

NAXS AB (publ) Interim Report January-March 2017

First quarter 2017

- Net profit for the first quarter amounted to MSEK 10.6 (25.2).
- Earnings per share amounted to SEK 0.73 (1.69).
- Net asset value amounted to MSEK 811 (SEK 57.68 per share) at March 31, 2017, compared to MSEK 842 (SEK 56.69 per share) at year-end 2016. The fact that the total net asset value decreased, while the net asset value per share increased is due to the shares repurchases made during the first quarter.
- Net cash amounted to MSEK 351 (SEK 24.98 per share) at March 31, 2017, compared to MSEK 384 (SEK 25.85 per share) at year-end 2016.

Distribution of profits

The Board of Directors previously communicated its intention to make the dividend for the fiscal year 2016 dependent on the amount that might have been distributed under the form of share repurchases during the first quarter of 2017. The Board of Directors stated that the actual level of the dividend would be set as the difference between SEK 40,090,415.40 and the amount that had been distributed under the form of share repurchases during the period between January 1 and March 31, 2017.

NAXS repurchased shares for a total amount of SEK 38,151,029 during the period between January 1 and March 31, 2017. Therefore, the amount that remains available to be paid as dividend for the fiscal year 2016 is SEK 1,939,386.40, corresponding to SEK 0.13/share.

In view of the low amount that remains available to be paid as dividend after the share repurchases conducted during the first quarter, the Board of Directors proposes to the Annual General Meeting that no dividend be paid for the fiscal year 2016.

Share repurchases

The Board of Directors proposes to the 2017 Annual General Meeting to vote on a continued share repurchase mandate and on a reduction of the share capital in combination with a bonus issue. The reduction shall be effected through a cancellation of the repurchased shares that are held by the Company on the day of the notice to the 2017 Annual General Meeting, and the bonus issue shall be carried out without the issuance of new shares.

Comments by the CEO



NAXS actively repurchased shares during the quarter in accordance with the mandate granted to the Company at the 2016 Annual General Meeting, notably acquiring a block of 5% of the total number of shares. Such acquisition, made at 15% discount to the net asset value, was deemed capital-efficient for the Company and value-accretive for our shareholders. As of the end of the first quarter, NAXS held a total of 933 469 shares, representing 6.2% of the total number of shares.

As a result of the above-mentioned share repurchases, the total net asset value decreased slightly during the first quarter, while the net asset value per share increased by 1.7%, also due to a positive valuation development of NAXS's private equity fund investments.

NAXS made in January a SEK 50m commitment to Mimir Invest, a newly established Swedish special situations fund. NAXS believes that, besides occupying an attractive niche, Mimir offers a degree of diversification within its private equity strategy, and one that is well-suited to the current investment climate. In March, NAXS made a smaller investment in MIPS AB in the IPO of the company on NASDAQ Stockholm. These two new investments were made in accordance with the revised investment policy adopted by NAXS in January 2016.

Lennart Svantesson

Financial summary

	2017	2016
	1/1-03/31	1/1-03/31
Net profit/loss for the period, KSEK	10 583	25 193
	2017	2016
	03/31	12/31
Private equity fund investments, KSEK	458 255	458 701
Private equity fund investments in % of equity	57	55
Remaining commitments, KSEK	101 452	58 444
Total exposure to private equity fund investments, KSEK	559 707	517 145
Net cash, KSEK	351 388	383 807
Private equity fund investments per share, SEK	32.58	30.89
Net cash per share, SEK	24.98	25.85
Net asset value per share, SEK	57.68	56.69
Share price, SEK	49.80	49.40

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 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 Nordic private equity market experienced a regular level of activity during the first quarter of 2017, despite recurring concerns about valuations. The generally positive sentiment on the financial markets continued to allow private equity managers to use initial public offerings as an exit route, as well as to sell down shares in previously listed companies.

