



QUESTBACK GROUP

Interim Q3 2022 Report

Letter from the CEO

Dear Reader,

Questback offers a leading SaaS solution for collecting, analyzing and acting on customer and employee feedback. Our goal is to make companies and organisations smarter by providing the insights they need for better decision making.

Key highlights in Q3 include¹:

- Y/Y ARR growth per end of Q3 2022 of +15%, up from 0% per end of Q3 2021
- Expansion Sales (sales to Existing Customers) growth by 111% in Q3 2022, vs same period last year
- Achieved 73% growth in total new ARR (new ARR to new customers + new ARR to existing customers) in Q3 2022, vs same period last year
- Net Retention Rate, reflecting our ability to both retain and grow existing customer base, of 100% in Q3 2022 (99%)
- Solid EBITDA margin of 35 %, while investing in growth.

Questback delivered its 9th consecutive quarter with higher year-over-year Annual Recurring Revenue (ARR). With a great team, value-adding offerings, and loyal customers, we achieved a Net Retention Rate (NRR) of 100 % for the first time ever in the first quarter of the year. This positive development has continued throughout the following quarters, which resulted in an NRR of 104 % for the period 1 Jan – 30 Sep. In addition to generating more ARR from our existing customer portfolio, we continue to see strong progress in our efforts to expand our ARR through acquisition of new customers as well, with a growth of +24 % YTD ending Q3 2022, vs same period last year.

I would like to extend my utmost gratitude to the team for all their hard work and dedication, and to all our customers for your continued trust.

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 measure our ability to acquire, retain, and expand recurring revenue.

<i>NOK thousands</i>	Q3			Year to date		
	2022	2021	Growth	2022	2021	Growth
Subscription sales to new customers	527	601	-12%	2 781	2 244	24%
Subscription sales to existing customers	2 897	1 375	111%	11 845	6 196	91%
Total new subscription sales	3 425	1 976	73%	14 626	8 439	73%

The positive development in our core business continues throughout Q3 2022³. Total new recurring subscription sales increased by 73% compared to the same period last year, where subscription sales to new customers decreased by 12% and new subscription sales to existing customers increased by 111%. For the first three quarters of the financial year of 2022 this makes a growth in total new subscription sales of 73%, where subscription sales to new and existing customers increased by 24% and 91% respectively.

The net retention rate, that reflects the ability to retain and expand existing customers, was 100% in Q3 2022 compared to 99% in the same period last year. For the first three quarters of the financial year of 2022 the net retention rate was 104% compared to 94% for the same period last year, which constitutes a very positive development and a strong health and potential in the current customer base.

Revenues

Total recognized revenue⁴ for the quarter was mNOK 33.1, an increase of mNOK 2.5 (+8.5%) compared to Q3 2021 (mNOK 30.6). The core revenue increased from mNOK 17.6 in Q3 2021 with mNOK 0.6 (+4%) to mNOK 18.2, mainly as a result of increased new subscription revenue.

Our total core subscription revenue⁵ (ARR) improved during the quarter from mNOK 108.7 at the beginning of the period to mNOK 110.8(+1.9%) 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.

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.

Year to date, recognized revenue is mNOK 95.8, an increase of mNOK 3.3 compared to the same period of 2021 (mNOK 92.5).

Gross margin

Cost of sale⁶ for Q3 2022 was mNOK 1.4 (Q3 2021: mNOK 2.5), yielding a gross margin of 96%, which compared to 92% as per Q3 2021. Year to date, the gross margin for Questback is 93 %, compared to 90 % for the same period in 2021.

Operational expenses

Total operational expenses (OPEX), adjusted for special items and one-offs was mNOK 20 in Q3 2022, mNOK 6.1 higher than Q3 2021 (mNOK 13.9). Personnel-expenses for Q3 2022 are higher (mNOK 4.9) than previous year, mostly due to cost related to on average 20 more FTEs in Q3 2022 than Q3 2021. Other operational expenses are mNOK 2.3 higher in Q3 2022 compared to Q3 2021. This is in materiality caused by higher marketing activities.

Year to date, operational expenses (adjusted for special items and one-offs), are mNOK 58, an increase of mNOK 17.1 compared to same period in 2021 (mNOK 40.9). The continuous investment in the organization is the main driver behind this development.

Capitalized expenses related to software developed internally was mNOK 0.8 in Q3 2022, compared to mNOK 0.6 in Q3 2021. Year to date, capitalized development are mNOK 2.3 and mNOK 2.2, respectively.

EBITDA

The adjusted EBITDA-margin was 35.3 % in Q3 2022, compared to 46.4 % in Q3 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 adjusted EBITDA margin is 32 %, compared to 45 % for the same period of 2021.

The adjusted EBITDA for Q3 2022 was mNOK 11.7 (mNOK 31.4 year to date), compared to mNOK 14.2 in Q3 2021 (mNOK 41.9 year to date).

