



Karnov Group Half-year Report Q2

Pontus Bodelsson, Group CEO
Magnus Hansson, Group CFO
17 August 2023

A portrait of Pontus Bodelsson, a man with short, light brown hair and a beard, wearing a dark suit jacket over a white shirt. He is smiling slightly and looking towards the camera. The background is a blurred office interior with large windows.

Q2 highlights and operational outlook

Pontus Bodelsson

Financial highlights Q2

Strong growth and progress in Region South integration

608

Net sales
(SEKm)

+8%

Organic growth
(const. currency)

18%

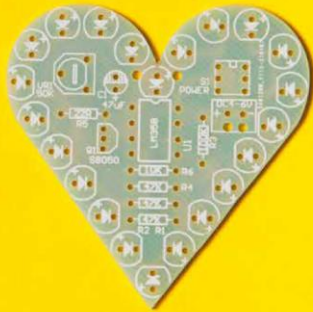
Adjusted EBITA
margin

3.6x

Leverage

Group highlights

Focus on growth and new customer value



Key comments

- › Strong growth across the Group, driven by resilient legal core businesses and fast-growing verticals
 - › Region North drives the Group's organic growth
 - › Strong performance within EHS and workflow tools
- › Enhancing the search capabilities of our platforms using AI
 - › Our proprietary content databases are a competitive advantage as they guarantee certainty
 - › Opportunity for additional customer value
- › Building a European company culture
 - › New core values established in Q2:
Customer Centricity, Collaborative Community, Trust and Openness and Curiosity and Knowledge

Strong performance in Region North

Increased collaboration between Denmark and Sweden



Key comments

- › Strong organic growth and high margins
 - › Growth in legal core supported by fast-growing EHS and workflow tool businesses
- › Cross-border collaboration between Karnov Denmark and Norstedts Juridik for future customer value
 - › New organisation established for improved productivity and processes in the region
- › New AI-based back-end solution developed in Region North for anonymisation of case law documents
 - › Collaboration with our AI company Ante
- › Municipality solution an important tool for civil servants to make correct decisions, fast

Progress in integration in Region South

Cross-organisational sales between our Spanish entities



Key comments

- › Stable net sales and adjusted EBITA margin development in line with expectations
 - › Lamy Liaisons has launched Lamy Play, a new eLearning platform, with first sales in the quarter
- › Cross-selling in Spain
 - › New jointly developed whistleblower tool sold by both Spanish entities with satisfied customers
 - › Exploring additional opportunities with the combined product portfolio
- › Common tech platform integration progresses well
- › We iterate our ambition to harvest cost-synergies of EUR 7.5 m with full effect at the end of 2024 and an additional EUR 2.5 m with full effect at the end of 2026

AI for additional customer value

Our proprietary data is a competitive advantage



Key comments

- › Deeply important within legal information solutions market that the customer can trust the available content
 - › Karnov's deep content is a competitive advantage as customers can be certain that the information is correct
- › Karnov Group has workflow tools based on AI in the product suite and plans to launch more tools
 - › Jurimetria for prediction of outcome
 - › Anonymisation of cases for legal compliance
- › Our AI development is made both by internal resources and with support from specialists



