

IMPROVED EARNINGS AND CONTINUED GROWTH

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

FIRST QUARTER, JANUARY – MARCH 2020

- Net sales increased by 4.7%, or 3.8% FX adjusted, to MSEK 69.4 (66.3)
- Gross profit increased by 2.7%, or 1.6% FX adjusted, to MSEK 52.2 (50.9)
- EBIT was MSEK -0.3 (-3.3)
- Earnings after tax was MSEK 0.4 (-3.6)
- Earnings per share was, basic SEK 0.06 (-0.49), diluted SEK 0.06 (-0.49)

IMPORTANT EVENTS

DURING THE PERIOD

- P-O Westerlund was appointed as new CEO on January 26.
- Ann-Christine Fick was appointed new CFO and member of group management.
- Michael Wallin was appointed to the new role of Head of Investor relations.
- Global lifestyle and clothing brand GANT chose Nepa as brand tracking provider in all major markets.
- Based on our profitability focus and the recent outbreak of the Corona virus, several actions have been taken to address costs. These include termination of employees under probationary period, termination of consultant contracts, and salary reductions of at least 20 percent for group management.

AFTER THE PERIOD ENDED

- More than 120 employees in Sweden and Finland have reduced working hours.
- Pay cuts of at least 20 percent have been introduced in many parts of the Group.
- We have downsized our Sweden office with redundancies.
- Nepa Finland have received a grant from government agency Business Finland to cover parts of salary costs during Corona.

A WORD FROM OUR CEO

Earnings for the first quarter of 2020 improved compared to the same period last year, despite the effects of the Corona pandemic at the end of the quarter. Gross profit was SEK 52.2 (50.9) million, an increase of 2.7 percent. The operating result (EBIT) was SEK -0.3 (-3.3) million. Earnings before and after tax were both positive for the first time since 2017, thanks to positive net financial items.

Nepa will continue to be a growth company, but a profitable one. It is the 56th quarter in a row that we are showing growth, but for the first time ever personnel costs fell, by 2.8% in the quarter - the overall decrease will be much larger in Q2. The decrease is a result of the increased focus on profitability that applies from this year.

Cost control is a priority and the need for cost control was particularly pronounced because of the proliferation of Covid-19. Nepa acted vigorously at an early stage, already in the beginning of March, which contributed to strengthen the result. The measures have included, inter alia, termination of probationary employment, consultancy contracts and reduced working hours. The cost-cutting initiatives have been implemented according to plan and are largely completed.

The measures are expected to reduce costs by approximately SEK 35 million on an annual basis from Q2, as previously communicated. However, the market uncertainty remains significant and we are well prepared to take further action if necessary. At the same time, Nepa is in a position with approximately 60 percent recurring revenue based on long-term contracts. All in all, this makes me feel comfortable that we – despite the challenges created by the pandemic – have taken a big step towards being able to show profitability in the long-term.

The pandemic has led to customers postponing or redefining the scope of projects, but we have not lost any customers so far. On the contrary, we have had the

pleasure of welcoming several new customers, both during the first quarter and at the beginning of the second quarter.

Strengthened financial position

Furthermore, it is satisfactory to note that we have strengthened our financial position since we had cash and cash equivalents of SEK 22.9 million as of March 31st, which is a strengthening of SEK 8.3 million since the beginning of the year. After the end of the quarter, we have also taken advantage of the Swedish government's temporary loan facilities regarding social security contributions, VAT and other taxes, which has meant a strengthening of the cash position by an additional SEK 15.3 million.

Outlook

Most experts agree that the new normal will not look like the old normal. Although we do not know how and to what extent, we are likely to expect permanent behavioural changes among consumers. The need for support in the decision-making should therefore increase, which gives me reason to have a positive view of how demand for our services should develop. The time factor as to when and to what extent customers regain their previous investment capacity is difficult to assess, but I am convinced that Nepa can provide companies with business-critical input ahead of savings as well as investment decisions.

Although the future is difficult to predict, Nepa has a strong market position, long experience and a solid platform of competitive solutions. All in all, this means that I continue to see good business conditions for showing growth and improved profitability in the coming years.

P-O Westerlund
CEO

THE GROUP

DEVELOPMENT OF THE GROUP

REVENUES

Gross profit increased in the first quarter by 2.7 percent to kSEK 52,233 (50,859), and 1.6 percent currency adjusted. Net sales increased by 4.7 percent to kSEK 69,420 (66,275), and 3.8 percent currency adjusted.

