

Interim Report

January – September 2023

Q3

Launch of AI driven innovation and integration progress

Financial highlights third quarter

- Organic growth (constant currency) was 0.2% in the quarter. The organic growth was 7.6% adjusted for the one-off sales of school publications of SEK 18 m in Region North in Q3 2022.
- The Group's net sales increased by 135.1% to SEK 619 m (actual 263 proforma* 567). Acquired growth contributed with 129.7%. Currency effect was 5.2%.
- The Group's adjusted EBITA amounted to SEK 116 m (actual 93, proforma* 106) with adjusted EBITA margin of 18.7% (actual 35.3%, proforma 18.7%).
- Net result amounted to SEK 21 m (50).
- Earnings per share before and after dilution amounted to SEK 0.20 (0.46).
- Adjusted operating cash flow amounted to SEK -23 m (26).

Financial highlights first nine months

- Organic growth (constant currency) was 4.5% in the first nine months. The organic growth was 7.1% adjusted for the one-off sales of school publications of SEK 18 m in Region North in Q3 2022.
- The Group's net sales increased by 147.0% to SEK 1,840 m (actual 745, proforma* 1,686). Acquired growth contributed with 138.3%. Currency effect was 4.2%.
- The Group's adjusted EBITA amounted to SEK 366 m (actual 271, proforma* 342) with adjusted EBITA margin of 19.9% (actual 36.4%, proforma 20.3%).
- Net result amounted to SEK 13 m (73).
- Earnings per share before and after dilution amounted to SEK 0.12 (0.68).
- Adjusted operating cash flow amounted to SEK 247 m (163).

Business highlights third quarter

- Organic growth in Q3 was 7.6% compared to proforma figures, adjusted for the one-off sales of school publications of SEK 18 m in Region North in Q3 2022. Sales growth was driven by increased subscription-based online sales across the Group.
- The integration progressed well in Region South during Q3, with stable financial performance. At the end of Q3, cost synergies of EUR 1 m on a run-rate basis were harvested.
- Karnov Group launched its first generative AI solution for legal professionals, K+ Smart Chat. The solution will be integrated on the legal information platform in Region South.

Key financial ratios for the Group**

MSEK	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Net sales	618.9	263.2	135.1%	1,840.4	745.2	147.0%	1,113.5
Organic growth, %	0.2%	13.2%		4.5%	8.8%		9.2%
EBITA	91.4	85.3	7.2%	283.9	225.1	26.1%	254.5
EBITA margin, %	14.8%	32.4%		15.4%	30.2%		22.9%
Adjusted EBITA	116.0	93.0	24.7%	365.7	271.2	34.8%	363.8
Adjusted EBITA margin, %	18.7%	35.3%		19.9%	36.4%		32.7%
Profit for the period	21.2	49.6	-57.3%	13.4	72.8	-81.6%	59.9
Adjusted cash flow from operating activities	-23.0	25.6	-189.8%	247.0	162.5	52.0%	423.1

* The proforma numbers have been included for comparability and have not been audited or reviewed.

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

KARNOV
GROUP

Comment by the CEO

”

The integration in Region South is ahead of plan. By the end of Q3 we have harvested cost-synergies on an annual run-rate basis of EUR 1 m.

”



Pontus Bodelsson
President and CEO

In the third quarter, net sales grew with robust margins. We achieved a revenue growth of 13% and the adjusted EBITA margin was 19%. We saw strong growth in our subscription-based online sales. The Region South integration progresses well, and we are ahead of plan. During the quarter, we presented our European growth strategy and updated financial targets.

Profitable growth with increasing recurring revenue

In the third quarter, the Group net sales grew by 13% compared to proforma figures, including Region South, and adjusted for the significant one-off sales of school publications of SEK 18 m in the comparing quarter the previous year. We have achieved strong growth in online sales, while the market demand for printed material is declining as earlier described. We are confident in our future growth opportunities and have updated our annual organic growth target to 4-6 percent in the medium-term.

The organic growth in Region North was 8%, adjusted for the significant one-off mentioned above. Growth is driven by strong performance within the public sector as well as our emerging ventures in environmental, health and safety (EHS) and tax and accounting (T&A).

The net sales development in Region South is stable and in line with our expectations. Churn has improved compared to the previous year, which is positive. Cross-selling in Spain is progressing well, with six initiatives ongoing and a special focus on our commonly developed whistleblower solution. We expect sales development in Region South to be flat in the near-term. We are launching several product and sales initiatives to generate organic growth, similar to the initiatives launched during our integration of Norstedts Juridik in Sweden in 2019.

The Group adjusted EBITA margin reached 19% in the third quarter. Region North was above the corresponding quarter the previous year despite to the significant one-off mentioned above. Region South was above the proforma margin. By the end of the third quarter, we have harvested cost-synergies of EUR 1 m on an annual run-rate basis in Region South. We have a strong focus on costs across the Group and have updated our annual adjusted EBITA target to exceed 25 percent in the medium-term and exceed 30 percent in the long term.

Excel and grow – our strategic growth initiatives

We will capture the opportunities a growing market provides. Staying locally focused with premium proprietary content is key to success. Our local content is our strongest asset, as it generates great customer value. Local content is also an absolute prerequisite for trustworthy AI solutions.

Staying close to our customers is vital for future innovation and growth. Our industry reports such as the “Future of the legal profession” in Scandinavia and our similar reports from Spain and France are important tools for deep customer insights. They serve as material for our continuous development of customer centric solutions.

We will acquire more businesses in Europe and integrate them using the Karnov recipe for success: customer centricity, local content, common platforms and common culture. However, for the time being, we are focusing on completing the integration of Region South and realising synergies.

Update on Region South integration

We progress well in line with the plan in the Region South integration. We are currently ahead of plan in the Spanish merger, in terms of content migration as well as IT carve-out. Close to 40% of the Aranzadi content is now migrated onto the common content platform. We are currently finalising the migration to a common enterprise system. During the fourth quarter, we will consolidate offices in Spain, which will have a positive impact on the EBITA margin from the first quarter 2024.

2023 Capital Markets Day

Clearing the path for justice while driving profitable growth was the theme of our Capital Markets Day on 5 October 2023. We presented our European growth strategy and how to duplicate the Karnov Group recipe for success in Europe, including our plan for harvesting synergies in Region South. We also presented how to utilise AI for greater customer value and launched our generative AI solution for legal professionals. A recording of the event is available here: <https://www.karnovgroup.com/en/capital-markets-day-2023/>.

Karnov Group's updated financial targets:

Growth

Net sales organic annual growth of 4-6% in the medium term.

Profitability

Adjusted EBITA margin in excess of 25 percent in the medium term and in excess of 30 percent in the long term.

Capital structure

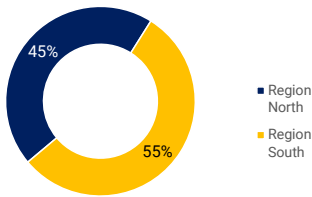
Ratio of Net debt to LTM Adjusted EBITDA, excluding leasing liabilities, of no more than 3.0. This ratio may temporarily be exceeded, for example as a result of acquisitions.

Dividend policy

The objective is to distribute 30–50% of the annual net profit, after considering indebtedness and future growth opportunities, including acquisitions.

Group financial performance

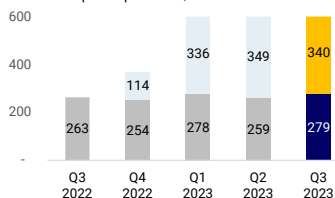
Net sales by segment Q3 (%)



5%

Organic growth YTD

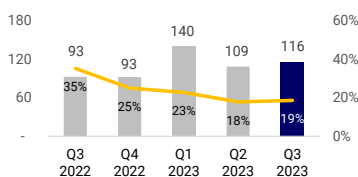
Net sales per quarter, MSEK



20%

Adjusted EBITA margin YTD

Adjusted EBITA, MSEK and margin, % per quarter



Third quarter and first nine months

MSEK	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Net sales	618.9	263.2	135.1%	1,840.4	745.2	147.0%	1,113.5
Organic growth, %	0.2%	13.2%		4.5%	8.8%		9.2%
EBITA	91.4	85.3	7.2%	283.9	225.1	26.1%	254.5
EBITA margin, %	14.8%	32.4%		15.4%	30.2%		22.9%
Adjusted EBITA	116.0	93.0	24.7%	365.7	271.2	34.8%	363.8
Adjusted EBITA margin, %	18.7%	35.3%		19.9%	36.4%		32.7%
EBIT	35.9	43.2	-16.9%	122.1	100.3	21.7%	78.8
EBIT, margin %	5.8%	16.4%		6.6%	13.5%		7.1%

Net sales and growth

For the three-month period, July-September 2023, net sales increased by SEK 356 m to SEK 619 m (actual 263, proforma 567). Organic growth on a constant currency basis was 0.2 percent and currency effects had a positive impact on net sales of 5.2 percent. Acquired growth accounted for 129.7 percent and mainly relates to the acquisition of Region South, which was completed on 30 November 2022.

Net sales growth within the Group is driven by increased online sales, as we sell more licenses and attract new customers. We experience no deviations in market demand for legal information solutions due to macro-economic trends. Karnov Group provides mission-critical solutions to our customers and the cost of our solutions represent a small percentage of the cost-base of our customers.

The organic growth in the third quarter was 0.2 percent. The corresponding quarter the previous year includes a significant one-off sales of SEK 18 m of school publications. Adjusted for this, organic growth would have been 7.6 percent. We continue to grow within the public sector, mainly municipalities, as well as within EHS and T&A.

Region South delivered stable net sales in line with expectations, adjusted for currency effects. Growth was driven by increased online sales, partly offset by declining offline sales.

For the first nine months, January-September 2023, net sales increased by SEK 1,095 m to SEK 1,840 m (actual 745, proforma 1,686). Organic growth on a constant currency basis was 4.5 percent and currency effects had a positive impact on net sales of 4.2 percent. Acquired growth accounted for 138.3 percent.

Operating profit (EBIT)

EBITA for the quarter amounted to SEK 91 m (actual 85, proforma 98) and EBITA margin amounted to 14.8 percent (actual 32.4, proforma 17.4). The EBITA performance includes items affecting comparability of SEK 25 m (8) mainly relating to integration work in Region South.

Adjusted EBITA amounted to SEK 116 m (actual 93, proforma 106) and adjusted EBITA margin amounted to 18.7 percent (actual 35.3, proforma 18.7).

The decrease in margin is related to the consolidation of Region South, which has diluted the Group margin. Karnov Group's updated financial target is to achieve an adjusted EBITA margin in excess of 25 percent in the medium term and in excess of 30 percent in the long term.

Compared to proforma figures, the adjusted EBITA margin was flat. The cost for Group functions has increased as well as the depreciations of capitalised development, both of which are offset by the increased net sales.

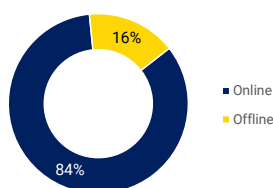
Adjusted EBITA for Region North was SEK 115 m (108) and adjusted EBITA margin amounted to 41.4 percent (41.0).

Adjusted EBITA for Region South was SEK 21 m (proforma 13) and adjusted EBITA margin amounted to 6.2 percent (proforma 4.3).

Operating profit (EBIT) was SEK 36 m (actual 43, proforma 56) for the quarter.

For the first nine months, EBITA amounted to SEK 284 m (actual 225, proforma 296) and EBITA margin amounted to 15.4 percent (actual 30.2, proforma 17.6). Adjusted EBITA was SEK 366 m (actual 271, proforma 342) and adjusted EBITA margin amounted to 19.9 percent (actual 36.4, proforma 20.3). Operating profit (EBIT) was SEK 122 m (actual 100, proforma 171) for the first nine months.

Net sales split online/offline per Q3, %



52%

Adjusted cash conversion YTD

3.2

Leverage

Net financial items

Net financial items for the quarter amounted to SEK -12 m (15). The increased financial costs are mainly related to long-term borrowings for financing of the acquisition of Region South and partly offset by currency effects. Currency effect for the quarter was SEK 17 m (-5), relating to long-term loans in EUR. Net financial items for the first nine months amounted to SEK -107 m (0).

Share of profit in associated companies

Share of profit in associated companies amounted to SEK -1 m (0) in the quarter and SEK -4 m (-8) for the first nine months.

Profit before and after tax, Earnings per share

Profit before tax for the quarter decreased by SEK -35 m to SEK 23 m (58). Profit after tax for the quarter was SEK 21 m (50). Taxes amounted to SEK -1 m (-9).

Profit before tax for the first nine months was SEK 11 m (92). Profit after tax was SEK 13 m (73). Taxes amounted to SEK 2 m (-19).

Earnings per share after dilution was SEK 0.20 (0.46) for the quarter and SEK 0.12 (0.68) for the first nine months.

Cash flow and investments

Cash flow from operating activities amounted to SEK -42 m (12). The seasonality in cash flow from operating activities has changed as a result of the Region South acquisition, mainly changes in prepaid income and receivables. Moreover, the interest cost for long-term borrowings has increased.

Total investments for the quarter amounted to SEK -38 m (-24) and SEK -177 m (-77) for the first nine months. The investments during the quarter relate to capitalised development.

Total financing for the quarter amounted to SEK -12 m (-6), and SEK -316 m (-33) for the first nine months. The latter is due to reduction of long-term borrowings.

The adjusted cash conversion rate for the quarter amounted to -15.0 percent (23.7) and 52.1 percent (52.1) for the first nine months.

Adjusted cash conversion	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
MSEK					
Adjusted EBITDA	153.5	108.0	474.3	311.8	422.0
Adjusted cash flow from operating activities	-23.0	25.6	247.0	162.5	423.1
Adjusted cash conversion, %	-15.0%	23.7%	52.1%	52.1%	100.3%

Financial position

Net debt was SEK 1,959 m (271) at the end of the period. The net debt has increased by SEK 1,688 m relating to long-term borrowings compared to the end of the corresponding quarter previous year.

The leverage at the end of the period, based on proforma adjusted EBITDA LTM excluding leasing liabilities, was 3.2 (0.7) times and the equity/asset ratio was 34.3 percent (51.5) with an equity of SEK 2,384 m (2,308).

The definition of net debt has been aligned with the updated leverage target in which total borrowings exclude lease liabilities.

