KARNOV GROUP

Invitation to acquire shares in Karnov Group AB (publ)

Global Coordinator and Joint Bookrunner

Carnegie

Joint Bookrunner

Nordea

IMPORTANT INFORMATION

Information to investors

In this document, the terms "**Karnov**", the "**Company**" or the "**Group**" refers to Karnov Group AB (publ), the group in which Karnov Group AB (publ) is the parent company or a subsidiary of the group, as the context may require.

Carnegie Investment Bank AB (publ) ("**Carnegie**") has been appointed by the Company to act as the Global Coordinator and Joint Bookrunner and Nordea Bank Abp, filial i Sverige ("**Nordea**"), to act as a Joint Bookrunner in the Offering (as defined below). Carnegie, Nordea and Nordnet are being jointly referred to as the "**Managers**". For more defined terms, see "*Definitions and glossary*".

In connection with the offering to the public in Sweden and certain institutional investors in Sweden and Denmark and abroad and the listing on Nasdaq Stockholm of ordinary shares in Karnov (the "**Offering**"), Karnov has prepared a prospectus in Swedish (the "**Swedish Prospectus**") which has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) pursuant to Chapter 2, sections 25 and 26 of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*), which implements the European Parliament and Council Directive 2003/71/EC (the "**Prospectus directive**"), and this document is the English translation thereof (the "**Offering Memorandum**"). In the event of any discrepancies between the Offering Memorandum and the Swedish Prospectus, the Swedish Prospectus shall prevail. Approval and registration of the Swedish Prospectus do not imply that the Swedish Financial Supervisory Authority guarantees that the various factual information provided in the Swedish Prospectus or this Offering Memorandum are accurate or complete. Karnov has requested that the Swedish Financial Supervisory Authority provides a certificate of approval and a copy of the Swedish Prospectus as well as this Offering Memorandum to the competent authority in Denmark pursuant to Chapter 2, section 35 of the Swedish Financial Instruments Trading Act.

Distribution of this Offering Memorandum and participation in the Offering are subject to restrictions under law and other regulations in certain jurisdictions. Except as otherwise set out in this Offering Memorandum, no action has been taken and measures will not be taken to permit a public offering in any jurisdiction other than Sweden and Denmark. The Offering is not made to persons resident in the United States (except as provided in "*Notice to investors*" below), Canada, Australia, Japan, Hong Kong, New Zeeland, Switzerland, Singapore or South Africa or any other jurisdictions where participation would require additional prospectuses, registration or other measures than those required by Swedish law. Consequently, this Offering Memorandum, the Swedish Prospectus and other documents relating to the Offering may not be distributed in or into the aforementioned countries or any other country or any other jurisdiction in which such distribution or the Offering require such measures or would otherwise be in conflict with applicable rules. Acquisitions of shares in violation of the above restrictions may be void. Recipients of copies of this Offering Memorandum must inform themselves about and comply with such restrictions. Actions in violation of these restrictions may constitute a violation of applicable securities law. See further under "*Selling restrictions and transfer restrictions*".

An investment in securities is associated with certain risks (see "*Risk factors*"). When investors make an investment decision, they must rely on their own analysis of Karnov and the Offering, including applicable facts and risks. Prior to an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider the investment decision. All purchasers of shares in the Offering are deemed to acknowledge that: (i) they have not relied on the Managers or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; and (ii) they have relied only on the information contained in this Offering Memorandum, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries, the Selling Shareholders or the shares in the Offering (other than as contained in this Offering Memorandum) and, that if given or made, any such other information or representation has not been relied upon as having been authorised by the Company, the Selling Shareholders or any of the Managers. Neither the publication nor the distribution of the Prospectus, nor any transaction carried out in respect of the Offering shall be deemed to imply that information in the Prospectus is accurate and applicable at any time other than on the date of publication, or that there has been any change in the Company's business since this date. If significant changes in the information in the Prospectus occur, such changes will be announced in accordance with the provisions on supplements to a prospectus under the Swedish Financial Instruments Trading Act. Neither the Company, Selling Shareholders nor the Manager take on any legal responsibility for violations of such restrictions, regardless of whether the violations are made by a potential investor or other person. Neither the Company, Selling Shareholders nor the Managers take on any legal responsibility for violations of such restrictions, regardless of whether the violations are made by a potential investor or other person. Neither the Company nor the Managers have approved or will approve the offering of shares through any financial intermediary other than the offering from the Managers, which constitutes the final placement of shares as stated in this Offering Memorandum.

No representation or warranty, express or implied, is made or given by or on behalf of the Managers or any of their affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Offering Memorandum, or incorporated by reference herein, and nothing in this Offering Memorandum, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Managers or any of their respective affiliates as to the past or future. None of the Managers accepts any responsibility whatsoever for the contents of this Offering Memorandum or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Selling Shareholders, the Offering or the shares in the Offering. Accordingly, the Managers disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Offering Memorandum or any such statement.

The Managers are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Offering Memorandum) as their respective customers in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective customers or for giving advice in relation to, respectively, the Offering and the listing or any transaction or arrangement referred to herein.

In connection with the Offering, the Managers and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or acquire ordinary shares in the Offering and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in this Offering Memorandum to the shares in the Offering being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Managers and any of their affiliates acting as investors for their own accounts. None of the Managers intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Offering and this Offering Memorandum are governed by Swedish law. Disputes relating to the Offering or this Offering Memorandum shall be settled by a Swedish court exclusively.

Notice to investors

United States

The shares in the Offering have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

The shares in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. In the United States, the shares will be sold only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in and in reliance on Rule 144A under the Securities Act ("**Rule 144A**") or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any offer or sale of shares in the United States in reliance on Rule 144A will solely be made by one or more broker-dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). Nordea's activities in connection with the Offering are limited solely to outside the United States. All offers and sales of shares outside the United States will be made in compliance with Regulation S under the Securities Act ("**Regulation S**"). Prospective purchasers that are QIBs are hereby notified that the sellers of the shares in the Offering may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A.

In the United States, this Offering Memorandum is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Offering Memorandum has been provided by the Company and other sources identified herein. Distribution of this Offering Memorandum to any person other than the offeree specified by the Manager, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of this Offering Memorandum in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Memorandum is personal to each offeree and does not constitute any offer to any other person or to the general public to acquire shares in the Offering.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**") (with the exception of Sweden and Denmark), no offer of the shares in the Offering may be made to the public in that Relevant Member State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, the Selling Shareholders or the Managers of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase any shares in the Offering, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

This Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "**Order**") or (iii) high net-worth entities falling within Articles 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Forward-looking statements

This Offering Memorandum contains various forward-looking statements that reflect management's current views with respect to future events as well as anticipated financial results and operational performance. Forward-looking statements as a general manner are all statements other than statements as to historical facts or present facts or circumstances. The words "believe", "expect", "mean to", "intend", "estimate", "anticipate", "assume", "predict", "can", "will", "shall", "should", "according to estimates", "consider", "may", "might", "plan to", "aim", "potential", "calculate", "as far as is known", or in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified by the context in which they are used. Forward-looking statements appear in a number of places in this Offering Memorandum, including, without limitation, in the sections entitled "Summary", "Risk factors", "Market overview", "Business overview", "Operating and financial review" and "Capitalisation and indebtedness". Although Karnov believes that the expectations reflected in these forward-looking statements are reasonable, Karnov can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Forward-looking statements are not a guarantee regarding future results and developments or the actual outcome, which may differ significantly from the forward-looking statements. Forward-looking statements speak only as at the date of this Offering Memorandum. Karnov and the Selling Shareholders expressly undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements in this Offering Memorandum. For more information see "*Forward-looking statements and presentation of financial and other information*".

ENFORCEMENT OF CIVIL LIABILITIES

The ability of shareholders in certain countries other than Sweden, in particular in the United States, to bring an action against the Company may be limited under law. The Company is a public limited liability company (Sw. *publikt aktiebolag*) incorporated in Sweden and has its statutory seat (Sw. *säte*) in the municipality of Stockholm, Sweden.

The members of the Company's board of directors, the Group management and other officers of the Group named herein are residents of countries other than the United States, and all or a substantial proportion of the assets of these individuals are located outside the United States. All of the Company's assets are located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such persons or the Company or to enforce against them in United States courts a judgment obtained in such courts.

The United States and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the United States will not be recognised and enforced by the Swedish courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files his or her claim with the competent Swedish court, the Swedish court will generally give binding effect to such foreign judgment insofar as it finds that the jurisdiction of the court in the United States has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Swedish public policy.

Additional information

For so long as any of the shares in the Company are "restricted securities" within the meaning of the U.S. Securities Act, the Company has agreed that it will, during any period in which it is neither subject to the reporting requirements of section 13 or section 15(d) of the U.S. Exchange Act, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities, or to any prospective purchaser designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

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The Offering in brief

Offering Price	SEK 43.0
Application period for the general public in Sweden and Denmark	1–9 April 2019
Application period for institutional investors	1–10 April 2019
First day of trading on Nasdaq Stockholm	11 April 2019
Settlement date	15 April 2019

Other information

ISIN-code	SE0012323715
Trading symbol (ticker) on Nasdaq Stockholm	KAR

Financial calendar

Interim report for the period 1 January–31 March 2019	24 May 2019
Interim report for the period 1 April–30 June 2019	29 August 2019
Interim report for the period 1 July–30 September 2019	28 November 2019

Summary

The summary consists of disclosure requirements presented in "elements". The elements are numbered in sections A–E (A.1–E.7). This summary contains all the elements that must be included in a summary for the relevant type of issuer and securities. Since certain elements set out in the Prospectus Regulation (EC) No 809/2004 are not applicable to this type of offering memorandum, there are gaps in the numbering of the elements. Even if an element is required to be included in this summary, it is possible that no relevant information can be provided regarding the element. In such case, a brief description of the element is included together with the statement "not applicable".

SECTION A – INTRODUCTION AND WARNINGS

A.1	*Introduction and warnings*	This summary should be read as an introduction to the offering memorandum (the "**Offering Memorandum**"). Any decision to invest in the securities should be based on consideration of the Offering Memorandum as a whole by the investor. Where a claim relating to the information in this Offering Memorandum is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Offering Memorandum before the legal proceedings are initiated. Civil liability may attach to those persons who produced the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Memorandum or it does not provide, when read together with the other parts of the Offering Memorandum, key information in order to aid investors when considering whether to invest in such securities.
A.2	*Consent for use of the Offering Memorandum by financial intermediaries*	Not applicable. Financial intermediaries are not entitled to use the Offering Memorandum for subsequent resale or final placement of securities.

SECTION B – ISSUER

B.1	*Legal and commercial name*	The Company's name is Karnov Group AB (publ).
B.2	*Domicile and legal form*	The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) governed by the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)). The Company's registered office is situated in Stockholm.
B.3	*Nature of operations and principal activities*	Karnov is a leading provider of information products and services in the areas of legal and tax and accounting in Denmark and legal and environmental, health and safety in Sweden. Karnov offers its services under its strong portfolio of brands, including Karnov, Norstedts Juridik, VJS, Notisum, CBM and Forlaget Andersen. Karnov's vision and mission is to be an indispensable partner for all legal, tax and accounting professionals and enable its users to make better decisions, faster by delivering the highest quality of content with a state-of-the-art user experience in order to support their workflow efficiency. Karnov's products are largely digital, including subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector (including, for example, courts, libraries, universities, public authorities and municipalities). Karnov also publishes and sells printed books and journals and hosts legal training courses. As at 31 December 2018, Karnov's online platforms contained more than 700,000 linked documents, including, among other things, public data sources such as legislation, preparatory works and court cases, supplemented by more than 250,000 annotations and in depth commentaries and analysis prepared by expert authors. By integrating public legal content with legal experts' analysis in the form of commentaries and annotations, Karnov provides a legal information system to more than 60,000 users[1]. 1) Users who had at least one document display in 2018.

B.3	*Nature of operations and principal activities, cont.*	Karnov is organised into two geographical financial reporting segments: Denmark and Sweden. In 2018, Denmark and Sweden represented 55 and 45 per cent of Karnov's net sales, respectively. Karnov's product offering is similar in Denmark and Sweden. However, there are a few variations, and, as an example, Karnov Tax & Accounting packages are only being offered in Denmark and VJS's physical legal training courses are only being offered in Sweden. In addition, since Denmark and Sweden have separate legal systems and different languages, the content of the product offering is unique in each of the two countries. As at 31 December 2018, Karnov had 251 full time employees and contracts with more than 1,500 legal experts available to contribute authored content. In 2018, Karnov's net sales were KSEK 715,342 (74 per cent online and 26 per cent offline), organic growth was 3.9 per cent and the Adjusted EBITA margin was 36.6 per cent.
B.4a	*Recent trends*	Karnov's currently addressable market consists of the total potential for Karnov's current online and offline products and services in Denmark and Sweden (the "**Currently Addressable Market**"). According to the Market Study's estimates, the Currently Addressable Market amounted to approximately MSEK 1,500 in 2017 (approximately MSEK 1,000 online and approximately MSEK 500 offline), with Karnov presenting 44 per cent of the market, and it is expected to grow by a compound annual growth rate ("**CAGR**") of 2.4 per cent during 2018–2021. This forecasted growth can to a large extent be attributed to the following key drivers and trends.[2)] **User base** According to the Market Study, the price that providers of online information products on the Currently Addressable Market charge their customers is often based on the number of individuals having access to the product. Accordingly, the number of lawyers in law firms, corporate in-house counsels, municipality caseworkers and legal staff in courts in Denmark and Sweden is a key driver of growth for the Currently Addressable Market in Denmark and Sweden. **Customer needs** According to the Market Study, the overall use of legal, tax and accounting and environmental, health and safety information products and services and the ability to meet the users' demand are key drivers of growth for the Currently Addressable Market. The Market Study identifies the following trends that drive customer needs for information products and services: > **Increased complexity of legal work:** One of the biggest challenges for the legal sector, and, accordingly, providers of legal information services that strive to meet lawyers' demand and create customer value, is the large volume of legislation, regulation and case law that is increasingly burdensome for any individual lawyer to comprehend and manage. This means that lawyers require efficient information services and decisions support tools to enable them to keep up-to-date with the latest data as well as consider and analyse the large volume of information that exist and is relevant for their work. > **Specialisation:** Clients of major law firms often demand specialisation from the law firms they use, which impacts law firms' procurement buying decisions and drives expenditures on products and services that facilitate an in-depth understanding of the law. > **Increased focus on efficiency:** Clients of major law firms tend to demand an increased focus on efficiency from their lawyers, and legal information services are a tool to enable lawyers to work more efficiently. 2) Source: The Market Study that Karnov commissioned from the consultancy firm CIL Management Consultants Limited, which was conducted in November and December 2018 and finalised in February 2019 (the "**Market Study**"). The Market Study is based on primary interviews with conducted with industry experts and participants, secondary market research, and internal financial and operational information supplied by, or on behalf of, Karnov.

B.4a	*Recent trends, cont.*	> **Technology adoption and acceptance:** There is a generational shift in the use of IT and online products and services in law firms. Younger lawyers tend to use more digital information resources and software tools and different functions of such offerings than older lawyers do, and this drives spend on online products and services with high functionality. > **Frequency of legislative change:** Changes in legislation drives demand for up-to-date information and commentaries and annotations to the legislation. The rate of change is expected to continue at a similar rate during 2018–2021. **Pricing and revenue model** According to the Market Study, price increases are a key driver of growth for the Currently Addressable Market. While the market is considered somewhat price sensitive, this is offset by the value that the legal information service provides to customers and lawyers' aim to improve their efficiency. According to the Market Study, new content or product and services and increased functionality of existing products generally drive up average prices for legal information services.
B.5	*The group and the issuer's position within the group*	Karnov Group AB (publ) is the parent company of the Group, which consists of twelve subsidiaries.
B.6	*Major shareholders etc.*	In Sweden, the lowest threshold for mandatory reporting of changes in shareholdings (Sw. *flaggnings-skyldighet*) is 5 per cent of all shares or voting rights in the Company. The table below sets forth sharehold-ers in the Company with a shareholding equal to or higher than the threshold before the Offering and after the completion of the Offering.

Ordinary shares:	**prior to the Offering (adjusted for changes to the capital structure)**		**after the Offering (assuming the Offer-ing is not increased and the Over-allotment Option is not exercised)**		**after the Offering (assuming the Offer-ing is fully increased and the Over-allotment Option is not exercised)**		**after the Offering (assuming the Offer-ing is fully increased and the Over-allotment Option is exercised in full)**	
Shareholder	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
FAPI	43,492,798	54.9%	28,494,220	29.2%	18,295,187	18.7%	12,849,493	13.2%
General Electric Pension Trust	9,467,983	12.0%	6,202,931	6.4%	3,982,695	4.1%	2,797,218	2.9%
Torreal	7,890,003	10.0%	5,169,120	5.3%	3,318,919	3.4%	2,331,019	2.4%
RPO King S.C.A.	6,312,024	8.0%	4,135,310	4.2%	2,655,144	2.7%	1,864,822	1.9%
Five Arrows Co-Invest-ments II Holding Sàrl	4,970,338	6.3%	3,256,307	3.3%	2,090,766	2.1%	1,468,435	1.5%
Total	**72,133,146**	**91.1%**	**47,257,888**	**48.4%**	**30,342,711**	**31.1%**	**21,310,987**	**21.8%**

Vind AS, Lazard Asset Management LLC and The Fourth Swedish National Pension Fund (the "**Corner-stone Investors**") have, subject to certain conditions, committed to acquire, at the Offering Price, a number of shares in the Offering equivalent to 5.0 per cent, 4.8 per cent and 4.7 per cent, respectively, of the shares in the Company following the completion of the Offering.

B.7	*Selected historical financial information*	The selected historical financial information below for the years ended on 31 December 2018, 2017 and 2016 has been derived from Karnov's consolidated financial statements, which have been audited by PwC. Karnov's audited consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU. Except as expressly stated in this Offering Memorandum, no financial information has been audited or reviewed by Karnov's auditor.

Consolidated income statement

	Audited		
KSEK	**2018**	**2017**	**2016**
Net sales	715,342	451,718	421,947
Total revenue	**715,342**	**451,718**	**421,947**
Goods for resale	–126,408	–72,010	–79,638
Employee benefit expenses	–215,434	–126,827	–121,582
Depreciation and amortisation	–146,809	–66,123	–68,381
Other operating expenses	–164,009	–73,127	–65,955
Operating profit	**62,682**	**113,631**	**86,391**
Financial income	319	11	3,254
Financial expenses	–98,217	–86,311	–144,174
Net financial items	**–97,898**	**–86,300**	**–140,920**
Profit (loss) before income tax	**–35,216**	**27,331**	**–54,529**
Income tax expense	–11,591	–16,263	–26,682
Profit (loss) for the period	**–46,807**	**11,068**	**–81,211**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	–6,410	19,960	7,732
Other comprehensive income for the period	**–6,410**	**19,960**	**7,732**
Total comprehensive income for the period	**–53,217**	**31,028**	**–73,479**
Profit for the period is attributable to:			
Owners of Karnov Group AB (publ)	–50,927	7,323	–84,616
Non-controlling interest	4,120	3,745	3,405
Total profit (loss) for the period	**–46,807**	**11,068**	**–81,211**
Total comprehensive income for the period is attributable to:			
Owners of Karnov Group AB (publ)	–57,337	27,283	–76,884
Non-controlling interest	4,120	3,745	3,405
Total comprehensive income	**–53,217**	**31,028**	**–73,479**
Earnings per share before and after dilution	–1.14	0.16	–1.89

B.7 *Selected historical financial information, cont.*

Consolidated balance sheet

	Audited		
KSEK	**2018**	**2017**	**2016**
ASSETS			
Non-current assets			
Goodwill	1,657,692	1,324,490	1,238,108
Other intangible assets	1,289,596	814,522	771,788
Property, plant and equipment (PPE)	5,721	6,927	9,399
Derivatives	–	49	50
Investments in associates	8,524	–	–
Deposits	2,628	2,477	2,314
Deferred tax assets	832	38	408
Total non-current assets	**2,964,993**	**2,148,503**	**2,022,067**
Current assets			
Inventories	11,553	4,247	3,505
Trade receivables	169,231	130,172	111,364
Prepaid expenses and accrued income	15,951	11,343	7,033
Other receivables	1,926	288	211
Tax receivable	27,129	11,031	8,262
Cash and cash equivalents	201,797	93,879	131,804
Total current assets	**427,587**	**250,960**	**262,179**
Total assets	**3,392,580**	**2,399,463**	**2,284,246**
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the company			
Share capital	688	688	688
Share premium	798,472	798,472	798,472
Foreign currency translation reserve	30,532	36,942	16,982
Retained earnings including net profit for the year	–223,016	–172,089	–179,412
Total equity attributable to the parent company's shareholders	**606,676**	**664,013**	**636,730**
Non-controlling interest	18,533	41,199	37,454
Total equity	**625,209**	**705,212**	**674,184**
Non-current liabilities			
Borrowing from credit institutions	1,378,199	778,943	849,167
Borrowing from related parties	218,819	198,955	175,440
Other liabilities	–	3,111	6,010
Deferred tax liability	256,581	165,817	162,378
Provisions	5,192	4,823	4,527
Total non-current liabilities	**1,858,791**	**1,151,649**	**1,197,522**
Current liabilities			
Borrowing from credit institutions	65,625	66,275	–
Borrowings from related parties	67,901	–	–
Trade payables	30,890	22,283	11,350
Current tax liabilities	17,617	3,056	32,957
Accrued expenses	164,542	91,084	85,650
Prepaid income	342,902	271,285	237,982
Deferred acquisition payment	130,588	–	–
Other current liabilities	88,515	88,619	44,601
Total current liabilities	**908,580**	**542,602**	**412,540**
Total equity and liabilities	**3,392,580**	**2,399,463**	**2,284,246**

B.7 *Selected historical financial information, cont.*

Consolidated statement of cash flows

KSEK	Audited 2018	2017	2016
Cash flows from operating activities			
Operating profit	62,682	113,631	86,390
Adjustments:			
Non-cash items	146,809	71,797	68,527
Effects of changes in working capital:			
Increase/decrease in inventories	1,119	−373	1,671
Increase/decrease in receivables	10,942	−25,933	−5,107
Increase/decrease in trade payables and other payables	31,646	1,480	−18,456
Increase/decrease in prepaid income	10,195	22,993	17,250
Interest paid	−52,779	−39,927	−52,036
Income tax paid	−24,881	−48,933	−9,782
Cash flow from operating activities	**185,733**	**94,788**	**88,480**
Cash flows from investing activities			
Acquisition of participation in associated companies	−8,492	–	–
Acquisition of subsidiaries	−627,982	−57,471	−10,638
Increase/decrease in deposits and other assets	49	1	–
Acquisition of intangible assets	−96,694	−52,720	−18,038
Acquisitions of PPE	−2,007	−819	−570
Cash flow from investing activities	**−735,127**	**−111,009**	**−29,246**
Cash flows from financing activities			
Increase/decrease in short-term borrowings	94,036	62,527	–
Principal payments on long-term debt	−9,892	−874,281	–
Increase in long-term debt	575,579	793,310	8,479
Cash flow from financing activities	**659,723**	**−18,444**	**8,479**
Cash flow for the period	**110,329**	**−34,666**	**67,713**
Cash and cash equivalents at the beginning of the period	93,879	131,804	61,584
Exchange rate differences on cash and cash equivalents	−2,411	−3,259	2,507
Cash and cash equivalents at end of the period	**201,797**	**93,879**	**131,804**

B.7	*Selected historical financial information, cont.*	**Significant changes during the period covered by the historical financial information** The year ended on 31 December 2018 compared to the year ended on 31 December 2017 The Group's net sales increased by KSEK 263,624 from KSEK 451,718 in the year ended 31 December 2017 to KSEK 715,342 in the year ended 31 December 2018. The increase was mainly due to the acquisition of Norstedts Juridik in January 2018. The increase was partly offset by decreased offline sales, in line with the general offline to online trend, and significantly lower demand for legal training courses in Sweden compared to 2017, in which there was an extraordinary demand for courses regarding GDPR. The Group's operating profit decreased by KSEK 50,949 from KSEK 113,631 in the year ended 31 December 2017 to KSEK 62,682 in the year ended 31 December 2018. The decrease was primarily attributable to amortisation related to the purchase price allocation from the acquisition of Norstedts Juridik in January 2018 and fees paid to consultants and advisors in connection with the acquisition as well as costs for preparations for the listing of the Company's ordinary shares on Nasdaq Stockholm. The year ended on 31 December 2017 compared to the year ended on 31 December 2016 Karnov's net sales increased by KSEK 29,771 from KSEK 421,947 in the year ended 31 December 2016 to KSEK 451,718 in the year ended 31 December 2017. The increase was mainly due to the full-year effect of net sales generated by Notisum AB (KSEK 3,530), which was acquired in April 2016, increased sales of more sophisticated packages on the core online platform to existing customers, sales of KSEK 8,325 generated by Forlaget Andersen (which was acquired in June 2017) and a positive currency effect development during the period. The increase was offset by decreased offline sales, primarily in Denmark, in line with the general offline to online trend, from KSEK 88,984 in the year ended 31 December 2016 to KSEK 81,504 in the year ended 31 December 2017. Karnov's operating profit increased by KSEK 27,240 from KSEK 86,391 in the year ended 31 December 2016 to KSEK 113,631 in the year ended 31 December 2017. The increase was primarily driven by an increase in net sales and improved cost control, including lower goods for resale costs and lower non-recurring costs in Denmark. The increase was offset by the decrease in operating profit generated in Sweden by KSEK 6,671 from KSEK 48,509 in the year ended 31 December 2016 to KSEK 41,838 in the year ended 31 December 2017. The decrease in Sweden was primarily due to the recognition of an impairment loss related to the closing down of a development project regarding an environmental, health and safety information product and non-recurring costs related to the acquisition of Norstedts Juridik. **Material events after 31 December 2018** On 4 January 2019, Karnov paid the deferred payment of KSEK 130,588 regarding the acquisition of Norstedts Juridik. An extraordinary general meeting of the Company on 29 January 2019 resolved to increase the number of shares in the Company (a so-called share split), change the company category from private to public limited liability company, change the company name to Karnov Group AB (publ), change the limits for the share capital, change the procedure for convening general meeting and to include a so-called CSD clause in the Company's articles of association. At the subsequent board meeting, it was resolved to apply for registration of the Company's shares in Euroclear Sweden AB's CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479)* *om värdepapperscentraler och kontoföring av finansiella instrument*). The annual general meeting of the Company on 22 February 2019 resolved to, among other things, adopt the income statement and the balance sheet and the consolidated income statement and the consolidated balance sheet, allocate the Company's profit according to the adopted balance sheet in accordance with the board of directors' proposal and to discharge the board members and the CEO from liability. All board members and the Company's auditor were re-elected for the period until the close of the annual general meeting 2020.
B.8	*Selected pro forma financial information*	Not applicable. The Offering Memorandum contains no pro forma financial information.
B.9	*Profit forecast*	Not applicable. The Offering Memorandum contains no profit forecast or calculation of anticipated profit.
B.10	*Qualifications in the audit report*	Not applicable. There are no qualifications of audit report.
B.11	*Insufficient working capital*	Not applicable. Karnov believes that the working capital available to it is sufficient for at least the twelve months following the date of this Offering Memorandum.

SECTION C – SECURITIES

C.1	*Securities offered and admitted to trading*	Ordinary shares of Karnov Group AB (publ) (ISIN number SE0012323715).
C.2	*Currency*	The shares are denominated in SEK.
C.3	*Number of shares issued*	At the date of this Offering Memorandum, the Company's registered share capital amounts to SEK 688,072 divided among 44,724,355 ordinary shares, 65 preference share of series A, 65 preference share of series B, 65 preference share of series C, 65 preference share of series D and 65 preference share of series E, each with a quotient value of approximately SEK 0.015385. After the completion of the Offering, the Company will have shares of two classes: ordinary shares and shares of series C. The board of directors of the Company will be authorised to issue shares of series C for the purpose of ensuring delivery of ordinary shares to participants in the Company's incentive program. The intention is that the shares of series C shall be held by the Company until vesting and allocation of ordinary shares under the incentive program.
C.4	*Rights attached to the securities*	The ordinary shares in the Company will entitle the holder to one vote at general meetings and the shares of series C will entitle the holder to one-tenth of a vote at general meetings. Shareholders will be entitled to vote the full number of shares that they hold. Shares held by the Company may not be represented at general meetings. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue (Sw. *kvittningsemission*), the shareholders will in general have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue (however, see § 6 of the Company's articles of association for a description of certain differences between the ordinary shares and shares of series C). The articles of association of the Company does not restrict the Company from issuing shares, warrants or convertibles with deviation from the shareholders' preferential rights, if provided for in the Swedish Companies Act. All ordinary shares will carry equal rights to dividends as well as to the assets and any surplus in the event of liquidation of the Company. The shares of series C are not entitled to dividends. Upon dissolution of the Company, shares of series C will carry equivalent rights to the Company's assets as ordinary shares, however not to an amount exceeding the quotient value of the share.
C.5	*Restrictions on the free transferability of the securities*	Not applicable. The shares will be freely transferable. The articles of association contains no restrictions regarding the transferability.
C.6	*Admission to trading*	On 14 March 2019, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's ordinary shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its ordinary shares. Trading in the Company's ordinary shares is expected to commence on or about 11 April 2019.
C.7	*Dividend policy*	Karnov's objective is to distribute 30–50 per cent of the purchase price allocation (PPA) adjusted net profit. Proposals on dividends shall take Karnov's investment opportunities and financial position into consideration.

SECTION D – RISKS

D.1	*Key risks specific to the issuer or its industry*	Karnov is subject to risks that affect or may affect its operations, results of operations, financial position and future outlook. The following risk factors, which are described in no particular order and are not intended to be exhaustive, are deemed to be the key risks related to Karnov, its business and industry. **Karnov generates a significant percentage of its net sales from subscription-based arrangements and its ability to maintain existing net sales is dependent on maintaining a high renewal rate** Karnov's ability to generate net sales is dependent on Karnov's ability to maintain its historically high renewal rate. The renewal rate could decline for various reasons, including, for example, a decrease in the total amount of active lawyers at law firms, corporations or the public sector in Denmark or Sweden or if Karnov would fail to provide competitive products and services meeting the demands of the users of Karnov's products and services. Further, since the majority of Karnov's costs are fixed over the short and medium term, Karnov may have limited possibilities to reduce or otherwise adjust its costs should sales volumes not develop in accordance with Karnov's expectations. A decline in renewal rates or willingness of Karnov's customers to accept proposed prices could have a material adverse effect on Karnov's business, results of operations and financial position. **Karnov operates in a competitive market of legal information services that are subject to change and unforeseen or rapid changes may demand higher than expected capital expenditure and a loss of competitive position in relation to other market participants** Karnov operates in a competitive market of legal information services in Denmark and Sweden. Changes in the market and the products or services of existing or new competitors could make Karnov's products or services obsolete and Karnov may be required to invest significant amounts to enhance and improve its products and services (for example by adding new content and functionality), develop new products and services and acquire additional businesses or partner with other businesses to be able to offer a broader array of products and services in order to further adapt to the changing market and competitive environment. It is difficult to predict future changes and the cost of updating, renewing or replacing existing technologies and how this would affect Karnov. Failure to anticipate and quickly adapt to changes could impact the competitiveness of Karnov's products and services. If Karnov is unable to offer products and services that create value for its customers, it may be unable to retain current customers or attract new consumers. Competitive pressures could also result in pricing pressures on Karnov's products and services or in loss of market share. **Karnov may be affected by uncertainties, downturns and changes in the markets that it serves, in particular the legal markets** Karnov offers its legal and tax and accounting information products and services mainly to law firms, tax and accounting firms, corporates and the public sector. Karnov's business is dependent on demand for its products and services from these customer groups. Demand for Karnov's products and services depends on the financial health and strength of its customers, which in turn is dependent on, among other things, general economic, financial and political conditions in the markets that Karnov operates in, as well as on broader international macroeconomic factors. Cost-cutting, reduced spending or reduced activity by Karnov's customers (including a reduced number of users) may decrease demand for, and usage of, Karnov's products and services and limit Karnov's possibility to maintain or increase the price for Karnov's products and services.

D.1	*Key risks specific to the issuer or its industry, cont.*	**Karnov is dependent on authors and other expert content providers for Karnov's products and services and that the works of such experts are updated or replaced in accordance with their agreements with Karnov** The quality of Karnov's products and services is highly dependent on the content provided by authors and other experts such as editors. If Karnov is unable to protect and enforce this intellectual property rights or is found liable for infringements of third party intellectual property rights, there is a risk that Karnov may not be able to realise the full value of the content that the author has agreed to create for, or transfer to, Karnov. The functionality of several of Karnov's online products and services and the relevance of, for example, legal literature and commentaries to legislation included in Karnov's products and services are subject to changes in, among other things, laws and regulation and case law regarding the legal topics and issues covered by the authors' works and expert editors editing of content. If an author or other expert, for whatever reason, does not update its work or replace it with a new version in due time following the enter into force of relevant changes (regardless of whether this constitutes a breach of contract or not), the work may quickly become outdated and irrelevant for the users of Karnov's products and services. In such situations, Karnov may not be able to find a replacing author or other expert that offers products and services of the quality that Karnov and its customers require and demand at a competitive price in a timely manner or at all. **Karnov relies on the security, integrity and operational performance of its systems, products and services and is subject to risks related to external suppliers** Karnov relies on third parties as providers for a broad range of services, including publishing and printing services, logistics and warehousing, distribution, IT infrastructure, IT applications, cyber security, software products and, customer service as well as certain administrative, finance and accounting functions. Such third parties may, either due to failure by the third party or natural disasters or other events outside the third party's control, fail to perform their services in accordance with agreed-upon terms and conditions, which may result in demands and claims against Karnov where the customers' ability to access Karnov's products and services is interrupted or otherwise compromised. In addition, any problems related to third party suppliers could adversely affect Karnov's reputation, customer satisfaction ratings and customer loyalty. There is also a risk that Karnov may not be able to renegotiate commercially satisfactory arrangements with such providers and may be forced to find substitutes or alternative sources of equivalent content or service. In such situations, Karnov may not be able to find an alternative provider offering products and services of the quality Karnov requires at a competitive price in a timely manner or at all. **Karnov is subject to risks relating to cyber security** A large proportion of Karnov's business is conducted online. Accordingly, Karnov is exposed to cybersecurity threats, which could compromise the confidentiality, availability and integrity of data and information, including, among other things, personal data, customer data, software code and company confidential information. Systems implemented by Karnov could be breached or damaged by computer viruses and systems attacks (such as attacks via malicious software), natural or man-made incidents, catastrophes or unauthorised physical or electronic access. Failure of Karnov's cyber security measures could result in unauthorised access to its systems, misappropriation of its data, deletion or modification of stored information or other interruptions to its business operations. Compliance with all applicable rules and regulations in a changing regulatory environment and the required cyber security measures requires constant investments in new technologies. Karnov may also be required to incur significant costs to protect against or repair the damage caused by a cybersecurity threat or incident. In addition, Karnov's reputation could be damaged following any unauthorised access to Karnov's databases and platforms by third parties and customers could lose confidence in Karnov's security measures, which would harm Karnov's ability to retain existing customers and obtain new ones. Karnov could also face litigation and other claims from persons impacted as well as substantial regulatory sanctions and fines.

D.1	*Key risks specific to the issuer or its industry, cont.*	**Karnov is subject to risks related to inability to manage growth** There is a risk that Karnov may not be able to reach its growth targets or is incapable of growing in accordance with its or other's expectations, or grow at all. In order to achieve lasting growth in the future Karnov may be required to expand its operations in existing and new geographic markets and there is a risk that such expansion cannot be executed in accordance with Karnov's expectations, or at all. Karnov may be unsuccessful in executing business opportunities, maintaining a satisfactory product and service quality and there is risk that the markets for legal information services do not grow in line with Karnov's expectations. Karnov's capacity to grow further could also be adversely affected if growth or increasingly complex operations impose additional demands on Karnov's management, control functions (operational, managerial, and internal financial controls), processes, reporting systems and other IT infrastructure. In addition, Karnov's growth capacity, including its ability to implement necessary expansions of capacity and infrastructure, may be affected by a lack of qualified personnel, lack of software capacity and other technical capacity or lack of competence among Karnov's suppliers (which may lead to delays and increased costs for Karnov). **Karnov is subject to laws and regulations in different jurisdictions that may change** Karnov relies on large number of regulatory frameworks and requirements from authorities. For example, the business is governed by rules and different regulatory requirements regarding, among other things, competition-related matters, intellectual property rights, data protection and privacy and public procurement. Compliance with laws, regulations and regulatory requirements can be complex, require extensive resources (including internal control functions) and incur significant costs and may affect the content, design and functionality of Karnov's existing and new products and services (including, for example, removing content from its products and services or delaying the publication of new content). Should Karnov's compliance with rules and regulations be unsatisfactory, or deemed unsatisfactory, Karnov may be subject to fines, penalties and other sanctions and third party claims, loss of reputation, declines in renewal rates for Karnov's products and services and it could deter potential new customers.
D.3	*Key risks specific to the securities*	Any investment in securities involves risks. Any such risks could cause the trading price of the shares to decline significantly and investors could lose some or all of their investment. The following risk factors, which are described in no particular order and are not intended to be exhaustive, are deemed to be the key risks related to the Company's shares. **The future price of the Company's share cannot be predicted and the share price may fluctuate** Following the listing of the Company's ordinary shares, the share price may be subject to significant fluctuation resulting from, for example, a change in the market's assessment of the Company's shares or a certain event occurring that affect the Company's business, results and development. There is also a risk that an active and liquid trading in the Company's ordinary shares will not materialise and there is therefore also a risk that shareholders will not be able to sell their shares or can only sell them at a loss. **Selling of shares by existing shareholders may affect the market price of the Company's shares** The price of the Company's shares could decline if there are substantial sales of shares. This could in particular be the case in the event of sales by the Company's board members, senior executives or major shareholders or when a large number of shares are being sold. The Selling Shareholders and board members and senior executives that own shares in the Company have agreed to, with some exemptions under a certain period, not sell their shares in the Company or in other ways make transactions with similar effects without receiving the prior written consent from the Managers (so-called lock-up undertakings). When the applicable lock-up period has expired, the persons covered by the lock-up undertaking will be free to sell their shares in the Company. The selling of large numbers of shares in the Company following the expiration of the lock-up periods, or the perception that such sales might occur, may cause the market price of the ordinary shares to decline. **The Principal Shareholders will continue to have significant influence over the Company after the Offering and could exercise this influence in such a manner that is contrary to the interests of the other shareholders** The Principal Shareholders are likely to continue to have a significant influence over the outcome of matters submitted to the general meeting for approval, including the election of board members, amendments to the Company's articles of association, issuances of new shares and the payment of dividends. The interests of the Principal Shareholders may differ significantly from, or compete with, the Company's interests or those of the other shareholders, and the Principal Shareholders could exercise influence over the Company in such a manner as is contrary to the interests of the other shareholders.

SECTION E – THE OFFERING

E.1	*Net proceeds and expenses for the offering*	The Offering comprises the sale of both existing and new ordinary shares. Karnov expects to receive proceeds of approximately MSEK 796 before deduction of approximately MSEK 64 in transaction costs. Consequently, Karnov expects to receive net proceeds of approximately MSEK 732 through the Offering. Karnov will not receive any proceeds from the sale of ordinary shares by the Selling Shareholders.
E.2a	*Reasons for the offering and use of proceeds*	Karnov's board of directors, together with the Company's principal shareholder FAPI, believes that a listing of the Company's ordinary shares on Nasdaq Stockholm represents an important stage in the development of the Company. The board of directors expects a listing to increase the awareness of Karnov's operations and activities, benefiting Karnov's future potential by strengthening the Company's profile and brand with investors and customers, as well as increasing the ability to attract and retain qualified employees and key management, and providing Karnov with access to the Swedish and international capital markets supported by a broad and long-term shareholder base. In addition, the Offering allows the Selling Shareholders to sell a portion of their current shareholding and to create a liquid market for the shares. Karnov intends to use the net proceeds to position for future growth and to repay current outstanding debt, thereby aligning its financial position with Karnov's financial target for its capital structure and to make changes to the capital structure by acquiring shares in the partly-owned subsidiary KARN Holdco AB.
E.3	*Terms and conditions of the offering*	**The Offering** The Offering comprises 43,513,472 ordinary shares in Karnov, of which 25,000,000 existing ordinary shares are offered by the Selling Shareholders and 18,513,472 newly issued ordinary shares are offered by the Company. The Offering is divided into two components: > The Offering to the public in Sweden and Denmark. The public refers to private individuals and legal entities in Sweden and Denmark applying to subscribe for a maximum of 23,000 shares. > The Offering to institutional investors in Sweden and abroad. Institutional investors refers to private individuals and legal entities applying to subscribe for more than 23,000 shares. **Increase of the Offering** The Selling Shareholders reserve the right to increase the Offering by up to 17,000,001 existing ordinary shares in Karnov. **Over-allotment option** The Selling Shareholders have provided the Managers with an over-allotment option entitling the Managers, no later than 30 days from the first day of trading in the Company's ordinary shares on Nasdaq Stockholm, to request to acquire 9,077,015 existing ordinary shares from the Selling Shareholders, corresponding approximately 15 per cent of the number of shares in the Offering, at a price corresponding to the price of the Offering. The over-allotment option may only be exercised in order to cover any over-allotment in the Offering. **Offering price** The price per share in the Offering is SEK 43.0. The price has been determined by the Company and the Selling Shareholders in consultation with Carnegie based on a number of factors, including the discussions with the Cornerstone Investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation and estimates regarding the Company's business opportunities and future profitability. **Application** The Offering to the general public in Sweden and Denmark Applications from the public in Sweden and Denmark for the acquisition of shares must be made between 1–9 April 2019 and pertain to a minimum of 250 shares and a maximum of 23,000 shares, in even lots of 50 shares. Only one application per investor may be made. If more than one application is submitted, Carnegie, Nordea, Avanza and Nordnet reserve the right to consider only the first application received. Applications are binding. The Company's board of directors, in consultation with Carnegie, reserves the right to extend the application period. Notification of such an extension will be given in a press release prior to the end of the application period.

E.3	*Terms and conditions of the offering, cont.*	**The Offering to institutional investors** The application period for institutional investors in Sweden and abroad is between 1–10 April 2019. The Company's board of directors and the Selling Shareholders, in consultation with Carnegie, reserve the right to shorten or extend the application period for the Offering to institutional investors. In the event that the application period is shortened or extended, the Company will announce the change through a press release. Expressions of interest from institutional investors are to be submitted to Carnegie or Nordea according to special instructions. **Allotment** Decisions concerning the allotment of shares will be made by the Company and the Selling Shareholders in consultation with Carnegie, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public to enable regular and liquid trading of the Company's ordinary shares on Nasdaq Stockholm. Allotment is not dependent on when during the application period the application was submitted. **Terms and conditions for completion of the Offering** The Offering is conditional on the Company, the Selling Shareholders and the Managers entering into an agreement regarding the placing of shares in the Company, which is expected to take place on or around 10 April 2019. The Offering is conditional on the Managers believing there to be sufficient interest in the Offering to enable trading in the share, the Placing Agreement being executed, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated. The Placing Agreement stipulates that the Managers' undertaking to serve as an intermediary for buyers in the acquisition of shares in the Offering is conditional on, *inter alia*, the Company's representations and warranties being correct and no events occurring that have such a material negative impact on the Company that it would be inappropriate to carry out the Offering. If any material negative events occur, if the guarantees that the Company has issued to the Managers should fall short or if any of the other conditions stipulated by the Placing Agreement are not fulfilled, the Managers will be entitled to terminate the Placing Agreement up to and including the settlement date on 15 April 2019. If the above conditions are not fulfilled and if the Managers terminate the Placing Agreement, the Offering may be terminated. In such cases, neither delivery nor payment will be carried out under the Offering. Under the Placing Agreement, the Company will undertake to indemnify the Managers against certain claims under certain conditions.
E.4	*Interests material to the offering*	The Managers provide financial advice and other services to the Company and the Selling Shareholders in connection with the Offering. Upon a successful completion of the Offering, the Managers will receive an advisory fee from the Company and the Selling Shareholders. The size of the advisory fee will be based on the amount of gross proceeds received from investors, and the Managers have therefore, as such, an interest in the Offering. Nordea has provided the Company with a credit facility. The Managers and their respective affiliates may from time to time engage in commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with Karnov and the Selling Shareholders. None of the Managers own shares in the Company.
E.5	*Selling shareholders and lock-up agreements*	Five Arrows Principal Investments II Holding Sàrl, Five Arrows Co-Investments II Holding Sàrl, General Electric Pension Trust, RPO King S.C.A., Torreal and Donal Smith (the "**Selling Shareholders**") are the sellers of the existing ordinary shares in the Offering. The Selling Shareholders and board members and senior executives that own shares in the Company have agreed to, with some exemptions under a certain period, not sell their shares in the Company or in other ways make transactions with similar effects during a certain period after the first day of trading of the ordinary shares on Nasdaq Stockholm. The lock-up period will be 180 days for Selling Shareholders and the board member Mark Redwood and 360 days for the other shareholding board members and senior executives. When the applicable lock-up period has expired, the persons covered by the lock-up undertaking will be free to sell their shares in the Company. The selling of large numbers of shares following the expiration of the lock-up periods may cause the market price of the ordinary shares to decline. The Managers may jointly, at their own discretion and at any time, decide to grant exemptions for the sale of shares during the lock-up period. The Company will agree with the Managers that it will not for a period of 180 days from the first day of trading of the ordinary shares on Nasdaq Stockholm, without prior written consent of the Managers, resolve on, *inter alia*, increases to the share capital through issuance of shares or other financial instruments, or transfer of shares or other financial instruments.

E.6	*Dilution*	An extraordinary general meeting on or around 10 April 2019 will resolve on certain changes to the capital structure in connection with the Offering, including a reduction of the share capital with retirement of all preference shares, a cash issue of new ordinary shares to compensate the former preference shareholders, an issue of new ordinary shares with payment through set-off against shareholder loans and an issue of new ordinary shares against payment in-kind consisting of shares in the Company's subsidiary KARN Holdco AB. Through the changes to the capital structure, the number of shares in the Company will increase from 44,724,680 shares (44,724,355 ordinary shares, 65 preference shares of series A, 65 preference shares of series B, 65 preference shares of series C, 65 preference shares of series D and 65 preference shares of series E) to a maximum of 79,157,095 ordinary shares. Under the assumption that the Offering is completed in its entirety, the Company's offering of 18,513,472 new ordinary shares will increase the number of shares and votes in the Company to 97,670,567 shares and votes, which corresponds to an increase of 23.4 per cent.
E.7	*Expenses charged to the investor*	Not applicable. Brokerage commission will not be charged.

Risk factors

An investment in the Company's shares is associated with risks. Prior to taking any investment decision, it is important to carefully analyse the risk factors that are considered to be of importance for the future performance of the Company and its shares. This section contains a description of risk factors that are considered to be of importance for Karnov and are not listed in any particular order. The description covers risks relating to Karnov, its operations and the industry, the Company's shares and the Offering. The description below does not purport to be complete and it is not possible to foresee and describe in detail any and all risk factors. In addition to this section, investors should also take into consideration the other information contained in this Offering Memorandum in its entirety. The risk factors presented in this section may, individually or jointly, have a material adverse effect on Karnov's business, results of operations or financial condition. They may also result in a decrease in value of the Company's shares, which may lead to the Company's shareholders losing all or part of their investment. Additional factors of which the Company is currently unaware, or which it currently deems not to be material risks, may also have corresponding negative effects.

RISKS RELATING TO KARNOV, ITS OPERATIONS AND THE INDUSTRY

Karnov generates a significant percentage of its net sales from subscription-based arrangements and its ability to maintain existing net sales is dependent on maintaining a high renewal rate

In 2018, 82 per cent of Karnov's net sales were generated through fees paid for subscription-based products and services (74 per cent online and 26 per cent offline). The majority of Karnov's subscription arrangements has a term of one year. For 2018, renewal rates among online customers were 98 per cent.[1] Accordingly, Karnov's ability to generate net sales is dependent on Karnov's ability to maintain this historically high renewal rate. The renewal rate could decline for various reasons, including, for example, a decrease in the total amount of active lawyers at law firms, corporations and the public sector in Denmark or Sweden or if Karnov would fail to provide competitive products and services meeting the demands of the users of Karnov's products and services.

In addition, Karnov views the agreements with some of its largest customers (including certain governmental authorities and leading law firms in Denmark and Sweden) as important signs of quality of its products and services. Should one or several of those customers decide not to renew their subscription agreement with Karnov, there is a risk that the renewal rate also among other customers declines. Further, since the majority of Karnov's costs are fixed over the short and mediumterm, Karnov may have limited possibilities to reduce or otherwise adjust its costs should sales volumes not develop in accordance with Karnov's expectations. A decline in renewal rates or willingness of Karnov's customers to accept proposed prices could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov operates in a competitive market of legal information services that are subject to change and unforeseen or rapid changes may demand higher than expected capital expenditure and a loss of competitive position in relation to other market participants

Karnov operates in a competitive market of legal information services in Denmark and Sweden. These markets, and the means of delivering Karnov's products and services, and the products and services themselves, may change in response to factors beyond Karnov's control, including changes in customer demand, the impact of consolidation, technological changes, legislative and regulatory changes, entry of new competitors, disruptive business models and other factors. For example, technological changes and competition among law firms are changing how lawyers work and the evolving regulatory landscape is both enabling and requiring new types of legal services and it is important that Karnov continuously is able to meet the demands of its customers and the users of Karnov's products and services. Changes in the market and the products or services of existing or new competitors could make Karnov's products or services obsolete and Karnov may be required to invest significant amounts to enhance and improve its products and services (for example by adding new content and functionality), develop new products and services and acquire additional businesses or partner with other businesses to be able to offer a broader array of products and services in order to further adapt to the changing market and competitive environment. As an example, trade associations with good insight in its members businesses and demands (*e.g.*, local bar associations) could decide to develop online platforms with similar content as Karnov's online platform with, *e.g.*, a more enhanced and functional search tool that creates more value to the customers.

1) Renewal rate defined as the percentage of customers who renewed their annual online subscriptions during the year.

