

NAXS AB (publ) Interim Report January-September 2016

Nine months 2016

- Net profit/loss for the period amounted to MSEK 55.1 (89.2).
- Earnings per share amounted to SEK 3.70 (6.00).
- Net asset value amounted to MSEK 806 (SEK 54.19 per share) at September 30, 2016, compared to MSEK 785 (SEK 52.78 per share) at year-end 2015.
- Net cash amounted to MSEK 344 (SEK 23.13 per share) at September 30, 2016, compared to MSEK 351 (SEK 23.60 per share) at year-end 2015.
- NAXS paid a dividend of SEK 2.50 per share for the fiscal year 2015.

Third quarter 2016

- Net profit/loss for the quarter amounted to MSEK 9.9 (30.8).
- Earnings per share amounted to SEK 0.66 (2.07).

Comments by the CEO



During the third quarter, NAXS's net asset value per share rose by 1.6%, driven notably by positive currency effects.

The company currently has a relatively large proportion of cash on its balance sheet and continues to focus on building a deal flow of co-investment, secondary and other alternative investment opportunities.

Lennart Svantesson

Financial summary

	2016	2015	2016	2015
	1/1-9/30	1/1-9/30	7/1-9/30	7/1-9/30
Net profit/loss for the period, KSEK	55 074	89 184	9 867	30 821
			2016	2015
			09/30	12/31
Private equity fund investments, KSEK			462 393	434 246
Private equity fund investments in % of equity			57	55
Remaining commitments, KSEK			66 863	104 748
Total exposure to private equity fund investments, KSEK			529 256	538 994
Net cash, KSEK			343 921	350 970
Private equity fund investments per share, SEK			31.10	29.20
Net cash per share, SEK			23.13	23.60
Net asset value per share, SEK			54.19	52.78
Share price, SEK			47.70	54.00

Operations

NAXS AB (publ) ("NAXS" or the "Company") is an investment company listed on NASDAQ Stockholm. NAXS primarily invests in private equity funds with a Nordic focus, but may also make direct investments or co-investments alongside private equity or other alternative assets funds. In addition, NAXS may, to a limited extent, make other types of investments.

Operations commenced on April 17, 2007, and the Company was listed on First North on May 14, 2007, where it traded until its change of listing to NASDAQ Stockholm on June 8, 2010.

NAXS is the Group's parent company and is headquartered in Stockholm. In addition to the parent company, the Group consists of an operational Danish subsidiary, NAXS Nordic Access Buyout A/S, headquartered in Copenhagen, and a Norwegian subsidiary, NAXS Nordic Access Buyout AS, headquartered in Oslo. The Danish subsidiary operates as the holding company for the Group's investments.

Naccess Partners AB has been contracted as the investment advisor to the Danish subsidiary.

Market review

The volatility that affected financial markets during the first half of the year decreased somewhat in the third quarter. The Nordic private equity market experienced a normalized level of activity, although the exit market was less buoyant than earlier in the year, notably due to the fact that the IPO window was practically closed during the quarter.

