



Karnov Group Year-end Report Q4

Pontus Bodelsson, CEO
Leif Mårtensson, Interim CFO
15 February 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.

Q4 highlights and operational update

Pontus Bodelsson

Financial highlights Q4

First large European acquisition completed

368

Net sales
(SEKm)

+10%

Organic growth

33%

Adjusted EBITA
margin
Region North

3.6x

Leverage

Group highlights

Karnov is now a strong European player



Key comments

- Organic growth of 10.4% and adjusted EBITA margin of 25.1% on Group level
- Continued solid online growth drives a solid adjusted EBITA margin of 32.5% in Region North
 - Sales drivers are online services, with increasing demand for our services within public sector, municipalities and EHS.
 - Now largest EHS provider in Denmark thanks to the acquisition of Nørskov Miljø
- Acquisition of Region South completed, and integration has started
 - Focus is customer centricity as well as harvesting of synergies
 - Exciting business opportunities onwards

High customer satisfaction in Denmark

Growing market shares within municipalities



Key comments

- › Organic growth of 6.0% and adjusted EBITA margin of 27.5%
- › Additional operating expenses in Denmark related to European expansion impacting the margin
- › Additional municipalities onboarded
- › Customers satisfied with the broad content and practical guidance
- › Now largest EHS provider in Denmark
 - › Nørskov Miljø acquired in January 2023
 - EHS compliance platform
 - Net sales of DKK 6.4 m in 2022 with positive EBITA
- › Additional value-adding content from public Domsdatabasen incorporated on our platform

Strong end to the year in Sweden/Norway

Growing user base in legal core and growing market shares within verticals



Key comments

- › Organic growth of 14.1% and adjusted EBITA margin of 36.8%
 - › Higher net sales drive the strong margin
- › Growing online business
 - › Public sector, municipalities and EHS perform well
 - › Stand-alone entities develop in line with expectation
- › New add-on "Rättsområdesanalys" on the JUNO platform is now sold as an add-on feature with satisfied customers
- › Increased demand for school publication products also in the fourth quarter

Acquisition of Region South completed

Integration initiated and all progress in line with expectations



Key comments

- › Net sales and adjusted EBITA margin in line with expectations
- › Integration started including synergies project
 - › Focus onwards is to harvest synergies, develop the local companies further and enhance the customer offering
 - › Preparing a common product portfolio and one tech platform in Region South
- › Synergies of EUR 7.5 m intended to be harvested at the end of 2024
 - › Central functions, IT and content harmonization as well as within administration (sales, marketing and back-office)
 - › Additional synergies of EUR 2.5 m at the end of 2026

Transformative year

European acquisitions and focus on customer centricity



Key comments

- › Karnov stands strong in a turbulent surrounding world
 - › Strong offering in close collaboration with our customers – it's all about understanding our customers' challenges of today and opportunities of tomorrow
 - › Trust what you find, find it quick and make better decision, faster
 - › High customer satisfaction and unchanged renewal grades
- › Karnov is now a strong European player
 - › Continue adding value to the benefit of our customers in Region North
 - › Combination of harvesting synergies and creating more value to our customers in Region South
 - › Keeping eyes open for additional M&A activities in Europe

A portrait of Leif Mårtensson, a middle-aged man with glasses, wearing a suit and tie. The background is a blurred interior with warm lighting.

