

## Q3 2023 Presentation

10 November 2023

# Today's presenters



**Sverre Flatby**

Chief Executive Officer

18 years with Omda

9.7% equity stake in Omda<sup>1)</sup>



**Einar Bonnevie**

Chief Financial Officer

15 years with Omda

9.7% equity stake in Omda<sup>1)</sup>



A photograph of the Aurora Borealis (Northern Lights) in a dark, cloudy sky, with a snowy, mountainous landscape in the foreground. The lights are a vibrant green, flowing vertically down towards the horizon.

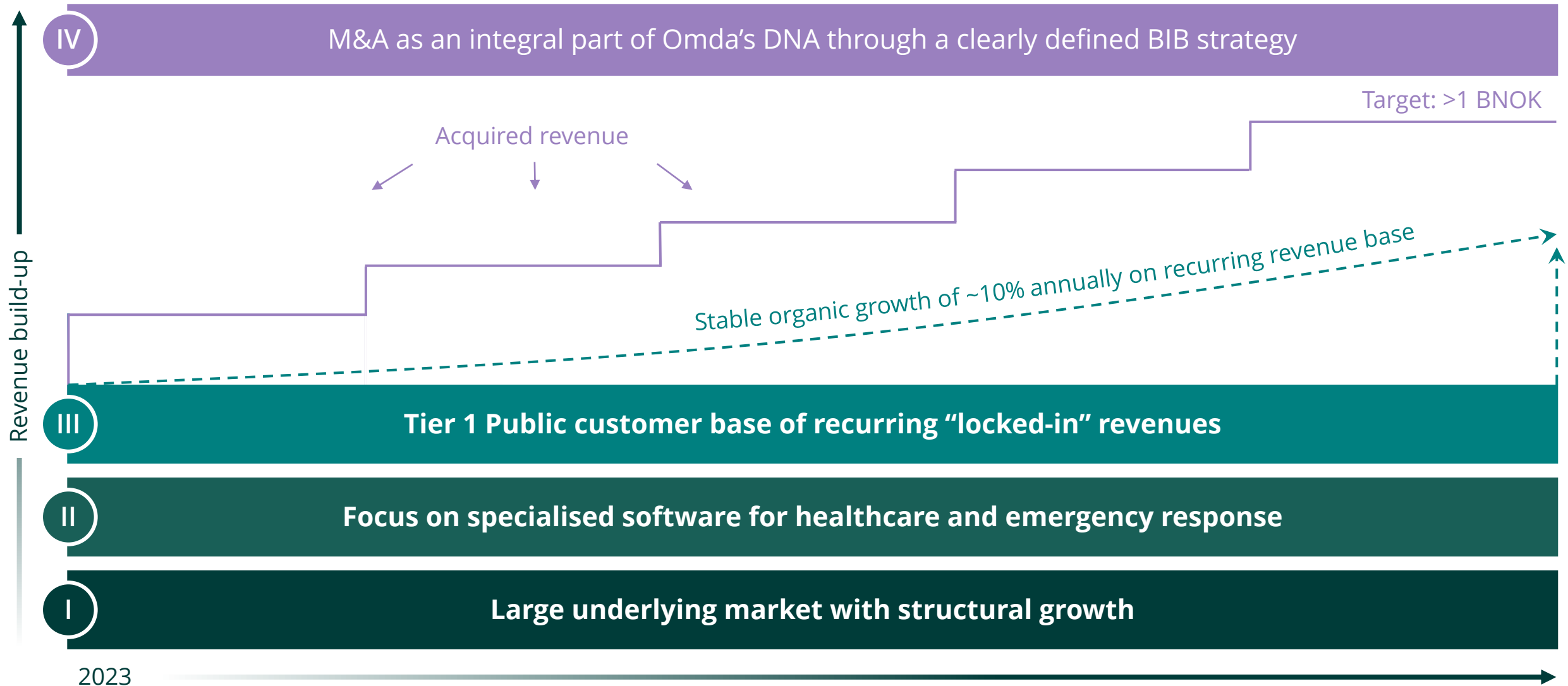
Vision:

Smarter ways to a safe and healthy world

Values:

We are user-centric, ambitious, curious and collaborative

# Omda's key building blocks and value creation model



# Strong and improving performance across relevant KPIs



**316 MNOK**

ARR Q3'23

vs 284 MNOK Q3'22

**11%**

ARR growth YoY

Q3'23 vs Q3'22

**15%**

Total  
revenue  
growth YoY

Q3'23 vs  
Q3'22

**27%**

EBITDA margin Q3'23

vs 5% Q3'22

**93%**

Gross margin Q3'23

vs 92% Q3'22

**51%**

Salary cost Q3'23

vs 66% Q3'22

(% of total revenue)

**285**

Employees  
Q3'23

vs 314  
Q3'22

**15%**

Other cost Q3'23

vs 20% Q3'22

(% of total revenue)

# Developing diversified and growing business areas



## Connected Healthcare



Sales	12.3 MNOK
EBITDA <sup>1)</sup>	31%
Capex	6%
Organic Growth	13%

-Solutions for secure information sharing and collaboration across healthcare domains

## Medical Imaging



Sales	7.0 MNOK
EBITDA <sup>1)</sup>	15%
Capex	22%
Organic Growth	2%

-Complete solution for securely capturing, storing and sharing medical images

## Woman & Child



Sales	12.1 MNOK
EBITDA <sup>1)</sup>	37%
Capex	1%
Organic Growth	5%

-Trusted solutions to safeguard pregnancy, childbirth and infancy

## Medication Management



Sales	4.1 MNOK
EBITDA <sup>1)</sup>	54%
Capex	12%
Organic Growth	18%

-Decision support and medication management for safe and effective oncology treatments

## LIMS



Sales	11.9 MNOK
EBITDA	7% <sup>1)</sup>
Capex	15%
Organic Growth	27%

-End-to-end blood, cell, and tissue management

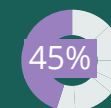
## Health Analytics



Sales	5.9 MNOK
EBITDA	14% <sup>1)</sup>
Capex	0%
Organic Growth	-6%

-Improving the quality, utility, and management of medical data from collection to analysis

## Emergency



Sales	42.2 MNOK
EBITDA	28% <sup>1)</sup>
Capex	8%
Organic Growth	25%

-Robust systems for managing every aspect of emergency response

Focus on specialised software for healthcare and emergency response

# Highly attractive and recurring revenue streams...

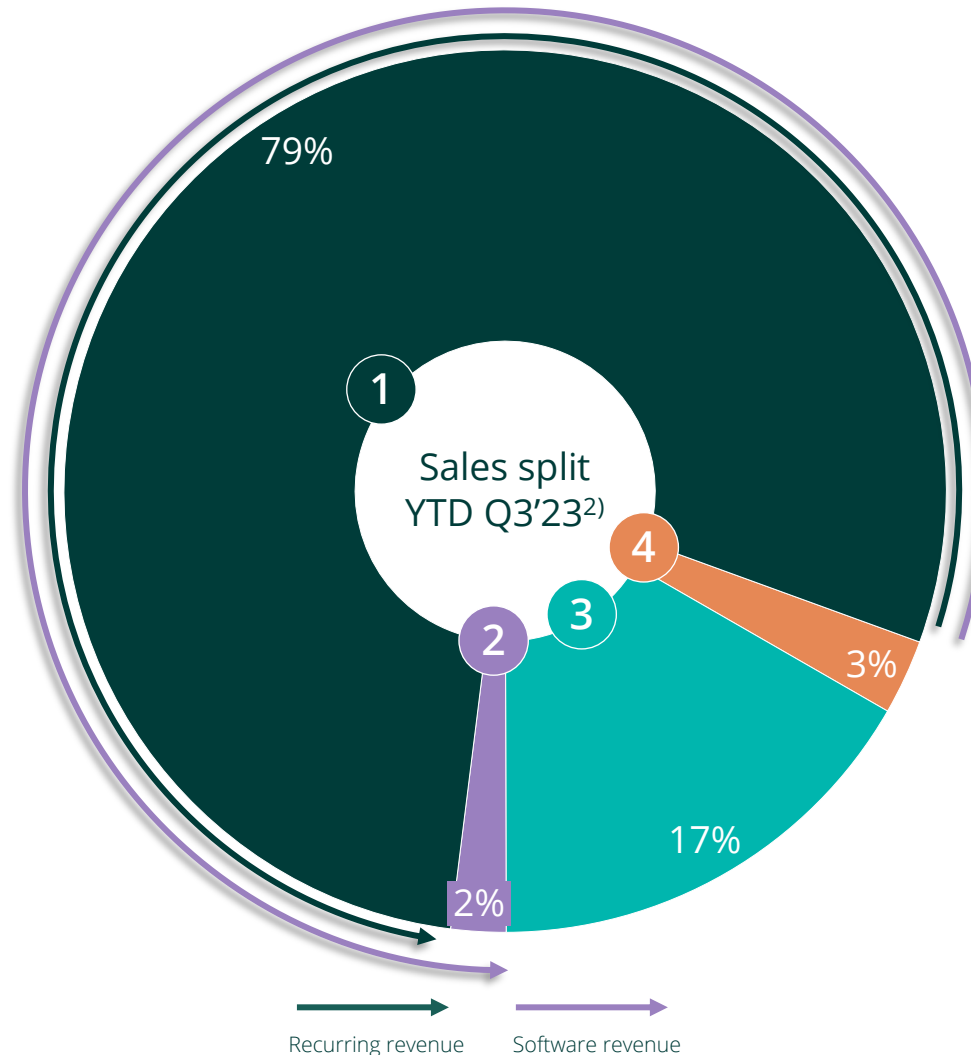


## 1 Recurring Revenue

- Stable, recurring revenue streams from long-term customers with installed base of Onda software
- Pre-paid fee, of which majority is paid annually, but also semi-annual and quarterly pre-payments are normal
- A small portion of the recurring revenue is related to SaaS<sup>1)</sup>
- Very low churn below 2% historically, "locked-in" recurring revenue

## 2 License Sales

- Sale of initial software license for new solutions / new modules / features installed on premise
- Revenue from up-selling activities
- One-time payment, but nature of business with consistent stream of software license sales



## 4 Other

- Solutions delivered as a turnkey solution including hardware
- E.g. tablets used in ambulances
- Some legacy business from acquired companies (e.g. laboratory labels)
- Includes also other non-core income such as invoicing of freight cost etc.

## 3 Professional Services

- Consultancy work on training in use and configuration of products when initially purchased
- Integration work on existing customers' systems
- Semi-recurring revenue in nature

# ...from long-term and solid public healthcare customers



## Long-term relationships with tier 1 counterparties

>20  
years



>10  
years



Solid counterparties



+90% of revenue from public healthcare accounts

High diversification



+500 customers across 27 countries

High stickiness



Predictable revenues for years, sometimes decades

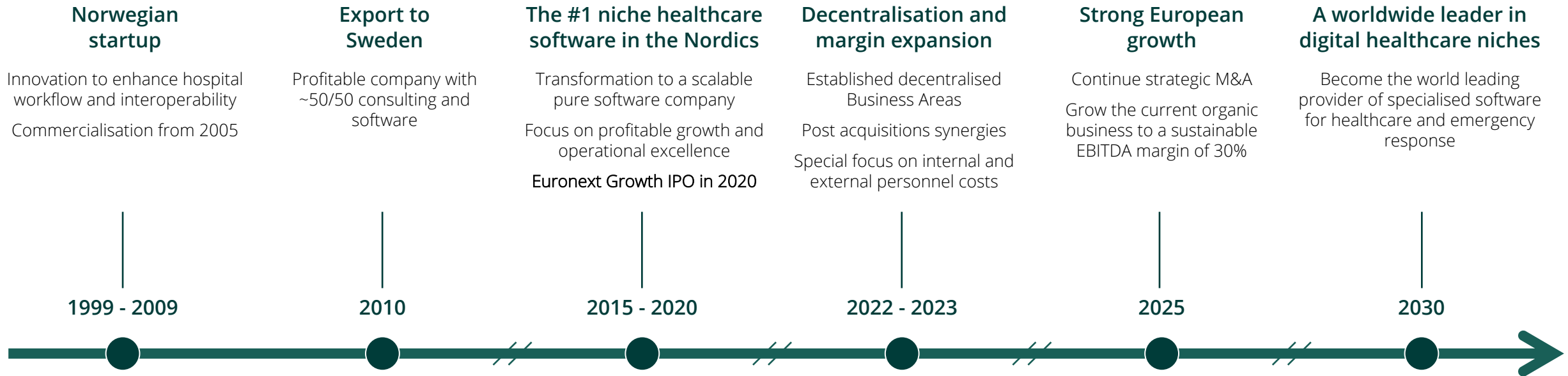
< 2% churn<sup>1)</sup>



Mission-critical systems favours contract continuity



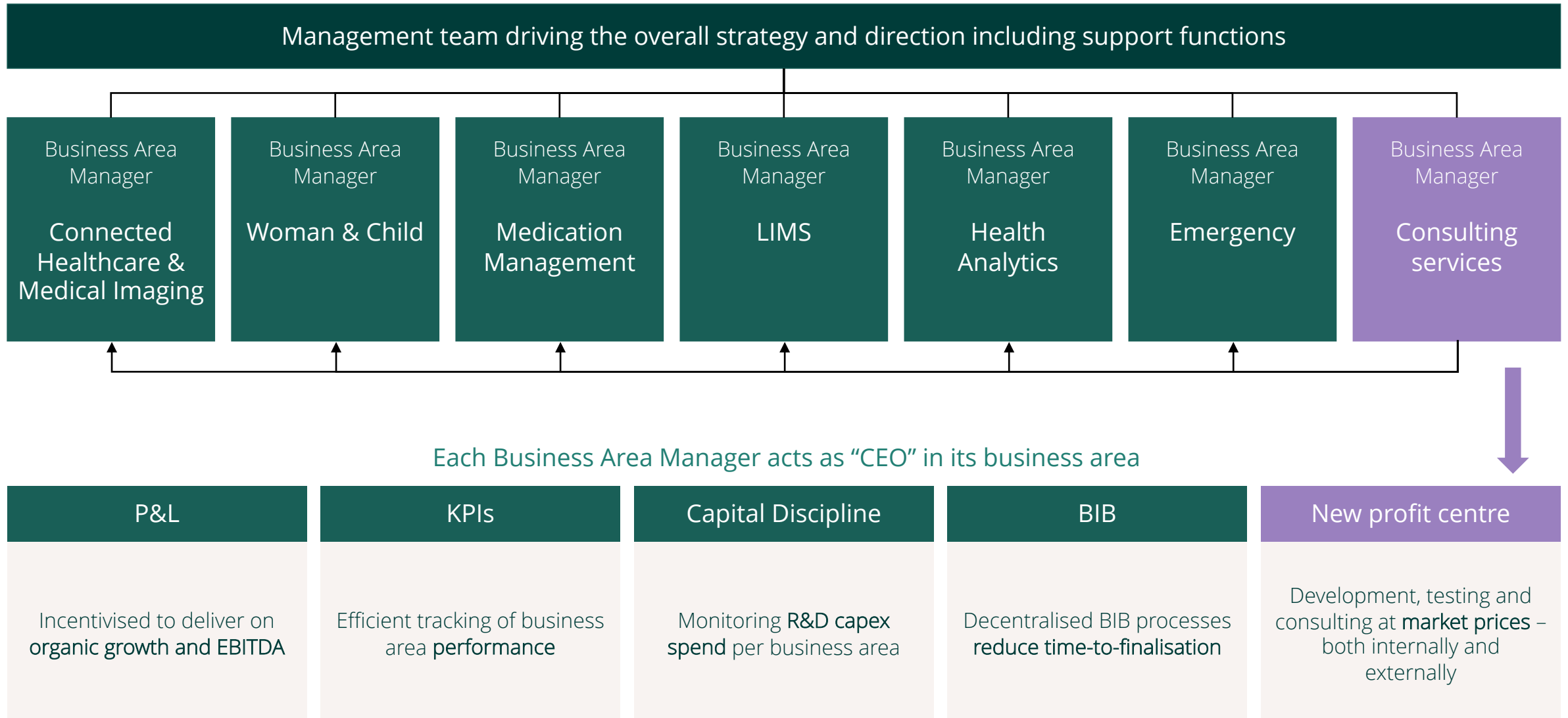
# Omda's history and direction



## 15 companies acquired through the successful Buy, Integrate and Build strategy (BIB)



# Decentralised and scalable organisation drives efficiency

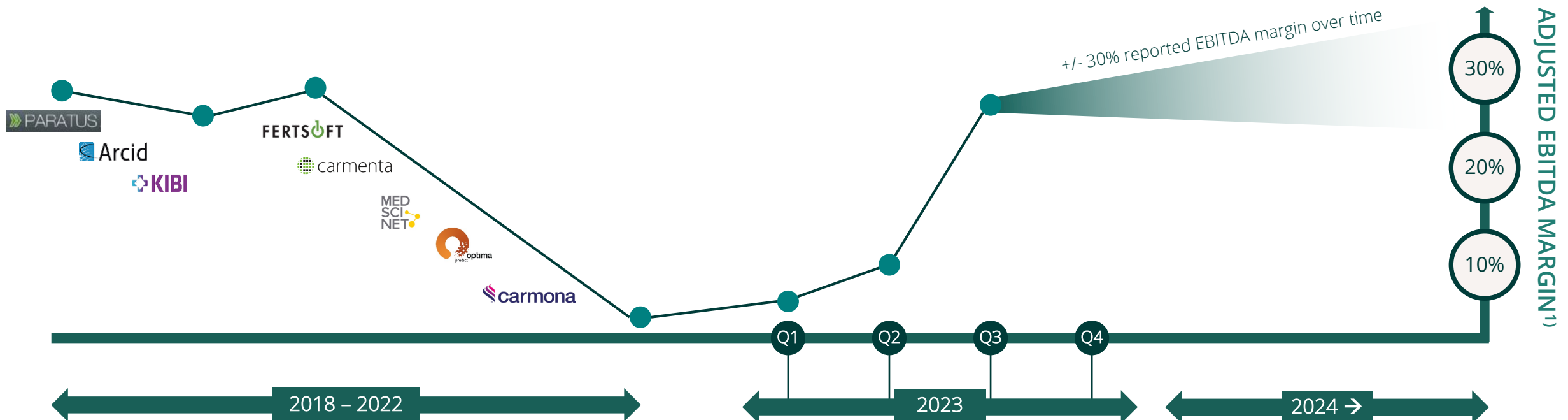


# Approaching the targeted reported EBITDA margin of 30%

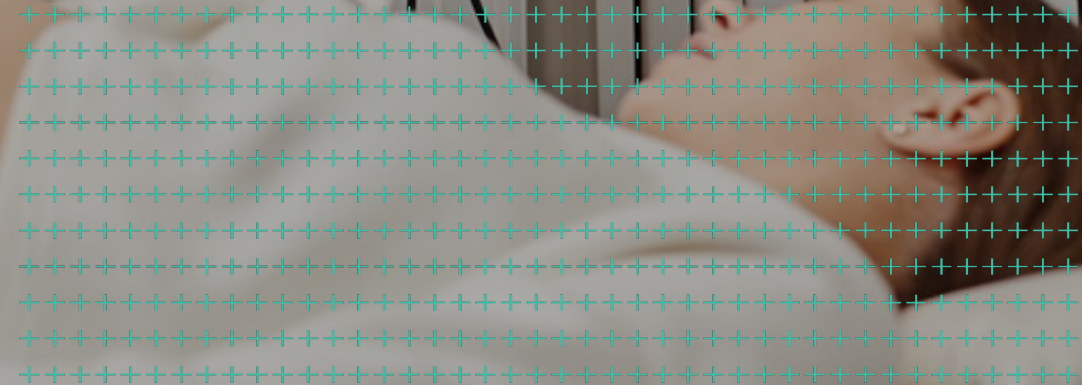


EBITDA margin expansion history

EBITDA margin expansion target<sup>2)</sup>



# Financials



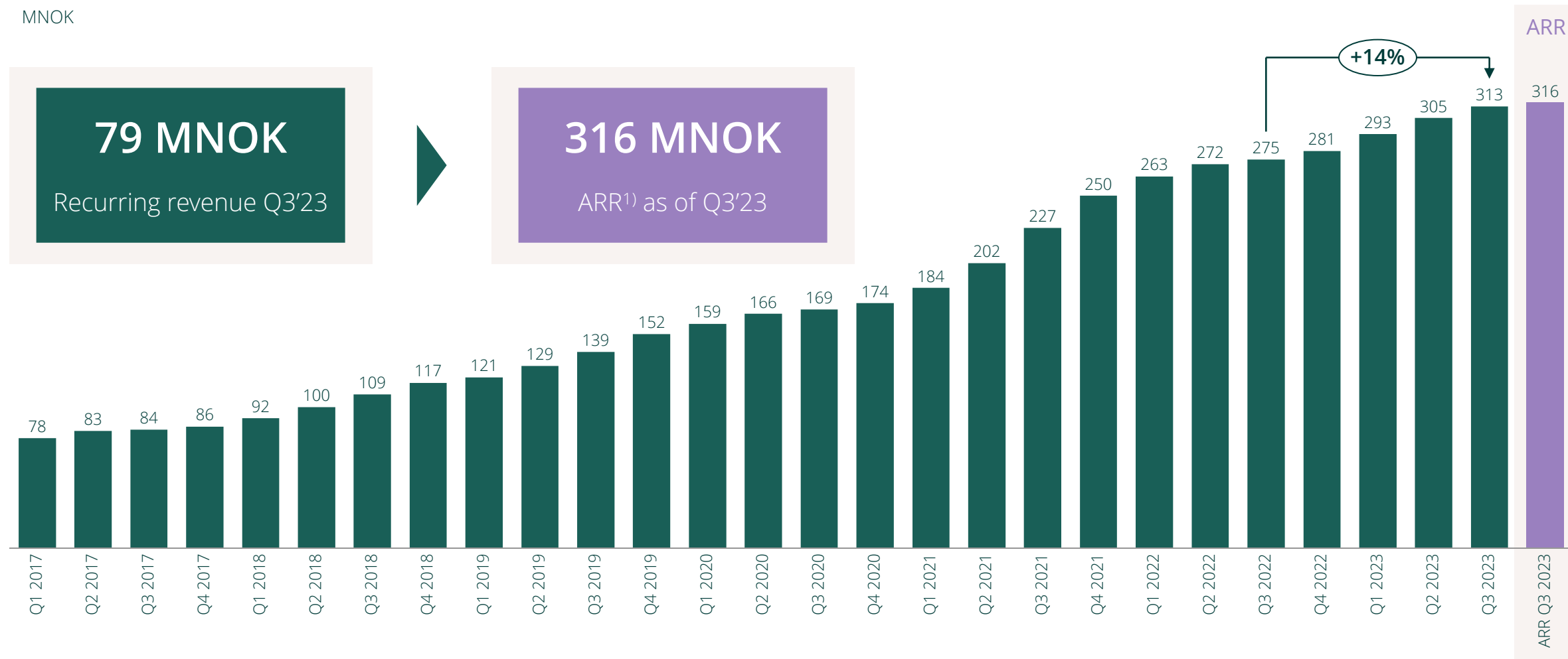


# Steadily increasing recurring revenues



Quarterly development recurring revenues last four quarters

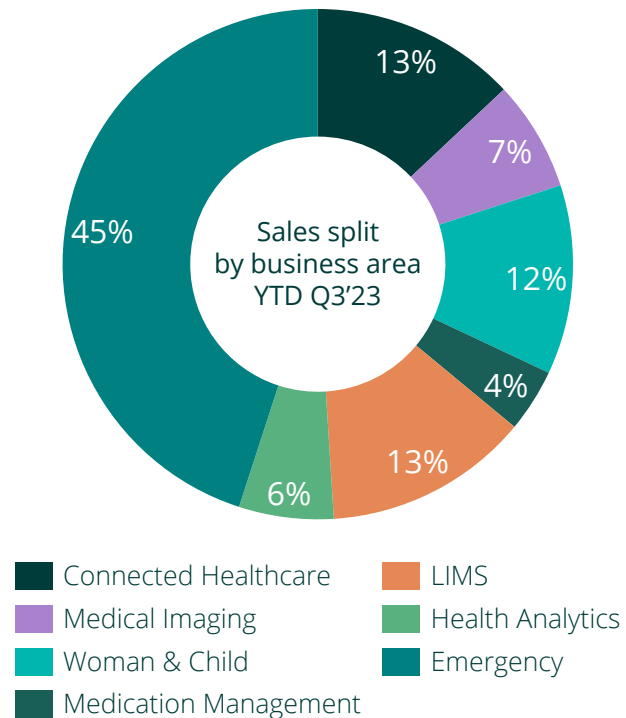
MNOK



# Attractive revenue diversification

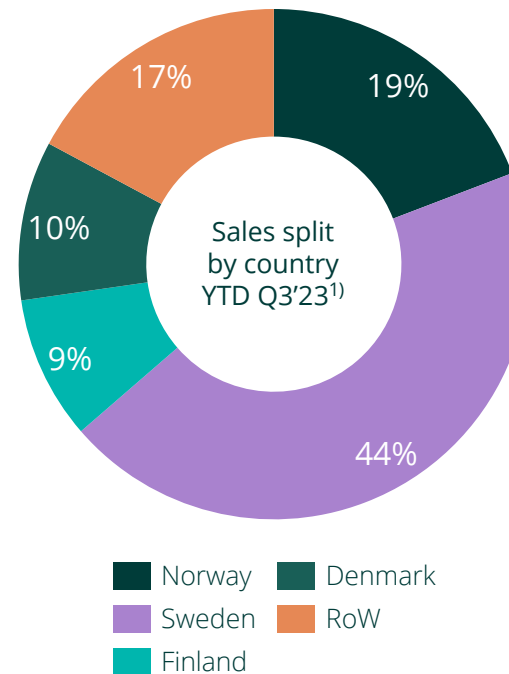


## Diversified across 7 business areas



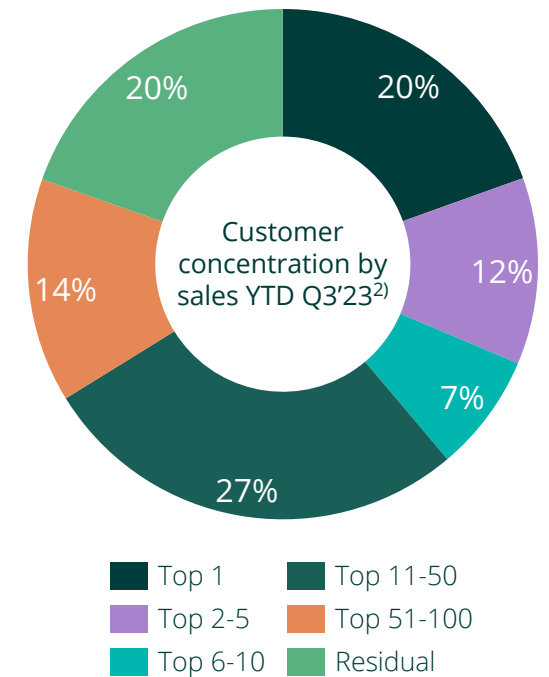
Mission critical offering through several niches diversified into different end-users and fields-of-use, with substantial contribution from high-growth Emergency

## Geographical spread



Diversified across 27 countries, with a growing share outside of the Nordics

## Low customer concentration



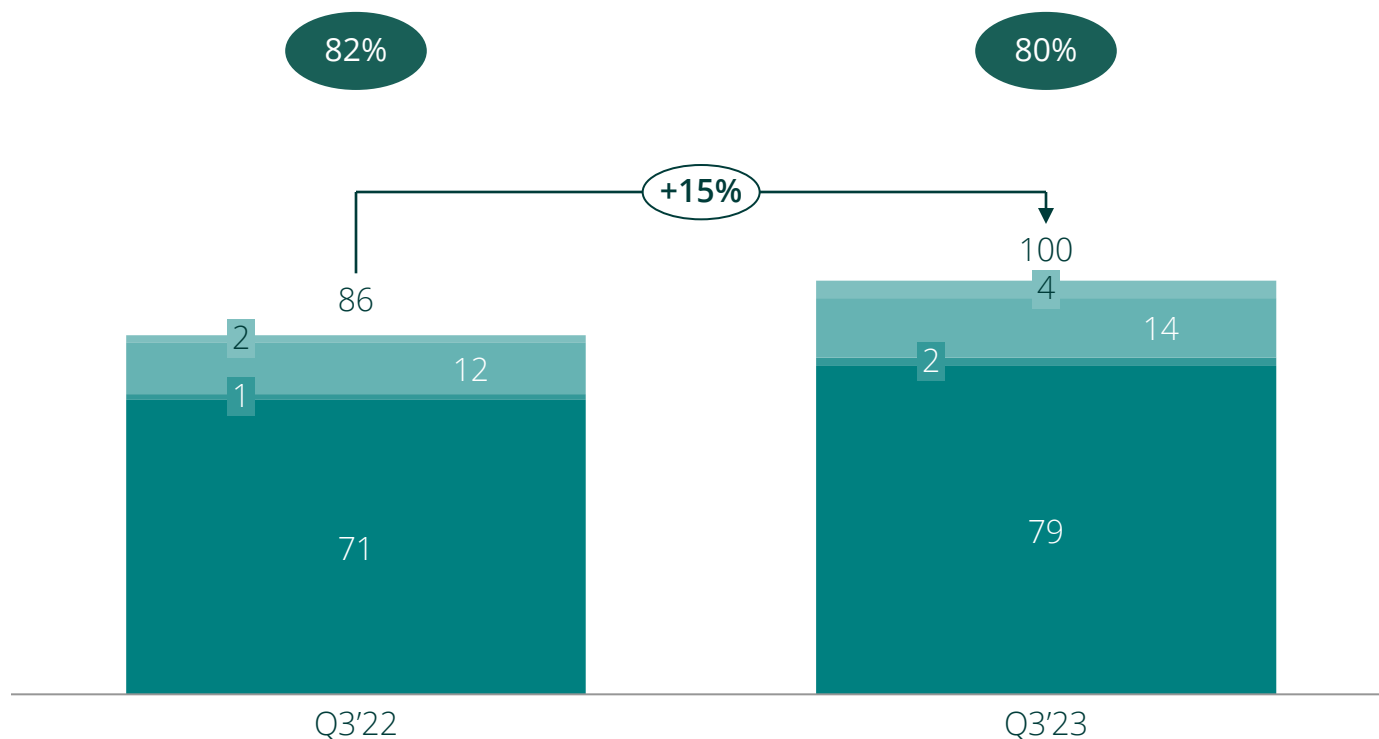
Low customer concentration risk with +500 unique customers whereas +90% of total revenue stems from public healthcare accounts

# Favourable revenue mix



## Total revenue development Q3'22 vs Q3'23

MNOK



% Recurring revenue as % of total sales<sup>1)</sup>

■ Recurring revenue ■ License sales ■ Professional services ■ Other

## Commentary

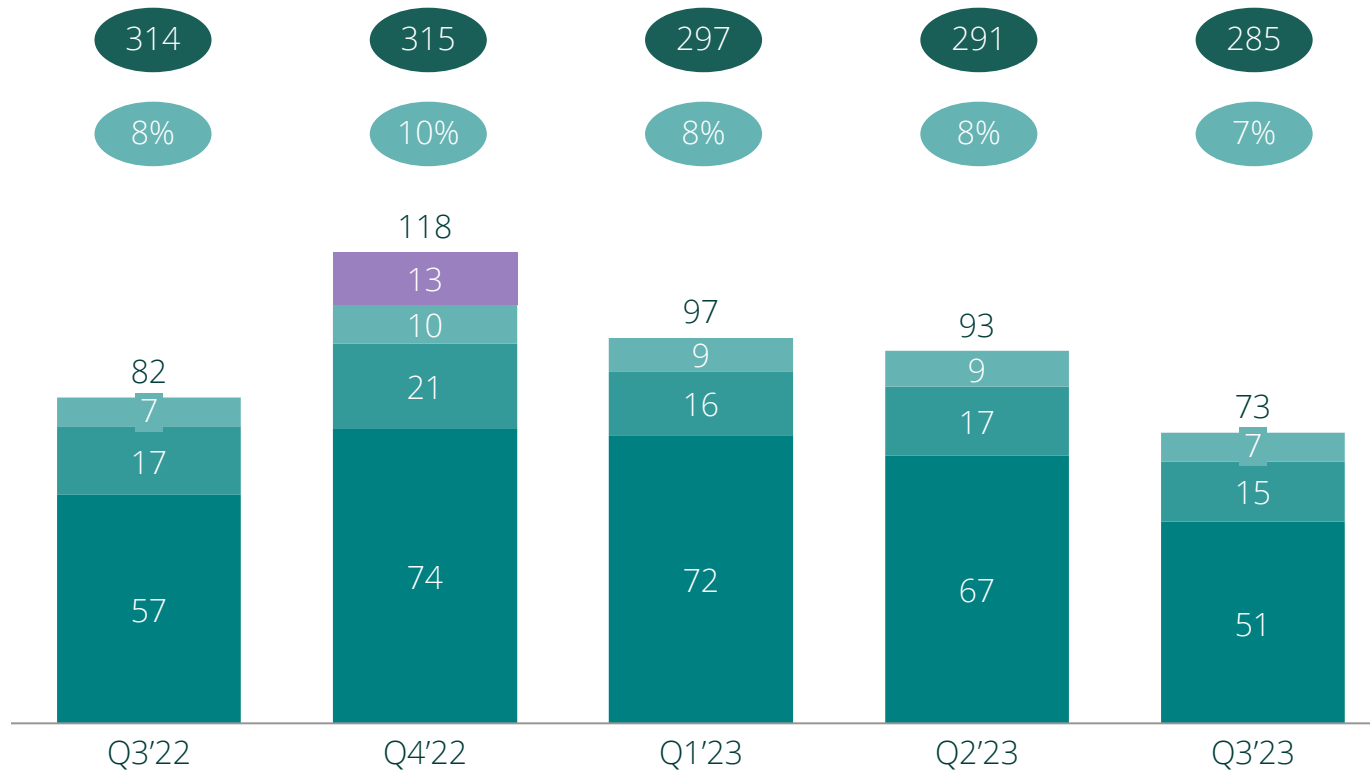
- Favourable revenue mix with the majority consisting of attractive high margin recurring software revenue
- Recurring revenue continue to grow in accordance with expectations with 11% growth Q3'22 vs Q3'23
- Increase in other operating income mainly relates to the strategic sale of the Finnish OnBase and document scanner business, which was considered non-core

# Significant cost improvement



## Cost base development quarter over quarter

MNOK



# # of employees, period-end    % COGS % total revenue

Salary and personnel    Other cost    COGS    Restructuring cost

## Commentary

- The decrease in operating cost in Q3'23 relates to all cost groups, but in particular to salary and personnel expenses
- Significant reduction in personnel expenses relates to the margin-improvement programme "Triginta" initiated in Q4'22, which is reaching its full potential in Q3'23
- Number of employees reduced from 315 at the end of Q4'22, when the margin-improvement programme was initiated, to 285 at the end of Q3'23
- Continue to scale down the use of external consultants as well as streamlining the organisation and FTE count will continue to elevate margins
- Continued focus on gross margin by further reducing COGS, targeting 5% of total sales
- Reduced other costs, partly due to lower activities on sales and marketing, travel and legal and overall cost consciousness, targeting 15% of total sales

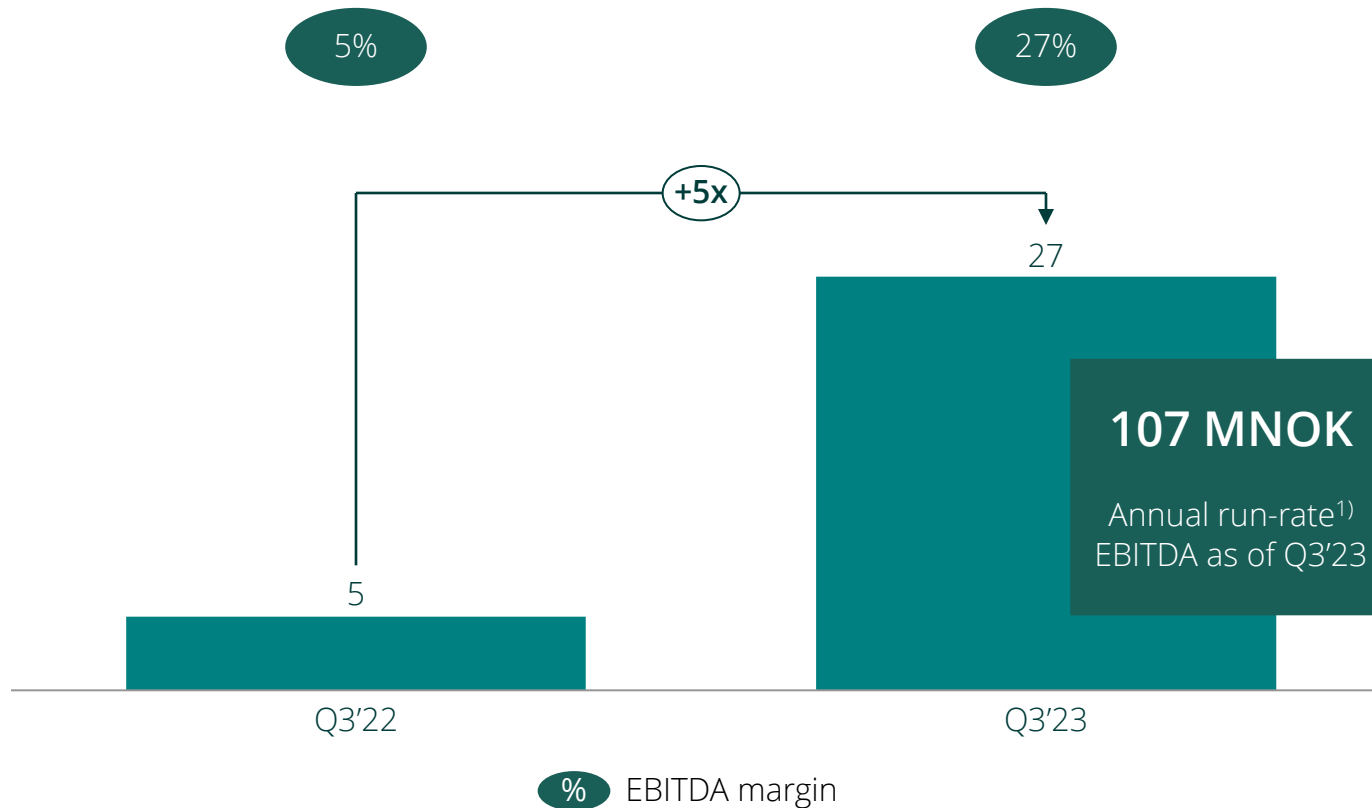


# Approaching target of 30% reported EBITDA margin



## EBITDA development Q3'22 vs Q3'23

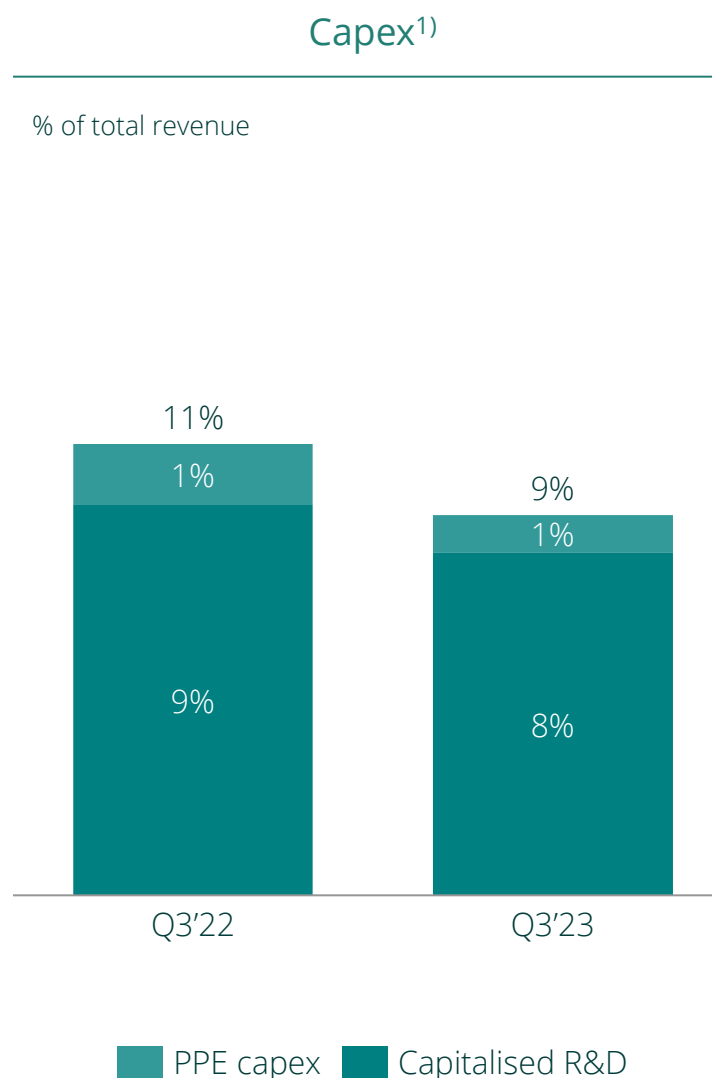
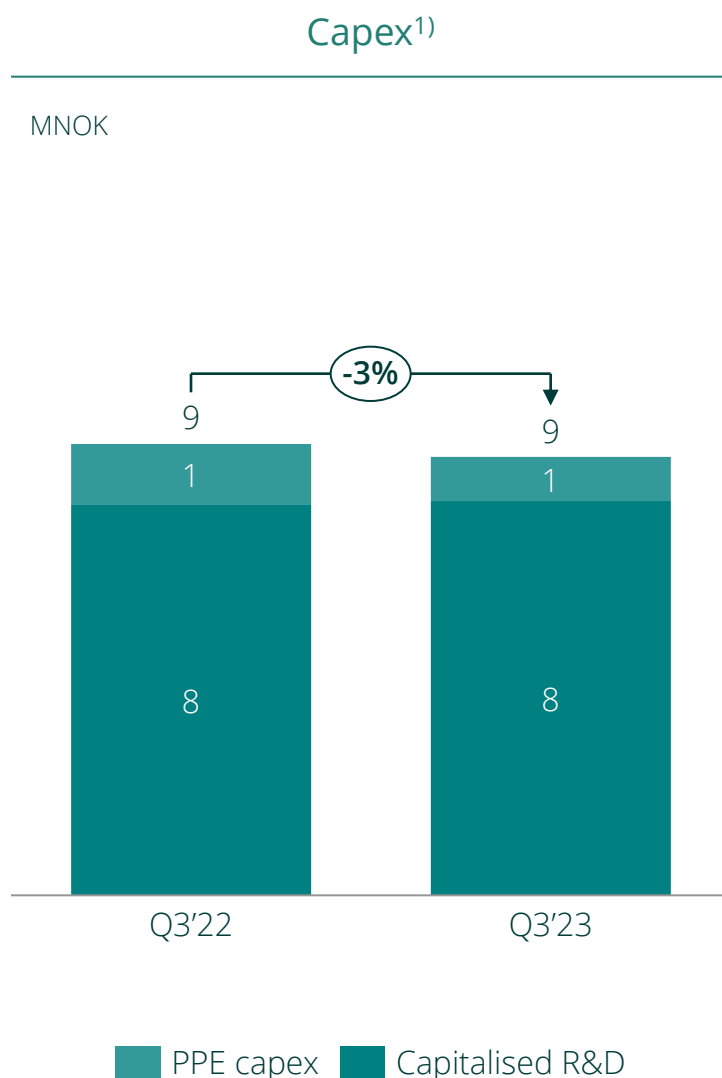
MNOK



## Commentary

- Profitability significantly improved as a result of the group-wide margin-improvement programme initiated in Q4'22
- Run-rate EBITDA of 107 MNOK as per Q3'23<sup>1)</sup> seems solid, but still conservative as Onda will continue to deliver profitable growth
- As a general principle, Onda does not adjust EBITDA, unless if it is considered highly reasonable
  - E.g. non-recurring items related to significant restructuring and reorganisation processes are normally adjusted to better reflect the underlying EBITDA

# Capex consists of mainly R&D representing <10% of sales



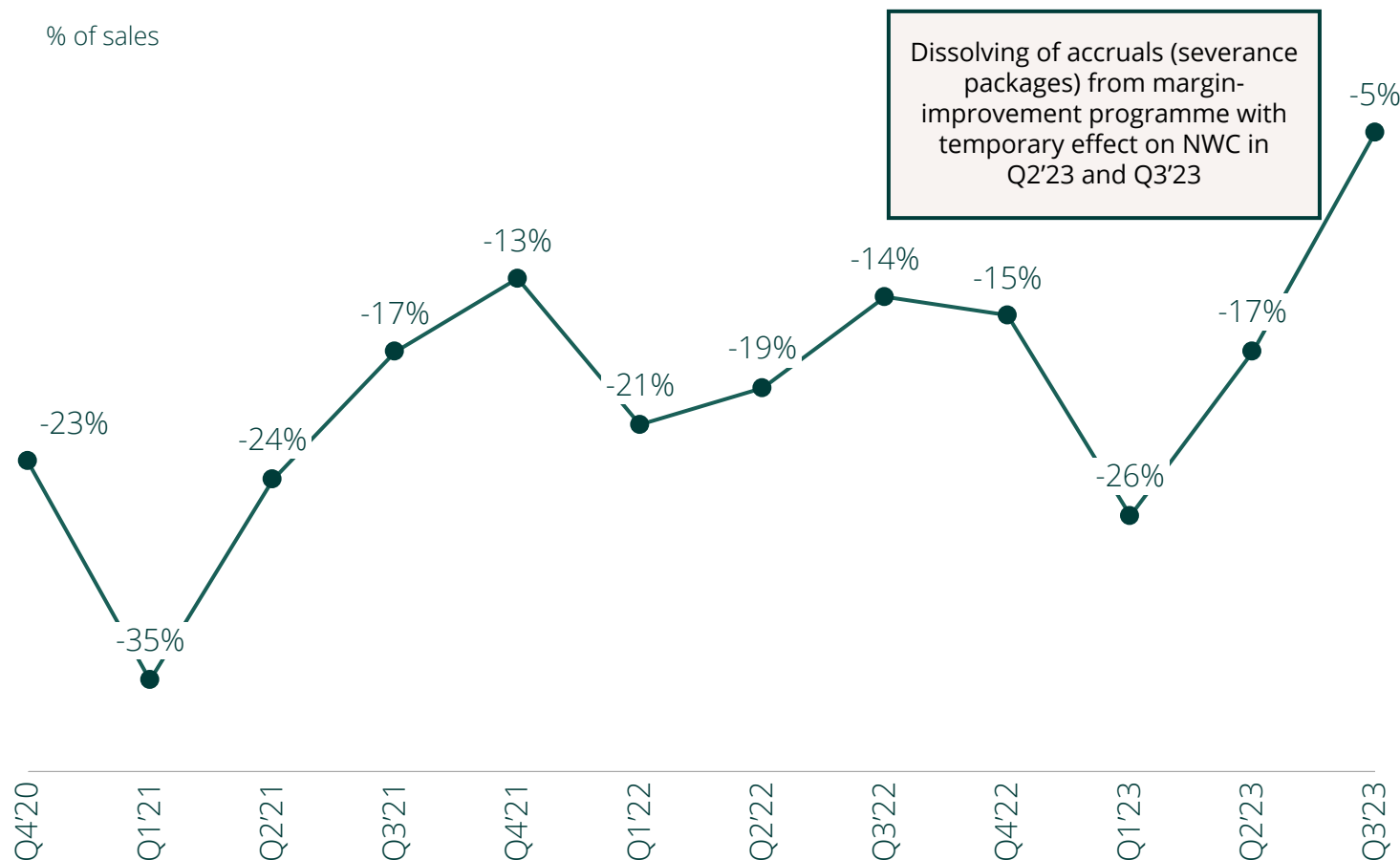
- Commentary
- Investments in software that is expected to provide lasting recurring revenue is defined as capitalised R&D
  - Business cases are prepared for each investment with different go/no-go milestones to make well-founded decisions that meet required return rates
  - High visibility on cash flow with stable capitalised R&D of ~10% of sales
  - PPE capex consists of computer equipment (servers, computers etc.) or fixture/fittings, and is consistently around ~1% of sales
  - No other significant capex events except of strategic acquisitions
  - Reduced capex amplified by improved EBITDA in Q3'23 vs Q3'22 implies a cash EBITDA margin of 18%<sup>2)</sup> in Q3'23

# Attractive NWC from pre-payments



## NWC

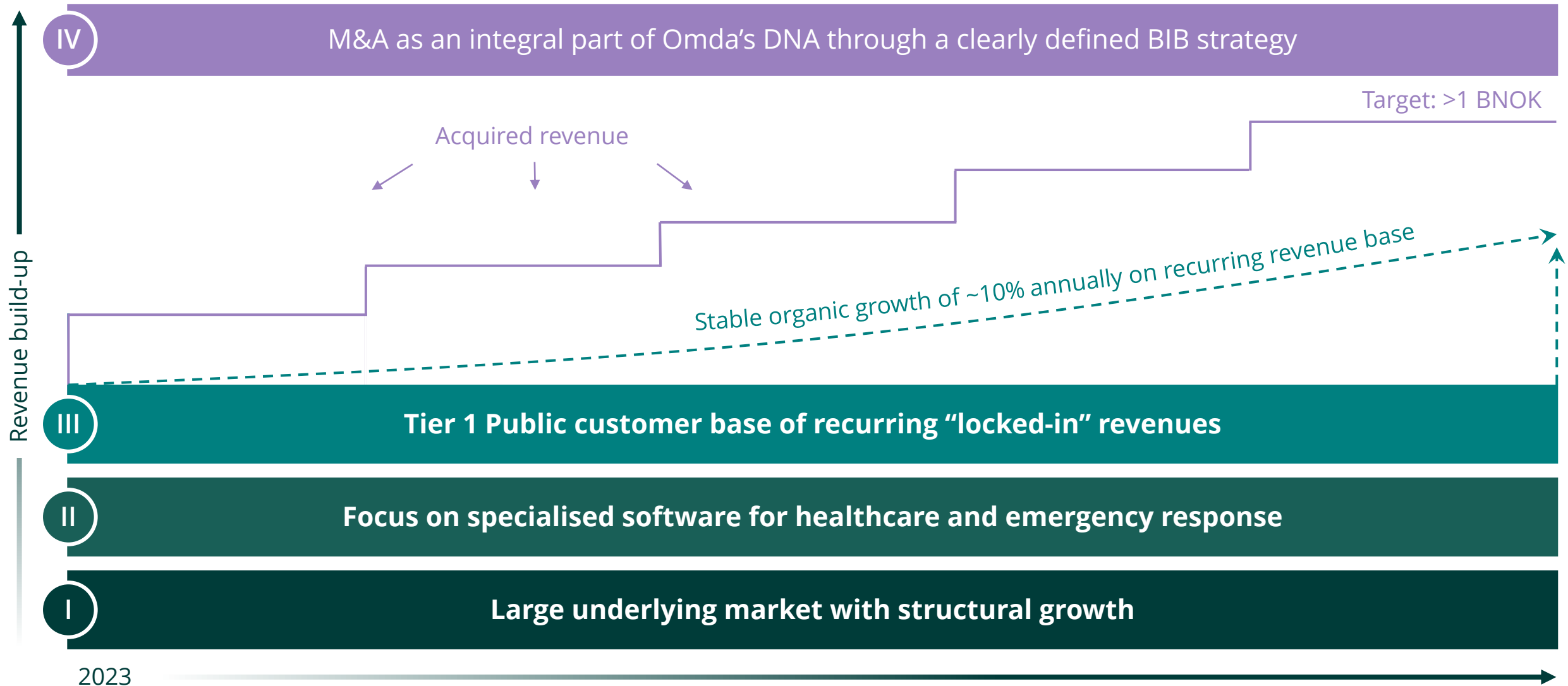
% of sales



## Commentary

- Attractive NWC dynamics through upfront invoicing of customers, of which +50% are annual fees
- Rest of the recurring revenue are prepaid semi-annual or quarterly, while only a small portion occur monthly
- Natural fluctuations of +/- 10 to 15pp in NWC as % of sales, with Q1 normally the best quarter with pre-payments of annual fees
- Omda has a communicated NWC target of -10% or better as % of sales
- When acquiring companies, it takes some time before Omda's NWC policies are applied in the acquired companies
- Hence, NWC development will vary, but over time contribute positively on cash flow post integration
- Dissolving of accruals from the margin-improvement programme (payments of severance packages), increased sales, regular NWC seasonality as well as deliveries explain the deviation in Q2'23 and Q3'23

# Omda's key building blocks and value creation model





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## Omda

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First Name

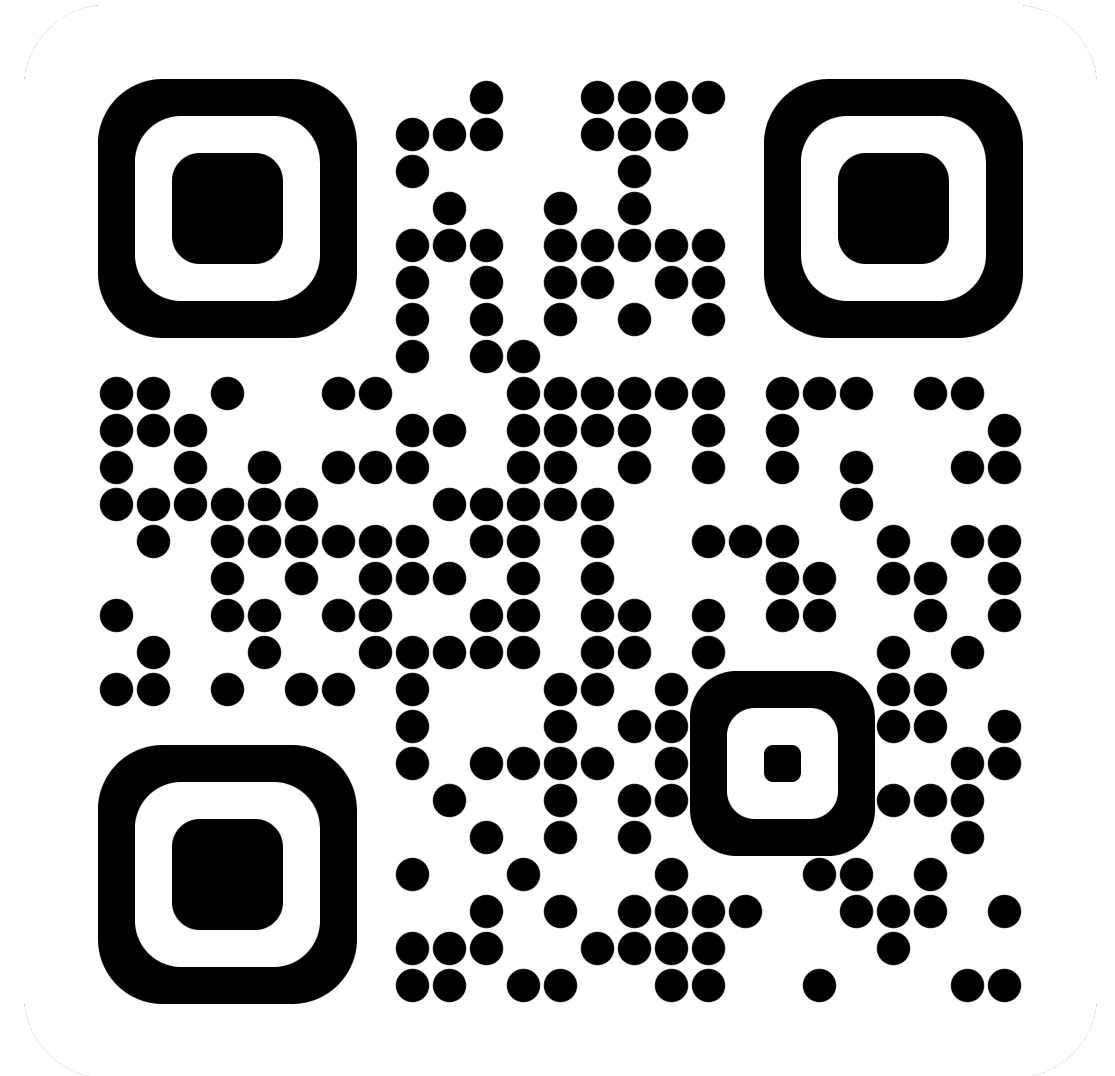
Last Name

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☐ Financial News

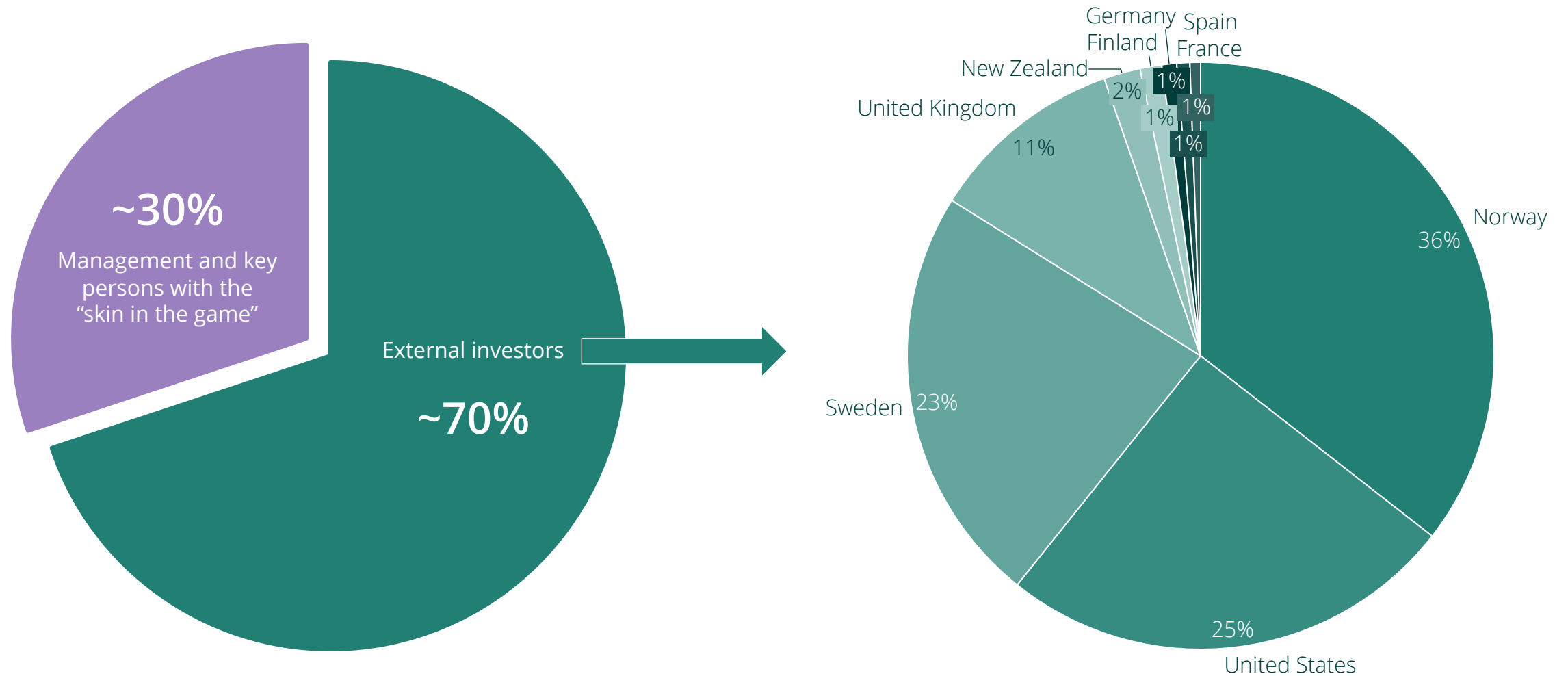
☐ General News

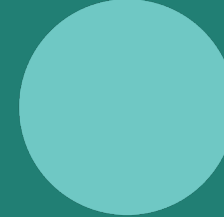
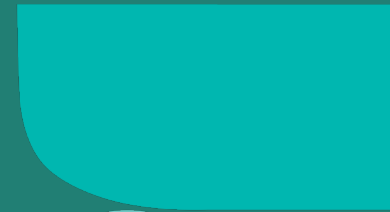
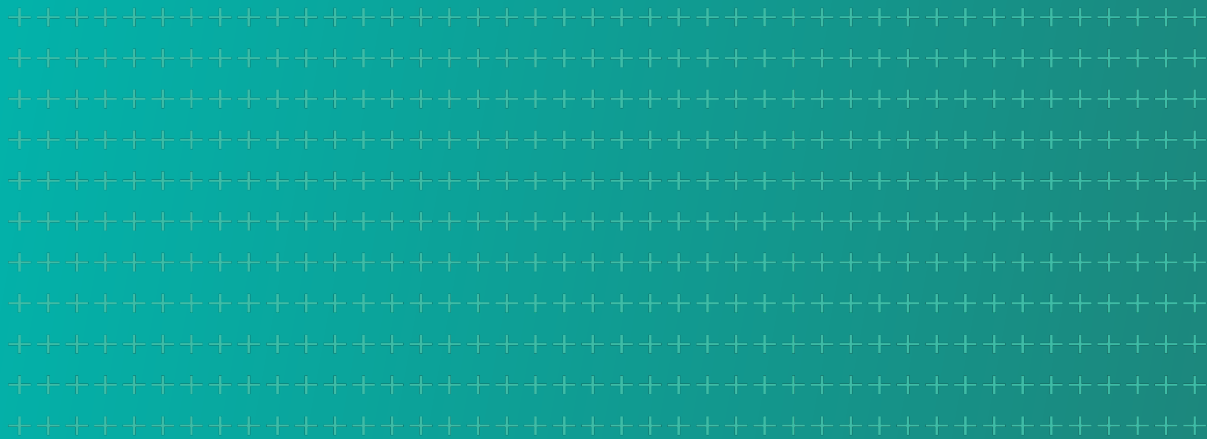
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A blurred background image of a medical workstation. Two computer monitors are visible. The left monitor shows a software interface with various panels and text, likely a medical imaging or patient management system. The right monitor displays a sagittal MRI scan of a human head and neck. The text "Q&A" is overlaid on the left side of the image.

# Omda investors per November 2023





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# Thank you

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