

GROSS PROFIT GROWTH OF 19 PERCENT, IMPROVED EBIT

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

FIRST QUARTER, JANUARY – MARCH 2019

- Net sales increased by 15.1% to MSEK 66.3 (57.6)
- Gross profit increased by 19.1% to MSEK 50.9 (42.7)
- EBIT was MSEK -3.3 (-5.1)
- Earnings after tax was MSEK -3.6 (-5.7)
- Earnings per share was, basic SEK -0.49 (-0.79), diluted SEK -0.49 (-0.78)

IMPORTANT EVENTS

DURING THE PERIOD

- Nepa US start to work with Louisville City Football Club and Forward Madison F.C.

AFTER THE PERIOD ENDED

- Nepa Sweden starts to work with NENT and Storytel as CX subscription clients.
- Nepa forms partnership with Touch-A-Prize, resulting in increased sales capabilities and strengthened market offering by access to technology that allows Nepa to identify visitors at, for example, events and sports arenas, regardless of who bought the ticket.

A WORD FROM OUR CEO

As we close Q1 2019, we celebrate Nepa's 52nd consecutive quarter of increased sales and gross profit growth. Gross profit, defined as net sales less costs for data that we purchase on behalf of clients, increased by 19 percent. EBIT improved by MSEK 1.7 to MSEK -3.3, even as we continue to accelerate our investments in product development and growing our US business. Personnel costs increased 13 percent, most of the increase driven by investments in R&D and marketing staff. We are making these investments to improve our product offering and increase our sales capability. Gross profit growth exceeding personnel costs increase is evidence of our commitment to scalability.

We saw developments in each of our largest market segments:

1) **Sweden**

Sweden had a strong first quarter, with solid growth and increased profitability. Nepa continues to lead the market for optimizing marketing investments and customer experience – creating inbound demand for our products and services. Our own continuous customer experience measurements study demonstrates the strength of our client relationships as well. We proudly welcomed many new CX subscription clients in Q1, including NENT and Storytel, which demonstrate the value of our offer in different verticals.

2) **UK and Finland**

Our established international markets UK and Finland both posted profitable growth in Q1. Nepa UK grew gross profit by 88 percent while increasing profitability by adding new clients and expanding existing relationships. The uncertainty around Brexit has not had any material effect on Nepa UK and we do not see that it will, regardless of the outcome from the current negotiations.

3) **USA**

Nepa US added several new clients in the first quarter of 2019 - including multi-year agreements with both a global retailer and a travel & hospitality company. The Nepa US pipeline grew strongly in Q1 as a result of focused marketing activity, increased marketing investments and further growth in our sales team. We see these as indicators that we are on our way to establishing Nepa on a solid foundation in the US market.

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 behaviour data in order to transform traditional insights into financially quantifiable actions.

BUSINESS MODEL

Nepa is a ground breaking 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 behaviour 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 that support cost effective customization.

DEVELOPMENT OF THE GROUP

REVENUES

Net sales increased in the first quarter by 15.1 percent to kSEK 66,275 (57,562) and gross profit increased by 19.1 percent to kSEK 50,859 (42,719).

EARNINGS

The group's EBIT amounted in the first quarter to kSEK -3,334 (-5,066) and earnings after tax amounted to kSEK -3,592 (-5,658).

GROUP INCOME STATEMENTS

| kSEK | Jan-Mar 2019 | Jan-Mar 2018 | Full year 2018 |
|--|---------------|---------------|----------------|
| Net sales | 66 275 | 57 562 | 241 485 |
| Other external income | 1 650 | 814 | 3 788 |
| | 67 925 | 58 376 | 245 273 |
| Direct costs | -15 416 | -14 844 | -58 604 |
| Other external costs | -7 462 | -6 453 | -27 761 |
| Personnel costs | -45 739 | -40 417 | -162 784 |
| Depreciations | -1 651 | -1 055 | -5 314 |
| Other operating costs | -992 | -673 | -4 061 |
| Earnings Before Interest and Tax | -3 334 | -5 066 | -13 251 |
| Financial income | 445 | 315 | 1 571 |
| Financial costs | -130 | -206 | -1 273 |
| Earnings Before Tax | -3 020 | -4 957 | -12 953 |
| Tax | -572 | -701 | -988 |
| Earnings After Tax | -3 592 | -5 658 | -13 941 |
| Profit attributable to the parent company's shareholders | -3 592 | -5 658 | -13 941 |
| Number of shares, end of period pcs.) | 7 863 186 | 7 148 351 | 7 863 186 |
| Average number of shares during the period (pcs.) | 7 863 186 | 7 148 351 | 7 187 520 |
| Earnings per share, basic (SEK) | -0.49 | -0.79 | -1.94 |
| Earnings per share, diluted (SEK) | -0.49 | -0.78 | -1.94 |

GROUP BALANCE SHEETS

| ASSETS (kSEK) | March 31, 2019 | March 31, 2018 | December 31, 2018 |
|---|----------------|----------------|-------------------|
| Intangible assets | 27 039 | 22 244 | 25 939 |
| Tangible assets | 921 | 759 | 742 |
| Financial assets | 1 053 | 463 | 855 |
| Sum non-current assets | 29 013 | 23 466 | 27 536 |
| Trade receivables | 32 920 | 34 539 | 49 559 |
| Tax receivables | 3 483 | 1 402 | 2 349 |
| Other current receivables | 2 443 | 4 169 | 2 638 |
| Prepayments and accrued income | 18 458 | 10 549 | 10 848 |
| Cash and cash equivalents | 41 788 | 20 105 | 45 210 |
| Sum current assets | 99 092 | 70 765 | 110 605 |
| TOTAL ASSETS | 128 105 | 94 231 | 138 141 |
| EQUITY (kSEK) | | | |
| Shareholders' equity | 1 573 | 1 430 | 1 573 |
| Development fund | 25 592 | 19 821 | 24 253 |
| Other capital contributions | 117 746 | 79 390 | 117 534 |
| Translation difference | -1 068 | -532 | -597 |
| Retained earnings incl. net profit for the period | -72 918 | -55 273 | -67 987 |
| Total equity | 70 924 | 44 835 | 74 776 |
| LIABILITIES (kSEK) | | | |
| Deferred Tax | 540 | 550 | 540 |
| Total long-term liabilities | 540 | 550 | 540 |
| Due to customers | 13 299 | 8 731 | 18 044 |
| Trade payables | 15 035 | 15 036 | 15 961 |
| Other current liabilities | 6 449 | 7 123 | 9 579 |
| Accrued expenses, deferred income | 21 858 | 17 956 | 19 241 |
| Total short-term liabilities | 56 641 | 48 846 | 62 825 |
| Total liabilities | 57 181 | 49 396 | 63 365 |
| TOTAL EQUITY AND LIABILITIES | 128 105 | 94 231 | 138 141 |
| Pledged (kSEK) | | | |
| Chattle | 14 000 | 12 000 | 14 000 |
| Bank guarantee | - | 1 500 | - |
| Total pledged | 14 000 | 13 500 | 14 000 |

GROUP CASH FLOW STATEMENTS

| kSEK | Jan-Mar 2019 | Jan-Mar 2018 | Full year 2018 |
|--|---------------|---------------|----------------|
| <i>Operating activities</i> | | | |
| Profit before tax | -3 020 | -4 957 | -12 953 |
| Adjustment of items not included in the cash flow | 1 384 | 1 497 | 6 433 |
| Income tax paid | -1 705 | -974 | -2 219 |
| Cash flow from operating activities before adjustments of working capital | -3 340 | -4 434 | -8 738 |
| <i>Cash flow from changes in working capital</i> | | | |
| Increase (-) / Decrease (+) of current receivables | 9 180 | 5 951 | -7 829 |
| Increase (+) / Decrease (-) of current liabilities | -6 184 | -1 966 | 12 013 |
| Cash flow from operating activities | -345 | -450 | -4 554 |
| <i>Investing activities</i> | | | |
| Acquisitions/divestments, tangible assets | -292 | -34 | -228 |
| Acquisitions/divestments, intangible assets | -2 622 | -2 203 | -9 828 |
| Acquisitions/divestments, financial assets | -153 | -27 | -427 |
| Cash flow from investing activities | -3 067 | -2 272 | -10 482 |
| <i>Financing activities</i> | | | |
| Rights issue | -9 | - | 37 419 |
| Cash flow from financing activities | -9 | - | 37 419 |
| Net cash flow for the period | -3 422 | -2 722 | 22 383 |
| Cash and cash equivalents at the beginning of the period | 45 210 | 22 827 | 22 827 |
| Cash and cash equivalents at the end of the period | 41 788 | 20 105 | 45 210 |

GROUP KEY PERFORMANCE INDICATORS

| | Jan-Mar 2019 | Jan-Mar 2018 | Full year 2018 |
|---|--------------|--------------|-------------------|
| Net sales growth rate (%) | 15.1 | 12.7 | 13.3 |
| EBITDA (kSEK) | -1 683 | -4 011 | -7 937 |
| EBITDA margin (%) | Neg | Neg | Neg |
| EBIT margin (%) | Neg | Neg | Neg |
| Profit margin (%) | Neg | Neg | Neg |
| Total assets (kSEK) | 128 105 | 94 231 | 138 141 |
| Equity / Assets ratio (%) | 55.4 | 47.6 | 54.1 |
| No. of shares, end of period (pcs.) | 7 863 186 | 7 148 351 | 7 863 186 |
| No. of shares, average during period (pcs.) | 7 863 186 | 7 148 351 | 7 187 520 |
| Earnings per share, basic (SEK) | -0.49 | -0.79 | -1.94 |
| Earnings per share, diluted (SEK) | -0.49 | -0.78 | -1.94 |
| Equity per share (SEK) | 9.02 | 6.27 | 9.51 |
| Dividend per share (SEK) | n/a | n/a | 0.00 ¹ |
| No. of employees, average (pcs.) | 263 | 248 | 253 |

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> |

¹ Dividend proposed by the Board of Directors.

PARENT COMPANY

INCOME STATEMENTS, PARENT COMPANY

| kSEK | Jan-Mar 2019 | Jan-Mar 2018 | Full year 2018 |
|---|---------------|---------------|----------------|
| Net sales | - | 73 | 73 |
| Other external income | 454 | 452 | 2 018 |
| | 454 | 525 | 2 090 |
| Other external costs | -446 | -444 | -2 053 |
| Personnel costs | -2 701 | -2 711 | -10 552 |
| Depreciations | - | -3 | -3 |
| Other operating costs | - | - | -3 |
| Earnings Before Interest and Tax | -2 694 | -2 633 | -10 521 |
| Financial income | 172 | 84 | 492 |
| Financial costs | - | -0 | -0 |
| Earnings Before Tax | -2 522 | -2 549 | -10 029 |
| Tax | - | - | - |
| Earnings After Tax | -2 522 | -2 549 | -10 029 |

BALANCE SHEETS, PARENT COMPANY

| ASSETS (kSEK) | March 31, 2019 | March 31, 2018 | December 31, 2018 |
|-------------------------------------|----------------|----------------|-------------------|
| Financial assets | 74 059 | 57 547 | 63 137 |
| Sum non-current assets | 74 059 | 57 547 | 63 137 |
| Trade receivables | - | 401 | 2 |
| Receivables Group companies | 1 877 | 3 997 | 4 095 |
| Tax receivables | 217 | 852 | 184 |
| Other current receivables | 5 | 99 | - |
| Prepayments and accrued income | 231 | 347 | 78 |
| Cash and cash equivalents | 24 238 | 9 021 | 35 570 |
| Sum current assets | 26 568 | 14 717 | 39 929 |
| TOTAL ASSETS | 100 627 | 72 265 | 103 065 |
| EQUITY (kSEK) | | | |
| Shareholders' equity | 1 573 | 1 430 | 1 573 |
| Share premium reserve | 115 017 | 79 390 | 115 026 |
| Retained earnings | -15 777 | -8 477 | -5 969 |
| Net profit for the period | -2 522 | -2 549 | -10 029 |
| Total equity | 98 291 | 69 793 | 100 601 |
| LIABILITIES (kSEK) | | | |
| Trade payables | 105 | 341 | 421 |
| Other current liabilities | 221 | 261 | 359 |
| Accrued expenses, deferred income | 2 010 | 1 870 | 1 685 |
| Total liabilities | 2 336 | 2 472 | 2 465 |
| TOTAL EQUITY AND LIABILITIES | 100 627 | 72 265 | 103 065 |

NOTE: Changes in equity in summary

| THE GROUP, kSEK | Shareholders' equity | Other capital contributions | Development fund | Translation difference | Retained earnings incl. net profit of the period | Total equity |
|---|----------------------|-----------------------------|--|------------------------|--|---------------|
| THE GROUP 2018 | | | | | | |
| 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 |
| Closing balance of equity March 31, 2018 | 1 430 | 79 390 | 19 821 | -532 | -55 273 | 44 835 |
| THE GROUP 2019 | | | | | | |
| Opening balance of equity January 1, 2019 | 1 573 | 117 534 | 24 253 | -597 | -67 987 | 74 776 |
| Net profit of the period | - | - | - | - | -3 592 | -3 592 |
| Translation difference | - | - | - | -471 | - | -471 |
| Development fund | - | - | 1 340 | - | -1 340 | - |
| Issuance of warrants | - | 221 | - | - | - | 221 |
| Rights issue | - | -9 | - | - | - | -9 |
| Closing balance of equity March 31, 2019 | 1 573 | 117 746 | 25 592 | -1 068 | -72 918 | 70 924 |
| PARENT COMPANY, kSEK | | | | | | |
| | Shareholders' equity | Share premium reserve | Retained earnings incl. net profit of the period | Total equity | | |
| PARENT COMPANY 2018 | | | | | | |
| 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 | | |
| Closing balance of equity March 31, 2018 | 1 430 | 79 390 | -11 026 | 69 793 | | |
| PARENT COMPANY 2019 | | | | | | |
| Opening balance of equity January 1, 2019 | 1 573 | 115 026 | -15 998 | 100 601 | | |
| Net profit of the period | - | - | -2 522 | -2 522 | | |
| Issuance of warrants | - | - | 221 | 221 | | |
| Rights issue | - | -9 | - | -9 | | |
| Closing balance of equity March 31, 2019 | 1 573 | 115 017 | -18 299 | 98 291 | | |

THE SHARE

The share capital of Nepa AB (publ) amounted, on March 31, 2019, to SEK 1,572,637.20 divided into 7,863,186 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, 2019

| | Number of shares | Share/Votes |
|--------------------------|------------------|-------------|
| Ulrich Boyer | 1,492,624 | 19.0% |
| Swedbank Robur Microcap | 873,352 | 11.1% |
| Fredrik Östgren | 696,178 | 8.9% |
| Handelsbanken Fonder AB | 606,296 | 7.7% |
| Humble Småbolagsfond | 603,329 | 7.7% |
| AMF Aktiefond Småbolag | 471,610 | 6.0% |
| P-O Westerlund | 416,169 | 5.3% |
| Elementa | 320,178 | 4.1% |
| Hans Skruvfors | 225,000 | 2.9% |
| Niclas Öhman | 177,481 | 2.3% |
| Ten largest shareholders | 5,882,217 | 74.8% |
| Other shareholders | 1,980,969 | 25.2% |
| Total number of shares | 7,863,186 | 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.
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FINANCIAL CALENDAR

| | |
|--|----------------------------------|
| Annual general meeting 2019 | May 29 st , 2019 |
| Interim report April 1 st to June 30 th , 2019 | August 21 st , 2019 |
| Interim report July 1 st to September 30 th , 2019 | November 21 st , 2019 |
| Year-end report 2019 | March 20 th , 2020 |

ANNUAL GENERAL MEETING AND DIVIDENDS

Annual general meeting for fiscal year 2018 will be held on May 29th, 2019 at 11am at Nepa headquarters in Stockholm. The annual report is available at the headquarter as well as on nepa.com.

The Board of Directors have decided to propose to the annual general meeting that no dividends will be paid for the Fiscal year 2018.

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, May 21st, 2019
The Board of Directors of Nepa AB (publ)*

Ulrich Boyer
Chairman of the Board

Bo Mattsson
Board member

Annika Steiber
Board member

Simon Hay
Board member

Jan Carlzon
Board member

P-O Westerlund
Board member

Niclas Öhman
Board member

Fredrik Östgren
Board member, CEO

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This is a translation of the Swedish interim report. If there should be any discrepancies, the Swedish language version governs. The Swedish version is information that Nepa AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on May 21, 2019.
