



# Karnov Group Half-year Report Q2

Pontus Bodelsson, CEO  
Jonas Olin, CFO  
18 August 2022

A portrait of Pontus Bodelsson, a man with short, light brown hair and a beard, wearing a dark suit jacket over a light blue shirt. He is smiling slightly and looking towards the camera. The background is a blurred office interior with large windows.

# Q2 highlights and operational update

## Pontus Bodelsson



# Financial highlights Q2

Strong growth and ready for the European expansion

**+13%**

Net sales

**+9%**

Organic growth

**33%**

Adjusted EBITA  
margin

**0.9x**

Leverage

# Group highlights

Strong organic growth due to increasing demand for our services



## Key comments

- › Organic growth of 8.5% and adjusted EBITA margin of 32.6%
- › Due to an increasing legal complexity in society, we experience strong demand for our services
- › With customer centricity, innovation and deep content, we enable our customers to make better decisions, faster
- › We must stay close to our customers as we grow into a European player

# Good performance in Denmark

## New orders on the new municipality solution



### Key comments

- › Organic growth of 4.9% and adjusted EBITA margin of 35.5%
- › Increased demand of law services both from law firms and in the public sector, having a positive impact on the development in Denmark
- › Additional orders of municipality solution and more than 10 municipalities now use our products
- › Karnovs Skattepris held physically promoting the rule of law and tax

# Strong growth trend in Sweden/Norway

Public sector, municipalities and EHS continue to drive growth



## Key comments

- › Organic growth of 11.9% and adjusted EBITA margin of 30.1%
- › Growth driven by the public sector, municipalities and EHS
- › Our vertical solutions performs well
  - › EHS vertical grows well in line with previous year
  - › DIBkunnskap launched 'dflow' service in Norway, well received among customers
- › Focus on developing new features in close collaboration with our customers
  - › Improved news service called 'Rättsområdesanalys' launched in the second quarter



# Ready for European expansion

Ready to acquire legal research businesses in France, Spain and Portugal



## Transaction at a glance

- › Karnov Group to acquire legal research businesses in France, Spain and Portugal
  - › Transforming Karnov Group to a European player
  - › Increasing the total addressable market by 9x
  - › Strong market presence on the Spanish and French markets
- › During the second quarter we have invested resources in preparing for the planned acquisitions
  - › We are ready to initiate the post-merger integration
- › Resources invested in preparing the organisation
- › Communication with Spanish Antitrust Authority progress in line with expectations
  - › Decision expected during September

A portrait of Jonas Olin, a middle-aged man with glasses, smiling. The background is a blurred office interior with windows.

# Financial development

## Jonas Olin

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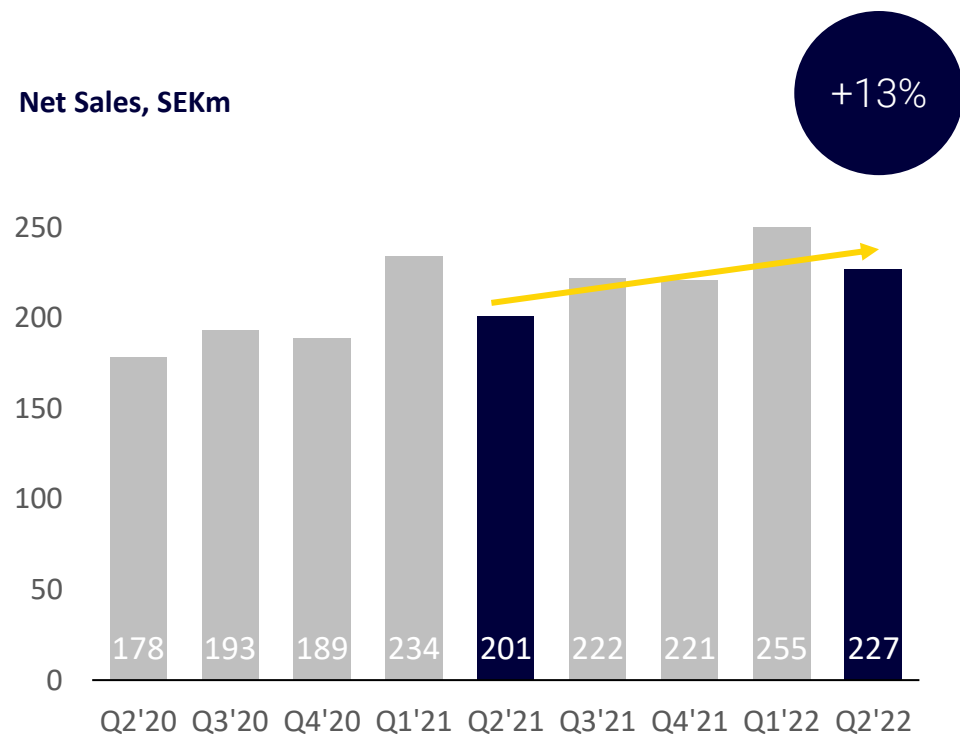


