

# Karnov Group Interim Report Q1

Pontus Bodelsson, President and CEO  
Magnus Hansson, Group CFO  
May 3<sup>rd</sup>, 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%

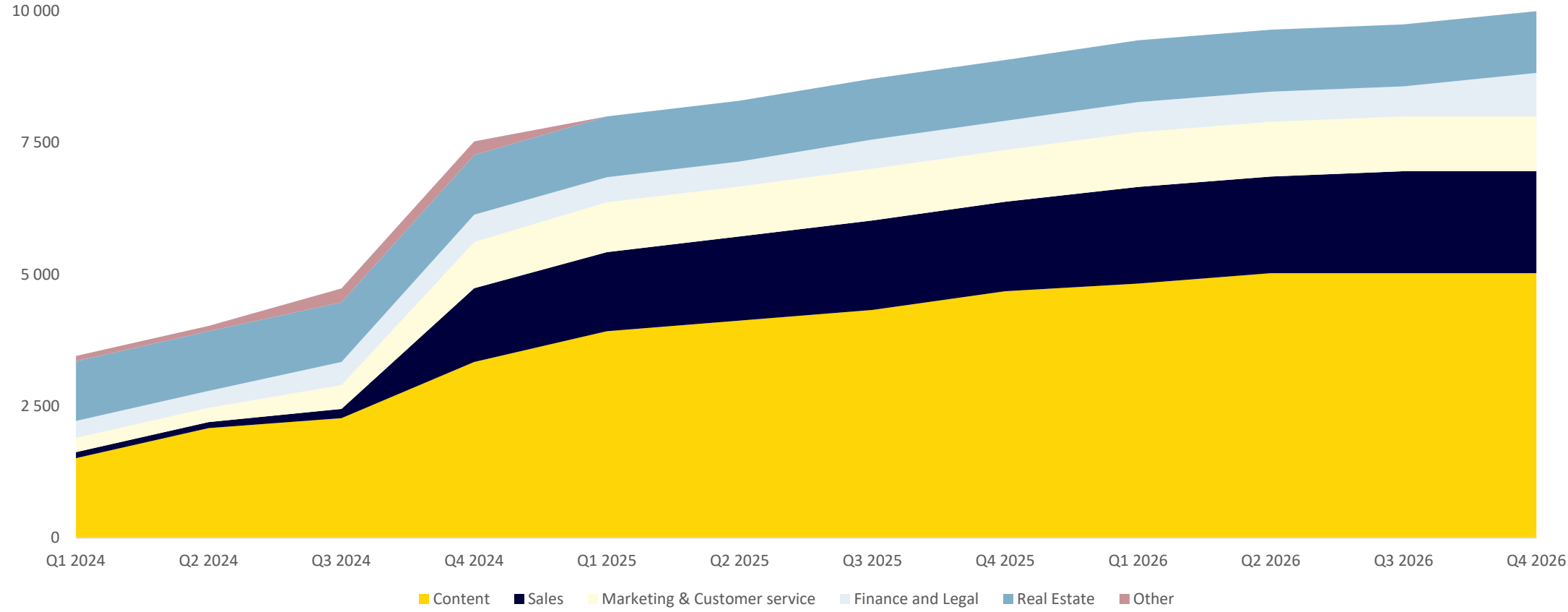
Adjusted EBITA  
margin

2.7x

