ANNUAL REPORT 2016

NAXS AB (publ)

(formerly NAXS Nordic Access Buyout Fund AB (publ))

(This text is an in-house translation of the original Annual Report 2016 in Swedish)

NAXS

NAXS AB (publ)
Annual Report 2016

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Financial Information 2017
Interim Report (3 months): April 26
Annual General Meeting: June 1
Interim Report (6 months): July 14
Interim Report (9 months): October 20

Comments by the CEO

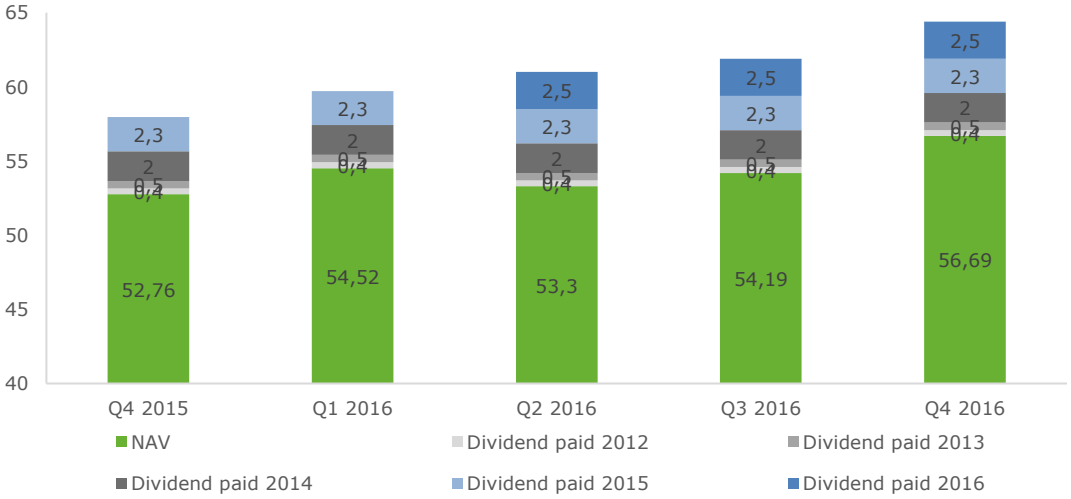
We were pleased to see NAXS continue to make good progress during 2016, with the net asset value per share increasing by 12.2%, including the dividend paid. This performance was generated by a strong exit activity, positive valuation developments in the remaining portfolio, as well as positive currency effects.
During the past year, NAXS's underlying funds made 3 new acquisitions, 10 full exits, and 4 partial exits through initial public offerings.
Worth mentioning for 2016 were also the adoption of a revised investment policy and the shortening of the company's name from NAXS Nordic Access Buyout Fund AB (publ) to NAXS AB (publ).
NAXS currently has a robust balance sheet, with a relatively high proportion of cash, which the company continues to selectively seek to deploy. After the end of the reporting period, NAXS made a SEK 50m commitment to Mimir Invest, a Swedish private equity special situation fund.
Lennart Svantesson

NAXS in 2016

The main highlights of 2016 were:

- an increase of 12.2% in net asset value (NAV) per share (including the dividend paid);

NAV per share (SEK)



- the acquisition of 3 new portfolio companies by NAXS's underlying funds, bringing the total number of companies acquired since NAXS's inception to 112 (including the 47 portfolio companies that have been fully exited). In addition, a substantial number of add-on acquisitions were made;
- the signing or closing of 10 new exits;
- the successful initial public offering of 4 portfolio companies;
- the further consolidation of NAXS's successful exit track record, with now 47 full exits which have generated an average gross IRR of 23%; and
- the adoption of a revised investment policy (available on the Company's website);

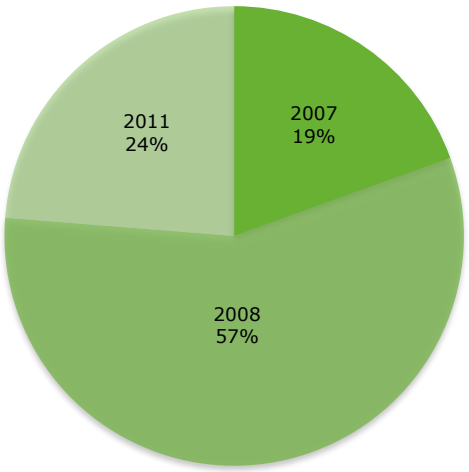
- the payment of a dividend of a SEK 2.50/share for the fiscal year 2015, which, together with share repurchases, meant a value transfer to shareholders of MSEK 38.2 during 2016;
- the shortening of the Company's name from NAXS Nordic Access Buyout Fund AB (publ) to NAXS AB (publ);

2016 overview

NAXS having reached a mature stage, it provides investors with an attractive exposure to the private equity asset class through a liquid instrument, with a good level of diversification:

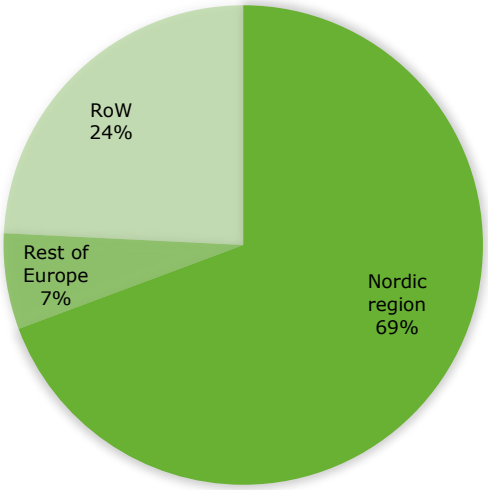
- 8 funds from 6 managers;
- 3 different vintage years (2007, 2008 and 2011);

Vintage



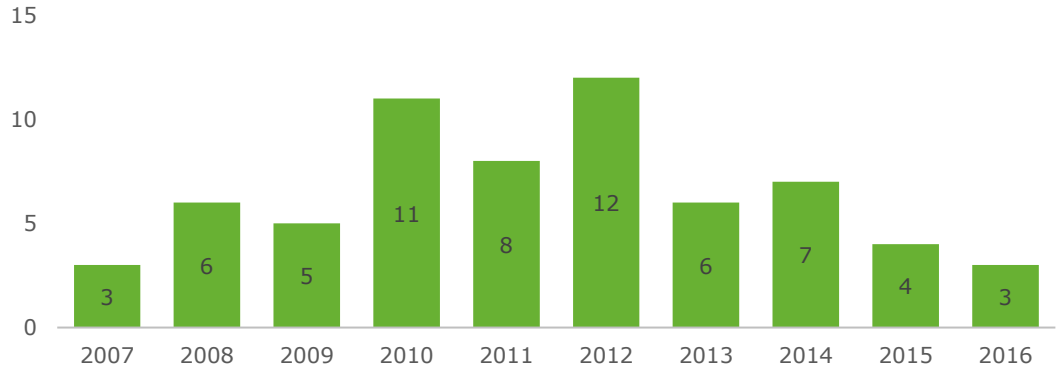
- an exposure to all Nordic countries and, to some extent, to Europe (as well as, mainly though the commitment to Apax, to the rest of the world);

Geography



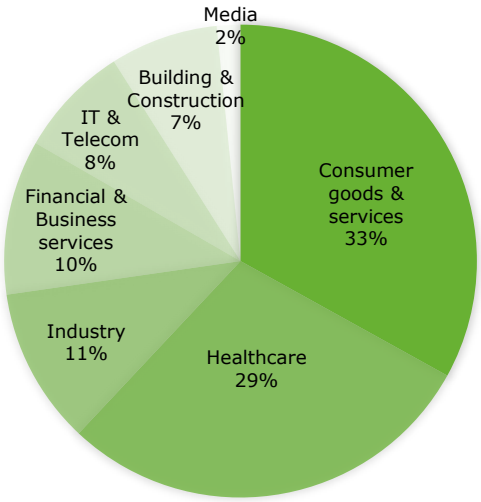
- an exposure to 65 portfolio companies (remaining after the 47 full exits);

Remaining portfolio companies per acquisition year



- the 10 largest companies account for less than 33% of the NAV, and no single portfolio company account for more than 6% of NAV; and
- an attractive sector diversification.

Sector



Board of Directors' Report

The Board of Directors and the CEO of NAXS AB (publ) (" NAXS"," the Company", or the "Parent Company"), Swedish corporate identification number 556712-2972, are hereby presenting the annual report for the Group and the Parent Company for the financial year 2016. The financial statements are subject to their adoption by the Annual General Meeting of the shareholders to be held on June 1, 2017.

Group

General operations

NAXS is an investment company listed on NASDAQ Stockholm and focusing on investments in Nordic buyout funds.
The objective is to make the Nordic private equity market accessible for a broader range of investors, while offering liquidity through the Company's publicly traded shares.
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. NAXS AB has its registered office in Stockholm and Tompkins Square Park S.a.r.l, corporate ID no. B113281, with registered office in Luxembourg, controls 51.1% of the share capital in NAXS AB. QVT Financial LP, with registered office in Dover USA, serves as the investment manager of Tompkins Square Park S.a.r.l.
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 private equity fund investments.
Naccess Partners AB has been contracted as the investment advisor to the Danish subsidiary.

Share and ownership

The number of outstanding shares in the Company at the beginning of the year was 14,869,552. During the year 21,250 shares were repurchased for a total amount of KSEK 1 033. The number of outstanding shares in the Company at the end of the year was 14,848,302. The number of treasury shares held by the Company at year-end amounted to 151,698. In accordance with the mandate granted by the 2016 AGM, the Company may repurchase shares to the extent that the Company's holding of its own shares, on any occasion, does not exceed 10% of all shares in the Company.
At year-end 2016, NAXS's share price was SEK 49.40, and the total shareholders' equity per share was SEK 56,69. The market capitalization was MSEK 734, and the number of shareholders was 871. The 3 largest shareholders are set forth in the Corporate Governance Report.

Objective and investment strategy

NAXS adopted a revised investment policy in January 2016, allowing the company to consider a broader range of investment opportunities.

Overall investment strategy
The strategy of NAXS AB (publ) (together, with its subsidiaries, "NAXS") is to seek to produce investment returns commensurate with the risk incurred in making those investments.

Investment criteria
NAXS may without limitation, except as set forth below, invest in private equity funds, which have one or more of the Nordic countries (Denmark, Finland, Norway and Sweden) as their investment focus.
NAXS may without limitation, except as set forth below, invest alongside private equity funds and other alternative assets funds in the Nordic countries.
Up to twenty-five percent of NAXS's net asset value may be invested in any securities or assets in any jurisdiction.

Investment size and diversification
NAXS intends to hold a diversified portfolio of investments. However, NAXS may decide based on market conditions to place up to forty percent of NAXS's net asset value at the time of the investment in a single investment.

