



QUESTBACK

Interim Q2 2022 Report

Letter from the CEO

Dear Reader,

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

Questback offers a leading SaaS solution 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 to reduce their costs.

Key highlights in Q2 include¹:

- New Customers Sales growth by 55 % vs Q2 2021
- Expansion Sales (sales to Existing Customers) growth by 137 % vs Q2 2021
- 112 % growth in total new ARR (new ARR to new customers plus new ARR to existing customers) compared to Q2 2021
- Year-over-Year ARR growth, per end of Q2 2022, of 15 % (vs -2 % per end of Q2 2021)
- Net Retention Rate – reflecting our ability to both retain and grow existing customer base – of 108 % in Q2 2022, up from 93 % Q2 2021
- EBITDA margin of 33 % in Q2 2022 while investing in growth

The team maintained solid focus and execution during Q2. This resulted in the company's 8th consecutive quarter with higher year-over-year New Customer Sales and Net Retention Rate, depicting our continuous strengthening capabilities to attract new customers, retaining existing customers, as well as generating more business from existing customer portfolio. In fact, Q2 became our strongest quarter ever so far. The outcome also reflects the growing importance of understanding and acting on feedback.

We are grateful and proud of the trust our customers place in us. Lastly and most importantly, thank you to each and every one in the team for all your hard work.

Yours sincerely,

Saeid Mirzaie,
CEO Questback Group

¹ All numbers, except EBITDA, are calculated using constant currency exchange rates based on the average for year 2021 to exclude any effects of currency exchange rate fluctuations, and excluding revenue from reseller and brokerage agreements.

Operational Review

Key operational metrics

Our key operational metrics² show our ability to generate new recurring revenue, and to retain and expand this revenue.

<i>t</i> NOK	Q2 2022	Q2 2021	Q-o-Q	Q2 YTD 2022	Q2 YTD 2021	Y-o-Y
New Customers subscription revenue	1 260	811	55 %	2 254	1 642	37 %
Existing Customers Expansion revenue	4 220	1 778	137 %	8 895	4 821	84 %
Total New Subscription revenue	5 480	2 589	112 %	11 149	6 463	72 %

The second quarter of 2022 shows a very positive development in our core business³. Total New subscription revenue, i.e. recurring revenue, in Q2 2022, increased with 112 % compared to the same quarter in 2021. Both sales to new customers as well as expansion sales to our existing customers had strong growth this quarter, with 55 % and 137 %, respectively, growth compared to Q2 2021.

Our Net Retention Rate, reflecting how well we are retaining and expanding our existing customer base, was 108 % in Q2 2022. Compared to Q2 2021 of 93 %, this represents a very positive development.

Year to date, we also see a solid growth compared to same period in 2021. Our Total new Subscription revenue increased with 72 %, where we especially see a solid development in expansion revenue from our existing customers (+84%).

Revenues

Total recognized revenue⁴ for the quarter was mNOK 33.1, an increase of mNOK 1.9 compared to Q2 2021 (mNOK 31.2). The core revenue increased from mNOK 20.0 in Q2 2021 with mNOK 5.7 (28.7%) to mNOK 25.7, mainly as a result of increased new subscription revenue and higher renewals.

Our total core subscription revenue⁵ (ARR) improved during the quarter from mNOK 99.3 at the beginning of the period to mNOK 108.3 (+8.5%) 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.

Year to date, recognized revenue is mNOK 62.7, similar to the first half of 2021 (mNOK 62.8).

² 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

³ Core revenue and Core business are used interchangeably, and excludes revenue from resellers and brokerage agreements

⁴ Revenues include non-recurring revenue, revenue from reseller and brokerage agreements, and deferred revenue recognition.

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

Gross margin

Cost of sale⁶ for Q2 2022 was mNOK 2.7 (Q2 2021: mNOK 2.5), yielding a gross margin of 92%, which is more or less at the same level (93%) as per Q2 2021. Year to date, the gross margin for Questback is 92 %, compared to 91 % for the same period in 2021.

