

Q2 2021

Quarterly Report



Caring for Life - this is what inspires the people of CSAM each and every day. Our diverse portfolio of software solutions enables healthcare providers to access relevant clinical information at the point of care, so they can provide the highest quality care to patients.

CSAM has established itself as a leading niche player the Nordics and beyond in the specialised eHealth market, with a unique blend of best-in-class innovative technology, and outstanding human skills.

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.

Our leading product portfolio of innovative niche solutions comprises:

<p>Connected Healthcare Denmark's #1 radiology information sharing network</p>	<p>Medical Imaging The Nordics' #1 non - radiology medical imaging software</p>	<p>Women & Children's Health The Nordics' #1 maternity software</p>	
<p>Public Safety Norway's and Sweden's #1 emergency & acute software and Sweden's #1 ambulance software</p>	<p>Medication Management The Nordics' #1 oncology medication software</p>	<p>LIMS The Nordics' #1 blood management software</p>	<p>Health Analytics #1 in solutions for facilitating well-managed medical 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.

We focus on our customers, using profits to strengthen our products and services, create a great place to work for our employees, and serve 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

Our Vision
Healthcare information without boundaries.

Our Mission
Enabling excellent healthcare by providing innovative niche software.

Our People
We are daring, different, and disruptive.

Second Quarter Highlights

Acquisition of MedSciNet health analytics business - provider of benchmark eHealth solutions within clinical research

Acquisition of Optima - decision support and data visualisation software and services for emergency responders

Recurring revenue growth 41%, compared to Q2 2020

Reported EBITDA of 10.1 MNOK, corresponding to an EBITDA-margin of 13%

Significantly lower Capex on acquired business lowers Capex-% to approx 6%

Q2 numbers affected by integration activities and sales work related to new tenders won, securing sales and recurring revenue for coming quarters

CSAM secures additional 200 MNOK in funding through tap issue related to CSAM01 PRO

CSAM announcement of new Board member, Gunnar Bjørkavåg, May 2021

Reported income growth 36% compared to H1 2020

Proforma income growth 56% compared to H1 2020 with Carmenta, MedSciNet and Optima included full six months

Subsequent events to Q2 2021

CSAM wins national blood management software agreement in Denmark

Introduction

This quarter displays yet another robust step according to CSAM's communicated growth plan. The 2025 target; ~1 BNOK sales implies approximately 40% annual growth in the 2020-2025 period. H1 2021 shows 36% growth in booked income and 56% proforma growth with the three recent acquisitions fully included. Noting that current proforma business is ahead of the annual growth target confirms CSAM's ambitious, yet realistic growth plan.

CSAM's recurring revenues are growing steadily based on a solid and predictable platform for viable expansion and profitability through its "Buy, Integrate and Build methodology". Fresh targeted M&A activities resulted in two new acquisitions in Q2, establishing a new eHealth market segment in Health Analytics through the acquisition of MedSciNet AB, and capturing additional key markets in the Public Safety arena through the acquisition of Optima. The latter has fostered a new, well-established customer base, growing CSAM's brand reach both within and outside of the Nordics and Europe.

Sverre Flatby, CEO commented

"In Q2, CSAM has exceeded expectations for capturing new e-Health market segments and further confirms our communicated growth strategy. Our latest M&A activities have enabled us to harness a bouquet of new products within the Health Analytics and Public Safety segments, bolstering customer expansion further into Europe and beyond. Additionally, the Health Analytics segment is a game-changer moving forward - a substantial growth area in healthcare and for CSAM."

The Health Analytics and Emergency Response segments share common ideology with a focus on streamlining intelligent data performance for providers and researchers, and prediction and analytical software and services for emergency responders. In addition, the acquisition of Optima further strengthens the company's Public Safety portfolio- which CSAM anticipates as a significant strategic business area moving forward.

"On CSAM performance in general, with our BIB-strategy, CSAM inclusion of new sub-performing targets will result in temporarily diluted margins during periods of integration. Thus, the 13% EBITDA margin per Q2 represents profitability as expected and a solid foundation for the 24-month BIB margin expansion project."

Buy, Integrate and Build strategy and background

Through CSAM's 15-year history the BIB margin expansion has been tried and proven several times. The company's most recent example is the expansion from 21% EBITDA-margin in 2019 to 30% in 2020. CSAM acquired sub-performing businesses in 2019 that were included systematically through

the BIB cycle, thus subsequently its growth target EBITDA-margin was back to 30% in 2020 as planned. CSAM aims to continue precisely the same approach for the four recent acquisitions in Q4-2020 and H1-2021 to restore its margin after 24 months.

“CSAM’s niche strategy with low churn recurring revenues combined with our BIB activities are what makes our business transparent. The predictability and stability while growing is one of our most important strengths.

Additionally, throughout this past quarter, the CSAM team has worked diligently to strengthen long-term revenues. Their efforts are clearly demonstrated by the 100 MNOK national agreement signed with Danish authorities just after the second quarter concluded.”

“Behind the scenes - behind the financials and our ambitious growth trajectory - our core business is based on our highly skilled team of eHealth professionals and our strong principles for caring for people, healthcare and the success for our long-term customers. Providing the benchmark, niche and forward-leaning solutions that enable hospitals, healthcare providers, researchers, and emergency responders to succeed in providing the life-saving care and services is what our growing, multicultural team stands for.”

“Today, CSAM’s commercial headquarters are in Oslo, Norway, with local offices in a total of ten countries in Europe, Asia, Oceania and North America. I’m proud to work together every day with our rapidly growing, agile, and dynamic team. Our focus in the period moving forward is on our most important assets - our people. We are bolstering our manpower internally through active recruiting and working to foster a strong one-company culture across geographical borders. Together our team is what creates the success of our customers.”



“Additionally, throughout this past quarter, the CSAM team has worked diligently to strengthen long-term revenues. Their efforts are clearly demonstrated by the 100 MNOK national agreement signed with the Danish government just after the second quarter concluded.”

–Sverre Flatby, CEO

INCOME STATEMENT - CSAM Health Group AS, consolidated unaudited accounts

KNOK	2021 Q2	2020 Q2	2021 YTD	2020 YTD	2020 FY*
License sales	775	3 777	4 716	7 242	9 739
Recurring Revenue	61 198	43 524	114 536	86 067	173 535
Professional Services	14 313	9 815	25 328	15 896	35 817
Other operating income	249	94	258	262	529
Hardware	2 733	2 763	10 880	4 811	9 445
Total Sales	79 269	59 973	155 718	114 278	229 065
Government grants R&D (Skattefunn)	303	410	606	819	741
Total Income	79 572	60 383	156 324	115 097	229 807
Cost of Goods and Services	8 930	6 727	19 478	12 761	25 683
Salary and personnel	46 513	27 385	84 485	55 261	115 904
Other cost	14 048	4 028	27 905	15 043	30 079
Sum Cost	69 491	38 141	131 868	83 066	171 667
EBITDA	10 081	22 242	24 456	32 032	58 140
EBITDA-%	13%	37%	16%	28%	25%
Depreciation	485	384	926	760	1 517
EBITA	9 596	21 858	23 531	31 272	56 623
EBITA-%	12%	36%	15%	27%	25%
Amortisation of goodwill and licenses	19 990	3 431	37 235	19 666	39 360
EBIT	-10 395	18 427	-13 705	11 605	17 263
EBIT-%	-13%	31%	-9%	10%	8%
Interest expenses	-6 384	-4 944	-11 441	-9 521	-25 312
Other net financials	8 145	-14 815	-6 670	-1 789	40
Profit before tax	-8 633	-1 332	-31 816	295	-8 009
Taxes	-22	-	-	99	1 217
Net profit	-8 611	-1 332	-31 816	196	-9 226
Key ratios					
Capitalized R&D expenditure	4 973	6 241	11 851	14 087	25 708
CAPEX-%	6%	10%	8%	12%	11%

* Audited numbers

BALANCE SHEET - CSAM Health Group AS, consolidated unaudited accounts

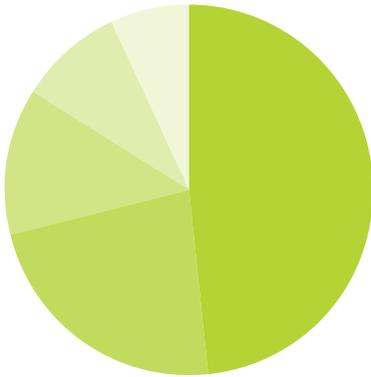
KNOK	30.06.21	31.12.20*
Deferred tax	41 413	39 217
Goodwill, customer contracts and IP	313 912	160 272
Intangible assets developed	96 160	87 714
Total intangible assets	451 486	287 202
Fixed durable assets	5 982	3 075
Total tangible assets	5 982	3 075
Inventories	88	52
Accounts receivables	42 943	53 514
Other receivables	40 153	12 948
Cash and liquid assets	318 441	304 616
Current assets	401 625	371 130
Total assets	859 092	661 407
Share capital	2 097	2 091
Share premium reserve	218 748	246 255
Total equity	220 844	248 346
Bond Loan	489 786	284 320
Total long term liabilities	489 786	284 320
Accounts payable	10 505	11 476
Public duties payable	14 929	20 095
Other short term liabilities	123 028	97 170
Current liabilities	148 462	128 742
Total equity and liabilities	859 092	661 407

* Audited numbers

CASH FLOW - CSAM Health Group AS, consolidated unaudited accounts

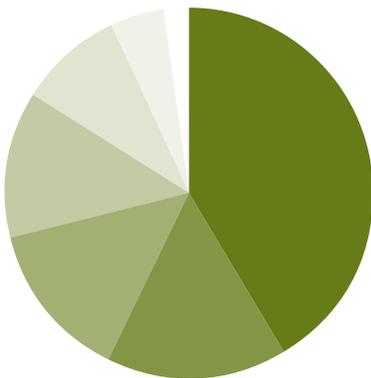
KNOK	2021 Q2	2020 Q2	2021 YTD	2020 YTD	2020 FY*
Profit/(loss) before taxation	-8 633	-1 332	-31 816	295	-8 009
Net financial items	-1 761	19 759	18 112	11 310	25 272
Depreciation and amortisation	20 476	3 815	38 161	20 426	40 877
Cash earnings from operations	10 081	22 242	24 456	32 032	58 140
Changes in accounts receivables	-6 127	-17 698	10 571	-622	-12 254
Changes in accounts payables	-370	28 207	-971	-879	-164
Changes in other current receivables/liabilities	-20 008	-31 071	-6 514	-14 336	-16 770
Taxes paid	-450	-210	-1 220	-880	-
Cash flow from operating activities	-16 874	1 470	26 322	15 315	28 952
Capital Expenditure IP	-4 973	-6 241	-11 851	-14 087	-25 708
Capital Expenditure other	-1 210	-415	-2 154	-415	-1 830
Acquisitions	-39 148	-4 000	-197 183	-4 000	-
Cash flow from investing activities	-45 331	-10 656	-211 188	-18 502	-27 538
Dividend paid	-	-	-	-	-80 000
Proceeds from new shares issue	-	-	6 238	-	288 499
Change in Debt	203 895	-	203 895	-	97 298
Net Interest	-6 384	-2 494	-11 441	-14 031	-25 272
Cash flow from financing activities	197 511	-2 494	198 692	-14 031	280 525
Net change in cash and cash equivalents	135 306	-11 680	13 825	-17 218	281 939
Cash and cash equivalents at start of the period	183 135	20 590	304 616	26 128	22 677
Cash and cash equivalents at end of the period	318 441	8 910	318 441	8 910	304 616

* Audited numbers



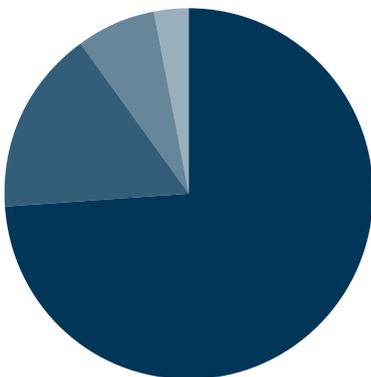
DISTRIBUTION OF SALES, PER COUNTRY

- Sweden 49%
- Norway 23%
- Finland 13%
- Denmark 9%
- Rest of the world 7%



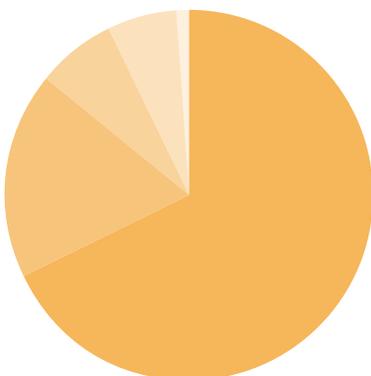
DISTRIBUTION OF SALES, PER BUSINESS AREA

- Public Safety 42%
- Connected Healthcare 16%
- Women & Children's Health 14%
- LIMS 13%
- Medical Imaging 9%
- Medication Management 5%
- Health Analytics 2%



DISTRIBUTION OF SALES, PER INCOME TYPE

- Recurring Revenue 74%
- Professional Services 16%
- Hardware Sales 7%
- License Sales 3%



EMPLOYEES PER Q2 2021 (TOTAL 262)

- Nordics 68%
- Asia 18%
- Europe 7%
- Oceania 6%
- Americas 1%

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.

RESULTS FOR THE SECOND QUARTER 2021

CSAM showed 32% growth in reported revenue for the second quarter of 2021, and 36% growth YTD. Reported EBITDA decreased to 10.1 million (22.2). The reported EBITDA-margin decreased to 13% for Q2 (37%) and 16% YTD 2021 from 28% YTD 2020, as a consequence of increased M&A activity.

M&A

In May 2021, CSAM completed the acquisition of MedSciNet AB, thus entering the fast-growing Health Analytics business area. In June, CSAM completed the acquisition of Optima, thereby further strengthening our position within the Public Safety / Emergency & Acute domain in the Nordics as well as in selected countries in Europe, and also giving CSAM a foothold in Oceania and North America.

Profit and Loss account

REVENUE

Total sales in the second quarter of 2021 amounted to 79.3 million compared to 60 million in the second quarter of 2020. Recurring revenue comprises 77% of total sales and grew 41% compared to Q2 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 and professional services were subdued due to substantial sales activities directed towards relevant tender activities, inter alia the game changing win of the national contract for blood bank solutions in Denmark, securing ~100 MNOK in sales in the coming years.

Hardware sales were unusually high in the first quarter this year, but is back to a more usual level this quarter, ending at 2.7 million (2.8).

OPERATING COSTS

Operating costs were 69.5 million in the second quarter (38.1). The increase in operating costs is primarily due to inclusion of two new businesses, MedSciNet (May-21) and Optima (June- 21), and extensive M&A activity coupled with the commencement of integration activities related to the last three acquisitions.

COGS were higher, 8.9 million (6.7) than Q2/20, but still lower than Q1/21.

Personnel costs amounted to 46.5 million in the second quarter (27.4), while other costs amounted to 14 million (4). Despite the high activity level and several cost items that are one-offs by nature, the sum of other costs is almost unchanged from the level in Q1/21 of 13.9 million.

Note that Capex decreased to just below 5 million in the second quarter (6.2), and more notably the Capex-% decreased to 6% (10%) of total revenue, almost half of last year and markedly below our average level of 10%. This is primarily related to development costs in acquired businesses, and these costs are for all practical purposes expensed until CSAM Group common accounting practices are implemented, resulting in much lower Capex and reduced reported EBITDA until common practices are implemented.

EBITDA

Reported EBITDA was 10.1 million in the second quarter of 2021 (22.2), and the reported EBITDA-margin decreased to 13% from 37%.

Acquisitions typically show (much) lower EBITDA margins than the Group target average initially. Second quarter 2021 clearly shows this announced effect. In general, acquisitions should be expected to have an initial dilutive effect on overall CSAM Group margins, improving to Group average within a total 24-month period (following the CSAM BIB-model). CSAM has acquired four new business over the last 6 months and added much more than 100 MNOK in annual revenue through this process. These acquisitions bring with them a plethora of opportunities for long term value creation but at the expense of short term reported profitability.

EBIT

Depreciation and amortisation amounted to 20 million in the second quarter (3.4).

As mentioned in the previous report, a consequence of increased M&A activity, amortisation will increase through 2021.

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 amortisation principle was revisited and revised in Q2 2020, and this explains the seemingly steep increase in amortisation compared to same quarter last year.

The reported operating income (EBIT) was -10.4 million in the second quarter, compared to an operating profit of 18.4 million in the same period last year.

FINANCIALS

Interest expenses amounted to 6.4 million (4.9) in the second quarter. The increase in interest expenses is related to the 200 MNOK tap issue in April. 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 -8.6 million in the second quarter of 2021 (-1.3).

Financial position

Numbers in brackets relates to 31.12.2020.

ASSETS

Total non-current assets amounted to 457.5 million at the end of the second quarter 2021 (290.3). Intangible assets accounted for 451.5 million (287.2). The intangible assets mainly stem from the acquisitions made during the last seven years, in addition to in-house developed software.

Current assets amounted to 401.6 million at the end of the quarter (371.1). Cash and cash equivalents amounted to 318.4 million (304.6). The large increase in available cash from the previous quarter is explained by the proceeds from the tap issue of 200 MNOK in April.

EQUITY AND LIABILITIES

CSAM had total booked equity of 220.8 million (248.3) of a total reported balance of 859.1 million (661.4) at the end of the quarter.

Cash flow

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities were -16.9 million in Q2 2021 (1.5).

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was a negative 45.3 million for the quarter (-10.7) split between 5.0 million for development of IP (6.2), 1.2 million for purchase of property, plant and equipment (0.4), and settlement of agreed acquisitions 39.1 (4.0).

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was 197.5 million for the period (-2.5), related to the tap issue of 200 MNOK for CSAM01 PRO in April.

Cash and cash equivalents at the end of the second quarter amounted to 318.4 million (8.9).

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 30 June 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 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 31 August 2021.

Åse Aulie Michelet
Chair of the Board

Kjellrun Borgmo
Director (employee
representative)

Sverre Flatby
CEO

Louise Nilsson
Director

Gunnar Bjørkavåg
Director

Mats Larson
Director

Ansgar Gabrielsen
Director