Leverage

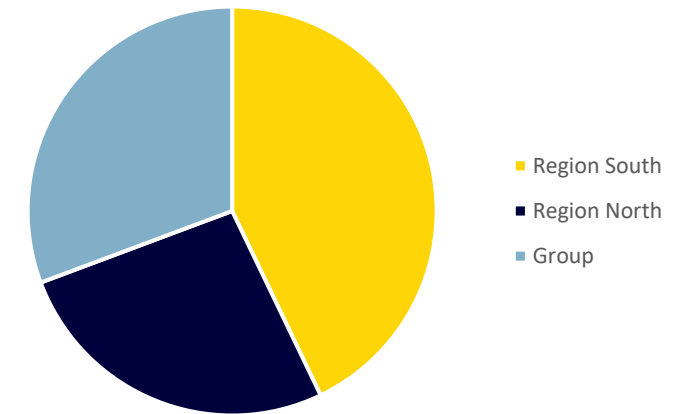
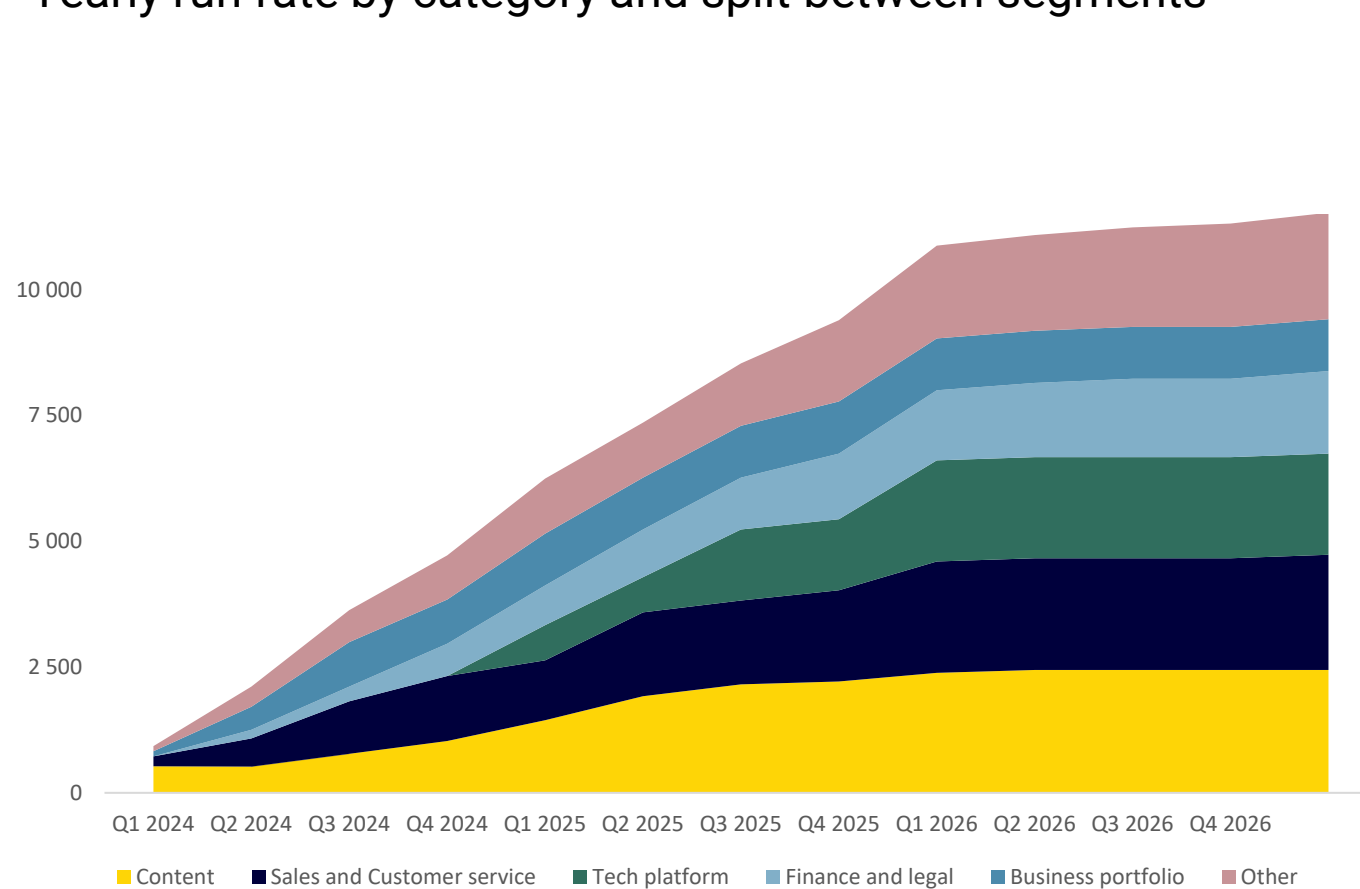
# Region South cost-synergies effects

Yearly run-rate by category



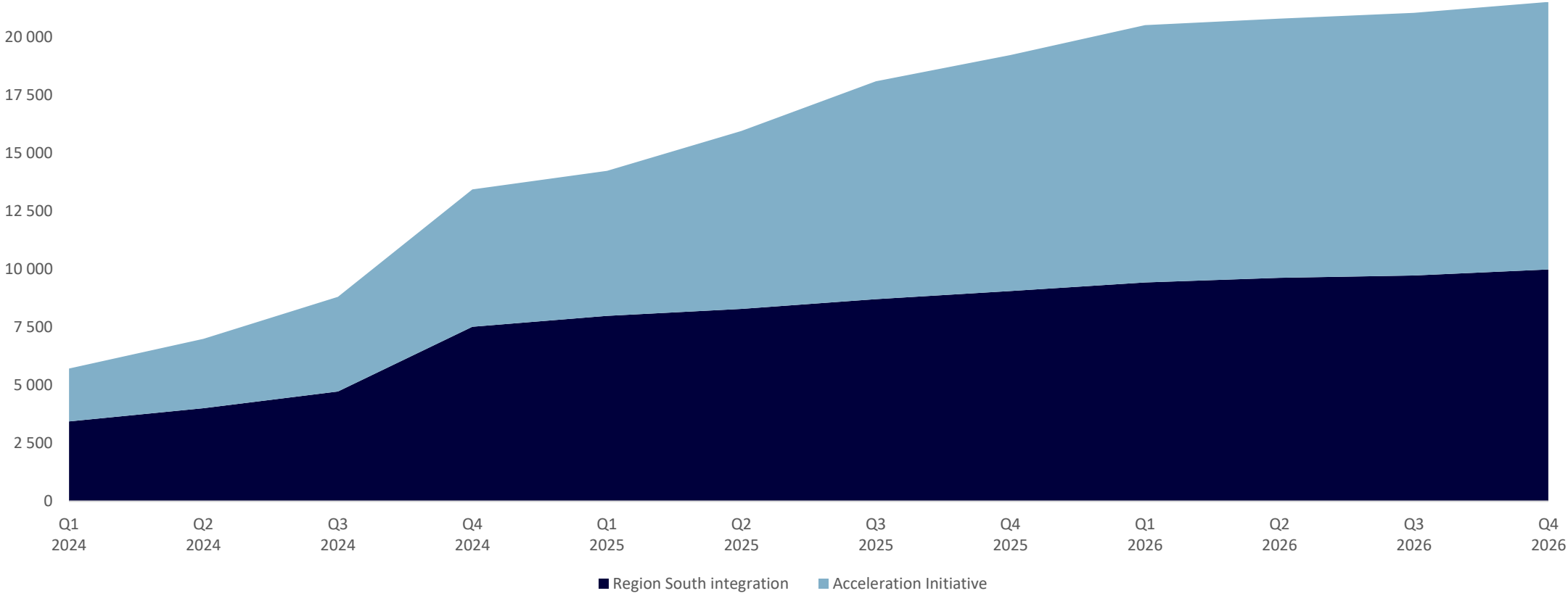
# Acceleration Initiative cost-synergies effects