The strongest sales growth during the quarter was in Customer Experience (CX) followed by Marketing Optimization. It was primarily the result of strong growth of our core products CX Empower (CX) and Ad & Media Tracker (MO).

In absolute numbers, Finland showed the highest growth, increasing sales by MSEK 2.0 equivalent to 28

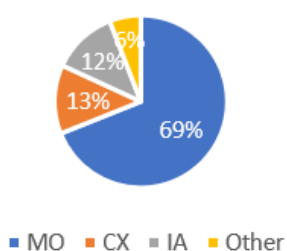
percent (MSEK 1.8 or 23 percent growth currency adjusted). That is mainly due to our core product Ad & Media tracker.

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

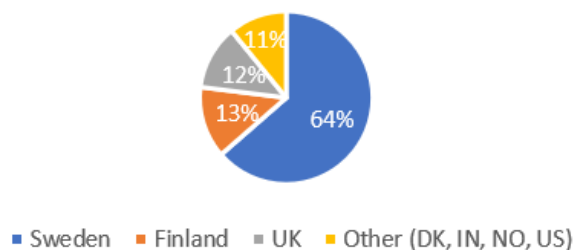
EARNINGS

The group's EBIT amounted in the first quarter to kSEK -253 (-3,334) and earnings after tax amounted to kSEK 436 (-3,592).

Sales split by solution, Q1 2020



Sales split by market, Q1 2020



GROUP INCOME STATEMENTS

kSEK	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales	69 420	66 275	263 061
Other external income	1 899	1 650	4 827
	71 319	67 925	267 889
Direct costs	-17 187	-15 416	-61 041
Other external costs	-6 333	-7 462	-34 395
Personnel costs	-44 456	-45 739	-183 887
Depreciations	-2 302	-1 651	-7 546
Other operating costs	-1 294	-992	-3 940
Earnings Before Interest and Tax	-253	-3 334	-22 921
Financial income	1 368	445	2 124
Financial costs	-645	-130	-1 796
Earnings Before Tax	469	-3 020	-22 592
Tax	-33	-572	-295
Earnings After Tax	436	-3 592	-22 888
Profit attributable to the parent company's shareholders	436	-3 592	-22 888
Number of shares, end of period(pcs.)	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
Earnings per share, basic (SEK)	0.06	-0.49	-2.91
Earnings per share, diluted (SEK)	0.06	-0.49	-2.91

GROUP BALANCE SHEETS

ASSETS (kSEK)	March 31, 2020	March 31, 2019	December 31, 2019
Intangible assets	32 632	27 039	31 618
Tangible assets	539	921	618
Financial assets	746	1 053	727
Sum non-current assets	33 917	29 013	32 964
Trade receivables	44 040	32 920	64 004
Tax receivables	2 384	3 483	2 026
Other current receivables	3 108	2 443	2 697
Prepayments and accrued income	18 486	18 458	17 610
Cash and cash equivalents	22 933	41 788	14 629
Sum current assets	90 950	99 092	100 966
TOTAL ASSETS	124 867	128 105	133 930
EQUITY (kSEK)			
Shareholders' equity	1 573	1 573	1 573
Development fund	32 145	25 592	30 892
Other capital contributions	116 342	117 746	116 325
Translation difference	-1 277	-1 068	-820
Retained earnings incl. net profit for the period	-98 331	-72 918	-97 514
Total equity	50 452	70 924	50 456
LIABILITIES (kSEK)			
Deferred Tax	-	540	540
Total long-term liabilities	-	540	540
Due to customers	21 899	13 299	26 381
Trade payables	20 657	15 035	21 083
Other current liabilities	8 723	6 449	12 197
Accrued expenses, deferred income	23 135	21 858	23 273
Total short-term liabilities	74 415	56 641	82 934
Total liabilities	74 415	57 181	83 474
TOTAL EQUITY AND LIABILITIES	124 867	128 105	133 930
Pledged (kSEK)			
Chattle	14 000	14 000	14 000
Total pledged	14 000	14 000	14 000

