

TURNED PROFITABLE WITH CLEAR STRATEGY FOR PROFITABLE GROWTH

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

FOURTH QUARTER, OCTOBER– DECEMBER 2020

- Net sales decreased by 3.9%, or 3.2% FX adjusted, to MSEK 67.8 (70.5)
- Gross profit decreased by 6.9%, or 6.1% FX adjusted, to MSEK 50.3 (54.0)
- EBIT increased to MSEK 5.4 (-5.3)
- Earnings after tax was MSEK 4.3 (-6.2)
- Earnings per share was, basic SEK 0.55 (-0.79), diluted SEK 0.55 (-0.79)

FULL YEAR, JANUARY – DECEMBER 2020

- Net sales decreased by 1.6%, or 0.9% FX adjusted, to MSEK 258.8 (263.1)
- Gross profit decreased by 5.9%, or 5.0% FX adjusted, to MSEK 190.2 (202.0)
- EBIT increased to MSEK 15.6 (-22.9)
- Earnings after tax was MSEK 13.1 (-22.9)
- Earnings per share was, basic SEK 1.67 (-2.91), diluted SEK 1.67 (-2.91)

IMPORTANT EVENTS

DURING THE PERIOD

- All employees in Sweden have been back to full time work from October 1st.

AFTER THE PERIOD ENDED

- We have continued to welcome new customers and have not lost any customers so far.

A WORD FROM OUR CEO

Market conditions developed stronger than we expected in the fourth quarter as old clients continued to rely on us and new clients were added. In part, this may have been an effect of the market being cautious earlier in the year, while the need to analyse customer behaviour increases in times of change.

We ended the year with another profitable quarter, showing an EBIT of SEK 5.4 million (-5.3), an increase of SEK 10.7 million compared to the same quarter last year. This is without any government support. Revenue decreased 3.9 percent in the quarter to SEK 67.8 million (70.5). Reduced demand for ad hoc services due to the pandemic contributed to the decline. This was in line with our assessment that the second wave of the pandemic combined with the strong sales in corresponding quarter of 2019 would make it difficult to show revenue growth. Gross profit fell 6,9 percent to SEK 50.3 million (54).

For the full year, we report sales growth in Sweden and Finland, and a group operating profit (EBIT) of SEK 15.6 million, an improvement of SEK 38.6 million from SEK -22.9 million in 2019, despite the pandemic. This includes government support of SEK 9.1 million. Cash flow for the year was SEK 54,9 million (-30,6) which means that cash at year-end increased to almost SEK 70 million (14.6), including government loans of SEK 15.5 million.

When I took office in January 2020, I promised three things;

1. that we would return to profit,
2. strengthen cash flow and
3. to increase the share of recurring revenues in the long term.

Just over a year later, I note that we have delivered on the first two pledges. We have in 2020 grown the recurring revenues by SEK 6.2 million, or 3.8 percent. We have established a strategy that creates the conditions for increasing growth and the share of recurring revenues in the long term. I am proud that we have distinctly succeeded in reversing the trend and want to take the opportunity of thanking all of my colleagues at Nepa for their extraordinary work during challenging conditions.

Working on the new Nepa

This week, the Board adopted the new strategy which clearly indicates our future direction that we have been working on since early autumn. After analysing the situation in 2020, this year we are laying the foundation for stepping up growth and profitability through smarter

utilization of our latest technology platform, increased scalability, and more streamlined deliveries. With proprietary algorithms in marketing optimisation and branding, we can make fast and statistically assured calculations. As a result, we can significantly increase our clients' ability to control and strongly improve the effectiveness of their marketing investments and brand development. That the strategy is working is demonstrated by this year's outcome in Finland, where we have progressed the furthest in migrating our recurring project to our latest technology platform, which has resulted in higher quality in deliveries, radical profitability improvements and satisfied clients.

The end of cookies

In recent years, privacy issues have received increasing attention, with the EU's Data Protection Regulation (GDPR) as one example. Privacy requirements have prompted search engine players such as Firefox, Safari, and most recently Chrome to end support for third-party cookies and data in their respective advertising tools and browsers. Thus, once these decisions are implemented, it will no longer be as easy to follow individuals' online behaviour and to target ads to individuals. For Nepa's clients, this increases the need for data collection, decision support and analysis to compensate for this, which benefits us.

Future prospects

The positive market trends have continued into the beginning of this year. After the measures taken in 2020, we have a fundamentally sound business and thanks to the last years investments a new tech platform. We can now put our energy into migrating our many recurring projects to our new platform in all markets, after testing it with great success in Finland. This will allow us to substantially increase our scalability. We also know, through our expanded partnership with Facebook, that our modelling competence and proprietary algorithms are world class, and we are now adding these to most of our deliveries.

I am humbled by the continued transformation work ahead of us this year. When this phase is completed, I believe that we will have an internationally competitive offering with the potential for rapid growth combined with profitability.

P-O Westerlund
CEO

THE GROUP

DEVELOPMENT OF THE GROUP

REVENUES

Gross profit decreased in the fourth quarter by 6.9 percent to kSEK 50,288 (53,995), and 6.1 percent currency adjusted. Net sales decreased by 3.9 percent to kSEK 67,774 (70,520), and 3.2 percent currency adjusted.

For the full year of 2020 gross profit decreased by 5.9 percent to kSEK 190,176 (202,021), and 5.0 percent currency adjusted. Net sales decreased by 1.6 percent to kSEK 258,753 (263,061), and 0.9 percent currency adjusted.

The strongest sales growth during the year was in Customer Experience (CX). It was primarily the result of strong growth of one of our products CX Tracker (CX).

In absolute numbers, US showed the highest growth, increasing sales by MSEK 1.2 equivalent to 19 percent. That is mainly due to our product CX Tracker (CX).

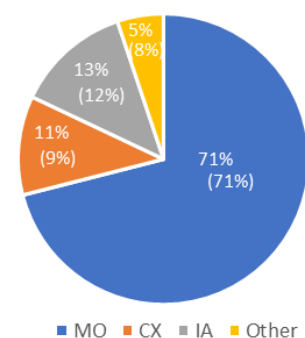
Detailed information about segments are found in note 2 on page 11.

EARNINGS

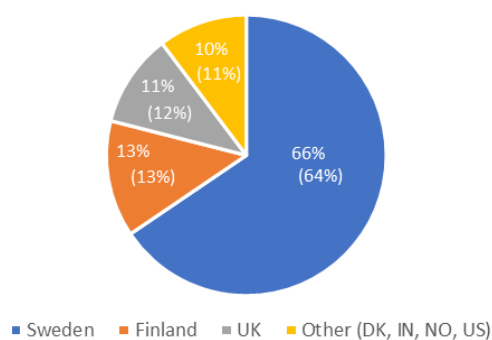
The group's EBIT amounted in the fourth quarter to kSEK 5,359 (-5,305) and earnings after tax amounted to kSEK 4,298 (-6,230).

For the full year of 2020 the group's EBIT amounted to kSEK 15,647 (-22,921) and earnings after tax amounted to kSEK 13,132 (-22,888).

Sales split by solution, 2020



Sales split by market, 2020



GROUP INCOME STATEMENTS

kSEK	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Net sales	67 774	70 520	258 753	263 061
Other external income	1 240	861	15 695	4 827
	69 013	71 381	274 449	267 889
Direct costs	-17 485	-16 525	-68 577	-61 041
Other external costs	-6 970	-9 261	-26 066	-34 395
Personnel costs	-34 887	-47 359	-147 063	-183 887
Depreciations	-2 499	-2 176	-9 811	-7 546
Other operating costs	-1 813	-1 365	-7 285	-3 940
Earnings Before Interest and Tax	5 359	-5 305	15 647	-22 921
Interest income and similar income items	141	57	2 398	2 124
Interest expenses and similar income items	-1 829	-1 026	-5 879	-1 796
Earnings Before Tax	3 672	-6 274	12 165	-22 592
Tax	626	44	966	-295
Earnings After Tax	4 298	-6 230	13 132	-22 888
Profit attributable to the parent company's shareholders	4 298	-6 230	13 132	-22 888
Number of shares, end of period(pcs.)	7 863 186	7 863 186	7 863 186	7 863 186
Average number of shares during the period(pcs.)	7 863 186	7 863 186	7 863 186	7 863 186
Earnings per share, basic (SEK)	0.55	-0.79	1.67	-2.91
Earnings per share, diluted (SEK)	0.55	-0.79	1.67	-2.91

GROUP BALANCE SHEETS

ASSETS (kSEK)	December 31, 2020	December 31, 2019
Intangible assets	29 979	31 618
Tangible assets	410	618
Financial assets	1 659	727
Sum non-current assets	32 048	32 964
Trade receivables	50 611	64 004
Tax receivables	1 899	2 026
Other current receivables	1 725	2 697
Prepayments and accrued income	11 364	17 610
Cash and cash equivalents	69 521	14 629
Sum current assets	135 120	100 966
TOTAL ASSETS	167 168	133 930
EQUITY (kSEK)		
Shareholders' equity	1 573	1 573
Development fund	30 212	30 892
Other capital contributions	115 383	116 325
Translation difference	1 606	-820
Retained earnings incl. net profit for the period	-83 703	-97 514
Total equity	65 072	50 456
LIABILITIES (kSEK)		
Deferred Tax	-	540
Total long-term liabilities	-	540
Due to customers	25 309	26 381
Trade payables	20 000	21 083
Other current liabilities	29 229	12 197
Accrued expenses, deferred income	27 558	23 273
Total short-term liabilities	102 097	82 934
Total liabilities	102 097	83 474
TOTAL EQUITY AND LIABILITIES	167 168	133 930
Pledged (kSEK)		
Chattle	14 000	14 000
Total pledged	14 000	14 000

GROUP CASH FLOW STATEMENTS

kSEK	Full year 2020	Full year 2019
Operating activities		
Profit before tax	12 165	-22 592
Adjustment of items not included in the cash flow	11 393	6 091
Income tax paid	554	28
Cash flow from operating activities before adjustments of working capital	24 112	-16 473
Cash flow from changes in working capital		
Increase (-) / Decrease (+) of current receivables	20 611	-21 318
Increase (+) / Decrease (-) of current liabilities	19 163	20 108
Cash flow from operating activities	63 886	-17 683
Investing activities		
Acquisitions/divestments, tangible assets	-120	-394
Acquisitions/divestments, intangible assets	-7 890	-12 679
Acquisitions/divestments, financial assets	-984	180
Cash flow from investing activities	-8 994	-12 892
Financing activities		
Rights issue	-	-6
Cash flow from financing activities	-	-6
Net cash flow for the period	54 892	-30 581
Cash and cash equivalents at the beginning of the period	14 629	45 210
Cash and cash equivalents at the end of the period	69 521	14 629

GROUP KEY PERFORMANCE INDICATORS

	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Net sales growth rate (%)	-3.9	12.0	-1.6	8.9
EBITDA (kSEK)	7 858	-3 129	25 458	-15 374
EBITDA margin (%)	11.6	Neg	9.8	Neg
EBIT margin (%)	7.9	Neg	6.0	Neg
Profit margin (%)	5.4	Neg	4.7	Neg
Total assets (kSEK)	167 168	133 930	167 168	133 930
Equity / Assets ratio (%)	38.9	37.7	38.9	37.7
No. of shares, end of period (pcs.)	7 863 186	7 863 186	7 863 186	7 863 186
No. of shares, average during period (pcs.)	7 863 186	7 863 186	7 863 186	7 863 186
Earnings per share, basic (SEK)	0.55	-0.79	1.67	-2.91
Earnings per share, diluted (SEK)	0.55	-0.79	1.67	-2.91
Equity per share (SEK)	8.28	6.42	8.28	6.42
Dividend per share (SEK)	n/a	n/a	0.00 ¹	0.00
No. of employees, average (pcs.)	238	272	252	274

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	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Other external income	152	813	1 080	2 170
	152	813	1 080	2 170
Other external costs	-384	-769	-2 350	-2 552
Personnel costs	-1 994	-568	-6 560	-8 175
Earnings Before Interest and Tax	-2 227	-523	-7 830	-8 557
Interest income and similar income items	233	393	812	901
Interest expenses and similar income items	-	-1	-1	-2
Earnings after financial items	-1 994	-131	-7 019	-7 658
Group contribution received	12 000	-	12 000	-
Tax	-	-	-	-
Earnings After Tax	10 006	-131	4 981	-7 658

BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	December 31, 2020	December 31, 2019
Financial assets	96 359	89 361
Sum non-current assets	96 359	89 361
Receivables Group companies	963	3 569
Tax receivables	293	208
Other current receivables	18	-
Prepayments and accrued income	74	393
Cash and cash equivalents	1 360	629
Sum current assets	2 708	4 799
TOTAL ASSETS	99 068	94 160
EQUITY (kSEK)		
Shareholders' equity	1 573	1 573
Share premium reserve	115 020	115 020
Retained earnings	-25 801	-17 201
Net profit for the period	4 981	-7 658
Total equity	95 772	91 733
LIABILITIES (kSEK)		
Trade payables	298	244
Other current liabilities	252	391
Accrued expenses, deferred income	2 745	1 792
Total liabilities	3 296	2 427
TOTAL EQUITY AND LIABILITIES	99 068	94 160

Note 1: 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 2019						
Opening balance of equity January 1, 2019	1 573	117 534	24 253	-597	-67 987	74 776
Net profit of the period	-	-	-	-	-22 888	-22 888
Translation difference	-	-	-	-223	-	-223
Development fund	-	-	6 639	-	-6 639	-
Change of warrants	-	-1 203	-	-	-	-1 203
Rights issue	-	-6	-	-	-	-6
Closing balance of equity December 31, 2019	1 573	116 325	30 892	-820	-97 514	50 456
THE GROUP 2020						
Opening balance of equity January 1, 2020	1 573	116 325	30 892	-820	-97 514	50 456
Net profit of the period	-	-	-	-	13 132	13 132
Translation difference	-	-	-	2 426	-	2 426
Development fund	-	-	-679	-	679	-
Change of warrants	-	-942	-	-	-	-942
Closing balance of equity December 31, 2020	1 573	115 383	30 212	1 606	-83 703	65 072
PARENT COMPANY (kSEK)						
	Shareholders' equity	Share premium reserve	Retained earnings incl. net profit of the period	Total equity		
PARENT COMPANY 2019						
Opening balance of equity January 1, 2019	1 573	115 026	-15 998	100 601		
Net profit of the period	-	-	-7 658	-7 658		
Change of warrants	-	-	-1 203	-1 203		
Right issue	-	-6	-	-6		
Closing balance of equity December 31, 2019	1 573	115 020	-24 860	91 733		
PARENT COMPANY 2020						
Opening balance of equity January 1, 2020	1 573	115 020	-24 860	91 733		
Net profit of the period	-	-	4 981	4 981		
Change of warrants	-	-	-942	-942		
Closing balance of equity December 31, 2020	1 573	115 020	-20 821	95 772		

Note 2: Segment reporting

Nepa's business can be divided into three types of segments; either depending on what the revenue model looks like (revenue type), which solution the revenue stems from, or which country the sales originated from.

In revenue type, we separate projects already sold, either through subscriptions or regular bulk purchases (recurring) and more project-based revenues (ad hoc).

Sales are also split according to the solution used. Nepa's solutions are Marketing Optimization (MO), Customer Experience (CX), Innovation Acceleration (IA) or Other revenues.

Finally, revenue is split by country.

REVENUE TYPE (MSEK)	2020	Share	Growth	2019	Share
Nepa Group	258.8	100%	-4.3	263.1	100%
Recurring	165.6	64%	6.2	159.4	61%
Ad hoc	93.2	36%	-10.5	103.7	39%
Share of ad hoc from recurring clients	45.8	49%	-16.1	61.9	60%
Share of ad hoc from non-recurring clients	47.4	51%	5.6	41.8	40%
Sales to clients buying both recurring & ad hoc	211.4	82%	-9.9	221.3	84%
Sales to clients buying ad hoc only	47.4	18%	5.6	41.8	16%

Sales of Recurring grew 3.9% to MSEK 165.6 in 2020. Ad Hoc decreased by 10.1% to MSEK 93.2. The goal is to increase the share of sales of Recurring revenues in order to increase profitability.

SOLUTION (MSEK)	Net sales					Gross profit				
	2020	Share	Growth	2019	Share	2020	Share	Growth	2019	Share
Nepa Group	258.8	100%	-4.3	263.1	100%	190.2	100%	-11.8	202.0	100%
MO	183.8	71%	-2.9	186.7	71%	126.7	67%	-8.0	134.7	67%
CX	28.5	11%	3.9	24.7	9%	24.9	13%	2.6	22.3	11%
IA	33.2	13%	1.6	31.6	12%	26.5	14%	-0.7	27.2	13%
Other	13.3	5%	-7.0	20.3	8%	11.0	6%	-6.3	17.3	9%
Eliminations	-0.0	0%	0.2	-0.2	0%	1.1	1%	0.6	0.5	0%

In absolute numbers, our CX-solution grew the most in 2020 (MSEK 2.6 in gross profit). Our CX solution was also our fastest growing solution in relative numbers (11.5% gross profit growth). The goal is to increase the penetration of our solutions to current clients. It provides the benefit for clients with a complete view of their consumers and also gives the right conditions to create growth and profitability for Nepa.

MARKET (MSEK)	Net sales					Gross profit				
	2020	Share	Growth	2019	Share	2020	Share	Growth	2019	Share
Nepa Group	258.8	100%	-4.3	263.1	100%	190.2	100%	-11.8	202.0	100%
Sweden	169.6	66%	0.8	168.8	64%	128.6	68%	-3.3	131.9	65%
Finland	34.7	13%	0.9	33.9	13%	25.8	14%	-0.1	25.9	13%
UK	27.8	11%	-4.2	32.0	12%	17.2	9%	-7.1	24.3	12%
All other markets	26.6	10%	-1.8	28.4	11%	18.6	9%	-1.3	19.9	10%

The markets Sweden, Finland and US grew in 2020 in terms of sales, and US also grew in terms of gross profit, while the other markets decreased both in terms of sales and gross profit. The highest percentual gross profit growth was in the US (22%). The highest percentual decrease in gross profit was in Norway (-30%) and UK (-29%). Our ambition is to create profitable growth in all markets, where Sweden, Finland and UK are key focus markets.

THE BUSINESS

VISION

To become the world leading data-to-growth company.

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.

Nepa's sales strategy entails solving client specific business challenges by utilizing proprietary ready-made and scalable analytics modules that support cost effective customization. Nepa's revenues primarily stem from recurring revenues, ranging twelve months. More than 60 percent of the revenues stem from subscription. In addition to that, 60 percent of the ad hoc revenues stem from the same recurring clients

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.

EVENTS AFTER THE END OF THE QUARTER

We have continued to welcome new customers and have not lost any customers so far.

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.

Nepa has received and applied for government support for salary-related costs as a result of Covid-19. Government grants are reported in the income statement when there is reasonable assurance that the company will meet the requirements that come with the grants and that the grants will be received. The grants have been reported as other external income during the periods that the grant is to compensate.

RISKS AND UNCERTAINTIES

Nepa faces several business risks and market risks, including the dependency of qualified personnel, the ability to handle growth and technological development.

The outbreak of the Corona virus has caused a dramatic change in sentiment world-wide which may affect clients' willingness to invest.

AUDITING

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

THE SHARE

The share capital of Nepa AB (publ) amounted, on December 31, 2020, 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 Growth Market 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 December 31, 2020

	Number of shares	Share/Votes
Ulrich Boyer	1,492,624	19.0%
Elementa Fonder	1,193,602	15.2%
Swedbank Robur Microcap	873,352	11.1%
Humle Småbolagsfond	615,140	7.8%
P-O Westerlund	426,169	5.4%
Lannebo Teknik Småbolag	279,308	3.6%
Alcur Select	229,950	2.9%
Hans Skruvfors	225,000	2.9%
Nordnet Pensionsförsäkring	223,535	2.8%
Niclas Öhman	199,669	2.5%
Ten largest shareholders	5,758,349	73.2%
Other shareholders	2,104,837	26.8%
Total number of shares	7,863,186	100.0%

CERTIFIED ADVISER

Erik Penser Bank is Nepa's Certified Adviser.
Phone: +46 8-463 83 00

E-mail: certifiedadviser@penser.se

FINANCIAL CALENDAR

Interim report January 1 st to March 31 st , 2021	May 20 th , 2021
Annual general meeting 2021	May 20 th , 2021
Interim report April 1 st to June 30 th , 2021	August 20 th , 2021
Interim report July 1 st to September 30 th , 2021	November 19 th , 2021
Year-end report 2021	March 18 th , 2022

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.

*Stockholm, March 19th, 2021
The Board of Directors of Nepa AB (publ)*

Ulrich Boyer
Chairman of the Board

Katarina Bonde
Board member

Martin Burkhalter
Board member

Andreas Bruzelius
Board member

Fredrik Östgren
Board member

P-O Westerlund
Board member, CEO

For further information, please contact:

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

Michael Wallin, Head of IR
+46 708 788 019
michael.wallin@nepa.com

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 March 19, 2021.
