



 **questback**
INTERIM Q1 2022 REPORT

Letter from the CEO

Dear Reader,

We at Questback are the Nordic pioneers and frontrunners within the Experience Management (XM) software industry.

We offer the leading Software-as-a-Service in the Nordics for collecting, analyzing, and acting on customer and employee feedback. Our goal is to make companies and organizations smarter by providing the insights they need for better decision making to increase their revenue and reduce their costs.

Our growth journey towards becoming the #1 provider for XM solutions for SMEs, is evident in the figures in the first quarter, with several new all-time highs.

Key Highlights of Q1

Growth in total new subscription revenue by 46 %

New subscription revenue¹, i.e. new annual recurring revenue, from new and existing customers ended at a new all-time-high, mNOK 5.7, resulting in a 46 % growth compared to the same quarter last year. This reflects our renewed focus on sales and growth.

All-time high Net Retention Rate of 103 %

Net Retention Rate (NRR)², reflecting our ability to both retain and grow subscription revenue from existing customers while excluding additional revenue from new customers, reached above 100 % for the first time ever, with an improvement of 12 percent points compared to the same quarter last year. We have seen a positive development of this important KPI during Q3 and Q4 2021, reaching 99 % in both quarters. NRR at 103 % in Q1, historically our largest quarter after Q4 in terms of sales and renewals, means that our focused work begins to show results – we have started to deliver growth through our large existing customer base for the first time in over a decade.

Strengthened the team with new talents

Attracting, recruiting and developing talents will be the most important driver of our growth going forward. In Q1, we had the pleasure to welcome new talents, and have strengthened our fantastic teams in tech, new customer sales, and customer success. In addition, we strengthened our leadership team with the recruitment of Sara Davidsson Nyman, as Chief Revenue Officer, who will join us during Q2.

Strong EBITDA, despite investments in growth

Despite our investments into scaling our go-to-market capabilities and these investments having an expected delayed effect on revenue improvements, e.g. hiring of new sales people with a ramp-up time of four to six months, we achieved a solid EBITDA margin in the quarter of 31 %.

¹ Subscription revenue derived from core business, i.e. excludes revenue from resellers and brokerage agreements.

² Net retention rate is calculated using subscription revenue. We first calculate the subscription revenue in one quarter from a cohort of customers that were customers at the beginning of the same quarter in the prior fiscal year, or cohort customers. We repeat this calculation for each quarter in the trailing four-quarter period. The numerator for net retention rate is the sum of subscription revenue from cohort customers for the four most recent quarters, or numerator period, and the denominator is the sum of subscription revenue from cohort customers for the four quarters preceding the numerator period. NRR is calculated using constant currency exchange rates based on the average for 2021 to exclude any effects of currency exchange

Enhanced product offering

We are proud to have a very strong product offering in the Questback Essentials platform that is continuously improved upon. In our development efforts, we combine updates that cater to our already large customer base as well as adding new features that have the possibility to open up new use cases for our solution to reach new markets.

In Q1 we launched Questback EX and Questback CX as two new offerings of our solution dedicated to the Employee Experience and Customer Experience use cases. With these solutions, our users get a tailored experience to support their core use case. The clearer product positioning and development paths these offerings represent will be a core development theme going forward.

We are in the middle of a larger shift in our product to strengthen the overall user experience led by a mindset of making the complex easy. In the quarter, we released several larger updates in line with this such as an updated product homepage and a completely new email opt-out manager. These efforts will continue in Q2 with several new additions to the overall Questback user experience.

Concluding Words

The team did an outstanding Q1. We grew our revenue from new customers, we managed to retain more revenue, and we succeeded to generate more business than ever with our existing customers, and we finally reached and went beyond the milestone of NRR of 100 %, all while maintaining with a solid operating margin.

I'd like to thank our shareholders for believing in our journey, our great team for all your hard work, and our customers for your trust.

Yours sincerely,

Saeid Mirzaie,
CEO Questback

Operational Review

Key operational metrics

Our key operational metrics³ show our ability to generate new recurring revenue, and to retain and expand this revenue.