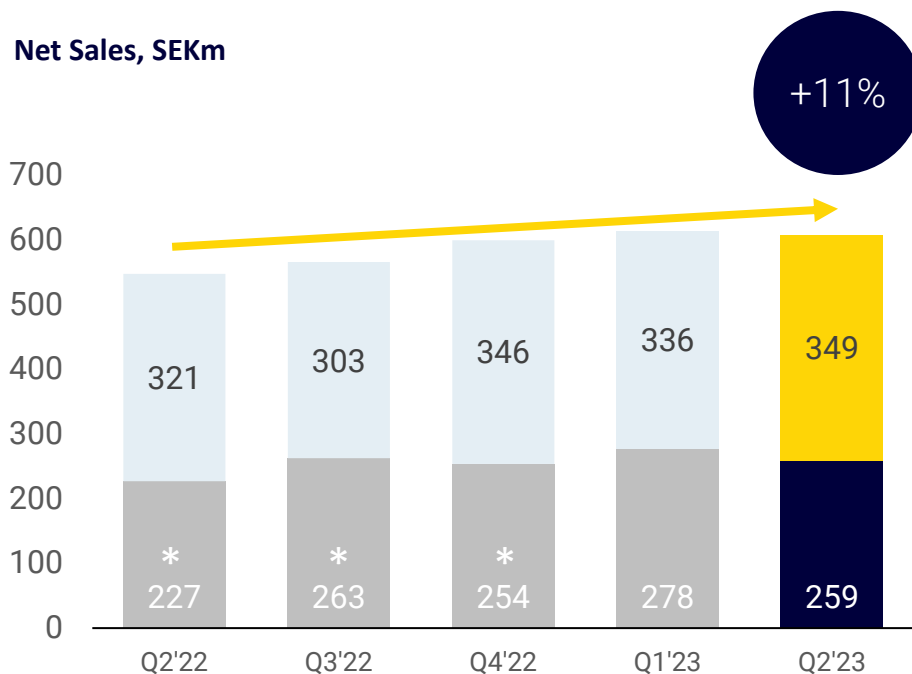
Financial development

Magnus Hansson

Strong growth

The Group's organic growth is driven by Region North

GROUP



Key comments

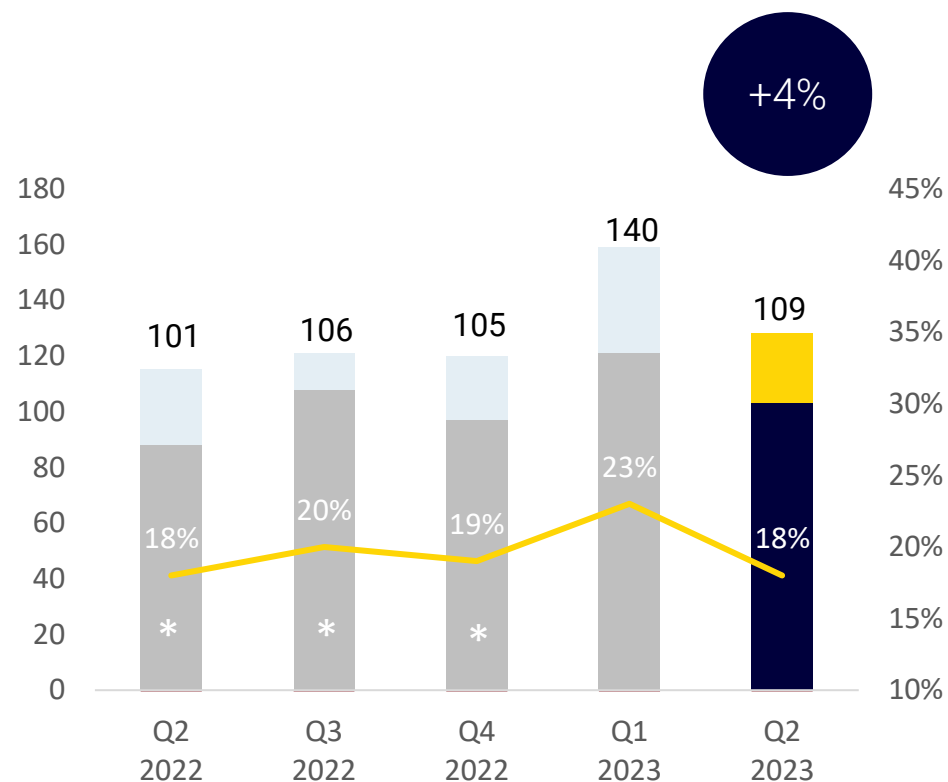
- Strong net sales development
 - Organic growth (constant currency) of 8.2% and acquired growth of 154.7%. Currency effect was 4.8%
- Strong growth trajectory in Region North
 - Organic growth driven by strong new sales in the public sector and additional customer value
 - Our EHS businesses and DIBkunnskap continue to perform very well
- Region South has a stable development
 - Net sales increased by SEK 28 m compared to Q2 2022 driven by currency effect. Underlying performance is stable.

*Comparing figures include proforma numbers for Region South. These have not been audited by the company's auditor.

