

Q1 Interim report

January – March 2024

Q1 INTERIM REPORT

January – March 2024

Q1 in summary

- Annual Recurring Revenue (ARR) decreased by 0.7 percent to SEK 167.3 (168.6) compared to the corresponding period last year.
- Net sales decreased by 7.1 percent, or 7.6 percent in local currencies, to SEK 67.5 (72.7) million.
- Subscription revenue decreased by 1.6 percent to SEK 42.1 (42.8) million, and ad hoc revenue from subscribers decreased by 17.8 percent to SEK 13.9 (16.9) million. Ad hoc revenue from other clients decreased by 11.2 percent to SEK 11.5 (13.0) million.
- Gross profit amounted to SEK 50.7 (52.9) million and the gross margin to 75.1 (72.7) percent.
- EBIT increased to SEK -1.5 (-3.9) million and the EBIT margin amounted to -2.2 (-5.3) percent.
- Excluding items affecting comparability of SEK 1.3 (0.0) million, relating to lagging restructuring costs, adjusted EBIT amounted to SEK -0.2 (-3.9) million.
- Net profit amounted to SEK -0.6 (-4.5) million and Earnings per share amounted to SEK -0.07 (-0.57).

Business highlights

DURING THE QUARTER

- Substantial improvements to the cost position. The company now has a solid platform in place to start focusing on profitable organic and inorganic growth.
- Weaker end market demand from last year is persisting, with longer sales cycles and cautious spending.
- An extraordinary general meeting decided to elect Eric Gustavsson, Fredrik Lundqvist, and Ashkan Senobari as new board members, and re-elect Ulrich Boyer and Dan Foreman (chairman).
- The Board appointed the interim COO, Anders Dahl, to permanent CEO.
- Ferry Wolswinkel, previous interim CEO and Chief Revenue Officer, resigned from the company.

AFTER THE PERIOD ENDED

- Sara Davidsson Nyman was appointed as new Chief Revenue Officer.

Key financials

Numbers in SEK million if not stated	Q1 2024	Q1 2023	Change	LTM	2023	Change
Annual Recurring Revenue (ARR)	167.3	168.6	-0.7%	167.3	164.0	2.0%
Net sales	67.5	72.7	-7.1%	287.9	293.1	-1.8%
Of which subscription revenue	42.1	42.8	-1.6%	176.3	177.0	-0.4%
Gross profit	50.7	52.9	-4.1%	217.3	219.5	-1.0%
Gross margin	75.1%	72.7%	2.3	75.5%	74.9%	0.6
Adjusted EBIT	-0.2	-3.9	3.7	2.7	-0.9	3.7
Adjusted EBIT margin	-0.3%	-5.3%	5.0	1.0%	-0.3%	1.3
EBIT	-1.5	-3.9	2.4	-12.4	-14.8	2.4
EBIT margin	-2.2%	-5.3%	3.1	-4.3%	-5.0%	0.7
Net income	-0.6	-4.5	3.9	-10.5	-14.4	3.9
Profit margin	-0.8%	-6.2%	5.3	-3.6%	-4.9%	1.3
Operating cash flow	7.8	5.6	2.3	8.3	6.1	2.3
Net financial position	43.7	62.7	-19.0	43.7	38.4	5.3
Earnings per share, SEK	-0.07	-0.57	0.50	-1.33	-1.83	0.50
Average number of shares outstanding	7,863,186	7,863,186	0.0%	7,863,186	7,863,186	0.0%



Comments by the CEO

A SOLID PLATFORM TO GROW FROM

In my first report as CEO of Nepa, we present substantial improvements to the cost side accompanied by stronger cash flow. A solid platform is now in place from where we can focus on profitable organic and inorganic growth.

Net sales in the first quarter decreased by 7.1 percent or 7.6 percent organically compared to the same period last year. The decline was primarily driven by the previously communicated shutdown of Nepa APAC, as well as the increased churn during the last quarters. Subscription revenue decreased by 1.6 percent, and ad hoc revenue from subscribers by 17.8 percent. While we managed to drive a sequential 2.0 percent increase in ARR, the demand for our ad hoc consultancy continues to pose challenges to the top line. During the quarter we observed a cautious behaviour among our clients due to reorganizations and cost-saving activities. Yet, we see an underlying demand for research which we believe will be realized in the later quarters of the year. The 11.2 percent decline in ad hoc revenue from other clients was entirely attributable to Nepa APAC.

