



CARASENT



Q1 2022

Interim Report

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Carasent

at a glance

129
Employees

153.6 MNOK
**Revenue
LTM Q1 2022**

30.7%
**EBITDA Margin
Q1 2022**

22%¹
**Organic YoY Growth
Q1 2022**

168.1 MNOK
**ARR
Q1 2022**



Our journey started in the spring of 2018 when Aptix ASA, now Carasent, acquired [Evimeria EMR AB](#), a Swedish company that deliver cloud based electronic health record (EHR). Since then, three acquisitions have been completed, adding new products to our portfolio and new customer segments to our customer list. Our main products are cloud based EHR solutions, with Webdoc as the leading platform, and a broad ecosystem of platform services, including solutions for patient communication and business intelligence. This provides customers with a full service offering within our systems.

Our ecosystem of solutions makes Carasent unique. Bringing together what were previously individual products, geographic markets and people as one Carasent, enables us to extract several synergies between our entities. At the same time, Carasent becomes a one-stop shop for clinics and can cover all needs through one platform. We believe in innovation that offers a new kind of accessibility and availability for patients and practices. For us this means significant cost reductions compared to maintaining several different platforms, hence a more scalable business model.

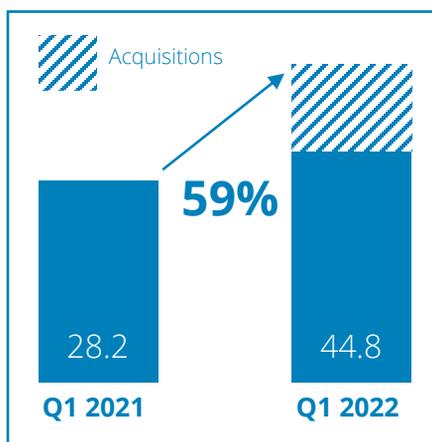
Carasent is on a very exciting journey within the e-health sector, and our ambition is to continue to expand our business both organically and through acquisitions. Our growth strategy is built on expanding our business through three main dimensions: new products and services, new customer segments and new geographic areas.

Highlights

Financial

Revenue

MNOK



Revenue up 59% to NOK 44.8 million. Acquisitions accounted for NOK 12.0 million, 73% of the increase

Organic growth

22%

Organic YoY revenue growth of 22%, with constant currency rates

25%

Organic YoY recurring revenue growth of 25% in Q1, with constant currency rates

Margins

30.7%

Adjusted EBITDA of NOK 13.8 million and margin of 30.7% in Q1 2022

17.1%

EBIT of NOK 7.7 million and margin of 17.1% in Q1 2022

Highlights

Other



Completed the acquisition of Medrave Software AB, the leading provider of quality management solutions in the Nordic market.



Implemented a share purchase program for employees in Carasent. All employees, including management were offered to buy shares in Carasent ASA, with a 20% discount and a lock-up period of 24 months.



Implemented changes in reporting structure to reflect organisation

Letter

to our shareholders

The effects of the pandemic still lingered in the beginning of Q1, but we gradually see a return to normality. Activity remained high and we continue to see a positive shift in sentiment related to digitalization among our customers. This is supported by comprehensive market research of the European market, confirming that privatized healthcare often lacks the digital solutions to meet the need for enhanced efficiency and patient offerings.

Carasent continued its growth journey in the first quarter of 2022 with a total revenue of NOK 44.8 million, up 59% from last year. The growth rates were in line with our expectations, while currency differences affected revenues negatively within the quarter with NOK (2.5) million compared to the same quarter last year. The year-over-year organic growth was 22% in Q1, driven by a growing recurring revenue base. We grew our recurring revenues by 62% in total and 25% organically in Q1 compared to Q1 2021. The drivers of the organic growth were YoY net retention rates of 116% and the remaining 9% from new customers. Organic growth rates are presented with constant currency rates.

Order inflow was in line with expectations with 31 new clinics signed during the quarter for our EHR solutions. This has mainly been driven by smaller customers, while the sales processes with larger customers have continued to take longer time than expected. As previously communicated, the pandemic caused onboarding delays of signed clinics who chose to postpone implementing our solution. We are still experiencing some delays but have onboarded a significant share of the formerly delayed clinics and expect a return to normality going forward.

Consulting revenue growth diluted the total organic growth in the quarter as we are focusing on increasing the recurring revenue base, impacting near-term growth rates. The consulting revenues are also impacted by the delay in sales processes with larger customers.

Changes in reporting to reflect new organization structure

We have implemented organizational changes during the last few quarters, going from our history as an investment company to one integrated company. This is done with the aim of extracting synergies between our entities. Significant cost reductions on platform maintenance enables a more scalable business model, while also becoming a one-stop shop for customers. Hence, Carasent now has a full-service product offering for customers within our target segments. This gives us a unique position and opportunity in the Nordic market.

