





Q1 2023 presentation

16 May 2023

Today's presenters



Charles MacBain

CEO



Mari Orttenvuori

CFO



- 1.0 Company Update
- 2.0 Veterinary Update
- 3.0 Therapy Update
- 4.0 Financial Update
- 5.0 Q&A



01

Company Update

Charles MacBain, CEO





Our mission

Build and acquire software that empowers healthcare professionals to save time so they can focus on delivering great care and growing their business

Strategy



Profitability

- One product per vertical
- Focus on migrating acquired products to Provet Cloud and EasyPractice
- Reduce CAC/New ARR through improvement in onboarding efficiency
- Lean corporate G&A (no additional headcount).
- No further significant net increase in headcount required to achieve 3 year plan

Growth

- Focus on key growth markets and aim for market leadership
 - **Therapy:** no new markets in 2023
 - **Veterinary:** focus on US, UK and Spain
- Build all-in-one solution: PMS → Payments → Booking portal



Bridge from 2022 year end ARR to implemented ARR



- **Signed ARR:** signed and implemented recurring revenue at the end of the quarter multiplied by four.
- **Implemented ARR:** quarterly recurring revenue multiplied by four.
- Impact of FX revaluations to 2022 end currency rates impact was EUR -0.9M - due to weakening of NOK and SEK vs EUR
- Impact of removal of signed but not yet implemented deals was EUR 1.2M at the end of Q4/22.

