



Interim condensed financial statements



H1 2023

1 January – 30 June 2023



Overview

Mission

Our mission is to build and acquire software that empowers healthcare professionals to save time so they can focus on delivering great care and growing their business.

Business

Nordhealth acquires, manages, and builds SaaS healthcare practice management software (“PMS”) for select healthcare niches. Currently over 50,000+ veterinary and therapeutic (such as, physiotherapy, psychotherapy, occupational and speech therapy) professionals across 13,000+ clinics and hospitals located in over 30 countries use our PMS products every day. The PMS is a mission-critical software, that includes an extensive array of features such as electronic medical records, outpatient and inpatient workflow management, customer relationship management, unified communication services (SMS, Email, Voice), marketing automation, appointment calendars, online booking, shift scheduling, task management, billing, inventory management, financial and operational reporting, and payments.

Strategy

Nordhealth’s strategy is to build one intuitive and efficient cloud-based software for each healthcare niche. Provet Cloud and EasyPractice are the flagship software for veterinarians and therapists, respectively. Nordhealth’s flagship software are cloud-based, easy-to-use, efficient, modular, and open. Our open approach enables us to seamlessly integrate with any third-party software and devices such as accounting software packages, imaging devices, in clinic lab devices, external diagnostic laboratories, wholesalers, insurance companies, financing providers and government reporting databases. In addition, our customers can customize or add functionality to our core products by building their own two-way integration into their own applications or any other application they choose via our well-documented REST API.

Nordhealth grows organically by acquiring new customers for current products and upselling current customers. In addition, Nordhealth is able to accelerate growth through acquisitions of a) veterinary and therapy PMS products to accelerate our entrance into new geographies then migrate them to the flagship product b) PMS in new healthcare niches and c) add-on products we can upsell to our current customer base. Nordhealth continues to support legacy systems from companies that they have acquired until these products and customers are ready to migrate to the Company’s flagship cloud-based products. These include Sanimalis, Vetserve, Novasoft, Provet Net, Provet Win, Provet Pet, and Aspit.

In the medium term, our objective is to be a global leader in the veterinary and therapy SaaS sector by continuing our proven two-pronged strategy of organic growth and acquisition-led expansion. In the long term, we will expand to other healthcare niches.

Our values

With every ambition, comes a set of values. Ones that shape our day to day culture, define who we are, what we do, and how we push forward.

Put customers first

Never overlook what really matters. Great service, ease of use, honest pricing, and respect for our customer's time, money, and trust.



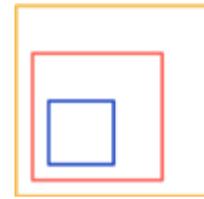
Take ownership

Think long-term and take initiative. Care about the outcome. Be accountable. Do the right thing for us, our customers, and the team.



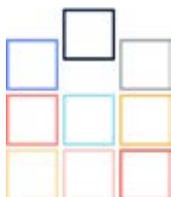
Do more with less

Simplicity is the key to great results. Create fewer features, but make them great instead of just good. Dare to say "no" to prevent the core from being lost in the noise.



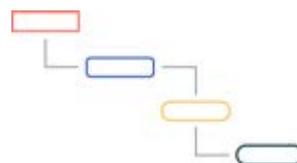
Be stronger together

Engage beginners and attract experts to grow excellent teams. This isn't something we do on our own — it's all about sharing and exchanging ideas.



Embrace change

Challenge the status quo. Seek out and embrace continuous change, evolution, and improvement.



Operational highlights

The total pro-forma ARR (implemented) at the end of first half of 2023 amounted to EUR 34.1 (28.4) million resulting in a 19.8% growth in the LTM ending . New customer acquisition accounted for 41% of the growth, net retention rate was 110% and churn rate was 3.7%. We continue to execute our strategy of having one product per vertical, focusing on acquiring and migrating products to Provet Cloud and EasyPractice and optimising CAC/New ARR through improvements in sales, marketing and onboarding efficiency.

Veterinary

Our main Veterinary business focus areas for 2023 are a) acquiring new SME and Enterprise users in UK, US, Spain and b) migrating all Nordic customers to Provet Cloud. In the first half of 2023, we have implemented €0.4M in new MRR from new customers and migrated over 110 legacy customers to Provet Cloud. We launched a pilot at CVS (UK), announced in 2022, that is ongoing and progressing well. Veterinary business has grown in terms of pro forma ARR by 28.0% in the last twelve months (at constant currency rates) and adjusted EBITDA (at reporting rates) has improved from EUR -2.9 million in the first half of 2022 to EUR -0.8 million in first half of 2023 as a result.