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

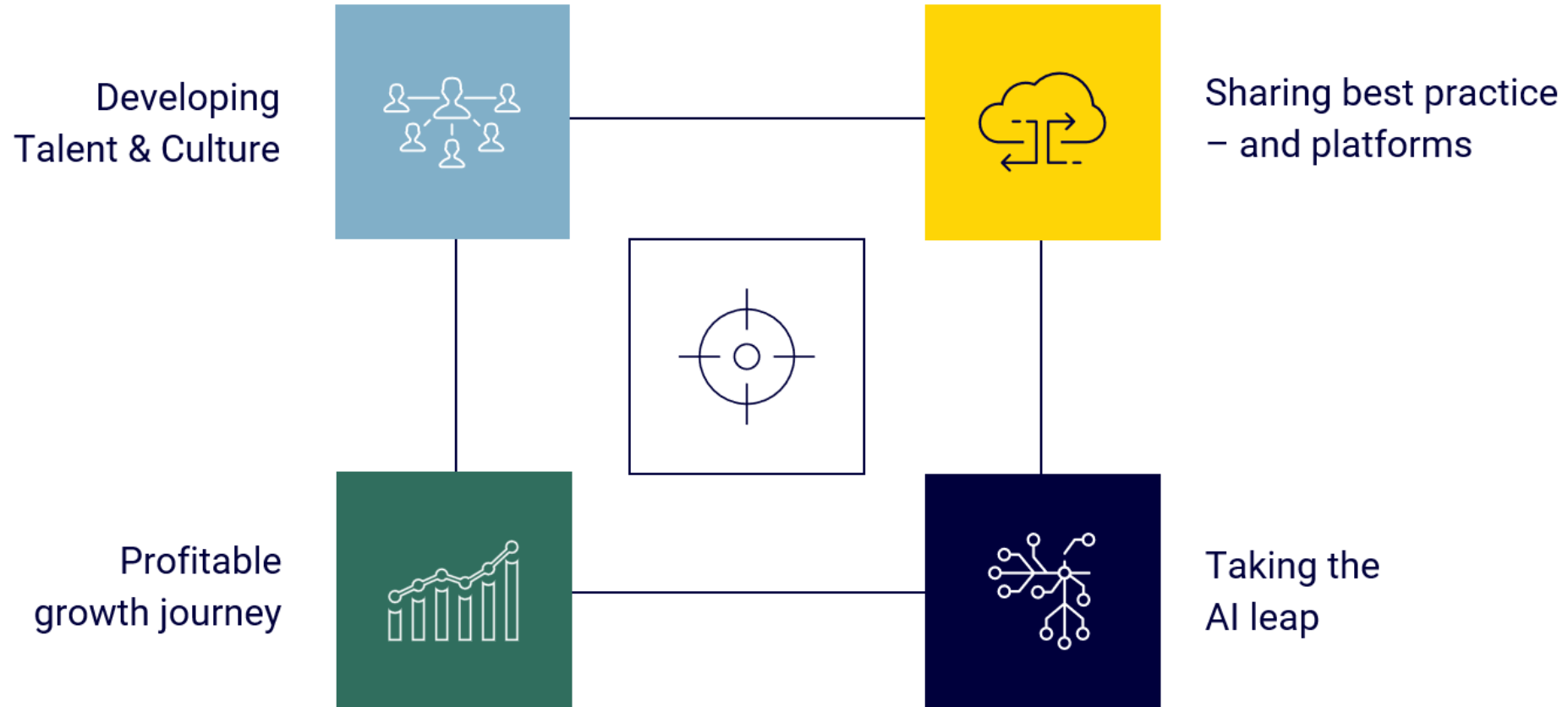
- Increasing number of laws and regulations
- Increasing complexity in legislation
- Generative AI is a paradigm shift



## 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 & Performance 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

