

Carasent Reports Second Quarter and Half Year 2020 Results

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

Interim Management Report

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

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

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

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

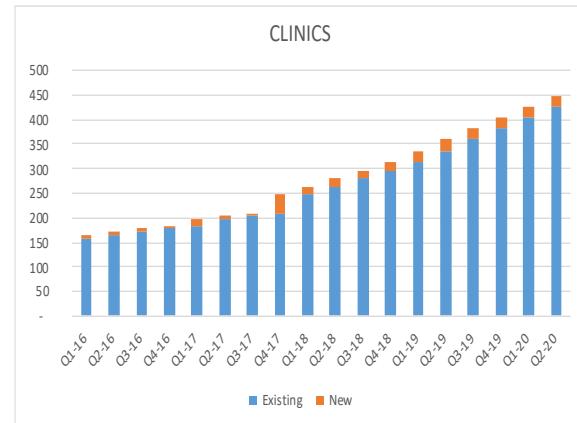
Overview of Second Quarter 2020 consolidated results for Carasent ASA (in NOK and IFRS).

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

Key Highlights of Second Quarter 2020

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

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

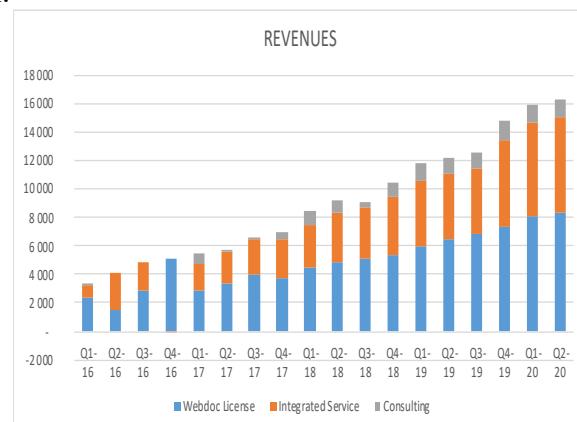


When it comes to potential larger clients – typically corporations with many clinics – where the sales process is longer and frequently involves face-to-face meetings, several processes have been delayed. This is due both to the pandemic situation, with limited opportunities for face-to-face meetings,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

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

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

Evimeria EMR AB, IFRS adjusted in SEK



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

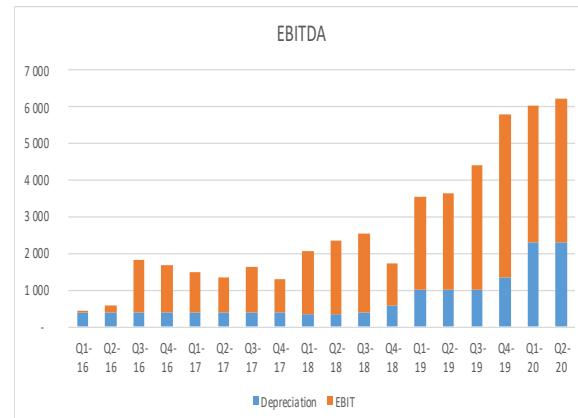
The pandemic is also having a slight impact on the service mix, with traditional add-on sales linked to physical visits decreasing and various digital services for remote patient visits increasing. All else being equal, this has had a positive effect.

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

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

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

Evimeria EMR AB, IFRS adjusted in SEK



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

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

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

Outlook

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

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

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

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

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

Financial Results – Second Quarter 2020

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

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

NOK 8.0 million of the operating expenses for the Second quarter of 2020 relates to Evimeria EMR AB. NOK 1.2 million consists of professional fees (legal, accounting and consulting) along with public Company costs such as stock exchange registration, insurance and board remuneration fees.

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

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

The Company ended the Second quarter of 2020 with NOK 9.9 million of available cash balances and outstanding interest-bearing debt of NOK 1.6 million (not including lease liability).

