

GROSS PROFIT GROWTH OF 19 PERCENT, IMPROVED EBIT

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

FIRST QUARTER, JANUARY – MARCH 2019

- Net sales increased by 15.1% to MSEK 66.3 (57.6)
- Gross profit increased by 19.1% to MSEK 50.9 (42.7)
- EBIT was MSEK -3.3 (-5.1)
- Earnings after tax was MSEK -3.6 (-5.7)
- Earnings per share was, basic SEK -0.49 (-0.79), diluted SEK -0.49 (-0.78)

IMPORTANT EVENTS

DURING THE PERIOD

- Nepa US start to work with Louisville City Football Club and Forward Madison F.C.

AFTER THE PERIOD ENDED

- Nepa Sweden starts to work with NENT and Storytel as CX subscription clients.
- Nepa forms partnership with Touch-A-Prize, resulting in increased sales capabilities and strengthened market offering by access to technology that allows Nepa to identify visitors at, for example, events and sports arenas, regardless of who bought the ticket.

A WORD FROM OUR CEO

As we close Q1 2019, we celebrate Nepa's 52nd consecutive quarter of increased sales and gross profit growth. Gross profit, defined as net sales less costs for data that we purchase on behalf of clients, increased by 19 percent. EBIT improved by MSEK 1.7 to MSEK -3.3, even as we continue to accelerate our investments in product development and growing our US business. Personnel costs increased 13 percent, most of the increase driven by investments in R&D and marketing staff. We are making these investments to improve our product offering and increase our sales capability. Gross profit growth exceeding personnel costs increase is evidence of our commitment to scalability.

We saw developments in each of our largest market segments:

1) Sweden

Sweden had a strong first quarter, with solid growth and increased profitability. Nepa continues to lead the market for optimizing marketing investments and customer experience – creating inbound demand for our products and services. Our own continuous customer experience measurements study demonstrates the strength of our client relationships as well. We proudly welcomed many new CX subscription clients in Q1, including NENT and Storytel, which demonstrate the value of our offer in different verticals.

2) UK and Finland

Our established international markets UK and Finland both posted profitable growth in Q1. Nepa UK grew gross profit by 88 percent while increasing profitability by adding new clients and expanding existing relationships. The uncertainty around Brexit has not had any material effect on Nepa UK and we do not see that it will, regardless of the outcome from the current negotiations.

3) USA

Nepa US added several new clients in the first quarter of 2019 - including multi-year agreements with both a global retailer and a travel & hospitality company. The Nepa US pipeline grew strongly in Q1 as a result of focused marketing activity, increased marketing investments and further growth in our sales team. We see these as indicators that we are on our way to establishing Nepa on a solid foundation in the 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 first quarter by 15.1 percent to kSEK 66,275 (57,562) and gross profit increased by 19.1 percent to kSEK 50,859 (42,719).

EARNINGS

The group's EBIT amounted in the first quarter to kSEK -3,334 (-5,066) and earnings after tax amounted to kSEK -3,592 (-5,658).

GROUP INCOME STATEMENTS

kSEK	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales	66 275	57 562	241 485
Other external income	1 650	814	3 788
	67 925	58 376	245 273
Direct costs	-15 416	-14 844	-58 604
Other external costs	-7 462	-6 453	-27 761
Personnel costs	-45 739	-40 417	-162 784
Depreciations	-1 651	-1 055	-5 314
Other operating costs	-992	-673	-4 061
Earnings Before Interest and Tax	-3 334	-5 066	-13 251
Financial income	445	315	1 571
Financial costs	-130	-206	-1 273
Earnings Before Tax	-3 020	-4 957	-12 953
Tax	-572	-701	-988
Earnings After Tax	-3 592	-5 658	-13 941
Profit attributable to the parent company's shareholders	-3 592	-5 658	-13 941
Number of shares, end of period pcs.)	7 863 186	7 148 351	7 863 186
Average number of shares during the period (pcs.)	7 863 186	7 148 351	7 187 520
Earnings per share, basic (SEK)	-0.49	-0.79	-1.94
Earnings per share, diluted (SEK)	-0.49	-0.78	-1.94