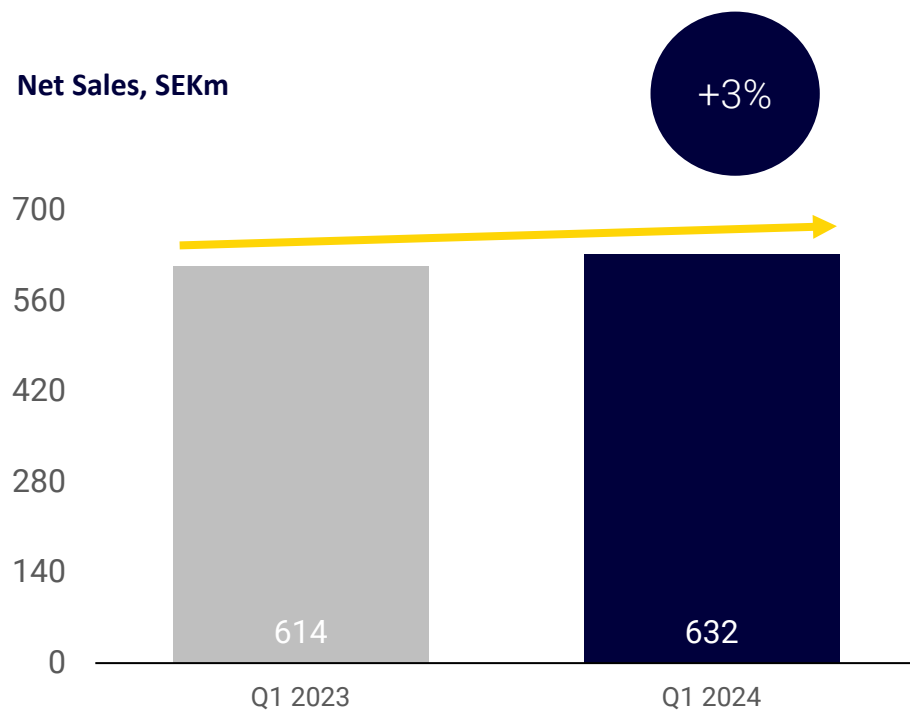


**Financial development**  
Magnus Hansson

# Net sales

Net sales growth driven by increasing online sales

## GROUP



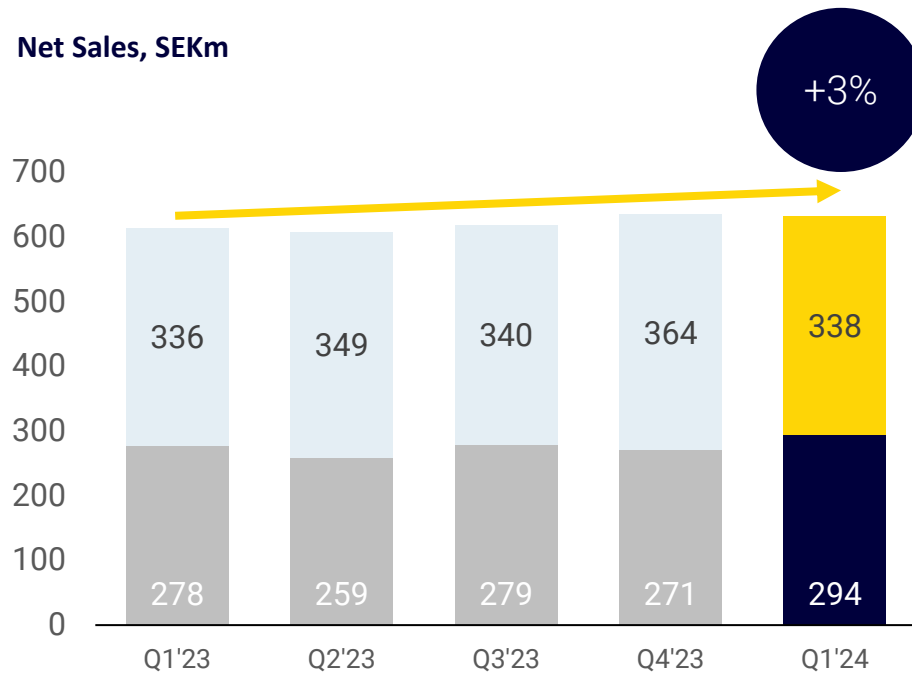