Investment portfolio

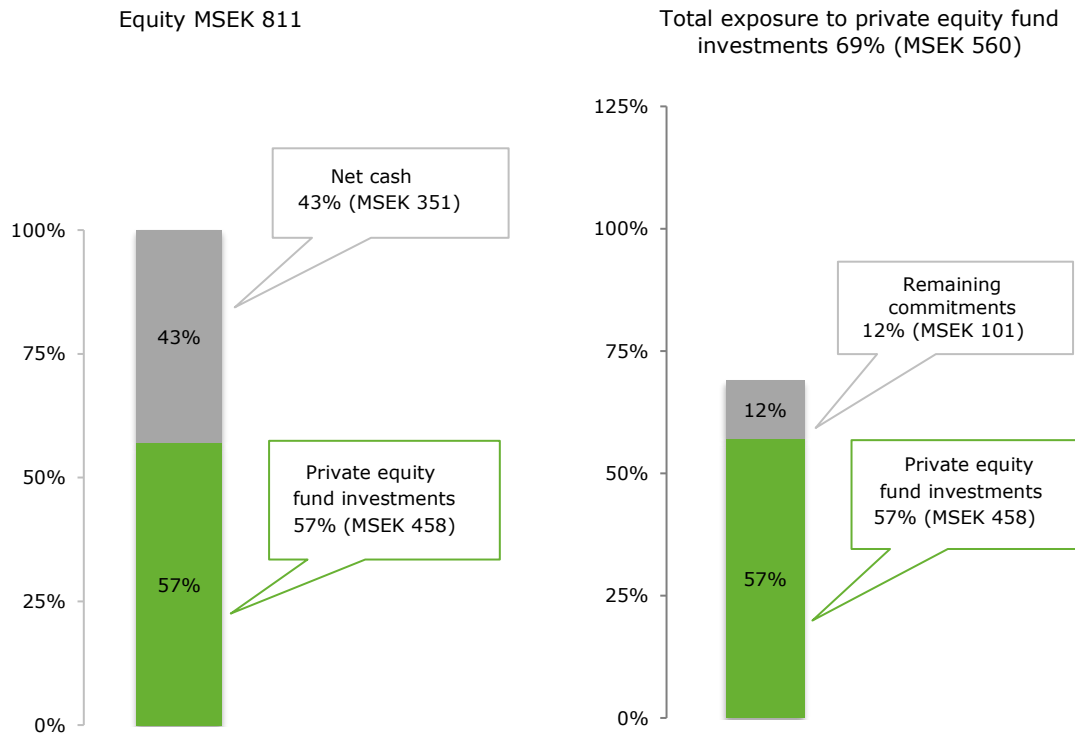
As of March 31, 2017, NAXS had commitments to 9 private equity funds (8 buyout funds and 1 special situations fund).

At the end of the first quarter:

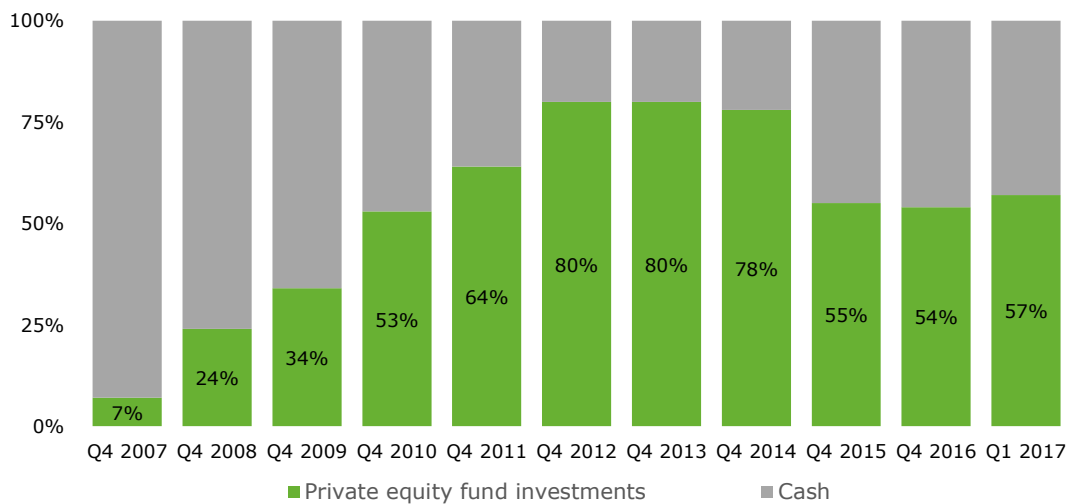
- private equity fund investments amounted to MSEK 458, which corresponds to 57 percent of the Company's equity;
- remaining commitments amounted to MSEK 101;
- total exposure to private equity fund investments amounted to MSEK 560, which corresponds to 69 percent of the Company's equity.

