

GROSS PROFIT GROWTH OF 14 PERCENT, GROWTH ON ALL MARKETS

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

SECOND QUARTER, APRIL – JUNE 2019

- Net sales increased by 9.1% to MSEK 70.8 (64.9)
- Gross profit increased 13.8% to MSEK 55.5 (48.8)
- EBIT was MSEK -0.4 (-1.2)
- Earnings after tax was MSEK -0.4 (-1.7)
- Earnings per share was, basic SEK -0.05 (-0.24), diluted SEK -0.05 (-0.23)

FIRST HALF YEAR, JANUARY – JUNE 2019

- Net sales increased by 12.0% to MSEK 137.1 (122.5)
- Gross profit increased by 16.3% to MSEK 106.4 (91.5)
- EBIT amounted to MSEK -3.7 (-6.3)
- Earnings after tax amounted to MSEK -4.0 (-7.3)
- Earnings per share amounted to, basic SEK -0.50 (-1.03), diluted SEK -0.50 (-1.01)

IMPORTANT EVENTS

DURING THE PERIOD

- Nepa Sweden starts to work with NENT and Storytel as CX subscription clients.
- The AGM on May 29 elected Kristin Luck as a new member to Nepa's board of directors. Kristin is a serial entrepreneur in the analytics field and has founded two fast-growing and successful digital market analytics companies.

AFTER THE PERIOD ENDED

- Marie Audier D'Alessandris started as an advisor to the board of Nepa. Marie is a leading brand and marketing consultant and previously served as chief of Global and North America marketing and e-Commerce for Coach. She also held senior marketing roles at L'Oréal across Europe and the US.

A WORD FROM OUR CEO

During the second quarter, Nepa Group increased gross profit by 14 percent YoY (gross profit = net sales – data costs). During the same period, every individual Nepa market showed growth on an annual basis, with the US, UK and Sweden posting the strongest growth. This is the 53rd consecutive quarter of increased gross profit growth for Nepa, measured on an annual basis. EBIT improved slightly from the same quarter last year to MSEK -0.4. Personnel costs increased by 16 percent compared to the same quarter last year due to planned investment in our product development teams and our sales and marketing effort.

- Our market leading position in Sweden was strengthened by strong growth overall and in particular within the Media, Telecom and Consumer Packaged Goods sectors. Growth in our home market was fueled by adding new clients and expanding existing relationships.
- Nepa UK continued the positive development and showed 58 percent gross profit growth for the first half of 2019. In addition to deepening existing relationships, Nepa UK added one of the world's leading tech companies to the client roster.
- In addition to strong growth in the USA, Nepa reached an important milestone when Forrester, one of the world's leading analysis research companies, acknowledged Nepa as a role model when it comes to creating value from customer experience (CX) programs.

In a rapidly changing business environment, one of our clients' main challenges is to transform enormous amounts of data into actionable insights. Our product development is focused on developing new and increasingly efficient solutions for distributing the right

data to the right decision maker at the right time. During the second quarter we have taken several important steps in the development of the next generation of technology by using artificial intelligence that analyzes large data sets to prioritize the recommendations that matter most to each recipient based on their profile and needs.

At the AGM in the end of May, Kristin Luck was elected as a new member to Nepa's board of directors. Kristin is a serial entrepreneur in the analytics field and helps management teams to grow and scale companies, especially regarding growth in the USA. Kristin has previously founded two fast-growing and successful digital market analytics companies. Kristin is a regularly published author (e.g. Fast Company, Forbes, Journal of Brand Strategy) and a board member of industry organization ESOMAR.

At the end of June, Marie Audier D'Alessandris started as an advisor to the board of Nepa. Marie is a leading brand and marketing consultant and previously served as chief of Global and North America marketing and e-Commerce for Coach. Prior to Coach, Marie held senior marketing roles at L'Oréal across Europe and the US. She speaks frequently on a broad range of brand intelligence and marketing topics.

Kristin and Marie are important additions to Nepa and bring competence that will benefit our expansion, especially in the important 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 second quarter by 9.1 percent to kSEK 70,841 (64,917) and gross profit increased by 13.8 percent to kSEK 55,522 (48,785).

For the first half year net sales increased by 12.0 percent to kSEK 137,116 (122,479) and gross profit increased by 16.3 percent to kSEK 106,381 (91,503).

EARNINGS

The group's EBIT amounted in the second quarter to kSEK -371 (-1,226) and earnings after tax amounted to kSEK -377 (-1,691).

For the first half year the group's EBIT was kSEK -3,705 (-6,292) and earnings after tax was kSEK -3,969 (-7,349).

