

Q1
—
23



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 27 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 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 almost 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 the bond is listed on 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

Q1-23 total income 102 MNOK vs 96 MNOK in Q1-22

Recurring revenue grew 18% to 79 MNOK (Q1-23 vs Q1-22), and reached 78% of total sales

Reported EBITDA was 5 MNOK resulting in a 5% EBITDA margin

Q1-23 organic growth of 6% vs Q1-22 in local currency (9% in NOK)

The 60 MNOK cost-saving programme executed according to plan in Q1-23

Introduction

CSAM keeps growing and this quarter we finally broke the triple-digit revenue mark, delivering 102 MNOK. Recurring revenue grew 18% to 79 MNOK which indicates that our annual recurring revenue will surpass 300 MNOK this year, demonstrating the underlying value creation of our business model.

The EBITDA margin was 5%, the first sign that the negative margin development in 2022 has turned. Compared to Q4-22, the Q1-23 cost levels reflect the initial effect of the cost reduction program.

The Business Area Managers are operating with a clear responsibility for sales, product development and deliveries. Starting this quarter, more detailed insight into the performance of our Business Areas is included in our reports. The most relevant data by Business Area can be found on page 15.

The growth momentum from 2022 extends into 2023. We are confident that we will continue to drive organic growth while improving profitability, and we are excited to further explore valuable M&A opportunities.



“Breaking the 100 MNOK mark while showing reduced cost run-rate gives comfort that our organic business is on track”

–Sverre Flatby, CEO

INCOME STATEMENT - CSAM Health Group AS, consolidated unaudited accounts

KNOK	Q1-23	Q1-22	2023 YTD	2022 YTD	2022 FY*
License sales	2 221	7 575	2 221	7 575	12 327
Recurring Software Revenue	78 906	66 926	78 906	66 926	281 266
Professional Services	18 440	17 690	18 440	17 690	64 157
Other operating income	69	1 358	69	1 358	1 488
Hardware	2 163	1 852	2 163	1 852	8 919
Total Sales	101 798	95 401	101 798	95 401	368 158
Government grants R&D (Skattefunn)	370	345	370	345	1 498
Total Income	102 168	95 746	102 168	95 746	369 656
Cost of Goods and Services	8 543	7 455	8 543	7 455	33 380
Salary and personnel	72 222	58 458	72 222	58 458	251 584
Other cost	15 954	14 853	15 954	14 853	69 084
Restructuring cost	-	-	-	-	13 301
Sum Cost	96 719	80 766	96 719	80 766	367 348
EBITDA	5 449	14 980	5 449	14 980	2 307
EBITDA-%	5%	16%	5%	16%	1%
Depreciation	1 074	906	1 074	906	3 790
EBITA	4 376	14 074	4 376	14 074	-1 482
EBITA-%	4%	15%	4%	15%	0%
Amortisation of goodwill and licenses	21 440	21 326	21 440	21 326	85 076
Impairment of goodwill and licenses	-	-	-	-	3 891
EBIT	-17 065	-7 252	-17 065	-7 252	-90 449
EBIT-%	-17%	-8%	-17%	-8%	-25%
Interest expenses	-11 059	-7 264	-11 059	-7 264	-37 198
Other net financials	29 693	-13 310	29 693	-13 310	-8 684
Profit before tax	1 569	-27 826	1 569	-27 826	-136 332
Taxes	-1 213	114	-1 213	114	-4 733
Net profit	2 783	-27 940	2 783	-27 940	-131 598
Key ratios					
Capitalized R&D expenditure	8 580	8 054	8 580	8 054	35 777
CAPEX-%	8%	8%	8%	8%	10%

* As presented in Annual Report of 2022

BALANCE SHEET - CSAM Health Group AS, consolidated unaudited accounts

NOK Thousand	31.03.23	31.12.22*
Deferred tax	30 219	30 031
Goodwill, customer contracts and IP	269 883	268 014
Intangible assets developed	112 561	103 998
Total intangible assets	412 663	402 043
Fixed durable assets	8 759	9 138
Total tangible assets	8 759	9 138
Inventories	141	327
Accounts receivables	27 746	51 515
Other receivables	57 081	34 319
Cash and liquid assets	226 054	196 566
Current assets	311 022	282 363
Total assets	732 468	693 544
Share capital	2 097	2 097
Share premium reserve	23 351	26 677
Total equity	25 448	28 773
Deferred Tax	27 131	26 406
Bond Loan	495 193	494 426
Total long term liabilities	522 324	520 832
Accounts payable	10 958	11 502
Public duties payable	17 759	34 522
Other short term liabilities	155 979	97 915
Current liabilities	184 696	143 939
Total equity and liabilities	732 468	693 544

* Audited numbers

CASH FLOW - CSAM Health Group AS, consolidated unaudited accounts

KNOK	2023 Q1	2022 Q1	2022 FY*
Profit/(loss) before taxation	1 569	-27 826	-136 332
Net financial items	-18 634	20 574	45 882
Depreciation and amortisation	22 514	22 232	92 756
Cash earnings from operations	5 449	14 981	2 308
Changes in accounts receivables	23 404	32 549	28 253
Changes in accounts payables	-544	-9 352	-7 971
Changes in other current receivables/liabilities	-23 498	-8 472	-16 222
Changes in prepayment from customers	55 253	13 993	**
Changes in public duties payable	-13 215	-396	10 391
Taxes	-3 807	-3 839	-5 123
Cash flow from operating activities	43 042	39 463	11 635
Capital Expenditure IP	-8 580	-8 054	-35 777
Capital Expenditure other	-696	-1 951	-6 077
Acquisitions	-	-20 122	-20 122
Buy-back of shares	-1 959		
Cash flow from investing activities	-9 276	-30 127	-61 976
Dividend paid	-	-	-
Proceeds from new shares issue	-	-	-
Change in Debt	-	-	-480
Net Interest	-10 282	-7 264	-34 130
Cash flow from financing activities	-10 282	-7 264	-34 610
Net change in cash and cash equivalents	21 526	2 071	-85 015
FX adjustments	7 963	-2 878	725
Cash and cash equivalents at start of the period	196 565	280 855	280 855
Cash and cash equivalents at end of the period	226 054	280 048	196 565

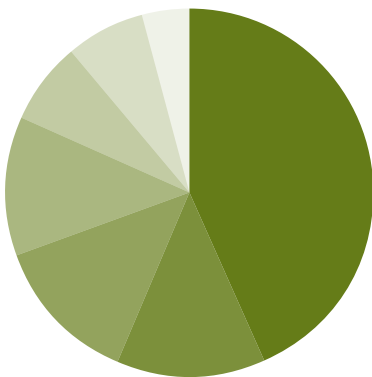
* Audited numbers

** Included in "Changes in other current receivables/liabilities"



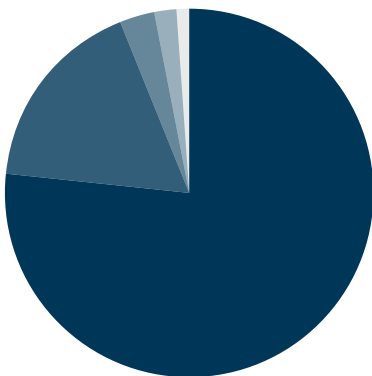
DISTRIBUTION OF SALES, PER COUNTRY

- Sweden 42%
- Norway 24%
- Rest of the world 14%
- Denmark 12%
- Finland 9%



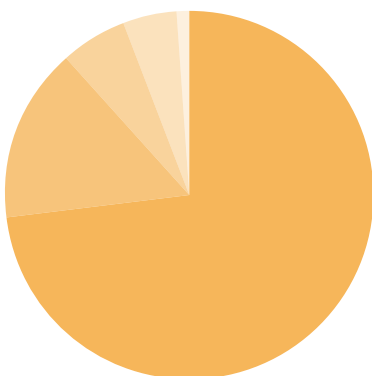
DISTRIBUTION OF SALES, PER BUSINESS AREA

- Public Safety 45%
- Connected Healthcare 13%
- LIMS 13%
- Women & Children's Health 12%
- Medical Imaging 7%
- Health Analytics 7%
- Medication Management 3%



DISTRIBUTION OF SALES, PER INCOME TYPE

- Recurring Revenue 78%
- Professional Services 18%
- License Sales 2%
- Hardware Sales 2%
- Other Income 0%



EMPLOYEES PER Q1 2023 (TOTAL 297)

- Nordics 72%
- Asia 16%
- Europe 6%
- Oceania 5%
- Americas 0%

All numbers YTD 2023. Due to rounding, numbers may not sum to 100%.

Financial Review

These condensed interim financial statements are prepared in accordance with Norwegian Accounting Standard 11 Interim Financial Statements (NRS 11 Delårsregnskap). These condensed interim financial statements are unaudited and do not include all the information and disclosures required by the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway (NGAAP) for a complete set of financial statements, and should be read in conjunction with the Consolidated annual financial statements for the year ended 31 December 2022. A description of the significant accounting policies applied in preparing these condensed interim financial statements is included in CSAM Health Group's Consolidated annual financial statements of 2022, available at www.csamhealth.com/investor-relations/reports-and-webcasts."

RESULTS FOR THE FIRST QUARTER 2023

CSAM displayed 7% growth in reported income, measured in NOK, for the first quarter of 2023 compared to Q1-22. Reported EBITDA decreased to 5.5 million (15). The reported EBITDA-margin decreased to 5% in Q1-23, from 16% in the same period of 2022, but up from the fourth quarter 2022. The improvement compared to the last quarter is a consequence of actions related to the cost-savings programme that was initiated in Q4-22.

M&A

CSAM did not acquire any new businesses in the first quarter. 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 and exploring alternatives for further divestment of non-strategic assets.

PROFIT AND LOSS ACCOUNT

Revenue

Total income in the first quarter of 2023 amounted to 102.2 million (95.7). Recurring revenue comprises 78% of total sales and grew 18% compared to Q1-22. Recurring revenues continue to grow in accordance with expectations, while sale of new licenses, which by nature vary from quarter to quarter, was below the same quarter last year. Professional Services increased 4% compared to Q1-22, ending at a record high 18.4 million (17.7).

Hardware sales came in slightly above the same quarter last year, ending at 2.2 million (1.9). Hardware sales relate primarily to Business Area "Public Safety".

Operating costs

Operating costs were 96.7 million in the first quarter (80.8), with the increase in operating costs first and foremost related to salary and personnel expenses. We expect these costs to decrease by the second and third quarter. Increased operational efficiency is the main goal of a group-wide cost-saving programme, the implementation of which began in Q1-23.

COGS increased slightly from Q1-22, ending at 8.5 million (7.5), but still lower than in the last quarter of 2022. The main reason for the uptick this quarter is the hardware sales in Public Safety, mentioned above. Gross margin remains well above 90%, and we are focusing on further reducing COGS going forward.

Personnel costs amounted to 72.2 million in the first quarter (58.5). The increase compared with Q1-22 is related to increased delivery activities, temporary increased use of external consultants (acting as temporary replacements for employees) and employees affected by the Triginta process still being with us for the majority of the quarter. At the end of the quarter, CSAM employed 297 employees (some of which work part time) compared to 317 at the end of Q4-22.

Other costs amounted to 16 million (14.9), mainly due to increased activities on sales and marketing, travel, legal and other costs. When compared to Q4-22, this cost group is significantly reduced.

Capex is somewhat below our communicated level and amounted to 8.6 million in the first quarter (8.1), with a corresponding Capex-% of 8.4% (8.4%) of total sales for the quarter.

EBITDA

Reported EBITDA was 5.5 million in the first quarter of 2023 (15) with a corresponding EBITDA-margin of 5% (16%). The EBITDA in the first quarter is notably impacted by costs related to restructuring and reorganisation; cost effects of employee reductions still not reflected in the PersEx numbers. In addition, it is worth noting that the delivery of the blood management system to Denmark is backloaded on the income side, and thus affects EBITDA negatively short term.

EBIT

Depreciation and amortisation amounted to 22.5 million in the first quarter (22.2). Intangible assets from acquisitions are amortised over a period of five years, and Goodwill from acquisitions is amortised over a period of ten years.

The reported operating income (EBIT) was -17.1 million in the first quarter, compared to an operating loss of -7.3 million in the same period last year.

Financials

Interest expenses amounted to 11.1 million (7.3) in the first quarter. The increase is due to increasing Nibor. Other net financial items comprise agio/disagio related to transactions settled in other currencies than the reporting currency, and the valuation of assets and liabilities to be settled in other currencies than the reporting currencies. Of other net financials of 29.7 MNOK, 29.4 relates to unrealised FX effects. The latter is a calculated financial item and has no cash effect until settled. The NOK depreciated towards all major trading currencies during this quarter, hence the net effect is positive.

Results

Profit before tax was 1.6 million in the first quarter of 2023 (-27.8).

FINANCIAL POSITION

Numbers in brackets relates to 31.12.2022.

Assets

Total non-current assets amounted to 421.4 million at the end of the first quarter 2023 (411.2). Intangible assets accounted for 412.7 million (402). The intangible assets mainly stem from the acquisitions made during the last seven years, in addition to in-house developed software (Capex) and deferred tax assets. Current assets amounted to 311 million at the end of the quarter (283.1). Cash and cash equivalents amounted to 226.1 million (196.6).

Equity and liabilities

CSAM had total booked equity of 25.5 million (28.8) of a total reported balance of 732.5 million (694.3) at the end of the quarter.

Equity reconciliation

According to updated NRS and NGAAP regulation, CSAM has performed an equity reconciliation per the end of each quarter. As part of the communicated share buy-back programme, CSAM buys back its own shares and hold them in treasury. 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.

Total liabilities amounted to 707 million at the end of the quarter (665.6), of which 184.7 million in current liabilities (144.7), and 522.3 million in long-term liabilities (520.8), represented by CSAM01 PRO and Deferred Tax.

OB 01.01.2023		28 773
Profit/(Loss) this period		2 783
Buy-back of shares	-	1 959
FX adjustments	-	4 149
CB 31.03.2023		25 448

CASH FLOW

Cash flow from operations

Cash earnings from operations were 5.5 million in the first quarter of 2023 (15).

Cash flow from operating activities

Cash flow from operating activities were 43 million in the first quarter (39.5).

Cash flow from investing activities

Cash flow from investing activities was negative 9.3 million for the quarter, split between 8.6 million for development of IP (-8.1), and -0.7 million for purchase of property, plant, and equipment (-2.0).

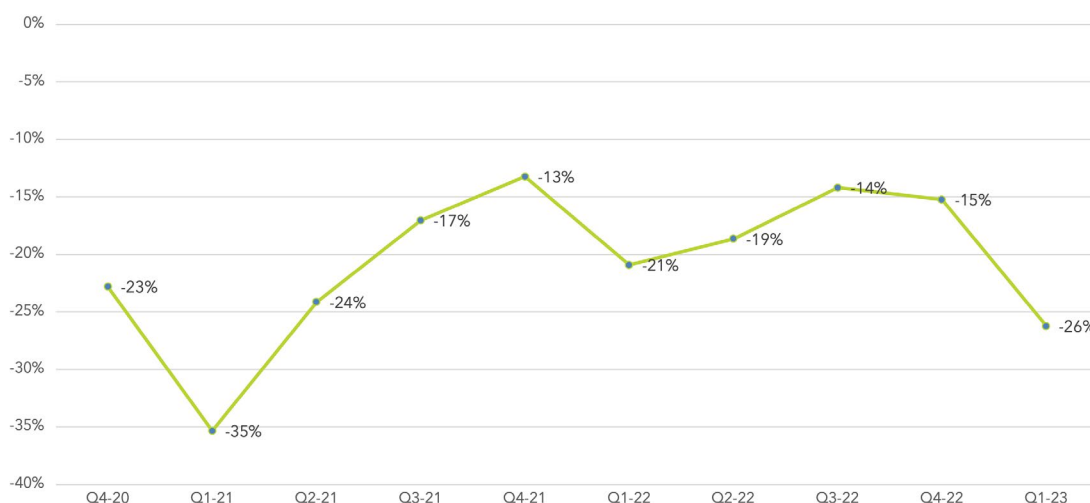
Cash flow from financing activities

Cash flow from financing activities was -10.3 million for the period (-7.3), related to interest paid on CSAM01 PRO. 500 MNOK is outstanding on this bond.

Cash and cash equivalents at the end of the first quarter amounted to 226.1 million (280.0).

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.



ALTERNATIVE PERFORMANCE MEASURES (APMS)

CSAM Alternative Performance Measures in the financial statements that are not defined under NGAAP. The Company believes that these measures provide useful supplementary information to investors and the Company’s management as they provide supplemental information by adjusting for items that, in our view, do not give an indication of the periodic operating results or cash flows of CSAM, or should be assessed in a different context than its classification according to its nature. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and to better allow for evaluation of the Company’s performance. Because not all companies calculate financial figures in the same way, these are not always comparable to measures used by other companies.

These alternative performance measures are not intended to and should not replace those by NGAAP.

CSAM APMs

EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation.
EBITDA-margin	EBITDA in percent of total operating revenue
EBITA	Earnings Before Interest, Taxes and Amortisation.
EBIT	Earnings Before Interest and Taxes.
CapEx	Capitalised Expenditure, software development not opexed but transferred to the Balance Sheet as intangible assets

Organic Growth

CSAM started to publish organic growth numbers in the first quarter of 2022. We apply the following principles when reporting 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 the Swedish scanner business in Q1 2022, booked as Other operating income).
- We exclude Hardware sales from the calculation. Such income is not a focus area for a software company like CSAM.
- All the acquired businesses are now included in the calculations.
- In line with established portfolio practice, we use the previous quarter as the reference.

Based on the above assumptions, we calculate organic growth in Q1-23 vs Q1-22 to be ~6% measured in local currency (9% measured in reported NOK numbers). The organic growth is mainly a result of increased recurring revenue in the quarter, boosted by both index escalators and new business.

We continue to forecast organic growth to be 5-10% annually long term.

We expect to see the effects of the Cost reduction programme (Project Triginta) to be gradually more visible during Q2 and showing full effect from Q3 and onwards.

Key figures per Business Area	Sales	EBITDA	Capex	Organic Growth
Connected Healthcare	12 904	-1%	2%	18%
Health Analytics	6 708	8%	0%	1%
LIMS	12 573	-30%	16%	-9%
Medical Imaging	7 377	14%	23%	11%
Medication Management	3 448	14%	0%	-19%
Public Safety	45 499	13%	9%	15%
Women & Children's Health	11 597	13%	3%	-7%

Note:

Organic growth is measured in local currency.

Other income is excluded from the overview.

Sum of the parts may differ slightly from reported total due to rounding.

FORWARD LOOKING STATEMENTS

Certain statements included in this report may be deemed to contain forward-looking information, including, but not limited to, information relating to forecasts, projections and estimates, statements of CSAM management concerning plans, objectives and strategies, such as investments, divestments, other projects, cost reductions and profit objectives, margins, and growth rates.

The report may include qualified statements such as "assumed", "believed", "expected", "scheduled", "targeted", "planned" or similar.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, they are based on information available at the time of the release of this report and such forward-looking statements are based on several assumptions and forecasts that, by their nature, involve risk and uncertainty, and actual results could differ materially from those indicated by these statements.

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 March 2023 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 first 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, 11 May 2023

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

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