Net Debt

MSEK	30 Sep 2023	30 Sept 2022	31 Dec 2022
Total borrowings	2,285.0	1,247.6	2,483.3
Cash and cash equivalents	326.4	976.5	671.2
Net debt	1,958.6	271.1	1,812.1
Leverage ratio	3.2	0.7	3.1

Cash and cash equivalents at the end of the period amounted to SEK 326 m (976) and the Group had at the end of September 2023 unutilized credit lines of EUR 70 m.

Significant events

Third quarter

- The Nomination Committee for the 2024 Annual General Meeting (AGM) was appointed.

Events after the end of the period

- The Board of Directors resolved on updated financial targets:
 - An annual organic net sales growth of 4-6 percent in the medium-term;
 - An annual adjusted EBITA margin in excess of 25 percent in the medium-term and an adjusted EBITA margin in excess of 30 percent in the long-term; and
 - A net debt, excluding leasing liabilities, relative to the LTM adjusted EBITDA of not more than 3.0x.
- Karnov Group hosted a Capital Markets Day where the company's first generative AI legal assistant was launched. The solution will be integrated on the legal information platform in Region South and a similar solution is intended be launched in Region North. A recording of the event can be viewed here: <https://www.karnovgroup.com/en/capital-markets-day-2023/>.
- Karnov Group held an Extraordinary General Meeting (EGM). At the EGM, Ted Keith was appointed a new member of the Board of Directors of Karnov Group.

Segment performance

Region North

Region North is specialised in online and offline legal solutions; the environmental, health and safety compliance; audit and accounting solutions; and e-courses. The segment provides online tools for the broad legal services market, including contract templates. The segment includes Karnov Group Denmark, Norstedts Juridik, DIBkunnskap, Notisum, Echoline, Nørskov Miljø, Forlaget Andersen, Legal Cross Border, Ante and BELLA Intelligence.

MSEK	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Net sales	278.8	263.2	5.9%	815.3	745.2	9.4%	999.3
Organic growth, %	0.2%	13.2%		4.5%	8.8%		9.2%
Adjusted EBITDA	132.3	123.0	7.6%	389.3	351.5	10.8%	463.1
Adjusted EBITDA margin, %	47.5%	46.7%		47.7%	47.2%		46.3%
Adjusted EBITA	115.3	108.0	6.8%	338.5	310.9	8.9%	408.1
Adjusted EBITA margin, %	41.4%	41.0%		41.5%	41.7%		40.8%

Net sales and growth

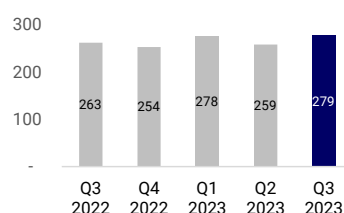
Net sales for the quarter increased by 5.9 percent to SEK 279 m (263). The organic growth for the quarter was 0.2 percent, acquired growth and currency effects had a positive impact of 0.5 and 5.2 percent respectively. Online sales accounted for 88 percent (78). The comparing figures for Q3 2022 includes a significant one-off sale of SEK 18 m relating to school publications. Excluding the one-off, organic growth in Region North would have been 7.6 percent.

Growth is driven by online sales, mainly within the legal research area. The main growth driver is the public sector, where our municipality solution is harvesting success. During the third quarter, we have optimised the product portfolio and divested the low-profit legal training business in Sweden. The net financials from the divestment are not material.

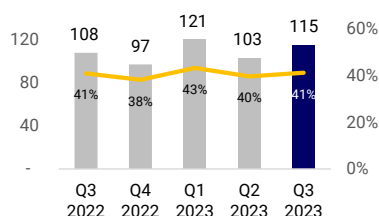
Our EHS businesses continues to be successful in new sales, closing new contracts mainly within the corporate segment. Our workflow business DIBkunnskap has good traction in Norway and Sweden and will enter Denmark during 2024.

For the first nine months, January-September 2023, net sales increased by SEK 70 m to SEK 815 m (745). Organic growth on a constant currency basis was 4.5 percent and currency effects had a positive impact on net sales of 4.2 percent. Acquired growth accounted for 0.7 percent and relates to the acquisition of Nørskov Miljø.

Net sales per quarter, MSEK



Adjusted EBITA, MSEK and margin, % per quarter



Adjusted EBITA

In the third quarter, adjusted EBITA amounted to SEK 115 m (108) and adjusted EBITA margin amounted to 41.4 percent (41.0). The margin improvement is due to increased net sales as well as product mix from the increasing portion of online sales. The divestment of the legal training business in Sweden has not significantly impacted the adjusted EBITA margin, as the divestment was completed on 13 September 2023.

For the first nine months, adjusted EBITA amounted to SEK 339 m (311) and EBITA margin amounted to 41.5 percent (41.7).



Segment performance (cont.)

Region South offers a wide range of online and offline solutions for legal professionals, assisting them in their research and providing qualitative advisory services. The segment provides online tools for the broad legal services market, including workflow solutions and AI-based tools. Region South also offers legal classroom training and e-courses. The segment includes Aranzadi LA LEY, Lamy Liaisons and Jusnet.

Region South

MSEK	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Net sales	340.1			1,025.1			114.2
Organic growth, %	-			-			-
Adjusted EBITDA	41.6			141.7			13.8
Adjusted EBITDA margin, %	12.2%			13.8%			12.1%
Adjusted EBITA	21.2			84.0			10.1
Adjusted EBITA margin, %	6.2%			8.2%			8.9%

Net sales and growth

Net sales for the quarter were SEK 340 m (proforma 304). The significant increase in net sales compared to proforma is explained by currency effects of 9.4 percent. The underlying performance of Region South is stable compared to the previous year. Online sales accounted for 80 percent in the third quarter.

We experience no deviations from our expectations in Region South. Sales development is stable, with positive online sales development in the segment. Cross-selling is successful in Spain. As an example, a large customer of LA LEY has bought a product combining Aranzadi workflow and LA LEY content. We focus mainly on online sales as the business climate for printed material is declining in line with the general market trend. In France, we achieved growth within the e-learning area as well as sales of online licenses, offset by the declining print business.

For the first nine months, January-June 2023, net sales reached were SEK 1,025 m (proforma 941). Currency effects had a positive impact of 8.1 percent.

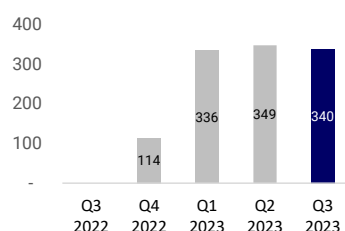
Adjusted EBITA

In the third quarter, adjusted EBITA amounted to SEK 21 m (proforma 13) and adjusted EBITA margin was 6.2 percent (proforma 4.3). By the end of the third quarter, we have harvested cost-synergies on an annual run-rate basis of EUR 1 m.

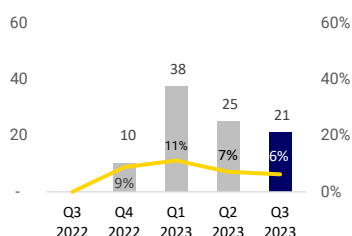
The adjusted EBITA increase of SEK 8 m compared to proforma numbers is mainly due a decreased cost-base from harvesting synergies. We assess that approximately 1 percent point of the margin improvement is due to synergies. The higher net sales compared to the previous year, as well as product mix also had a positive impact.

For the first nine months, adjusted EBITA amounted to SEK 84 m (proforma 71) and adjusted EBITA margin was 8.2 percent (proforma 7.5).

Net sales per quarter, MSEK



Adjusted EBITA, MSEK and margin, % per quarter



Segment performance (cont.)

Group functions is the corporate segment including costs for functions within Karnov Group that either steer or provide support to the Group. The segment also includes costs for future business opportunities as well as items affecting comparability.

Group functions

MSEK	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Net sales							
Adjusted EBITA	-20.5	-15.0		-56.8	-39.7	-43.1%	-54.4
Adjusted EBITA margin, %							

Adjusted EBITA

The Group functions cover the Group wide tasks such as Group Management (including information security, compliance and HR), Investor Relations and Group Finance functions. In 2022 these functions were covered by the reporting segments Sweden/Norway and Denmark.

The increase in operating expenses in the third quarter is due to Group marketing costs (such as the CMD), investments in enhancements of Group wide systems as well as investments in AI projects.

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 invasion of Ukraine and expanded conflict between Israel and Palestine pose 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 56-57 of the 2022 Annual report, available at the Company's website www.karnovgroup.com.

Seasonal variations

Typically, a significant proportion of Karnov Group's online contracts in Region North are renewed and invoiced during the fourth quarter, impacting cash flow during the fourth and first quarters. Online contracts in Region South are renewed and invoiced predominantly in the first quarter, impacting cash flow during the first and second 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 1,244 (304). The increase is mainly due to the acquisition of Region South. On average during the third quarter, 42% (53%) of the workforce were males and 58% (47%) 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 2023, the total number of shares and votes in Karnov Group AB (publ) amounts to 108,102,047 shares and 107,898,735.2 votes. Each share has a quotient value of approximately SEK 0.015385. The total number of shares consists of 107,876,145 ordinary shares, which carry one vote per share, and

225,902 shares of series C, which carry one-tenth of a vote per share. A detailed description of changes in the share capital is available on the Company's website, www.karnovgroup.com/en/share-capital-development/.

On 30 September 2023, the Company had 1,318 known shareholders. The five largest shareholders in Karnov Group AB (publ) were Long Path Partners, Invesco, Swedbank Robur Funds, Carnegie Funds and Didner & Gerge Funds.

Incentive programs

Karnov Group currently has one long-term incentive program, LTIP 2023, which is a share saving program. The purpose of the program is to encourage 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 program have allocated acquired or already held ordinary shares to the program (so-called savings shares).

19 employees participate in LTIP 2023. The participants have allocated a total of 96,845 savings shares to the program. Full allotment would mean that the total number of shares under the program will amount to no more than 366,007 ordinary shares, corresponding approximately 0.3 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 the third quarter 2023 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

The operating profit (EBIT) for the quarter amounted to SEK 1 m (-20).

Outlook

Karnov Group does not provide financial forecasts. The report may contain forward-looking information based on Management's current expectations. Although Management believes the expectations expressed in such forward-looking information are reasonable, there are no assurances that these expectations will be correct. Consequently, future outcomes may vary considerably compared to the forward-looking information due to, among other things, changed market conditions for Karnov Group's offerings and more general changes to economic, market and competitive conditions, changes to regulatory requirements or other policy measures and exchange rate fluctuations.

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 8 November 2023 at 07.45 AM CET.

Karnov Group AB (publ)

Stockholm, 8 November 2023

Pontus Bodelsson
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Q3 presentation webcast

Karnov Group will present the third quarter for analysts and investors via a webcast teleconference on 8 November at 9 AM CET. To participate, use the following link:
<https://ir.financialhearings.com/karnov-group-q3-2023>
or register here for dial-in numbers:
<https://conference.financialhearings.com/telconference/?id=5003515>.

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

Financial calendar 2024

Year-end report January-December 2023
14 February 2024

Annual Report 2023
22 March 2024

Interim report January-March 2024
7 May 2024

Annual General Meeting 2024
8 May 2024

Half-year report January-June 2024
21 August 2024

Interim report January-September 2024
6 November 2024

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 2023 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, 8 November 2023

PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor in charge

Patrik Larsson
Authorized Public Accountant

Consolidated statement of comprehensive income

MSEK	Note	Q3		Jan-Sep		Jan-Dec
		2023	2022	2023	2022	2022
Net sales	3	618.9	263.2	1,840.4	745.2	1,113.5
Total revenue		618.9	263.2	1,840.4	745.2	1,113.5
Costs of goods sold		-89.8	-40.0	-274.0	-108.3	-157.9
Employee benefit expenses		-284.7	-85.7	-814.7	-239.1	-400.5
Depreciations and amortisations		-97.6	-57.1	-275.0	-165.4	-233.8
Other operating income and expenses		-110.9	-37.2	-354.6	-132.1	-242.5
Operating profit (EBIT)		35.9	43.2	122.1	100.3	78.8
Share of Profit in associated companies		-1.0	-0.3	-3.9	-8.3	-11.7
Financial income		8.2	22.9	11.7	23.0	23.2
Financial expenses		-20.6	-7.6	-118.9	-22.7	-40.3
Profit before tax		22.5	58.2	11.0	92.3	50.0
Tax on profit for the period		-1.3	-8.6	2.4	-19.5	9.9
Profit for the period		21.2	49.6	13.4	72.8	59.9
Other comprehensive income:						
Items that may be reclassified to the income statement:						
Exchange differences on translation of foreign operations		-63.6	27.7	48.4	79.0	111.0
Actuarial gains/losses on defined benefit plans		-	-	-	-	0.2
Other comprehensive income for the period		-63.6	27.7	48.4	79.0	111.2
Total comprehensive income for the period		-42.4	77.3	61.8	151.8	171.1
Profit for the period is attributable to:						
Owners of Karnov Group AB (publ)		21.0	49.6	13.2	72.8	59.9
Non-controlling interests		0.2	0.0	0.2	0.0	0.0
Profit for the period		21.2	49.6	13.4	72.8	59.9
Total comprehensive income for the period is attributable to:						
Owners of Karnov Group AB (publ)		-42.6	77.3	61.6	151.8	171.1
Non-controlling interests		0.2	0.0	0.2	0.0	0.0
Total comprehensive income		-42.4	77.3	61.8	151.8	171.1
Earnings per share, basic, SEK		0.20	0.46	0.12	0.68	0.56
Earnings per share, after dilution, SEK		0.20	0.46	0.12	0.68	0.56
Weighted average number of ordinary shares (thousands)		107,876	107,735	107,876	107,715	107,847
Effect of performance shares (thousands)		226	367	226	387	255
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)		108,102	108,102	108,102	108,102	108,102

Consolidated balance sheet

MSEK	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS:				
Goodwill		3,338.7	1,995.6	3,249.6
Other intangible assets		2,324.2	1,194.4	2,391.0
Right-of-use assets		237.2	101.9	236.7
Property, plant and equipment		43.9	5.4	45.4
Investments in associated companies		50.7	57.4	54.3
Other financial investments		13.0	-	-
Loans to associated companies		25.8	25.0	25.7
Deposits		9.5	3.8	12.4
Deferred tax assets		177.0	40.4	122.5
Total non-current assets		6,220.0	3,423.9	6,137.5
Inventories		19.1	13.4	20.5
Trade receivables*	5	313.5	57.9	405.2
Prepaid expenses		56.7	5.4	46.2
Other receivables		20.7	0.9	6.3
Tax receivables		0.2	-	39.4
Cash and cash equivalents	5	326.4	976.5	671.2
Total current assets		736.6	1,054.1	1,188.8
TOTAL ASSETS		6,956.6	4,478.0	7,326.3
MSEK		30 Sep 2023	30 Sep 2022	31 Dec 2022
EQUITY AND LIABILITIES:				
Share capital		1.7	1.7	1.7
Share premium		2,654.0	2,654.0	2,654.0
Treasury shares		-0.0	0.0	0.0
Reserves		-178.4	-259.1	-226.8
Retained earnings including net profit for the period		-93.3	-95.5	-109.0
Total equity attributable to the parent company's shareholders		2,384.0	2,301.1	2,319.9
Non-controlling interests		-0.1	6.5	6.5
Total equity		2,383.9	2,307.6	2,326.4
Borrowing from credit institutions	5	2,198.8	1,247.6	2,483.3
Lease liabilities		214.0	89.5	214.4
Deferred tax liabilities		395.5	181.7	413.1
Provisions		68.0	8.3	60.6
Other non-current liabilities		74.3	54.0	88.2
Total non-current liabilities		2,950.6	1,581.1	3,259.6
Borrowing from credit institutions	5	86.2	-	-
Trade payables	5	86.9	15.6	137.6
Current tax liabilities		22.9	23.3	20.5
Accrued expenses		487.6	159.6	498.7
Prepaid income*		825.3	322.8	902.6
Lease liabilities		62.3	15.3	52.5
Other current liabilities	5	50.9	52.7	128.4
Total current liabilities		1,622.1	589.3	1,740.3
TOTAL EQUITY AND LIABILITIES		6,956.6	4,478.0	7,326.3

* Comparison numbers have been adjusted in accordance with IFRS 15 section 12. Please also refer to Note 1.

Consolidated statement of changes in equity

Equity attributable to the parent company's shareholders

MSEK	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
Balance at January 1, 2023	1.7	2,654.0	0.0	-226.8	-109.0	2,319.9	6.5	2,326.4
Profit for the period	-	-	-	-	13.2	13.2	0.2	13.4
Other comprehensive income for the period	-	-	-	48.4	-	48.4	-	48.4
Total comprehensive income/loss	-	-	-	48.4	13.2	61.6	0.2	61.8
Transaction with shareholders in their capacity as owners:								
Sharebased payment	-	-	0.0	-	2.5	2.5	-	2.5
Divestment	-	-	-	-	-	-	-6.8	-6.8
Total transaction with shareholders	-	-	0.0	-	2.5	2.5	-6.8	-4.3
Closing balance at September 30, 2023	1.7	2,654.0	0.0	-178.4	-93.3	2,384.0	-0.1	2,383.9

Equity attributable to the parent company's shareholders

MSEK	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
Balance at January 1, 2022	1.7	2,654.8	0.0	-338.0	-171.0	2,147.5	6.5	2,154.0
Profit for the period	-	-	-	-	72.8	72.8	-0.0	72.8
Other comprehensive income for the period	-	-	-	79.0	-	79.0	0.0	79.0
Total comprehensive income/loss	-	-	-	79.0	72.8	151.8	-0.0	151.8
Transaction with shareholders in their capacity as owners:								
Issue of ordinary shares*	-	-0.8	-	-	-	-0.8	-	-0.8
Sharebased payment	-	-	-	-	2.6	2.6	-	2.6
Total transaction with shareholders	-	-0.8	-	-	2.6	1.8	-	1.8
Closing balance at September 30, 2022	1.7	2,654.0	0.0	-259.0	-95.6	2,301.1	6.5	2,307.6

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

Consolidated statement of cash flows

MSEK	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Operating profit (EBIT)	35.9	43.2	122.1	100.3	78.8
Non-cash items	122.4	55.6	300.8	165.0	242.9
Effect of changes in working capital:					
Change in inventories	1.5	1.1	1.6	-1.7	-2.5
Change in receivables*	53.4	-16.5	72.0	-	-30.1
Change in trade payables and other payables	-5.1	20.9	-128.4	-54.8	-14.9
Provisions paid	-	-	-3.2	-	-
Change in prepaid income*	-198.0	-78.3	-87.8	-58.7	94.8
Net financial items, paid	-31.3	-10.1	-94.0	-18.8	-24.0
Corporate tax paid	-21.2	-4.3	-40.9	-25.1	-69.1
Net effect of changes in working capital	-200.7	-87.2	-280.7	-159.1	-45.8
Cash flow from operating activities	-42.4	11.6	142.2	106.2	275.9
Acquisition of subsidiaries	4.2	-0.4	-58.7	-0.4	-1,635.1
Acquisition of participations in associated companies	-	-2.9	-	-2.9	-2.9
Other financial investments	-3.0	-	-3.0	-	-
Loan to associated companies	-	-2.9	-	-8.6	-8.6
Acquisition of intangible assets	-38.2	-18.0	-107.3	-63.9	-89.2
Acquisition of property, plant and equipment	-0.8	-0.1	-8.0	-1.1	-3.9
Cash flow from investing activities	-37.8	-24.3	-177.0	-76.9	-1,739.7
Repayment long-term debt	-	-	-2,587.9	-	-
Proceeds long-term debt	-0.9	-	2,330.6	-	1,192.7
Payment of lease liabilities	-10.8	-6.0	-38.2	-23.3	-32.8
Change in long-term receivables	-0.7	0.1	-3.3	-0.9	1.3
Proceeds from share issues	-	-	-	-0.8	-0.8
Payment of contingent considerations	-	-	-17.1	-8.1	-8.1
Cash flow from financing activities	-12.4	-5.9	-315.9	-33.1	1,152.3
Cash flow for the period	-92.6	-18.6	-350.7	-3.8	-311.5
Cash and cash equivalents at the beginning of the period	455.9	981.1	671.2	951.5	951.5
Exchange-rate differences in cash and cash equivalents	-36.9	14.0	5.9	28.8	31.2
Cash and cash equivalents at the end of the period	326.4	976.5	326.4	976.5	671.2

* Comparison numbers have been adjusted in accordance with IFRS 15 section 12. Please also refer to Note 1.

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 2023 are the same as the accounting policies used for the annual report 2022 to which we refer for a full description.

However, *Trade receivables* and *Prepaid income* have been adjusted in accordance with IFRS 15 section 12 according to which unperformed contract receivables are netted against prepaid income. The adjustment is neutral to the consolidated statement of comprehensive income as well as to the consolidated equity. The adjustment has been worked into the comparison numbers of this interim financial statements. Below table shows the impact of the change to current period numbers and to comparative numbers. 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.

Impact from full implementation of IFRS 15 section 12 in Karnov Group on Consolidated balance sheet

MSEK	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Change of <i>Trade receivables</i>	-42.3	-38.5	-49.1	-125.4	-40.6
Change of <i>Prepaid income</i>	42.3	38.5	49.1	125.4	40.6

(and derivative impact on subsequent totals and KPI's)

Impact from full implementation of IFRS 15 section 12 in Karnov Group on Consolidated statement of cash flows

MSEK	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Impact on cash flow from <i>Changes in receivables</i>	3.8	-3.8	-83.1	-99.2	-140.4
Impact on cash flow from <i>Changes in prepaid income</i>	-3.8	3.8	83.1	99.2	140.4
Impact on <i>Cash flow from operating activities</i>	-	-	-	-	-

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 2022 Note 4, page 75, for further details regarding critical estimates and judgements.

Note 3. Segment reporting

Karnov Group has as a consequence of the 2022-acquisition of companies in France, Spain and Portugal adjusted its operating segments from "Denmark" and "Sweden/Norway" to "North", "South" and "Group Functions". This segmentation has also been applied for the comparison numbers and is consistent with the internal reporting provided to the chief operating decision maker. The Group CEO has been identified as the chief operating decision maker and assesses the financial performance and position of the Group and makes strategic decisions. Segment profits are monitored to Adjusted EBITA. Income statement items below Adjusted EBITA, balance sheet and cash flows are entirely monitored on Group level. Karnov Group's business operations are in general independent of differences in products and channels and the Group therefore monitors the overall net sales distribution trend between online and offline products at Group level.

MSEK	North		South		Group Functions		Total	
	Q3		Q3		Q3		Q3	
	2023	2022	2023	2022	2023	2022	2023	2022
Net sales specified on product categories:								
Online	246.2	205.6	272.8	-	-	-	519.0	205.6
Offline	32.6	57.6	67.3	-	-	-	99.9	57.6
Net sales	278.8	263.2	340.1	-	-	-	618.9	263.2
Adjusted EBITDA	132.3	123.0	41.6	-	-20.4	-15.0	153.5	108.0
Depreciations and amortisations	-17.0	-15.0	-20.4	-	-0.1	-	-37.5	-15.0
Adjusted EBITA	115.3	108.0	21.2	-	-20.5	-15.0	116.0	93.0
Amortisations from acquisitions							-52.8	-42.1
Items affecting comparability							-27.3	-7.7
Operating profit (EBIT)							35.9	43.2
Share of profit in associated companies							-1.0	-0.3
Net financial items							-12.4	15.3
Profit before tax							22.5	58.2
Tax on profit for the period							-1.3	-8.6
Profit for the period							21.2	49.6

MSEK	North		South		Group Functions		Total	
	Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep	
	2023	2022	2023	2022	2023	2022	2023	2022
Net sales specified on product categories:								
Online	711.6	603.1	800.8	-	-	-	1,512.4	603.1
Offline	103.7	142.1	224.3	-	-	-	328.0	142.1
Net sales	815.3	745.2	1,025.1	-	-	-	1,840.4	745.2
Adjusted EBITDA	389.3	351.5	141.7	-	-56.7	-39.7	474.3	311.8
Depreciations and amortisations	-50.8	-40.6	-57.7	-	-0.1	-	-108.6	-40.6
Adjusted EBITA	338.5	310.9	84.0	-	-56.8	-39.7	365.7	271.2
Amortisations from acquisitions							-159.1	-124.8
Items affecting comparability							-84.5	-46.1
Operating profit (EBIT)							122.1	100.3
Share of profit in associated companies							-3.9	-8.3
Net financial items							-107.2	0.3
Profit before tax							11.0	92.3
Tax on profit for the period							2.4	-19.5
Profit for the period							13.4	72.8

Note 4. Business combinations and similar transactions

Nørskov Miljø ApS

On 3rd January 2023, Karnov Group acquired Nørskov Miljø ApS for a cash consideration of SEK 8.7 m. The purchase price allocation is currently being prepared. Per end of September 2023 is the entire excess value of SEK 5.9 m allocated to goodwill.

Region South

On 30 November 2022, Karnov Group completed the acquisition of carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain, France and Portugal (together "Region South") and assumed full ownership of the local entities. Revenue, income as well as assets and liabilities belonging to the acquired entities are fully consolidated from 30 November 2022 in the Group's financial statements.

In June 2023 Karnov Group concluded the closing settlement with Wolters Kluwer and paid additional SEK 50.2 m (EUR 4.6 m) related to the businesses in Lamy Liaisons (France) and La Ley (Spain). Similarly, but in July 2023, was the closing settlement with Thomson Reuters concluded with a repayment of SEK 4.0 m (EUR 0.36 m) related to the business in Aranzadi (Spain). In addition to the settlement adjustments have minor corrections to the acquired net assets been identified and adjusted for, as well as minor updates to the purchase price allocation have been adjusted for. The net-zero reclassifications are consequential to the finalization of the purchase price allocation.

Purchase price, MSEK	Original 30 Nov 2022	Reclassifications	Changes to opening balance	Adjusted 30 Nov 2022
Cash paid on closing date	1,769.6			1,769.6
Final settlement paid	-		46.2	46.2
Cash acquired	-134.9		0.4	-134.5
Total purchase price	1,634.7		46.6	1,681.3
Reported amounts, TSEK				
Intangible assets: Customer relations	225.1		-6.7	218.4
Intangible assets: Technology	314.2	-157.3	14.9	171.8
Intangible assets: Content	661.6	44.2	-2.3	703.5
Intangible assets: Trademarks	-	113.1	1.1	114.2
Tangible assets	177.6		-0.5	177.1
Inventories	6.6			6.6
Trade receivables and other receivables	370.8		-15.5	355.3
Loans and borrowings	-3.3			-3.3
Trade payables and other liabilities	-364.0		-2.1	-366.1
Accrued expenses and prepaid income	-782.6		29.1	-753.5
Deferred tax	-178.7		13.9	-164.9
Total identified net assets	427.3		31.8	459.1
Goodwill	1,207.4		14.8	1,222.2
Total	1,634.7	-	46.6	1,681.3

LexNordics AB – discontinued business

Karnov Group exited its 60% shareholding of LexNordics AB to LEX247 Cloud Service AB per 9 August 2023 against a shareholding in LEX247 Cloud Service AB of 19.9% valued at SEK 13.0 m. The derecognition of the fully consolidated balance sheet of LexNordics AB has reduced Other intangible assets by SEK 12.7 m, other net assets by SEK 5.9 m and non-controlling interests by SEK 6.8 m. A profit from the transaction of SEK 1.2 m has been recognised in other income.

Note 5. Fair value of financial instruments

MSEK	Carrying Amount			Fair value		
	30 Sep 2023	30 Sep 2022	31 Dec 2022	30 Sep 2023	30 Sep 2022	31 Dec 2022
FINANCIAL ASSETS						
Financial assets at amortised cost						
Trade receivables	313.5	57.9	405.2	313.5	57.9	405.2
Cash and cash equivalents	326.4	976.5	671.2	326.4	976.5	671.2
Total financial assets	639.9	1,034.4	1,076.4	639.9	1,034.4	1,076.4
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss (FVPL)						
Contingent considerations	6.7	30.8	29.9	6.7	30.8	29.9
Liabilities at amortised cost						
Trade payables	86.9	15.6	137.6	86.9	15.6	137.6
Borrowing from credit institutions	2,285.0	1,247.6	2,483.3	2,285.0	1,247.6	2,483.3
Total financial liabilities	2,378.6	1,294.0	2,650.8	2,378.6	1,294.0	2,650.8

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 is 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.

Borrowing from credit institutions

The carrying amount of 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, 2022. No transfers between the levels of fair value hierarchies have taken place in 2023.

Note 6. Alternative performance measures

Karnov's financial statements include alternative performance measures, which complement the measures that are defined or specified in applicable rules for financial reporting. Alternative performance measures are presented since, in their context, they provide clearer or more in-depth information than the measures defined in applicable rules for financial reporting. The alternative performance measures are derived from the Group's consolidated financial reporting and are not measured in accordance with IFRS. Karnov's definition of these measures, which are not described under IFRS, is provided in the section Financial Definitions. Reconciliations of the alternative performance measures are presented below.

	North		South		Group Functions		Total	
	Q3		Q3		Q3		Q3	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Organic business	263.8	251.8	-	-	-	-	263.8	251.8
Acquired business	1.5	5.1	340.1	-	-	-	341.6	5.1
Currency	13.5	6.3	-	-	-	-	13.5	6.3
Net sales	278.8	263.2	340.1	-	-	-	618.9	263.2
Total net sales split, %								
Organic growth, %	0.2%	13.2%	-	-	-	-	0.2%	13.2%
Acquired business, %	0.5%	2.4%	100.0%	-	-	-	129.7%	2.4%
Currency effect, %	5.2%	2.8%	-	-	-	-	5.2%	2.8%
Total growth, %	5.9%	18.4%	100.0%	-	-	-	135.1%	18.4%
EBITDA	136.5	123.0	22.9	-	-25.9	-22.7	133.5	100.3
EBITDA margin, %	49.0%	46.7%	6.7%	-	-	-	21.6%	38.1%
Depreciations and amortisations	-21.6	-15.0	-20.4	-	-0.1	-	-42.1	-15.0
EBITA	114.9	108.0	2.5	-	-26.0	-22.7	91.4	85.3
EBITA margin, %	41.2%	41.0%	0.7%	-	-	-	14.8%	32.4%
Items affecting comparability	-3.1	-	-18.7	-	-5.5	-7.7	-27.3	-7.7
Adjusted EBITDA	132.3	123.0	41.6	-	-20.4	-15.0	153.5	108.0
Adjusted EBITDA margin, %	47.5%	46.7%	12.2%	-	-	-	24.8%	41.0%
Adjusted EBITA	115.3	108.0	21.2	-	-20.5	-15.0	116.0	93.0
Adjusted EBITA margin, %	41.4%	41.0%	6.2%	-	-	-	18.7%	35.3%
Items affecting comparability								
Acquisition and post-closing integration cost	-	-	-18.7	-	-5.5	-7.7	-24.2	-7.7
Restructuring costs	-3.1	-	-	-	-	-	-3.1	-
Total	-3.1	-	-18.7	-	-5.5	-7.7	-27.3	-7.7
Items affecting comparability classification								
Operating costs	4.2	-	-18.7	-	-5.5	-7.7	-20.0	-7.7
Depreciations and amortisations	-4.6	-	-	-	-	-	-4.6	-
Amortisations from acquisitions	-2.7	-	-	-	-	-	-2.7	-

Note 6. Alternative performance measures (cont.)

	North		South		Group Functions		Total	
	Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Organic business	779.0	714.8	-	-	-	-	779.0	714.8
Acquired business	5.0	14.4	1,025.1	-	-	-	1,030.1	14.4
Currency	31.3	16.0	-	-	-	-	31.3	16.0
Net sales	815.3	745.2	1,025.1	-	-	-	1,840.4	745.2
Total net sales split, %								
Organic growth, %	4.5%	8.8%	-	-	-	-	4.5%	8.8%
Acquired business, %	0.7%	2.2%	100.0%	-	-	-	138.3%	2.2%
Currency effect, %	4.2%	2.4%	-	-	-	-	4.2%	2.4%
Total growth, %	9.4%	13.4%	100.0%	-	-	-	147.0%	13.4%
EBITDA	393.5	351.5	73.3	-	-69.7	-85.8	397.1	265.7
EBITDA margin, %	48.3%	47.2%	7.2%	-	-	-	21.6%	35.7%
Depreciations and amortisations	-55.4	-40.6	-57.7	-	-0.1	-	-113.2	-40.6
EBITA	338.1	310.9	15.6	-	-69.8	-85.8	283.9	225.1
EBITA margin, %	41.5%	41.7%	1.5%	-	-	-	15.4%	30.2%
Items affecting comparability	-3.1	-	-68.4	-	-13.0	-46.1	-84.5	-46.1
Adjusted EBITDA	389.3	351.5	141.7	-	-56.7	-39.7	474.3	311.8
Adjusted EBITDA margin, %	47.7%	47.2%	13.8%	-	-	-	25.8%	41.8%
Adjusted EBITA	338.5	310.9	84.0	-	-56.8	-39.7	365.7	271.2
Adjusted EBITA margin, %	41.5%	41.7%	8.2%	-	-	-	19.9%	36.4%
Items affecting comparability								
Acquisition and post-closing integration cost	-	-	-68.4	-	-13.0	-46.1	-81.4	-46.1
Restructuring costs	-3.1	-	-	-	-	-	-3.1	-
Total	-3.1	-	-68.4	-	-13.0	-46.1	-84.5	-46.1
Items affecting comparability classification								
Operating costs	4.2	-	-68.4	-	-13.0	-46.1	-77.2	-46.1
Depreciations and amortisations	-4.6	-	-	-	-	-	-4.6	-
Amortisations from acquisitions	-2.7	-	-	-	-	-	-2.7	-

Note 6. Alternative performance measures (cont.)

Adjusted cash conversion

MSEK	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Adjusted EBITDA	153.5	108.0	474.3	311.8	422.0
Cash flow from operating activities	-42.4	11.6	142.2	106.2	275.9
Interest paid	31.3	10.1	94.0	18.8	24.1
Income tax paid	21.2	4.3	40.9	25.1	69.1
Cash effect adjustment related to items affecting comparability	20.0	8.9	77.2	50.5	109.3
Capex related to product development and enhancements	-53.1	-9.3	-107.3	-38.1	-55.3
Adjusted cash flow from operating activities	-23.0	25.6	247.0	162.5	423.1
Adjusted cash conversion, %	-15.0%	23.7%	52.1%	52.1%	100.3%

Net debt

MSEK	30 Sep 2023	30 Sep 2022	31 Dec 2022
Borrowing from credit institutions, long term	2,198.8	1,247.6	2,483.3
Borrowing from credit institutions, short term	86.2	-	-
Cash and cash equivalents	-326.4	-976.5	-671.2
Net debt	1,958.6	271.1	1,812.1

Leverage ratio

MSEK	30 Sep 2023	30 Sep 2022	31 Dec 2022
Adjusted EBITDA LTM (proforma)	621.3	396.2	582.0
Net debt	1,958.6	271.1	1,812.1
Leverage ratio	3.2	0.7	3.1

Quarterly overview

	Q3	Q2	Q1	Q4	Q3
MSEK	2023	2023	2023	2022	2022
Income statement					
Net sales	618.9	607.8	613.7	368.3	263.2
EBITDA	133.5	118.9	144.7	46.9	100.3
EBITDA margin, %	21.6%	19.6%	23.6%	12.7%	38.1%
EBITA	91.4	80.7	111.8	29.3	85.3
EBITA margin, %	14.8%	13.3%	18.2%	8.0%	32.4%
Adjusted EBITA	116.0	109.3	140.4	92.6	93.0
Adjusted EBITA margin, %	18.7%	18.0%	22.9%	25.1%	35.3%
Operating profit (EBIT)	35.9	28.9	57.3	-21.5	43.2
EBIT, margin %	5.8%	4.8%	9.3%	-5.8%	16.4%
Net financial items	-12.4	-61.5	-33.3	-17.4	15.3
Profit for the period	21.2	-26.2	18.4	-12.9	49.6
Balance sheet					
Non-current assets	6,220.0	6,407.3	6,174.7	6,137.5	3,423.9
Current assets	736.6	966.9	1,327.8	1,188.8	1,054.1
Cash and cash equivalents	326.4	455.9	770.1	671.2	976.5
Equity	2,383.9	2,432.0	2,367.5	2,326.4	2,307.6
Non-current liabilities	2,950.6	3,039.0	3,285.0	3,259.6	1,581.1
Current liabilities	1,622.1	1,903.2	1,850.0	1,740.3	589.3
Total assets	6,956.6	7,374.2	7,502.5	7,326.3	4,478.0
Cash flow					
Cash flow from operating activities	-42.4	17.4	167.2	169.8	11.6
Cash flow from Investing activities	-37.8	-94.9	-44.3	-1,662.8	-24.3
Cash flow from financing activities	-12.4	-278.4	-25.1	1,185.3	-5.9
Cash flow for the period	-92.6	-355.9	97.8	-307.7	-18.6
Adjusted cash flow from operating activities	-23.0	60.0	210.0	260.6	25.6
Key ratios					
Net working capital	-885.5	-936.3	-522.2	-551.6	464.7
Equity/asset ratio, %	34.3%	33.0%	31.6%	31.8%	51.5%
Adjusted cash conversion, %	-15.0%	40.7%	121.2%	236.4%	23.7%
Net debt	1,958.6	1,889.6	1,733.8	1,812.1	271.0
Share data:					
Weighted average number of ordinary shares (thousands)	107,876	107,861	107,847	107,847	107,847
Earnings per share, basic, SEK	0.20	-0.24	0.17	-0.12	0.46
Earnings per share, after dilution, SEK	0.20	-0.24	0.17	-0.12	0.46

Parent company statement of comprehensive income

MSEK	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Employee benefit expenses	-1.1	-1.6	-3.5	-6.3	-7.3
Depreciations and amortisations	-0.1	-0.0	-0.1	-0.0	-0.0
Other operating income and expenses	2.4	-18.5	-5.8	-75.9	0.1
Operating profit (EBIT)	1.2	-20.1	-9.4	-82.2	-7.3
Financial income	32.1	6.4	53.4	18.6	25.9
Financial expenses	-18.2	-0.5	-18.7	-1.5	-2.5
Dividend received	-	-	45.0	-	-
Net financial items	13.9	5.9	79.7	17.1	23.4
Group contributions	-	-	-	-	9.2
Profit before tax	15.1	-14.2	70.3	-65.1	25.3
Tax on profit for the period	-4.0	2.2	-5.2	10.6	-2.2
Profit for the period	11.1	-12.0	65.1	-54.5	23.1
Total comprehensive income	11.1	-12.0	65.1	-54.5	23.1

Parent company balance sheet

MSEK	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS:			
Receivables from group companies	2,346.1	1,212.7	1,181.9
Investments in group companies	1,160.5	1,158.6	1,158.1
Right-of-use assets	0.1	0.2	0.2
Deferred tax assets	-	10.6	-
Total non-current assets	3,506.7	2,382.1	2,340.2
Receivables from group enterprises	73.4	1.2	156.5
Other receivables	1.3	0.9	0.5
Current tax receivable	-	0.2	1.4
Cash and cash equivalents	47.5	56.0	11.5
Total current assets	122.2	58.3	169.9
TOTAL ASSETS	3,628.9	2,440.4	2,510.1
MSEK	30 Sep 2023	30 Sep 2022	31 Dec 2022
EQUITY AND LIABILITIES:			
Restricted equity			
Share capital	1.7	1.7	1.7
Non-restricted equity			
Share premium	2,654.0	2,654.0	2,654.0
Retained earnings including net profit for the year	-110.1	-254.7	-177.6
Total equity	2,545.6	2,401.0	2,478.1
Lease liabilities	0.0	0.1	-
Borrowing from credit institutions	931.1	-	-
Total non-current liabilities	931.1	0.1	-
Borrowing from credit institutions	86.2	-	-
Trade payables	0.6	2.7	4.6
Trade payables from group companies	60.2	1.6	14.5
Current tax liabilities	1.3	-	-
Accrued expenses	3.7	34.8	6.6
Other current liabilities	0.2	0.2	6.3
Total current liabilities	152.2	39.3	32.0
TOTAL EQUITY AND LIABILITIES	3,628.9	2,440.4	2,510.1

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 adjusted for the impact of 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	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.
Average number of full-time employees (FTEs)	Average number of full-time employees during the reporting period.	Non-financial key ratio.
Adjusted 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.

Key ratio	Definition	Reason for use
EBITDA	Earnings before depreciation and amortisation, financial items, and taxes.	The measure shows the operating profitability before depreciation and amortisation.
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.
Leverage ratio (Net debt/adjusted EBITDA LTM excluding leasing liabilities)	Net debt on the balance sheet date divided by adjusted EBITDA for the last twelve months (LTM), excluding leasing liabilities.	Relevant to analyse to ensure that Karnov has an appropriate financing structure.
Net debt	Total net borrowings including capitalised bank costs less cash and cash equivalents.	The measure is used since it allows for an assessment of whether Karnov has an appropriate financing structure.
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.
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.

CURRENCY RATES

	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
	30 Sep 2023	Jan-Sep 2023	30 Sep 2022	Jan-Sep 2022	31 Dec 2022	Jan-Dec 2022
1 DKK is equivalent to SEK	1.5412	1.5402	1.4681	1.4145	1.4965	1.4285
1 NOK is equivalent to SEK	1.0202	1.0118	1.0430	1.0519	1.0572	1.0518
1 EUR is equivalent to SEK	11.4923	11.4722	10.9177	10.5248	11.1283	10.6274

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. The interim report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall prevail.

Karnov Group today

400,000+

Users

7,000+

Specialists

1,300+

Employees

Karnov Group clears the path to justice, providing mission critical knowledge and workflow solutions to European professionals in the areas of legal, tax and accounting, and environmental, health and safety. 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 1823. 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, Aranzadi LA LEY, Lamy Liaisons, Jusnet, Notisum, Echoline, Nørskov Miljø, DIBkunnskap, Legal Cross Border, Forlaget Andersen, Ante, BELLA Intelligence, Karnov Group delivers knowledge and insights to more than 400,000 users.

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

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

Norway: Tax and accounting online workflow tools

France: Legal online and offline products and solutions, EHS compliance solutions and legal training

Spain and Portugal: Legal online and offline products and solutions and legal training

With offices in Sweden, Denmark, Norway, France, Spain and Portugal, Karnov Group employs around 1,300 people.

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



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