





# Q2 2024 presentation

20 August 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



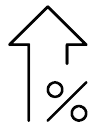
## Q2 2024 KPIs



**17.4%**

**Organic ARR growth**

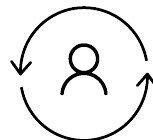
LTM Q2 2024



**108%**

**Net retention rate**

LTM Q2 2024



**5.1%**

**Net churn<sup>1</sup>**

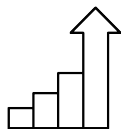
LTM Q2 2024



**0.8**

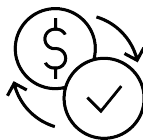
**CAC / new ARR<sup>2</sup>**

LTM Q2 2024



**12.5 LTV / CAC**

LTM Q2 2024



**€40.8M**

**Implemented ARR**

June 2024 Annualised



**€42.7M**

**Signed ARR**

Q2 2024



**€0.52**

**ARR per share<sup>2</sup>**

Q2 2024 Annualised

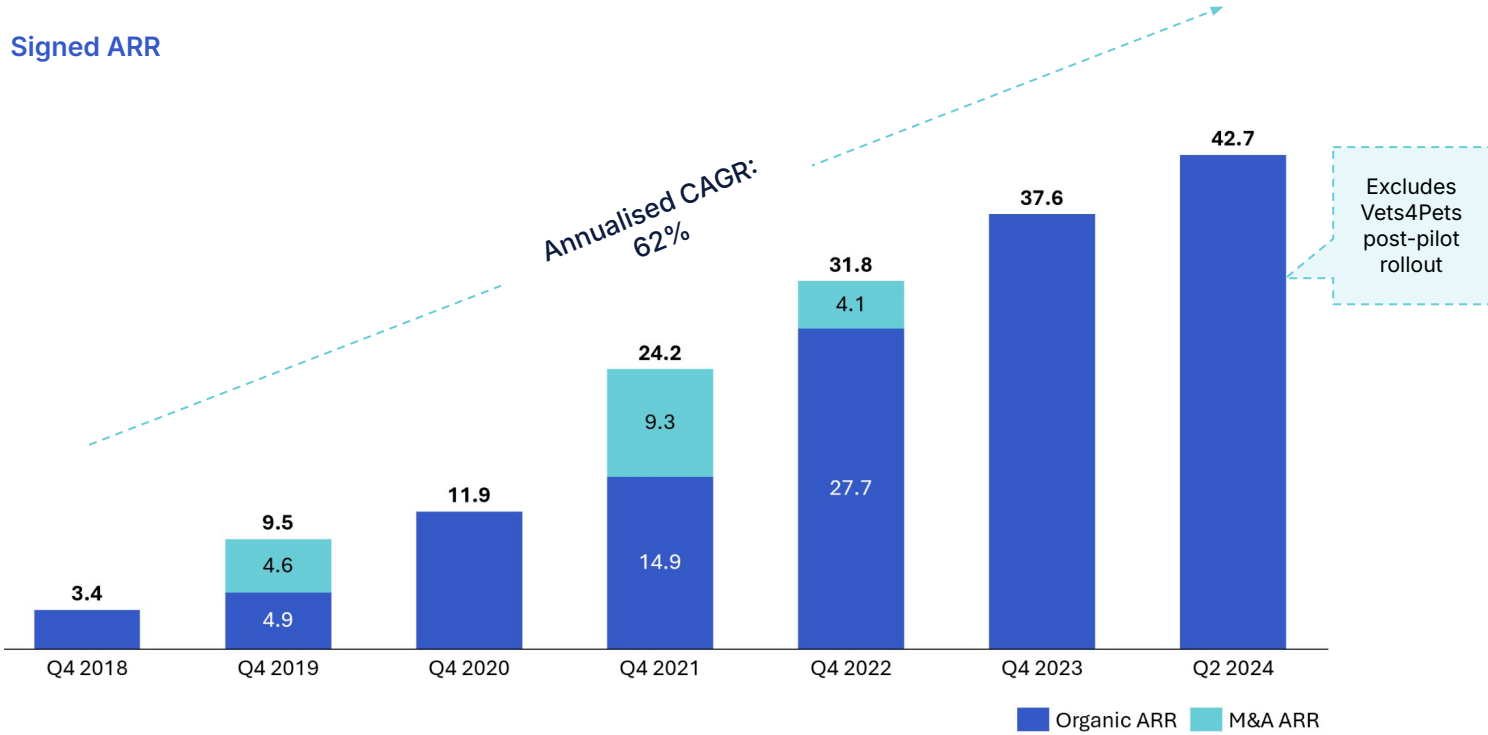
1. Excluding loss of Diarium enterprise customer in late 2023/Q1 2024 and the churn impact from sunsetting of Provet Win and Vetserve products

2. Calculated based on number of outstanding shares

# Strong track record of organic and acquisition-led growth



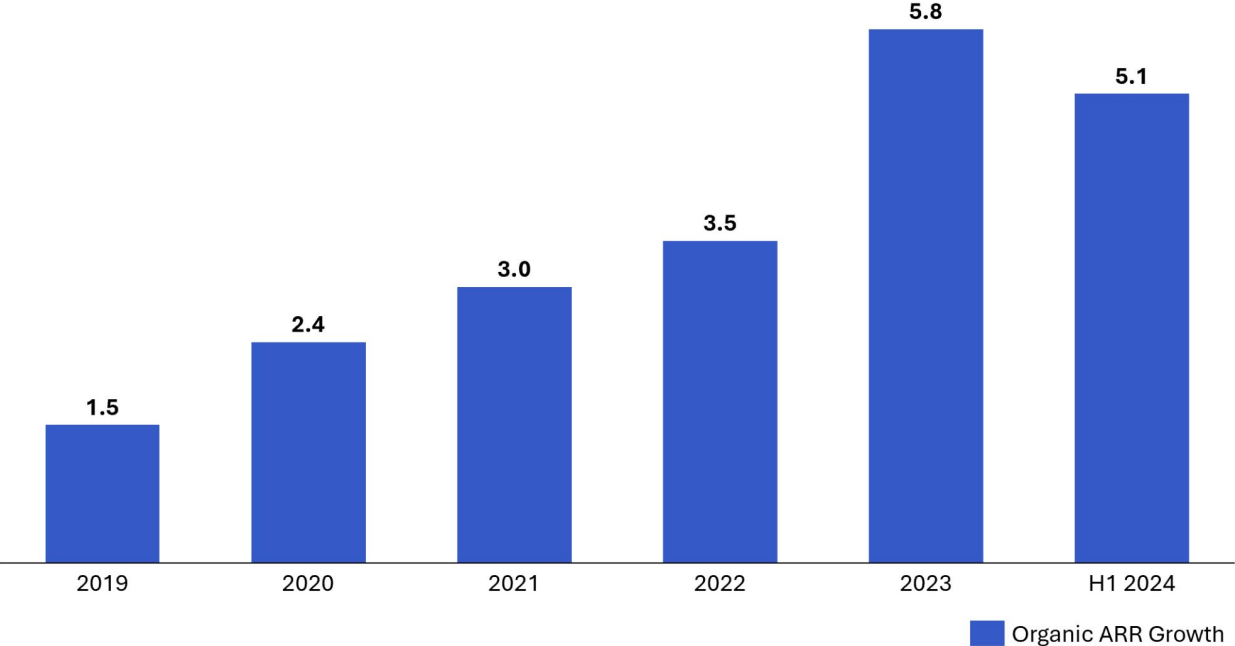
Signed ARR



# Organic ARR growth is accelerating



Organic signed ARR growth per period



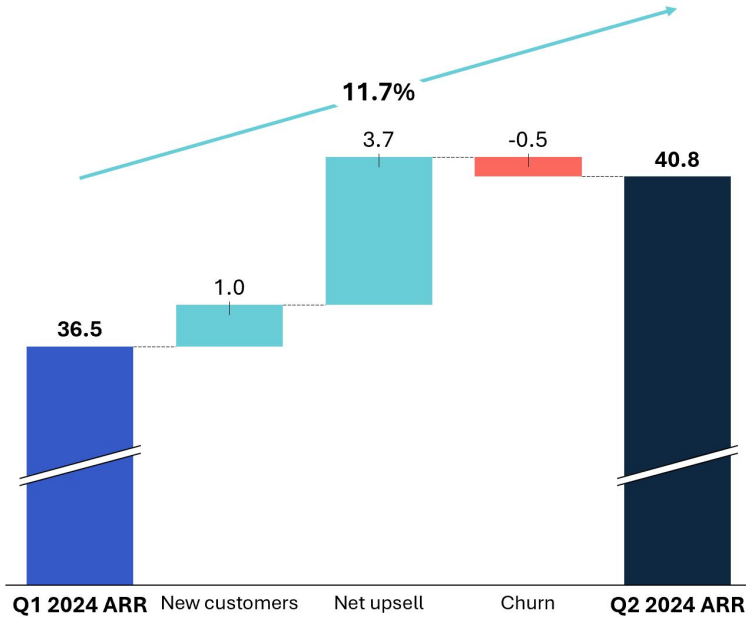
- Already after first 6 months this year ARR growth has been nearly as much as during the whole 2023



# 11.7% QoQ implemented ARR growth in Q2 2024



## Implemented ARR



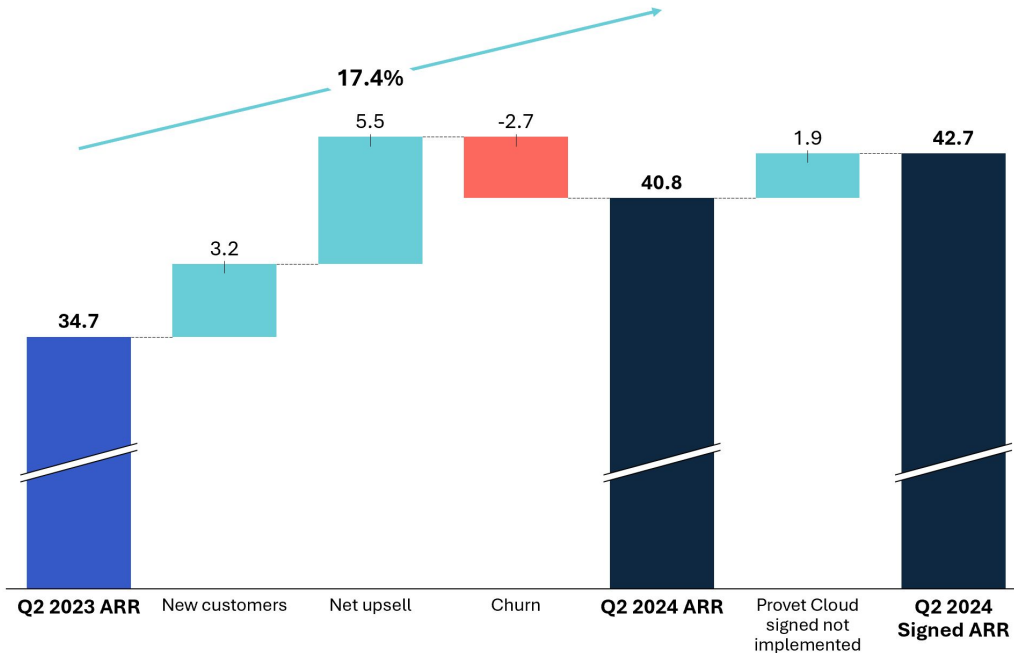
- Implemented ARR grew 11.7% QoQ
- Strong net upsell in Q2/24 primarily driven by the implementation of CVS small animal clinics to Provet Cloud

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

# 17.4% YoY implemented ARR growth and €42.7M Signed ARR



## Implemented ARR



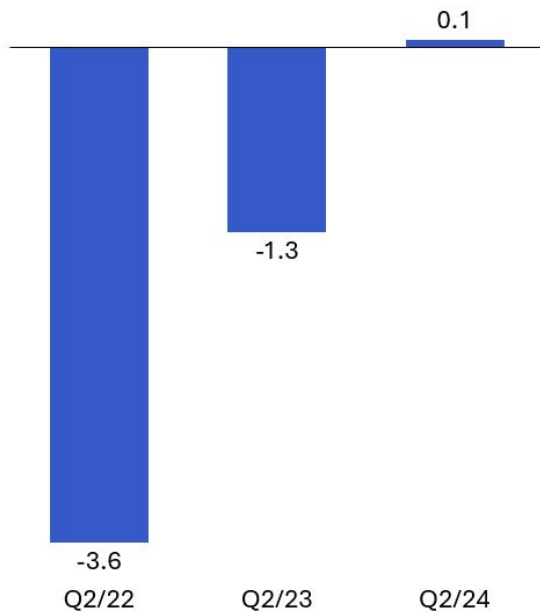
- Implemented ARR grew 17.4% YoY
- 70%+ of new customer ARR came from Provet Cloud and EasyPractice
- Net upsell primarily driven by CVS implementation and other Provet Cloud ARPU and user growth
- 7.7% ARR churn higher than long term average. Excluding loss of Diarium enterprise customer, churn would be 6.2% and excluding also sunset of Provet Win and Vetserve, churn would be 5.1%. We foresee long term average churn to be ~5%
- Vets 4 Pets rollout post-pilot not included in signed but not implemented ARR

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

# Adj. EBITDA - CAPEX margin break-even in Q2 2024



## EBITDA - CAPEX (adjusted)



- Adjusted EBITDA - CAPEX adjusted for:
  - Q2/22 - no adjustments
  - Q2/23 - no adjustments
  - Q2/24 - restructuring costs (€0.1M)



02

# Veterinary Update

Charles MacBain, CEO



# Veterinary update



## Growth

- The CVS roll-out has been progressing successfully and we now have 385 locations live in Provet Cloud.
- We signed 489k€ new ARR in Q2 (excl CVS).
- Our payment solution Provet Pay has reached over 1M€ ARR in Q2.

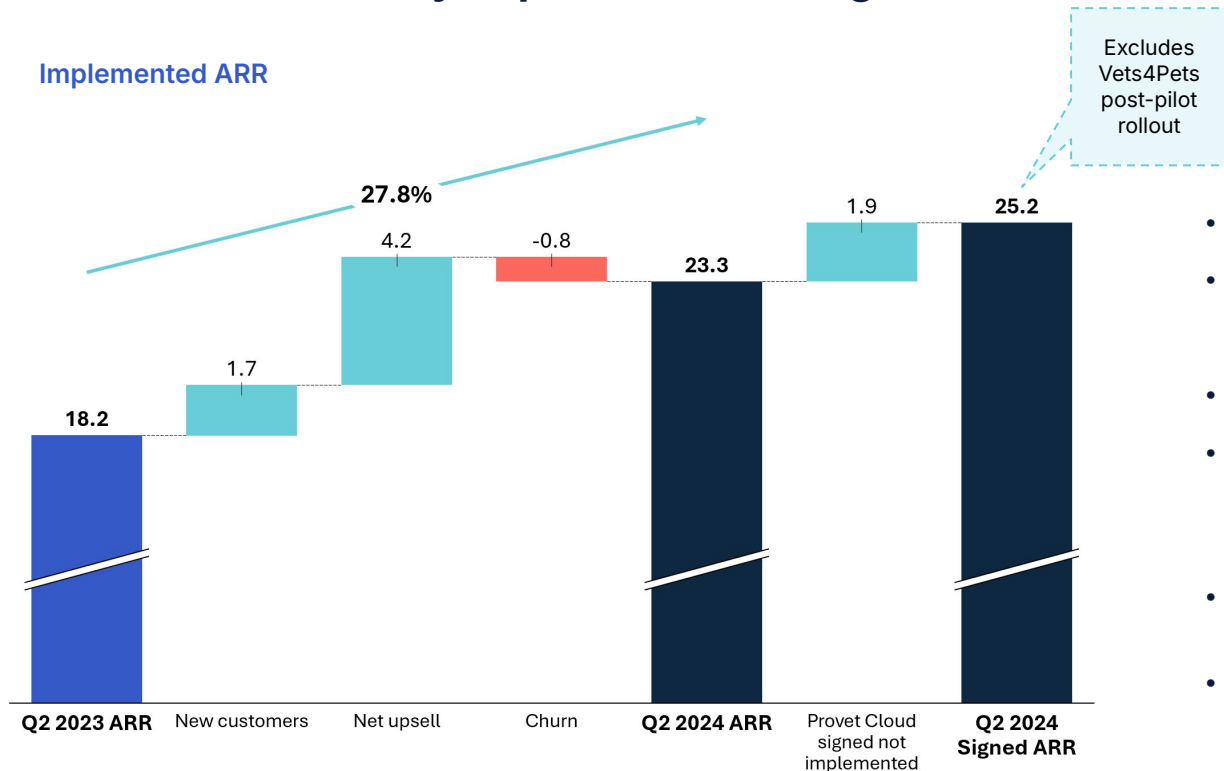
## Migration

- Vetserve has been successfully discontinued in Q2/2024 and customers migrated to Provet Cloud.

# 27.8% YoY Veterinary implemented ARR growth



## Implemented ARR



- Implemented ARR grew 27.8% YoY
- Net retention rate 118.7%, primarily driven by Provet Cloud user growth and new add-on sales
- Churn of 4.4%
- The sunset of Provet Win and Vetserve products increased churn rate over long term average - excluding these churn was 2.0%
- New customer acquisition accounted for 33% of the growth
- Vets 4 Pets rollout post-pilot not included in signed but not implemented ARR

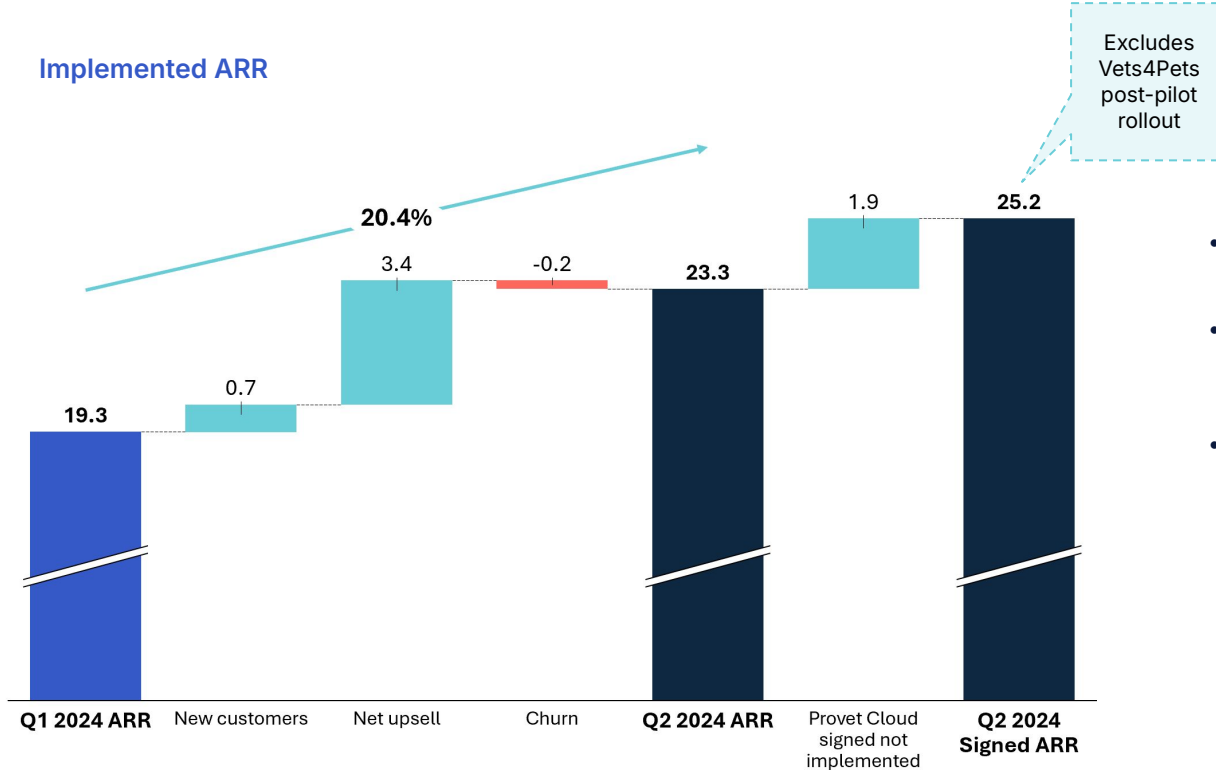
Reported in constant currency (using year 2023 end currency rates).

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

# 20.4% QoQ Veterinary implemented ARR growth



## Implemented ARR



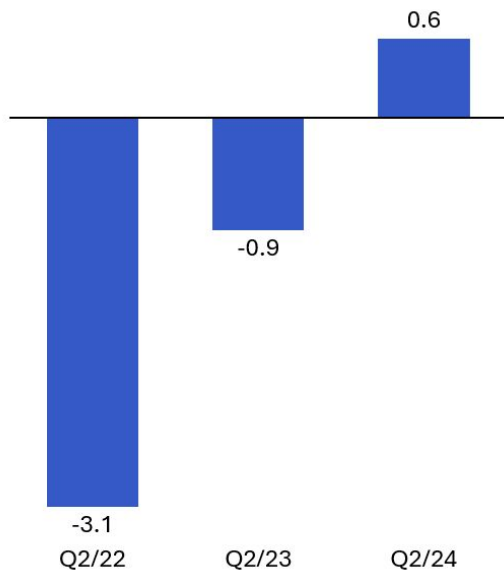
- Implemented ARR growth in was 20.4% in the second quarter
- Upsell was especially driven by the implementation of CVS small animal clinics
- New customer acquisition accounted for 19% of the growth

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

# Adj. EBITDA - CAPEX improved by €1.5M YoY



## EBITDA - CAPEX (adjusted)



### Drivers of result improvement Q2/24 vs Q2/23:

- Implementation/one-off license revenues (+€1.3M)
- Recurring revenue growth (+€1.2M)
- Costs increases across the organisation to support growth (-€1.0M)

Excluding group cost allocations.





03

# Therapy Update

Charles MacBain, CEO



# Therapy update



## Growth

- Our new implemented MRR year-to-date ending June 31st was €55,270 (slightly above target)
- Recurring revenue fell short of target due to higher churn, downsell and delayed price increases for EasyPractice
- 334 therapists profiles signed up to booking portal in Finland and patients have made 1,553 bookings

## Migration

- Migration gaps have been more extensive than predicted
- Migrated 34 of 73 single users private therapists - no migrated customers have churned

## People

- New joiners: Principal product designer, Principal software architect, 3x Senior Full Stack developers
- Functional restructuring and hiring of BU CEO completed

# Karan Wallia joins Nordhealth as Therapy BU CEO



## **Nordhealth**

Sept. 2, 2024: Appointed as the CEO of the Therapy Business Unit

## **SmartRecruiter - Amsterdam, Holland**

Nov 2022 - May 2024: Senior VP of Product Management

Jan 2022 - Nov 2022: General Manage at SmartRecruiters

## **Booking.com - Amsterdam, Holland**

Nov 2019 to Dec 2021: Director Of Product Development (Homes & Apartments, Hotel chains, and New Segments)

Dec 2016 to Nov 2019: Director Of Emerging Markets (Operated as the GM/ CEO of BookingLokal)

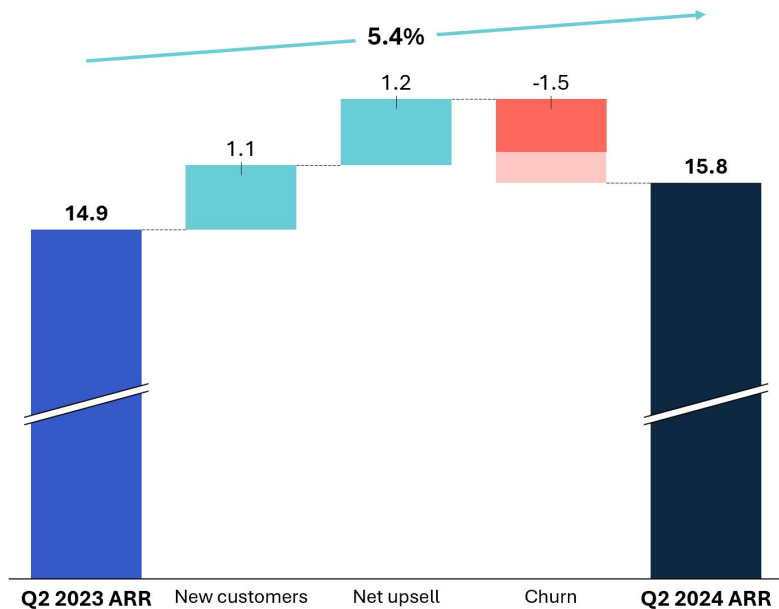
## **Microsoft - Seattle, USA**

Jun 2013 - Dec 2016: Senior Business Development Manager

## 5.4% YoY therapy implemented ARR growth



### Implemented ARR



- ARR growth at 5.4% YoY
- Net retention rate (including price increases) 97.9%
- Churn of 6.3% (excluding loss of an enterprise customer in Therapy BU in late 2023) - impact of that customer shown separately with a lighter colour in the graph
- No price increase in last 12 months for EasyPractice. Aiming to change pricing model in late 2024

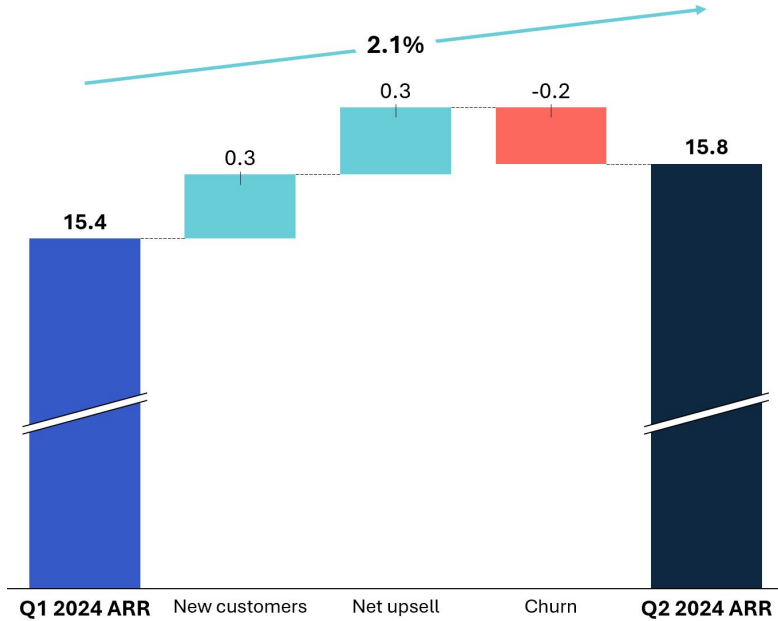
Reported in constant currency (using year 2023 end currency rates).

Q2 2023 ARR has been revised to exclude "Other Business".

# 2.1% QoQ Therapy ARR growth



## Implemented ARR



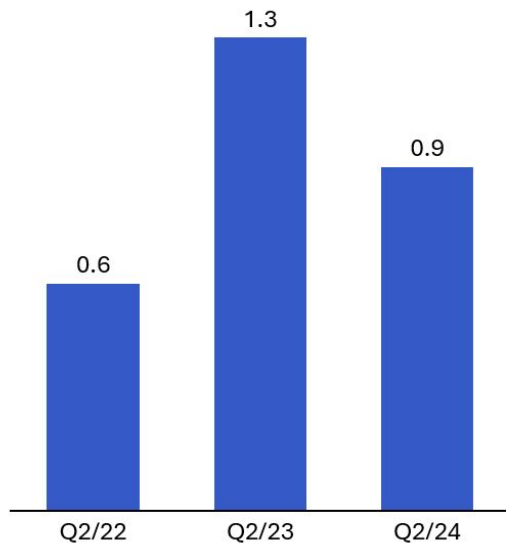
- Growth in the second quarter was 2.1%
- Annualised quarter-to-quarter churn rate has decreased from 11.3% in Q4 2023 to 8.8% in Q1 2024 and to 6.5% in Q2 2024

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

# Investments impacted profitability



EBITDA - CAPEX (adjusted)



Drivers of result change between Q2/24 vs Q2/23:

- 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 Q1/22 and Q1/23 have been revised to exclude "Other Business".



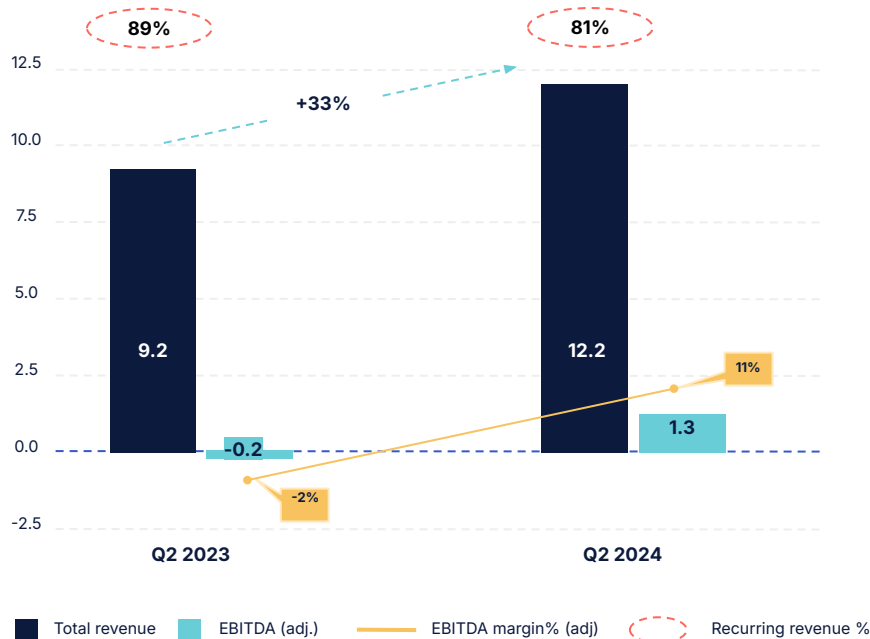
04

# Financial Update

Mari Laine, CFO



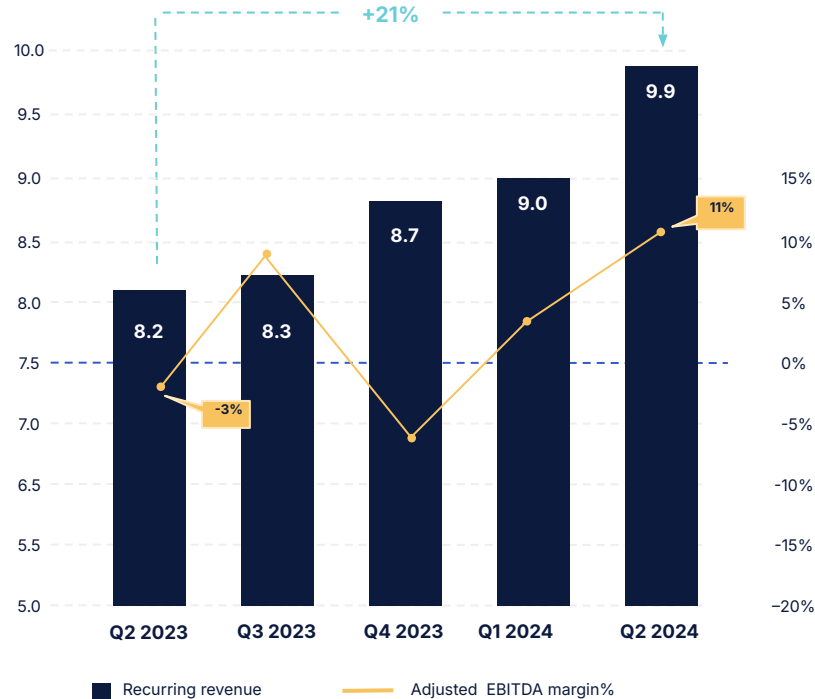
# Revenue growth driving profitability



- Total reported revenues Q2/24 grew 33% YoY from € 9.2M to € 12.2M
- Share of recurring revenue in Q2/24 was 81% vs 89% in Q2/23; driven by CVS rapid implementation
- Adjusted EBITDA improved from -€0.2M in Q2/23 to €1.3M in Q2/24
- Adjusted EBITDA margin 11% in Q2/24; an improvement from -2% in Q2/23



# Recurring revenue growing at 21%

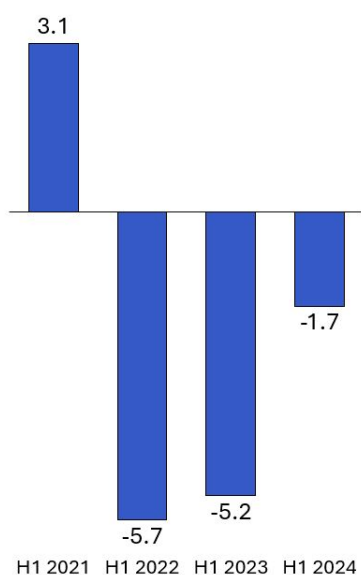


- Reported recurring revenues Q2/24 grew 21% YoY from €8.2M to €9.9M
- Implementation/one-off license revenues (+€1.3M) coupled with recurring revenue growth (+€1.2M) driving profitability in Q2/24
- Cost increases across the organisation to support growth (-€1.4M)

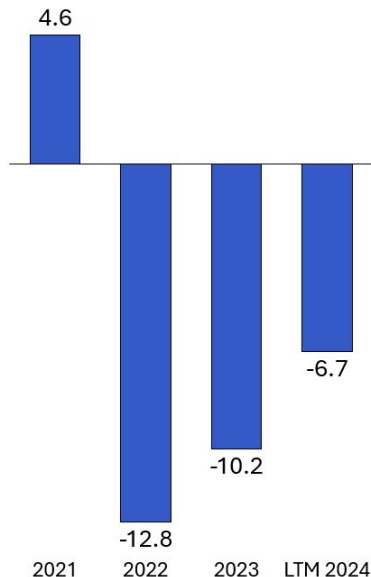
# Free cash flow improving steadily YoY



H1 2021 - H1 2024



FY 2021 - LTM 2024



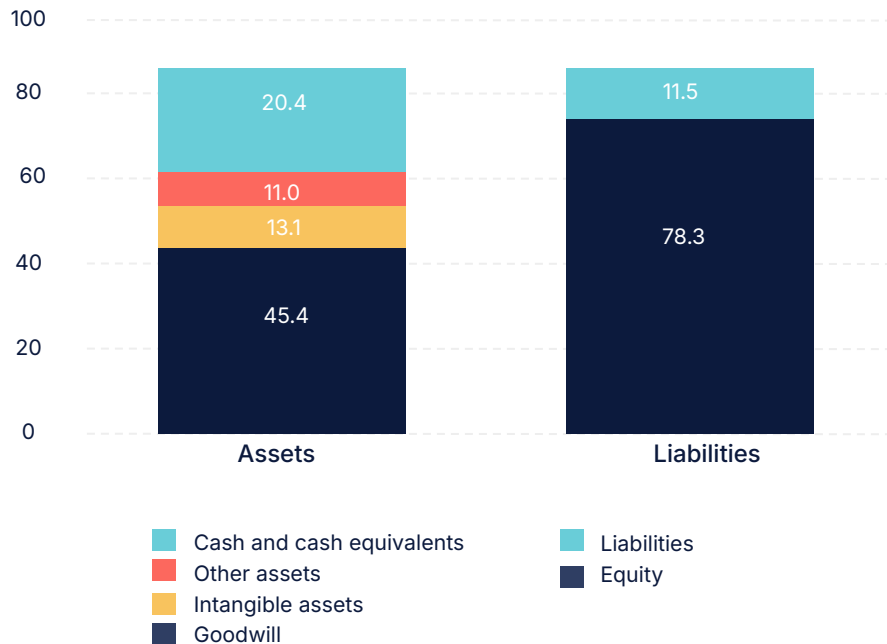
- On LTM 2024 basis free cash flow improved by €3.5M from 2023
- Aspit change from bi-annual to monthly invoicing in January 2024 had a positive impact of ~ €1.3M on Net Working Capital in LTM 2024 vs 2023 that was ~ €3.5M negatively impacted by the change
  - A negative impact of ~ €1.5M on a H1/24 vs H1/23 basis on NWC (see appendices for a full cash flow statement)

Free cash flow (adjusted for non-recurring items)

# Strong cash position and no debt



Balance sheet 30 June 2024



## Assets

- Cash, cash equivalents and money market funds amounted to €20.4M at the end of Q2/24
- Intangible assets primarily consist of capitalised R&D expenses

## Liabilities and equity

- No interest bearing debt

# Conclusion



- Add development resources to accelerate migration of Aspit to EasyPractice which will lead to €3M synergies
- Increasing our investment in Provet Cloud engineering to capture enterprise opportunities in US and EU
- Expanding booking portal to Norway and Denmark

## Guidance Update

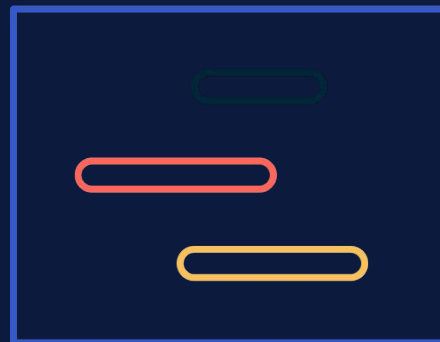
- 15-20% recurring revenue growth (Dec. 31st 2023 constant currency)
- Dropping EBITDA - CAPEX break-even by Q1 2025 to focus on growth opportunities above



# Financial calendar

Q3 2024 results presentation on 12 November 2024.

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	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Recurring revenue	9 941	8 201	19 100	16 090	33 085
Other revenue	2 264	987	3 252	1 769	3 740
<b>Total revenue</b>	<b>12 205</b>	<b>9 187</b>	<b>22 352</b>	<b>17 859</b>	<b>36 825</b>
Other operating income	37	28	74	52	102
<b>Total operating income</b>	<b>12 243</b>	<b>9 215</b>	<b>22 426</b>	<b>17 911</b>	<b>36 927</b>
Material and services	(1 785)	(1 314)	(3 196)	(2 507)	(5 171)
Personnel expenses	(6 086)	(5 629)	(12 127)	(11 368)	(22 490)
Other operating expenses	(3 126)	(2 422)	(5 849)	(5 095)	(10 514)
<b>Total operating expenses</b>	<b>(10 997)</b>	<b>(9 365)</b>	<b>(21 172)</b>	<b>(18 970)</b>	<b>(38 175)</b>
<b>EBITDA</b>	<b>1 246</b>	<b>(150)</b>	<b>1 254</b>	<b>(1 059)</b>	<b>(1 248)</b>
Depreciation and amortization	(1 147)	(795)	(2 236)	(1 545)	(3 701)
Amortization of goodwill	(1 650)	(1 647)	(3 258)	(3 296)	(6 438)
<b>Total depreciation and amortization</b>	<b>(2 797)</b>	<b>(2 442)</b>	<b>(5 494)</b>	<b>(4 841)</b>	<b>(10 139)</b>
<b>Operating profit (EBIT)</b>	<b>(1 551)</b>	<b>(2 592)</b>	<b>(4 239)</b>	<b>(5 899)</b>	<b>(11 387)</b>
Other financial income	28	348	422	549	1 131
Interest expenses	(11)	(1)	(12)	(2)	(8)
Other financial expenses	(69)	(94)	(123)	(314)	(542)
<b>Total financial income and expense</b>	<b>(52)</b>	<b>252</b>	<b>288</b>	<b>233</b>	<b>581</b>
<b>Profit (loss) before tax</b>	<b>(1 603)</b>	<b>(2 339)</b>	<b>(3 951)</b>	<b>(5 666)</b>	<b>(10 806)</b>
Taxes	13	(148)	(107)	(189)	(326)
<b>Net profit (loss)</b>	<b>(1 590)</b>	<b>(2 488)</b>	<b>(4 059)</b>	<b>(5 855)</b>	<b>(11 132)</b>
Adjustments to EBITDA	99	-	410	353	537
<b>Adjusted EBITDA</b>	<b>1 345</b>	<b>(150)</b>	<b>1 664</b>	<b>(706)</b>	<b>(711)</b>
Adjusted EBITDA Margin %	11 %	-2 %	7 %	-4 %	-2 %
EBITDA - CAPEX	(37)	(1 337)	(1 276)	(3 646)	(6 607)
<b>Adjusted EBITDA-CAPEX</b>	<b>62</b>	<b>(1 337)</b>	<b>(866)</b>	<b>(3 293)</b>	<b>(6 070)</b>
Adjusted EBITDA-CAPEX Margin %	1 %	-15 %	-4 %	-18 %	-16 %



# Balance Sheet



Consolidated Balance Sheet			
	Unaudited	Unaudited	Audited
EUR in thousands	30-June-24	30-June-23	31-Dec-23
Intangible assets	12 995	11 721	12 480
Deferred tax assets	519	498	547
Other capitalized long-term expenses	77	364	101
Goodwill	45 391	50 991	49 008
Machinery and Equipment	388	582	498
Other shares and similar rights of ownership	643	834	720
Loan receivables, long-term	308	279	196
<b>Total non-current assets</b>	<b>60 321</b>	<b>65 269</b>	<b>63 550</b>
Accounts receivable	6 124	5 708	4 896
Other receivables	1 159	839	522
Prepayments and accrued income	1 193	935	797
Money market funds	15 966	18 173	17 119
Cash at bank and in hand	4 414	10 785	5 052
<b>Total current assets</b>	<b>28 857</b>	<b>36 440</b>	<b>28 386</b>
<b>Total assets</b>	<b>89 178</b>	<b>101 709</b>	<b>91 936</b>
<b>Total equity</b>	<b>78 331</b>	<b>88 958</b>	<b>82 766</b>
Other non-current liabilities	414	270	136
<b>Total non-current liabilities</b>	<b>414</b>	<b>270</b>	<b>136</b>
Deferred revenue	2 944	5 311	986
Accounts payable	762	1 094	1 531
Other current liabilities	1 245	1 722	1 386
Accrued expenses and deferred income	5 482	4 354	5 130
<b>Total current liabilities</b>	<b>10 433</b>	<b>12 481</b>	<b>9 034</b>
<b>Total equity and liabilities</b>	<b>89 178</b>	<b>101 709</b>	<b>91 936</b>

# Cashflow



## Consolidated Cash Flow Statement

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q2 2024	Q2 2023*/**	H1 2024	H1 2023*/**	FY 2023
<b>Cash flow from operations</b>					
Profit before income taxes	(1 603)	(2 374)	(3 951)	(5 701)	(10 806)
Taxes paid in the period	(112)	(191)	(139)	(200)	(51)
Other non-cash items	(776)	(338)	(593)	95	749
Depreciation and amortization	2 797	2 442	5 494	4 841	10 139
Change in trade debtors	149	(2 296)	(1 229)	(2 117)	(861)
Change in trade creditors	(774)	(637)	(769)	216	653
Change in deferred revenue **	(1 093)	583	1 958	793	(3 532)
Change in other provisions * / **	161	1 147	(150)	(343)	(1 514)
<b>Net cash flow from operations</b>	<b>(1 253)</b>	<b>(1 665)</b>	<b>620</b>	<b>(2 417)</b>	<b>(5 223)</b>
<b>Cash flow from investments</b>					
Investments in tangible and intangible assets	(1 365)	(1 313)	(2 693)	(3 147)	(5 723)
Purchase of shares and investments		0	0	(4 034)	(4 034)
Proceeds from/(investments in) money market funds	444	(5 064)	1 444	5 721	7 130
<b>Net cash flow from investments</b>	<b>(921)</b>	<b>(6 377)</b>	<b>(1 250)</b>	<b>(1 460)</b>	<b>(2 628)</b>
<b>Cash flow from financing</b>					
Change in debt	-	(25)	-	(25)	(25)
Purchase of treasury shares	-	(342)	-	(342)	(2 323)
<b>Net cash flow from financing</b>	<b>-</b>	<b>(366)</b>	<b>-</b>	<b>(366)</b>	<b>(2 348)</b>
<b>Net change in cash and cash equivalents *</b>	<b>(2 173)</b>	<b>(8 408)</b>	<b>(629)</b>	<b>(4 243)</b>	<b>(10 198)</b>
Cash and cash equiv. at the beginning of the period	6 537	19 296	5 052	15 514	15 514
Translation difference *	51	(104)	(9)	(486)	(263)
<b>Cash and cash equiv. at the end of the period</b>	<b>4 414</b>	<b>10 785</b>	<b>4 414</b>	<b>10 785</b>	<b>5 052</b>
<b>Money market fund</b>	<b>15 966</b>	<b>18 173</b>	<b>15 966</b>	<b>18 173</b>	<b>17 119</b>

\*) Q2/23 and H1/2023 revised presentation for translation differences

\*\*\*) Q2/23 and H1/2023 revised presentation for deferred revenue

# Business Segments

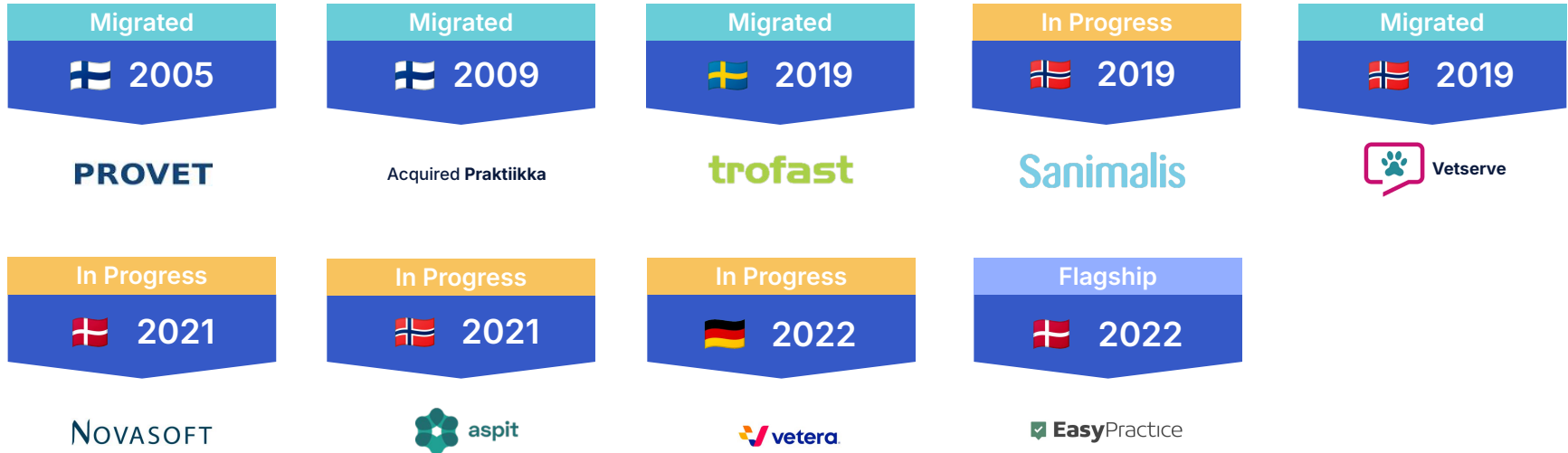


	🐾 Veterinary		👩 Therapy		Other Businesses	
	Cloud	Hosted	Cloud	Hosted	Cloud	Non-Cloud
Products	Provet Cloud Provet Pay	Provet Net (Finland) Sanimalis (Norway) Vetvision (Denmark) Vetera (DACH)	EasyPractice Diarium	Physica Psykbase	Navisec	IT Operations
Share of ARR	41%	16%	18%	20%	2%	2%

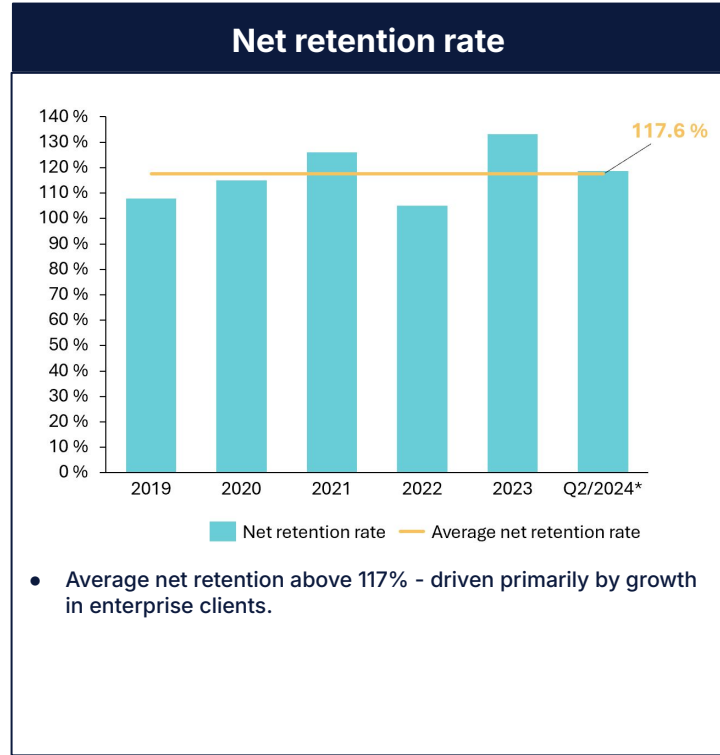
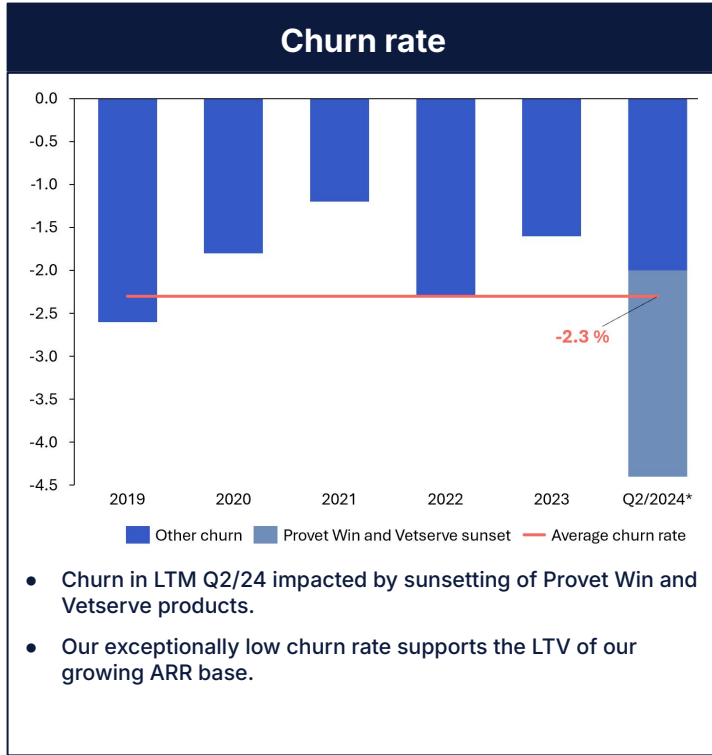
# Strong organic growth accelerated by acquisition and migration strategy



9 acquisitions completed since 2005, 7 in last 5 years

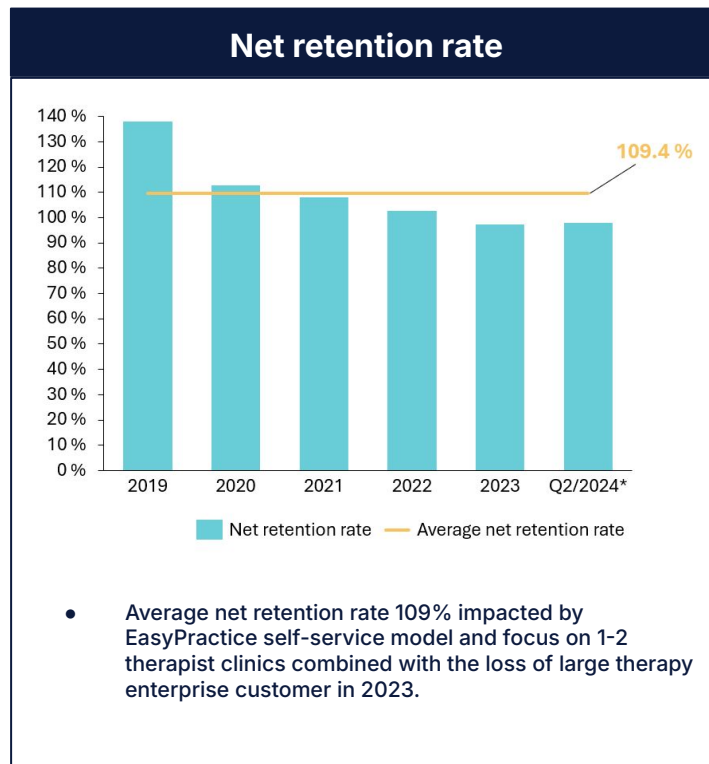
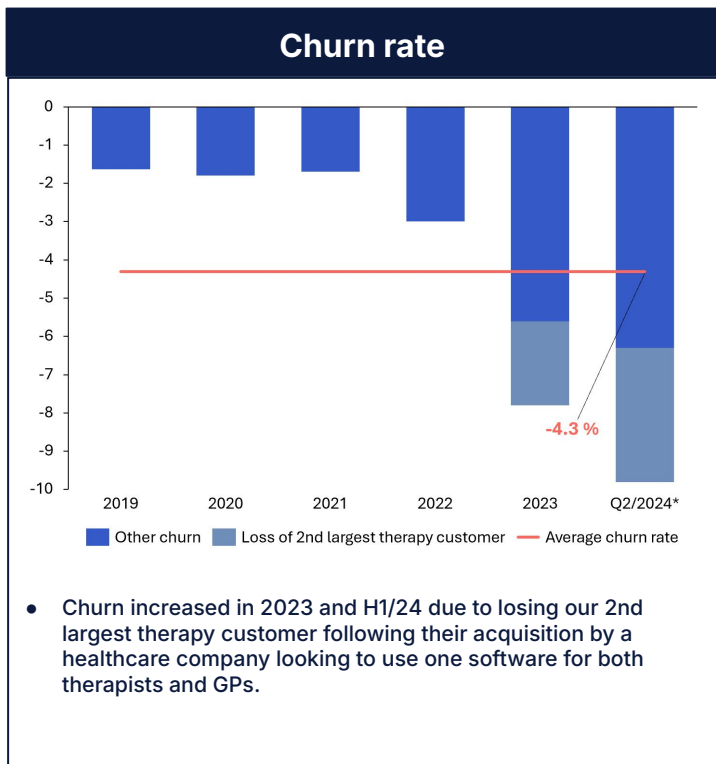


# Veterinary Average churn close to 2% and net retention above 115% over the last 5 years



\*) represents LTM churn.

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



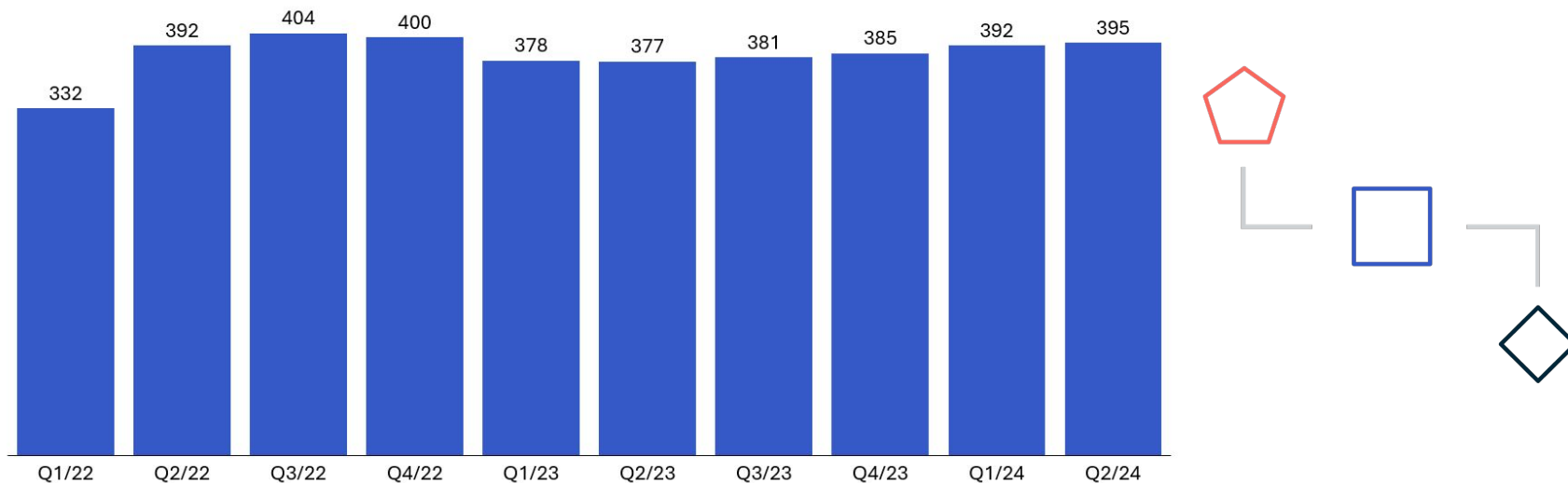
\*) represents LTM churn..

# Small increase in Veterinary headcount to support growth



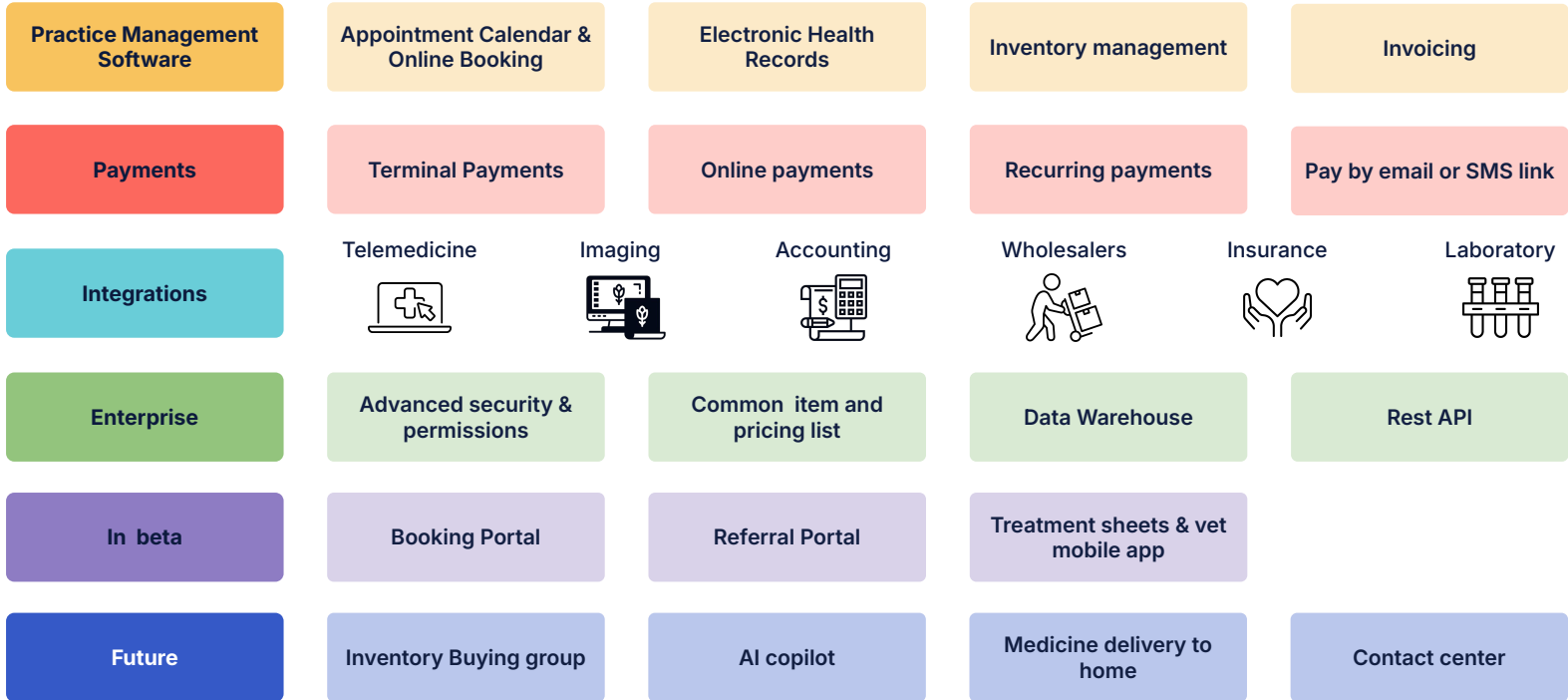
## Headcount

At the end of Q2/24 total number of employees amounted to 395 (392 at the end of previous quarter) of which 128 (132) work in Therapy, 239 (231) in Veterinary and 28 (29) 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

**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 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.

**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.

**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.

**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.

