



Karnov Group Year-end Report Q4

Pontus Bodelsson, Group CEO
Magnus Hansson, Group CFO
February 14th, 2024

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.

Q4 highlights and operational outlook

Pontus Bodelsson

Financial highlights Q4

A successful year – now launching our Acceleration Initiative

634

Net sales
(SEKm)

+6%

Organic growth
(adj. for one-off)

19%

Adjusted EBITA
margin

2.8x

Leverage

A successful transformative year

- Post-merger integration ahead of plan
- Updated profitable growth strategy
- New financial targets



Key comments

- First year with Region South
 - Post Merger Integration is progressing ahead of plan
 - Stable financial performance with harvested synergies
- Presented profitable growth strategy and updated financial targets at Karnov's first CMD
- New innovations creating customer value
 - Generative AI solutions launched and more to come
- Integrated with our new common core values
 - Similar legacies, common purpose and common vision

Acceleration of our profitable growth strategy

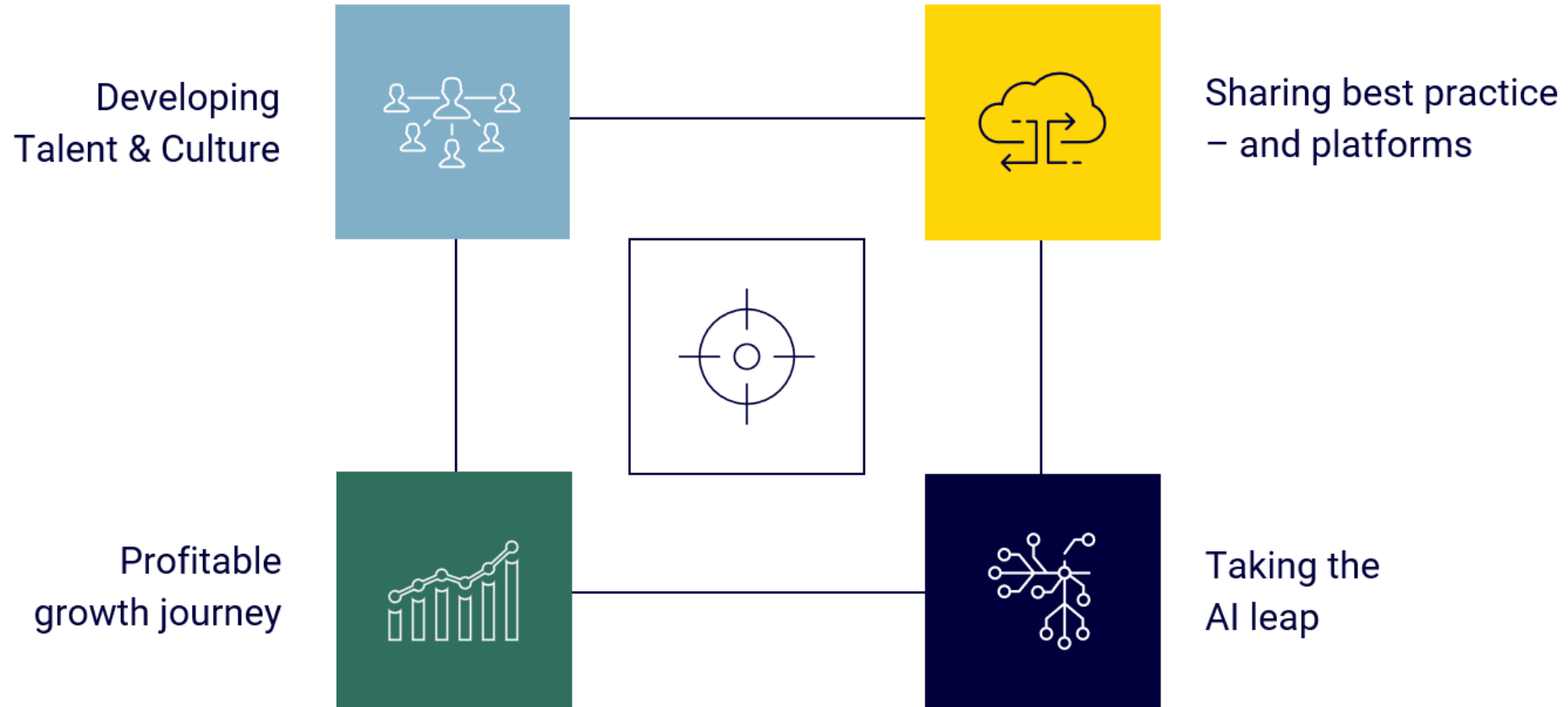
Launching new Acceleration Initiative to generate innovative customer solutions and improved efficiency



Key comments

- › Region South integration is progressing ahead of plan and synergies are being harvested as expected
- › Launch of Acceleration Initiative for customer value and improved profitability
 - › Increased customer value – driving growth
- › The Acceleration Initiative shall generate additional cost-efficiencies in the Group of 10 EUR m
 - › Cost-efficiencies from rationalisation of products, streamlining processes, consolidating offices and harmonising IT infrastructure
 - › Full effect on run-rate basis by the end of 2026
 - › Cost-to-achieve is estimated to EUR 14 m
- › Total cost-efficiencies from Region South integration and Acceleration Initiative amounts to EUR 20 m