Our concerted efforts on the cost side have been successful. First, through better internal control, we have managed to stabilize the gross margin at a satisfactory level. In the quarter, the gross margin amounted to 75.1 (72.7) percent. Second, the full effect of our cost-saving initiatives is now visible in the results. Excluding restructuring costs, personnel costs decreased more than 21 percent year-over-year following the significant reduction of our workforce. Over the past months, the team at Nepa has demonstrated exceptional dedication in enhancing project margins, reaching record levels towards the end of the quarter. Now, we need to increase the topline to see the full effect on our results. In the quarter, lower net sales and capitalized expenditures impacted the adjusted EBIT, which amounted to SEK -0.2 (-3.9) million. The adjusted EBIT margin amounted to -0.3 (-5.3) percent.

THE NEXT PHASE FOCUSES ON PROFITABLE GROWTH

We are moving on to the next phase focusing on profitable growth, both through organic initiatives and acquisitions. Since I assumed the role as CEO in late March, we have been working to optimize the organization to its fullest extent. In May, we will be joined by a new Chief Revenue Officer, Sara Davidsson Nyman,

who brings extensive sales leadership skills and deep industry knowledge that is valuable when organizing our organic growth initiatives. Simultaneously, we are strengthening our marketing platform to enhance our market presence.

On the product side, we move forward with closer alignment between product teams, sales, and marketing to strengthen our go-to-market. The forthcoming product launches underscore our commitment to meeting evolving client needs and maintaining our competitive edge.

Later this year, we launch a new subscription product, an always-on solution to help clients optimize their media spend. It is closely connected to our existing products and will be a great offering for clients seeking actionable insights based on both media and brand data. Additionally, we are planning to revamp some of our existing consultancy solutions based on client demand, making them easier to offer in a product environment. In short time, we have made notable progress on the product roadmap and sped up our time to market.

OUTLOOK

Nepa is in a stronger position now than a year ago. Our primary focus has been on operational profitability, and we will now align it towards the long-term growth prospects the market research industry offers. This will entail sensible investments geared towards future success and restoration of a sustainably profitable business. We are optimistic that the market will recover over the longer term and grow, however the current market conditions remain difficult.

The groundwork laid through our cost-saving initiatives, strategic workforce optimization, and enhanced supplier relations positions us favourably for future profitable growth. With a robust foundation, a talented team, a competitive and streamlined product portfolio, and a clear strategic vision, we are set to capitalize on the emerging opportunities.

Anders Dahl

CEO



Driving results for today – building brands for tomorrow

NEPA IN BRIEF

In recent years, brand has regained its position as the top of most marketers' agendas, and investments in brand-building communications have increased. While there is a plethora of technology to measure and optimize short-term performance marketing, there is a lack of similar solutions to guide brand-building efforts.

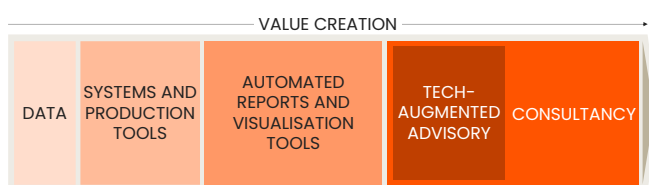
Nepa's dynamic marketing intelligence suite offers tools and solutions for consumer brands worldwide to both maximize short-term sales and build long-term brand value. By combining continuous consumer survey data, sales data, and media investment data with sophisticated analytics and marketing expertise, Nepa creates brand and marketing-related insights.

The offering includes live brand tracking dashboards, recurring campaign evaluations, and continuous media optimizations together with value-adding consultancy insights that deliver client value to CMOs and marketing departments of more than 300 well-established brands. With offices in the Nordics, UK, US, and India, the Group tracks brands in more than 60 markets across all continents.

BUSINESS MODEL

Nepa continuously measures and analyses the impact of all marketing activities and offers brands the insights they need to make the right decisions, at the right times, both short-term and long-term. The product offering comprises subscription contracts, bulk contracts, and advisory services on a project basis.

