

NAXS AB (publ) Year-end Report 2016

January-December 2016

- Net profit/loss for the period amounted to MSEK 94.0 (64.2).
- Earnings per share amounted to SEK 6.32 (4.32).
- Net asset value amounted to MSEK 842 (SEK 56.69 per share) at December 31, 2016, compared to MSEK 785 (SEK 52.78 per share) at year-end 2015.
- Net cash amounted to MSEK 384 (SEK 25.85 per share) at December 31, 2016, compared to MSEK 351 (SEK 23.60 per share) at year-end 2015.
- NAXS paid a dividend of SEK 2.50 per share for the fiscal year 2015.

Fourth quarter 2016

- Net profit/loss for the quarter amounted to MSEK 38.9 (-25.0).
- Earnings per share amounted to SEK 2.62 (-1.68).

Distribution of profits

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

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

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

Comments by the CEO



We were pleased to see NAXS continue to make good progress during 2016, with the net asset value per share increasing by 12.2%, including the dividend paid. This performance was generated by a strong exit activity, positive valuation developments in the remaining portfolio, as well as positive currency effects.

During the past year, NAXS's underlying funds made 3 new acquisitions, 10 full exits, and 4 partial exits through initial public offerings.

Worth mentioning for 2016 were also the adoption of a revised investment policy and the shortening of the company's name from NAXS

Nordic Access Buyout Fund AB (publ) to NAXS AB (publ).

NAXS currently has a robust balance sheet, with a relatively high proportion of cash, which the company continues to selectively seek to deploy. After the end of the reporting period,

NAXS made a SEK 50m commitment to Mimir Invest, a Swedish private equity special situation fund.

Lennart Svantesson

Financial summary

	2016	2015	2016	2015
	1/1-12/31	1/1-12/31	10/1-12/31	10/1-12/31
Net profit/loss for the period, KSEK	94 012	64 178	38 939	-25 005
			2016	2015
			12/31	12/31
Private equity fund investments, KSEK			458 701	434 246
Private equity fund investments in % of equity			55	55
Remaining commitments, KSEK			58 444	104 748
Total exposure to private equity fund investments, KSEK			517 145	538 994
Net cash, KSEK			383 807	350 970
Private equity fund investments per share, SEK			30.89	29.20
Net cash per share, SEK			25.85	23.60
Net asset value per share, SEK			56.69	52.78
Share price, SEK			49.40	54.00

