

Press Release – 8 November 2023

Karnov Group reports third quarter results 2023

Launch of AI driven innovation and progress in integration

FINANCIAL HIGHLIGHTS THIRD QUARTER

- Organic growth (constant currency) was 0.2% in the quarter. The organic growth was 7.6% adjusted for the one-off sales of school publications of SEK 18 m in Region North in Q3 2022.
- The Group's net sales increased by 135.1% to SEK 619 m (actual 263 proforma* 567). Acquired growth contributed with 129.7%. Currency effect was 5.2%.
- The Group's adjusted EBITA amounted to SEK 116 m (actual 93, proforma* 106) with adjusted EBITA margin of 18.7% (actual 35.3%, proforma 18.7%).
- Net result amounted to SEK 21 m (50).
- Earnings per share before and after dilution amounted to SEK 0.20 (0.46).
- Adjusted operating cash flow amounted to SEK -23 m (26).

COMMENT FROM CEO PONTUS BODELSSON

In the third quarter, net sales grew with robust margins. We achieved a revenue growth of 13% and the adjusted EBITA margin was 19%. We saw strong growth in our subscription-based online sales. The Region South integration progresses well, and we are ahead of plan. During the quarter, we presented our European growth strategy and updated financial targets.

Profitable growth with increasing recurring revenue

In the third quarter, the Group net sales grew by 13% compared to proforma figures, including Region South, and adjusted for the significant one-off sales of school publications of SEK 18 m in the comparing quarter the previous year. We have achieved strong growth in online sales, while the market demand for printed material is declining as earlier described. We are confident in our future growth opportunities and have updated our annual organic growth target to 4-6 percent in the medium-term.

The organic growth in Region North was 8%, adjusted for the significant one-off mentioned above. Growth is driven by strong performance within the public sector as well as our emerging ventures in environmental, health and safety (EHS) and tax and accounting (T&A).

The net sales development in Region South is stable and in line with our expectations. Churn has improved compared to the previous year, which is positive. Cross-selling in Spain is progressing well, with six initiatives ongoing and a special focus on our commonly developed whistleblower solution. We expect sales development in Region South to be flat in the near-term. We are launching several product and sales initiatives to generate organic growth, similar to the initiatives launched during our integration of Norstedts Juridik in Sweden in 2019.

The Group adjusted EBITA margin reached 19% in the third quarter. Region North was above the corresponding quarter the previous year despite to the significant one-off mentioned above. Region South was above the proforma margin. By the end of the third quarter, we have harvested cost-synergies of EUR 1 m on an annual run-rate basis in Region South. We have a strong focus on costs across the Group and have updated our annual adjusted EBITA target to exceed 25 percent in the medium-term and exceed 30 percent in the long term.

Excel and grow – our strategic growth initiatives

We will capture the opportunities a growing market provides. Staying locally focused with premium proprietary content is key to success. Our local content is our strongest asset, as it generates great customer value. Local content is also an absolute prerequisite for trustworthy AI solutions.

Staying close to our customers is vital for future innovation and growth. Our industry reports such as the “Future of the legal profession” in Scandinavia and our similar reports from Spain and France are important tools for deep customer insights. They serve as material for our continuous development of customer centric solutions.

We will acquire more businesses in Europe and integrate them using the Karnov recipe for success: customer centricity, local content, common platforms and common culture. However, for the time being, we are focusing on completing the integration of Region South and realising synergies.

Update on Region South integration

We progress well in line with the plan in the Region South integration. We are currently ahead of plan in the Spanish merger, in terms of content migration as well as IT carve-out. Close to 40% of the Aranzadi content is now migrated onto the common content platform. We are currently finalising the migration to a common enterprise system. During the fourth quarter, we will consolidate offices in Spain, which will have a positive impact on the EBITA margin from the first quarter 2024.

2023 Capital Markets Day

Clearing the path for justice while driving profitable growth was the theme of our Capital Markets Day on 5 October 2023. We presented our European growth strategy and how to duplicate the Karnov Group recipe for success in Europe, including our plan for harvesting synergies in Region South. We also presented how to utilise AI for greater customer value and launched our generative AI solution for legal professionals. A recording of the event is available here:

<https://www.karnovgroup.com/en/capital-markets-day-2023/>.

CONFERENCE CALL ON 8 NOVEMBER

A webcasted telephone conference will be held at 09.00 a.m. CET 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-q3-2023>

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=5003515>

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 400,000 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.*