GROUP BALANCE SHEETS

ASSETS (kSEK)	March 31, 2019	March 31, 2018	December 31, 2018
Intangible assets	27 039	22 244	25 939
Tangible assets	921	759	742
Financial assets	1 053	463	855
Sum non-current assets	29 013	23 466	27 536
Trade receivables	32 920	34 539	49 559
Tax receivables	3 483	1 402	2 349
Other current receivables	2 443	4 169	2 638
Prepayments and accrued income	18 458	10 549	10 848
Cash and cash equivalents	41 788	20 105	45 210
Sum current assets	99 092	70 765	110 605
TOTAL ASSETS	128 105	94 231	138 141
EQUITY (kSEK)			
Shareholders' equity	1 573	1 430	1 573
Development fund	25 592	19 821	24 253
Other capital contributions	117 746	79 390	117 534
Translation difference	-1 068	-532	-597
Retained earnings incl. net profit for the period	-72 918	-55 273	-67 987
Total equity	70 924	44 835	74 776
LIABILITIES (kSEK)			
Deferred Tax	540	550	540
Total long-term liabilities	540	550	540
Due to customers	13 299	8 731	18 044
Trade payables	15 035	15 036	15 961
Other current liabilities	6 449	7 123	9 579
Accrued expenses, deferred income	21 858	17 956	19 241
Total short-term liabilities	56 641	48 846	62 825
Total liabilities	57 181	49 396	63 365
TOTAL EQUITY AND LIABILITIES	128 105	94 231	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-Mar 2019	Jan-Mar 2018	Full year 2018
<i>Operating activities</i>			
Profit before tax	-3 020	-4 957	-12 953
Adjustment of items not included in the cash flow	1 384	1 497	6 433
Income tax paid	-1 705	-974	-2 219
Cash flow from operating activities before adjustments of working capital	-3 340	-4 434	-8 738
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) of current receivables	9 180	5 951	-7 829
Increase (+) / Decrease (-) of current liabilities	-6 184	-1 966	12 013
Cash flow from operating activities	-345	-450	-4 554
<i>Investing activities</i>			
Acquisitions/divestments, tangible assets	-292	-34	-228
Acquisitions/divestments, intangible assets	-2 622	-2 203	-9 828
Acquisitions/divestments, financial assets	-153	-27	-427
Cash flow from investing activities	-3 067	-2 272	-10 482
<i>Financing activities</i>			
Rights issue	-9	-	37 419
Cash flow from financing activities	-9	-	37 419
Net cash flow for the period	-3 422	-2 722	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	41 788	20 105	45 210

GROUP KEY PERFORMANCE INDICATORS

	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales growth rate (%)	15.1	12.7	13.3
EBITDA (kSEK)	-1 683	-4 011	-7 937
EBITDA margin (%)	Neg	Neg	Neg
EBIT margin (%)	Neg	Neg	Neg
Profit margin (%)	Neg	Neg	Neg
Total assets (kSEK)	128 105	94 231	138 141
Equity / Assets ratio (%)	55.4	47.6	54.1
No. of shares, end of period (pcs.)	7 863 186	7 148 351	7 863 186
No. of shares, average during period (pcs.)	7 863 186	7 148 351	7 187 520
Earnings per share, basic (SEK)	-0.49	-0.79	-1.94
Earnings per share, diluted (SEK)	-0.49	-0.78	-1.94
Equity per share (SEK)	9.02	6.27	9.51
Dividend per share (SEK)	n/a	n/a	0.00 ¹
No. of employees, average (pcs.)	263	248	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	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales	-	73	73
Other external income	454	452	2 018
	454	525	2 090
Other external costs	-446	-444	-2 053
Personnel costs	-2 701	-2 711	-10 552
Depreciations	-	-3	-3
Other operating costs	-	-	-3
Earnings Before Interest and Tax	-2 694	-2 633	-10 521
Financial income	172	84	492
Financial costs	-	-0	-0
Earnings Before Tax	-2 522	-2 549	-10 029
Tax	-	-	-
Earnings After Tax	-2 522	-2 549	-10 029

BALANCE SHEETS, PARENT COMPANY

ASSETS (kSEK)	March 31, 2019	March 31, 2018	December 31, 2018
Financial assets	74 059	57 547	63 137
Sum non-current assets	74 059	57 547	63 137
Trade receivables	-	401	2
Receivables Group companies	1 877	3 997	4 095
Tax receivables	217	852	184
Other current receivables	5	99	-
Prepayments and accrued income	231	347	78
Cash and cash equivalents	24 238	9 021	35 570
Sum current assets	26 568	14 717	39 929
TOTAL ASSETS	100 627	72 265	103 065
EQUITY (kSEK)			
Shareholders' equity	1 573	1 430	1 573
Share premium reserve	115 017	79 390	115 026
Retained earnings	-15 777	-8 477	-5 969
Net profit for the period	-2 522	-2 549	-10 029
Total equity	98 291	69 793	100 601
LIABILITIES (kSEK)			
Trade payables	105	341	421
Other current liabilities	221	261	359
Accrued expenses, deferred income	2 010	1 870	1 685
Total liabilities	2 336	2 472	2 465
TOTAL EQUITY AND LIABILITIES	100 627	72 265	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	-	-	-	-	-5 658	-5 658
Translation difference	-	-	-	13	-	13
Development fund	-	-	1 728	-	-1 728	-
Issuance of warrants	-	426	-	-	-	426
Closing balance of equity March 31, 2018	1 430	79 390	19 821	-532	-55 273	44 835
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
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	-	-	-2 549			-2 549
Issuance of warrants	-	426	-			426
Closing balance of equity March 31, 2018	1 430	79 390	-11 026			69 793
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
Rights issue	-	-9	-			-9
Closing balance of equity March 31, 2019	1 573	115 017	-18 299			98 291

THE SHARE

The share capital of Nepa AB (publ) amounted, on March 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 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 March 31, 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%
Handelsbanken Fonder AB	606,296	7.7%
Humble Småbolagsfond	603,329	7.7%
AMF Aktiefond Småbolag	471,610	6.0%
P-O Westerlund	416,169	5.3%
Elementa	320,178	4.1%
Hans Skruvfors	225,000	2.9%
Niclas Öhman	177,481	2.3%
Ten largest shareholders	5,882,217	74.8%
Other shareholders	1,980,969	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

Erik Penser Bank is Nepa's Certified Adviser.
Phone: +46 8-463 83 00

E-mail: certifiedadviser@penser.se

FINANCIAL CALENDAR

Annual general meeting 2019	May 29 st , 2019
Interim report April 1 st to June 30 th , 2019	August 21 st , 2019
Interim report July 1 st to September 30 th , 2019	November 21 st , 2019
Year-end report 2019	March 20 th , 2020

ANNUAL GENERAL MEETING AND DIVIDENDS

Annual general meeting for fiscal year 2018 will be held on May 29th, 2019 at 11am at Nepa headquarters in Stockholm. The annual report is available at the headquarter as well as on nepa.com.

The Board of Directors have decided to propose to the annual general meeting that no dividends will be paid for the Fiscal year 2018.

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

Ulrich Boyer
Chairman of the Board

Bo Mattsson
Board member

Annika Steiber
Board member

Simon Hay
Board member

Jan Carlzon
Board member

P-O Westerlund
Board member

Niclas Öhman
Board member

Fredrik Östgren
Board member, CEO

For further information, please contact:

Fredrik Östgren, CEO
+46 733 345 069
fredrik.ostgren@nepa.com

P-O Westerlund, Deputy CEO and CFO
+46 706 404 824
p-o.westerlund@nepa.com

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