Solid margins

New base margin in 2023 due to the acquisition of Region South

GROUP



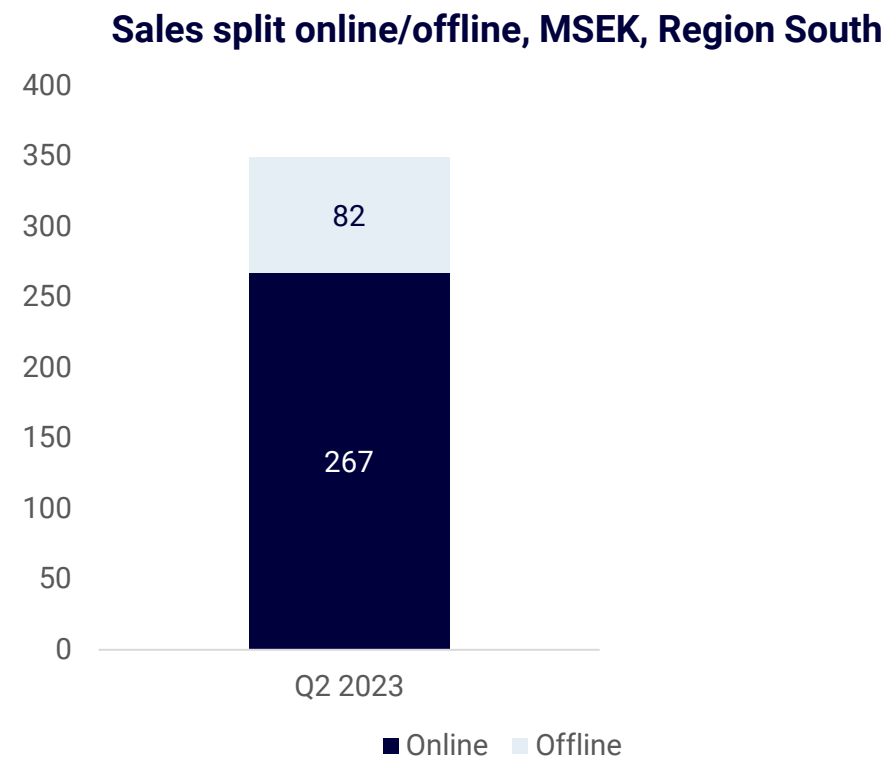
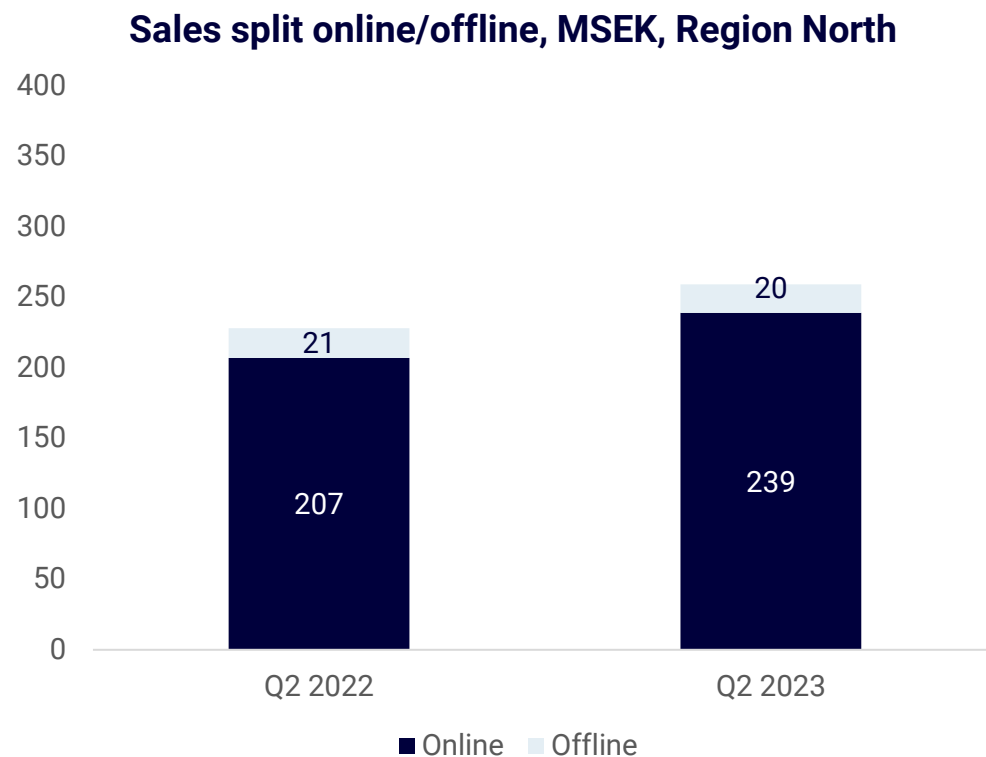
Key comments

