

CONTINUED GROWTH AND INCREASED FOCUS ON PROFITABILITY

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

FOURTH QUARTER, OCTOBER – DECEMBER 2019

- Net sales increased by 12.0%, or 10.7% FX adjusted, to MSEK 70.5 (63.0)
- Gross profit increased by 7.7%, or 6.1% FX adjusted, to MSEK 54.0 (50.2)
- EBIT was MSEK -5.3 (-3.6)
- Earnings after tax was MSEK -6.2 (-2.9)
- Earnings per share was, basic SEK -0.79 (-0.40), diluted SEK -0.79 (-0.40)

FULL YEAR, JANUARY – DECEMBER 2019

- Net sales increased by 8.9%, or 7.5% FX adjusted, to MSEK 263.1 (241.5)
- Gross profit increased by 10.5%, or 8,8% FX adjusted, to MSEK 202.0 (182.9)
- EBIT amounted to MSEK -22.9 (-13.3)
- Earnings after tax amounted to MSEK -22.9 (-13.9)
- Earnings per share amounted to, basic SEK -2.91 (-1.94), diluted SEK -2.91 (-1.94)

IMPORTANT EVENTS

DURING THE PERIOD

- The global marketing function was moved from the US to Sweden.
- The Norwegian operations was combined with the Swedish organisation, leading to cost efficiencies and annual cost reductions of MSEK 2.8 from 2020.

AFTER THE PERIOD ENDED

- P-O Westerlund was appointed as new CEO on January 26.
- Global lifestyle and clothing brand GANT chose Nepa as brand tracking provider in all major markets
- 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.
- Based on our profitability focus and the recent outbreak of Corona virus we have taken action to addressing costs. This includes termination of employees under probationary period, ending consultant contracts, and a salary reduction of 20 percent for group management.

A WORD FROM OUR CEO

In the fourth quarter gross profit amounted to MSEK 54.0 (50.2), an increase of 7.7 percent. In the same quarter EBIT was MSEK -5.3 (-3.6). For the full year of 2019, the group's gross profit was MSEK 202.0 (182.9), an increase of 10.5 percent compared to 2018. EBIT was MSEK -22.9 (-13.3).

To summarize the outcome of the quarter and the full year of 2019 we had an organization that was set-up for a higher growth rate than we achieved. In the fourth quarter, we were also burdened by costs aiming at simplifying our organizational structure and adapting our cost base, for example by downsizing the US operations and by combining the Norwegian and the Swedish organizations.

Since I took over as CEO at the end of January this year, we have shifted focus from growth to profitability. We will, of course, continue to grow, but this will be done with profitability.

Action program

For some time, we have had a too large cost base in relation to our revenues. With the new shock of the Corona virus we are acting decisively and taking into consideration a changed market sentiment. As part of our adaptation, employees on probationary period have, sadly, been terminated and we have radically reduced the number of consultants. Our group management team has decided to reduce our salaries by 20 percent, in addition to the voluntary salary reduction of 10 percent that some of us took already in the beginning of 2020. Altogether, I estimate that these actions will reduce our costs by at least SEK 11 million on an annual basis, beginning in the second quarter.

I sincerely regret that we have to take these measures and at the same time I hope for understanding since conditions have changed dramatically in a short period of time. I would have preferred to keep our talented employees.

I am determined to achieve the goal that Nepa will be profitable this year. With the actions taken, I expect that we will have increased financial leeway. We are monitoring developments closely and further measures cannot be ruled out should the situation worsen.

Favourable conditions

As new CEO I really look forward to leading and developing this company. Being one of the larger shareholders and with extensive experience from working in the company, I know that we have fantastic conditions for both growth and profitability.

We have a strong market position, significant experience and expertise among our talented employees, and have some of the market's best tools. Together, we will now unleash the potential in this combination, and I feel a strong support for this internally at Nepa.

Furthermore, it is important that we have the market's confidence. Therefore, as part of a more investor-friendly approach, we will gradually increase the transparency of our financial reporting to make it easier to follow how we are developing. A first action is the segment reporting we are introducing, starting this quarter.

Outlook

Achieving growth by optimizing marketing investments is increasingly important for companies. Nepa are experts in transforming consumer data to growth generating actions for our clients and we have an important role to play. If we try to look beyond the current Corona-related concerns, Nepa has a fantastic potential to show both growth and profitability in the years to come. I look forward to leading the company to deliver our potential.

