

Press Release – 9 May 2023

# Karnov Group reports first quarter results 2023

## European growth with strong operating cash flow

### FINANCIAL HIGHLIGHTS FIRST QUARTER

- Organic growth was 5.8% in the quarter. The Group's net sales increased by 140.7% to SEK 614 m (actual 255, proforma\* 571). Acquired growth contributed with 132.3%. Currency effect was 2.6%. Net sales in Region North was SEK 278 m (255) and net sales in Region South was SEK 336 m (proforma\* 316)
- The Group's adjusted EBITA amounted to SEK 140 m (actual 104, proforma\* 135) with adjusted EBITA margin of 22.9% (actual 40.8%, proforma 23.6%). Region North contributed with SEK 120 m (115), Region South contributed with SEK 38 m (proforma\* SEK 31 m) and Group functions contributed with SEK -18 m (-11).
- Net result amounted to SEK 18 m (24).
- Earnings per share before and after dilution amounted to SEK 0.17 (0.23 and 0.22).
- Adjusted operating cash flow amounted to SEK 210 m (157).

### COMMENT FROM CEO PONTUS BODELSSON

Karnov Group has delivered a solid financial performance in the first quarter, with increased organic growth in Region North and stable development in Region South. We are now a significant player within the European legal information solutions market. Our performance in the first quarter proves the value we bring to our customers. Our cash generation capability prepares us for future M&A activities.

### European growth and strong operating cash flow

The financial performance was solid in the first quarter. The organic growth in Region North increased compared to the previous year, while the net sales development in Region South was stable, in line with expectations. The weak SEK has had a positive impact on sales in the first quarter. Growth drivers in Region North were a combination of strong new sales within the public sector and upselling to existing customers. Our new product ROA (Rättsområdesanalyser), which is sold as an add-on feature, has had a good start to the year. Our EHS businesses and emerging ventures continue to perform well. We are looking at broadening the product suite in Region South, to the benefit of both local markets. Aranzadi LA LEY has started to sell several solutions across both organisations. Our French business Lamy Liaisons has a stable performance in line with expectations.

Region North continues to have strong earnings capabilities, while we have taken the first steps in Region South to harvest synergies.

At the end of March, our leverage based on proforma EBITDA LTM was 3.4x. The operating cash flow was strong. Both our segments have successfully completed invoicing seasons, with low churn. Our cash generation capability enables our M&A agenda, and we keep our eyes open for future European growth opportunities.

### Developing our regional businesses and identifying new possibilities

Macro trends in Europe, such as increasing regulations and more complex legislation, solidify and expand the market demand for our services. Legal professionals have an increasing need of assistance to serve their customers, which creates opportunities for Karnov Group. We continuously add value to our customers, serving society with accessible legal knowledge and efficient workflows. All Karnov development is customer centric. To continue our customer centricity focus, while pursuing future European growth, we have composed a new management team in operation from the end of March.

In Region North, we will continue to focus on meeting our customers' needs and efficiency demands. Our ambition is to provide the highest quality to the best possible user experience that effectively supports their workflow.

Growth is driven by adding value to our legal core users, new sales and up-sales within the public sector and continuous organic growth from our emerging ventures and EHS businesses.

In Region South, we are implementing a merger of equals. Our focus is to complete the integration and merging content onto a common technical platform, as well as realising synergies. The merger is progressing according to schedule.

### **Enhancing customer value with AI**

Legal tech progresses rapidly. Generative AI has had great traction following the public launch of ChatGPT at the end of last year. Generative AI will become an important tool for lawyers.

Karnov Group is currently testing exploratory AI models for future customer value in both Region North and Region South. Our deep premium content is a great asset when training neural networks. We see great opportunities for both new customer value and raised productivity for Karnov Group.

Karnov Group has AI-based tools up and running in Region South. We will launch additional tools during the year. We see great opportunities in utilising these experiences.

We believe legal tech will play an increasingly important role in assisting legal professionals with the complexity of legislation, and we are present in the space investing in solutions to the future benefit of our customers.

### **CONFERENCE CALL ON 9 MAY**

A webcasted telephone conference will be held at 09.00 a.m. CEST today, where CEO Pontus Bodelsson and Interim CFO Leif Mårtensson will present the report and answer questions.

You can follow the presentation via webcast and ask questions in written form on the following page:

<https://ir.financialhearings.com/karnov-group-q1-2023>

If you wish to participate via telephone, and thereby be able to ask questions verbally, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=200739>

The presentation material and the report will be available before the conference starts at [www.karnovgroup.com](http://www.karnovgroup.com). An on-demand version will also be available after the presentation. The presentation will also be available on [www.financialhearings.com](http://www.financialhearings.com).

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**Karnov Group** clears the path to justice, providing mission critical knowledge and workflow solutions to European professionals in the areas of legal, tax and accounting, and environmental, health and safety. With content provided by over 7,000 well-renowned authors and experts, Karnov Group delivers knowledge and insights, enabling more than 500,000 users to make better decisions, faster – every day. With offices in Sweden, Denmark, Norway, France, Spain and Portugal, Karnov Group employs around 1,300 people. The Karnov share is listed on Nasdaq Stockholm, Mid Cap segment under the ticker “KAR”. For more information, please visit [www.karnovgroup.com](http://www.karnovgroup.com).

*\*The proforma figures have been included for comparability. The numbers have not been audited by the company’s auditor.*