- Adjusted EBITA amounted to SEK 109 m (proforma 101)
- Group margin was stable at 18%.
 - Group function costs have increased due to the new size and complexity of the Group
 - Increased D&A compared to previous year
- Focus onwards is to harvest synergies in Region South and thereby improve the adjusted EBITA margin

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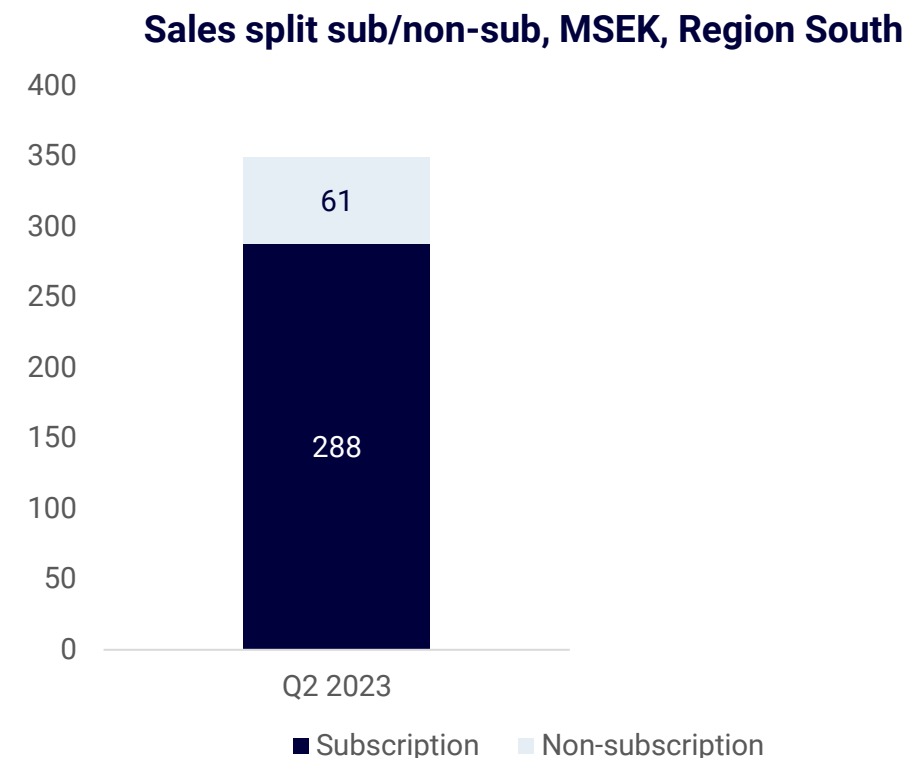
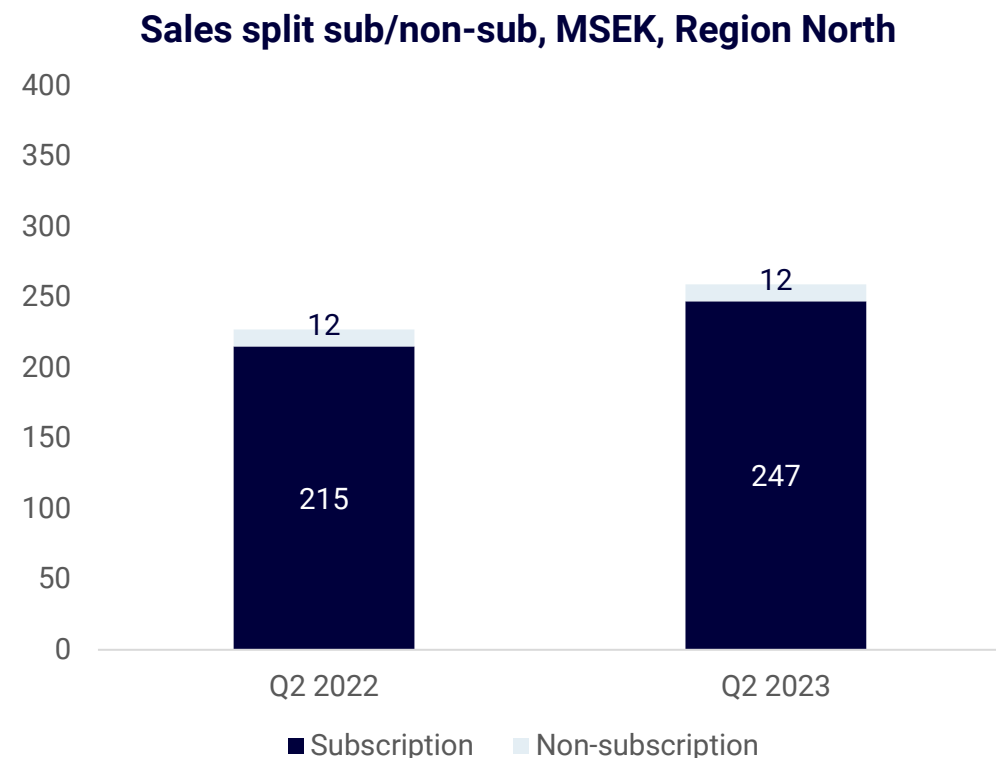
Online sales continue to grow