Market review

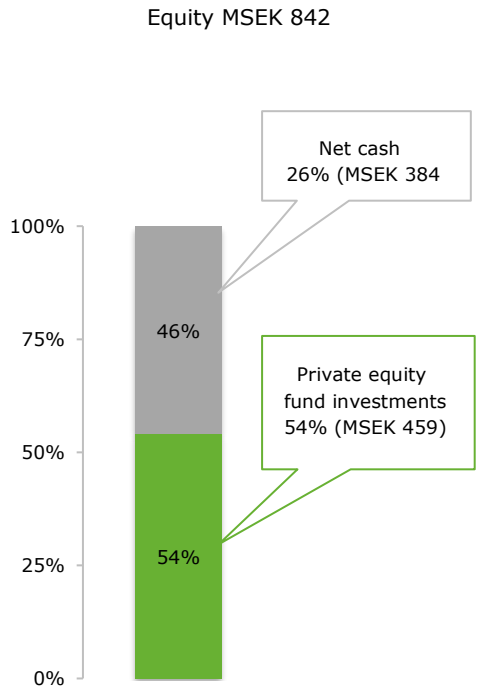
The financial and credit markets were volatile during 2016, especially in the first half of the year, culminating with the UK vote to leave the European Union. Private equity activity nevertheless remained largely at the same levels as during the previous years. The exit market continued to be strong in 2016, and private equity managers made extensive use of public listings to divest companies.

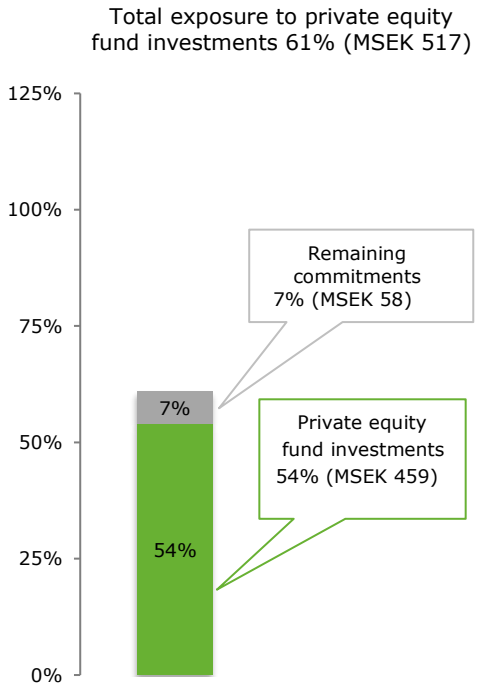
Fund portfolio

As of December 31, 2016, NAXS had commitments to 8 underlying funds, and

- Private equity fund investments amounted to MSEK 459, which corresponds to 54 percent of the Company's total equity;
- Outstanding investment commitments amounted to MSEK 58, which can be used by the underlying funds for new investments;
- Total exposure to private equity fund investments amounted to MSEK 517, which corresponds to 61 percent of the Company's total equity.

Net cash, fund investments and total exposure to private equity funds in percent of equity

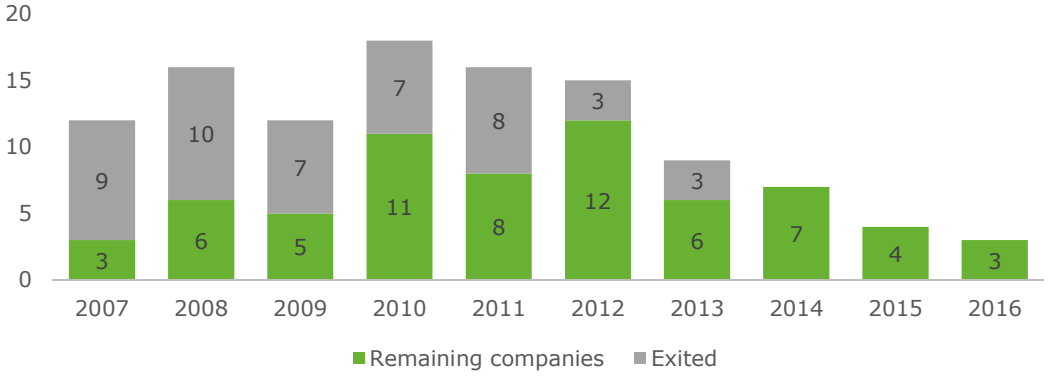




Acquisitions and divestments

As of December 31, 2016, NAXS's underlying funds had acquired a total of 112 companies, 47 of which had been fully divested. The 47 full exits have generated an average gross IRR of 23%.

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



2016 ACQUISITIONS (by fund and in alphabetical order)

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

2016 EXITS (by fund and in alphabetical order)

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
Harding	Industry	2013	Herkules III
Consti	Building & Construction	2008	Intera I
Thule	Consumer goods & services	2010	Nordic Capital VII
Akademikliniken	Healthcare	2011	Valedo I
Corbel	Business services	2011	Valedo I

In addition, a number of partial exits through an initial public offering occurred during the year:

2016 PARTIAL EXITS THROUGH IPOs (by fund and in alphabetical order)

Portfolio Company	Sector	Year of initial investment	Fund
Ascential	Media	2007	Apax VII

Convatec	Healthcare	2008	Nordic Capital VII
Resurs	Business services	2012	Nordic Capital VII
Tokmanni	Consumer goods & services	2012	Nordic Capital VII

PORTFOLIO COMPANIES AT DECEMBER 31, 2016 (by fund and in alphabetical order)

** indicates fully exited portfolio companies*
*** indicates portfolio companies that have been partially exited through an IPO*

APAX EUROPE VII

Portfolio Company	**Sector**	**Country**
Acelity	Healthcare products	USA
Advantage Sales & Marketing*	Sales and marketing services	USA
Apollo Hospitals*	Healthcare services	India
Ascential**	B2B media	UK
Auto Trader Group*	Auto classified	UK
Bankrate**	Web-based personal finance services	USA
Cengage*	Educational publishing	USA
Cengage debt	Educational publishing	USA
Cengage Nelson	Educational publishing	Canada
Dealer.com*	Digital marketing automotive sector	Canada
Electro-Stock	Electrical components distribution	Spain
Epicore*	Enterprise application software	USA
Genex	Healthcare software	USA
Golden Jaguar	Restaurant chain	China
Hub International*	Insurance services	USA
iGate*	IT and business process outsourcing	India
Marken*	Healthcare logistics services	UK
Netrada*	E-commerce management services	Germany
One Call Care Management	Healthcare	USA
Orange Switzerland*	Telecommunications	Switzerland
Paradigm	Software for oil and gas industry	Global
Plantasjen*	Garden centers chain	Norway/Sweden
Psagot	Financial services	Israel
Project X*	N/A	N/A
Project Y	N/A	China
Qualitest*	Generic pharmaceuticals	USA
Rhiag*	Automotive parts	Italy
Sophos**	Security software	UK
SouFun*	Real estate internet portal	China
Takko	Fashion retailer	Germany
Trizetto*	Healthcare software	USA
Tivit	Business process outsourcing	Brazil
Tnuva*	Food manufacturing and distribution	Israel

Trader Corporation*	Auto classified	Canada
Weather Investments*	Telecommunications	Global

FSN CAPITAL III

Portfolio Company	**Sector**	**Country**
Green	Landscaping contracting	Sweden
HusCompaniet*	Standardized housing building	Denmark
Lagkagehuset	Bakery chain	Denmark
Norman*	Security software	Norway
PM Retail	Fashion retail	Norway
Skamol	Insulation material	Denmark
Tactel*	Mobile software development	Sweden
Troax*	Machine safety solutions	Sweden
Vindora	Education services	Sweden
Vizrt*	Digital media production tools	Norway

HERKULES PRIVATE EQUITY FUND III

Portfolio Company	**Sector**	**Country**
Bandak*	Machining and engineering	Norway
Enoro	Software for utility services	Norway
Espresso House*	Coffee chain	Sweden
Gothia*	Financial services	Sweden
Harding*	Maritime lifesaving equipment	Norway
Intelecom	Telecommunications	Norway
New Store Europe*	Interior design	Norway
Norsk Jernbanedrift	Railway maintenance	Norway
Odlo	Sportswear	Switzerland
Projectiondesign*	High performance projectors	Norway
Stamina	Health service provider	Norway

INTERA FUND I

Portfolio Company	**Sector**	**Country**
Consti*	Building systems contracting	Finland
Delete*	Environmental services	Finland
Normek	Building material	Finland
Orthex*	Household products	Finland
Mikeva*	Healthcare services	Finland
Polarica	Food industry	Finland/Sweden
Trafotek	Industrial products	Finland

INTERA FUND II

Portfolio Company	Sector	Country
Animagi*	Veterinary clinics	Finland
Evidensia	Veterinary clinics	Europe
HopLop	Indoor playgrounds	Finland
Kreate	Infrastructure construction	Finland
Kamux	Used car retail	Finland
Merivaara	Healthcare technology	Finland
Renta	Construction equipment rental	Finland
Rototec	Geothermal drilling	Finland
Royal Ravintolat	Restaurants group	Finland
Silmäasema	Ophthalmology services	Finland
Stella	Home care services	Finland
Tamtron	Industrial products	Finland

NORDIC CAPITAL FUND VII

Portfolio Company	Sector	Country
Acino	Pharmaceuticals	Switzerland
Binding Site	Healthcare diagnostics	UK
Bladt Industries	Steel structure manufacturing	Denmark
Britax	Child safety products	UK
Convatec**	Healthcare products	USA
EG*	IT solution and services	Denmark
Ellos	Online retail	Sweden
Europris**	Discount retail	Norway
Handicare	Healthcare mobility solutions	Norway
Master Marine	Offshore accommodation services	Norway
Munters	Air treatment	Sweden
Orc	Financial technology and services	Sweden
Resurs Group**	Financial services and insurance	Sweden
SafeRoad	Traffic safety products and services	Norway
SiC Processing*	Wafer slurry recycling services	Germany
Sport Master	Sporting goods retail	Denmark
Thule*	Leisure outdoor industry	Sweden
Tokmanni**	Discount retail	Finland

VALEDO PARTNERS FUND I

Portfolio Company	Sector	Country
Akademikliniken*	Cosmetic health services	Sweden
Aspen*	Furniture manufacturing	Sweden
Bindomatic	Thermal binding	Sweden
Broadcast Text International*	Subtitling and dubbing	Sweden
Corbel*	Real estate services	Finland
INOM*	Healthcare services	Sweden
Oscar Jacobson	Menswear	Sweden
Perten*	Quality control instruments and services	Sweden
Solhagagruppen*	Healthcare services	Sweden

VALEDO PARTNERS FUND II

Portfolio company	Sector	Country
Aditro Logistics	Third-party logistics	Sweden
Best Transport	Delivery services	Sweden
Becksöndergaard	Fashion accessories	Denmark
Cambio	Healthcare industry software	Sweden
CMA & Markör	Consumer research services	Sweden
Evidensia*	Veterinary clinics	Sweden
Joe & the Juice	Juice & Coffee bars	Denmark/World
Lakrids by Johan Bülow	Liquorice confectionery	Denmark
Norva 24	Construction services	Norway
Rapunzel of Sweden	Hair products and services	Sweden

December 31, 2016

- Total exposure to private equity fund investments: 61 % of total equity
- Private equity fund investments: 54% of total equity
- Number of full exits since inception: 47
- Average gross IRR generated by the 47 full exits since inception: 23%

The table below summarizes NAXS's commitments:

Fund	Commitment Year	*Commitment Currency*	Initial Commitmen 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 IIKY	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

At the end of 2016, NAXS's total exposure to private equity fund investments amounted to KSEK 517, of which private equity fund investments amounted to MSEK 459 and remaining commitments to MSEK 58.