Operational expenses

Total operational expenses (OPEX), adjusted for special items and one-offs was mNOK 19.5 in Q2 2022, mNOK 6.1 higher than Q2 2021 (mNOK 13.4). Personnel-expenses for Q2 2022 are higher (mNOK 3.5) than previous year, mostly due to cost related to on average 10 more FTEs in Q2 2022 than Q2 2021. Other operational expenses are mNOK 2.6 higher in Q2 2022 compared to Q2 2021. This is in materiality caused by higher marketing activities.

Year to date, operational expenses (adjusted for special items and one-offs), are mNOK 38.0, an increase of mNOK 11.0 compared to same period in 2021 (mNOK 26.8). The continuous investment in the organization is the main driver behind this development.

Capitalized expenses related to software developed internally was mNOK 0.9 in Q2 2022, compared to mNOK 0.5 in Q2 2021. Year to date, capitalized development are mNOK 2.0 and mNOK 1.6, respectively.

EBITDA

The adjusted EBITDA-margin was 33 % in Q2 2022, compared to 51 % in Q2 2021. With a re-focus on growth, we are following our plan and investing in building up our sales teams as well as strengthening other parts of the organization to further capitalize on our positive trajectory going forward.

Year to date, the EBITDA margin is 32 %, compared to 49 % for first half of 2021

The adjusted EBITDA for Q2 2022 was mNOK 10.9 (mNOK 20.0 year to date), compared to mNOK 15.8 in Q2 2021 (mNOK 30.5 year to date).

Amortization, depreciation, and financial items

Amortization and depreciations for Q2 2022 were in total mNOK 1.8, a reduction of mNOK 0.5 compared to Q2 2021 (mNOK 2.3). Year to date, amortizations and depreciations are mNOK 3.6 (2021: mNOK 4.6).

Net financial items for Q2 2022 were mNOK -15.1, whereas for the same period in 2022, net financial items were mNOK -7.8.

Year to date, Net financial items total to mNOK -27.1, compared to mNOK -16.3 for the same period 2021. This is caused by interest expenses, as well as currency effects.

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.

⁶ Cost of sale includes fees to subcontractors, provisions and commissions to resellers and software royalties.

Net profit before taxes for Q2 2022 was mNOK -6.0, compared to mNOK 5.6 in Q2 2021. For the first half of 2022, net profit before taxes are mNOK -11.1, compared to mNOK 9.5 in the same period in 2021.

Balance sheet

Total booked assets per June 30, 2022 were mNOK 427.5, an increase of mNOK 6.9 compared to June 30 2021 (mNOK 420.6). The majority of assets on the balance sheet are non-current assets (mNOK 381.8) where goodwill from previous acquisitions accounts for mNOK 327.5 (June 30, 2021: mNOK 329.5).

Current assets per June 30, 2022, was mNOK 45.8, an increase of mNOK 9.5 compared to end of June 2021 (mNOK 36.3). Cash and cash equivalents were mNOK 20.9 per June 30, 2022, a decrease of mNOK 1.6 when compared to June 30, 2021 (mNOK 22.5).

Book Equity per June 30, 2022, is mNOK 2.0. compared to mNOK 23.2 per June 30, 2021.

Long term liabilities are mNOK 317.5 per June 30, 2022 (Per June 30 2021; mNOK 298.6). The amount per June 30, 2022 is composed of long-term interest-bearing loans of mNOK 305. The amount is netted with capitalized loan costs for accounting purposes of mNOK 16.2. Calculated long-term lease commitments is recognized with mNOK 29.1.

Other short-term liabilities per June 30, 2022, are mNOK 105.6, compared to mNOK 98.8 per June 30, 2021. Per June 30, 2022, deferred revenue accounts for mNOK 71.1 and public duties of mNOK 19. Per June 30, 2021, deferred revenue was mNOK 60.1 and public duties payables were mNOK 26.8.

