



Q2

Half-year Report

Pontus Bodelsson, President and CEO

Magnus Hansson, Group CFO

August 21st, 2024



 **KARNOV**
GROUP

Q2 highlights and operational outlook

Pontus Bodelsson, President and CEO





Highlights Q2

Delivering on the profitable growth strategy

623

Net sales
(SEKm)

3%

Organic
growth

21%

Adjusted
EBITA margin

3.0x

Leverage

KARNOV
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Group highlights

- Public sector and corporates growth drivers in Q2
 - Great demand for mission-critical legal information solutions and new AI driven features and tools across all local markets
 - Preparing launch of Karnov's generative AI platform this autumn
- Acquisitions in Denmark and France for further profitable growth in Europe
- Focus on costs and harvesting synergies
 - Delivering on synergies from both cost-initiatives
 - Robust capital capacity from our free cash flow

Karnov's AI pipeline

Enhanced legal research AI assistants and growing into legal workflow AI assistants



2024

Legal research AI assistants

- conversational mode
- natural language search
- basic legal analysis
- summarisation
- translation



2025

Legal research AI assistants

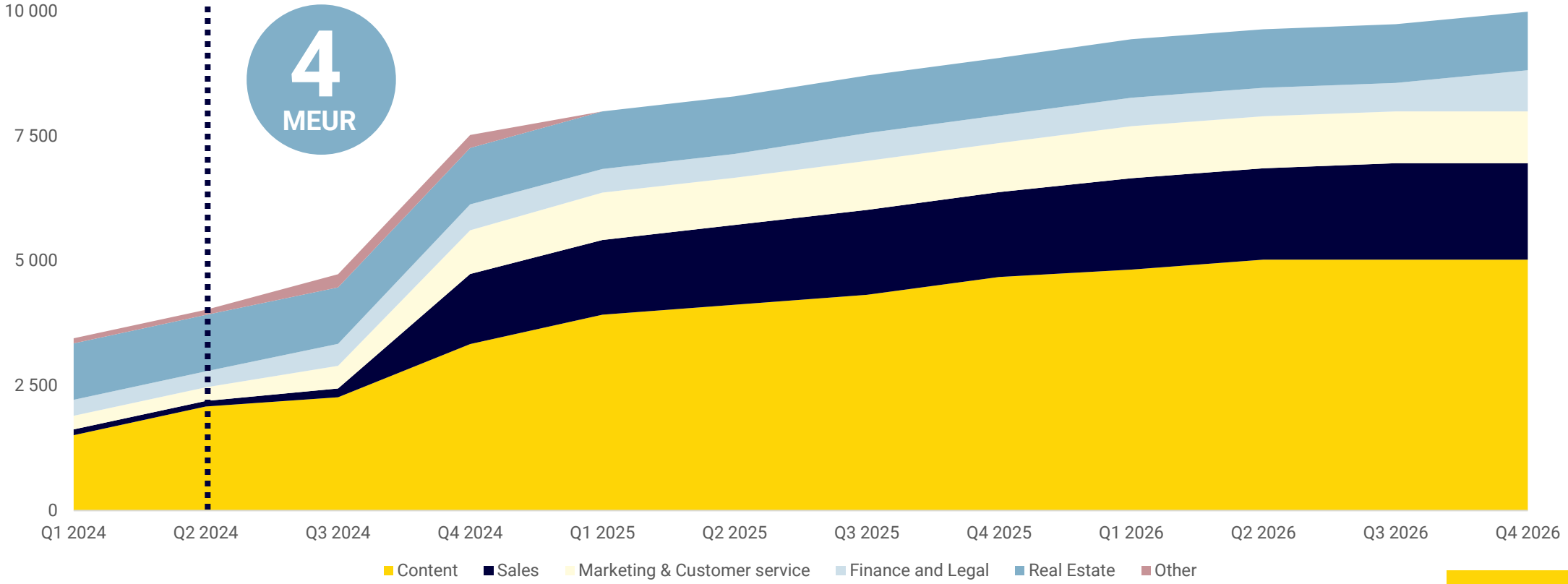
- enhanced legal analysis
- pattern recognition

