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Q2 2023 presentation

22 August 2023

Today’s presenters

Charles MacBain

CEO

Mari Orttenvuori

CFO

Agenda

01

Company Update

Charles MacBain, CEO

🚀 Our mission

Build and acquire software that empowers healthcare professionals to save time so they can focus on delivering great care and growing their business

Strategy

Profitability

- Focus development on one product per vertical
- Improve gross margin and development resource allocation by migrating legacy products to Provet Cloud and EasyPractice
- Reduce CAC/New ARR through improvement in onboarding efficiency
- Lean corporate G&A (no additional headcount)
- No further significant net increase in headcount required to achieve 3 year plan

Growth

- Focus on key growth markets and aim for market leadership
  - **Therapy:** no new markets in 2023
  - **Veterinary:** focus on US, UK, Spain
- Build all-in-one solution: PMS ⟶ Payments ⟶ Booking portal

Q2 2023 KPIs

19.8%
ARR growth
Pro Forma LTM Q2 2023

110% organic
net retention rate
LTM Q2 2023

3.7%
gross churn
Pro Forma LTM Q2 2023

1.7 CAC / new ARR
Pro Forma LTM Q2 2023

6.5% total
ARR growth
Q1 2023 vs Q2 2023

EUR 34.1M
ARR
Q2 2023 Annualised

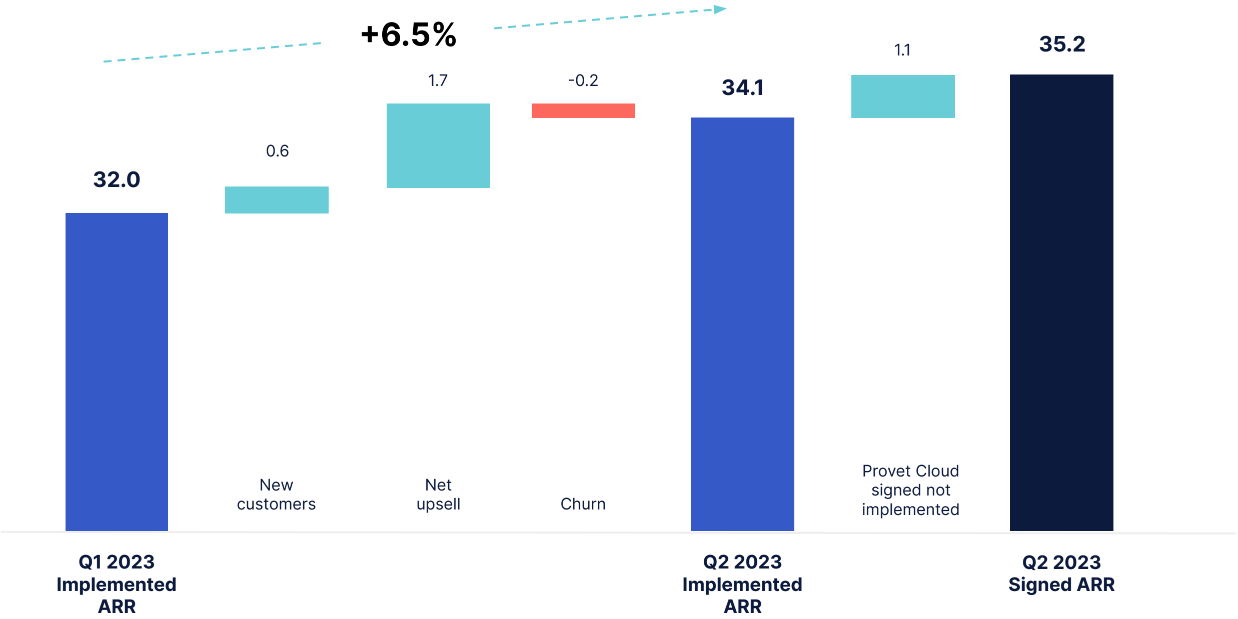
EUR 35.2M
Signed ARR
Q2 2023

EUR 0.43
ARR per share *
Q2 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

6.5% QoQ ARR Growth in Q2 2023

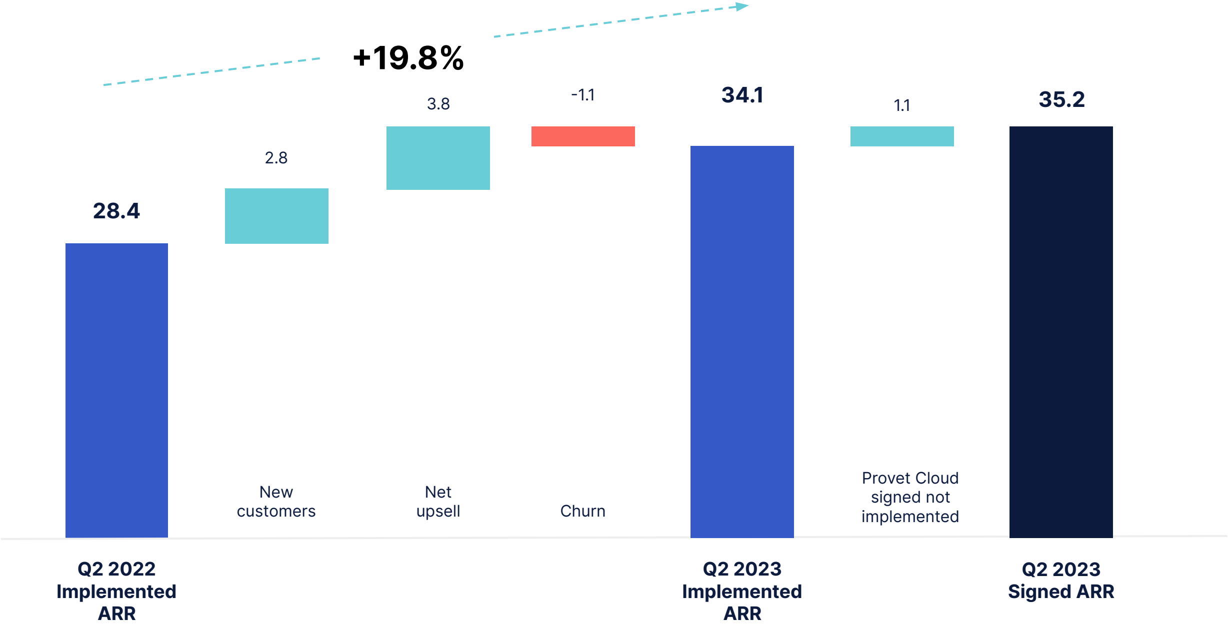


- ARR grew 6.5%
- New customer acquisition accounted for 27% of the growth
- Strong expansion in Q2/2023 primarily driven by Provet Cloud user growth and new add-on sales
- 49% of ARR on Cloud products in Q2/23 vs. 45% in Q1/23
- Provet Cloud signed not implemented ARR does not include CVS rollout post-pilot

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

Provet Cloud Signed but not implemented ARR in Q1/23 was 1.4 Meur.

20% YoY Pro Forma ARR Growth

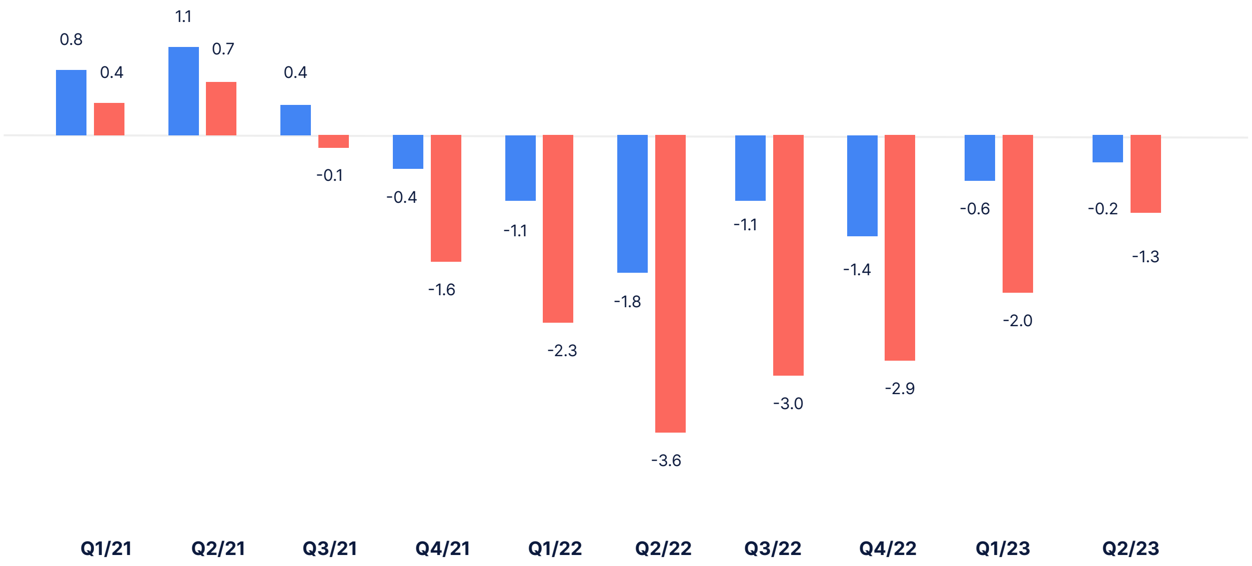


- Pro Forma ARR growth at 19.8% in LTM ending Q2/23
- New customer acquisition accounted for 41% of the growth
- 69% of new customer revenues came from Cloud products
- Net retention rate (including price increases) 110%
- Churn 3.7%

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

Provet Cloud Signed but not implemented ARR in Q2/22 was 1.0 Meur.

Strong improvement in profitability



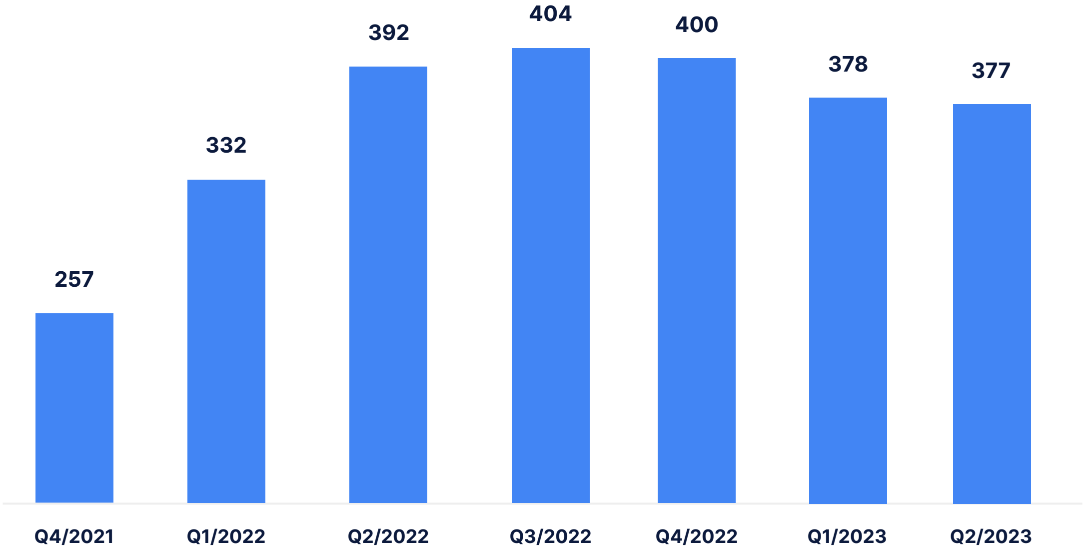
- Growth in total revenue in Q2/23 18%
- Restructuring measures in both Veterinary and Therapy business units
- Focus on savings opportunities from migrating legacy products to cloud
- Improvement in profitability despite weakening NOK to EUR in H1 2023

Adjusted for one-off items.

Normalised for accounting policy alignment for acquired entities (capitalisation of development expenses) recognised as cumulative adjustments in Q4/22

Organisation size ready for scale

At the end of Q2/23 total number of employees amounted to 377 (378 at the end of previous quarter) of which 127 (127) work in Therapy, 222 (225) in Veterinary and 28 (26) in HQ G&A.



Including employees on a consultancy agreement.

02

Veterinary Update

Charles MacBain, CEO

Veterinary business update

2023 Focus

- Nordic legacy migrations
- Acquire new customers in UK, US, Spain
- Acquire new corporate in UK, US, Spain

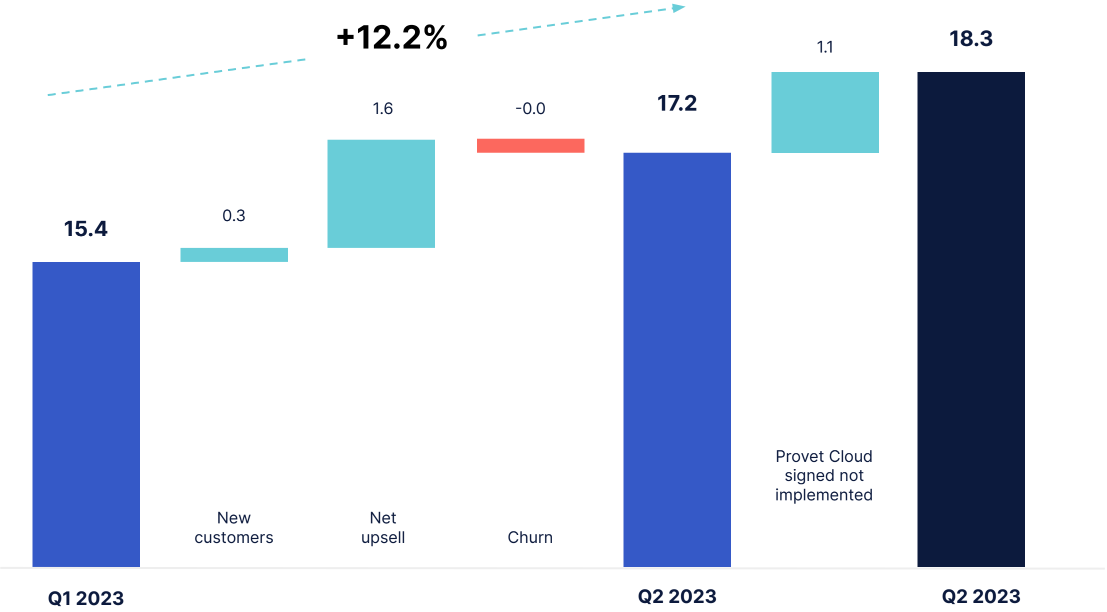
Growth

- CVS pilot ongoing in multiple clinics and progressing well
- Small UK corporate of approx. €160k signed ARR
- Provet Cloud signed ARR in Q2 was €400k+
- Run rate Nordhealth Pay, processed over €2.9M of payment volume in June 2023 vs. €0.7M in June 2022

Profitability

- Margin improvement driven by revenue growth and more efficient customer acquisition and onboarding
- Over 110 customers migrated to Provet Cloud

12% QoQ ARR growth

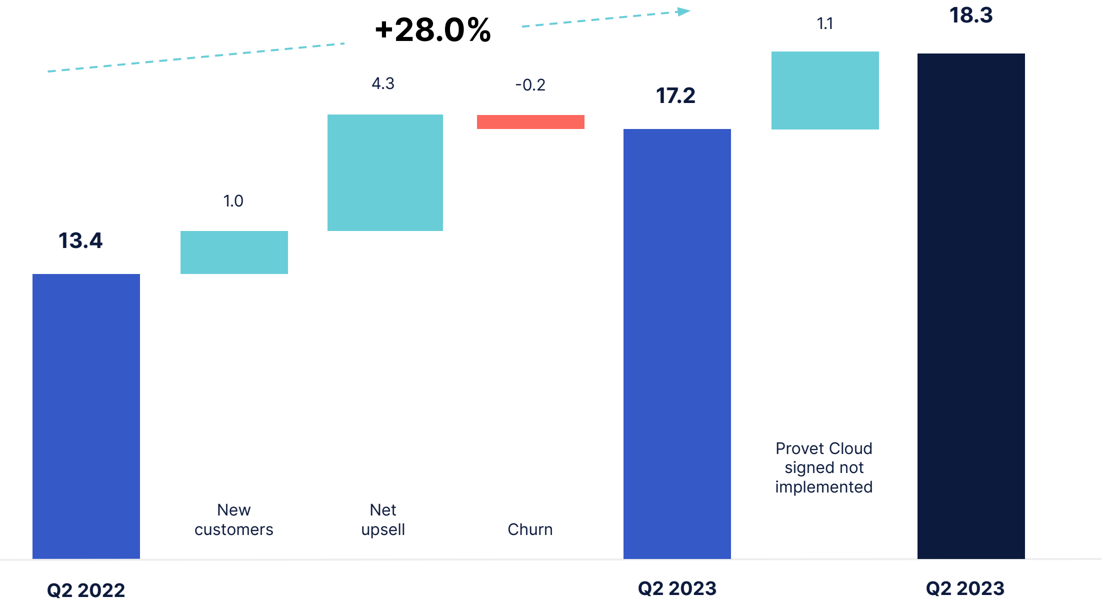


- Growth in the second quarter 2023 was 11.9 %
- New customer acquisition accounted for 16% of the growth
- Net retention rate (including price increases) 110.0%, primarily driven by Provet Cloud user growth and new add-on sales
- 67% of new customer revenues came from Cloud products
- 53% of ARR on Cloud products in Q2/23 vs. 46% in Q1/23

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 Q1/23 was 1.4 Meur.

28% YoY Pro Forma ARR growth

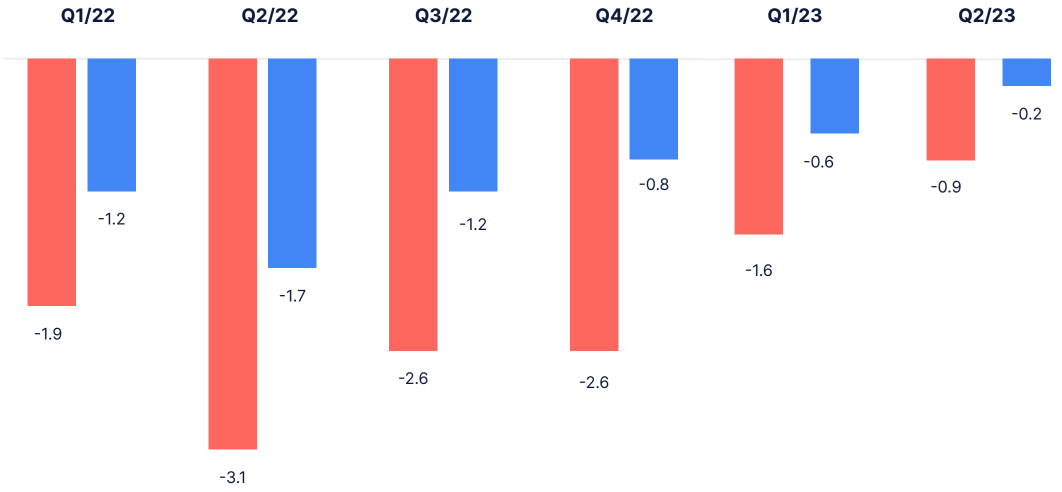


- Pro Forma ARR growth at 28.0% in LTM ending Q2/23
- Net retention rate (including price increases) 120.3%, primarily driven by Provet Cloud user growth, new add-on sales and price increases
- Churn of 1.5%
- New customer acquisition accounted for 26% of the growth
- 78% of new customers came from Cloud products

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 Q2/22 was 1.0 Meur.

Improved Profitability QoQ



- Revenue growth (EUR 1.1M in total revenue) together with reorganisation activities initiated in Q4/22 had a positive impact on profitability development also in Q2/23
- Reduction in headcount from 233 in Q4/22 to 222 in Q2/23

Excluding group cost allocations.

Normalised for accounting policy alignment for acquired entities (capitalisation of development expenses) recognised as cumulative adjustments in Q4/22

03

Therapy Update

Charles MacBain, CEO

Therapy business update

2023 Focus

- Aspit migration to EasyPractice
- Launch booking portal in Finland

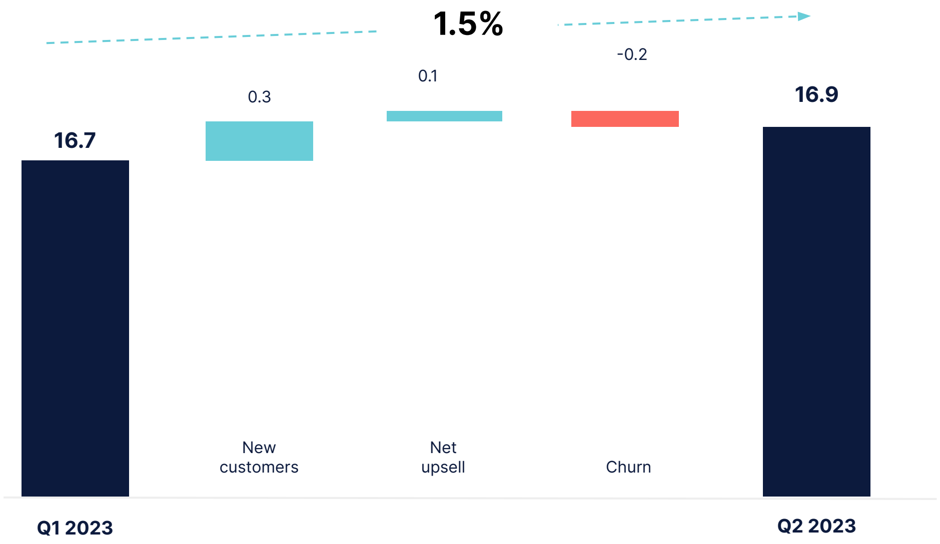
Growth

- NEMUS, one of Norway's leading therapy companies, selected Aspit as their PMS
- Launched Diarium for massage therapists in Finland
- Booking portal, nordhealth.fi, launching therapist profiles in August

Profitability

- Continued to migrate development and support resources from Aspit and Diarium to EasyPractice
- First Aspit clinics have been successfully migrated to EasyPractice

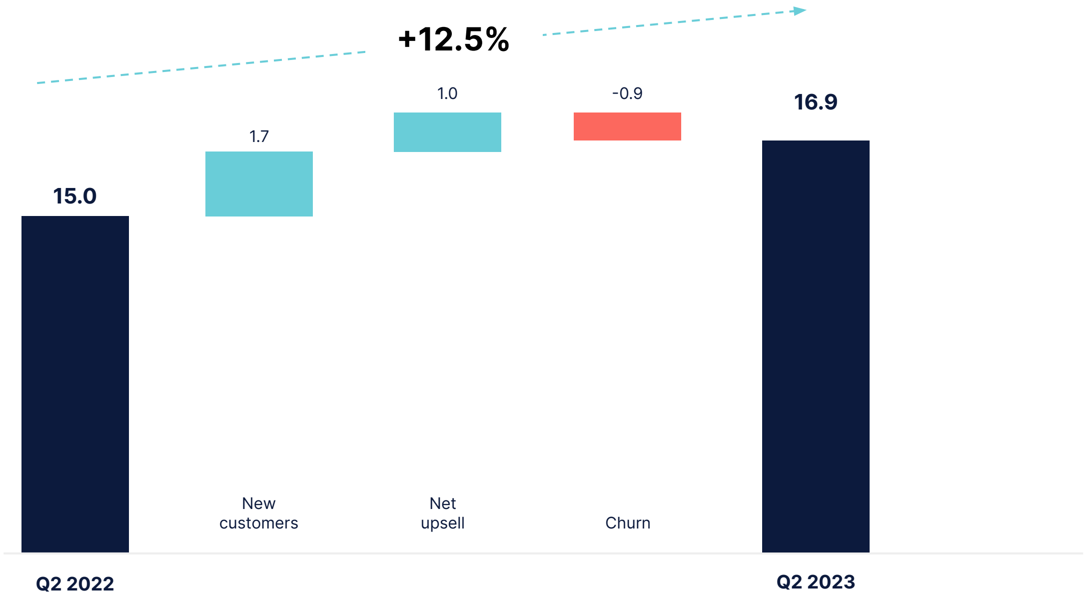
1.5% QoQ ARR growth



- Growth in the second quarter 2023 was 1.5%
- Low net retention rate (including price increases) 99.4%, primarily driven by EasyPractice churn and Aspit end of the invoicing quarter downgrades
- New customer acquisition accounted for 72% of the growth
- 69% of new customer revenues came from Cloud products
- 45% of ARR on Cloud products in Q2/23 vs. 44% in Q1/23

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

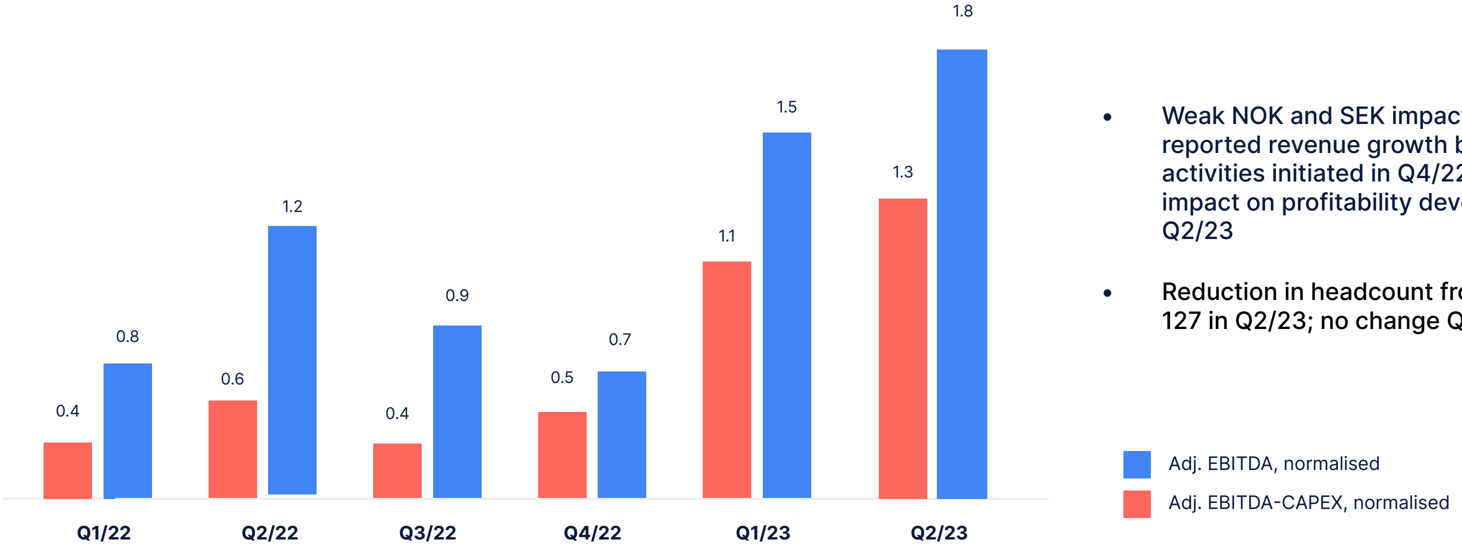
12.5% YoY Pro Forma ARR growth



- Pro Forma ARR growth at 12.5% in LTM ending Q2/23
- Net retention rate (including price increases) 100.9%
- Churn of 5.7%
- New customer acquisition accounted for 64% of the growth
- 64% of new customers came from Cloud products

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

Strategic reorganisation measures improved profitability



- Weak NOK and SEK impacting negatively reported revenue growth but reorganisation activities initiated in Q4/22 had a positive impact on profitability development also in Q2/23
- Reduction in headcount from 140 in Q4/22 to 127 in Q2/23; no change QoQ

Excluding group cost allocations.

Normalised for accounting policy alignment for acquired entities (capitalisation of development expenses) recognised as cumulative adjustments in Q4/22

04

Financial Update

Mari Orttenvuori, CFO

Profit & Loss statement

Consolidated Income Statement	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Recurring revenue	8 201	7 144	16 090	13 596	28 216
Other revenue	987	365	1 769	968	2 833
Total revenue	9 187	7 509	17 859	14 565	31 050
Other operating income	28	61	52	65	229
Total operating income	9 215	7 570	17 911	14 630	31 279
Material and services	(1 314)	(1 175)	(2 507)	(2 268)	(4 780)
Personal expenses	(5 629)	(5 561)	(11 368)	(10 169)	(22 255)
Other operating expenses	(2 422)	(2 796)	(5 095)	(5 288)	(10 218)
Total operating expenses	(9 365)	(9 532)	(18 970)	(17 725)	(37 254)
EBITDA	(150)	(1 962)	(1 059)	(3 095)	(5 975)
Depreciation and amortization	(795)	(512)	(1 545)	(932)	(2 236)
Amortization of goodwill	(1 647)	(1 624)	(3 296)	(3 036)	(6 467)
Total depreciation and amortization	(2 442)	(2 136)	(4 841)	(3 968)	(8 702)
Operating profit (EBIT)	(2 592)	(4 098)	(5 899)	(7 063)	(14 677)
Other financial income	348	1 025	549	1 320	2 082
Interest expenses	(1)	(4)	(2)	(12)	(17)
Other financial expenses	(94)	(376)	(314)	(613)	(1 517)
Total financial income and expense	252	646	233	695	549
Profit (loss) before tax	(2 339)	(3 452)	(5 666)	(6 368)	(14 128)
Taxes	(148)	(107)	(189)	(195)	(136)
Net profit (loss)	(2 488)	(3 559)	(5 855)	(6 562)	(14 264)
Adjustments to EBITDA	-	-	353	-	527
Adjusted EBITDA	(150)	(1 962)	(706)	(3 095)	(5 448)
Adjusted EBITDA Margin %	-2 %	-26 %	-4 %	-21 %	-18%
EBITDA - CAPEX	(1 337)	(3 635)	(3 646)	(5 647)	(12 328)
Adjusted EBITDA-CAPEX:	(1 337)	(3 635)	(3 293)	(5 647)	(11 801)
Adjusted EBITDA-CAPEX Margin %	-15 %	-48 %	-18 %	-39 %	-38%

- Total revenues Q2/23 grew 22% YoY to EUR 9.2M; H1/23 growth 23% YoY
    - Increase in other revenue driven by ongoing implementation projects as well as Vetera acquisition
- Reported recurring revenues Q2/23 grew 15% YoY to EUR 8.2M; H1/23 growth 18% YoY
- Recurring revenue impacted by weak NOK and SEK; on a constant currency basis 30% growth in H1/23; higher than pro-forma due to Vetera acquisition
- Q2/23 adjusted EBITDA margin -2%; an improvement from -26% in Q2/22
    - Decrease in headcount by 23 FTE's from Q4/22 and from Q2/22 by 15
- Q2/23 adjusted EBITDA-CAPEX margin -15%; an improvement from -48% in Q2/22

Balance Sheet

Consolidated Balance Sheet	Unaudited	Unaudited	Audited
EUR in thousands	30-June-23	30-June-22	31-Dec-22
Intangible assets	11 947	7 687	10 280
Deferred tax assets	525	43	585
Other capitalized long-term expenses	138	48	32
Goodwill	50 991	61 685	57 813
Machinery and Equipment	582	857	733
Other shares and similar rights of ownership	834	834	834
Loan receivables, long-term	279	64	64
Total non-current assets	65 269	71 219	70 342
Accounts receivable	6 152	2 370	4 035
Loan receivables, short-term	-	-	
Other receivables	395	1 317	526
Prepayments and accrued income	935	1 009	793
Money market funds	18 173	23 864	23 684
Cash at bank and in hand	10 785	24 434	15 514
Total current assets	36 440	52 994	44 552
Total assets	101 709	124 213	114 895
Total equity	88 958	107 051	98 630
Non-current liabilities to credit institutions	-	911	-
Other non-current liabilities	270	143	270
Total non-current liabilities	270	1 053	270
Current liabilities to credit institutions	-	73	25
Advances received	5 311	5 082	4 518
Accounts payable	1 094	1 070	878
Other current liabilities	1 722	5 870	5 833
Accrued expenses and deferred income	4 354	4 014	4 740
Total current liabilities	12 481	16 109	15 995
Total equity and liabilities	101 709	124 213	114 895

Cash and Cash Equivalents

- Cash balance remains strong at EUR **29.0M of cash and cash equivalents**
- Payment of EasyPractice earn-out EUR 4.0M in Q1/23
- Reinvesting money market funds was in process at the end of Q1/23 and has now been completed at the end of Q2/23

Change in other assets

- Increase in accounts receivable as some invoicing took place later in the month on June than usual and volume on invoicing was high
- Goodwill primarily denominated in NOK and decrease in value driven by currency impact

Change in equity and liabilities

- Pay-out of EasyPractice earn-out debt EUR 4.0M from current liabilities

Cashflow

Consolidated Cash Flow Statement	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Cash flow from operations					
Profit before income taxes	(2 374)	(3 452)	(5 701)	(6 368)	(14 128)
Taxes paid in the period	(191)	(48)	(200)	(53)	(153)
Other non-cash items	(338)	43	95	904	969
Depreciation and amortization	2 442	2 136	4 841	3 968	8 702
Change in trade debtors	(2 296)	(1 355)	(2 117)	(183)	(832)
Change in trade creditors	(637)	(48)	216	(51)	(242)
Change in other accruals	1 626	2 172	(36)	(808)	(841)
Net cash flow from operations	(1 769)	(552)	(2 903)	(2 591)	(6 525)
Cash flow from investments					
Investments in tangible and intangible assets	(1 313)	(1 849)	(3 147)	(3 061)	(6 802)
Purchase of shares and investments	0	(6 853)	(4 034)	(17 642)	(17 786)
Proceeds from/(investments in) money market funds	(5 064)	10 500	5 721	22 500	22 500
Net cash flow from investments	(6 376)	1 797	(1 460)	1 796	(2 089)
Cash flow from financing					
Change in debt	(25)	(231)	(25)	(982)	(2 082)
Purchase of treasury shares	(342)	-	(342)	-	-
Net cash flow from financing	(366)	(231)	(366)	(982)	(2 082)
Net change in cash and cash equivalents	(8 512)	1 014	(4 729)	(1 776)	(10 696)
Cash and cash equiv. at the beginning of the period	19 296	23 419	15 514	26 210	26 210
Cash and cash equiv. at the end of the period	10 785	24 434	10 785	24 434	15 514
Money market fund	18 173	23 864	18 173	23 864	23 684

Cash flow from operating activities

- Operative cash flow improved in Q2/23 in line with profitability - impacted by timing and volume of invoicing in June

Cash flow from investing activities

- Reinvesting money market funds completed during Q2/23

Free cash flow H1/23

- Free cash flow EUR -5.7M adjusted for one-off items EUR -0.4M
- No material earn-out payments or other deferred payments on the balance sheet impacting future cash flows

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Financial calendar

Extended quarterly presentation in Q3 2023 on **14 November 2023.** It will be held as a physical event with an opportunity to participate either virtually or physically

Conclusion

- Solid growth and profitability improvement in Q2/2023
- Signed ARR & Implemented ARR on target
- Confirming guidance
  - 15-20% growth in recurring revenue in 2023 from 2022 (constant currency Dec. 31st 2022 FX rates)
  - EBITDA - CAPEX break-even by Q1 2025
- EBITDA and EBITDA - CAPEX improvements better than expected

05

Q&A

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.

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Appendix

KPIs by business segments (Pro Forma)

	🐶Veterinary		👩‍⚕️Therapy		Total		
	Cloud	Hosted	Cloud	Hosted	Cloud	Hosted	All
2022-Q2 (€M)	€ 5.6	€ 7.8	€ 6.5	€ 8.5	€ 12.1	€ 16.3	€ 28.4
2023-Q2 (€M)	€ 9.0	€ 8.2	€ 7.6	€ 9.3	€ 16.6	€ 17.5	€ 34.1
Growth	**61.6%**	**4.1%**	**16.1%**	**9.8%**	**37.0%**	**7.1%**	**19.8%**
Migration (€M)	€ 0.1	€ -0.1	€ 0	€ 0	€ 0.1	€ -0.1	€ 0
Growth excl. migration	**51.7%**	**8.8%**	**16.1%**	**9.8%**	**32.5%**	**9.3%**	**19.2%**
New customer %	14.5%	2.9%	17.0%	7.4%	15.8%	5.2%	9.8%
Churn %	-0.3%	-2.4%	-8.5%	-3.4%	-4.7%	-2.9%	-3.7%
Net Upsell incl. Price increases %	37.5%	8.3%	7.6%	5.9%	21.4%	7.0%	13.1%

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 Q2 2023	27%	22%	24%	27%

Our products

Electronic Health Record Software	Veterinary	Physiotherapists	Occupational and Speech therapists	Psychotherapists
	World leading position	Leaders in Norway and Finland, aiming to expand		
Practice Management Software	Appointment Calendar & Online Booking	Unified Communication	Inventory management	Invoicing
Payments	POS Terminal Payments	Online payments	Recurring payments	Pay by email or SMS link

Integrations

Telemedicine | Imaging | Accounting | Wholesalers | Insurance | Laboratory

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

Acquisition history

Several acquisitions completed since 2005

2005
PROVET
Acquired **Provet Pet**

2009
Acquired **Praktiikka**
Entering the therapy segment

2017
navisec
Acquired **Navicre**

2019
trofast
Acquired **Trofast**

2019
Sanimalis
Acquired **Sanimalis** and **Vetserve**

2021
NOVASOFT
Acquired **Novasoft**

2021
aspit
Acquired **Aspit**

2022
YOMA CONSULTING
Acquired parts of **Yoma Consulting**(1)

2022
EasyPractice
Acquired **EasyPractice**

2022
vetera
Acquired **Vetera**(2)

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