P-O Westerlund
CEO

THE GROUP

DEVELOPMENT OF THE GROUP

REVENUES

Gross profit increased in the fourth quarter by 7.7 percent to kSEK 53,995 (50,155), and 6.1 percent currency adjusted. Net sales increased by 12.0 percent to kSEK 70,520 (62,972), and 10.7 percent currency adjusted.

For the full year of 2019, gross profit increased by 10.5 percent to kSEK 202,021 (182,880), and 8.8 percent currency adjusted. Net sales increased by 8.9 percent to kSEK 263,061 (241,485), and 7.5 percent currency adjusted.

The strongest sales growth in 2019 was in Marketing Optimization followed by Customer Experience (CX). It was primarily the result of strong growth of our core products Ad & Media Tracker (MO) and CX Tracker (CX).

In absolute numbers, the UK showed the highest growth, increasing sales by MSEK 8.0 equivalent to 33 percent (MSEK 6.8 or 26% growth currency adjusted). That is a result of the success of our product Path to Purchase, which helps companies understand the entire

consumer journey until making a purchase decision and all touchpoint affecting this, both online and offline. This also contributed to the fact that our ad hoc sales grew more than our recurring sales, since we define all Path to Purchase revenue as ad hoc, even though we are working with the same clients over year after year. This increase is positive but that does not change our long-term target of increasing recurring revenues as share of total revenues.

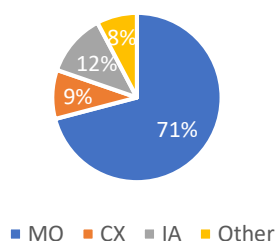
Detailed information about segment are found in note 2 on page 11.

EARNINGS

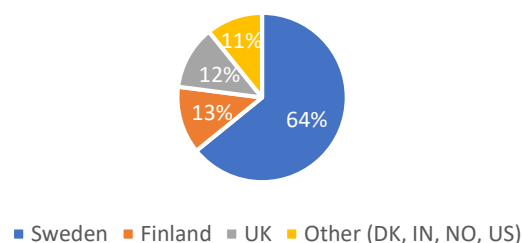
The group's EBIT amounted in the fourth quarter to kSEK -5,305 (-3,605) and earnings after tax amounted to kSEK -6,230 (-2,949).

For the full year of 2019, the group's EBIT amounted to kSEK -22,921 (-13,251) and earnings after tax amounted to kSEK -22,888 (-13,941).

Sales split by solution, 2019



Sales split by market, 2019



GROUP INCOME STATEMENTS

kSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales	70 520	62 972	263 061	241 485
Other external income	861	926	4 827	3 788
	71 381	63 898	267 889	245 273
Direct costs	-16 525	-12 817	-61 041	-58 604
Other external costs	-9 261	-7 502	-34 395	-27 761
Personnel costs	-47 359	-44 885	-183 887	-162 784
Depreciations	-2 176	-1 530	-7 546	-5 314
Other operating costs	-1 365	-769	-3 940	-4 061
Earnings Before Interest and Tax	-5 305	-3 605	-22 921	-13 251
Financial income	57	475	2 124	1 571
Financial costs	-1 026	-308	-1 796	-1 273
Earnings Before Tax	-6 274	-3 439	-22 592	-12 953
Tax	44	490	-295	-988
Earnings After Tax	-6 230	-2 949	-22 888	-13 941
Profit attributable to the parent company's shareholders	-6 230	-2 949	-22 888	-13 941
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	7 303 750	7 863 186	7 187 520
Earnings per share, basic (SEK)	-0.79	-0.40	-2.91	-1.94
Earnings per share, diluted (SEK)	-0.79	-0.40	-2.91	-1.94

GROUP BALANCE SHEETS

ASSETS (kSEK)	December 31, 2019	December 31, 2018
Intangible assets	31 618	25 939
Tangible assets	618	742
Financial assets	727	855
Sum non-current assets	32 964	27 536
Trade receivables	64 004	49 559
Tax receivables	2 026	2 349
Other current receivables	2 697	2 638
Prepayments and accrued income	17 610	10 848
Cash and cash equivalents	14 629	45 210
Sum current assets	100 966	110 605
TOTAL ASSETS	133 930	138 141
EQUITY (kSEK)		
Shareholders' equity	1 573	1 573
Development fund	30 892	24 253
Other capital contributions	116 325	117 534
Translation difference	-820	-597
Retained earnings incl. net profit for the period	-97 514	-67 987
Total equity	50 456	74 776
LIABILITIES (kSEK)		
Deferred Tax	540	540
Total long-term liabilities	540	540
Due to customers	26 381	18 044
Trade payables	21 083	15 961
Other current liabilities	12 197	9 579
Accrued expenses, deferred income	23 273	19 241
Total short-term liabilities	82 934	62 825
Total liabilities	83 474	63 365
TOTAL EQUITY AND LIABILITIES	133 930	138 141
Pledged (kSEK)		
Chattle	14 000	14 000
Total pledged	14 000	14 000