Legal workflow AI assistants

- include customers' data
- document review
- document drafting

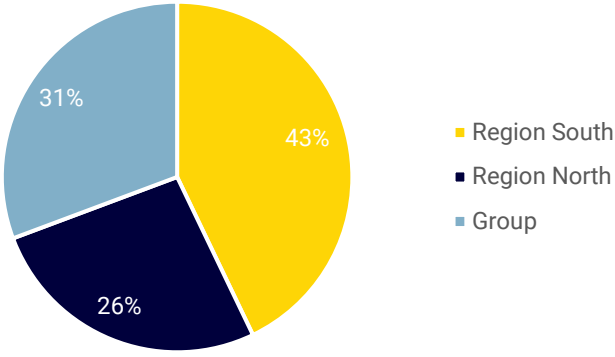
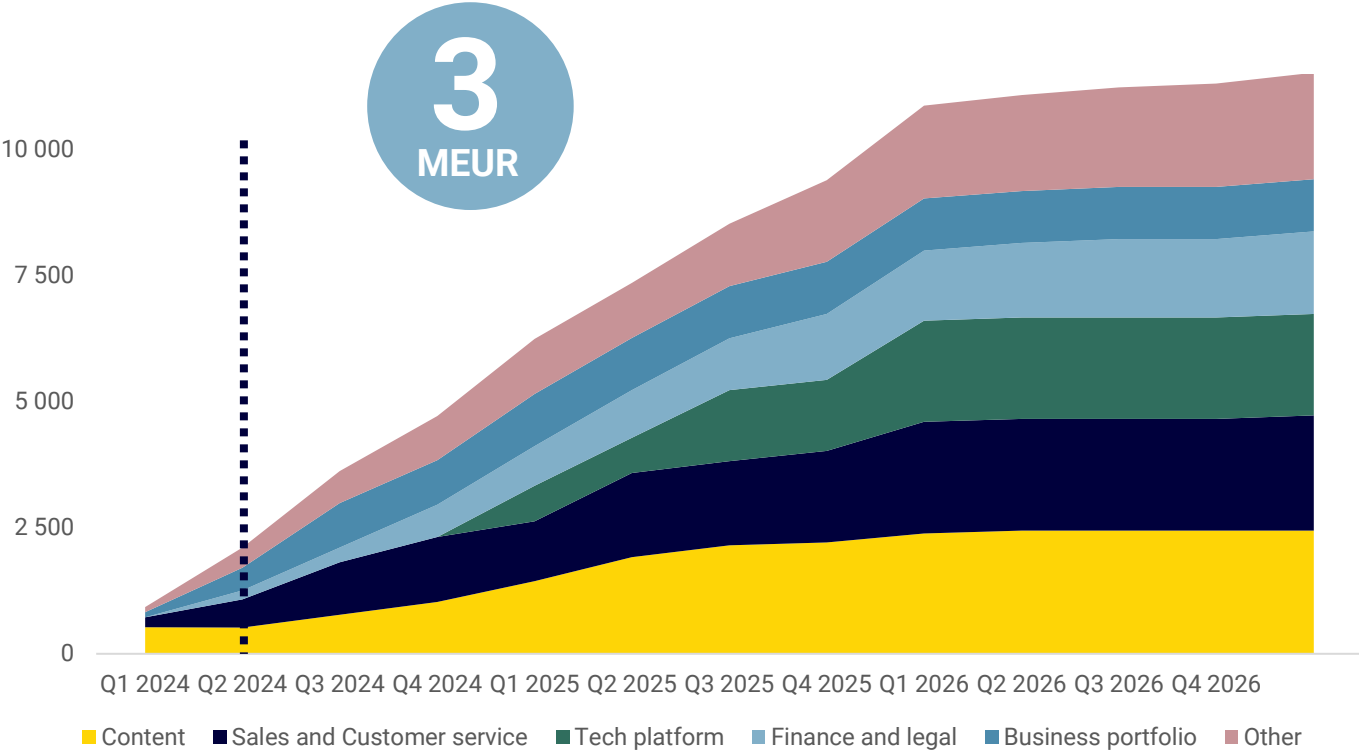
Region South cost-synergies effects

Yearly run-rate by category



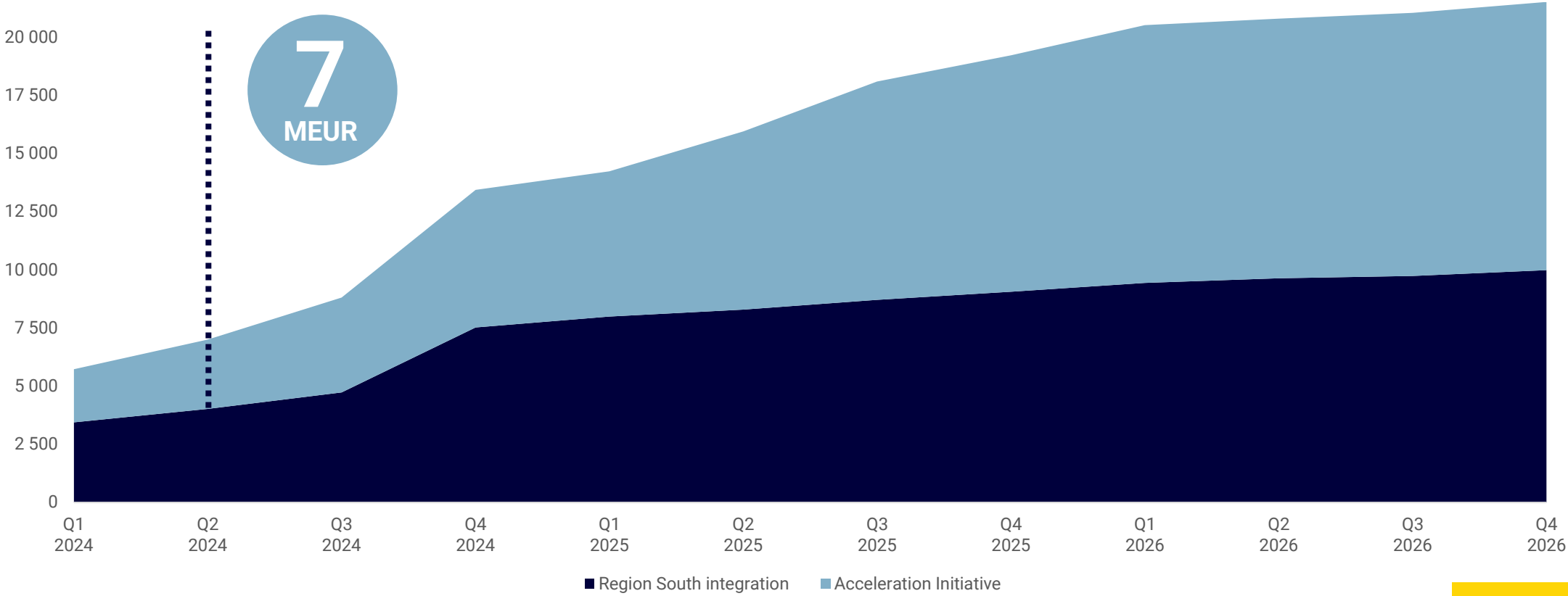
Acceleration Initiative cost-synergies effects

