

Q2 Interim report

April – June 2024

Q2 INTERIM REPORT

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Q2 in summary

- Annual Recurring Revenue (ARR) decreased by 8.2 percent to SEK 160.1 (174.3) compared to the same period last year.
- Net sales decreased by 6.9 percent, or 7.1 percent in local currencies, to SEK 70.0 (75.2) million.
- Subscription revenue decreased by 4.3 percent to SEK 42.8 (44.8) million, and ad hoc revenue from subscribers decreased by 37.8 percent to SEK 12.7 (20.3) million. Ad hoc revenue from other clients increased by 42.6 percent to SEK 14.3 (10.0) million.
- Gross profit amounted to SEK 53.8 (55.8) million and the gross margin to 76.9 (74.2) percent.
- EBIT increased to SEK 1.7 (-9.7) million and the EBIT margin amounted to 2.4 (-13.0) percent.
- Excluding items affecting comparability of SEK 0.0 (6.9) million, adjusted EBIT increased to SEK 1.7 (-2.9) million.
- Net profit increased to SEK 1.3 (-9.0) million and Earnings per share increased to SEK 0.16 (-1.14).

HI in summary

- Net sales decreased by 7.0 percent, or 7.3 percent in local currencies, to SEK 137.5 (147.9) million.
- Subscription revenue decreased by 3.0 percent to SEK 84.9 (87.5) million, and ad hoc revenue from subscribers decreased by 28.7 percent to SEK 26.6 (37.3) million. Ad hoc revenue from other clients decreased by 12.3 percent to SEK 25.9 (23.0) million.
- Gross profit amounted to SEK 104.5 (108.7) million and the gross margin to 76.0 (73.5) percent.
- EBIT increased to SEK 0.2 (-13.6) million and the EBIT margin amounted to 0.1 (-9.2) percent.
- Excluding items affecting comparability of SEK 1.3 (6.9) million, relating to restructuring costs, adjusted EBIT increased to SEK 1.5 (-6.8) million.
- Net profit increased to SEK 0.7 (-13.4) million and Earnings per share increased to SEK 0.09 (-1.71).

Business highlights

DURING THE QUARTER

- Solid profitability improvements were achieved, despite the continuing slow market.
- Sara Davidsson Nyman assumed the role as Chief Revenue Officer.
- The AGM 2024 re-elected Dan Foreman as Chairman of the Board, and Ulrich Boyer, Fredrik Lundqvist, Ashkan Senobari, and Eric Gustavsson as board members.
- The AGM decided on a SEK 1.23 per share dividend.

AFTER THE PERIOD ENDED

- Continued good profitability development in July.

Key financials

| Numbers in SEK million if not stated | Q2 2024 | Q2 2023 | Change | HI 2024 | HI 2023 | Change | FY 2023 |
|--------------------------------------|-----------|-----------|--------|-----------|-----------|--------|-----------|
| Annual Recurring Revenue (ARR) | 160.1 | 174.3 | -8.2% | 160.1 | 174.3 | -8.2% | 164.0 |
| Net sales | 70.0 | 75.2 | -6.9% | 137.5 | 147.9 | -7.0% | 293.1 |
| Of which subscription revenue | 42.8 | 44.8 | -4.3% | 84.9 | 87.5 | -3.0% | 177.0 |
| Gross profit | 53.8 | 55.8 | -3.5% | 104.5 | 108.7 | -3.8% | 219.5 |
| Gross margin | 76.9% | 74.2% | 2.7 | 76.0% | 73.5% | 2.5 | 74.9% |
| Adjusted EBIT | 1.7 | -2.9 | 4.6 | 1.5 | -6.8 | 8.2 | -0.9 |
| Adjusted EBIT margin | 2.4% | -3.8% | 6.2 | 1.1% | -4.6% | 5.6 | -0.3% |
| EBIT | 1.7 | -9.7 | 11.4 | 0.2 | -13.6 | 13.8 | -14.8 |
| EBIT margin | 2.4% | -13.0% | 15.4 | 0.1% | -9.2% | 9.4 | -5.0% |
| Net income | 1.3 | -9.0 | 10.2 | 0.7 | -13.4 | 14.1 | -14.4 |
| Profit margin | 1.8% | -11.9% | 13.7 | 0.5% | -9.1% | 9.6 | -4.9% |
| Operating cash flow | -8.9 | -7.6 | -1.3 | -1.1 | -2.0 | 0.9 | 6.1 |
| Net financial position | 24.9 | 45.1 | -20.2 | 24.9 | 45.1 | -20.2 | 38.4 |
| Earnings per share, SEK | 0.16 | -1.14 | 1.30 | 0.09 | -1.71 | 1.80 | -1.83 |
| Average number of shares outstanding | 7,863,186 | 7,863,186 | 0.0% | 7,863,186 | 7,863,186 | 0.0% | 7,863,186 |