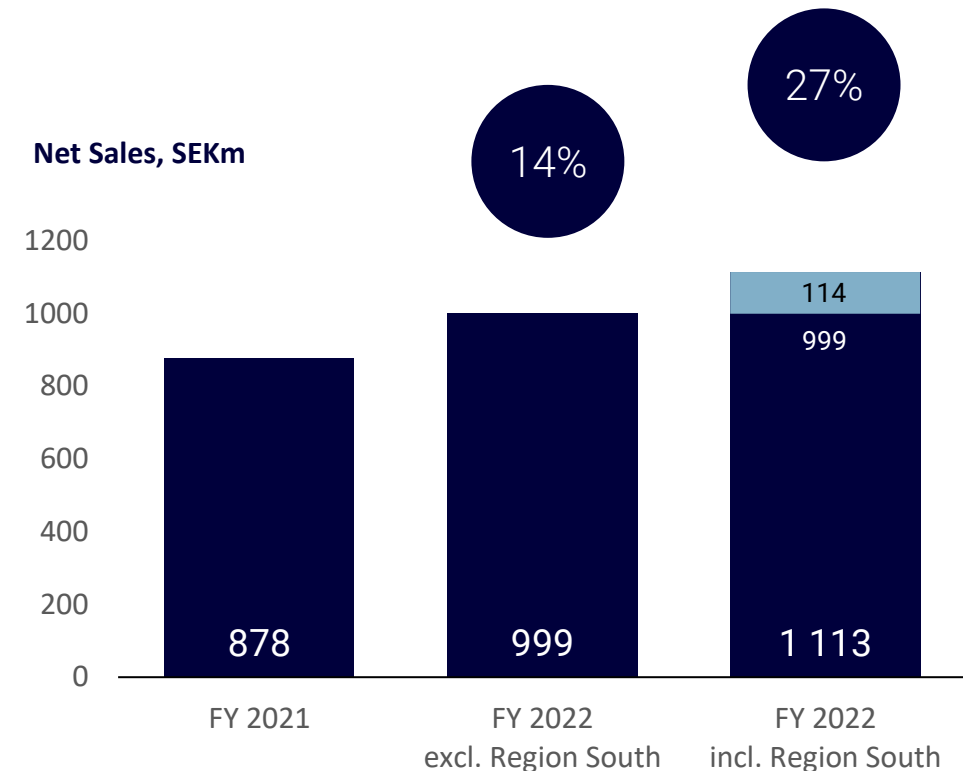
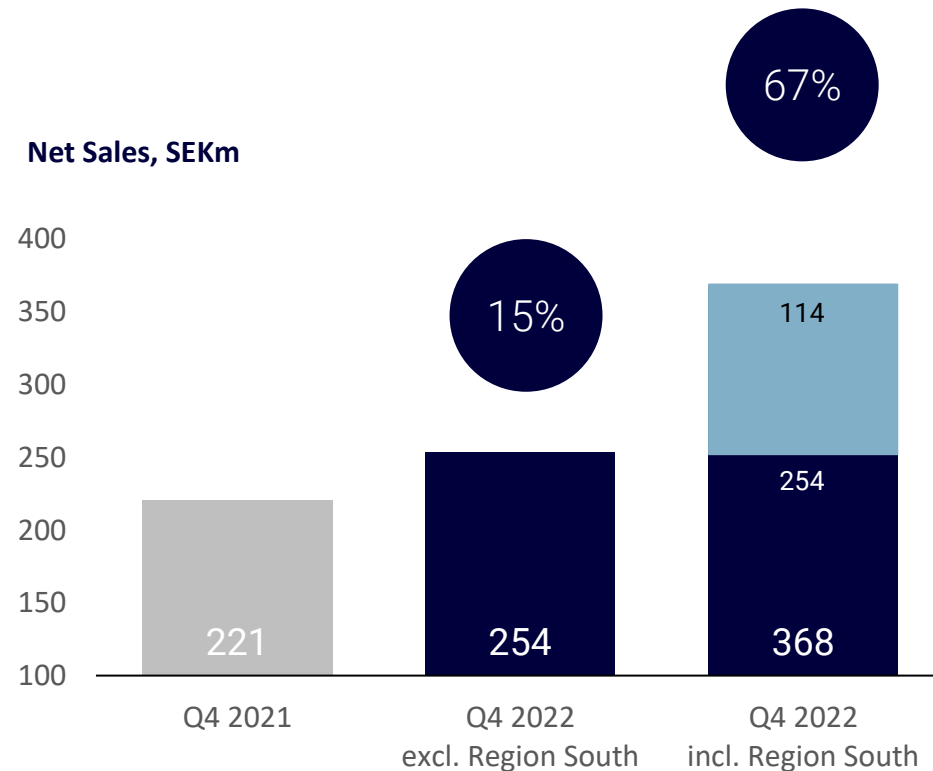
Financial development

