

Press Release – 29 August 2019

Karnov Group reports second quarter results

Steady growth & JUNO roll-out

SECOND QUARTER SUMMARY

- Net sales up 4% to SEK 173 m (166), organic growth was 3%.
- Adjusted EBITA increased by 8.8% to SEK 60 m (55) and adjusted EBITA margin improved by 1.4 percentage points to 34.7% (33.3).
- EBITA declined by SEK 15 m to SEK 30 m (45) with EBITA margin of 17.6% (27.0%), due to SEK 19 m higher impact from items affecting comparability.
- Operating profit (EBIT) declined to SEK -1 m (14).
- Earnings per share SEK -0.45 (-0.18).
- Adjusted operating cash flow amounted to SEK 18 m (23).
- Preparations for the roll-out of JUNO, a new joint offering from Norstedts Juridik and Karnov.

EVENTS AFTER THE END OF THE QUARTER

- After very extensive testing in July, JUNO became ready in August to start to be rolled-out to customers. During the roll-out process, the existing services will be run in parallel with JUNO to ensure a smooth transition for customers.

CEO FLEMMING BREINHOLT COMMENTS ON THE QUARTER:

The second quarter became another quarter with steady growth and improved margins, just as with this year's first quarter. Net sales continued its stable growth of 3 percent organically. Growth was driven by our online sales, higher values in our subscription offerings and more subscription customers. This is the result of our long-term strategy, which focus on investing in the online market and in more and better content in our products, for existing customers as well as to attract new customers.

Our adjusted EBITA margin also continued to improve. The improvement was 1.4 percentage points in the second quarter and 1.9 percentage points in the period January to June. Our financial target is to increase margins in the medium term. These improvements are mainly the result of higher sales, a favorable product mix and good cost control.

Our reported cash generation was, as typical for a second quarter, less than in the first quarter. However, adjusted operating cash flow was still positive and for the first six months we generated SEK 181 m in adjusted operating cash flow. This strong cash flow with a cash conversion rate of 107% for the first six months has on top of the capital infusion in connection with the IPO significantly improved our capital structure. Our leverage at the end of June was 2.7 times net debt, which is in line with our financial target of no more than 3.0 times. The new solid financial base allows us to continue to grow Karnov's business, both organically and by acquisitions.

In summary, a quarter with steady growth and improved margin in line with our expectations.

During the quarter, we have been finalising the development of JUNO before the end of summer. JUNO is the new common platform for Norstedts Juridik and Karnov. In June, we launched a "teaser campaign" highlighting the fact that we are bringing a completely new product to the market; during July, we did extensive testing of the product and in August we became ready to roll-out of the new product. Hence, we have now started to onboard customers which will be done gradually and in a very controlled process. During this roll-out process of JUNO, we will also run our existing services to ensure a smooth transition for our customers.

CONFERENCE CALL ON 29 AUGUST

A webcasted telephone conference will be held at 10.00 a.m. today, where CEO Flemming Breinholt and CFO Dora Brink Clausen will present the report and answer questions.

You can follow the presentation and the telephone conference on the following page:

<https://tv.streamfabriken.com/karnov-group-q2-2019>

To participate in the conference, and thereby be able to ask questions, please dial in on any number below a couple of minutes before the start of the conference:

SE: +46 8 505 583 65

DK: +45 7 815 0109

UK: +44 333 300 92 61

US: +1 844 625 1570

The presentation material will be available before the conference starts at www.karnovgroup.com. An on-demand version of the conference will also be available after the presentation. The presentation will also be available on www.financialhearings.com

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This press release contains inside information that Karnov Group AB (publ) is required to make public pursuant to the EU Market Abuse Regulation and information that Karnov Group AB (publ) is required to make public pursuant to the Swedish Securities Market Act. The information was submitted for publication by the above contact person on 29 August 2019 at 8.00 a.m. CEST.

Karnov Group is a leading provider of mission critical information in the areas of legal, tax and accounting, and environmental, health and safety in Denmark and Sweden. With brands such as Karnov, Norstedts Juridik, VJS, Notisum, Change Board Member, and Forlaget Andersen, Karnov Group delivers knowledge and insights, enabling more than 60,000 users to make better decisions, faster – every day. With offices in Copenhagen, Stockholm, and Malmö, Karnov Group employs around 240 people. Net sales in 2018 amounted to SEK 715 M. The Karnov share is listed on Nasdaq Stockholm, Mid Cap segment under the ticker “KAR”. For more information, please visit www.karnovgroup.com.