

TWENTY-SIX PERCENT GROWTH IN REVENUES AND GROSS PROFIT

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

FIRST QUARTER, JANUARY – MARCH 2017

- Net sales increased by 25.9% to MSEK 51.1 (40.5)
- Gross profit increased by 25.7% to MSEK 38.3 (30.5)
- EBIT amounted to MSEK -4.6 (-2.0)
- Earnings after tax amounted to MSEK -5.5 (-3.2)
- Earnings per share amounted to SEK -0.77 (-0.69)

IMPORTANT EVENTS

DURING THE PERIOD

- Nepa has acquired all outstanding shares (20 percent) in sales subsidiary Nepa India.
- Since founding of Nepa in Finland, the MD for the subsidiary has owned an option for seven percent of the outstanding shares of Nepa Finland. Nepa has acquired the option and the profitable subsidiary remains wholly owned.

AFTER THE PERIOD ENDED

- Nepa was selected to become partner in Facebook MMM Partner Program as one of the first companies globally and the first one outside

of the USA. The partnership gives Nepa direct access to detailed data of all advertising campaigns on Facebook, Instagram and Audience Networks and will further strengthen Nepa's ability to help clients increase return on media investments.

- Simon Hay, former CEO of dunnhumby and Anne Roggeveen, professor of marketing at Babson College, Boston, USA, nominated as board members of Nepa.
- Ken Peterson hired as MD for Nepa USA. Ken is formerly COO for Ipsos Loyalty North America and has a wide network in the important retail industry.

A WORD FROM OUR CEO

In the first quarter of 2017, Nepa has taken several important steps towards reaching our goals of developing ActionHub and intensifying our expansion in the UK and the USA.

In April, Nepa was selected to become the first official Facebook partner outside of the USA to work with marketing mix modelling. This is proof that our investments in our products are strengthening our competitiveness. The partnership means that Nepa gets continuous access to unique and detailed data that will help our clients optimize their investments in Facebook, Instagram, Messenger and Audience Network. It also opens doors to new clients, strengthens our brand, and creates a sense of pride within our company. We are currently working to implement and launch this product update for our current clients.

Last fall, we established an office in New York to best meet our global clients' needs within the US market. By recruiting an American MD, we are now approaching American clients. Our new MD in the US is Ken Peterson. He was formerly COO at Ipsos Loyalty, in North America, and has an extensive network in the important retail vertical. Ken has a unique experience from selling competing SaaS-platforms like InMotion, Medallia, and Foresee. He truly understands the differentiation and value of Nepa's ActionHub®, though the combination of behavior data (what clients do in store or online) with feedback data (why clients behave as they do and what their future plans are). We are excited to welcome Ken and look forward to start approaching American companies.

With the aim to strengthen our internationalization in our two most important markets, the UK and the USA, Simon Hay and Anne Roggeveen are nominated to be elected onto the board of Nepa today. Simon has been global CEO of dunnhumby and started dunnhumby in the USA. Simon has a broad network both in the UK and the USA and has extensive experience that will help us guide the future expansion of Nepa. Anne Roggeveen is professor of retailing & marketing at Babson College in Boston, USA. With an academic background and wide network in the USA, Anne will contribute with innovation and expertise within our primary segment retail. We are hoping to welcome both Simon and Anne to Nepa during the annual general meeting this afternoon.

In the first three quarters of the year, Nepa's net sales increased for the 44th consecutive quarter and the growth rate increased for the fifth quarter in a row. Nepa's growth rate in Q1 was 25.9%, which can be compared to last year's Q1 growth of 14.4%. The gross profit increased by 25.7%. EBIT for the period was SEK - 4.6 million, slightly better than expected given the seasonally weaker first quarter. Compared to 2016, Nepa currently has significantly higher personnel costs due to planned investments in our product organization and expansion in the USA and the UK. In Sweden, our largest market, Nepa shows continued growth as well as stronger net margins. This provides us with a strong base as we now take the next step in the internationalization of Nepa.

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 processed 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 ActionHub® 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 – ActionHub® 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 25.9 percent to kSEK 51,063 (40,543) and gross profit increased by 25.7 percent to kSEK 38,263 (30,452).

EARNINGS

The group's EBIT amounted in the first quarter to kSEK -4,640 (-2,013) and earnings after tax amounted to kSEK -5,539 (-3,167).

