

Year-end Report

January – December 2023

Q4

A successful year Now launching our Acceleration Initiative

Financial highlights fourth quarter

- Organic growth (constant currency) was 3.8% in the quarter. The organic growth was 6.4% adjusted for the divested training business and one-off sales of school publications in Region North in Q4 2022.
- The Group's net sales increased by 72.2% to SEK 634 m (actual 368 proforma* 600). Acquired growth contributed with 66.5%. Currency effect was 1.8%.
- The Group's adjusted EBITA amounted to SEK 122 m (actual 93, proforma* 106) with adjusted EBITA margin of 19.2% (actual 25.1%, proforma 17.7%).
- Net result amounted to SEK 24 m (-13).
- Earnings per share before and after dilution amounted to SEK 0.22 (-0.12).
- Adjusted operating cash flow amounted to SEK 237 m (261).

Financial highlights full year

- Organic growth (constant currency) was 4.3% for the full year. The organic growth was 7.1% adjusted for the divested training business and one-off sales of school publications in Region North.
- The Group's net sales increased by 122.2% to SEK 2,475 m (actual 1,114, proforma* 2,286). Acquired growth contributed with 114.5%. Currency effect was 3.4%.
- The Group's adjusted EBITA amounted to SEK 488 m (actual 364, proforma* 458) with adjusted EBITA margin of 19.7% (actual 32.7%, proforma 19.6%).
- Net result amounted to SEK 37 m (60).
- Earnings per share before and after dilution amounted to SEK 0.34 (0.56).
- Adjusted operating cash flow amounted to SEK 484 m (423).

Business highlights

- Renewal of annual subscriptions progressed well, generating a solid adjusted operating cash flow in the quarter.
- The integration continued to be ahead of plan in Region South, with stable net sales and improved profitability. During Q4, offices were consolidated in Region South, generating annual run-rate synergies of EUR 1 m starting from Q1 2024.
- To advance the Group's profitable growth strategy and invest in further customer value, Karnov Group now launches a Group-wide Acceleration Initiative, with the ambition of harvesting additional cost-efficiencies of EUR 10 m on run-rate basis by the end of 2026.
- The Board of Directors proposes no dividend for the AGM on 8 May 2024.

Key financial ratios for the Group

MSEK	Q4			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	634.2	368.3	72.2%	2,474.6	1,113.5	122.2%
Organic growth, %	3.8%	10.4%		4.3%	9.2%	
EBITA	86.1	29.3	193.9%	370.0	254.5	45.4%
EBITA margin, %	13.6%	8.0%		15.0%	22.8%	
Adjusted EBITA	122.0	92.6	31.7%	487.7	363.8	34.1%
Adjusted EBITA margin, %	19.2%	25.1%		19.7%	32.7%	
Profit for the period	23.5	-12.9	-282.2%	36.9	59.9	-38.4%
Adjusted cash flow from operating activities	236.9	260.6	-9.1%	483.9	423.0	14.4%

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

Comment by the CEO

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2023 was a successful and transformative year. 2024 is the year we launch our Acceleration Initiative. Encouraged by the successful merger in Spain, we accelerate our profitable growth strategy across the Group. The Acceleration Initiative shall generate an additional 10 EUR m in cost-efficiencies with full effect on run-rate basis by the end of 2026.

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Pontus Bodelsson
President and CEO

2023 was a successful and transformative year, with solid net sales growth and robust margins. We achieved an organic growth of 4% and the adjusted EBITA margin was 20%. The Region South integration progressed ahead of plan with harvested synergies. We now launch an Acceleration Initiative across the Group to enhance our mission-critical solutions for our customers and improve profitability.

Profitable growth within the Group

The Group net sales grew by 8% in the quarter compared to proforma figures, excluding the divested legal training business and the one-off sales of school publications in the comparing quarter the previous year. We have achieved strong growth in online sales, generating a solid adjusted operating cash flow in the quarter. Our solutions are mission-critical for our customers, and we prove ourselves resilient in a turbulent macro-economy.

The organic growth in Region North was 8%, adjusted for the items mentioned above. Growth is driven by strong performance within the public sector. During the quarter, we have onboarded new municipalities in Denmark, while our EHS businesses and DIBkunnskap also continues to drive organic growth. DIBkunnskap has at the beginning of 2024 operationally merged with Forlaget Andersen and launched their offerings in Denmark.

The net sales development in Region South is stable and in line with our expectations. During the quarter, we had non-subscription legal training sales in France which exceeded expectations. We reiterate our expectation for sales development in Region South to be flat in the near-term. We will relaunch and enhance the value propositions in both Spain and France at the end of 2024.

The Group adjusted EBITA margin reached 19% in the fourth quarter. Region North was in line with the corresponding quarter, while the Region South margin was significantly stronger due to a combination of harvested synergies, lower depreciations as well as good cost control.

Thanks to our cash flow generation, our leverage is now 2.8x, below the financial target.

Karnov Group intends to utilise the free cash flow to invest in the Group's acceleration initiative for further profitable growth and the Board of Directors proposes no dividend for the AGM on 8 May 2024.

Region South integration ahead of plan

We progress ahead of plan in the Region South integration. We are ahead of plan in terms of content migration as well as IT carve-out. More than 50% of the Aranzadi content is now migrated onto the common content platform, and the first Aranzadi product, Siapol, is now live on the platform. Decoupling of IT structure from one of the sellers has also been completed. During the quarter, we consolidated offices in Region South, which will generate additional annual run-rate synergies of EUR 1 m starting in the first quarter 2024.

Acceleration Initiative for further customer value and profitable growth

2023 was a successful and transformative year for Karnov. We advanced our positions and expanded our mission-critical solutions to our customers. A new profitable growth strategy was set with updated financial targets, which we presented on our first Capital Markets Day in October. The integration project in Region South progressed, and is still progressing, ahead of plan and we launched new innovations with focus on AI for greater customer value.