Operations

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

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

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

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

Market review

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

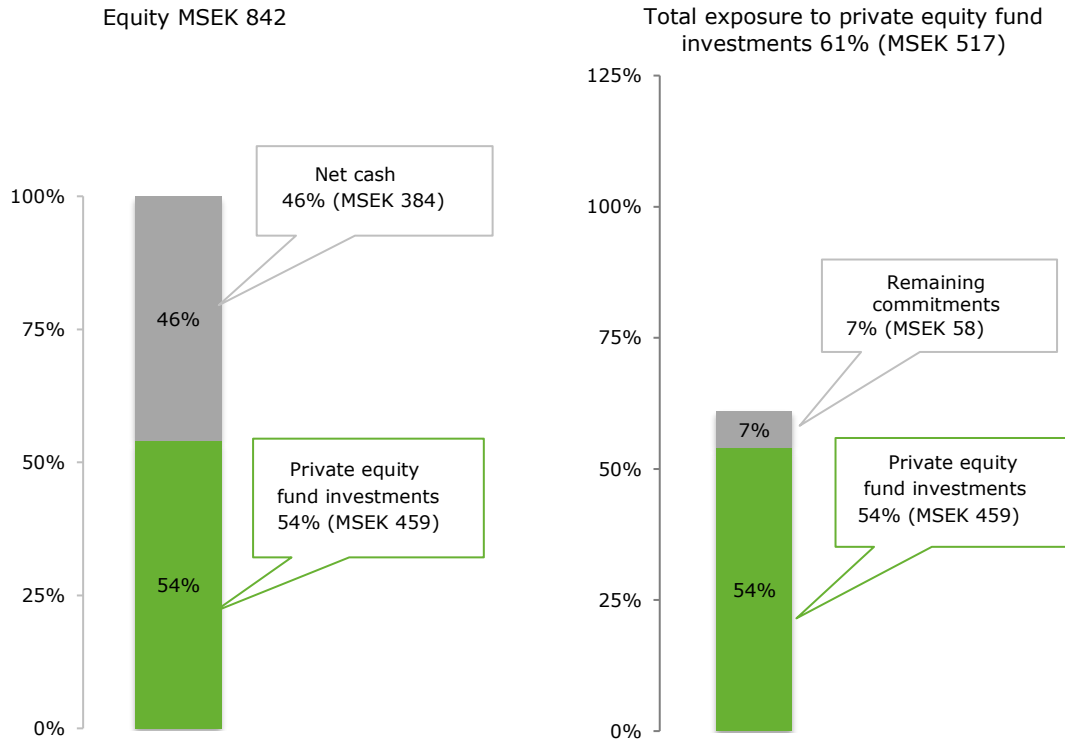
Fund portfolio

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

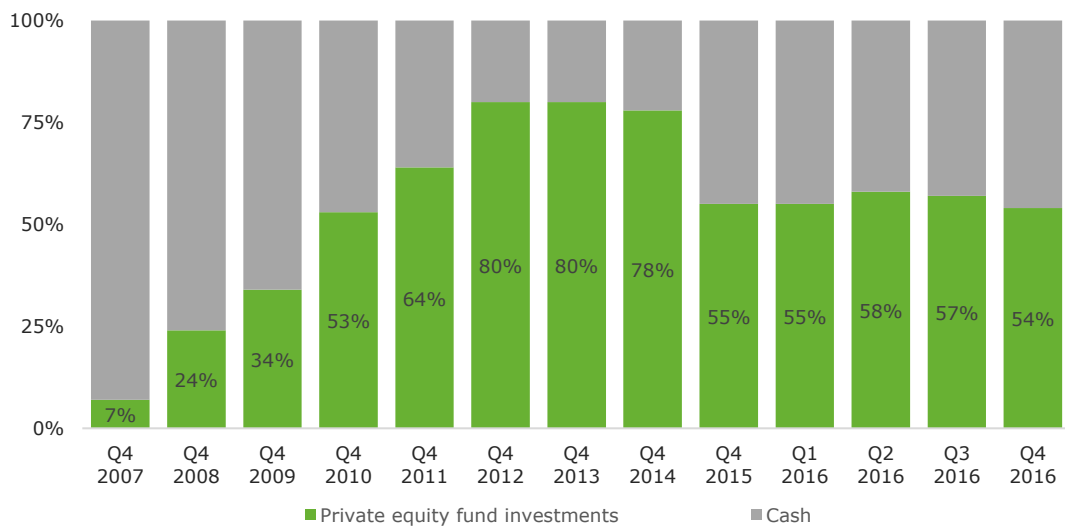
At the end of the reporting fourth quarter:

- private equity fund investments amounted to MSEK 459, which corresponds to 54 percent of the Company's equity;
- remaining commitments amounted to MSEK 58;
- total exposure to private equity fund investments amounted to MSEK 517, which corresponds to 61 percent of the Company's equity.