Strategic focus areas for 2024-2026



Strong results in Region North

Operational excellence and increased customer value



Key comments

- › Growth mainly driven by online sales
 - › Drivers are volume, value proposition and price
 - › Strong performance within EHS and T&A
- › Focus on cross-border collaboration
 - › Common tech and product teams for shorter time-to-market and improved profitability
- › DIBkunnskap has become a Scandinavian business
 - › Merge between DIB and Forlaget Andersen in Denmark to generate stronger customer value

Ahead of plan in Region South

Office consolidation initiated in Q4 and first Aranzadi product launched on the common platform

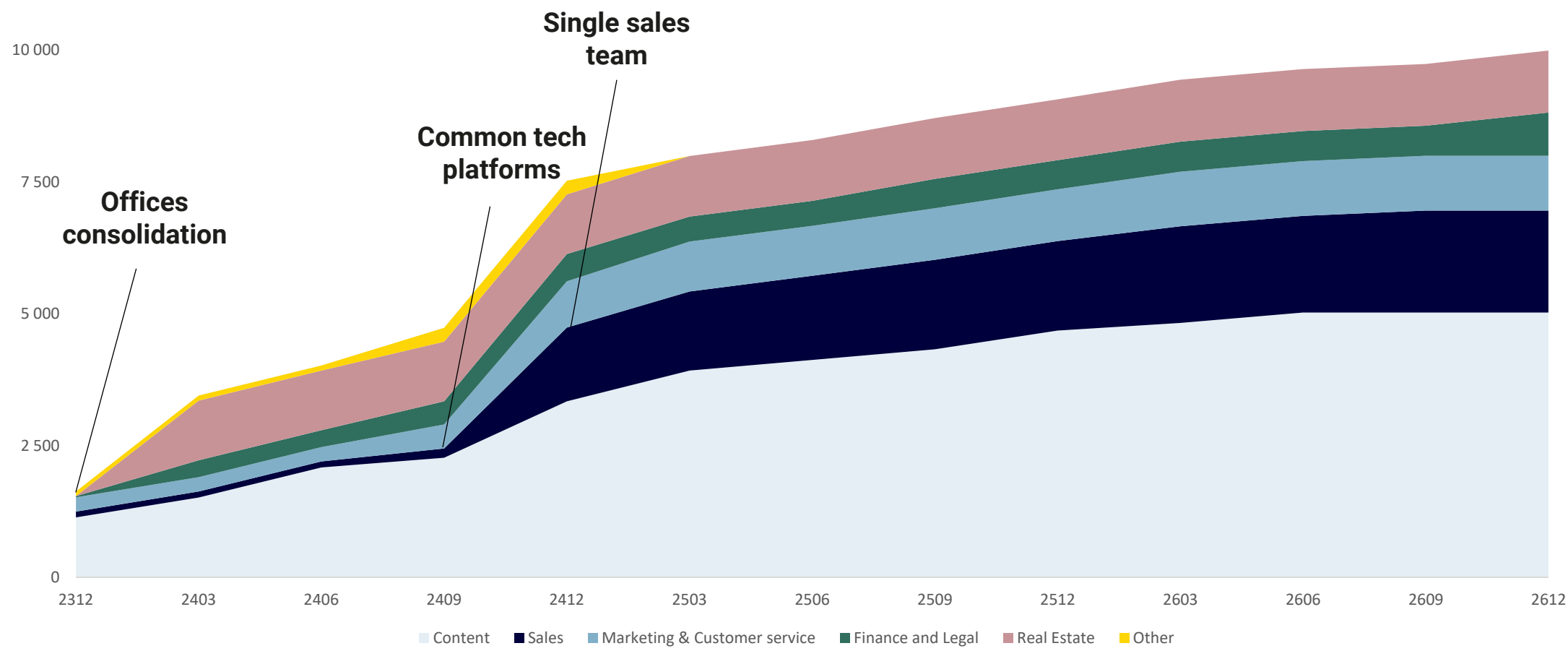


Key comments

- › Stable net sales and improved adjusted EBITA margin due to harvested cost-synergies and good cost control
- › Launch of generative AI solution in France
- › Cross-selling of Aranzadi workflow and LA LEY content
- › Ahead of plan in the Spanish merger
 - › First Aranzadi product launched on the common platform
 - › Decoupling completed from one of the sellers
- › Office consolidation initiated in Q4
 - › Additional annual run-rate synergies of EUR 1 m from Q1
- › Integration will continue in Spain in parallel with the Acceleration Initiative

