ANNUAL REPORT 2018
NAXS AB (publ)

(This text is an in-house translation of the original Annual Report 2018 in Swedish)

NAXS

NAXS AB (publ)

Annual Report 2018

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The Annual Report for NAXS AB (publ) 556712-2972 consists of the Board of Directors Report on pages 7-21 and the financial statements on pages 30-56.
The Annual Report is published in Swedish and English.

Financial Information 2019
Interim Report (3 months): April 25
Annual General Meeting: June 4
Interim Report (6 months): July 16
Interim Report (9 months): October 18

Comments by the CEO

2018 was a particularly active year for NAXS.

In March, we made a new direct investment, subscribing for shares in a new issue by Awilco Drilling, an offshore drilling operator listed on the Oslo stock exchange. NAXS subsequently added to this initial investment by acquiring shares on the market at several occasions, bringing the total investment in Awilco Drilling to SEK 26,7m by the end of the year.

In April, NAXS made a EUR 4m investment in Nordic Capital CV1, a continuation vehicle established by Nordic Capital, where its Fund VII had transferred the remaining 9 unlisted portfolio companies it held.

In June, we announced that NAXS had made a USD 5m commitment to JAB Global Consumer Brand II. The fund co-invests with JAB Holding, a privately held group focused on consumer goods and retail companies with premium brands. Notably, the fund provides an exposure to recent transactions by JAB Holding, including the recently formed Keurig-Dr Pepper beverage group and the Pret a Manger casual dining chain.

In November, we made a USD 3m investment in a in a new senior secured bond issued by Jacktel AS, the Norwegian operator of a jack-up offshore accommodation vessel and a wholly-owned subsidiary of Master Marine AS. Master Marine has been a NAXS portfolio company since 2009, when it was acquired by Nordic Capital Fund VII.

Finally, NAXS actively repurchased shares throughout the year, buying back 1,723,126 shares representing 12.6% of the share capital.

NAXS saw its net asset value per share increase by 6.9% during 2018, despite the steep decline in the financial markets during Q4 materially affecting the valuations of our listed holdings at December 31, 2018.

At the end of 2018, NAXS had in excess of 36% of cash on its balance sheet, which leaves the Company well-positioned to take advantage of potential opportunities that might arise in what we expect to be a volatile environment.

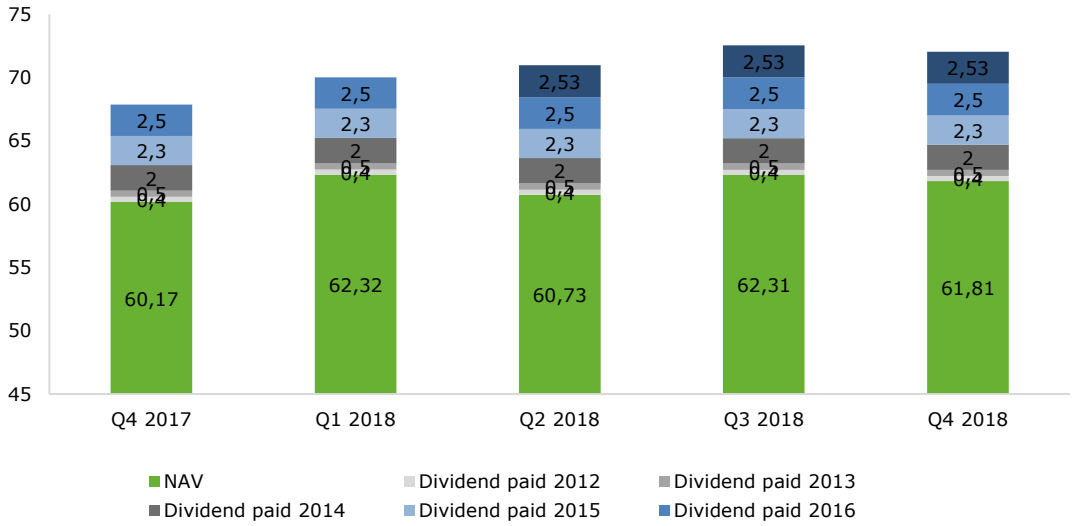
Lennart Svantesson

NAXS in 2018

The highlights of 2018 for the Company were:

- an increase of 6.9% in net asset value (NAV) per share (incl. dividend paid);

NAV per share (SEK)

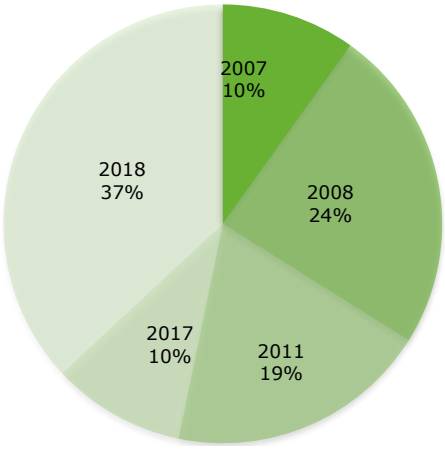


- a EUR 4m investment in Nordic Capital CV1 (in connection with the transaction, NAXS has also opted to transfer its current interests in the nine remaining unlisted portfolio companies in Nordic Capital Fund VII to Nordic Capital CV1);
- a USD 5m commitment to JAB Global Consumer Brands II;
- the acquisition of 733,345 shares in Awilco Drilling for a total amount of NOK 25m;
- a USD 3m investment in a new USD 150m senior secured bond issued by Jacktel AS;
- the acquisition of 12 new portfolio companies by NAXS's underlying funds, bringing the total number of companies acquired since NAXS's inception to 129;
- the signing or closing of 19 new exits by NAXS's underlying funds;
- the further consolidation of NAXS's successful exit track record, with 76 exits having generated an average gross IRR of 20%;
- the decision by the 2018 Annual General Meeting to pay a dividend of SEK 2.53/share for FY 2017;
- the repurchase of 1,723,126 shares, representing over 12.6% of the total share capital; and
- the cancellation in June (at the 2018 Annual General Meeting) of 491,761 repurchased shares and in August (at an Extraordinary General Meeting) of 1,355,340 repurchased shares (prior to such cancellations, there was a total of 14,066,531 shares and voting rights. The number of shares and voting rights decreased by a total of 1,847,101 shares through the two share cancellations, further to which a total of 12,219,430 shares and voting rights remained).

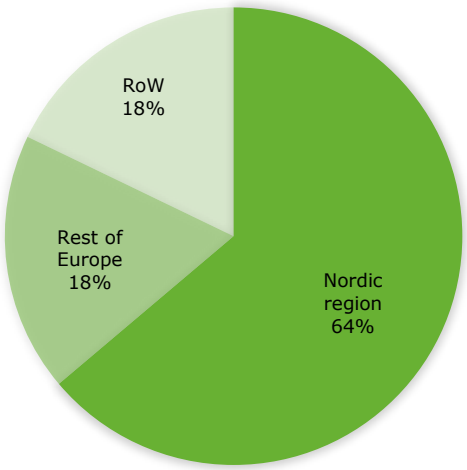
2018 overview

Private equity funds investments
Through its mature fund portfolio, NAXS provides investors with an attractive exposure to the private equity asset class through a liquid instrument, with a good level of diversification:

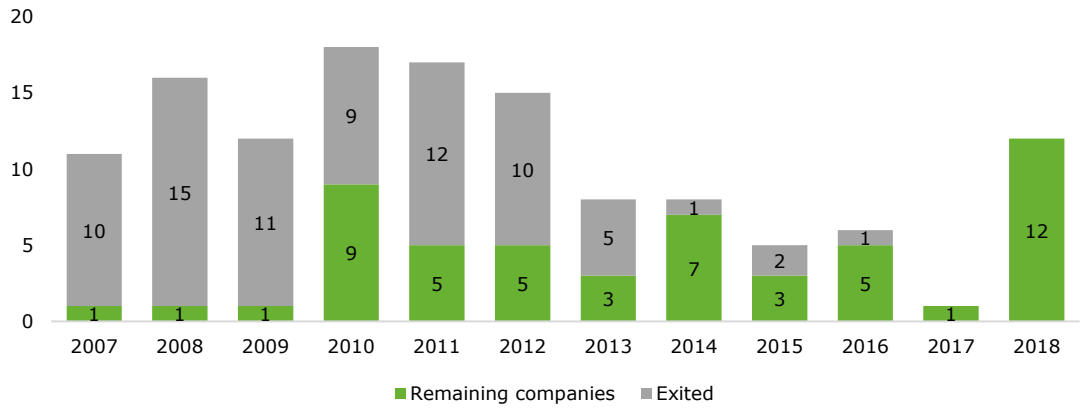
- 11 private equity funds (10 buyout funds and 1 special situations fund) from 8 managers;
- 5 different vintage years: 2007, 2008, 2011, 2017 and 2018 (based on current commitments):