2024 is the year we launch our Acceleration Initiative. We are encouraged by the successful merger in Spain and the new opportunities a technical shift enables. We now launch the Acceleration Initiative to generate further customer value as well as efficiencies across the rest of the Group. The Acceleration Initiative shall generate an additional 10 EUR m in cost-efficiencies with full effect on run-rate basis by the end of 2026. Cost-to-achieve is estimated to EUR 14 m.

In parallel, the Region South integration, with the ambition of achieving cost-efficiencies of EUR 10 m on run-rate basis by the end of 2026, will continue as planned.

In total, we thereby plan to achieve cost-efficiencies within the Group of EUR 20 m on a run-rate basis by the end of 2026.

Karnov Group's financial targets:

Growth

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

Profitability

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

Capital structure

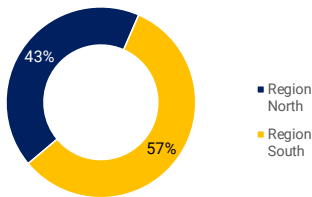
Ratio of Net debt to LTM Adjusted EBITDA, excluding leasing liabilities, of no more than 3.0. This ratio may temporarily be exceeded, for example as a result of acquisitions.

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

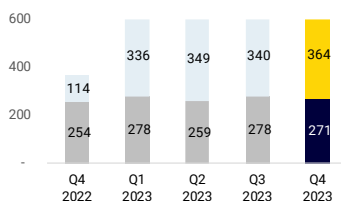
Net sales by segment Q4 (%)



4%

Organic growth FY

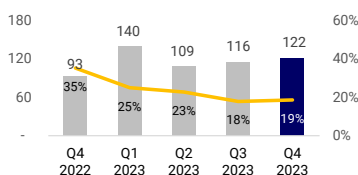
Net sales per quarter, MSEK



20%

Adjusted EBITA margin FY

Adjusted EBITA, MSEK and margin, % per quarter



Fourth quarter and full year

MSEK	Q4			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	634.2	368.3	72.2%	2,474.6	1,113.5	122.2%
Organic growth, %	3.8%	10.4%		4.3%	9.2%	
EBITA	86.1	29.3	193.9%	370.0	254.5	45.4%
EBITA margin, %	13.6%	8.0%		15.0%	22.8%	
Adjusted EBITA	122.0	92.6	31.7%	487.7	363.8	34.1%
Adjusted EBITA margin, %	19.2%	25.1%		19.7%	32.7%	
EBIT	34.1	-21.5	258.6%	156.2	78.8	98.2%
EBIT, margin %	5.4%	-5.8%		6.3%	7.1%	

Net sales and growth

For the three-month period, October-December 2023, net sales increased by SEK 266 m to SEK 634 m (actual 368, proforma 600). Organic growth on a constant currency basis was 3.8 percent and currency effects had a positive impact on net sales of 1.8 percent. Acquired growth accounted for 66.5 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. Our solutions are considered mission-critical for our customers and growth is driven by both volume and value enhancements. We experience no deviations in market demand for legal information solutions due to macro-economic trends. The divestment of our legal training business in Sweden was completed in September 2023, and the fourth quarter thereby does not include any legal training activities in Sweden. The corresponding quarter the previous year also includes a significant one-off sales of SEK 3 m of school publications. Adjusted for these two items, organic growth would have been 6.4 percent in the fourth quarter. We continue to grow within the public sector, both within municipalities and public administrations, 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 offline sales, which were stronger than the typical market trend in this quarter.

For the full year, January-December 2023, net sales increased by SEK 1,362 m to SEK 2,475 m (actual 1,114, proforma 2,286). Organic growth on a constant currency basis was 4.3 percent and currency effects had a positive impact on net sales of 3.4 percent. Acquired growth accounted for 114.5 percent.

Operating profit (EBIT)

EBITA for the quarter amounted to SEK 86 m (actual 29, proforma 43) and EBITA margin amounted to 13.6 percent (actual 8.0, proforma 7.1). The EBITA performance includes items affecting comparability of SEK 36 m (63) mainly relating to integration work in Region South.

Adjusted EBITA amounted to SEK 122 m (actual 93, proforma 106) and adjusted EBITA margin amounted to 19.2 percent (actual 25.1, proforma 17.7).

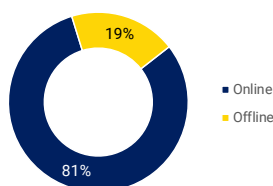
The decrease in margin is related to the consolidation of Region South, which has diluted the Group margin. Karnov Group's updated financial target is to achieve an adjusted EBITA margin in excess of 25 percent in the medium term and in excess of 30 percent in the long term.

Compared to proforma figures, the adjusted EBITA margin improved by 1.5 percentage points. The strong margin improvement is driven by Region South, while Region North had a stable margin development.

For the full year, EBITA amounted to SEK 370 m (actual 254, proforma 339) and EBITA margin amounted to 15.0 percent (actual 22.9, proforma 14.8). Adjusted EBITA was SEK 488 m (actual 364, proforma 448) and adjusted EBITA margin amounted to 19.7 percent (actual 32.7, proforma 19.6).

Operating profit (EBIT) was SEK 34 m (actual -22, proforma -8) for the quarter and SEK 156 m (actual 79, proforma 163) for the full year.

Net sales split online/offline per Q4, %



76%

Adj. cash
conversion FY

Share of profit in associated companies

Share of profit in associated companies amounted to SEK -2 m (-3) in the quarter and SEK -5 m (-12) for the full year.

Net financial items

Net financial items for the quarter amounted to SEK -9 m (-17). The financial expenses have increased due to long-term borrowings for financing of the acquisition of Region South, but for a larger extent offset by positive currency effects. Currency effect for the quarter was SEK 30 m (-8), relating to long-term loans in EUR. Net financial items for the full year amounted to SEK -116 m (-17).

Profit before and after tax, Earnings per share

Profit before tax for the quarter increased by SEK 65 m to SEK 23 m (-42). Profit after tax for the quarter was SEK 24 m (-13). Taxes amounted to SEK 0 m (29).

Profit before tax for the full year was SEK 34 m (50). Profit after tax was SEK 37 m (60). Taxes amounted to SEK 3 m (10).