<i>t</i> NOK	Q1 22	Q1 21	Q-o-Q	LTM	LTM	Y-o-Y
				Q1 22	Q1 21	
New Customers subscription revenue	994	831	20 %	3 270	3 232	1 %
Existing Customers Expansion revenue	4 680	3 043	54 %	12 484	10 058	24 %
Total New Subscription revenue	5 674	3 874	46 %	15 753	13 290	19 %

We see a positive development when we look at our core business⁴. Total New subscription revenue, i.e. recurring revenue, in Q1 2022, increased with 46 % compared to Q1 2021. Both sales to new customers as well as expansion sales to our existing customers had strong growth this quarter, with 20 % and 54 %, respectively, growth compared to same quarter in 2021.

Our Net Retention Rate, reflecting how well we are retaining and expanding our existing customer base, was 103 % in Q1 2022. Compared to Q1 2021 of 91 % this represents a very positive development.

Our total core subscription revenue⁵ improved during the quarter from mNOK 97.5 at the beginning of the period to mNOK 102.6 (+5.2%) at the end of the period. We see positive results from our increased sales activities in the Nordics, resulting in growth in the important areas of New Customer Sales and Expansion Sales, as well as positive contribution from our efforts related to our European expansion.

Revenues

Total recognized revenue⁶ for the quarter was mNOK 29.6, a reduction of mNOK -1.9 compared to Q1 2021 (mNOK 31.5). The core revenue increased from mNOK 27.5 with mNOK 4.3 (15.5%) to mNOK 31.8, as a result of increased new subscription revenue and higher renewals. The total reduction in revenue is partly a result of unfavorable exchange rates (mNOK -0.5), a reduction in our non-core revenue (mNOK -3), and increased deferred revenue (mNOK -3.1).

Gross margin

Cost of sale⁷ for Q1 2022 was mNOK 2 (Q1 2021: mNOK 2), yielding a gross margin of 93%, which is similar (93%) as per Q1 2021.

³ Our Revenue KPIs are calculated using constant currency exchange rates based on the average for 2021 to exclude any effects of currency exchange rate fluctuations

⁴ Core revenue and Core business are used interchangeably, and excludes revenue from resellers and brokerage agreements,

⁵ subscription revenue based on invoiced recurring revenue last 12 months, as our standard customer contract is per 12 months, paid up front.

⁶ Revenues include non-recurring revenue, revenue from reseller and brokerage agreements, and deferred revenue recognition.

⁷ Cost of sale includes fees to subcontractors, provisions and commissions to resellers and software royalties.

Operational expenses

Total operational expenses adjusted for special items and one-offs was mNOK 19.0 in Q1 2022, mNOK 4.3 higher than Q1 2021 (mNOK 14.6). Personnel-expenses for Q1 2022 are higher (mNOK 2.3) than previous year, mostly due to cost related to on average 6 more FTEs in Q1 2022 than Q1 2021. Other operational expenses are mNOK 1.6 higher in Q1 2022 compared to Q1 2021. This is in materiality caused by higher marketing activities (mNOK 0.7)

Capitalized expenses related to software developed internally was mNOK 0.6 in Q1 2022, compared to mNOK 1.1 in Q1 2021.

EBITDA

The adjusted EBITDA-margin was 31 % in Q1 2022, compared to 47 % in Q1 2021. With a re-focus on growth, we are following our plan and investing heavily in building up our sales teams as well as strengthening other parts of the organization to further capitalize on our positive trajectory going forward.

The EBITDA for Q1 2021 was mNOK 8.6, compared to mNOK 14.9 in Q1 2021.

Amortization, depreciation, and financial items

Amortization and depreciations for Q1 2022 were in total mNOK 1.8, a reduction of mNOK 0.6 compared to Q1 2021 (mNOK 2.4).

Net financial items for Q1 2022 were mNOK -12, whereas for the same period in 2021, net financial items were mNOK -8.1. The change when comparing Q1 2022 to Q1 21021 of mNOK 3.9 is partly due to currency fluctuation effects, but also slightly higher external interest expenses.

Interest costs are divided between interest to be paid in cash and interest to paid in kind. This reflect the intention to ensure that cash are kept to invest in growth.

