



QUESTBACK

Interim Q4 and FY 2021 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, reporting, 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.

Our growth journey towards becoming the #1 provider for XM solutions for SMEs, is evident in the figures for the whole year, as well as in our ambitions for the future:

- New customer sales and expansion¹ growth by 12 % in Q4 2021 vs Q4 2020, and 23 % for the full year 2021
- Net Retention Rate, reflecting our ability to both retain *and* grow existing customer base, was 96 % (99%) in Q4, and increased to 95% (92 %) for the full year 2021.
- We achieved Y/Y positive growth in Annual Recurring Revenue (ARR) from our core business², for the second quarter in a row, for the first time in the company's history
- We welcomed a strong investor and a great growth partner, AnaCap, a leading European investment firm.
- Our organization significantly strengthened by recruitment of 25 new great talents during the year, which of 11 were recruited during Q4, with the majority adding to our growing commercial teams.
- Expansion outside the Nordics, and early customer wins, in the UK, Germany and the Netherlands
- Strong EBITDA, despite investments in growth, of 15% (49%) in Q4, and 41% (49%) for the full year 2021.

Even though Questback was founded over 20 years ago, year 2021 was in many ways Year 1 for the company; With a new leadership in place we re-focused our organization towards growth, a reorganization was completed with the non-strategic business parts separated from Questback into an independent company, our long-term debt was refinanced with a more favorable cash interest costs, we joined forces with AnaCap - a strong long-term investor, and we completed an IPO to support our growth ambitions.

At the same time, every quarter we demonstrated improvements of the key performance drivers of our underlying business. Moreover, we met the expectations on our financial performance set in the beginning of the year.

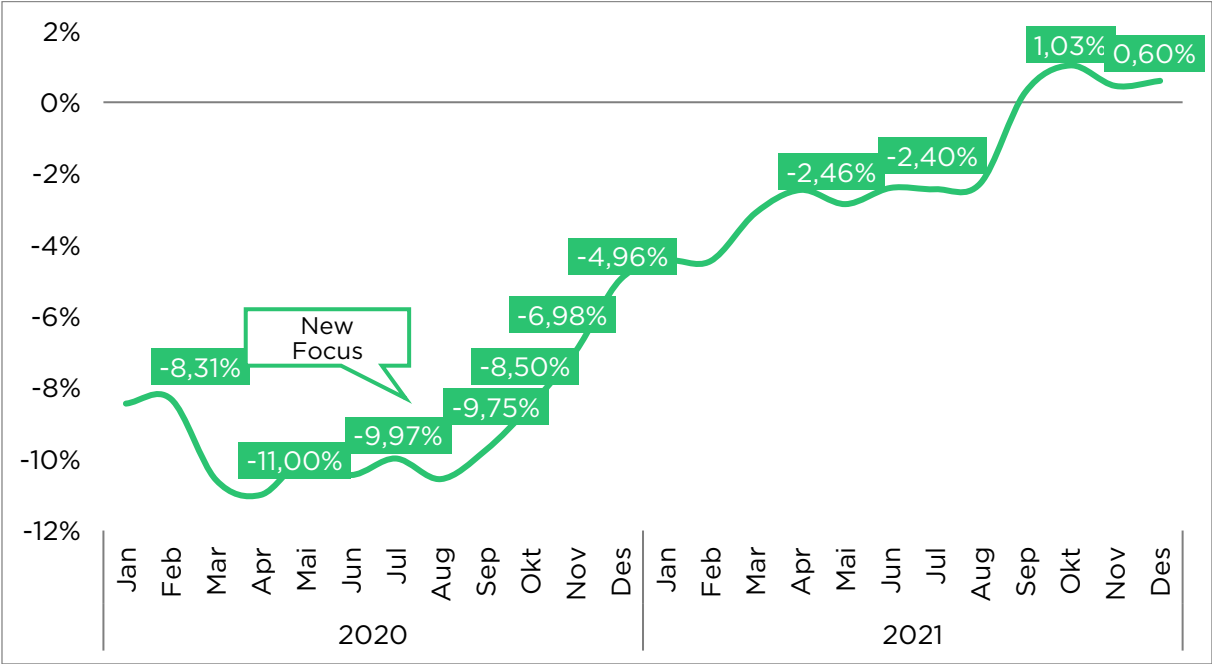
¹ Our key operational metrics are presented using constant currency to eliminate currency fluctuations.