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

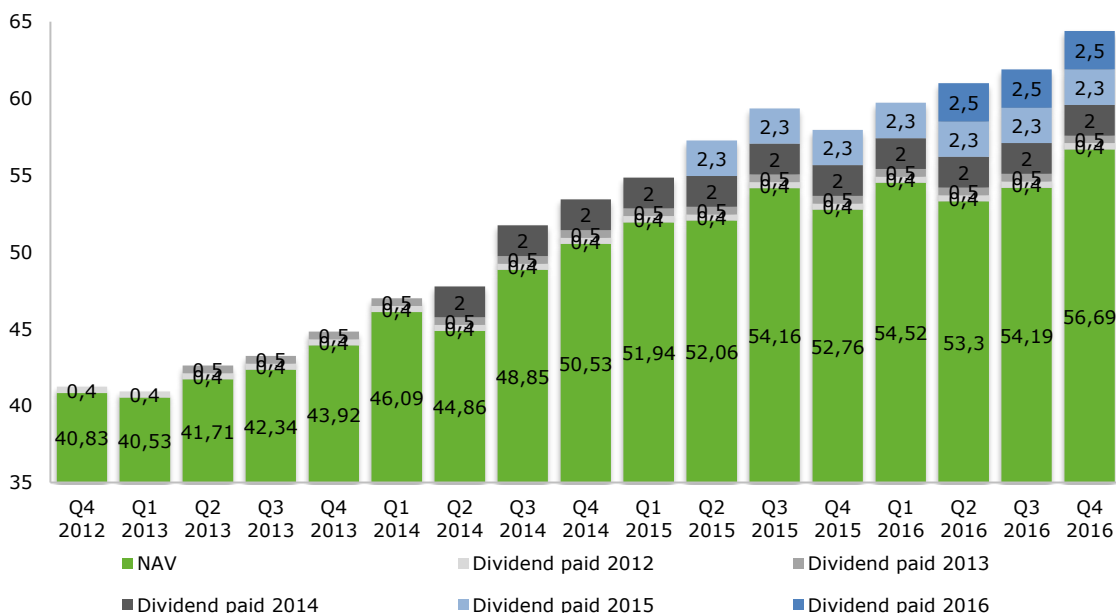


Evolution of private equity fund investments (in % of equity)



The net asset value (NAV) per share increased by 4.6% during the fourth quarter of 2016, and by 12.2% over 12 months (including the dividend paid).

NAV per share in SEK



Acquisitions and liquidity events

Acquisitions

No new acquisition was announced during the quarter, although several add-on acquisitions were completed during the same period.

In total, 3 new acquisitions were made in 2016, as summarized below (by fund and in alphabetical order):

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

Liquidity events

2 partial exits took place during the quarter, with Valedo II selling a minority stake in Joe & the Juice to the US private equity house General Atlantic, and Nordic Capital Fund VII listing Convatec on the London Stock Exchange.

A total of 10 full exits took place during 2016, as summarized below (by fund and in alphabetical order):

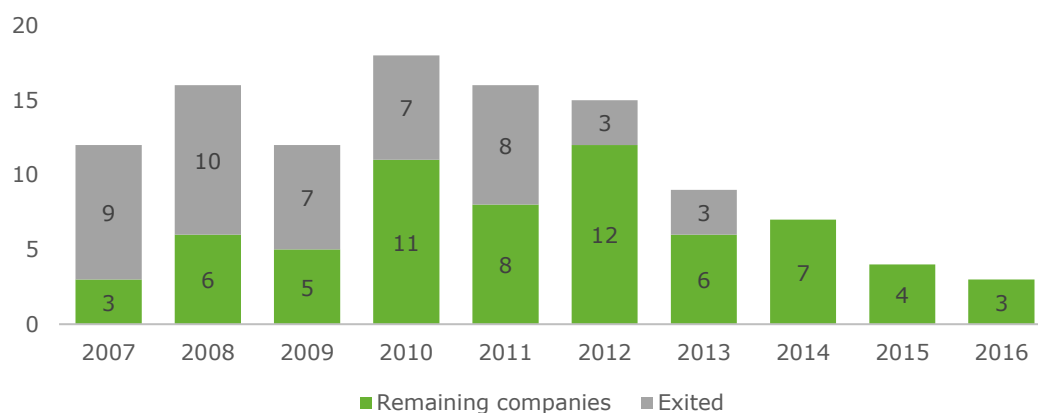
Portfolio Company	Sector	Year of initial investment	Fund
Auto Trader	Media	2007	Apax Europe VII
Epicore	IT & Telecom	2011	Apax Europe VII
Plantasjen	Consumer goods & services	2007	Apax Europe VII
Trader Corporation	Business services	2011	Apax Europe VII
Bandak	Industry	2009	Herkules III
Harding	Industry	2013	Herkules III
Consti	Building & Construction	2008	Intera I
Thule	Consumer goods & services	2010	Nordic Capital VII
Akademikliniken	Healthcare	2011	Valedo I
Corbel	Business services	2011	Valedo I