Underlying funds

Summary information regarding NAXS's underlying funds is provided below:

Apax Europe VII LP
Fund size: MEUR 11,000
Segment: large cap
Geographic focus: primarily Europe
Vintage: 2008
Website: www.apax.com
Description: Apax Europe VII is the seventh European fund raised by Apax Partners, one of the largest private equity organizations in the world, operating out of 9 offices on 4 continents. Funds advised by Apax Partners invest in four sectors: consumer, healthcare, services, tech & telecom.
No. of portfolio companies at December 31, 2016:15
No. of fully divested portfolio companies at December 31, 2016: 20

FSN Capital III LP
Fund size: MEUR 375
Segment: mid cap
Geographic focus: Norway and the Nordic region
Vintage: 2008
Website: www.fsncapital.no
Description: FSN Capital III is the third fund raised by FSN Capital Partners. The fund targets the Nordic mid-size market and operates out of offices in of Oslo, Stockholm and Copenhagen
No. of portfolio companies at December 31, 2016: 5
No. of fully divested portfolio companies at December 31, 2016: 5

Herkules Private Equity Fund III LP
Fund size: MNOK 6,000
Segment: mid cap
Geographic focus: Norway and the Nordic region
Vintage: 2008
Website: www.herkulescapital.no
Description: Herkules Private Equity III is the third fund raised by Oslo-based Herkules Capital (formerly Ferd Equity Partners). The fund focuses on the oil services, retail, services, telecom and healthcare industries.
No. of portfolio companies at December 31, 2016: 5
No. of fully divested portfolio companies at December 31, 2016: 6

Intera Fund I KY
Fund size: MEUR 125
Segment: small cap
Geographic focus: Finland
Vintage: 2007
Website: www.interapartners.fi
Description: Intera Fund I the first fund raised by Intera Partners, a Finnish private equity firm focusing on the small cap segment in Finland.
No. of portfolio companies at December 31, 2016: 3
No. of fully divested portfolio companies at December 31, 2016: 4

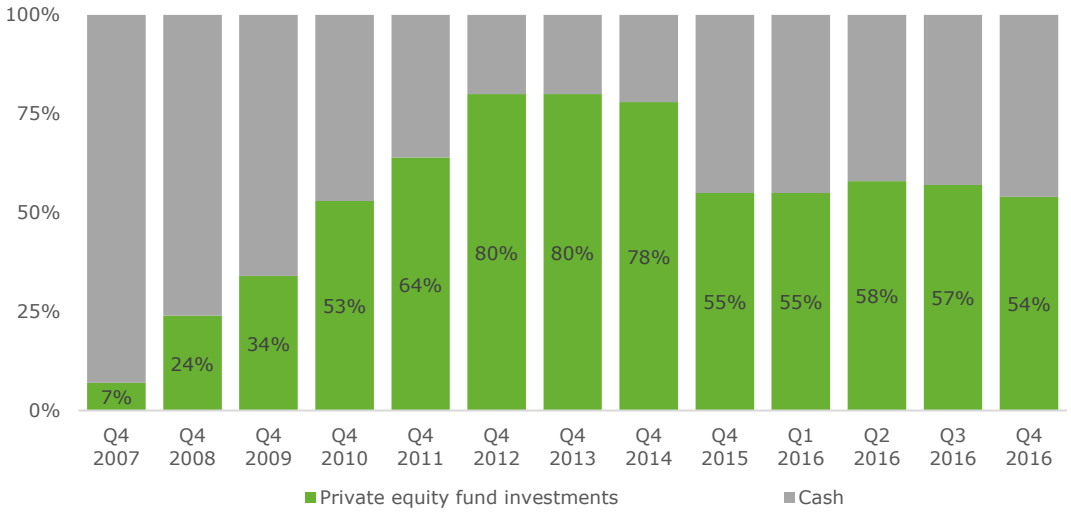
Intera Fund II KY
Fund size: MEUR 200
Segment: small cap
Geographic focus: Finland
Vintage: 2011
Website: www.interapartners.fi
Description: Intera Fund II is the second fund raised by Intera Partners (see Intera Fund I KY above).
No. of portfolio companies at December 31, 2016: 11
No. of fully divested portfolio companies at December 31, 2016: 1

Nordic Capital Fund VII LP
Fund size: MEUR 4,300
Segment: mid and large cap
Geographic focus: primarily the Nordic region
Vintage: 2008
Description: Nordic Capital Fund VII is the seventh fund established by Nordic Capital and has a primary focus on medium and large transactions in the Nordic countries.
No. of portfolio companies at December 31, 2016: 15
No. of fully divested portfolio companies at December 31, 2016: 3

Valedo Partners Fund I AB
Fund size: KSEK 1,000
Segment: small cap
Geographic focus: Sweden
Vintage: 2007
Website: www.valedopartners.com
Description: Valedo Fund I the first fund raised by Valedo, a Swedish small cap manager with an industrial focus started in 2006 by a spin-off team from EQT, one of the largest private equity houses in the Nordic region. Valedo invests in small companies, where long-term value creation is primarily driven by growth.
No. of portfolio companies at 31 December 2016: 2
No. of fully divested portfolio companies at December 31, 2016: 7

Valedo Partners Fund II AB
Fund size: KSEK 2,000
Segment: small cap
Geographic focus: Sweden
Vintage: 2011
Website: www.valedopartners.com
Description: Valedo Fund II is the second fund raised by Valedo (see Valedo Partners Fund I AB above)
No. of portfolio companies at December 31, 2016: 9
No. of fully divested portfolio companies at December 31, 2016: 1

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



Group

Financial performance 2016

Operating profit

The operating profit/loss amounted to KSEK 96,245 (64,197) for the year. The operating profit/loss includes a change in value of KSEK 109,406 (76,498). The currency effects are included in the changes in value, and amounted to KSEK 22,019 (-17,556) for the year. Operating expenses amounted to KSEK 13,161 (12,301).

Financial items

Financial items net totaled KSEK -2 233 (-19) for the year. The net interest income amounted to KSEK -1 655 (139). Exchange rate profit/loss amounted to KSEK -578 (-158).

Tax and net profit

The Group's profit/loss after financial items for the year amounted to KSEK 94,012 (64,178). Income taxes amounted to KSEK 0 (0). Net profit/loss after tax amounted to KSEK 94,012 (64,178). Earnings per share were SEK 6.32 (4.32).

Private Equity Fund Investments

During the year, net investments in/repayments from private equity funds amounted to KSEK 13,376 (28,382). As of December 31, 2016, private equity fund investments amounted to KSEK 458,701 (434,246).

Cash flow and financial position

Cash flow amounted to KSEK 33,415 (183,681). Adjustment for non-cash items amounted to KSEK -36,010 (128 105). It consists mainly of reversed value changes on exited portfolio companies. Cash flow from operating activities amounted to KSEK 58,246 (189,499).

Financing

The Group is financed with shareholders' equity. Shareholders' equity amounted to KSEK 841,816 (784,768) at the end of the year, corresponding to SEK 56.69 (52.78) per share and an equity/asset ratio of 100 (100) percent. A dividend of SEK 2.50 per share for the financial year 2015 was distributed to shareholders in the second quarter, amounting to KSEK 37,174.

Net cash

At the end of the year, net cash amounted to KSEK 383,807 (350,970), which corresponds to SEK 25.85 (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.

Events after the year-end

NAXS made in January a SEK 50m commitment to Mimir Invest AB, a Swedish private equity special situations fund.

Future prospects

NAXS expects the conditions that prevailed in the private equity market during 2016 to remain largely unchanged in the short term. The relatively high entry prices for assets and the impact this may have on future returns is likely to be an issue of concern throughout 2017.

Significant risks and uncertainty factors

The Company's business, financial condition and results could be impacted by a number of risk factors.

As the interest and therefore the competition for investment in private equity as an asset class increases, the number of investment opportunities with reasonable risk/return profile may decline. Much of the Company's return on invested capital will depend on the respective underlying private equity funds' ability and success to generate returns, which in turn is partly due to how skillful the fund managers and their portfolio companies' management teams are in implementing value-enhancing improvements in the portfolio companies. Furthermore, the returns largely depends on the valuation of portfolio companies at the time of the investment and divestment, respectively.

Private equity buyout funds generally use leverage to finance their investments. In a situation where a portfolio company's profits do not reach an adequate level and where market interest rates rise, this may result in decreased and even negative returns for private equity funds. Furthermore, market conditions that make it more difficult or expensive for private equity funds to obtain loans to finance acquisitions may result in reduced returns compared with historical ones. Private equity funds are dependent on their investors having money available when the funds request drawn downs for investments. Under turbulent market conditions, there is a risk that some investors cannot meet their obligations. This could affect the Company's ability to pursue its investment strategy and affect the underlying funds' and NAXS's returns.

The Investment Manager has been contracted by the NAXS Group to advise on the Group's investment activities, under an advisory agreement. If the principals of the Investment Manager cease to work for the Investment Manager, this could have negative consequences for the Company's development, performance and financial position.

NAXS is exposed to currency risks in the investments made in private equity funds denominated in foreign currencies. No hedging is made on the private equity fund investments.

NAXS is also exposed to the risks related to the general macro-economic environment.

For a detailed description of risk and risk management, see Note 18.

Environment

The Company does not conduct any activity that may require an environmental permit.

Parent Company

The parent company holds participations in the subsidiaries and finances the subsidiaries' activities. The parent company has not had any sales during the year. The profit/loss after financial items amounted to KSEK 147,566 (161,757). During the year, dividend from subsidiaries amounting to KSEK 150,600 (165,997) was received. The net interest income amounted to KSEK -719 (474) and exchange rate profit/loss amounted to KSEK 1,200 (-1,031). Income tax amounted to KSEK 0 (0). The net profit/loss amounted to KSEK 147,566 (161,756).

Corporate Governance Report

Governance, management and control of the Company are split between the shareholders at the AGM, the Board of Directors and the Chief Executive Officer (CEO) under the Swedish Code of Corporate Governance and statutes.
NAXS AB (publ) is a Swedish public company, whose shares are traded on NASDAQ Stockholm. The Company conducts its business based on Swedish legislation, primarily the Swedish Companies Act, the NASDAQ Stockholm rules for issuers – which also include the Swedish Code of Corporate Governance – and other relevant regulations and guidelines.

Articles of association

The Company's name is NAXS AB (publ) and it has its registered office in the municipality of Stockholm. During the year, the Company changed name from NAXS Nordic Access Buyout Fund AB (publ) to NAXS AB (publ).
The Company shall directly or indirectly engage in investment activities and in connection therewith, acquire, own, manage and market the investments, shares and other securities and acquire rights and assume obligations related to these investments, or joint investments with companies or funds and related business. The articles of association also contain information on the share capital, number of directors and auditors, as well as provisions regarding the notice and agenda of the AGM. The articles of association are available in their entirety on the Company's website, www.naxs.se.

Board

The Board of Directors is responsible for, amongst other, establishing business and investment plans, budgets, policy goals, financial statements, as well as for appointing the CEO.

Swedish Code of Corporate Governance

Since the Company's shares are traded on NASDAQ Stockholm and the Company must follow the securities market practice in force in the securities market, it applies the Swedish Code of Corporate Governance ("Code"). The text of the Code is available at www.bolagsstyrning.se.
This corporate governance report has been prepared in accordance with the Annual Account Act and the Code. The corporate governance report is reviewed by the auditors in accordance with the Annual Accounts Act.

Ownership structure

The share capital of the Company amounted as of December 31, 2016 to SEK 750 000 divided into 15 million shares. The number of outstanding shares in the Company at the beginning of the year was 14,869,552. During the year was 21,250 shares repurchased for a total amount of KSEK 1,033. The number of outstanding shares in the Company at the end of the year was 14,848,302. The Company holds 151,698 own shares. Each share has one vote. The Company's shares are registered with Euroclear Sweden AB. The quota value per share is SEK 0.05. The shares are traded on NASDAQ Stockholm.