# Another strong growth quarter

... growth driven by increased demand for our services

## GROUP

Net Sales, SEKm



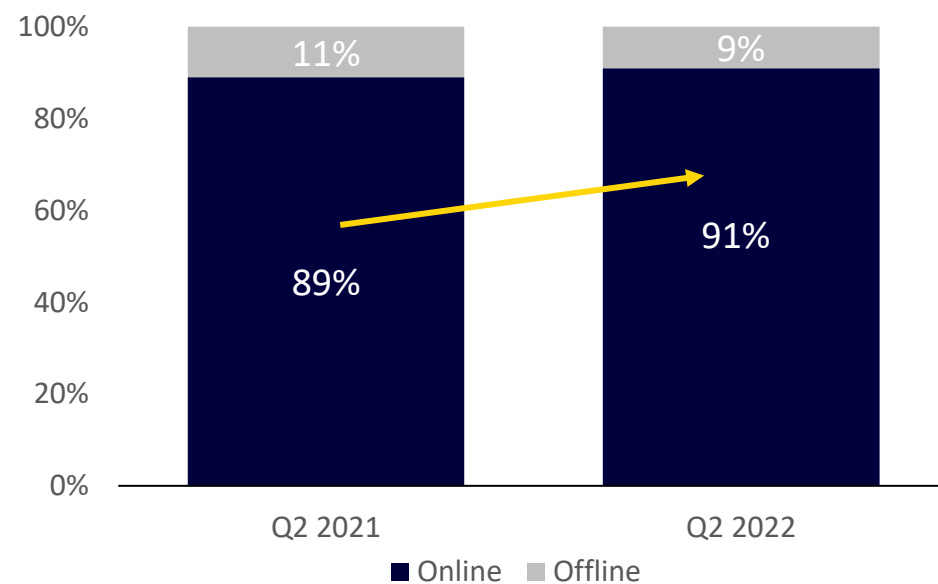
## Key comments

- Net sales growth of 12.9% of which organic growth was 8.5%, currency effects was 2.1% and acquired growth was 2.3%
- Strong growth trend on both segments which continued in the second quarter.
  - Growth is driven by an increased demand for our services, both within our legal core and closely related verticals
  - Our stand-alone entities within EHS and workflow tools are delivering in line with expectations