Therapy

The 2023 key focus areas of Therapy business is the Aspit migration to EasyPractice. Pilot Aspit clinics have migrated to EasyPractice successfully and we continued to migrate development and support resources from Aspit and Diarium to EasyPractice. The other focus areas include the launching of a booking portal in Finland. The Booking portal, nordhealth.fi, will be launched for therapist profiles during Q3/23. In Finland, Diarium has been launched for massage therapists. In Norway NEMUS, one of Norway's leading therapy companies, selected Aspit as their PMS. Therapy business has grown in terms of pro forma ARR by 12.5% in the last twelve months (at constant currency rates) and adjusted EBITDA has improved from EUR 2.0 million in the first half of 2022 to EUR 3.2 million in the first half of 2023 (at reporting rates) as a result of restructuring measures taken in Q2/22 and Q1/23.

Organisation

With shifting the strategic focus in the Therapy unit as well as the reorganisation in the Veterinary unit, the company has further restructured its operations. This restructuring led to a reduction in headcount from 400 at the end of 2022 to 377 as of the end of the first half of 2023. Expenses related to the restructuring in the first half of 2023 amounted to EUR 353 thousand.

Financial review H1 2023

These condensed interim financial statements have been prepared in accordance with Norwegian GAAP (NRS 11). The Reporting currency is EUR. All numbers are presented in EUR thousands, unless otherwise stated. The figures in the tables have been rounded to the nearest thousands of euros, so they may not add up to precise totals. The numbers in brackets refer to the value in the corresponding period a year earlier, unless otherwise stated except for balance sheet items which refer to the end of the previous financial year.

Revenue, result and financial position

The first half revenue grew by 23 (79) % and amounted to EUR 17,859 (14,565) thousand. In the first half of 2023 the share of recurring revenue of the total revenue was 90 (93) % amounting to EUR 16,090 (13,596) thousand resulting in 18 (88) % growth. On a constant currency basis recurring revenue grew by 30% in first half of 2023. Organic recurring revenue grew by 11 (23) % in the first half of 2023; on a constant currency basis growth in organic recurring revenue was 18 %.

The total personnel costs in the first half of 2023 amounted to 64 (70) % of revenues. Other operating charges mainly consisting of IT, marketing and administrative expenses amounted to 29 (36) % of total revenues.

The first half reported EBITDA amounted to EUR -1,059 (-3,095) thousand and EBITDA margin improved to -5.9 (-21.3) % as a result of growth in revenue, restructuring measures in both Veterinary and Therapy business units and focus on savings opportunities from migrating legacy products to cloud. Non-recurring items during the first half of 2023 amounted to EUR 353 (-) thousand and relate mainly to reorganization activities. Adjusted EBITDA amounted to EUR -706 (-3,095) thousand and adjusted EBITDA margin was -4.0 (-21.3) %.

Total financial income and expenses in the first half totaled EUR 233 (695) thousand comprising mainly of foreign currency revaluations and changes in the fair value of the money market funds.

Total non-current assets amounted to EUR 65,269 (70,342) thousand at the end of June 2023. Total intangible assets amounted to EUR 63,601 (68,710) thousand at the end of the period. In addition to goodwill, intangible assets mainly consist of capitalized product development costs. Ongoing development activities focus on adding new features to existing products as well as on the Nordhealth Interim financial statement localization of the products for new market entry.

Total current assets amounted to EUR 36,440 (44,552) thousand at the end of June 2023. Cash and cash equivalents amounted to EUR 10,785 (15,514) thousand. The company has EUR 18,173 (23,684) thousand of cash in fully liquid money market funds. The combined value of money market fund holdings and cash amounted to EUR 28,958 (39,198) thousand at the end of the reporting period.

Total equity at the end of June 2023 amounted to EUR 88,958 (98,630) thousand. The Company completed a share buyback program during the first half of 2023 and acquired 154,013 shares under the program for a total consideration of NOK 3,999,975.21 at an average price of NOK 25.9717 per share in the period from 5 June 2023 to 30 June 2023.

Company had no interest-bearing liabilities at the end of June 2023 (EUR 983 thousand). Total current liabilities totaled EUR 12,481 (15,995) thousand at the end of June 2023.

Net cash flow from operating activities in the first half of 2023 was EUR -2,903 (-2,591) thousand. Net cash flow from investing activities amounted to EUR -1,460 (1,796) thousand, with investments in tangible and intangible assets of EUR -3,147 (-3,061) thousand. Net cash flow from financing activities amounted to EUR -366 (-982) thousand.

Risks

Operational risks

Although most of the Group's contracts with customers for use of the Group's Software-as-a-Service ("SaaS") services are automatically renewed, the Group is still dependent on retaining existing contracts and obtaining new contracts on acceptable terms, to maintain and/or increase its revenues. If the Group fails in retaining existing customers and attracting new customers, it could have a material adverse effect on its results of operations, cash flow, financial condition and/or prospects.