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



Region South highlights

- Stable net sales following product rationalisation and optimisation of the Spanish sales force
- Integration ahead of plan and synergies falling through
 - Content integration 100% completed
 - Preparing launch of new product suite in Spain and France during the autumn
- Acquisition of Batir Technologies in France
 - Market leading local tax calculation tool in real estate market
 - Increased customer value and profitable growth





Region North highlights

- Strong online sales growth and margins improvement
 - Growth driver is the public sector in Sweden
 - Acceleration Initiative synergies coming through
- Acquisition of carved-out Schultz LIS in Denmark
 - New customers on the Danish municipality market
 - Strengthening our portfolio of local content to develop best-in-class generative AI solutions
- Preparing launch of AI legal assistant
 - Commercial roll-out by the end of September

Acquisition of Schultz Legal Information

Attractive acquisition based on Karnov's playbook

Strategic rationale

- Offer the Danish market the best legal information solutions
- Proprietary content for improved AI solutions
- New customers on Danish municipality market

Financial rationale

- Cash consideration of up to SEK 481 m
- Expected annual net sales of SEK 83 m and expected adjusted EBITA of SEK 50 m (multiple of 9.6x EBITA)

Integration timeline

- TSA with Schultz for up to 24 months
 - Expected cost-to-achieve of approx. SEK 25 m



Q2 financials

Magnus Hansson, CFO

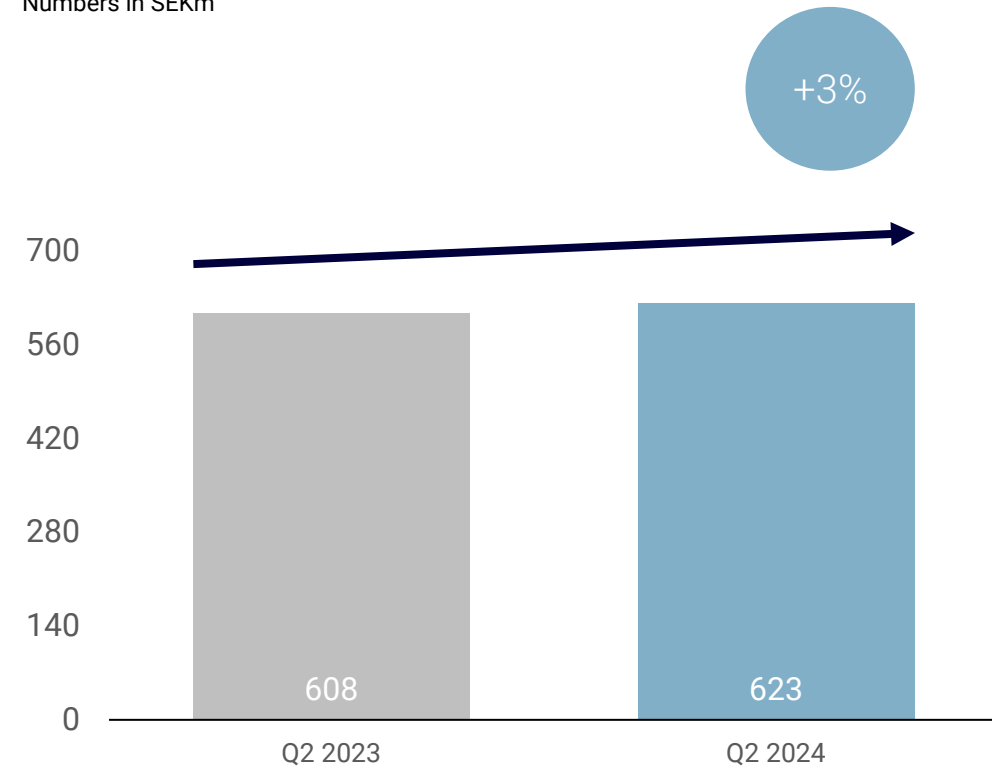
Net sales

Growth driven by online sales

- Net sales growth of 3% in the quarter
 - Driven by both volume and price increases
 - Optimised sales force has slight impact on new sales
- Mission-critical solutions
 - Growing customer base in all segments
- Strong performance within EHS
 - Successful with new sales and low churn