As of March 31, 2017, NAXS also was holding 40,000 shares in MIPS, which are listed on NASDAQ Stockholm and were valued at MSEK 2.0 at the end of the quarter.

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

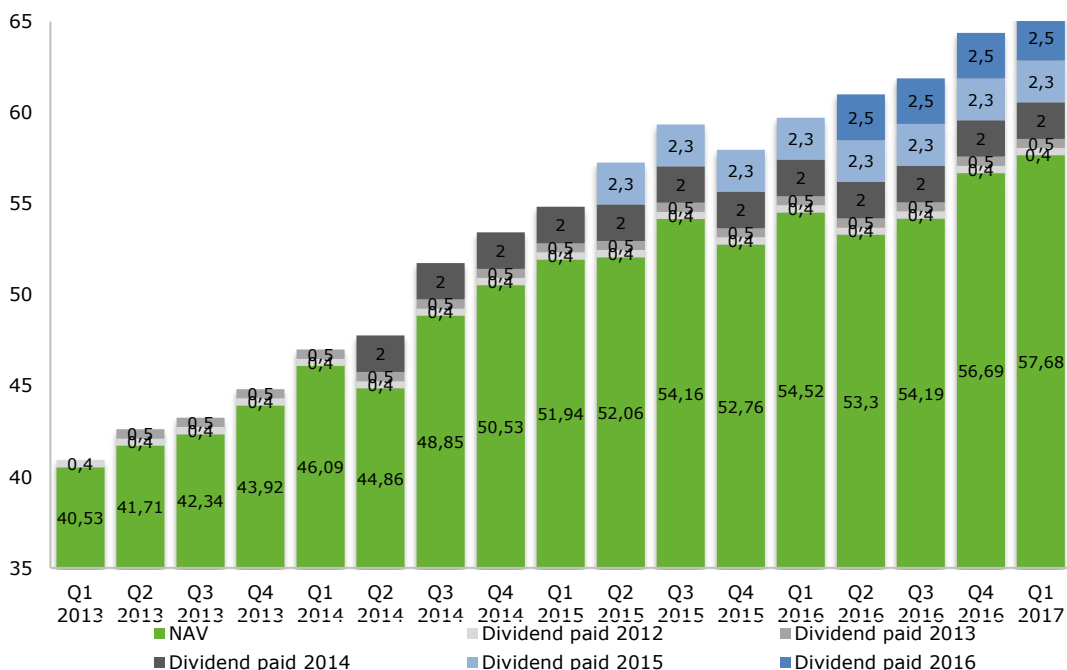


Evolution of private equity fund investments (in % of equity)



The net asset value (NAV) per share increased by 1.7% during the first quarter of 2017, and by 10.4% over 12 months (including the dividend paid).

NAV per share in SEK



Acquisitions and liquidity events

Acquisitions

NAXS added 3 new portfolio companies during the quarter: Valedo announced the acquisition of JOBmeal, while two new portfolio companies, Karlsson Varuhus and Parken Zoo i Eskilstuna, were added through the commitment to Mimir Invest. Several add-on acquisitions were also made during the quarter.