The effectiveness of the Group's software platform is highly dependent on valuable partnerships with respect to IT-applications used by the Group and integration with necessary software, especially integration with various systems utilised by the Group's customers and partners. Although the Group has successfully entered into valuable partnerships and integrated their technology with third party suppliers, any changes in such third-party systems may result in the Group's technology being incompatible with such system and in turn may have a material adverse effect on the Group's results of operations, financial condition and/or prospects.

The Group is handling data within the healthcare sector and other sectors that may be linked to individual persons, which by its nature is highly sensitive. The Group is liable to its customers, regulatory authorities, and the individuals whose personal data is handled for damages caused by unauthorized use or disclosure of personal data as well as sensitive and confidential information. Unauthorized disclosure of any such information may result in significant fines and may damage the Group's brand and/or reputation and may lead to customer attempting to cancel existing agreements with the Group. These factors may in turn have an adverse effect on the Group's ability to attract and retain customers and partners and in turn adversely affect the Group's business, cash flow, operating results, and financial position.

The Group's business requires specialized and skilled personnel. There is a risk that the Group will be unable to keep enough appropriate key executives, key employees, and qualified new employees to effectively manage the business. There can be no assurance that the Group will be successful in retaining its key executives, key employees and qualified employees or replace such personnel with corresponding qualifications. If the Group fails to do so, it could have a material adverse effect on the Group's business, prospects, financial results and/or results of operations.

Financial risks

The Group cannot assure that it will be able to obtain any additional financing or retain or renew current financing upon expiry on terms that are acceptable, or at all. If funding is insufficient at any time in the future, the Group may be unable to execute its business strategy or take advantage of business opportunities, any of which could adversely impact the Group's business, results of operations, cash flows and financial condition.

The Group is dependent on having access to long-term funding and may in the future require additional funding in the form of either debt or equity to successfully execute its strategy and to finance further growth. There can be no assurance that the Group will be able to raise additional capital necessary to conduct its ongoing and future operations, at the required time or on acceptable terms and there can be no assurance that the Group will not experience net cash flow shortfalls exceeding the Group's available funding sources. If required funds are not available, this could have a material adverse effect on the Group's business, financial condition, and prospects.

Mergers and acquisitions

As part of the Group's growth strategy, the Group considers the acquisition of other companies to expand the Group's existing business and create economic value. The Group cannot assure that it will be able to consummate any such transactions or that any future acquisitions will be consummated at acceptable prices and terms.

The Group continually evaluates potential acquisition opportunities in the ordinary course of business, including those that could be material in size and scope. Acquisitions involve a number of special risks, including (i) the diversion of management's attention and resources to the assimilation of the acquired companies and their employees and to the management of expanding operations, (ii) problems associated with maintaining relationships with employees of acquired businesses, (iii) the increasing demands on the Group's operational systems and technical capabilities, (iv) ability to integrate and implement effective disclosure controls and procedures and internal controls for financial reporting within allowable time frames, (v) risks associated with the ability to fund expected and unexpected capital costs and expenses associated with any acquired entity/assets and (vi) the loss of key employees of acquired entities/assets.

The Group may also become responsible for unexpected liabilities that the Group failed or was unable to discover in the course of performing due diligence in connection with historical acquisitions and any future acquisitions and indemnification rights which have been obtained, or will in the future be obtained, may not be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the assets acquired. Any of these liabilities, individually or in the aggregate, would, if materialized, have a material adverse effect on the Group's businesses, products, prospects, financial condition and results of operations.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to exchange rate fluctuations. Exposure to currency risks arises primarily when receivables and payables are denominated in a currency other than the operating company's functional currency. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures on translation, primarily with respect to fluctuations in the EUR/NOK, EUR/EK, and EUR/USD exchange rate. The Group manages its currency risk by closely monitoring the currency fluctuations and does not hedge its currency risk.

Credit risk

The Group has a significant amount of trade receivables and will be dependent on being able to collect such receivables. Consequently, the Group may be exposed to financial loss if a customer or counterparty fails to meet its contractual obligations. To the extent payment is done by payment letter or credit or otherwise given, the Group is vulnerable to credit risk and any failure by its counterparties to meet their obligations may affect the Group's profit. Failure to collect its trade receivables or customers' unwillingness or inability to pay could have a material impact on the Group's business and financial condition. With a wide customer base, credit risk from a single counterparty is limited.

Dividend policy

The Company currently intends to retain future earnings to finance the growth and development of its business. The Company's dividend policy will be reviewed from time to time and payment of any future dividends will be effective after the Shareholders approval as recommended by the Board of Directors of the Company after considering various factors including the Group's business prospects, cash requirements, financial performance, new product development, plans for international expansion and the legal restrictions. If the Company declares any dividends, the same dividend per share will be paid on the Shares and the Unlisted Shares.

Significant events after the reporting period

There have been no significant events after the reporting period.

