

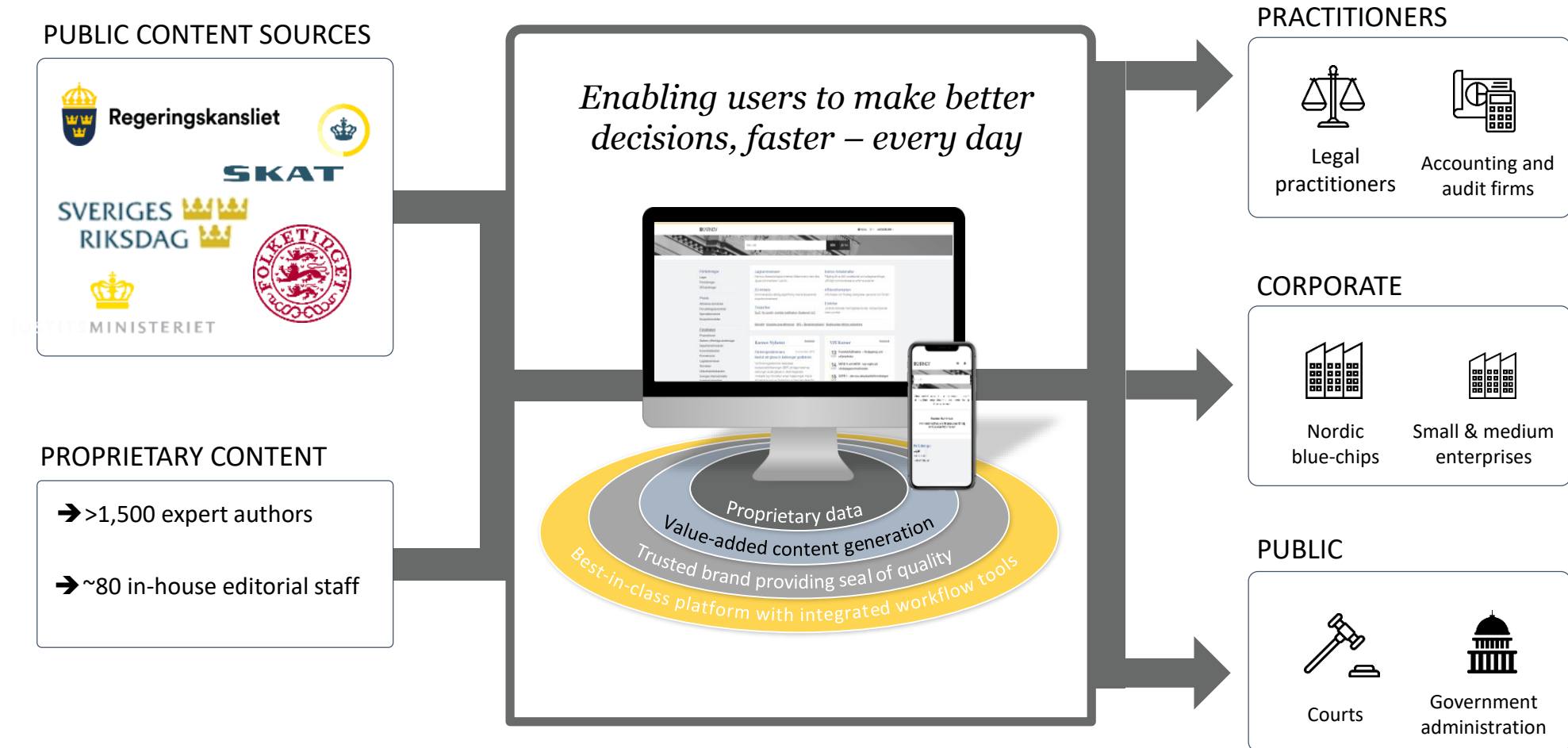
First quarter 2019

Q1

Flemming Breinholt, CEO and Dora Brink Clausen, CFO | 8 May 2019

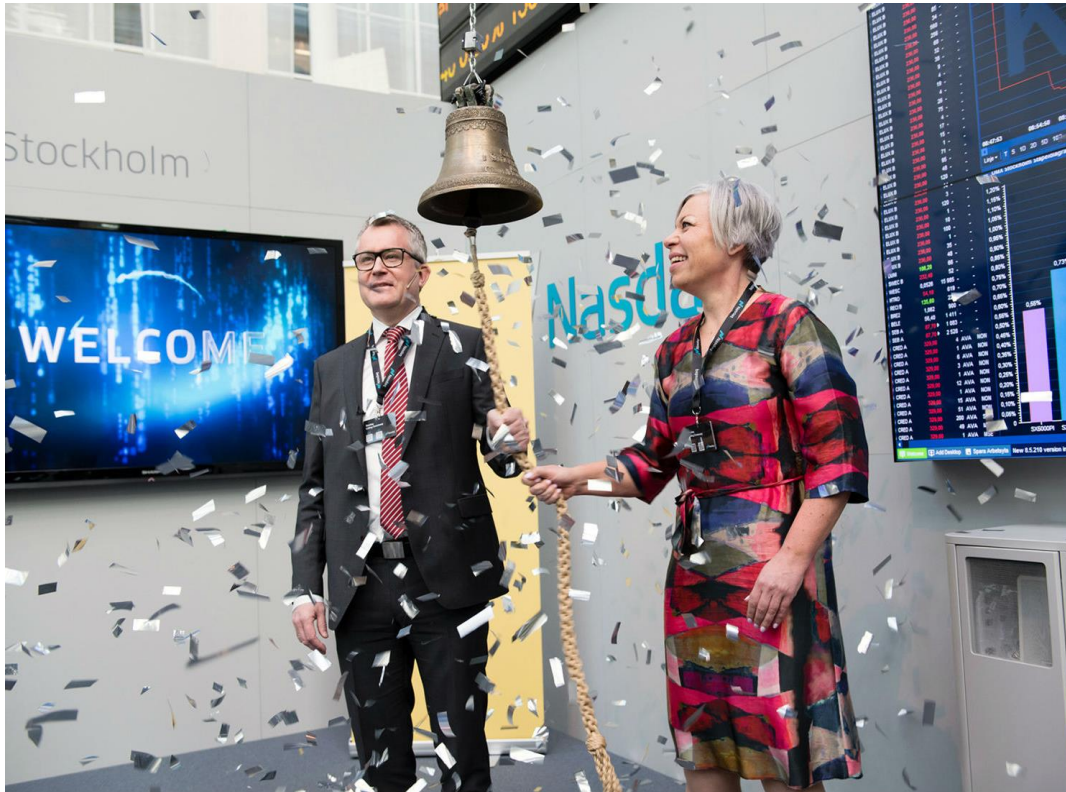
Karnov – The leading B2B platform

For legal and tax professionals in Denmark and Sweden



Q1 business highlights

Continued strong operations and integration of Norstedts Juridik on track



- IPO over-subscribed, enabling greater financial flexibility
- The Karnov Group share listed on Nasdaq Stockholm on 11 April (ticker "KAR")
- Continued stable growth with improved profitability
- Steady growth in online net sales
- Integration of Norstedts Juridik on track
- New joint offering JUNO in Sweden to be launched during summer
- Overall customer satisfaction remains high

Q1 highlights

We have a clear ambition to generate long-term growth and improved margins, and are pleased with the result for Q1.

205

Net sales, SEKm

3%

Organic growth

42%

Adjusted EBITA
margin

168%

Cash conversion

Strong result in Denmark

DENMARK



Operational development

- Strong upselling to existing customers
- New and updated commentaries added to platform for a number of laws
- The guide to company taxation has been through a comprehensive update
- BELLA (40% ownership) estate handling workflow service for law firms improving efficiency achieved first signed contracts

New offering for Swedish market on track

SWEDEN



Operational development

- › The integration process of becoming ONE organisation progressed according to plan
- › New joint offering JUNO to be launched under the brand Norstedts Juridik during summer 2019
- › Successful yearly launch of Swedish Law Book
- › New deep commentaries added to Lexino
- › Additional guides included in municipality offering