Portfolio Company	Sector	Country	Fund
Karlsson Varuhus	Consumer goods & services	Sweden	Mimir Invest
Parken Zoo i Eskilstuna	Consumer goods & services	Sweden	Mimir Invest
JOBmeal	Business services	Sweden	Valedo II

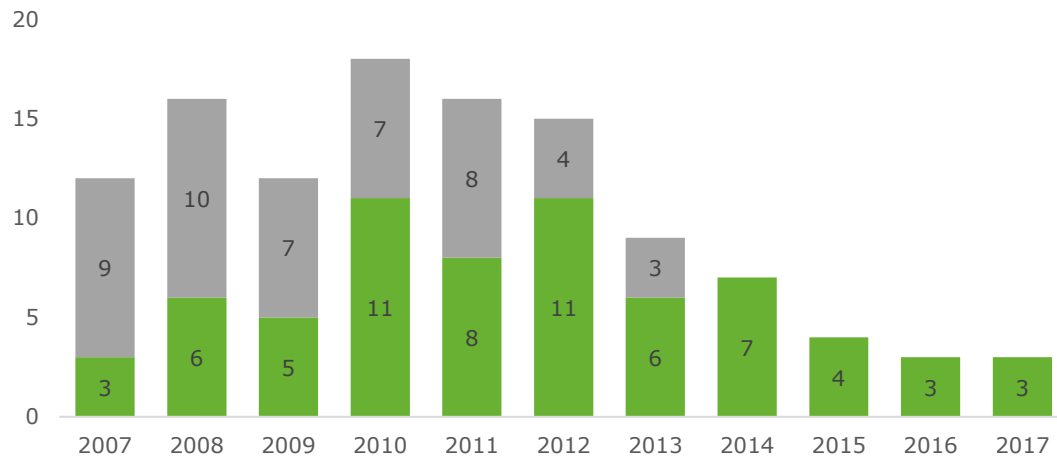
Liquidity events

Nordic Capital Fund VII sold during the quarter its remaining stake in Europris, thereby fully exiting the company which it had acquired in 2012 and listed on the Oslo stock exchange in 2015.

Portfolio Company	Sector	Year of initial investment	Fund
Europris	Consumer goods & services	2012	Nordic Capital VII

As of March 31, 2017, NAXS underlying funds had acquired a total of 115 companies, 48 of which had been fully divested. These 48 exits have generated an average gross IRR of 23%. The average holding period for the remaining 67 portfolio companies is approx. 5.25 years.

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



December 31, 2017

- Total exposure to private equity fund investments: 69% of total equity
- Private equity fund investments: 57% of total equity
- Number of full exits since inception: 48
- Average gross IRR generated by the 48 full exits since inception: 23%

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	total
No of new portfolio companies	12	16	12	18	16	15	9	7	4	3	3	115
No of exits during the year				4		4	11	9	9	10	1	48
No of companies acquired in the year that are now fully exited	9	10	7	7	8	4	3					48