Guidance for 2023

The management estimates a 15-20% growth in recurring revenue in 2023 from 2022, calculated at a constant currency rate as of 31 December 2022, leading to a recurring revenue estimate of EUR 32,4 - 33,9 million in 2023.



Condensed Consolidated Interim Financial Statements

Consolidated Income Statement

| EUR in thousands | Note | H1/2023 (Unaudited) | H1/2022 (Unaudited) | 2022 (Audited) |
|--|------|------------------------|------------------------|-------------------|
| Recurring revenue | 1 | 16 090 | 13 596 | 28 216 |
| Other revenue | | 1 769 | 968 | 2 833 |
| Total revenue | | 17 859 | 14 565 | 31 050 |
| Other operating income | | 52 | 65 | 229 |
| Total operating income | | 17 911 | 14 630 | 31 279 |
| Material and services | | (2 507) | (2 268) | (4 780) |
| Personnel expenses | 2 | (11 368) | (10 169) | (22 255) |
| Other operating charges | 3 | (5 095) | (5 288) | (10 218) |
| Total operating expenses | | (18 970) | (17 725) | (37 254) |
| Operating profit (loss) (EBITDA) | | (1 059) | (3 095) | (5 975) |
| Depreciation and amortization | 4 | (1 545) | (932) | (2 236) |
| Amortization of goodwill | 4 | (3 296) | (3 036) | (6 467) |
| Total depreciation and amortization | | (4 841) | (3 968) | (8 702) |
| Operating profit (EBIT) | | (5 899) | (7 063) | (14 677) |
| Other interest and financial income | | 549 | 1 320 | 2 082 |
| Interest expenses | | (2) | (12) | (17) |
| Other financial expenses | | (314) | (613) | (1 517) |
| Total financial income and expense | | 233 | 695 | 549 |
| Profit (loss) before tax | | (5 666) | (6 368) | (14 128) |
| Taxes | | (189) | (195) | (136) |
| Net profit (loss) | | (5 855) | (6 562) | (14 264) |



Consolidated Balance Sheet

| EUR in thousands | Note | H1/2023 (Unaudited) | 2022 (Audited) |
|--|------|------------------------|-------------------|
| Intangible assets | | | |
| Intangible assets | 4 | 11 947 | 10 280 |
| Deferred tax assets | | 525 | 585 |
| Other capitalized long-term expenses | 4 | 138 | 32 |
| Goodwill | 4 | 50 991 | 57 813 |
| Total intangible assets | | 63 601 | 68 710 |
| Tangible assets | | | |
| Machinery and Equipment | 4 | 582 | 733 |
| Total tangible assets | | 582 | 733 |
| Financial assets | | | |
| Other shares and similar rights of ownership | 4 | 834 | 834 |
| Other long-term receivables | | 251 | 64 |
| Total financial assets | | 1 085 | 899 |
| Total non-current assets | | 65 269 | 70 342 |
| Accounts receivable | | 6 152 | 4 035 |
| Other receivables | | 395 | 526 |
| Prepayments and accrued income | | 935 | 793 |
| Total receivables | | 7 482 | 5 354 |
| Money market funds | | 18 173 | 23 684 |
| Total investments | | 18 173 | 23 684 |
| Cash and cash equivalents | | 10 785 | 15 514 |
| Total cash and cash equivalents | | 10 785 | 15 514 |
| Total current assets | | 36 440 | 44 552 |
| Total assets | | 101 709 | 114 895 |

Equity and liabilities

| EUR in thousands | Note | H1/2023 (Unaudited) | 2022 (Audited) |
|--|------|------------------------|-------------------|
| Paid-in equity | | | |
| Share Capital | 7 | 7 835 | 7 848 |
| Share premium reserve | 7 | 109 400 | 109 400 |
| Total paid-in equity | | 117 235 | 117 248 |
| Retained earnings | | | |
| Other equity | 7 | (28 277) | (18 618) |
| Total retained earnings | | (28 277) | (18 618) |
| Total equity | | 88 958 | 98 630 |
| Other non-current liabilities | | | |
| | | 270 | 270 |
| Total non-current liabilities | | 270 | 270 |
| Current liabilities | | | |
| Current liabilities to credit institutions | | - | 25 |
| Advances received | 8 | 5 311 | 4 518 |
| Accounts payable | | 1 094 | 878 |
| Other current liabilities | | 1 722 | 5 833 |
| Accrued expenses and deferred income | | 4 354 | 4 740 |
| Total current liabilities | | 12 481 | 15 995 |
| Total equity and liabilities | | 101 709 | 114 895 |



