

Q3 Interim report

July – September 2024

Q3 INTERIM REPORT

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Q3 in summary

- Annual Recurring Revenue (ARR) decreased by 7.6% to SEK 159.3 (172.4) million.
- Net sales decreased by 14.4%, or 14.2% organically, to SEK 60.4 (70.6) million.
- Subscription revenue decreased by 10.2% to SEK 40.2 (44.7) million. Ad hoc revenue from subscribers decreased by 30.9% to SEK 10.6 (15.3) million. Ad hoc revenue from other clients decreased by 8.0% to SEK 9.7 (10.6) million.
- Gross profit amounted to SEK 44.5 (51.9) million and the gross margin to 73.7% (73.6%).
- Adjusted EBITDA less Capex amounted to SEK 2.9 (0.0) million, or a margin of 4.8% (0.0%).
- Adjusted EBIT amounted to SEK -1.1 (0.6) million, or a margin of -1.9% (0.9%).
- Items affecting comparability amounted to SEK 0.0 (1.1) million.
- EBIT amounted to SEK -1.1 (-0.5) million or a margin of -1.9% (-0.7%).
- Net profit amounted to SEK -2.2 (-0.7) million and Earnings per share amounted to SEK -0.28 (-0.08).

YTD in summary

- Net sales decreased by 9.4%, or 9.2% organically, to SEK 198.0 (218.5) million.
- Subscription revenue decreased by 5.4% to SEK 125.1 (132.3) million. Ad hoc revenue from subscribers decreased by 29.3% to SEK 37.2 (52.6) million. Ad hoc revenue from other clients increased by 5.9% to SEK 35.6 (33.6) million.
- Gross profit amounted to SEK 149.0 (160.6) million and the gross margin to 75.3% (73.5%). Improved project profitability, data quality management, and supplier strategy have had a positive impact.
- Adjusted EBITDA less Capex amounted to SEK 9.7 (-12.4) million, or a margin of 4.9% (-5.7%).
- Adjusted EBIT amounted to SEK 0.3 (-6.1) million, or a margin of 0.2% (-2.8%).
- Items affecting comparability amounted to SEK 1.3 (8.0) million.
- EBIT amounted to SEK -1.0 (-14.1) million, or a margin of -0.5% (-6.5%).
- Net profit amounted to SEK -1.5 (-14.1) million and Earnings per share amounted to SEK -0.19 (-1.79).

Business highlights

DURING THE QUARTER

- Underlying profitability trend remains strong and intact. Adj. EBITDA less Capex margin of 4.8% (0.0%).
- Loss of a major global tracking contract, which expires in mid-Q1 2025. It is worth circa 16.5 MSEK ARR with a gross margin after data costs of circa 55%, compared to the Group YTD average of 75.3%.

AFTER THE PERIOD ENDED

- Nepa launched the new subscription product Continuous Marketing Mix Modeling (cMMM).
- Nepa appointed Jakob Kofoed as CTO.
- Notice of extra general meeting on November 19: Elementa proposes to elect Ludvig Blomqvist as board member, supported by the three largest shareholders who control 56.2% of the company.
- Sonja Thorngren steps down as CFO of Nepa.

Key financials

| Numbers in SEK million if not stated | Q3 2024 | Q3 2023 | change | YTD 2024 | YTD 2023 | change | LTM | FY 2023 |
|--------------------------------------|-----------|-----------|--------|-----------|-----------|--------|-----------|-----------|
| Annual Recurring Revenue (ARR) | 159.3 | 172.4 | -7.6% | 159.3 | 172.4 | -7.6% | 159.3 | 164.0 |
| Net sales | 60.4 | 70.6 | -14.4% | 198.0 | 218.5 | -9.4% | 272.6 | 293.1 |
| Of which subscription revenue | 40.2 | 44.7 | -10.2% | 125.1 | 132.3 | -5.4% | 169.9 | 177.0 |
| Gross profit | 44.5 | 51.9 | -14.3% | 149.0 | 160.6 | -7.2% | 207.9 | 219.5 |
| Gross margin | 73.7% | 73.6% | 0.1 | 75.3% | 73.5% | 1.8 | 76.3% | 74.9% |
| Adjusted EBITDA less Capex | 2.9 | 0.0 | 2.9 | 9.7 | -12.4 | 22.1 | 13.5 | -8.7 |
| Adjusted EBITDA less Capex, margin | 4.8% | 0.0% | 4.8 | 4.9% | -5.7% | 10.6 | 4.9% | -3.0% |
| Adjusted EBIT | -1.1 | 0.6 | -1.8 | 0.3 | -6.1 | 6.5 | 5.5 | -0.9 |
| Adjusted EBIT margin | -1.9% | 0.9% | -2.8 | 0.2% | -2.8% | 3.0 | 2.0% | -0.3% |
| EBIT | -1.1 | -0.5 | -0.7 | -1.0 | -14.1 | 13.1 | -1.6 | -14.8 |
| EBIT margin | -1.9% | -0.7% | -1.2 | -0.5% | -6.5% | 6.0 | -0.6% | -5.0% |
| Net income | -2.2 | -0.7 | -1.5 | -1.5 | -14.1 | 12.6 | -1.8 | -14.4 |
| Profit margin | -3.6% | -0.9% | -2.7 | -0.7% | -6.4% | 5.7 | -0.6% | -4.9% |
| Operating cash flow | 5.0 | 6.3 | -1.3 | 3.9 | 4.3 | -0.4 | 5.7 | 6.1 |
| Net financial position | 29.8 | 41.8 | -12.0 | 29.8 | 41.8 | -12.0 | 29.8 | 38.4 |
| Earnings per share, SEK | -0.28 | -0.08 | -0.19 | -0.19 | -1.79 | 1.61 | -0.22 | -1.83 |
| Avg. number of shares outstanding | 7 863 186 | 7 863 186 | 0.0% | 7 863 186 | 7 863 186 | 0.0% | 7 863 186 | 7 863 186 |



