

CONTINUED GROWTH AND INVESTMENTS THAT LAY THE FOUNDATION FOR INCREASED GROWTH

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

THIRD QUARTER, JULY – SEPTEMBER 2016

- Net sales increased by 16.3% to MSEK 38.4 (33.0)
- Gross profit increased by 17.2% to MSEK 27.2 (23.2)
- EBIT amounted to MSEK -3.5 (-1.1)
- Earnings after tax amounted to MSEK -2.7 (-1.2)
- Earnings per share amounted to SEK -0.38 (-0.95)

NINE MONTHS, JANUARY – SEPTEMBER 2016

- Net sales increased by 17.0% to MSEK 129.3 (110.5)
- Gross profit increased by 17.4% to MSEK 96.5 (82.2)
- EBIT amounted to MSEK 0.1 (-0.1)
- Earnings after tax amounted to MSEK -1.6 (-1.0)
- Earnings per share amounted to SEK -0.20 (-0.77)

IMPORTANT EVENTS

DURING THE PERIOD

- Nepa's wholly owned US subsidiary, Nepa USA, Inc. started operations according to plan. The office in New York is led by personnel transferred from the Stockholm headquarters. The recruitment of local key people has begun.

AFTER THE PERIOD ENDED

- On October 31, 2016, Nepa acquired outstanding 9.9 per cent of the UK subsidiary Nepa UK Ltd, which then became a wholly owned subsidiary.
- Lindsay Parry (formerly Cowan) today became MD of Nepa UK.

A WORD FROM OUR CEO

After the IPO and rights issue in the second quarter and a generally strong first half year of 2016, in the third quarter we began – with great dedication and conviction – to realize our growth plans:

- Continue to grow the home market Sweden and to drive growth in existing international markets Norway, Finland, Denmark and India.
- Invest further in the rapidly growing UK business aiming at further increase growth in Europe's largest and the world's second largest market.
- Establish Nepa's first office in the USA, driven by current clients' demand of presence on the world's largest market.
- Increase investments in Nepa's proprietary product platform ActionHub® in order to achieve increased scalability and allow for further growth.

I am proud to present the first initiatives on this growth journey:

- In the UK market, we have worked on creating the right conditions for driving the already rapid growth even further. As a first step, we have today named Lindsay Parry (formerly Cowan) as MD of Nepa UK. Parallel to the shift in management, Nepa acquired the outstanding 9.9 percent of Nepa UK, which is now a wholly owned subsidiary. With Lindsay as MD and with the ownership structure in place, we have all the right prerequisites for making the UK one of Nepa's strongest markets.
- On November 1 we started manning our first office in the USA, in New York, headed by Ali Piltan. Ali has worked at Nepa since 2010 as globally responsible for product development within retail and consumer packaged goods and also as key account manager for several global clients. Next phase for Nepa in the USA is to build a local organization for serving current clients in the USA and to attract new clients.
- In order to effectively execute our expansion plan, Nepa has invested in an expansion team that provides the necessary resources to drive Nepa's

internationalization through efficient structures, processes and scalability.

- During the third quarter we have increased investments in personnel for our system development and data science teams with the purpose of continuing to develop the ActionHub® - Nepa's fastest growing product. We can already see that the additional resources increase the development pace of the ActionHub®, which allows us to keep driving the development within our field on a global basis.

Despite the fact that focus has been to create the right conditions for future growth, Nepa grew according to plan in the third quarter. Nepa shows a growth in sales and gross profit of 16.3 and 17.2 percent respectively, meaning that we have now grown for 42 consecutive quarters. Growth has been particularly strong in Finland, the UK and India. I would like to take the opportunity to welcome all new clients.

The third quarter EBIT amounted to MSEK -3.5, which is due to the fact that the third quarter is seasonally weaker in sales combined with our investments in growth and scalability, i.e. that we according to plan are expanding in the USA, the UK and investing in the development of the ActionHub®. In a comparison between the third quarter of 2016 and the corresponding quarter in 2015, Nepa has substantially higher personnel costs, which is explained by investments in personnel for the expansion in the USA and the UK as well as personnel for system development for the ActionHub®.

