

Carasent Reports Third Quarter 2020 Results

Oslo, Norway – October 22, 2020 – Carasent ASA® (OSE: CARA), announced its unaudited financial results for the first 9 months and third quarter of 2020.

Interim Management Report

The market situation has stabilized further during the third quarter, and activity in all customer segments was close to normal levels in September. At the end of the quarter, some regions in Sweden were again affected by outbreaks linked to Covid-19, and the short-term uncertainty is not insignificant.

Several consolidation and expansion opportunities that goes in line with our strategy have become more concrete during the year. To be able to execute these opportunities going forward, Carasent carried out a successful private placement in September, which raised approximately NOK 274 million net.

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

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

- Revenue of SEK 17.2 million, an increase of 37 % as compared to Q3 2019.
- EBITDA of SEK 7.2 million as compared to SEK 4.4 million during Q3 2019.
- EBIT of SEK 5.0 million as compared to SEK 3.4 million during Q3 2019.
- Signed 23 new clinics during the Third Quarter 2020. Ended the Third Quarter with 470 active clinics.

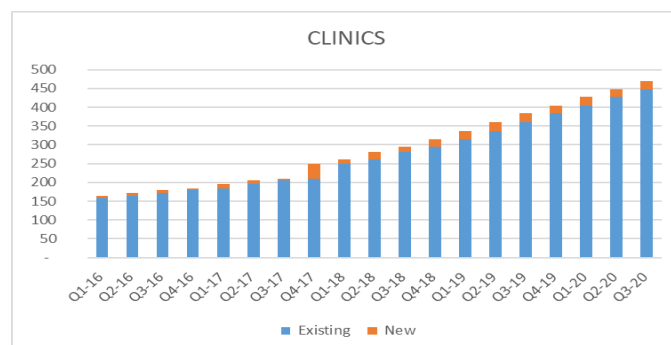
Overview of Third Quarter 2020 consolidated results for Carasent ASA (in NOK and IFRS).

- Revenues of NOK 17.7 million as compared to NOK 11.6 million during Q3 19.
- Including expenses for changes in fair value of previously issued stock options of NOK 11.3 million in Q3 2020 the result was a net loss of NOK 9.1 million as compared to a net income of NOK 1.3 million during Q3 19
- Cash balances of NOK 12.3 million at September 30, 2020 and a short term receivable of NOK 287.5 million, of which NOK 286.5 million related to proceeds from share issuance.

Key Highlights of Third Quarter 2020 Evimeria EMR AB

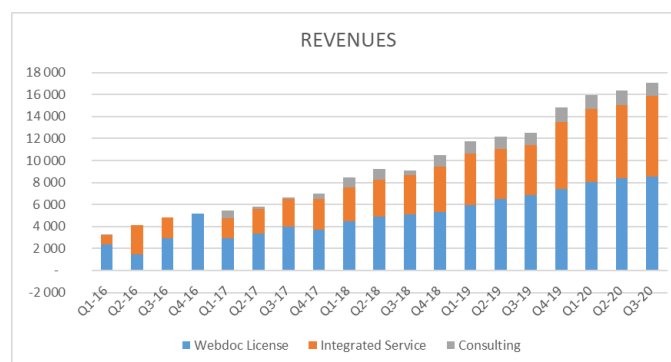
The activity and demand for digital services in our market segments remains very good. Sales to smaller individual clinics are progressing according to plan, and during the third quarter, 23 new clinics were signed. We now see a certain increase in activity among the larger customer group, that during the spring paused many of their investment processes. However, this part of the market is not yet back to normal levels.

Signed 23 new clinics during the Third quarter. Ended the Third quarter with 470 active clinics



The effects of the pandemic continue to have both positive and negative impact on Evimeria. The positive effects are the growing demand for faster digitization and need for new e-Health services. The negative is the somewhat reduced activity in customers' operations, primarily linked to "non-emergency" care with treatments and surgeries that have been postponed due to the pandemic. At the end of the quarter, however, we saw almost normal levels again in our existing customer base.

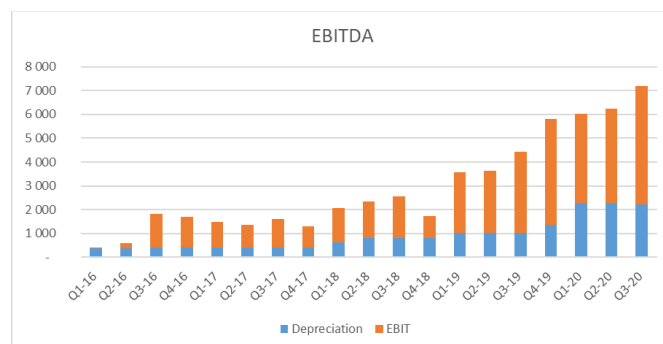
Revenue of SEK 17.2 million, an increase of 37 % as compared to Q3 2019



Evimeria EMR AB, IFRS adjusted in SEK

We continue to 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 during 2020 following renewed recommendations.

EBITDA of SEK 7.2 million as compared to SEK 4.4 million during Q3 2019



Evimeria EMR AB, IFRS adjusted in SEK

The scalability of the business and delivery model continues to increase earnings according to plan.

EVIMERIA IFRS ADJUSTED SEK 1,000	Q3 2019	Q3 2020	YTD 2019	YTD 2020
Webdoc license	6 871	8 556	19 337	24 955
Integrated Services	4 556	7 303	13 768	20 685
Consulting	1 115	1 228	3 396	3 713
Other	1	104	75	193
REVENUES	12 543	17 191	36 575	49 546
Growth%		37,1%		35,5%
COGS	2 239	3 443	6 744	9 502
GROSS MARGIN	10 304	13 748	29 831	40 045
GM %	82,2%	80,0%	81,6%	80,8%
OPEX	5 886	6 544	18 213	20 563
EBITDA	4 418	7 204	11 618	19 481
EBITDA%	35,2%	41,9%	31,8%	39,3%
D&A	1 032	2 209	3 095	6 785
EBIT	3 386	4 995	8 522	12 696
EBIT%	27,0%	29,1%	23,3%	25,6%

Private placement

On September 9th, Carasent accomplished a private placement of 12,190,146 new shares, representing 30% of the outstanding share capital. The subscription price was NOK 23.5 per share, raising gross proceeds of NOK 286.5 million.

The subscription price was determined through an accelerated bookbuilding process after close of trading the same day and the net proceeds of the Private Placement will be used to strengthen the ability to capitalize on identified growth opportunities, as well as for general corporate purposes.

The share capital increase pertaining to the Private Placement was resolved by the Board of Directors on 10 September 2020 pursuant to an authorization granted by the Company's general meeting held 17 June 2020.

For further information see Note 5

Outlook

It is becoming increasingly clear that the pandemic as such will act as a catalyst for accelerated digitization in the healthcare sector.

From a short-term perspective, there will be - to some extent - effects that are negative for companies such as Evimeria. This due to the reduced activity of non-emergency care among the existing customers, and delayed sales processes when it comes to larger customers.

To accelerate growth, in the medium and long-term perspective, total healthcare production must increase at a lower relative cost.

For Evimeria, the short-term effects of the pandemic have been relatively limited, with less impact on development in relation to our strategy and objectives. Towards the end of the quarter, however, some regions in Sweden were again affected by outbreaks linked to Covid-19 and the uncertainty in the short term is not insignificant.

We still believe that the market and demand in general will continue to be strong for Evimeria and that the negative effects will continue to be limited.

In addition to a strong organic development, we have, over the past year, focused on evaluating the possibilities of supplementing our business with potential acquisitions that fit into our strategy. Our assessment is that we have good opportunities to complement our organic growth in the product and service dimension as well as in new segments and geographies.

We have a wide range of opportunities in these areas and expect to execute on these in the short and medium term.

Financial Results – Third Quarter 2020

Revenue for the Third quarter of 2020 totaled NOK 17.7 million as compared 11.6 million during the Third quarter 2019. For the first nine months of 2020 the revenue ended at NOK 50.3 million compared to NOK 33.8 million in 2019. All revenues are related to Evimeria.

Operating expenses for the Third quarter of 2020 totaled NOK 10.1 million as compared NOK 7.6 million during the Third quarter of 2019. Operating expenses excludes cost of sales and amortizations. The operating expenses relates to two different areas.

- NOK 9.0 million of the operating expenses for the Third quarter of 2020 relates to Evimeria EMR AB.
- NOK 1.1 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 2020 totaled NOK 3.2 million as compared NOK 1.1 million during the Third quarter of 2019. For the first nine months of 2020 the operating income ended at NOK 6.8 million compared to NOK 2.4 million in 2019.

Net loss for the Third quarter of 2020 totaled NOK 9.1million (including stock option expense of NOK 11.3 million) as compared to a net income of NOK 1.3 million during the Third quarter of 2019. Net loss for the first nine months of 2020 totaled NOK 14.7 million (including stock option expense of NOK 19.5 million) as compared to net income of NOK 2.9 million in 2019.

The Company ended the Third quarter of 2020 with NOK 12.3 million of available cash balances and outstanding interest-bearing debt of NOK 1.6 million (not including lease liability). The company also had a short-term receivable of NOK 286.5 MNOK related to share issuance.

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		9 Months Ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		IFRS	IFRS	IFRS	IFRS
Operating Revenues					
Revenues	2	17 699	11 599	50 322	33 833
Total Operating Revenues		<u>17 699</u>	<u>11 599</u>	<u>50 322</u>	<u>33 833</u>
Cost of Sales					
Direct Costs of Revenues		3 546	2 070	9 651	6 240
Total Cost of Sales		<u>3 546</u>	<u>2 070</u>	<u>9 651</u>	<u>6 240</u>
Gross Profit		14 153	9 528	40 671	27 593
Operating Expenses					
Employee Compensation and Benefits		5 095	4 255	15 587	12 963
Other Operational and Administrative Costs	3	2 718	2 377	8 668	6 909
Depreciation and Amortization	3	3 189	1 761	9 616	5 281
Total Operating Expenses		<u>11 003</u>	<u>8 392</u>	<u>33 870</u>	<u>25 154</u>
Operating Income (loss)		3 150	1 136	6 801	2 439
Other Expense					
Interest Expense		(169)	(32)	(525)	(109)
Other Financial Items	4	(11 340)		(19 472)	(26)
Other Income and Expense		-	(1)	-	-
Total Other Expense		<u>(11 510)</u>	<u>(32)</u>	<u>(19 997)</u>	<u>(135)</u>
Income (loss) Before Income Taxes		(8 360)	1 104	(13 196)	2 304
Income Tax Expense		(694)	186	(1 550)	556
Net Income (loss) for the Period		<u>(9 053)</u>	<u>1 289</u>	<u>(14 745)</u>	<u>2 860</u>
Attributable to Equity Holders of Parent		<u>(9 053)</u>	<u>1 289</u>	<u>(14 745)</u>	<u>2 860</u>
Earnings Per Share:					
	Basic	<u>-0,21</u>	<u>0,03</u>	<u>-0,36</u>	<u>0,07</u>
	Diluted	<u>-0,21</u>	<u>0,03</u>	<u>-0,36</u>	<u>0,07</u>
Attributable to Equity Holders of Parent		<u>-0,21</u>	<u>0,03</u>	<u>-0,36</u>	<u>0,07</u>
Weighted Average Common Shares Outstanding		<u>42 224</u>	<u>40 634</u>	<u>41 166</u>	<u>40 634</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK 1,000)	9 Months Ended	
	September 30, 2020	September 30, 2019
	IFRS	IFRS
Net Income for the Period	<u>(14 745)</u>	<u>2 860</u>
Changes in translation differences	10 912	(6 001)
Items that may be Reclassified Subsequently to Income Statement	10 912	(6 001)
Items that will not be to Income Statement	-	-
Total Other Comprehensive Income/(Loss) for the Period	10 912	(6 001)
Total Comprehensive Income/(Loss) for the Period	(3 833)	(3 141)
Attributed to Equity Holders of Parent	<u>(3 833)</u>	<u>(3 141)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1,000)	Note	September 30, 2020 IFRS	September 30, 2019 IFRS	December 31, 2019 IFRS
ASSETS				
Non-Current Assets				
Customer Relationships		20 106	19 532	19 429
Goodwill		65 404	57 602	58 813
Webdoc (IP)		30 615	17 960	21 147
Total Intangible Assets, net		<u>116 125</u>	<u>95 094</u>	<u>99 389</u>
Tools and Equipment		1 194	807	1 090
Right of use Asset	3	15 569	130	16 561
Total Tangible assets		<u>16 763</u>	<u>937</u>	<u>17 651</u>
Total Non-Current Assets		132 888	96 031	117 040
Current Assets				
Customer Receivables		9 623	6 813	7 667
Other Receivables		287 501	244	464
Prepaid Expenses		1 772	1 090	562
Cash and Cash Equivalents		12 313	8 259	10 928
Total Current Assets		<u>311 209</u>	<u>16 405</u>	<u>19 620</u>
TOTAL ASSETS		<u>444 097</u>	<u>112 436</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	5	309 473	35 819	35 819
Retained Earnings		(3 200)	(1 653)	634
Total Shareholders Equity		<u>360 397</u>	<u>88 291</u>	<u>90 577</u>
Liabilities to credit institutions		526	1 944	1 134
Lease liability	3	13 194	-	14 152
Liability Stock Option Program	4	22 240	-	2 780
Deferred tax liability		9 539	6 271	7 008
Total non-current liabilities		<u>45 499</u>	<u>8 215</u>	<u>25 074</u>
Current Liabilities				
Trade Accounts Payable		14 927	2 056	1 917
Accrued Expenses and Prepaid Income		9 547	6 998	7 396
Contract liability	2	6 524	4 663	5 270
Tax Payable		-	-	1 146
Current Liabilities to credit institutions		736	278	851
Current lease liability		3 824	131	2 607
Other Current Liabilities		2 642	1 805	1 823
Total Current Liabilities		<u>38 200</u>	<u>15 930</u>	<u>21 010</u>
TOTAL LIABILITIES AND EQUITY		<u>444 097</u>	<u>112 436</u>	<u>136 660</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK 1,000)	9 Months Ended	
	September 30, 2020	September 30, 2019
	IFRS	IFRS
Cash Flows from Operating Activities		
Profit/(Loss) Before Tax	(13 196)	2 304
Depreciation and Amortization	9 616	5 281
Change in Accounts Receivable	(1 956)	1 817
Change in Accounts Payable	13 010	(1 287)
Change in Current Assets & Liabilities	(11 514)	(445)
Stock Option Expense	19 460	
Net interest expense	537	103
Net Cash Flows Provided by Operating Activities	15 956	7 774
Cash Flows from Investing Activities		
Investments in intangible and tangible assets	(11 570)	(6 595)
Cash Flows Used in Investing Activities	(11 570)	(6 595)
Cash Flows from Financing Activities		
Payment Lease Liability	(1 561)	(543)
Repayment of Debt	(920)	(832)
Net paid interest	(537)	(103)
Cash Flows Used in Financing Activities	(3 017)	(1 477)
Effect of Exchange Rates on Cash and Cash Equivalents	16	(215)
Net Change in Cash and Cash Equivalents	1 384	(514)
Cash and Cash Equivalents at Beginning of Period	10 929	8 773
Cash and Cash Equivalents at End of Period	12 313	8 259

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1000)	3rd quarter		9 months		Full year
	2020	2019	2020	2019	2019
Opening balance	95 159	86 244	90 577	91 432	91 431
Net income for the period	- 8 612	2 334	- 14 745	2 860	3 212
Changes in translation differences	196	- 287	10 912	- 6 001	- 4 067
Equity issuance	273 654		273 654		
Ending balance	360 397	88 291	360 397	88 291	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 third quarter and first nine months of 2020 were approved by the Board of Directors for publication on October 21, 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.

	3 Months Ended September 30,	9 Months Ended September 30,	Year Ended December 31,
(Amounts in NOK 1000)	2020	2020	2019
Webdoc License	8 808	25 346	24 919
Addon services	8 890	24 976	23 008
Total Revenues	17 699	50 322	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	26 709
Revenue recognized in 2019	25 346
Balance December 31, 2019	5 270
Invoiced in 2020	26 601
Revenue recognized in 2020	25 346
Balance September 30, 2020	6 524

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	(2 128)	(1 194)
Fx effects	1 136	1 454
Balance September 30,2020	15 569	17 018

Cash flow from operating expenses has increased with NOK 2.0 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.

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 September 2020 the fair value of the stock option was estimated to NOK 11.12. Based on the 2 million options issued, the change in fair value resulted in NOK 19.4 million expense in the first nine months of 2020.

Note 5 – Equity issuance

On September 9th, Carasent accomplished a private placement of 12,190,146 new shares, representing 30% of the outstanding share capital. The subscription price was NOK 23.5 per share, raising gross proceeds of NOK 286.5 million.

The subscription price was determined through an accelerated bookbuilding process after close of trading the same day and the net proceeds of the Private Placement will be used to strengthen the ability to capitalize on identified growth opportunities, as well as for general corporate purposes.

The share capital increase pertaining to the Private Placement was resolved by the Board of Directors on 10 September 2020 pursuant to an authorization granted by the Company's general meeting held 17 June 2020.

Following registration of the share capital increase pertaining to the Private Placement, the Company will have a share capital of NOK 70,361,525, divided into 52,823,968 shares, each with a nominal value of NOK 1.332.

The capital increase was completed on 18 September, when the subscribed amount was paid to a client account with DNB. Consequently, in the 3rd quarter report the proceeds have been included in the balance sheet as a current receivable and a non-registered increase in paid-in capital. The funds were transferred to the Company's account on 9 October, and the capital increase was formally registered with the Company register on 9 October. For the purpose of calculating Earnings Per Share, the new shares have been included in the calculation of weighted average number of shares outstanding, from 18 September.

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:

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