Comments by the CEO

Nepa's underlying profitability improved in the third quarter. Adjusted EBITDA less Capex is the strongest for a third quarter since 2021, with a margin of 4.8%. This achievement comes amidst a challenging market with above-normal levels of churn and lower ad hoc sales.

Organic growth in Q3 was -14.2%, or -12.0% when excluding the now-closed Nepa APAC. The third quarter is typically the least active due to the holiday season in July and August. This year, the restart in August was later than usual. Lower subscription revenue from the past year's churn and a weak market for new sales also negatively impacted revenues. Clients continued to exhibit cautious behavior, and sales cycles remained prolonged. On a positive note, our Sales & Marketing team kept high activity throughout the quarter. We have invested in strong sales candidates and are ramping up our marketing activities, with encouraging results so far. Long-term, we see strong potential for topline growth and have high ambitions for expansion.

INCREASED EFFICIENCY HAVE BOOSTED PROFITABILITY

Over the past year, we have significantly improved efficiency, leading to increased project margins and underlying profitability. Adjusted EBIT amounted to SEK -1.1 (0.6) million but was impacted by higher amortization of intangible assets and lower capitalized product development expenditures. We have accelerated time-to-market in our product development, reducing the need for capitalizing. Accounting for this, the adjusted EBITDA less Capex was SEK 2.9 (0.0) million corresponding to a margin of 4.8% (0.0%).

We see great potential for additional advancement by leveraging our global resources more effectively and deploying AI tools to enhance our products and streamline delivery. In September, we piloted an AI tool to automate tasks and enhance access to organizational knowledge. We already use Open-Text AI for more efficient analyses, and last year, we launched AI Trend Boost, our proprietary machine learning model, trusted by leading brands to significantly boost sample accuracy. Additionally, we use AI to dynamically evaluate respondent engagement and validity in real-time during surveys, thereby enhancing the overall quality of our data. These innovations position us at the forefront of our industry and reinforce our commitment to delivering actionable insights to clients.

LAUNCH OF CONTINUOUS MARKETING MIX MODELING

We are excited to announce the launch of our new subscription product, Continuous Marketing Mix Modeling (cMMM). This new solution enables real-time optimization of marketing efforts to maximize sales impact and improve business outcomes. cMMM complements Nepa's existing product portfolio of strategic tools and offers marketers a unique holistic approach to ensuring long-term brand development with clear links to business performance. Our initial clients have reported leading KPI's showing a clear return on investment and several areas where they can enhance their media effectiveness and overall marketing. Based on this positive client feedback, we are convinced that cMMM will revolutionize marketing strategies and contribute to our clients' success. cMMM is integrated into the Marketing Intelligence Suite, bringing Nepa closer to enabling brands to seamlessly track performance, optimize marketing investments, and evaluate campaigns within a single platform.

We are confident in our product-market fit and see significant opportunities to accelerate growth with new clients, where we observe more favorable contract terms and profitability compared to legacy arrangements on our tech platform. To keep Nepa ahead of competition, we have accelerated our tech efforts by appointing Jakob Kofoed as Chief Technology Officer. He brings extensive expertise from the industry, and from Marketing Mix Modeling in particular. He will be instrumental in driving our tech operations and product development forward in an efficient and scalable manner.