Lastly, I can point out that on our largest market in terms of sales, our home market Sweden, Nepa shows continued growth and in addition gradually increasing contribution margins, which provide a solid base for the continued 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 during the third quarter by 16.3 percent to kSEK 38 411 (33 028) and gross profit increased by 17.2 percent to kSEK 27 236 (23 248).

During the first nine months of 2016, net sales increased by 17.0 percent to kSEK 129 290 (110 485) and gross profit increased by 17.4 percent to kSEK 96 485 (82 192).

EARNINGS

The group's EBIT amounted in the third quarter to kSEK -3 466 (-1 054) and earnings after tax amounted to kSEK -2 732 (-1 204).

During the first nine months of 2016, EBIT amounted to kSEK 94 (-93) and earnings after tax amounted to kSEK -1 597 (-1 028).

GROUP INCOME STATEMENTS

kSEK	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015 ¹
Net sales	38 411	33 028	129 290	110 485	154 499
Other external income	707	333	1 280	673	1 746
	39 119	33 361	130 570	111 158	156 245
Direct costs	-11 176	-9 781	-32 805	-28 293	-37 229
Other external costs	-4 269	-4 715	-15 013	-14 318	-21 546
Personnel costs	-26 415	-19 715	-81 041	-67 946	-93 817
Depreciations	-357	-78	-981	-351	-468
Other operating costs	-368	-128	-636	-344	-507
Earnings Before Interest and Tax	-3 466	-1 054	94	-93	2 678
Financial income	62	70	93	126	95
Financial costs	50	-4	-181	-109	-403
Earnings Before Tax	-3 354	-988	7	-76	2 370
Tax	622	-216	-1 603	-951	-286
Earnings After Tax	-2 732	-1 204	-1 597	-1 028	2 085
Profit attributable to the parent company's shareholders	-2 747	-1 042	-1 359	-847	2 121
Profit attributable to non-controlling interests	15	-162	-238	-180	-36
Number of shares, end of period (pcs.)	7 148 351	1 100 000	7 148 351	1 100 000	1 100 000
Average number of shares during the period (pcs.)	7 148 351	1 100 000	6 665 482	1 100 000	1 100 000
Basic and diluted earnings per share (SEK)	-0.38	-0.95	-0.20	-0.77	1.93

¹ Pro forma after the acquisition of Nepa Sweden AB in accordance with the Annual Report, note 17.

GROUP BALANCE SHEETS

ASSETS (kSEK)	September 30, 2016	September 30, 2015	December 31, 2015
Intangible assets	9 520	3 372	4 688
Tangible assets	998	993	1 108
Financial assets	3 099	3 050	3 050
Sum non-current assets	13 617	7 415	8 846
Tax receivables	181	282	848
Trade receivables	24 665	16 617	25 414
Prepayments and accrued income	3 117	2 512	2 279
Other current receivables	807	879	720
Cash and cash equivalents	56 223	6 767	3 612
Sum current assets	84 994	27 058	32 873
TOTAL ASSETS	98 611	34 472	41 719
EQUITY (kSEK)			
Shareholders' equity	1 430	100	1 100
Other capital contributions	76 445	-	7 940
Translation difference	-21	-211	-179
Retained earnings incl. net profit for the period	-7 390	102	-5 869
Equity, parent company shareholder	70 464	-9	2 992
Minority interest	-791	-687	-537
Total equity	69 672	-696	2 455
LIABILITIES (kSEK)			
Borrowings, current	-	8 220	8 294
Trade payables	8 749	10 006	8 671
Tax payables	-	-	-
Other current liabilities	8 454	8 165	11 227
Due to customers	4 769	2 585	6 269
Accrued expenses, deferred income	6 967	6 192	4 803
Total liabilities	28 939	35 168	39 264
TOTAL EQUITY AND LIABILITIES	98 611	34 472	41 719
<i>Pledged</i>			
Chattle	14 500	14 500	14 500
Bank guarantee	3 099	3 050	3 050
Total pledged	17 599	17 550	17 550