Consolidated Cash Flow Statement

| EUR in thousands | H1 2023 (Unaudited) | H1 2022 (Unaudited) | 31 Dec 2022 (Audited) |
|--|------------------------|------------------------|--------------------------|
| Cash flow operations | | | |
| Profit (loss) before income taxes | (5 701) | (6 368) | (14 128) |
| Taxes paid for the period | (200) | (53) | (153) |
| Other non-cash items | 95 | 904 | 969 |
| Depreciation and amortization | 4 841 | 3 968 | 8 702 |
| Change in trade debtors | (2 117) | (183) | (832) |
| Change in trade creditors | 216 | (51) | (242) |
| Change in other accruals | (36) | (808) | (841) |
| Net cash flow from operations | (2 903) | (2 591) | (6 525) |
| Cash flow from investments | | | |
| Investments in tangible and intangible assets | (3 147) | (3 061) | (6 802) |
| Purchase of shares and investments, net of acquired cash | (4 034) | (17 642) | (17 786) |
| Proceeds from / (investments in) money market funds | 5 721 | 22 500 | 22 500 |
| Net cash flow from investments | (1 460) | 1 796 | (2 089) |
| Cash flow from financing | | | |
| Repayment of debt | (25) | (982) | (2 082) |
| Purchase of treasury shares | (342) | - | - |
| Net cash flow from financing | (366) | (982) | (2 082) |
| Net change in cash and cash equivalents | (4 729) | (1 776) | (10 696) |
| Cash and cash equivalents at the beginning of the period | 15 514 | 26 210 | 26 210 |
| Cash and cash equivalents at the end of the period | 10 785 | 24 434 | 15 514 |
| Money market fund | 18 173 | 23 864 | 23 684 |

Notes to the Condensed Interim Financial Statements

Basis of presentation

Nordhealth AS (the “Company” and, together with its consolidated subsidiaries, the “Group” or “Nordhealth”) is a Company registered in Norway and traded on the Euronext Growth Oslo. The Company’s registered business address is Strandveien 50, 1366 Lysaker, Oslo, Norway.

These condensed interim financial statements have been prepared in accordance with Norwegian GAAP (NRS 11) and in accordance with the accounting principles published in the 2022 financial statements, which can be found from Nordhealth website www.nordhealth.com. In addition the Company has adopted a new accounting principle "Share based payments". The Reporting currency is EUR. All numbers are presented in EUR thousands, unless otherwise stated. The figures in the tables have been rounded to the nearest thousands of euros, so they may not add up to precise totals. The numbers in brackets refer to the value in the corresponding period a year earlier, unless otherwise stated. The interim financial information is unaudited.

Share based payments

The Company introduced a Performance Share Plan (“Plan”) for key personnel in April 2023. Share-based payments to be settled in shares are recognised in equity and the payments to be settled in cash are recognised as a liability. Share-based payment arrangements where shares are deducted from the share award for the purpose of covering taxes and tax-like charges paid in cash on behalf of the employee are classified in their entirety as equity-settled and recognised in equity. The Company’s share-based payment arrangements are equity settled. The arrangements are valued at fair value based on the market price of Nordhealth AS shares at the grant date and recognised as an employee benefit expense during the vesting period with a corresponding entry in equity. At each reporting date, the number of shares that are expected to vest from the Company’s share-based incentive plans is evaluated and changes in the forecasted performance criterion or in the expected turnover of the key personnel participating in the plan and other information impacting the number of shares to vest, is taken into consideration. Any adjustments to the initial estimates are recognized in profit or loss and a corresponding adjustment is made to equity.

1. Revenue

Revenue by operating segment

| | H1 2023 | % | H1 2022 | % |
|--------------|---------------|--------------|---------------|--------------|
| Veterinary | 9 642 | 54 % | 7 875 | 54 % |
| Therapy | 8 216 | 46 % | 6 690 | 46 % |
| Total | 17 859 | 100 % | 14 565 | 100 % |

Revenue by geographical areas

| | H1 2023 | % | H1 2022 | % |
|-----------------|---------------|--------------|---------------|--------------|
| Norway | 6 852 | 38 % | 7 004 | 48 % |
| Finland | 4 095 | 23 % | 3 276 | 22 % |
| Denmark | 1 736 | 10 % | 1 256 | 9 % |
| Sweden | 1 906 | 11 % | 1 859 | 13 % |
| Germany | 1 676 | 9 % | 217 | 1 % |
| Other Countries | 1 594 | 9 % | 953 | 7 % |
| Total | 17 859 | 100 % | 14 565 | 100 % |

2. Personnel and remuneration

Personnel expenses

| | H1 2023 | H1 2022 |
|--------------------------------|---------------|---------------|
| Salaries | 9 089 | 8 254 |
| Pensions | 1 334 | 1 096 |
| Other social security expenses | 945 | 819 |
| Total | 11 368 | 10 169 |

Average numbers of employees in the first half of 2023 was 368 (336).

In the first half of 2023, personnel expenses totaling EUR 1,860 (1,998) thousand have been capitalized as development cost.