GROUP NET SALES

Numbers in SEKm



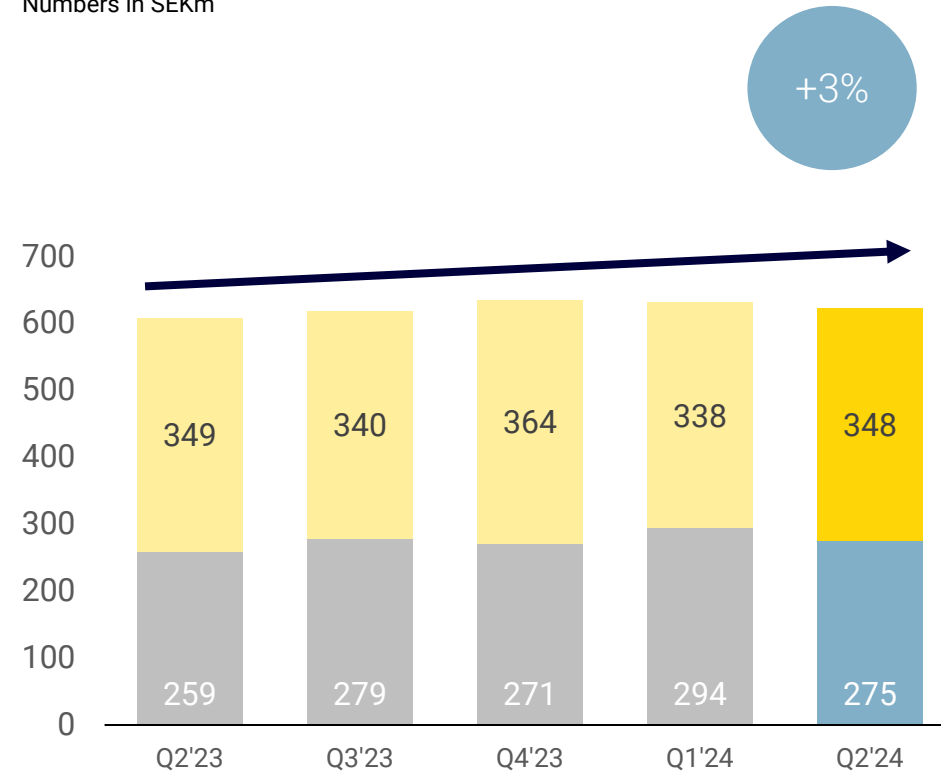
Net sales per segment

Strong growth in Region North

- Group net sales were SEK 623 m (608)
 - Organic growth (constant currency) was 2.6% and the FX effect was 0.3%
 - Organic growth in Region North was 6.8%
 - Flat development in Region South in line with expectations
- Organic growth driven by online sales within public sector and supported by EHS and T&A