OUTLOOK

The market demand remains cautious, but we are starting to observe a positive trend shift in pipeline development and new bookings. Currently, we are facing short-term challenges, particularly with the announced churn of a major contract from our largest client set to expire in mid-Q1 2025. However, we remain focused on our long-term goal of driving profitable growth by delivering exceptional value to our clients in a cost-effective manner. In the short-term, we are implementing profitability-enhancing measures to offset the loss of revenue. We are making significant improvements in refining our sales and marketing strategies, enhancing operational efficiency, and developing market-leading products. I am confident that these efforts bring us closer to our objective.

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.

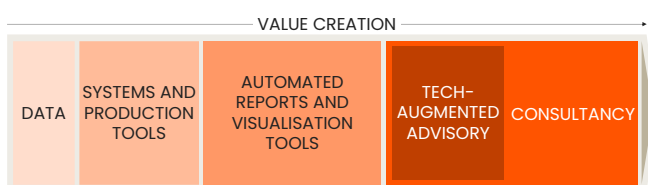
Nepa’s dynamic marketing intelligence suite offers tools and solutions for consumer brands worldwide to both maximize short-term sales and build long-term brand value. By combining continuous consumer survey data, sales data, and media investment data with sophisticated analytics and marketing expertise,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

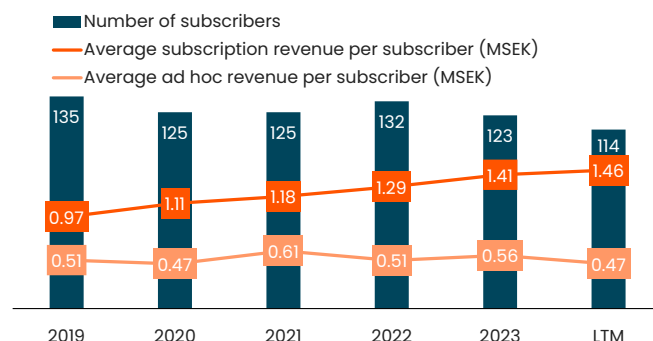
RESEARCH AND DEVELOPMENT

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 30% of the Group’s net sales.

OVERVIEW OF SUBSCRIBERS



The Group's financial development

REVENUE, EARNINGS, AND CASH FLOW

Revenue

Net sales decreased by 14.4% in the third quarter, or 14.2 organically, to SEK 60.4 (70.6) million. Subscription revenue decreased by 10.2% to SEK 40.2 (44.7) million, and ad hoc revenue from subscribers decreased by 30.9% to SEK 10.6 (15.3) million, following increasing levels of churned subscribers in the past year. Ad hoc revenue from other clients decreased by 8.0% to SEK 9.7 (10.6) million. YTD, net sales has decreased by 9.4%, or 9.2% organically, to SEK 198.0 (218.5) million.

Earnings

Gross profit amounted to SEK 44.5 (51.9) million in the third quarter for a margin of 73.7% (73.6%). The gross margin in the third quarter is in general lower than the rest of the year due to the product mix effect of lower ad hoc revenue. YTD, the gross profit has decreased to SEK 149.0 (160.6) million, while the gross margin has increased to 75.3% (73.5%). The positive long-term gross margin development is driven by improved project profitability, data quality management, and supplier strategy.

Cost-saving measures and efficiency improvements during the past year have contributed to improved underlying profitability. Adjusted EBITDA less Capex increased to SEK 2.9 (0.0) million in the quarter, for a margin of 4.8% (0.0%). Adjusted EBIT decreased to SEK -1.1 (0.6) million in the third quarter corresponding to a margin of -1.9% (0.9%). Items affecting comparability amounted to SEK 0.0 (1.1) million. EBIT decreased to SEK -1.1 (-0.5) million, and the EBIT margin to -1.9% (-0.7%).

YTD, Adjusted EBITDA less Capex increased to SEK 9.7 (-12.4) million, for a margin of 4.9% (-5.7%). Adjusted EBIT increased to SEK 0.3 (-6.1) million, corresponding to a margin of 0.2% (-2.8%). Items affecting comparability amounted to SEK 1.3 (8.0) million. EBIT increased to SEK -1.0 (-14.1) million, and the EBIT margin to -0.5% (-6.5%).

