





Q3 2024 presentation

12 November 2024

Today's presenters



Charles MacBain

CEO



Mari Laine

CFO



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



01

Company Update

Charles MacBain, CEO

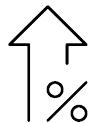


Q3 2024 KPIs



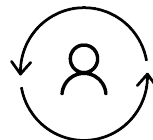
23.7%
Organic ARR growth¹

YoY Q3 2024



114.8%
Net retention rate

LTM Q3 2024



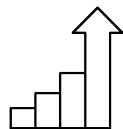
6.2%
Churn¹

LTM Q3 2024



0.7
CAC / new ARR

LTM Q3 2024



15.8 LTV / CAC

LTM Q3 2024



€41.8M
Implemented ARR

September 2024 Annualised



€43.8M
Signed ARR

Q3 2024



€0.53
ARR per share²

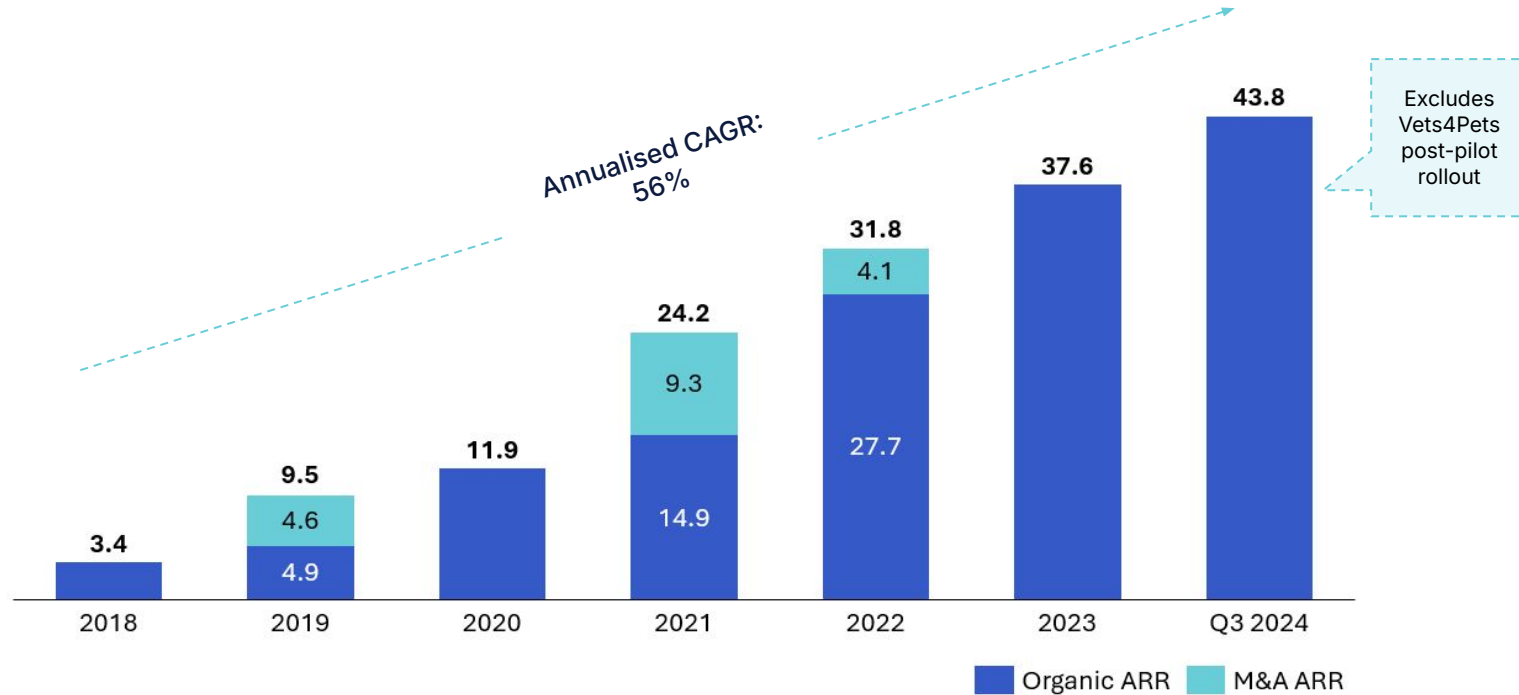
Q3 2024 Annualised

1. Churn includes reactivation and Churn and Organic ARR growth excludes other business (non-healthcare software businesses). Including other business Churn would have been 7.0% and Organic ARR growth would have been 22.9%.
2. Calculated based on number of outstanding shares