Earnings per share after dilution was SEK 0.22 (-0.12) for the quarter and SEK 0.34 (0.56) for the full year.

Cash flow and investments

Cash flow from operating activities amounted to SEK 195 m (170). 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 -44 m (-1,663) and SEK -221 m (-1,740) for the full year. The investments during the quarter relate mainly to capitalised development.

Total financing for the quarter amounted to SEK -22 m (1,185) and SEK -338 m (1,152) for the full year. The latter is due to reduction of long-term borrowings.

The adjusted cash conversion rate for the quarter amounted to 145.7 percent (236.3) and 76.0 percent (100.2) for the full year. The decrease from the previous year mainly relates to timing of invoicing as well as payment of other liabilities.

Adjusted cash conversion	Q4		Jan-Dec	
	2023	2022	2023	2022
MSEK				
Adjusted EBITDA	162.6	110.3	636.9	422.0
Adjusted cash flow from operating activities	236.9	260.6	483.9	423.0
Adjusted cash conversion, %	145.7%	236.3%	76.0%	100.2%

2.8

Leverage

Financial position

Net debt was SEK 1,756 m (1,812) at the end of the period. The net debt has decreased by SEK 57 m compared to the end of the previous year, mainly due to positive cash flow from operations less investments and lease payments.

The leverage at the end of the period, based on proforma adjusted EBITDA LTM excluding leasing liabilities, was 2.8 (3.1) times and the equity/asset ratio was 33.7 percent (31.8) with an equity of SEK 2,337 m (2,326).

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

Net Debt

MSEK	31 Dec 2023	31 Dec 2022
Total borrowings	2,206.2	2,483.3
Cash and cash equivalents	450.6	671.2
Net debt	1,755.6	1,812.1
Leverage ratio **	2.8	3.1
Equity	2,337.1	2,326.3
Equity/asset ratio, %	33.7%	31.8%

*** Leverage ratio for December 31st 2022, was calculated based on adjusted EBITDA LTM proforma figures, excluding leasing liabilities.*

Cash and cash equivalents at the end of the period amounted to SEK 451 m (671) and the Group had at the end of December 2023 unutilized credit lines of EUR 70 m.

Significant events

Fourth quarter

- 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. Ted Keith represents the Company's largest shareholder, Long Path Partners.

Events after the end of the period

- Karnov Group launches an Acceleration Initiative to generate further customer value and profitable growth. The Acceleration Initiative shall generate additional cost-efficiencies of 10 EUR m within the Group. The Acceleration Initiative shall have full effect on run-rate basis by the end of 2026. Cost-to-achieve is estimated to EUR 14 m.

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	Q4			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	270.5	254.1	6.5%	1,085.8	999.3	8.7%
Organic growth, %	3.8%	10.4%		4.4%	9.2%	
Adjusted EBITDA	122.0	111.2	9.7%	511.3	462.7	10.5%
Adjusted EBITDA margin, %	45.1%	43.8%		47.1%	46.3%	
Adjusted EBITA	103.0	97.2	6.0%	441.5	408.1	8.2%
Adjusted EBITA margin, %	38.1%	38.3%		40.7%	40.8%	

Net sales and growth

Net sales for the quarter increased by 6.5 percent to SEK 271 m (254). The organic growth for the quarter was 3.8 percent, acquired growth and currency effects had a positive impact of 0.8 and 1.7 percent respectively. Online sales accounted for 91 percent (85) in the fourth quarter.

The comparing figures for Q4 2022 includes net sales of SEK 6 m from the divested legal training business as well as a significant one-off sale of SEK 3 m relating to school publications. Excluding these items, organic growth in Region North would have been 7.7 percent.

Growth is driven by online sales, mainly within the legal research area. The main growth driver is the public sector, as we have sold more licenses to both public administrations as well as municipalities. 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 has operationally merged with Forlaget Andersen in Denmark to become a Scandinavian business.

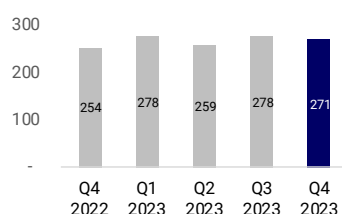
For the full year, January-December 2023, net sales increased by SEK 87 m to SEK 1,086 m (999). Organic growth on a constant currency basis was 4.4 percent and currency effects had a positive impact on net sales of 3.6 percent. Acquired growth accounted for 0.7 percent and relates to the acquisition of Nørskov Miljø (now named Notisum Denmark).

Adjusted EBITA

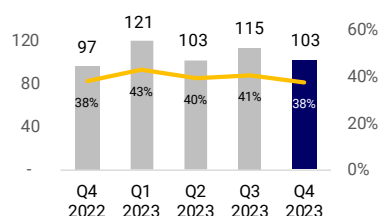
In the fourth quarter, adjusted EBITA amounted to SEK 103 m (97) and adjusted EBITA margin amounted to 38.1 percent (38.3). The margin decline is due to increased depreciations of capitalized development. The divestment of the legal training business in Sweden has had a slight positive impact on the adjusted EBITA margin.

For the full year, adjusted EBITA amounted to SEK 442 m (408) and EBITA margin amounted to 40.7 percent (40.8).

Net sales per quarter, MSEK



Adjusted EBITA, MSEK and margin, % per quarter



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	Q4			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	363.7	114.2	218.5%	1,388.8	114.2	1116.1%
Organic growth, %	3.8%	-	-	3.8%	-	-
Adjusted EBITDA	66.7	13.8	383.3%	208.4	13.8	1410.1%
Adjusted EBITDA margin, %	18.3%	12.1%	51.8%	15.0%	12.1%	24.2%
Adjusted EBITA	45.1	10.1	346.5%	129.1	10.1	1178.2%
Adjusted EBITA margin, %	12.4%	8.8%	40.2%	9.3%	8.8%	5.1%

Net sales and growth

Net sales for the quarter were SEK 364 m (proforma 346). Currency effects had a positive impact of 2.1 percent. The underlying performance of Region South is slightly positive compared to the previous year. Online sales accounted for 73 percent in the fourth quarter (proforma 70). Sales development was driven by strong sales of legal training in the fourth quarter. During the quarter, the first Aranzadi product, Siapol, was customer launched on the common tech platform. The product is used by the Spanish police.

