

**Q4 2021**  
Quarterly Report



Caring for Life – this is what inspires the people of CSAM each and every day. Already serving 500 customers in 25 countries, our diverse portfolio of software solutions enables healthcare providers and emergency responders to access relevant clinical information at the point of care and when every second counts, so they can provide the highest quality care.

CSAM has established itself as a leading niche player in the Nordics, pan-Europe and beyond in the specialised eHealth market. By harnessing a unique blend of best-in-class innovative technology and outstanding human skills, we aim to become a global leader.

Providing international strength with local focus, our leading product portfolio includes innovative niche solutions in connected healthcare, medical imaging, women and children's health, public safety, medication management, laboratory information management systems and health analytics:

<p><b>Connected Healthcare</b> Premier software -collaboration across entire Healthcare value chain</p>	<p><b>Medical Imaging</b> Comprehensive medical imaging management across entire cycle</p>	<p><b>Women &amp; Children's Health</b> Maternity software tried and proven by distinguished hospitals</p>	
<p><b>Public Safety</b> Specialist solutions for emergency response from A-Z</p>	<p><b>Medication Management</b> Best-in-class medication management software</p>	<p><b>LIMS</b> Blood management platform used by national providers</p>	<p><b>Health Analytics</b> Secure solutions for facilitating well-managed data</p>

CSAM's commercial headquarters are in Oslo, Norway. In addition, CSAM is represented in ten countries in Europe, Asia, Oceania, and North America, including a wholly owned software engineering subsidiary in the Philippines.

A secure choice, CSAM is a partner for the future. We focus on helping our customers achieve their goals and position for the future using profits to strengthen our portfolio of products and services, creating an inspiring work environment, and serving as a responsible business within the global community.

CSAM aspires to achieve continued growth both organically and through selected mergers and acquisitions. CSAM is listed on Oslo Stock Exchange, Euronext Growth and ABM. For more information on CSAM, please visit [www.csamhealth.com](http://www.csamhealth.com)

**Our Vision**  
Healthcare information without boundaries.

**Our Mission**  
Enabling excellent healthcare by providing innovative niche software.

**Our People**  
We are daring, different, and disruptive.

# Highlights

CSAM reached 330 MNOK revenue in 2021 compared to 230 MNOK in 2020 (+44%)

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New contracts with existing and new customers within Public Safety supports strong organic growth going forward

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Following the national 100 MNOK tender win in Denmark, the number of new orders from existing customers within Blood Management was record high exiting Q4 2021

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Sales outside Nordics increased from 1% to 9% in 2021 compared to 2020

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Delivery capacity was secured to boost organic growth going forward. Extensive recruitment processes affected the reported EBITDA in the quarter (Q4: -3%, 2021: 13%), but the gross margin nevertheless increased from 89% to 90%.

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Recurring revenue comprises 77% of total income in the quarter demonstrating the robustness of CSAM's business model

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Recurring revenues in the quarter grew faster (51%) than total revenue (42%) strengthening the long-term predictability and value creation.

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# Introduction

## **PASSING THE 300 MNOK MARK AND MAINTAINING THE 1 BNOK TARGET**

Income surpassed 330 MNOK in 2021, a notable milestone. When CSAM was listed on the Oslo Stock Exchange the previous year income was ~200 MNOK. Reaching 1 BNOK in 2025 implicated 5 times sales and may have appeared overly optimistic at that point in time. Exiting Q4/2021 the challenge is reduced to tripling the revenues to reach our communicated growth target in 2025. Revenue growth from 2020 to 2021 was +44% and gives comfort that the communicated target of 1 BNOK is realistic.

## **SIZE ITSELF BOOSTS CONTINUED GROWTH**

The expanded geographic reach, new revenue plateau and especially the 76% recurring revenues, comprises a multitude of opportunities on the customer side going forward. Within the two business areas Public Safety and Blood Management we see markedly increased customer activity in the quarter and subsequent need for ramp-up to be able to deliver. This trend exiting Q4/2021 is driven by a combination of long-term customer relations in addition to three new acquisitions through the year. The combination of a viable current business and increased number of new solutions added through acquisitions initiates new organic growth.

Similarly, we have become a bigger and more experienced acquirer and receive several incoming opportunities on the M&A side. High customer activity and increased M&A pipeline exiting the quarter is a solid growth platform entering 2022.

## **RAMPING UP TO DELIVER FASTER**

Several new recruitments were initiated during Q4/2021 due to the increased order backlog and acquisitions. Subsequently, one-time recruitment costs and increased salaries affected Q4/2021 profitability.

## **BUY, INTEGRATE & BUILD (BIB) MARGIN EXPANSION**

There were four extensive M&A integration projects running in Q4/2021 all of which follow the BIB margin expansion plan exiting the quarter.

## **EXTENDING GEOGRAPHIC REACH BEYOND THE NORDICS**

New customers and geographic reach in the UK and US further solidified market expansion as sales outside the Nordics increased from 1% to 9%. Acquired as recently as June 2021, newly integrated solutions and staff from Optima experienced new growth under their new CSAM Public Safety umbrella, including a contract with SECAMB UK (Southeast

Coast Ambulance), and AMR "American Medical Response" in Arlington Texas. These Q4 contracts reconfirm CSAM's growth model at work; targeted M&A adding dedicated niche solutions to broaden the CSAM overall offering and portfolio for existing and new customers, while continuing to boost market position and reach in new demographics.

### **PUBLIC SAFETY GROWTH AND VALUE CREATION HISTORY**

In 2015, CSAM's Public Safety business area delivered sales of approximately 15 MNOK - all revenue originating from the Norwegian market. Acquisition of Swedish Paratus in 2018 and the game-changing acquisitions of Carmenta Public Safety and Optima in 2021 created a new landscape for CSAM through a significantly expanded solutions portfolio and new geographic market reach.

Exiting 2021 we have a >10 times larger Public Safety business compared with 2015, with several customers in Europe and beyond, CSAM has transformed itself from a pure Nordic brand to an international player within this rapidly expanding business area.

It should be noted that CSAM value creation for a highly diverse portfolio of customers and their evolving needs varies within CSAM's specialised business areas. Pointing to CSAM Public Safety as an example:

- Through M&A, CSAM has quickly added tools that increase quality of service delivered: When every second counts to save lives, control room software provided by CSAM CoordCom is a fully integrated platform for emergency response, including call-taking, communication, case handling and dispatching. Tapping CoordCom, operators and dispatchers can control and coordinate the entire chain of emergency or incident events, from receiving and identifying an incoming emergency call or sensor alarm to dispatching the correct resources to the incident location, quickly and with maximum efficiency.
- Additional M&A within the same Public Safety value chain has enabled CSAM to furnish additional business case driven tools: CSAM Optima Predict enables emergency response organisations to test resourcing and operational changes before they happen, using best-practice discrete event simulation. The unique predication software can perform detailed, comparative analysis on historical and simulated data for best-in-class emergency modelling and analysis of changes before they happen. The tool assists customers in optimising their services and delivering high performance at a lower cost.

With the addition of CSAM CoordCom, CSAM Optima and other previously acquired solutions to the CSAM Public Safety portfolio, CSAM offers an extended ecosystem of solutions. CSAM now provides an A-Z offering, being one of few vendors with a complete end-to-end customer offering within Public Safety software.

In summary, exiting Q4/2021 CSAM served more than 500 customers in 25 countries. While continuing the BIB margin expansion activities the volume of customers onboarded in 2021 has increased the order backlog and the number of organic growth opportunities entering 2022.

The unique specialised portfolio of eHealth software solutions from CSAM enables healthcare providers and emergency responders to deliver the highest quality care to patients and ensure they can focus on their primary objectives - the well-being of people.



**“Public Safety provides a benchmark example of strategically nurturing specialised areas and systematically cultivating their growth and development over a period of years, said Flatby. There lies the fundamental value creation of CSAM’s BIB model – the proof of the pudding.”**

**–Sverre Flatby, CEO**

**INCOME STATEMENT** - CSAM Health Group AS, consolidated unaudited accounts

<b>KNOK</b>	<b>2021 Q4</b>	<b>2020 Q4</b>	<b>2021 FY</b>	<b>2020 FY*</b>
License sales	490	1 136	10 553	9 739
Recurring Software Revenue	67 446	44 565	249 637	173 535
Professional Services	17 594	13 977	52 450	35 817
Other operating income	-549	162	140	529
Hardware	2 590	2 581	16 663	9 445
<b>Total Sales</b>	<b>87 571</b>	<b>62 420</b>	<b>329 444</b>	<b>229 065</b>
Government grants R&D (Skattefunn)	303	-487	1 212	741
<b>Total Income</b>	<b>87 875</b>	<b>61 933</b>	<b>330 656</b>	<b>229 807</b>
Cost of Goods and Services	9 000	6 810	35 368	25 683
Salary and personnel	61 712	36 161	190 766	115 904
Other cost	19 919	8 991	62 691	30 079
<b>Sum Cost</b>	<b>90 631</b>	<b>51 962</b>	<b>288 825</b>	<b>171 667</b>
<b>EBITDA</b>	<b>-2 756</b>	<b>9 970</b>	<b>41 831</b>	<b>58 140</b>
EBITDA-%	-3%	16%	13%	25%
Depreciation	896	391	2 325	1 517
<b>EBITA</b>	<b>-3 652</b>	<b>9 580</b>	<b>39 506</b>	<b>56 623</b>
EBITA-%	-4%	15%	12%	25%
Amortisation of goodwill and licenses	20 682	12 259	79 044	39 360
<b>EBIT</b>	<b>-24 334</b>	<b>-2 679</b>	<b>-39 537</b>	<b>17 263</b>
EBIT-%	-28%	-4%	-12%	8%
Interest expenses	-7 655	-11 281	-26 691	-25 312
Other net financials	-8 227	-4 206	-20 598	40
<b>Profit before tax</b>	<b>-40 216</b>	<b>-18 166</b>	<b>-86 826</b>	<b>-8 009</b>
Taxes	2 257	1 157	2 297	1 217
<b>Net profit</b>	<b>-42 474</b>	<b>-19 323</b>	<b>-89 123</b>	<b>-9 226</b>
<b>Key ratios</b>				
Capitalized R&D expenditure	5 651	6 695	22 974	25 708
CAPEX-%	6%	11%	7%	11%

\* Audited numbers

**BALANCE SHEET** - CSAM Health Group AS, consolidated unaudited accounts

<b>KNOK</b>	<b>31.12.21</b>	<b>31.12.20*</b>
Deferred tax	41 199	39 217
Goodwill, customer contracts and IP	284 855	160 272
Intangible assets developed	86 933	87 714
<b>Total intangible assets</b>	<b>412 987</b>	<b>287 202</b>
Fixed durable assets	8 129	3 075
<b>Total tangible assets</b>	<b>8 129</b>	<b>3 075</b>
Inventories	7	52
Accounts receivables	81 514	53 514
Other receivables	31 321	12 948
Cash and liquid assets	280 855	304 616
<b>Current assets</b>	<b>393 697</b>	<b>371 130</b>
<b>Total assets</b>	<b>814 813</b>	<b>661 407</b>
Share capital	2 097	2 091
Share premium reserve	164 506	246 255
<b>Total equity</b>	<b>166 603</b>	<b>248 346</b>
Bond Loan	491 361	284 320
<b>Total long term liabilities</b>	<b>491 361</b>	<b>284 320</b>
Accounts payable	20 359	11 476
Public duties payable	23 719	20 095
Other short term liabilities	112 771	97 170
<b>Current liabilities</b>	<b>156 849</b>	<b>128 742</b>
<b>Total equity and liabilities</b>	<b>814 813</b>	<b>661 407</b>

\* Audited numbers

**CASH FLOW** - CSAM Health Group AS, consolidated unaudited accounts

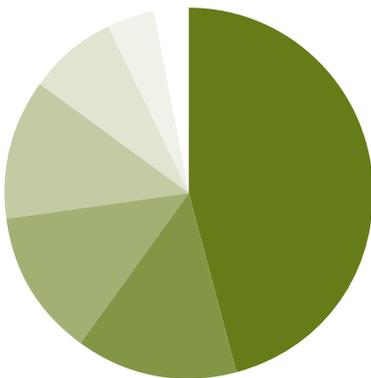
<b>KNOK</b>	<b>2021 Q4</b>	<b>2020 Q4</b>	<b>2021 FY</b>	<b>2020 FY*</b>
Profit/(loss) before taxation	-40 216	-18 166	-86 826	-8 009
Net financial items	15 882	15 487	47 289	25 272
Depreciation and amortisation	21 578	12 650	81 369	40 877
<b>Cash earnings from operations</b>	<b>-2 756</b>	<b>9 970</b>	<b>41 831</b>	<b>58 140</b>
Changes in accounts receivables	-37 666	-35 898	-28 000	-12 264
Changes in accounts payables	4 687	-12 783	8 883	-164
Changes in other current receivables/liabilities	-4 332	16 966	-5 692	-17 406
Changes in prepayment from customers	23 714	-	2 920	-
Changes in public duties payable	13 885	-	3 624	-
Taxes	3 585	-	1 915	-
<b>Cash flow from operating activities</b>	<b>1 117</b>	<b>-21 745</b>	<b>25 481</b>	<b>28 305</b>
Capital Expenditure IP	-5 651	-6 695	-22 974	-25 708
Capital Expenditure other	-1 939	-1 160	-5 242	-1 830
Acquisitions	7 056	-	-204 468	-4 000
<b>Cash flow from investing activities</b>	<b>-534</b>	<b>-7 855</b>	<b>-232 684</b>	<b>-31 538</b>
Dividend paid	-	-80 000	-	-80 000
Proceeds from new shares issue	-	288 499	6 238	292 499
Change in Debt	-	-149 034	203 895	97 984
Net Interest	-7 649	-11 281	-26 691	-25 312
<b>Cash flow from financing activities</b>	<b>-7 649</b>	<b>48 184</b>	<b>183 442</b>	<b>285 171</b>
Net change in cash and cash equivalents	-7 066	18 584	-23 761	281 938
Cash and cash equivalents at start of the period	287 921	286 032	304 616	22 677
<b>Cash and cash equivalents at end of the period</b>	<b>280 855</b>	<b>304 616</b>	<b>280 855</b>	<b>304 616</b>

\* Audited numbers



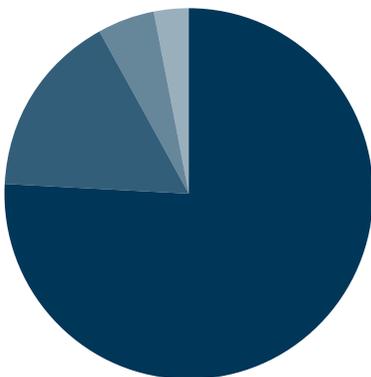
**DISTRIBUTION OF SALES, PER COUNTRY**

- Sweden 48%
- Norway 21%
- Finland 12%
- Denmark 10%
- Rest of the world 9%



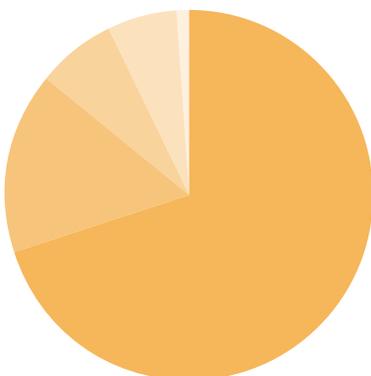
**DISTRIBUTION OF SALES, PER BUSINESS AREA**

- Public Safety 46%
- Connected Healthcare 14%
- Women & Children's Health 13%
- LIMS 12%
- Medical Imaging 8%
- Medication Management 4%
- Health Analytics 3%



**DISTRIBUTION OF SALES, PER INCOME TYPE**

- Recurring Revenue 76%
- Professional Services 16%
- Hardware Sales 5%
- License Sales 3%



**EMPLOYEES PER Q4 2021 (TOTAL 288)**

- Nordics 70%
- Asia 16%
- Europe 7%
- Oceania 6%
- Americas 1%

All numbers YTD 2021. Due to rounding, numbers may not sum to 100%.

# Financial Review

The financial accounts have been prepared in accordance with NGAAP. Figures in brackets in the text below relate to the corresponding periods in 2020. All numbers are presented in NOK.

## **SALES AND RESULTS FOR THE FOURTH QUARTER AND FULL YEAR 2021**

CSAM displayed 42% growth in reported revenue for the fourth quarter of 2021, and 44% growth Y/Y. Reported EBITDA decreased to -2.8 million (10.0). The reported EBITDA-margin decreased to 13% YTD 2021 from 25% YTD 2020 as a consequence of acquisitions, integration activities and costs related to organisational development in order to handle the increased order backlog.

## **M&A**

CSAM completed three acquisitions in the first half year of 2021 (Carmenta, MedSciNet and Optima), thereby transcending the pace necessary to reach our 1 BNOK Sales target by 2025. In the fourth quarter, the company focussed on integration activities related to the abovementioned acquisitions, while maintaining and developing dialogues with potential new acquisition candidates.

## **Profit and Loss account (unaudited)**

### **REVENUE**

Total sales in the fourth quarter of 2021 amounted to 87.6 million compared to 62.4 million in the fourth quarter of 2020. Recurring revenue comprises 77% of total sales and grew 51% compared to Q4 2020.

The revenue increase was primarily driven by acquired growth, in line with the company's communicated growth strategy. Recurring revenues continue to grow in accordance with expectations, while sale of new licenses was more muted in the quarter but in nominal value, roughly on par with the same quarter last year and +8% Y/Y. Professional Services increased 26% compared to Q4/2020, and 58% Y/Y. While this growth is surely a reflection of our acquisitions, it also reflects the increased work related to new sales. Hardware sales were on par with the same quarter last year, ending at 2.6 million (2.6).

**OPERATING COSTS**

Operating costs were 90.6 million in the fourth quarter (52.0), with the increase in operating costs primarily due to inclusion of four new businesses, Fertsoft (Dec-20), Carmenta (Feb-21), MedSciNet (May-21) and Optima (Jun-21), and cost related to the integration activities of the last three acquisitions.

COGS increased from Q4/2020, ending at 9.0 million (6.8). The increase compared to previous relates to temporary personnel used to fulfil contract obligations.

Personnel costs amounted to 61.7 million in the fourth quarter (36.2). The increase is related to M&A, integration and organisational adjustments and development (6.5 million) and increase in holiday pay accruals (11.8 million). That said, one will observe that Q4 personnel costs typically have not represented ¼ of annual salary expenses; in Q4/2021 personnel costs comprised 32.3% of annual costs compared to 31.2% in 2020.

Other costs amounted to 19.9 million (9.0), of which non-recurring 7.6 million are directly related to M&A, integration, and organisational development.

Capex continues to be below our communicated level and amounted to a modest 5.7 million in the fourth quarter (6.7), and more notably Capex-% decreased to 6% (11%) of total revenue, and 7% (11%) YTD, markedly below our average level of 10%. The lower numbers are related primarily to development costs in acquired businesses - costs which for all practical purposes expensed until CSAM group Capex philosophy and common accounting practices are implemented, resulting in markedly lower Capex, and reduced reported EBITDA.

**EBITDA**

Reported EBITDA was -2.8 million in the fourth quarter of 2021 (10.0) and reported EBITDA-margin amounted to -3% (16%).

Initially, acquisitions typically show (much) lower EBITDA margins than the Group target average, and fourth quarter 2021 shows this announced effect. In general, acquisitions should be expected to have an initial dilutive effect on overall Group margins, improving to Group average within a total 24-month period (following the CSAM BIB-model). CSAM effectively acquired 4 new business during the first half of 2021 and added significantly more than 100 MNOK in annual revenue through this process. These acquisitions bring a plethora of opportunities for long term value creation however at the expense of short term reported profitability.

**EBIT**

Depreciation and amortisation amounted to 20.7 million in the fourth quarter (12.3). 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 -24.3 million in the fourth quarter, compared to an operating loss of 2.7 million in the same period last year. Amortisations increased as a sole consequence of the abovementioned acquisitions.

**FINANCIALS**

Interest expenses amounted to 7.7 million (11.3) in the fourth 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 -40.2 million in the fourth quarter of 2021 (-18.2).

**Financial position**

Numbers in brackets relates to 31.12.2020.

**ASSETS**

Total non-current assets amounted to 421.1 million at the end of the fourth quarter 2021 (290.3). Intangible assets accounted for 413.0 million (287.2). 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 393.7 million at the end of the quarter (371.1). Cash and cash equivalents amounted to 280.9 million (304.6).

**EQUITY AND LIABILITIES**

CSAM had total booked equity of 166.6 million (248.3) of a total reported balance of 814.8 million (661.4) at the end of the quarter.

Total liabilities amounted to 648.2 million at the end of the quarter (413.1), of which 156.8 million in current liabilities (128.7), and 491.4 million in long-term liabilities (284.3), represented in its entirety by CSAM01 PRO.

**Cash flow****CASH FLOW FROM OPERATIONS**

Cash earnings were -2.8 million in the fourth quarter of 2021 (10.0).

**CASH FLOW FROM OPERATING ACTIVITIES**

Cash flow from operating activities were 1.1 million in the fourth quarter (-21.7). For information purposes the line item "Changes in other current receivables/liabilities" is now more detailed than previous reports, hence the two numbers on this line item are not directly comparable.

**CASH FLOW FROM INVESTING ACTIVITIES**

Cash flow from investing activities was negative 0.5 million for the quarter (-7.9), split between -5.7 million for development of IP (-6.7), -1.9 million for purchase of property, plant, and equipment (-1.2), and settlement of agreed acquisitions +7.1 (0).

**CASH FLOW FROM FINANCING ACTIVITIES**

Cash flow from financing activities was -7.6 million for the period (48.2), related to interest paid on CSAM01 PRO. 500 MNOK is outstanding on this bond.

Cash and cash equivalents at the end of the fourth quarter amounted to 280.9 million (304.6).

**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 January to 31 December 2021 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 fourth 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 24 February 2022.

**Åse Aulie Michelet**  
Chair of the Board

**Kjellrun Borgmo**  
Director

**Sverre Flatby**  
CEO

**Louise Nilsson**  
Director

**Gunnar Bjørkavåg**  
Director

**Mats Larson**  
Director

**Ansgar Gabrielsen**  
Director

