QUESTBACK Q3 2021

Interim Report

Letter from the CEO

Dear Reader,

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

We offer the leading Software-as-a-Solution in the Nordics for collecting, reporting, and acting on customers and employees 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.

Q3 has in many ways been an exceptional quarter with increasing traction in the reshaping of our business towards long-term growth. We will achieve growth by i) introducing the benefits and value of working with experience management through Questback to new customers and markets, ii) retaining and growing our existing customer base by delivering on our promise of created value, and iii) by growing our passionate and talented team. In Q3 we executed according to our plan:

- New customer sales growth by 26 % vs same period last year
- Our Net Retention Rate, reflecting our ability to both retain *and* grow existing customer base, increased by 9 % vs same period last year.
- Achieved Y/Y positive growth in our total Annual Recurring Revenue (ARR) from our core business, i.e., excluding resellers and brokerage agreements, for the first time since year 2014.
- Our organization significantly strengthened by recruitments of 15 new great talents.
- Expansion outside the Nordics, by local recruitments, and early customer wins, in DACH, UK and the Netherlands
- Strong EBITDA, despite investments in growth, of 47 %

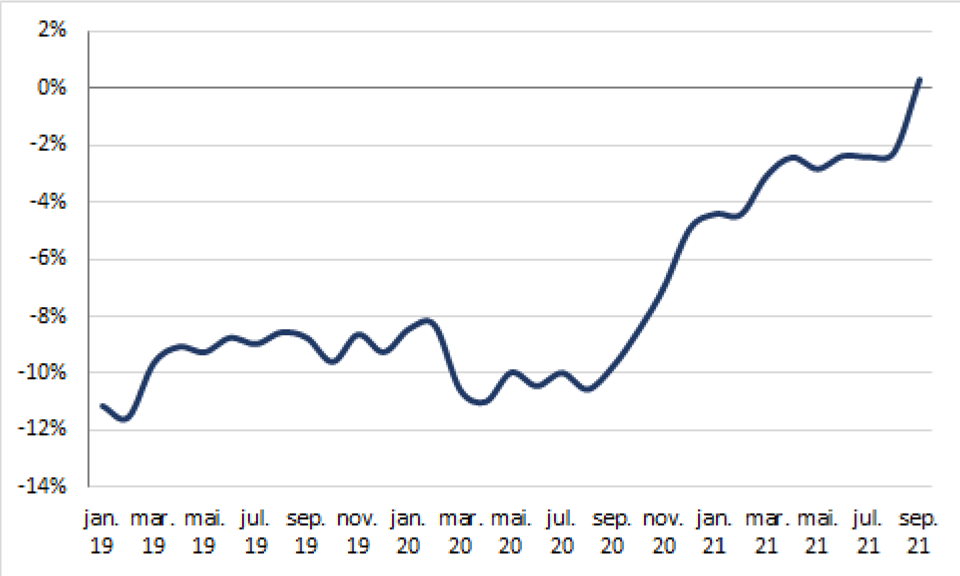
Our work towards growth in our core business developed according to plan and the quarter has shown early signs of the strength of the plan we are now executing towards. I'm thoroughly impressed by our team and how our launched initiatives are already bearing fruit in the market as can be seen in our annual recurring revenue (ARR) development.

Current activities are driven by our strategic focus to create tangible business value for our customers through actionable insights that impact important business decisions. With a focus on SME customers, we know that this segment of the market values local partners with a high degree of knowledge, support, and experience to ensure success in customer and employee experience initiatives. I'm confident that Questback is in a strong position to become a European leader in this field. Our history and leadership position in the Nordics show to the great potential in taking this formula to more organisations in Europe and in the longer term establish Questback as a European leader in this field.

Positive Annual Recurring Revenue (ARR) Development

ARR development is one our most important shareholder value creation indicators. A high degree of our revenue being recurring, combined with an increasing renewal and expansion rates, create not only predictability in our revenue streams, but also scalability.

Our performance continues to show a positive trajectory. With focus on growth, which started back in August 2020, we have worked to slow down the overall decline in our ARR. And, by the end of Q3, we finally achieved Y/Y growth in our core ARR, for the first time since year 2014.



Y/Y Core ARR[1] Growth

The positive Y/Y development in core ARR can be attributed to several initiatives: Our strengthened go-to-market capabilities through new talents and scalable processes, early results from our newly established New Customer Sales team, strong performance in driving expansion revenue with our existing customers, as well as expanding outside the Nordics.

