

Interim report

January – September 2020

Q3

Stable quarter, strong result

Financial highlights third quarter

- Net sales up 2% to SEK 193 m (190), organic growth was 3%.
- EBITA amounted to SEK 77 m (69) with EBITA margin of 39.9% (36.5%).
- Adjusted EBITA increased by 4% to SEK 77 m (74) and adjusted EBITA margin was 39.9% (38.9%).
- Net result amounted to SEK 28 m (32).
- Earnings per share after dilution amounted to SEK 0.28 (0.33).
- Adjusted operating cash flow amounted to SEK -1 m (2).

Financial highlights first nine months

- Net sales up 3% to SEK 583 m (568), organic growth was 3%.
- EBITA amounted to SEK 228 m (167) with EBITA margin of 39.2% (29.4%).
- Adjusted EBITA increased by 4% to SEK 228 m (219) and adjusted EBITA margin was 39.2% (38.6%).
- Net result amounted to SEK 84 m (-4).
- Earnings per share after dilution amounted to SEK 0.85 (-0.06).
- Adjusted operating cash flow improved by 19% to SEK 219 m (183).

Business highlights third quarter

- Karnov Group published the industry report Future Lawyer Survey which is focusing on culture, motivation and transformation within the legal field.
- Good growth in online sales and cost control has resulted in an improved adjusted EBITA.
- The Covid-19 pandemic still has an impact on our offline business, delays decision-making in new business and impacts SME market demand.

Key financial ratios for the Group*

TSEK	Q3			Jan-Sep			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	192,755	189,533	1.7%	582,674	567,904	2.6%	757,087
Organic growth, %	3.0%	5.8%		2.5%	3.9%		4.0%
EBITA	76,899	69,106	11.3%	228,375	167,063	36.7%	205,975
EBITA margin, %	39.9%	36.5%		39.2%	29.4%		27.2%
Adjusted EBITA	76,899	73,756	4.3%	228,375	219,208	4.2%	278,630
Adjusted EBITA margin, %	39.9%	38.9%		39.2%	38.6%		36.8%
Net result	27,953	32,094	-12.9%	83,894	-4,358	-	3,480
Adjusted cash flow from operating activities	-580	1,936	-130.0%	218,737	183,425	19.3%	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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We continuously strive for operational excellence without compromising on customer value and we are pleased to see our steady path despite the Covid-19 impact.

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Flemming Breinholt
President and CEO

With a steady growth in our online offering and continued focus on operational excellence, Karnov Group has delivered yet another solid quarter. With the launch of the second annual Future Lawyer Survey, we continue to take the lead in showing the trends in the Nordic legal field.

Margin improvements due to higher sales and good cost control

Our organic growth in the third quarter was 3.0 percent, due to good performance in the online segment. As part of our usual business cycle, we have a higher portion of offline sales in the third quarter due to the start of the academic year in universities.

The adjusted EBITA margin was 39.9 percent which is an improvement compared to previous year. We continuously strive for operational excellence without compromising on customer value and we are pleased to see our steady path despite the Covid-19 impact.

Helping legal and tax experts in making better decisions, faster

New digital solutions, based on technologies such as artificial intelligence, are rapidly implemented in our society which also impacts our legal systems and the changes ahead are also reason behind our acquisition in new legal tech companies like Ante and Bella Intelligence. In order to facilitate our ambition of being a thought-leader, we recently launched our industry report; the Future Lawyer Survey. This year's report is focused on transformation, innovation and motivation in the legal field.

To help our customers in handling and advising on GDPR, we have started a collaboration with Lexoforms in Denmark. We are also proud to have launched a student platform, Kaius, which aims to motivate and help law students in becoming successful and insightful lawyers.

In Sweden, we have continued adding new content to our platform and continued to deliver good performance. Our focus is on continuously adding more value and keep adding improvements to our offerings, in close contact with our customers.

Update on the Covid-19 pandemic

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

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 and a decrease in demand from small and medium sized entities market because of the pandemic. The impact means a lower growth rate in online business which can't fully compensate for the Covid-19 impact on the offline business.

Our non-subscription part of the offline business, mainly books, public trades and sales of legal training courses, have been impacted also in the third quarter. Currently, we expect this to continue during the rest of the year along with the delay in new business. The Covid-19 pandemic is expected to have a negative impact for the full year on top line growth of approximately 2 percentage points.

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

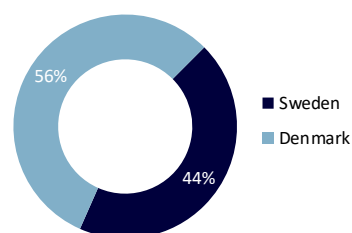
Ratio of Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.

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

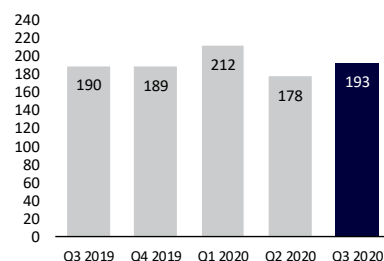
Net sales by country per third quarter,%



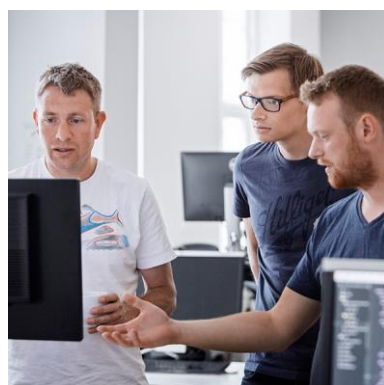
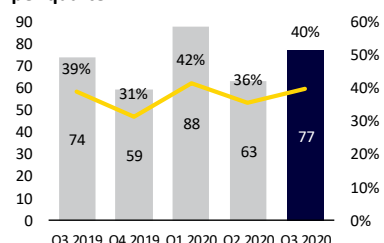
2%

Net sales growth

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Third quarter and first nine months

TSEK	Q3			Jan-Sep			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	192,755	189,533	1.7%	582,674	567,904	2.6%	757,087
Organic growth, %	3.0%	5.8%		2.5%	3.9%		4.0%
EBITA	76,899	69,106	11.3%	228,375	167,063	36.7%	205,975
EBITA margin, %	39.9%	36.5%		39.2%	29.4%		27.2%
Adjusted EBITA	76,899	73,756	4.3%	228,375	219,208	4.2%	278,630
Adjusted EBITA margin, %	39.9%	38.9%		39.2%	38.6%		36.8%

Net sales and growth

For the three-month period, July-September 2020, net sales increased by 1.7 percent to SEK 193 m (190) compared with the corresponding quarter last year. Organic growth on a constant currency basis was 3.0 percent, currency effects had a negative impact on net sales of -1.6 percent and acquired growth accounts for 0.3 percent.

Our subscription based online sales, which corresponds to approx. 80 percent of the total revenue in the third quarter, have grown in line with expectations during the quarter, mainly due to our investments in increasing the customer value. The Covid-19 pandemic had a negative impact on our offline sales. The Covid-19 pandemic is estimated to have impacted top-line growth by slightly less than 1 percentage point, due to seasonality in our non-subscription-based offerings.

For the first nine months, the Group's net sales increased by 2.6 percent to SEK 583 m (568). Organic growth on a constant currency basis was 2.5 percent, currency effects had an impact on net sales of -0.1 percent and acquired growth accounts for 0.2 percent.

Operating income

EBITA for the quarter amounted to SEK 77 m (69) and EBITA margin amounted to 39.9 percent (36.5).

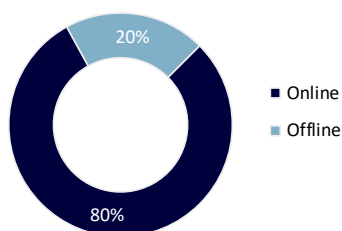
Adjusted EBITA improved by 4.3 percent to SEK 77 m (74) and adjusted EBITA margin amounted to 39.9 percent (38.9), due to higher net sales and a continued focus on strengthening our customer centricity with improved customer service and our strive for operational excellence.

Operating profit (EBIT) was SEK 40 m (38) for the quarter. The corresponding period last year included a SEK 5 m in cost for items affecting comparability (see table below). Excluding these items, adjusted EBIT declined by SEK 3 m whereof SEK 6 m is due to an increase in amortisations following finalisation of the investments in the JUNO solution and the integration of Norstedts Juridik.

For the first nine months, EBITA amounted to SEK 228 m (167) and EBITA margin amounted to 39.2 percent (29.4). Adjusted EBITA improved by 4.2 percent to 228 m (219) and adjusted EBITA margin amounted to 39.2 percent (38.6). Operating profit (EBIT) increased by SEK 45 m to SEK 119 m (74) for the same reasons as mentioned above. EBIT was last year impacted by SEK 52 m in cost for items affecting comparability (see table below).

Items affecting comparability	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Acquisition costs	-	-	-	-	750
Integration costs	-	2,693	-	12,744	14,673
IPO costs	-	1,957	-	39,401	38,209
Write down of subsidiaries	-	-	-	-	19,023
Total	-	4,650	-	52,145	72,655

Net sales split per third quarter, %



40%

Adjusted EBITA margin



84%

Cash conversion, YTD

Net financial items

Net financial items for the quarter amounted to SEK -6 m align with the corresponding quarter last year.

Net financial items for the first nine months amounted to SEK -16 m compared to SEK -78 for the corresponding period last year. This improvement is mainly a result of the new financing structure following the IPO in April last year, with lower debt and interest. Currency effect for the first nine months was SEK 0 m (-16).

Profit before and after tax, Earnings per share

Profit before tax increased by SEK 2 m to SEK 34 m (32) compared to the corresponding quarter of 2019. The corresponding quarter was negatively impacted by SEK 5 m costs for items affecting comparability.

Profit after tax decreased to SEK 28 m (32). Taxes for the quarter are SEK 6 m while taxes for the corresponding quarter of 2019 were SEK 0 m.

Profit before tax for the first nine months increased by SEK 105 m to SEK 102 m (-3) compared to the corresponding period last year.

Profit after tax for the first nine months improved by SEK 88 m to SEK 84 m (-4). Earnings per share after dilution was SEK 0.28 (0.33) for the quarter and SEK 0.85 (-0.06) for the first nine months.

Cash flow and investments

Cash flow from operating activities for the quarter increased by SEK 18 m to SEK -1 m (-19). The increase reflects a SEK 2 m positive effect from operating profit, a SEK 4 m positive effect from non-cash items and a SEK 12 m positive effect from working capital.

Total investments for the quarter amounted to SEK 18 m (26), almost entirely related to investments in intangible assets mainly related to the business' online platform.

Total financing for the quarter amounted to SEK -3 m (-1) related to changes in lease liabilities.

For the first nine months, operating cash flow amounted to SEK 213 m (92), while total investments in intangible assets for the same period amounted to SEK 52 m (102). Investments in intangible assets are related to the business' online platform. Cash flow from financing was SEK 245 m (-5) mainly from the drawdown of SEK 300 m on short term borrowings in Q1.

The cash flow generation was slightly negative in the third quarter, with a decrease of SEK -3 m (14) on adjusted cash flow from operating activities in the quarter compared to last year. The decrease predominantly relates to increased investments in product enhancements. For the first nine months, adjusted operating cash flow increased 19 percent compared to last year.

The cash conversion rate was -0.7 percent (2.3) in the third quarter and 83.9 percent (72.3) for the first nine months.

Cash conversion	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Adjusted EBITDA	88,375	84,437	260,611	253,541	323,947
Adjusted cash flow from operating activities	-580	1,936	218,737	183,425	286,883
Cash conversion, %	-0.7%	2.3%	83.9%	72.3%	88.6%



2.4

Leverage

Financial position

Net Debt TSEK	Q3		Jan-Dec
	2020	2019	2019
Total borrowings	1,222,570	930,059	913,317
Cash and cash equivalents	420,946	38,180	52,008
Net debt	801,624	891,879	861,309
Leverage ratio	2.4	2.8	2.7
Equity	1,584,940	1,549,329	1,526,769
Equity/asset ratio, %	43.5%	46.6%	44.9%

Net debt was SEK 802 m (892) at the end of the period.

The leverage at the end of the period was 2.4 (2.8) times and the equity ratio was 43.5 (46.6) percent with an equity of SEK 1,585m (1,549).

Cash and cash equivalents at the end of the period amounted to SEK 421 m (38) and the Group had unutilized credit lines of SEK 220 m (520). The cash balances and credit lines make the Group financially prepared for additional investments and acquisitions.

Significant events

Third quarter

- › Karnov Group has published the industry report Future Lawyer Survey which is focusing on culture, motivation and transformation within the legal field. The report is the largest of its kind in Scandinavia, with over 3,500 lawyers as respondents.

Events after the end of the period

- › The Nomination Committee for the 2021 Annual Meeting of Shareholders (AGM) has been appointed.
- › Karnov Group has reviewed and optimised its processes in order to ensure the Company's long-term competitiveness. Therefore, Karnov Group will have a range of SEK 5-10 m in items affecting comparability in 2020. These measures will affect the results for the fourth quarter but will have a positive effect from 2021.



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	Q3			Jan-Sep			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	107,689	110,099	-2.2%	319,103	318,104	0.3%	420,656
Organic growth, %	0.5%	2.3%		0.4%	2.5%		2.7%
EBITA	46,981	46,129	1.8%	134,773	110,953	21.5%	123,515
EBITA margin, %	43.6%	41.9%		42.2%	34.9%		29.4%
Adjusted EBITA	46,981	46,129	1.8%	134,773	131,208	2.7%	165,189
Adjusted EBITA margin, %	43.6%	41.9%		42.2%	41.2%		39.3%

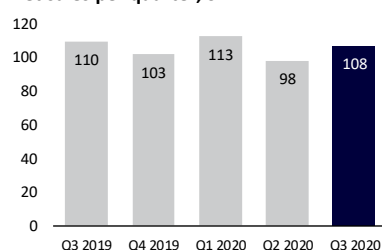
Net sales and growth

Organic growth for the quarter amounted to 0.5 percent. However, net sales for the quarter decreased by 2.2 percent to SEK 108 m (110) due to currency effects having a negative impact of -2.7 percent. The organic growth is due to upselling to existing customers and sales of new products partly offset by a decline in offline sales. The Covid-19 pandemic has caused a decline in demand in the small and medium sized entities market and further we have seen a delay in decision-making in mainly new business.

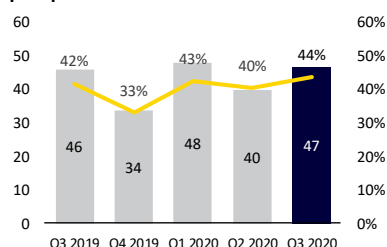
In the third quarter, we have launched a new feature for our preparatory work with direct links to remarks to propositions and updated our online library. Both these launches improve the efficiency for our users and strengthen our propositions in making better decisions, faster.

For the first nine months, net sales increased by 0.3 percent to SEK 319 m (318). Organic growth was 0.4 percent and currency effects accounted for -0.1 percent.

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Operating income

EBITA amounted to SEK 47 m (46) and EBITA margin to 43.6 percent (41.9).

Adjusted EBITA increased by 1.8 percent to SEK 47 m (46) and adjusted EBITA margin to 43.6 percent (41.9). The driver for the increase in operating income in Denmark is our continued focus on growth in net sales in combination with good customer centricity and operational excellence.

Operating profit (EBIT) for the quarter decreased to SEK 31 m (33), due to higher amortisations.

For the first nine months, EBITA increased to SEK 135 m (111) and the EBITA margin was 42.2 percent (34.9). Adjusted EBITA was SEK 135 m (131) and the adjusted EBITA margin was 42.2 percent (41.2).

Operating profit (EBIT) for the first nine months was SEK 88 m (66).



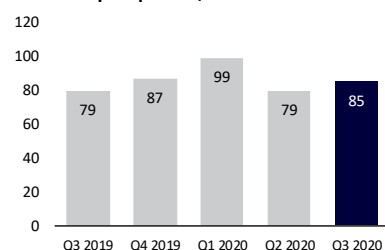
The Swedish segment is specialised in online and offline legal solutions; the environmental, health and safety compliance; legal classroom training and e-courses. The segment provides online tools for the broad legal services market, including contract templates. The segment includes Norstedts Juridik,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

Segment performance (cont.)

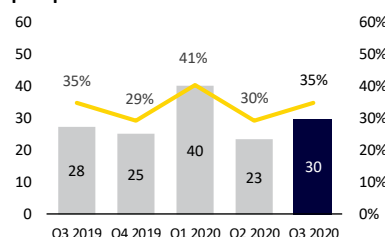
Sweden

TSEK	Q3			Jan-Sep			Jan-Dec
	2020	2019	Δ%	2020	2019	Δ%	2019
Net sales	85,067	79,434	7.1%	263,571	249,800	5.5%	336,431
Organic growth, %	6.4%	10.9%		5.1%	5.7%		5.6%
EBITA	29,919	22,975	30.2%	93,602	56,111	66.8%	82,461
EBITA margin, %	35.2%	28.9%		35.5%	22.5%		24.5%
Adjusted EBITA	29,919	27,625	8.3%	93,602	88,001	6.4%	113,441
Adjusted EBITA margin, %	35.2%	34.8%		35.5%	35.2%		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 7.1 percent to SEK 85 m (79). Organic growth was 6.4 percent (10.9) 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 continued making enhancements on JUNO, in close cooperation with our customers. Further, we have taken initiatives to strengthening our customer centricity in order to secure even stronger customer excellence and focus. Offline sales declined as expected due to the ordinary market trend and partly due to a negative impact from the Covid-19 pandemic. During the quarter, we have continued to run our classroom courses virtually with positive feedback from customers and users. This will continue for a foreseeable period into 2021 due to the Covid-19 pandemic.

Acquired growth accounts for 0.7 percent (0.0) in the quarter.

For the first nine months, net sales increased by 5.5 percent to SEK 264 m (250) whereof 0.4 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 30 m (23) and the EBITA margin to 35.2 percent (28.9).

Adjusted EBITA was SEK 30 m (28) driven by the increase in net sales. Adjusted EBITA margin was 35.2 percent (34.8). The driver for the increase in operating income in Sweden is our continued focus on growth in net sales in combination with good customer centricity and operational excellence.

Operating profit (EBIT) for the quarter was SEK 9 m (5). The improvement is a result of the increased net sales partially offset by increased depreciations and amortisations of SEK 3 m. Further the corresponding quarter last year was impacted by SEK 5 m in costs for items affecting comparability.

For the first nine months, EBITA increased to SEK 94 m (56) and the EBITA margin was 35.5 percent (22.5). Adjusted EBITA increased to SEK 94 m (88) and the adjusted EBITDA margin was 35.5 percent (35.2).

Operating profit (EBIT) for the first nine months was SEK 31 m (8).

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 250 (262) compared to the third quarter of 2019 but increased compared to the second 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, 49% (50%) of the workforce were males and 51% (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 September 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 September 2020, the Company had 1,775 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 third quarter.

Parent Company

Net sales for the quarter amounted to SEK 0 m (0). Operating profit for the quarter amounted to SEK -6 m (-11).

Outlook

Karnov does not provide financial forecasts.

Review

This interim report has been subject to a review by the Company's auditors. Please see review report on page 11.

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 5 November 2020 at 8.00 am CEST.

Karnov Group AB (publ)

Stockholm, 5 November 2020

Flemming Breinholt
President and CEO

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Q3 presentation webcast

Karnov will present the third quarter results for analysts and investors via a webcast teleconference on 5 November at 10.00 am CEST.

To participate, use the following link:
<https://tv.streamfabriken.com/karnov-group-q3-2020>

or dial-in numbers:
SE: +46 8 505 583 65
DK: +45 7 815 0109
UK: +44 333 300 92 73
US: +1 833 526 8382

The presentation will also be available on www.financialhearings.com

Financial calendar 2020/2021

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

Interim report January-March 2021 and Annual General Meeting in Stockholm
5 May, 2021

Half-year report January-June 2021
26 August, 2021

Interim report January-September 2021
4 November, 2021

Review Report

(Translation from Swedish original. In case of discrepancies, the Swedish version shall prevail.)

Karnov Group AB (publ) corp. identity no. 559016-9016

Auditor's review report for interim financial information in summary (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) of Karnov Group AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion expressed based on a review does not have the same level of certainty as a review based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 5 November 2020

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorised Public Accountant

Consolidated statement of comprehensive income

TSEK	Note	Q3		Jan-Sep		Jan-Dec
		2020	2019	2020	2019	2019
Net sales	5	192,755	189,533	582,674	567,904	757,087
Total revenue		192,755	189,533	582,674	567,904	757,087
Goods for resale		-32,972	-31,981	-99,770	-101,701	-135,194
Employee benefit expenses		-57,685	-57,382	-168,427	-160,252	-222,994
Depreciations and amortisations		-47,998	-41,817	-141,946	-126,922	-171,111
Other operating expenses		-13,723	-20,383	-53,866	-104,555	-147,607
Operating profit		40,377	37,970	118,665	74,474	80,181
Financial income		41	54	171	355	14,351
Financial expenses		-6,328	-5,859	-16,521	-77,926	-84,335
Net financial items		-6,287	-5,805	-16,350	-77,571	-69,984
Write down of associated companies		-	-	-	-	-7,102
Profit before income tax		34,090	32,165	102,315	-3,097	3,095
Income tax expense		-6,137	-71	-18,421	-1,261	385
Net result		27,953	32,094	83,894	-4,358	3,480
Other comprehensive income:						
Exchange differences on translation of foreign operations		7,665	18,807	8,145	45,419	13,989
Total comprehensive income for the period		35,618	50,901	92,039	41,061	17,469
Profit for the period is attributable to:						
Owners of Karnov Group AB		27,828	32,181	83,739	-5,036	2,621
Non-controlling interests		125	-87	155	678	859
Net result		27,953	32,094	83,894	-4,358	3,480
Total comprehensive income for the period is attributable to:						
Owners of Karnov Group AB		35,493	50,988	91,884	40,383	16,610
Non-controlling interests		125	-87	155	678	859
Total comprehensive income		35,618	50,901	92,039	41,061	17,469
Earnings per share, basic, SEK	4	0.28	0.33	0.86	-0.06	0.03
Earnings per share, after dilution, SEK		0.28	0.33	0.85	-0.06	0.03

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

Consolidated balance sheet

TSEK	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS:				
Goodwill		1,678,377	1,708,558	1,656,311
Other intangible assets		1,202,836	1,304,216	1,263,117
Right-of-use assets		100,931	98,906	112,477
Property, plant and equipment (PPE)		4,226	5,501	5,434
Investments in associated companies		67,614	8,819	5,778
Loans to associated companies		3,132	2,970	2,937
Deposits		2,723	2,763	2,729
Deferred tax assets		-	425	425
Total non-current assets		3,059,839	3,132,158	3,049,208
Inventories		11,293	12,860	13,097
Trade receivables	3	58,813	62,911	209,672
Prepaid expenses		12,976	11,370	8,391
Other receivables		16,420	11,486	14,387
Tax receivable		65,958	54,547	51,894
Cash and cash equivalents	3	420,946	38,180	52,008
Total current assets		586,406	191,354	349,449
TOTAL ASSETS		3,646,245	3,323,512	3,398,657
TSEK		30 Sep 2020	30 Sep 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	2,062,361	2,062,361
Reserves		-312,175	-288,890	-320,320
Retained earnings including net profit for the year		-173,845	-225,738	-217,050
Total equity attributable to the parent company's shareholders		1,577,844	1,549,236	1,526,494
Non-controlling interest		7,096	93	275
Total equity		1,584,940	1,549,329	1,526,769
Borrowing from credit institutions	3	846,156	849,798	838,317
Lease liabilities		91,780	86,330	102,783
Deferred tax liability		165,719	243,917	170,551
Provisions		5,674	5,566	5,456
Other non-current liabilities		38,732	-	-
Total non-current liabilities		1,148,061	1,185,611	1,117,107
Borrowing from credit institutions	3	376,414	80,261	75,000
Trade payables	3	7,486	23,839	12,477
Current tax liabilities		86,186	41,826	71,860
Accrued expenses		124,018	123,557	126,239
Prepaid income		267,492	259,111	399,586
Lease liabilities		12,853	13,821	11,622
Other current liabilities	3	38,795	46,157	57,997
Total current liabilities		913,244	588,572	754,781
TOTAL EQUITY AND LIABILITIES		3,646,245	3,323,512	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	-	-	-	-5,036	-5,036	678	-4,358
Other comprehensive income for the period	-	-	45,419	-	45,419	-	45,419
Total comprehensive income/loss	-	-	45,419	-5,036	40,383	678	41,061
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	-364,841	-	-78,361	-19,118	-97,479
Issue of ordinary shares to new investors	639	768,325	-	-	768,964	-	768,964
Sharebased payment	-	-	-	2,314	2,314	-	2,314
Total transaction with shareholders	815	1,263,889	-364,841	2,314	902,177	-19,118	883,059
Closing balance at September 30, 2019	1,503	2,062,361	-288,890	-225,738	1,549,236	93	1,549,329

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, 2020	1,503	2,062,361	-320,320	-217,050	1,526,494	275	1,526,769
Net result	-	-	-	83,739	83,739	155	83,894
Other comprehensive income for the period	-	-	8,145	-	8,145	-	8,145
Total comprehensive income/loss	-	-	8,145	83,739	91,884	155	92,039
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
Non-controlling interests shares of acquisitions	-	-	-	-	-	6,666	6,666
Sharebased payment	-	-	-	3,418	3,418	-	3,418
Total transaction with shareholders	5	-5	-	-40,534	-40,534	6,666	-33,868
Closing balance at September 30, 2020	1,508	2,062,356	-312,175	-173,845	1,577,844	7,096	1,584,940

Consolidated statement cash flow

TSEK	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit	40,377	37,970	118,665	74,474	80,181
Adjustments:					
Non-cash items	46,407	41,816	141,866	127,005	190,217
Effect of changes in working capital:					
Increase/decrease in inventories	2,362	1,428	1,804	-1,073	-1,460
Increase/decrease in receivables	-9,862	-7,309	144,248	77,618	-43,923
Increase/decrease in trade payables and other payables	478	-17,376	-15,153	-41,684	-50,903
Increase/decrease in prepaid income	-67,243	-57,439	-132,094	-93,220	53,091
Interest paid	-4,348	-5,069	-14,457	-27,206	-31,878
Income tax paid	-8,741	-12,952	-31,822	-23,854	-58,049
Net effect of changes in working capital	-87,354	-98,717	-47,474	-109,419	-133,122
Cash flow from operating activities	-570	-18,931	213,057	92,060	137,276
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of participations in associated companies	-	-	-22,446	-	-4,282
Acquisition of subsidiaries	-	-	-4,245	-138,988	-138,940
Loan to subsidiaries	-74	-64	-195	-2,927	-2,981
Increase/(decrease) in deposits and other assets	-209	-	-	-	-
Acquisition of intangible assets	-18,121	-25,600	-62,601	-102,484	-120,672
Acquisition of PPE	-	-763	-	-1,146	-3,940
Cash flow from investing activities	-18,404	-26,427	-89,487	-245,545	-270,815
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase/decrease in short term borrowings	-	4,877	300,419	-54,325	-59,603
Increase/decrease in lease liabilities	-3,494	-2,025	-11,567	-6,074	-14,731
Principal payments on long-term debt	-	-3,908	-	-1,459,831	-1,459,831
Increase/decrease in long-term debt	-	-	-	844,200	844,200
Transactions with non-controlling interest	-	-	-	-97,478	-97,478
Proceeds from IPO	-	-	-	768,217	768,217
Dividend paid	-	-	-43,952	-	-
Cash flow from financing activities	-3,494	-1,056	244,900	-5,291	-19,226
Cash flow for the period	-22,468	-46,414	368,470	-158,776	-152,765
Cash and cash equivalents at the beginning of the period	443,183	78,092	52,008	201,797	201,797
Exchange-rate differences in cash and cash equivalents	231	6,502	468	-4,841	2,975
Cash and cash equivalents at the end of the period	420,946	38,180	420,946	38,180	52,008

Parent company income statement

TSEK	Note	Q3		Jan-Sep		Jan-Dec
		2020	2019	2020	2019	2019
Employee benefit expenses		-1,949	-2,899	-7,234	-5,602	-7,440
Other operating expenses		-3,858	-8,459	-11,907	-24,538	-28,948
Operating profit		-5,807	-11,358	-19,141	-30,140	-36,388
Financial income		3,674	16,124	15,226	35,745	25,351
Financial expenses		-9	-24	-132	-8,968	-9,071
Net financial items		3,665	16,100	15,094	26,777	16,280
Profit before income tax		-2,142	4,742	-4,047	-3,363	-20,108
Income tax expense		-	-1,768	-	-1,768	-
Net result		-2,142	2,974	-4,047	-5,131	-20,108
Total comprehensive income		-2,142	2,974	-4,047	-5,131	-20,108

Parent company balance sheet

TSEK	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS:				
Investments in group enterprises		1,149,925	1,143,458	1,143,458
Receivables from group enterprises		709,145	836,750	800,852
Total non-current assets		1,859,070	1,980,208	1,944,310
Receivables from group enterprises		-	8,875	-
Other receivables		9,896	9,188	8,874
Current tax receivable		53,280	33,315	38,306
Cash and cash equivalents		21,598	7,599	156
Total current assets		84,774	58,977	47,336
TOTAL ASSETS		1,943,844	2,039,185	1,991,646
TSEK		30 Sep 2020	30 Sep 2019	31 Dec 2019
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		-121,409	709,550	-73,752
Total equity		1,942,455	2,005,089	1,990,114
Trade payables		18	9	88
Trade payables from group companies		-	25,941	11
Accrued expenses		1,317	5,739	1,388
Other current liabilities		54	2,407	45
Total current liabilities		1,389	34,096	1,532
TOTAL EQUITY AND LIABILITIES		1,943,844	2,039,185	1,991,646

Notes

Note 1. Accounting policies

The consolidated interim financial statements for Karnov Group AB have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, RFR 1 Supplementary Accounting Regulations for Groups and the Swedish Annual Accounts Act. The accounting policies used for this interim report 2020 are the same as the accounting policies used for the annual

report 2019 to which we refer for a full description. 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 Sep 2020	30 Sep 2019	31 Dec 2019	30 Sep 2020	30 Sep 2019	31 Dec 2019
FINANCIAL ASSETS						
Financial assets at amortised cost						
Trade receivables	58,813	62,911	209,672	58,813	62,911	209,672
Cash and cash equivalents	420,946	38,180	52,008	420,946	38,180	52,008
Total financial assets	479,759	101,091	261,680	479,759	101,091	261,680
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss (FVPL)						
Contingent considerations	13,774	33,525	18,533	13,774	33,525	18,533
Liabilities at amortised cost						
Trade payables	7,486	23,839	12,477	7,486	23,839	12,477
Non-current borrowing from credit institutions	846,156	849,798	838,317	846,156	849,798	838,317
Current borrowings from credit institutions	376,414	80,261	75,000	376,414	80,261	75,000
Total financial liabilities	1,243,830	987,423	944,327	1,243,830	987,423	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	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Earnings attributable to shareholders	27,828	32,181	83,739	-5,036	2,621
Weighted average number of ordinary shares	97,670,567	97,670,567	97,670,567	80,021,938	84,434,095
Earnings per share, basic, SEK	0.28	0.33	0.86	-0.06	0.03
Earnings per share, after dilution, SEK	0.28	0.33	0.85	-0.06	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
	Q3		Q3		Q3		
	2020	2019	2020	2019	2020	2019	
Online					153,253	147,283	581,673
Offline					39,502	42,250	175,414
Total net sales	107,689	110,099	85,067	79,434	192,755	189,533	757,087
EBITDA	48,864	48,121	39,512	31,664	88,375	79,787	251,292
EBITA	46,981	46,129	29,919	22,975	76,899	69,106	205,975
EBIT	31,418	33,241	8,960	4,727	40,377	37,970	80,181
Net financial items					-6,287	-5,805	-69,984
Profit before tax					34,090	32,165	3,095
Income tax expenses					-6,137	-71	385
Net result					27,953	32,094	3,480

TSEK	Denmark		Sweden		Total		Jan-Dec 2019
	Jan-Sep		Jan-Sep		Jan-Sep		
	2020	2019	2020	2019	2020	2019	
Online					460,303	431,784	581,673
Offline					122,371	136,120	175,414
Total net sales	319,103	318,104	263,571	249,800	582,674	567,904	757,087
EBITDA	140,516	116,927	120,095	84,469	260,611	201,396	251,292
EBITA	134,773	110,953	93,602	56,111	228,375	167,063	205,975
EBIT	87,763	66,290	30,903	8,184	118,665	74,474	80,181
Net financial items					-16,350	-77,571	-69,984
Profit before tax					102,315	-3,097	3,095
Income tax expenses					-18,421	-1,261	385
Net result					83,894	-4,358	3,480

Note 6. Business combinations and similar transactions

On 24 March 2020, Karnov Group entered into an agreement with the Swedish company LEX247 Cloud Services AB to accelerate the go-to-market of the LEX247 solution in the Nordic region. The parties have formed a new company LEXNordics AB with a split ownership of 60% owned by Karnov Group and 40% owned by LEX247 Cloud Services AB. The existing customer base of LEX247 in the Nordic Region is transferred to LEXNordics AB and the company has going forward exclusive rights to market the product in the Nordic region.

Purchase price, TSEK	
Cash on closing date	10,000
Total purchase price	10,000

Reported amounts, TSEK

Intangible assets: Customer relations	10,000
Total identified assets	10,000
Non-controlling interests	-7,000
Goodwill	7,000
Total	10,000

Revenue, income as well as assets and liabilities belonging to the newly formed company LEXNordics AB are fully consolidated in Karnov Group from 24 March 2020 with 40% of net result and equity of LEXNordics AB being reported as non-controlling interests.

On 27 March 2020, Karnov Group concluded an agreement to invest in the Norwegian company Strawberry Law AS and acquired 40% of the shares in the company. At the same time the name of the company was changed to Karnov Group Norway AS. The purpose of the investment is to expand the Karnov Group's activities to the Norwegian market. Karnov Group Norway AS will provide digital subscription-based legal services to the Norwegian market. Karnov Group Norway AS will have access to selected parts of the content in other entities within Karnov Group.

Purchase price, TSEK	
Cash on closing date	14,250
Contract liability	38,732
Total purchase price	52,982

The transaction is treated as an investment in associated companies and not a business combination under IFRS3.

The investment is measured at the sum of the cash payment at transaction date and the estimated value of brand and content.

The estimated value of brand and content SEK 39 m is included in Other non-current liabilities and will be amortised over the contract period.

Note 7. 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 TSEK	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Organic business	195,161	186,324	581,896	557,720	743,861
Acquired business	537	-	937	-	-
Currency	-2,943	3,209	-159	10,184	13,226
Total net sales	192,755	189,533	582,674	567,904	757,087

Total net sales split, % TSEK	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Organic growth, %	3.0%	5.8%	2.5%	3.9%	4.0%
Acquired growth, %	0.3%	0.0%	0.2%	0.0%	0.0%
Currency effect, %	-1.6%	1.8%	-0.1%	1.9%	1.8%
Total growth, %	1.7%	7.6%	2.6%	5.8%	5.8%

Group	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Net sales	192,755	189,533	582,674	567,904	757,087
EBITDA	88,375	79,787	260,611	201,396	251,292
EBITDA margin, %	45.8%	42.1%	44.7%	35.5%	33.2%
Items affecting comparability	-	4,650	-	52,145	72,655
Adjusted EBITDA	88,375	84,437	260,611	253,541	323,947
Adjusted EBITDA margin, %	45.8%	44.6%	44.7%	44.6%	42.8%
Depreciations and amortisations	-11,476	-10,681	-32,236	-34,333	-45,317
EBITA	76,899	69,106	228,375	167,063	205,975
EBITA margin, %	39.9%	36.5%	39.2%	29.4%	27.2%
Adjusted EBITA	76,899	73,756	228,375	219,208	278,630
Adjusted EBITA margin, %	39.9%	38.9%	39.2%	38.6%	36.8%
Amortisation (acquisitions)	-36,522	-31,136	-109,710	-92,589	-125,794
EBIT	40,377	37,970	118,665	74,474	80,181
Denmark					
TSEK					
Net sales	107,689	110,099	319,103	318,104	420,656
EBITDA	48,864	48,121	140,516	116,927	131,396
EBITDA margin, %	45.4%	43.7%	44.0%	36.8%	31.2%
Items affecting comparability	-	-	-	20,255	41,675
Adjusted EBITDA	48,864	48,121	140,516	137,182	173,071
Adjusted EBITDA margin, %	45.4%	43.7%	44.0%	43.1%	41.1%
Depreciations and amortisations	-1,883	-1,992	-5,743	-5,974	-7,881
EBITA	46,981	46,129	134,773	110,953	123,515
EBITA margin, %	43.6%	41.9%	42.2%	34.9%	29.4%
Adjusted EBITA	46,981	46,129	134,773	131,208	165,189
Adjusted EBITA margin, %	43.6%	41.9%	42.2%	41.2%	39.3%
Amortisation (acquisitions)	-15,563	-12,888	-47,010	-44,663	-58,558
EBIT	31,418	33,241	87,763	66,290	64,957

Sweden	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
TSEK					
Net sales	85,067	79,434	263,571	249,800	336,431
EBITDA	39,512	31,664	120,095	84,469	119,896
EBITDA margin, %	46.4%	39.9%	45.6%	33.8%	35.6%
Items affecting comparability	-	4,650	-	31,890	30,980
Adjusted EBITDA	39,512	36,314	120,095	116,359	150,876
Adjusted EBITDA margin, %	46.4%	45.7%	45.6%	46.6%	44.8%
Depreciations and amortisations	-9,593	-8,689	-26,493	-28,358	-37,435
EBITA	29,919	22,975	93,602	56,111	82,461
EBITA margin, %	35.2%	28.9%	35.5%	22.5%	24.5%
Adjusted EBITA	29,919	27,625	93,602	88,001	113,441
Adjusted EBITA margin, %	35.2%	34.8%	35.5%	35.2%	33.7%
Amortisation (acquisitions)	-20,959	-18,248	-62,699	-47,927	-67,237
EBIT	8,960	4,727	30,903	8,184	15,224

Return on capital

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
EBIT	118,665	74,474	80,181
Total assets	3,646,245	3,323,512	3,398,657
Return on capital, %	3.3%	2.2%	2.4%

Net working capital

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
Current assets	586,406	191,354	349,449
Current liabilities	913,244	588,572	754,781
Net working capital	-326,838	-397,218	-405,332

Cash conversion

TSEK	Q3		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Adjusted EBITDA	88,375	84,437	260,611	253,541	323,947
Cash flow from operating activities	-570	-18,931	213,057	92,060	137,276
Interest paid	4,348	5,069	14,457	27,206	31,878
Income tax paid	8,741	12,952	31,822	23,854	58,049
Items affecting comparability	-	4,650	-	52,145	72,655
Capex related to new product development	-13,099	-1,804	-40,599	-11,840	-12,975
Adjusted cash flow from operating activities	-580	1,936	218,737	183,425	286,883
Cash conversion, %	-0.7%	2.3%	83.9%	72.3%	88.6%

Net debt

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
Non-current borrowing from credit institutions	846,156	849,798	838,317
Current borrowing from credit institutions	376,414	80,261	75,000
Cash and cash equivalents	420,946	38,180	52,008
Net debt	801,624	891,879	861,309

Leverage ratio

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
Adjusted EBITDA LTM	331,018	321,640	323,947
Net debt	801,624	891,879	861,309
Leverage ratio	2.4	2.8	2.7

Equity/asset ratio

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
Equity	1,584,940	1,549,329	1,526,769
Total assets	3,646,245	3,323,512	3,398,657
Equity/asset ratio, %	43.5%	46.6%	44.9%

Quarterly overview

	Q3	Q2	Q1	Q4	Q3
TSEK	2020	2020	2020	2019	2019
Income statement					
Net sales	192,755	177,958	211,961	189,183	189,533
EBITDA	88,375	73,952	98,285	49,896	79,787
EBITDA margin, %	45.8%	41.6%	46.4%	26.4%	42.1%
EBITA	76,899	63,259	88,218	38,912	69,106
EBITA margin, %	39.9%	35.5%	41.6%	20.6%	36.5%
Adjusted EBITA	76,899	63,259	88,218	59,422	73,756
Adjusted EBITA margin, %	39.9%	35.5%	41.6%	31.4%	38.9%
EBIT	40,377	27,029	51,261	5,707	37,970
EBIT, margin %	20.9%	15.2%	24.2%	3.0%	20.0%
Net financial items	-6,287	5,650	-15,713	7,588	-5,805
Net result	27,953	26,858	29,084	7,838	32,094
Balance sheet					
Non-current assets	3,059,839	3,071,186	3,192,975	3,049,208	3,132,158
Current assets	586,406	534,659	592,375	349,449	191,354
Cash and cash equivalents	420,946	443,183	493,933	52,008	38,180
Equity	1,584,940	1,541,508	1,618,794	1,526,769	1,549,329
Non-current liabilities	1,148,061	1,151,415	1,182,201	1,117,107	1,185,611
Current liabilities	913,244	912,922	984,355	754,781	588,572
Total assets	3,646,245	3,605,845	3,785,350	3,398,657	3,323,512
Cash flow					
Cash flow from operating activities	-570	47,354	166,281	51,217	-18,931
Cash flow from Investing activities	-18,404	-39,902	-31,181	-25,271	-26,427
Cash flow from financing activities	-3,494	-56,182	304,577	-13,933	-1,056
Cash flow for the period	-22,468	-48,730	439,677	12,012	-46,414
Key ratios					
Net working capital	-326,838	-378,263	-391,980	-405,332	-397,218
Return on capital, %	1.1%	0.7%	1.4%	0.2%	1.1%
Equity/asset ratio, %	43.5%	42.8%	42.8%	44.9%	46.6%
Cash conversion, %	-0.7%	66.2%	173.3%	155.5%	2.3%
Net debt	801,624	774,861	755,222	861,309	891,879
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	0.28	0.27	0.30	0.08	0.33
Earnings per share, after dilution, SEK	0.28	0.27	0.30	0.08	0.33

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 Sep 2020	Average rate Jan-Sep 2020	Closing rate 30 Sep 2019	Average rate Jan-Sep 2019	Closing rate 31 Dec 2019	Average rate Jan-Dec 2019
1 DKK is equivalent to SEK	1.4156	1.4159	1.4371	1.4156	1.3968	1.4180

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.

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.

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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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