Q1 2023 KPIs



19.0%
implemented ARR growth

Pro Forma LTM Q1 2023



110% organic
net retention rate

LTM Q1 2023



3.5%
gross churn

Pro Forma LTM Q1 2023



2.3 CAC / new
implemented ARR

Pro Forma LTM Q1 2023



8.0% total
implemented ARR growth

Q4 2022 vs Q1 2023



EUR 32.0M
implemented ARR

Q1 2023 Annualised



EUR 33.4M
Signed ARR

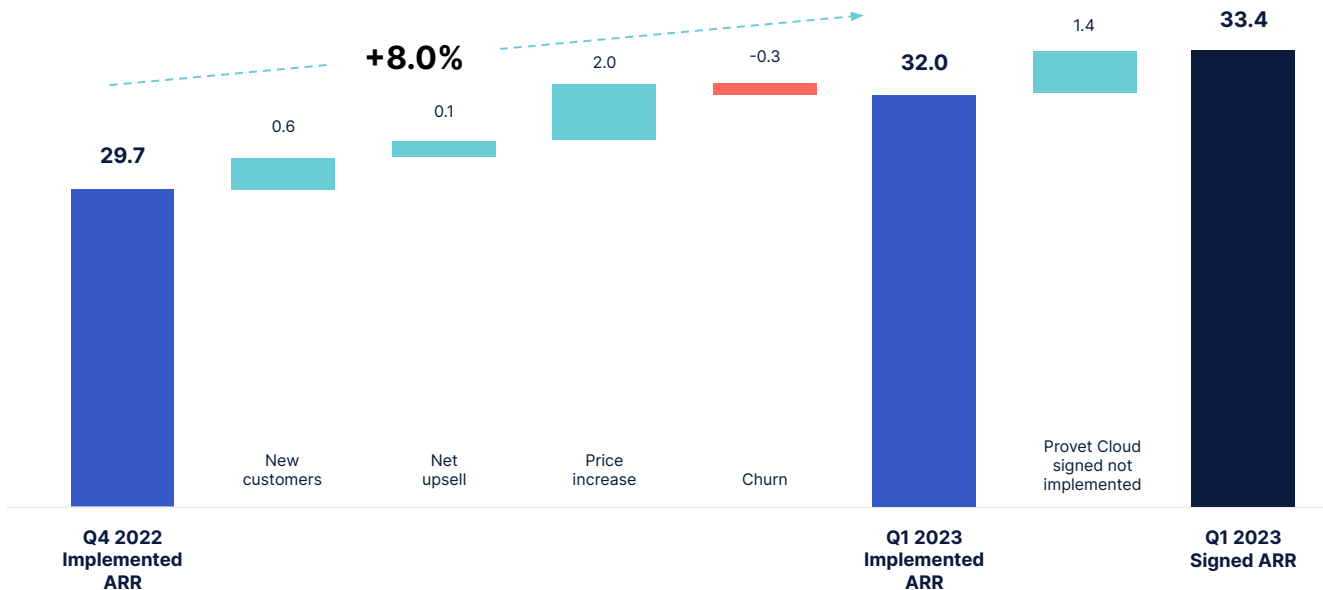
Q1 2023



EUR 0.40
implemented ARR per share

Q1 2023 Annualised

8% QoQ implemented ARR Growth in Q1 2023



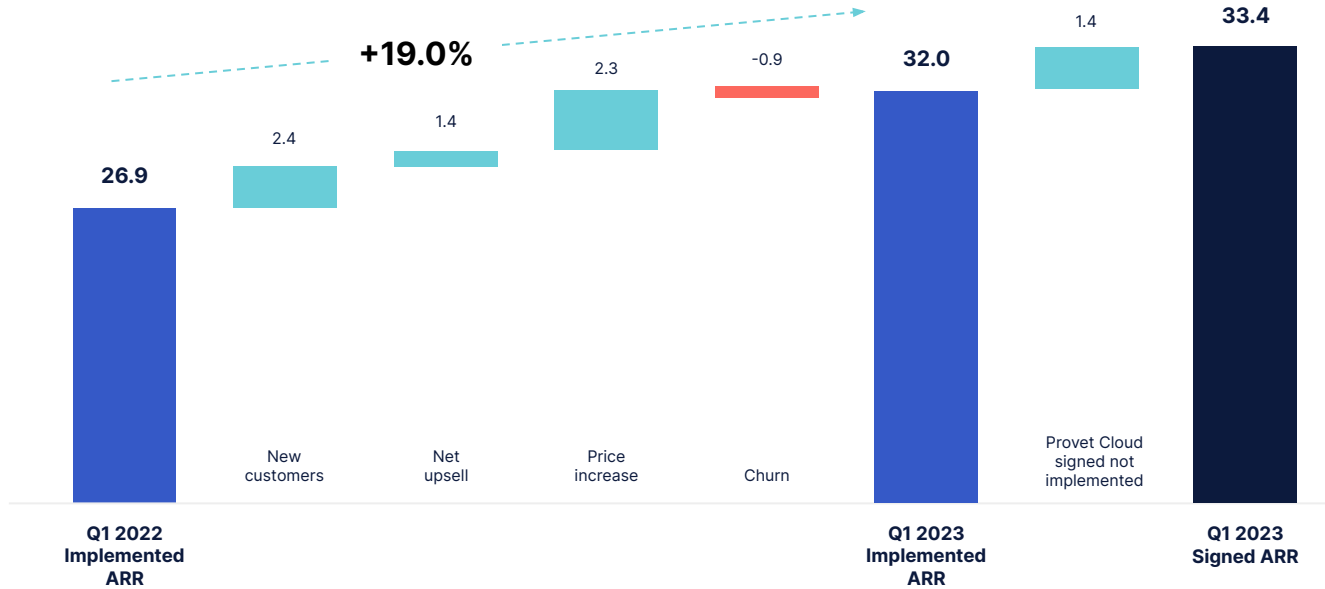
- Implemented ARR grew 8.0% (growth was 6.6% excluding transactional/payment revenue)
- New customer acquisition accounted for 24% of the growth
- 79% of new customers came from Cloud products
- 45% of implemented ARR on Cloud products in Q1/23 vs. 42% in Q4/22

Reported in constant currency (using year 2022 end currency rates), impact -0.03 Meur in Q4 2022 in Q1 2022 and +0.1 Meur in Q1 2023).

Provet Cloud Signed but not implemented ARR in Q4/22 was 1.2 Meur.



19% YoY Pro Forma implemented ARR Growth



- Pro Forma implemented ARR growth at 19.0% in LTM ending Q1/23 (growth was 21.9% excluding transactional/payment revenue)
- New customer acquisition accounted for 39% of the growth
- 67% of new customers came from Cloud products
- Net retention rate (including price increases) 110%
- Churn 3.5%

Reported in constant currency (using year 2022 end currency rates), impact -0.3 Meur in Q1 2022 and +0.1 Meur in Q1 2023).

Provet Cloud Signed but not implemented ARR in Q1/22 was 0.7 Meur.

KPIs by business segments (Pro Forma)