Largest shareholders as at 31 December 2016, according to Euroclear Sweden AB

Owner	No of shares	Votes and equity in %
Tompkins Square Park S.a.r.l	7 593 993	51,1
Tardus Intressenter AB	1 489 219	10,0
Global Endowment Management LP	1 486 317	10,0
Others	4 278 773	28,8
Total	**14 848 302**	**100,0**

AGM 2016

At the AGM on June 1, 2016, 14 shareholders were registered, representing 53,8% percent of the total number of issued shares. The AGM was duly established and resolved, among other things, to:

- approve the balance sheets and income statements of the Group for 2015 and to grant the Board and CEO relief from liability in respect of the 2015 management;
- pay a dividend of SEK 2.50/share to shareholders;
- re-elect John D. Chapman, Tony Gardner-Hillman and Andrew Wignall as Board members and appoint John D. Chapman as Chairman of the Board;
- allocate to the Board a total annual fixed fee of SEK 525,000, with SEK 225,000 allocated to the Chairman and SEK 150,000 each to the other board members;
- adopt guidelines for remuneration of senior executives;
- adopt the principles for the composition of the Nominating Committee for the 2017 AGM;
- adopt the Board's proposal to approve the authorization for the repurchase of shares. Shares may be acquired to the extent that the Company's holding of its own shares, on any occasion, does not exceed 10% of all shares in the Company.
- Adopt the Board's proposal to change the Company's to NAXS AB (publ).

Nomination Committee

The Nomination Committee consists of Amaury de Poret, representing Tompkins Square Park S.a.r.l, 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.

Decision from the AGM 2016 regarding the principles for appointing the Nomination Committee for the AGM 2017

The nomination committee shall have three members. The chairman of the board shall contact the two largest shareholders, with respect to voting power, as per the end of the third quarter of the year. These two shareholders are offered to appoint one member each to the nomination committee, in which a member of the board also shall be a member. If any such shareholder chooses not to exercise its right to appoint a member, the right shall pass on to the shareholder who, after the aforementioned shareholder, has the largest shareholding. The chairman of the nomination committee shall be elected by and from the members of the nomination committee. However, a member of the board of the Company may not be chairman of the nomination committee.

If a shareholder, who has appointed a member of the nomination committee, sells a not insignificant part of its shareholding during the tenure of the nomination committee and thereby ceases to be a shareholder with rights to appoint a member of the nomination committee, the member appointed by such shareholder should resign from the nomination committee. Such member shall then be replaced by a member appointed by the shareholder who, based on voting power following the sale, is one of the two largest shareholders in the Company. If such shareholder does not exercise its right to appoint a member of the nomination committee, the procedure above shall be applicable.

In the event a member no longer represents the shareholder who appointed him or her, or in any other way is dismissed from the nomination committee prior to the completion of the nomination committee's work, such shareholder shall be allowed to appoint a new member of the nomination committee.

No fees shall be paid to the members of the nomination committee. The nomination committee shall pursue the tasks that, according to the Swedish Code of Corporate Governance, are of the responsibility of a nomination committee.

AGM

NAXS's highest body is the general meeting, where all shareholders are entitled to participate either in person or by proxy. The AGM elects the Board and Chairman of the Board, approve the Company's and the consolidated balance sheets and income statements decide on the disposition of the profits and decides to discharge the Board and CEO. The AGM also appoints the Company's auditors. The AGM also decides on the Board remuneration and approves the principles for remuneration and other terms of employment for senior management. At the AGM, each shareholder has as a general rule the right to vote for all of its shares. AGM decisions are taken by a simple majority of the votes cast. To protect the smaller shareholders, certain decisions taken by qualified majority of the votes cast and the shares represented. In addition, as a general rule the shareholders' meeting must not take decisions which may give an unfair advantage to certain shareholders or be detrimental to the Company or other shareholders.

AGM 2017

The next Annual General Meeting of shareholders in the Company will be held on June 1, 2017, in Stockholm. This Annual General Meeting will be held in accordance with the Company's by-laws and comply with the requirements of Swedish law.

Board

Directors' responsibilities

According to the Swedish Companies Act and the Company's by-laws, the Board of Directors is responsible for establishing comprehensive, long-term strategies and objectives, setting budgets and business plans, review and approve financial statements and make decisions regarding investments and significant changes in the Company's organization and operations. The Board also appoints the CEO and sets his/her salary and other compensation.

Board composition

NAXS's Board of Directors shall consist of not less than 3 and not more than 8 members, with up to 5 substitutes. 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.

Information about the directors elected at the Annual General Meeting of June 1, 2016, is set forth below:

John D. Chapman, Chairman of the Board

John D. Chapman is a lawyer and Chartered Financial Analyst (CFA) specializing in representing shareholder interests in connection with the operation and management of investment funds and ancillary assets. His experience includes investment funds domiciled in numerous jurisdictions and investing in various asset classes, including debt, equity, private equity and property, in both developed and emerging markets. Mr. Chapman has served as the chairman, executive director, or non-executive director of many publicly traded companies, including ACP Capital Limited and ACP Mezzanine Limited (AIM quoted investment companies investing in European small and mid-cap debt, equity and structured products), the Romania Investment Fund (which invested in Romanian public and private equity), and the Central Asia Regional Growth Fund Plc. (which invested

primarily in private equity in the former Soviet Central Asian Republics). Earlier in his career, Mr. Chapman practiced commercial litigation with a large law firm in New York City, served as a federal prosecutor with the United States Department of Justice and also was a Senior Advisor to the United States Treasury Department for the training of local law enforcement bodies in Eastern Europe. Mr. Chapman is a member of the New York State Bar Association and the CFA Institute. Mr. Chapman is a United States citizen.

- Shareholding in the Company: 0
- Attendance at board meetings: 7 of 8
- John D. Chapman is independent of the Company. He is a nominee of the Company's largest shareholder.

Tony Gardner-Hillman, director

Tony Gardner-Hillman has, through his career as a lawyer and subsequently as an independent director, over 30 years of experience of working with open- and closed-ended investment funds investing in a broad range of asset classes. Mr. Gardner-Hillman qualified as a solicitor in London in 1982 and moved to Jersey in 1984 to join the Jersey law firm Crills, where he was a partner from 1987 to 2002 and headed the Financial Services Business and Regulation team. He was also a non-executive partner of the international law firm Holman, Fenwick & Willan (Jersey partnership) from 1987 to 2003. In 1987 he co-founded Jersey Trust Company (JTC), where he drove the development of the business, including the establishment of the funds administration division. Mr. Gardner-Hillman remained a principal shareholder and director of JTC until disposing of his shareholding and resigning as Non-Executive Group Chairman in 2008. Mr. Gardner-Hillman is a British citizen.

- Shareholding in the Company: 0
- Attendance at board meetings: 8 of 8
- Tony Gardner-Hillman is independent of the Company. He is a nominee of the Company's largest shareholder.

Andrew Wignall, director

Andrew Wignall is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified with Ernst & Young in 1989, where he worked as an auditor, primarily with financial services clients. In 1996 Mr. Wignall was a founding director of Moore Management Limited, specializing in the management and administration of alternative investment funds, securitization vehicles and special purpose companies. Since leaving Moore in 2007, Mr. Wignall has acted as an independent non-executive director of a number of private equity, real estate and other alternative fund structures. Mr. Wignall's public company and investment fund directorships have included: Alden Global Capital, Atrium European Real Estate, Black Sea Property Fund, DN Capital, GCP Sovereign Infrastructure Debt, Intermediate Capital Group, The Ottoman Fund, Priveq Investments, Quadriga Capital, Stirling Square Capital Partners, Capvis Equity Partners, The Greater Europe Fund, and Invision Private Equity. Mr. Wignall is a British citizen.

- Shareholding in the Company: 0
- Attendance at board meetings: 7 of 8
- Andrew Wignall is independent of the Company. He is a nominee of the Company's largest shareholder.

The CEO is not a board member but participates in the board meetings and provides any required information and conducts presentations.

The CFO participates in the board meetings and provide any required information and presentations.

NAXS meets the NASDAQ Stockholm stock exchange regulations and the Code's requirements that a majority of the elected board members are independent of the company and that the board and that at least two of its members are also independent of the company's shareholders.

Board Rules

The Board's work is governed by the Rules of Proceedings governing the Board's work, decision-making, signatories and meeting schedule, which are adopted annually. The Board follows as a guiding principle a set of proceedings designed that the requirement for a satisfactory information and division of work between the Board and CEO are met. The Board has established specific CEO's instructions set forth in the Board's Rules. The Board monitors the CEO's activities, is responsible for establishing guidelines for the management of the Company, and ensures that the Company's liquid assets are appropriately invested. The Board is also responsible for developing and monitoring the Company's strategies, plans and objectives, taking decisions on acquisitions and disposals of businesses, major investments, appointments and remuneration of the management and ongoing monitoring of operations during the year.

Chairman

The Chairman is responsible for the Board members receiving regularly the information required to monitor the Company's financial position, earnings, liquidity, economic planning and development, to verify that the Board's decisions are implemented in an efficient manner and that the Board's work is duly evaluated. Furthermore, the Chairman is responsible for the organization of the Nomination Committee and participates in its work.

The Board's work in 2016

During the fiscal year 2016, the Board of NAXS held 8 meetings. 7 of the meetings were held by telephone. Under the current rules, the Board shall hold at least 5 regular meetings per calendar year. All the regular Board meetings follow a pre-defined agenda, which includes a report from the CEO as well as financial reports, updates on investments, financing issues and strategic issues. Key issues discussed during the fiscal year 2016 included financing issues, investment issues and distribution issues.

Audit Committee

The Company has decided that the entire Board shall be included in the Audit Committee. The Audit Committee's tasks are described in the Board's Rules. The Audit Committee shall inter alia monitor the Company's financial reporting, the effectiveness of the Company's internal controls, risk management on financial reporting, keep itself informed about the audit of annual and consolidated accounts, review and monitor the auditors' impartiality and independence, as well as assist the Nomination Committee in relation to the proposal for the appointment of the auditors.

Compensation Committee

The Company has decided that the entire Board shall be included in the Compensation Committee. The Remuneration Committee's tasks are described in the Board's Rules. The Remuneration Committee shall, inter alia, examine whether the compensation paid to senior executives (i.e. the CEO) is on market terms.

Evaluation of the Board's work

The Chairman of the Board evaluates annually the quality of the Board's work and what areas of improvements should be targeted to develop the quality and efficiency of the Board's work. The evaluation results are reported to the Nomination Committee.

Company Management

During 2016, the management of the NAXS Group consisted of Lennart Svantesson as CEO. Mr. Svantesson has extensive experience in executive positions in listed and unlisted companies. He has been CEO of Bure Equity AB, CEO of Scribona AB, CEO of Nimbus Boats AB, Managing Director of Arthur D. Little Scandinavia AB and Senior Vice President of Volvo Car Corporation.

Mr. Svantesson has an MSc from Chalmers University of Technology and has studied economics at the University of Gothenburg. He is a Swedish citizen.

- Shareholding in the Company: 32,128, whereof 22,128 through a wholly owned company and 10,000 through pension insurance.