Cash balance / cash flow

The cash balance per June 30 2022 was mNOK 20.9, a decrease compared to June 30, 2021, of mNOK 1.6.

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 305 per the end of the second 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.

Following the announced utilization of

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 and the first quarter 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 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, August 29, 2022

Questback Group Board of Directors

Condensed consolidated interim statement of profit and loss

All amounts in million NOK	Q2 2022 Unaudited	Q2 2021 Unaudited pro forma	H1 2022 Unaudited	H1 2021 Unaudited	FY 2021 Audited
Core Business					
New Subscription Sales	5,4	2,6	10,9	6,5	13,9
Subscription Renewals Sales	20,3	17,4	46,5	41,0	83,5
Total Subscription Sales, Core business	25,7	20,0	57,4	47,5	97,4
Non-Core:					
Non-core sales	3,0	5,0	7,9	11,8	28,1
Total Sales	28,7	25,0	65,3	59,3	125,5
Revenue deferrals	4,4	6,2	(2,6)	3,5	(0,4)
Total revenues	33,1	31,2	62,7	62,8	124,1
Cost of goods sold	2,7	2,5	4,7	5,5	10,7
Salary and personell costs	12,8	9,3	25,5	19,7	45,4
Other operating costs	6,7	4,1	13,0	7,6	32,0
EBITDA	10,9	15,3	19,5	30,0	36,0
Special items		0,5	0,5	0,5	15,2
Adjusted EBITDA*	10,9	15,8	20,0	30,5	51,2
Depreciations and amortisation	1,8	2,3	3,6	4,6	9,1
Operating profit	9,1	13,5	15,9	25,9	26,9
Net financial items	(15,1)	(7,8)	(27,1)	(16,3)	(56,3)
Profit before tax	(6,0)	5,6	(11,1)	9,5	(29,3)

Condensed consolidated interim balance sheet

<i>All amounts in million NOK</i>	30.06.2022	30.06.2021	31.12.2021
	Unaudited	Unaudited Pro forma	Audited
Assets			
Non-current assets			
Total non-current assets	381,8	384,3	379,0
Current assets			
Trade receivables	15,3	8,4	23,8
Other receivables	9,5	5,4	8,7
Cash and cash equivalents	20,9	22,5	27,4
Total current assets	45,8	36,3	59,9
TOTAL ASSETS	427,6	420,6	439,0
Equity and liabilities			
Total Equity	2,0	23,2	16,7
Other long-term liabilities			
Interest-bearing loans and borrowings	289,1	268,4	272,8
Long-term lease liabilities	29,1	28,2	22,6
Deferred tax liabilities	1,7	2,0	1,7
Total long-term liabilities	319,8	298,6	297,1
Total short-term liabilities	105,6	98,8	125,1
TOTAL LIABILITIES	425,5	397,4	422,2
TOTAL EQUITY AND LIABILITIES	427,6	420,6	439,0