Strong track record of organic and acquisition-led growth



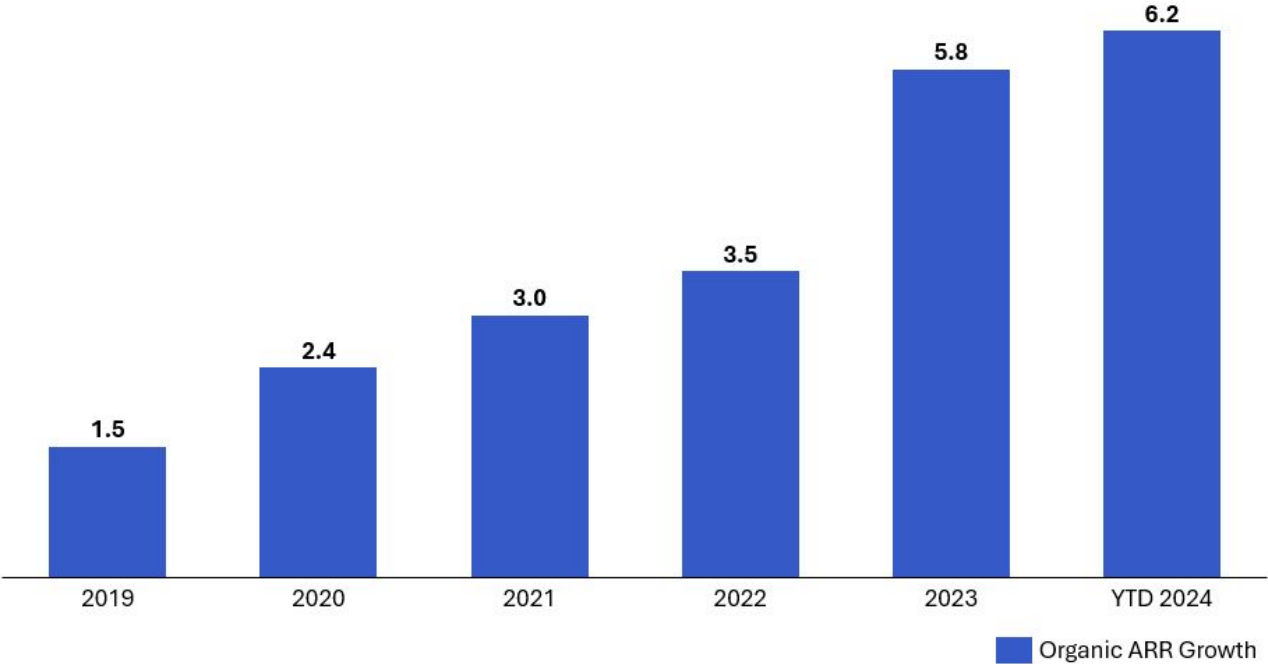
Signed ARR



Organic ARR growth is accelerating



Organic signed ARR growth per period

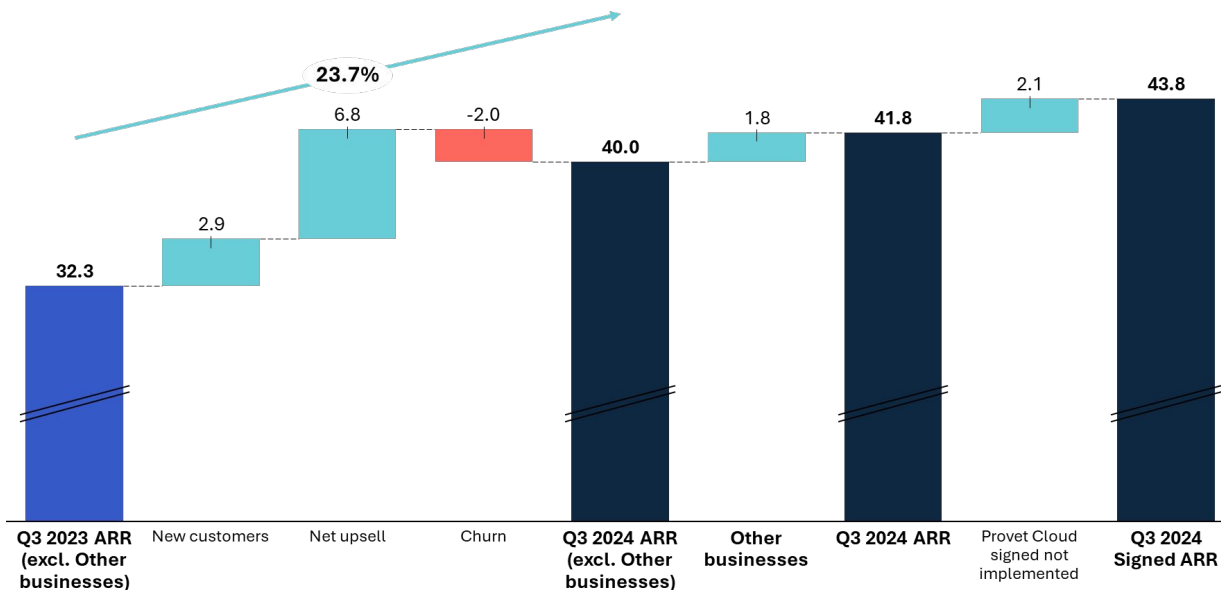


- YTD Q3/24 organic ARR growth has exceeded FY 2023

23.7% YoY implemented ARR growth



ARR



- Implemented ARR excluding other businesses grew 23.7% YoY
- Net upsell primarily driven by CVS implementation and other Provet Cloud ARPU and user growth
- 6.2% ARR churn higher than long-term average. Excluding loss of Diarium enterprise customer, churn would be 5.3% and excluding also sunset of Provet Win and Vetserve, churn would be 4.0%. We foresee long term average churn to be ~5%
- Vets 4 Pets rollout post-pilot not included ARR numbers

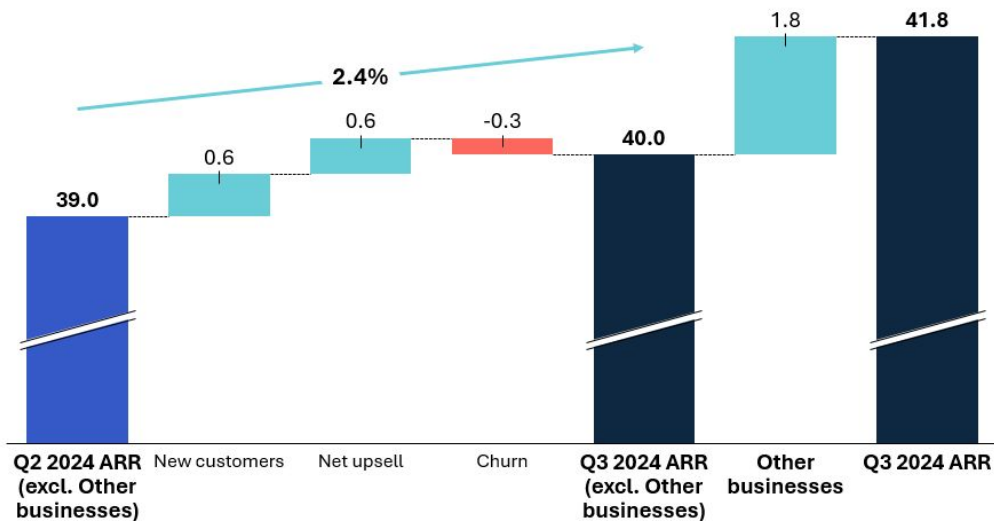
Reported in constant currency (using year 2023 end currency rates).

Provet Cloud Signed but not implemented ARR in Q3/23 was €1.6M.

2.4% QoQ implemented ARR growth in Q3 2024



Implemented ARR



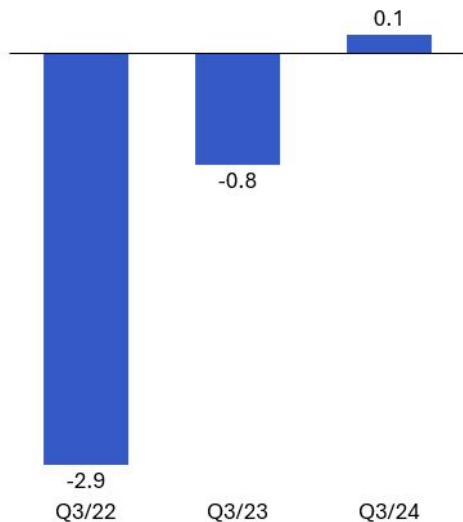
- Implemented ARR grew 2.4% QoQ
- New customer acquisition growing steadily overperforming net upsell
- Low churn in Q3/24. Annualised churn would be 2.6%

Reported in constant currency (using year 2023 end currency rates).

Adj. EBITDA - CAPEX positive again Q3 2024



EBITDA - CAPEX (adjusted)



Drivers of result improvement Q3/24 vs Q3/23:

- Recurring revenue growth (+€1.8M)
- Implementation/one-off license revenues (+€0.3M)
- Costs increases across the organisation to support growth (-€1.2M)

Adjusted EBITDA - CAPEX adjusted for:

- Q3/22 - no adjustments
- Q3/23 - adjustment to bonus accrual (€75k)
- Q3/24 - restructuring costs and earn-out adjustment (-€44k)



02

Veterinary Update

Charles MacBain, CEO



Veterinary update

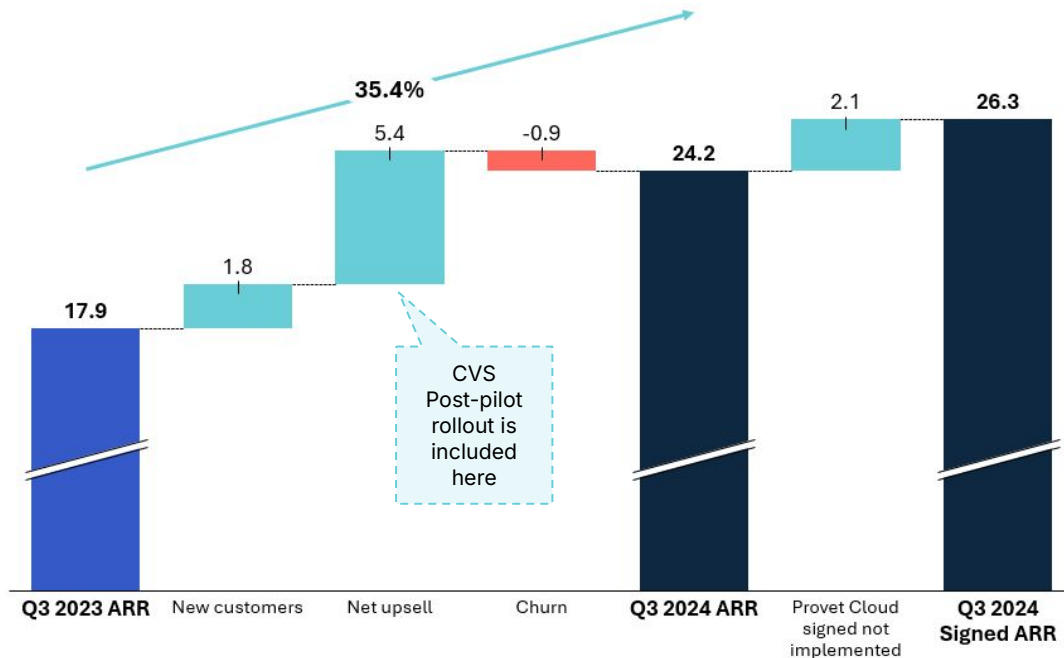


- Strong growth of Provet Cloud YoY driven by CVS
- Nordic migration is progressing, albeit slower than anticipated. €4.1M of ARR still on Vetvision, Provet Net, Sanimalis.
- Product development efforts focused on migration to new front-end, improving core workflows and enterprise
- Profitability has improved as we are growing revenues faster than costs and improving onboarding profitability

35.4% YoY Veterinary implemented ARR growth



Implemented ARR



Reported in constant currency (using year 2023 end currency rates).

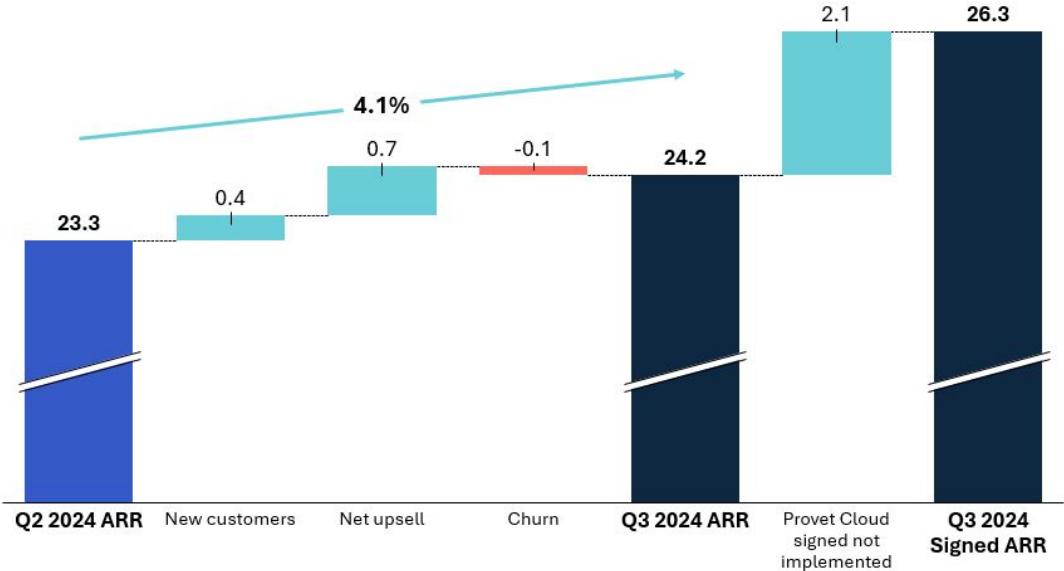
Provet Cloud Signed but not implemented ARR in Q3/23 was €1.6M.

- Implemented ARR grew 35.4% YoY
- Net retention rate 125.4%, primarily driven by CVS user growth and new add-on sales
- Churn of 4.8%
- The sunset of Provet Win and Vetserve products increased churn rate over long term average - excluding these churn was 2.5%
- New customer acquisition accounted for 28.3% of the growth
- Vets 4 Pets rollout post-pilot not included in signed but not implemented ARR



4.1% QoQ Veterinary implemented ARR growth

Implemented ARR



- Implemented ARR growth in was 4.1% in the third quarter
- Net upsell was driven by Provet Cloud ARPU and user growth
- New customer acquisition accounted for 39.2% of the growth

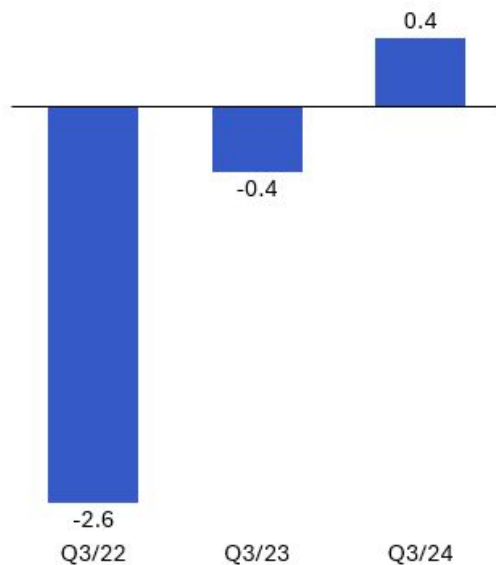
Reported in constant currency (using year 2023 end currency rates).

Provet Cloud Signed but not implemented ARR in Q3/23 was €1.6M.

Adj. EBITDA - CAPEX improved by €0.8M YoY



EBITDA - CAPEX (adjusted)



Drivers of result improvement Q3/24 vs Q3/23:

- Recurring revenue growth (+€1.6M)
- Implementation/one-off license revenues (+€0.3M)
- Costs increases across the organisation to support growth (-€1.0M)

Excluding group cost allocations.



03

Therapy Update

Charles MacBain, CEO



Therapy update

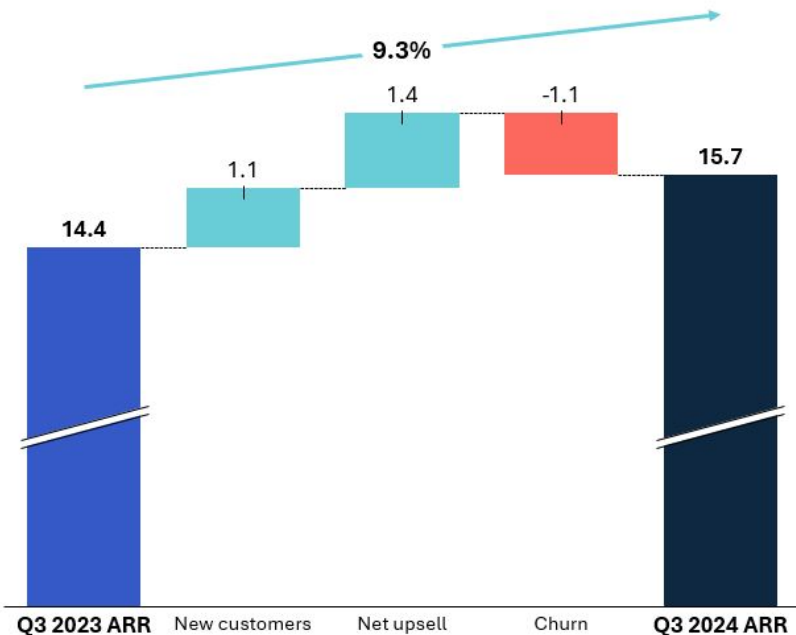


- Focused on developing our new unified platform to meet the needs of Norwegian therapists and enable us to upgrade Aspit customers
- Migrated 60 of 7,598 users - no migrated customers have churned.
- Piloting Norwegian Helsenett, Helfo and Digicare in Q4 2024
- ARR growth of 9.3% YoY is short of 10%+ target due to higher churn, downsell and delayed price increases for EasyPractice
- Over 1,000 therapists profiles (+677 in Q3) signed up to booking portal in Finland and patients have made almost 3,000 bookings

9.3% YoY therapy implemented ARR growth



Implemented ARR



- ARR growth at 9.3% YoY
- Net retention rate (including price increases) 101.7%
- Churn of 7.9% (5.9 % excluding loss of an enterprise customer in Therapy BU in late 2023)
- No price increase in the last 24 months for EasyPractice. Aiming to change pricing model in early 2025

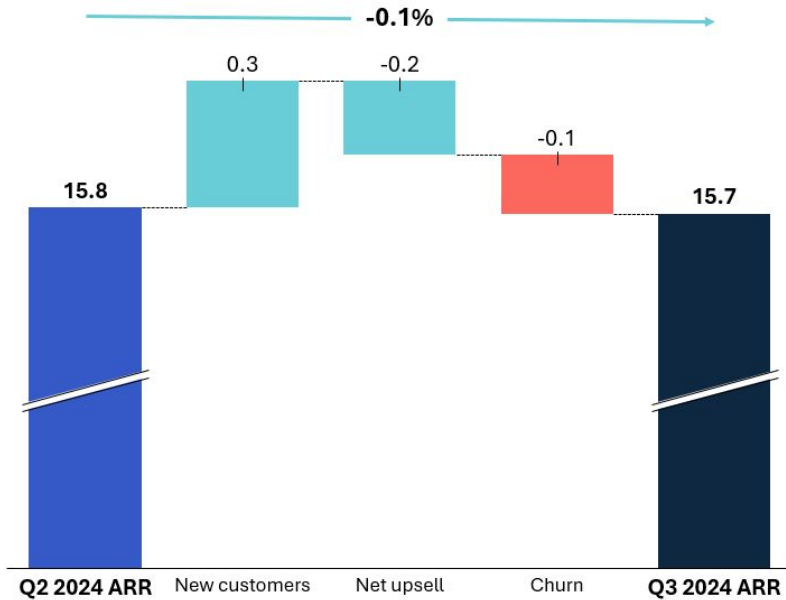
Reported in constant currency (using year 2023 end currency rates).

Q3 2023 ARR has been revised to exclude "Other Business".

-0.1% QoQ Therapy ARR growth



Implemented ARR



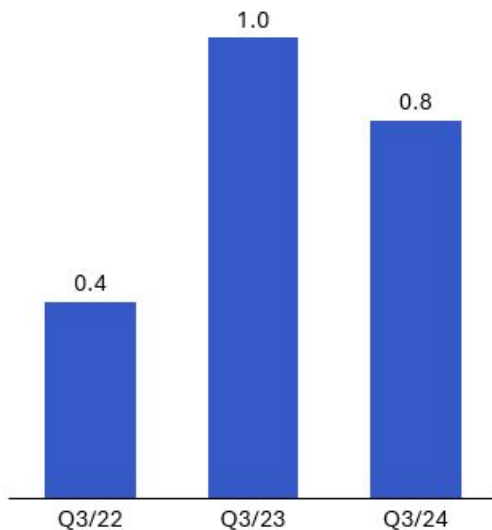
- Growth in the second quarter was -0.1%
- Low net retention rate 92.8% primarily driven by net downsell
- Annualised quarter-to-quarter churn rate has decreased from 11.3% in Q4/23 to 3.2% in Q3/24

Reported in constant currency (using year 2023 end currency rates).

Investments impacted profitability



EBITDA - CAPEX (adjusted)



Drivers of result change between Q3/24 vs Q3/23:

- Recurring revenue growth (+€0.2M)
- Cost increases in product development and sales & marketing to support migrations and future growth (-€0.4M)

Excluding group cost allocations.

Therapy Q3/22 and Q3/23 have been revised to exclude "Other Business".



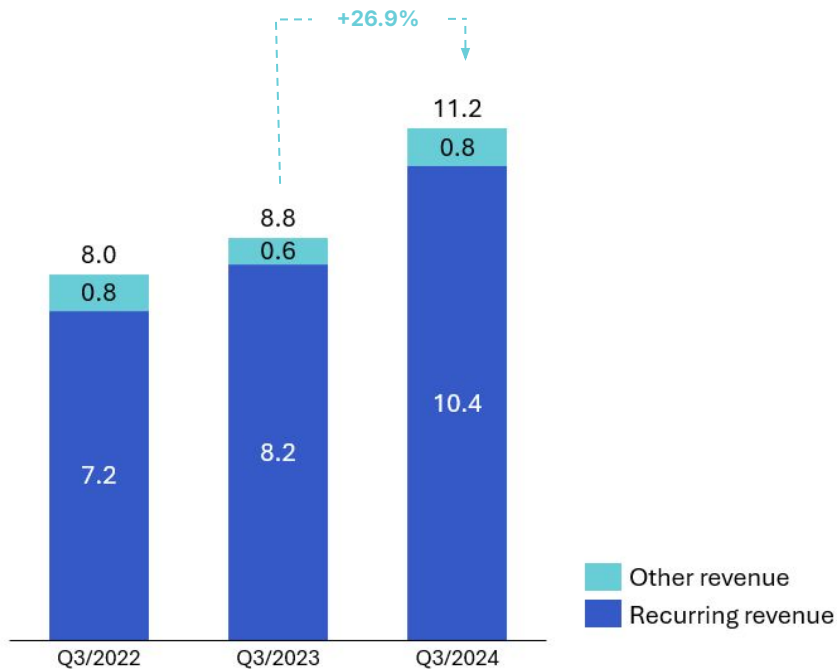
04

Financial Update

Mari Laine, CFO

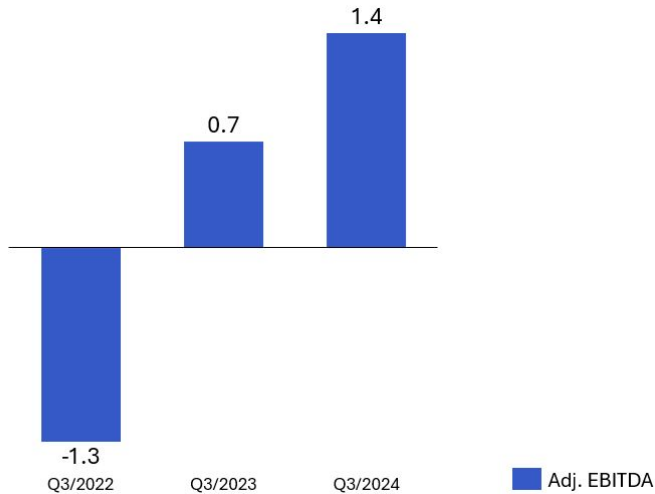


26.9% growth in total reported revenues YoY



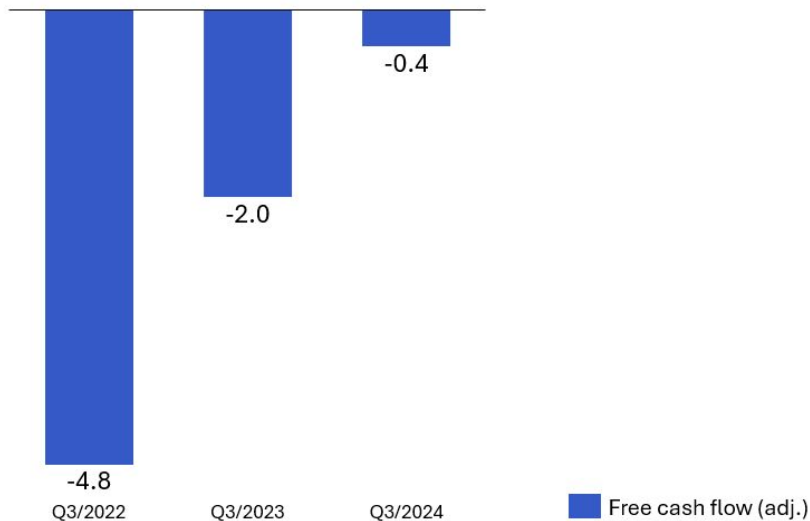
- Total reported revenues grew by 26.9% YoY to €11.2M in Q3/24 (€8.8M in Q3/23)
- Reported recurring revenues grew by 25.9% YoY to €10.4M in Q3/24 (€8.2M)
- Share of recurring revenue in Q3/24 was 92.6% (93.3% in Q3/23)

Adjusted EBITDA improving YoY



- Adjusted EBITDA improved to €1.4M in Q3/24 (€0.7M in Q3/23)
- Adjusted EBITDA margin 12.5% in Q3/24; an improvement from 7.8% in Q3/23
- Recurring revenue growth (+€2.1M) driving profitability in Q3/24
- Cost increases across the organisation to support growth (-€1.2M)

Free cash flow improving steadily YoY



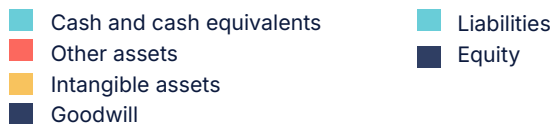
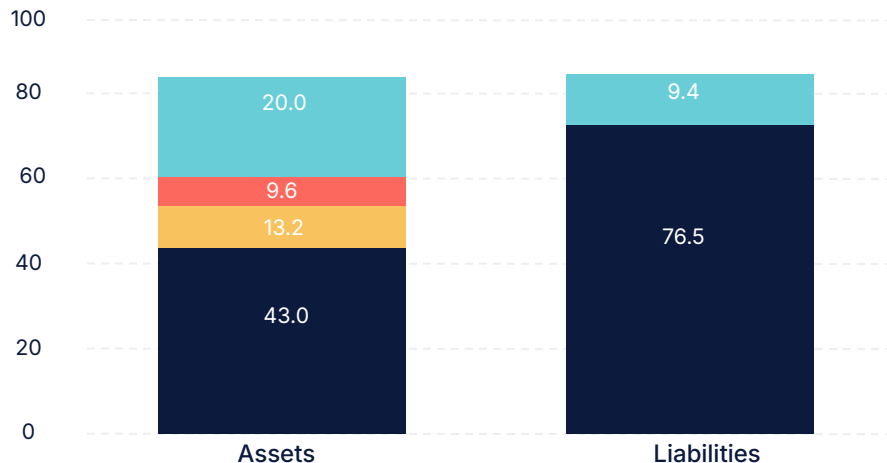
- Free cash flow improved by €1.6M from Q3/2023
- **Positive net operating cash flow of €0.7M in Q3/24 vs. -€0.6M in Q3/23** mainly due to improvement in profitability by €1.1M YoY

Adjusted for non-recurring items

Strong cash position and no debt



Balance sheet 30 September 2024



Assets

- Cash, cash equivalents and money market funds amounted to €20.0M at the end of Q3/24
- Intangible assets primarily consist of capitalised R&D expenses

Liabilities and equity

- No interest bearing debt

Conclusion



Conclusion

- PMS ARR grew 23.7% YoY (using year 2023 end currency rates)
- Recurring revenue grew 21.7% YTD 2024 vs. YTD 2023 (Dec. 31st 2023 constant currency)
- EBITDA - CAPEX was positive in Q2 and Q3 2024

Guidance Update

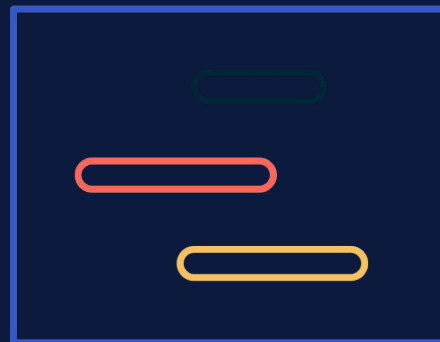
- Dropped EBITDA - CAPEX break-even by Q1 2025 in the Q2 announcement
- Increase recurring revenue (Dec. 31st 2023 constant currency) growth guidance for 2024 vs. 2023 from 15-20% to 18-23%
- We will provide 2025 guidance as part of Q4 announcement



Financial calendar

Q4 2024 results presentation on 4 March 2025.

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





05

Q&A



Appendix



Profit & Loss statement



Consolidated Income Statement

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q3 2024	Q3 2023	YTD Q3 2024	YTD Q3 2023	FY 2023
Recurring revenue	10 384	8 270	29 484	24 359	33 085
Other revenue	835	568	4 087	2 337	3 740
Total revenue	11 219	8 838	33 571	26 696	36 825
Other operating income	28	0	101	52	102
Total operating income	11 246	8 847	33 672	26 758	36 927
Material and services	(1 579)	(1 274)	(4 775)	(3 781)	(5 171)
Personnel expenses	(5 387)	(4 560)	(17 514)	(15 928)	(22 490)
Other operating expenses	(2 973)	(2 255)	(8 822)	(7 350)	(10 514)
Total operating expenses	(9 938)	(8 089)	(31 110)	(27 059)	(38 175)
EBITDA	1 308	758	2 562	(301)	(1 248)
Depreciation and amortization	(1 218)	(1 158)	(3 454)	(2 702)	(3 701)
Amortization of goodwill	(1 485)	(1 554)	(4 743)	(4 850)	(6 438)
Total depreciation and amortization	(2 703)	(2 712)	(8 197)	(7 553)	(10 139)
Operating profit (EBIT)	(1 395)	(1 954)	(5 635)	(7 853)	(11 387)
Other financial income	865	285	1 287	835	1 131
Interest expenses	(10)	(2)	(22)	(4)	(8)
Other financial expenses	(153)	(161)	(275)	(475)	(542)
Total financial income and expense	702	122	990	356	581
Profit (loss) before tax	(693)	(1 832)	(4 645)	(7 498)	(10 806)
Taxes	(114)	(48)	(221)	(237)	(326)
Net profit (loss)	(807)	(1 880)	(4 866)	(7 735)	(11 132)
Adjustments to EBITDA	93	(65)	502	289	537
Adjusted EBITDA	1 401	693	3 064	(12)	(711)
Adjusted EBITDA Margin %	12.5 %	7.8 %	9.1 %	0.0 %	-1.9 %
EBITDA - CAPEX	43	(719)	(1 232)	(4 365)	(6 607)
Adjusted EBITDA-CAPEX	136	(784)	(730)	(4 076)	(6 070)
Adjusted EBITDA-CAPEX Margin %	1.2 %	-8.9 %	-2.2 %	-15.3 %	-16.5 %

Balance Sheet



Consolidated Balance Sheet			
	Unaudited	Unaudited	Audited
EUR in thousands	30-Sept-24	30-Sept-23	31-Dec-23
Intangible assets	13 144	12 096	12 480
Deferred tax assets	503	546	547
Other capitalized long-term expenses	44	120	101
Goodwill	43 017	50 572	49 008
Machinery and Equipment	329	573	498
Other shares and similar rights of ownership	643	834	720
Loan receivables, long-term	322	68	196
Total non-current assets	58 002	64 809	63 550
Accounts receivable	5 437	3 770	4 896
Other receivables	1 480	990	522
Prepayments and accrued income	915	1 044	797
Money market funds	15 388	18 376	17 119
Cash at bank and in hand	4 631	9 172	5 052
Total current assets	27 851	33 352	28 386
Total assets	85 853	98 162	91 936
Total equity	76 482	88 009	82 766
Other non-current liabilities	278	270	136
Total non-current liabilities	278	270	136
Deferred revenue	2 238	3 585	986
Accounts payable	869	869	1 531
Other current liabilities	1 566	1 259	1 386
Accrued expenses and deferred income	4 420	4 170	5 130
Total current liabilities	9 093	9 883	9 034
Total equity and liabilities	85 853	98 162	91 936

Cashflow



Consolidated Cash Flow Statement

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q3 2024	Q3 2023*/**	YTD Q3 2024	YTD Q3 2023*/**	FY 2023
Cash flow from operations					
Profit before income taxes	(693)	(1 797)	(4 644)	(7 498)	(10 806)
Taxes paid in the period	(112)	169	(251)	(31)	(51)
Other non-cash items	(444)	(247)	(1 037)	(152)	749
Depreciation and amortization	2 703	2 712	8 196	7 553	10 139
Change in trade debtors	683	2 382	(545)	265	(861)
Change in trade creditors	100	(225)	(669)	(9)	653
Change in deferred revenue **	(706)	(1 726)	1 252	(933)	(3 532)
Change in other provisions * / **	(796)	(1 888)	(947)	(2 231)	(1 514)
Net cash flow from operations	735	(621)	1 355	(3 038)	(5 223)
Cash flow from investments					
Investments in tangible and intangible assets	(1 209)	(1 281)	(3 903)	(4 428)	(5 723)
Purchase of shares and investments	-	-	-	(4 034)	(4 034)
Proceeds from/(investments in) money market funds	750	-	2 194	5 721	7 130
Net cash flow from investments	(459)	(1 281)	(1 709)	(2 741)	(2 628)
Cash flow from financing					
Change in debt	-	-	-	(25)	(25)
Purchase of treasury shares	-	-	-	(342)	(2 323)
Net cash flow from financing	-	-	-	(366)	(2 348)
Net change in cash and cash equivalents *	275	(1 902)	(354)	(6 145)	(10 198)
Cash and cash equiv. at the beginning of the period	4 414	10 785	5 052	15 514	15 514
Translation difference *	(57)	289	(66)	(197)	(263)
Cash and cash equiv. at the end of the period	4 633	9 172	4 633	9 172	5 052
Money market fund	15 388	18 376	15 388	18 376	17 119

*) Q3/23 and YTD Q3/2023 revised presentation for translation differences

***) Q3/23 and YTD Q3/2023 revised presentation for deferred revenue

Business Segments



	🐾 Veterinary		🧑 Therapy		Other Businesses	
	Cloud	Hosted	Cloud	Hosted	Cloud	Non-Cloud
Products	Provet Cloud Provet Pay	Vetera (DACH) Sanimalis (Norway) Provet Net (Finland) Vetvision (Denmark)	EasyPractice Diarium Booking Portal	Physica Psykbase	Navisec	IT Operations
Share of ARR	41%	17%	19%	19%	2%	2%

Strong organic growth accelerated by acquisition and migration strategy



9 acquisitions completed since 2005, 7 in last 5 years



Migrated
🇫🇮 2005

PROVET

Migrated
🇫🇮 2009

Acquired **Praktikka**

Migrated
🇸🇪 2019

trofast

In Progress
🇳🇴 2019

Sanimalis

Migrated
🇳🇴 2019



In Progress
🇳🇴 2021

NOVASOFT

In Progress
🇳🇴 2021



aspit

In Progress
🇩🇪 2022



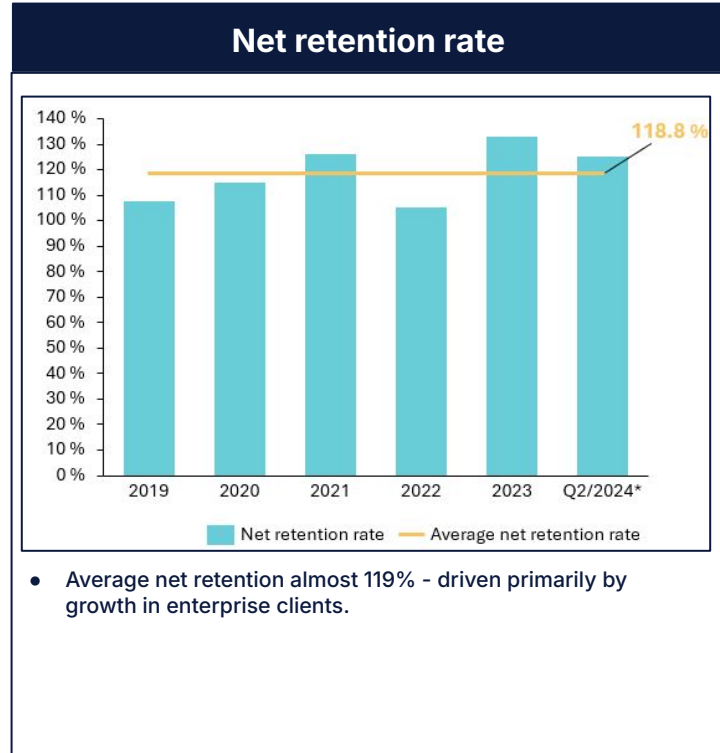
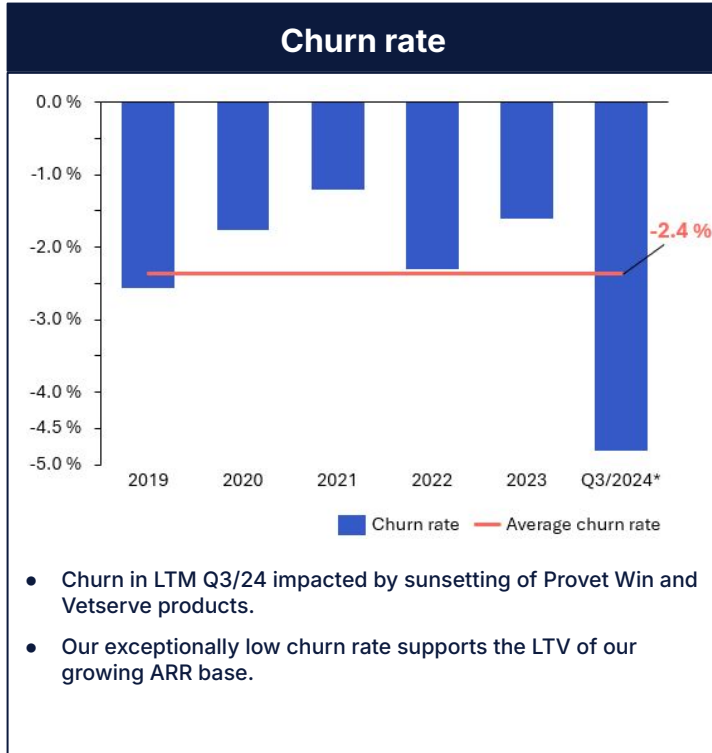
vetera

Flagship
🇳🇴 2022



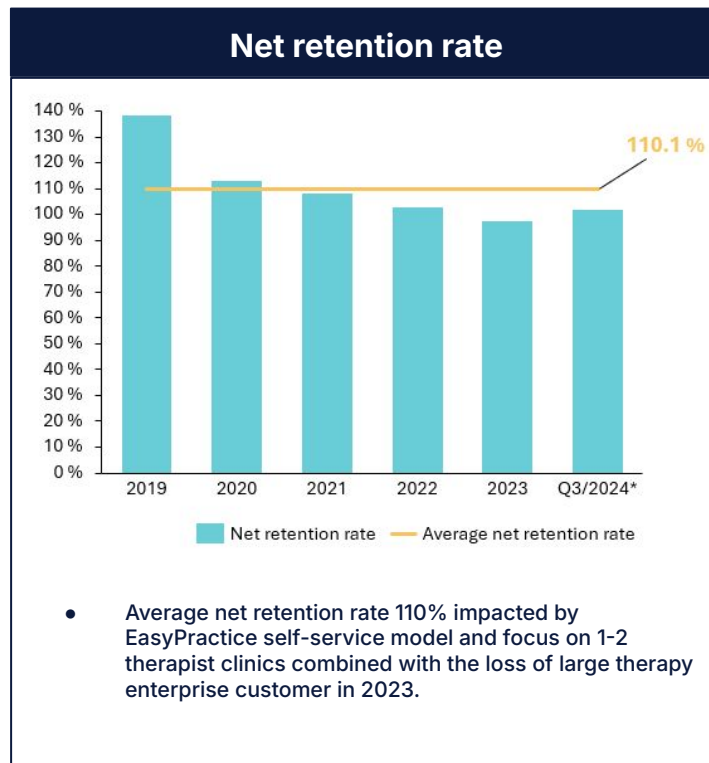
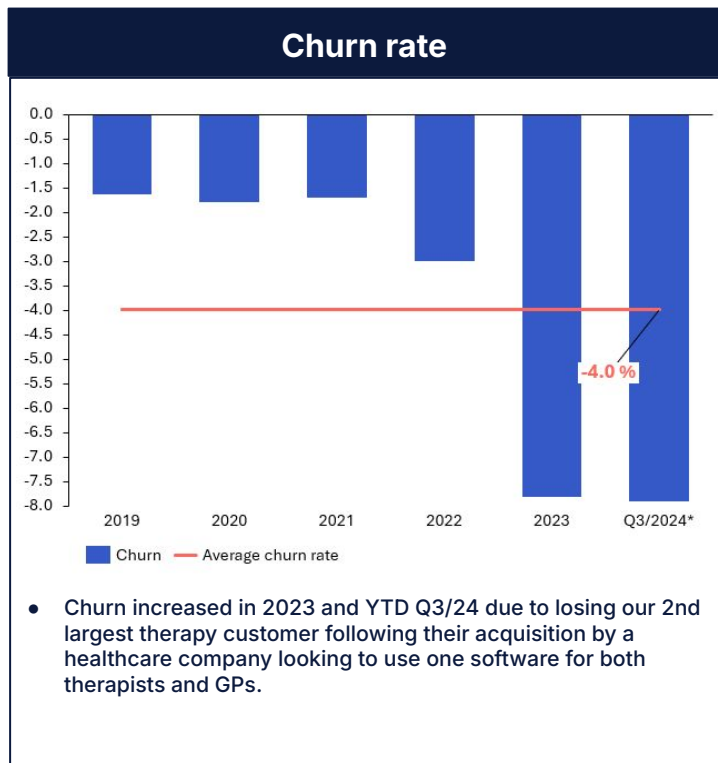
EasyPractice

Veterinary Average churn close to 2% and net retention above 118% over the last 5 years



*) represents LTM churn.

Therapy Churn and net retention impacted by one-off churn event



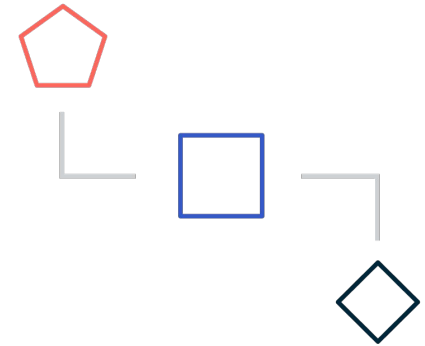
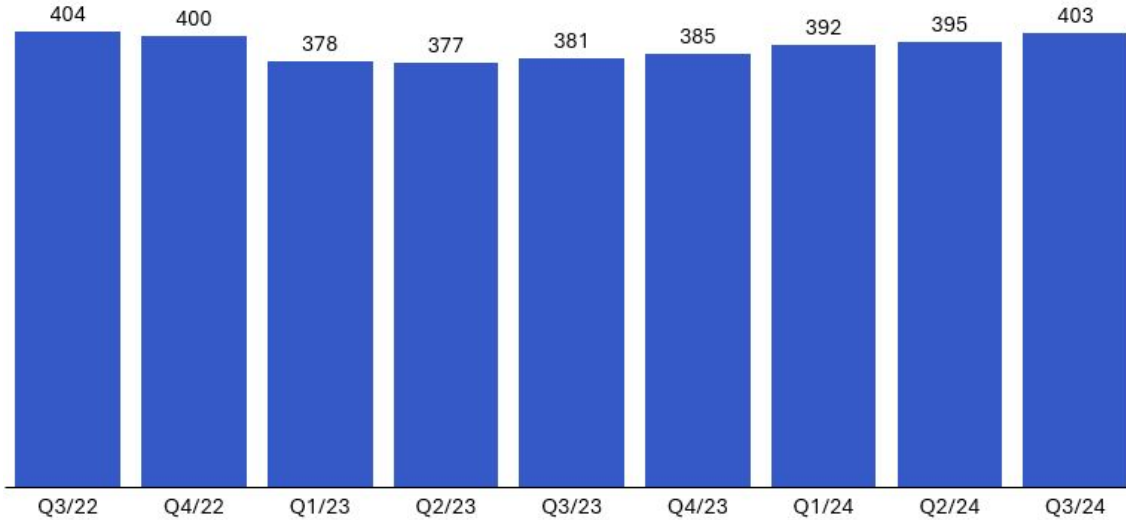
*) represents LTM churn

Increase in Veterinary headcount to support growth



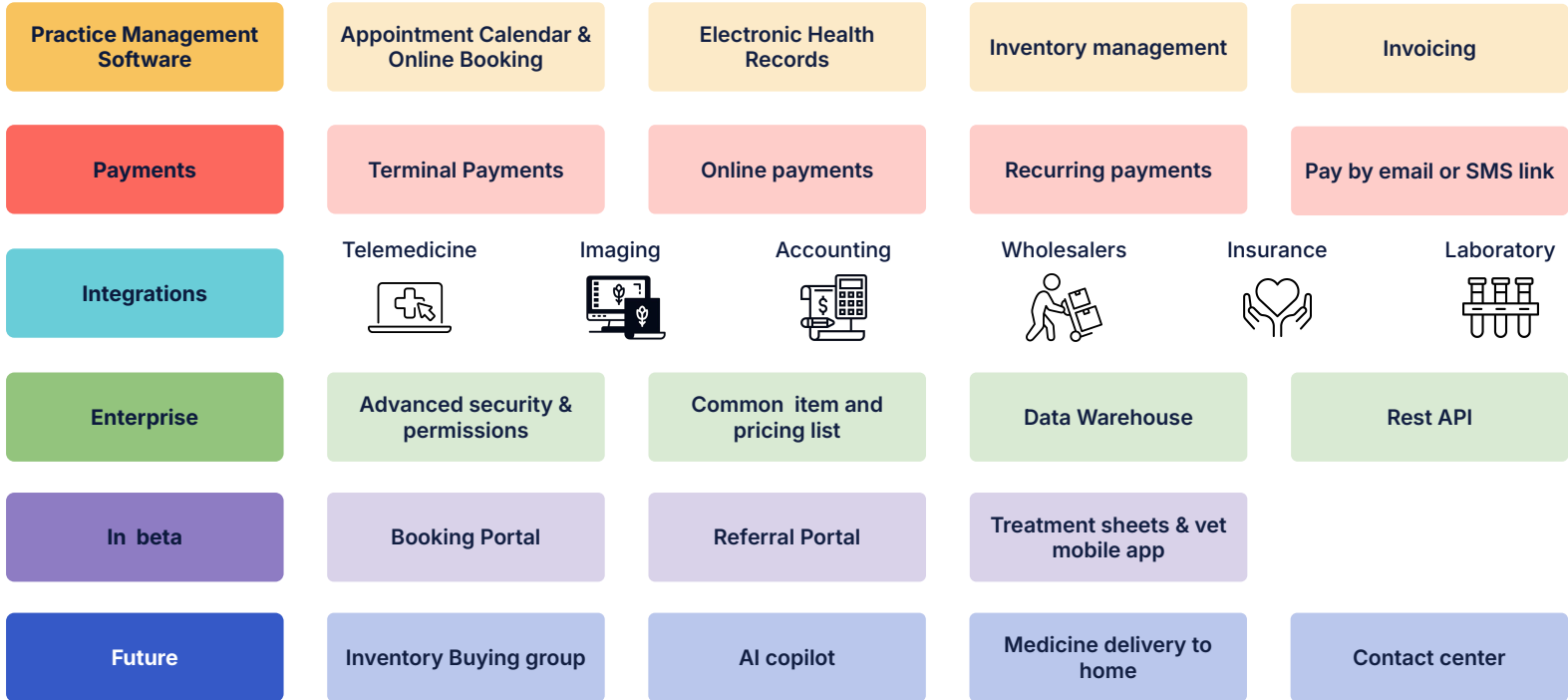
Headcount

At the end of Q3/24 total number of employees amounted to 403 (395 at the end of previous quarter) of which 128 (128) work in Therapy, 250 (239) in Veterinary and 25 (28) in HQ G&A.



Including employees on a consultancy agreement.

Expanded product offering to solve additional customer pain points



Note: (1) Representational state transfer application program interface



Key definitions

ARR is recurring revenue annualised by multiplying the quarter's last month recurring revenue by 12. 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.

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.

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.

Free cash flow (adjusted) is the sum of cash flow from operations and cash paid for capitalised expenses, adjusted for one-time expenses not likely to incur in the near future.

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.

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

Other Business includes Navisec and IT Operations businesses.

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).