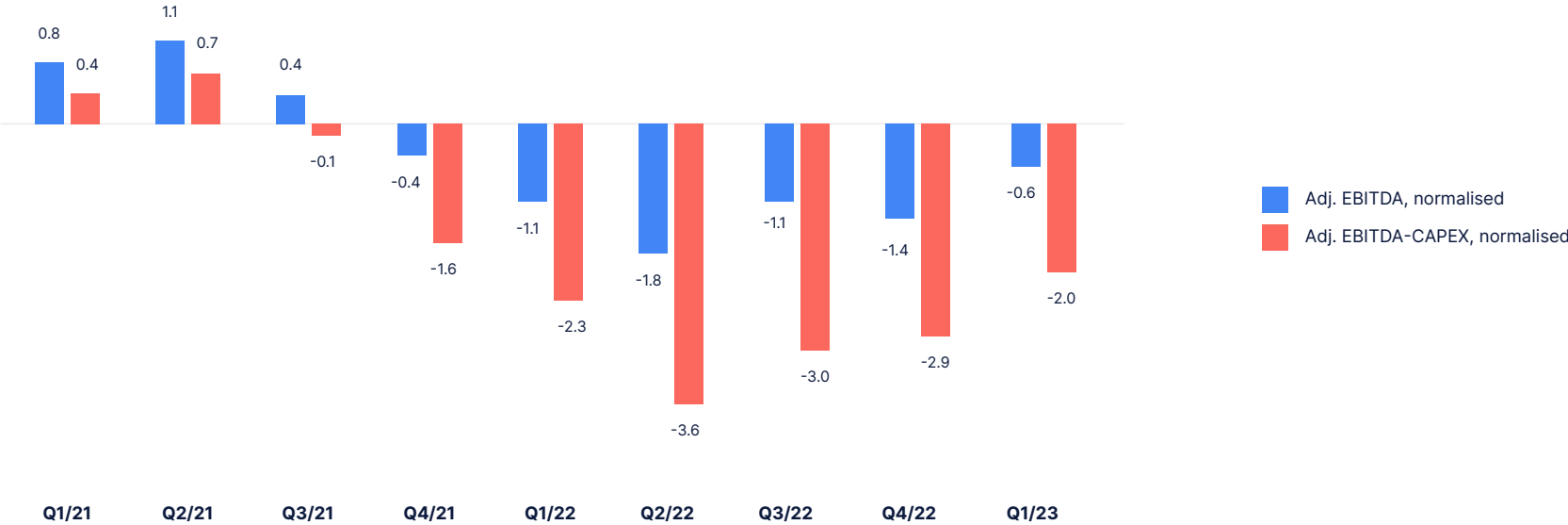


	🐾 Veterinary		👨 Therapy		Total		
	Cloud	Hosted	Cloud	Hosted	Cloud	Hosted	All
2022-Q1 (€M)	€ 5.1	€ 7.7	€ 5.9	€ 8.3	€ 11.0	€ 15.9	€ 26.9
2023-Q1 (€M)	€ 7.1	€ 8.3	€ 7.3	€ 9.4	€ 14.4	€ 17.6	€ 32.0
Growth	39.8%	7.9%	23.5%	13.3%	31.0%	10.7%	19.0%
Migration (€M)	€ 0.2	€ -0.2	€ 0	€ 0	€ 0.2	€ -0.2	€ 0
Growth excl. migration	35.0%	10.8%	23.5%	13.3%	28.8%	12.1%	19.0%
New customer %	12.2%	2.7%	16.1%	7.0%	14.3%	4.9%	8.7%
Churn %	-1.2%	-1.5%	-8.2%*	-3.3%	-5.0%	-2.4%	-3.5%
Net Upsell incl. Price increases %	24.0%	9.6%	15.6%	9.6%	19.5%	9.6%	13.6%

* Therapy cloud churn rate excluding EasyPractice 2.9%. EasyPractice Churn rate: 17.8%.



Revenue growth coupled with efficiency measures have yielded improvement in profitability



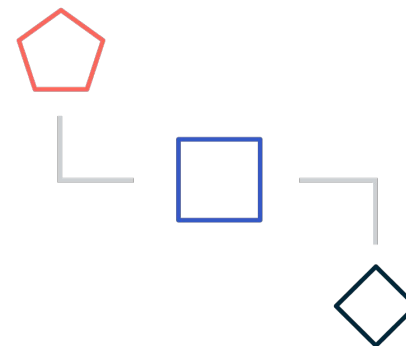
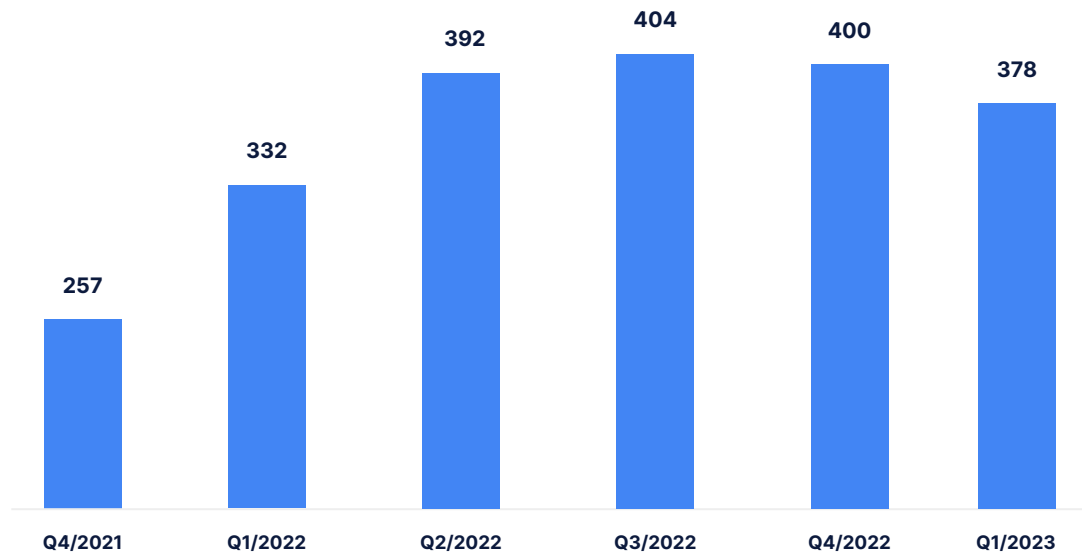
Adjusted for one-off items.

Normalised for accounting policy alignment for acquired entities (capitalisation of development expenses) recognised as cumulative adjustments in Q4/22

People



At the end of Q1/23 total number of employees amounted to 378 (400 at the end of previous quarter) of which 127 (140) work in Therapy, 225 (233) in Veterinary and 26 (27) in HQ G&A.





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Veterinary Update

Charles MacBain, CEO



Veterinary business update



2023 Focus

- Nordic legacy migrations
- Acquire new customers in UK, US, Spain, Italy

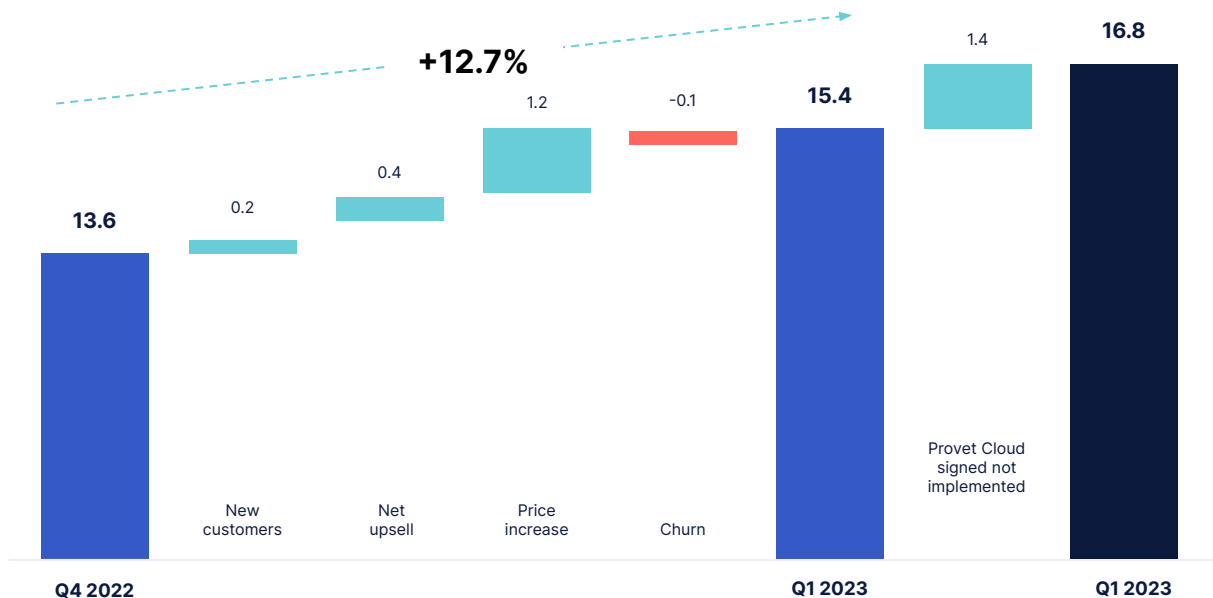
Growth

- 3 large enterprise deals signed, each have over €150,000 in implemented ARR - implementation has begun for all three clients
- US has over 100 customers
- 48 customers have been onboarded to Nordhealth Pay, processing over €2M of payment volume per month
- Chosen as #1 PMS for veterinarians in the UK by [Veteraryit.services](https://veteraryit.services)

Profitability

- Margin improvement driven by revenue growth and more efficient customer acquisition
- Over 100 Provet legacy, Vetserve and Sanimalis customers migrations signed or implemented on Provet Cloud

13% QoQ implemented ARR growth

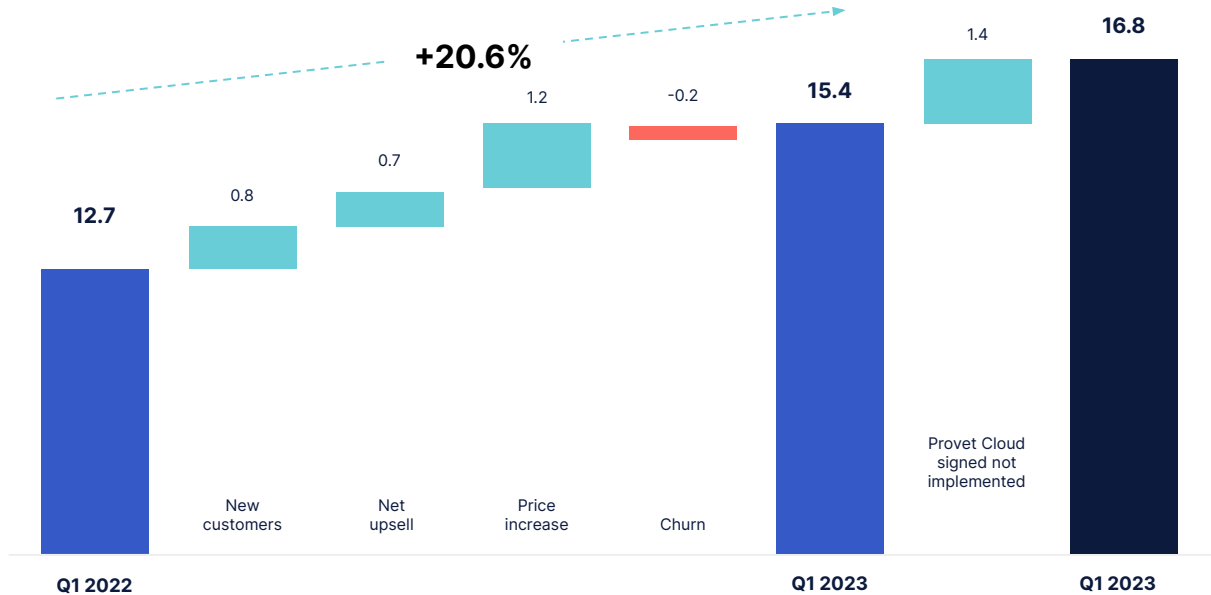


- Growth in first quarter 2023 was 12.7 % (10.6% excluding transactional revenue)
- New customer acquisition accounted for 11% of the growth
- 100% of new customers came from Cloud products
- 46% of implemented ARR on Cloud products in Q1/23 vs. 42% in Q4/22

Reported in constant currency (using year 2022 end currency rates). Vetera presented as if it was consolidated to the group starting from January 2022.

Signed but not implemented Provet Cloud in Q4/22 was 1.2 Meur.

21% YoY Pro Forma implemented ARR growth

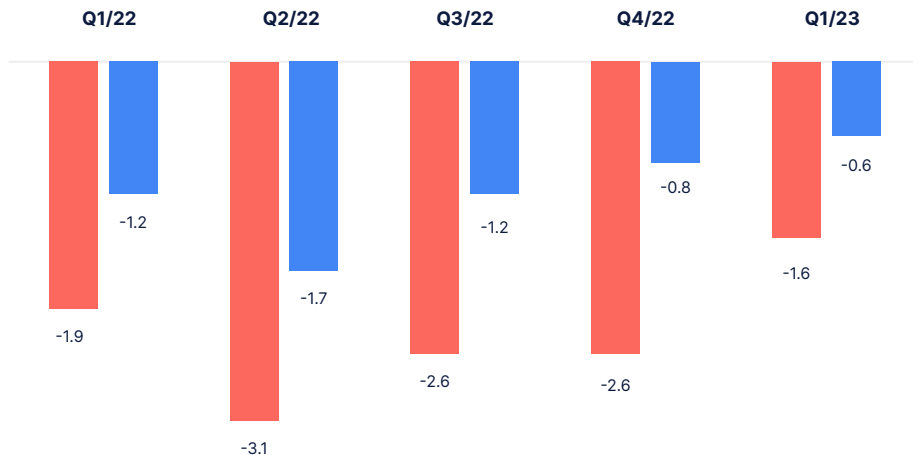


- Pro Forma implemented ARR growth at 20.6% in LTM ending Q1/23 (growth was 29.1% excluding transactional/payment revenue)
- New customer acquisition accounted for 30% of the growth
- 75% of new customers came from Cloud products
- Organic implemented ARR growth of 36% including price increase impact of EUR 1.2M
- Churn of 1.4%

Reported in constant currency (using year 2022 end currency rates). Vetera presented as if it was consolidated to the group starting from January 2022.

Signed but not implemented Provet Cloud in Q1/22 was 0.7 Meur.

Profitability improving QoQ



- Revenue growth (EUR 0.2M) together with reorganisation activities initiated in Q4/22 had a positive impact on profitability development in Q1/23
- Reduction in headcount from 233 in Q4/22 to 225 in Q1/23

■ Adj. EBITDA, normalised
■ Adj. EBITDA-CAPEX, normalised

Excluding group cost allocations.

Normalised for accounting policy alignment for acquired entities (capitalisation of development expenses) recognised as cumulative adjustments in Q4/22



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Therapy Update

Charles MacBain, CEO



Therapy business update



2023 Focus

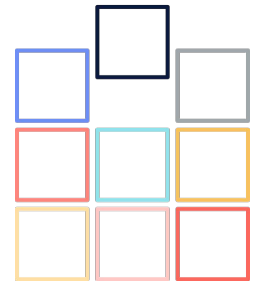
- Aspit migration to EasyPractice
- Launch booking portal in Finland

Growth

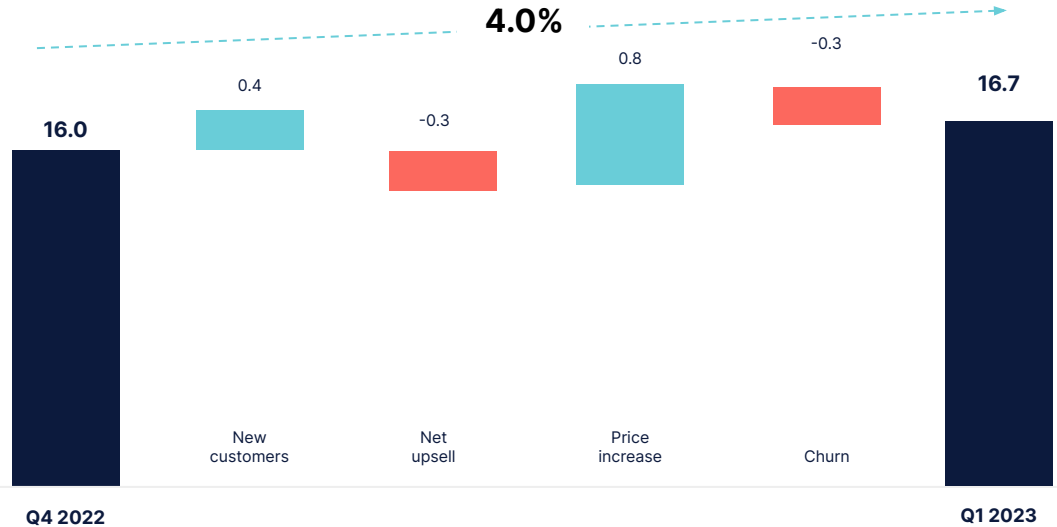
- Migrated first customer from Aspit to EasyPractice in February 2023
- EasyPractice implemented ARR grew 6.8% in Q1 2023, with no price increase
- Price increases for all products except EasyPractice.
- Booking portal, nordhealth.fi, waitlist launched in Finland (in Finnish)

Profitability

- Migrating development and support resources from Aspit and Diarium to EasyPractice
- Diarium and Aspit focused on improving efficiency and customer satisfaction



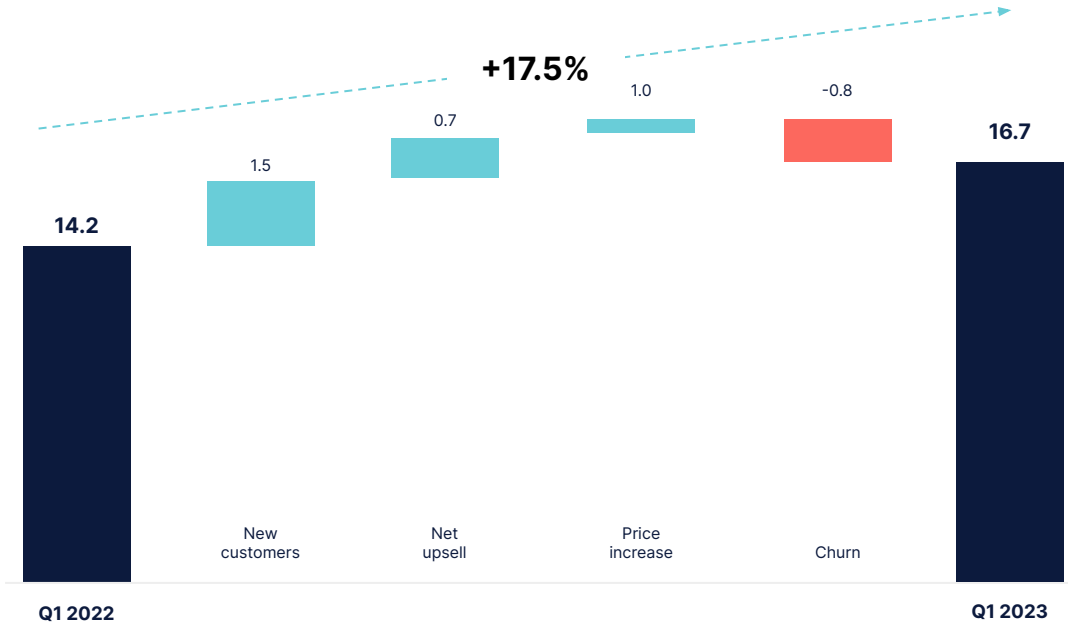
4% QoQ implemented ARR growth



- Growth in first quarter 2023 was 4.0% (3.6% excluding transactional revenue)
- New customer acquisition accounted for 50% of the growth
- 69% of new customers came from Cloud products
- 44% of implemented ARR on Cloud products in Q1/23 vs. 42% in Q4/22

Reported in constant currency (using year 2022 end currency rates). EasyPractice presented as if it was consolidated to the group starting from January 2022.

18% YoY Pro Forma implemented ARR growth

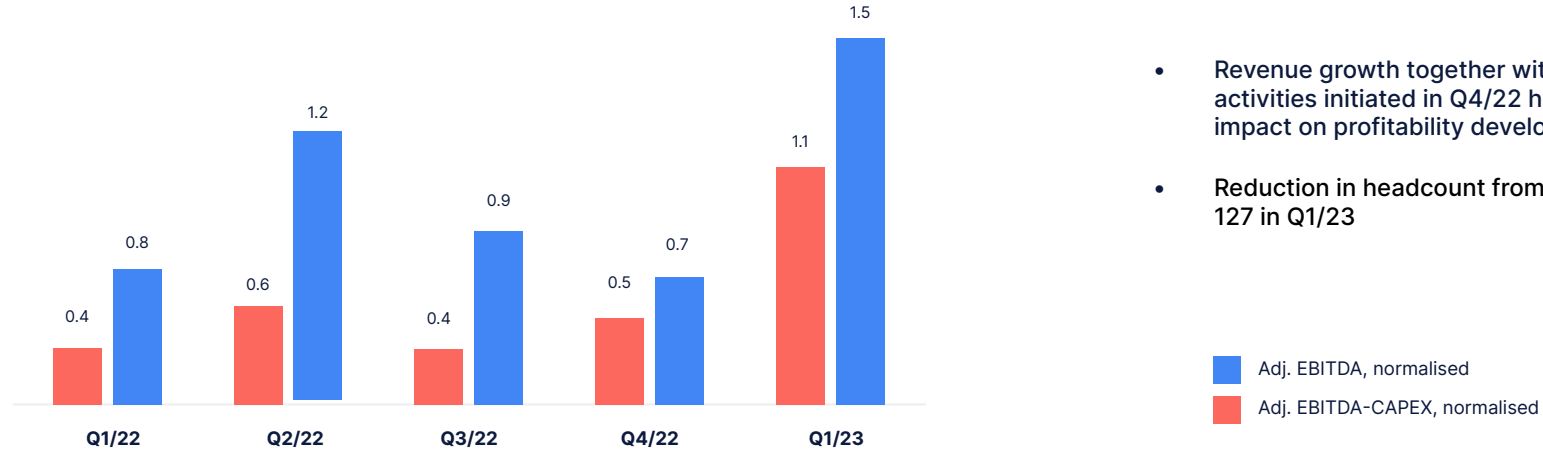


- Pro Forma implemented ARR growth at 17.5% in LTM ending Q1/23 (growth was 16.7% excluding transactional/payment revenue)
- New customer acquisition accounted for 47% of the growth
- 62% of new customers came from Cloud products
- Organic implemented ARR growth of 23% including price increase impact of EUR 1.0M
- Churn of 5.4%

Reported in constant currency (using year 2022 end currency rates). EasyPractice presented as if it was consolidated to the group starting from January 2022.



Strategic reorganisation measures improved profitability



- Revenue growth together with reorganisation activities initiated in Q4/22 had a positive impact on profitability development in Q1/23
- Reduction in headcount from 140 in Q4/22 to 127 in Q1/23

Excluding group cost allocations.

Normalised for accounting policy alignment for acquired entities (capitalisation of development expenses) recognised as cumulative adjustments in Q4/22



04

Financial Update

Mari Orttenvuori, CFO



Profit & Loss statement



Consolidated Income Statement

	Unaudited	Unaudited	Audited
EUR in thousands	Q1 2023	Q1 2022	FY 2022
Recurring revenue	7 889	6 453	28 216
Other revenue	782	603	2 833
Total revenue	8 671	7 056	31 050
Other operating income	25	4	229
Total operating income	8 696	7 060	31 279
Material and services	(1 193)	(1 093)	(4 780)
Personal expenses	(5 739)	(4 608)	(22 255)
Other operating expenses	(2 673)	(2 493)	(10 218)
Total operating expenses	(9 605)	(8 194)	(37 254)
EBITDA	(909)	(1 134)	(5 975)
Depreciation and amortization	(750)	(412)	(2 236)
Amortization of goodwill	(1 649)	(1 420)	(6 467)
Total depreciation and amortization	(2 399)	(1 832)	(8 702)
Operating profit (EBIT)	(3 308)	(2 966)	(14 677)
Other financial income	201	294	2 082
Interest expenses	(1)	(8)	(17)
Other financial expenses	(219)	(236)	(1 517)
Total financial income and expense	(19)	(50)	549
Profit (loss) before tax	(3 327)	(2 916)	(14 128)
Taxes	(41)	(88)	(136)
Net profit (loss)	(3 368)	(3 003)	(14 264)
Adjustments to EBITDA	353	-	527
Adjusted EBITDA	(556)	(1 134)	(5 448)
Adjusted EBITDA Margin %	-6%	-16%	-18%
EBITDA - CAPEX	(2 309)	(2 209)	(12 328)
Adjusted EBITDA-CAPEX:	(1 956)	(2 209)	(11 801)
Adjusted EBITDA-CAPEX Margin %	-23%	-31%	-38%