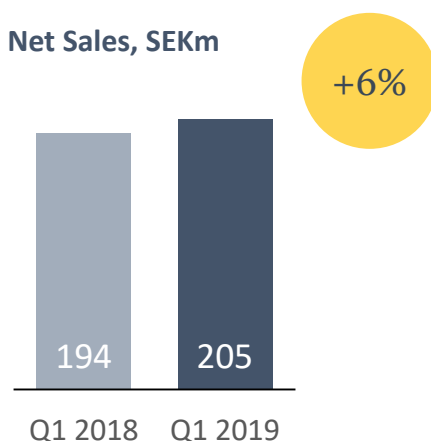
Financial development

Stable development with improved profitability

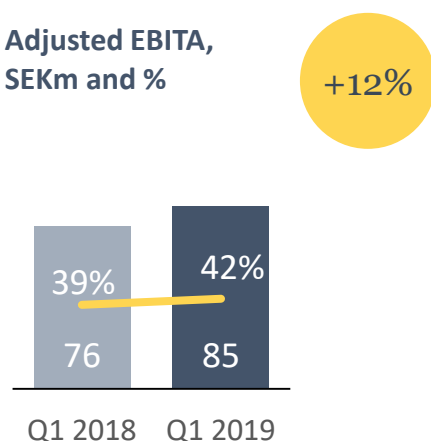
6% sales growth and 12% adjusted EBITA growth

GROUP

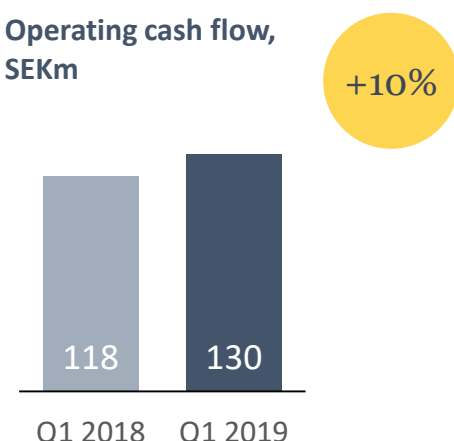
Net Sales, SEKm



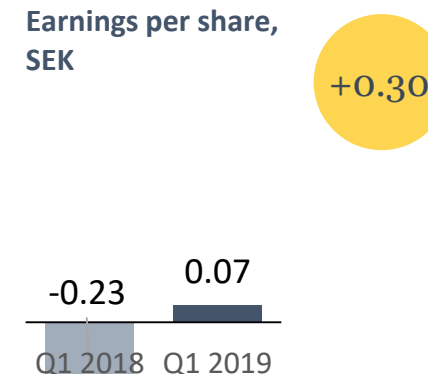
Adjusted EBITA, SEKm and %



Operating cash flow, SEKm



Earnings per share, SEK

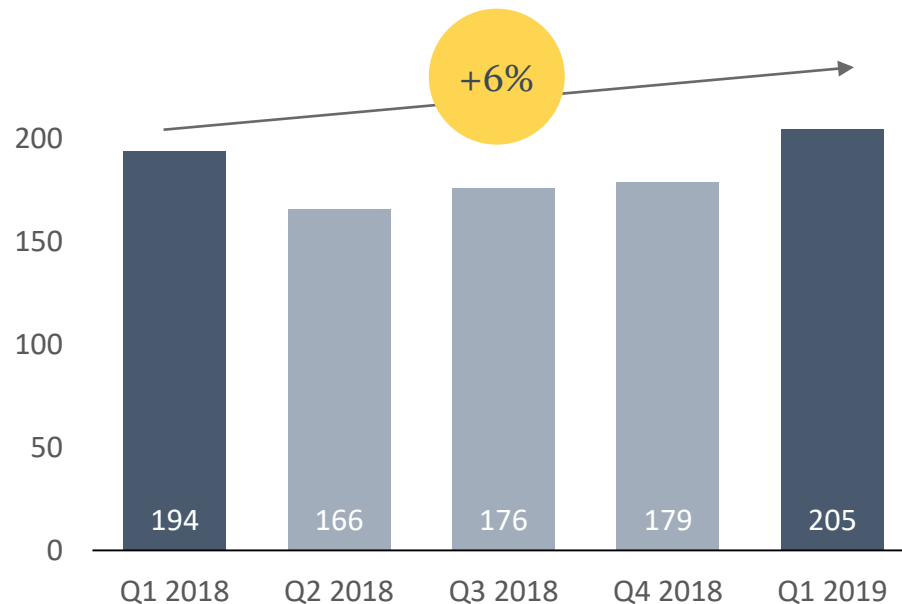


Steady growth

Resilient and visible subscription sales

GROUP

Net Sales per quarter, SEKm



Key comments

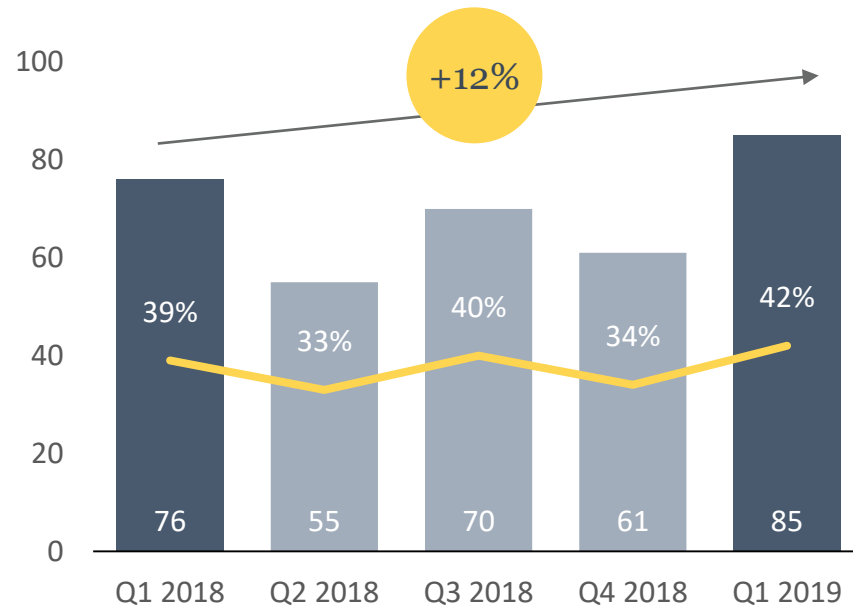
- Growth of 6% driven by online and currency, partly offset by a decline in offline books and training
- Organic growth of 3% (5%) in line with expectation, positive currency effects of 2% (4%)
- Q1 normally strongest quarter due to seasonality in non-subscription sales
- Both segments contributed to higher online sales

Improved profitability

Seasonality in Q1 impacts margins positively

GROUP

Adjusted EBITA and margin per quarter, SEKm and %



Key comments

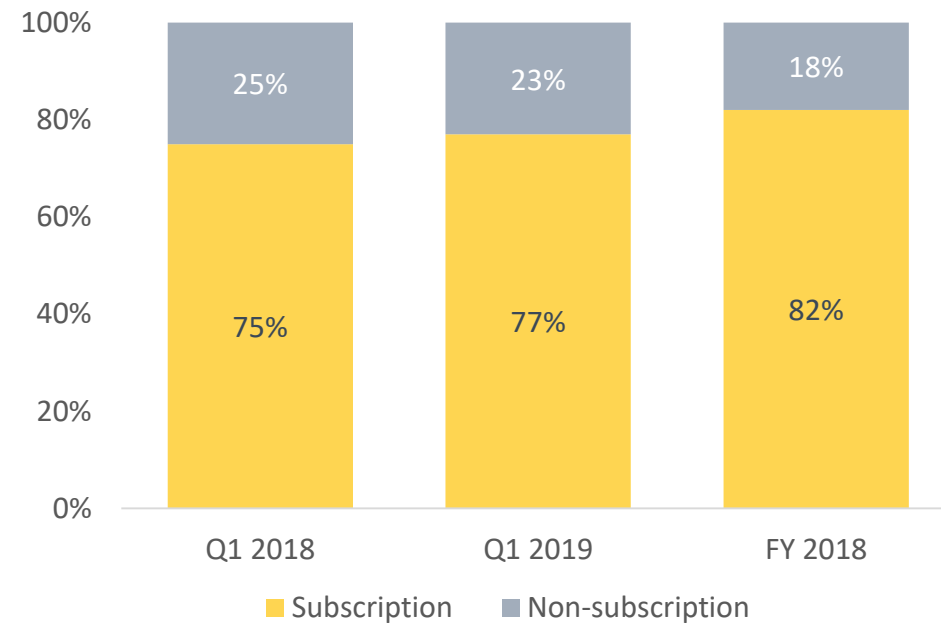
- Adjusted EBITA improvement of 12% due to higher sales, favorable product mix, good cost control and lower employee cost
- Improvement partly offset by higher depreciation and amortisation due to finalised development projects

Increased share of online sales

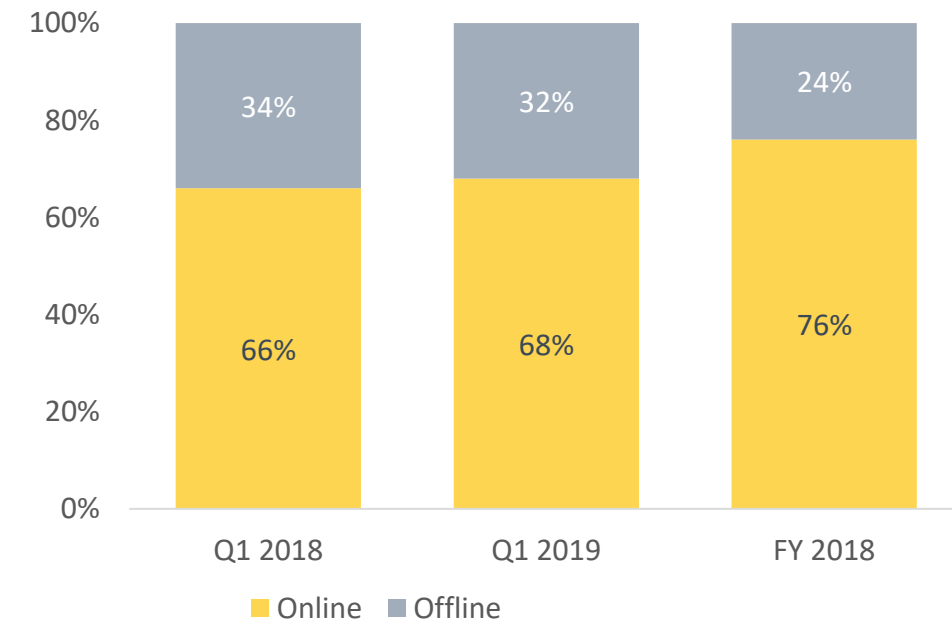
Subscription-based sales of 77%

GROUP

Sales split subscription/non-subscription, %



Sales split online/offline, %

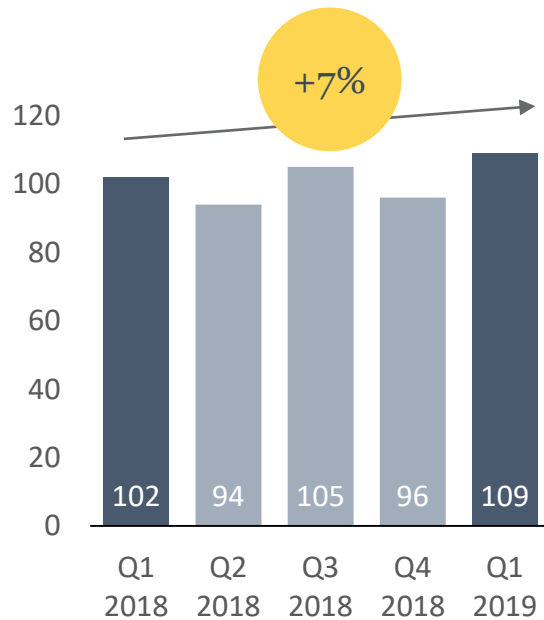


Strong profitability in Segment Denmark

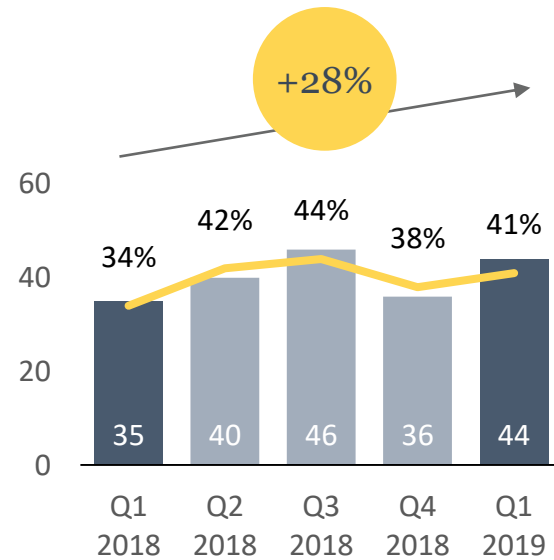
Sales driven by upselling to existing customers

DENMARK

Net Sales, SEKm



Adjusted EBITA, SEKm and %



Key comments

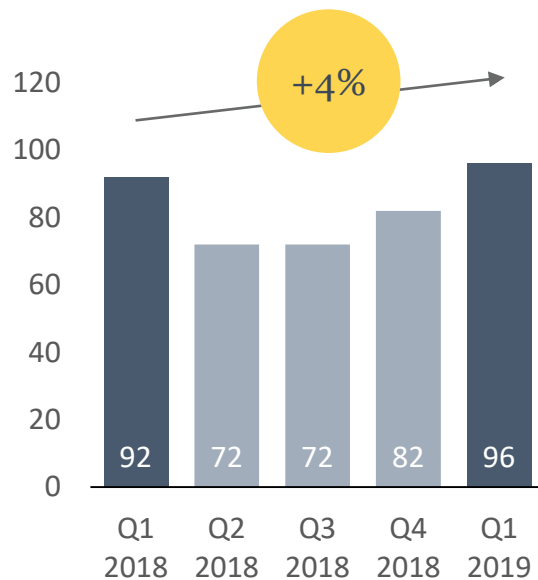
- Organic growth of 2% (5%) as expected due to fewer new product launches
- Currency effects on net sales of 5%
- Sales driven by upselling to existing customers
- Adjusted EBITA improved by 28% due to higher sales, favourable product mix, personal expenses and overall good cost control

Segment Sweden grew 4% organically

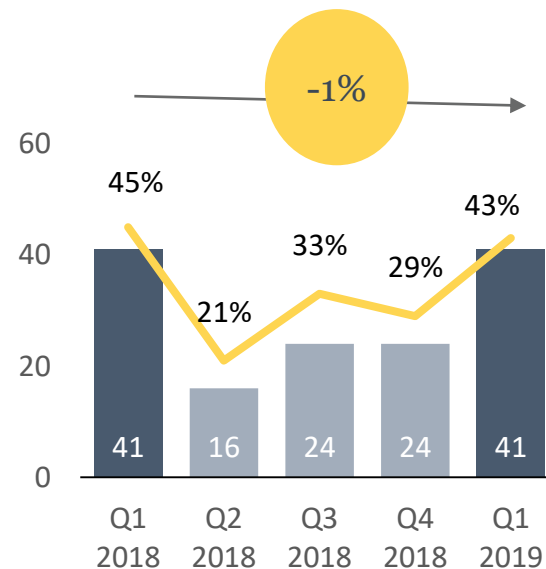
Sales and margins according to expectations

SWEDEN

Net Sales, SEKm



Adjusted EBITA, SEKm and %



Key comments

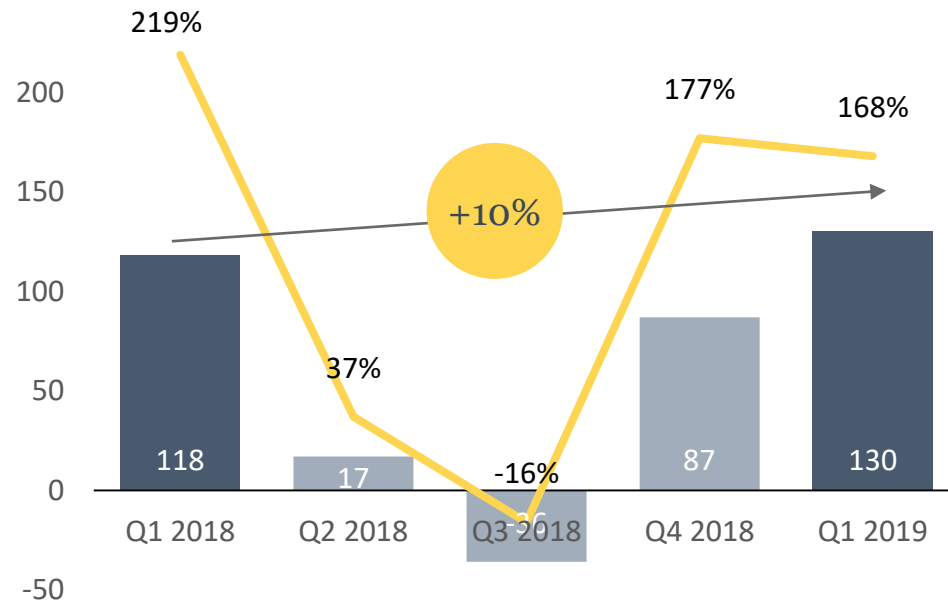
- Sales grew by 4% of which all organic
- Upselling to existing customers and new sales to both new and existing customers
- Successful yearly launch of Swedish Law Book
- Adjusted EBITA positively impacted by higher sales and negatively by higher amortisations due to finalised capitalised projects