Amortization, depreciation, and financial items

Amortization and depreciations for Q3 2022 were in total mNOK 1,8, a reduction of mNOK 0.4 compared to Q3 2021 (mNOK 2.2). Year to date, amortizations and depreciations are mNOK 5.4 (2021: mNOK 6.6).

Net financial items for Q3 2022 were mNOK -13.7, whereas for the same period in Q3 2021, net financial items were mNOK -17.7.

Year to date, Net financial items total to mNOK -40.8, compared to mNOK -34 for the same period 2021. This is caused by interest expenses, as well as currency effects.

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

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 before taxes for Q3 2022 was mNOK -4.0, compared to mNOK -25.9 in Q3 2021. Year to date 2022, net profit before taxes are mNOK -17.0, compared to mNOK -23.5 in the same period in 2021.

Balance sheet

Total booked assets per September 30, 2022 were mNOK 422.2, equal to September 30 2021 (mNOK 422.2). The majority of assets on the balance sheet are non-current assets (mNOK 381.7) where goodwill from previous acquisitions accounts for mNOK 329.5 (September 30, 2021: mNOK 328.6).

Current assets per September 30, 2022, was mNOK 40.5, a decrease of mNOK 0.7 compared to end of September 2021 (mNOK 41.2). Cash and cash equivalents were mNOK 10.3 per September 30, 2022, a decrease of mNOK 3.9 when compared to September 30, 2021 (mNOK 14.2).

Book Equity per September 30, 2022, is negative mNOK 2.7, compared to mNOK 19.6 per September 30, 2021.

Long term liabilities are mNOK 328.4 per September 30, 2022 (Per September 30 2021; mNOK 302.0). The amount per September 30, 2022 is composed of long-term interest-bearing loans of mNOK 313.7 which is netted with capitalized loan costs for accounting purposes of mNOK 15.2. Calculated long-term lease commitments is recognized with mNOK 27.3.

Other short-term liabilities per September 30, 2022, are mNOK 96.4, compared to mNOK 100.6 per September 30, 2021. Per September 30, 2022, deferred revenue accounts for mNOK 64.2 and public duties of mNOK 15. Per September 30, 2021, deferred revenue was mNOK 51.5 and public duties payables were mNOK 25.3.

Cash balance / cash flow

The cash balance per September 30 2022 was mNOK 10.3, a decrease compared to September 30, 2021, of mNOK 14.2.

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 299.1 per the end of the third 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 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. However, the future compliance of financial covenants is dependent of a strengthening of the balance sheet and/or temporary grace on financial covenants or deferral on parts of the company's interest payments , which is yet to be resolved.

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.

Equity

The Board of Directors acknowledges that the equity book value is negative. It is the Boards opinion that the underlying fair value of the Questback Group in a going concern scenario is higher than the reported equity. The Board of Directors is monitoring the financial position of the Group and will take appropriate action if additional capital is needed.

Oslo, November 15, 2022

Questback Group Board of Directors

Condensed consolidated interim statement of profit and loss

All amounts in million NOK	Note	Q3 2022 Unaudited	Q3 2021 Unaudited pro forma	YTD 2022 Unaudited	YTD 2021 Unaudited	FY 2021 Audited
Core Business						
New Subscription Sales		3.4	2.0	14.4	8.5	13.9
Subscription Renewals Sales		14.5	14.2	61.1	55.2	83.5
Total Subscription Sales, Core business		17.9	16.1	75.5	63.6	97.4
Non-Core:						
Non-core sales		2.4	3.6	10.6	17.0	28.1
Total Sales		20.3	19.7	86.1	80.6	125.5
Revenue deferrals		12.7	10.9	9.7	11.9	(1.4)
Total revenues	3	33.1	30.6	95.8	92.5	124.1
Cost of goods sold		1.4	2.5	6.4	9.7	10.7
Salary and personell costs		14.3	10.2	39.8	29.8	45.4
Other operating costs		6.0	23.9	19.8	35.9	32.0
EBITDA	4	11.5	(6.0)	29.8	17.1	36.0
Special items		0.2	20.2	1.6	24.8	15.2
Adjusted EBITDA*		11.7	14.2	31.4	41.9	51.2
Depreciations and amortisation		1.8	2.2	5.4	6.6	9.1
Operating profit		9.7	(8.2)	24.4	10.5	26.9
Net financial items		(13.7)	(17.7)	(40.8)	(34.0)	(56.3)
Profit before tax		(4.0)	(25.9)	(16.3)	(23.5)	(29.3)

Condensed consolidated interim balance sheet

<i>All amounts in million NOK</i>	30.09.2022	30.09.2021	31.12.2021
	Unaudited	Unaudited Pro forma	Audited
Assets			
Non-current assets			
Total non-current assets	381,7	381,0	379,0
Current assets			
Trade receivables	22,1	15,2	23,8
Other receivables	8,1	11,8	8,7
Cash and cash equivalents	10,3	14,2	27,4
Total current assets	40,5	41,2	59,9
TOTAL ASSETS	422,2	422,2	439,0
Equity and liabilities			
Total Equity	(2,7)	19,6	16,7
Other long-term liabilities			
Interest-bearing loans and borrowings	299,1	274,0	272,8
Long-term lease liabilities	27,3	28,0	22,6
Deferred tax liabilities	2,0	-	1,7
Total long-term liabilities	328,4	302,0	297,1
Total short-term liabilities	96,4	100,6	125,1
TOTAL LIABILITIES	424,9	402,6	422,2
TOTAL EQUITY AND LIABILITIES	422,2	422,2	439,0