VALUE CREATION PROCESS



Nepa turns data into growth opportunities by combining cutting-edge technology with brilliant human analysts and researchers. The value creation process comprises everything from data collection, sampling data enrichment, and analysis using in-house developed systems and production tools, to automated dashboard visualization or reports combined with tech-augmented brand and marketing advisory.

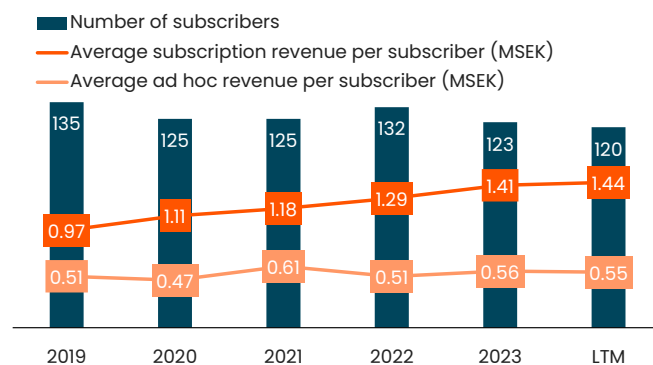
RESEARCH AND DEVELOPMENT

Nepa's research and development support the long-term strategy by building and improving the in-house systems, production tools, and data-delivery streams, integrating existing separate solutions into Nepa's dynamic marketing intelligence suite, and developing new products to further increase competitiveness. Shortly, the offering will expand into including cutting-edge brand modeling based on existing data.

CLIENT CONCENTRATION

Nepa has a diversified client portfolio spanning numerous industries. The five largest clients account for approximately 29 percent of the Group's net sales.

OVERVIEW OF SUBSCRIBERS



The Group's financial development

REVENUE, EARNINGS, AND CASH FLOW

Revenue

Net sales decreased by 7.1 percent in the quarter to SEK 67.5 (72.7) million. In local currencies, net sales decreased by 7.6 percent. Subscription revenue decreased by 1.6 percent to SEK 42.1 (42.8) million, and ad hoc revenue from subscribers decreased by 17.8 percent to SEK 13.9 (16.9) million. Ad hoc revenue from other clients decreased by 11.2 percent to SEK 11.5 (13.0) million.

Earnings

Gross profit amounted to SEK 50.7 (52.9) million in the quarter for a margin of 75.1 (72.7) percent. The operating profit (EBIT) amounted to SEK -1.5 (-3.9) million in the quarter and the EBIT margin amounted to -2.2 (-5.3) percent. Items affecting comparability amounted to SEK 1.3 (0.0) million and adjusted EBIT amounted to SEK

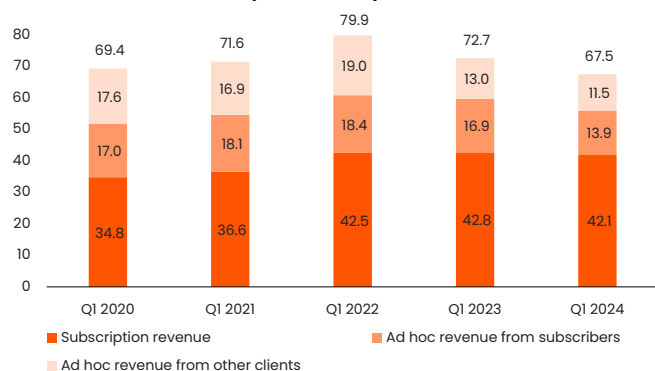
-0.2 (-3.9) million with an adjusted EBIT margin of -0.3 (-5.3) percent. Net income for the quarter amounted to SEK -0.6 (-4.5) million and earnings per share amounted to SEK -0.07 (-0.57).

Cash flow

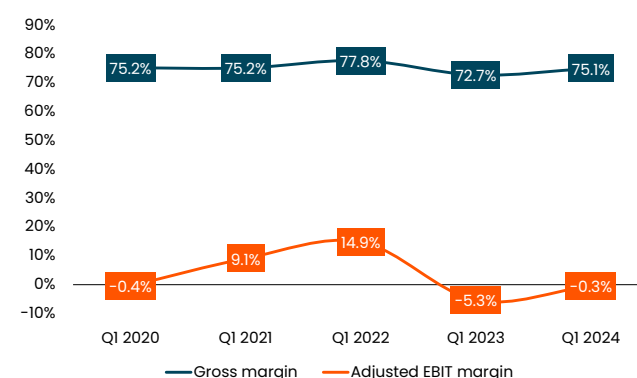
Cash flow from operating activities in the quarter amounted to SEK 7.8 (5.6) million of which the change in working capital amounted to SEK 7.5 (6.7) million. Cash flow from investing activities amounted to SEK -2.5 (-6.7) million. Cash flow from financing activities amounted to SEK 0.0 (0.0) million. Net cash flow for the period amounted to SEK 5.3 (-1.1) million.