Solid cashflow and strong cash generation

Cash conversion of 168%

GROUP

Cash flow from operating activities SEKm
and cash conversion, %



Key comments

- Cash flow up 10% due to
 - Higher operating profit (EBIT)
 - Higher D&A and lower taxes paid
 - Lower increase in receivables due to timing of invoicing

New capital structure following IPO

New financing agreement in place

GROUP

Capital structure

Ratio of net debt to adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.



*Pro forma calculated at FDOT with financing agreement in place

Key comments

- Net proceeds of SEK 670 m
- SEK 206 m in loans from related parties converted into shares
- All loans repaid
- New financing agreement with better terms
- Net debt cut by half to approx. SEK 845 m
- Leverage ratio at no more than 2.8 times
- Lower interest cost going forward estimated to around SEK 4 m per quarter

Performing in line with financial targets

Growth

Annual organic net sales growth of 3-5% in the medium term, supplemented by selective acquisitions.

3%

Organic growth

Profitability

A higher adjusted EBITA margin in the medium term.

42%

Adjusted EBITA margin

Capital structure

Ratio of net debt to adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.

2.8*

Net debt/adjusted EBITDA LTM

*Pro forma calculated at FDOT with financing agreement in place

Well positioned for future growth

Summary and investment highlights

1

Market leader in an attractive segment of the information services market

2

Unique proprietary content and best-in-class platform

3

Resilient and visible subscription sales

4

Robust and growing earnings with high cash generation

5

Well positioned for future growth and margin expansion

Q&A

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Appendix

Condensed income statement

SEKm	Q1 2019	Q1 2018	FY 2018
Net sales	204.9	194.2	715.3
Goods for resale	(38.6)	(39.1)	(126.4)
Employee benefit expenses	(47.1)	(52.9)	(215.4)
Depreciations and amortisations	(42.3)	(34.2)	(146.8)
Other operating expenses	(39.8)	(56.1)	(164.0)
Operating profit (EBIT)	37.1	11.8	62.7
Financial income	0.0	0.0	0.3
Financial expense	(25.9)	(33.9)	(98.2)
Net financial items	(25.9)	(33.8)	(97.9)
Profit before income tax	(11.2)	(22.0)	(35.2)
Income tax expense	(3.3)	0.9	(11.6)
Net profit	7.9	(21.1)	(46.8)
Reconciliation of adjusted financials			
Operating profit (EBIT)	37.1	11.8	62.7
Add back: PPA amortisation	30.4	29.4	120.1
Add back: Amortisation of capex related to integration of Norstedts Juridik	-	-	-
Add back: Items affecting comparability	17.8	34.9	78.9
Adjusted EBITA	85.3	76.1	261.6
Add back: Depreciation	4.3	1.0	4.2
Add back: Amortisation of capitalised R&D	7.6	3.9	22.5
Adjusted EBITDA	97.2	81.0	288.4
Net profit	7.8	(21.1)	(46.8)
Add back: PPA amortisation	30.4	29.4	120.1
Adj. Net profit	38.3	8.3	73.3

Condensed balance sheet

SEKm	31 March 2019	31 March 2018	31 Dec 2018
ASSETS			
Non-current assets			
Goodwill	1,674.6	1,659.7	1,657.7
Other intangible assets	1,298.4	1,326.8	1,289.6
Right-of-use-assets	102.0	-	-
Tangible assets	5.1	6.8	5.7
Derivatives	0.0	0.0	-
Investments in associates	8.7	0.0	8.5
Deposits	2.7	2.6	2.6
Deferred tax assets	0.0	33.8	0.8
Total non-current assets	3,091.5	3,029.7	2,965.0
Current assets			
Inventories	13.5	13.5	11.6
Trade receivables	59.3	54.6	169.2
Prepaid expenses and accrued income	19.2	13.8	16.0
Other receivables	4.5	65.2	1.9
Tax receivables	35.6	36.1	27.1
Cash and cash equivalents	144.8	181.5	201.8
Total current assets	276.9	364.7	427.6
TOTAL ASSETS	3,368.4	3,394.4	3,392.6