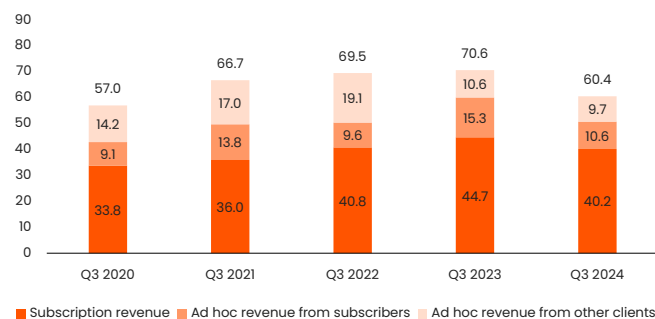
Net income for the quarter decreased to SEK -2.2 (-0.7) million and earnings per share decreased to SEK -0.28 (-0.08). YTD, net income increased to SEK -1.5 (-14.1) million and earnings per share increased to SEK -0.19 (-1.79).

Cash flow

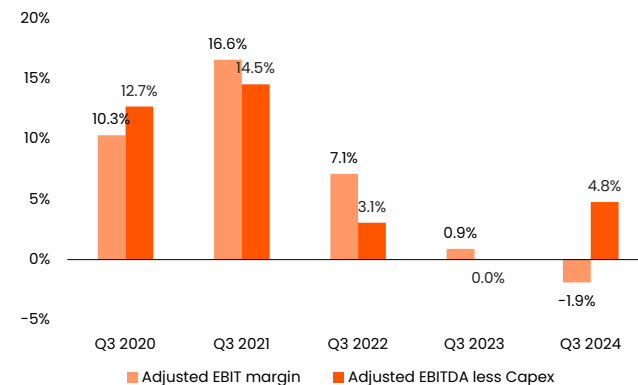
Cash flow from operating activities in the quarter amounted to SEK 5.0 (6.3) million of which the change in working capital amounted to SEK 4.3 (4.4) million. Cash flow from investing activities amounted to SEK -0.1 (-4.3) million. Cash flow from financing activities amounted to SEK 0.0 (-5.3) million. Net cash flow for the period amounted to SEK 4.9 (-3.3) million. At the end of the quarter, the net financial position amounted to SEK 29.9 (41.8) million.

YTD, cash flow from operating activities amounted to SEK 3.9 (4.3) million of which the change in working capital amounted to SEK -1.4 (10.1) million. Cash flow from investing activities amounted to SEK -2.8 (-16.6) million. Cash flow from financing activities amounted to SEK -9.7 (-9.7) million. YTD, net cash flow amounted to SEK -8.5 (-22.0) million.