Leif Mårtensson

Karnov Group is on a growth journey

Milestone reached – over SEK 1 billion in net sales in 2022

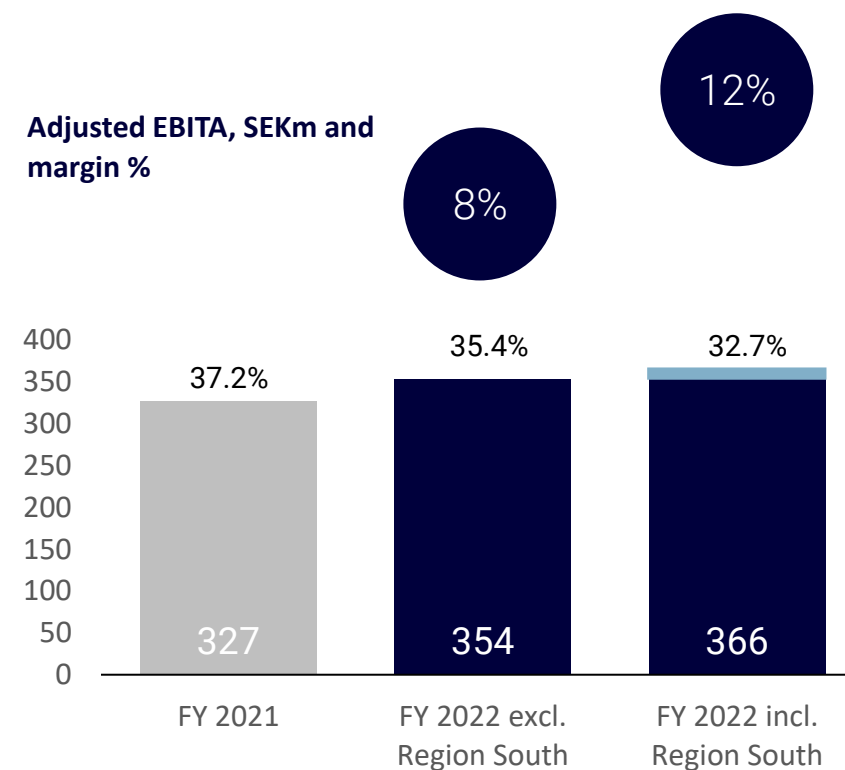
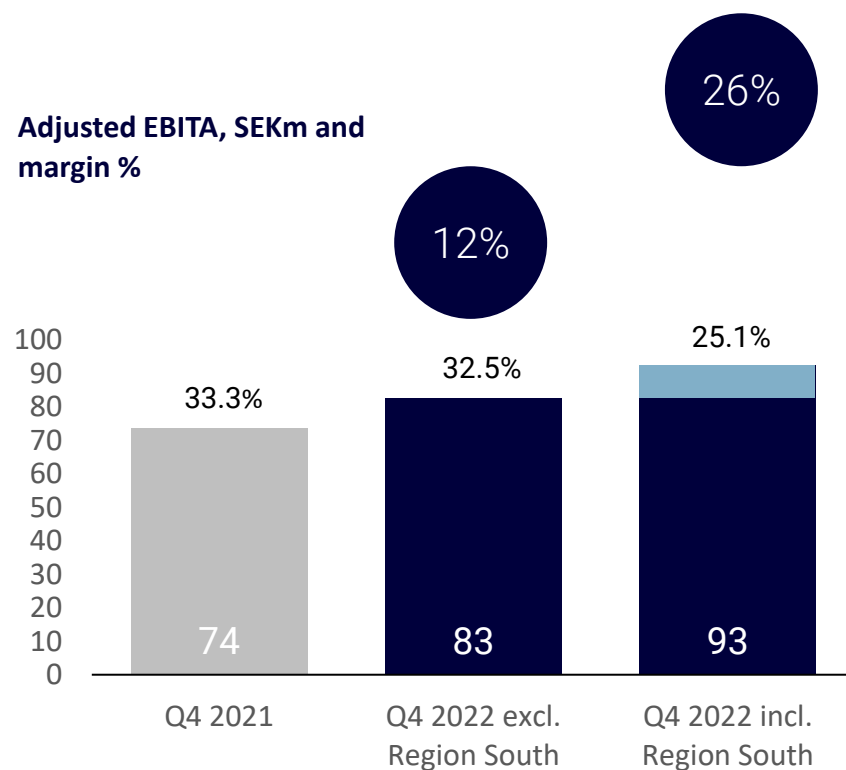
GROUP



