



CARASENT



Q4 and FY 2022

Interim Report

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Carasent

at a glance

178
Employees

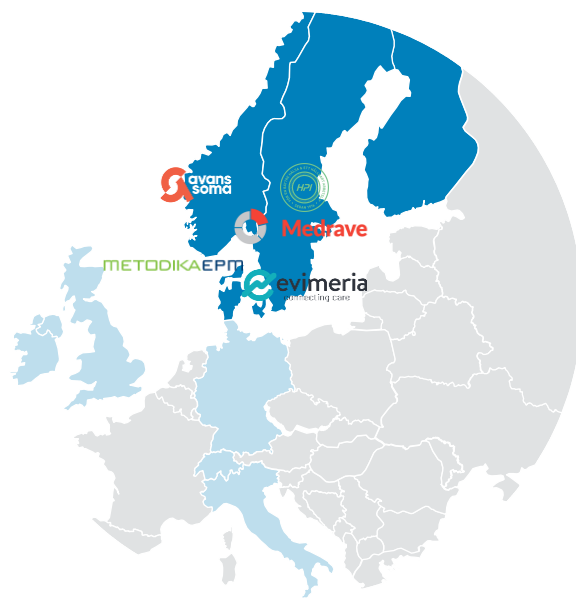
195.3 MNOK
**Revenue
2022**

24%
**Adj. EBITDA Margin
2022**

16%¹
**Organic YoY Growth
2022**

202 MNOK
**ARR
December 2022**

697 MNOK
Cash balance



Our journey started in the spring of 2018 when Aptix ASA, now Carasent, acquired Evimeria EMR AB (now Carasent Sverige AB), a Swedish company that deliver cloud based electronic health record (EHR). Since then, five 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.

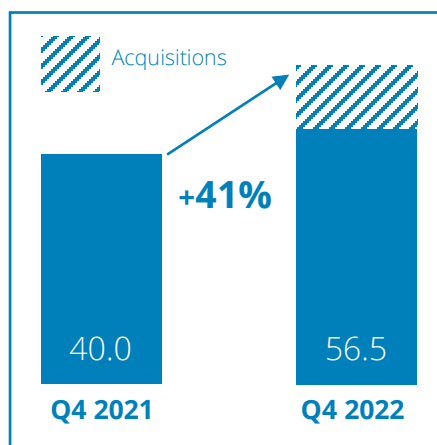
Carasent is on a very exciting journey within the e-health sector, and our ambition is to continue to expand our business both organically and through acquisitions. Our growth strategy is built on expanding our business through three main dimensions: new products and services, new customer segments and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

Q4 Highlights

Financials

Revenue

MNOK



Revenue up 41.4% to NOK 56.5 million. Acquisitions in the last twelve months accounted for NOK 11.7 million, 71% of the increase.

Organic growth

16%

Organic YoY revenue growth of 16% in Q4, with constant currency rates

15%

Organic YoY recurring revenue growth of 15% in Q4, with constant currency rates

Margins

15%

Adjusted EBITDA of NOK 8.4 million and margin of 15% in Q4 2022

1%

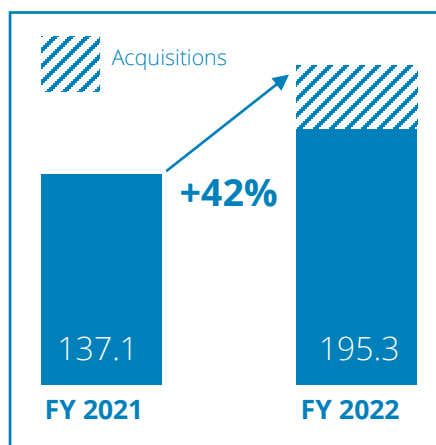
Adjusted EBIT of NOK 0.6 million and margin of 1% in Q4 2022

2022 Highlights

Financials

Revenue

MNOK



Revenue up 42% to NOK 195.3 million. Acquisitions accounted for NOK 42.9 million, 74% of the increase

Organic growth

16%

Organic YoY revenue growth of 16% in 2022, with constant currency rates

17%

Organic YoY recurring revenue growth of 17% in 2022, with constant currency rates

Margins

24%

Adjusted EBITDA of NOK 46.3 million and margin of 24% in 2022

10%

Adjusted EBIT of NOK 18.9 million and margin of 10% in 2022

Q4 Highlights

Other



Acquisition of HPI Health Profile Institute AB.



Signed 31 new clinics for Webdoc in Sweden.

Letter

to our shareholders

It has been an exciting first couple of months meeting all the extremely talented people within Carasent, discussing opportunities with customers and deep diving into our industry leading solutions. It is clear that we have many interesting and high potential opportunities.

What is also clear is that pursuing too many opportunities without proper preparation has resulted in growth pains for our company. This is not strange. A rapid growth strategy through acquisitions, new hires, and expansion projects takes its toll in an organization which isn't used to it. The result has been an increase in costs and challenges in operational performance, in turn influencing new sales.

In order to ensure that we have the right personnel and clear lines of responsibility, we have initiated and will continue to undergo an organizational restructuring in Metodika, Webdoc and the organization as a whole. Furthermore, to promote cost consciousness and control, we are among many things slowing down new hires. These measures are aimed at improving organizational efficiency and effectiveness, and we are confident that they will have a positive impact on our overall performance. We are optimizing our business today, to facilitate profitable growth opportunities tomorrow.

To optimize performance, grow sustainably, and fulfill our customer obligations, we are taking a number of steps. Firstly, we refocus on sales and strengthen our tradition of profitable growth. Secondly, we are making sure to improve user experience and the ongoing relationship with our customers. Using our solutions, customers should expect a seamless user experience. Thirdly, we are reviewing our strategy to make sure that we develop the solutions which create the most value in relation to effort. Our addressable market is large, and with our agile solutions we are able to scale our core technology while also entering new segments.

The rapid onboarding of employees, as was done in 2022, presents a significant challenge, particularly in the software development domain where we need to pay attention to our most experienced developers to maintain the quality in our code. By slowing down the hiring pace, we will not only exercise better control over costs, but our new hires will also make increasingly valuable contributions.

The good news is that considerable improvements are very achievable. Although our recent performance has been below par, we still offer our customers the best solutions and the lower levels of growth doesn't mean that they have chosen other suppliers, they have mostly waited with switching. It is a big undertaking to switch systems and you only do it when you feel the provider is 100% there for you, this is what we haven't signaled fully lately.

Having effectively addressed internal challenges, we are rigged for strong growth. In Q2 2023, following the completion of our strategic review, we will update our financial targets to reflect our confidence in our ability to resume growth. We are actively exploring potential acquisitions and partnerships to drive our growth further at a reasonable pace and remain steadfast in our ambitious goals. By carefully selecting the right opportunities, we aim to raise the bar even higher. With the new structures in place, we are confident in our ability to effectively manage current operations while pursuing new growth opportunities.

Looking forward, Carasent is in a very strong position. We have industry-leading solutions, sound business models, non-cyclical growing customers in need of digitalization and a strong development capacity.

Daniel Öhman
CEO

Key Figures

NOK million	Q4 2022	Q4 2021	FY 2022	FY 2021	FY 2020	FY 2019
Revenue	56.5	40.0	195.3	137.1	70.6	47.9
Adjusted EBITDA ¹	8.4	10.5	46.3	45.5	23.3	11.9
Adj. EBITDA margin	14.9%	26.2%	23.7%	33.2%	33.0%	24.8%
Adjusted EBIT ¹	0.6	5.5	18.9	26.1	14.3	7.7
Adj. EBIT margin	1.1%	13.8%	9.7%	19.1%	20.3%	16.2%

Growth Metrics

Total revenues grew by 41.4% in Q4

We grew total revenues to NOK 56.5 million in Q4 2022, up 41.4% from Q4 last year. Acquisitions accounted for NOK 11.7 million, 71% of the increase.

Organic growth year-over-year (YoY) amounted to 16%², improving compared to the previous quarter (12%), due to higher consulting revenues. The organic growth in recurring revenues was driven by net retention rates¹ of 109% and growth from new customers of 5.4%. The new customer growth has been adversely affected by lower new sales activity in our core markets during 2021 and 2022, particularly related to larger clinics and customers.

Currency differences affected revenues negatively with NOK 2.1 million compared to fourth quarter last year. The average SEK/NOK currency exchange rate was 0.95 in Q4 2022 vs. 1.00 in Q4 2021.

NOK million	FY 2022	FY 2021	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Webdoc EHR	50.0	41.0	13.8	13.1	11.9	11.3	11.0
Other EHR	45.0	34.9	11.7	11.3	11.2	10.9	11.2
Platform Services	80.2	46.8	23.4	18.6	19.0	19.1	12.4
Consulting & Other	20.0	14.4	7.6	4.4	4.5	3.5	5.4
Total revenue	195.3	137.1	56.5	47.4	46.5	44.8	40.0

We grew our recurring revenues – Webdoc EHR, other EHR and Platform Services – by 41.5%, reaching NOK 48.9 million in Q4 2022 compared to NOK 34.6 million the same quarter last year.

From a FY 2022 perspective, our total revenue growth was 42%, and the organic growth was 16%.

Webdoc EHR revenues grew 25.5% YoY to NOK 13.8 million in Q4. The YoY growth figures are partly driven by a shift in revenue model for certain existing customers from variable add-on services to EHR license revenues. Adjusted for this effect the growth was 21%¹ YoY for Webdoc EHR in Q4.

Other EHR revenues increased 4.2% YoY to NOK 11.7 million in Q4 2022. This includes the EHR revenues from Metodika EPM, as well as the Avans Soma³ products Ad Curis and Ad Opus. The development was driven by an underlying organic growth for Ad Curis, and relatively flat development for Metodika EPM and Ad Opus.

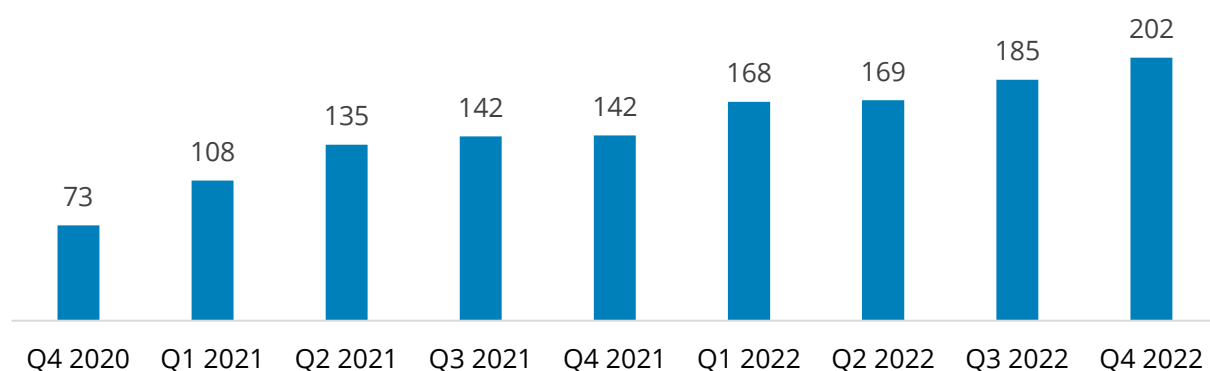
Platform services revenues grew 89.3% YoY to NOK 23.4 million in Q4 2022. The growth was accelerated by the acquisition of Medrave, HPI and Confrere, adding complementary and high-quality solutions to our portfolio. Variable add-on services, such as booking and SMS services, have during the year shown a slowdown compared to the high activity in 2021 during vaccinations. This trend continued in Q4 2022.

The ratio of total EHR revenues to platform services revenues was 1:0.9 in Q4 2022 for the group as compared to 1:0.6 in Q4 2021. The increase was driven by a new, growing ecosystem of services and the acquisitions completed. The variable add-on services had a countereffect as described above. By broadening our product portfolio both organically and through acquisitions, we can continuously provide new services to our customer base.

Annual Recurring Revenue (ARR) growth of 42%

Annual Recurring Revenues (ARR) grew to NOK 202 million in Q4 2022 compared to NOK 142 million in Q4 2021, corresponding to a growth of 42%. The organic ARR growth in Q4 2022 was 13%¹ YoY.

Quarterly ARR² (MNOK)



1: With constant currency rates

2: See Alternative Performance Measures.

3: Avans Soma's name changed to Carasent Norge on Aug 22

Consulting & other revenues of NOK 7.6 million

Consulting and other revenues increased by 41.0% to NOK 7.6 million. Consulting revenue growth was strong in Q4 driven partly by certain larger projects for specific customers. Our main focus is on increasing the recurring revenue base.

Profitability

Adjusted EBITDA margin of 14.9%

Adjusted EBITDA amounted to NOK 8.4 million, where margins decreased from 26.2% to 14.9% for the group. A significant number of employees has been onboarded during 2022. This has adversely affected operating margins and cash flow generation during the year. Increased time spent on maintaining existing product as opposed to new development in our core markets also affected operating margins during the quarter. The acquisitions of HPI and Confrere has had a dilutive impact on operating margins in the short term.

Q4 gross margin was relatively flat, decreasing by 0.9 percentage points to 80.7% in Q4 2022 compared to 81.6% in Q4 2021.

Special operating items were NOK 6.0 million in Q4 2022, out of which NOK 0.3 million were related to the bonus shares given to employees in the Employee Investment Matching Program launched in March 2022. The remaining NOK 5.8 million was primarily related to NOK 5.2 million M&A transaction costs, in addition to NOK 0.6 million recruitment expenses and other non-recurring costs.

Organisational development

Carasent has seen a rapid growth in number of employees during 2022 and the trend continued in Q4. A net of 25 employees was onboarded in Q4, including 12 from the acquisition of HPI. Ending Q4, the number of employees in the Group was 178, of which 103 are working in Research & Development (R&D), 15 in Sales and Marketing (S&M), 14 in General & Administrative (G&A) and 46 in Operations. Carasent also uses external consultants for individual projects.

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Employees						
G&A	14	13	9	8	8	7
R&D	103	89	76	73	60	59
S&M	15	13	13	11	10	9
Operations	46	38	37	37	30	29
Total	178	153	136	129	108	104

Outlook and guidance

Full year revenues ended at NOK 197.3m excluding the acquisitions of Confrere and HPI and currency effects, above the updated guidance provided in Q3 of NOK 190-195 million. Acquisitions completed during the year and YoY currency effects had a net negative impact of NOK 2 million in 2022.

Group adjusted EBITDA margin ended at 23.7% in 2022. The group adjusted EBITDA margin excluding the acquisitions of Confrere and HPI ended at 24.5%. This was in line with the guidance of group EBITDA at about 25%.

A strategy process will be completed during the start of 2023, culminating in an updated strategic direction for Carasent. We will update our financial targets reflecting this during Q2 2023. We are also looking at which acquisitions and partnerships that can help us accelerate growth, as there are a high number of attractive opportunities available. We are well capitalized with a very strong balance sheet, which allows us to act upon such opportunities.

Investments and acquisitions

The investments in tangible and intangible assets, excluding acquisitions, amounted to NOK 23.3 million during Q4 2022. Capitalized development totaled NOK 22.2 million during Q4, of which NOK 13.8 million was related to new initiatives and the remaining NOK 8.3 million was related to expansion of our existing markets.

Capitalized development costs included internally generated development costs of NOK 13.6 million and externally generated development costs of NOK 8.6 million during Q4 2022.

NOK million	Q4 2022	Q4 2021	FY 2022	FY 2021	FY 2020	FY 2019
Existing markets	8.3	5.7	31.2	23.6	16.1	10.7
New initiatives	13.8	7.7	49.0	16.6		
Total capitalized development	22.2	13.4	80.2	40.1	16.1	10.7

Existing markets

Capitalized development costs related to existing markets accounted for NOK 8.3 million in Q4 2022 compared to NOK 5.7 million in Q4 2021, corresponding to a growth of 45%. 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 additional investments in product development and does not generate any revenues.

During Q4 our first Norwegian Webdoc customer was onboarded according to plan. This was an important milestone in our expansion plan. As earlier communicated, we are currently investing significantly into Webdoc X, an EHR platform tailored for the broader European market. In the spring of 2021, we established a collaboration with the Swedish digital healthcare provider Mindler in their European launch. We aim to launch the product commercially in 2023 and product development continued according to plan in Q4 2022.

Financial Results

Financial Results – Q4 2022

Net revenue

Revenue of NOK 56.5 million in Q4 2022, an increase of 41.4% as compared to NOK 40.0 million in Q4 2021. Revenue growth was driven by a combination of organic growth and the acquisitions of Medrave, Confrere and HPI. The acquisitions accounted for 11.7 million or 70.8% of the increase in revenues.

Gross profit

Q4 gross profit increased YoY by NOK 13 million or 39.9%. The increase in gross profit is primarily attributed by the 41.4% YoY revenue growth within the quarter. Gross margin decreased 0.9 percentage points to 80.7% in Q4 2022 compared to 81.6% in Q4 2021.

Operating expenses

Personnel expenses totaled 26.0 million in Q4 2022, an increase of 68.1% compared to the same quarter last year. The increase was driven by a large number of employees onboarded during 2022 and the acquisitions completed. Personnel expenses are also impacted by investments in management capacity and senior management recruitment cost. These investments affect margins in the short term but is part of setting the structures for long term growth.

Other operational and administrative expenses totaled 17.3 million in Q4 2022, an increase of 17.8% 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 2.4 million in Q4 2022, compared to NOK 2.5 million in Q4 2021.

Adjusted EBITDA

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) of NOK 8.4 million in Q4 2022, compared to NOK 10.5 million in Q4 2021. Adjusted EBITDA is adjusted for non-recurring expenses of NOK 6.0 million.

Financial Results – Q4 2022

Special operating items were NOK 6.0 million in Q4 2022, out of which NOK 0.3 million were related to the bonus shares given to employees in the Employee Investment Matching Program launched in March 2022 and the remaining NOK 5.8 million was related to M&A transaction costs, equity issue related costs, recruitment of senior management capacity and other non-recurring items.

D&A

Depreciation and amortization in the Group in Q4 2022 totaled NOK 9.5 million, of which NOK 1.7 million was PPA related amortization.

EBIT

Earnings before Interest and Taxes (EBIT) of NOK (7.1) million compared to NOK (3.3) million in Q4 2021.

Adjusted EBIT

Adjusted Earnings before Interest and Taxes (Adjusted EBIT) of NOK 0.6 million compared to NOK 5.5 million in Q4 2021. Adjusted EBIT is adjusted for special operating items of NOK 6.0 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 (0.04) million in Q4 2022, the result was a net profit of NOK (7.0) million as compared to NOK 9.0 million during Q4 2021.

Capital expenditures

Capitalized development amounted to NOK 22.1 million in Q4 2022, where NOK 13.8 million was related to new initiatives in new markets and the remaining NOK 8.3 was related to existing and upcoming products in our existing markets .

Cash balance

Cash balance was NOK 697 million as per end of Q4 2022.

Financial Results – FY 2022

Net revenue

Revenue of NOK 195.3 million in 2022, an increase of 42.4% as compared to NOK 137.1 million in 2021. Revenue growth was driven by a combination of organic growth and the acquisitions of Medrave, Confrere and HPI. The acquisitions accounted for 42.9 million or 73.8% of the increase in revenues.

Gross profit

Gross profit increased YoY in 2022 by NOK 48.5 million or 43.0%. The increase in gross profit is driven by the 42.4% YoY revenue growth within the year. Gross margin decreased 0.4 percentage points to 82.7% in 2022 compared to 82.3% in 2021.

Operating expenses

Personnel expenses totaled 82.7 million in 2022, an increase of 75.0% compared to 2021. Carasent has onboarded a significant number of employees during 2022, affecting operating expenses and personnel cost. The increase was driven by a large number of new employees and the acquisitions completed. Personnel expenses are also impacted by investments in management capacity and senior management recruitment cost. These investments affect margins in the short term but is part of setting the structures for long term growth.

Other operational and administrative expenses totaled 46.0 million in 2022, an increase of 40.8% compared to last year driven mainly by an increase in the number of employees, recruitment cost and M&A transaction costs.

EBITDA

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) of NOK 32.7 million in 2022, compared to NOK 32.9 million in 2021.

Adjusted EBITDA

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) of NOK 46.3 million in Q4 2022, compared to NOK 45.5 million in Q4 2021. Adjusted EBITDA is adjusted for one-time expenses of NOK 13.5 million.

Financial Results – FY 2022

Special operating items were NOK 13.5 million in 2022, out of which NOK 2.3 million were related to the bonus shares given to employees in the Employee Investment Matching Program launched in March 2022, NOK 6.9 million was related to M&A transaction costs, and NOK 4.3 million was related to equity issue related costs, recruitment of senior management capacity and other non-recurring items.

D&A

Depreciation and amortization in the Group in Q4 2022 totaled NOK 34.1 million, of which NOK 6.7 million was PPA related amortization.

EBIT

Earnings before Interest and Taxes (EBIT) of NOK (1.4) million compared to NOK 9.6 million in 2021.

Adjusted EBIT

Adjusted Earnings before Interest and Taxes (Adjusted EBIT) of NOK 18.9 million compared to NOK 26.1 million in 2021. Adjusted EBIT is adjusted for one-time expenses of NOK 13.5 million and PPA related amortization of NOK 6.7 million.

Net profit

Including positive effect from changes in fair value of previously issued stock options of NOK 38.7 million in 2022, the result was a net profit of NOK 31.2 million as compared to NOK (0.1) million in 2021.

Capital expenditures

Capitalized development amounted to NOK 80.2 million in 2022, where NOK 49.0 million was related to new initiatives in new markets and the remaining NOK 31.2 was related to existing and upcoming products in our existing markets. Investments in tangible assets amounted to NOK 2.4 million in 2022.

Cash balance

Cash balance was NOK 697 million as per end of 2022.

Consolidated statement of income

(Amounts in NOK 1 000)	Note	3 Months Ended		12 Months Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue	3	56 532	39 977	195 260	137 125
Operating Revenues		56 532	39 977	195 260	137 125
Cost of Sales		10 916	7 360	33 840	24 226
Gross Profit		45 617	32 617	161 420	112 899
Operating Expenses					
Employee Compensation and Benefits		25 949	16 865	82 739	47 274
Other Operational and Administrative Expenses	5	17 290	13 261	45 961	32 643
Depreciation and Amortization		9 488	5 748	34 081	23 336
Total Operating Expenses		52 726	35 874	162 782	103 253
Net Operating Income/(Loss)		(7 110)	(3 257)	(1 361)	9 646
Financial Items					
Interest Expenses		403	145	1 274	646
Other Financial (Income)/Expenses	7	1 746	(13 750)	(36 509)	5 267
Net Financial Items		2 149	(13 605)	(35 235)	5 913
Net Income/(Loss) Before Income Taxes		(9 259)	10 349	33 874	3 734
Income Tax Expense/(Income)		(2 225)	1 351	2 704	3 882
Net Income/(Loss)		(7 034)	8 998	31 170	(148)
Attributable to Equity Holders of the Parent		(7 034)	8 998	31 170	(148)
Earnings Per Share:					
Basic earnings per share		(0.09)	0.11	0.39	(0.00)
Diluted earnings per share		(0.09)	0.11	0.39	(0.00)

Consolidated statement of comprehensive income

	3 Months Ended		12 Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Amounts in NOK 1 000)				
Net Income/(Loss)	(7 034)	8 998	31 170	(148)
Changes in Translation Differences	(10 114)	(5 812)	(10 402)	(11 889)
Items that may be Reclassified Subsequently to the Income Statement	(10 114)	(5 812)	(10 402)	(11 889)
Total Other Comprehensive Income/(Loss) for the Period	(10 114)	(5 812)	(10 402)	(11 889)
Total Comprehensive Income/(Loss) for the Period	(17 147)	3 186	20 768	(12 037)
Attributable to Equity Holders of the Parent	(17 147)	3 186	20 768	(12 037)

Consolidated statement of financial position

(Amounts in NOK 1 000)	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-Current Assets			
Goodwill	2	385 181	271 990
Customer Relationships	2	45 240	26 733
Technology	2	164 806	76 186
Other intangible assets		1 437	-
Total Intangible Assets		569 664	374 909
Tools and Equipment		3 030	1 507
Right of Use Asset		36 993	14 612
Deferred Tax Assets		-	327
Total Non-Current Assets		636 688	391 354
Current Assets			
Customer Receivables		27 575	20 093
Other Receivables		2 667	3 455
Prepaid Expenses		6 692	2 161
Cash and Cash Equivalents		697 276	883 756
Total Current Assets		734 210	909 465
TOTAL ASSETS		1 370 898	1 300 818

Consolidated statement of financial position

(Amounts in NOK 1 000)	Note	December 31, 2022	December 31, 2021
LIABILITIES AND SHAREHOLDERS EQUITY			
Equity Attributed to Equity Holders of the Parent			
Share Capital	4	106 055	104 719
Other Paid-in Capital	4	1 136 377	1 105 556
Other reserves		(12 161)	(2 560)
Retained Earnings		(5 269)	(36 440)
Warrants outstanding	9	1 600	-
Total Shareholders Equity	9	1 226 601	1 171 274
Liabilities to Credit Institutions		625	-
Lease Liability		28 225	10 634
Deferred Tax Liability		12 945	9 864
Other Non-Current Liabilities	2	9 181	-
Total Non-Current Liabilities		50 976	20 497
Current Liabilities			
Trade Accounts Payable		20 245	8 942
Accrued Expenses		26 393	24 027
Contract Liability		28 029	17 506
Liability Stock Option Program	7	-	46 238
Current Liabilities to Credit Institutions		968	-
Current Lease Liability		9 065	5 703
Other Current Liabilities		11 621	6 630
Total Current Liabilities		93 321	109 047
TOTAL LIABILITIES AND EQUITY		1 370 898	1 300 818

Consolidated statement of cash flows

12 months ended

(Amounts in NOK 1 000)	Note	12 months ended	
		December 31, 2022	December 31, 2021
Cash Flows from Operating Activities			
Profit/(Loss) Before Tax		33 874	3 734
Depreciation and Amortization		34 081	23 336
Interest Expense		1 279	646
Fair Value Adjustments	2.7	(39 334)	5 061
Derecognition IFRS 16		(1 614)	-
Share based payment	4	2 169	-
Change in Accounts Receivable		(3 385)	(3 816)
Change in Accounts Payable		10 079	2 558
Change in Current Assets & Liabilities		(13 296)	3 631
Income Tax Paid		(3 295)	(2 669)
Net Cash Flows Provided by Operating Activities		20 559	32 480
Cash Flows from Investing Activities			
Investments in Intangible and Tangible Assets		(91 562)	(38 227)
Acquisition of Company, Net of Cash Paid	2	(104 885)	(86 897)
Cash Flows Used in Investing Activities		(196 447)	(125 124)
Cash Flows from Financing Activities			
Issuance of Shares	2	5 475	790 758
Transaction Cost Related to Issuance of Shares		(273)	(28 683)
Cash Settlement Stock Options	7	(7 569)	-
Issuance of Warrants	9	1 600	-
Payment Lease Liability		(7 191)	(4 867)
Repayment of Debt to Credit Institutions		(158)	-
Paid Interest		(1 279)	(646)
Cash Flows Used in Financing Activities		(9 395)	756 562
Effect of Exchange Rates on Cash and Cash Equivalents		(1 198)	(1 317)
Net Change in Cash and Cash Equivalents		(186 480)	662 601
Cash and Cash Equivalents at Beginning of Period		883 756	221 155
Cash and Cash Equivalents at End of Period		697 276	883 756

Consolidated statement of changes in equity

	<u>Other reserves</u>						Total Equity
	Share Capital	Other Paid-in Capital	Warrants outstanding	Share based payment reserve	Translation Difference Reserves	Retained Earnings	
(Amounts in NOK 1 000)							
Equity December 31, 2020	73 307	354 630	-	-	9 329	(36 290)	400 975
Net Income for the Period	-	-	-	-	-	(148)	(148)
Other Comprehensive Income/(Loss)	-	-	-	-	(11 899)	-	(11 899)
Total Comprehensive Income/(Loss)	-	-	-	-	(11 899)	(148)	(12 037)
Share Issuance	31 412	779 609	-	-	-	-	811 021
Transaction Costs	-	(28 683)	-	-	-	-	(28 683)
Equity December 31, 2021	104 719	1 105 556	-	-	(2 560)	(36 439)	1 171 274

	<u>Other reserves</u>						Total Equity
	Share Capital	Other Paid-in Capital	Warrants outstanding	Share based payment reserve	Translation Difference Reserves	Retained Earnings	
(Amounts in NOK 1 000)							
Equity December 31, 2021	104 719	1 105 556	-	-	(2 560)	(36 439)	1 171 274
Net Income for the Period	-	-	-	-	-	31 170	31 170
Other Comprehensive Income/(Loss)	-	-	-	-	(10 402)	-	(10 402)
Total Comprehensive Income/(Loss)	-	-	-	-	(10 402)	31 170	20 768
Share Issuance	1 336	29 726	-	-	-	-	31 061
Transaction Costs	-	(273)	-	-	-	-	(273)
Share based payments	-	1 369	-	801	-	-	2 169
Warrants Issuance	-	-	1 600	-	-	-	1 600
Equity December 31, 2022	106 055	1 136 378	1600	801	(12 962)	(5 269)	1 226 601

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 Rådhusgata 30b, Oslo, Norway.

The condensed consolidated financial statements for Q4 2022 were approved by the Board of Directors for publication on February 14, 2023. The interim financial information is unaudited.

The condensed consolidated financial statements comprise Carasent ASA and its subsidiaries. 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 HPI Health Profile Institute AB (HPI), on October 18, 2022. HPI is a market leader in Sweden within software for occupational healthcare providers. 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.

HPI, Medrave and Metodika was consolidated in the Group from November 01, 2022, January 01, 2022, and June 01, 2021, respectively. Consequently, comparable figures for the year ended December 31, 2021 only include Metodika from June and do not include Medrave and HPI.

Note 2 – Business combination

Acquisition of Medrave AB

Carasent ASA acquired Medrave Software AB ("Medrave") on January 11, 2022, for a purchase price of SEK 134 million. The transaction was settled with SEK 110 million in cash and SEK 24 million by a seller's credit which was subsequently offset by issuance of consideration shares reinvested by key employees with fair value price of NOK 37.4 per share.

Significant estimates

The acquisition 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 has 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	107 809
Ordinary shares issued	23 486
Total purchase consideration	131 295
Technology	18 936
Customer relationship	7 257
Right of use assets	2 004
Customer receivables	1 261
Cash and cash equivalents	8 084
Deferred tax liability	(5 937)
Lease liability	(2 004)
Trade payables	(345)
Contract liability	(1 426)
Net other assets and liabilities	(1 086)
Total net identifiable assets acquired at fair value	26 743
Consideration	131 295
Goodwill	104 552
Net cash outflow arising on acquisition	
Cash consideration	107 809
Less:	
Cash and cash equivalent balances acquired	(8 084)
Net cash outflow arising on acquisition	99 725

Goodwill from the acquisition of Medrave represents expected synergies in the Group and will lead to additional value for the Carasent platform with combined product portfolio and developing activities.

Acquisition costs of NOK 3.5 million arose as a result of the transactions. The majority 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 26.3 million to the Group's revenue since the acquisition date and net income of NOK 5.3 million to the Group's total net income.

Acquisition of HPI Health Profile Institute AB

Carasent ASA acquired HPI Health Profile Institute AB ("HPI") on October 18, 2022, for a purchase price of SEK 20.9 million. The transaction was settled with SEK 8.9 million in cash, SEK 2.2 million by consideration shares and a contingent earn out of maximum SEK 13 million with a net present value of SEK 9.7 million.

Significant estimates

The acquisition required the use of critical judgements and significant estimates when identifying and valuing intangible assets. For HPI 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 twelve 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 11%. The technology is assumed to have a useful life of nine 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 10%. The cash flows are discounted using a 11.5% discount rate. The customer relationships are assumed to have a useful life of 10 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 on the next page.

(Amounts in NOK 1 000)	HPI AB
Purchase consideration	
Cash consideration	8 473
Ordinary shares issued	2 120
Deferred purchase price	9 220
Total purchase consideration	19 812
<hr/>	
Technology	12 466
Customer relationship	8 227
Tools and equipment	143
Customer receivables	2 829
Cash and cash equivalents	3 313
Deferred tax liability	(267)
Trade payables	(901)
Accrued expenses and prepaid income	(2 395)
Contract liability	(720)
Liabilities to credit institutions – current portion	(949)
Liabilities to credit institutions – non-current portion	(786)
Contract liability	(13 053)
Net other assets and liabilities	(4 653)
Total net identifiable assets acquired at fair value	3 253
Consideration	19 812
Goodwill	16 559
<hr/>	
Net cash outflow arising on acquisition	
Cash consideration	8 473
Less:	
Cash and cash equivalent balances acquired	(3 313)
Net cash outflow arising on acquisition	5 160

Goodwill from the acquisition of HPI represents expected synergies in the Group and will lead to additional value for the Carasent platform with combined product portfolio and developing activities.

Acquisition costs of NOK 0.7 million arose as a result of the transactions. These have been recognized as part of other operating expenses in the statement of income.

HPI has contributed NOK 2.2 million to the Group's revenue since the acquisition date and net loss of NOK 0.6 million to the Group's total net income. If the acquisition of HPI had occurred on 1 January 2022, the proforma revenue for the Group could have been NOK 209.4 million and the Group's net income could have been NOK 30 million.

As of December 31, 2022, the fair value of the contingent earn out was estimated to be SEK 9.0 million.

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 1000)	FY 2022	FY 2021	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Webdoc EHR	50 035	41 006	13 780	13 123	11 859	11 274	10 977
Other EHR	45 002	34 946	11 676	11 280	11 175	10 871	11 204
Platform Services	80 197	46 812	23 440	18 594	19 049	19 115	12 380
Consulting & Other	20 025	14 361	7 636	4 395	4 462	3 533	5 417
Total revenue	195 260	137 125	56 532	47 391	46 545	44 792	39 977
Sweden							
Webdoc EHR	50 035	41 006	13 780	13 123	11 859	11 274	10 977
Other EHR	3 359	2 058	765	867	833	895	902
Platform Services	68 752	43 108	18 998	15 288	17 139	17 326	11 509
Consulting & Other	10 422	4 949	3 459	2 047	2 555	2 361	1 619
Total	132 568	91 121	37 002	31 325	32 387	31 855	25 007
Norway							
Webdoc EHR	-	-	-	-	-	-	-
Other EHR	36 184	29 668	9 396	9 303	8 742	8 742	8 882
Platform Services	9 676	2 306	4 054	3 064	1 261	1 297	611
Consulting & Other	6 704	7 728	3 066	1 745	1 104	789	2 906
Total	52 564	39 702	16 517	14 112	11 107	10 828	12 399
International							
Webdoc EHR	-	-	-	-	-	-	-
Other EHR	5 459	3 220	1 515	1 110	1 600	1 234	1 419
Platform Services	1 769	1 399	388	241	649	492	259
Consulting & Other	2 900	1 684	1 111	603	803	383	892
Total	10 128	6 303	3 014	1 954	3 052	2 108	2 570

Note 4 – Employee Investment Matching 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 still employed with the Group.

The employees were granted a discount of NOK 1.369 million 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		12 months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Marketing	380	1 245	1 467	1 732
Travel and entertainment	802	550	1 978	715
Rent and office expenses	(370)	706	1 479	2 090
Professional services	13 370	8 736	30 404	21 485
Utilities and maintenance costs	1 218	194	4 032	2 739
IT services	1 713	1 340	6 171	3 043
Other operating expenses	175	489	430	839
Total operating expenses	17 290	13 261	45 961	32 643

Other operating expenses are presented net of capitalization and SkatteFUNN

Note 6 – Equity

In conjunction with the acquisition of Medrave AB (January 2022), where part of the consideration is agreed to be new shares (see note 2), 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.

In conjunction with the acquisition of HPI AB (October 2022), where part of the consideration was agreed to be new shares (see note 2), Carasent ASA registered 122,375 additional shares on the October 18, 2022. The share capital increased by NOK 163 thousand to NOK 106,055 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 were structured as warrants based on market value and had a strike of price of NOK 14.47 with a 3-year term. When exercised, the Board had the right to pay the option holder cash instead of issue shares. The market value of the options were 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. Based on the 2 million options, the change in fair value resulted in NOK 0.04 million gain in the fourth quarter isolated. On 3 October 2022, The Board of Carasent decided to use the right to settle the options in cash. The cash amount was settled based on average volume-weighted share quoted for the 20 trading days period in advance of November 30, 2022. The cash amount was calculated to NOK 7.6 million.

Note 8 – Acquisition of assets – Confrere

During the third quarter, Carasent entered into a partnership agreement with the Norwegian company Confrere 4 AS (“Confrere”).

As part of the agreement, Carasent acquired the Confrere brand and took over the customer agreements, while Confrere continues to maintain the technology solution.

The purchase price was approximately NOK 10 million, of which NOK 5 million were paid upfront and the remaining payments allocated to the assets are deferred until latest July 2024.

Note 9 – Stock option program

Accounting principle

Warrants are recognized in the financial statements as an equity financial instrument, as the warrant exercise terms are fixed-for-fixed. The warrants are classified as equity at initial recognition and initially measured at the fair value of the cash received for the warrants. The subscription price of the warrants was determined by management using a Black-Scholes option pricing model.

The warrants are classified as equity and there is no subsequent remeasurement. Exercise of the warrant will be at the agreed exercise price, with one warrant being exchanged for one share. Exercise of the warrants will be recognized as an equity transaction. While the warrants are out-of-the-money there is no dilutive effect on EPS from the outstanding warrants. The warrants will be out-of-the-money during the time period 2022-2025 when the warrants are not exercisable.

Description

On 03 October 2022, the Board in Carasent ASA approved a stock option program for the new CEO (Daniel Öhman) and the new Chairman of the Board (Petri Niemi).

Total number invested amount will be NOK 2 million, where the two have acquired shares in the market for NOK 200 thousand each and received an option to buy warrants from the Company at fair market value for NOK 800 thousand each.

Number of warrants acquired were 130 294 of Warrant A and 130 294 of Warrant B in total. The Warrant A have an exercise period of four years and the Warrant B have an exercise period of five years. The fair market price of each warrant is calculated in accordance with the Black-Scholes option pricing formula to be NOK 32.20 and NOK 36.82 for Warrant A and B, respectively.

At the date of initial recognition the Group has recognized NOK 0.884 million and NOK 0.766 million as equity ("Warrants Outstanding") for Warrant A and Warrant B, respectively.

Note 10 – Events after the balance sheets date

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

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.

Net retention rates is defined as the retained revenues from existing customers from the compared period.

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.

	3 Months Ended		12 Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Amounts in NOK 1 000)				
Net Income/(Loss)	(7 034)	8 998	31 170	(148)
Income Tax Expense/(Income)	(2 225)	1 351	2 704	3 882
Net Financial Items	2 149	(13 605)	(35 235)	5 913
Net Operating Income/(Loss)	(7 110)	(3 256)	(1 361)	9 646
Depreciation and Amortization	9 488	5 748	34 081	23 336
(a) EBITDA	2 378	2 492	32 720	32 982
Adjusted for:				
Transaction costs	5 205	6 576	6 908	9 597
Share based payments	274	-	2 303	-
Other special operating items	570	1 391	4 332	2 878
(b) Adjusted EBITDA	8 428	10 459	46 263	45 457
(c) Operating revenue	56 532	39 977	195 260	137 125
EBITDA Margin (a/c)	4.21%	6.23%	16.76%	24.05%
Adjusted EBITDA Margin (b/c)	14.91%	26.16%	23.69%	33.15%

	3 Months Ended		12 Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Amounts in NOK 1 000)				
Net Income/(Loss)	(7 034)	8 998	31 170	(148)
Income Tax Expense/(Income)	(2 225)	1 351	2 704	3 882
Net Financial Items	2 149	(13 605)	(35 235)	5 913
(a) EBIT	(7 110)	(3 256)	(1 361)	9 646
Adjusted for:				
Transaction costs	5 205	6 576	6 908	9 597
Share based payments	274	-	2 303	-
Other special operating items	570	1 391	4 332	2 878
Amortization excess values	1 705	804	6 713	4 011
(b) Adjusted EBIT	645	5 515	18 895	26 132
(c) Operating revenue	56 532	39 977	195 260	137 125
EBIT Margin (a/c)	-12.58%	-8.14%	-0.70%	7.03%
Adjusted EBIT Margin (b/c)	1.14%	13.80%	9.68%	19.06%



CARASENT

Q4 and FY 2022

Interim Report

Founded in 1997, Carasent ASA was previously the parent company of Apptix, 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. For more information, visit carasent.com.

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