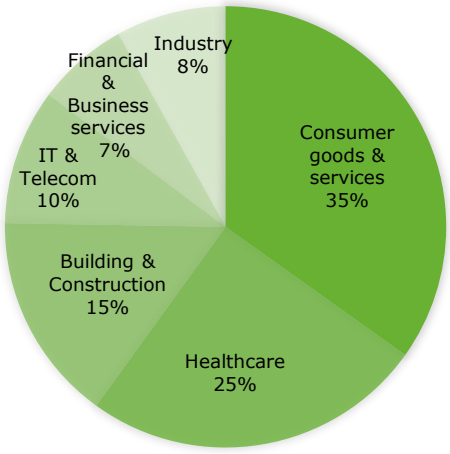
- an exposure to all Nordic countries and to a certain extent to Europe as well as to the rest of the world, mainly through the commitment to Apax Europe VII (based on the fair value of the current portfolio companies):



- an exposure to 53 portfolio companies (remaining after 76 exits);



- the 10 largest portfolio companies account for less than 35% of the NAV, and no single portfolio company account for more than 5.5% of NAV; and
- an attractive sector diversification (based on the fair value of the current portfolio companies):



Other investments
NAXS provides an exposure to 2 listed companies, through its holding of 375,437 shares in Scout Gaming Group AB (publ) and 733,345 shares in Awilco Drilling Plc:

- Scout Gaming Group offers online gaming operators comprehensive solutions for the launch and operation of Fantasy Sports and Daily Fantasy Sports. The shares are listed on NASDAQ First North. Additional information can be found on https://www.scoutgaminggroup.com.
- Awilco Drilling Plc is a UK-based drilling contractor. The shares are listed on the Oslo Stock Exchange. Additional information can be found on https://www.awilcodrilling.com.

In addition, NAXS provides an exposure to a senior secured bond issued by Jacktel AS, where it made a MSEK 24,2 investment in Q4 2018. Jacktel is the Norwegian operator of a jack-up accommodation vessel and a wholly-owned subsidiary of Master Marine AS. The Bond has a tenor of 5 years and a coupon of 10% p.a., with quarterly interest payments. Additional information can be found on http://www.master-marine.no/investor-relations/other-financial-information/.

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 2018. The financial statements are subject to their adoption by the Annual General Meeting of the shareholders to be held on June 4, 2019.

Group

General operations
NAXS primarily in private equity funds with a Nordic focus. NAXS may also make direct investments or co-investments alongside private equity or other alternative assets funds. In addition, NAXS may, to a limited extent, make other types of investments.
Operations commenced on April 17, 2007, and the Company was listed on First North on May 14, 2007, where it traded until its change of listing to NASDAQ Stockholm on June 8, 2010.
NAXS AB, corporate ID 556712-2972 is the Group's parent company. NAXS AB has its registered office in Stockholm. QVT Financial LP with org.no 156508, with registered office in New York, USA, controls 58.7% of the outstanding shares in NAXS AB.
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 is 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 13,637,387. During the year 1,723,126 shares were repurchased. The number of outstanding shares in the Company at the end of the year was 11,914,261.
In June and August, the company cancelled 491,761 and 1,355,340 repurchased shares. Prior to such cancellations, there was a total of 14,066,531 shares and voting rights in NAXS. The number of shares and voting rights decreased by a total of 1,847,101 shares through the two share cancellations, further to which a total of 12,219,430 shares and voting rights remained.
In accordance with the mandate granted by the 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, NAXS's share price was SEK 47.90 and the total shareholders' equity per share was SEK 61.81. The Company's market capitalization was MSEK 571 and the number of shareholders was 1,051. The 3 largest shareholders are set forth in the Corporate Governance Report.

Objective and investment strategy
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 .
Up to forty 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 40 percent of NAXS's net asset value at the time of the investment in a single investment.

Market review
Financial markets experienced volatility throughout 2018 and substantially deteriorated towards the end of the year on the back of heightened macro uncertainties and less supportive monetary policies. Private equity activity nevertheless remained at a relatively high level throughout the year, notably due to the general availability of financing at attractive terms. A substantial change from the previous years, however, was that 2018 saw the IPO exit route becoming increasingly challenging for private equity managers. This was illustrated in NAXS' portfolio, where only 1 portfolio company was listed in 2018, against 5 in 2017 and 4 in 2016.

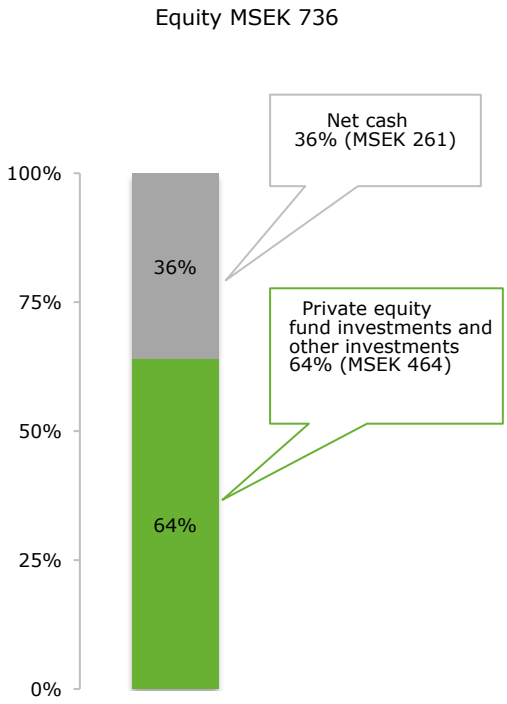
Private equity fund investments and Other investments
NAXS's investments consist of fund commitments ("Private equity fund investments"), and other investments ("Other investments").

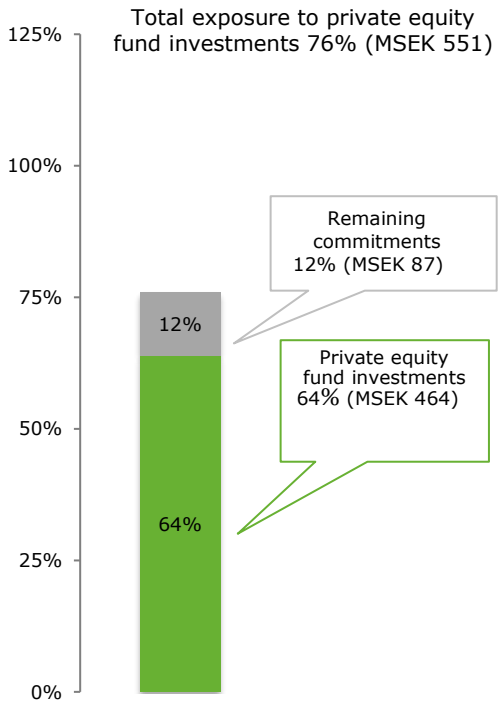
Private equity fund investments
As of December 31, 2018, NAXS had commitments to 11 private equity funds (10 buyout funds and 1 special situations fund).
At the end of 2018:
- private equity fund investments amounted to MSEK 407, which corresponds to 55 percent of the Company's equity;
- remaining commitments amounted to MSEK 87.

Other investments
Within the Other investment category, NAXS held at the end of 2018;
- 375,437 shares in Scout Gaming Group AB (publ). The shares are listed on NASDAQ First North. Established in 2013, Scout Gaming Group offers online gaming operators comprehensive solutions for the launch and operation of Fantasy Sports and Daily Fantasy Sports. As of December 31, 2018, the holding of NAXS in Scout Gaming Group was valued at MSEK 11.5 (13.9);
- 733,345 shares in Awilco Drilling Plc is a offshore drilling contractor. The shares are listed on the Oslo Stock Exchange. As of December 31, 2018, the holding of NAXS in Awilco Drilling was valued at MSEK 21.0 (-);
- a MSEK 27.5 investment in a senior secured bond issued by Jacktel AS, a wholly-owned subsidiary of Master Marine AS. The Bond has a tenor of 5 years and a coupon of 10% p.a., with quarterly interest payments. As of December 31, 2018, the holding of NAXS in Jacktel was valued at KSEK 24.2 (-).