Good performance in Region North

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

GROUP

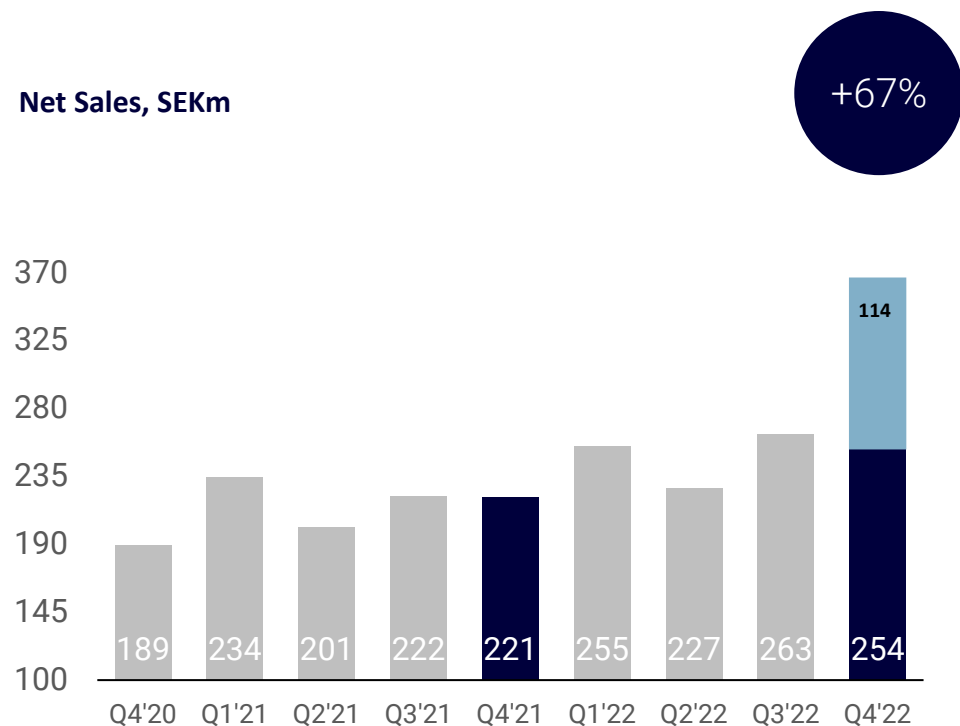


Strong end to the year

Strong organic growth supported by acquired growth

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Net Sales, SEKm



Key comments

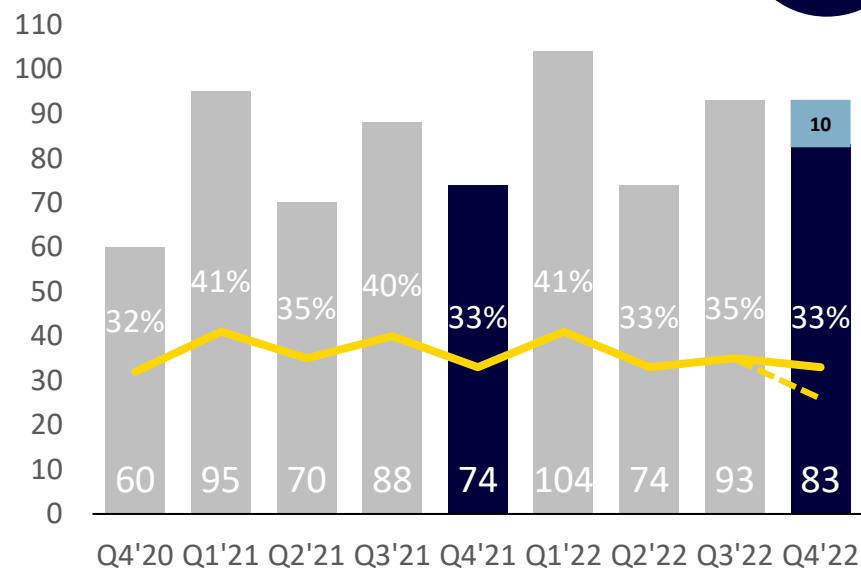
- Organic growth of 10.4% driven by an increased demand for our services, both within our legal core and closely related verticals
 - Both segments contributed to the strong organic growth
- Net sales amounted to SEK 368 m, with acquired growth of 51.6% from Region South and currency effect of 4.6%
 - Region South contributed with SEK 114 m coming from net sales in December

Solid earnings

Stable adjusted EBITA margin in Region North in Q4

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Adjusted EBITA and margin, SEKm and %

