due to changes in the internal reporting to Executive Management Board, the segment reporting has been changed in 2021 and the 2020 segment reporting has been changed due to comparability. The change made in consolidation of the segment “Own brands” and “Other” as well as in moving BrandVault (online marketplaces) from “Distribution” to “Own brands”.

	Distribution		Own brands		Total	
KEUR	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net Sales	71 831	64 887	51 867	46 903	123 698	111 790
Net Cost of goods sold	-57 397	-49 191	-47 658	-34 080	-105 055	-83 271
Gross Profit	**14 434**	**15 696**	**4 209**	**12 823**	**18 643**	**28 519**
Gross Margin	**20%**	**24%**	**8%**	**27%**	**15%**	**26%**
Distribution Costs	-6 252	-6 361	-11 473	-11 456	-17 725	-17 817
Administrative expenses	-3 702	-1 738	-2 260	-2 186	-5 962	-3 924
Other operating expenes	-1 268	-10 899	-8 460	-1 222	-9 728	-12 121
Other operating income	1 894	9 581	14 777	2 536	16 671	12 117
EBIT	**5 106**	**6 279**	**-3 207**	**495**	**1 899**	**6 774**
Depreciations and amortizations	1 072	855	1 327	901	2 399	1 756
EBITDA	**6 178**	**7 134**	**-1 880**	**1 396**	**4 298**	**8 530**
Depreciations and amortizations					-2 399	-1 756
Financial income					24	-
Financial expenses					-4 919	-5 931
Profit before tax					**-2 996**	**843**
Taxes					- 902	- 174
Profit or loss for the period					**-3 898**	**669**

4.5. Renumeration to auditors

PricewaterhouseCoopers, KEUR	**2021**	**2020**
Audit	247	236
Tax consultancy	98	4
Total remuneration to auditors	**345**	**240**
KPMG, KEUR	**2021**	**2020**
Audit	16	16
Total remuneration to auditors	**16**	**16**
Total remuneration to all auditors	**361**	**256**

Of fees for audit engagements KEUR 176 (168) pertains to PwC Sweden (Group Auditors), KEUR 98 (-) 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.

4.6. Related party disclosure

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 2021 and 2020.

4.7 Significant events after the reporting period

As a result of the compressed margin during 2021, the group did not meet one of the financial covenants in the loan agreement with PCP as of December 31, 2021. After the end of the period a waiver for the breach was granted. The fact that the waiver was granted after the end of the period has the effect under IFRS that the related interest-bearing debt is reported as current in the balance sheet as of December 31, 2021.

STRAX entered a partnership with a German personal protective equipment specialist company to deliver Covid-19 tests to a regional government body in Germany. Total sales of the tests are expected to exceed MEUR 32 in the first quarter of 2022 with a significant positive impact on STRAX during the quarter.

STRAX extended its partnership with the German personal protective equipment specialist company to deliver Covid-19 tests to another regional government body in Germany. Total sales of the new contract award are expected to exceed MEUR 12, and the contract covers the first and second quarter of 2022.

AirPop, the premium high performance face mask brand STRAX holds a five-year global exclusive distribution agreement for, recently secured key retail channels in the United States, Canada, and Australia.

Russia's military intervention in Ukraine has led to growing geopolitical uncertainty. STRAX does not conduct any operations in Russia or Ukraine and is not directly impacted from a business perspective, but is indirectly affected by, among other things, increased material prices and supply chain disruptions. STRAX is actively working to limit the negative effects of the situation that has arisen.

No other significant events have occurred after the end of the financial year 2021 up to the date of this annual report.

4.8. Shares and participations in group companies

KEUR	12 31 2021	12 31 2020
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
Goldcup AB	559153-0067	Stockholm	100%	61
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 2021	12 31 2020	Full-/ At-Equity Consolidation 12 31 2021	12 31 2020
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 Limited	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 Limited	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 Limited	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
Shenzen RichmondFinch 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 has 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 has provided a guarantee to its subsidiary Strax Germany GmbH HRB 9347, Strax GmbH HRB 5421, Strax Holding GmbH HRB 10855, Mobile Accessory Deals GmbH HRB 14890 and BPM Brands, Products, Marketing GmbH HRB 14791 in order to claim exemption from audit and publication with respect to § 264 Absatz 3 Handelsgesetzbuch.