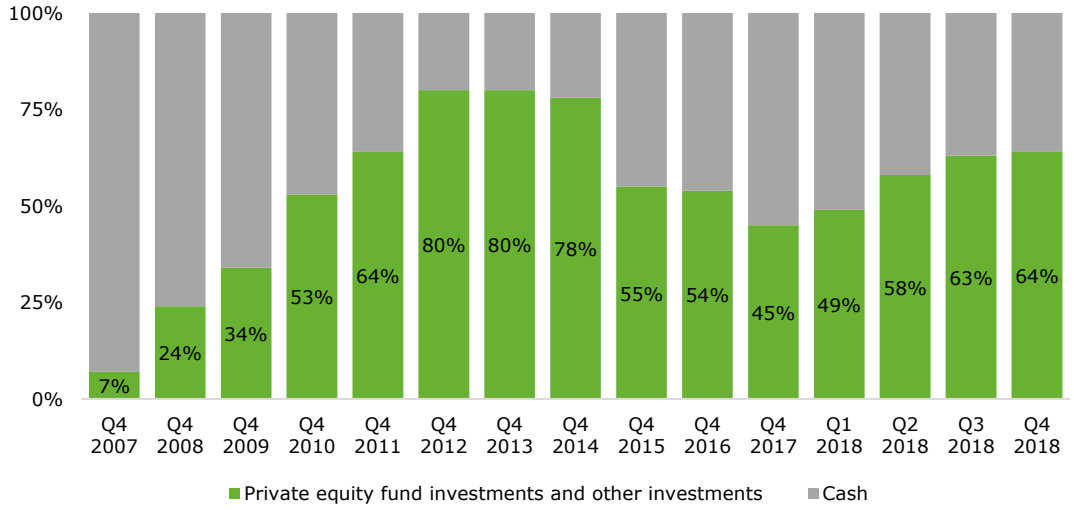
Exposure to private equity fund investments and other investments
As of December 31, 2018, the total exposure to private equity fund investments and other investments amounted to MSEK 551, which corresponds to 76 percent of the Company's equity

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





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



Acquisitions and divestments by underlying funds

During 2018, NAXS' underlying funds made 12 new acquisitions and 19 full exits.
Only 1 portfolio company, Green Landscaping, was exited through an IPO during 2018 and the company was fully exited by the end of the year.
As of December 31, 2018, NAXS's underlying funds had acquired a total of 129 companies, 76 of which had been fully divested. The 76 exits have generated an average gross IRR of 20%.

2018 ACQUISITIONS (by fund and in alphabetical order)

Portfolio Company	Sector	Country	Fund
JAB Acorn	Consumer goods & services	Global	JAB GCB II
JAB Beech	Consumer goods & services	Global	JAB GCB II
Recion	Industry	Finland	Mimir Invest
Acino	Healthcare	Switzerland	Nordic Capital CV1
Binding Site	Healthcare	UK	Nordic Capital CV1
Bladt	Building & construction	Denmark	Nordic Capital CV1
Britax	Consumer goods & services	UK	Nordic Capital CV1
Ellos	Consumer goods & services	Sweden	Nordic Capital CV1
Itiviti	Financial services	Sweden	Nordic Capital CV1
Master Marine	Energy	Norway	Nordic Capital CV1
Sport Nordic Group	Consumer goods & services	Denmark	Nordic Capital CV1
Sunrise Medical	Healthcare	USA	Nordic Capital CV1

2018 EXITS (by fund and in alphabetical order)

Portfolio Company	Sector	Year of initial investment	Fund
Genex Services	Business services		Apax VII
Green Landscaping	Consumer goods & services	2008	FSN III
PM Retail	Consumer goods & services	2012	FSN III
Stamina	Healthcare	2012	Herkules III
Royal Ravintolat	Consumer goods & services	2011	Intera I
Acino	Healthcare	2013	Nordic Capital VII
Binding Site	Healthcare	2011	Nordic Capital VII
Bladt	Building & construction	2012	Nordic Capital VII
Britax	Consumer goods & services	2010	Nordic Capital VII
Convatec	Healthcare	2008	Nordic Capital VII
Ellos	Consumer goods & services	2013	Nordic Capital VII
Itiviti	Financial services	2012	Nordic Capital VII
Master Marine	Energy	2009	Nordic Capital VII
Saferoard	Building & construction	2008	Nordic Capital VII
Sport Nordic Group	Consumer goods & services	2010	Nordic Capital VII
Sunrise Medical	Healthcare	2010	Nordic Capital VII
Bindomatic	Business services	2008	Valedo I
Oscar Jacobson	Consumer good & services	2008	Valedo I
JobMeal	Business services	2016	Valedo II

Other investments
NAXS made 3 direct investments during 2018, acquiring shares for a total of MSEK 26.7 in Awilco Drilling, an offshore drilling operator listed on the Oslo stock exchange, subscribing for additional shares for MSEK 1.2 in a new issue by Scout Gaming Group, a daily fantasy sports solution provider listed on Nasdaq First North (where NAXS had made an initial investment in 2017), and investing MSEK 27.5 in a senior secured bond issued by Jacktel AS, a 100%-owned subsidiary of Master Marine AS, the operator of a jack-up accommodation vessel for the offshore energy industry.

Company	Sector	Country	Size of investment
Awilco Drilling	Energy (offshore drilling operator)	Norway	MSEK 21.0
Master Marine	Energy (offshore accommodation provider)	Norway	MSEK 24.2
Scout Gaming Group	iGaming (fantasy sports solution provider)	Sweden	MSEK 11.5

PORTFOLIO COMPANIES FROM UNDERLYING FUNDS AT DECEMBER 31, 2018 (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
Aptos *(Epicor spin-off)*	Enterprise application software	USA
Ascential*	B2B media	UK
Auto Trader Group*	Auto classified	UK
Bankrate*	Web-based personal finance services	USA
Cengage*	Educational publishing	USA
Cengage II	Educational publishing	USA
Dealer.com*	Digital marketing automotive sector	Canada
Electro-Stock	Electrical components distribution	Spain
Epicor*	Enterprise application software	USA
Genex Services*	Healthcare software	USA
Golden Jaguar	Restaurant chain	China
Huarong	Financial services	China
Hub International*	Insurance services	USA
iGate*	IT and business process outsourcing	India
Marken*	Healthcare logistics services	UK
Netrada*	E-commerce management services	Germany
Neobpo *(Tivit spin-off)*	Business process outsourcing	Brazil
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
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*	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
New Store Europe*	Interior design	Norway
Norsk Jernbanedrift	Railway maintenance	Norway
Odlo	Sportswear	Switzerland
Projectiondesign*	High performance projectors	Norway
Puzzle *(formerly Intelecom)*	Telecommunications	Norway
Stamina*	Health service provider	Norway

INTERA FUND I

Portfolio Company	Sector	Country
Consti Yhtiöt*	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
Infrak	Infrastructure construction	Finland
Kamux**	Used car retail	Finland
Merivaara	Healthcare technology	Finland
Rototec	Geothermal drilling	Finland
Royal Ravintolat*	Accommodation and restaurant services	Finland
Silmäasema**	Ophthalmology services	Finland
Stella	Home care services	Finland
Tamtron*	Industrial products	Finland

JAB GLOBAL CONSUMER BRANDS II

Portfolio Company	Sector	Country
JAB Acorn	Holding company for global consumer brands	Global
JAB Beech	Holding company for global consumer brands	Global

MIMIR INVEST AB

Portfolio Company	Sector	Country
Karlsson Varuhus	Discount retail	Sweden
Parken Zoo i Eskiltuna	Entertainment & zoological park	Sweden
Puumerkki	Building material distribution	Finland
Recion	Project piping solutions	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
Itiviti*	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 Nordic Group*	Sporting goods retail	Denmark
Sunrise Medical* *(Handicare spin-off)*	Healthcare	USA
Thule*	Leisure outdoor industry	Sweden
Tokmanni*	Discount retail	Finland

NORDIC CAPITAL CV I

Portfolio Company	Sector	Country
Acino	Pharmaceuticals	Switzerland
Binding Site	Healthcare diagnostics	UK
Bladt Industries	Steel structure manufacturing	Denmark
Britax	Child safety products	UK
Ellos	Online retail	Sweden
Master Marine	Offshore accommodation services	Norway
Itiviti	Financial technology and services	Sweden
SafeRoad	Traffic safety products and services	Norway
Sport Master	Sporting goods retail	Denmark

VALEDO PARTNERS FUND I *(fully realized)*

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
Becksöndergaard	Fashion accessories	Denmark
Best Transport	Courier services	Sweden
Cambio	Healthcare industry software	Sweden
CMA/Markör	Consumer surveys	Sweden
Evidensia*	Veterinary clinics	Sweden
JOBmeal*	Office coffee solutions	Sweden
Joe & the Juice	Juice & Coffee bars	Global
Lakrids by Johan Bülow	Premium confectionery	Denmark
Norva 24	Construction services	Norway
Rapunzel of Sweden	Hair products and services	Sweden

December 31, 2018
- Total exposure to private equity fund investments: 67 % of total equity
- Private equity fund investments: 55% of total equity
- Number of full exits since inception: 76
- Average gross IRR generated by the 76 exits since inception: 20%

The table below summarizes NAXS's private equity fund commitments:

Fund	*Commitment Year*	*Commitment Currency*	*Initial Commitment Amount (in 000s)*
Apax Europe VII LP	2007	EUR	15 000
FSN Capital III LP	2008	EUR	10 000
Herkules Private Equity Fund III LP	2008	NOK	40 000
Intera Fund I KY	2007	EUR	7 000
Intera Fund II KY	2011	EUR	7 250
JAB Consumer fund - GCB II	2018	USD	5 000
Mimir Invest AB	2017	SEK	50 000
Nordic Capital CV1	2018	EUR	14 654
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 2018, NAXS's total exposure to private equity fund investments amounted to MSEK 494, of which private equity fund investments amounted to MSEK 407 and remaining commitments to MSEK 87.