GROUP INCOME STATEMENTS

kSEK	Jan-Mar 2017	Jan-Mar 2016	Full year 2016
Net sales	51 063	40 543	184 448
Other external income	833	204	2 970
	51 896	40 747	187 417
Direct costs	-12 800	-10 091	-47 702
Other external costs	-5 796	-5 950	-20 663
Personnel costs	-36 913	-26 302	-116 059
Depreciations	-648	-324	-1 477
Other operating costs	-378	-94	-1 009
Earnings Before Interest and Tax	-4 640	-2 013	506
Financial income	63	11	896
Financial costs	-513	-133	-363
Earnings Before Tax	-5 089	-2 134	1 039
Tax	-450	-1 032	-2 073
Earnings After Tax	-5 539	-3 167	-1 034
Profit attributable to the parent company's shareholders	-5 539	-2 943	-852
Profit attributable to non-controlling interests	-	-224	-182
Number of shares, end of period (pcs.)	7 148 351	5 500 000	7 148 351
Average number of shares during the period (pcs.)	7 148 351	4 242 857	6 313 355
Basic and diluted earnings per share (SEK)	-0.77	-0.69	-0.13

GROUP BALANCE SHEETS

ASSETS (kSEK)	March 31, 2017	March 31, 2016	December 31, 2016
Intangible assets	13 871	5 481	12 002
Tangible assets	1 369	1 003	1 197
Financial assets	1 734	3 050	1 560
Sum non-current assets	16 974	9 534	14 759
Trade receivables	31 537	21 511	32 711
Tax receivables	-	551	-
Other current receivables	2 648	614	2 452
Prepayments and accrued income	6 530	2 976	6 153
Cash and cash equivalents	49 847	4 529	54 514
Sum current assets	90 562	30 181	95 831
TOTAL ASSETS	107 536	39 716	110 590
EQUITY (kSEK)			
Shareholders' equity	1 430	1 100	1 430
Development fund	8 253	-	8 253
Other capital contributions	77 750	3 553	77 750
Translation difference	-229	-39	140
Retained earnings incl. net profit for the period	-22 890	-9 010	-16 799
Equity, parent company shareholder	64 313	-4 396	70 774
Non-controlling interests	-	-741	-714
Total equity	64 313	-5 138	70 060
LIABILITIES (kSEK)			
Deferred Tax	654	-	654
Total Long term liabilities	654	-	654
Borrowings, current	-	6 570	-
Due to customers	9 216	7 038	6 697
Trade payables	12 091	10 166	14 635
Tax payables	284	-	137
Other current liabilities	6 484	8 945	6 227
Accrued expenses, deferred income	14 494	12 135	12 181
Total short term liabilities	42 569	44 853	39 875
Total liabilities	43 223	44 853	40 529
TOTAL EQUITY AND LIABILITIES	107 536	39 716	110 590
Pledged (kSEK)			
Chattle	12 000	14 500	12 000
Bank guarantee	3 283	3 050	3 110
Total pledged	15 283	17 550	15 110

GROUP CASH FLOW STATEMENTS

kSEK	Jan-Mar 2017	Jan-Mar 2016	Full year 2016
<i>Operating activities</i>			
Profit before tax	-5 089	-2 134	1 039
Adjustment of items not included in the cash flow	1 137	300	2 725
Income tax paid	-303	-736	-434
Cash flow from operating activities before adjustments of working capital	-4 255	-2 570	3 330
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) of current receivables	602	3 312	-12 903
Increase (+) / Decrease (-) of current liabilities	2 546	7 314	8 769
Cash flow from operating activities	-1 107	8 056	-805
<i>Investing activities</i>			
Acquisitions/divestments, tangible assets	-329	-	-592
Acquisitions/divestments, intangible assets	-2 343	-1 028	-8 397
Acquisitions/divestments, group companies	-714	-	-46
Acquisitions/divestments, financial assets	-174	-	-43
Cash flow from investing activities	-3 560	-1 028	-9 079
<i>Financing activities</i>			
Rights issue	-	-4 387	69 080
Amortization of loans	-	-1 724	-8 294
Cash flow from financing activities	-	-6 111	60 785
Net cash flow for the period	-4 667	917	50 902
Cash and cash equivalents at the beginning of the period	54 514	3 612	3 612
Cash and cash equivalents at the end of the period	49 847	4 529	54 514

GROUP KEY PERFORMANCE INDICATORS

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016
Net sales growth rate (%)	25.9	14.4	19.4
EBITDA (kSEK)	-3 991	-1 689	1 983
EBITDA margin (%)	Neg	Neg	1.1
EBIT margin (%)	Neg	Neg	0.3
Profit margin (%)	Neg	Neg	0.6
Total assets (kSEK)	107 536	39 716	110 590
Equity / Assets ratio (%)	59.8	Neg	63.4
No. of shares, end of period (pcs.)	7 148 351	5 500 000	7 148 351
No. of shares, average during period (pcs.)	7 148 351	4 242 857	6 313 355
Earnings per share (SEK)	-0.77	-0.69	-0.13
Equity per share (SEK)	9.00	-0.80	9.90
Dividend per share (SEK)	n/a	n/a	0.00 ¹
No. of employees, average (pcs.)	220	166	187

Definitions

<i>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 Suggested.