Comments by the CEO

IMPROVED PROFITABILITY IN A SLOW MARKET

Net sales for the second quarter amounted to SEK 70.0 (75.2) million, reflecting a 2.1 percent decrease from the same period last year, excluding Nepa APAC where operations ended at the beginning of 2024. In total, net sales declined by 6.9 percent. Despite lower net sales, our targeted efforts to lower costs and enhance efficiency have strengthened profitability, with the adjusted EBIT margin rising to 2.4 (-3.8) percent. We are leaving a challenging period of restructuring behind and are now shifting gears to drive profitable growth.

STRENGTHENING OUR PROFITABLE GROWTH FOCUS

As we are moving into the next phase of the company, we are professionalizing key functions such as Sales and Marketing, which up until recently have been quite limited. By developing a proactive, outbound, and highly skilled salesforce, we see strong potential to materially improve the growth trajectory.

Over the past three quarters, we have experienced a slowdown in the growth of our subscription products and an increase in churn, leading to a decline in revenue from subscribers during the second quarter. Subscription revenue, our largest revenue stream, decreased by 4.3 percent, and ad hoc revenue from subscribers declined by 37.8 percent. However, ad hoc revenue from other clients gained momentum, increasing by 42.6 percent, primarily driven by former subscribers returning for ad hoc services. Our strong relationships with former clients have been crucial, as they frequently return to us for valuable insights.

At the end of the quarter, our Annual Recurring Revenue (ARR) stood at SEK 160 million, with a net revenue retention of 95.4 percent. The lower retention was primarily due to the contraction of a major client, which new sales or upsells did not fully offset. Despite ongoing cautious demand, we maintained high sales activity throughout the quarter. We are actively engaged in numerous client discussions and events, with a growing emphasis on expanding our ARR offering. With that said, there is still considerable room for improvement.

In light of the current market conditions, we remain firm in our commitment to build a stronger sales team to drive profitable growth. During the second quarter, we recruited new leaders for our sales and marketing organization. Our goal is to clearly differentiate growth from new versus existing clients and to enhance our marketing capabilities. We are continually refining our

sales strategies, with a greater focus on driving ARR growth from new clients while also maximizing retention.

EFFECTIVE COST CONTROL CONTINUES

The gross margin continued to develop positively, with an increase of 2.7 percentage points to 76.9 (74.2) percent in the quarter. This is a result of improved project profitability, data quality management, and supplier strategy. Furthermore, we have achieved significant improvements in our cost structure across the Group. Over the past year, measures to reduce operating costs and initiatives to improve efficiency have led to a 26 percent decline in personnel costs (net of restructuring) and a significant increase in average project and product profitability. Adjusted EBIT increased to SEK 1.7 (-2.9) million, and the adjusted EBIT margin improved to 2.4 (-3.8) percent. Project and product profitability continues to be a top priority, and through the increased focus on ARR, we aim to scale profitably.

DEVELOPING THE MARKETING INTELLIGENCE SUITE

Our Brand Tracker stands as our most successful product to date. Alongside Campaign Evaluation and Marketing Mix Modeling, it has empowered brands worldwide to fully understand their marketing impact and take timely, informed actions. We are now focused on advancing our core offering within an integrated environment to better appeal to brand experts. Our goal is to enable brands to seamlessly track performance, optimize media expenditure, and evaluate marketing campaigns - all within a single platform. We have noted a growing interest from clients in this integrated, always-on solution and are eager to take our marketing intelligence suite to the next level.

OUTLOOK

The summer generally represents a period of lower activity, and we anticipate that the soft market conditions will continue in the short term. In the third quarter, we will reinforce our client-facing teams to build long-term sales momentum. We remain deeply committed to operate a profitable business and plan to achieve this by accelerating growth through strategically fitting products and improved operating leverage.

Anders Dahl
CEO



Driving results for today – building brands for tomorrow

NEPA IN BRIEF

In recent years, brand has regained its position at 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.