Financial Statements – Basis for Preparation

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

CONSOLIDATED STATEMENTS OF INCOME

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1,000)	Note	June-20	June-19	December-19	
		IFRS	IFRS	IFRS	
ASSETS					
Non-Current Assets					
Customer Relationships		20 531	19 909	19 429	
Goodwill		64 842	57 116	58 813	
Webdoc (IP)		29 104	16 449	21 147	
Total Intangible Assets, net		<u>114 478</u>	<u>93 475</u>	<u>99 389</u>	
Tools and Equipment		1 273	802	1 090	
Right of use Asset	3	<u>16 376</u>	<u>321</u>	<u>16 561</u>	
Total Tangible assets		<u>17 649</u>	<u>1 123</u>	<u>17 651</u>	
Total Non-Current Assets		<u>132 127</u>	<u>94 598</u>	<u>117 040</u>	
Current Assets					
Customer Receivables		10 286	7 829	7 667	
Other Receivables		1 706	262	464	
Prepaid Expenses		1 907	847	562	
Cash and Cash Equivalents		<u>9 854</u>	<u>7 241</u>	<u>10 928</u>	
Total Current Assets		<u>23 754</u>	<u>16 180</u>	<u>19 620</u>	
TOTAL ASSETS		<u><u>155 881</u></u>	<u><u>110 778</u></u>	<u><u>136 660</u></u>	
LIABILITIES AND SHAREHOLDERS EQUITY					
Equity Attributed to Equity Holders of the Parent					
Share Capital		54 124	54 124	54 124	
Other Paid-in Capital		35 819	35 819	35 819	
Retained Earnings		<u>5 215</u>	<u>(3 699)</u>	<u>634</u>	
Total Shareholders Equity		<u>95 159</u>	<u>86 244</u>	<u>90 577</u>	
Liabilities to credit institutions		834	1 928	1 134	
Lease liability	3	13 928	-	14 152	
Liability Stock Option Program	4	10 900	-	2 780	
Deferred tax liability		<u>8 838</u>	<u>6 394</u>	<u>7 008</u>	
Total non-current liabilities		<u>34 501</u>	<u>8 322</u>	<u>25 073</u>	
Current Liabilities					
Trade Accounts Payable		2 084	2 396	1 917	
Accrued Expenses and Prepaid Income		10 283	6 994	7 396	
Contract liability	2	6 174	4 336	5 270	
Tax Payable		-	-	1 146	
Current Liabilities to credit institutions		730	643	851	
Current lease liability		3 484	323	2 607	
Other Current Liabilities		<u>3 468</u>	<u>1 521</u>	<u>1 823</u>	
Total Current Liabilities		<u>26 222</u>	<u>16 212</u>	<u>21 009</u>	
TOTAL LIABILITIES AND EQUITY		<u><u>155 881</u></u>	<u><u>110 778</u></u>	<u><u>136 660</u></u>	

CONSOLIDATED STATEMENT OF CASH FLOWS

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Note 1 – General information

Carasent ASA (“Carasent”, the “Company” or the “Group”) is a public Company registered in Norway and traded on the Oslo Stock Exchange with a registered business address at c/o Advokatsenteret Kristian Augusts gate 14, Oslo, Norway.

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

The condensed consolidated financial statements comprise Carasent ASA and its subsidiary Evimeria EMR AB. The interim financial statements are prepared in accordance with the International Accounting Standard (IAS) 34. The condensed consolidated financial information does not include all information and disclosure required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The accounting policies applied by Carasent in these interim financial statements are consistent with those of the financial year 2019. The interim financial statements are unaudited. The presentation currency is NOK (Norwegian Krone). All financial information is presented in NOK thousands, unless otherwise stated.

The entire operations of the Group is related to Evimeria EMR AB.

Note 2 – Revenue and Segment Information

The Company has assessed its internal organizational structure, internal reporting system and geographical business units, and concluded that it does not have any reportable segments that should be reported separately.

All revenues are related to Evimeria EMR AB, Webdoc related services to customers in Sweden.

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

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

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

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

Note 3 – Right of use assets and lease liabilities

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

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

Cash flow from operating expenses has increased with NOK 1.2 million and cash flow from financing activities has decreased correspondingly, in the Second quarter, as a result of implementation of IFRS 16 since repayment of the principal portion of the lease liability is classified as a finance activity.

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

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

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

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

Risk and Uncertainty

Covid-19 effects

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

Attracting and retaining skilled employees

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

Currency and exchange rate risks

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

Customers and customer dependency

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

Responsibility Statement

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

Oslo - August 12th 2020

The Board of Directors and Chief Executive Officer of Carasent ASA

/s/Johan Lindqvist
Chairman of the Board

/s/ Jesper Jannerberg
CEO

/s/Terje Rogne
Board Member

/s/Ebba Fahraeus
Board Member

About Carasent

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

For further information:

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