



Quarterly trading update Q2 2021

*Stockholm, August 2021*

## **CEO Update**

Summarizing the second quarter, we can look back at a period strong in activity and several highlights with great achievements.

Despite the challenges that have come with Covid-19 we have managed to work actively and efficiently with our core focus areas. Several successful projects with the aim of supporting our plan for profitable growth and building the new Questback have come out of these efforts.

### **Among many other achievements, we have:**

- Split out Questback's non-core business and created a stronger focus on our core solutions.
- Achieved strong growth in sales to existing customers, as well as improvement in new customer sales, which contributed to significant improvement of the total Y/Y Annual Recurring Revenue (ARR) trend.
- Refinanced our long-term debt to more favourable cash interest costs.
- Welcomed a strong investor and a great growth partner, AnaCap, a leading European investment firm.

Q2 was a quarter of high activity and Questback took significant steps forward in execution of our plan for profitable growth. Looking at our ability to generate new recurring revenue from both new and existing customers, we achieved 68% growth in Q2 compared to the same period last year. This gives us confidence in the strength of our offering, our go-to-market approach as well as the big market potential. Our Y/Y development of total ARR per end of second quarter was -2% which is a significant improvement compared to the same period last year (-12%).

We are pleased to have received the trust from several new companies with customer and employee centricity high on their agenda, such as Lumme Energia Oy, Aula Research Oy, Job Learn AS, Vow AS, Capacent Finance AB and Hogia Industrial Systems AB.

With a renewed focus on the Questback Essentials product, a new customer acquisition team has been established and several new talents have been recruited to the Nordic offices over the quarter.

Our commitment to adding value for our customers through innovative solutions is stronger than ever. We know that it is not enough to only collect data and convert it to insights, you also need to act on it. Hence, from our product release in Q2, we are especially proud over our enhanced closed loop feedback capabilities, making working with feedback data both easier and more efficient.

In the coming quarters we will continue our strong focus on execution as we see opportunities to further strengthen our position as a leading software provider within the experience management market in the Nordics. We are simultaneously preparing for a broader European expansion. We continue to ramp-up our resources towards profitable growth and continue creating more innovative solutions for our customers delivered by an increased sales capacity.

Going forward we will pursue an agenda of organic growth combined with an active outlook for potential acquisition targets to further strengthen our position.

I would like to thank everyone at Questback for their efforts in the last quarter – we have focused, delivered, and achieved a lot this far and I'm very excited for the quarters to come!

Yours sincerely,  
Saeid Mirzaie

CEO, Questback

## Financial Highlights Second Quarter

- Growth in quarterly invoiced new ARR from *new* customers of +8% vs same period last year. (See Table A)
- Growth in quarterly invoiced new ARR from *existing* customers of +216% vs same period last year. (See Table B)
- Y/Y total ARR growth of -2% vs -12% last year. (See Table C)
- Y/Y ARR growth *Core* business (i.e., excluding revenue related to reseller and brokerage agreements), of -1% vs -7% last year. (See table C)

Table A)

(NOK in thousands)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
New ARR, new customers	640	746	486	1 193	829	808
Last Year	1 102	746	372	512	640	746
Y-o-Y growth	-42%	0%	31%	133%	30%	8%

Table B)

(NOK in thousands)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
New ARR, existing customers *	623	300	358	761	481	949
Last Year	545	462	386	445	623	300
Y-o-Y growth	14%	-35%	-7%	71%	-23%	216%

\*Excluding price increases.

Table C)

(NOK in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Core ARR *	96	97	97	99	98	96
Other ARR	28	27	27	28	27	25
Total ARR	125	125	125	128	125	122
Y-o-Y growth, Core ARR	-9%	-7%	-5%	5%	1%	-1%
Y-o-Y growth, Other ARR	-20%	-25%	-25%	-21%	-4%	-8%
Y-o-Y growth, Total ARR	-12%	-12%	-11%	-2%	0%	-2%

\*Core ARR = Excluding revenue related to reseller and brokerage agreements.

## Appendices

### Key Figures: Condensed P&L statement Questback Group

NOK millions - unaudited

	Q2 21	Q2 20	YTD 21	YTD 20	FY 2020
Revenues from sales	31,2	34,8	61,3	70,8	138,9
Other operating income	0,1	0,9	1,5	1,4	2,3
<b>Total revenues</b>	<b>31,2</b>	<b>35,7</b>	<b>62,8</b>	<b>72,2</b>	<b>141,2</b>
Cost of goods sold	(2,5)	(3,1)	(5,5)	(6,8)	13,5
Salary and employee related expenses	(9,3)	(9,5)	(19,7)	(22,4)	43,5
Other operating expenses	(3,6)	(3,5)	(7,1)	(7,9)	14,4
<b>ADJUSTED EBITDA</b>	<b>15,8</b>	<b>19,7</b>	<b>30,5</b>	<b>35,0</b>	<b>69,8</b>
Depreciation and amortisation	(2,3)	(3,4)	(4,6)	(7,0)	13,2
<b>Operating profit</b>	<b>13,5</b>	<b>16,3</b>	<b>25,9</b>	<b>28,0</b>	<b>56,6</b>
<b>Net financial items</b>	<b>(7,8)</b>	<b>2,7</b>	<b>(16,3)</b>	<b>(37,0)</b>	<b>(49,7)</b>
<b>Profit before tax</b>	<b>5,6</b>	<b>19,0</b>	<b>9,5</b>	<b>(9,0)</b>	<b>6,9</b>

	Q2 21	Q2 20	YTD 21	YTD 20	FY 2020
<b>EBITDA-ADJUSTED</b>	<b>15,8</b>	<b>19,7</b>	<b>30,5</b>	<b>35,0</b>	<b>69,8</b>
EBITDA ADJUSTED MARGIN (%)	<b>50 %</b>	<b>55 %</b>	<b>49 %</b>	<b>48 %</b>	<b>49 %</b>

Questback has had an increase in recurring sales to new and existing clients, however this is offset by decreases in revenue from resellers and brokerage agreements, service sales, and churn, decreasing the total revenue to NOK 31.2 million (NOK 35.7 million).

