





Building the cloud operating system for veterinary and therapy clinics



14 November 2023



Q3/2023 Performance

Charles MacBain, CEO



Q3 2023 KPIs



21.9%
Organic ARR growth

LTM Q3 2023



112%
net retention rate

LTM Q3 2023



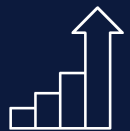
4.6%
gross churn

LTM Q3 2023



1.8 CAC / new ARR **

LTM Q3 2023



1.3% QoQ
ARR growth

Q2 2023 vs Q3 2023



EUR 34.6M
Implemented ARR

Q3 2023 Annualised



EUR 36.2M
Signed ARR

Q3 2023



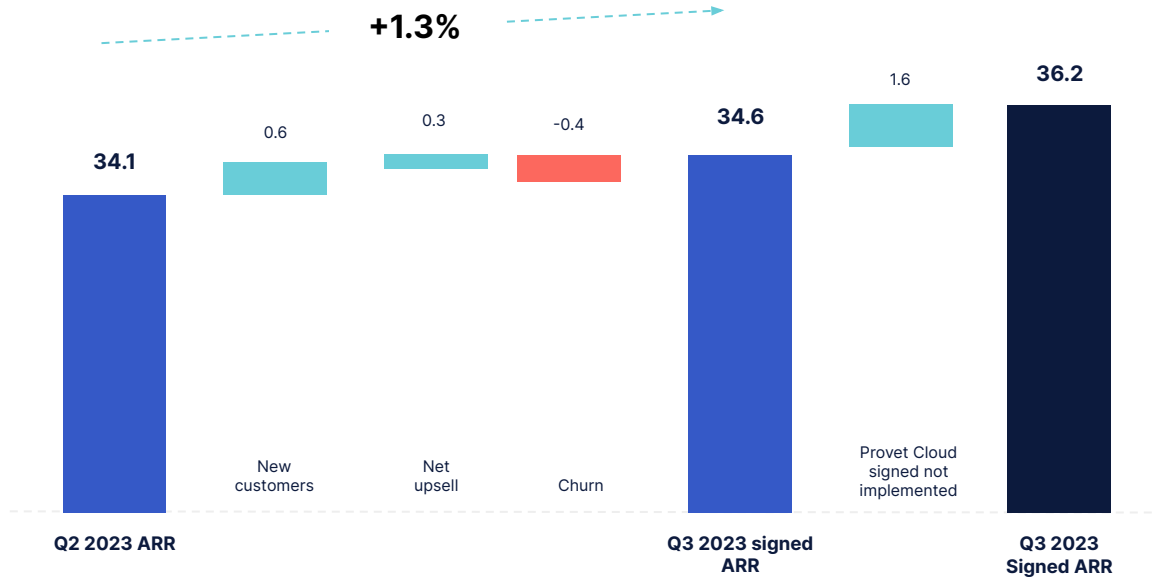
EUR 0.43
ARR per share *

Q3 2023 Annualised

ARR is implemented ARR calculated by annualising the quarter's recurring revenue. Reported in constant currency (using year 2022 end currency rates).

* Calculated based on number of outstanding shares
** Excluding Vetera

1.3% QoQ ARR Growth in Q3 2023

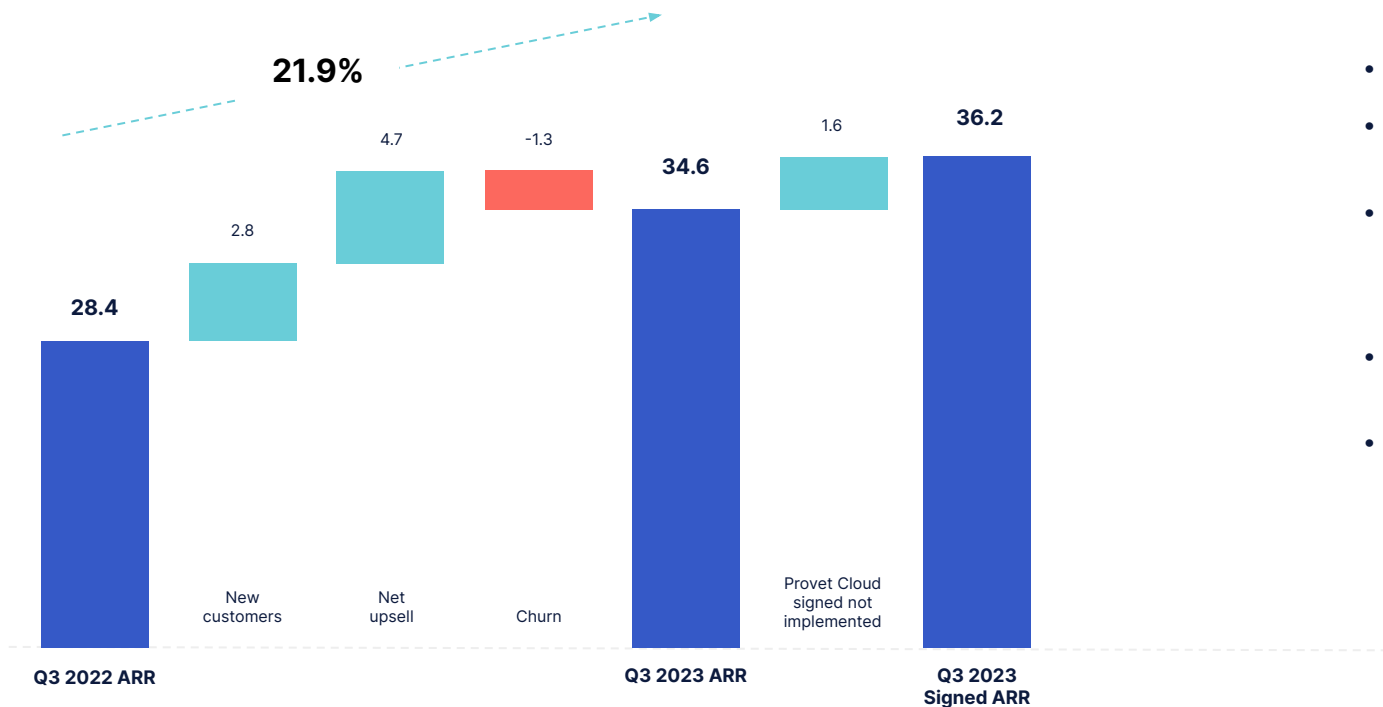


- ARR grew 1.3%
- Expansion in Q3/2023 primarily driven by Provet Cloud new add-on sales; downgrade in Therapy products
- 50% of ARR on Cloud products in Q3/23 vs. 49% in Q2/23
- Provet Cloud signed not implemented ARR does not include CVS or Vets for Pets rollout post-pilot

Reported in constant currency (using year 2022 end currency rates).

Provet Cloud Signed but not implemented ARR in Q2/23 was 1.1 Meur.

22% YoY implemented ARR growth



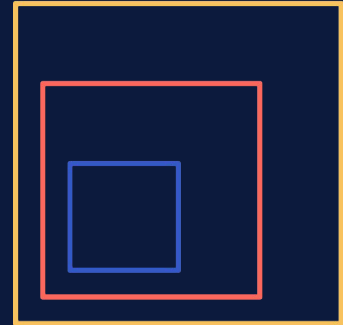
- ARR grew 21.9%
- New customer acquisition accounted for 45% of the growth
- Strong expansion in Q3/2023 primarily driven by Provet Cloud user growth and new add-on sales
- 50% of ARR on Cloud products in Q3/23 vs. 43% in Q3/22
- Provet Cloud signed not implemented ARR does not include CVS or Vets for Pets rollout post-pilot

Pro-forma, reported in constant currency (using year 2022 end currency rates).



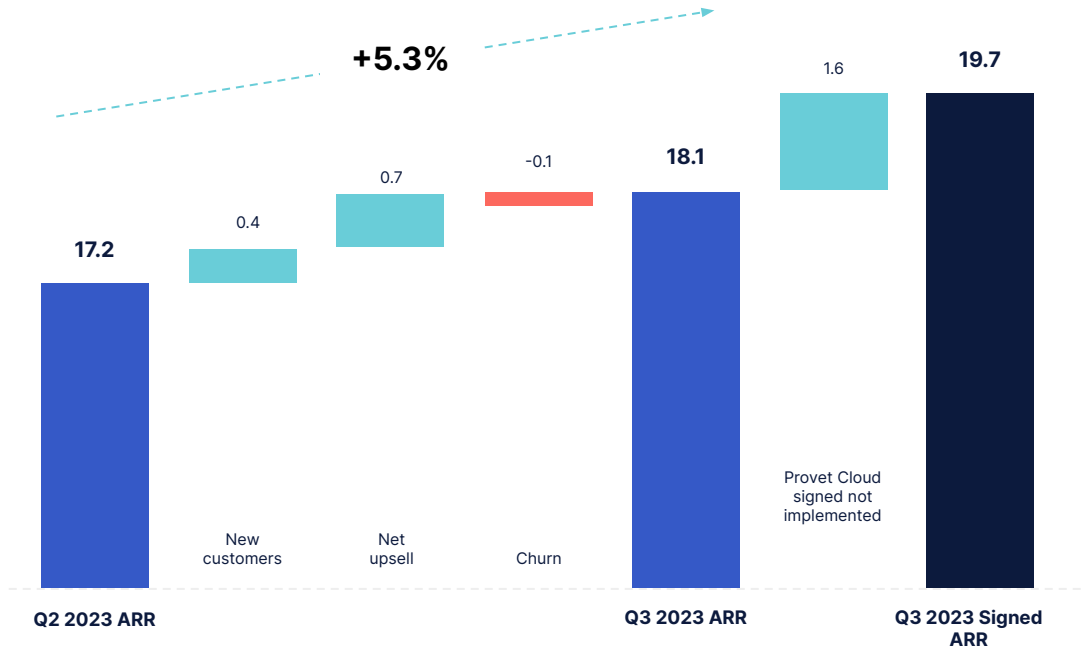
Q3/2023 Veterinary Update

Charles MacBain, CEO





5% QoQ implemented ARR growth

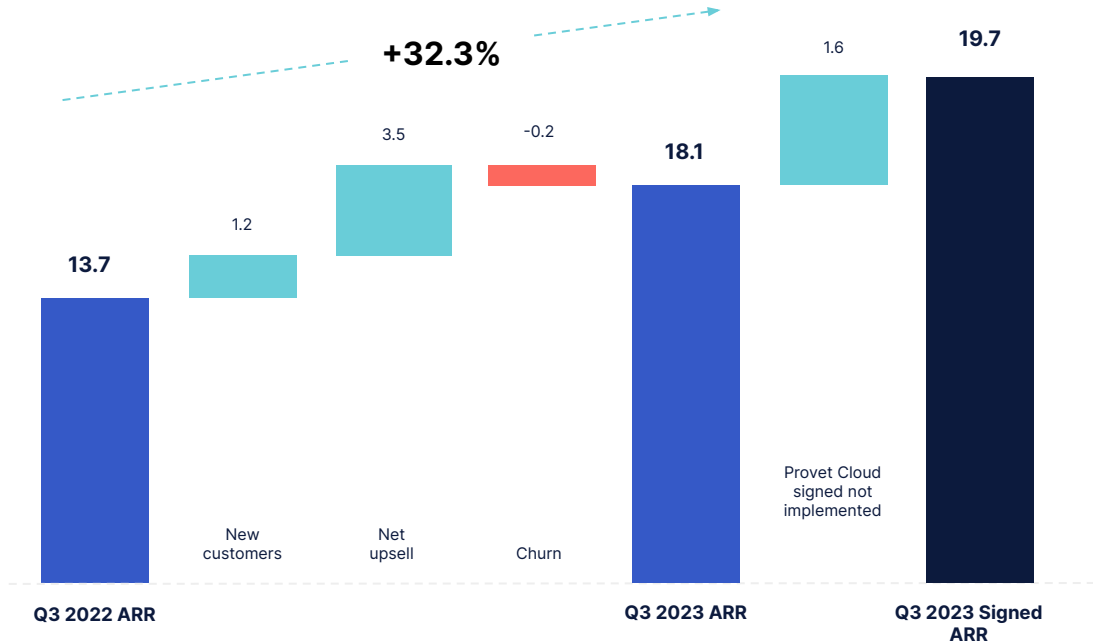


- Implemented ARR growth in the third quarter of 2023 stood at 5.3 %
- New customer acquisition accounted for 39% of the growth
- 56% of ARR on Cloud products in Q3/23 vs. 53% in Q2/23

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

Provet Cloud Signed but not implemented ARR in Q2/23 was 1.1 Meur.

32% YoY implemented ARR growth



- Implemented ARR growth at 32.3% in LTM ending Q3/23
- Net retention rate 123.6%, primarily driven by Provet Cloud user growth, new add-on sales and price increases
- Churn of 1.8%
- New customer acquisition accounted for 27% of the growth

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

Provet Cloud Signed but not implemented ARR in Q3/22 was 1.1 Meur.



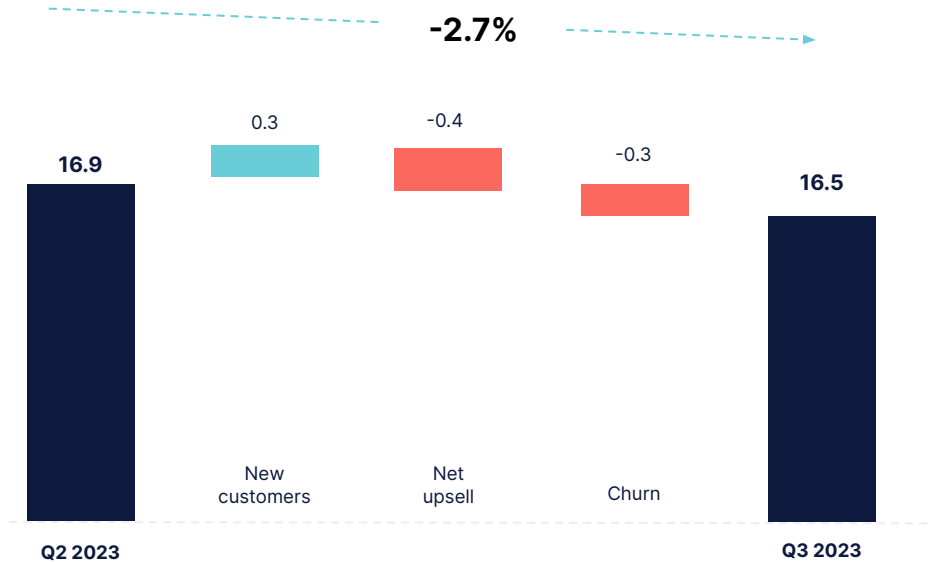
Q3/2023 Therapy Update

Charles MacBain, CEO





-2.7% QoQ ARR growth

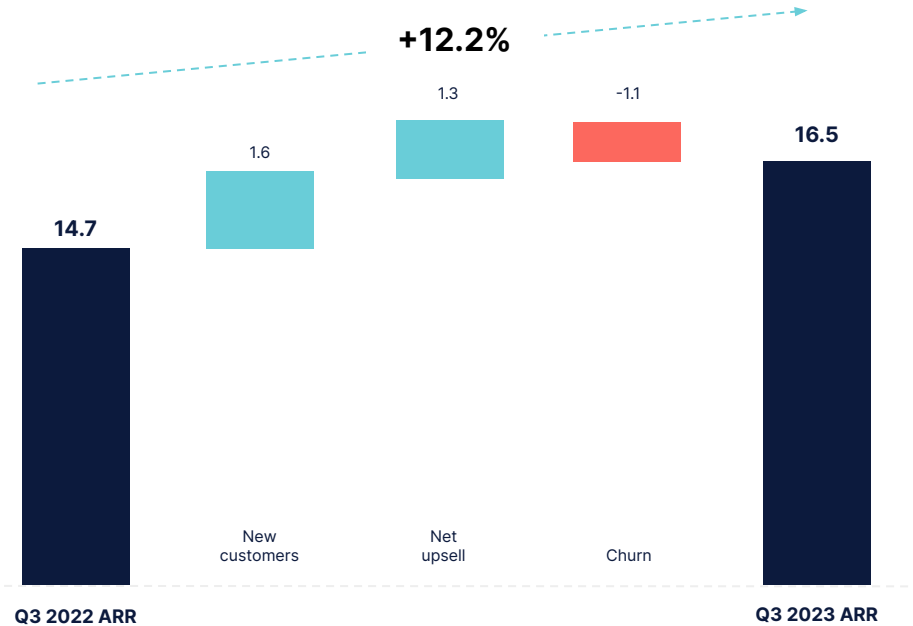


- Growth in the second quarter 2023 was -2.7%
- Churn rate high due to loss of one enterprise customer which will also impact future periods
- Low net retention rate (including price increases) 96.0%, primarily driven by net downsell
- 67% of new customer revenues came from Cloud products
- 45% of ARR on Cloud products in Q3/23 (45% in Q2/23)

Reported in constant currency (using year 2022 end currency rates).



12% YoY Pro Forma ARR growth



- ARR growth at 12.2% in LTM ending Q3/23
- Net retention rate (including price increases) 101.2%
- Churn of 7.3%
- New customer acquisition accounted for 90% of the growth
- 65% of new customers came from Cloud products

Reported in constant currency (using year 2022 end currency rates).

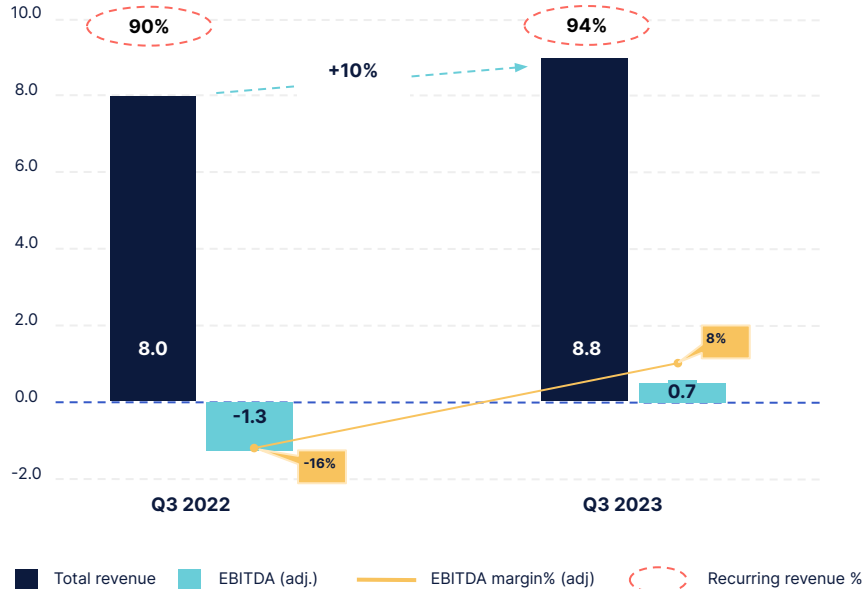


Financial Update

Mari Orttenvuori, CFO

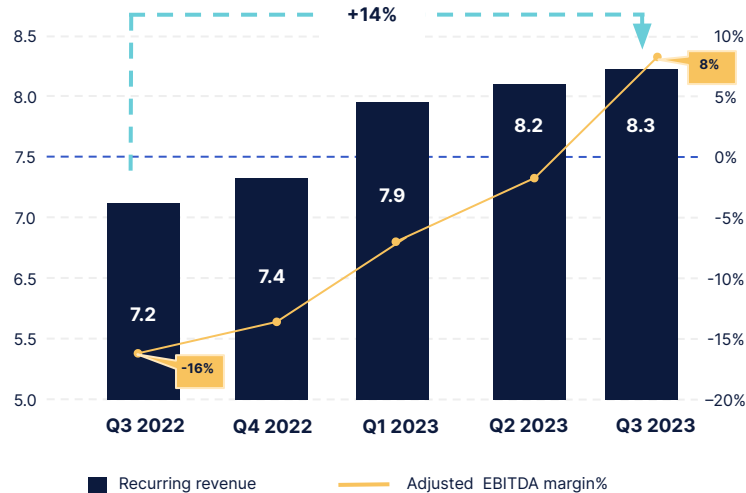


Revenue growth driving profitability, despite significant impact of weak NOK and SEK



- Total reported revenues Q3/23 grew 10% YoY from EUR 8.0M to EUR 8.8M
- Share of recurring revenue increased from 90% to 94% YoY
- Q3/23 adjusted EBITDA improved from EUR -1.3M in Q3/22 to EUR 0.7M in Q3/23
- Adjusted EBITDA margin 8% in Q3/23; an improvement from -16% in Q3/22
- Positive impact of summer vacations in Q3/23 approx. EUR 0.5M

Recurring revenue growing at a faster rate than revenue

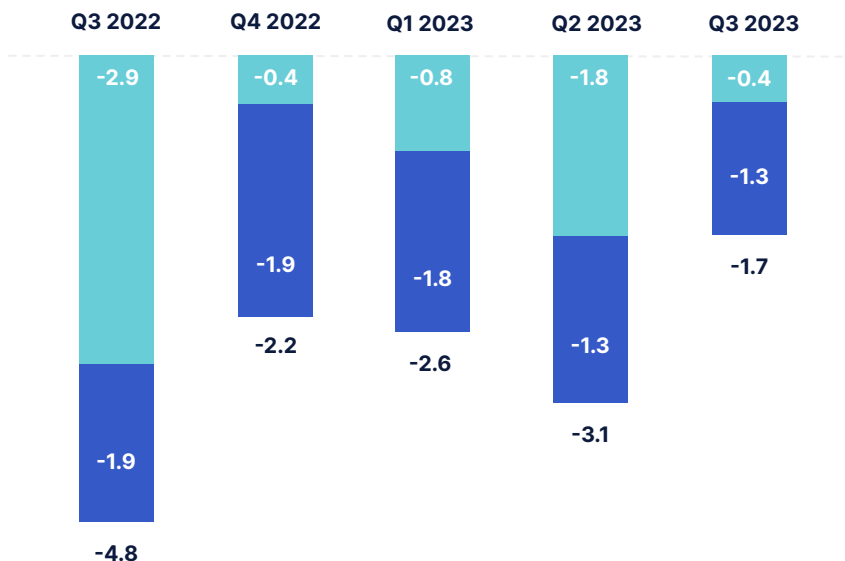


- Recurring revenues Q3/23 grew 14% YoY from EUR 7.2M to EUR 8.3M
- Revenue impacted by weak NOK and SEK; on a constant currency basis YoY growth in recurring revenue would have been 24% vs 14% as reported
- Decrease in headcount by 19 FTE's from Q4/22 and from Q3/22 by 23

Strong financial position and free cash flow improving



Free cash flow Q3/22 - Q3/23



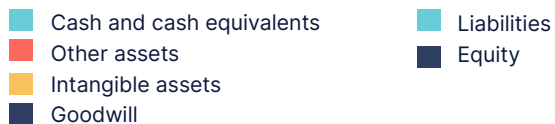
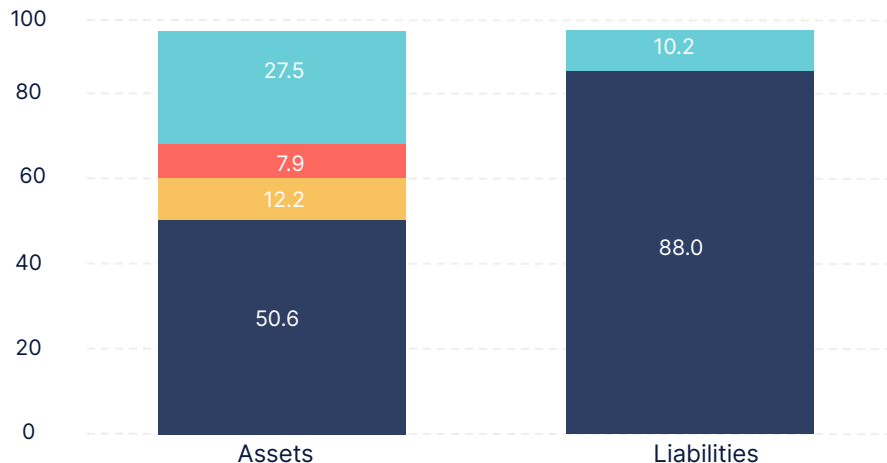
- **Cash flow from operating activities** has improved significantly from Q3/22 as a result of higher revenues and cost cutting measures
- Level of **CAPEX** in Q2/23 and Q3/23 impacted by vacations
- **Free cash flow (adjusted)** improved significantly from Q3/22 to Q3/23 and will continue to improve as cost base continues scaling

■ Cash flow from operations (adjusted)
■ CAPEX

Strong cash position and no debt



Balance sheet 30 September 2023



Assets

- Cash balance remains strong at EUR 27.5M of cash and cash equivalents
- Intangible assets primarily consist of capitalised R&D expenses

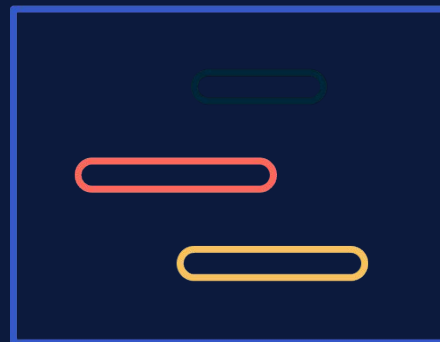
Liabilities and equity

- No interest bearing debt
- Share repurchase program EUR 0.3M in Q2/23

Financial calendar

Q4 2023 results presentation on 5 March 2024.

Full year financial calendar can be found on [company website](#).





Key definitions

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 implemented ARR that is recurring revenue 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.

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

Appendix



Profit & Loss statement



Consolidated Income Statement

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022	FY 2022
Recurring revenue	8 270	7 238	24 359	20 834	28 216
Other revenue	568	789	2 337	1 757	2 833
Total revenue	8 838	8 027	26 696	22 591	31 050
Other operating income	0	34	52	99	229
Total operating income	8 847	8 061	26 758	22 691	31 279
Material and services	(1 274)	(1 215)	(3 781)	(3 483)	(4 780)
Personal expenses	(4 560)	(5 701)	(15 928)	(15 870)	(22 255)
Other operating expenses	(2 255)	(2 405)	(7 350)	(7 693)	(10 218)
Total operating expenses	(8 089)	(9 321)	(27 059)	(27 046)	(37 254)
EBITDA	758	(1 260)	(301)	(4 356)	(5 975)
Depreciation and amortization	(1 158)	(617)	(2 702)	(1 550)	(2 236)
Amortization of goodwill	(1 554)	(1 736)	(4 850)	(4 772)	(6 467)
Total depreciation and amortization	(2 712)	(2 354)	(7 553)	(6 321)	(8 702)
Operating profit (EBIT)	(1 954)	(3 614)	(7 853)	(10 677)	(14 677)
Other financial income	285	500	835	1 820	2 082
Interest expenses	(2)	(5)	(4)	(17)	(17)
Other financial expenses	(161)	(256)	(475)	(869)	(1 517)
Total financial income and expense	122	239	356	934	549
Profit (loss) before tax	(1 832)	(3 375)	(7 498)	(9 743)	(14 128)
Taxes	(48)	(61)	(237)	(255)	(136)
Net profit (loss)	(1 880)	(3 436)	(7 735)	(9 998)	(14 264)
Adjustments to EBITDA	(65)	0	289	0	527
Adjusted EBITDA	693	(1 260)	(12)	(4 356)	(5 448)
Adjusted EBITDA Margin %	8 %	-16 %	0 %	-19 %	-18 %
EBITDA - CAPEX	(719)	(2 730)	(4 365)	(8 381)	(12 328)
Adjusted EBITDA-CAPEX:	(784)	(2 730)	(4 076)	(8 381)	(11 801)
Adjusted EBITDA-CAPEX Margin %	-9 %	-34 %	-15 %	-37 %	-38 %

Balance Sheet



Consolidated Balance Sheet			
	Unaudited	Unaudited	Audited
EUR in thousands	30-Sep-23	30-Sep-22	31-Dec-22
Intangible assets	12 096	8 993	10 280
Deferred tax assets	546	43	585
Other capitalized long-term expenses	120	37	32
Goodwill	50 572	59 046	57 813
Machinery and Equipment	573	816	733
Other shares and similar rights of ownership	834	834	834
Loan receivables, long-term	68	64	64
Total non-current assets	64 809	69 834	70 342
Accounts receivable	3 770	1 691	4 035
Other receivables	990	1 554	526
Prepayments and accrued income	1 044	1 009	793
Money market funds	18 376	23 565	23 684
Cash at bank and in hand	9 172	18 513	15 514
Total current assets	33 352	46 332	44 552
Total assets	98 162	116 166	114 895
Total equity	88 009	102 691	98 630
Other non-current liabilities	270	67	270
Total non-current liabilities	270	67	270
Current liabilities to credit institutions	-	25	25
Advances received	3 585	3 088	4 518
Accounts payable	869	996	878
Other current liabilities	1 259	5 008	5 833
Accrued expenses and deferred income	4 170	4 292	4 740
Total current liabilities	9 883	13 408	15 995
Total equity and liabilities	98 162	116 166	114 895

Cashflow



Consolidated Cash Flow Statement

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022	FY 2022
Cash flow from operations					
Profit before income taxes	(1 797)	(3 375)	(7 498)	(9 743)	(14 128)
Taxes paid in the period	169	33	(31)	(20)	(153)
Other non-cash items	(247)	166	(152)	1 070	969
Depreciation and amortization	2 712	2 354	7 553	6 321	8 702
Change in trade debtors	2 382	1 077	265	894	(832)
Change in trade creditors	(225)	(73)	(9)	(124)	(242)
Change in other accruals	(3 324)	(3 089)	(3 361)	(3 898)	(841)
Net cash flow from operations	(332)	(2 908)	(3 235)	(5 499)	(6 525)
Cash flow from investments					
Investments in tangible and intangible assets	(1 281)	(1 874)	(4 428)	(4 935)	(6 802)
Purchase of shares and investments	-	(105)	(4 034)	(17 747)	(17 786)
Proceeds from/(investments in) money market funds	-	-	5 721	22 500	22 500
Net cash flow from investments	(1 281)	(1 979)	(2 741)	(182)	(2 089)
Cash flow from financing					
Change in debt	-	(1 035)	(25)	(2 016)	(2 082)
Purchase of treasury shares	-	-	(342)	-	-
Net cash flow from financing	-	(1 035)	(366)	(2 016)	(2 082)
Net change in cash and cash equivalents	(1 613)	(5 921)	(6 342)	(7 697)	(10 696)
Cash and cash equiv. at the beginning of the period	10 785	24 434	15 514	26 210	26 210
Cash and cash equiv. at the end of the period	9 172	18 513	9 172	18 513	15 514
Money market fund	18 376	23 565	18 376	23 565	23 684

KPIs by business segments



	🐾 Veterinary		👨 Therapy		Total		
	Cloud	Hosted	Cloud	Hosted	Cloud	Hosted	All
2022-Q3 (€M)	€ 5.6	€ 8.0	€ 6.5	€ 8.2	€ 12.2	€ 16.2	€ 28.4
2023-Q3 (€M)	€ 10.1	€ 8.0	€ 7.4	€ 9.2	€ 17.4	€ 17.2	€ 34.6
Growth	78.6%	-0.1%	12.7%	11.7%	43.3%	5.9%	21.9%
Migration (€M)	€ 0.2	€ -0.1	€ 0.0	€ 0.0	€ 0.2	€ -0.1	€ 0.1
Growth excl. migration	65.2%	7.1%	12.7%	11.7%	37.1%	9.5%	21.3%
New customer %	13.9%	5.1%	16.1%	6.9%	15.1%	6.0%	9.9%
Churn %	-0.4%	-2.7%	-12.6%	-3.1%	-6.9%	-2.9%	-4.6%
Net Upsell incl. Price increases %	51.7%	4.7%	9.2%	7.9%	29.0%	6.3%	16.0%

Business Segments

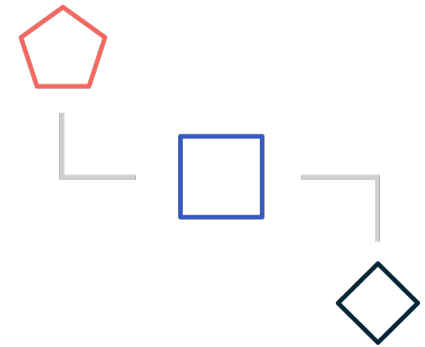
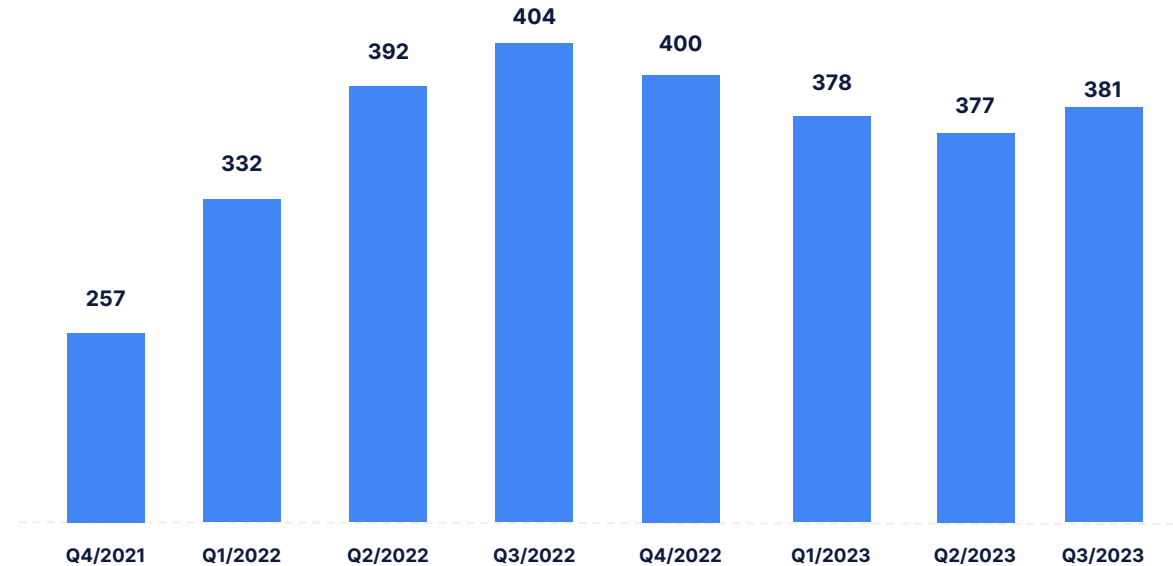


	🐾 Veterinary		👤 Therapy	
	Cloud	Hosted	Cloud	Hosted
Products	Provet Cloud Nordhealth Pay	Provet Legacy (Finland) Sanimalis (Norway, Sweden) Vetserve (Norway) Vetvision (Denmark) Vetera (DACH)	EasyPractice Diarium Nordhealth Connect Navisec Flex	Aspit (Norway)
Share of recurring revenue Q3 2023	29%	23%	21%	26%

Organisation size ready for scale



At the end of Q3/23 total number of employees amounted to 381 (377 at the end of previous quarter) of which 128 (127) work in Therapy, 226 (222) in Veterinary and 27 (28) in HQ G&A.



Including employees on a consultancy agreement.