Karnov's investments in digital technology, intellectual property rights and new products and services can be significant (investments in intangible assets amounted to KSEK 96,694 in 2018 and 52,720 in 2017 and investments in acquisitions of subsidiaries and associated companies amounted to KSEK 636,474 in 2018 and KSEK 57,471 in 2017). It is difficult to predict future changes and the cost of updating, renewing or replacing existing technologies and how this would affect Karnov. Failure to anticipate and quickly adapt to changes could impact the competitiveness of Karnov's products and services. If Karnov is unable to offer products and services that create value for its customers, it may be unable to retain current customers or attract new consumers. Competitive pressures could also result in pricing pressures on Karnov's products and services or in loss of market share. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov may be affected by uncertainties, downturns and changes in the markets that it serves, in particular the legal markets

Karnov offers its legal and tax and accounting information products and services mainly to law firms, tax and accounting firms, corporates and the public sector. In 2018, 42 per cent of Karnov's net sales (online) came from law firms and tax and accounting firms, 34 per cent came from the public sector and the remaining 24 per cent came from corporate customers. Karnov's business is dependent on demand for its products and services from these customer groups. Demand for Karnov's products and services depends on the financial health and strength of its customers, which in turn is dependent on, among other things, general economic, financial and political conditions in the markets that Karnov operates in, as well as on broader international macroeconomic factors. As Karnov's net sales are currently derived from customers in Denmark and Sweden, Karnov is particularly sensitive to changes affecting these markets.

Uncertain and changing conditions affecting the legal industry in Denmark and Sweden could have an impact on law firms' demand and willingness to pay for legal information services such as Karnov's products and services. For example, law firms' possibility to increase billing rates and hours could be limited and law firms may be required to reduce costs (including spending on legal information services such as Karnov's products and services) as a result of downturns in the demand for external legal advice.

Public authorities' (such as courts, prosecution authorities and tax authorities) demand for legal information services (such as Karnov's products and services) may depend on budgets and funds allocated to the authority as well as rules regarding public procurement processes with respect to acquiring such products and services. If economic or political conditions lead to shifts in public sector policies, programmes or public procurement methodologies, Karnov may be unable to maintain renewal rates or price levels towards customers within the public sector.

In summary, cost-cutting, reduced spending or reduced activity by Karnov's customers (including a reduced number of users) may decrease demand for, and usage of, Karnov's products and services and limit Karnov's possibility to maintain or increase the price for Karnov's products and services. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risk related to the collection and use of third-party information

A number of Karnov's and its competitors' products and services contain content and data from external sources (including, for example, legislation, preparatory works and court cases). Such content and data are in general obtained from public records, governmental authorities and other information companies and Karnov's business is dependent on such content and data being available for Karnov and that Karnov is allowed to use it for commercial purposes. If governmental authorities or other third party suppliers of information would increase the price for content and data that Karnov includes in its products and services, Karnov may have to increase the prices towards its customers in order to maintain its profitability and Karnov may be unsuccessful in doing so (which in turn could lead to reduced sales and a decrease in the renewal rates for the subscriptions of Karnov's products and services). On the contrary, if governmental authorities or other third party suppliers of information would increase the amount of information they make publicly available at no cost, this could benefit competitors that compile such information and provide it at a lower price than Karnov, which in turn could increase the competition for legal information services and result in Karnov losing customers to such competitors. In addition, there is a risk that Karnov's customers choose to use such public sources of free or relatively inexpensive information as a substitute of Karnov's products and services. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is dependent on authors and other expert content providers for Karnov's products and services and that the works of such experts are updated or replaced in accordance with their agreements with Karnov

The quality of Karnov's products and services is highly dependent on the content provided by authors and other experts such as editors. Karnov is party to several agreements regarding the transfer of intellectual property rights from authors of various types of books, articles, theses and commentaries to legislation that are part of Karnov's products and services. If Karnov is unable to protect and enforce this intellectual property rights or is found liable for infringements of third party intellectual property rights, there is a risk that Karnov may not be able to realise the full value of the content that the author has agreed to create for, or transfer to, Karnov.

Further, the functionality of several of Karnov's online products and services and the relevance of, for example, legal literature and commentaries to legislation included in Karnov's products and services are subject to changes in, among other things, laws and regulation and case law regarding the legal topics and issues covered by the authors' works and expert editors editing of content. If an author or other expert, for whatever reason, does not update its work or replace it with a new version in due time following the enter into force of relevant changes (regardless of whether this constitutes a breach of contract or not), the work may quickly become outdated and irrelevant for the users of Karnov's products and services. Consequently, Karnov may have to find substitutes or alternative sources of equivalent content. In such situations, Karnov may not be able to find a replacing author or other expert that offers products and services of the quality that Karnov and its customers require and demand at a competitive price in a timely manner or at all. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov relies on the security, integrity and operational performance of its systems, products and services and is subject to risks related to external suppliers

Karnov relies on third parties as providers for a broad range of services, including publishing and printing services, logistics and warehousing, distribution, IT infrastructure, IT applications, cyber security, software products and customer service as well as certain administrative, finance and accounting functions. Such third parties may, either due to failure by the third party or natural disasters or other events outside the third party's control, fail to perform their services in accordance with agreed-upon terms and conditions, which may result in demands and claims against Karnov where the customers' ability to access Karnov's products and services is interrupted or otherwise compromised. One such incident occurred on 5 March 2019 due to a hardware flaw and Karnov's core online platform was unavailable for users for approximately nine hours. As at the date of this Offering Memorandum, no customer has made any claim for damages against Karnov due to this incident. However, there is a risk that Karnov's customers demand compensation from Karnov for any losses incurred in connection with such events and Karnov may not be able to reclaim this from the third parties. In addition, any problems arising from such problems with the operational performance of systems, products and services or third party suppliers could adversely affect Karnov's reputation, customer satisfaction ratings and customer loyalty.

In addition, some of Karnov's suppliers may seek to increase fees for their services in connection with negotiations regarding extensions of existing agreements and suppliers may also not offer Karnov the opportunity to renew existing agreements. As a consequence, Karnov may not be able to renegotiate commercially satisfactory arrangements with such providers and may be forced to find substitutes or alternative sources of equivalent content or service. In such situations, Karnov may not be able to find an alternative provider offering products and services of the quality Karnov requires at a competitive price in a timely manner or at all. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks relating to cyber security

A large proportion of Karnov's business is conducted online. Accordingly, Karnov is exposed to cybersecurity threats, which could compromise the confidentiality, availability and integrity of data and information, including, among other things, personal data, customer data, software code and company confidential information. Systems implemented by Karnov could be breached or damaged by computer viruses and systems attacks (such as attacks via malicious software), natural or man-made incidents, catastrophes or unauthorised physical or electronic access. Failure of Karnov's cyber security measures could result in unauthorised access to its systems, misappropriation of its data, deletion or modification of stored information or other interruptions to its business operations.

Compliance with all applicable rules and regulations in a changing regulatory environment and the required cyber security measures require constant investments in new technologies. Karnov may also be required to incur significant costs to protect against or repair the damage caused by a cybersecurity threat or incident. In addition, Karnov's reputation could be damaged following any unauthorised access to Karnov's databases and platforms by third parties and customers could lose confidence in Karnov's security measures, which would harm Karnov's ability to retain existing customers and obtain new ones. Karnov could also face litigation and other claims from persons impacted as well as substantial regulatory sanctions and fines. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov's intellectual property rights may not be adequately protected or may be subject to claims of infringement

Karnov's products and services are largely comprised of intellectual property content delivered through a variety of media, including the online products and services as well as books. Karnov relies on agreements with its customers as well as trademark, copyright and other intellectual property laws to establish and protect its proprietary rights to these products and services. Third parties may be able to copy, infringe or otherwise violate Karnov's proprietary rights in its products and services. Karnov cannot assure that its intellectual property rights will not be challenged, limited, invalidated, circumvented or infringed by competitors or other persons (see the risk factor "*–Karnov is subject to risks related to disputes, proceedings, penalties and other sanctions*"). The internet as well as technological developments may make it increasingly difficult to protect intellectual property rights and the lack of internet-specific legislation relating to trademark and copyright protection creates an additional challenge for Karnov in protecting its proprietary rights to content delivered through the internet and electronic platforms. If Karnov is unable to protect and enforce its intellectual property rights or is found liable for significant infringements of third party intellectual property rights, there is a risk that Karnov may not be able to realise the full value of its intellectual property.

Karnov may also be subject to claims of infringement of the intellectual property rights of others or claims to determine the scope and validity of such intellectual property rights. Such claims, whether valid or not valid, could require Karnov to spend significant sums on litigation, pay damages, re-brand or change the content of its products and services and divert management's attention away from the business. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov relies on its good reputation and strong brands

Karnov's brands and reputation are important corporate assets that Karnov believes help distinguish its services from those of its competitors and also contribute to Karnov's efforts to retain and attract employees, authors and other experts and customers in markets where Karnov operates. However, Karnov's reputation is potentially susceptible to damage resulting from failure to meet contractual obligations, critical operational incidents or by actions or statements made by or concerning current and former customers, competitors, suppliers, adversaries in legal proceedings, government regulators or employees.

In addition, there is a risk that negative attention concerning Karnov or its management, such as related to IT systems failure, cyber attacks or litigation, even if based on a rumour or a misunderstanding, could adversely affect Karnov's business operations more generally. As a listed company, Karnov expects to be subject to greater media scrutiny and thus any such negative information could have an exacerbated effect. Damage to Karnov's reputation could be difficult and time-consuming to repair, and could divert management's attention from the business or make existing or potential customers reluctant to enter into agreements with Karnov. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov relies on its ability to recruit and retain members of the executive management and other key personnel

Karnov's operations and future success are highly dependent on a number of senior executives and key employees and other personnel with specialised expertise within, for example, IT and development of content for Karnov's products and services. These senior executives and employees have good relationships with different market players, an in-depth understanding of the environment within which Karnov operates and a central role in maintaining Karnov's corporate culture. As an example, Karnov depends on individual employees with certain specific and system-critical knowledge and skills about Karnov's IT systems that are fundamental to Karnov's everyday operations. Should any of these employees fail or cease to provide Karnov with his or her expertise, it could lead to interruptions and disturbance in Karnov's online product and services. Accordingly, certain key personnel play a central role in the progression of Karnov's operations.

Karnov's employee turnover may at times be significant. Karnov may need to invest significant amounts to retain and attract new employees. There is a risk that Karnov will never generate any return on these investments. Should one or more key employees leave or reduce their commitment to Karnov, should employee turnover increase in general or within the IT department in particular, should Karnov's costs to retain, train and recruit its employees increase or should Karnov fail to attract and retain qualified key persons and other skilled personnel on acceptable terms, it may have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov's acquisitions may fail, strain or derail resources from daily operations

Karnov has completed several acquisitions and may consider making further acquisitions to support future growth and profitability. To be successful with acquisitions, Karnov must identify suitable companies or assets to acquire, conduct adequate due diligence, negotiate favourable terms for each transaction, obtain necessary permits, and integrate acquired businesses into existing operations. Even if Karnov finds suitable acquisition targets, Karnov may not obtain relevant regulatory approvals for such transactions (such as clearances from competition authorities).

If Karnov progresses with acquisitions, there is a risk that the profitability or cash flow that the acquired businesses are expected to achieve will not be generated, or that advantages, including growth or expected synergies, are not realised. Karnov's assessment of and assumptions regarding acquired businesses may prove to be inaccurate and actual developments may differ significantly from such expectations. In addition, Karnov may experience or be exposed to unknown or unexpected liabilities or expenses, for example related to customers, employees and authorities. There is also a risk that Karnov will be unable to integrate acquisitions, that such integration requires more resources than expected or that the integration process for completed or future acquisitions interfere in other ways with Karnov's operations, for example due to unforeseen issues of a legal, contractual or other nature, issues with the realisation of operational synergies or failure to maintain good quality of service. Furthermore, acquisitions may divert management's attention away from daily operations. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov may not be able to realise the anticipated benefits from the acquisition of Norstedts Juridik and it may not be successful in fully integrating Norstedts Juridik into Karnov's existing business in the manner or within the timeframe currently anticipated

In January 2018, Karnov acquired the leading publisher of legal information in Sweden, Norstedts Juridik, from Wolters Kluwer. Several measures with respect to the integration of Norstedts Juridik into Karnov took place in 2018 and additional measures are planned to be taken during 2019. Karnov anticipates that Norstedts Juridik will be fully integrated by the end of 2019.

The process of integrating Norstedts Juridik into Karnov involves certain risks and uncertainties, and there can be no assurances that Karnov will be able to integrate Norstedts Juridik in the manner or within the timeframe currently anticipated and the integration process may divert management's attention away from daily operations. As an example, during the second quarter 2018, Karnov experienced a set-back when certain fundamental migration related decisions took longer than expected. The delayed decision process caused additional costs for Karnov and required more resources from Karnov's management and certain employees than expected when Karnov acquired Norstedts Juridik.

Karnov estimates that it could achieve certain cost savings from the acquisition, mainly relating to personnel and consultant related cost savings (on a group level) and certain non-organisational costs savings, such as elimination of duplicate external costs in areas including IT, content development, facilities, audit and marketing (see "*Operating and financial review–Factors affecting Karnov's results of operation–Acquisitions*"). There can be no assurance that Karnov will achieve any of the anticipated benefits of the Norstedts Juridik acquisition, including business growth opportunities, cost savings, increased profitability and other synergy benefits described elsewhere in this Offering Memorandum within the timeframe currently estimated by Karnov, or that any such benefits can be achieved at all. The anticipated cost reductions and other benefits expected to arise from acquisition of Norstedts Juridik and the integration of Norstedts Juridik into Karnov Group as well as related costs to implement such measures are derived from the estimates of Karnov and such estimates are inherently uncertain. The estimates included in this Offering Memorandum are based on a number of assumptions made in reliance on the information available to Karnov and management's judgments based on such information, including, without limitation, information relating to the business operations, financial condition and results of operations of Norstedts Juridik. The underlying assumptions for the estimated cost savings are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive factors, risks and uncertainties that could cause the actual results to differ materially from those contained in any synergy benefit and cost saving estimates.

Karnov is subject to risks related to inability to manage growth

There is a risk that Karnov may not be able to reach its growth targets or is incapable of growing in accordance with its or other's expectations, or grow at all. In order to achieve lasting growth in the future Karnov may be required to expand its operations in existing and new geographic markets and there is a risk that such expansion cannot be executed in accordance with Karnov's expectations, or at all. Karnov may be unsuccessful in executing business opportunities, maintaining a satisfactory product and service quality and there is risk that the markets for legal information services do not grow in line with Karnov's expectations. Karnov's capacity to grow further could also be adversely affected if growth or increasingly complex operations impose additional demands on Karnov's management, control functions (operational, managerial, and internal financial controls), processes, reporting systems and other IT infrastructure. In addition, Karnov's growth capacity, including its ability to implement necessary expansions of capacity and infrastructure, may be affected by a lack of qualified personnel, lack of software capacity and other technical capacity or lack of competence among Karnov's suppliers (which may lead to delays and increased costs for Karnov). There is also a risk that Karnov will not be able to deliver in accordance with its revenue or cost strategies or that the business becomes dependent on maintaining certain revenue streams. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks relating to potential expansions into new geographic markets

Karnov currently operates in Denmark and Sweden. In the future, Karnov could potentially decide to expand into new geographic markets, in which Karnov has no or only limited experience and where Karnov has no established or recognised brand. Providing products and services in new geographic markets often requires significant resources, investments and time. There is a risk that Karnov will not achieve the expected and calculated success in new geographic markets and Karnov may not recover its investments with respect to the expansion project. There is also a risk that Karnov fail to adapt its products and services, as well as marketing and pricing models, to the new local market. Future expansions into new geographic markets may also expose Karnov to risks related to staffing and handling of cross-border activities, including increased risks in protecting Karnov's intellectual property rights and sensitive data (such as personal data). Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to laws and regulations in different jurisdictions that may change

Karnov relies on large number of regulatory frameworks and requirements from authorities. For example, the business is governed by rules and different regulatory requirements regarding, among other things, competition-related matters, intellectual property rights, data protection and privacy and public procurement. Compliance with laws, regulations and regulatory requirements can be complex, require extensive resources (including internal control functions) and incur significant costs and may affect the content, design and functionality of Karnov's existing and new products and services (including, for example, removing content from its products and services or delaying the publication of new content). Should Karnov's compliance with rules and regulations be unsatisfactory, or deemed unsatisfactory, Karnov may be subject to fines, penalties and other sanctions and third party claims, loss of reputation, declines in renewal rates for Karnov's products and services and it could deter potential new customers. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to regulation regarding the use of personal data

Karnov is required to comply with data protection and privacy legislation in the jurisdictions in which Karnov operates, including the General Data Protection Regulation ("**GDPR**"). Such laws restrict Karnov's ability to collect and use personal information relating to its products and services, customers and users of its products and services and third parties, including the marketing use of that information. For example, GDPR sets out administrative sanctions and an extended civil liability with a reversal of the burden of proof of compliance onto the data controller. GDPR also sets out extensive documentation obligations and high transparency requirements, which affect not only initial data collection but also monitoring and investigations. Karnov may not have implemented GDPR to the extent necessary and Karnov's work with implementing GDPR may not yield the expected results. Accordingly, Karnov is exposed to the risk that personal data could be wrongfully appropriated, lost or disclosed, or processed in breach of applicable data protection regulation, by Karnov or by third party contractors (on behalf of Karnov). Consequently, Karnov could face liability under applicable data protection laws. Liability could arise if Karnov or any third-party service provider on which Karnov relies fail to transmit customer information securely or if any such loss of personal customer data were otherwise to occur. In addition, should Karnov face liability under, for example, GDPR, Karnov may be subject to loss of reputation, declines in renewal rates for Karnov's products and services and it could deter potential new customers. As an example, during the second half of 2018 and in the first quarter of 2019, Karnov experienced five personal data breaches in Denmark when non-redacted names of a limited number of individuals were wrongfully disclosed in rulings (civil and criminal cases) published on Karnov's online platform. The breaches were notified to the Danish Data Protection Agency (Da. *Datatilsynet*) and communicated to the data subjects. As per the date of this Offering Memorandum, none of the personal data breaches has resulted in any complaints from the data subjects or the Danish Data Protection Agency, but it cannot be ruled out that these or any potential future breaches result in complaints in the future. However, should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risk regarding competition-related claims and investigations

Karnov is subject to competition laws and regulations in jurisdictions where it operates. Such laws and regulations seek to prevent and prohibit anti-competitive activity. This includes merger control relating to acquisitions and the prevention of abuses of dominant market position. Karnov may be subject to competition-related investigations and claims in the future, including allegations regarding agreements or concerted practices for market sharing, fixing of prices or other commercial conditions. Karnov could also be affected by potential investigations and claims against publishing associations of which Karnov was or currently is a member. Karnov may be subject to fines or other penalties if Karnov is found to have violated competition laws or regulations and Karnov may be compelled to change the way it offers a particular product or service or a particular business model following an antitrust or competition-related investigation or claim. As an example, in July 2016, the Danish Bar Association (Da. *Danske Advokater*), together with a number of trade unions and industry associations, claimed before the Danish Competition and Consumer Authority (Da. *Konkurrence- og Forbrugerstyrelsen*) that Karnov was abusing its market position in Denmark by introducing new subscription terms and pricing structures. On 16 April 2018, the Danish Competition and Consumer Authority ruled that there were not sufficient grounds to investigate the claim and the case was not tried. However, should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks related to its database registrations and publishing certificates in Sweden

Karnov holds two database registrations (Sw. *databasanmälningar*) (for https://zeteo.nj.se and www.karnovgroup.se) as well as two publishing certificates (Sw. *utgivningsbevis*) (for www.nj.se/juridikidag and www.notisum.se) pursuant to the Swedish Fundamental Law on Freedom of Expression (Sw. *yttrandefrihetsgrundlagen*). The database registrations and publishing certificates mean that Karnov has a strengthened protection of its rights of freedom of expression and increased freedom when publishing material. For example, the Swedish Legislative Act Implementing GDPR (Sw. *lagen (2018:218) med kompletterande bestämmelser till EU:s dataskyddsförordning*) limits the scope of applicability of GDPR and the implementing act to matters which do not conflict with, among other things, the Fundamental Law on Freedom of Expression and the rights provided therein. In order for a website to have such a constitutional protection, certain legal requirements must be satisfied. Should Karnov's compliance with such requirements be unsatisfactory, or deemed unsatisfactory, either due to failure by Karnov or changes in applicable legislation, Karnov's registered databases could lose its automatic constitutional protection and the publishing certificates may be revoked, which in turn could have an effect on the content of Karnov products and services in Sweden or result in significant regulatory compliance costs for Karnov. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks associated with changes to taxation or interpretation and application of tax laws

Karnov's operations are conducted partly through subsidiaries in Sweden and Denmark and there are intra-group transactions to a varying extent between these companies. Tax laws may be changed and tax authorities in relevant countries may make judgments and decisions that differ from Karnov's or Karnov's advisors' opinions regarding, for example, intra-group transactions, and such decisions may also have retroactive effect. Tax audits and investigations by Swedish and foreign tax authorities, for example, refer to assessments as to whether interpretation and application of laws and regulations in relation to direct and indirect tax were correct regarding current and past transactions or Karnov's ongoing operations (including any existing and future liabilities and internal loans). If tax authorities carry out tax audits of companies within the Karnov Group, there is a risk that Karnov's compliance with tax rules is questioned. There is also a risk that Karnov will, by mistake or due to circumstances outside Karnov's control, not comply with applicable tax regulations. Should any of these circumstances occur, it may lead to long-term litigation and to Karnov being required to pay significant tax amounts, interests and other penalty charges. There is thus also a risk that Karnov will have to defend its tax returns before a court and any subsequent legal proceedings can be costly and divert management's attention from Karnov's operations. Tax audits and other audits by local tax authorities may also result in negative publicity, which may adversely affect Karnov's reputation. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks associated with changes to accounting standards adversely impacting its financial reports

Karnov's accounts, financial reports and internal control may be impacted by changes in the application and interpretation of IFRS. For example, IFRS 16 (Leases), which entered into force on 1 January 2019, replaced the IAS 17 standard and stipulates new requirements for the calculation, preparation and reporting of leases where Karnov is a lessee. The application of IFRS 16 requires assets and liabilities relating to all leases (with certain exceptions) be reported in the balance sheet without distinction between operational and financial leases. Pursuant to IFRS 16, an asset (i.e., the right to use what the lease relates to) and a financial liability for future lease payments shall be reported. The only exceptions are short-term leases and low-value leases. Instead of reporting a leasing cost, the result will be impacted by a depreciation of the asset and an interest expense attributable to the liability. The main effect on the financial statements will be an increase in assets and liabilities and related key ratios as well as an impact on key ratios relating to the income statement, such as EBITDA. The estimated future effects on Karnov's financial statements due to the application of IFRS 16 are described in further detail in "*Operating and financial review–Liquidity and capital resources–Changes in accounting standards*". There is a risk that the actual future effects on Karnov's financial statements due to the implementation of IFRS 16 will differ from these estimates, or that other changes to IFRS, will have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks related to changes in assumptions underlying the value of certain assets, which could result in impairment of such assets, including intangible assets such as goodwill

As at 31 December 2018, Karnov had KSEK 1,657,692 of goodwill and KSEK 1,289,596 of other intangible assets. Depending on the results of operation of Karnov in the future, Karnov may have to make write-downs of its intangible asset values and Karnov tests goodwill for impairment annually and whenever changes in circumstances indicate that the carrying amount may not be recoverable. Karnov did not record any impairment losses during 2016–2018. However, there can be no assurance that Karnov will not need to make impairments of goodwill or other intangible assets in the future. If Karnov is required to recognise impairment of goodwill or other intangible assets, it is recorded in the income statement. Any significant impairment of goodwill or other intangible assets could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks related to insufficient insurance coverage

Karnov's insurance policies include insurance to cover risks associated with Karnov's business, including, among other things, general and product liability, liability for accidents, cyber risk, marine cargo, workers compensation in Denmark and liability of board members and senior executives. However, Karnov is not fully insured against all possible risks and insurance coverage for all types of risks may not be available, at reasonable cost or at all. Accordingly, if there were to occur an event causing damage in excess of the applicable insurance limit or not covered by insurance, this could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks related to disputes, proceedings, penalties and other sanctions

During 2017 and 2018, Karnov was involved in a dispute regarding Schultz A/S' ("**Schultz**") use of Karnov's market standard coding and trademark "UfR" as a search reference in its database. It was not disputed whether Karnov was the owner of the trademark "UfR", but the Danish Maritime and Commercial Court did not find that Schultz' mere use of "UfR" as a reference in its database constituted an infringement of Karnov's trademark or a breach of the Danish Marketing Practices Act. Karnov may get involved in additional disputes relating to its normal business activities and there is always a risk that Karnov will be subject to demands under a number of circumstances, such as interpretation of customer or supplier contracts, alleged errors, delays and disruptions in provision of services, consequences of various IT crimes or infringements of intellectual property rights. In addition, companies within the Karnov Group (or its employees, consultants, board members or other executives) may also be subject to preliminary investigations or trial in relation to suspected crimes of various kinds. Disputes, claims, investigation and enforcement processes can be time consuming, disturb normal operations, involve large monetary amounts and cause significant costs. It can also be difficult to predict the outcome of complex disputes, claims, investigation and enforcement processes. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Public procurements and awarded contracts may be challenged

Some of Karnov's customers within the public sector are required by law to acquire products and services via public procurement. A public procurement and a decision to award a contract may be challenged by tenderers or potential tenderers on actual or alleged procedural deficiencies in the procurement process. Accordingly, there is a risk that Karnov faces action by other tenderers seeking to challenge a procurement won by Karnov even after Karnov has made significant expenditures for winning the contract. Such appeal procedures may not only lead to costs and time loss for Karnov, but may also lead to a new public procurement process and loss of the awarded contract. Public procurement legislation also provides for the cancellation of public sector contracts awarded in breach of the legislation, provided that such challenge is made within six month after the contract was concluded. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to foreign exchange risk

Karnov operates in Denmark and Sweden and is accordingly exposed to a DKK foreign exchange risk. Such foreign exchange risk arises primarily from recognised liabilities (borrowings in DKK) and net investments in DKK (see note 3 in "*Historical financial information*"). The exposure to currency fluctuations can be divided into two main categories: transaction exposure and translation exposure. Transaction exposure refers both to the exposure attributable to commercial flows, that is, sales and purchased across international borders and the exposure from financial flows. Karnov's operations are, from a currency risk perspective, characterised by sales and purchases being solely carried out in local currency in Denmark and Sweden, respectively. Karnov currently does not use any currency hedging to mitigate its transaction exposure. Further, Karnov has borrowings denominated in DKK and SEK. Karnov currently does not hedge nominal loan amounts. Karnov's Danish subsidiaries' assets (less liabilities) comprise a net investment in foreign currency (and a translation exposure) which, at consolidation, gives rise to a translation difference. Such translation differences are directly transferred to other comprehensive income on Karnov's consolidated income statement. Karnov currently does not hedge net investments in foreign currency with financial derivatives. Accordingly, any currency fluctuations between DKK and SEK could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov's risk management and internal controls may prove to be insufficient

Effective internal controls are necessary for Karnov to provide reliable financial information and to effectively prevent fraud. There is a risk that Karnov will not be able to manage internal risks or identify areas where internal controls need strengthening and this risk has increased as the Group has grown following the acquisition of Norstedts Juridik in 2018. Should Karnov fail to establish, maintain and apply adequate and effective internal controls, routines, procedures and management, this may result in Karnov being reviewed and sanctioned by local authorities or that Karnov's reputation among investors and other stakeholders being damaged. Should the risks described above materialise, it could have a material adverse effect on Karnov's business, results of operations and financial position.

The financial targets set out in this Offering Memorandum may differ significantly from actual results

The financial targets included in this Offering Memorandum are Karnov's targets for the medium term, including net sales growth, Adjusted EBITA margin and capital structure. The financial targets and other forward-looking statements included in this Offering Memorandum are based on a number of assumptions that are inherently subject to significant business, operational and economic risks and other risks, many of which are outside Karnov's control. There is a risk that the assumptions made in setting the financial targets will not reflect the commercial and economic environment in which Karnov operates. Consequently, such assumptions may change or not be realised at all and Karnov's future results may be negatively affected by unforeseen events. In addition, unanticipated events, including macroeconomic and industry developments or changes in laws and regulations, may adversely affect the actual results that Karnov achieves in future periods whether or not its assumptions otherwise prove to be correct. If Karnov fails to meet its financial targets or to successfully implement initiatives due to changes in assumptions or other factors, Karnov may experience lower net sales, decreased margins or reduced cash flows, which could negatively affect Karnov's financial position. In addition, there is a risk that Karnov may not be able to access suitable financing or pursue attractive business and acquisitions opportunities, which could limit Karnov's ability to maintain its market position or the competitiveness of its product offering, and could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov is subject to risks related to the terms of its financing agreements

In connection with the Offering, Karnov expects to refinance certain financial indebtedness by replacing its existing facilities agreement with a new facilities agreement provided by Nordea (see "*Legal considerations and supplementary information–Material agreements–Financing agreement*"). The new facilities agreement contains provisions
on early termination and repayment of the facilities, which are triggered if Karnov does not meet its obligations under the facilities agreement. Karnov's ability to pay its debts and otherwise comply with its obligations and terms and conditions of the facilities agreement depends on, among other things, Karnov's future results of operation. Some aspects of Karnov's future results of operation depend on economic, financial and competitive factors and other factors beyond Karnov's control. Should Karnov fail to meet its obligations under the new facilities agreement or any other facilities agreement, it could have a material adverse effect on Karnov's business, results of operations and financial position.

Karnov may not be able to obtain financing at favourable terms, or obtain financing at all, or perform payment obligations due to insufficient liquidity

Karnov is exposed to the risk of becoming unable to raise new loans or refinance new loans. There is a risk that Karnov may come to require additional financing, for example, in order to accomplish growth of its business, both organically and through acquisitions. Access to additional financing is affected by a number of factors, such as market conditions, general access to loan financing, as well as Karnov's credit rating and credit capacity. Disruptions and uncertainties on the capital and credit markets may also restrict access to the capital required to conduct Karnov's business. Any developments involving these risks could have a material adverse effect on Karnov's business, results of operations and financial condition. If additional financing cannot be accessed on the debt markets, Karnov may seek to raise capital through offerings of additional equity securities that could dilute the economic and voting rights of existing shareholder (see "*–Risk relating to the shares–Future issuance of shares or other securities in the Company could dilute the shareholding and have an adverse effect on the share price*").

RISKS RELATING TO THE SHARES

The future price of the Company's share cannot be predicted and the share price may fluctuate

Investors must be aware that an investment in the Company's shares is associated with several types of risk. Following the listing of the Company's ordinary shares, the share price may be subject to significant fluctuation resulting from, for example, a change in the market's assessment of the Company's shares or a certain event occurring, such as a change in laws and other regulations that affect the Company's business, results and development. The stock market itself may be subject to significant fluctuations in terms of price and volumes which are not necessarily related to the Company's business or future outcome. Additionally, the expectations of the market, investors and analysts with respect to the Company's performance and future outlook may differ from the Company's actual performance and development. There is also a risk that an active and liquid trading in the Company's ordinary shares will not materialise and there is therefore also a risk that shareholders will not be able to sell their shares or can only sell them at a loss. One or more of these factors could result in a decline in the Company's share price, which is why any decision on investing in shares should be preceded by careful analysis.

Selling of shares by existing shareholders may affect the market price of the Company's shares

The price of the Company's ordinary shares could decline if there are substantial sales of shares. This could in particular be the case in the event of sales by the Company's board members, senior executives or major shareholders or when a large number of shares are being sold. The Selling Shareholders and board members and senior executives that own shares in the Company have agreed to, with some exemptions under a certain period, not sell their shares in the Company or in other ways make transactions with similar effects without receiving the prior written consent from the Managers (so-called lock-up undertakings). When the applicable lock-up period has expired, the persons covered by the lock-up undertaking will be free to sell their shares in the Company. The selling of large numbers of shares in the Company following the expiration of the lock-up periods, or the perception that such sales might occur, may cause the market price of the shares to decline.

Future issuance of shares or other securities in the Company could dilute the shareholding and have an adverse effect on the share price

The Company may in the future need to raise additional capital to finance its operations or make planned investments. The Company may seek to raise additional capital by, for example, issuing shares, warrants or convertibles. An issue of additional securities or bonds could reduce the market value of the Company's shares and dilute the financial or voting rights of existing shareholders, unless existing shareholders are given preferential rights in the issue or if existing shareholders, for some reason, are unwilling or unable to exercise their preferential rights. Accordingly, there is a risk that future issues of shares or other securities will reduce the market price of the share and dilute certain shareholders' holdings in the Company.

Investors with a reference currency that is not SEK are exposed to certain currency risk if they invest in the Company's shares

Following the listing on Nasdaq Stockholm, the Company's ordinary shares will be listed in SEK. The Company's equity is reported in SEK and any dividend on the Company's shares is primarily paid out in SEK. Therefore investors whose reference currency is not SEK may be affected by a fall in the value of SEK in relation to the respective investor's reference currency. If the value of SEK falls in relation to this other currency, the value of the share investment or dividends may decline in the foreign currency, and if the value of SEK increases, the value of the share investment or dividends may increase in the foreign currency. In addition, these investors may be affected by additional transaction costs upon conversion of SEK to another currency. Investors whose reference currency is not SEK are therefore encouraged to seek financial advice.

The Company's ability to pay dividends in the future may be limited and is dependent on several factors

When submitting its dividend proposal to the general meeting, the board of directors shall take into consideration a number of factors, including the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations of the Company and the Group as well as the need to strengthen the statement of financial position, liquidity and financial position of the Company and the Group. Accordingly, the Company's ability to pay dividends in the future and the size of such potential dividends are dependent upon its future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors. Further, pursuant to Swedish law, dividends may only be distributed to the extent that there will be full coverage for the Company's restricted equity (Sw. *bundet eget kapital*) after the dividend distribution. In addition, there is a risk that the Company resolves to reinvest any future profit in the business or that the Company's shareholders resolve not to pay dividends in the future or that the Company will not have sufficient funds to pay any dividends.

Certain shareholders outside Sweden may not be able to exercise their preferential right in new issues

Under Swedish law, shareholders have preferential rights in certain new share issues unless a decision is made to deviate from the preferential right. However, securities legislation in certain jurisdictions may limit the Company's ability to allow shareholders from certain jurisdictions to exercise their preferential right in any future share issue. Accordingly, there is a risk that shareholders in, for example, the United States and certain other countries may not be able to exercise their preferential right to participate in share issues or buy-back offerings, including discount offerings, unless the Company decides to meet local criteria or if no exemption from such criteria is applicable. There is also a risk that the Company will decide to not meet local criteria for participation in issues of securities and, accordingly, that shareholders outside Sweden will not be able to exercise their preferential right in future issues of securities or participate in future buy-back offerings.

The Principal Shareholders will continue to have significant influence over the Company after the Offering and could exercise this influence in such a manner that is contrary to the interests of the other shareholders

After completion of the Offering, assuming that the Offering is not increased and the Over-allotment Option is not exercised, the Principal Shareholders will in aggregate own 42 per cent of the shares and votes in the Company. If the Selling Shareholders exercise their right to increase the Offering and the Managers exercise the Over-allotment Option in full, the Principal Shareholders will own 19 per cent of the shares and votes in the Company. Accordingly, the Principal Shareholders are likely to continue to have a significant influence over the outcome of matters submitted to the general meeting for approval, including the election of board members, amendments to the Company's articles of association, issuances of new shares and the payment of dividends (see also "*Ownership structure and selling shareholders–Shareholders' agreement*"). The interests of the Principal Shareholders may differ significantly from, or compete with, the Company's interests or those of the other shareholders, and the Principal Shareholders could exercise influence over the Company in such a manner as is contrary to the interests of the other shareholders. Accordingly, the concentration of ownership of the Company could have a material adverse effect on the market price of the shares in the Company if the Principal Shareholders, among other things, delay, defer or prevent a change of control or discourage a potential acquirer from making a public takeover offer or otherwise attempt to obtain control of the Company.

Cornerstone Investors' commitments are subject to certain conditions

The Cornerstone Investors (Vind AS, Lazard Asset Management LLC and The Fourth Swedish National Pension Fund) have committed to acquire, at the Offering Price, a number shares in the Offering equivalent to 5.0 per cent, 4.8 per cent and 4.7 per cent, respectively, of the shares in the Company following the completion of the Offering. The Cornerstone Investors' respective undertakings are conditional upon, among other things, (i) the first day of trading in the ordinary shares on Nasdaq Stockholm occurring no later than on 30 April 2019, (ii) the Cornerstone Investor receiving full allocation of its commitment and (iii) the value of the shares of the Company following the completion of the Offering not exceeding MSEK 4,200 (based on the Offering Price). If the conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering.

The Cornerstone Investors' undertakings are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering as anticipated, which could have a material adverse effect on the completion of the Offering.

In addition, the Cornerstone Investors' shares will not be subject to any lock-up undertakings. As a result, it is possible that the Cornerstone Investors divest part of all of their respective shareholdings at any time. Any sales of substantial amounts of the shares could cause the market price of the shares to decline (*cf.* "*–Selling of shares by existing shareholders may affect the market price of the Company's shares*" above).

Forward-looking statements

This Offering Memorandum contains various forward-looking statements that reflect management's current views with respect to future events as well as anticipated financial results and operational performance. Forward-looking statements, as a general manner, are all statements other than statements as to historical facts or present facts or circumstances as well as other statements regarding present facts or circumstances. The words "believe", "expect", "mean to", "intend", "estimate", "anticipate", "assume", "predict", "can", "will", "shall", "should", "according to estimates", "consider", "may", "might", "plan to", "aim", "potential", "calculate", "as far as is known", or in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified by the context in which they are used. Forward-looking statements appear in a number of places in this Offering Memorandum, including, without limitation, in the sections entitled "*Summary*", "*Risk factors*", "*Market overview*", "*Business overview*", "*Operating and financial review*" and "*Capitalisation and indebtedness*" and include, among other things, statements relating to:

> Karnov's strategy, outlook and growth prospects;

> Karnov's plans, objectives and timing for future products and services;

> the expectations as to future growth in demand for Karnov's products and services;

> the composition of Karnov's products and services and customer mix;

> Karnov's planned investments and future geographical or operational expansion;

> Karnov's operational and financial targets and dividend policy;

> Karnov's liquidity, capital resources and capital expenditure;

> Karnov's synergy benefits and cost savings attributable to completed acquisitions;

> general economic trends and trends in the commerce solutions industry;

> the competitive environment in which Karnov operates; and

> the impact of regulations on Karnov's operations.

Although Karnov believes that the expectations reflected in these forward-looking statements are reasonable, Karnov can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including, among others:

> economic conditions in the markets in which Karnov operates;

> Karnov's ability to retain existing customers and attract new customers;

> Karnov's ability to successfully execute its growth strategy and effectively manage its growth;

> Karnov's ability to manage the costs associated with growing and expanding its business, including its customer acquisition costs;

> Karnov's ability to identify and develop new products and services;

> Karnov's ability to reach synergy benefits and cost savings as estimated as at the date of this Offering Memorandum;

> the actions and resources of current or future competitors in the markets in which Karnov operates; and

> political and regulatory developments in the markets in which Karnov operates

Additional factors that could cause Karnov's actual results, performance or achievements to differ materially from those expressed or implied in forward-looking statements include, but are not limited to, those discussed under "*Risk Factors*."

These forward-looking statements speak only as at the date of this Offering Memorandum. Karnov expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

Presentation of financial and other information

HISTORICAL FINANCIAL INFORMATION

This Offering Memorandum contains the Company's audited consolidated financial statements for the years ended 31 December 2018, 2017 and 2016, which have been prepared in accordance with IFRS, as adopted by the European Union, and audited by PricewaterhouseCoopers AB ("**PwC**"), as set forth in its audit report included elsewhere in this Offering Memorandum.

With the exception of the historical financial information on pages F-2–F-31, no other information in this Offering Memorandum has been audited or reviewed by the Company's auditor.

Karnov's consolidated financial information as at and for the years ended 31 December 2018, 2017 and 2016 that is presented herein as "audited" has been derived from the Company's audited consolidated financial statements as at and for the years ended 31 December 2018, 2017 and 2016 and audited by PwC.

The Company presents its financial statements in SEK. Amounts included in the Company's financial statements that were not originally denominated in SEK have been translated into SEK using the average exchange rate for the financial period with respect to the income statement and the period-end exchange rate with respect to statement of financial position items.

ALTERNATIVE PERFORMANCE MEASURES

In this Offering Memorandum, the Company presents certain key performance metrics, including certain key performance metrics and ratios that are not measures of financial performance or financial position defined under IFRS (so-called alternative performance measures). The alternative performance measures presented in this Offering Memorandum are not recognised measures of financial performance under IFRS, but measures used by Karnov to monitor the underlying performance of Karnov's business and operations. Alternative performance measures should not be viewed as substitutes for income statement, balance sheet or cash flow items computed in accordance with IFRS. The alternative performance measures do not necessarily indicate whether cash flow will be sufficient or available to meet Karnov's cash requirements and may not be indicative of Karnov's historical operating results, nor are such metrics meant to be predictive of Karnov's future results. Karnov uses IFRS metrics and alternative performance measures for many purposes in managing and directing Karnov and has presented these metrics because it believes that these metrics are important and helpful in understanding Karnov's performance from period to period and to facilitate comparison with its peers. Since not all companies compute these or other alternative performance measures in the same way, the manner in which Karnov has chosen to compute the alternative performance measures presented herein may not be compatible with similarly defined terms used by other companies. The alternative performance measures included in this Offering Memorandum are defined below. For a reconciliation of the alternative performance measures, see "*Selected historical financial information–Reconciliation of alternative performance measures*".

Alternative performance measure	Definition	Reason for use
Acquired growth	Change in net sales during the current period attributable to acquired units, excluding currency effects, in relation to net sales for the corresponding period of the preceding year. Net sales of acquired units are defined as acquired growth during a period of 12 months commencing the respective acquisition date.	The measure is used as a complement to organic growth and provides an improved understanding for Karnov's growth.
Adjusted EBITA	EBITA adjusted for the impact of items affecting comparability.	The measure is used since it shows the profitability from the business, adjusted for the impact of items affecting comparability and amortisation of capital expenditures related to acquisitions.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	The measure is used since it shows the underlying profitability generated from the current operations over time, adjusted for items affecting comparability.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	The measure is used since it facilitates the understanding of the operating profit, excluding items affecting comparability, financing and amortisation.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	The measure is used since it shows operational profitability over time, excluding items affecting comparability, financing, depreciation and amortisation.

Alternative performance measure	Definition	Reason for use
Adjusted cash flow from operating activities	Adjusted EBITDA plus changes in net working capital less capital expenditure related to new product development and enhancement of existing products and business systems.	The measure is used to calculate one component in the cash conversion.
Cash conversion (%)	Adjusted cash flow from operating activities as a percentage of Adjusted EBITDA.	The measure is used since it shows how efficiently adjusted cash flow from operating activities are translated into a concrete contribution to Karnov's financing.
EBITA	Earnings before financial items and taxes, excluding acquisition related purchase price allocation (PPA) amortisation.	The measure is used since it shows the profitability from the business, adjusted for acquisition related purchase price allocation (PPA) amortisation.
EBITA margin	EBITA as a percentage of net sales.	The measure is used since it shows the profitability over time for the underlying business (i.e., excluding PPA amortisation) in relation to net sales.
EBITDA	Earnings before depreciation and amortisation, financial items, and taxes.	The measure is used since it shows the profitability before depreciation and amortisation.
EBITDA margin	EBITDA as a percentage of net sales.	The measure is used since it shows operational profitability over time, regardless of financing, depreciation and amortisation.
Equity/asset ratio (%)	Equity divided by total equity and liabilities.	The measure is used since it can be used to assess Karnov's financial stability.
Items affecting comparability	Items affecting comparability includes items of a significant character that distort comparisons over time.	The measure is used for understanding the financial performance over time.
Leverage ratio	Net debt divided by Adjusted EBITDA.	The measure is used since it shows whether Karnov has an appropriate financing structure and is able to fulfil its commitments under its financing agreements.
Net debt	Total borrowings less cash and cash equivalents.	The measure is used since it allows for an assessment of whether Karnov has an appropriate financing structure and is able to fulfil its commitments under its financing agreements.
Net sales (online)	Net sales from online products.	The measure is used since it facilitates the understanding of total net sales and the breakdown of net sales.
Net sales (offline)	Net sales from printed products and training.	The measure is used since it facilitates the understanding of total net sales and the breakdown of net sales.
Net working capital (NWC)	Current assets less current liabilities.	The measure is used since it shows the tie-up of short-term capital in the operations and facilitates the understanding of changes in the cash flow from operating activities.
Operating profit	Profit for the year before financial items and taxes.	The measure is used since it enables comparisons of the profitability regardless of the capital structure or tax situation.
Organic growth	Change in net sales during the current period, excluding acquisitions and currency effects, in relation to net sales for the corresponding period of the preceding year. Acquisitions are included in organic net sales after a period of 12 months.	The measure is used since it shows Karnov's ability to generate growth through increases of, among other things, volume and price in its existing business.
Return on total capital	Operating profit divided by total assets.	The measure is used since it shows the operating return on capital that owners and lenders have invested.

ROUNDING OFF

Certain numerical information and other amounts and percentages presented in this Offering Memorandum may not sum due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number. In respect of financial data set out in this Offering Memorandum, a dash ("–") signifies that the relevant figure does not exist, while 0.0 signifies that the relevant figure is available but has been rounded to or equals zero.

CURRENCY

In this Offering Memorandum, all references to: (i) "**SEK**" is to the lawful currency of Sweden, "**MSEK**" indicates millions of SEK and "**KSEK**" indicates thousands of SEK; (ii) "**DKK**" is to the lawful currency of Denmark, "**MDKK**" indicates millions of DKK and "**KDKK**" indicates thousands of DKK; (iii) "**EUR**" is to Euro, the single currency of the member states (the "**Member States**") of the European Union participating in the European Monetary Union having adopted the Euro as its lawful currency, and "**MEUR**" indicates millions of EUR; and (iv) "**USD**" is to the lawful currency of the United States.

EXCHANGE RATE INFORMATION AND REGULATION

Investors with a reference currency other than the SEK may become subject to certain foreign exchange risks when investing in the shares offered under the Offering. The Company's equity capital is denominated in SEK, and any returns will primarily be distributed in SEK. The shares offered under the Offering will be denominated and traded in SEK on Nasdaq Stockholm. Investors whose reference currency is a currency other than the SEK may be adversely affected by any reduction in the value of the SEK relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting SEK into another currency. Investors whose reference currency is a currency other than the SEK are therefore urged to consult their financial advisors with a view to determining whether they should enter into hedging transactions to offset these currency risks. To the extent owners of the shares offered under the Offering receive dividends that are converted from SEK to USD or EUR, fluctuations in the exchange rate between SEK and USD and EUR will affect the USD and EUR amounts received by owners of such shares on conversion of dividends.

The following table sets forth, for the periods indicated, certain information regarding the noon buying rate in New York for cable transfers for SEK, expressed in SEK per USD. The noon buying rates are certified by the Federal Reserve Bank of New York for customs purposes and for cable transfers payable in foreign currencies. The average rate for a year means the average of the noon buying rates as published by the Federal Reserve Board based on the daily noon buying rates certified for custom purposes by the Federal Reserve Bank of New York. The average rate for a month, or for any shorter period, means the average of the noon buying rates as published by the Federal Reserve Board based on the daily noon buying rates certified for custom purposes by the Federal Reserve Bank of New York. The rates below may differ from the actual rates used in the preparation of the Company's consolidated financial statements and other financial information appearing in this Offering Memorandum.

The inclusion of the exchange rate information below is not meant to suggest that the SEK amounts actually represent such USD amounts or that such amounts could have been converted into USD at the rates indicated or at any other rate.

	Exchange Rate SEK per USD			
Year	**High**	**Low**	**Period end**	**Average**
2016	9.4207	7.9761	9,0803	8.5541
2017	9.1583	7.9132	8.1732	8.5430
2018	9.2228	7.8549	8.8645	8.6945
Month				
January 2019	9.0908	8.8829	9.0465	8.9950
February 2019	9.3519	9.0384	9.2341	9.2481

On 28 February 2019 (the last banking day of the month), the noon buying rate as certified by the Federal Reserve Bank of New York for customs purposes, for SEK per USD, was SEK 9.2341 per USD 1.00.

The following table sets forth, for the periods indicated, certain information concerning the European Central Bank (the "**ECB**") daily reference rate published by the ECB (the "**ECB Daily Reference Rate**") for EUR, expressed in SEK per EUR. The average rate for a year means the average of the daily mid-rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily mid-rates during that month, or a shorter period, as the case may be. The period end rate represents the mid-rate on the last business day of each applicable period. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in SEK have been, could have been, or could be converted into EUR, or vice versa, at the mid-rate or at any other rate.

	Exchange Rate SEK per USD			
Year	**High**	**Low**	**Period end**	**Average**
2016	10.0025	9.1381	9.5525	9.4689
2017	10.0160	9.4183	9.8438	9.6351
2018	10.6923	9.7645	10.2548	10.2583
Month				
January 2019	10.3843	10.1855	10.3730	10.2685
February 2019	10.6188	10.3878	10.4844	10.4986

On 28 February 2019 (the last banking day of the month), the ECB Daily Reference Rate for SEK per EUR, was SEK 10.4844 per EUR 1.00.

Figures reported in this Offering Memorandum are presented in SEK unless otherwise specified. The Company's audited accounts are denominated in SEK.

EXCHANGE CONTROL REGULATIONS IN SWEDEN

There are currently no foreign exchange control restrictions in Sweden, other than in certain national crisis situations, that would restrict the payment of dividends to a shareholder outside Sweden, and there are currently no restrictions that would affect the right of shareholders who are not residents of Sweden to dispose of their shares and receive the proceeds from a disposal outside Sweden. There is no maximum transferable amount either to or from Sweden, although transferring banks are required to report to the Swedish tax authorities any payments to or from Sweden exceeding SEK 150,000, or the foreign currency equivalent thereof. Such information may also be forwarded to authorities in the countries where the holders of the shares are resident.

INTELLECTUAL PROPERTY

The Company owns or has the rights to certain intellectual property used within its business. The Company uses rights associated with such intellectual property rights to the extent permitted by applicable laws in effect.

Each trademark, trade name or service brand mentioned in this Offering Memorandum that does not relate to the Company belongs to the holder of such trademarks, trade names and brands. The trademarks, trade names and copyrights mentioned in this Offering Memorandum are presented without the symbol™ solely for the sake of convenience.

MARKET DATA

This Offering Memorandum contains statistics, data and other information relating to markets, markets sizes, market shares, market positions and other industry data pertaining to Karnov's business and markets. Unless otherwise indicated, such information is based on Karnov's analysis of multiple sources, including a market study that Karnov commissioned from the consultancy firm CIL Management Consultants Limited ("**CIL**"), which was conducted in November and December 2018 and finalised in February 2019 (the "**Market Study**") and information otherwise obtained. Such information has been accurately reproduced, and, as far as Karnov is aware and able to ascertain from such information, no facts have been omitted which would render the information provided inaccurate or misleading. The Market Study is based on primary interviews with conducted with industry experts and participants, secondary market research, and internal financial and operational information supplied by, or on behalf of, Karnov.