Higher portion of offline sales in Region South compared to Region North



High portion of subscriptions paid in advance

Similar subscription-based sales in both segments

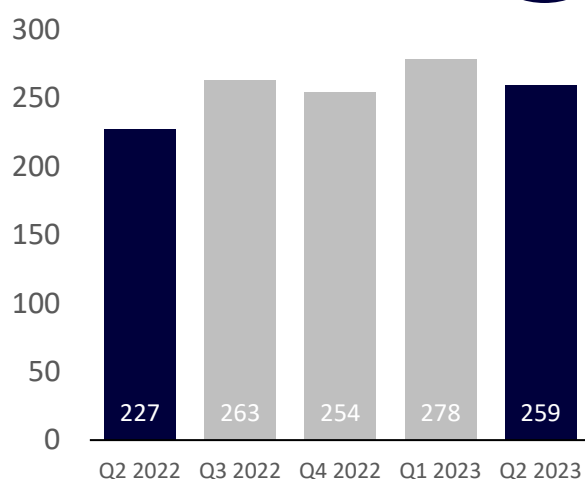


Region North drives the Group's organic growth

Strong organic growth and high-level margin

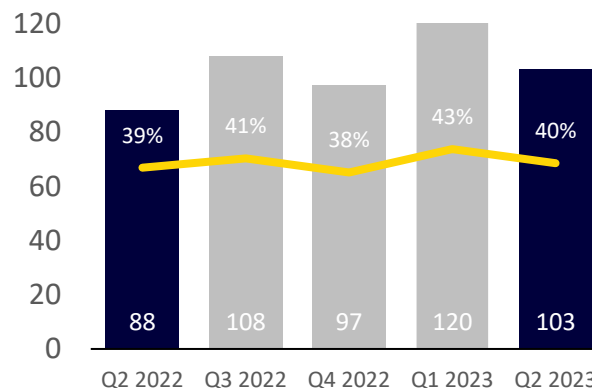
REGION NORTH

Net Sales, SEKm



+14%

Adjusted EBITA, SEKm and margin %



+16%

Key comments

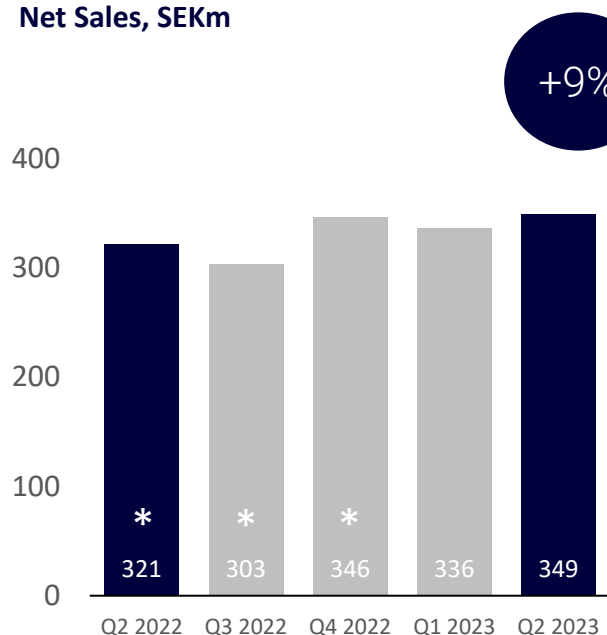
- Strong organic growth (constant currency) of 8.2%. Currency effects had a positive impact of 4.9%. Acquired growth was 0.9%.
- Organic growth driven by online sales
 - We have enhanced customer value within legal core and our EHS and workflow businesses grow strongly
 - High retention rate across the region
- Adjusted EBITA margin was 39.7%