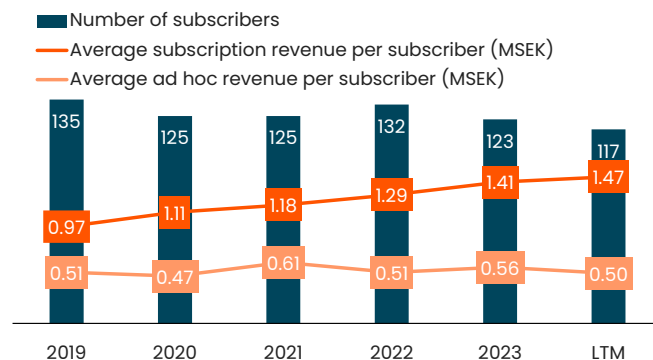
RESEARCH AND DEVELOPMENT

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 28 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 6.9 percent in the second quarter to SEK 70.0 (75.2) million. In local currencies, net sales decreased by 7.1 percent. Subscription revenue decreased by 4.3 percent to SEK 42.8 (44.8) million, and ad hoc revenue from subscribers decreased by 37.8 percent to SEK 12.7 (20.3) million. Ad hoc revenue from other clients increased by 42.6 percent to SEK 14.3 (10.0) million. During the first half of the year, net sales decreased by 7.0 percent, or 7.3 percent in local currencies, to SEK 137.5 (147.9) million.

Earnings

Gross profit amounted to SEK 53.8 (55.8) million in the second quarter for a margin of 76.9 (74.2) percent. During the first half of the year, the gross profit decreased to SEK 104.5 (108.7) million, while the gross margin increased to 76.0 (73.5) percent. The positive gross margin development is driven by improved project profitability, data quality management, and supplier strategy.

The past year's cost-saving measures and efficiency improvements have contributed to improved profitability. The operating profit (EBIT) increased to SEK 1.7 (-9.7) million in the second quarter and the EBIT margin increased to 2.4 (-13.0) percent. Items affecting comparability amounted to SEK 0.0 (6.9) million and adjusted EBIT increased to SEK 1.7 (-2.9) million. The adjusted EBIT margin increased to 2.4 (-3.8) percent.

During the first half of the year, the operating profit (EBIT) increased to SEK 0.2 (-13.6) million and the EBIT margin increased to 0.1 (-9.2) percent. The adjusted EBIT, excluding items affecting comparability of SEK 1.3 (6.9) million, increased to SEK 1.5 (-6.8) million and the adjusted EBIT margin increased to 1.1 (-4.6) percent.

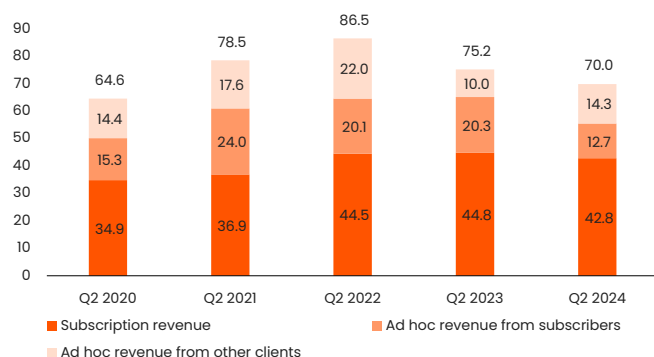
Net income for the quarter increased to SEK 1.3 (-9.0) million and earnings per share increased to SEK 0.16 (-1.14). During the first half of the year, the net income increased to SEK 0.7 (-13.4) million and the earnings per share increased to SEK 0.09 (-1.71).

Cash flow

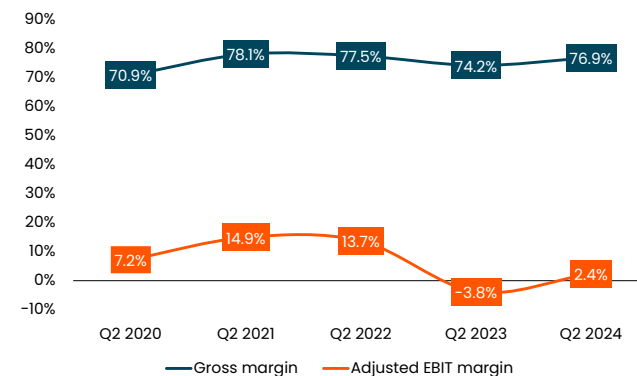
Cash flow from operating activities in the quarter amounted to SEK -8.9 (-7.6) million of which the change in working capital amounted to SEK -13.2 (-1.0) million. Cash flow from investing activities amounted to SEK -0.2 (-5.6) million. Cash flow from financing activities amounted to SEK -9.7 (-4.4) million. Net cash flow for the period amounted to SEK -18.8 (-17.6) million. At the end of the quarter, the net financial position amounted to SEK 24.9 (45.1) million.