At the end of the quarter, the net financial position amounted to SEK 43.7 (62.7) million.

REVENUE BREAKDOWN (SEK million), Q1 2020 – Q1 2024



PROFITABILITY, Q1 2020 – Q1 2024



MULTI-YEAR FINANCIAL OVERVIEW

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Annual Recurring Revenue (ARR)	167.3	164.0	172.4	174.3	168.6	170.9	168.4	162.5	170.9	169.2	141.5	145.5	147.2
ARR growth (%)	-0.7	-4.1	2.3	7.3	-1.3	1.0	19.1	11.7	16.1	15.8	2.0	5.8	4.8
Subscription revenue	42.1	44.8	44.7	44.8	42.8	42.0	40.8	44.5	42.5	38.5	36.0	36.9	36.6
Ad hoc revenue from subscribers	13.9	16.6	15.3	20.3	16.9	19.2	9.6	20.1	18.4	20.4	13.8	24.0	18.1
Ad hoc revenue from other clients	11.5	16.6	10.6	10.0	13.0	15.1	19.1	22.0	19.0	19.8	17.0	17.6	16.9
Net sales	67.5	74.6	70.6	75.2	72.7	76.3	69.5	86.5	79.9	78.7	66.7	78.5	71.6
Gross profit	50.7	58.9	51.9	55.8	52.9	55.2	51.9	67.0	62.1	63.1	53.1	61.3	53.8
Gross margin (%)	75.1	79.0	73.6	74.2	72.7	72.3	74.7	77.5	77.8	80.2	79.7	78.1	75.2
Adjusted EBIT	-0.2	5.2	0.6	-2.9	-3.9	0.7	4.9	11.8	11.9	10.7	11.1	11.7	6.5
Adjusted EBIT margin (%)	-0.3	7.0	0.9	-3.8	-5.3	1.0	7.1	13.7	14.9	13.6	16.6	14.9	9.1
EBIT	-1.5	-0.7	-0.5	-9.7	-3.9	-3.8	4.9	9.6	8.9	10.7	11.1	11.7	6.5
EBIT margin (%)	-2.2	-0.9	-0.7	-13.0	-5.3	-4.9	7.1	11.1	11.1	13.6	16.6	14.9	9.1
Net income	-0.6	-0.3	-0.7	-9.0	-4.5	-4.9	5.5	9.0	7.9	10.5	10.2	10.7	7.3
Profit margin (%)	-0.8	-0.4	-0.9	-11.9	-6.2	-6.4	7.9	10.4	9.9	13.3	15.2	13.6	10.2
Operating cash flow	7.8	1.8	6.3	-7.6	5.6	9.3	-11.4	7.4	10.7	11.0	3.3	13.3	-1.5
Net financial position	43.7	38.4	41.8	45.1	62.7	63.8	62.5	79.6	88.7	85.1	78.5	79.2	67.0
Earnings per share (SEK)	-0.07	-0.04	-0.08	-1.14	-0.57	-0.62	0.70	1.14	1.00	1.33	1.29	1.35	0.93
Dividend per share (SEK)	0.00	1.23	0.67	0.00	0.00	0.56	0.00	0.00	0.00	1.23	0.00	0.00	0.00
No. of employees, avg.	242	273	281	303	311	325	308	290	281	272	260	253	239
Other metrics													
Net Revenue Retention (NRR) (%)	101.5	93.2	99.5	103.2	97.5	101.7	90.7	101.3	108.7	104.1	97.2	100.3	101.6
Churn (%)	0.2	6.1	1.0	1.1	1.6	0.6	1.5	1.0	1.7	0.8	0.1	0.4	3.0

SEGMENT BREAKDOWN

The Group segments represent the solution areas and revenue types closely monitored by the Group Management. Marketing Optimization is the core focus area, including the products Brand tracker, Campaign measurement, and Marketing Mix Modelling. Revenue is split by revenue type, consisting of subscription revenue from long-term contracts, ad hoc revenue from subscribers, and ad hoc revenue from other clients. "Other" constitutes Nepa's products and consultancy services within Customer Experience, Innovation Acceleration, and panels.