The Company's Chief Executive Officer

The CEO is responsible for the Company's operational management in accordance with the guidelines and instructions of the Board of Directors and shall ensure that the Board receives the information required for decision-making regarding the Company's and Group's financial position, earnings, liquidity and development. The CEO attends the board meetings, where he provides the required reporting.

Auditors

NAXS's auditors are appointed by the AGM for a period of one year. The current period runs out in 2017, and the next election is thus to take place at the 2017 AGM. The Company's registered accounting firm is Ernst & Young, and its chief auditor is authorized auditor Jesper Nilsson. Jesper Nilsson has been the Company's auditor since the 2016 AGM. The external auditor's role is to, on the shareholders' behalf and in accordance with applicable laws and regulations, review the Company's accounts, consolidated accounts, annual report, the Board of Directors and Corporate Governance Report. In addition, the Company's interim report for the third quarter of 2016 was reviewed by the auditors. The chief auditor also submits an audit report to the AGM.

Board fees

In accordance with the decisions of the AGM 2016, the Board of Directors receive annual fees amounting to a total of 525,000 SEK. The Chairman receive 225,000 SEK, while the other members of the Board receive 150,000 SEK each. The board members are appointed for a period running until the 2017 AGM. For more information on compensation paid to the Board and senior executives, see Note 3 Employees and staff costs.

Guidelines for remuneration and other benefits for senior executives

Before each AGM, the Board shall develop guidelines regarding salaries and other compensation for the CEO and other senior executives of the Company. The 2016 AGM adopted the proposal submitted by the Board regarding the guidelines for remuneration to the CEO and senior executives.

Current guidelines for executive compensation

The AGM has resolved that the following guidelines shall apply to compensation for senior executives for the period until the next AGM: remuneration to senior executives should be competitive and enable the Company to attract and retain talented senior executives; remuneration shall be appropriate in such a way as to justify a long-term value creation for the Company; compensation may consist of four parts: fixed salary and fees, variable remuneration (which includes share-and share-related incentives), pension contributions, and other economic benefits.

The Board decides which structure the remuneration shall consist of in order to efficiently fulfill its purpose. In the case a variable remuneration shall be paid, it must be linked to predetermined and measurable criteria and be designed with a view to promoting the long-term value creation. Variable compensation may amount to up to 50 percent of fixed salary. Any share and share-related incentive programs should be designed in such a way as to promote an alignment of interest between shareholders and senior executives.

The board shall be entitled to deviate from the guidelines above if the board, in certain cases, deems that there are specific reasons to motivate such deviation.

Guidelines to be applied until the next Annual General Meeting

The above guidelines are unchanged.

Financial reporting

The Board should document how it ensures the quality of financial reporting and communicating with the auditors. The Board is responsible for the quality of financial reporting in each quarterly report. The Board reviews critically the accounting and financial reports issued by the Company, compliance, and any significant uncertainty in the reporting. The auditors attended 1 regular meeting of the Board during 2016. The entire Board reviews the interim reports before they are published. The Company's auditors attend the Board meeting in connection with the approval of the Company's annual report. The Board of directors have met with the auditors as part of the auditors' review of the Company for the financial year 2016.

The Board's responsibilities

Internal control

The Board is responsible for the internal controls under the Swedish Companies Act and the Code. The following description of internal control and risk management of financial reporting has been prepared in accordance with the Code.

NAXS has a centralized organization. The CEO is the only employee in the Company, the other professionals being engaged on a consultancy basis. The Group has a clear division of responsibilities and internal controls, which is the reason why the need for a separate internal audit function does not exist. Internal control and performance monitoring is done at several levels within the Group, both at the subsidiaries' level and at Group level.

Control environment

Internal control covers all companies within the Group and includes controlling the accuracy and reliability of reporting and ensuring that the adopted practices and policies are followed.

NAXS has established policies and procedures, including rules of proceedings for the Board, instructions for the CEO, instructions for financial reporting, financial and investment policy and authorization rules. Guidelines are also for decisions regarding the costs, private equity fund investments and more. Reporting Instructions are designed to support a relevant reporting that follows the organization's structure.

NAXS accounting policies and principles follow IFRS, which ensures a consistent and rigorous financial reporting.

Risk assessment

NAXS is exposed to a variety of risks, both externally and internally. The basis for risk management and risk assessment is to identify and analyze the Company's risks. Risk management is an integral part of the funds evaluation process to ensure that its policies are followed. Comprehensive risk assessments are carried out and where appropriate lead to specific measures to address existing risks.

Control Activities

Control activities consist of routines and procedures that ensure management directives are carried out and that control objectives for the management of significant risks are reached. Control activities are implemented within the organization. Activities include, among others, approval, verification, reconciliation, performance monitoring and allocation of tasks. NAXS assesses quarterly the valuation reports from underlying funds. The Group management makes regular controls, the results of which are reported to the Board.

Information and communication

Appropriate information and communication are essential for the internal control systems to function appropriately. NAXS receives quarterly or semi-annual reports from underlying funds relating the development of each fund. The Company's CFO then compiles a report on the Company's stake in the private equity private equity fund investments and the value of such investments, which is presented to the CEO and the Board. NAXS is a small organization, which facilitates effective communication and information between the Company’s management and the Board.

Follow-up

Monitoring is conducted in the ordinary course of business and forms part of the management's regular activities when carrying out their duties. Any weaknesses in internal controls should be reported to the Board.

Proposal for appropriation of earnings

The Board of Directors and the CEO proposes to the AGM the following appropriation of earnings of the Parent Company:

Share premium reserve	577 705 947
Retained earnings	117 349 505
Net profit for the year	147 566 233
Total	**842 621 685**

The Board of Directors intends to make the dividend to be proposed for the fiscal year 2016 dependent on the amount that may be distributed under the form of share repurchases during the first quarter of 2017.

The Board of Directors intends to propose a dividend of maximum SEK 2.70/share for the fiscal year 2016, corresponding to SEK 40,090,415.40 at December 31, 2016. The actual level of the dividend will be set as the difference between SEK 40,090,415.40 and the amount that has been distributed under the form of share repurchases during the period between January 1 and March 31, 2017. The Board of Directors will announce the level of the proposed dividend ahead of the publication of the notice of the 2017 Annual General Meeting.

In addition, the Board of Directors proposes to the Annual General Meeting to vote on a continued share repurchase mandate.

Consolidated income statement
Amounts in SEK 000s

	Note	2016	2015
Change in value	1	109 406	76 498
Operating costs	2	-11 525	-10 602
Cost for personnel	3	-1 636	-1 699
Operating profit		**96 245**	**64 197**
Financial items			
Financial income	5	-	141
Financial expenses	6	-2 233	-160
Net Financial items		**-2 233**	**-19**
Profit after financial items		**94 012**	**64 178**
Income taxes	10	-	-
Net profit		**94 012**	**64 178**
Earnings per share, SEK *		**6,32**	**4,32**
* Basic and diluted			

Consolidated statement of comprehensive income
Amounts in SEK 000s

	2016	2015
Net income	94 012	64 178
Other comprehensive income		
Items which will be reversed to the income statement		
Exchange differences	1 243	3 471
Total comprehensive income	**95 255**	**67 649**
Attributable to:		
Equity holders in the parent company	95 255	67 649
Net profit	**95 255**	**67 649**

Consolidated balance sheet

Amounts in SEK 000s

	Note	12/31 2016	12/31 2015
Assets			
Private equity fund investments	8	458 701	434 246
Total non-current assets		**458 701**	**434 246**
Other current receivables		58	76
Prepaid expenses and accrued income	11	20	38
Cash and cash equivalents	17	383 807	350 970
Total current assets		**383 885**	**351 084**
Total assets		**842 586**	**785 330**
Equity	12		
Share capital (15 000 000 shares)		750	750
Other capital contribution		577 706	577 706
Reserves		3 733	2 490
Retained earnings		259 627	203 822
Equity attributable to equity holders of the parent company		**841 816**	**784 768**
Total equity		**841 816**	**784 768**
Current liabilities			
Accounts payable		111	104
Other current liabilities		17	12
Accrued expenses and deferred income	13	642	446
Total liabilities		**770**	**562**
Total equity and liabilities		**842 586**	**785 330**

Consolidated statement of changes in equity

Amounts in SEK 000s

	Equity attributable to shareholders of the Parent Company				
	Share Capital	**Other contributed capital**	**Reserves**	**Retained earnings, incl. profit/loss for the year**	**Total Equity**
Opening balance 1/1 2016	750	577 706	2 490	203 822	784 768
Changes in translation reserve			1 243		1 243
Total changes in assets booked directly against equity, excluding transactions with shareholders			**1 243**		**1 243**
Net income				94 012	94 012
Total changes in assets, excluding transactions with shareholders	**-**	**-**	**1 243**	**94 012**	**95 255**
Repurchase of own shares				-1 033	-1 033
Dividend paid				-37 174	-37 174
Balance at year-end 2016	**750**	**577 706**	**3 733**	**259 627**	**841 816**
Opening balance 1/1 2015	750	577 706	-981	173 844	751 319
Changes in translation reserve			3 471		3 471
Total changes in assets booked directly against equity, excluding transactions with shareholders			**3 471**		**3 471**
Net income				64 178	64 178
Total changes in assets, excluding transactions with shareholders	**-**	**-**	**3 471**	**64 178**	**67 649**
Dividend paid				-34 200	-34 200
Balance at year-end 2015	**750**	**577 706**	**2 490**	**203 822**	**784 768**

Consolidated statement of cash flows

Amounts in SEK 000s

	Note 15	2016	2015
Operating activities			
Profit after financial items		94 012	64 178
Adjustment for non-cash items, etc.		-36 010	128 105
		58 002	192 283
Income tax, paid		-	-
Cash flow from operating activities before changes in working capital		**58 002**	**192 283**
Increase (-)/decrease (+) in operating receivables		36	87
Increase (-)/decrease (+) in operating liabilities		208	-2 871
Cash flow from operating activities		**58 246**	**189 499**
Investing activities			
Acquisitions of private equity fund investments		-46 663	-43 702
Repayments of private equity fund investments		60 039	72 084
Cash flow from investing activities		**13 376**	**28 382**
Financing activities			
Repurchase of own shares		-1 033	-
Dividend		-37 174	-34 200
Cash flow from financing activities		**-38 207**	**-34 200**
Cash flow during the year		**33 415**	**183 681**
Cash and cash equivalents, beginning of the year*		350 970	167 447
Exchange-rate differences in cash and cash equivalents		-578	-158
Cash and cash equivalents at the end of the year		**383 807**	**350 970**

* Including short-term investments

Parent company income statement
Amounts in SEK 000s

	Note	2016	2015
Operating costs	2	-2 250	-2 343
Cost for personnel	3	-1 265	-1 340
Operating loss		**-3 515**	**-3 683**
Financial items			
Result from shares in group companies	4	150 600	165 997
Financial income	5	1 442	475
Financial expenses	6	-961	-1 032
Loss after financial items		**147 566**	**161 757**
Income taxes	10	-	-
Net loss for the year		**147 566**	**161 757**

Statement of comprehensive income
Amounts in SEK 000s

	2016	2015
Net loss for the year	147 566	161 757
Other comprehensive income	-	-
Total comprehensive income for the year	**147 566**	**161 757**

