

Carasent Reports Second Quarter and Half Year 2020 Results

Oslo, Norway – August 13, 2020 – Carasent ASA® (OSE: CARA), announced its unaudited financial results for the first half year and second quarter of 2020.

Interim Management Report

The outbreak of the coronavirus pandemic caused, at least initially, a great uncertainty in the second quarter. The uncertainty has gradually diminished, although with some variation in different customer segments and service offerings.

Overall and given the pandemic situation, Evimeria EMR AB had a second quarter in line with our expectations.

Overview of Second Quarter 2020 results for Evimeria EMR AB (in SEK and IFRS).

- Revenue of SEK 16.4 million, an increase of 35 % as compared to Q2 2019.
- EBITDA of SEK 6.2 million as compared to SEK 3.6 million during Q2 2019.
- EBIT of SEK 4.0 million as compared to SEK 2.6 million during Q2 2019.
- Signed 20 new clinics during the Second Quarter 2020. Ended the Second Quarter with 447 active clinics.

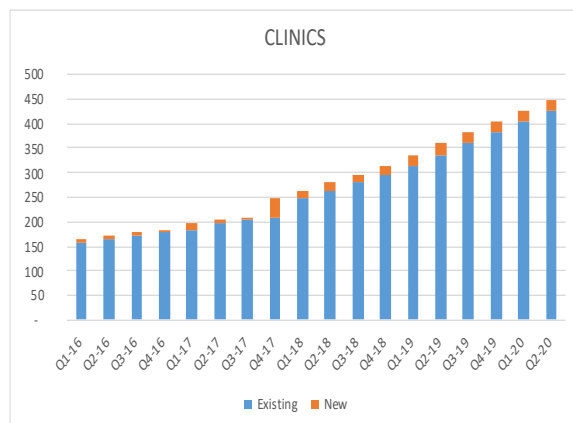
Overview of Second Quarter 2020 consolidated results for Carasent ASA (in NOK and IFRS).

- Revenues of NOK 17.0 million as compared to NOK 11.2 million during Q2-19.
- Including expenses for changes in fair value of previously issued stock options of NOK 7.2 million in Q2 2020 the result was a net loss of NOK 5.5 million as compared to a net income of NOK 0.5 million during Q2-19
- Cash balances of NOK 9.9 million at June 30, 2020.

Key Highlights of Second Quarter 2020

The market demand has remained strong during the period. Sales efforts with smaller, individual clinics have progressed as planned with 20 new clinics signed. Interaction with this segment of smaller customers took place primarily digitally and remotely already before the pandemic and has therefore continued with little disruption.

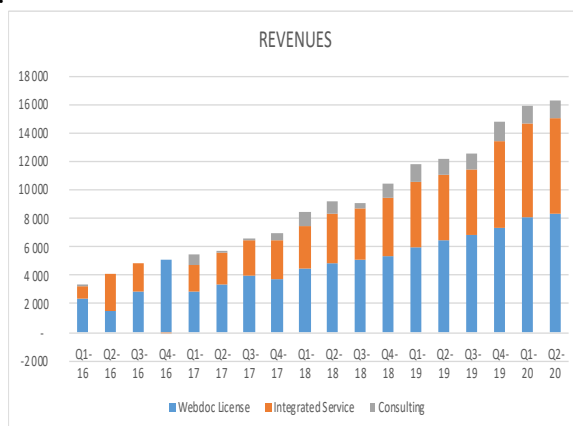
Signed 20 new clinics during the second quarter. Ended the second quarter with 447 active clinics



When it comes to potential larger clients – typically corporations with many clinics – where the sales process is longer and frequently involves face-to-face meetings, several processes have been delayed. This is due both to the pandemic situation, with limited opportunities for face-to-face meetings, and to other temporary priorities of these potential clients as they are facing Covid-19 related challenges.

The traditional primary care segment with physical visits initially saw a dramatic drop in activity, down to 50% of normal operations, while the primary care segment involving e-visits saw an almost equally substantial increase. However, in these segments, the business model is mainly based on compensation dependent on the number of listed patients, which means that we have not seen any substantial change in revenue. Activity in the segment normalized towards the end of the quarter and is now at approximately 85% of normal.

