

Q3  
—  
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 more than 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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Total income 86.5 MNOK

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Recurring revenue grew by 4.8% (Q3 2022 vs Q3 2021)

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EBITDA was 4.7 MNOK resulting in a 5% EBITDA margin

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Organic growth of 2.4% in local currencies, 5.4% YTD

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Gross margin 92%

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Reorganising to increase operational efficiencies and enhance profitability

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# Introduction

CSAM continues to deliver on its strategy, and in times of macro-economic uncertainty, the predictability that comes from our long-term customer relationships allows us to keep a steady course towards our NOK 1 billion goal in 2025. 82% of the total revenue this quarter is recurring and, with 92% gross margin, the backbone of our business is gradually getting stronger.

Most Buy, Integrate & Build integration projects will be finalised by the end of Q2 2023, and subsequently we expect the 30% EBITDA target margin to be restored exiting Q3 2023.

This quarter saw the foundation of a new Business Area delivering consulting services. Going forward, this will be an autonomous unit with employees in the Philippines and the Nordics that deliver services to the other Business Areas and charge them for that work. This will drive efficiencies and also allow this centre of excellence to grow beyond its current engagement within CSAM.

Some business areas have succeeded in the market and strengthened several existing relationships this quarter. Examples from Public Safety illustrate this development. Its biggest CoordCom customer is SOS Alarm in Sweden, followed by region Valencia's 112 and emergency response organisation in Spain, and government clients in Slovakia, Moldova and Montenegro. Public Safety reached an agreement with region Valencia emergency services (Generalitat Valenciana) prolonging the current recurring revenues and creating opportunities for increased scope over time. Similarly, the contract with the emergency services in Moldova has been renewed. The product line Optima has also reached milestones in Q3, with new and renewed contracts in Australia, Canada, the US and the UK, securing long-term recurring revenues.

When it comes to our M&A activities, we are continuously in discussions with several interesting candidate organisations - companies that meet our criteria on Customers, Code and Competence. In 2022, it has become evident that executives and owners of several of these attractive companies have unrealistic expectations to valuations. We are ready to strike deals, but only when the fundamentals are right and on opportunities which increase the likelihood of value creation for our shareholders.

In conclusion, CSAM's foundation of building strong recurring revenue streams from state-of-the-art software solutions has served us very well in a quarter with turbulent developments in the macroeconomic environment. We are now concluding our reorganisation, pushing the decision-making process even closer to our customers. As we see from our Public Safety area, there is still considerable opportunity to grow by entering new markets and through expanding our relationships with existing customers.



**“The predictability that comes from our long-term customer relationships allows us to keep a steady course towards our NOK 1 billion goal in 2025.”**

**–Sverre Flatby, CEO**

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

<b>KNOK</b>	<b>Q3-22</b>	<b>Q3-21</b>	<b>2022 YTD</b>	<b>2021 YTD</b>	<b>2021 FY*</b>
License sales	1 462	5 347	9 661	10 063	10 553
Recurring Software Revenue	70 888	67 655	207 863	178 120	245 566
Professional Services	12 389	9 527	46 645	38 927	56 521
Other operating income	3	432	1 461	689	140
Hardware	1 303	3 194	5 278	14 074	16 663
<b>Total Sales</b>	<b>86 045</b>	<b>86 154</b>	<b>270 907</b>	<b>241 872</b>	<b>329 444</b>
Government grants R&D (Skattefunn)	441	303	1 132	909	1 212
<b>Total Income</b>	<b>86 486</b>	<b>86 457</b>	<b>272 039</b>	<b>242 781</b>	<b>330 656</b>
Cost of Goods and Services	7 347	6 890	23 639	26 368	35 368
Salary and personnel	57 246	44 570	177 631	129 055	190 766
Other cost	17 167	14 866	47 853	42 771	62 691
<b>Sum Cost</b>	<b>81 761</b>	<b>66 326</b>	<b>249 124</b>	<b>198 194</b>	<b>288 825</b>
<b>EBITDA</b>	<b>4 725</b>	<b>20 131</b>	<b>22 915</b>	<b>44 587</b>	<b>41 831</b>
EBITDA-%	5%	23%	8%	18%	13%
Depreciation	977	503	2 751	1 429	2 325
<b>EBITA</b>	<b>3 749</b>	<b>19 628</b>	<b>20 164</b>	<b>43 159</b>	<b>39 506</b>
EBITA-%	4%	23%	7%	18%	12%
Amortisation of goodwill and licenses	21 176	21 127	62 363	58 362	79 044
<b>EBIT</b>	<b>-17 427</b>	<b>-1 499</b>	<b>-42 199</b>	<b>-15 204</b>	<b>-39 537</b>
EBIT-%	-20%	-2%	-16%	-6%	-12%
Interest expenses	-8 413	-7 601	-24 069	-19 042	-26 691
Other net financials	153	-5 694	-6 885	-12 365	-20 598
<b>Profit before tax</b>	<b>-25 687</b>	<b>-14 793</b>	<b>-73 153</b>	<b>-46 610</b>	<b>-86 826</b>
Taxes	-471	40	-275	40	2 297
<b>Net profit</b>	<b>-25 216</b>	<b>-14 834</b>	<b>-72 878</b>	<b>-46 650</b>	<b>-89 123</b>
<b>Key ratios</b>					
Capitalized R&D expenditure	8 186	5 472	25 388	17 323	25 708
CAPEX-%	10%	6%	9%	7%	8%

\* Audited numbers

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

<b>KNOK</b>	<b>30.09.22</b>	<b>31.12.21*</b>
Deferred tax	37 472	41 199
Goodwill, customer contracts and IP	256 595	276 484
Intangible assets developed	103 247	95 305
<b>Total intangible assets</b>	<b>397 314</b>	<b>412 987</b>
Fixed durable assets	10 446	8 129
<b>Total tangible assets</b>	<b>10 446</b>	<b>8 129</b>
Inventories	454	7
Accounts receivables	30 910	81 514
Other receivables	34 662	31 321
Cash and liquid assets	231 703	280 855
<b>Current assets</b>	<b>297 729</b>	<b>393 697</b>
<b>Total assets</b>	<b>705 488</b>	<b>814 813</b>
Share capital	2 097	2 097
Share premium reserve	91 858	164 506
<b>Total equity</b>	<b>93 954</b>	<b>166 603</b>
Bond Loan	493 715	491 361
<b>Total long term liabilities</b>	<b>493 715</b>	<b>491 361</b>
Accounts payable	9 909	20 359
Public duties payable	16 952	23 719
Other short term liabilities	90 959	112 771
<b>Current liabilities</b>	<b>117 819</b>	<b>156 849</b>
<b>Total equity and liabilities</b>	<b>705 488</b>	<b>814 813</b>

\* Audited numbers

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

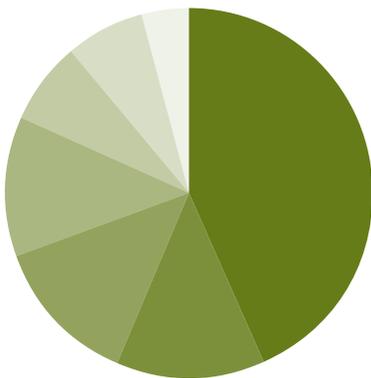
<b>KNOK</b>	<b>Q3-22</b>	<b>Q3-21</b>	<b>2022 YTD</b>	<b>2021 YTD</b>	<b>2021 FY*</b>
Profit/(loss) before taxation	-25 687	-14 793	-73 153	-46 610	-86 826
Net financial items	8 260	13 295	30 954	31 406	47 289
Depreciation and amortisation	22 153	21 630	65 114	59 791	81 369
<b>Cash earnings from operations</b>	<b>4 725</b>	<b>20 131</b>	<b>22 915</b>	<b>44 587</b>	<b>41 831</b>
Changes in accounts receivables	14 614	-904	50 604	9 667	-28 000
Changes in accounts payables	-1 825	5 167	-10 450	4 196	8 883
Changes in other current receivables/liabilities	-21 933	-25 902	-26 701	-32 416	-5 692
Changes in prepayment from customers	-3 788	-	4 144	-	2 920
Changes in public duties payable	-1 411	-	-6 767	-	3 942
Taxes	-1 815	-450	-6 854	-1 670	-1 903
<b>Cash flow from operating activities</b>	<b>-11 434</b>	<b>-1 958</b>	<b>26 891</b>	<b>24 364</b>	<b>21 981</b>
Capital Expenditure IP	-8 186	-5 472	-25 732	-17 323	-22 974
Capital Expenditure other	-1 259	-1 148	-3 240	-3 303	-5 660
Acquisitions	-	-14 342	-23 000	-211 524	-197 456
<b>Cash flow from investing activities</b>	<b>-9 445</b>	<b>-20 962</b>	<b>-51 972</b>	<b>-232 150</b>	<b>-226 090</b>
Dividend paid	-	-	-	-	-
Proceeds from new shares issue	-	-	-	6 238	-
Change in Debt	-	-	-	203 895	203 895
Net Interest	-8 413	-7 601	-24 069	-19 042	-23 547
<b>Cash flow from financing activities</b>	<b>-8 413</b>	<b>-7 601</b>	<b>-24 069</b>	<b>191 091</b>	<b>180 348</b>
Net change in cash and cash equivalents	-29 291	-30 520	-49 151	-16 695	-23 761
Cash and cash equivalents at start of the period	260 995	318 441	280 855	304 616	304 616
<b>Cash and cash equivalents at end of the period</b>	<b>231 704</b>	<b>287 921</b>	<b>231 704</b>	<b>287 921</b>	<b>280 855</b>

\* Audited numbers



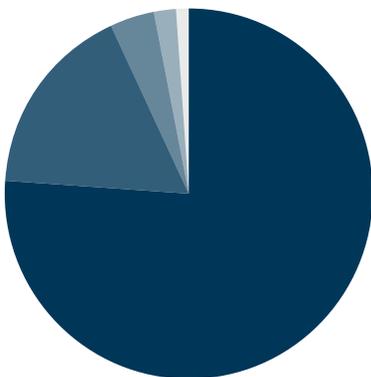
**DISTRIBUTION OF SALES, PER COUNTRY**

- Sweden 46%
- Norway 22%
- Rest of the world 12%
- Denmark 11%
- Finland 9%



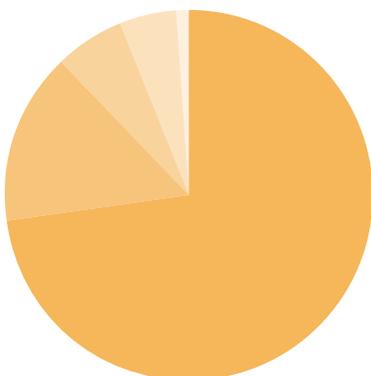
**DISTRIBUTION OF SALES, PER BUSINESS AREA**

- Public Safety 43%
- LIMS 13%
- Women & Children's Health 13%
- Connected Healthcare 12%
- Medical Imaging 8%
- Health Analytics 7%
- Medication Management 4%



**DISTRIBUTION OF SALES, PER INCOME TYPE**

- Recurring Revenue 77%
- Professional Services 17%
- License Sales 4%
- Hardware Sales 2%
- Other Income 1%



**EMPLOYEES PER Q3 2022 (TOTAL 314)**

- Nordics 73%
- Asia 15%
- Oceania 5%
- Europe 6%
- Americas <1%

All numbers YTD 2022. 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 2021. 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 2021, available at [www.csamhealth.com/investor-relations/reports-and-webcasts](http://www.csamhealth.com/investor-relations/reports-and-webcasts).

## RESULTS FOR THE THIRD QUARTER 2022

CSAM displayed no growth (0%) in reported income, measured in NOK, for the third quarter of 2022. Reported EBITDA decreased to 4.7 million (20.1). The reported EBITDA-margin decreased to 5% in Q3-22, from 23% in the same period of 2021. This is a consequence of numerous acquisitions, integration activities and costs related to organisational development- some of which are temporary- to handle the increased order backlog and preparing the organisation for the next leg of the growth journey.

## 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 focused on integration activities related to this and the three acquisitions completed last year.

CSAM did not announce any acquisitions in the third 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.

## PROFIT AND LOSS ACCOUNT

### Revenue

Total income in the third quarter of 2022 amounted to 86.5 million (86.5). Recurring revenue comprises 82% of total sales and grew 4.8% compared to Q3-21. Part of the revenue relates to Q2.

Recurring revenues continue to grow in accordance with expectations, while sale of new licenses was markedly below in the quarter compared with the same quarter last year. Professional Services increased 30% compared to Q3-21 because of the many ongoing delivery projects.

Hardware sales came in below the same quarter last year, ending at 1.3 million (3.2).

### **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.
- Some of the acquired businesses do not have sufficient accounting details to be able to establish proforma numbers for the previous period to compare with. For this reason, we have excluded MedSciNet and Carmona from the calculations. For Q3, sales from these companies, comprising ~5% of total sales, are therefore conservatively assumed to have 0% growth Q/Q. Numbers pertaining these businesses 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.

Based on the above assumptions, we calculate organic growth in Q3-22 vs Q3-21 to be 2.4% measured in local currency (-1.0% measured in reported NOK numbers). YTD the organic growth is 5.4% measured in local currency (1.6% measured in NOK). The lower organic growth is first and foremost a result of very high License sales in Q3-21. We still expect organic growth to be 5-10% annually long term.

### **Operating costs**

Operating costs were 81.8 million in the third quarter (66.3), with the increase in operating costs partly due to inclusion of Carmona (Feb-22), and costs related to the

integration activities of the last four acquisitions. Further, the many new orders received during the second half of 2021 and first half of 2022 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. CSAM has also strengthened its management and administrative capacity, allowing us to take on new acquisitions efficiently without taking on more administrative or management cost. The reorganisation into Business Areas has also resulted in some duplicate capacity. We assume this to be a temporary effect and increased operational efficiency is the main goal of the reorganisation.

COGS increased slightly from Q3-21, ending at 7.3 million (6.9), and markedly down from 8.8 in Q2-22. Gross margin remains above 90%, and we work deliberately to further reduce COGS going forward.

Personnel costs amounted to 57.2 million in the third quarter (44.6). The increase compared with Q3-21 is related to increased operations as a consequence of M&A, increased delivery activities, temporary increased use of external consultants, and increased managerial and administrative capacity.

Other costs amounted to 17.2 million (14.9), mainly due to increased activities on sales and marketing, certification and training of new Business Area Managers.

Capex is back to our communicated level and amounted to 8.2 million in the third quarter (5.5), with a corresponding Capex-% 10% (6%) of total sales, slightly below our communicated level YTD.

#### **EBITDA**

Reported EBITDA was 4.7 million in the third quarter of 2022 (20.1) and reported EBITDA-margin amounted to 5% (23%). Initially, acquisitions typically show lower EBITDA margins than the Group target average, and third quarter 2022 is somewhat affected by this, but more important is the combination of the fluctuation of Licence Sales combined with a ramp up of capacity needed to manage growth going forward.

#### **EBIT**

Depreciation and amortisation amounted to 21.2 million in the third quarter (21.1). 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 -17.4 million in the third quarter, compared to an operating loss of 1.5 million in the same period last year. Amortisations remained at roughly the same level as for the same quarter last year.

### **Financials**

Interest expenses amounted to 8.4 million (7.6) 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 -25.2 million in the third quarter of 2022 (-14.8).

## **FINANCIAL POSITION**

Numbers in brackets relates to 31.12.2021.

### **Assets**

Total non-current assets amounted to 407.8 million at the end of the third quarter 2022 (421.1). Intangible assets accounted for 397.3 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 297.7 million at the end of the quarter (393.7). Cash and cash equivalents amounted to 231.7 million (280.9).

### **Equity and liabilities**

CSAM had total booked equity of 94.0 million (166.6) of a total reported balance of 705.5 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 Q3-22. 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.

Other adjustments is related to VAT not considered in 2021 in one of CSAM's subsidiaries.

OB 01.01.2022	166 603
Profit/(Loss) this period	- 72 878
Foreign currency translation effects	1 512
Other adjustments	- 1 283
CB 30.09.2022	93 954

Total liabilities amounted to 611.5 million at the end of the quarter (648.2), of which 117.8 million in current liabilities (156.8), and 493.7 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 4.7 million in the third quarter of 2022 (20.1).

### Cash flow from operating activities

Cash flow from operating activities were -11.4 million in the third quarter (-2.0).

### Cash flow from investing activities

Cash flow from investing activities was negative 9.4 million for the quarter, split between 8.2 million for development of IP (5.5), and 1.3 million for purchase of property, plant, and equipment (1.1).

### Cash flow from financing activities

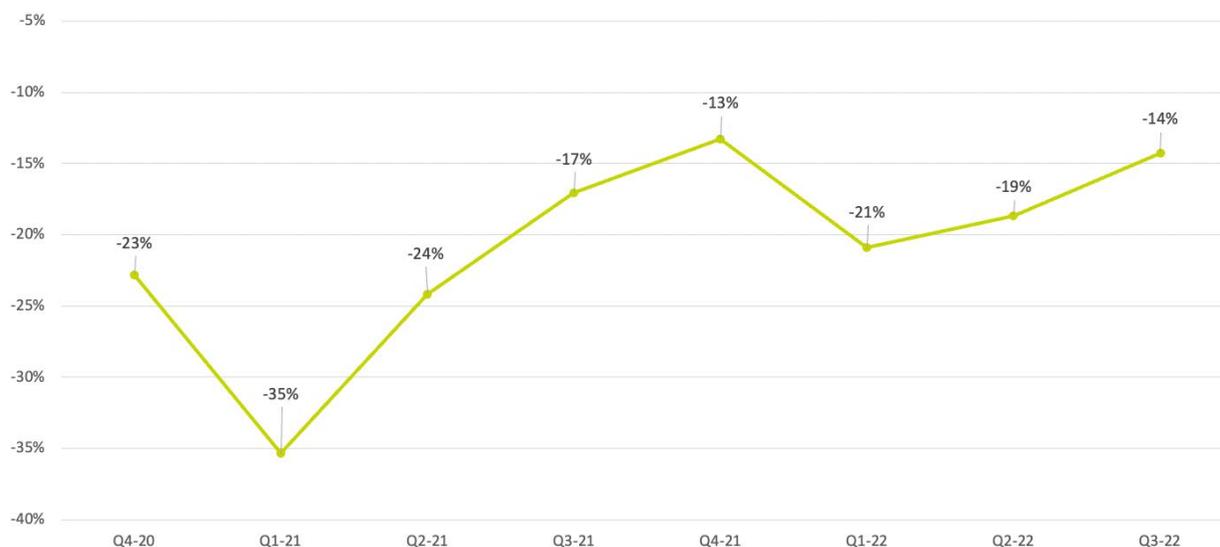
Cash flow from financing activities was -8.4 million for the period (-7.6), related to interest paid on CSAM01 PRO 500 MNOK is outstanding on this bond.

Cash and cash equivalents at the end of the third quarter amounted to 231.7 million (287.9).

### 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.

## Net working capital



### 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 July to 30 September 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 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 29 November 2022.

**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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