Net profit before taxes for Q1 2022 was mNOK -5.1, compared to mNOK 4.1 in Q1 2021.

Balance sheet

Total booked assets per March 31, 2022 were mNOK 426.9, a decrease of mNOK 1.4 compared to end of first quarter 2021 (mNOK 428.3). The majority of assets on the balance sheet are non-current assets (mNOK 375.9) where goodwill from previous acquisitions accounts for mNOK 323.4 (March 31, 2021: mNOK 334.3). In addition, IFRS leasing (sub-lease) accounts for mNOK 30.

Current assets per March 31, 2022, was mNOK 51.0, an increase of mNOK 14.7 compared to end of March 2021 (mNOK 36.3). Cash and cash equivalents were mNOK 27.5 per March 31, 2022, an increase of mNOK 4.4 when compared to March 31, 2021 (mNOK 23.1). Book Equity per March 31, 2022, is mNOK 4.3. compared to mNOK 30.7 per March 31, 2021.

Long term liabilities are mNOK 305.1 per March 31, 2022 (Per March 2021; mNOK 300.9). This is composed of long-term interest-bearing loans of mNOK 299. The amount is netted with capitalized loan costs for accounting purposes of mNOK 18.

Calculated long-term lease commitments is recognized with mNOK 23.6 (mNOK 31.0).

Total short-term liabilities per March 31 2022 are mNOK 117.5, compared to mNOK 96.6 per March 31, 2021. Per March 31, 2022, deferred revenue accounts for mNOK 67.3 and public duties of mNOK 24.7. Per March 31, 2021, deferred revenue was mNOK 64.1 and public duties payables were mNOK 23.3.

Cash balance / cash flow

The cash balance per March 31 2022 was mNOK 27.5, an increase compared to March 31, 2021, of mNOK 4.4.

Risk and uncertainties

Questback Group does currently not use any financial instruments to limit credit, interest rate or exchange rate risks.

Credit risk

The Group has not experienced any significant losses on receivables. Recurring invoices are invoiced yearly in advance, and the credit risk is perceived as low. The nature of the product offering provides a highly diversified customer base with regards to industries and sectors, and the 10 largest customers represent about 6% of total revenues.

Interest rate risk

Long-term borrowings amounted to mNOK 299 per the end of first quarter 2022. The interest-bearing debt is denominated in NOK, and the company has not fixed the interest rate which is tied to NIBOR. The interest (NIBOR + margin of 16%) is divided into 50 % cash payments and 50 % payment in kind.

Exchange rate risk

Exchange rate risk is limited due to our current geographic footprint.

Liquidity risk

The Group's liquidity is considered satisfactory at quarter-end. However, and as communicated in the 2021 annual report, Questback Group is investing heavily in growth through 2022. These investments have reduced the liquidity position of the Group. The Company has started preparations for assessing alternative ways to ensure sufficient liquidity in 2022 and 2023. The main shareholder as well as the main lender are engaged in the process. The Group is not in breach of its financial covenants per the reporting date and is working diligently to pursue compliance with all of its financial obligations.

Risks related to the Bond Loan Agreement

If the Group is unable to meet its obligations or covenants under the Bond Loan Agreement, or if the Group otherwise defaults under the Bond Loan Agreement, the Group can initiate remedy cures to ensure compliance. If the remedy cures fail, the bondholder can declare the debt to be immediately due and payable.

Oslo, May 30th, 2022

Questback Group Board of Directors

Condensed consolidated interim statement of profit and loss

<i>All amounts in million NOK</i>	Note	Q1 2022 Unaudited	Q1 2021 Unaudited Pro forma	FY 2021 Audited
Core Business				
New Subscription Sales		5,7	3,9	13,9
Subscription Renewals Sales		26,1	23,6	83,5
Total Subscription Sales, Core business		31,8	27,5	97,4
Non-Core:				
Non-core sales		4,9	7,9	28,1
Total Sales		36,7	35,4	125,5
Revenue deferrals		(7,0)	(3,9)	(0,4)
Total revenues		29,6	31,5	124,1
Cost of goods sold		2,0	2,0	10,7
Salary and personell costs		12,7	10,4	45,4
Other operating costs		6,3	4,2	32,0
EBITDA		8,6	14,9	36,0
Special items		0,5		15,2
Adjusted EBITDA*		9,1	14,9	51,2
Depreciations and amortisation		1,8	2,4	9,1
Operating profit		6,8	12,5	26,9
Net financial items		(12,0)	(8,1)	(56,3)
Profit before tax		(5,1)	4,4	(29,3)