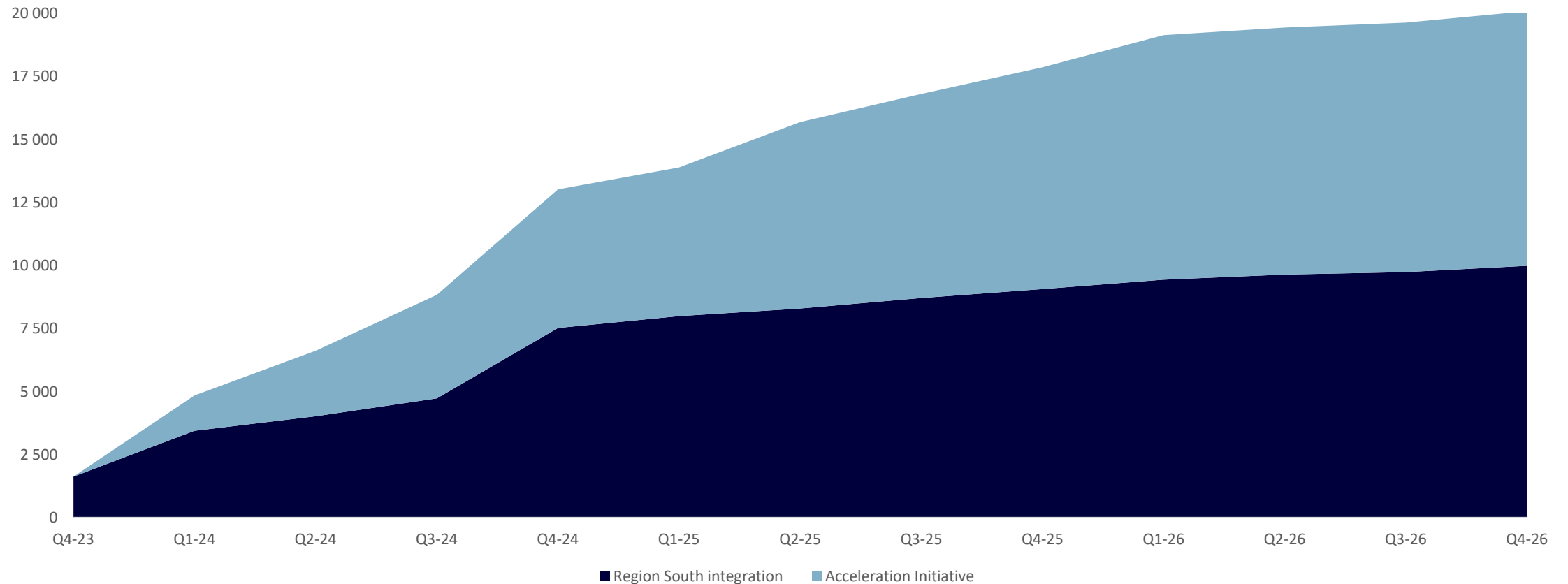
Region South cost-synergies effects

Yearly run-rate by category



Acceleration Initiative cost-synergies effect

The cost-efficiencies of EUR 10 m will come progressively over the period





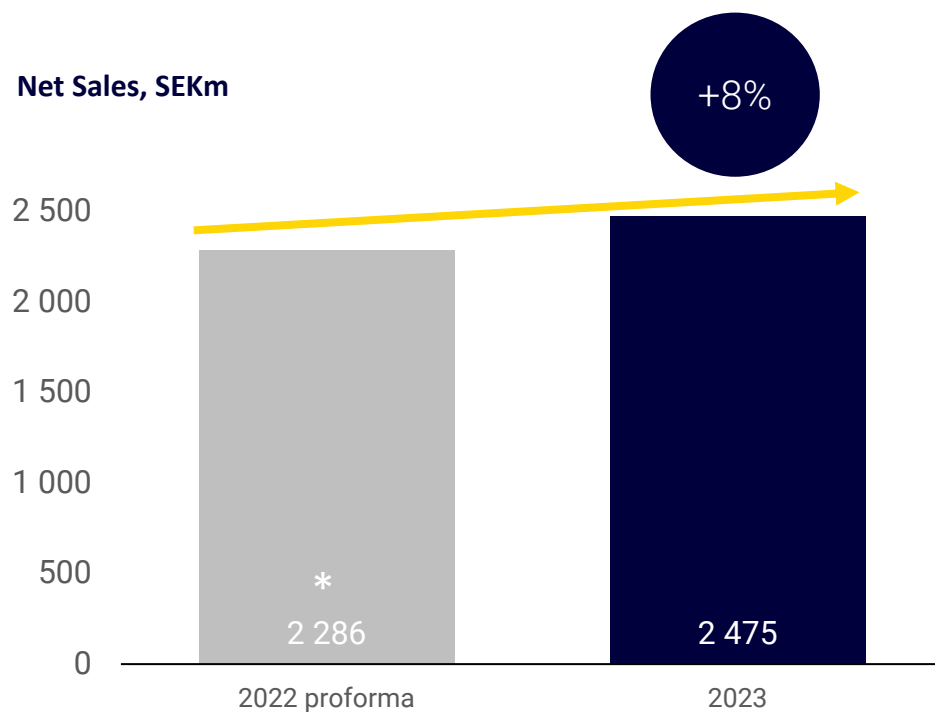
Financial development

Magnus Hansson

Net sales

Net sales growth is driven by increasing subscription-based sales

GROUP



*Comparing figures include proforma numbers for Region South. These have not been audited by the company's auditor.

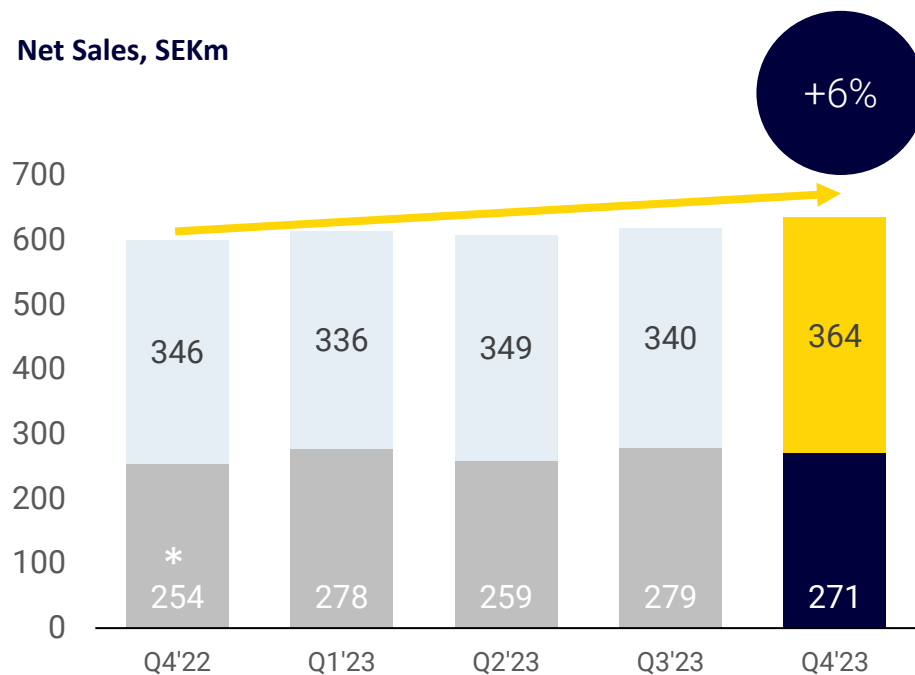
Key comments

- Strong achieved net sales growth of 8% in 2023 compared to proforma 2022 figures
 - Increased sales of online solutions across the Group
 - Growth driven by user increase, value enhancements and annual price adjustments
 - The weak SEK have a positive impact on net sales

Net sales per segment

The Group's organic growth is driven by Region North

GROUP

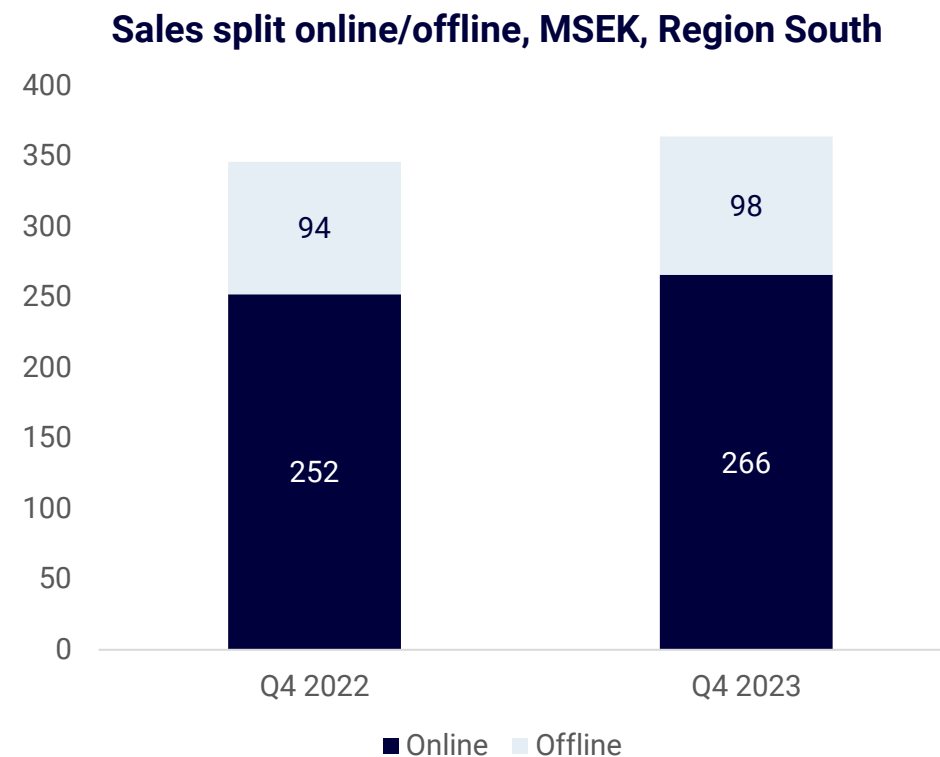
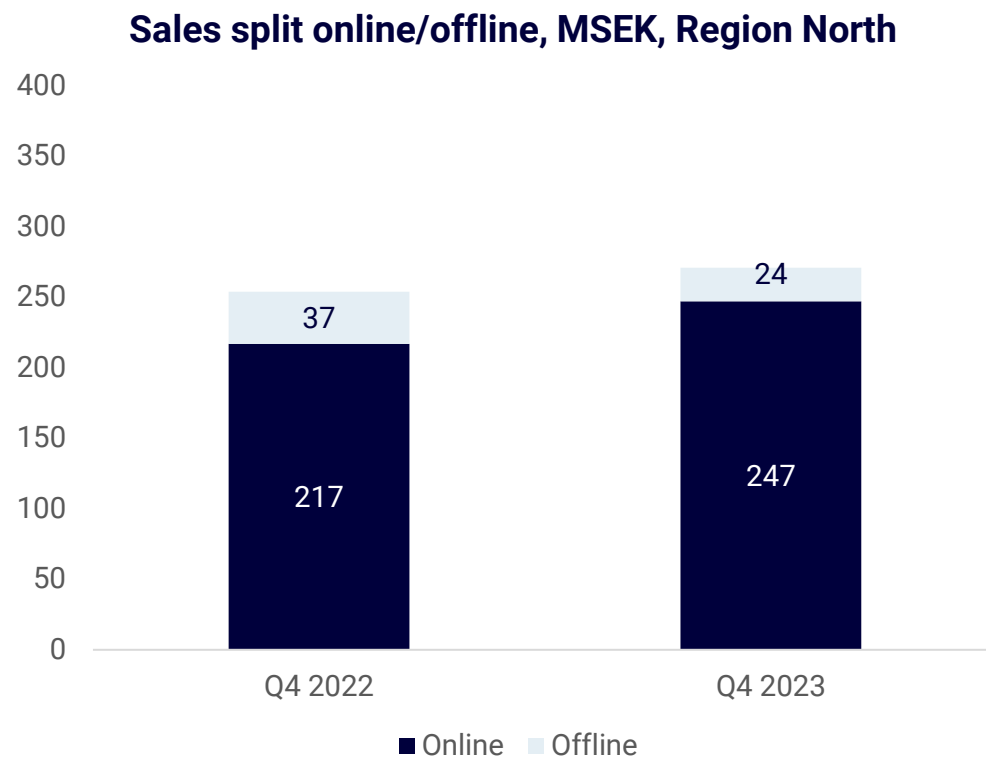