GROUP CASH FLOW STATEMENTS

kSEK	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Operating activities			
Profit before tax	469	-3 020	-22 592
Adjustment of items not included in the cash flow	1 847	1 384	6 091
Income tax paid	-931	-1 705	28
Cash flow from operating activities before adjustments of working capital	1 385	-3 340	-16 473
Cash flow from changes in working capital			
Increase (-) / Decrease (+) of current receivables	18 649	9 180	-21 318
Increase (+) / Decrease (-) of current liabilities	-8 519	-6 184	20 108
Cash flow from operating activities	11 515	-345	-17 683
Investing activities			
Acquisitions/divestments, tangible assets	-35	-292	-394
Acquisitions/divestments, intangible assets	-3 187	-2 622	-12 679
Acquisitions/divestments, financial assets	10	-153	180
Cash flow from investing activities	-3 212	-3 067	-12 892
Financing activities			
Rights issue	-	-9	-6
Cash flow from financing activities	-	-9	-6
Net cash flow for the period	8 304	-3 422	-30 581
Cash and cash equivalents at the beginning of the period	14 629	45 210	45 210
Cash and cash equivalents at the end of the period	22 933	41 788	14 629

GROUP KEY PERFORMANCE INDICATORS

	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales growth rate (%)	4.7	15.1	8.9
EBITDA (kSEK)	2 049	-1 683	-15 374
EBITDA margin (%)	3.0	Neg	Neg
EBIT margin (%)	Neg	Neg	Neg
Profit margin (%)	0.7	Neg	Neg
Total assets (kSEK)	124 867	128 105	133 930
Equity / Assets ratio (%)	40.4	55.4	37.7
No. of shares, end of period (pcs.)	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
Earnings per share, basic (SEK)	0.06	-0.49	-2.91
Earnings per share, diluted (SEK)	0.06	-0.49	-2.91
Equity per share (SEK)	6.42	9.02	6.42
Dividend per share (SEK)	n/a	n/a	0.00 ¹
No. of employees, average (pcs.)	270	263	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	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Other external income	408	454	2 170
	408	454	2 170
Other external costs	-782	-446	-2 552
Personnel costs	-2 314	-2 701	-8 175
Earnings Before Interest and Tax	-2 688	-2 694	-8 557
Financial income	0	172	901
Financial costs	-0	-	-2
Earnings Before Tax	-2 689	-2 522	-7 658
Tax	-	-	-
Earnings After Tax	-2 689	-2 522	-7 658

BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	March 31, 2020	March 31, 2019	December 31, 2019
Financial assets	89 361	74 059	89 361
Sum non-current assets	89 361	74 059	89 361
Receivables Group companies	393	1 877	3 569
Tax receivables	373	217	208
Other current receivables	1	5	-
Prepayments and accrued income	215	231	393
Cash and cash equivalents	1 595	24 238	629
Sum current assets	2 578	26 568	4 799
TOTAL ASSETS	91 939	100 627	94 160
EQUITY (kSEK)			
Shareholders' equity	1 573	1 573	1 573
Share premium reserve	115 020	115 017	115 020
Retained earnings	-24 842	-15 777	-17 201
Net profit for the period	-2 689	-2 522	-7 658
Total equity	89 062	98 291	91 733
LIABILITIES (kSEK)			
Trade payables	351	105	244
Other current liabilities	201	221	391
Accrued expenses, deferred income	2 326	2 010	1 792
Total liabilities	2 877	2 336	2 427
TOTAL EQUITY AND LIABILITIES	91 939	100 627	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	-	-	-	-	-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
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	-	-	-	-	436	436
Translation difference	-	-	-	-457	-	-457
Development fund	-	-	1 254	-	-1 254	-
Issuance of warrants	-	17	-	-	-	17
Closing balance of equity March 31, 2020	1 573	116 342	32 145	-1 277	-98 331	50 452
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	-	-	-2 522	-2 522		
Issuance of warrants	-	-	221	221		
Right issue	-	-9	-	-9		
Closing balance of equity March 31, 2019	1 573	115 017	-18 299	98 291		
PARENT COMPANY 2020						
Opening balance of equity January 1, 2020	1 573	115 020	-24 860	91 733		
Net profit of the period	-	-	-2 689	-2 689		
Issuance of warrants	-	-	17	17		
Closing balance of equity March 31, 2020	1 573	115 020	-27 531	89 062		

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 made the sales.

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

Sales is 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 after country.

