



nordhealth

Today's presenters



Valter Pasanen
CFO



Charles MacBain
CEO

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Our mission



Redefine digital healthcare

Our vision



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

Nordhealth is the leading Nordic healthcare SaaS company



Business overview

- Nordhealth is a healthcare SaaS company founded in 2001
- We acquire, develop, migrate and manage a portfolio of fast-growing Practice Management Software (PMS) in attractive healthcare niches such as veterinary and therapy
- Our core products are Provet Cloud and Diarium, both leading cloud-based software for veterinarians and therapists respectively
- We have a window of opportunity in 5 – 7 years to capture the shift from legacy on-premise or hosted PMS to cloud-based PMS, through a combination of extensive M&A and organic growth

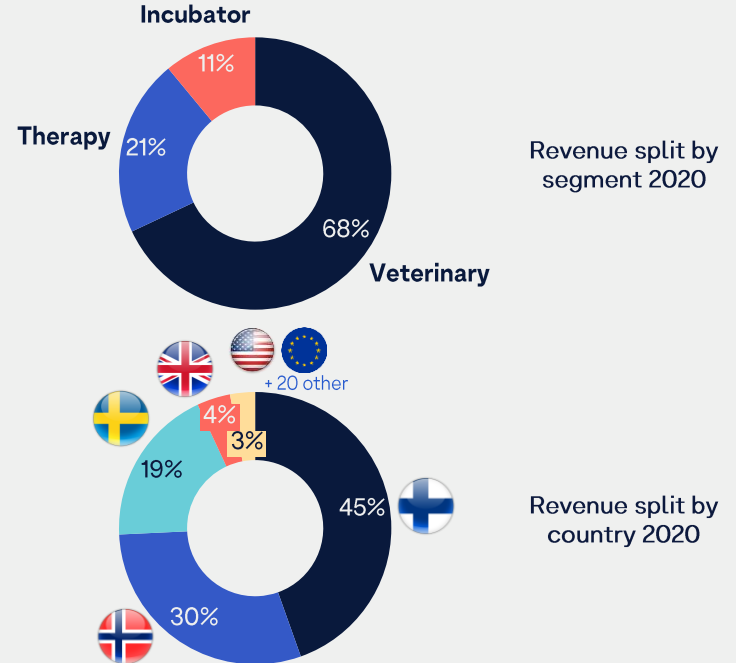


€23M+ ARR
Pro-forma 2021e



>€110M ARR
Medium-term

Pan-Nordic company growing internationally



Attractive historical financial metrics



85%
recurring revenue



87%
Gross margin



87% ARR CAGR
2018-2020



46% organic ARR CAGR
2018-2020



119% net retention rate
average 2019- 2020



1.8% ARR gross churn
all products 2020



11.8 months
CAC payback period



~90x
LTV / CAC⁽¹⁾

Note: (1) Assuming 87% gross margin and a churn rate of 1.8%

Outstanding LTV to CAC



	Average ARR per account	€ 4.4k
×	Gross Margin	87 %
÷	Gross churn	1.8 %
=	Customer lifetime value	€ 215k
÷	Average CAC per account	€ 2.4k
=	Customer lifetime value / CAC	90x

Comments

- Low churn rates and high gross margins allow for very high average customer lifetime value
- In 2020 Nordhealth recruited 423 new recurring revenue customers and ended the year with ~2 700 customers
- Churn rate trending down as Trofast migration resulted in higher churn rate in 2019
- Full potential SaaS model expected to impact the average ARR per account to grow
- Average CAC per account will remain low due to the word of mouth driven growth as Nordhealth grow
- Gross margin expected to increase slightly in the medium term due to hosting efficiency

History of successful acquisitions and organic growth



Seasoned management team and board



Charles MacBain, CEO

- Joined Nordhealth in 2018
- Prior vice president at Pamoja Capital and consultant at Booz & Company
- MBA from Harvard Business School



Janne Huttunen, CPO Veterinary

- Founder of Nordhealth
- M.Sc. Telecom and computer science



Valter Pasanen, CFO

- Several finance positions in well-known firms, including CFO Germany for Eltel
- M.Sc. Accounting & Economics



Olli Venemies, CEO Therapy

- +15 years in several positions in Nordhealth
- IT and product development



Didier Breton, Chair

- Strategic Director at Pamoja Capital
- Extensive director experience at Hewlett Packard, Valeo, Bull and COO of Trader Classified Media



Javier Mata, Board Member

- Founder and CEO of Yalo
- B.Sc Systems and Process Engineering, Economics and Technological entrepreneurship

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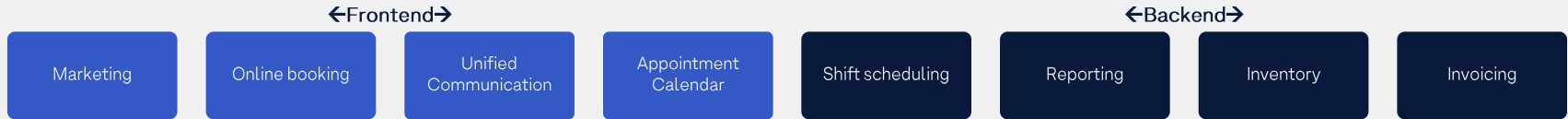
Platform with big potential to scale and add services



Electronical health record



Additional Modules



The modular software architecture enables Nordhealth to provide a localized specialty PMS and specific EHR modules for each healthcare specialty

Marketplace



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

Why Practice Management Software?



Workflow gravity



PMS is core to our customers' workflow and culture, and is used by all employees in clinic

Data gravity



The PMS creates and holds the most critical information and is the hardest to migrate. It is the system that all other systems integrate with

Revenue Model



The software service set up results in a very high customer retention and generates a high share of recurring revenue

Encompasses the main 3 systems of records in a clinic:

1



Front office system of record

2



Back office system of record

3



Medical system of record

Why veterinary & therapy?



Trend towards cloud



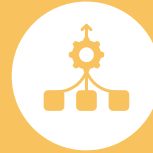
Market opportunity as a frontrunner in the shift from on-premise to cloud based Practice Management Software

Regulatory benefits



Less regulation compared to traditional EHRs⁽¹⁾ facilitates an increased growth rate and ability to scale faster than traditional healthcare verticals

Need for consolidation



Fragmented market globally in need for consolidation where Nordhealth as a SaaS-based frontrunner is in position to take a consolidator role

Growing end-market



Growing end-markets supported by both the digital transformation and the demographic tailwind towards ageing, therapy and pet spending

Tier 1 customers and a highly diversified customer base



Nordhealth serves tier 1 customers...

...with limited customer concentration risk

Norwegian University of Life Sciences
 AniCura
 UNIVERSITY OF LIVERPOOL
 Institute of Veterinary Science
 Swedish University of Agricultural Sciences (SLU)
 Fysios
 Omaeläin klinikka
 UCD School of Veterinary Medicine
 THE UNIVERSITY OF EDINBURGH
 The Royal (Dick) School of Veterinary Studies
 UNIVERSITÀ DEGLI STUDI DI TORINO
 UNIVERSITÀ DEGLI STUDI DI MILANO
 Coronaria
 Lakefield VETERINARY GROUP
 IVC EVIDENSIA
 Musti

Proven ability to attract the biggest veterinary chains with limited churn after migrating to sticky Nordhealth's platforms

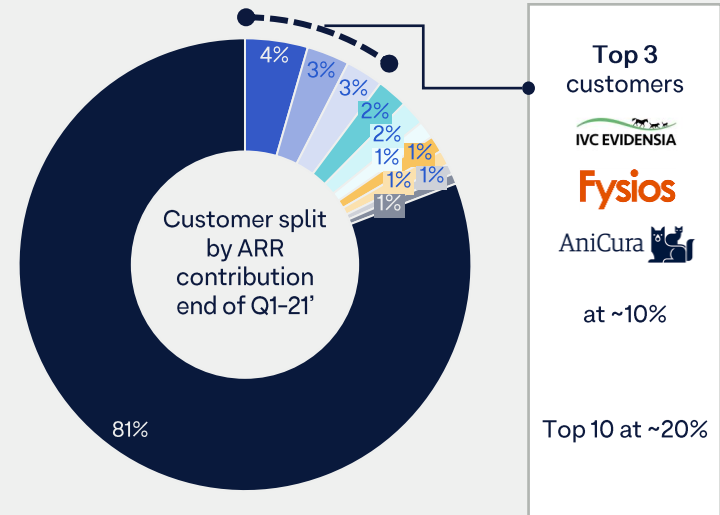


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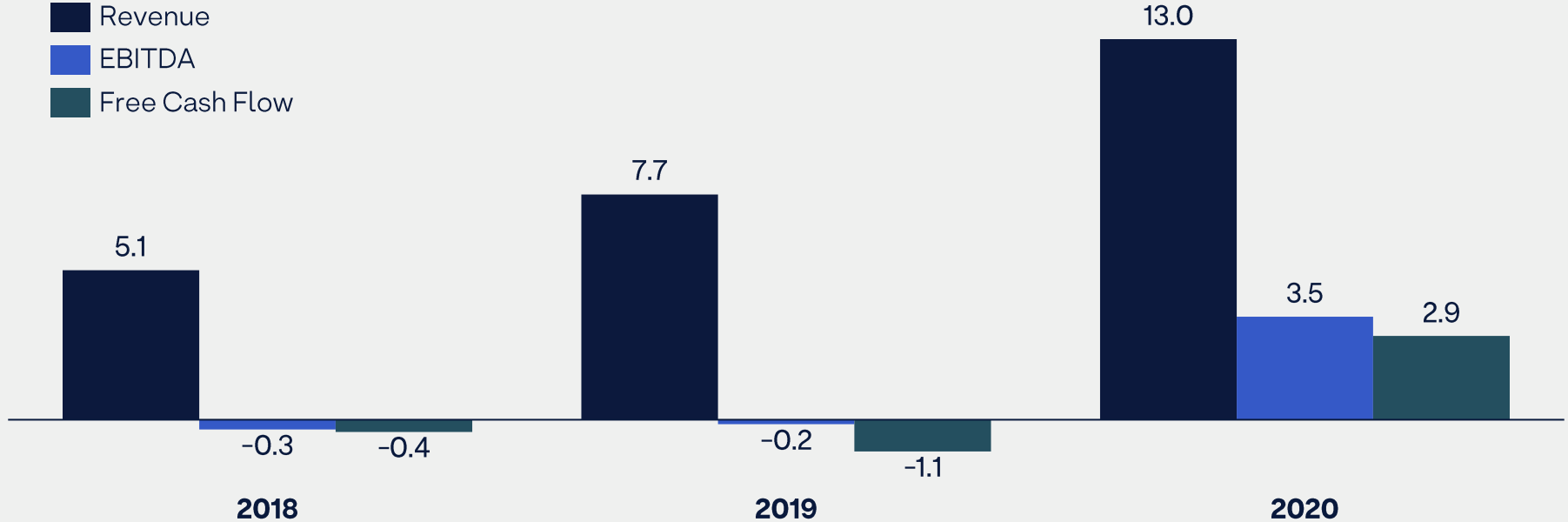
Strong historical financial performance – EBITDA and cash flow positive since 2020



Reported figures (i.e. not PF adj.)

EURm

- Revenue
- EBITDA
- Free Cash Flow

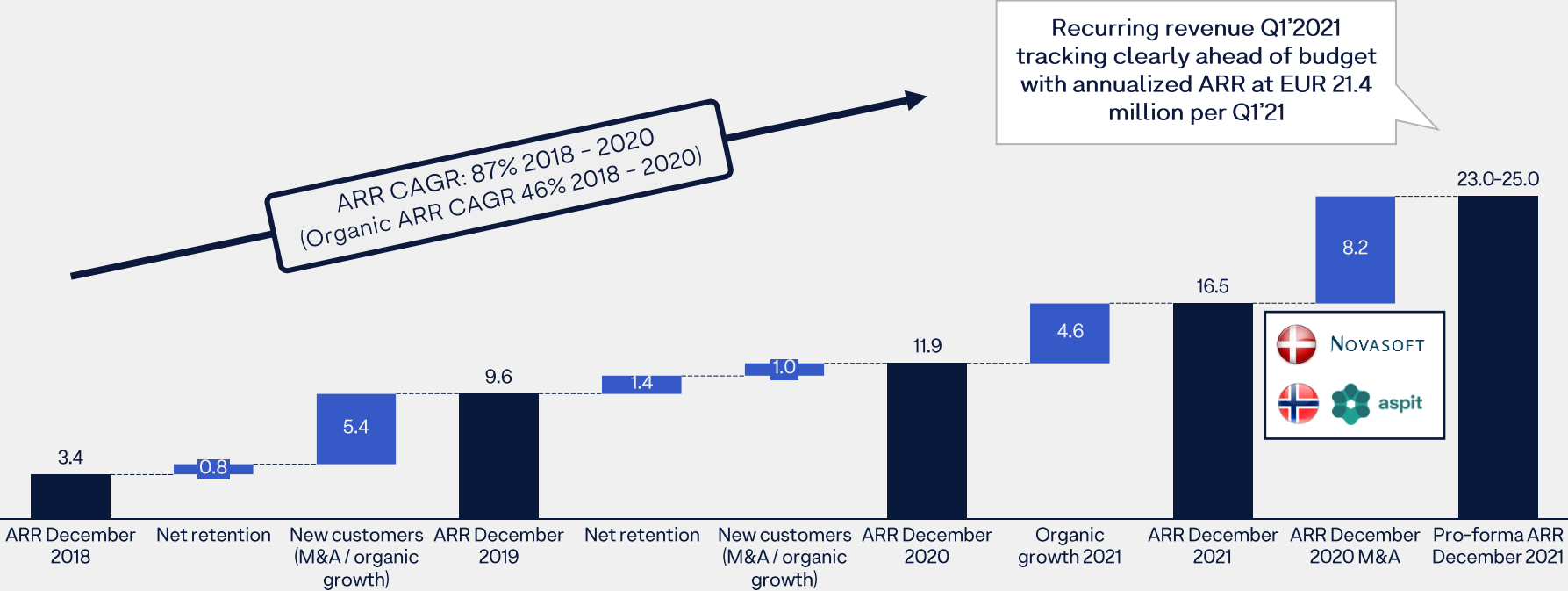


Successfully growing attractive recurring revenue streams



Reported figures (i.e. not PF adj.)

EURm

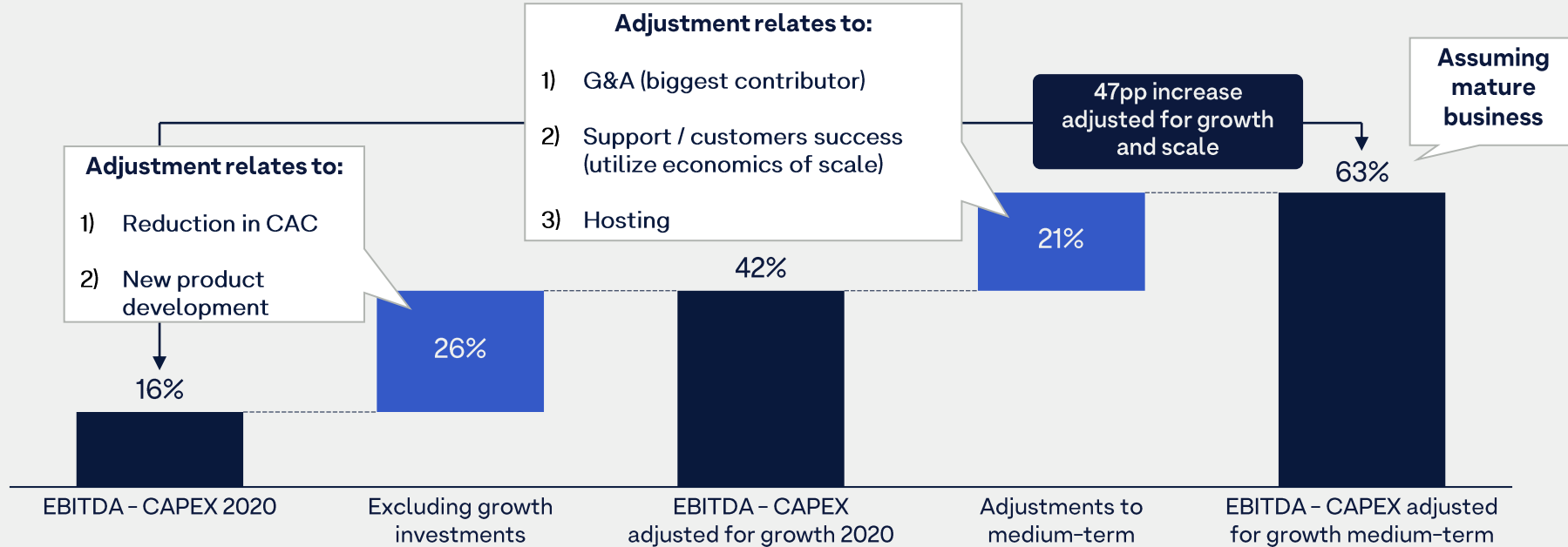


Ability for cash generation will increase in the medium-term



Ability for cash generation the next years will be contributed from several reliable levers

EBITDA – CAPEX as % of Revenue



Growth driven by upsales, new customers, expansion and M&A

46% organic ARR CAGR 2018-2020

NET UPSELL TO EXISTING CUSTOMERS



Organic growth through a combination of price increases, upsells and customer user growth

RECRUIT NEW CUSTOMERS



Ramped up marketing and sales team to enable us to proactively acquire customers with very attractive CAC payback periods

GREENFIELD EXPANSION



Successfully entered more than 7 countries greenfield – proving the ability to utilize the low localization and regulation requirements in chosen segments

41% M&A ARR growth

M&A

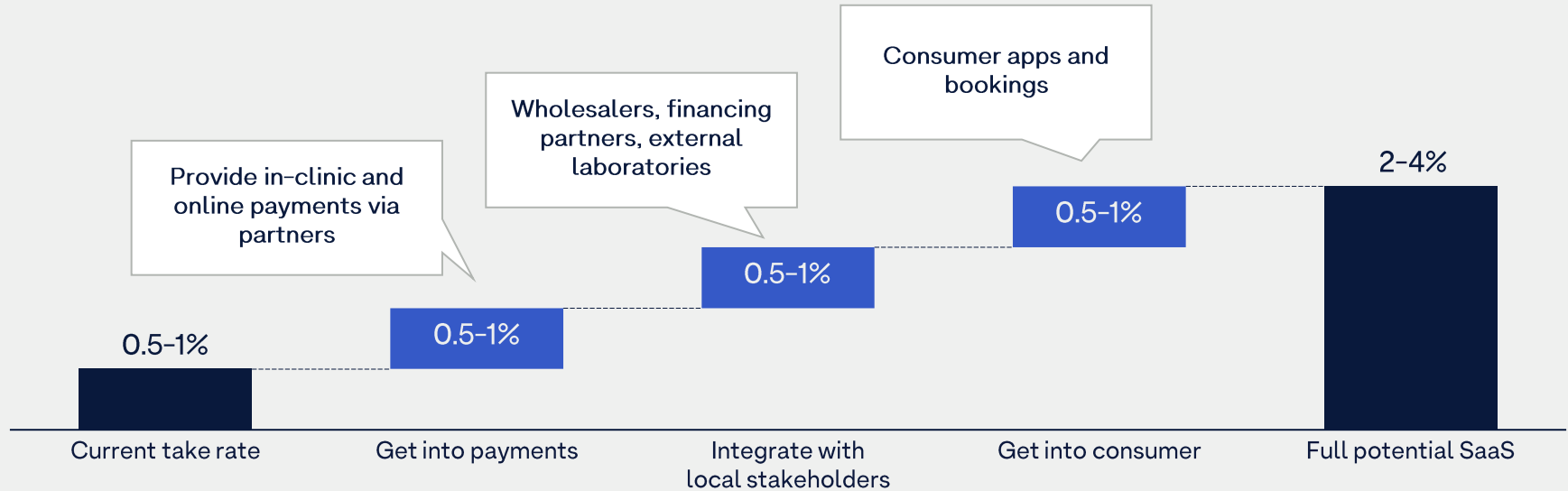


Strong track record of acquisitions with successful integrations which utilize the organic growth and ARR contribution even more

Nordhealth uniquely positioned to expand the offering by adding additional value added services



Take rate as % of clinic revenue



Full potential SaaS peers:

Nordhealth has a clear strategy on how to enter new markets



Target and hire

Marketing

Customer Satisfaction

1

Target university chains and clinics



2

Localization of the software



3

Recruit local team



Illustrate efficiency of software through **case studies from key opinion leaders**



Begin **outbound sales campaign** combined with **online marketing**

Software implementation to be successful

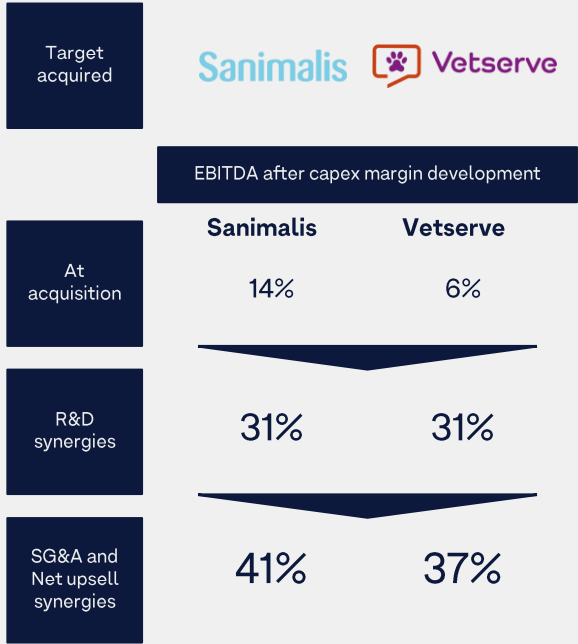


Utilize the power of word of mouth which spreads

Why have we been successful with acquisitions historically?



Case study: Acquisition synergies



Case study: Acquisition synergies

- Strategic rationale: Solid market share with outdated technology which was easily adaptive to Provet Cloud
- Trofast, a Swedish company generating ~€475k ARR in 2019 from 100 clinics, was acquired in September 2019 by Nordhealth
- Market share had somehow been maintained through low pricing
- GAP analysis showed only a few functions needed to be in place to match Trofast to Provet Cloud
- Clinics were planned to be migrated by 2020 and large hospitals by 2021



Value creating migration process

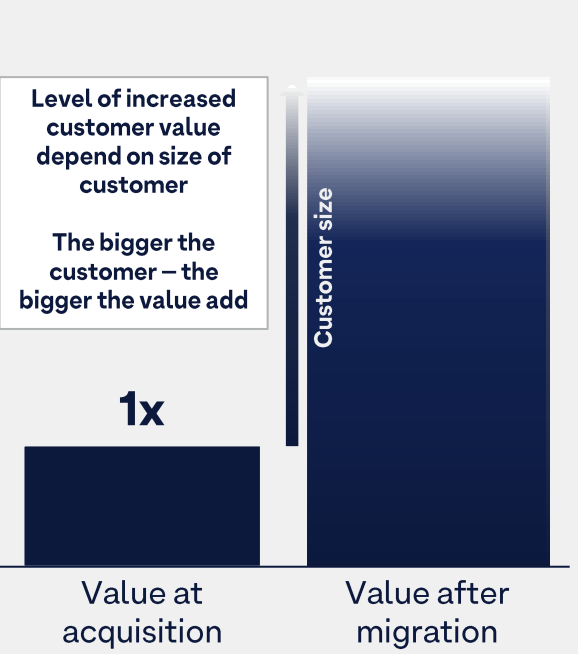


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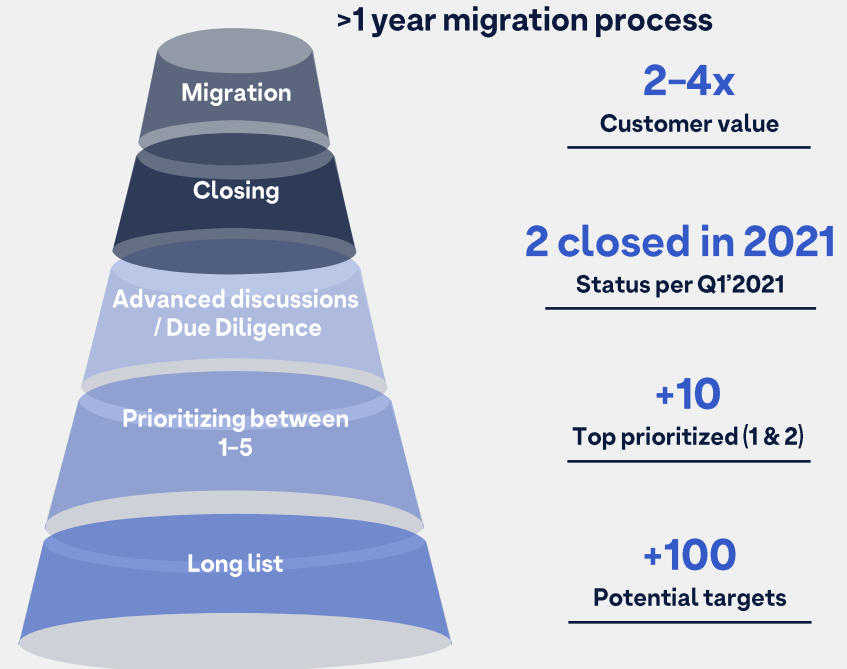
Appendix

Key building blocks in the M&A strategy going forward



Nordhealth has a successful playbook for M&A

- 1 Identify attractive new country based on ARPU⁽¹⁾, market size and competitive landscape
- 2 Acquire PMS companies with strong customer base and local team
- 3 Work with local acquired team to localize flagship PMS and integrate with local stakeholders
- 4 Migrate and upsell customers to flagship PMS
- 5 Exploit the full potential of SaaS, i.e. get into payments and consumer



Note: (1) Average revenue per user

Business overview

- Leading provider of practice management software for therapists in Norway
- Currently ~60 employees including ~20 IT consultations
- More than 6,000 psychologists, psychiatrists, physiotherapists, chiropractors and specialists use the EHR-solutions daily
- In 2018, the company strengthen its position winning a 5 year national contract with the Norwegian Directorate for eHealth

Product and software features include:

Psychotherapy



Physiotherapy



Mobile platform



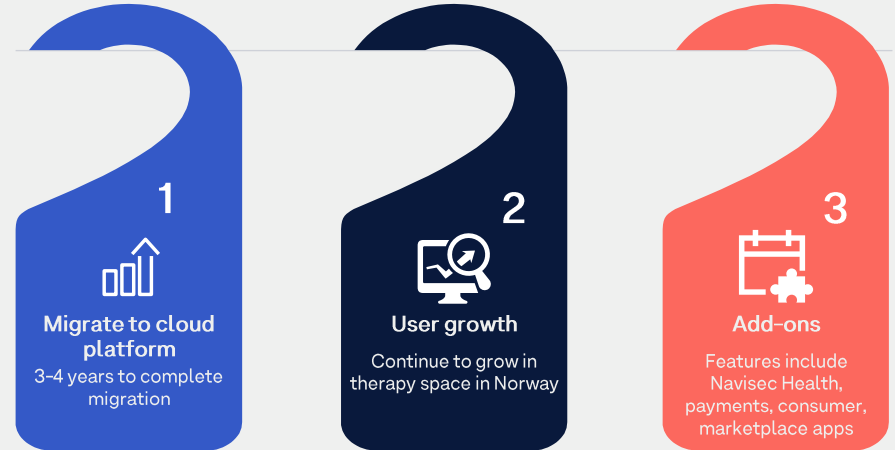
Integrations, imaging & video



Web-based EHR



Equity value creation



Dominant market position in Norway, connecting with tier 1 integrators and customers:



90 % market share in psychology and 60% market share in therapist space

norsk **helsenett**



exonLive

FÜRST

CheckWare

infopad

Direktoratet for e-helse

tieto Every

tripletex

VISMA accounting

DigiCare

PASIENTREISER

melin medical

MediPay

digipost

Norse Feedback

Helsedirektoratet

nets

SECTRA



USA veterinary expansion



US expansion rationale

- The majority of US vet practices currently use legacy hosted or on-premise PMS software solutions from:
 - IDEXX: Cornerstone
 - Covetrus: Impromed or Avimark
- Current chains are looking to unify their PMS on one platform to enable unified reporting and centralised pricing

US market:



30 000
Vet clinics
in the US



\$31.4 Bn
US Vet market
2020



\$103 Bn
US broad
pet market 2020



3 – 5 years
US vet practices
will likely be
shifted to cloud

Market landscape

Current cloud providers include:



Too complex for general practice clinics (which is ~80% of the market)



Neo and eVetPractice (owned by IDEXX and Covertrus) are never met by Nordhealth in competitive tenders for chains



Startup offerings are in their infancy but have good products. Small size (>€2M revenue) make it risky to choose them



Small but promising competitor – was recently acquired by the corporate chain Pathways

Use of proceeds



Recruit and retain great talent

Develop great products

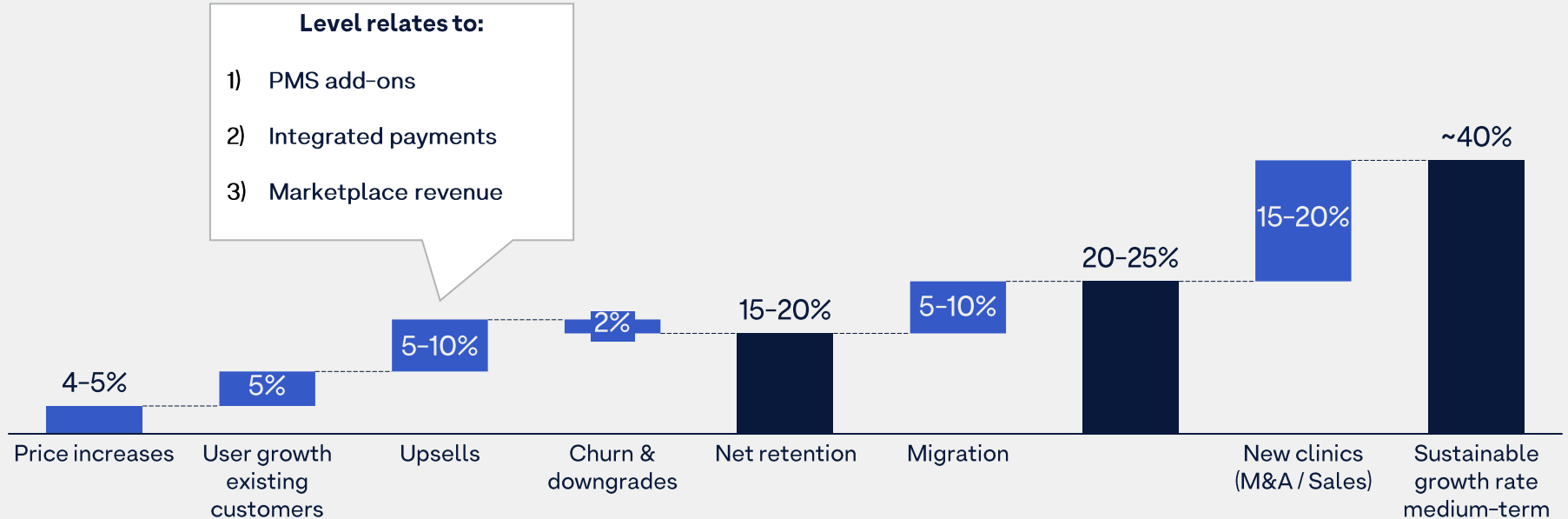
Deliver great experiences

PMS and add-on products acquisitions

Targeting ~40% growth rate in the medium-term



Sustainable growth rate medium term the next 4-5 years

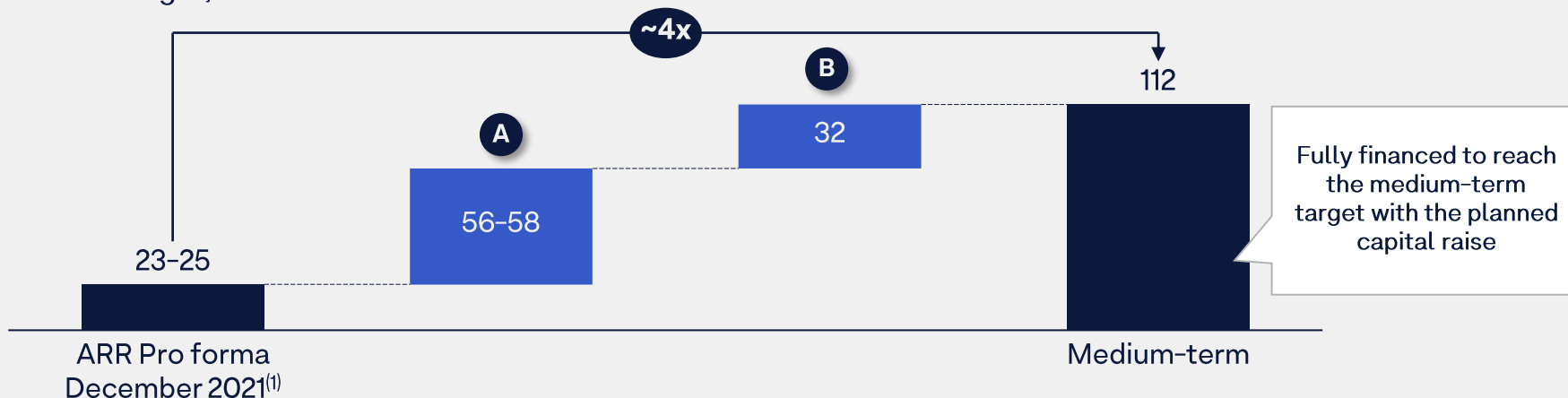


Nordhealth is targeting >€110M ARR in the medium-term



Financial growth during the next years will be contributed from several reliable levers

ARR foresight, EURm



A

New customers: M&A / Organic expansion

- Acquire to accelerate entry to new specialties or geographies given fair M&A-multiples
- Expand to new markets for veterinary including US, UK and Central Europe

B

Upsell to existing customers

- Historical net retention rate of 119%
- Forecast in-line with historical development of 115% going forward
- Price increases at 4-5% annually
- Add-on features includes payments, marketplace apps etc.

Q&A

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Q1'2021 recurring revenue update

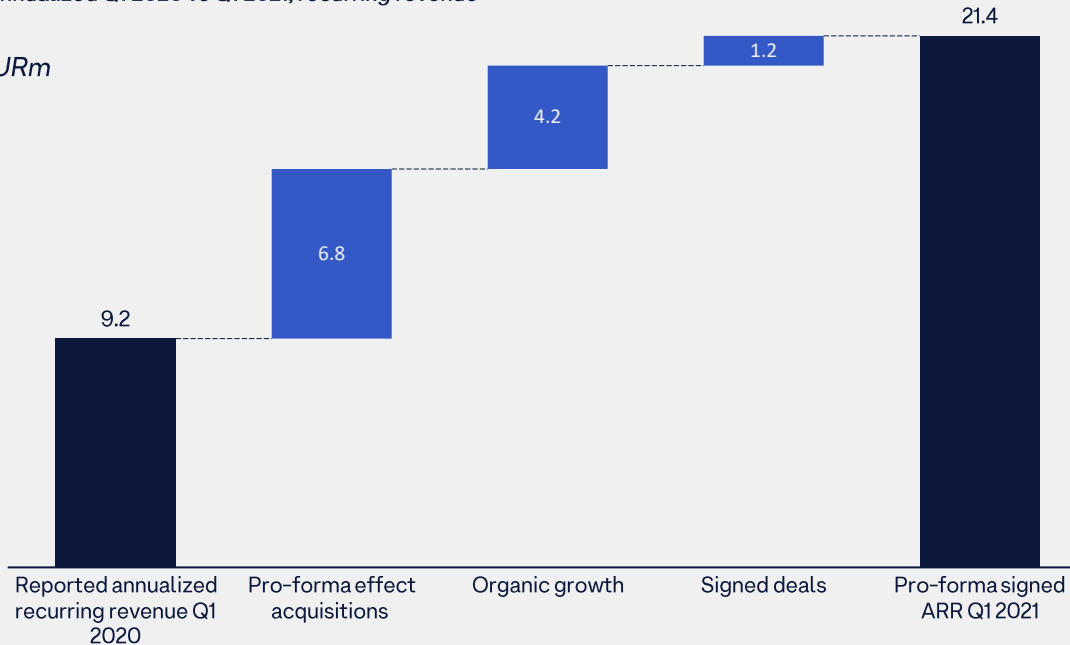


Significant recurring revenue increase driven by acquisitions and organic growth

Comments

Annualized Q1'2020 vs Q1'2021, recurring revenue

EURm



- Recurring revenue in Q1 2021 tracking clearly ahead of budget
- The main driver being Provet Cloud, where both new customer recruitment and net retention contributed to the strong development
- Also acquired entities showing significant growth and will be important contributors going forward
- When comparing pro-forma growth rate (incl. acquisitions in Q1 2020 vs Q1 2021), organic growth in recurring revenue stands at +26% YoY

Q1'2021 EBITDA update

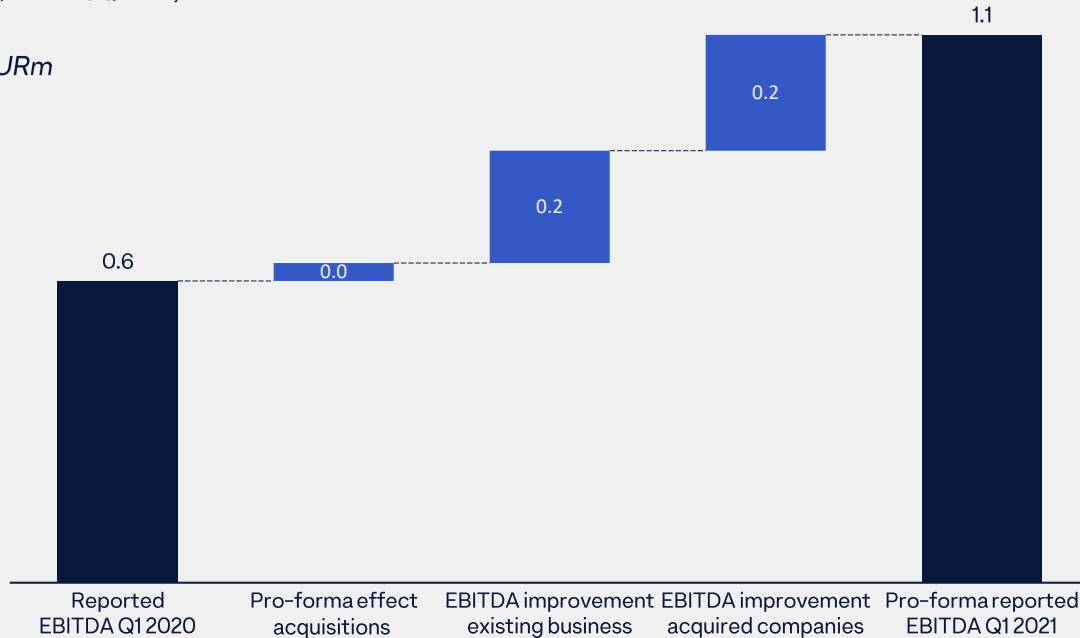


Larger scale and resulting gross margins offset additional investments into top talent

Comments

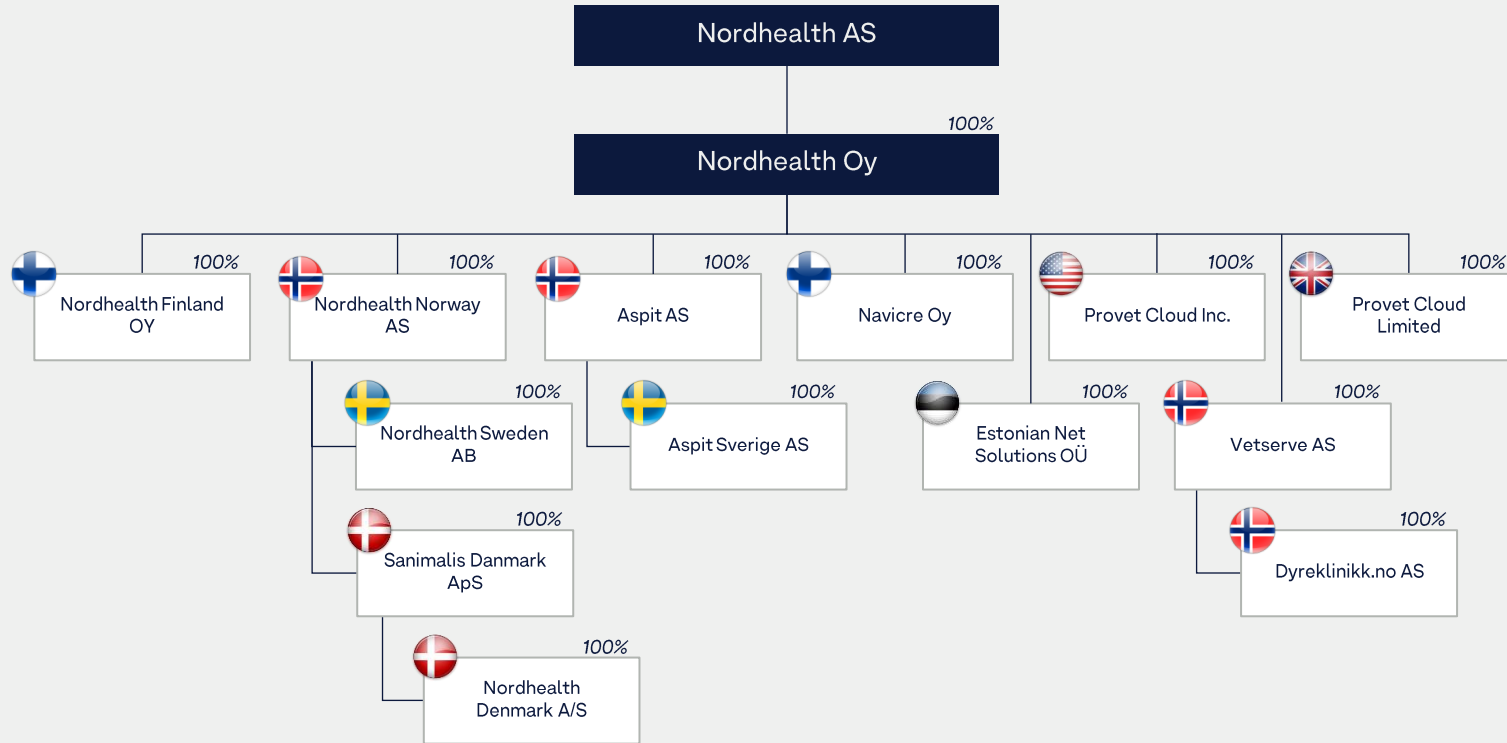
Q1'2020 vs Q1'2021, EBITDA

EURm



- Profitability also improved significantly, as larger scale and resulting gross margins managed to offset active recruiting of new talent in the group.
- EBITDA after capex improved even more as capex spend in acquired entities are starting to scale down
- Nevertheless Nordhealth is still focusing clearly on its objective to grow fast and is looking to continue hiring more exceptional talent
- Although Nordhealth is growth-focused and invests significant, the business remain profitable – This itself illustrates a great and healthy business going forward

Legal structure



Reported P&L 2018 – Q1'2021



Reported P&L – Group consolidated 2018 – Q1'2021

EUR in thousands	FY18	FY19	FY20	Q1'21
Recurring revenue	4 623	10 724	2 972	
Other revenue		3 018	1 960	372
Total revenues	5 010	7 641	12 685	3 344
Other operating income		53	312	16
Material and services	(160)	(1 225)	(1 751)	(408)
Gross profit	4 946	6 470	11 246	2 953
Personnel expenses	(3 754)	(4 184)	(5 555)	(1 567)
Other operating charges	(1 528)	(2 435)	(2 203)	(555)
EBITDA	(336)	(150)	3 487	830
Depreciation & amortization	(203)	(671)	(1 007)	(216)
Amortization of goodwill	(37)	(205)	(506)	(128)
EBIT	(575)	(1 026)	1 975	486
Other interest and financial income	95	172	279	11
Interest and other financial expenses	(49)	(74)	(252)	(146)
EBT	(529)	(928)	2 001	352
Taxes	(2)	(2)	(73)	-
Net profit	(532)	(929)	1 928	352
KPIs				
Revenue growth	n.a	52 %	66%	n.a
Gross margin	n.a	85 %	89%	88%
Personnel expenses in % of revenue	75 %	55 %	44%	47%
Other opex in % of revenue	30 %	32 %	17%	17%
EBITDA margin	-7 %	-2 %	27%	25%
EBIT margin	-11 %	-13 %	16%	18%
EBITDA after capex				
Reported EBITDA	(336)	(150)	3 487	830
Capex	(350)	(1 277)	(1 499)	(525)
EBITDA after capex % (excluding other operating income)	-14%	-19%	16%	9%
EBITDA after capex	(686)	(1 427)	1 989	305

Comments

- Total revenue growth is impacted by active decision in 2020 to decrease bespoke development and more focus on recurring revenue growth. Thus moving additional development resources into new product and revenue stream development
- The platform building years in 2018-2019 impacted profitability, as increasingly more new talent was onboarded into Nordhealth
- In 2020 the first scaling year brought significant improvements in profitability. Higher gross margins from scale and synergies in acquired companies, clearly offset the additional investments in new product development
- Legal P&L includes Sanimalis and Vetserve entities only from September 1st 2019 onwards
- Q1'2021 legal reported figures do not include new acquired entities (Novasoft, Aspit etc.) which will contribute to further profitable growth

Adjusted pro-forma P&L 2018 – Q1'2021



Adjusted pro-forma P&L – Group consolidated 2018 – Q1'2021

EUR in thousands	FY18 PF	FY19 PF	FY20 PF	Q1'21 PF
Adj. Total revenues	14 958	17 153	20 087	5 498
<i>Other operating income</i>	96	53	312	51
COGS	(2 431)	(3 504)	(3 584)	(895)
Adj. Gross profit	12 624	13 702	16 815	4 654
Personnel expenses	(7 581)	(8 409)	(8 933)	(2 578)
Other operating expenses	(4 023)	(4 616)	(3 457)	(914)
Adj. EBITDA	1 019	678	4 424	1 162
Capex	(3 425)	(4 200)	(4 161)	(889)
Adj. EBITDA after capex	(2 406)	(3 522)	264	273
Adjusted KPIs				
Revenue growth	n.a	15 %	17%	n.a
Gross margin	84 %	80 %	84%	85%
Personnel expenses in % of revenue	51 %	49 %	44%	47%
Other opex in % of revenue	27 %	27 %	17%	17%
EBITDA margin	7 %	4 %	22%	21%

Comments

- The pro-forma P&L displays the consolidated financials throughout the historical period for the following entities:
 - TPG (including Sanimalis and Vetserve acquired in FY19)
 - Novasoft A/S (Acquired in FY21)
 - Effect from Aspit AS (Acquired in FY21)
- The adjusted pro-forma P&L reflects adjustments for non-recurring and exceptional items
- Total revenues showing more modest growth than recurring revenues. This is according to plan, as Nordhealth has decided to decrease bespoke development and focus on recurring revenue and new product development instead

Balance sheet 2018 – 2020



Audited balance sheet 2018 – 2020

EUR in thousands	31 Dec'18	31 Dec'19	31 Dec'20
Intangible assets	176	1939	2435
Other capitalized long-term expenses	74	54	34
Group Goodwill	139	4 986	4 135
Machinery and equipment	437	368	306
Other shares and similar rights of ownership	189	280	189
Total non-current assets	1 015	7 627	7 100
Loan receivables, long-term	-	-	49
Accounts receivable	642	1 251	1 151
Loan receivables, short-term	-	-	149
Other receivables	72	48	175
Prepayments and accrued income	79	463	506
Cash at bank and in hand	3 631	2 064	3 768
Total current assets	4 423	3 827	5 798
Total assets	5 438	11 454	12 898
Total equity	4 118	2 896	4 954
Liabilities to credit institutions	99	2 600	1 638
Other creditors	-	2 839	2 392
Total long-term liabilities	99	5 439	4 030
Liabilities to credit institutions	6	353	353
Advances received	155	193	500
Accounts payable	143	528	478
Other liabilities	238	751	791
Accrued expenses and deferred income	680	1 294	1 793
Total short-term liabilities	1 221	3 119	3 915
Total equity and liabilities	5 438	11 454	12 898

Comments

- Total tangible assets in the balance sheet small, highlighting very low requirements in tangible capex investments in Nordhealth's business
- Advances received and cash position at the end of the year are exceptionally low due to seasonality. New yearly and quarterly fees are collected in the start of January improving the cash position significantly
- Nevertheless, the net interest bearing debt on the 31 December 2020 stood at negative €1.8m displaying good cash position, solid balance sheet and the ability to increase leverage for future acquisitions
- Other liabilities include all earn-outs and other acquisition liabilities potentially due
- Group Goodwill increased in 2019 due to Nordic acquisitions