Cross-selling is successful in Spain, and we have now appointed a common sales director with responsibility of both Aranzadi and LA LEY. 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 on-site legal training courses.

For the full year, January-December 2023, net sales were SEK 1,389 m (proforma 1,286). Currency effects had a positive impact of 7.9 percent compared to proforma.

Adjusted EBITA

In the fourth quarter, adjusted EBITA amounted to SEK 45 m (proforma 23) and adjusted EBITA margin was 12.4 percent (proforma 6.7). By the end of the fourth quarter, we have harvested cost synergies on an annual run-rate basis of EUR 2 m. The realised cost synergies in the fourth quarter reached EUR 0.4 m and EUR 0.7 m for the full year. The total synergies are estimated, on an annual run-rate basis to EUR 10 m, by the end of 2026. Cost-to-achieve amounted to EUR 4 m in the fourth quarter and EUR 9 m in the full year. The total cost-to-achieve, by 2026, is estimated to EUR 24 m.

Office consolidation was initiated in the fourth quarter, and an additional EUR 1 m on run-rate basis is expected starting from the first quarter 2024. The synergies from office consolidation in Spain will decrease lease payments and will impact depreciations in accordance with IFRS 16.

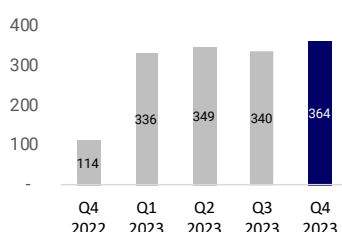
The higher net sales compared to the previous year, as well as an improved product mix and lower depreciations also had a positive impact on EBITA.

For the full year, adjusted EBITA amounted to SEK 129 m (proforma 95) and adjusted EBITA margin was 9.3 percent (proforma 7.3).

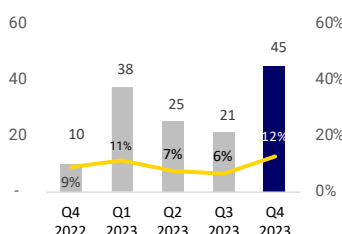
Synergies in Region South

MEUR	Q4		Jan-Dec	
	2023	2022	2023	2022
Realised synergies	0.4		0.7	
Accumulated synergies			2.0	
Cost-to achieve	4.0		9.0	

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	Q4			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales						
Adjusted EBITA	-26.1	-14.7	77.6%	-82.9	-54.4	-52.4%
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 fourth quarter is due to 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 fourth quarter amounted to 1,230 (622). The increase is mainly due to the acquisition of Region South. On average during the fourth quarter, 42% (46%) of the workforce were men and 58% (54%) women.

Annual General Meeting (AGM)

The AGM for 2024 will be held on 8 May 2024 in Stockholm. Time will be announced in connection with the notice of the AGM.

Annual Report

The 2023 Annual Report, Sustainability Report and Corporate Governance Report is planned to be published on 22 March 2024. The report will be available on the company's website www.karnovgroup.com and kept available in the company's office.

Proposed dividend

Karnov Group intends to utilise the free cash flow to invest in the Group's acceleration initiative for further profitable growth. The Board of Directors proposes no dividend for the AGM on 8 May 2024.

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 31 December 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 31 December 2023, the Company had 1,320 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 fourth 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 -11 m (75).

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

Disclosure

This year-end report contains inside information that Karnov Group AB (publ) is required to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication by the contact person below on 14 February 2024 at 08.50 AM CET.

Karnov Group AB (publ)

Stockholm, 14 February 2024

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President and CEO

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Q4 presentation webcast

Karnov Group will present the fourth quarter for analysts and investors via a webcast teleconference on 14 February at 9:15 AM CET.

To participate, use the following link:
<https://ir.financialhearings.com/karnov-group-q4-report-2023>
or register here for dial-in numbers:
<https://conference.financialhearings.com/telconference/?id=5006184>.

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

Financial calendar 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

Consolidated statement of comprehensive income

MSEK	Note	Q4		Jan-Dec	
		2023	2022	2023	2022
Net sales	3	634.2	368.3	2,474.6	1,113.5
Total revenue		634.2	368.3	2,474.6	1,113.5
Costs of goods sold		-91.3	-49.6	-365.3	-157.9
Employee benefit expenses		-316.4	-161.4	-1,131.1	-400.5
Depreciations and amortisations		-92.8	-68.4	-367.8	-233.8
Other operating income and expenses		-99.6	-110.4	-454.2	-242.5
Operating profit (EBIT)		34.1	-21.5	156.2	78.8
Share of profit in associated companies		-1.5	-3.3	-5.4	-11.7
Financial income		23.8	0.3	35.5	23.2
Financial expenses		-33.0	-17.8	-151.9	-40.3
Profit before tax		23.4	-42.3	34.4	50.0
Tax on profit for the period		0.1	29.4	2.5	9.9
Profit for the period		23.5	-12.9	36.9	59.9
Other comprehensive income:					
Items that may be reclassified to the income statement:					
Exchange differences on translation of foreign operations		-75.0	32.1	-26.6	111.0
Actuarial gains/losses on defined benefit plans		2.0	0.2	2.0	0.2
Other comprehensive income for the period		-73.0	32.3	-24.6	111.2
Total comprehensive income for the period		-49.5	19.4	12.3	171.1
Profit for the period is attributable to:					
Owners of Karnov Group AB (publ)		25.0	-12.9	38.2	59.9
Non-controlling interests		-1.5	0.0	-1.3	0.0
Profit for the period		23.5	-12.9	36.9	59.9
Total comprehensive income for the period is attributable to:					
Owners of Karnov Group AB (publ)		-48.0	19.4	13.6	171.1
Non-controlling interests		-1.5	0.0	-1.3	0.0
Total comprehensive income		-49.5	19.4	12.3	171.1
Earnings per share, basic, SEK		0.22	-0.12	0.34	0.56
Earnings per share, after dilution, SEK		0.22	-0.12	0.34	0.56
Weighted average number of ordinary shares (thousands)		107,876	107,847	107,862	107,847
Effect of performance shares (thousands)		226	255	240	255
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)		108,102	108,102	108,102	108,102

