

Q1
—
22



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 25 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 its 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 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

Increased income by 25% Q/Q

Recurring revenue grew by 25% Q/Q

EBITDA was 15.0 MNOK resulting in a 16% EBITDA margin

Organic growth of 10.5% Q/Q

Acquired the health analytics company Carmona

Divested inconsiderable Swedish scanner business that falls outside CSAM's core business

Reorganised CSAM's operations to establish domain-centric business areas

Introduction

CONTINUED GROWTH AND PROFITABILITY

CSAM's positive results for Q1-22 are the consequence of sticking to a proven strategy and executing well on both new and existing business areas. The financial results need to be viewed in several dimensions: We deliver continued growth vs Q1-21; EBITDA is improving compared to Q4-21, but is still impacted by integration and reorganisation activities. Software-related income solidifies its position as the cornerstone of the business. While the fourth quarter of 2021 showed a limited number of new licenses, this quarter has resulted in several new license sales, which in turn increases long-term revenues and demonstrates the value creation from CSAM's business model.

This solid performance not only demonstrates that CSAM is on its way to meet its ambitious growth target of becoming a billion NOK business by 2025, it also illustrates the value of income streams with predictability and stability. There are a few fundamentals in CSAM's business model that are key to the development of our financial results quarter after quarter.

Firstly, the relationships with our customers are truly long-term, with many going back decades. Our solutions are deeply engrained in some of the most critical workflows in healthcare and emergency response services. This gives us the opportunity to continue focusing on the mutual benefits that come from improving and developing these essential solutions. Low churn and predictable income strengthen our position every quarter and our customers benefit from several integrated best-of-breed solutions delivered by a stronger CSAM.

Secondly, our M&A strategy will result in steady and significant growth, but also in fluctuating profitability quarter by quarter, as demonstrated by Q4-21 and Q1-22. There are particularly two aspects of our business model that cause these fluctuations. CSAM acquires companies where we have identified potential for growth and profitability. To realise that potential, each newly acquired business needs to go through our BIB Process (Buy, Integrate, Build) which can take up to 24 months. Hence, there are quarters when profitability will be diluted by new acquisitions. With these fluctuations, it seems prudent to analyse our results not only quarter-on-quarter, but also year-on-year.

Fluctuations on the license income is also a natural part of our specialised healthcare software business. Our national contract with the Danish health authority to provide our blood management system for all its five regions, which was signed in Q3-21, is a good example of this. We have developed the platform significantly over the last two quarters, but Q1-22 is the first quarter where we start to recognise some of the software income related to this contract.

Lastly, CSAM's customer list mainly includes hospitals, publicly-funded health providers and other organisations delivering critical services to modern societies. These are financially robust, and we rarely see losses on receivables. Serving these solid institutions in turn spills over into our own long-term solidity.

With these perspectives as a backdrop, we look back at Q1-22 and record yet another quarter of growth and profitability. Another company was added to the CSAM family, as we acquired the health analytics company Carmona. Carmona provides data analytics solutions for the life sciences sector, healthcare services and researchers. CSAM entered the health analytics market last year, with the acquisition of MedSciNet. The addition of Carmona further strengthens CSAM's health analytics portfolio, which now offers highly complementary solutions to existing clients that seek to benefit from more advanced and holistic health analytics.

We have yet again managed to deliver a strategic acquisition and simultaneously improve the bottom line through disciplined improvement work on the running business. Across all our domains, the CSAM teams strive to constantly improve the critical services we provide to our customers and the patients they treat. We know that while our relations are long-term, the loyalty of our customers can only be earned by paying attention to their needs, which is why we have changed our organizational structure over the last quarter. The company reorganised its operations to establish domain-centric business areas. Still supported by centralized functions on HR, IT & Operational Services, Legal, Communications & Marketing, and Finance, these new business areas have the autonomy to make the decisions and take the actions that will drive continued growth and profitability. As CSAM grows, it is instrumental that important decisions are taken as close to the market and our customers as possible.

In Q1-22, CSAM also divested a scanner business in Sweden that we inherited from an acquisition in 2019. Delivery of third-party hardware and software falls outside CSAM's core business, and divestments and the discontinuation of non-strategic business is part of our focus on enhancing recurring revenue streams from software licenses.

In summary, Q1-22 saw continued growth and improved profitability, and CSAM took yet another step on its growth journey by acquiring Carmona. We remain optimistic about the future and are convinced that our strategy of acquiring specialised software businesses and developing these according to our best practices will fuel further growth, to the benefit of our customers, their patients, and our shareholders.



“With the acquisition of Carmona, CSAM has taken yet another important step in its growth journey. Together with MedSciNet, the new company has established a promising Health Analytics domain.”

–Sverre Flatby, CEO

INCOME STATEMENT - CSAM Health Group AS, consolidated unaudited accounts

KNOK	2022 Q1	2021 Q1	2022 YTD	2021 YTD	2021 FY*
License sales	7 575	3 941	7 575	3 941	10 553
Recurring Software Revenue	66 926	53 338	66 926	53 338	245 566
Professional Services	17 690	11 015	17 690	11 015	56 521
Other operating income	1 358	9	1 358	9	140
Hardware	1 852	8 147	1 852	8 147	16 663
Total Sales	95 401	76 449	95 401	76 449	329 444
Government grants R&D (Skattefunn)	345	303	345	303	1 212
Total Income	95 746	76 752	95 746	76 752	330 656
Cost of Goods and Services	7 455	10 548	7 455	10 548	35 368
Salary and personnel	58 458	37 972	58 458	37 972	190 766
Other cost	14 853	13 857	14 853	13 857	62 691
Sum Cost	80 766	62 377	80 766	62 377	288 825
EBITDA	14 980	14 375	14 980	14 375	41 831
EBITDA-%	16%	19%	16%	19%	13%
Depreciation	906	440	906	440	2 325
EBITA	14 074	13 935	14 074	13 935	39 506
EBITA-%	15%	18%	15%	18%	12%
Amortisation of goodwill and licenses	21 326	17 245	21 326	17 245	79 044
EBIT	-7 252	-3 310	-7 252	-3 310	-39 537
EBIT-%	-8%	-4%	-8%	-4%	-12%
Interest expenses	-7 264	-5 058	-7 264	-5 058	-26 691
Other net financials	-13 310	-14 815	-13 310	-14 815	-20 598
Profit before tax	-27 826	-23 183	-27 826	-23 183	-86 826
Taxes	114	22	114	22	2 297
Net profit	-27 940	-23 205	-27 940	-23 205	-89 123
Key ratios					
Capitalized R&D expenditure	8 054	6 879	8 054	6 879	22 974
CAPEX-%	8%	9%	8%	9%	7%

* Audited numbers

BALANCE SHEET - CSAM Health Group AS, consolidated unaudited accounts

KNOK	31.03.22	31.12.21*
Deferred tax	38 744	41 199
Goodwill, customer contracts and IP	264 614	284 855
Intangible assets developed	95 165	86 933
Total intangible assets	398 523	412 987
Fixed durable assets	9 175	8 129
Total tangible assets	9 175	8 129
Inventories	79	7
Accounts receivables	48 965	81 514
Other receivables	36 146	31 321
Cash and liquid assets	280 048	280 855
Current assets	365 238	393 697
Total assets	772 935	814 813
Share capital	2 097	2 097
Share premium reserve	122 034	164 506
Total equity	124 131	166 603
Bond Loan	491 358	491 361
Total long term liabilities	491 358	491 361
Accounts payable	11 007	20 359
Public duties payable	23 323	23 719
Other short term liabilities	123 117	112 771
Current liabilities	157 446	156 849
Total equity and liabilities	772 935	814 813

* Audited numbers

CASH FLOW - CSAM Health Group AS, consolidated unaudited accounts

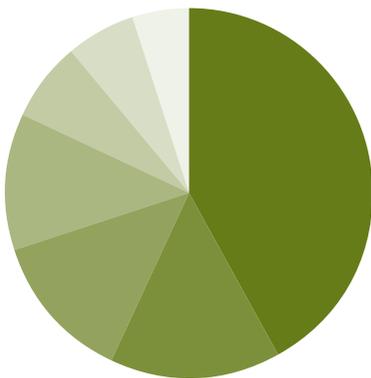
KNOK	2022 Q1	2021 Q1	2022 YTD	2021 YTD	2021 FY*
Profit/(loss) before taxation	-27 826	-23 183	-27 826	-23 183	-86 826
Net financial items	20 574	19 873	20 574	19 873	47 289
Depreciation and amortisation	22 232	17 685	22 232	17 685	81 369
Cash earnings from operations	14 981	14 375	14 981	14 375	41 831
Changes in accounts receivables	32 549	16 698	32 549	16 698	-28 000
Changes in accounts payables	-9 352	-601	-9 352	-601	8 883
Changes in other current receivables/liabilities	-8 472	14 113	-8 472	14 113	-5 692
Changes in prepayment from customers	13 993	-	13 993	-	2 920
Changes in public duties payable	-396	-	-396	-	3 942
Taxes	-3 839	-770	-3 839	-770	-1 903
Cash flow from operating activities	39 463	43 815	39 463	43 815	21 981
Capital Expenditure IP	-8 054	-6 879	-8 054	-6 879	-22 974
Capital Expenditure other	-1 951	-944	-1 951	-944	-5 660
Acquisitions	-23 000	-152 415	-23 000	-152 415	-197 456
Cash flow from investing activities	-33 005	-160 238	-33 005	-160 238	-226 090
Dividend paid	-	-	-	-	-
Proceeds from new shares issue	-	-	-	-	-
Change in Debt	-	-	-	-	203 895
Net Interest	-7 264	-5 058	-7 264	-5 058	-23 547
Cash flow from financing activities	-7 264	-5 058	-7 264	-5 058	180 348
Net change in cash and cash equivalents	-807	-121 481	-807	-121 481	-23 761
Cash and cash equivalents at start of the period	280 855	304 616	280 855	304 616	304 616
Cash and cash equivalents at end of the period	280 048	183 135	280 048	183 135	280 855

* Audited numbers



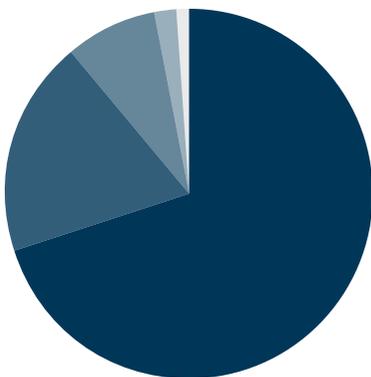
DISTRIBUTION OF SALES, PER COUNTRY

- Sweden 45%
- Norway 23%
- Rest of the world 12%
- Denmark 11%
- Finland 9%



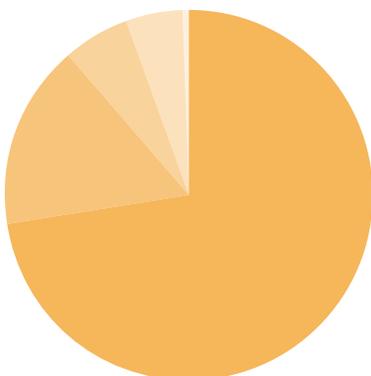
DISTRIBUTION OF SALES, PER BUSINESS AREA

- Public Safety 42%
- LIMS 15%
- Women & Children's Health 13%
- Connected Healthcare 12%
- Medical Imaging 7%
- Health Analytics 6%
- Medication Management 5%



DISTRIBUTION OF SALES, PER INCOME TYPE

- Recurring Revenue 70%
- Professional Services 19%
- License Sales 8%
- Hardware Sales 2%
- Other Income 1%



EMPLOYEES PER Q1 2022 (TOTAL 292)

- Nordics 73%
- Asia 16%
- Oceania 6%
- Europe 5%
- Americas 1%

All numbers YTD 2022. Due to rounding, numbers may not sum to 100%.

Financial Review

The financial accounts have been prepared in accordance with NGAAP. Figures in brackets below relate to the corresponding periods in 2021. All numbers are presented in NOK.

RESULTS FOR THE FIRST QUARTER 2022

CSAM displayed 25% growth in reported income for the first quarter of 2022. Reported EBITDA increased to 15.0 million (14.4). The reported EBITDA-margin decreased to 16% in Q1-22, from 19% in the same period of 2021. This is a consequence of numerous acquisitions, integration activities and costs related to organisational development to handle the increased order backlog. Compared to Q4-21, the EBITDA increased markedly.

M&A

CSAM completed one acquisition in the first quarter of 2022 (Carmona), thereby continuing to increase our presence in the health analytics domain. In the first quarter, the company focussed on integration activities related to this and the three acquisitions completed last year.

PROFIT AND LOSS ACCOUNT

Revenue

Total sales in the first quarter of 2022 amounted to 95.4 million compared to 76.5 million in the first quarter of 2021. Recurring revenue comprises 70% of total sales and grew 25% compared to Q1-21.

The revenue increase was driven by a combination of acquired growth, in line with the company's communicated growth strategy, and organic growth. Recurring revenues continue to grow in accordance with expectations, while sale of new licenses increased markedly in the quarter compared with the same quarter last year.

Professional Services increased 61% compared to Q1-21 as a consequence of the many ongoing delivery projects. While our growth is surely a reflection of our acquisitions, it also reflects the increased work related to new sales.

Hardware sales, not a focus area for a software company like CSAM, were significantly lower than for the same quarter last year, ending at 1.9 million (8.1). This is partly due to the sale of the the Swedish scanner business.

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).

Operating costs

Operating costs were 80.8 million in the first quarter (62.4), with the increase in operating costs primarily due to inclusion of four new businesses; Carmenta (Feb-21), MedSciNet (May-21), Optima (Jun-21), and Carmona (Feb-22), and costs related to the integration activities of these last four acquisitions. Further, the many new orders received during the second half of 2021 caused temporary

capacity constraints related to delivery, and the use of external consultants has temporarily impacted costs, until permanent staff can be reallocated or recruited.

COGS decreased from Q1-21, ending at 7.5 million (10.5). The decrease is explained largely by reduced hardware sales, i.e., increased quality of earnings.

Personnel costs amounted to 58.5 million in the first quarter (38.0). The increase compared with Q1-22 is related to increased operations as a consequence of M&A and increased delivery activities, temporarily requiring the use of external resources.

Other costs amounted to 14.9 million (13.9), almost on par with Q1-21.

Capex continues to be below our communicated level and amounted to a 8.1 million in the first quarter (6.9), with a corresponding Capex-% 8% (9%) of total sales, higher than the last few quarters, but still below our communicated level of 10%. The increase compared to the last quarters reflect that development costs in acquired businesses are handled according to CSAM Group's Capex philosophy and common accounting practices have been implemented, this as an announced consequence of the BIB-process and the 2021 budgeting exercise. We continue to forecast Capex amounting to 10% of total sales.

EBITDA

Reported EBITDA was 15.0 million in the first quarter of 2022 (14.4) and reported EBITDA-margin amounted to 16% (19%).

Initially, acquisitions typically show lower EBITDA margins than the Group target average, and first quarter 2022 shows traces of this, but also that margins will improve as acquired businesses are gradually starting to operate according to established CSAM principles. In general, acquisitions should be expected to have an initial dilutive effect on overall Group margins, improving to Group average within a total 24-month period (following the CSAM BIB-model). CSAM acquired four new business during the last year and added significantly more than 100 MNOK in annual revenue through this process. These acquisitions bring a plethora of opportunities for long-term value creation however at the expense of short-term reported profitability, albeit it shows definite signs of improvement.

EBIT

Depreciation and amortisation amounted to 22.2 million in the first quarter (17.7). 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 reported operating income (EBIT) was -7.3 million in the first quarter, compared to an operating loss of 3.3 million in the same period last year. Amortisations increased as a consequence of acquisitions.

Financials

Interest expenses amounted to 7.3 million (5.1) in the first quarter. 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 -27.8 million in the first quarter of 2022 (-23.2).

FINANCIAL POSITION

Numbers in brackets relates to 31.12.2021.

Assets

Total non-current assets amounted to 407.7 million at the end of the first quarter 2022 (421.1). Intangible assets accounted for 398.5 million (413.0). The intangible assets mainly stem from the acquisitions made during the last seven years, in addition to in-house developed software (Capex).

Current assets amounted to 365.2 million at the end of the quarter (393.7). Cash and cash equivalents amounted to 280.0 million (280.9).

Equity and liabilities

CSAM had total booked equity of 124.1 million (166.6) of a total reported balance of 772.9 million (814.8) at the end of the quarter.

Equity reconciliation

According to updated NRS and NGAAP regulation, CSAM has performed an equity reconciliation per Q1 2022. 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.

OB	166 603
Profit/(Loss) this period	- 27 940
FX adjustments	- 14 532
CB	124 131

Total liabilities amounted to 648.8 million at the end of the quarter (648.2), of which 157.4 million in current liabilities (156.8), and 491.4 million in long-term liabilities (491.4), represented in its entirety by CSAM01 PRO.

CASH FLOW

Cash flow from operations

Cash earnings from operations were 15.0 million in the first quarter of 2022 (14.4).

Cash flow from operating activities

Cash flow from operating activities were 39.5 million in the first quarter (43.8).

Cash flow from investing activities

Cash flow from investing activities was negative 33.0 million for the quarter (-160.2), split between 8.1 million for development of IP (-6.9), -2.0 million for purchase of property, plant, and equipment (-0.9), and settlement of agreed acquisitions -23.0 (-152.4).

Cash flow from financing activities

Cash flow from financing activities was -7.2 million for the period (-5.1), 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 280.0 million (183.1).

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 (the calculation is performed by KWC, an independent firm specialising in evaluations).



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 2022 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.

Åse Aulie Michelet
Chair of the Board

Kjellrun Borgmo
Director

Sverre Flatby
CEO

Louise Nilsson
Director

Gunnar Bjørkavåg
Director

Mats Larson
Director

Ansgar Gabrielsen
Director

CSAM Health Group AS

Drammensveien 288

0283 Oslo, Norway

csamhealth.com

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