

Half-year report

January – June 2020

Q2

Another solid quarter

Financial highlights second quarter

- Net sales up 3% to SEK 178 m (173), organic growth was 2%.
- EBITA amounted to SEK 63 m (30) with EBITA margin of 35.5% (17.6%).
- Adjusted EBITA increased by 5% to SEK 63 m (60) and adjusted EBITA margin was 35.5% (34.7%).
- Net result amounted to SEK 27 m (-44).
- Earnings per share after dilution amounted to SEK 0.27 (-0.45).
- Adjusted operating cash flow improved by 171% to SEK 49 m (18).

Financial highlights first six months

- Net sales up 3% to SEK 390 m (378), organic growth was 2%.
- EBITA amounted to SEK 151 m (98) with EBITA margin of 38.8% (25.9%).
- Adjusted EBITA increased by 4% to SEK 151 m (145) and adjusted EBITA margin was 38.8% (38.4%).
- Net result amounted to SEK 56 m (-36).
- Earnings per share after dilution amounted to SEK 0.57 (-0.52).
- Adjusted operating cash flow improved by 21% to SEK 219 m (181).

Business highlights second quarter

- Despite global society restrictions from the Covid-19 pandemic, Karnov Group has had good improved adjusted EBITA coming from good online growth and good cost control. Cash flow continued its positive trend and cash balance is solid.
- High activity on Karnov Group's specific platform sections in Sweden and Denmark with Covid-19 related information and regulations.

Key financial ratios for the Group*

TSEK	Q2			Jan-Jun			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	177,958	173,440	2.6%	389,919	378,370	3.1%	757,087
Organic growth, %	2.1%	3.0%		2.3%	3.1%		4.0%
EBITA	63,259	30,458	107.7%	151,474	97,958	54.6%	205,975
EBITA margin, %	35.5%	17.6%		38.8%	25.9%		27.2%
Adjusted EBITA	63,259	60,123	5.2%	151,474	145,453	4.1%	278,630
Adjusted EBITA margin, %	35.5%	34.7%		38.8%	38.4%		36.8%
Net result	26,858	-44,303	160.6%	55,941	-36,452	253.5%	3,480
Adjusted cash flow from operating activities	48,977	18,097	170.6%	219,319	181,488	20.8%	286,883

* For more information see Financial definitions and Note 6 for calculations of Alternative Performance Measures.

Comments by the CEO

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During the pandemic, our offering has shown its relevance with high activity on our Covid-19 specific sections in Sweden and Denmark.

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Flemming Breinholt
President and CEO

During the second quarter, Karnov Group continued to grow with solid results in our subscription based online offerings. We have also onboarded new local CEOs in Sweden and Denmark.

Continued development of our offering

We have succeeded in upholding our online growth during the quarter, and especially our Swedish segment influenced positively. LEXNordics' performance is fully consolidated in the Group's results in the quarter. During the quarter we have deployed our planned enhancements to the JUNO platform, and continued preparing our upgrade on our Danish platform. We have launched two new products, called Karnov's Materialesamling, in Denmark which will help customers; our new material collection tool and our new preparatory work tool.

The new local CEOs of Karnov Group Denmark A/S and Norstedts Juridik AB assumed their positions in April and May respectively. The onboarding has been successful and they are fully operational. This will enable us to focus even more on our future growth.

Financial results in line with expectation

Our organic growth in the second quarter was 2.1 percent, with a temporary dip due to a negative influence from the Covid-19 pandemic.

The adjusted EBITA margin was 35.5 percent which is an improvement compared to previous years. The good performance in the second quarter on the Swedish market strongly influenced.

Update on the Covid-19 pandemic

The Covid-19 pandemic unfortunately still has a significant impact on global society and therefore also on our company. We continue to follow the regulations and recommendations from the authorities.

During the pandemic, our offering has shown its relevance with high activity on our Covid-19 specific sections in Sweden and Denmark providing direct and easy access to relevant content. The renewals of our subscription-based contracts are progressing according to expectations with very low churn. However, we can see a delay in new business due to longer or postponed decision processes due to the uncertainties of the global impact of the pandemic.

Our non-subscription part of the offline business, mainly books, public trades and sales of legal training courses, have been impacted also in the second quarter. Currently, we expect this to continue during the rest of the year along with the delay in new business. The Covid-19 pandemic has hence accelerated the expected transition from offline to online. Post the pandemic, we do however still believe in the offline market.

We have managed to continue our business without the use of governmental support packages in both Denmark and Sweden and at the same time we have been able to uphold our workforce.

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

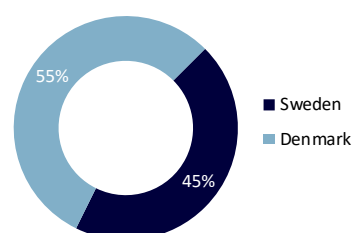
Ratio of Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.

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.

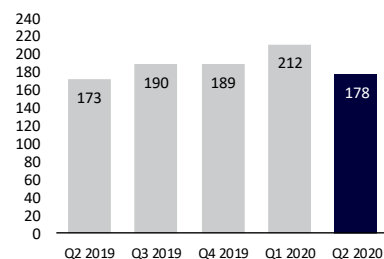
Group financial performance

Net sales by country per second quarter,%

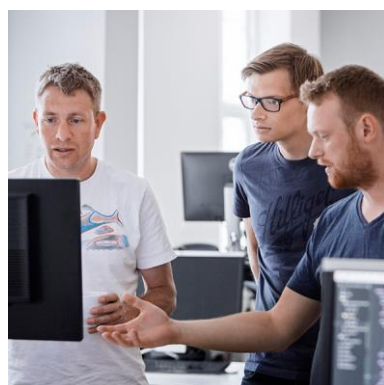
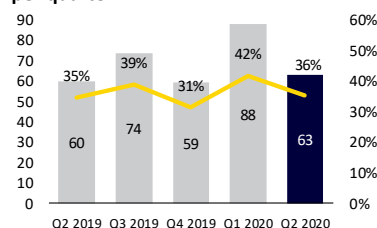


3%
Net sales growth

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Second quarter and six-month period

TSEK	Q2			Jan-Jun			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	177,958	173,440	2.6%	389,919	378,370	3.1%	757,087
Organic growth, %	2.1%	3.0%		2.3%	3.1%		4.0%
EBITA	63,258	30,458	107.7%	151,474	97,958	54.6%	205,975
EBITA margin, %	35.5%	17.6%		38.8%	25.9%		27.2%
Adjusted EBITA	63,258	60,123	5.2%	151,474	145,453	4.1%	278,630
Adjusted EBITA margin, %	35.5%	34.7%		38.8%	38.4%		36.8%

Net sales and growth

For the three-month period, April-June 2020, net sales increased by 2.6 percent to SEK 178 m (173) compared with the corresponding quarter last year. Organic growth on a constant currency basis was 2.1 percent, currency effects had a positive impact on net sales of 0.3 percent and acquired growth accounts for 0.2 percent.

Our subscription based online sales, which corresponds to approx. 87 percent of the total revenue in the second quarter, have grown in line with expectations during the quarter, while the Covid-19 pandemic also in line with expectations has had a negative impact on our offline sales. The continued growth in online sales is the result of Karnov's strategy to continuously invest in more and better content in its online subscription offerings to increase the customer value. The Covid-19 pandemic is assessed to have impacted top-line growth by slightly more than one percentage point.

For the first six months, the Group's net sales increased by 3.1 percent to SEK 390 m (378). Organic growth on a constant currency basis was 2.3 percent, currency effects had a positive impact on net sales of 0.7 percent and acquired growth accounts for 0.1 percent.

Operating income

EBITA for the quarter amounted to SEK 63 m (30) and EBITA margin amounted to 35.5 percent (17.6).

Adjusted EBITA improved by 5.2 percent to SEK 63 m (60) and adjusted EBITA margin amounted to 35.5 percent (34.7), due to higher net sales and good cost control.

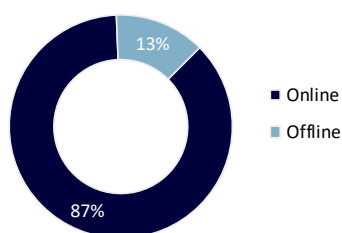
Operating profit (EBIT) was SEK 27 m (-1) for the quarter. The corresponding period last year included a SEK 30 m in cost for items affecting comparability (see table below). Excluding these items, adjusted EBIT declined by SEK 2 m due to increased amortisations following finalisation of the investments in the JUNO solution and the integration of Norstedts Juridik.

For the first six months, EBITA amounted to SEK 151 m (98) and EBITA margin amounted to 38.8 percent (25.9). Adjusted EBITA improved by 4.1 percent to 151 m (145) and adjusted EBITA margin amounted to 38.8 percent (38.4). Operating profit (EBIT) increased by SEK 42 m to SEK 78 m (36) for the same reasons as mentioned above. EBIT was last year impacted by SEK 47 m in cost for items affecting comparability (see table below).

Items affecting comparability

TSEK	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
Acquisition costs	-	-	-	-	750
Integration costs	-	6.566	-	10.051	14.673
IPO costs	-	23.099	-	37.444	38.209
Write down of subsidiaries	-	-	-	-	19.023
Total	-	29.665	-	47.495	72.655

Net sales split per second quarter, %



35%

Adjusted EBITA margin



66%

Cash conversion,
Q2 2020

Net financial items

Net financial items for the quarter amounted to SEK 6 m compared to SEK -46 m for the corresponding quarter of 2019.

This improvement is mainly a result of the new financing structure following the IPO in April last year, with lower debt and interest. During the quarter, the exchange rate for SEK/DKK has changed significantly, causing an unrealized positive currency effect of SEK 12.5 m (-10) relating to long-term loans in DKK. Net financial items for the six-month period amounted to SEK -10 m compared to SEK -72 for the corresponding period last year. Currency effect for the six-month period was SEK 1.5 m (-15).

Profit before and after tax, Earnings per share

Profit before tax increased by SEK 79 m to SEK 33 m (-46) compared to the corresponding quarter of 2019. The corresponding quarter was negatively impacted by SEK 30 m costs for items affecting comparability.

Profit after tax improved to SEK 27 m (-44). Taxes for the quarter are SEK 6 m while taxes for the corresponding quarter of 2019 were SEK -2 m.

Profit before tax for the six-month period increased by SEK 103 m to SEK 68 m (-46) compared to the corresponding period last year for the same reasons as mentioned above. Profit after tax for the six-month period improved by SEK 92 m to SEK 56 m (-36). Earnings per share was SEK 0.27 (-0.45) for the quarter and SEK 0.57 (-0.52) for the six-month period.

Cash flow and investments

Cash flow from operating activities for the quarter increased by SEK 66 m to SEK 47 m (-19). The increase reflects a SEK 28 m positive effect from operating profit, a SEK 16 m positive effect from non-cash items and a SEK 23 m positive effect from working capital.

Total investments for the quarter amounted to SEK 40 m (39), of which SEK 19 m (0) was related to investments in subsidiaries and associated companies and SEK 21 m (36) was investments in intangible assets mainly related to the business' online platform.

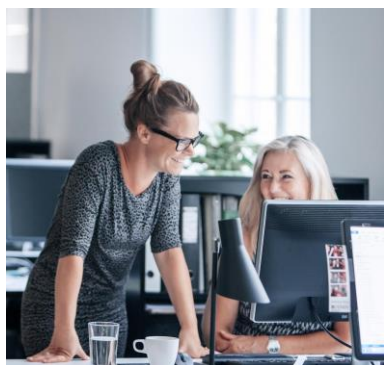
Total financing for the quarter amounted to SEK -56 m (4) of which SEK -44 m was related to dividend payment and SEK -12 m was related to changes in short term loans and lease liabilities.

For the six-month period, operating cash flow amounted to SEK 214 m (111), while total investments in intangible assets for the same period amounted to SEK 34 m (77). Investments in intangible assets are related to the business' online platform. Cash flow from financing was SEK 248 (0) mainly from the drawdown of SEK 300 m on short term borrowings in Q1.

The cash flow generation continued to be positive in the second quarter, with an improvement of SEK 31 m (-5) on adjusted cash flow from operating activities in the quarter compared to last year. For the first six months, adjusted operating cash flow increased 21 percent compared to last year.

The cash conversion rate was 66 percent (25) in the second quarter and 127 percent (107) for the six-month period.

Cash conversion	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Adjusted EBITDA	73,952	71,869	172,235	169,105	323,947
Adjusted cash flow from operating activities	48,977	18,097	219,319	181,488	286,883
Cash conversion, %	66.2%	25.2%	127.3%	107.3%	88.6%



2.4 Leverage

Financial position

Net Debt TSEK	Q2		Jan-Dec
	2020	2019	2019
Total borrowings	1,218,044	918,619	913,317
Cash and cash equivalents	443,183	78,092	52,008
Net debt	774,861	840,527	861,309
Leverage ratio	2.4	2.7	2.7
Equity	1,541,508	1,497,238	1,526,769
Equity/asset ratio, %	42.8%	44.8%	44.9%

Net debt was SEK 775 m (841) at the end of the period.

The leverage at the end of the period was 2.4 (2.7) times and the equity ratio was 42.8 (44.8) percent with an equity of SEK 1,542 m (1,497).

Cash and cash equivalents at the end of the period amounted to SEK 443 m (78) and the Group had unutilized credit lines of SEK 224 m (525). The cash balances and credit lines make the Group financially prepared for additional investments and acquisitions.

Significant events

Second quarter

- › Karnov Group holds its Annual General Meeting in Stockholm, Sweden. At the AGM, it was resolved to appoint Salla Vainio as a new Board member. Further, it was resolved on the company's first dividend.
- › Niels Munk Hansen and Alexandra Åquist assume their positions as local CEOs of Karnov Group Denmark and Norstedts Juridik, respectively.

Events after the end of the period

- › No significant events.



Segment performance

Denmark

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 Legal Cross Border.

TSEK	Q2			Jan-Jun			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	98,487	99,058	-0.6%	211,415	208,004	1.6%	420,656
Organic growth, %	-1.1%	3.1%		0.3%	2.7%		2.7%
EBITA	39,782	27,903	42.6%	87,792	64,822	35.4%	123,515
EBITA margin, %	40.4%	28.2%		41.5%	31.2%		29.4%
Adjusted EBITA	39,782	40,595	-2.0%	87,792	85,078	3.2%	165,189
Adjusted EBITA margin, %	40.4%	41.0%		41.5%	40.9%		39.3%

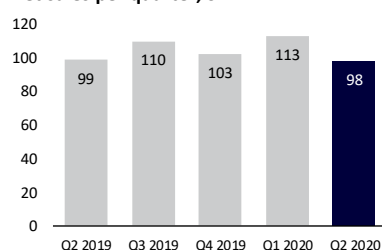
Net sales and growth

Net sales for the quarter decreased by 0.6 percent to SEK 98 m (99) driven by organic growth of -1.1 percent and currency effects of 0.5 percent. The decrease in net sales is due to a decrease in offline sales and a decrease in demand in the small and medium sized entities market following the Covid-19 pandemic. Further, the Covid-19 pandemic has delayed decision-making which has impacted new business.

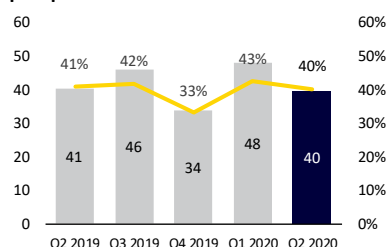
Our online growth has been less strong in Denmark due to the fact that the product development focus has been on Sweden for the past two years. However, the split on development activities is now back to normal with more resources working on providing new solutions to support the future growth in Denmark, i.e. the upgrade on our online offering in Denmark. In the second quarter, two new products have been launched called Karnov's Materialesamling.

For the first six months, net sales increased by 1.6 percent to SEK 211 m (208). Organic growth was 0.3 percent and currency effects accounted for 1.3 percent.

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Operating income

EBITA amounted to SEK 40 m (28) and EBITA margin to 40.4 percent (28.2).

Adjusted EBITA decreased by 2 percent to SEK 40 m (41) and adjusted EBITA margin to 40.4 percent (41.0). The driver for the decrease in results in Denmark is a combination of reduced revenue and higher costs due to a normalised level of capitalisation.

Operating profit (EBIT) for the quarter increased to SEK 25 m (12), due to reasons mentioned above and no items affecting comparability in contrast to the corresponding quarter of 2019 where the items affecting comparability had a SEK 13 m negative effect.

For the first six months, EBITA increased to SEK 88 m (65) and the EBITA margin was 41.5 percent (31.2). Adjusted EBITA was SEK 88 m (85) and the adjusted EBITA margin was 41.5 percent (40.9).

Operating profit (EBIT) for the first six months was SEK 56 m (33).



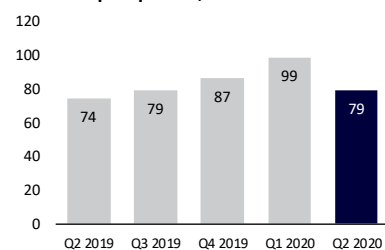
The Swedish segment is specialised in online and offline legal solutions; the environmental, health and safety compliance; legal classroom training and e-courses. The segment provides online tools for the broad legal services market, including contract templates. The segment includes Norstedts Juridik,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

Segment performance (cont.)

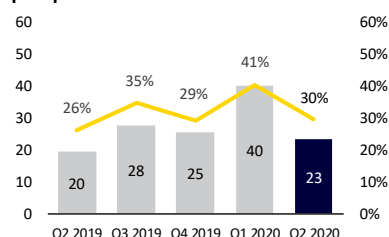
Sweden

TSEK	Q2			Jan-Jun			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	79,471	74,382	6.8%	178,504	170,366	4.8%	336,431
Organic growth, %	6.3%	2.8%		4.6%	3.5%		5.6%
EBITA	23,476	2,555	818.8%	63,682	33,136	92.2%	82,461
EBITA margin, %	29.5%	3.4%		35.7%	19.4%		24.5%
Adjusted EBITA	23,476	19,526	20.2%	63,682	60,375	5.5%	113,441
Adjusted EBITA margin, %	29.5%	26.3%		35.7%	35.4%		33.7%

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Net sales and growth

Net sales for the quarter increased by 6.8 percent to SEK 79 m (74). Organic growth was 6.3 percent (2.8) driven by strong online sales, upselling to existing customers and sales of new products to both existing and new customers. During the quarter we have deployed numerous enhancements on JUNO, in close cooperation with our customers. Offline sales declined as expected due to the ordinary market trend and partly due to a negative impact from the Covid-19 pandemic. LEXNordics' performance is fully consolidated in the second quarter. Acquired growth accounts for 0.5 percent (0.0) in the quarter.

During the quarter, we have run our classroom courses virtually with positive feedback from customers and users.

For the first six months, net sales increased by 4.8 percent to SEK 179 m (170) whereof 0.2 percent (0.0) was acquired growth. The main driver was the online business, partially offset by the expected decline in the offline business due the ordinary market trend and Covid-19 impact.

Operating income

In the quarter EBITA amounted to SEK 23 m (3) and the EBITA margin to 29.5 (3.4) percent.

Adjusted EBITA was SEK 23 m (20) driven by the increase in net sales. Adjusted EBITA margin was 29.5 percent (26.3).

Operating profit (EBIT) for the quarter was SEK 2 m (-12). The improvement is a result of the increased net sales partially offset by increased depreciations and amortisations of SEK 5 m. Further the corresponding quarter last year was impacted by SEK 17 m in costs for items affecting comparability.

For the first six months, EBITA increased to SEK 64 m (33) and the EBITA margin was 35.7 percent (19.4). Adjusted EBITA increased to SEK 64 m (60) and the adjusted EBITDA margin was 35.7 percent (35.4).

Operating profit (EBIT) for the first six months was SEK 22 m (3).

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.

The current Covid-19 pandemic continues to affect all global markets and the Group is following the situation on continuously basis. The Group operates in the legal and tax professional market in Denmark and Sweden. These markets encompass, among other things, online information database services, printed information sources, legal practice management software and legal training courses. The products and services are generally offered to law firms, tax and accounting firms, corporates in a wide range of industries and the public sector, including courts, libraries, universities and other public authorities and municipalities.

The nature of the market and the products offered in combination with the Group's business model with approximately 85-90% subscription-based revenue, the Group assess that the virus will have no impact on online revenue on a short-term basis. For the Group's non-subscription based offline business, mainly books and sales of legal training courses, the virus has as expected had a negative impact on sales. However, the effect is expected to have a non-significant impact which to some extent will be offset by timing for later periods.

Karnov's significant risks and risk management are described on page 53-54 of the 2019 Annual report, available at the Company's website www.karnovgroup.com.

Seasonal variations

Typically, 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

Average number of Full-Time Employees (FTEs) declined to 241 (251) compared to the second quarter of 2019 and was similar to the first quarter of 2020. The decline compared to corresponding quarter last year is due to synergies in Sweden and completion of the roll-out of JUNO in Sweden. On average during the second quarter, 50% (50%) of the workforce were males and 50% (50%) females.

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 2 April 2020 the Board of Directors resolved to issue 378,837 shares of series C and to immediately repurchase all such shares. The issue and

repurchase of shares of series C were carried out in order to secure the Company's obligations under its share-related incentive program LTIP 2019 for employees.

On 30 June 2020, the total number of shares and votes in Karnov Group AB (publ) amounts to 98,049,404 shares and 97,708,450.7 votes. Each share has a quotient value of approximately SEK 0.015385. The total number of shares consists of 97,670,567 ordinary shares, which carry one vote per share, and 378,837 shares of series C, which carry one-tenth of a vote per share. 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 June 2020, the Company had 949 known shareholders. The five largest shareholders with 5% or more of the shares outstanding in Karnov Group AB were Kayne Anderson Rudnick, M&G Investment Management, Lazard Asset Management, The Fourth Swedish National Pension Fund and KIRKBI Invest.

Incentive programs

Karnov Group has implemented two long-term incentive programs in the form of share savings programs. 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. 153 employees in Karnov have chosen to invest in Karnov and participate in the share savings programs.

The employees participating in the programs have allocated 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 137,465 savings shares to the program. Full allotment would mean that the total number of shares under the program will amount to no more than 425,347 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 not carried out any related-party transactions during the second quarter.

Parent Company

Net sales for the quarter amounted to SEK 0 m (0). Operating profit for the quarter amounted to SEK -6 m (-15).

Outlook

Karnov does not provide financial forecasts.

Review

This interim report has not been subject to a 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 (MAR) and information that Karnov Group AB (publ) is required to make public pursuant to the Swedish Securities Market Act. The information was submitted for publication by the contact person below on 26 August 2020 at 8.00 am CEST.

Karnov Group AB (publ)

Stockholm, 26 August 2020

Flemming Breinholt

President and CEO

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Q2 presentation webcast

Karnov will present the second quarter results for analysts and investors via a webcast teleconference on 26 August at 10.00 am CEST. To participate, use the following link:
<https://tv.streamfabriken.com/karnov-group-q2-2020>
or dial-in numbers:
SE: +46 8 566 426 95
DK: +45 7 872 3250
UK: +44 333 300 90 32
US: +1 833 526 8383
The presentation will also be available on www.financialhearings.com

Financial calendar 2020

Interim report January-September 2020
5 November, 2020

Year-end report January-December 2020
25 February, 2021

Consolidated statement of comprehensive income

TSEK	Note	Q2		Jan-Jun		Jan-Dec
		2020	2019	2020	2019	2019
Net sales	5	177,958	173,440	389,919	378,370	757,087
Total revenue		177,958	173,440	389,919	378,370	757,087
Goods for resale		-29,450	-31,090	-66,798	-69,720	-135,194
Employee benefit expenses		-57,147	-55,766	-110,741	-102,871	-222,994
Depreciations and amortisations		-46,923	-42,764	-93,948	-85,105	-171,111
Other operating expenses		-17,409	-44,380	-40,145	-84,170	-147,607
Operating profit		27,029	-560	78,287	36,505	80,181
Financial income		12,166	291	1,639	301	14,351
Financial expenses		-6,516	-46,113	-11,701	-72,068	-84,335
Net financial items		5,650	-45,822	-10,062	-71,767	-69,984
Write down of associated companies		-	-	-	-	-7,102
Profit before income tax		32,679	-46,382	68,225	-35,262	3,095
Income tax expense		-5,821	2,079	-12,284	-1,190	385
Net result		26,858	-44,303	55,941	-36,452	3,480
Other comprehensive income:						
Exchange differences on translation of foreign operations		-61,195	16,260	480	26,612	13,989
Total comprehensive income for the period		-34,337	-28,043	56,421	-9,840	17,469
Profit for the period is attributable to:						
Owners of Karnov Group AB		26,779	-44,145	55,911	-37,216	2,621
Non-controlling interest		79	-158	30	764	859
Net result		26,858	-44,303	55,941	-36,452	3,480
Total comprehensive income for the period is attributable to:						
Owners of Karnov Group AB		-34,416	-27,885	56,391	-10,604	16,610
Non-controlling interest		79	-158	30	764	859
Total comprehensive income		-34,337	-28,043	56,421	-9,840	17,469
Earnings per share, basic, SEK	4	0.27	-0.45	0.57	-0.52	0.03
Earnings per share, after dilution, SEK		0.27	-0.45	0.57	-0.52	0.03

For further information and details on earnings per share please refer to note 4.

Consolidated balance sheet

TSEK	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS:				
Goodwill		1,664,093	1,689,426	1,656,311
Other intangible assets		1,225,313	1,304,860	1,263,117
Right-of-use assets		103,796	99,033	112,477
Property, plant and equipment (PPE)		4,654	5,118	5,434
Investments in associated companies		67,524	8,680	5,778
Loans to associated companies		3,058	2,874	2,937
Deposits		2,748	2,720	2,729
Deferred tax assets		-	1,517	425
Total non-current assets		3,071,186	3,114,226	3,049,208
Inventories		13,655	14,209	13,097
Trade receivables	3	50,511	63,156	209,672
Prepaid expenses		12,799	17,529	8,391
Other receivables		14,511	9,152	14,387
Tax receivable		-	42,254	51,894
Cash and cash equivalents	3	443,183	78,092	52,008
Total current assets		534,659	224,392	349,449
TOTAL ASSETS		3,605,845	3,338,618	3,398,657
TSEK		30 Jun 2020	30 Jun 2019	31 Dec 2019
EQUITY AND LIABILITIES:				
Capital and reserves attributable to equity holders of the company				
Share capital		1,508	1,503	1,503
Share premium		2,062,356	1,294,036	2,062,361
Reserves		-363,792	57,144	-320,320
Retained earnings including net profit for the year		-158,869	144,764	-217,050
Total equity attributable to the parent company's shareholders		1,541,203	1,497,447	1,526,494
Non-controlling interest		305	-209	275
Total equity		1,541,508	1,497,238	1,526,769
Borrowing from credit institutions	3	842,625	843,328	838,317
Lease liabilities		94,408	87,242	102,783
Deferred tax liability		169,984	247,304	170,551
Provisions		5,589	5,431	5,456
Other non-current liabilities		38,809	-	-
Total non-current liabilities		1,151,415	1,183,305	1,117,107
Borrowing from credit institutions	3	375,419	75,290	75,000
Trade payables	3	13,288	13,862	12,477
Current tax liabilities		17,476	33,588	71,860
Accrued expenses		130,352	164,355	126,239
Prepaid income		334,735	313,765	399,586
Lease liabilities		12,543	12,547	11,622
Other current liabilities		29,109	44,668	57,997
Total current liabilities		912,922	658,075	754,781
TOTAL EQUITY AND LIABILITIES		3,605,845	3,338,618	3,398,657

Consolidated statement of changes in equity

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
Balance at January 1, 2019	688	798,472	30,532	-223,016	606,676	18,533	625,209
Net result	-	-	-	-37,216	-37,216	764	-36,452
Other comprehensive income for the period	-	-	26,612	-	26,612	-	26,612
Total comprehensive income/loss	-	-	26,612	-37,216	-10,604	764	-9,840
Transaction with shareholders in their capacity as owners							
Issue of ordinary shares due to conversion of debt	74	209,186	-	-	209,260	-	209,260
Purchase of shares from non-controlling interest	102	286,378	-	-364,452	-77,972	-19,506	-97,478
Issue of ordinary shares to new investors	639	-	-	768,325	768,964	-	768,964
Sharebased payment	-	-	-	1,123	1,123	-	1,123
Total transaction with shareholders	815	495,564	-	404,996	901,375	-19,506	881,869
Closing balance at June 30, 2019	1,503	1,294,036	57,144	144,764	1,497,447	-209	1,497,238

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Reserves	Retained earnings	to the parent company's	Non-controlling interest	Total equity
Balance at January 1, 2020	1,503	2,062,361	-320,320	-217,050	1,526,494	275	1,526,769
Net result	-	-	-	55,911	55,911	30	55,941
Other comprehensive income for the period	-	-	480	-	480	-	480
Total comprehensive income/loss	-	-	480	55,911	56,391	30	56,421
Transaction with shareholders in their capacity as owners							
Dividend paid	-	-	-43,952	-	-43,952	-	-43,952
Issue of C-shares	5	-	-	-	5	-	5
Acquisition of treasury shares	-	-5	-	-	-5	-	-5
Sharebased payment	-	-	-	2,270	2,270	-	2,270
Total transaction with shareholders	5	-5	-43,952	2,270	-41,682	-	-41,682
Closing balance at June 30, 2020	1,508	2,062,356	-363,792	-158,869	1,541,203	305	1,541,508

Consolidated statement cash flow

TSEK	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit	27,029	-560	78,289	36,505	80,181
Adjustments:					
Non-cash items	58,996	42,846	95,460	85,187	190,217
Effect of changes in working capital:					
Increase/decrease in inventories	1,427	-615	-558	-2,502	-1,460
Increase/decrease in receivables	5,190	-12,228	154,110	84,928	-43,923
Increase/decrease in trade payables and other payables	31,588	-2,998	-15,631	-24,308	-50,903
Increase/decrease in prepaid income	-60,264	-35,218	-64,851	-35,781	53,091
Interest paid	-5,201	-7,678	-10,109	-22,137	-31,878
Income tax paid	-11,411	-2,800	-23,082	-10,901	-58,049
Net effect of changes in working capital	-38,671	-61,537	39,879	-10,701	-133,122
Cash flow from operating activities	47,354	-19,251	213,628	110,991	137,276
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of participations in associated companies	-18,703	-	-22,446	-	-4,282
Acquisition of subsidiaries	-756	-22	-14,850	-138,998	-138,940
Loan to subsidiaries	114	-2,863	-121	-2,863	-2,981
Increase/(decrease) in deposits and other assets	209	-	209	-	-
Acquisition of intangible assets	-20,766	-35,663	-33,875	-76,884	-120,672
Acquisition of PPE	-	-304	-	-383	-3,940
Cash flow from investing activities	-39,902	-38,852	-71,083	-219,118	-270,815
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase/decrease in short term borrowings	-8,311	-71,209	300,419	-59,202	-59,603
Increase/decrease in lease liabilities	-3,919	-	-8,073	-	-14,731
Principal payments on long-term debt	-	-1,455,923	-	-1,455,923	-1,459,831
Increase/decrease in long-term debt	-	844,200	-	844,200	844,200
Transactions with non-controlling interest	-	-97,478	-	-97,478	-97,478
Proceeds from IPO	-	784,896	-	786,217	768,217
Dividend paid	-43,952	-	-43,952	-	-
Cash flow from financing activities	-56,182	4,486	248,394	-186	-19,226
Cash flow for the period	-48,730	-53,618	390,939	-108,313	-152,765
Cash and cash equivalents at the beginning of the period	493,933	144,810	52,008	201,797	201,797
Exchange-rate differences in cash and cash equivalents	-2,019	-13,100	236	-15,392	2,975
Cash and cash equivalents at the end of the period	443,183	78,092	443,183	78,092	52,008

Parent company income statement

TSEK	Note	Q2		Jan-Jun		Jan-Dec
		2020	2019	2020	2019	2019
Employee benefit expenses		-3,136	-2,703	-5,285	-2,703	-7,440
Other operating expenses		-3,639	-12,651	-8,049	-16,079	-28,948
Operating profit		-6,775	-15,353	-13,334	-18,782	-36,388
Financial income		5,647	14,497	11,552	19,440	25,351
Financial expenses		-114	-3,445	-123	-8,762	-9,071
Net financial items		5,533	11,052	11,429	10,677	16,280
Profit before income tax		-1,242	-4,301	-1,905	-8,105	-20,108
Income tax expense		-	-	-	-	-
Net result		-1,242	-4,301	-1,905	-8,105	-20,108
Total comprehensive income		-1,242	-4,301	-1,905	-8,105	-20,108

Parent company balance sheet

TSEK	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS:				
Investments in group enterprises		1,149,925	1,143,458	1,143,458
Receivables from group enterprises		738,350	825,812	800,852
Total non-current assets		1,888,275	1,969,270	1,944,310
Receivables from group enterprises		250	-	-
Other receivables		9,909	5,507	8,874
Current tax receivable		48,289	28,324	38,306
Cash and cash equivalents		6,261	5,724	156
Total current assets		64,709	39,554	47,336
TOTAL ASSETS		1,952,984	2,008,825	1,991,646
EQUITY AND LIABILITIES:				
Restricted equity				
Share capital		1,508	1,503	1,503
Non-restricted equity				
Share premium		2,062,356	1,294,036	2,062,363
Retained earnings including net profit for the year		-119,380	706,576	-73,752
Total equity		1,944,484	2,002,114	1,990,114
Trade payables		771	651	88
Trade payables from group companies		6,897	1,431	11
Accrued expenses		808	4,580	1,388
Other current liabilities		24	48	45
Total current liabilities		8,500	6,710	1,532
TOTAL EQUITY AND LIABILITIES		1,952,984	2,008,825	1,991,646

Notes

Note 1. Accounting policies

The consolidated interim financial statements for Karnov Group AB have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, RFR 1 Supplementary Accounting Regulations for Groups and the Swedish Annual Accounts Act. The interim financial statements for

the parent company have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act.

The accounting policies for the consolidated financial statements are unchanged compared to the Annual Report 2019.

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 2019 Note 4, page 72, for further details regarding critical estimates and judgements.

Note 3. Fair value of financial instruments

TSEK	Carrying amount			Fair value		
	30 Jun 2020	30 Jun 2019	31 Dec 2019	30 Jun 2020	30 Jun 2019	31 Dec 2019
FINANCIAL ASSETS						
Financial assets at amortised cost						
Trade receivables	50,511	63,156	209,672	50,511	63,156	209,672
Cash and cash equivalents	443,183	78,092	52,008	443,183	78,092	52,008
Total financial assets	493,694	141,247	261,680	493,694	141,247	261,680
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss (FVPL)						
Contingent considerations	13,683	32,998	18,533	13,683	32,998	18,533
Liabilities at amortised cost						
Trade payables	13,288	13,862	12,477	13,288	13,862	12,477
Non-current borrowing from credit institutions	842,625	843,328	838,317	842,625	843,328	838,317
Current borrowings from credit institutions	375,419	75,290	75,000	375,419	75,290	75,000
Total financial liabilities	1,245,015	965,478	944,327	1,245,015	965,478	944,327

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 amounts of contingent considerations are 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 amounts are 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	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
Earnings attributable to shareholders	26.778	-44.145	55.911	-37.216	2.621
Weighted average number of ordinary shares	97.670.567	97.670.567	97.670.567	71.197.461	84.434.095
Earnings per share, basic, SEK	0,27	-0,45	0,57	-0,52	0,03
Earnings per share, after dilution, SEK	0,27	-0,45	0,57	-0,52	0,03

Earnings per share before and after dilution is affected by the incentive program for the employees. The formula for calculating

earnings per share: earnings per share = (total profit for the period – dividend on average number of ordinary shares.

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 2019
	Q2		Q2		Q2		
	2020	2019	2020	2019	2020	2019	
Online					154,520	144,405	581,673
Offline					23,438	29,035	175,414
Total net sales	98,487	99,058	79,471	74,382	177,958	173,440	757,087
EBITDA	41,736	30,049	32,216	12,154	73,952	42,203	251,292
EBITA	39,782	27,903	23,478	2,555	63,259	30,458	205,975
EBIT	24,591	11,720	2,438	-12,281	27,029	-560	80,181
Net financial items					5,650	-45,822	-69,984
Profit before tax					32,679	-46,382	3,095
Income tax expenses					-5,821	2,079	385
Net result					26,858	-44,303	3,480

TSEK	Denmark		Sweden		Total		Jan-Dec 2019
	Jan-Jun		Jan-Jun		Jan-Jun		
	2020	2019	2020	2019	2020	2019	
Online					307,050	284,501	581,673
Offline					82,869	93,869	175,414
Total net sales	211,415	208,004	178,504	170,366	389,919	378,370	757,087
EBITDA	91,652	68,805	80,582	52,805	172,235	121,610	251,292
EBITA	87,792	64,822	63,682	33,136	151,474	97,958	205,975
EBIT	56,345	33,048	21,942	3,455	78,287	36,505	80,181
Net financial items					-10,062	-71,767	-69,984
Profit before tax					68,225	-35,262	3,095
Income tax expenses					-12,284	-1,190	385
Net result					55,941	-36,452	3,480

Note 6. Alternative performance measures

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	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Organic business	177,082	171,046	387,134	371,396	743,861
Acquired business	400	-	400	-	-
Currency	476	2,394	2,385	6,974	13,226
Total net sales	177,958	173,440	389,919	378,370	757,087

Total net sales split, %	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Organic growth, %	2.1%	3.0%	2.3%	3.1%	4.0%
Acquired growth, %	0.2%	0.0%	0.1%	0.0%	0.0%
Currency effect, %	0.3%	1.4%	0.7%	1.9%	1.8%
Total growth, %	2.6%	4.4%	3.1%	5.0%	5.8%

Group	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Net sales	177,958	173,440	389,919	378,370	757,087
EBITDA	73,952	42,203	172,235	121,610	251,292
EBITDA margin, %	41.6%	24.3%	44.2%	32.1%	33.2%
Items affecting comparability	-	29,665	-	47,495	72,655
Adjusted EBITDA	73,952	71,869	172,235	169,105	323,947
Adjusted EBITDA margin, %	41.6%	41.4%	44.2%	44.7%	42.8%
Depreciations and amortisations	-10,693	-11,745	-20,760	-23,651	-45,317
EBITA	63,259	30,458	151,474	97,958	205,975
EBITA margin, %	35.5%	17.6%	38.8%	25.9%	27.2%
Adjusted EBITA	63,259	60,123	151,474	145,453	278,630
Adjusted EBITA margin, %	35.5%	34.7%	38.8%	38.4%	36.8%
Amortisation (acquisitions)	-36,230	-31,018	-73,187	-61,454	-125,794
EBIT	27,029	-560	78,287	36,505	80,181

Denmark	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Net sales	98,487	99,058	211,415	208,004	420,656
EBITDA	41,736	30,049	91,654	68,805	131,396
EBITDA margin, %	42.4%	30.3%	43.4%	33.1%	31.2%
Items affecting comparability	-	12,692	-	20,255	41,675
Adjusted EBITDA	41,736	42,741	91,654	89,060	173,071
Adjusted EBITDA margin, %	42.4%	43.1%	43.4%	42.8%	41.1%
Depreciations and amortisations	-1,955	-2,147	-3,860	-3,982	-7,881
EBITA	39,781	27,903	87,793	64,822	123,515
EBITA margin, %	40.4%	28.2%	41.5%	31.2%	29.4%
Adjusted EBITA	39,781	40,595	87,793	85,078	165,189
Adjusted EBITA margin, %	40.4%	41.0%	41.5%	40.9%	39.3%
Amortisation (acquisitions)	-15,190	-16,182	-31,447	-31,775	-58,558
EBIT	24,591	11,720	56,346	33,048	64,957
Sweden					
	Q2		Jan-Jun		Jan-Dec
TSEK	2020	2019	2020	2019	2019
Net sales	79,471	74,382	178,504	170,366	336,431
EBITDA	32,214	12,154	80,582	52,805	119,896
EBITDA margin, %	40.5%	16.3%	45.1%	31.0%	35.6%
Items affecting comparability	-	16,972	-	27,239	30,980
Adjusted EBITDA	32,214	29,125	80,582	80,044	150,876
Adjusted EBITDA margin, %	40.5%	39.2%	45.1%	47.0%	44.8%
Depreciations and amortisations	-8,738	-9,599	-16,900	-19,669	-37,435
EBITA	23,476	2,555	63,682	33,136	82,461
EBITA margin, %	29.5%	3.4%	35.7%	19.4%	24.5%
Adjusted EBITA	23,476	19,526	63,682	60,375	113,441
Adjusted EBITA margin, %	29.5%	26.3%	35.7%	35.4%	33.7%
Amortisation (acquisitions)	-21,040	-14,837	-41,740	-29,679	-67,237
EBIT	2,436	-12,281	21,942	3,455	15,224

Return on capital

TSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
EBIT	78,288	36,505	80,181
Total assets	3,605,845	3,338,618	3,398,657
Return on capital, %	2.2%	1.1%	2.4%

Net working capital

TSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
Current assets	534,659	224,392	349,449
Current liabilities	912,922	658,075	754,781
Net working capital	-378,263	-433,684	-405,332

Cash conversion

TSEK	Q2		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
Adjusted EBITDA	73,951	71,869	172,235	169,105	323,947
Cash flow from operating activities	47,353	-19,251	213,628	110,991	137,276
Interest paid	5,201	7,678	10,109	22,137	31,878
Income tax paid	11,411	2,800	23,082	10,901	58,049
Items affecting comparability	-	29,665	-	47,495	72,655
Capex related to new product development	-14,989	-2,795	-27,500	-10,036	-12,975
Adjusted cash flow from operating activities	48,976	18,097	219,319	181,488	286,883
Cash conversion, %	66.2%	25.2%	127.3%	107.3%	88.6%

Net debt

TSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
Non-current borrowing from credit institutions	842,625	843,328	838,317
Non-current borrowings from related parties	-	-	-
Current borrowing from credit institutions	375,419	75,290	75,000
Current borrowing from related parties	-	-	-
Cash and cash equivalents	443,183	78,092	52,008
Net debt	774,861	840,527	861,309

Leverage ratio

TSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
Adjusted EBITDA LTM	327,079	314,130	323,947
Net debt	774,861	840,527	861,309
Leverage ratio	2.4	2.7	2.7

Equity/asset ratio

TSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
Equity	1,541,508	1,497,238	1,526,769
Total assets	3,605,845	3,338,618	3,398,657
Equity/asset ratio, %	42.8%	44.8%	44.9%

Signatures

The Board of Directors and the CEO certify that these consolidated financial statements and half-year report have been prepared in accordance with International Financial Reporting Standards IFRS, as adopted by the EU and generally accepted accounting principles and gives a fair view of the Group's and Parent Company's financial position and results of operations.

Stockholm, 26 August, 2020

Magnus Mandersson
Chairman of the Board

Ulf Bonnevier
Board Member

Lone Møller Olsen
Board Member

Mark Redwood
Board Member

Salla Vainio
Board Member

Flemming Breinholt
President and CEO

Quarterly overview

TSEK	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Income statement					
Net sales	177,958	211,961	189,183	189,533	173,440
EBITDA	73,952	98,285	49,896	79,787	42,203
EBITDA margin, %	41.6%	46.4%	26.4%	42.1%	24.3%
EBITA	63,259	88,218	38,912	69,106	30,458
EBITA margin, %	35.5%	41.6%	20.6%	36.5%	17.6%
Adjusted EBITA	63,259	88,218	59,422	73,756	60,123
Adjusted EBITA margin, %	35.5%	41.6%	31.4%	38.9%	34.7%
EBIT	27,029	51,261	5,707	37,969	-560
EBIT, margin %	15.2%	24.2%	3.0%	20.0%	-0.3%
Net financial items	5,650	-15,713	7,588	-5,805	-45,822
Net result	26,858	29,084	7,838	32,093	-44,303
Balance sheet					
Non-current assets	3,071,186	3,192,975	3,049,208	3,132,158	3,114,226
Current assets	534,659	592,375	349,449	191,354	224,392
Cash and cash equivalents	443,183	493,933	52,008	38,180	78,092
Equity	1,541,508	1,618,794	1,526,769	1,549,329	1,497,238
Non-current liabilities	1,151,415	1,182,201	1,117,107	1,185,611	1,183,305
Current liabilities	912,922	984,355	754,781	588,572	658,075
Total assets	3,605,845	3,785,350	3,398,657	3,323,512	3,338,618
Cash flow					
Cash flow from operating activities	47,354	166,281	51,217	-18,931	-19,251
Cash flow from Investing activities	-39,902	-31,181	-25,271	-26,427	-38,852
Cash flow from financing activities	-56,182	304,577	-13,933	-1,056	4,486
Cash flow for the period	-48,730	439,677	12,012	-46,414	-53,618
Key ratios					
Net working capital	-378,263	-391,980	-405,332	-397,218	-433,684
Return on capital, %	0.7%	1.4%	0.2%	1.1%	0.0%
Equity/asset ratio, %	42.8%	42.8%	44.9%	46.6%	44.8%
Cash conversion, %	66.2%	173.3%	155.5%	2.3%	25.2%
Net debt	774,861	755,222	861,309	891,880	840,527
Share data:					
Weighted average number of ordinary shares	97,670,567	97,670,567	97,670,567	97,670,567	97,670,567
Earnings per share, basic, SEK	0.27	0.30	0.08	0.33	-0.45
Earnings per share, after dilution, SEK	0.27	0.30	0.08	0.33	-0.45

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 is 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 assets.	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 (Leverage ratio)	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 net borrowings including capitalised bank costs and excluding lease liabilities from IFRS16 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 (EBIT) 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 30 Jun 2020	Average rate Jan-Jun 2020	Closing rate 30 Jun 2019	Average rate Jan-Jun 2019	Closing rate 31 Dec 2019	Average rate Jan-Dec 2019
1 DKK is equivalent to SEK	1.4063	1.4278	1.4145	1.4091	1.3968	1.4180

About Karnov Group

60,000+

Users

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.

Our mission is to be an indispensable partner for all legal, tax and accounting professionals and enable our users to make better decisions, faster by delivering the highest quality of content within a state-of-the-art user experience to support their workflow efficiency.

Our solutions are largely digital and we offer subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector including courts, universities, public authorities and municipalities. Karnov also publishes and sells books and journals and hosts legal training courses.

With strong brands such as Karnov, Norstedts Juridik, VJS, Notisum, Legal Cross Border, Forlaget Andersen and LEXNordics, Karnov Group delivers knowledge and insights to more than 60,000 users.

Karnov's is organised into two geographical financial reporting segments and the product offering, subject to a few variations, is similar in both countries.

Denmark: Legal, tax and accounting online and offline products and solutions

Sweden: Legal online and offline products, compliance solutions and legal training

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

The Karnov share is listed on Nasdaq Stockholm, Mid Cap segment, under the ticker "KAR".



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