NAXS AB (publ)
Interim Report January-June 2017

First half-year 2017

- Net profit/loss for the first half-year amounted to MSEK 59,8 (45,2).
- Earnings per share amounted to SEK 4.14 (3.04).
- Net asset value amounted to MSEK 866 (SEK 61.55 per share) at June 30, 2017, compared to MSEK 842 (SEK 56.69 per share) at year-end 2016.
- Net cash amounted to MSEK 459 (SEK 32.61 per share) at June 30, 2017, compared to MSEK 384 (SEK 25.85 per share) at year-end 2016.

Second quarter 2017

- Net profit/loss for the quarter amounted to MSEK 49,2 (20,0).
- Earnings per share amounted to SEK 3.41 (1.35).

Comments by the CEO

NAXS delivered a robust performance during the first half-year of 2017, with the NAV/share growing by 8.6%.

Public markets continued to offer an attractive exit route for our managers during the second quarter, with 4 new listings and several share sell-downs for previously listed portfolio companies.

During the quarter, NAXS divested its entire stake in MIPS, which it had acquired in the initial public offering the company on Nasdaq Stockholm in March. This investment, which was one of the first made in accordance with NAXS' revised investment policy, generated a multiple on invested capital of 1.3x in under two months.

Lennart Svantesson

Financial summary

	2017 1/1–6/30	**2016** 1/1–6/30	**2017** 4/1–6/30	**2016** 4/1–6/30
Net profit/loss for the period, KSEK	59 828	45 208	49 246	20 014

	2017 06/30	**2016** 12/31
Private equity fund investments, KSEK	408 214	458 701
Private equity fund investments in % of equity	47	55
Remaining commitments, KSEK	99 851	58 444
Total exposure to private equity fund investments, KSEK	508 065	517 145
Net cash, KSEK	458 579	383 807
Private equity fund investments per share, SEK	29.03	30.89
Net cash per share, SEK	32.61	25.85
Net asset value per share, SEK	61.55	56.69
Share price, SEK	49.50	49.40

Operations

NAXS AB (publ) ("NAXS" or the "Company") is an investment company listed on NASDAQ Stockholm. NAXS primarily invests in private equity funds with a Nordic focus, but may also make direct investments or co-investments alongside private equity or other alternative assets funds. In addition, NAXS may, to a limited extent, make other types of investments.
Operations commenced on April 17, 2007, and the Company was listed on First North on May 14, 2007, where it traded until its change of listing to NASDAQ Stockholm on June 8, 2010.
NAXS is the Group's parent company and is headquartered in Stockholm. In addition to the parent company, the Group consists of an operational Danish subsidiary, NAXS A/S, headquartered in Copenhagen, and a Norwegian subsidiary, NAXS Nordic Access Buyout AS, headquartered in Oslo. The Danish subsidiary operates as the holding company for the Group's investments.
Naccess Partners AB has been contracted as the investment advisor to the Danish subsidiary.