Cash flow from operating activities during the first half of the year amounted to SEK -1.1 (-2.0) million of which the change in working capital amounted to SEK -5.7 (5.7) million. Cash flow from investing activities amounted to SEK -2.7 (-12.3) million. Cash flow from financing activities amounted to SEK -9.7 (-4.4) million. Net cash flow for the first half of the year amounted to SEK -13.5 (-18.7) million.

REVENUE BREAKDOWN (SEK million), Q2 2020 – Q2 2024



PROFITABILITY, Q2 2020 – Q2 2024



MULTI-YEAR FINANCIAL OVERVIEW

| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Annual Recurring Revenue (ARR) | 160.1 | 167.3 | 164.0 | 172.4 | 174.3 | 168.6 | 170.9 | 168.4 | 162.5 | 170.9 | 169.2 | 141.5 | 145.5 |
| ARR growth (%) | -8.2 | -0.7 | -4.1 | 2.3 | 7.3 | -1.3 | 1.0 | 19.1 | 11.7 | 16.1 | 15.8 | 2.0 | 5.8 |
| Subscription revenue | 42.8 | 42.1 | 44.8 | 44.7 | 44.8 | 42.8 | 42.0 | 40.8 | 44.5 | 42.5 | 38.5 | 36.0 | 36.9 |
| Ad hoc revenue from subscribers | 12.7 | 13.9 | 16.6 | 15.3 | 20.3 | 16.9 | 19.2 | 9.6 | 20.1 | 18.4 | 20.4 | 13.8 | 24.0 |
| Ad hoc revenue from other clients | 14.3 | 11.5 | 16.6 | 10.6 | 10.0 | 13.0 | 15.1 | 19.1 | 22.0 | 19.0 | 19.8 | 17.0 | 17.6 |
| Net sales | 70.0 | 67.5 | 74.6 | 70.6 | 75.2 | 72.7 | 76.3 | 69.5 | 86.5 | 79.9 | 78.7 | 66.7 | 78.5 |
| Gross profit | 53.8 | 50.7 | 58.9 | 51.9 | 55.8 | 52.9 | 55.2 | 51.9 | 67.0 | 62.1 | 63.1 | 53.1 | 61.3 |
| Gross margin (%) | 76.9 | 75.1 | 79.0 | 73.6 | 74.2 | 72.7 | 72.3 | 74.7 | 77.5 | 77.8 | 80.2 | 79.7 | 78.1 |
| Adjusted EBIT | 1.7 | -0.2 | 5.2 | 0.6 | -2.9 | -3.9 | 0.7 | 4.9 | 11.8 | 11.9 | 10.7 | 11.1 | 11.7 |
| Adjusted EBIT margin (%) | 2.4 | -0.3 | 7.0 | 0.9 | -3.8 | -5.3 | 1.0 | 7.1 | 13.7 | 14.9 | 13.6 | 16.6 | 14.9 |
| EBIT | 1.7 | -1.5 | -0.7 | -0.5 | -9.7 | -3.9 | -3.8 | 4.9 | 9.6 | 8.9 | 10.7 | 11.1 | 11.7 |
| EBIT margin (%) | 2.4 | -2.2 | -0.9 | -0.7 | -13.0 | -5.3 | -4.9 | 7.1 | 11.1 | 11.1 | 13.6 | 16.6 | 14.9 |
| Net income | 1.3 | -0.6 | -0.3 | -0.7 | -9.0 | -4.5 | -4.9 | 5.5 | 9.0 | 7.9 | 10.5 | 10.2 | 10.7 |
| Profit margin (%) | 1.8 | -0.8 | -0.4 | -0.9 | -11.9 | -6.2 | -6.4 | 7.9 | 10.4 | 9.9 | 13.3 | 15.2 | 13.6 |
| Operating cash flow | -8.9 | 7.8 | 1.8 | 6.3 | -7.6 | 5.6 | 9.3 | -11.4 | 7.4 | 10.7 | 11.0 | 3.3 | 13.3 |
| Net financial position | 24.9 | 43.7 | 38.4 | 41.8 | 45.1 | 62.7 | 63.8 | 62.5 | 79.6 | 88.7 | 85.1 | 78.5 | 79.2 |
| Earnings per share (SEK) | 0.16 | -0.07 | -0.04 | -0.08 | -1.14 | -0.57 | -0.62 | 0.70 | 1.14 | 1.00 | 1.33 | 1.29 | 1.35 |
| Dividend per share (SEK) | 0.00 | 0.00 | 1.23 | 0.67 | 0.00 | 0.00 | 0.56 | 0.00 | 0.00 | 0.00 | 1.23 | 0.00 | 0.00 |
| No. of employees, avg. | 218 | 242 | 273 | 281 | 303 | 311 | 325 | 308 | 290 | 281 | 272 | 260 | 253 |
| Other metrics | | | | | | | | | | | | | |
| Net Revenue Retention (NRR) (%) | 95.4 | 101.5 | 93.2 | 99.5 | 103.2 | 97.5 | 101.7 | 90.7 | 101.3 | 108.7 | 104.1 | 97.2 | 100.3 |
| Churn (%) | 0.6 | 0.2 | 6.1 | 1.0 | 1.1 | 1.6 | 0.6 | 1.5 | 1.0 | 1.7 | 0.8 | 0.1 | 0.4 |