Condensed consolidated interim balance sheet

<i>All amounts in million NOK</i>	31.03.2022	31.03.2021	31.12.2021
	Unaudited	Unaudited Pro forma	Audited
Assets			
Non-current assets			
Total non-current assets	375,9	392,0	379,0
Current assets			
Trade receivables	15,1	8,5	23,8
Other receivables	8,4	4,7	8,7
Cash and cash equivalents	27,5	23,1	27,4
Total current assets	51,0	36,3	59,9
TOTAL ASSETS	426,9	428,3	439,0
Equity and liabilities			
Total Equity	4,3	30,7	16,7
Other long-term liabilities			
Interest-bearing loans and borrowings	279,8	267,9	272,8
Long-term lease liabilities	23,6	31,0	22,6
Deferred tax liabilities	1,7	2,0	1,7
Total long-term liabilities	305,1	300,9	297,1
Total short-term liabilities	117,5	96,6	125,1
TOTAL LIABILITIES	422,6	397,5	422,2
TOTAL EQUITY AND LIABILITIES	426,9	428,3	439,0

Condensed Consolidated Statement of Cashflows

<i>All amounts in million NOK</i>	Q1 2022	Q1 2021	FY 2021
	Unaudited	Unaudited pro-forma	Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	6,8	12,5	26,9
+Depreciations and Amortisations	1,8	2,4	9,1
=EBITDA	8,6	14,9	36,0
+ tax received/- paid	-	-	-
Changes in working capital			
Change in net working capital (excl. deferred revenue)	(6,6)	(4,0)	(0,3)
Change in deferred revenue	7,2	4,6	(0,8)
Net cash generated from operating activities	9,3	15,5	34,9
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalized development costs	(0,6)	(1,1)	(2,8)
Net cash used in investing activities	(0,6)	(1,1)	(2,8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in interest bearing debt	-	-	4,0
Principle portion on lease liability	(0,9)	(1,4)	(9,1)
Interest portion of lease	(0,1)	(0,1)	(0,4)
Equity issue	-	-	25,3
Capitalized loan costs	-	-	(22,2)
Interest on loans	(7,5)	(8,3)	(29,5)
Transfer to Group company	-	(4,8)	-
Net cash used in financing activities	(8,5)	(14,6)	(32,0)
Exchange differences	-	(1,4)	2,5
Net change in cash and cash equivalents	0,1	(0,2)	0,1
Cash and cash equivalent at beginning of period	27,4	24,8	24,8
Cash, cash equivalents and bank overdrafts at end of peri	27,5	23,1	27,4

Consolidated Statement of changes in Equity

Amounts in NOK million	Share Capital	Share premium	Other equity	Total Equity
Opening balance 1 January 2022	0,1	454,7	(438,1)	16,7
Profit (loss) for the year			(5,1)	(5,1)
Other comprehensive income			(7,3)	(7,3)
Balance at 31 March 2022	0,1	454,7	(450,4)	4,3

Amounts in NOK million	Share Capital	Share premium	Other equity	Total Equity
Balance at 1 January 2021			32,3	32,3
Incorporation of new parent	0,03		-0,03	-
Profit for the year			-29,0	-29,0
Other comprehensive income			-9,4	-9,2
Correction in subsidiary				
Transactions with owners:				
Share issue	0,01	25,2		25,3
Contribution-in-kind	0,07	429,4		429,5
Continuity difference*	-0,01	0,01	-431,9	-431,9
Balance at 31 December 2021	0,1,	454,7	-438,1	16,7

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in million NOK

NOTE 1 REPORTING ENTITY

The reporting entity reflected in these consolidated financial statements comprise of Questback Group AS (the "Company" and consolidated subsidiaries (the "Group"). The parent company Questback Group AS, is a publicly listed company on the Euronext Growth in Oslo. The Group's corporate headquarter is in Stockholm, Sweden.