Market review

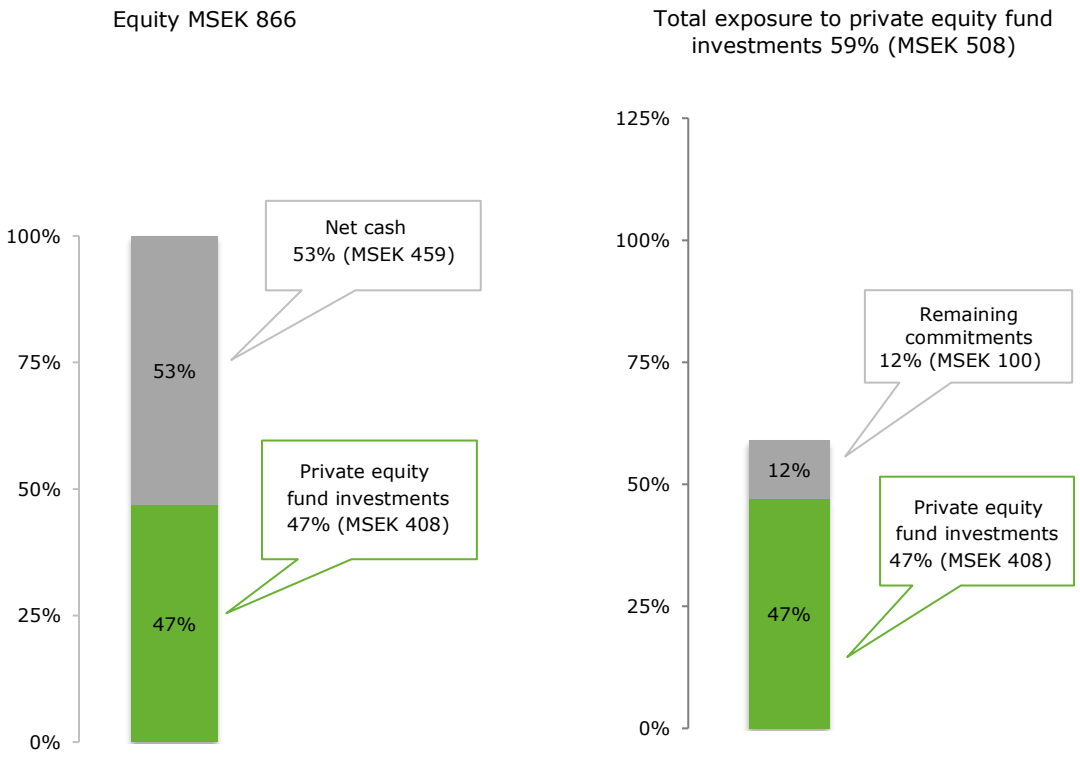
Private equity activity remained at a good level during the second quarter of the year. Initial public offerings continued the be the preferred exit route for many portfolio companies, while private equity managers took advantage from the strength of the public markets to sell-down stakes in previously listed portfolio companies or to fully exit them.

Fund portfolio

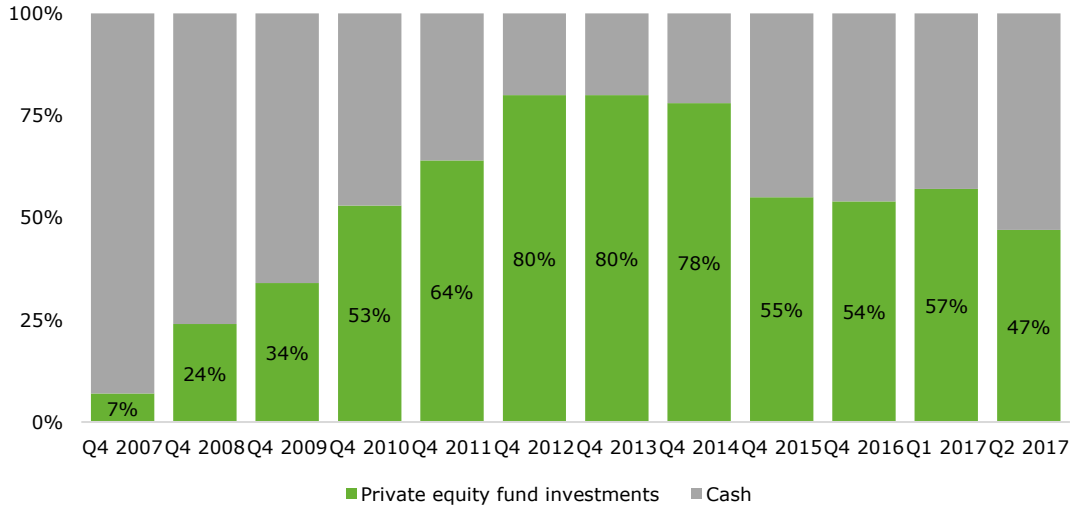
As of June 30, 2017, NAXS had commitments to 9 private equity funds (8 buyout funds and 1 special situations fund).
At the end of the second quarter:

- private equity fund investments amounted to MSEK 408, which corresponds to 47 percent of the Company's equity;
- remaining commitments amounted to MSEK 100;
- total exposure to private equity fund investments amounted to MSEK 508, which corresponds to 59 percent of the Company's equity.