Performance Share Plan

The Company introduced a Performance Share Plan (“Plan”) for key personnel in April 2023. There are 10 key persons participating in the plan on 30 June 2023. If the performance criterion is met during the earning period, the reward will be paid to the participants in the company’s shares. Performance criterion means a financial, strategic or any other criterion set by the Board as a basis for measuring any Group Company’s and/or Participant’s performance.

The Plan consists of one Performance Period and three Commitment Periods. The Performance Period covers the financial year of 2023 and is followed by the Commitment Periods, spanning the calendar years of 2024, 2025 and 2026.

Participants will be allocated a Maximum Reward in cash converted to Shares that can be earned from the Performance Period 2023. The amount of the Reward is determined by the achievement of performance targets during the Performance Period. The Reward will be paid in Shares after the Performance Period and each Commitment Period. The Rewards to be paid based on the performance period 2023–2026 approximate maximum total of 135,317 shares. During the Performance Period, the Board may decide on including a new Participant in the Plan.

The Reward will be paid in four (4) equal installments. The value of each Reward installment will correspond to 25% of the confirmed Reward. The first Reward installment will be paid after the end of the Performance Period and the following three installments will be paid after each Commitment Period. If the employment of the Participant ends before the Performance Period has ended, they will lose the right to the Reward. If the employment of the key person terminates after the Performance Period, but before all Commitment Periods have ended, the participant is entitled to the Reward related to the ongoing Commitment Period (prorated) and any unpaid Reward installments for a Commitment Period already ended. The participant is not entitled to Reward installments from any other Commitment Period that has not commenced. Participants are entitled to keep Rewards already received before the termination of the employment.

Share-based expense for the awards is based on the fair value of the shares on the grant date and reflects the estimated probability that the performance and service conditions will be met during the vesting period. The share-based expense is adjusted in future periods for changes in the expected outcome of the performance related conditions until the vesting date. A total expense of EUR 25 thousand was recognized for the first half of 2023. The amount recognized within equity was EUR 25 thousand on 30 June 2023.

3. Other operating expenses

| | H1 2023 | H1 2022 |
|------------------------------------|--------------|--------------|
| Other voluntary personnel expenses | 340 | 432 |
| Premise expenses | 458 | 440 |
| IT expenses | 1262 | 1002 |
| Travel expenses | 320 | 318 |
| Marketing expenses | 850 | 799 |
| Operative services | 931 | 1271 |
| Administrative expenses | 726 | 721 |
| Other operative costs | 206 | 305 |
| Total | 5 095 | 5 288 |

4. Intangible and tangible assets

| Intangible Assets | Development expenses | Intangible rights | Other capitalized long-term expenses | Goodwill | Total |
|-------------------------------|----------------------|-------------------|--------------------------------------|---------------|-----------------|
| Acquisition value 1.1. | 15 041 | 2 280 | 149 | 68 071 | 85 541 |
| FX Rate movements | 210 | (32) | - | (4 715) | (4 537) |
| Additions | 2 587 | 112 | 235 | - | 2 934 |
| Disposals | (23) | (179) | - | - | (202) |
| Acquisition value | 17 814 | 2 182 | 384 | 63 356 | 83 737 |
| 30.6. | | | | | |
| Amortization 1.1. | (6 537) | (503) | (117) | (10 013) | (17 170) |
| FX Rate movements | 255 | 16 | - | 924 | 1 195 |
| Amortization | (1 203) | (77) | (130) | (3 277) | (4 686) |
| Amortization 30.6. | (7 485) | (564) | (247) | (12 365) | (20 661) |
| Net book value | 10 329 | 1 618 | 138 | 50 991 | 63 076 |

Management exercises judgment in determining whether the incurred development expenses meet capitalization criteria and whether the carrying amount of capitalized development exceeds the expected future cash flows of the software they relate to.

In the first half of 2023, development expenses totalling EUR 2,587 (2,791) thousand have been capitalized. Personnel expenses totalling EUR 1,860 (1,998) thousand have been capitalized as development cost. 72 (72) % of the capitalized development costs in total have been internally developed during first half of 2023.

Development costs totaling EUR 3,501 (3,330) thousand have been expensed through profit and loss in first half of 2023.

| Tangible assets | Machinery and equipment | Other tangible assets | Total |
|-------------------------------|--------------------------------|------------------------------|----------------|
| Acquisition value 1.1. | 2 850 | 8 | 2 858 |
| FX Rate movements | (148) | (1) | (149) |
| Additions | 40 | - | 40 |
| Acquisition value 30.6. | 2 742 | 7 | 2 750 |
| Depreciation 1.1. | (2 126) | - | (2 126) |
| FX Rate movements | 124 | - | 124 |
| Depreciation | (166) | - | (166) |
| Amortization 30.6. | (2 167) | - | (2 167) |
| Net book value | 575 | 7 | 582 |

| Investments | Other shares* | Total |
|-------------------------------|----------------------|--------------|
| Acquisition value 1.1. | 834 | 834 |
| Acquisition value 30.6. | 834 | 834 |
| Net book value | 834 | 834 |

