

Karnov Group Interim Report Q1

Pontus Bodelsson, President and CEO
Magnus Hansson, Group CFO
May 3rd, 2024



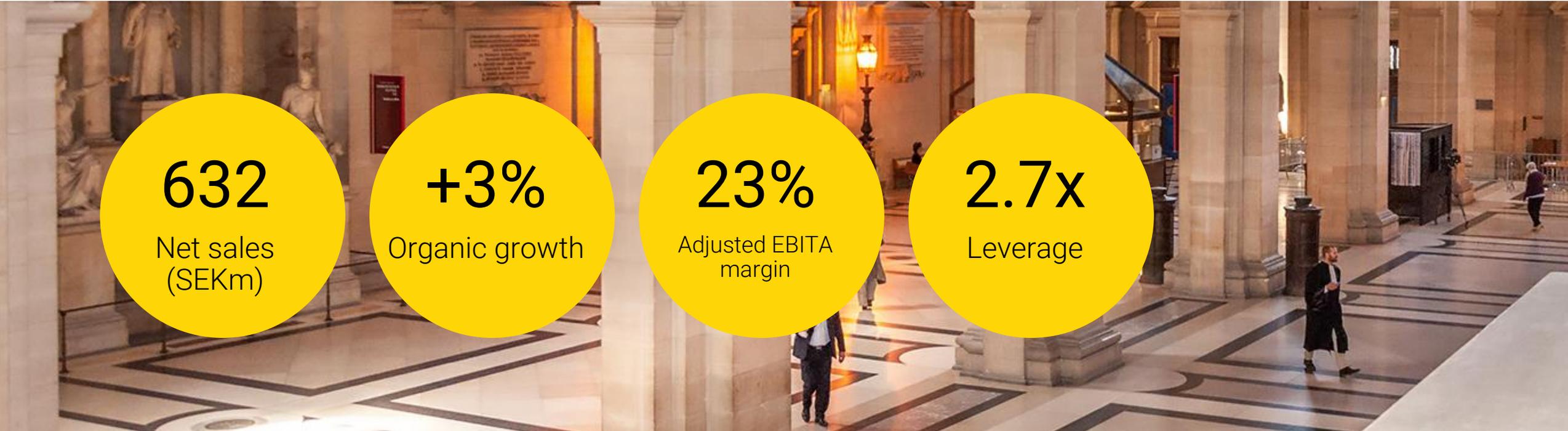
A portrait of Pontus Bodelsson, a man with short, light-colored hair and a beard, wearing a dark suit jacket, white shirt, and dark tie. He is smiling slightly and looking towards the camera. The background is a blurred office interior with large windows.

Q1 highlights and operational outlook

Pontus Bodelsson

Highlights Q1

Progressing with the efficiency initiatives and acquisition within EHS for further profitable growth



632

Net sales
(SEKm)

