

Q3 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 167 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 Stockholm, 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.

Third Quarter Highlights

Q3 2020 sales of MNOK 52 367, representing growth of 4%

Q3 2020 recurring revenue of 42 903 MNOK, representing growth of 3%

Increased EBITDA margin - from 26% in Q3 2019 to 31% in Q3 2020

Successful inaugural bond issue of 300 million NOK

Preparations to go public on the Oslo Stock Exchange, Merkur Market (Euronext Growth) in October 2020

Increased financial capacity to continue M&A strategy

YTD 2020 revenue of MNOK 166 645, representing growth of 14%

YTD 2020 recurring revenue of MNOK 128 970, representing growth of 16%

CEO Message

We continued to make progress against our ambitious goals during the third quarter. Most importantly, we achieved an EBITDA margin of 31% this quarter, an increase of 5 percentage points, and above our average operational target margin. Secondly, our year-to-date recurring revenues have increased 16% compared to Q3 2019, through the combination of dedicated M&A's and organic growth.

CSAM continues to pursue M&As as the backbone of its value creation and growth strategy, in combination with organic sales and long-term recurring revenues. In Q3, we saw the positive results of previous acquisitions which have now been fully integrated into CSAM via our Buy, *Integrate* and Build (BIB) methodology.

In Q3 2019, CSAM was in the process of integrating two companies which we acquired in Q1 and Q2 that year - Arcid and Kibi. In Q3 2020, we can see the results of those companies being wholly integrated into CSAM, and our margins growing to 31% after just one year.

CSAM did not close any new acquisitions in Q3 2020, and so the comparison between the quarters really proves the positive financial effects of our structured, project-oriented BIB model.

Seeing the success of our M&A strategy and BIB methodology in action gives us confidence that we are on the right track. And now, we have increased our ability to pursue acquisitions, reaching an important new phase in CSAM's profitable growth strategy.

This quarter, we announced the successful launch of a 300 million NOK bond issue. Our inaugural bond issue, priced at three-month NIBOR plus 500 bps and maturing in 2024, received substantial investor interest. This bond issue is part of a broader strategy to take CSAM from a privately held eHealth company to a public company listed on the Oslo Stock Exchange at the beginning of October.

Our proven increased profitability beyond average margin target, together with the bond issue and the subsequent IPO just after quarter end, are significant milestones for CSAM. Our M&A engine is now fully fueled, and we have the capacity and capabilities at hand to acquire new recurring revenue businesses according to our long-term ambitions.

Finally, while the financials are improving, we also enjoy a continued diversification across the Nordic eHealth market. As of Q3 2020 we have active, long-term customer relations with almost all health regions and hospitals in the Nordics. And we deliver many critical niche components to various hospitals and departments, creating the backbone of predictable income development. This has made it possible to improve the financials while, at the same time, strengthening CSAM's position as the leading provider of niche eHealth solutions, and benefitting all stakeholders.

CSAM has not experienced any significant impact on its current business due to the ongoing Covid-19 outbreak.



“We are the leading consolidator within the specialised eHealth market in the Nordics. This quarter proves that CSAM as a serial acquirer is able to notably increase margins, while growing through our Buy, *Integrate* and Build strategy”

–Sverre Flatby, CEO

INCOME STATEMENT - CSAM Health Group AS, consolidated accounts

KNOK	2020 Q3	2019 Q3	2020 YTD	2019 YTD	2019 FY
License sales	1 362	1 306	8 603	11 176	16 649
Recurring Software Revenue	42 903	41 669	128 970	111 364	151 751
Professional Services	5 944	5 273	21 840	14 660	24 837
Other operating income	106	188	368	2 478	2 801
Hardware	2 053	2 002	6 864	6 075	9 348
Total Sales	52 367	50 438	166 645	145 752	205 386
Government grants R&D (Skattefunn)	410	1 844	1 229	1 844	1 844
Total Income	52 777	52 282	167 874	147 596	207 231
Cost of Goods and Services	6 112	5 642	18 873	16 698	24 693
Salary and personnel	24 482	20 230	79 743	64 653	96 097
Other cost	6 045	12 745	21 088	36 642	50 326
Sum Cost	36 639	38 617	119 704	117 993	171 115
EBITDA	16 138	13 665	48 170	29 603	36 116
EBITDA-%	31%	26%	29%	20%	17%
Depreciation	366	366	1 126	1 025	1 410
EBITA	15 772	13 300	47 043	28 578	34 706
EBITA-%	30%	25%	28%	19%	17%
Amortisation of goodwill and licenses	7 435	17 145	27 101	36 681	53 720
EBIT	8 337	-3 845	19 942	-8 104	-19 014
EBIT %	16%	-7%	12%	-5%	-9%
Net financials	1 525	-8 834	-9 785	-14 628	-18 284
Profit before tax	9 863	-12 679	10 158	-22 732	-37 299
Taxes	-38	1 305	61	1 394	-1 058
Net profit	9 901	-13 984	10 097	-24 126	-36 241

Key ratios

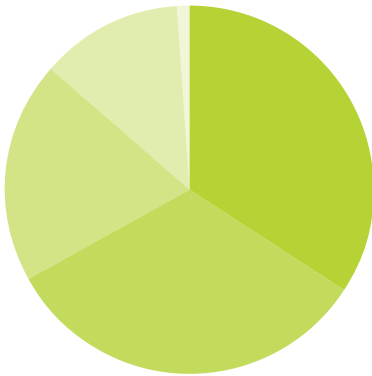
Capitalised R&D expenditure	4 854	6 205	19 033	17 760	25 949
Capex %	9%	12%	11%	12%	13%

BALANCE SHEET PER 30/9/2020- CSAM Health Group AS, consolidated accounts

KNOK	2020 Q3	2019 FY
Deferred tax	30 307	30 238
Goodwill, customer contracts and IP	103 980	110 985
Intangible assets developed	142 616	123 174
Total intangible assets	276 902	264 397
Fixed durable assets	2 306	2 761
Total tangible assets	2 306	2 761
Inventories	54	38
Accounts receivables	17 616	41 250
Other receivables	42 884	15 090
Cash and liquid assets	286 032	22 677
Current assets	346 586	79 056
Total assets	625 794	346 215
Sum Equity	46 675	34 197
Total equity & Shareholder Financing	46 675	34 197
Bond Loan	300 000	-
Long Term Loan	-	149 587
Other long term liabilities	24 753	20 214
Total long term liabilities	324 753	169 801
Accounts payable	24 260	11 641
Public duties payable	8 650	18 185
Other short term liabilities	221 456	112 391
Current liabilities	254 365	142 217
Total equity and liabilities	625 794	346 215

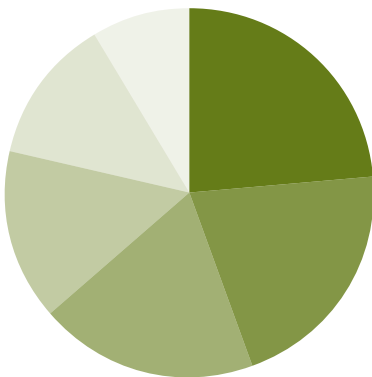
CASH FLOW - CSAM Health Group AS, consolidated accounts

KNOK	2020 Q3	2019 Q3	2020 YTD	2019 YTD	2019 FY
Profit/(loss) before taxation	9 863	-12 679	10 158	-22 732	-37 299
Net financial items	-1 525	8 834	9 785	14 628	18 284
Depreciation and Amortisation	7 801	17 510	28 227	37 707	55 130
Cash earnings	16 138	13 665	48 170	29 603	36 116
Changes in accounts receivables	983	-118	-4 159	17 076	-622
Changes in accounts payables	-65	-1 513	4 147	-29 085	-879
Changes in other current receivables/liabilities	-8 863	-6 460	-9 596	14 356	20 959
Taxes paid	-699	-728	-2 098	-2 196	-3 324
Cash flow from operating activities	7 493	4 848	36 463	29 755	52 251
Capital Expenditure IP	-4 854	-6 205	-19 033	-17 760	-25 949
Capital Expenditure other	-42	-112	-457	-432	-702
Acquisitions	-	-	-4 000	-18 259	-18 259
Cash flow from investing activities	-4 896	-6 317	-23 491	-36 451	-44 910
Dividend paid	-	-	-	-4 200	-4 200
Proceeds from new shares issue	-	-	-	1 125	1 125
Change in Debt	300 000	-	300 000	14 520	14 520
Financing activities and other financial items	-41 501	-7 861	-49 378	-11 537	-14 031
Cash flow from financing activities	258 499	-7 861	250 622	-92	-2 586
Net change in cash and cash equivalents	261 096	-9 330	263 594	-6 788	4 755
Cash and cash equivalents at start of the period	24 936	20 433	22 438	17 891	17 922
Cash and cash equivalents at end of the period	286 032	11 103	286 032	11 103	22 677



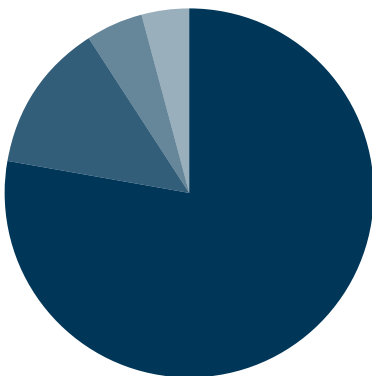
DISTRIBUTION OF SALES, PER COUNTRY

- Norway 34%
- Sweden 33%
- Finland 20%
- Denmark 12%
- UK, Estonia, Iceland, Latvia, Spain 1%



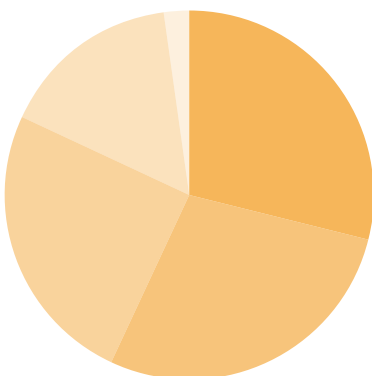
DISTRIBUTION OF SALES, PER PRODUCT

- Connected Healthcare 23%
- Women & Children's Health 21%
- LIMS 19%
- Emergency & Acute 15%
- Medical Imaging 13%
- Medication Management 9%



DISTRIBUTION OF SALES, PER INCOME TYPE

- Recurring Software Revenue 77%
- Professional Services 13%
- License Sales 5%
- Hardware sales 4%
- Other income 0%



EMPLOYEES PER Q3 2020 (TOTAL 167)

- Sweden 29%
- Norway 28%
- Philippines 25%
- Finland 16%
- Denmark 2%

Financial Review

The unaudited financial accounts have been prepared in accordance with NGAAP. From 2020 and onwards, goodwill from acquisitions is amortised over a period of ten years, IP is amortised over five years. Figures in brackets in the text below relate to the corresponding periods in 2019. All numbers are presented in NOK.

Results for the third quarter and first nine months 2020

CSAM showed 4% growth in reported revenue for the third quarter of 2020.

Reported EBITDA increased to 16.1 million (13.7). The EBITDA-margin increased to 31% in Q3 2020 from 26% in Q3 2019. For the first nine months, reported revenue increased by 16%. Reported EBITDA increased to 48.2 million (29.6).

CSAM has made no new acquisitions thus far in 2020.

Profit and Loss account

REVENUE

Total sales in the third quarter of 2020 amounted to 52.4 million compared to 50.4 million in the third quarter of 2019.

The organic revenue increase was primarily driven by new sales, upselling and increased recurring revenue based on sales in previous periods.

Revenue for the first nine months of 2020 was 166.6 million (145.7).

Government grants are accrued for through the year in 2020, providing a true representation of actual income.

OPERATING COSTS

Operating costs were 36.6 million in the third quarter (38.6). The decrease in operating costs is primarily due to cost optimisation linked to the two acquisitions completed in 2019. COGS were 6.1 million (5.6), including a one-off item of 0.2 million. Personnel costs amounted to 24.5 million in the third quarter (20.2).

Capex decreased to 4.8 million in the third quarter (6.2).

Other Q3 operating costs were 6.0 million (12.7). Note that a 1.5 million cost related to certain personnel expenses in the Group was previously booked as other opex

while these costs are now classified under personnel. The remaining difference relates to real savings linked to realised integration synergies.

Other operating costs for the first nine months amounted to 119.7 million (118).

EBITDA

Reported EBITDA was 16.1 million in the third quarter of 2020 (13.7) million, and the reported EBITDA-margin increased to 31% in Q3 2020 from 26% in Q3 2019.

For the first nine months, reported EBITDA was 48.3 million (29.6).

Acquisitions overall show initially lower EBITDA margins than the Group average, and third quarter 2020 is a clear indication of realised synergies. In general, acquisitions should be expected to have an initial dilutive effect on overall Group margins, improving to Group average within a 12 to 24-month period.

EBIT

Depreciation and amortisation amounted to 7.8 million in the third quarter (17.5), and 28.2 million for the first nine months (37.7).

Note that depreciation and amortisation principles were revisited for 2020 and adjusted to better reflect the actual lifespan of these assets. These changes explain the reduced amortisations in 2020 compared to 2019.

Note that intangible assets from acquisitions are amortised over a period of five years in accordance with NGAAP. Further note that goodwill from acquisitions is amortised over a period of ten years in accordance with NGAAP.

The operating income (EBIT) was 8.3 million in the third quarter, compared to an operating loss of 3.8 million in the same period last year. For the first nine months of 2020, operating income was 19.9 million, compared to an operating loss of 8.1 million in the first nine months last year.

NET FINANCIALS

The net financial items was +1.5 million in the third quarter of 2020 (-8.8), and -9.8 million for the first nine months (-14.6). The improvement primarily reflects agio due to a weakening of NOK related to all other trading currencies. This effect amounted to 6.3 million in Q3 2020.

RESULTS

Profit before tax was 9.9 million in the third quarter of 2020 (-12.7), and 10.2 million for the first nine months (-22.7). The company has tax losses carried forward from previous years, and this explains the relatively low effective taxation of the Groups profits.

Financial position

ASSETS

Total non-current assets amounted to 279.2 million at the end of September 2020 (267.2). Intangible assets accounted for 276.9 million (264.4). The intangible assets mainly stem from the acquisitions made during the last five years, in addition to developed software.

Current assets amounted to 346.5 million at the end of the first nine months (79.1). Cash and cash equivalents amounted to 286.0 million (22.7). The large increase in available cash is explained by the successful Bond issue the Group made at the end of September 2020. The bond is listed on the Oslo Stock Exchange ABM (CSAM01 PRO). The bond matures four years from issuance and has a tap issue of 200 million.

EQUITY AND LIABILITIES

CSAM had total booked equity of 46.7 million (34.2) of a total reported balance of 625.8 million (34.2). A pre-IPO dividend of 80 million was declared, but as this dividend was contingent upon the issuance of new equity, it was not executed until after the IPO was completed in October 2020. CSAM issued 325 million in new equity through this activity.

Total liabilities amounted to 579.1 million at the end of the first nine months (312.0), of which 254.4 million in current liabilities (142.2), and 324.8 million in long-term liabilities (169.8). The increase of other short-term liabilities is explained by the reclassification of the previous long-term loan, completely refinanced and paid back in the following month. CSAM markedly improved its financial position and flexibility through this refinancing activity.

Cash flow

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities were 36 463 million in the first nine months of 2020 (29.8).

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was a negative 23.5 million in the first nine months, split between 19.0 million for development of IP, (17.8), 0.5 million for purchase of property, plant and equipment (0.4), and payment of a second tranche of a vendor note related to previous acquisitions.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was 250 622 million in the first nine months (-0.1), which primarily reflects proceeds from the issue of the CSAM-01 PRO, and cost related to financing activities.

Cash and cash equivalents increased to 286 million (11.1). The Group has access to an RCF of 24 MNOK.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, the interim financial statements for the period from 1 January to 30 September 2020 have been prepared in accordance to 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 third quarter gives a true and fair view of important events in the accounting period and their influence on the interim report for the third 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 26 November 2020

Sverre Flatby
CEO

Åse Aulie Michelet
Chair of the Board

Louise Nilsson
Director

Mats Hjerpe
Director

Mats Larson
Director

Ansgar Gabrielsen
Director