Revenue of SEK 16.4 million, an increase of 35 % as compared to Q2 2019



Evimeria EMR AB, IFRS adjusted in SEK

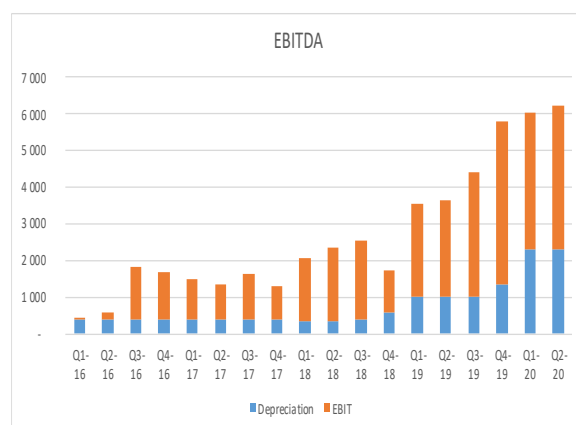
In other segments, where revenues are mainly based on the number of visits, the drop was initially around 25% of normal operations, stabilizing towards the end of the quarter and ending up at a decline of roughly 10%, i.e. around 90% of normal operations.

The pandemic is also having a slight impact on the service mix, with traditional add-on sales linked to physical visits decreasing and various digital services for remote patient visits increasing. All else being equal, this has had a positive effect.

Furthermore, add-on sales have generally had a positive effect while organic customer growth, (i.e. listing of new patients at existing customer clinics) all else being equal, has decreased during the period.

Given the above, our overall assessment is that the reported revenues for Q2 are roughly 5% lower than would have been the case without the effects of COVID-19.

EBITDA of SEK 6.2 million as compared to SEK 3.6 million during Q2 2019



Evimeria EMR AB, IFRS adjusted in SEK

We follow government recommendations, and to protect our employees, maintain production and development and ensure continuous customer service, employees have largely worked from home during the period. We have managed to accomplish this without any negative effects. It is expected that employees, to a large extent, will continue to work from home this coming autumn following renewed recommendations.

In addition to the partial general employer's contribution exemption offered to all Swedish companies for up to 30 employees, Evimeria has not applied for nor utilized any of the other support measures available.

In terms of development and roadmap of new products and services, we have chosen to make a number of reprioritizations. Focus has been on accelerating the digital service expansion in Sweden rather than prioritize the work with the Norwegian expansion in the short term. This means that a Norwegian launch can take place no earlier than 2021.

Outlook

We continue to believe the basic demand on the market to be strong for digitization of healthcare services. The pandemic has not changed this; rather the opposite is happening. The rate of digitalization is accelerating and the need for health care capacity is increasing, which, in turn, benefits the private health care sector. Evimeria is well positioned for this development.

However, given the present situation and the continuing uncertainty that prevails regarding the pandemic in general, it is difficult to give any accurate assessments about the future in the short term.

The situation and the activity among our customers have stabilized and although the activity has declined a bit, the pandemic has, to some degree, served as a catalyst for an accelerated digitalization process. Initially, this can be seen mainly in the demand for services that enable remote visits, but it also spills over into other areas.

An interesting observation is also the growing public opinion against the influence of individual regions. In the wake of the pandemic, it has become apparent that regional autonomy has many shortcomings, where the lack of central control and standardized processes often leads to severe sub-optimization. An increased demand for collaboration between regions regarding standards and processes will also likely serve as a catalyst for a faster pace of digitalization of the Swedish health sector.

We will continue to invest in growth opportunities, partnerships, new segments and offerings to continue our journey to become the leading digitalization partner within the private healthcare segment.

Financial Results – Second Quarter 2020

Revenue for the Second quarter of 2020 totaled NOK 17.0 million as compared 11.2 million during the Second quarter 2019. For the first half year of 2020 the revenue ended at NOK 32.6 million compared to NOK 22.3 million in 2019. All revenues are related to Evimeria.

Operating expenses for the Second quarter of 2020 totaled NOK 9.2 million as compared NOK 7.8 million during the Second quarter of 2019. Operating expenses excludes cost of sales and amortizations. The operating expenses relates to two different areas.

NOK 8.0 million of the operating expenses for the Second quarter of 2020 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 Second quarter of 2020 totaled NOK 2.4 million as compared to NOK 0.4 million during the Second quarter of 2019. For the first half year of 2020 the operating income ended at NOK 4.1 million compared to NOK 1.3 million in 2019.

Net loss for the Second quarter of 2020 totaled NOK 5.5 million (including stock option expense of NOK 7.2 million) as compared to a net income of NOK 0.5 million during the Second quarter of 2019. Net loss for the first half year of 2020 totaled NOK 5.3 million (including stock option expense of NOK 8.1 million) as compared to NOK 1.6 million in 2019.

The Company ended the Second quarter of 2020 with NOK 9.9 million of available cash balances and outstanding interest-bearing debt of NOK 1.6 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).

CONSOLIDATED STATEMENTS OF INCOME

| (Amounts in NOK 1,000) | Note | Three Months Ended | | 6 Months Ended | |
|---|---------|--------------------|---------------|----------------|---------------|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| | | IFRS | IFRS | IFRS | IFRS |
| Operating Revenues | | | | | |
| Revenues | 2 | 16 986 | 11 158 | 32 624 | 22 235 |
| Total Operating Revenues | | <u>16 986</u> | <u>11 158</u> | <u>32 624</u> | <u>22 235</u> |
| Cost of Sales | | | | | |
| Direct Costs of Revenues | | 2 995 | 2 053 | 6 105 | 4 170 |
| Total Cost of Sales | | <u>2 995</u> | <u>2 053</u> | <u>6 105</u> | <u>4 170</u> |
| Gross Profit | | 13 992 | 9 104 | 26 519 | 18 065 |
| Operating Expenses | | | | | |
| Employee Compensation and Benefits | | 5 231 | 4 180 | 10 017 | 8 709 |
| Other Operational and Administrative Costs | 3 | 3 041 | 2 808 | 5 949 | 4 532 |
| Depreciation and Amortization | 3 | 3 280 | 1 744 | 6 426 | 3 521 |
| Total Operating Expenses | | <u>11 552</u> | <u>8 732</u> | <u>22 393</u> | <u>16 762</u> |
| Operating Income | | 2 439 | 372 | 4 126 | 1 303 |
| Other Expense | | | | | |
| Interest Expense | | 175 | 28 | 356 | 77 |
| Other Financial Items | 4 | 7 231 | | 8 132 | 26 |
| Total Other Expense | | <u>7 406</u> | <u>30</u> | <u>8 487</u> | <u>103</u> |
| Income (loss) Before Income Taxes | | (4 967) | 342 | (4 361) | 1 200 |
| Income Tax Expense | | (571) | 184 | (958) | 370 |
| Net Income (loss) for the Period | | <u>(5 538)</u> | <u>526</u> | <u>(5 319)</u> | <u>1 570</u> |
| Attributable to Equity Holders of Parent | | <u>(5 538)</u> | <u>526</u> | <u>(5 319)</u> | <u>1 570</u> |
| Earnings Per Share: | | | | | |
| | Basic | <u>-0,14</u> | <u>0,01</u> | <u>-0,13</u> | <u>0,04</u> |
| | Diluted | <u>-0,14</u> | <u>0,01</u> | <u>-0,13</u> | <u>0,04</u> |
| Attributable to Equity Holders of Parent | | <u>-0,14</u> | <u>0,01</u> | <u>-0,13</u> | <u>0,04</u> |
| Weighted Average Common Shares Outstanding | | <u>40 634</u> | <u>40 634</u> | <u>40 634</u> | <u>40 634</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (Amounts in NOK 1,000) | 6 Months Ended | |
|--|-----------------------|----------------------|
| | June 30, 2020 | June 30, 2019 |
| | IFRS | IFRS |
| Net Income for the Period | <u>(5 319)</u> | <u>1 570</u> |
| Changes in translation differences | 9 901 | (6 758) |
| Items that may be Reclassified Subsequently to Income Statement | 9 901 | (6 758) |
| Items that will not be to Income Statement | - | - |
| Total Other Comprehensive Income/(Loss) for the Period | 9 901 | (6 758) |
| Total Comprehensive Income/(Loss) for the Period | 4 582 | (5 188) |
| Attributed to Equity Holders of Parent | <u>4 582</u> | <u>(5 188)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Amounts in NOK 1,000) | Note | June-20 IFRS | June-19 IFRS | December-19 IFRS |
|--|------|-----------------|-----------------|---------------------|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Customer Relationships | | 20 531 | 19 909 | 19 429 |
| Goodwill | | 64 842 | 57 116 | 58 813 |
| Webdoc (IP) | | 29 104 | 16 449 | 21 147 |
| Total Intangible Assets, net | | <u>114 478</u> | <u>93 475</u> | <u>99 389</u> |
| Tools and Equipment | | 1 273 | 802 | 1 090 |
| Right of use Asset | 3 | 16 376 | 321 | 16 561 |
| Total Tangible assets | | <u>17 649</u> | <u>1 123</u> | <u>17 651</u> |
| Total Non-Current Assets | | 132 127 | 94 598 | 117 040 |
| Current Assets | | | | |
| Customer Receivables | | 10 286 | 7 829 | 7 667 |
| Other Receivables | | 1 706 | 262 | 464 |
| Prepaid Expenses | | 1 907 | 847 | 562 |
| Cash and Cash Equivalents | | 9 854 | 7 241 | 10 928 |
| Total Current Assets | | <u>23 754</u> | <u>16 180</u> | <u>19 620</u> |
| TOTAL ASSETS | | <u>155 881</u> | <u>110 778</u> | <u>136 660</u> |
| 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 | 35 819 | 35 819 |
| Retained Earnings | | 5 215 | (3 699) | 634 |
| Total Shareholders Equity | | <u>95 159</u> | <u>86 244</u> | <u>90 577</u> |
| Liabilities to credit institutions | | 834 | 1 928 | 1 134 |
| Lease liability | 3 | 13 928 | - | 14 152 |
| Liability Stock Option Program | 4 | 10 900 | - | 2 780 |
| Deferred tax liability | | 8 838 | 6 394 | 7 008 |
| Total non-current liabilities | | <u>34 501</u> | <u>8 322</u> | <u>25 073</u> |
| Current Liabilities | | | | |
| Trade Accounts Payable | | 2 084 | 2 396 | 1 917 |
| Accrued Expenses and Prepaid Income | | 10 283 | 6 994 | 7 396 |
| Contract liability | 2 | 6 174 | 4 336 | 5 270 |
| Tax Payable | | - | - | 1 146 |
| Current Liabilities to credit institutions | | 730 | 643 | 851 |
| Current lease liability | | 3 484 | 323 | 2 607 |
| Other Current Liabilities | | 3 468 | 1 521 | 1 823 |
| Total Current Liabilities | | <u>26 222</u> | <u>16 212</u> | <u>21 009</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>155 881</u> | <u>110 778</u> | <u>136 660</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

| (Amounts in NOK 1,000) | 6 Months Ended June 30 | |
|--|------------------------|----------------|
| | 2020 | 2019 |
| | IFRS | IFRS |
| Cash Flows from Operating Activities | | |
| Profit/(Loss) Before Tax | (4 361) | 1 200 |
| Depreciation and Amortization | 6 426 | 3 521 |
| Change in Accounts Receivable | (2 620) | 800 |
| Change in Accounts Payable | 167 | (947) |
| Change in Current Assets & Liabilities | 1 703 | (835) |
| Stock Option Expense | 8 120 | |
| Net interest expense | 367 | 103 |
| Net Cash Flows Provided by Operating Activities | 9 802 | 3 842 |
| Cash Flows from Investing Activities | | |
| Investments in intangible and tangible assets | (8 837) | (4 236) |
| Cash Flows Used in Investing Activities | (8 837) | (4 236) |
| Cash Flows from Financing Activities | | |
| Payment Lease Liability | (1 029) | (349) |
| Repayment of Debt | (611) | (463) |
| Net paid interest | (367) | (103) |
| Cash Flows Used in Financing Activities | (2 007) | (914) |
| Effect of Exchange Rates on Cash and Cash Equivalents | (34) | (224) |
| Net Change in Cash and Cash Equivalents | (1 075) | (1 532) |
| Cash and Cash Equivalents at Beginning of Period | 10 929 | 8 773 |
| Cash and Cash Equivalents at End of Period | 9 854 | 7 241 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (Amounts in NOK 1000) | 2nd quarter | | 6 months | | Full year |
|------------------------------------|----------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2019 |
| Opening balance | 101 297 | 86 894 | 90 577 | 91 432 | 91 431 |
| Net income for the period | - 6 134 | 526 - | 5 319 | 1 570 | 3 212 |
| Changes in translation differences | - 5 | (1 176) | 9 901 | (6 758) | (4 067) |
| Distribution of paid in capital | | | | | |
| Equity issuance | | | | | |
| Ending balance | 95 159 | 86 244 | 95 159 | 86 244 | 90 577 |

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 second quarter and first half year of 2020 were approved by the Board of Directors for publication on August 12, 2020.

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 2019, 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 2019. 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 is related to Evimeria EMR AB.

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.

The following table summarizes the components of the Company’s revenue to customers.

| (Amounts in NOK 1000) | 3 Months Ended | Half Year Ended | Year Ended |
|-----------------------|------------------|------------------|----------------------|
| | June 30, 2020 | June 30, 2020 | December 31, 2019 |
| Webdoc License | 7 880 | 16 538 | 24 919 |
| Addon services | 7 758 | 16 086 | 23 008 |
| Total Revenues | 15 638 | 32 624 | 47 927 |

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

| (Amounts in NOK 1000) | Liability |
|----------------------------------|--------------|
| Invoiced in 2019 | 17 901 |
| Revenue recognized in 2019 | 16 538 |
| Balance December 31, 2019 | 5 270 |
| Invoiced in 2020 | 17 443 |
| Revenue recognized in 2020 | 16 538 |
| Balance June 30, 2020 | 6 174 |

Note 3 – Right of use assets and lease liabilities

Carasent implemented IFRS 16 on 1 January 2019. Reference is made to 2019 financial statements. Changes right of use assets and Lease liabilities in the period relates to:

| (Amounts in NOK 1000) | Right of use Assets | Lease liability |
|---------------------------------|----------------------------|------------------------|
| Balance December 31,2019 | 16 561 | 16 758 |
| Depreciation/Amortization | (1 819) | (1 018) |
| Fx effects | 1 634 | 1 671 |
| Balance June 30,2020 | 16 376 | 17 412 |

Cash flow from operating expenses has increased with NOK 1.2 million and cash flow from financing activities has decreased correspondingly, in the Second 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.

Note 4 - Expenses for changes in fair value of previously issued stock options

A stock option program was implemented in Q4 2019. The options are structured as warrants based on market value and have a strike of price of 150 %. The option program is for 2 million new shares.

When exercised, the Board has the right to pay the option holder cash instead of issue shares. A financial liability is recognized based on the estimated fair value of the issued stock options. Changes in fair value is expensed.

The estimated fair value of the stock option when issued was NOK 1.39. As at 30 June 2020 the fair value of the stock option was estimated to NOK 5.45. Based on the 2 million options issued, the change in fair value resulted in NOK 8.1 million expense in the first half of 2020.

Risk and Uncertainty

Covid-19 effects

The impact for Carasent has been relatively modest until now, and our current assessment is that the pandemic is not expected to significantly impact our business. The company has significant intangible assets and goodwill. No new impairment triggers have been identified and there is no significant change in our impairment assessments and related estimates since 31 December 2019.

Attracting and retaining skilled employees

Attracting and retaining employees is vital for securing and expanding the Company's revenues. Loss of key employees and/or lack of new recruitments could have a material negative effect.

Currency and exchange rate risks

The Company has revenues and costs in two different countries, with different currencies, Norwegian Krone (NOK) and Swedish Krona (SEK), and is as such exposed to currency fluctuations when translating into the main currency NOK.

Customers and customer dependency

Changes in the customer's underlying business environment, changes in the legislation or the customer's desire to change supplier, might influence existing operations and financial performance of the Company negatively.

Responsibility Statement

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as of June 30, 2019 and for the six month period January 1, 2020 to June 30, 2020 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and gives a true and fair view of the Company's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any of the significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Oslo - August 12th 2020

The Board of Directors and Chief Executive Officer of Carasent ASA

/s/Johan Lindqvist
Chairman of the Board

/s/ Jesper Jannerberg
CEO

/s/Terje Rogne
Board Member

/s/Ebba Fahraeus
Board Member

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](https://www.carasent.com)

For further information:

Johan Lindqvist (Chairman)

johan.lindqvist@windchange.se

+46 733 55 09 35