

Q2  
—  
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](http://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

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Q2-23 total income 104 MNOK vs 90 MNOK in Q2-22

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Recurring revenue grew 16% to 82 MNOK (Q2-23 vs Q2-22), and accounted for 79% of total sales

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Reported EBITDA was 11 MNOK resulting in a 10% EBITDA margin

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Q2-23 organic growth of 10.6% vs Q2-22 in local currency (15.1% in NOK)

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Gross margin increased to 91% (90%)

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# Introduction

CSAM's sales target for 2023 is to pass the NOK 400 million mark, and with NOK 205 million YTD after Q2, we are on track to reach that milestone. Last quarter's revenue totalled NOK 104 million, an increase of 16% from Q2-22.

Recurring revenues grew 16% from NOK 70 million in Q2-22 to NOK 82 million this quarter. This steadily growing income originates from long-term contracts in several countries, and represents all of our business areas, which secures a highly diversified revenue stream with minor customer churn.

As a result of the cost reduction programme initiated at the end of last year, the negative EBITDA in Q4-22 turned positive in Q1-23 (5%) and further improved to 10% in Q2-23. The primary objective with the programme is to secure that the current organic business grows predictably, and runs with a stable annual EBITDA margin of around 30% in the years to come. We expect further improvements in Q3-23 when the final phase of the cost reduction programme concludes.

CSAM's existing business areas will continue to focus on improving the EBITDA margin, as well as driving organic growth. We see growth opportunities through product enhancements, cross-selling to existing customers, as well as targeted geographic expansion for some of our proven solutions. At the same time, we continue to explore M&A targets relevant to our industry verticals coupled with divestment opportunities of non-strategic assets.

In summary, CSAM delivers a satisfactory Q2, with 16% revenue growth over last year and a return to a healthier and growing EBITDA margin. Our reorganisation into Business Areas combined with the cost-reduction programme is starting to show the expected effect, and we look forward to a continued path of profitable growth.



**“Q2-23 main take aways are stable organic growth, increased recurring revenues and reduced cost compared to previous quarters.”**

**–Sverre Flatby, CEO**

**INCOME STATEMENT** - CSAM Health Group AS, consolidated unaudited accounts

<b>KNOK</b>	<b>Q2-23</b>	<b>Q2-22</b>	<b>2023 YTD</b>	<b>2022 YTD</b>	<b>2022 FY*</b>
License sales	1 793	624	4 014	8 199	12 327
Recurring Software Revenue	81 509	70 049	160 415	136 974	281 266
Professional Services	18 041	16 566	36 481	34 256	64 157
Other operating income	63	100	132	1 458	1 488
Hardware	2 288	2 123	4 451	3 975	8 919
<b>Total Sales</b>	<b>103 694</b>	<b>89 461</b>	<b>205 492</b>	<b>184 862</b>	<b>368 158</b>
Government grants R&D (Skattefunn)	425	345	795	691	1 498
<b>Total Income</b>	<b>104 119</b>	<b>89 807</b>	<b>206 287</b>	<b>185 553</b>	<b>369 656</b>
Cost of Goods and Services	9 020	8 837	17 563	16 292	33 380
Salary and personnel	67 177	61 927	139 399	120 385	251 584
Other cost	17 207	15 833	33 161	30 686	69 084
Restructuring cost	-	-	-	-	13 301
<b>Sum Cost</b>	<b>93 404</b>	<b>86 597</b>	<b>190 123</b>	<b>167 363</b>	<b>367 348</b>
<b>EBITDA</b>	<b>10 715</b>	<b>3 209</b>	<b>16 165</b>	<b>18 190</b>	<b>2 308</b>
EBITDA-%	10%	4%	8%	10%	1%
Depreciation	1 118	868	2 192	1 774	3 790
<b>EBITA</b>	<b>9 597</b>	<b>2 341</b>	<b>13 973</b>	<b>16 415</b>	<b>-1 482</b>
EBITA-%	9%	3%	7%	9%	0%
Amortisation of goodwill and licenses	21 284	19 861	42 724	41 187	85 076
Impairment of goodwill and licenses	0	0	-	0	3 891
<b>EBIT</b>	<b>-11 687</b>	<b>-17 520</b>	<b>-28 751</b>	<b>-24 772</b>	<b>-90 449</b>
EBIT-%	-11%	-20%	-14%	-13%	-25%
Interest expenses	-11 684	-8 392	-22 743	-15 656	-37 198
Other net financials	-3 900	6 272	25 793	-7 038	-8 684
<b>Profit before tax</b>	<b>-27 271</b>	<b>-19 640</b>	<b>-25 702</b>	<b>-47 467</b>	<b>-136 332</b>
Taxes	-1 476	82	-2 689	195	-4 733
<b>Net profit</b>	<b>-25 795</b>	<b>-19 722</b>	<b>-23 012</b>	<b>-47 662</b>	<b>-131 598</b>
<b>Key ratios</b>					
Capitalized R&D expenditure	11 019	9 292	19 599	17 546	35 777
CAPEX-%	10,6%	10,4%	9,5%	9%	10,0%

\* As presented in Annual Report of 2022

**BALANCE SHEET** - CSAM Health Group AS, consolidated unaudited accounts

<b>NOK Thousand</b>	<b>30.06.23</b>	<b>31.12.22*</b>
Deferred tax	30 283	30 031
Goodwill, customer contracts and IP	250 270	268 014
Intangible assets developed	117 444	103 998
<b>Total intangible assets</b>	<b>397 998</b>	<b>402 043</b>
Fixed durable assets	8 510	9 138
<b>Total tangible assets</b>	<b>8 510</b>	<b>9 138</b>
Inventories	26	327
Accounts receivables	36 592	51 151
Other receivables	53 557	34 319
Cash and liquid assets	182 386	196 566
<b>Current assets</b>	<b>272 561</b>	<b>282 362</b>
<b>Total assets</b>	<b>679 069</b>	<b>693 544</b>
Share capital	2 097	2 097
Share premium reserve	-2 819	26 677
<b>Total equity</b>	<b>-722</b>	<b>28 773</b>
Deferred Tax	25 706	26 406
Bond Loan	495 960	494 426
<b>Total long term liabilities</b>	<b>521 667</b>	<b>520 832</b>
Accounts payable	10 508	11 502
Public duties payable	15 293	34 522
Other short term liabilities	132 324	97 915
<b>Current liabilities</b>	<b>158 125</b>	<b>143 939</b>
<b>Total equity and liabilities</b>	<b>679 069</b>	<b>693 544</b>

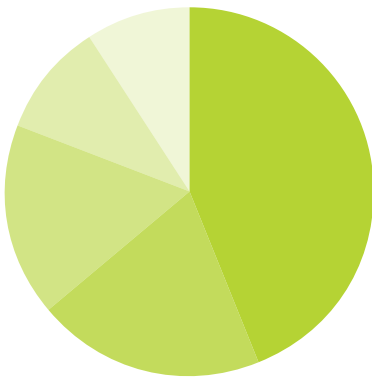
\* As presented in Annual Report of 2022

**CASH FLOW** - CSAM Health Group AS, consolidated unaudited accounts

<b>KNOK</b>	<b>2023 Q2</b>	<b>2022 Q2</b>	<b>2023 YTD</b>	<b>2022 YTD</b>	<b>2022 FY*</b>
Profit/(loss) before taxation	-27 271	-19 640	-25 702	-47 467	-136 332
Net financial items	15 585	2 120	-3 049	22 695	45 882
Depreciation and amortisation	22 402	20 729	44 916	42 962	92 756
<b>Cash earnings from operations</b>	<b>10 715</b>	<b>3 209</b>	<b>16 165</b>	<b>18 190</b>	<b>2 308</b>
Changes in accounts receivables	-8 846	3 442	14 558	35 990	28 253
Changes in accounts payables	-450	728	-994	-8 625	-7 971
Changes in other current receivables/liabilities	261	2 747	-23 237	-4 768	-16 222
Changes in prepayment from customers	-20 393	-5 461	34 860	7 932	**
Changes in public duties payable	-2 466	-4 960	-15 682	-5 356	10 391
Taxes	-896	-1 044	-4 703	-5 039	-5 123
<b>Cash flow from operating activities</b>	<b>-22 074</b>	<b>-1 340</b>	<b>20 968</b>	<b>38 324</b>	<b>11 636</b>
Capital Expenditure IP	-11 019	-9 292	-19 599	-17 546	-35 777
Capital Expenditure other	-869	-30	-1 565	-1 981	-6 077
Acquisitions		-		-20 122	-20 122
Buy-back of shares	-1 865	-	-3 823		
<b>Cash flow from investing activities</b>	<b>-13 752</b>	<b>-9 322</b>	<b>-24 988</b>	<b>-39 649</b>	<b>-61 976</b>
Change in Debt	-	-	-	-	-480
Net Interest	-11 357	-8 392	-21 639	-15 656	-34 130
<b>Cash flow from financing activities</b>	<b>-11 357</b>	<b>-8 392</b>	<b>-21 639</b>	<b>-15 656</b>	<b>-34 610</b>
Net change in cash and cash equivalents	-47 183	-19 053	-25 658	-16 982	-85 015
FX adjustments	3 515	-	11 478	-2 878	725
Cash and cash equivalents at start of the period	226 054	280 048	196 566	280 855	280 855
<b>Cash and cash equivalents at end of the period</b>	<b>182 386</b>	<b>260 995</b>	<b>182 386</b>	<b>260 995</b>	<b>196 565</b>

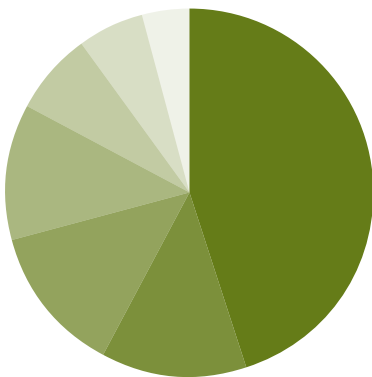
\* As presented in Annual Report of 2022

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



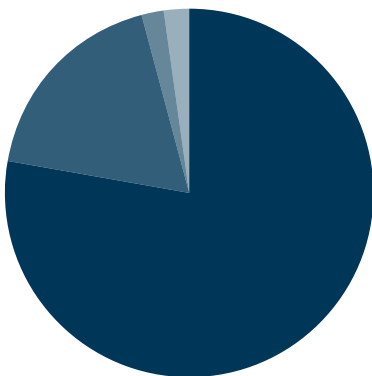
**DISTRIBUTION OF SALES, PER COUNTRY**

- Sweden 44%
- Norway 20%
- Rest of the world 17%
- Denmark 10%
- Finland 9%



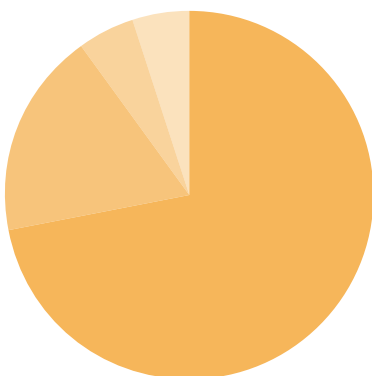
**DISTRIBUTION OF SALES, PER BUSINESS AREA**

- Public Safety 45%
- Connected Healthcare 13%
- LIMS 13%
- Women & Children's Health 12%
- Medical Imaging 7%
- Health Analytics 6%
- Medication Management 4%



**DISTRIBUTION OF SALES, PER INCOME TYPE**

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



**EMPLOYEES PER Q2 2023 (TOTAL 291)**

- Nordics 72%
- Asia 18%
- Europe 5%
- 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](http://www.csamhealth.com/investor-relations/reports-and-webcasts).

## RESULTS FOR THE SECOND QUARTER 2023

CSAM displayed 16% growth in reported income, measured in NOK, for the second quarter of 2023 compared to Q2-22. Reported EBITDA increased to 10.7 million (3.2). The reported EBITDA-margin increased to 10% in Q2-23, from 4% in the same period of 2022. The improvement compared to the last quarter is a consequence of strong organic growth combined with actions related to the cost-savings programme that was initiated in Q4-22.

## M&A

CSAM did not acquire any new businesses in the second 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 second quarter of 2023 amounted to 104.1 million (89.8). Recurring revenue comprises 79% of total sales and grew 16% compared to Q2-22. Recurring revenues continue to grow in accordance with expectations, while sale of new licenses, which by nature vary from quarter to quarter, was above the same quarter last year. Professional Services increased 9% compared to Q2-22, ending at 18 million (16.6). Hardware sales came in slightly above the same quarter last year, ending at 2.3 million (2.1). Hardware sales relate primarily to Business Area "Public Safety".

**Operating costs**

Operating costs were 93.4 million in the second quarter (86.6), with the increase in operating costs mainly related to salary and personnel expenses. That said, we observe a marked reduction from the first quarter this year. We expect these costs to continue to decrease in the 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 Q2-22, ending at 9.0 million (8.8). 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 67.2 million in the second quarter (61.9) and down from 72.2 million in the first quarter this year. The increase compared with Q2-22 is related to ongoing delivery activities, temporary increased use of external consultants (acting as temporary replacements for employees), general salary increase and employees affected by the Triginta process still being with us for some of the quarter. At the end of the quarter, CSAM employed 291 employees (some of which work part time) compared to 297 and the end of Q1-23 and 317 at the end of Q4-22.

Other costs amounted to 17.2 million (15.8), 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 roughly in line with our communicated level and amounted to 11.0 million in the second quarter (9.3), with a corresponding Capex-% of 10.6% (10.4%) of total sales for the quarter, and 9.5% year to date.

**EBITDA**

Reported EBITDA was 10.7 million in the second quarter of 2023 (3.2) with a corresponding EBITDA-margin of 10% (4%). The EBITDA in the second quarter is still impacted by costs related to restructuring and reorganisation; but cost effects of employee reductions is starting to be visible in the PersEx numbers.

**EBIT**

Depreciation and amortisation amounted to 22.4 million in the second quarter (20.7). Intangible assets from acquisitions are amortised over a period of five years, and Goodwill from acquisitions is amortised over a period of ten years.

The reported operating income (EBIT) was -11.7 million in the second quarter, a decent improvement compared to the operating loss of 17.5 million in the same period last year.

### **Financials**

Interest expenses amounted to 11.7 million (8.4) in the second quarter. The increase is due to increasing Nibor. Other 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. The latter is a calculated financial item and has no cash effect until settled.

### **Results**

Profit before tax was -27.3 million in the second quarter of 2023 (-19.6).

### **FINANCIAL POSITION**

Numbers in brackets relates to 31.12.2022.

### **Assets**

Total non-current assets amounted to 406.5 million at the end of the second quarter 2023 (411.2). Intangible assets accounted for 398 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 272.6 million at the end of the quarter (282.4). Cash and cash equivalents amounted to 182.4 million (196.6).

### **Equity and liabilities**

CSAM had total booked equity of -0.7 million (28.8) of a total reported balance of 679.1 million (693.6) 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.

OB 01.01.2023	28 773
Profit/(Loss) this period	- 23 012
Buy-back of shares	- 3 823
FX adjustments	- 2 660
<b>CB 30.06.2023</b>	<b>- 722</b>

Total liabilities amounted to 679.8 million at the end of the quarter (664.8), of which 158.1 million in current liabilities (143.9), and 521.7 million in long-term liabilities (520.8), represented by CSAM01 PRO and deferred tax.

#### SHARE BUY BACK

In Q1 this year, CSAM started buying back its own shares for the purpose of using these shares as part of settlement for future acquisitions. The table below shows the transactions carried out per quarter until the end of Q2-23:

Quarter	Total transaction value (NOK)	Total number of Shares	Average share-price (NOK)
Q1 2023	1 957 497	52 712	37,1
Q2 2023	1 865 206	43 336	43,0
<b>Total share buy back</b>	<b>3 822 703</b>	<b>96 048</b>	<b>39,8</b>

#### CASH FLOW

##### Cash flow from operations

Cash earnings from operations was 10.7 million in the second quarter of 2023 (3.2).

##### Cash flow from operating activities

Cash flow from operating activities were -22.1 million in the second quarter (-1.3).

##### Cash flow from investing activities

Cash flow from investing activities was negative 13.8 million for the quarter, split between 11 million for development of IP (-9.3), and -0.9 million for purchase of

property, plant, and equipment (-0), and buy-back of own shares -1.9 million (0).

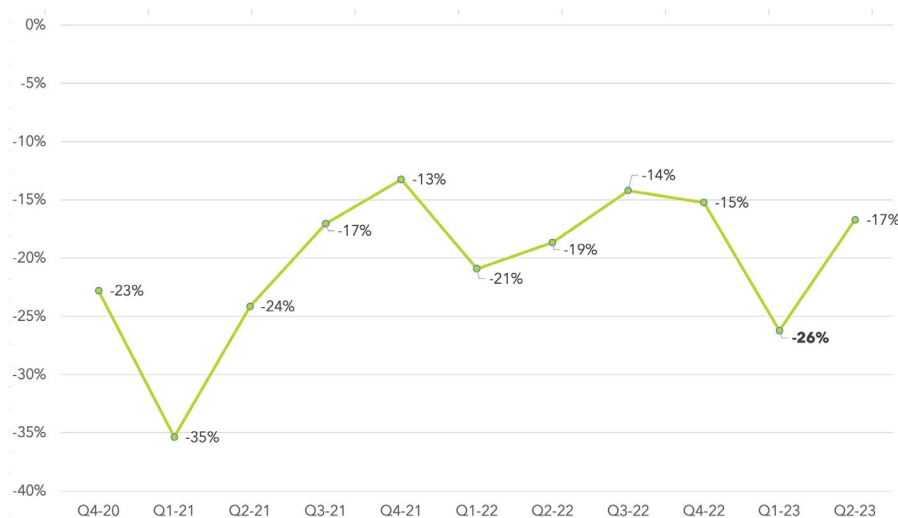
**Cash flow from financing activities**

Cash flow from financing activities was -11.3 million for the period (-8.4), related to interest paid on CSAM01 PRO. 500 MNOK is outstanding on this bond.

Cash and cash equivalents at the end of the second quarter amounted to 182.4 million (261).

**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**

<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation and Amortisation.
<b>EBITDA-margin</b>	EBITDA in percent of total operating revenue.
<b>EBITA</b>	Earnings Before Interest, Taxes and Amortisation.
<b>EBIT</b>	Earnings Before Interest and Taxes.
<b>CapEx</b>	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 Q2-23 vs Q2-22 to be ~11% measured in local currency (15% measured in reported NOK numbers).

<b>Key figures per Business Area</b>	<b>Sales</b>	<b>EBITDA</b>	<b>Capex</b>	<b>Organic Growth</b>
Connected Healthcare	13 386	9%	6%	14%
Health Analytics	5 827	-6%	0%	-21%
LIMS	12 966	-32%	13%	10%
Medical Imaging	7 264	11%	24%	-4%
Medication Management	3 632	37%	2%	-3%
Public Safety	46 405	15%	13%	20%
Women & Children's Health	13 335	39%	5%	16%

The organic growth is a combination of increased recurring revenue in the quarter, boosted by both index escalators and new business, stronger license sales and high delivery activities resulting in strong professional services.

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

*Note:*

*Organic growth is measured in local currency. Other income is excluded from the overview. EBITDA numbers include proportionate allocation of common services. 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 April to 30 June 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 second 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, 24 August 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**  
Director



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