Underlying funds
Summary information regarding NAXS's underlying private equity 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, 2018: 12
No. of fully divested portfolio companies at December 31, 2018: 24

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, 2018: 1
No. of fully divested portfolio companies at December 31, 2018: 9

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, 2018: 3
No. of fully divested portfolio companies at December 31, 2018: 8

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, 2018: 3
No. of fully divested portfolio companies at December 31, 2018: 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, 2018: 7
No. of fully divested portfolio companies at December 31, 2018: 4

JAB Global Consumer Brands II SCA SICAR
Fund size: MUSD 5,000
Segment: large cap
Geographic focus: Global
Vintage: 2018
Description: Mimir is a newly established private equity special situations fund focusing on mid-sized companies in all sectors, except real estate.
No. of portfolio companies at December 31, 2018: 2
No. of fully divested portfolio companies at December 31, 2018: 0

Mimir Invest AB
Fund size: MSEK 200
Segment: small cap
Geographic focus: Nordic region
Vintage: 2017
Description: Mimir is a newly established private equity special situations fund focusing on mid-sized companies in all sectors, except real estate.
No. of portfolio companies at December 31, 2018: 4
No. of fully divested portfolio companies at December 31, 2018: 0

Nordic Capital CV I LP
Fund size: MEUR 2,500
Segment: mid and large cap
Geographic focus: primarily the Nordic region
Vintage: 2018
Description: Nordic Capital CV1, a continuation vehicle established by Nordic Capital, where its Fund VII has transferred its remaining nine unlisted portfolio companies. Nordic Capital Fund VII's original term expired in December 2017 and through the transfer, Nordic Capital will have the opportunity to maximize the value creation potential of these nine companies, providing them with active support and fresh capital over an additional five-year investment period under continued Nordic Capital management.
No. of portfolio companies at December 31, 2018: 9
No. of fully divested portfolio companies at December 31, 2018: 0

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, 2018: 3
No. of fully divested portfolio companies at December 31, 2018: 16

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 December 31, 2018: 0
No. of fully divested portfolio companies at December 31, 2018: 9

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, 2018: 9
No. of fully divested portfolio companies at December 31, 2018: 2

Group

Financial performance 2018

Operating profit
The operating profit/loss amounted to KSEK 25,723 (44,586) for the year. The operating profit/loss includes a change in value of KSEK 42,397 (59,069), whereof KSEK 53,598 (52,610) is a change in value of private equity fund investments, and KSEK -11,201 (6,459) is a change in value of other investments. Realized profit/loss in investments in private equity funds amounts to KSEK 40,274 (137,570), and unrealized profit/loss amounted to KSEK 13,324 (-84,960). The currency effects are included in the changes in value and amounted to KSEK 7,295 (10,745) for the year. Dividends and interest income related to other investments amounted to 1,623 (-) TSEK, realized profit/loss amounts to KSEK - (507), and unrealized profit/loss amounted to KSEK -12,824 (5,952). Operating expenses amounted to KSEK 16,674 (14,483).

Financial items
Financial items net totaled KSEK -7,235 (-3,890) for the year. The net interest income amounted to KSEK -1,809 (-2,130). Exchange rate profit/loss amounted to KSEK -5,426 (-1,760).

Tax and net profit
The Group's profit/loss after financial items for the year amounted to KSEK 18,488 (40,696). Income taxes amounted to KSEK 0 (0). Net profit/loss after tax amounted to KSEK 18,488 (40,696). Earnings per share were SEK 1.45 (2.91).

Private Equity Fund Investments
During the year, net repayments from private equity funds amounted to KSEK 4,517 (153,532) whereof KSEK 40,274 (137,570) is realized gains. As of December 31, 2018, Private equity fund investments amounted to KSEK 406,861 (357,780).

Other investments
During the fourth quarter, NAXS acquired 25,437 additional shares in Scout Gaming Group in a new share issue for a total amount of KSEK 1,196. As of December 31, 2018, NAXS held 375,437 shares in Scout Gaming Group. The shares are listed on NASDAQ First North and NAXS's holding was valued at KSEK 11,526 (13,930).
During the fourth quarter, NAXS acquired 12,741 additional shares in Awilco Drillling PLC on the market for a total amount of KSEK 481. As of December 31, 2018, NAXS held 733,345 shares in Awilco Drillling PLC. The shares are listed on listed on the Oslo Stock Exchange and NAXS's holding was valued at KSEK 21,036 (-).
In addition, NAXS held as of December 23, 2018, a senior secured bond issued by Jacktel AS, a wholly-owned subsidiary of Mater Marine AS, valued at KSEK 24,222 (-).
As of December 31, 2018, Other Investments amounted to KSEK 56,784 (13,930).

Cash flow and financial position
Cash flow amounted to KSEK -188,036 (65,832). Adjustment for non-cash items amounted to KSEK 4,978 (77,265). It consists mainly of reversed value changes on exited portfolio companies. Cash flow from operating activities amounted to KSEK 23,625 (118,084).

Financing
The Group is financed with shareholders' equity. Shareholders' equity amounted to KSEK 736,371 (820,567) at the end of the year, corresponding to SEK 61.81 (60.17) per share and an equity/asset ratio of 100 (100) percent. Repurchases of own shares amounted to 88,408 (60,234) and dividend to shareholders for the financial year 2017 amounted to KSEK 32,209 (-) corresponding to SEK 2.53 (-) per share.

Net cash
At the end of the year, net cash amounted to KSEK 261,444 (449,671), which corresponds to SEK 21.94 (32.97) 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.

Future prospects
We expect that the financial markets will continue to experience volatility, at least in the short term. How this volatility might affect the private equity industry, in particular whether asset valuations will be materially affected, is difficult to foresee. In any event, we believe that, with in excess of 35% of cash on its balance sheet, NAXS will be well-positioned to seize potential investment opportunities.

Significant risks and uncertainty factors
The Company's business, financial condition and results could be impacted by a number of risk factors.
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 fund.
Up to forty percent of NAXS's net asset value may be invested in any securities or assets in any jurisdiction.
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 depend 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 22.

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 16,525 (9,792). During the year, dividend from subsidiaries amounting to KSEK 20,675 (14,466) was received. The net interest income amounted to KSEK -806 (-1,160) and exchange rate profit/loss amounted to KSEK 1,016 (689). Income tax amounted to KSEK 0 (0). The net profit/loss amounted to KSEK 16,525 (9,792).

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. 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 to describe how the company applied the Code during the fiscal year 2018. The corporate governance report is reviewed by the auditors in accordance with the Annual Accounts Act.

Articles of association
The Company's name is NAXS AB (publ) and it has its registered office in the municipality of Stockholm.
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.

Ownership structure
The share capital of the Company amounted as of December 31, 2018 to SEK 750 000 divided into 12,219,430 shares.
The number of outstanding shares in the Company at the beginning of the year was 13,637,387. During the year 1,723,126 shares were repurchased. The number of outstanding shares in the Company at the end of the year was 11,914,261.
In June and August, the company cancelled 491,761 and 1,355,340 repurchased shares. Prior to such cancellations, there was a total of 14,066,531 shares and voting rights in NAXS. The number of shares and voting rights decreased by a total of 1,847,101 shares through the two share cancellations, further to which a total of 12,219,430 shares and voting rights remained.
The Company holds 305,169 own shares. Each share has one vote. The Company's shares are registered with Euroclear Sweden AB. The quota value per share is SEK 0.06. The shares are traded on NASDAQ Stockholm.