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

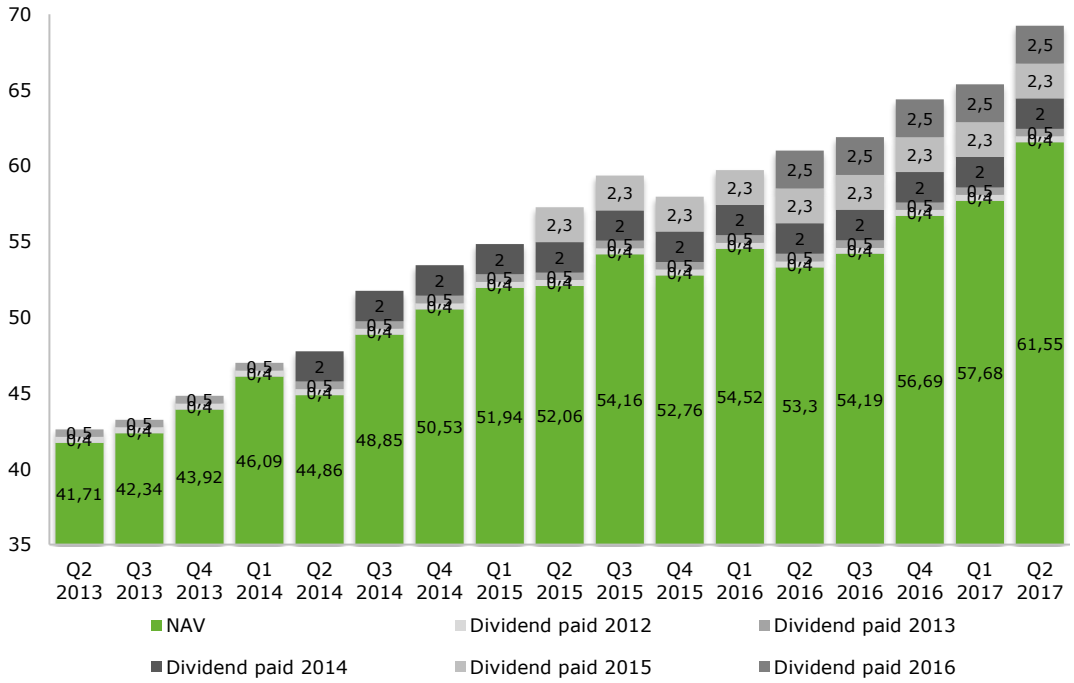


Evolution of private equity fund investments (in % of equity)



The net asset value (NAV) per share increased by 8.6% during the first half year of 2017, and by 15.5% over 12 months.

NAV per share in SEK



Acquisitions and liquidity events

Acquisitions
No new portfolio company was acquired during the quarter, although several add-on acquisitions were made.

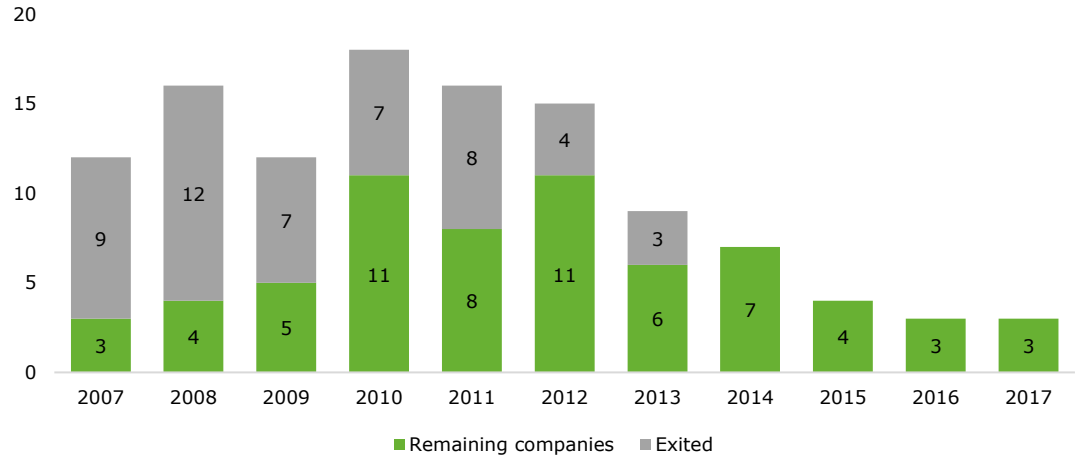
Liquidity events
NAXS divested during the second quarter its entire holding of 40,000 shares in MIPS AB, which were acquired in the IPO of the company in March.