Quarterly overview	Marketing Optimization		Other		Eliminations		Group	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2024	2023	2024	2023	2024	2023	2024	2023
SEK million								
Subscription revenue	38.2	38.4	3.9	4.3	-	-	42.1	42.8
Ad hoc revenue from subscribers	11.5	13.6	2.4	3.3	-	-	13.9	17.0
Ad hoc revenue from other clients	7.7	8.9	3.8	4.1	-	-	11.5	13.0
Eliminations	-	-	-	-	0.0	0.0	0.0	0.0
Net sales	57.5	60.9	10.1	11.8	0.0	0.0	67.5	72.7
Direct costs	-16.1	-17.5	-0.8	-2.0	0.1	-0.3	-16.8	-19.8
Gross profit	41.4	43.4	9.3	9.8	0.0	-0.3	50.7	52.9
<i>Growth (%)</i>								
Subscription revenue	-0.7	8.5	-9.8	-39.2	-	-	-1.6	0.5
Ad hoc revenue from subscribers	-15.2	14.4	-28.3	-48.3	-	-	-17.8	-7.7
Ad hoc revenue from other clients	-13.0	-27.9	-7.3	-38.3	-	-	-11.2	-31.5
Net sales	-5.7	2.1	-14.2	-41.8	-	-	-7.1	-9.0
Gross margin (%)	72.0	71.2	92.0	83.1	-	-	75.1	72.7



Consolidated income statements

KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	67 521	72 690	293 082
Capitalized expenditures	2 496	6 733	21 831
Other external income	1 714	985	6 160
	71 731	80 409	321 073
Direct costs	-16 839	-19 817	-73 556
Other external costs	-10 542	-9 621	-44 760
Personnel costs	-40 898	-50 379	-197 121
Depreciation and amortization	-3 954	-3 234	-14 165
Other operating costs	-996	-1 243	-6 244
Operating income	-1 499	-3 885	-14 773
Financial income	1 266	190	2 844
Financial expenses	-122	-604	-3 932
Earnings before tax	-355	-4 299	-15 861
Tax	-210	-173	1 468
Net income	-565	-4 472	-14 394
Profit attributable to the parent company's shareholders	-565	-4 472	-14 394
Shares outstanding, end of period	7 863 186	7 863 186	7 863 186
Average number of shares outstanding during the period	7 863 186	7 863 186	7 863 186
Earnings per share	-0.07	-0.57	-1.83



Consolidated balance sheets

KSEK	March 31, 2024	March 31, 2023	December 31, 2023
ASSETS			
Intangible assets	53 564	50 514	54 943
Tangible assets	528	801	584
Financial assets	1 109	1 059	1 041
Total non-current assets	55 200	52 373	56 568
Trade receivables	37 220	49 247	59 858
Tax receivables	5 623	-	2 908
Other current receivables	3 302	3 215	2 900
Prepayments and accrued income	18 397	21 089	18 580
Cash and cash equivalents	43 707	62 694	38 378
Total current assets	108 249	136 245	122 624
TOTAL ASSETS	163 449	188 618	179 192
EQUITY			
Shareholders' equity	1 573	1 573	1 573
Other capital contributions	115 020	115 020	115 020
Translation difference	421	179	676
Retained earnings incl. net profit for the period	-31 354	-11 196	-30 790
Total equity	85 660	105 576	86 479
LIABILITIES			
Due to customers	17 781	17 410	24 025
Tax liabilities	-	1 098	-
Trade payables	15 914	19 966	23 965
Other current liabilities	10 163	9 746	11 671
Accrued expenses and deferred income	33 932	34 823	33 053
Total current liabilities	77 790	83 043	92 713
Total liabilities	77 790	83 043	92 713
TOTAL EQUITY AND LIABILITIES	163 449	188 618	179 192