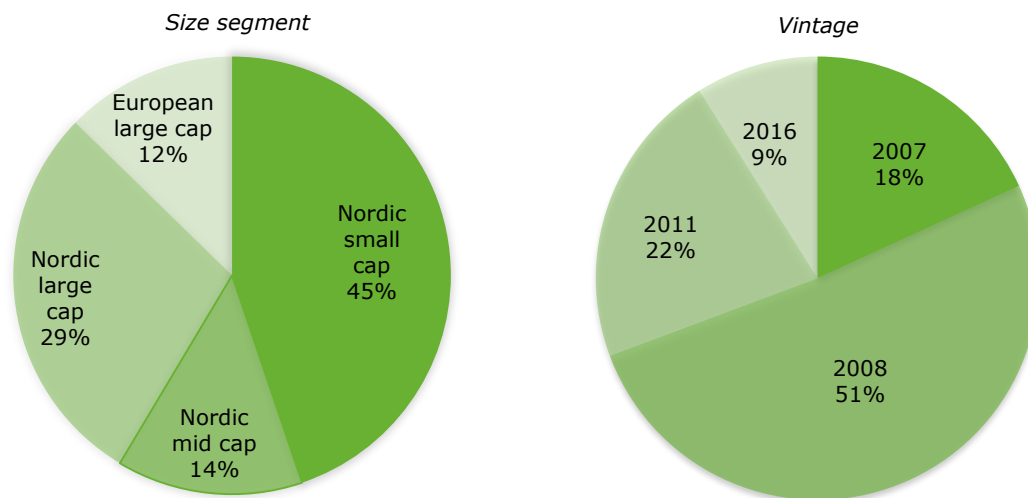
Portfolio composition/diversification

As of March 31, 2017, NAXS provided the following exposure:

- 9 private equity funds (8 buyout funds and 1 special situations fund) from 7 managers

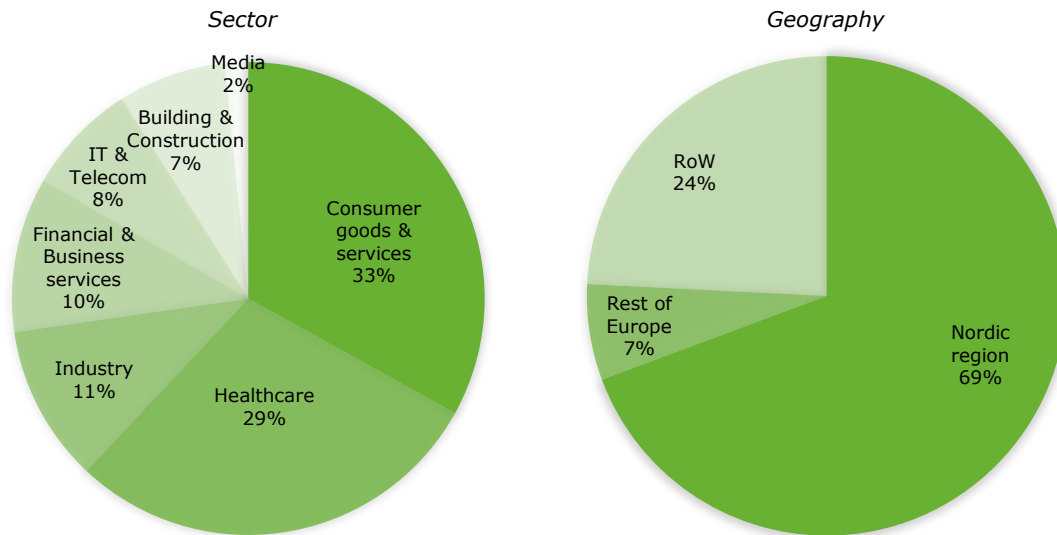
Fund	Commitment Year	Commitment Currency	Initial Commitment Amount (in 000s)
Apax Europe VII LP	2007	EUR	15,000
FSN Capital III LP	2008	EUR	10,000
Herkules Private Equity III LP	2008	NOK	40,000
Intera Fund I KY	2007	EUR	7,000
Intera Fund II KY	2011	EUR	7,250
Mimir Invest AB	2017	SEK	50,000
Nordic Capital 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

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



- 67 portfolio companies (remaining after 48 exits) acquired over a period of approx. 10 years, with the 10 largest holdings accounting for less than 36% of the total equity and no single portfolio company accounting for more than 7% 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
Mimir Invest	<MSEK 500	small cap	2017	Sweden/Nordic	2	0
Nordic Capital VII	MEUR 4,300	mid/large cap	2008	Primarily Nordic	14	4
Intera II	MEUR 200	small cap	2011	Finland	11	1
Valedo II	MSEK 2,000	small cap	2011	Sweden	10	1

Group

Financial performance, January-March 2017

Operating profit/loss

The operating profit/loss amounted to KSEK 10,959 (26,162) for the first quarter. The operating profit/loss includes a change in value of private equity fund investments of KSEK 14,065 (29,176) and in other financial investments of KSEK 132 (-). The currency effects are included in the changes in value, and amounted to KSEK -1,295 (4,447) for the first quarter. Operating expenses amounted to KSEK -3,238 (3,014).