Consolidated balance sheet

MSEK	Note	31 Dec 2023	31 Dec 2022
ASSETS:			
Non-current assets			
Goodwill		3,251.1	3,249.6
Other intangible assets		2,233.1	2,391.0
Right-of-use assets		201.1	236.7
Property, plant and equipment		41.2	45.4
Investments in associated companies		48.8	54.3
Other financial investments		13.0	-
Loans to associated companies		25.2	25.7
Deposits		7.7	12.4
Deferred tax assets		135.4	122.5
Total non-current assets		5,956.6	6,137.5
Inventories		18.7	20.5
Trade receivables*	5	411.9	405.2
Prepaid expenses		57.5	46.2
Other receivables		10.6	6.3
Tax receivables		26.6	39.4
Cash and cash equivalents	5	450.6	671.2
Total current assets		975.9	1,188.8
TOTAL ASSETS		6,932.5	7,326.2

MSEK		31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES:			
Share capital		1.7	1.7
Share premium		2,654.0	2,654.0
Treasury shares		0.0	0.0
Reserves		-253.4	-226.8
Retained earnings including net profit for the period		-65.3	-109.0
Total equity attributable to the parent company's shareholders		2,337.1	2,319.9
Non-controlling interests		-	6.5
Total equity		2,337.1	2,326.3
Borrowing from credit institutions	5	2,123.0	2,483.3
Lease liabilities		179.1	214.4
Deferred tax liabilities		342.3	413.1
Provisions		78.4	60.6
Other non-current liabilities		52.5	88.2
Total non-current liabilities		2,775.3	3,259.6
Borrowing from credit institutions	5	83.2	-
Trade payables	5	111.3	137.6
Current tax liabilities		30.0	20.5
Accrued expenses		479.5	498.7
Prepaid income*		921.7	902.6
Lease liabilities		52.8	52.5
Other current liabilities		141.6	128.4
Total current liabilities		1,820.1	1,740.3
TOTAL EQUITY AND LIABILITIES		6,932.5	7,326.2

* 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	-109.1	2,319.9	6.5	2,326.4
Profit for the period	-	-	-	-	38.2	38.2	-1.3	36.9
Other comprehensive income for the period	-	-	-	-26.6	2.0	-24.6	-	-24.6
Total comprehensive income/loss	-	-	-	-26.6	40.2	13.6	-1.3	12.3
Transaction with shareholders in their capacity as owners:								
Sharebased payment	-	-	-	-	3.6	3.6	-	3.6
Divestment	-	-	-	-	-	-	-5.2	-5.2
Total transaction with shareholders	-	-	-	-	3.6	3.6	-5.2	-1.6
Closing balance at December 31, 2023	1.7	2,654.0	0.0	-253.4	-65.3	2,337.1	-	2,337.1

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	-	-	-	-	59.9	59.9	-	59.9
Other comprehensive income for the period	-	-	-	111.2	-	111.2	-	111.2
Total comprehensive income/loss	-	-	-	111.2	59.9	171.1	-	171.1
Transaction with shareholders in their capacity as owners:								
Issue of ordinary shares*	-	-0.8	-	-	-	-0.8	-	-0.8
Sharebased payment	-	-	-	-	2.0	2.0	-	2.0
Total transaction with shareholders	-	-0.8	-	-	2.0	1.2	-	1.2
Closing balance at December 31, 2022	1.7	2,654.0	0.0	-226.8	-109.1	2,319.9	6.5	2,326.3

* 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	Q4		Jan-Dec	
	2023	2022	2023	2022
Operating profit (EBIT)	34.1	-21.5	156.2	78.8
Non-cash items	67.1	78.0	367.9	242.9
Effect of changes in working capital:				
Change in inventories	0.2	-0.9	1.8	-2.5
Change in receivables*	-91.5	-30.1	-19.5	-30.1
Change in trade payables and other payables	126.3	40.8	-2.1	-14.9
Provisions paid	1.8	-	-1.4	-
Change in prepaid income*	111.5	152.7	23.7	94.8
Net financial items, paid	-34.0	-5.2	-128.0	-24.0
Corporate tax paid	-20.7	-44.0	-61.6	-69.1
Net effect of changes in working capital	93.6	113.3	-187.1	-45.8
Cash flow from operating activities	194.8	169.8	337.0	275.9
Acquisition of subsidiaries	3.8	-1,634.7	-54.9	-1,635.1
Acquisition of participations in associated companies	-	-	-	-2.9
Other financial investments	-	-	-3.0	-
Loan to associated companies	-	-	-	-8.6
Acquisition of intangible assets	-48.5	-25.4	-155.8	-89.2
Acquisition of property, plant and equipment	0.8	-2.9	-7.2	-3.9
Cash flow from investing activities	-43.9	-1,663.0	-220.9	-1,739.7
Repayment long-term debt	-	-	-2,587.9	-
Proceeds long-term debt	-	1,192.7	2,330.6	1,192.7
Payment of lease liabilities	-25.2	-9.5	-63.4	-32.8
Change in long-term receivables	3.4	2.1	0.1	1.3
Proceeds from share issues	-	-	-	-0.8
Payment of contingent considerations	-	-	-17.1	-8.1
Cash flow from financing activities	-21.8	1,185.3	-337.7	1,152.3
Cash flow for the period	129.1	-307.9	-221.6	-311.5
Cash and cash equivalents at the beginning of the period	326.4	976.6	671.2	951.5
Exchange-rate differences in cash and cash equivalents	-4.9	2.5	1.0	31.2
Cash and cash equivalents at the end of the period	450.6	671.2	450.6	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	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Change of <i>Trade receivables</i>	-141.3	-42.3	-38.5	-49.1	-125.4
Change of <i>Prepaid income</i>	141.3	42.3	38.5	49.1	125.4
(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	Q4		Jan-Dec	
	2023	2022	2023	2022
Impact on cash flow from <i>Changes in receivables</i>	99.0	84.8	15.9	-14.4
Impact on cash flow from <i>Changes in prepaid income</i>	-99.0	-84.8	-15.9	14.4

Some comparison numbers in the interim report have been updated due to historical inaccuracies. This is limited to the split of online/offline sales in note 3.