Industry publications and reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Karnov has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Offering Memorandum that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

This Offering Memorandum also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by Karnov based on third-party sources and Karnov's internal estimates, including the Market Study. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organisations and institutions. Karnov believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which Karnov operates as well as its position within the industry. Although Karnov believes that Karnov's internal market observations are reliable, Karnov's estimates are not reviewed or verified by any external sources. While Karnov is not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed herein and under the heading "*Risk factors*" in this Offering Memorandum.

DOCUMENTS ON DISPLAY

Copies of the following documents can be obtained at Karnov's registered address Hälsingegatan 43, SE 113 82 Stockholm, Sweden during regular office hours on weekdays.

> The Company's articles of association.
> Historical financial information for the years ended 31 December 2018, 2017 and 2016.
> Historical financial information for the years ended 31 December 2018 and 2017 for all subsidiaries of the Company.

CERTAIN TERMS USED IN THE OFFERING MEMORANDUM

For definitions of certain terms used in this Offering Memorandum as well as a glossary of other terms used in this Offering Memorandum, see "*Definitions and glossary*".

Invitation to acquire shares in Karnov Group AB (publ)

Pursuant to the terms and conditions set out in this Offering Memorandum, investors are invited to acquire 43,513,472 ordinary shares in Karnov, of which the Selling Shareholders are offering 25,000,000 existing ordinary shares and Karnov is offering 18,513,472 newly issued ordinary shares. The Selling Shareholders reserve the right to increase the Offering by up to 17,000,001 existing ordinary shares in Karnov.

The price per share in the Offering is SEK 43.0. The price has been determined by Karnov and the Selling Shareholders in consultation with Carnegie based on a number of factors, including discussions with the Cornerstone Investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation and estimates regarding Karnov's business opportunities and future profitability.

An extraordinary general meeting of the Company on or around 10 April 2019 will resolve on the final terms for Karnov's new issue of ordinary shares. A share issue of 18,513,472 ordinary shares would increase the total number of shares and votes in the Company to 97,670,567 shares and votes and provide Karnov with proceeds of approximately MSEK 796 (before transaction costs).

To cover any over-allotments or short positions in connection with the Offering, the Selling Shareholders will grant the Managers an option to acquire 9,077,015 ordinary shares at the price per share in the Offering, corresponding to approximately 15 per cent of the number of shares in the Offering.

If the Selling Shareholders exercise the right to increase the Offering and the Managers exercise the Over-allotment Option in full, the Offering will comprise 69,590,488 ordinary shares, corresponding to approximately 71.3 per cent of the total number of shares in the Company following the completion of the Offering.

Vind AS, Lazard Asset Management LLC and The Fourth Swedish National Pension Fund have, subject to certain conditions, committed to acquire shares in the Offering for a total amount of up to MSEK 607, corresponding to approximately 14.5 per cent of the shares in the Company following the completion of the Offering. See also "*Legal considerations and supplementary information–Commitments by Cornerstone Investors and certain board members*".

The total value of the Offering amounts to approximately MSEK 1,871 (approximately MSEK 2,602 if the Selling Shareholders exercise the right to increase the Offering in full and approximately MSEK 2,992 if the Managers also exercise the Over-allotment Option in full).

29 March 2019

Karnov Group AB (publ)
The board of directors

Five Arrows Principal Investments II Holding Sàrl

RPO King S.C.A.

Five Arrows Co-Investments II Holding Sàrl

Torreal S.A.

General Electric Pension Trust

Donal Smith

Torreal Sociedad de Capital Riesgo S.A.

Background and reasons

Karnov is a leading provider of information products and services in the areas of legal and tax and accounting in Denmark and legal and environmental, health and safety in Sweden. Karnov offers its services under its strong portfolio of brands, including Karnov, Norstedts Juridik, VJS, Notisum, CBM and Forlaget Andersen. Karnov's vision and mission is to be an indispensable partner for all legal, tax and accounting professionals and enable its users to make better decisions, faster by delivering the highest quality of content with a state-of-the-art user experience in order to support their workflow efficiency.

Karnov was founded in Copenhagen in 1924 on one man's belief that access to the law is the foundation of every great society. Over time, Karnov has evolved from a traditional publishing company to a digital information provider with net sales of MSEK 715 in 2018. Under the current management team, Karnov has successfully executed a digital transformation process, implemented a customer centric mind-set across the organisation and established market leading positions in Denmark and Sweden.

Karnov's board of directors, together with the Company's principal shareholder FAPI, believes that a listing of the Company's ordinary shares on Nasdaq Stockholm represents an important stage in the development of the Company. The board of directors expects a listing to increase the awareness of Karnov's operations and activities, benefiting Karnov's future potential by strengthening the Company's profile and brand with investors and customers, as well as increasing the ability to attract and retain qualified employees and key management, and providing Karnov with access to the Swedish and international capital markets supported by a broad and long-term shareholder base. In addition, the Offering allows the Selling Shareholders to sell a portion of their current shareholding and to create a liquid market for the ordinary shares.

The Offering comprises the sale of both existing and new ordinary shares. Karnov expects to receive proceeds of approximately MSEK 796 before deduction of approximately MSEK 64 in transaction costs. Consequently, Karnov expects to receive net proceeds of approximately MSEK 732 through the Offering. Karnov intends to use the net proceeds to position for future growth and to repay current outstanding debt, thereby aligning its financial position with Karnov's financial target for its capital structure and to make changes to the capital structure by acquiring shares in the partly-owned subsidiary KARN Holdco AB (see "*Business overview–Karnov's financial targets*", "*Ownership structure and selling shareholder–Ownership structure"* and *"Shares and share capital–Changes to the share capital structure in connection with the Offering*").

The board of directors is responsible for the content of this Offering Memorandum. The board of directors hereby declares that, having taken all reasonable care to ensure that such is the case, information in this Offering Memorandum is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

29 March 2019

Karnov Group AB (publ)
The board of directors

Terms and instructions

THE OFFERING

The Offering comprises 43,513,472 ordinary shares in Karnov, of which 25,000,000 existing ordinary shares are offered by the Selling Shareholders and 18,513,472 newly issued ordinary shares are offered by the Company. The Offering is divided into two components:

> The Offering to the public in Sweden and Denmark.[1)]
> The Offering to institutional investors in Sweden and abroad.[2)]

INCREASE OF THE OFFERING

The Selling Shareholders reserve the right to increase the Offering by up to 17,000,001 existing ordinary shares in Karnov.

OVER-ALLOTMENT OPTION

The Selling Shareholders have provided the Managers with an over-allotment option (the "**Over-allotment Option**") entitling the Managers, no later than 30 days from the first day of trading in the Company's ordinary shares on Nasdaq Stockholm, to request to acquire 9,077,015 existing ordinary shares from the Selling Shareholders, corresponding to 15 per cent of the number of shares in the Offering, at a price corresponding to the Offering Price. The Over-allotment Option may only be exercised in order to cover any over-allotment in the Offering.

DISTRIBUTION OF SHARES

The distribution of shares between the two components of the Offering will be based on demand. Distribution will be determined by the board of the Company and the Selling Shareholders in consultation with Carnegie.

OFFERING PRICE

The price per share in the Offering (the "**Offering Price**") is SEK 43.0. The Offering Price has been determined by the Company and the Selling Shareholders in consultation with Carnegie based on a number of factors, including the discussions with the Cornerstone Investors and certain other institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation and estimates regarding the Company's business opportunities and future profitability. No commission is payable.

APPLICATION

The Offering to the general public in Sweden and Denmark

Applications from the public in Sweden and Denmark for the acquisition of shares must be made between 1–9 April 2019 and pertain to a minimum of 250 shares and a maximum of 23,000 shares, in even lots of 50 shares. Only one application per investor may be made. If more than one application is submitted, Carnegie, Nordea, Avanza and Nordnet (as regards applications from the public in Sweden) and Nordnet (as regards applications from the public in Denmark) reserve the right to consider only the first application received. Applications are binding.

All legal entities need a global identification code, a so-called Legal Entity Identifier (LEI), in order to perform a securities transaction. To be entitled to participate in the Offering and be allotted shares, a legal entity must hold and state their LEI code. Registration for an LEI code must take place in ample time prior to application since this code must be stated on the application. More information about LEI requirements is, for example, available on the Swedish Financial Supervisory Authority's website (www.fi.se).

The Company's board of directors, in consultation with Carnegie, reserves the right to extend the application period. Notification of such extension will be given in a press release prior to the end of the application period.

Applications from the public in Sweden can be submitted to Carnegie, Nordea, Avanza or Nordnet. Applications from the public in Denmark can be submitted to Nordnet. Employees of Karnov who wish to acquire shares shall follow specific instructions from the Company.

Applications via Carnegie

Applicants applying to acquire shares through Carnegie must have a securities depository account or investment savings account with Carnegie.

For customers with an investment savings account with Carnegie, Carnegie will, if the application results in allotment, acquire the corresponding number of shares in the Offering for further sale to the customer at the price specified in the Offering. Applicants may submit their applications by contacting their advisor at Carnegie. If the applicant does not have an advisor, the applicant shall contact Carnegie Private Banking.

1) The term "public" refers to private individuals and legal entities in Sweden and Denmark applying to subscribe for a maximum of 23,000 shares.
2) The term "institutional investors" refers to private individuals and legal entities applying to subscribe for more than 23,000 shares.
3) Applicants applying to acquire more than 23,000 shares must contact the Managers in accordance with the procedures described under "*–Application–Offering to institutional investors*."

Applications via Nordea

Customers of Nordea's online services can apply for the acquisition of shares in Nordea Investor during the period 1 April 2019 up to and including 9 April 2019 at 5:00 p.m. CET. Only one application per investor may be made. Persons who apply for the acquisition of shares through Nordea must at the time of submitting the application have (i) a bank account (transaction account) at Nordea and a VP account or service account at Nordea, or (ii) a securities depository account or investment savings account (ISK) at Nordea. Please note that the bank account under (i) must be a transaction account, that is, *Personkonto, Aktielikvidkonto, Checkkonto privatperson, Externt konto/Loro II* or *Private Bankingkonto*. Only one bank account can be entered for payment and the account holder and the customer who applies for the acquisition of shares must be the same customer. Those who do not have any of the specified options under (i)–(ii) above must open one of these before submitting the application. More information regarding the application process is available at Nordea's website (www.nordea.se).

The balance of the bank account or the securities depository account/investment savings account stated in the application must during the period 9 April 2019 at 5:00 p.m. CET until 15 April 2019 at 11:59 p.m. CET correspond to at least the amount of the application. This means that the account holder undertakes to keep the amount available on the specified bank account or securities deposit/investment savings account during that period and that the holder is aware that the allotment of shares may be omitted if the amount is insufficient during the above-mentioned period. Note that the amount, except for certain account types, will not be available during the specified time period, and that the final date for when funds should be available on the account may be adjusted if the application period changes. As soon as possible after the allotment has been made, the funds will be freely available to those who do not receive allotment. Funds that are not available will also be eligible for interest in the specified period in accordance with the terms of the bank account or the securities depository account/investment savings account specified in the application.

For investment savings account with Nordea the following applies: If the application results in allotment, Nordea will acquire the corresponding number of shares in the Offering and resell the shares to the customer at the Offering Price. The customer will buy the shares from Nordea by using the funds held available on the investment savings account.

Applications via Avanza

Customers with Avanza can apply to acquire shares via Avanza's Internet service. Applications via Avanza can be submitted from 1 April 2019 up to and including 11:59 p.m. CET on 9 April 2019. To ensure that they do not lose their right to any allotment, Avanza customers must have sufficient funds available in their depository account from 11:59 p.m. CET on 9 April 2019 until the settlement date, which is expected to be 15 April 2019. Only one application per investor may be made. Full details of the application procedure via Avanza are available on Avanza's website (www.avanza.se).

Applications via Nordnet

Depository account customers with Nordnet can apply to acquire shares via Nordnet's Internet service. Applications via Nordnet can be submitted from 1 April 2019 up to and including 11:59 p.m. CET on 9 April 2019. To ensure that they do not lose their right to any allotment, Nordnet depository account customers must have sufficient funds available in their depository account from 11:59 p.m. CET on 9 April 2019 until the settlement date, which is expected to be 15 April 2019. Only one application per investor may be made. If more than one application is submitted, Nordnet reserves the right to consider only the first application received. Full details of the application procedure via Nordnet are available on Nordnet's Swedish and Danish websites (www.nordnet.se and www.nordnet.dk).

The Offering to institutional investors

The application period for institutional investors in Sweden and abroad is between 1–10 April 2019. The Company's board of directors and the Selling Shareholders, in consultation with Carnegie, reserve the right to shorten or extend the application period for the Offering to institutional investors. In the event that the application period is shortened or extended, the Company will announce the change through a press release. Expressions of interest from institutional investors are to be submitted to Carnegie or Nordea according to special instructions.

ALLOTMENT

Decisions concerning the allotment of shares will be made by the Company and the Selling Shareholders in consultation with Carnegie, whereby the objective will be to achieve a strong institutional ownership base and a wide distribution of shares among the public to enable regular and liquid trading of the Company's shares on Nasdaq Stockholm. Allotment is not dependent on when during the application period the application was submitted.

In the event of oversubscription, allotment may be withheld or scaled back to a lower number of shares than that stated in the application, in which case allotment may be carried out entirely or partly through random selection.

Applications from certain customers of Carnegie, Nordea , Avanza and Nordnet may be given special consideration. Moreover, employees and certain related parties of the Company as well as customers of Carnegie and Nordea may be given special consideration. Allotment may also take place to employees of the Managers, without any priority. In such cases, allotment will take place in accordance with the rules of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authority's regulations. Furthermore, Cornerstone Investors are guaranteed full allocation in accordance with their respective commitments.

INFORMATION REGARDING ALLOTMENT AND PAYMENT

The Offering to the general public

Allotment is expected to take place on or about 11 April 2019. As soon as possible thereafter, contract notes will be sent to those who have been allotted shares in the Offering. Those who have not been allotted shares will not be notified.

Applications received by Carnegie

Those who applied via Carnegie can receive information on allotment through their advisor or customer manager from 9:00 a.m. CET on 11 April 2019. Funds for payment are to be available in the stated securities depository account or investment savings account from 11 April 2019.

Applications received by Nordea

Those who signed up via Nordea are expected to be able to receive a notification of allotment via Nordea's internet services as at about 9:00 a.m. CET on 11 April 2019. Information about the allotment is also expected to be available around 9:00 a.m. CET on 11 April 2019 on telephone number +46 (0)10 156 98 00. To receive a notification by phone, the following must be entered: name, personal registration number or organisation number as well as account number for the VP account, service account, securities depository account number or investment savings account.

Funds are estimated to be deducted from the bank account or securities deposit/investment savings account around 15 April 2019. For Nordea customers, funds are required to be available on the specified bank account or securities deposit/investment savings account during the period from 9 April at 5:00 p.m. CET and 15 April 2019 at 11:59 p.m. CET.

Applications received by Avanza

Those who applied via Avanza's Internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 9:00 a.m. CET on 11 April 2019.

For customers with Avanza, funds for allotted shares will be drawn no later than the settlement date around 15 April 2019. Note that funds for the payment of allotted shares are to be available from 9 April 2019 up to and including 15 April 2019.

Applications received by Nordnet

Those who applied via Nordnet's Internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 9:00 a.m. CET on 11 April 2019.

For securities deposit customers with Nordnet, funds for allotted shares will be drawn no later than the settlement date around 15 April 2019. Note that funds for the payment of allotted shares are to be available from 9 April 2019 up to and including 15 April 2019.

The Offering to institutional investors

Institutional investors are expected to receive information regarding allotment according to a special procedure on or about 11 April 2019, after which contract notes will be sent. Full payment for allotted shares must be made in accordance with the contract note and against the delivery of shares no later than 15 April 2019. If full payment is not made within the prescribed time, the allotted shares may be transferred to another party. If the selling price for such a sale were to be less than the Offering Price, the individual who was originally allotted the shares may have to pay the difference.

REGISTRATION AND REPORTING OF ALLOTTED AND PAID SHARES

Registration of allotted and paid shares with Euroclear Sweden, for both institutional investors and the public in Sweden and Denmark, is expected to take place on or around 15 April 2019, after which Euroclear Sweden will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the individual nominee.

LISTING ON NASDAQ STOCKHOLM

On 14 March 2019, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the listing requirements on Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's ordinary shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its ordinary shares.

Trading in the Company's ordinary shares is expected to commence on or about 11 April 2019. This means that trading will commence before the shares have been transferred to the acquirers' securities accounts, service accounts, securities depository accounts or investment savings accounts and, in certain cases, before a contract note has been received. This also means that trading will commence before the terms and conditions for completion of the Offering have been met. If the Offering is not completed, any trading in the Company's ordinary shares that occurs before the Offering becomes unconditional and will be rescinded.

The ticker for the Company's share on Nasdaq Stockholm is KAR.

IMPORTANT INFORMATION REGARDING THE POTENTIAL SALE OF ALLOTTED SHARES

As soon as payment for the allotted shares has been processed by Carnegie, Nordea, Avanza and Nordnet, paid shares will be transferred to the securities depository account, securities account or investment savings account specified by the acquirer. Due to the time required for transferring payment and transferring paid shares to such acquirers, the acquirers will be unable to access said shares in the specified securities depository account or specified account until around 15 April 2019 at the earliest. Trading in the Company's ordinary shares on Nasdaq Stockholm is expected to commence on 11 April 2019. Given that the shares will not be available on the acquirer's account until around 15 April 2019 at the earliest, the acquirer may not be able to sell these shares from the first day of trading on Nasdaq Stockholm. Instead, the acquirer may only be able to sell the shares once they are available on the securities depository account, securities account or investment savings account. Investors will be able to obtain information on allotment from 11 April 2019. See also "*–Information regarding allotment and payment*".

STABILISATION

In connection with the Offering, Carnegie may effect transactions with a view to supporting the market price of the ordinary shares at a higher level than that which might otherwise prevail in the open market. Such transactions may be effected on Nasdaq Stockholm, an OTC market or otherwise and may be undertaken at any time during the period commencing on the first day of trading in the ordinary shares on Nasdaq Stockholm and ending no later than 30 calendar days thereafter.

Carnegie has no obligation to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Further, stabilisation transactions, if commenced, may be discontinued at any time without prior notice. In no event will measures be undertaken to stabilise the market price of the ordinary shares above the Offering Price. No later than by the end of the seventh trading day after the stabilisation transactions have been undertaken, Carnegie shall disclose that stabilisation transactions have been undertaken in accordance with article 5(4) of the EU market abuse regulation (EU) 596/2014. Within one week of the end of the stabilisation period, Carnegie will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering is expected to be announced through a press release on or around 11 April 2019. The press release will also be available on the Company's website (www.karnovgroup.com).

RIGHT TO DIVIDEND

The shares offered in the Offering carry a right to dividends for the first time on the record date for dividends occurring immediately after completion of the Offering. For more information on dividends, see "*Dividends and dividend policy*".

TERMS AND CONDITIONS FOR COMPLETION OF THE OFFERING

The Offering is conditional on the Company, the Selling Shareholders and the Managers entering into an agreement regarding the placing of ordinary shares in the Company (the "**Placing Agreement**"), which is expected to take place on or around 10 April 2019. The Offering is conditional on the Managers believing there to be sufficient interest in the Offering to enable trading in the share, the Placing Agreement being executed, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated. The Placing Agreement stipulates that the Managers' undertaking to serve as an intermediary for buyers in the acquisition of shares in the Offering is conditional on, among other things, the Company's representations and warranties being correct and no events occurring that have such a material negative impact on the Company that it would be inappropriate to carry out the Offering. If any material negative events occur, if the guarantees that the Company has issued to the Managers should fall short or if any of the other conditions stipulated by the Placing Agreement are not fulfilled, the Managers will be entitled to terminate the Placing Agreement up to and including the settlement date on 15 April 2019. If the above conditions are not fulfilled and if the Managers terminate the Placing Agreement, the Offering may be terminated. In such cases, neither delivery nor payment will be carried out under the Offering. Under the Placing Agreement, the Company will undertake to indemnify the Managers against certain claims under certain conditions.

OTHER INFORMATION

Although Carnegie and Nordea are Managers, this does not necessarily mean that Carnegie and Nordea consider applicants for the Offering to be customers of the bank for the investment. For the investment, an acquirer is considered a customer only if the bank has provided advisory services about the investment to the acquirer or has otherwise contacted the acquirer about the investment. Since the bank does not consider the acquirer to be a customer for the investment, the investment will not be subject to the rules on investor protection stipulated in the Swedish Securities Market Act (Sw. *lagen (2007:528) om värdepappersmarknaden*). This means, among other things, that neither customer categorisation nor a suitability assessment will be applied to the investment. Accordingly, the acquirers themselves are responsible for ensuring that they have sufficient experience and knowledge to understand the risks associated with the investment.

PROCESSING OF PERSONAL DATA

Carnegie

Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the offer, is processed by Carnegie, as controller of the personal data, for the administration and execution of the offer. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties.

Personal data may for a defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Carnegie is also under a statutory duty to provide information, for example, to the Swedish Financial Supervisory Authority and Swedish Tax Agency.

Similarly to the Swedish Securities Market Act (Sw. *lagen (2007:528) om värdepappersmarknaden*), the Swedish Banking and Financing Business Act (Sw. *lagen (2004:297 om bank- och finansieringsrörelse*) contains confidentiality provisions according to which all of Carnegie's employees are bound by a duty of confidentiality with regard to clients of Carnegie and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Carnegie group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Carnegie's data protection officer. It is also possible to contact the data protection officer to obtain further information about how Carnegie processes personal data. If the investor wishes to make a complaint regarding Carnegie's processing of personal data, the investor is entitled to turn to the Swedish Data Protection Authority in its capacity as supervisory authority.

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that Carnegie has no legal obligation to preserve the personal data. The normal storage time for personal data is 10 years. Email address to Carnegie's data protection officer: dpo@carnegie.se.

Nordea

Investors in the Offering will provide personal data to Nordea. Personal data provided to Nordea will be processed in data systems to the extent required to provide services and administer matters in Nordea. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organisations with which Nordea co-operate. Information regarding the processing of personal data is provided by Nordea's branch offices, which also accept requests for correction of personal data. Information regarding addresses may be obtained by Nordea through automatic data runs at Euroclear Sweden. For detailed information on the handling of personal data, please see the privacy policy of Nordea, available on Nordea's website (www.nordea.com/en/privacy-policy-new.html).

Avanza

Avanza processes its customers' personal data in accordance with the at any time applicable personal data legislation. For more information, refer to Avanza's website and general terms and conditions.

Nordnet

Personal data may be submitted to Nordnet in connection with acquisitions of shares in the Offering via Nordnet's Internet service. Personal data submitted to Nordnet will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from sources other than the customer may also be processed. The personal data may also be processed in the data systems of companies or organisations with which Nordnet co-operates. After the customer relationship ceases, Nordnet erases all relevant personal data in accordance with applicable law. Information pertaining to the processing of personal data can be obtained from Nordnet, which also accepts requests for the rectification of personal data. For more information about how Nordnet processes personal data, contact Nordnet's customer service centre by telephone: +46 8 506 330 00 or email: info@nordnet.se.

INFORMATION TO DISTRIBUTORS

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II's product governance requirements**"), and with no liability to pay damages for claims that may rest with a "**manufacturer**" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the Company's shares have been subject to a product approval process whereby the target market for the Company's shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and eligible counterparties, each in accordance with MiFID II ("**the target market**"). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the Company's shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's shares offer no guaranteed income and no protection of capital; and an investment in the Company's shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the target market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in the Company.

Each distributor is responsible performing their own assessment of the target market regarding the Company's shares and for deciding on suitable channels of distribution.

Market overview

Market overview

Certain information set out in this section has been derived from external sources, including the Market Study and publicly available industry publications and reports. The Market Study has been prepared for Karnov by a third-party consulting firm (see "*Presentation of financial and other information–Market data*" for more information). Industry publications and reports, including the Market Study, generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Karnov believes that these industry publication and reports are reliable, but Karnov has not independently verified them and cannot guarantee the accuracy or completeness. As far as Karnov is aware and able to ascertain from such information, no facts have been omitted that would render the reproduced information inaccurate or misleading. The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "*Forward-looking statements and presentation of financial and other information*", "*Presentation of financial and other information*" and "*Risk factors*".

INTRODUCTION

Overview

Karnov is a leading provider of information products and services in the areas of legal and tax and accounting in Denmark and legal and environmental, health and safety in Sweden. Karnov offers its services under its strong portfolio of brands, including Karnov, Norstedts Juridik, VJS, Notisum, CBM and Forlaget Andersen.

Karnov's products are largely digital, including subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector (including, for example, courts, libraries, universities, public authorities and municipalities). Karnov also publishes and sells printed books and journals and hosts legal training courses.

Karnov is organised into two geographical financial reporting segments: Denmark and Sweden. In 2018, Denmark and Sweden represented 55 and 45 per cent of Karnov's net sales, respectively. Karnov's product offering is similar in Denmark and Sweden. However, there are a few variations, and, as an example, Karnov Tax & Accounting packages are only being offered in Denmark and VJS's physical legal training courses are only being offered in Sweden. In addition, since Denmark and Sweden have separate legal systems and different languages, the content of the product offering is unique in each of the two countries (see "*Business overview–Karnov's product offering*" for more information on Karnov's products and services).

KARNOV'S MARKET

Overall market

Karnov operates in the online and offline professional information products and services markets, which encompasses, among other things, online information database services, printed information sources, legal practice management software and legal training courses. The products and services are generally offered to law firms, tax and accounting firms, corporates in a wide range of industries and the public sector, including to courts, libraries, universities and other public authorities and municipalities.

The currently addressable market

Karnov's currently addressable market consists of the total potential for Karnov's current online and offline products and services in Denmark and Sweden (the "**Currently Addressable Market**").[1] According to the Market Study's estimates, the Currently Addressable Market amounted to approximately MSEK 1,500 in 2017 (approximately MSEK 1,000 online and approximately MSEK 500 offline), with Karnov representing 44 per cent of the market (including Norstedts Juridik which was acquired in January 2018), and it is expected to grow by a compound annual growth rate ("**CAGR**") of 2.4 per cent during 2018–2021.

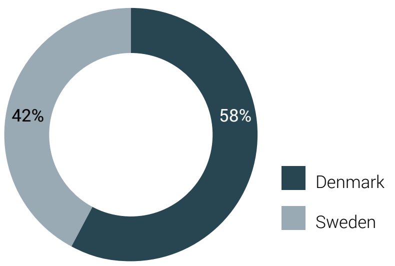
1) The Currently Addressable Market is defined as addressable on the basis of being within Karnov's current capabilities, customer base and geographic reach as well as utilising the existing core online platform. However, some development of content and localisation of the core online platform would be required to serve the entire addressable market. For a further description of Karnov's current product offering and customer base, see "*Business overview–Karnov's product offering*" and "*Business overview–Customer and sales–Customer base*".

SEK 1.5 bn
Market size (2017)

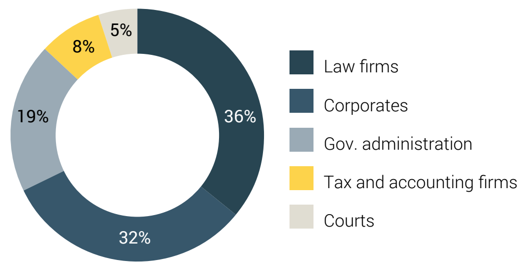
44%
Market share (2017)

2.4%
Market growth (2018E–2021E)

Geographic breakdown (2017)



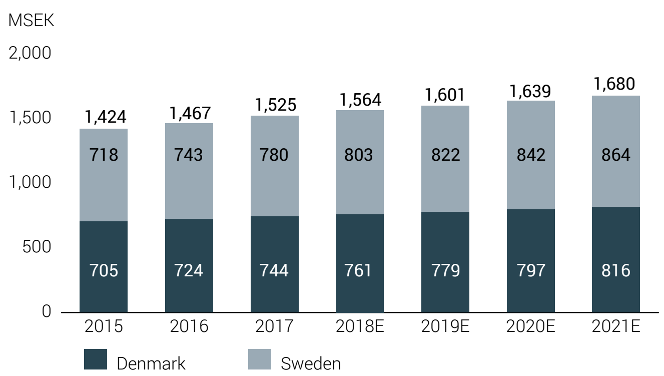
Customer type breakdown (online only, 2017)



Source: Market Study.

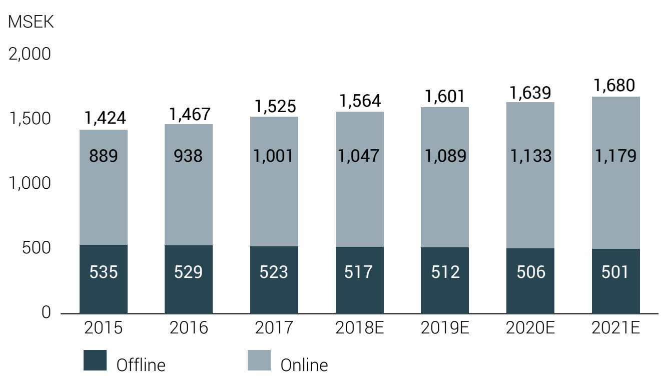
The expected total CAGR of 2.4 per cent consists of an expected growth for online products and services of 4.0 per cent and an expected decline of 1.1 per cent for offline products and services (within offline products and services, the market for printed products is expected to decline with a CAGR of 2.4 per cent, while other services have an expected growth of 0.8 per cent during the period). The Currently Addressable Market development by geography and by product and service type is illustrated in the charts below.

Market development by geography (MSEK)



Source: Market Study.

Market development by product (MSEK)



Source: Market Study.

In 2017, the Danish market represented MSEK 744 of the Currently Addressable Market, with Karnov representing 48 per cent of the market, and it is expected to grow by a CAGR of 2.3 per cent during 2018–2021 (source: Market Study).

Market size
MSEK 744

Market share
48%

Overall market position
1

Market growth (2018E–2021E)
2.3%

The Swedish market represented MSEK 780 of the Currently Addressable Market in 2017, with Karnov representing 41 per cent of the market, and it is expected to grow by a CAGR of 2.5 per cent per year during 2018–2021 (source: Market Study).

Market size
MSEK 780

Market share
41%

Overall market position
1

Market growth (2018E–2021E)
2.5%

MARKET OPPORTUNITY

According to the Market Study, CIL has identified multiple strategies for Karnov to expand its total market opportunity on its current markets by at least MSEK 800–950. According to the Market Study, acquisitions of online products and services similar to the products and services developed on the UK and US markets in recent years[1)] represent MSEK 600–750 of this total market opportunity. Development or acquisitions of new offline services[2)] represent the remaining additional potential of MSEK 200. According to the Market Study, Karnov is also well positioned for expansions through acquisitions into adjacent markets such as Finland, Norway and the Baltics.

KEY GROWTH DRIVERS AND TRENDS

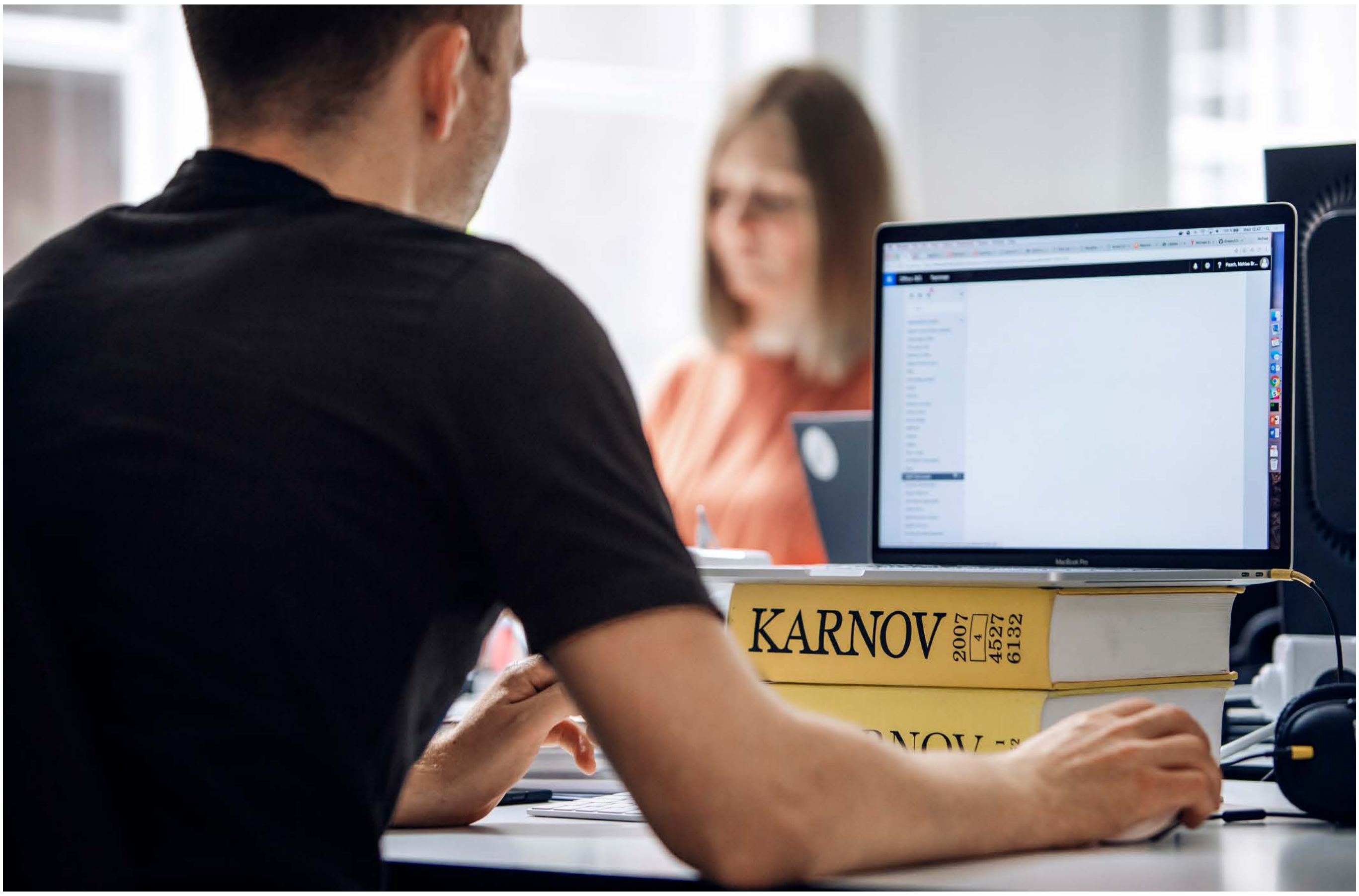
According to the Market Study, the Currently Addressable Market is forecasted to grow at a CAGR of 2.4 per cent during 2018–2021. The Market Study attributes this forecasted growth to a large extent to the key drivers and trends discussed below.

User base

According to the Market Study, the price that providers of online information products on the Currently Addressable Market charge their customers is often based on the number of individuals having access to the product. Accordingly, the number of lawyers in law firms, corporate in-house counsels, municipality caseworkers and legal staff in courts in Denmark and Sweden is a key driver of growth for the Currently Addressable Market.

> **Number of lawyers in law firms:** The number of lawyers in law firms in Sweden has grown during 2015–2017, particularly with larger law firms, with some consolidation amongst smaller law firms, and is expected to continue to grow during 2018–2021. The number of lawyers at law firms in Denmark has remained stable during 2015–2017 and is forecasted to remain flat during 2018–2021.

1) Such products and services that have been developed on the markets in the UK and USA include, among other things, legal guides and templates giving quick overviews of certain legal practice areas, workflow tools facilitating on boarding of new clients or projects, contract analysis tools, document management tools and collaboration platforms and legal practice management systems that handle, for example, billing, accounting, time tracking, expenses and know your customer (KYC) processes. In terms of technological adoption, the development of the UK and US markets have historically been about five years ahead of the development of the Danish and Swedish markets. The market opportunity identified in the Market Study is based on the assumption that the Danish and Swedish markets develop as the UK and US markets have developed during the last five years. It is not certain that the Danish and Swedish markets will develop in the same way or pace as the UK or US markets.
2) Such products and services include, among other things, legal process outsourcing and outsourcing of library management.



> **Number of corporate in-house counsels:** The number of in-house counsels in Swedish corporates has historically been low compared to the European average, but the number of large Swedish corporates has grown during 2015–2017 and is forecasted to continue to grow during 2018–2021, driving the total number of addressable in-house counsels. The number of in-house counsels in Danish corporates has grown during 2015–2017 and is forecasted to continue to grow during 2018–2021.

> **Number of municipality caseworkers:** The development of the total number of caseworkers in municipalities has been flat during 2015–2017 and is expected to remain flat during 2018–2021. However, the demand for legal information services among municipality caseworkers that do not have a formal legal education is expected to increase.

> **Number of legal staff in courts:** The development of the total number of legal staff in courts has been flat and is expected to remain flat during 2018–2021.

Customer needs

According to the Market Study, the overall use of legal, tax and accounting and environmental, health and safety information products and services and the ability to meet the users' demand are key drivers of growth for the Currently Addressable Market. The Market Study identifies the following trends that drive customer needs for information products and services.

> **Increased complexity of legal work:** One of the biggest challenges for the legal sector, and, accordingly, providers of legal information services that strive to meet lawyers' demand and create customer value, is the large volume of legislation, regulation and case law that is increasingly burdensome for any individual lawyer to comprehend and manage. This means that lawyers require efficient information services and decisions support tools to enable them to keep up-to-date with the latest data as well as consider and analyse the large volume of information that exist and is relevant for their work.

> **Specialisation:** Clients of major law firms often demand specialisation from the law firms they use, which impacts law firms' procurement buying decisions and drives expenditures on products and services that facilitate an in-depth understanding of the law.

> **Increased focus on efficiency:** Clients of major law firms tend to demand an increased focus on efficiency from their lawyers, and legal information services are a tool to enable lawyers to work more efficiently by increasing the speed and quality of research and legal advice.

> **Technology adoption and acceptance:** There is a generational shift in the use of IT and online products and services in law firms. Younger lawyers tend to use more digital information resources and software tools and different functions of such offerings than older lawyers do, and this drives spending on online products and services with high functionality.

- **Frequency of legislative change:** Changes in legislation drives demand for up-to-date information and commentaries and annotations to the legislation. The rate of change is expected to continue at a similar rate during 2018–2021.

Pricing and revenue model

According to the Market Study, price increases are a key driver of growth for the Currently Addressable Market. While the market is considered somewhat price sensitive, this is offset by the value that the legal information service provides to customers and lawyers' aim to improve their efficiency. According to the Market Study, new content or product and services and increased functionality of existing products generally drive up average prices for legal information services.

COMPETITIVE LANDSCAPE

According to the Market Study, the competitive landscape in the Currently Addressable Market is characterised by a few players with a varying scope of the content in their product and service offerings. The Market Study has identified certain qualities that customers in the Currently Addressable Market value when purchasing professional information products and services and which may be considered as competitive advantages if possessed by Karnov or its competitors. Such identified qualities include:

- Locally adapted annotations and commentary not only to recent legislation, but also to legislation going back many years.
- Access to a wide range of publicly recognised experts that can contribute authored content within several areas of law.
- Strong brands with deep-rooted legacies that bestow a trusted seal of quality.
- Sophisticated search functionality and workflow tools that are user friendly and tailored to the needs of the customers.

Denmark

According to the Market Study, Karnov holds a leading position on the Currently Addressable Market in Denmark with an estimated market share of 48 per cent in 2017. As regards online products and services, Danish law firms and universities generally see Karnov as a key provider. In Denmark, Djøf Forlag, retsinformation.dk (free public database of laws, regulations and preparatory works), Schultz and Synopsis are competitors of Karnov.[1)] According to the Market Study, Danish corporate in-house counsels currently tend to use retsinformation.dk while lawyers in the public sector use both Schultz and Karnov. As regards offline products and services, in addition to Djøf Forlag, Karnov's competitors in Denmark include, among others, Ex Tuto and JUC.

Sweden

According to the Market Study, Karnov holds a leading position on the Currently Addressable Market in Sweden with an estimated market share of 41 per cent in 2017 (including Norstedts Juridik that was consolidated into Karnov in January 2018). As regards online products and services, law firms and universities frequently use either Norstedts Juridik (Zeteo) or Karnov although some leading law firms have both. Law firms and universities often also use specialist providers such as Infotorg, JP Infonet, Infosoc Rättsdata and Blendow Lexnova, which are Karnov's main competitors in Sweden. According to the Market Study, Swedish corporate in-house counsels are often price sensitive and often rely on free, publicly available information, and Swedish municipalities tend to use Karnov or Zeteo with municipality caseworkers primarily using JP Infonet. As regards offline products and services, in addition to Blendow Lexnova and JP Infonet, Karnov's competitors include, among others, Jure Bokhandel, Liber, Iustus and Studentlitteratur.

1) Source: Market Study.

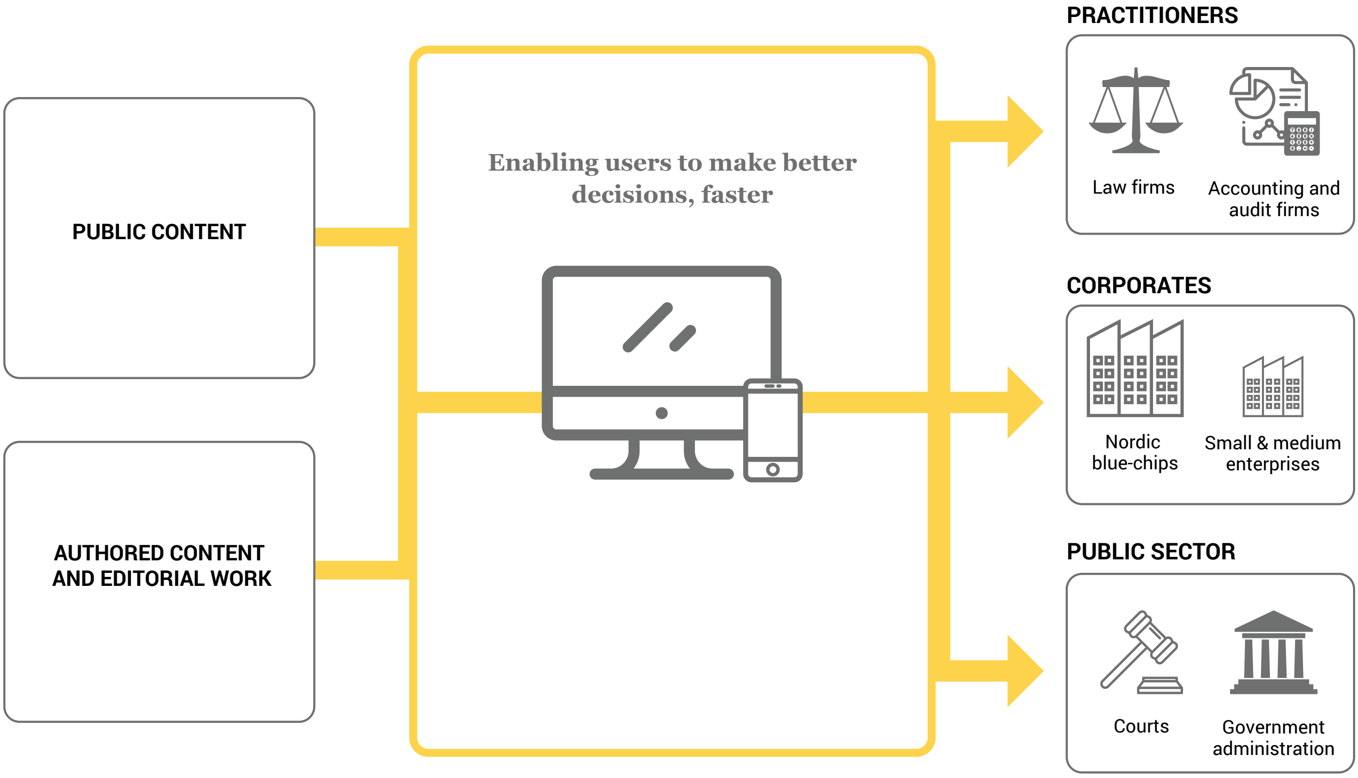
Business overview

Business overview

INTRODUCTION TO KARNOV

Karnov is a leading provider of information products and services in the areas of legal and tax and accounting in Denmark and legal and environmental, health and safety in Sweden. Karnov offers its services under its strong portfolio of brands, including Karnov, Norstedts Juridik, VJS, Notisum, CBM and Forlaget Andersen. Karnov's vision and mission is to be an indispensable partner for all legal, tax and accounting professionals and enable its users to make better decisions, faster, by delivering the highest quality of content with a state-of-the-art user experience in order to support their workflow efficiency.

Karnov's products are largely digital, including subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector (including, for example, courts, libraries, universities, public authorities and municipalities). Karnov also publishes and sells printed books and journals and hosts legal training courses. As at 31 December 2018, Karnov's online platforms contained more than 700,000 linked documents, including, among other things, public data sources such as legislation, preparatory works and court cases, supplemented by more than 250,000 annotations and in depth commentaries and analysis prepared by expert authors. By integrating public legal content with legal experts' analysis in the form of commentaries and annotations, Karnov provides a legal information system to more than 60,000 users[1].

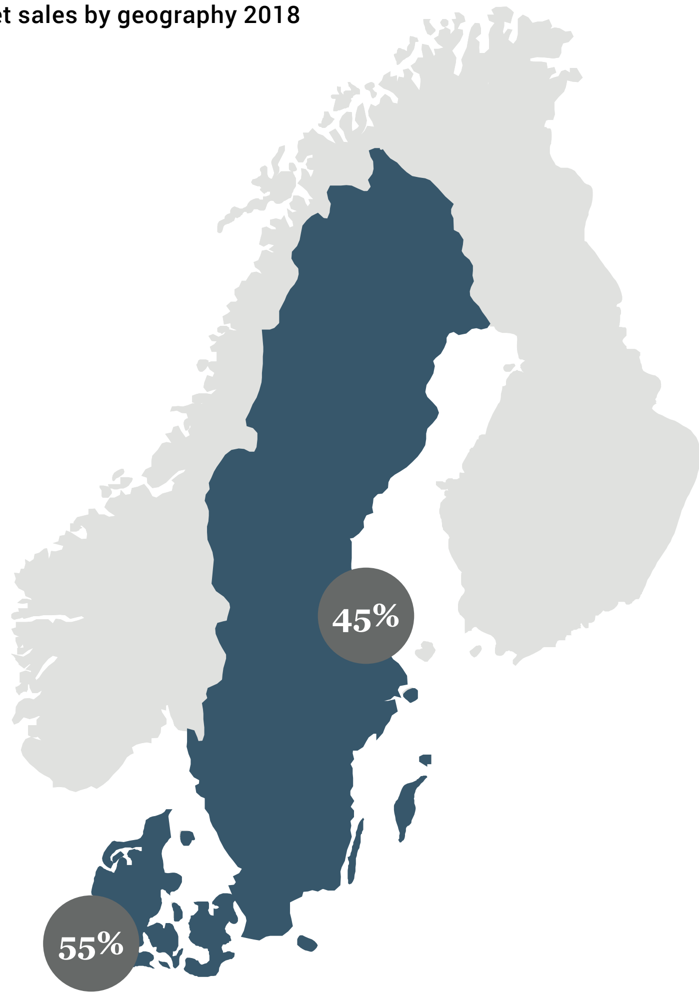


1) Users who had at least one document display in 2018.

Karnov is organised into two geographical financial reporting segments: Denmark and Sweden. In 2018, Denmark and Sweden represented 55 and 45 per cent of Karnov's net sales, respectively. Karnov's product offering is similar in Denmark and Sweden. However, there are a few variations, and, as an example, Karnov Tax & Accounting packages are only being offered in Denmark and VJS's physical legal training courses are only being offered in Sweden. In addition, since Denmark and Sweden have separate legal systems and different languages, the content of the product offering is unique in each of the two countries (see "–*Karnov's product offering*" for more information on Karnov's products and services).

As at 31 December 2018, Karnov had 251 full time employees ("**FTEs**") and contracts with more than 1,500 legal experts available to contribute authored content. In 2018, Karnov's net sales were KSEK 715,342 (74 per cent online and 26 per cent offline), organic growth was 3.9 per cent and the Adjusted EBITA margin was 36.6 per cent.

Net sales by geography 2018

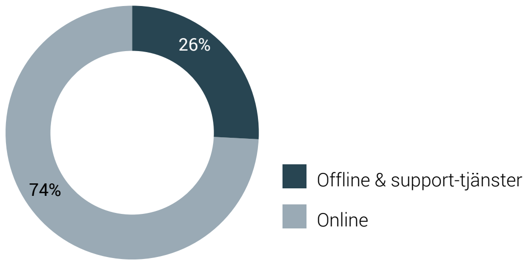


SEK 715m
Net sales

3,9%
Organic growth

82%
Subscription-based sales

36,6%
Adjusted EBITA margin



See "*Presentation and financial and other information–Alternative performance measures*" and "*Selected historical financial information–Reconciliation of alternative performance measures*" for definitions, explanations and reconciliations of *Net sales*, *Organic growth* and *Adjusted EBITA margin*.

KARNOV'S HISTORY

Karnov was founded on one man's belief that access to the law is the foundation of every great society and Karnov's legacy dates back to 1867 when *Ugeskrift for Retsvæsen* ("**UfR**") was published for the first time. Over time Karnov has evolved from a traditional publishing company to a digital information provider. The following list presents an overview of important events in the development of Karnov's business.

> **1867:** The first legal periodical (UfR), a weekly case law overview describing the most important rulings of the higher courts was launched in Denmark. Karnov acquired UfR from Gads Forlag in 1994.

> **1924:** Karnov was founded in Copenhagen. Magnus Karnov published the first edition of collected laws with the ambition of making legal information more accessible. The name of the publication was *Hvermands lovsamling* (the code of laws for every man).

> **1948:** The fourth edition of Magnus Karnov's code of laws was published and renamed *Karnovs Lovsamling*, a name that is still used today.

> **1979:** Karnov Sweden was established.

> **1997:** Karnov launched a loose-leaf series on practical legal handbooks for business managers called FAKTA. The demand for FAKTA was lower than Karnov's expectations and the series never became a success. The majority of publications in Denmark was closed down in the beginning of 2000 and the Swedish business was sold in 2007.

> **2000:** Karnov online was launched in order to allow professionals in Denmark and Sweden to do legal research online.

> **2007:** Karnov acquired the Danish tax calculation software business Revi-Soft. The strategy behind the acquisition was to leverage Karnov's customer base and infrastructure to grow in Denmark and to expand into other Scandinavian countries. However, the strategy was not successful and Revi-Soft was sold back to the previous owner in 2012.