## Key comments

- › 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



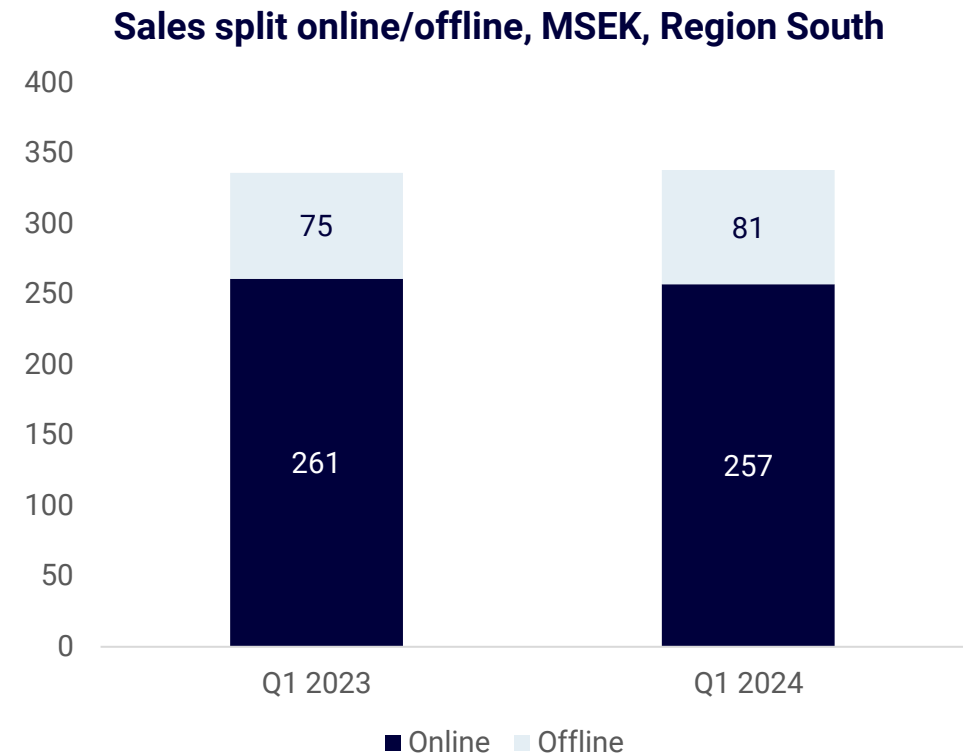
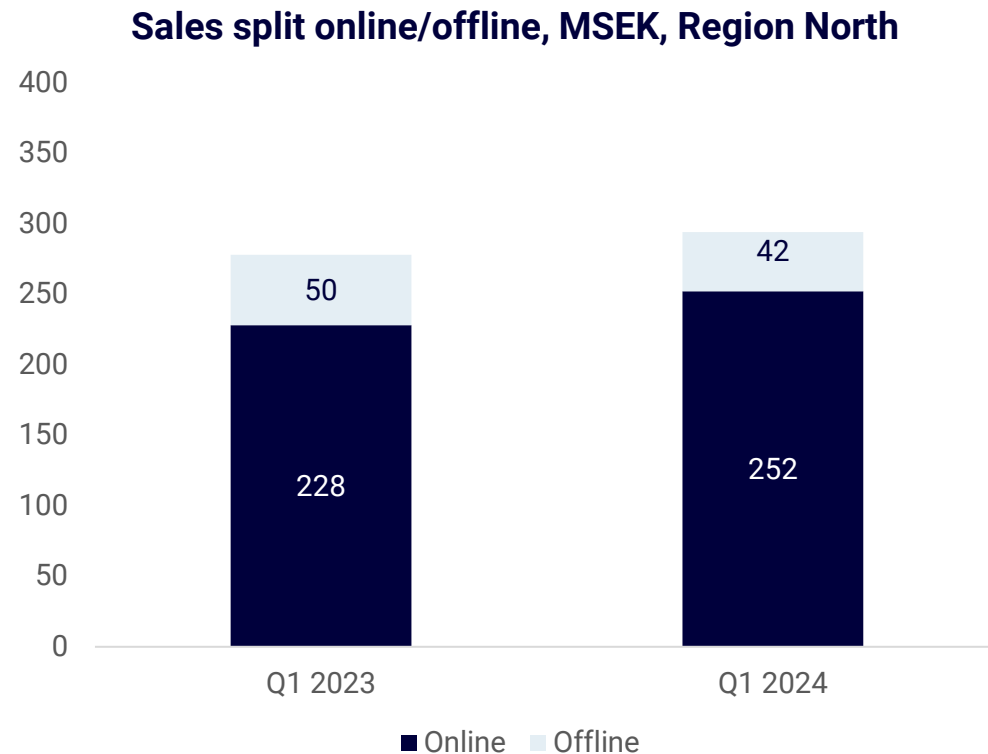
## Key comments

