SEN Asset Management

KARNOV GROUP

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Nasdaq Stockholm Mid Cap · KAR

Summary

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COMPANY DESCRIPTION

Karnov Group (Nasdaq Stockholm: KAR), founded in 1924, provides business-critical legal, tax and accounting information and workflow tools to law firms, accounting firms and the public sector across the Nordics, France, Spain and Portugal.

~1,100 employees. Subscription-based model with a high share of recurring revenue, built on a proprietary library of legal commentary and case law authored by 7,000+ contributors.

Divested the EHS division in 2025 for SEK 1,060m, sharpening the group's focus on core legal/tax/accounting operations.

KEY FIGURES, Q1 2026

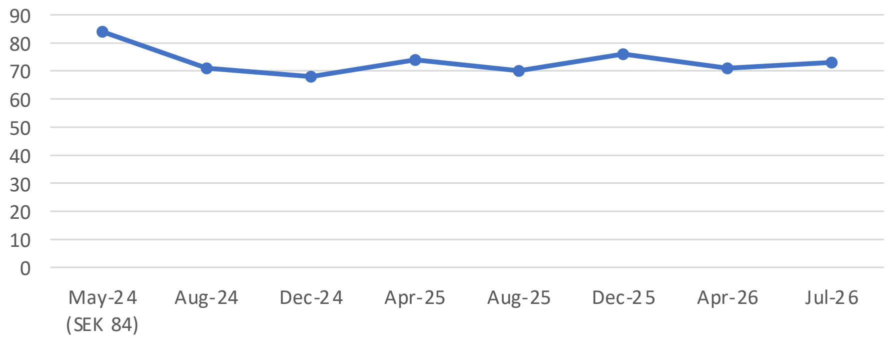
	Q1 2026	Q1 2025
Net sales	SEK 628m	SEK 672.5m
Organic growth	**+3.2%**	–
Adj. EBITA margin	**28.6%**	26.0%
Adj. free cash flow	SEK 264m	SEK 245m
EPS	SEK 0.54	SEK 0.72
Net debt / EBITDA	1.8x	2.4x

OWNERSHIP

Shareholder	% of capital
Greenoaks Capital Partners + Long Path Partners	20.3%
Carnegie Fonder, Invesco, Swedbank Robur	22.0%
Cervantes Capital, Columbia Threadneedle	4.9%
Other shareholders	52.8%

Greenoaks/Long Path made a recommended cash offer of SEK 84/share in May 2024 (28% premium). Acceptance never reached the 90% threshold and the offer lapsed, but the consortium kept its stake.

SHARE PRICE SINCE THE OFFER (2024-2026)



Investment Case

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WHY KARNOV COULD SEE A NEW OFFER

1. A floor is already in place. Greenoaks/Long Path bid SEK 84/share in May 2024 and kept its 20.3% stake even after the offer lapsed. The consortium has not sold down.

2. Fundamentals have improved since the bid. Adjusted EBITA margin +2.6pp to 28.6%, strong free cash flow, and net debt lower relative to earnings (1.8x vs. 2.4x LTM EBITDA).

3. Insider behaviour contradicts the bear case. The company has repurchased ~10% of shares outstanding during 2026 and cancelled shares, mechanically raising the major owners' relative stake without new purchases.

4. A favourable sector backdrop. The Stockholm exchange's takeover wave has reawakened in 2026 after a spring pause (Cint/Triton, Nilorngruppen/Trimco, Sleep Cycle/Altor, Humana/Ambea).

KEY RISK: AI DISRUPTION

SB1 Markets has a sell rating citing AI competition (incl. Legora). JP Morgan Asset Management has built a new public short position (0.50% of capital).

Counter-argument: Karnov owns the underlying legal sources, not just an AI interface layered on top, similar to the moat that has protected Bloomberg/LSEG. But if a competitor builds independent sources, the argument weakens.

TRIGGER / TIMING

The next report or capital markets day could be a trigger if management communicates capital allocation plans (further buybacks, a potential dividend) that reinforce the case that SEK 84 already undervalued the company.