Consolidated statements of changes in equity

January – March (KSEK)	Shareholders' equity	Other capital contributions	Translation difference	Retained earnings incl. net profit for the period	Total equity
2023					
Opening balance of equity January 1, 2023	1 573	115 020	-180	-6 724	109 689
Net profit for the period	-	-	-	-4 472	-4 472
Translation difference	-	-	359	-	359
Dividend	-	-	-	-	-
Warrants	-	-	-	-	-
Closing balance of equity March 31, 2023	1 573	115 020	179	-11 196	105 576
2024					
Opening balance of equity January 1, 2024	1 573	115 020	676	-30 790	86 479
Net profit for the period	-	-	-	-565	-565
Translation difference	-	-	-254	-	-254
Dividend	-	-	-	-	-
Warrants	-	-	-	-	-
Closing balance of equity March 31, 2024	1 573	115 020	421	-31 354	85 660



Consolidated statements of cash flow

KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Operating activities			
Profit before tax	-355	-4 299	-15 861
Adjustment for non-cash items	3 615	3 583	15 042
Income tax paid	-2 924	-417	-2 783
Cash flow from operating activities before adjustment of working capital	336	-1 133	-3 602
Increase (-) / Decrease (+) of current receivables	22 419	24 855	17 068
Increase (+) / Decrease (-) of current liabilities	-14 924	-18 145	-7 376
Cash flow from operating activities	7 831	5 577	6 090
Investing activities			
Acquisitions/divestments of tangible assets	-	25	-25
Acquisitions/divestments of intangible assets	-2 496	-6 733	-21 831
Acquisitions/divestments of financial assets	-13	-	-10
Cash flow from investing activities	-2 502	-6 708	-21 866
Financing activities			
Dividend	-	-	-9 672
Cash flow from financing activities	-	-	-9 672
Net cash flow for the period	5 329	-1 131	-25 447
Cash and cash equivalents at the beginning of the period	38 378	63 825	63 825
Cash and cash equivalents at the end of the period	43 707	62 694	38 378



Parent company income statements

KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Other external income	17	164	355
	17	164	355
Other external costs	-869	-536	-4 316
Personnel costs	-709	-1 437	-5 355
Operating income	-1 561	-1 809	-9 316
Financial income	761	869	3 510
Financial expenses	-	-	-1
Earnings before tax	-800	-940	-5 806
Group contributions received	-	-	3 810
Tax	-	-	-
Net income	-800	-940	-1 996



Parent company balance sheets

KSEK	March 31, 2024	March 31, 2023	December 31, 2023
ASSETS			
Financial assets	90 860	100 550	88 050
Total non-current assets	90 860	100 550	88 050
Receivables Group companies	724	1 039	7 435
Tax receivables	410	410	322
Other current receivables	26	19	233
Prepayments and accrued income	177	307	91
Cash and cash equivalents	3 118	4 536	1 130
Total current assets	4 455	6 312	9 211
TOTAL ASSETS	95 315	106 862	97 261
EQUITY			
Shareholders' equity	1 573	1 573	1 573
Share premium reserve	115 020	115 020	115 020
Retained earnings	-22 071	-10 403	-20 074
Net profit for the period	-800	-940	-1 996
Total equity	93 722	105 250	94 522
LIABILITIES			
Trade payables	88	294	1 345
Other current liabilities	60	226	309
Accrued expenses and deferred income	1 445	1 093	1 084
Total current liabilities	1 593	1 612	2 739
Total liabilities	1 593	1 612	2 739
TOTAL EQUITY AND LIABILITIES	95 315	106 862	97 261



Parent company statements of changes in equity

January – March (KSEK)	Shareholders' equity	Other capital contributions	Retained earnings incl. net profit for the period	Total equity
2023				
Opening balance of equity January 1, 2023	1 573	115 020	-10 403	106 190
Net profit for the period	-	-	-940	-940
Dividend	-	-	-	-
Closing balance of equity March 31, 2023	1 573	115 020	-10 343	105 250
2024				
Opening balance of equity January 1, 2024	1 573	115 020	-22 071	94 522
Net profit for the period	-	-	-800	-800
Dividend	-	-	-	-
Closing balance of equity March 31, 2024	1 573	115 020	-22 871	93 722



Other disclosures

GENERAL DISCLOSURES

ACCOUNTING PRINCIPLES

The Group accounts have been established according to Swedish GAAP (Årsredovisningslagen and Bokföringsnämndens allmänna råd 2012:1 Årsredovisning och koncernredovisning (K3)). The Group consists of the parent company Nepa AB and nine subsidiaries, seven of which non-Swedish. Accounting principles and valuation principles correspond to the ones used in the latest annual report.