Key comments

- Group net sales reached SEK 634 m (proforma 600).
- Organic growth (constant currency) adjusted for divested legal training business and significant one-off sales was 6.4%. Acquired growth was 66.5%. FX effect was 1.8%
 - Comparable quarter includes sales of legal training in Region North of SEK 6 m and significant one-off sales of school publications of SEK 3 m. Reported organic growth is thus 3.8%
- Organic growth is driven by online sales within public sector, both municipalities and public administrations, supported by our emerging ventures in EHS and T&A

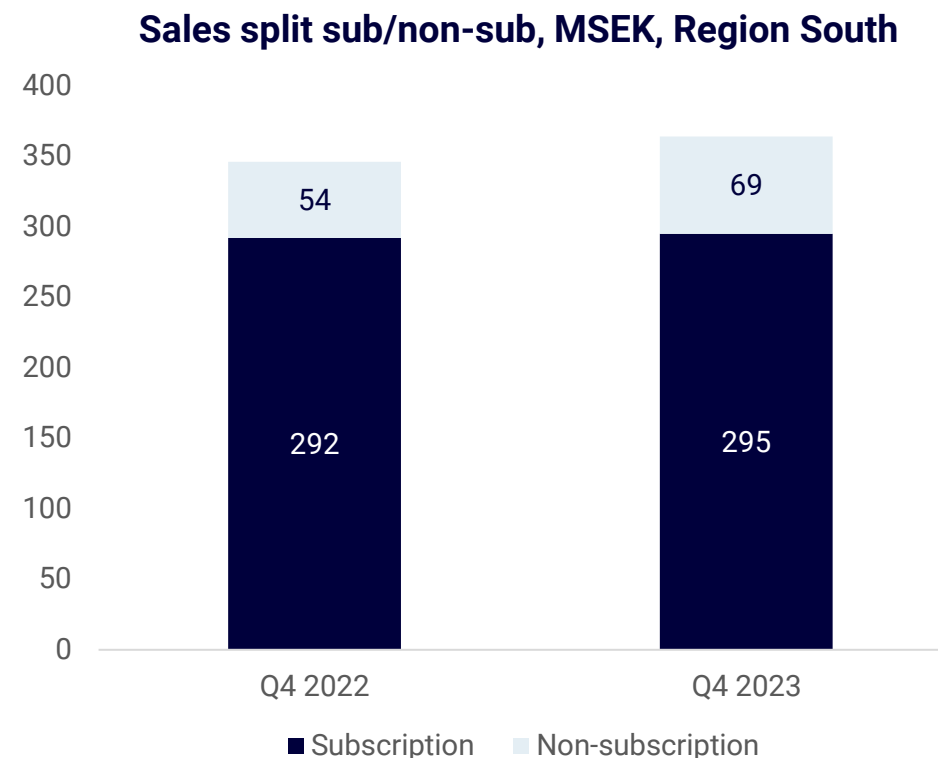
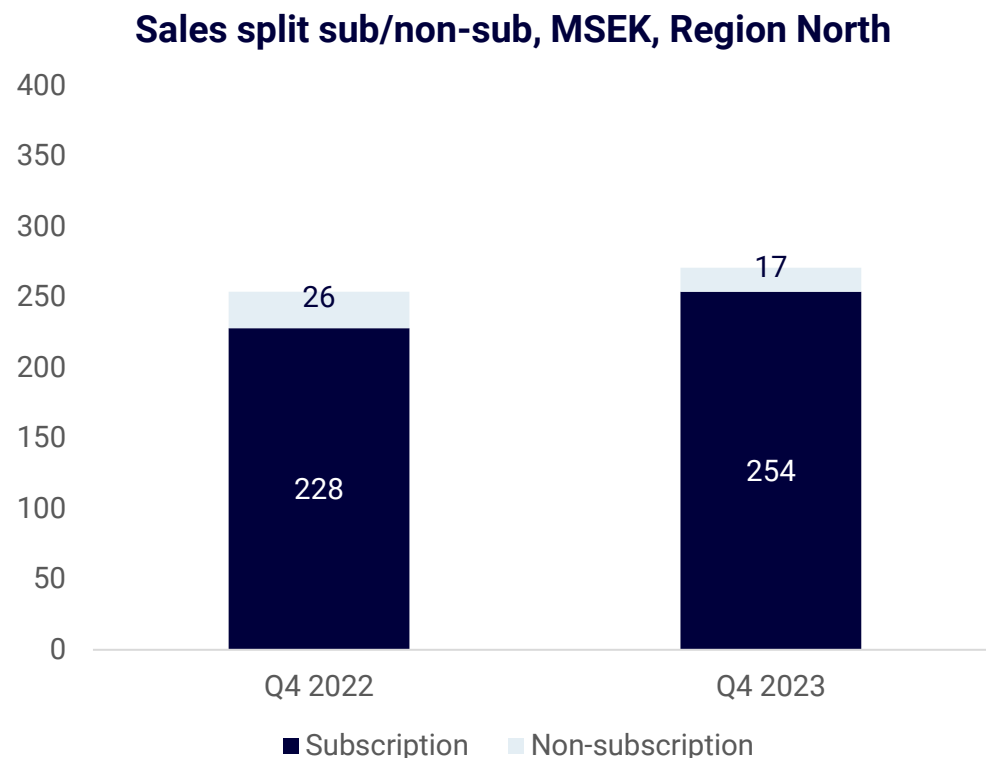
Strong development in online sales

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



High portion of subscriptions paid in advance

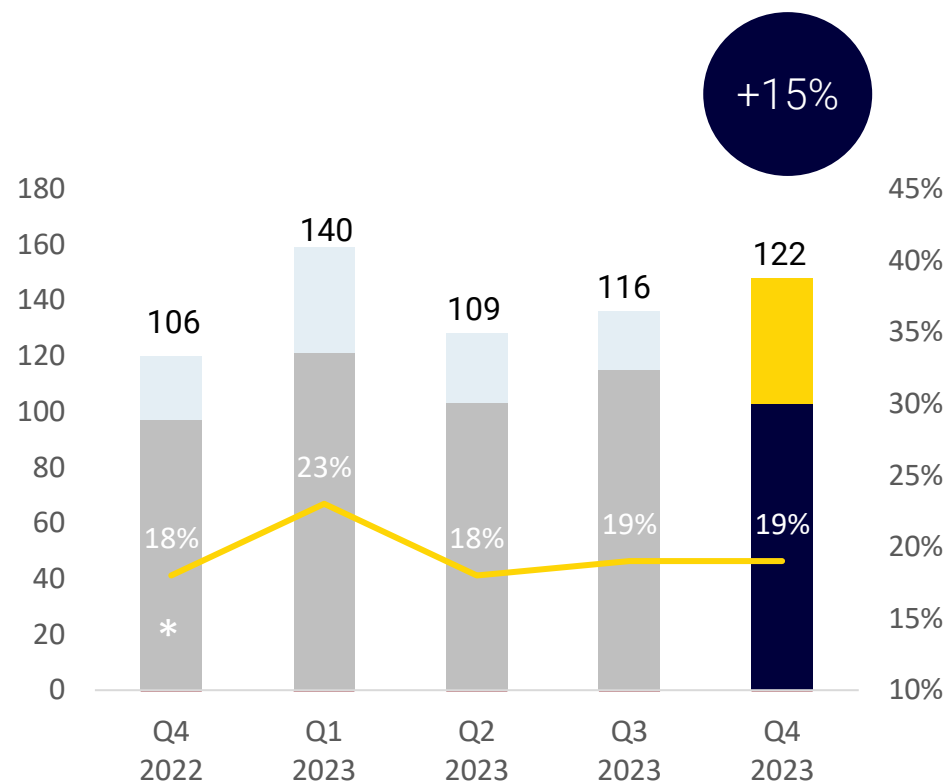
Similar recurring revenue in both segments



Adjusted EBITA

Margin improvement in Q4 coming from harvested synergies and good cost control

GROUP



Key comments

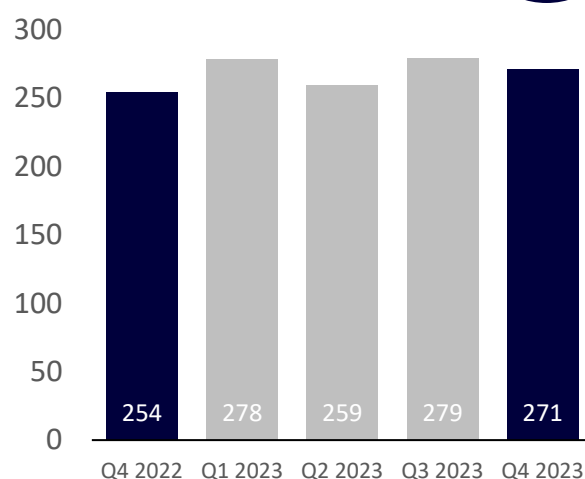
- Adjusted EBITA amounted to SEK 122 m (proforma 106)
- Group adjusted EBITA margin improved to 19.2% (proforma 17.7%)
 - Margin improvement in Q4 coming from harvested synergies in Region South and good cost control
 - Depreciations of capitalised development decreased
- Acceleration initiative launched to realise additional cost-efficiencies of EUR 10 m across the Group on run-rate basis by the end of 2026