Expanded Sales Capabilities

Our New Customer Sales capabilities have been a core focus in our reconfiguration for growth. The first recruitments taking place late in Q1, Q2 and Q3 showed results of success. In Q3 we achieved 26% growth in new customer sales (ARR) versus same quarter last year.

We are now focusing on a continued expansion of this team, in both existing markets as well as in new markets. Q3 also saw the establishment of a new marketing team, driving significant inbound lead volume to support our sales efforts.

European Expansion

We will use our strong Nordic position as springboard towards becoming a European leader within our industry. We are establishing local capabilities in the United Kingdom, Germany and the Netherlands. These are three huge and relevant markets for our solutions, previously managed through reseller and brokerage agreements.

During Q3 we initiated expansion outside the Nordics by establishing local daughter companies in these markets, local recruitments, and to take full ownership and control of customers – from third party – using Questback's solutions. We expect to continue to put in place the foundations of our go-to-market capabilities throughout year 2022, for a planned scale up year 2023 and beyond.

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[1] Core ARR: excluding revenue from reseller and brokerage agreements, including revenue from Questback customers previously managed by third party (see section "*European Expansion*").

Product Development

With a full focus on creating value for new and existing customers, several important steps were taken during Q3 to further strengthen our solution as well as to expand our capacity for future user growth.

The quarter saw the launch of a new timeline reporting, enhancing existing analysis functionality, to enable our users to monitor feedback over time, to detect trends and to identify areas which need extra attention.

The reporting experience is key to how our customers get from collected data to actionable insights. This focus will continue through Q4 with the launch of the new feature Word Cloud, which provides visual presentation of key takeaways from large data volumes.

Strengthening the Team

The team was significantly strengthened in the quarter, with the recruitment of 15 new talents, all the way from management to new key hires in sales and marketing. Q3 concludes our reshaping of large parts of the organisation towards a focus on long-term growth. With a solid foundation now in place, we are in a good position to continue our ramp up of our sales organisation, with several new colleagues to join in Q4.

As we build for growth, we expect the planned aggressive ramp up of our go-to-market capabilities to have negative impact on our high EBITDA margins going forward. Nevertheless, with our history of long-lasting customer relationships, strong upsell capabilities, and high gross margin, we see an average new customer being profitable to the business in their third year with us, at the same time as the customers stay with us in average for more than 8 years. Thus, we can afford an aggressive growth approach.

Concluding Words

Overall, I see a strong execution power in the organisation, in line with our plan for growth. Having a strong team in place and seeing early results of several of our long-term initiatives, we are leaving Q3 behind in strong shape and with a clear direction going forward.

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

Saeid Mirzaie,
CEO Questback

Operational Review

Key operational metrics

Our key operational metrics[2] show our ability to generate new recurring revenue, and to retain and expand this revenue.

NOK 000s

Core ESS	Q3 2021	Q3 2020	Q3 21 vs Q3 20	YTD Q3 2021	YTD Q3 2020	YTD Q3 21 vs Q3 20
New customer sales	599	476	26 %	2 239	1 870	20 %
Expansion sales	1 370	1 324	3 %	6 180	4 536	36 %
Total New ARR	1 969	1 799	9 %	8 418	6 405	31 %

We see a positive development when we look at our core product, Essentials. Following the focus on new customer sales and ramping up this part of our sales team, we see an increase in ARR from New customers sales of 26% when comparing Q3 2021 to Q3 2020.

As shown in the table above we have also improved our sales of additional licenses and upsells (expansion sales) to existing customers, which resulted in 3% increase in recurring revenue when comparing Q3 2021 to Q3 2020.

Total new Annual Recurring Revenue ("ARR") grew 9 % when comparing Q3 2021 to Q3 2020.

Our net retention rate, reflecting our how well we are retaining and expanding our existing customer base, have a growth of 9% when comparing Q3 2021 to Q3 2020.

Our core ARR[3] improved during the quarter from mNOK 94.6 at the beginning of the period to mNOK 96.2 (+1.7%) 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 revenue[4] for the quarter was mNOK 30.6, a reduction of mNOK -3.3 compared to Q3 2020 (mNOK 33.9). The majority of this reduction was due to reduced other operating income (non-core income such as one-time grants and sub-letting of premises mNOK -1.6) and lower recognized deferred revenues (mNOK – 1.4).

Year to date 2021, recognized revenues total to mNOK 92.5 which is mNOK -13.7 lower than year to date 2020 (mNOK 106.2).