January 1– March 31, 2017

- Changes in value of private equity fund investments: KSEK 14,065, whereof currency effects on private equity fund investments KSEK -1,295

Financial items

Financial items net totaled KSEK -376 (-969) for the first quarter. Interest expenses on cash in banks amounted to -430 (-277). Exchange rate profit/loss amounted to KSEK 54 (-692).

Tax and net profit

The Group's profit/loss after financial items for the first quarter amounted to KSEK 10,583 (25,193). Income taxes amounted to KSEK 0 (0). Net profit/loss after tax amounted to KSEK 10,583 (25,193). Earnings per share were SEK 0.73 (1.69).

Investments, financing and liquidity

Private Equity Fund Investments

During the first quarter, net investments/repayments from private equity funds amounted to KSEK 994 (-3,053). As of March 31, 2017, private equity fund investments amounted to KSEK 458,255 (458,701). During the quarter, NAXS also acquired 40,000 shares in MIPS AB for a total amount of KSEK 1,840. MIPS AB is listed on NASDAQ Stockholm and NAXS's holding was valued at KSEK 1 972 as of March 31, 2017.

March 31, 2017

- Private equity fund investments per share: SEK 32.58

Financing

The Group is financed with shareholders' equity. Shareholders' equity amounted to KSEK 811,349 (841,816) at the end of the first quarter, corresponding to SEK 57.68 (56.69) per share and an equity/asset ratio of 100 (100) percent.

March 31, 2017

- Equity per share: SEK 57.68

Net cash

At the end of the first quarter, net cash amounted to KSEK 351,388 (383,807), which corresponds to SEK 24.98 (25.85) per share. During the first quarter, cash and cash equivalents were invested in interest-bearing instruments or held on interest-bearing bank accounts, in accordance with the Company's policy.

March 31, 2017

- Net cash per share: SEK 24.98

Significant risks and uncertainty factors

Significant risks and uncertainty factors are described in the Annual Report 2016. There has been no significant change in relation to risks and uncertainty factors since the publication of the Annual Report.

Events after the end of the reporting period

No significant events has occurred after the reporting period.

Future prospects

NAXS expects the conditions currently prevailing in the Nordic private equity market to remain largely unchanged in the short term, although the relatively high degree of political uncertainty in Europe could have a negative impact during 2017.

Parent company

The parent company has not had any sales during the first quarter. The profit/loss after financial items amounted to KSEK -1,304 (-668). The net interest income amounted to KSEK -310 (-54) and exchange rate profit/loss amounted to KSEK -65 (281). Income tax amounted to KSEK 0 (0). The net profit/loss amounted to KSEK -1,304 (-668).

