

Karnov Group

Karnov announces submission of a binding offer to acquire carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France

9 December 2021

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Important information

*“Better
decisions,
faster.”*

Mission

Karnov's mission is to be an indispensable partner for all legal, tax and accounting professionals in Denmark and Sweden

Customer promise

We strive to set the standards for how practitioners access the law and manage their practices more efficiently, hereby enabling them to make better decisions, faster

Strategic goals

To deliver the highest quality of content, provide a state of the art user experience and support workflow efficiency

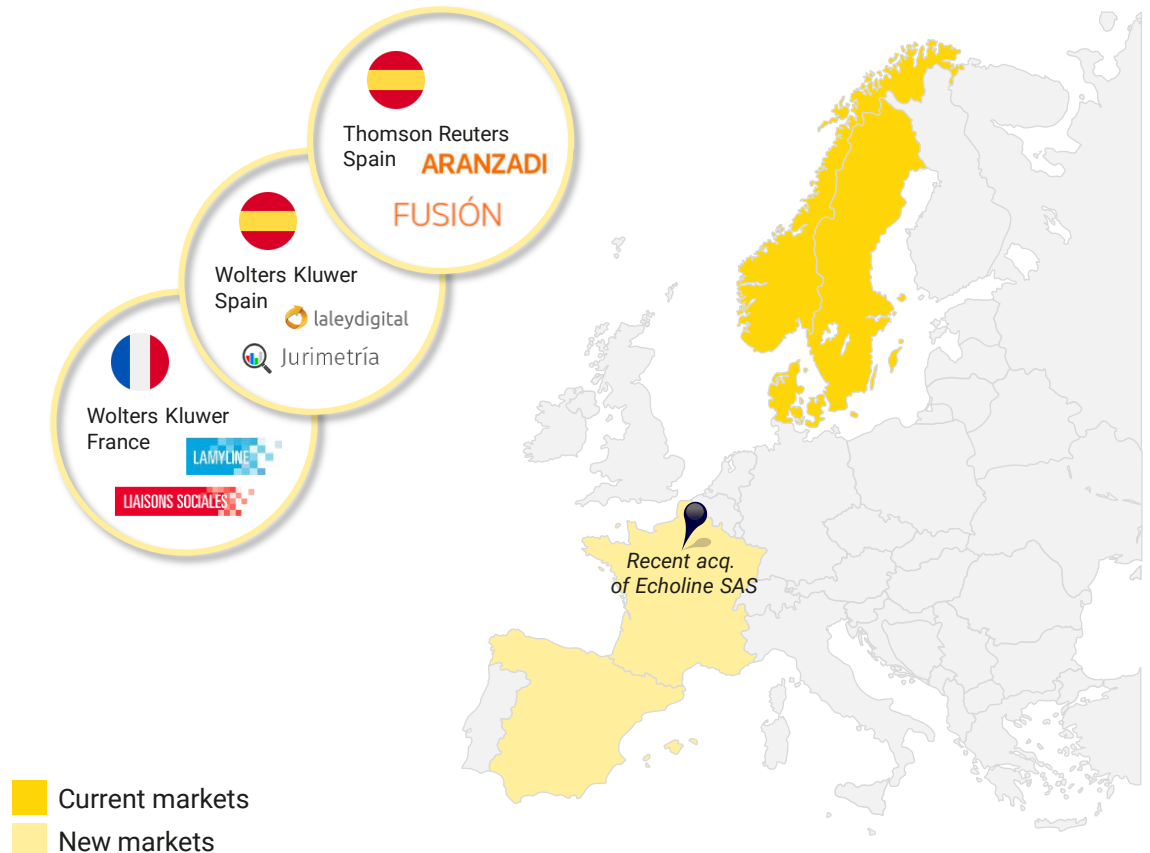
Contemplated transaction constitutes an attractive opportunity to expand geographically within core

- *Track-record from geographical expansion and integration, evident by the acquisition of Norstedts Juridik in 2018*
- *Entered into to France and Benelux through the acquisition of Echoline in October 2021*
- *Contemplated transaction would transform Karnov from a Nordic leader within legal information services to a European player with strong market presence in Spain and France*