> **2012:** Karnov acquired VJS, a Swedish continued legal education business.

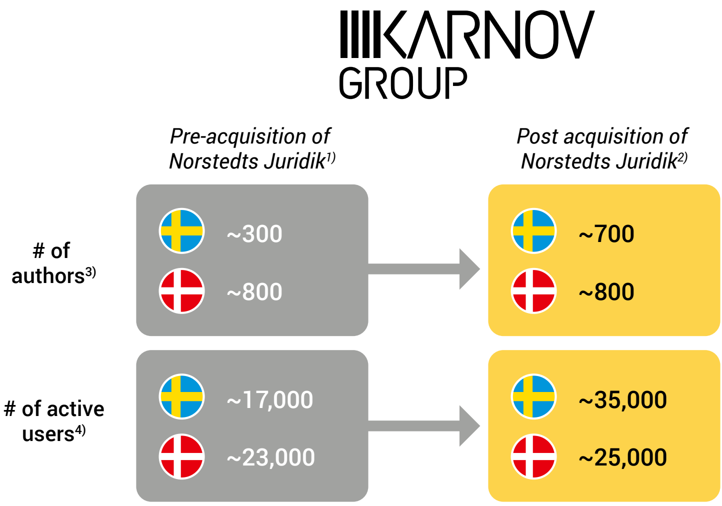
> **2013:** Karnov acquired Magnus Informatik from Wolters Kluwer, strengthening the presence in the accounting market in Denmark.

> **2015:** FAPI acquired Karnov from GMT Communications Partners.

> **2016:** Karnov acquired Notisum AB ("**Notisum**").

> **2017:** Karnov acquired the Danish publisher and course provider Forlaget Andersen and invested in Change Board Member ApS ("**CBM**").

> **2018:** Karnov invested in 40 per cent of the shares in the legal tech start-up BELLA Intelligence ApS ("**BELLA**") and Karnov's tax and accounting packages were relaunched in Denmark. In January, Karnov acquired Norstedts Juridik from Wolters Kluwer. Norstedts Juridik is a leading publisher of legal information in Sweden. The acquisition of Norstedts Juridik strengthened Karnov's value proposition for its customers by, among other things, increasing Karnov's list of expert authors and expanding its content offering with both online and offline products and services.



1) As at 31 December 2017.
2) As at 31 December 2018.
3) Based on number of contracts as at 31 December 2018.
4) Active users are defined as all users who had at least one document display in 2018.

KARNOV'S VISION, MISSION AND STRATEGIC OBJECTIVES

Karnov's overall vision is to enable the users of its products and services to make better decisions, faster. Karnov aims to promote its experts authors and expand its role as an authority, strengthening the foundation for justice in the society.

Karnov's mission is to be an indispensable partner for all legal, tax and accounting professionals in Denmark and Sweden and Karnov aims to set the standards for how such practitioners access the law and manage their practices more efficiently.

Karnov's overall strategic objectives include delivering the highest quality of content, providing a state-of-the-art user experience and supporting workflow efficiency.

KARNOV'S VALUES

Karnov's employees are expected to live and work by a set of shared values that have been implemented throughout the organisation.

> **Customer centricity:** the customer's experience is Karnov's key priority, ensuring that internal processes and systems serve the customer in the best possible way.

> **Simplicity and transparency:** Karnov strives to be a company with a transparent business model that makes it easy for customers to understand the value its services adds.

> **Quality:** Karnov aims to deliver high quality in its content, solutions and customer service by seeking to attract and retain the best available authors and employees in the industry.

> **One team – one company:** Karnov has a strong focus on cross collaboration throughout the organisation, focusing on leveraging synergies between the countries and, at the same time, respecting cultural and market differences.

KARNOV'S BUSINESS CONCEPT

Customer needs

The work of knowledge professionals, such as legal professionals, auditors, tax advisors, other consultants, academics, judges and governmental officials, is driven by a need for accuracy, reliability and quality. In their daily work, they need to continuously access and use information that is relevant for their professions in order to provide their services. As an example, in order to advice a client on a legal problem, a lawyer needs to gain understanding of the relevant subject area. In order to do so, the lawyer needs access to high quality content from sources such as laws, regulations, preparatory works, case law, commentaries to legislation and legal literature – some of which are subject to change and development. With an increasing speed of change and expanding regulation, coming from different regulatory bodies on different hierarchical levels, the knowledge professionals use information tools to orientate in this environment.

Karnov's value proposition

Karnov aims to create value based on a solid understanding of the complexity of its customers' businesses. With a constant focus on striving to deliver the highest level of quality, Karnov has a broad product offering of online and offline information and workflow services that aim to deliver value to Karnov's customers in three different contexts:

> **Learning:** Karnov strives to deliver online and offline solutions that are tailored for specific learning areas, both in the academic context and for practitioners' continuous learning. Karnov's publication businesses in Denmark and Sweden have delivered content for students and practitioners for more than 100 years.

> **Researching:** Whether it is finding case law that supports an argument or understanding the reasoning behind the amendment of a certain law, Karnov, supported by authored content, aims to provide the insight needed. As at 31 December 2018, Karnov had contracts with more than 1,500 legal experts available to contribute authored content.

> **Knowing:** Through its solutions in workflow management and current awareness, Karnov aims to provide the tools for efficient and reliable processes and decisions. Karnov's workflow management offerings cover, among other things, compliance management of environment, health and safety regulations, workflow tools for complex tax and accounting matters and various solutions for keeping professionals up-to-date on new regulation and case law.

Karnov's value proposition involves three main objectives:
> Deliver the highest quality of content
> Provide a state-of-the-art user experience
> Support workflow efficiency

Revenue model

Karnov's online offering consists of subscription-based products and services, whereas the offline offering consists of both subscription-based and non-subscription-based products and services. In 2018, 82 per cent of Karnov's net sales were subscription-based.

With respect to the online sales, customers typically pay annually in advance and the contracts are generally renewed automatically one year at the time, unless the customers opt out. Sales relating to subscription-based products and services are generally recognised for financial reporting purposes evenly over the subscription period. Karnov's subscription-based arrangements are individually negotiated with each customer and Karnov may offer volume-based discounts on a case-by-case basis. In addition to high customer stickiness, the subscription-based arrangement provides Karnov with sales visibility at the beginning of each year. For example, in 2018, 46 per cent of sales were secured through subscriptions at the beginning of the year. This, in combination with a customer churn[1)] of 2.3 per cent, provided additional visibility on the likely level of net sales for the year.

Of Karnov's offline sales of KSEK 182,789 in 2018, 30 per cent were subscription-based. The subscription-based offline offering mainly consists of the Danish law book *Karnovs Lovsamling* as well as accounting, value added tax (VAT) and compliance manuals and handbooks offered to auditors and accountants by Karnov and to corporate customers by Forlaget Andersen. The non-subscription-based products and services include Karnov's printed books, official publications from more than 40 governmental authorities in Sweden and VJS' legal training courses.

KARNOV'S STRENGTHS AND COMPETITIVE ADVANTAGES

Karnov believes that it has a number of strengths and competitive advantages that supports Karnov in implementing its strategy and meeting its financial targets.

Market leader in an attractive segment of the professional information product and services market

Karnov operates in the online and offline professional information products and services markets in the areas of legal, tax and accounting in Denmark and Sweden. These markets consist of, among others, law firms, tax and accounting firms, blue-chip corporates and public authorities facing an increasingly complex and rapidly changing regulatory environment, leading to a growing need for information services. According to the Market Study's estimates, the Currently Addressable Market amounted to MSEK 1,500 in 2017, of which Karnov had a market share of approximately 44 per cent (48 per cent in Denmark and 41 per cent in Sweden). The market has grown at a CAGR of 3.2 per cent during the period 2015–2018 with, according to the Market Study, growth in the future forecasted to continue at a CAGR of approximately 2.4 per cent to MSEK 1,700 in 2021, with the potential to further increase the addressable market substantially through development or acquisition of related products and services. According to the Market Study, the primary growth drivers of the Currently Addressable Market include, among others, a growing customer base with an increasing need for legal information services and compliance tools as well as continuous improvement of product value for users (see "*Market overview–Key growth drivers and trends*").

High quality content and online platforms

Karnov's product offering consists of an extensive database built over 150 years and distributed online through Karnov's platforms as well as offline through a wide range of publications and legal training courses. Karnov believes that the combination of its database, value-adding data enhancement processes, strong brand legacy and online platform is key to enabling its customers to make better decisions faster, by enhancing its users ability to find the information they need, trust its relevance, accuracy and completeness, and do so more efficiently. Karnov believes that its content and online platform is highly attuned to its users' needs, and the significant time, expertise and capital invested over decades in their development represent competitive advantages.

Diverse and loyal blue-chip customer base and subscription-based model providing resilient and visible revenues

Karnov generates the majority of its net sales through prepaid annual subscriptions from a diverse and long-standing blue-chip customer base, with 82 per cent of Karnov's sales coming from annual subscriptions in 2018 (of which 74 per cent was through online subscriptions), providing Karnov with high sales visibility 12 months in advance. As at 1 January 2018, Karnov had already contracted sales totalling 46 per cent of total net sales for 2018. An additional 37 per cent of net sales were secured through subscription renewals during the year (19 per cent during the first quarter, 10 per cent during the second quarter and 8 per cent during the last two quarters of 2018). In 2018, Karnov had an annual customer churn of 2.3 per cent.[2)] Karnov believes that the stability in subscription renewal rates can largely be attributed to the value-adding nature of Karnov's products and services, integration into customers' core workflows, as well as high customer satisfaction figures evidenced by its Net Promoter Score (NPS).[3)] In November 2018, the NPS for Karnov Denmark was 50. The diversity and strength of customer relationships is evidenced by the fact that Karnov's 20 largest customers contributed around

1) The churn is calculated as the total monthly revenue from customers not renewing subscriptions during the year as a percentage of total year-end monthly revenue from renewing customers.
2) The churn is calculated as the total monthly revenue from customers not renewing subscriptions during the year as a percentage of total year-end monthly revenue from renewing customers.
3) Net Promoter Score is an index ranging from –100 to 100 that measures customer willingness to promote the service. NPS is calculated based on the answers to a single question: "On a scale of 0–10, how likely are you to recommend Karnov to your friends, family or business associates?", with the percentage of responders providing scores of 6 and below being deducted from the percentage of responders providing scores of 9 or above.

25 per cent of total online sales in 2018, with the majority having customer relations lasting over ten years. The strength of customer relationships, combined with a revenue base consisting mainly of annually prepaid subscription revenue, provides Karnov with an advantageous financial position to execute its growth initiatives and achieve its financial goals.

Robust earnings with high cash generation

During the period 2016–2018, Karnov exhibited stable organic growth, high margins as well as strong cash generation. Karnov's sales grew organically by 2.8 per cent in 2017 and 3.9 per cent in 2018, driven primarily by selling more sophisticated packages and add-on services to existing customers using Karnov's core online platform and growth in number of users. Karnov's online subscription-based service offering has also historically provided Karnov with high and stable margins. During the period 2016–2018, Karnov had an average Adjusted EBITA margin of 39 per cent. Karnov further benefits from an attractive and predictable cash flow profile, based on strong cash conversion rates of 90 per cent on average during the period 2016–2018 attributable to a capital expenditure light business model and annually prepaid subscriptions with high renewal rates.[1)]

Experienced management team with a strong track record of transformation, integration and implementation

Karnov has a highly experienced management team with several years of experience in the professional information services industry. The management team, headed by CEO Flemming Breinholt who joined Karnov in 2014, has led the group from MSEK 362 in net sales in 2014 to MSEK 715 in 2018. The management team has a track record of achieving significant progress across multiple areas of the business, including execution of a digital transformation process, implementation of a customer centric mind-set across the organisation and successfully completing and integrating several acquisitions. Karnov believes that the management team has the relevant competence and experience to enable Karnov to successfully carry out its strategy and achieve its financial goals.

KARNOV'S GROWTH STRATEGY

Karnov's growth strategy is built on its key strengths and its vision of enabling its customers to make better decisions, faster. The strategy is supported by Karnov's existing network of experts, data sources, customers and partners. These are the core elements in Karnov's history and future, in which Karnov has invested over decades. The growth strategy includes a number of strategic initiatives and enablers aiming to allow Karnov to expand its core offering in Denmark and Sweden as well as grow in adjacent verticals and expand geographically in the future.

Strategic enablers

Karnov has invested in a number of strategic initiatives designed to enable execution of its growth strategy.

- **Digitalisation:** Karnov continuously invests in digitalisation to facilitate growth and expand its product offering. As an example, Karnov has invested in a collaboration tool, which allows authors to write their content in a system linked to the online platform and accessible by the content and editing teams at Karnov. This tool increases the efficiency and reduces time-to-market for new annotations and commentaries. Moreover, Karnov has invested in improving its meta tagging of data to improve the searchability and usage of data to better support its customer needs.
- **Shared service and governance:** One of Karnov's key strategic enablers is the implementation of a shared service and governance structure in the organisation. For example, Karnov's group functions have been designed so that they adjust to increasing enterprise size and structural complexity and allow acquired stand-alone companies to be integrated efficiently into Karnov's existing commercial IT-infrastructure. Moreover, Karnov appoints leadership responsibility for acquired companies.
- **People and culture:** Karnov has invested in building an agile and responsive organisation that can absorb expansion and optimise use of its workforce. In order to successfully deliver on its growth strategy, Karnov aims to build leadership capabilities with international outlook through initiatives aimed at employee skill development and improved employee engagement.
- **Brand strategy:** Karnov leverages the strengths of acquired brands by maintaining their brand names and legacy. This has been the base on which the Karnov Group has been built, uniting a portfolio of brands while unifying the visual identity across the Group. This brand strategy allows Karnov to maintain a flexible approach to acquisitions, product launches, entering into new segments and internationalisation, at the same time supporting the relevance and credibility of the mother brand "Karnov Group". The strategy allows a case-by-case decision-making to determine how strong the relationship of a new brand to the mother brand should be, thereby leaving room for a sub-brand of a product or segment with a unique position that is not in the core of the mother brand.
- ***Go-to-market* strategy:** Karnov has formulated a go-to-market strategy which leverages its existing technology and customer relationships to accelerate growth by bringing valuable and relevant international solutions to its customers in Denmark and Sweden. Among other things, the strategy involves entering into reseller agreements with leading international players enabling Karnov to offer third-party services on its own core online platform as well as initiatives to invest in channel development in new geographic markets (i.e., selling products and services through a partner) to increase market access.

1) See "*Presentation of financial and other information–Alternative performance measures*" for a definition and explanation, and "*Selected historical financial information–Reconciliation of alternative performance measures*" for reconciliations of organic growth, Adjusted EBITA margin and cash conversion.

Growth initiatives

Move core product and service offering up the data value chain

Karnov's core offering is to offer proprietary and value-added data. Karnov is on a journey to add more value to its content and online platform by developing new data-driven features and tools. Karnov has successfully launched workflow tools, such as the Tax Guide in 2015, and has today over 500 templates or guides with commentaries.

Karnov plans to continue to introduce data as a strategic asset and further develop its product offering to help customers become more efficient. For instance, Karnov focuses on increasing its analytics and reporting capabilities and develop decision-support products that provide recommendations on commercial activities based on data. Such products are typically configured for larger clients and can be used by employees in various functions within the customer organisation.

Expand and enhance the product offering through innovation

By building on its internal capabilities and collaborations with third parties, Karnov has successfully developed and launched new tools and services that build on Karnov's core online platform offering. Internally developed services include features on the core online platform, such as advanced search functionality and Time Travel™, as well as tailored guides navigating users through complex legal information, helping customers become more efficient. Further, additional services have been added to the core online offering in collaboration with third parties, for example automated contract templates (Karnov Avtalsmallar) and a profitability analysis and company valuation tool (KBO).

To further leverage its core capabilities, Karnov intends to introduce additional service levels and feature packages on top of its existing offering. Karnov intends to do so by developing internal capabilities and through partnerships.

Through intelligent link-building and author tools, as well as traffic infrastructure and distribution features, Karnov intends to transform its platform into a hub which incorporates third party content and technology, positioning Karnov as the go-to partner for legal business development and new ventures within legal tech and facilitating Karnov's expansion within existing geographies as well as in adjacent verticals.

Expand into adjacent verticals

In the past, Karnov has successfully launched new products and services within adjacent verticals to broaden Karnov's offering to existing customers and to access new customers. For example, Karnov has expanded its offering into Karnov Tax and Accounting in Denmark and Karnov Compliance in Sweden (through the acquisition of Notisum). Furthermore, Karnov Municipalities was developed in-house and launched in 2017. Karnov Municipalities targets municipality caseworkers in Sweden and there is also a narrow offering in Denmark. Karnov's growth strategy aims to further target adjacent verticals through acquisitions and partnerships.

Karnov is continuously identifying and evaluating attractive adjacencies with positive growth dynamics in which Karnov can leverage its core competencies. Karnov considers expanding the content on its core online platform to include new legal areas as well as further expanding the offering to new customer groups.

Potential opportunities to expand the core online platform include expanding into adjacent legal areas such as mergers and acquisitions, bankruptcy law, pharmaceutical law and public procurement. Opportunities to expand within new customer groups includes targeting further verticals within municipalities, such as health care, social insurance, financial markets, taxes and tariffs, gambling policy, as well as further areas within regulatory compliance.

Geographical expansion

Karnov is a leading provider of information products and services in the areas of legal and tax and accounting in Denmark and legal and environmental, health and safety in Sweden. Karnov intends to leverage its position in home markets and pursue geographic expansion for future growth. Geographic expansion opportunities include delivering Karnov's core online platform in additional countries as well as international expansion of Karnov's jurisdiction-independent services.

The strategic rationale for delivering the core online platform in additional countries is to leverage the technology platform and information retrieval system. Karnov aims to target countries with a local language (*i.e.*, the official majority language in one or only a few countries) and in which Karnov has the possibility to aim for a broad and strong market position and deliver a full set up of Karnov's ecosystem of products and services. Such countries include, for example, countries in the Nordics and the Baltics.

Furthermore, Karnov sees possibilities for future growth from international expansion of jurisdiction-independent services. In Karnov's current product portfolio such services include, for example, Karnov Compliance and its profitability analysis and company valuation tool (KBO).

Accelerated growth through execution of acquisitions

Karnov has developed a structured process to identify, evaluate and integrate strategic acquisitions that establish market presence in new geographical markets and customer segments as well as strengthen Karnov's value proposition to existing customers. Since 2016, Karnov has successfully completed five acquisitions which have supported its growth strategy through expansion into new verticals (Forlaget Andersen in 2017), strengthened market position in existing markets (Norstedts Juridik in 2018), as well as complement and expand the product and service offering (Notisum in 2016, CBM in 2017 and BELLA in 2018).

Karnov's potential strategic acquisition targets can be categorised into three types: market entry acquisitions, vertical expansion acquisitions and technology bolt-on acquisitions. Market entry acquisitions, such as the acquisition of a leading core legal information system provider in a new geography, aim to acquire strong market positions in new markets where organic entry is unfeasible due to a high need for localised proprietary content. Vertical expansion acquisitions aim to expand Karnov's product offering into new verticals or strengthen existing offerings by integrating vertical content providers on to Karnov's platform. Technology bolt-on acquisitions, such as acquisitions of automation tool providers, aim to strengthen Karnov's value proposition to existing customers through improved workflow efficiency and platform functionality.

KARNOV'S FINANCIAL TARGETS

Karnov's board of directors has adopted the following financial targets.

> **Net sales growth:**
  Karnov expects to achieve an annual organic growth of between 3–5 per cent in the medium term, supplemented by selective acquisitions.

> **Adjusted EBITA margin[1]:**
  Karnov expects to increase margins in the medium term.

> **Capital structure:**
  Karnov aims to have a ratio of Net debt to Adjusted EBITDA of no more than 3.0.[2] This level may temporarily be exceeded, for example as a result of acquisitions.

When adopting the financial targets, the board of directors has specifically considered the underlying market development, the effects of the integration of Norstedts Juridik and the effect from the ongoing shift from offline to online services. The board of directors believes that there is a reasonable basis to assume that the sales growth over the medium term will be in the upper end of the financial target range, and in the shorter term be at the lower end of the financial target range.

See also "*Dividends and dividend policy*" for Karnov's dividend policy.

All statements in this section ("–Karnov's financial targets") are forward looking statements. Although Karnov believes that the expectations reflected in these forward-looking statements are reasonable, Karnov can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors outside Karnov's control, many of which are described in "Risk factors" and "Forward-looking statements". The forward-looking statements in this section speak only as at the date of this Offering Memorandum. Karnov expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements in this section.

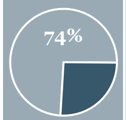
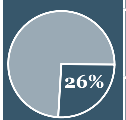
1) See "*Presentation of financial and other information–Alternative performance measures*" for a definition of Adjusted EBITA margin.
2) See "*Presentation of financial and other information–Alternative performance measures*" for definitions of Net debt and Adjusted EBITDA.

KARNOV'S PRODUCT OFFERING

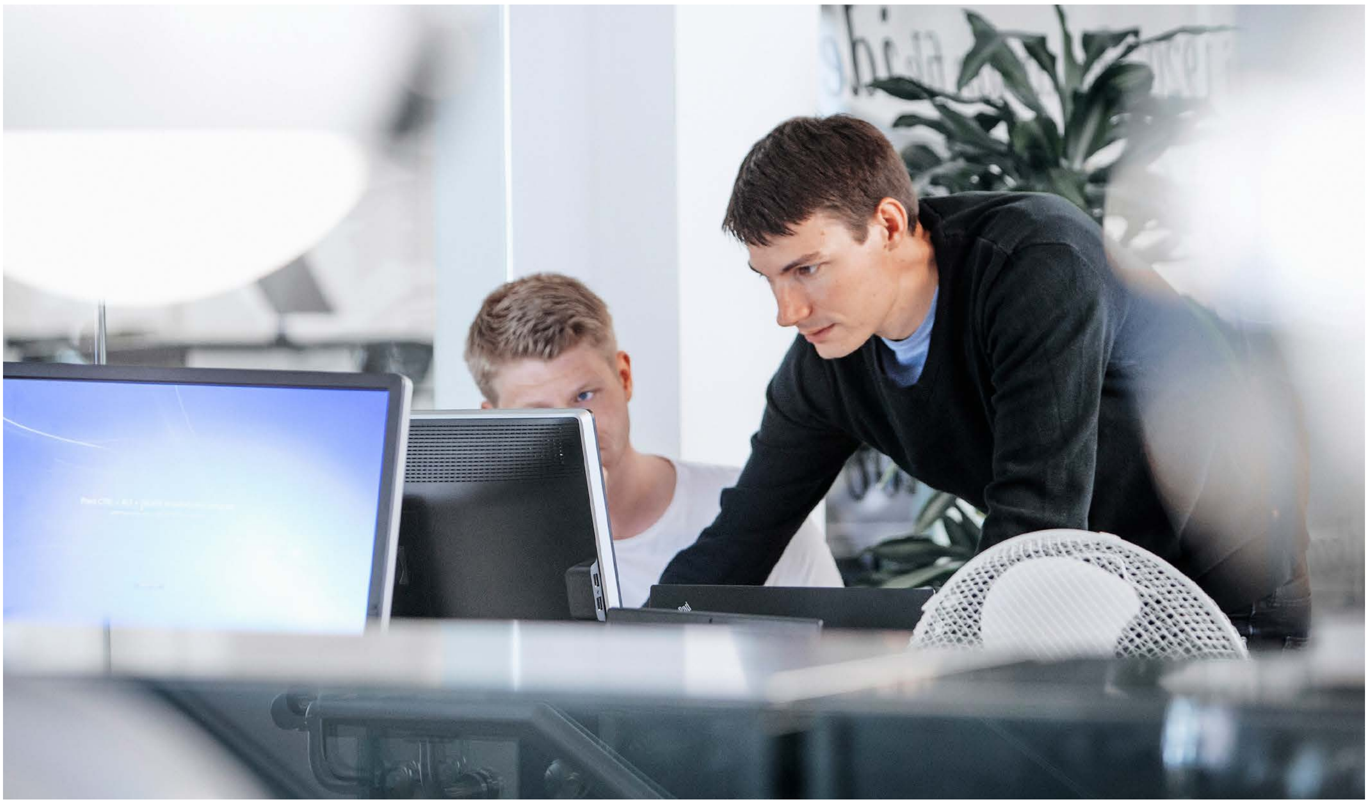
Overview

Karnov's product offering includes different content packages for its core online platform within the areas of law (Karnov Law) and tax and accounting (Karnov Tax & Accounting), offline products such as books and other printed products as well as additional services such as Karnov Compliance and legal training courses (Karnov Education).

Karnov is organised into two geographical financial reporting segments: Denmark and Sweden. Karnov's product offering is similar in Denmark and Sweden. However, there are a few variations, and, as an example, Karnov's Tax & Accounting packages are only offered in Denmark and VJS's physical legal training courses are only offered in Sweden. In addition, since Denmark and Sweden have separate legal systems and different languages, the content of the product offering is unique in each of the two countries.

	Products	Description	Country		% of net sales 2018
			Denmark	Sweden	
 Online	Karnov Law	Subscription-based package on Karnov's core online platform that gives access to, among other things, legislation, preparatory works, court cases, commentaries to legislation, online books, journals and legal news covering several legal areas. Includes brands such as Karnov Lovsamling, UfR and FED in Denmark and Karnov and Zeteo in Sweden.	✔	✔	61%
	Karnov Tax & Accounting	Subscription-based package on Karnov's core online platform that gives access to, among other things, legal information and tools within the tax, VAT, auditing and accounting areas.	✔		7%
	Forlaget Andersen	Online service that contains laws and annotations and in depth commentaries within the areas of human resources, data protection and certain other specific areas.	✔		2%
	Karnov Avtalsmallar	Legal contract templates. Add-on service to the core online platform.		✔	1%
	Karnov Compliance	Online legal information services that enables the user to monitor and receive summaries of laws and regulations as well as to perform compliance checks of such laws and regulations (Notisum). Not part of Karnov's core online platform.		✔	2%
Offline & support-services 	Books	Printed books.	✔	✔	14%
	Law books	Karnovs Lovsamling in Denmark and *Sveriges Rikes Lag* in Sweden.	✔	✔	4%
	Tax and accounting manuals	Printed manuals and handbooks.	✔	✔	3%
	Governmental publications	Publishing on behalf of public authorities.		✔	3%
	VJS	Physical legal training courses.		✔	2%

Percentages of net sales refer to net sales in 2018. Karnov intends to combine the Zeteo brand with the Karnov brand during the summer 2019.



Online offering

Core online platform

On its core online platform, Karnov aggregates and structures data such as legislation, preparatory works and court cases and cross-references it to other related content, such as annotations and in depth commentaries to legislation and other literature (legal and tax and accounting books and journals) prepared by expert authors. This allows the users of Karnov's core online platform to access easily a broad range of information. Together with the search function, this helps the user gain a deeper understanding of the law faster.

Karnov has divided the content on its core platform into different product packages and price classes (*e.g.*, Karnov Law, Karnov Tax & Accounting and Karnov Municipalities). Law firms, tax and accounting firms, corporates and public authorities such as courts and universities in Denmark and Sweden are the main target groups. The subscription package Karnov Tax & Accounting is only available in Denmark.

Contract templates

As an add-on service to the core online platform, Karnov provides its customers in Sweden with contract templates in English and Swedish under the brand Karnov Avtalsmallar. The add-on service currently comprises approximately 360 contract templates and related corporate documents such as board meeting minutes with several alternative provisions with explanatory comments by experienced legal experts. Swedish law firms and larger corporates are the main target groups of this offering.

Karnov aims to launch an enhanced version of *Karnov Avtalsmallar* mid-year 2019.

Forlaget Andersen

Via Forlaget Andersen, Karnov provides its customers in Denmark with online access to laws and annotations and in depth commentaries within the areas of human resources, data protection and certain other specific areas. Danish small and medium sized enterprises are the main target group of this offering.

Karnov Compliance

Notisum is Karnov's main product within Karnov Compliance. Notisum provides an alert function that enables the user to monitor and receive summaries of, among other things, new and amended EU regulations, EU directives and Swedish legislation and regulations as well as to perform compliance checks of such regulations. Highly regulated or certified corporates (including, for example, oil and airline companies), municipalities and other public authorities are the main targets groups of this offering.

Other products and services

CBM provides a service that enables users to receive necessary information on how to change board members in companies incorporated throughout the world. Corporates are the main target group of this offering.

BELLA is a legal tech start-up that is developing a service intended to enable bankruptcy estate lawyers to, for example, efficiently search for relevant key words in emails as well as to structure documentation throughout the bankruptcy process by using artificial intelligence (AI) and machine learning. Legal professionals and financial institutions will be the main target groups when BELLA is launched.

Offline offering

Books and manuals

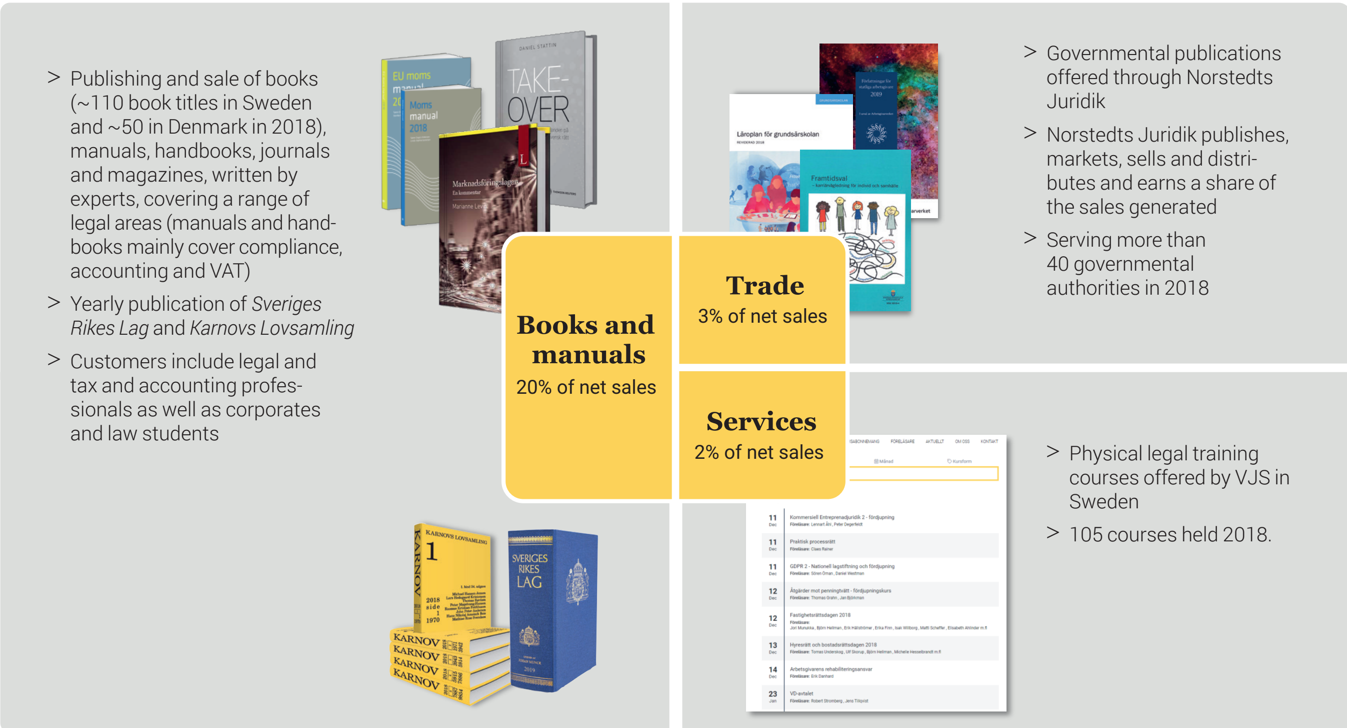
Karnov publishes and sells approximately 160 titles a year. The publications are used by lecturers and students for education purposes at universities as well as by legal, tax, and accounting professionals in their daily work at, for example, law firms, tax and accounting firms, courts and governmental authorities. Karnov also publishes and sells the law books *Karnovs Lovsamling* and *Sveriges Rikes Lag* as well as manuals and handbooks covering areas such as accounting, VAT and legal compliance. Legal, tax and accounting professionals and law students are the main target groups for this offering.

Services

Under its brand VJS, Karnov provides legal training courses to professionals in Sweden. The courses cover a broad spectrum of legal disciplines and can be tailor-made for individual customers or topic specific. The courses are led by experienced legal experts.

Trade

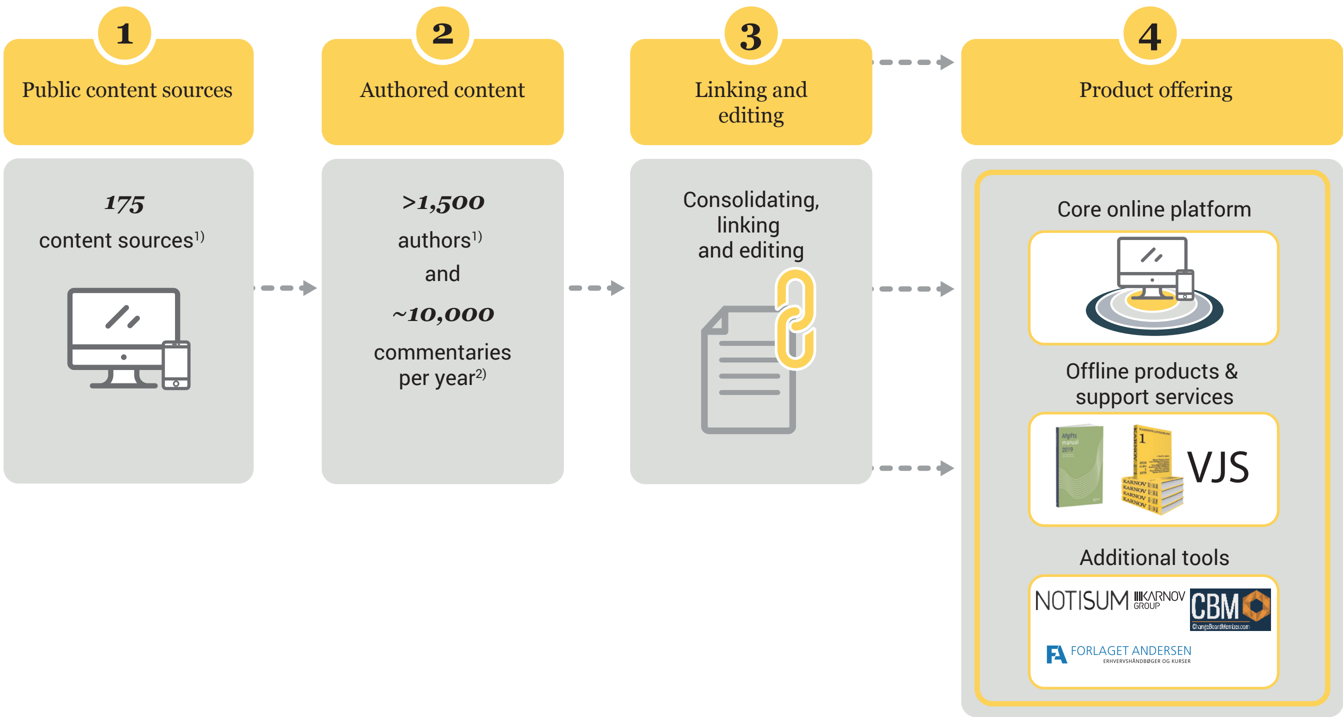
Through Norstedts Juridik, Karnov publishes, markets, sells and distributes governmental publications, such as surveys by the Swedish National Council for Crime Prevention (Sw. *Brå*) and steering documents from the Swedish National Agency for Education (Sw. *Skolverket*).



Percentages of sales refer to net sales in 2018. The percentages sum up to 25 per cent due to rounding. Net sales (offline) accounted for 26 per cent of Karnov's net sales in 2018.

Development of Karnov's products and services

The following picture provides an overview the development process of Karnov's products and services.



1) As at 31 December 2018.
2) Karnov's estimate of average number of new and amended commentaries per year during 2016–2018.

Wide collection of public data

Karnov gathers, aggregates and consolidates data from more than 175 sources. As an example, the content on Karnov's core online platform covers a broad range of legal areas, including Danish and Swedish national and international legislation, Danish, Swedish and EU case law, journals and e-books (including annotations and in depth commentaries to legislation). Karnov automatically crawls data from public websites or downloads and harvests data manually from external vendors.

Depending on the quality of the source, Karnov seeks to publish the new information on the online platform with a minimal delay and new data is typically made available within 24 hours of release. To ensure Karnov has the most relevant content on its platform, improvements and additions to public content sources are made on an ongoing basis.

Authored content

Authored content is a key component in Karnov's core online platform. As at 31 December 2018, Karnov had contracts with more than 1,500 legal experts available to contribute authored content (over 800 in Denmark and 700 in Sweden). These experts provide an overview and interpretation of the law in the form of high-level annotations and in depth commentaries to legislation, books, legal articles and news articles.

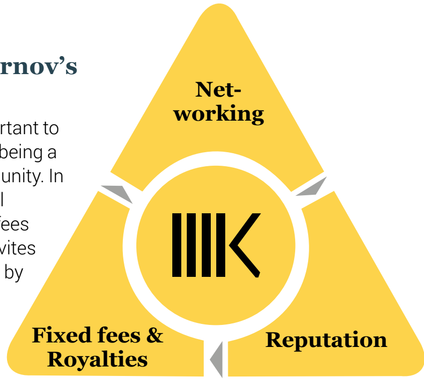
Approximately 60,000 annotations and 10,000 in depth commentaries of laws are added, reviewed or amended each year and Karnov's online platforms contain over 250,000 annotations and in depth commentaries to Danish and Swedish legislation. Karnov seeks to ensure that expert authors update the commentaries to legislation on an ongoing basis and the more high-level annotations are updated as legislation and case law changes. As at 31 December 2018, approximately 400 authors were engaged for creating and updating annotations.

Karnov's author agreements typically transfer the exclusive intellectual property rights to the authored content from the author to Karnov, subject to certain limitations, such as that Karnov, with some exceptions, may be prohibited from (i) transferring the authors' works to third parties, (ii) publishing certain works online and (iii) publishing certain works outside the Nordic region. However, if Karnov ceases the publication of a work, the agreement lapses and the rights to the work return to the author.

In addition to agreements directly with authors, Karnov is party to several agreements with publishers, editors and other copyright holders, which give Karnov both exclusive and non-exclusive licences to publish, sale or market digital versions of books or other materials on Karnov's core online platform. The copyright holders are generally entitled to royalties based on the revenue generated by the relevant work or other fees.

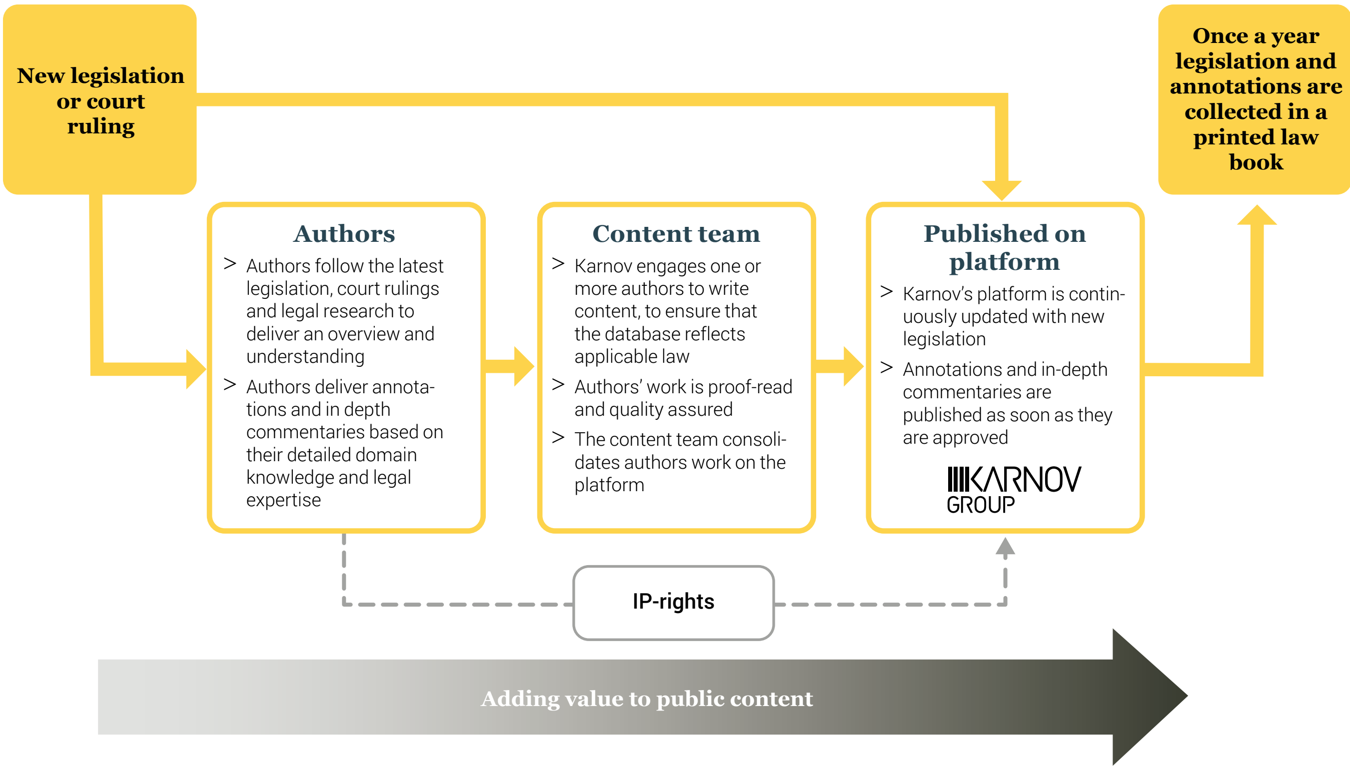
Authors' remuneration and Karnov's ability to retain authors

The ability to engage and retain authors is important to Karnov's product offering. Karnov believes that being a Karnov author is sought after in the legal community. In addition, besides from the prestige and financial remuneration, which typically consists of fixed fees and royalties based on net sales, Karnov also invites the authors to regular events and presentations by other authors.



Consolidation, linking and metadata creates a powerful search engine

Karnov's in-house editorial team updates the core online platform with relevant data. The in house editorial team enhances the collected public data and authored content by consolidating new and amended legislation (so changes can be tracked), linking and indexing documents (*i.e.*, adding metadata, to provide a high level of document relevance and discovery) and editing documents (including proofreading and quality assurance as well as ensuring that required anonymisations are done correctly). For some of the content, Karnov applies a peer review process that can be so-called blind or double blind (*i.e.*, completely anonymous). Karnov's editorial team also works with authors and other content providers to see to that content on the platform is timely and relevant to user needs.



TECHNOLOGY

Karnov has a technology division which, as at 31 December 2018, consisted of 64 FTEs of which approximately half were software engineers. The technology division has agenda that aims to optimise the balance between operating and maintaining Karnov's core online platform, enhancing functionality and existing features as well as innovating and driving development of new products and services, including potential integrations of, for example, artificial intelligence and machine-learning automation tools through partnerships with third-party software providers.

To enable the users of Karnov's products and services to make better decisions faster, the ability to handle significant spikes in demand without impacting the user experience and uptime are important factors for the online platforms, and ensuring good operability is one of the main focuses for Karnov's technology division.

Another focus area is product and product portfolio management and development, and Karnov's technology division performs, among other things, analysis of user behaviour and product support services that aim to facilitate product portfolio optimisation and decisions regarding development of functionalities and features on Karnov's core online platform. As an example, such work includes enhancing the content on the online platforms through search functionality, personalised monitoring and user annotations as well as workflow tools. Karnov's three-dimensional search functionality allows users to search within a specific law, section of a law, commentary, within related content and historically. When viewing a specific law or document for example, the user will be automatically presented with annotations and in depth commentaries. The platform also allows users to make annotations and highlights for personal use, set up notifications to inform the user of changes in their areas of interest, as well as providing various automation tools, such as contract templates and tax guides.

CUSTOMERS AND SALES

Customer base

As per 31 December 2018, Karnov had approximately 9,100 online customers, which can be divided into three main categories:

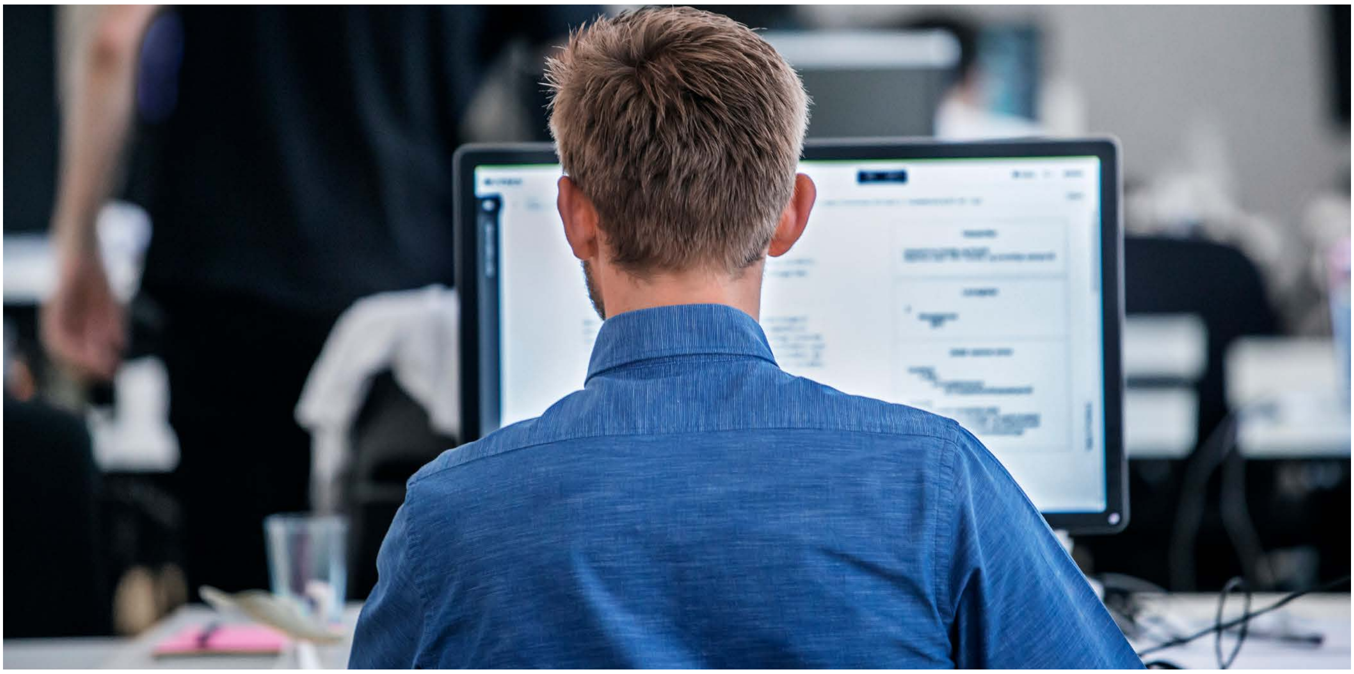
> **Practitioners,** such as lawyers (from major law firms to sole practitioners), tax advisers and accounting firms (from major international players to local firms).

> **Corporate**, Nordic companies from a wide range of industries, such as banks, multinationals and other major corporations with in-house legal and tax departments (and small and medium-sized enterprises as regards Forlaget Andersen and Notisum).

> **Public**, such as courts, libraries, universities, public authorities and municipalities.

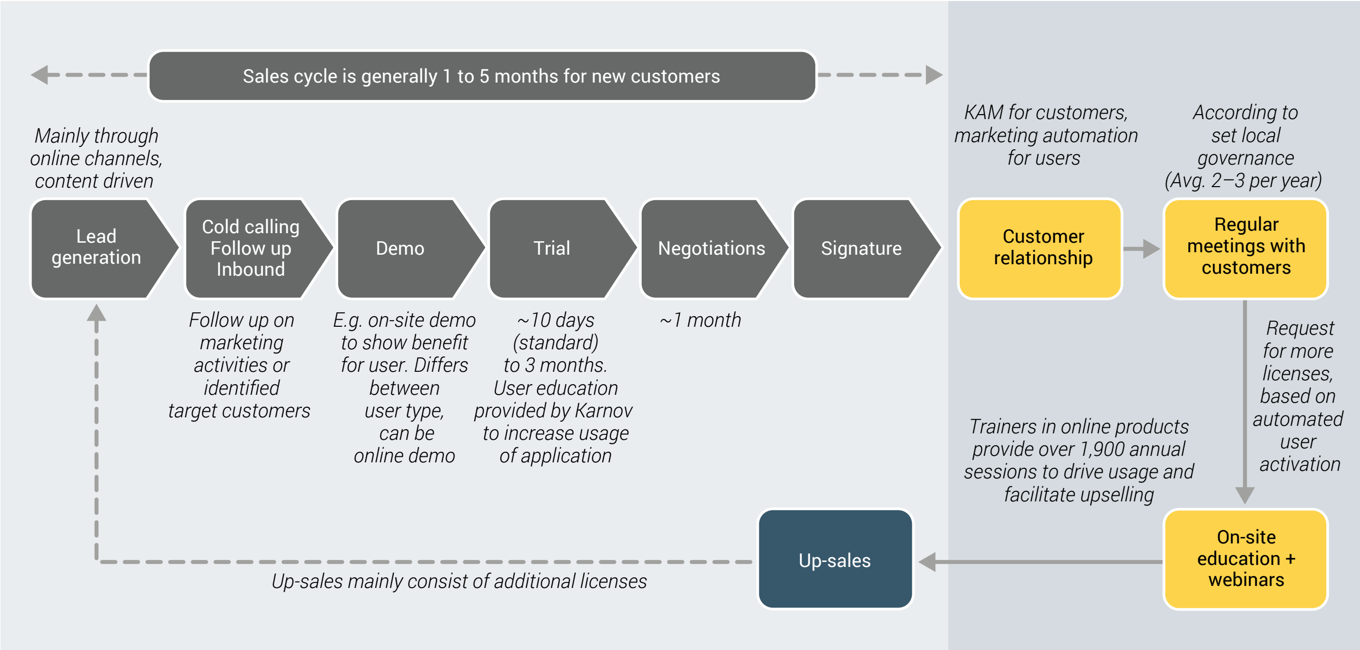
In 2018, 42 per cent of Karnov's net sales (online) came from practitioners, who represented 31 per cent of Karnov's total number of subscription customers. 34 per cent came from the public sector, which represented 12 per cent of the total number of subscription customers. The remaining 24 per cent of the online sales came from corporate customers, who represented 56 per cent of Karnov's total number of subscription customers.