Parent company balance sheet

Amounts in SEK 000s

	Note	12/31 2016	12/31 2015
Assets			
Non-current assets			
Financial assets			
Shares in group companies	7	481 802	481 802
Receivables from Group companies	9	24 624	23 424
Total non-current assets		**506 426**	**505 226**
Current assets			
Receivables from group companies	9		
Other current receivables		58	76
Prepaid expenses and accrued income	11	20	38
Total current assets		**78**	**114**
Cash and cash equivalents	17	337 440	229 087
Total current assets		**337 518**	**229 201**
TOTAL ASSETS		**843 944**	**734 427**
SHAREHOLDER´S EQUITY AND LIABILITIES			
Equity	12		
Restricted			
Share capital (15 000 000 shares)			750
		750	750
Non restricted			
Share premium reserve		577 706	577 706
Retained earnings		117 350	-6 200
Earnings for the year		147 566	161 757
		842 622	733 263
Total equity		**843 372**	**734 013**
Current liabilities			
Accounts payable		87	104
Liabilities to group companies		100	100
Other current liabilities		17	13
Accrued expenses and deferred income	13	368	197
Total liabilities		**572**	**414**
TOTAL EQUITY AND LIABILITIES		**843 944**	**734 427**

Parent company statement of changes in equity

Amounts in SEK 000s

	Restricted equity	Unrestricted equity			
	Share capital	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening balance 1/1 2016	750	577 706	155 557		734 013
Profit for the year				147 566	147 566
Total changes in assets, excluding transactions with shareholders	**-**	**-**	**-**	**147 566**	**147 566**
Share repurchase			-1 033		-1 033
Dividend paid			-37 174		-37 174
Balance at year-end 2016	**750**	**577 706**	**117 350**	**147 566**	**843 372**
Opening balance 1/1 2015	750	577 706	28 000		606 456
Profit for the year				161 757	161 757
Total changes in assets, excluding transactions with shareholders	**-**	**-**	**-**	**161 757**	**161 757**
Dividend paid			-34 200		-34 200
Balance at year-end 2015	**750**	**577 706**	**-6 200**	**161 757**	**734 013**

Parent company statement of cash flows

Amounts in SEK 000s	Note 15	2016	2015
Operating activities			
Profit after financial items		147 566	161 757
Adjustment for non-cash items, etc.		-1 200	1 031
Cash flow from operating activities before changes in working capital		146 366	**162 788**
Increase (-)/decrease (+) in operating receivables		36	87
Increase (-)/decrease (+) in operating liabilities		158	-204
Cash flow from operating activities		**146 560**	**162 671**
Financing activities			
Repurchase of own shares		-1 033	-
Dividend		-37 174	-34 200
Cash flow from financing activities		**-38 207**	**-34 200**
Cash flow during the year		**108 353**	**128 471**
Cash and cash equivalents, beginning of the year		229 087	100 616
Cash flow from investing activities		**337 440**	**229 087**

Notes to the financial statements

Accounting policies

Corporate information

The consolidated financial statements of NAXS AB (publ) ("NAXS", the "Group" or the "Company") for 2016 have been prepared by the Board of Directors and the CEO. The financial statements are subject to the approval of the Annual Meeting of the shareholders to be held on June 1, 2017. The Parent Company is a Swedish limited company (publ) incorporated and domiciled in Stockholm, Sweden whose shares are publicly traded on NASDAQ Stockholm. NAXS focuses on investments in Nordic buyout funds. The objective is to make the Nordic private equity market accessible for a broader range of investors, while offering liquidity through the Company's publicly traded shares.

General

These financial statements are prepared in accordance with GAAP follows.
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the Council for financial reporting and recommendation RFR 1 Supplementary Accounting apply. The annual report for NAXS has been prepared according to the Annual Council for financial reporting RFR 2 Accounting for Legal Entities. Differences in Parent accounting policies are due to limitations in the ability to apply IFRS as a result of the Annual Accounts Act and, in some cases, because of the tax rules. The main differences are described below under "Differences between the Group and Parent Company".

Application of new and revised accounting

International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) has issued and it has adopted new and revised standards with effect from financial year 2016. None of the new and revised accounting rules have any significant effect on the Company's financial statements.

Standards, amendments and interpretations that have not yet entered into force or approved by the EU and which have not been early adopted by the Group.

A number of new standards and amendments, as well as interpretations of existing standards have been published but have not yet come into force and among them IFRS 9, which will enter into force on 1 January 2018. The EU has approved the IFRS 9. IFRS 9 includes the accounting of financial assets and liabilities and replaces IAS 39 Financial Instruments: Recognition and Measurement.The Group has estimated that the new standards, amendments and interpretations that have not yet entered into force will not have any material effect on the financial performance and position.

Basis for establishing the parent company and consolidated financial statements

The Parent Company's functional currency is the Swedish krona, the reporting currency of the Parent Group. This means that the financial statements are presented in Swedish kronor. All figures, unless otherwise indicated, rounded to the nearest thousand. Rounding differences may occur.
Valuation of assets and liabilities is based on historical cost. The following assets and liabilities are valued in other ways:

- Private equity fund investments are valued at fair value
- Valuation of deferred tax assets and liabilities based on how the carrying values of assets or liabilities are realized or settled. Deferred tax is calculated using the current tax rate.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.
The following accounting policies for the Group and parent company have been applied consistently to all periods presented in the consolidated and Parent Company financial statements.

Basis of consolidation

The consolidated accounts include the Parent and subsidiaries. Subsidiaries are those enterprises in which the Company holds more than 50% of the voting rights or otherwise has control over. All business combinations are accounted for under the purchase method. Divested companies are consolidated until the date of sale. Companies acquired during the year are consolidated from the date of acquisition.

Financial assets and liabilities and other financial instruments

Financial instruments recognized in the balance sheet include cash and cash equivalents and fund's investments. Liabilities include accounts payable. Financial instruments are initially recorded at cost equivalent to the fair value plus transaction costs for all financial instruments, except those classified as financial assets at fair value through profit or loss.

Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, financial instruments held to maturity and financial assets available for sale. Classification depends on the purpose for which the investments were acquired. The Group determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The following describes only those categories that are relevant for the Group.

Financial assets at fair value through profit and loss

Financial assets in this category are carried at fair value with changes in value recorded in the consolidated income statement. This group includes investments in private equity funds (known as buyout funds). NAXS has chosen to assign to this category financial assets that according to the management's and the Board's risk management and investment strategy are managed and evaluated based on actual values. All investments in private equity fund investments are in this category.
Unlisted holdings in private equity funds are valued at the Company's share of the valuation that the fund administrator reports for the fund's total holdings, and is normally updated when a new valuation is obtained. If NAXS estimates that the fund administrator's valuation does not adequately take into account factors affecting the valuation of the underlying holdings, or if the valuation is materially different from the IFRS principles, an adjustment of the valuation is made. Public holdings held by underlying funds are valued based on the holdings' share price at closing.

Loans and receivables

Loans and receivables are financial assets that are not derivatives with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting year end, which are classified as fixed assets. The Group's loans and receivables consist of other financial assets and liquid assets on the balance sheet.
Cash and cash equivalents consist of cash and immediately available deposits in banks and similar institutions and short-term highly liquid investments with a maturity of purchase price of less than three months and subject to an insignificant risk of changes in value.

Financial liabilities

Accounts payable have a short expected duration and are valued at face value. In addition, the Group has no significant financial liabilities.

Changes in value
For private equity fund investments that existed at both the start of that at the end of the year, their change in value is the difference in valuation between these dates. For private equity fund investments realized during the year, the change in value is the difference between the moneys received and the valuation at the beginning of the year.

Transactions, receivables and liabilities in foreign currency
Transactions in foreign currencies are translated at the exchange rate prevailing on the transaction date. Monetary assets and liabilities are translated at the closing date balance sheet date. Exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities are recorded at historical rates, i.e. the rates prevailing at each transaction date except for holdings in private equity funds which is valuated at fair value through the income statement.

Foreign operations
Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the transaction date. The functional currency of the Company, including is the Swedish krona. The functional currency in the Danish subsidiary is Danish krona and in the Norwegian subsidiary it is Norwegian krona. Excess liquidity in the subsidiaries is usually placed in Swedish interest-bearing securities or held on interest-bearing bank accounts.

Provisions
A provision is recognized when as a result of a past event there is a legal or informal obligation and it is likely that it must be met and the amount can be reliably estimated. Where the effects of when in time the payment is made is material, the provision should be made at the present value of the expenditure which is expected to be required to settle the obligation.

Contingent
A contingent liability exists if there is a possible obligation that arises from past events and whose existence will be confirmed only by one or more uncertain future events, and when there is a commitment that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required or the liability cannot be measured with sufficient reliability. The disclosure is made unless the possibility of an outflow of resources is remote.

Leases
Payments under operating leases are recognized in the income statement over the lease period. The Group has no finance leases.

Income tax
Income tax comprises current and deferred tax. Income tax is recognized in the income tax relates to items recognized in the income statement. Income tax is recognized directly in equity when the tax relates to items recognized directly in equity.
Current tax comprises tax based on taxable income for the current year and any adjustments relating to prior years.
Deferred tax is calculated on the differences (temporary differences) between assets and liabilities and taxable values on the other hand, their carrying values. The deferred tax is calculated on the basis of the tax rates that are deemed applicable to the tax regulation. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized only when it is probable that the deductible temporary differences can be utilized and lead to a reduction in future tax payments.

The cash flow statement
In preparing the cash flow analysis, the indirect method is used. In the application of the indirect method the net change in receipts and disbursements in operating activities is calculated by adjusting the net income for the change in operating assets and liabilities, items not included in cash and items included in cash flow for investing and financing

activities. Cash equivalents in the cash flow statement is included in cash when the placements are short term only and is subject to an insignificant risk of changes in value.

Reporting by operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the CEO. The CEO is responsible for allocating resources and assessing the operating segments. The group has been identified this function as the CEO. The investment strategy is oriented towards a diversified fund portfolio so that the holdings in the funds be evaluated as a whole, the Group has only one operating segment.

Critical accounting estimates

The consolidated financial statements are prepared in accordance with IFRS. The following are the main areas in which critical judgments made in applying the Group's accounting policies and key sources of estimation uncertainty.

Private equity fund investments

Private equity fund investments are valued at fair value according to the methods described above. Private equity fund investments are valued under the fair value method at fair value through the profit and loss statement. NAXS has chosen to assign to this category the ownership of private equity fund investments that, under the Company's risk management and investment strategy, are valued based on actual values. All private equity fund investments are unlisted. Private equity fund investments are valued based on the Company's portion of the value that the fund manager attributes to the fund's total holdings, and is normally updated when the new valuation obtained. If NAXS estimates that the fund administrator has not sufficiently taken into account factors affecting the value of the underlying holdings, or if the valuation has been considered to differ materially from IFRS rules, NAXS proceeds to a valuation adjustment.

Key sources of estimation uncertainty

In the application of valuation principles, assumptions and estimates are made in relation to factors that are uncertain at the time the valuation. Changes in assumptions could have a significant effect on the financial statements of the periods when the assumptions change. The above paragraph describes the valuation principles that require assumptions and estimates. Private equity fund investments are valued at fair value. The Group applies its methods on a consistent basis between periods, but the fair value measurement always requires a significant degree of assessments. Based on the controls that it applies, NAXS believes that the actual figures reported in the balance sheet and changes in fair value recognized in the income statement are thorough and balanced and reflect the underlying economic values.

Differences between the Group and Parent Company

The Parent Company follows the same accounting principles as the Group with the following exceptions.

Formats

The balance sheet and income statement of the Parent Company are established in accordance with what is stated in the Annual Accounting Act.