Organization

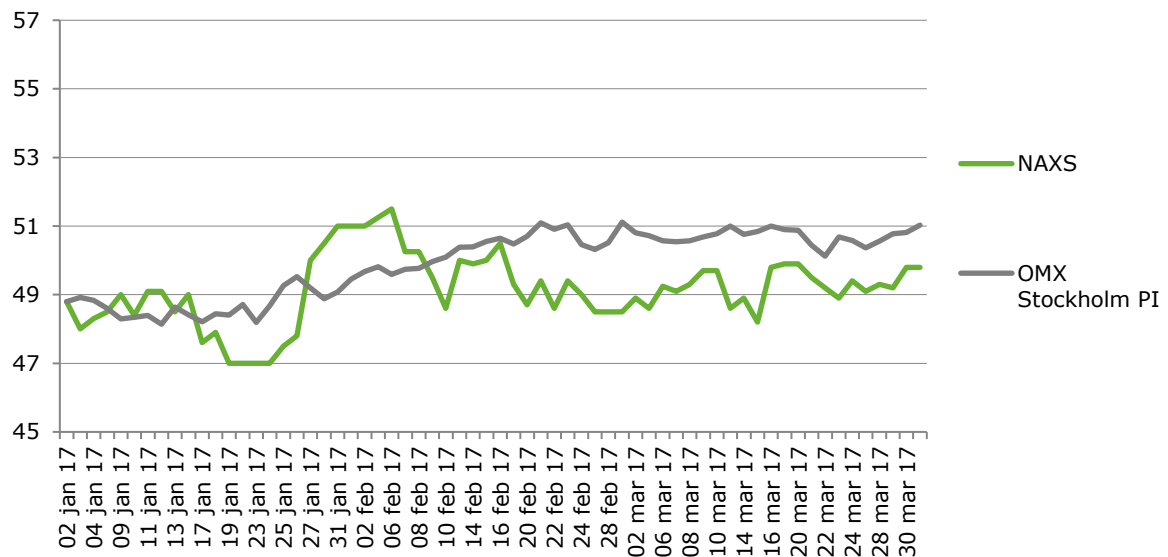
The Company's CEO is Lennart Svantesson. The Board of Directors consists of John D. Chapman (chairman), Tony Gardner-Hillman and Andrew Wignall, who were re-elected at the 2016 annual general meeting. Ramanan Raghavendran, who was a director until the 2016 annual general meeting, did not stand for re-election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

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 of the year was 14,848,302. During the interim period 781,771 shares were repurchased. The number of outstanding shares in the Company at the end of the interim period was 14,066,531. At the end of the interim period, the NAXS share price was SEK 49.80 and the total shareholders' equity per share was SEK 57.68. The Company's market capitalization was MSEK 701 and the number of shareholders was 1,054.

Evolution of the share price during Q1 2017



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 2016. 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 2016 Annual Report and in the definitions on page 19 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

Annual general meeting: June 1, 2017
Interim Report (6 months): July 14, 2017
Interim Report (9 months): October 20, 2017

Contact persons

Lennart Svantesson, CEO
+46 73 311 00 11
lennart.svantesson@naxs.se
Gösta Lundgren, CFO
+46 70 710 47 88
gosta.lundgren@naxs.se

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 April 26, 2017.

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

Stockholm, April 26, 2017

John D. Chapman
Chairman

Tony Gardner-Hillman
Director

Andrew Wignall
Director

Lennart Svantesson
Chief Executive Officer

This report has not been subject to review by the Company's auditors.

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

NAXS AB (publ)
Corp. Reg. No. 556712-2972
Grev Turegatan 10
114 46 Stockholm, Sweden
Tel: +46 8 611 33 25, E-mail: info@naxs.se

Consolidated Income Statement

Amounts in SEK 000s

	2017	2016
	1/1-03/31	1/1-03/31
Change in value	14 197	29 176
Operating costs Note 1	-3 238	-3 014
Operating profit/loss	10 959	26 162
Net financial items	-376	-969
Profit/loss after financial items	10 583	25 193
Income taxes	-	-
Net profit/loss	10 583	25 193
Earnings per share, SEK*	0,73	1,69
Average number of shares, 000s*	14 457	14 870

* Basic and diluted

Consolidated Statement of Comprehensive Income

Amounts in SEK 000s

	2017	2016
	1/1-03/31	1/1-03/31
Net income	10 583	25 193
Other comprehensive income		
<i>Items which will be reversed to the income statement</i>		
Exchange differences	-2 899	712
Total comprehensive income	7 684	25 905
Attributable to:		
Parent company shareholders	7 684	25 905
Total comprehensive income	7 684	25 905