REVENUE BREAKDOWN (SEK million), Q3 2020 – Q3 2024



PROFITABILITY, Q3 2020 – Q3 2024



MULTI-YEAR FINANCIAL OVERVIEW

| KPI | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Annual Recurring Revenue (ARR) | 159.3 | 160.1 | 167.3 | 164.0 | 172.4 | 174.3 | 168.6 | 170.9 | 168.4 | 162.5 | 170.9 | 169.2 | 141.5 |
| ARR growth (%) | -7.6 | -8.2 | -0.7 | -4.1 | 2.3 | 7.3 | -1.3 | 1.0 | 19.1 | 11.7 | 16.1 | 15.8 | 2.0 |
| Subscription revenue | 40.2 | 42.8 | 42.1 | 44.8 | 44.7 | 44.8 | 42.8 | 42.0 | 40.8 | 44.5 | 42.5 | 38.5 | 36.0 |
| Ad hoc revenue from subscribers | 10.6 | 12.7 | 13.9 | 16.6 | 15.3 | 20.3 | 16.9 | 19.2 | 9.6 | 20.1 | 18.4 | 20.4 | 13.8 |
| Ad hoc revenue from other clients | 9.7 | 14.3 | 11.5 | 16.6 | 10.6 | 10.0 | 13.0 | 15.1 | 19.1 | 22.0 | 19.0 | 19.8 | 17.0 |
| Net sales | 60.4 | 70.0 | 67.5 | 74.6 | 70.6 | 75.2 | 72.7 | 76.3 | 69.5 | 86.5 | 79.9 | 78.7 | 66.7 |
| Gross profit | 44.5 | 53.8 | 50.7 | 58.9 | 51.9 | 55.8 | 52.9 | 55.2 | 51.9 | 67.0 | 62.1 | 63.1 | 53.1 |
| Gross margin (%) | 73.7 | 76.9 | 75.1 | 79.0 | 73.6 | 74.2 | 72.7 | 72.3 | 74.7 | 77.5 | 77.8 | 80.2 | 79.7 |
| Adjusted EBITDA less Capex | 2.9 | 5.6 | 1.3 | 3.7 | 0.0 | -5.0 | -7.4 | -4.0 | 2.1 | 7.6 | 7.5 | 8.8 | 9.7 |
| Adjusted EBITDA less Capex, margin | 4.8 | 8.0 | 1.9 | 5.0 | 0.0 | -6.7 | -10.1 | -5.3 | 3.1 | 8.8 | 9.3 | 11.2 | 14.5 |
| Adjusted EBIT | -1.1 | 1.7 | -0.2 | 5.2 | 0.6 | -2.9 | -3.9 | 0.7 | 4.9 | 11.8 | 11.9 | 10.7 | 11.1 |
| Adjusted EBIT margin (%) | -1.9 | 2.4 | -0.3 | 7.0 | 0.9 | -3.8 | -5.3 | 1.0 | 7.1 | 13.7 | 14.9 | 13.6 | 16.6 |
| Items affecting comparability | 0.0 | 0.0 | 1.3 | 5.9 | 1.1 | 6.9 | 0.0 | 4.5 | 0.0 | 2.2 | 3.0 | 0.0 | 0.0 |
| EBIT | -1.1 | 1.7 | -1.5 | -0.7 | -0.5 | -9.7 | -3.9 | -3.8 | 4.9 | 9.6 | 8.9 | 10.7 | 11.1 |
| EBIT margin (%) | -1.9 | 2.4 | -2.2 | -0.9 | -0.7 | -13.0 | -5.3 | -4.9 | 7.1 | 11.1 | 11.1 | 13.6 | 16.6 |
| Net income | -2.2 | 1.3 | -0.6 | -0.3 | -0.7 | -9.0 | -4.5 | -4.9 | 5.5 | 9.0 | 7.9 | 10.5 | 10.2 |
| Profit margin (%) | -3.6 | 1.8 | -0.8 | -0.4 | -0.9 | -11.9 | -6.2 | -6.4 | 7.9 | 10.4 | 9.9 | 13.3 | 15.2 |
| Operating cash flow | 5.0 | -8.9 | 7.8 | 1.8 | 6.3 | -7.6 | 5.6 | 9.3 | -11.4 | 7.4 | 10.7 | 11.0 | 3.3 |
| Net financial position | 29.8 | 24.9 | 43.7 | 38.4 | 41.8 | 45.1 | 62.7 | 63.8 | 62.5 | 79.6 | 88.7 | 85.1 | 78.5 |
| Earnings per share (SEK) | -0.28 | 0.16 | -0.07 | -0.04 | -0.08 | -1.14 | -0.57 | -0.62 | 0.70 | 1.14 | 1.00 | 1.33 | 1.29 |
| Dividend per share (SEK) | 0.00 | 0.00 | 0.00 | 1.23 | 0.67 | 0.00 | 0.00 | 0.56 | 0.00 | 0.00 | 0.00 | 1.23 | 0.00 |
| No. of employees, avg. | 220 | 218 | 242 | 273 | 281 | 303 | 311 | 325 | 308 | 290 | 281 | 272 | 260 |
| Other metrics | | | | | | | | | | | | | |
| Net Revenue Retention (NRR) (%) | 98.5 | 95.4 | 101.5 | 93.2 | 99.5 | 103.2 | 97.5 | 101.7 | 90.7 | 101.3 | 108.7 | 104.1 | 97.2 |
| Churn (%) | 0.6 | 0.6 | 0.2 | 6.1 | 1.0 | 1.1 | 1.6 | 0.6 | 1.5 | 1.0 | 1.7 | 0.8 | 0.1 |

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 | |
| | Q3 2024 | Q3 2023 | Q3 2024 | Q3 2023 | Q3 2024 | Q3 2023 | Q3 2024 | Q3 2023 |
| SEK million | | | | | | | | |
| Subscription revenue | 36.4 | 40.4 | 3.8 | 4.4 | - | - | 40.2 | 44.7 |
| Ad hoc revenue from subscribers | 9.7 | 11.6 | 0.9 | 3.8 | - | - | 10.6 | 15.3 |
| Ad hoc revenue from other clients | 7.1 | 7.6 | 2.6 | 3.0 | - | - | 9.7 | 10.6 |
| Eliminations | - | - | - | - | -0.1 | - | -0.1 | - |
| Net sales | 53.2 | 59.5 | 7.3 | 11.1 | -0.1 | - | 60.4 | 70.6 |
| Direct costs | -15.2 | -17.7 | -0.7 | -1.0 | - | - | -15.9 | -18.7 |
| Gross profit | 38.0 | 41.8 | 6.6 | 10.1 | -0.1 | - | 44.5 | 51.9 |
| <i>Growth (%)</i> | | | | | | | | |
| Subscription revenue | -9.8 | 12.2 | -13.6 | -9.5 | - | - | -10.2 | 9.6 |
| Ad hoc revenue from subscribers | -16.3 | 34.9 | -76.2 | 273.7 | - | - | -30.9 | 59.7 |
| Ad hoc revenue from other clients | -5.9 | -45.8 | -13.3 | -40.9 | - | - | -8.0 | -44.5 |
| Net sales | -10.6 | 1.7 | -34.6 | 1.7 | - | - | -14.4 | 1.6 |
| Gross margin (%) | 71.4 | 70.3 | 90.4 | 90.9 | - | - | 73.7 | 73.6 |

Consolidated income statements

| KSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Jan-Dec 2023 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales | 60 442 | 70 621 | 197 972 | 218 492 | 293 082 |
| Capitalized expenditures | 45 | 4 262 | 2 710 | 16 576 | 21 831 |
| Other external income | 1 516 | 1 614 | 4 580 | 4 280 | 6 160 |
| | 62 004 | 76 497 | 205 263 | 239 348 | 321 073 |
| Direct costs | -15 916 | -18 675 | -48 943 | -57 881 | -73 556 |
| Other external costs | -9 370 | -10 899 | -30 624 | -31 664 | -44 760 |
| Personnel costs | -32 736 | -42 002 | -110 883 | -149 716 | -197 121 |
| Depreciation and amortization | -4 094 | -3 664 | -12 105 | -10 327 | -14 165 |
| Other operating costs | -1 037 | -1 731 | -3 669 | -3 869 | -6 244 |
| Operating income | -1 150 | -475 | -961 | -14 108 | -14 773 |
| Financial income | 179 | 753 | 2 257 | 2 172 | 2 844 |
| Financial expenses | -1 180 | -806 | -2 444 | -1 786 | -3 932 |
| Earnings before tax | -2 150 | -528 | -1 148 | -13 722 | -15 861 |
| Tax | -21 | -135 | -316 | -370 | 1 468 |
| Net income | -2 171 | -663 | -1 463 | -14 092 | -14 394 |
| Profit attributable to the parent company's shareholders | -2 171 | -663 | -1 463 | -14 092 | -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 | -0.28 | -0.08 | -0.19 | -1.79 | -1.83 |



Consolidated balance sheets

| KSEK | September 30, 2024 | September 30, 2023 | December 31, 2023 |
|---|--------------------|--------------------|-------------------|
| ASSETS | | | |
| Intangible assets | 45 759 | 53 440 | 54 943 |
| Tangible assets | 303 | 698 | 584 |
| Financial assets | 1 130 | 1 079 | 1 041 |
| Total non-current assets | 47 191 | 55 217 | 56 568 |
| Trade receivables | 30 520 | 57 088 | 59 858 |
| Tax receivables | 8 839 | 823 | 2 908 |
| Other current receivables | 3 224 | 3 069 | 2 900 |
| Prepayments and accrued income | 21 769 | 14 653 | 18 580 |
| Cash and cash equivalents | 29 834 | 41 849 | 38 378 |
| Total current assets | 94 187 | 117 482 | 122 624 |
| TOTAL ASSETS | 141 378 | 172 699 | 179 192 |
| EQUITY | | | |
| Shareholders' equity | 1 573 | 1 573 | 1 573 |
| Other capital contributions | 115 020 | 115 020 | 115 020 |
| Translation difference | 1 219 | -34 | 676 |
| Retained earnings incl. net profit for the period | -41 925 | -30 489 | -30 790 |
| Total equity | 75 887 | 86 070 | 86 479 |
| LIABILITIES | | | |
| Due to customers | 16 322 | 14 436 | 24 025 |
| Trade payables | 12 047 | 21 666 | 23 965 |
| Other current liabilities | 9 818 | 13 143 | 11 671 |
| Accrued expenses and deferred income | 27 304 | 37 384 | 33 053 |
| Total current liabilities | 65 491 | 86 629 | 92 713 |
| Total liabilities | 65 491 | 86 629 | 92 713 |
| TOTAL EQUITY AND LIABILITIES | 141 378 | 172 699 | 179 192 |



Consolidated statements of changes in equity

| July – September (KSEK) | Shareholders' equity | Other capital contributions | Translation difference | Retained earnings incl. | Total equity |
|---|----------------------|-----------------------------|------------------------|---------------------------|---------------|
| | | | | net profit for the period | |
| 2023 | | | | | |
| Opening balance of equity July 1, 2023 | 1 573 | 115 020 | 276 | -24 557 | 92 311 |
| Net profit for the period | - | - | - | -663 | -663 |
| Translation difference | - | - | -310 | - | -310 |
| Dividend | - | - | - | -5 268 | -5 268 |
| Closing balance of equity September 30, 2023 | 1 573 | 115 020 | -34 | -30 489 | 86 070 |

| | | | | | |
|---|--------------|----------------|--------------|----------------|---------------|
| 2024 | | | | | |
| Opening balance of equity July 1, 2024 | 1 573 | 115 020 | 393 | -39 753 | 77 232 |
| Net profit for the period | - | - | - | -2 171 | -2 171 |
| Translation difference | - | - | 826 | - | 826 |
| Dividend | - | - | - | - | - |
| Closing balance of equity September 30, 2024 | 1 573 | 115 020 | 1 219 | -41 925 | 75 887 |

| January – September (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 | - | - | - | -14 092 | -14 092 |
| Translation difference | - | - | 146 | - | 146 |
| Dividend | - | - | - | -9 672 | -9 672 |
| Closing balance of equity September 30, 2023 | 1 573 | 115 020 | -34 | -30 489 | 86 070 |

| | | | | | |
|---|--------------|----------------|--------------|----------------|---------------|
| 2024 | | | | | |
| Opening balance of equity January 1, 2024 | 1 573 | 115 020 | 676 | -30 790 | 86 479 |
| Net profit for the period | - | - | - | -1 463 | -1 463 |
| Translation difference | - | - | 543 | - | 543 |
| Dividend | - | - | - | -9 672 | -9 672 |
| Closing balance of equity September 30, 2024 | 1 573 | 115 020 | 1 219 | -41 925 | 75 887 |



Consolidated statements of cash flow

| KSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Jan-Dec 2023 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating activities | | | | | |
| Profit before tax | -2 150 | -528 | -1 148 | -13 722 | -15 861 |
| Adjustment for non-cash items | 5 050 | 3 412 | 12 703 | 10 404 | 15 042 |
| Income tax paid | -2 228 | -1 024 | -6 247 | -2 536 | -2 783 |
| Cash flow from operating activities before adjustment of working capital | 671 | 1 860 | 5 309 | -5 854 | -3 602 |
| Increase (-) / Decrease (+) of current receivables | 1 647 | 7 109 | 25 824 | 23 596 | 17 068 |
| Increase (+) / Decrease (-) of current liabilities | 2 673 | -2 665 | -27 223 | -13 461 | -7 376 |
| Cash flow from operating activities | 4 991 | 6 304 | 3 911 | 4 281 | 6 090 |
| Investing activities | | | | | |
| Acquisitions/divestments of tangible assets | -15 | -42 | -4 | -24 | -25 |
| Acquisitions/divestments of intangible assets | -45 | -4 262 | -2 710 | -16 576 | -21 831 |
| Acquisitions/divestments of financial assets | - | - | -68 | 13 | -10 |
| Cash flow from investing activities | -60 | -4 304 | -2 783 | -16 586 | -21 866 |
| Financing activities | | | | | |
| Dividend | - | -5 268 | -9 672 | -9 672 | -9 672 |
| Cash flow from financing activities | - | -5 268 | -9 672 | -9 672 | -9 672 |
| Net cash flow for the period | 4 932 | -3 269 | -8 544 | -21 977 | -25 447 |
| Cash and cash equivalents at the beginning of the period | 24 902 | 45 117 | 38 378 | 63 825 | 63 825 |
| Cash and cash equivalents at the end of the period | 29 834 | 41 849 | 29 834 | 41 849 | 38 378 |



Parent company income statements

| KSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Jan-Dec 2023 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Other external income | 13 | 20 | 299 | 226 | 355 |
| | 13 | 20 | 299 | 226 | 355 |
| Other external costs | -436 | -940 | -1 997 | -2 511 | -4 316 |
| Personnel costs | -1 025 | -592 | -2 680 | -4 660 | -5 355 |
| Operating income | -1 448 | -1 512 | -4 378 | -6 945 | -9 316 |
| Financial income | 367 | 622 | 1 729 | 2 481 | 3 510 |
| Financial expenses | - | - | - | -1 | -1 |
| Earnings before tax | -1 081 | -890 | -2 649 | -4 466 | -5 806 |
| Group contributions received | - | - | - | - | 3 810 |
| Tax | - | - | - | - | - |
| Net income | -1 081 | -890 | -2 649 | -4 466 | -1 996 |