For more information on Karnov's customer base, see "*– Karnov's strengths and competitive advantages–Diverse and loyal blue-chip customer base and subscription-based model providing resilient and visible revenues*".



Sales process

Illustration of Karnov's sales process



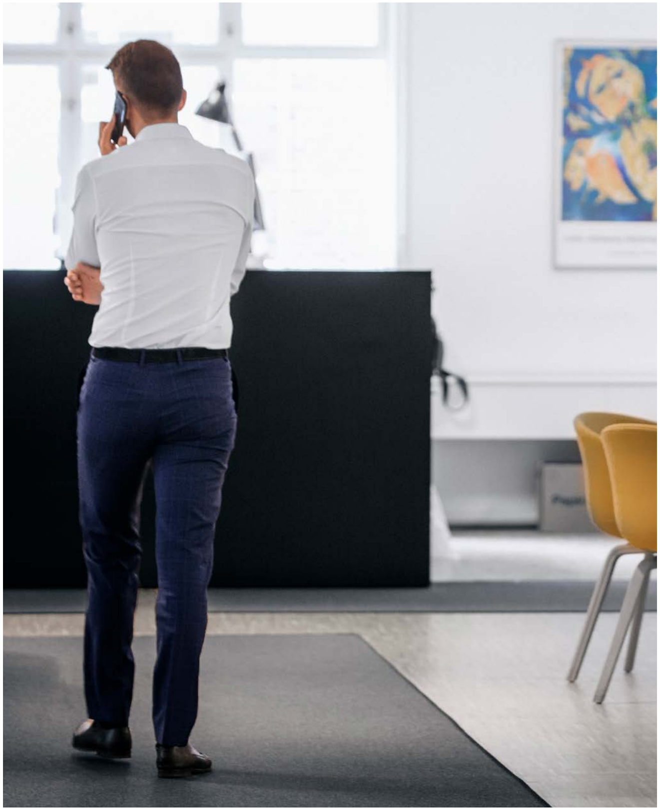
Karnov's go-to-market strategy

Karnov's sales process and go-to-market strategy can be divided into three categories:

> **New offering to new customers:** Karnov's sales process with respect to new offerings to new customers is mainly market driven with a focus on Karnov's brands and subsequent product awareness. Karnov uses automated in- and outbound activities for lead generation purposes. Karnov's product sales specialists follow up with in person meetings for larger prospects.

> **Existing offering to existing customers:** Karnov's sales process with respect to existing offerings to existing customers is mainly key account manager (KAM) driven. It builds on existing knowledge of the customer's business and needs. Karnov defines sales opportunities usage data and so-called white space analysis, which seeks to identify and analyse opportunities to increase sales to existing customers.

> **New offering to existing customers:** Karnov's sales process with respect to new offerings to existing customers involves a combination of marketing (awareness and lead generation) and a key account manager approach. Karnov defines sales opportunities through engagement in social media and on Karnov's website and its product sales specialists follow up customer target lists in order to expand offering to existing customers.



FACILITIES

Karnov does not own any real estate. Karnov currently leases office space in Copenhagen, Malmö and Stockholm. The current lease agreements expire in 2023 (Copenhagen), 2020 (Malmö) and 2020 (Stockholm). Karnov believes that the current facilities are adequate to meet its current needs and that, if Karnov acquires additional space, Karnov will be able to obtain additional facilities on commercially acceptable terms.

KARNOV'S EMPLOYEES

As at 31 December 2018, Karnov had 251 FTEs of whom 135 worked in Denmark and 116 in Sweden.

The following table presents the average number of FTEs in 2016, 2017 and 2018 based on location.

Average number of FTEs	**2018**	**2017**	**2016**
Denmark	127	121	109
Sweden	117	55	53
Total	**244**	**176**	**162**

The Swedish companies in the Group are bound by the collective bargaining agreement Tjänstemannaavtalet, entered into between Almega Tjänsteföretagen and Unionen/Akademikerförbunden. The Danish group companies are not bound by any collective bargaining agreements.

KARNOV'S HR STRATEGY

Karnov aims to create an attractive workplace where employeeship and attracting competence are key focus areas for the HR organisation. Karnov seeks to inspire and support the development of a culture defined by a one-team-one-company where the customer comes first and efficient and visionary collaboration is being promoted. The HR strategy is aimed at ensuring that Karnov attracts and retains talent and inspires to high performance with high motivation, ultimately contributing to a strong brand.

KARNOV'S SUSTAINABLE BUSINESS

For Karnov, sustainability means creating long-term value for the group and its stakeholders, contributing to the aim to be an attractive company and employer. Karnov has implemented a code of conduct that aims to safeguard the focus areas within the sustainability area, including social commitment, commitment to ethics and integrity. Since 2017, Karnov has also prepared a sustainability report that is included in the annual report.

Equality, diversity and inclusion

Karnov values diversity and is committed to providing and promoting equal opportunities throughout all aspects of employment, including recruitment. As per 31 December 2018, 53 per cent of Karnov's employees were women and 47 per cent were men and, all together, Karnov employs persons of more than 23 nationalities. Karnov aims to offer an inclusive workplace where every individual is valued and have similar access to working conditions, benefits, and terms as well as possibilities and career opportunities regardless of sex, age, physical abilities, sexual orientation, ethnicity or religious belief.

Business ethics and whistleblowing

Karnov has adopted a policy against corruption, discrimination, harassment, crimes and environmental violations. A whistleblowing service has been set up to make it simpler for those who wish to provide information about irregularities that conflict with applicable law, ethical and moral principles, or Karnov policies.

Selected historical financial information

Selected historical financial information

The selected historical financial information below for the years ended on 31 December 2018, 2017 and 2016 has been derived from Karnov's consolidated financial statements, which have been audited by PwC. Karnov's audited consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU. Except as expressly stated in this Offering Memorandum, no financial information has been audited or reviewed by Karnov's auditor.

Karnov also presents below selected key performance metrics for the years ended 31 December 2018, 2017 and 2016, which have been derived from Karnov's audited consolidated financial statements and notes as at the dates and for the periods presented. Some of the key performance metrics are so-called alternative performance measures, i.e., financial measures that are not measures defined under IFRS. The alternative performance measures are used by Karnov to monitor the underlying performance of Karnov's business and operations, and it believes that these metrics are important and helpful in understanding Karnov's performance from period to period and to facilitate comparison with its peers. Since not all companies compute these alternative performance measures in the same way, the manner in which Karnov has chosen to compute the alternative performance measures presented herein may not be compatible with similarly defined terms used by other companies. Consequently, the alternative performance measures should not be viewed as substitutes for income statement, balance sheet or statement of cash flows items computed in accordance with IFRS. For a description of the calculation of the alternative performance measures and the reason for their use, see "*Presentation of financial and other information–Alternative performance measures*".

The financial information set out below should be read in conjunction with "*Operating and financial review*" and Karnov's audited consolidated financial reports including the related notes "*Historical financial information*".

CONSOLIDATED INCOME STATEMENT

	Audited		
KSEK	**2018**	**2017**	**2016**
Net sales	715,342	451,718	421,947
Total revenue	**715,342**	**451,718**	**421,947**
Goods for resale	−126,408	−72,010	−79,638
Employee benefit expenses	−215,434	−126,827	−121,582
Depreciation and amortisation	−146,809	−66,123	−68,381
Other operating expenses	−164,009	−73,127	−65,955
Operating profit	**62,682**	**113,631**	**86,391**
Financial income	319	11	3,254
Financial expenses	−98,217	−86,311	−144,174
Net financial items	**−97,898**	**−86,300**	**−140,920**
Profit (loss) before income tax	**−35,216**	**27,331**	**−54,529**
Income tax expense	−11,591	−16,263	−26,682
Profit (loss) for the period	**−46,807**	**11,068**	**−81,211**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	−6,410	19,960	7,732
Other comprehensive income for the period	**−6,410**	**19,960**	**7,732**
Total comprehensive income for the period	**−53,217**	**31,028**	**−73,479**
Profit for the period is attributable to:			
Owners of Karnov Group AB (publ)	−50,927	7,323	−84,616
Non-controlling interest	4,120	3,745	3,405
Total profit (loss) for the period	**−46,807**	**11,068**	**−81,211**
Total comprehensive income for the period is attributable to:			
Owners of Karnov Group AB (publ)	−57,337	27,283	−76,884
Non-controlling interest	4,120	3,745	3,405
Total comprehensive income	**−53,217**	**31,028**	**−73,479**
Earnings per share before and after dilution	**−1.14**	**0.16**	**−1.89**

CONSOLIDATED BALANCE SHEET

		Audited	
KSEK	**2018**	**2017**	**2016**
ASSETS			
Non-current assets			
Goodwill	1,657,692	1,324,490	1,238,108
Other intangible assets	1,289,596	814,522	771,788
Property, plant and equipment (PPE)	5,721	6,927	9,399
Derivatives	–	49	50
Investments in associates	8,524	–	–
Deposits	2,628	2,477	2,314
Deferred tax assets	832	38	408
Total non-current assets	**2,964,993**	**2,148,503**	**2,022,067**
Current assets			
Inventories	11,553	4,247	3,505
Trade receivables	169,231	130,172	111,364
Prepaid expenses and accrued income	15,951	11,343	7,033
Other receivables	1,926	288	211
Tax receivable	27,129	11,031	8,262
Cash and cash equivalents	201,797	93,879	131,804
Total current assets	**427,587**	**250,960**	**262,179**
Total assets	**3,392,580**	**2,399,463**	**2,284,246**
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the company			
Share capital	688	688	688
Share premium	798,472	798,472	798,472
Foreign currency translation reserve	30,532	36,942	16,982
Retained earnings including net profit for the year	−223,016	−172,089	−179,412
Total equity attributable to the parent company's shareholders	**606,676**	**664,013**	**636,730**
Non-controlling interest	18,533	41,199	37,454
Total equity	**625,209**	**705,212**	**674,184**
Non-current liabilities			
Borrowing from credit institutions	1,378,199	778,943	849,167
Borrowing from related parties	218,819	198,955	175,440
Other liabilities	–	3,111	6,010
Deferred tax liability	256,581	165,817	162,378
Provisions	5,192	4,823	4,527
Total non-current liabilities	**1,858,791**	**1,151,649**	**1,197,522**
Current liabilities			
Borrowing from credit institutions	65,625	66,275	–
Borrowings from related parties	67,901	–	–
Trade payables	30,890	22,283	11,350
Current tax liabilities	17,617	3,056	32,957
Accrued expenses	164,542	91,084	85,650
Prepaid income	342,902	271,285	237,982
Deferred acquisition payment	130,588	–	–
Other current liabilities	88,515	88,619	44,601
Total current liabilities	**908,580**	**542,602**	**412,540**
Total equity and liabilities	**3,392,580**	**2,399,463**	**2,284,246**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited		
KSEK	**2018**	**2017**	**2016**
Cash flows from operating activities			
Operating profit	62,682	113,631	86,390
Adjustments:			
Non-cash items	146,809	71,797	68,527
Effects of changes in working capital:			
Increase/decrease in inventories	1,119	–373	1,671
Increase/decrease in receivables	10,942	–25,933	–5,107
Increase/decrease in trade payables and other payables	31,646	1,480	–18,456
Increase/decrease in prepaid income	10,195	22,993	17,250
Interest paid	–52,779	–39,927	–52,036
Income tax paid	–24,881	–48,933	–9,782
Cash flow from operating activities	**185,733**	**94,788**	**88,480**
Cash flows from investing activities			
Acquisition of participation in associated companies	–8,492	–	–
Acquisition of subsidiaries	–627,982	–57,471	–10,638
Increase/decrease in deposits and other assets	49	1	–
Acquisition of intangible assets	–96,694	–52,720	–18,038
Acquisitions of PPE	–2,007	–819	–570
Cash flow from investing activities	**–735,127**	**–111,010**	**–29,246**
Cash flows from financing activities			
Increase/decrease in short-term borrowings	94,036	62,527	–
Principal payments on long-term debt	–9,892	–874,281	–
Increase in long-term debt	575,579	793,310	8,479
Cash flow from financing activities	**659,723**	**–18,444**	**8,479**
Cash flow for the period	**110,329**	**–34,666**	**67,713**
Cash and cash equivalents at the beginning of the period	93,879	131,804	61,584
Exchange rate differences on cash and cash equivalents	–2,411	–3,259	2,507
Cash and cash equivalents at end of the period	**201,797**	**93,879**	**131,804**

SELECTED KEY PERFORMANCE METRICS

	Audited key performance metrics		
KSEK	**2018**	**2017**	**2016**
Net sales	715,342	451,718	421,947
Operating profit	62,682	113,631	86,391
Profit for the period	−46,807	11,068	−81,211
Earnings per share (SEK)	−1.14	0.16	−1.89

	Unaudited key performance metrics		
KSEK	**2018**	**2017**	**2016**
Net sales (online)	532,553	370,014	350,685
Net sales (offline)	182,789	81,504	71,252
Organic growth (%)	3.9%	2.8%	5.8%
Acquired growth (%)	49.5%	2.8%	2.4%
EBITDA	209,491	179,755	154,772
EBITDA margin (%)	29.3%	39.8%	36.7%
Adjusted EBITDA	288,370	195,131	170,393
Adjusted EBITDA margin (%)	40.3%	43.2%	40.4%
EBITA	182,760	168,902	146,927
EBITA margin (%)	25.5%	37.4%	34.8%
Adjusted EBITA	261,639	184,279	162,548
Adjusted EBITA margin (%)	36.6%	40.8%	38.5%
Items affecting comparability	78,879	15,377	15,621
Cash conversion (%)	106.8%	80.1%	84.4%
Return on total capital (%)	1.8%	4.7%	3.8%
Net working capital (NWC)	−480,993	−291,642	−150,361
Net debt	1,528,747[1)]	950,294	892,803
Leverage ratio	5.3	4.9	5.2
Equity/asset ratio (%)	18.4%	29,.4%	29.5%

1) Excluding the deferred payment of KSEK 130,588 regarding the acquisition of Norstedts Juridik. Karnov paid the deferred payment on 4 January 2019.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Total net sales

		Unaudited	
KSEK	**2018**	**2017**	**2016**
Organic business	469,169	433,556	407,506
Acquired business	223,418	11,686	9,064
Currency	22,755	6,476	5,377
Total net sales	**715,342**	**451,718**	**421,947**

Total net sales split

		Unaudited	
%	**2018**	**2017**	**2016**
Organic growth	3.9%	2.8%	5.8%
Acquired growth	49.5%	2.8%	2.4%
Currency effect	5.0%	1.5%	1.4%
Total growth	**58.4%**	**7.1%**	**9.6%**

EBITDA and EBITA

		Unaudited	
KSEK	**2018**	**2017**	**2016**
Operating profit	62,682	113,631	86,390
Depreciation and amortisation	146,809	66,123	68,382
EBITDA	**209,491**	**179,754**	**154,772**
Net sales	715,342	451,718	421,947
EBITDA margin (%)	**29.3%**	**39.8%**	**36.7%**
Items affecting comparability	78,879	15,377	15,621
Adjusted EBITDA	**288,370**	**195,131**	**170,393**
Net sales	715,342	451,718	421,947
Adjusted EBITDA margin (%)	**40.3%**	**43.2%**	**40.4%**
Operating profit	62,682	113,631	86,390
Amortisation (acquisition)	120,078	55,271	60,537
EBITA	**182,760**	**168,902**	**146,927**
Net sales	715,342	451,718	421,947
EBITA margin (%)	**25.5%**	**37.4%**	**34.8%**
Items affecting comparability	78,879	15,377	15,621
Adjusted EBITA	**261,639**	**184,279**	**162,548**
Net sales	715,342	451,718	421,947
Adjusted EBITA margin (%)	**36.6%**	**40.8%**	**38.5%**

Cash conversion

KSEK	2018	Unaudited 2017	2016
Adjusted EBITDA	288,370	195,131	170,393
Adjusted cash flow from operating activities	307,887	156,312	143,799
Cash conversion (%)	**106.8%**	**80.1%**	**84.4%**

Return on total capital

KSEK	2018	Unaudited 2017	2016
Operating profit	62,682	113,631	86,390
Total assets	3,392,580	2,399,463	2,284,246
Return on total capital (%)	**1.8%**	**4.7%**	**3.8%**

Net working capital

KSEK	2018	Unaudited 2017	2016
Current assets	427,587	250,960	262,179
Current liabilities	908,580	542,602	412,540
Net working capital	**–480,993**	**291,642**	**–150,361**

Net debt

KSEK	2018	Unaudited 2017	2016
Non-current borrowings from credit institution	1,378,199	778,943	849,167
Non-current borrowings from related parties	218,819	198,955	175,440
Current borrowings from credit institutions	65,625	66,275	–
Current borrowings from related parties	67,901	–	–
Cash and cash equivalents	201,797	93,879	131,804
Net debt	**1,528,747**	**950,294**	**892,803**

Leverage ratio

KSEK	2018	Unaudited 2017	2016
Adjusted EBITDA	288,370	195,131	170,393
Net debt	1,528,747	950,294	892,803
Leverage ratio	**5.3**	**4.9**	**5.2**

Equity/asset ratio

KSEK	2018	Unaudited 2017	2016
Equity	625,209	705,212	674,184
Total assets	3,392,580	2,399,463	2,284,246
Equity/assets ratio (%)	**18.4%**	**29.4%**	**29.5%**

Operating and financial review

The following operating and financial review should be read together with the "*Selected historical financial information*", Karnov's audited consolidated financial statements as at and for the years ended 31 December 2018, 2017 and 2016, as well as the related notes thereto, in "*Historical financial information*". The operating data in this section that has not been extracted from Karnov's audited consolidated financial statements has been derived from Karnov's regularly maintained records and operating systems.

This section contains forward-looking statements. Such statements are subject to risks, uncertainties and other factors, including those set forth under "*Risk factors*", which could cause the future results of operations, financial position or cash flows to differ materially from the results of operations, financial position or cash flows expressed or implied in such forward-looking statements. See "*Forward-looking statements*" for a discussion of risks associated with reliance on forward-looking statements.

OVERVIEW

Karnov is a leading provider of information products and services in the areas of legal and tax and accounting in Denmark and legal and environmental, health and safety in Sweden. Karnov offers its services under its strong portfolio of brands, including Karnov, Norstedts Juridik, VJS, Notisum, CBM and Forlaget Andersen.

Karnov's products are largely digital, including subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector (including, for example, courts, libraries, universities, public authorities and municipalities). Karnov also publishes and sells printed books and journals and hosts legal training courses.

Karnov is organised into two geographical reporting segments: Denmark and Sweden. In 2018, Denmark and Sweden represented 55 and 45 per cent of Karnov's net sales, respectively. Karnov's current product offering is similar in Denmark and Sweden. However, there are a few variations, and, as an example, Karnov's Tax & Accounting packages are currently only being offered in Denmark and VJS's physical legal training courses are currently only being offered in Sweden. In addition, since Denmark and Sweden have separate legal systems and different languages, the content of the product offering is unique in each of the two countries (see "*Business overview–Karnov's product offering*").

As at 31 December 2018, Karnov had 251 FTEs and contracts with more than 1,500 legal experts available to contribute authored content. In 2018, Karnov's net sales were KSEK 715,342 (74 per cent online and 26 per cent offline), Karnov's organic growth was 3.9 per cent and the Adjusted EBITA margin was 36.6 per cent.

FACTORS AFFECTING KARNOV'S RESULTS OF OPERATION

Karnov derives most its revenue from sales of online legal, tax and accounting information products and services. In addition, Karnov generates revenue from sales of printed books and journals as well as from hosting of legal training courses. In 2018, 74 per cent of Karnov's net sales were derived from sales of online information products and services. The remaining 26 per cent of the total net sales in 2018 was derived from sales of printed books, legal training courses and production, distribution, warehousing, sales and marketing of government publications.

Over the periods under review, Karnov's results of operation have been, and are expected to continue to be, affected by certain key factors including, in particular, the following factors:

- ability to retain existing customers;
- ability to increase net sales related to sales to existing customers;
- ability to attract new customers;
- fixed cost base and scalability;
- investments in product and service development;
- acquisitions; and
- foreign currency effects.

Because some of these factors are beyond Karnov's control and certain of these factors have historically been volatile, the past performance of Karnov is not necessarily indicative of its future performance and it is difficult to predict the future performance of Karnov with any degree of certainty.

Ability to retain existing customers

According to the Market Report, Karnov's share of its Currently Addressable Market of MSEK 1,500 was 48 per cent and 51 per cent in Denmark and Sweden, respectively, in 2017. Due to its strong market positions in its geographic markets, Karnov's net sales and results of operations are dependent on its ability to retain existing customer.

In 2018, Karnov had approximately 9,100 online customers and over 60,000 active users of its online products and services.[1] In the same year, 82 per cent of Karnov's net sales were generated from sales of subscription-based packages on Karnov's core online platform and printed manuals and handbooks, pursuant to agreements which are typically automatically prolonged for one-year periods unless terminated earlier by the customer (see "*Business overview–Karnov's business concept–Revenue model*").

In 2018, Karnov had an online customer churn of 2.3 per cent.[2] The low customer churn has allowed Karnov to establish close relationships with its existing customers and it provides Karnov with regular opportunities to upsell and renew subscriptions. Karnov aims to maintain its historically low churn level by providing its customers with mission-critical products and services that are integrated into core value-generating workflows of the customers. However, the renewal rate could decline in the future for various reasons, including, for example, if Karnov would fail to provide products and services meeting its customers' high demands. As a result, Karnov's market position could weaken and its results of operations could be adversely affected, if it is not able to react to such development in a timely manner.

Ability to increase net sales related to sales to existing customers

Karnov's ability to increase net sales generated from existing customers has historically had a significant impact on Karnov's results of operations. To achieve this in the future, Karnov aims to increase customer value by continuously supplementing its offering with additional content regarding both new areas of law and areas that are already covered by Karnov's products and services. Karnov hopes that such improvements and increased customer value shall enable Karnov to increase revenue per customer while achieving high renewal rates, and thereby increase net sales related to sales to existing customers.

The subscription fees for Karnov's online customers are based on the type of package they choose, whether they demand any additional services or functionality and either the number of users per customer or, with respect to certain online products in Sweden, the number of lawyers employed with the customer. The subscription fees for printed manuals and handbooks are based on the number of copies included in the subscription.

Karnov's subscription-based arrangements are individually negotiated with each customer and Karnov may offer volume-based discounts on a case-by-case basis. Accordingly, the number of users of Karnov's subscription-based products and services may affect Karnov's ability to increase revenue. The customers' number of users is mainly driven by the number of lawyers at law firms, corporations and in the public sector in Denmark and Sweden (see "*Market overview–Key growth drivers and trends–User base*").

Karnov uses different marketing initiatives that seek to upgrade its customers' packages on Karnov's online platforms from basic packages to more sophisticated packages and add-on products and services, such as Karnov's contract templates and legal training courses (see "*Business overview–Karnov's product offering*"). Customer demand for increased sophistication, add-on services and functionality are also driven by factors such as generally increased complexity of laws and regulations as well as the increasing need for specialisation in legal advisory work as well as increased focus on efficiency.

During 2016–2018, Karnov has in particular been successful in increasing its sales of more sophisticated packages on the core online platform, which has had a positive impact on its results of operations. Karnov's ability to continue increasing online sales to its customers is expected to continue having a significant impact on its results of operation.

Ability to attract new customers

In addition to retaining existing customers and increasing revenue per customer, Karnov's results of operations have been and are expected to continue to be impacted by Karnov's ability to attract new customers and new customer groups. In 2018, 42 per cent of Karnov's net online sales were generated by sales to legal and tax and accounting practitioners, 24 per cent were generated by sales to corporates and 34 per cent were generated by sales to public sector customers.

Karnov is continuously identifying and evaluating opportunities to launch new products and services within adjacent verticals to broaden Karnov's offering to appeal new customers groups. For example, in the past, Karnov has successfully expanded its offering into tax and accounting law in Denmark (Karnov Tax & Accounting) and entered into the compliance vertical, specifically the area of environment, health and safety (through the acquisition of Notisum). Furthermore, Karnov Municipalities was developed in-house and launched in 2017, primarily targeting municipality caseworkers in Sweden (Karnov also has a narrow offering of Karnov Municipalities in Denmark).

In order to successfully identify, process and sell its products and services to new customers, Karnov also aims at being proactive in its sales activities and the process of obtaining new customers is often long. During 2016–2018, Karnov has made significant investments in sales and marketing efforts with the aim of securing existing customers and acquiring new customers. For example, the number of FTEs within the sales organisation increased from 24.5 FTEs as at 31 December 2016 to 56 FTEs as at 31 December 2018. These investments in sales have contributed to the increase in public sector customers (primarily municipalities in Sweden) and increased sales of KBO. For example, as per the date of this Offering Memorandum, Karnov Municipality is used by municipality caseworkers in 41 municipalities throughout Sweden, of which 29 municipalities were won in 2018.

1) Active users defined as all users who had at least one document display in 2018.
2) The churn is calculated as the total monthly revenue from customers not renewing subscriptions during the year as a percentage of total year-end monthly revenue from renewing customers.

However, although new customers and customer groups may result in growth, any significant changes in the customer mix may also affect Karnov's margins since different customer groups could have different user patterns and needs of service level or content packages.

Fixed cost base and scalability

In 2016, 2017 and 2018, Karnov's total operating expenses were KSEK 335,557, KSEK 338,087 and KSEK 652,660, respectively. Of Karnov's total operating expenses, a majority is fixed over the short and medium term. In addition to depreciation and amortisation, such fixed costs include fixed salaries to employees (which constitutes the majority of Karnov's employee benefit expenses of KSEK 121,582, KSEK 126,827 and KSEK 215,434 in 2016, 2017 and 2018, respectively), rent and the majority of license and software costs (which constituted the majority of Karnov's other operating expenses of KSEK 65,955, KSEK 73,127 and KSEK 164,009 in 2016, 2017 and 2018, respectively). The increases in operating expenses in 2018 were mainly due to the acquisition of Norstedts Juridik in January 2018, see "*–Acquisitions*" below.

After the listing on Nasdaq Stockholm, Karnov will incur additional fixed costs relating to, among other things, financial reporting and compliance with securities markets regulations. Whereas Karnov's offline products are associated with publishing and distribution costs, Karnov's online products are only associated with limited variable costs.

As the majority of Karnov's costs are fixed, higher sales volumes of Karnov's online products and services result in limited additional costs. However, in contrast, decreases in sales volumes would have an adverse effect on Karnov's profitability. Accordingly, Karnov's ability to increase sales of its online products and services is an important factor in improving its operating profit.

Investments in product and service development

In order to be able to provide its customers with a state-of-the-art user experience, Karnov has made substantial investments in the development of its products and services during 2016–2018. Examples of such investments include investments in user experience and user interface design on Karnov's online platforms, technology that enables Karnov to upload content from public sources, such as new legislation and court cases on its online platform faster and including additional metadata to existing content in order to improve the search function. Of Karnov's acquisition of intangible assets of KSEK 18,038, KSEK 52,720 and KSEK 96,694 in 2016, 2017 and 2018, respectively, the majority related to investments in the improvement of its products and services, as well as the acquisitions of FED and KBO and the integration of Norstedts Juridik.

Investments are important for meeting Karnov's customer demands for new and better content and features, and help in maintaining Karnov's strong market position and support its sales. However, it also results in increased non-current assets such as other intangible assets amortisations, which increase Karnov's cost base and affect the results of operations. See further "*–Liquidity and capital resources–Investments*".

Acquisitions

In addition to investments in product and service development, acquiring companies and assets, such as already existing products or technology, to strengthen the product offering is part of Karnov's business strategy. During 2016–2018, Karnov's results of operation were impacted by acquisitions of three companies (Notisum in April 2016, Forlaget Andersen in June 2017 and Norstedts Juridik in January 2018), two products (FED in January 2017 and KBO in May 2017) and investments in two companies (CBM in November 2017 and BELLA in September 2018). The acquisitions and investments are aimed at strengthening Karnov's product and service offering to existing and new customers.

The total purchase price for the acquisition of Notisum, Forlaget Andersen and Norstedts Juridik was approximately KSEK 837,700 (approximately KSEK 33,200 for Notisum, approximately KSEK 62,500 for Forlaget Andersen and approximately KSEK 742,000 for Norstedts Juridik). In 2016, the acquisition of Notisum contributed KSEK 9,064 to Karnov's net sales and impacted operating expenses by KSEK 9,451. In 2017, the acquisition of Forlaget Andersen contributed KSEK 8,325 to Karnov's net sales and impacted operating expenses by KSEK 1,818. In 2018, the acquisition of Norstedts Juridik contributed KSEK 215,831 to Karnov's net sales and impacted operating expenses by KSEK 182,435. All contributions from acquired companies have been calculated from the date when they were consolidated into Karnov's consolidated accounts. Notisum was consolidated in April 2016, Forlaget Andersen was consolidated in June 2017 and Norstedts Juridik was consolidated in January 2018.

As at 31 December 2018, Karnov's goodwill amounted was KSEK 1,657,692, mainly relating to the acquisition of Karnov by FAPI in 2015 and the above-mentioned acquisitions. Goodwill arising from an acquisition represents the excess of the consideration transferred in an acquisition over the fair value of the net identifiable assets acquired, liabilities assumed and non-controlling interest in the acquired entity, if any. Karnov tests goodwill for impairment annually and whenever changes in circumstances indicate that the carrying amount may not be recoverable. During 2016–2018, Karnov did not recognise any impairment charges related to goodwill. However, while future impairment of goodwill would not affect reported cash flows, it would result in a non-cash charge in the consolidated income statement, which would affect Karnov's results of operation (see "*Risk factors–Risks relating to Karnov, its operations and the industry–Karnov is subject to risks related to changes in assumptions underlying the value of certain assets, which could result in impairment of such assets, including intangible assets such as goodwill*").

Karnov estimates that organisational cost savings from the acquisition of Norstedts Juridik amounted to approximately MSEK 4 in 2018 and consisted of lower costs for employees, since 12 employees terminated their employment contracts without being replaced with new permanent employees. In 2019 and 2020, Karnov estimates that it could achieve annual cost savings of up to approximately MSEK 11 and MSEK 30 at a group level, respectively. The estimated cost savings for 2019 and 2020 mainly relate to (i) the running cost savings related to the 12 employees and consultants who terminated their agreements in 2018 and (ii) the running cost savings of measures planned for 2019 and 2020 (in comparison to the level of costs in 2018). The measures which are planned to be completed during the second half of 2019 and fully implemented by the end of 2019 consist mainly of (i) personnel and consultant related cost savings as well as (ii) non-organisational cost savings, such as elimination of duplicate external costs in areas including IT, facilities, audit and marketing; the transition to single IT systems, which reduces development and support costs; a more efficient go-to-market strategy; and cost of goods sold savings from reducing cost of crawling content onto two platforms. In addition to the cost savings set forth above, Karnov may also explore sales synergies, such as potential cross selling to existing customers (corporates and law firms) as well as and pricing opportunities, through the combined and strengthened value proposition.

This sub-section contains forward-looking statements regarding potential synergies and cost savings. Such statements are subject to risks, uncertainties and other factors, including those set forth under the heading "Risk factors–Risks relating to Karnov, its operations and its industry–Karnov may not be able to realise some or all of the anticipated benefits from the acquisition of Norstedts Juridik and it may not be successful in fully integrating Norstedts Juridik into Karnov's existing business in the manner, or within the currently anticipated timeframe", which could cause actual synergy benefits or cost savings to differ materially from the current estimates of Karnov. See also "Forward-looking statements" for a discussion of risks associated with reliance on forward-looking statements.

Foreign currency effects

Karnov's operating currency is SEK. Since Karnov operates in Denmark and Sweden, it is exposed to a DKK foreign exchange risk. Such foreign exchange risk arises primarily from recognised liabilities (borrowings in DKK) and net investments in DKK. During 2016–2018, Karnov generated 77.2 per cent, 77.6 per cent and 55.4 per cent, respectively, of its net sales in DKK and the remaining percentage of net sales were generated in SEK.

The exposure to currency fluctuations can generally be divided into two main categories: transaction exposure and translation exposure. Transaction exposure refers both to the exposure attributable to commercial flows, that is, sales and purchased across international borders and the exposure from financial flows. Karnov's operations are, from a currency risk perspective, characterised by sales and purchases being solely carried out in local currency in Denmark and Sweden, respectively. Accordingly, Karnov currently does not use any currency hedging to mitigate its transaction exposure.

Karnov's consolidated financial statements are prepared in SEK. Accordingly, Karnov's Danish subsidiaries' assets (less liabilities) comprise a net investment in foreign currency (and a translation exposure) which, at consolidation, gives rise to a translation difference. Such translation differences are directly transferred to other comprehensive income on Karnov's consolidated income statement. Karnov currently does not hedge net investments in foreign currency with financial derivatives.

MATERIAL EVENTS AFTER 31 DECEMBER 2018

On 4 January 2019, Karnov paid the deferred payment of KSEK 130,588 regarding the acquisition of Norstedts Juridik.

An extraordinary general meeting of the Company on 29 January 2019 resolved to increase the number of shares in the Company (a so-called share split), change the company category from private to public limited liability company, change the company name to Karnov Group AB (publ), change the limits for the share capital, change the procedure for convening general meeting and to include a so-called CSD clause in the Company's articles of association. At the subsequent board meeting, it was resolved to apply for registration of the Company's shares in Euroclear Sweden AB's CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

The annual general meeting of the Company on 22 February 2019 resolved to, among other things, adopt the income statement and the balance sheet and the consolidated income statement and the consolidated balance sheet, allocate the Company's profit according to the adopted balance sheet in accordance with the board of directors' proposal and to discharge the board members and the CEO from liability. All board members and the Company's auditor were re-elected for the period until the close of the annual general meeting 2020.

MAIN ITEMS IN KARNOV'S INCOME STATEMENT

Net sales

Karnov's consolidated net sales consist of sales generated from Karnov's online and offline products and services, less any discounts. Net sales are recognised when the customer obtains control of the product or service and has the ability to direct the use and obtain the benefits from the product or service. Accordingly, sales relating to subscription-based products and services are generally recognised evenly over the subscription period and sales relating to non-subscription-based products are recognised at the time of the transaction.

Goods for resale

Costs for goods for resale consists of fees to authors and other experts for producing online content (either a fixed fee or a variable royalty), costs for producing content and distributing offline products (books and other printed products), cost related to physical legal training courses and sales provisions related to the sales personnel's success in renewals of subscriptions, upselling and attracting new customers.

Employee benefit expenses

Employee benefit expenses consist of costs for salaries to employees, including bonuses and social charges, sales provisions that are presented as goods for resale.

Depreciation and amortisation

Depreciation and amortisation consists of depreciation and amortisation of tangible and intangible non-current assets, such as capitalised development expenses regarding Karnov's online platforms and assets attributable to acquisitions of companies.

Other operating expenses

Other operating expenses consist of fees to consultants and advisors as well as administrative costs, insurance, marketing and software licenses.

Financial income
Financial income consists of interest income and net exchange gains on foreign currency.

Financial expenses
Financial expenses consist of interest expenses and finances charges paid, fair value gain or loss on cash considerations, fair value gain or loss on interest rate caps and net exchange losses on foreign currency borrowings.

Income tax expense
Income tax expense includes tax on the income for the period and deferred tax arising from or reversal of temporary differences. Tax is recognised in the income statement, except from cases where it related to items recognised in other comprehensive income or directly in equity.

KARNOV'S RESULTS OF OPERATION

Consolidated income statement for the year ended 31 December 2018 compared to the year ended 31 December 2017
The following table presents Karnov's results of operation and the period on period percentage of change for the periods indicated.

KSEK	Audited 2018	Change in (%)	Audited 2017
Net sales	715,342	58.4	451,718
Total revenue	**715,342**	**58.4**	**451,718**
Goods for resale	–126,408	75.5	–72,010
Employee benefit expenses	–215,434	69.9	–126,827
Depreciation and amortisation	–146,809	122.0	–66,123
Other operating expenses	–164,009	124.3	–73,127
Operating profit	**62,682**	**–44.8**	**113,631**
Financial income	319	2,900.0	11
Financial expenses	–98,217	13.8	–86,311
Net financial items	**–97,898**	**13.4**	**–86,300**
Profit (loss) before income tax	**–35,216**	**–**	**27,331**
Income tax expense	–11,591	28.7	–16,263
Profit (loss) for the period	**–46,807**	**–**	**11,068**

Net sales

The table below presents Karnov's net sales within the geographical reporting segments Denmark and Sweden and the percentage of change for the period indicated.

KSEK	Unaudited 2018	Change in (%)	Unaudited 2017
Denmark	396,624	13.7	348,816
Sweden	318,718	209.8	102,902
Total	**715,342 (audited)**	**58.4**	**451,718 (audited)**

Denmark: Net sales generated in Denmark increased by KSEK 47,808 from KSEK 348,816 for the year ended 31 December 2017 to KSEK 396,624 for the year ended 31 December 2018. The increase was mainly due to upselling to existing customers, additional users of Karnov's core online offering, the launch of new products to existing and new customers, the full-year effect of the acquisition of Forlaget Andersen (which was acquired in June 2017) and currency effects (SEK weakened significantly against DKK). The increase was partly offset by decreased offline sales, in line with the general offline to online trend. In 2018, the organic growth was 5 per cent, acquired growth was 2 per cent and currency effects had a positive impact of 7 per cent.

Sweden: Net sales generated in Sweden increased by KSEK 215,816 from KSEK 102,902 for the year ended 31 December 2017 to KSEK 318,718 for the year ended 31 December 2018. The increase was mainly due to the acquisition of Norstedts Juridik in January 2018, which contributed KSEK 215,831 to net sales in 2018. In 2018, the organic growth was flat, primarily attributable to significantly lower demand for legal training courses compared to 2017, in which there was an extraordinary demand for courses regarding GDPR.

Total: Net sales increased by KSEK 263,642 from KSEK 451,718 in the year ended 31 December 2017 to KSEK 715,342 in the year ended 31 December 2018. The increase was mainly due to the reasons discussed above. In 2018, the organic growth was 3.9 per cent, acquired growth was 49.5 per cent and currency effects (SEK to DKK exchange rate) had a positive impact of 5.0 per cent.

Goods for resale
Costs for goods for resale increased by KSEK 54,398 from KSEK –72,010 in the year ended 31 December 2017 to KSEK –126,408 in the year ended 31 December 2018. The increase was mainly due to the acquisition of Norstedts Juridik in January 2018, which resulted in increased costs relating to, among other things, printing and distributions of books and other printed products. In both 2017 and 2018, approximately one-half of the goods for resale consisted of compensation to authors.

Employee benefit expenses
Employee benefit expenses increased by KSEK 88,607 from KSEK –126,827 in the year ended 31 December 2017 to KSEK –215,434 in the year ended 31 December 2018. The increase was mainly due to the number of FTEs employed by Norstedts Juridik, which was acquired in January 2018.

Depreciation and amortisation
Depreciation and amortisation increased by KSEK 80,686 from KSEK –66,123 in the year ended 31 December 2017 to KSEK –146,809 in the year ended 31 December 2018. The increase was mainly due to amortisation related to the purchase price allocation from the acquisition of Norstedts Juridik in January 2018 and, to a lesser extent, amortisation related to investments in development of software during previous years.

Other operating expenses
Other operating expenses increased by KSEK 90,882 from KSEK –73,127 in the year ended 31 December 2017 to KSEK –164,009 in the year ended 31 December 2018. The increase was mainly due to fees paid to consultants and advisors in connection with the acquisition and integration of Norstedts Juridik (MSEK 21.0) and additional preparations for the listing of the Company's ordinary shares on Nasdaq Stockholm (MSEK 38.7) as well as software licenses for the development of Karnov's products and services and the operating of Norstedts Juridik.

Financial income
Financial income increased by KSEK 308 from KSEK 11 in the year ended 31 December 2017 to KSEK 319 in the year ended 31 December 2018. The increase was mainly due to currency effects (SEK weakened significantly against DKK).

Financial expenses
Financial expenses increased by KSEK 11,906 from KSEK –86,311 in the year ended 31 December 2017 to KSEK –98,217 in the year ended 31 December 2018. The increase was mainly due to higher interest payments related to external borrowings financing the acquisition of Norstedts Juridik in January 2018 and currency differences on non-current borrowings (SEK weakened significantly against DKK).

Operating profit
The table below presents Karnov's operating profit within the geographical reporting segments and the percentage of change for the period indicated.

KSEK	Unaudited 2018	Change in (%)	Unaudited 2017
Denmark	80,733	12.5	71,793
Sweden	–18,051	–	41,838
Total	**62,682 (audited)**	**–55.2**	**113,631 (audited)**

Denmark: Operating profit generated in Denmark increased by KSEK 8,940 from KSEK 71,793 in the year ended 31 December 2017 to KSEK 80,733 in the year ended 31 December 2018. The increase was primarily driven by higher net sales and partly set off by items affecting comparability (primarily costs for preparations for the listing of the Company's ordinary shares on Nasdaq Stockholm).

Sweden: Operating profit generated in Sweden decreased by KSEK 59,889 from KSEK 41,838 in the year ended 31 December 2017 to KSEK –18,051 in the year ended 31 December 2018. The decrease was primarily attributable to amortisation related to the purchase price allocation from the acquisition of Norstedts Juridik in January 2018 and fees paid to consultants and advisors in connection with the acquisition.

Total: As a result of the reasons discussed above, total operating profit decreased by KSEK 50,949 from KSEK 113,631 in the year ended 31 December 2017 to KSEK 62,682 in the year ended 31 December 2018.

Profit before income tax
Profit before income tax decreased by KSEK 62,547 from KSEK 27,331 in the year ended 31 December 2017 to KSEK –35,216 in the year ended 31 December 2018. The decrease was mainly due to the reasons discussed above, and in particular the fees paid to consultants and advisors in connection as well as other cost related to the acquisition of Norstedts Juridik.

Income tax expense

Income tax expense decreased by KSEK 4,672 from KSEK –16,263 in the year ended 31 December 2017 to KSEK –11,591 in the year ended 31 December 2018. The decrease was mainly due to the decrease in profit before income tax.

Profit for the period

Profit for the period decreased by KSEK 57,875 from KSEK 11,068 in the year ended 31 December 2017 to KSEK –46,807 in the year ended 31 December 2018. The decrease was mainly due to the reasons discussed above, and in particular fees paid to consultants and advisors in connection with the acquisition of Norstedts Juridik and preparations for the listing of the Company's ordinary shares on Nasdaq Stockholm.

Consolidated income statement for the year ended 31 December 2017 compared to the year ended 31 December 2016

The following table presents Karnov's results of operation and the period on period percentage of change for the periods indicated.

KSEK	Audited 2017	Change in (%)	Audited 2016
Net sales	451,718	7.1	421,947
Total revenue	**451,718**	**7.1**	**421,947**
Goods for resale	–72,010	–9.6	–79,638
Employee benefit expenses	–126,827	4.3	–121,582
Depreciation and amortisation	–66,123	–3.3	–68,381
Other operating expenses	–73,127	10.9	–65,955
Operating profit	**113,631**	**31.5**	**86,391**
Financial income	11	–99.7	3,254
Financial expenses	–86,311	–38.8	–144,174
Net financial items	**–86,300**	**–37.3**	**–140,920**
Profit (loss) before income tax	**27,331**	**–**	**–54,529**
Income tax expense	–16,263	–39.0	–26,682
Profit (loss) for the period	**11,068**	**–**	**–81,211**

Net sales

The table below presents Karnov's net sales within the geographical reporting segments Denmark and Sweden and the percentage of change for the period indicated.

KSEK	Unaudited 2017	Change in (%)	Unaudited 2016
Denmark	348,816	7.9	323,383
Sweden	102,902	4.4	98,564
Total	**451,718 (audited)**	**7.1**	**421,947 (audited)**

Denmark: Net sales generated in Denmark increased by KSEK 25,433 from KSEK 323,383 for the year ended 31 December 2016 to KSEK 348,816 for the year ended 31 December 2017. The increase was mainly due to increased sales of more sophisticated packages on the core online platform to existing customers, sales of KSEK 8,325 generated by Forlaget Andersen (which was acquired in June 2017) and a positive currency effect development during the period (SEK weakened significantly against DKK). The increase was partly offset by decreased offline sales, in line with the general offline to online trend. In 2017, the organic growth was 3.3 per cent, acquired growth was 2.5 per cent and currency effects (SEK to DKK exchange rate) had a positive impact of 2.1 per cent.

Sweden: Net sales generated in Sweden increased by KSEK 4,337 from KSEK 98,564 for the year ended 31 December 2016 to KSEK 102,902 for the year ended 31 December 2017. The increase was mainly due to the full-year effect of net sales generated by Notisum AB (KSEK 3,530), which was acquired in April 2016. The increase was partly offset by decreased offline sales, in line with the general offline to online trend. In 2017, the organic growth was 0.8 per cent and acquired growth was 3.6 per cent.

Total: Net sales increased by KSEK 29,771 from KSEK 421,947 in the year ended 31 December 2016 to KSEK 451,718 in the year ended 31 December 2017. The increase was mainly due to the reasons discussed above and was partly offset by decreased offline sales, primarily in Denmark, in line with the general offline to online trend, from KSEK 88,934 in the year ended 31 December 2016 to KSEK 81,504 in the year ended 31 December 2017. In 2017, the organic growth was 2.8 per cent, acquired growth was 2.8 per cent and currency effects had a positive impact of 1.5 per cent.

Goods for resale

Costs for goods for resale decreased by KSEK 7,628 from KSEK –79,638 in the year ended 31 December 2016 to KSEK –72,010 in the year ended 31 December 2017. The decrease was mainly due to the acquisition of the Danish insurance and tort law tool FED in May 2017, whereby Karnov no longer pays the licencing fees that Karnov previously paid to the seller of FED under a licencing agreement. The decrease was also due to a decrease in net sales generated from sales of books and other printed products, resulting in lower costs for, among other things, printing, stock keeping and distribution of such printed products.

Employee benefit expenses

Employee benefit expenses increased by KSEK 5,245 from KSEK –121,582 in the year ended 31 December 2016 to KSEK –126,827 in the year ended 31 December 2017. The increase was mainly due to increased salary levels of approximately 2.5 per cent and an increased number of FTEs. The number of FTEs increased from 162 FTEs as at 31 December 2016 to 176 FTEs as at 31 December 2017. The increase was mainly within sales and marketing.

Depreciation and amortisation

Depreciation and amortisation decreased by KSEK 2,258 from KSEK –68,381 in the year ended 31 December 2016 to KSEK –66,123 in the year ended 31 December 2017. The decrease was mainly due to amortisation related to certain larger investments made in 2011 finalised in 2016.

Other operating expenses

Other operating expenses increased by KSEK 7,172 from KSEK –65,955 in the year ended 31 December 2016 to KSEK –73,127 in the year ended 31 December 2017. The increase was mainly due to fees paid to consultants and advisors in connection with the acquisition of Norstedts Juridik (the share purchase agreement was entered into in October 2017) and initial preparations for the listing of the Company's ordinary shares on Nasdaq Stockholm (MSEK 4.9) as well as software licenses for the development of Karnov's products and services.

Financial income

Financial income decreased by KSEK 3,243 from KSEK 3,254 in the year ended 31 December 2016 to KSEK 11 in the year ended 31 December 2017. The decrease was due to that net exchange gains on foreign currency of KSEK 3,213 in the year ended 31 December 2016 was presented as net exchange loss on foreign currency of KSEK –4,313 in the year ended 31 December 2017.

Financial expenses

Financial expenses decreased by KSEK 57,863 from KSEK –144,174 in the year ended 31 December 2016 to KSEK –86,311 in the year ended 31 December 2017. The decrease was mainly due to reduced interest expenses as a result of Karnov entering into a new financing agreement in July 2017 as well as a set-off of certain shareholder loans against newly issued preference shares.

Operating profit

The table below presents Karnov's operating profit within the geographical reporting segments Denmark and Sweden and the percentage of change for the period indicated.

KSEK	Unaudited 2017	Change in (%)	Unaudited 2016
Denmark	71,793	71.8	37,882
Sweden	41,838	–7.8	48,509
Total	**113,631 (audited)**	**31.5**	**86,391 (audited)**

Denmark: Operating profit generated in Denmark increased by KSEK 33,911 from KSEK 37,882 in the year ended 31 December 2016 to KSEK 71,793 in the year ended 31 December 2017. The increase was primarily driven by an increase in net sales and improved cost control, including lower goods for resale costs and lower non-recurring costs.

Sweden: Operating profit generated in Sweden decreased by KSEK 6,671 from KSEK 48,509 in the year ended 31 December 2016 to KSEK 41,838 in the year ended 31 December 2017. The decrease was primarily due to the recognition of an impairment loss related to the closing down of a development project regarding an environmental, health and safety information product and non-recurring costs related to the acquisition of Norstedts Juridik (acquisition costs amounted to MSEK 1.1 in 2016 and MSEK 5.1 in 2017).

Total: As a result of the reasons discussed above, the total operating profit increased by KSEK 27,240 from KSEK 86,391 in the year ended 31 December 2016 to KSEK 113,631 in the year ended 31 December 2017.

Profit before income tax

Profit before income tax increased by KSEK 81,860 from KSEK –54,529 in the year ended 31 December 2016 to KSEK 27,331 in the year ended 31 December 2017. The increase was mainly due to a higher operating profit and lower interest costs due to the entering into a new financing agreement in July 2017.

Income tax expense

Income tax expense decreased by KSEK 10,419 from KSEK –26,682 in the year ended 31 December 2016 to KSEK –16,263 in the year ended 31 December 2017. The decrease was mainly due to lower current tax expenses in Sweden due to significantly lower non-deductible interests related to shareholder loans that were set-off against newly issued preference shares.

Profit for the period

As a result of the reasons discussed above, profit for the period increased by KSEK 92,279 from KSEK –81,211 in the year ended 31 December 2016 to KSEK 11,068 in the year ended 31 December 2017.

LIQUIDITY AND CAPITAL RESOURCES

Financing of Karnov's operations

Karnov's principal sources of liquidity have historically been its cash flows from operating activities and its borrowings under Karnov's current financing agreement with Nordea and its shareholders loans. Following the Offering, Karnov expects to rely primarily on cash flow from operating activities and drawdowns on the facilities under the new financing agreement to provide funds required for Karnov's operations (see "*–Indebtedness*" below).

Working capital statement

Karnov believes that its existing working capital is sufficient for the twelve months following the date of this Offering Memorandum. In this context, working capital refers to Karnov's possibility of obtaining access to cash and cash equivalents to meet its payments as they fall due.

Cash flows

The following table presents the principle components of Karnov's cash flows for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

	Audited		
KSEK	**2018**	**2017**	**2016**
Cash flow from operating activities	185,733	97,788	88,480
Cash flow from investing activities	–735,127	–111,009	–29,246
Cash flow from financing activities	659,723	–18,444	8,479
Cash flow for the year	**110,329**	**–34,666**	**67,713**
Cash and cash equivalents at end of the year	**201,797**	**93,879**	**131,804**

Cash flow from operating activities

Karnov's cash flow from operating activities increased by KSEK 90,945, from an inflow of KSEK 94,788 in the year ended 31 December 2017 to an inflow of KSEK 185,733 in the year ended 31 December 2018. The increase in cash flow from operating activities was mainly due to a positive cash flow from accounts receivable and accounts payable.

Karnov's cash flow from operating activities increased by KSEK 6,308, from an inflow of KSEK 88,480 in the year ended 31 December 2016 to an inflow of KSEK 94,788 in the year ended 31 December 2017. This increase was primarily due to better operating results, including higher invoicing and better cost control.

Cash flow from investing activities

Karnov's cash outflow from investing activities increased by KSEK 624,118, from an outflow of KSEK 111,009 in the year ended 31 December 2017 to an outflow of KSEK 735,127 in the year ended 31 December 2018. The increased investments related to acquisitions of companies and developing projects mainly related to the integration of Norstedts Juridik.

Karnov's cash outflow from investing activities increased by KSEK 81,763, from an outflow of KSEK 29,246 in the year ended 31 December 2016 to an outflow of KSEK 111,009 in the year ended December 31, 2017. The increased investments related to the acquisitions of Forlaget Andersen and FED, the investment in CBM, earn-out payments to the sellers of Notisum as well as investments in intangibles assets, which have resulted in an increase in capitalised expenditures.

Cash flow from financing activities

Karnov's cash flow from financing activities increased by KSEK 678,167, from an outflow of KSEK 18,444 in the year ended 31 December 2017 to an inflow of KSEK 659,723 in the year ended 31 December 2018. The increase in cash flow from financing activities was due to increased non-current borrowings related to the acquisition of Norstedts Juridik in January 2018.

Karnov's cash flow from financing activities decreased by KSEK 26,923, from an inflow of KSEK 8,479 in the year ended 31 December 2016 to an outflow of KSEK 18,444 in the year ended 31 December 2017. This decrease was primarily due to a refinancing of Karnov's external loan, which resulted in a decrease in interest expenses from KSEK 143,653 in the year that ended 31 December 2016 to KSEK 78,521 in the year that ended 31 December 2017.

Indebtedness

Karnov's current indebtedness primarily comprises its financing arrangement with Nordea. For a description of the financing agreement, see "*Legal considerations and supplementary information–Material agreements–Financing agreement*". Karnov's level of indebtedness is expected to decrease in connection with the Offering, see "*Capitalisation and indebtedness*".

Certain contractual obligations

The table below presents the payments Karnov is obligated to make on its financial liabilities and the timing of those payments as at 31 December 2018. See also note 3 in "*Historical financial information*" for further details.

	Unaudited			
KSEK	**< 1 year**	**1–2 year**	**2–5 year**	**> 5 year**
Borrowings from credit institutions[1)]	66,631	75,800	1,490,857	–
Loans from related parties[2)]	26,786	–	–	1,108,635
Trade payables	30,890	–	–	–
Other liabilities[3)]	264,855	–	–	–
Total	**389,162**	**75,800**	**1,490,857**	**1,108,635**

1) Borrowings from credit institutions consist of the current loan from Nordea.
2) Loans from related parties include loans to FAPI, of which most have a term of 20 years and an interest rate of 8–10 per cent. Subject to the completion of the Offering, the Company will resolve on an issue of ordinary shares with payment through set-off against shareholder loans (see "*Shares and share capital–Changes to the capital structure in connection with the Offering–Issue of new ordinary shares against set-off of shareholder loans*".
3) Other liabilities include non-current liabilities such as compensation to authors, tax, indirect tax, accrued vacation pay, earn-out payments (see note 34 in "*Historical financial information*") and other accrued expenses.

Off-balance sheet items

As at 31 December 2018, Karnov had no off-balance sheet items, as defined in accordance with IFRS.

Investments

The following table presents the cash flows within Karnov's investing activities for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

	Audited		
KSEK	**2018**	**2017**	**2016**
Acquisition of intangible assets	–96,694	–52,720	–18,038
Acquisition of subsidiaries and acquisition of participation in associated companies	–636,426	–57,470	–10,638
Acquisition of PPE	–2,007	–819	–570
Cash flow from investing activities	**–735,127**	**–111,009**	**–29,246**

Karnov's investments increased by KSEK 624,118 in 2018 from KSEK 111,009 in the year ended 31 December 2017 to KSEK 735,127 in the year ended 31 December 2018. The increase was primarily due to the acquisition of Norstedts Juridik.

Karnov's investments increased by KSEK 81,764 in 2017 from KSEK 29,246 in the year ended 31 December 2016 to KSEK 111,009 in the year ended 31 December 2017. The increase in purchases of intangible assets was primarily due to higher capitalisation cost for developing new products and enhancing existing products and the acquisition of FED. The increase in acquisition of subsidiary was related to earn-out payments to the sellers of Notisum and, acquisition of Forlaget Andersen and the investment in CBM.

Karnov intends to continue investing in product development and believes that the share of investments in product development that will be capitalised will be in line with the share capitalised historically. As an example, Karnov intends to invest approximately MSEK 135 in the integration of Norstedts Juridik (of which MSEK 60 was invested in 2018 and MSEK 75 is contemplated to be invested during 2019). A part of these extraordinary investments related to the integration of Norstedts Juridik will be amortised from the fourth quarter 2019. Approximately half of the investments relates to the migration of business systems and will be amortised over four years. The other half of the investments relates to the migration of the core online platform and the product and service offering and will be amortised over five years.

Investments in both tangible and intangible assets are intended to be financed through cash flow from operating activities.

Tangible and intangible fixed assets

As at 31 December 2018, Karnov had tangible fixed assets with a recognised value of KSEK 5,721.

As at 31 December 2018, Karnov had intangible fixed assets with a recognised value of KSEK 1,289,596. Other intangible fixed assets comprise customer relations with a recognised value of KSEK 755,762, trademarks with a recognised value of KSEK 263,681, technology with a recognised value of KSEK 122,706 and capitalised research and development with a recognised value of KSEK 147,448.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISK MANAGEMENT

Karnov's business is affected by a number of financial risks and uncertainties, including market risk, credit risk and liquidity risk, as set out in note 3 in "*Historical financial information*".

CHANGES IN ACCOUNTING STANDARDS

Karnov's financial statements may be impacted by changes in accounting standards and this may affect the comparability of results from period to period as well as Karnov's balance sheet.

IFRS 16 (Leases) is effective from 1 January 2019. Karnov will apply the standard from its mandatory adoption date of 1 January 2019. The accounting standard had no effect on the presentation of financial information for the year ended 31 December 2018, but will change the presentation of operating leases for future accounting period. Karnov intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Karnov has reviewed all of its leasing arrangements that are currently in place. Karnov currently holds rental agreements for five office locations, six car leases and miscellaneous other leases as operating leases. Karnov has assessed the expected impact of IFRS 16 and concluded that it will have a limited impact on the recognition of tangible assets and financial debt on the balance sheet. IFRS 16 will also impact the classification of costs associated with the lease payments which in 2019 and onwards will be recognised as a finance expense and amortisation of the lease liability and the right of use asset will be depreciated on a straight-line basis. The lease commitments will be recognised as right of use assets and lease liabilities as per 1 January 2019. The value of the right-of-use assets and lease liabilities as per 1 January 2019 has been estimated at around MSEK 105. The expected impact on EBITDA is assessed to be around MSEK 15 when lease costs are re-classified to depreciation of MSEK 15 and financial expenses of MSEK 1 which then will have a MSEK 1 negative impact on net profit after tax for 2019. Leasing commitments disclosed by end of 2018 amounted to MSEK 39.7. Implementing the new standard will increase the assessed leasing liability to MSEK 105 mainly due to measuring the expected period the group will use the leasing asset compared to the expiry date of the lease agreement.

Additional disclosures with respect to IFRS 16 will be included in the interim report for the first quarter of 2019.

SIGNIFICANT ACCOUNTING STANDARDS

See notes 1–2 in "*Historical financial information*" for a description of accounting standards and the assessment of their impact on Karnov's reported results and "*Risk factors – Karnov is subject to risks associated with changes to accounting standards adversely impacting its financial reports*" for a description of risks associated with changes to applicable accounting standards.

Capitalisation and indebtedness

The table below shows Karnov's capitalisation and indebtedness as at 31 December 2018:

- on an actual basis reflecting the carrying amounts on Karnov's consolidated balance sheet; and
- on an adjusted basis to reflect:

(i) issue of 41,471,755 ordinary shares in the Company for the purpose of completing the Offering;
(ii) issue in-kind of 6,662,224 ordinary shares in the Company with subscription rights for minority shareholders of KARN Holdco AB. The payment for subscribed shares consists of a part of their respective shares in KARN Holdco AB;
(iii) set-off issue of 4,812,233 ordinary shares in the Company with subscription rights for certain shareholders of the Company. Payment for subscribed shares is made through set-off against shareholder loans in the amount of KSEK 201,646;
(iv) reduction of the share capital by SEK 5.0 for allocation to non-restricted equity with retirement of all preference shares of series A–E;
(v) new current debt of KSEK 151,797 and non-current debt of KSEK 850,000 under the new loan agreement;
(vi) cash repayment of current debt to Nordea of KSEK 65,625 and non-current debt to Nordea of KSEK 1,378,199;
(vii) cash repayment of shareholder loans of KSEK 58,288;
(viii) cash payment of KSEK 101,014 for the acquisition of the shares in KARN Holdco AB that are not used as payment in-kind in accordance with item (ii) above; and
(ix) the payment on 4 January 2019 of the deferred cash consideration of KSEK 130,588 for the acquisition of Norstedts Juridik.

For more information on the Company's shares and share capital as well as the above-mentioned changes to the share capital structure in connection with the Offering, see "*Shares and share capital*". For information on the new financing agreement, see "*Legal considerations and supplementary information–Material agreements–Financing agreement*". The information presented below should be read in conjunction with "*Operating and financial review*" and Karnov's audited consolidated financial reports including their notes in "*Historical financial information*".

Capitalisation

KSEK	Actual as at 31 December 2018	Adjustments	As adjusted
Current liabilities	**908,580**	**–112,317**	**796,263**
Guaranteed	–	–	–
Secured[1]	65,625	– 86,1722[2]	151,797
Unguaranteed/ unsecured	842,955	–198,489[3]	644,466
Non-current liabilities	**1,858,791**	**– 747,018**	**1,111,773**
Guaranteed	–	–	–
Secured	1,378,199	– 528,1994[4]	850,000
Unguaranteed/ unsecured	480,592	–218,819[5]	261,773
Equity	**625,209**	**731,917**	**1,357,126**
Share capital	688	815[6]	1,503
Legal reserve	–	731,102[7]	731,102
Other reserves	624,521	–	624,521

1) The security consists of pledges in shares of subsidiaries.
2) The sum of new current debt under the new loan agreement (KSEK + 151,797) and cash repayment of existing current debt to Nordea (KSEK –65,625).
3) The sum of debt related to preference shares in the Company that are retired (KSEK –26,786), shareholder loans that are repaid in cash (KSEK –41,115) and debt related to the deferred consideration for the acquisition of Norstedts Juridik (KSEK –130,588, which was paid on 4 January 2019).
4) The sum of new non-current debt under the new loan agreement (KSEK + 850,000) and cash repayment of existing non-current debt to Nordea (KSEK –1,378,199).
5 The sum of shareholder loans that are used as payment through set-off in an issue of ordinary shares in the Company (KSEK –201,646) and shareholder loans that are repaid in cash (KSEK –17,173).
6) The net effect of issues of a total of 52,946,212 ordinary shares and the retirement of all 325 preference shares.
7) The expected net proceeds from the Offering.

Net indebtedness

KSEK	Actual as at 31 December 2018	Adjust-ments	As adjusted
(A)+(B) Cash and cash equivalents	201,797	0[1]	201,797
(C) Trading securities	–	–	–
(D) Total liquidity (A)+(B)+(C)	**201,797**	**0**	**201,797**
(E) Current financial receivables	**–**	**–**	**–**
(F) Current bank debt	65,625	86,172[2]	151,797
(G) Current portion of non-current debt	–	–	–
(H) Other current financial debt	198,489	–198,489[3]	–
(I) Current financial debt (F)+(G)+(H)	**264,114**	**–112,317**	**151,797**
(J) Net current financial indebtedness (I)–(E)–(D)	**62,317**	**–112,317**	**–50,000**
(K) Non-current bank loans	1,378,199	–528,199[4]	850,000
(L) Bonds issued	–	–	–
(M) Other non-current loans	218,819	–218,819[5]	–
(N) Non-current financial indebtedness (K)+(L)+(M)	**1,597,018**	**–747,018**	**850,000**
(O) Net financial indebtedness (J)+(N)	**1,659,335**	**–859,335**	**800,000**

* Both interest bearing and non-interest bearing debt are included in the table.
1) The sum of the expected net proceeds from the Offering (KSEK +731,917), new non-current debt under the new loan agreement (KSEK +850,000), cash repayment of existing non-current debt to Nordea (KSEK –1,378,199), cash repayment of shareholder loans (KSEK –58,288), cash payment for the acquisition of shares in KARN Holdco AB (KSEK –101,014) and payment of the deferred cash consideration for the acquisition of Norstedts Juridik (KSEK –130,588 which was paid in cash on 4 January 2019).
2) The sum of new current debt under the new loan agreement (KSEK +151,797) and cash repayment of existing current debt to Nordea (KSEK –65,625).
3) The sum of debt related to preference shares in the Company that are retired (KSEK –26,786), shareholder loans that are repaid in cash (KSEK –41,115) and debt related to the deferred consideration for the acquisition of Norstedts Juridik (KSEK –130,588, which was paid on 4 January 2019).
4) The sum of new non-current debt under the new loan agreement (KSEK +850,000) and cash repayment of existing non-current debt to Nordea (KSEK –1,378,199).
5) The sum of shareholder loans that are used as payment through set-off in an issue of ordinary shares in the Company (KSEK –201,646) and shareholder loans that are repaid in cash (KSEK –17,173).

The information on Karnov's capitalisation and indebtedness on an adjusted basis in this section constitute forward-looking statements. Although Karnov believes that the expectations reflected in the forward-looking statements are reasonable, Karnov can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors outside Karnov's control, many of which are described in the "Risk factors" and "Forward-looking statements". The forward-looking statements in this section speak only as at the date of this Offering Memorandum. Karnov expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements in this section.

Board of directors, senior executives and auditor

Board of directors, senior executives and auditor

According to Karnov's articles of association, the board of directors shall consist of three to ten members. The board of directors currently consists of six members, appointed for the period until the close of the annual general meeting 2020.

The section below presents the members of the board of directors, their position, the year of their initial election, whether or not they are considered to be independent in relation to the Company, its executive management and its major shareholders as well as their shareholding in Karnov.

			Independent in relation to	
Board member	**Position**	**Board member in Karnov since**	**The Company and its executive management**	**Major shareholders[1)]**
Magnus Mandersson	Chairman	2018	Yes	Yes
Ulf Bonnevier	Board member	2018	Yes	Yes
Vivek Kumar	Board member	2015	Yes	No
Lone Møller Olsen	Board member	2018	Yes	Yes
Samuel Offer	Board member	2018	Yes	No
Mark Redwood	Board member	2011	Yes	Yes

1) Major shareholders are defined as those controlling, directly or indirectly, ten per cent or more of the shares or votes in the Company.

Magnus Mandersson

Chairman since March 2018. Chairman of the remuneration committee and member of the audit committee.

Born: 1959.

Principal education: Bachelor of Science in Business Administration, Lund University.

Other current positions: Chairman of Next Biometrics Group ASA. Board member of Albert Immo Holding S.à.r.l., PMM Advisors S.A. Member of the supervisory council (De. *beirat*) in Interogo Foundation.

Previous positions (the last five years): Chairman of Doro AB and Red Bee Media Sweden AB. Board member of Lund University. Executive vice president of Telefonaktiebolaget LM Ericsson.

Shareholding in Karnov: See "*Ownership structure and selling shareholders–Ownership structure*" and "*Legal considerations and supplementary information–Commitments from the Cornerstone Investors and certain board members*".

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company and its executive management as well as the Company's major shareholders.

Ulf Bonnevier

Board member since February 2018. Member of the audit committee and the remuneration committee.

Born: 1964.

Principal education: Bachelor of Science in Business and Accounting, Uppsala University. Leadership training (IFL), Stockholm School of Economics.

Other current positions: Chairman of Sommarsol Fastigheter AB, Sommarsol Holding AB and Sommarsol Holding 2 AB. CFO and VP of Humana AB (publ) and board member of several companies within the Humana AB group.

Previous positions (the last five years): Board member of several companies within the Humana group. Partner of BSH Administration Handelsbolag and Handelsbolaget Kropp och Hantverk.

Shareholding in Karnov: See "*Ownership structure and selling shareholders–Ownership structure*" and "*Legal considerations and supplementary information–Commitments from the Cornerstone Investors and certain board members*".

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company and its executive management as well as the Company's major shareholders.

Vivek Kumar

Board member since July 2015. Member of the remuneration committee.

Born: 1975.

Principal education: Bachelor of Science in Computer Science and Economics, University of Rochester. MBA, Harvard Business School.

Other current positions: Board member of Datix Limited, Pirum Systems Limited, White Clarke Group and Voogd & Vouod Verzekeringen.

Previous positions (the last five years): Board member of Kisimul Group Limited and Autodata Group.

Shareholding in Karnov: –

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company and its senior management. Not independent in relation to the Company's major shareholders as Vivek is employed by FAPI.

Lone Møller Olsen

Board member since February 2018. Chairman of the audit committee.

Born: 1958.

Principal education: Master of Science in Economics and Business Administration, Copenhagen Business School. State authorised public accountant/Chartered accountant, Danish Ministry of Business Affairs.

Other current positions: Board member of Topdanmark A/S, Topdanmark Forsikring A/S, Investeringsforeningen Bankinvest, Kapitalforeningen Bankinvest Vælger, Kapitalforeningen Pensiondanmark EMD, Kapitalforeningen BI Private Equity, Kapitalforeningen Bankinvest Select, Investeringsforeningen Bankinvest Engros and Investeringsforeningen BI. Executive officer of LMO 5265 ApS.

Previous positions (the last five years): Partner at Deloitte Denmark.

Shareholding in Karnov: See "*Ownership structure and selling shareholders–Ownership structure*" and "*Legal considerations and supplementary information–Commitments from the Cornerstone Investors and certain board members*".

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company and its executive management as well as the Company's major shareholders.

Samuel Offer

Board member since February 2018. Member of the audit committee.

Born: 1983.

Principal education: Bachelor of Arts in Economics and Management, University of Oxford.

Other current positions: Board member of Prime Bidco Ltd. Investment professional at Rothschild & Co.

Previous positions (the last five years): Partner at the general partner of Change Capital Partners LLP.

Shareholding in Karnov: –

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company and its senior management. Not independent in relation to the Company's major shareholders as Samuel is employed by FAPI.

Mark Redwood

Board member since June 2011.

Born: 1960.

Principal education: Bachelor of Arts (Econ) Hons First class degree in Economics and Accounting, University of Manchester.

Other current positions: Board member of CR7 Services Ltd and Barracuda FX Ltd.

Previous positions (the last five years): Chairman of Achilles Holdco Ltd, SSP Topco Ltd and BGPH Holdings Ltd. Board member of CashFlows Europe Ltd, Reuters Ltd, Reuters Transaction Services Ltd and Tradeweb Markets LLC.

Shareholding in Karnov: See "*Ownership structure and selling shareholders–Ownership structure*".

Independence pursuant to the Swedish Corporate Governance Code: Independent in relation to the Company and its executive management as well as the Company's major shareholders.

SENIOR EXECUTIVES

The group management currently consists of seven persons. The section below presents the senior executives, their position, the year each person became a senior executive and their shareholding in Karnov.

Name	Position	Senior executive in Karnov since
Flemming Breinholt	CEO, Head of Denmark	2014
Dora Brink Clausen	CFO	2014
Olov Sundström	Head of Sweden	2018[1)]
Charlotte Arup	CHRO	2017
Jesper Kingo Christensen	CTO	2018
Anne Nørvang Hansen	Group Content Strategy	2012
Mats Ödman	Head of Investor Relations	2019

1) Olov Sundström has been the CEO of Norstedts Juridik since 2004.

Flemming Breinholt

CEO and Head of Denmark since September 2014.

Born: 1964.

Principal education: Graduate Diploma in Business Administration, Copenhagen Business School.

Other current positions: Chairman of C & Willer Petersen Legat. Executive officer of Breinholt Management ApS.

Previous positions (the last five years): –

Shareholding in Karnov: See "*Ownership structure and selling shareholders–Ownership structure*".

Dora Brink Clausen

Group CFO since January 2014.

Born: 1968.

Principal education: Master of Science in Economics, University of Southern Denmark (Odense).

Other current positions: –

Previous positions (the last five years): –

Shareholding in Karnov: See "*Ownership structure and selling shareholders–Ownership structure*".

Olov Sundström

CEO of Norstedts Juridik since 2004 and Head of Sweden since September 2018.

Born: 1955.

Principal education: Studies in Law, Business and Economics, Stockholm University.

Other current positions: –

Previous positions (the last five years): Chairman of Wolters Kluwer Scandinavia AB. Board member and CEO of Wolters Kluwer Services AB. Deputy board member of Relofe AB.

Shareholding in Karnov: –

Charlotte Arup

Group CHRO since December 2017.

Born: 1965.

Principal education: Master of Laws, University of Copenhagen.

Other current positions: Chairman of Grosserer Gert Lassen & hustru Margrethe Familiefond and BHA Fonden.

Previous positions (the last five years): Chairman of Tempus Heat A/S. HR Manager in Kyocera Unimerco Tooling A/S.

Shareholding in Karnov: –

Jesper Kingo Christensen

Group CTO since September 2018.

Born: 1970.

Principal education: Master of Science in Computer Science and Business Administration, Copenhagen Business School.

Other current positions: –

Previous positions (the last five years): VP of IT Planning of Pandora A/S and Chief Information Officer of Svitzer A/S.

Shareholding in Karnov: –

Anne Nørvang Hansen

Group Content Strategy since October 2012.

Born: 1969.

Principal education: Master of Science in Modern Languages and Business Administration, Copenhagen Business School.

Other current positions: –

Previous positions (the last five years): –

Shareholding in Karnov: See "*Ownership structure and selling shareholders–Ownership structure*".

Mats Ödman

Head of Investor Relations since March 2019.

Born: 1950.

Principal education: Studies in Business Administration, Uppsala University.

Other current positions: Board member of Blueair Cabin Air AB, TrackOptic Sweden AB, CAG Holding AB and Kommunikationskonsulten i Stockholm AB.

Previous positions (the last five years): IR advisor in Kambi Group Plc. Acting Head of IR in Assa Abloy AB (publ). Head of IR in Tobii AB (publ). Senior advisor in Fogel & Partners i Stockholm AB.

Shareholding in Karnov: –

ADDITIONAL INFORMATION REGARDING THE BOARD MEMBERS AND SENIOR EXECUTIVES

All board members and senior executives can be reached at Karnov's address: Hälsingegatan 43, SE 113 82 Stockholm, Sweden.

There are no family ties between any of the board members or the senior executives. There are no conflicts of interest or potential conflicts of interest between the board members' and senior executives' duties to Karnov and their private interests or other duties. However, some board members and senior executives hold shares in Karnov. There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any board member or senior executive was elected or appointed to his or her current position.

During the past five years, none of the board members or senior executives have (i) been convicted for fraudulent offences, (ii) been involved in or represented a company which has been declared bankrupt or filed for compulsory liquidation or been subject to receivership, (iii) been the subject of official public incrimination or sanctions (or accused of such actions) by statutory regulatory authorities (including designated professional bodies) or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct the affairs of a company.

AUDITOR

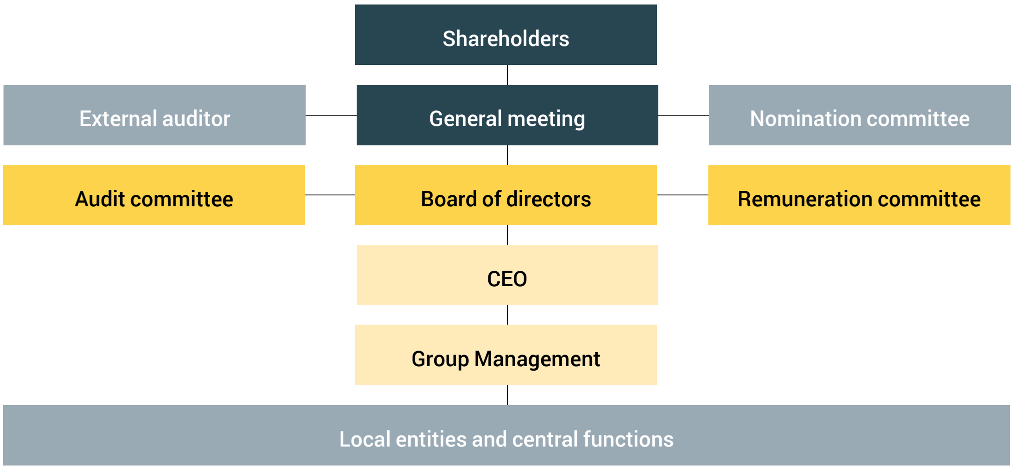
The annual general meeting on 22 February 2019 re-elected PricewaterhouseCoopers AB, corporate registration number 556067-4276, as auditor for the period until the close of the annual general meeting 2020. Aleksander Lyckow has been the auditor in charge since 2015. Aleksander Lyckow is an authorised public accountant and member of FAR (the Institute for the Accountancy Profession in Sweden). PwC's address is c/o Pricewaterhouse-Coopers AB, SE-113 97 Stockholm, Sweden.

Corporate governance

Corporate governance

CORPORATE GOVERNANCE WITHIN THE KARNOV GROUP

The Company is a Swedish public limited liability company. The corporate governance is mainly based on Swedish law, primarily the Swedish Companies Act, the articles of association and internal rules, including policies and instructions. As a company listed on Nasdaq Stockholm, the Company will also apply Nasdaq Stockholm's Rule book for Issuers and the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code sets a higher standard for good corporate governance than the minimum standards of the Swedish Companies Act and other rules. Companies are not required to comply with all rules in the Code. Alternative solutions which are deemed more suitable for the relevant company's specific circumstances can be chosen, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the "comply or explain" principle). The Company will apply the Code from the first day of trading of its ordinary shares on Nasdaq Stockholm. The Company does not expect to deviate from any of the rules of the Code.



GENERAL MEETINGS OF SHAREHOLDERS

General

According to the Swedish Companies Act, the general meeting is the ultimate decision-making body of the Company. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and statements of financial position, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the articles of association, general meetings are convened by publication of the notice convening the meeting in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. The Company shall also advertise in Dagens Industri that notice has been made.

Right to attend general meetings

Those who wish to participate in a general meeting must be listed as a shareholder in a printout or other presentation of the share register relating to the circumstances on five weekdays (Saturdays included) prior to the meeting, and notify the Company of their participation no later than on the date set out in the notice to attend the meeting. In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares be temporarily registered in their own names in the share register five weekdays prior to the general meeting in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders may attend general meetings in person or by proxy and may be accompanied by not more than two advisors.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board of directors. The matter shall be addressed at the general meeting, provided that the request was received by the board of directors no later than one week prior to the earliest date pursuant to the Swedish Companies Act on which notice to attend the general meeting may be issued or after that date, but in due time for the matter to be included in the notice to attend the general meeting.

NOMINATION COMMITTEE

As at the date of this Offering Memorandum, the Company does not have a nomination committee. Pursuant to the Code, Swedish companies whose shares are admitted to trading on a regulated market in Sweden shall have a nomination committee. The annual general meeting on 22 February 2019 resolved to adopt the following instruction for the nomination committee, which shall apply until further notice.

Instruction for the nomination committee in Karnov

The nomination committee shall be composed of the representatives of the three largest shareholders (or group of shareholders) in terms of voting rights listed in the shareholders' register maintained by Euroclear Sweden as at the last business day of August, and the chairman of the board of directors, who will also convene the first meeting of the nomination committee.

Board members may be members of the nomination committee but may not constitute a majority thereof. If more than one board member is a member of the nomination committee, no more than one of those members may be dependent of a major shareholder of the Company.

The member representing the largest shareholder (or group of shareholders) in terms of voting rights shall be appointed chairman of the nomination committee. Members of the board of directors may not be the chairman of the nomination committee. If the member representing the largest shareholder (or group of shareholders) in terms of voting rights is a board member, the nomination committee shall appoint another member as chairman.

In the event that a member leaves the nomination committee prior to the work of the committee having been completed, a representative from the same shareholder (or group of shareholders) may replace the leaving member, if deemed necessary by the nomination committee. In the event that a shareholder (or group of shareholders) represented in the nomination committee has reduced its holding of shares in the Company, the representative from such shareholder (or group of shareholders) may resign and, if deemed appropriate by the nomination committee, a representative from the shareholder next in line in terms of size may be provided an opportunity to enter. If the shareholding in the Company is otherwise significantly changed before the nomination committee's work has been completed, a change in the composition of the nomination committee may take place, in such way that the nomination committee deems appropriate. Changes in the composition of the nomination committee shall be made public as soon as possible.

The composition of the nomination committee is to be announced no later than six months before the annual general meeting.

Remuneration shall not to be paid to the members of the nomination committee. The Company is to pay any necessary expenses that the nomination committee may incur in its work.

The term of office for the nomination committee ends when the composition of the following nomination committee has been announced.

The nomination committee shall propose the following: chairman at the general meeting, board of directors, chairman of the board of directors, auditor, remuneration to the board of directors divided between the chairman and the other directors as well as remuneration for committee work, remuneration to the Company's auditor and, if deemed necessary, changes to this instruction for the nomination committee.

THE BOARD OF DIRECTORS

Composition and independence

Members of the board of directors are normally appointed by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association the general meeting shall appoint no less than three and no more than ten board members. Pursuant to the Code, the chairman of the board shall be appointed at the general meeting. No more than one board member elected by the general meeting may be a member of the executive management of the Company or a subsidiary of the Company. The majority of the board members elected by the general meeting are to be independent of the Company and its executive management. At least two of the board members who are independent of the Company and its executive management are also to be independent in relation to the Company's major shareholders. See "*Board of directors, senior executives and auditor–Board of directors*" for an account of the board members' independence in relation to the Company, its executive management and its major shareholders.

Responsibilities and work

The board of directors is the Company's second-highest decision making body after the general meeting. The duties of the board of directors are primarily set forth in the Swedish Companies Act, the Company's articles of association and the Code. In addition, the work of the board of directors is guided by the instructions from the general meeting as well as the rules of procedure of the board of directors. The rules of procedure of the board of directors govern the division of work within the board of directors. The board of directors also adopts instructions for the committees of the board of directors, an instruction for the CEO and an instruction for the financial reporting to the board.

The board of directors is responsible for the organisation and the management of the Company's matters, which, among other things, entails a responsibility for outlining overall, long-term strategies and objectives, budgets and business plans, establishing guidelines to ensure that the operations create value in the long term, reviewing and establishing the accounts, making decisions on issues regarding investments and sales, capital structure and distribution policy, developing and adopting material policies, ensuring that control systems exist for monitoring that policies and guidelines are followed, ensuring that there are systems for monitoring and controlling the operations and risks, significant changes in the organisation and operations, appointing the CEO and, in accordance with the guidelines adopted by the general meeting, setting remuneration and other terms of employment benefits for the CEO and other senior executives. The chairman of the board of directors is responsible for ensuring that the board of directors' work is carried out efficiently and that the board of directors fulfils its obligations.

The board of directors meet according to an annual predetermined schedule. In addition to ordinary board meetings, board meetings may be convened where the chairman considers it to be necessary or a board member or the CEO so requests.

Audit committee

The board of directors has established an audit committee. Pursuant to the Swedish Companies Act, the members of the audit committee may not be employees of the Company and at least one member must have accounting or auditing qualification. The audit committee currently consists of four members: Lone Møller Olsen (chairman of the audit committee), Ulf Bonnevier, Magnus Mandersson and Samuel Offer.

The audit committee's main tasks are to:

a) monitor the Company's financial reporting and provide recommendations and proposals to ensure the reliability of the reporting;
b) in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management;
c) keep itself informed about the external audit of the annual report for the Company and the group as well as regarding the conclusions of the Swedish Inspectorate of Auditors' quality controls;
d) inform the board of the result of the external audit and the way in which the external audit contributed to the reliability of the financial reporting, as well as the function filled by the audit committee;
e) review and monitor the impartiality and independence of the external auditor and, in conjunction therewith, pay special attention to whether the external auditor provides the Company with services other than auditing services;
f) assist the nomination committee in conjunction with its preparation of proposals to the general meeting's resolution regarding election of external auditor.

Remuneration committee

The board of directors has established a remuneration committee. Pursuant to the Code, the chairman of the board may be the chairman of the remuneration committee, but the other members of the remuneration committee are to be independent of the Company and its executive management. The remuneration committee currently consists of three members: Magnus Mandersson (chairman of the remuneration committee), Ulf Bonnevier and Vivek Kumar. All members of the remuneration committee are independent in relation to the Company and its executive management.

The remuneration committee's main tasks are to:

a) prepare the board's decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the executive management;
b) monitor and evaluate programmes for variable remuneration, both ongoing and those that have ended during the year, for the executive management;
c) monitor and evaluate the application of the guidelines for remuneration of the executive management that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the Company;
d) prepare and submit to the board a report on the monitoring and evaluation to be carried out under the items (b) to (c) above; and
e) if the Company implements an incentive program for the employees of the Company, ensure that the incentive program is annually evaluated.

Remuneration to the board of directors

The following table presents expenses for fees to the members of the board of directors in 2018.

(KSEK)	Board fee	Audit committee fee	Remuneration committee fee	Total 2018
Magnus Mandersson	1,100	50	100	1,250
Ulf Bonnevier	635	35	50	720
Vivek Kumar	–	–	–	–
Lone Møller Olsen	600	150	–	750
Samuel Offer	–	–	–	–
Mark Redwood	1,000	–	–	1,000
Total	**3,335**	**235**	**150**	**3,720**

* In addition to the ordinary board fees that were resolved upon at the extraordinary general meeting on 25 September 2018, the board fees above include the additional fees of KSEK 600, KSEK 335 and KSEK 300 to Magnus Mandersson, Ulf Bonnevier and Lone Møller Olsen, respectively, which were resolved upon at the extraordinary general meeting on 28 December 2018 for the purpose of compensating these three board members for work carried out during the preparations for the listing of the Company's ordinary shares on Nasdaq Stockholm.

The annual general meeting on 22 February 2019 resolved on fees for the board members, for the period until the end of the annual general meeting 2020, in the total amount of KSEK 1,870 to be paid in accordance with the following: KSEK 500 to Magnus Mandersson and KSEK 300 each to Ulf Bonnevier, Lone Møller Olsen and Mark Redwood, and an additional KSEK 300 to members of the audit committee, of which KSEK 150 to the chairman of the audit committee and KSEK 50 each to other members of the audit committee, and an additional KSEK 170 to members of the remuneration committee, of which KSEK 100 to the chairman of the remuneration committee and KSEK 35 each to other members of the remuneration committee.

THE CEO AND OTHER SENIOR EXECUTIVES

Responsibilities and work of the senior executives

The CEO is subordinated to the board of directors and is responsible for the day-to-day management and operations of the Company in accordance with the instructions from the board of directors. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the instructions for the CEO.

The CEO is responsible for providing the board of directors with information and the necessary documentation for decision making. The CEO leads the work of the senior executives and makes decisions after consulting its members. Further, the CEO reports at meetings of the board of directors and assures that members of the board of directors regularly receive the information required to follow the Company's and the Group's financial position, results, liquidity and development.

The CEO and the other senior executives are presented in "*Board of directors, senior executives and auditor–Senior executives*".

Remuneration to senior executives

The following table presents the remuneration paid to the senior executives in 2018.

KSEK	Ordinary compensation	Other benefits	Pension benefits	Total
CEO	2,638	1,710	264	4,612
Other senior executives	6,909	2,542	927	10,378
Total	**9,547**	**4,252**	**1,191**	**14,990**

Long-term incentive programs to senior executives and other employees

An extraordinary general meeting to be held on or around 10 April 2019 will resolve to implement a long-term incentive program in the form of a share saving program. The purpose of the incentive program is to encourage a broad ownership amongst the Company's employees, facilitate recruitment, maintain competent employees, increase the alignment of interest between the employees and the Company's shareholders and increase motivation to reach or exceed the Company's financial targets.

Approximately 235 permanent employees in Karnov are being offered participation in the share saving program. The participants are divided into five different categories depending on position. Category 1 includes the CEO, category 2 includes six senior employees (including senior executives), category 3 includes fifteen employees, category 4 includes nine employees and category 5 includes 205 employees. Participation requires the employee to make own investments in the Company's ordinary shares at market price at Nasdaq Stockholm, or allocate already acquired ordinary shares to the program ("**Savings Shares**"). The maximum investment permitted in Savings Shares depends on the category of the participant. Participants in category 1–5 may invest no more than SEK 400,000, SEK 200,000, SEK 100,000, SEK 50,000 and SEK 20,050, respectively, in Savings Shares.

Participants who retain the Savings Shares during the program's vesting period of at least three years and also remain employed by Karnov throughout the whole vesting period will at the end of the period be eligible for free additional ordinary shares ("**Performance Shares**"). For participants in category 1–4, the allotment of Performance Shares is subject to the satisfaction of certain performance criteria related to the total shareholder return, organic growth and organic adjusted EBITA growth, as defined in the extraordinary general meeting's resolution, during 2019–2021.

Full allotment of Performance Shares would mean that the total number of shares under the program amount to no more than 469,440 ordinary shares, corresponding to approximately 0.5 per cent of the total number of shares outstanding in the Company following the completion of the Offering. The cost for the share savings program will be accounted for in accordance with IFRS 2 – *Share-Based Payments*, and are estimated to amount to approximately MSEK 3.1 per year, assuming that 50 per cent of the maximum number of Performance Shares is allotted to the participants. In addition, the costs for social security charges are calculated to approximately MSEK 1.0 per year assuming an annual share price increase of 10 per cent during the vesting period and 25 per cent estimated average social security costs.

For the purpose of ensuring delivery of Performance Shares and hedging social security costs under the incentive program, the extraordinary general meeting will resolve to authorise the board of directors to issue not more than 469,440 shares of series C to a third party designated by the Company and to acquire such own shares of series C. At the end of the vesting period, the shares of series C held by the Company will be converted into ordinary shares and transferred to participants that have been granted allocation.

Current employment terms for the CEO and the other senior executives

The CEO is entitled to an annual fixed salary of DKK 1,928,952 and pension benefits in accordance with Karnov's prevailing pension policy. Provided that certain financial targets set by the board of directors are met, the CEO may also receive a bonus. The target bonus is an amount corresponding to 50 per cent of the annual fixed salary. Pursuant to the current guidelines for remuneration to the senior executives, the bonus shall not exceed 100 per cent of the fixed annual salary. For the CEO, a notice period of 12 months applies in case of termination by Karnov and 6 months in case of termination by the CEO.

For the other senior executives (except for the Head of Investor Relations), the notice period is up to seven months in case of termination by Karnov and up to six months in case of termination by the senior executive. In the event of termination by Karnov (due to reasons other than material breach of contract on the Head of Sweden's part), the Head of Sweden is entitled to severance pay corresponding to 12 times the fixed monthly salary at the time of termination. Other than the Head of Sweden, no senior executive is entitled to severance pay in connection with termination of its employment.

Karnov has entered into a consultancy agreement with Fogel & Partners i Stockholm AB regarding the Head of Investor Relation's services for Karnov. The services comprise part-time work with an estimated workload of 50 per cent of full-time. The term of the consultancy agreement expires 12 months after the first day of trading of the Company's ordinary shares on Nasdaq Stockholm.

Guidelines for remuneration to the senior executives

Pursuant to the Swedish Companies Act, the annual general meeting of the Company shall adopt guidelines for remuneration to the senior executives. The annual general meeting on 22 February 2019 resolved to adopt the below guidelines for remuneration to the senior executives for the period until the close of the annual general meeting 2020.

General principles for remuneration and other terms and conditions

Remuneration and other terms and conditions of employment shall be adequate to enable Karnov to retain and recruit skilled senior executives at a reasonable cost. The remuneration to senior executives shall consist of fixed remuneration, variable remuneration, pension and other benefits, and it shall be based on principles of performance, competitiveness and fairness.

Principles for fixed remuneration

Each senior executive shall be offered a fixed remuneration in line with market conditions and based on the manager's responsibility, expertise and performance.

Principles for variable remuneration

Variable remuneration may comprise annual variable cash salary and long-term variable pay in the form of cash, shares and share-price related instruments in the Company. Variable remuneration shall be subject to the fulfilment of defined and measurable targets aimed at promoting the Company's long-term value creation.

Variable remuneration paid in cash shall be set at a maximum percentage of the annual fixed salary. For the CEO, the target amount of any variable remuneration paid in cash shall be set to not more than 50 per cent of the annual fixed salary and the maximum amount shall be capped to a 100 per cent of the annual fixed salary. For the other senior executives, the target amount of any variable remuneration paid in cash shall be set to not more than 40 per cent of the annual fixed salary and the maximum amount shall be capped to 75 per cent of the annual fixed salary.

In special cases, agreements may be reached on remuneration of a non-recurring nature, provided such remuneration does not exceed an amount corresponding to the individual's annual fixed salary and maximum variable cash salary, and is not paid more than once per year and per individual.

Principles for share and share-price related incentive programs

Long-term variable remuneration in the form of shares and share-price related instruments may only be paid by means of participation in long-term incentive programmes adopted by a general meeting. Share and share-price related incentive programs are to be designed with the aim of achieving increased alignment between the interests of the participating individual and the interests Company's shareholders. The vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years. Programs that involve acquisition of shares are to be designed so that a personal holding of shares in the Company is promoted.

Principles for pensions, remuneration during periods of notice and severance pay

Agreements regarding pensions shall, where applicable, be premium based and designed in accordance with the level and practice applicable in the country in which the senior executive is employed.

Fixed remuneration during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed remuneration for 24 months for the CEO and 12 months for other senior executives. No severance pay shall be paid in the case of termination by the employee.

Other benefits, such as a company car, preventive care, health care and health insurance, shall comprise a small portion of total compensation and comply with customary market-based terms.

Principles for deviations from the guidelines

The board of directors may resolve to deviate from the guidelines if the board of directors, in an individual case, is of the opinion that there are special circumstances justifying a deviation.

INTERNAL CONTROL

General

Karnov has established an internal control system aimed at achieving an efficient organisation that achieves the targets set by the board of directors. This system includes work to ensure that the Karnov's operations are conducted correctly and efficiently, that laws and regulations are complied with and that financial reporting is accurate and reliable and in accordance with applicable laws and regulations. Karnov has chosen to structure internal control work in accordance with the so-called COSO framework, which includes the following elements: control environment, risk assessment, control activities, information and communication as well as monitoring and follow-up.

Control environment

Karnov's control environment is based on the distribution of work among the board of directors, the committees, the CEO and the CFO and the corporate values on which the board of directors and the Group management communicate and base their work. In order to maintain and develop a well-functioning control environment, to comply with applicable laws and regulations, and to ensure compliance within the entire group with the Karnov's desired business practices, the board of directors, as the ultimately responsible body, has established a number of basic documents relevant to risk management and the internal control which consists of operational control documents, policies, procedures and instructions. Among these documents are the rules of procedure for the board of directors, the instructions for the committees of the board of directors, the instructions for the CEO, the instructions for financial reporting, the code of conduct, the communication policy and the insider policy.

Policies, routine descriptions and instructions are distributed to all relevant employees of Karnov through Karnov's intranet. Karnov's employees are obliged to comply with the code of conduct, the communication policy and insider policy, and employees regularly perform relevant tests to ensure they are aware of the content of relevant policies, routine descriptions and instructions.

Risk assessment

Karnov has established a risk assessment procedure, meaning Karnov conducts annual risk analysis and risk assessment. Based on this procedure, risks are identified and categorised according to the following four areas:

> Strategic risks
> Operational risks
> Compliance risks
> Financial risks

Karnov's objective with the risk analysis is to identify the most significant risks that may prevent Karnov from achieving its targets or realising its strategy. The objective is further to evaluate these risks based on the probability that they will arise in the future and to what extent the risks may affect Karnov's targets if they were to occur.

Individual risks are assigned a so-called risk owner. The risk owner has a mandate and responsibility to ensure actions and controls are established and implemented. The risk owner is also responsible for monitoring, follow-up and reporting of changes in Karnov's risk exposure to identified risks.

Identified risks are reported annually by the CFO to the audit committee and the board of directors. The board of directors evaluates Karnov's risk management system, including risk assessments, and shall annually submit a description in which the most important elements of Karnov's internal control and risk management are examined in detail. The purpose of this procedure is to ensure that significant risks are managed and that controls that counteract identified risks are implemented.

Control activities

Karnov has established a risk management process that includes a number of key controls of matters that must be in place and function in the risk management processes. The control requirement is an important tool that enables the board of directors to lead and to evaluate information from Group management and to take responsibility for identified risks. Karnov focuses on documenting and evaluating the major risks related to financial reporting to ensure that the Karnov's reporting is accurate and reliable.

Information and communication

The board of directors of Karnov has adopted an insider policy and a communication policy governing Karnov's management and communication of inside information and other information. The insider policy is intended to reduce the risks of insider dealing and other unlawful behaviour and to facilitate Karnov's compliance with applicable rules regarding the handling of inside information. In addition, Karnov has established procedures for the handling of information and restriction of the dissemination of information. The communication policy describes Karnov's overall focus on communication matters. Karnov's communication shall be characterised by long-term perspective and trust, reliability as well as proactivity, speed and transparency. The communication shall be accurate, relevant and comprehensive in accordance with Nasdaq Stockholm's rule book for issuers.

Investor relations function

The purpose of Karnov's investor relations function is to build a long-term knowledge of and trust in Karnov's operations and value creation, whilst ensuring that Karnov complies with applicable regulations. Karnov's investor relations function handles regular contacts with shareholders, analysts, investors, financial journalists, Nasdaq Stockholm, the Swedish Financial Supervisory Authority and other capital market participants and coordinates general meetings, analyst meetings and capital market presentations. The Head of IR is responsible for this function, which also consist of the CEO and the CFO.

Monitoring and follow up

A self-assessment of internal control requirement effectiveness shall annually be performed and facilitated by the employee appointed for the task by the CFO. The CFO must quarterly present the self-assessment report for the Group Information Security Board, before presenting it to the audit committee. The CFO is responsible for presenting the result to the audit committee and the board of directors. Karnov has a group-wide monitoring process by which the entities and functions shall follow up the effectiveness of controls and report back to the employee appointed by the CFO.

EXTERNAL AUDIT

The auditor shall review Karnov's annual report and accounting, as well as the management of the board of directors and the CEO. Since the Company is a parent company, the auditor shall also review the consolidated accounts and the group companies' relations to each other. The audit of Karnov's financial reports and accounts as well as the management by the board of directors and the CEO is conducted in accordance with generally accepted auditing standards in Sweden. Following each financial year, the auditor shall submit an auditor report and a consolidated auditor report to the annual general meeting.

Karnov's auditor is PwC. Aleksander Lyckow is the auditor in charge. For more information about the auditor, see "*Board of directors, senior executives and auditor—Auditor*".

In 2018, the total remuneration to Karnov's auditor was KSEK 11,156, of which KSEK 8,300 related to the Company. Of the total remuneration, KSEK 3,410 related to audit services.

Ownership structure and selling shareholders

OWNERSHIP STRUCTURE

The Company

The following table presents ownership structure of the Company as per the date of this Offering Memorandum. The table is based on the assumption that the planned changes to the share capital structure described in "*Shares and share capital–Changes to the share capital structure in connection with the Offering*" have been completed. As per the date of this Offering Memorandum, there were as far as the Company is aware, no persons or legal entities owning five per cent or more of the shares or votes in the Company, except as stated in the table below.

