

# Karnov Group Interim Report Q3

Pontus Bodelsson, CEO  
Jonas Olin, CFO  
9 November 2022

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

# Q3 highlights and operational update

## Pontus Bodelsson

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# Financial highlights Q3

Extraordinarily strong growth and all clear for European expansion

**+18%**

Net sales

**+13%**

Organic growth

**35%**

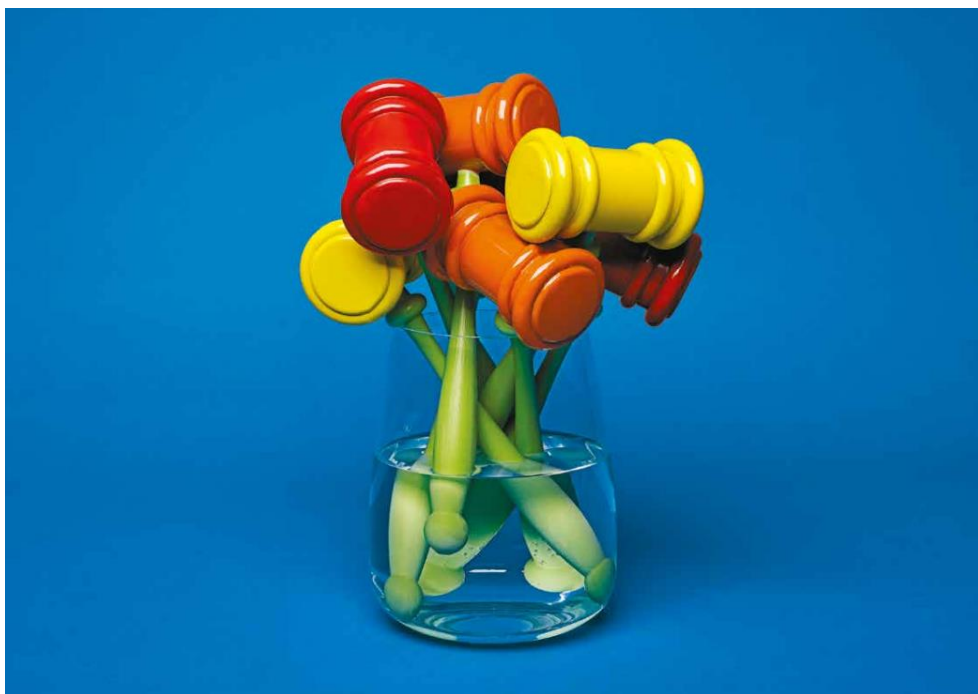
Adjusted EBITA  
margin

**0.9x**

Leverage

# Group highlights

Solid online growth and extraordinary offline sales



## Key comments

- › Organic growth of 13.2% and adjusted EBITA margin of 35.3%
- › Continued solid online growth driven by increased demand for our services within the public sector, municipalities and the EHS vertical
- › Karnov Group has had extraordinary offline sales in the third quarter related to school publications
- › As a thought leader within the legal field, Karnov Group annually publishes the industry report [The Future of the Legal Profession](#), which is the largest of its kind in Scandinavia, with more than 3,000 respondents from Denmark, Sweden and Norway

# Stable performance in Denmark

Preparing onboarding of more municipalities



## Key comments

- › Organic growth of 4.0% and adjusted EBITA margin of 35.3%
- › Municipality solution strengthened with additional case guides
  - › Launching greater supporting functions to prepare onboarding of new users
- › Very strong coverage from the release of The Future of the Legal Profession in Denmark
  - › Coverage in all larger news papers and meetings with industry leaders interested in change
  - › Strengthens our position as thought-leader within the legal field in Denmark

# Extraordinary sales in Sweden/Norway

Significant offline sales and growing online sales



## Key comments

- › Organic growth of 22.4% and adjusted EBITA margin of 35.4%
- › Extraordinary sales of offline products related to the new school year
- › Growing online business
  - › Public sector, municipalities and EHS perform well
  - › Stand-alone entities develop in line with expectation
- › New add-on "Rättsområdesanalys" on the JUNO platform was well received in the soft-launch and we now prepare the roll-out



# Clearance from the Spanish Antitrust Authority

Completion of the acquisition expected on 30 November 2022



## Acquisition at a glance

- › Karnov Group to acquire legal research businesses in France, Spain and Portugal (Region South)
  - › Transforming Karnov Group to a European player
  - › Increasing the total addressable market by 9x
  - › Strong market presence on the Spanish and French markets
- › Clearance from the Spanish Antitrust Authority received in the beginning November 2022
  - › Closing of the acquisition expected on 30 November 2022
- › Market commitments for three years after closing
  - › Relates to product bundling and exclusivity contracts with authors