Condensed Consolidated Statement of Cashflows

<i>All amounts in million NOK</i>	Q2 2022	Q2 2022	H1 2022	H1 2021	FY 2021
	Unaudited	Unaudited pro-forma	Unaudited	Unaudited pro-forma	Audited
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit	9,1	13,5	16,4	25,9	26,9
+Depreciations and Amortisations	1,8	2,3	3,6	4,6	9,1
=EBITDA	10,9	15,8	20,0	30,5	36,0
Changes in working capital					
Change in net working capital (excl. deferred revenue)	6,1	(4,0)	14,1	1,6	(0,3)
Change in deferred revenue	(11,7)	4,6	(18,1)	(0,1)	(0,8)
Net cash generated from operating activities	5,3	16,4	15,9	32,0	34,9
CASH FLOWS FROM INVESTING ACTIVITIES					
Capitalized development costs	(0,9)	(1,1)	(1,5)	(1,6)	(2,8)
Net cash used in investing activities	(0,9)	(1,1)	(1,5)	(1,6)	(2,8)
CASH FLOWS FROM FINANCING ACTIVITIES					
Change in interest bearing debt	-	-	-	-	4,0
Principle portion on lease liability	(0,9)	(1,4)	(1,9)	(3,3)	(9,1)
Interest portion of lease	(0,1)	(0,1)	(0,2)	(0,2)	(0,4)
Equity issue	-	-	-	-	25,3
Capitalized loan costs	-	-	-	-	(22,2)
Interest on loans	(6,2)	(8,3)	(13,7)	(16,9)	(29,5)
Transfer to Group company	-	(4,8)	-	(15,0)	-
Net cash used in financing activities	(7,2)	(14,6)	(15,8)	(35,3)	(32,0)
Exchange differences	(3,7)	(1,4)	(4,6)	3,5	2,5
Net change in cash and cash equivalents	(2,9)	0,7	(1,4)	(4,9)	0,1
Cash and cash equivalent at beginning of period	27,5	23,1	27,4	24,8	24,8
Cash, cash equivalents and bank overdrafts at end of period	20,9	22,5	21,4	23,4	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			(11,1)	(11,1)
Other comprehensive income			(1,3)	(1,3)
Balance at 30 June 2022	0,1	454,7	(450,4)	4,4

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 (01.01.2021-30.06.2021) 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:

	Q2 22	Q2 21	H1 22	H1 21	2021
Norway	16,9	14,4	29,6	27,9	57,0
Finland	7,9	7,8	14,8	15,8	31,5
Sweden	6,2	6,0	12,0	12,5	24,4
Other countries	2,2	2,9	6,0	6,6	11,2
Total revenues	33,1	31,2	62,7	62,8	124,1

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

	Q2 22	Q2 21	H1 22	H1 21	2021
Subscription revenue- recognized over time	32,5	30,7	61,8	61,9	121,7
Service sales - recognized over time	0,5	0,5	0,8	0,9	2,3
Total revenues	33,1	31,2	62,7	62,8	124,1

NOTE 4 SEGMENTS

The Group disclose segments information for the following reportable segments in accordance with IFRS 8: Norway, Sweden, Finland and Other. For more information about the the segments, please refer to Consolidated Financial Statements at 31 December 2021.

As of and for the period ended 30 June 2022

	Norway	Finland	Sweden	Other	Total
Revenue from sales	33,5	15,0	12,1	2,1	62,7
Total revenue	33,5	15,0	12,1	2,1	62,7
Operating expenses	21,6	4,2	14,3	3,1	43,2
EBITDA	11,9	10,8	(2,2)	(1,0)	19,5
Working capital					
Current assets	20,9	14,9	6,6	3,5	45,9
Current liabilities *)	54,1	19,9	28,9	2,9	105,7
Net working capital	(33,2)	(5,0)	(22,3)	0,6	(59,8)

*) Current liabilities include deferred revenue

As of and for the period ended 30 June 2021

	Norway	Finland	Sweden	Other	Total
Revenue from sales	33,4	16,0	13,4	-	62,8
Total revenue	33,4	16,0	13,4	-	62,8
Operating expenses	19,3	5,1	8,4	-	32,8
EBITDA	14,1	10,9	5,0	-	30,0
Working capital					
Current assets	10,9	8,0	17,4	-	36,3
Current liabilities **)	56,3	17,7	24,8	-	98,8
Net working capital	(45,4)	(9,7)	(7,4)	-	(62,6)

***) Current liabilities include deferred revenue, and for Norway, classification of interestbearing debt as current

NOTE 5 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 Company.

Shareholders at 30. June 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	23 568	1,83 %
SVENSKA HANDELSBANKEN AB	16 598	1,29 %
Total	1 218 765	94,7%
Other (ownership percentage < 1 %)	68 115	5,29 %
Total shares	1 286 752	100 %

NOTE 6 SUBSEQUENT EVENTS

No events that have significantly affected or may significantly affect the operations of the Group have occurred after 30. June 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)

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