Contemplated transaction highlights

The transaction at a glance

- Karnov has signed a binding offer to acquire the entire share capital and voting rights, through a put option agreement, of Wolters Kluwer France S.A.S (“Wolters Kluwer France”), Wolters Kluwer Legal & Regulatory España, S.A. (“Wolters Kluwer Spain”) and Editorial Aranzadi S.A.U. (“Thomson Reuters Spain”) and certain subsidiaries¹⁾ and the transfer of certain IP rights²⁾
- Together the transaction entities entail some of very well-known brands within the segments of legal information & reference, workflow & analytics, and training spaces in Spain and France
- Building on the best from Wolters Kluwer and Thomson Reuters and leverage on best practice Karnov can create a strengthened customer offering and create a basis for value creation within the combined entities and significantly expand Karnov’s addressable market
- Karnov will be well-positioned to realize cost efficiency opportunities in Spain to generate fully phased run-rate in-market synergies, on an EBITDA level of up to approximately EUR 10 million with full effect in 2026
- Transaction consideration corresponding to an enterprise value, on a cash- and debt-free basis, of approximately EUR 160 million, equivalent of an EV/EBITDA (adjusted) Q2’21 LTM acquisition multiple of approximately 9.6x excluding in-market cost efficiencies



High-level contemplated transaction structure

Contemplated transaction summary

Contemplated transaction structure

- Cash consideration of approximately EUR 160 million on a cash- and debt-free basis
- Following the execution of a put option agreement, Karnov has been granted exclusivity by the selling shareholders and a share purchase agreement would be entered into in the event of exercise of such put option by the selling shareholders following the completion of the information and consultation processes to be carried out with Wolters Kluwer's French and European Works Council
- Completion of the contemplated transaction is envisaged to occur no later than during 2022, subject to clearance by the Spanish Antitrust Authority

Financing considerations

- The financing structure for the contemplated transaction entails:
 - A new bridge loan facility of EUR 160 million, provided by Nordea¹⁾, entered on prevailing market terms and conditions
 - In addition, Karnov has undertaken to repay part of the bridge loan facility through an issue of new shares, corresponding to at least 9.9% of the current number of shares in the company, prior to the completion of the contemplated transaction
- Following the issue of new shares, the expected proforma net debt ratio would amount to approximately 4.5x as of 30 June 2021¹⁾

Transaction rationale for Karnov



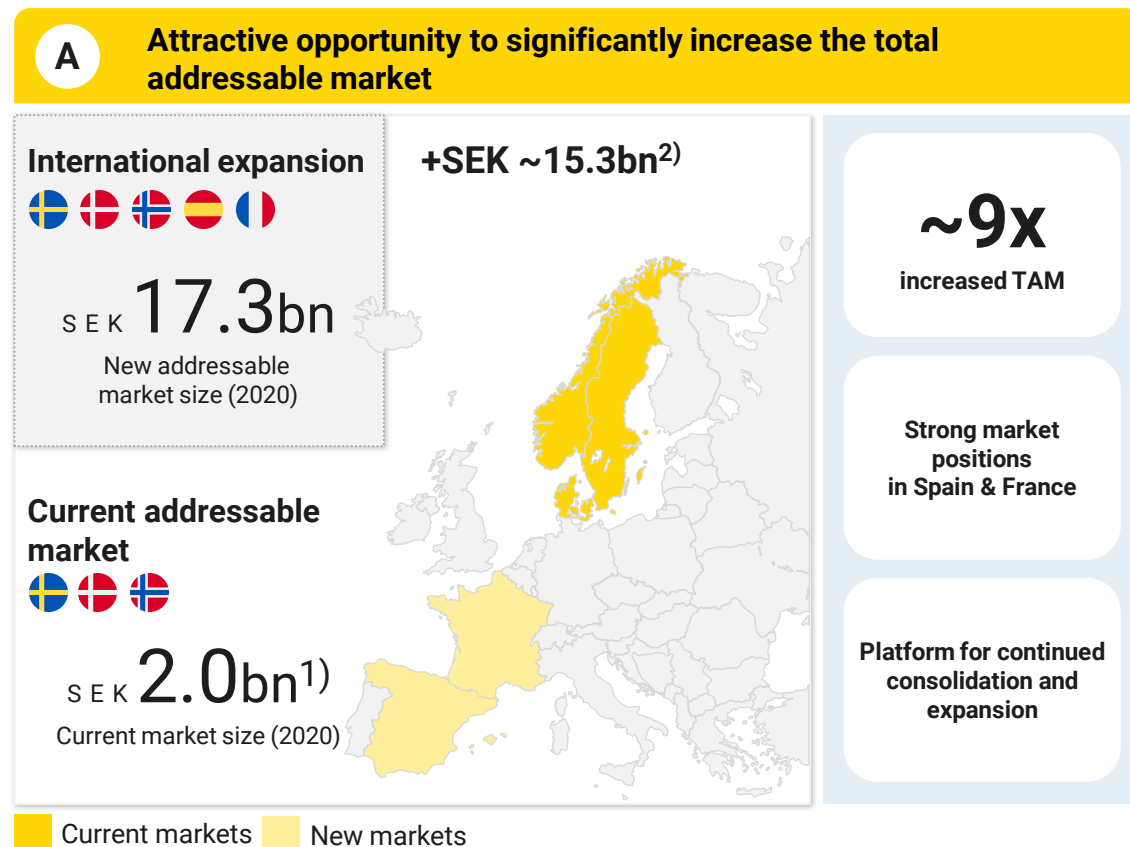
1.