RISKS AND UNCERTAINTIES

Nepa faces several business risks and market risks, including the dependency on qualified personnel, the ability to handle growth, and technological development. The macroeconomic environment with interest rate hikes and inflation as well as the geopolitical situation in the world may affect companies' willingness to invest.

AUDITING

This report has not been audited by the company's auditors.

CONTACT DETAILS

Edvard Hagman, Investor Relations
ir@nepa.com

THE SHARE AND DIVIDEND

The share capital of Nepa AB amounted, on March 31, 2024, to SEK 1,572,637.20 divided into 7,863,186 shares, each with a nominal value of SEK 0.20. Nepa AB is listed on the Nasdaq First North Growth Market stock exchange since April 26th, 2016, under the ticker NEPA. All shares are of the same series and have the same voting rights and dividends rights.

SHAREHOLDERS

Ten largest shareholders as of March 28, 2023	Number of shares	Votes and capital
Hanover Investors	1,519,181	19.3%
Ulrich Boyer and companies	1,450,032	18.4%
Elementa Management	1,357,334	17.3%
Försäkringsbolaget Avanza Pension	489,412	6.2%
Alcur Select	437,744	5.6%
Aktia Nordic Microcap	373,312	4.7%
Schroders International Selection Fund	250,000	3.2%
SEB Life International Assurance	189,047	2.4%
Nordnet Pensionsförsäkring	157,567	2.0%
Björn Nordenborg	148,000	1.9%
Ten largest shareholders	6,371,629	81.0%
Other shareholders	1,491,557	19.0%
Total number of shares	7,863,186	100.0%

FINANCIAL CALENDAR

Event	Date
Q1 Interim report Jan – Mar, 2024	May 7, 2024
Annual General Meeting 2024	May 31, 2024
Q2 Interim report Apr – Jun, 2024	August 16, 2024
Q3 Interim report Jul – Sep, 2024	November 1, 2024
Q4 Year-end report Oct – Dec, 2024	February 28, 2025
Annual report 2024	April 25, 2025

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DEFINITIONS OF GROUP KEY RATIOS

KPI	Definition
Annual Recurring Revenue (ARR)	The sum of the annualized value of all recurring client contracts at the end of the period.
ARR growth	Growth in Annual Recurring Revenue (ARR) from the corresponding period the year before.
Subscription revenue	Revenue from subscription contracts.
Ad hoc revenue from subscribers	Revenue from one-time projects with clients that are enrolled in a subscription contract.
Ad hoc revenue from other clients	Revenue from one-time projects with clients that are not enrolled in a subscription contract.
Gross profit	Net sales reduced with direct costs.
Gross margin	Gross profit as a percentage of net sales.
Adjusted EBIT	EBIT excluding items affecting comparability.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.
Items affecting comparability	Extraordinary items during the period.
EBIT	Earnings before interest and taxes.
EBIT margin	EBIT as a percentage of net sales.
Profit margin	Net income as a percentage of net sales.
Net financial position	Cash and cash equivalents less interest-bearing liabilities at the end of the period.
Earnings per share	Net income attributable to the parent company's shareholders divided by the average number of shares outstanding.
Dividend per share	Dividend for the period divided by the number of shares outstanding at the end of the period.
No. of employees, avg.	The average number of full-time employees during the period.
Net Revenue Retention (NRR)	Net change of upgrades, downgrades, and churn in Annual Recurring Revenue (ARR) from existing clients during the period as a percentage of ARR in the previous period.
Churn	Lost Annual Recurring Revenue (ARR) from churned subscribers during the period as a percentage of ARR in the previous period.



CERTIFICATION

The Board of Directors and the CEO certify that this interim report provides a correct depiction of the Group's and parent company's businesses, financial position, and results, and that it describes the relevant risk factors and uncertainties the company is facing.

Dan Foreman
Chairman of the Board

Ulrich Boyer
Board member

Fredrik Lundqvist
Board member

Eric Gustavsson
Board member

Ashkan Senobari
Board member

Anders Dahl
CEO

Stockholm, May 7, 2024
The Board of Directors of Nepa AB