Apax Europe VII sold during the quarter its remaining stake in Ascential, thereby fully exiting the company which it had listed on the London stock exchange in 2016, while FSN Capital signed an agreement for the divestment of the bakery chain Lagkagehuset.

Portfolio Company	Sector	Year of initial investment	Fund
Ascential	Business services	2008	Apax Europe VII
Lagkagehuset	Consumer goods & services	2008	FSN Capital III

As of June 30, 2017, NAXS underlying funds had acquired a total of 115 companies, 50 of which had been fully divested. These 50 exits have generated an average gross IRR of 23%. The average holding period for the remaining 65 portfolio companies is approx. 5.25 years.

No. of portfolio companies acquired per year



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	total
No of new portfolio companies	12	16	12	18	16	15	9	7	4	3	3	115
No of exits during the year				4		4	11	9	9	10	3	50
No of companies acquired in the year that are now fully exited	9	12	7	7	8	4	3					50

June 30, 2017

- Total exposure to private equity fund investments: 59% of total equity
- Private equity fund investments: 47% of total equity
- Number of full exits since inception: 50
- Average gross IRR generated by the 50 full exits since inception: 23%

Portfolio composition/diversification

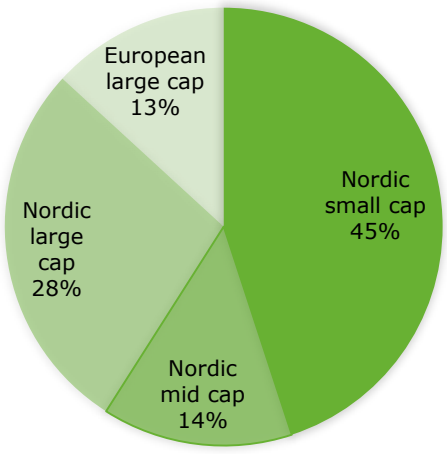
As of June 30, 2017, NAXS provided the following exposure:

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

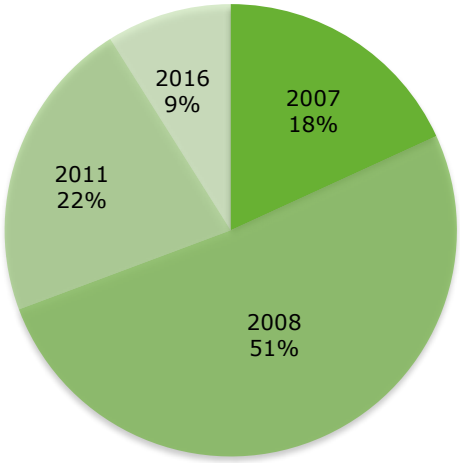
Fund	Commitment Year	Commitment Currency	Initial Commitment Amount (in 000s)
Apax Europe VII LP	2007	EUR	15,000
FSN Capital III LP	2008	EUR	10,000
Herkules Private Equity III LP	2008	NOK	40,000
Intera Fund I KY	2007	EUR	7,000
Intera Fund II KY	2011	EUR	7,250
Mimir Invest AB	2017	SEK	50,000
Nordic Capital Fund VII LP	2008	EUR	20,000
Valedo Partners Fund I AB	2007	SEK	60,000
Valedo Partners Fund II AB	2011	SEK	65,000