Attractive opportunity to significantly **increase the total addressable market** while also providing a **strong platform for further international expansion**

2.

Building on the best from Wolters Kluwer and Thomson Reuters and **leverage on best practice** Karnov can create a strengthened customer offering and **create a basis for value creation within the combined entities**

1. Transaction rationale for Karnov – cont'd

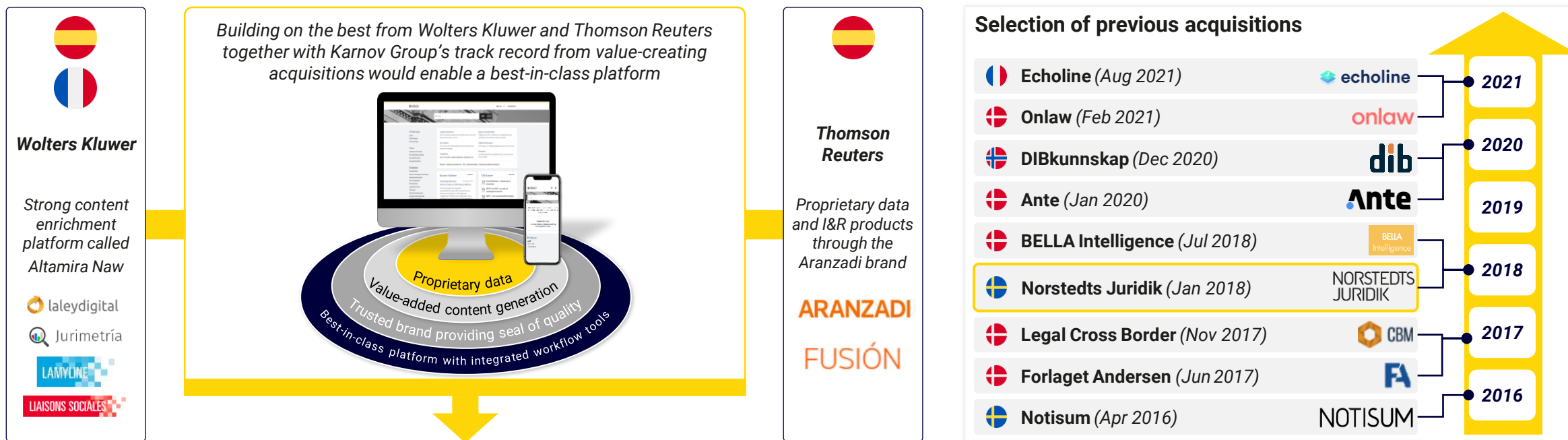


B Platform for continued expansion and consolidation		
Expand core in new markets	Adjacent verticals	Geographical expansion
<ul style="list-style-type: none">Strengthen proposition of core productsConsolidate market positionDevelop products close to coreIntroduce service levels/feature packages on top of content offering	<ul style="list-style-type: none">Leverage brand and existing customer relationshipsExpansion into other must-have client verticals	<ul style="list-style-type: none">Further geographic expansionLeverage platform to expand content driven productivity tools in Southern Europe