4.9 Date of release for publication

The annual accounts and the consolidated financial statements were approved for release by the Board of Directors on May 3, 2022. 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 25, 2022.

THE PARENT COMPANY

Income statements, KEUR	NOTE	2021	2020
Net sales		1 147	1 036
Gross profit		**1 147**	**1 036**
Administrative expenses		-1 224	- 976
Operating profit		**- 77**	**60**
Financial income		**77**	**-**
Financial expenses	3	-	- 60
Result after financial items		**-**	**-**
Current taxes		-	-
Profit or loss for the period		**-**	**-**

Statement of comprehensive income, KEUR		
Result for the period	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	**-**	**-**

THE PARENT COMPANY

Balance sheets KEUR	NOTE	12 31 2021	12 31 2020
Assets			
NON-CURRENT ASSETS			
Equipment	4	131	132
Shares and participations in group companies	5	75 755	75 693
Total non-current assets		**75 886**	**75 825**
CURRENT ASSETS			
Receivables:			
Other receivables		573	495
Cash and bank balances	12	673	3 976
Total current assets		**1 246**	**4 471**
Total assets		**77 132**	**80 296**
Equity and liabilities			
EQUITY			
Restricted equity:			
Share capital		12 624	12 624
Statutory reserve		785	785
		13 409	**13 409**
Non-restricted equity:			
Accumulated profit/loss		49 667	49 667
Profit/loss for the year		-	-
		49 667	**49 667**
Total equity	6	**63 076**	**63 076**
LIABILITIES			
Current liabilities:			
Liabilities against credit institutions	7	555	490
Accounts payable		436	582
Liabilities to group companies	8	12 599	15 733
Other liabilities		38	81
Accrued expenses and prepaid income	9	428	334
Total liabilities		**14 056**	**17 220**
Total equity and liabilities		**77 132**	**80 296**

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, 2020	**12 624**	**785**	**49 667**	**63 076**
Profit or loss for the period			-	-
Balance as of December 31, 2020	**12 624**	**785**	**49 667**	**63 076**
Profit or loss for the period			-	-
Balance as of December 31, 2021	**12 624**	**785**	**49 667**	**63 076**

Further information regarding the group’s equity is available in Note 3.10, the group.

THE PARENT COMPANY

Statement of cash flow, KEUR	NOTE	2021	2020
OPERATING ACTIVITIES			
Profit/loss for the year before tax		-	-
Adjustments for income items from operations not included in cash flow and do not affect the cash flow	12	6	3
Funds provided from operations prior to changes in working capital		**6**	**3**
Details of changes in working capital			
Increase (-)/decrease (+) current receivables		- 78	- 101
Increase (+)/decrease (-) current liabilities		3 229	4 138
Cash flow from operations		**-3 301**	**4 040**
INVESTMENT ACTIVITIES			
Investments in subsidiaries		- 61	-
Investments in tangible assets		- 4	- 1
Cash flow from investment activities		**- 65**	**- 1**
FINANCING ACTIVITIES			
Shareholder distribution		-	-
Change in liabilities against credit institutions		92	- 64
Paid interest		-27	-
Cash flow from financing activities		**63**	**- 64**
Cash flow for the year		**-3 303**	**3 975**
Cash and cash equivalents at the beginning of the period		**3 976**	**1**
Cash and cash equivalents at the end of the period	12	**673**	**3 976**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1.ACCOUNTING PRINCIPLES

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 2021 did not have any effect on the Parent Company's financial statements. All leases are treated as operational lease.

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

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

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

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and the Managing Director on 3 May 2022.

2. DEPRECIATION OF TANGIBLE FIXED ASSETS

KEUR	2021	2020
Depreciation according to plan by type of asset:		
Equipment	6	3
Total depreciation	**6**	**3**

The total depreciation relates to administration.

3. RESULT FROM FINANCIAL ITEMS

Financial income, KEUR	2021	2020
Interest income	77	-
Exchange rate gains	-	-
Total financial income	**77**	**-**

Financial expenses, KEUR	2021	2020
Other interest expenses	-	-60
Total financial expenses	**-**	**- 60**

4. EQUIPMENT

KEUR	2021	2020
Accumulated acquisition value:		
At the beginning of the year	176	175
Acquisitions	4	1
At the end of the year	**180**	**176**
Accumulated acquisition value:		
At the beginning of the year	- 44	- 41
Acquisitions	- 6	- 3
At the end of the year	**- 50**	**- 44**
Carrying value at the end of the year	**130**	**132**

5. SHARES AND PARTICIPATIONS

KEUR	12 31 2021	12 31 2020
Carrying value at the end of the year	75 755	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
Goldcup AB	16523	Stockholm	100%	61
STRAX Holding GmbH	HRB 10856	Troisdorf	100%	75 684
Carrying value at the end of the year				**75 755**

(1) Share of capital and votes

6. EQUITY

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 2021.