+3%

Organic growth

23%

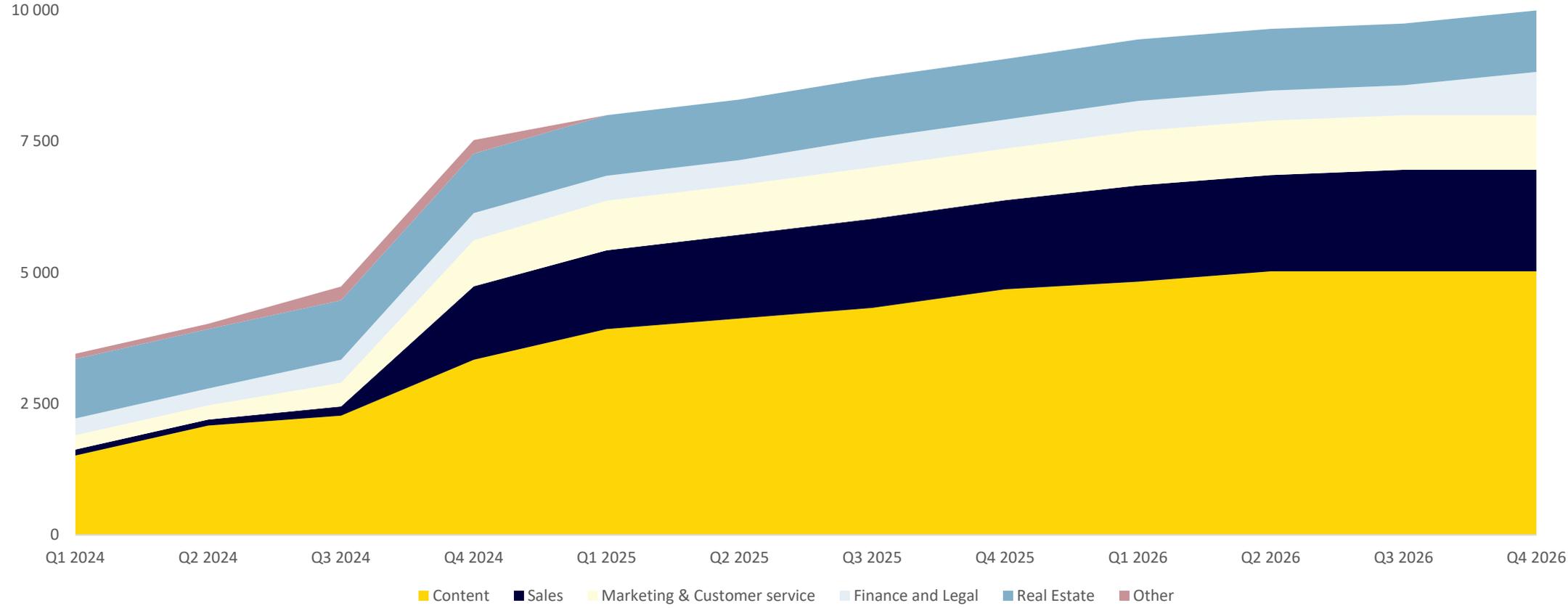
Adjusted EBITA
margin

2.7x

Leverage

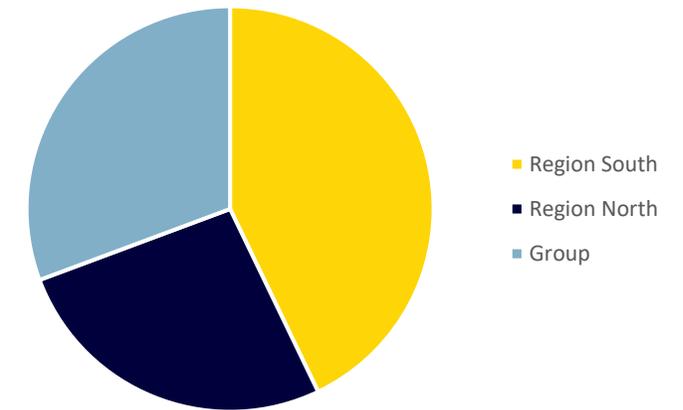
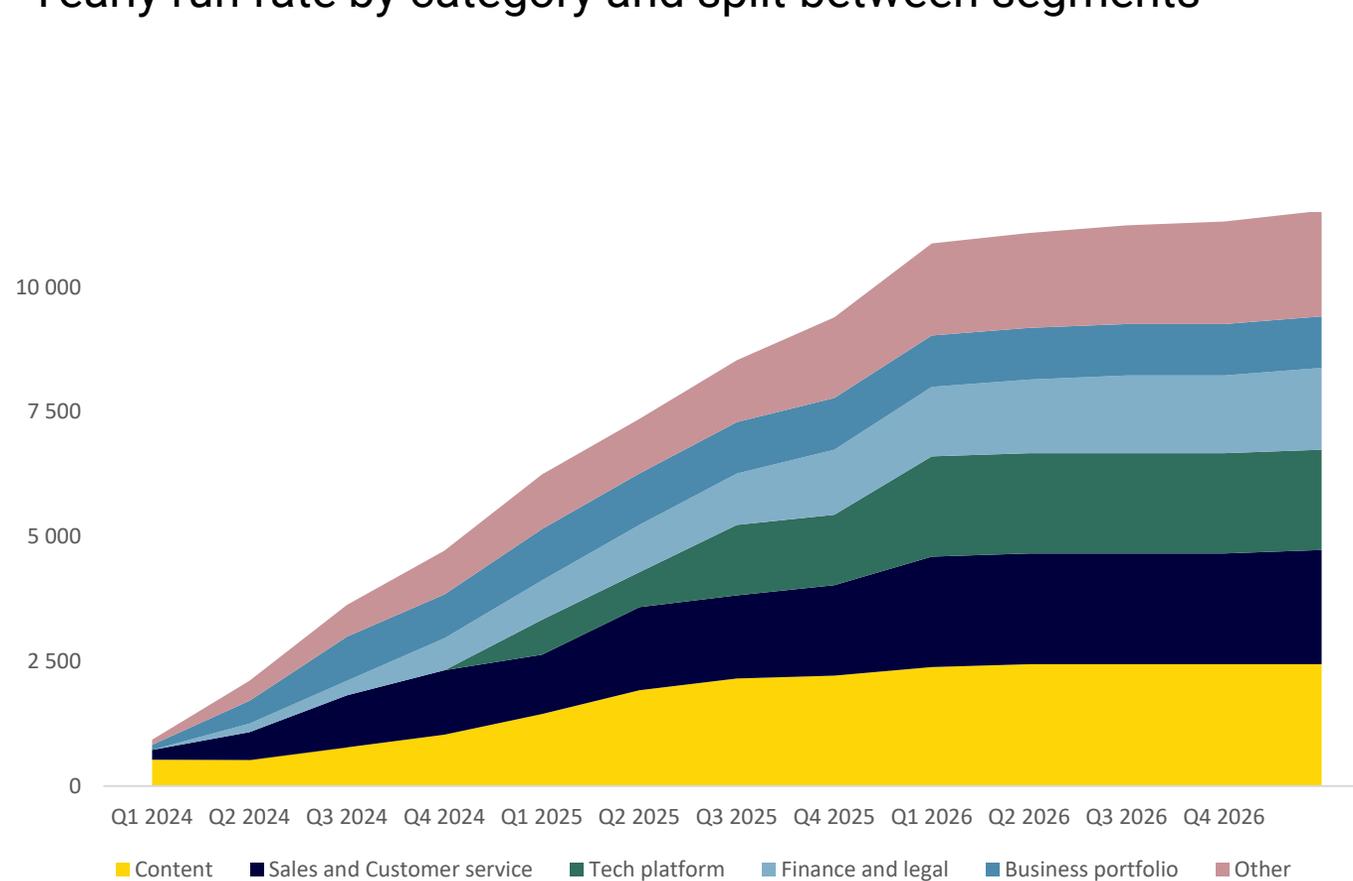
Region South cost-synergies effects