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.

A French supreme court ruling from the autumn 2023 on employee rights to earn paid holiday during periods of illness might potentially increase the holiday compensation accruals currently recognized in the balance sheet of the group. The application of the ruling is however still very uncertain and awaiting further analysis before the group can estimate any financial consequences.

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.

	North		South		Group Functions		Total	
	Q4		Q4		Q4		Q4	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Net sales specified on product categories:								
Online*	246.4	217.0	265.9	84.6	-	-	512.3	301.6
Offline*	24.1	37.1	97.8	29.6	-	-	121.9	66.7
Net sales	270.5	254.1	363.7	114.2	-	-	634.2	368.3
Adjusted EBITDA	122.0	111.2	66.7	13.8	-26.1	-14.7	162.6	110.3
Depreciations and amortisations	-19.0	-14.0	-21.6	-3.7	-	-	-40.6	-17.7
Adjusted EBITA	103.0	97.2	45.1	10.1	-26.1	-14.7	122.0	92.6
Amortisations from acquisitions							-52.0	-50.8
Items affecting comparability							-35.9	-63.3
Operating profit (EBIT)							34.1	-21.5
Share of profit in associated companies							-1.5	-3.3
Net financial items							-9.2	-17.5
Profit before tax							23.4	-42.3
Tax on profit for the period							0.1	29.4
Profit for the period							23.5	-12.9

	North		South		Group Functions		Total	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Net sales specified on product categories:								
Online*	958.0	836.4	1,066.7	84.6	-	-	2,024.7	921.0
Offline*	127.8	162.9	322.1	29.6	-	-	449.9	192.5
Net sales	1,085.8	999.3	1,388.8	114.2	-	-	2,474.6	1,113.5
Adjusted EBITDA	511.3	462.7	208.4	13.8	-82.8	-54.4	636.9	422.0
Depreciations and amortisations	-69.8	-54.6	-79.3	-3.7	-0.1	-	-149.2	-58.3
Adjusted EBITA	441.5	408.1	129.1	10.1	-82.9	-54.4	487.7	363.7
Amortisations from acquisitions							-211.1	-175.6
Items affecting comparability							-120.4	-109.4
Operating profit (EBIT)							156.2	78.8
Share of profit in associated companies							-5.4	-11.6
Net financial items							-116.4	-17.2
Profit before tax							34.4	50.0
Tax on profit for the period							2.5	9.9
Profit for the period							36.9	59.9

*Comparison numbers in Region North has been updated due to historical inaccuracies

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. Cash acquired amounted to SEK 3.8 m and identified net assets to SEK 0.6 m whereof Customer relations of SEK 3.5 m. Allocation of Goodwill amounted to SEK 4.3 m.

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	Final 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		-10.2	-374.2
Accrued expenses and prepaid income	-782.6		29.1	-753.5
Deferred tax	-178.7		15.9	-162.8
Total identified net assets	427.3		25.7	453.0
Goodwill	1,207.4		20.9	1,228.3
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 4.3 m and non-controlling interests by SEK 5.2 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	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
FINANCIAL ASSETS				
Financial assets at amortised cost				
Trade receivables	411.9	405.2	411.9	405.2
Cash and cash equivalents	450.6	671.2	450.6	671.2
Total financial assets	862.5	1,076.4	862.5	1,076.4
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss (FVPL)				
Contingent considerations	7.3	29.9	7.3	29.9
Liabilities at amortised cost				
Trade payables	111.3	137.6	111.3	137.6
Borrowing from credit institutions	2,206.2	2,483.3	2,206.2	2,483.3
Total financial liabilities	2,324.8	2,650.8	2,324.8	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. 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	
	Q4		Q4		Q4		Q4	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Organic business	263.9	244.0	118.3	-	-	-	382.2	244.0
Acquired business	2.1	-	243.0	114.2	-	-	245.1	114.2
Currency	4.5	10.1	2.4	-	-	-	6.9	10.1
Net sales	270.5	254.1	363.7	114.2	-	-	634.2	368.3
Total net sales split, %								
Organic growth, %	3.8%	10.4%	3.8%	-	-	-	3.8%	10.4%
Acquired business, %	0.8%	0.1%	212.8%	100.0%	-	-	66.5%	51.6%
Currency effect, %	1.7%	4.4%	2.1%	-	-	-	1.8%	4.6%
Total growth, %	6.3%	14.9%	218.7%	100.0%	-	-	72.1%	66.6%
EBITDA	122.0	111.2	28.1	-82.2	-23.4	18.0	126.7	47.0
EBITDA margin, %	45.1%	43.8%	7.7%	-72.0%	-	-	20.0%	12.8%
Depreciations and amortisations	-19.0	-14.0	-21.6	-3.7	-	-	-40.6	-17.7
EBITA	103.0	97.2	6.5	-85.9	-23.4	18.0	86.1	29.3
EBITA margin, %	38.1%	38.3%	1.8%	-75.2%	-	-	13.6%	8.0%
Items affecting comparability	-	-	-38.6	-96.0	2.7	32.7	-35.9	-63.3
Adjusted EBITDA	122.0	111.2	66.7	13.8	-26.1	-14.7	162.6	110.3
Adjusted EBITDA margin, %	45.1%	43.8%	18.3%	12.1%	-	-	25.6%	29.9%
Adjusted EBITA	103.0	97.2	45.1	10.1	-26.1	-14.7	122.0	92.6
Adjusted EBITA margin, %	38.1%	38.3%	12.4%	8.8%	-	-	19.2%	25.1%
Items affecting comparability								
Acquisition and post-closing integration cost	-	-	-38.6	-96.0	2.7	32.7	-35.9	-63.3
Restructuring costs	-	-	-	-	-	-	-	-
Total	-	-	-38.6	-96.0	2.7	32.7	-35.9	-63.3
Items affecting comparability classification								
Operating costs	-	-	-38.6	-96.0	2.7	32.7	-35.9	-63.3
Depreciations and amortisations	-	-	-	-	-	-	-	-
Amortisations from acquisitions	-	-	-	-	-	-	-	-

Note 6. Alternative performance measures (cont.)

