

# Interim report

January – September 2022

# Q3

## Extraordinarily strong growth All clear for European expansion

### Financial highlights third quarter

- Net sales increased by 18.4% to SEK 263 m (222), organic growth was 13.2% and acquired growth accounted for 2.4%. Currency effect was 2.8%.
- EBITA amounted to SEK 85 m (80) with EBITA margin of 32.4% (36.1%). Items affecting comparability amounted to SEK 8 m (8).
- Adjusted EBITA amounted to SEK 93 m (88) with adjusted EBITA margin of 35.3% (39.5%).
- Net result amounted to SEK 50 m (23).
- Earnings per share before and after dilution amounted to SEK 0.46 (0.24).
- Adjusted operating cash flow amounted to SEK 26 m (-4).

### Financial highlights first nine months

- Net sales increased by 13.4% to SEK 745 m (657), organic growth was 8.8% and acquired growth accounted for 2.2%. Currency effect was 2.4%.
- EBITA amounted to SEK 225 m (246) with EBITA margin of 30.2% (37.4%). Items affecting comparability amounted to SEK 46 m (8).
- Adjusted EBITA amounted to SEK 271 m (253) with adjusted EBITA margin of 36.4% (38.6%).
- Net result amounted to SEK 73 m (83).
- Earnings per share before and after dilution amounted to SEK 0.68 (0.85).
- Adjusted operating cash flow amounted to SEK 163 m (138).

### Business highlights

- In the beginning of November, Karnov Group received formal clearance from the Spanish Antitrust Authority to complete the acquisition in France, Spain and Portugal. Completion of the acquisition is expected to take place on 30 November 2022.
- Karnov Group has performed well on both geographical reporting segments in the third quarter. Growth drivers within online sales are the public sector, municipalities and EHS. Karnov Group also has had extraordinary offline sales on the Swedish market related to school publications.
- As a thought leader within the legal field, Karnov Group annually publishes the industry report The Future of the Legal Profession, which is the largest of its kind in Scandinavia, with respondents from Denmark, Sweden and Norway.

### Key financial ratios for the Group\*

TSEK	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	263,157	222,325	18.4%	745,208	656,966	13.4%	878,072
Organic growth, %	13.2%	8.0%		8.8%	6.5%		6.7%
EBITA	85,357	80,315	6.3%	225,168	245,765	-8.4%	277,563
EBITA margin, %	32.4%	36.1%		30.2%	37.4%		31.6%
Adjusted EBITA	93,000	87,815	5.9%	271,173	253,265	7.1%	326,926
Adjusted EBITA margin, %	35.3%	39.5%		36.4%	38.6%		37.2%
Net result	49,582	23,490	111.1%	72,790	83,196	-12.5%	84,217
Adjusted cash flow from operating activities	25,563	-4,301	694.4%	162,504	138,183	17.6%	344,446

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

# Comments by the CEO

”

Karnov Group has prominent growth of 18.4% coming from increasing online sales on both segments and significant offline sales on the Swedish market. The extraordinary offline sales relates to school publications.

”



Pontus Bodelsson  
President and CEO

In the third quarter, Karnov Group has had prominent growth coming from increasing online sales on both geographical segments and significant offline sales on the Swedish market. We have now received clearance from the Spanish Antitrust Authority and we look forward to assume ownership of the businesses in France, Spain and Portugal on 30 November 2022.

## Prominent growth and stable earnings

Net sales growth in the third quarter was at the high level of 18.4% of which 13.2% was organic growth. The online sales growth follows the same pattern as previous quarters, with the public sector, municipalities and EHS being growth drivers. Offline sales of school publications were extraordinary strong on the Swedish market in the third quarter.

Adjusted EBITA is increasing. However, the adjusted EBITA margin is lower than the corresponding period last year. This is due to our organisational preparations for our European expansion but also a result of our customer-centric focus and identification of areas where we can increase the customer value with related expenses in the third quarter.

At the end of September, our leverage remained at the low level 0.9x. We are ready to complete the acquisitions in France, Spain and Portugal.

## Deep knowledge – technology is the enabler

We capture and present expert knowledge and exhibit it in an efficient way. This helps our users in making better decisions, faster. Our platforms and products combine the power of public data sources with the deep knowledge from more than 1,500 of Scandinavia's greatest legal authors and experts. Our first priority is customer centricity, investing in solutions to our present and future customers' challenges of today and possibilities for tomorrow.

Our municipality solution has now been on the Danish market for one year and we have increased the customer value with additional case guides to support the workflow in municipalities. This has been well received among the customer base.

In Sweden, we have progressed in the launch of the JUNO add-on solution Rättsområdesanalyser (ROA) and we are currently planning the roll-out.

Our stand-alone entities continue to perform in line with expectations, contributing to an overall extraordinary growth quarter.

## Clearance from the Spanish Antitrust Authority

In the beginning of November, we received the clearance from the Spanish Antitrust Authority to complete the acquisition in France, Spain and Portugal. Completion of the acquisition and consolidation in the Group's financials will take place on 30 November 2022. With this acquisition, we capture an attractive opportunity to create best-in-class offerings on the local markets with strong market positions. Further, some of the most innovative brands in the European legal information service market will come under one umbrella, creating a strong basis for new Legal Tech solutions. The local businesses will be managed by Guillaume Deroubaix, a very experienced international business leader with more than 20 years of experience from the legal information solutions market. Guillaume Deroubaix will initially focus on the Spanish and Portuguese markets before assuming the position as CEO of Region South during the spring 2023.

### 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

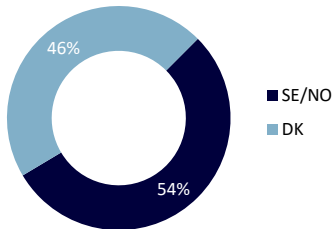
Ratio of Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.

#### 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

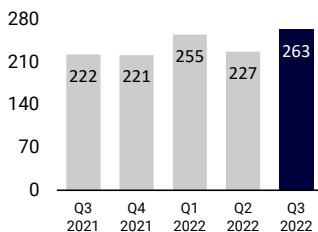
Net sales by country third quarter (%)



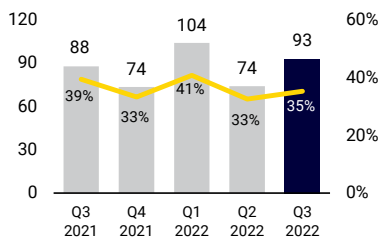
## 18%

### Net sales growth

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



## Third quarter and nine-month period

TSEK	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	263,157	222,325	18.4%	745,208	656,966	13.4%	878,072
Organic growth, %	13.2%	8.0%		8.8%	6.5%		6.7%
EBITA	85,357	80,315	6.3%	225,168	245,765	-8.4%	277,563
EBITA margin, %	32.4%	36.1%		30.2%	37.4%		31.6%
Adjusted EBITA	93,000	87,815	5.9%	271,173	253,265	7.1%	326,926
Adjusted EBITA margin, %	35.3%	39.5%		36.4%	38.6%		37.2%

### Net sales and growth

For the three-month period, July-September 2022, net sales increased by SEK 41 m to SEK 263 m (222). Organic growth on a constant currency basis was 13.2 percent, acquired growth accounted for 2.4 percent and currency effects had a positive impact on net sales of 2.8 percent.

In the third quarter, we have successfully grown on both our geographical segments, with Sweden/Norway growing stronger than the underlying market trend due to extraordinary offline sales relating to school publications. Excluding the extraordinary offline sales on the Swedish market, organic growth on Group level would have been 5.4 percent.

We continue to experience an increased market demand for our online platforms, with a broader customer group using our services, and the public sector, municipalities and EHS continue to drive the organic growth.

In the nine-month period, net sales increased by SEK 88 m to SEK 745 m (657). Organic growth on a constant currency basis was 8.8 percent, acquired growth accounted for 2.2 percent and currency effects had a positive impact on net sales of 2.4 percent.

### Operating profit

EBITA for the quarter amounted to SEK 85 m (80) and EBITA margin amounted to 32.4 percent (36.1). The EBITA performance includes items affecting comparability of SEK 8 m (8) related to the contemplated acquisitions in France, Spain and Portugal.

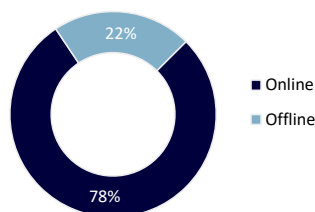
Adjusted EBITA amounted to SEK 93 m (88) and adjusted EBITA margin amounted to 35.3 percent (39.5). The decrease in margin is due to Karnov Group's continued preparation for European expansion and projects for future customer value, with related external expenses for organisational development as well as higher personnel expenses. Further, the consolidation of legal tech start-ups in the Danish segment, which are in a scale up phase, has had a minor dilution on the margin.

Operating profit (EBIT) was SEK 43 m (40) for the quarter.

EBITA in the nine-month period amounted to SEK 225 m (246) and EBITA margin amounted to 30.2 percent (37.4). Adjusted EBITA in the nine-month period amounted to SEK 271 m (253) and adjusted EBITA margin amounted to 36.4 percent (38.6).

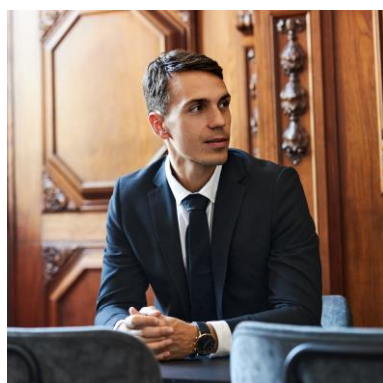
Operating profit (EBIT) was SEK 100 m (126) in the nine-month period. Adjusted for items affecting comparability, operating profit (EBIT) would have been SEK 146 m (134).

Net sales split per third quarter, %



# 35%

Adjusted EBITA margin



# 24%

Cash conversion

## Net financial items

Net financial items for the quarter amounted to SEK 15 m (-9). Financial income includes SEK 23 m from an adjustment of earn-out liabilities relating to DIBkunnskap AS, as the performance criteria for the financial year 2022 are not expected to be met. Currency effect for the quarter was SEK 4 m (-4), mainly relating to long-term loans in DKK and cash in EUR.

## Result of participation in associated companies

Result of participation in associated companies amounted to SEK 0 m (0) in the third quarter and SEK -8 m (0) in the nine-month period.

## Profit before and after tax, Earnings per share

Profit before tax for the quarter increased by SEK 27 m to SEK 58 m (31).

Profit after tax for the quarter was SEK 50 m (23). Taxes amounted to SEK -9 m (-8).

Profit before tax in the nine-month period decreased by SEK 7 m to SEK 92 m (99), mainly due to items affecting comparability of SEK 46 m (8).

Profit after tax in the nine-month period was SEK 73 m (83).

Earnings per share after dilution was SEK 0.46 (0.24) for the quarter and SEK 0.68 (0.85) in the nine-month period.

## Cash flow and investments

Cash flow from operating activities increased by SEK 15 m and amounted to SEK 12 m (-3) in the quarter. The increase is due to timing of royalty payments of SEK 35 m effecting payables which were paid in the second quarter this year, compared to the third quarter the previous year, as well as increased financial expenses and a timing effect of tax payments.

Total investments for the quarter amounted to SEK -24 m (-10). The increased investments compared to the previous year mainly relates to increased capitalized development expenses within the group and loan to the associated company Karnov Group Norway AS. Total investments in the nine-month period amounted to SEK -77 m (-325).

Total financing for the quarter amounted to SEK -6 m (-5). Total financing in the nine-month period amounted to SEK -33 m (-111).

The cash conversion rate for the quarter amounted to 23.7 percent (-4.3) and 52.1 percent (47.7) in the nine-month period.

The calculation of adjusted cash flow from operating activities was adjusted in the first quarter 2022 to only include the cash effect of items affecting comparability in the period. The adjustment has been updated in comparable performance for 2021.

Cash conversion	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
TSEK					
Adjusted EBITDA	108,023	100,184	311,720	289,786	374,271
Adjusted cash flow from operating activities	25,563	-4,301	162,504	138,183	344,446
<b>Cash conversion, %</b>	<b>23.7%</b>	<b>-4.3%</b>	<b>52.1%</b>	<b>47.7%</b>	<b>92.0%</b>



**0.9**  
Leverage

## Financial position

Net debt was SEK 376 m (1,061) at the end of the period. The decreased net debt is impacted by SEK 583 m from the share issue carried out in December 2021. The share issue was carried out to prepare for the financing of the contemplated acquisitions in France, Spain and Portugal.

The leverage at the end of the period was 0.9 (2.9) times and the equity ratio was 51.1 percent (43.2) with an equity of SEK 2,308 m (1,569).

Net Debt TSEK	Q3		Jan-Dec
	2022	2021	2021
Total borrowings	1,352,425	1,307,481	1,309,035
Cash and cash equivalents	976,450	246,815	951,471
<b>Net debt</b>	<b>375,975</b>	<b>1,060,666</b>	<b>357,564</b>
Leverage ratio	0.9	2.9	1.0
Equity	2,307,611	1,568,807	2,154,055
Equity/asset ratio, %	51.1%	43.2%	47.6%

Cash and cash equivalents at the end of the period amounted to SEK 976 m (247) and the Group had unutilized credit lines of SEK 199 m (238).

Karnov Group has secured a bridge loan facility and other debt facilities with Nordea of EUR 110 m, to be utilized given clearance to complete the transformative acquisitions in France, Spain and Portugal.

# Significant events

## Third quarter

- Karnov Group has published the industry report the Future of the Legal Profession which is focusing on work-life balance, legal tech and sustainability within the legal field. The report is the largest of its kind in Scandinavia, with over 3,000 lawyers from Denmark, Sweden and Norway as respondents.

## Events after the end of the period

- The Nomination Committee for the 2023 Annual Meeting of Shareholders (AGM) has been appointed.
- Karnov Group receives clearance from the Spanish Antitrust Authority to acquire carved out legal information businesses from Thomson Reuters in Spain and Wolters Kluwer in Spain and France. Completion of the acquisition is expected to take place on 30 November 2022, when the entities will be consolidated in the Group's financial statements.

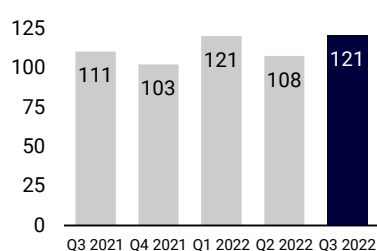
# Segment performance

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

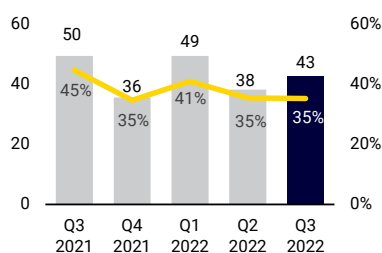
## Denmark

TSEK	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	121,189	110,756	9.4%	349,641	320,276	9.2%	422,802
Organic growth, %	4.0%	4.4%		4.2%	4.1%		3.8%
EBITA	42,799	49,508	-13.6%	130,533	136,320	-4.2%	171,929
EBITA margin, %	35.3%	44.7%		37.3%	42.6%		40.7%
Adjusted EBITA	42,799	49,508	-13.6%	130,533	136,320	-4.2%	171,929
Adjusted EBITA margin, %	35.3%	44.7%		37.3%	42.6%		40.7%

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter



### Net sales and growth

Net sales for the quarter increased by 9.4 percent to SEK 121 m (111). The organic growth for the quarter was 4.0 percent and acquired growth was 1.1 percent. Currency effects had a positive impact of 4.3 percent. The organic growth is driven by online sales.

In the third quarter, we have strengthened our municipality solution with additional case guides which has been appreciated among the growing user base. We are now launching greater supporting functions to prepare onboarding of new users.

In the nine-month period, net sales increased to SEK 350 m (320). The organic growth in the nine-month period was 4.2 percent and acquired growth was 1.1 percent. Currency effects had a positive impact of 3.9 percent.

### Operating profit

In the third quarter, EBITA and adjusted EBITA amounted to SEK 43 m (50) and EBITA and adjusted EBITA margin amounted to 35.3 percent (44.7). During the third quarter, the Danish segment had additional operational expenses of SEK 5 m relating to organizational development preparing for the European expansion. This follows the decision to optimise the business in collaboration with third parties. In addition, personnel expenses increased compared to the previous year. The consolidation of legal tech start-ups, which are in a scale up phase, also has had a dilution on the margin.

Operating profit (EBIT) for the quarter decreased by SEK 7 m to SEK 27 m (34) compared to same period last year.

In the nine-month period, EBITA and adjusted EBITA amounted to SEK 131 m (136) and EBITA and adjusted EBITA margin amounted to 37.3 percent (42.6). The decrease in margin is due to our invested resources in preparing for European expansion as well as our acquisition and consolidation of legal tech start-ups, which are in a scale up phase.

Operating profit (EBIT) in the nine-month period decreased by SEK 8 m to SEK 82 m (90) compared to same period last year.





# Segment performance (cont.)

The Sweden/Norway segment is specialised in online and offline legal solutions; the environmental, health and safety compliance; audit and accounting solutions; 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, LEXNordics, DIBkunnskap and Echoline.

## Sweden/Norway

TSEK	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	141,968	111,569	27.2%	395,567	336,690	17.5%	455,270
Organic growth, %	22.4%	12.5%		13.2%	9.4%		10.1%
EBITA	42,558	30,804	38.2%	94,636	109,440	-13.5%	105,635
EBITA margin, %	30.0%	27.6%		23.9%	32.5%		23.2%
Adjusted EBITA	50,201	38,304	31.1%	140,641	116,940	20.3%	154,998
Adjusted EBITA margin, %	35.4%	34.3%		35.6%	34.7%		34.0%

### Net sales and growth

Net sales for the quarter increased by 27.2 percent to SEK 142 m (112). Organic growth was 22.4 percent, acquired growth was 3.5 percent and currency effect had a positive impact of 1.3 percent. Offline sales were extraordinary strong in the third quarter, relating to the new school year. Excluding the extraordinary offline sales, organic growth on the Swedish segment level would have been 6.8 percent.

Karnov continues to grow well within online-based services, especially in the public sector, municipalities and EHS. We see a stable increase of customer satisfaction and usage of the JUNO platform. Our new product, "Rättsområdesanalys" (ROA), was soft launched during the second quarter and customer feedback from the third quarter has been positive.

Our EHS businesses in Sweden and France continues to grow well, with a growing customer base due to an increased market demand for our services.

In the nine-month period, net sales increased to SEK 396 m (337). The organic growth in the nine-month period was 13.2 percent and acquired growth was 3.2 percent. Currency effects had a positive impact of 1.1 percent.

### Operating profit

In the third quarter, EBITA was SEK 43 m (31) and EBITA margin was 30.0 percent (27.6). EBITA was impacted by items affecting comparability amounting to SEK 8 m (8).

Adjusted EBITA amounted to SEK 50 m (38) and adjusted EBITA margin was 35.4 percent (34.3). The adjusted EBITA improvement of SEK 12 m is mainly the result of higher sales.

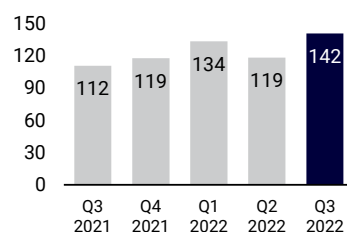
Operating profit (EBIT) in the quarter was SEK 17 m (6).

In the nine-month period, EBITA was SEK 95 m (109) and EBITA margin was 23.9 percent (32.5). EBITA was impacted by SEK 46 m (8) in cost for items affecting comparability.

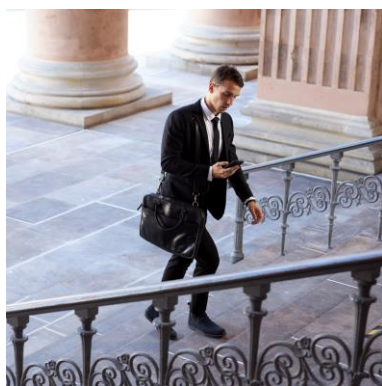
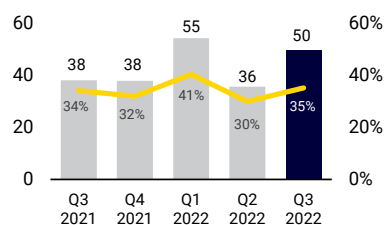
Adjusted EBITA amounted to SEK 141 m (117) and adjusted EBITA margin was 35.6 percent (34.7) driven by the increase in net sales.

Operating profit (EBIT) in the nine-month period was SEK 19 m (36).

Net sales per quarter, SEKm



Adjusted EBITA, SEKm and margin, % per quarter





# 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 Covid-19 pandemic is still having an impact on global society however to a less extent than previous years. Karnov is still following the situation and unless the impact of the pandemic should change negatively Karnov assess only insignificant impact on the future financial performance.

The invasion of Ukraine poses risks for further impact on the world economy, with increasing cost inflation and disruptions to supply chains. Karnov is not directly impacted by the invasion and has no direct exposure towards any of the involved countries.

Karnov's significant risks and risk management are described on page 55-56 of the 2021 Annual report, available at the Company's website [www.karnovgroup.com](http://www.karnovgroup.com).

## Seasonal variations

Typically, a significant proportion of Karnov Group's online contracts are 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 third quarter amounted to 304 (276). The increase is mainly due to the acquisitions of Ante ApS and Echoline SAS. On average during the third quarter, 53% (52%) of the workforce were males and 47% (48%) 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 30 September 2022, the total number of shares and votes in Karnov Group AB (publ) amounts to 108,102,047 shares and 107,872,208.6 votes. Each share has a quotient value of approximately SEK 0.015385. The total number of shares consists of 107,846,671 ordinary shares, which carry one vote per share, and 255,376 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/](http://www.karnovgroup.com/en/share-capital-development/).

On 30 September 2022, the Company had 1,517 known shareholders. The five largest shareholders in Karnov Group AB (publ) were Swedbank Robur Funds, Invesco, Carnegie Funds, Long Path Partners and The Fourth Swedish National Pension Fund (4AP).

## Incentive programs

Karnov Group has implemented 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.

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.

A total of 151 employees chose to participate in LTIP 2019, and in April 2022, the vesting period for the long-term incentive program LTIP 2019 was completed. A total of 169,971 performance shares were thereby converted from shares of series C to ordinary shares and were distributed to the participants in June 2022. The number of ordinary shares has thus increased by 169,971 shares and the number of shares of series C has decreased by the same number of shares. The number of votes has increased by 152,973.9 votes.

Karnov has also implemented the long-term incentive program LTIP 2020 directed to the local CEOs of Norstedts Juridik and Karnov Group Denmark. The participants have allocated a total of 9,302 savings shares to the program. Full allotment would mean that the total number of shares under the program will amount to no more than 46,510 ordinary shares, corresponding to less than 0.1 per cent of the total number of shares outstanding in the Company. For more information see [www.karnovgroup.com/en/incentive-program/](http://www.karnovgroup.com/en/incentive-program/)

## Related-party transactions

Karnov Group did not undertake any significant transactions with related parties in the third quarter 2022 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 Group or shareholdings in Karnov Group AB (publ).

## Parent Company

Net sales for the quarter amounted to SEK 0 m (0). Operating profit for the quarter amounted to SEK -20 m (-8).

## Outlook

Karnov Group does not provide financial forecasts.

## Review

This interim report has been subject to a review by the Company's auditors. Please see 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). The information was submitted for publication by the contact person below on 9 November 2022 at 8.00 am CET.

## Karnov Group AB (publ)

Stockholm, 9 November 2022

Pontus Bodelsson  
President and CEO

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## Q3 presentation webcast

Karnov Group will present the third quarter for analysts and investors via a webcast teleconference on 9 November at 09.00 am CET.

To participate, use the following link:  
<https://tv.streamfabriken.com/karnov-group-q3-2022>

or dial-in numbers:

SE: +46 8 505 16 386

UK: +44 20 319 84 884

US: +1 412 317 6300

Please use pin code 1221966# when joining the call.

The presentation will also be available on [www.financialhearings.com](http://www.financialhearings.com)

## Financial calendar 2023

Year-end report January-December 2022  
15 February 2023

Annual Report 2022  
31 March 2023

Interim report January-March 2023  
9 May 2023

Annual General Meeting 2023  
10 May 2023

Half-year report January-June 2023  
17 August, 2022

Interim report January-September 2023  
8 November 2023

# Auditor's Report

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

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

### **Introduction**

We have reviewed the condensed interim financial information (interim report) of Karnov Group AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the 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. Accordingly, we do not express an audit opinion.

### **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, 9 November 2022

#### **PricewaterhouseCoopers AB**

Martin Johansson  
Authorised Public Accountant  
Auditor in charge

Patrik Larsson  
Authorised Public Accountant

# Consolidated income statement of comprehensive income

TSEK	Note	Q3		Jan-Sep		Jan-Dec
		2022	2021	2022	2021	2021
Net sales	5	263,157	222,325	745,208	656,966	878,072
<b>Total revenue</b>		<b>263,157</b>	<b>222,325</b>	<b>745,208</b>	<b>656,966</b>	<b>878,072</b>
Goods for resale		-39,974	-33,786	-108,286	-100,976	-138,722
Employee benefit expenses		-85,726	-68,035	-239,141	-206,133	-279,934
Depreciations and amortisations		-57,137	-52,476	-165,404	-156,175	-208,604
Other operating expenses		-37,077	-27,820	-132,065	-67,571	-134,507
<b>Operating profit</b>		<b>43,243</b>	<b>40,208</b>	<b>100,312</b>	<b>126,111</b>	<b>116,305</b>
Financial income		22,883	134	22,983	382	15,311
Financial expenses		-7,680	-9,182	-22,662	-27,829	-36,384
<b>Net financial items</b>		<b>15,203</b>	<b>-9,048</b>	<b>321</b>	<b>-27,447</b>	<b>-21,072</b>
Result of participation in associated companies		-285	-	-8,306	-	7,920
<b>Profit before income tax</b>		<b>58,161</b>	<b>31,160</b>	<b>92,327</b>	<b>98,664</b>	<b>103,152</b>
Income tax expense		-8,579	-7,670	-19,537	-15,468	-18,935
<b>Net result</b>		<b>49,582</b>	<b>23,490</b>	<b>72,790</b>	<b>83,196</b>	<b>84,217</b>
<b>Other comprehensive income:</b>						
Items that may be reclassified to profit or loss:						
Exchange differences on translation of foreign operations		27,738	13,443	78,972	21,518	25,655
<b>Total comprehensive income for the period</b>		<b>77,320</b>	<b>36,933</b>	<b>151,762</b>	<b>104,714</b>	<b>109,872</b>
<b>Profit for the period is attributable to:</b>						
Owners of Karnov Group AB (publ)		49,585	23,594	72,806	83,431	84,912
Non-controlling interests		-3	-104	-16	-235	-695
<b>Net result</b>		<b>49,582</b>	<b>23,490</b>	<b>72,790</b>	<b>83,196</b>	<b>84,217</b>
<b>Total comprehensive income for the period is attributable to:</b>						
Owners of Karnov Group AB (publ)		77,323	36,992	151,768	104,907	110,565
Non-controlling interests		-3	-59	-6	-193	-693
<b>Total comprehensive income</b>		<b>77,320</b>	<b>36,933</b>	<b>151,762</b>	<b>104,714</b>	<b>109,872</b>
Earnings per share, basic, SEK	4	0.46	0.24	0.68	0.85	0.87
Earnings per share, after dilution, SEK	4	0.46	0.24	0.68	0.85	0.86

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

# Consolidated balance sheet

TSEK	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS:</b>				
Goodwill		1.995.626	1.867.116	1.911.944
Other intangible assets		1.194.438	1.218.804	1.242.376
Right-of-use assets		101.912	96.749	96.018
Property, plant and equipment (PPE)		5.427	4.654	6.170
Investments in associated companies		57.411	70.621	62.224
Loans to associated companies		25.045	18.125	15.319
Deposits		3.833	2.623	2.771
Deferred tax assets		40.368	-	-
<b>Total non-current assets</b>		<b>3.424.060</b>	<b>3.278.692</b>	<b>3.336.821</b>
Inventories		13.351	13.423	11.667
Trade receivables	3	98.455	59.346	197.374
Prepaid expenses		5.426	11.215	13.267
Other receivables		868	1.165	1.127
Tax receivable		-	18.791	10.195
Cash and cash equivalents	3	976.450	246.815	951.471
<b>Total current assets</b>		<b>1.094.550</b>	<b>350.755</b>	<b>1.185.101</b>
<b>TOTAL ASSETS</b>		<b>4.518.610</b>	<b>3.629.447</b>	<b>4.521.922</b>
<b>EQUITY AND LIABILITIES:</b>				
Share capital		1.663	1.512	1.663
Share premium		2.654.031	2.072.096	2.654.839
Treasury shares		-3	-6	-6
Reserves		-259.060	-342.199	-338.022
Retained earnings including net profit for the period		-95.547	-169.639	-170.953
<b>Total equity attributable to the parent company's shareholders</b>		<b>2.301.084</b>	<b>1.561.764</b>	<b>2.147.521</b>
Non-controlling interest		6.527	7.043	6.533
<b>Total equity</b>		<b>2.307.611</b>	<b>1.568.807</b>	<b>2.154.055</b>
Non-current liabilities				
Borrowing from credit institutions	3	1.247.612	1.207.492	1.209.642
Lease liabilities		89.521	87.306	86.916
Deferred tax liability		181.734	161.701	164.403
Provisions		8.302	5.691	5.754
Other non-current liabilities		54.022	38.318	63.551
<b>Total non-current liabilities</b>		<b>1.581.191</b>	<b>1.500.508</b>	<b>1.530.266</b>
Current liabilities				
Trade payables	3	15.584	8.673	25.670
Current tax liabilities		23.283	29.646	12.917
Accrued expenses		159.588	127.533	172.404
Prepaid income		363.405	309.489	519.857
Lease liabilities		15.292	12.683	12.477
Other current liabilities	3	52.657	72.108	94.276
<b>Total current liabilities</b>		<b>629.809</b>	<b>560.132</b>	<b>837.600</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4.518.610</b>	<b>3.629.447</b>	<b>4.521.922</b>

# 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
<b>Balance at January 1, 2021</b>	<b>1,509</b>	<b>2,062,361</b>	<b>-6</b>	<b>-363,675</b>	<b>-156,585</b>	<b>1,543,604</b>	<b>7,236</b>	<b>1,550,840</b>
Net result	-	-	-	-	84,912	84,912	-695	84,217
Other comprehensive income for the period	-	-	-	25,653	-	25,653	2	25,655
<b>Total comprehensive income/loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,653</b>	<b>84,912</b>	<b>110,565</b>	<b>-693</b>	<b>109,872</b>
<b>Transaction with shareholders in their capacity as owners:</b>								
Dividend paid	-	-	-	-	-97,849	-97,849	-	-97,849
Issue of ordinary shares	154	592,478	-	-	-	592,632	-	592,632
Non-controlling interests share of acquisitions and capital increase	-	-	-	-	-	-	-10	-10
Sharebased payment	-	-	-	-	-1,430	-1,430	-	-1,430
<b>Total transaction with shareholders</b>	<b>154</b>	<b>592,478</b>	<b>-</b>	<b>-</b>	<b>-99,279</b>	<b>493,353</b>	<b>-10</b>	<b>493,343</b>
<b>Closing balance at December 31, 2021</b>	<b>1,663</b>	<b>2,654,839</b>	<b>-6</b>	<b>-338,022</b>	<b>-170,953</b>	<b>2,147,521</b>	<b>6,533</b>	<b>2,154,055</b>

## 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
<b>Balance at January 1, 2022</b>	<b>1,663</b>	<b>2,654,839</b>	<b>-6</b>	<b>-338,022</b>	<b>-170,953</b>	<b>2,147,521</b>	<b>6,533</b>	<b>2,154,054</b>
Net result	-	-	-	-	72,806	72,806	-16	72,790
Other comprehensive income for the period	-	-	-	78,962	-	78,962	10	78,972
<b>Total comprehensive income/loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,962</b>	<b>72,806</b>	<b>151,768</b>	<b>-6</b>	<b>151,762</b>
<b>Transaction with shareholders in their capacity as owners:</b>								
Issue of ordinary shares*	-	-805	-	-	-	-805	-	-805
Sharebased payment	-	-3	3	-	2,600	2,600	-	2,600
<b>Total transaction with shareholders</b>	<b>-</b>	<b>-808</b>	<b>3</b>	<b>-</b>	<b>2,600</b>	<b>1,795</b>	<b>-</b>	<b>1,795</b>
<b>Closing balance at September 30, 2022</b>	<b>1,663</b>	<b>2,654,031</b>	<b>-3</b>	<b>-259,060</b>	<b>-95,547</b>	<b>2,301,084</b>	<b>6,527</b>	<b>2,307,611</b>

\* The decrease in share premium is explained by extra costs related to the issue of shares made in 2021.

# Consolidated statement of cash flows

TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating profit	43,243	40,208	100,312	126,111	116,305
<b>Adjustments:</b>					
Non-cash items	55,587	52,277	164,924	158,194	207,990
<b>Effect of changes in working capital:</b>					
Increase/decrease in inventories	1,092	-243	-1,684	-3,413	-1,655
Increase/decrease in receivables	-12,737	-8,009	99,178	95,024	-40,628
Increase/decrease in trade payables and other payables	20,910	-13,294	-54,786	-62,246	41,151
Increase/decrease in prepaid income	-82,132	-74,454	-157,883	-154,303	50,911
Interest paid	-10,122	-4,211	-18,840	-11,787	-14,607
Income tax paid	-4,292	4,822	-25,092	-18,640	-45,306
<b>Net effect of changes in working capital</b>	<b>-87,282</b>	<b>-95,390</b>	<b>-159,108</b>	<b>-155,366</b>	<b>-10,133</b>
<b>Cash flow from operating activities</b>	<b>11,548</b>	<b>-2,905</b>	<b>106,128</b>	<b>128,939</b>	<b>314,161</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of participations in associated companies	-2,942	-74	-2,942	-74	403
Acquisition of subsidiaries	-440	750	-440	-267,682	-307,830
Loan to associated companies	-2,759	64	-8,578	-14,673	-14,673
Acquisition of intangible assets	-18,000	-10,696	-63,800	-42,308	-61,943
Acquisition of PPE	-94	-416	-1,094	-1,158	-1,411
<b>Cash flow from investing activities</b>	<b>-24,235</b>	<b>-10,372</b>	<b>-76,854</b>	<b>-325,895</b>	<b>-385,454</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase/decrease in lease liabilities	-5,975	-4,813	-23,275	-13,306	-17,406
Increase/decrease in long-term receivables	60	-	-862	-	-
Proceeds from share issues	-	-	-	-	582,894
Dividend paid	-	-	-	-97,849	-97,849
Payment of contingent considerations	-	-	-8,129	-	-
Cost related to capital increase prior year	-	-	-800	-	-
<b>Cash flow from financing activities</b>	<b>-5,915</b>	<b>-4,813</b>	<b>-33,066</b>	<b>-111,155</b>	<b>467,639</b>
<b>Cash flow for the period</b>	<b>-18,602</b>	<b>-18,091</b>	<b>-3,792</b>	<b>-308,109</b>	<b>396,346</b>
Cash and cash equivalents at the beginning of the period	981,070	263,617	951,471	552,925	552,925
Exchange-rate differences in cash and cash equivalents	13,982	1,289	28,771	2,003	2,204
<b>Cash and cash equivalents at the end of the period</b>	<b>976,450</b>	<b>246,815</b>	<b>976,450</b>	<b>246,815</b>	<b>951,471</b>



# Parent company income statement

TSEK	Note	Q3		Jan-Sep		Jan-Dec
		2022	2021	2022	2021	2021
Employee benefit expenses		-10,292	-5,193	-29,745	-15,061	-22,273
Depreciations and amortisations		-23	-10	-83	-10	-41
Other operating expenses		-9,771	-2,949	-52,434	-7,161	-60,674
<b>Operating profit</b>		<b>-20,086</b>	<b>-8,152</b>	<b>-82,262</b>	<b>-22,232</b>	<b>-82,988</b>
Financial income		6,384	3,656	18,577	11,352	15,205
Financial expenses		-518	-19	-1,476	-64	-256
<b>Net financial items</b>		<b>5,866</b>	<b>3,637</b>	<b>17,101</b>	<b>11,288</b>	<b>14,949</b>
<b>Profit before income tax</b>		<b>-14,220</b>	<b>-4,515</b>	<b>-65,161</b>	<b>-10,944</b>	<b>-23,566</b>
Income tax expense		2,216	-	10,639	-	-
<b>Net result</b>		<b>-12,004</b>	<b>-4,515</b>	<b>-54,522</b>	<b>-10,944</b>	<b>-23,566</b>
<b>Total comprehensive income</b>		<b>-12,004</b>	<b>-4,515</b>	<b>-54,522</b>	<b>-10,944</b>	<b>-23,566</b>

# Parent company balance sheet

TSEK	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS:</b>				
Receivables from group companies		1,212,692	720,578	1,224,431
Investments in group companies		1,158,612	1,149,925	1,149,925
Right-of-use assets		180	-	326
Deferred tax assets		10,639	-	-
<b>Total non-current assets</b>		<b>2,382,123</b>	<b>1,870,503</b>	<b>2,374,682</b>
<b>Current assets</b>				
Receivables from group companies		1,200	-	44,473
Other receivables		926	1,162	986
Current tax receivable		186	-	-
Cash and cash equivalents		55,957	10,933	74,971
<b>Total current assets</b>		<b>58,269</b>	<b>12,095</b>	<b>120,430</b>
<b>TOTAL ASSETS</b>		<b>2,440,392</b>	<b>1,882,598</b>	<b>2,495,112</b>
<b>TSEK</b>				
		<b>30 Sep 2022</b>	<b>30 Sep 2021</b>	<b>31 Dec 2021</b>
<b>EQUITY AND LIABILITIES:</b>				
<b>Restricted equity</b>				
Share capital		1,663	1,512	1,663
Treasury shares		-3	-6	-6
<b>Non-restricted equity</b>				
Share premium		2,654,031	2,072,096	2,654,832
Retained earnings including net profit for the year		-254,733	-195,800	-208,868
<b>Total equity</b>		<b>2,400,958</b>	<b>1,877,802</b>	<b>2,447,621</b>
<b>Non-current liabilities</b>				
Lease liabilities		88	-	209
<b>Total non-current liabilities</b>		<b>88</b>	<b>-</b>	<b>209</b>
<b>Current liabilities</b>				
Trade payables		2,814	65	1,404
Trade payables from group companies		1,567	4	994
Accrued expenses		34,778	4,119	44,223
Other current liabilities		187	608	660
<b>Total current liabilities</b>		<b>39,346</b>	<b>4,796</b>	<b>47,282</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,440,392</b>	<b>1,882,598</b>	<b>2,495,112</b>

# Notes

## Note 1. Accounting policies

The consolidated interim financial statements for Karnov Group 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 2022 are the same as the accounting policies used for the annual report 2021 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 estimates 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 2021 Note 4, page 75, for further details regarding critical estimates and judgements.

## Note 3. Fair value of financial instruments

TSEK	Carrying amount			Fair value		
	30 Sep 2022	30 Sep 2021	31 Dec 2021	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>FINANCIAL ASSETS</b>						
<b>Financial assets at amortised cost</b>						
Trade receivables	98,455	59,346	197,374	98,455	59,346	197,374
Cash and cash equivalents	976,450	246,815	951,471	976,450	246,815	951,471
<b>Total financial assets</b>	<b>1,074,905</b>	<b>306,161</b>	<b>1,148,845</b>	<b>1,074,905</b>	<b>306,161</b>	<b>1,148,845</b>
<b>FINANCIAL LIABILITIES</b>						
<b>Financial liabilities at fair value through profit or loss (FVPL)</b>						
Contingent considerations	30,811	48,248	35,748	30,811	48,248	35,748
<b>Liabilities at amortised cost</b>						
Trade payables	15,584	8,673	25,670	15,584	8,673	25,670
Non-current borrowing from credit institutions	1,247,612	1,207,492	1,209,642	1,247,612	1,207,492	1,209,642
<b>Total financial liabilities</b>	<b>1,294,007</b>	<b>1,264,413</b>	<b>1,271,060</b>	<b>1,294,007</b>	<b>1,264,413</b>	<b>1,271,060</b>

### 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 presented 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 1.2 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.

## Other

There have been no significant new items compared to December 31, 2021. No transfers between the levels of fair value hierarchies have taken place in the first nine months of 2022.

## Note 4. Earnings per share

TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Earnings attributable to shareholders	49,585	23,594	72,806	83,431	84,912
Weighted average number of ordinary shares	107,846,671	97,849,242	107,752,937	97,830,849	97,862,496
Effect of performance shares	46,510	425,347	46,510	425,347	425,347
Weighted average number of ordinary shares adjusted for the effect of dilution	108,102,047	98,274,589	108,102,047	98,256,196	98,287,843
Earnings per share, basic, SEK	0.46	0.24	0.68	0.85	0.87
Earnings per share, after dilution, SEK	0.46	0.24	0.68	0.85	0.86

## 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/Norway		Total	
	Q3		Q3		Q3	
	2022	2021	2022	2021	2022	2021
Online					205,585	183,252
Offline					57,572	39,073
<b>Total net sales</b>	<b>121,189</b>	<b>110,756</b>	<b>141,968</b>	<b>111,569</b>	<b>263,157</b>	<b>222,325</b>
EBITDA	47,000	51,746	53,380	40,934	100,380	92,684
EBITA	42,799	49,508	42,558	30,804	85,357	80,315
Adjusted EBITA	42,799	49,508	50,201	38,304	93,000	87,815
EBIT	26,619	33,803	16,624	6,402	43,243	40,208
Net financial items					15,203	-9,048
Result of participation in associated companies					-284	-
Profit before tax					58,161	31,160
Income tax expense					-8,579	-7,670
Net result					49,582	23,490

TSEK	Denmark		Sweden/Norway		Total	
	Jan-Sep		Jan-Sep		Jan-Sep	
	2022	2021	2022	2021	2022	2021
Online					603,141	538,421
Offline					142,067	118,545
<b>Total net sales</b>	<b>349,641</b>	<b>320,276</b>	<b>395,567</b>	<b>336,690</b>	<b>745,208</b>	<b>656,966</b>
EBITDA	142,176	142,804	123,540	139,478	265,716	282,286
EBITA	130,533	136,320	94,636	109,440	225,168	245,765
Adjusted EBITA	130,533	136,320	140,641	116,940	271,173	253,265
EBIT	81,805	89,935	18,507	36,173	100,312	126,111
Net financial items					321	-27,447
Result of participation in associated companies					-8,306	-
Profit before tax					92,327	98,664
Income tax expenses					-19,537	-15,468
Net result					72,790	83,196

## Note 6. Business combinations and similar transactions

### Echoline SAS

On 1 October 2021, Karnov Group entered into an agreement to acquire 100 percent of the shares issued in the company Echoline SAS based in France. Echoline SAS is a leading French provider of EHS compliance and monitoring software. The company's digital platform is cloud-based, and the business model is based mainly on subscription. The solution is targeted at ISO certified companies in the French speaking areas of Europe and currently represents large and mid-size corporations in France and the Benelux.

The acquisition is in line with the Karnov Group strategy of expanding internationally on the growing market for compliance solutions within Environment, Health and Safety (EHS).

The financial effects of this transaction have been recognized as of December 31, 2021. Revenue, income as well as assets and liabilities belonging to the acquired company are fully consolidated from 1 October 2021.

The goodwill arising from the acquisition is attributable to Echoline SAS's strong position and profitability on the market. The goodwill arising is not expected to be tax deductible in the event of future impairments.

Purchase price, TSEK	01 Oct 2021
Cash on closing	26,405
Earn-out	22,570
<b>Total purchase price</b>	<b>48,975</b>

Reported amounts, TSEK	
Cash	6,272
PPE	2,083
Intangible assets: Customer relations	8,024
Intangible assets: Technology	11,798
Trade receivables and other receivables	4,433
Trade payables and other liabilities	-7,984
Deferred tax	-5,253
<b>Total identified assets</b>	<b>19,373</b>
Goodwill	29,602
<b>Total</b>	<b>48,975</b>

### Financing

The acquisition was paid with cash SEK 26 m. In addition, part of the purchase price is settled as an earn-out agreement which, if the agreed performance criteria are met, will be paid in 2022 and 2023 respectively.

Note: In the first quarter 2022, the preliminary purchase price allocation was adjusted by SEK 12 m with SEK 5 m on customer relations, SEK -3 m on technology, SEK 11 m on goodwill and SEK -1 m on deferred tax.

The adjusted purchase price allocation is illustrated on the above table.

### Ante ApS

On 4 October 2021, Karnov Group entered into an agreement to acquire additional 26 percent of the shares issued in the company Ante ApS gaining a majority stake 51% ownership. The acquisition of the 26% of the shares was paid by Karnov Group with cash SEK 7 m. In addition, part of the purchase price is settled as an earn-out agreement which, if the agreed performance criteria are met, will be paid in 2025. For further information, please refer to the interim report for the fourth quarter 2021.

### BELLA Intelligence ApS

On 5 November 2021, Karnov Group entered into an agreement to acquire additional 60 percent of the shares issued in BELLA Intelligence ApS attaining full ownership of the company. The acquisition of the 60% of the shares was paid by Karnov Group with cash SEK 14 m. For further information, please refer to the interim report for the fourth quarter 2021.

## 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. Reconciliations of the alternative performance measures are presented below.

Total net sales TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Organic business	251,741	208,106	714,740	620,402	823,734
Acquired business	5,137	15,649	14,479	48,092	66,387
Currency	6,279	-1,430	15,989	-11,528	-12,049
<b>Total net sales</b>	<b>263,157</b>	<b>222,325</b>	<b>745,208</b>	<b>656,966</b>	<b>878,072</b>

Total net sales split, % TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Organic growth, %	13,2%	8,0%	8,8%	6,5%	6,7%
Acquired growth, %	2,4%	8,0%	2,2%	8,3%	8,7%
Currency effect, %	2,8%	-0,7%	2,4%	-2,0%	-1,6%
<b>Total growth, %</b>	<b>18,4%</b>	<b>15,3%</b>	<b>13,4%</b>	<b>12,8%</b>	<b>13,8%</b>

Group TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	263.157	222.325	745.208	656.966	878.072
EBITDA	100.380	92.680	265.716	282.283	324.908
EBITDA margin, %	38,1%	41,7%	35,7%	43,0%	37,0%
Items affecting comparability	-7.643	-7.500	-46.005	-7.500	-49.363
Adjusted EBITDA	108.023	100.184	311.720	289.786	374.271
Adjusted EBITDA margin, %	41,0%	45,1%	41,8%	44,1%	42,6%
Depreciations and amortisations	-15.023	-12.369	-40.547	-36.521	-47.345
EBITA	85.357	80.315	225.168	245.765	277.563
EBITA margin, %	32,4%	36,1%	30,2%	37,4%	31,6%
Adjusted EBITA	93.000	87.815	271.173	253.265	326.926
Adjusted EBITA margin, %	35,3%	39,5%	36,4%	38,6%	37,2%
Amortisation (acquisitions)	-42.114	-40.107	-124.856	-119.654	-161.259
EBIT	43.243	40.208	100.312	126.111	116.305

Items affecting comparability	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
TSEK					
M&A and PMI related expenses	-7,643	-7,500	-46,005	-7,500	-49,363
<b>Total</b>	<b>-7,643</b>	<b>-7,500</b>	<b>-46,005</b>	<b>-7,500</b>	<b>-49,363</b>

Denmark	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
TSEK					
Net sales	121.189	110.756	349.641	320.276	422.802
EBITDA	47.000	51.746	142.176	142.804	184.210
EBITDA margin, %	38,8%	46,7%	40,7%	44,6%	43,6%
Items affecting comparability	-	-	-	-	-
Adjusted EBITDA	47.000	51.746	142.176	142.804	184.210
Adjusted EBITDA margin, %	38,8%	46,7%	40,7%	44,6%	43,6%
Depreciations and amortisations	-4.201	-2.238	-11.643	-6.484	-12.281
EBITA	42.799	49.508	130.533	136.320	171.929
EBITA margin, %	35,3%	44,7%	37,3%	42,6%	40,7%
Adjusted EBITA	42.799	49.508	130.533	136.320	171.929
Adjusted EBITA margin, %	35,3%	44,7%	37,3%	42,6%	40,7%
Amortisation (acquisitions)	-16.180	-15.705	-48.728	-46.385	-62.797
EBIT	26.619	33.803	81.805	89.935	109.132



Sweden/Norway TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	141,968	111,569	395,567	336,690	455,270
EBITDA	53,380	40,934	123,540	139,478	140,700
EBITDA margin, %	37.6%	36.7%	31.2%	41.4%	30.9%
Items affecting comparability	-7,643	-7,500	-46,005	-7,500	-49,363
Adjusted EBITDA	61,023	48,435	169,545	146,978	190,062
Adjusted EBITDA margin, %	43.0%	43.4%	42.9%	43.7%	41.7%
Depreciations and amortisations	-10,822	-10,131	-28,904	-30,038	-35,064
EBITA	42,558	30,804	94,636	109,440	105,635
EBITA margin, %	30.0%	27.6%	23.9%	32.5%	23.2%
Adjusted EBITA	50,201	38,304	140,641	116,940	154,998
Adjusted EBITA margin, %	35.4%	34.3%	35.6%	34.7%	34.0%
Amortisation (acquisitions)	-25,935	-24,401	-76,129	-73,267	-98,462
EBIT	16,624	6,402	18,507	36,173	7,173

Items affecting comparability TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
M&A and PMI related expenses	-7,643	-7,500	-46,005	-7,500	-49,363
<b>Total</b>	<b>-7,643</b>	<b>-7,500</b>	<b>-46,005</b>	<b>-7,500</b>	<b>-49,363</b>

#### Return on capital

TSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
EBIT	100,312	126,111	116,305
Total assets	4,518,610	3,629,447	4,521,922
<b>Return on capital, %</b>	<b>2.2%</b>	<b>3.5%</b>	<b>2.6%</b>

#### Net working capital

TSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
Current assets	1,094,549	350,755	1,185,101
Current liabilities	629,808	560,132	837,600
<b>Net working capital</b>	<b>464,742</b>	<b>-209,377</b>	<b>347,501</b>

**Cash conversion**

TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Adjusted EBITDA</b>	<b>108,023</b>	<b>100,184</b>	<b>311,720</b>	<b>289,786</b>	<b>374,271</b>
Cash flow from operating activities	11,548	-2,904	106,128	128,940	314,160
Interest paid	10,122	4,211	18,840	11,787	14,607
Income tax paid	4,292	-4,822	25,092	18,640	45,306
Cash effect adjustment related to items affecting comparability	8,890	7,500	50,412	7,500	-7,617
Capex related to product development and enhancements	-9,289	-8,287	-37,968	-28,685	-37,245
<b>Adjusted cash flow from operating activities</b>	<b>25,563</b>	<b>-4,302</b>	<b>162,504</b>	<b>138,182</b>	<b>344,446</b>
<b>Cash conversion, %</b>	<b>23.7%</b>	<b>-4.3%</b>	<b>52.1%</b>	<b>47.7%</b>	<b>92.0%</b>

**Net debt**

TSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
Non-current borrowing from credit institutions	1,247,612	1,207,492	1,209,642
Leasing liabilities, long term	89,521	87,306	86,916
Leasing liabilities, short term	15,292	12,683	12,477
Cash and cash equivalents	-976,450	-246,815	-951,471
<b>Net debt</b>	<b>375,975</b>	<b>1,060,666</b>	<b>357,564</b>

**Leverage ratio**

TSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
Adjusted EBITDA LTM	396,207	362,802	374,271
Net debt	375,975	1,060,666	357,564
<b>Leverage ratio</b>	<b>0.9</b>	<b>2.9</b>	<b>1.0</b>

# Quarterly overview

TSEK	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
<b>Income statement</b>					
Net sales	263,157	227,111	254,940	221,106	222,325
EBITDA	100,380	66,909	98,427	42,625	92,683
EBITDA margin, %	38.1%	29.5%	38.6%	19.3%	41.7%
EBITA	85,357	54,364	85,448	31,801	80,315
EBITA margin, %	32.4%	23.9%	33.5%	14.4%	36.1%
Adjusted EBITA	93,000	74,101	104,072	73,664	87,815
Adjusted EBITA margin, %	35.3%	32.6%	40.8%	33.3%	39.5%
EBIT	43,243	12,835	44,234	-9,806	40,208
EBIT, margin %	16.4%	5.7%	17.4%	-4.4%	18.1%
Net financial items	15,203	-6,934	-7,948	6,375	-9,048
Net result	49,582	-966	24,174	1,023	23,490
<b>Balance sheet</b>					
Non-current assets	3,424,060	3,416,469	3,346,826	3,336,821	3,278,692
Current assets	1,094,549	1,092,044	1,134,755	1,185,101	350,755
Cash and cash equivalents	976,450	981,070	1,029,442	951,471	246,815
Equity	2,307,611	2,228,764	2,186,332	2,154,055	1,568,807
Non-current liabilities	1,581,191	1,573,612	1,539,960	1,530,266	1,500,508
Current liabilities	629,808	706,137	755,289	837,600	560,132
Total assets	4,518,610	4,508,512	4,481,581	4,521,922	3,629,447
<b>Cash flow</b>					
Cash flow from operating activities	11,548	-24,030	119,276	185,220	-2,905
Cash flow from Investing activities	-24,235	-26,701	-26,601	-59,559	-10,373
Cash flow from financing activities	-5,915	-23,163	-3,971	578,794	-4,813
Cash flow for the period	-18,602	-73,894	88,704	704,455	-18,090
Adjusted cash flow from operating activities	25,563	-19,983	156,925	248,009	-4,301
<b>Key ratios</b>					
Net working capital	464,742	385,906	379,466	347,501	-209,377
Return on capital, %	1.0%	0.3%	1.0%	-0.2%	1.1%
Equity/asset ratio, %	51.1%	49.4%	48.8%	47.6%	43.2%
Cash conversion, %	24%	-22%	134%	253%	-12%
Net debt	375,975	360,582	295,045	357,564	1,060,666
<b>Share data:</b>					
Weighted average number of ordinary shares	107,846,671	107,733,357	107,676,700	107,676,700	97,849,242
Earnings per share, basic, SEK	0.46	-0.01	0.23	0.01	0.24
Earnings per share, after dilution, SEK	0.46	-0.01	0.22	0.01	0.24

# 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
<b>Acquired growth</b>	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.
<b>Adjusted EBITA</b>	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.
<b>Adjusted EBITA margin</b>	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.
<b>Adjusted EBITDA</b>	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.
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of net sales.	The measure shows operational profitability over time, excluding items affecting comparability, financing, depreciation and amortisation.
<b>Adjusted cash flow from operating activities</b>	Cash flow from operating activities adjusted for cash effect of interests, taxes and items affecting comparability 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.
<b>Average number of full-time employees (FTEs)</b>	Average number of full-time employees during the reporting period.	Non-financial key ratio.
<b>Cash conversion (%)</b>	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.
<b>Earnings per share</b>	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.
<b>EBITA</b>	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.
<b>EBITA margin</b>	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.

Key ratio	Definition	Reason for use
<b>EBITDA</b>	Earnings before depreciation and amortisation, financial items, and taxes.	The measure shows the operating profitability before depreciation and amortisation.
<b>EBITDA margin</b>	EBITDA as a percentage of net sales.	The measure shows operational profitability over time, regardless of financing, depreciation and amortisation.
<b>Equity/asset ratio (%)</b>	Equity divided by total assets.	The measure can be used to assess Karnov's financial stability.
<b>Items affecting comparability</b>	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.
<b>Leverage ratio (Net debt/adjusted EBITDA LTM)</b>	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.
<b>Net debt</b>	Total net borrowings including capitalised bank costs and lease liabilities 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.
<b>Net sales (online)</b>	Net sales from online products.	The measure is used since it facilitates the understanding of total net sales and the breakdown of net sales.
<b>Net sales (offline)</b>	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.
<b>Net working capital (NWC)</b>	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
<b>Operating profit (EBIT)</b>	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.
<b>Organic growth</b>	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.
<b>PPA adjusted net profit</b>	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.
<b>Return on capital</b>	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 2022	Average rate Jan-Sep 2022	Closing rate 30 Sep 2021	Average rate Jan-Sep 2021	Closing rate 31 Dec 2021	Average rate Jan-Dec 2021
1 DKK is equivalent to SEK	1.4681	1.4145	1.3718	1.3648	1.3753	1.3640
1 NOK is equivalent to SEK	1.0430	1.0519	1.0009	0.9923	1.0254	0.9979
1 EUR is equivalent to SEK	10.9177	10.5248	10.2010	0.9996	10.2269	10.1449

## OTHER

Amounts in tables and combined amounts have been rounded off on an individual basis. Minor differences due to this rounding off may, therefore, appear in the totals. Figures commented in the text are presented in million SEK unless otherwise stated. Comparative figures from previous period are presented in brackets.

# Karnov Group today

80,000+

Users

1,500+

Specialists

290+

Employees

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

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

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

**With strong brands** such as Karnov, Norstedts Juridik, Notisum, Legal Cross Border, Forlaget Andersen, Ante, BELLA Intelligence, LEXNordics, DIBkunnskap and Echoline, Karnov Group delivers knowledge and insights to more than 80,000 users.

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

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

**Sweden:** Legal, tax and accounting online and offline products, EHS compliance solutions and legal training

**Norway:** Tax and accounting online workflow tools

**France and Benelux:** Online compliance solutions for Environmental, Health and Safety (EHS)

**With offices** in Copenhagen, Stockholm, Oslo, Paris and Malmo, Karnov Group employs around 290 people.

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



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