Yearly run-rate by category



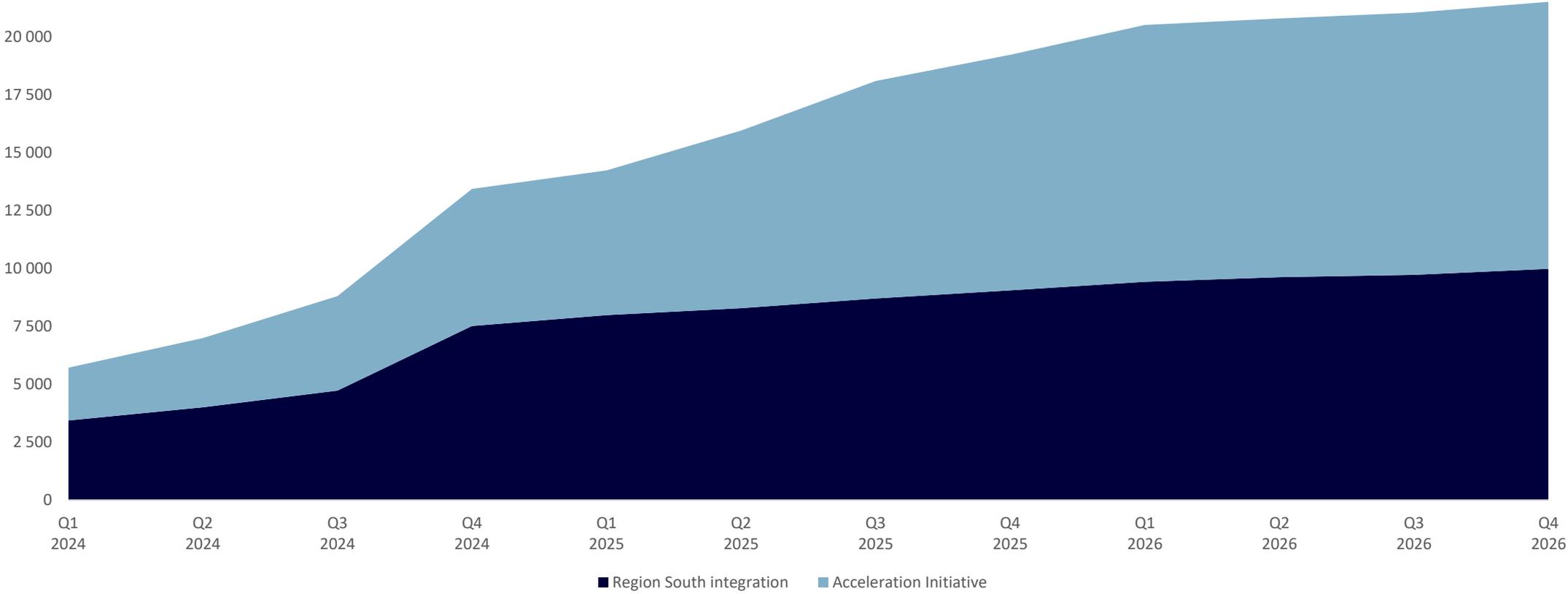
Acceleration Initiative cost-synergies effects

Yearly run-rate by category and split between segments



Initiatives cost-synergies effect

The total cost-synergies of EUR 20 m will come progressively over the period



Tailwinds within the legal information market

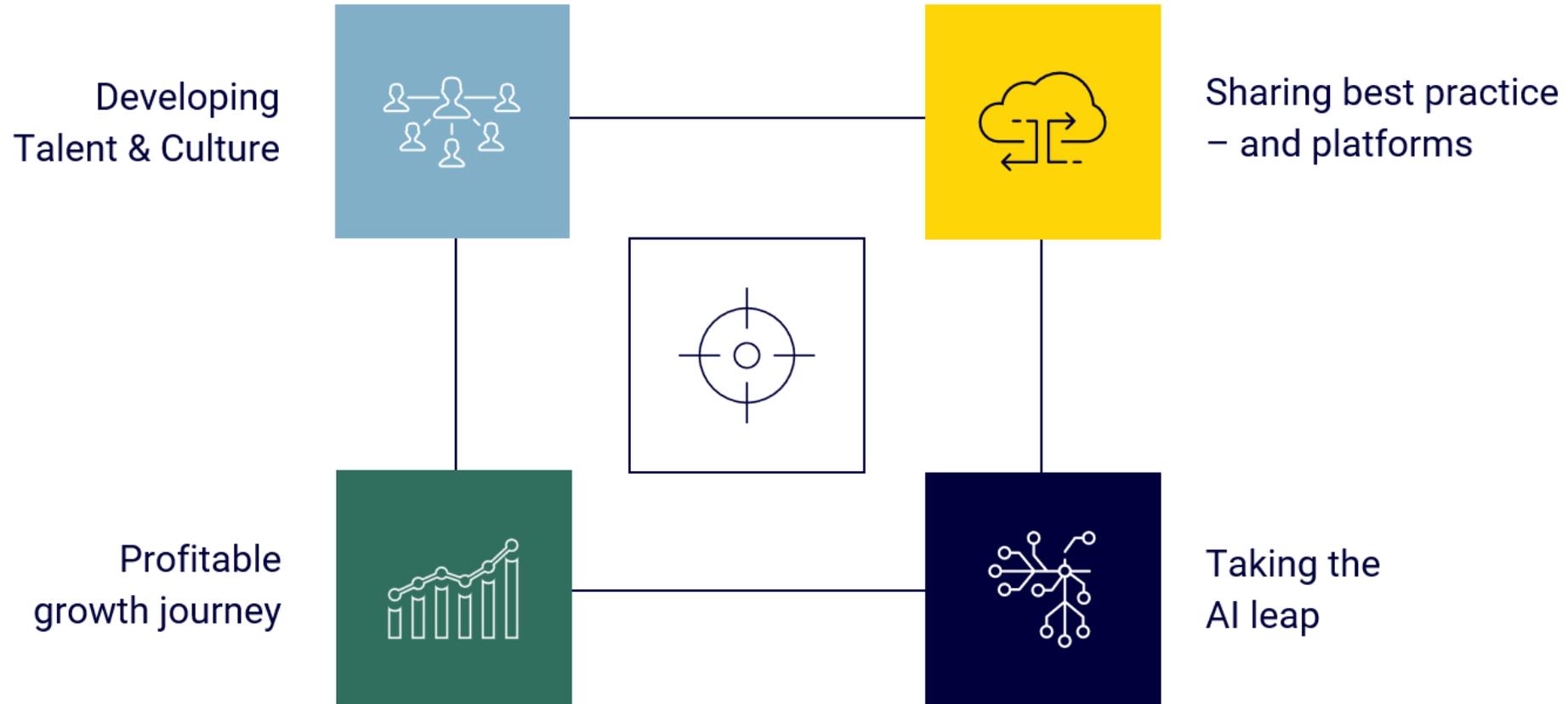
- Increasing number of laws and regulations
- Increasing complexity in legislation
- Generative AI is a paradigm shift



Key comments

- › Rising number of laws and regulations as well as increased complexity of legislation and compliance
 - › Growing demand for trusted, accurate legal information solutions
 - › Customers search for efficient display of best practice and know-how from legal professionals
- › Generative AI transforms the way professionals work with legal information
- › Karnov well positioned to capture these opportunities
 - › Proprietary content
 - › Strong local market positions
 - › Robust capital capacity from our free cash flow after completing the two efficiency initiatives

Strategic focus areas for 2024-2026



Strong start to the year in Region North

Growing in the public sector and acquisition of EHS business for further profitable growth



Key comments

- Growth mainly driven by online sales
 - Drivers are volume, value enhancements and annual price increases
 - Growing market share within the public sector
- Strong performance within T&A and EHS
 - DIBkunnskap has now launched its ESG solution
 - Strong market interest and impressive sales numbers from launch
 - Acquisition of QSE Conseil SAS in France*
 - The acquisition provides Karnov Group a strong presence in the local French EHS market and also accelerates the European expansion within EHS

**EHS businesses are reported in the Region North segment*

Ahead of plan in Region South

Launch of new AI-based feature in Spain



Key comments

- › Stable net sales following product rationalisation and optimisation of the Spanish sales force
- › Synergies coming through as expected
- › Spanish merger ahead of plan
 - › Close to 70% of the content merged onto the common tech platform
 - › Merger continues in parallel with the Acceleration Initiative
- › Launch of AI notifications on Aranzadi Fusion
 - › Combining content and workflow enhanced by AI

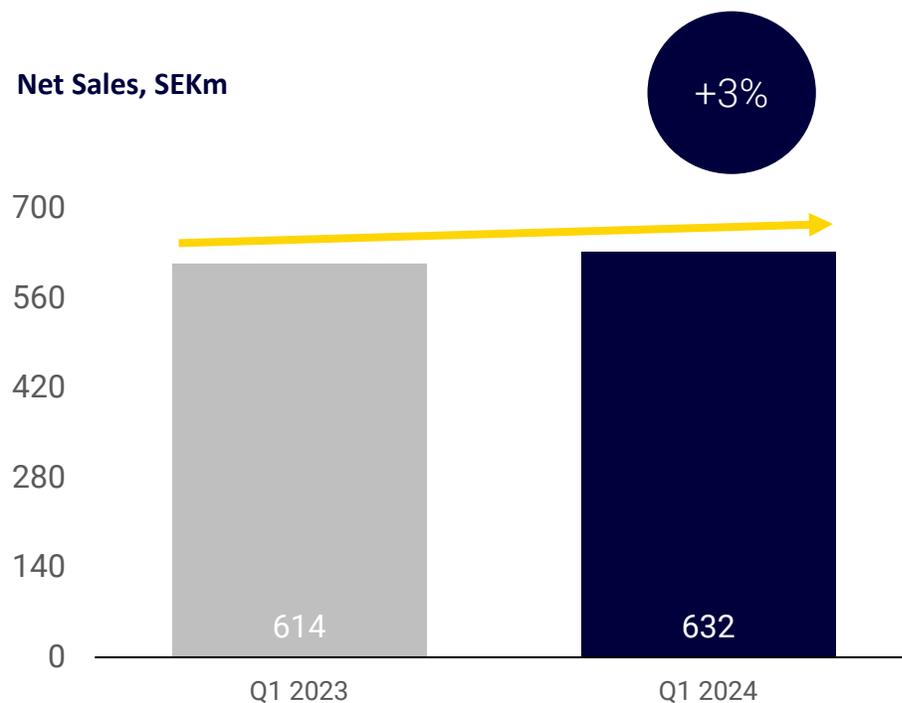


Financial development
Magnus Hansson

Net sales

Net sales growth driven by increasing online sales

GROUP



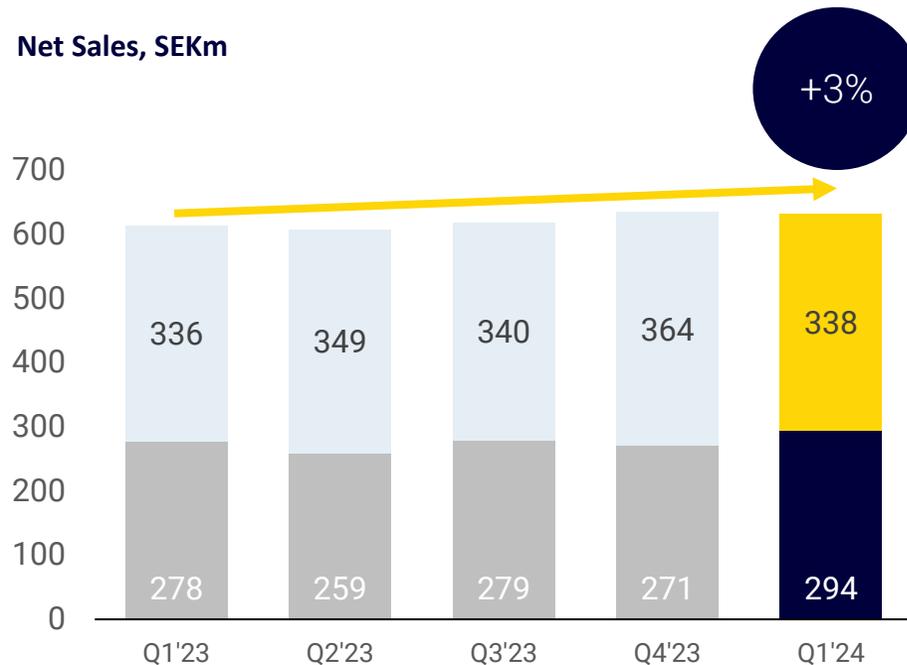
Key comments

- › Net sales growth of 3% in the quarter
 - › Increased sales of online solutions and increased sales of legal training in France
 - › Growth driven by user increase, value enhancements and annual price adjustments
 - › The weak SEK have a slight positive impact on net sales

Net sales per segment

The Group's organic growth driven by Region North

GROUP

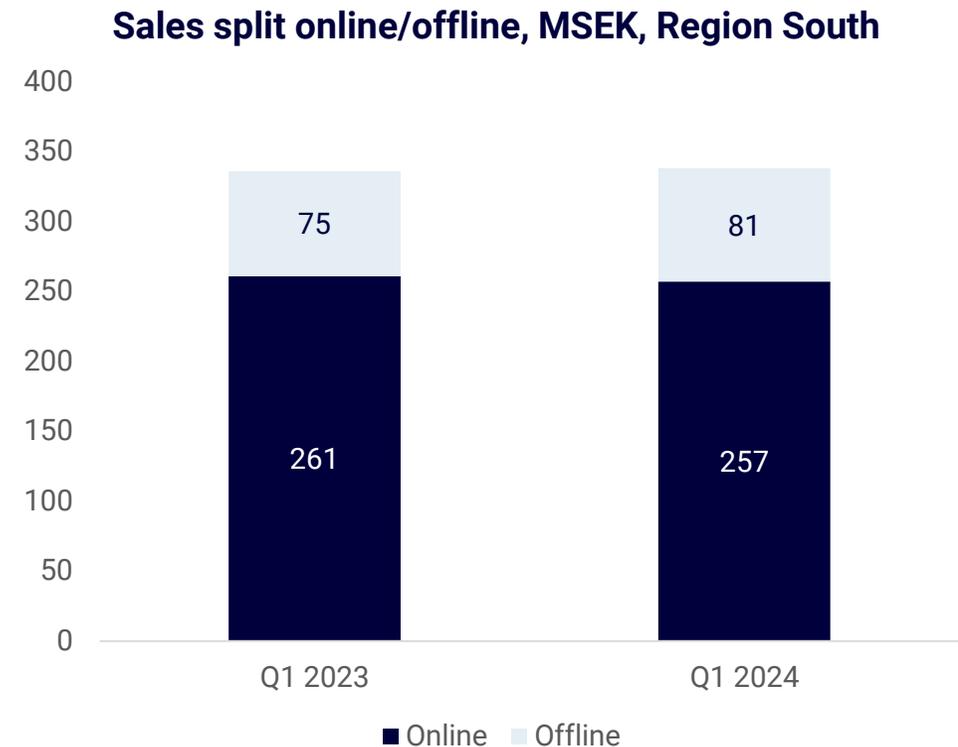


Key comments

- > Group net sales reached SEK 632 m (614).
- > Organic growth (constant currency) was 2.5% and the FX effect was 0.4%
 - Organic growth of 5.7% in Region North
 - Region South flat compared to the previous year in line with expectations
- > Organic growth driven by online sales within public sector and supported by EHS and T&A