Largest shareholders as at 31 December 2018, according to Euroclear Sweden AB

Owner	No of shares	Votes and equity in %
QVT Financial LP	6,991,993	58.7
Tardus Intressenter AB	739,219	6.2
Tompkins Square Park SARL	600,000	5.0
Other	3,583.049	30.1
Total	**11,914,261**	**100.0**

AGM 2018
At the AGM on June 5, 2018, 6 shareholders were registered, representing 55,9 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 2017 and to grant the Board and CEO relief from liability in respect of the 2017 management;
- in accordance with the board's proposal that, the funds at the meeting's disposal shall be allocated as dividends to the shareholders of SEK 2.53 per share and that the company's remaining unrestricted equity shall be carried forward;
- re-elect John D. Chapman, Tony Gardner-Hillman, Damhnait Ni Chinneide and Andrew Wignall as Board members, and re-elect John D. Chapman as Chairman of the Board;
- allocate to the Board a total annual fixed fee of SEK 753,750, with SEK 258,750 allocated to the Chairman and SEK 165,000 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 2019 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 reduce the share capital and resolve on bonus issue.

Extraordinary General Meeting on August 30, 2018
At the Extraordinary General Meeting of August 30, 2018, 5 shareholders were represented, representing 57.7 percent of the total number of issued shares. At the meeting it was resolved to;

- reduce the share capital and on a bonus issue in accordance with the Board's proposal.

Nomination Committee
The Nomination Committee consists of Meg Eisner, representing QVT Fund LP, Amaury de Poret representing himself, 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 2018 regarding the principles for appointing the Nomination Committee for the AGM 2019
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 2019
The next Annual General Meeting of shareholders in the Company will be held on June 4, 2019, 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, Damhnait Ni Chinneide, and Andrew Wignall, who all were re-elected at the 2018 Annual General Meeting.

Further information regarding the directors 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 was born on March 31, 1956. Mr. Chapman is United States citizen and resides in the United States.

- Shareholding in the Company: 0
- Attendance at board meetings: 10 of 12
- John D. Chapman is independent of the Company. He is a nominee of the Company's largest shareholder.

Damhnait Ni Chinneide, director

Damhnait graduated with a BA in Finance from National University of Ireland in 1995 and a Masters in Financial Services from University College Dublin in 1996. Upon graduation Damhnait joined JPMorgan's graduate program in London where she spent 8 years. As a Vice President in the UK foreign exchange derivatives sales team she focused on advising hedge funds, institutional and corporate clients on risk management solutions. In 2003 Damhnait joined Lee Overlay Partners in Dublin and as Head of Portfolio Management she was involved in business development and in the establishment and development of a currency (UCITS) fund. In 2010 Damhnait joined the global head office of Pioneer Investments in Dublin where as a member of the client reporting and sales team she oversaw a number of change and efficiency programs for the firms Dublin RFP process. Mrs. Ni Chinneide was born on March 18, 1974. Mrs. Ni Chinneide is Irish citizen and resident in France.

- Shareholding in the Company: 0
- Attendance at board meetings: 11 of 12
- Damhnait Ni Chinneide is independent of the Company. She 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 was born on October 9, 1956. Mr. Gardner-Hillman is a British citizen and resident in Jersey.

- Shareholding in the Company: 0
- Attendance at board meetings: 10 of 12
- 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 was born on May 11, 1964. Mr. Wignall is a British citizen and resident in Jersey.

- Shareholding in the Company: 0
- Attendance at board meetings: 11 of 12
- 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 the Group management 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 2018
During the fiscal year 2018, the Board of NAXS held 12 meetings. 11 of the meetings was 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 2018 included financing issues, investment issues, share repurchase issues, distribution issues and the Group's future structure.

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 2018, 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.
Mr. Svantesson's shareholding in the Company is 32,128 shares, whereof 22,128 through a wholly owned company and 10,000 through pension insurance.
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 2019, and the next election is thus to take place at the 2019 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 2018 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 2018, the Board of Directors receive annual fees amounting to a total of 753,750 SEK. The Chairman receive 258,750 SEK, while the other members of the Board receive 165,000 SEK each. The board members are appointed for a period running until the 2019 AGM. For more information on compensation paid to the Board and senior executives, see Note 5, 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 2018 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 2018. 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 2018.

Internal control of financial reporting

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 are conducted 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	93 857 133
Net profit for the year	16 525 092
Total	688 088 172

The Board of Directors intends to make the level of the dividend to be proposed for the fiscal year 2018 dependent on the amount that may be distributed under the form of share repurchases during the first quarter of 2019.

The Board of Directors proposes a dividend of maximum SEK 2.80/share for the fiscal year 2018, corresponding to SEK 33,359,931 at December 31, 2018. The actual level of the dividend will be set as the difference between SEK 33,359,931 and the amount that has been distributed under the form of share repurchases during the period between January 1 and March 31, 2019. The Board of Directors will announce the level of the proposed dividend ahead of the publication of the notice of the 2019 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	2018	2017
Change in value	3	42 397	59 069
Operating costs	4	-14 821	-12 735
Cost for personnel	5	-1 853	-1 748
Operating profit		25 723	44 586
Financial items			
Financial income	7	7	-
Financial expenses	8	-7 242	-3 890
Net Financial items		-7 235	-3 890
Profit after financial items		18 488	40 696
Income taxes	13	-	-
Net profit		18 488	40 696
Attributable to:			
Equity holders of the parent company		18 488	40 696
Earnings per share, SEK		1,45	2,91

Consolidated statement of comprehensive income

Amounts in SEK 000s

	2018	2017
Net profit	18 488	40 696
Other comprehensive income		
Items which have been or will be re-booked to the income statement		
Translation differences for the year from translation of foreign operations	17 933	-1 711
Total other comprehensive income for the year	17 933	-1 711
Total comprehensive income for the year	36 421	38 985
Attributable to:		
Equity holders of the parent company	36 421	38 985
Net profit	36 421	38 985

Consolidated balance sheet

Amounts in SEK 000s

	Note	2018-12-31	2017-12-31
Assets			
Private equity fund investments	10	406 861	357 780
Other long-term holdings of securities	11	56 784	13 930
Total non-current assets		463 645	371 710
Other current receivables	14	12 257	88
Prepaid expenses and accrued income	15	73	73
Cash and cash equivalents		261 444	449 671
Total current assets		273 774	449 832
Total assets		737 419	821 542
Equity	16		
Share capital		750	750
Other capital contribution		577 706	577 706
Reserves		19 955	2 022
Retained earnings		137 960	240 089
Equity attributable to equity holders of the parent company		736 371	820 567
Total equity		736 371	820 567
Current liabilities			
Accounts payable		1	8
Other current liabilities		75	34
Accrued expenses and deferred income	17	972	933
Total liabilities		1 048	975
Total equity and liabilities		737 419	821 542

Consolidated statement of changes in equity

Amounts in SEK 000s

	Equity attributable to shareholders of the Parent Company				
	Share capital	Other contri-buted capital	Trans-lation reserve	Retained earnings, incl. profit/ loss for the year	**Total equity**
Opening equity 2017-01-01	750	577 706	3 733	259 627	841 816
Total comprehensive income					
Net profit for the year				40 696	40 696
Other comprehensive income for the year			-1 711		-1 711
Total comprehensive income for the year	-	-	-1 711	40 696	38 985
Transfer of quota value upon withdrawal of repurchased shares	-47			47	0
Bonus issue	47			-47	0
Transactions with the Group's owners					
Value transfers to owners					
Repurchases of own shares				-60 234	-60 234
Total value transfers to owners	-	-	-	-60 234	-60 234
Total transactions with the Group's owners for the year	-	-	-	-60 234	-60 234
Closing equity 2017-12-31	750	577 706	2 022	240 089	820 567

	Equity attributable to shareholders of the Parent Company				
	Share capital	Other contri-buted capital	Trans-lation reserve	Retained earnings, incl. profit/loss for the year	**Total equity**
Opening equity 2018-01-01	750	577 706	2 022	240 089	820 567
Total comprehensive income					
Net profit for the year				18 488	18 488
Other comprehensive income for the year			17 933		17 933
Total comprehensive income for the year	-	-	17 933	18 488	36 421
Transfer of quota value upon withdrawal of repurchased shares	-101			101	0
Bonus issue	101			-101	0
Transactions with the Group's owners					
Value transfers to owners					
Dividend				-32 209	-32 209
Repurchases of own shares				-88 408	-88 408
Total value transfers to owners for the year	-	-	-	-120 617	-120 617
Total transactions with the Group's owners	-	-	-	-120 617	-120 617
Closing equity 2018-12-31	750	577 706	19 955	137 960	736 371