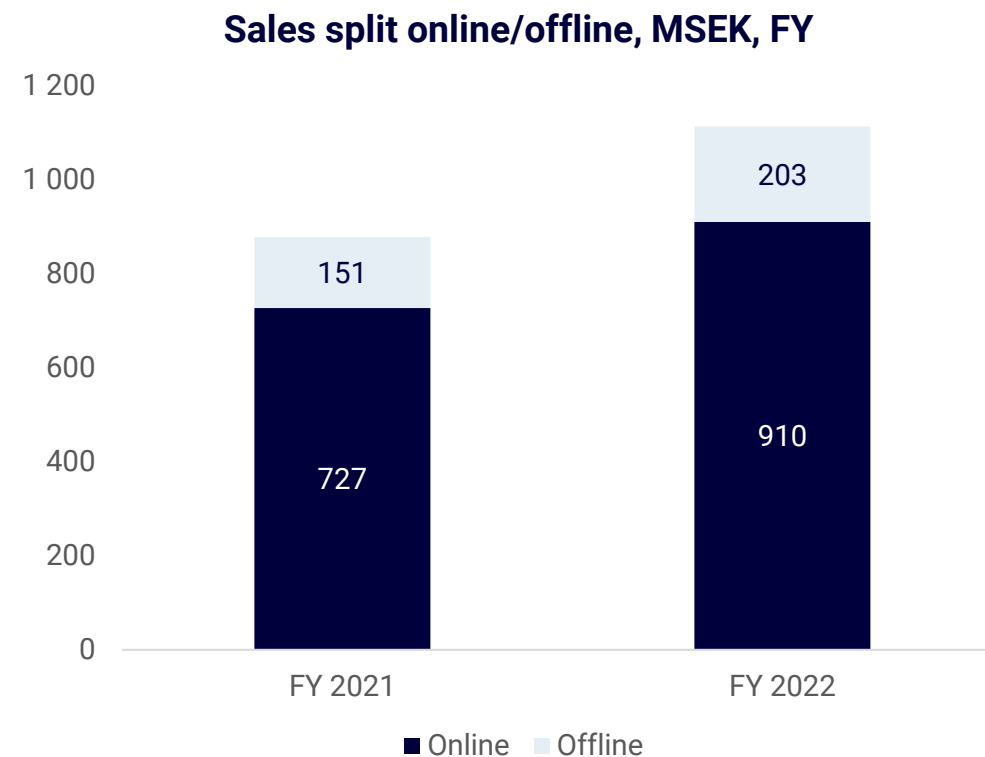
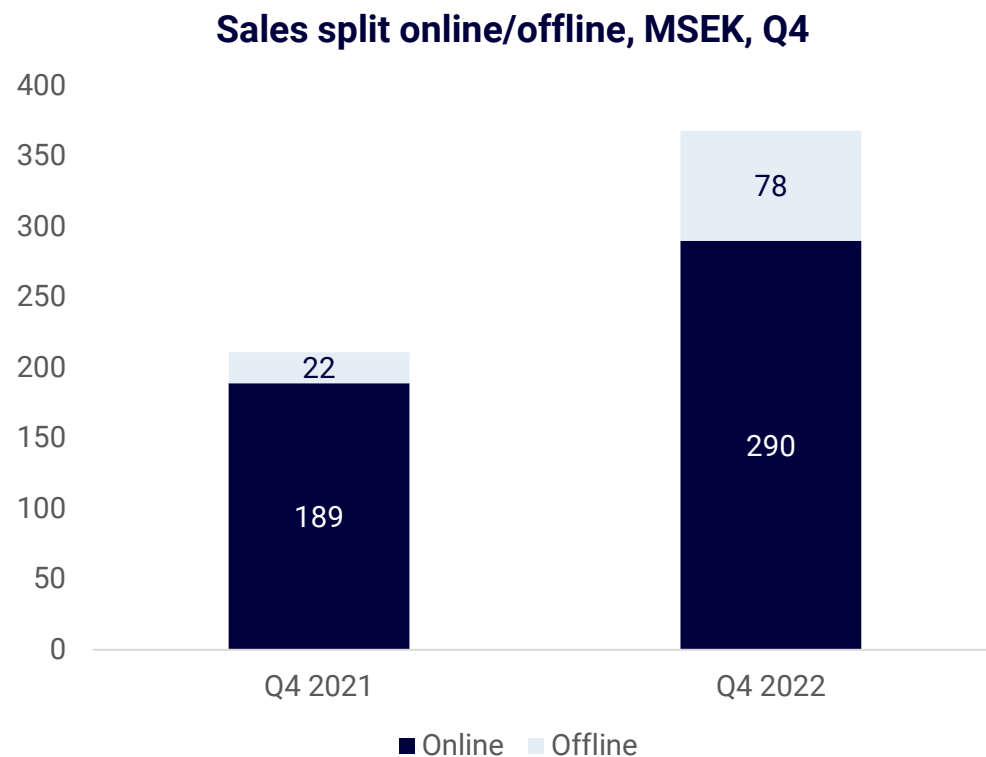


Key comments

- Adjusted EBITA amounted to SEK 93 m (74)
- Adjusted EBITA margin decreased to 25.1% (33.3)
 - The margin was 32.5% in Region North
- Karnov Group has continued the preparation for European expansion with related expenses of SEK 7 m for organisational development
- Higher personnel expenses as we have initiated development for future customer value
- Items affecting comparability amounted to SEK 63 m (45)