GROUP CASH FLOW STATEMENTS

kSEK	Full year 2019	Full year 2018
Operating activities		
Profit before tax	-22 592	-12 953
Adjustment of items not included in the cash flow	6 091	6 433
Income tax paid	28	-2 219
Cash flow from operating activities before adjustments of working capital	-16 473	-8 738
Cash flow from changes in working capital		
Increase (-) / Decrease (+) of current receivables	-21 318	-7 829
Increase (+) / Decrease (-) of current liabilities	20 108	12 013
Cash flow from operating activities	-17 683	-4 554
Investing activities		
Acquisitions/divestments, tangible assets	-394	-228
Acquisitions/divestments, intangible assets	-12 679	-9 828
Acquisitions/divestments, financial assets	180	-427
Cash flow from investing activities	-12 892	-10 482
Financing activities		
Rights issue	-6	37 419
Cash flow from financing activities	-6	37 419
Net cash flow for the period	-30 581	22 383
Cash and cash equivalents at the beginning of the period	45 210	22 827
Cash and cash equivalents at the end of the period	14 629	45 210

GROUP KEY PERFORMANCE INDICATORS

	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales growth rate (%)	12.0	2.5	8.9	13.3
EBITDA (kSEK)	-3 129	-2 075	-15 374	-7 937
EBITDA margin (%)	Neg	Neg	Neg	Neg
EBIT margin (%)	Neg	Neg	Neg	Neg
Profit margin (%)	Neg	Neg	Neg	Neg
Total assets (kSEK)	133 930	138 141	133 930	138 141
Equity / Assets ratio (%)	37.7	54.1	37.7	54.1
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	7 303 750	7 863 186	7 187 520
Earnings per share, basic (SEK)	-0.79	-0.40	-2.91	-1.94
Earnings per share, diluted (SEK)	-0.79	-0.40	-2.91	-1.94
Equity per share (SEK)	6.42	9.51	6.42	9.51
Dividend per share (SEK)	n/a	n/a	0.00 ¹	0.00
No. of employees, average (pcs.)	272	263	274	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	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales	-	-	-	73
Other external income	813	556	2 170	2 018
	813	556	2 170	2 090
Other external costs	-769	-491	-2 552	-2 053
Personnel costs	-568	-2 735	-8 175	-10 552
Depreciations	-	-	-	-3
Other operating costs	-	-	-	-3
Earnings Before Interest and Tax	-523	-2 669	-8 557	-10 521
Financial income	393	244	901	492
Financial costs	-1	-	-2	-0
Earnings Before Tax	-131	-2 425	-7 658	-10 029
Tax	-	-	-	-
Earnings After Tax	-131	-2 425	-7 658	-10 029

BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	December 31, 2019	December 31, 2018
Financial assets	89 361	63 137
Sum non-current assets	89 361	63 137
Trade receivables	-	2
Receivables Group companies	3 569	4 095
Tax receivables	208	184
Prepayments and accrued income	393	78
Cash and cash equivalents	629	35 570
Sum current assets	4 799	39 929
TOTAL ASSETS	94 160	103 065
EQUITY (kSEK)		
Shareholders' equity	1 573	1 573
Share premium reserve	115 020	115 026
Retained earnings	-17 201	-5 969
Net profit for the period	-7 658	-10 029
Total equity	91 733	100 601
LIABILITIES (kSEK)		
Trade payables	244	421
Other current liabilities	391	359
Accrued expenses, deferred income	1 792	1 685
Total liabilities	2 427	2 465
TOTAL EQUITY AND LIABILITIES	94 160	103 065

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 2018						
Opening balance of equity January 1, 2018	1 430	78 964	18 093	-545	-47 886	50 055
Net profit of the period	-	-	-	-	-13 941	-13 941
Translation difference	-	-	-	-52	-	-52
Development fund	-	-	6 160	-	-6 160	-
Issuance of warrants	-	1 294	-	-	-	1 294
Rights issue	143	37 276	-	-	-	37 419
Closing balance of equity December 31, 2018	1 573	117 534	24 253	-597	-67 987	74 776
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	-
Issuance 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
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	77 750	-7 263	71 917		
Net profit of the period	-	-	-10 029	-10 029		
Issuance of warrants	-	-	1 294	1 294		
Right issue	143	37 276	-	37 419		
Closing balance of equity December 31, 2018	1 573	115 026	-15 998	100 601		
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		
Issuance of warrants	-	-	-1 203	-1 203		
Rights issue	-	-6	-	-6		
Closing balance of equity December 31, 2019	1 573	115 020	-24 860	91 733		