* Minority shares in Petleo GmbH

5. Investments in group companies

Companies included in Nordhealth Group

| | Parent Company | Business office | Ownership % | Functional currency |
|-------------------------|-------------------------|------------------------|-------------|---------------------|
| Nordhealth AS | | Oslo, Norway | | NOK |
| Nordhealth Oy | Nordhealth AS | Helsinki, Finland | 100 % | EUR |
| Nordhealth Norway AS | Nordhealth Oy | Molde, Norway | 100 % | NOK |
| Nordhealth Sweden AB | Nordhealth Norway AS | Västerås, Sweden | 100 % | SEK |
| Nordhealth Denmark AS | Nordhealth Norway AS | Hinnerup, Denmark | 100 % | DKK |
| Nordhealth Finland Oy | Nordhealth Oy | Helsinki, Finland | 100 % | EUR |
| Navicre Oy | Nordhealth Oy | Oulu, Finland | 100 % | EUR |
| Nordhealth Estonia OÜ* | Nordhealth Oy | Tallinn, Estonia | 100 % | EUR |
| Nordhealth USA Inc. | Nordhealth Oy | Denver, USA | 100 % | USD |
| Provet Cloud (UK) | Nordhealth Oy | London, United Kingdom | 100 % | GBP |
| Aspit AS | Nordhealth Oy | Seljord, Norway | 100 % | NOK |
| Aspit Sverige AB | Aspit AS | Gråbo, Sweden | 100 % | SEK |
| EasyPractice ApS | Nordhealth Oy | Copenhagen, Denmark | 100 % | DKK |
| Nordhealth Spain SL | Nordhealth Oy | Barcelona, Spain | 100 % | EUR |
| Nordhealth Italy S.R.L | Nordhealth Oy | Milan, Italy | 100 % | EUR |
| Vetera GmbH | Nordhealth Germany GmbH | Eltville, Germany | 100 % | EUR |
| Nordhealth Germany GmbH | Nordhealth Oy | Munich, Germany | 100 % | EUR |

* Name of Estonian Net Solutions OÜ changed into Nordhealth Estonia OÜ during H1/2023

6. Acquisitions

There have been no acquisitions during the first half of 2023.

On 31 January 2022, Nordhealth completed its acquisition of EasyPractice, a leading cloud-based practice management software provider for therapists.

On 10 March 2022, Nordhealth announced the acquisition of Vetera, a leading veterinary practice management software provider in the DACH region. The acquisition was completed on 1 June 2022.

Had the acquisitions taken place at the beginning of 2022, the Group's pro-forma revenues for the second half of 2022 would have been EUR 15,723 thousand.

| Consideration paid for the acquisitions | 2022 |
|--|---------------|
| Paid in cash | 18 293 |
| Contribution in kind | 554 |
| Contingent consideration | 4 031 |
| Total | 22 878 |
| The following assets and liabilities were recognized as a result of the acquisitions: | |
| Investments | 643 |
| Intangible assets | 1 020 |
| Tangible assets | 63 |
| Non-current financial assets | 64 |
| Current assets | 457 |
| Cash balance | 835 |
| Non-current liabilities | (1 008) |
| Current liabilities | (2 149) |
| Goodwill | 22 953 |
| Total | 22 878 |

7. Equity and shares

Statement of changes in equity

| | Share capital | Share premium | Translation reserve | Retained earnings | Total Equity |
|--------------------------------|---------------|----------------|---------------------|-------------------|----------------|
| Equity 1.1.2022 | 7 829 | 108 886 | 1 610 | (3 819) | 114 506 |
| Profit (loss) for the period | - | - | - | (14 264) | (14 264) |
| Increase of share capital | 19 | 514 | - | - | 533 |
| Translation reserve | - | - | (2 144) | - | (2 144) |
| Total Equity 31.12.2022 | 7 848 | 109 400 | (535) | (18 083) | 98 630 |
| Equity 1.1.2023 | 7 848 | 109 400 | (535) | (18 083) | 98 630 |
| Treasury shares | (13) | | | (329) | (342) |
| Profit (loss) for the period | | | | (5 855) | (5 855) |
| Share based payment program | | | | 25 | 25 |
| Translation reserve | | | (3 501) | | (3 501) |
| Total Equity 30.6.2023 | 7835 | 109 400 | (4 035) | (24 241) | 88 958 |

On 24 April 2023, Annual General Meeting of Nordhealth AS was held. In this meeting, Board of Directors was granted an authorisation to increase the Company's share capital, in one or more rounds, by up to NOK 12,028,761.90 which is equivalent to approximately 15% of the current share capital, by issuance of A-shares. The shareholders' preferential right to subscribe for the new shares pursuant to Section 10-4 of the Norwegian Private Limited Liability Companies Act may be deviated from. The authorization comprises share capital increases against contribution in kind and the right to incur specific obligations on behalf of the Company, cf. Section 10-2 of the Norwegian Private Limited Liability Companies Act. The authorization covers share capital increases in connection with mergers pursuant to Section 13-5 of the Norwegian Private Limited Liability Companies Act. Board of Directors was also granted an authorisation to acquire own shares with a total nominal value of up to NOK 12,028,761.90, which is equivalent to approximately 15% of the current share capital. The maximum amount which can be paid for each share is NOK 50 and the minimum is NOK 1. These authorization are valid until the Company's annual general meeting in 2024, but no longer than 30 June 2024.