The new organisation is structured through a geographically focused commercial organisation and a global development organisation serving the full product portfolio of Carasent. We have made changes to our reporting structure during this quarter to reflect the abovementioned organisational changes.

Annual Recurring Revenues (“ARR”) will be a key focus for us going forward. Hence, we will provide details on the drivers of our recurring revenue growth. This includes net retention rates for the group and organic revenue from new customers.

Investments and acquisitions to drive future growth

We are currently investing significantly in future growth through organic initiatives as well as acquisitions. The Webdoc expansion into the Norwegian market and our new platform for the European market, Webdoc X, are in investment phase currently and not generating any revenues. However, these initiatives have the potential to drive long term growth significantly as we launch commercially.

On January 11th, we completed the acquisition of Medrave, the leading provider of quality management solutions in the Nordic market. This was the third acquisition completed during the last twelve months. The quality improvement tools developed by Medrave will expand our offering with a product in high demand among our customer base. It also enables us to service our clients in a new segment, the public healthcare sector.

We are uniquely positioned, and the timing is excellent as there are huge unmet needs within the healthcare industry and an unquestionable need for digital tools to increase efficiency.

Dennis Höjer
CEO

Key Figures

NOK million	Q1 2022	Q1 2021	FY 2021	FY 2020	FY 2019
Revenue	44.8	28.2	137.1	70.6	47.9
Adjusted EBITDA ²	13.8	9.2	45.5	23.3	11.9
Adj. EBITDA margin	30.7%	32.5%	33.2%	33.0%	24.8%
Adjusted EBIT ²	7.7	4.6	26.1	14.3	7.7
Adj. EBIT margin	17.1%	16.4%	19.0%	20.3%	16.2%

Growth Metrics

Total revenues grew by 59% in Q1

We grew total revenues to NOK 44.8 million in Q1 2022, up 59% from last year. Acquisitions accounted for NOK 12 million or 73% of the increase. Organic growth year-over-year (YoY) amounted to 22%¹, driven by increasing revenue per customer and new customers being added throughout the last year.

Currency differences affected revenues negatively with NOK (2.5) million compared to the same quarter last year (average SEK/NOK currency rate of 0.948 in Q1 2022 vs. 1.015 in Q1 2021).

NOK million	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Webdoc EHR	11.3	11.0	10.4	10.0	9.7
Other EHR	10.9	11.2	10.8	7.2	5.8
Platform Services	19.1	12.4	12.4	12.0	10.0
Consulting & Other	3.5	5.4	3.3	2.8	2.8
Total revenue	44.8	40.0	36.9	32.0	28.2

Recurring revenue growth of 62%

We grew our recurring revenues by 62% to NOK 41.3 million in Q1 2022, compared to NOK 25.5 million the same quarter last year. The growth was driven by acquisitions and a strong underlying organic growth of 25%¹ in Q1. The recurring revenue growth was driven by net retention rates of 116% and growth from new customers of 9%.

Webdoc EHR revenues grew 17% YoY to NOK 11.3 million in Q1. Growing the revenues from Webdoc customers is a strategic target as this will drive long term profitable growth through increasing the revenue per customer and operating margins. We have a long-term ambition to convert customers to the Webdoc platform from our other EHR solutions.

Other EHR revenues grew 87% YoY to NOK 10.9 million in Q1 2022. This includes the EHR revenues from Metodika and Avans Soma. The growth was driven by a strong underlying organic growth for Avans Soma combined with the acquisition of Metodika.

Platform services revenues grew 92% YoY to NOK 19.1 million in Q1 2022. Our ecosystem of products and services continuously expands through development of new modules, third party services and M&A. The growth was accelerated during the quarter by the acquisition of Medrave, adding highly attractive and complementary quality improvement and business intelligence solutions to our portfolio.

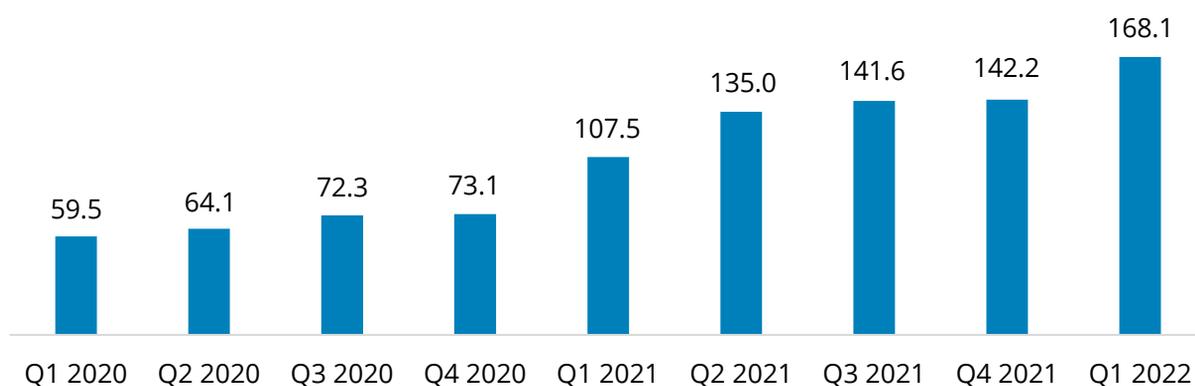
The ratio of total EHR revenues to platform services revenues was 1:0.9 in Q1 2022 for the group as compared to 1:0.6 in Q1 2021. Driving this ratio higher in favour of platform services revenues is a strategic priority going forward as we broaden our product portfolio, and our customer base demands new add-on services.

Annual Recurring Revenue (ARR) growth of 56%

Annual Recurring Revenues (ARR) grew to NOK 168 million in Q1 2022 compared to NOK 107.5 million in Q1 2021, corresponding to a growth of 56%.

The organic ARR growth in Q1 2022 was 22%¹ YoY and composed of an increased revenue from existing customers, new customers being added and increased penetration of platform services on our customer base.

Quarterly ARR



Annual Recurring Revenue, see Alternative Performance Measures. All figures stated in MNOK.

Consulting & other revenues of NOK 3.5 million

Consulting and other revenues grew 26% to NOK 3.5 million. Consulting revenue growth diluted the total organic growth in the quarter. As we are focusing on increasing the recurring revenue base, near-term growth rates are impacted. The consulting revenues are also impacted by the delay in sales processes with larger customers.

Profitability

Adjusted EBITDA margin of 30.7%

Adj. EBITDA increased 50% to NOK 13.8 million compared to Q1 2021, while margins decreased from 33% to 31% for the group. As was communicated in Q4, the acquisitions completed during the last year has had a positive impact on gross margins, but a dilutive impact on operating margins in the short term.

Q1 gross margins increased by 1.6 percentage points to 83.7% in Q1 2022 compared to 82.1% in Q1 2021. The change in margins was primarily driven by the acquisitions completed in the period, with a slightly higher gross margin (90%) than the existing business (81%).

Non-recurring operating expenses were NOK 2.9 million in Q1 2022, out of which NOK 1.4 million were related to the discount given to employees in the Employee Investment Matching Program completed in March 2022 and the remaining NOK 1.4 million was related to M&A transaction costs and other non-recurring items.

Organisational development

The Carasent team continues to grow, and we are building an organization ready to take the company to the next level. Ending Q1, the number of employees in the Group was 129, of which 73 are working with Research & Development (R&D), 11 with Sales and Marketing (S&M), 8 with General & Administrative (G&A) and 37 with Operations. Carasent also uses external consultants for individual projects.

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Employees					
G&A	8	8	7	6	5
R&D	73	60	59	55	44
S&M	11	10	9	8	6
Operations	37	30	29	30	22
Total	129	108	104	99	77

We are in process of building a robust infrastructure for long-term growth through recruitment of key resources that has an impact on margins in the short-term, but that will provide the foundation for long-term scalable growth.

Outlook and guidance

Performance and growth rates were in line with guidance during Q1 2022. We grew total revenues in Q1 2022 to NOK 44.8 million. Hence, we are in line with our guidance on total revenue above NOK 200 million for 2022, excluding potential from additional M&A and currency effects. Adjusted EBITDA margin for Q1 2022 was 30.7%. This in line with the previously guided adjusted group EBITDA for 2021, of 33.2%.

Investments and acquisitions

The investments in tangible and intangible assets, excluding acquisitions, amounted to NOK 18.9 million during Q1 2022. Capitalized development totaled NOK 18.4 million during Q1, of which NOK 10.6 million was related to new initiatives and the remaining NOK 7.9 million was related to expansion of our existing markets.

Capitalized development costs included internally generated development costs of NOK 10.8 million and externally generated development costs of NOK 7.6 million.

NOK million	Q1 2022	Q1 2021	FY 2021	FY 2020	FY 2019
Existing markets	7.9	6.2	20.9	16.1	10.7
New initiatives	10.6	0.7	17.4		
Total capitalized development	18.4	6.9	38.3	16.1	10.7

Existing markets

Capitalized development costs related to existing markets accounted for NOK 7.9 million in Q1 2022 compared to NOK 6.2 million in Q1 2021, corresponding to a growth of 27%. This included development of existing and upcoming products in our existing markets.

New initiatives

The investment into new initiatives is related to geographical expansion of Webdoc to the Norwegian market and our new platform for the European market, Webdoc X. These initiatives currently require significant investments and does not generate any revenues. The market is ripe for disruption, and we see a window of opportunity as these initiatives have the potential to drive long term growth for Carasent.

The Norwegian launch of Webdoc progressed well during Q1, including onboarding key resources in the commercial organization and focusing on building our pipeline of potential customers. As previously stated, we have ambitions to secure our first customers of Webdoc in Norway during the first half of 2022.

As communicated in Q4 2021, we have made the decision to invest significantly into an EHR platform tailored for the broader European market, Webdoc X. In the spring of 2021, we established a collaboration with the Swedish digital healthcare provider Mindler in their European launch. In parallel with this, we have conducted comprehensive market research, which confirmed our hypothesis that privatized healthcare often lacks digital solutions to meet the need for enhanced efficiency and patient offerings.

Acquisition of Medrave

On December 16th, we announced the acquisition of Medrave, the Scandinavian leader in quality improvement and business intelligence tools for healthcare practices. This was the third acquisition completed since the end of 2020. The quality improvements tools developed by Medrave will expand our offering with a product in high demand among our customer base and enable us to service our clients in a new segment, the public healthcare sector.

Medrave's complementary products will strengthen Carasent's offering and provide cross sale potential within primary and specialist care in Sweden. Medrave is also aiming to scale up their presence in the Norwegian market, which is well in line with our own strategy of launching Webdoc in Norway. In summary, this transaction provides a strong rationale adding a new product to our portfolio in line with communicated strategic priorities of expanding within product, customer segment and geographical dimensions.

Medrave's revenue and EBITDA were approximately SEK 23 million and SEK 6 million as per last twelve months end of October 2021, with 99% recurring revenues and an annually recurring revenue ("ARR") of approx. SEK 22 million.

Financial Statements

Consolidated financial performance

Net revenue

Revenue of NOK 44.8 million in Q1 2022, an increase of 59% as compared to NOK 28.2 million in Q1 2021. Revenue growth was driven by a combination of organic growth and the acquisitions of Medrave and Metodika. The acquisitions accounted for 12.0 million or 72% of the increase in revenues.

Gross profit

Q1 gross profit increased YoY by NOK 14.6 million or 63%. The increase in gross profit is primarily attributed by the 59% YoY revenue growth within the quarter. Gross margin increased 1.6 percentage points to 83.7% in Q1 2022 compared to 82.1% in Q1 2021. The change in margins was primarily driven by the acquisitions completed in the period, with a slightly higher gross margin than the organic business.

Operating expenses

Personnel expenses totaled 18.1 million in Q1 2022, an increase of 95% compared to the same quarter last year mainly impacted by the acquisitions of Metodika and Medrave. Other operational and administrative expenses totaled 8.6 million in Q4 2022, an increase of 4% compared to the same quarter last year driven mainly by an increase in the number of employees.

EBITDA

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) of NOK 10.8 million in Q1 2022, compared to NOK 9.2 million in Q1 2021.

One-time expenses

Non-recurring operating expenses were NOK 2.9 million in Q1 2022, out of which NOK 1.4 million were related to the discount given to employees in the Employee Investment Matching Program completed in March 2022 and the remaining NOK 1.4 million was related to M&A transaction costs and other non-recurring items.

Adjusted EBITDA

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) of NOK 13.8 million in Q1 2022, compared to NOK 9.2 million in Q1 2021. Adjusted EBITDA is adjusted for one-time expenses of 2.9 NOK million.

D&A

Depreciation and amortization in the Group in Q1 2022 totaled NOK 7.8 million, of which NOK 1.7 million was PPA related amortization.

EBIT

Earnings before Interest and Taxes (EBIT) of NOK 3.1 million compared to NOK 3.7 million in Q1 2021.

Adjusted EBIT

Adjusted Earnings before Interest and Taxes (Adjusted EBIT) of NOK 7.7 million compared to NOK 4.6 million in Q1 2021. Adjusted EBIT is adjusted for one-time expenses of 2.9 NOK million and PPA related amortization of NOK 1.7 million.

Net profit

Including positive changes in fair value of previously issued stock options of NOK 24.8 million in Q1 2022, the result was a net profit of NOK 25.4 million as compared to a net loss of NOK (7.7) million during Q1 2021.

Capital expenditures

Capitalized development amounted to NOK 18.4 million in Q1 2022, where NOK 10.8 million was related to new initiatives in new markets and the remaining NOK 7.9 was related to existing and upcoming products in our existing markets .

Cash balance

Cash balance was NOK 787 million as per end Q1 2022.

Financial Statements – Basis for Preparation

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

Consolidated statement of income

(Amounts in NOK 1 000)	Note	3 Months Ended	
		March 31, 2022	March 31, 2021
Revenue		44 792	28 249
Operating Revenues	3	44 792	28 249
Cost of Sales		7 315	5 062
Gross Profit		37 477	23 187
Operating Expenses			
Employee Compensation and Benefits	4	18 052	9 259
Other Operational and Administrative Expenses	5	8 555	4 738
Depreciation and Amortization		7 763	5 518
Total Operating Expenses		34 370	19 515
Net Operating Income/(Loss)		3 107	3 672
Financial Items			
Interest Expenses		455	158
Other Financial (Income)/Expenses	7	(24 646)	10 402
Net Financial Items		(24 191)	10 560
Net Income/(Loss) Before Income Taxes		27 298	(6 887)
Income Tax Expense/(Income)		1 911	785
Net Income/(Loss)		25 388	(7 673)
Attributable to Equity Holders of the Parent		25 388	(7 673)
Earnings Per Share:			
Basic earnings per share		0.32	(0.14)
Diluted earnings per share		0.31	(0.14)

Consolidated statement of comprehensive income

	3 Months Ended	
	March 31, 2022	March 31, 2021
(Amounts in NOK 1 000)		
Net Income/ (Loss)	25 388	(7 673)
Changes in Translation Differences	(12 786)	(7 989)
Items that may be Reclassified Subsequently to the Income Statement	(12 786)	(7 989)
Total Other Comprehensive Income/(Loss) for the Period	(12 786)	(7 989)
Total Comprehensive Income/(Loss) for the Period	12 602	(15 662)
Attributable to Equity Holders of the Parent	12 602	(15 662)

Consolidated statement of financial position

(Amounts in NOK 1 000)	Note	March 31, 2022	December 31, 2021
ASSETS			
Non-Current Assets			
Goodwill		366 036	271 990
Customer Relationships		32 096	26 733
Technology		105 819	76 186
Total Intangible Assets	2	503 951	374 909
Tools and Equipment		1 728	1 507
Right of Use Asset		15 147	14 612
Deferred Tax Assets		327	327
Total Non-Current Assets		521 153	391 354
Current Assets			
Customer Receivables		19 898	20 093
Other Receivables		3 397	3 455
Prepaid Expenses		3 402	2 161
Cash and Cash Equivalents		787 946	883 756
Total Current Assets		814 642	909 465
TOTAL ASSETS		1 335 795	1 300 818

(Amounts in NOK 1 000)	Note	March 31, 2022	December 31, 2021
LIABILITIES AND SHAREHOLDERS EQUITY			
Equity Attributed to Equity Holders of the Parent			
Share Capital	6	105 892	104 719
Other Paid-in Capital	6	1 133 375	1 105 556
Other reserves		(15 290)	(2 560)
Retained Earnings		(11 051)	(36 440)
Total Shareholders Equity		1 212 924	1 171 274
Lease Liability		10 420	10 634
Liability Stock Option Program		-	-
Deferred Tax Liability		16 689	9 864
Other Non-Current Liabilities		26	-
Total Non-Current Liabilities		27 136	20 497
Current Liabilities			
Trade Accounts Payable		10 119	8 942
Accrued Expenses		38 747	24 027
Contract Liability		16 017	17 506
Liability Stock Option Program	7	21 427	46 238
Current Liabilities to Credit Institutions		-	-
Current Lease Liability		6 428	5 703
Other Current Liabilities		2 997	6 630
Total Current Liabilities		95 735	109 047
TOTAL LIABILITIES AND EQUITY		1 335 795	1 300 818

Consolidated statement of cash flows

(Amounts in NOK 1 000)	Note	3 months ended	
		March 31, 2022	March 31, 2021
Cash Flows from Operating Activities			
Profit/(Loss) Before Tax		27 298	(6 887)
Depreciation and Amortization		7 763	5 518
Interest Expense		455	150
Fair Value Adjustments Stock Options	7	(24 811)	10 384
Share based payment		1 369	
Change in Accounts Receivable		1 456	(3 409)
Change in Accounts Payable		832	(1 379)
Change in Current Assets & Liabilities		4 776	485
Net Cash Flows Provided by Operating Activities		19 138	4 861
Cash Flows from Investing Activities			
Investments in Intangible and Tangible Assets		(18 922)	(6 943)
Acquisition of Company, Net of Cash Paid	2	(99 449)	-
Cash Flows Used in Investing Activities		(118 370)	(6 943)
Cash Flows from Financing Activities			
Issuance of Shares	6	5 475	-
Transaction Cost Related to Issuance of Shares	6	(250)	-
Payment Lease Liability		(1 558)	(1 177)
Repayment of Debt		-	(150)
Paid Interest		(455)	-
Cash Flows Used in Financing Activities		3 212	(1 327)
Effect of Exchange Rates on Cash and Cash Equivalents			
		210	(81)
Net Change in Cash and Cash Equivalents		(95 810)	(3 490)
Cash and Cash Equivalents at Beginning of Period		883 756	221 155
Cash and Cash Equivalents at End of Period		787 946	217 665

Consolidated statement of changes in equity

(Amounts in NOK 1 000)	Other reserves					
	Share Capital	Other Paid-in Capital	Share based payment reserve	Translation Difference Reserves	Retained Earnings	Total Equity
Equity December 31, 2020	73 307	354 630	-	9 329	(36 290)	400 975
Net Income for the Period	-	-	-	-	(7 673)	(7 673)
Other Comprehensive Income/(Loss)	-	-	-	(7 989)	-	(7 989)
Total Comprehensive Income/(Loss)	-	-	-	(7 989)	(7 673)	(15 662)
Share Issuance	-	-	-	-	-	-
Transaction Costs	-	-	-	-	-	-
Equity March 31, 2021	73 307	354 630	-	1 340	(43 964)	385 312

(Amounts in NOK 1 000)	Other reserves					
	Share Capital	Other Paid-in Capital	Share based payment reserve	Translation Difference Reserves	Retained Earnings	Total Equity
Equity December 31, 2021	104 719	1 105 556	-	(2 560)	(36 439)	1 171 274
Net Income for the Period	-	-	-	-	25 388	25 388
Other Comprehensive Income/(Loss)	-	-	-	(12 786)	-	(12 786)
Total Comprehensive Income/(Loss)	-	-	-	(12 786)	25 388	12 602
Share Issuance	836	21 562	-	-	-	22 398
Transaction Costs	-	(250)	-	-	-	(250)
Unregistrered Share Issuance	337	5 138	-	-	-	5 475
Share based payment	-	1 369	56	-	-	1 425
Equity March 31, 2022	105 892	1 133 375	56	(15 346)	(11 051)	1 212 924

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 Øvre Slottsgate 2B, Oslo, Norway.

The condensed consolidated financial statements for the first quarter of 2022 were approved by the Board of Directors for publication on April 27, 2022. The interim financial information is unaudited.

The condensed consolidated financial statements comprise Carasent ASA and its subsidiaries Evimeria EMR AB, Avans Soma AS, Metodika AB, Carasent AS and Medrave 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 disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021, 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 2021. The presentation currency is NOK (Norwegian Krone). All financial information is presented in NOK thousands, unless otherwise stated. The income statements are translated at the average exchange rate year to date.

Carasent ASA acquired the Swedish company Metodika AB (Metodika) on May 25, 2021. Metodika is a leading provider of Enterprise Practice Management (EPM) solutions to independent hospitals and clinics across 10 European countries. Metodika was consolidated in the Group from 31 May 2021 and consequently comparable figures for the first quarter 2021 do not include Metodika.

Carasent ASA acquired the Swedish company Medrave Software AB (Medrave), including its fully owned Norwegian subsidiary Medrave Software AS, on January 11, 2022. Medrave is a market leader in Scandinavia within quality improvement software for healthcare practices within primary care and secondary outpatient care with a customer base across Sweden and Norway. Medrave was consolidated in the Group from January 01, 2022 and consequently comparable figures for the first quarter 2021 do not include Medrave.

Note 2 – Business combination

Acquisition of Medrave AB

Carasent ASA completed the acquisition of Medrave Software AB ("Medrave") and increased the share capital by issuing consideration shares in relation to the acquisition.

The acquisition was settled on January 11, 2022 for a purchase price of SEK 134 million of which SEK 110 million was settled in cash and SEK 24 million was settled by a seller's credit to be offset by issuance of consideration shares reinvested by key employees with fair value price of NOK 35.7 per share.

Significant estimates

The acquisitions required the use of critical judgements and significant estimates when identifying and valuing intangible assets. For Medrave two intangible assets were identified: technology and customer relationship.

The relief-from-royalty method have been applied to measure the fair value of the technology. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The valuation is based on projected cash flows for the next five years, which includes estimated revenue growth. These cash flows are adjusted for assumptions about churn, attrition and multiplied by a royalty rate of 13.8% (cost saving from owning the technology). These cost savings are discounted using a cost of capital rate of 9%. The technology is assumed to have a useful life of ten years.

The customer relationships are valued using Multi-period Excess Earnings Method (MEEM). The principle is that the value of the intangible asset is equal to the present value of the after-tax cash flows attributable to the intangible assets only. The valuation is based on projected cash flows for the next eight years. These cash flows are adjusted for contributory asset charges (CAC). Churn is estimated to 8%. The cash flows are discounted using a 9% discount rate. The customer relationships are assumed to have a useful life of 12.5 years.

Preliminary purchase price allocation - assets acquired and liabilities assumed

The amounts recognized at the date of acquisitions in respect of identifiable assets acquired and liabilities assumed are set out in the table below:

(Amounts in NOK 1 000)	Medrave AB
Purchase consideration	
Cash consideration	107 532
Ordinary shares issued	22 381
Total purchase consideration	129 914
Technology	18 936
Customer relationship	7 257
Deferred tax assets	-
Right of use assets	2 630
Right of use assets	1 261
Customer receivables	8 084
Cash and cash equivalents	(6 231)
Deferred tax liability	(2 630)
Lease liability	(345)
Trade payables	
Contract liability	(1 468)
Net other assets and liabilities	(1 086)
Total net identifiable assets acquired at fair value	26 408
Consideration	129 914
Goodwill	103 506
Net cash outflow arising on acquisition	
Cash consideration	107 532
Less:	
Cash and cash equivalent balances acquired	(8 084)
Net cash outflow arising on acquisition	99 449

Goodwill from the acquisition of Medrave represents expected synergies in the Group and will form a separate cash generating unit.

Acquisition costs of NOK 4.4 million arose as a result of the transactions. Where NOK 0.65 million have been recognized as part of other operating expenses in the statement of income for the three months ended March 31, 2022 and NOK 3.75 million have been recognized as part of other operating expenses in the statement of income for the year ended December 31, 2021.

Medrave has contributed NOK 6.1 million to the Group's revenue since the acquisition date and net income of NOK 1.3 million to the Group's total net income.

Note 3 – Revenue

In 2022 the Group has assessed its internal organizational structure, internal reporting system and geographical business units, and concluded that there is only one segment, the total Group. The Chief Operating Decision Maker (the Board) review disaggregated revenue as included below. Any profit measures are reviewed at Group level.

(Amounts in NOK 1 000)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Webdoc EHR	11 274	10 977	10 403	9 957	9 669
Other EHR	10 871	11 204	10 761	7 172	5 808
Platform Services	19 155	12 380	12 449	12 011	9 972
Consulting & Other	3 533	5 417	3 316	2 828	2 800
Total revenue	44 792	39 977	36 929	31 969	28 249
Sweden					
Webdoc EHR	11 274	10 977	10 403	9 957	9 669
Other EHR	895	902	974	181	-
Platform Services	17 326	11 509	10 568	11 195	9 836
Consulting & Other	2 361	1 619	1 109	765	1 456
Total	31 855	25 007	23 053	22 099	20 961
Norway					
Webdoc EHR	-	-	-	-	-
Other EHR	8 742	8 882	8 327	6 651	5 808
Platform Services	1 297	611	1 072	485	136
Consulting & Other	789	2 906	1 692	1 787	1 344
Total	10 828	12 399	11 091	8 922	7 289
International					
Webdoc EHR	-	-	-	-	-
Other EHR	1 234	1 419	1 461	340	-
Platform Services	492	259	809	331	-
Consulting & Other	383	892	515	276	-
Total	2 108	2 570	2 785	948	-

Note 4 – Share incentive program

In the first quarter of 2022, the Group decided to offer its employees a share incentive program. All employees, including management were offered to buy shares in Carasent ASA. The shares were offered with a 20% discount and are subject to a lock-up period of 24 months following the share purchase. The participants in the program will receive matching shares after two years given that the participants are employed with the Group.

The employees were granted a discount of NOK 1.369 thousand on acquired shares. The discount vested immediately and have been expensed as a share-based payment expense.

Number of instruments granted (matching shares) were 84,324.

Accounting principles

The share-based payment program is considered as equity-settled share-based payments. In addition, the Group is obliged to make a provision for social security tax related to the program, to be transferred to the tax authority, normally in cash. This part of the share-based payment arrangement is recognized as a cash-settled share-based payment.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

Note 5 – Other operating expenses

(Amounts in NOK 1 000)	3 months ended	
	March 31, 2022	March 31, 2021
Marketing	150	82
Travel and entertainment	233	4
Rent and office expenses	648	350
Professional services	5 469	3 070
Utilities and maintenance costs	1 178	671
IT services	805	558
Other operating expenses	73	4
Total operating expenses	8 555	4 738

Other operating expenses are presented net of capitalization and Skattefunn

Note 6 – Equity

In conjunction with the acquisition of Medrave AB (January 2022), where approx. 18% of the consideration is agreed to be new shares, Carasent ASA registered 627,391 additional shares on January 13, 2022. The share capital increased by NOK 836 thousand to NOK 105,555 thousand.

In conjunction with the share incentive program Carasent ASA registered 253,005 additional shares on March 17, 2022. The share capital increased by NOK 337 thousand to NOK 105,892 thousand.

Note 7 – Expenses for changes in fair value of previously issued stock options

As announced on November 15, 2019, the Board in Carasent ASA approved a stock option program for up to 2 million shares. The options are structured as warrants based on market value and has a strike of price of NOK 14.47 with a 3-year term. When exercised, the Board has the right to pay the option holder cash instead of issue shares. The market value of the options was calculated to NOK 1.39 per option and have been fully distributed. All 2 million options were subscribed and has been paid for by the option holder. A total of 1,528,562 options were subscribed for by employees and the remaining by primary insiders.

The estimated fair value of the stock options when issued was NOK 1.39 per warrant. As of March 31, 2021, the fair value of the warrants was estimated to be NOK 10.71 per warrant, resulting in a financial liability of NOK 21.4 million for the Company which are presented as current liability since the expiration date is within 12 months. Based on the 2 million options issued, the change in fair value resulted in NOK 24.8 million gain in the first quarter isolated (NOK 10.4 loss in first quarter ending March 31, 2021).

Note 8 – Events after the balance sheets date

There are no other events after the balance sheet date that needs to be disclosed.

The ongoing war in Ukraine currently does not directly affect operations, but we monitor the situation closely.

Alternative Performance Measures

Carasent ASA may disclose alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Carasent ASA believes that the performance measures provide useful supplemental information to management, investors and other stakeholders and are meant to provide an enhanced insight into the financial development of business operations and to improve comparability between periods.

EBITDA is defined as the Net Income/(Loss) for the period before income tax expense, net financial items, depreciation and amortization of fixed and intangible assets.

EBIT is defined as the Net Income/(Loss) for the period before net financial items and income tax expense.

Adjusted EBITDA is defined as the Net Income/(Loss) for the period before income tax expense, net financial items, depreciation and amortization of fixed and intangible assets adjusted for certain special operating items affecting comparability.

Adjusted EBIT is defined as the Net Income/(Loss) for the period before net financial items and income tax expense, adjusted for certain special operating items affecting comparability.

EBITDA Margin is defined as EBITDA as a percentage of revenues.

Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of revenues.

EBIT Margin is defined as EBIT as a percentage of revenues.

Adjusted EBIT Margin is defined as Adjusted EBIT as a percentage of revenues.

Annual Recurring Revenue ("ARR") is defined as the Monthly Recurring Revenue ("MRR") multiplied with 12. MRR is defined as the revenue the Group expects to receive on a monthly basis from customers from EHR solutions and Platform Services.

Transaction costs comprises costs occurred in M&A activity.

Share based payments comprises costs related to the discount given to employees in the share incentive program.

Other special operating items comprises costs related to issuance of new shares and other non-recurring items.

Amortization excess values comprises amortization on excess values related to business combinations.

(Amounts in NOK 1 000)	3 Months Ended	
	March 31, 2022	March 31, 2021
Net Income/(Loss)	25 388	(7 673)
Income Tax Expense/(Income)	1 911	785
Net Financial Items	(24 191)	10 560
Net Operating Income/(Loss)	3 107	3 672
Depreciation and Amortization	7 763	5 518
(a) EBITDA	10 870	9 190
Adjusted for:		
Transaction costs	645	-
Share based payments	1 439	-
Other special operating items	800	-
(b) Adjusted EBITDA	13 754	9 190
(c) Operating revenue	44 792	28 249
EBITDA Margin (a/c)	24.27 %	32.53 %
Adjusted EBITDA Margin (b/c)	30.71 %	32.53 %

(Amounts in NOK 1 000)	3 Months Ended	
	March 31, 2022	March 31, 2021
Net Income/(Loss)	25 388	(7 673)
Income Tax Expense/(Income)	1 911	785
Net Financial Items	(24 191)	10 560
(a) EBIT	3 107	3 672
Adjusted for:		
Transaction costs	645	-
Share based payments	1 439	-
Other special operating items	800	-
Amortization excess values	1 664	947
(b) Adjusted EBIT	7 655	4 619
(c) Operating revenue	44 792	28 249
EBIT Margin (a/c)	6.94 %	13.00 %
Adjusted EBIT Margin (b/c)	17.09 %	16.35 %



CARASENT

Q1 2022

Interim Report

Founded in 1997, Carasent ASA was previously the parent company of Aptix, Inc. Carasent withdrew from the US market in 2017. Carasent focuses on providing digital 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.

Read more at carasent.com

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