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

Size segment



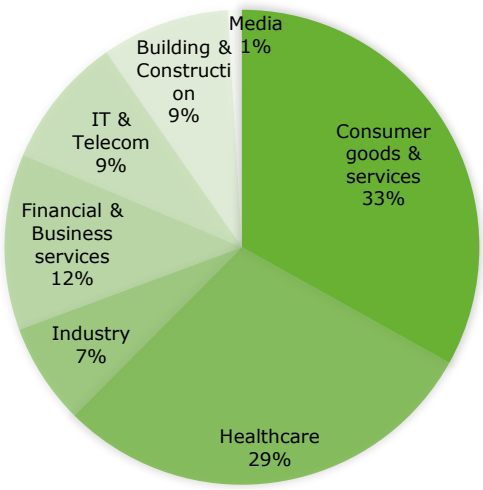
Vintage



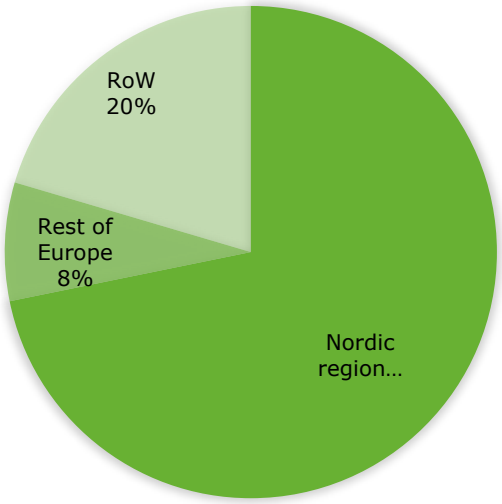
- 65 portfolio companies (remaining after 50 exits) acquired over a period of approx. 10 years, with the 10 largest holdings accounting for less than 25% of the total equity and no single portfolio company accounting for more than 4.5% of the total equity.

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

Sector



Geography



Underlying funds

Summary information regarding NAXS' underlying funds is provided below:

Fund	Fund size	Segment	Vintage	Geographic focus	# of portfolio companies	# of exits
Valedo I	MSEK 1,000	small cap	2007	Sweden	2	7
Intera I	MEUR 125	small cap	2007	Finland	3	4
Apax VII	MEUR 11,000	large cap	2008	Europe/Global	14	21
FSN III	MEUR 375	mid cap	2008	Norway/Nordic	4	6
Herkules III	MNOK 6,000	mid cap	2008	Norway/Nordic	5	6
Mimir Invest	<MSEK 500	small cap	2017	Sweden/Nordic	2	0
Nordic Capital VII	MEUR 4,300	mid/large cap	2008	Primarily Nordic	14	4
Intera II	MEUR 200	small cap	2011	Finland	11	1
Valedo II	MSEK 2,000	small cap	2011	Sweden	10	1

Group

Financial performance, Second quarter 2017

Operating profit

The operating profit amounted to KSEK 49,380 (20,521) for the quarter. The operating profit includes a change in value of KSEK 53,103 (23,890). Operating expenses amounted to KSEK 3,723 (3,369).

Financial performance, First half-year 2017

Operating profit/loss

The operating profit/loss amounted to KSEK 60,338 (46,684) for the first half-year. The operating profit/loss includes a change in value of private equity fund investments of KSEK 67,300 (53,066) whereof unrealized profit/loss amounts to KSEK -37 177 (28 116). The currency effects are included in the changes in value, and amounted to KSEK 2,834 (8,031) for the first half-year. Operating expenses amounted to KSEK 6,962 (6,382).

January 1 – June 30, 2017
Changes in value of private equity fund investments: KSEK 67,300, whereof currency effects on private equity fund investments KSEK 2,834.

Financial items

Financial items net totaled KSEK -510 (-1,476) for the first half-year. Interest expenses on cash in banks amounted to KSEK -932 (-762). Exchange rate profit/loss amounted to KSEK 422 (-714).

Tax and net profit

The Group's profit/loss after financial items for the first half-year amounted to KSEK 59,828 (45,208). Income taxes amounted to KSEK 0 (0). Net profit/loss after tax amounted to KSEK 59,828 (45,208). Earnings per share were SEK 4.14 (3.04).

Investments, financing and liquidity

Private Equity Fund Investments

During the first half-year, net repayments from private equity funds amounted to KSEK 117,789 (26,670) whereof KSEK 104,477 (24,950) is realized gains. As of June 30, 2017, private equity fund investments amounted to KSEK 408,212 (458,701). During the quarter, NAXS also divested the 40,000 shares in MIPS AB, which it had acquired in the initial public offering of the company in March. The total purchase price for the shares was KSEK 1,840 and the divestment generated a total amount of KSEK 2,396.