The Company completed a share buyback program during the first half of 2023 and acquired 154,013 shares under the program for a total consideration of NOK 3,999,975.21 at an average price of NOK 25.9717 per share in the period from 5 June 2023 to 30 June 2023.



| Investor | A-shares | B-shares | Number of total shares | % of total | Type | Country |
|-------------------------------------|-------------------|-------------------|------------------------|--------------|----------|------------|
| J.P. Morgan SE | 10 050 133 | 29 794 638 | 39 844 771 | 50 % | Nominee | Luxembourg |
| State Street Bank and Trust Comp | 6 399 652 | 0 | 6 399 652 | 8 % | Nominee | US |
| Nordnet Bank AB | 981 899 | 5 033 226 | 6 015 125 | 8 % | Nominee | Sweden |
| Goldman Sachs & Co. LLC | 3 580 922 | 0 | 3 580 922 | 4 % | Nominee | US |
| GOLDMAN SACHS BANK EUROPE SE | 3 290 000 | 0 | 3 290 000 | 4 % | Nominee | Germany |
| FJARDE AP-FONDEN | 3 270 000 | 0 | 3 270 000 | 4 % | Ordinary | Luxembourg |
| Skandinaviska Enskilda Banken AB | 2 504 293 | 0 | 2 504 293 | 3 % | Nominee | Luxembourg |
| Avanza Bank AB | 1 717 298 | 0 | 1 717 298 | 2 % | Nominee | Sweden |
| SKANDINAVISKA ENSKILDA BANKEN AB | 1 526 269 | 0 | 1 526 269 | 2 % | Nominee | Luxembourg |
| Morgan Stanley & Co. Int. Plc. | 1 471 259 | 0 | 1 471 259 | 2 % | Nominee | UK |
| Total number owned by top 10 | 34 791 725 | 34 827 864 | 69 619 589 | 87 % | | |
| Total number of shares | 45 191 747 | 34 999 999 | 80 191 746 | 100 % | | |

8. Other current liabilities

Other current liabilities at the end of 2022 mainly consisted of an earn-out debt relating to EasyPractice acquisition amounting to EUR 4,033 thousand that was paid during the first half of 2023.

| | H1 2023 | 2022 |
|---------------------------|--------------|--------------|
| Other current liabilities | 1 722 | 5 833 |
| Total | 1 722 | 5 833 |

Key definitions

Alternative performance measures

To enhance the understanding of Nordhealth's performance, Nordhealth presents certain measures and ratios considered as Alternative Performance Measures (APMs) as defined by the European Securities and Markets Authority and should not be viewed as substitute for any financial measures (IFRS or other legislation). These APMs are presented as Nordhealth considers them to be important supplemental measures to understand the overall picture of revenue and profit generation in Nordhealth's operating activities.

Recurring revenue

includes revenues from software subscriptions as well as revenues from of volume-based transactions (e.g., SMS messages) as well as rebates from third parties (e.g. payment solution providers).

ARR

is recurring revenue of software subscriptions annualised by multiplying the quarter's recurring revenue by four. Exchange rates used to calculate ARR are adjusted on an annual basis at the end of the 1st quarter. Constant currency ARR growth rates are calculated by applying the end of the previous financial year-end exchange rates to all the presented periods' ARR.

Organic revenue

is the revenue generated from the Company's customer base existing at the comparison period and excluding new customers and acquisitions incurred after the end of the comparison period.

EBITDA

is short for **earnings before interest, taxes, depreciation and amortisation**. EBITDA corresponds to the "operating income before depreciation, amortization and impairment" in the consolidated income statement in the report.

EBITDA - CAPEX

is EBITDA minus the expenditures for capitalised development and any other capitalised expenditure.

Adjusted EBITDA and EBITDA - CAPEX

is EBITDA or EBITDA - CAPEX presented as adjusted for one-time expenses not likely to incur in the near future to improve comparability of the underlying business performance between the periods.

Margins

are used to compare relative profit between periods. (Adjusted) EBITDA margin and (Adjusted) EBITDA - CAPEX margin are calculated as (Adjusted) EBITDA or (Adjusted) EBITDA - CAPEX divided by revenue.



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