

Carasent Reports Fourth Quarter 2019 Results

Oslo, Norway – February 12, 2020 – Carasent ASA® (OSE: CARA), announced its unaudited financial results for Q4 2019.

Interim Management Report

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

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

- Revenue of SEK 18.5 million, an increase of 57 % as compared to Q4 2018.
- EBITDA of SEK 5.2 million as compared to SEK 1.5 million during Q4 2018.
- EBIT of SEK 4.3 million as compared to SEK 0.9 million during Q4 2018.
- Signed 20 new clinics during the Fourth Quarter 2019, which is in line with previous year. Ended the Fourth Quarter with 404 active clinics.

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

- Revenues of NOK 14.1 million as compared to NOK 9.8 million during Q4-18.
- Net income of NOK 0.4 million as compared to net loss of NOK 1.3 million during Q4-18.
- Cash balances of NOK 10.9 million at December 31, 2019.

Key Highlights of Fourth Quarter 2019

During the quarter 20 new clinics were signed up as customers and Evimeria continued to develop and deliver add-on services to existing customers.

As a result, the revenue growth was 57% compared to fourth quarter 2018. The scalability of the business and delivery model continues to increase earnings.

The introduction of product and services to the occupational health service segment in Sweden is developing well and shows good progress. As a result of accelerated investments in product development and partnerships, sales of add-on services to existing customer shows a steady increase.

Outlook and targets

The development of Evimeria's core segment, the private healthcare sector in Sweden, was strong in 2019. Growth continued to increase rapidly within sectors like online care and new digital solutions, and existing customers kept seeking ways to implement new solutions to add value and cut costs.

As a result, performance in 2019 was in line with or slightly above our expectations and targets for the year.

<i>2019 performance</i>	<i>Target</i>	<i>Actual</i>
Sign more than one clinic per week (1.5)	> 78	89
Revenue growth (SEK and Swedish GAAP)	50.0%	50.1% (37.7% IFRS)
Triple digit EBITDA growth (SEK, GAAP)	100.0%	101.0% (100.2% IFRS)

To be transparent with the reporting of Carasent ASA, targets and proforma numbers for Evimeria EMR AB will, going forward, be translated into IFRS.

Evimeria believes market conditions to remain strong in 2020 and expects the number of new clinics signed to increase as compared to actuals in 2019.

Furthermore, we expect revenue growth in the 40% range (IFRS) as compared to actual 37.7% in 2019 and EBITDA margins (IFRS) in the 35-40% range as compared to actual 33.9% (IFRS) in 2019.

Stock option program

In order to keep and attract new employees, 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. The program was fully subscribed and gave a cash effect of NOK 2.78 million. The options have a three years term and will be exercisable after three years. The option program is issued by the Board under the current authorization to increase the share capital granted by the General Assembly in May 2019. When exercised, the Board has the right to pay the option holder cash instead of issue shares. The option program will not have any tax consequences for the Company.

Financial Results – Fourth Quarter 2019

Revenue for the fourth quarter of 2019 totaled NOK 14.1 million as compared 9.8 million during the fourth quarter 2018. For the full year of 2019 the revenue ended at NOK 47.9 million compared to NOK 24.0 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 fourth quarter of 2019 totaled NOK 8.3 million as compared NOK 9.0 million during the fourth quarter of 2018. Operating expenses excludes cost of sales and amortizations. The operating expenses relates to two different areas.

NOK 7.1 million of the operating expenses for the fourth 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 fourth quarter of 2019 totaled NOK 2.0 million as compared to a net loss of NOK 0.7 million during the fourth quarter of 2018. For the full year of 2019 the operating income ended at NOK 4.5 million compared to an operating loss of NOK 6.7 million in 2018.

Net income for the fourth quarter of 2019 totaled NOK 0.4 million as compared to a net loss of NOK 1.3 million during the fourth quarter of 2018. Net profit for the full year of 2019 totaled NOK 3.2 million as compared to a net loss of NOK 7.1 million in 2018.

The Company ended the fourth quarter of 2019 with NOK 10.9 million of available cash balances and outstanding interest-bearing debt of NOK 2.0 million (not including lease liability).

Financial Statements – Basis for Preparation

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

STATEMENTS OF INCOME

Carasent Group
Interim Consolidated Income Statement

(Amounts in NOK 1,000)	Note	Three Months Ended		12 Months Ended	
		December 31, 2019 IFRS	December 31, 2018 IFRS	December 31, 2019 IFRS	December 31, 2018 IFRS
Operating Revenues					
Revenues	2	14 094	9 805	47 927	23 965
Total Operating Revenues		14 094	9 805	47 927	23 965
Cost of Sales					
Direct Costs of Revenues		2 505	2 080	8 745	5 032
Total Cost of Sales		2 505	2 080	8 745	5 032
Gross Profit		11 589	7 725	39 182	18 933
Operating Expenses					
Employee Compensation and Benefits		4 659	4 548	17 622	10 906
Other Operational and Administrative Costs	3	2 826	2 472	9 693	11 090
Depreciation and Amortization	3	2 105	1 426	7 386	3 685
Total Operating Expenses		9 589	8 446	34 702	25 682
Operating Income		2 000	(721)	4 481	(6 749)
Other Expense					
Interest Expense		111	36	261	77
Other Financial Income		2	1	28	-
Other Income and Expense		-	1	-	-
Total Other Expense		113	37	290	77
Income Before Income Taxes		1 887	(758)	4 191	(6 826)
Income Tax Expense		(1 535)	(547)	(979)	(241)
Net Income for the Period		352	(1 305)	3 212	(7 067)
Attributable to Equity Holders of Parent		352	(1 305)	3 212	(7 067)
Earnings Per Share:					
Basic		0,01	(0,03)	0,08	(0,17)
Diluted		0,01	(0,03)	0,08	(0,17)
Attributable to Equity Holders of Parent		0,01	(0,03)	0,08	(0,17)
Weighted Average Common Shares Outstanding		40 634	40 634	40 634	40 634

STATEMENT OF COMPREHENSIVE INCOME

Carasent Group
Consolidated Comprehensive Income Statement

(Amounts in NOK 1,000)	Note	3 Months Ended		12 Months Ended	
		December 31, 2019 IFRS	December 31, 2018 IFRS	December 31, 2019 IFRS	December 31, 2018 IFRS
Income for the Period		352	(1 305)	3 212	(7 034)
Changes in translation differences		4 301	7 343	(4 067)	8 525
Items that may be Reclassified Subsequently to Income Statement		4 301	7 343	(4 067)	8 525
Items that will not be to Income Statement		-	-	-	-
Total Other Comprehensive Income/(Loss) for the Period		4 301	7 343	(4 067)	8 525
Total Comprehensive Income/(Loss) for the Period		4 653	6 038	(855)	1 491
Attributed to Equity Holders of Parent		4 653	6 038	(855)	1 491

STATEMENT OF FINANCIAL POSITION

Carasent Group
Consolidated Statement of Financial Position

(Amounts in NOK 1,000)	Note	December-19		December-18		
		2019	IFRS	2018	IFRS	
ASSETS						
Non-Current Assets						
Customer Relationships		19 429		22 794		
Goodwill		58 813		61 535		
Webdoc (IP)		21 147		15 422		
Total Intangible Assets, net		<u>99 389</u>		<u>99 751</u>		
Tools and Equipment		1 090		678		
Right of use Asset		16 561				
Total Tangible assets	9	<u>17 651</u>		<u>678</u>		
Total Non-Current Assets		<u>117 040</u>		<u>100 429</u>		
Current Assets						
Customer Receivables	13	7 667		8 630		
Other Receivables	14	464		648		
Prepaid Expenses	14	562		764		
Cash and Cash Equivalents	15	<u>10 928</u>		<u>8 773</u>		
Total Current Assets		<u>19 620</u>		<u>18 815</u>		
TOTAL ASSETS		<u>136 660</u>		<u>119 244</u>		
LIABILITIES AND SHAREHOLDERS EQUITY						
Equity Attributed to Equity Holders of the Parent						
Share Capital	18	54 124		54 124		
Other Paid-in Capital		35 819		35 819		
Retained Earnings		<u>(2 721)</u>		<u>1 489</u>		
Total Shareholders Equity		<u>90 576</u>		<u>91 431</u>		
Other Liabilities to credit institutions	16	1 134		2 056		
Lease liability		14 152		-		
Liability Stock Option Program		2 780		-		
Deferred tax liability		<u>7 008</u>		<u>7 253</u>		
Total non-current liabilities		<u>25 074</u>		<u>9 309</u>		
Current Liabilities						
Trade Accounts Payable		1 917		3 343		
Accrued Expenses and Prepaid Income		7 396		7 359		
Contract liability	4	5 270		3 907		
Tax Payable		-		450		
Current Liabilities to credit institutions		851		1 171		
Current lease liability		2 607		-		
Other Current Liabilities		<u>2 969</u>		<u>2 272</u>		
Total Current Liabilities		<u>21 010</u>		<u>18 503</u>		
TOTAL LIABILITIES AND EQUITY		<u>136 660</u>		<u>119 244</u>		

STATEMENT OF CASH FLOWS

Carasent Group
Consolidated Cash Flow Statement

(Amounts in NOK 1,000)	12 Months Ended December 31	
	2019	2018
	IFRS	IFRS
Cash Flows from Operating Activities		
Profit Before Taxes	4 191	(6 793)
Depreciation and Amortization	7 386	3 685
Change in Accounts Receivable	722	(4 713)
Change in Accounts Payable	(1 320)	2 789
Change in Current Assets & Liabilities	2 317	5 436
Interest Paid	(290)	(44)
Income Tax Paid and accounting dispositions	(960)	-
Net Cash Flows Provided by Operating Activities	12 045	361
Cash Flows from Investing Activities		
Purchase of Evimeria EMR AB, net of cash from Evimeria		(21 310)
Investments in intangible and tangible assets	(10 735)	(2 695)
Cash Flows Used in Investing Activities	(10 765)	(24 005)
Cash Flows from Financing Activities		
Payment Lease Liability	(797)	-
Repayment of Debt	(1 117)	(737)
Stock Option Program	2 780	
Return of Capital to Shareholders		(28 562)
Cash Flows Used in Financing Activities	865	(29 299)
Effect of Exchange Rates on Cash and Cash Equivalents		
	10	
Net Change in Cash and Cash Equivalents	2 155	(52 943)
Cash and Cash Equivalents at Beginning of Period	8 773	61 716
Cash and Cash Equivalents at End of Period	10 928	8 773

STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1000)	4th quarter		12 months		Full year	
	2019	2018	2019	2018	2018	2018
Opening balance	85 923	85 393	91 431	61 264	61 264	
Net income for the period	352 -	1 305	3 212 -	7 036 -	7 036	
Changes in translation differences	4 301	7 343 -	4 067	8 525	8 525	
Distribution of paid in capital			-	28 501 -	28 501	
Equity issuance				57 179	57 179	
Ending balance	90 576	91 431	90 576	91 431	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 fourth quarter of 2019 were approved by the Board of Directors for publication on 11 February, 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 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 2019 is related to Evimeria EMR AB. Evimeria EMR AB was acquired in May 2018 and was consolidated in Carasent from that date.

May 21 the company's shares were merged (Reversed Split) in the ratio 4:1, the new number of outstanding shares are 40,633,822.

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.

(Amounts in NOK 1000)	3 Months Ended December 31,		12 Months Ended December 31,	Year Ended December 31,
	2019	2019	2019	2018
Webdoc License	7 000		24 919	11 529
Addon services	7 094		23 008	12 437
Total Revenues	14 094		47 927	23 965

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

(Amounts in NOK 1000)	Liability
December 31, 2017	-
Acquisition of Evimeria EMR AB	2 805
Invoiced May to December 2018	12 631
Revenue recognized May to December 2018	11 529
Balance December 31, 2018	3 907
Invoiced in 2019	26 282
Revenue recognized in 2019	24 919
Balance December 31, 2019	5 270

Note 3 – Right of use assets and lease liabilities

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

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

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

The Group has elected not to recognize right of use assets and lease liabilities for short-term leases that have 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 were 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 and lease of inventories for Evimeria EMR AB in Gothenburg are 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 for office space and for the lease liabilities for inventories the explicit contract is used.

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 December 31	12 months Ended December 31	Implementation effect January 1
Right of use assets	130	130	3 747
Lease liabilities non-current	14 152	14 152	(721)
Lease liabilities current	2 607	2 607	(3 026)
Impact on the Income Statement:	197	247	
Other operating expenses	(338)	(920)	
Depreciation and amortization	448	1 043	
Finance expenses	87	123	

Cash flow from operating expenses has increased with NOK 0.3 million and cash flow from financing activities has decreased correspondingly, in the fourth 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. The company has entered into a new lease agreement for office space, contract for a 5 year lease with a commencement date on 15 November 2019 and also a lease agreement for inventories for a 5 year lease with commencement date on first of January 2020.

About Carasent

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

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