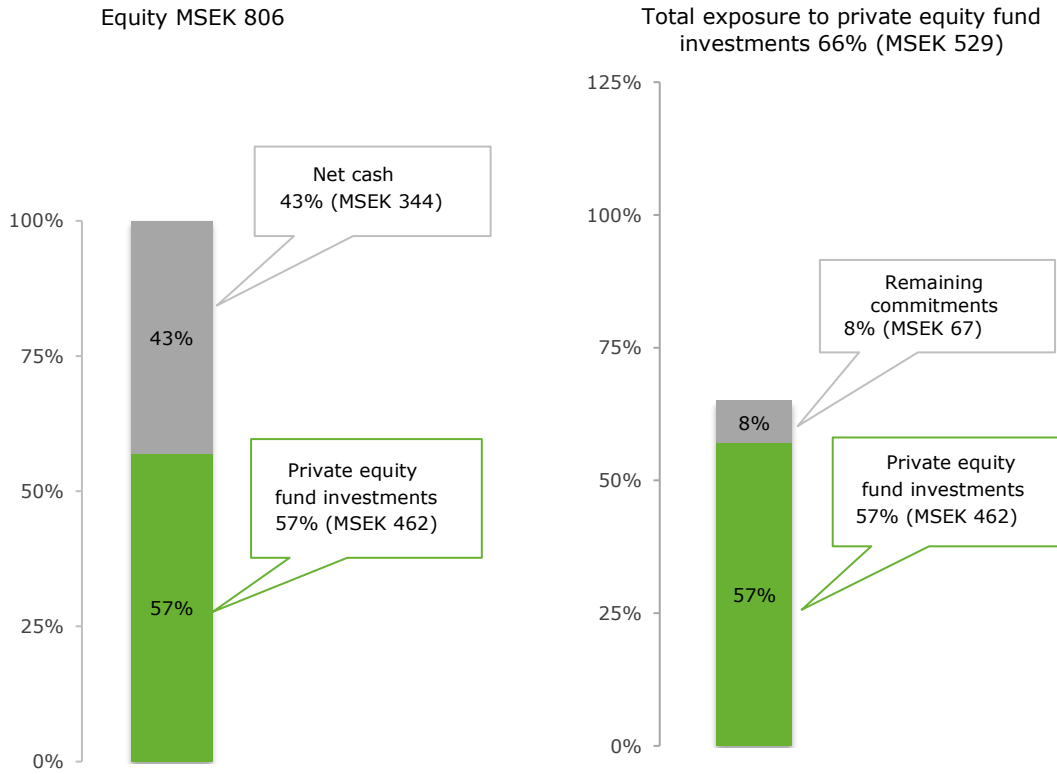
Fund portfolio

As of September 30, 2016, NAXS had commitments to 8 underlying funds.

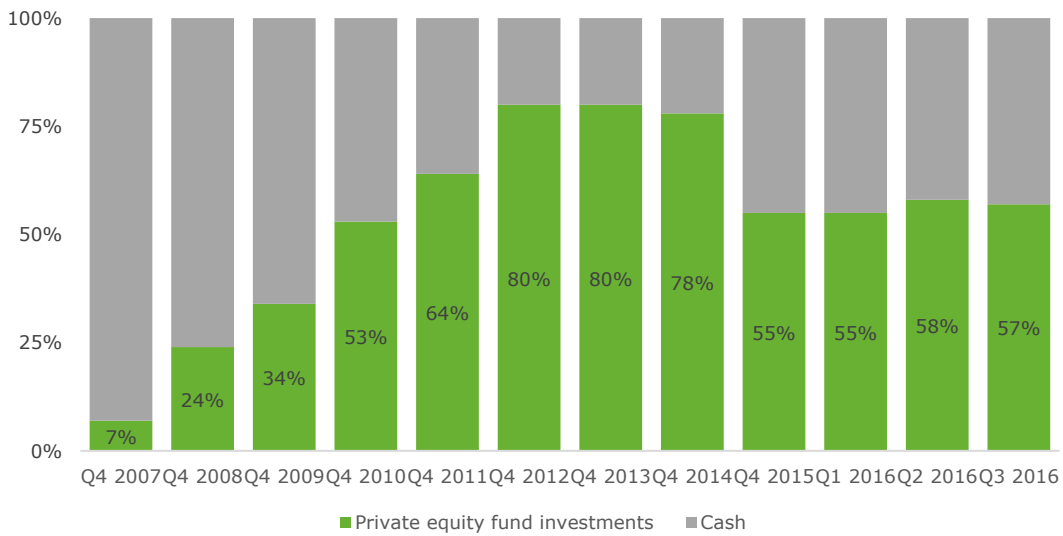
At the end of the reporting third quarter:

- private equity fund investments amounted to MSEK 462, which corresponds to 57 percent of the Company's equity;
- remaining commitments amounted to MSEK 67;
- total exposure to private equity fund investments amounted to MSEK 529, which corresponds to 66 percent of the Company's equity.