- > 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



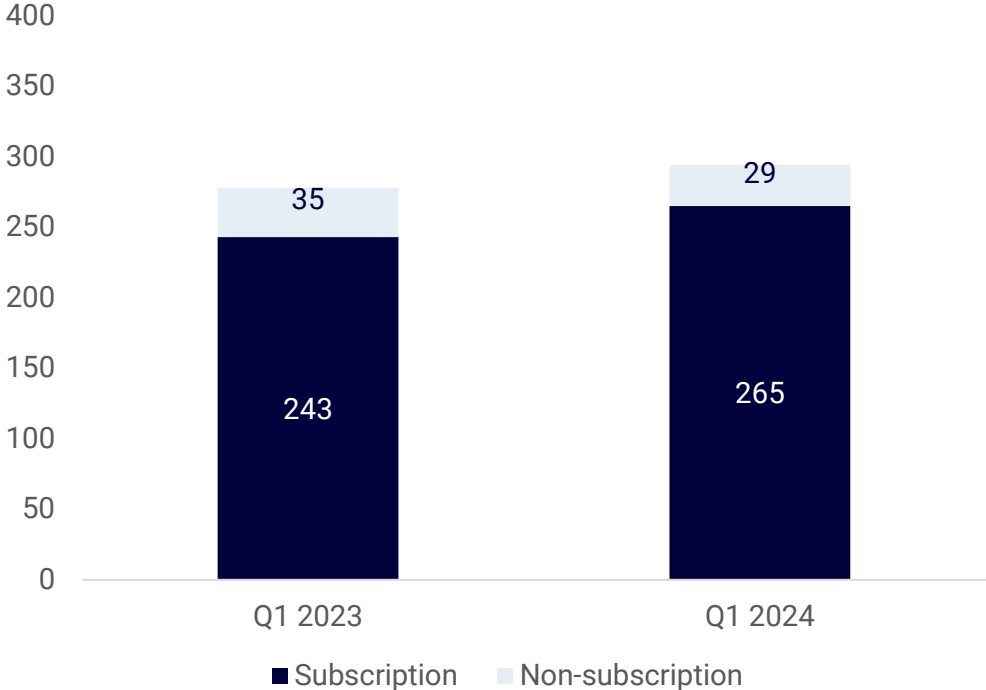
# Strong development in online sales

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

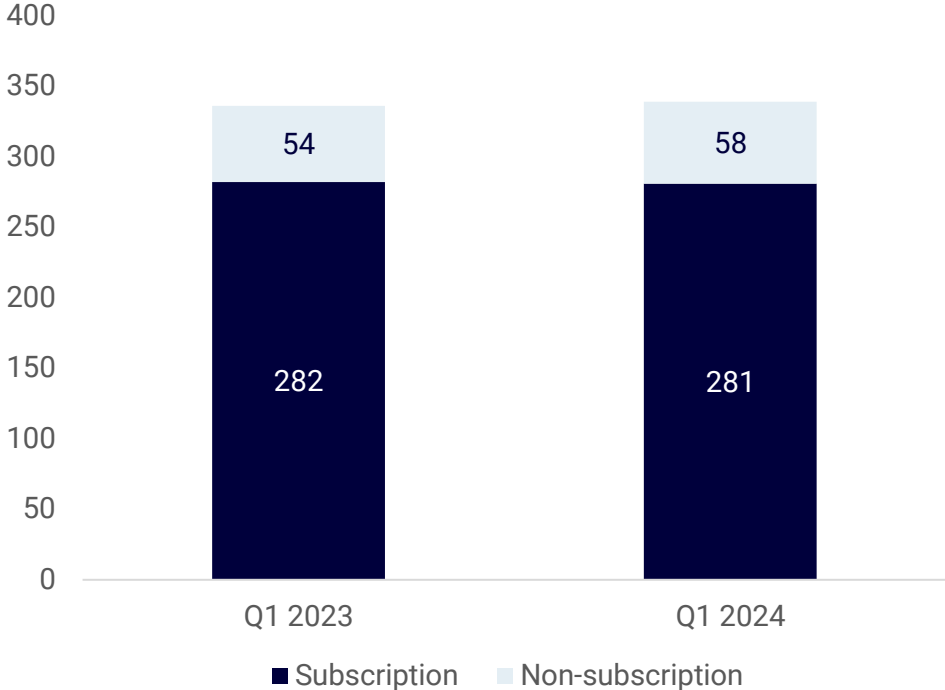


# High portion of subscriptions paid in advance

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



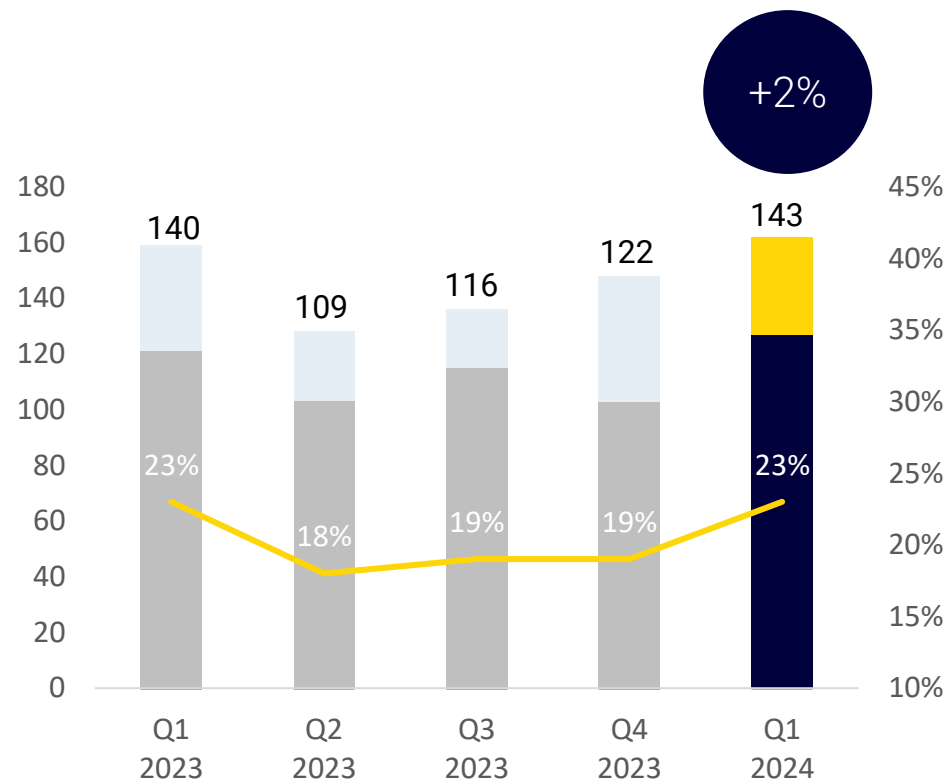
Sales split sub/non-sub, MSEK, Region South



