

## NEW PRODUCT LAUNCH AND CONTINUED GROWTH IN Q1

---

*This is a translation of the Swedish interim report. If there should be any discrepancies, the Swedish language version governs.*

---

### FIRST QUARTER, JANUARY – MARCH 2018

- Net sales increased by 12.7% to MSEK 57.6 (51.1)
- Gross profit increased by 11.6% to MSEK 42.7 (38.3)
- EBIT amounted to MSEK -5.1 (-4.6)
- Earnings after tax amounted to MSEK -5.7 (-5.5)
- Earnings per share amounted to, basic SEK -0.79 (-0.77), diluted SEK -0.78 (-0.77)

### IMPORTANT EVENTS

#### DURING THE PERIOD

- In March, industry veteran Matt Nitzberg joined Nepa USA in the role of Chief Client Officer, and thereby substantially strengthening the US sales organization. Matt was instrumental in growing sales of dunhumby USA.
- Launched the application CX Tracker within our Customer Experience offering that targets mid-sized companies and companies that are in the early stages of their journey to improve customer experience. The CX Tracker provides an entry point to our Customer Experience offering, expanding our addressable market and creating future upselling opportunities.

- Development of the Path-to-Purchase application that helps global Consumer Packaged Goods companies understand the importance of every online and offline touchpoint in their consumers' decision journeys.

#### AFTER THE PERIOD ENDED

- Completes the last adaptations in our systems and processes, including the migration to a new main data gathering tool to be fully compliant to the GDPR, the EU's new personal data regulation.

## A WORD FROM OUR CEO

Nepa has taken several steps towards reaching our goals in the first quarter of 2018, by developing our products and services and intensifying our expansion in the UK and the USA.

We help our clients meet the challenge of transforming enormous amounts of data to actionable insights by developing solutions that distribute the right data, to the right decision maker, at the right time.

Some of the things we have done include:

- **Launched CX Tracker**, a new application in our Customer Experience offering that targets mid-sized companies and companies that are in the early stages of their journey to improve customer experience. The CX Tracker provides an entry point to our Customer Experience offering – expanding our addressable market and creating future upselling opportunities.
- **Development of our Path-to-Purchase application** - helping global Consumer Packaged Goods companies understand the importance of every online and offline touchpoint in their consumers' decision journeys. Path-to-Purchase enables our clients to optimize investment at every step of the consumers' buying process. The product has had a breakthrough on the UK market and we have been invited by ESOMAR to present our findings at their annual Shopper Experience event in Amsterdam in June this year.
- **GDPR compliance** - During the first quarter we have invested in making the last adaptations in our systems and processes to be fully **compliant to the GDPR**, the EU's new personal data regulation. Among others we have completed the migration to a new main data gathering tool, a process we have invested close to 8,000 hours into over the last six months. We are ready for GDPR and the opportunities it presents when it comes into force

tomorrow on May 25th and we are convinced that it will be a competitive advantage for Nepa.

- We have continued to increase the scalability of our ActionHub® platform and also changed the name to **Consumer Science platform®**. Nepa defines Consumer Science as the intersection between Consumer Research and Data Science.

The nomination committee for Nepa has suggested Jan Carlzon and Annika Steiber as new board members for Nepa, subject to election at the annual general meeting on May 31st. Jan Carlzon, former CEO of SAS, has a global network and extensive experience within consumer-oriented and decentralized management. Annika Steiber PhD brings a solid academic background, an extensive network in the USA, and innovation expertise. Annika is based in Silicon Valley and the author of several books (incl. "The Google Model - Management for Continuous Innovation in a Rapidly Changing World"). We are hoping to welcome both to the board. I also want to give my warm thanks to Anne Roggeveen, who is not available for re-election. Anne has given great contributions to Nepa, both in the board meetings and in supporting our operations in the USA.

Nepa continued to grow in Q1 for the 48th consecutive quarter. Net sales grew by 12.7 percent to MSEK 57.6 and gross profit grew by 11.6 percent to MSEK 42.7. EBIT amounted to MSEK -5.1 MSEK. At the same time, growth in personnel costs continued to slow down for the fourth consecutive quarter – from a growth rate of 40 percent in Q1 2017 to 9 percent in Q1 2018. With stronger net margins in our Swedish market, an improved product portfolio, and international business growth – we are optimistic about our success in 2018 and beyond.

Fredrik Östgren  
CEO

## THE GROUP

### THE BUSINESS

#### VISION

*"We change the way decisions are made".*

The digital transformation of our society is pushing companies to become more customer centric. The need to listen to and to understand customers has never been more important for business success. Through innovative solutions and software, Nepa facilitates customer oriented decision making in all parts of Nepa's clients' organizations.

#### BUSINESS CONCEPT

Nepa's business concept is to help companies become more customer oriented, by bringing the voice of the consumer into companies' business development and daily decision-making. Nepa combines consumer feedback data with actual behavior data in order to transform traditional insights into financially quantifiable actions.

#### BUSINESS MODEL

Nepa is a groundbreaking growth company within the research industry that offers innovative solutions and software for delivering actionable insights to clients.

Nepa has developed automated processes for continuous data gathering, data analysis and the distribution of actionable insights.

More than 65 percent of Nepa's revenues stem from subscription revenues defined as agreements that last at least 12 months. Other revenues stem from solving client specific business challenges, always with the ambition to create a long-term subscription business model and/or to develop highly scalable products that can be applied to other clients and in other industry verticals.

The proprietary platform Consumer Science Platform® is sold as a combination of:

1. A platform license for managing customer feedback with an interface that automatically enriches clients' current IT infrastructure with behavior data.
2. Standardized products – Consumer Science Platform® Applications Suite.
3. Solving client specific business challenges.

Nepa's sales strategy entails solving client specific business challenges by utilizing proprietary ready-made and scalable analytics modules, which results in cost effective customization.

### DEVELOPMENT OF THE GROUP

#### REVENUES

Net sales increased in the first quarter by 12.7 percent to kSEK 57,562 (51,063) and gross profit increased by 11.6 percent to kSEK 42,719 (38,263).

#### EARNINGS

The group's EBIT amounted in the first quarter to kSEK -5,066 (-4,640) and earnings after tax amounted to kSEK -5,658 (-5,539).

## GROUP INCOME STATEMENTS

kSEK	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Net sales	57 562	51 063	213 148
Other external income	814	833	3 340
	<b>58 376</b>	<b>51 896</b>	<b>216 488</b>
Direct costs	-14 844	-12 800	-55 289
Other external costs	-6 453	-5 796	-24 114
Personnel costs	-40 417	-36 913	-151 404
Depreciations	-1 055	-648	-3 326
Other operating costs	-673	-378	-2 116
<b>Earnings Before Interest and Tax</b>	<b>-5 066</b>	<b>-4 640</b>	<b>-19 761</b>
Financial income	315	63	1 168
Financial costs	-206	-513	-1 926
<b>Earnings Before Tax</b>	<b>-4 957</b>	<b>-5 089</b>	<b>-20 519</b>
Tax	-701	-450	-15
<b>Earnings After Tax</b>	<b>-5 658</b>	<b>-5 539</b>	<b>-20 533</b>
Profit attributable to the parent company's shareholders	-5 658	-5 539	-20 533
Number of shares, end of period (pcs.)	7 148 351	7 148 351	7 148 351
Average number of shares during the period (pcs.)	7 148 351	7 148 351	7 148 351
Earnings per share, basic (SEK)	-0.79	-0.77	-2.87
Earnings per share, diluted (SEK)	-0.78	-0.77	-2.84

## GROUP BALANCE SHEETS

ASSETS (kSEK)	March 31, 2018	March 31, 2017	December 31, 2017
Intangible assets	22 244	13 871	21 006
Tangible assets	759	1 369	811
Financial assets	463	1 734	415
<b>Sum non-current assets</b>	<b>23 466</b>	<b>16 974</b>	<b>22 232</b>
Trade receivables	34 539	31 537	46 610
Tax receivables	1 402	-	1 129
Other current receivables	4 169	2 648	3 339
Prepayments and accrued income	10 549	6 530	5 281
Cash and cash equivalents	20 105	49 847	22 827
<b>Sum current assets</b>	<b>70 765</b>	<b>90 562</b>	<b>79 186</b>
<b>TOTAL ASSETS</b>	<b>94 231</b>	<b>107 536</b>	<b>101 417</b>
<b>EQUITY (kSEK)</b>			
Shareholders' equity	1 430	1 430	1 430
Development fund	19 821	8 253	18 093
Other capital contributions	79 390	77 750	78 964
Translation difference	-532	-229	-545
Retained earnings incl. net profit for the period	-55 273	-22 890	-47 886
<b>Equity, parent company shareholder</b>	<b>44 835</b>	<b>64 313</b>	<b>50 055</b>
<b>LIABILITIES (kSEK)</b>			
Deferred Tax	550	654	550
<b>Total Long term liabilities</b>	<b>550</b>	<b>654</b>	<b>550</b>
Due to customers	8 731	9 216	13 804
Trade payables	15 036	12 091	10 325
Tax payables	-	284	-
Other current liabilities	7 123	6 484	9 539
Accrued expenses, deferred income	17 956	14 494	17 144
<b>Total short term liabilities</b>	<b>48 846</b>	<b>42 569</b>	<b>50 812</b>
<b>Total liabilities</b>	<b>49 396</b>	<b>43 223</b>	<b>51 362</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94 231</b>	<b>107 536</b>	<b>101 417</b>
<b>Pledged (kSEK)</b>			
Chattle	12 000	12 000	12 000
Bank guarantee	1 500	3 283	1 500
<b>Total pledged</b>	<b>13 500</b>	<b>15 283</b>	<b>13 500</b>

## GROUP CASH FLOW STATEMENTS

kSEK	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
<i>Operating activities</i>			
Profit before tax	-4 957	-5 089	-20 519
Adjustment of items not included in the cash flow	1 497	1 137	3 511
Income tax paid	-974	-303	-1 385
<b>Cash flow from operating activities before adjustments of working capital</b>	<b>-4 434</b>	<b>-4 255</b>	<b>-18 392</b>
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) of current receivables	5 951	602	-12 413
Increase (+) / Decrease (-) of current liabilities	-1 966	2 546	11 074
<b>Cash flow from operating activities</b>	<b>-450</b>	<b>-1 107</b>	<b>-19 731</b>
<i>Investing activities</i>			
Acquisitions/divestments, tangible assets	-34	-329	-288
Acquisitions/divestments, intangible assets	-2 203	-2 343	-11 676
Acquisitions/divestments, group companies	-	-714	-
Acquisitions/divestments, financial assets	-27	-174	-356
<b>Cash flow from investing activities</b>	<b>-2 272</b>	<b>-3 560</b>	<b>-12 320</b>
<i>Financing activities</i>			
Issuance of warrants	-	-	363
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>363</b>
Net cash flow for the period	-2 722	-4 667	-31 687
Cash and cash equivalents at the beginning of the period	22 827	54 514	54 514
<b>Cash and cash equivalents at the end of the period</b>	<b>20 105</b>	<b>49 847</b>	<b>22 827</b>

## GROUP KEY PERFORMANCE INDICATORS

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Net sales growth rate (%)	12.7	25.9	15.6
EBITDA (kSEK)	-4 011	-3 991	-16 435
EBITDA margin (%)	Neg	Neg	Neg
EBIT margin (%)	Neg	Neg	Neg
Profit margin (%)	Neg	Neg	Neg
Total assets (kSEK)	94 231	107 536	101 417
Equity / Assets ratio (%)	47.6	59.8	49.4
No. of shares, end of period (pcs.)	7 148 351	7 148 351	7 148 351
No. of shares, average during period (pcs.)	7 148 351	7 148 351	7 148 351
Earnings per share, basic (SEK)	-0.79	-0.77	-2.87
Earnings per share, diluted (SEK)	-0.78	-0.77	-2.84
Equity per share (SEK)	6.27	9.00	7.00
Dividend per share (SEK)	n/a	n/a	0.00 <sup>1</sup>
No. of employees, average (pcs.)	248	220	238

**Definitions**

<i>Net sales growth rate</i>	<i>Percent of growth in net sales compared to a previous period.</i>
<i>EBITDA</i>	<i>Earnings before interest, taxes, depreciation and amortization.</i>
<i>EBITDA margin</i>	<i>EBITDA as a percentage of net sales.</i>
<i>EBIT margin</i>	<i>EBIT as a percentage of net sales.</i>
<i>Profit margin</i>	<i>Earnings before tax as a percent of net sales.</i>
<i>Equity / Assets ratio</i>	<i>Equity as a percentage of total assets.</i>
<i>Earnings per share</i>	<i>Profit attributable to the parent company's shareholders divided by average number of outstanding shares.</i>
<i>Equity per share</i>	<i>Equity divided by number of outstanding shares.</i>
<i>Dividend per share</i>	<i>Dividend for the period divided by the number of outstanding shares at the time of dividend.</i>
<i>No. of employees, average</i>	<i>Number of FTE's on average during the period.</i>

<sup>1</sup> Dividend proposed by the Board of Directors.

## PARENT COMPANY

## INCOME STATEMENTS, PARENT COMPANY

kSEK	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Net sales	73	2 400	8 879
Other external income	452	436	2 258
	<b>525</b>	<b>2 836</b>	<b>11 137</b>
Direct costs	-	-832	-684
Other external costs	-444	-722	-2 622
Personnel costs	-2 711	-2 574	-15 831
Depreciations	-3	-4	-16
<b>Earnings Before Interest and Tax</b>	<b>-2 633</b>	<b>-1 297</b>	<b>-8 015</b>
Results from shares in group companies	-	-	-162
Financial income	84	-	245
Financial costs	-0	-	33
<b>Earnings After Financial Items</b>	<b>-2 549</b>	<b>-1 297</b>	<b>-7 900</b>
Reversal of tax allocation reserve	-	-	200
<b>Earnings Before Tax</b>	<b>-2 549</b>	<b>-1 297</b>	<b>-7 700</b>
Tax	-	-	-
<b>Earnings After Tax</b>	<b>-2 549</b>	<b>-1 297</b>	<b>-7 700</b>



## BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	March 31, 2018	March 31, 2017	December 31, 2017
Tangible assets	-	15	3
Financial assets	57 547	47 359	57 547
<b>Sum non-current assets</b>	<b>57 547</b>	<b>47 374</b>	<b>57 550</b>
Trade receivables	401	79	626
Receivables Group companies	3 997	4 633	4 568
Tax receivables	852	852	670
Other current receivables	99	336	50
Prepayments and accrued income	347	1 093	117
Cash and cash equivalents	9 021	27 526	11 056
<b>Sum current assets</b>	<b>14 717</b>	<b>34 520</b>	<b>17 087</b>
<b>TOTAL ASSETS</b>	<b>72 265</b>	<b>81 894</b>	<b>74 637</b>
<b>EQUITY (kSEK)</b>			
Shareholders' equity	1 430	1 430	1 430
Share premium reserve	79 390	77 750	78 964
Retained earnings	-8 477	-777	-777
Net profit for the period	-2 549	-1 297	-7 700
<b>Total equity</b>	<b>69 793</b>	<b>77 105</b>	<b>71 917</b>
Tax allocation reserve	-	200	-
<b>Untaxed reserves</b>	<b>-</b>	<b>200</b>	<b>-</b>
<b>LIABILITIES (kSEK)</b>			
Trade payables	341	353	192
Borrowings from Group companies	-	1 863	80
Other current liabilities	261	1 072	450
Accrued expenses, deferred income	1 870	1 300	1 999
<b>Total liabilities</b>	<b>2 472</b>	<b>4 589</b>	<b>2 721</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>72 265</b>	<b>81 894</b>	<b>74 637</b>

## NOTE: Changes in equity in summary

THE GROUP, KSEK	Share- holders' equity	Other capital contri- butions	Develop- ment fund	Transla- tion difference	Retained earnings incl. net profit of the period	Non- controlling interests	Total equity
<b>THE GROUP 2017</b>							
Opening balance of equity January 1, 2017	1 430	77 750	8 253	140	-16 799	-714	70 060
Change in share in subsidiary	-	-	-	-	-714	714	-
Net profit of the period	-	-	-	-	-5 539	-	-5 539
Translation difference	-	-	-	-369	162	-	-208
<b>Closing balance of equity March 31, 2017</b>	<b>1 430</b>	<b>77 750</b>	<b>8 253</b>	<b>-229</b>	<b>-22 890</b>	<b>-</b>	<b>64 313</b>
<b>THE GROUP 2018</b>							
Opening balance of equity January 1, 2018	1 430	78 964	18 093	-545	-47 886	-	50 055
Net profit of the period	-	-	-	-	-5 658	-	-5 658
Translation difference	-	-	-	13	-	-	13
Development fund	-	-	1 728	-	-1 728	-	-
Issuance of warrants	-	426	-	-	-	-	426
<b>Closing balance of equity March 31, 2018</b>	<b>1 430</b>	<b>79 390</b>	<b>19 821</b>	<b>-532</b>	<b>-55 273</b>	<b>-</b>	<b>44 835</b>
<b>PARENT COMPANY, KSEK</b>							
	Shareholders' equity		Share premium reserve		Retained earnings incl. net profit of the period		Total equity
<b>PARENT COMPANY 2017</b>							
Opening balance of equity January 1, 2017	1 430		77 750		-777		78 403
Net profit of the period	-		-		-1 297		-1 297
<b>Closing balance of equity March 31, 2017</b>	<b>1 430</b>		<b>77 750</b>		<b>-2 074</b>		<b>77 105</b>
<b>PARENT COMPANY 2018</b>							
Opening balance of equity January 1, 2018	1 430		78 964		-8 477		71 917
Net profit of the period	-		-		-2 549		-2 549
Issuance of warrants	-		426		-		426
<b>Closing balance of equity March 31, 2018</b>	<b>1 430</b>		<b>79 390</b>		<b>-11 026</b>		<b>69 793</b>

## THE SHARE

The share capital of Nepa AB (publ) amounted, on March 31, 2018 to SEK 1,429,670.20 divided into 7,148,351 shares, each with a nominal value of SEK 0.20.

Nepa AB (publ) is listed on the Nasdaq First North stock exchange since April 26th, 2016 under the ticker NEPA.

A trading unit consists of one hundred and ten (110) shares. All shares are of the same series and have the same voting rights and dividends rights.

### Ten largest shareholders as of March 31, 2018

	Number of shares	Share/Votes
Ulrich Boyer	1,492,624	20.9%
Swedbank Robur Fonder	818,352	11.4%
Fredrik Östgren	696,178	9.7%
Handelsbankens Fonder AB	661,077	9.2%
Didner & Gerge Small and Microcap	450,000	6.3%
AMF Aktiefond Småbolag	428,736	6.0%
P-O Westerlund	416,169	5.8%
Hans Skruvfors	225,000	3.1%
Öhman Global Growth	219,780	3.1%
Niclas Öhman	177,481	2.5%
Ten largest shareholders	5,585,397	78.1%
Other shareholders	1,562,954	21.9%
Total number of shares	7,148,351	100.0%

## 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 (publ) 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 UNCERTAINCIES

Nepa faces several business risks and market risks, including the dependency of qualified personnel, the

ability to handle growth and technological development.

## AUDITING

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

## CERTIFIED ADVISER

Erik Penser Bank is Nepa's Certified Adviser.

## FINANCIAL CALENDAR

Annual general meeting 2018	May 31, 2018
Interim report 1 April – 30 June 2018	August 24, 2018
Interim report 1 July – 30 September 2018	November 23, 2018
Year-end report 2018	March 22, 2019

## 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, standings

and results, and that it describes the relevant risk factors and uncertainties the company is facing.

*Stockholm, 24 May 2018  
The Board of Directors of Nepa AB (publ)*

*Ulrich Boyer*  
Chairman of the Board

*Bo Mattsson*  
Board member

*Anne Roggeveen*  
Board member

*Simon Hay*  
Board member

*P-O Westerlund*  
Board member

*Niclas Öhman*  
Board member

*Fredrik Östgren*  
Board member, CEO

For further information, please contact:

Fredrik Östgren, CEO  
+46 733 345 069  
fredrik.ostgren@nepa.com

P-O Westerlund, Deputy CEO and CFO  
+46 706 404 824  
p-o.westerlund@nepa.com

---

*This is a translation of the Swedish interim report. If there should be any discrepancies, the Swedish language version governs.*

---