SEKm	31 March 2019	31 March 2018	31 Dec 2018
EQUITY AND LIABILITIES			
Total Equity	643.4	666.4	625.2
Non-current liabilities			
Borrowing from credit institutions	1,392.0	1,471.7	1,378.2
Borrowing from related parties	224.2	204.3	218.8
Lease liabilities	89.1	-	-
Other liabilities	-	68.5	-
Deferred tax liability	251.3	322.2	256.6
Provisions	5.3	5.1	5.2
Total non-current liabilities	1,961.9	2,071.8	1,858.8
Current liabilities			
Borrowing from credit institutions	100.8	77.2	65.6
Borrowing from related parties	46.0	-	67.9
Trade payables	25.6	9.9	30.9
Current tax liabilities	26.8	-	17.6
Accrued expenses	159.5	168.4	164.5
Prepaid income	345.9	326.8	342.9
Deferred payment acquisition	-	-	130.6
Lease liabilities	13.2	-	-
Other current liabilities	45.3	73.9	88.5
Total current liabilities	763.1	656.2	908.6
TOTAL EQUITY AND LIABILITIES	3,368.4	3,394.4	3,392.6

Cash flow statement

SEKm	Q1 2019	Q1 2018	FY 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	37.1	11.8	62.7
Adjustments:			
Non-cash items	42.3	34.2	146.8
Effect of changes in working capital:			
Increase/decrease in inventories	(1.9)	(0.8)	1.1
Increase/decrease in receivables	97.2	128.2	10.9
Increase/decrease in trade payables and other payables	(21.3)	(17.2)	31.6
Increase/decrease in prepaid income	(0.6)	(5.9)	10.2
Interest paid	(14.5)	(12.2)	(52.8)
Income tax paid	(8.1)	(20.0)	(24.9)
Cash flow from operating activities	130.2	118.1	185.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of participations in associated companies	-	-	(8.5)
Acquisition of subsidiaries	(139.1)	(611.0)	(628.0)
Increase/(decrease) in deposits and other assets	-	0.0	0.0
Acquisition of intangible assets	(41.2)	(20.7)	(96.7)
Acquisition and divestments of tangible assets	(0.1)	0.0	(2.0)
Cash flow from investing activities	(180.4)	(631.7)	(735.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/decrease in short term borrowings	12.0	-	94.0
Principal payments on long-term debt	-	8.5	(9.9)
Increase/decrease in long-term debt	(16.7)	591.7	575.6
CASH FLOW FROM FINANCING ACTIVITIES	(4.7)	600.2	659.7
Cash flow for the period	(54.7)	86.6	110.3
Cash and cash equivalents at beginning of the period	201.8	93.9	93.9
Exchange rate differences in cash and cash equivalents	(2.3)	0.9	(2.4)
Cash and cash equivalents at end of period	144.8	181.4	201.8

Key ratios per quarter

TSEK	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net sales	204 931	178 817	176 175	166 124	194 226
Organic growth, %	3%	1%	5%	6%	5%
EBITA	67 501	36 529	60 194	44 905	41 132
EBITA margin, %	32,9%	20,0%	34,0%	27,0%	21,0%
Adjusted EBITA	85 331	60 642	69 632	55 260	76 088
Adjusted EBITA margin, %	41,6%	34,0%	40,0%	33,0%	39,0%
Net profit for the period	7 852	-15 261	6 540	-17 020	-21 066
Cash flow from operating activities	130 236	86 850	-36 384	17 187	118 079

Items Affecting Comparability

GROUP	Q1		Full-year
	2019	2018	2018
TSEK			
Acquisition costs	0	22,395	20,965
Integration costs	3,485	4,490	12,042
IPO costs	14,345	5,262	38,668
Other	-	2,807	7,204
Total	17,830	34,955	78,879

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