Private equity fund investments and total exposure to private equity fund investments (in % of equity)

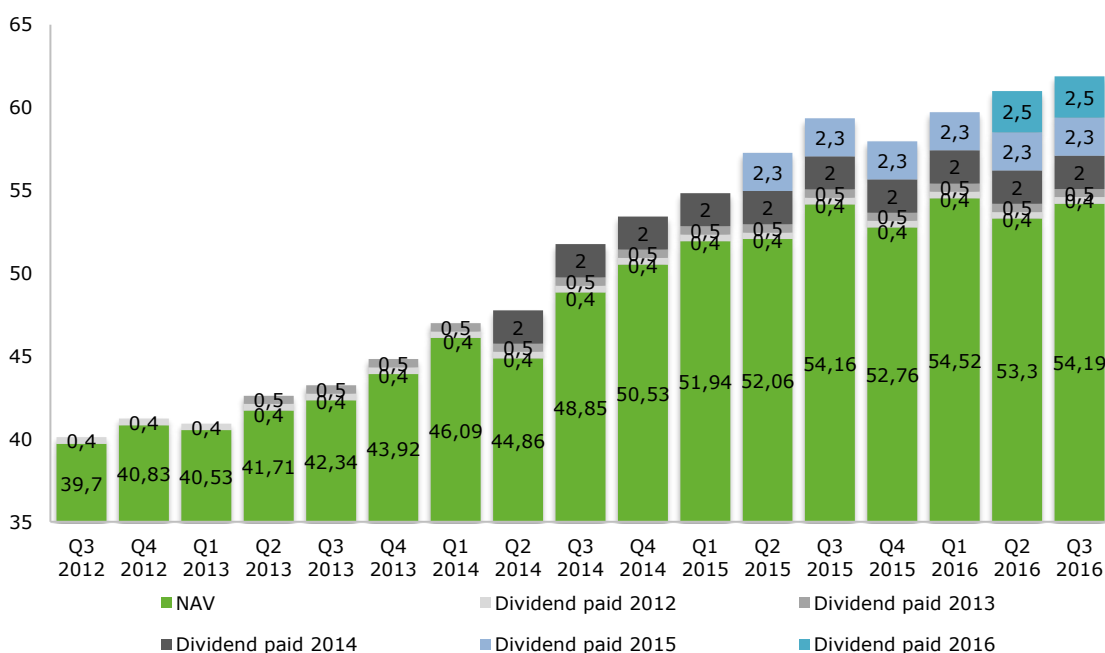


Evolution of private equity fund investments (in % of equity)



The net asset value (NAV) per share increased by 1.6% during the third quarter of 2016, and by 4.7% over 12 months (including the dividend paid).

NAV per share in SEK



Acquisitions and liquidity events

Acquisitions

2 new acquisitions were completed during the third quarter, with Valedo II taking a majority stake in Lakrids by Johan Bülow, a fast-growing Danish premium liquorice brand, and combining CMA and Markör to form the leading provider of market research services in Sweden. In addition, a number of add-on acquisitions were completed during the quarter.

Portfolio Company	Sector	Country	Fund
Lakrids by Johan Bülow	Consumer goods & services	Denmark	Valedo II
CMA & Markör	Business services	Sweden	Valedo II

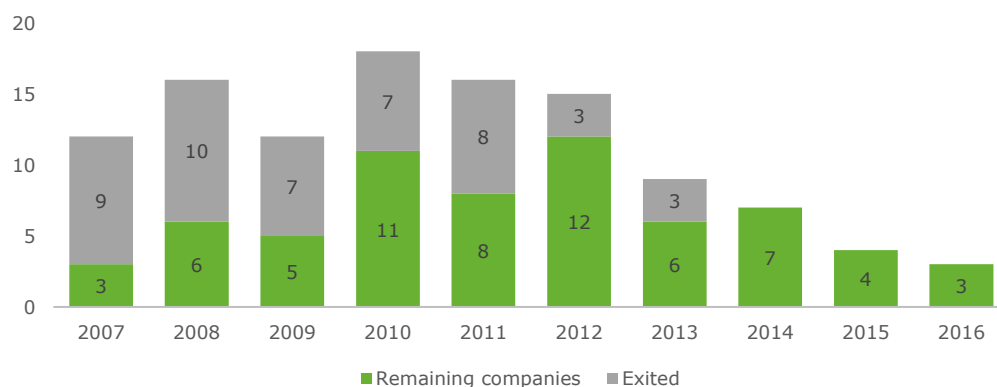
Liquidity events

6 exits were announced during the third quarter. Apax Europe VII divested Epicore, Plantasjen and Trader Corporation, while Valedo I exited Corbel. Apax Europe VII also sold during the quarter its remaining shares in Auto Trader, which it had originally listed on the London Stock Exchange in 2015, thereby fully exiting the company. Finally, Herkules III announced that its portfolio company Bandak, a sub-supplier to the oil & gas industry, had filed for bankruptcy in June.

