

Press Release – 17 August 2023

Karnov Group reports second quarter results 2023

Strong growth and progress in integration

FINANCIAL HIGHLIGHTS SECOND QUARTER

- Organic growth (constant currency) was 8.2% in the quarter. The Group's net sales increased by 167.6% to SEK 608 m (actual 227 proforma* 549). Acquired growth contributed with 154.5%. Currency effect was 4.9%. Net sales in Region North were SEK 259 m (227) and net sales in Region South were SEK 349 m (proforma* 321)
- The Group's adjusted EBITA amounted to SEK 109 m (actual 74, proforma* 101) with adjusted EBITA margin of 18.0% (actual 32.6%, proforma 18.4%). Region North contributed with SEK 103 m (88), Region South contributed with SEK 25 m (proforma* SEK 27 m) and Group functions contributed with SEK -19 m (-14).
- Net result amounted to SEK -26 m (-1).
- Earnings per share before and after dilution amounted to SEK -0.24 (-0,01).
- Adjusted operating cash flow amounted to SEK 60 m (-19).

COMMENT FROM CEO PONTUS BODELSSON

In the second quarter net sales grew strongly and margins were solid thanks to strong efforts across the Group. Revenue growth reached 11% and the adjusted EBITA margin was 18%. During the quarter we have intensified our efforts within AI and launched our new core values.

Karnov Group is driving change within the legal information solutions market. By reaping the benefits of artificial intelligence and staying close to our customers, we will bring more customer value and increase both our own and our customer's efficiency. We believe in common product suites and cross-border development, where innovations in one market can benefit customers in many.

Strong growth and completed refinancing

In the second quarter, the Group net sales grew by 11% and our subscription-based sales grew by 13% compared to proforma figures, including Region South. The growth proves our ability to increase customer value and our resilience in a turbulent macroeconomic market. Our core markets are stable, despite the increased interest rates and high inflation. The weak SEK has had positive impact on disclosed net sales, as the majority of our sales is in EUR or currency pegged to EUR.

The organic growth in Region North was 8.2%, a slight increase compared to the previous year. The second quarter is characterised by a high portion of online sales, and the demand for our online solutions is growing. Our EHS and workflow businesses are expanding in fast-growing markets, while our core businesses grow sustainably.

The net sales development in Region South is stable and in line with our expectations. The newly launched whistleblower solution, which has been developed by our Spanish businesses in cooperation and are sold by both, is appreciated among customers. We are exploring additional cross-selling opportunities in Spain with the innovative product portfolio. In France, we continue to have a strong demand for our e-learning solutions. We are currently advancing the transition from physical to online training.

The adjusted EBITA margin reached 18.0% in the second quarter. Region North has improved the margin compared to the previous year, while progress has been made in the integration in Region South.

We have completed the refinancing of existing debt. The new financing agreement is in EUR to better reflect the Group cash flow. Moreover, the agreement allows us to pursue future opportunities as well as linking the agreement to ESG targets.

Progress in Region South integration

The acquisition of Region South captures a unique and attractive opportunity to significantly increase the total addressable market while also providing a strong regional footprint for future international expansion. The businesses are currently being integrated onto one common tech platform to utilise the individual strengths and create best-in-class offerings. The integration is progressing in line with the time plan. During the second quarter, we have reached important technical milestones and established cross-market teams to promote and accelerate the integration. We iterate our ambition to harvest cost-synergies of EUR 7.5 m with full effect on run-rate basis at the end of 2024 and an additional EUR 2.5 m with full effect at the end of 2026.

Investing in AI for future customer value

Artificial Intelligence creates opportunities to enhance customer interaction with our proprietary content while also improving efficiency. Our proprietary content databases are a competitive advantage as they guarantee certainty. In the short term ChatGPT and other AI-based tools will change the way we search for knowledge. We are embracing the opportunity to enhance the way we search for knowledge in legal databases, creating even more value to our customers. During the year, we will launch new AI-based tools with the appreciated Karnov DNA: certainty and efficiency.

The Karnovian culture

We are convinced our colleagues and our corporate culture are vital for our future success. We have during the second quarter launched our new core values: *Customer Centricity, Collaborative Community, Trust and Openness* as well as *Curiosity and Knowledge*. The new core values will support our ambition to improve our product offering, increase our value to our customers and promote Karnov as an attractive employer.

Capital Markets Day on 5 October 2023

Karnov Group will host a Capital Markets Day on 5 October 2023. During the day, we will present our strategic priorities and ambitions for the coming years. Please register here to participate: <https://ir.financialhearings.com/karnov-group-cmd-2023/register>.

CONFERENCE CALL ON 17 AUGUST

A webcasted telephone conference will be held at 09.00 a.m. CEST today, where CEO Pontus Bodelsson and CFO Magnus Hansson 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-q2-2023>

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=200911>

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

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