² Core revenue and Core business are used interchangeably, and excludes revenue from resellers and brokerage agreements,

Positive Annual Recurring Revenue (ARR) Development

The progress of our ARR is one of our most important shareholder value creation indicators. A high degree of our revenue being recurring (96 %), combined with a loyal customer base (strong renewal rate) and an increasing share of wallet, provides both predictability and scalability of our business.

After having achieved, for the first time since 2014, a positive Y/Y growth in ARR from our core business in the previous quarter, this again was accomplished in Q4. Making it the first time since 2014 the company has achieved positive Y/Y ARR growth for two subsequent quarters.



Y/Y Core ARR³ Growth

The positive Y/Y development in core ARR shows that the team’s strong execution with a focus on growth together with the strengthening of our go-to-market capabilities is proceeding according to plan. During the year, we built out the go-to-market team significantly, created new customer sales teams in 5 markets, showed strong results in driving expansion revenue with our existing customers as well as built out our product offering with new features.

New Customer Sales Capabilities

New customer ARR is a key driver of growth and central to our ambitions.

During 2021 we established local and dedicated teams focusing on acquiring new customers. We have successfully created New Customer Sales teams in Finland, Norway, Sweden, the United Kingdom and the Netherlands, with the recruitment of a salesforce of 11 new people.

³ Core ARR: excluding revenue from reseller and brokerage agreements, including revenue from Questback customers previously managed by third party (see section “European Expansion”).

The expansion of these teams will continue during the coming years to meet the market demand, by further penetration in existing markets, as well as entering new markets.

European Expansion

Our assessment is that Questback has by far the largest customer portfolio among our competitors in the Nordics. Having a well-diversified and loyal customer base offers us a unique advantage to establish genuine trust through documented strong track-record in many business verticals, supported by customer cases and referrals, when entering new markets.

During 2021 we have established fully owned subsidiaries in the United Kingdom, Germany and the Netherlands. These markets have previously been managed through reseller and brokerage agreements. Agreements with third parties in these markets have either been terminated or are in progress of termination, and existing customers in these markets are now being taken care of by the Questback team, as we regard these markets as strategically important for our long term growth ambitions. We expect to continue to expand our go-to-market capabilities in these new markets throughout 2022, for a planned scale up in 2023 and beyond.

Product Development

Our turnkey solutions are built with passion for our customers and with the purpose of helping them make better decisions based in insights form their key stakeholders of customers and employees.

During 2021 several new features were developed to make it easier to complete survey projects as well as to enhance the reporting experience. Our live reports is where our customers get insights from their collected data as well as deep dive into their findings - among features released were data visualization using word clouds, timeline reporting as well as several larger updates to the overall user experience.

The team has done a tremendous job during the year, increasing the speed at which we are able to deliver new functionality while simultaneously updating core parts of our infrastructure. We look forward to further enhance our product offering in 2022 with new features as well as an overall improved user experience.



A Growing Team

To attract, recruit, retain and develop new and existing talents will always be one of the highest priorities and one of the most important contributors to growth at Questback.

During the year we succeed at hiring 25 new colleagues, with 11 recruitments made in Q4 only. This has enabled us to establish a new marketing team with focus on inbound marketing, a business development team to strengthen our commercial efforts, and we had the pleasure to welcome an IT operations manager and a Business analyst together with a significant strengthening of our go-to-market team.

Concluding Words

During 2021 we put in place a solid foundation that we now can continue to build on. With continued focus on execution and creating value for our customers, I believe we are entering the new year with strong momentum in our underlying business and the key drivers for sustainable growth in place.

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 metrics⁴ show our ability to generate new recurring revenue, and to retain and expand this revenue.

tNOK	Q4 2021	Q4 2020	Q-o-Q	FY 2021	FY 2020	Y-o-Y
New Customer Sales	863	1 166	-26 %	3 106	3 039	2 %
Expansion	4 657	3 746	24 %	10 852	8 292	31 %
Total New ARR	5 520	4 912	12 %	13 959	11 331	23 %

Constant currency

We see a positive development when we look at our core business. Total New ARR for Q4 2021, increased with 12 % compared to Q4 2020. This was strongly driven by higher Expansion Sales (additional licenses and upsells) to existing customers, which grew with 24 % Quarter over Quarter.