Other operating expenses was MNOK 3.6 million, an increase NOK 0.1 million (MNOK 3.5 million).

ADJUSTED EBITDA (adjusted for costs related to restructuring, refinancing and IPO) for the period was NOK 15.8 million (NOK 19.7 million) a reduction of NOK 3.9 million. The reduction was largely due to lower revenues, partly off-set by lower cost of goods sold and salary expenses.

Depreciation and amortization decreased from NOK 3.4 million in Q2 20 to NOK 2.3 million in Q2 21. This is mostly due to leasing of office space.

Increase in net financial cost (- NOK 10.6 million) was largely due to unrealized currency exchange fluctuations.

## Key Figures: Balance sheet Questback Group

*NOK millions - unaudited*

	Pr. Q2 21	Pr. Q2 20	31.12.2020
<b>Assets</b>			
<b>Total non-current assets</b>	<b>384,3</b>	<b>342,2</b>	<b>393</b>
Current assets			
Trade receivables	8,4	6,6	17
Other receivables	5,4	4,8	5
Cash and cash equivalents	22,5	24,1	25
<b>Total current assets</b>	<b>36,3</b>	<b>35,5</b>	<b>48</b>
<b>TOTAL ASSETS</b>	<b>420,6</b>	<b>377,7</b>	<b>441</b>
<b>Total combined equity</b>	<b>23,2</b>	<b>15,0</b>	<b>32</b>
<b>Total long-term liabilities</b>	<b>298,6</b>	<b>276,2</b>	<b>28</b>
<b>Total short-term liabilities</b>	<b>98,8</b>	<b>86,5</b>	<b>381</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>420,6</b>	<b>377,7</b>	<b>441</b>

Total assets have increased from NOK 377.7 million to NOK 420.6 million. This is largely due to increase in goodwill and a lease receivable on sublease of company office space in Oslo, Norway.

Long-term liabilities mainly consist of external loan of NOK 227 million and lease liability of NOK 28 million. Increase in long-term liabilities from NOK 276.2 million to NOK 298.6 million is mainly due to lease receivable.

Changes in short-term liabilities is mainly due to public duties payables postponement.

## Key Figures: Cash flow Questback Group

<i>NOK millions - unaudited</i>	Pr. Q2 21	Pr. Q2 20	YTD 21	YTD 20	31.12.2020
<b>Operating activities</b>					
ADJUSTED EBITDA	15,8	19,7	30,5	35,0	69,8
Paid Tax	-	(0,1)	-	(0,6)	(0,9)
Change in NWC (excl. deferred rev.)	5,6	7,9	1,6	7,0	20,6
Change in deferred revenue	(4,7)	(4,9)	(0,1)	(1,6)	(2,7)
<b>Cash Flow from operations</b>	<b>16,7</b>	<b>22,6</b>	<b>32,0</b>	<b>39,8</b>	<b>86,8</b>
<b>Cash flow from investments</b>	<b>(0,5)</b>	<b>(0,5)</b>	<b>(1,6)</b>	<b>(0,8)</b>	<b>(2,6)</b>
<b>Cash flow from financing</b>	<b>(16,6)</b>	<b>(19,0)</b>	<b>(37,0)</b>	<b>(31,7)</b>	<b>(75,0)</b>
<b>Free cash flow</b>	- 0,4	3,1 -	6,6	7,3	9,2
<b>Cash and cash equivalents at the beginning of the period</b>	<b>23,1</b>	<b>23,1</b>	<b>24,8</b>	<b>17,3</b>	<b>17,3</b>
Net change in cash and cash equivalent	- 0,4	3,1 -	6,6	7,3	9,2
Exchange differences	- 0,3 -	2,1	4,3	(0,6)	(1,8)
<b>Cash and cash equivalents at the end of the period</b>	<b>22,5</b>	<b>24,1</b>	<b>22,5</b>	<b>24,1</b>	<b>25</b>

Net cash inflow from operating activities was NOK 16.7 million (NOK 22.6 million), the change mainly related to decreased EBITDA, and changes in NWC. Decreased inflow from NWC is due to lower provisions on salary and public duties payables.

Cash flows from financing activities was negative NOK 16.6 million (NOK 19 million), mainly reflecting interest cost and contributions to Tivian Group.

The information contained in this statement has not been audited and may be subject to change. Please visit <https://www.questback.com/ir/> to stay up to date on company news and updates.

### About Questback

Questback is a leading platform for conducting Employee and Customer Experience projects. The company was founded in Oslo in 2000 and today has customers all around the world. With an ambition to fuel curious organisations with customer and employee insights, Questback has helped thousands of organisations make smarter decisions through the power of its easy to use platform. Learn more at [Questback.com](https://www.questback.com)