Authorization for the Board of Directors to resolve upon new share issues
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 2021. 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 shares, warrants and/or convertible bonds
It was resolved, in accordance with the Board of Directors' proposal to authorize the Board of Directors to, during the period until the next Annual Shareholders' Meeting, on one or more occasions, resolve upon issuances of new shares, warrants and/or convertible bonds.

Authorization for the Board of Directors to resolve on the acquisition and sale of own shares
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.

Capital management
For information regarding capital management, we refer to note 4.3, 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 2021	-
Total	**49 667**

7. LIABILITIES AGAINST CREDIT INSTITUTIONS

KEUR	12 31 2021	12 31 2020
Raised loans - credit institutions	555	490
Total	**555**	**490**

Liabilities to credit institutions are in the form of a SEK bank overdraft, which normally expires and is renewed annually. The interest is due and paid at the end of every quarter. Other liabilities KEUR 37 (81) comprise of operating liabilities which normally are due for payment within 10-90 days.

8. LIABILITIES TO GROUP COMPANIES

KEUR	12 31 2021	12 31 2020
Novestra Financial Services	81	83
Strax Holding GmbH	12 518	15 650
Total	**12 599**	**15 733**

9. ACCRUED EXPENSES AND PREPAID INCOME

KEUR	12 31 2021	12 31 2020
Other personnel costs	304	253
Costs for annual report, audit and AGM	120	81
Other accrued expenses	4	-
Total	**428**	**334**

10. EMPLOYEES

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, CEO and executive management consisted of six (six) men and one woman (one).

Remuneration to Board and executive management during the year, KEUR	Salary/ Board fees		Social security costs		Pension expenses		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Chairman of the Board, Bertil Villard	22	22	2	2	-	-	24	24
Board member, Anders Lönnqvist	15	15	5	5	-	-	20	20
Board member, Pia Anderberg	15	15	5	5	-	-	20	20
CEO, Gudmundur Palmason	274	248	49	33	-	-	323	281
Board member, executive director Ingvi T. Tomasson	336	294	8	8	-	-	344	302
Other executive management, 1 (1) individual	230	230	48	48	50	46	328	324
Total	**892**	**824**	**117**	**101**	**50**	**46**	**1 059**	**971**

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 2.10, Board, CEO and executive management.

11. REMUNERATION TO AUDITORS

KEUR	2021	2020
Audit PricewaterhouseCoopers AB	164	155
Other assignments	-	-
Total remuneration to auditors	**164**	**155**

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 2021 was to PricewaterhouseCoopers AB Sweden.

12. SPECIFICATION TO THE CASH FLOW STATEMENT

KEUR	2021	2020
Adjustment for income items from operations not included in cash flow and do not affect the cash flow:		
Depreciation and amortization	6	3
Total	**11**	**3**

Cash and cash equivalents, KEUR	12 31 2021	12 31 2020
The following components are included in cash and cash equivalents:		
Cash and bank balances	673	3 976
	673	**3 976**

Paid interest and dividends received, KEUR	2021	2020
Interest paid	20	26

13. RELATED PARTIES DISCLOSURE

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 2021.

14. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As a result of the compressed margin during 2021, the group did not meet one of the financial covenants in the loan agreement with PCP as of December 31, 2021. After the end of the period a waiver for the breach was granted. The fact that the waiver was granted after the end of the period has the effect under IFRS that the related interest-bearing debt is reported as current in the balance sheet as of December 31, 2021.

STRAX entered a partnership with a German personal protective equipment specialist company to deliver Covid-19 tests to a regional government body in Germany. Total sales of the tests are expected to exceed MEUR 32 in the first quarter of 2022 with a significant positive impact on STRAX during the quarter.