Successful year in Region North

Strong organic growth and high-level margin

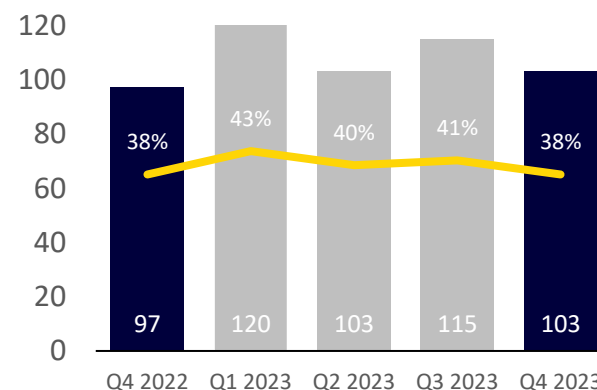
REGION NORTH

Net Sales, SEKm



+7%

Adjusted EBITA, SEKm and margin %



+6%

Key comments

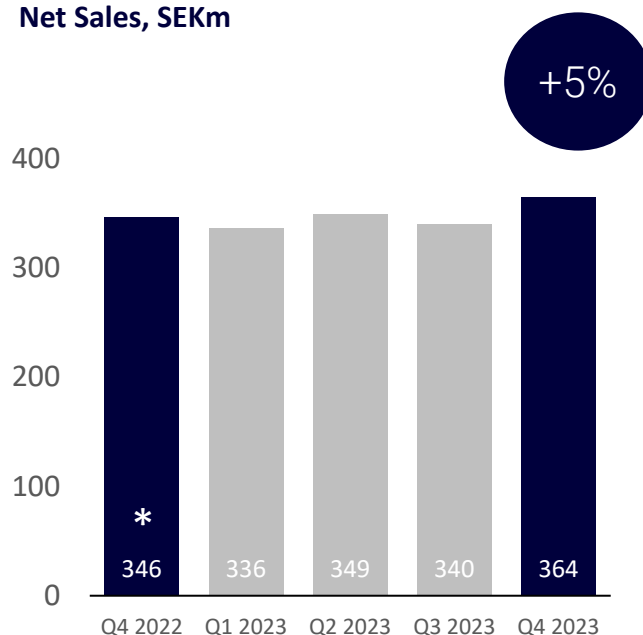
- Organic growth (constant currency) adjusted for significant one-off sales was 7.7%. Acquired growth was 0.8%. Currency effect was 1.7%
- Comparing quarter includes sales of legal training in Region North of SEK 6 m and significant one-off sales of school publications of SEK 3 m. Reported organic growth is thus 3.8%
- Growth driven by online sales
 - EHS and workflow businesses grow strongly
- Adjusted EBITA margin was 38.1%
- Increased D&A of SEK 5 m from capitalised development

Region South integration ahead of plan

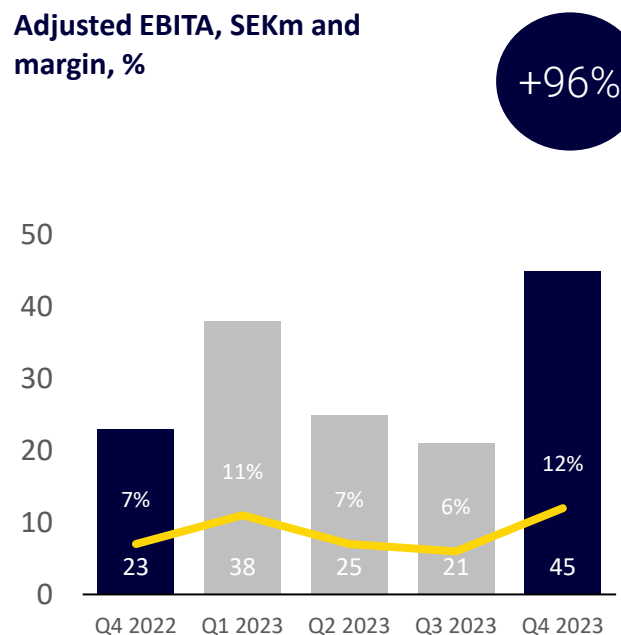
Offices consolidated in Q4 – will generate additional synergies from Q1 2024

REGION SOUTH

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



Key comments

- Net sales increased by 5.2%
 - Net sales growth is partly due to solid offline sales and partly due to FX effects of 2.1%
 - Successful cross-selling in Spain and good traction in legal training sales in France
- Adjusted EBITA margin was 12.4% (proforma 6.7)
 - Margin improvement due to synergies and cost control
 - Synergies amount to 0.4 MEUR in the quarter
 - Lower depreciations compared to proforma figures