Portfolio Company	Sector	Year of initial investment	Fund
Auto Trader	Media	2007	Apax Europe VII
Epicore	IT & Telecom	2011	Apax Europe VII
Plantasjen	Consumer goods & services	2007	Apax Europe VII
Trader Corporation	Business services	2011	Apax Europe VII
Bandak	Industry	2009	Herkules III
Corbel	Business services	2011	Valedo I

As of September 30, 2016, NAXS underlying funds had acquired a total of 112 companies, 47 of which had been fully divested. These 47 exits have generated an average gross IRR of 23%.

No. of portfolio companies acquired per year (exited companies in grey)



- 112 portfolio companies acquired since inception
- 47 companies fully exited
- Average holding period of the remaining 65 portfolio companies is approx. 5 years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
No of new portfolio companies	12	16	12	18	16	15	9	7	4	3	112
No of exits during the year				4		4	11	9	9	10	47
No of companies acquired in the year that are now fully exited	9	10	7	7	8	3	3				47

September 30, 2016

- Total exposure to private equity fund investments: 66% of total equity
- Private equity fund investments: 57% of total equity
- Number of full exits since inception: 47
- Average gross IRR generated by the 47 full exits since inception: 23%

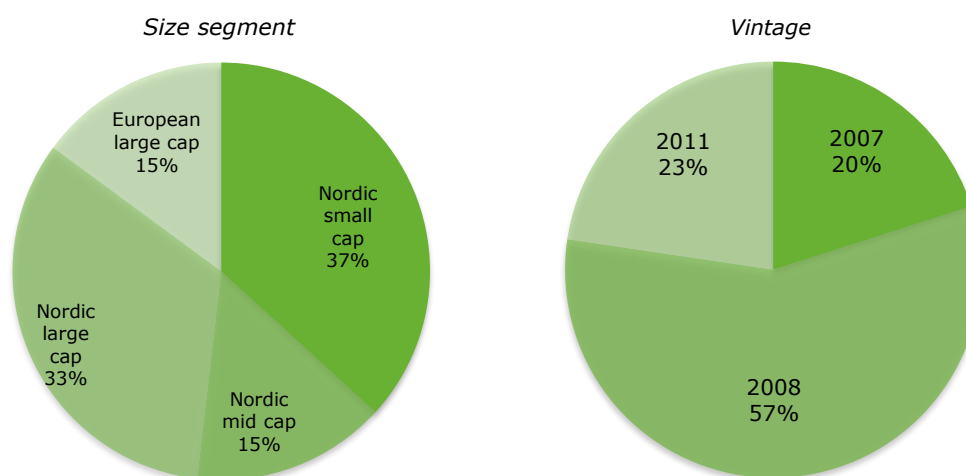
Portfolio composition/diversification

As of September 30, 2016, NAXS provided the following exposure:

- 8 buyout funds from 6 managers

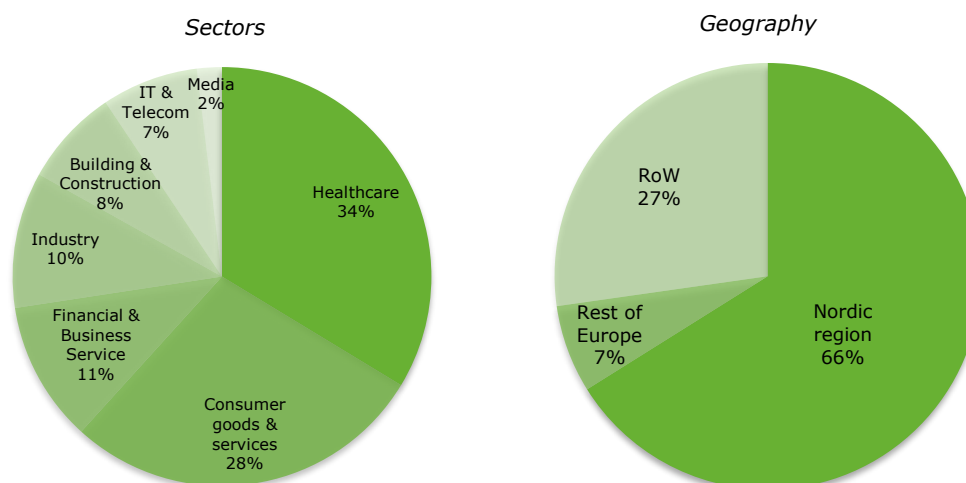
Fund	Commitment Year	Commitment Currency	Initial Commitment Amount (in 000s)
Apax Europe VII LP	2007	EUR	15,000
FSN Capital III LP	2008	EUR	10,000
Herkules Private Equity Fund III LP	2008	NOK	40,000
Intera Fund I KY	2007	EUR	7,000
Intera Fund II KY	2011	EUR	7,250
Nordic Capital Fund VII LP	2008	EUR	20,000
Valedo Partners Fund I AB	2007	SEK	60,000
Valedo Partners Fund II AB	2011	SEK	65,000

- 3 different fund vintages and a diversification in terms of size segments, with small cap being the largest, as illustrated below (based on current commitments):



- 65 portfolio companies (remaining after 47 exits) acquired over a period of approx. 9 years, with the 10 largest holdings accounting for less than 32% of the total equity and no single portfolio company accounting for more than 8% of the total equity.

- a diversification per geography and sector as illustrated below (based on the fair value of the current portfolio companies):



Underlying funds

Summary information regarding NAXS' underlying funds is provided below:

Fund	Fund size	Segment	Vintage	Geographic focus	# of portfolio companies	# of exits
Valedo I	MSEK 1,000	small cap	2007	Sweden	2	7
Intera I	MEUR 125	small cap	2007	Finland	3	4
Apax VII	MEUR 11,000	large cap	2008	Europe/Global	15	20
FSN III	MEUR 375	mid cap	2008	Norway/Nordic	5	5
Herkules III	MNOK 6,000	mid cap	2008	Norway/Nordic	5	6
Nordic Capital VII	MEUR 4,300	mid/large cap	2008	Primarily Nordic	15	3
Intera II	MEUR 200	small cap	2011	Finland	11	1
Valedo II	MSEK 2,000	small cap	2011	Sweden	9	1

Group

Financial performance, Third quarter 2016

Operating profit/loss

The operating profit/loss amounted to KSEK 10,196 (30,945) for the quarter. The operating profit/loss includes a change in value of KSEK 13,476 (33,802). Operating expenses amounted to KSEK 3,281 (2,857).

Financial performance, Nine months 2016

Operating profit/loss

The operating profit/loss amounted to KSEK 56,879 (89,226) for the interim period. The operating profit/loss includes a change in value of KSEK 66,542 (98,175). The currency effects are included in the changes in value, and amounted to KSEK 24,385 (-6,626) for the interim period. Operating expenses amounted to KSEK 9,663 (8,949).

January 1–September 30, 2016

Changes in value of private equity fund investments: KSEK 66,542, whereof currency effects on private equity fund investments KSEK 24,385.

Financial items

Financial items net totaled KSEK -1,805 (-42) for the interim period. The net interest income amounted to KSEK -1,228 (139). Exchange rate profit/loss amounted to KSEK -577 (-181).

Tax and net profit

The Group's profit/loss after financial items for the interim period amounted to KSEK 55,074 (89,184). Income taxes amounted to KSEK 0 (0). Net profit/loss after tax amounted to KSEK 55,074 (89,184). Earnings per share were SEK 3.70 (6.00).

Investments, financing and liquidity

Private Equity Fund Investments

During the interim period, net investments/repayments from private equity funds amounted to KSEK -5,714 (21,798). As of September 30, 2016, private equity fund investments amounted to KSEK 462,393 (434,246).

September 30, 2016

Private equity fund investments per share: SEK 31.10

Financing

The Group is financed with shareholders' equity. Shareholders' equity amounted to KSEK 805,733 (784,768) at the end of the interim period, corresponding to SEK 54.19 (52.78) per share and an equity/asset ratio of 100 (100) percent.