# Guillaume Deroubaix intended CEO Region South

Experienced international business leader within the legal knowledge market



## Key comments

- More than 20 years of experience within the legal information solutions industry
  - Comes from a position as COO of LexisNexis France
- Will initially focus on the Spanish and Portuguese markets before assuming the position as CEO of Region South during the spring 2023
- Guillaume Deroubaix had his first day at Karnov Group on 1 August 2022



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

# Financial development

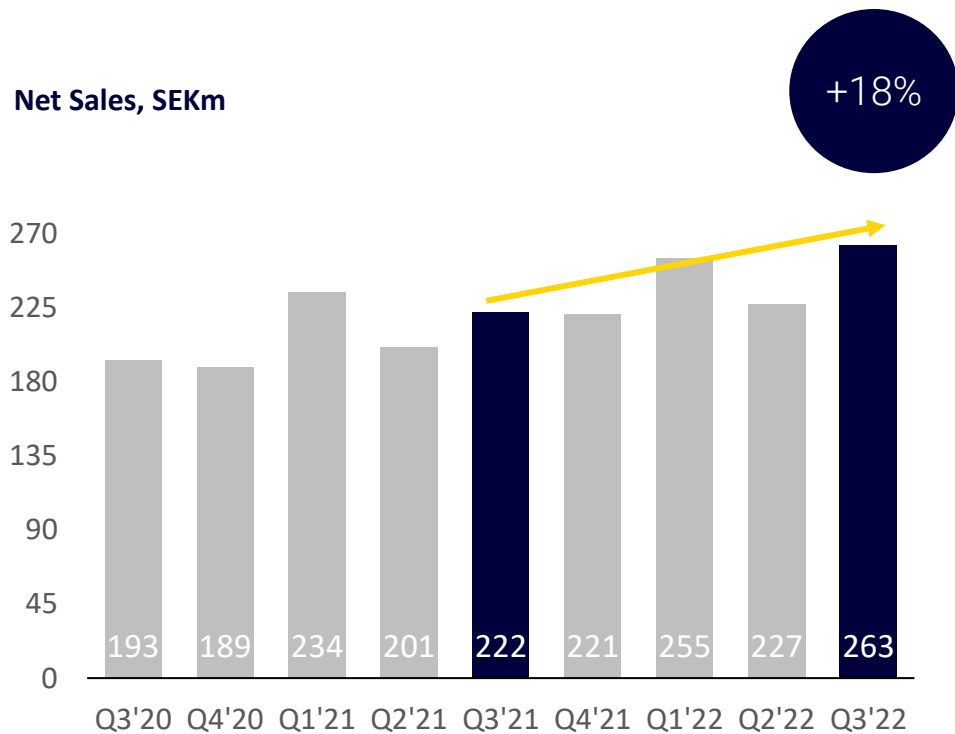
## Jonas Olin

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# Extraordinary strong growth

Online sales continue to grow – extraordinary offline sales

## GROUP



### Key comments

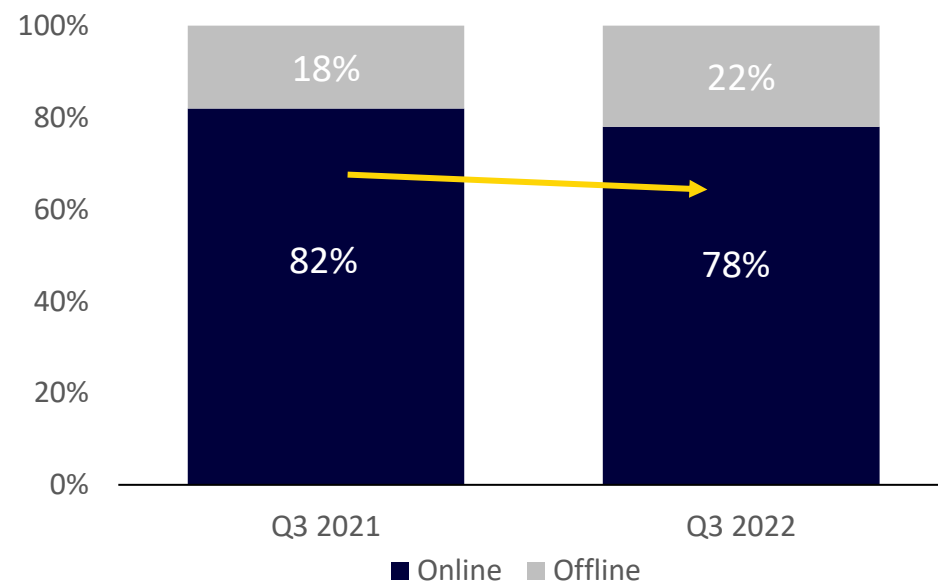
- Net sales growth of 18.4% of which organic growth was 13.2%, currency effects was 2.8% and acquired growth was 2.3%
- Online sales growth is driven by an increased demand for our services, both within our legal core and closely related verticals
- Extraordinary offline sales due to the new school year
  - Excluding the item above, organic growth on Group level would have been 5.4%

# Unusual trend with higher portion offline sales

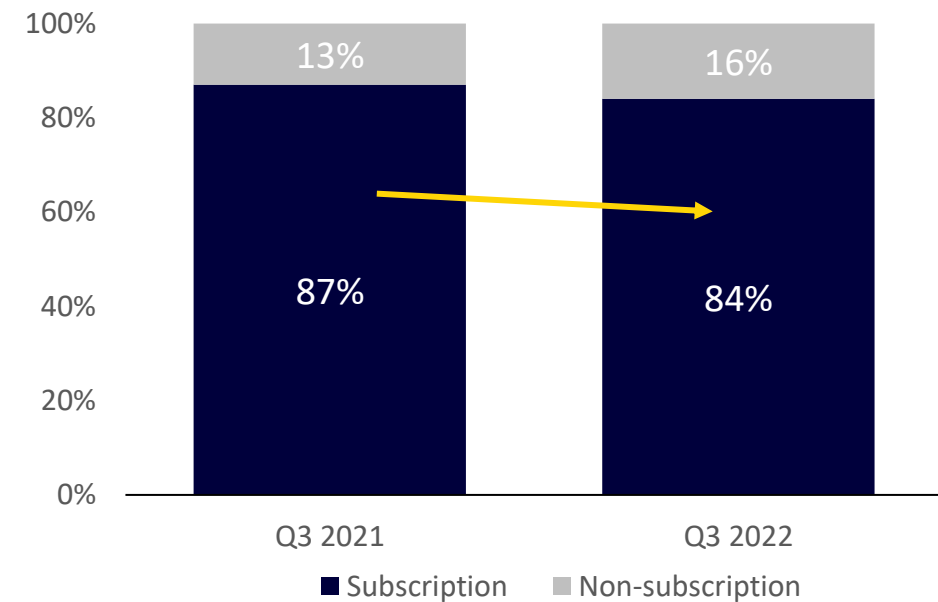
One-time effect from extraordinary offline sales

## SALES SPLIT

Sales split online/offline, %



Sales split subscription/non-subscription, %

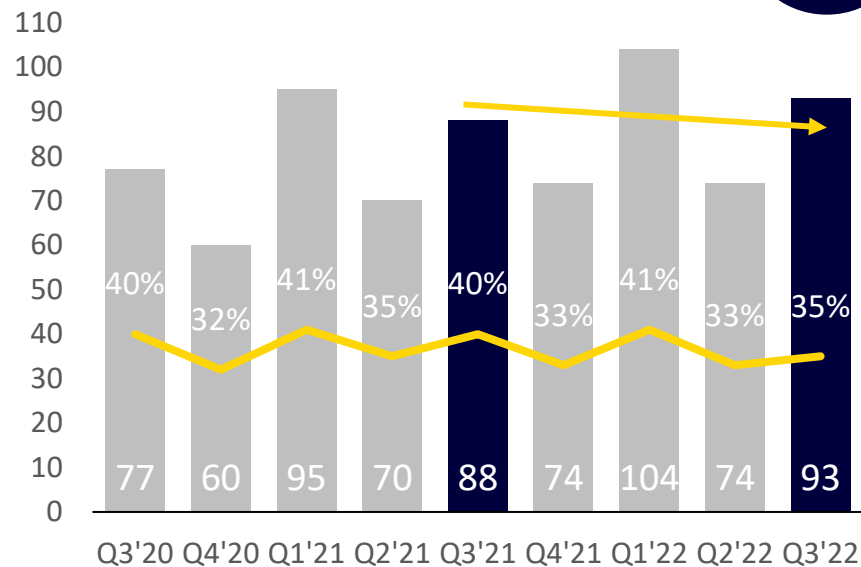




# Increased earnings

## GROUP

Adjusted EBITA and margin, SEKm and %



## Key comments

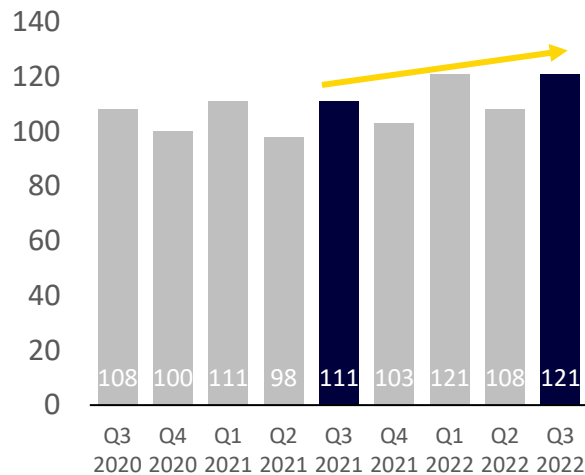
- Adjusted EBITA improved by 5.9% to SEK 93 m (88)
- Adjusted EBITA margin decreased to 35.3% (39.5)
  - Karnov Group has continued the preparation for European expansion with related expenses for organisational development
  - Higher personnel expenses as we have initiated development for future customer value
- Items affecting comparability amounted to SEK 8 m (8)

# Stable organic growth in Denmark

## Decreased margin partly due to preparations for European expansion

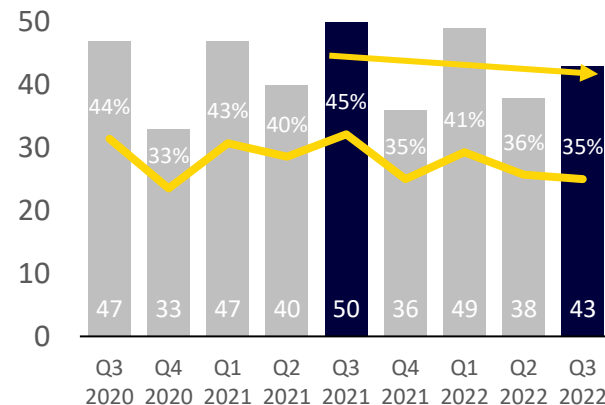
### DENMARK

Net Sales, SEKm



+9%

Adjusted EBITA, SEKm and margin %



-14%

### Key comments

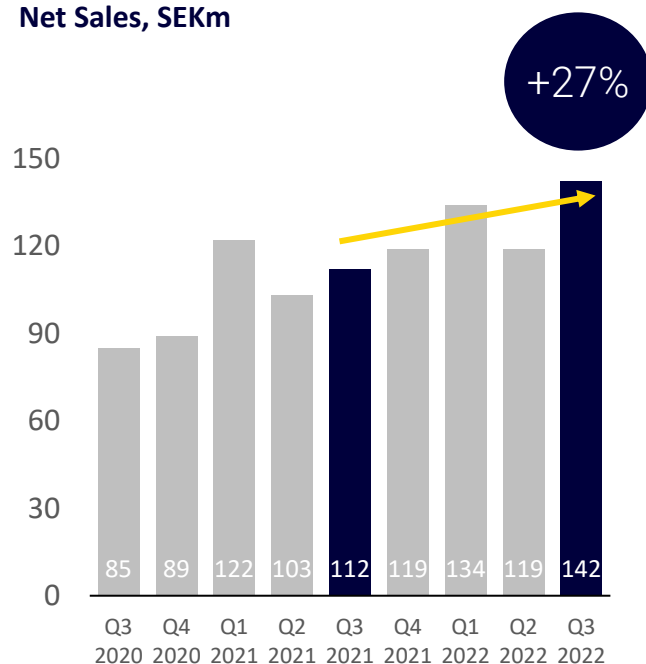
- Organic growth was 4.0%, acquired growth amounted to 1.1% and currency effects had a positive impact of 4.3%
- Organic growth driven by online sales
  - Additional municipality contracts in Denmark closed in the third quarter
- Adjusted EBITA margin decreased to 35.3%
  - Increased cost base of SEK 5 m on the Danish segment as Karnov Group prepares the organisation for European expansion
  - Higher personnel expenses and dilutive effect from legal tech start-ups

# Very solid quarter in Sweden/Norway

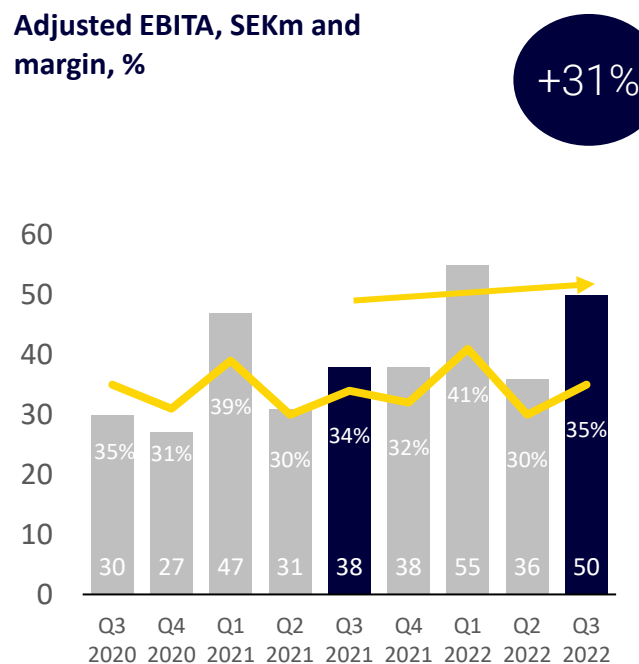
## Extraordinary offline sales in this school year

SE/NO

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



### Key comments

- > Organic growth was 22.4%, acquired growth amounted to 3.5% and currency effects had a positive impact of 1.3%
- > Extraordinary offline sales in this school year
- > Excluding the item above, organic growth was 6.8%
- > Adjusted EBITA margin higher than the previous year at 35.4%

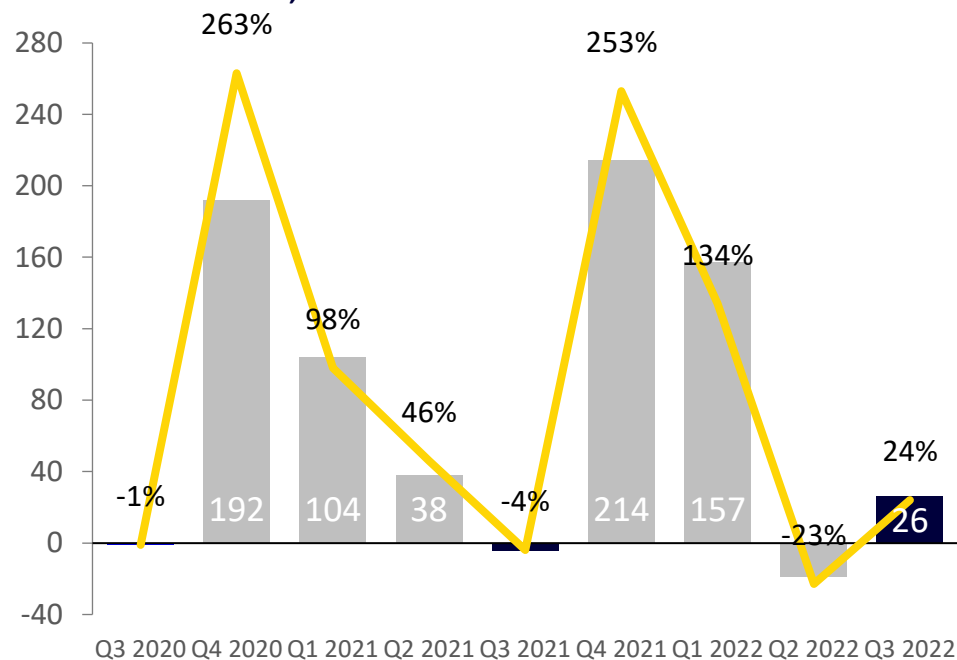


# Financially prepared for European expansion

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 26 m
- › Timing effects on royalty payments (paid in Q2'22 instead of Q3'21)
- › Solid financial position with low leverage of 0.9x
- › Ready to complete acquisitions in France, Spain and Portugal
- › Financing in place for the acquisition, with a bridge loan facility and other debt facilities agreed with Nordea of EUR 110 million

# Summary of Q3

1

## Strong quarter

- Organic growth 13.2%
- Adjusted EBITA margin 35.3%

2

## Growth in both segments

- Online sales continue to grow

3

## Cleared for European expansion

- Clearance from the Spanish Antitrust Authority
- Closing expected on 30 November 2022

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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