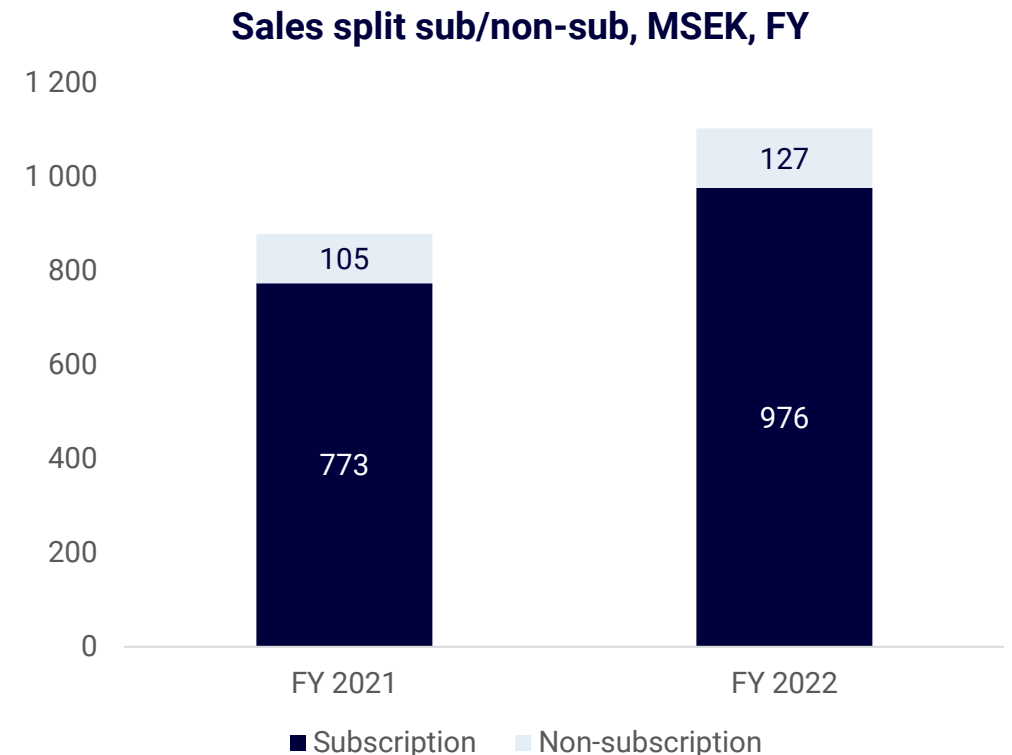
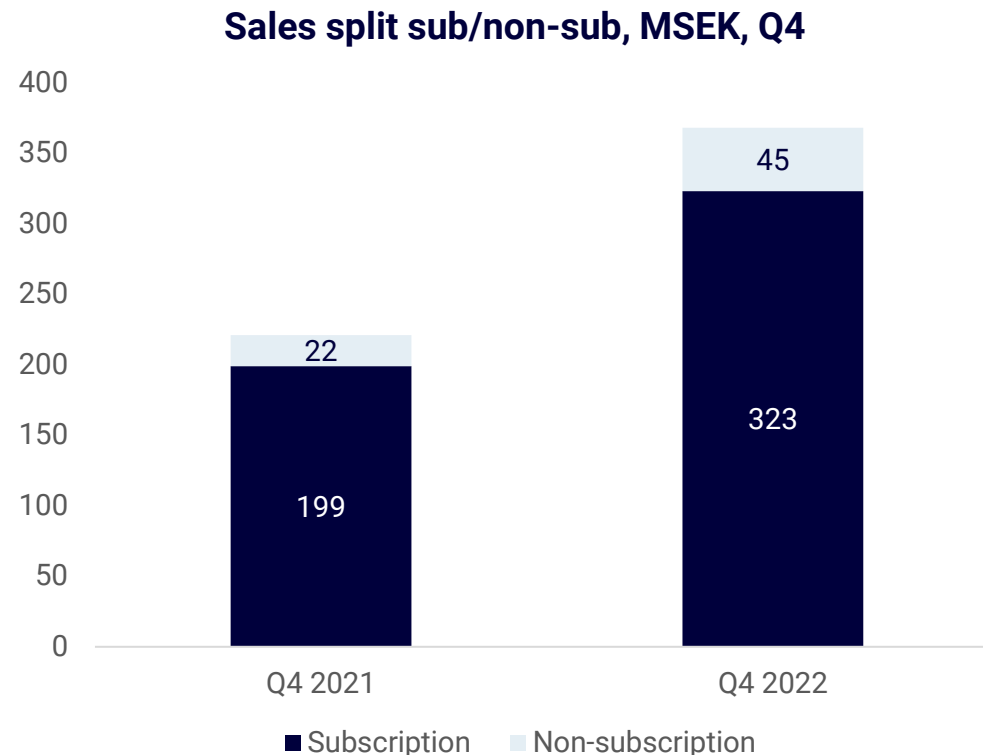
Growing online sales

Offline sales grow due to acquisition of Region South and strong demand within school publications