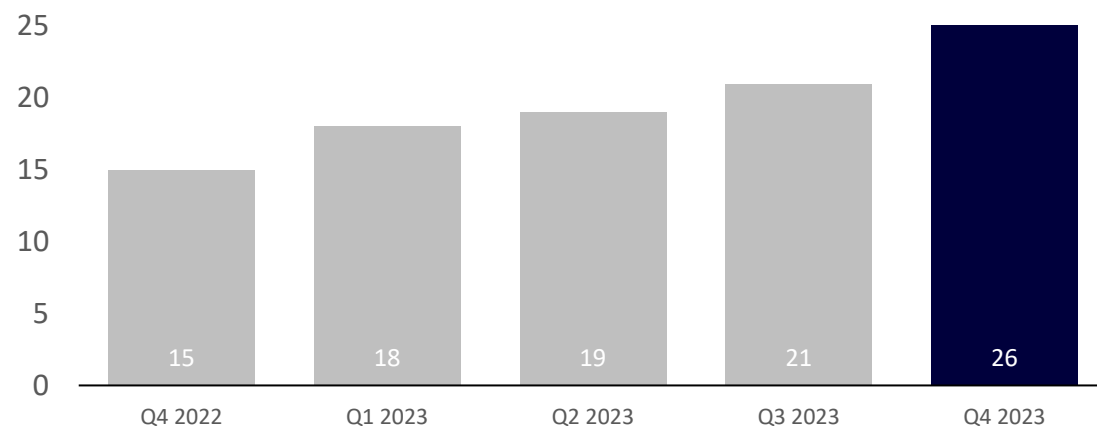
*Comparing figures include proforma numbers for Region South. These have not been audited by the company's auditor.

Group functions

Increased costs due to investments in Group-wide systems and AI innovation

GROUP FUNCTIONS

Adjusted EBITA, SEKm and
margin, %



Key comments

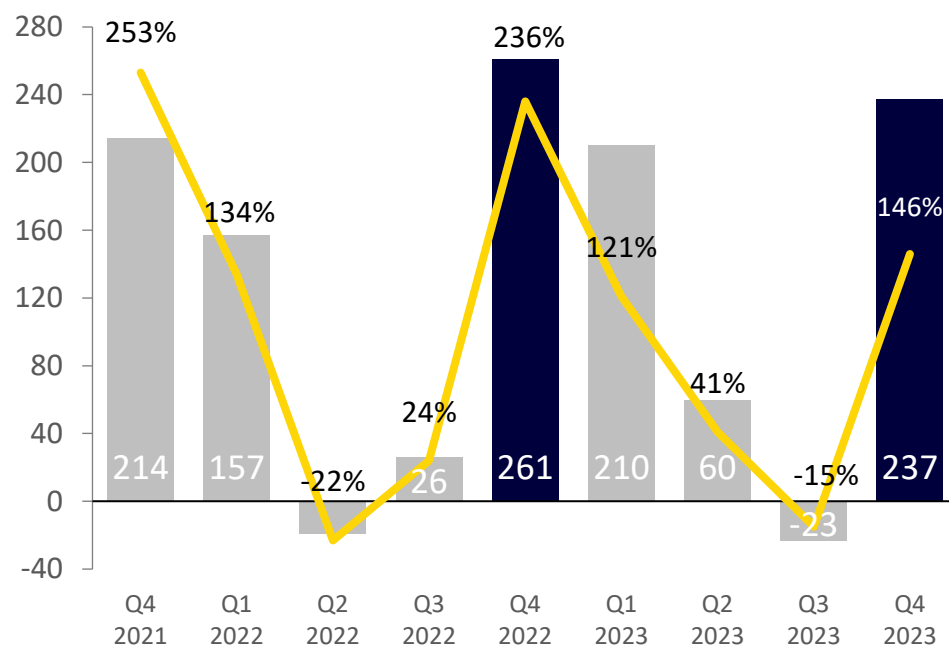
- Group Functions consists of the functions taking responsibility for Group wide tasks
 - Underlying cost base excluding ordinary D&A is unchanged in Region North and Group Functions
- In Q4, the operating expenses include Group wide business system enhancements (new Group reporting system) and investments in AI projects

Leverage at 2.8x

Solid operating cash flow in Q4 from renewed subscriptions

GROUP

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



Key comments

- › Adjusted operating cash flow amounted to SEK 237 m
- › The operating cash flow was solid with a slight impact from increased interest costs and timing
- › Leverage of 2.8x
- › Karnov Group intends to invest in the Group's Acceleration Initiative for further profitable growth
- › The Board proposes no dividend for the AGM on 8 May 2024

Delivering mission-critical solutions to legal professionals

1

Region North delivering strong results

- Common product and tech teams
- DIBkunnskap is now a Scandinavian business

2

Region South integration ahead of plan

- Office consolidation completed
- First Aranzadi product launched on the common platform

3

Launch of Acceleration Initiative

- Integration across the rest of the Group
- Cost-efficiencies of additional EUR 10 m
- Total cost-efficiencies of EUR 20 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

Important information

The following applies to this document, the oral presentation of the information in this document by Karnov or any person on behalf of Karnov, and any question-and-answer session that follows the oral presentation.

This presentation may contain forward-looking statements that reflect Karnov's current views with respect to future events as well as potential financial results and operational performance. Forward-looking statements, as a general manner, are all statements other than statements as to historical facts or present facts or circumstances as well as other statements regarding present facts or circumstances. The words "believe", "expect", "mean to", "intend", "estimate", "anticipate", "assume", "predict", "can", "will", "shall", "should", "consider", "may", "might", "plan to", "aim", "potential", "calculate", "as far as is known", or in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified by the context in which they are used. Although Karnov believes that the expectations reflected in such forward-looking statements are reasonable, Karnov can give no assurances that the forward-looking statements will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including factors outside Karnov's control. Any forward-looking statements included in this presentation speak only as at the date of this presentation. Information in this presentation may be changed, added to or corrected without advance notification but Karnov undertakes no obligation to publicly update or revise any information, including any forward-looking statements, whether as a result of new information, future events or otherwise.