Ordinary shares:	**prior to the Offering (adjusted for changes to the capital structure)**		**after the Offering (assuming the Offering is not increased and the Over-allotment Option is not exercised)**		**after the Offering (assuming the Offering is fully increased and the Over-allotment Option is not exercised)**		**after the Offering (assuming the Offering is fully increased and the Over-allotment Option is exercised in full)**	
Shareholder	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Selling Shareholders[1)]								
FAPI	43,492,798	54.9%	28,494,220	29.2%	18,295,187	18.7%	12,849,493	13.2%
General Electric Pension Trust	9,467,983	12.0%	6,202,931	6.4%	3,982,695	4.1%	2,797,218	2.9%
Torreal	7,890,003	10.0%	5,169,120	5.3%	3,318,919	3.4%	2,331,019	2.4%
RPO King S.C.A.	6,312,024	8.0%	4,135,310	4.2%	2,655,144	2.7%	1,864,822	1.9%
Five Arrows Co-Investments II Holding Sàrl	4,970,338	6.3%	3,256,307	3.3%	2,090,766	2.1%	1,468,435	1.5%
Donal Smith	361,725	0.5%	236,983	0.2%	152,159	0.2%	106,868	0.1%
Total	**72,494,871**	**91.6%**	**47,494,871**	**48.6%**	**30,494,870**	**31.2%**	**21,417,855**	**21.9%**
Shareholders in KARN Holdco AB[2)]								
Flemming Breinholt			2,358,747	2.4%	2,358,747	2.4%	2,358,747	2.4%
Mark Redwood			2,086,186	2.1%	2,086,186	2.1%	2,086,186	2.1%
Dora Brink Clausen			1,179,427	1.2%	1,179,427	1.2%	1,179,427	1.2%
Anne Nørvang Hansen			571,745	0.6%	571,745	0.6%	571,745	0.6%
Jesper Mortensen			154,946	0.2%	154,946	0.2%	154,946	0.2%
Jon Boström	*See footnote 2*		154,946	0.2%	154,946	0.2%	154,946	0.2%
Magnus Svernlöv (through Kopparklinten AB)			116,170	0.1%	116,170	0.1%	116,170	0.1%
Mads Buus Westmark			40,057	0.0%	40,057	0.0%	40,057	0.0%
Jette Skeem			–	–	–	–	–	–
Nina Marie Varming-Petersen			–	–	–	–	–	–
Total			**6,662,224**	**6.8%**	**6,662,224**	**6.8%**	**6,662,224**	**6.8%**
Cornerstone Investors and other new shareholders[3)]								
Vind AS	–	–	4,883,720	5.0%	4,883,720	5.0%	4,883,720	5.0%
Lazard Asset Management LLC	–	–	4,651,162	4.8%	4,651,162	4.8%	4,651,162	4.8%
The Fourth Swedish National Pension Fund	–	–	4,581,395	4.7%	4,581,395	4.7%	4,581,395	4.7%
Magnus Mandersson	–	–	69,767	0.1%	69,767	0.1%	69,767	0.1%
Ulf Bonnevier	–	–	11,627	0.0%	11,627	0.0%	11,627	0.0%
Lone Møller Olsen	–	–	6,976	0.0%	6,976	0.0%	6,976	0.0%
Other new shareholders[4)]	–	–	29,308,825	30.0%	46,308,826	47.4%	55,385,841	56.7%
Total	**–**	**–**	**43,513,472**	**44.6%**	**60,513,473**	**62.0%**	**69,590,488**	**71.3%**
Total	**72,494,871**	**100%**	**97,670,567**	**100%**	**97,670,567**	**100%**	**97,670,567**	**100%**

1) As per the date of this Offering Memorandum, the Selling Shareholders own all of the 44,724,680 shares in the Company (44,724,355 ordinary shares, 65 preference shares of series A, 65 preference shares of series B, 65 preference shares of series C, 65 preference shares of series D and 65 preference shares of series E). The shareholdings of the Selling Shareholders will increase following the changes that will be made to the capital structure in connection with the Offering, including a retirement of all preference shares and an issue of new ordinary shares with payment through set-off against shareholder loans (see "*Shares and share capital–Changes to the capital structure in connection with the Offering*").
2) As per the date of this Offering Memorandum, the Company owns approximately 77.3 per cent of the shares in its subsidiary KARN Holdco AB. The remaining 22.7 per cent of the shares are owned by board members and senior executives of the Company and certain other persons (see "*–KARN Holdco AB*" below). As per the date of this Offering Memorandum, the shareholders of KARN Holdco AB do not own any shares in the Company. Certain shareholders of KARN Holdco AB will, however, become shareholders in the Company in connection with the Offering by subscribing for shares in an issue of new ordinary shares against payment in-kind consisting of a part of their shares in KARN Holdco(see "*Shares and share capital–Changes to the capital structure in connection with the Offering–Transfer of shareholdings in KARN Holdco AB to shareholdings in the Company*"). The number of ordinary shares in the Company that the shareholders of KARN Holdco AB will receive in connection with the Offering is set out in the table in "*–Ownership structure–KARN Holdco AB*" below.
3) The Cornerstone Investors and the board members Magnus Mandersson (chairman), Ulf Bonnevier and Lone Møller Olsen have committed to acquire a certain number of shares in the Offering, subject to certain conditions (see "*Legal considerations and supplementary information–Commitments from Cornerstone Investors and certain board members*").
4) Refers to persons that receive allotment and acquire shares in the Offering.

KARN Holdco AB

The table below sets forth the shareholdings in the Company's subsidiary KARN Holdco AB as per the date of this Offering Memorandum and the changes to the ownership structure that will take place in connection with the Offering. The table also sets forth the number of ordinary shares in the Company that certain shareholders of KARN Holdco AB will subscribe for in an issue of new ordinary shares against payment in-kind in connection with the Offering. See "*Shares and share capital–Changes to the capital structure in connection with the Offering–Transfer of shareholdings in KARN Holdco AB to shareholdings in the Company*" for further information regarding these transactions.

	As per the date of this Offering Memorandum		Proceeds received through issue of new ordinary shares against payment in kind and transfer of shares in connection with the Offering[3)			After the Offering	
Shareholder[1)	**Number of shares**[2)	**Percentage of the number of shares (%)**	**Number of ordinary shares in the Company after the Offering**	**Received proceeds in cash (KSEK)**	**Number of ordinary shares in the Company that the received proceeds in cash corresponds to**[4)	**Number of shares**[2)	**Percentage of the number of shares (%)**
Karnov Group AB (publ)	750,049	77.30%	–	–	–	970,370	100 %
Mark Redwood	114,286	11.78%	2,086,186	38,445	894,080	–	–
Flemming Breinholt	44,238	4.56%	2,358,747	25,357	589,687	–	–
Dora Brink Clausen	22,120	2.28%	1,179,427	12,679	294,857	–	–
Jette Skeem	14,652	1.51%	–	11,405	265,226	–	–
Anne Nørvang Hansen	10,723	1.11%	571,745	6,146	142,936	–	–
Nina Marie Varming-Petersen	4,690	0.48%	–	3,650	84,893	–	–
Mads Buus Westmark	2,057	0.21%	40,057	–	–	–	–
Jesper Mortensen	2,906	0.30%	154,946	1,666	38,737	–	–
Jon Boström	2,906	0.30%	154,946	1,666	38,737	–	–
Magnus Svernlöv (through Kopparklinten AB)	1,743	0.18%	116,170	–	–	–	–
Total	**970,370**	**100%**	**6,662,224**	**101,014**	**2,349,152**	**970,370**	**100%**

1) Mark Redwood is a board member and Flemming Breinholt (CEO), Dora Brink Clausen (CFO) and Anne Nørvang Hansen (Group Content Strategy) are senior executives in Karnov. Jesper Mortensen, Jon Boström and Magnus Svernlöv are employees of Karnov. Mads Buus Westmark, Nina Marie Varming-Petersen and Jette Skeem are former employees of Karnov.

2) 719,088 ordinary shares of series A, 103,434 ordinary shares of series B, 44,000 ordinary shares of series C, 103,847 preference shares of series D and 1 preference share of series E, which carry different voting rights at general meetings and different rights to dividends and to KARN Holdco AB's assets and surplus in the event of liquidation.

3) All shareholders of KARN Holdco AB (except the Company) will become shareholders in the Company in connection with the Offering by way of subscription of ordinary shares against payment in-kind consisting of a part of their shares in KARN Holdco AB. The number of ordinary shares in the Company corresponds to the number that is set out in the column "*After the Offering (assuming that the over-allotment is not exercised)*" in "*–Ownership structure–The Company*" above. The remaining part of their shares will be acquired by the Company against payment in cash. See "*Shares and share capital–Changes to the capital structure in connection with the Offering–Transfer of shareholdings in KARN Holdco AB to shareholdings in the Company*" for further information on these transactions.

4) The number of ordinary shares in the Company that each shareholder of KARN Holdco AB would have received if they had used the cash proceeds from the sale of shares in KARN Holdco AB to acquire ordinary shares in the Company at the Offering Price.

SELLING SHAREHOLDERS

The table below presents the Selling Shareholders who will sell ordinary shares in connection with the Offering, together with the number of ordinary shares each Selling Shareholder offers to sell. See "*Terms and instructions–Increase of the Offering*" for more information on the Selling Shareholders' right to increase the Offering and "*Terms and instructions–Over-allotment Option*" for the Managers' right to exercise the Over-allotment Option.

	Base offering	The Selling Shareholders' right to increase the Offering	The Managers' Over-allotment Option	Maximum (assuming the Offering is fully increased and the Over-allotment Option is not exercised)	
Aktieägare	**Number of shares**	**Number of shares**	**Number of shares**	**Number of shares**	**Percentage (%) of the Offering**
FAPI[1]	14,998,578	10,199,033	5,445,694	30,643,305	44.0%
General Electric Pension Trust[2]	3,265,052	2,220,236	1,185,477	6,670,765	9.6%
Torreal[3]	2,720,883	1,850,201	987,900	5,558,984	8.0%
RPO King S.C.A.[4]	2,602,445	1,769,662	790,322	4,447,202	7.6%
Five Arrows Co-Investments II Holding Sàrl[5]	1,714,031	1,165,541	622,331	3,501,903	5.0%
Donal Smith[6]	124,742	84,824	45,291	254,857	0.4%
Summa	**25,000,000**	**17,000,001**	**9,077,015**	**51,077,016**	**73.4%**

1) Address: 1 Place d'Armes, L-1136 Luxembourg.
2) Address: 1600 Summer Street, Stamford CT 06905, USA.
3) Address: Calle Fortuny, 1-28010 Madrid, Spain.
4) Address: 1 Place d'Armes, L-1136 Luxembourg.
5) Address: 1 Place d'Armes, L-1136 Luxembourg.
6) Address: Lordship Road, London N16 0QP, United Kingdom.

LOCK-UP

The Selling Shareholders, shareholding members of the board of directors and shareholding senior executives will undertake, with certain exceptions, not to sell their respective holdings for a certain period after trading in the Company's ordinary shares on Nasdaq Stockholm has commenced (see "*Legal considerations and supplementary information–Lock-up agreements*").

SHAREHOLDERS' AGREEMENTS

The Principal Shareholders will before the first day of trading in the Company's ordinary shares on Nasdaq Stockholm enter into a shareholders' agreement, which will replace the current shareholders' agreement between the Principal Shareholders. Pursuant to the new shareholders' agreement, the Principal Shareholders, represented by FAPI, will in all aspects act in concert with respect to the voting of their shares at general meetings and potential representation on the nomination committee of the Company. In addition, under the new shareholders' agreement, FAPI, Five Arrows Co-Investments II Holding Sàrl and RPO King S.C.A. will coordinate their potential future sales of shares in the Company. Torreal will be free to sell its shares after the expiry of a lock-up period of 180 days (see "*Legal considerations and supplementary information–Lock-up agreements*").

EXEMPTION FROM THE PROVISIONS ON MANDATORY BIDS

If the Selling Shareholders do not fully exercise their right to increase the Offering and if the Managers exercise the Over-allotment Option, the Principal Shareholders' aggregate shareholdings may potentially represent less than three-tenths of the voting rights for all shares in the Company. If Carnegie subsequently effects stabilisation measures, the Principal Shareholders may reach an aggregate shareholding representing at least three-tenths of the voting rights in the Company. The Principal Shareholders' voting rights could also decrease below three-tenths of the total number of voting rights in the Company if the Principal Shareholders would lend ordinary shares to, for example, the Managers for the purpose of facilitating delivery of shares to investors that have been granted allotment in the Offering. When such share loan is returned, the Principal Shareholders' voting rights could again reach or exceed three-tenths of the total number of voting rights in the Company.

The above changes to the Principal Shareholders' voting rights could trigger an obligation for the Principal Shareholders to launch a takeover bid for the remaining shares in the Company within four weeks(a so-called mandatory bid) pursuant to the Swedish Takeover Act (Sw. *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*). The Swedish Securities Counsel (Sw. *Aktiemarknadsnämnden*) has in its ruling AMN 2019:16 granted the Principal Shareholders an exemption from the obligation to launch such a mandatory bid.

For more information about the Principal Shareholders' shareholding before and after the Offering, see "*–Ownership structure*". For more information about the Selling Shareholders' right to increase the Offering, the Managers' right to exercise the Over-allotment Option and Carnegie's right to effect stabilisation measures, see "*Terms and instructions*". AMN 2019:16 will be available in its entirety on the Swedish Securities Council's website (www.aktiemarknadsnamnden.se).

Shares and share capital

SHARES AND SHARE CAPITAL AS PER THE DATE OF THIS OFFERING MEMORANDUM

According to the Company's articles of association, the share capital shall amount to not less than SEK 688,067 and a maximum of SEK 2,752,268 divided among not less than 44,724,355 shares and not more than 178,897,420 shares. At the date of this Offering Memorandum, the Company's registered share capital amounts to SEK 688,072 divided among 44,724,355 ordinary shares, 65 preference share of series A, 65 preference share of series B, 65 preference share of series C, 65 preference share of series D and 65 preference share of series E, each with a quotient value of approximately SEK 0.015385. All shares have been issued in accordance with Swedish law and are denominated in SEK. The shares are not subject to an offer following a mandatory bid, redemption right or redemption obligation. No public takeover offer has been made for the shares during the current or preceding financial year.

CHANGES TO THE SHARE CAPITAL STRUCTURE IN CONNECTION WITH THE OFFERING

Reduction of the share capital with retirement of preference shares of series A–E

An extraordinary general meeting to be held on or around 10 April 2019 (the "**Closing EGM**") will resolve on a reduction of the Company's share capital by SEK 5.0 for allocation to non-restricted equity. The reduction of the share capital is to be effected with retirement of all preference shares of series A–E.

As compensation (the "**Preference Share Compensation**"), the preference shareholders will be granted a right to receive a total of 22,958,283 ordinary shares (corresponding to the value of their preference shares) issued in a Cash Issue (as defined below), which are offered under the Offering. For a presentation of the preference shareholders and a further description of their shareholding in the Company prior to and after the Offering, see "*Ownership structure and selling shareholders*".

Cash issue of new ordinary shares

The Closing EGM will resolve on a cash issue of not more than 41,471,755 ordinary shares (the "**Cash Issue**"). The purpose of the Cash Issue is to:

> complete the Company's offering of 18,513,472 ordinary shares under the Offering (see "*Terms and instructions*"); and
> execute the Preference Share Compensation (see "*–Reduction of the share capital with retirement of preference shares of series A–E*") and complete the preference shareholders offering of these ordinary shares (see "*Terms and instructions*").

Due to technical reasons pertaining to the Cash Issue and in order to facilitate delivery of ordinary shares to investors in the Offering, the Cash Issue will, with deviation from shareholders' preferential rights, be subscribed for by Carnegie at a subscription price per share corresponding to the quotient value of the shares of approximately SEK 0.015385.

Following payment by, and delivery of ordinary shares, investors who have been allotted shares in the Offering, Carnegie will be obligated to:

> as an additional consideration for the Cash Issue, transfer to the Company an amount per ordinary share offered by the Company corresponding to the difference between the subscription price of approximately SEK 0.015385 and the Offering Price; and
> transfer to the former preference shareholders an amount per ordinary share offered by the former preference shareholders corresponding to the Offering Price.

Issue of new ordinary shares against set-off of shareholder loans

The Closing EGM will resolve on an issue of not more than 4,812,233 ordinary shares against set-off of shareholder loans to the Company (the "**Set-Off Issue**"). The Set-Off Issue will, with deviation from the shareholders' preferential rights, be subscribed for by the Principal Shareholders and paid through set-off against shareholders loans to the Company in the amount of approximately MSEK 206,926. The subscription price per ordinary share in the Set-Off Issue will, accordingly, correspond to the Offering Price.

Transfer of shareholdings in KARN Holdco AB to shareholdings in the Company

As at the date of this Offering Memorandum, the board member Mark Redwood, the CEO Flemming Breinholt, the CFO Dora Brink Clausen and certain current and former employees of Karnov own in aggregate 22.7 per cent of the shares in KARN Holdco AB, a subsidiary of the Company (see "Ownership structure and selling shareholders–Ownership structure" and "Board of directors, senior executives and auditor"). The Closing EGM will, subject to the completion of the Offering, resolve on an issue of up to 6,662,224 new ordinary shares against payment in-kind of shares in KARN Holdco AB (the "**Issue In-Kind**"). In addition, subject to the completion of the Offering, the Company will acquire the shares in KARN Holdco AB that are not used as payment in the Issue In-Kind. Following these transactions, the Company will own all shares in KARN Holdco AB and the persons who subscribe for shares in the Issue In-Kind will be shareholders in the Company (see "*Ownership structure and selling shareholders–Ownership structure*" and "*Board of directors, senior executives and auditor*").

Registrations with the Swedish Companies Registration Office, etc.
The reduction of the share capital and the retirement of all preference shares, the Cash Issue and the Set-Off Issue are expected to be registered with the Swedish Companies Registration Office on or around 15 April 2019. In connection with such registrations, the articles of association set out in "*Articles of association*" will also be registered with the Swedish Companies Registration Office and replace the current articles of association. The Issue In-Kind is expected to be registered with the Swedish Companies Registration Office on or around 18 April 2018. For a description of the above-mentioned measures' effect on the Company's share capital, see "*–Share capital development*" below.

CERTAIN RIGHTS ATTACHED TO THE SHARES

As at the date of this Offering Memorandum, the Company's shares are divided among six different share classes (ordinary shares and five classes of preference shares). All ordinary shares and preference shares carry one vote each at general meetings. The ordinary shares and each class of preference shares carry different rights to distribution of dividends and the Company's assets and profits upon liquidation. Following the Offering, the Company will only have two classes of shares: ordinary shares and shares of series C (see "*–Changes to the share capital structure in connection with the Offering–Reduction of the share capital with retirement of preference shares of series A–E*" and "*Corporate governance–The CEO and other senior executives–Long-term incentive program to senior executives and other employees*"). Certain rights pertaining to the ordinary shares and the shares of series C are described in the following sections.

Voting rights at general meetings of shareholders
The ordinary shares in the Company will entitle the holder to one vote at general meetings and the shares of series C will entitle the holder to one-tenth of a vote at general meetings. Shareholders will be entitled to vote the full number of shares that they hold. Shares held by the Company may not be represented at general meetings.[1)]

Preferential rights to new shares
If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue (Sw. *kvittningsemission*), the shareholders will in general have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue (however, see § 6 of the Company's articles of association for a description of certain differences between the ordinary shares and shares of series C). The articles of association of the Company does not restrict the Company from issuing shares, warrants or convertibles with deviation from the shareholders' preferential rights, if provided for in the Swedish Companies Act.

Right to dividends and surplus in the event of liquidation
All ordinary shares will carry equal rights to dividends as well as to the assets and any surplus in the event of dissolution of the Company. The shares of series C are not entitled to dividends. In the event of dissolution of the Company, shares of series C will carry equivalent rights to the Company's assets as ordinary shares, however not to an amount exceeding the quotient value of the share. See also "*Dividends and dividend policy*".

Transferability of the shares
The shares will be freely transferable. The articles of association contains no restrictions regarding the transferability.

CSD AFFILIATION

The Company's shares are registered in a central securities depository (CSD) register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The CSD register is operated by Euroclear Sweden (Euroclear Sweden AB, P.O. Box 191, SE 101 23 Stockholm, Sweden). The ISIN code for the ordinary shares is SE0012323715.

1) The intention is that the Company shall hold all shares of series C for the purpose of ensuring delivery of ordinary shares and hedging social security costs under the Company's incentive program (see *"Corporate governance–The CEO and other senior executives–Long-term incentive program to senior executives and other employees"*).

SHARE CAPITAL DEVELOPMENT

The table below summarises the historic development of the Company's share capital since the Company was incorporated in 2015 (up until the date of this Offering Memorandum) as well as the changes in the number of shares and the share capital that will be made in connection with the Offering (see "*–Changes to the share capital structure in connection with the Offering*" above).

Year	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Share capital (SEK)	Quotient value (SEK)
2015	Incorporation	–	50,000	–	50,000	1
2015	Share issue[1)]	638,067	688,067	638,067	688,067	1
2017	Share issue[2)]	5[3)]	688,072[4)]	5	688,072	1
2019	Share split (65:1)	44,036,608[5)]	44,724,680[6)]	–	688,072	*0.015385*
2019	*Reduction of share capital*[7)]	*–325*[8)]	*44,724,355*[9)]	*–5*	*688,067*	*0.015385*
2019	*Share issue*[10)]	*41,471,755*[11)]	*86,196,110*[12)]	*638,027*	*1,326,094*	*0.015385*
2019	*Share issue*[13)]	*4,812,233*[14)]	*91,008,343*[15)]	*74,034*	*1,400,128*	*0.015385*
2019	*Share issue*[16)]	*6,662,224*[17)]	*97,670,567*[18)]	*102,496*	*1,502,624*	*0.015385*

1) The subscription price was SEK 13.40 per ordinary share.
2) The subscription price was SEK 477,831,426 per preference share of series A, SEK 103,249,263 per preference share of series B, SEK 86,041,052 per preference share of series C, SEK 68,832,842 per preference share of series D and SEK 54,607,776 per preference share of series E.
3) One each of preference shares of series A–E.
4) 688,067 ordinary shares and one each of preference shares of series A–E.
5) 44,036,288 ordinary shares and 64 each of preference shares of series A–E.
6) 44,724,355 ordinary shares and 65 each of preference shares of series A–E.
7) See "*–Changes to the share capital structure in connection with the Offering–Reduction of the share capital with retirement of preference shares of series A–E*" above. The change will, subject to the completion of the Offering, be registered with the Swedish Companies Registration Office on around 15 April 2019.
8) 65 each of preference shares of series A–E.
9) 44,724,355 ordinary shares.
10) See "*–Changes to the share capital structure in connection with the Offering–Cash issue of new ordinary shares*" above. The change will, subject to the completion of the Offering, be registered with the Swedish Companies Registration Office on around 15 April 2019.
11) 41,471,755 ordinary shares.
12) 86,196,110 ordinary shares.
13) See "*–Changes to the share capital structure in connection with the Offering–Issue of new ordinary shares against set-off of shareholder loans*" above. The change will, subject to the completion of the Offering, be registered with the Swedish Companies Registration Office on around 15 April 2019.
14) 4,812,233 ordinary shares.
15) 91,008,343 ordinary shares.
16) See "*–Changes to the share capital structure in connection with the Offering–Issue of new ordinary shares against set-off of shareholder loans*" above. The change will, subject to the completion of the Offering, be registered with the Swedish Companies Registration Office on around 18 April 2019.
17) 6,662,224 ordinary shares.
18) 97,670,567 ordinary shares.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO DECIDE ON ISSUES OF SHARES AND ACQUISITIONS OR TRANSFERS OF THE COMPANY'S OWN SHARES

As at the day of this Offering Memorandum, the general meeting has not authorised the board of directors to decide on issues of shares or acquisitions or transfers of the Company's own shares.

An extraordinary general meeting to be held on or around 10 April 2019 will resolve to authorise the board of directors to issue not more than 469,440 shares of series C to a third party designated by the Company and to acquire such own shares of series C. The purpose of the authorisation is to ensure delivery of ordinary shares and hedge social security costs under the Company's incentive program (see "*Corporate governance–The CEO and other senior executives–Long-term incentive program to senior executives and other employees*"). At the end of the vesting period under the incentive program, the shares of series C held by the Company will be converted into ordinary shares and transferred to participants that have been granted allocation.

WARRANTS AND CONVERTIBLES

As per the date of this Offering Memorandum, the Company has not issued any warrants (Sw. *teckningsoptioner*) or convertibles (Sw. *konvertibler*).

SHARE-RELATED INCENTIVE PROGRAMS

The Company has established a share-related incentive program for senior executives and other employees (see "*Corporate governance–The CEO and other senior executives–Incentive programs to senior executives*").

Dividends and dividend policy

DIVIDENDS DURING THE LAST THREE YEARS

The Company did not pay any dividends for the years ended 31 December 2018, 2017 and 2016.

REDUCTION OF THE SHARE CAPITAL WITH RETIREMENT OF PREFERENCE SHARES OF SERIES D IN KARN HOLDCO AB

The extraordinary general meeting of KARN Holdco AB on 28 December 2018 resolved on a reduction of the share capital of KARN Holdco AB with retirement of 76,955 preference shares of series D. The retired preference shares of series D were held by Flemming Breinholt (34,850 shares), Dora Brink Clausen (17,437 shares), Anne Nørvang Hansen (24,380 shares) and Mads Buus Westmark (288 shares). The amount paid for each retired preference share of series D was approximately SEK 348.01, corresponding to a total amount of SEK 26,786,328.21 for all 76,955 preference shares of series D.

DIVIDEND POLICY

Karnov's objective is to distribute 30–50 per cent of the purchase price allocation (PPA) adjusted net profit. Proposals on dividends shall take Karnov's investment opportunities and financial position into consideration.

DIVIDENDS UNDER SWEDISH LAW

Resolutions regarding dividends are passed by the general meeting. Dividends may only be distributed to the extent that there will be full coverage for the Company's restricted equity (Sw. *bundet eget kapital*) after the dividend distribution and only to the extent that such declaration is prudent, taking into consideration the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations of the Company and the Group as well as the need to strengthen the statement of financial position, liquidity and financial position of the Company and the Group. The general meeting may, as a general rule, not resolve upon dividends in an amount higher than what has been proposed or approved by the board of directors.

Pursuant to the Swedish Companies Act, minority shareholders that together represent at least ten per cent of all outstanding shares of the Company have the right to request a payment of dividend (to all shareholders) from the Company's profits. Following such a request, the annual general meeting is required to resolve to distribute 50 per cent of the remaining profit for the relevant year as reported on the statement of financial position adopted at the annual general meeting, after deductions made for: (i) losses carried forward that exceed unrestricted reserves (Sw. *fria fonder*); (ii) amounts which, by law or the articles of association, must be transferred to restricted equity; and (iii) amounts which, pursuant to the articles of association, are to be used for any purpose other than distribution to the shareholders. However, the general meeting is not obliged to declare dividends in excess of five per cent of the Company's shareholders' equity. Moreover, the dividend must comply with the rules set out in Chapter 17, section 3 of the Swedish Companies Act.

PAYMENT OF DIVIDENDS

All holders of ordinary shares in Company that are registered as shareholders in the share registered maintained by Euroclear Sweden on the record date determined by the general meeting are entitled to receive dividends. Dividends are normally distributed shareholders as a cash payment per share through Euroclear Sweden, but may also be paid on a manner other than cash (a so-called dividend in kind). If a shareholder cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the limitation period, the dividend amount shall pass to the Company. The Swedish Companies Act and the Company's articles of association do not contain any restrictions as regards the right to dividends for shareholders domiciled outside Sweden. For information on potential dividend taxation, see "*Certain tax issues*".

Articles of association

To be adopted an extraordinary general meeting on or around 10 April 2019. The resolution to adopt the articles of association will be conditional upon the completion of the Offering. The articles of association are expected to be registered with the Swedish Companies Registration Office on or around 15 April 2019.

§ 1 COMPANY NAME

The company's name is Karnov Group AB (publ).

§ 2 REGISTERED OFFICE

The company is to have its registered office in Stockholm.

§ 3 OBJECT OF THE COMPANY'S BUSINESS

The objects of the company's business shall be to own and administer real property and tangible goods.

§ 4 SHARE CAPITAL

The share capital shall be not less than SEK 688,067 and not more than SEK 2,752,268.

§ 5 NUMBER OF SHARES

The number of shares shall be not less than 44,724,355 shares and not more than 178,897,420.

§ 6 CLASSES OF SHARES

Shares may be issued in two classes, ordinary shares and shares of series C.

Ordinary shares and shares of series C may be issued up to a number corresponding to the maximum number of shares set out in § 5 of these articles of association.

Ordinary shares shall have one vote per share and shares of series C shall have one-tenth of a vote per share.

Shares of series C shall not be entitled to dividends. Upon dissolution of the company, shares of series C shall carry equivalent rights to the company's assets as ordinary shares, however not to an amount exceeding the quotient value of the share.

Should the company resolve to issue new shares of different classes through a cash issue or a set-off issue, holders of ordinary shares and shares of series C shall have preferential rights to subscribe for new shares of the same class in relation to the number of shares the holder previously holds (primary preferential rights). Shares which are not subscribed for with primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential rights). If such offered shares are not sufficient for the subscription made with subsidiary preferential rights, the shares shall be allocated in relation to the number of shares the shareholder previously held and, to the extent this cannot be done, the allocation shall be decided by the drawing of lots.

Should the company resolve to issue new shares of only one class through a cash issue or a set-off issue, all shareholders shall, regardless of share class, have preferential rights to subscribe for new shares in relation to the number of shares previously held by them.

Should the company resolve to issue warrants through a cash issue or a set-off issue, the shareholders shall have preferential rights to subscription of the new warrants as if the issue related to the shares that may be subscribed for following an exercise of the warrants.

Should the company resolve to issue convertible debt instruments through a cash issue or a set-off issue, the shareholders shall have preferential rights to subscription of the convertible debt instruments as if the issue related to the shares that may be subscribed for following a conversion.

What is stipulated above shall not restrict the possibilities for resolving on a cash issue or a set-off issue with deviation from the shareholders' preferential rights.

In the event of an increase of the share capital by a bonus issue, new shares of each class shall be issued in relation to the number of shares of the same class already issued. In such cases, shares of a specific class carry preferential rights to new shares of the same class. This shall, however, not entail any restriction in the possibility to issue new classes of shares through a bonus issue following necessary amendments of the articles of association.

§ 7 CONVERSION CLAUSE

Shares of series C held by the company may, upon request of the board of directors be converted into ordinary shares. If a share of series C is converted, it shall be immediately reported to the Swedish Companies Registration Office for registration in the Companies Register. The conversion is effected when it has been registered in the Companies Register and it has been entered in the central securities depository register.

§ 8 REDEMPTION CLAUSE

Reduction of share capital, subject to the minimum share capital pursuant to § 4 of these articles of association, may, by resolution of the board of directors, be made by redemption of all shares of series C. The redemption amount per share of series C shall correspond to the quotient value of the shares. Holders of shares of series C that are subject to redemption shall immediately following notice of the resolution on redemption, accept the redemption payment for the shares and, where applicable, hand over the share certificates for the shares to the company.

§ 9 BOARD OF DIRECTORS

The board of directors shall consist of not less than three members and not more than ten members without deputy members.

§ 10 AUDITOR

The company shall have one or two auditors. A registered accounting firm may be appointed as auditor.

§ 11 NOTICE OF GENERAL MEETINGS

Notice of general meetings shall be made by an announcement in the Official Swedish Gazette and by making the notice available on the company's website. The company shall advertise in Dagens Industri that notice has been made.

§ 12 RIGHT TO PARTICIPATE AT GENERAL MEETINGS

Those who wish to attend a general meeting must be entered as a shareholder in a transcription or other presentation of the share register relating to the circumstances five weekdays prior to the general meeting and give notice of attendance to the company no later than the day set out in the notice to attend the general meeting. Such day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be earlier than the fifth weekday prior to the general meeting.

Shareholders may be accompanied by not more than two advisors at the general meeting, however, only if the shareholder has notified the company of the number of advisors in the manner stated in the previous paragraph.

§ 13 ANNUAL GENERAL MEETING

The following matters shall be addressed at annual general meetings:

1. Election of chairman of the meeting
2. Preparation and approval of the voting register
3. Approval of the agenda
4. Election of one or two persons to verify the minutes
5. Determination of whether the meeting has been duly convened
6. Submission of the annual report and the auditor's report and, if applicable, the consolidated financial statements and the auditor's report for the group
7. Resolutions regarding:
   a) Adoption of the income statement and the balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet
   b) Allocation of the company's profit or loss according to the adopted balance sheet
   c) Discharge from liability for the members of the board of directors and the managing director
8. Determination of the number of members of the board of directors and the number of auditors
9. Determination of the fees to be paid to the members of the board of directors and the auditors
10. Election of members of the board of directors and auditors
11. Other matters to be addressed by the general meeting pursuant to the Swedish Companies Act or the articles of association

§ 14 FINANCIAL YEAR

The company's financial year shall be the calendar year.

§ 15 CSD CLAUSE

The company's shares shall be registered in a central securities depository register pursuant to the Swedish Central Securities Depositaries and Financial Instruments Accounts Act.

Legal considerations and supplementary information

GENERAL CORPORATE INFORMATION

Karnov Group AB (publ) (corporate registration number 559016-9016) is a Swedish public limited liability company (Sw. *publikt aktiebolag*) which was incorporated on 20 May 2015 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 10 June 2015. The Company's current name, Karnov Group AB (publ), was registered with the Swedish Companies Registration Office on 18 February 2019. The Company has its registered office in Stockholm, Sweden. The Company's activities are carried out in accordance with the Swedish Companies Act. Karnov Group AB (publ) is the parent company of the Group, which, in addition to the Company, comprises 12 subsidiaries (see note 16 in "*Historical financial information*").

MATERIAL AGREEMENTS

Presented below is a summary of material agreements entered into by Karnov during the past two years as well as other agreements entered into by Karnov which contain rights or obligations of material importance for Karnov as at the date of this Offering Memorandum (in both cases, excluding agreements entered into in the ordinary course of business).

Financing agreement

In connection with the Offering, Karnov will refinance certain existing financial indebtedness under the Company's facilities agreement through a new facilities agreement with Nordea dated 1 February 2019. The new facilities agreement will provide Karnov with (i) a term facility of MSEK 425, (ii) a term facility in DKK corresponding to MSEK 425, which are both to be repaid in full in a single instalment at maturity, and (iii) a revolving multicurrency credit facility (available for drawing in, among other currencies, SEK and DKK) of MSEK 600 to be repaid at the end of each interest period, subject to customary rollover mechanics. The term facilities and the revolving multicurrency credit facility will mature four years after the utilisation date, which is expected to occur following the completion of the Offering. In addition to the term facility and the revolving multicurrency credit facility, the new facilities agreement provides Karnov with an accordion facility at a maximum amount that is limited by Karnov's total indebtedness (which may not exceed the permitted indebtedness cap as set out in the new facilities agreement). Such accordion facility shall be repaid in accordance with terms agreed with the lenders in each individual case.

The interest rate for the term facilities and the revolving multicurrency facility is the applicable IBOR rate (with a floor of 0 per cent) plus a margin of 1.1 per cent to 1.55 per cent. The margin rate for the term facility and the revolving multicurrency facility is determined based on the ratio of total net debt to adjusted pro forma EBITDA (determined in accordance with the senior facilities agreement). Subject to certain conditions, the interest rate of the accordion facility will be up to 1.5 per cent above the highest rate for the term facility. Pursuant to the new facilities agreement, Karnov is also required to pay a commitment fee, arrangement fee, agent fees and extension fees (if applicable).

Certain subsidiaries of the Group guarantee the obligations under the facilities agreement. Neither the Company nor any other Group company have pledged any assets under the facilities agreement. In addition, the facilities agreement contains certain financial covenants and other covenants, including a commitment requiring that Karnov's leverage ratio, calculated as the ratio of total net debt to adjusted pro forma EBITDA (determined in accordance with the senior facilities agreement) does not exceed 4.75. The new facilities agreement also contains customary undertakings such as information undertakings, compliance with laws (including sanctions) and certain restrictions regarding changes in the Group's business such as mergers, disposals additional financial indebtedness, providing loans and guarantees and restrictions regarding future acquisitions.

The facilities agreement can, under certain conditions, be terminated in advance. For example, Karnov may at its own discretion repay the whole or any part of the facilities before the applicable maturity date. In addition, the lender is entitled to terminate the agreement for immediate repayment of the facilities if a change of control event occurs and this results in any person or group of persons, directly or indirectly, (i) gaining control over 50 per cent or more of the votes in the Company, (ii) obtaining the right to appoint or remove all or a majority of the members of the board of directors, or if the Company's share ceases to be listed on Nasdaq Stockholm.

Acquisition of Norstedts Juridik AB

Share purchase agreement

On 25 October 2017, Karnov entered into an agreement with Wolters Kluwer Scandinavia AB to acquire all of the shares in Norstedts Juridik AB (formerly Wolters Kluwer Sverige Aktiebolag). The acquisition was completed on 4 January 2018. The total purchase price for the acquisition was approximately MSEK 742. There are no outstanding payments in relation to the purchase price. The share purchase agreement contains certain warranties from the seller to the benefit of Karnov which, in general, expire on or around 4 July 2019, and certain specific indemnities from the seller to the benefit of Karnov regarding, among other things, the assets, liabilities, rights and obligations belonging to the Norstedts Juridik's business and certain employment matters, which, in general, expire on or around 4 July 2022.

Transitional services agreement

In connection with the completion of Karnov's acquisition of all shares in Norstedts Juridik, Norstedts Juridik entered into a transitional services agreement with Wolters Kluwer Scandinavia AB under which (i) the Wolters Kluwer group shall provide certain services (including, *inter alia*, HR and IT services) to Norstedts Juridik and (ii) Norstedts Juridik shall provide certain services (including, *inter alia*, back-office services, finance services and rental of facilities) to Wolters Kluwer, over a transitional period ending at the earlier of (i) in Karnov's reasonable discretion, a successful migration of the services provided under the agreement and (ii) or the applicable service termination date set out in the agreement (4 January 2020, at the latest).

Other acquisition and investment agreements

Acquisition of Forlaget Andersen A/S

On 2 June 2017, Karnov entered into an agreement with Peter Andersen Holding 30.06.2008 ApS to acquire all of the shares in Forlaget Andersen A/S. The total purchase price for the acquisition was approximately MDKK 30 with three additional earn out payments amounting to maximum MDKK 15. Two of the earn out payments will be determined based on the financial years 2018 and 2019 and will be calculated and become payable after the adoption of the annual report for the relevant financial year (the third earn out payment was based on the performance in financial year 2017). The share purchase agreement contains certain warranties from the seller to the benefit of Karnov which expire on 2 June 2019, and certain specific indemnities from the seller to the benefit of Karnov regarding, among other things, a copyright dispute and certain employment matters, which expire on 31 December 2019.

Acquisition of majority shareholding CBM ApS

On 15 November 2017, Karnov entered into an agreement to acquire 75 per cent of the shares in CBM ApS. The acquisition was completed on 15 November 2017. The total purchase price for the acquisition was approximately MDKK 3 plus possible deferred payments each year from 2018 to 2022 based on accomplishment of various milestones. The share purchase agreement contains certain warranties from the seller to the benefit of Karnov which, except for fundamental warranties, expire on 15 May 2019.

The shareholders' agreement between Karnov and the minority shareholders of CBM ApS contains various veto rights for the minority shareholders (the founders), certain key man provisions and put and call options enabling Karnov to acquire, and the founders to sell, the remaining 25 per cent of the shares in the company.

Investment in minority shareholding in BELLA Intelligence ApS

On 5 July 2018, Karnov entered into an agreement with The LegalTech Holding Company IVS ("**LegalTech**") to subscribe for 40 per cent of the shares in BELLA Intelligence ApS. The subscription of shares was completed on 28 September 2018. The total purchase price for the subscription was approximately MDKK 8.2. Karnov has two options to acquire 20 per cent and 15 per cent additional shares from LegalTech at fair market value. If Karnov exercises these options, the LegalTech may sell its remaining shares to Karnov and Karnov may acquire all of LegalTech's shares if the founder of BELLA Intelligence ApS resigns. The investment agreement contains certain warranties from the seller to the benefit of Karnov which, in general, expire on 28 December 2019.

INTELLECTUAL PROPERTY

The Group is the registered owner of a trademark portfolio including EU-registrations for KARNOV, KARNOV GROUP, KARNOV ESSENTIAL, KARNOV PREMIUM, and the stylised "K". In addition to existing EU registrations, KARNOV is registered as a national trademark in Denmark and KARNOV and KARNOV GROUP are registered as national trademarks in Norway. The trademark portfolio also covers an EU registration for LEXINO, Swedish trademark registrations for ZETEO, VJS and Time Travel and Danish trademark registrations for UfR and Time Travel.

The Group is the owner of a number of domain names relating to "Karnov", *e.g.*, www.karnov.se, www.karnov.dk, www.karnov.com, www.karnovgroup.se, www.karnovgroup.dk and www.karnovgroup.com. The domain name portfolio also includes domain names such as www.lexino.se, www.zeteo.se, www.vjs.se and www.ufr.dk.

GOVERNMENTAL, LEGAL AND ARBITRATION PROCEEDINGS

Karnov is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Karnov is aware) during the last 12 months prior to the date of this Offering Document which may have, or have had, significant effects on Karnov's financial position or profitability.

INSURANCE POLICIES

Karnov's insurance policies include insurance to cover risks associated with Karnov's business, including, among other things, general and product liability, liability for accidents, cyber risk, marine cargo, workers compensation in Denmark and liability of board members and senior executives. Karnov believes that its insurance coverage is adequate and conforms to market practice. However, see "*Risk factors – Karnov is subject to risks related to insufficient insurance coverage*".

RELATED PARTY TRANSACTIONS

See note 36 in "*Historical financial information*" for a description of Karnov's transactions with related parties during the years ended 31 December 2018, 2017 and 2016.

In connection with the Offering, the Company will make certain changes to the share capital structure that involves transactions with related parties, including a reduction of the share capital with retirement of all preference shares of series A–E, an issue of new ordinary shares with payment through set-off against shareholder loans, an issue of new ordinary shares against payment in-kind of shares in KARN Holdco AB and an acquisition of such shares against cash payment. See "*Shares and share capital–Changes to the share capital structure in connection with the Offering*" for a description of these transactions.

In addition to such related party transactions, Karnov has not been party to any related party transactions during the years ended 31 December 2016–2018 or during the financial year 2019 up to and including the date of this Offering Memorandum.

For information on remuneration to the board of directors and senior executives, see "*Corporate governance – Remuneration to the board of directors*" and "*Corporate governance – Remuneration to senior executives*".

PLACING AGREEMENT

The Selling Shareholders, the Company and the Managers intend to enter into a Placing Agreement on or around 10 April 2019. For more information of the terms and condition of the Placing Agreement, see "*Terms and instructions–Terms and conditions for the completion of the Offering*".

COMMITMENTS FROM THE CORNERSTONE INVESTORS AND CERTAIN BOARD MEMBERS

Commitments from the Cornerstone Investors

The Cornerstone Investors (Vind AS, Lazard Asset Management LLC and The Fourth Swedish National Pension Fund) have committed to acquire, at the Offering Price, a number of shares in the Offering equivalent to 5.0 per cent, 4.8 per cent and 4.7 per cent, respectively, of the shares in the Company following the completion of the Offering. The Cornerstone Investors' respective commitments are conditional upon, among other things, (i) the first day of trading in the ordinary shares on Nasdaq Stockholm occurring no later than on 30 April 2019, (ii) the Cornerstone Investor receiving full allocation of its commitment and (iii) the value of the shares of the Company following the completion of the Offering not exceeding MSEK 4,200 (based on the Offering Price). If the conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering.

The Cornerstone Investors will not receive any compensation for their respective commitments and the investments are to be made at the Offering Price. The commitments are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering.

The Cornerstone Investors have made no lock-up undertakings.

Cornerstone Investors	Commitment (%) of the total number of shares in the Company following the completion of the Offering	Number of ordinary shares
Vind AS	5.0%	4,883,720
Lazard Asset Management LLC	4.8%	4,651,162
The Fourth Swedish National Pension Fund	4.7%	4,581,395
Total	**14.5%**	**14,116,277**

Description of the Cornerstone Investors

Vind AS

Vind is a privately owned industrial owner company. The company invests in high quality listed companies that it is prepared to own for decades while taking an active ownership role. Vind is also a controlling owner in private businesses within the software and life science sectors.

Lazard Asset Management LLC

Lazard Asset Management manages approximately USD 234 billion of assets around the world across a broad spectrum of asset classes.

The Fourth National Pension Fund

The Fourth Swedish National Pension Fund is a Swedish government authority with the mission to contribute to the stability of the public retirement pension system through the management of the fund capital to the highest possible return with low risk. The fund is focused on creating long-term returns through active management. As at the end of 2018 the fund had SEK 349 billion under management.

Commitments from certain board members

The board members Magnus Mandersson (chairman), Ulf Bonnevier and Lone Møller Olsen have committed to acquire, at the Offering Price, shares for a total amount of MSEK 3.0, MSEK 0.5 and MSEK 0.3, respectively. The commitments are conditional upon the first day of trading in the Company's ordinary shares on Nasdaq Stockholm occurring no later than on 30 April 2019. If the condition is not satisfied, the board members will not be required to acquire any shares from the Selling Shareholders.

The board members will not receive any compensation for their respective commitments and the board members' investments are to be made at the Offering Price. The commitments are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares for the board members may not occur.

Magnus Mandersson, Ulf Bonnevier and Lone Møller Olsen have, with certain exceptions, undertaken not to sell their respective share holdings for a certain period after the trading in the Company's ordinary shares on Nasdaq Stockholm has commenced (see "*–Lock-up agreements*" below).

LOCK-UP AGREEMENTS

The Selling Shareholders and board members and senior executives that own shares in the Company have agreed to, with some exemptions under a certain period, not sell their shares in the Company or in other ways make transactions with similar effects during a certain period after the first day of trading of the ordinary shares on Nasdaq Stockholm. The lock-up period will be 180 days for Selling Shareholders and the board member Mark Redwood and 360 days for the other shareholding board members and senior executives. When the applicable lock-up period has expired, the persons covered by the lock-up undertaking will be free to sell their shares in the Company. The selling of large numbers of shares following the expiration of the lock-up periods may cause the market price of the shares to decline. The Managers may jointly, at their own discretion and at any time, decide to grant exemptions for the sale of shares during the lock-up period.

The Company will agree with the Managers, among other things, that it will not, with some exceptions, for period of 180 days from the first day of trading of the shares on Nasdaq Stockholm, without prior written consent of the Managers, resolve on, inter alia, increases to the ordinary share capital through issuance of shares or other financial instruments, or transfer of shares or other financial instruments.

ADVISORS' INTEREST

The Managers provide financial advice and other services to the Company and the Selling Shareholders in connection with the Offering. Upon a successful completion of the Offering, the Managers will receive an advisory fee from the Company and the Selling Shareholders. The size of the advisory fee will be based on the amount of gross proceeds received from investors, and the Managers have therefore, as such, an interest in the Offering.

Nordea has provided the Company with a credit facility (see "–*Material agreements–Financing agreement*"). The Managers and their respective affiliates may from time to time engage in commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with Karnov and the Selling Shareholders. None of the Managers own shares in the Company.

COSTS RELATED TO THE OFFERING

Karnov will carry parts of the transaction costs associated with the Offering. These transaction costs are expected to amount to approximately KSEK 102,831, of which KSEK 38,688 has been recorded as an operating expense in the year ended 31 December 2018 and approximately KSEK 64,163 is estimated to be recorded as an operating expense in the year ending 31 December 2019.

In addition, Karnov and the Selling Shareholders will pay the Managers a fee based on the gross proceeds from the sale of shares in the Offering. Karnov and the Selling Shareholders may also choose to pay a discretionary fee to the Managers, a so-called incentive fee, which is also based on the gross proceeds from the sale of shares in the Offering. The total fee (including the maximum incentive fee) will not exceed 3.5 per cent of the gross proceeds from the sale of shares in the Offering.

Selling restrictions and transfer restrictions

SELLING RESTRICTIONS

United States

The shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act.

The shares in the Offering may only be resold: (i) in the United States only to QIBs in reliance on Rule 144A, and (ii) outside the United States in offshore transactions in compliance with Regulation S and in accordance with applicable law. Any offer or sale of shares in the Offering in the United States in reliance on Rule 144A will solely be made by broker-dealers who are registered as such under the United States Securities Exchange Act of 1934, as amended. Nordea's activities in connection with the Offering are limited solely to outside the United States. The terms used above have the meanings given to them by Regulation S and Rule 144A.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**") (with the exception of Sweden), no offer of the shares in the Offering may be made to the public in that Relevant Member State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

> to any legal entity that is a qualified investor as defined in the Prospectus Directive;

> to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), are permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or

> in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company or the Managers of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase any shares in the Offering, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Any offer or sale of the shares in the Offering may only be made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances that do not require publication by the Company of a prospectus pursuant to section 85(1) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) (the "Order").

Any investment or investment activity to which this Offering Memorandum relates is available only to, and will be engaged in only with persons who: (i) are outside the United Kingdom; (ii) are investment professionals falling within Article 19(5); or (iii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the Order or other persons to whom such investment or investment activity may lawfully be made available (all such persons together being referred to as "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this Offering Memorandum and should not act or rely on it.

General

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Memorandum comes are required by the Company and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense. None of the Company or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares in the Offering, of any such restrictions.

Transfer restrictions

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Memorandum comes are required by the Company and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense.

The shares in the Offering have not been and will not be registered under the Securities Act and the shares in the Offering may not be offered or sold, directly or indirectly, within or into the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act.

Each purchaser of the shares in the Offering within the United States purchasing pursuant to Rule 144A or another exemption from the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

> the purchaser is authorised to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;
> the purchaser acknowledges that the shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States, are subject to significant restrictions on transfer and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
> the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (iii) is acquiring such shares in the Offering for its own account or for the account of a QIB;
> the purchaser is aware that the shares in the Offering are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;
> if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares in the Offering, such shares in the Offering may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, or (iii) in an offshore transaction in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States and any other jurisdiction;
> the shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resale of any shares in the Offering;
> the purchaser will not deposit or cause to be deposited any shares in the Offering into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3);
> if it is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
> the Company will not recognise any offer, sale pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions; and
> the purchaser acknowledges that the Company, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares in the Offering in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

> the purchaser acknowledges that the shares of the Company have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, are subject to significant restrictions on transfer and, subject to certain exceptions, may not be offered or sold within the United States;
> the purchaser, and the person, if any, for whose account or benefit the purchaser acquired the shares in the Offering, was located outside the United States at the time the buy order for the shares in the Offering was originated;
> the purchaser is aware of the restrictions on the offer and sale of the shares in the Offering pursuant to Regulation S described in this Offering Memorandum;
> the shares in the Offering have not been offered to it by means of any "directed selling efforts" as defined under Regulation S and the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined under Regulation S in the United States with respect to the shares in the Offering;
> if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares in the Offering, such shares in the Offering may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, or (iii) in an offshore transaction in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States and any other jurisdiction; and
> the Company will not recognise any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions.

Tax considerations in the United States

The following is a description of certain U.S. federal income tax consequences relating to the acquisition, ownership and disposition of our shares. This description addresses only the U.S. federal income tax consequences to U.S. Holders (as defined below) that are initial purchasers of our shares pursuant to the Offering and that will hold such shares as capital assets. This description does not address all tax considerations that may be relevant to specific investors, including, without limitation:

> banks, financial institutions or insurance companies;
> real estate investment trusts, regulated investment companies or grantor trusts;
> brokers, dealers or traders in securities, commodities or currencies;
> tax exempt entities or organizations, including an "individual retirement account" or "Roth IRA" as defined in Section 408 or 408A of the IRC (as defined below), respectively;
> certain former citizens or long term residents of the United States;
> persons that received our shares as compensation for the performance of services;
> persons that will hold our shares as part of a "hedging," "integrated" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
> partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or holders that will hold our shares through such an entity;
> S corporations;
> holders that acquire shares as a result of holding or owning our preferred shares;
> holders whose "functional currency" is not the U.S. dollar;
> persons liable for the Medicare Tax on net investment income; or
> holders that own directly, indirectly or constructively 10% or more of the voting power or value of our shares.

Moreover, this description does not address the U.S. federal estate, gift or alternative minimum tax consequences, or any state, local or foreign tax consequences, of the acquisition, ownership and disposition of our shares.

This description is based on the Internal Revenue Code of 1986, as amended (the "**IRC**"), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurances that the U.S. Internal Revenue Service (the "**IRS**"), will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of our shares or that such a position would not be sustained. U.S. Holders should consult their own tax advisors concerning the U.S. federal, state, local and foreign tax consequences of purchasing, owning and disposing of our shares in their particular circumstances.

For purposes of this description, a "**U.S. Holder**" is a beneficial owner of our shares that, for U.S. federal income tax purposes, is:

> a citizen or resident of the United States;
> a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;
> an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
> a trust if such trust has validly elected to be treated as a United States person for U.S. federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more United States persons have the authority to control all of the substantial decisions of such trust.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of our shares in its particular circumstance.

You should consult your tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of our shares.