Shares in subsidiaries

Shares in subsidiaries are accounted for under the cost method.

Alternative performance measures

The definitions for the net asset value, net cash/net debt and gross IRR performance measures are provided in the definitions on page 51 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.

Other notes

Amounts in KSEK unless otherwise stated.

Note 1 Changes in value

	Group	
	2016	2015
Changes in value of private equity fund investments in the closing balance	109 406	76 498
Total	**109 406**	**76 498**
Of which changes in value caused by exchange rate changes	22 019	-17 556
Of which changes in value determined through valuation techniques	87 387	94 054

Changes in value caused by changes in exchange rates are calculated by comparing the exchange rate at the date of acquisition/beginning of the year and end of the year. It is the relevant fund's reporting currency that is the basis for calculation.

Note 2 Other external expenses

	Group		Parent company	
	2016	2015	2016	2015
Remuneration to the investment advisor	8 186	7 763	-	-
Carried interest to the investment advisor	718	276	-	-
Other consulting fees	1 877	1 888	1 516	1 679
Other expenses	745	675	734	664
	11 526	**10 602**	**2 250**	**2 343**

Auditors' fees are included in other professional fees in amounts as follows:

	Group		Parent company	
	2016	2015	2016	2015
Ernst & Young AB				
Auditing	399	369	279	267
Auditing in addition to the audit assignment	-	171	-	171
Tax Advice	-	-	-	-
Other Services	-	-	-	-
Total remuneration to auditors	**399**	**540**	**279**	**438**

Auditing assignments involve the review of the accounting and annual financial statements, of the Board of Directors and the CEO. Audit outside of the auditing assignment relates to the costs of quality audits, such as review of interim reports and prospectuses. Other expenses relate to costs that are not classified as Audit, Accounting Operations, or tax advice.

Note 3 Employees and personnel expenses

	2016		2015	
Average number of employees	Men	Women	Men	Women
Sweden				
Parent Company	0,2	-	0,2	-
Denmark	-	-	-	-
Norway	-	-	-	-
Total	**0,2**	**-**	**0,2**	**-**

	2016		2015	
Salaries and remuneration to the Board and CEO	Board and CEO	Variable remune-ration	Board and CEO	Variable remune-ration
Sweden				
Parent Company	1 090	-	1 175	-
Denmark	327	-	332	-
Norway	-	-	-	-
Total	**1 417**	**-**	**1 507**	**-**

Salaries, remuneration and social security costs

	Group		**Parent company**	
	2016	2015	2016	2015
Salaries and other remuneration	1 435	1 513	1 108	1 181
Contractual pensions for the Board and CEO	-	-	-	-
Contractual pensions to others	-	-	-	-
Other social security costs	201	179	157	153
Total	**1 636**	**1 692**	**1 265**	**1 334**

At the end of the year, there were no outstanding pension obligations to the Board of Directors or CEO in the Group and Parent Company. The period of notice for the CEO on the part of the Company is six months.
There are no agreements for pensions and severance pay for the CEO.

	Group		**Parent company**	
Proportion women	2016	2015	2016	2015
Board of Directors	12%	11%	0%	0%
Group Management	0%	0%	0%	0%

Note 3 (continued)

	Group	
	2016	2015
Remuneration and other benefits during the year	Base salary/ board remuneration	Base salary/ board remuneration
John D. Chapman	225	225
Tony Gardner-Hillman	150	150
Ramanan Raghavendran	65	150
Andrew Wignall	150	150
Lennart Svantesson	500	500
Other executives (0 persons)	-	-
Total	**1 090**	**1 175**

The aggregate remuneration for the directors for the period until the AGM in 2016 amounted to KSEK 675 including KSEK 225 for the Chairman. The aggregate remuneration for the directors for the period until the AGM in 2017 amounted to KSEK 525 including KSEK 225 for the Chairman. The Group also includes KSEK 325 in directors' fees for the Chairperson and a director of the Danish subsidiary, who are not members of the Board of the Parent Company.
An agreement relating to variable compensation exists for the previous CEO, which is based on proceeds from underlying funds and is limited to a maximum of half his annual salary. The variable compensation amounted to KSEK 18 (71).

Note 4 Result from shares in Group companies

	Parent company	
	2016	2015
Dividend	150 600	165 997
Total	**150 600**	**165 997**

Note 5 Interest income and similar items

	Group		Parent company	
	2016	2015	2016	2015
Interest income				
Group companies	-	-	242	336
Others	-	141	-	139
Net exchange-rate changes	-	-	1 200	-
Total	**-**	**141**	**1 442**	**475**

Note 6 Financial expenses

	Group		Parent company	
	2016	2015	2016	2015
Financial expenses	-1 655	-2	-961	-1
Net exchange-rate changes	-578	-158	-	-1 031
Total	**-2 233**	**-160**	**-961**	**-1 032**

Note 7 Participation in Group companies

	Parent company	
	2016	2015
Accumulated acquisition value		
At the beginning of the year	481 802	481 802
At the end of the year	**481 802**	**481 802**

Specification of participations in Group companies

Group companies, *Corp. Reg. No., registered office*	Number of shares	% of share capital and voting rights	12/31 2016
NAXS Nordic Access Buyout AS, 990 796 114, Oslo	100	100	8 172
NAXS A/S, 34801525, Copenhagen	501 000	100	473 530
NAXS Nordic Access Buyout AB, 556735-9947, Stockholm	1 000	100	100
Total			**481 802**

Note 8 Private equity fund investments

	Group	
	12/31 2016	12/31 2015
Unlisted holdings measured at fair value	458 701	434 246
Total	**458 701**	**434 246**

Private equity fund investments		
Opening balance	434 246	587 105
Investments	46 663	43 702
Disposals	-60 039	-72 084
Exchange rate changes	22 019	-17 556
Revaluations	15 812	-106 921
Reported valuation at year end	**458 701**	**434 246**

Note 8 (continued)

Private equity fund investments are valued at fair value according to the methods described above. Under this method, private equity fund investments are valued at fair value through the profit and loss statement. NAXS has chosen to assign to this category the ownership of private equity fund investments that, under the Company's risk management and investment strategy, are valued based on actual values. All private equity fund investments are unlisted. Private equity fund investments are valued based on the Company's share of the value that the fund manager attributes to the fund's total holdings, and is normally updated when a new valuation obtained. If NAXS estimates that the fund manager has not sufficiently taken into account factors affecting the value of the underlying holdings, or if the valuation has been considered to differ materially from IFRS rules, NAXS proceeds to a valuation adjustment.

NAXS assesses regularly the fund managers' valuation techniques and ensures that the valuation of the unlisted holdings is conducted on the basis of the "International Private Equity and Venture Valuation Guidelines" prepared and published jointly by the venture capital organizations EVCA, BVCA and AFIC. Listed holdings are valued on the basis of their share price at the time the valuation is made.

Note 9 Receivables from Group companies	**Parent company**	
	2016	2015
Opening balance	23 424	24 455
Change during the year	1 200	-1 031
At year end	**24 624**	**23 424**

Note 10 Taxes	**Group**		**Parent company**	
	2016	2015	2016	2015
Current tax				
Tax expenses for the year	-	-	-	-
	-	-	-	-
Deferred tax				
Deferred tax on revaluation of the carrying amount of deferred tax assets	-	-	-	-
Reported tax	**-**	**-**	**-**	**-**

	Group		**Parent company**	
Reconciliation of actual tax	Tax-rate %	2016	Tax-rate %	2016
Profit before tax		94 012		147 566
Tax according to applicable tax rate	22,0%	-20 683	22,0%	-32 465
Tax effect of non-taxable income	1,4%	-1 287	-22,5%	33 132
Tax effect of non-deductible expenses	-31,7%	29 844	0,0%	-9
Loss that cannot be utilised	4,0%	-3 795	0,4%	-658
Reported tax	**0,0%**	**0**	**0,0%**	**0**

Note 10 (continued)
Non-taxable income consists mainly of received dividends and non-deductible expenses consists mainly of reversed value changes from the funds exited portfolio companies during the year.

	Group		Parent company	
Reconciliation of actual tax	Tax-rate %	2015	Tax-rate %	2015
Profit before tax		64 178		161 756
Tax according to applicable tax rate	22,0%	-14 119	22,0%	-35 586
Effect of other tax rates for foreign subsidiaries	5,2%	-3 358	0,0%	-
Tax effect of non-taxable income	-65,7%	42 196	-22,6%	36 519
Tax effect of non-deductible expenses	34,4%	-22 052	0,0%	-6
Loss that cannot be utilised	4,2%	-2 667	0,6%	-927
Reported tax	**0,0%**	**0**	**0,0%**	**0**

Unrecognised deferred tax assets

	Group		Parent company	
	12/31 2016	12/31 2015	12/31 2016	12/31 2015
Attributable to tax losses	7 682	9 639	3 284	2 625
	7 682	**9 639**	**3 284**	**2 625**

The tax losses are attributable to the Swedish and Norwegian operations. The deficits have no time limit.

Note 11 Prepaid expenses and accrued income

	Group		Parent company	
	12/31 2016	12/31 2015	12/31 2016	12/31 2015
Prepaid insurances	-	18	-	18
Other prepaid expenses	20	20	20	20
Total	**20**	**38**	**20**	**38**

Note 12 Equity

Group
Share capital in the Parent Company.
The share capital amounted as of December 31, 2016 to SEK 750 000 divided into 15 million shares. The number of outstanding shares in the Company at the beginning of the year was 14,869,552. During the year was 21,250 shares repurchased. The number of outstanding shares in the Company at the end of the year was 14,848,302. The Company holds 151,698 own shares. Each share has one vote. The quota is SEK 0.05 per share.

Other contributed equity
Refers to equity contributed by shareholders. It also includes premiums paid in connection with new stock issues.

Note 12 (continued)

Retained earnings, including income for the year

Retained earnings, including income for the year, consist of accumulated income in the Parent Company and its subsidiaries.

Parent Company

Restricted equity

Restricted equity may not be reduced through profit distribution.

Share premium reserve

When shares are issued at a premium, that is, when the price to be paid for the shares exceeds the nominal value of the shares, an amount equivalent to the amount above the nominal value of the shares will be transferred out of the share premium reserve. The share premium reserve is recognized as unrestricted equity.

Unrestricted equity

Retained earnings

Retained earnings consist of the preceding year's unrestricted equity after any transfer to statutory reserve and after any dividend payment. Retained earnings, together with net income for year, comprise the total unrestricted equity in the Company, i.e. the funds available for the dividend to shareholders.

Distributions

NAXS's distribution policy is to proceed over time to distributions amounting to a percentage of proceeds received from underlying private equity funds. The Board of Directors proposes to the Annual General Meeting a dividend for the fiscal year 2016, see the proposal for appropriation of earnings in note 20. In addition, the Board of Directors proposes to the Annual General Meeting to vote on a continued share repurchase mandate.

Earnings per share

	Group	
	2016	2015
Net profit attributable to equity holders in the parent company	94 012	64 178
Weighted average number of shares outstanding during the year, thousands	14 867	14 870
Profit per share (basic and diluted), SEK	6,32	4.32

Capital management

NAXS is financed with equity.

Note 13 Accrued expenses and prepaid revenues

	Group		**Parent Company**	
	12/31 2016	12/31 2015	12/31 2016	12/31 2015
Accrued Board fee	462	371	244	160
Accrued social security contributions	36	15	19	14
Other accrued expenses	144	60	105	23
Total	**642**	**446**	**368**	**197**

Other accrued expenses pertain primarily to accrued overheads.