	North		South		Group Functions		Total	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Organic business	1,042.9	958.8	118.3	-	-	-	1,161.2	958.8
Acquired business	7.1	14.4	1,268.1	114.2	-	-	1,275.2	128.6
Currency	35.8	26.1	2.4	-	-	-	38.2	26.1
Net sales	1,085.8	999.3	1,388.8	114.2	-	-	2,474.6	1,113.5
Total net sales split, %								
Organic growth, %	4.4%	9.2%	3.8%	-	-	-	4.3%	9.2%
Acquired business, %	0.7%	1.7%	1,110.4%	100.0%	-	-	114.5%	51.6%
Currency effect, %	3.6%	2.9%	2.1%	-	-	-	3.4%	4.6%
Total growth, %	8.7%	13.8%	1,116.3%	100.0%	-	-	122.2%	65.4%
EBITDA	515.5	462.7	101.4	-82.2	-93.1	-67.8	523.8	312.6
EBITDA margin, %	47.5%	46.3%	7.3%	-72.0%	-	-	21.2%	28.1%
Depreciations and amortisations	-74.4	-54.6	-79.3	-3.7	-0.1	-	-153.8	-58.3
EBITA	441.1	408.1	22.1	-85.9	-93.2	-67.8	370.0	254.3
EBITA margin, %	40.6%	40.8%	1.6%	-75.2%	-	-	15.0%	22.8%
Items affecting comparability	-3.1	-	-107.0	-96.0	-10.3	-13.4	-120.4	-109.4
Adjusted EBITDA	511.3	462.7	208.4	13.8	-82.8	-54.4	636.9	422.0
Adjusted EBITDA margin, %	47.1%	46.3%	15.0%	12.1%	-	-	25.7%	37.9%
Adjusted EBITA	441.5	408.1	129.1	10.1	-82.9	-54.4	487.7	363.7
Adjusted EBITA margin, %	40.7%	40.8%	9.3%	8.8%	-	-	19.7%	32.7%
Items affecting comparability								
Acquisition and post-closing integration cost	-	-	-107.0	-96.0	-10.3	-13.4	-117.3	-109.4
Restructuring costs	-3.1	-	-	-	-	-	-3.1	-
Total	-3.1	-	-107.0	-96.0	-10.3	-13.4	-120.4	-109.4
Items affecting comparability classification								
Operating costs	4.2	-	-107.0	-96.0	-10.3	-13.4	-113.1	-109.4
Depreciations and amortisations	-4.6	-	-	-	-	-	-4.6	-
Amortisations from acquisitions	-2.7	-	-	-	-	-	-2.7	-

Note 6. Alternative performance measures (cont.)

Adjusted cash conversion

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Adjusted EBITDA	162.6	110.3	636.9	422.0
Cash flow from operating activities	194.8	169.8	337.0	275.9
Interest paid	34.0	5.2	128.0	24.0
Income tax paid	20.7	44.0	61.6	69.1
Cash effect adjustment related to items affecting comparability	35.9	58.8	113.1	109.3
Capex related to product development and enhancements	-48.5	-17.2	-155.8	-55.3
Adjusted cash flow from operating activities	236.9	260.6	483.9	423.0
Adjusted cash conversion, %	145.7%	236.3%	76.0%	100.2%

Net debt*

MSEK	31 Dec 2023	31 Dec 2022
Borrowing from credit institutions, long term	2,123.0	2,483.3
Borrowing from credit institutions, short term	83.2	-
Cash and cash equivalents	-450.6	-671.2
Net debt	1,755.6	1,812.1

Leverage ratio **

MSEK	31 Dec 2023	31 Dec 2022
Adjusted EBITDA LTM	636.9	582.0
Net debt*	1,755.6	1,812.1
Leverage ratio	2.8	3.1

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

**Leverage ratio for 2022 was calculated based on proforma figures from Region South, excluding leasing liabilities.

Quarterly overview

	Q4	Q3	Q2	Q1	Q4
MSEK	2023	2023	2023	2023	2022
Income statement					
Net sales	634.2	618.9	607.8	613.7	368.3
EBITDA	126.7	133.5	118.9	144.7	47.0
EBITDA margin, %	20.0%	21.6%	19.6%	23.6%	12.8%
EBITA	86.1	91.4	80.7	111.8	29.3
EBITA margin, %	13.6%	14.8%	13.3%	18.2%	8.0%
Adjusted EBITA	122.0	116.0	109.3	140.4	92.6
Adjusted EBITA margin, %	19.2%	18.7%	18.0%	22.9%	25.1%
Operating profit (EBIT)	34.1	35.9	28.9	57.3	-21.5
EBIT, margin %	5.4%	5.8%	4.8%	9.3%	-5.8%
Net financial items	-9.2	-12.4	-61.5	-33.3	-17.5
Profit for the period	23.5	21.2	-26.2	18.4	-12.9
Balance sheet					
Non-current assets	5,956.6	6,220.0	6,407.3	6,174.7	6,137.5
Current assets*	975.9	736.6	966.9	1,327.8	1,188.8
Cash and cash equivalents	450.6	326.4	455.9	770.1	671.2
Equity	2,337.1	2,383.9	2,432.0	2,367.5	2,326.4
Non-current liabilities	2,775.3	2,950.6	3,039.0	3,285.0	3,259.6
Current liabilities*	1,820.1	1,622.1	1,903.2	1,850.0	1,740.3
Total assets	6,932.5	6,956.6	7,374.2	7,502.5	7,326.3
Cash flow					
Cash flow from operating activities	194.8	-42.4	17.4	167.2	169.8
Cash flow from Investing activities	-43.9	-37.8	-94.9	-44.3	-1,663.0
Cash flow from financing activities	-21.8	-12.4	-278.4	-25.1	1,185.3
Cash flow for the period	129.1	-92.6	-355.9	97.8	-307.9
Adjusted cash flow from operating activities	236.9	-23.0	60.0	210.0	260.6
Key ratios					
Net working capital	-844.2	-885.5	-936.3	-522.2	-551.6
Equity/asset ratio, % *	33.7%	34.3%	33.0%	31.6%	31.8%
Adjusted cash conversion, %	145.7%	-15.0%	40.7%	121.2%	236.4%
Net debt**	1,755.6	1,958.6	1,889.6	1,733.8	1,812.1
Share data:					
Weighted average number of ordinary shares (thousands)	107,876	107,876	107,861	107,847	107,847
Earnings per share, basic, SEK	0.22	0.20	-0.24	0.17	-0.12
Earnings per share, after dilution, SEK	0.22	0.20	-0.24	0.17	-0.12

