Carasent Reports Second Quarter and Half Year 2019 Results

Oslo, Norway – August 21, 2019 – Carasent ASA® (OSE: CARA), announced its unaudited financial results for the three and six months ended June 30, 2019.

Interim Management Report

Evimeria EMR AB shows continued strong bookings, growth and profitability for the second quarter and are in line of targets for 2019.

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

- Revenue of SEK 14,8 million, an increase of 42 % as compared to Q2 2018.
- EBITDA of SEK 3,4 million as compared to SEK 2,2 million during Q2 2018.
- EBIT of SEK 2,6 million as compared to SEK 1,6 million during Q2 2018.
- Signed 24 new clinics during the Second Quarter 2019, which is higher than previous year representing more than one new clinic per week. Ended the second quarter with 360 active clinics.
- Short and midterm market conditions seems to remain strong. Long term, Evimeria will accelarate investments to approach new markets and segments to mitigate political risk factors.

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

- Revenues of NOK 11,2 million as compared to NOK 5,8 millon during Q2-18.
- Net income of NOK 0,3 million as compared to net loss of NOK 3,0 million during Q2-18.
- Cash balances of NOK 7,2 million at June 30, 2019.

Key Highlights of Second Quarter 2019

Evimeria EMR AB signed a contract with doktor.se, a leading Swedish online health care provider. The contract is an important breakthrough with a wellknown provider in this fast growing market segment. The contract value is initially valued at approximately SEK 2 million per year and doktor.se will be one of Evimeria largest customers so far.

Market conditions remained strong and 24 new clinics were signed and activity is high within all targeted segments. Occupational health service segment shows good traction and out of the 24 new clinics signed, 4 came from this segment.

As a result, revenue growth was 42 % compared to second quarter 2018. The scalability of the business and delivery model continues to increase earnings, well in line with targets for 2019.

Market development and accelerated strategic expansion

The demand for Evimerias services and solutions remains strong, order bookings are good and the forecast for 2019 is in the upper edge of the benchmark that were given at the beginning of the year. Additionally, early indications suggest a strong 2020.

Based on the above, Evimeria has decided to accelerate investments in its product and service portfolio in order to expand both in new segments and geographically for continued strong future growth. While part of our original operational plan, we now intend to do so at a faster pace.

This means that we will increase the rate of investment in new developments from today's level to about twice that in the coming year. The strategy for Norway is firmly established, as is an increased step in occupational health care in Sweden. In addition, Denmark is seen as a next natural step geographically, as well as breaking out parts of the product portfolio and being able to offer these as individual products and services to a broader market. All investments will be financed within the framework of our own cash flow.

The above will also mitigate some of the known political long-term risk in the Swedish market over the next 3-5 years. The political debate in Sweden surrounding private caregivers ability to earn profit in their operations is now concluded and settled. However, from a long-term perspective, the possibility that regional political decisions may affect the development in parts of today’s main target market remains. For example, when it comes to private caregiver’s opportunities to operate in certain regions, as well as how the regions see which IT systems are to be used and what requirements are placed on the private players.

Financial Results – Second Quarter 2019

Revenue for the second quarter of 2019 totaled NOK 11,2 million as compared 5,8 million during the second quarter 2018. For the first half year of 2019 the revenue ended at NOK 22,2 million compared to NOK 5,8 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 second quarter of 2019 totaled NOK 7,9 million as compared NOK 7,1 million during the second quarter of 2018. Operating expenses for the first half year of 2019 totaled NOK 15,1 million as compared NOK 10,1 million during the first half year of 2018. Operating expenses excludes cost of sales and amortizations. The operating expenses relates to two different areas.

NOK 6,7 million of the operating expenses for the second 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 second quarter of 2019 totaled NOK 0,4 million as compared to an operating loss of NOK 3,1 million during the second quarter of 2018. For the first half of 2019 the operating income ended at NOK 1,3 million compared to an operating loss of NOK 6,1 million for the first half of 2018.

Net profit for the second quarter of 2019 totaled NOK 0,3 million as compared to a net loss of NOK 3,0 million during the second quarter of 2018. Net profit for the first half of 2019 totaled NOK 1,0 million as compared to a net loss of NOK 5,9 million during the first half of 2018.

The Company ended the second quarter of 2019 with NOK 7,2 million of available cash balances and outstanding debt of NOK 2,6 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).

STATEMENTS OF INCOME

Carasent Group
Interim Consolidated Income Statement

	Three Months Ended		6 Months Ended	
	June 30, 2019	**June 30, 2018**	**June 30, 2019**	**June 30, 2018**
(Amounts in NOK 1,000)	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Operating Revenues				
Revenues	11 158	5 796	22 235	5 796
Total Operating Revenues	11 158	5 796	22 235	5 796
Cost of Sales				
Direct Costs of Revenues	2 053	1 186	4 170	1 186
Total Cost of Sales	2 053	1 186	4 170	1 186
Gross Profit	9 104	4 610	18 065	4 610
Operating Expenses				
Employee Compensation and Benefits	4 180	2 594	8 709	2 822
Other Operational and Administrative Costs	2 808	4 208	4 532	6 969
Depreciation and Amortization	1 744	900	3 521	900
Total Operating Expenses	8 732	7 702	16 762	10 691
Operating Income	372	(3 092)	1 303	(6 081)
Other Expense				
Interest Expense	28	10	77	10
Other Income and Expense	2	(18)	26	(56)
Total Other Expense	30	(8)	103	(46)
Income Before Income Taxes	342	(3 084)	1 200	(6 035)
Income Tax Expense	(78)	121	(154)	121
Net Income for the Period	264	(2 963)	1 046	(5 914)
Attributable to Equity Holders of Parent	264	(2 963)	1 046	(5 914)
Earnings Per Share: Basic	0,01	(0,02)	0,03	(0,05)
Diluted	0,01	(0,02)	0,03	(0,05)
Attributable to Equity Holders of Parent	0,01	(0,02)	0,03	(0,05)
Weighted Average Common Shares Outstanding	40 634	128 667	40 634	128 667

STATEMENT OF COMPREHENSIVE INCOME

Carasent Group
Consolidated Comprehensive Income Statement

		3 Months Ended		6 Months Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
(Amounts in NOK 1,000)	**Note**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Income for the Period		264	(2 963)	1 046	(5 914)
Changes in translation differences		(370)	-	(2 930)	30
Items that may be Reclassified Subsequently to Income Statement		(370)	-	(2 930)	30
Items that will not be to Income Statement		-	-	-	-
Total Other Comprehensive Income/(Loss) for the Period		(370)	-	(2 930)	30
Total Comprehensive Income/(Loss) for the Period		(106)	(2 963)	(1 884)	(5 884)
Attributed to Equity Holders of Parent		(106)	(2 963)	(1 884)	(5 884)

STATEMENT OF FINANCIAL POSITION

Carasent Group

Consolidated Statement of Financial Position

		June-19	June-18	December-18
		2019	2018	2018
(Amounts in NOK 1,000)	**Note**	**IFRS**	**IFRS**	**IFRS**
ASSETS				
Non-Current Assets				
Customer Relationships		22 594	21 997	22 794
Goodwill		57 117	56 550	61 535
Webdoc (IP)		17 567	13 910	15 422
Total Intangible Assets, net		97 279	92 457	99 751
Tools and Equipment		802	727	678
Right of use Asset	3	321		
Total Tangible assets		1 123	727	678
Total Non-Current Assets		98 403	93 184	100 429
Current Assets				
Customer Receivables		7 829	5 915	8 630
Other Receivables		262	406	648
Prepaid Expenses		847	946	764
Cash and Cash Equivalents		7 241	8 061	8 773
Total Current Assets		16 180	15 328	18 815
TOTAL ASSETS		114 583	108 512	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	35 819	35 819
Retained Earnings		(395)	(5 884)	1 489
Total Shareholders Equity		89 547	84 059	91 431
Other Liabilities to credit institutions		1 928	2 999	2 056
Lease liability	3	-	-	
Deferred tax liability		6 379	7 431	7 253
Total non-current liabilities		8 307	10 431	9 309
Current Liabilities				
Trade Accounts Payable		2 396	5 543	3 343
Accrued Expenses and Prepaid Income		6 994	6 344	7 359
Contract liability	2	4 336		3 907
Tax Payable		517		450
Current Liabilities to credit institutions		643	-	1 171
Current lease liability	3	323	-	
Other Current Liabilities		1 521	2 136	2 272
Total Current Liabilities		16 730	14 022	18 503
TOTAL LIABILITIES AND EQUITY		114 583	108 512	119 244

STATEMENT OF CASH FLOWS

Carasent Group

Consolidated Cash Flow Statement

	Six Months Ended June 30	
	2019	**2018**
(Amounts in NOK 1,000)	**IFRS**	**IFRS**
Cash Flows from Operating Activities		
Profit Before Taxes	1 200	(6 035)
Depreciation and Amortization	3 521	900
Change in Accounts Receivable	801	-
Change in Accounts Payable	(947)	-
Change in Current Assets & Liabilities	(1 257)	2 330
Interest Received	(26)	-
Interest Paid	(77)	-
Income Tax Paid and accounting dispositions	264	-
Net Cash Flows Provided by Operating Activities	3 479	(2 805)
Cash Flows from Investing Activities		
Purchase of Evimeria EMR AB, net of cash from Evimeria		(21 310)
Investments in intangible and tangible assets	(4 304)	(862)
Sale of Customer Base	-	-
Cash Flows Used in Investing Activities	(4 304)	(22 172)
Cash Flows from Financing Activities		
Payment Lease Liability	(351)	-
Repayment of Debt	(469)	(92)
Return of Capital to Shareholders		(28 586)
Cash Flows Used in Financing Activities	(821)	(28 678)
Effect of Exchange Rates on Cash and Cash Equivalents	115	
Net Change in Cash and Cash Equivalents	(1 531)	(53 655)
Cash and Cash Equivalents at Beginning of Period	8 773	61 715
Cash and Cash Equivalents at End of Period	**7 242**	**8 061**

STATEMENT OF CHANGES IN EQUITY

	2nd quarter		1st half year		Full year
(Amounts in NOK 1000)	**2019**	**2018**	**2019**	**2018**	**2018**
Opening balance	**89 653**	**58 314**	**91 431**	**61 264**	**61 264**
Net income for the period	264	-2 963	1 046	-5 914	-7 036
Changes in translation differences	-370	30	-2 930	30	8 525
Distribution of paid in capital		-28 501		-28 501	-28 501
Equity issuance		57 179		57 179	57 179
Ending balance	**89 547**	**84 059**	**89 547**	**84 059**	**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 second quarter of 2019 were approved by the Board of Directors for publication on 20 August, 2019.
The condensed consolidated financial statements comprise Carasent ASA and it 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 half 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 April to 30 June 2019.

(Amounts in NOK 1000)	**3 Months Ended June 30, 2019**	**6 Months Ended June 30, 2019**	**Year Ended December 31, 2018**
Webdoc License	5 972	11 565	11 529
Addon services	5 185	10 669	12 437
Total Revenues	**11 158**	**22 235**	**23 965**

The Webdoc License is invoices 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 half year 2019	11 586
Revenue recognized First half year 2019	11 158
Balance June 30, 2019	**4 336**

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 ease 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 June 30	Half Year Ended June 30	Implementation effect Janaury 1
Right of use assets	321	321	3 747
Lease liabilities non-current	-	-	(721)
Lease liabilities current	(323)	(323)	(3 026)
Impact on the Income Statement:	2	57	
Other operating expenses	(232)	(447)	
Depreciation and amortization	229	465	
Finance expenses	5	39	

Cash flow from operating expenses has increased with NOK 0,2 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. During the second 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

Risk and Uncertainty

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, 2019 to June 30, 2019 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.

The Board of Directors and Chief Executive Officer of Carasent ASA

/s/Johan Lindqvist	/s/ Jesper Jannerberg
Chairman of the Board	CEO
/s/Terje Rogne	/s/Ebba Fahraeus
Board Member	Board Member

About Carasent

Founded in 1997, Carasent ASA (previously known as Apptix 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

For further information:

Johan Lindqvist (Chairman)
johan.lindqvist@windchange.se
+46 733 55 09 35