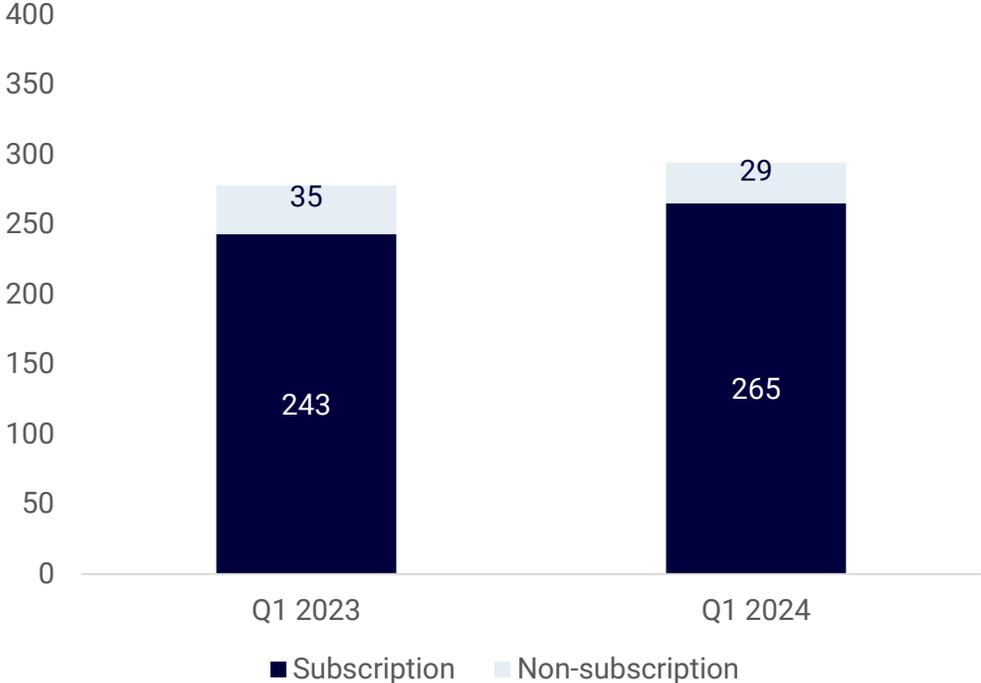
Strong development in online sales

Strong growth in online sales in Region North supported by stable sales in Region South



High portion of subscriptions paid in advance

Sales split sub/non-sub, MSEK, Region North



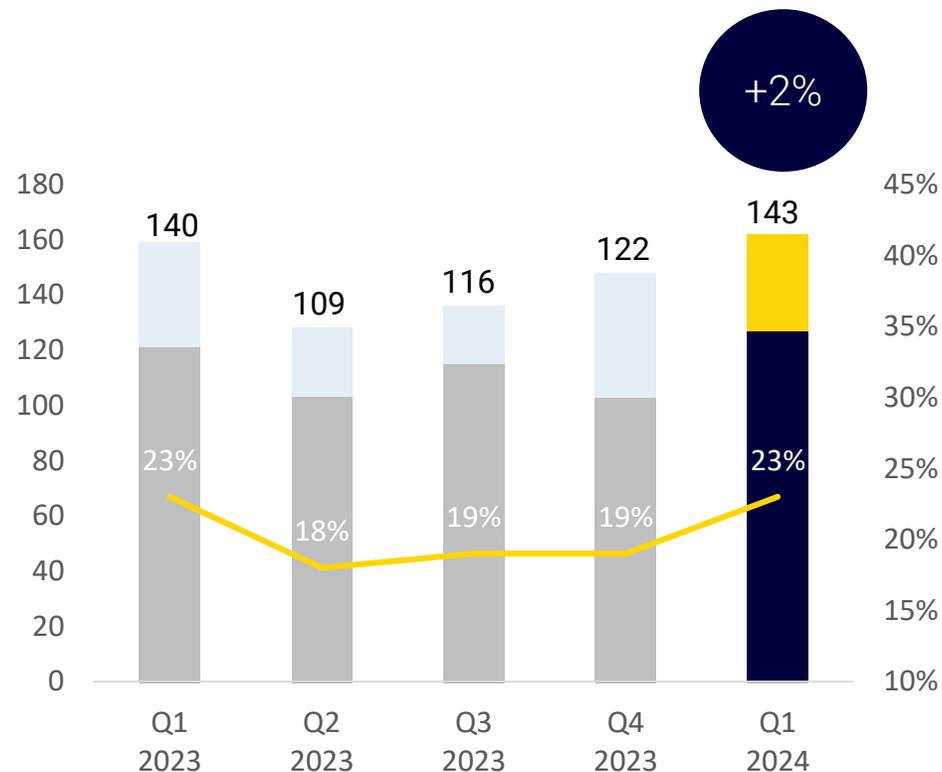
Sales split sub/non-sub, MSEK, Region South



