

Press Release – 14 December 2020

# Karnov Group acquires market leading Norwegian knowledge workflow tool supplier DIBkunnskap AS

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Karnov Group AB (publ) has today signed the agreement to acquire 100% of the shares in the market leading Norwegian knowledge workflow solutions supplier DIBkunnskap AS (DIB). The acquisition is in line with Karnov Group's strategy to carry out selective and value accretive acquisitions and is expected to be EPS accretive from 2022. The transaction will be mainly funded via cash consideration and a minor directed share issue to the shareholders of DIB and is within the existing net/debt ratio target. The transaction further strengthens Karnov Group's position as a leading supplier of legal knowledge management solutions in Scandinavia. Consummation of the transaction is conditional upon certain conditions, including the company's performance until closing, and the transaction is expected to close on the 5<sup>th</sup> of January 2021.

## Key highlights

- Karnov Group acquires DIB on a cash and debt free basis for a total purchase price of NOK 300m, approximately NOK 290m in cash consideration and NOK 10m in shares in Karnov Group. Furthermore, an earn-out of maximum NOK 36m can be paid out in shares dependent on financial performance in 2021 and 2022.
- The transaction is expected to have neutral impact on EPS in 2021 and be value accretive from 2022. The acquisition is assessed to have a minor dilutive impact on Karnov Group's adjusted EBITA margin for 2021.
- DIB had net sales in 2019 equivalent to NOK 50,8 m, with an adjusted EBITDA of NOK 9,6 m, and an adjusted EBITDA margin of 18,8 percent.
- The Board of Directors intends to resolve, in connection with completion of the transaction, on a directed issue of shares of approximately SEK 10m with deviation from the shareholders' pre-emptive right in accordance with the authorisation granted by the Annual General Meeting on 5 May 2020. The subscription price and the total number of new shares will be determined based on the volume-weighted average price for the Karnov Group AB (publ) share over the last 20 trading days prior to the day of signing. The reason for deviating from the shareholders' preferential right is to fulfil its obligations under the purchase agreement.
- DIB will be a wholly owned subsidiary of Karnov Group and consolidated in the Group's financial statements.
- Karnov Group Norway AS will have an option to acquire DIB from Karnov Group for three years after the closure of the deal, due to an agreement between Karnov Group and Karnov Group Norway.

*"We are carrying out a strategic acquisition of a market leading provider of knowledge and workflow solutions. The acquisition fits perfectly in our Group, with DIB being a SaaS company with close to 100% recurring revenue. The acquisition allows Karnov Group to both continue our growth in a new vertical in Norway, while also allowing for expansion into Sweden and strengthening our existing product vertical in Denmark. DIBs approach to building knowledge and workflow solutions is an excellent complement to the current*

*Karnov Group portfolio. Further, we expect new product launches within the acquired entity which will further drive growth going forward”, said Flemming Breinholt, CEO and President, Karnov Group.*

*“I am very excited for DIB to become part of Karnov Group, as their strong brand and expertise in digital knowledge solutions to advisors, enterprises and the public sector, will significantly benefit the DIB growth strategy. We also strongly feel the cultural match between the companies and are confident that we jointly will be able to realise our growth ambitions. Especially within our internationalisation strategy, there are several benefits stemming from Karnov Group, and a match in market strategy, said Karina Larsen, CEO, DIBkunnskap AS.*

## **Background and rationale**

DIB is a market leader amongst accounting- and auditing firms as well as large enterprises and provides knowledge and workflow solutions on the Norwegian market, with a strong focus on creating efficiencies in the workflows of professionals. DIB has a strong position with identified opportunities to further grow this market, as well as a clear international growth strategy. Thereby, Karnov is strengthening its position in Norway and gaining market leadership in an adjacent product vertical. The transaction strengthens the Group’s workflow capabilities, allowing for future market synergies on the existing market. DIB will leverage on existing Karnov distribution channels and capacity to drive market expansion, with a natural product market fit.

The existing management team of DIB will remain, ensuring stability and execution of the defined growth strategy, including an ambition to expand internationally.

## **Webcasted conference call**

Karnov Group will host a webcasted conference call on 14 December 2020 at 10 a.m. CET with CEO Flemming Breinholt and CFO Dora Brink Clausen. The webcast will be held in English and can be accessed on: <https://tv.streamfabriken.com/pressconference-december/>.

To take part in the telephone conference, please dial:

Denmark: +4578150108

Sweden: +46851999383

United Kingdom: +443333009264

United States: +18332498405

Please call in a few minutes before the webcast begins.

For more information, please contact:

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*This press release contains inside information that Karnov Group AB (publ) is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 14 December 2020, at 08:00 p.m. CET.*

**DIBkunnskap AS** is a leading Norwegian provider of knowledge and workflow software with a strong focus on creating efficiencies in the workflows of professional service firms, private companies and municipalities. The solutions are based on national and international accounting-, company- and HR law. The company is located in Lysaker, Norway and has 30 employees. In 2019, DIBkunnskap AS had net sales of NOK 50,8m

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