



Q2 2020

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 Nordic niche player in the specialised eHealth market, with a unique blend of best-in-class innovative technology, and outstanding human skills. We have 11 offices in six countries, employing 173 talented individuals.

Our leading product portfolio includes innovative niche solutions in connected healthcare, medical imaging, women and children's health, emergency and acute care, medication management, and laboratory information management systems.

Our leading product portfolio of innovative niche solutions comprises:

Connected Healthcare

Denmark's #1 radiology information sharing network

Medical Imaging

The Nordics' #1 non - radiology medical imaging software

Women & Children's Health

The Nordics' #1 maternity software

Emergency & Acute

Norway's #1 emergency and acute software solutions & Sweden's #1 ambulance software solution

Medication Management

The Nordics' #1 oncology medication software

LIMS

The Nordics' #1 blood management software

The company's commercial headquarters are located in Oslo, Norway. CSAM also has local offices in Solna, Gothenburg, Karlstad, Copenhagen, Helsinki, Oulu, Tampere, Tromsø, and Warwickshire, as well as 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.

Backed by strong financial partners, CSAM aspires to achieve continued growth both organically and through selected mergers and acquisitions.

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.



To our shareholders

Q2 was another exceptionally strong quarter for CSAM. The company continues to demonstrate its ability to drive profitability and growth, even in a uniquely challenging environment.

CSAM's strength and resilience as a company were printed in our DNA. From the very beginning, we faced obstacles and challenges, and we had to forge our own unique path to success. We focused on delivering the highly specialised solutions that enable health-care professionals to access critical information at the point of care. And in just over a decade, CSAM has grown from a small, clinical software vendor to the leading provider of niche eHealth solutions in the Nordics.

During that time, we have developed a truly unique position in the Nordic eHealth market as the only established player that offers specialised solutions across multiple domains. Today, we work with most hospitals and regions in the Nordics and have the number one product in every domain in which we compete.

The strength of our solutions and the value they provide to customers is evidenced by our results. Yet again, we delivered our best quarter in company history with 20 per cent growth in sales and 23 per cent increase in recurring revenues, compared to Q2 2019. Quality of earnings remains strong, with 82 per cent of sales coming from new licenses and recurring software revenues, and our margins continue to increase as we realise the positive effects of our 2019 acquisitions.

Quarter by quarter and year over year, CSAM continues to achieve sustained, positive performance. Over the past five years, we have delivered double-digit growth, with a 40 per cent compound annual growth rate. Even in these unpredictable and fast-moving times, CSAM continues to increase profitability, demonstrating the stability and resilience of our business.

In addition to the dedication of our talented employees, our success is driven by the strong fundamentals of our business. CSAM has engineered a battle-tested approach to long-term value creation based on a unique combination of stable recurring revenue, strong organic growth and strategic M&As.

First, our strategic focus on delivering specialised and integrated clinical solutions has led to high quality, long-term recurring revenue streams. Our current recurring revenue streams come primarily from complex workflows in specialised hospital departments, which rarely change, ensuring the long-term stability of these contracts.

Customers have little desire to switch suppliers because it is costly, and workflows connected to systems are deeply embedded with the users. Because these workflows are so complex and entrenched, very few tenders appear in the market, so the risk of competition or turnover within our business is low.

Secondly, our organic growth is based on farming these existing customers and contracts. We increase our recurring revenue year-over-year by delivering add-ons to our highly specialised solutions. As our number of customers, contracts and solutions increases substantially through M&A activities, it also increases the opportunities for farming and add-on sales, creating a virtuous cycle of increasing profitability and growth. This strategic approach means we do not compete with the big 'one-size-fits-all' eHealth companies, and our business does not depend on large winner-take-all tenders and contracts. Instead, we attach our multiple specialised solutions to the existing systems within a healthcare organisation, effectively reaping the benefits without the risk.

Finally, we have built a robust platform for continued growth with our unique M&A strategy. CSAM is one of the only Nordic market consolidators focused on specialised software solutions. Our active M&A strategy forms a critical part of our value-creation and growth strategy. Acquisition targets are carefully selected based on a clear strategic fit, and fully integrated into one CSAM organisation with our unique Buy, Integrate and Build (BIB) model.





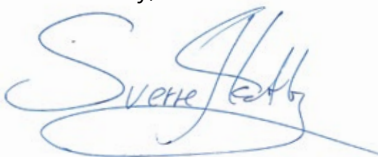
Over the past five years, we have successfully acquired and integrated seven businesses. With each acquisition, we not only grow our portfolio of customers and specialised solutions; we also dramatically increase the opportunities for cross-selling and exporting the Nordic's leading solutions to new markets and customers.

With a unique combination of stable recurring revenue, strong organic growth and a proven value-creating M&A engine, CSAM is well-positioned for continued success within a rapidly growing eHealth market.

CSAM's first-half results further validate that our business is resilient and our specialised software solutions are essential to healthcare organisations, particularly as they accelerate their digital transformations to adapt to the emerging needs of providers and patients. We remain confident in the demand for our mission-critical solutions and the continued momentum of our business for the remainder of 2020 and the years to come.

On behalf of the Management Team, I would like to thank our customers, employees, financial partners and Board of Directors for their ongoing trust and support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sverre Flatby', with a stylized flourish at the end.

Sverre Flatby
Chief Executive Officer





Enabling Quality Care at Life's Critical Moments

Technological advancements have been a driving force behind many significant improvements in healthcare, increasing access to services, enhancing efficiency and quality of care, and empowering patients to take control of their health.

Some of the most impressive impacts of technology in healthcare have come from the highly specialised software that enables the daily workflows of healthcare professionals. These niche eHealth solutions have had a massive influence on nearly every process and practice within hospitals and healthcare organisations.

More than a decade ago, the team at CSAM recognised the power and potential of these highly specialised solutions to connect healthcare providers with clinical information at the point of care so that they can deliver high-quality care to their patients.

Today, CSAM is the leading provider of niche eHealth solutions in the Nordics, and the only company that offers specialised eHealth solutions across multiple domains.

CSAM's solutions facilitate some of the most important processes in healthcare, touching patient's lives at critical and often life-changing milestones. From having a baby, to receiving treatment for an illness, to donating blood, and much more, CSAM solutions are there supporting healthcare providers in caring for their patients.

Delivering a Safe Pregnancy and Birth

Having a baby is one of life's greatest moments. For expectant mothers, proper care and health during pregnancy and birth will have long-lasting effects on their child's health.

Throughout the process of prenatal, birth and post-natal care, thousands of elements of information are shared between the expectant mother and her healthcare team. During this process, real-time monitoring and updating of health data are required, and information can quickly become fragmented between various providers.

CSAM has a range of women and children's health solutions that improve the collection, storing and sharing of important medical information between expectant mothers and their healthcare team, at every stage of pregnancy and beyond.

- Our solutions provide significant value to healthcare providers, enhancing the flow of critical medical information, reducing the manual collection of data, and improving risk assessment, said Lilly Marit Angermo, Domain Manager, Women & Children's Health. - For expectant parents, these solutions help to ensure a safe and healthy birth.



Emelie Ahlberg
Domain Manager, Medication Management



Daniel Wiman
Domain Manager, LIMS

Today, all births in Norway and a third of births in Finland are registered in one of CSAM's maternity systems.

CSAM also provides a cloud-based service platform that connects expectant mothers with their healthcare team, including maternity clinics and midwives, as well as hospitals and private doctors.

“CSAM's solutions facilitate some of the most important processes in healthcare, touching patient's lives at critical and often life-changing milestones.”

CSAM iPana Maternity replaces and eliminates the need for paper maternity cards, improving the safety, security, and flow of information between all healthcare providers in the prenatal and postnatal care process. It also empowers expectant mothers to play an active role in their own healthcare, as a provider and owner of their health information.

Managing the Complexity of Cancer Treatment

A cancer diagnosis is life changing. For most patients, treatment is complex, involving a variety of medications that may include chemotherapy, immunotherapy or hormone therapy, as well as

supportive medications such as anti-emetics. The drugs used to treat cancer are aggressive and can cause serious adverse effects if the dosage is too high or be ineffective in treating the disease if the dosage is not high enough.

CSAM Cytodose is a medication management solution that ensures every patient gets the right medication, in the proper dosage at the correct time, which is critical to successful treatment. The system provides support for the entire healthcare team and process – from the doctor who prescribes the medication, to the pharmacist who dispenses it, to the nurse who administers it.

CSAM Cytodose is also a comprehensive decision support tool, using clinically validated protocols and patient parameters to deliver safe and effective treatment for adult and pediatric oncology patients.

- CSAM Cytodose supports all aspects of medical care for cancer patients, with complete integration between every healthcare professional in the oncology treatment chain, said Emelie Ahlberg, Domain Manager, Medication Management.
- Whether prescribing, dispensing, or administering medication, the application ensures every step in the process is safe, accurate and reliable.

Today, CSAM Cytodose is the number one oncology medication software in the Nordics, with a nearly 20-year record of stability, reliability and safety. It is used by more than 40 hospitals, in both

adult and pediatric wards, with millions of orders completed.

Supporting Life-Saving Transfusions & Transplants

Donating blood is often referred to as the gift of life. Those who donate are helping people in need of life-saving access to blood during times of critical injury or illness. Each year, millions of lives are saved through the donation of blood, as well as cells, tissues and organs.

and delivery of blood for transfusion. It uses the same proven process for stem cells, organ transplantation and tissue management.

From the time a sample is taken from the donor, through the production, analysis and delivery to the recipient, CSAM ProSang tracks every step. The system's advanced technology automatically recognises and alerts users if the incorrect blood, cell or tissue is scanned so that healthcare organisations can receive and allocate samples with confidence.

CSAM ProSang is currently used by blood centres, blood donors, transfusion laboratories, clinical immunology laboratories, transplantation laboratories and stem cell facilities. It is operating in five countries, at more than 180 blood centres, in 26 healthcare regions.

The system has been used in Scandinavia for nearly 50 years, bringing an unmatched record of safety, security, cost efficiency and reliability.

Caring for Life

CSAM's specialised software solutions enable critical and often life-saving care during some of the most important moments of a patient's life. No matter the healthcare setting, CSAM has a solution to support specialised clinicians in providing safe, effective and high-quality care to their patients.

Caring for life is not just CSAM's value statement – it's what inspires us to do the work we do every day, added Angeremo.

“Caring for life is not just CSAM’s value statement – it’s what inspires us to do the work we do every day, added Angeremo. ”

- Across Scandinavia, if you visit a blood centre, undergo transplant surgery, or donate blood, cells or tissues, CSAM ProSang is likely involved, said Daniel Wiman, Domain Manager, LIMS.

CSAM ProSang is an advanced Laboratory Information Management System (LIMS) that simplifies the entire management of blood, cells and tissues – from donation to transfusion or transplantation. The system provides comprehensive support for all aspects of blood, cell and tissue management, with full traceability from donor to recipient.

CSAM ProSang’s comprehensive functionality includes all aspects of blood donor management – administration, production and analysis, allocation



Lilly Marit Angermo
Domain Manager, Women & Children's Health



EMPLOYEE SPOTLIGHT

Andreas Persson

Service & Delivery Director – Gothenburg, Sweden

Andreas has nearly 20 years of experience working within the eHealth industry. From System Developer and Scrum Master at Siemens, to Global Delivery Manager at Mawell, he has developed a deep understanding of all facets of the business. Andreas joined CSAM in 2016 after Mawell was acquired. As CSAM grew, he took on various roles of increasing responsibility, most recently being promoted to the position of Service & Delivery Director.

- When Mawell was acquired, CSAM had a structured process that worked well to integrate the customers, solutions and people into their organisation, said Andreas. – From the very beginning, I appreciated CSAM's streamlined and focused approach to how they managed their business.
- Mawell was the acquisition that defined CSAM as the leading Nordic eHealth niche company, and it is incredible to see how the company has developed as a well-known acquirer in the niche eHealth space, said Andreas. – CSAM is in a unique position now, able to continually add new customers, solutions and competencies to its business.
- Over the past five years, CSAM has grown tremendously, and I have had an exciting role in helping to build the organisation in Sweden, and now taking on a new role leading service and delivery for the entire company, added Andreas.

What is your role at CSAM? What are you responsible for in this role

As the Service & Delivery Director at CSAM, I am responsible for ensuring we meet all of our service, delivery and contract management goals company wide. I manage an international team that is responsible for our service and operations, delivery service and contract service divisions. With this new role, part of my focus is to further build our internal capacity and capabilities in these areas, so we can meet and exceed our customer's expectations while delivering on our internal targets.

What makes CSAM a great place to work?

At CSAM, there is a high level of professionalism and a clear strategy behind the company's growth. We are not growing just to get bigger, there is a purpose and focus behind it. CSAM also has a great culture; it is very open and collaborative, and we are learning and continually improving ourselves as the company grows.

What is the most exciting part of your work at CSAM?

The most exciting part for me is working to continually build and improve the organisation to become more effective, focussed and productive. Through this business and organisational development, we also create new opportunities for the personal and professional development of employees.

What do you enjoy doing outside of the office?

I am very involved in my children's sporting activities, including football and floorball. We also enjoy travelling to both big cities and beaches, and skiing during the winter.

Facts & Figures

100%

of Norwegian births are registered
in a CSAM Maternity Solution.

>1 million

medication orders completed
with CSAM Cytodose.

180

blood centres across
Scandinavia use CSAM ProSang.

~95%

of CSAM's customers are
public healthcare providers.





I cannot do all the good that the world needs. But the world needs all the good that I can do.

- Jana Stanfield

Total sales

Sales by Q2 2020 amounted to ~115 MNOK, up 20% compared to Q2 2019, and in line with our ambitious target for the half year. While many businesses were negatively affected by COVID-19 during the first two quarters, CSAM saw no impact on our sales or business.

Sales were strong throughout the second quarter, ending on a high note in June. And while we managed to close numerous new sales during the quarter, we are pleased to note that the order book continues to grow at a steady pace.

CSAM's income composition remains strong; total software sales comprise ~82% of total sales YTD, up from ~80% in 2019FY. Quality of earnings continues to be high with Recurring Software Revenue representing 75% of total sales. Strong H1 sales, combined with negligible churn, makes us confident that we will reach our 2020 sales target.

Profitability

While CSAM's EBITDA margin predictably and temporarily declined immediately following the two acquisitions in 2019, we are starting to see the positive effects of efficiency measures that were implemented in the second half of last year. Strong sales, combined with strict cost control, ensured the margin improved markedly from the previous quarter and from last year.

Overall, the EBITDA margin reached 28%, making H1 2020 the best first half year in company history, and more than doubled compared to same period last year. We are on our way and optimistic that we will hit our 30% target rate.



Future predictability and growth

CSAM will continue its trajectory of profitable and robust growth by maintaining focus on two strategic pillars – stable organic sales and carefully selected M&As. We are growing at a significantly faster pace than the general market, and we expect this trend to continue, with total sales approaching 240 MNOK this year.

During Q2, we maintained close dialogues with potential new acquisition targets as our pipeline of prospects continues to expand. With our long track record of M&A success, we have strengthened our ability to acquire targets within the Nordics, and built an excellent platform for expansion beyond our current geographical focus area.

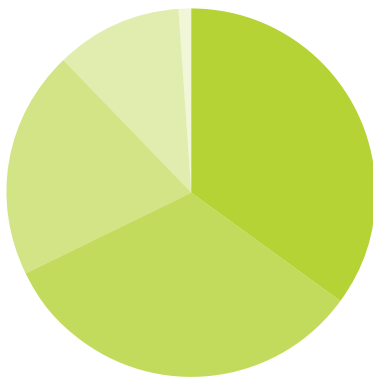
Our recipe is simple, yet remains uncopied. CSAM occupies a unique position as a consolidator in the niche eHealth industry, with a deep understanding of the daily needs of health care professionals and customer behaviour, coupled with financial expertise and a no-nonsense approach to business development. We aim to continue proving ourselves as not only the leading and fastest-growing Nordic eHealth niche player, but the eHealth consolidator of choice.

Our unique buy, integrate, and build strategy has demonstrated success over multiple acquisitions and will continue to be the backbone of our expansion, and ultimately, value creation. This strategy benefits all stakeholders, whether it be hospitals, employees, or shareholders, but most importantly, the patients whose lives we touch with our leading software solutions.

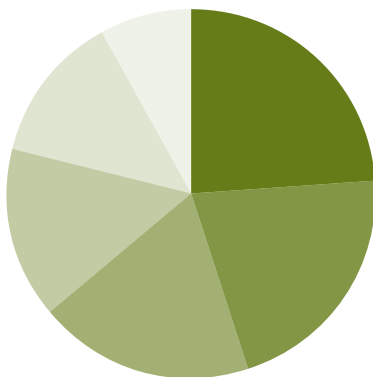
We believe that supporting healthcare professionals, helping patients and delivering financial results are not mutually exclusive. In our experience, doing good really is good for business.



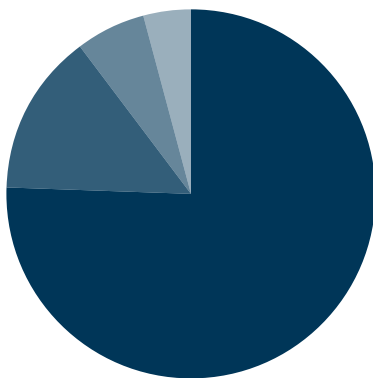
Einar Bonnevie
Chief Financial Officer

**DISTRIBUTION OF SALES, PER COUNTRY**

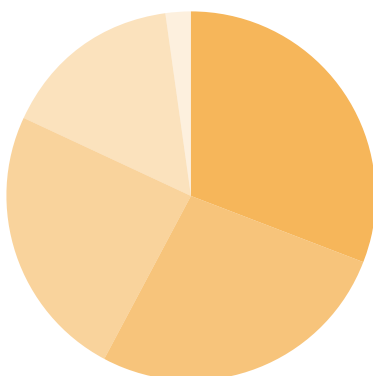
- Norway 35%
- Sweden 33%
- Finland 20%
- Denmark 11%
- UK, Estonia, Iceland, Latvia, Spain 1%

**DISTRIBUTION OF SALES, PER PRODUCT**

- Connected Healthcare 24%
- Women & Children's Health 21%
- LIMS 19%
- Emergency & Acute 15%
- Medical Imaging 13%
- Medication Management 8%

**DISTRIBUTION OF SALES, PER INCOME TYPE**

- Recurring Software Revenue 75%
- Professional Services 14%
- License Sales 6%
- Hardware sales 4%

**EMPLOYEES PER Q2 2020 (TOTAL 173)**

- Sweden 31%
- Norway 27%
- Philippines 24%
- Finland 16%
- Denmark 2%

INCOME STATEMENT - CSAM Health Group AS, consolidated accounts, NGAAP

KNOK	2020 H1	2019 H1	2019 FY
License sales	7 242	9 870	16 649
Recurring Software Revenue	86 067	69 694	151 751
Professional Services	15 896	9 387	24 837
Other operating income	262	2 290	2 801
Hardware	4 811	4 073	9 348
Total Sales	114 278	95 314	205 386
Government grants R&D (Skattefunn)	819		1 844
Total Income	115 097	95 314	207 231
Cost of Goods and Services	12 761	11 056	24 693
Salary and personnel	55 261	44 389	96 097
Other cost	15 043	23 932	50 326
Sum Cost	83 066	79 376	171 115
EBITDA	32 032	15 938	36 116
EBITDA-%	28%	17%	17%
Depreciation	760	660	1 410
EBITA	31 272	15 278	34 706
EBITA-%	27%	16%	17%
Amortization of goodwill and licenses	19 666	19 537	53 720
Write-downs	-	-	-
EBIT	11 605	-4 259	-19 014
EBIT %	10%	-4%	-9%
Net financials	-11 309	-5 794	-18 284
Profit before tax	296	-10 052	-37 299
Taxes	99	89	-1 058
Net profit	198	-10 141	-36 241
Key ratios			
Capitalized R&D expenditure	14 087	11 043	25 949
EBITDAC	17 945	4 895	10 167
EBITDAC %	16%	5%	12%

BALANCE SHEET - CSAM Health Group AS, consolidated accounts, NGAAP

KNOK	2020 Q2	2019 FY
Deferred tax	30 306	30 238
Goodwill, customer contracts and IP	107 907	110 985
Intangible assets developed	137 261	123 174
Total intangible assets	275 475	264 397
Fixed durable assets	2 588	2 761
Fixed financial assets	-	-
Total tangible assets	2 588	2 761
Accounts receivables	22 207	41 250
Other receivables	39 276	15 090
Cash and liquid assets	8 910	22 677
Inventories	142	38
Current assets	70 534	79 056
Total assets	348 597	346 215
Sum Equity	35 943	34 197
Shareholder loans	-	-
Total equity & Shareholder Financing	35 943	34 197
Liabilities to financial institutions	188 260	169 801
Total long term liabilities	188 260	169 801
Accounts payable	21 757	11 641
Public duties payable	11 218	18 185
Other short term liabilities	91 419	112 391
Current liabilities	124 394	142 217
Total equity and liabilities	348 597	346 215

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