PatientSky

PatientSky Group
2Q 2022

OSLO, August 29th, 2022

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Today's presenters

Kristian Ikast, CEO

- PatientSky Board Member in 2020
- Global CEO and MD experience from ECCO, KIWI, and Clipper

Christoffer Mathiesen, CFO

- CFO since 1. Nov 2021
- Experience from DNB Markets, Pareto Securities and Medici Corporate


PatientSky
Changing lives

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AGENDA

1. 2Q highlights
2. The PatientSky business
3. Financials
4. Q&A
5. Closing remarks

Introduction to PatientSky

- **Norwegian SaaS Business**, build on top of our Norwegian platform, as the leading cloud-based EHR provider in Norway with:
  - 2 264 clinics and NOK 187m in ARR (excl. sold not invoiced)
  - ~90% recurring revenue and 25-30% cash EBITDA margin
  - Highly profitable market leader within EHR in Norway

- APP with more than 2m downloads , and ~250k unique login per month. Today acts as the interface between our SaaS customers and the patients (increase stickiness among our B2B customers) with commercial potential for the future

- **An International Partner Management Platform (PMP);** modelling, product portfolio and compliance management, functionality distribution management & security
  - IoT device & wearables and more general SaaS suppliers

Mission statement

We deliver revolutionary and innovative e-health platforms. Empowering partners, patients and professionals across borders to provide the future of new, better, faster and cheaper patient care.

1) Measured as clinics with a direct customer relationship and paying for at least one EHR license

Solid development on key strategic parameters

- Improved new sales performance with YTD 2.5x vs 1H21
    - Robust and growing pipeline with revenue effect during 2H22
- Cloud growth continues and is now 50% of recurring base
    - 27% MRR growth YoY, and 22% annualized for 2Q
    - Driven by migrations, new sales and low churn
- High level Q2 results
    - NOK 48.0m in revenues (96% recurring)
    - Adj. cash EBITDA of NOK -21m, in line with previous quarters
- Adj. cash EBITDA for SaaS Norway of NOK 25.8m in 1H22 with expected cost improvements going forward
- Cash of NOK 165m end of quarter, and NOK 198m end July
- Increased focus on improving long term profitability with first effects in 2H22
    - Closing our office in Finland*, consolidating the international resources in Oslo and CPH
    - Target positive Group cash EBITDA during 2023

Note (*): Very limited operations in Finland, but too early to estimate the financial implications. Some operational cost improvements expected

Update on international business

- Very positive feedback in commercial meetings, confirming real interest and the market potential
- Investing another quarter enabled us to execute on cost reduction, separation of Norway on a standalone platform and more simplified international setup, which is fully aligned with our high focus on cost management.
- We now expect the Partner Management Platform to be delayed, but still with contract announcements first half of 2023, with revenues the same year
- Continued dialogue with potential partners
- APP just updated with new version, enabling further functionality and potential future commercialisation

The SaaS business unit is currently the revenue generating unit of the Group and is the market leader in Norway within EHR-software

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	CLOUD EHR SOLUTIONS			ON-PREMISE EHR SOLUTIONS		
Product	PatientSky Clinic	Hove Total	infodoc SKY	ProMed™ End-of-life Q2-22	System X	infodoc Plenario
Customer segment	Physical therapists	GPs & Private doctors	GPs, Specialists & Emergency rooms	Physical therapists	GPs, Specialists & Emergency rooms	GPs, Specialists & Emergency rooms
Migration						
Current focus	Sale to new clinics	Sale to new clinics and cloud migration from System X	Cloud migration from Infodoc Plenario and System X	End-of-life executed and finalised by Q2-22, customers migrated to PS Clinic[1]	Cloud migration to Hove Total and Infodoc SKY	Cloud migration to Infodoc SKY
Technology platform	NORWEGIAN PS 360 PLATFORM		AZURE	ON-PREMISE		

Comments

- Build on our strong position as market leader in our segment and leading cloud provider ~50% of revenue
- Current focus on optimise and develop resources efficiently across products and streamline / unify product catalogue
- Long-term strategic focus on moving all customers to cloud-based EHR solutions, implying a migration process from on-premise to cloud solutions
- All new sales on cloud solutions only
- Currently around ~1 400 doctor clinics and 800 physical therapist clinics using PS SaaS EHR solutions
- Keep offering & developing best in class: Journals, hosting, IP-telephone, Video, Group appointment, waiting list, post module, patient dialogue, online booking, timetable etc.

The SaaS business unit is now far on the strategy “Everybody to the cloud”

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M&A of on prem customers in Norway

First mover on:
1. Cloud
2. M&A
3. Migration
4. Platform

Why

Today in Norway:
1. Leading EHR provider
2. Biggest Cloud EHR
3. Proven migration journey
4. ~50% Cloud

Nordic peer 1

Nordic peer 2

New customers on Cloud

Promed (EOL)
PatientSky 2017

PatientSky Clinic 2014

Hove Total > PatientSky 2018

Infodoc > PatientSky 2020

Identify > Negotiate > M&A > PMI > Migration >

Risk	cash effect and resources on due diligence	organisation and culture	customers	Speed of revenue

*We are through the most critical phases of **onboarding (PMI)** and **migrations**, enabling more focus on **new business** opportunities and growth*

Some of our peers are heading into the same challenges that we are done with, and we will be ready to take advantage of that

Freeing up resources to focus on new sales with a more efficient go to market strategy

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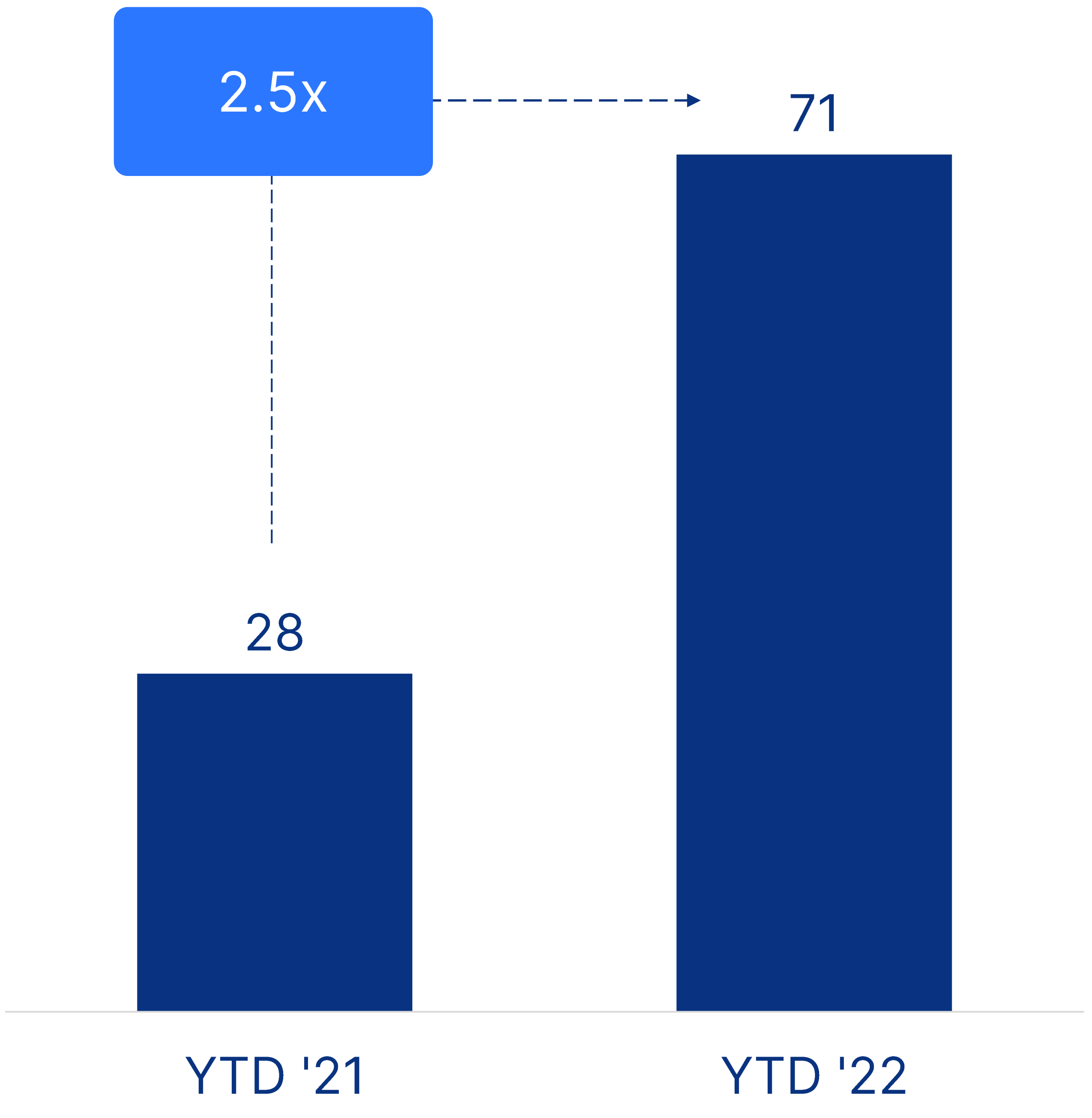
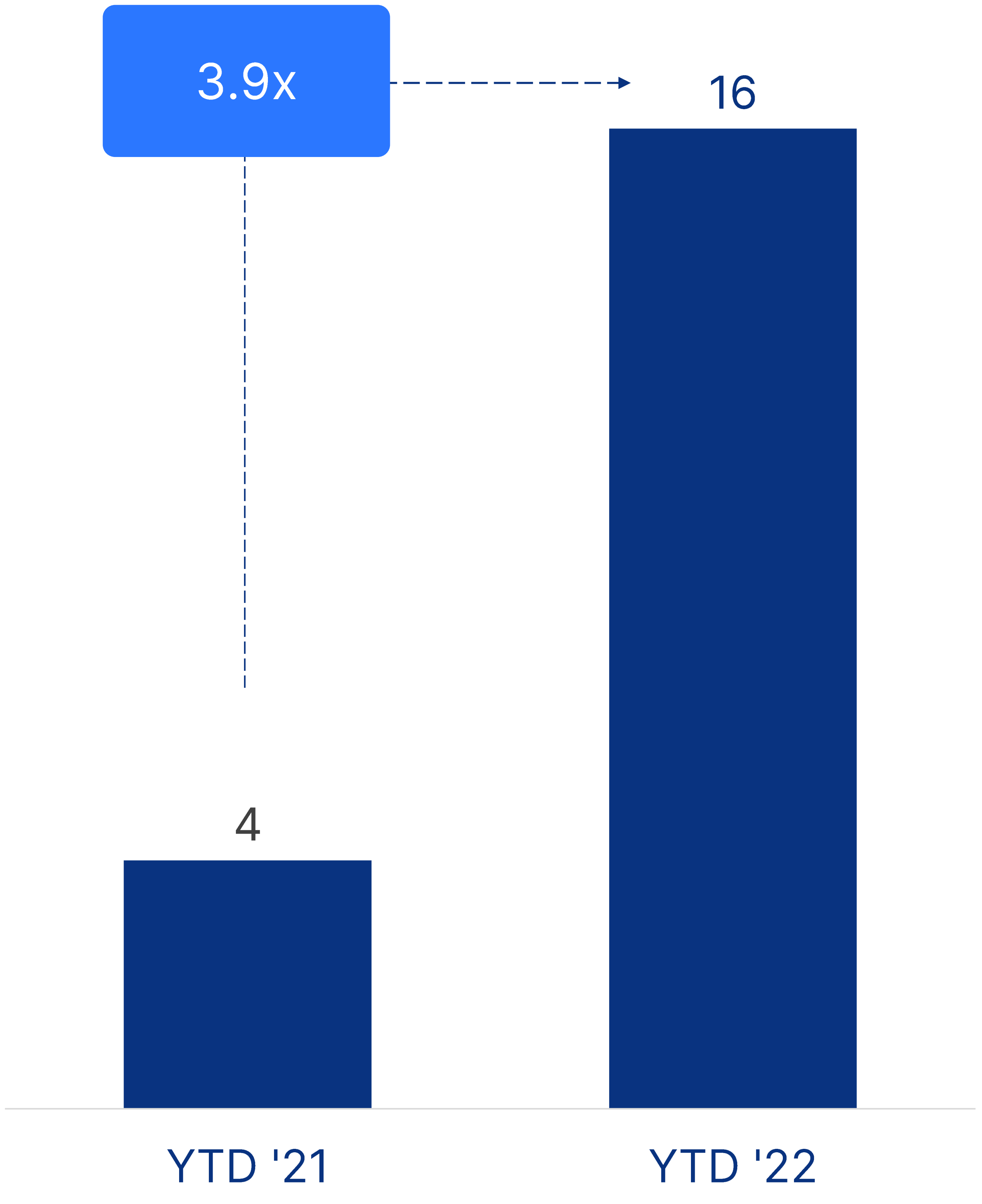
Strong sales momentum YTD – new clinics (as of mid-June)

Total new sales, # clinics



Total new sales, # clinics / sales FTEs

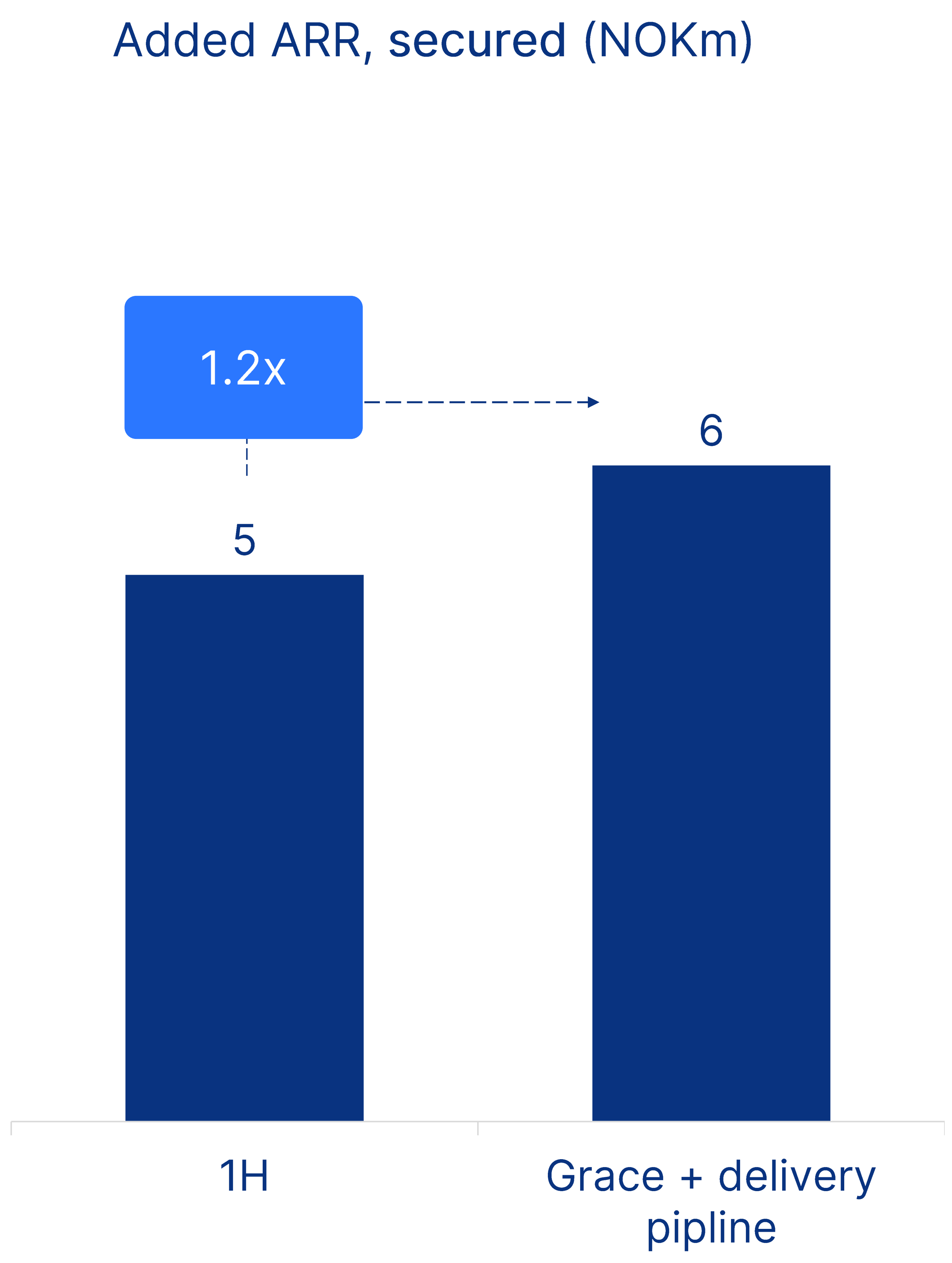


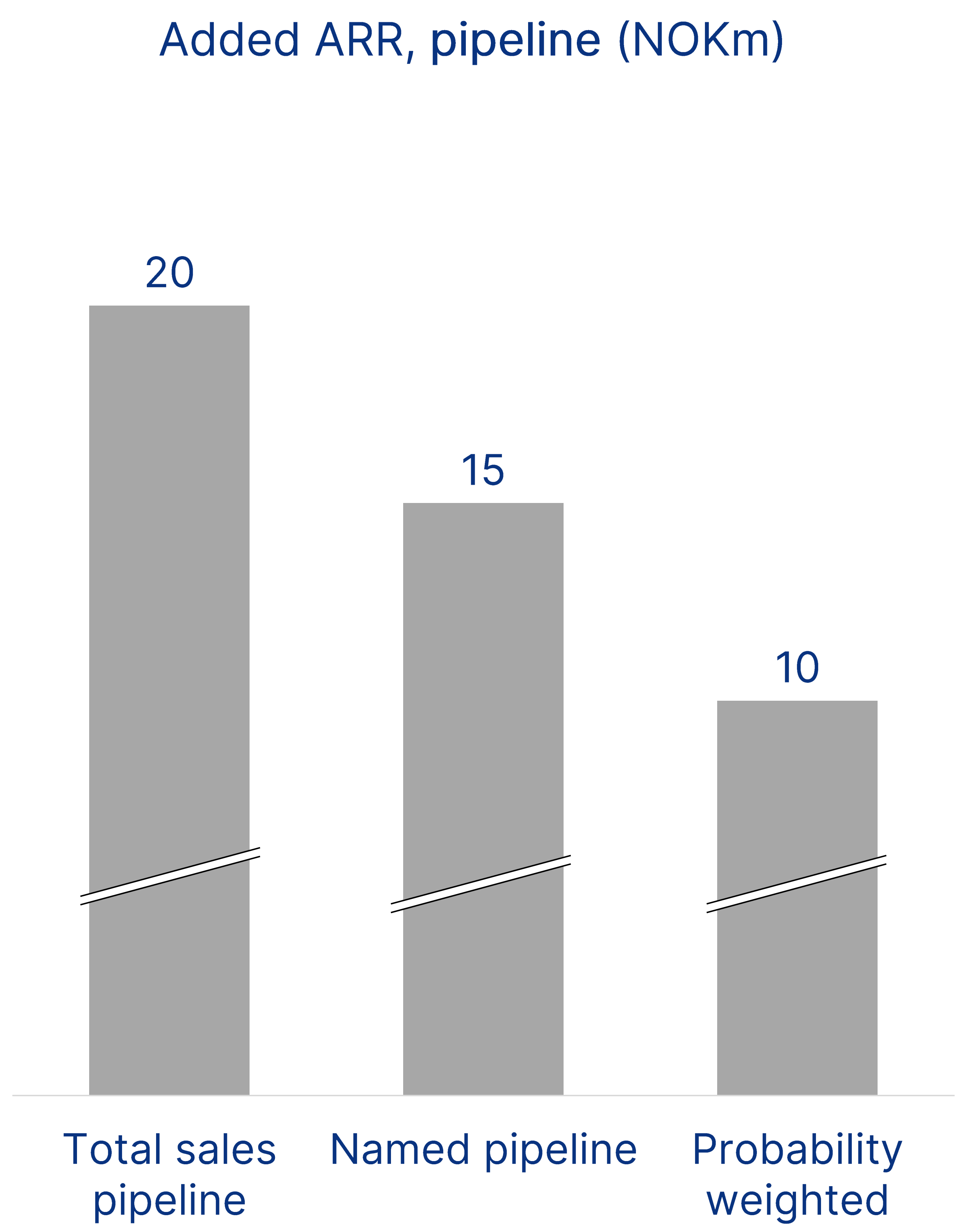
Improved sales performance

- YTD performance strong across all three cloud systems
- We now experience the strength of our standardized and highly scalable onboarding process
- Sales efficiency is improving significantly, and we expect new sales resources will add to the growth
- New clinics coming from a mix of newly established customers, on-premise and cloud competitors, as well as some winbacks
- In addition to this we have migration sales

Great momentum on sales pipeline, adding substantial cloud ARR

Sales activities now starting to yield real value





Sales pipeline looks promising

- Strong delivery pipeline and several clinics still in grace amounting to added ARR of NOK ~6m (sold, but not invoiced) on cloud. Majority of this will have effect during 2H22
- Healthy sales pipeline with mix of small clinics and large tenders, and new and migrated customers
- Pipeline consists of named leads with over NOK 15m in new/added ARR, and growing
- Potential sales in the pipeline expected to materialize during 2H22, but with some months delay before we see actual revenue effect

We are organizing into independent business units to improve the internal focus and visibility of the financial performance

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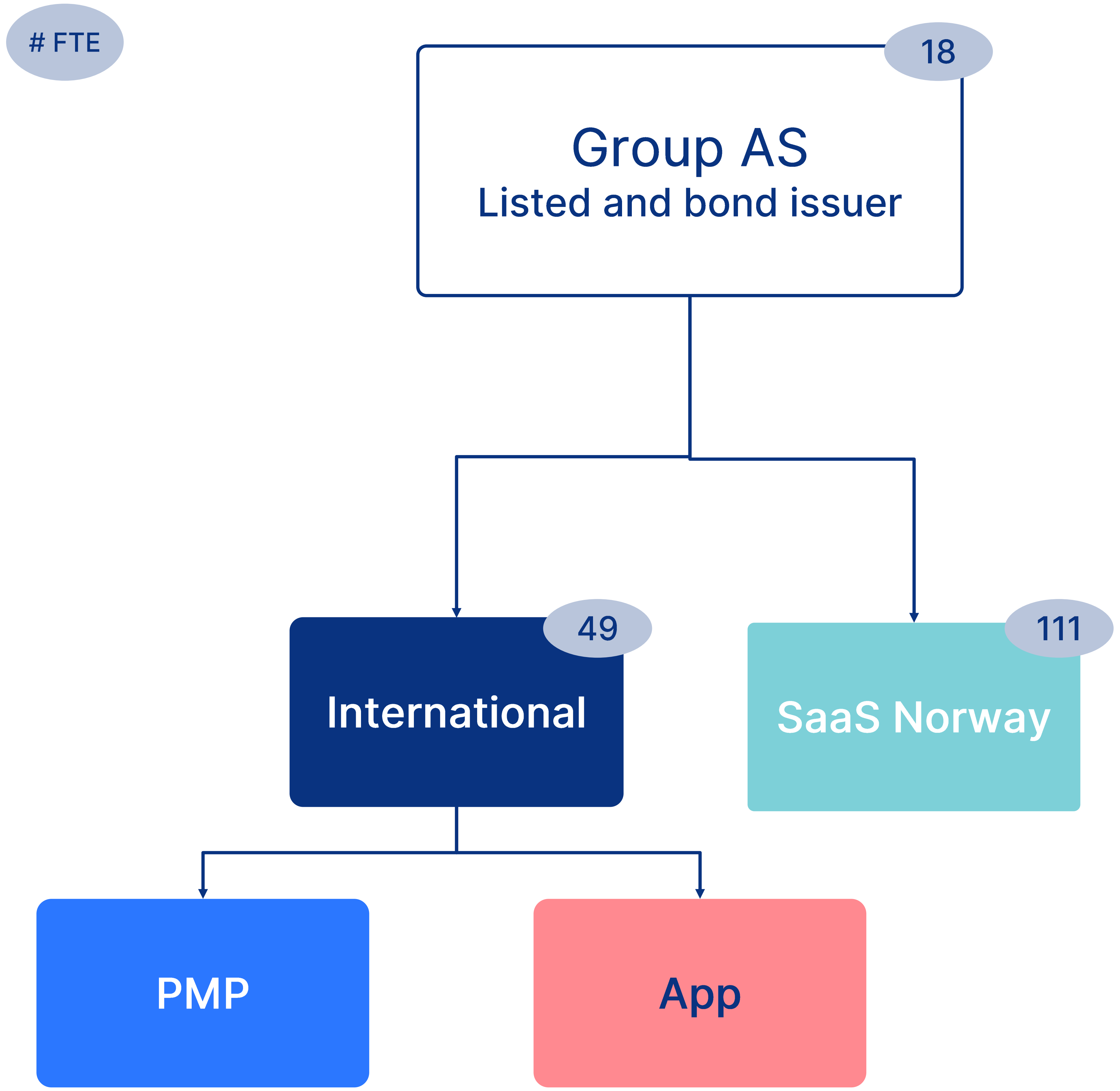
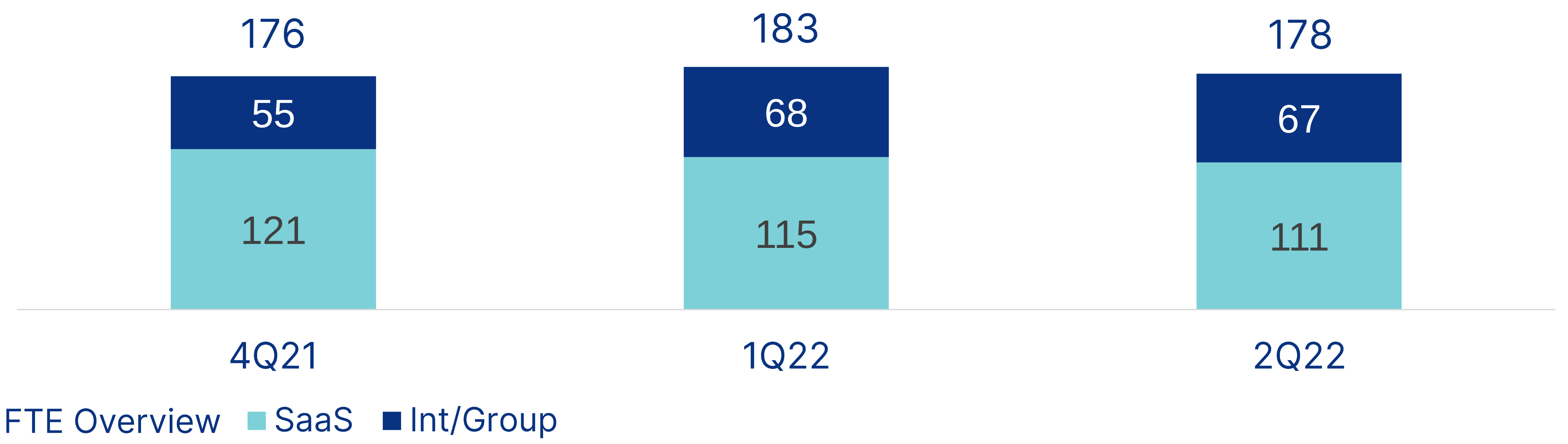
Simplified group structure, effective from 1.8.22[1]



Comments and FTE overview



1. Enables better earning efficiencies and scale organisation to grow more in line with potential as well as an update business model
   - Finland organization & operations closing to improve efficiency and cost control
2. Cleaner structure implemented
   - International we consolidate the commercial and technical into working across the full offering
3. The Mobile App standalone company under our international setup
   - Norwegian consumer app enabling more than 2 million (250k unique logins per month) patients to book and communicate with the clinics
   - We see a commercial potential in the APP
4. As stated earlier we remain opportunistic on our SaaS Norway and Mobile App business

Group cash EBITDA in line with previous quarters, but SaaS ending first half with a solid adj. cash EBITDA of NOK 25.8m
- despite somewhat lower revenue from non-recurring revenue streams

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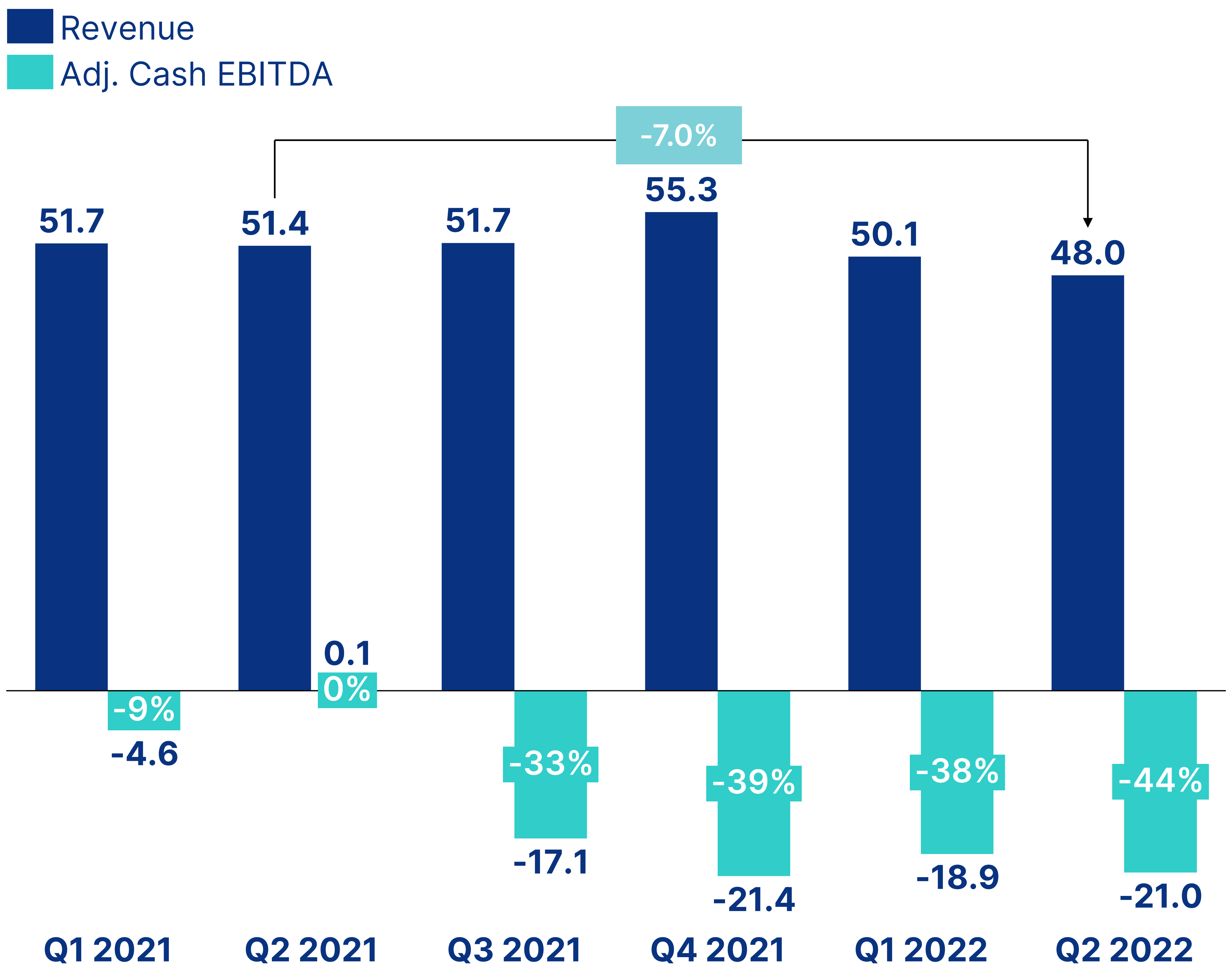
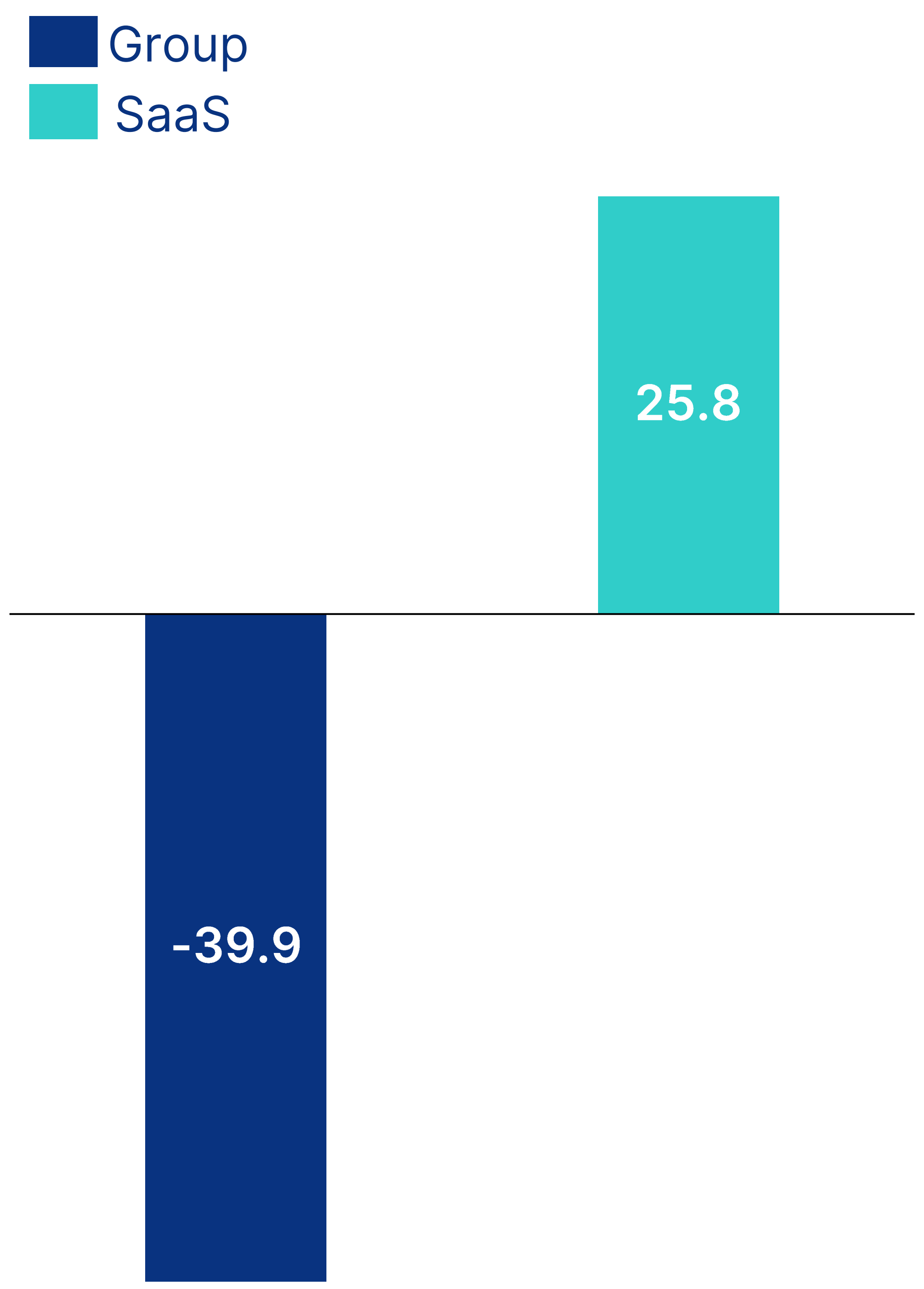
Quarterly revenue and adj. cash EBITDA, NOKm / %



1H22 adj. cash EBITDA, NOKm



Key highlights

- We see good momentum in cloud revenue, which for the first time is as high as on-premise recurring revenues (end of quarter)
- For 2Q total revenues ended at NOK 48.0m, impacted by lower project revenues and seasonality in variable recurring revenues. Contribution from enterprise customers have normalized
- Group adj. cash EBITDA showing a margin of -44% for the group, and NOK -21.0m
- Adj. cash EBITDA for SaaS ending at NOK 25.8m, while the same figure for the Group is NOK -39.9m.
- High one-offs in Q2 related to the restructuring process, including legal fees (NOK 2.1m) and support on technical and financial readiness (NOK 5.2m), moving costs in DK (NOK 0.6m), and lastly provisions for cost from previous periods (NOK 2.8m)

Cloud recurring revenue steadily growing over time and expected to outweigh on-premise in 3Q

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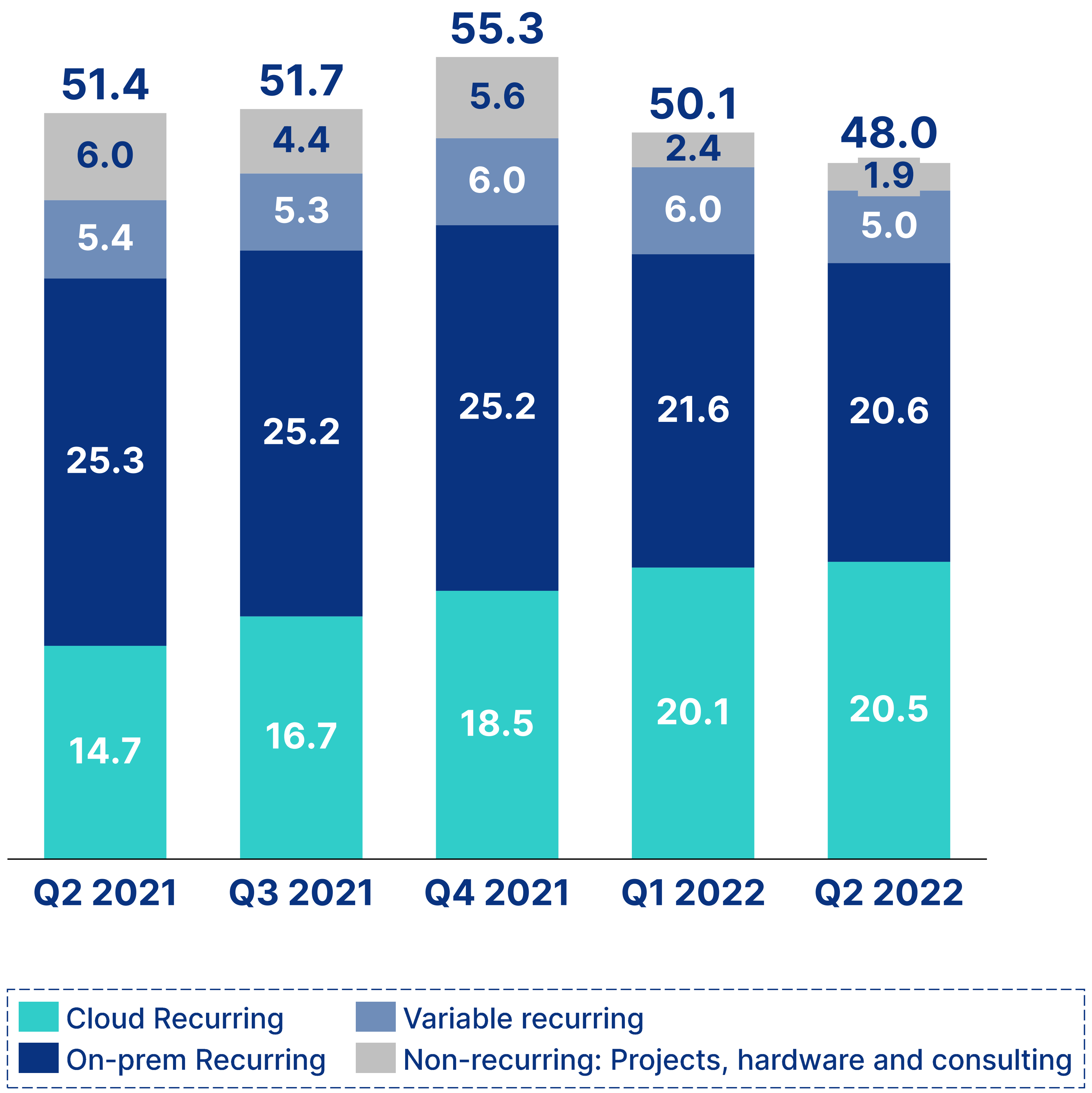
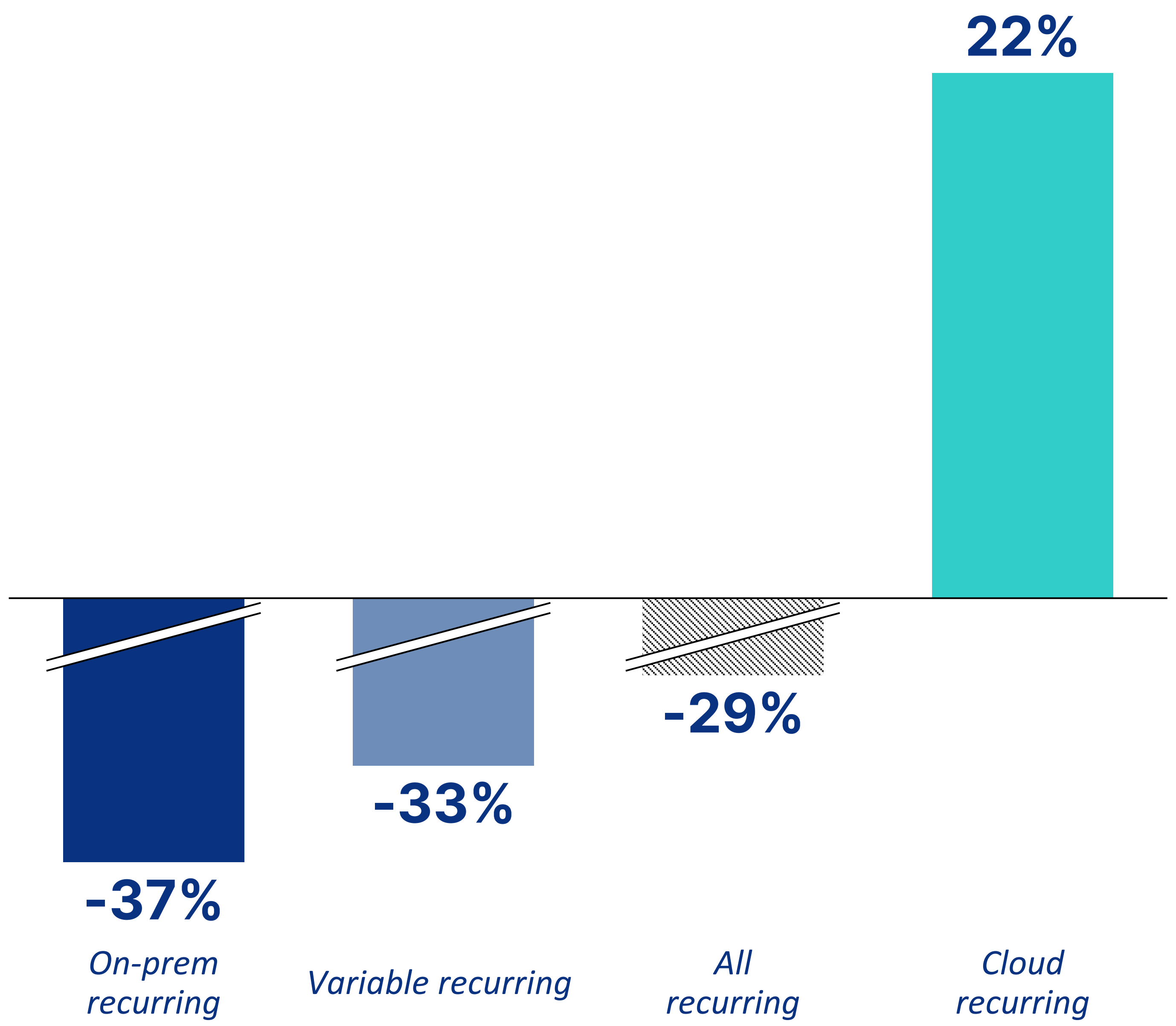
Revenue breakdown, NOKm



Annualized growth, %[1]



Comments

- Cloud recurring revenue grew at an annualized rate of 22% in Q2 2022, reflecting continued tailwind in the cloud product
- Last twelve months cloud development driven by migrations primarily, but expected to grow going forward on both migrations and new sales
- On-premise recurring revenue is down in Q2 compared to previous quarter, mainly influenced by continuous migrations and no Promed contribution
- Variable recurring is down for the quarter, due to easter holiday effect on notifications, and no contribution from airport testing from enterprise segment

1) Annualized growth is calculated over two periods (Q2 to Q4) to capture the effect of customers upgrading during a semi-annual invoice period (on-prem)

Pure cloud MRR is up 27% YoY, corresponding to NOK 84m in ARR

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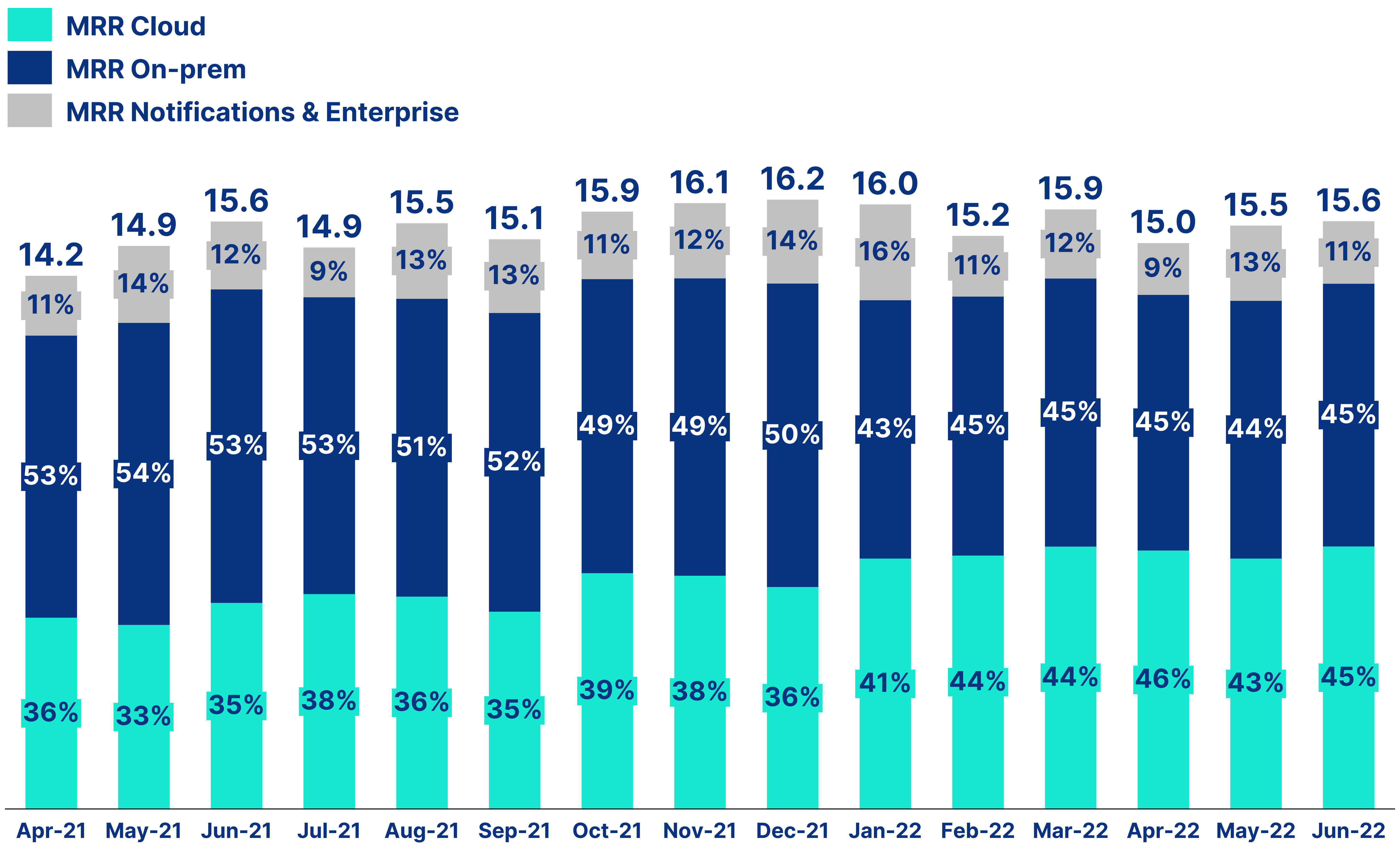
Continued Business MRR (ex ProMed), NOKm

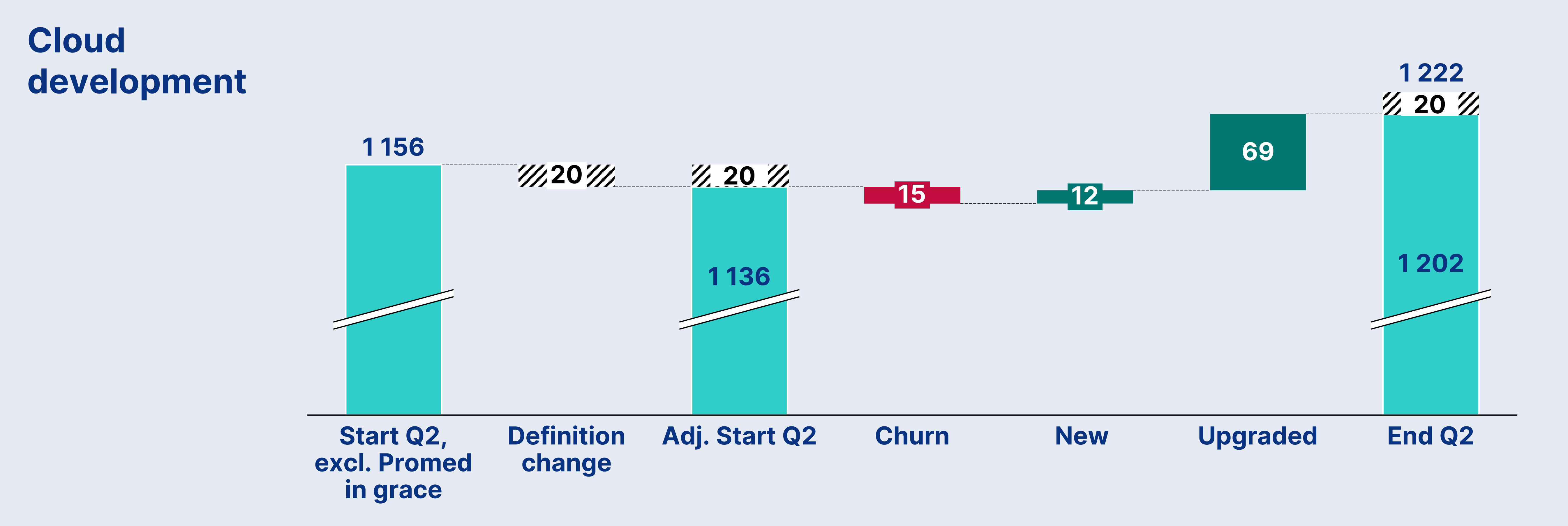


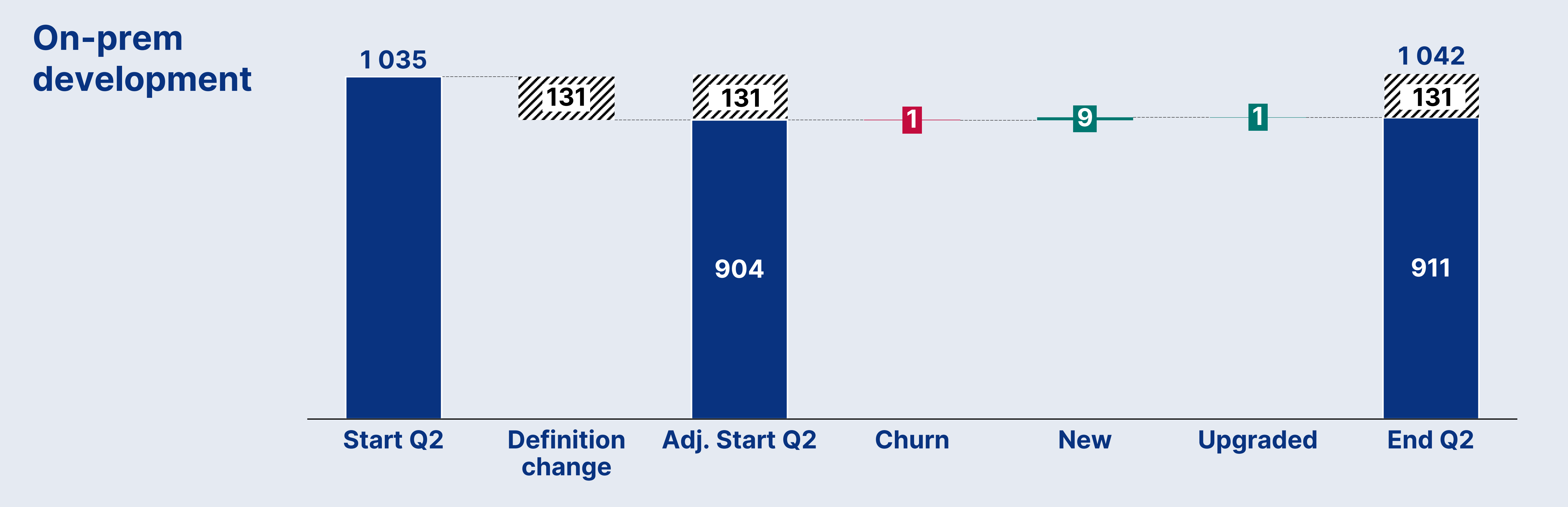
Comments

- MRR development through 2021 and 2022 shown ex Promed due to EoL finalization
- Variable MRR presented with both notifications- and enterprise revenue to better depict the total share of variable revenue on total MRR for the group
- Total MRR is down in April, caused by lower revenue from Enterprise customers and lower revenue from notifications due to easter holiday. Revenue picking up the following months
- Some fluctuations between the months due to seasonality on notifications and due to credit notices
- We expect cloud to take a even higher share going forward as we continue to migrate and have increased our new sales

Customer movements in 2Q mainly driven by migrations - expect to add more new sales movement the next quarters

2Q22 customer development (paying clinics with EHR licenses only)





Comments

- Cloud customer development driven by new sales and continuous upgrades from on-premise. In 1H22 the majority of upgrades comes from previous Promed customers, which are now migrated and invoiced from PatientSky
- On-premise shows an uptick of 9 clinics, and all cases being late invoicing of H1 invoices to these customers
- On-premise churn and migrations are expectantly low, as customers have prepaid 6 months ahead and continue on the old on-premise payment model until contract period expires
- Number of clinics presented are solely EHR paying clinics, excluding all other add-ons and non-recurring items. Number of clinics would have been higher if the latter were included in the numbers
- Going forward we will apply a minor adjustment to our definition of a clinic by removing existing clinics that don't have a standard EHR license (now EHR-like products have been counted)

Note: Paying EHR customers (~Clinics): counts all invoiced customers paying for an EHR product. The nr of invoiced customers can be impacted by special deals, grace periods and credit notes, and a "new" clinic could have been a new sale in the previous reporting period as we see a time lag from sales to delivery to invoicing.

Growing number of paying licenses in the quarter

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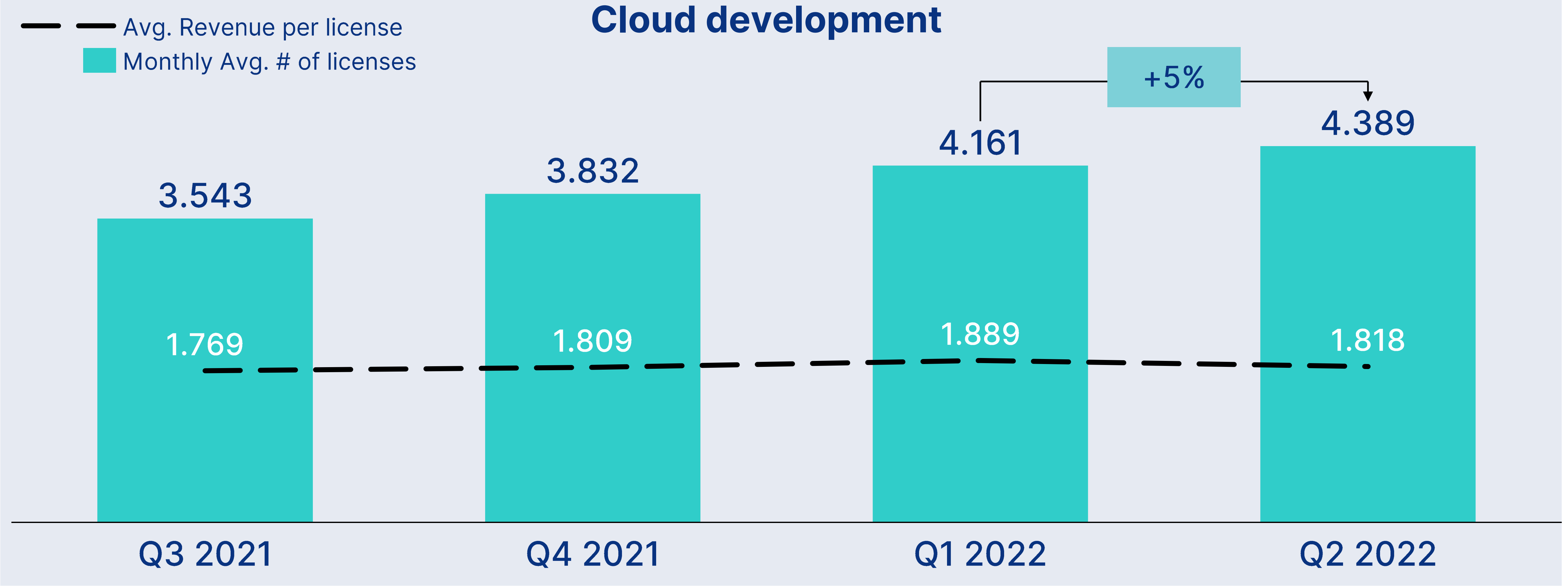
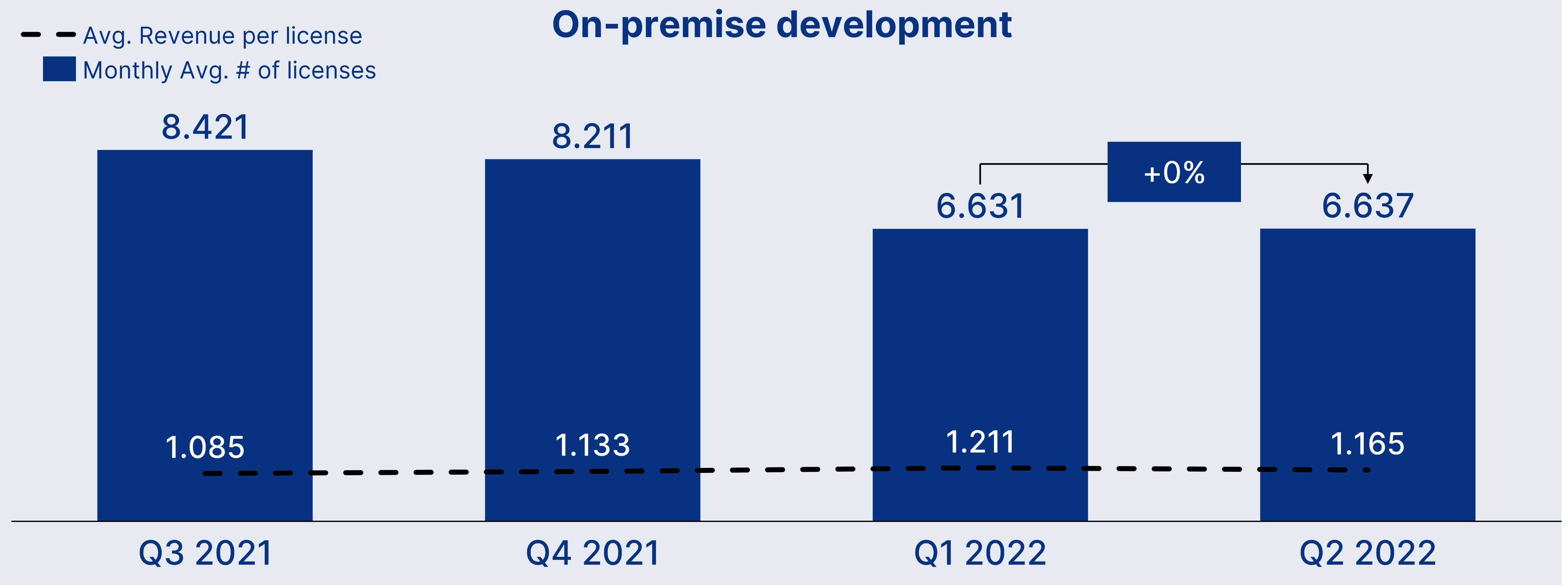
Paying Cloud and On-prem licenses





Comments

- *Note: one license in one system is not 1-to-1 with that of another. For instance, migrating 10 licenses from on-premise to cloud could yield 6 paying cloud licenses. This is due to different license models, but the average price per license is correspondingly higher*
- Cloud is growing steadily as all new sales and migrations increase volumes. At the same time, we see lower cloud churn in 1H22 vs 12 months ago
- The average prices are impacted by variable recurring seasonality and customer segment mix
- The time effect between migrations and measuring licenses based on paying customers, are not always one-to-one. Some paying licenses may seem migrated out of on-premise, while not represented in cloud yet due to grace periods

Note: GP licenses on On-prem are typically concurrent user licenses, meaning that the license count may not entirely reflect the amount of practitioners using the system 2) Daily licenses are targeted for practitioners that uses the platform less. 10 daily logins, equals 1 monthly license. 3) Minor adjustment to the 1Q count due to a few customers being on different license setup

Consistent and low churn on our clouded EHR solutions with a clear pattern of diminishing as number of clinics grows

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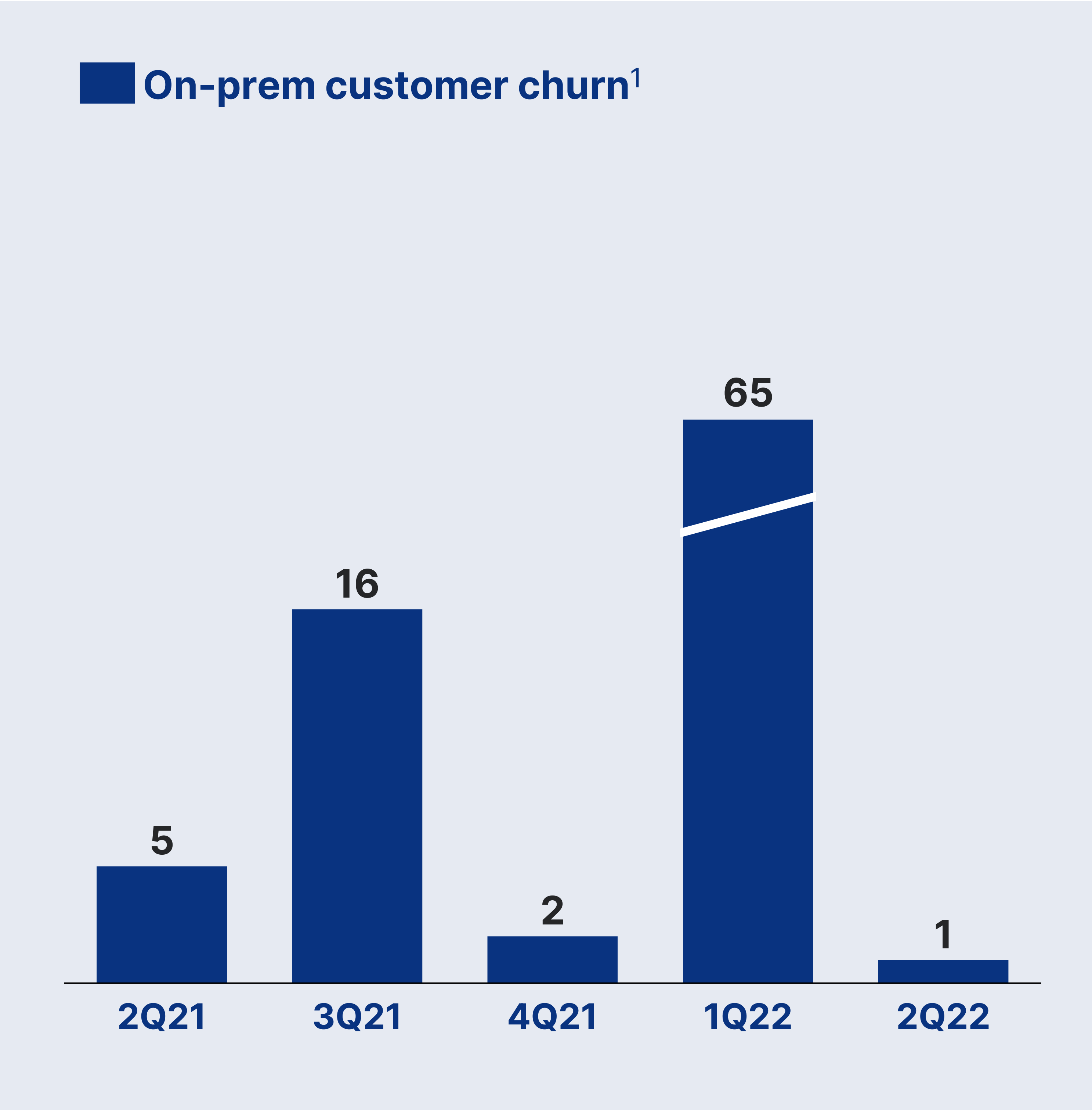
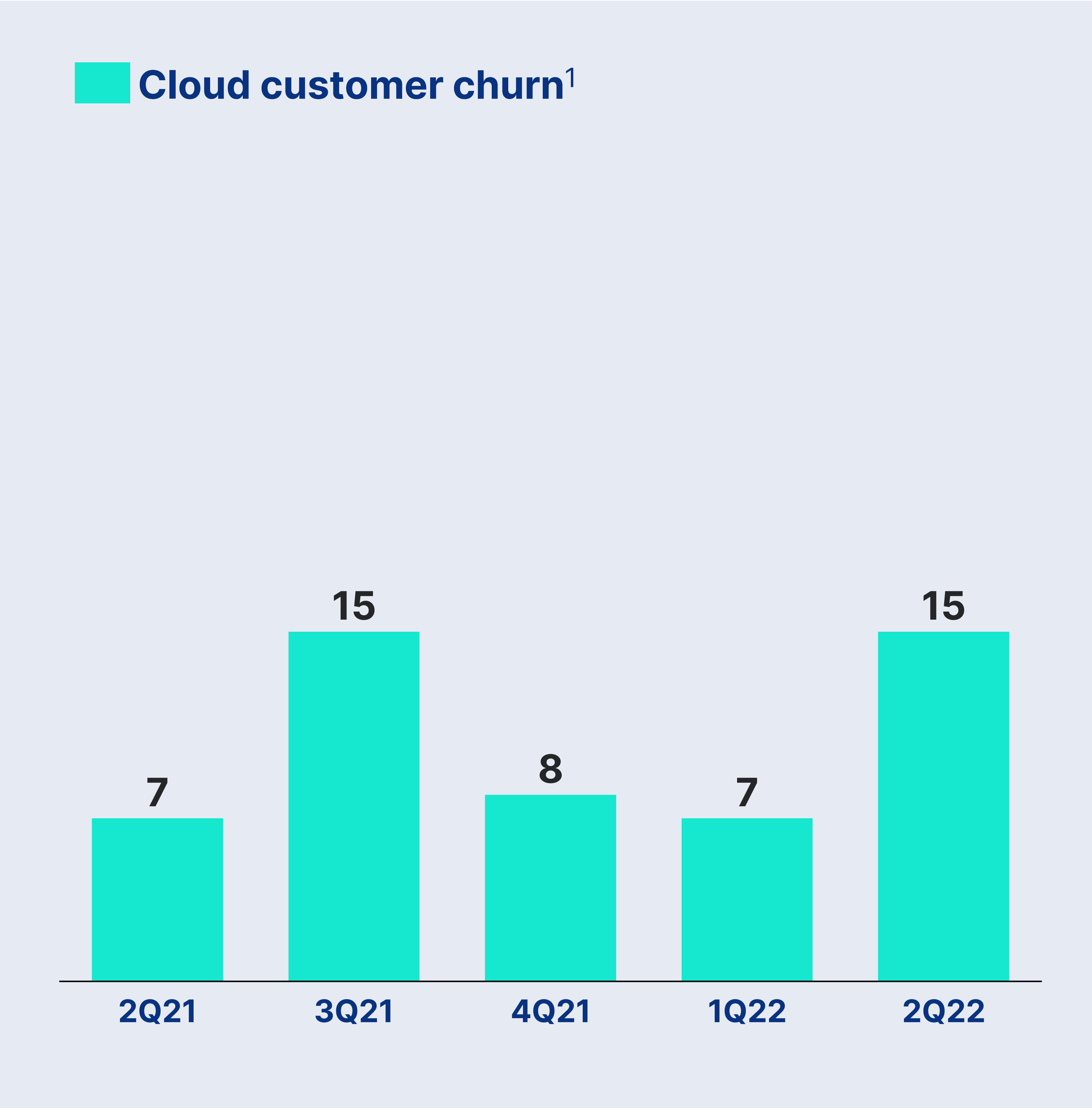
On-prem churn



Cloud churn



Comments

- Cloud churn presented in nominal values to better reflect the actual number of clinics that have churned during the quarters. The numbers shows a stable and low churn for the clouded solutions
- On-premise has an elevated churn every second quarter due to the start and end of 6 month contracts
- We are working hard to reduce the number of churned on-premise customers and start seeing a real effect of this now
- All numbers are reflecting churn for the actual quarter, not annualized and measured at the point the clinics stop being a paying customer

1) All numbers are nominal, excluding Promed from on-prem statistics due to end of life, measured at time of invoicing, and subject to having EHR license

The SaaS Business is still highly profitable and cash generative, while the remaining financials reflect significant investments in international platform

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1H financials – SaaS Norway and rest of Group

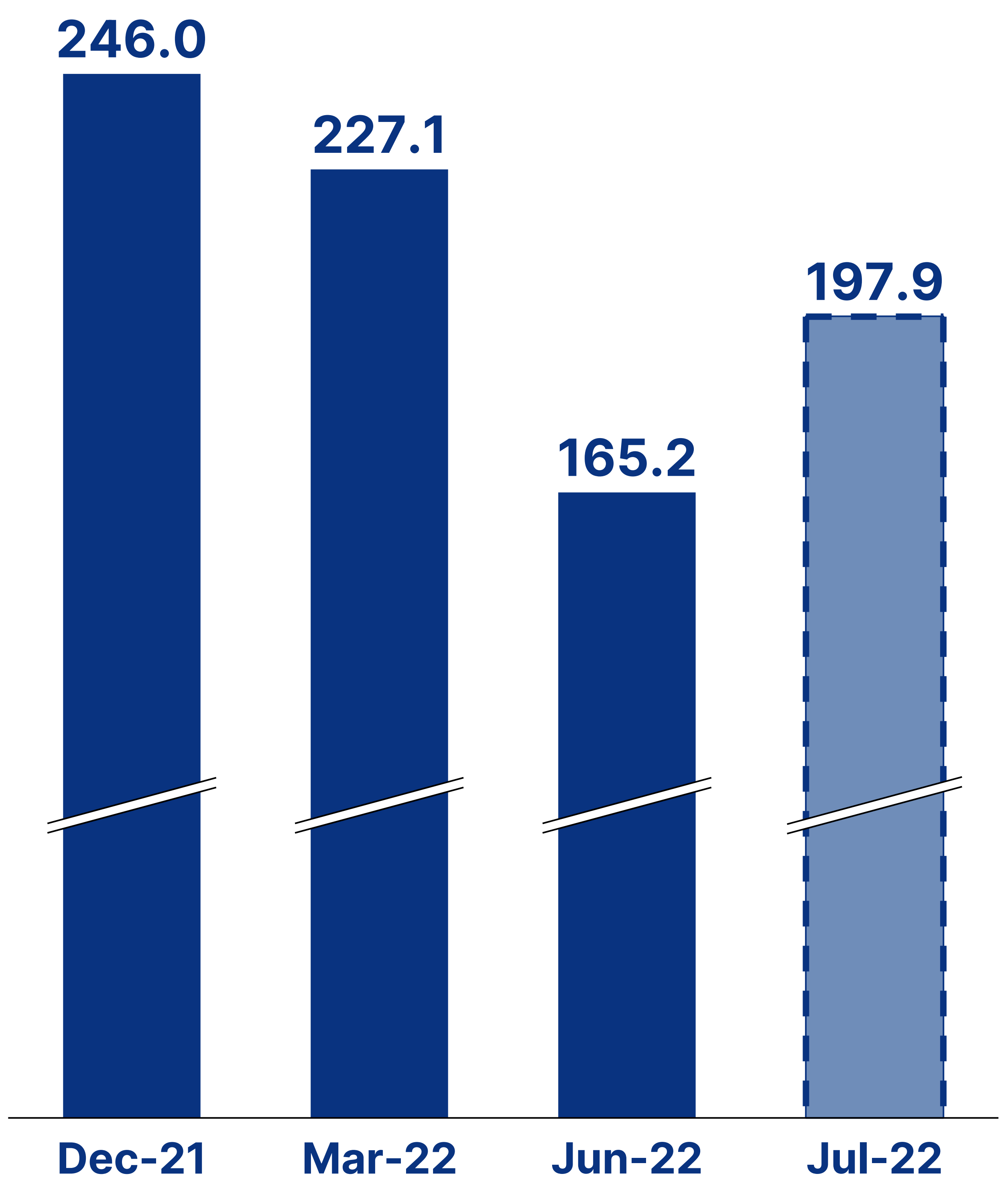
NOKm	SaaS	Other	1H22 Total
Revenues	98.0	0.2	98.1
COGS	14.0	0	14.0
Gross profit	84.0	0.2	84.1
Personnel exp, adj	40.6	38.2	78.8
Other opex, adj	17.5	27.7	45.2
Adj. cash EBITDA	25.8	-65.7	-39.9
Adj. EBITDA	36.4	-33.7	2.7
Adj cash EBITDA – margin	*26%*	*n.m.*	*n.m.*
Adj EBITDA – margin	*37%*	*n.m.*	*n.m.*

Comments

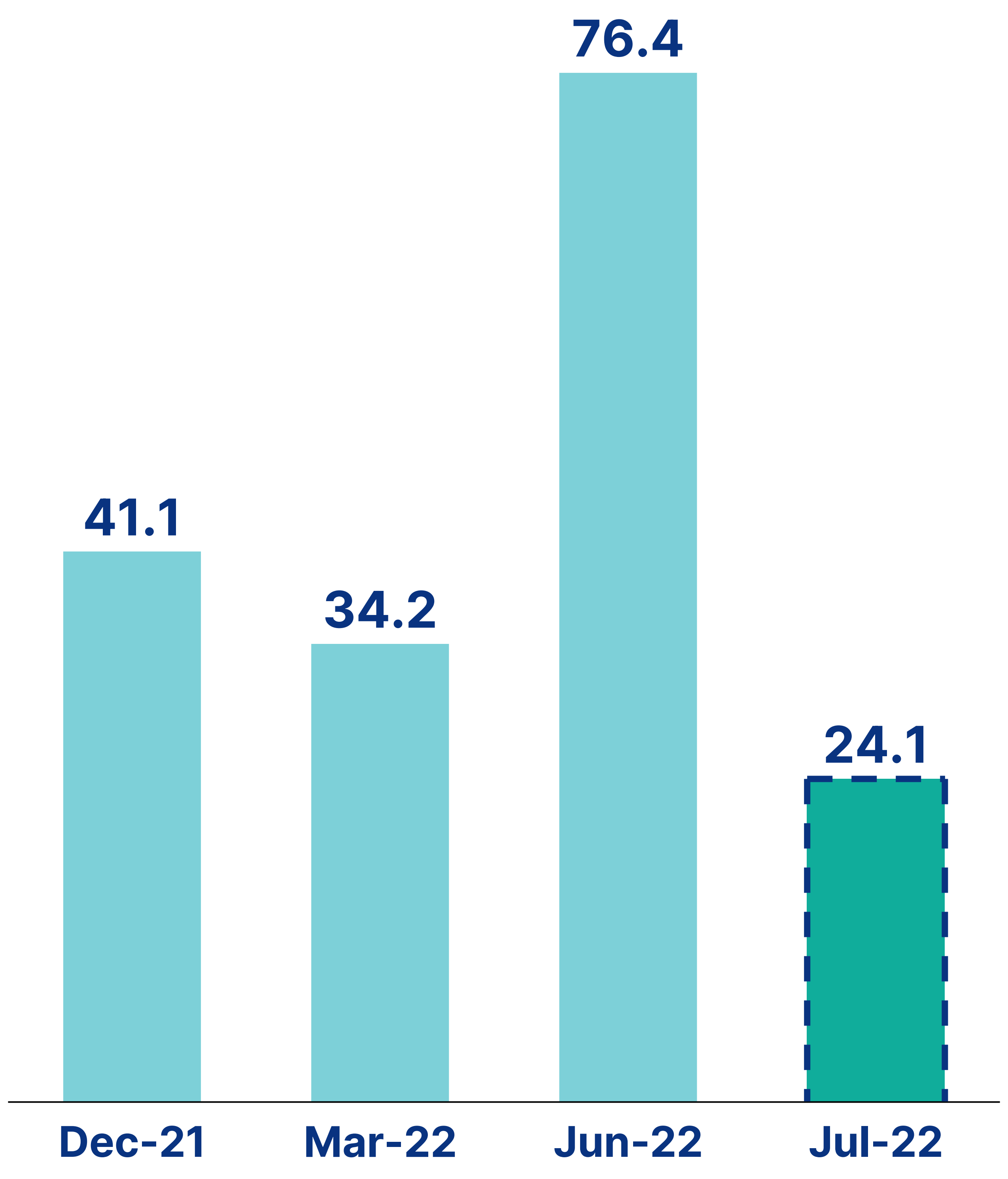
- The breakdown is based on detailed analysis of costs and allocation between the business units, and is based on management accounts
- SaaS BU carries all revenue and CoGS as it runs the Norwegian platform, and thus able to operate without any operational dependencies with the other BUs in the Group
- The SaaS Business has significantly room to improve margins as complexity and costs are reduced as customers are migrated to the cloud – starting with first notable cost reduction in 2H22 with PVF related costs gone
- Opex in SaaS for 1H22 a bit elevated due to use of consultants to finalize/ speed up development projects
- The Other P&L includes Group functions and the other business units

Liquidity ended at NOK 165m
- highly influenced by working capital movements, with opposite effect in 3Q

Cash and bank deposit, NOKm



Accounts receivable, NOKm



Comments

- The management have, together with the board, initiated a thorough cost focus throughout the organisation to maintain a healthy cash position for future plans and initiatives
- On the cash inflow, a more automated dunning module has been implemented to improve and reduce receivables (automatic follow-up of outstanding invoices - previously done manually)
- Initiatives have taken place such as, renegotiating prices with critical vendors, consolidated internal software systems and focus on other efficient gains

Highlights post 2Q22:

- We see a great sales and pipeline building up and customers in grace period becoming paying customers
- We see a great delivery pipeline build up where we can utilize our strong onboarding experience and standard tools
- Initiated initiatives to reduce costs, complexity and improve efficiency of the organization, closing Finland, to focus on our two international Hubs in Oslo and Copenhagen
- We are implementing a plan to become a profitable company during 2023

Q&A

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Outlook and final remarks

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- High focus on improving earning efficiency and decrease complexity to ensure the long-term financial stability of the company. Focus is to be able to self-finance our journey
- Focus on making PatientSky a profit generating company during 2023
- GTM on our international Partner Management Platform, has been delayed due to our process of becoming profitable during 2023 and to ensure scalability, but we continue to expect revenues in 2023
- Continued focus on new sales in our SaaS business, expecting healthy cloud growth and new business to continue with a more visible effect going forward. We also see cost improvements materialize in the short term
- Overall, the structure is in place for us to deliver on our international journey, while keeping high focus on developing our valuable SaaS business in Norway
- 3Q22 results will be presented on the 11th of November

Appendix

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Revenue breakdown - 100% of this is the Norwegian SaaS Business

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Revenue breakdown, NOKm	**Q3 2021**	**Q4 2021**	**Q1 2022**	**Q2 2022**	**QoQ**	**Comments**
Revenue by type						
Recurring	47.3	49.7	47.7	46.1	(3.3%)	10-15% variable MRR (consumption and notifications)
Non-recurring	1.7	3.0	1.6	1.1	(32.5%)	Consulting hours, training fees, hardware, etc.
Projects	2.7	2.6	0.8	0.8	2.3%	Public projects & reimbursed development work
Total	51.7	55.3	50.1	48.0	(4.1%)	
Revenue by customer type						
Clinics	45.7	48.0	46.2	45.1	(2.3%)	Single clinic customers and municipalities
Enterprise	1.6	1.7	1.5	1.0	(34.6%)	Multi-clinic / online private players
Cloud vs. on-prem						
Cloud	19.8	21.8	23.6	23.5	(0.5%)	Clouded SaaS products
of which is variable MRR	*3.1*	*3.5*	*3.6*	*2.8*	*(22.7%)*	*Downtick in notifications and day licenses*
On-prem	27.4	27.9	24.1	22.6	(6.1%)	On-prem products
of which is variable MRR	*2.2*	*2.7*	*2.5*	*2.0*	*(18.9%)*	*Promed out and lower notifications*

Group Consolidated P&L

	Reported financials	
NOKm	Q2 2021	Q2 2022
Revenue	51.4	48.0
COGS	9.3	7.0
Gross profit	42.1	40.9
Personnel expenses	30.0	38.2
Of which capitalized	14.3	12.6
Other OPEX	15.6	34.5
Of which capitalized	1.1	10.3
Cash EBITDA	(3.5)	(31.8)
Adjustments	3.6	10.8
Adj. Cash EBITDA	0.1	(21.0)
Capitalized cost	15.4	23.0
Adj. EBITDA	15.5	2.0
Gross Profit	82%	85%
Cash EBITDA	n.m.	n.m.
Adj. Cash EBITDA	n.m.	n.m.
Adj. EBITDA	30%	n.m.

2Q comments

- Revenue in 1Q22 is down compared to 1Q21, but the recurring share is ~96%
- The group experiences lower project revenues and variable recurring revenue
- Healthy gross margin in Q2 with 85%, up 3 pp
- Personnel expenses somewhat higher as a larger share of the organization is hired in Denmark and Finland compared to last year (where we don't have the same vacation pay effect in June as in Norway)
- *Recent decision to close the Finnish office, but too early to tell the financial impact*

Group Consolidated Balance Sheet

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	Reported financials	
NOKm	**31.12.2021**	**30.06.2022**
ASSETS		
Customer relations	473	441
Research and development	256	275
Goodwill	104	97
Other tangible assets	21	30
Cash and bank deposits	246	165
Receivables	45	88
Total assets	1 146	1 097
EQUITY		
Total restricted equity	1 194	1 198
Total retained earnings	(433)	(506)
Total equity	761	691
LIABILITIES		
Deferred tax	60	44
Bonds	213	215
Other long term liabilities	1	1
Other current liabilities	111	145
Total liabilities	385	405

2Q comments

- Receivables, including provisions, are high end of 2Q. This is expected due to invoicing of 6 month contracts. The receivables drop significantly again in July
- Cash position of NOK 165m end of quarter
- Equity ratio of 63%

Group Consolidated Cash Flow Statement

PatientSky

	Reported financials	
	Q2 2021	Q2 2022
Profit/loss before tax	(18.3)	(42.4)
Taxation paid	-	-
Ordinary depreciation	28.5	30.3
Change in inventory, receivable and payable	(12.5)	(42.2)
Change in other accrual items	26.0	18.0
Net cash flows from operating activities	23.8	(36.3)
Intangible and tangible assets	(24.2)	(25.6)
Payments to buy shares	-	-
Net cash flows from investment activities	(24.2)	(25.6)
Net change in debt to related parties	(5.8)	-
Net change in long-term financial assets	-	-
Net change in long-term debt	-	-
Net cash flows from financing activities	(5.8)	-
Net change in cash and cash equivalents	(6.3)	(61.8)
Cash and bank deposits per start of period	409.7	227.0
Cash and bank deposits per end of period	403.5	165.2

2Q comments

- Negative NOK 36.3m cash flow from operating activities, as H2 invoicing was initiated mid to end of June, impacting receivables significantly
- Capitalization in R&D amounts to NOK 22.4m for the period and NOK 3.2m for tangible assets – the latter mainly related to new office in CPH in Denmark
- Net change in cash and cash equivalents was NOK -61.8m, ending the period with NOK 165.2m cash position

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