Sources: Company reports, Nasdaq Stockholm, Swedish Securities Council, Borsdata, own estimates

Valuation

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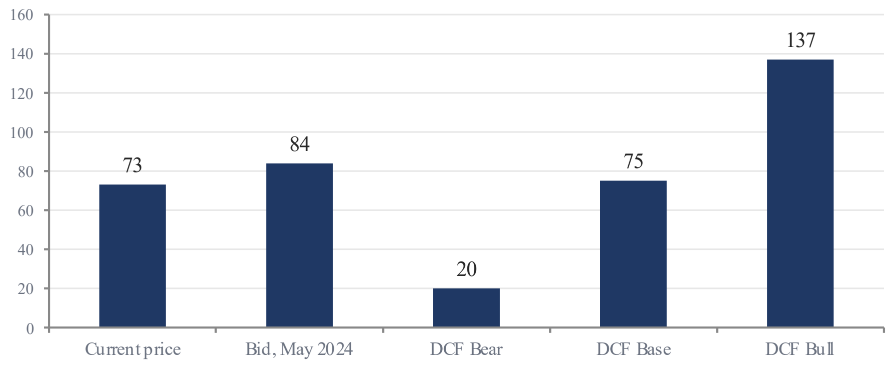
DCF - VALUE BRIDGE, BASE CASE

	Item (SEKm)	Bear	Base	Bull
	Sum PV of FCF, yr 1-5	1,418	2,304	2,942
	PV of terminal value	2,028	6,464	11,872
	Enterprise Value	**3,446**	**8,769**	**14,814**
1	- Net debt	-1,484	-1,484	-1,484
	Equity value	**1,961**	**7,284**	**13,329**
	Shares outstanding (m)	97	97	97
2	**Value per share (SEK)**	**20**	**75**	**137**

DCF vs. HISTORICAL BID AND CURRENT PRICE



COMMENTARY

1 Net debt of SEK 1,484m as of 31 March 2026 (company's Q1 report) higher than year-end since the buyback programme was partly debt-financed.
2 Base case implies only +2.9% upside vs. today's price, the DCF alone no longer carries the thesis; the bid premium does.

CONCLUSION

The base case (SEK 75) sits close to the current price, not clearly above it, the DCF suggests Karnov is roughly fairly valued on an organic basis. The upside in this case instead comes from the probability of a renewed bid at a premium, in line with 2024 (SEK 84) or higher given improved fundamentals. We arrive at Buy, with the AI risk (Bear: SEK 20) as the single most important item to monitor.

Sources: Company reports, Nasdaq Stockholm, Swedish Securities Council, Borsdata, own estimates

Appendix

THE MAY 2024 OFFER - DETAILS

Field	Value
Bidder	Greenoaks Capital Partners + Long Path Partners
Offer	SEK 84/share, cash
Premium to closing price	28%
Total valuation	SEK 9,062m
Already owned by consortium	20.3% of capital and votes
Fairness opinion	Grant Thornton
Initial acceptance rate	25.7% — never reached the 90% threshold
Outcome	Offer lapsed; consortium retained its stake

FINANCIAL HISTORY, FULL YEAR (SEKm)

	2024	2025	LTM Q1'26
Net sales	2,593	2,641	2,597
Adj. EBITDA	747	861	838
Adj. EBITA margin	22.4%	25.3%	25.9%
Net debt	2,283	1,033	1,484
Net debt / EBITDA	3.0x	1.3x	1.8x

Source: Karnov Group Q4/FY2025 report and Q1 2026 report. LTM = last twelve months as of 31 March 2026.

SECTOR BACKDROP: THE 2026 TAKEOVER WAVE

After a three-month freeze in bid activity triggered by the outbreak of the Iran war in February 2026, the takeover wave on the Stockholm exchange has picked back up since April.

Completed / announced offers in spring 2026 (selected):

- Cint Group — Triton
- Nilorngruppen — Trimco
- Sleep Cycle — Altor Fund V, SEK 24.50/share
- Humana — Ambea, ~SEK 3bn

SOURCES

Karnov Group Q1 2026 report and FY2025 year-end report

Affarsvarlden, Placera.se, Swedish Securities Council ruling 2024:51

Nordnet, Borskollen, MFN.se (flagging notices and buybacks)

SB1 Markets research note (AI risk)

Important Disclosures

This M&A pitch is provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to buy, any securities or investment advisory services. Any such offer or solicitation may only be made pursuant to appropriate offering documents and agreements.

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