September 30, 2016

Equity per share: SEK 54.19

Net cash

At the end of the interim period, net cash amounted to KSEK 343,921 (350,970), which corresponds to SEK 23.13 (23.60) per share. During the period, cash and cash equivalents were invested in interest-bearing instruments or held on interest-bearing bank accounts, in accordance with the Company's policy.

September 30, 2016

Net cash per share: SEK 23.13

Significant risks and uncertainty factors

Significant risks and uncertainty factors are described in the Annual Report 2015. There has been no significant change in relation to risks and uncertainty factors since the publication of the Annual Report.

Future prospects

NAXS expects the conditions current prevailing in the private equity market to remain largely unchanged in the coming quarters.

Parent company

The parent company has not had any sales during the period. The profit/loss after financial items amounted to KSEK 148,962 (163,372). During the period, dividend from subsidiaries amounting to KSEK 150,600 was received. The net interest income amounted to KSEK -396 (390) and exchange rate profit/loss amounted to KSEK 1,307 (-314). Income tax amounted to KSEK 0 (0). The net profit/loss amounted to KSEK 148,962 (163,372).

Organization

The Company's CEO is Lennart Svantesson. The Board of Directors consists of John D. Chapman (chairman), Tony Gardner-Hillman and Andrew Wignall, who were re-elected at the 2016 annual general meeting. Ramanan Raghavendran, who was a director until the 2016 annual general meeting, did not stand for re-election and was not replaced.

Nomination Committee

The Nomination Committee consists of Amaury de Poret, representing QVT Fund LP, Hugh Wrigley, representing Global Endowment Management, and NAXS's chairman John D. Chapman. The Nomination Committee can be contacted via e-mail to: chapman.jd@gmail.com.

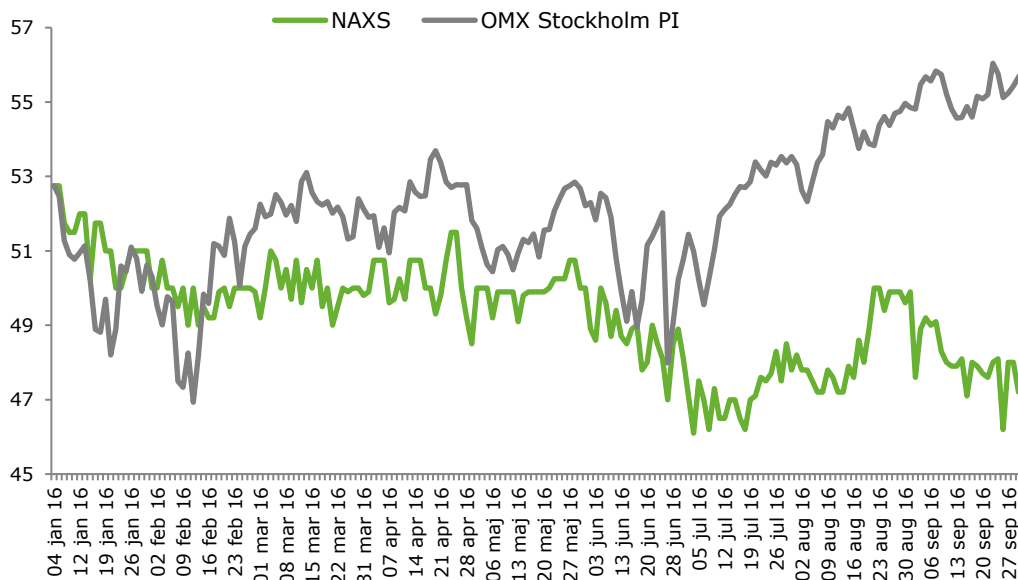
The share

The NAXS share was initially listed on First North on May 14, 2007. Since June 8, 2010, the share is traded on NASDAQ Stockholm. The share trades under the designation "NAXS".

The number of outstanding shares in the Company at the beginning and end of the interim period was 14,869,552.

At the end of the interim period, the NAXS share price was SEK 47.70 and the total shareholders' equity per share was SEK 54.19. The Company's market capitalization was MSEK 709 and the number of shareholders was 868.