REVENUE TYPE (MSEK)	Q1 2020	Share	Growth	Q1 2019	Share
Nepa Group	69.4	100%	3.1	66.3	100%
Recurring	43.6	63%	5.2	38.4	58%
Ad hoc	25.7	37%	-2.4	28.2	42%
Share of ad hoc from recurring clients	10.4	40%	-6.3	16.7	59%
Share of ad hoc from non-recurring clients	15.3	60%	3.8	11.5	41%
Sales to clients buying both recurring & ad hoc	54.0	78%	-1.1	55.1	83%
Sales to clients buying ad hoc only	15.3	22%	3.8	11.5	17%

Sales of Recurring grew 13.5% to MSEK 43.6 in the first quarter 2020. Ad Hoc decreased by 9% to MSEK 25.7 MSEK in the period. The goal is to increase the share of sales of Recurring revenues in order to increase profitability.

SOLUTION (MSEK)	Net sales					Gross profit				
	Q1 2020	Share	Growth	Q1 2019	Share	Q1 2020	Share	Growth	Q1 2019	Share
Nepa Group	69.4	100%	3.1	66.3	100%	52.2	100%	1.4	50.9	100%
MO	47.8	69%	1.4	46.4	70%	34.3	66%	0.6	33.7	66%
CX	9.0	13%	2.0	6.9	10%	7.4	14%	1.4	6.0	12%
IA	8.5	12%	0.4	8.1	12%	7.0	13%	-0.0	7.1	14%
Övriga	4.1	6%	-1.1	5.1	8%	3.4	7%	-0.9	4.3	8%
Eliminations	0.1	0%	0.4	-0.3	0%	0.1	0%	0.3	-0.2	0%

In absolute numbers, our CX-solution grew the most in the first quarter 2020 (MSEK 1.4 in gross profit). Our CX solution was also our fastest growing solution in relative numbers (24% 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				
	Q1 2020	Share	Growth	Q1 2019	Share	Q1 2020	Share	Growth	Q1 2019	Share
Nepa Group	69.4	100%	3.1	66.3	100%	52.2	100%	1.4	50.9	100%
Sweden	44.1	64%	1.6	42.5	64%	33.8	65%	0.0	33.8	66%
Finland	9.3	13%	2.0	7.3	11%	7.2	14%	1.7	5.6	11%
UK	8.4	12%	-1.7	10.1	15%	5.6	11%	1.8	7.4	14%
All other markets	7.6	11%	1.2	6.3	10%	5.6	11%	1.4	4.2	8%

Most markets grew in the first quarter 2020, both in terms of sales and gross profit. The exceptions are UK and India who decreased their sales (-17% and -9%) and their gross profit (-24% and -15%). The highest percentual gross profit growth was in Denmark (62%) and US (60%). Our ambition is to create profitable growth on 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 stems from recurring revenues, ranging twelve months. More than 60 percent of the revenues stem these 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

As a result of the outbreak of Covid-19 and its impact on the global economy, Nepa has taken a number of measures. As of April, more than 120 employees in Sweden and Finland have reduced their working hours. In many parts of the Group pay cuts of at least 20 percent have been introduced. In Sweden, a smaller downsizing due to redundancies have been conducted and in Finland we have received a grant from government agency Business Finland to cover parts of salary costs during Corona.

After the end of the quarter, we have also taken advantage of the Swedish government's temporary loan facilities regarding social security contributions, VAT and other taxes, which has resulted in a strengthening of the cash position by an additional SEK 15.3 million.

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.

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.

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 March 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 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, 2020

	Number of shares	Share/Votes
Ulrich Boyer	1,492,624	19.0%
Elementa	901,643	11.5%
Swedbank Robur Fonder	873,352	11.1%
Fredrik Östgren	712,783	9.1%
Humle Småbolagsfond	673,329	8.6%
P-O Westerlund	426,169	5.4%
Hans Skruvfors	225,000	2.9%
Niclas Öhman	199,669	2.5%
Aktia Nordic Microcap	173,312	2.2%
Unionen	165,744	2.1%
Ten largest shareholders	5,843,625	74.3%
Other shareholders	2,019,561	25.7%
Total number of shares	7,863,186	100.0%

CERTIFIED ADVISER

Erik Penser Bank is Nepa's Certified Adviser.

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FINANCIAL CALENDAR

Annual general meeting 2020

May 20th, 2020

Interim report April 1st to June 30th, 2020

August 21st, 2020

Interim report July 1st to September 30th, 2020

November 20th, 2020

Year-end report 2020

March 19th, 2021

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 20th, 2020
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

Fredrik Östgren
Board member

Niclas Öhman
Board member

P-O Westerlund
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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 20, 2020.