In addition, 4 partial exits through an initial public offering occurred during the year (by fund and in alphabetical order):

Portfolio Company	Sector	Year of initial investment	Fund
Ascential	Media	2007	Apax VII
Convatec	Healthcare	2008	Nordic Capital VII
Resurs	Business services	2012	Nordic Capital VII
Tokmanni	Consumer goods & services	2012	Nordic Capital VII

As of December 31, 2016, NAXS underlying funds had acquired a total of 112 companies, 47 of which had been fully divested. These 47 exits have generated an average gross IRR of 23%. The average holding period for the remaining 65 portfolio companies is approx. 5 years.

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



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

December 31, 2016

Total exposure to private equity fund investments: 61% of total equity

Private equity fund investments: 54% of total equity

Number of full exits since inception: 47

Average gross IRR generated by the 47 full exits since inception: 23%

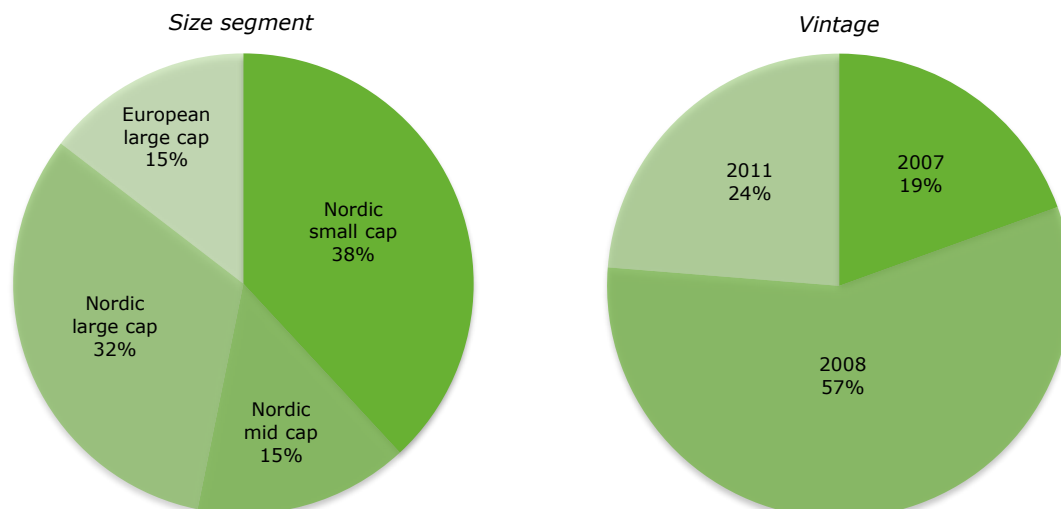
Portfolio composition/diversification

As of December 31, 2016, NAXS provided the following exposure:

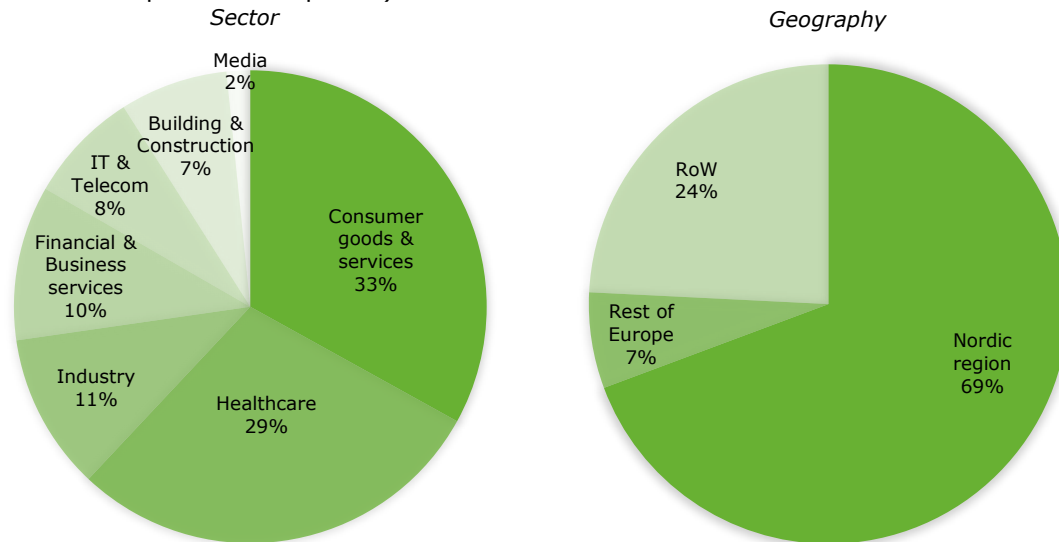
- 8 buyout funds from 6 managers

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

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



- 65 portfolio companies (remaining after 47 exits) acquired over a period of over 9 years, with the 10 largest holdings accounting for less than 33% of the total equity and no single portfolio company accounting for more than 6% of the total equity.
- a diversification per geography and sector as illustrated below (based on the fair value of the current portfolio companies):



Underlying funds

Summary information regarding NAXS' underlying funds is provided below:

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

Group

Financial performance, Fourth quarter 2016

Operating profit/loss

The operating profit/loss amounted to KSEK 39,366 (-25,029) for the quarter. The operating profit/loss includes a change in value of KSEK 42,864 (-21,677). Operating expenses amounted to KSEK 3,498 (3,352).

Financial performance, January-December 2016

Operating profit/loss

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

January 1–December 31, 2016

Changes in value of private equity fund investments: KSEK 109,406 whereof currency effects on private equity fund investments KSEK 22,019.

Financial items

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

Tax and net profit

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

Investments, financing and liquidity

Private Equity Fund Investments

During the year, net repayments from private equity funds amounted to KSEK 13,376 (28,382). Adjustment for non-cash items amounted to KSEK -36,010. It consists mainly of reversed value changes on exited portfolio companies. As of December 31, 2016, private equity fund investments amounted to KSEK 458,701 (434,246).

December 31, 2016

Private equity fund investments per share: SEK 30.89

Financing

The Group is financed with shareholders' equity. Shareholders' equity amounted to KSEK 841,816 (784,768) at the end of the year, corresponding to SEK 56.69 (52.78) per share and an equity/asset ratio of 100 (100) percent.

December 31, 2016

Equity per share: SEK 56.69

Net cash

At the end of the year, net cash amounted to KSEK 383,807 (350,970), which corresponds to SEK 25.85 (23.60) per share. During the period, cash and cash equivalents were invested in interest-bearing instruments or held on interest-bearing bank accounts, in accordance with the Company's policy.

December 31, 2016

Net cash per share: SEK 25.85

Significant risks and uncertainty factors

Significant risks and uncertainty factors are described in the Annual Report 2015.

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

Events after the end of the reporting period

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

Future prospects

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

Parent company

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

Organization

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

Nomination Committee

The Nomination Committee consists of Amaury de Poret, representing Tompkins Square Park S.a.r.l, Hugh Wrigley, representing Global Endowment Management, and NAXS's chairman John D. Chapman. The Nomination Committee can be contacted via e-mail to: chapman.jd@gmail.com.