PARENT COMPANY

INCOME STATEMENTS, PARENT COMPANY

kSEK	Jan-Mar 2017	Jan-Mar 2016	Full year 2016
Net sales	2 400	2 075	10 909
Other external income	436	106	957
	2 836	2 181	11 866
Direct costs	-832	-5	-2 398
Other external costs	-722	-458	-2 255
Personnel costs	-2 574	-4 328	-13 420
Depreciations	-4	-4	-16
Other operating costs	-	-	-3
Earnings Before Interest and Tax	-1 297	-2 614	-6 226
Results from shares in group companies	-	-	818
Financial income	-	-0	50
Financial costs	-	-49	-65
Earnings After Financial Items	-	-49	-5 423
Group contributions received	-	-	1 224
Earnings Before Tax	-1 297	-2 663	-4 199
Tax	-	-472	-20
Earnings After Tax	-1 297	-3 135	-4 219

BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	March 31, 2017	March 31, 2016	December 31, 2016
Tangible assets	15	31	19
Financial assets	47 359	17 479	39 559
Sum non-current assets	47 374	17 510	39 578
Trade receivables	79	2 149	90
Loans to Group companies	4 633	-	4 865
Tax receivables	852	460	670
Other current receivables	336	21	217
Prepayments and accrued income	1 093	158	192
Cash and cash equivalents	27 526	1	37 285
Sum current assets	34 520	2 789	43 317
TOTAL ASSETS	81 894	20 299	82 896
EQUITY (kSEK)			
Shareholders' equity	1 430	1 100	1 430
Share premium reserve	77 750	4 613	77 750
Retained earnings	-777	3 442	3 442
Net profit for the period	-1 297	-3 135	-4 219
Total equity	77 105	6 020	78 403
Tax allocation reserve	200	200	200
Untaxed reserves	200	200	200
LIABILITIES (kSEK)			
Borrowings, current	-	1 296	-
Borrowings from credit institutions	-	100	-
Due to customers	-	1 759	-
Trade payables	353	372	740
Borrowings from Group companies	1 863	3 398	1 416
Other current liabilities	1 072	1 774	289
Accrued expenses, deferred income	1 300	5 380	1 848
Total liabilities	4 589	14 079	4 293
TOTAL EQUITY AND LIABILITIES	81 894	20 299	82 896
<i>Pledged (kSEK)</i>			
Complementary for liabilities in BlueCarrot KB	-	3	-
Total pledged	-	3	-

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	Non-controlling interests	Total equity
THE GROUP 2016							
Opening balance of equity January 1, 2016	1 100	7 940	-	-179	-5 869	-537	2 455
Net profit of the period	-	-	-	-	-2 943	-224	-3 167
Translation difference	-	-	-	140	-198	20	-39
Rights issue	-	-4 387	-	-	-	-	-4 387
Closing balance of equity March 31, 2016	1 100	3 553	-	-39	-9 010	-741	-5 138
THE GROUP 2017							
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
Closing balance of equity March 31, 2017	1 430	77 750	8 253	-229	-22 890	-	64 313
PARENT COMPANY, kSEK							
	Shareholders' equity	Other capital contributions	Share premium reserve		Retained earnings incl. net profit of the period		Total equity
PARENT COMPANY 2016							
Opening balance of equity January 1, 2016	1 100	-	9 000		3 442		13 542
Net profit of the period	-	-	-		-3 135		-3 135
Rights issue	-	-	-4 387		-		-4 387
Closing balance of equity March 31, 2016	1 100	-	4 613		307		6 020
PARENT COMPANY 2017							
Opening balance of equity January 1, 2017	1 430	-	77 750		-777		78 403
Net profit of the period	-	-	-		-1 297		-1 297
Closing balance of equity March 31, 2017	1 430	-	77 750		2 074		77 105

THE SHARE

The share capital of Nepa AB (publ) amounted, on March 31, 2016 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 onehundredandten (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, 2017

	Number of shares	Share/Votes
Ulrich Boyer	1,764,204	24.7%
Fredrik Östgren	950,895	13.3%
P-O Westerlund	675,765	9.5%
Niclas Öhman	441,236	6.2%
AMF Aktiefond Småbolag	313,736	4.4%
Handelsbanken Fonder AB	270,000	3.8%
Didner & Gerge Small and Microcap	270,000	3.8%
Hans Skruvfors	225,000	3.1%
Öhman Global Growth	219,780	3.1%
Björn Nordenborg	165,000	2.3%
Other shareholders	1,852,735	25.9%
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 eight subsidiaries, six of which non-Swedish. Accounting principles and valuation principles correspond to the ones used in the latest annual report.

RISKS AND UNCERTAINCIES

Nepa faces a number of 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 2017	31 May 2017
Interim report 1 April – 30 June 2017	31 August 2017
Interim report 1 July – 30 September 2017	30 November 2017
Year-end report 2017	28 March 2018

ANNUAL GENERAL MEETING AND DIVIDENDS

Annual general meeting will be held at the Groups head office in Stockholm on 31 May 2017 at 4pm.

The Board of Directors have decided to propose to the annual general meeting that no dividends will be paid for fiscal year 2016.

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, 31 May 2017
The Board of Directors of Nepa AB (publ)*

Ulrich Boyer
Chairman of the board

Bo Mattsson
Board member

P-O Westerlund
Board member

Niclas Öhman
Board member

Fredrik Östgren
CEO

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