



CSAM Health Group AS

Quarterly Report Q1-22

May 19th 2022



Healthcare specialist software
The leading provider in the Nordics,
growing across Europe and beyond

**CSAM's software facilitates
life-changing milestones**



Developing diversified and growing business areas

MEDICATION MANAGEMENT



5%

WOMEN'S AND CHILDREN'S HEALTH



13%

MEDICAL IMAGING



7%

CONNECTED HEALTHCARE



12%

HEALTH ANALYTICS



6%

PUBLIC SAFETY



42%

BLOOD MANAGEMENT (LIMS)



15%



Vital solutions for 500 healthcare
and emergency organisations
across 25 countries





25%

**Income ~96 MNOK
vs ~77 MNOK in Q1-21**



>20
years



+25%

**Recurring revenues:
67 MNOK
vs 53 MNOK in Q1-21**

>10
years



Framework for calculating
organic growth to be explained
later

>10%

**Organic growth Q1-22 vs
Q1-21**





92%

**92% gross margin vs 86%
gross margin in Q1-21**





16%

**Reported EBITDA was 15 MNOK
vs 14.4 MNOK in Q1-21**



12%

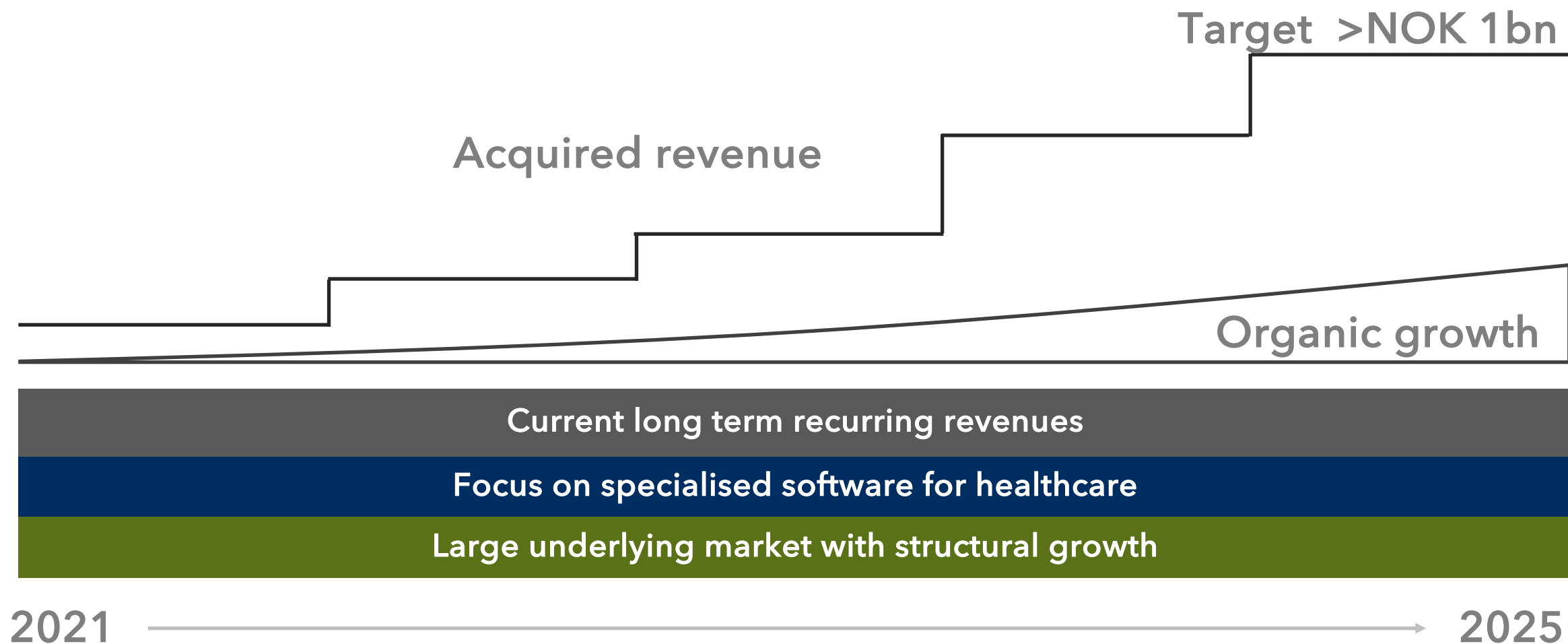
Reported sales outside the
Nordics increased to 12%



M&A



Performing according to growth plan



How do we achieve 30% EBITDA margin out of acquisitions that has no proven track record of profitability?

3C

We acquire sub-performing business, but always with robust Customers, Code & Competence



How do we achieve 30% EBITDA margin out of acquisitions that has no proven track record of profitability?

Customer

We have an established customer relation model to enhance contracts, income quality, and gross margins



How do we achieve 30% EBITDA margin out of acquisitions that has no proven track record of profitability?

Code

**Scalable and efficient
maintenance models for
software in production**



How do we achieve 30% EBITDA margin out of acquisitions that has no proven track record of profitability?

Competence

Common quality management, test facilities, support etc.

➡ The cost of maintaining recurring revenues is reduced



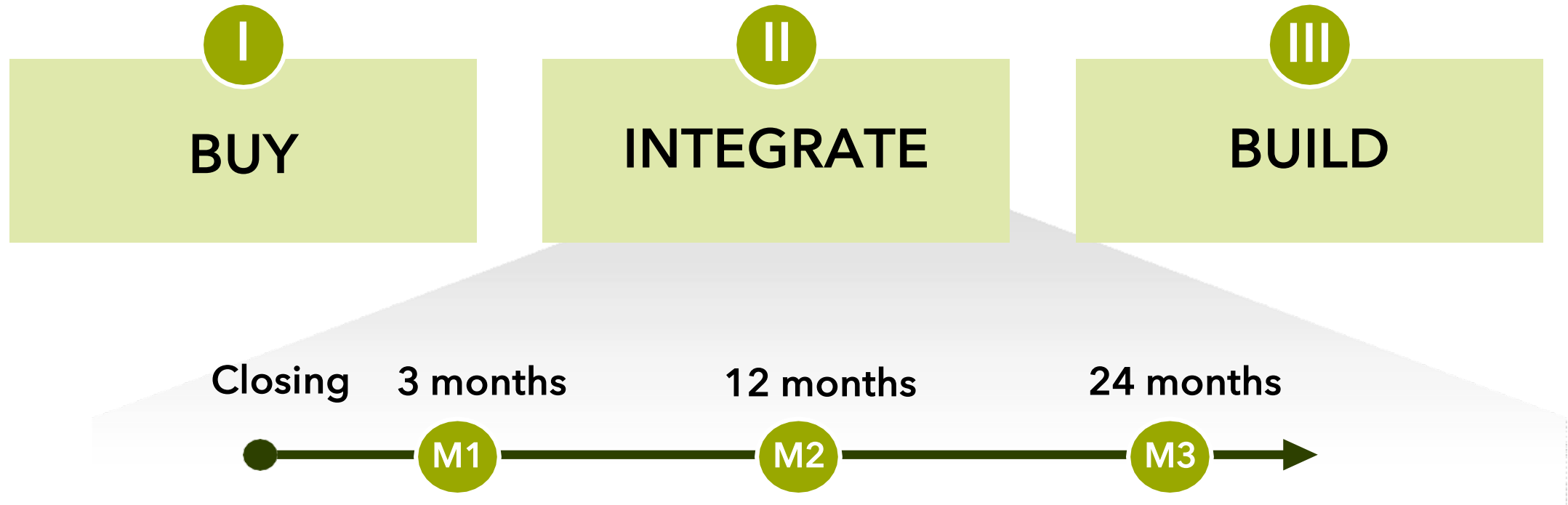
How do we achieve 30% EBITDA margin out of acquisitions that has no proven track record of profitability?

**Cost
reductions**

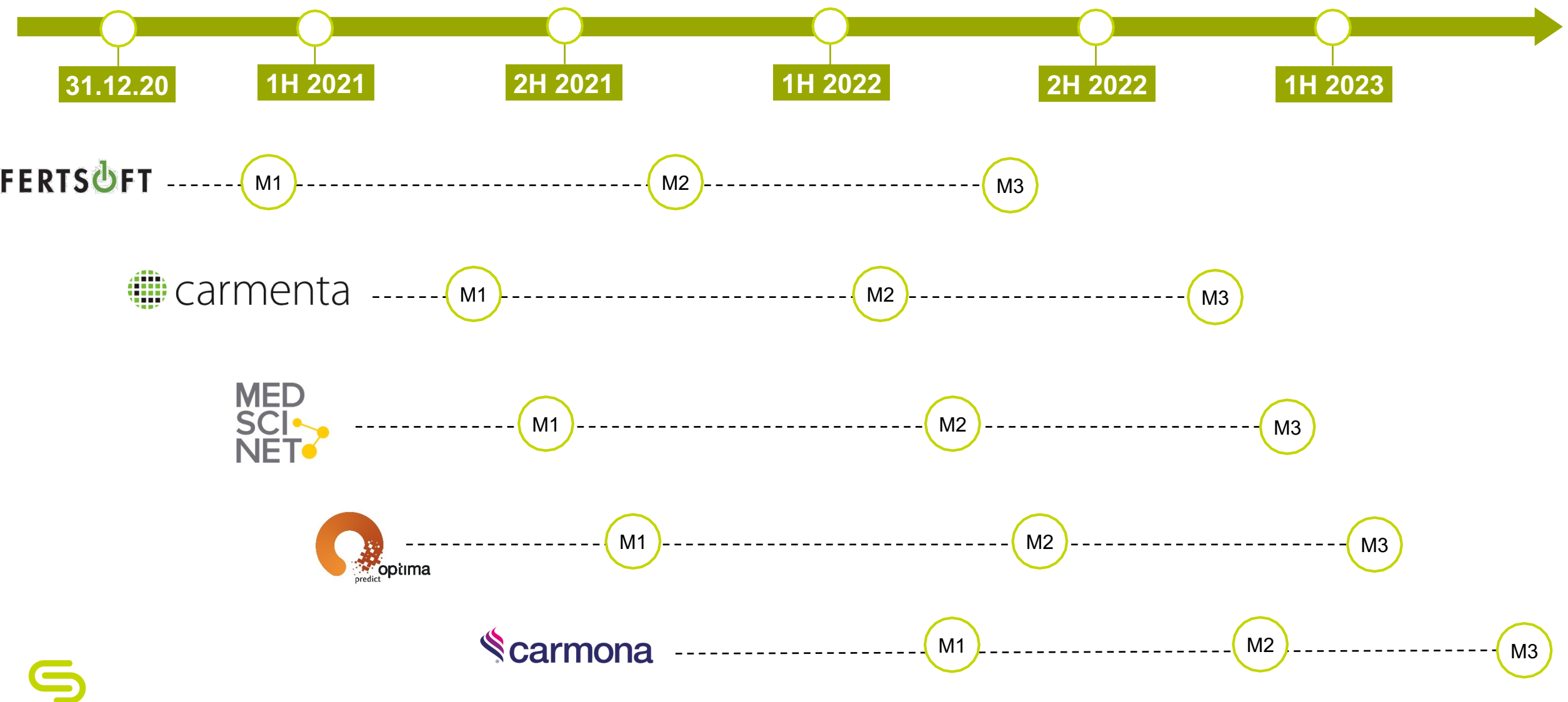
**Small businesses rarely have good cost discipline. Simple actions:
Remove consultants, cars, expensive office cost etc.**

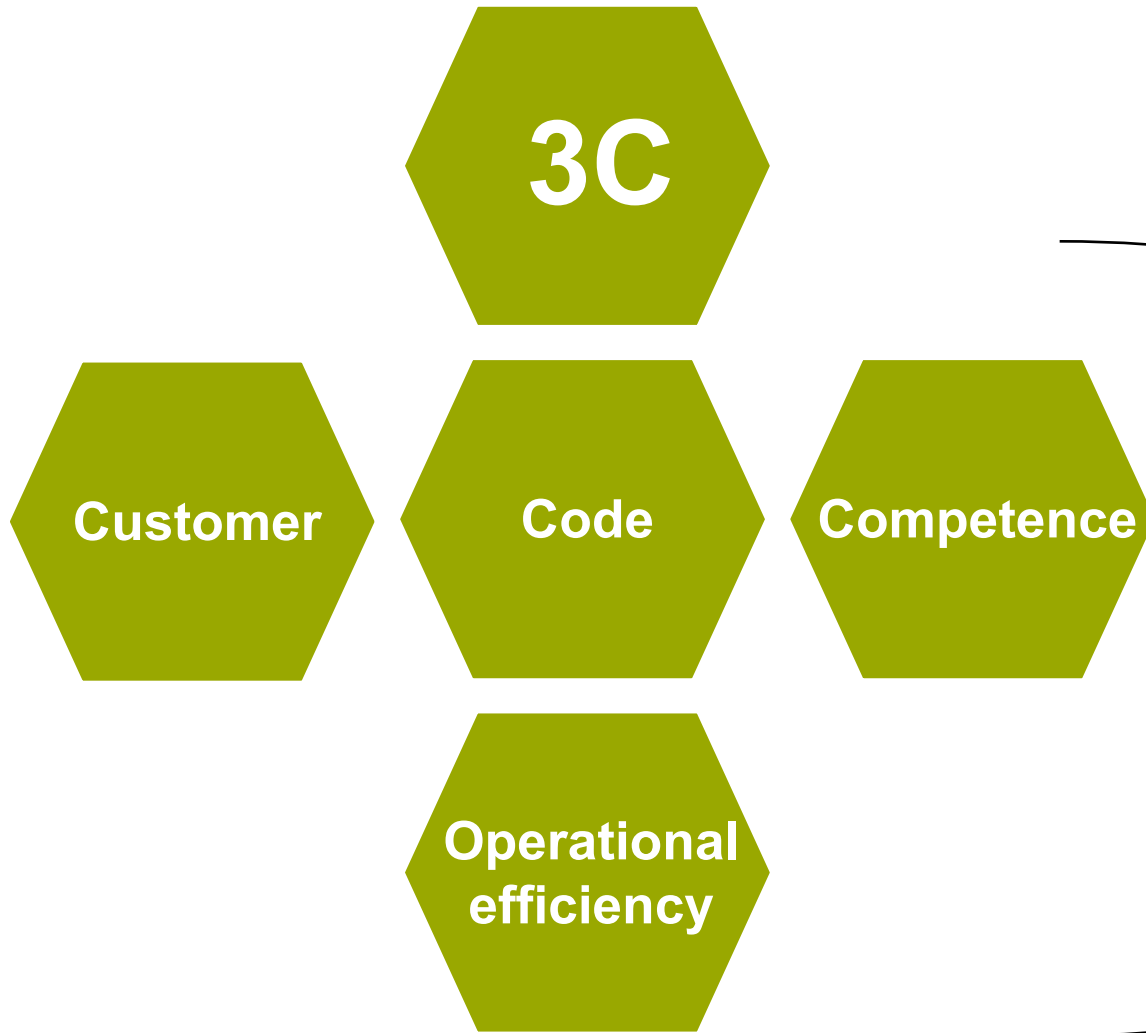


Growing the EBITDA margin through BIB



Current BIB integration project portfolio



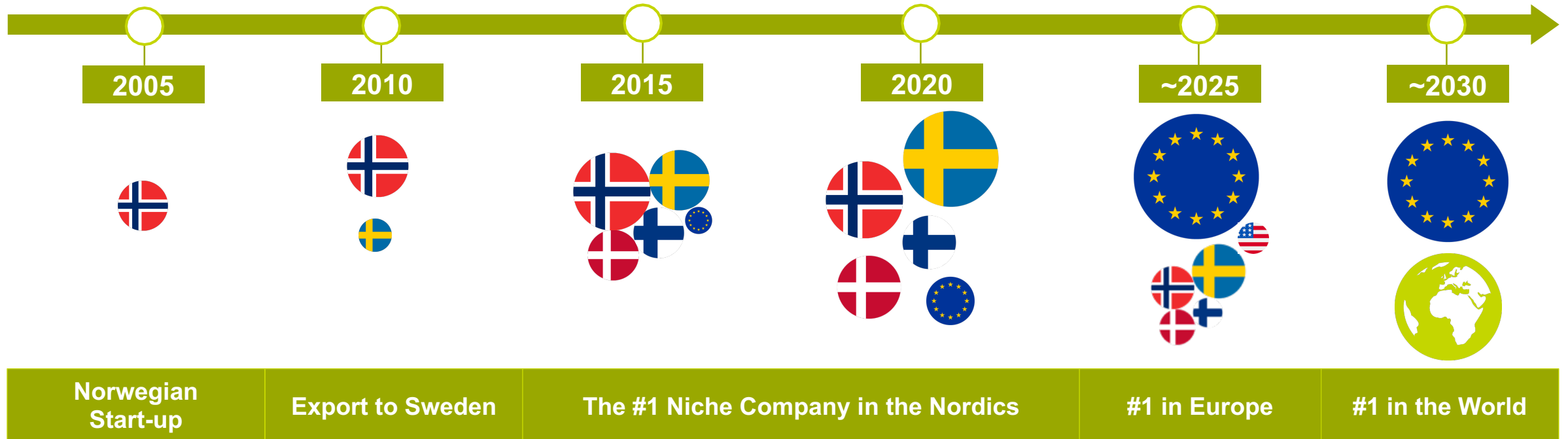


How do we achieve 30% EBITDA margin out of acquisitions that has no proven track record of profitability?

Gross margin → >90%

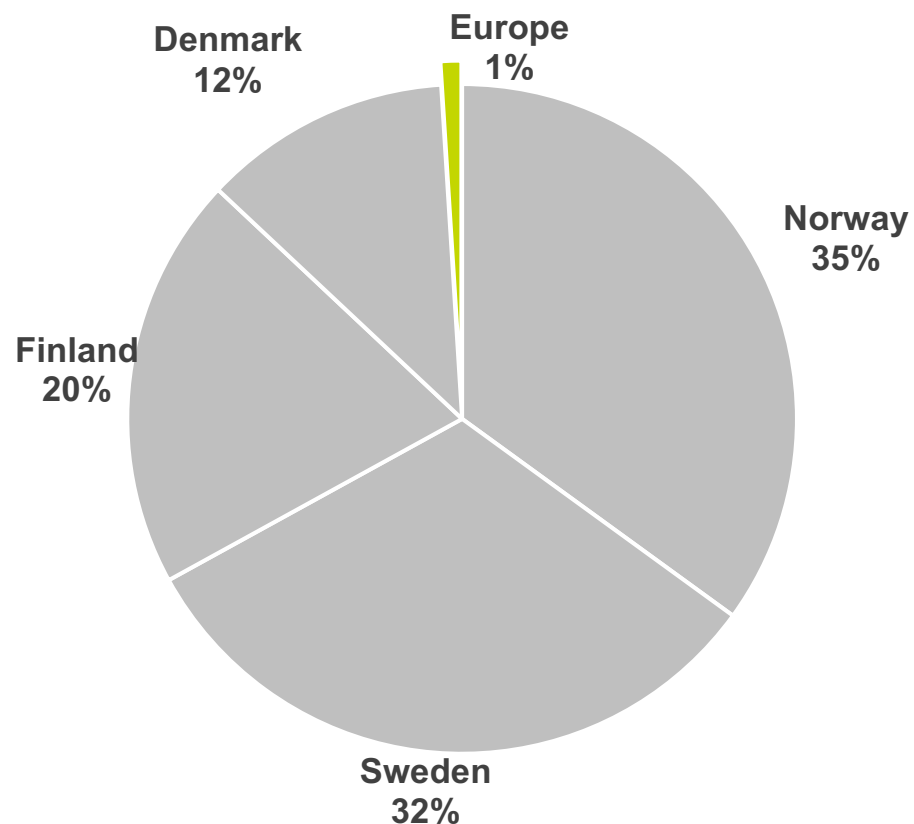


Where we came from and where we are heading

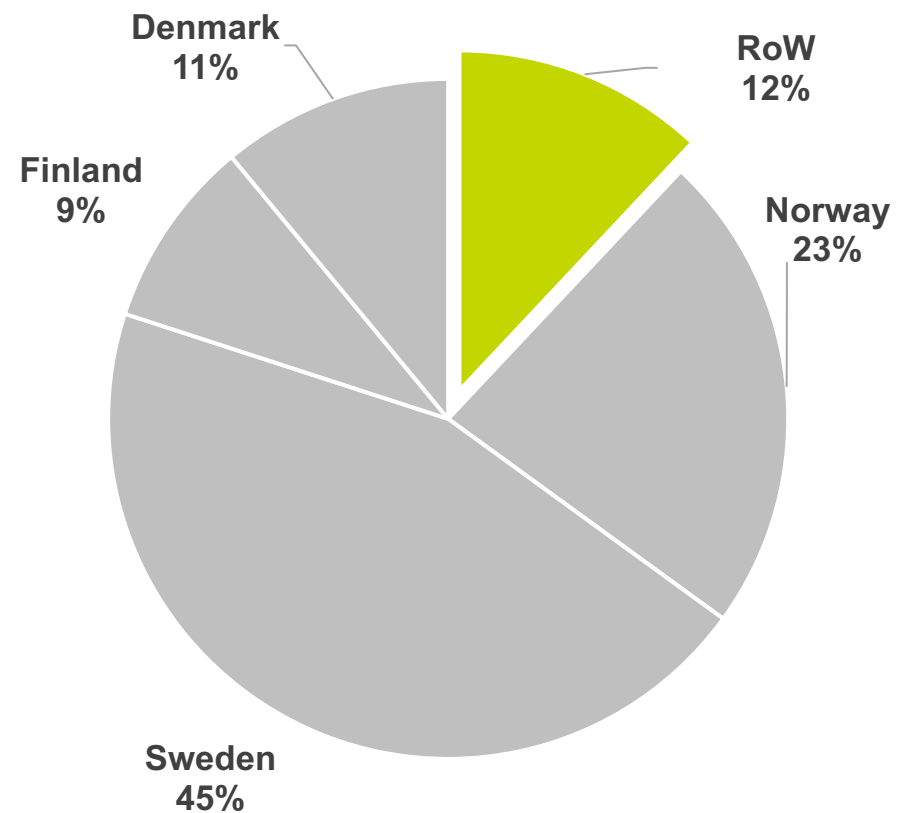


From Nordic to Pan-European - and beyond

2020



Q1-2022



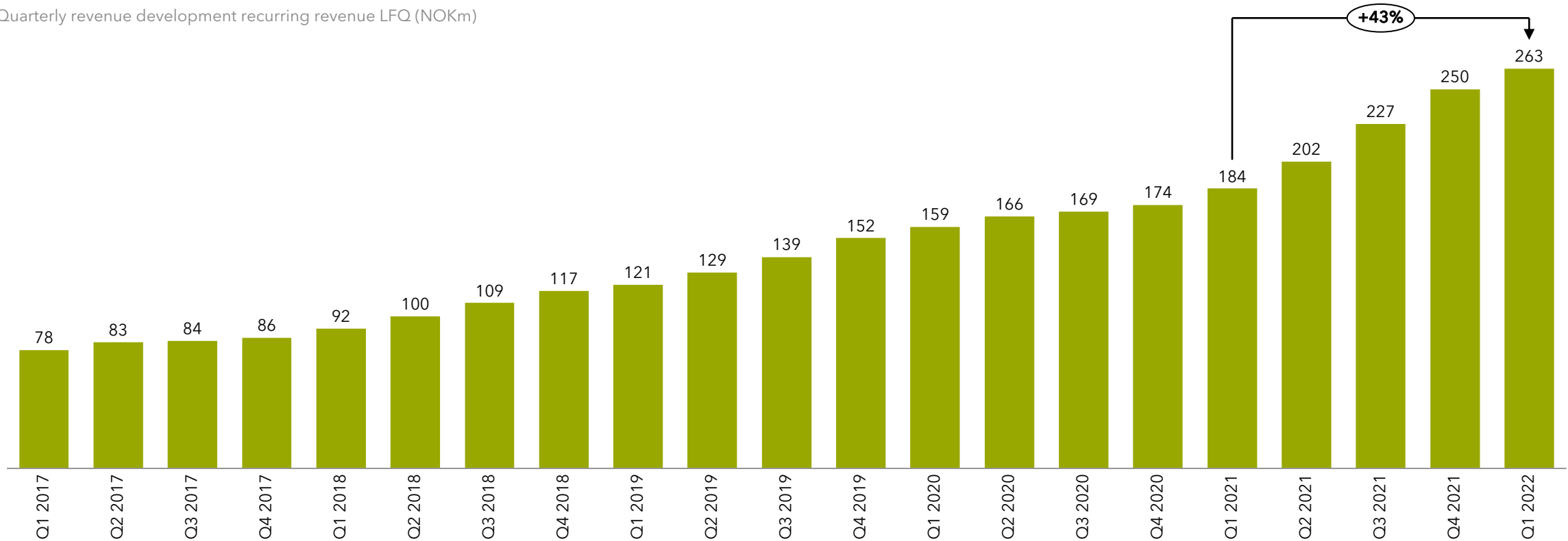
FINANCIALS

A wide-angle landscape photograph of a mountain range. The foreground and middle ground show steep, rugged slopes covered in dense green vegetation. In the background, several sharp, jagged mountain peaks are visible, some of which are partially covered in white snow. The sky above is a deep blue-grey with wispy, light-colored clouds. The overall lighting is soft, suggesting either early morning or late afternoon. The word "FINANCIALS" is centered in the upper half of the image in a white, sans-serif font.

CSAM's recurring software revenues steadily increasing

Increasing recurring software revenue through focus on add-ons, up-sale and M&A

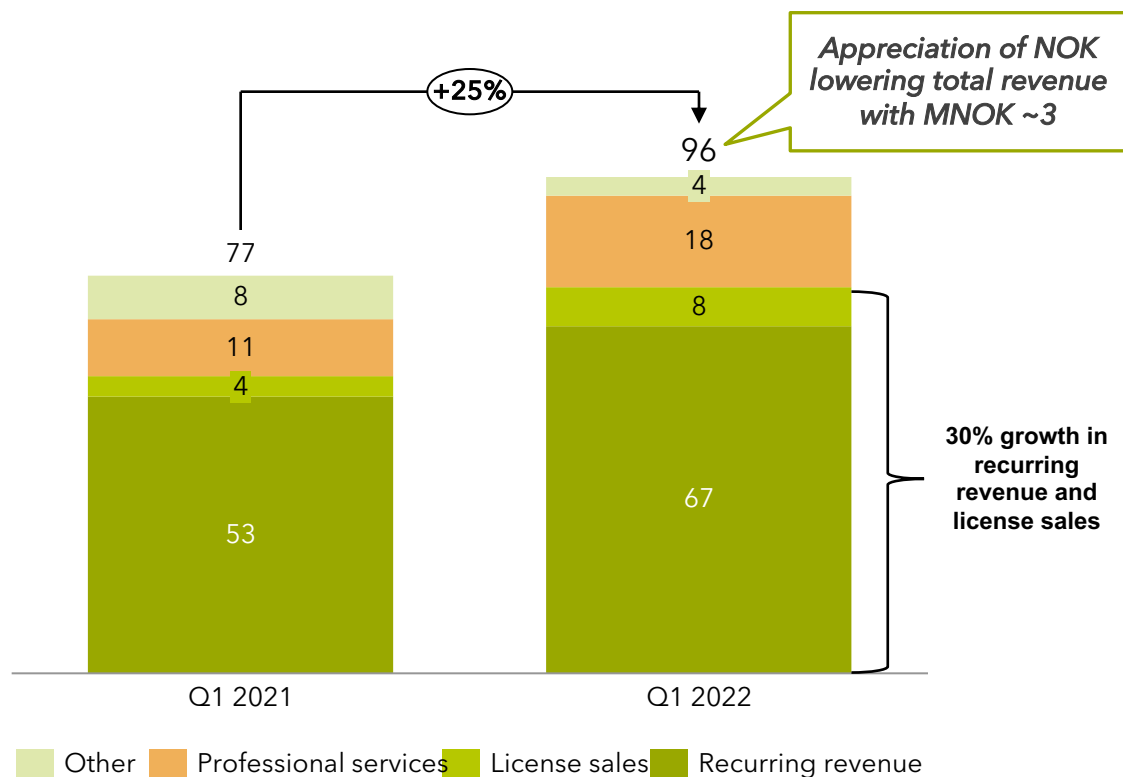
Quarterly revenue development recurring revenue LFQ (NOKm)



25% revenue growth - Increased quality of earnings

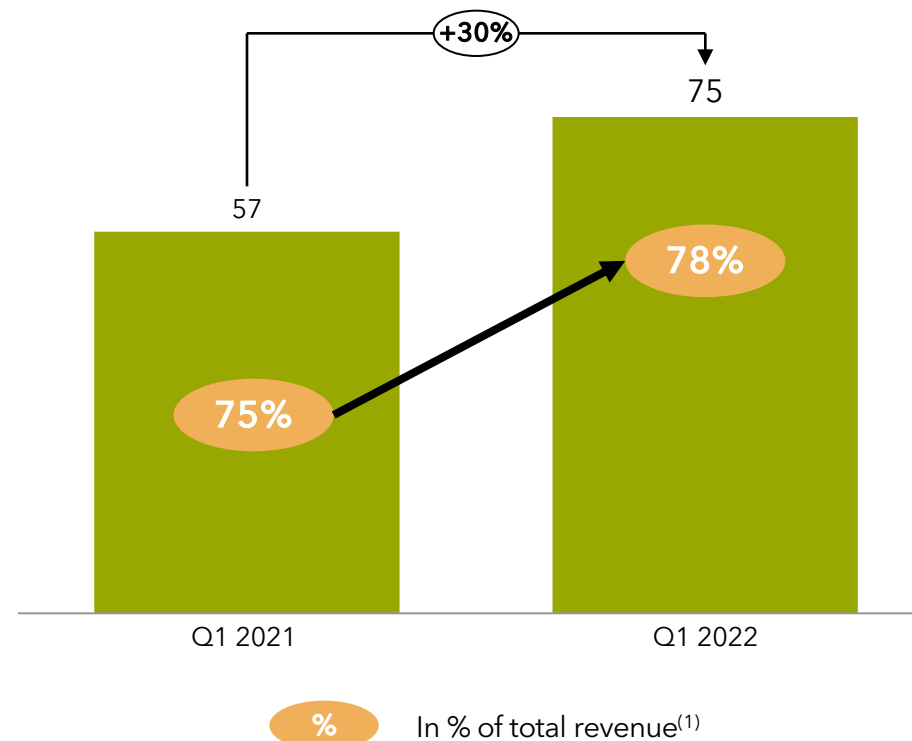
Total revenue, Q/Q development

NOKm



SW revenue, Q/Q development

NOKm

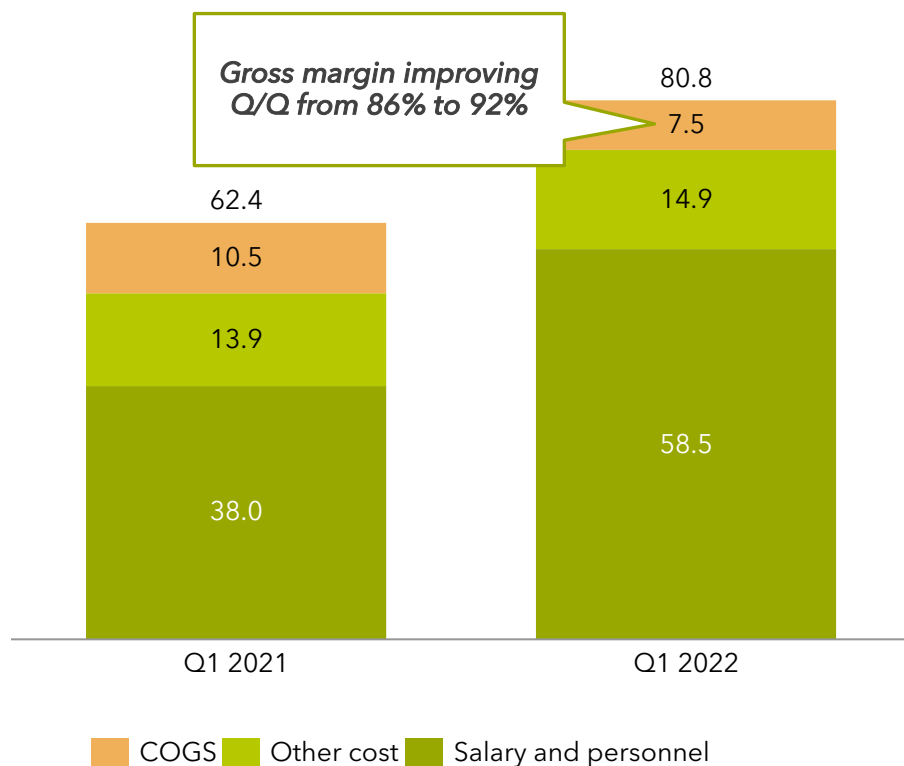


Note: 1) Includes both recurring revenue and license sales

Strong gross margin development

Cost base split

Cost base development Q/Q (NOKm)



Comments

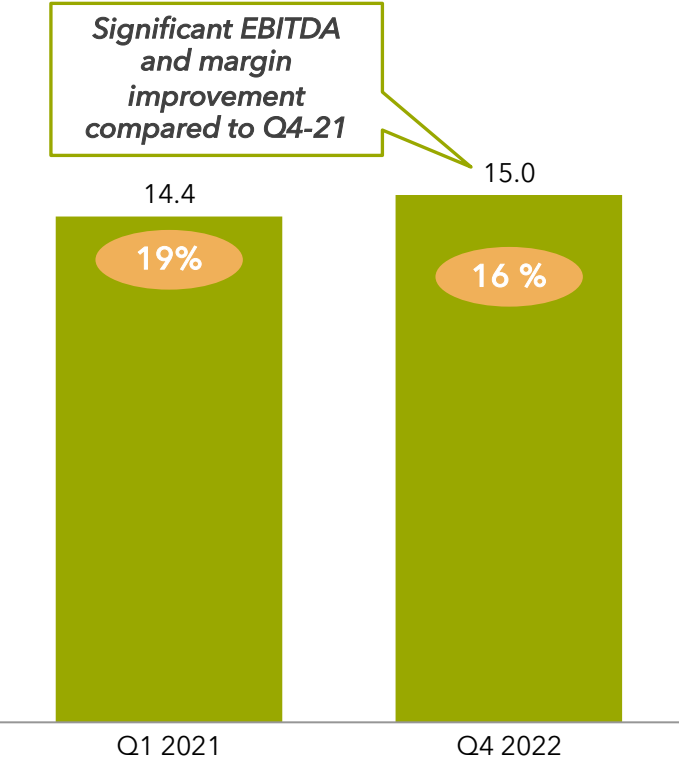
- Strong gross margin development, with **gross margin increasing from 86% in Q1-21 to 92% in Q1-22**
- As in Q4-21, increased salary and personnel expenses to be able to deliver on the increasing order backlog exemplified by the up-tick in license sales
- Significant increase in number of FTEs as a consequence of:
 - M&A activity leading to higher salary and personnel cost, but as demonstrated historically this will be right-sized according to our M&A framework and sales development
 - Cost related to activities to be able to deliver on the significantly increasing order backlog leads to **i)** higher salary and personnel cost, but there is a time lag between recruitment and when employees start to generate revenue, **ii)** cost related to recruitments activities (e.g., temporary use of hired personnel)



Margins temporarily diluted - restored with BIB

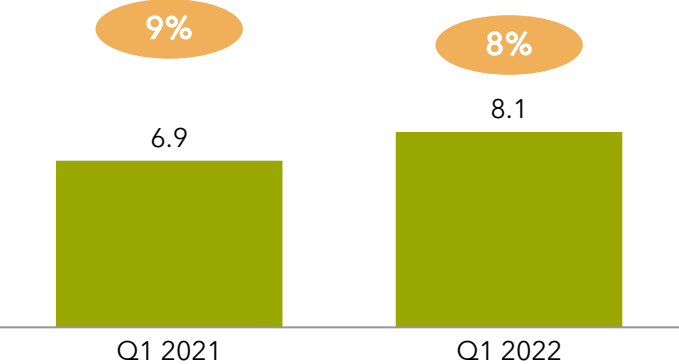
Reported EBITDA Q1 2021 vs. Q1 2022

MNOK



Capitalized R&D Q1 2021 vs. Q1 2022

MNOK



Comments

- In-line with CSAMs buy, integrate and build framework, margins will be diluted short-term as we are often acquiring loss making companies turning them profitable
- The margin improvement is exemplified with significant improvement from Q4-21
- Capex remains low

% In % of total revenue



Organic growth at 10.5% in local currency (Q/Q)

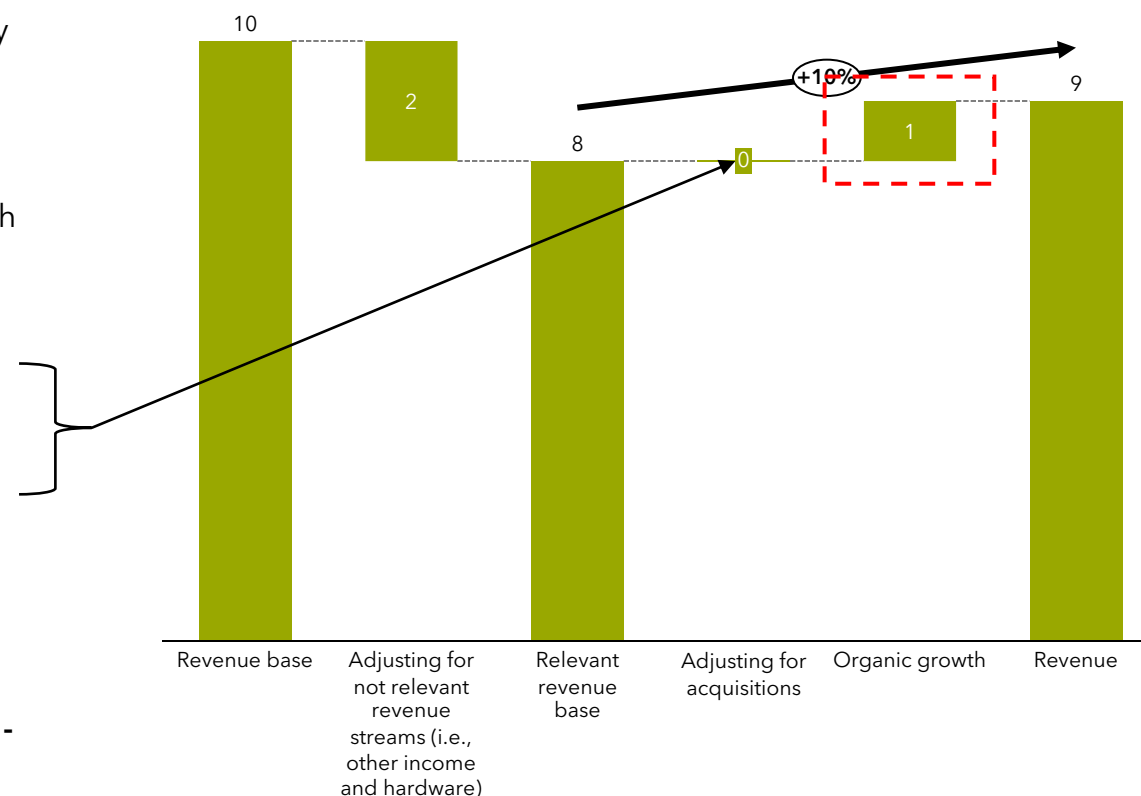
Framework for calculating organic growth

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.
- For Q1, sales from MedScinet, Optima and Carmona are conservatively assumed to have 0% growth Q/Q. Numbers pertaining to these businesses, comprising 5% of total sales in Q1, 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 when measuring organic growth.

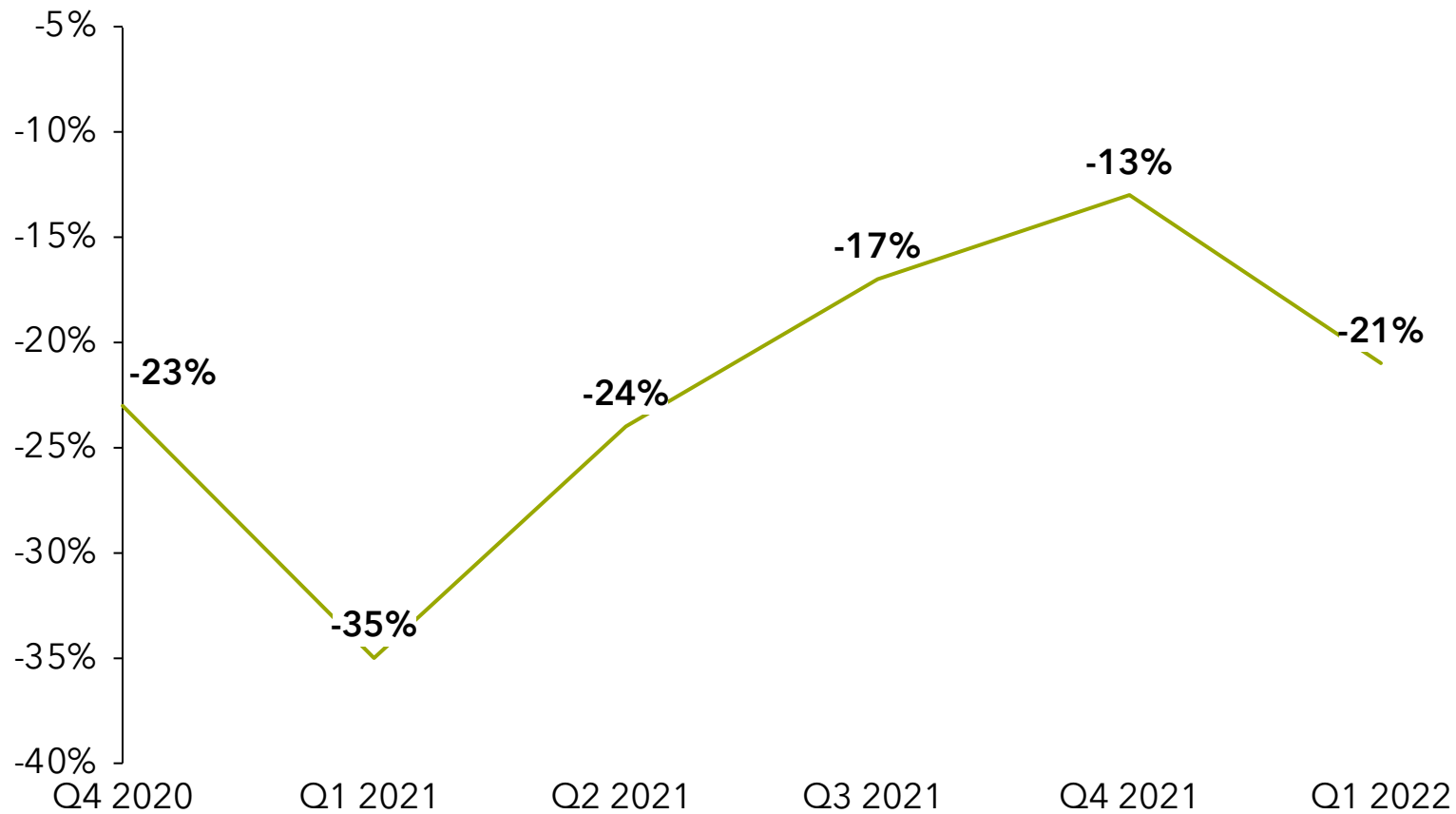
Based on the above assumptions, we calculate organic growth in Q1-22 vs Q1-21 to be 10.5% measured in local currency (7.0% measured in reported NOK numbers).

Illustrative



NWC improving in Q1 2022

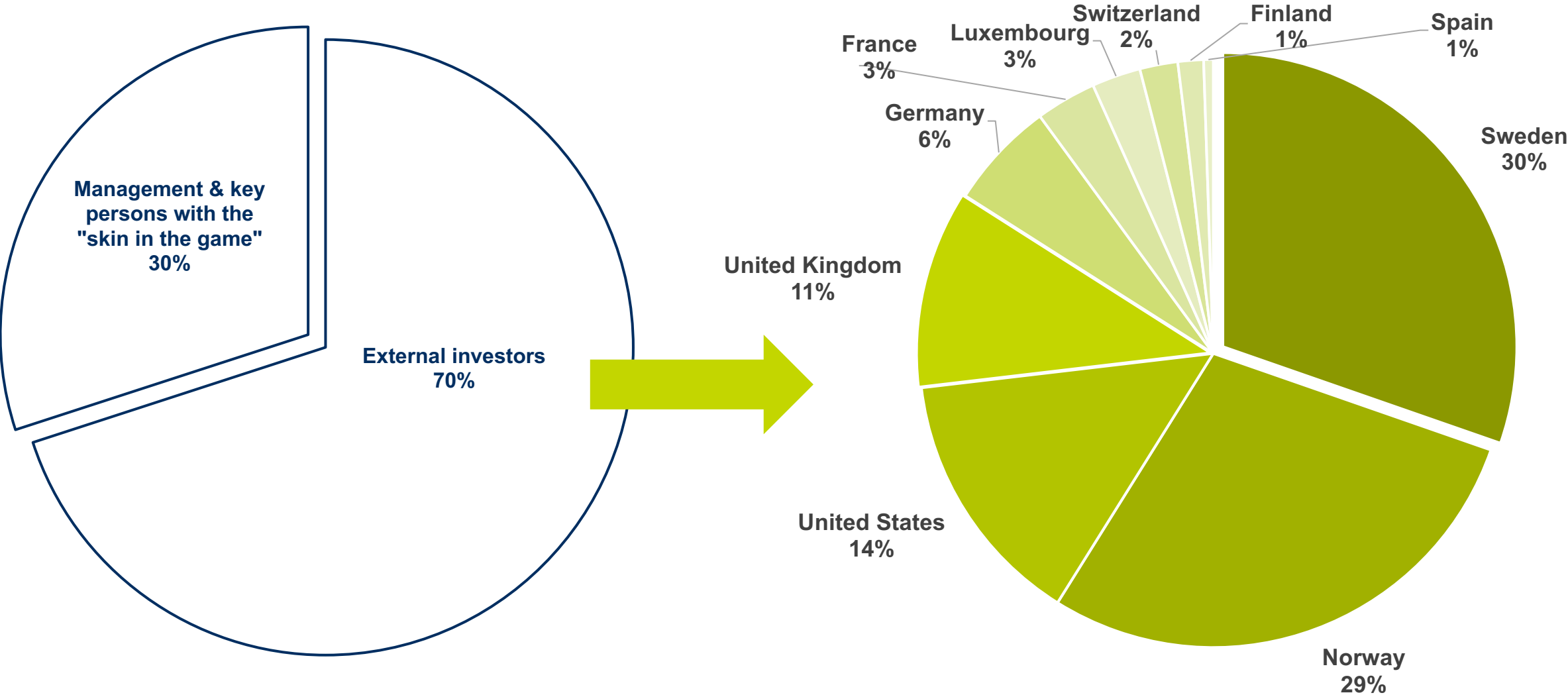
NWC development (in percentage of sales)



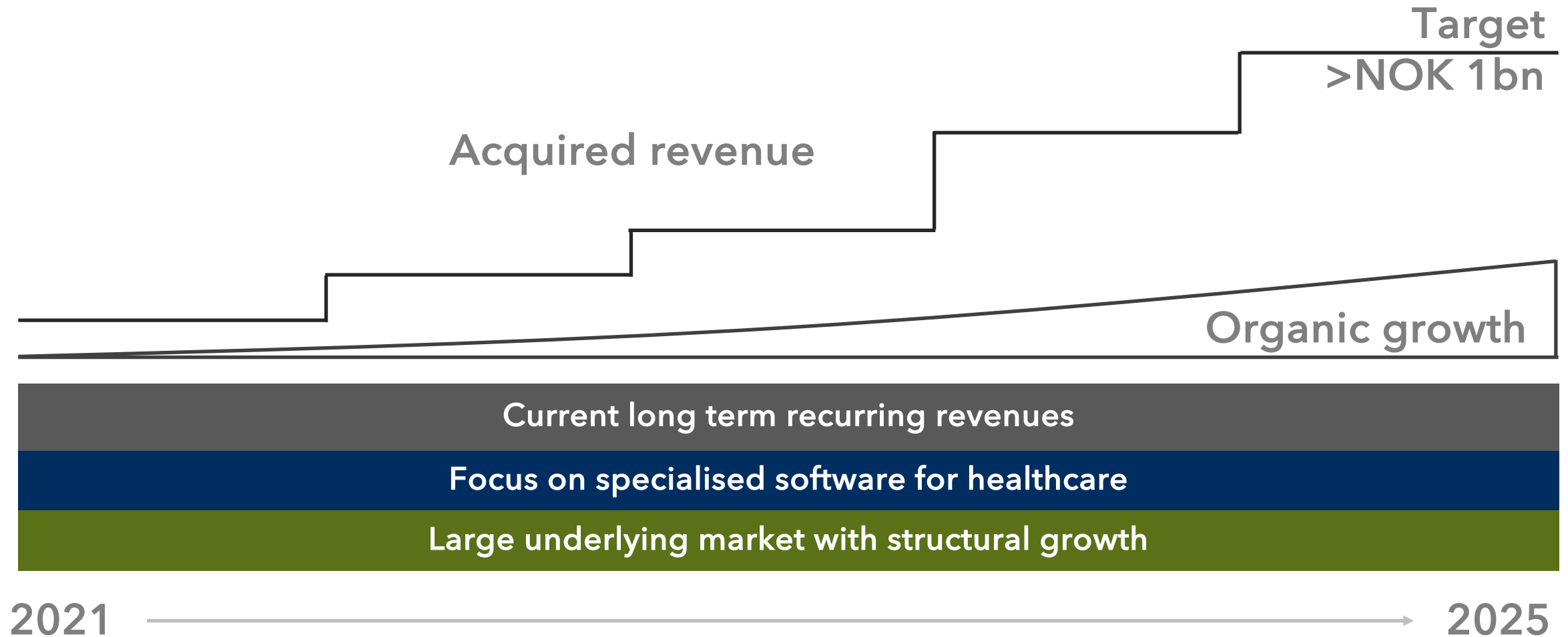
Comments

- CSAM has a communicated NWC target of -10% or better
- The NWC calculation is performed by KWC, an independent firm specializing in evaluations
- When acquiring companies, it takes some time before CSAMs NWC policies are applied in the acquired companies, hence NWC development will vary (as seen in the graph)

CSAM investors



Performing according to growth plan



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The background of the slide features a soft-focus landscape. In the foreground, several thin, green stems with small, white, fluffy seed heads (likely from a plant like Eriogonum) are visible. The background consists of dark, silhouetted mountain ranges under a pale, overcast sky. The overall tone is muted and naturalistic.

Thank you!