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[2] Our key operational metrics are presented using constant currency to eliminate currency fluctuations.
[3] ARR calculation based on invoiced recurring revenue last 12 months, as our standard customer contract is per 12 months, paid up front.
[4] Revenues include non-recurring revenue, revenue from reseller and brokerage agreements, and deferred revenue recognition.

Gross margin

Cost of sale[5] for Q3 2021 was mNOK 2.5, reflecting a gross margin of 92 %, slightly lower than Q3 2020 (94%). Year to date, the gross margin for the company is 90 % vs 92 % same period last year.

Operational expenses

Total operational expenses (OPEX), adjusted for special items and one-offs related to the restructuring, refinancing and listing-processes was mNOK 13.8 in Q3 2021, mNOK -0.3 lower than Q3 2020 (mNOK 14.1). Personnel-expenses are slightly lower (mNOK -0.3) than previous year, Other operational expenses are lower mostly due to reduced costs to premises.

Capitalized expenses related to software developed internally was mNOK 0.6 in Q3 2021, which is mNOK 0.6 higher than Q3 2020.

Year to date 2021, the total operational expenses are mNOK 40.9 (adjusted for special items and one-offs related to the restructuring, refinancing and listing-processes) a reduction of mNOK -3.7 compared to year-to-date 2020 (mNOK 44.5). The main reduction is personnel expenses of mNOK -2.3.

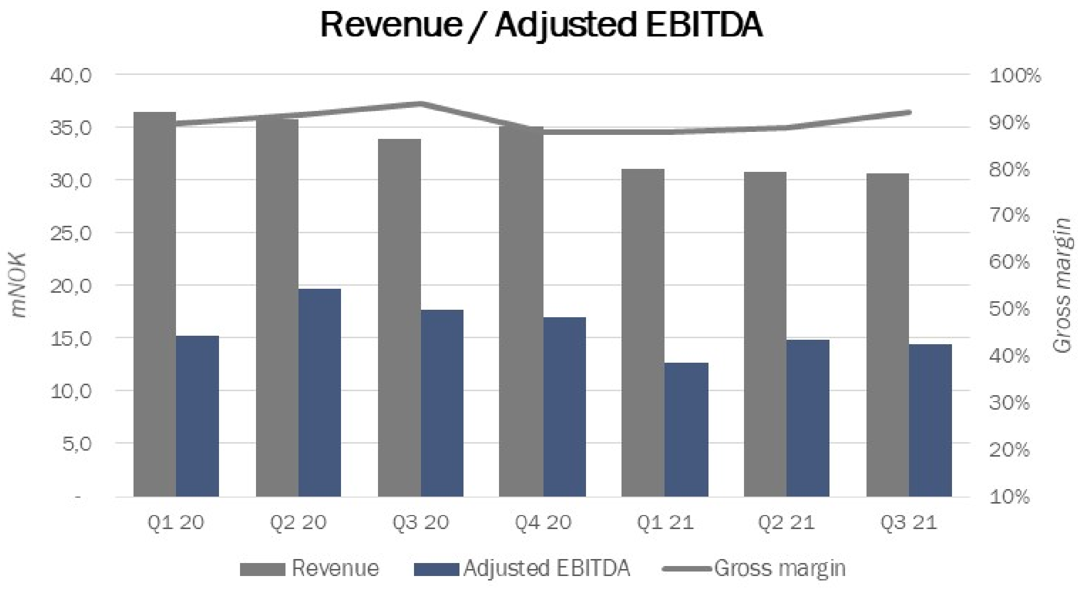
One-offs mentioned above totaled to mNOK 20.2 for the quarter, and mNOK 24.8 year to date.

EBITDA

The operations of Questback are highly profitable with an EBITDA-margin of 47% in Q3 2021. Q3 results are significantly affected by one-off costs of our refinancing and stock market introduction. We are investing heavily in building up our new sales teams as well as strengthening other parts of the organization to further capitalize on our positive trajectory going forward.

Adjusted EBITDA (adjusted for one-off costs of our refinancing and stock market introduction) for Q3 2021 was mNOK 14.4, a reduction of mNOK -3.3 compared to Q3 2020. The reduction of the EBITDA is due to a combination of elements, but reduction in non-core revenue items (as explained above) accounts for mNOK -1.6. In addition, following our new initiatives on increased sales and building up the organization, the operational expenses are only slightly reduced compared to Q3 2020, thus contributing to the lower EBITDA. This is in accordance with our plans and expectations.