2. Transaction rationale for Karnov – cont'd

A

Building on the best from Wolters Kluwer and Thomson Reuters and leverage on best practice to create a strengthened customer offering and increased customer value



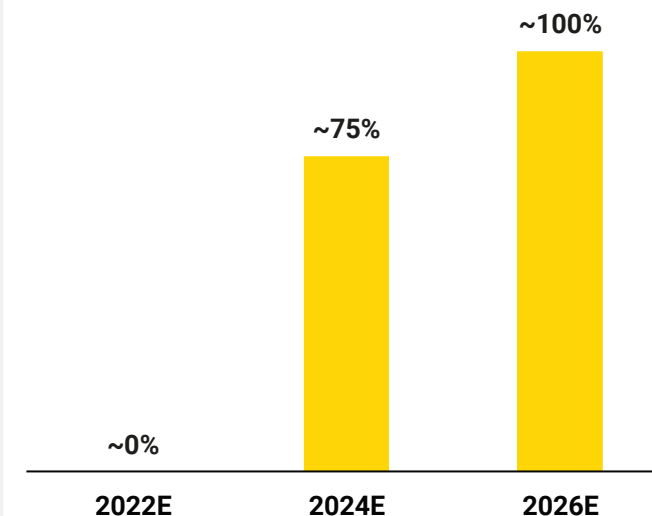
Karnov deems the contemplated transaction to have a low integration risk as the transaction entities would be separate from Karnov's current platform

2. Transaction rationale for Karnov – cont'd

B Opportunity to create a basis for value creation within the combined entities

- Track-record from geographic expansion and integration of value creative acquisitions
- Through the acquisition of Norstedts Juridik in 2018, Karnov successfully expanded and strengthened the customer offering
- Karnov expects the transaction entities to generate cost efficiencies in Spain. The fully phased run-rate cost-efficiencies on an EBITDA level are expected of up to approximately EUR 10 million with full effect in 2026¹⁾
- Karnov further expects the costs of achieving the efficiencies to amount to a total of up to approximately EUR 24 million²⁾
- The contemplated transaction have a lower integration risk as the Transaction Entities would be separate from Karnov's current platform

Phasing of cost efficiency potential¹⁾



Full phased cost efficiencies in Spain expected by 2026 through utilizing valuable experiences from previous acquisitions

Wolters Kluwer Spain



A major Spanish player with best-in-class platform

- Wolters Kluwer Spain, historically operating as LaLey, historically a pioneer in online Spanish I&R – and a major player in Spain
- Offering a range of information & reference (~87% of sales), workflow and analytics (~6% of sales) and training and business development (~7% of sales) products
 - ~87% of revenue delivered online
- Serves the whole customer ecosystem but is particularly strong in mid to small law firms and local government
- Portfolio with low customer concentration, with top 20 customers representing ~6% of net sales
- Benefits from a strong content enrichment platform called Altamira Naw, a proprietary CMS and publishing platform

~330
FTEs

~25.0%¹⁾
Market share

EUR 30.2m
Revenue
FY2020

~17.6%
EBITDA margin
FY2020

Broad and compelling product portfolio

Info & Reference



Workflow & Analytics

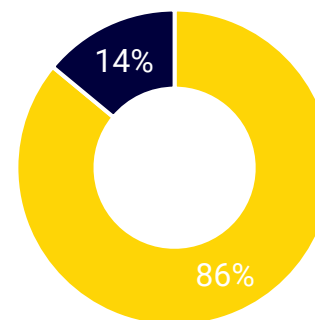


Training & Business dev.



Key customer statistics

Revenue by subscription type, FY2020



- Recurring
- Non-recurring



Thomson Reuters Spain



A major Spanish player with best-in-class platform

- Operates under the Aranzadi brand, one of the strongest industry brands in the Spanish market
- Provides a portfolio of deep I&R products, a top tier workflow solution (Fusion), and training and business development
 - ~67% of revenue within I&R products delivered online
- Historically particularly strong within large and medium law firms
- Portfolio with low customer concentration, with top 20 customers representing ~10% of revenue

~350
FTEs

~25.0%¹⁾
Market share

EUR 38.6m
Revenue
FY2020

~8.9%
EBITDA margin
FY2020

Broad and compelling product portfolio

Info & Reference

ARANZADI
Insignis

CHECKPOINT

Print titles &
ProView™

Workflow & Analytics

ARANZADI
Fusión

ARANZADI
One

INFOLEX

Training & Business dev.