Condensed Consolidated Statement of Cashflows

<i>All amounts in million NOK</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
	Unaudited	Unaudited pro-forma	Unaudited	Unaudited pro-forma	Audited
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit	9.7	(8.2)	24.4	10.5	26.9
+Depreciations and Amortisations	1.8	2.2	5.4	6.6	9.1
=EBITDA	11.5	(6.0)	29.8	17.1	36.0
+ tax received/- paid	-	-	-	-	-
<i>Changes in working capital</i>					
Change in net working capital (excl. deferred revenue)	(7.3)	(6.6)	(22.5)	(4.9)	(0.3)
Change in deferred revenue	(7.0)	(10.5)	4.1	(11.8)	(0.8)
Net cash generated from operating activities	(2.8)	(23.1)	11.5	0.4	34.9
CASH FLOWS FROM INVESTING ACTIVITIES					
Capitalized development costs	(0.8)	(0.6)	(2.3)	(2.2)	(2.8)
Net cash used in investing activities	(0.8)	(0.6)	(2.3)	(2.2)	(2.8)
CASH FLOWS FROM FINANCING ACTIVITIES					
Change in interest bearing debt	-	8.4		8.4	4.0
Principle portion on lease liability	(0.9)	(1.2)	(2.2)	(4.5)	(9.1)
Interest portion of lease	(0.1)	(0.1)	(0.2)	(0.2)	(0.4)
Equity issue	-	25.3		25.3	25.3
Capitalized loan costs	-	(12.6)		(12.6)	(22.2)
Interest on loans	(6.0)	(5.4)	(19.7)	(22.3)	(29.5)
Net cash used in financing activities	(7.0)	14.5	(22.0)	(5.9)	(32.0)
Exchange differences	(0.0)	1.0	(3.5)	(3.0)	2.5
Net change in cash and cash equivalents	(10.6)	(9.2)	(12.9)	(7.7)	0.1
Cash and cash equivalent at beginning of period	20.9	22.5	27.3	24.8	24.8
Cash, cash equivalents and bank overdrafts at end of p	10.3	14.2	11.0	14.2	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			(16.3)	(16.3)
Other comprehensive income			(3.1)	(3.1)
Balance at 30 September 2022	0.1	454.7	(457.4)	(2.7)

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 (01.01.2021-30.09.2021) 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:

	Q3 22	Q3 21	YTD 22	YTD 21	2021
Norway	17,7	13,6	47,3	42,3	57,0
Finland	7,6	7,9	22,4	23,5	31,5
Sweden	6,3	63,0	18,3	18,0	24,4
Other countries	1,5	2,8	7,8	8,7	11,2
Total revenues	33,1	30,6	95,8	92,5	124,1

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

	Q3 22	Q3 21	YTD 22	YTD 21	2021
Subscription revenue- recognized over time	32,9	30,2	94,7	91,3	121,7
Service sales - recognized over time	0,2	0,4	1,1	1,2	2,3
Total revenues	33,1	30,6	95,8	92,5	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 September 2022

	Norway	Finland	Sweden	Other	Total
Revenue from sales	51,1	22,5	18,5	3,7	95,8
Total revenue	51,1	22,5	18,5	3,7	95,8
Operating expenses	35,0	6,601	20,2	4,9	66,7
EBITDA	16,1	15,9	(1,7)	(1,2)	29,1

Working capital

Current assets	22,8	7,7	3,8	6,1	40,5
Current liabilities *)	52,6	16	23,3	4,8	96,4
Net working capital	(30)	(8)	(19)	1	(56)

*) Current liabilities include deferred revenue

As of and for the period ended 30 September 2021

	Norway	Finland	Sweden	Other	Total
Revenue from sales	48,7	24,0	19,8		92,5
Total revenue	48,7	24,0	19,8	-	92,5
Operating expenses	47,7	8,5	19,2		75,4
EBITDA	1,1	15,5	0,5	-	17,1

Working capital

Current assets	24,2	3,8	11,8	1,4	41,2
Current liabilities **)	41,0	28,0	30,3	1,4	100,6
Net working capital	(16,8)	(24,1)	(18,5)	-	(59,4)

*) Current liabilities include deferred revenue

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. September 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	36 475	2,83 %
SEKSTEN FEMTI AS	34 570	2,69 %
QUESTBACK HOLDING AS	29 036	2,26 %
Nordea Bank Abp	23 411	1,82 %
SVENSKA HANDELSBANKEN AB	16 598	1,29 %
Total	1 218 493	94,7%
Other (ownership percentage < 1 %)	68 259	5,30 %
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. September 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