 - Beneficial product mix with increasing online sales
 - Increased D&A of SEK 5 m from capitalised development

Region South performs in line with expectations

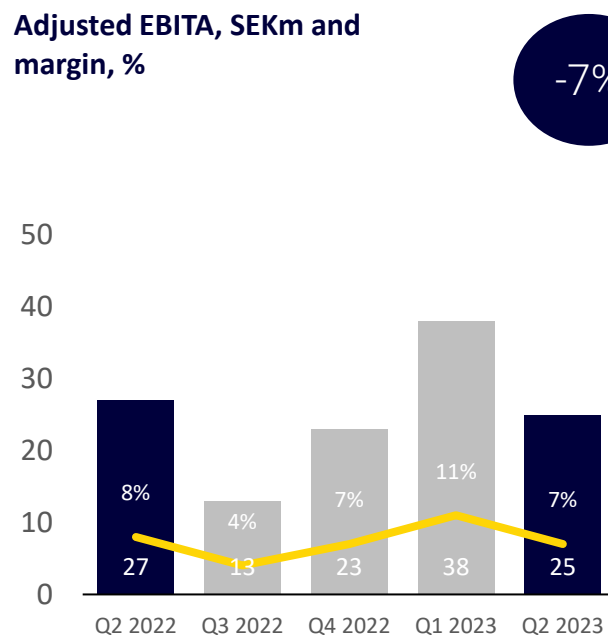
Stable results while progressing in Spanish merger

REGION SOUTH

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



Key comments

- Net sales increased by 8.7%
- The significant increase in net sales compared to proforma is to its full extent explained by currency effects of 9.4%
- We have started cross-organisational sales in Spain and experience good traction within the e-learning segment in both markets
- Adjusted EBITA margin was 7.2%
- Focus onwards is to harvest synergies

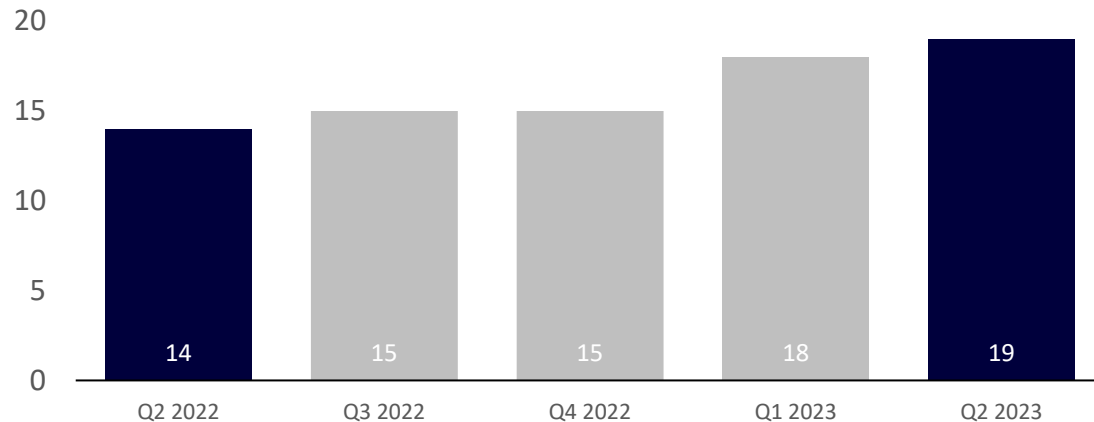
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Group functions

