

Carasent Reports Third Quarter and Year to date 2019 Results

Oslo, Norway – November 13, 2019 – Carasent ASA® (OSE: CARA), announced its unaudited financial results for the three and nine months ended September 30, 2019.

Interim Management Report

Continued strong development for Evimeria EMR AB in line with our expectations and targets for 2019.

Overview of Third Quarter 2019 results for Evimeria EMR AB (in SEK and Swedish GAAP).

- Revenue of SEK 15,0 million, an increase of 54 % as compared to Q3 2018.
- EBITDA of SEK 4,2 million as compared to SEK 2,4 million during Q3 2018.
- EBIT of SEK 3,4 million as compared to SEK 1,7 million during Q3 2018.
- Signed 24 new clinics during the Third Quarter 2019, which is higher than previous year representing more than one new clinic per week. Ended the third quarter with 384 active clinics.
- Market conditions remains strong and investments has been accelerated to launch new services and approach new markets and segments

Overview of Third Quarter 2019 consolidated results for Carasent ASA (in NOK and IFRS).

- Revenues of NOK 11,6 million as compared to NOK 8,4 million during Q3-18.
- Net income of NOK 0,9 million as compared to NOK 0,2 million during Q3-18.
- Cash balances of NOK 8,3 million at September 30, 2019.

Key Highlights of Third Quarter 2019

Evimeria signed 24 new clinics and, in spite of the fact of the holiday season, demand and sales activity was very high.

Core market in Sweden remains very strong and as a result of accelerated investments in 1H 2019, several new services was launched to existing customer base.

As a result, revenue growth was 54 % for Evimiera EMR AB compared to third quarter 2018. The scalability of the business and delivery model continues to increase earnings as expected.

Given the high activity and near term opportunities in the Swedish market, Evimeria has decided to postpone it's Norwegian launch to 2020.

Financial Results – Third Quarter 2019

Revenue for the third quarter of 2019 totaled NOK 11,6 million as compared 8,4 million during the third quarter 2018. For the first nine months year of 2019 the revenue ended at NOK 33,8 million compared to NOK 14,2 million in 2018. All revenues are related to Evimeria EMR AB. Evimeria EMR AB was acquired in May 2018 and has been consolidated in Carasent from that date.

Operating expenses for the third quarter of 2019 totaled NOK 7,6 million as compared NOK 6,5 million during the third quarter of 2018. Operating expenses excludes cost of sales and amortizations. The operating expenses relates to two different areas.

NOK 6,4 million of the operating expenses for the third quarter of 2019 relates to Evimeria EMR AB. NOK 1,2 million consists of professional fees (legal, accounting and consulting) along with public Company costs such as stock exchange registration, insurance and board remuneration fees.

Operating income for the third quarter of 2019 totaled NOK 1,1 million as compared to NOK 0,1 million during the third quarter of 2018. For the first nine months of 2019 the operating income ended at NOK 2,3 million compared to an operating loss of NOK 6,0 million for the first nine months of 2018.

Net profit for the third quarter of 2019 totaled NOK 0,9 million as compared to NOK 0,2 million during the third quarter of 2018. Net profit for the first nine months of 2019 totaled NOK 1,9 million as compared to a net loss of NOK 5,7 million for the first nine months of 2018.

The Company ended the third quarter of 2019 with NOK 8,3 million of available cash balances and outstanding debt of NOK 2,2 million (not including lease liability).

Financial Statements – Basis for Preparation

The enclosed consolidated condensed financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting Standards (IFRS).

STATEMENTS OF INCOME

Carasent Group Interim Consolidated Income Statement

(Amounts in NOK 1,000)	Note	Three Months Ended		9 Months Ended	
		September 30, 2019 IFRS	September 30, 2018 IFRS	September 30, 2019 IFRS	September 30, 2018 IFRS
Operating Revenues					
Revenues	2	11 599	8 364	33 833	14 161
Total Operating Revenues		<u>11 599</u>	<u>8 364</u>	<u>33 833</u>	<u>14 161</u>
Cost of Sales					
Direct Costs of Revenues		2 070	1 766	6 240	2 953
Total Cost of Sales		<u>2 070</u>	<u>1 766</u>	<u>6 240</u>	<u>2 953</u>
Gross Profit		9 528	6 598	27 593	11 208
Operating Expenses					
Employee Compensation and Benefits		4 255	3 536	12 963	6 358
Other Operational and Administrative Costs	3	2 377	1 650	6 909	8 618
Depreciation and Amortization	3	1 761	1 360	5 281	2 260
Total Operating Expenses		<u>8 392</u>	<u>6 545</u>	<u>25 154</u>	<u>17 237</u>
Operating Income		1 136	53	2 439	(6 029)
Other Expense					
Interest Expense		32	31	109	41
Other Income and Expense		1	23	26	(34)
Total Other Expense		<u>32</u>	<u>53</u>	<u>135</u>	<u>7</u>
Income Before Income Taxes		1 104	(1)	2 304	(6 036)
Income Tax Expense		(236)	185	(390)	306
Net Income for the Period		<u>868</u>	<u>184</u>	<u>1 914</u>	<u>(5 730)</u>
Attributable to Equity Holders of Parent		868	184	1 914	(5 730)
Earnings Per Share:					
	Basic	<u>0,02</u>	<u>0,00</u>	<u>0,05</u>	<u>(0,04)</u>
	Diluted	<u>0,02</u>	<u>0,00</u>	<u>0,05</u>	<u>(0,04)</u>
Attributable to Equity Holders of Parent		<u>0,02</u>	<u>0,00</u>	<u>0,05</u>	<u>(0,04)</u>
Weighted Average Common Shares Outstanding		<u>40 634</u>	<u>128 667</u>	<u>40 634</u>	<u>128 667</u>

STATEMENT OF COMPREHENSIVE INCOME

Carasent Group
Consolidated Comprehensive Income Statement

(Amounts in NOK 1,000)	Note	3 Months Ended		9 Months Ended	
		September 30, 2019 IFRS	September 30, 2018 IFRS	September 30, 2019 IFRS	September 30, 2018 IFRS
Income for the Period		868	184	1 914	(5 730)
Changes in translation differences		(4 492)	-	(7 422)	30
Items that may be Reclassified Subsequently to Income Statement		(4 492)	-	(7 422)	30
Items that will not be to Income Statement		-	-	-	-
Total Other Comprehensive Income/(Loss) for the Period		(4 492)	-	(7 422)	30
Total Comprehensive Income/(Loss) for the Period		(3 624)	184	(5 508)	(5 700)
Attributed to Equity Holders of Parent		(3 624)	184	(5 508)	(5 700)

STATEMENT OF FINANCIAL POSITION

Carasent Group Consolidated Statement of Financial Position

(Amounts in NOK 1,000)	Note	September-19	September-18	December-18
		2019 IFRS	2018 IFRS	2018 IFRS
ASSETS				
Non-Current Assets				
Customer Relationships		19 532	21 727	22 794
Goodwill		57 601	57 299	61 535
Webdoc (IP)		17 960	13 974	15 422
Total Intangible Assets, net		95 092	92 999	99 751
Tools and Equipment		807	688	678
Right of use Asset	3	130		
Total Tangible assets		937	688	678
Total Non-Current Assets		96 029	93 687	100 429
Current Assets				
Customer Receivables		6 813	6 146	8 630
Other Receivables		244	436	648
Prepaid Expenses		1 090	877	764
Cash and Cash Equivalents		8 259	7 905	8 773
Total Current Assets		16 405	15 363	18 815
TOTAL ASSETS		112 434	109 051	119 244
LIABILITIES AND SHAREHOLDERS EQUITY				
Equity Attributed to Equity Holders of the Parent				
Share Capital		54 124	54 124	54 124
Other Paid-in Capital		35 819	36 908	35 819
Retained Earnings		594	(5 640)	1 489
Total Shareholders Equity		85 923	85 393	91 431
Other Liabilities to credit institutions		1 944	3 042	2 056
Lease liability	3	-	-	-
Deferred tax liability		7 696	7 346	7 253
Total non-current liabilities		9 640	10 388	9 309
Current Liabilities				
Trade Accounts Payable		2 056	4 854	3 343
Accrued Expenses and Prepaid Income		6 998	6 963	7 359
Contract liability	2	4 663		3 907
Tax Payable		941		450
Current Liabilities to credit institutions		278	-	1 171
Current lease liability	3	131	-	-
Other Current Liabilities		1 805	1 452	2 272
Total Current Liabilities		16 872	13 270	18 503
TOTAL LIABILITIES AND EQUITY		112 435	109 051	119 244

STATEMENT OF CASH FLOWS

Carasent Group Consolidated Cash Flow Statement

(Amounts in NOK 1,000)	Nine Months Ended September 30	
	2019 IFRS	2018 IFRS
Cash Flows from Operating Activities		
Profit Before Taxes	2 439	(6 036)
Depreciation and Amortization	5 281	2 260
Change in Accounts Receivable	1 817	-
Change in Accounts Payable	(1 287)	-
Change in Current Assets & Liabilities	(727)	1 355
Interest Received	(26)	-
Interest Paid	(109)	(7)
Income Tax Paid and accounting dispositions		-
Net Cash Flows Provided by Operating Activities	7 388	(2 428)
Cash Flows from Investing Activities		
Purchase of Evimeria EMR AB, net of cash from Evimeria		(21 310)
Investments in intangible and tangible assets	(6 627)	(1 143)
Cash Flows Used in Investing Activities	(6 627)	(22 453)
Cash Flows from Financing Activities		
Payment Lease Liability	(545)	-
Repayment of Debt	(837)	(369)
Return of Capital to Shareholders		(28 562)
Cash Flows Used in Financing Activities	(1 382)	(28 930)
Effect of Exchange Rates on Cash and Cash Equivalents	107	
Net Change in Cash and Cash Equivalents	(514)	(53 811)
Cash and Cash Equivalents at Beginning of Period	8 773	61 715
Cash and Cash Equivalents at End of Period	8 259	7 905

STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1000)	3rd quarter		9 months		Full year
	2019	2018	2019	2018	2018
Opening balance	89 547	84 059	91 431	61 264	61 264
Net income for the period	868	184	1 914 -	5 730 -	7 036
Changes in translation differences	-	4 492	7 422	1 432	8 525
Distribution of paid in capital			-	28 501 -	28 501
Equity issuance				57 179	57 179
Ending balance	85 923	85 393	85 923	85 645	91 431

Note 1 – General information

Carasent ASA (“Carasent”, the “Company” or the “Group”) is a public Company registered in Norway and traded on the Oslo Stock Exchange with a registered business address at c/o Advokatsenteret Kristian Augusts gate 14, Oslo, Norway.

The condensed consolidated financial statements for the third quarter of 2019 were approved by the Board of Directors for publication on 12 November, 2019.

The condensed consolidated financial statements comprise Carasent ASA and its subsidiary Evimeria EMR AB. The interim financial statements are prepared in accordance with the International Accounting Standard (IAS) 34. The condensed consolidated financial information does not include all information and disclosure required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The accounting policies applied by Carasent in these interim financial statements are consistent with those of the financial year 2018, except for the adoption of new standards effective 1 January 2019. The Group applies for the first time IFRS 16 Leases. See note 3 for implementation effects. The interim financial statements are unaudited. The presentation currency is NOK (Norwegian Krone). All financial information is presented in NOK thousands, unless otherwise stated.

The entire operations of the Group during 2018 and first nine months of 2019 is related to Evimeria EMR AB. Evimeria EMR AB was acquired in May 2018 and was consolidated in Carasent from that date.

Note 2 – Revenue and Segment Information

The Company has assessed its internal organizational structure, internal reporting system and geographical business units, and concluded that it does not have any reportable segments that should be reported separately.

All revenues are related to Evimeria EMR AB, Webdoc related services to customers in Sweden. Evimeria EMR AB was acquired in May 2018 and has been consolidated in Carasent from that date.

The following table summarizes the components of the Company’s revenue to customers for the period 1 July to 30 September 2019.

(Amounts in NOK 1000)	3 Months Ended	9 Months Ended	Year Ended
	September 30, 2019	September 30, 2019	December 31, 2018
Webdoc License	6 354	17 919	11 529
Addon services	5 245	15 914	12 437
Total Revenues	11 599	33 833	23 965

The Webdoc License is invoiced to customers quarterly in advance, the following table summarizes the contract liability.

(Amounts in NOK 1000)	Liability
December 31, 2017	-
Acquisition of Evimeria EMR AB	2 805
Invoiced May to December 2018	12 631
Revenue recognized May to December 2018	11 529
Balance December 31, 2018	3 907
Invoiced First 9 months 2019	18 674
Revenue recognized First 9 months 2019	17 919
Balance September 30, 2019	4 663

Note 3 – Right of use assets and lease liabilities

Carasent has implemented IFRS 16 Leases with effect from 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets have been measured on transition date to an amount equal to the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). Carasent has elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group has elected not to recognize right of use assets and lease liabilities for short-term leases that has a lease term of 12 months or less and leases of low value assets, including IT-equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Under IAS 17, leases classified as operational leases was presented as operating expenses. Under the new IFRS 16 the capitalized right-of-use assets are depreciated over the lease term and presented as depreciation, and the interest effect from the discounted liability is presented as a financial item in the statement of income.

The lease of office space for Evimeria EMR AB in Gothenburg is identified as an IFRS 16 lease and presented as a right of use asset in the statement of financial position. The right of use asset is depreciated on a straight line basis over the remaining lease term. The Group's external borrowing rate is used in measuring the lease liability.

Below is an overview of the impact of implementation of IFRS 16 Leases.

Impact on the Statement of financial position based on contracts as at 31 December 2018:

(Amounts in NOK 1000)	Quarter Ended September 30	9 months Ended September 30	Implementation effect January 1
Right of use assets	130	130	3 747
Lease liabilities non-current	-	-	(721)
Lease liabilities current	(131)	(131)	(3 026)
Impact on the Income Statement:			
Other operating expenses	(0)	56	
Depreciation and amortization	(230)	(677)	
Finance expenses	227	692	
	3	41	

Cash flow from operating expenses has increased with NOK 0,2 million and cash flow from financing activities has decreased correspondingly, in the third quarter, as a result of implementation of IFRS 16 since repayment of the principal portion of the lease liability is classified as a finance activity. During the third quarter Evimeria terminated the current lease agreement for office space. The contract will run through mid November 2019 and the lease liability has been remeasured to reflect this revised lease term. The right of use asset has been adjusted accordingly. The company has entered into a contract for a 5 year lease of new offices with a commencement date on 15 November 2019

About Carasent

Founded in 1997, Carasent ASA was previously the parent company of Apptix, Inc. Carasent withdrew from the US market in 2017. In May 2018 Carasent acquired the Swedish Company Evimeria EMR AB, a company providing cloud-based medical record services to the health care industry. The Company's strategy is to continue to develop and expand digitalization that helps customers to meet challenges in providing efficient and qualitative health care services. For more information, visit carasent.com

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