- Total revenues Q1/23 grew 22% YoY to EUR 8.7M
- Recurring revenues Q1/23 grew 22% YoY to EUR 7.9M, higher than pro-forma due to Vetera acquisition
- Q1/23 adjusted EBITDA margin -6%; an improvement from -16% in Q1/22
 - Decrease in headcount by 22 FTE's from Q4/22 (5%) but increase from Q1/22 by 49 (15%)
- Q1/23 adjusted EBITDA-CAPEX margin -23%; an improvement from -31% in Q1/22
- One-off items of EUR 0.4M in Q1/23 relate mainly to reorganisation activities

Balance Sheet



Consolidated Income Statement			
	Unaudited	Unaudited	Audited
EUR in thousands	31-Mar-23	31-Mar-22	31-Dec-22
Intangible assets	11 440	5 170	10 280
Deferred tax assets	540	646	585
Other capitalized long-term expenses	26	59	32
Goodwill	53 425	58 006	57 813
Machinery and Equipment	652	818	733
Other shares and similar rights of ownership	834	191	834
Loan receivables, long-term	64	-	64
Total non-current assets	66 981	64 890	70 342
Accounts receivable	3 856	1 260	4 035
Loan receivables, short-term	-	49	-
Other receivables	557	209	526
Prepayments and accrued income	1 337	1 301	793
Money market funds	12 936	34 346	23 684
Cash at bank and in hand	19 296	23 419	15 514
Total current assets	37 984	60 584	44 552
Total assets	104 964	125 475	114 895
Total equity	92 607	112 607	98 630
Non-current liabilities to credit institutions	-	25	-
Other non-current liabilities	270	-	270
Total non-current liabilities	270	25	270
Current liabilities to credit institutions	25	25	25
Advances received	4 728	2 963	4 518
Accounts payable	1 732	1 094	878
Other current liabilities	720	4 933	5 833
Accrued expenses and deferred income	4 883	3 829	4 740
Total current liabilities	12 087	12 843	15 995
Total equity and liabilities	104 964	125 475	114 895

Cash and Cash Equivalents

- Cash balance remains strong at **EUR 32.2M of cash and cash equivalents**
- Payment of EasyPractice earn-out EUR 4.0M in Q1/23
- Reinvesting money market funds was in process at the end of Q1/23 and temporarily impacted cash and money market fund balances

Change in other assets

- Goodwill primarily denominated in NOK and decrease in value driven by currency impact

Change in equity and liabilities

- Pay-out of EasyPractice earn-out debt EUR 4.0M from current liabilities

Cashflow



Consolidated Income Statement			
	Unaudited	Unaudited	Audited
EUR in thousands	Q1 2023	Q1 2022	FY 2022
Cash flow from operations			
Profit before income taxes	(3 327)	(2 916)	(14 128)
Taxes paid in the period	(9)	(5)	(153)
Other non-cash items	433	759	969
Depreciation and amortization	2 399	1 832	8 702
Change in trade debtors	179	1 172	(832)
Change in trade creditors	853	(3)	(242)
Change in other accruals	(1 663)	(2 878)	(841)
Net cash flow from operations	(1 134)	(2 039)	(6 525)
Cash flow from investments			
Investments in tangible and intangible assets	(1 834)	(1 212)	(6 802)
Purchase of shares and investments	(4 034)	(10 789)	(17 786)
Proceeds from/(investments in) money market funds	10 785	12 000	22 500
Net cash flow from investments	4 917	(1)	(2 089)
Cash flow from financing			
Change in debt	-	(751)	(2 082)
Net cash flow from financing	-	(751)	(2 082)
Net change in cash and cash equivalents	3 782	(2 791)	(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	19 296	23 419	15 514
Money market fund	12 936	34 346	23 684

Cash flow from operating activities

- Cash flow in Q1/23 mainly impacted by continuing growth investments; not adjusted for one-off items

Cash flow from investing activities

- EasyPractice earn-out
- Reinvesting money market funds in process at the end of Q1/23

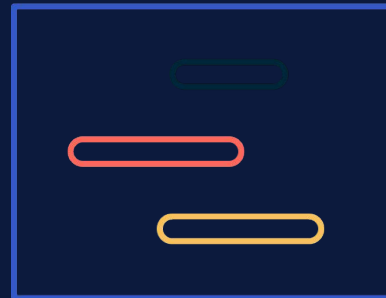
Free cash flow

- Total cash outflow in the **LTM Q1/23 EUR -25.4M**
 - Adjusted Free cash flow EUR -12.2M
 - Acquisitions EUR -11.0M
 - Repayment of debt EUR -1.3M
 - One-off items adjustments EUR -0.9M

Financial calendar

Q2 2023 results presentation on **22 August 2023**

Extended quarterly presentation in Q3 2023 on **14 November 2023**. It will be held as a physical event with an opportunity to participate either virtually or physically



Conclusion



- Confirming guidance
 - 15-20% growth in recurring revenue in 2023 from 2022 (constant currency Dec. 31st 2022 FX rates)
 - EBITDA - CAPEX break-even by Q1 2025
- Signed ARR & Implemented ARR on target
- EBITDA and EBITDA - CAPEX improvements better than expected
- Focus on migrating acquired products to Provet Cloud and EasyPractice





05

Q&A





Key definitions

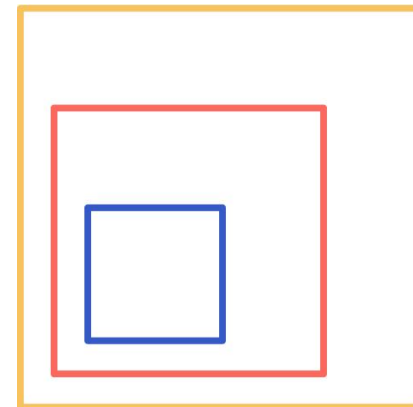
Implemented ARR is recurring revenue of software subscriptions annualised by multiplying the quarter's recurring revenue by four. This includes also value of volume-based transactions (e.g., SMS messages) as well as rebates from third parties (e.g., payment solution providers).