[5] Cost of sale includes fees to subcontractors, provisions and commissions to resellers and software royalties.



Year to date Q3 2021, the adjusted EBITDA is mNOK 41.9, compared to mNOK 52.7 same period previous year.

Amortization, depreciation, and financial items

Amortization and depreciations for Q3 2021 was in total mNOK 2.2, reduction of mNOK 1.4 compared to Q3 2020 (mNOK 3.5).

Net financial items for Q3 2021 were mNOK – 18.3, whereas for the same period in 2020, net financial items were mNOK -15.6. The increase of mNOK -2.7 is partly due to higher interest expenses (increased by mNOK 3.6) and net currency losses (mNOK 9.7), partly offset by lower capitalized loan costs (mNOK -11.1).

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 (adjusted) before taxes for Q3 2021 was mNOK -5.2, compared to mNOK -1.4 in Q3 2020. Year to date, net profit (adjusted) before taxes was mNOK 3.0, an improvement of mNOK 13.8 compared to same period in 2020 (mNOK -10.8).

Balance sheet

Total assets per September 30, 2021 are mNOK 434.4, a reduction of mNOK -6.7 compared to year-end of 2020 (mNOK 441.1). The majority of assets on the balance sheet are non-current assets (mNOK 393.2) where goodwill from previous acquisitions accounts for mNOK 328.6 (2020: mNOK 334.3). Other non-current assets consist of IFRS-related receivables due to sub-lease of premises in Oslo (mNOK 19.2).

Current assets per September 30, 2021, was mNOK 41.2, a reduction of mNOK 6.4 compared to year-end. Cash and cash equivalents were mNOK 14.2 per September 30, 2021, a reduction of mNOK -10.6 when compared to December 31, 2020 (mNOK 24.8)

Book Equity per September 2021 is mNOK 19.6 compared to mNOK 32.3 per December 31, 2020.

Long term liabilities are mNOK 314.2 per September 2021. This is composed of long-term interest-bearing loans of mNOK 286.2 and long-term lease commitments of mNOK 28.0. 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. This debt has been fully repaid as part of the re-financing processes the Group has completed during 2021.

Other short-term liabilities per September 30, 2021 are mNOK 100.6, compared to mNOK 381.0 per December 31 2020. As mentioned above, mNOK 265.6 of the short-term liabilities was related to interest-bearing debt. Per September 20, 2021, deferred revenue accounts for mNOK 51.5 and public duties of mNOK 25.3. 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 include a mNOK 80 facility for future M&A-activities.

Cash balance / cash flow

The cash balance per September 30, 2021 was mNOK 14.2, a reduction compared to December 31 2020 of mNOK 10.6. The changes to the cash balance 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. In addition, Q3 results are significantly affected by one-offs.

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 286 per the end of September 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

The Group's liquidity is considered satisfactory. Cash and cash equivalents amounted to mNOK 14.2 per the end of September 2021.

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, November 29th, 2021

Condensed Statement of profit and loss

Unaudited and pro-forma

for the periods ending 30 september

All amounts in million NOK

	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
		Unaudited Pro forma	Unaudited Pro forma	Unaudited Pro forma	Unaudited Pro forma	Audited Pro forma
Revenue from sales	3	30,6	33,1	92,5	103,9	138,9
Other operating income	3	-	0,8	0,0	2,2	2,3
Total revenues		**30,6**	**33,9**	**92,5**	**106,2**	**141,2**
Cost of goods sold		2,5	2,1	9,7	8,9	13,2
Salary and personell costs		10,2	10,1	29,8	32,5	43,5
Other operating costs		23,9	4,0	35,9	12,1	14,8
EBITDA		**(5,9)**	**17,7**	**17,1**	**52,7**	**69,8**
Special items		20,2	-	24,8	-	-
Adjusted EBITDA*		**14,4**	**17,7**	**41,9**	**52,7**	**69,8**
Depreciations and amortisation		2,2	3,5	6,6	10,5	13,2
Operating profit		**(8,0)**	**14,2**	**10,5**	**42,2**	**56,6**
Interest income		-	-	0,9	-	-
Financial income		-	4,4	0,0	-	11,6
Interest costs - cash payment		5,4	6,8	22,3	21,2	27,8
Interest costs - payment in kind		6,2	1,2	6,9	3,8	8,1
Financial cost		6,1	11,9	11,1	27,7	25,5
Net financial items		**(17,7)**	**(8,8)**	**(17,1)**	**(31,5)**	**(21,9)**
			-	-	-	-
Profit before tax		**(25,7)**	**(1,4)**	**(21,9)**	**10,7**	**6,9**
Income tax expense		-	-	-	(0,3)	0,3
Ordinary result		**(25,5)**	**(1,4)**	**(21,9)**	**(10,8)**	**6,5**