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)	2019	Share	Growth	2018	Share
Nepa Group	263.1	100%	21.6	241.5	100%
Recurring	159.4	61%	9.6	150.0	62%
Ad hoc	103.7	39%	12.1	91.5	38%
Share of ad hoc from recurring clients	61.9	60%	12.2	49.7	54%
Share of ad hoc from non-recurring clients	41.8	40%	-0.1	41.9	46%
Sales to clients buying both recurring & ad hoc ¹	221.3	84%	21.6	199.7	83%
Sales to clients buying ad hoc only ²	41.8	16%	0.0	41.8	17%

Sales of Recurring grew 6% to MSEK 159.4 in 2019. Ad Hoc grew 13% to MSEK 103.7 MSEK in 2019, driven by increased sales to clients that also buys Recurring solutions. The goal is to increase the share of sales of Recurring revenues in order to increase profitability.

SOLUTION (MSEK)	Net sales					Gross profit				
	2019	Share	Growth	2018	Share	2019	Share	Growth	2018	Share
Nepa Group	263.1	100%	21.6	241.5	100%	202.0	100%	19.1	182.9	100%
MO	186.7	71%	19.5	167.2	69%	134.7	67%	14.6	120.1	67%
CX	24.7	9%	5.2	19.4	8%	22.3	11%	4.9	17.4	11%
IA	31.6	12%	2.3	29.3	12%	27.2	13%	2.9	24.3	13%
Övriga	20.3	8%	-5.3	25.6	11%	17.3	9%	-3.6	20.9	9%
Eliminations	-0.2	0%	-0.1	-0.1	0%	0.5	0%	0.3	0.1	0%

In absolute numbers, our MO-solution grew the most in 2019 (MSEK 14.6 in gross profit). In relative numbers our CX solution grew fastest (28% 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				
	2019	Share	Growth	2018	Share	2019	Share	Growth	2018	Share
Nepa Group	263.1	100%	21.6	241.5	100%	202.0	100%	19.1	182.9	100%
Sweden	168.8	64%	6.9	161.9	67%	131.9	65%	5.6	126.3	66%
Finland	33.9	13%	4.4	29.5	12%	25.9	13%	5.7	20.3	10%
UK	32.0	12%	8.0	24.0	10%	24.3	12%	5.2	19.1	13%
All other markets	28.4	11%	2.3	26.1	11%	19.9	10%	2.7	17.2	11%

All markets grew in 2019, both in terms of sales and gross profit. The highest percentual gross profit growth was in Finland (28%) and UK (27%). 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

A new top management was appointed. P-O Westerlund was appointed new CEO on January 26 and Ann-Christine Fick as new CFO and member of group management. Michael Wallin was appointed to the new role as Head of Investor relations.

In order to reduce costs, an action program has been completed, involving termination of employees under probationary period, a reduced number of consultants and a salary reduction of 20 percent on group management level.

Global lifestyle and clothing brand GANT chose Nepa as brand tracking provider in all major markets.

Towards the end of February 2020, the new Corona virus caused a dramatic change in sentiment world-wide. For Nepa it has meant that a few clients have

reduced their business volume while others have postponed ad hoc projects. It is still too early to be specific about the full effects. However, with the cost cutting measures that has been taken and the company's stable base of recurring business, these challenges should be manageable.

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 December 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 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 December 31, 2019

	Number of shares	Share/Votes
Ulrich Boyer	1,492,624	19.0%
Swedbank Robur Fonder	873,352	11.1%
Elementa	698,128	8.9%
Fredrik Östgren	696,178	8.9%
Humle Småbolagsfond	673,329	8.6%
P-O Westerlund	416,169	5.3%
AMF Aktiefond Småbolag	366,430	4.7%
Handelsbanken Fonder AB	305,185	3.9%
Hans Skruvfors	225,000	2.9%
Niclas Öhman	177,481	2.3%
Ten largest shareholders	5,923,876	75.3%
Other shareholders	1,939,310	24.7%
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

Interim report January 1st to March 31st, 2020

May 20th, 2020

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, March 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
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 March 20, 2020.