For the full year, we see that our New ARR has increased with 23 % year over year. Both New Customer Sales (+2 %) and Expansion Sales (+31%) have seen positive year over year development.

Our net retention rate, reflecting how well we are retaining and expanding our existing customer base, was 96 % in Q4 2021, slightly lower than that of Q4 2020 (99 %). However, looking at the full year net retention rate, this has steadily increased over the past three years, reaching net retention rate of 89 %, 92 % and 95 % in year 2019, 2020, and 2021, respectively.

Our core ARR⁵ improved during the quarter from mNOK 96.3 at the beginning of the period to mNOK 97.5 (+1.2%) 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 30.8, a reduction of mNOK -4.3 compared to Q4 2020 (mNOK 35.1). The reduction is caused by somewhat lower revenue from licenses (mNOK -2.3), as well as reduced other revenue of mNOK -1.4. The latter being in materiality revenues from subletting premises.

Full year recognized revenue for 2021 was mNOK 124.1, a reduction of mNOK -17.2 compared to 2020 (mNOK 141.2). Following the re-focus on our core business, part of the reduction stems from non-core revenue (mNOK -7.2), but at the same time, we have, also seen as expected lower revenues from our other products.

⁴ Our key operational metrics focuses on our Core Business and are presented using constant currency to eliminate currency fluctuations.

⁵ ARR calculation 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.

Gross margin

Cost of sale⁷ for Q4 2021 was mNOK 3.8, reflecting a gross margin of 88 %, similar to the gross margin of Q4 2020. For the full year 2021, the gross margin for the company is 91 %, which is the same as for the full year 2020.

Operational expenses

Total operational expenses (OPEX), adjusted for special items and one-offs (mNOK 7.6) related to the restructuring, refinancing and listing-processes was mNOK 22.4 in Q4 2021, mNOK 8.7 higher than Q4 2020 (mNOK 13.7). Personnel-expenses for Q4 2021 are higher (mNOK 5.1) than previous year, mostly due to year-end accruals and changes in FTE mix, and also increased number of FTEs. Other operational expenses are mNOK 3.6 higher in Q4 2021 compared to Q4 2020. This is caused by costs related to the establishment of our new wholly owned subsidiaries in Germany, UK and the Netherlands, as well as amongst other, increased marketing spend compared to Q4 2020.

Capitalized expenses related to software developed internally was mNOK 0.7 in Q4 2021, which is mNOK 0.1 lower than Q4 2020.

Personnel-expenses are mNOK 45.4 for the full year 2021, slightly higher (mNOK 1.9) than previous year (mNOK 43.5). This is due to various factors, but the key take-aways are the investments that are made in recruitment of new talents. Other operational expenses were mNOK 32.0 in 2021, mNOK 17.2 higher than 2020 (mNOK 14.8). Included in this year's OPEX are special items and one-offs related the restructuring, refinancing and listing-processes of mNOK 15.2.

EBITDA

The adjusted EBITDA-margin was 15 % in Q4 2021, compared to 49 % in Q4 2020. 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 adjusted EBITDA-margin for the full year 2021 was 41 %, somewhat lower than 2020 (49%). The adjustments are related to one-time expenses incurred during the restructuring, refinancing and listing-processes, and amounts to mNOK 15.2 for the full year. The reduction in EBITDA is in accordance with our expectations, since we are 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 Q4 2021 was mNOK -3.0, compared to mNOK 17.0 in Q4 2020. For the full year, EBITDA was mNOK 36.0, compared to mNOK 69.8 for the full year 2020.

Amortization, depreciation, and financial items

Amortization and depreciations for Q4 2021 were in total mNOK 2.3, a reduction of mNOK 0.3 compared to Q4 2020 (mNOK 2.6).

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

Net financial items for Q4 2021 were mNOK -9.9, whereas for the same period in 2020, net financial items were mNOK 2.9. The decrease when comparing 2021 to 2020 of mNOK -12.8 is for the most part due to currency fluctuation effects.

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

Net profit (adjusted) before taxes for Q4 2021 was mNOK -15.2, compared to mNOK 17.3 in Q4 2020. For the full year, net profit before taxes was mNOK -29.3, compared to full year 2020 of mNOK 6.6.