Parent company balance sheets

| KSEK | September 30, 2024 | September 30, 2023 | December 31, 2023 |
|--------------------------------------|--------------------|--------------------|-------------------|
| ASSETS | | | |
| Financial assets | 79 860 | 90 550 | 88 050 |
| Total non-current assets | 79 860 | 90 550 | 88 050 |
| Receivables Group companies | 1 728 | 2 490 | 7 435 |
| Tax receivables | 586 | 586 | 322 |
| Other current receivables | 16 | 119 | 233 |
| Prepayments and accrued income | 123 | 185 | 91 |
| Cash and cash equivalents | 789 | 1 087 | 1 130 |
| Total current assets | 3 243 | 4 468 | 9 211 |
| TOTAL ASSETS | 83 103 | 95 018 | 97 261 |
| EQUITY | | | |
| Shareholders' equity | 1 573 | 1 573 | 1 573 |
| Share premium reserve | 115 020 | 115 020 | 115 020 |
| Retained earnings | -31 743 | -20 074 | -20 074 |
| Net profit for the period | -2 649 | -4 466 | -1 996 |
| Total equity | 82 201 | 92 053 | 94 522 |
| LIABILITIES | | | |
| Trade payables | 50 | 650 | 1 345 |
| Other current liabilities | 80 | 133 | 309 |
| Accrued expenses and deferred income | 772 | 2 182 | 1 084 |
| Total current liabilities | 901 | 2 965 | 2 739 |
| Total liabilities | 901 | 2 965 | 2 739 |
| TOTAL EQUITY AND LIABILITIES | 83 103 | 95 018 | 97 261 |



Parent company statements of changes in equity

| July – September (KSEK) | Shareholders' equity | Other capital contributions | Retained earnings | Total equity |
|--|----------------------|-----------------------------|---------------------------------|--------------|
| | | | incl. net profit for the period | |
| 2023 | | | | |
| Opening balance of equity July 1, 2023 | 1 573 | 115 020 | -18 382 | 98 211 |
| Net profit for the period | - | - | -890 | -890 |
| Dividend | - | - | -5 268 | -5 268 |
| Closing balance of equity September 30, 2023 | 1 573 | 115 020 | -24 540 | 92 053 |

| | | | | |
|--|-------|---------|---------|--------|
| 2024 | | | | |
| Opening balance of equity July 1, 2024 | 1 573 | 115 020 | -33 310 | 83 282 |
| Net profit for the period | - | - | -1 081 | -1 081 |
| Dividend | - | - | - | - |
| Closing balance of equity September 30, 2024 | 1 573 | 115 020 | -34 392 | 82 201 |

| January – September (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 | - | - | -4 466 | -4 466 |
| Dividend | - | - | -9 672 | -9 672 |
| Closing balance of equity September 30, 2023 | 1 573 | 115 020 | -24 540 | 92 053 |

| | | | | |
|--|-------|---------|---------|--------|
| 2024 | | | | |
| Opening balance of equity January 1, 2024 | 1 573 | 115 020 | -22 071 | 94 522 |
| Net profit for the period | - | - | -2 649 | -2 649 |
| Dividend | - | - | -9 672 | -9 672 |
| Closing balance of equity September 30, 2024 | 1 573 | 115 020 | -34 392 | 82 201 |



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

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Edvard Hagman, Investor Relations
ir@nepa.com

THE SHARE AND DIVIDEND

The share capital of Nepa AB amounted, on September 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 September 30, 2024 | Number of shares | Votes and capital |
|---|------------------|-------------------|
| Hanover Investors | 1,519,181 | 19.3% |
| Elementa Management | 1,454,133 | 18.5% |
| Ulrich Boyer and close relatives | 1,450,032 | 18.4% |
| Försäkringsbolaget Avanza Pension | 409,526 | 5.2% |
| Aktia Nordic Microcap | 373,312 | 4.7% |
| Olle Jakobsson | 234,056 | 3.0% |
| Alcur Select | 220,542 | 2.8% |
| Schroders International Selection Fund | 217,504 | 2.8% |
| Nordnet Pensionsförsäkring | 146,427 | 1.9% |
| SEB Life International Assurance | 138,317 | 1.8% |
| Ten largest shareholders | 6,163,030 | 78.4% |
| Other shareholders | 1,700,156 | 21.6% |
| Total shares outstanding | 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. Contracts are considered active from their start date, and terminated contracts remain valid until their specified end date. |
| 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 EBITDA less Capex | EBIT before depreciation and amortization, less capital expenditures, adjusted for items affecting comparability. |
| Adjusted EBITDA less Capex, margin | Adjusted EBITDA less Capex 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. Churn is recorded during the period in which the specified end date of the contract occurs. |



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, October 25, 2024
The Board of Directors of Nepa AB