Evolution of the share price to September 30, 2016



Accounting principles

The condensed consolidated financial statements have been established in accordance with the International Financial Reporting Standards (IFRS), as recognized by the EU. This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Reporting legislation.

The accounting principles applied in this report are described in the Annual Report 2015. The Parent Company follows the Swedish Annual Reporting legislation and the Swedish Financial Reporting Board RFR 2 for legal entities, which provides that the IFRS principles shall apply.

Alternative performance measures

The definitions for the net asset value, net cash/net debt and gross IRR performance measures are provided in the 2015 Annual Report and in the definitions on page 18 of this report. The equity ratio is defined as equity in relation to total assets. These alternative performance measures are essential for the understanding and evaluation of NAXS's business.

Financial information

Year-End Report: January 27, 2017
Annual report 2016: Week 5, 2017
Interim Report (3 months): April 26, 2017
Annual General Meeting: June 1, 2017
Interim Report (6 months): July 14, 2017
Interim Report (9 months): October 20, 2017

Contact persons

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Ticker codes

NAXS SS in Bloomberg
NAXS.ST in Reuters

This information is information that NAXS AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.30 CET on October 21, 2016.

This report is an in-house translation of the original report in Swedish

Stockholm, October 21, 2016

John D. Chapman
Chairman

Tony Gardner-Hillman
Director

Andrew Wignall
Director

Lennart Svantesson
Chief Executive Officer

This report and other information are available on www.naxs.se

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Consolidated Income Statement

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-9/30	1/1-9/30	7/1-9/30	7/1-9/30
Change in value	66 542	98 175	13 476	33 802
Operating costs Note 1	-9 663	-8 949	-3 281	-2 857
Operating profit/loss	56 879	89 226	10 196	30 945
Net financial items	-1 805	-42	-329	-124
Profit/loss after financial items	55 074	89 184	9 867	30 821
Income taxes	-	-	-	-
Net profit/loss	55 074	89 184	9 867	30 821
Earnings per share, SEK*	3,70	6,00	0,66	2,07
Average number of shares, 000s*	14 870	14 870	14 870	14 870

* Basic and diluted

Consolidated Statement of Comprehensive Income

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-30/9	1/1-30/9	1/7-30/9	1/7-30/9
Net income	55 074	89 184	9 867	30 821
Other comprehensive income				
<i>Items which will be reversed to the income statement</i>				
Exchange differences	3 065	-1 023	3 263	385
Net income	58 139	88 161	13 130	31 206

Consolidated Balance Sheet

Amounts in SEK 000s

	2016	2015
	9/30	12/31
Assets		
Private equity fund investments	462 393	434 246
Total non-current assets	462 393	434 246
Other receivables	119	114
Cash and cash equivalents	343 921	350 970
Total current assets	344 040	351 084
Total assets	806 433	785 330
Equity	805 733	784 768
Current liabilities	700	562
Total equity and liabilities	806 433	785 330

Consolidated Net cash

Amounts in SEK 000s

	2016	2015
	9/30	12/31
Cash, bank and short-term investments	343 921	350 970
Total net cash	343 921	350 970

Consolidated Statement of Changes in Equity

Amounts in SEK 000s

	2016	2015	2015
	1/1-9/30	1/1-12/31	1/1-9/30
Equity at the beginning or the year	784 768	751 319	751 319
Dividend	-37 174	-34 200	-34 200
Total comprehensive income for the period	58 139	67 649	88 160
Shareholder's equity at the end of the period	805 733	784 768	805 279

Consolidated Statement of cash flows analysis

Amounts in SEK 000s

	2016	2015
	1/1-9/30	1/1-9/30
Profit/loss after financial items	55 074	89 184
Adjustment for non-cash items, etc.	-18 792	69 967
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	36 282	159 151
Cash flow changes in working capital	134	-2 608
Cash flow from operating activities	36 416	156 543
Acquisitions/disposals of private equity fund investments, net	-5 714	21 798
Cash flow from investing activities	-5 714	21 798
Dividend	-37 174	-34 200
Cash flow from financing activities	-37 174	-34 200
Cash flow during the period	-6 472	144 141
Cash and cash equivalents, beginning of the year *	350 970	167 447
Exchange-rate differences in cash and cash equivalents	-577	-182
Cash and cash equivalents at the end of the period	343 921	311 406

