

# Q4 2022 presentation

7 March 2023

# Today's presenters



**Charles MacBain**

CEO



**Mari Orttenvuori**

CFO



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



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# Company Update

Charles MacBain, CEO





## **Our mission**

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

# Q4 2022 KPIs



**31% total  
ARR growth**

2022



**16.4% organic  
ARR growth**

Proforma 2022



**1.2  
CAC / new recurring  
revenue**

2022



**104% organic  
net retention rate**

Proforma 2022



**EUR 31.8M  
signed ARR**

Q4 2022



**EUR 28.2M  
recurring revenue**

FY 2022



**EUR 0.40  
ARR per share**

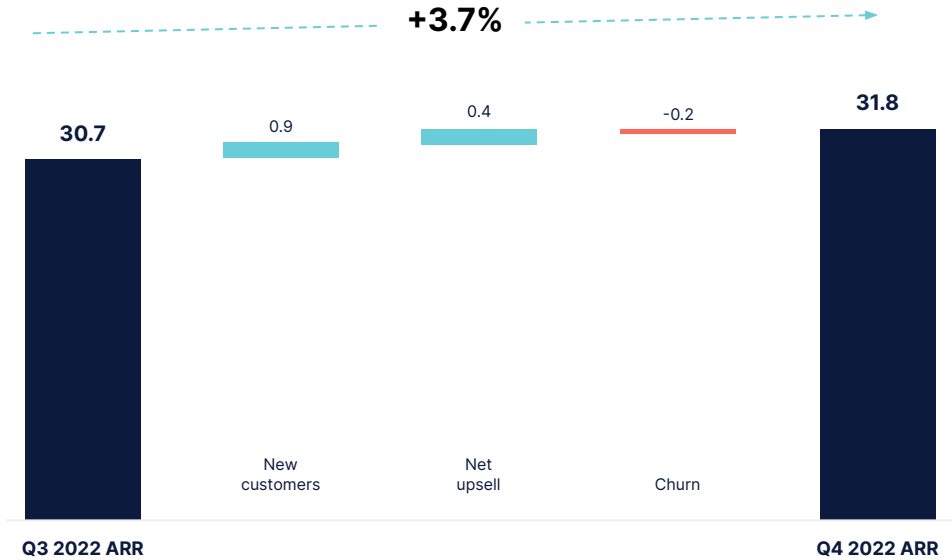
2022



**3.3% organic  
ARR gross churn**

Proforma 2022

# 3.7% QoQ ARR growth in Q4 2022

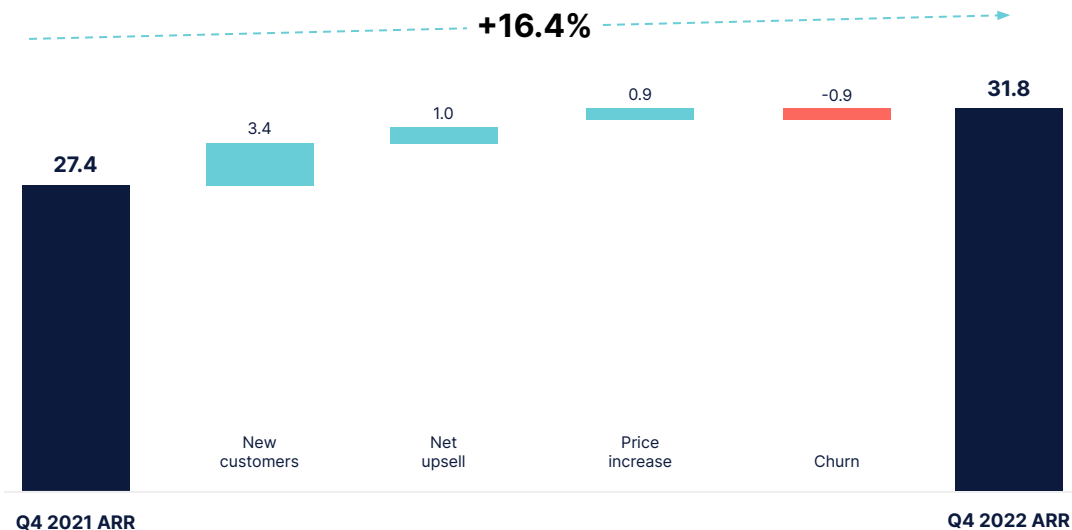


- Signed ARR grew 3.7% QoQ
- 72% of new customers came from Cloud products
- 46% of ARR on Cloud products at year-end 2022 vs. 39% at year-end 2021

Reported in constant currency (using year 2021 end currency rates)



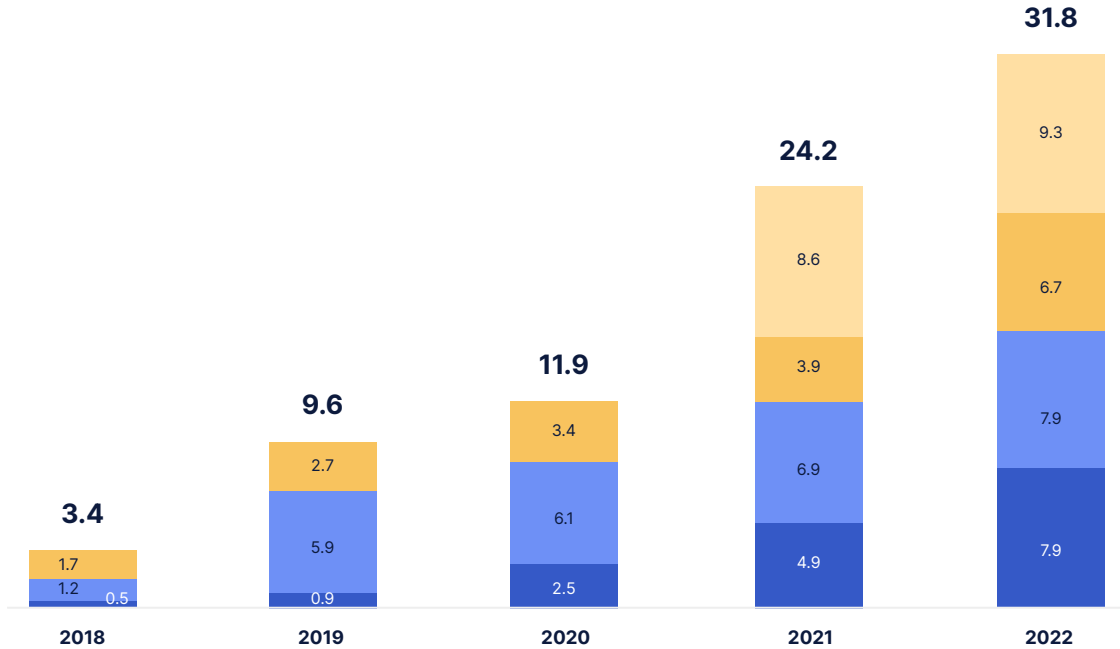
# 16% YoY Pro Forma ARR growth



- Signed pro-forma ARR growth at 16.4% in LTM ending Q4/22
- New customer acquisition accounted for 76% of the growth
- Net retention was disappointing
- Churn 3.3%
- EasyPractice and Vetera signed ARR grew 39% and 20% respectively in LTM ending Q4/22

Reported in constant currency (using year 2021 end currency rates). Vetera and EasyPractice presented as if they were consolidated to the group starting from Q4/2021.

# ARR has grown 75% per annum since 2018



- Cloud ARR grew 35% YoY in 2022
- Veterinary cloud in 2022 grew 61% organically\*
- Acquired EasyPractice Q1/2022 and Vetera in Q2/2022

- Therapy hosted
- Therapy cloud
- Veterinary hosted
- Veterinary cloud

Reported in constant currency (using year 2021 end currency rates)

\* In 2022 ARR reporting 0.4 M€ transferred from veterinary hosted to cloud (integration revenue)

# KPIs by business segments (Pro Forma)



	🐾 Veterinary		👨 Therapy		Total		
	Cloud	Hosted	Cloud	Hosted	Cloud	Hosted	All
ARR 2021-Q4 (€M)	€ 5.2	€ 8.0	€ 5.6	€ 8.6	€ 10.8	€ 16.6	€ 27.4
ARR 2022-Q4 (€M)	€ 7.9	€ 7.9	€ 6.7	€ 9.3	€ 14.6	€ 17.2	€ 31.8
<b>Growth</b>	<b>51.5%</b>	<b>-1.8%</b>	<b>19.9%</b>	<b>9.2%</b>	<b>35.2%</b>	<b>3.9%</b>	<b>16.3%</b>
Migration (€M)	€ 0.3	€ -0.3	€ 0	€ 0	€ 0.3	€ -0.3	€ 0
<b>Growth excl. migration</b>	<b>46.2%</b>	<b>2.1%</b>	<b>19.9%</b>	<b>9.2%</b>	<b>32.6%</b>	<b>5.7%</b>	<b>16.4%</b>
New customer %	31.0%	3.7%	16.2%	7.0%	23.3%	5.4%	12.5%
Churn %	-3.0%	-1.4%	-6.4%*	-3.0%	-4.8%	-2.3%	-3.3%
Net Upsell incl. Price increases %	18.3%	-0.2%	10.1%	5.2%	14.0%	2.6%	7.1%

\* Therapy cloud churn rate excluding EasyPractice 2.8%. EasyPractice Churn rate: 14.4%.

# Profitability by product



Pro Forma, M€	Veterinary Cloud		Veterinary Hosted	Therapy Cloud		Therapy Hosted	Veterinary Total	Therapy Total	Total
	Nordics	International		EasyPractice	Diarium**				
Recurring revenue	9.8	1.3	2.6	2.1	4.3	8.9	13.7	15.3	29.0
COGS	-1.5	-0.3	-0.5	-0.3	-0.3	-3.2	-2.3	-3.7	-6.0
<b>Gross Margin</b>	<b>8.3</b>	<b>1.0</b>	<b>2.1</b>	<b>1.9</b>	<b>4.0</b>	<b>5.7</b>	<b>11.4</b>	<b>11.6</b>	<b>23.0</b>
	85%	76%	82%	88%	94%	64%	84%	76%	79%
Customer Service	-1.3	-1.0	-0.7	0.0	-0.4	-1.1	-3.0	-1.5	-4.5
<b>Contribution Margin I</b>	<b>7.0</b>	<b>0.0</b>	<b>1.4</b>	<b>1.9</b>	<b>3.7</b>	<b>4.6</b>	<b>8.5</b>	<b>10.1</b>	<b>18.6</b>
	72%	2%	55%	87%	85%	51%	62%	66%	64%
Maintenance Development*	-1.5	-0.9	-0.4	-0.1	-0.4	-0.2	-2.9	-0.7	-3.6
Business G&A	-1.1	-0.6	-0.7	-0.4	-0.7	-0.9	-2.4	-1.9	-4.3
<b>Contribution Margin II</b>	<b>4.4</b>	<b>-1.5</b>	<b>0.3</b>	<b>1.4</b>	<b>2.5</b>	<b>3.5</b>	<b>3.3</b>	<b>7.4</b>	<b>10.7</b>
	45%	-114%	13%	65%	59%	40%	24%	48%	37%
HQ G&A							-2.1	-2.1	-4.2
<b>Contribution Margin III</b>							<b>1.2</b>	<b>5.3</b>	<b>6.5</b>
							9%	35%	22%
Customer Acquisition Cost							-6.3	-2.1	-8.4
Product Development							-6.4	-2.5	-8.9
<b>EBITDA - CAPEX (adjusted)</b>							<b>-9.4</b>	<b>0.6</b>	<b>-10.9</b>
Non-Recurring Items									-0.5
Cancelled projects									-1.3
<b>EBITDA-CAPEX</b>									<b>-12.7</b>

\*) Approximately 20% of total product development costs

\*\*) Includes also Naviseq Flex and Nordhealth Connect products

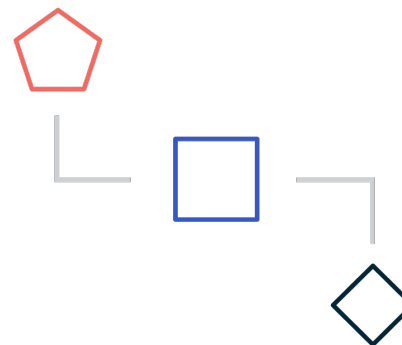
Pro forma financials

# People



At the end of Q4/22 total number of employees amounted to 400 of which 140 work in Therapy, 233 in Veterinary and 27 in HQ G&A.

	Q4/2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022	As of 6.3.23
Customer Service	45	67	80	82	84	83
R&D	115	138	164	167	165	149
Business G&A	7	11	14	14	13	11
Sales & Marketing	28	41	51	49	50	49
Professional Services	43	52	60	64	62	58
HQ G&A	19	23	23	28	26	27
Total	<b>257</b>	<b>332</b>	<b>392</b>	<b>404</b>	<b>400</b>	<b>377</b>





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# Veterinary Update

Charles MacBain, CEO



# Veterinary business update

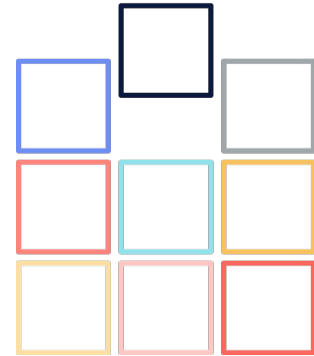


## Growth

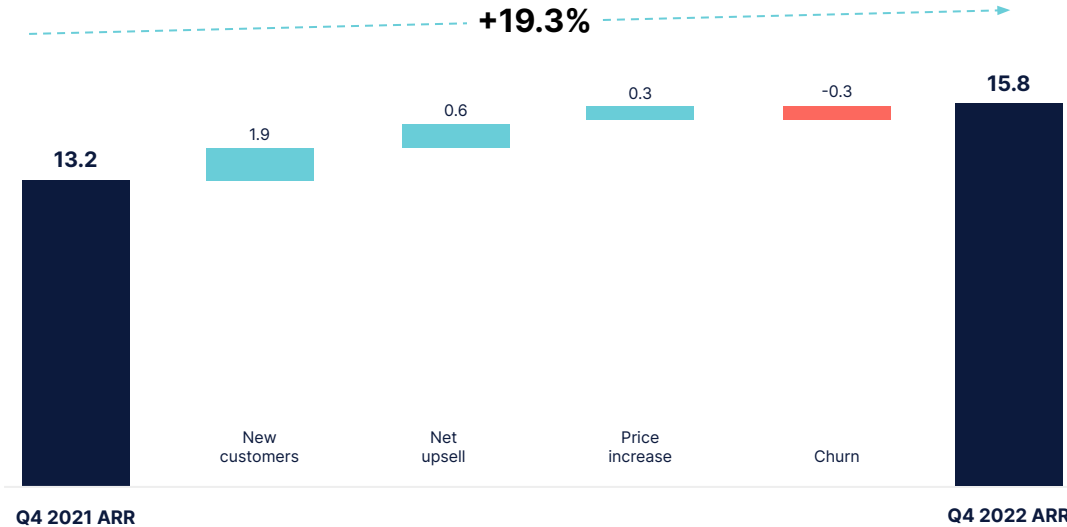
- Provet Cloud ARR outside the Nordics more than doubled to €2.7M (122% growth)
- Signed 2 enterprise customers in Spain worth over €350k in ARR
- First Danish customer goes live on Provet Cloud

## Profitability

- Set end-of-life for two Nordic legacy vet PMS by the end
- Move from country manager structure to centralised support, onboarding and sales
- Provet Cloud UI refactoring & Design system implementation



# 19% YoY Pro Forma ARR growth



- 19.3% Pro Forma ARR growth YoY
- Organic signed ARR growth of 14% including price increase impact of EUR 0.3M
- Organic churn of 2.3%
- Vetera acquired Q2/2022
- Recruited 2 new enterprise customers in Spain in Q1 2023 with estimated ARR above €350,000

Reported in constant currency (using year 2021 end currency rates). Vetera presented as if it was consolidated to the group starting from Q4/2021.

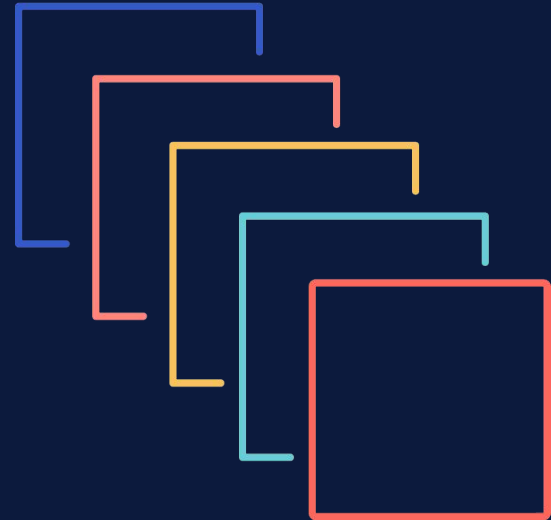




03

# Therapy Update

Charles MacBain, CEO



# Therapy business update

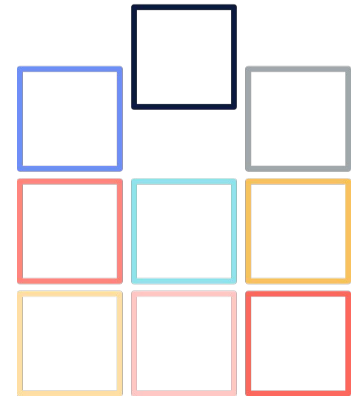


## Growth

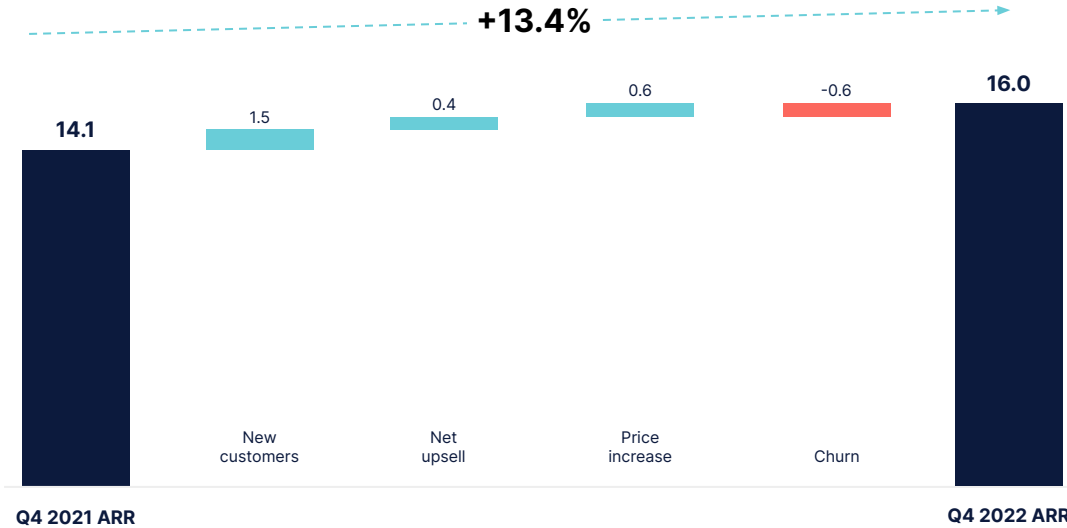
- EasyPractice grew 39% in YoY Q4 2022 vs. Q4 2021
- Localising EasyPractice for Norway, focusing on one specialty at a time
- Migrated first customer from Aspit to EasyPractice in February 2023

## Profitability

- Shut down Mathilda project and refocused our efforts on EasyPractice
- Diarium and Aspit focused on improving efficiency and customer satisfaction



# 13% YoY Pro Forma ARR growth



- 13.4% Pro Forma ARR growth YoY
- YTD Q4/22 2000 new clinics started using our therapy PMS
- Organic signed ARR growth of 10% including price increase impact of EUR 0.3M
- Organic churn of 3.0%
- EasyPractice signed ARR growth of 39% including price increase impact of EUR 0.3M

Reported in constant currency (using year 2021 end currency rates). EasyPractice presented as if it was consolidated to the group starting from Q4/2021.



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# Financial Update

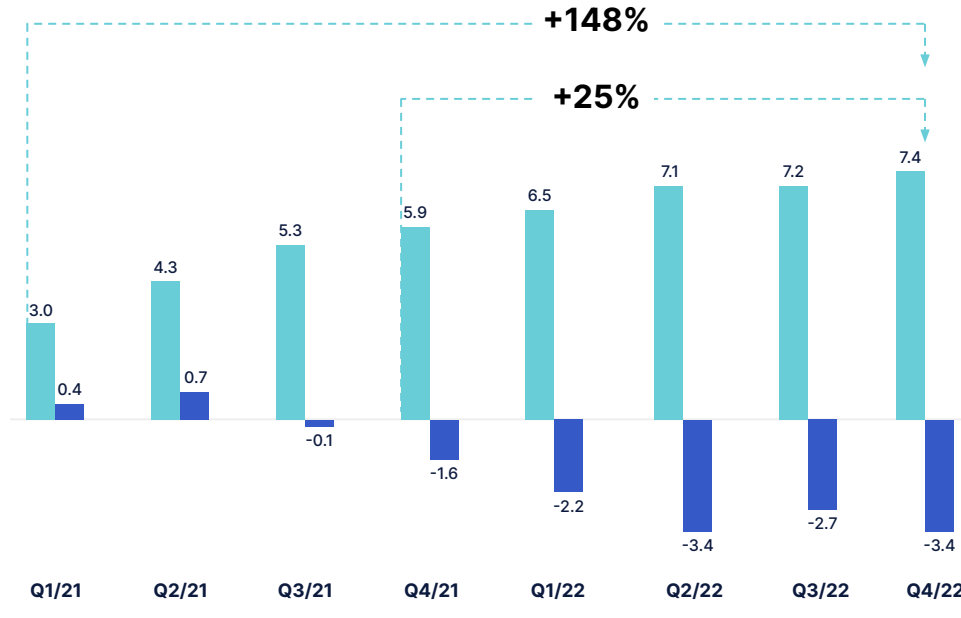
Mari Orttenvuori, CFO





# Investment in core platform has yielded strong growth in recurring revenue QoQ

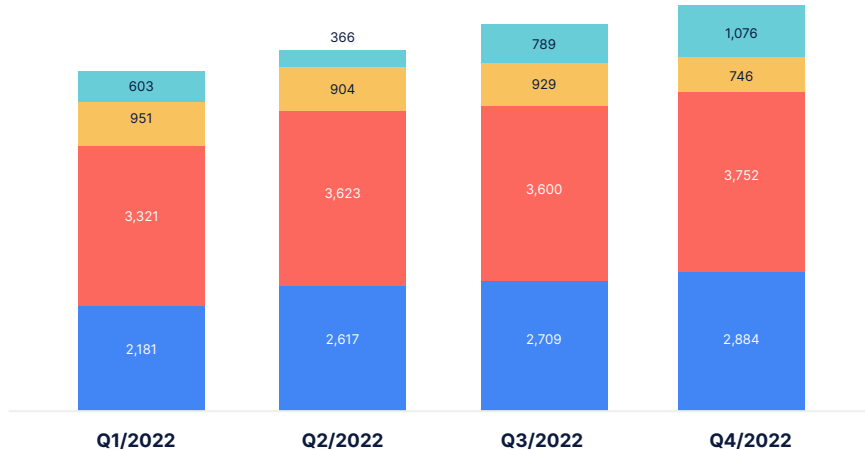
Reported financials, adjusted for one-off items.



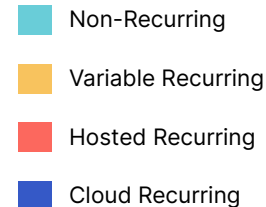
- Steady growth in recurring revenue; Q4/22 up by 25% QoQ at EUR 7.4M
- FY 2022 recurring revenue grew by 20%; 91% share of total revenues
- Q4/22 adjusted EBITDA-CAPEX EUR -3.4M
- 2022 adjusted EBITDA-CAPEX reflects the growth investments made during the year. Q3/22 positively impacted by holiday season
- One-off items of EUR 0.5M in Q4 relate to restructuring activities

■ Recurring revenue  
■ EBITDA-CAPEX (adjusted)

# Share of recurring Cloud revenue of reported revenue increased to 34% in Q4/22



- Non-Recurring revenue has grown due to higher number of implementation projects but includes also Vetera one-off license revenues as of Q2/22
- Variable Recurring revenue fluctuation is due to our customers' volumes where Q4 typically is a lower volume quarter
- Hosted and Cloud reported recurring revenue growing steadily QoQ



# Profit & Loss statement



## Consolidated Income Statement

	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q4 2022	Q4 2021	FY 2022	FY 2021
Recurring revenue	7 382	5 900	28 216	18 464
Other revenue	1 076	503	2 833	1 836
<b>Total revenue</b>	<b>8 458</b>	<b>6 403</b>	<b>31 050</b>	<b>20 300</b>
Other operating income	130	7	229	31
<b>Total operating income</b>	<b>8 588</b>	<b>6 410</b>	<b>31 279</b>	<b>20 331</b>
Material and services	(1 297)	(1 314)	(4 780)	(3 562)
Personal expenses	(6 386)	(3 587)	(22 255)	(10 073)
Other operating expenses	(2 525)	(1 695)	(10 218)	(6 918)
<b>Total operating expenses</b>	<b>(10 207)</b>	<b>(6 596)</b>	<b>(37 254)</b>	<b>(20 553)</b>
EBITDA	(1 619)	(186)	(5 975)	(222)
Depreciation and amortization	(686)	(347)	(2 236)	(1 305)
Amortization of goodwill	(1 695)	(1 469)	(6 467)	(2 931)
<b>Total depreciation and amortization</b>	<b>(2 380)</b>	<b>(1 816)</b>	<b>(8 702)</b>	<b>(4 236)</b>
<b>Operating profit (EBIT)</b>	<b>(4 000)</b>	<b>(2 002)</b>	<b>(14 677)</b>	<b>(4 458)</b>
Other financial income	262	241	2 082	758
Interest expenses	-	(5)	(17)	(41)
Other financial expenses	(581)	(257)	(1 449)	(905)
<b>Total financial income and expense</b>	<b>(319)</b>	<b>(21)</b>	<b>616</b>	<b>(188)</b>
<b>Profit (loss) before tax</b>	<b>(4 318)</b>	<b>(2 023)</b>	<b>(14 061)</b>	<b>(4 646)</b>
Taxes	158	(312)	(98)	(85)
<b>Net profit (loss)</b>	<b>(4 161)</b>	<b>(2 335)</b>	<b>(14 159)</b>	<b>(4 731)</b>
EBITDA-CAPEX	(3 946)	(1 328)	(12 328)	(2 738)
Adjustments to EBITDA-CAPEX:	527	(250)	527	2 116
<b>Adjusted EBITDA-CAPEX:</b>	<b>(3 419)</b>	<b>(1 578)</b>	<b>(11 801)</b>	<b>(622)</b>
Adjusted EBITDA %	-40%	-25%	-38%	-3%
<b>Adjusted Net profit (loss)</b>	<b>(3 634)</b>	<b>(2 585)</b>	<b>(13 632)</b>	<b>(2 615)</b>

- Total revenues FY 2022 EUR 31.0M; up 53% YoY
- Total revenues Q4/22 EUR 8.5M; up 32% YoY
- Recurring revenues represent 91% of total revenues with 38% YoY growth in organic recurring revenue
- FY 2022 adjusted EBITDA-CAPEX margin -38%
  - Net increase in headcount in FY 2022 143 (+56%)
  - Investments in new market entry has increased marketing costs within other operating expenses
- One-off items of EUR 0.5M in Q4 relate to restructuring activities

# Balance Sheet



## Consolidated Income Statement

	Unaudited	Unaudited
EUR in thousands	31-Dec-22	31-Dec-21
Intangible assets	10 280	4 556
Deferred tax assets	31	45
Other capitalized long-term expenses	32	68
Goodwill	57 813	43 002
Machinery and Equipment	733	765
Other shares and similar rights of ownership	834	191
Loan receivables, long-term	64	-
<b>Total non-current assets</b>	<b>69 788</b>	<b>48 627</b>
Accounts receivable	3 418	2 433
Loan receivables, short-term	0	49
Other receivables	1 784	701
Prepayments and accrued income	793	650
Money market funds	23 684	46 458
Cash at bank and in hand	15 581	26 210
<b>Total current assets</b>	<b>45 261</b>	<b>76 500</b>
<b>Total assets</b>	<b>115 049</b>	<b>125 127</b>
<b>Total equity</b>	<b>98 736</b>	<b>114 506</b>
Non-current liabilities and credit institutions	-	25
Other non-current liabilities	270	751
<b>Total non-current liabilities</b>	<b>270</b>	<b>775</b>
Current liabilities to credit institutions	25	25
Advances received	4 518	3 806
Accounts payable	878	1 055
Other current liabilities	5 882	1 662
Accrued expenses and deferred income	4 740	3 298
<b>Total current liabilities</b>	<b>16 043</b>	<b>9 846</b>
<b>Total equity and liabilities</b>	<b>115 049</b>	<b>125 127</b>

## Cash and Cash Equivalents

- Cash balance remains strong at EUR 39.3M of cash and cash equivalents

## Change in assets

- Significant investments in product development reflected as an increase in intangible assets
- Goodwill increased from the acquisitions of EasyPractice and Vetera
- Increase in other shares is the minority interest in PetLeo acquired as part of Vetera

## Change in equity and liabilities

- EasyPractice earn-out debt EUR 4.0M within other current liabilities; paid-out in January 2023
- Payment of Sanimalis earn-out EUR 0.8M in Q1/22



# Cashflow



Consolidated Income Statement				
	Unaudited	Unaudited	Unaudited	Audited
EUR in thousands	Q4 2022	Q4 2021	FY 2022	FY 2021
<b>Cash flow from operations</b>				
Profit before income taxes	(4 318)	(2 023)	(14 061)	(4 646)
Taxes paid in the period	(64)	12	(84)	(36)
Non-cash items	(168)	905	902	905
Depreciation and amortization	2 381	1 816	8 702	4 236
Change inventory	0	4	-	-
Change in trade debtors	(1 726)	(1 154)	(832)	1 281
Change in trade creditors	(118)	220	(242)	577
Change in other provisions	3 055	3 535	(843)	5 812
<b>Net cash flow operations</b>	<b>(959)</b>	<b>3 316</b>	<b>(6 458)</b>	<b>5 567</b>
<b>Cash flow from investments</b>				
Investments in tangible and intangible assets	(1 867)	(1 132)	( 6802)	(3 377)
Purchase of shares and investments	(39)	(1 808)	(17 786)	(42 246)
Purchase of other investments	-	-	-	(2)
Proceeds from/(investments in) money market funds	0	-	22 500	(46 515)
<b>Net cash flow from investments</b>	<b>(1 906)</b>	<b>(2 941)</b>	<b>(2 089)</b>	<b>(92 140)</b>
<b>Cash flow from financing</b>				
Change in debt	(66)	(815)	(2 082)	(3 583)
Issuance of Equity	-	-	-	116 329
Payment of dividend	-	-	-	(3 731)
<b>Net cash flow from financing</b>	<b>(66)</b>	<b>(816)</b>	<b>(2 082)</b>	<b>109 015</b>
Net change in cash and cash equivalents	(2 932)	(440)	(10 629)	22 442
Cash and cash equivalents at the beginning of the period	18 513	26 650	26 210	3 768
Cash and cash equivalents at the end of the period	15 581	26 210	15 581	26 210
Money market fund	23 684	46 458	23 684	46 458

## Cash flow from operating activities

- Cash flow in FY 2022 mainly impacted by investments made in growth markets and product development; not adjusted for one-off items

## Cash flow from investing activities

- EasyPractice (Q1/22) and share of Vetera acquisitions (Q2/22) paid in cash from the money market fund

## Cash flow from financing activities

- Repayment of Vetera long-term debt in Q3/22
- Payment of earn-out (Sanimalis) in Q1/22 and repayment of short-term debt acquired as part of Vetera in Q2/22

# Guidance



- 15-20% growth in recurring revenue in 2023 from 2022
- EBITDA - CAPEX break-even by Q1 2025

# Financial calendar

Q1 2023 results presentation on **16 May 2023**

Capital Markets day will be held during Q3/2023 - the date will be announced during the next few weeks





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# Q&A



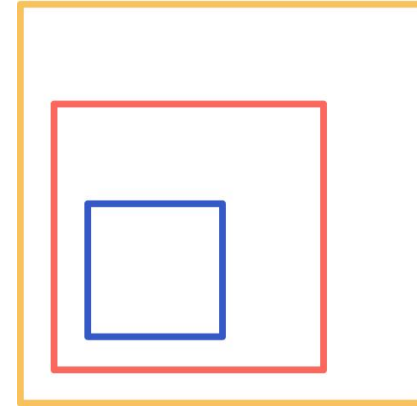


# Key definitions

Annual recurring revenue ("ARR") is the value of recurring revenue of software subscriptions that has been normalised for a single calendar year. These include all active subscriptions and subscriptions that have been signed but not yet implemented. ARR also includes the annualised value of volume-based transactions (e.g., SMS messages) based on their latest calculation period value as well as rebates from third parties (e.g., payment solution providers). 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.

Comparison period Pro Forma ARR includes Vetera and EasyPractice as if they had been owned by Nordhealth in the comparison period.

EBITDA - CAPEX (adjusted) has been adjusted for one-time expenses not likely to incur in the near future.





# Appendix



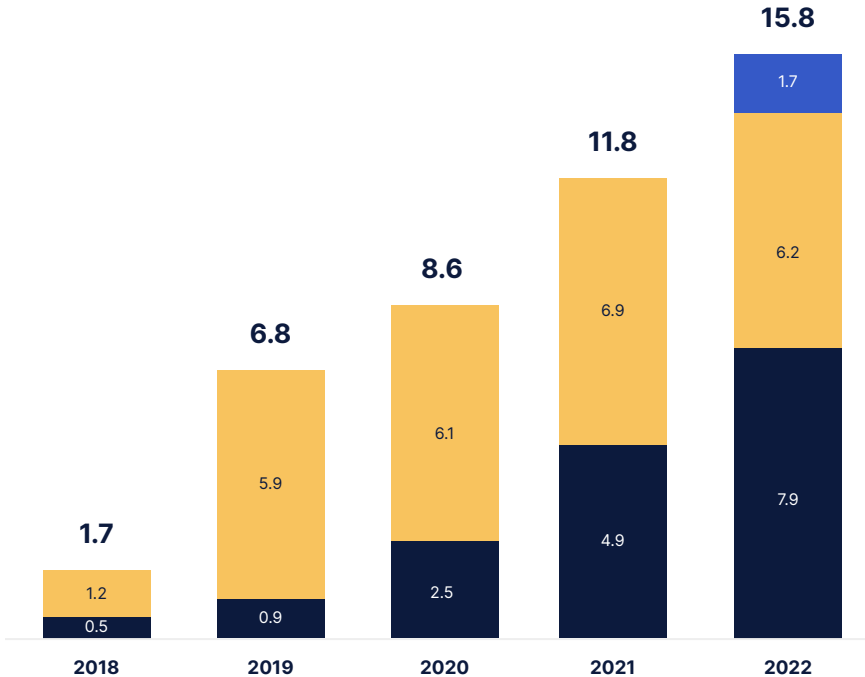
# Business Segments



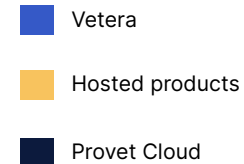
	🐾 Veterinary		👩 Therapy	
	Cloud	Hosted	Cloud	Hosted
Products	Provet Cloud Nordhealth Pay	Provet Legacy (Finland) Sanimalis (Norway, Sweden) Vetserve (Norway) Vetvision (Denmark) Veterra (DACH)	EasyPractice Diarium Nordhealth Connect Navisec Flex	Aspit (Norway)
Share of ARR Q4 2022	25%	25%	21%	29%



# Veterinary ARR development by product



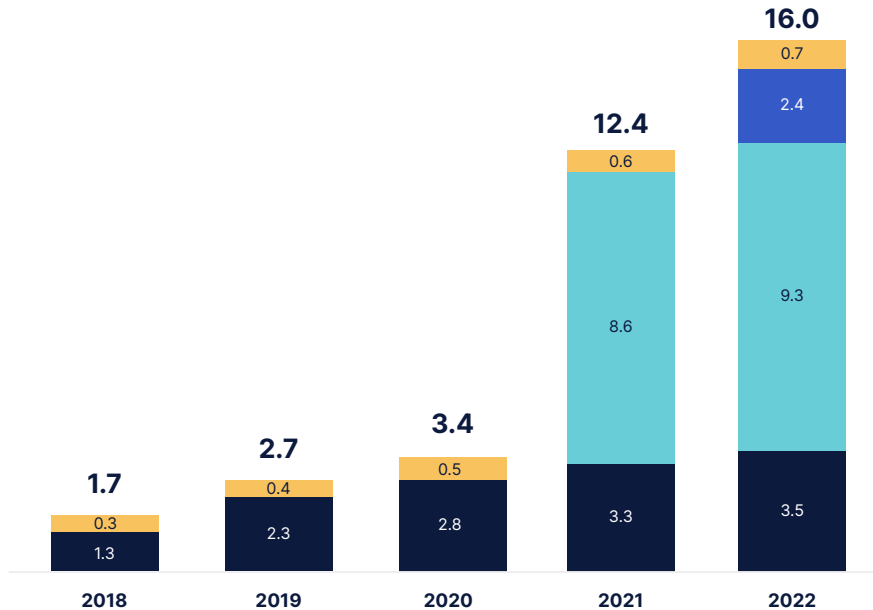
- Provet Cloud new customer recruitments account for 51% of the Veterinary Cloud growth in 2022
- Vetera signed ARR growth of 20% in 2022



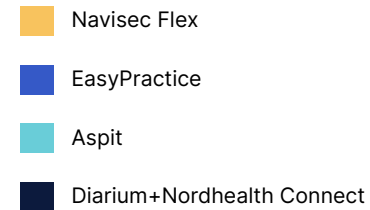
Reported in constant currency (using year 2021 end currency rates).

\*) In 2022 ARR reporting 0.4 M€ transferred from veterinary hosted to cloud (integration revenue)

# Therapy ARR development by product



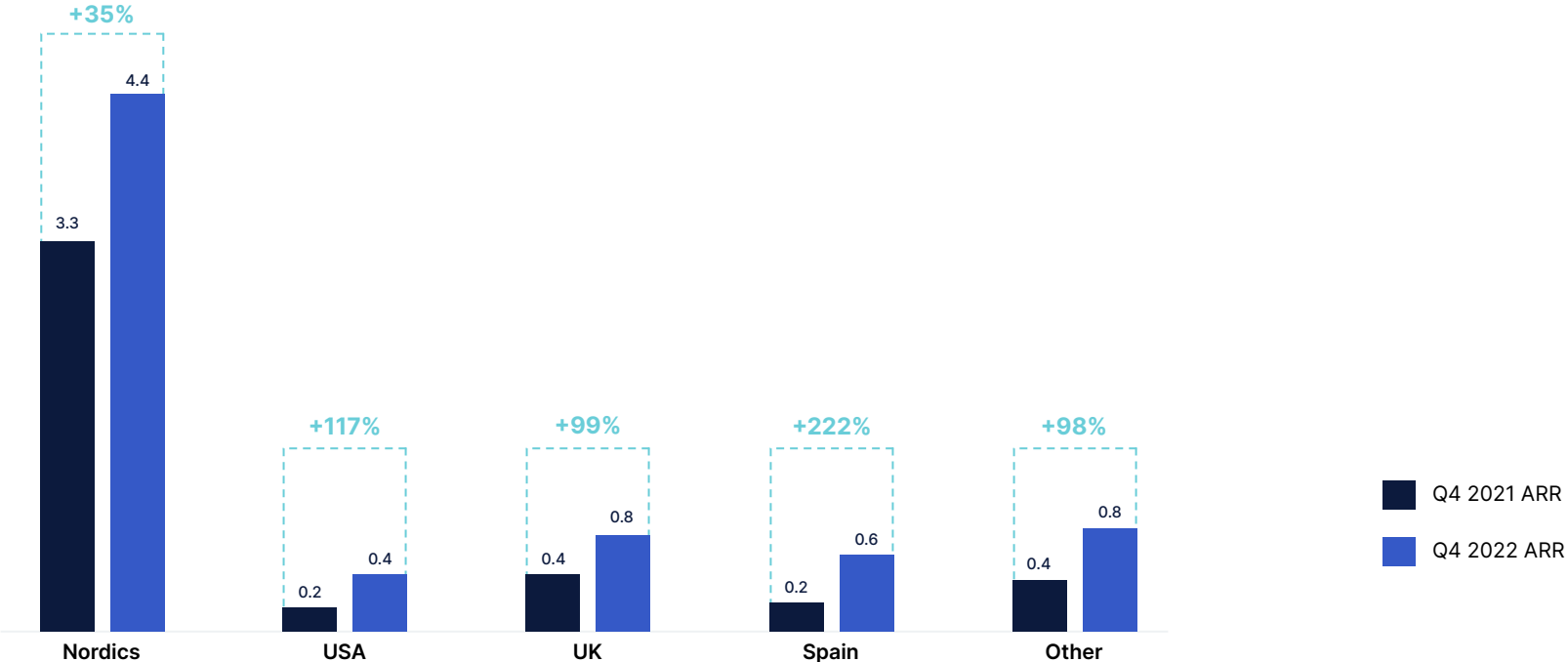
- New customers recruitments share of the total growth per product of year 2022:
  - EasyPractice 41 %
  - Aspit 39 %
  - Diarium+Nordhealth Connect 30 %



Calculated based on constant currency (using year 2021 end currency rates)

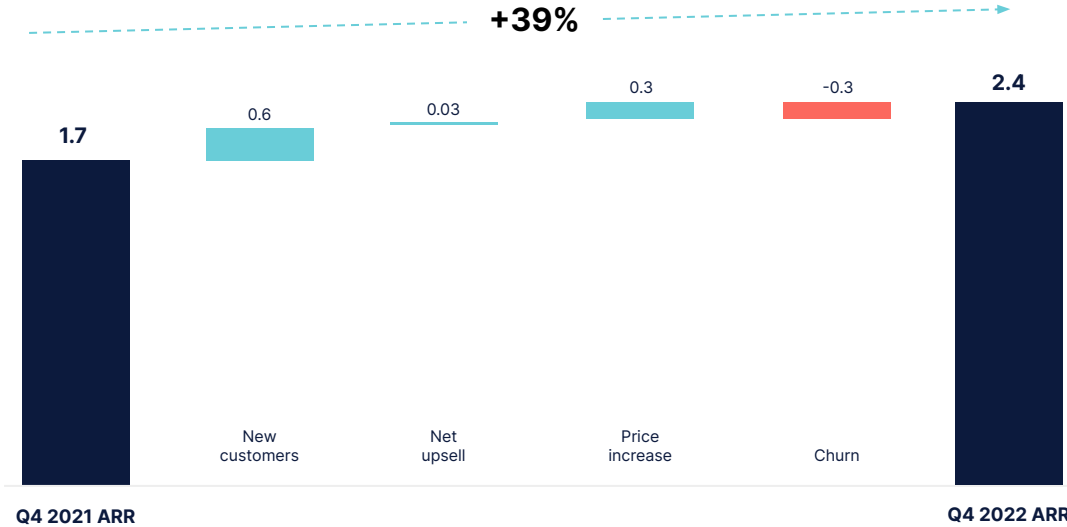


# Provet Cloud has experienced strong, growing beachheads outside the Nordics



Calculated based on constant currency (using year 2021 end currency rates)  
USA = USA, Canada, Australia, and Caribbean countries  
UK = United Kingdom and Ireland  
Spain = Spain and Portugal

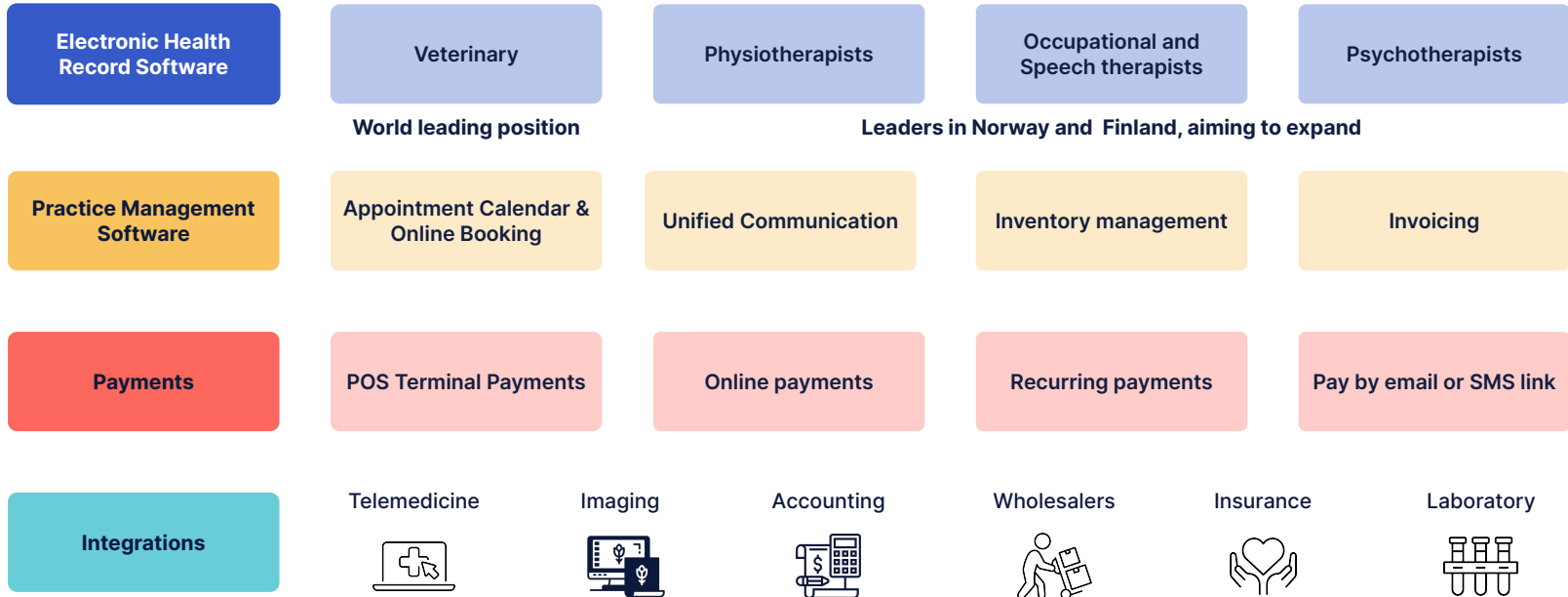
# Q4 2022 YoY EasyPractice



- Signed ARR growth of 39%
- Net Revenue Retention was 104%

Reported in constant currency (using year 2021 end currency rates)

# Our products



Products offer REST API<sup>(1)</sup> which allows 3<sup>rd</sup> 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**<sup>(1)</sup>

 2022

 **EasyPractice**  
Acquired **EasyPractice**

 2022

 **vetera**  
Acquired **Vetera**<sup>(2)</sup>

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