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 | |
|-----------------------------------|------------------------|-------------|------------|-------------|--------------|-------------|-------------|-------------|
| | Q2 2024 | Q2 2023 | Q2 2024 | Q2 2023 | Q2 2024 | Q2 2023 | Q2 2024 | Q2 2023 |
| SEK million | | | | | | | | |
| Subscription revenue | 38.9 | 40.4 | 4.0 | 4.3 | - | 0.1 | 42.8 | 44.8 |
| Ad hoc revenue from subscribers | 10.9 | 16.9 | 1.7 | 3.4 | - | - | 12.7 | 20.3 |
| Ad hoc revenue from other clients | 10.1 | 6.8 | 4.2 | 3.3 | - | - | 14.3 | 10.0 |
| Eliminations | - | - | - | - | 0.2 | - | 0.2 | - |
| Net sales | 60.0 | 64.1 | 9.9 | 11.0 | 0.2 | 0.1 | 70.0 | 75.2 |
| Direct costs | -15.0 | -17.8 | -1.2 | -1.3 | 0.0 | -0.3 | -16.2 | -19.4 |
| Gross profit | 45.0 | 46.4 | 8.7 | 9.6 | 0.2 | -0.2 | 53.8 | 55.8 |
| <i>Growth (%)</i> | | | | | | | | |
| Subscription revenue | -3.8 | 2.2 | -8.4 | -12.4 | - | - | -4.3 | 0.7 |
| Ad hoc revenue from subscribers | -35.6 | 12.9 | -48.7 | -33.3 | - | - | -37.8 | 1.4 |
| Ad hoc revenue from other clients | 49.9 | -56.1 | 28.1 | -50.2 | - | - | 42.6 | -54.3 |
| Net sales | -6.5 | -8.0 | -9.9 | -34.6 | - | - | -6.9 | -13.1 |
| Gross margin (%) | 75.0 | 72.3 | 87.7 | 88.0 | - | - | 76.9 | 74.2 |