Adjusted EBITA

Solid margin with harvested synergies off-set by higher depreciations

GROUP



Key comments

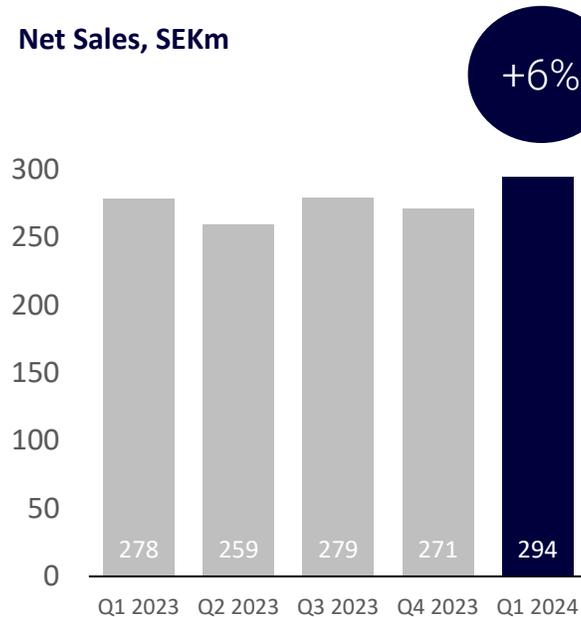
- › Adjusted EBITA amounted to SEK 143 m (140)
- › Group adjusted EBITA margin was 22.7% (22.9%)
 - › Lower COGS and other opex due to product mix off-set by increased D&A of SEK 6 m from capitalised development
- › Total annual run-rate synergies of EUR 5 m
 - › Acceleration Initiative generated annual run-rate synergies of EUR 2 m - no impact in Q1

Strong start to the year in Region North

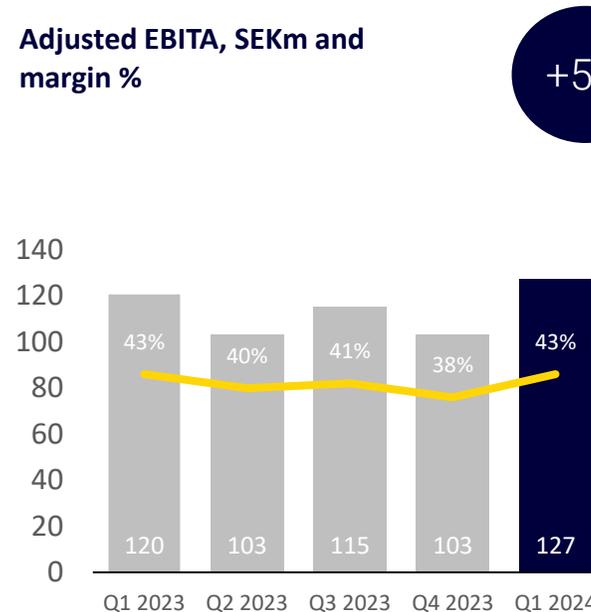
Strong organic growth with operational leverage

REGION NORTH

Net Sales, SEKm



Adjusted EBITA, SEKm and margin %



Key comments

- > Organic growth (constant currency) was 5.7%.
 - > Growth driven by online sales of legal information solutions. Increased market share within the public sector.
- > Tailwind within EHS and T&A markets
 - > EHS businesses and DIBkunnskap deliver strong growth
- > Adjusted EBITA margin was 43.2% (43.4)
 - > Operational leverage from increased net sales off-set by increased D&A of SEK 3 m from capitalised development

Region South integration ahead of plan

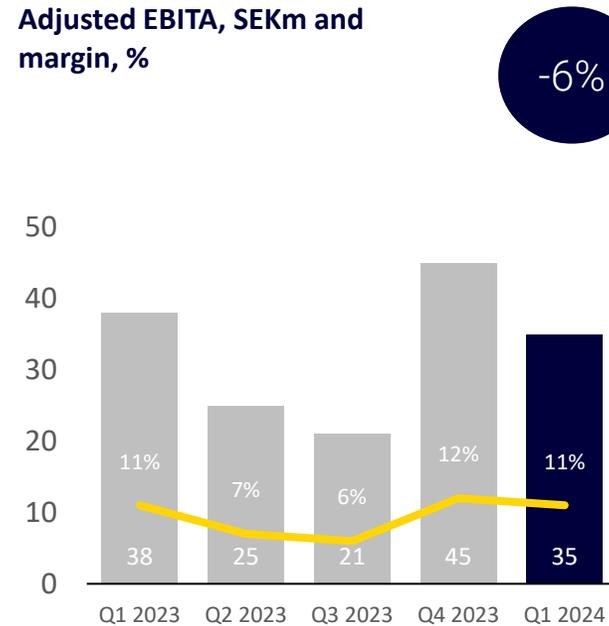
Cost synergies coming through according to plan