Exchange rates used to calculate implemented ARR are adjusted on an annual basis at the end of the 1st quarter. Constant currency implemented ARR growth rates are calculated by applying the end of the previous financial year-end exchange rates to all the presented periods' implemented ARR.

Comparison period **Pro Forma implemented ARR** includes Vetera and EasyPractice as if they had been owned by Nordhealth in the comparison period.

EBITDA (adjusted) has been adjusted for one-time expenses not likely to incur in the near future.

In **EBITDA - CAPEX (adjusted)** capitalised product development expenses have been added back and is adjusted for one-time expenses not likely to incur in the near future.





Appendix

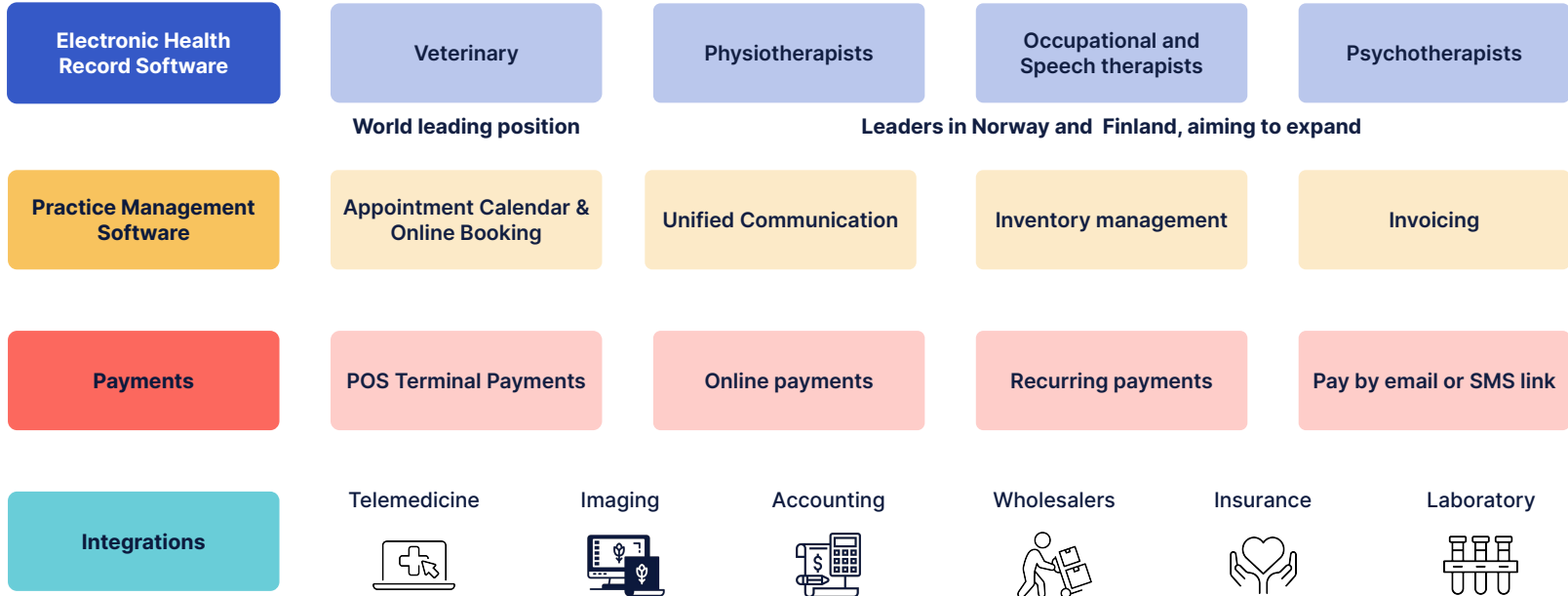


Business Segments



	🐾 Veterinary		👤 Therapy	
	Cloud	Hosted	Cloud	Hosted
Products	Provet Cloud Nordhealth Pay	Provet Legacy (Finland) Sanimalis (Norway, Sweden) Vetserve (Norway) Vetvision (Denmark) Vetera (DACH)	EasyPractice Diarium Nordhealth Connect Navisec Flex	Aspit (Norway)
Share of recurring revenue Q1 2023	22%	26%	23%	29%

Our products



Products offer REST API⁽¹⁾ which allows 3rd parties to interact with the data residing in Nordhealth products efficiently, and provides flexibility to meet customers' needs

Note: (1) Representational state transfer application program interface

Acquisition history



Several acquisitions completed since 2005



 2005

PROVET
Acquired **Provet Pet**

 2009

Acquired **Praktiikka**
Entering the therapy segment

 2017

navisec
Acquired **Navicre**

 2019

trofast
Acquired **Trofast**

 2019

Sanimalis 
Acquired **Sanimalis**
and **Vetserve**

 2021

NOVASOFT
Acquired **Novasoft**

 2021

 **aspit**
Acquired **Aspit**

 2022

YOMA
CONSULTING
Acquired parts of
Yoma Consulting⁽¹⁾

 2022

 **EasyPractice**
Acquired **EasyPractice**

 2022

 **vetera**
Acquired **Vetera**⁽²⁾

Note: (1) Acquired Yoma Consulting's veterinary software implementation and support business; (2) Consolidated as of beginning of June 2022