Consolidated income statements

| KSEK | Apr-Jun 2024 | Apr-Jun 2023 | Jan-Jun 2024 | Jan-Jun 2023 | Jan-Dec 2023 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales | 70 009 | 75 180 | 137 530 | 147 870 | 293 082 |
| Capitalized expenditures | 169 | 5 581 | 2 665 | 12 314 | 21 831 |
| Other external income | 1 351 | 1 681 | 3 064 | 2 667 | 6 160 |
| | 71 528 | 82 442 | 143 259 | 162 851 | 321 073 |
| Direct costs | -16 188 | -19 389 | -33 027 | -39 206 | -73 556 |
| Other external costs | -10 712 | -11 144 | -21 254 | -20 765 | -44 760 |
| Personnel costs | -37 249 | -57 335 | -78 147 | -107 714 | -197 121 |
| Depreciation and amortization | -4 057 | -3 429 | -8 011 | -6 663 | -14 165 |
| Other operating costs | -1 636 | -894 | -2 632 | -2 137 | -6 244 |
| Operating income | 1 687 | -9 749 | 188 | -13 634 | -14 773 |
| Financial income | 813 | 1 229 | 2 079 | 1 419 | 2 844 |
| Financial expenses | -1 142 | -376 | -1 264 | -980 | -3 932 |
| Earnings before tax | 1 358 | -8 896 | 1 003 | -13 194 | -15 861 |
| Tax | -85 | -62 | -295 | -235 | 1 468 |
| Net income | 1 273 | -8 958 | 708 | -13 430 | -14 394 |
| Profit attributable to the parent company's shareholders | 1 273 | -8 958 | 708 | -13 430 | -14 394 |
| Shares outstanding, end of period | 7 863 186 | 7 863 186 | 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 | 7 863 186 | 7 863 186 |
| Earnings per share | 0.16 | -1.14 | 0.09 | -1.71 | -1.83 |



Consolidated balance sheets

| KSEK | June 30, 2024 | June 30, 2023 | December 31, 2023 |
|---|----------------|----------------|-------------------|
| ASSETS | | | |
| Intangible assets | 49 751 | 52 751 | 54 943 |
| Tangible assets | 447 | 781 | 584 |
| Financial assets | 1 157 | 1 102 | 1 041 |
| Total non-current assets | 51 355 | 54 634 | 56 568 |
| Trade receivables | 30 103 | 63 032 | 59 858 |
| Tax receivables | 6 632 | - | 2 908 |
| Other current receivables | 3 213 | 3 039 | 2 900 |
| Prepayments and accrued income | 23 845 | 15 848 | 18 580 |
| Cash and cash equivalents | 24 902 | 45 117 | 38 378 |
| Total current assets | 88 695 | 127 037 | 122 624 |
| TOTAL ASSETS | 140 050 | 181 671 | 179 192 |
| EQUITY | | | |
| Shareholders' equity | 1 573 | 1 573 | 1 573 |
| Other capital contributions | 115 020 | 115 020 | 115 020 |
| Translation difference | 393 | 276 | 676 |
| Retained earnings incl. net profit for the period | -39 753 | -24 557 | -30 790 |
| Total equity | 77 232 | 92 311 | 86 479 |
| LIABILITIES | | | |
| Due to customers | 12 207 | 15 138 | 24 025 |
| Tax liabilities | - | 66 | - |
| Trade payables | 10 698 | 19 110 | 23 965 |
| Other current liabilities | 7 822 | 11 871 | 11 671 |
| Accrued expenses and deferred income | 32 091 | 43 175 | 33 053 |
| Total current liabilities | 62 818 | 89 360 | 92 713 |
| Total liabilities | 62 818 | 89 360 | 92 713 |
| TOTAL EQUITY AND LIABILITIES | 140 050 | 181 671 | 179 192 |



Consolidated statements of changes in equity

| April – June (KSEK) | Shareholders' equity | Other capital contributions | Translation difference | Retained earnings incl. | Total equity |
|--|----------------------|-----------------------------|------------------------|---------------------------|---------------|
| | | | | net profit for the period | |
| 2023 | | | | | |
| Opening balance of equity April 1, 2023 | 1 573 | 115 020 | 179 | -11 196 | 105 576 |
| Net profit for the period | - | - | - | -8 958 | -8 958 |
| Translation difference | - | - | 97 | - | 97 |
| Dividend | - | - | - | -4 403 | -4 403 |
| Closing balance of equity June 30, 2023 | 1 573 | 115 020 | 276 | -24 557 | 92 311 |

| | | | | | |
|--|--------------|----------------|------------|----------------|---------------|
| 2024 | | | | | |
| Opening balance of equity April 1, 2024 | 1 573 | 115 020 | 421 | -31 354 | 85 660 |
| Net profit for the period | - | - | - | 1 273 | 1 273 |
| Translation difference | - | - | -29 | - | -29 |
| Dividend | - | - | - | -9 672 | -9 672 |
| Closing balance of equity June 30, 2024 | 1 573 | 115 020 | 393 | -39 753 | 77 232 |