* Including short-term investments

Parent Company Income Statement

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-9/30	1/1-9/30	7/1-9/30	7/1-9/30
Operating costs	-2 549	-2 701	-669	-834
Operating profit/loss	-2 549	-2 701	-669	-834
Income from shares in group companies	150 600	165 997	150 600	165 997
Net financial items	911	76	338	588
Profit /loss after financial items	148 962	163 372	150 269	165 751
Income taxes	-	-	-	-
Net profit/loss for the period	148 962	163 372	150 269	165 751

Parent Company Statement of Comprehensive Income

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-9/30	1/1-9/30	7/1-9/30	7/1-9/30
Net profit/loss for the period	148 962	163 372	150 269	165 751
Total comprehensive income for the period	148 962	163 372	150 269	165 751

Parent Company Balance Sheet

Amounts in SEK 000s

	2016	2015
	9/30	12/31
Assets		
Shares in subsidiaries	481 802	481 802
Receivables on group companies	24 731	23 424
Total non-current assets	506 533	505 226
Other receivables	118	114
Cash and cash equivalents	339 848	229 087
Total current assets	339 966	229 201
Total assets	846 499	734 427
Equity	845 801	734 013
Current liabilities	698	414
Total equity and liabilities	846 499	734 427

Parent Company Statement of Changes in equity

Amounts in SEK 000s

	2016	2015	2015
	1/1-9/30	1/1-12/31	1/1-9/30
Equity at the beginning of the year	734 013	606 456	606 456
Dividend	-37 174	-34 200	-34 200
Total comprehensive income for the period	148 962	161 757	163 372
Shareholder's equity at the end of the period	845 801	734 013	735 628

Note 1

Operating costs

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-9/30	1/1-9/30	7/1-9/30	7/1-9/30
Fee to the investment advisor	-6 001	-5 737	-1 991	-1 945
Carried interest to the investment advisor	-513	-48	-513	-
Personnel expenses	-1 213	-1 242	-358	-413
Other operating costs	-1 936	-1 922	-419	-499
	-9 663	-8 949	-3 281	-2 857

No related party transaction occurred during the period, except for remunerations to the board members and the managing director.

Note 2

Financial assets and liabilities

NAXS's financial instruments consist of fund investments, cash and cash equivalents and accounts payable. Level 3 investments includes only the Company's publicly traded share of the fund holdings / securities of unlisted companies (in some cases, also listed companies). When observable prices are not available for these securities, the fund manager uses one or more valuation techniques (e.g. yield methods or income-based methods), or a combination of techniques, for which sufficient and reliable data are available. Within Level 3, the market approach generally uses earnings multiples of comparable companies, while the income-based approach generally uses the present value of estimated future cash flows, adjusted for liquidity, credit, market and/or other risk factors.

For NAXS, the book value of all financial assets and liabilities corresponds to fair value. All amounts are shown in the reported balance sheets.

Definitions

Cash & cash equivalents

Cash, bank and short-term investments

Cash per share

Cash & cash equivalents in relation to the number of shares

Commitment

The maximum amount that a limited partner agrees to invest in a fund

Current commitments

Acquisition cost for private equity fund investments, plus remaining commitments to private equity funds

Gross IRR

The internal rate of return generated annually at the underlying private equity funds' level, before the deduction of the management fees and carried interest. The calculation includes all payments to the funds and all distributions from the funds since their inception, but excludes the management fees and carried interest

Net asset value

The fair value of total assets, less net debt (corresponds to equity)

Net cash/Net debt

Cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables, less interest-bearing current and long-term liabilities

Private equity fund investments

Fair value of investments in private equity funds

Total assets

All assets and liabilities not included in net debt or net cash, which is the same as the balance sheet total, less asset items included in net debt or net cash and less non-interest-bearing liabilities

Total exposure to private equity fund investments

Private equity funds investments and remaining commitments to private equity funds

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL**Review report**

NAXS AB (publ), corporate identity number 556712-2972

Introduction

We have reviewed the condensed interim report for NAXS AB (publ) as at September 30, 2016 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm,

Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant