NAXS

Showing resilience

- NAV and TSR outperformed in Q1
- Awaiting new CEO announcement
- NAV discount at 18% (historical avg. is 16%)

Strong NAV development, although fund values lag

NAVPS on 31 March was SEK 78.12, implying an increase of 5.9% q-o-q. Total shareholder return (TSR) amounted to +5.7% (SIXRX benchmark -14%), as the discount to NAV ticked up by 1pp to 13% on a dividend pro-forma basis. However, note that the value of the fund investments is reported with a one-quarter lag. Regarding the direct investments, Scout Gaming Group (-55.6%) continued to decline, while Awilco Drilling (+4.4%) and Keurig Dr. Pepper (+3.9%) gained ground. Private equity fund investments currently comprise 59% of NAV (74% including commitments), with direct investments at 6% and net cash at 35%.

High activity level

Q1 was an active quarter for NAXS. A new commitment was made to Mimir Industries, which is a follow up to Mimir Invest, in which NAXS is an investor. After the end of the quarter, NAXS also made a new commitment to JAB Investment Partners – JCP V, which will focus on the pet care sector. Moreover, a sell-down was performed in Pret Panera Company, and seven new portfolio companies were added in the underlying funds.

Valuation roughly in line with historical average

There is currently a bit of uncertainty as we are still awaiting the announcement of a new CEO, following Mr. Svantesson's decision to resign. We expect news on this within the next few days. In addition, we would expect some form of announcement given the new board's ambition to evaluate the investment mandate. NAXS currently offers exposure to 14 funds (15 including JCP V) from nine different managers and eight direct investments. The discount to NAV currently stands at 18%, slightly above the historical average (2010+) of 16%. The balance sheet remains strong, and we believe the dividend yield is likely to stay at around 6% over the next few years, based on today's valuation. Buybacks also remain an option following the renewed mandate.

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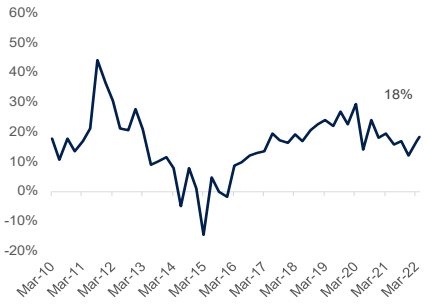
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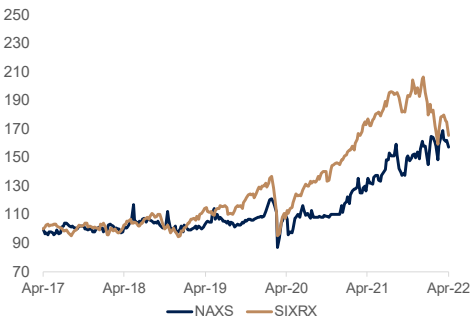
Not rated

Share price (SEK)	27/04/2022	61.4
Fair value range (per share)		na
Investment Companies, Sweden		
NAXS.ST/NAXS SS		
MCap (SEKm)		685
MCap (EURm)		66
No. of shares (m)		11.2
Free float (%)		*31*
Av. daily volume (k)		2
Next event		Q2 report: 21 Jul

ABGSCe NAV discount



Total return (-5Y)



SEKm	2020	2021	2022e	2023e	2024e
DPS	3.00	3.50	3.50	3.50	3.50
Dividend Yield (%)	*6.0*	*5.4*	*5.7*	*5.7*	*5.7*

Source: ABG Sundal Collier, Company data

NAV data	
NAV Per Share	75.2
NAV Discount (%)	*18%*
Reported NAV discount (%)	*18%*
Target NAV discount (%)	*na*
Net debt/Assets (%)	*53%*

Source: ABG Sundal Collier, Company data

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Opportunities

Sustained strong portfolio performance (including a higher valuation of the current holdings), increased portfolio activity (including successful exits and auspicious acquisitions), investment or distribution of excess cash, and higher level of shareholder remuneration (dividends or buybacks).

Risks

Weaker performance in key assets and the private equity funds in particular, including developments of investee companies, interest rates and the general market environment, competition, funding issues and timing aspects. Other risks include the dependency on the investment advisor and FX.

Company description

NAXS is an investment company that 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. NAXS has a distribution policy that in the long-term aims to return 50-75% of profits after tax.

NAXS - NAV Calculation

ABG SUNDAL COLLIER

Investment research

27/04/2022

NAXS — Sponsored

Price B:	61.40	NAV discount:	18%	Target discount:	N/A
NAVPS:	75.20	Reported discount:	18%	Fair value:	N/A

Holding	Number of shares (m)	Price	NAX's NAV (m)	NAXS's NAVPS	ABGSC NAV (m)	ABGSC NAVPS	Of total assets	Interest Cap/Votes	ABGSC Rating
Awilco Drilling	0.83	4.23	4	0.3	4	0.3	0.6%	1/1	-
Scout Gaming Group	0.12	6.11	1	0.1	1	0.1	0.1%	3/3	-
Jacktel	4.64	120	6	0.5	6	0.5	10%	-	-
Pret Panera Company			1	0.1	1	0.1	0.1%	-	-
Krispy Kreme Doughnuts			7	0.6	7	0.6	13%	-	-
Jacktel bond			8	0.7	8	0.7	14%	-	-
Jacktel bond			2	0.2	2	0.2	0.3%	-	-
Keurig Dr Pepper	0.07	364.03	24	2.1	24	2.1	4.4%	-	-
Total listed assets			**51**	**4.6**	**51**	**4.6**	**9.4%**		

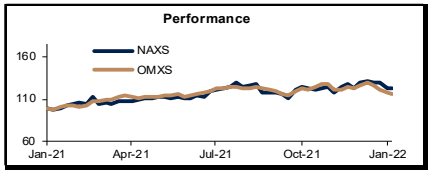
Holding	Year of initial investment	Initial commitment	NAX's NAV (m)	NAXS's NAVPS	ABGSC NAV (m)	ABGSC NAVPS	Of total assets	Fund size	Fund type
Apax Europe VII	2007	EUR 15m						EUR 11bn	Buyout
FSN Capital III	2008	EUR 10m						EUR 375m	Buyout
Herkules Private Equity Fund III	2008	NOK 40m						NOK 6bn	Buyout
Mimir Industries	2022	SEK 36m						SEK <500m	Special situations
Intera Fund II	2011	EUR 7.25m						EUR 200m	Buyout
JAB Consumer Fund - GCB II	2018	EUR 5m						USD 5bn	Buyout
Mimir Invest	2017	SEK 50m						SEK <500m	Special situations
Nordic Capital Fund VII	2008	EUR 20m						EUR 4.3bn	Buyout
Nordic Capital CV1	2018	EUR 4m						EUR 2.5bn	Buyout
JAB Consumer Fund - GCB III	2019	EUR 5m						USD 3.8bn	Buyout
Valedo Fund II	2011	SEK 65m						SEK 2bn	Buyout
Nordic Capital X	2020	EUR 2m						EUR 6.1bn	Buyout
Equip Capital Fund I	2020	NOK 20m						NOK 1.9bn	Buyout
Nordic Capital Evo Fund I	2021	EUR 1m						-	Buyout
Total private equity funds			**496**	**44.5**	**496**	**44.5**	**90.6%**		
Net debt (-) / cash (+)			292	26.2	292	26.2	53.3%		
NET ASSET VALUE			**839**	**75.2**	**839**	**75.2**			

Net debt calculation (m)		
Reported net debt	31/03/2022	332
Accrued interest expense		0
Overhead costs (SEK -15m p.a.)		-1
Cash flow subsidiaries		0
Dividends		-39
Other transactions		0
Net debt (-) / cash (+)		**292**

Shareholders	Capital	Votes
QVT Financial	68%	68%
Svenska Handelsbanken for PB	2%	2%
Eccenovo	2%	2%
Avanza Pension	2%	2%
Didrik Hamilton	1%	1%
Free float	31%	

Equity data	
# Shares (m):	112
M cap (SEKm):	685
Traded vol/day (-1m, k):	3
High/low (-12m):	69.8/53
Bloomberg code:	NAXS SS
Datastream code:	W:NAXS
Reuters code:	NAXS.ST

Company profile	
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Performance	-1w	-1m	-3m	-1y
Absolute performance	0%	-7%	2%	13%
Relative OMXSE	4%	-3%	12%	21%
Change in discount	-1%	-1%	6%	3%

	-3m	-1y	-5y	-10y
Average discount	12%	11%	N/A	N/A

	2018	2019	2020	2021	2022e
DPS	2.78	3.00	3.00	3.50	3.50
Yield	5.8%	6.1%	6.0%	5.7%	5.7%

Source: Company report, Reuters, FactSet estimates for all listed assets, ABGSC calculations

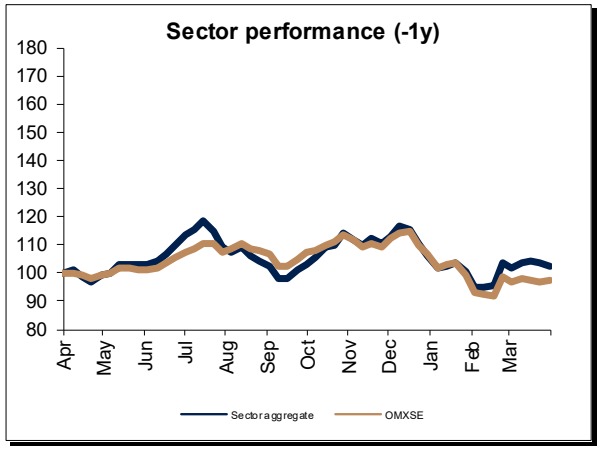
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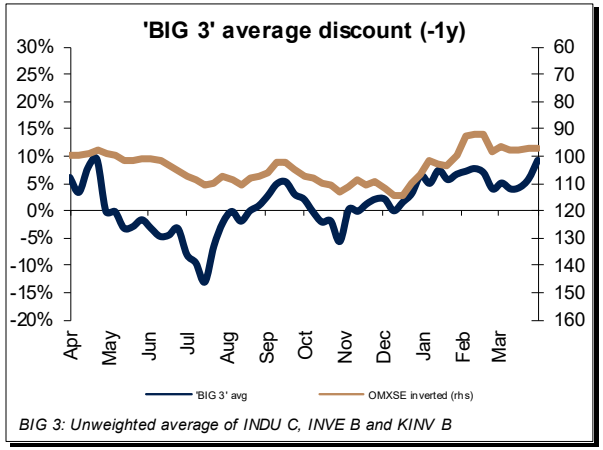
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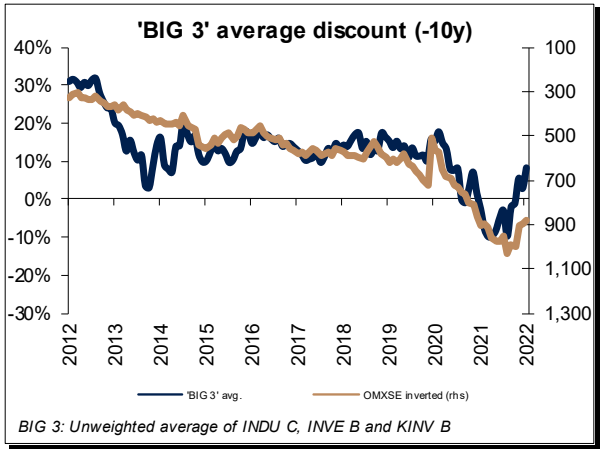
Investment companies