| January – June (KSEK) | Shareholders' equity | Other capital contributions | Translation difference | Retained earnings incl. | Total equity |
|--|----------------------|-----------------------------|------------------------|---------------------------|---------------|
| | | | | net profit for the period | |
| 2023 | | | | | |
| Opening balance of equity January 1, 2023 | 1 573 | 115 020 | -180 | -6 724 | 109 689 |
| Net profit for the period | - | - | - | -13 430 | -13 430 |
| Translation difference | - | - | 455 | - | 455 |
| Dividend | - | - | - | -4 403 | -4 403 |
| Closing balance of equity June 30, 2023 | 1 573 | 115 020 | 276 | -24 557 | 92 311 |

| | | | | | |
|--|--------------|----------------|------------|----------------|---------------|
| 2024 | | | | | |
| Opening balance of equity January 1, 2024 | 1 573 | 115 020 | 676 | -30 790 | 86 479 |
| Net profit for the period | - | - | - | 708 | 708 |
| Translation difference | - | - | -283 | - | -283 |
| Dividend | - | - | - | -9 672 | -9 672 |
| Closing balance of equity June 30, 2024 | 1 573 | 115 020 | 393 | -39 753 | 77 232 |



Consolidated statements of cash flow

| KSEK | Apr-Jun 2024 | Apr-Jun 2023 | Jan-Jun 2024 | Jan-Jun 2023 | Jan-Dec 2023 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating activities | | | | | |
| Profit before tax | 1 358 | -8 896 | 1 003 | -13 194 | -15 861 |
| Adjustment for non-cash items | 4 038 | 3 409 | 7 654 | 6 992 | 15 042 |
| Income tax paid | -1 094 | -1 095 | -4 019 | -1 512 | -2 783 |
| Cash flow from operating activities before adjustment of working capital | 4 302 | -6 581 | 4 638 | -7 714 | -3 602 |
| Increase (-) / Decrease (+) of current receivables | 1 758 | -8 369 | 24 177 | 16 487 | 17 068 |
| Increase (+) / Decrease (-) of current liabilities | -14 972 | 7 350 | -29 896 | -10 795 | -7 376 |
| Cash flow from operating activities | -8 912 | -7 600 | -1 081 | -2 023 | 6 090 |
| Investing activities | | | | | |
| Acquisitions/divestments of tangible assets | 4 | -6 | 11 | 19 | -25 |
| Acquisitions/divestments of intangible assets | -169 | -5 581 | -2 665 | -12 314 | -21 831 |
| Acquisitions/divestments of financial assets | -56 | 13 | -69 | 13 | -10 |
| Cash flow from investing activities | -221 | -5 573 | -2 723 | -12 282 | -21 866 |
| Financing activities | | | | | |
| Dividend | -9 672 | -4 403 | -9 672 | -4 403 | -9 672 |
| Cash flow from financing activities | -9 672 | -4 403 | -9 672 | -4 403 | -9 672 |
| Net cash flow for the period | -18 805 | -17 577 | -13 475 | -18 708 | -25 447 |
| Cash and cash equivalents at the beginning of the period | 43 707 | 62 694 | 38 378 | 63 825 | 63 825 |
| Cash and cash equivalents at the end of the period | 24 902 | 45 117 | 24 902 | 45 117 | 38 378 |



Parent company income statements

| KSEK | Apr-Jun 2024 | Apr-Jun 2023 | Jan-Jun 2024 | Jan-Jun 2023 | Jan-Dec 2023 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Other external income | 268 | 42 | 285 | 206 | 355 |
| | 268 | 42 | 285 | 206 | 355 |
| Other external costs | -692 | -1 035 | -1 560 | -1 571 | -4 316 |
| Personnel costs | -946 | -2 631 | -1 655 | -4 069 | -5 355 |
| Operating income | -1 369 | -3 624 | -2 930 | -5 434 | -9 316 |
| Financial income | 601 | 990 | 1 362 | 1 859 | 3 510 |
| Financial expenses | - | -1 | - | -1 | -1 |
| Earnings before tax | -768 | -2 636 | -1 568 | -3 576 | -5 806 |
| Group contributions received | - | - | - | - | 3 810 |
| Tax | - | - | - | - | - |
| Net income | -768 | -2 636 | -1 568 | -3 576 | -1 996 |



Parent company balance sheets

| KSEK | June 30, 2024 | June 30, 2023 | December 31, 2023 |
|--------------------------------------|---------------|----------------|-------------------|
| ASSETS | | | |
| Financial assets | 81 860 | 96 150 | 88 050 |
| Total non-current assets | 81 860 | 96 150 | 88 050 |
| Receivables Group companies | 1 385 | 1 901 | 7 435 |
| Tax receivables | 498 | 498 | 322 |
| Other current receivables | 7 | 5 | 233 |
| Prepayments and accrued income | 106 | 246 | 91 |
| Cash and cash equivalents | 883 | 2 349 | 1 130 |
| Total current assets | 2 879 | 4 998 | 9 211 |
| TOTAL ASSETS | 84 739 | 101 148 | 97 261 |
| EQUITY | | | |
| Shareholders' equity | 1 573 | 1 573 | 1 573 |
| Share premium reserve | 115 020 | 115 020 | 115 020 |
| Retained earnings | -31 743 | -14 806 | -20 074 |
| Net profit for the period | -1 568 | -3 576 | -1 996 |
| Total equity | 83 282 | 98 211 | 94 522 |
| LIABILITIES | | | |
| Trade payables | 38 | 92 | 1 345 |
| Other current liabilities | 155 | 108 | 309 |
| Accrued expenses and deferred income | 1 263 | 2 737 | 1 084 |
| Total current liabilities | 1 456 | 2 937 | 2 739 |
| Total liabilities | 1 456 | 2 937 | 2 739 |
| TOTAL EQUITY AND LIABILITIES | 84 739 | 101 148 | 97 261 |



Parent company statements of changes in equity

| April – June (KSEK) | Shareholders' equity | Other capital contributions | Retained earnings | Total equity |
|---|----------------------|-----------------------------|---------------------------------|--------------|
| | | | incl. net profit for the period | |
| 2023 | | | | |
| Opening balance of equity April 1, 2023 | 1 573 | 115 020 | -11 343 | 105 250 |
| Net profit for the period | - | - | -2 636 | -2 636 |
| Dividend | - | - | -4 403 | -4 403 |
| Closing balance of equity June 30, 2023 | 1 573 | 115 020 | -18 382 | 98 211 |

| | | | | |
|---|-------|---------|---------|--------|
| 2024 | | | | |
| Opening balance of equity April 1, 2024 | 1 573 | 115 020 | -22 871 | 93 722 |
| Net profit for the period | - | - | -768 | -768 |
| Dividend | - | - | -9 672 | -9 672 |
| Closing balance of equity June 30, 2024 | 1 573 | 115 020 | -33 310 | 83 282 |

| January – June (KSEK) | Shareholders' equity | Other capital contributions | Retained earnings | Total equity |
|---|----------------------|-----------------------------|---------------------------------|--------------|
| | | | incl. net profit for the period | |
| 2023 | | | | |
| Opening balance of equity January 1, 2023 | 1 573 | 115 020 | -10 403 | 106 190 |
| Net profit for the period | - | - | -3 576 | -3 576 |
| Dividend | - | - | -4 403 | -4 403 |
| Closing balance of equity June 30, 2023 | 1 573 | 115 020 | -18 382 | 98 211 |

| | | | | |
|---|-------|---------|---------|--------|
| 2024 | | | | |
| Opening balance of equity January 1, 2024 | 1 573 | 115 020 | -22 071 | 94 522 |
| Net profit for the period | - | - | -1 568 | -1 568 |
| Dividend | - | - | -9 672 | -9 672 |
| Closing balance of equity June 30, 2024 | 1 573 | 115 020 | -33 310 | 83 282 |



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 June 30, 2024, to SEK 1,572,637.20 divided into 7,863,186 shares, each with a nominal value of SEK 0.20. Nepa AB has been 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 June 28, 2024 | Number of shares | Votes and capital |
|--|------------------|-------------------|
| Hanover Investors | 1,519,181 | 19.3% |
| Ulrich Boyer and companies | 1,450,032 | 18.4% |
| Elementa Management | 1,339,774 | 17.0% |
| Alcur Select | 477,477 | 6.1% |
| Försäkringsbolaget Avanza Pension | 443,077 | 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 | 160,908 | 2.0% |
| Björn Nordenborg | 134,256 | 1.7% |
| Ten largest shareholders | 6,337,064 | 80.6% |
| Other shareholders | 1,526,122 | 19.4% |
| 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 | October 25, 2024 |
| Q4 Year-end report Oct – Dec 2024 | February 21, 2025 |
| Annual report 2024 | April 25, 2025 |

All financial reports are published on Nepa's website:
nepa.com/investor-relations



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, August 16, 2024
The Board of Directors of Nepa AB