+85% of sales from subscriptions paid in advance

Similar subscription-based sales in Region South

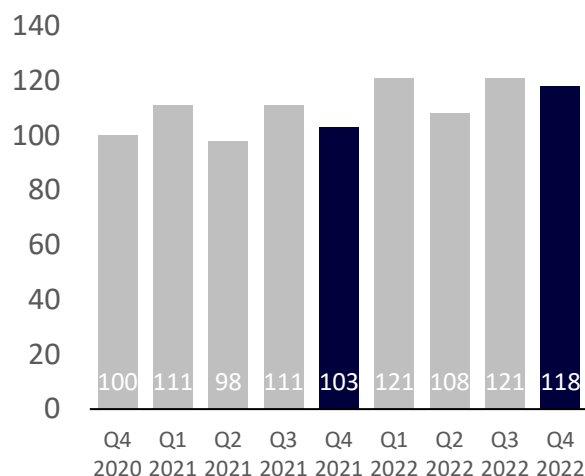


Satisfactory organic growth in Denmark

Underlying operational margin on stable level

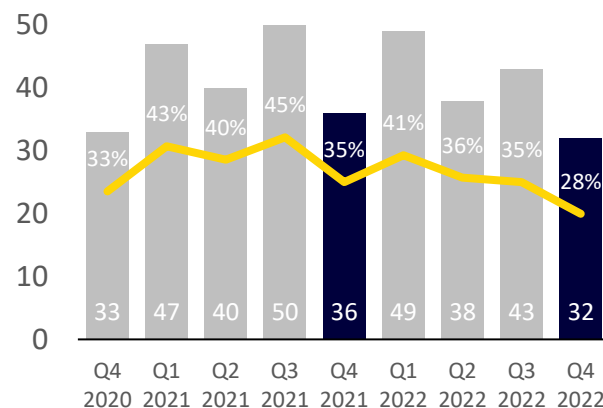
DENMARK

Net Sales, SEKm



+15%

Adjusted EBITA, SEKm and margin %



-5%

Key comments

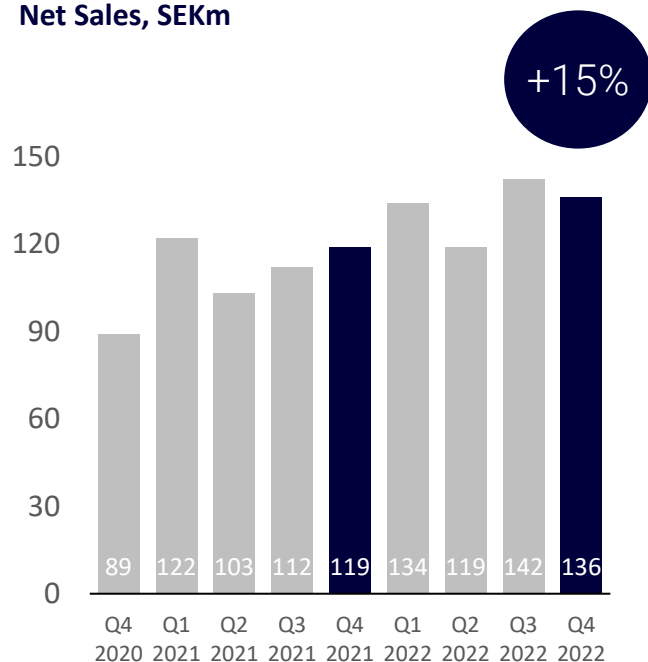
- > Organic growth at the satisfying level of 6.0%. Currency effects had a positive impact of 8.8%
- > Organic growth driven by online sales
 - > We continue to increase our market share among municipalities
- > Adjusted EBITA margin decreased to 27.5%
 - > Increased cost base of SEK 7 m on the Danish segment as Karnov Group prepares the organisation for European expansion. Excluding these costs, the margin would have been 33.1%
 - > Higher personnel expenses due to recruitments for future customer value

Very solid quarter in Sweden/Norway

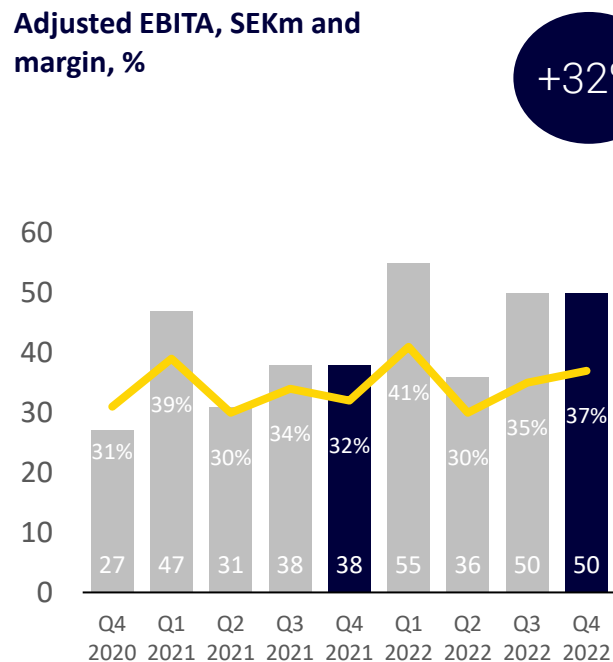
Municipalities and EHS sales drive the strong organic growth

SE/NO

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



Key comments

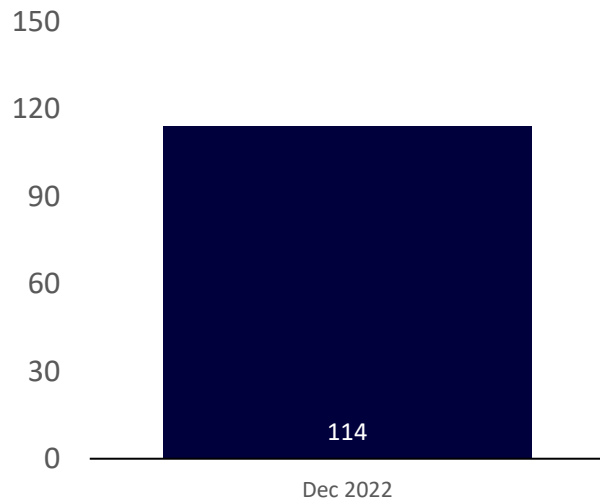
- Organic growth at the satisfying level of 14.1%. Currency effects had a positive impact of 0.9%
- Strong growth in all business areas due to a strong demand for our services
- Sales to new customers within municipalities and EHS drive the strong organic growth
- Positive impact of SEK 3 m from school publications also in the fourth quarter
- Adjusted EBITA margin higher than the previous year at 36.8%