Balance sheet

Total booked assets per December 31, 2021 were mNOK 439.0, a decrease of mNOK 2.1 compared to year-end of 2020 (mNOK 441.1). The majority of assets on the balance sheet are non-current assets (mNOK 379.0) where goodwill from previous acquisitions accounts for mNOK 325.9 (2020: mNOK 334.3. Reduction due to foreign currency effects). Other non-current assets consist of IFRS-related receivables due to leasing and sub-lease of premises (mNOK 27.8).

Current assets per December 31, 2021, was mNOK 59.9, an increase of mNOK 12.4 compared to year-end 2020 (mNOK 47.6). Cash and cash equivalents were mNOK 27.4 per December 31, 2021, an increase of mNOK 2.6 when compared to December 31, 2020 (mNOK 24.8). Book Equity per December 2021 is mNOK 16.7 compared to mNOK 32.3 per December 31, 2020.

Long term liabilities are mNOK 297.1 per December 2021. This is composed of long-term interest-bearing loans of mNOK 291.2. The amount is netted with capitalized loan costs for accounting purposes of mNOK 18.3. Calculated long-term lease commitments is recognized with mNOK 22.6. Per December 31, 2020, long-term liabilities were mNOK 27.8 due to classification of interest-bearing debt of mNOK 265.6 as short-term.

Other short-term liabilities per year-end 2021 are mNOK 125.1, compared to mNOK 381.0 per December 31, 2020. As mentioned above, mNOK 265.6 of the short-term liabilities 2020 was related to interest-bearing debt. Per December 31, 2021, deferred revenue accounts for mNOK 60.0 and public duties of mNOK 25.5. Per December 31, 2020, deferred revenue was mNOK 60.9 and public duties payables were mNOK 25.3.

Debt financing / Bond loan

On July 2, the Group finalized the refinancing processes making a drawdown of a 5-year mNOK 280 bond structured loan facility. The financing agreement also includes a mNOK 80 facility for future M&A-activities.

Cash balance / cash flow

The cash balance per year-end 2021 was mNOK 27.4, an increase compared to December 31, 2020, of mNOK 2.6. The changes to the cash balance through the year have been affected by a several factors, such as private placement (mNOK +25), new external loan with net cash effect of mNOK +46, repayment of previous intercompany loan of mNOK -38, as well as ordinary course of business. The cash effect of one-offs and special items related to the refinancing, restructuring and listing processes were mNOK 37.4

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 291 per the end of 2021. 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

Questback Group is investing heavily in growth through 2022. These investments may reduce the liquidity position of the Group. The main shareholder as well as the main lender are engaged in strengthening the company's cash position. Different alternatives to fuel the continued growth journey are being evaluated, and a formalization of the process is pending the selection of preferred option. Loan covenants are not regarded to be at risk.

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, March 29th, 2022

Questback Group Board of Directors

Condensed statement of profit and loss

All amounts in million NOK	Q4 2021 Unaudited	Q4 2020 Unaudited Pro forma	YTD 2021 Unaudited	YTD 2020 Audited Pro forma
Revenues:				
Core Business				
New ARR	5,5	5,0	13,9	11,6
Renewals	28,3	28,6	83,5	87,5
Total Subscription Sales, Core Business	33,8	33,7	97,4	99,0
Non-Core Sales	8,2	10,7	28,1	36,5
Total Sales	42,0	44,4	125,5	135,5
Revenue deferrals	(11,3)	(9,6)	(0,4)	5,5
Total revenues	30,8	34,7	124,1	141,2
Cost of goods sold	3,8	4,3	10,7	13,2
Salary and personell costs	16,8	11,7	45,4	43,5
Other operating costs	13,2	2,0	32,0	14,8
EBITDA	(3,0)	17,0	36,0	69,8
Special items	7,6	-	15,2	-
Adjusted EBITDA*	4,6	17,0	51,2	69,8
Depreciations and amortisation	2,3	2,6	9,1	13,2
Operating profit	(4,6)	14,4	26,9	56,6
Net financial items	(9,9)	2,9	(56,3)	(49,7)
Profit before tax	(15,2)	17,3	(29,3)	6,9