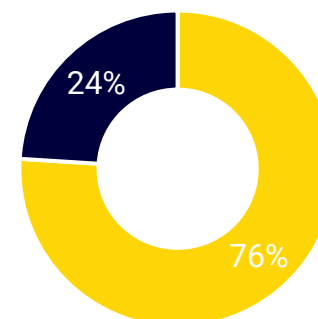
ARANZADI
Foros

LegalToday

ARANZADI
Formación

Key customer statistics

Revenue by subscription type, FY2020



- Recurring
- Non-recurring



Wolters Kluwer France



Key French player with deep sector specialism

- Brings together some of the most established brands in the French legal market, including Lamy (inc. 1895) and Liaisons Sociales (inc. 1945)
- Exhibits the third largest suite of legal I&R solutions in France, a broad and quick to market training offering, and an early offering in vertically focused workflow solutions
 - ~57% of revenue delivered online, with further opportunities to expand the digital footprint
- Particularly well positioned towards large and medium law firms and corporate legal / HR departments
- Portfolio with low customer concentration, with top 20 customers representing ~7% of revenue

~310
FTEs

~7.4%
Market share

EUR 55.1 m
Revenue
FY2020

~14.4%
EBITDA margin
FY2020

Broad and compelling product portfolio

Info & Reference



Workflow & Analytics

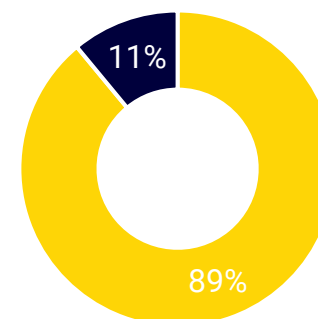
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Training & Business dev.



Key customer statistics
















Revenue by subscription type, FY2020



- Recurring
- Non-recurring



Strong market positions in Spain and France

	Overview of entities	Revenue 2020	EBITDA 2020	EBITDA margin	Market share	
WK Spain	 laleydigital  Jurimetría 	EUR 30.2m	EUR 5.3m	17.6%		~1,000 FTEs
TR Spain	 ARANZADI  FUSIÓN 	EUR 38.6m	EUR 3.4m	8.9%	~25.0%	
WK France	 LAMYLINE  LIAISONS SOCIALES 	EUR 55.1m	EUR 7.9m	14.4%	~7.4%	~67% of revenue delivered online
Combined	 laleydigital  Jurimetría  ARANZADI  FUSIÓN  LAMYLINE  LIAISONS SOCIALES	EUR 123.9M	EUR 17.1m ¹⁾	13.8% ¹⁾	n.a.	~84% recurring revenue

Contemplated pro forma revenue of EUR 124m and EBITDA margin of 13.8%

Illustrative combined key financials

Commentary

- Preliminary pro forma revenue to amount to SEK 993m, equivalent to 2.3x compared to Karnov stand alone
- Illustrative combined adj. EBITDA to amount to SEK 293m, corresponding to a combined adj. EBITDA margin of 30%, compared to 44% Karnov stand alone
- Following the contemplated transaction, Karnov expects its pro forma net debt ratio of approximately 5.5x excluding in-market synergies as of 30 June 2021
 - Further it is expected that the strong cash flow of the combined group would allow for rapid deleveraging following the closing of the transaction
- Post the envisaged equity raise, the envisaged pro forma net debt ratio would amount to approximately 4.5x as of 30 June 2021¹⁾
- Shareholder value expected for Karnov's owners as the company considers the contemplated transaction, including expected in-market cost efficiencies, the future potential as well as the intended contemplated transaction financing, to be significantly EPS accretive

Preliminary pro forma financials²⁾

Preliminary pro forma financials H1'21 YTD (SEKm)	Karnov	Transaction entities	Combined Group
Revenue	434.6	558.2	992.8
Adj. EBITDA	189.6	103.3	292.9
Adj. EBITDA margin	43.6%	18.5%	29.5%

“Karnov aims to have a ratio of Net debt to Adjusted EBITDA of no more than 3.0x. This level may temporarily be exceeded, for example as a result of acquisitions”

Any questions?