June 30, 2017
Private equity fund investments per share: SEK 29.03

Financing

The Group is financed with shareholders' equity. Shareholders' equity amounted to KSEK 865,640 (841,816 at the end of the interim period, corresponding to SEK 61.55 (56.69) per share and an equity/asset ratio of 100 (100) percent.

June 30, 2017
Equity per share: SEK 61.55

Net cash

At the end of the interim period, net cash amounted to KSEK 458,579 (383,807) which corresponds to SEK 32.61 (25.85) per share. During the first half-year, cash and cash equivalents were invested in interest-bearing instruments or held on interest-bearing bank accounts, in accordance with the Company's policy.

June 30, 2017
Net cash per share: SEK 32.61

Significant risks and uncertainty factors

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

Future prospects

While NAXS doesn't expect the fundamentals for the Nordic private market to change materially in the short to medium term, it remains to be seen whether the strength exhibited by the public markets in the first half of the year can be sustained.

Parent company

The parent company has not had any sales during the first half-year. The profit/loss after financial items amounted to KSEK 11,770 (-1,307). During the year, dividends from subsidiaries amounting to KSEK 14,466 (-) were received. The net interest income amounted to KSEK -601 (-225) and exchange rate profit/loss amounted to KSEK 268 (798). Income tax amounted to KSEK 0 (0). The net profit/loss amounted to KSEK 11,770 (-1,307).

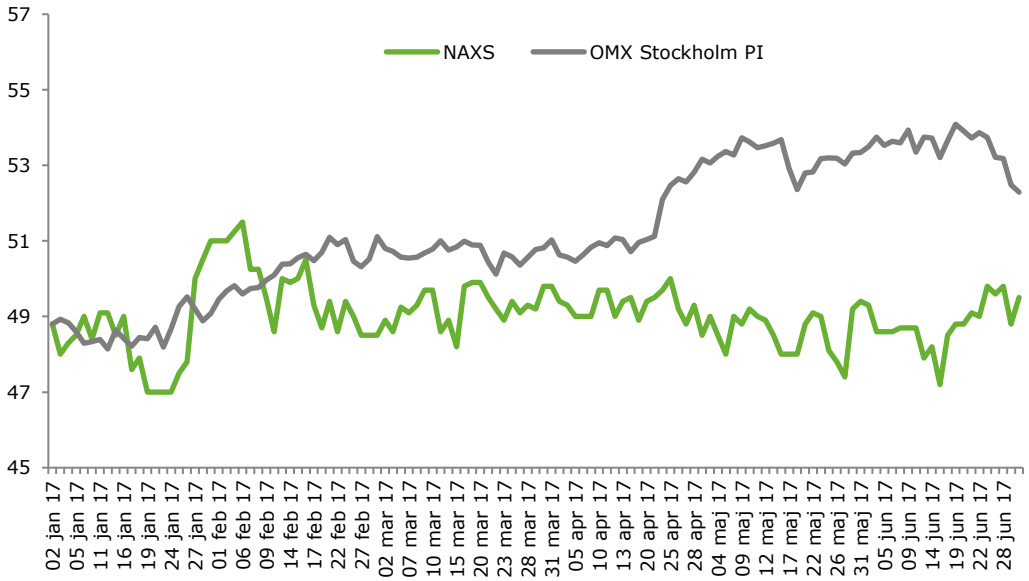
Organization

The Company's CEO is Lennart Svantesson. The Board of Directors consists of John D. Chapman (chairman), Tony Gardner-Hillman and Andrew Wignall, who were re-elected at the 2017 annual general meeting, as well as Damhnait Ni Chinneide, who was elected at the same annual general meeting.