GROUP INCOME STATEMENTS

kSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net sales	70 841	64 917	137 116	122 479	241 485
Other external income	1 045	1 213	2 695	2 026	3 788
	71 886	66 130	139 811	124 505	245 273
Direct costs	-15 319	-16 132	-30 735	-30 976	-58 604
Other external costs	-6 865	-7 669	-14 327	-14 121	-27 761
Personnel costs	-47 306	-40 934	-93 045	-81 351	-162 784
Depreciations	-1 816	-1 285	-3 467	-2 340	-5 314
Other operating costs	-951	-1 336	-1 943	-2 010	-4 061
Earnings Before Interest and Tax	-371	-1 226	-3 705	-6 292	-13 251
Financial income	653	523	1 097	838	1 571
Financial costs	-492	-132	-622	-338	-1 273
Earnings Before Tax	-210	-834	-3 230	-5 792	-12 953
Tax	-167	-856	-739	-1 557	-988
Earnings After Tax	-377	-1 691	-3 969	-7 349	-13 941
Profit attributable to the parent company's shareholders	-377	-1 691	-3 969	-7 349	-13 941
Number of shares, end of period(pcs.)	7 863 186	7 148 351	7 863 186	7 148 351	7 863 186
Average number of shares during the period(pcs.)	7 863 186	7 148 351	7 863 186	7 148 351	7 187 520
Earnings per share, basic (SEK)	-0.05	-0.24	-0.50	-1.03	-1.94
Earnings per share, diluted (SEK)	-0.05	-0.23	-0.50	-1.01	-1.94

GROUP BALANCE SHEETS

ASSETS (kSEK)	June 30, 2019	June 30, 2018	December 31, 2018
Intangible assets	30 436	23 337	25 939
Tangible assets	822	708	742
Financial assets	1 014	478	855
Sum non-current assets	32 272	24 523	27 536
Trade receivables	36 946	36 683	49 559
Tax receivables	3 758	1 134	2 349
Other current receivables	2 511	4 763	2 638
Prepayments and accrued income	19 643	9 355	10 848
Cash and cash equivalents	35 990	17 313	45 210
Sum current assets	98 848	69 249	110 605
TOTAL ASSETS	131 120	93 772	138 141
EQUITY (kSEK)			
Shareholders' equity	1 573	1 430	1 573
Development fund	29 230	21 170	24 253
Other capital contributions	117 971	79 815	117 534
Translation difference	-1 485	-659	-597
Retained earnings incl. net profit for the period	-76 933	-58 313	-67 987
Total equity	70 355	43 443	74 776
LIABILITIES (kSEK)			
Deferred Tax	540	550	540
Total long-term liabilities	540	550	540
Due to customers	12 825	8 569	18 044
Trade payables	14 795	12 692	15 961
Other current liabilities	8 074	6 103	9 579
Accrued expenses, deferred income	24 531	22 414	19 241
Total short-term liabilities	60 225	49 778	62 825
Total liabilities	60 765	50 329	63 365
TOTAL EQUITY AND LIABILITIES	131 120	93 772	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-Jun 2019	Jan-Jun 2018	Full year 2018
<i>Operating activities</i>			
Profit before tax	-3 230	-5 792	-12 953
Adjustment of items not included in the cash flow	3 001	3 077	6 433
Income tax paid	-2 147	-1 563	-2 219
Cash flow from operating activities before adjustments of working capital	-2 376	-4 277	-8 738
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) of current receivables	3 916	4 403	-7 829
Increase (+) / Decrease (-) of current liabilities	-2 600	-1 034	12 013
Cash flow from operating activities	-1 060	-908	-4 554
<i>Investing activities</i>			
Acquisitions/divestments, tangible assets	-325	-80	-228
Acquisitions/divestments, intangible assets	-7 700	-4 487	-9 828
Acquisitions/divestments, financial assets	-130	-39	-427
Cash flow from investing activities	-8 154	-4 606	-10 482
<i>Financing activities</i>			
Rights issue	-6	-	37 419
Cash flow from financing activities	-6	-	37 419
Net cash flow for the period	-9 220	-5 514	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	35 990	17 313	45 210