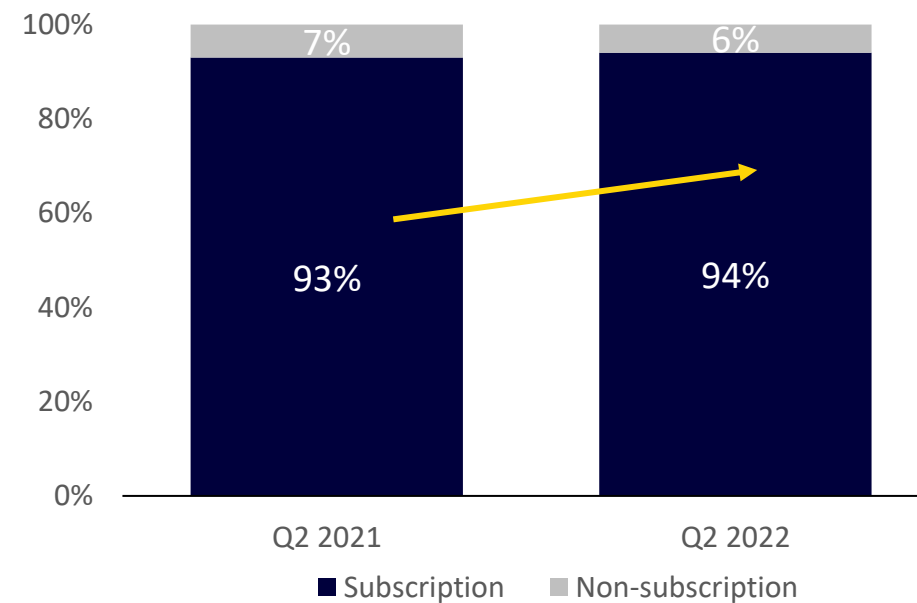
# Online & subscriptions growing

## SALES SPLIT

Sales split online/offline, %



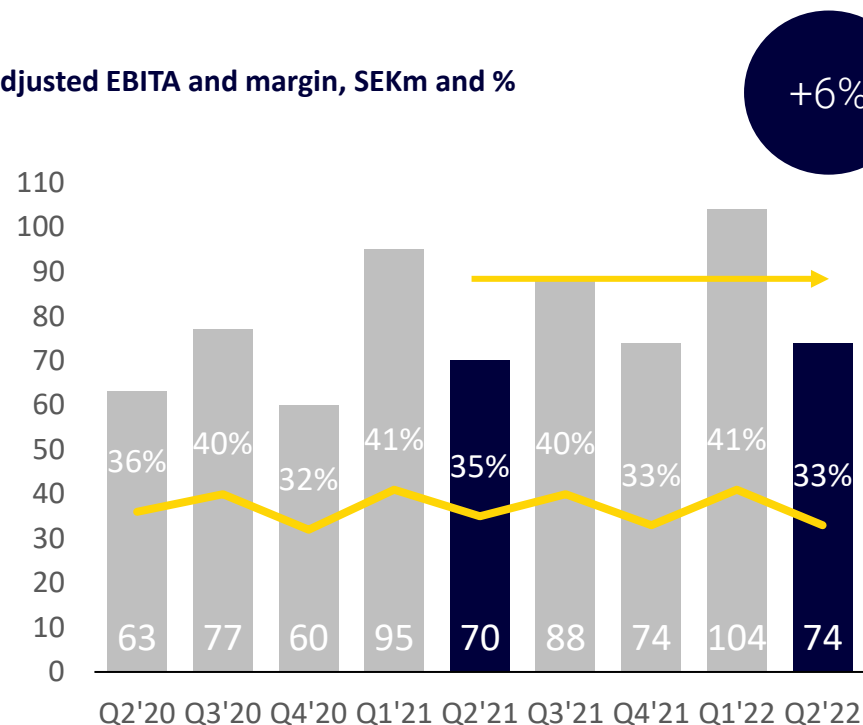
Sales split subscription/non-subscription, %



# Investing resources to become a European player

## GROUP

Adjusted EBITA and margin, SEKm and %



## Key comments

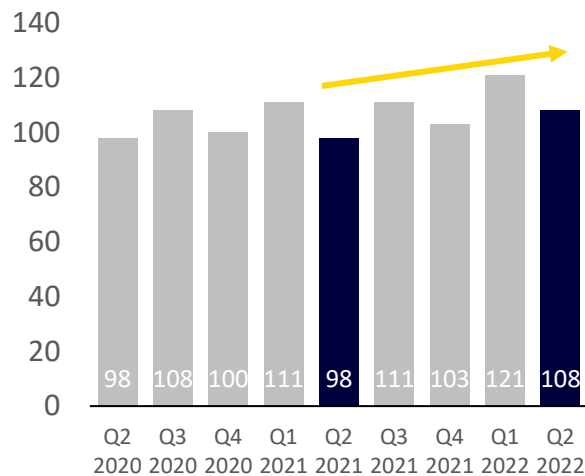
- Adjusted EBITA improved by 5.7% to SEK 74 m (70)
- Adjusted EBITA margin decreased to 32.6% (35.0)
  - Karnov Group continues to prepare for European expansion, with expenses of SEK 3 m relating to organisational development in the second quarter
  - Expenses relating to completion of LTIP 2019 amounts to SEK 4 m in the second quarter
  - Excluding the above, the adjusted EBITA margin would have been in line with the previous year
- Items affecting comparability amounted to SEK 20 m (0)



# Another growth quarter in Denmark

## DENMARK

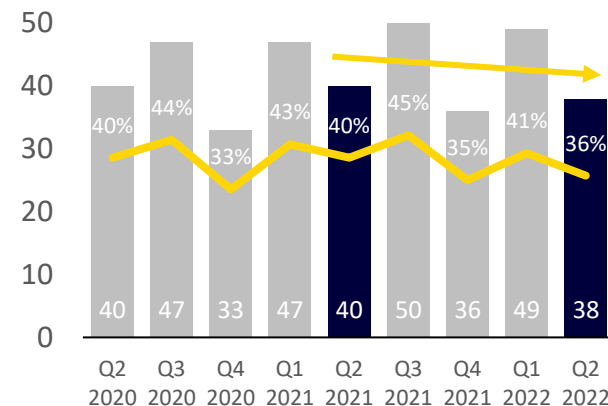
Net Sales, SEKm



+10%

Adjusted EBITA, SEKm and margin %

-3%



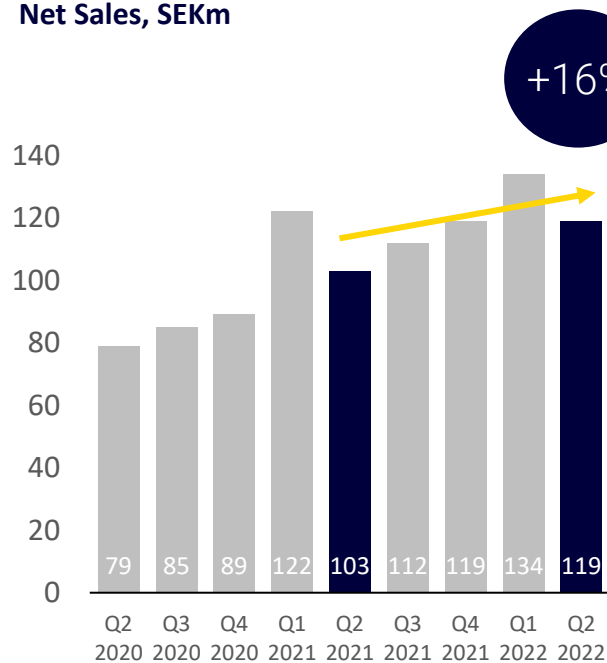
## Key comments

- Organic growth was 4.9%, acquired growth amounted to 1.2% and currency effects had a positive impact of 3.4%
- Organic growth driven by online sales
  - Additional municipality contracts in Denmark closed in the second quarter
- Adjusted EBITA margin decreased to 35.5%
  - Expenses in the second quarter relating to organisational development and LTIP 2019 on the Danish segment amounted to SEK 4 m
  - Excluding the above, the adjusted EBITA margin would have been in line with the previous year

# Prominent growth in Sweden/Norway

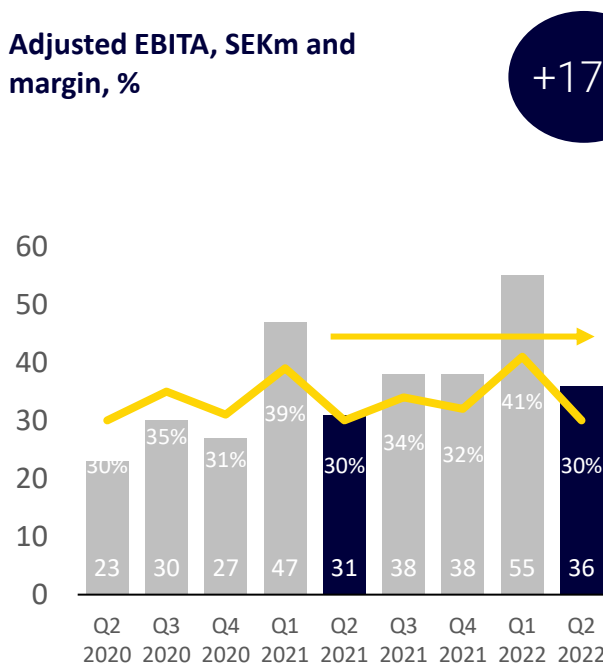
SE/NO

Net Sales, SEKm



+16%

Adjusted EBITA, SEKm and margin, %



+17%

## Key comments

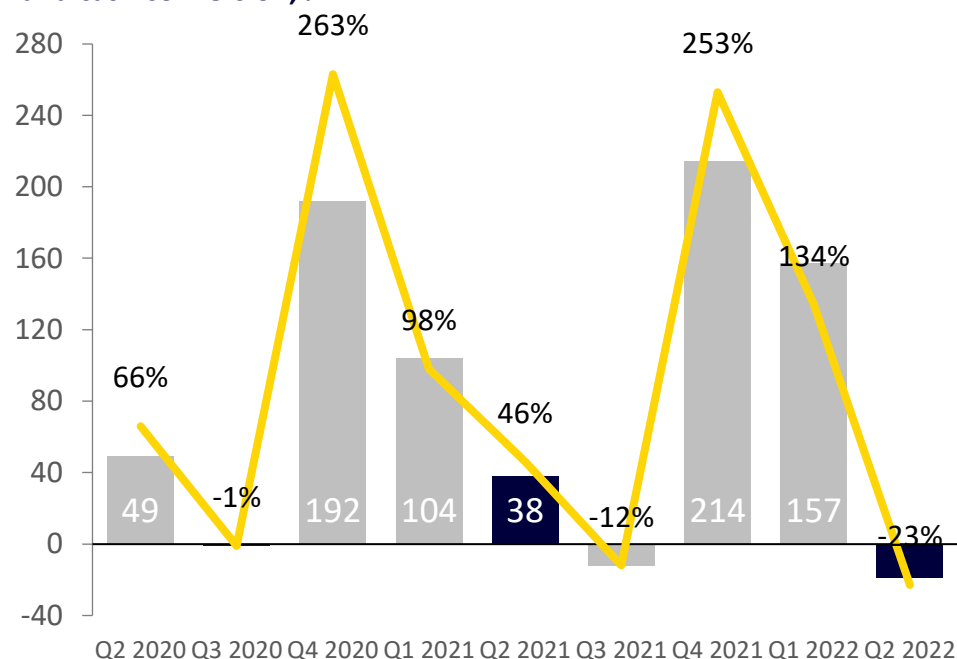
- Organic growth was 11.9%, acquired growth amounted to 3.4% and currency effects had a positive impact of 0.8%
- Growth driven by strong online sales, upselling to existing customers and sales to new customers
- Increased legal complexity in society has increased the demand for our services
- Adjusted EBITA margin in line with the previous year at 30.1%
- Expenses in the second quarter relating to LTIP 2019 in Sweden amounted to SEK 3 m

# Financially prepared for European expansion

Leverage at the low level of 0.9x

## GROUP

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



## Key comments

- › Adjusted operating cash flow amounted to SEK -19 m
- › Working capital negatively impacted by timing of royalty payments in the second quarter of SEK 37 m, paid out in the third quarter in the previous year
- › Solid financial position with low leverage of 0.9x
- › Ready to complete acquisitions in France, Spain and Portugal
- › Financing in place for the acquisition, due to a new bridge loan facility and other debt facilities with Nordea of EUR 110 million



# Summary of Q2

1

## Increasing demand for our services - investing for the future

- Organic growth 8.5%

2

## Growth on both segments

- Strong performance in new sales and upselling
- We sell more licenses to customer groups without formal legal education

3

## Ready for European expansion

- Decision from Spanish Antitrust Authority expected in September

Q&A

## Better decisions, faster

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

For more information visit  
[www.karnovgroup.com](http://www.karnovgroup.com)



# Appendix



# Company video



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