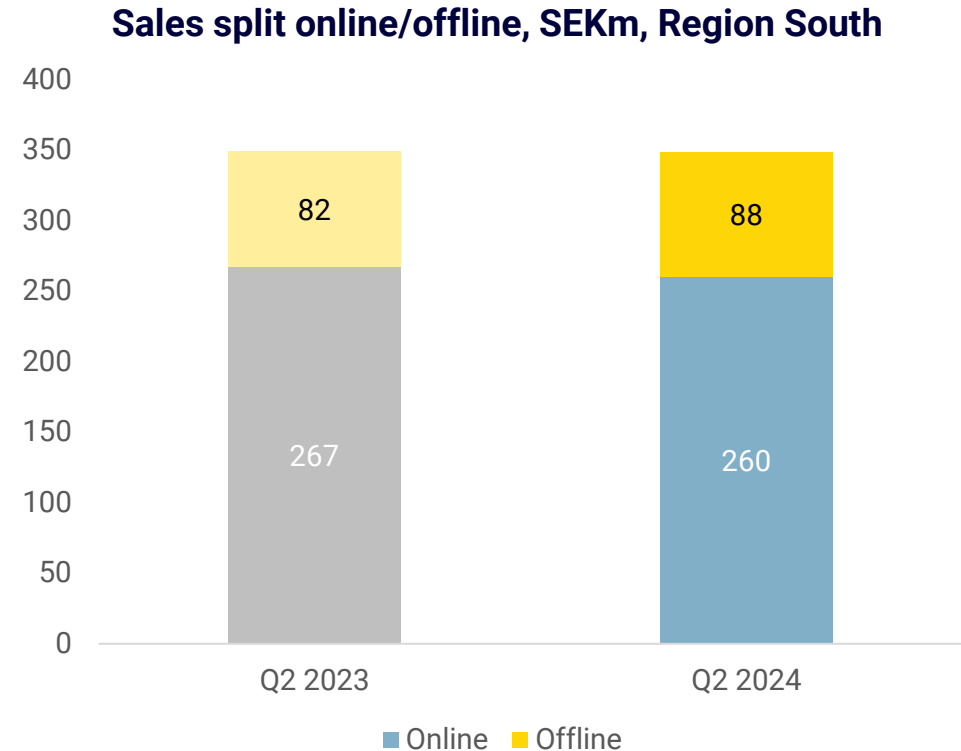
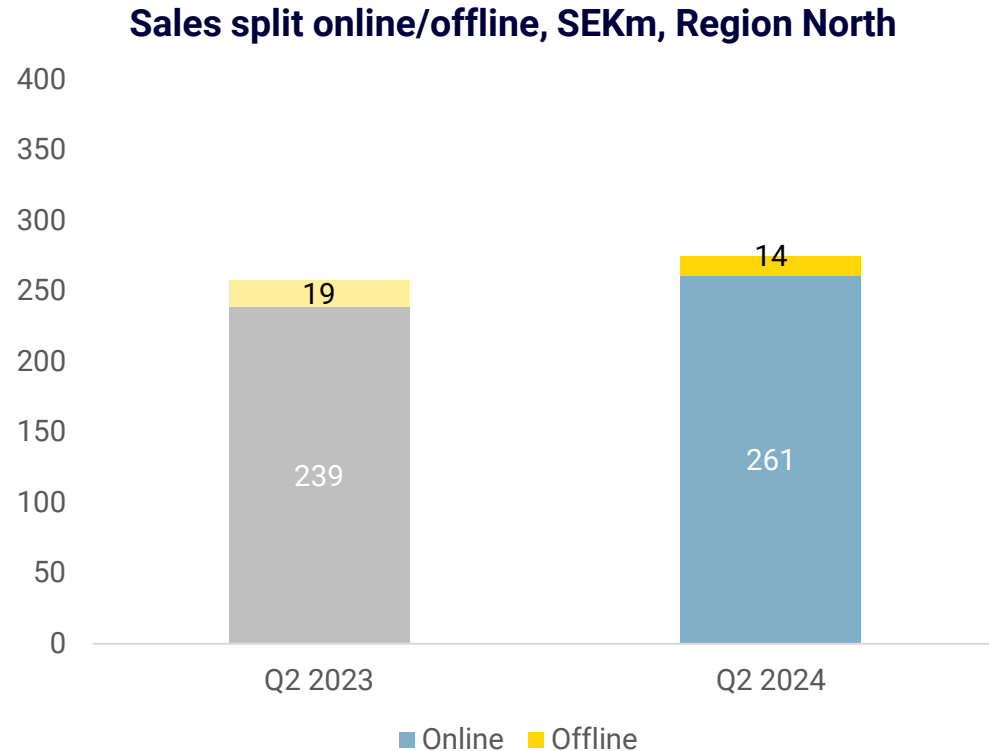
GROUP NET SALES

Numbers in SEKm



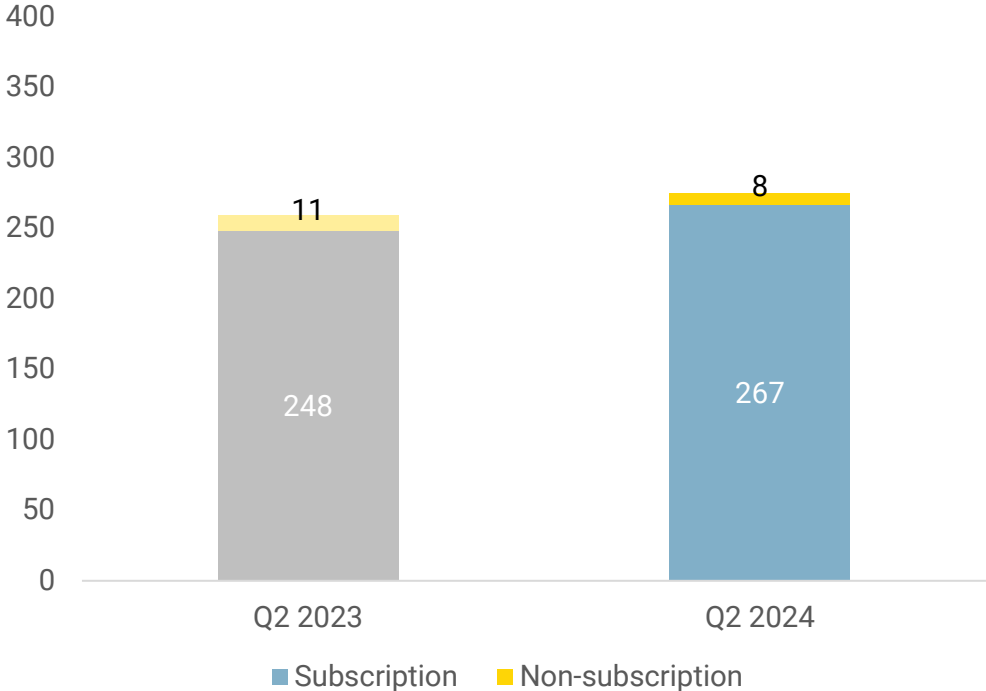
Strong development in online sales

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

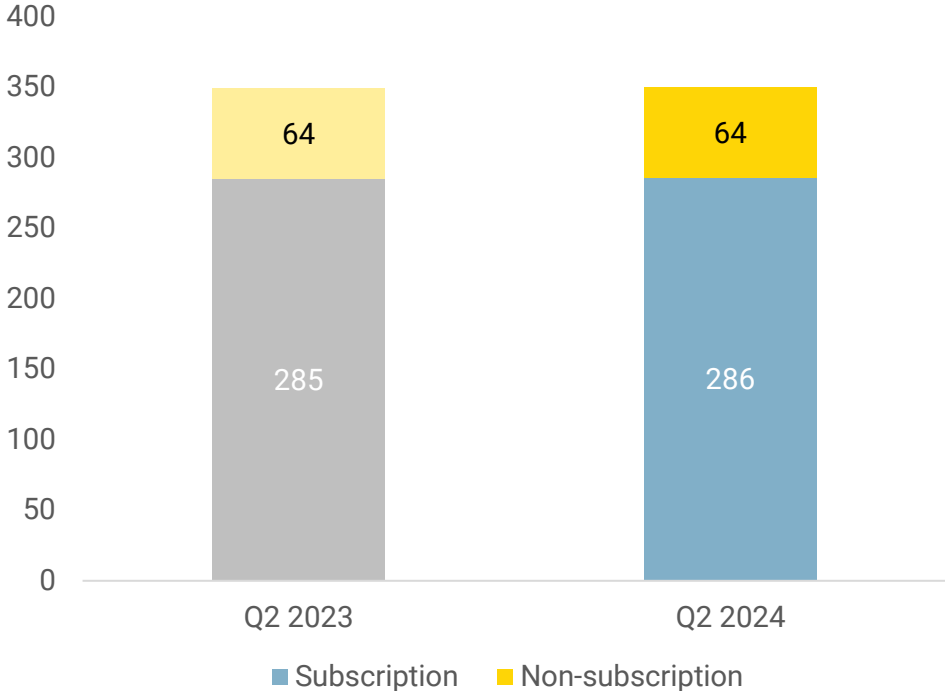


High portion of subscriptions paid in advance

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



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



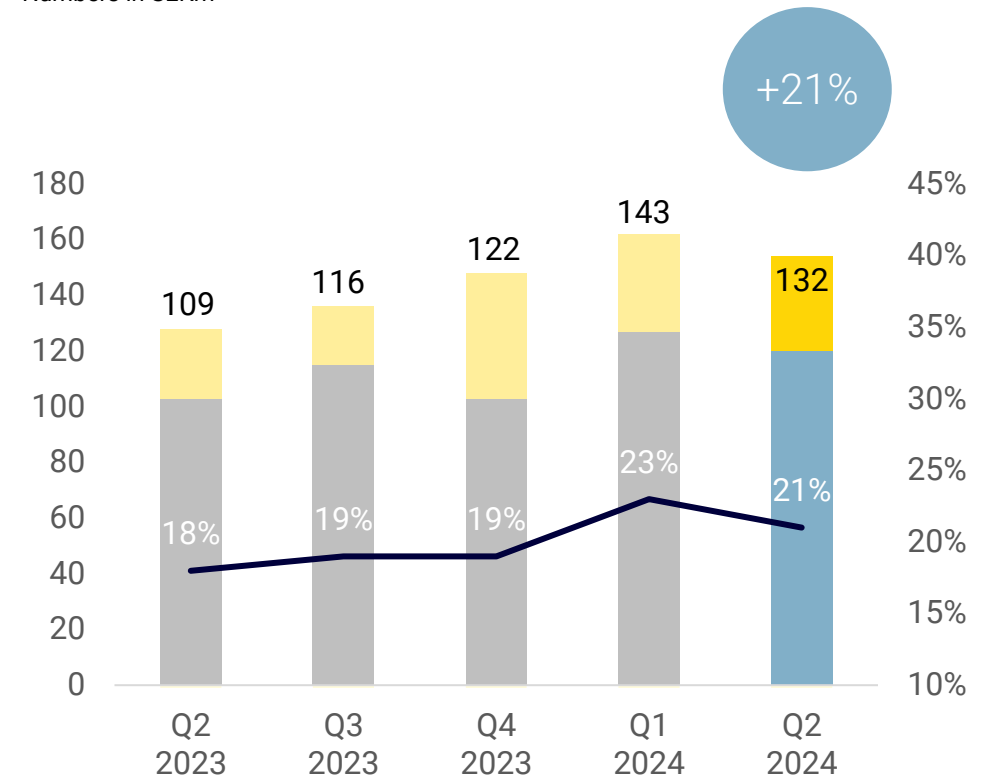
Adjusted EBITA

Margins improvement from synergies

- Adjusted EBITA amounted to SEK 132 m (109)
- Group adjusted EBITA margin was 21.1% (18.0)
- Synergies coming through as expected
 - Synergies effect in Q2 was EUR 1.8 m
 - Realised annual run-rate synergies from our initiatives amounted to EUR 7 m
 - Preparing rationalisation of business portfolio
- Strong cost control
 - Lower COGS and other opex due to product mix

GROUP ADJUSTED EBITA

Numbers in SEKm

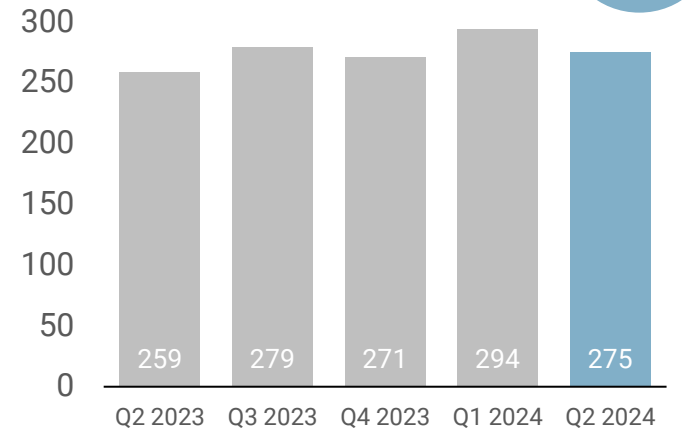


Region North

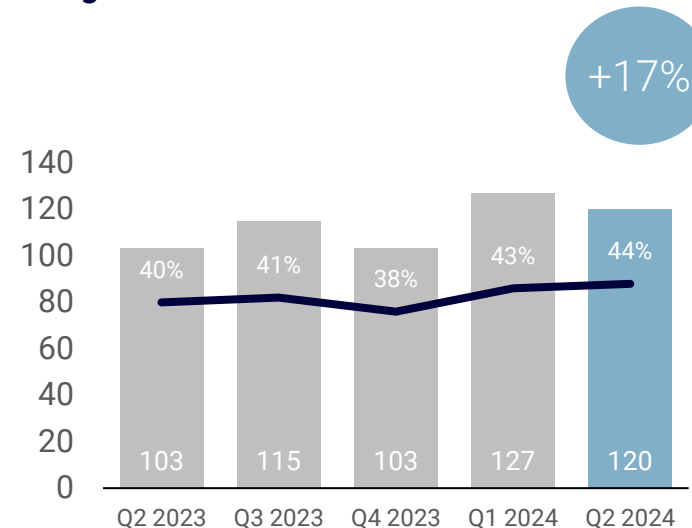
Strong growth and margins

- Organic growth (constant currency) was 6.8%.
 - 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 43.5% (39.7)
 - Margin improvement due to synergies from the Acceleration Initiative as well as product mix and good cost control
 - Effect from the Acceleration Initiative was EUR 0.8 m in Q2

Net Sales, SEKm



Adjusted EBITA, SEKm and margin %

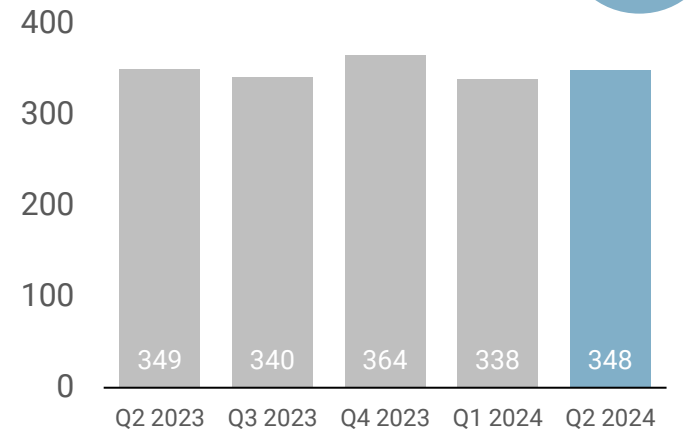


Region South

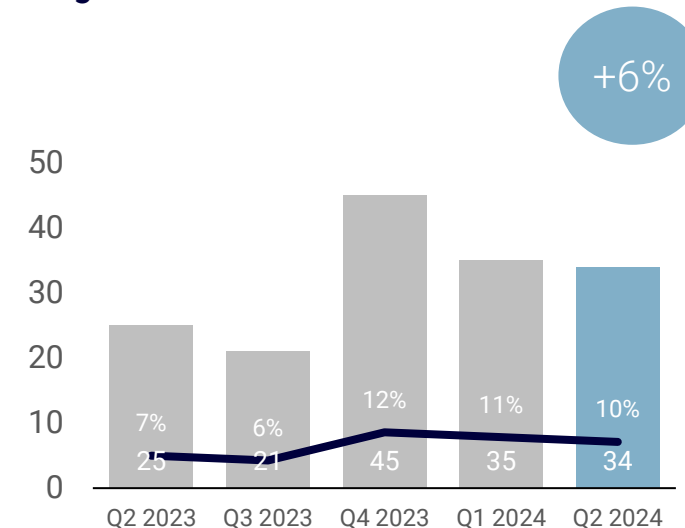
Synergies coming through as expected

- Organic growth -0.6%
 - Product rationalisation and optimised sales force has a short-term impact on new sales in Spain
 - Good traction in legal training sales in France
- Adjusted EBITA margin 9.7% (7.2)
 - Synergies coming through according to plan and amount to 1.0 MEUR in the quarter
- Annual run-rate synergies of EUR 4.0 m from the integration

Net Sales, SEKm



Adjusted EBITA, SEKm and margin %

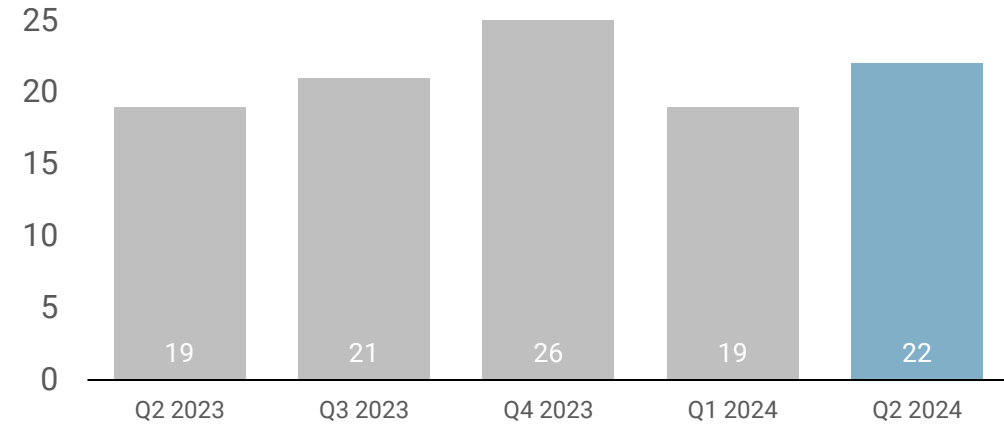


Group functions

Units managing Group wide tasks

The Group functions cover the Group wide tasks such as Group Management, Information Security, Compliance, HR, Investor Relations and Group Finance.

Adjusted EBITA, SEKm and margin, %

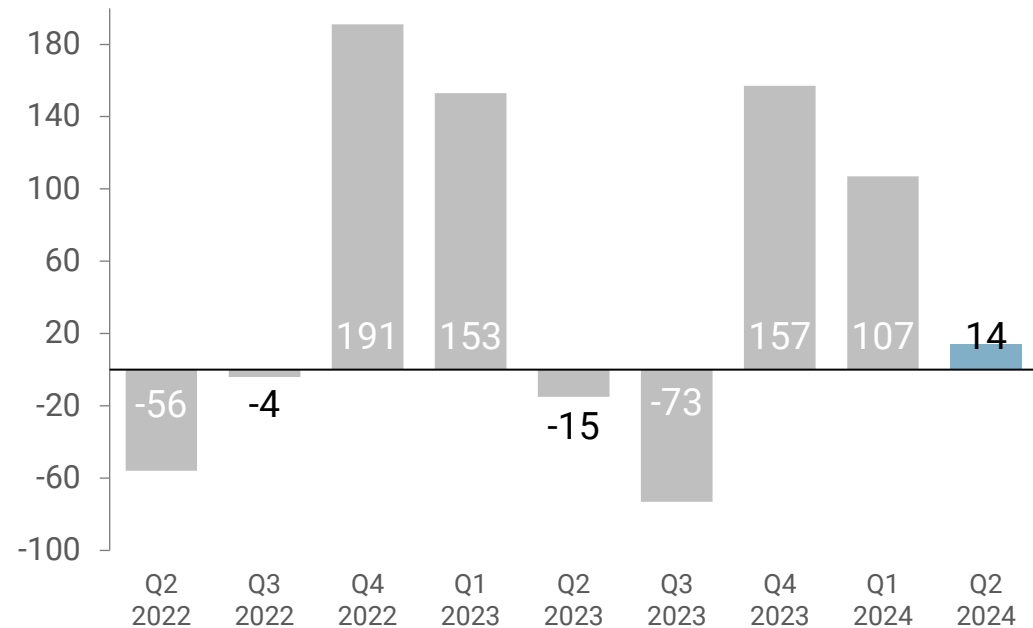


Cash flow and leverage

Robust capital capacity from free cash flow

- Adjusted free cash flow amounted to SEK 14 m (-15)
 - Improvement of SEK 6 m excluding IAC coming from lower payments of leasing liabilities
- Leverage of 3.0x following acquisition in the quarter
 - In line with the financial target of $\leq 3.0x$
 - Karnov Group continues to invest in the cost-efficiency initiatives for improved profitability while improving leverage

Adj. free cash flow, SEKm



Summary of Q2

Delivering on the profitable growth strategy

- Public sector and corporates growth drivers in Q2
 - 3% organic growth
- Harvesting synergies and good cost control
 - 21% adjusted EBITA margin
 - Annual run-rate synergies of EUR 7 m by the end of Q2
- Acquisitions in Denmark and France for further profitable growth in Europe





Thank you

Q&A



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