



CARASENT



Q3 2022

Interim Report

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Carasent

at a glance

153
Employees

178.7 MNOK
**Revenue
LTM Q3 2022**

23.3%
**Adj. EBITDA Margin
Q3 2022**

12%¹
**Organic YoY Growth
Q3 2022**

185 MNOK
**ARR
Q3 2022**

751 MNOK
Cash balance



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

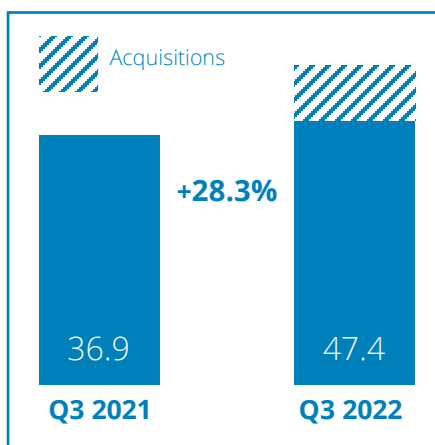
Carasent is on a very exciting journey within the e-health sector, and our ambition is to continue to expand our business both organically and through acquisitions. Our growth strategy is built on expanding our business through three main dimensions: new products and services, new customer segments and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

Q3 Highlights

Financials

Revenue

MNOK



Revenue up 28.3% to NOK 47.4 million. Acquisitions in the last twelve months accounted for NOK 8.0 million, 77% of the increase.

Organic growth

12%

Organic YoY revenue growth of 12% in Q3, with constant currency rates

14%

Organic YoY recurring revenue growth of 14% in Q3, with constant currency rates

Margins

23.3%

Adjusted EBITDA of NOK 11.1 million and margin of 23.3% in Q3 2022

8.5%

Adjusted EBIT of NOK 4.0 million and margin of 8.5% in Q3 2022

Q3 Highlights

Other



We saw the first revenue synergies materialise from the Medrave acquisition, confirming cross sale potential.

Confrere.

Acquisition of the Confrere brand and customer agreements was closed during Q3 and represents a high strategic value in our international expansion.



Signed 26 new clinics for Webdoc in Sweden.

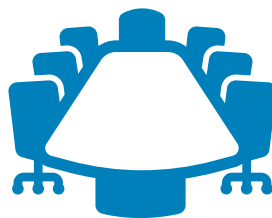
Events after Q3

The logo for HPI (Health Profile Institute) consists of the letters 'HPI' in a white, italicized, sans-serif font, centered within a solid blue rectangular background.

Acquired HPI Health Profile Institute AB, a leading provider of software solutions for occupational healthcare in Sweden.



The Board has approved a stock option program for the new CEO and the new Chairman of the Board.



Petri Niemi elected new Chairman of Board at the extraordinary shareholder meeting October 19, 2022.

Letter

to our shareholders

Carasent took important steps on our strategic growth plan during the third quarter. We saw the first revenue synergies materialise from the Medrave acquisition. New sales in our core market remained at a robust level despite lower activity during the summer months. Also, completing the Confrere transaction has strong strategic potential for our Norwegian expansion.

Carasent's revenues grew in the third quarter of 2022 to a total revenue of NOK 47.4 million, up 28% from last year. Currency differences affected revenues negatively within the quarter with NOK 2.3 million compared to the same quarter last year. The year-over-year organic growth was 12% in Q3, driven by a growing recurring revenue base. We grew our recurring revenues by 33% in total and 14% organically in Q3 2022, compared to Q3 2021. The year-over-year organic growth rates were affected by a slowdown for variable add-on services after pandemic related vaccinations compared to Q3 2021. Organic growth rates are presented with constant currency rates.

The new sales activity we saw in the previous quarter has remained high in Q3. We signed 26 new clinics for Webdoc in Sweden in Q3, despite the seasonal effects with very low activity during the summer months. Our ecosystem of services and open platform goes well in line with the sentiment among customers. The broader market has an increasing focus on partnerships and integrations, which is a core part of our strategy.

Cross sale potential confirmed through revenue synergy

A key strategic rationale for the Medrave acquisition was the potential to cross sell services to a complementary customer base. In Q3, we saw the first revenue synergy materialise. A customer of the Carasent Norway¹ product Ad Curis, Oslo Kommune, implemented our business intelligence system Medrave for their social care offerings. This contract will be an important reference for other Ad Curis customers and bring in new annual recurring revenue (ARR)². Focus areas going forward will be to target a broader customer base utilizing the Medrave reports tailored for this segment.

Acquiring the Confrere brand and customer agreements has high strategic value

Confrere was established in Norway in 2018 and has rapidly become the leading provider of video solutions for physicians in Norway. Confrere has a highly attractive customer base, primarily in the Norwegian market, focusing on primary care clinics, therapists and hospitals.

1: Avans Soma's name changed to Carasent Norge on Aug 25

2: See Alternative Performance Measures.

As part of this asset acquisition agreement, Carasent acquired the Confrere brand and customer agreements, while Confrere will continue to maintain the technology solution. This agreement is of high strategic value in Carasent's Norwegian expansion. It will in time expand our value adding product portfolio. This includes Webdoc and proprietary patient communication tools, for the complementary customer base.

The healthcare industry faces an unquestionable need for new digital tools to increase efficiency. Carasent is uniquely positioned to utilize this opportunity. I am confident that the new CEO Daniel Öhman will drive long term success for Carasent and I look forward to follow Carasent as a shareholder going forward.

Dennis Höjer
CEO

Key Figures

NOK million	Q3 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021	FY 2021	FY 2020	FY 2019
Revenue	47.4	36.9	138.7	97.1	137.1	70.6	47.9
Adjusted EBITDA ¹	11.1	13.1	37.8	35.0	45.5	23.3	11.9
Adj. EBITDA margin	23.3%	35.5%	27.3%	36.0%	33.2%	33.0%	24.8%
Adjusted EBIT ²	4.0	8.0	18.3	20.6	26.1	14.3	7.7
Adj. EBIT margin	8.5%	21.7%	13.2%	21.2%	19.0%	20.3%	16.2%

Growth Metrics

Total revenues grew by 28.3% in Q3

We grew total revenues to NOK 47.4 million in Q3 2022, up 28.3% from Q3 last year. Acquisitions accounted for NOK 8.0 million, 77% of the increase.

Organic growth year-over-year (YoY) amounted to 12%², driven both by existing and new customers. The organic growth rates are slightly lower than historical figures due to strong comparable figures in 2021, where we saw variable add-on services from pandemic related vaccinations. Currency differences affected revenues negatively with NOK 2.3 million compared to third quarter last year. The average SEK/NOK currency exchange rate was 0.95 in Q3 2022 vs. 1.01 in Q3 2021.

NOK million	YTD Q3 2022	YTD Q3 2021	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Webdoc EHR	36.3	30.0	13.1	11.9	11.3	11.0	10.4
Other EHR	33.3	23.2	11.3	11.2	10.9	11.2	10.2
Platform Services	56.8	33.7	18.6	19.0	19.1	12.4	11.7
Consulting & Other	12.4	10.2	4.4	4.5	3.5	5.4	4.5
Total revenue	138.7	97.1	47.4	46.5	44.8	40.0	36.9

We grew our recurring revenues – Webdoc EHR, other EHR and Platform Services – by 32.8%, reaching NOK 43.0 million in Q3 2022 compared to NOK 32.4 million the same quarter last year. The organic recurring revenue growth was driven by net retention rates of 8.5% and growth from new customers of 5.6%.

Webdoc EHR revenues grew 26.2% YoY to NOK 13.1 million in Q3, showing a strong development in our core markets. Growing the revenues from Webdoc customers is a strategic target, as this will increase the revenue per customer and operating margins. We have a long-term ambition to convert customers to the Webdoc platform from our other EHR solutions.

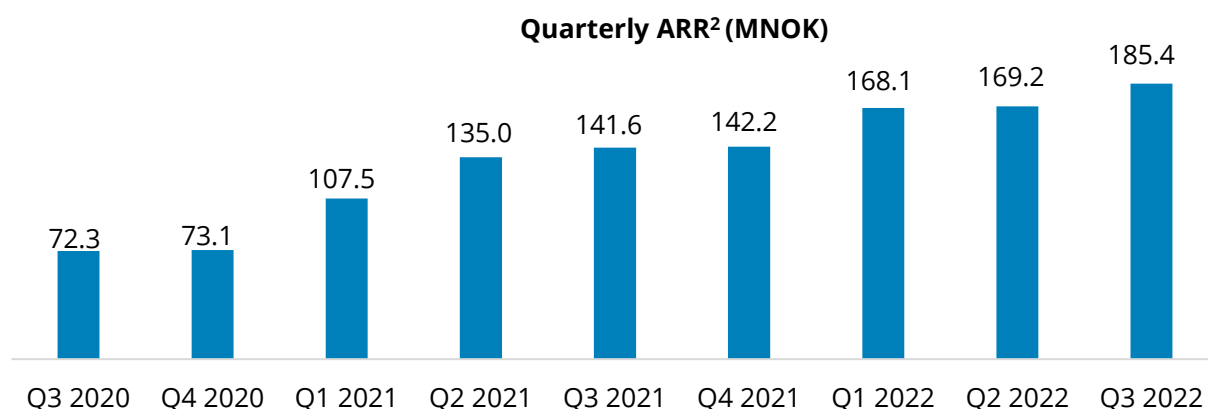
Other EHR revenues grew 10.2% YoY to NOK 11.3 million in Q3 2022. This includes the EHR revenues from Metodika EPM, as well as the Avans Soma³ products Ad Curis and Ad Opus. The growth was driven by an underlying organic growth for Avans Soma³, and relatively flat development for Metodika EPM.

Platform services revenues grew 58.3% YoY to NOK 18.6 million in Q3 2022. The growth was accelerated by the acquisition of Medrave, adding highly attractive complementary quality improvements, and business intelligence solutions to our portfolio. Variable add-on services, such as booking and SMS services, saw a slowdown driven by pandemic related vaccinations. This also affected the total organic growth rates for the group and net retention rates.

The ratio of total EHR revenues to platform services revenues was 1:0.8 in Q3 2022 for the group as compared to 1:0.6 in Q3 2021. The increase was driven by a new, growing ecosystem of services and the acquisition of Medrave, while the variable add-on services had a countereffect as described above. Increasing this ratio higher in favor of platform services revenues is a strategic priority going forward. By broadening our product portfolio both organically and through acquisitions, we can continuously provide new add-on services to our customer base.

Annual Recurring Revenue (ARR) growth of 31%

Annual Recurring Revenues (ARR) grew to NOK 185.4 million in Q3 2022 compared to NOK 141.6 million in Q3 2021, corresponding to a growth of 31%. The organic ARR growth in Q3 2022 was 12%¹ YoY and composed of an increased revenue from existing customers, new customers being added and increased penetration of platform services on our customer base.



1: With constant currency rates

2: See Alternative Performance Measures.

3: Avans Soma's name changed to Carasent Norge on Aug 25

Consulting & other revenues of NOK 4.4 million

Consulting and other revenues decreased by 3.4% to NOK 4.4 million. Consulting revenue growth diluted overall growth during the quarter. Our main long-term focus is on increasing the recurring revenue base.

Profitability

Adjusted EBITDA margin of 23.3%

Adjusted EBITDA amounted to NOK 11.1 million, where margins decreased from 35.5% to 23.3% for the group. As previously communicated, the completed acquisitions last year has had a positive impact on gross margins, but a dilutive impact on operating margins in the short term. We are also building the foundation for long-term growth, where we are investing in management capacity and infrastructure that can scale with the business in the long term. These investments affect margins in the short term but facilitate rapid and cost-effective growth.

Q3 gross margins was relatively flat, decreasing by 0.3 percentage points to 81.9% in Q3 2022 compared to 82.1% in Q3 2021.

Special operating items were NOK 2.3 million in Q3 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 2.0 million was related to M&A transaction costs, equity issue costs, recruitment of senior management capacity and other non-recurring items.

Organisational development

The Carasent team continues to grow, and we are building an organization ready to take the company to the next level. Ending Q3, the number of employees in the Group was 153, of which 89 are working in Research & Development (R&D), 13 in Sales and Marketing (S&M), 13 in General & Administrative (G&A) and 38 in Operations. Carasent also uses external consultants for individual projects.

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

Outlook and guidance

Full year revenues are expected to end slightly below the previous guidance of NOK 200 million, at NOK 190-195 million, excluding potential from additional M&A and currency effects. Group EBITDA is expected at about 25% in 2022.

Growth rates during the year have been negatively affected by a lower variable add-on service revenue, which saw a boost during the pandemic. Customers also continue to be more cautious in the current macroeconomic environment, which postpones revenue growth from new customers. The effects on revenues naturally affect operating margins. The long-term prospects remain highly intact. Carasent is building the foundation for long-term growth, through investing in management capacity and infrastructure that can scale with the business in the long term.

Carasent is investing heavily for future growth in new and existing markets. Attractive M&A opportunities continuously arise in the current market climate. 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 16.6 million during Q3 2022. Capitalized development totaled NOK 16.5 million during Q3, of which NOK 10.6 million was related to new initiatives and the remaining NOK 6.0 million was related to expansion of our existing markets.

Capitalized development costs included internally generated development costs of NOK 6.8 million and externally generated development costs of NOK 9.8 million during Q3 2022.

NOK million	Q3 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021	FY 2021	FY 2020	FY 2019
Existing markets	6.0	5.2	21.3	17.1	20.9	16.1	10.7
New initiatives	10.6	5.6	35.0	9.0	17.4		
Total capitalized development	16.5	10.8	56.3	26.2	38.3	16.1	10.7

Existing markets

Capitalized development costs related to existing markets accounted for NOK 6.0 million in Q3 2022 compared to NOK 5.2 million in Q3 2021, corresponding to a growth of 15.6%. 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.

Extensive market research has shown that the market is ripe for disruption, and we see a window of opportunity with our strong product portfolio in new geographical markets. We do not expect material revenues from these initiatives in the near-term, but we invest to drive the long-term organic growth for Carasent.

In the previous quarter we signed our first Norwegian Webdoc customer, reaching a key milestone in our expansion plan. It will help us tailor our services for new customers and eventually increase our presence in the Norwegian market. Learning and developing takes time, but this contract is a crucial part of gaining long-term presence in Norway. Furthermore, it also brings relevant experience into our organization for further product adaptation and geographical expansion. We are looking forward to cooperating with Vertikal Helse moving forward.

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. In parallel with this, we have conducted comprehensive market research, which confirmed our hypothesis that privatized healthcare often lacks digital solutions to meet the need for enhanced efficiency and patient offerings. We aim to launch commercially in 2023 and product development continued according to plan in Q3 2022.

Financial Statements

Consolidated financial performance

Net revenue

Revenue of NOK 47.4 million in Q3 2022, an increase of 28.3% as compared to NOK 36.9 million in Q3 2021. Revenue growth was driven by a combination of organic growth and the acquisitions of Medrave and Confrere. The acquisitions accounted for 8.0 million or 77% of the increase in revenues.

Gross profit

Q3 gross profit increased YoY by NOK 8.5 million or 27.9%. The increase in gross profit is primarily attributed by the 28.3% YoY revenue growth within the quarter. Gross margin decreased 0.3 percentage points to 81.9% in Q3 2022 compared to 82.1% in Q3 2021.

Operating expenses

Personnel expenses totaled 20.1 million in Q3 2022, an increase of 66.7% compared to the same quarter last year. The increase was driven partly by acquisitions. Personnel expenses are also impacted by our investments in management capacity and senior management recruitment cost. These investments affect margins in the short term but facilitate rapid and cost-effective growth going forward.

Other operational and administrative expenses totaled 9.9 million in Q3 2022, an increase of 55.7% 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 8.8 million in Q3 2022, compared to NOK 11.9 million in Q3 2021.

Adjustments

Special operating items were NOK 2.3 million in Q3 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 2.0 million was related to M&A transaction costs, equity issue related costs, recruitment of senior management capacity and other non-recurring items.

Consolidated financial performance

Adjusted EBITDA

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) of NOK 11.1 million in Q3 2022, compared to NOK 13.1 million in Q3 2021. Adjusted EBITDA is adjusted for one-time expenses of NOK 2.3 million.

D&A

Depreciation and amortization in the Group in Q3 2022 totaled NOK 8.7 million, of which NOK 1.7 million was PPA related amortization.

EBIT

Earnings before Interest and Taxes (EBIT) of NOK 0.1 million compared to NOK 5.6 million in Q3 2021.

Adjusted EBIT

Adjusted Earnings before Interest and Taxes (Adjusted EBIT) of NOK 4.0 million compared to NOK 8.0 million in Q3 2021. Adjusted EBIT is adjusted for one-time expenses of NOK 4.0 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 11.5 million in Q3 2022, the result was a net profit of NOK 10.4 million as compared to NOK (24.4) million during Q3 2021.

Capital expenditures

Capitalized development amounted to NOK 16.5 million in Q3 2022, where NOK 10.6 million was related to new initiatives in new markets and the remaining NOK 6.0 was related to existing and upcoming products in our existing markets .

Cash balance

Cash balance was NOK 751 million as per end Q3 2022.

Consolidated statement of income

(Amounts in NOK 1 000)	Note	3 Months Ended		9 Months Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue		47 391	36 929	138 728	97 148
Operating Revenues	3	47 391	36 929	138 728	97 148
Cost of Sales		8 589	6 597	22 924	16 866
Gross Profit		38 801	30 332	115 804	80 282
Operating Expenses					
Employee Compensation and Benefits		20 122	12 071	56 790	30 409
Other Operational and Administrative Expenses	5	9 916	6 367	28 671	19 382
Depreciation and Amortization		8 697	6 310	24 594	17 588
Total Operating Expenses		38 735	24 748	110 055	67 379
Net Operating Income/(Loss)		66	5 584	5 748	12 903
Financial Items					
Interest Expenses		175	171	871	501
Other Financial (Income)/Expenses	7	(11 721)	25 927	(38 255)	19 017
Net Financial Items		(11 546)	26 099	(37 384)	19 518
Net Income/(Loss) Before Income Taxes		11 612	(20 515)	43 133	(6 615)
Income Tax Expense/(Income)		1 200	889	4 929	2 531
Net Income/(Loss)		10 412	(21 404)	38 203	(9 146)
Attributable to Equity Holders of the Parent		10 412	(21 404)	38 203	(9 146)
Earnings Per Share:					
Basic earnings per share		0.13	(0.28)	0.48	(0.14)
Diluted earnings per share		0.13	(0.28)	0.47	(0.14)

Consolidated statement of comprehensive income

	3 Months Ended		9 Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(Amounts in NOK 1 000)				
Net Income/ (Loss)	10 412	(21 404)	38 203	(9 146)
Changes in Translation Differences	3 250	(1 170)	(288)	(6 077)
Items that may be Reclassified Subsequently to the Income Statement	3 250	(1 170)	(288)	(6 077)
Total Other Comprehensive Income/(Loss) for the Period	3 250	(1 170)	(288)	(6 077)
Total Comprehensive Income/(Loss) for the Period	13 662	(22 574)	37 916	(15 223)
Attributable to Equity Holders of the Parent	13 662	(22 574)	37 916	(15 223)

Consolidated statement of financial position

(Amounts in NOK 1 000)	Note	September 30, 2022	December 31, 2021
ASSETS			
Non-Current Assets			
Goodwill	2	374 504	271 990
Customer Relationships	2, 8	40 627	26 733
Technology		136 915	76 186
Other intangible assets	8	1 815	
Total Intangible Assets		553 861	374 909
Tools and Equipment		2 075	1 507
Right of Use Asset		18 387	14 612
Deferred Tax Assets		-	327
Total Non-Current Assets		574 323	391 354
Current Assets			
Customer Receivables		26 168	20 093
Other Receivables		1 634	3 455
Prepaid Expenses		4 282	2 161
Cash and Cash Equivalents		750 789	883 756
Total Current Assets		782 874	909 465
TOTAL ASSETS		1 357 197	1 300 818

Consolidated statement of financial position

(Amounts in NOK 1 000)	Note	September 30, 2022	December 31, 2021
LIABILITIES AND SHAREHOLDERS EQUITY			
Equity Attributed to Equity Holders of the Parent			
Share Capital	6	105 892	104 719
Other Paid-in Capital	6	1 133 352	1 105 556
Other reserves		(2 288)	(2 560)
Retained Earnings		1 765	(36 440)
Total Shareholders Equity		1 238 721	1 171 274
Lease Liability		12 161	10 634
Deferred Tax Liability		19 830	9 864
Other Non-Current Liabilities		108	-
Total Non-Current Liabilities		32 099	20 497
Current Liabilities			
Trade Accounts Payable		10 569	8 942
Accrued Expenses		25 749	24 027
Contract Liability		28 528	17 506
Liability Stock Option Program	7	7 604	46 238
Current Lease Liability		7 938	5 703
Other Current Liabilities		5 989	6 630
Total Current Liabilities		86 378	109 047
TOTAL LIABILITIES AND EQUITY		1 357 197	1 300 818

Consolidated statement of cash flows

(Amounts in NOK 1 000)	Note	9 months ended	
		September 30 2022	September 30 2021
Cash Flows from Operating Activities			
Profit/(Loss) Before Tax		43 133	13 900
Depreciation and Amortization		24 594	11 277
Interest Expense		871	360
Fair Value Adjustments Stock Options	5	(38 634)	(6 941)
Share based payment		1 929	-
Change in Accounts Receivable		(4 814)	(1 507)
Change in Accounts Payable		1 282	8 846
Change in Current Assets & Liabilities		1 789	(2 243)
Net Cash Flows Provided by Operating Activities		30 149	23 692
Cash Flows from Investing Activities			
Investments in Intangible and Tangible Assets		(63 046)	(14 615)
Acquisition of Company, Net of Cash Paid	2	(99 449)	(86 897)
Cash Flows Used in Investing Activities		(162 495)	(101 512)
Cash Flows from Financing Activities			
Issuance of Shares	2	5 475	367 625
Transaction Cost Related to Issuance of Shares		(273)	(21 304)
Payment Lease Liability		(5 190)	(2 055)
Paid Interest		(871)	(360)
Cash Flows Used in Financing Activities		(858)	(471)
Effect of Exchange Rates on Cash and Cash Equivalents		237	(471)
Net Change in Cash and Cash Equivalents		(132 967)	265 614
Cash and Cash Equivalents at Beginning of Period		883 756	221 155
Cash and Cash Equivalents at End of Period		750 789	468 770

Consolidated statement of changes in equity

(Amounts in NOK 1 000)	Other reserves					Retained Earnings	Total Equity
	Share Capital	Other Paid-in Capital	Share based payment reserve	Translation Difference Reserves			
Equity December 31, 2020	73 307	354 630	-	9 329	(36 290)	400 975	
Net Income for the Period	-	-	-	-	(9 146)	(9 146)	
Other Comprehensive Income/(Loss)	-	-	-	(6 077)	-	(6 077)	
Total Comprehensive Income/(Loss)	-	-	-	(6 077)	(9 146)	(15 223)	
Share Issuance	31 412	779 609	-	-	-	811 021	
Transaction Costs	-	(26 878)	-	-	-	(26 878)	
Equity September 30, 2021	104 719	1 107 360	-	3 251	(45 437)	1 169 894	

(Amounts in NOK 1 000)	Other reserves					Retained Earnings	Total Equity
	Share Capital	Other Paid-in Capital	Share based payment reserve	Translation Difference Reserves			
Equity December 31, 2021	104 719	1 105 556	-	(2 560)	(36 440)	1 171 274	
Net Income for the Period	-	-	-	-	38 203	38 203	
Other Comprehensive Income/(Loss)	-	-	-	(288)	-	(288)	
Total Comprehensive Income/(Loss)	-	-	-	(288)	38 203	37 916	
Share Issuance	1 173	26 700	-	-	-	27 873	
Transaction Costs	-	(273)	-	-	-	(273)	
Share based payment	-	1 369	561	-	-	1 929	
Equity September 31, 2022	105 892	1 133 352	561	(2 848)	1 764	1 238 721	

Note 1 – General information

Carasent ASA (“Carasent”, the “Company” or the “Group”) is a public Company registered in Norway and traded on the Oslo Stock Exchange with a registered business address Øvre Slottsgate 2B, Oslo, Norway.

The condensed consolidated financial statements for Q3 2022 were approved by the Board of Directors for publication on October 26, 2022. 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 Medrave Software AB (Medrave), including its fully owned Norwegian subsidiary Medrave Software AS, on January 11, 2022. Medrave is a market leader in Scandinavia within quality improvement software for healthcare practices within primary care and secondary outpatient care with a customer base across Sweden and Norway. Medrave and Metodika was consolidated in the Group from January 01, 2022, and June 01, 2021, respectively. Consequently, comparable figures for the first half year of 2021 only include Metodika in June and do not include Medrave.

Note 2 – Business combination

Acquisition of Medrave AB

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

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

Significant estimates

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

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

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

Preliminary purchase price allocation - assets acquired and liabilities assumed

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

(Amounts in NOK 1 000)	Medrave AB
Purchase consideration	
Cash consideration	107 532
Ordinary shares issued	22 381
Total purchase consideration	129 914
Technology	18 936
Customer relationship	7 257
Deferred tax assets	-
Right of use assets	2 630
Customer receivables	1 261
Cash and cash equivalents	8 084
Deferred tax liability	(5 937)
Lease liability	(2 630)
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	129 914
Goodwill	103 171
Net cash outflow arising on acquisition	
Cash consideration	107 532
Less:	
Cash and cash equivalent balances acquired	(8 084)
Net cash outflow arising on acquisition	99 449

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

Acquisition costs of NOK 4.4 million arose as a result of the transactions. Where NOK 0.65 million have been recognized as part of other operating expenses in the statement of income for nine months ended September 30, 2022, and NOK 3.75 million have been recognized as part of other operating expenses in the statement of income for the year ended December 31, 2021.

Medrave has contributed NOK 19.3 million to the Group's revenue since the acquisition date and net income of NOK 4.0 million to the Group's total net income.

Note 3 – Revenue

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

(Amounts in NOK 1 000)	YTD Q3 2022	YTD Q3 2021	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Webdoc EHR	36 255	30 029	13 123	11 859	11 274	10 977	10 403
Other EHR	33 326	23 213	11 280	11 175	10 871	11 204	10 232
Platform Services	56 758	33 729	18 594	19 049	19 115	12 380	11 745
Consulting & Other	12 389	10 177	4 395	4 462	3 533	5 417	4 549
Total revenue	138 728	97 148	47 391	46 545	44 792	39 977	36 929
Sweden							
Webdoc EHR	36 255	30 029	13 123	11 859	11 274	10 977	10 403
Other EHR	2 595	1 024	867	833	895	902	842
Platform Services	49 754	31 424	15 288	17 139	17 326	11 509	10 393
Consulting & Other	6 963	3 637	2 047	2 555	2 361	1 619	1 415
Total	95 567	66 113	31 325	32 387	31 855	25 007	23 053
Norway							
Webdoc EHR	-	-	-	-	-	-	-
Other EHR	26 788	20 582	9 303	8 742	8 742	8 882	8 123
Platform Services	5 622	1 423	3 064	1 261	1 297	611	802
Consulting & Other	3 637	5 297	1 745	1 104	789	2 906	2 167
Total	36 047	27 303	14 112	11 107	10 828	12 399	11 091
International							
Webdoc EHR	-	-	-	-	-	-	-
Other EHR	3 944	1 607	1 110	1 600	1 234	1 419	1 267
Platform Services	1 382	882	241	649	492	259	551
Consulting & Other	1 789	1 243	603	803	383	892	967
Total	7 114	3 732	1 954	3 052	2 108	2 570	2 785

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		9 months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Marketing	128	143	1 087	487
Travel and entertainment	430	141	1 175	165
Rent and office expenses	730	642	1 849	1 383
Professional services	5 667	3 647	17 034	12 749
Utilities and maintenance costs	1 685	1 074	4 270	2 545
IT services	1 133	504	3 001	1 703
Other operating expenses	143	216	255	349
Total operating expenses	9 916	6 367	28 671	19 382

Other operating expenses are presented net of capitalization and SkatteFUNN

Note 6 – Equity

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

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

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

As announced on November 15, 2019, the Board in Carasent ASA approved a stock option program for up to 2 million shares. The options are structured as warrants based on market value and has a strike of price of NOK 14.47 with a 3-year term. When exercised, the Board has the right to pay the option holder cash instead of issue shares. The market value of the options 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. As of September 30, 2022, the fair value of the warrants was estimated to be NOK 3.71 per warrant, resulting in a financial liability of NOK 7.6 million for the Company which are presented as current liability since the expiration date is within 12 months. Based on the 2 million options issued, the change in fair value resulted in NOK 11.5 million gain in the third quarter isolated.

After the balance sheet date, on 3 October 2022, The Board of Carasent decided to use the right to settle the options in cash. The cash amount will be settled based on average volume-weighted share quoted for the 20 trading days period in advance of November 30, 2022

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 12 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 – Events after the balance sheets date

New stock option program

After the balance sheet date, the Board in Carasent ASA has approved a stock option program for the new CEO (Daniel Øhman) and the new Chairman of the Board (Petri Niemi).

Total number invested amount will be NOK 2 million (NOK 1 million for each of the CEO and the Chairman), where the two will acquire shares in the market for NOK 200 thousand each and receive an option to buy warrants from the Company at fair market value for NOK 800 thousand each.

Acquisition of HPI Health Profile Institute AB

In October 18 2022, Carasent announced the acquisition of HPI Health Profile Institute AB. Founded in Sweden in 1976, HPI provides software as a service solutions for digitalization of workflows for health profile services and medical check-ups and health assessments in working life. A vast majority of occupational healthcare providers in the Swedish market are on HPI's customer list.

HPI has an attractive customer base of approximately 200 clients in Sweden and Norway with revenues of SEK 15.1m LTM September 2022 growing from SEK 10.6 million LTM September 2021. From the beginning of 2021, HPI strongly invested in the organisation and competence to enable further growth. Hence, HPI's EBITDA has been neutral since 2021. Through leveraging Carasent and HPI's combined offering for the occupational healthcare, the Company aims to accelerate this growth going forward.

The transaction values HPI at an enterprise value of SEK 35 million including a contingent earn-out of up to SEK 13 million, based on the achievement of certain performance metrics in 2023. The initial purchase price is based on an upfront enterprise value of SEK 22 million less HPI's consolidated net debt position of SEK 11 million (the "Purchase Price").

The transaction purchase price will be settled as follows:

- SEK 8.9 million of the Purchase Price in cash upon closing.
- SEK 2.2 million will be reinvested in Carasent amounting to 122,375 consideration shares (corresponding to 20% of the Purchase Price), valued at a price of NOK 17.16 per share, corresponding to the 10-day volume weighted average price ("VWAP") on the 17th of October 2022 (the "Reinvestment").
- SEK 13 million contingent earn-out.

There are no other 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.

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

Transaction costs comprises costs occurred in M&A activity.

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

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

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

	3 Months Ended		9 Months Ended	
	September 30, 2022	September 30, 2021	September 30. 2022	September 30. 2021
(Amounts in NOK 1 000)				
Net Income/(Loss)	10 412	(21 404)	38 203	(9 146)
Income Tax Expense/(Income)	1 200	889	4 929	2 531
Net Financial Items	(11 546)	26 099	(37 384)	19 518
Net Operating Income/(Loss)	66	5 584	5 748	12 903
Depreciation and Amortization	8 697	6 310	24 594	17 588
(a) EBITDA	8 763	11 894	30 342	30 491
Adjusted for:				
Transaction costs	718	1 014	1 702	3 021
Share based payments	281	-	2 029	-
Other special operating items	1 291	194	3 762	1 487
(b) Adjusted EBITDA	11 053	13 102	37 836	34 999
(c) Operating revenue	47 391	36 929	138 728	97 148
EBITDA Margin (a/c)	18.49%	32.21%	21.87%	31.39%
Adjusted EBITDA Margin (b/c)	23.32%	35.48%	27.27%	36.03%

	3 Months Ended		9 Months Ended	
	September 30, 2022	September 30, 2021	September 30. 2022	September 30. 2021
(Amounts in NOK 1 000)				
Net Income/(Loss)	10 412	(21 404)	38 203	(9 146)
Income Tax Expense/(Income)	1 200	889	4 929	2 531
Net Financial Items	(11 546)	26 099	(37 384)	19 518
(a) EBIT	66	5 584	5 748	12 903
Adjusted for:				
Transaction costs	718	1 014	1 702	3 021
Share based payments	281	-	2 029	-
Other special operating items	1 291	194	3 762	1 487
Amortization excess values	1 663	1 232	5 008	3 206
(b) Adjusted EBIT	4 019	8 024	18 250	20 618
(c) Operating revenue	47 391	36 929	138 728	97 148
EBIT Margin (a/c)	0.14%	15.12%	4.14%	13.28%
Adjusted EBIT Margin (b/c)	8.48%	21.73%	13.16%	21.22%



CARASENT

Q3 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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