(SEK) Company	Bloomb. ticker	Rec	Mcap (m)	Price	NAVPS	NAV discount ABGSC	NAV discount Reported	Target discount	Fair Value	Up-/ downside	Traded daily val. -1m	Share price perf. -1w	-1m	-3m	-12m	Change in discount -1w	-1m	-3m	-12m	Average discount -3m	-12m	-5y	-10y
Active coverage																							
Industrivärden	INDUC SS	HOLD	103,613	239.90	283.45	**15%**	15%	10%	277	16%	57.3	-8%	-9%	-16%	-22%	2%	1%	-3%	8%	11%	7%	10%	13%
Investor	INVEB SS	HOLD	578,351	188.78	222.63	**15%**	3%	10%	208	10%	657.3	-9%	-7%	-6%	5%	4%	2%	1%	-3%	11%	12%	19%	24%
Kinnevik	KINVB SS	HOLD	51,555	185.00	224.06	**17%**	25%	5%	213	15%	112.9	-19%	-22%	-31%	-33%	8%	16%	23%	14%	-4%	-14%	11%	15%
NAXS	NAXS SS	Sponsored	685	61.40	75.20	**18%**	18%	N/A	N/A	N/A	0.0	0%	-7%	2%	13%	-1%	-1%	6%	3%	12%	11%	N/A	N/A
VEF	VEFAB SS	Sponsored	4,031	3.87	6.95	**44%**	44%	N/A	5.0-7.8	N/A	0.0	-6%	-5%	na	na	2%	9%	30%	43%	36%	3%	16%	N/A
Other NAV calculations																							
Latour	LATOB SS	Not Rated	169,522	264.20	181.43	**-46%**	-46%	N/A	N/A	N/A	53.8	-8%	-7%	-8%	3%	7%	7%	12%	-4%	-54%	-58%	-24%	-6%
Lundbergs	LUNDB SS	Not Rated	112,666	454.30	506.18	**10%**	10%	N/A	N/A	N/A	46.3	-5%	-3%	-4%	-6%	4%	4%	3%	8%	7%	0%	-3%	4%
Öresund	ORES SS	Not Rated	5,305	118.40	114.48	**-3%**	-3%	N/A	N/A	N/A	2.2	-10%	-6%	-11%	-22%	4%	1%	-6%	-5%	-6%	-3%	-4%	-2%
Creades	CREDA SS	Not Rated	12,911	95.10	78.56	**-21%**	-20%	N/A	N/A	N/A	13.7	-1%	-12%	-17%	-7%	3%	16%	16%	9%	-32%	-35%	-19%	N/A
VNV Global	VNV SS	Not Rated	4,721	40.02	85.06	**53%**	53%	N/A	N/A	N/A	13.4	0%	-21%	-51%	-63%	-3%	5%	38%	64%	43%	15%	15%	N/A
Aggregate			**1,043,360**			**5%**	-2%	**10%**		**11%**		**-9%**	**-7%**	**-8%**	**-1%**	**4%**	**4%**	**4%**	**0%**	**-1%**	**-3%**	**8%**	**15%**





BIG 3: Unweighted average of INDU C, INVE B and KINV B



BIG 3: Unweighted average of INDU C, INVE B and KINV B

Source: Company report, Reuters, FactSet, ABGSC calculations

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ESG profile

Positioned to impact investors and companies

As NAXS is an investment company, it can have significant impact on a businesses' decision-making regarding sustainability. NAXS primarily focuses on investments in private equity funds. This enables the firm to influence these funds into investing in more sustainable assets and therefore becoming more aligned with positive environmental, social and governance aspects. However, NAXS does not include much ESG-related information in its reporting, nor quantifiable targets that can be used to measure its progress within this area.

Opportunities and risks

Companies that are able to adapt to ESG-related trends will most likely benefit financially as well. This is because companies that can adapt their product/service offering to a more sustainable approach will be more attractive among customers, and will therefore benefit financially. Hence, we believe that investment firms such as NAXS have the opportunity to capitalise on this trend. Risk factors from a sustainability perspective could include a potential conflict between maximising returns and contributing to a positive ESG-impact. Generating returns and becoming a more sustainable firm could sometimes interfere, which could limit the potential expected returns, or the positive ESG-impact that NAXS can generate.

Key issues*	ABGSC weight
Environment	20%
Financing environmental impact	
Carbon emissions	
Climate change	
Social	30%
Responsible investment	
Stakeholder opposition	
na	
Governance	50%
Ownership	
Corporate behaviour	
Corporate governance	

Previous ESG incidents

Exposure to ESG Trends

Sustainable investing

Social and governance data

	2018	2019	2020
Women in workforce %	0	0	0
Women in management %	0	0	0
Women in board %	25	25	25
CEO total compensation, SEKm p.a.	0.55	0.55	0.55
Employee turnover %	na	na	na
Employee absence %	na	na	na

Person responsible for sustainability:	Lennart Svantesson
Senior management:	Yes

ESG Data

ESG quantified targets

	Today	Target	By

*based on the MSCI framework but not using all the parameters.

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