Increased costs due to European expansion

GROUP FUNCTIONS

Adjusted EBITA, SEKm and margin, %



Key comments

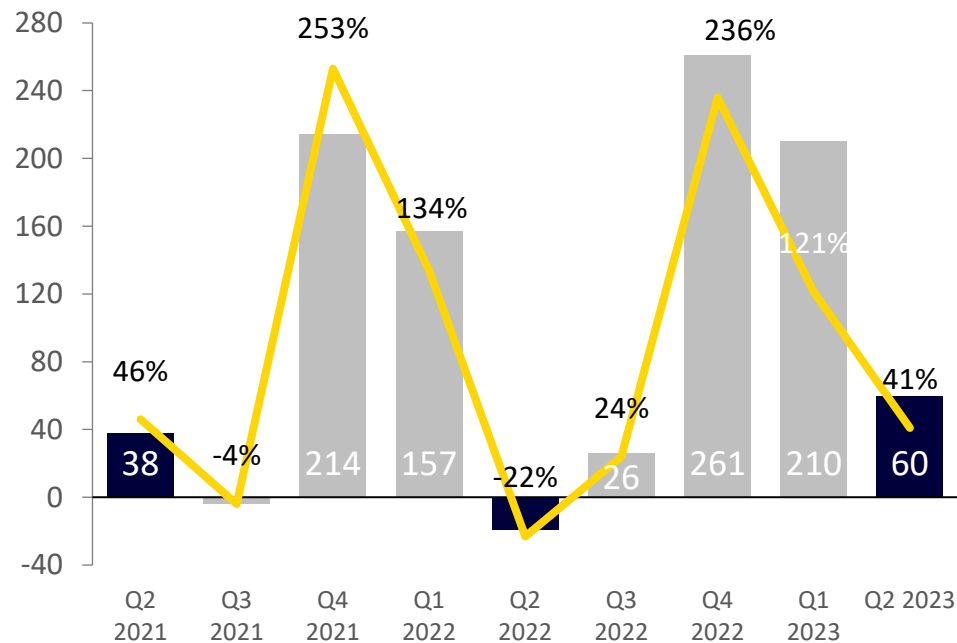
- The Group Function consists of the functions which takes responsibility for Group wide tasks, e.g. Group management, Investor Relations and Group Finance functions
- Increase of SEK 5 m compared to Q2 2022 as we have strengthened corporate functions, in line with earlier announcements

Strong adjusted operating cash flow

Region South has a more widely spread invoicing

GROUP

Adj. operating cash flow, SEKm
and adj. cash conversion, %



Key comments

- › Adjusted operating cash flow amounted to SEK 67 m
- › Both segments generated cash while Region South has a slightly later seasonal dynamic with a more widely spread of invoicing during year
- › Refinancing of existing debt completed in Q2
 - › New loan in EUR to better reflect Group cash flow
- › Leverage of 3.6x
 - › The increased leverage is due to currency effects
 - › Our focus is to improve leverage below the financial target of 3.0x and invest further in Region South to harvest synergies

Summary of Q2

1

Strong financial performance

- Organic growth 8%
- Refinancing completed of existing debt

2

Enhance customer value with AI

- Opportunities for both new customer value and raised productivity within Karnov Group
- Our premium deep content is a great asset

3

The Karnovian culture

- New core values established during Q2
- Supporting our expansion and future success

Capital Markets Day on 5 October 2023

Presentation of our strategic priorities and future ambitions



Key comments

- › Capital Markets Day in Stockholm on 5 October 2023
 - › Focus on European growth and strategic priorities such as Region South and AI
 - › Connect with our Group Management
 - › Preliminary time 11:30 – 16:00
- › Welcome all!
 - › Register here:
<https://ir.financialhearings.com/karnov-group-cmd-2023/register>

Q&A

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do it quickly.

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Appendix

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