Region South now consolidated

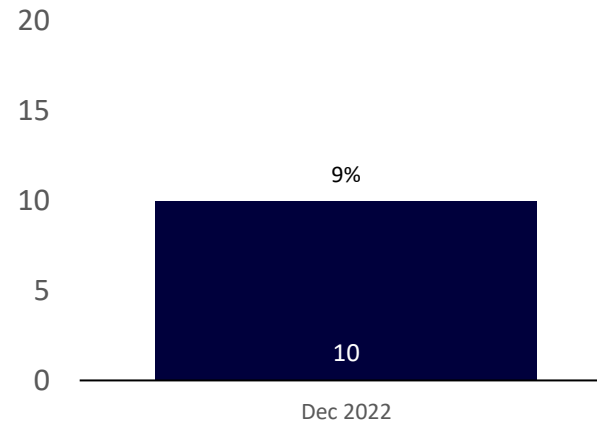
Financials in line with expectations

REGION SOUTH

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



Key comments

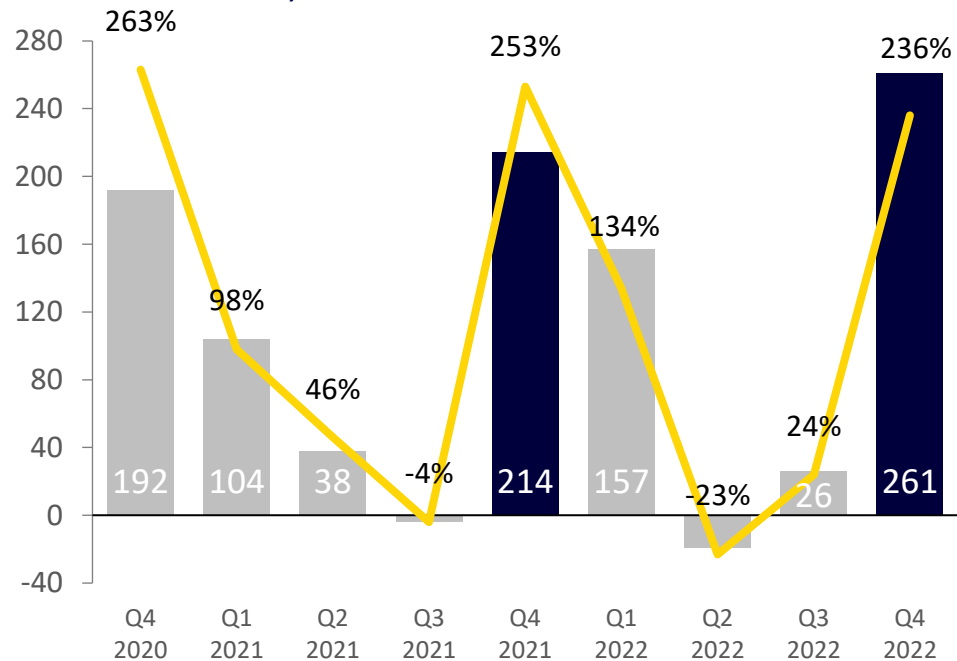
- Net sales amounted to SEK 114 m
 - Higher offline sales compared to Nordic businesses, but with similar rate of subscription
 - Cross-selling opportunities over time, offering the best solutions from the local businesses
- Adjusted EBITDA margin of 12.1% and adjusted EBITA margin of 8.9%
 - Karnov intends to harvest synergies of EUR 7.5 m with full effect from the end of 2024, supplemented by an additional EUR 2.5 m with full effect from the end of 2026
 - Costs to achieve the synergies amount to EUR 24 m

Strong adjusted operating cash flow

Intention to improve leverage and invest in harvesting synergies

GROUP

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



Key comments

- › Adjusted operating cash flow amounted to SEK 261 m
- › Timing effects on payables as well as tax payments
- › Leverage of 3.6x
- › Intention to improve leverage below the financial target of 3.0x and invest further in Region South to harvest synergies
- › The Board of Directors proposes no dividend for the AGM on 10 May 2023

Summary of 2022

1

Good and transformative year

- Organic growth 9.2%
- Adjusted EBITA margin 32.7%

2

Growth in both segments

- Online sales continue to grow
- Strong demand for Karnov's services

3

France, Spain and Portugal

- New home markets with new family members
- Integration started and progresses well

Q&A

Better decisions, faster

Find what you need, trust what you find and
do it quickly.

For more information visit
www.karnovgroup.com



Appendix

Company video



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