Consolidated statement of cash flows

Amounts in SEK 000s

	Note 19	2018-12-31	2017-12-31
Operating activities			
Profit after financial items		18 488	40 696
Adjustment for non-cash items, etc.		4 978	77 265
		23 466	117 961
Income tax, paid		-	-
Cash flow from operating activities before changes in working capital		23 466	117 961
Increase (-)/decrease (+) in operating receivables		-12 170	-82
Increase (-)/decrease (+) in operating liabilities		59	205
Cash flow from operating activities		11 355	118 084
Investing activities			
Acquisitions of private equity fund investments		-94 857	-26 082
Repayments of private equity fund investments		71 449	42 044
Increase of other long-term holdings of securities		-55 366	-7 980
Cash flow from investing activities		-78 774	7 982
Financing activities			
Repurchase of own shares		-88 408	-60 234
Dividend		-32 209	-
Cash flow from financing activities		-120 617	-60 234
Cash flow during the year		-188 036	65 832
Cash and cash equivalents, beginning of the year		449 671	383 807
Exchange-rate differences in cash and cash equivalents		-191	32
Cash and cash equivalents at the end of the year		261 444	449 671

Parent company income statement

Amounts in SEK 000s

	Not	2018	2017
Operating costs	4	-2 751	-2 795
Cost for personnel	5	-1 609	-1 408
Operating loss		-4 360	-4 203
Financial items			
Result from shares in group companies	6	20 675	14 466
Financial income	7	1 249	894
Financial expenses	8	-1 039	-1 365
Profit/loss after financial items		16 525	9 792
Income taxes	13	-	-
Net profit/loss for the year		16 525	9 792

Parent company statement of comprehensive income

Amounts in SEK 000s

	2018	2017
Net profit	16 525	9 792
Total comprehensive income for the year	16 525	9 792

Parent company balance sheet

Amounts in SEK 000s

	Not	2018-12-31	2017-12-31
Assets			
Non-current assets			
Financial assets			
Shares in group companies	9	481 802	481 802
Receivables from Group companies	12	26 328	25 312
Total financial assets		508 130	507 114
Total non-current assets		508 130	507 114
Current assets			
Receivables from group companies			
Other current receivables		59	88
Prepaid expenses and accrued income	14	73	73
Total current assets		132	161
Cash and cash equivalents		181 203	286 330
Total current assets		181 335	286 491
Total assets		689 465	793 605
Shareholder's equity and liabilities			
Equity	16		
Restricted			
Share capital		750	750
Total restricted equity		750	750
Non-restricted			
Share premium reserve		577 706	577 706
Retained earnings		93 857	204 682
Earnings for the year		16 525	9 792
Total non-restricted equity		688 088	792 180
Total equity		688 838	792 930
Current liabilities			
Accounts payable		1	8
Liabilities to group companies		100	100
Other current liabilities		75	34
Accrued expenses and deferred income	17	451	533
Total current liabilities		627	675
Total equity and liabilities		689 465	793 605

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 equity 2017-01-01	750	577 706	117 350	147 566	843 372
Total comprehensive income					
Profit for the year				9 792	9 792
Total comprehensive income for the year	-	-	-	9 792	9 792
Appropriations of profits			147 566	-147 566	
Transfer of quota value upon withdrawal of repurchased shares	-47		47		0
Bonus issue	47		-47		0
Repurchases of own shares			-60 234		-60 234
Closing equity 2017-12-31	750	577 706	204 682	9 792	792 930

	Restricted equity	Unrestricted equity			
	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	**Total equity**
Opening equity 2018-01-01	750	577 706	204 682	9 792	792 930
Total comprehensive income					
Profit for the year				16 525	16 525
Total comprehensive income for the year				16 525	16 525
Appropriations of profits			9 792	-9 792	0
Transfer of quota value upon withdrawal of repurchased shares	-101		101		0
Bonus issue	101		-101		0
Dividend			-32 209		-32 209
Repurchases of own shares			-88 408		-88 408
Closing equity 2018-12-31	750	577 706	93 857	16 525	688 838

Parent company statement of cash flows

Amounts in SEK 000s

	Note 19	2018	2017
Operating activities			
Profit after financial items		16 525	9 792
Adjustment for non-cash items, etc.		-1 016	-688
Cash flow from operating activities before changes in working capital		15 509	9 104
Increase (-)/decrease (+) in operating receivables		28	-83
Increase (-)/decrease (+) in operating liabilities		-47	103
Cash flow from operating activities		15 490	9 124
Financing activities			
Repurchase of own shares		-88 408	-60 234
Dividend		-32 209	-
Cash flow from financing activities		-120 617	-60 234
Cash flow during the year		-105 127	-51 110
Cash and cash equivalents, beginning of the year		286 330	337 440
Cash and cash equivalents, end of the year		181 203	286 330

Notes to the financial statements

Note 1 Accounting policies

Corporate information
The consolidated financial statements of NAXS AB (publ) ("NAXS", the "Group" or the "Company") for 2018 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 4, 2019. 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 accounting principles
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 rules
The 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 2018. As of January 1, 2018, IFRS 9 Financial Instruments, as described below, is applied.
IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains a model for the classification and valuation of financial instruments, a forward-looking impairment model for financial assets and a substantially revised approach to hedge accounting.
Classification and valuation of financial assets based on debt instruments are based on the business model applied for the management of the financial asset and the instrument's contractual cash flows. For equity instruments, the classification is fair value through the income statement. Except for certain changes in terminologies, the changes have not had any impact on the valuation of NAXS financial assets.

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 16 Leases replace, as from 2019, existing IFRS related to the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining whether an agreement contains a lease. The Group has provisionally decided that IFRS 16 is not to be applied in advance. IFRS 16 primarily affects leasers and the main effect is that all leases that are recognized as operating leases in accordance with current principles are reported in a manner similar to the current accounting of financial leases.
This means that even for operational leases, asset and liability need to be reported, including accounting for depreciation and interest costs, as opposed to current principles under which no leased asset and related liabilities are recognized, and leasing fees are reclassified on a straight-line basis as leasing costs.
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 comprise the Parent Company and subsidiaries:
subsidiaries are companies that are under a controlling influence from NAXS AB. When assessing whether controlling influence exists, consideration is given to both influence and influence on returns and partly whether de facto control exists. Subsidiaries are reported according to the acquisition method. For more information, see Note 9, Shares in Group companies.
When preparing the consolidated financial statements, intra-group transactions and transactions are eliminated and profits from transactions with associated companies are reported using the equity method.

Financial instruments
As of 2018, IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement.
Financial instruments that NAXS reports in the balance sheet include, on the asset side, cash and cash equivalents, private equity fund investments and other financial investments. Liabilities include accounts payable. Only the categories that are relevant to the group are described below.
Financial assets
As of 2018, the Group classifies its financial assets in the following categories: Amortized cost (Hold to collect) and Fair value through the income statement (Other). Classification and valuation of financial assets based on debt instruments is based on the business model applied for the management of the financial asset and the instrument's contractual cash flows.
Accrued acquisition value (Hold to collect)
Assets classified as "Hold to collect" are financial assets that are held for the purpose of collecting contractual cash flows and where these cash flows consist solely of capital amounts and interest. This category includes cash and cash equivalents.
Fair value through the income statement (Other)
Financial assets in this category "Other" are assets that do not meet the requirements for being recognized at amortized cost or fair value through other comprehensive income. This group includes investments in private equity funds (known as buyout funds) and Other long-term holdings of securities. 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 and Other long-term holdings of securities 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.

Accounting and removal from the balance sheet

Purchases and sales of financial assets are reported on the business day, the date on which the Group commits to buy or sell the asset. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred virtually all risks and benefits associated with ownership.

Valuation

Financial assets are initially measured at fair value plus, in cases where the asset is not recognized at fair value through the income statement, transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets recognized at fair value through profit or loss are expensed directly in the income statement.
Financial assets with embedded derivatives are regarded as a unit when an assessment is to be made if the cash flows from the asset consist solely of principal amounts and interest.

Investments in debt instruments

Subsequent valuation of investments in debt instruments depends on the Group's business model for managing the asset and what kind of cash flows the asset gives rise to. The Group classifies its investments in debt instruments in two valuation categories:
Amortized cost: Assets held for the purpose of collecting contractual cash flows and where these cash flows consist solely of capital amounts and interest, are reported at amortized cost. Interest income from such financial assets is reported as financial income by applying the effective interest method. Gains and losses arising from derecognition from the balance sheet are recognized directly in profit or loss within other gains and losses together with the exchange rate result. Impairment losses are reported on a separate line in the income statement.
Fair value through the income statement: Assets that do not meet the requirements for being recognized at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument that is reported at fair value through the income statement and which is not included in a hedging relationship is reported net in the income statement in the period when the gain or loss arises.

