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Press Release – 20 March 2019

Karnov Group intends to list its shares on Nasdaq Stockholm

Karnov Group AB (publ) (“Karnov” or the “Company”), a leading provider of information services and products in the areas of legal, tax and accounting and environmental, health and safety in Denmark and Sweden, today announces its intention to launch an initial public offering of its shares (the “Offering”) and to list its shares on Nasdaq Stockholm. The Offering is expected to consist of existing shares in the Company offered by the selling shareholders and new shares issued by the Company.

Karnov’s board of directors, together with the Company’s principal shareholder Five Arrows Principal Investments, believes that a listing of the Company’s shares on Nasdaq Stockholm represents an important stage in the development of the Company. The board expects a listing to increase the awareness of Karnov’s operations and activities, benefiting Karnov’s future potential by strengthening the Company’s profile and brand with investors and customers, as well as increasing the ability to attract and retain qualified employees and key management, and providing Karnov with access to the Swedish and international capital markets supported by a broad and long term shareholder base. In addition, the Offering allows the selling shareholders to sell a portion of their current shareholding and to create a liquid market for the shares.

Nasdaq Stockholm has assessed that Karnov fulfils the listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company’s shares on Nasdaq Stockholm, provided that the Company submits such an application and fulfils the distribution requirement.

The Fourth Swedish National Pension Fund, Lazard Asset Management and Vind AS have, subject to certain conditions, undertaken to acquire shares in the Offering for an amount of not more than SEK 607 million.

Flemming Breinholt, CEO of Karnov, commented:

“Karnov has built a strong position as the leading provider of legal information services in Denmark and Sweden. Our brand is founded on a long tradition of developing mission-critical information and delivering it through a powerful and intuitive platform, which is designed around the needs of our users. We are grateful to the loyalty of our customers in trusting Karnov to be a partner and we constantly aim to reward that allegiance by continuing to invest in our product offering to further improve productivity for our customers. The listing is an exciting step for Karnov and its exceptional group of employees. I am proud of what we have achieved and I look forward to an exciting future for the business.”

Magnus Mandersson, chairman of the board of directors of Karnov, commented:

“During the last couple of years the management team has taken the Company on an impressive journey evidenced by strong growth performance, having conducted strategic and value accretive acquisitions and established Karnov as a market leading provider of information services in Denmark and Sweden. Now is the right time to take the next step in Karnov’s development, by continuing to create value in a listed environment. We are delighted to invite a broader base of shareholders to join this exceptional company.”

The Offering in brief

The Offering is expected to consist of existing shares in the Company offered by the selling shareholders and new shares issued by the Company. Karnov intends to use the net proceeds to position for future growth and repay current outstanding debt, thereby aligning its financial position with Karnov's financial target for its capital structure and to make changes to the capital structure by acquiring shares in a subsidiary.

The shares included in the Offering will be offered to institutional investors in Sweden and abroad as well as to the general public in Sweden.

The Fourth Swedish National Pension Fund, Lazard Asset Management and Vind AS have, subject to certain conditions, undertaken to acquire shares in the Offering for an amount of not more than SEK 607 million.

Full terms, conditions and instructions for the Offering will be included in the prospectus that will be prepared by the Company in connection with the Offering and the listing. The prospectus will be published on Karnov's website, www.karnovgroup.com.

About Karnov

Karnov is a leading provider of information services and products in the areas of legal, tax and accounting and environmental, health and safety in Denmark and Sweden. Karnov's vision and mission is to become an indispensable partner for all legal, tax and accounting professionals in Denmark and Sweden and enable its users to make better decisions – faster. With a very high share of subscription-based online services, Karnov provides mission-critical information to more than 60,000 users across law and accounting firms, corporates and public sector entities, including courts, public authorities, municipalities and universities. Karnov was founded in 1924 and employs more than 240 people at its offices in Copenhagen, Stockholm and Malmö.

Financial highlights

(SEK million)	Year ended 31 December		
	2018	2017	2016
Net sales	715	452	422
Net sales growth, %*	58.4%	7.1%	11.9%
Organic net sales growth, %**	3.9%	2.8%	5.8%
Adjusted EBITA***	262	184	163
Adjusted EBITA margin, %	36.6%	40.8%	38.5%
Operating cash flow****	308	156	144
Cash conversion, %*****	106.8%	80.1%	84.4%

* Period on period growth (growth as compared to the corresponding period the prior year).

** Period on period change in net sales excluding acquisitions and currency effects. Net sales related to acquisitions are included in organic net sales after a period of 12 months.