The group has operations in Norway, Sweden and Finland and develops and sell feedback solutions. Sales consists of subscription licenses for access to our solution.

NOTE 2 BASIS FOR PREPARATION

The accounting policies applied in this report are consistent with those applied and described in the 2021 Consolidated financial statements as presented in the Euronext Growth listing documentation. The first quarter condensed consolidated interim financial statements of the Group does not include complete set of notes to the financial statements, and thus have not been prepared in accordance with IAS 34.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions. Actual results may differ. In preparing these interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of uncertainty in the estimates were consistent with those described in the 2021 Financial Statements prepared in accordance with IFRS.

Comparable figures (01.01.2021-31.03.2021) are presented on a "carve-out" and combined basis for the period.

As a result of rounding differences, numbers or percentages may not add up to the total.

These consolidated financial statements have been prepared under the assumption of a going concern.

NOTE 3 REVENUE

The geographical distribution of revenues is as follows:

	Q1 2022	Q1 2021	2021
Norway	12,8	13,5	57,0
Finland	6,9	8,0	31,5
Sweden	5,9	6,5	24,4
Other countries	4,0	3,6	11,2
Total revenues	29,6	31,5	124,1

* Other income includes other operating income, other non-operating income and work in progress.

	Q1 2022	Q1 2021	2021
Subscription revenue- recognized over time	29,3	31,0	121,7
Service sales - recognized over time	0,3	0,4	2,3
Other operating revenue	-	-	-
Total revenues	29,6	31,5	124,1

NOTE 4 SHARE INFORMATION

Questback Group AS only have one class of shares, and all shares have the same voting rights. The shareholders are entitled to receive dividends as and when declared and are entitled to one vote per share at General Meetings of the

Shareholders at 31. March 2022	Shares	Ownership
QDH AS	740 940	57,58 %
PRECISE CREDIT SOLUTIONS 17 S.A.R.	127 551	9,91 %
IPSOS AS	115 792	9,00 %
Skandinaviska Enskilda Banken AB	50 168	3,90 %
CACEIS Bank	43 952	3,42 %
Avanza Bank AB	36 462	2,83 %
SEKSTEN FEMTI AS	34 570	2,69 %
QUESTBACK HOLDING AS	29 036	2,26 %
Nordea Bank Abp	23 696	1,84 %
SVENSKA HANDELSBANKEN AB	16 598	1,29 %
Total	1 218 765	94,7%
Other (ownership percentage < 1 %)	67 987	5,28 %
Total shares	1 286 752	100 %

NOTE 5 SUBSEQUENT EVENTS

No events that have significantly affected or may significantly affect the operations of the Group have occurred after 31. March 2022

Alternative performance measures (APM)

This section includes information about Alternative Performance Measures (APM) applied by the Group. These Alternative Performance Measures are shown to improve the ability of stakeholders to evaluate the Group's financial performance. These should not be viewed as a substitute for any IFRS financial measures. The Group applies the following APMs;

Annual Recurring Revenue (ARR) / Subscription Revenue

The sum of contracted revenue at each period end using end of period currency rate. Main principles for recognition of ARR changes are as follows:

- New sales ARR - when recognised as ARR
- Net upsell ARR includes expansion and price increases. Price increases is recognised when the price changes takes effect. Expansion follows the same principle as new sales ARR.
- Churn ARR is recognised when the licence period ends.
- Currency effect is the difference between ARR end of period less ARR changes (based on average exchange rates in the month they are recognised) and ARR in previous period.

Gross Retention Rate (GRR)

Retained revenue from existing customers not including expansion and/or price increases.

Net Retention Rate (NRR)

Overall impact on the revenue generation from existing customers

EBITDA and Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization.

Adjusted EBITDA - EBITDA excluding non-recurring /special items .

Non-recurring / special items are revenues/cost that are non-recurring in nature and/or not relating to normal operations