



**Nordhealth**

**Q3/2021**

**Third Quarter Report**

**Vision:** Redefine digital healthcare

**Mission:**

Empowering healthcare professionals to save time so they can focus on what matters most—delivering great care, providing great experiences, and growing their business.

**Values:**

**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.

**Products:**

- Electronic Health Record Software (EHR)
- Practice Management Software (PMS)
- Payments
- Integrations & API

**Current target healthcare niches:**

- Veterinary:
  - o Small animal
  - o Equine
  - o Farm animal
- Therapy
  - o Physiotherapy
  - o Psychotherapy
  - o Occupational therapy
  - o Speech therapy

# Highlights

## Initial Public Offering

Nordhealth raised 120 M€ in funding to continue improving Nordhealth's digital products, to provide better support for our customers, and to accelerate our international expansion.

The funding raised through the listing of Nordhealth on Euronext Growth Oslo will be used to improve four key areas:

1. Recruit and retain great talent.
2. Improve our products by becoming a more user-centric organisation.
3. Invest in our local implementation and support teams to ensure we deliver great experiences at every touchpoint.
4. Acquire other software to accelerate our entry to new geographies or to grow our portfolio of add-on products.

## Aspit Acquisition

On the 2<sup>nd</sup> of June 2021, Nordhealth announced an agreement to acquire 100% of the shares outstanding in Aspit AS, to strengthen the market position and product offering in Norway.

Aspit AS is a leading supplier of electronic patient record systems (EHR) and IT operations to the healthcare sector in Norway. More than 6 000 therapists use Aspit's cloud-based Software as a Service ("SaaS") products. Aspit's EHR systems have established a leading position within the psychotherapy market with the product Psykbase, and the physiotherapy/chiropractor markets with the product Physica. In 2018, the company was granted a five-year national licensing contract with the Directorate for e-Health in Norway, which led to the launch of new solutions such as Envision and Capture, that allow clinicians to send and receive medical images, video and documents. Aspit also provides IT-operational services to several municipalities in Norway. Aspit is headquartered in Seljord, Telemark, with offices in Oslo and Arendal, and has 55 employees.

# CEO Update

In the third quarter of 2021 we focused on 3 main initiatives:

1. Recruitment & onboarding:
  - a) Recruit sales, marketing, implementation, and support team members to help accelerate the growth of Provet Cloud in the US, UK, and Spain
  - b) Recruit product development team members (design, product management, developers) for both Provet Cloud and Diarium
  - c) Onboard new CFO to replace Valter Pasanen, who will move to CEO of Nordhealth's veterinary business unit
2. Integration of Aspit to improve profitability and maintain the high level of customer service
3. Initiated the Diarium 2.0 project with the aim of localising it for Norway, with an aim to begin onboarding Aspit clients in 2023

Looking forward, we will focus on:

## **Veterinary**

In Q4 and in 2022, we will continue aggressively recruiting great talent to help scale our product development and local country teams in the US, UK, and Spain.

## **Therapy**

In Q4 and in 2022, we will focus on re-developing Diarium. The new microservice software architecture will not only replace Aspit and Diarium but will also be a platform that can be used for growth organically or via acquisitions in the Nordics and beyond in 2024/25. It is important to note that shifting from hosted software to cloud software will yield a significant improvement in our contribution margins, similar to what we have witnessed with our previous acquisitions.

## **Acquisitions**

We are always on the lookout for fairly-priced therapy and veterinary PMS acquisitions to help us accelerate our growth in new markets but these are not included in our 2022 guidance.

## **Guidance for 2022**

Implemented organic ARR growth of 20-25% excluding future acquisitions. Roughly half of the expected growth will come from Provet Cloud outside the Nordics.

Thank you,

Charles MacBain

CEO, Nordhealth

# Financial review

## General information

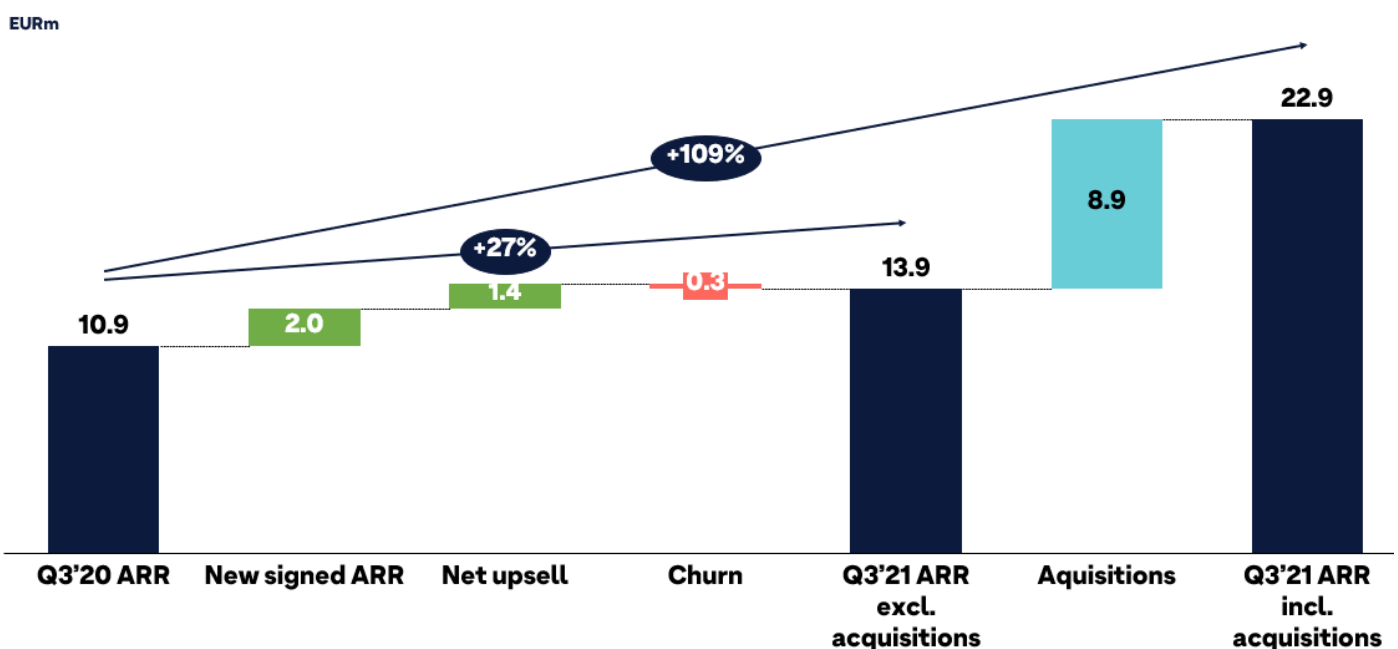
Nordhealth AS (the "Company" and, together with its consolidated subsidiaries, the "Group" or "Nordhealth") is a Company registered in Norway and traded on the Euronext Growth Oslo. The Company's registered business address is Eikremsvingen 9, 6422 Molde, Norway.

The condensed consolidated financial statements for Q3/2021 were approved by the Board of Directors for publication on November 29, 2021. The interim financial information is unaudited.

The Accounting principles used in 2021 are according to Norwegian GAAP, while the financial statements for 2020 were still reported according to Finnish Accounting Standards (FAS). The Reporting currency is EUR. All numbers are presented in EUR millions, unless otherwise stated.

## Results and ARR for Q3/2021

The total ARR in the end of Q3/2021 amounted to 22.9 M€ compared to 10.9 M€ in the end of Q3/2020, resulting in a 109% growth. The group continued to execute its strategy in increasing ARR per share via organic growth and acquisitions, constantly evaluating the most financially reasonable strategy in each market. Acquired entities accounted for 8.9 M€ of the total ARR in the end of Q3/2021. The total organic ARR in the end of Q3/2021 amounted to 13.9 M€, leading to an organic ARR growth of 27% compared to the end of Q3/2020. The organic net retention rate in the LTM was 110% and the organic churn rate stood at 3%.



## M&A

On 1 April 2021, the Company completed the acquisition of Novasoft A/S and its veterinary PMS product Vetvision. The acquisition was a decisive step in the veterinary PMS market entry in Denmark. Financials for the entity are included in the reports from the date of closing.

On 1 June 2021, Nordhealth completed the acquisition of Aspit AS to strengthen the market position and product offering in Norway. Financials for the entity are included in the reports from the date of closing.

Acquisition costs have been reported under other operating expenses in the Income statement.

## PROFIT & LOSS

### Revenue

The total YTD revenue in Q3 of 2021 amounted to 13.897 M€ compared to 8.830 M€ in YTD revenue in Q3 of 2020, resulting in a 57% growth YTD. For the third quarter of 2021 alone, Nordhealth showed 88% growth in reported revenues YoY. Of the total revenues 90% were recurring in Q3 YTD.

The YTD recurring revenues in Q3 of 2021 amounted to 12.564 M€ compared to 7.536 M€ in YTD Q3 of 2020, resulting in a 67% growth YTD. For the third quarter of 2021 alone, Nordhealth showed 100% growth in recurring revenues YoY. Of the total revenues 92% were recurring in Q3 alone.

When adjusted for the consulting business divested in Q4 of 2020, the adjusted revenues grew by 67% in Q3 of 2021 YTD. For the third quarter of 2021 alone, Nordhealth showed 95% growth in adjusted revenues YoY. In adjusted recurring revenues growth was 72% YTD and 105% in the third quarter of 2021 YoY.

Organic and adjusted recurring revenues grew by 30% in YTD Q3/2021 compared to YTD Q3/2020. The excluded Aspit and Novasoft entities amounted for 24% of total recurring revenues Q3 YTD of 2021.

Pro-forma revenues amounted to 17.471 M€ in YTD Q3/2021 compared to 14.093 M€ in YTD Q3/2020, resulting in a 24% growth YoY. Pro-forma recurring revenues amounted to 16.055 M€ in YTD Q3/2021 compared to 12.617 M€ in YTD Q3/2020, showing 27% growth. The pro-forma figures include the acquired Aspit and Novasoft entities for the full time periods. Note that reported recurring revenues are generally lagging behind the signed ARR base.

## Operating expenses

The total personnel costs in YTD Q3/2021 amounted to 47% vs revenues compared to 42% in YTD Q3/2020. Note that personnel costs in the organic entities accounted for 49% vs revenues in YTD Q3/2021 compared to 42% vs revenues in YTD Q3/2020. The increase highlights the very active recruitment activities in line with the growth strategy.

Other operating charges in YTD Q3/2021 include 2.298 M€ non-recurring costs resulting mainly from the IPO and M&A activities. When adjusted for these exceptional costs, the other operating charges amounted to 21% vs total revenues. The other operating charges amounted to 19% vs total revenues in the YTD Q3/2020.

## EBITDA

The reported EBITDA for the YTD Q3/2021 includes 2.366 M€ non-recurring costs resulting mainly from the IPO and M&A activities. When adjusting for these expenses the group reported an EBITDA of 2.331 (17 %) in YTD Q3/2021 compared to an EBITDA of 2.201 M€ (25 %) in YTD Q3/2020.

The pro-forma EBITDA, adjusted for the non-recurring costs amounted to 2.674 M€ (15 %) for YTD Q3/2021 compared to a pro-forma EBITDA of 2.371 M€ (17 %) in YTD Q3/2020. The pro-forma figures include the acquired Aspit and Novasoft entities for the full time periods.

## Financial items

Net interest and other financial items in YTD Q3/2021 stood at -0.167 M€ compared to -0.013 M€ in YTD Q3/2020. The items comprise mainly foreign currency revaluations.

## Non-recurring items

The reported EBITDA for YTD Q3/2021 includes 2.366 M€ non-recurring costs resulting mainly from the IPO and M&A activities.

## BALANCE SHEET

### Total assets

Total non-current assets amounted to 48.255 M€ at the end of Q3/2021 compared to 7.149 M€ at the end of 2020. The significant increase is driven by the increase in goodwill, resulting from the Aspit and Novasoft acquisitions.

Intangible assets accounted for 3.376 M€ at the end of September of 2021 compared to 2.435 M€ at the end of 2020. The intangible assets mainly represent capitalized product development cost.

Current assets amounted to 76.336 M€ at the end of September 2021 compared to 5.749 M€ at the end of 2020. The significant increase is driven mainly by the increase in cash resulting from the private placement and subsequent listing to Euronext Growth Oslo.

In August 2021 Nordhealth transferred 46.515 M€ of cash to fully liquid money market funds with the aim to minimize negative interests and bank solvency risk. Cash at bank and in hand amounted to 26.650 M€ in the end of September 2021 compared to 3.768 M€ at the end of 2020. The combined value of money market fund holdings and cash amounted to 73.165 M€ in the end of Q3/2021.

### Equity

Total equity at the end of September 2021 amounted to 115.803 M€ compared to 4.954 M€ at the end of 2020. On 25 May 2021, the Company resolved to complete a private placement, consisting of a share capital increase for a total amount of approximately NOK 1,224 million, by issuing 30,000,000 Shares with a par value of NOK 1 each at a subscription price of the NOK equivalent of EUR 4 per Share. Costs of 3.472 M€ relating directly to the equity increase, were booked against the equity accounts by the end of Q3/2021.

### Liabilities

Nordhealth has repaid 1.941 M€ in interest-bearing loans to credit institutions in 2021, having practically no interest-bearing debt in the end of September 2021. Total interest-bearing liabilities amounted to 0.049 M€ by the end September 2021 compared to 1.991 M€ by the end of 2020.



## CASH FLOW

### Cash flow from operating activities

Net cash flow from operating activities was 1.347 M€ in YTD Q3/2021. When adjusted for the 2.366 M€ non-recurring IPO and M&A costs included, the adjusted net cash flow from operating activities was 3.713 M€.

### Cash flow from investing activities

Net cash flow from investments in YTD Q3/2021 amounted to -89.200 M€, with acquisition related payments accounting for -40.437 M€ and transfers of cash to money market funds for -46.515 M€.

### Cash flow from financing activities

Net cash flow from financing amounted to 110.734 M€ in YTD Q3/2021, with the equity increase accounting for 117.233 M€. Repayment of interest-bearing debt amounted to -1.941 M€ in cash flow, other debt items to -0.826 M€, and dividend payments to -3.731 M€. The dividend payment served mainly for the repayment of interest-bearing holding company loans of the majority owner of Nordhealth AS. The dividend payments were issued before the private placement and subsequent listing to Euronext Growth Oslo.

Cash at end of September 2021 amounted to 26.650 M€ and holdings in money market funds amounted to 46.515 M€. The combined value of money market fund holdings and cash amounted to 73.165 M€ in the end of Q3/2021.

## Income statement – Group consolidated

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q3'21	Q3'20	Q3 YTD'21	Q3 YTD'20	FY20
Recurring revenue	5 334	2 668	12 564	7 536	10 724
Other revenue	434	396	1 333	1 295	1 960
<b>Total revenues</b>	<b>5 768</b>	<b>3 064</b>	<b>13 897</b>	<b>8 830</b>	<b>12 685</b>
Other operating income	4	(8)	24	57	312
Material and services	(922)	(450)	(2 248)	(1 333)	(1 751)
<b>Gross profit</b>	<b>4 850</b>	<b>2 606</b>	<b>11 673</b>	<b>7 554</b>	<b>11 246</b>
Personnel expenses	(2 825)	(1 164)	(6 485)	(3 690)	(5 555)
Other operating charges	(1 628)	(482)	(5 223)	(1 663)	(2 203)
<b>EBITDA</b>	<b>396</b>	<b>959</b>	<b>(36)</b>	<b>2 201</b>	<b>3 487</b>
Depreciation and amortization	(329)	(249)	(958)	(631)	(1 007)
Amortization of goodwill	(885)	(127)	(1 463)	(380)	(506)
<b>EBIT</b>	<b>(818)</b>	<b>583</b>	<b>(2 457)</b>	<b>1 191</b>	<b>1 975</b>
Other interest and financial income	467	6	517	66	279
Interest and other financial expenses	(225)	(16)	(684)	(78)	(252)
<b>EBT</b>	<b>(576)</b>	<b>573</b>	<b>(2 624)</b>	<b>1 178</b>	<b>2 001</b>
Taxes	(168)	(18)	228	(54)	(73)
<b>Net profit (loss)</b>	<b>(744)</b>	<b>555</b>	<b>(2 396)</b>	<b>1 123</b>	<b>1 928</b>
<b>Adjustments to EBITDA:</b>	<b>0</b>		<b>2 366</b>		
<b>Adjusted EBITDA</b>	<b>396</b>		<b>2 331</b>		
Adjusted EBITDA-%	7 %		17 %		
<b>Adjusted Net profit (loss)</b>	<b>(744)</b>		<b>(30)</b>		

# Balance sheet

	Unaudited	Audited
EUR in thousands	30 Sep'21	31 Dec'20
Intangible assets	3 376	2 435
Deferred tax assets	1 269	0
Other capitalized long-term expenses	147	34
Goodwill	42 717	4 135
Machinery and Equipment	555	306
Other shares and similar rights of ownership	191	189
Loan receivables, long-term	0	49
<b>Total non-current assets</b>	<b>48 255</b>	<b>7 149</b>
Stocks	4	0
Accounts receivable	1 279	1 151
Loan receivables, short-term	99	149
Other receivables	1 178	175
Prepayments and accrued income	611	506
Money market funds	46 515	0
Cash at bank and in hand	26 650	3 768
<b>Total current assets</b>	<b>76 336</b>	<b>5 749</b>
<b>Total assets</b>	<b>124 591</b>	<b>12 898</b>
<b>Total equity</b>	<b>115 803</b>	<b>4 954</b>
Liabilities to credit institutions	25	1 638
Other creditors	1 391	2 392
<b>Total long-term liabilities</b>	<b>1 416</b>	<b>4 030</b>
Liabilities to credit institutions	25	353
Advances received	2 177	500
Accounts payable	835	478
Other liabilities	683	791
Accrued expenses and deferred income	3 652	1 793
<b>Total short-term liabilities</b>	<b>7 372</b>	<b>3 915</b>
<b>Total equity and liabilities</b>	<b>124 591</b>	<b>12 898</b>

# Cash flow

Unaudited

EUR in thousands	30 Sep'21
<b>Cash flow from operations</b>	
Profit before income taxes	(2 624)
Net financial items	(48)
Depreciation and amortization	2 421
Change in inventory	(4)
Change in trade debtors	(128)
Change in trade creditors	357
Change in other provisions	1 373
<b>Net cash flow from operations</b>	<b>1 347</b>
<b>Cash flow from investments</b>	
Purchase of fixed assets	(2 245)
Purchase of shares and investments	(40 437)
Purchase of other investments	(2)
Purchase of money market funds	(46 515)
<b>Net cash flow from investments</b>	<b>(89 200)</b>
<b>Cash flow from financing</b>	
Change in debt	(2 767)
New equity received	117 233
Payment of dividend	(3 731)
<b>Net cash flow from financing</b>	<b>110 734</b>
Net change in cash and cash equivalents	22 882
Cash and cash equivalents at the beginning of the period	3 768
<b>Cash and cash equivalents at the end of the period</b>	<b>26 650</b>
<b>Money market fund</b>	<b>46 515</b>

# Notes

## Accounting principles

The Accounting principles used in 2021 are according to Norwegian GAAP, while the financial statements for 2020 were still reported according to Finnish Accounting Standards (FAS). The Reporting currency is EUR. All numbers are presented in EUR millions, unless otherwise stated.

## Revenue

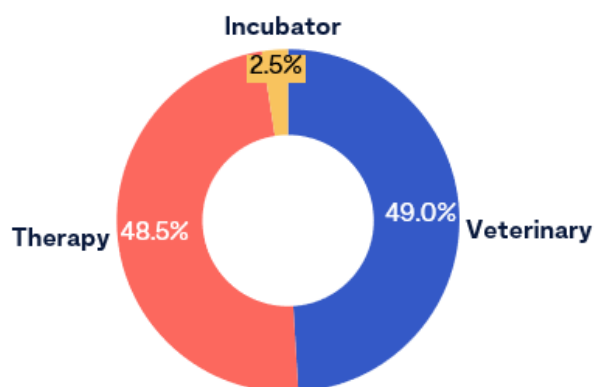
The company's revenues consist primarily of revenues related to Software-as-a-Solution services. Revenue is recognized on a straight-line basis on accordance with the underlying agreement. A large portion of the company's agreements are recurring.

## Development expenses capitalization

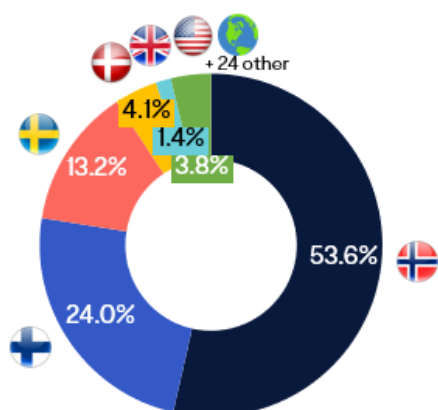
Development expenses capitalized are mainly software development costs. Software development costs are capitalized when it is probable that future economic benefits attributable to the software will flow to the entity through revenue generation and / or cost reduction. Development costs include external direct costs for services and internal labour related costs directly involved in the development of the software. Capitalised software development costs are amortised on a straight-line basis over three to five years, during which the benefits are expected to realize.

## Top 10 shareholders per 30.9.2021

Investor	A-shares	B-shares	Number of total shares	% of top 10	% of total	Type	Country
J.P. Morgan Bank Luxembourg S.A.	4 956 027	29 742 998	34 699 025	55 %	43 %	Nominee	UK
State Street Bank and Trust Comp	6 504 657	0	6 504 657	10 %	8 %	Nominee	US
Nordnet Bank AB	893 087	5 084 866	5 977 953	10 %	7 %	Nominee	Sweden
Morgan Stanley & Co. Int. Plc.	4 757 526	0	4 757 526	8 %	6 %	Nominee	UK
FJARDE AP-FONDEN	3 500 000	0	3 500 000	6 %	4 %	Ordinary	UK
Goldman Sachs & Co. LLC	1 837 955	0	1 837 955	3 %	2 %	Nominee	US
HSBC TRINKAUS & BURKHARDT AG	1 591 900	0	1 591 900	3 %	2 %	Nominee	Germany
SEB AB - SEB Nordic Small Cap Fund	1 505 685	0	1 505 685	2 %	2 %	Nominee	Luxembourg
SEB AB - SEB NANOCAP	1 253 077	0	1 253 077	2 %	2 %	Nominee	Sweden
Skandinaviska Enskilda Banken AB	1 252 276	0	1 252 276	2 %	2 %	Nominee	Sweden
Total number owned by top 10	28 052 190	34 827 864	62 880 054		79 %		
Total number of shares	45 000 000	34 999 999	79 999 999		100 %		



ARR split by segment Q3 2021



ARR split by country Q3 2021

## 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). The APMs include, but not limited to, Annual Recurring Revenue (ARR), organic revenue, adjusted revenue, recurring revenue, adjusted recurring revenue, EBITDA, and adjusted EBITDA. 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.

**Adjusted EBITDA** is revenue less all operating expenses excluding depreciation and amortization, M&A and equity funding transactions, other similar non-recurring items, and changes in contingent consideration.

**Pro-forma** numbers include Aspit and Novasoft financials for the full time periods. Novasoft A/S was acquired in April 2021 and Aspit AS was acquired in June 2021.

# Declaration by the Board of Directors and CEO

We hereby confirm that, to the best of our knowledge, the interim financial statements for the period from 1 January to 30 September 2021 have been prepared in accordance with NGAAP, and that the information in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and profit and loss taken as a whole.

We also confirm that, to the best of our knowledge, the interim report gives a true and fair view of important events in the accounting period and their influence on the interim report, as well as the principal risks and uncertainties facing the business in the next accounting period.

The Board of Directors of Nordhealth AS, Oslo 29 November 2021

**Charles MacBain**  
CEO

**Didier Breton**  
Chairman of the board

**Valter Pasanen**  
Chief Financial Officer

**Olli Venemies**  
Board member

**Janne Huttunen**  
Board member

**Javier Mata**  
Board member

## Further information:

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