Consolidated Balance Sheet

Amounts in SEK 000s

	2017	2016
	03/31	12/31
Assets		
Private equity fund investments	458 255	458 701
Other financial investments	1 972	-
Total non-current assets	460 227	458 701
Other receivables	373	78
Cash and cash equivalents	351 388	383 807
Total current assets	351 761	383 885
Total assets	811 988	842 586
Equity	811 349	841 816
Current liabilities	639	770
Total equity and liabilities	811 988	842 586

Consolidated Net cash

Amounts in SEK 000s

	2017	2016
	03/31	12/31
Cash, bank and short-term investments	351 388	383 807
Total net cash	351 388	383 807

Consolidated Statement of Changes in Equity

Amounts in SEK 000s

	2017	2016	2016
	1/1-03/31	1/1-12/31	1/1-03/31
Equity at the beginning or the year	841 816	784 768	784 768
Repurchase of own shares	-38 151	-1 033	-
Dividend	-	-37 174	-
Total comprehensive income for the period	7 684	95 255	25 905
Shareholder's equity at the end of the period	811 349	841 816	810 673

Consolidated Statement of cash flows analysis

Amounts in SEK 000s

	2017	2016
	1/1-03/31	1/1-03/31
Profit/loss after financial items	10 583	25 193
Adjustment for non-cash items, etc.	-3 540	-10 797
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	7 043	14 396
Cash flow changes in working capital	-426	303
Cash flow from operating activities	6 617	14 699
Acquisitions/disposals of private equity fund investments, net	994	-3 053
Other financial investments	-1 840	-
Cash flow from investing activities	-846	-3 053
Repurchase of own shares	-38 151	-
Cash flow from financing activities	-38 151	-
Cash flow during the period	-32 380	11 646
Cash and cash equivalents, beginning of the year *	383 807	350 970
Exchange-rate differences in cash and cash equivalents	-39	-692
Cash and cash equivalents at the end of the period	351 388	361 924

* Including short-term investments

Parent Company Income Statement
Amounts in SEK 000s

	2017	2016
	1/1-03/31	1/1-03/31
Operating costs	-929	-895
Operating profit/loss	-929	-895
Net financial items	-375	227
Profit /loss after financial items	-1 304	-668
Income taxes	-	-
Net profit/loss for the period	-1 304	-668

Parent Company Statement of Comprehensive Income
Amounts in SEK 000s

	2017	2016
	1/1-03/31	1/1-03/31
Net profit/loss for the period	-1 304	-668
Total comprehensive income for the period	-1 304	-668

Parent Company Balance Sheet
Amounts in SEK 000s

	2017	2016
	03/31	12/31
Assets		
Shares in subsidiaries	481 802	481 802
Receivables on group companies	24 559	24 624
Total non-current assets	506 361	506 426
Other receivables	423	78
Cash and cash equivalents	297 491	337 440
Total current assets	297 914	337 518
Total assets	804 275	843 944
Equity	803 917	843 372
Current liabilities	358	572
Total equity and liabilities	804 275	843 944

Parent Company Statement of Changes in equity

Amounts in SEK 000s

	2017	2016	2016
	1/1-03/31	1/1-12/31	1/1-03/31
Equity at the beginning of the year	843 372	734 013	734 013
Repurchase of own shares	-38 151	-1 033	-
Dividend	-	-37 174	-
Total comprehensive income for the period	-1 304	147 566	-668
Shareholder's equity at the end of the period	803 917	843 372	733 345

Note 1

Operating costs

Amounts in SEK 000s

	2017	2016
	1/1-03/31	1/1-03/31
Fee to the investment advisor	-1 972	-1 965
Carried interest to the investment advisor	-154	-
Personnel expenses	-378	-412
Other operating costs	-734	-637
	-3 238	-3 014

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