The share

The NAXS share was initially listed on First North on May 14, 2007. Since June 8, 2010, the share is traded on NASDAQ Stockholm. The share trades under the designation "*NAXS*".
The number of outstanding shares in the Company at the beginning of the year was 14,848,302. During the interim period 934,815 shares were repurchased. The number of outstanding shares in the Company at the end of the interim period was 14,064,121.
In June, the company made a share cancellation of 933,469 repurchased shares. Prior to the cancellation of repurchased shares there were a total of 15,000,000 shares and voting rights in NAXS. The number of shares and voting rights decreased by 933,469 through the share cancellation. As of 30 June 2017, following completion of the share cancellation, the total number of shares and voting rights in NAXS was 14,066,531.
At the end of the interim period, the NAXS share price was SEK 49.50 and the total shareholders' equity per share was SEK 61.55. The Company's market capitalization was MSEK 696 and the number of shareholders was 1 010.

Evolution of the share price during first half-year 2017



Accounting principles

The condensed consolidated financial statements have been established in accordance with the International Financial Reporting Standards (IFRS), as recognized by the EU. This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Reporting legislation.
The accounting principles applied in this report are described in the Annual Report 2016. The Parent Company follows the Swedish Annual Reporting legislation and the Swedish Financial Reporting Board RFR 2 for legal entities, which provides that the IFRS principles shall apply.

Alternative performance measures

The definitions for the net asset value, net cash/net debt and gross IRR performance measures are provided in the 2016 Annual Report and in the definitions on page 19 of this report. The equity ratio is defined as equity in relation to total assets. These alternative performance measures are essential for the understanding and evaluation of NAXS's business.

Financial information

Interim Report (9 months): October 20, 2017

Contact persons

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

Ticker codes

NAXS SS in Bloomberg
NAXS.ST in Reuters

This information is information that NAXS AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.30 CET on July 14, 2017.

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

The undersigned declare that the half-year report provides a true and fair overview of the Parent Company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 14, 2017

John D. Chapman *Chairman*	Tony Gardner-Hillman *Director*	Damhnait Ni Chinneide *Director*
Andrew Wignall *Director*	Lennart Svantesson *Chief Executive Officer*	

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

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

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

Consolidated Income Statement

Amounts in SEK 000s

		2017 1/1-6/30	2016 1/1-6/30	2017 4/1-6/30	2016 4/1–6/30
Change in value		67 300	53 066	53 103	23 890
Operating costs	Note 1	-6 962	-6 382	-3 723	-3 369
Operating profit/loss		**60 338**	**46 684**	**49 380**	**20 521**
Net financial items		-510	-1 476	-134	-508
Profit/loss after financial items		**59 828**	**45 208**	**49 246**	**20 014**
Income taxes		-	-	-	-
Net profit/loss		**59 828**	**45 208**	**49 246**	**20 014**
Attributable to:					
Parent company shareholders		**59 828**	**45 208**	**49 246**	**20 014**
Earnings per share, SEK*		4,14	3,04	3,41	1,35
Average number of shares, 000s*		14 457	14 870	14 457	14 870

* Basic and diluted

Consolidated Statement of Comprehensive Income

Amounts in SEK 000s

	2017 1/1-6/30	2016 1/1-6/30	2017 4/1-6/30	2016 4/1–6/30
Net income	59 828	45 208	49 246	20 014
Other comprehensive income				
Items which will be reversed to the income statement				
Exchange differences	2 319	-198	5 218	-909
Total comprehensive income	**62 147**	**45 010**	**54 464**	**19 105**
Attributable to:				
Parent company shareholders	62 147	45 010	54 464	19 105
Total comprehensive income	**62 147**	**45 010**	**54 464**	**19 105**

Consolidated Balance Sheet
Amounts in SEK 000s

	2017 6/30	2016 12/31
Assets		
Private equity fund investments	408 214	458 701
Total non-current assets	**408 214**	**458 701**
Other receivables	217	78
Cash and cash equivalents	458 579	383 807
Total current assets	**458 796**	**383 885**
Total assets	**867 010**	**842 586**
Equity	**865 640**	**841 816**
Current liabilities	**1 370**	**770**
Total equity and liabilities	**867 010**	**842 586**

Consolidated Net cash
Amounts in SEK 000s

	2017 6/30	2016 12/31
Cash, bank and short-term investments	458 579	383 807
Total net cash	**458 579**	**383 807**