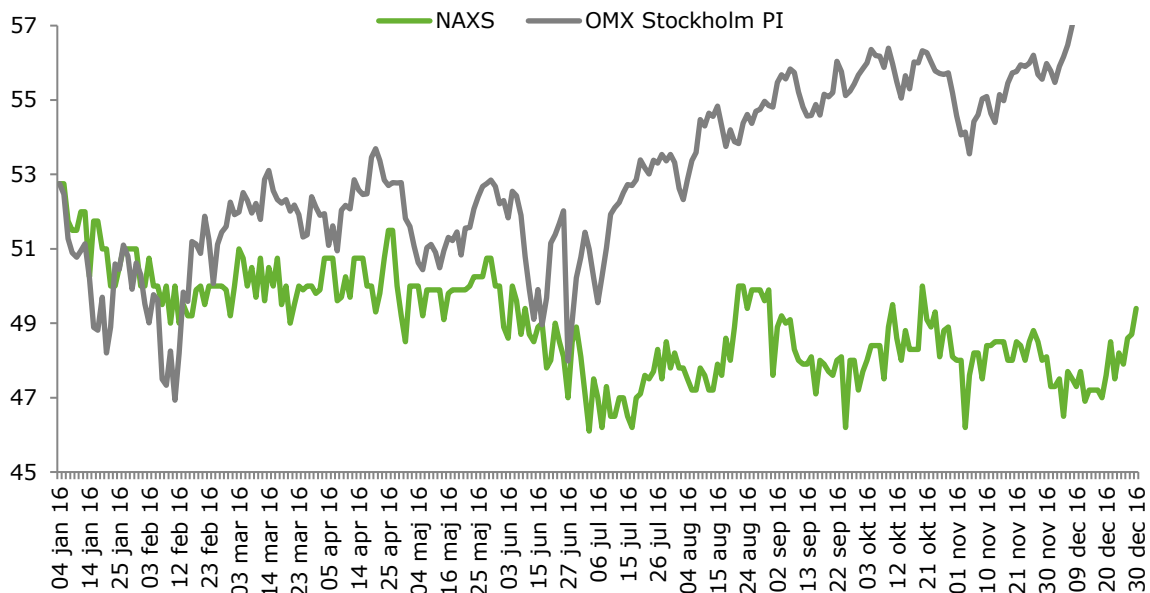
The share

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 14,869,552. During the year 21,250 shares were repurchased. The number of outstanding shares in the Company at the end of the year was 14,848,302.

At the end of the year, the NAXS share price was SEK 49.40 and the total shareholders' equity per share was SEK 56.69. The Company's market capitalization was MSEK 733,506 and the number of shareholders was 871.

Evolution of the share price during 2016



Accounting principles

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

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

Alternative performance measures

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

Financial information

Annual report 2016: week of Jan 30, 2017
Interim report (3 months): April 26, 2017
Annual general meeting: June 1, 2017
Interim Report (6 months): July 14, 2017
Interim Report (9 months): October 20, 2017

Contact persons

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Ticker codes

NAXS SS in Bloomberg
NAXS.ST in Reuters

This information is information that NAXS AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.30 CET on January 27, 2017.

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

The Board of Directors declares that the undersigned year-end 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, January 27, 2017

John D. Chapman
Chairman

Tony Gardner-Hillman
Director

Andrew Wignall
Director

Lennart Svantesson
Chief Executive Officer

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

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

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Financial reports summary

Consolidated Income Statement

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-12/31	1/1-12/31	10/1-12/31	10/1-12/31
Change in value	109 406	76 498	42 864	-21 677
Operating costs Note 1	-13 161	-12 301	-3 498	-3 352
Operating profit/loss	96 245	64 197	39 366	-25 029
Net financial items	-2 233	-19	-427	23
Profit/loss after financial items	94 012	64 178	38 939	-25 005
Income taxes	-	-	-	-
Net profit/loss	94 012	64 178	38 939	-25 005
Earnings per share, SEK*	6,32	4,32	2,62	-1,68
Average number of shares, 000s*	14 867	14 870	14 859	14 870

* Basic and diluted

Consolidated Statement of Comprehensive Income

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-12/31	1/1-12/31	10/1-12/31	10/1-12/31
Net income	94 012	64 178	38 939	-25 005
Other comprehensive income				
<i>Items which will be reversed to the income statement</i>				
Exchange differences	1 243	3 471	-1 822	4 494
Total comprehensive income	95 255	67 649	37 116	-20 512
Attributable to:				
Parent company shareholders	92 255	67 649	37 116	-20 512
Total comprehensive income	92 255	67 649	37 116	-20 512

Consolidated Balance Sheet

Amounts in SEK 000s

	2016	2015
	12/31	12/31
Assets		
Private equity fund investments	458 701	434 246
Total non-current assets	458 701	434 246
Other receivables	78	114
Cash and cash equivalents	383 807	350 970
Total current assets	383 885	351 084
Total assets	842 586	785 330
Equity	841 816	784 768
Current liabilities	770	562
Total equity and liabilities	842 586	785 330