Financial liabilities valued at amortized cost

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.

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 in note 26 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.

Note 2 Important estimates and assessments
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. 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.

Note 3 Changes in value

	Group	
TSEK	2018	2017
Changes in value of private equity fund investments		
Realized profits	40 274	137 570
Value change on fund holdings	6 029	-95 705
Unrealized exchange rate fluctuations	7 295	10 745
	53 598	52 610
Of which changes in value determined through valuation techniques	6 029	-95 705
Of which changes in value caused by exchange rate changes	7 295	10 745
Changes in value in other long-term holdings of securities		
Dividends	1 232	-
Interest income	391	-
Realized profits	-	507
Unrealized value changes	-12 824	5 952
	-11 201	6 459
Of which changes in value determined on an active market	-12 824	5 952
Total reported changes in value	42 397	59 069

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 4 Other external expenses

	Group		Parent Company	
TSEK	2018	2017	2018	2017
Remuneration to the investment advisor	6 984	8 541	-	-
Carried interest to the investment advisor	4 778	1 157	-	-
Other consulting fees	2 245	1 815	2 063	1 586
Other expenses	814	1 222	688	1 209
Totalt	14 821	12 735	2 751	2 795

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

	Group		Parent Company	
TSEK	2018	2017	2018	2017
Ernst & Young AB				
Auditing	487	514	363	380
Auditing in addition to the audit assignment	22	41	22	-
Tax Advice	-	-	-	-
Other Services	-	-	-	-
Total remuneration to auditors	509	555	385	380

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 5 Employees and personnel expenses

	Group		Parent Company	
KSEK	2018		2017	
Average number of employees	Män	Kvinnor	Män	Kvinnor
Sweden				
Parent Company	1	-	1	-
Denmark	-	-	-	-
Norway	-	-	-	-
Total	1	-	1	-

	2018		2017	
Salaries and remuneration to the Board and CEO	Board and CEO	Variable remune-ration	Board and CEO	Variable remune-ration
Sweden				
Parent Company	1 404	-	1 230	-
Denmark	261		313	
Norway	-	-	-	-
Total	1 665	-	1 543	-

Salaries, remuneration and social security costs

	Group		Parent Company	
KSEK	2018	2017	2018	2017
Salaries and other remuneration	1 665	1 543	1 404	1 230
Contractual pensions for the Board and CEO	-	-	-	-
Contractual pensions to others	-	-	-	-
Other social security costs	187	201	204	174
Total	1 852	1 744	1 608	1 404

Note 5 (continued)

	Group		Parent Company	
Proportion of men	2018	2017	2018	2017
Board of Directors	86%	75%	75%	75%
Group Management	100%	100%	100%	100%

	Parent Company	
	2018	2017
Remuneration and other benefits during the year	Base salary/ board renu-meration	Base salary/ board renu-meration
John D. Chapman	259	245
Tony Gardner-Hillman	165	159
Damhnait Ni Chinneide	165	96
Andrew Wignall	165	159
Lennart Svantesson	550	529
Other senior executives (0 people)	-	-
Total	1 304	1 188

The aggregate remuneration for the directors for the period until the AGM in 2018 amounted to KSEK 754 including KSEK 259 for the Chairman. The aggregate remuneration for the directors for the period until the AGM in 2019 amounted to KSEK 754 including KSEK 259 for the Chairman. The Group also includes KSEK 261 in directors' fees for the Chairman and one director of the Danish subsidiary, who is not member 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 fixed annual salary. The variable compensation amounted to KSEK 100 (43).

Note 6 Result from shares in Group companies

	Parent Company	
KSEK	2018	2017
Dividend	20 675	14 466
Total	20 675	14 466

Note 7 Interest income and similar items

	Group		Parent Company	
KSEK	2018	2017	2018	2017
Interest income				
Group companies	-	-	233	205
Accounts receivables and loan receivables	7	-	-	-
Net exchange-rate changes	-	-	1 016	689
Total	7	-	1 249	894

Note 8 Financial expenses

	Group		Parent Company	
KSEK	2018	2017	2018	2017
Interest expenses	-1 816	-2 130	-1 039	-1 365
Net exchange-rate changes	-5 426	-1 760	-	-
Total	-7 242	-3 890	-1 039	-1 365

Note 9 Participation in Group companies

	Parent Company	
KSEK	2018-12-31	2017-12-31
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	Book value 2018-12-31
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 10 Private equity fund investments

	Group	
KSEK	2018-12-31	2017-12-31
Unlisted holdings measured at fair value	406 861	357 780
Total	406 861	357 780
Private equity funds		
Opening balance	357 780	458 701
Investments	70 507	25 167
Distributions	-87 374	-179 613
Reported profit through profit and loss	53 598	52 610
Exchange rate differences	12 350	915
Reported valuation at year end	406 861	357 780

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.
For investment commitments see Note 23, last paragraph.

Note 11 Other long-term holdings of securities

	Group	
KSEK	2018-12-31	2017-12-31
Listed holdings measured at fair value	32 562	13 930
Unlisted holdings measured at fair value	24 222	-
Total	56 784	13 930

Other long-term holdings of securities		
Opening balance	13 930	-
Investments	55 366	9 820
Distributions	-	-2 349
Unrealized changes in value	-12 824	6 459
Exchange rate differences	312	-
Reported value at year end	56 784	13 930

Note 12 Receivables from Group companies

	Parent Company	
KSEK	2018-12-31	2017-12-31
Opening balance	25 312	24 624
Change during the year	1 016	688
Reported value at year end	26 328	25 312

Not 13 Taxes

	Group		Parent Company	
KSEK	2017	2016	2017	2016
Current tax				
Tax expenses for the year	-	-	-	-
	-	-	-	-
Deferred tax				
Deferred tax on revaluation of the carrying amount of deferred tax assets	-	-	-	-
Total reported tax	-	-	-	-

	Group		Parent Company	
Reconciliation of actual tax	Tax-rate %	2018	Tax-rate %	2018
Profit before tax		18 488		16 525
Tax according to applicable tax rate	22,0%	-4 067	22,0%	-3 636
Effect of other tax rates for foreign subsidiaries	0,0%	-5	0,0%	-
Tax effect of non-taxable income	-111,1%	20 531	-27,5%	4 548
Tax effect of non-deductible expenses	54,4%	-10 054	0,0%	-7
Loss that cannot be utilized	34,6%	-6 405	5,5%	-905
Reported tax	0%	0	0,0%	0

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.

Note 13 (continued)

	Group		Parent Company	
Reconciliation of actual tax	Tax-rate %	2017	Tax-rate %	2017
Profit before tax		40 696		9 792
Tax according to applicable tax rate	22,0%	-8 953	22,0%	-2 154
Effect of other tax rates for foreign subsidiaries	0,1%	-31	0,0%	-
Tax effect of non-taxable income	-62,7%	25 478	-32,5%	3 183
Tax effect of non-deductible expenses	31,0%	-12 599	0,0%	-4
Loss that cannot be utilized	9,6%	-3 895	10,5%	-1 025
Reported tax	0%	0	0,0%	0

Unrecognized deferred tax assets

	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Attributable to tax losses		6 821		2 489
		6 821		2 489

The tax losses are attributable to the Swedish and Norwegian operations which are not expected to be utilized in the future. The deficits have no time limit.

Note 14 Other current receivables

	Group		Parent Company	
KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Receivables on funds	12 198	-	-	-
Other current receivables	59	88	59	88
Total	12 257	88	73	88

Note 15 Prepaid expenses and accrued income

	Group		Parent Company	
KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Prepaid insurances	18	18	18	18
Other prepaid expenses	55	55	55	55
Total	73	73	73	73

Note 16 Equity

Group
Share capital in the Parent Company.
The share capital amounted as of December 31, 2018 to SEK 750 000 divided into 12,219,430 shares.
In June and August, the company cancelled 491,761 and 1,355,340 repurchased shares. Prior to such cancellations, there was a total of 14,066,531 shares and voting rights in NAXS. The number of shares and voting rights decreased by a total of 1,847,101 shares through the two share cancellations. Following completion of the share cancellations, the total number of shares and voting rights in NAXS was 12,219,430.
The number of outstanding shares in the Company at the beginning of the year was 13,637,387. During the year 1,723,126 shares were repurchased. The number of outstanding shares in the Company at the end of the year was 11,914,261.
The Company holds 305,169 own shares. Each share has one vote. The quota is SEK 0.06 per share.

Note 16 (continued)

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

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 2018, see the proposal for appropriation of earnings in note 23. In addition, the Board of Directors proposes to the Annual General Meeting to vote on a continued share repurchase mandate.