# Adjusted EBITA

Solid margin with harvested synergies off-set by higher depreciations

## GROUP



## Key comments

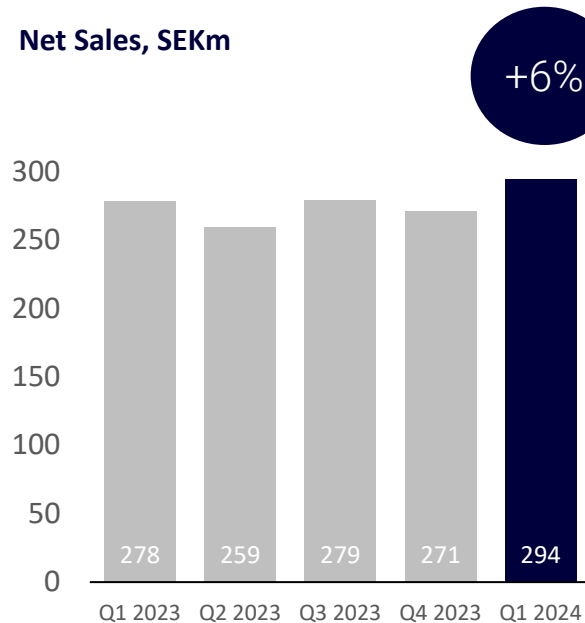
- › Adjusted EBITA amounted to SEK 143 m (140)
- › Group adjusted EBITA margin was 22.7% (22.9%)
  - › Lower COGS and other opex due to product mix off-set by increased D&A of SEK 6 m from capitalised development
- › Total annual run-rate synergies of EUR 5 m
  - › Acceleration Initiative generated annual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

# Strong start to the year in Region North

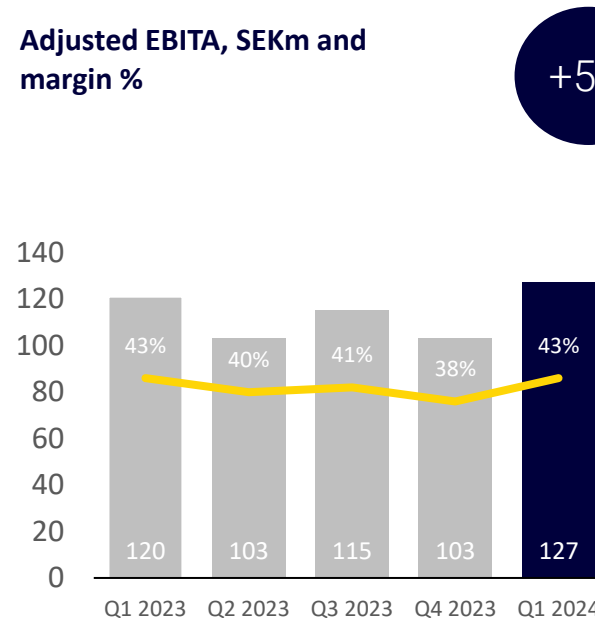
Strong organic growth with operational leverage

## REGION NORTH

Net Sales, SEKm



Adjusted EBITA, SEKm and margin %



## Key comments

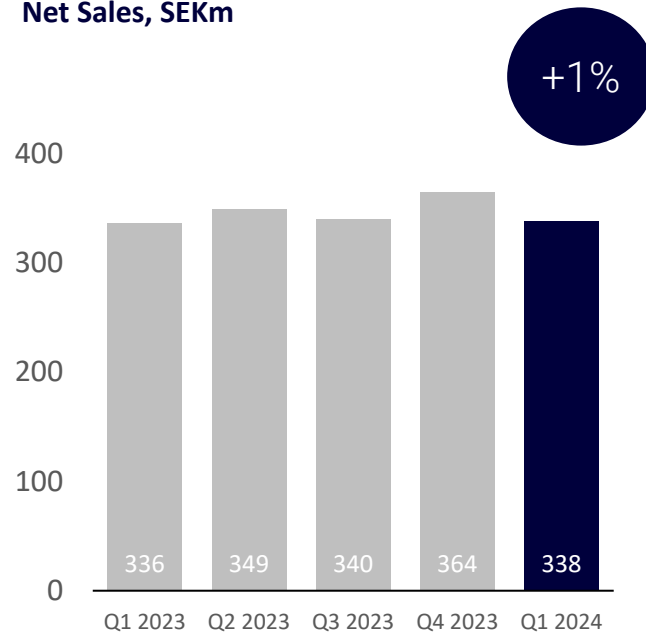
- > Organic growth (constant currency) was 5.7%.
  - > Growth driven by online sales of legal information solutions. Increased market share within the public sector.
- > Tailwind within EHS and T&A markets
  - > EHS businesses and DIBkunnskap deliver strong growth
- > Adjusted EBITA margin was 43.2% (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

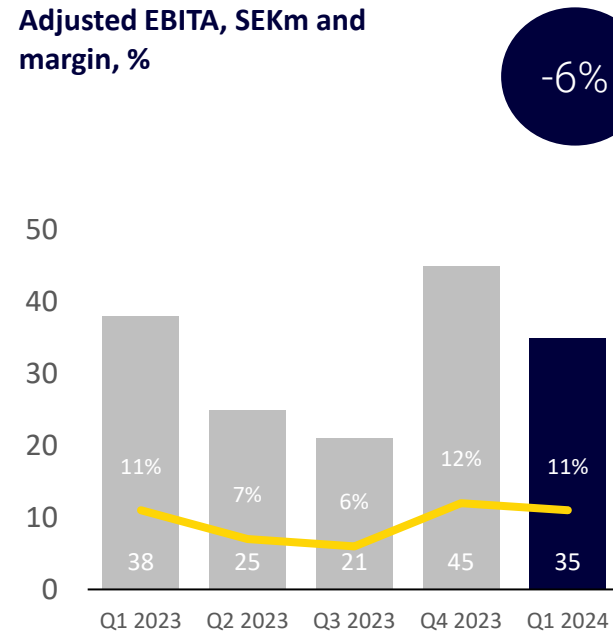
Cost synergies coming through according to plan

## REGION SOUTH

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



### Key comments

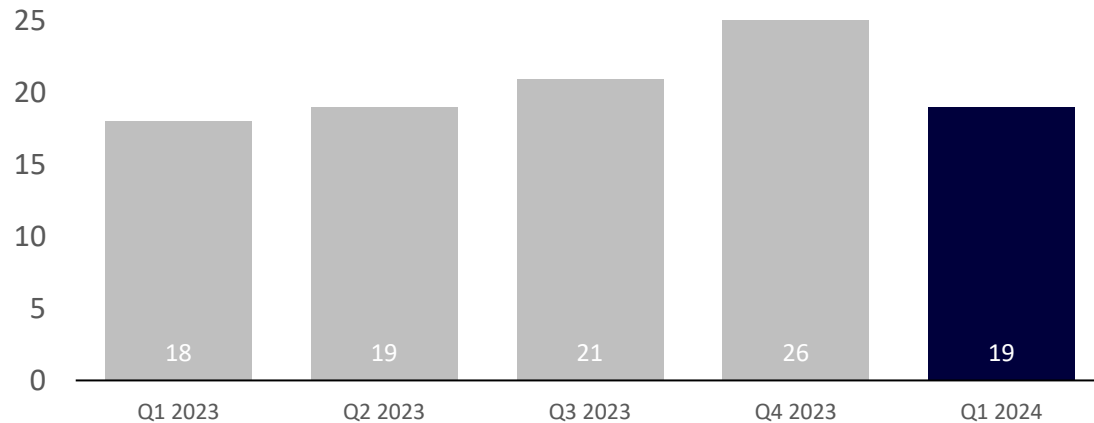
- > Organic growth -0.1%
- > Growth in the quarter due to FX effects of 0.7%
- > Good traction in legal training sales in France
- > Adjusted EBITA margin 10.5% (11.2)
- > Increased D&A of SEK 3 m from capitalised development
- > Annual run-rate synergies of EUR 3.4 m from the integration
- > Synergies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

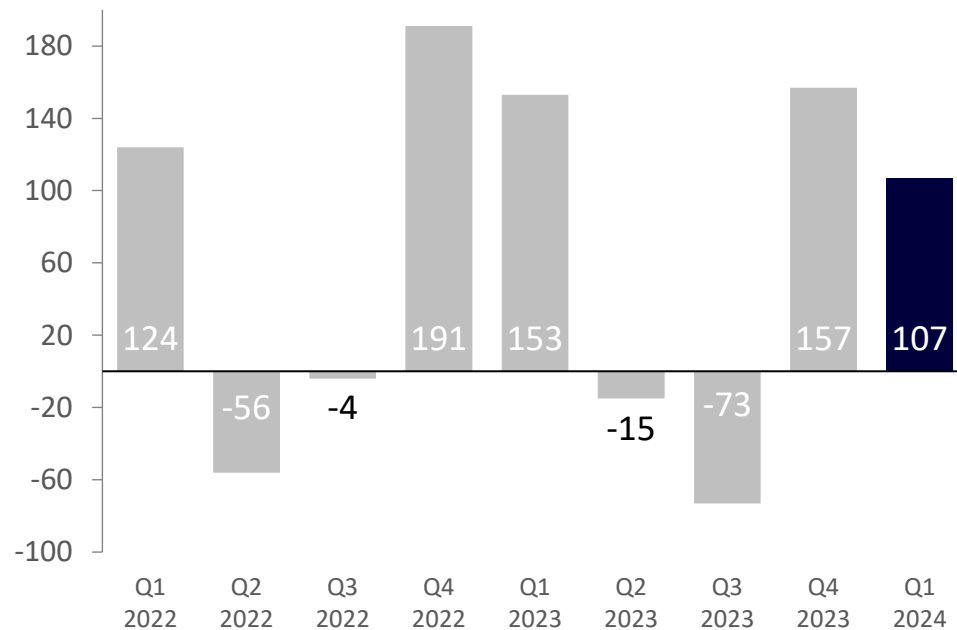
- › Group Functions consists of the units taking responsibility for Group wide tasks
- › Underlying cost base excluding ordinary D&A unchanged in Region North and Group Functions

# 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](http://www.karnovgroup.com)



# Appendix



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