Consolidated Net cash

Amounts in SEK 000s

	2016	2015
	12/31	12/31
Cash, bank and short-term investments	383 807	350 970
Total net cash	383 807	350 970

Consolidated Statement of Changes in Equity

Amounts in SEK 000s

	2016	2015
	1/1-12/31	1/1-12/31
Equity at the beginning or the year	784 768	751 319
Repurchase of own shares	-1 033	-
Dividend	-37 174	-34 200
Total comprehensive income for the period	95 255	67 649
Shareholder's equity at the end of the period	841 816	784 768

Consolidated Statement of cash flows analysis

Amounts in SEK 000s

	2016	2015
	1/1-12/31	1/1-12/31
Profit/loss after financial items	94 012	64 178
Adjustment for non-cash items, etc.	-36 010	128 105
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	58 002	192 283
Cash flow changes in working capital	244	-2 784
Cash flow from operating activities	58 246	189 499
Acquisitions of private equity fund investments	-46 663	-43 702
Disposals of private equity fund investments	60 039	72 084
Cash flow from investing activities	13 376	28 382
Repurchase of own shares	-1 033	-
Dividend	-37 174	-34 200
Cash flow from financing activities	-38 207	-34 200
Cash flow during the period	33 415	183 681
Cash and cash equivalents, beginning of the year *	350 970	167 447
Exchange-rate differences in cash and cash equivalents	-578	-158
Cash and cash equivalents at the end of the period	383 807	350 970

* Including short-term investments

Parent Company Income Statement

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-12/31	1/1-12/31	10/1-12/31	10/1-12/31
Operating costs	-3 515	-3 683	-966	-982
Operating profit/loss	-3 515	-3 683	-966	-982
Income from shares in group companies	150 600	165 997	-	-
Net financial items	481	-557	-430	-633
Profit /loss after financial items	147 566	161 757	-1 396	-1 615
Income taxes	-	-	-	-
Net profit/loss for the period	147 566	161 757	-1 396	-1 615

Parent Company Statement of Comprehensive Income

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-12/31	1/1-12/31	10/1-12/31	10/1-12/31
Net profit/loss for the period	147 566	161 757	-1 396	-1 615
Total comprehensive income for the period	147 566	161 757	-1 396	-1 615

Parent Company Balance Sheet

Amounts in SEK 000s

	2016	2015
	12/31	12/31
Assets		
Shares in subsidiaries	481 802	481 802
Receivables on group companies	24 624	23 424
Total non-current assets	506 426	505 226
Other receivables	78	114
Cash and cash equivalents	337 440	229 087
Total current assets	337 518	229 201
Total assets	843 944	734 427
Equity	843 372	734 013
Current liabilities	572	414
Total equity and liabilities	843 944	734 427

Parent Company Statement of Changes in equity

Amounts in SEK 000s

	2016	2015
	1/1-12/31	1/1-12/31
Equity at the beginning of the year	734 013	606 456
Repurchase of own shares	-1 033	-
Dividend	-37 174	-34 200
Total comprehensive income for the period	147 566	161 757
Shareholder's equity at the end of the period	843 372	734 013

Note 1

Operating costs

Amounts in SEK 000s

	2016	2015	2016	2015
	1/1-12/31	1/1-12/31	10/1-12/31	10/1-12/31
Fee to the investment advisor	-8 186	-7 763	-2 185	-2 026
Carried interest to the investment advisor	-718	-276	-205	-229
Personnel expenses	-1 636	-1 699	-423	-456
Other operating costs	-2 622	-2 563	-686	-641
	-13 161	-12 301	-3 498	-3 352

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

Note 2

Financial assets and liabilities

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

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

Definitions

Cash & cash equivalents

Cash, bank and short-term investments

Cash per share

Cash & cash equivalents in relation to the number of shares

Commitment

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

Current commitments

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

Gross IRR

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

Net asset value

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

Net cash/Net debt

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

Private equity fund investments

Fair value of investments in private equity funds

Total assets

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

Total exposure to private equity fund investments

Private equity funds investments and remaining commitments to private equity funds