Earnings per share

	Group	
	2018	2017
Net profit attributable to equity holders in the parent company	18 488	40 696
Weighted average number of shares outstanding during the year, thousands	12 750	14 004
Profit per share (basic and diluted), SEK	1,45	2,91

Capital management
NAXS is financed with equity.

Note 17 Accrued expenses and prepaid revenues

	Group		Parent Company	
KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Accrued Board fee	283	468	185	265
Accrued social security contributions	46	44	46	28
Accrued profit sharing with the investment adviser	393	180	-	-
Other accrued expenses	250	241	220	240
Total	972	933	451	533

Other accrued expenses pertain primarily to accrued overheads.

Note 18 Pledged assets and contingent liabilities

	Group		Parent Company	
KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Pledged assets	None	None	None	None
Contingent liabilities	None	None	None	None

Note 19 Notes to cash flow statement

	Group		Parent Company	
KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Adjustment for non-cash items				
Change in value	-499	79 008	-	-
Unrealized exchange-rate differences	5 477	-1 743	-1 016	-688
Total	4 978	77 265	-1 016	-688

	Group		Parent Company	
	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Interest received	7	-	233	205
Interest paid	1 816	2 130	1 039	1 365

Note 20 Transactions with related parties

In addition to the remuneration of directors and board as described in Note 5 has as previous year no transactions with related parties occurred during the fiscal year. Other related parties are QVT Financial LP which holds 58.7 (51.3) % of the capital. Of the dividend decided by the Annual General Meeting, QVT Financial LP received TSEK 17,690 (-) in dividend.

Note 21 Cash and cash equivalents

	Group		Parent Company	
KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Cash and cash equivalents in cash flow statements				
Short-term investments equivalent to cash	-	-	-	-
Cash on hand and balances with banks	261 444	449 671	181 203	286 330
Total	261 444	449 671	181 203	286 330

Reconciliation with balance sheet

	Group		Parent Company	
KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Cash and cash equivalents	261 444	449 671	181 203	286 330
Total	261 444	449 671	181 203	286 330

Note 22 Financial assets and liabilities

KSEK	Group 2018				
Category	Hold to collect	Other		Total carrying amount	Fair value
Valuation	Amortized cost	Fair value through the income statement	Amortized cost		
Private equity fund investments	406 861			406 861	406 861
Other long-term holdings of securities	56 784			56 784	56 784
Cash and cash equivalents		261 444		261 444	261 444
Total financial assets	463 645	261 444		725 089	725 089
Accounts payable			1	1	1
Total financial liabilities			1	1	1

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

KSEK	Group 2017				
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	357 780			357 780	357 780
Other long-term holdings of securities	13 930			13 930	13 930
Cash and cash equivalents		449 671		449 671	449 671
Total financial assets	371 710	449 671		821 381	821 381
Accounts payable			8	8	8
Total financial liabilities			8	8	8

* 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, 2018, 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	-	-	406 861
Other long-term holdings of securities	56 784	-	-
Total assets	56 784	-	406 861

As at December 31, 2017, 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	-	-	357 780
Other long-term holdings of securities	13 930	-	-
Total assets	13 930	-	357 780

There are no significant liabilities measured at fair value.

Note 22 (continued)
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 53 (59) at year-end) 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 23 presents a sensitivity analysis of the Company's foreign exchange risk.

The following table shows the changes of instruments at level 3 in 2018.

	Funds valued at fair value	Total
Opening balance	357 780	357 780
Investments	70 507	70 507
Distributions	-87 374	-87 374
Gains and losses recognized in profit or loss	53 598	53 598
Exchange rate differences	12 350	12 350
Closing balance	406 861	406 861

The following table shows the changes of instruments at level 3 in 2017.

	Funds valued at fair value	Total
Opening balance	458 701	458 701
Investments	25 167	25 167
Distributions	-179 613	-179 613
Gains and losses recognized in profit or loss	52 610	52 610
Exchange rate differences	915	915
Closing balance	357 780	357 780

Note 23 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 ten private equity funds and one special situations fund. Moreover, the returns depend on the valuation of the portfolio companies at investment and divestment.

In addition to private equity fund investments, NAXS owned 375,437 shares in Scout Gaming Group (publ) at the balance sheet date, equivalent to 2.8% of the company. The Scout shares are listed on NASDAQ First North. NAXS also owned 733,345 shares in Awilco Drilling Plc corresponding to 1,5% of the company, a drilling rig operator based in the UK. Tthe shares in Awilco Drilling Plc are listed on the Oslo Stock Exchange. In addition, NAXS owned a senior covered bond issued by the Norwegian company Jackel AS, a wholly owned subsidiary of Master Marine AS, active in offshore accommodations. The bond is unlisted but traded unofficially.

At the end of 2018, NAXS had SEK 494 (451) million were committed to ten buyout funds and one special situations fund, which represents approximately 67% (55%) of NAXS's total equity.

The total exposure in private equity fund investments and other investments is shown below:

Total investments in private equity funds in thousands	*2018-12-31*	*2017-12-31*
Investments in private equity funds	406 861	357 780
Other long-term holdings of securities	56 784	13 930

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

Amounts in KSEK	*2018*	*2017*
Investments in private equity funds	+/-40 686	+/-35 778
Other long-term holdings of securities	+/-5 678	+/-1 393

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.

Note 23 (continued)
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	*2018*	*2017*
EUR	22 917	25 719
NOK	7 695	9 140
USD	4 234	-

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

Amounts in KSEK	*2018*	*2017*
EUR	+/-23 548	+/-25 332
NOK	+/-788	+/-915
USD	+/-3 798	-

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 130 percent of equity. 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.
Up to forty percent of NAXS's net asset value may be invested in any securities or assets in any jurisdiction. The total commitments at the end of 2018 amounted to 67 (55) percent of the equity. The remaining fund commitment at the year-end amounts to KSEK 87 (93).

Note 24 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	93 857 133
Net profit for the year	16 525 092
Total	688 088 172

The Board of Directors intends to make the dividend to be proposed for the fiscal year 2018 dependent on the amount that may be distributed under the form of share repurchases during the first quarter of 2019.
The Board of Directors intends to propose a dividend of maximum SEK 2.80/share for the fiscal year 2018, corresponding to SEK 33,359,931 at December 31, 2018. The actual level of the dividend will be set as the difference between SEK 33,359,931 and the amount that has been distributed under the form of share repurchases during the period between January 1 and March 31, 2019. The Board of Directors will announce the level of the proposed dividend ahead of the publication of the notice of the 2019 Annual General Meeting.
In addition, the Board of Directors proposes to the Annual General Meeting to vote on a continued share repurchase mandate.

Note 25 Events after the year-end
No significant events have occurred after the end of the fiscal year.

Note 26 Definitions
Buyout fund
A private equity fund, whose strategy is to acquire a controlling interest in the targeted companies
Cash & cash equivalents
Cash, bank and short-term investments
Cash per share
Cash & cash equivalents in relation to the number of outstanding shares at the end of the period
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 (NAV)
The fair value of total assets, less net debt (corresponds to equity)
Net asset value (NAV) per share
The fair value of total assets, less net debt (corresponds to equity) in relation to the number of outstanding shares at the end of the period
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
Other long-term holdings of securities/ Other investments
Investments in financial instruments other than private equity funds
Private equity fund investments
Fair value of investments in private equity funds
Profit per share
Profit for the year attributable to the Parent Company's shareholders divided by the average number of shares.

Note 26 (continued)

Special situations fund
A private equity fund, whose strategy is to acquire companies, where an active ownership is required, such as under-performing companies, and/or imply complex transactions, such as carve-outs from larger conglomerates.

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 and other investments
Private equity funds investments and remaining commitments to private equity funds, as well as other investments.

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 29, 2019
NAXS AB (publ), Corp. Reg. No. 556712-2972

John D. Chapman	Tony Gardner-Hillman	Damhnait Ni Chinneide
Chairman	*Director*	*Director*

Andrew Wignall	Lennart Svantesson
Director	*Chief Executive Officer*

Our Auditor's Report was submitted on January 29, 2019
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 22-30 for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 7-22 and 31-57 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 2018 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 2018 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 22-30. 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 and other financial assets 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 and other financial assets at fair value in level 3 in the balance sheet amounts to 464 million of the total assets of 737 million.

The accounting policies are presented in footnote 1 "företagsinformation", estimates and assessments are specified in footnote 2, and in footnote 10 "Fund units" and in footnote 11 "Other financial assets" information regarding revaluations. In footnote 22 "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.

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 1-6. 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 2018 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess 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 22-30 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 January 29th 2019

Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant