

# Welcome to the PatientSky Q2 2021 Investor Presentation

OSLO, September 1st, 2021

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# Today's presenters



Jesper Melin, **Chairman**

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- Founded PatientSky in 2014
- Serial entrepreneur within Health tech and Medical Doctor



Kristian Ikast, **CEO**

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



Stian Husvæg, **Interim CFO**

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- Started as interim CFO in Jan. 2021
- Experience from Morgan Stanley, NBIM and Cardo Partners

**WHY**  
**HOW**  
**WHAT**  
**WHO**

and our story

A close-up portrait of a man with a full, well-groomed brown beard and mustache. He is wearing round, black-rimmed glasses and is smiling broadly, showing his teeth. The background is a solid, vibrant blue. The text "Changing lives" is overlaid in white, bold, sans-serif font across the lower half of the image.

# Changing lives

## 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.





# PatientSky

To be the preferred structured and  
open e-health platform globally

# Core values



We are a team of fearless and humble players

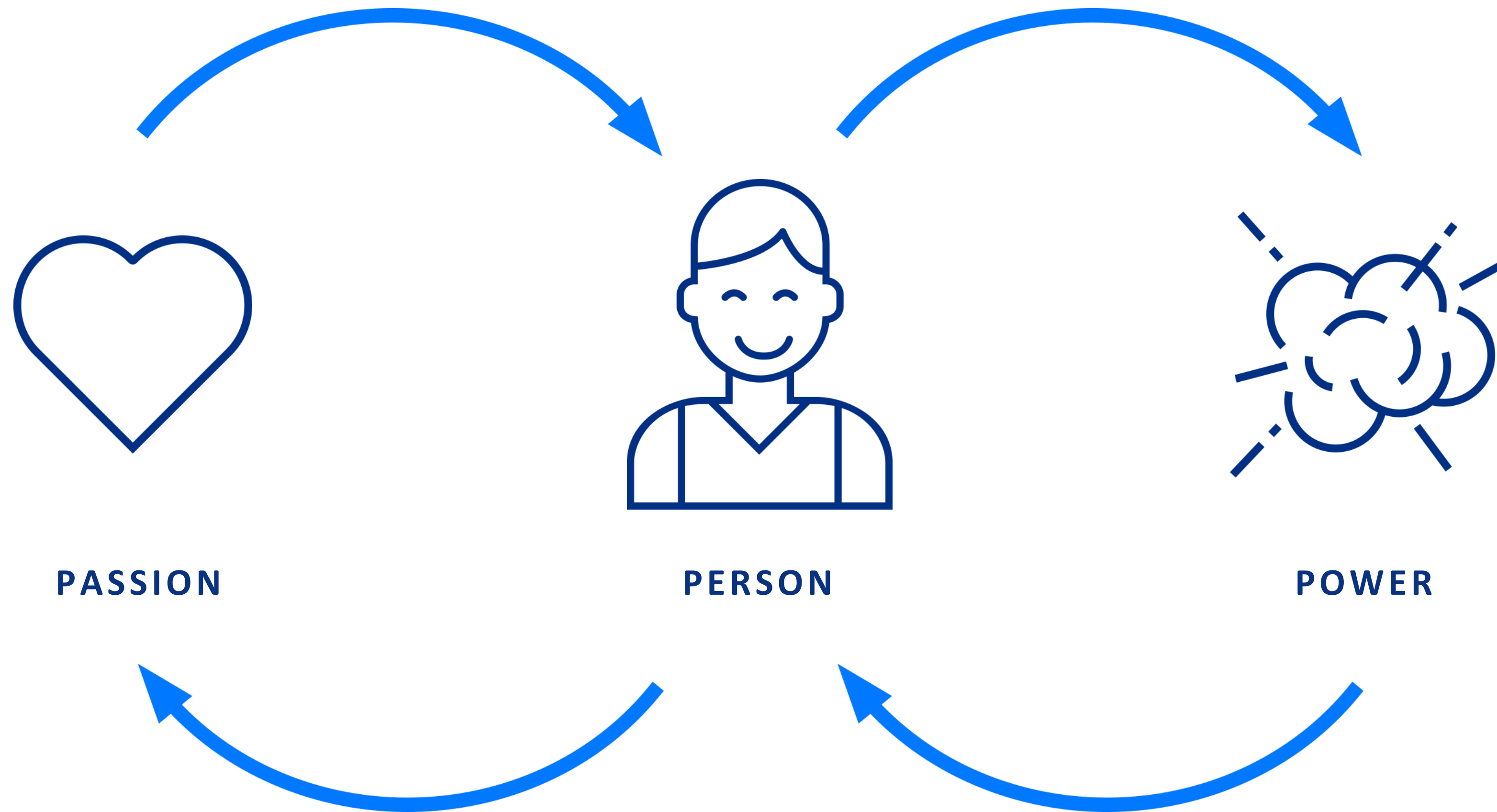
ENGAGED

PROFESSIONAL

INNOVATIVE

RESPONSIBLE





# WHO IS THE NEW GUY?





## Kristian Ikast

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

## Why PatientSky?

“PatientSky is one of the most innovative companies in Scandinavia. I have a firm belief in the strategy, and I will ensure that we utilize the company’s potential for growth internationally”

Kristian Ikast, CEO PatientSky

## Why PatientSky?

“It is not an easy job we have ahead of us, but dedicated employees and ambitious owners make it possible.

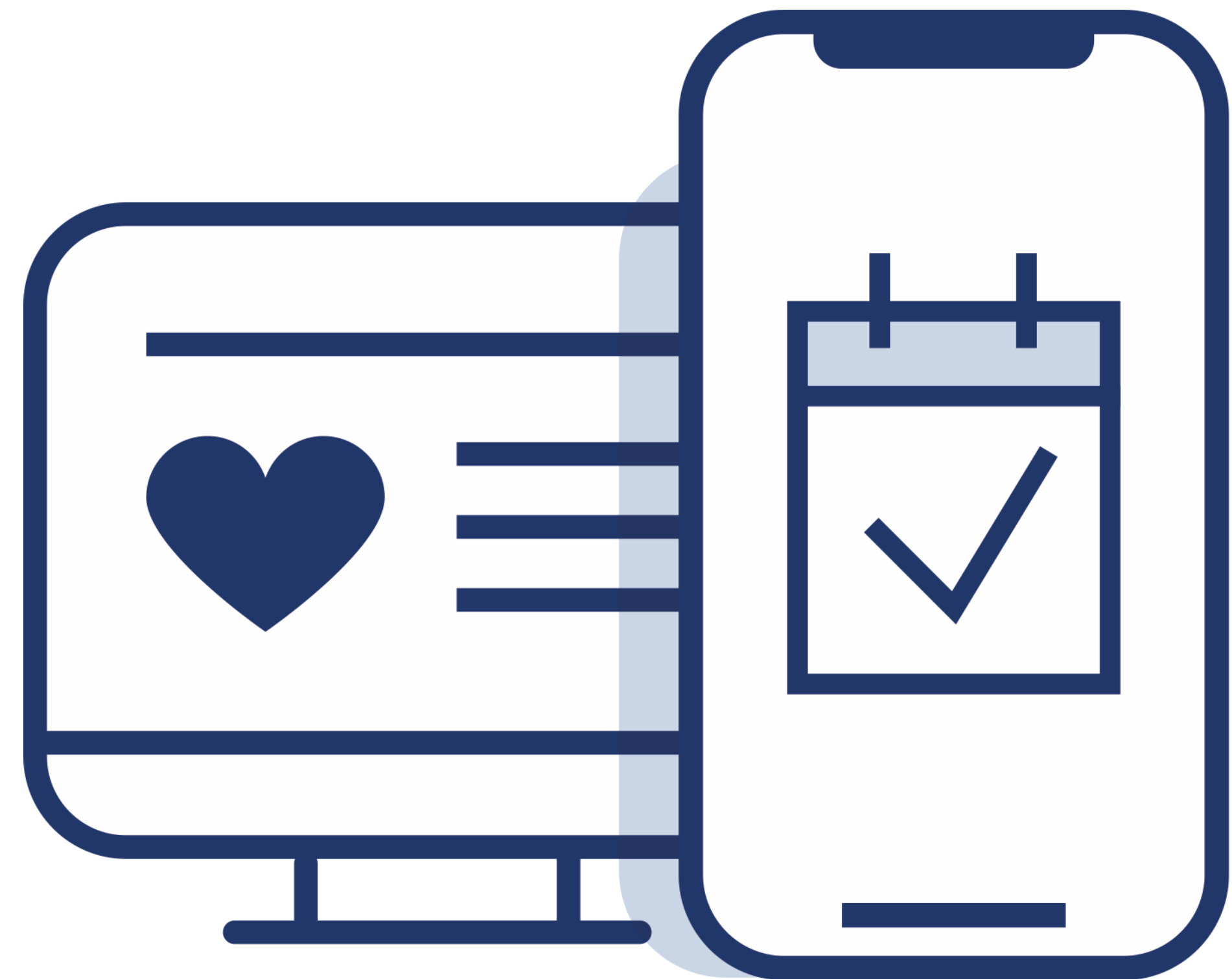
Together we will work towards our vision: Changing Lives”

Kristian Ikast, CEO PatientSky



## How I see PatientSky?

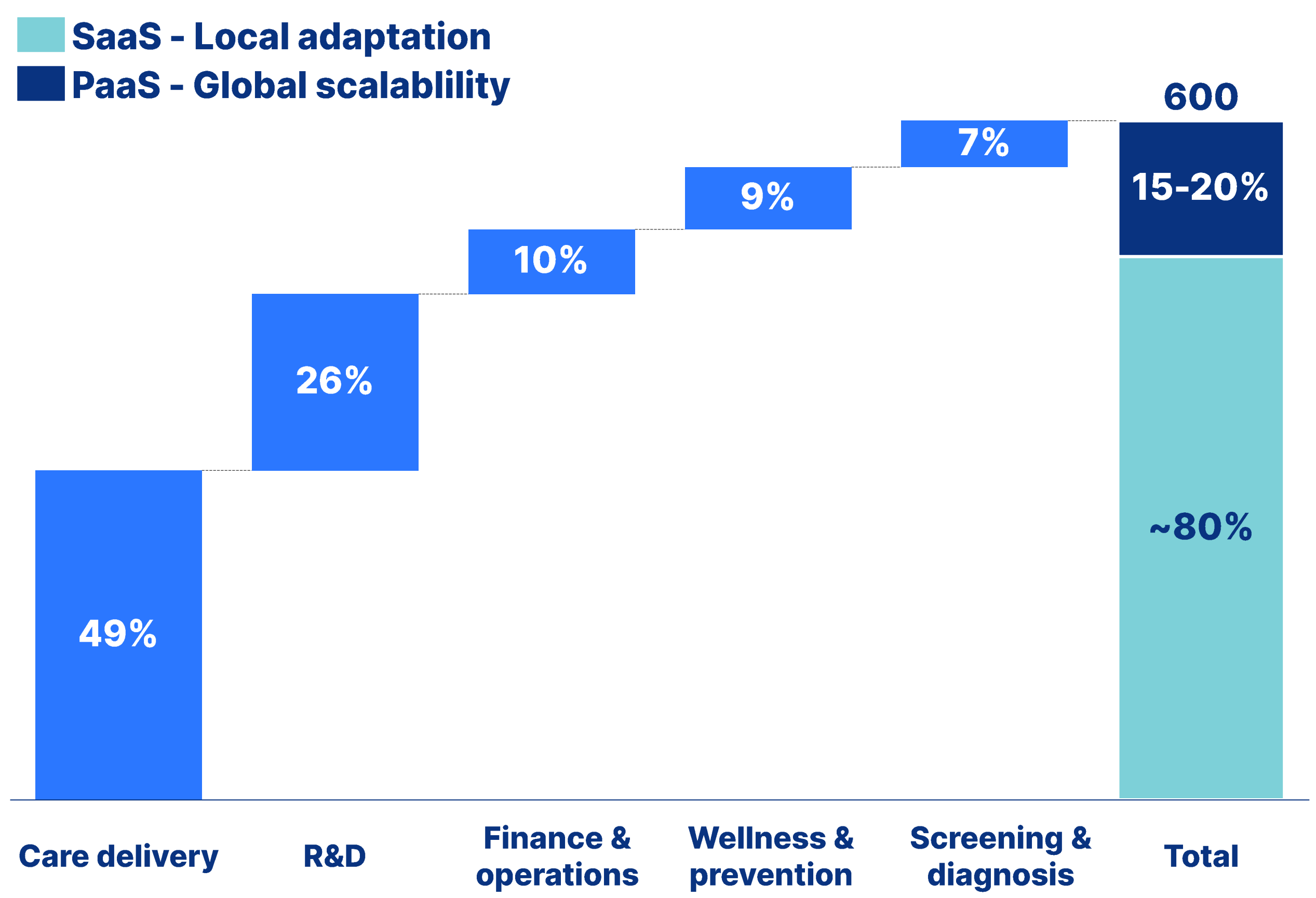
- I fully identify with the vision, mission and values.
- Working for company creating and improving products for a sector who is changing lives.
- We have a platform that create the foundation international to change many more lives.







# Global digital health market to reach USD 600bn by 2024 representing USD 90-120bn addressable market for PaaS players

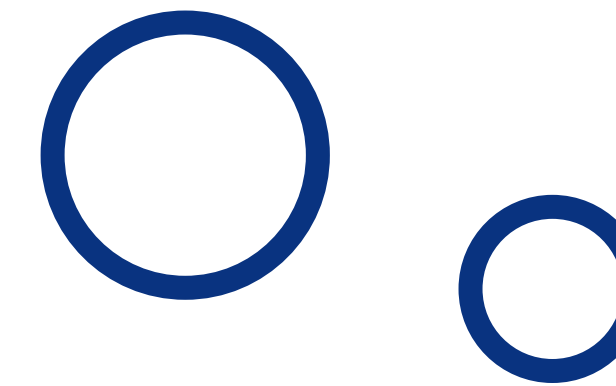


2024 estimated digital health global market size, USD billion



-  36% CAGR growth in healthcare data generated
-  21% CAGR growth in health apps on App Store and Google Play
-  38x higher telehealth usage in February 2021 than pre-Covid
-  70% of US hospitals still use fax and post patient records

Sources: McKinsey, Appfigures, RBC Capital Markets



## Key benefits for partners



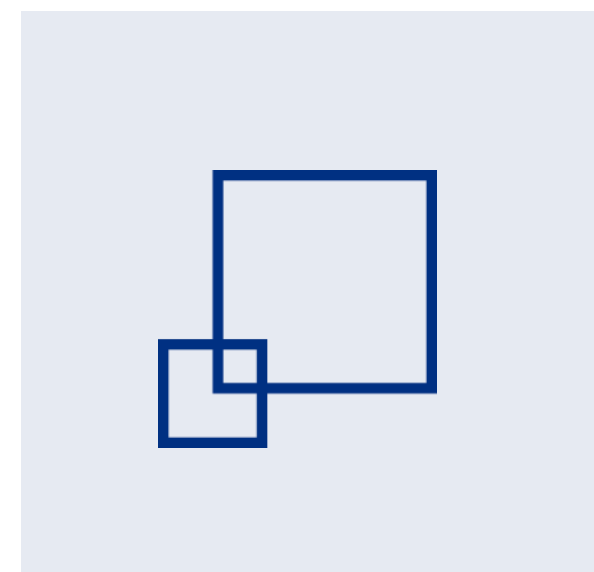
Reduced R&D costs



Increased traffic

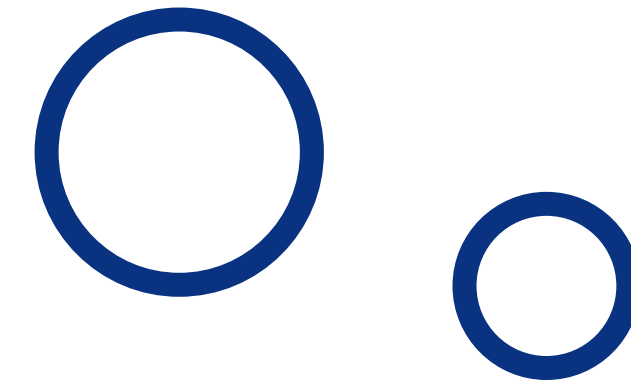
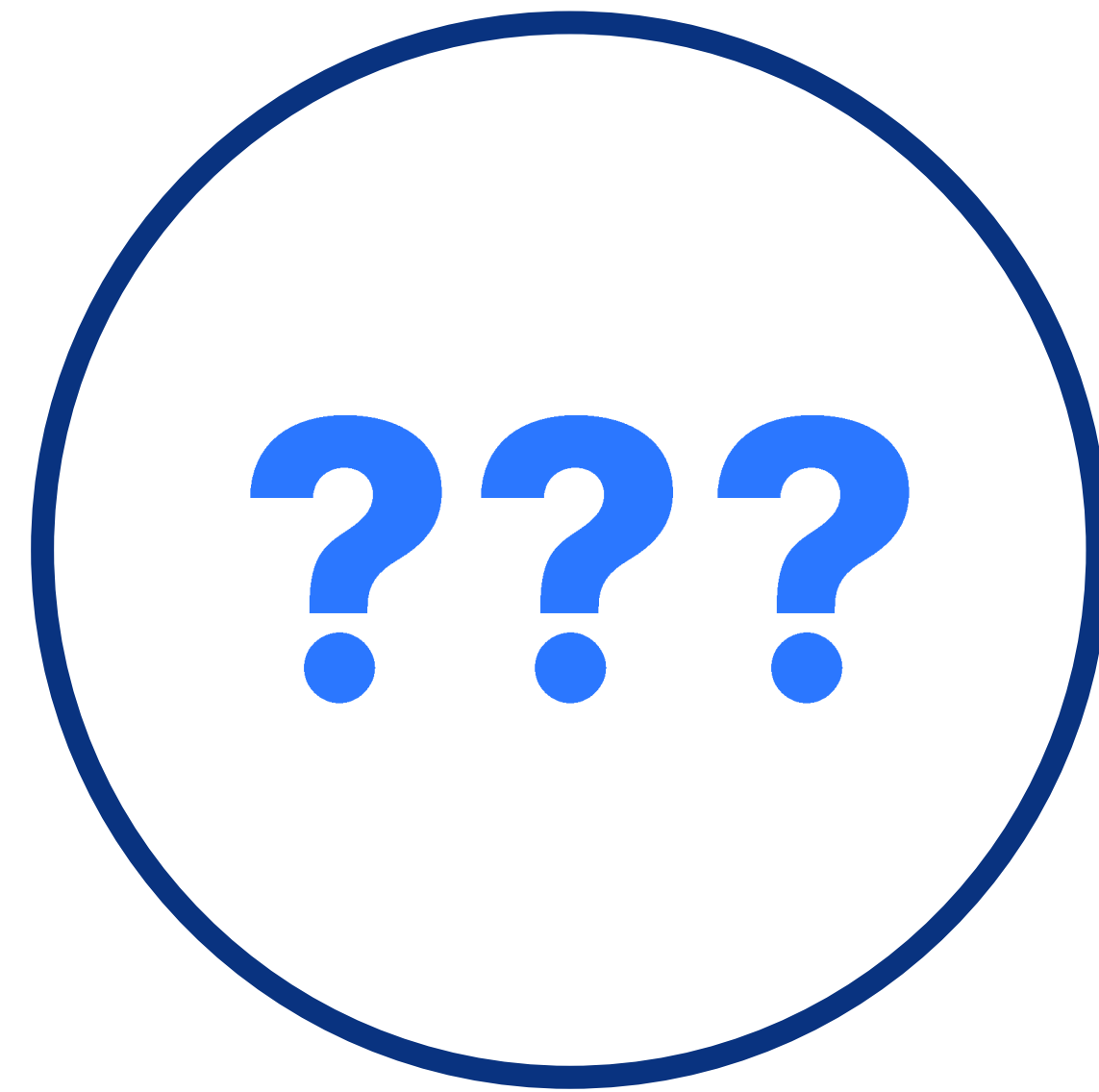


Shorter time to market

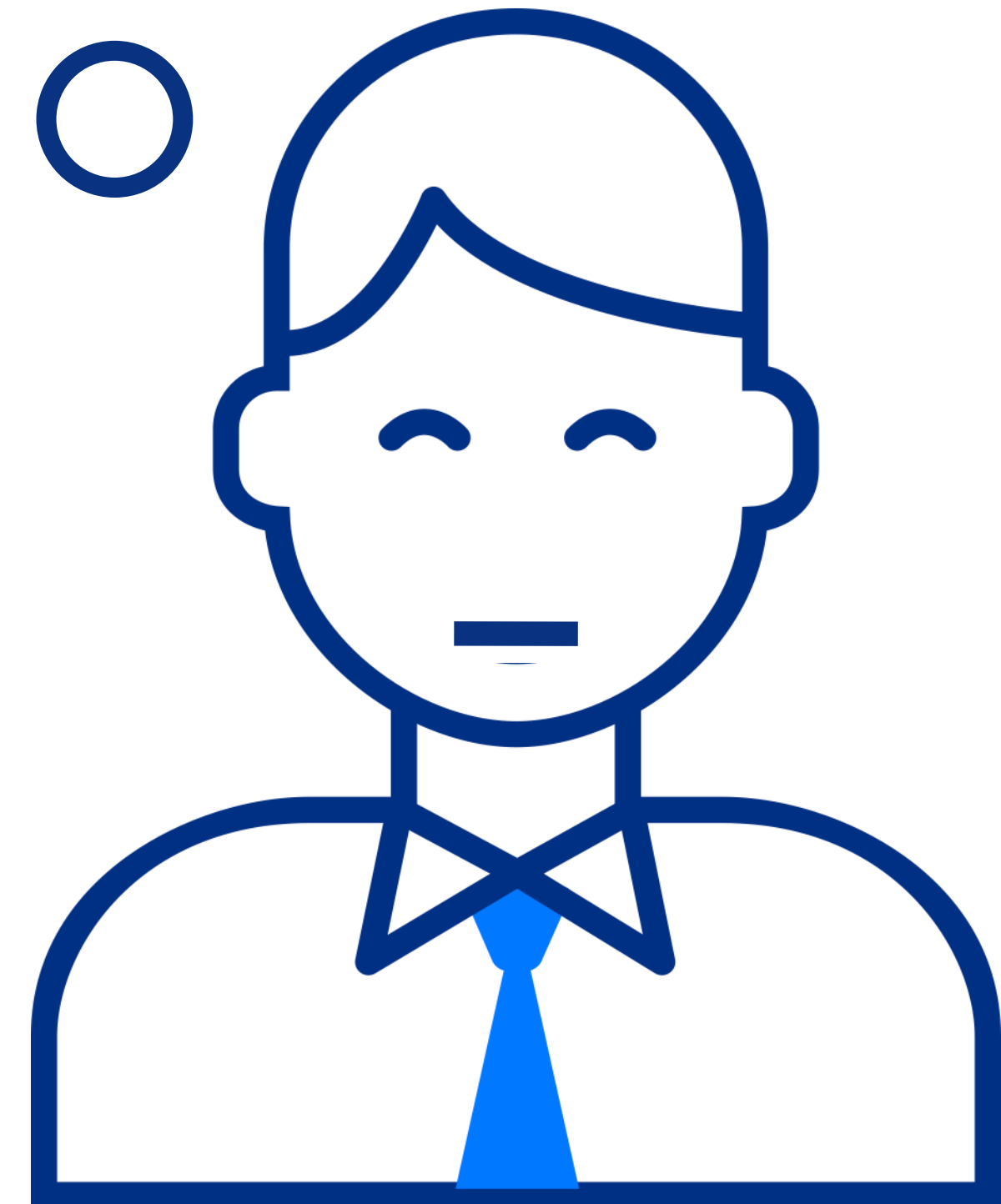


Easier to scale





**But understand the  
domain was a big task!**



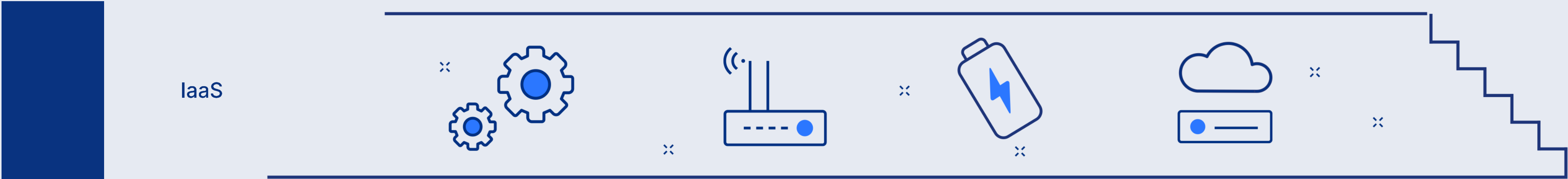
# WHAT IS A PLATFORM



# Platform as a Service



# Platform as a Service



# Platform as a Service



Services and Tools

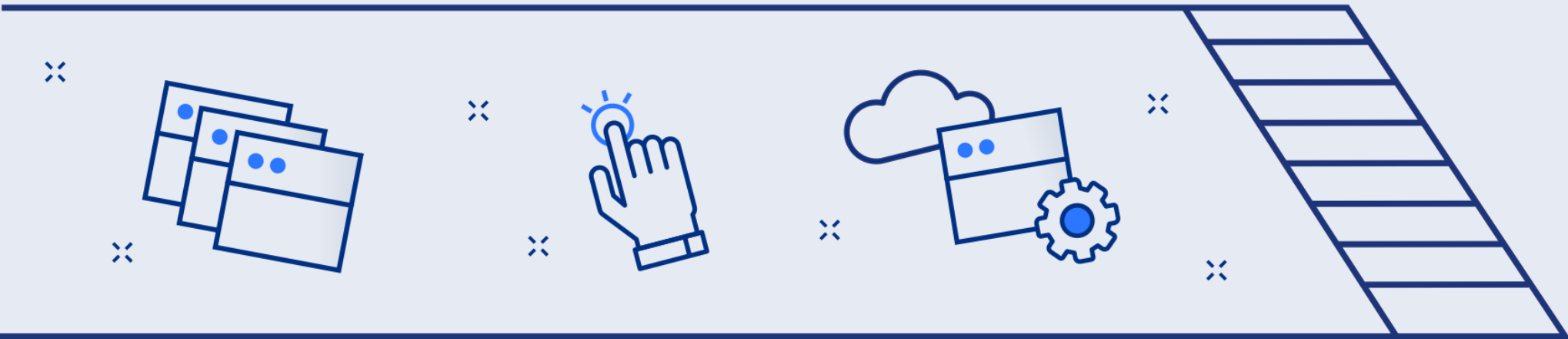
IaaS



# Platform as a Service



Application Store



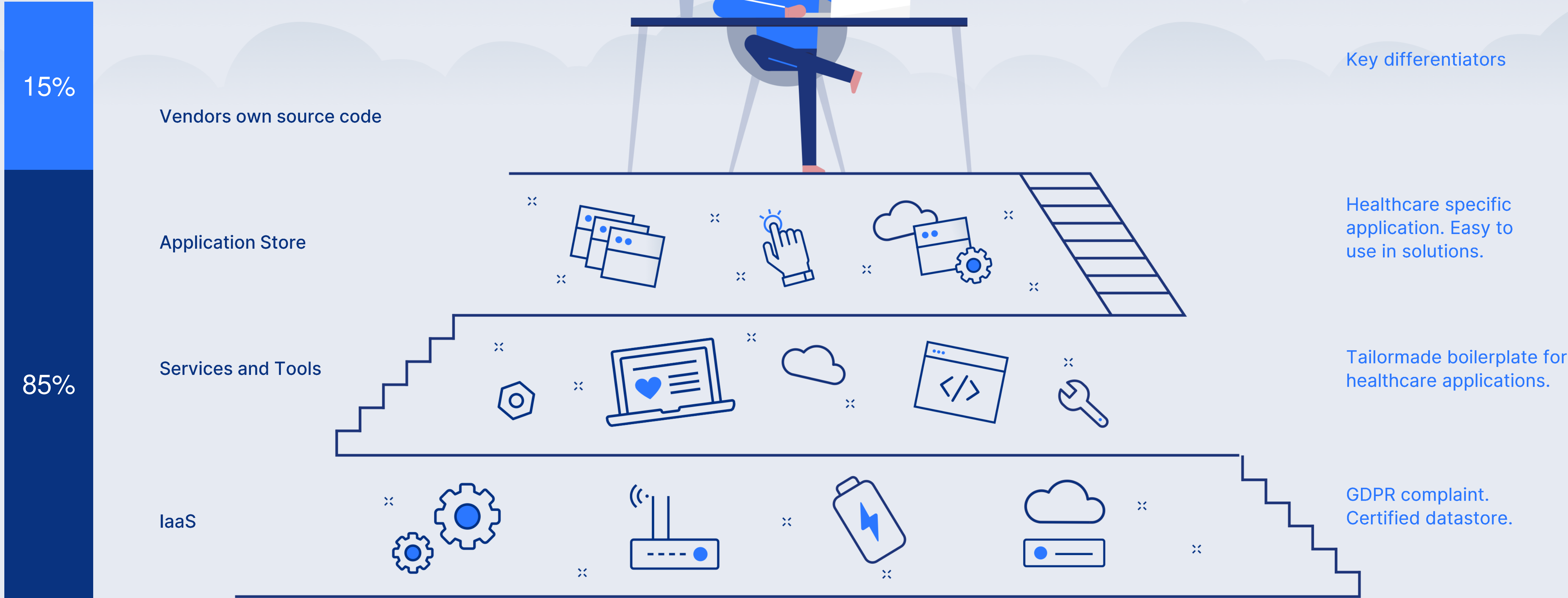
Services and Tools



IaaS



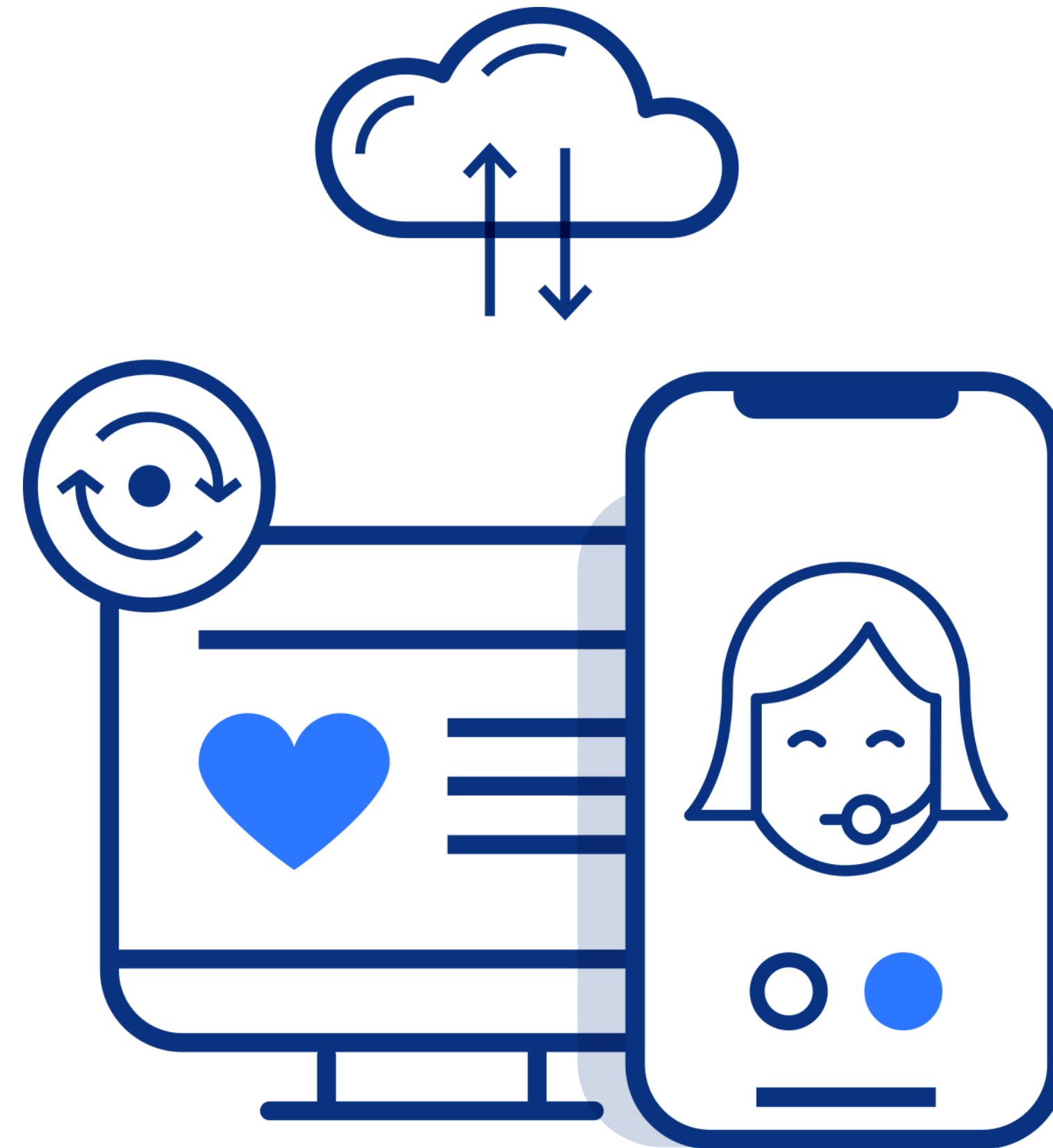
# Platform as a Service



# HOW WE BUILD THE 360 PLATFORM



But we have always prioritized to develop the generic platform functionalities first, ready for reuse in future applications, before delivering the functional features requested by the SaaS users.



We see it as a good  
investment and  
the right strategy.

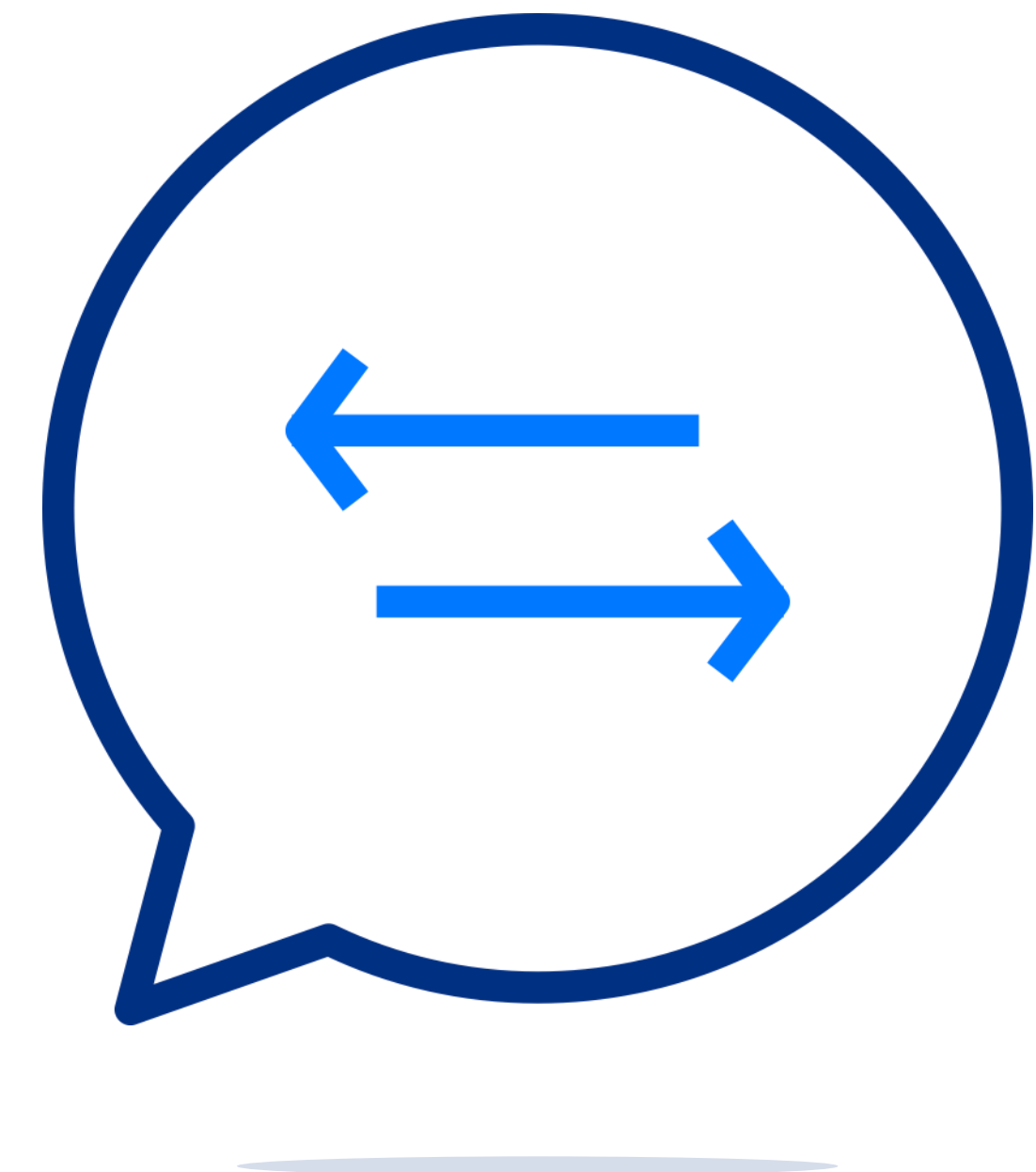
**WHY?**

Because we:

1. See the incredible market potential for e-health platforms globally.
2. It was and still is our dream to fix the healthcare sector, and our best contribution is to build a low-code structured open data platform that will enable a broad range of e-health innovations.

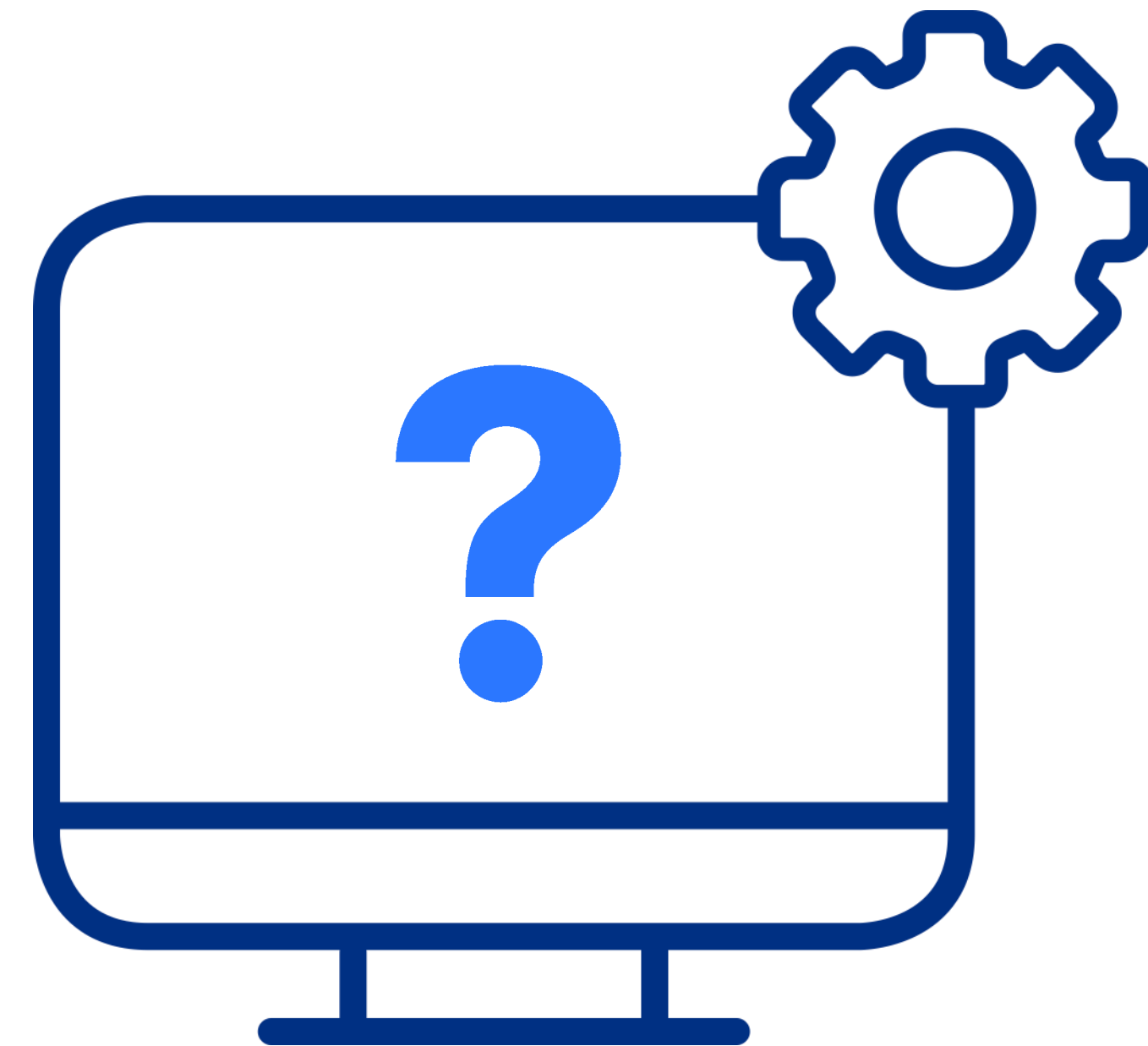


We believe that no vendor can build a platform for healthcare without defining it from the outside in over a long period of time, no matter who you are.



We know  
because  
we built It!

So why has the company not delivered PaaS to partners yet?



We have actually done that.

In Norway, we have more than 15 unique partners using the platform:



With the experience from these 15 partners on the platform v.1.0, the board realized:

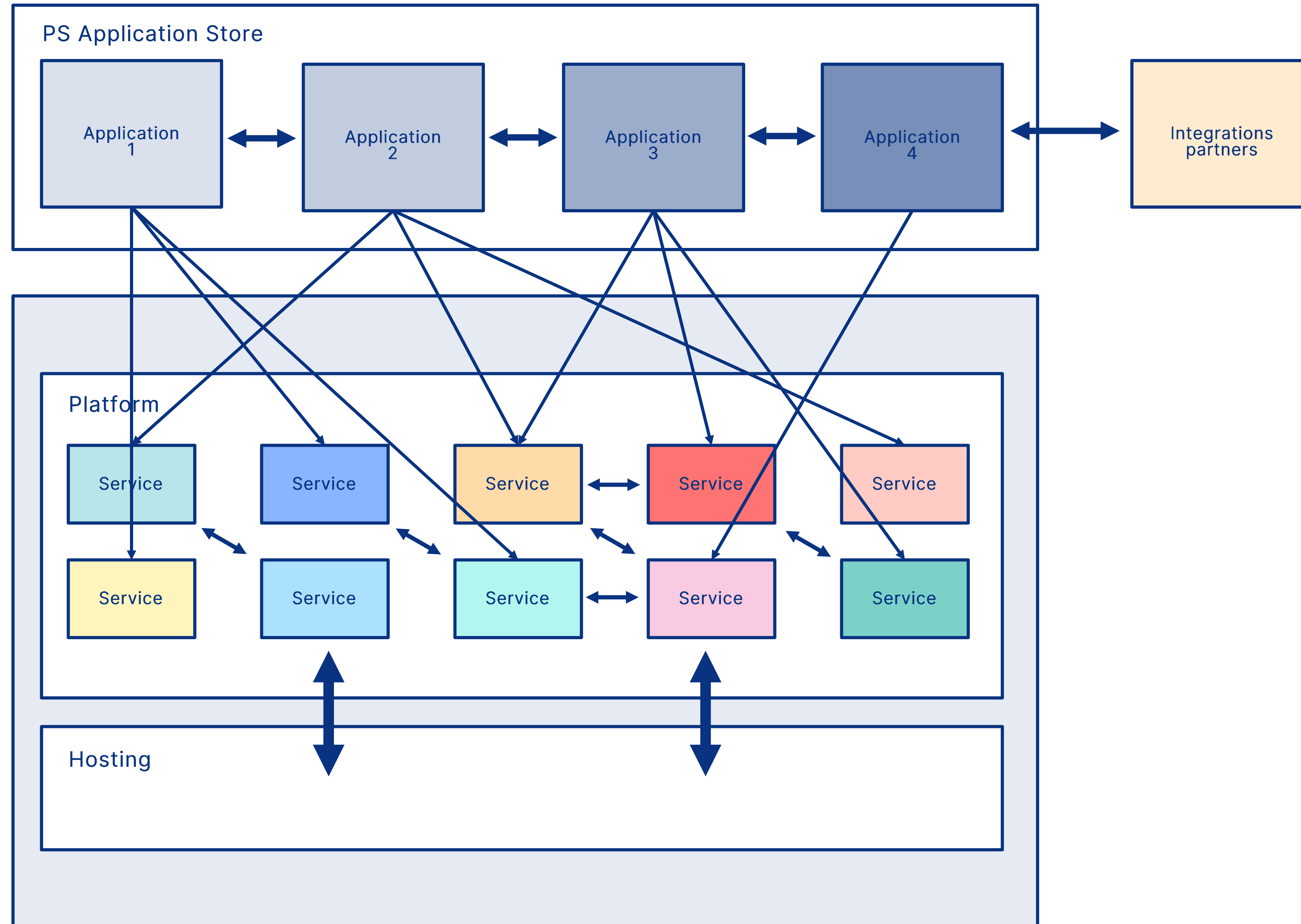
There was too high barriers for Partners to understand and utilize the potential of the platform.

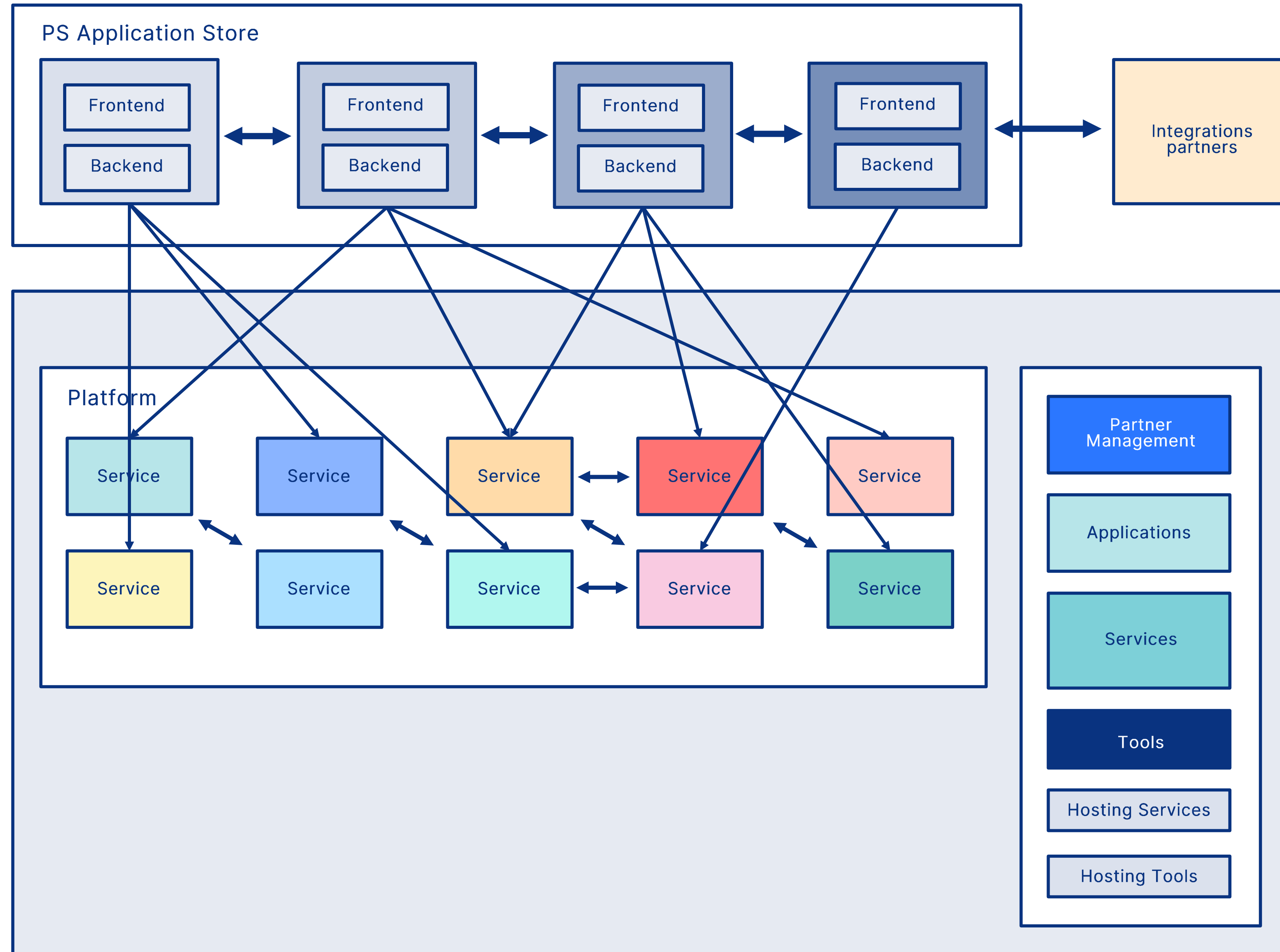
The difficult onboarding process also consumed too much of key employees' time, distracting them from fixing the challenge, scaling the organization and training new staff.



This is also the reason why we decided to pause contractual negotiations with potential new partners and downgrade revenue guidance for 2021

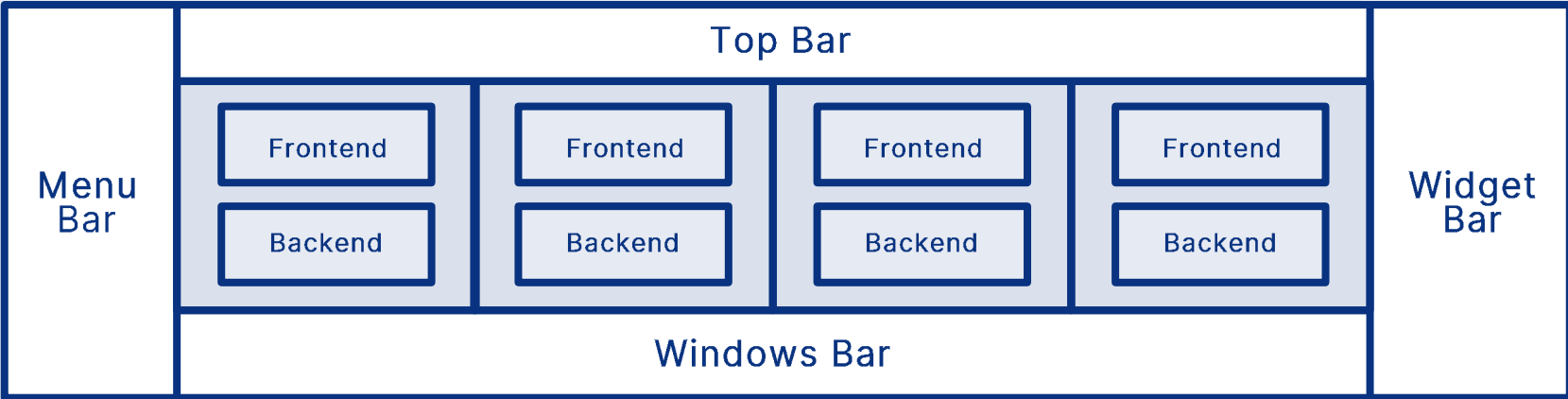
But now what?



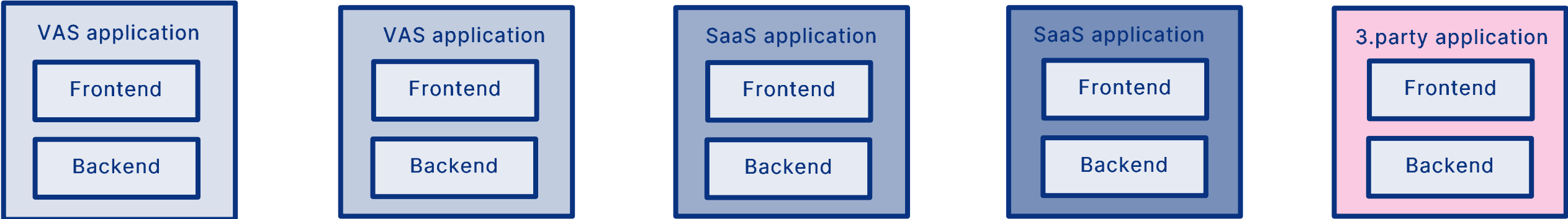




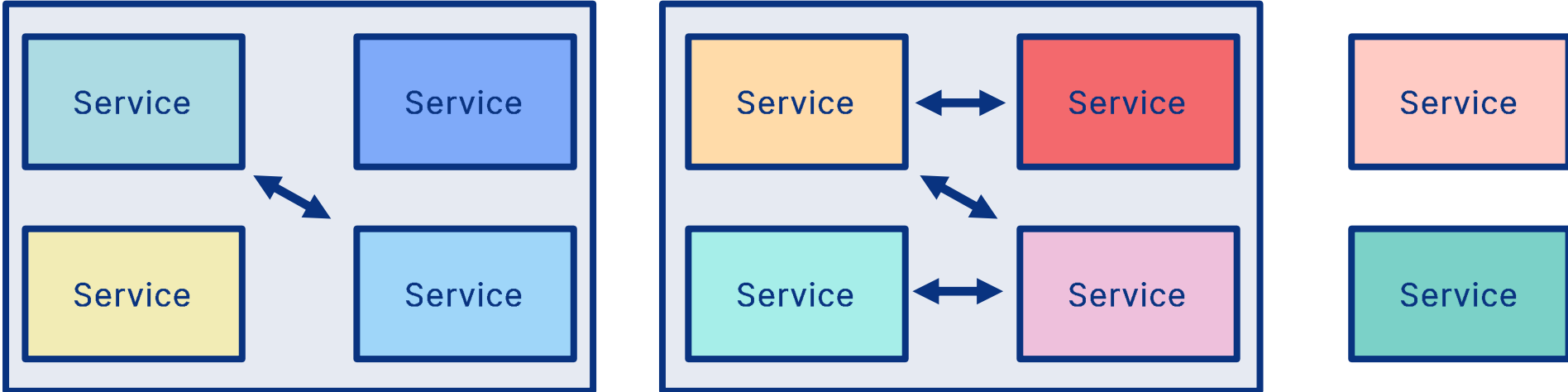
On-platform Solution



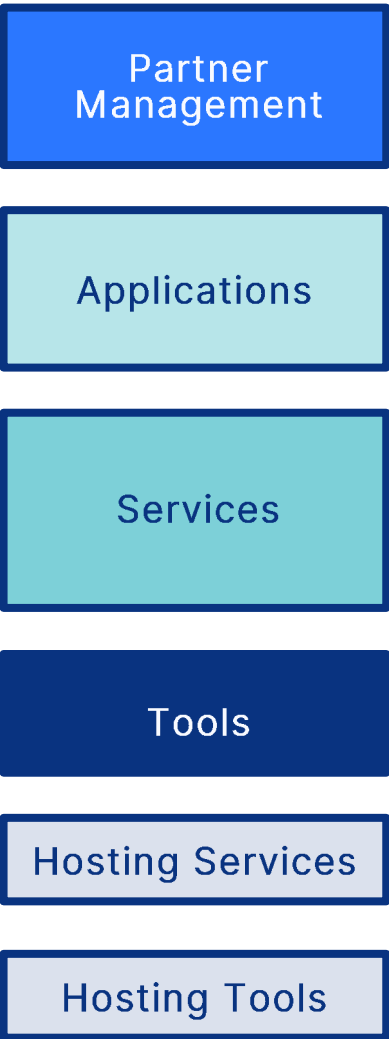
PS Application Store



Platform

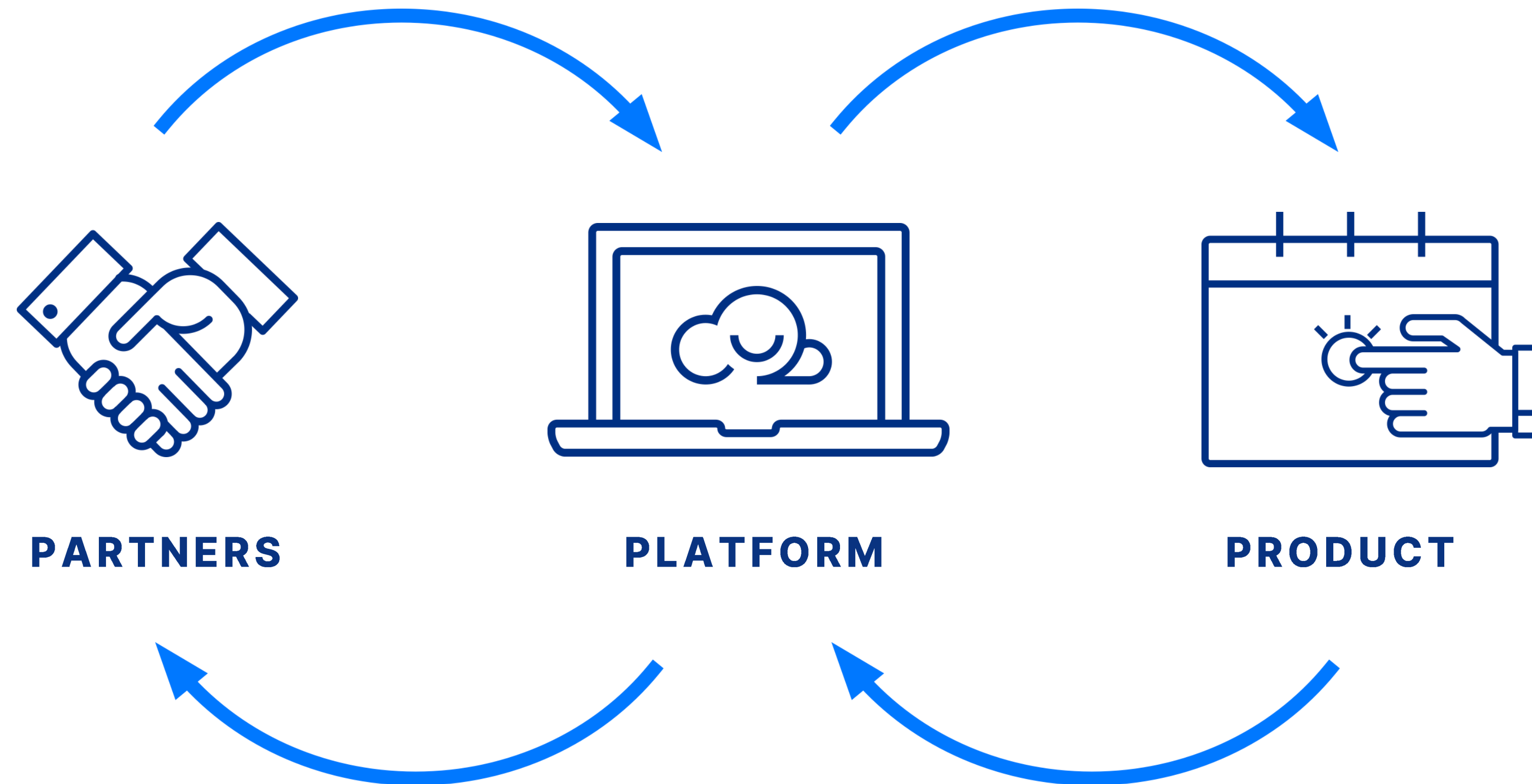


Hosting



**100 % focus:**

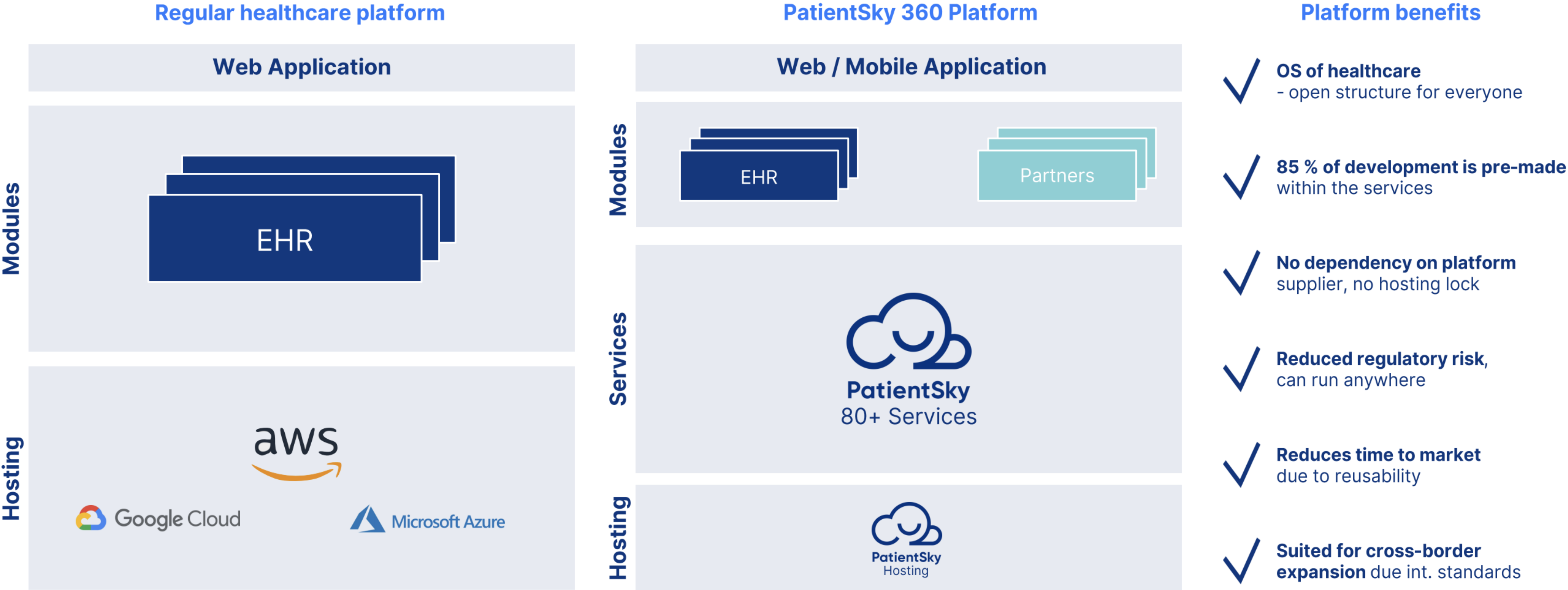
**WE ARE  
A PLATFORM  
COMPANY**



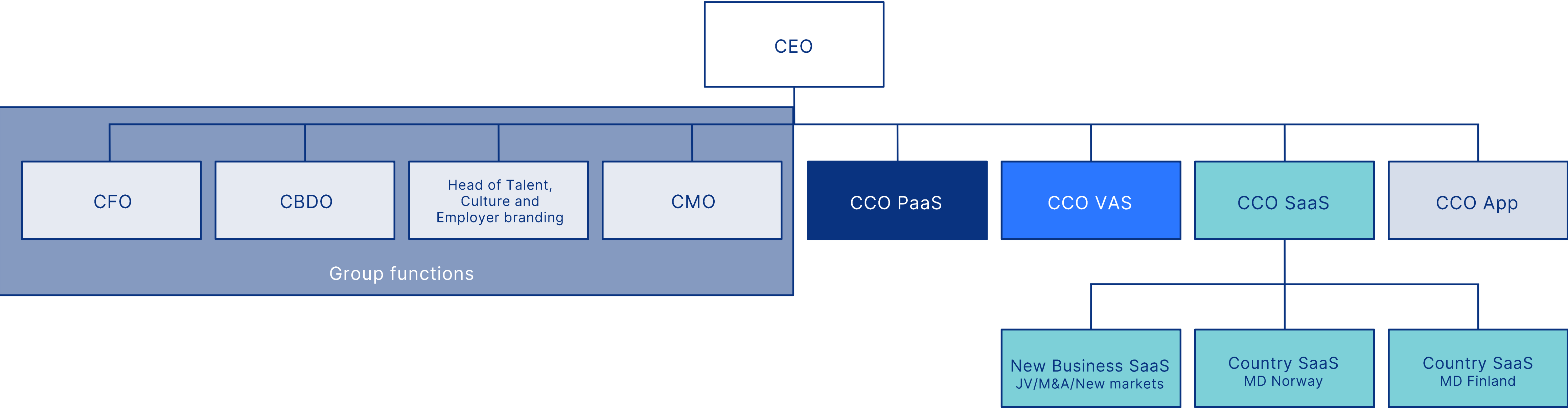
**Platform Product Catalog is the foundation for international growth.**

**Partly release H1 2022**

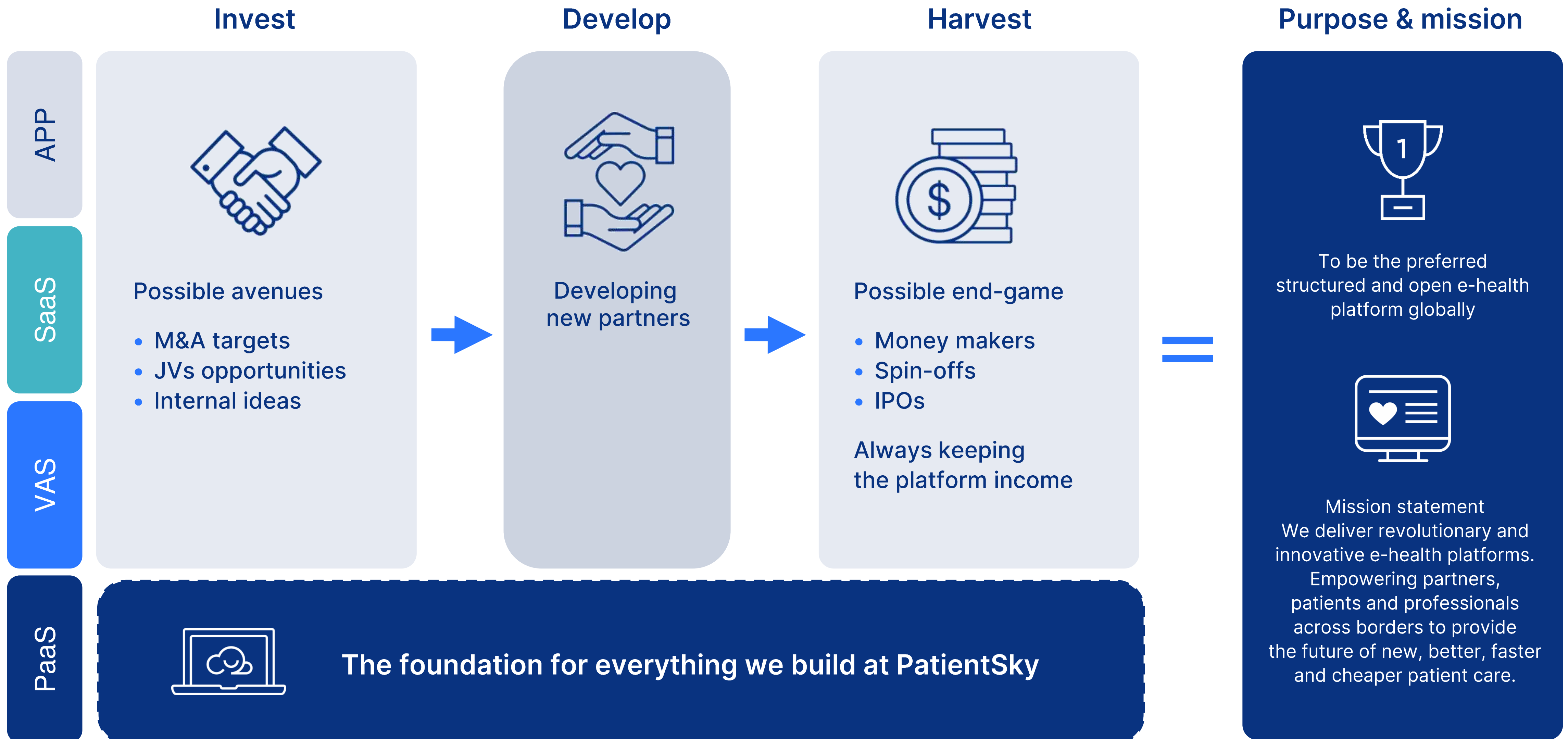
# Our platform is the key differentiator



# PatientSky Organisation

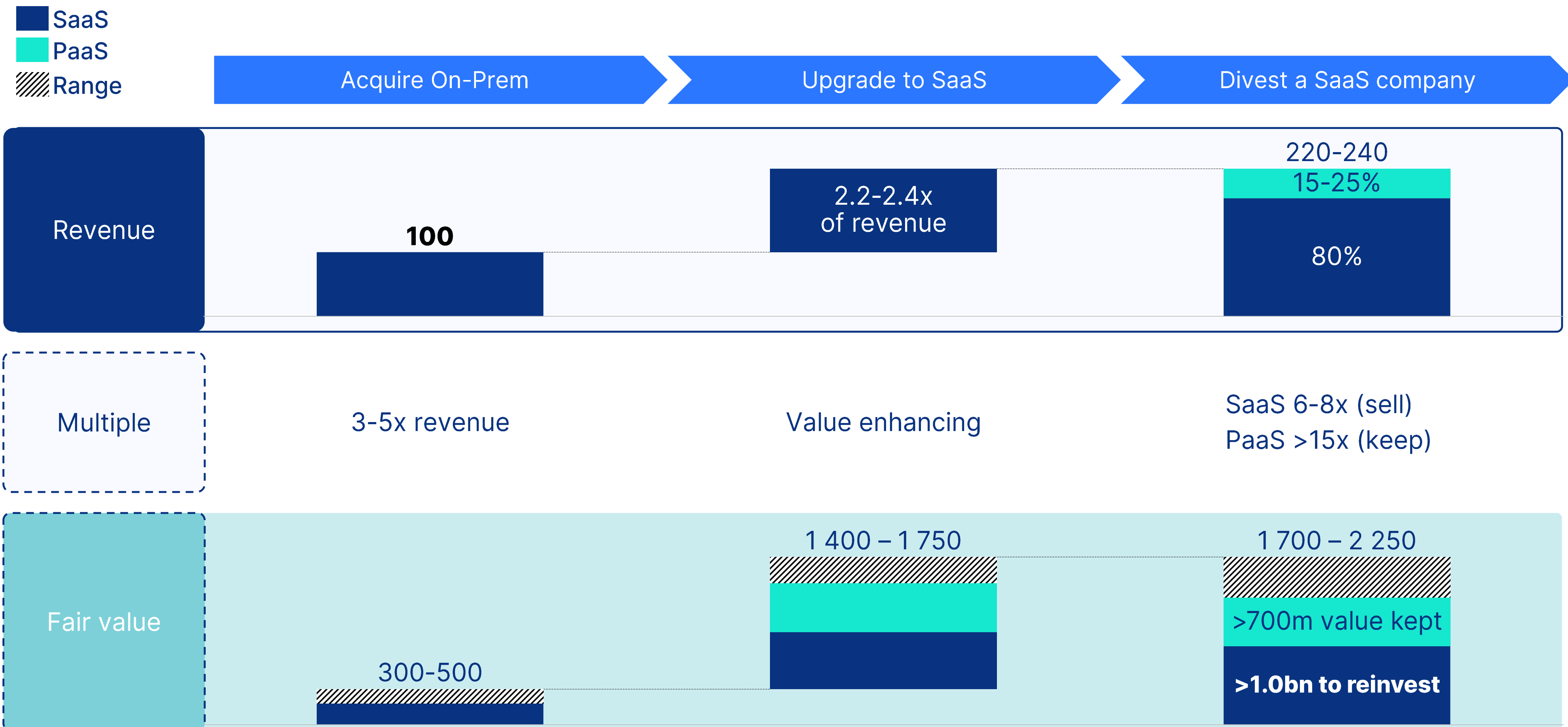


# Overall strategy to scale and create value at PatientSky



# M&A strategy of acquiring and transforming on-prem software providers

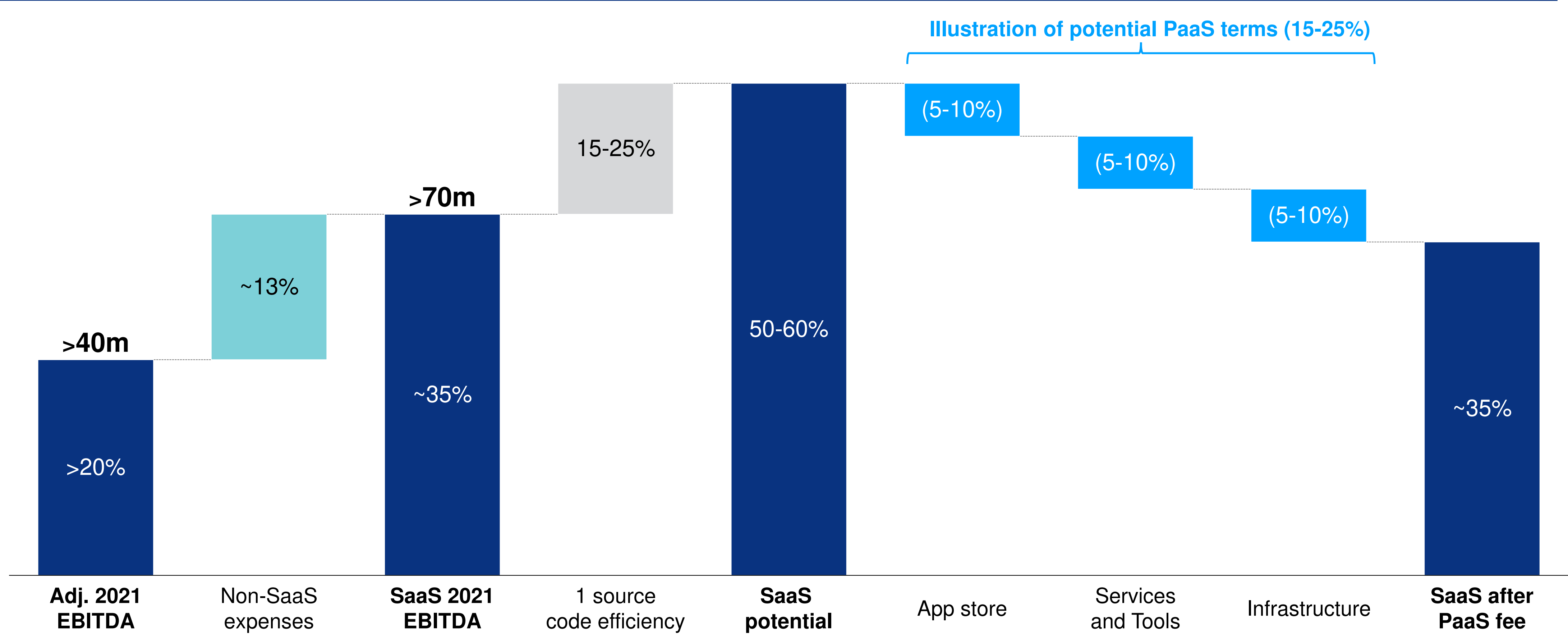
(1) acquire, (2) upgrade, (3) keep platform contract and (4) divest SaaS



The SaaS business stand-alone will generate ~35% EBITDA margin in 2021 with an EBITDA potential of 50-60% when all legacy systems are closed down



SaaS EBITDA margin, % of revenue



## Action plan:

- Hire 80 new colleagues to create 4 standalone Business Units.
- Split out the APP for venture founding and partnership.
- SaaS business split out and ready to execute on our strategy

PatientSky Group AS contemplates to initiate a review of strategic alternatives for our SaaS business. Such review will comprise a reorganization of the business segment into a separate unit, and may result in a sale of a majority stake in the business segment, an IPO or a continuation of execution of the segment's business strategy".



- Establish Options program for key employees – we are on the journey together.

Invested in the platform:

**NOK 350m**

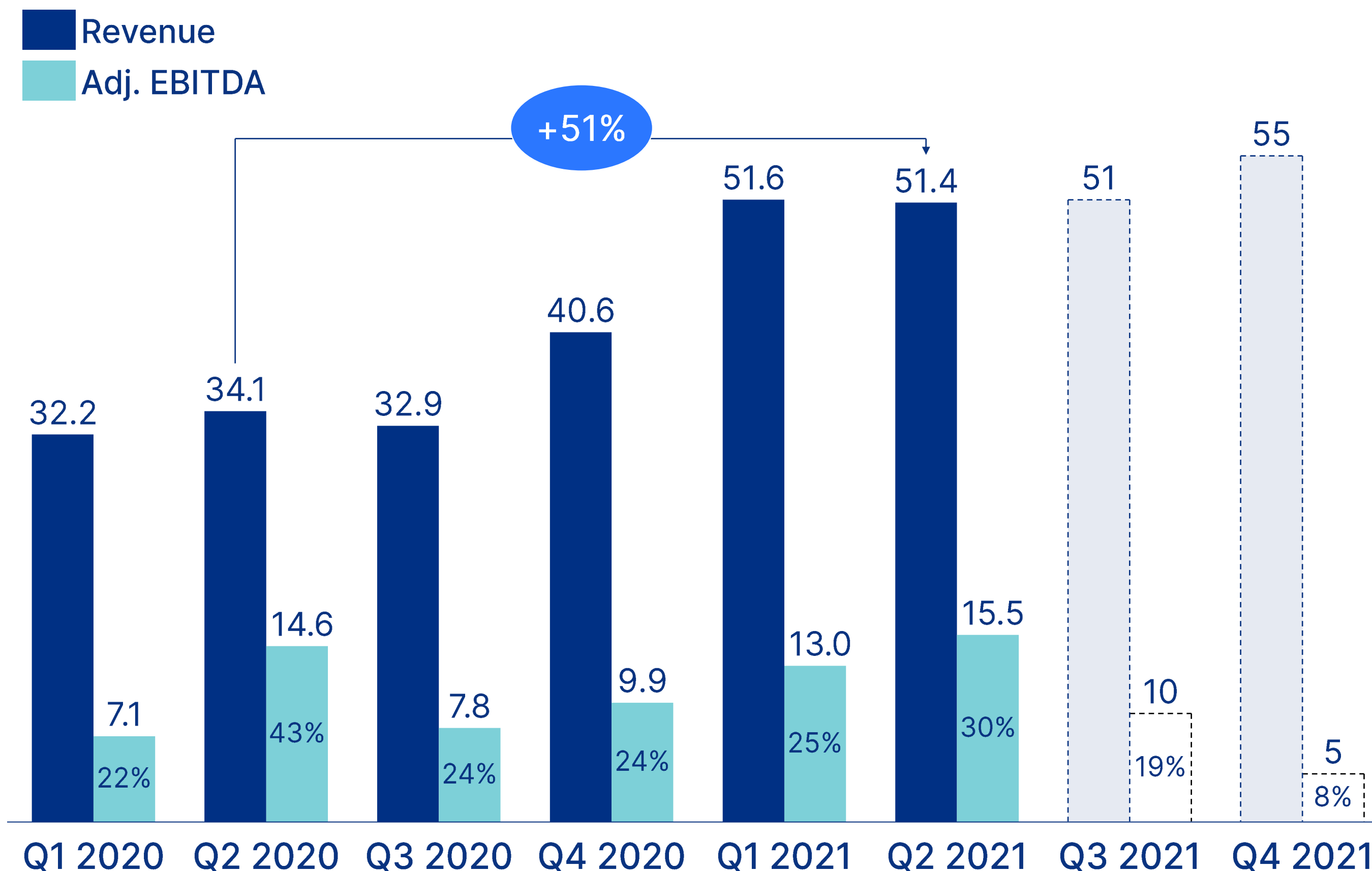
Scaling the organization from:

**170 to 250**



# Continued robust financial performance quarter over quarter with 4% underlying QoQ revenue growth and adj. EBITDA of 30%

## Quarterly revenue and EBITDA, NOKm / %



## Key highlights

### Q2 2021

- Financial performance YTD remain as expected, with the revenue re-guidance impacting H2
- QoQ revenue growth was -0.5%, excluding projects the underlying growth was 4.1%
- Q2 churn remained low at 1.4%, with on-prem terminations / end-of-life increasing H2-churn
- QoQ net retention ratio was a healthy 102%

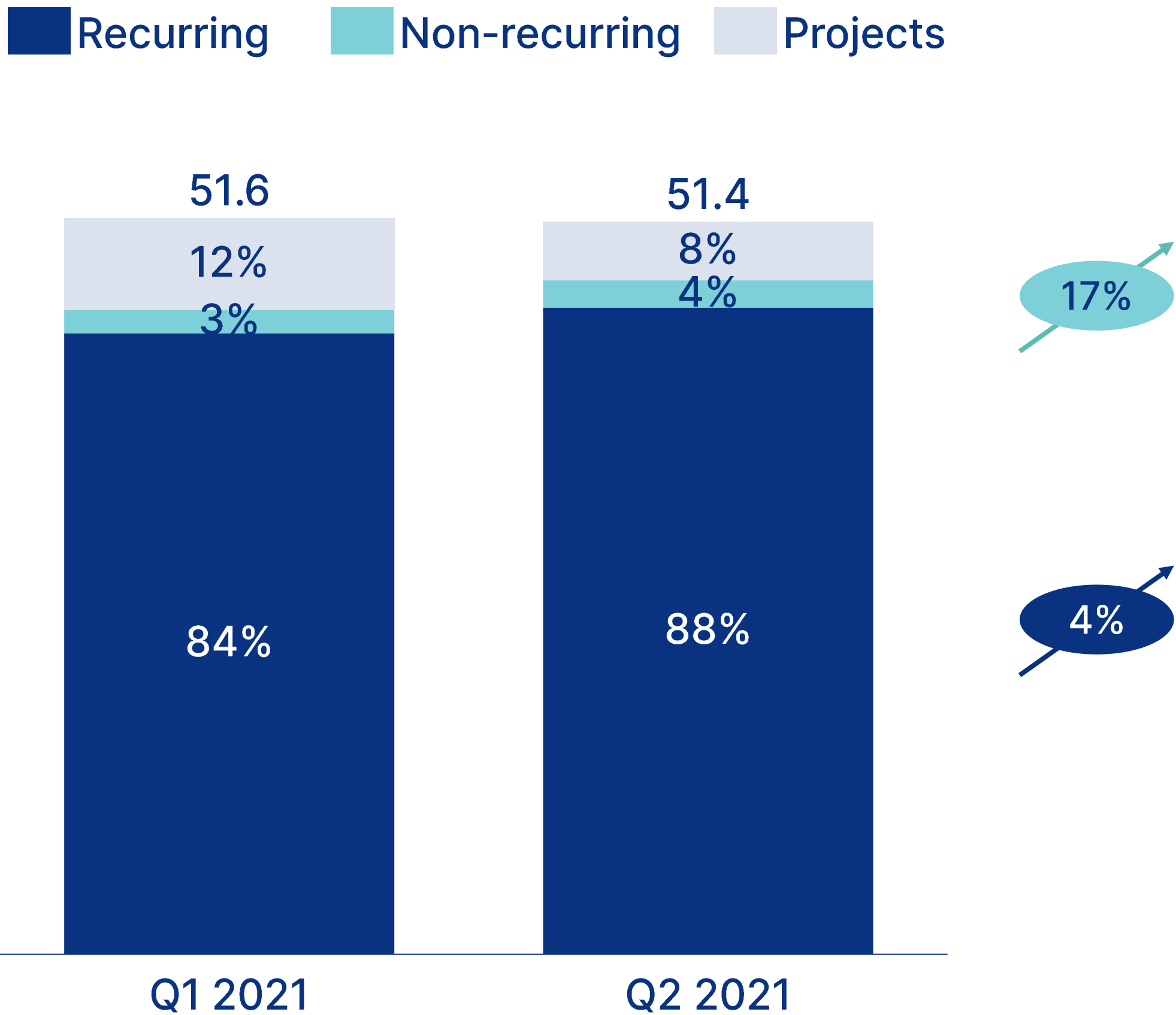
### Outlook rest of 2021

- Expecting NOK 205-210m in revenue, with encouraging first signs for airport COVID testing with one of our enterprise customers
- On-track for >20% adj. EBITDA margin, with margins to be reduced as we scale up the new Business Units and focus on the Platform

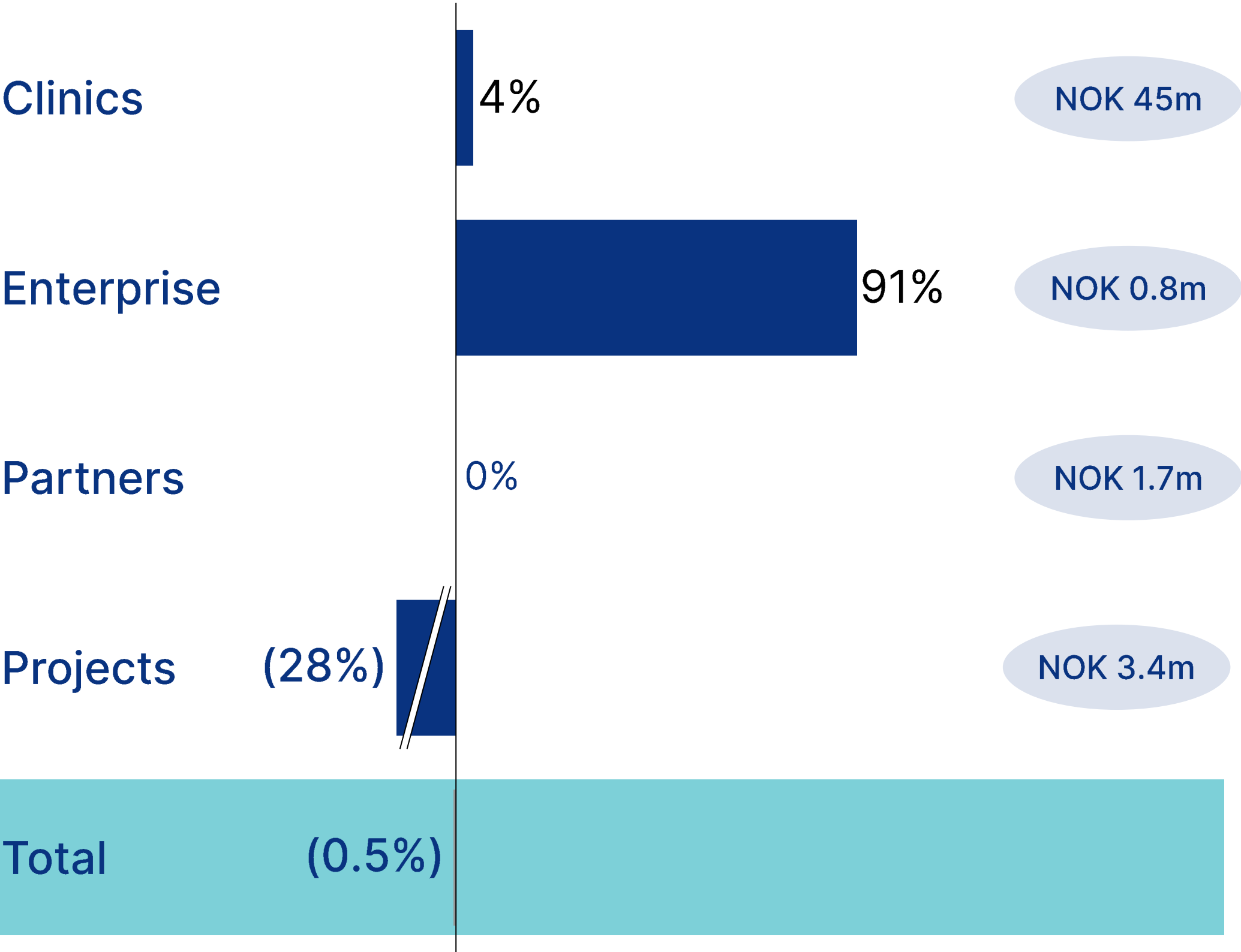
We are primarily a SaaS business today with ~90% recurring revenue growth driven by Clinics and Enterprise



Revenue breakdown, NOKm



QoQ growth by customer type, NOKm



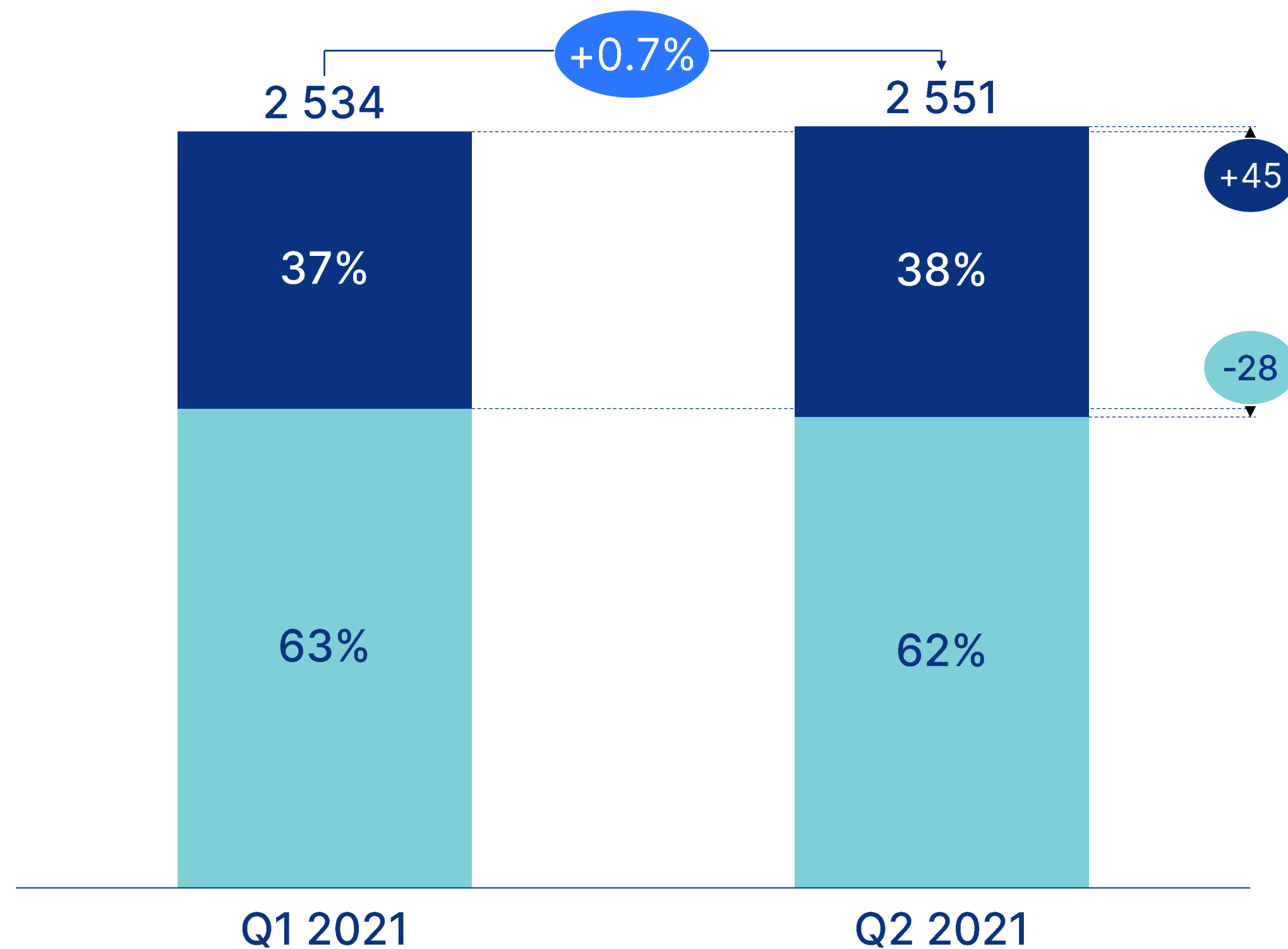
# The SaaS journey continues to be about moving customers to the cloud

## 38% of customers have upgraded as of Q2 2021

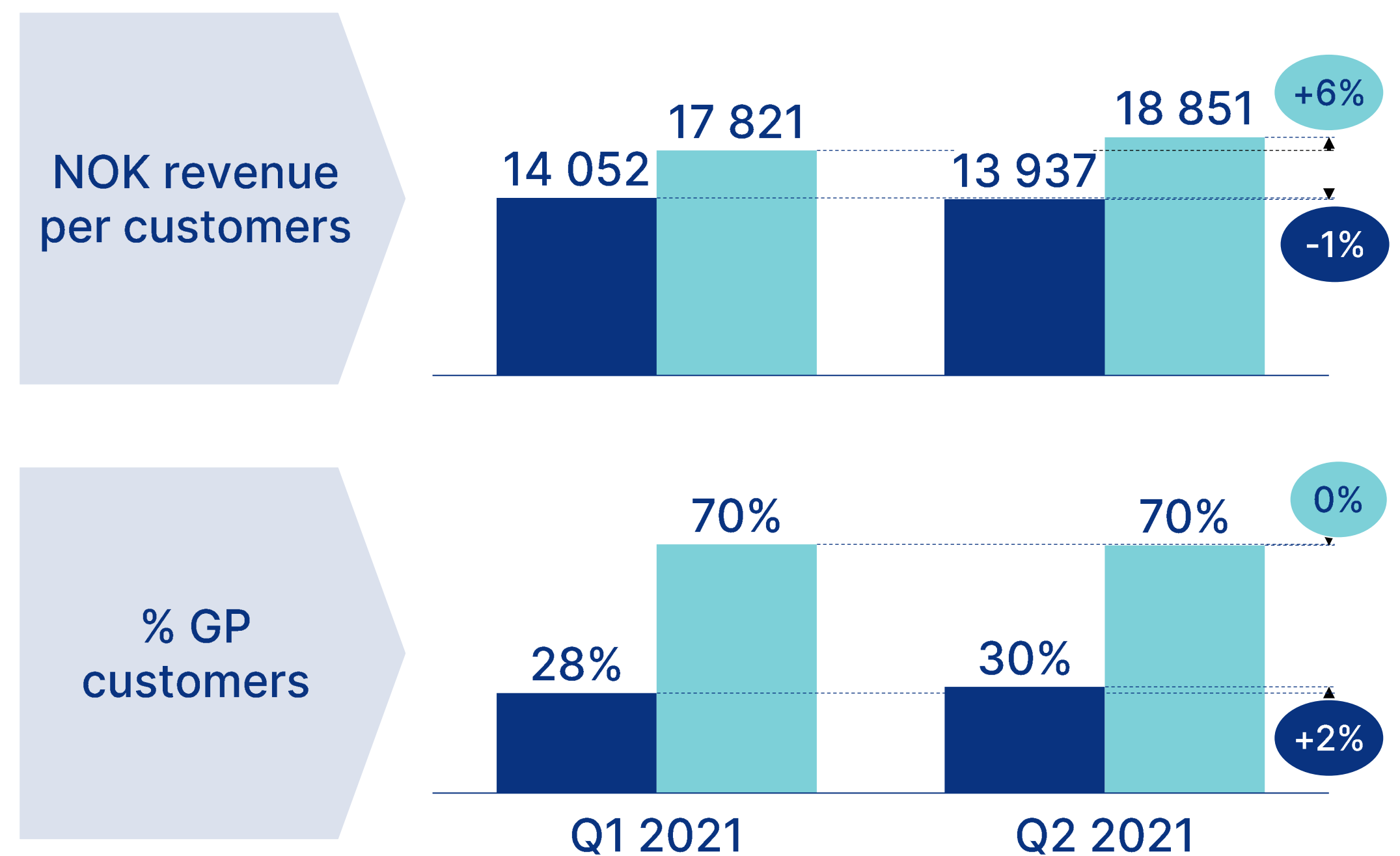


■ Cloud EHR customers ■ On-prem EHR customers

Cloud vs. on-prem EHR customers<sup>1</sup>, avg. nr of customers

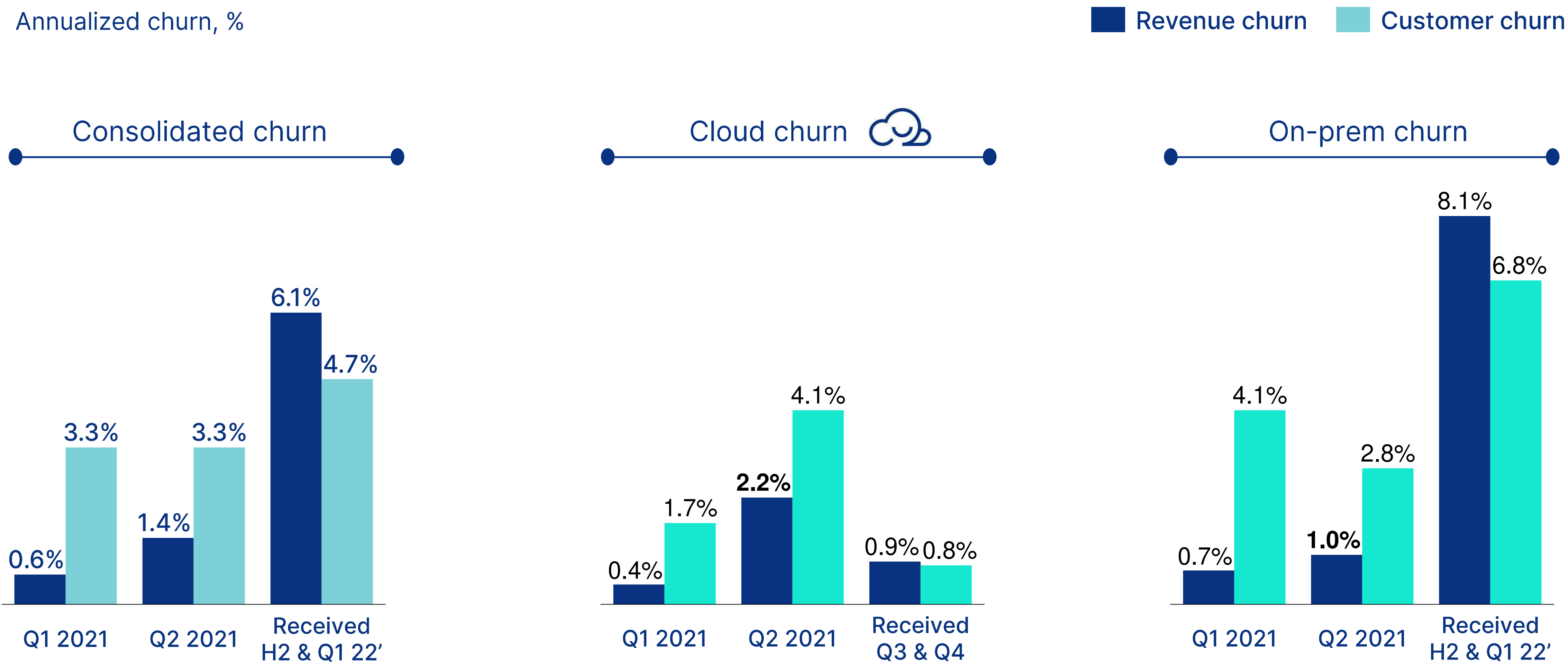


Cloud vs. on-prem, revenue per customer



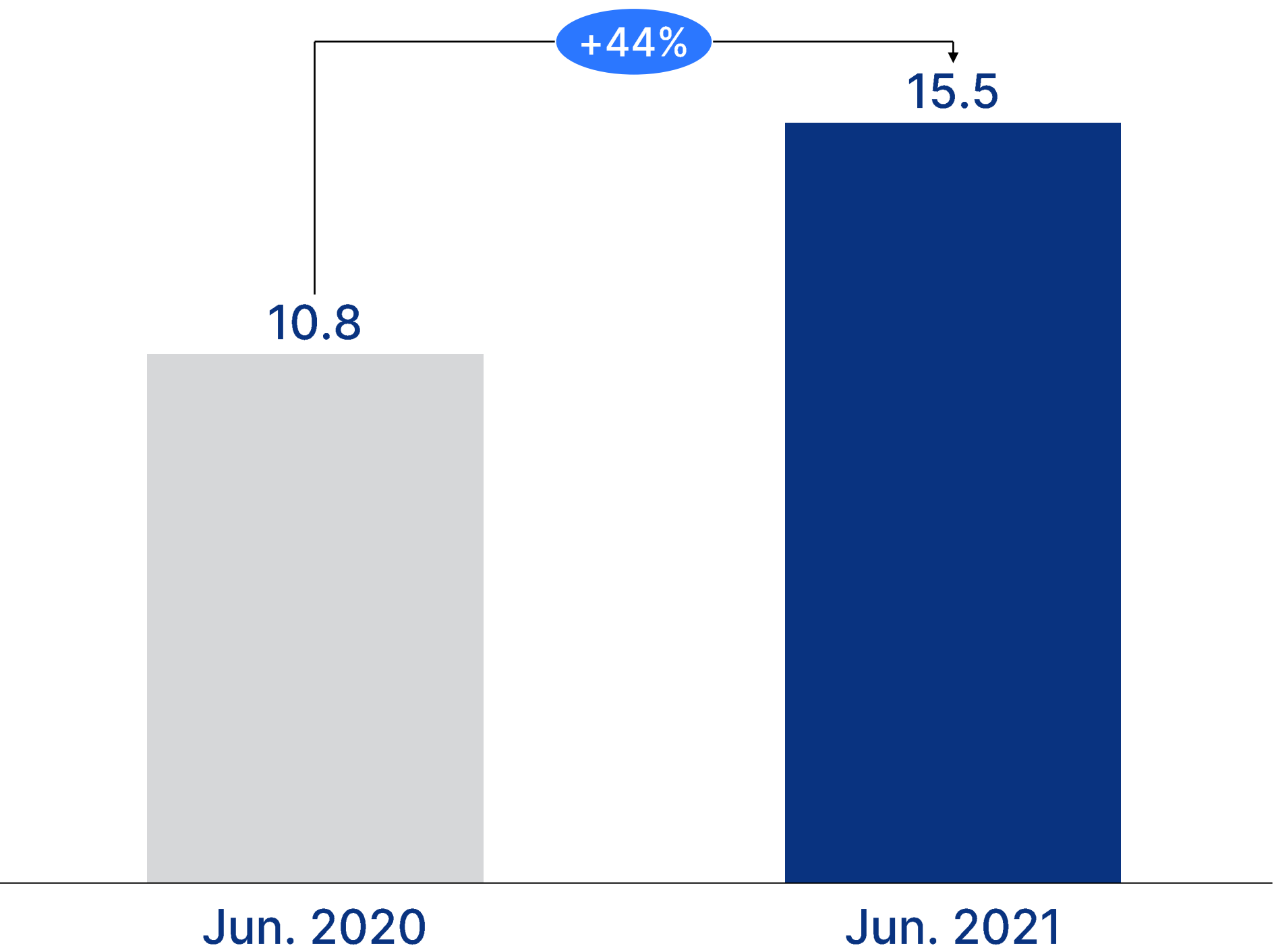
1) Customers defined by the EHR solution used – aggregating cloud and on-prem does not equal the product revenue split as we upsell clouded products to on-prem customers as well. We also have some customers without an EHR solution

Consistent and low churn on our clouded EHR solutions,  
most of H2 churn will come from on-prem (end-of-life + price increase)

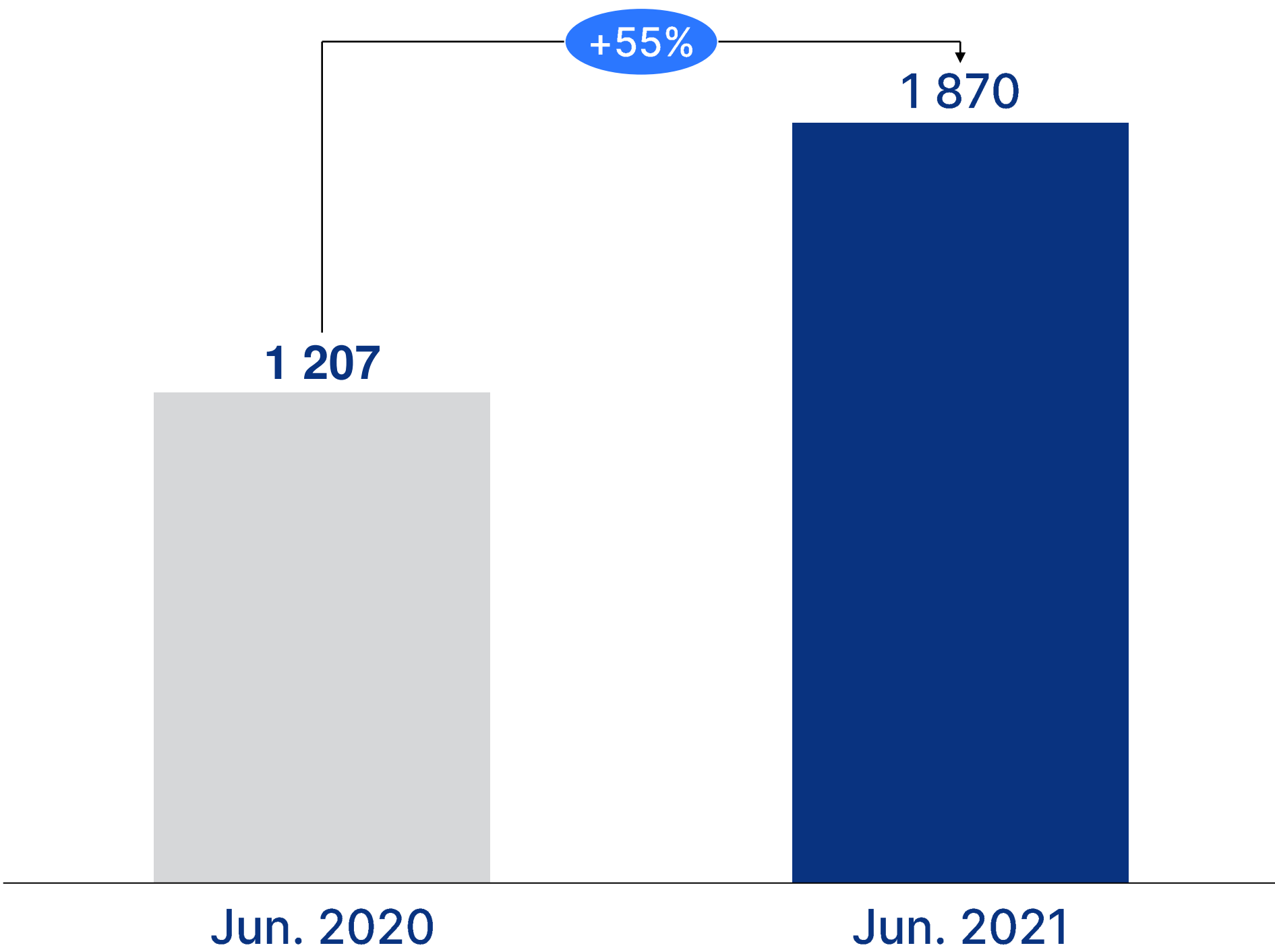


# Current MRR level continues robust YoY growth of above 40%

MRR momentum into Q3 2021  
Group MRR NOKm



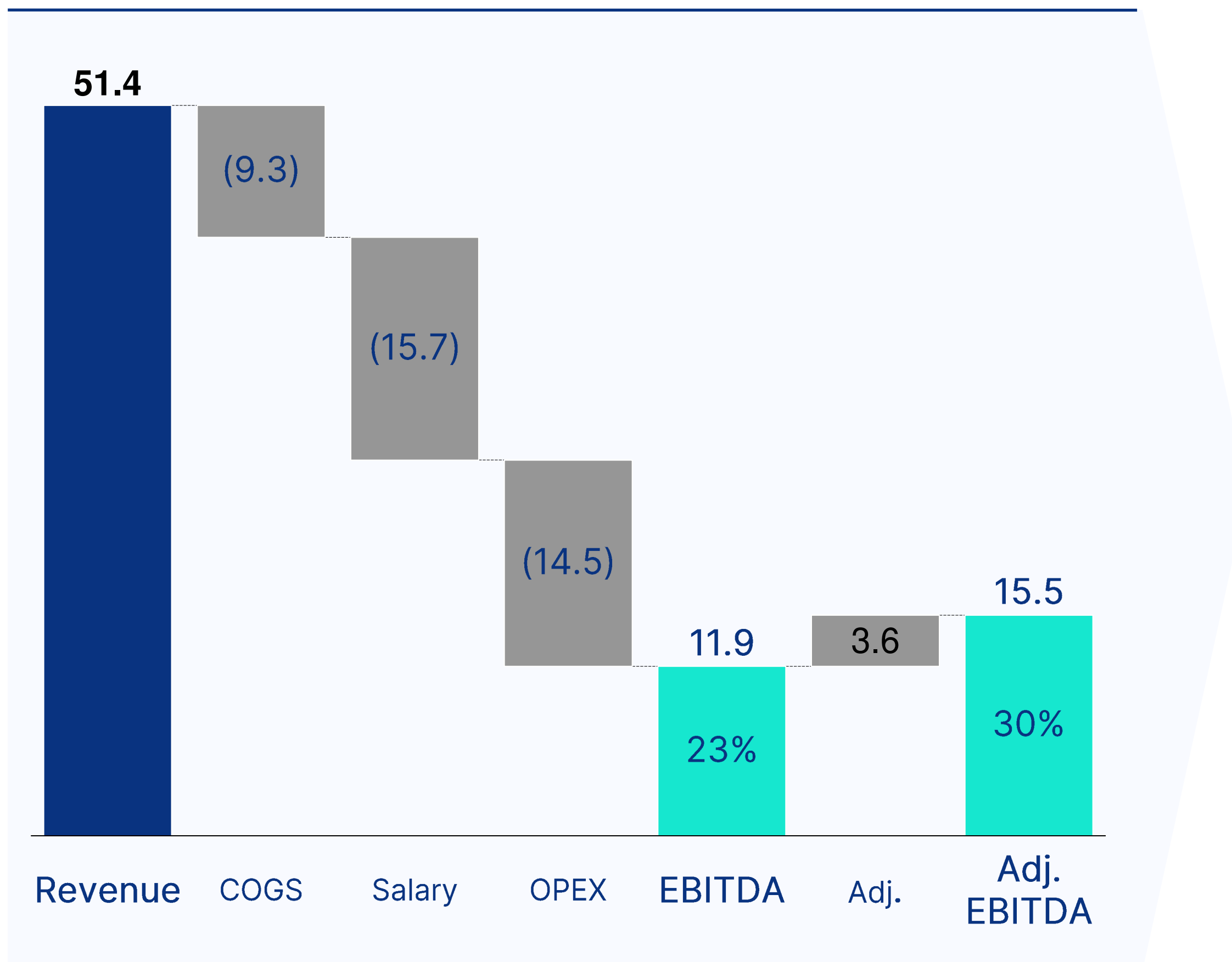
Clinics adding more functionalities  
Nr of upsold modules





Q2 results came in as expected and inline with FY 2021 guidance, delivering NOK 51.4m revenue and an adj. EBITDA of 30%

Q2 2021 EBITDA bridge, NOKm



### Comments

- Revenue grew 51% YoY in Q2, supported by continued upgrade to the cloud and the InfoDoc acquisition.
- COGS increased from Q1 more than the increase in Cloud users would dictate since some of InfoDoc's COGS from Q1 ended up being booked in Q2.
- Salary expenses were NOK 9m lower than Q1 as vacation pay eliminated one month of salary expense in Norway. Capitalization of R&D related salary expenses was similar to Q1 (NOK 9.2m)
- OPEX increased NOK 2.6m compared to Q1 mainly due to increased marketing spend and splitting into business units
- Adj. EBITDA for Q2 was NOK 15.5m or 30%
- Adjustments includes NOK 1.1m non-cash option program, NOK 0.3m severance pay (out 2021), NOK 1.8m additional cost of interim CFO and NOK 0.3m related to one-off projects.

# Detailed breakdown of PatientSky's Revenue and Growth in 2021

## 98% of this is the Norwegian SaaS Business



Revenue breakdown, NOKm	Q1 2021	Q2 2021	QoQ	Comments
Revenue by type				
Recurring	43.6	45.4	4%	80% licence based and 20% consumption based
Non-recurring	1.6	1.9	17%	Consulting hours, training fees, hardware, etc.
Projects	6.4	4.1	-36%	Public projects & reimbursed development work
Revenue by customer				
Clinics	42.9	44.6	4%	Mainly single clinic customers and municipalities
Enterprise	0.4	0.8	91%	Multi-clinic / online private players
Other revenue	8.3	6.0	-28%	Decline due to public projects
Cloud vs. on-prem <u>products</u>				
Cloud	16.1	17.2	7%	Clouded SaaS products
On-prem	27.3	28.2	4%	On-prem products, adding integration hubs (+)
Other revenue	8.3	6.0	-28%	
Recurring revenue split				
EHR licences	25.2	25.5	1%	Positive on GP upgrades to the cloud
Add-ons	17.4	18.9	8%	Increasing revenue per clinic through upselling
Partners	1.0	1.0	0%	No further onboarding before SKD 2.0 is ready
Total	51.6	51.4	-0.5%	

# Why downgrade PaaS before summer?

- We paused onboarding partners
- Wanted to improve our onboarding (Platform Catalog)
- Ready for international scale
- Reduced future time to market

Annual recurring  
revenue end of 2021:

**210M NOK**

Growth rate:

**51%**



Recurring revenue:

~90%



QoQ Recurring  
Organic Growth:

**4%**



Global digital health  
market by 2024:

**USD 600bn**

Addressable market  
for PaaS players:

**USD 90-120bn**

Growth in healthcare  
data generated:

**36% CAGR**

Partners' Dev. cost:

**-85%**



# Q&A

**Thank you very much for joining this market update.**

Insight into us as a PaaS company.

Insight into our current financial performance,  
in line with our previous communication.

We have full faith in the future and are committed  
to deliver on the extraordinary potential we have...

“To be the preferred structured  
and open e-health platform globally”



# Appendix

# Group Consolidated P&L

	Reported financials			Adjusted financials		
NOKm	Q2 2020	Q2 2021	YoY	Adjustment	Q2 2021 Adj.	YoY
Revenue	34.1	51.4	51%		51.4	51%
COGS	5.5	9.3	70%		9.3	70%
Gross profit	28.6	42.1	47%		42.1	47%
Personnel expenses	16.3	15.7	-4%	(1.4)	14.2	-13%
Other OPEX	2.8	14.5	427%	(2.2)	12.4	349%
EBITDA	9.5	11.9	25%		15.5	63%
Depr & amort.	17.1	28.5	66%		28.5	66%
Capitalized R&D and fixed assets	7.7	10.3	34%		10.3	34%
M&A related depr. & amort.	9.5	18.2	92%		18.2	92%
EBIT excl. M&A	1.8	1.6	-12%		5.2	183%
EBIT incl. M&A	(7.6)	(16.6)	118%		(13.0)	70%
Margins						
Gross Profit	84%	82%	-202bps		82%	-202bps
EBITDA	28%	23%	-475bps		30%	226bps
EBIT excl. M&A	5%	3%	-226bps		10%	476bps
EBIT inc. M&A	-22%	-32%	-991bps		-25%	-290bps

EBITDA adjustments totalling NOK 3.6m for Q2, including NOK 1.1m options program, NOK 2.1m severance pay, NOK 1.7m interim CFO and rest related to projects described in FY20 presentation (Business Units, HubSpot and Data mgmt. project)

# Group Consolidated Balance Sheet

NOKm	Reported financials		
	Q2 2020	Q1 2021*	Q2 2021
<b>ASSETS</b>			
Customer relations	272	521	505
Research and development	149	196	213
Goodwill	59	115	111
Other tangible assets	17	11	9
Cash and bank deposits	18	412	405
Receivables	60	37	43
<b>Total assets</b>	<b>575</b>	<b>1 291</b>	<b>1 287</b>
<b>EQUITY</b>			
Total restricted equity	13	1 196	1 196
Total retained earnings	(119)	(371)	(390)
<b>Total equity</b>	<b>(106)</b>	<b>825</b>	<b>806</b>
<b>LIABILITIES</b>			
Deferred tax	45	78	75
Bonds	-	211	212
Other long term liabilities	98	56	50
Other current liabilities	537	121	144
<b>Total liabilities</b>	<b>681</b>	<b>466</b>	<b>481</b>

## Key highlights

### Q2 2021 development and highlights

- Business-as-usual impacts on the balance sheet, ending the second quarter with NOK 7m less in Cash and Cash Equivalents.
- Receivables increased from Q1 due to semi annual invoices being sent out to customers in June (legacy systems)
- The payment of semi annual invoices increased prepayments from customers, which consequently increased current liabilities from Q1

### Q1 2021\*

- The Q1 2021 balance sheet has been updated with reclassifications to bring it inline with Q2 2021 and Q4 2020 for comparability
- There was a correction of accrued interest of NOK 4m on the P&L and intercompany receivables of NOK 13m removed from the balance sheet. No impacts on reported cash or EBITDA.

# Group Consolidated Cash Flow Statement

NOKm	Reported financials	
	Q1 2021	Q2 2021
Profit/loss before tax	(21.8)	(18.3)
Taxation paid	-	-
Ordinary depreciation	24.2	28.5
Change in inventory, receivable and payable	8.6	(12.5)
Change in other accrual items	(8.5)	26.0
Net cash flows from operating activities	2.7	23.8
Intangible and tangible assets	(21.7)	(24.2)
Payments to buy shares	-	-
Net cash flows from investment activities	(21.7)	(24.2)
Net change in debt to related parties	-	(5.8)
Net change in long-term financial assets	-	-
Net cash flows from financing activities	-	(5.8)
Net change in cash and cash equivalents	(19.0)	(6.3)
Cash and bank deposits per start of period	428.8	409.8
Cash and bank deposits per end of period	409.8	403.5

## Key highlights

### Q2 2021 development and worth noting

- Positive NOK 23.8m cash flow from operating activities
- The depreciation rate of intangible assets increased somewhat as a few recent capitalized projects has shorter depreciation schedules than our traditional R&D
- Invested NOK 24m in mostly intangible assets through various Research and Development projects linked to making the platform ready to onboard external partners and scale internationally
- NOK 5.8m were repaid to related parties for an overdue liability for services covered prior to going public
- Net change in cash and cash equivalents were NOK 6.3m, ending the period with NOK 403.5m cash position



**PatientSky**