

Press Release – 21 February 2020

Karnov Group reports fourth quarter and full-year results

In line with financial targets and a good year

FOURTH QUARTER SUMMARY

- Net sales up 6% to SEK 189 m (179), organic growth was 4%.
- EBITA increased to SEK 39 m (37) with EBITA margin of 20.6% (20.4%).
- Adjusted EBITA decreased by 2.0% to SEK 59 m (61) and adjusted EBITA margin declined by 2.5 percentage points to 31.4% (33.9%).
- Operating profit (EBIT) amounted to SEK 6 m (6).
- Earnings per share after dilution amounted to SEK 0.08 (-0.36).
- Adjusted operating cash flow amounted to SEK 109 m (120).

FULL-YEAR SUMMARY

- Net sales up 6% to SEK 757 m (715), organic growth was 4%.
- EBITA increased to SEK 206 m (183) and EBITA margin to 27.2% (25.5%).
- Adjusted EBITA increased by 6.5% to SEK 279 m (262) and adjusted EBITA margin improved by 0.2 percentage points to 36.8% (36.6%).
- Operating profit (EBIT) increased to SEK 80 m (63).
- Earnings per share after dilution amounted to SEK 0.03 (-1.14).
- Adjusted operating cash flow amounted to SEK 287 m (308).

EVENTS AFTER THE END OF THE QUARTER

- Karnov Group invests in the Danish legal tech start-up Ante ApS.
- Olov Sundström, CEO of Norstedts Juridik and Head of the Swedish operations of Karnov Group, gives notice that he has decided to step down after 32 years of service to the company and leave the company in April 2020.
- Alexandra Åquist has been appointed new CEO of Norstedts Juridik.
- The Board of Directors proposes a dividend of SEK 0.45 per share to be approved by the Annual General Meeting on May 5th, 2020.

CEO FLEMMING BREINHOLT COMMENTS ON THE QUARTER:

During the full-year 2019, Karnov delivered on its strategies and delivered in line with the financial expectations set out in the IPO.

With an increase of 4.1 % in the fourth quarter of 2019, organic sales continued to grow in line with our medium-term target of 3-5 % and in line with the average growth rate of 4.0 % for the full year 2019. Sales continued to be driven by strong performance in the online market which offset most of the ongoing decline of the offline market.

Adjusted EBITA margin declined by 2.5 percentage points to 31.4 %. This was partially due to an active decision to invest and take some costs for preparation of Karnov's new offensive steps in Denmark. On a full-year basis the margin improved slightly to 36.8 %.

For the full year, Karnov is delivering on revenue and earnings above expectations.

And at the same time Karnov generated an adjusted cash flow of more than a quarter of a billion leading to a leverage below financial target.

The cash generation has allowed the Board to propose the Company's first dividend of 0.45 SEK per share. When setting the dividend level, the Board has considered not only Karnov's cash generation capabilities and unutilised credit lines but also the Company's stated intention to make additional investments and acquisitions.

Synergies in Sweden; market investments in Denmark

During 2020, we expect to harvest full synergies following the completed integration of Norstedts Juridik in 2019. As announced in connection with the IPO, amortisations are expected to increase in 2020 following the completion of the Norstedts Juridik integration, including the development of JUNO, the new joint platform.

In Sweden all JUNO users are now onboarded, and we expect to see the full annualised effect of the JUNO implementation towards the end of this year. We are still deploying improvements to the platform and will continue to use feedback from users to further enhance it.

In Denmark we will use the JUNO platform to upgrade also our Danish offering. In Denmark, we have also invested in two start-up companies with technologies that have both stand-alone potentials and potential to create additional value to our existing platform.

CONFERENCE CALL ON 21 FEBRUARY

A webcasted telephone conference will be held at 9.00 a.m. today, where CEO Flemming Breinholt and CFO Dora Brink Clausen will present the report and answer questions.

You can follow the presentation and the telephone conference on the following page:

<https://tv.streamfabriken.com/karnov-group-q4-2019>

To participate in the conference, and thereby be able to ask questions, please dial in on any number below a couple of minutes before the start of the conference:

SE: +46 8 505 583 69

DK: +45 7 815 0110

UK: +44 333 300 92 63

US: +1 833 526 8381

The presentation material will be available before the conference starts at www.karnovgroup.com. An on-demand version of the conference will also be available after the presentation.

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

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Karnov Group is a leading provider of mission critical information in the areas of legal, tax and accounting, and environmental, health and safety in Denmark and Sweden. With brands such as Karnov, Norstedts Juridik, VJS, Notisum, Legal Cross Border, and Forlaget Andersen, Karnov Group delivers knowledge and insights, enabling more than 60,000 users to make better decisions, faster – every day. With offices in Copenhagen, Stockholm, and Malmö, Karnov Group employs around 240 people. Net sales in 2018 amounted to SEK 715 M. The Karnov share is listed on Nasdaq Stockholm, Mid Cap segment under the ticker “KAR”. For more information, please visit www.karnovgroup.com.