REGION SOUTH

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



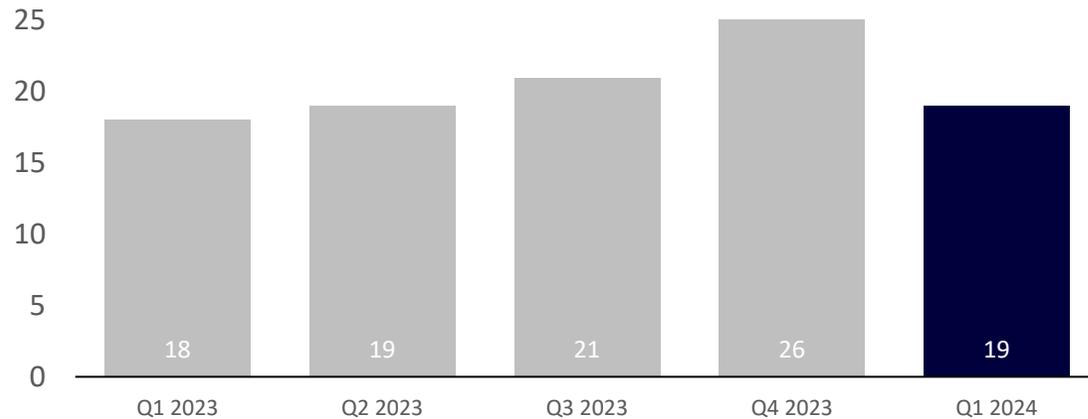
Key comments

- > Organic growth -0.1%
- > Growth in the quarter due to FX effects of 0.7%
- > Good traction in legal training sales in France
- > Adjusted EBITA margin 10.5% (11.2)
- > Increased D&A of SEK 3 m from capitalised development
- > Annual run-rate synergies of EUR 3.4 m from the integration
- > Synergies coming through according to plan and amount to 0.8 MEUR in the quarter

Group functions

GROUP FUNCTIONS

Adjusted EBITA, SEKm and margin, %



Key comments

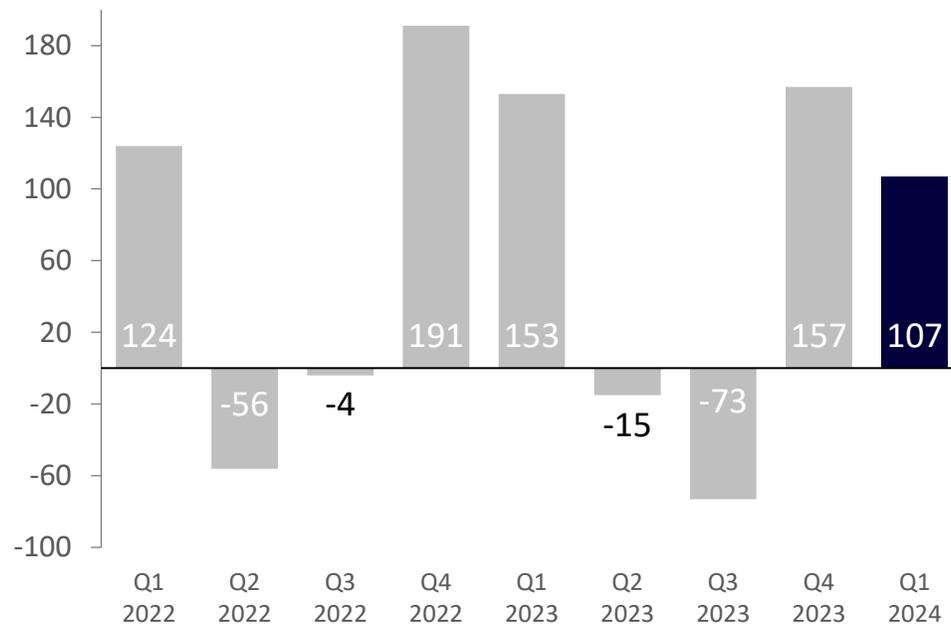
- › Group Functions consists of the units taking responsibility for Group wide tasks
- › Underlying cost base excluding ordinary D&A unchanged in Region North and Group Functions

Leverage at 2.7x

Adjusted free cash flow of SEK 107 m in the quarter

GROUP

Adj. free cash flow, SEKm



Key comments

- › Adjusted free cash flow amounted to SEK 107 m (153)
 - › Adj. free cash flow impacted by timing of tax payments and changes in net working capital due to timing of invoicing in Region South
- › Leverage of 2.7x
 - › Well-below the financial target of $\leq 3.0x$
 - › Karnov Group continues to invest in the cost-efficiency initiatives for improved profitability while improving leverage

Mission-critical solutions to legal professionals

1

Region North delivering strong results

- Strong growth in the public sector
- Acquisition of QSE Conseil for further growth within EHS

2

Region South integration ahead of plan

- Stable net sales
- Product rationalisation and optimised sales force
 - Synergies coming through as expected

3

Executing on the efficiency initiatives

- First synergies harvested in Region North
- Total annual run-rate synergies of EUR 5 m

Q&A

Better decisions, faster

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

For more information visit
www.karnovgroup.com



Appendix

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