Note 14 Pledged assets and contingent liabilities

	Group		Parent Company	
	31/12 2016	31/12 2015	31/12 2016	31/12 2015
Pledged assets	None	None	None	None
Contingent liabilities	None	None	None	None

Note 15 Notes to cash flow statement

	Group		Parent Company	
	2016	2015	2016	2015
Adjustment for non-cash items				
Change in value	-37 831	124 477	-	-
Unrealized exchange-rate differences	1 821	3 628	-1 200	1 031
Total	**-36 010**	**128 105**	**-1 200**	**1 031**

	Group		Parent Company	
	2016	2015	2016	2015
Interest received	-	141	-	139
Interest paid	1 655	2	961	1

Note 16 Transactions with related parties

In addition to the remuneration of directors and board as described in Note 3, no transactions with related parties occurred during the fiscal year. Other related parties are Tompkins Square Park S.a.r.l, which holds 51,1 % of the capital.

Note 17 Cash and cash equivalents

	Group		Parent Company	
Cash and cash equivalents in cash flow statements	12/31 2016	12/31 2015	12/31 2016	12/31 2015
Short-term investments equivalent to cash	-	-	-	-
Cash on hand and balances with banks	383 807	350 970	337 440	229 087
Total	**383 807**	**350 970**	**337 440**	**229 087**

	Group		Parent Company	
Reconciliation with balance sheet	12/31 2016	12/31 2015	12/31 2016	12/31 2015
Cash and cash equivalents	383 807	350 970	337 440	229 087
Total	**383 807**	**350 970**	**337 440**	**229 087**

Note 18 Financial assets and liabilities

	Group 2016				
Financial assets and liabilities by measurement category	Financial assets *	Accounts receivable and loan receivable	Other liabilities	Total carrying amount	Fair value
Private equity fund investments	458 701			458 701	458 701
Cash and cash equivalents		383 807		383 807	383 807
Total	**458 701**	**383 807**		**842 508**	**842 508**
Accounts payable			111	111	111
Total			**111**	**111**	**111**

* measured at fair value through profit and valued under fair value option.

	Group 2015				
Financial assets and liabilities by measurement category	Financial assets *	Accounts receivable and loan receivable	Other liabilities	Total carrying amount	Fair value
Private equity fund investments	434 246			434 246	434 246
Cash and cash equivalents		350 970		350 970	350 970
Total	**434 246**	**350 970**		**785 216**	**785 216**
Accounts payable			104	104	104
Total			**104**	**104**	**104**

* measured at fair value through profit and valued under fair value option.

Disclosures for measurement at fair values in accordance with the fair value hierarchy
Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2 – Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3 – Techniques which use inputs that are not based on observable data.

As at December 31, 2016, the Group held the following financial assets and liabilities measure at fair value:

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Private equity fund investments	-	-	458 701
Total assets	**-**	**-**	**458 701**

As at December 31, 2015, the Group held the following financial assets and liabilities measure at fair value:

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Private equity fund investments	-	-	434 246
Total assets	**-**	**-**	**434 246**

Note 18 (continued)

There are no significant liabilities measured at fair value.

Fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. A market is considered active if quoted prices from an exchange, broker, industry group, pricing service or supervisory body is readily and regularly available and those prices represent actual and regularly occurring market transactions on arm's length. The quoted market price used for the Group's financial assets is the current bid price. These instruments can be found in level 1.
Fair value of financial instruments not traded in an active market is determined using valuation techniques. In this respect, public market information is used as much as possible when this is available while the company-specific information is used as little as possible. If all of the significant inputs needed for fair value measurement of an instrument are observable is the instrument classified in level 2.
In cases where one or more of the significant inputs are not based on observable market data, the instrument is classified in level 3. NAXS's private equity fund investments are classified in Level 3. The Company's specific valuation techniques and critical estimates are reported under accounting policies.

Level 3 investments include the Company's share of the relevant private equity fund's holdings / securities of unlisted companies (in some cases, a private equity fund can also hold 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, 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.

Due to the lack of observable inputs, estimates and assumptions used by the fund managers may materially affect the fair value of funds holdings and thus NAXS's results.

Because of the Company's diversified private equity fund portfolio (different geographical areas, different industries and different vintages) and the fact that each private equity fund has a large number of holdings in various companies (the total number of individual investments amounted to 112 at 31 December 2016) a change in the input to the possible fair value alternative assumptions would not involve significant changes in the fair value of the fund units in addition to changes in exchange rates. Note 19 presents a sensitivity analysis of the Company's foreign exchange risk.

The following table shows the changes of instruments at level 3 in 2016.

	Funds valued at fair value	**Total**
Opening balance	434 246	434 246
Investments	46 663	46 663
Repayments	-131 614	-131 614
Gains and losses recognized in profit or loss	109 406	109 406
Closing balance	**458 701**	**458 701**

Note 18 (continued)
The following table shows the changes of instruments at level 3 in 2015.

	Funds valued at fair value	Total
Opening balance	587 105	587 105
Investments	43 702	43 702
Repayments	-72 084	-72 084
Gains and losses recognized in profit or loss	-124 477	-124 477
Closing balance	**434 246**	**434 246**

Note 19 Risk exposure and risk management

Financial risks

The main factors that help to limit the risks of NAXS activities are described below:

- Careful due diligence for new investments in private equity funds
- Diversified portfolio
- Active management and monitoring, and relying on the Investment Adviser's recommendations are the prerequisite for transparency in corporate development and thereby to identify risks.
- The main financial risks that NAXS is exposed to are market risks, including interest rate risk and currency risk.

Price risks

In a large extent, the Company's return on invested capital will depend on the respective underlying private equity fund's performance. NAXS has an investment strategy that results in a diversified portfolio of interests in buyout funds. Moreover, the returns depend on the valuation of the portfolio companies at investment and divestment. At the end of 2016, NAXS had an investment level of 58% (55%) of equity, and SEK 517 (539) million were committed to eight buyout funds, which represents approximately 61% (69%) of NAXS's total equity.

Interest rate risks

Private equity funds typically use high leverage to finance the investments in their target companies. In a situation where the target companies do not perform well and where market interest rates rise, this may lead to decreasing and even negative returns for private equity funds.

Regarding excess liquidity, which is exposed to interest rate risk, the goal is to maximize returns within NAXS's established policy. In addition, a high flexibility is targeted in order to meet potential new needs for liquidity. The investments are made in interest-bearing securities with short maturity, which means that the interest rate duration is less than 12 months.

Because of the Company's diversified portfolio and the large number of underlying fund investments, a qualitative analysis of risks (price and interest rate risk), such as e.g. a sensitivity analysis, could not be effected without unwarranted costs or with a sufficient degree reliability.

Currency exchange rate risks

NAXS's operations are exposed to currency risk in the investments denominated in foreign currencies. No currency hedging is made because of the long-term investment horizon. The total currency exposure of the private equity fund investments is shown below:

Total investments in foreign currencies	2016	2015
EUR	38 484	40 670
NOK	10 970	13 788

Note 19 (continued)
Below are what the effect on the results of a currency change of 10% based on the investments at year-end:

Amounts in KSEK	2016	2015
EUR	+/- 36 817	+/- 37 152
NOK	+/- 1 156	+/- 1 318

Credit risk
Credit risk is the risk of a counterparty or issuer being unable to repay a liability to NAXS. NAXS is exposed to credit risk primarily through the placement of excess liquidity in interest-bearing securities. In order to minimize credit risk excess liquidity is invested in treasury bills and bank accounts with banks with high credit ratings.

Commitment Risk
NAXS can make commitments up to 125 percent of the equity. The total commitments at the end of 2016 amounted to 61 percent of the equity.

Note 20 Proposal for appropriation of earnings
The Board of Directors and the CEO proposes to the AGM the following appropriation of earnings of the Parent Company:

Share premium reserve	577 705 947
Retained earnings	117 349 505
Net profit for the year	147 566 233
Total	**842 621 685**

The Board of Directors intends to make the dividend to be proposed for the fiscal year 2016 dependent on the amount that may be distributed under the form of share repurchases during the first quarter of 2017.

The Board of Directors intends to propose a dividend of maximum SEK 2.70/share for the fiscal year 2016, corresponding to SEK 40,090,415.40 at December 31, 2016. The actual level of the dividend will be set as the difference between SEK 40,090,415.40 and the amount that has been distributed under the form of share repurchases during the period between January 1 and March 31, 2017. The Board of Directors will announce the level of the proposed dividend ahead of the publication of the notice of the 2017 Annual General Meeting.

In addition, the Board of Directors proposes to the Annual General Meeting to vote on a continued share repurchase mandate.

Note 21 Events after the year-end
NAXS made in January a SEK 50m commitment to Mimir Invest AB, a Swedish private equity special situations fund.

Note 22 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

The Board of Directors' certification

The consolidated financial statements and the Annual Report have been prepared in accordance with the international financial reporting standards referred to in the European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, in application of international financial reporting standards, and give a true and fair view of the Parent Company's and Group's financial position and results of operations. The Administration Report for the Group and for the Parent Company gives a true and fair view of the development of the Group's and Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies within the Group.

Stockholm, January 27, 2017
NAXS AB (publ), Corp. Reg. No. 556712-2972

John D. Chapman	Tony Gardner-Hillman
Chairman	*Director*

Andrew Wignall	Lennart Svantesson
Director	*Chief Executive Officer*

Our Auditor's Report was submitted on January 30, 2017
Ernst & Young AB

Jesper Nilsson
Authorized/Approved Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Appendix 1 Auditor's report for a public limited liability parent company preparing its consolidated accounts in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, Corporate Governance Statement review according to law

Auditor's report

To the general meeting of the shareholders of Naxs AB (publ), corporate identity number 556712-2972

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Naxs AB (publ), except for the corporate governance statement on pages 18-25 for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 6-53 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 the parent company as of 31 December 2016 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 2016 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. Our opinions do not cover the corporate governance statement on pages 18-25. 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.

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.

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

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.

Fund units valued at fair value

The company's valuation of fund units at fair value has been considered a Key Audit Matter since the amounts involved are material for the financial reporting as a whole and that the valuation is associated with judgements. Financial instruments at fair value, shall in accordance with applicable accounting rules be classified in a fair value hierarchy (level 1, 2 and 3). Level 3 consists of assets for which directly or indirectly observable prices are missing. The company's fund units are reported in level 3. The fund units at fair value in level 3 in the balance sheet amounts to 456 million of the total assets of 843 million.

The accounting policies are presented in footnote "företagsinformation", estimates and assessments are specified in footnote "företagsinformation", and in footnote 8 "Fund units" information regarding revaluations. In footnote 18 "Financial assets and liabilities" principles for fair value and classification of levels as well as principles regarding this are presented.

For fund units in level 3 fair values are determined by using external fund managers' reporting. If the company believes that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate significantly from the fair value, an adjustment of the value is done as described in the accounting principles on page 36.

In our audit we evaluated NAXS's processes for valuation of fund units. We have also reconciled booked values with the fund administrator's valuation and any adjustments made by the company. We have also examined whether the information disclosed in the financial statements concerning fund units is appropriate.

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 1-5. 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 Directors 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 intends 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including

the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Naxs AB (publ) for the year 2016 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 Directors 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 Directors 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's 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 18-25 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 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.

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

Stockholm 30 January 2017

Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant