

Year-end report

January – December 2020

Q4

Ending the year on a positive note

Financial highlights fourth quarter

- Net sales flat at SEK 189 m (189), organic growth was 1%.
- EBITA amounted to SEK 48 m (39) with EBITA margin of 25.2% (20.6%).
- Adjusted EBITA increased by 0.6% to SEK 60 m (59) and adjusted EBITA margin was 31.7% (31.4%).
- Net result amounted to SEK 16 m (8).
- Earnings per share after dilution amounted to SEK 0.16 (0.08).
- Adjusted operating cash flow amounted to SEK 192 m (109).

Financial highlights full year

- Net sales up 2% to SEK 771 m (757), organic growth was 2%.
- EBITA amounted to SEK 276 m (206) with EBITA margin of 35.8% (27.2%).
- Adjusted EBITA increased by 3.4% to SEK 288 m (279) and adjusted EBITA margin was 37.4% (36.8%).
- Net result amounted to SEK 100 m (3).
- Earnings per share after dilution amounted to SEK 1.02 (0.03).
- Adjusted operating cash flow amounted to SEK 414 m (287).

Business highlights

- Karnov Group acquires the digital workflow-tool provider DIBkunnskap AS and strengthen its presence on the Norwegian market.
- The Board of Directors has appointed Pontus Bodelsson as new President and CEO, as Flemming Breinholt has announced his intention to resign. Breinholt will resign and Bodelsson will assume his position on 10 May 2021.
- Our initiatives striving for operational excellence and our process optimisation programs have contributed to increase the adjusted EBITA margin by 60 basis points for the full year. The Covid-19 pandemic has impacted full year growth negatively with approximately 1-2 percentage points.
- The Board of Directors proposes to the Annual General Meeting to resolve on a dividend of SEK 1.00 per share.

Key financial ratios for the Group*

TSEK	Q4			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	188,742	189,183	-0.2%	771,416	757,087	1.9%
Organic growth, %	1.2%	4.1%		2.1%	4.0%	
EBITA	47,581	38,912	22.3%	275,955	205,975	34.0%
EBITA margin, %	25.2%	20.6%		35.8%	27.2%	
Adjusted EBITA	59,784	59,422	0.6%	288,158	278,630	3.4%
Adjusted EBITA margin, %	31.7%	31.4%		37.4%	36.8%	
Net result	16,110	7,838	105.5%	100,004	3,480	2773.7%
Adjusted cash flow from operating activities	191,810	109,459	75.2%	413,761	286,883	44.2%

* For more information see Financial definitions and Note 7f for calculations of Alternative Performance Measures.

Comments by the CEO

We have ended the fourth quarter on a strong note and we are content with our financial performance. We are also pleased with our acquisition of DIBkunnskap AS, which strengthens our footprint in Norway.

Improved adjusted EBITA margin and increased proposed dividend

Our organic growth in the fourth quarter was 1.2 percent, mainly due to increased online sales compared to last year. Offline sales were on the same level as last year, despite the Covid-19 pandemic. Our organic growth for the full year was 2.1 percent, slightly below our medium-term financial target. This was due to the Covid-19 pandemic's effect.

The adjusted EBITA margin was 31.7 percent in the fourth quarter, which is an improvement compared to the previous year. For the full year, the adjusted EBITA margin improved by 60 basis points to 37.4 percent. We are highly satisfied that our customer centricity as well as our operational excellence initiatives have led to good response.

Our financial performance and strong cash flow generation has allowed the Board of Directors to propose a dividend of SEK 1.00 per share. This corresponds to 38 percent of the PPA adjusted net profit.

Acquisition of DIBkunnskap AS

In December 2020, we announced our intention of acquiring DIBkunnskap AS, a market leading Norwegian digital workflow-tool provider for tax and accounting. The deal was closed in the beginning of January 2021 and strengthens our footprint in Norway.

The acquisition gives us opportunities to grow Karnov Group in a new vertical in Norway, while also allowing for expansion into Sweden and strengthening our existing tax and accounting vertical in Denmark. DIB has a strong focus on creating efficiencies in the workflows of professionals and together we will further grow this market, as DIB will leverage on existing Karnov distribution channels and capacity to drive market expansion, with a natural market fit.

DIBkunnskap AS will be consolidated in the Group's financials in the first quarter 2021. The acquisition is expected to have neutral impact on EPS in 2021 and be value accretive from 2022, while having a minor dilutive impact on Karnov Group's adjusted EBITA margin for 2021.

Update on the Covid-19 pandemic

We are pleased to see that vaccinations against the Covid-19 virus have been initiated globally, and we look forward to meeting all employees, authors, experts and customers in person again. We continue to follow the regulations and recommendations from the authorities.

In the fourth quarter, our non-subscription part of the offline business, mainly books, public trades and sales of legal training courses, as well as SME market demand and decision-making have been impacted, in line with earlier announcements. We assess this will continue also in the first half of 2021.

The Covid-19 pandemic has impacted the full year on top line growth negatively with approximately 1-2 percentage points.

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For the full year, the adjusted EBITA margin improved by 60 basis points to 37.4 percent. We are highly satisfied that our customer centricity as well as our operational excellence initiatives have led to good response.

We are also very happy about the acquisition of DIBkunnskap AS, as it gives us opportunities to grow Karnov Group in a new vertical in Norway.

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Flemming Breinholt
President and CEO

Karnov Group in brief

Karnov Group is a leading provider of mission critical information in the areas of legal, tax and accounting, and environmental, health and safety in Denmark, Sweden and Norway. Under a strong portfolio of brands including Karnov, Norstedts Juridik, Notisum, Legal Cross Border, Forlaget Andersen, LEXNordics and DIBkunnskap, Karnov Group delivers knowledge and insights, to more than 80,000 users – every day.

PARTNER IN INFORMATION

- Karnov Group was founded in Copenhagen in 1924 on one person's belief that access to the law is the foundation of every great society and our legacy dates back to 1867.
- Over time, the Company has evolved from a traditional publishing company to a digital value creator.
- Karnov Group's mission is to be an indispensable partner for all legal, tax and accounting professionals and enable its 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.
- Karnov Group's products are largely digital, including subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector including courts, universities, public authorities and municipalities.
- Karnov Group also publishes and sells printed books and journals and hosts legal training courses.
- Karnov Group continuously adds more value through development of new verticals and investments in adjacent companies with technologies helping professionals in taking better decisions, faster.

Net sales per country 2020



Karnov Group's medium-term 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

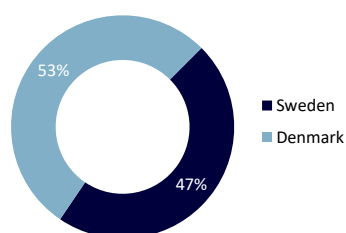
Ratio of Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.

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

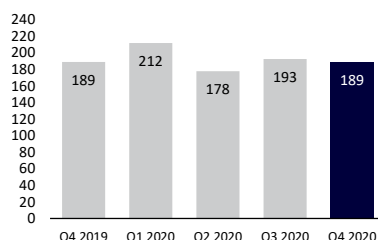
Net sales by country per fourth quarter,%



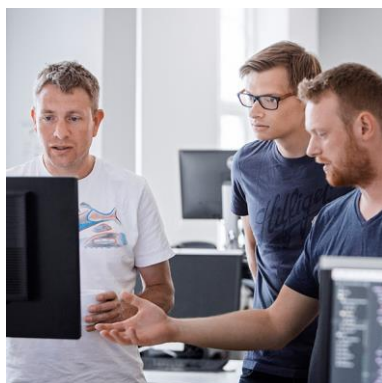
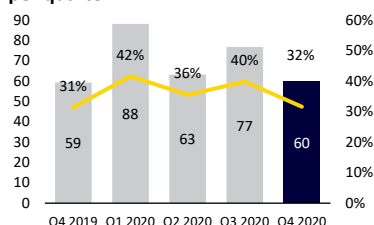
2%

Net sales growth YTD

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Fourth quarter and full year period

TSEK	Q4			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	188,742	189,183	-0.2%	771,416	757,087	1.9%
Organic growth, %	1.2%	4.1%		2.1%	4.0%	
EBITA	47,581	38,912	22.3%	275,955	205,975	34.0%
EBITA margin, %	25.2%	20.6%		35.8%	27.2%	
Adjusted EBITA	59,784	59,422	0.6%	288,158	278,630	3.4%
Adjusted EBITA margin, %	31.7%	31.4%		37.4%	36.8%	

Net sales and growth

For the three-month period, October-December 2020, net sales were flat at SEK 189 m (189) compared with the corresponding quarter last year. Organic growth on a constant currency basis was 1.2 percent, currency effects had a negative impact on net sales of -1.7 percent and acquired growth accounted for 0.3 percent. Our subscription based online sales corresponds to approximately 82 percent of the total revenue in the fourth quarter.

For the full-year period, the Group's net sales increased by 1.9 percent to SEK 771 m (757). Organic growth on a constant currency basis was 2.1 percent, currency effects had an impact on net sales of -0.5 percent and acquired growth accounts for 0.2 percent. The Covid-19 pandemic is estimated to have impacted top-line growth by approximately 1-2 percentage points.

Operating income

EBITA for the quarter amounted to SEK 48 m (39) and EBITA margin amounted to 25.2 percent (20.6).

Adjusted EBITA improved by 0.6 percent to SEK 60 m (59) and adjusted EBITA margin amounted to 31.7 percent (31.4). The improved margin was due to our continued strive for operational excellence.

Operating profit (EBIT) was SEK 12 m (6) for the quarter. Operating profit was impacted by a cost of SEK 5 m (19) related to a write down of the value of one of the Group's products. The write down is due to revenues being below expectations for the product, and is part of our ongoing process of evaluating our products.

The period includes SEK 12 m in cost for item affecting comparability while the corresponding period last year included SEK 21 m (see table below). The SEK 12 m items affecting comparability is related to the acquisition of DIBkunnskap AS and optimisation of our organisation.

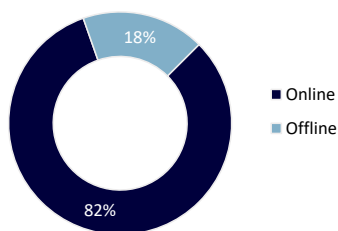
For the full-year period, EBITA amounted to SEK 276 m (206) and EBITA margin amounted to 35.8 percent (27.2). Adjusted EBITA improved by 3.4 percent to 288 m (279) and adjusted EBITA margin amounted to 37.4 percent (36.8).

Operating profit (EBIT) increased by SEK 51 m to SEK 131 m (80) for the same reasons as mentioned above. EBIT was impacted by SEK 12 m in cost for items affecting comparability while last year was impacted by SEK 73 m (see table below).

Items affecting comparability

TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
Acquisition costs	4.165	750	4.165	750
Restructuring costs	8.038	1.929	8.038	14.673
IPO costs	-	-1.192	-	38.209
Write down of subsidiaries	-	19.023	-	19.023
Total	12.203	20.510	12.203	72.655

Net sales split per fourth quarter, %



37%

Adjusted EBITA margin
YTD



124%

Cash conversion,
YTD

Net financial items

Net financial items for the quarter amounted to SEK 6 m (8) whereof SEK 5 m (0) is income from adjustment of earn-out liability.

Net financial items for the full year amounted to SEK -10 m compared to SEK -70 for the corresponding period last year. This improvement is a result of the new financing structure following the IPO in April 2019, with lower debt and interest. Currency effect for the full year was SEK 9 m (-17).

Profit before and after tax, Earnings per share

Profit before tax increased by SEK 12 m to SEK 18 m (6) compared to the corresponding quarter of 2019. The quarter was negatively impacted by SEK 12 m (21) costs for items affecting comparability.

Profit after tax increased to SEK 16 m (8). Taxes for the quarter are SEK 2 m (-2).

Profit before tax for the full year increased by SEK 117 m to SEK 120 m (3) compared to the corresponding period last year.

Profit after tax for the full year improved by SEK 97 m to SEK 100 m (3).

Earnings per share after dilution was SEK 0.16 (0.08) for the quarter and SEK 1.02 (0.03) for the full year.

Cash flow and investments

Cash flow from operating activities for the quarter increased by SEK 112 m to SEK 163 m (51). The increase reflects a SEK 112 m positive effect from working capital, which mainly relates to timing of invoicing effecting receivables and prepaid income.

Total investments for the quarter amounted to SEK 23 m (25), mostly related to investments in intangible assets related to the Group's online platform.

Total financing for the quarter amounted to SEK -3 m (-14) related to changes in lease liabilities.

For the full year, operating cash flow amounted to SEK 379 m (137), while total investments in intangible assets for the same period amounted to SEK 80 m (121). Investments in intangible assets are related to the business' online platform. Cash flow from financing was SEK 235 m (-19) mainly from the drawdown of SEK 300 m on borrowings in Q1.

The cash flow generation was positive in the fourth quarter, with an increase of SEK 83 m to SEK 192 m (109) on adjusted cash flow from operating activities in the quarter compared to last year. The increase predominantly relates to increased inflow of cash from receivables due to the high invoicing in the quarter. For the full year, adjusted operating cash flow increased 44 percent compared to last year.

The cash conversion rate was 262.7 percent (155.5) in the fourth quarter and 124.0 percent (88.6) for the full year.

Cash conversion TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
Adjusted EBITDA	73,023	70,406	333,634	323,947
Adjusted cash flow from operating activities	191,810	109,459	413,761	286,883
Cash conversion, %	262.7%	155.5%	124.0%	88.6%



1.9

Leverage

Financial position

Net debt was SEK 643 m (861) at the end of the period.

The leverage at the end of the period was 1.9 (2.7) times and the equity ratio was 42.0 (44.9) percent with an equity of SEK 1,551 m (1,527).

Net Debt TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
Total borrowings	1,196,087	913,317	1,196,087	913,317
Cash and cash equivalents	552,921	52,008	552,921	52,008
Net debt	643,166	861,309	643,166	861,309
Leverage ratio	1.9	2.7	1.9	2.7
Equity	1,550,840	1,526,769	1,550,840	1,526,769
Equity/asset ratio, %	42.0%	44.9%	42.0%	44.9%

Cash and cash equivalents at the end of the period amounted to SEK 553 m (52) and the Group had unutilized credit lines of SEK 247 m (525). The strong cash balances and credit lines at the end of the period was part of the preparation for the acquisition of DIBkunnskap AS in early January 2021.

Significant events

DIB

The latest member of
the Karnov Group family

Fourth quarter

- › Karnov Group announced planned acquisition in beginning of 2021 of the market leading Norwegian knowledge workflow-tool supplier DIBkunnskap AS.

Events after the end of the period

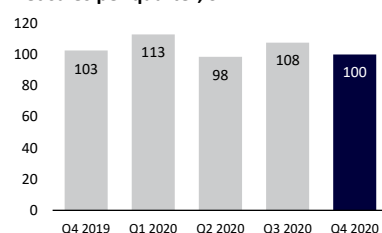
- › On 5 January 2021 Karnov Group closed the acquisition of market leading Norwegian knowledge workflow-tool supplier DIBkunnskap AS. The acquisition further strengthens Karnov Group's position as a leading supplier of legal knowledge management solutions in Scandinavia.
- › The Board of Directors of Karnov Group AB (publ) appoints Pontus Bodelsson as the new President and CEO of Karnov Group. The decision follows Flemming Breinholt's desire to resign from his position. Flemming Breinholt will resign and Pontus Bodelsson will assume his position on 10 May 2021.
- › The Board of Directors proposes a dividend of SEK 1.00 per share to be resolved by the Annual General Meeting on 5 May 2021.
- › Karnov Group acquires the Danish legal tech start-up Onlaw Aps. The acquisition is part of Karnov Group's strategy of establishing a broad technology platform that creates increased relevance and efficiency for professionals working with legal information.

Segment performance

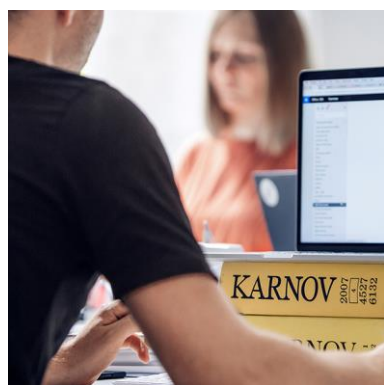
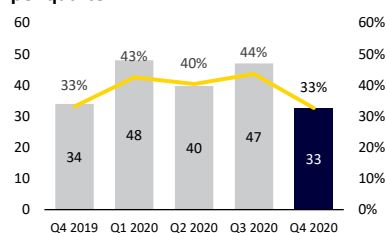
Denmark

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.

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



TSEK	Q4			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	100,104	102,553	-2.4%	419,207	420,656	-0.3%
Organic growth, %	0.8%	3.3%		0.5%	2.7%	
EBITA	31,009	12,563	146.8%	165,782	123,515	34.2%
EBITA margin, %	31.0%	12.3%		39.5%	29.4%	
Adjusted EBITA	32,718	33,982	-3.7%	167,491	165,189	1.4%
Adjusted EBITA margin, %	32.7%	33.1%		40.0%	39.3%	

Net sales and growth

Organic growth for the quarter amounted to 0.8 percent. However, net sales for the quarter decreased by 2.4 percent to SEK 100 m (103) due to currency effects having a negative impact of -3.2 percent. The organic growth is due to upselling to existing customers and sales of new products partly offset by a decline in offline sales. We still expect offline sales and SME market demand as well as decision-making processes will be impacted for the first half of 2021 due to the Covid-19 pandemic.

Karnov has now soft launched its new improved platform in Denmark and ensured that users have access to both the new and old platform, and easily can change between the two. More than 10,000 users are currently onboarded, and we will continuously onboard users the coming months. The current platform will be closed after a transition period to ensure an optimal user experience.

For the full year, net sales decreased by 0.3 percent to SEK 419 m (421). Organic growth was 0.5 percent and currency effects accounted for -0.8 percent.

Operating income

EBITA amounted to SEK 31 m (13) and EBITA margin to 31.0 percent (12.3).

Adjusted EBITA decreased by 3.7 percent to SEK 33 m (34) and adjusted EBITA margin to 32.7 percent (33.1).

Operating profit (EBIT) for the quarter increased to SEK 17 m (-1). EBIT was impacted by SEK 2 m (21) in cost for items affecting comparability. Operating profit was further impacted by a cost of SEK 5 m (19) related to write down of the value of one of the Group's products. The cost of SEK 5 m for the write-down is recognised in the profit and loss in other operational expenses, while the reduced earn-out related to the product had a positive impact on financial income of SEK 5 m. The write down is due to revenues being below expectations for the product.

For the full year, EBITA increased to SEK 166 m (124) and the EBITA margin was 39.5 percent (29.4). Adjusted EBITA was SEK 167 m (165) and the adjusted EBITA margin was 40.0 percent (39.3).

Operating profit (EBIT) for the full year was SEK 105 m (65).

Segment performance (cont.)

Sweden

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.

TSEK	Q4			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	88,638	86,631	2.3%	352,209	336,431	4.7%
Organic growth, %	1.6%	5.0%		4.2%	5.6%	
EBITA	16,572	26,350	-37.1%	110,173	82,461	33.6%
EBITA margin, %	18.7%	30.4%		31.3%	24.5%	
Adjusted EBITA	27,066	25,440	6.4%	120,667	113,441	6.4%
Adjusted EBITA margin, %	30.5%	29.4%		34.3%	33.7%	

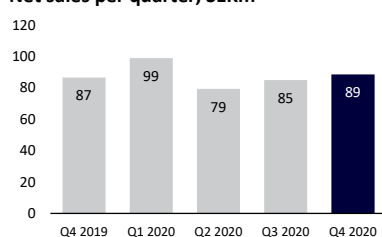
Net sales and growth

Net sales for the quarter increased by 2.3 percent to SEK 89 m (87). Organic growth was 1.6 percent driven by online sales, upselling to existing customers and sales of new products to both existing and new customers. Our earlier announced initiatives to strengthen our customer centricity to secure even stronger customer excellence and focus been well received. During the fourth quarter, we have seen good development in municipalities and the public sector. Offline sales declined as expected due to the ordinary market trend and partly due to a negative impact from the Covid-19 pandemic.

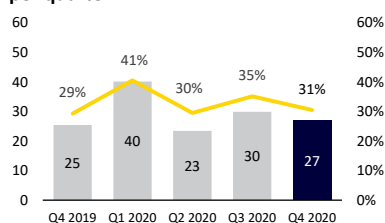
Acquired growth accounts for 0.7 percent (0.0) in the quarter.

For the full year, net sales increased by 4.7 percent to SEK 352 m (336) whereof 0.5 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. We have seen good progress in the market demand for our EHS (Environmental, Health and Safety) solution during the year.

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



Operating income

In the fourth quarter EBITA amounted to SEK 17 m (26) and the EBITA margin to 18.7 percent (30.4).

Adjusted EBITA was SEK 27 m (25) driven by the increase in net sales. Adjusted EBITA margin was 30.5 percent (29.4). 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 fourth quarter was SEK -4 m (7). EBIT was impacted by SEK 10 m in cost for items affecting comparability while last year was impacted by SEK 0 m.

For the full year, EBITA increased to SEK 110 m (82) and the EBITA margin was 31.3 percent (24.5). Adjusted EBITA increased to SEK 121 m (113) and the adjusted EBITDA margin was 34.3 percent (33.7).

Operating profit (EBIT) for the full year was SEK 27 m (15).

Other information

Risks and uncertainties

Through its operations Karnov Group is exposed to different risks, 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 Covid-19 has as expected had a negative impact on sales. However, the effect is expected to have a non-significant impact.

Karnov's significant risks and risk management are described on page 52-53 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) in the fourth quarter amounted to 255 (250). On average during the fourth quarter, 48% (50%) of the workforce were males and 52% (50%) females.

Annual General Meeting (AGM)

The AGM for 2021 will be held on 5 May 2021. Place and time will be announced in connection with the notice of the AGM.

Annual Report

The 2020 Annual Report, Sustainability Report and Corporate Governance Report is planned to be published on 31 March 2021. The report will be available on the company's website www.karnovgroup.com, and kept available in the company's office.

Proposed dividend

The Board of Directors has decided to propose to the Annual General Meeting on 5 May 2021 a dividend of SEK 1.00 per share.

The dividend is to be paid to shareholders who are included in the Company's shareholder record, kept by Euroclear Sweden AB, on 7 May 2021. Payment is made in Swedish kronor (SEK).

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 18 November 2020 the issue and repurchase of 46,510 shares of series C were carried out in order to secure the Company's obligations under its share-related incentive program LTIP 2020 for employees.

On 31 December 2020, the total number of shares and votes in Karnov Group AB (publ) amounts to 98,095,914 shares and 97,713,101.7 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 425,347 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 31 December 2020, the Company had 1,387 known shareholders. The five largest shareholders in Karnov Group AB (publ) 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 programs 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

Karnov Group did not undertake any significant transactions with related parties in 2020 except from compensation and benefits to the Board members and managing director received as a result of their membership of the Board, employment with Karnov or shareholdings in Karnov Group AB.

Parent Company

Net sales for the quarter amounted to SEK 0 m (0). Operating profit for the quarter amounted to SEK -10 m (-6).

Outlook

Karnov does not provide financial forecasts.

Review

This year-end report has not been subject to a review by the Company's auditors.

Disclosure

This year-end report contains inside information that Karnov Group AB (publ) is required to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication by the contact person below on 25 February 2021 at 8.00 am CEST.

Karnov Group AB (publ)

Stockholm, 25 February 2021

Flemming Breinholt

President and CEO

For further information, please contact:

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Q4 presentation webcast

Karnov will present the fourth quarter and full-year results for analysts and investors via a webcast teleconference on 25 February at 10.00 am CET.

To participate, use the following link:
<https://tv.streamfabriken.com/karnov-group-q4-2020>

or dial-in numbers:

SE: +46 8 505 583 50

DK: +45 7 815 0109

NO: +47 2 350 0236

UK: +44 333 300 92 69

US: +1 833 526 8395

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

Financial calendar 2021

Annual Report 2020
31 March, 2021

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

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

Interim report January-September 2021
4 November, 2021

Consolidated statement of comprehensive income

TSEK	Note	Q4		Jan-Dec	
		2020	2019	2020	2019
Net sales	5	188,742	189,183	771,416	757,087
Total revenue		188,742	189,183	771,416	757,087
Goods for resale		-31,984	-33,494	-131,754	-135,194
Employee benefit expenses		-66,240	-62,741	-234,667	-222,994
Depreciations and amortisations		-48,443	-44,189	-190,389	-171,111
Other operating expenses		-29,698	-43,052	-83,564	-147,607
Operating profit		12,377	5,707	131,042	80,181
Financial income		14,333	14,070	14,503	14,425
Financial expenses		-8,450	-6,482	-24,970	-84,409
Net financial items		5,883	7,588	-10,467	-69,984
Write down of associated companies		-	-7,102	-	-7,102
Profit before income tax		18,260	6,193	120,575	3,095
Income tax expense		-2,150	1,645	-20,571	385
Net result		16,110	7,838	100,004	3,480
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		-51,499	-31,429	-43,352	13,989
Total comprehensive income for the period		-35,389	-23,591	56,652	17,469
Profit for the period is attributable to:					
Owners of Karnov Group AB		16,164	7,656	99,903	2,621
Non-controlling interests		-54	182	101	859
Net result		16,110	7,838	100,004	3,480
Total comprehensive income for the period is attributable to:					
Owners of Karnov Group AB		-35,335	-23,773	56,548	16,610
Non-controlling interests		-54	182	104	859
Total comprehensive income		-35,389	-23,591	56,652	17,469
Earnings per share, basic, SEK	4	0.17	0.08	1.02	0.03
Earnings per share, after dilution, SEK	4	0.16	0.08	1.02	0.03

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

Consolidated balance sheet

TSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS:			
Goodwill		1,623,978	1,656,311
Other intangible assets		1,149,935	1,263,117
Right-of-use assets		95,545	112,477
Property, plant and equipment (PPE)		6,280	5,434
Investments in associated companies		70,347	5,778
Loans to associated companies		3,036	2,937
Deposits		2,528	2,729
Deferred tax assets		-	425
Total non-current assets		2,951,649	3,049,208
Inventories		10,011	13,097
Trade receivables	3	148,214	209,672
Prepaid expenses		7,556	8,391
Other receivables		986	14,387
Tax receivable		17,446	51,894
Cash and cash equivalents		552,921	52,008
Total current assets		737,134	349,449
TOTAL ASSETS		3,688,783	3,398,657
EQUITY AND LIABILITIES:			
Share capital		1,509	1,503
Share premium		2,062,361	2,062,361
Treasury shares		-6	-
Reserves		-363,675	-320,320
Retained earnings including net profit for the year		-156,585	-217,050
Total equity attributable to the parent company's shareholders		1,543,604	1,526,494
Non-controlling interest		7,236	275
Total equity		1,550,840	1,526,769
Borrowing from credit institutions	3	1,196,087	838,317
Lease liabilities		86,539	102,783
Deferred tax liability		153,239	170,551
Provisions		5,454	5,456
Other non-current liabilities		38,612	-
Total non-current liabilities		1,479,931	1,117,107
Current liabilities			
Borrowing from credit institutions	3	-	75,000
Trade payables	3	12,395	12,477
Current tax liabilities		10,595	71,860
Accrued expenses		136,585	126,239
Prepaid income		428,436	399,586
Lease liabilities		12,842	11,622
Other current liabilities	3	57,159	57,997
Total current liabilities		658,012	754,781
TOTAL EQUITY AND LIABILITIES		3,688,783	3,398,657

Consolidated statement of changes in equity

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
Balance at January 1, 2019	688	798,472	0	30,532	-223,017	606,675	18,534	625,209
Net result	-	-	-	-	2,621	2,621	859	3,480
Other comprehensive income for the period	-	-	-	13,989	-	13,989	-	13,989
Total comprehensive income/loss	-	-	-	13,989	2,621	16,610	859	17,469
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	-97,478
Issue of ordinary shares to new investors	639	768,325	-	-	-	768,964	-	768,964
Sharebased payment	-	-	-	-	3,346	3,346	-	3,346
Total transaction with shareholders	815	1,263,889	-	-364,841	3,346	903,209	-19,118	884,092
Closing balance at December 31, 2019	1,503	2,062,361	-	-320,320	-217,050	1,526,494	275	1,526,769

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Treasury shares	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	0	-320,320	-217,050	1,526,494	275	1,526,769
Net result	-	-	-	-	99,903	99,903	101	100,004
Other comprehensive income for the period	-	-	-	-43,355	-	-43,355	3	-43,352
Total comprehensive income/loss	-	-	-	-43,355	99,903	56,548	104	56,652
Transaction with shareholders in their capacity as owners:								
Issue of C-shares	6	-	-	-	-	6	-	6
Acquisition of treasury shares	-	-	-6	-	-	-6	-	-6
Non-controlling interests share of acquisitions and capital increase	-	-	-	-	-	-	6,857	6,857
Sharebased payment	-	-	-	-	4,514	4,514	-	4,514
Dividend paid	-	-	-	-	-43,952	-43,952	-	-43,952
Total transaction with shareholders	6	-	-6	-	-39,438	-39,438	6,857	-32,581
Closing balance at December 31, 2020	1,509	2,062,361	-6	-363,675	-156,585	1,543,604	7,236	1,550,840

Consolidated statement of cash flows

TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	12,377	5,707	131,042	80,181
Adjustments:				
Non-cash items	58,102	63,213	199,968	190,217
Effect of changes in working capital:				
Increase/decrease in inventories	1,281	-387	3,085	-1,460
Increase/decrease in receivables	-68,554	-115,541	75,694	-43,923
Increase/decrease in trade payables and other payables	31,157	-9,219	19,218	-50,903
Increase/decrease in prepaid income	160,944	146,311	28,850	53,091
Interest paid	-4,699	-4,672	-19,156	-31,878
Income tax paid	-27,888	-34,195	-59,710	-58,049
Net effect of changes in working capital	92,241	-17,703	47,981	-133,122
Cash flow from operating activities	162,720	51,217	378,991	137,276
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of participations in associated companies	-3,020	-4,282	-25,466	-4,282
Acquisition of subsidiaries	-	48	-4,245	-138,940
Loan to associated companies	-	-55	-	-2,981
Acquisition of intangible assets	-17,089	-18,188	-79,690	-120,672
Acquisition of PPE	-2,947	-2,794	-2,947	-3,940
Cash flow from investing activities	-23,056	-25,271	-112,348	-270,815
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/decrease in borrowings	-	-5,278	294,297	-59,603
Increase/decrease in lease liabilities	-3,324	-8,656	-14,891	-14,731
Principal payments on long-term debt	-	-	-	-1,459,831
Increase/decrease in long-term debt	-	-	-	844,200
Transactions with non-controlling interest	-	-	-	-97,478
Proceeds from IPO	-	-	-	768,217
Dividend paid	-	-	-43,952	-
Cash flow from financing activities	-3,324	-13,933	235,454	-19,226
Cash flow for the period	136,340	12,012	502,097	-152,765
Cash and cash equivalents at the beginning of the period	420,946	38,180	52,008	201,797
Exchange-rate differences in cash and cash equivalents	-4,365	1,815	-1,184	2,975
Cash and cash equivalents at the end of the period	552,921	52,008	552,921	52,008

Parent company income statement

TSEK	Note	Q4		Jan-Dec	
		2020	2019	2020	2019
Employee benefit expenses		-1,583	-1,839	-8,817	-7,440
Other operating expenses		-8,902	-4,409	-20,810	-28,948
Operating profit		-10,485	-6,248	-29,627	-36,388
Financial income		3,648	-10,394	18,874	25,351
Financial expenses		-223	-104	-355	-9,071
Net financial items		3,425	-10,498	18,519	16,280
Profit before income tax		-7,060	-16,746	-11,108	-20,108
Income tax expense		-	1,768	-	-
Net result		-7,060	-14,978	-11,108	-20,108
Total comprehensive income		-7,060	-14,978	-11,108	-20,108

Parent company balance sheet

TSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS:			
Investments in group enterprises		1,149,925	1,143,458
Receivables from group enterprises		747,793	800,852
Total non-current assets		1,897,718	1,944,310
Receivables from group enterprises		206	-
Other receivables		1,007	8,874
Current tax receivable		-	38,306
Cash and cash equivalents		41,033	156
Total current assets		42,246	47,336
TOTAL ASSETS		1,939,964	1,991,646
TSEK		31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES:			
Restricted equity			
Share capital		1,509	1,503
Non-restricted equity			
Share premium		2,062,355	2,062,363
Retained earnings including net profit for the year		-128,354	-73,755
Total equity		1,935,510	1,990,114
Trade payables		407	88
Trade payables from group companies		-	11
Accrued expenses		3,989	1,388
Other current liabilities		58	48
Total current liabilities		4,454	1,535
TOTAL EQUITY AND LIABILITIES		1,939,964	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.

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	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
FINANCIAL ASSETS				
Financial assets at amortised cost				
Trade receivables	148,214	209,672	148,214	209,672
Cash and cash equivalents	552,921	52,008	552,921	52,008
Total financial assets	701,135	261,680	701,135	261,680
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss (FVPL)				
Contingent considerations	9,537	18,533	9,537	18,533
Liabilities at amortised cost				
Trade payables	12,395	12,477	12,395	12,477
Non-current borrowing from credit institutions	1,196,087	838,317	1,196,087	838,317
Current borrowings from credit institutions	-	75,000	-	75,000
Total financial liabilities	1,218,019	944,327	1,218,019	944,327

Trade receivables

Due to the short-term nature of trade 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 a discount rate at 7 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.

Note 4. Earnings per share

TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
Earnings attributable to shareholders	16,164	7,656	99,903	2,621
Weighted average number of ordinary shares	97,670,567	97,670,567	97,670,567	84,434,095
Diluted	98,071,381	97,997,733	97,959,396	84,761,261
Earnings per share, basic, SEK	0.17	0.08	1.02	0.03
Earnings per share, after dilution, SEK	0.16	0.08	1.02	0.03

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	
	Q4		Q4		Q4	
	2020	2019	2020	2019	2020	2019
Online					155,017	149,890
Offline					33,725	39,293
Total net sales	100,104	102,553	88,638	86,631	188,742	189,183
EBITDA	35,514	14,469	25,306	35,427	60,820	49,896
EBITA	31,009	12,563	16,572	26,350	47,581	38,912
EBIT	16,765	-1,333	-4,388	7,040	12,377	5,707
Net financial items					5,883	7,588
Write down of associated companies					-	-7,102
Profit before tax					18,260	6,193
Income tax expenses					-2,150	1,645
Net result					16,110	7,838

TSEK	Denmark		Sweden		Total	
	Jan-Dec		Jan-Dec		Jan-Dec	
	2020	2019	2020	2019	2020	2019
Online					615,319	581,673
Offline					156,097	175,414
Total net sales	419,207	420,656	352,209	336,431	771,416	757,087
EBITDA	176,029	131,396	145,402	119,896	321,431	251,292
EBITA	165,782	123,515	110,173	82,461	275,955	205,975
EBIT	104,527	64,957	26,515	15,224	131,042	80,181
Net financial items					-10,467	-69,984
Profit before tax					120,575	3,095
Income tax expenses					-20,571	385
Net result					100,004	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	31 Dec 2020
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	31 Dec 2020
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	Q4		Jan-Dec	
	2020	2019	2020	2019
Organic business	191,422	186,139	773,317	743,861
Acquired business	594	0	1,531	0
Currency	-3,274	3,044	-3,432	13,226
Total net sales	188,742	189,183	771,416	757,087

Total net sales split, % TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
Organic growth, %	1.2%	4.1%	2.1%	4.0%
Acquired growth, %	0.3%	0.0%	0.2%	0.0%
Currency effect, %	-1.7%	1.7%	-0.5%	1.8%
Total growth, %	-0.2%	5.8%	1.8%	5.8%

Group TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
Net sales	188,742	189,183	771,416	757,087
EBITDA	60,820	49,896	321,431	251,292
EBITDA margin, %	32.2%	26.4%	41.7%	33.2%
Items affecting comparability	12,203	20,510	12,203	72,655
Adjusted EBITDA	73,023	70,406	333,634	323,947
Adjusted EBITDA margin, %	38.7%	37.2%	43.2%	42.8%
Depreciations and amortisations	-13,239	-10,984	-45,476	-45,317
EBITA	47,581	38,912	275,955	205,975
EBITA margin, %	25.2%	20.6%	35.8%	27.2%
Adjusted EBITA	59,784	59,422	288,158	278,630
Adjusted EBITA margin, %	31.7%	31.4%	37.4%	36.8%
Amortisation (acquisitions)	-35,203	-33,205	-144,913	-125,794
EBIT	12,377	5,707	131,042	80,181

Denmark	Q4		Jan-Dec	
	2020	2019	2020	2019
TSEK				
Net sales	100,104	102,553	419,207	420,656
EBITDA	35,514	14,469	176,029	131,396
EBITDA margin, %	35.5%	14.1%	42.0%	31.2%
Items affecting comparability	1,709	21,420	1,709	41,675
Adjusted EBITDA	37,223	35,889	177,738	173,071
Adjusted EBITDA margin, %	37.2%	35.0%	42.4%	41.1%
Depreciations and amortisations	-4,504	-1,906	-10,247	-7,881
EBITA	31,009	12,563	165,782	123,515
EBITA margin, %	31.0%	12.3%	39.5%	29.4%
Adjusted EBITA	32,718	33,982	167,491	165,189
Adjusted EBITA margin, %	32.7%	33.1%	40.0%	39.3%
Amortisation (acquisitions)	-14,244	-13,895	-61,255	-58,558
EBIT	16,765	-1,333	104,527	64,957

Sweden	Q4		Jan-Dec	
	2020	2019	2020	2019
TSEK				
Net sales	88,638	86,631	352,209	336,431
EBITDA	25,306	35,427	145,402	119,896
EBITDA margin, %	28.6%	40.9%	41.3%	35.6%
Items affecting comparability	10,494	-910	10,494	30,980
Adjusted EBITDA	35,801	34,517	155,895	150,876
Adjusted EBITDA margin, %	40.4%	39.8%	44.3%	44.8%
Depreciations and amortisations	-8,735	-9,077	-35,228	-37,435
EBITA	16,572	26,350	110,173	82,461
EBITA margin, %	18.7%	30.4%	31.3%	24.5%
Adjusted EBITA	27,066	25,440	120,667	113,441
Adjusted EBITA margin, %	30.5%	29.4%	34.3%	33.7%
Amortisation (acquisitions)	-20,959	-19,310	-83,659	-67,237
EBIT	-4,388	7,040	26,515	15,224

Return on capital

TSEK	31 Dec 2020	31 Dec 2019
EBIT	131,042	80,181
Total assets	3,688,783	3,398,657
Return on capital, %	3.6%	2.4%

Net working capital

TSEK	31 Dec 2020	31 Dec 2019
Current assets	737,134	349,449
Current liabilities	658,012	754,781
Net working capital	79,122	-405,332

Cash conversion

TSEK	Q4		Jan-Dec	
	2020	2019	2020	2019
Adjusted EBITDA	73,023	70,406	333,634	323,947
Cash flow from operating activities	162,720	51,217	378,991	137,276
Interest paid	4,699	4,672	19,156	31,878
Income tax paid	27,888	34,195	59,710	58,049
Items affecting comparability	12,203	20,510	12,203	72,655
Capex related to new product development	-15,700	-1,135	-56,299	-12,975
Adjusted cash flow from operating activities	191,810	109,459	413,761	286,883
Cash conversion, %	262.7%	155.5%	124.0%	88.6%

Net debt

TSEK	31 Dec 2020	31 Dec 2019
Non-current borrowing from credit institutions	1,196,087	838,317
Current borrowing from credit institutions	0	75,000
Cash and cash equivalents	552,921	52,008
Net debt	643,166	861,309

Leverage ratio

TSEK	31 Dec 2020	31 Dec 2019
Adjusted EBITDA LTM	333,634	323,949
Net debt	643,166	861,309
Leverage ratio	1.9	2.7

Equity/asset ratio

TSEK	31 Dec 2020	31 Dec 2019
Equity	1,550,840	1,526,769
Total assets	3,688,783	3,398,657
Equity/asset ratio, %	42.0%	44.9%

Quarterly overview

	Q4	Q3	Q2	Q1	Q4
TSEK	2020	2020	2020	2020	2019
Income statement					
Net sales	188,742	192,755	177,958	211,961	189,183
EBITDA	60,820	88,375	73,952	98,285	49,896
EBITDA margin, %	32.2%	45.8%	41.6%	46.4%	26.4%
EBITA	47,581	76,899	63,259	88,218	38,912
EBITA margin, %	25.2%	39.9%	35.5%	41.6%	20.6%
Adjusted EBITA	59,784	76,899	63,259	88,218	59,422
Adjusted EBITA margin, %	31.7%	39.9%	35.5%	41.6%	31.4%
EBIT	12,377	40,377	27,029	51,261	5,707
EBIT, margin %	6.6%	20.9%	15.2%	24.2%	3.0%
Net financial items	5,883	-6,287	5,650	-15,713	7,588
Net result	16,110	27,953	26,858	29,084	7,838
Balance sheet					
Non-current assets	2,951,649	3,059,839	3,071,186	3,192,975	3,049,208
Current assets	737,134	586,406	534,659	592,375	349,449
Cash and cash equivalents	552,921	420,946	443,183	493,933	52,008
Equity	1,550,840	1,584,940	1,541,508	1,618,794	1,526,769
Non-current liabilities	1,479,931	1,148,061	1,151,415	1,182,201	1,117,107
Current liabilities	658,012	913,244	912,922	984,355	754,781
Total assets	3,688,783	3,646,245	3,605,845	3,785,350	3,398,657
Cash flow					
Cash flow from operating activities	162,720	-570	47,354	166,281	51,217
Cash flow from Investing activities	-23,056	-18,404	-39,902	-31,181	-25,271
Cash flow from financing activities	-3,324	-3,494	-56,182	304,577	-13,933
Cash flow for the period	136,340	-22,468	-48,730	439,677	12,012
Key ratios					
Net working capital	79,122	-326,838	-378,263	-391,980	-405,332
Return on capital, %	0.3%	1.1%	0.7%	1.4%	0.2%
Equity/asset ratio, %	42.0%	43.5%	42.8%	42.8%	44.9%
Cash conversion, %	262.7%	-0.7%	66.2%	173.3%	155.5%
Net debt	643,166	801,624	774,861	755,222	861,309
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	0.17	0.28	0.27	0.30	0.08
Earnings per share, after dilution, SEK	0.16	0.28	0.27	0.30	0.08

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.
PPA adjusted net profit	Net profit adjusted for items affecting comparability and amortisations of acquired businesses.	The measure is used to show Karnov's financial performance without the influence of items affecting comparability and amortisations of acquired businesses.
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 31 Dec 2020	Average rate Jan-Dec 2020	Closing rate 31 Dec 2019	Average rate Jan-Dec 2019
1 DKK is equivalent to SEK	1.3492	1.4070	1.3968	1.4180

Karnov Group today

80,000+

Users

1,500+

Specialists

280+

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

Norway: Tax and accounting online workflow-tools – legal online product to be launched

With offices in Copenhagen, Stockholm, Oslo and Malmo, Karnov Group employs around 280 people.

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



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