Consolidated Statement of Changes in Equity
Amounts in SEK 000s

	2017 1/1-6/30	2016 1/1-12/31	2016 1/1-6/30
Equity at the beginning or the year	841 816	784 768	784 768
Repurchases of own shares	-38 323	-1 033	-
Dividend	-	-37 174	-37 174
Total comprehensive income for the period	62 147	95 255	45 010
Shareholder's equity at the end of the period	**865 640**	**841 816**	**792 604**

Consolidated Statement of cash flows analysis

Amounts in SEK 000s

	2017	**2016**
	1/1-6/30	1/1-6/30
Profit/loss after financial items	59 828	45 208
Adjustment for non-cash items, etc.	39 568	-27 598
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	99 396	17 610
Cash flow changes in working capital	462	293
Cash flow from operating activities	**99 858**	**17 903**
Acquisitions/disposals of private equity fund investments, net	13 309	1 720
Cash flow from investing activities	**13 309**	**1 720**
Repurchases of own shares	-38 323	-
Dividend	-	-37 174
Cash flow from financing activities	**-38 323**	**-37 174**
Cash flow during the period	**74 844**	**-17 551**
Cash and cash equivalents, beginning of the year *	383 807	350 970
Exchange-rate differences in cash and cash equivalents	-72	-714
Cash and cash equivalents at the end of the period	**458 579**	**332 705**

* Including short-term investments

Parent Company Income Statement
Amounts in SEK 000s

	2017 1/1-6/30	2016 1/1-6/30	2017 4/1-6/30	2016 4/1–6/30
Operating costs	-2 363	-1 880	-1 435	-985
Operating profit/loss	**-2 363**	**-1 880**	**-1 435**	**-985**
Income from shares in group companies	14 466	-	14 466	-
Net financial items	-333	573	43	346
Profit /loss after financial items	**11 770**	**-1 307**	**13 074**	**-639**
Income taxes	-	-	-	-
Net profit/loss for the period	**11 770**	**-1 307**	**13 074**	**-639**

Parent Company Statement of Comprehensive Income
Amounts in SEK 000s

	2017 1/1-6/30	2016 1/1-6/30	2017 4/1-6/30	2016 4/1–6/30
Net profit/loss for the period	11 770	-1 307	13 074	-639
Total comprehensive income for the period	**11 770**	**-1 307**	**13 074**	**-639**

Parent Company Balance Sheet
Amounts in SEK 000s

	2016 6/30	2015 12/31
Assets		
Shares in subsidiaries	481 802	481 802
Receivables on group companies	24 891	24 624
Total non-current assets	**506 693**	**506 426**
Other receivables	218	78
Cash and cash equivalents	310 821	337 440
Total current assets	**311 039**	**337 518**
Total assets	**817 732**	**843 944**
Equity	**816 819**	**843 372**
Current liabilities	**913**	**572**
Total equity and liabilities	**817 732**	**843 944**

Parent Company Statement of Changes in equity
Amounts in SEK 000s

	2017	2016	2016
	1/1-6/30	1/1–12/31	1/1-6/30
Equity at the beginning of the year	843 372	734 013	734 013
Repurchases of own shares	-38 323	-1 033	-
Dividend	-	-37 174	-37 174
Total comprehensive income for the period	11 770	147 566	-1 307
Shareholder's equity at the end of the period	**816 819**	**843 372**	**695 532**

Note 1

Operating costs
Amounts in SEK 000s

	2017	2016	2017	2016
	1/1-6/30	1/1-6/30	4/1-6/30	4/1–6/30
Fee to the investment advisor	-3 760	-4 010	-1 788	-2 045
Carried interest to the investment advisor	-409	-	-255	0
Personnel expenses	-772	-855	-394	-443
Other operating costs	-2 020	-1 518	-1 286	-881
	-6 962	**-6 382**	**-3 723**	**-3 369**

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

Note 2

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

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

Definitions

Cash & cash equivalents
Cash, bank and short-term investments

Cash per share
Cash & cash equivalents in relation to the number of 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

Private equity fund investments
Fair value of investments in private equity funds

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

Total exposure to private equity fund investments
Private equity funds investments and remaining commitments to private equity funds