Condensed consolidated balance sheet

All amounts in million NOK

Assets	Note	30.09.2021 Unaudited Pro forma	31.12.2020 Audited Pro forma
Non-current assets			
Research and development		8,2	9,3
Licences		0,1	0,2
Brands		16,7	16,7
Goodwill		328,6	334,3
Property, plant and equipment		0,3	0,5
Right-of-use assets		8,0	11,0
Lease receivable		19,2	21,4
Other non-current assets		12,0	-
Total non-current assets		**393,2**	**393,5**
Current assets			
Trade receivables		15,2	17,4
Other receivables		11,8	5,4
Cash and cash equivalents		14,2	24,8
Total current assets		**41,2**	**47,6**
TOTAL ASSETS		**434,4**	**441,1**

Equity and liabilities

	Note	30.09.2021 Unaudited Pro forma	31.12.2020 Audited Pro forma
Total Equity	5	**19,6**	**32,3**
Other long-term liabilities			
Interest-bearing loans and borrowings		286,2	-
Long-term lease liabilities		28,0	25,2
Deferred tax liabilities		-	2,6
Total long-term liabilities		**314,2**	**27,8**
Short-term liabilities			
Interest-bearing loans and borrowings		-	265,6
Trade creditors		10,1	5,5
Income tax payable		(0,3)	0,1
Public duties payable		25,3	25,6
Short-term lease liabilities		-	8,2
Deferred revenues		51,5	60,9
Other current liabilities		14,0	15,2
Total short-term liabilities		**100,6**	**381,0**
TOTAL LIABILITIES		**414,8**	**408,8**
TOTAL EQUITY AND LIABILITIES		**434,4**	**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 subsiduaries (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.

Note 2 Basis for preparation

The accounting policies applied in this report are consistent with those applied and described in the 2020 combined financial statements as presented in the Euronext Growth listing documentation. The third quarter consolidated 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.

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

Note 3 Revenues

The geographical distribution of revenues is as follows:

	Q3 21	Q3 20	YTD 21	YTD 20	2020
Norway	13,6	14,4	42,3	46,8	63,3
Finland	7,9	9,4	23,5	27,6	36,0
Sweden	6,3	6,2	18,0	21,1	29,0
Other countries	2,8	3,9	8,7	10,7	12,9
Total revenues	**30,6**	**33,9**	**92,5**	**106,2**	**141,2**

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

	Q3 21	Q3 20	YTD 21	YTD 20	2020
Subscription revenue- recognized over time	30,2	31,8	91,3	99,2	135,3
Service sales - recognized a point in time	0,4	0,5	1,2	2,1	3,6
Other operating revenue	-	1,6	0,0	4,8	2,3
Total revenues	**30,6**	**33,9**	**92,5**	**106,2**	**141,2**

Note 4 Share information

Shareholders	**Shares**	**Ownership**
QDH AS (Reiten & Co Cap. Partn. VII LP)	740 940	57,58%
PRECISE CREDIT SOLUTIONS 17 S.A.R.	127 551	9,91%
IPSOS AS	115 792	9,00%
SVENSKA HANDELSBANKEN AB	52 485	4,08%
Skandinaviska Enskilda Banken AB	50 168	3,90%
CACEIS Bank	43 952	3,42%
SEKSTEN FEMTI AS	34 570	2,69%
QUESTBACK HOLDING AS	29 147	2,27%
Nordea Bank Abp	24 813	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**	**100,00%**

Note 5 Equity

	Share capital	Other equity	Total Equity
Equity at December 31 2020		**32,3**	**32,3**
Contribution in kind	429,5	-	**429,5**
Share issuance	25,3	-	**25,3**
Gain on shares sold in Tivian AS		96,8	**96,8**
Continuity difference		(537,2)	**(537,2)**
Currency conversion diff	-	(5,2)	**(5,2)**
Result for the period	-	(21,9)	**(21,9)**
Equity as at 30 September 2021	**454,8**	**(467,4)**	**19,6**

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, deprecation 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