* Comparison numbers have been adjusted in accordance with IFRS 15 section 12. Please also refer to Note 1.** See note 6, p23.

Parent company statement of comprehensive income

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Employee benefit expenses	-1.8	-1.0	-5.3	-7.3
Depreciations and amortisations	-	-0.0	-0.1	-0.0
Other operating income and expenses	-9.6	76.0	-15.4	0.1
Operating profit (EBIT)	-11.4	74.9	-20.8	-7.3
Financial income	132.3	7.3	185.7	25.9
Financial expenses	-18.6	-1.0	-37.3	-2.5
Dividend received	-	-	45.0	-
Net financial items	113.7	6.3	193.4	23.4
Group contributions	42.7	9.2	42.7	9.2
Profit before tax	145.0	90.4	215.3	25.3
Tax on profit for the period	5.2	-12.8	-	-2.2
Profit for the period	150.2	77.6	215.3	23.1
Total comprehensive income	150.2	77.6	215.3	23.1

Parent company balance sheet

MSEK	31 Dec 2023	31 Dec 2022
ASSETS:		
Receivables from group companies	2,522.5	1,181.9
Investments in group companies	1,161.8	1,158.1
Right-of-use assets	-	0.2
Total non-current assets	3,684.3	2,340.2
Receivables from group companies	70.0	156.5
Prepaid expenses	0.9	-
Other receivables	0.7	0.5
Current tax receivable	2.3	1.4
Cash and cash equivalents	16.4	11.5
Total current assets	90.3	169.9
TOTAL ASSETS	3,774.6	2,510.1
MSEK	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES:		
Restricted equity		
Share capital	1.7	1.7
Non-restricted equity		
Share premium	2,654.0	2,654.0
Retained earnings including net profit for the year	41.3	-177.6
Total equity	2,697.0	2,478.1
Liabilities to group companies	55.4	-
Borrowing from credit institutions	899.5	-
Total non-current liabilities	954.9	-
Borrowing from credit institutions	83.2	-
Trade payables	1.2	4.6
Trade payables from group companies	34.1	14.5
Accrued expenses	4.1	6.6
Other current liabilities	0.1	6.3
Total current liabilities	122.7	32.0
TOTAL EQUITY AND LIABILITIES	3,774.6	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 31 Dec 2023	Average rate Oct-Dec 2023	Average rate Jan-Dec 2023	Closing rate 31 Dec 2022	Average rate Oct-Dec 2022	Average rate Jan-Dec 2022
1 DKK is equivalent to SEK	1.4889	1.5375	1.5395	1.4965	1.4704	1.4285
1 NOK is equivalent to SEK	0.9871	0.9843	1.0049	1.0572	1.0517	1.0518
1 EUR is equivalent to SEK	11.0960	11.4663	11.4707	11.1283	10.9351	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

1,200+

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.

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 and EHS compliance solutions

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

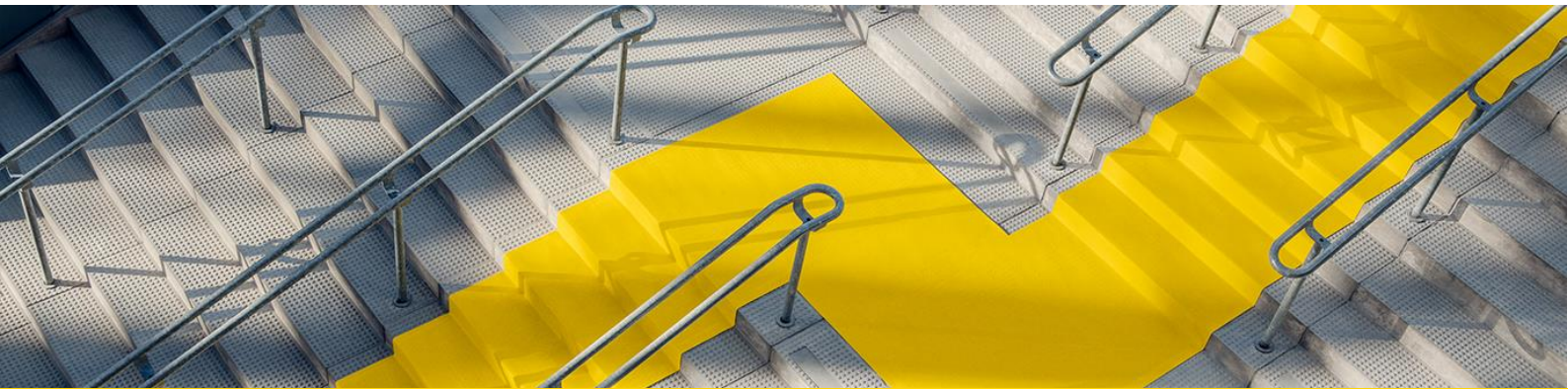
Norway: Tax and accounting online workflow tools

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 1,200 people.

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



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