

Q2
—
22



Caring for Life – this is what inspires the people of CSAM, each and every day.

CSAM Health Group is the leading provider of specialised software for healthcare in the Nordics. From this solid foundation the company has grown to serve more than 500 customers in 25 countries. Our highly specialised software solutions are instrumental in the clinical care processes of healthcare providers and in enabling emergency responders to enhance public safety.

Through our focused mergers and acquisitions strategy, we have built a unique blend of best-in-class innovative technology and outstanding expertise. We build long-term relationships with our customers, helping them achieve their goals, and knowing that our growth is earned by consistently delivering secure, quality software services.

Our leading product portfolio includes niche solutions in public safety, connected healthcare, women and children's health, laboratory information management systems (LIMS), medical imaging, medication management, and health analytics:

Public Safety

Robust systems for managing every aspect of emergency response.

Connected Healthcare

Solutions for secure information sharing and collaboration across healthcare domains.

Women & Children's Health

Trusted solutions to safeguard pregnancy, childbirth and infancy.

LIMS

Comprehensive support for all aspects of blood, cell and tissue management.

Medical Imaging

Complete image management solution for securely capturing, storing and sharing medical images.

Medication Management

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

Health Analytics

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

CSAM aims to continue its growth, both organically and through targeted mergers and acquisitions. We position for the future by investing profits in our portfolio of products and services and creating an inspiring work environment, while always operating as a responsible business within the global community.

CSAM's headquarters are in Oslo, Norway. CSAM has more than 300 dedicated specialists in ten countries across Europe, Asia, Oceania and North America, including a wholly-owned software engineering subsidiary in the Philippines.

CSAM is listed on the Oslo Stock Exchange, Euronext Growth (CSAM) and Nordic ABM. For more information on CSAM, please visit www.csamhealth.com

Our Vision

Healthcare information without boundaries.

Our Mission

Enabling excellent healthcare by providing innovative niche software.

Our People

We bring empathy, enthusiasm, and expertise to everything we do.

Highlights

Increased income by 13% (Q2-22 vs Q2-21)

Recurring revenue grew by 14% (Q2-22 vs Q2-21)

EBITDA was 3.2 MNOK resulting in a 4% EBITDA margin

Organic growth of 5.8% in local currencies (2% in NOK)

Gross margin 90%

Introduction

ANOTHER QUARTER WITH GROWTH AND PROFITABILITY

As CSAM Health Group enters the second half of 2022, we can look back at another successful quarter, delivering both growth and profitability. In a period with significant macro-economic uncertainty, our business model continues to deliver steadily growing revenues, and our long-term contracts allow us a strong, predictable stream of recurring revenue.

CSAM is delivering on its strategic growth ambition, and in H1-22 we have succeeded in recruiting more talent to boost our development and delivery capacity, as we meet our customers' increasing demand for more advanced solutions. In addition, we have been strengthening our management team, getting ready to grow the company to the next level. These initiatives have increased our personnel costs significantly, and hence impacting EBITDA margins this quarter. We are confident that this will yield benefits in the quarters to come.

The CSAM team continues to deliver on the corporate strategy, and last quarter's results are yet another proof point that the strategy is sound, and the organisation is continuously developing to deliver on the growth ambition. Total income increased by 13% compared to Q2-21, to almost NOK 90 million, driven by strong recurring software revenue, which grew by 14% to NOK 70 million.

Having long-term contracts with solid providers of healthcare and emergency services, the majority of which are public service institutions, allows us to operate with significant security on future revenue, and with a relatively low-risk profile.

Our customers include some of the world's most advanced health providers and emergency response organisations, operating at the cutting edge of their professional fields, and hence demanding high quality, innovative software solutions, which is why the investments in building an even stronger team has been a major focus area over the last quarters. Continuing our growth journey is simply dependent on getting the right competence on board. Attracting those superior experts and leaders is a success - and a critical success factor for future growth - even if it has increased our cost base temporarily.

CSAM is continuing its journey towards the long-term strategic goal of growing to be a NOK 1 billion company. Our focused M&A strategy is concentrated on finding candidates that serve specialised customer needs in health and emergency services. We look for companies that

are adjacent to our existing portfolio, which enable us to offer a more complete set of solutions to our customers. In addition, we explore M&A opportunities that would allow us to enter new domains in healthcare and emergency services.

We will evaluate more candidates and engage in constructive discussions with a higher number of qualified candidates. CSAM's standards for those candidates will remain stringent, as our strategy of acquiring high-quality companies that own their software intellectual property, have superb competence and solid customer relationships have successfully led to tremendous growth. Our activity level in this area increased and we are excited about several candidates.

Lastly, I would like to thank all our hard-working, talented employees and all the customers who continue to place their trust in CSAM's solutions. We will continue to strive to exceed your expectations and deliver the software that allows your critical services to work even better.



“The CSAM team continues to deliver on the corporate strategy, and last quarter’s results are yet another proof point that the strategy is sound, and the organisation is continuously developing to deliver on the growth ambition.”

–Sverre Flatby, CEO

INCOME STATEMENT - CSAM Health Group AS, consolidated unaudited accounts

KNOK	Q2-22	Q2-21	2022 YTD	2021 YTD	2021 FY*
License sales	624	775	8 199	4 716	10 553
Recurring Software Revenue	70 049	61 198	136 974	114 536	245 566
Professional Services	16 566	14 313	34 256	25 328	56 521
Other operating income	100	249	1 458	258	140
Hardware	2 123	2 733	3 975	10 880	16 663
Total Sales	89 461	79 269	184 862	155 718	329 444
Government grants R&D (Skattefunn)	345	303	691	606	1 212
Total Income	89 807	79 572	185 553	156 324	330 656
Cost of Goods and Services	8 837	8 930	16 292	19 478	35 368
Salary and personnel	61 927	46 513	120 385	84 485	190 766
Other cost	15 833	14 048	30 686	27 905	62 691
Sum Cost	86 597	69 491	167 363	131 868	288 825
EBITDA	3 209	10 081	18 190	24 456	41 831
EBITDA-%	4%	13%	10%	16%	13%
Depreciation	868	485	1 774	926	2 325
EBITA	2 341	9 596	16 415	23 531	39 506
EBITA-%	3%	12%	9%	15%	12%
Amortisation of goodwill and licenses	19 861	19 990	41 187	37 235	79 044
EBIT	-17 520	-10 395	-24 772	-13 705	-39 537
EBIT-%	-20%	-13%	-13%	-9%	-12%
Interest expenses	-8 392	-6 384	-15 656	-11 441	-26 691
Other net financials	6 272	8 145	-7 038	-6 670	-20 598
Profit before tax	-19 640	-8 633	-47 467	-31 816	-86 826
Taxes	82	-22	195	-	2 297
Net profit	-19 722	-8 611	-47 662	-31 816	-89 123
Key ratios					
Capitalized R&D expenditure	9 292	4 973	17 546	11 851	25 708
CAPEX-%	10%	6%	9%	8%	8%

* Audited numbers

BALANCE SHEET - CSAM Health Group AS, consolidated unaudited accounts

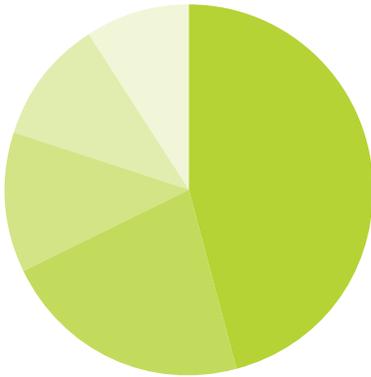
KNOK	30.06.22	31.12.21*
Deferred tax	38 353	41 199
Goodwill, customer contracts and IP	256 982	276 484
Intangible assets developed	100 976	95 305
Total intangible assets	396 310	412 987
Fixed durable assets	10 164	8 129
Total tangible assets	10 164	8 129
Inventories	9	7
Accounts receivables	45 524	81 514
Other receivables	38 860	31 321
Cash and liquid assets	260 995	280 855
Current assets	345 388	393 697
Total assets	751 861	814 813
Share capital	2 097	2 097
Share premium reserve	105 827	164 506
Total equity	107 923	166 603
Bond Loan	492 929	491 361
Total long term liabilities	492 929	491 361
Accounts payable	11 734	20 359
Public duties payable	18 363	23 719
Other short term liabilities	120 912	112 771
Current liabilities	151 009	156 849
Total equity and liabilities	751 861	814 813

* Audited numbers

CASH FLOW - CSAM Health Group AS, consolidated unaudited accounts

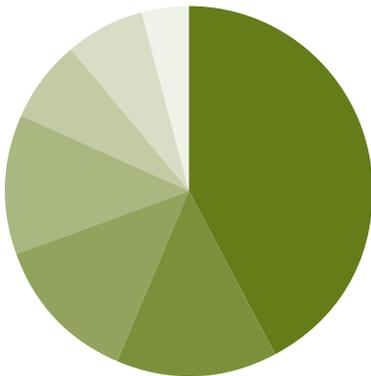
KNOK	Q2-22	Q2-21	2022 YTD	2021 YTD	2021 FY*
Profit/(loss) before taxation	-19 640	-8 633	-47 467	-31 816	-86 826
Net financial items	2 120	-1 761	22 695	18 112	47 289
Depreciation and amortisation	20 729	20 476	42 962	38 161	81 369
Cash earnings from operations	3 209	10 081	18 190	24 456	41 831
Changes in accounts receivables	3 442	-6 127	35 990	10 571	-28 000
Changes in accounts payables	728	-370	-8 625	-971	8 883
Changes in other current receivables/liabilities	2 747	-20 008	-4 768	-6 514	-5 692
Changes in prepayment from customers	-5 461	-	7 932	-	2 920
Changes in public duties payable	-4 960	-	-5 356	-	3 942
Taxes	-1 044	-450	-5 039	-1 220	-1 903
Cash flow from operating activities	-1 340	-16 874	38 324	26 322	21 981
Capital Expenditure IP	-9 292	-4 973	-17 546	-11 851	-22 974
Capital Expenditure other	-30	-1 210	-1 981	-2 154	-5 660
Acquisitions	-	-39 148	-23 000	-190 945	-197 456
Cash flow from investing activities	-9 322	-45 331	-42 527	-204 950	-226 090
Dividend paid	-	-	-	-	-
Proceeds from new shares issue	-	-	-	-	-
Change in Debt	-	203 895	-	203 895	203 895
Net Interest	-8 392	-6 384	-15 656	-11 441	-23 547
Cash flow from financing activities	-8 392	197 511	-15 656	192 454	180 348
Net change in cash and cash equivalents	-19 053	135 306	-19 860	13 825	-23 761
Cash and cash equivalents at start of the period	280 048	183 135	280 855	304 616	304 616
Cash and cash equivalents at end of the period	260 995	318 441	260 995	318 441	280 855

* Audited numbers



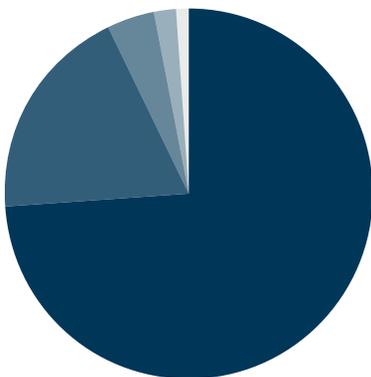
DISTRIBUTION OF SALES, PER COUNTRY

- Sweden 46%
- Norway 22%
- Rest of the world 12%
- Denmark 11%
- Finland 9%



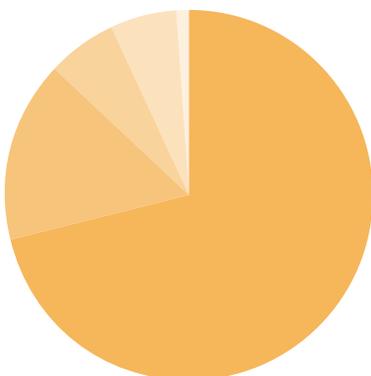
DISTRIBUTION OF SALES, PER BUSINESS AREA

- Public Safety 42%
- LIMS 14%
- Women & Children's Health 13%
- Connected Healthcare 12%
- Medical Imaging 7%
- Health Analytics 7%
- Medication Management 4%



DISTRIBUTION OF SALES, PER INCOME TYPE

- Recurring Revenue 74%
- Professional Services 19%
- License Sales 4%
- Hardware Sales 2%
- Other Income 1%



EMPLOYEES PER Q2 2022 (TOTAL 305)

- Nordics 72%
- Asia 16%
- Oceania 6%
- Europe 6%
- Americas <1%

All numbers YTD 2022. Due to rounding, numbers may not sum to 100%.

Financial Review

The financial accounts have been prepared in accordance with NGAAP. Figures in brackets below relate to the corresponding periods in 2021. All numbers are presented in NOK.

RESULTS FOR THE SECOND QUARTER 2022

CSAM displayed 13% growth in reported income for the second quarter of 2022. Reported EBITDA decreased to 3.2 million (10.1). The reported EBITDA-margin decreased to 4% in Q2-22, from 13% in the same period of 2021. This is a consequence of numerous acquisitions, integration activities and costs related to organisational development to handle the increased order backlog and preparing the organisation for the next leg of the growth journey.

M&A

The company focused on integration activities related to the last four acquisitions and growing the prospect list. We are maintaining and developing dialogues with potential new acquisition candidates.

PROFIT AND LOSS ACCOUNT

Revenue

Total income in the second quarter of 2022 amounted to 89.8 million compared to 79.6 million in the second quarter of 2021. Recurring revenue comprises 78% of total sales and grew 14% compared to Q2-21.

The revenue increase was driven by a combination of acquired growth, in line with the company's communicated growth strategy, and organic growth. Recurring revenues continue to grow in accordance with expectations, while sale of new licenses was on par in the quarter compared with the same quarter last year. Professional Services increased 16% compared to Q2-21 because of the many ongoing delivery projects. While our growth is surely a reflection of our acquisitions, it also reflects the increased work related to new sales.

Hardware sales came in slightly below of the same quarter last year, ending at 2.1 million (2.7).

Organic Growth

As announced, CSAM is publishing numbers for organic growth as from the first quarter of 2022. We are applying the following principles when reporting on organic growth:

- It is measured in local currency. We measure our Business Areas the same way and have a policy of not hedging FX. For information purposes we will also state the growth measured in our reporting currency, NOK.
- We are not including Other income in the calculation. Such income is neither strategic (e.g., invoicing of freight cost) nor repeatable (like the sale of Swedish scanner business in Q1 2022).
- We exclude Hardware sales from the calculation. Such income is not a focus area for a software company like CSAM.
- Some of the acquired businesses do not have sufficient accounting details to be able to establish proforma numbers for the previous period to compare with. For this reason, we have excluded MedSciNet, Optima and Carmona from the calculations. For Q2, sales from these companies, comprising ~5% of total sales, are therefore conservatively assumed to have 0% growth Q/Q. Numbers pertaining these businesses will be included as soon as data quality allows for it.
- In line with established portfolio practice, we use the previous quarter as the reference.

Based on the above assumptions, we calculate organic growth in Q2-22 vs Q2-21 to be 5.8% measured in local currency (2.0% measured in reported NOK numbers). YTD the organic growth is 8.3% measured in local currency (4.6% measured in NOK). Most contracts provides inflation protection.

Operating costs

Operating costs were 86.6 million in the second quarter (69.5), with the increase in operating costs primarily due to inclusion of four new businesses; Carmenta (Feb-21), MedSciNet (May-21), Optima (Jun-21), and Carmona (Feb-22), and costs related to the integration activities of these last four acquisitions. Further, the many new orders received during the second half of 2021 caused temporary capacity constraints related to delivery, and the use of external consultants has temporarily impacted costs, until permanent staff can be reallocated or recruited. CSAM has also strengthened its management and administrative capacity, allowing us to take on new acquisitions efficiently without taking on more administrative or management cost.

In spite of higher sales, COGS decreased slightly from Q2-21, ending at 8.8 million (8.9). The deviation is explained by reduced hardware sales, i.e., increased quality of earnings. Gross margin remains above 90%.

Personnel costs amounted to 61.9 million in the second quarter (46.5). The increase compared with Q2-21 is related to increased operations as a consequence of M&A, increased delivery activities and increased managerial and administrative capacity.

Other costs amounted to 15.8 million (14.0), mainly due to increased activities on sales and marketing.

Capex is back to our communicated level and amounted to 9.2 million in the second quarter (5.0), with a corresponding Capex-% 10% (6%) of total sales, higher than the last few quarters, but still slightly below our communicated level YTD. The increase compared to the last quarters reflects that development costs in acquired businesses are handled according to CSAM Group's capex philosophy and common accounting practices.

EBITDA

Reported EBITDA was 3.2 million in the second quarter of 2022 (10.1) and reported EBITDA-margin amounted to 4% (13%).

Initially, acquisitions typically show lower EBITDA margins than the Group target average, and second quarter 2022 is somewhat affected by this, but more important is the combination of the fluctuation of licence sales combined with a ramp up of capacity needed to manage growth going forward.

EBIT

Depreciation and amortisation amounted to 20.7 million in the second quarter (20.5). Intangible assets from acquisitions are amortised over a period of five years, and Goodwill from acquisitions is amortised over a period of ten years in accordance with NGAAP.

The reported operating income (EBIT) was -17.5 million in the second quarter, compared to an operating loss of 10.4 million in the same period last year. Amortisations remained at roughly the same level as for the same quarter last year.

Financials

Interest expenses amounted to 8.4 million (6.4) in the second quarter. Other financial cost comprises calculated agio/disagio related to acquisitions in foreign currency. This is a calculated financial item and has no cash effect.

Results

Profit before tax was -19.7 million in the second quarter of 2022 (-8.6).

FINANCIAL POSITION

Numbers in brackets relate to 31.12.2021.

Assets

Total non-current assets amounted to 406.5 million at the end of the second quarter 2022 (421.1). Intangible assets accounted for 396.3 million (413.0). The intangible assets mainly stem from the acquisitions made during the last seven years, in addition to in-house developed software (Capex). Current assets amounted to 345.4 million at the end of the quarter (393.7). Cash and cash equivalents amounted to 261.0 million (280.9).

Equity and liabilities

CSAM had total booked equity of 107.9 million (166.6) of a total reported balance of 751.9 million (814.8) at the end of the quarter.

Equity reconciliation

According to updated NRS and NGAAP regulation, CSAM has performed an equity reconciliation per Q2-22. The FX adjustments relate to assets owned by CSAM Health Group nominated in other currencies than NOK and originate from acquisitions. This is a calculated item with no cash effect.

OB	124 131
Profit/(Loss) this period	- 19 722
FX adjustments	3 514
CB	107 923

Total liabilities amounted to 643.9 million at the end of the quarter (648.2), of which 151.0 million in current liabilities (156.8), and 492.9 million in long-term liabilities (491.4), represented in its entirety by CSAM01 PRO.

CASH FLOW

Cash flow from operations

Cash earnings from operations were 3.2 million in the second quarter of 2022 (10.1).

Cash flow from operating activities

Cash flow from operating activities were -1.3 million in the second quarter (-16.9).

Cash flow from investing activities

Cash flow from investing activities was negative 9.3 million for the quarter, split between 9.3 million for development of IP (-5.0), and -0 million for purchase of property, plant, and equipment (-1.2).

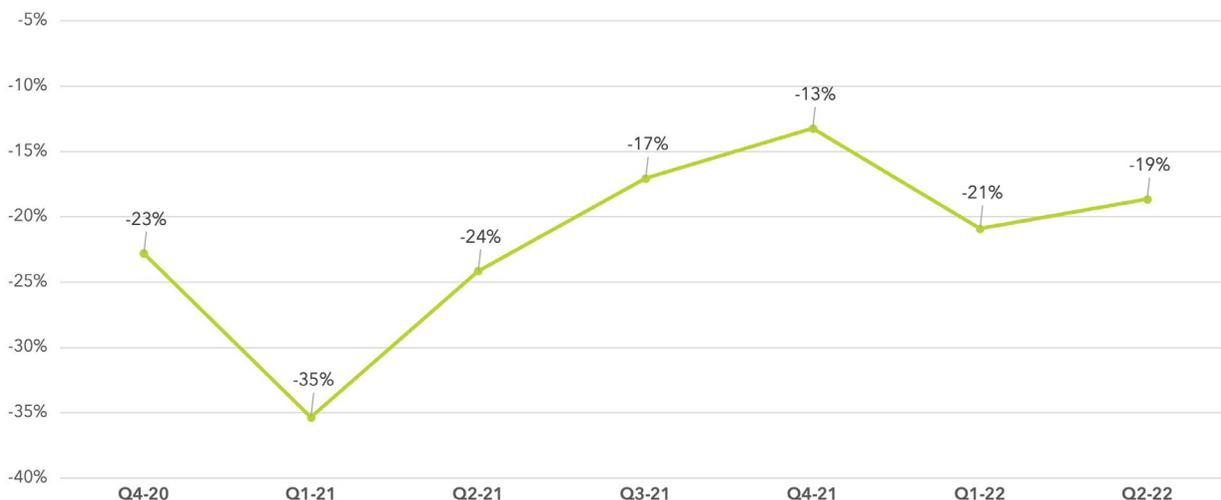
Cash flow from financing activities

Cash flow from financing activities was -8.4 million for the period (197.5), related to interest paid on CSAM01 PRO. 500 MNOK is outstanding on this bond.

Cash and cash equivalents at the end of the second quarter amounted to 261.0 million (318.4).

Net Working Capital development

CSAM has a communicated NWC target of -10% or better. The graph below shows the development in net working capital over the last two years (eight quarters) based on quarterly numbers (the model is established by KWC, an independent firm specialising in evaluations).



DECLARATION BY THE BOARD OF DIRECTORS AND CEO

We hereby confirm that, to the best of our knowledge, that the interim financial statements for the period from 1 April to 30 June 2022 have been prepared in accordance with NGAAP, and that the information in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position, and profit & loss taken as a whole.

We also confirm that, to the best of our knowledge, the interim report for the second quarter gives a true and fair view of important events in the accounting period and their influence on the interim report for the quarter, as well as the principal risks and uncertainties facing the business in the next accounting period.

The Board of Directors of CSAM Health Group AS Oslo 29 August 2022

Åse Aulie Michelet

Chair of the Board

Sverre Flatby

CEO

Marianne Elisabeth Johnsen

Vice-Chair

Gunnar Bjørkavåg

Director

Mats Larson

Director

Hans Erik Robbestad

Director

Kjellrun Borgmo

Director

CSAM Health Group AS

Drammensveien 288

0283 Oslo, Norway

csamhealth.com

Photography: Edward F. Bonnevie