*** EBIT excluding items affecting comparability and acquisition related purchase price allocation (PPA) amortisation and amortisation of capital expenditures related to acquisitions.

**** Adjusted EBITDA plus changes in net working capital, less capital expenditure related to new product development and enhancement of existing products and business systems.

***** Operating cash flow as a percentage of Adjusted EBITDA.

Financial targets

- Net sales growth: Karnov expects to achieve an annual organic growth of between 3–5 percent in the medium term, supplemented by selective acquisitions
- Adjusted EBITA margin: Karnov expects to increase margins in the medium term
- Capital structure: Karnov aims to have a ratio of Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions
- Dividend policy: Karnov's objective is to distribute 30–50 percent of the purchase price allocation (PPA) adjusted net profit. Proposals on dividends shall take Karnov's investment opportunities and financial position into consideration.

Key strengths and competitive advantages

- Market leader in an attractive segment of the professional information services market
- High quality content and online platforms
- Diverse and loyal blue-chip customer base and subscription-based model providing resilient and visible revenues
- Robust earnings with high cash generation
- Experienced management team with a strong track record of transformation, integration and implementation.

About Five Arrows Principal Investments

Five Arrows Principal Investments ("FAPI") is the European corporate private equity arm of Rothschild & Co's Merchant Banking business which manages over €11 billion of capital globally. FAPI specialises in investing in companies across Europe with strong market positions and management teams who care deeply about the companies they run; business models with high revenue and earnings visibility; and multiple operational levers that can be used to unlock latent value. FAPI's sector focus is limited to healthcare & education, data & software and technology-enabled business services.

Advisers

Carnegie Investment Bank AB (publ) is Sole Global Coordinator and Joint Bookrunner. Nordea Bank Abp, filial i Sverige, is Joint Bookrunner. Rothschild & Co is financial adviser to the Company and Gernandt & Danielsson Advokatbyrå is legal adviser to the Company and FAPI. White & Case is legal adviser to the Joint Bookrunners.

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The information was submitted for publication at 10.10 CET on 20 March 2019.

Important information

This announcement does not constitute an offer to sell or a solicitation of any offer to buy any securities of Karnov in any jurisdiction where such offer or sale would be unlawful.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

In any member state within the European Economic Area (“EEA”), other than Sweden, that has implemented Directive 2003/71/EC as amended (together with any applicable implementing measures in any member State, the “Prospectus Directive”), this communication is only addressed to and is only directed to investors in that EEA member state who fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Directive as implemented in each such EEA member state.

This announcement and the information contained herein are not for distribution in or into the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States. Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offering of the securities described herein in the United States.

The securities described here in have also not been and will also not be registered under the applicable securities laws of Australia, Canada or Japan and, subject to certain exemptions, may not be offered or sold in or into or for the account or benefit of any person having a registered address in, or located or resident in Australia, Canada or Japan. There will be no public offering of the securities described herein in Australia, Canada or Japan.

This announcement and any other materials in relation to the securities described herein are only directed to (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may be lawfully communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as “relevant persons”). The securities described herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on information contained herein.

Any offering to acquire or subscribe for the securities referred to in this communication will be made by means of a prospectus that will be provided by the Company and that will contain detailed information about the Company and management, as well as financial statements. This communication is an advertisement and not a prospectus for the purposes of the Prospectus Directive. Investors should not acquire any securities referred to in this communication except on the basis of information contained in a prospectus.

N.M. Rothschild & Sons Limited (“Rothschild & Co”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for the Company and no one else in connection with the Offering and will not be responsible to any person(s) other than the Company for providing protections afforded to clients of Rothschild & Co nor for providing financial advice in relation to the Offering.

Forward-looking statements

Matters discussed in this communication may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “may”, “plan”, “estimate”, “will”, “should”, “could”, “aim” or “might”, or, in each case, their negative, or similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions.

Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors, which are difficult or impossible to predict and are beyond the Company’s control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

The Company does not guarantee that the assumptions underlying the forward- looking statements in this release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this release or any obligation to update or revise the statements in this release to reflect subsequent events. Undue reliance should not be placed on the forward- looking statements in this document.

The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

Information to Distributors

For the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) Chapter 5 of the Swedish Financial Supervisory Authority’s regulations regarding investment services and activities, FFFS 2017:2, (together the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares have been subject to a product approval process, where the target market for shares in the Company are: (i) retail investors and (ii) investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the “target market”). Distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The target market assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.