GROUP CASH FLOW STATEMENTS

kSEK	Jan-Sep 2016	Jan-Sep 2015 ²	Full year 2015 ³
<i>Operating activities</i>			
Profit before tax	7	-76	2 370
Adjustment of items not included in the cash flow	952	77	259
Income tax paid	-937	-467	-367
Cash flow from operating activities before adjustments of working capital	22	-466	2 263
<i>Cash flow from changes in working capital</i>			
Increase(-) / Decrease(+) of receivables	-176	-1 070	-10 032
Increase(+) / Decrease(-) of liabilities	-2 031	-3 780	1 520
Cash flow from operating activities	-2 185	-5 316	-6 250
<i>Investing activities</i>			
Acquisitions/divestments, intangible assets	-146	-439	-696
Acquisitions/divestments, tangible assets	-5 569	-3 372	-4 688
Acquisitions/divestments, financial assets	-30	-3 050	-3 050
Cash flow from investing activities	-5 745	-6 860	-8 434
<i>Financing activities</i>			
Rights issue	68 835	-	-
New borrowings	-	6 227	5 580
Amortization of loans	-8 294	-	-
Cash flow from financing activities	60 541	6 227	5 580
Net cash flow for the period	52 611	-5 950	-9 104
Cash and cash equivalents at the beginning of the period	3 612	12 716	12 716
Cash and cash equivalents at the end of the period	56 223	6 767	3 612

² Pro forma after the acquisition of Nepa Sweden AB in accordance with the Annual report, note 17.

³ Pro forma after the acquisition of Nepa Sweden AB in accordance with the Annual report, note 17.

GROUP KEY PERFORMANCE INDICATORS

	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015 ⁴
Growth rate (%)	16.3	n/a	17.0	n/a	24.5
EBITDA (kSEK)	-3 109	-977	1 075	258	3 146
EBITDA marginal (%)	-8.1	-3.0	0.8	0.2	2.0
EBIT margin (%)	-9.0	-3.2	0.1	-0.1	1.7
Profit margin (%)	-8.7	-3.0	0.0	-0.1	1.5
Total assets (kSEK)	98 611	34 472	98 611	34 472	41 719
Asset/Equity ratio (%)	70.7	-2.0	70.7	-2.0	5.9
No. of shares, end of period (pcs.)	7 148 351	1 100 000	7 148 351	1 100 000	1 100 000
No. of shares, average during period (pcs.)	7 148 351	1 100 000	6 665 482	1 100 000	1 100 000
Earnings per share (SEK)	-0.38	-0.95	-0.20	-0.77	1.93
Equity per share (SEK)	9.86	0.01	9.86	0.01	2.72
Dividend per share (SEK)	n/a	n/a	n/a	n/a	0.00
No. of employees, average (pcs.)	197	145	179	157	161

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>Asset/Equity 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 excluding non-controlling interests divided by the average number of 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>

⁴ Pro forma after the acquisition of Nepa Sweden AB in accordance with the Annual report, note 17.

PARENT COMPANY

INCOME STATEMENTS, PARENT COMPANY

kSEK	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015 ⁵
Net sales	3 151	-292	8 550	-	-
Other external income	-	1 519	106	2 591	3 082
	3 151	1 227	8 657	2 591	3 082
Direct costs	-611	-	-1 255	-	-
Other external costs	-261	-500	-1 244	-1 465	-1 777
Personnel costs	-2 172	-509	-10 765	-1 910	-6 029
Depreciations	-4	-4	-12	-12	-16
Earnings Before Interest and Tax	103	214	-4 619	-795	-4 740
Results from shares in group companies	-	-	-	-	4 928
Financial income	-	-	-	-	1
Financial costs	-	-3	-66	-39	-44
Earnings Before Tax	103	211	-4 685	-834	145
Tax	-24	-43	-24	-43	-43
Earnings After Tax	79	168	-4 709	-877	102

⁵ Pro forma after the acquisition of Nepa Sweden AB in accordance with the Annual report, note 17.

BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	September 30, 2016	September 30, 2015	December 31, 2015
Tangible assets	23	39	35
Financial assets	17 479	4 603	17 479
Sum non-current assets	17 502	4 642	17 514
Tax receivables	1 185	676	637
Trade receivables	867	439	-
Loans to Group companies	26 597	-	915
Prepayments and accrued income	100	92	68
Other current receivables	21	-	13
Cash and cash equivalents	36 515	279	1
Sum current assets	65 284	1 485	1 635
TOTAL ASSETS	82 786	6 128	19 148
EQUITY (kSEK)			
Shareholders' equity	1 430	100	1 100
Share premium reserve	77 506	-	9 000
Retained earnings	3 442	3 340	3 340
Net profit for the period	-4 685	-834	102
Total equity	77 692	2 606	13 542
Tax allocation reserve	200	200	200
Untaxed reserves	200	200	200
LIABILITIES (kSEK)			
Borrowings, current	-	-	1 173
Borrowings from credit institutions	-	144	136
Trade payables	220	86	67
Borrowings from Group companies	2 368	626	286
Tax payables	-	-	79
Other current liabilities	1 094	1 235	2 511
Due to customers	-	-	113
Accrued expenses, deferred income	1 211	1 231	1 041
Total liabilities	4 893	3 322	5 406
TOTAL EQUITY AND LIABILITIES	82 786	6 128	19 148
<i>Pledged</i>			
Complementary for liabilities in BlueCarrot KB	317	3 490	6 359
Total pledged	317	3 490	6 359

NOTE: Changes in equity in summary

THE GROUP, kSEK	Shareholders' equity	Other capital contributions	Translation difference	Retained earnings incl. net profit of the period	Minority interest	Total equity
THE GROUP 2015						
Opening balance of equity January 1, 2015	100	-	-7	941	-492	542
Net profit of the period	-	-	-	-847	-180	-1 028
Translation difference	-	-	-204	8	-15	-211
Closing balance of equity September 30, 2015	100	-	-211	102	-687	-696
THE GROUP 2016						
Opening balance of equity January 1, 2016	1 100	7 940	-179	-5 870	-537	2 455
Net profit of the period	-	-	-	-1 359	-238	-1 597
Translation difference	-	-	158	-163	-16	-21
Rights issue	330	68 506	-	-	-	68 835
Closing balance of equity September 30, 2016	1 430	76 445	-21	-7 390	-791	69 672
PARENT COMPANY, kSEK						
	Shareholders' equity	Revaluation reserve	Share premium reserve	Fair value reserve	Retained earnings incl. net profit of the period	Total Equity
PARENT COMPANY 2015						
Opening balance of equity January 1, 2015	100	-	-	-	3 340	3 440
Net profit of the period	-	-	-	-	-834	-834
Closing balance of equity September 30, 2015	100	-	-	-	2 506	2 606
PARENT COMPANY 2016						
Opening balance of equity January 1, 2016	1 100	-	9 000	-	3 442	13 542
Net profit of the period	-	-	-	-	-4 685	-4 685
Rights issue	330	-	68 506	-	-	68 835
Closing balance of equity September 30, 2016	1 430	-	77 506	-	-1 243	77 692

THE SHARE

The share capital of Nepa AB (publ) amounted, on September 30, 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 September 30, 2016	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	263,736	3.7%
Handelsbanken Fonder AB	263,736	3.7%
Didner & Gerge Small and Microcap	236,978	3.3%
Hans Skruvfors	225,000	3.1%
Öhman Global Growth	219,780	3.1%
Bo Mattsson, via company	204,366	2.9%
Other shareholders	1,902,655	26.6%
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

Year-end report 2016	31 March 2017
Annual general meeting 2017	18 May 2017

CERTIFICATION

The Board of Directors and the CEO certifies that this interim report provides a correct depiction of the Group's and parent company's business, standing and results, and that it describes the relevant risk factors and uncertainties the company is facing.

*Stockholm, November 30, 2016
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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