

Q3 2021

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 and emergency responders to access relevant clinical information at the point of care and when every second counts, so they can provide the highest quality care.

CSAM has established itself as a leading niche player the Nordics, Pan-Europe and beyond in the specialised eHealth market, with a unique blend of best-in-class innovative technology, and outstanding human skills.

Our leading product portfolio includes innovative niche solutions in connected healthcare, medical imaging, women and children's health, public safety, medication management, laboratory information management systems and health analytics.

<p>Connected Healthcare Premier software -collaboration across entire Healthcare value chain</p>	<p>Medical Imaging Comprehensive medical imaging management across entire cycle</p>	<p>Women & Children's Health Maternity software tried and proven by distinguished hospitals</p>	
<p>Public Safety Specialist solutions for emergency response</p>	<p>Medication Management Best-in-class medication management software</p>	<p>LIMS Blood management platform used by national providers</p>	<p>Health Analytics Secure solutions for facilitating well-managed data</p>

CSAM's commercial headquarters are in Oslo, Norway. In addition, CSAM is represented in ten countries in Europe, Asia, Oceania, and North America, including 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.

CSAM aspires to achieve continued growth both organically and through selected mergers and acquisitions. CSAM is listed on Oslo Stock Exchange, Euronext Growth and 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 are daring, different, and disruptive.

Third Quarter Highlights

Reported income growth 64% YoY compared to Q3 2020

Recurring revenue growth 58% YoY compared to Q3 2020

Reported EBITDA of 20.1 MNOK, corresponding to an EBITDA-margin of 23%

Secured 100% of Danish blood management market in new national agreement for CSAM Prosang solution. Value approximately 100 million NOK over next six years

Strengthened the Management Team with Chief HR Officer Kjetil Skogen and Executive VP Anna-Karin Østlie

Introduction

Q3- A GROWTH QUARTER

Comparing Q3 2021 to Q3 2020 YoY, CSAM reports 64% sales growth, positioning the company ahead of its targeted ~40% average annual growth. CSAM accounts show an EBITDA margin of 23% compared to 31% in Q3 2020. Reported numbers are well in line with management expectations as the inclusion of Fertsoft, Carmenta, MedSciNet and Optima during the first half year temporarily dilutes consolidated margins. Following long-term strategy, the well-established Buy, Integrate and Build margin expansion cycle for M&A targets will restore overall profitability to CSAM's 30% target within 24 months of ownership.

BUY, INTEGRATE & BUILD (BIB) KEY TO CSAM'S SUCCESS

There are two important dimensions of BIB that stand out:

1. The One-Organisation Principle
2. Integration project milestones M1, M2 and M3.

THE ONE-ORGANISATION PRINCIPLE

CSAM acquires companies that possess a winning combination of customers with recurring revenue streams, company owned product code, and employees with high speciality core competence - thus successfully expanding or strengthening product offering(s) in key product domains or markets.

CSAM fully integrates the acquired businesses into one organisation, regardless of formal company structure. CSAM builds its business as a single enterprise, not a series of stand-alone businesses. This M&A strategy and a robust industrial integrated operating model have enabled CSAM to offer a continuously growing range of specialist eHealth solutions across diversified markets and create a strong reputation as a desirable acquirer.

MILESTONES AND SUBSEQUENT EBITDA MARGIN EXPANSION

The one-organisation principle requires a disciplined approach to integration to ensure consolidated businesses run with 30% EBITDA after 24 months. The milestones M1, M2 and M3 represent end dates of a collection of pre-defined activities within accounting, sales, HR, IT, development processes, quality management systems, certifications, cost optimisation etc.

The four simultaneous projects running in Q3 are integrations of Fertsoft, Carmenta, MedSciNet and Optima. These projects have not yet reached M3 (full integration) in the current quarter and show a prognosis of 1H 2023 for full integration of all. Example: Carmenta

was acquired in Q1 2021 and has passed M1, meaning company-wide accounting systems, IT-services, corporate governance, HR processes, customer and product strategies are in place. The next milestone is M2 in Q1 2022 where the first steps of business synergies should start contributing positively on both cost- and income sides. In the period between M2 and M3, remaining cost and income synergies identified during the due diligence process will be implemented. For Carmenta specifically, M3 will be completed in Q1/2023 when the targeted 30% EBITDA margin should be achieved.

While financial performance is not gauged as linear per month or per quarter, the ongoing BIB-processes and historical CSAM BIB strategy success signal that a 23% EBITDA margin in Q3 2021 is a solid platform for achieving a targeted margin of 30% for the current business in 2023.

NEW ORGANIC GROWTH OPPORTUNITIES

A notable milestone in Q3 2021 was the previously announced major contract win in Denmark.

CSAM signed a national agreement including the five regions within the Danish health authority for CSAM's Prosang blood, cell, and tissue management system. In an agreement between CSAM and all five health regions, the new contract, with a value of approximately 100 million NOK over the next six years, will be implemented in all blood banks across the country - securing CSAM 100% of the Danish blood management market.

As a result, CSAM now has a robust sustainable blood management market position in Norway, Sweden, Denmark, and Iceland. New exciting organic growth opportunities in the Nordics and beyond arise because of the strong market development within this highly specialised domain.

STRENGTHENING THE MANAGEMENT TEAM TO BOOST FURTHER GROWTH

In a strategic move to support CSAM's ambitious growth trajectory, CSAM introduced two new executives to the company's management team in Q3 2021 as the company expands across geographical and cultural borders. Senior HR expert Kjetil Skogen, with substantial international experience, joined as Chief HR Officer on September 1st in a move to cultivate the company's long-term M&A growth plans and organisational transformation.

To continue to strengthen and pursue organic growth opportunities and BIB-integration, experienced leader Anna-Karin Østlie was brought in as Executive VP within the company's centrally managed product business areas.

Both executives are based in CSAM's headquarters in Oslo and are part of the CSAM Management Team.

PREDICTABILITY AND DIVERSIFICATION

YoY growth of 64% in Q3 compared to the same quarter last year is above CSAM growth guidance. 75% are long-term recurring revenues from robust governmental entities and software tied to complex workflow processes that are rarely altered. Limited churn, combined with a diversified customer base across countries, regions, hospitals, departments, and specialists, signals business going forward will continue as stable and predictable, as experienced during the previous years.

Long-time employees in CSAM and new employees coming on board through our recent acquisitions, are working together to deliver first class specialist software solutions to meet the daily demands of our customers. Teams collaborating across ten countries are proving through day-to-day efforts that CSAM can develop a healthy business while at the same time make a significant difference in supporting healthcare at large and ultimately the patients.

We are caring for life and have a long-term perspective on everything we do.

Sverre Flatby
CEO



“CSAM is currently ahead of the 1 BNOK in 2025 growth plan with a predictable and diversified recurring revenue specialist software business as the solid foundation”

–Sverre Flatby, CEO

INCOME STATEMENT - CSAM Health Group AS, consolidated unaudited accounts

KNOK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY*
License sales	5 347	1 362	10 063	8 603	9 739
Recurring Software Revenue	67 655	42 903	182 191	128 970	173 535
Professional Services	9 527	5 944	34 855	21 840	35 817
Other operating income	432	106	689	368	529
Hardware	3 194	2 053	14 074	6 864	9 445
Total Sales	86 154	52 367	241 872	166 645	229 065
Government grants R&D (Skattefunn)	303	410	909	1 229	741
Total Income	86 457	52 777	242 781	167 874	229 807
Cost of Goods and Services	6 890	6 112	26 368	18 873	25 683
Salary and personnel	44 570	24 482	129 055	79 743	115 904
Other cost	14 866	6 045	42 771	21 088	30 079
Sum Cost	66 326	36 639	198 194	119 704	171 667
EBITDA	20 131	16 138	44 587	48 170	58 140
EBITDA-%	23%	31%	18%	29%	25%
Depreciation	503	366	1 429	1 126	1 517
EBITA	19 628	15 772	43 159	47 043	56 623
EBITA-%	23%	30%	18%	28%	25%
Amortisation	21 127	7 435	58 362	27 101	39 360
EBIT	-1 499	8 337	-15 204	19 942	17 263
EBIT-%	-2%	16%	-6%	12%	8%
Interest expenses	-7 601	-2 494	-19 042	-14 031	-25 312
Other net financials	-5 694	4 019	-12 365	4 246	40
Profit before tax	-14 793	9 863	-46 610	10 158	-8 009
Taxes	40	-38	40	61	1 217
Net profit	-14 834	9 901	-46 650	10 097	-9 226
Key ratios					
Capitalized R&D expenditure	5 472	4 854	17 323	19 033	25 708
CAPEX-%	6%	9%	7%	11%	11%

* Audited numbers

BALANCE SHEET - CSAM Health Group AS, consolidated unaudited accounts

KNOK	30.09.21	31.12.20*
Deferred tax	42 090	39 217
Goodwill, customer contracts and IP	306 078	160 272
Intangible assets developed	87 073	87 714
Total intangible assets	435 241	287 202
Fixed durable assets	6 627	3 075
Total tangible assets	6 627	3 075
Inventories	8	52
Accounts receivables	43 848	53 514
Other receivables	34 384	12 948
Cash and liquid assets	287 921	304 616
Current assets	366 161	371 130
Total assets	808 028	661 407
Share capital	2 097	2 091
Share premium reserve	193 401	246 255
Total equity	195 498	248 346
Bond Loan	490 572	284 320
Total long term liabilities	490 572	284 320
Accounts payable	15 672	11 476
Public duties payable	9 834	20 095
Other short term liabilities	96 452	97 170
Current liabilities	121 958	128 742
Total equity and liabilities	808 028	661 407

* Audited numbers

CASH FLOW - CSAM Health Group AS, consolidated unaudited accounts

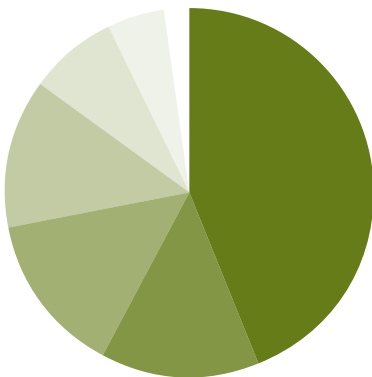
KNOK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY*
Profit/(loss) before taxation	-14 793	9 863	-46 610	10 158	-8 009
Net financial items	13 295	-1 525	31 406	9 785	25 272
Depreciation and amortisation	21 630	7 801	59 791	28 227	40 877
Cash earnings from operations	20 131	16 138	44 587	48 170	58 140
Changes in accounts receivables	-904	4 591	9 667	23 634	-12 264
Changes in accounts payables	5 167	12 619	4 196	12 619	-164
Changes in other current receivables/liabilities	-25 902	-32 573	-32 416	-67 029	-17 406
Taxes paid	-450	-210	-1 670	-880	-
Cash flow from operating activities	-1 958	565	24 364	16 514	28 305
Capital Expenditure IP	-5 472	-4 854	-17 323	-19 033	-25 708
Capital Expenditure other	-1 148	-415	-3 303	-415	-1 830
Acquisitions	-14 342	-	-211 524	-4 000	-4 000
Cash flow from investing activities	-20 962	-5 269	-232 150	-23 448	-31 538
Dividend paid	-	-	-	-	-80 000
Proceeds from new shares issue	-	-	6 238	-	292 499
Change in Debt	-	284 320	203 895	284 320	97 984
Net Interest	-7 601	-2 494	-19 042	-14 031	-25 312
Cash flow from financing activities	-7 601	281 826	191 091	270 289	285 171
Net change in cash and cash equivalents	-30 520	277 122	-16 695	263 354	281 938
Cash and cash equivalents at start of the period	318 441	8 910	304 616	22 677	22 677
Cash and cash equivalents at end of the period	287 921	286 032	287 921	286 032	304 616

* Audited numbers



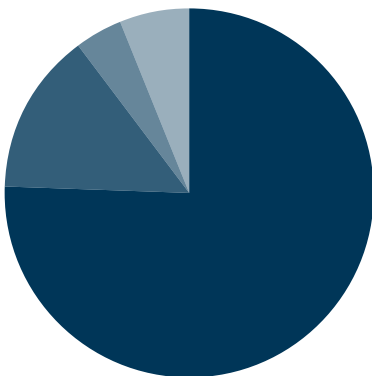
DISTRIBUTION OF SALES, PER COUNTRY

- Sweden 48%
- Norway 22%
- Finland 12%
- Denmark 9%
- Rest of the world 8%



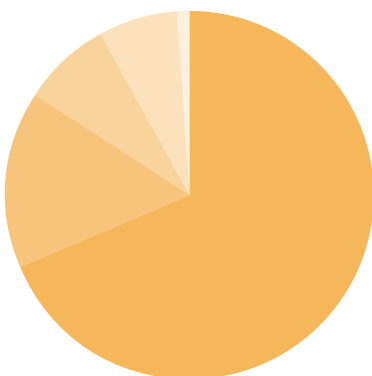
DISTRIBUTION OF SALES, PER BUSINESS AREA

- Public Safety 44%
- Connected Healthcare 14%
- Women & Children's Health 14%
- LIMS 13%
- Medical Imaging 8%
- Medication Management 5%
- Health Analytics 2%



DISTRIBUTION OF SALES, PER INCOME TYPE

- Recurring Revenue 75%
- Professional Services 14%
- Hardware Sales 6%
- License Sales 4%



EMPLOYEES PER Q3 2021 (TOTAL 282)

- Nordics 70%
- Asia 16%
- Europe 8%
- Oceania 6%
- Americas 1%

All numbers YTD 2021. Due to rounding, numbers may not sum to 100%.

Financial Review

The financial accounts have been prepared in accordance with NGAAP. Figures in brackets in the text below relate to the corresponding periods in 2020. All numbers are presented in NOK.

RESULTS FOR THE THIRD QUARTER 2021

CSAM displayed 64% growth in reported revenue for the third quarter of 2021, and 45% growth YTD. Reported EBITDA increased to 20.1 million (16.1). The reported EBITDA-margin decreased to 23% Q3 2021 from 31% Q3 2020 as a consequence of acquisitions.

M&A

CSAM completed three acquisitions in the first half year of 2021 (Carmenta, MedSciNet and Optima), thereby transcending the pace necessary to reach our 1 BNOK Sales target by 2025. In the third quarter, the company focussed on integration activities related to the abovementioned acquisitions, while maintaining and developing dialogues with potential new acquisition candidates.

Profit and Loss account

REVENUE

Total sales in the third quarter of 2021 amounted to 86.2 million compared to 52.4 million in the third quarter of 2020. Recurring revenue comprises 75% of total sales and grew 58% compared to Q3 2020.

The revenue increase was primarily driven by acquired growth, in line with the company's communicated growth strategy. Recurring revenues continue to grow in accordance with expectations, while sale of new licenses was strong in the quarter growing 293% compared to the same quarter last year and 17% above last year YTD. Professional Services increased 60% compared to Q3 2020, but lower than Q2 in absolute numbers due to summer vacation in the Nordics.

Hardware sales were exceptionally high in the first quarter this year and have returned to a more predictable level this quarter, ending at 3.2 million (2.1).

OPERATING COSTS

Operating costs were 66.3 million in the third quarter (36.6), with the increase in operating costs primarily due to inclusion of four new businesses, Fertsoft (Dec-20), Carmenta (Feb-21), MedSciNet (May-21) and Optima (Jun-21), and cost related to the integration activities of the last three acquisitions.

COGS displayed minimal change from Q3 2020, ending at 6.9 million (6.1).

Personnel costs amounted to 44.6 million in the third quarter (24.5), while other costs amounted to 14.9 million (6.0). Noting the high activity level related to integration of acquired businesses and several cost items that are one-offs by nature, the sum of other costs is almost unchanged from the level reported in Q1/21 of 13.9 million.

Please note that Capex amounted to a modest 5.5 million in the third quarter (4.9), and more notably Capex-% decreased to 6% (9%) of total revenue, and 7% (11%) YTD, markedly below our average level of 10%. These numbers are related primarily to development costs in acquired businesses - costs which for all practical purposes expensed until CSAM group Capex philosophy and common accounting practices are implemented, resulting in markedly lower Capex, and reduced reported EBITDA.

EBITDA

Reported EBITDA was 20.1 million in the third quarter of 2021 (16.1), and reported EBITDA-margin amounted to 23% (31%).

Initially, acquisitions typically show (much) lower EBITDA margins than the Group target average, and third quarter 2021 shows this very much announced effect. 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 effectively acquired four new business during the first half of 2021 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.

EBIT

Depreciation and amortisation amounted to 21.6 million in the third quarter (7.8).

As mentioned in the previous reports, as a consequence of increased M&A activity, amortisation will increase markedly through 2021 and onwards.

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 -1.5 million in the third quarter, compared to an operating profit of 8.3 million in the same period last year. Amortisations increased as a sole consequence of the abovementioned acquisitions.

FINANCIALS

Interest expenses amounted to 7.6 million (0) in the third 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 -14.8 million in the third quarter of 2021 (9.9).

Financial position

Numbers in brackets relates to 31.12.2020.

ASSETS

Total non-current assets amounted to 441.9 million at the end of the third quarter 2021 (290.3). Intangible assets accounted for 435.2 million (287.2). 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 366.2 million at the end of the quarter (371.1). Cash and cash equivalents amounted to 287.9 million (304.6).

EQUITY AND LIABILITIES

CSAM had total booked equity of 195.5 million (248.3) of a total reported balance of 808.0 million (661.4) at the end of the quarter.

Total liabilities amounted to 612.5 million at the end of the quarter (413.1), of which 122.0 million in current liabilities (128.7), and 490.6 million in long-term liabilities (284.3), represented in its entirety by CSAM01 PRO.

Cash flow

CASH FLOW FROM OPERATING ACTIVITIES

Cash earnings were -2 million in the third quarter of 2021 (0.6).

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was negative 21 million (-5.3) for the quarter, split

between 5.5 million for development of IP (4.9), 1.1 million for purchase of property, plant, and equipment (0.4), and settlement of agreed acquisitions 14.3 (0).

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was -7.6 million for the period (281.8), related to interest paid on CSAM01 PRO. 500 MNOK is outstanding on this bond.

Cash and cash equivalents at the end of the third quarter amounted to 287.9 million (286.0).

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 30 September 2021 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 third 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 25 November 2021

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

