

Interim report

January–March 2019

Q1

Continued growth with improved profitability

First quarter

- Net sales up 6% to SEK 205 m (194) and organic growth of 3%.
- EBITA increased by SEK 26 m to SEK 67 m (41) with EBITA margin of 32.9% (21.2%), mainly due to SEK 17 m lower impact from items affecting comparability.
- Adjusted EBITA increased by 12% to SEK 85 m (76) and adjusted EBITA margin improved by 2 percentage points to 41.6% (39.2).
- Operating profit (EBIT) increased to SEK 37 m (12).
- Earnings per share before and after dilution increased to SEK 0.07 (-0.23).
- Operating cash flow increased by 10% to SEK 130 m (118).

After the end of the period

- The IPO was completed and the Karnov share was listed on Nasdaq Stockholm, Mid Cap segment, on 11 April 2019 under the ticker "KAR".
- The IPO for the Group generated positive cash proceeds of SEK 670 m (net).
- As part of the IPO SEK 206 m loans from related parties were converted to shares.
- The Group entered in to a new financing agreement securing an unutilised credit facility of SEK 445 m (net).

Key financial ratios for the Group¹

TSEK	Q1		Δ%	Jan-Dec
	2019	2018		2018
Net sales	204,931	194,226	6%	715,342
Organic growth, %	3%	5%		4%
EBITA	67,501	41,134	64%	182,760
EBITA margin, %	32.9%	21.2%		25.5%
Adjusted EBITA	85,331	76,088	12%	261,639
Adjusted EBITA margin, %	41.6%	39.2%		36.6%
Profit for the period	7,852	-21,066	137%	-46,807
Cash flow from operating activities	130,236	118,079	10%	185,733

¹ For more information see Financial definitions and Note 7 for calculations of Alternative Performance Measures. The figures in this report refer to the first quarter of 2019 unless otherwise stated. Figures in brackets refer to the corresponding period of the previous year.

Comments by the CEO

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This growth reflects our strategy to continuously invest, over many years, in the online market and in additional content for existing and new customers.”



Flemming Breinholt
President and CEO

Since this is Karnov's first report as a listed company, I want to welcome our more than 1,000 new shareholders. We are delighted that so many have put their trust in Karnov and that the IPO was over-subscribed. We recognize that such trust brings a responsibility for me and Karnov to perform and deliver.

Steady growth with solid cash flow

I am pleased with the outcome of our first quarter, which is normally the best quarter of the year.

During the quarter, Karnov grew net sales organically by 3 percent compared to the first quarter 2018, which is in line with our medium-term target rate of 3-5 percent. This growth reflects our strategy to continuously invest, over many years, in the online market and in additional content for existing and new customers. More and better content in our products has also resulted in new subscribers in addition to maintaining a very high renewal rate from existing customers.

Karnov's adjusted EBITA margin reached 42 percent compared to 39 percent in the first quarter 2018. Q1 is normally the best quarter in the year, due to the high sales. In addition, this year's first quarter was positively affected by improved internal efficiency in our organisation. Our financial target is to increase margins in the medium term. Cash flow from operations improved by 10 percent to SEK 130 m compared to the first quarter 2018, mainly driven by the increase in operating profit. The cash conversion was 168 percent for the first quarter.

The combination of a solid cash flow in Q1 and the proceeds from the IPO in April has significantly improved our capital structure. The leverage after the IPO is no more than 2.8 times net debt, in line with our financial target.

Looking ahead

Looking ahead, we will continue the integration of last year's acquisition of Norstedts Juridik into the Karnov Group. The integration currently runs according to plan. The launch of the new combined offering, which will have the name JUNO, is expected to take place during summer 2019.

I am confident that this offering will strengthen our value proposition for our customers by leveraging on even more relevant products, a superior platform and a strong brand. It should, therefore, contribute to our mission: Enable our customers to make better decisions, faster.

Karnov Group's financial targets:

Growth

Net sales organic annual growth of 3-5% in the medium term, supplemented by selective acquisitions.

Profitability

Increased Adjusted EBITA margin in the medium term.

Capital structure

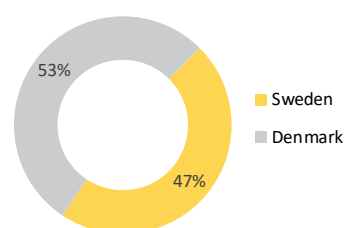
Ratio of Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.

Dividend policy

The objective is to distribute 30-50% of the purchase price allocation (PPA) adjusted net profit, taking investment opportunities and financial position into consideration.

Group financial performance

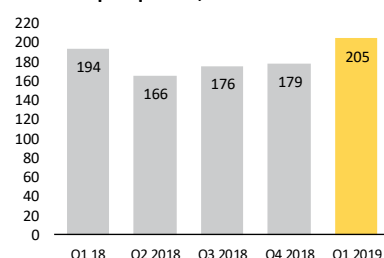
Net sales by country per first quarter, %



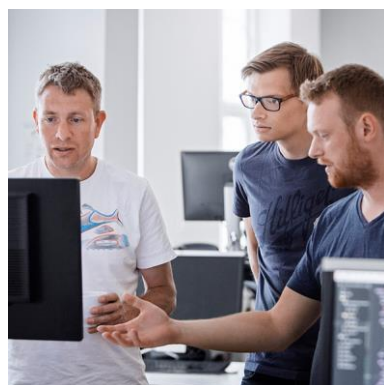
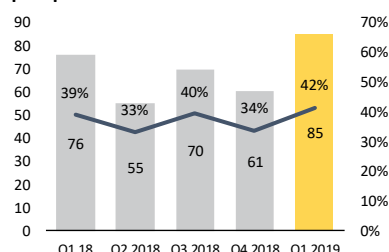
6%

Net sales growth

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



First quarter 2019

TSEK	Q1		Δ%	Jan-Dec
	2019	2018		2018
Net sales	204,931	194,226	6%	715,342
Organic growth, %	3%	5%		4%
EBITA	67,501	41,134	64%	182,760
EBITA margin, %	32.9%	21.2%		25.5%
Adjusted EBITA	85,331	76,088	12%	261,639
Adjusted EBITA margin, %	41.6%	39.2%		36.6%

Net sales and growth

For the first quarter consolidated net sales increased by 5.5 percent to SEK 205 m (194) compared with the corresponding quarter last year. Organic growth on a constant currency was 3.2 percent, while currency effects had a positive impact on net sales of 2.3 percent. The organic growth was in line with expectations and a consequence of the Group focusing on the integration of Norstedts Juridik in Sweden and less on launching new products for the Danish market.

Sales were driven by the company's performance in the online market, partly offset by an expected decline in sales of books and other offline products. The growth in online sales reflects Karnov's strategy to continuously invest in more and better content in its online subscription offerings. Both Denmark and Sweden contributed to the sales increase.

Operating income

EBITA for the quarter was to SEK 67 m (41) and EBITA margin was 32.9 (21.2) percent. Of this improvement of SEK 26 m, SEK 17 m was due to a lower impact from items affecting comparability. These items amounted to SEK 18 m (35) in the quarter and were mainly related to integration costs for Norstedts Juridik and IPO costs (see table below).

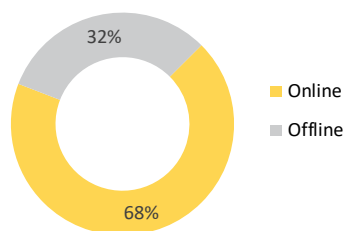
Adjusted EBITA increased by 12 percent to SEK 85 m (76) and adjusted EBITA margin improved to 41.6 (39.2) percent. The improvement of SEK 9 m is chiefly the result of higher sales and lower employee benefit expenses, partly offset by higher amortisations.

Operating profit (EBIT) increased by SEK 25 m to SEK 37 m (12) for the quarter of which SEK 17 m was due to a lower impact from items affecting comparability. Additionally, EBIT improved as a result of higher sales and lower employee benefit expenses, partly offset by SEK 8 m higher depreciation and amortisation that increased to SEK 42 m (34) due to finalisation of development projects in 2018 and implementation of IFRS 16 in 2019.

Items affecting comparability

TSEK	Q1		Jan-Dec
	2019	2018	2018
Acquisition costs	-	22,395	20,965
Integration costs	3,485	4,490	12,042
IPO costs	14,345	5,262	38,668
Other	-	2,807	7,204
Total	17,830	34,955	78,879

Net sales split per first quarter,%



42%

Adjusted EBITA margin



168%

Cash conversion

Net financial items

Net financial items amounted to SEK -26 m compared to SEK -34 m for the corresponding quarter last year. This reduction of SEK 8 m reflects a lower impact from currency effects. Currency effects on the financial items mainly related to long-term loans in DKK.

Profit before and after tax, Earnings per share

Profit before tax improved by SEK 33 m and turned from a loss of SEK 22 m for the corresponding quarter last year to a profit of SEK 11 m. Income tax amounted to SEK 3 m, giving an effective tax rate of 29 percent. For the corresponding quarter of 2018, income tax was positive by SEK 1 m.

Profit after tax improved by SEK 29 m and turned from a loss of SEK 21 m for the corresponding quarter last year to a profit of SEK 8 m.

Earnings per share improved to a profit of SEK 0.07 from a loss of SEK 0.23 for the corresponding quarter last year. Earnings per share is based on 97.7 million shares, i.e. the number of shares outstanding at the date of this report and not on the number of shares at the end of the quarter. This is in order to provide a current number taking into account of the issuance of new shares in April in connection with the IPO.

Cash flow and investments

Cash flow from operating activities improved by SEK 12 m to SEK 130 m (118). The improvement reflects primarily higher operating profit and higher depreciations and amortisations as well as a reduction in paid taxes. These effects are slightly offset by a lower increase in receivables compared to the corresponding quarter last year. The lower effect from receivables is due to timing of invoicing in the first quarter last year.

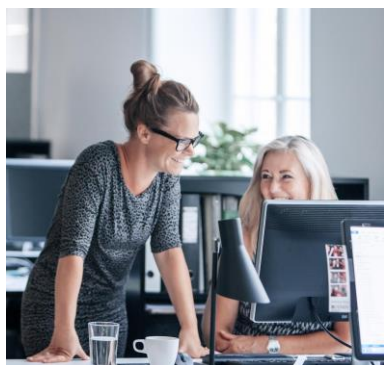
The cash conversion for the first quarter was 168 percent and was positively impacted by the renewals of the annual subscriptions which are largely completed at the end of fourth quarter and the beginning of first quarter, further there is a higher part of the non-subscription in this quarter.

Total investments for the quarter amounted to SEK 180 m (632), of which SEK 139 m was related to acquisition of subsidiaries and SEK 41 m to intangible assets. The main part of the cash flow from investing activities relates to the settlement of the deferred acquisition payment for Norstedts Juridik.

Investments in intangible assets are related to the business' online platform.

Cash conversion

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Adjusted EBITDA	97,238	80,950	288,370
Adjusted cash flow from operating activities	163,392	176,989	307,978
Cash conversion, %	168.0%	218.6%	106.8%



Financial position

Net Debt

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Total borrowings	1,763,028	1,753,250	1,730,544
Cash and cash equivalents	144,810	181,422	201,797
Net debt	1,618,218	1,571,828	1,528,747
Net debt/adjusted EBITDA LTM	5.3	7.4	5.3
Equity	643,413	666,439	625,209
Equity ratio, %	19.1%	19.6%	18.4%

Net debt was SEK 1,618 m (1,572) at the end of the period. The increase compared with the corresponding time last year was mainly due significant one-off cost during 2018.

The leverage was 5.3 (7.4) times and equity ratio was 19.1 (19.6) percent with an equity of SEK 643 m (666).

Cash and cash equivalents at the end of the period amounted to SEK 145 m (181) and the Group had unutilized credit lines of SEK 2 m (16).

After the end of the period, as a result of the IPO, and a new financing agreement, all long-term and short-term borrowings were re-paid to lenders. A new loan agreement for the Group is in place with a long-term loan of SEK 850 m and a short-term credit facility of SEK 155 m. In addition, the Group has secured an unutilized credit line of SEK 445 m (net). The leverage after the IPO is no more than 2.8 times net debt.

As a part of the IPO SEK 206 m loans to related parties were converted to shares.

Significant events

KAR

Traded on Nasdaq
Stockholm since 11 April

First quarter

- › On 29 January 2019, an Extraordinary General Meeting of Shareholders (EGM) was held which adopted resolutions to prepare the company for an IPO including a share split (65:1), changing the company category from private to public limited liability company and changing the company name to Karnov Group AB (publ).
- › On 22 February 2019, the Annual General Meeting of Shareholders (AGM) resolved, among other things, to re-elect the Board members and the auditor for the period until the close of the 2020 AGM.
- › On 20 March 2019, Karnov announced its intention to launch an initial public offering (IPO) and to list its shares on Nasdaq Stockholm and the prospectus was published on 29 March.

Events after the end of the period

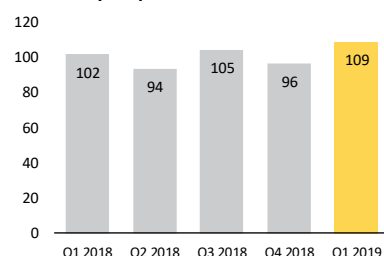
- › On 10 April 2019, an EGM resolved on changes in the share capital structure for the purpose of completing the IPO and related transactions and on a long-term incentive program for senior executives and employees. For more information see page 9.
- › On 11 April 2019, trading in the Karnov share commenced on Nasdaq Stockholm, Mid Cap segment, under the ticker "KAR".
- › In connection with the IPO, the Group entered in to a new financing agreement securing an unutilised credit facility of SEK 445 m (net). For more information see page 5.
- › The IPO for the Group generated positive cash proceeds of SEK 670 m (net).
- › As part of the IPO SEK 206 m loans from related parties were converted to shares.
- › On the record date 30 April 2019, the number of shares and votes in Karnov amounts to 97,670,567.
- › From 8 May 2019, Magnus Svernlöv is a member of the Group Management team as Executive Manager for stand-alone entities and responsible for the Environment, Health & Safety (EHS) compliance offerings.



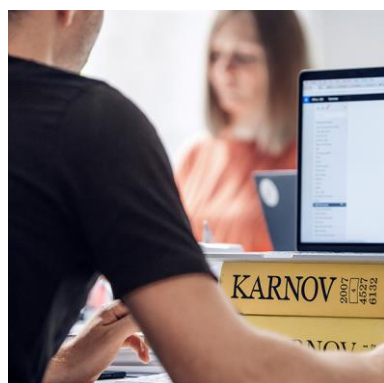
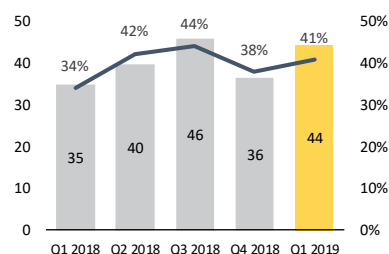
Segment performance

The Danish segment offers a wide range of online and offline solutions for legal, tax and accounting professionals, assisting them in their research and providing qualitative advisory services. The segment includes Karnov Group Denmark, Forlaget Andersen and CBM.

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Denmark

TSEK	Q1		Δ%	Jan-Dec
	2019	2018		2018
Net sales	108,946	101,914	7%	396,624
Organic growth, %	2%	5%		5%
EBITA	36,920	32,517	14%	141,899
EBITA margin, %	33.9%	31.9%		35.8%
Adjusted EBITA	44,483	34,812	28%	157,172
Adjusted EBITA margin, %	40.8%	34.2%		39.6%

See page 27 for currency rates for the calculation of all figures for the Denmark segment.

Net sales and growth

Net sales for the first quarter increased by 7 percent to SEK 109 m (102), of which 2 percent was organic growth and currency effects 5 percent. The lower organic growth was according to expectations, and a consequence of the Group focusing on the integration of Norstedts Juridik in Sweden and less on launching new products for the Danish market. Organic growth was mainly driven by upselling to existing customers.

Earnings

EBITA increased to SEK 37 m (33) and the EBITA margin was 33.9 percent (31.9). Adjusted EBITA amounted to SEK 44 m (35) and the adjusted EBITA margin was 40.8 percent (34.2). The improvement in EBITA is due to mainly higher sales but also a favorable product mix and lower employee benefit expenses.

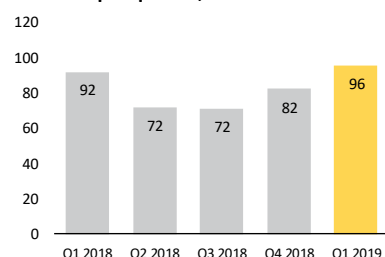
Operating profit (EBIT) amounted to SEK 21 m (18) for the quarter. Operating profit was positively affected by higher sales, lower employee benefit expenses, favorable product mix effects and an overall good cost control. Operating profit was negatively impacted by items affecting comparability.

Items affecting comparability

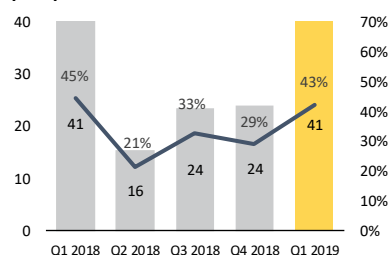
TSEK	Q1		Jan-Dec
	2019	2018	2018
Acquisition costs	-	-	-
Integration costs	-5	357	497
IPO costs	7,568	1,536	12,583
Other	-	402	2,193
Total	7,563	2,296	15,273

The Swedish segment is specialised in online and offline legal solutions; the environmental, health and safety compliance; legal class room training and e-courses. The segment provides online tools for the broad legal services market, including contract templates. The segment includes Norstedts Juridik, Karnov Group Sweden, VJS and Notisum.

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Sweden

TSEK	Q1		Δ%	Jan-Dec
	2019	2018		2018
Net sales	95,985	92,312	4%	318,718
Organic growth, %	4%	4%		0%
EBITA	30,581	8,617	255%	40,861
EBITA margin, %	31.9%	9.3%		12.8%
Adjusted EBITA	40,848	41,276	-1%	104,467
Adjusted EBITA margin, %	42.6%	44.7%		32.8%

Net sales and growth

Net sales for the quarter increased organically by 4 percent to SEK 96 m (92). Organic growth was mainly driven by upselling to existing customers and sales of new products to both existing and new customers. A new edition of the Swedish Law Book was successfully launched, and sales were according to expectations. The process to merge Norstedts Juridik and Karnov Group's original operation in Sweden into one company with one organisation and one offering is in line with plan. The new organisation in Sweden is working according to this and is preparing for combining both companies' offerings under one brand of Norstedts Juridik. The launch of the new combined offering, which will have the name JUNO, is still expected to take place during summer 2019.

Earnings

EBITA increased to SEK 31 m (9) and the EBITA margin was 31.9 percent (9.3). Adjusted EBITA was unchanged at SEK 41 m (41) and the adjusted EBITA margin was 42.6 percent (44.7). Items affecting comparability mainly related to integration costs for Norstedts Juridik of SEK 3 m and IPO costs of SEK 7 m. The adjusted EBITA was favorable impacted by higher net sales but negatively impacted by higher depreciation and amortisation relating to finalised development projects within R&D.

Operating profit (EBIT) increased to SEK 16 m (-6) driven mainly by a reduction in items affecting comparability. Operating profit was also positively impacted by higher net sales and negatively by higher amortisation from finalised capitalised projects.

Items affecting comparability

TSEK	Q1		Jan-Dec
	2019	2018	2018
Acquisition costs	-	22,395	20,965
Integration costs	3,490	4,133	11,545
IPO costs	6,777	3,726	26,085
Other	-	2,405	5,011
Total	10,267	32,659	63,606

Other information

Risks and uncertainties

Karnov Group is exposed to different risks through its operations, which can give rise to fluctuations in earnings and cash flow. Material risks and uncertainties include sector and market-related risks, business-related risks and financial risks. On 4 January 2018, the process of integrating Norstedts Juridik with Karnov began, with risks in line with the Group pre-acquisition. In addition, the integration itself is considered a material risk area. Karnov's significant risks and risk management are described on page 11 - 12 and page 37-39 of the 2018 Annual report, available at the Company's website www.karnovgroup.com.

Seasonal variations

Historically, a significant proportion of Karnov Group's online contracts is renewed and invoiced during the fourth quarter, impacting cash flow during the fourth and first quarters. Online net sales are accrued according to the terms of the agreement and therefore are not exposed to any seasonality. Offline net sales are exposed to seasonality where the first quarter is significantly stronger, driven by a higher share of book sales early in the year.

Employees

The average number of full-time employees (FTEs) increased by 5 percent to 243 (231) for the first quarter of which all was organic. On average, 51 (51) percent of the workforce was female and 49 (49) percent was male.

Changes in Group management

From 8 May 2019, Magnus Svernlöv is a member of the Group Management team as Executive Manager for stand-alone entities and responsible for the Environmental, Health and Safety (EHS) compliance offerings.

Extraordinary General Meetings (EGMs)

On 29 January 2019, an EGM was held which adopted resolutions to prepare the company for an IPO, including a share split (65:1), changing the company category from private to public limited liability company and affiliating the company's shares with Euroclear Sweden. In addition, the company name was changed to Karnov Group AB (publ).

On 10 April 2019, an EGM resolved on a reduction of the share capital for allocation to non-restricted equity with retirement of all preference shares, an issue of up to 41,471,755 ordinary shares for the purpose of completing the company's offering to the public in Sweden and Denmark and certain institutional investors as well as to compensate the shareholders who had their preference shares retired, an issue of up to 4,812,233 ordinary shares that were paid through set-off against shareholder loans, and an issue of up to 6,662,224 ordinary shares that were paid with non-cash consideration consisting of shares in the company's subsidiary KARN Holdco AB. The EGM also resolved on a long-term

incentive program for senior executives and employees of the Group and, as a part of this, an authorisation for the board of directors to resolve on issuance and repurchases of own shares of series C as well as to transfer own ordinary shares to the participants in accordance with the terms of the incentive program. For more information, see section incentive program below.

Annual General Meeting (AGM)

The 2019 AGM was held on 22 February at the company's office at Hålsingegatan 43 in Stockholm. The AGM resolved to, among other things, adopt the income statement, the balance sheet, the consolidated income statement and balance sheet, allocate the company's profit in accordance with the board of directors' proposal (no dividend to be paid for the financial year 2018); discharge the board members and the CEO from liability and re-elect all board members and the company's auditor PriceWaterhouseCoopers AB for the period until the close of the AGM 2020.

Shares, share capital and shareholders

Karnov Group's share was listed on Nasdaq Stockholm on 11 April 2019, Mid Cap segment, under the ticker KAR. On 30 April 2019, the total number of shares and votes in Karnov Group AB (publ) was 97,670,567, each with a quotient value of approximately SEK 0.015385. The number of shares and votes changed as a result of the issues of 52,946,212 new ordinary shares and the reduction of the share capital with retirement of all 325 preference shares in the company that were carried out in connection with the admission to trading of the company's ordinary shares on Nasdaq Stockholm on 11 April 2019. A detailed description of changes in the share capital is available on the company's website, www.karnovgroup.com/en/share-capital-development/.

On 30 April 2019, the company had 1,007 known shareholders. The five largest shareholders were Five Arrows Principal Investments, Janus Henderson Investors, General Electric Pension Trust, Vind LV AS and Fourth Swedish National Pension Fund.

Incentive program

The EGM on 10 April 2019 resolved to implement a long-term incentive program in the form of a share savings program. The purpose of the program is to encourage a broad ownership amongst the company's employees, retain competent employees, facilitate recruitment, increase the alignment of interest between the employees and the company's shareholders and increase motivation to reach or exceed the company's financial targets. 151 employees in Karnov have chosen to invest in Karnov and participate in the share savings program.

The employees participate in the program by allocating acquired or already held ordinary shares to the program (so-called savings shares). The maximum investment permitted in savings shares depends on the category of the participant. The

participants have allocated a total of 128,163 savings shares to the program. Full allotment would mean that the total number of shares under the program will amount to no more than 378,837 ordinary shares, corresponding to approximately 0.4 per cent of the total number of shares outstanding in the company. For more information see www.karnovgroup.com/en/incentive-program/

Related-party transactions

The Group has carried out related-party transactions with the major share-holders Five Arrows Principal Investments II Sàrl and members of Management team as stated in Note 36 of the 2018 Annual Report. Transactions with related parties are priced on market-related terms. No remuneration besides customary directors' fees approved by the general meeting of shareholders was paid during the quarter or period.

Parent Company

Net sales for the quarter amounted to SEK 0 m (0). Operating profit for the quarter amounted to SEK -3 m (0).

Outlook

Karnov does not provide financial forecasts.

Review

The interim report has not been the subject to a general review by the company's auditors.

Disclosure

This interim report contains inside information that Karnov Group AB (publ) is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by the contact person below on 8 May 2019 at 8.00 am CET.

Karnov Group AB (publ)

Stockholm, 8 May 2019

Flemming Breinholt
President and CEO

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Q1 presentation teleconference

Karnov will present the first quarter results for analysts and investors via a webcast teleconference on 8 May 2019 at 10.00 am CET. To participate, use the following link:
<https://tv.streamfabriken.com/karnov-group-q1-2019>
or dial-in numbers:
SE: +46 8 505 583 50
DK: +45 8 233 31 94
UK: +44 333 300 92 66
US: +1 833 526 8382

Financial calendar 2019

Interim report January-June 2019
29 August, 2019

Interim report January-September 2019,
28 November, 2019

Consolidated statement of comprehensive income

TSEK	Note	Q1		Jan-Dec
		2019	2018	2018
Net sales	5	204,931	194,226	715,342
Total revenue		204,931	194,226	715,342
Goods for resale		-38,630	-39,140	-126,408
Employee benefit expenses		-47,104	-52,944	-215,434
Depreciations and amortisations		-42,341	-34,212	-146,809
Other operating expenses		-39,790	-56,147	-164,009
Operating profit		37,066	11,783	62,682
Financial income		11	78	319
Financial expense		-25,956	-33,916	-98,217
Net financial items		-25,945	-33,838	-97,898
Profit before income tax		11,121	-22,055	-35,216
Income tax expense		-3,269	989	-11,591
Profit for the period		7,852	-21,066	-46,807
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		10,352	-17,707	-6,410
Total comprehensive income for the period		18,204	-38,773	-53,217
Profit for the period is attributable to:				
Owners of Karnov Group AB		6,930	-22,096	-50,927
Non-controlling interest		922	1,030	4,120
Total profit for the period		7,852	-21,066	-46,807
Total comprehensive income for the period is attributable to:				
Owners of Karnov Group AB		17,282	-39,803	-57,337
Non-controlling interest		922	1,030	4,120
Total comprehensive income		18,204	-38,773	-53,217
Earnings per share before and after dilution, SEK	4	0.07	-0.23	-0.52

Earnings per share before and after dilution is affected by dividend on preference shares. The formula for calculating earnings per share: earnings per share = (total profit for the period – dividend on preference shares)/average number of outstanding common shares. The above table shows earnings per share based on the number of shares at time of issuing this report.

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Consolidated balance sheet

TSEK	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS:				
Non-current assets				
Goodwill	6	1,674,592	1,659,708	1,657,692
Other intangible assets	6	1,298,339	1,326,770	1,289,596
Right-of-use assets		102,047	-	-
Property, plant and equipment (PPE)		5,125	6,780	5,721
Investments in associates		8,650	11	8,524
Deposits		2,685	2,586	2,628
Deferred tax assets		17	33,857	832
Total non-current assets		3,091,455	3,029,712	2,964,993
Inventories	6	13,520	13,516	11,553
Trade receivables	3	59,323	54,624	169,231
Prepaid expense and accrued income		19,194	13,777	15,951
Other receivables		4,522	65,203	1,926
Tax receivable		35,537	36,115	27,129
Cash and cash equivalents	3	144,810	181,422	201,797
Total current assets		276,906	364,657	427,587
TOTAL ASSETS		3,368,361	3,394,369	3,392,580

EQUITY AND LIABILITIES:

TSEK		31 Mar 2019	31 Mar 2018	31 Dec 2018
Capital and reserves attributable to equity holders of the company				
Share capital		688	688	688
Share premium		798,472	798,472	798,472
Foreign currency translation reserve		40,884	19,235	30,532
Retained earnings including net profit for the year		-216,086	-194,185	-223,017
Total equity attributable to the parent company's shareholders		623,958	624,210	606,675
Non-controlling interest		19,455	42,229	18,534
Total equity		643,413	666,439	625,209
Borrowing from credit institutions	3	1,392,006	1,471,711	1,378,199
Borrowing from related parties	3	224,158	204,329	218,819
Lease liabilities		89,045	-	-
Other liabilities		-	68,474	-
Deferred tax liability	6	251,343	322,159	256,581
Provisions		5,315	5,080	5,192
Total non-current liabilities		1,961,867	2,071,753	1,858,791
Borrowing from credit institutions		100,836	77,210	65,625
Borrowing from related parties	3	46,028	-	67,901
Trade payable	3	25,567	9,864	30,890
Current tax liabilities		26,740	-	17,617
Accrued expenses		159,488	168,419	164,542
Prepaid income		345,937	326,824	342,902
Deferred acquisition payment	6	-	-	130,588
Lease liabilities		13,197	-	-
Other current liabilities		45,288	73,860	88,515
Total current liabilities		763,081	656,177	908,580
TOTAL EQUITY AND LIABILITIES		3,368,361	3,394,369	3,392,580

Consolidated statement of changes in equity

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
Balance at 1 January 2018	688	798,472	36,942	-172,089	664,013	41,199	705,212
Profit for the period	-	-	-	-22,096	-22,096	1,030	-21,066
Other comprehensive income for the period	-	-	-17,707	-	-17,707	-	-17,707
Total comprehensive income/loss	-	-	-17,707	-22,096	-39,803	1,030	-38,773
Transaction with shareholders in their capacity as owners							
Total transaction with shareholders	-	-	-	-	-	-	-
Closing balance at 31 Mar 2018	688	798,472	19,235	-194,185	624,210	42,229	666,439

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
Balance at 1 January 2019	688	798,472	30,532	-223,016	606,676	18,533	625,209
Profit for the year	-	-	-	6,930	6,930	922	7,852
Other comprehensive income for the period	-	-	10,352	-	10,352	-	10,352
Total comprehensive income/loss	-	-	10,352	6,930	17,282	922	18,204
Transaction with shareholders in their capacity as owners							
Total transaction with shareholders	-	-	-	-	-	-	-
Closing balance at 31 Mar 2019	688	798,472	40,884	-216,086	623,958	19,455	643,413

Consolidated statement cash flow

TSEK	Q1		Jan-Dec
	2019	2018	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	37,059	11,782	62,682
Adjustments:			
Non-cash items	42,341	34,212	146,809
Effect of changes in working capital:			
Increase/decrease in inventories	-1,887	-823	1,119
Increase/decrease in receivables	97,156	128,168	10,942
Increase/decrease in trade payables and other payables	-21,310	-17,174	31,646
Increase/decrease in prepaid income	-563	-5,864	10,195
Interest paid	-14,458	-12,171	-52,779
Income tax paid	-8,101	-20,052	-24,881
Cash flow from operating activities	130,236	118,079	185,733
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of participations in associated companies	-	-	-8,492
Acquisition of subsidiaries	-138,965	-611,000	-627,982
Increase/(decrease) in deposits and other assets	-	38	49
Acquisition of intangible assets	-41,221	-20,662	-96,694
Acquisition of PPE	-79	-76	-2,007
Cash flow from investing activities	-180,265	-631,700	-735,127
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/decrease in short term borrowings	12,008	-	94,036
Principal payments on long-term debt	-	8,528	-9,892
Increase/decrease in long-term debt	-16,680	591,718	575,579
Cash flow from financing activities	-4,672	600,246	659,723
Cash flow for the period	-54,701	86,625	110,329
Cash and cash equivalents at the beginning of the period	201,797	93,879	93,879
Exchange-rate differences in cash and cash equivalents	-2,286	918	-2,411
Cash and cash equivalents at the end of the period	144,810	181,422	201,797

Parent company income statement

TSEK	Note	Q1		Jan-Dec
		2019	2018	2018
Net sales		-	-	-
Total revenue		-	-	-
Other operating expenses		-3,429	-694	-18,294
Operating profit		-3,429	-694	-18,294
Financial income		4,942	3,363	19,277
Financial expense		-5,318	-5,380	-19,865
Net financial items		-376	-2,017	-588
Profit before income tax		-3,805	-2,711	-18,882
Income tax expense		-	-	-215
Profit for the period		-3,805	-2,711	-19,097
Total comprehensive income		-3,805	-2,711	-19,097

Parent company balance sheet

TSEK	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
Non-current assets				
Receivables from group enterprises		188,191	193,758	192,444
Investments in group enterprises		759,500	761,599	759,500
Total non-current assets		947,691	955,357	951,944
Current assets				
Receivables from group enterprises		17,639	6,486	5,790
Other receivables		2,235	-	67
Current tax receivable		23,332	5,461	18,341
Cash and cash equivalents		642	2,141	974
Total current assets		43,848	14,088	25,172
TOTAL ASSETS		991,539	969,445	977,116
EQUITY AND LIABILITIES:				
Restricted equity				
Share capital		688	688	688
Non-restricted equity				
Share premium		798,472	798,472	798,472
Retained earnings including net profit for the year		-58,111	-37,256	-53,644
Total equity		741,049	761,904	745,516
Non-current liabilities				
Borrowing from related parties		224,158	204,329	218,819
Total non-current liabilities		224,158	204,329	218,819
Current liabilities				
Borrowing from credit institutions		1	-	-
Trade payables		528	-	1,608
Trade payables from group companies		12,438	1,521	4,225
Accrued expenses and prepaid income		13,317	1,691	6,948
Other current liabilities		48	-	-
Total current liabilities		26,332	3,212	12,781
TOTAL EQUITY AND LIABILITIES		991,539	969,445	977,116

Notes

Note 1. Accounting policies

The consolidated interim financial statements for Karnov Group AB were prepared in accordance with IAS 34 and applicable rules in the Annual Accounts Act. The interim financial statements for the parent company were prepared in accordance with the Annual Accounts Act as well as RFR 2.

The accounting policies for the consolidated financial statements are unchanged compared to the Annual Report 2018, except for the following described below.

Equity

On 28 December 2018, an EGM in a subsidiary resolved on a reduction of share capital with retirement of preference shares held by non-controlling interest shareholders in the subsidiary. The price for the retired shares was SEK 27 m. A liability equal to the price for all retired shares was recognized in the balance sheet in the Current liabilities item Borrowings from related parties. The subsidiary paid for the shares in 2019.

New accounting standards applied from 1 January 2019

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases. The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

IFRS 16, "LEASES"

The Group adopted IFRS 16 on the effective date of January 1, 2019 using the cumulative catch-up transition method. In accordance with the IFRS 16 transition guidance, comparative information is not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Adjustments recognised on adoption

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease

liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

TSEK	2019
Operating lease commitments as at 31 December 2018	39,768
Adjustments relating to changes in the treatment of extension and termination options	68,551
Adjustments relating to changes in rate affecting variable payments	- 2,094
Lease liability recognised as at 1 January 2019	106,225
Of which are:	
Current lease liabilities	14,221
Non-current lease liabilities	92,004
	106,225

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 Mar 2019	01 Jan 2019
TSEK		
Properties	99,803	103,784
Equipment	1,141	1,159
Cars	1,103	1,282
Total right-of-use assets	102,047	106,225

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	01 Jan 2019
TSEK	
Right-of-use assets - increase by	106,225
Lease liabilities - increase by	-106,225

The net impact on retained earnings on 1 January 2019 was a decrease of

-

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

New accounting standards not yet applicable

A number of amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

Note 2. Critical estimates and judgements

Preparation of financial statements requires the company management to make assessments and estimations along with assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The actual outcome may differ from these estimates.

The critical assessments and sources of uncertainty in the estimates are the same as in the most recent annual report. See the Annual report 2018 Note 4, page 40, for further details regarding critical estimates and judgements.

Note 3. Fair value of financial instruments

TSEK	Carrying amount			Fair value		
	31/03/2019	31/03/2018	31/12/2018	31/03/2019	31/03/2018	31/12/2018
FINANCIAL ASSETS						
Financial assets at amortised cost						
Trade receivables	59,323	54,624	169,231	59,323	54,624	169,231
Cash and cash equivalents	144,810	181,422	201,797	144,810	181,422	201,797
Total	204,133	236,046	371,028	204,133	236,046	371,028
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss (FVPL)						
Contingent considerations	32,508	60,551	44,759	32,508	60,551	44,759
Liabilities at amortised cost						
Trade payables	25,567	9,864	30,890	25,567	9,864	30,890
Non-current borrowing from credit institutions	1,392,006	1,471,711	1,378,199	1,392,006	1,471,711	1,378,199
Current borrowings from credit institutions	100,836	77,210	65,625	100,836	77,210	65,625
Deferred payment acquisition	-	-	130,588	-	-	130,588
Non-current borrowings from related parties	224,158	204,329	218,819	224,158	204,329	218,819
Current borrowing from related parties	46,028	-	67,901	46,028	-	67,901
Total	1,821,103	1,823,665	1,936,781	1,821,103	1,823,665	1,936,781

Trade receivables

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

Cash and cash equivalents

Cash and cash equivalents are unsecured with a short credit period and are therefore considered to have a fair value equal to the carrying amount. These are classified at level 2 in the fair value hierarchy.

Contingent consideration

The carrying amount of contingent considerations is considered to be the same as the fair value. The fair value of the contingent considerations was estimated by calculating the present value of the future expected cash flows. The estimates are based on

discount rates between 7 percent and 10 percent. These are classified at level 3 in the fair value hierarchy.

Trade payables

Trade payables are unsecured and are usually paid within 30 days of recognition. Due to the short-term nature of trade payables, their carrying amount is considered to be the same as their fair value.

Non-current borrowing from credit institutions

The carrying amount of non-current borrowings is considered to be the same as their fair values, since interest payable on those borrowings is close to current market rates. These are classified at level 2 in the fair value hierarchy.

Current borrowings from credit institutions

The fair value of current borrowings is considered to be the same as the carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. They are classified at level 2 in the fair value hierarchy.

Deferred payments

Deferred payments are related to contractual undertakings to pay the full sum in future periods, and therefore the carrying amount is the same as the fair value. These are classified at level 2 in the fair value hierarchy.

Non-current borrowings from related parties

The fair values of related party borrowings are based on discounted cash flows using a current borrowing rate. They are classified at level 2 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Current borrowings from related parties

The fair value of current borrowings from related parties is considered to be the same as the carrying amount since the interest payable is either close to current market rates or the borrowings are of a short-term nature.

Note 4. Earnings per share

TSEK	Q1		Jan-Dec
	2019	2018	2018
Earnings attributable to owners of the parent company	6,930	-22,096	-50,927
Average number of outstanding shares	97,670,567	97,670,567	97,670,567
Earnings per share before and after dilution, SEK	0.07	-0.23	-0.52

Earnings per share before and after dilution is affected by dividend on preference shares. The formula for calculating earnings per share: earnings per share = (total profit for the period – dividend on preference shares)/average number of outstanding common shares.

The above table shows earnings per share based on the number of shares at time of issuing this report.

Note 5. Segment reporting and disaggregated revenue

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The CEO has been identified as the chief operating decision maker and assesses the financial performance and position of the Group and makes strategic decisions. Within Karnov Group, operating segments are defined by geography and are monitored down to

EBIT level. Below EBIT level and on balance sheet and cash flow statements the assessment of financial performance and position is conducted entirely on Group level. Karnov's business operations are media independent and the Company monitors the overall net sales distribution trend between online and offline products at Group level.

TSEK	Denmark		Sweden		Total		Jan-Dec
	Q1		Q1		Q1		2018
	2019	2018	2019	2018	2019	2018	
Online					140,095	128,290	532,553
Offline					64,835	65,936	182,789
Total net sales	108,946	101,914	95,985	92,312	204,930	194,226	715,342
EBITDA	38,756	33,289	40,651	12,706	79,407	45,995	209,491
EBITA	36,920	32,517	30,581	8,617	67,501	41,134	182,760
EBIT	21,328	17,548	15,738	-5,765	37,066	11,783	62,682
Net financial items					-25,944	-33,838	-97,898
Profit before tax	-	-	-	-	11,122	-22,055	-35,216
Income tax expenses	-	-	-	-	-3,269	989	-11,591
Profit for the period	-	-	-	-	7,853	-21,066	-46,807

Note 6. Acquisitions

On 4 January 2018, Karnov Group entered into an agreement to acquire 100 percent of the issued shares in Norstedts Juridik AB for SEK 741.9 m. The acquisition of Norstedts Juridik AB provides Karnov Group with a unique opportunity to broaden our legal services offering with additional in-depth commentaries and analysis. This enables the Group to provide customers with the best service and product offering for legal and regulatory information in the Swedish market. Karnov Group will continue to develop its digital services, strengthen relationships with expert authors, and work tirelessly with employees to integrate, grow and nurture the organisation. Revenue, income as well as assets and liabilities belonging to the acquired company are consolidated from 4 January 2018.

The purchase price allocation was preliminary for one year after the acquisition date and was final settled on 4 January 2019:

Purchase price, SEKm	
Cash on closing date	611.0
Deferred payments	130.9
Total purchase price	741.9

Reported amounts of identifiable assets acquired, and liabilities assumed in Norstedts Juridik AB as of the acquisition date:

Reported amounts, SEKm	
Cash	64,9
Tangible assets	13,3
Intangible assets: Brand name	147,5
Intangible assets: Customer relations	265,7
Intangible assets: Content	133,3
Inventories	8,4
Trade receivables and other receivables	68,9
Trade payables and other liabilities	-126,5
Deferred tax	-120,2
Total identified assets	455,3
Goodwill	286,6
Total:	741,9

The goodwill arising from the acquisition is attributable to Norstedts Juridik AB's strong position and profitability in the market and the synergies expected from the merger of the Group and Norstedts. The goodwill arising is not expected to be tax deductible in the event of future impairments.

The revenue contribution from Norstedts Juridik, included in the consolidated statement of comprehensive income since the acquisition date, was SEK 215.8 m and the result included in the consolidated statement of comprehensive income was SEK 42.6 m.

Deferred payments

According to the agreement, part of the payment for the shares in Norstedts Juridik AB was deferred for one year after the closing date. In the deferment period, the outstanding payments accumulated interests. At the acquisition date, SEK 65 m was trapped in a bank account as collateral for the deferred payment. By the end of the period, the trapped cash was released and the outstanding payment including interest was paid in full on 4 January 2019.

Acquisition-related costs

Acquisition-related costs of SEK 20.9 m (success-based fee) were included in other operating expenses in the consolidated income statement for the first quarter of 2018.

Financing

The acquisition of Norstedts Juridik AB was financed by a loan issued by Nordea with a principal amount of SEK 598 m. The loan is an additional facility according to the current senior facility agreement and the loan essentially runs according to the same terms and conditions as the previous ones.

The acquisitions of Forlaget Andersen A/S and intangible products in previous periods were partly financed by individual earn-out models. During the period, SEK 8 m was paid based on the agreed earn-out models.

Note 7. Reconciliation of key performance indicators

Karnov's financial statements include alternative performance measures, which complement the measures that are defined or specified in applicable rules for financial reporting. Alternative performance measures are presented since, in their context, they provide clearer or more in-depth information than the measures defined in applicable rules for financial reporting. The alternative

performance measures are derived from the Group's consolidated financial reporting and are not measured in accordance with IFRS.

Karnov's definition of these measures, which are not described under IFRS, is provided in the section Financial definitions.

Reconciliation of the alternative performance measures is presented below.

Total net sales	Q1		Jan-Dec
	2019	2018	2018
TSEK			
Organic business	200,349	118,373	469,169
Acquired business	-	71,363	223,418
Currency	4,581	4,489	22,755
Total net sales	204,931	194,226	715,342

Total net sales split, %	Q1		Jan-Dec
	2019	2018	2018
TSEK			
Organic growth, %	3.2%	4.6%	3.9%
Acquired growth, %	0.0%	63.0%	49.5%
Currency effect, %	2.3%	4.0%	5.0%
Total growth, %	5.5%	71.6%	58.4%

Group	Q1		Jan-Dec
	2019	2018	2018
TSEK			
Operating profit	37,066	11,783	62,682
Depreciation and amortisation	42,341	34,212	146,809
EBITDA	79,407	45,995	209,491
Net sales	204,931	194,226	715,342
EBITDA margin, %	38.7%	23.7%	29.3%
Items affecting comparability	17,830	34,955	78,879
Adjusted EBITDA	97,238	80,950	288,370
Adjusted EBITDA margin, %	47.4%	41.7%	40.3%
Amortisation (acquisitions)	30,435	29,351	120,078
EBITA	67,501	41,134	182,760
Items affecting comparability	17,830	34,955	78,879
Adjusted EBITA	85,331	76,088	261,639
Adjusted EBITA margin, %	41.6%	39.2%	36.6%

Denmark	Q1		Jan-Dec
TSEK	2019	2018	2018
Operating profit	21,328	17,548	80,733
Depreciation and amortisation	17,428	15,741	64,177
EBITDA	38,756	33,289	144,909
Net sales	108,946	101,914	396,624
EBITDA margin, %	35.6%	32.7%	36.5%
Items affecting comparability	7,563	2,296	15,273
Adjusted EBITDA	46,319	35,585	160,182
Adjusted EBITDA margin, %	42.5%	34.9%	40.4%
Amortisation (acquisitions)	15,592	14,969	61,167
EBITA	36,920	32,517	141,899
Items affecting comparability	7,563	2,296	15,273
Adjusted EBITA	44,483	34,812	157,172
Adjusted EBITA margin, %	40.8%	34.2%	39.6%

Sweden	Q1		Jan-Dec
TSEK	2019	2018	2018
Operating profit	15,738	-5,765	-18,051
Depreciation and amortisation	24,913	18,471	82,633
EBITDA	40,651	12,706	64,583
Net sales	95,985	92,312	318,718
EBITDA margin, %	42.4%	13.8%	20.3%
Items affecting comparability	10,267	32,659	63,606
Adjusted EBITDA	50,918	45,365	128,189
Adjusted EBITDA margin, %	53.0%	49.1%	40.2%
Amortisation (acquisitions)	14,843	14,382	58,911
EBITA	30,581	8,617	40,861
Items affecting comparability	10,267	32,659	63,606
Adjusted EBITA	40,848	41,276	104,467
Adjusted EBITA margin, %	42.6%	44.7%	32.8%

Return on capital

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
EBIT	37,066	11,783	62,682
Total assets	3,368,361	3,394,369	3,392,580
Return on capital, %	1.1%	0.3%	1.8%

Net working capital

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Current assets	276,906	364,657	427,587
Current liabilities	763,081	656,177	908,580
Net working capital	-486,175	-291,520	-480,993

Cash conversion

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Adjusted EBITDA	97,238	80,950	209,491
Adjusted cash flow from operating activities	163,392	176,989	307,978
Cash conversion, %	168.0%	218.6%	106.8%

Operating cash flow

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Operating profit	37,059	11,782	62,682
Total adjustments and changes	93,177	106,297	123,051
Operating cash flow	130,236	118,079	185,733

Net debt

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Non-current borrowing from credit institutions	1,392,006	1,471,711	1,378,199
Non-current borrowings from related parties	224,158	204,329	218,819
Current borrowing from credit institutions	100,836	77,210	65,625
Current borrowing from related parties	46,028	-	67,901
Cash and cash equivalents	144,810	181,422	201,797
Net debt	1,618,218	1,571,828	1,528,747

Net debt/adjusted EBITDA LTM

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Adjusted EBITDA LTM	305,179	212,373	288,370
Net debt	1,618,218	1,571,828	1,528,747
Net debt/adjusted EBITDA LTM	5.3	7.4	5.3

Equity/asset ratio

TSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Equity	643,413	666,439	625,209
Total assets	3,368,361	3,394,369	3,392,580
Equity/asset ratio, %	19.1%	19.6%	18.4%

Quarterly overview

	Q1	Q4	Q3	Q2	Q1
TSEK	2019	2018	2018	2018	2018
Income statement					
Net sales	204,931	178,817	176,175	166,124	194,226
EBITDA	79,407	43,984	67,474	52,040	45,993
EBITDA margin, %	38.7%	25.0%	38.0%	31.0%	24.0%
EBITA	67,501	36,529	60,194	44,905	41,132
EBITA margin, %	32.9%	20.0%	34.0%	27.0%	21.0%
Adjusted EBITA	85,331	60,642	69,632	55,260	76,088
Adjusted EBITA margin, %	41.6%	34.0%	40.0%	33.0%	39.0%
EBIT	37,066	6,317	29,938	16,644	11,783
EBIT, margin %	18.1%	4.0%	17.0%	9.0%	6.0%
Net financial items	-25,945	-21,150	-18,399	-24,511	-33,838
Net profit for the period	7,852	-15,261	6,540	-17,020	-21,066
Balance sheet					
Non-current assets	3,091,455	2,964,993	2,981,501	3,043,992	3,029,712
Current assets	276,906	427,587	252,214	265,449	354,963
Cash and cash equivalents	144,810	201,797	65,260	92,017	181,422
Equity	643,413	625,209	669,481	672,464	666,439
Non-current liabilities	1,961,867	1,858,791	1,861,954	2,062,576	2,071,753
Current liabilities	763,081	908,580	702,280	574,401	646,483
Total assets	3,368,361	3,392,580	3,233,715	3,309,441	3,384,675
Cash flow					
Cash flow from operating activities	130,236	86,850	-36,384	17,187	118,079
Cash flow from Investing activities	-180,265	-26,863	-30,377	-46,187	-631,700
Cash flow from financing activities	-4,672	75,793	41,455	-57,770	600,246
Cash flow for the period	-54,701	135,780	-25,306	-86,770	86,625
Key ratios					
Net working capital	-486,175	-480,993	-450,066	-308,952	-291,520
Return on capital, %	1.1%	0.2%	0.9%	0.5%	0.4%
Equity ratio, %	19.1%	18.4%	20.7%	20.3%	29.4%
Cash conversion, %	168.0%	176.8%	-15.8%	36.5%	218.6%
Net debt	1,618,218	1,528,747	1,622,586	1,620,466	1,571,829
Share data					
Earnings per share before and after dilution, SEK	0.07	-0.17	0.06	-0.18	-0.23
Number of shares	97,670,567	97,670,567	97,670,567	97,670,567	97,670,567

Financial definitions and alternative performance measures

This interim report contains references to a number of performance measures. Some of these measures are defined in IFRS standards, while others are alternative measures, which are not reported in accordance with applicable financial reporting frameworks or other legislation. These measures are used by

Karnov to help both investors and management to analyse the Group's operations. The measures used in this interim report are described below, together with definitions and the reason for their use.

Key ratio	Definition	Reason for use
Acquired growth	Change in net sales during the current period attributable to acquired units, excluding currency effects, in relation to net sales for the corresponding period of the preceding year. Net sales of acquired units are defined as acquired growth during a period of 12 months commencing the respective acquisition date.	The measure is used as a complement to organic growth and provides an improved understanding for Karnov's growth.
Adjusted EBITA	EBITA adjusted for the impact of items affecting comparability.	The measure shows the profitability from the business, adjusted for the impact of items affecting comparability and amortisation of capital expenditures related to acquisitions.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	The measure shows the underlying profitability generated from the current operations over time, adjusted for items affecting comparability.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	The measure is used since it facilitates the understanding of the operating profit, excluding items affecting comparability, financing, depreciation and amortisation.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	The measure shows operational profitability over time, excluding items affecting comparability, financing, depreciation and amortisation.
Adjusted cash flow from operating activities	Adjusted EBITDA plus changes in net working capital less capital expenditure related to new product development and enhancement of existing products and business systems.	The measure is used to calculate one component in the cash conversion.
Average number of full-time employees (FTEs)	Average number of full-time employees during the reporting period.	Non-financial key ratio.
Cash conversion (%)	Adjusted cash flow from operating activities as a percentage of Adjusted EBITDA.	The measure is used since it shows how efficiently adjusted cash flow from operating activities are translated into a concrete contribution to Karnov's financing.
Earnings per share	Earnings per share for the period in SEK attributable to the parent company's shareholders, in relation to weighted average number of outstanding shares before and after dilution.	IFRS key ratio.
EBITA	Earnings before financial items and taxes, excluding acquisition related purchase price allocation (PPA) amortisation.	The measure shows the profitability from the business, adjusted for acquisition related purchase price allocation (PPA) amortisation.
EBITA margin	EBITA as a percentage of net sales.	The measure shows the profitability over time for the underlying business (i.e., excluding PPA amortisation) in relation to net sales.
EBITDA	Earnings before depreciation and amortisation, financial items, and taxes.	The measure shows the operating profitability before depreciation and amortisation.

Key ratio	Definition	Reason for use
EBITDA margin	EBITDA as a percentage of net sales.	The measure shows operational profitability over time, regardless of financing, depreciation and amortisation.
Equity/asset ratio (%)	Equity divided by total equity and liabilities.	The measure can be used to assess Karnov's financial stability.
Items affecting comparability	Items affecting comparability includes items of a significant character that distort comparisons over time.	The measure is used for understanding the financial performance over time.
Net debt/adjusted EBITDA LTM	Net debt on the balance sheet date divided by adjusted EBITDA for the last twelve months (LTM).	Relevant to analyse to ensure that Karnov has an appropriate financing structure and is able to fulfil its financial obligations under its loan agreement.
Net debt	Total borrowings less cash and cash equivalents.	The measure is used since it allows for an assessment of whether Karnov has an appropriate financing structure and is able to fulfil its commitments under its financing agreements.
Net sales (online)	Net sales from online products.	The measure is used since it facilitates the understanding of total net sales and the breakdown of net sales.
Net sales (offline)	Net sales from printed products and training.	The measure is used since it facilitates the understanding of total net sales and the breakdown of net sales.
Net working capital (NWC)	Current assets less current liabilities.	The measure shows the tie-up of short-term capital in the operations and facilitates the understanding of changes in the cash flow from operating activities
Operating profit (EBIT)	Profit for the period before financial items and taxes.	The measure is used since it enables comparisons of the profitability regardless of the capital structure or tax situation.
Organic growth	Change in net sales during the current period, excluding acquisitions and currency effects, in relation to net sales for the corresponding period of the preceding year. Acquisitions are included in organic net sales after a period of 12 months.	The measure is used since it shows Karnov's ability to generate growth through increases of, among other things, volume and price in its existing business.
Return on capital	Operating profit for the period divided by total assets.	The measure shows the operating return on capital that owners and lenders have invested.

Currency rates

	Closing rate 31 Mar 2019	Average rate Jan-Mar 2019	Closing rate 31 Mar 2018	Average rate Jan-Mar 2018	Closing rate 31 Dec 2018	Average rate Jan-Dec 2018
1 DKK is equivalent to SEK	1.3963	1.3962	1.3811	1.3383	1.3760	1.3762

About Karnov Group

60,000+

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1,500+

Specialists

240+

Employees

Karnov Group (publ) is a leading provider of information solutions for professionals in the areas of legal, tax and accounting, and environmental, health and safety in Denmark and Sweden. Karnov was founded on one man's belief that access to the law is the foundation of every great society and our legacy dates back to 1867. Over time, the Karnov Group has evolved from a traditional publishing company to a digital information provider.

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With offices in Copenhagen, Stockholm, and Malmo, Karnov Group employs around 240 people.

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