Condensed consolidated balance sheet

Assets	31.12.2021	31.12.2020
All amounts in million NOK	Unaudited	Audited Pro forma
Non-current assets		
Total non-current assets	379,0	393,5
Current assets		
Trade receivables	23,8	17,4
Other receivables	8,7	5,4
Cash and cash equivalents	27,4	24,8
Total current assets	59,9	47,6
TOTAL ASSETS	439,0	441,1
Equity and liabilities		
Total Equity	16,9	32,3
Other long-term liabilities		
Interest-bearing loans and borrowings	272,8	-
Long-term lease liabilities	22,6	25,2
Deferred tax liabilities	2,0	2,6
Total long-term liabilities	297,1	27,8
Total short-term liabilities	125,1	381,0
TOTAL LIABILITIES	422,3	408,8
TOTAL EQUITY AND LIABILITIES	439,0	441,1

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 Oslo, Norway.

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

The interim consolidated financial statements were approved by the Board on March 30 2022

NOTE 2 BASIS FOR PREPARATION

These condensed consolidated interim financial statements, have been prepared in accordance with IAS 34 Interim Financial Reporting. As the interim financial statements do not include all information and disclosures required in the Financial statements, they should be read in conjunction with the 2021 Financial Statements. The interim financial statements are unaudited, except the YTD 2021 figures and balance sheet as of 31.12.21 that have been derived from the audited annual Financial Statements for 2021.

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 (01.01.2020-31.12.2020) are presented on a "carve-out" and combined basis for the period 2020 as in conjunction with the Combined Annual Report presented in the IPO for Questback Group AS.

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:

	Q4 21	Q4 20	2021	2020
Norway	14,4	15,7	57,0	63,3
Finland	8,1	8,3	31,5	36,0
Sweden	6,3	8,2	24,4	29,0
Other countries	2,0	3,0	11,2	12,9
Total revenues	30,8	35,1	124,1	141,2

Revenue by type:

	Q4 21	Q4 20	2021	2020
License sales	29,5	32,1	121,7	135,3
Service sales	1,2	1,4	2,3	3,6
Other income	-	1,7	-	2,3
Total revenues	30,8	35,1	124,1	141,2

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

	Q4 21	Q4 20	YTD 21	2020
Subscription revenue- recognized over time	29,5	32,1	121,7	135,3
Service sales - recognized over time	1,2	1,4	2,3	3,6
Other operating revenue	-	1,7	-	2,3
Total revenues	30,8	35,1	124,1	141,2

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.

2021

	Norway	Finland	Sweden	Other	Total
Revenue from sales	65,3	31,1	24,9	0,4	121,7
Other revenue	1,2	0,8	0,3	-	2,3
Total revenue	66,6	31,9	25,2	0,4	124,1
Operating expenses	48,6	11,1	27,9	0,4	88,1
EBITDA	17,9	20,8	(2,6)	(0,1)	36,0

Working capital

Current assets	27,5	14,8	11,8	3,5	57,6
Current liabilities *)	68,6	20,8	30,8	3,4	123,7
Net working capital	(41,1)	(6,0)	(19,0)	0,0	(66,1)

*) Current liabilities include deferred revenue

2020

	Norway	Finland	Sweden	Other	Total
Revenue from sales	76,3	35,2	27,4	-	138,9
Other revenue	1,5	-	0,8	-	2,3
Total revenue	77,8	35,2	28,2	-	141,2
Operating expenses	38,6	12,9	20,0	-	71,5
EBITDA	39,2	22,3	8,2	-	69,7

Working capital

Current assets	9,0	17,5	21,0	-	47,6
Current liabilities **)	324,3	27,5	29,2	-	381,1
Net working capital	(315,3)	(10,0)	(8,2)	-	(333,5)

***) 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 31. December 2021

	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	4,08 %
CACEIS Bank	43 952	3,90 %
SVENSKA HANDELSBANKEN AB	42 347	3,42 %
SEKSTEN FEMTI AS	34 570	2,69 %
QUESTBACK HOLDING AS	29 036	2,27 %
Nordea Bank Abp	23 696	1,93 %
AGU INVEST AS	13 950	1,08 %
Total	1 233 368	95,85 %
Other (ownership percentage < 1 %)	53 384	4,15 %
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 31. December 2021

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