STRAX extended its partnership with the German personal protective equipment specialist company to deliver Covid-19 tests to another regional government body in Germany. Total sales of the new contract award are expected to exceed MEUR 12, and the contract covers the first and second quarter of 2022.

AirPop, the premium high performance face mask brand STRAX holds a five-year global exclusive distribution agreement for, recently secured key retail channels in the United States, Canada, and Australia.

Russia's military intervention in Ukraine has led to growing geopolitical uncertainty. STRAX does not conduct any operations in Russia or Ukraine and is not directly impacted from a business perspective, but is indirectly affected by, among other things, increased material prices and supply chain disruptions. STRAX is actively working to limit the negative effects of the situation that has arisen.

No other significant events have occurred after the end of the financial year 2021 up to the date of this annual report.


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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 3, 2022. 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 25, 2022.

Stockholm May 3, 2022

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 4, 2022

PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

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 2021. The annual accounts and consolidated accounts of the company are included on pages 66-125 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 2021 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 2021 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. 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

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 3.1. Refer to Note 3.1 Goodwill in the Annual report for 2021.	In our audit, we devoted particular focus to management's impairment testing. Among other measures, we applied the following audit procedures: • Assessed the company's process for testing goodwill for impairment. • Examined how management identified cash-generating units and compared this with the internal monitoring of goodwill. • Assessed the reasonableness of the assumptions made and conducted sensitivity analyses for changed assumptions. • With the support of PwC's internal valuation specialists, examined the correctness of the calculation models and assessed the reasonableness of the discount rate used for the cash-generating units and subsidiaries in which the greatest uncertainty exists. • Compared the calculated value in use with the market value as of 31 December 2021. • 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 30.7. 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 Note 3.7 in the Annual Report 2021	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.
Valuation of accounts receivables In the consolidated balance sheet, accounts receivables have been recognized in an amount of MEUR 29.1. Sales of new products involve new customers and conditions that may entail a higher risk for customers with poorer ability to pay or willingness to pay. Due to the large element of estimates and assessments from company management, we have assessed the valuation of accounts receivable as a key audit matter. Refer to Note 1.2.11 and 3.8 in the Annual Report 2021.	In our audit, we devoted particular focus to management's assessment of the value of accounts receivables. Among other measures, we applied the following audit procedures: • Analysis of older accounts receivables and accrued income, and of the reported provision for doubtful debts, in order to be able to independently evaluate the value of the receivables. • Analysis of older overdue trade receivables and accrued income, and the reserve for doubtful receivables that has been reported, in order to independently evaluate the value of the receivables. • On a random sample basis, confirmation of outstanding accounts receivables directly with the clients. We also examined a selection of receivables against payments received after year-end. • Evaluation of STRAX's accounting principles and the Note disclosures presented regarding accounts receivables.

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 1-66. 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

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

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 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

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

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for STRAX AB (publ) for the financial year 2021 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #2b66a9ed47fdc7a1073dc745bcf1c5599407ca77e69000dcdc81ff1264d096ff has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of STRAX AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

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 2021 and has been the company's auditor since the 24 May 2018.

Stockholm 4 May 2022

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 2021 on pages 40-45 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard 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 4 May 2022

PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the financial year 2021 page 50-63 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, 4 May 2022

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"), RICHMONDFINCH™ ("RICHMONDFINCH"), PLANET BUDDIES™ ("PLANET BUDDIES") DÓTTIR™ ("DÓTTIR") GRELL™ ("GRELL").

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 25 May 2022.

The Annual General Meeting will be conducted by advance voting only, without the physical presence of shareholders, proxies or third parties. The company welcomes all shareholders to exercise their voting rights at the Annual General Meeting through advance voting on the basis of temporary statutory rules, in accordance with the procedure below. Information on the decision of the Annual General Meeting will be published as soon as the results of the postal vote are finally compiled on Wednesday 25 May 2022.

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 relating to the circumstances on Tuesday 17 May 2022,

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 24 May 2022.

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 17 May 2022. 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 17 May 2022 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 (2022:121) 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 24 May 2022. 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 15 May 2022. 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 20 May 2022. 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:

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

FINANCIAL CALENDARIUM 2021

May 25, 2022
Interim report January 1 – March 31, 2022
Annual General Meeting
Bulleting from the Annual General Meeting

August 25, 2022
Interim report January 1 – June 30, 2022

November 24, 2022
Interim report January 1 – September 30, 2022

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