GROUP KEY PERFORMANCE INDICATORS

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net sales growth rate (%)	9.1	18.0	12.0	15.5	13.3
EBITDA (kSEK)	1 445	59	-238	-3 952	-7 937
EBITDA margin (%)	2.0	0.1	Neg	Neg	Neg
EBIT margin (%)	Neg	Neg	Neg	Neg	Neg
Profit margin (%)	Neg	Neg	Neg	Neg	Neg
Total assets (kSEK)	131 120	93 772	131 120	93 772	138 141
Equity / Assets ratio (%)	53.7	46.3	53.7	46.3	54.1
No. of shares, end of period (pcs.)	7 863 186	7 148 351	7 863 186	7 148 351	7 863 186
No. of shares, average during period (pcs.)	7 863 186	7 148 351	7 863 186	7 148 351	7 187 520
Earnings per share, basic (SEK)	-0.05	-0.24	-0.50	-1.03	-1.94
Earnings per share, diluted (SEK)	-0.05	-0.23	-0.50	-1.01	-1.94
Equity per share (SEK)	8.95	6.08	8.95	6.08	9.51
Dividend per share (SEK)	n/a	n/a	n/a	n/a	0.00
No. of employees, average (pcs.)	277	249	276	249	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>

PARENT COMPANY

INCOME STATEMENTS, PARENT COMPANY

kSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net sales	-	-	-	73	73
Other external income	385	497	839	949	2 018
	385	497	839	1 021	2 090
Other external costs	-656	-555	-1 102	-999	-2 053
Personnel costs	-2 559	-2 969	-5 260	-5 680	-10 552
Depreciations	-	-	-	-3	-3
Other operating costs	-	-3	-	-3	-3
Earnings Before Interest and Tax	-2 829	-3 031	-5 523	-5 664	-10 521
Financial income	163	87	335	172	492
Financial costs	-0	-0	-0	-0	-0
Earnings Before Tax	-2 666	-2 944	-5 188	-5 493	-10 029
Tax	-	-	-	-	-
Earnings After Tax	-2 666	-2 944	-5 188	-5 493	-10 029

BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	June 30, 2019	June 30, 2018	December 31, 2018
Financial assets	74 393	62 047	63 137
Sum non-current assets	74 393	62 047	63 137
Trade receivables	-	-	2
Receivables Group companies	788	4 358	4 095
Tax receivables	265	847	184
Other current receivables	31	60	-
Prepayments and accrued income	180	770	78
Cash and cash equivalents	23 180	1 826	35 570
Sum current assets	24 444	7 861	39 929
TOTAL ASSETS	98 838	69 908	103 065
EQUITY (kSEK)			
Shareholders' equity	1 573	1 430	1 573
Share premium reserve	115 020	79 815	115 026
Retained earnings	-15 556	-8 477	-5 969
Net profit for the period	-5 188	-5 493	-10 029
Total equity	95 849	67 275	100 601
LIABILITIES (kSEK)			
Trade payables	386	297	421
Other current liabilities	400	268	359
Accrued expenses, deferred income	2 203	2 068	1 685
Total liabilities	2 989	2 633	2 465
TOTAL EQUITY AND LIABILITIES	98 838	69 908	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	-	-	-	-	-7 349	-7 349
Translation difference	-	-	-	-114	-	-114
Development fund	-	-	3 078	-	-3 078	-
Issuance of warrants	-	851	-	-	-	851
Closing balance of equity June 30, 2018	1 430	79 815	21 170	-659	-58 313	43 443
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	-	-	-	-	-3 969	-3 969
Translation difference	-	-	-	-888	-	-888
Development fund	-	-	4 977	-	-4 977	-
Issuance of warrants	-	443	-	-	-	443
Rights issue	-	-6	-	-	-	-6
Closing balance of equity June 30, 2019	1 573	117 971	29 230	-1 485	-76 933	70 355
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	-	-	-5 493			-5 493
Issuance of warrants	-	851	-			851
Closing balance of equity June 30, 2018	1 430	79 815	-13 970			67 275
PARENT COMPANY 2019						
Opening balance of equity January 1, 2019	1 573	115 026	-15 998			100 601
Net profit of the period	-	-	-5 188			-5 188
Issuance of warrants	-	-	443			443
Rights issue	-	-6	-			-6
Closing balance of equity June 30, 2019	1 573	115 020	-20 744			95 849

THE SHARE

The share capital of Nepa AB (publ) amounted, on June 30, 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 June 30, 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%
Humle Småbolagsfond	673,329	8.6%
Handelsbankens Fonder AB	547,909	7.0%
AMF Aktiefond Småbolag	471,610	6.0%
P-O Westerlund	416,169	5.3%
Elementa	309,465	3.9%
Hans Skruvfors	225,000	2.9%
Niclas Öhman	177,481	2.3%
Ten largest shareholders	5,883,117	74.8%
Other shareholders	1,980,069	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

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FINANCIAL CALENDAR

Interim report July 1st to September 30th, 2019

November 21st, 2019

Year-end report 2019

March 20th, 2020

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

Ulrich Boyer

Chairman of the Board

Bo Mattsson

Board member

Kristin Luck

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 August 21, 2019.
