

Q4 2023 presentation

5 March 2024

Today's presenters



Charles MacBain

CEO



Mari Orttenvuori

CFO



1.0 Company Update

2.0 Financial Update

3.0 Q&A



01

Company Update

Charles MacBain, CEO



Q4 2023 KPIs



23.3%

Organic ARR growth *

LTM Q4 2023



114%

Net retention rate

LTM Q4 2023



4.9%

Gross churn

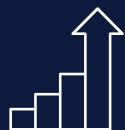
LTM Q4 2023



1.5

CAC / new ARR **

LTM Q4 2023



10.4 LTV / CAC **

LTM Q4 2023



EUR 36.6M

Implemented ARR

Q4 2023 Annualised



EUR 38.5M

Signed ARR

Q4 2023



EUR 0.46

ARR per share ***

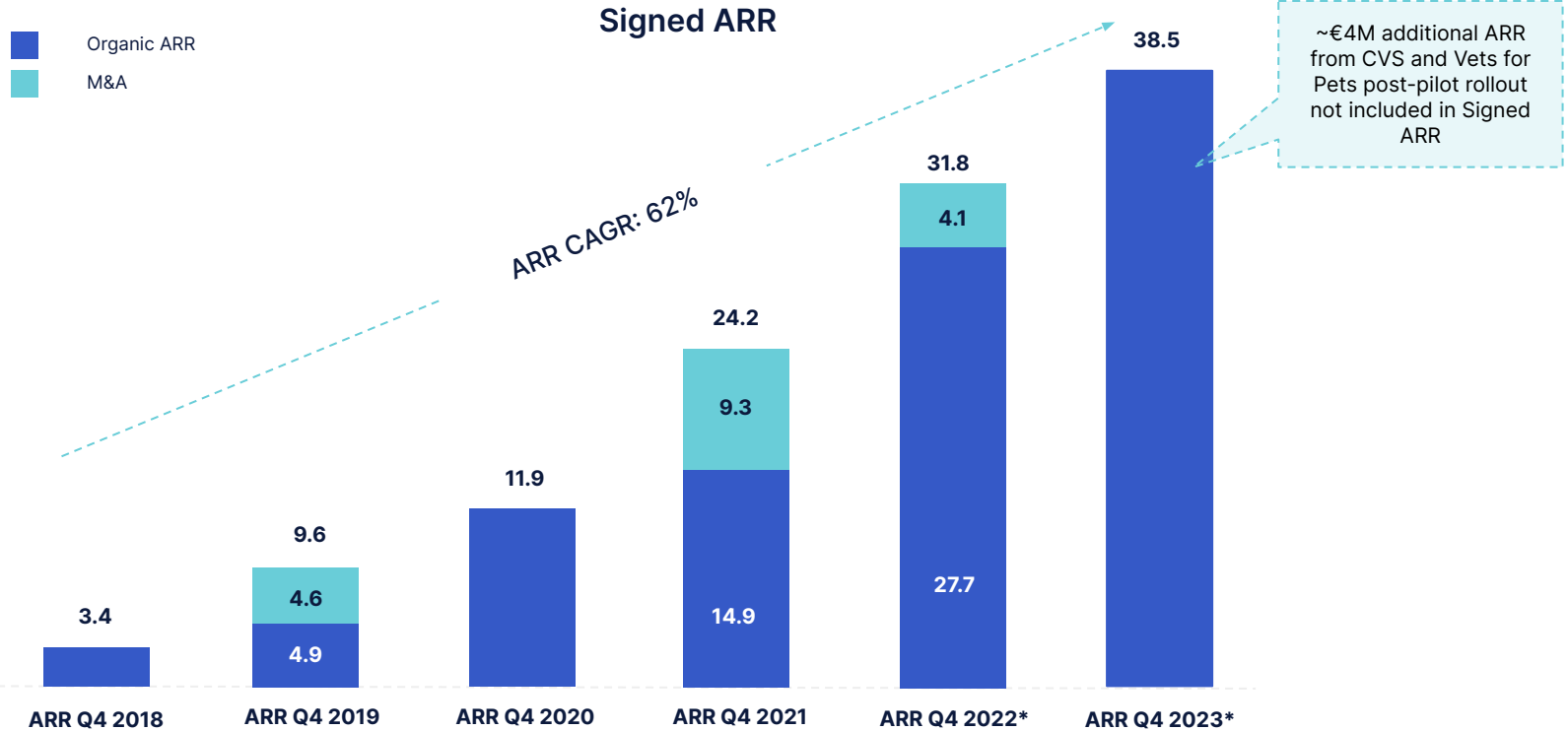
Q4 2023 Annualised

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

** Excluding Vetera.

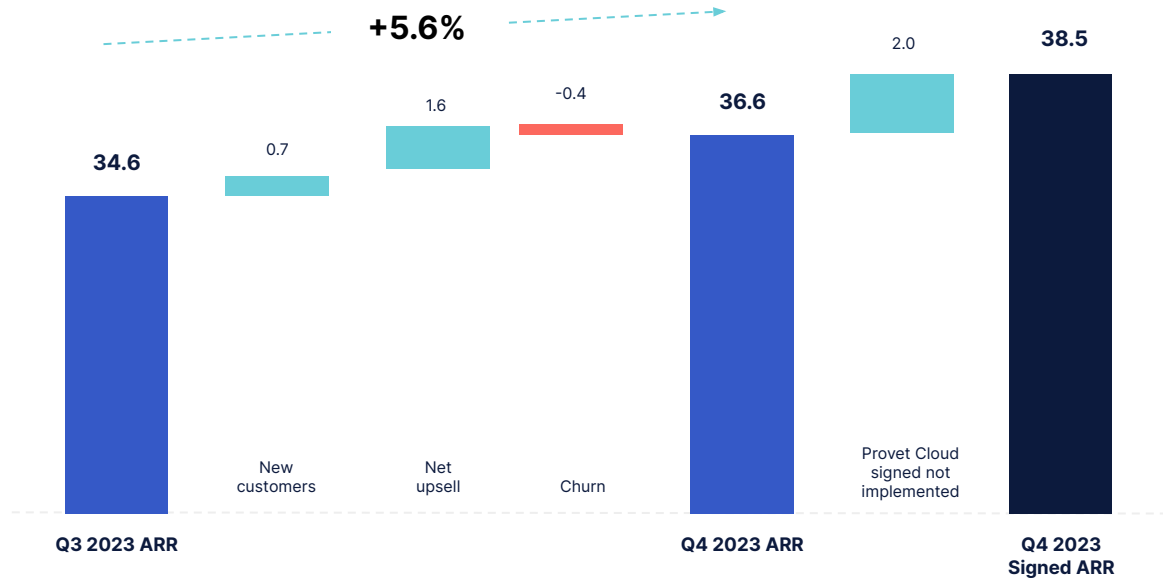
*** Calculated based on number of outstanding shares

Strong track record of organic and acquisition-led growth



* As reported in Q4/22 (including signed ARR). Q4/23 includes signed not implemented.

6% QoQ ARR Growth in Q4 2023

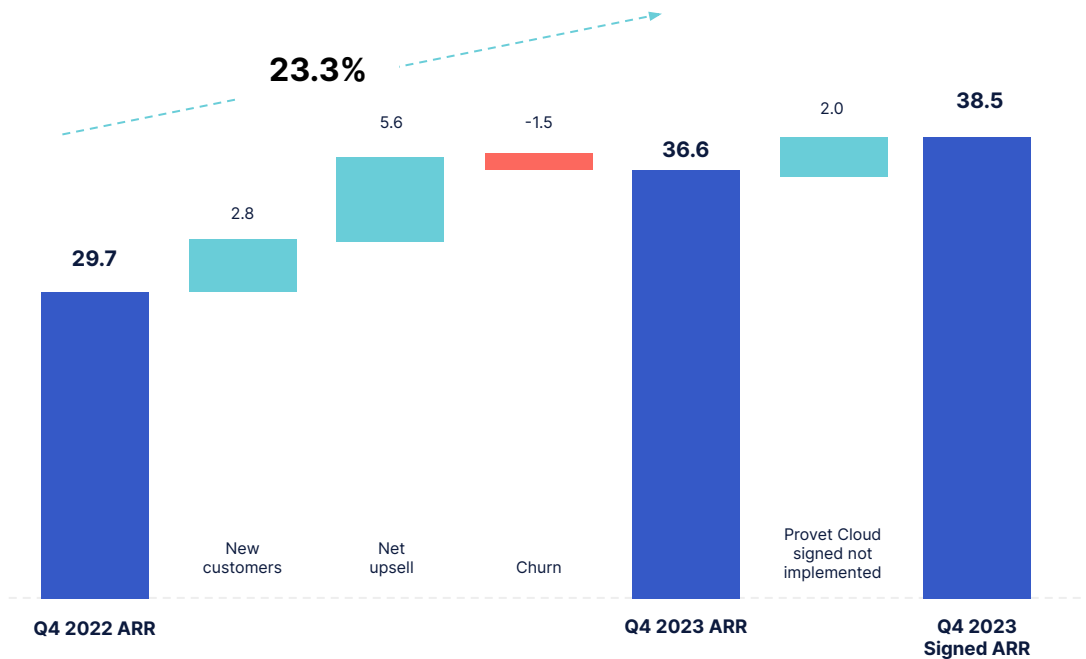


- ARR grew 5.6% QoQ
- Expansion in Q4/23 primarily driven by Provet Cloud expansion but tampered by churn in Diarium

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

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

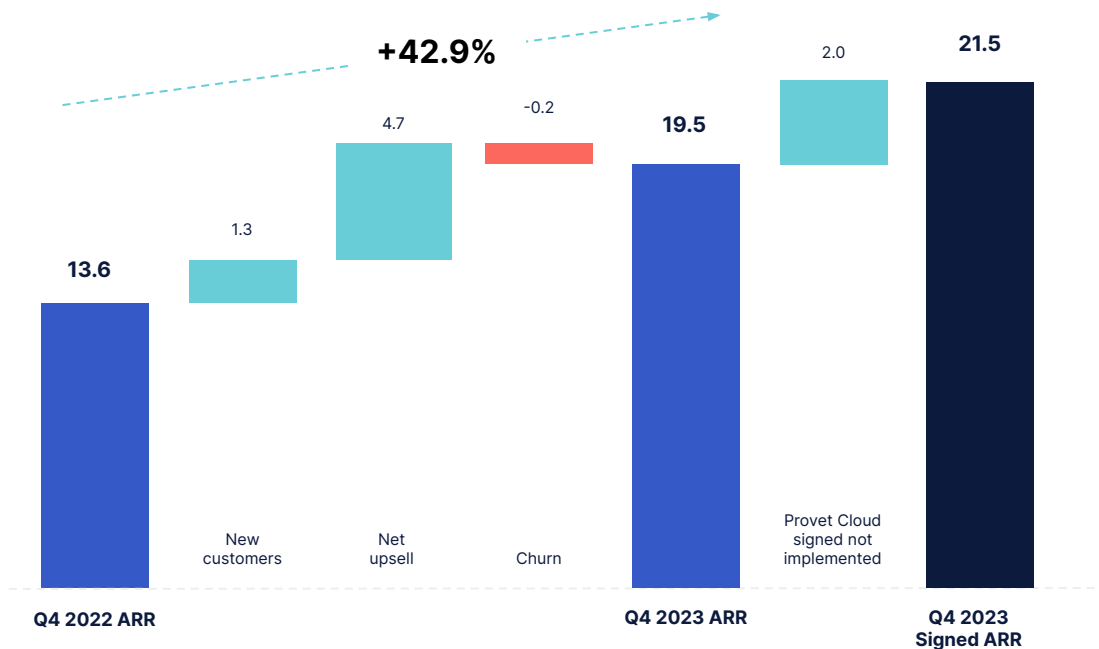
23% implemented ARR growth in 2023



- ARR grew 23.3% in 2023
- Strong new customer acquisition in Provet Cloud and EasyPractice
- Net upsell primarily driven by Provet Cloud ARPU and user growth
- Q4 2023 Signed ARR does not include CVS or Vets 4 Pets rollout post-pilot

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

43% veterinary implemented ARR growth in 2023

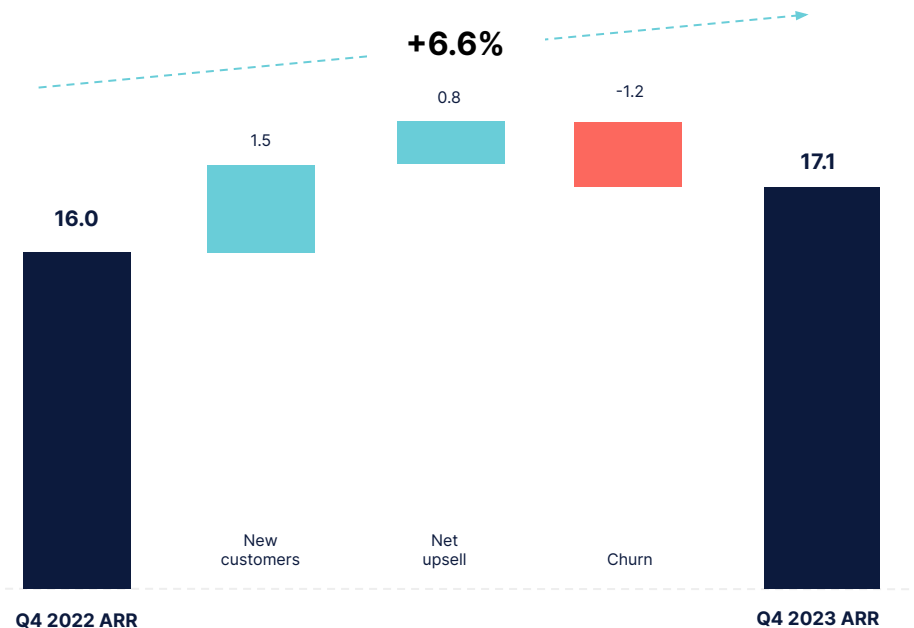


- Implemented ARR growth at 42.9% in LTM ending Q4/23
- Net retention rate 133.2%, primarily driven by Provet Cloud user growth, new add-on sales and price increases
- Churn of 1.6%
- New customer acquisition accounted for 23% of the growth

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

Provet Cloud Signed but not implemented ARR in Q3/22 was 1.6 Meur.

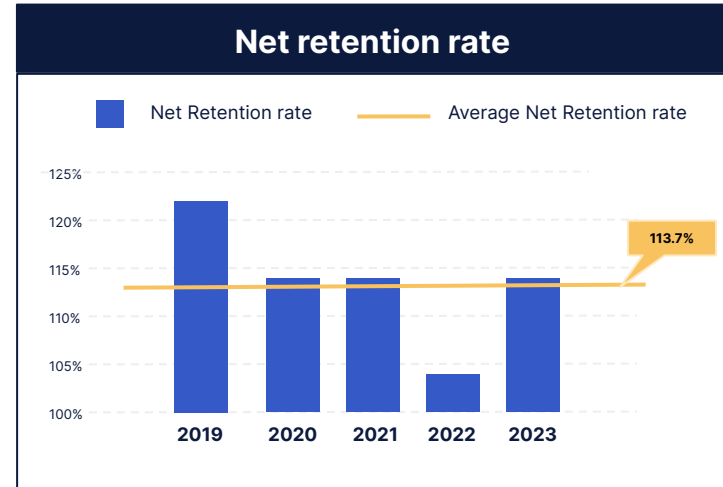
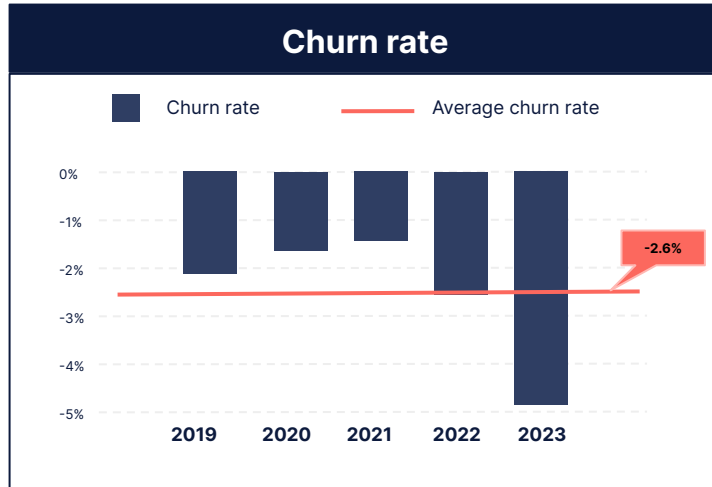
7% therapy implemented ARR growth in 2023



- ARR growth at 6.6% in LTM ending Q4/23
- Net retention rate (including price increases) 97.2%
- Churn of 7.8% (5.6% excl. One-off churn)
- New customer acquisition accounted for 142% of the growth

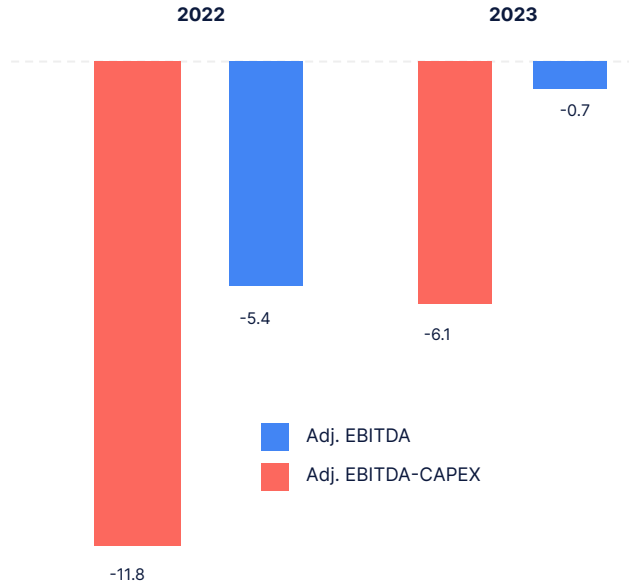
Reported in constant currency (using year 2022 end currency rates).

Mission critical nature of our products and expanding product range can be seen in our SaaS metrics



- Churn increased above 2% in 2022 due to inclusion of EasyPractice, which has higher churn due to self-service model and focus on 1-2 therapist clinics
- Churn increased to 4.9% in 2023 due to losing our 2nd largest therapy customer following their acquisition by a healthcare company looking to use one software for both therapists and GPs.
- We anticipate churn to return to less than 4% in 2024 and net retention to average above 110% in 2024

Growth in revenue, stable headcount and migration improved profitability

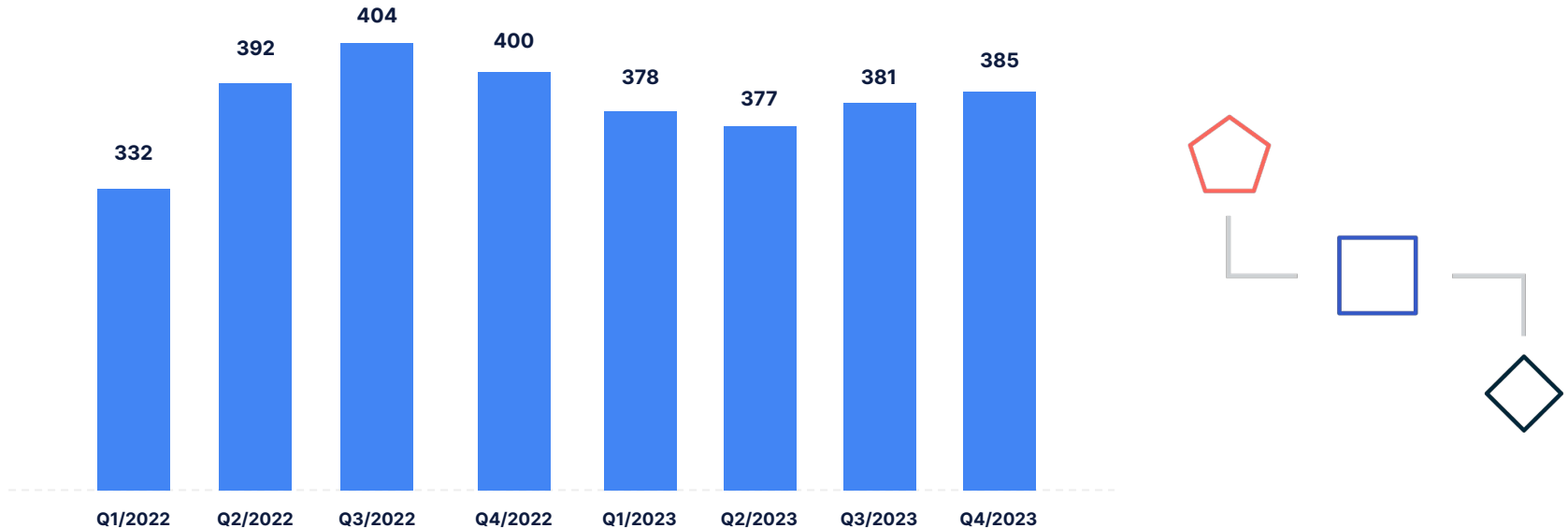


- 19% revenue growth of EUR 5.8M (YoY 2023) and stable headcount has reduced:
 - Adj. EBITDA - CAPEX loss from -€11.8M to -€6.1M
 - Adj. EBITDA loss from -€5.4M to -€0.7M

Stable headcount in 2023



At the end of Q4/23 total number of employees amounted to 385 (381 at the end of previous quarter) of which 130 (128) work in Therapy, 226 (226) in Veterinary and 29 (27) in HQ G&A.

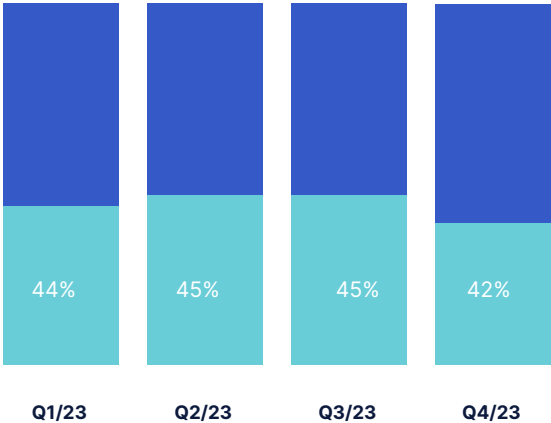


Including employees on a consultancy agreement.

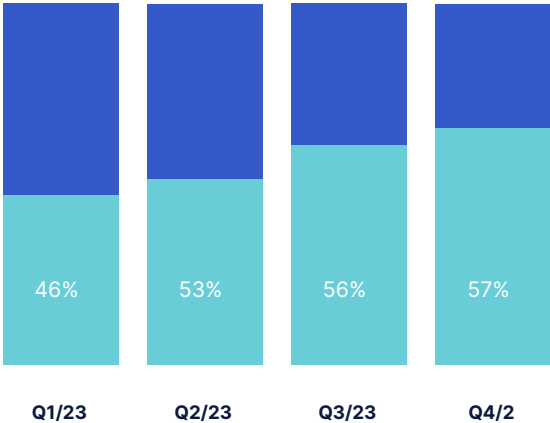
Migration update



Therapy % of ARR



Veterinary % of ARR



■ Hosted/On-premise
■ Cloud



02

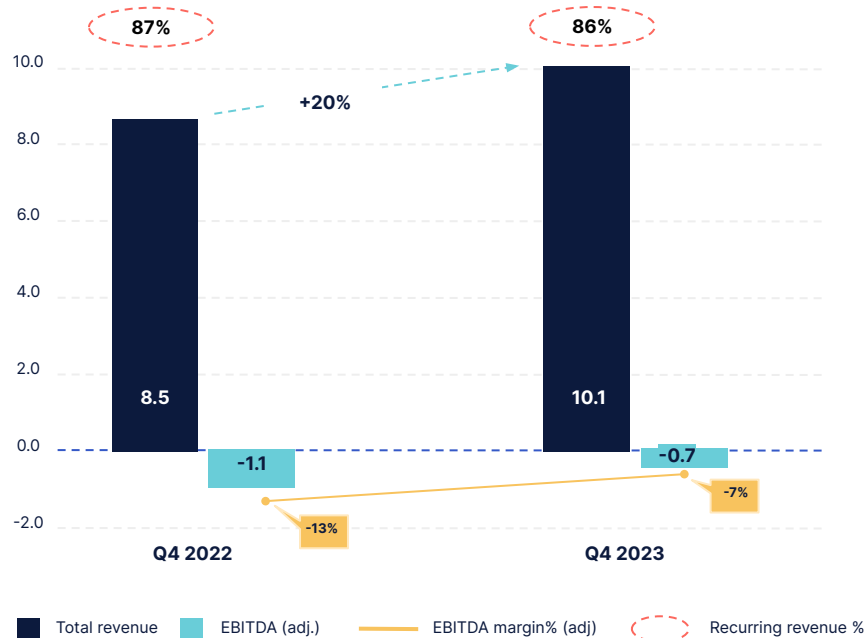
Financial Update

Mari Orttenvuori, CFO



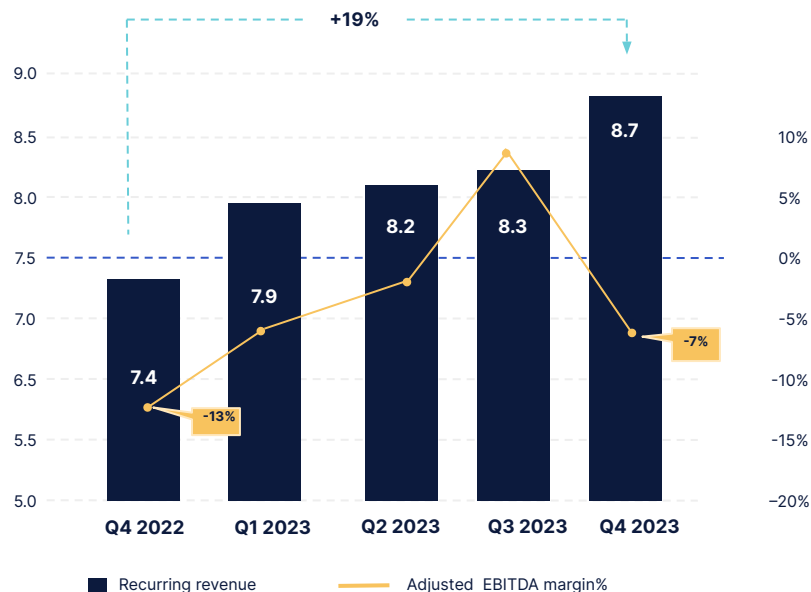


Revenue growth driving profitability, despite significant impact of weak NOK and SEK



- Total reported revenues Q4/23 grew 20% YoY from EUR 8.5M to EUR 10.1M
- On constant currency growth in total reported revenues 25%
- Share of recurring revenue in Q4/23 was 86% vs 87% in Q4/22; impacted by paid development revenue
- Q4/23 adjusted EBITDA improved from EUR -1.1M in Q4/22 to EUR -0.7M in Q4/23
- Adjusted EBITDA margin -7% in Q4/23; an improvement from -13% in Q4/22

Recurring revenue on constant currency basis growing at 23%



- Reported recurring revenues Q4/23 grew 19% YoY from EUR 7.4M to EUR 8.7M
- Revenue impacted by weak NOK and SEK; on a constant currency basis Q4/24 YoY growth in recurring revenue would have been 25% vs 19% as reported
- Increase in headcount by 4 from Q3/23 but a decrease by 14 from Q4/22
- Q4/23 profitability primarily impacted by payroll seasonality and additional spending on marketing and security audits

Strong financial position and free cash flow improving



Free cash flow

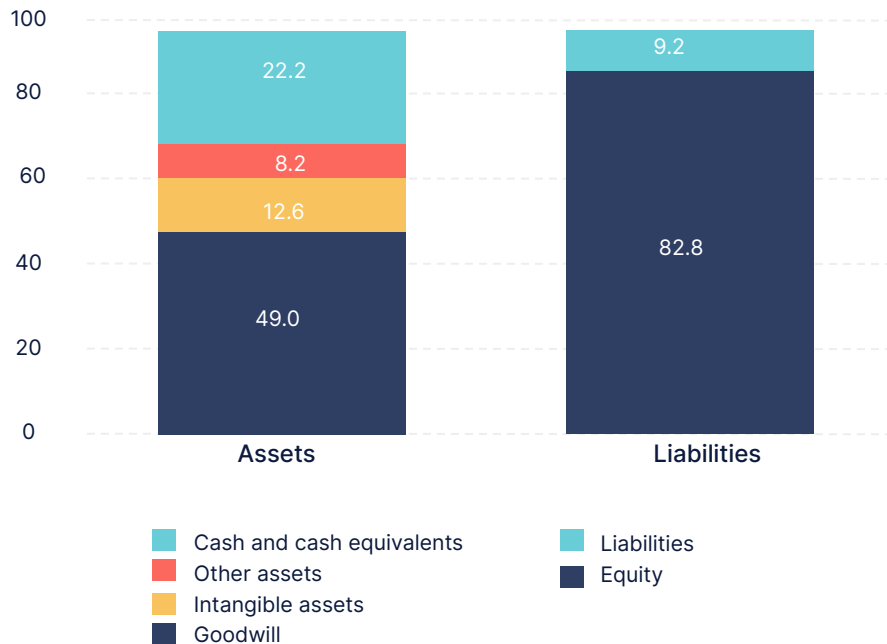


- €2.1M improvement in **free cash flow** in 2023
- Aspit customers changed from bi-annual (June and December) to monthly invoicing cycle in Q1/24 and first invoicing under the new billing schedule in January 2024, instead of December in 2023, causing a EUR ~ 3.5 million impact on Net Working Capital
- 2023 free cash flow would have been EUR ~ €7.2M if not for the one-off impact on Net Working Capital

Strong cash position and no debt



Balance sheet 31 December 2023



Assets

- Cash balance remains strong at EUR 22.2M of cash and cash equivalents
- Intangible assets primarily consist of capitalised R&D expenses

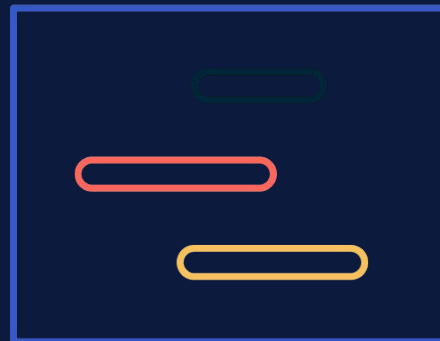
Liabilities and equity

- No interest bearing debt
- Share repurchase program EUR 2.0M in Q4/23 and EUR 0.3M in Q2/23

Financial calendar

Q1 2024 results presentation on 14 May 2024.

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



Conclusion



Recurring revenue growth with no significant increase in headcount will drive EBITDA - CAPEX margin improvements

2024 Veterinary Focus

- Implement CVS and Pets at Home
- Continue to acquire new customers (corporate and independent) in UK, US, Spain
- Nordic migration to Provet Cloud

2024 Therapy Focus

- Migrate Aspit customers to EasyPractice
- Scale Booking portal, nordhealth.fi, in Finland
- Acquire new customers in Finland on Diarium and Norway and Denmark on EasyPractice



Guidance 2024



2023

- We grew recurring revenue by 21% in 2023 (Dec. 31st 2022 constant currency), beating our 15-20% guidance
- We are on track to reach EBITDA - CAPEX break-even by Q1 2025

2024

- 15-20% recurring revenue growth (Dec. 31st 2022 constant currency)
- EBITDA - CAPEX break-even by Q1 2025





03

Q&A



Appendix



Profit & Loss statement



Consolidated Income Statement

| | Unaudited | Unaudited | Unaudited | Audited |
|--------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| EUR in thousands | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
| Recurring revenue | 8 749 | 7 382 | 33 085 | 28 216 |
| Other revenue | 1 379 | 1 076 | 3 740 | 2 833 |
| Total revenue | 10 128 | 8 458 | 36 825 | 31 050 |
| Other operating income | 49 | 130 | 102 | 229 |
| Total operating income | 10 169 | 8 588 | 36 927 | 31 279 |
| Material and services | (1 390) | (1 297) | (5 171) | (4 780) |
| Personal expenses | (6 562) | (6 386) | (22 490) | (22 255) |
| Other operating expenses | (3 164) | (2 525) | (10 514) | (10 218) |
| Total operating expenses | (11 116) | (10 207) | (38 175) | (37 254) |
| EBITDA | (947) | (1 619) | (1 248) | (5 975) |
| Depreciation and amortization | (998) | (686) | (3 701) | (2 236) |
| Amortization of goodwill | (1 588) | (1 695) | (6 438) | (6 467) |
| Total depreciation and amortization | (2 586) | (2 380) | (10 139) | (8 702) |
| Operating profit (EBIT) | (3 533) | (4 000) | (11 387) | (14 677) |
| Other financial income | 297 | 262 | 1 131 | 2 082 |
| Interest expenses | (4) | - | (8) | (17) |
| Other financial expenses | (68) | (581) | (542) | (1 517) |
| Total financial income and expense | 226 | (319) | 581 | 549 |
| Profit (loss) before tax | (3 308) | (4 318) | (10 806) | (14 128) |
| Taxes | (89) | 158 | (326) | (136) |
| Net profit (loss) | (3 396) | (4 161) | (11 132) | (14 264) |
| Adjustments to EBITDA | 248 | 527 | 537 | 527 |
| Adjusted EBITDA | (699) | (1 092) | (711) | (5 448) |
| Adjusted EBITDA Margin % | -7 % | -13 % | -2 % | -18 % |
| EBITDA - CAPEX | (2 243) | (3 946) | (6 607) | (12 328) |
| Adjusted EBITDA-CAPEX: | (1 995) | (3 419) | (6 070) | (11 801) |
| Adjusted EBITDA-CAPEX Margin % | -20 % | -40 % | -16 % | -38 % |

Balance Sheet



Consolidated Balance Sheet

| EUR in thousands | Unaudited | Audited |
|----------------------------------------------|---------------|----------------|
| | 31-Dec-23 | 31-Dec-22 |
| Intangible assets | 12 480 | 10 280 |
| Deferred tax assets | 547 | 585 |
| Other capitalized long-term expenses | 101 | 32 |
| Goodwill | 49 008 | 57 813 |
| Machinery and Equipment | 498 | 733 |
| Other shares and similar rights of ownership | 720 | 834 |
| Loan receivables, long-term | 196 | 64 |
| Total non-current assets | 63 550 | 70 342 |
| Accounts receivable | 4 896 | 4 035 |
| Other receivables | 524 | 526 |
| Prepayments and accrued income | 797 | 793 |
| Money market funds | 17 119 | 23 684 |
| Cash at bank and in hand | 5 052 | 15 514 |
| Total current assets | 28 389 | 44 552 |
| Total assets | 91 939 | 114 895 |
| Total equity | 82 766 | 98 630 |
| Other non-current liabilities | 136 | 270 |
| Total non-current liabilities | 136 | 270 |
| Current liabilities to credit institutions | - | 25 |
| Advances received | 986 | 4 518 |
| Accounts payable | 1 534 | 878 |
| Other current liabilities | 1 386 | 5 833 |
| Accrued expenses and deferred income | 5 130 | 4 740 |
| Total current liabilities | 9 037 | 15 995 |
| Total equity and liabilities | 91 939 | 114 895 |

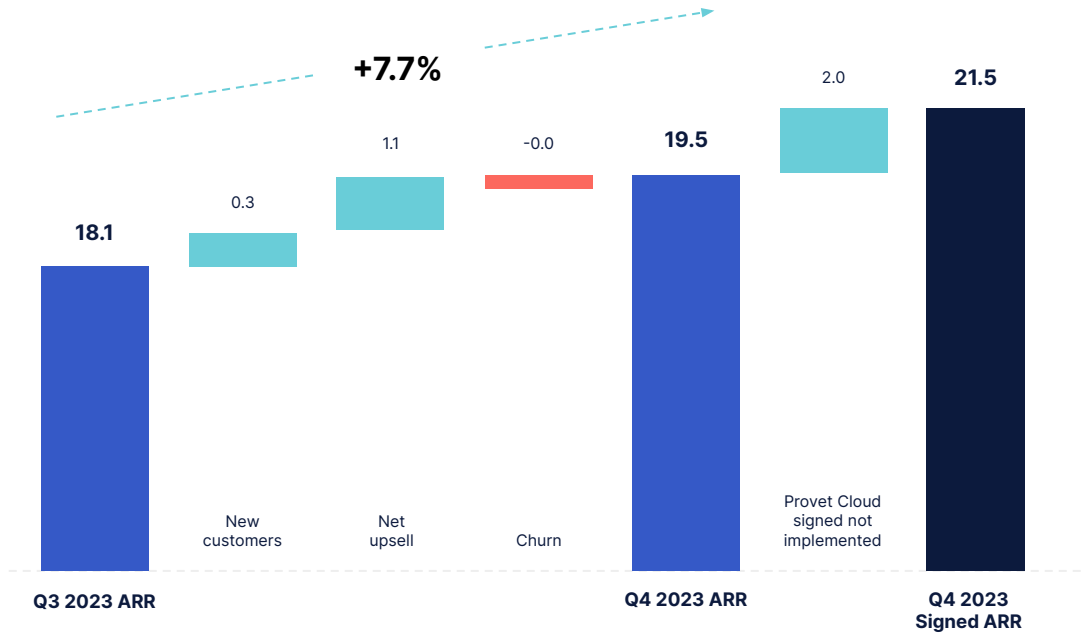
Cashflow



Consolidated Cash Flow Statement

| | Unaudited | Unaudited | Audited | Audited |
|------------------------------------------------------|----------------|----------------|----------------|----------------|
| EUR in thousands | Q4 2023 | Q4 2022 | FY 2023 | FY 2022 |
| Cash flow from operations | | | | |
| Profit before income taxes | (3 308) | (4 385) | (10 806) | (14 128) |
| Taxes paid in the period | (19) | (133) | (51) | (153) |
| Other non-cash items | 902 | 1 | 749 | 969 |
| Depreciation and amortization | 2 586 | 2 381 | 10 139 | 8 702 |
| Change in trade debtors | (1 126) | (1 726) | (861) | (832) |
| Change in trade creditors | 665 | (118) | 656 | (242) |
| Change in other provisions | (1 951) | 2 955 | (5 312) | (841) |
| Net cash flow from operations | (2 252) | (1 026) | (5 486) | (6 525) |
| Cash flow from investments | | | | |
| Investments in tangible and intangible assets | (1 295) | (1 867) | (5 723) | (6 802) |
| Purchase of shares and investments | - | (39) | (4 034) | (17 786) |
| Proceeds from/(investments in) money market funds | 1 409 | 0 | 7 130 | 22 500 |
| Net cash flow from investments | 114 | (1 906) | (2 628) | (2 089) |
| Cash flow from financing | | | | |
| Change in debt | 0 | (66) | (25) | (2 082) |
| Purchase of treasury shares | (1 982) | - | (2 323) | - |
| Net cash flow from financing | (1 981) | (66) | (2 348) | (2 082) |
| Net change in cash and cash equivalents | (4 119) | (2 998) | (10 461) | (10 696) |
| Cash and cash equiv. at the beginning of the period | 9 172 | 18 513 | 15 514 | 26 210 |
| Cash and cash equiv. at the end of the period | 5 052 | 15 514 | 5 052 | 15 514 |
| Money market fund | 17 119 | 23 684 | 17 119 | 23 684 |

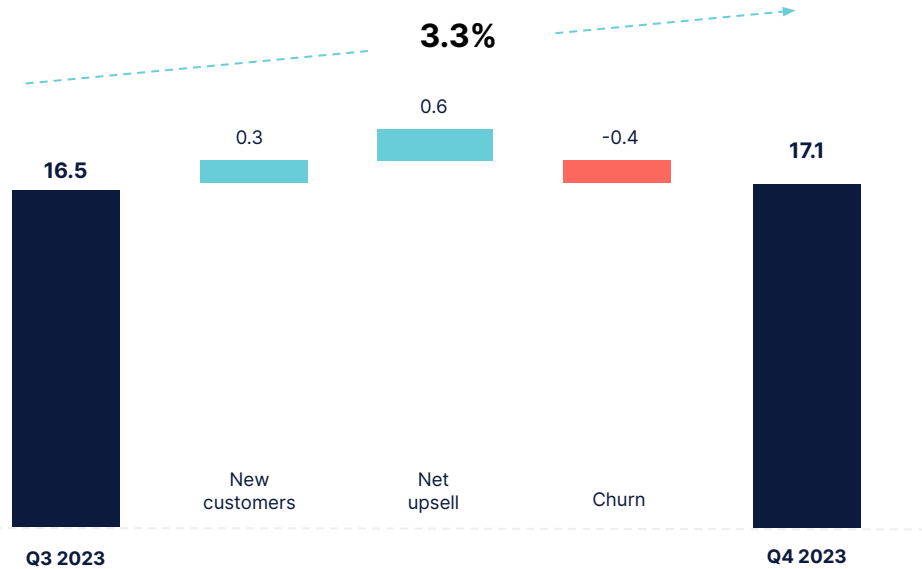
8% QoQ Veterinary implemented ARR growth



- Implemented ARR growth in the fourth quarter of 2023 stood at 7.7 %
- New customer acquisition accounted for 25% of the growth
- 57% of ARR on Cloud products in Q4/23 vs. 56% in Q3/23

Reported in constant currency (using year 2022 end currency rates).
Provet Cloud Signed but not implemented ARR in Q2/23 was 1.6 Meur.

3% QoQ Therapy ARR growth



- Growth in the fourth quarter 2023 was 3.3%
- Churn rate high due to loss of one enterprise customer (impacted also in previous quarter)
- 67% of new customer revenues came from Cloud products
- 42% of ARR on Cloud products in Q4/23 (45% in Q3/23)

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

KPIs by business segments



| | 🐾 Veterinary | | 👨 Therapy | | Total | | |
|------------------------------------|--------------|--------------|-------------|-------------|--------------|-------------|--------------|
| | Cloud | Hosted | Cloud | Hosted | Cloud | Hosted | All |
| 2022-Q4 (€M) | € 5.8 | € 7.9 | € 6.7 | € 9.3 | € 12.4 | € 17.2 | € 29.7 |
| 2023-Q4 (€M) | € 11.1 | € 8.4 | € 7.2 | € 9.9 | € 18.3 | € 18.3 | € 36.6 |
| Growth | 92.7% | 6.5% | 7.9% | 5.7% | 47.2% | 6.1% | 23.3% |
| Migration (€M) | € 0.6 | € -0.6 | € 0.0 | € 0.0 | € 0.6 | € -0.6 | € 0.0 |
| Growth excl. migration | 82.2% | 13.5% | 7.9% | 5.7% | 42.6% | 9.3% | 23.2% |
| New customer % | 15.5% | 5.4% | 15.5% | 5.0% | 15.5% | 5.2% | 9.5% |
| Churn % | -0.4% | -2.4% | -14.9% | -2.7% | -8.2% | -2.6% | -4.9% |
| Net Upsell incl. Price increases % | 67.1% | 10.5% | 7.2% | 3.4% | 35.2% | 6.7% | 18.7% |

Business Segments



| | 🐾 Veterinary | | 👤 Therapy | |
|------------------------------------|----------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------|
| | Cloud | Hosted | Cloud | Hosted |
| Products | Provet Cloud Provet Pay | Provet Legacy (Finland) Sanimalis (Norway, Sweden) Vetserve (Norway) Vetvision (Denmark) Vetera (DACH) | EasyPractice Diarium Nordhealth Connect Navisec | Aspit (Norway) |
| Share of recurring revenue Q4 2023 | 30% | 23% | 20% | 27% |

Strong organic growth accelerated by acquisition and migration strategy

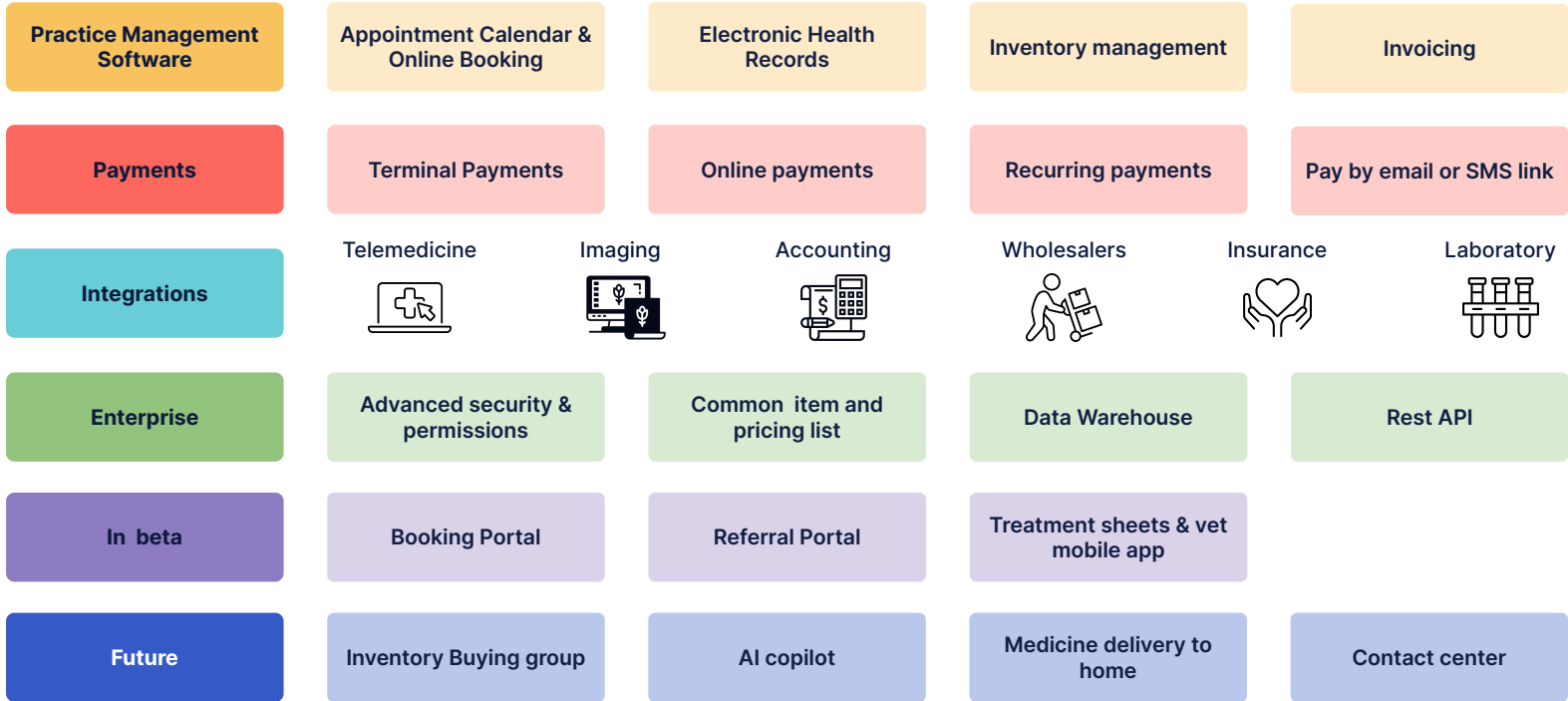


9 acquisitions completed since 2005, 7 in last 5 years



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

Expanded product offering to solve additional customer pain points



Note: (1) Representational state transfer application program interface



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.