DISTRIBUTIONS

Subject to the discussion below under "Passive foreign investment company considerations," if you are a U.S. Holder, the gross amount of any distribution made to you with respect to our shares, before reduction for any Swedish taxes withheld therefrom, other than certain distributions, if any, on our shares distributed pro rata to all our shareholders, generally will be includible in your income as dividend income to the extent such distribution is paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a return of your adjusted tax basis in our shares and thereafter as either long-term or short-term capital gain, depending upon whether the U.S. Holder has held our shares for more than one year as of the time such distribution is received. However, because we do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles, U.S. Holders should expect that the entire amount of any distribution generally will be reportable as dividend income.

Subject to the discussion below under "Passive foreign investment company considerations," non-corporate U.S. Holders may qualify for the preferential rates of taxation with respect to dividends on shares applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year), provided that we qualify for the benefits of the income tax treaty between the United States and Sweden (the "**Treaty**"), which we believe we do, we are not a PFIC (as defined below) in the year of distribution or the preceding year, and certain other conditions are met, including the absence of certain risk reduction transactions. In addition, some corporate U.S. Holders may be entitled to a dividends received deduction.

The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is included in income, regardless of whether the payment is in fact converted into U.S. dollars at that time. Any further gain or loss on a subsequent conversion or other disposition of the currency for a different U.S. dollar amount will be United States source ordinary income or loss.

Subject to certain conditions and limitations, Swedish tax withheld on dividends may be deducted from your taxable income or credited against your U.S. federal income tax liability. If you are entitled to a reduced rate of foreign tax based on the Treaty, however, only the reduced amount of tax generally qualifies for the foreign tax credit or deduction. If you are a U.S. Holder, dividends paid to you with respect to our shares will generally be treated as foreign source income, which may be relevant in calculating your foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Dividends generally will constitute "passive category income." A foreign tax credit for foreign taxes imposed on distributions may be denied if you do not satisfy certain minimum holding period requirements. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisor to determine whether and to what extent you will be entitled to this credit.

SALES, EXCHANGES, OR OTHER TAXABLE DISPOSITIONS

Subject to the discussion below under "Passive foreign investment company considerations," if you are a U.S. Holder, you generally will recognize gain or loss on the sale, exchange or other taxable disposition of our shares equal to the difference between the amount realized on such sale, exchange or other taxable disposition and your adjusted tax basis in our shares, and such gain or loss will be capital gain or loss. If Swedish tax is imposed on the sale, exchange or other disposition of our shares, a U.S. Holder's amount realized will include the gross amount of the proceeds before deduction of the Swedish tax. The adjusted tax basis in a share generally will be equal to the cost of such share. If you are a non corporate U.S. Holder, capital gain from the sale, exchange or other taxable disposition of shares is generally eligible for a preferential rate of taxation applicable to capital gains, provided that your holding period for such shares exceeds one year (i.e., such gain is long term capital gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations under the IRC.

Any such gain or loss that a U.S. Holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes. Because gain from the sale or other disposition of our shares generally will be so treated as U.S. source income, and because you may use foreign tax credits to offset only the portion of U.S. federal income tax liability that is attributed to foreign source income, you may be unable to claim a foreign tax credit with respect to the Swedish tax, if any, on gains. You should consult your tax advisor as to whether the Swedish tax on gains may be creditable against your U.S. federal income tax on foreign-source income from other sources.

If the consideration received upon the sale or other disposition of the shares is paid in foreign currency, the amount realized will be the United States dollar value of the payment received, translated at the spot rate of exchange on the date of taxable disposition. A U.S. Holder may realise additional gain or loss upon the subsequent sale or disposition of such currency, which will generally be treated as United States source ordinary income or loss, which is subject to the limitations discussed above. If the shares are treated as traded on an established securities market, a cash basis U.S. Holder and an accrual basis U.S. Holder who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS) will determine the United States dollar value of the amount realized in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis U.S. Holder who does not make the special election will recognize exchange gain or loss to the extent attributable to the difference between the exchange rates on the trade date and the settlement date, and such gain or loss generally will constitute United States source ordinary income or loss.

PASSIVE FOREIGN INVESTMENT COMPANY CONSIDERATIONS

A non U.S. corporation will generally be classified as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes in any taxable year in which, after applying certain look through rules with respect to the income and assets of subsidiaries, either:

- at least 75% of its gross income is "passive income"; or
- at least 50% of the average quarterly value of its total gross assets is attributable to assets that produce passive income or are held for the production of passive income.

Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities transactions and from the sale or exchange of property that gives rise to passive income. Assets that produce or are held for the production of passive income may include cash, even if held as working capital or raised in a public offering, marketable securities and other assets that may produce passive income. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

We do not believe that we were a PFIC for the taxable year ended December 31, 2018. Based on certain estimates of the value of our gross income and gross assets, our intended use of the proceeds of this offering, and the nature of our business, we also do not expect that we will be classified as a PFIC with respect to the current taxable year ending December 31, 2019. The determination of whether we are a PFIC will depend on the nature and composition of our income and the nature, composition and value of our assets from time to time. The 50% passive asset test described above is generally based on the fair market value of each asset, with the value of goodwill and going concern value determined in large part by reference to the market value of our shares, which may be volatile. Our status may also depend, in part, on how quickly we utilize the cash proceeds from the Offering in our business. There can be no assurance that we will not be considered a PFIC for any taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our shares, we will generally be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such U.S. Holder holds our shares, even if we cease to meet the threshold requirements for PFIC status in such succeeding years.

If we are or become a PFIC, a U.S. Holder of our shares generally would be subject to imputed interest charges and other disadvantageous tax treatment with respect to any gain from the sale or exchange of, and certain distributions with respect to, our shares. If we are or become a PFIC, certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the shares. U.S. Holders should consult their own tax advisers to determine whether any of these elections would be available if we are or become a PFIC and, if so, what the consequences of the alternative treatments would be in their particular circumstances. A U.S. Holder of our shares generally will be required to file IRS Form 8621 if the U.S. Holder holds our shares in any year in which we are a PFIC. U.S. Holders should consult their own tax advisers regarding the tax consequences that would arise if we are or become treated as a PFIC.

INFORMATION REPORTING AND BACKUP WITHHOLDING

U.S. backup withholding tax and information reporting requirements may apply to certain payments to certain holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, our shares made within the United States, or by a U.S. payor or U.S. middleman, to a holder of our shares, other than an exempt recipient (including a payee that is not a U.S. person that provides an appropriate certification and certain other persons). A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, shares within the United States, or by a U.S. payor or U.S. middleman, to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. Any amounts withheld under the backup withholding rules will be allowed as a credit against the beneficial owner's U.S. federal income tax liability, if any, and any excess amounts withheld under the backup withholding rules may be refunded, provided that the required information is timely furnished to the IRS.

INFORMATION WITH RESPECT TO FOREIGN FINANCIAL ASSETS

Certain U.S. Holders who are individuals are required to report information relating to an interest in our shares, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

Certain tax issues

The following is a summary of certain tax consequences that may arise in connection with the Offering. The summary is based on current legislation (applicable at the time of this Offering Memorandum with reservation for changes in legislation that is introduced after the publication of this Offering Memorandum, which may have a retroactive effect). The summary is primarily intended as general information for shareholders that have an unlimited tax liability in Sweden. However, a description of certain Swedish tax implications for shareholders who are not tax resident in Sweden, such as shareholders that are resident in Denmark for tax purposes, is included under "*–Shareholders who are not tax resident in Sweden*".

This description does not deal comprehensively with all tax consequences that may occur in this context. For instance, the summary does not address shares held on a so-called investment savings account and that are subject to special rules on standardised taxation or shares held by partnerships or as current assets in business operations. Moreover, the summary does not address the specific rules on tax-exempt capital gains and dividends (including non-deductibility for capital losses) in the corporate sector that may be applicable when shares are considered to be held for business purposes (Sw. *näringsbetingade andelar*) by the shareholder. Neither are the specific rules covered that could be applicable to holdings in companies that are, or have previously been, closely held companies or shares acquired on the basis of such holdings.

Special tax rules apply to certain categories of taxpayers, for example, investment companies, mutual funds and insurance companies. The tax treatment of each individual shareholder depends on such investor's particular circumstances. Each holder of shares should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties. Potential taxation in other jurisdictions, of dividends and capital gains, is not covered by this summary and should be analysed based on each investor's particular circumstances.

SHAREHOLDERS WHO ARE TAX RESIDENT IN SWEDEN

Individuals

Dividend taxation

For individuals, dividends on listed shares are taxed as income from capital at a rate of 30 per cent. A preliminary tax of 30 per cent is generally withheld on dividends paid to individuals resident in Sweden. The preliminary tax is withheld by Euroclear Sweden or, regarding nominee-registered shares, by the Swedish nominee.

A Swedish tax resident individual who is residing abroad might be regarded as a tax treaty resident of the other country, based on the applicable tax treaty. Following the rules of the treaty, the Swedish taxation of dividends may be reduced.

Capital gains taxation

Upon the sale or other disposal of listed shares a taxable capital gain or deductible capital loss may arise. Capital gains are taxed as income from capital at a tax rate of 30 per cent. The capital gain or loss is calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the average cost method or, alternatively, shareholders may choose to use 20 per cent of the sales proceeds after deducting sales costs, as the tax basis for the sale of listed shares.

Capital losses on listed shares, except for units in securities funds or special funds that consist solely of Swedish receivables ("interest funds"), are fully deductible against taxable capital gains on shares, other listed equity-related securities and non-listed shares in Swedish limited liability companies and foreign legal entities. Up to 70 per cent of capital losses on shares that cannot be offset in this way are deductible against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 per cent is allowed on the portion of such net loss that does not exceed SEK 100,000 and of 21 per cent on any remaining loss. Such net loss cannot be carried forward to future fiscal years.

A Swedish tax resident individual who is residing abroad might be regarded as a tax treaty resident of the other country, based on the applicable tax treaty. Following the rules of the treaty, the Swedish taxation of capital gains may be limited.

Limited liability companies

Dividend and capital gains taxation

For a limited liability company, all income, including taxable capital gains and dividends, is taxed as business income at a tax rate of 21.4 per cent.

Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals. Deductible capital losses on shares and other equity-related securities may only be deducted against taxable capital gains on other securities that are taxed in the same manner as shares. Under certain circumstances such capital losses may also be deducted against capital gains in another company in the same group, provided among others that the companies can tax consolidate (Sw. *koncernbidragsrätt*). A capital loss that could not be utilised during a given year may be carried forward and offset taxable capital gains on shares and other equity-related securities during subsequent fiscal years without any limitation in time.

SHAREHOLDERS WHO ARE NOT TAX RESIDENT IN SWEDEN

Dividend taxation

For shareholders not tax resident in Sweden who receive dividends from a Swedish limited liability company, Swedish withholding tax is normally payable. In Sweden, normally Euroclear Sweden, or in the case of nominee-registered shares, the nominee, carries out the deduction of withholding tax.The withholding tax rate is 30 per cent. However, the tax rate is generally reduced for shareholders resident in other jurisdictions with which Sweden has entered a tax treaty. The majority of Sweden's tax treaties enable an at-source reduction of the Swedish withholding tax to the tax rate stipulated in the treaty at the time of payment of dividends, provided that necessary information is made available to Euroclear Sweden in relation to the person entitled to such dividends.

The withholding tax rate is generally 15 per cent on dividends paid by a Swedish limited liability company to shareholders resident in Denmark for tax purposes, provided that the shareholder can demonstrate a tax residence certificate (Sw. *hemvistintyg*). If the shareholder is a Danish company (i.e., a legal person, other than a body of persons (Sw. *personsammanslutning*) and estates (Sw. *dödsbo*)) the withholding tax rate can be reduced to zero per cent if the shareholder holds at least 10 per cent of the company's capital.

If a 30 per cent withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or in case too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

Capital gains taxation

Shareholders not tax resident in Sweden, for example Danish tax residents, and who are not operating a business from a permanent establishment in Sweden are normally not liable for Swedish capital gains taxation on the disposal of shares. Under a specific tax rule, individuals that are not tax resident in Sweden may, however, be subject to tax in Sweden on the sale of shares if they have been resident or stayed permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The applicability of this rule may, however, be limited by tax treaties between Sweden and other countries.

Historical financial information

Historical financial information

Historical financial information for the years ended 31 December 2018, 2017 and 2016

CONSOLIDATED INCOME STATEMENT

		Audited		
KSEK	**Note**	**2018**	**2017**	**2016**
Net sales	5	715,342	451,718	421,947
Total revenue		**715,342**	**451,718**	**421,947**
Goods for resale		–126,408	–72,010	–79,638
Employee benefit expenses	7	–215,434	–126,827	–121,582
Depreciation and amortisation	11, 15	–146,809	–66,123	–68,381
Other operating expenses		–164,009	–73,127	–65,955
Operating profit		**62,682**	**113,631**	**86,391**
Financial income		319	11	3,254
Financial expenses		–98,217	–86,311	–144,174
Net financial items	8	**–97,898**	**–86,300**	**–140,920**
Profit before income tax		**–35,216**	**27,331**	**–54,529**
Income tax expense	9, 25	–11,591	–16,263	–26,682
Profit for the period		**–46,807**	**11,068**	**–81,211**
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		–6,410	19,960	7,732
Other comprehensive income for the period		**–6,410**	**19,960**	**7,732**
Total comprehensive income for the period		**–53,217**	**31,028**	**–73,479**
Profit for the period is attributable to:				
Owners of Karnov Group AB (publ)		–50,927	7,323	–84,616
Non-controlling interest		4,120	3,745	3,405
Total profit for the period		**–46,807**	**11,068**	**–81,211**
Total comprehensive income for the period is attributable to:				
Owners of Karnov Group AB (publ)		–57,337	22,606	–76,884
Non-controlling interest		4,120	8,422	3,405
Total comprehensive income		**–53,217**	**31,028**	**–73,479**
Earnings per share before and after dilution	23	–1.14	0.16	–1.89

CONSOLIDATED BALANCE SHEET

KSEK	Note	2018 (Audited)	2017 (Audited)	2016 (Audited)
ASSETS				
Non-current assets				
Goodwill	11	1,657,692	1,324,490	1,238,108
Other intangible assets	11	1,289,596	814,522	771,788
Property, plant and equipment (PPE)	15	5,721	6,927	9,399
Derivatives	12	–	49	50
Investments in associates	13	8,524	–	–
Deposits	14	2,628	2,477	2,314
Deferred tax assets	25	832	38	408
Total non-current assets		**2,964,993**	**2,148,503**	**2,022,067**
Current assets				
Inventories	19	11,553	4,247	3,505
Trade receivables	18	169,231	130,172	111,364
Prepaid expense and accrued income	20	15,951	11,343	7,033
Other receivables		1,926	288	211
Tax receivable		27,129	11,031	8,262
Cash and cash equivalents	21	201,797	93,879	131,804
Total current assets		**427,587**	**250,960**	**262,179**
Total assets		**3,392,580**	**2,399,463**	**2,284,246**
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the company				
Share capital	22	688	688	688
Share premium	22	798,472	798,472	798,472
Foreign currency translation reserve		30,532	36,942	16,982
Retained earnings including net profit for the year		−223,016	−172,089	−179,412
Total equity attributable to the parent company's shareholders		**606,676**	**664,013**	**636,730**
Non-controlling interest		18,533	41,199	37,454
Total equity		**625,209**	**705,212**	**674,184**
Non-current liabilities				
Borrowing from credit institutions	24	1,378,199	778,943[1)]	849,167
Borrowing from related parties	24	218,819	198,955	175,440
Other liabilities	28	–	3,111	6,010
Deferred tax liability	25	256,581	165,817	162,378
Provisions	27	5,192	4,823	4,527
Total non-current liabilities		**1,858,791**	**1,151,649**	**1,197,522**
Current liabilities				
Borrowing from credit institutions	24	65,625	66,275	–
Borrowings from related parties	24	67,901	–	–
Trade payables		30,890	22,283	11,350
Current tax liabilities		17,617	3,056	32,957
Accrued expenses	29	164,542	91,084	85,650
Prepaid income	30	342,902	271,285	237,982
Deferred acquisition payment	17, 34	130,588	–	–
Other current liabilities	28	88,515	88,619	44,601
Total current liabilities		**908,580**	**542,602**	**412,540**
Total equity and liabilities		**3,392,580**	**2,399,463**	**2,284,246**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
	Equity attributable to the parent company's shareholders						
Balance at 1 January 2018	**688**	**798,472**	**36,942**	**−172,089**	**664,013**	**41,199**	**705,212**
Profit for the year	–	–	–	−50,927	−50,927	4,120	−46,807
Other comprehensive income for the period	–	–	−6,410	–	−6,410	–	−6,410
Total comprehensive income/loss	**–**	**–**	**−6,410**	**−50,927**	**−57,337**	**4,120**	**−53,127**
Transaction with shareholders in their capacity as owners							
Redeeming of shares	–	–	–	–	–	−26,786	−26,786
Total transaction with shareholders	**–**	**–**	**–**	**–**	**–**	**−26,786**	**−26,786**
Closing balance at 31 December 2018	**688**	**798,472**	**30,532**	**−223,016**	**606,676**	**18,533**	**625,209**

KSEK	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
	Equity attributable to the parent company's shareholders						
Balance at 1 January 2017	**688**	**798,472**	**16,982**	**−179,412**	**636,730**	**37,454**	**674,184**
Profit for the year	–	–	–	7,323	7,323	3,745	11,068
Other comprehensive income for the period	–	–	19,960	–	19,960	–	19,960
Total comprehensive income/loss	**–**	**–**	**19,960**	**7,323**	**27,283**	**3,745**	**31,028**
Transaction with shareholders in their capacity as owners							
Total transaction with shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Closing balance at 31 December 2017	**688**	**798,472**	**36,942**	**−172,089**	**664,013**	**41,199**	**705,212**

KSEK	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
	Equity attributable to the parent company's shareholders						
Balance at 1 January 2016	**688**	**8,060**	**36,938**	**−75,218**	**−29,532**	**−13,367**	**−42,899**
Adjustment to prior years*	–	–	−27,688	−19,728	−47,416	47,416	–
Restated balance at 1 January 2016	**688**	**8,060**	**9,250**	**−94,946**	**−76,948**	**34,049**	**−42,899**
Profit for the period	–	–	–	−84,616	−84,616	3,405	−81,211
Other comprehensive income for the period	–	–	7,732	–	7,732	–	7,732
Total comprehensive income/loss	**–**	**–**	**7,732**	**−84,616**	**−76,884**	**3,405**	**−73,479**
Reclassification	–	790,562	–	–	790,562	–	790,562
Other comprehensive income for the period	–	−150	–	150	–	–	–
Total transaction with shareholders	**–**	**790,412**	**–**	**150**	**790,562**	**–**	**790,562**
Closing balance at 31 December 2016	**688**	**798,472**	**16,982**	**−179,412**	**636,730**	**37,454**	**674,184**

* A correction has been made regarding the value attributable to the non-controlling interest. For further information please refer to note 2.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Audited		
KSEK	**Note**	**2018**	**2017**	**2016**
Cash flows from operating activities				
Operating profit		62,682	113,631	86,390
Adjustments:				
Non-cash items		146,809	71,797	68,527
Effects of changes in working capital:				
Increase/decrease in inventories	19	1,119	−373	1,671
Increase/decrease in receivables	18	10,942	−25,933	−5,107
Increase/decrease in trade payables and other payables	29	31,646	1,480	−18,456
Increase/decrease in prepaid income	30	10,195	22,993	17,250
Interest paid	8	−52,779	−39,927	−52,036
Income tax paid	9	−24,881	−48,933	−9,782
Cash flow from operating activities		**185,733**	**94,788**	**88,480**
Cash flows from investing activities				
Acquisition participation in associated companies	13	−8,492	–	–
Acquisition of subsidiaries	34	−627,982	−57,471	−10,638
Increase/decrease in deposits and other assets	14	49	1	–
Acquisition of intangible assets	11	−96,694	−52,720	−18,038
Acquisitions of PPE	15	−2,007	−819	−570
Cash flow from investing activities		**−735,127**	**−111,009**	**−29,246**
Cash flows from financing activities				
Increase/decrease in short-term borrowings	24	94,036	62,527	–
Principal payments on long-term debt	24	−9,892	−874,281	–
Increase in long-term debt	24	575,579	793,310	8,479
Cash flow from financing activities	31	**659,723**	**−18,444**	**8,479**
Cash flow for the period		**110,329**	**−34,666**	**67,713**
Cash and cash equivalents at the beginning of the period		93,879	131,804	61,584
Exchange rate differences on cash and cash equivalents		−2,411	−3,259	2,507
Cash and cash equivalents at end of the period	21	**201,797**	**93,879**	**131,804**

Notes to the consolidated accounts

NOTE 1. GENERAL INFORMATION

The Karnov Group produces legal, financial and tax information to judicial, fiscal and accounting professionals in Denmark and Sweden. The Group has subsidiaries in two countries, Denmark and Sweden.

The Parent, Karnov Group AB (publ), reg. no. 559016-9016 is a limited liability company domiciled in Sweden with its registered office in Stockholm. The visiting address of its head office is Hälsingegatan 43, 113 82 Stockholm.

The consolidated financial statements are presented in Swedish crowns (KSEK) unless otherwise stated, which is the presentation currency for the Group activities, and the functional currency for the Parent. All financial statements were authorised for publishing by the board of directors on 20 of February 2019.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets (derivative instruments) at fair value through profit or loss.

BASIS OF PREPARATION

The consolidated financial statements of the Karnov Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, RFR 1 Supplementary Accounting Regulations for Groups and the Swedish Annual Accounts Act.

The Parent's financial statements have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. In cases where the Parent applies accounting policies differing from those of the Group, such deviations are explained separately at the end of this note.

The preparation of financial statements in conformity with IFRS requires the application of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a greater degree of judgment or complexity, or areas in which assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The accounting policies remain unchanged for the consolidated financial statements compared to 2017 and 2016, with the exception of the new and amended standards as described below. A correction for the value attributable to the non-controlling interests has been made. The restatement is due to a correction of how preference share rights are interpreted. Previously the accumulated right to dividends has not been accounted for since the company made losses. This has now been corrected. The correction leads to a reclassification of MSEK 73 within total equity and also to a correction in the allocation of the profit for the period between owners of Karnov Group AB (publ) and the non-controlling interests for 2017. The correction has zero impact on total equity and on profit for the year. Also, insignificant reclassifications compared to the comparative figures for 2017 and 2016 have been made.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has adopted all new, amended and revised accounting standards effective for the accounting period beginning from 1 January 2018. None of these new, updated and amended standards have any significant impact on the consolidated financial statements of the Group.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

IFRS 16 "LEASES"

IFRS 16 Leases is effective from 1 January 2019. The standard has no effect on 2018 financial disclosures but for future periods it will change the recognition of operating leases.

The Group has reviewed all of the Group's leasing arrangements that are currently in place. The Group currently holds rental agreements for five office locations, six car leases and miscellaneous other leases as operating leases. Management has assessed the expected impact of the standard and concluded that it will have a limited impact on the recognition of tangible assets and financial debt on the balance sheet. The standard will also impact the classification of costs associated with the lease payments which in 2019 and onwards will be recognised as a finance expense and amortisation of the lease liability and the right of use asset will be depreciated on a straight-line basis.

The lease commitments will be recognised as right of use assets and lease liabilities as per 1 January 2019. The value of the right-of-use assets and lease liabilities as per 1 January 2019 has been estimated at around MSEK 105. The expected impact on EBITDA is assessed to be around MSEK 15 when lease costs are re-classified to depreciation MSEK 15 and financial expenses MSEK 1 which then will have a MSEK 1 negative impact on net profit after tax for 2019.

Leasing commitments disclosed by end of 2018 amounted to MSEK 39.7. Implementing the new standard will increase the assessed leasing liability to MSEK 105 mainly due to measuring the expected period the group will use the leasing asset compared to the expiry date of the lease agreement.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group applies the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Additional disclosures will be included in the interim report for the first quarter of 2019.

CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARIES

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and the Group has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for acquisitions.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

> fair values of the assets transferred
> liabilities incurred to the former owners of the acquired business
> equity interests issued by the group
> fair value of any asset or liability resulting from a contingent consideration arrangement, and
> fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively. The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group.

SEGMENT REPORTING

Segments are reported in accordance with the internal Karnov reporting, submitted to the CEO who has been identified as the most senior executive decision maker within Karnov. The head of the respective segment Sweden and Denmark are responsible for following up the segments' operating income (EBITA), according to the manner in which Karnov reports its consolidated statement of income. This then forms the basis for how the CEO monitors the development and allocates resources etc. The purpose of this standard is to provide information that makes it possible to understand and evaluate the environment in which Karnov operates.

FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swedish kronor (SEK), which is the parent company's functional currency and the group's presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "financial income or cost". All other foreign exchange gains and losses are presented in the income statement within "operating profit".

GROUP COMPANIES

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

> balance sheet items are translated at the exchange rate prevailing at the balance sheet date;
> income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
> all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in the comprehensive income.

INTANGIBLE ASSETS

GOODWILL

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over to the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire.

Goodwill is not amortised but it is tested for impairment and is carried at cost less accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is allocated to each of the CGUs that are expected to benefit from the synergies of the combination. The Group has defined a CGU to be aligned with the operating segments; Denmark and Sweden. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment testing is undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed (for further information on impairment testing pleases refer to note 11).

CAPITALISED DEVELOPMENTS COSTS

The Group has ongoing development activities regarding software products related to the online access to the Group's databases.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

> it is technically feasible to complete the software product so that it will be available for use;
> management intends to complete the software product and use or sell it;
> there is an ability to use or sell the software product;
> it can be demonstrated how the software product will generate probable future economic benefits;
> adequate technical, financial and other resources to complete the development and to use or sell the software;
> product is available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include software development employee costs, costs for consultants and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development costs recognised as assets are amortised over their estimated useful lives in the range from 3 to 7 years.

TRADEMARKS
Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of publishing rights over their estimated useful lives of 14 years.

CUSTOMER RELATIONSHIPS
Separately acquired trademarks are shown at historical cost. Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of publishing rights over their estimated useful lives of 14 years.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are recognised at cost less accumulated depreciation. Cost is defined as the acquisition price and costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of any replaced parts are derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which are as follows:
> Improvements on leaseholds; 5 years
> Furniture, fittings and equipment; 3–5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are written down immediately to their recoverable amounts, if these are lower than their carrying amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income" or "other operating expenses" in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS
Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be re-coverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Property, plant and equipment and intangible assets, except for goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

INVESTMENTS IN ASSOCIATED COMPANIES
Investments in associated companies include all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 per cent and 50 per cent of the voting rights. Investments in associated companies are accounted for using the equity method of accounting, after initial recognition at cost. Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the acquiree in profit or loss, and the Group's share of fluctuations in other comprehensive income of the acquiree in other comprehensive income.

FINANCIAL INSTRUMENTS
The Group classifies its financial assets and liabilities in the following categories: (i) financial assets and liabilities at fair value through profit or loss, (ii) financial assets at amortised cost and (iii) other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of its financial assets at initial recognition.

Classification

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS
Financial assets and liabilities measured at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are included in a hedging relation.

FINANCIAL ASSETS MEASURED AT AMORTISED COST
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted with expected credit losses (see below). Interest income is recognised using the effective interest method and is included in financial income in the income statement. The Group's financial assets measured at amortised cost comprise trade receivables, other receivables, and cash and cash equivalents.

OTHER FINANCIAL LIABILITIES
The borrowings of the group (including the balance sheet items borrowing from credit institutions and borrowing from related parties) and trade payables are classified as other financial liabilities. Refer to the description of accounting policies below.

RECOGNITION AND MEASUREMENT
Regular purchases and sales of financial assets and financial liabilities are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset or liability. At initial recognition, the group measures a financial asset or liability at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets or liabilities carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the right to receive cash flows from the investment has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the commitment in the agreement has been fulfilled or otherwise extinguished.

Financial assets and financial liabilities measured at fair value through profit or loss are subsequently carried at the acquisition date at fair value. Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss are presented in the income statement within "financial expenses" in the period in which they arise.

INVENTORIES
Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of goods for resale comprises the cost of acquisition of the goods.

This cost excludes borrowing costs. The inventory mainly consists of books. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The required provision for obsolescence has been made on the basis of individual assessment.

TRADE RECEIVABLES

Trade receivables are amounts owed by customers for merchandise sold or services performed in the ordinary course of business. If collection of the outstanding amount is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

On initial recognition, trade receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The new guidance relating to classification and measurement, impairment model and hedge accounting did not have any significant impact on the Group's financial position at the date of first application.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on a combination of historic payment profiles of sales and management assessment of expected future market conditions.

In previous periods a provision for impairment of trade receivables was established when there was objective evidence that the Group would not be able to collect all amounts in line with the original terms of the receivables.

Historically Karnov Group has experienced relatively small amounts of losses compared to the business activity which is reflected in both the previous impairment principle and the new adopted principle. The Karnov Group therefore considers that the effect from changing accounting principle for impairment on trade receivables is insignificant.

Both losses regarding trade receivables and recoveries of trade receivables previously written off are recognised within "other operating expenses" in the income statement.

The carrying amount of trade receivables, after any impairment, is presumed to correspond to their fair value, as this item is short-term in nature.

CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, restricted cash where it is considered most likely that restrictions will be raised within a period of less than 3 months.

SHARE CAPITAL

Ordinary and preference shares are classified as equity.

EARNINGS PER SHARE

The formula for calculating earnings per share:
earnings per share = (net income for the period – dividend on preference shares)/average number of outstanding common shares.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

On initial recognition, trade payables are measured at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amount of a trade payable is expected to correspond with the fair value of the trade payable, as this item is of a short-term nature.

BORROWINGS

Borrowings (including borrowing from credit institutions and borrowing from related parties in the balance sheet) are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at acquisition cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

All borrowing costs (interest expenses, transaction costs and the changes in fair value of the options) are recognised within "financial expenses" in the income statement in the period to which they refer.

The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at current market interest rates available to the group for similar financial liabilities.

CURRENT TAX AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except from cases where it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business acquisition that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised if it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is based on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

PENSION OBLIGATIONS

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. However, the Group's defined benefit plan is accounted for as a defined contribution plan, see note 26.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. The group's provisions consist of costs to restore leased premises. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the provision. The increase in the provision due to the passage of time is recognised as interest expense. The greater portion of the Group's provisions is short-term in nature.

REVENUE RECOGNITION

The Group applies the IFRS 15 simplified approach to recognising revenue from contracts with customers. The effects of applying IFRS 15 were analysed during 2017 and the conclusion from this assessment was that IFRS 15 would not have any significant impact on revenue.

Revenue is recognised dependant on the relevant contract with the customer. A customer is a party that has contracted with the Group to obtain goods or services that are an output of the Group's ordinary activities in exchange for consideration. Within the Group there are the following main revenue streams:

> Online sales: Subscriptions, Support
> Offline sales and services: Books, Advertisement, Courses

ONLINE SALES

Karnov's products are largely digital, including subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector including courts, universities, public authorities and municipalities. The Group offers term-based access to its intellectual property. The contracts are individually priced for each customer based on volume and content of the contract. Differences in prices are recognised in net sales when contracts are invoiced.

The majority of Karnov's contracts with customers have a binding period of 1–12 months, with the majority being 12 month contracts. Usually, the customer is invoiced the full contractual fee one month prior to the beginning of the contractual period. Upfront payments are recognised as a contract liability (included in balance sheet item prepaid income, see note 30). Revenue is recognised on a straight line basis over the period which the customer has the right to access the intellectual property.

All contracts with customers are 12 months or less. As permitted under IFRS 15, the transaction price allocated to unsatisfied long-term contracts is therefore not disclosed.

OFFLINE SALES

Karnov also publishes and sells printed books and journals and hosts legal training courses. Revenue is recognised when or as control is transferred to the customer. For printed books and journals revenue is recognised at a point in time, when the product is delivered to the customer. Revenue for training courses are recognised over time – as the training services are being rendered. No element of financing is deemed present as the sales are made with a credit of up to 30 days. Karnov recognises a receivable when the product is delivered to the customer as this is the point in time that the consideration of unconditional because only the passage of time is required before the payment is due. On sale of books the Group grants a 60 days right of return. If conditions for return are met, the Group refunds the full invoiced amount after having received the returned books. Returned sales are recognised at the time the books are received back and a credit note is issued. The group does not recognise a provision in the balance sheet for returned goods as the yearly amount of returned books is considered immaterial.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's share-holders. No dividends will be proposed to the 2019 annual general meeting.

ACCOUNTING POLICIES IN THE PARENT COMPANY

The Parent applies RFR 2, Reporting for Legal Entities. This implies that the Parent applies different accounting principles compared to the group in the following areas.

FORMAT OF INCOME STATEMENT AND BALANCE SHEET

The Parent uses the formats specified by the Swedish Annual Accounts Act. This entails that a different presentation compared to the Group is applied principally regarding financial income and expenses, statement of total comprehensive income, provisions and statement of changes in equity.

FINANCIAL INSTRUMENTS

The parent company applies the exception specified in RFR 2, which implies that IFRS 9, Financial Instruments: Recognition and Measurement, needs not be applied to legal entities. Instead, a method based on acquisition cost is applied, in accordance with the Swedish Annual Accounts Act.

SHARES IN SUBSIDIARIES

Shares in subsidiaries are reported at acquisition cost less any impairment loss. Cost of shares in subsidiaries includes acquisition-related costs and any additional consideration. Dividends received are re-ported as a financial income in the income statement.

When there is an indication that shares and participations in subsidiaries are impaired, an estimate of the recoverable amount is made. If this is lower than the carrying amount, a write-down is performed. Impairment is recorded within "result from participations in Group companies" in the income statement.

USE OF KEY RATIOS NOT DEFINED IN IFRS

The Karnov Group's accounts are prepared in accordance with IFRS. Only a few key ratios are defined in IFRS. Karnov is applying certain "Alternative Performance Measures" as further commented on by ESMA (European Securities and Markets Authority). Briefly, an alternative performance measure is a financial measurement of historical or future earnings development, financial position or cash flow, not defined or specified in IFRS. To assist Group Management and other stakeholders in their analysis of the Group's performance, Karnov is reporting certain key ratios not defined by IFRS. Group Management believes that this data will facilitate analysis of the Group's performance.

This data supplements the IFRS information and does not replace the key ratios defined in IFRS. Karnov's definitions of measurements not defined in IFRS may differ from definitions used by other companies. All of Karnov's definitions are included in the section Financial Definitions on page 68. Key ratio calculations that cannot be checked against items in the statement of income and balance sheet can be found in note 38.

OTHER

Amounts in tables and combined amounts have been rounded off on an individual basis. Minor differences due to this rounding off may, therefore, appear in the totals. Figures commented in the text are presented in KSEK unless otherwise stated. Comparative figures from previous periods are presented in brackets.

NOTE 3. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risks (currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the Group's financial performance due to financial risks. The Group does not use derivative financial instruments to hedge certain risk exposures. The main portion of the text in this note describes financial risks at Group level. The financial risks for the Parent will be presented at the end of the note.

MARKET RISK

(I) FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Danish crowns (DKK). Foreign exchange risk arises primarily from recognised liabilities (borrowings) and net investments in foreign operations.

Exposure to currency fluctuations is usually specified according to two main categories: transaction exposure and translation exposure.

TRANSACTION EXPOSURE

Transaction exposure refers both to the exposure attributable to commercial flows, that is, sales and purchases across international borders, and the exposure from financial flows.

The Group's operations are, from a currency risk viewpoint, characterised by sales and purchases being solely performed in local currency in the respective countries, which imply that the transaction exposures from the Group's commercial flows are very small. The financial policy states, therefore, that currency hedging of commercial flows does not need to be applied.

The Group has borrowings denominated in DKK, SEK and EUR. As regards financial flows, the financial policy states that nominal loan amounts shall not be hedged.

TRANSLATION EXPOSURE

The foreign subsidiaries' assets, less liabilities, comprise a net investment in foreign currency which, at consolidation, gives rise to a translation difference. Such translation differences are directly transferred to other comprehensive income. The financial policy states that net investments in foreign currency shall not be hedged with financial derivatives, among other reasons, to avoid possible unwanted liquidity effects when such derivatives are extended.

As per 31 December 2018, total translation differences recognised in other comprehensive income amounted to KSEK –15,934 (2017: KSEK –4,313; 2016: KSEK 3,231).

CURRENCY EXPOSURE

The exchange rate SEK/DKK used for consolidation purposes are:

Closing rate 31 Dec 2018:	1.37600 (2017: 1.32285; 2016: 1.2868)
Average rate Jan–Dec 2018:	1.37618 (2017: 1.29528; 2016: 1.2771)

The Group has the following currency exposure for assets in the balance sheet:

KSEK	SEK	DKK	EUR
2018			
Trade receivables	–	–	–
Receivables from related parties	17,801	5,955,208	–
Cash and cash equivalents	–	401	–
Total	**17,801**	**5,955,609**	**–**

KSEK	SEK	DKK	EUR
2017			
Trade receivables	–	–	–
Receivables from related parties	–	5,559,306	–
Cash and cash equivalents	–	–	–
Total	**–**	**5,559,306**	**–**

KSEK	SEK	DKK	EUR
2016			
Trade and other receivables	30,956	80,408	–
Total	**30,956**	**80,408**	**–**

The Group has the following currency exposure for liabilities in the balance sheet:

KSEK	SEK	DKK	EUR
2018			
Borrowing from credit institutions	–	837,703	41,115
Borrowing from related parties	–	5,485,279	–
Trade payables	9	6,333	330
Payables from related parties	40,186	87,100	–
Accrued expenses and prepaid income	–	–	–
Total	**40,195**	**6,416,415**	**41,445**

KSEK	SEK	DKK	EUR
2017			
Borrowing from credit institutions	–	836,058	–
Borrowing from related parties	–	3,916,166	–
Trade payables	–	–	–
Payables from related parties	82,960	65	–
Accrued expenses and prepaid income	–	–	–
Total	**82,960**	**4,752,289**	**–**

KSEK	SEK	DKK	EUR
2016			
Borrowing and trade and other payables	292,267	1,150,889	–
Total	**292,267**	**1,150,889**	**–**

The sensitivity analysis shows that a 5 per cent change in the exchange rates would affect the assets with KSEK 297,780 (2017: KSEK 158,874) and the liabilities with KSEK 322,893 (2017: KSEK 193,945). No analysis has been done for the financial year 2016.

CASH FLOW AND FAIR VALUE INTEREST RATE RISKS
As the Group has no significant interest-bearing assets, the Group's income and cash flows from operating activities are substantially independent of changes in market interest rates. The group's interest rate risk primarily arises from long-term borrowings.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group's borrowings both have fixed interest rates and variable rates.

Increases in variable rates are prevented by the entered interest cap (Note 12) and therefore the group's exposure to cash flow interest rate risk is relatively small.

At 31 December 2018, if interest rates on currency-denominated borrowings had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been KSEK 6,148 lower/higher (2017: KSEK 6,076; 2016: KSEK 644), mainly as a result of lower/higher interest expense on floating rate borrowings. See note 24 for disclosure of significant terms for borrowing.

CREDIT RISK
Credit risk or counter party risk is the risk that the counter party in a financial transaction will not fulfil his obligations on maturity date. Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are negotiated. Credit risk for the Group arises from cash and cash equivalents and outstanding trade receivables.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

No concentration of credit risks is deemed to exist. The maximum exposure for credit risks is equivalent to the carrying amount of the financial assets.

LIQUIDITY RISK
Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

Per 31 December 2018, the Group had accessible liquidity of KSEK 201,797 (note 21) (2017: 93,879; 2016: KSEK 131,804).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date or to the judgement of the management. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is insignificant.

Amounts in foreign currencies and amounts which are to be paid based on a floating interest rate have been estimated using the exchange and interest rates applicable on balance sheet date.

Group, KSEK	**<1 year**	**1–2 year**	**2–5 year**	**> 5 year**
2018				
Borrowing from credit institutions	66,631	75,800	1,490,857	–
Loans from related parties	26,786	–	–	1,108,635
Trade payables	30,890	–	–	–
Other liabilities	264,855	–	–	–
Total	**389,162**	**75,800**	**1,490,857**	**1,108,635**

Group, KSEK	**<1 year**	**1–2 year**	**2–5 year**	**> 5 year**
2017				
Borrowing from credit institutions	17,944	18,255	772,809	–
Loans from related parties	–	–	–	291,291
Trade payables	22,281	–	–	–
Other liabilities	88,619	3,111	–	–
Total	**128,844**	**21,366**	**772,809**	**291,291**

Group, KSEK	**<1 year**	**1–2 year**	**2–5 year**	**> 5 year**
2016				
Borrowing from credit institutions	–	50,800	152,400	874,567
Loans from related parties	–	–	–	256,864
Trade payables	11,351	–	–	–
Other liabilities	44,552	8,922	–	–
Total	**55,903**	**59,722**	**152,400**	**1,131,431**

Parent company, KSEK	**<1 year**	**1–2 year**	**2–5 year**	**> 5 year**
2018				
Borrowing from credit institutions	–	–	–	–
Loans from related parties	–	–	–	1,108,635
Trade payables	1,608	–	–	–
Other liabilities	6,948	–	–	–
Total	**8,555**	**–**	**–**	**1,108,635**

Parent company, KSEK	**<1 year**	**1–2 year**	**2–5 year**	**> 5 year**
2017				
Borrowing from credit institutions	–	–	–	–
Loans from related parties	–	–	–	291,291
Trade payables	719	–	–	–
Other liabilities	–	–	–	–
Total	**719**	**–**	**–**	**291,291**

Parent company, KSEK	**<1 year**	**1–2 year**	**2–5 year**	**> 5 year**
2016				
Borrowing from credit institutions	–	–	–	–
Loans from related parties	–	–	–	256,864
Trade payables	–	–	–	–
Other liabilities	–	–	–	–
Total	**–**	**–**	**–**	**256,864**

PARENT COMPANY
Of the above stated risks to the group, the parent company's accounts are insignificantly affected by currency risk.

CAPITAL MANAGEMENT
The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and noncurrent borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is equity as shown in the consolidated balance sheet.

The gearing ratio at 31 December 2018 was as follows:

KSEK	2018	2017	2016
Total borrowings (note 24)	1,730,544	1,044,173	1,024,607
Less: cash and cash equivalents (note 21)	201,797	93,879	131,804
Net debt	**1,528,747**	**950,294**	**892,803**
Total equity	625,209	705,212	674,184
Total capital	**625,209**	**705,212**	**674,184**
Gearing ratio	2.45	1.35	1.32

NOTE 4. CRITICAL ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

ESTIMATIONS AND ASSESSMENTS RELATING TO IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

In accordance with the accounting policy described in note 2, Intangible assets, the Group tests annually whether intangible assets have suffered any impairment. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the application of estimates (note 11).

The carrying amount of intangible assets at 31 December 2018, distributed by cash-generating unit (CGU), is presented in Note 11.

Estimated cash flows for the first year are based on most recent budgets approved by the Board of Directors. Estimated cash flows for years 2–10 are based on the company's business plan for the period approved by Board of Directors. After the budget period, estimated growth in the terminal period are 2.5%(2017: 2.5%; 2016: 2.5%) corresponding to the expected market growth.

The assessments behind the growth rates applied for the discounted cash flow have been conducted individually for each CGU (see note 11) and are based partly on historical rates and partly on expectations to future growth as a result of implementation of the strategy for Karnov Group. Sensitivity calculations have been made and within a reasonable span of deviation from the applied assessments a write-down of goodwill on any of the CGU's is not foreseeable in the near future.

VALUATION OF LOSS CARRY-FORWARD

The Group has fiscal loss carry-forwards, but no deferred tax asset has been recognised due to these loss carry-forwards. At each period end, the group investigates the possibility of capitalising deferred tax assets with regard to the fiscal loss carry-forwards. Deferred tax assets are recognised only in those cases in which it is probable that future tax surpluses will be available against which the temporary difference can be utilised. Currently, mainly due to the fact that restriction in use of the fiscal loss carried forwards no deferred tax assets have been recognised.

The Group´s loss carry-forwards at 31 December 2018 amount to KSEK 223,560 (2017: KSEK 196,641; 2016: 188,503). The deferred tax asset on these loss carry-forwards that has not been recognised at 31 December 2018 amounts to KSEK 45,053, (2017: KSEK 43,261; 2016: KSEK 41,471).

NOTE 5. SEGMENTS, DISTRIBUTION NET SALES AND COSTS

Net sales are classified by category as follows:

Group, KSEK	2018	2017	2016
Sale of online services	532,553	370,214	350,695
Sale of offline goods and services	182,789	81,504	71,252
Total net sales	**715,342**	**451,718**	**421,947**

Net sales are classified by geographical markets as follows:

Group, KSEK	2018	2017	2016
Sweden	316,881	102,332	100,364
Denmark	390,562	345,959	316,522
Other European countries	7,719	3,406	5,040
Other countries	180	21	21
Total net sales	**715,342**	**451,718**	**421,947**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The CEO has been identified as the chief operating decision maker and assesses the financial performance and position of the Group, and makes strategic decisions. Within Karnov, operating segments are defined by geography and are monitored down to EBIT level. Below EBIT level and on balance sheet and cash flow statements the assessment of financial performance and position is conducted entirely on Group level. Karnov's business operations are media independent and the company monitors the overall net sales distribution trend between online and offline products at Group level.

	Denmark			Sweden			Total		
Group, KSEK	2018	2017	2016	2018	2017	2016	2018	2017	2016
Online	–	–	–	–	–	–	532,553	370,214	350,695
Offline	–	–	–	–	–	–	182,789	81,504	71,252
Net sales	**396,624**	**348,816**	**323,383**	**318,718**	**102,902**	**98,564**	**715,342**	**451,718**	**421,947**
EBITDA	144,909	126,797	98,550	64,582	52,957	56,222	209,491	179,754	154,772
EBITA	141,899	123,770	95,353	40,861	45,132	51,574	182,760	168,902	146,927
EBIT	80,733	71,793	37,889	–18,051	41,838	48,501	62,682	113,631	86,390
Net financial items	–	–	–	–	–	–	–97,898	–86,300	–140,920
Profit before tax	–	–	–	–	–	–	–35,216	27,331	–54,530
Income tax expenses	–	–	–	–	–	–	–11,591	–16,263	–26,682
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–46,807**	**11,068**	**–81,211**

NOTE 6. REMUNERATION TO AUDITORS

Audit services refer to examination of the consolidated financial statements, the accounts and the administration of the Board of Directors and the President & CEO of the company; other tasks incumbent on the company's auditor; and advice or other assistance prompted by observations from such audits or the performance of other such tasks. In all material aspects, non-audit services refer to advice related to the listing of the Company at Nasdaq Stockholm. Of the total fee for audit assignments, of KSEK 3,410, KSEK 2,657 are invoiced by PricewaterhouseCoopers AB for the statutory audit.

Of total other fees of KSEK 7,746, KSEK 7,700 is invoiced by PricewaterhouseCoopers AB (the statutory auditors of Karnov Group AB (publ). These fees are non-audit services primarily relating to technical assistance in projects raising the Group's standard in internal control and processes.

Group, KSEK	2018	2017	2016
Audit services	3,410	1,269	1,257
Audit related services	900	500	–
Tax services	1,346	459	907
Non audit services	5,500	3,261	419
Total	**11,156**	**5,489**	**2,583**

Parent company, KSEK	2018	2017	2016
Audit services	500	1,122	67
Audit related services	900	–	–
Tax services	1,300	–	–
Non audit services	5,500	–	–
Total	**8,200**	**1,122**	**67**

NOTE 7. EMPLOYEE BENEFIT EXPENSES

Wages, other benefits and social security costs KSEK	Ordinary compensation	Other benefits	Pension benefits	Total
2018				
Executive management	9,547	4,252	1,191	14,990
Other employees	148,412	22,361	20,971	191,744
Other personnel-related costs				8,700
Total	**157,959**	**26,613**	**22,162**	**215,434**

Wages, other benefits and social security costs KSEK	Ordinary compensation	Other benefits	Pension benefits	Total
2017				
Executive management	10,655	2,828	1,202	14,695
Other employees	93,345	4,090	9,320	106,755
Other personnel-related costs	–	–	–	5,377
Total	**104,010**	**6,918**	**10,522**	**126,827**

Wages, other benefits and social security costs KSEK	Ordinary compensation	Other benefits	Pension benefits	Total
2016				
Executive management	8,628	3,108	538	12,274
Other employees	81,959	7,994	9,185	99,138
Other personnel-related costs	–	–	–	–
Total	**90,587**	**11,102**	**9,723**	**111,412**

In accordance with currently applicable regulations, a mutual period of termination of employment of a maximum of twelve months applies for the CEO and other senior executives. The parent company had no employees during the financial years 2016–2018.

Compensation and other benefits during the year KSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2018					
Magnus Mandersson (Chairman of the board)	1,250	–	–	–	1,250
Lone Møller Olsen	750	–	–	–	750
Ulf Bonnevier	720	–	–	–	720
Mark Redwood	1,000	–	–	–	1,000
Flemming Breinholt	–	2,638	1,710	264	4,612
Other senior management (5 FTE)	–	6,909	2,524	927	10,378
Total	**3,720**	**9,547**	**4,252**	**1,191**	**18,710**

Note 7. Employee benefit expenses, cont.

Compensation and other benefits during the year KSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2017					
Mark Redwood	966	–	–	–	966
Flemming Breinholt	–	2,423	1,183	242	3,848
Other senior management (5 FTE)	–	8,242	1,645	960	10,847
Total	**966**	**10,665**	**2,828**	**1,202**	**15,661**

Compensation and other benefits during the year KSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2016					
Mark Redwood	–	1,123	–	–	1,123
Flemming Breinholt	2,242	–	1,121	224	3,587
Other senior management	6,386	–	1,987	314	8,687
Total	**8,628**	**1,123**	**3,108**	**538**	**13,397**

Average number of Full Time Equivalents (FTEs)

	2018			2017			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sweden	52	65	117	25	30	55	21	34	53
Denmark	67	60	127	57	64	121	50	59	109
Total subsidiaries	**119**	**125**	**244**	**82**	**94**	**176**	**71**	**93**	**162**
Parent company, Sweden	–	–	–	–	–	–	–	–	–
Total Group	**119**	**125**	**244**	**82**	**94**	**176**	**71**	**93**	**162**

Gender distribution of board members and other senior management

	2018			2017			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Group (including subsidiaries)									
Members of the Board	5	1	6	3	–	3	3	–	3
Executive directors and other senior management	4	2	6	3	3	6	3	4	7
Total	**9**	**3**	**12**	**6**	**3**	**9**	**6**	**4**	**10**
Parent company									
Members of the Board	5	1	6	3	–	3	3	–	3
Executive directors and other senior management	–	–	–	–	–	–	–	–	–
Total	**5**	**1**	**6**	**3**	**–**	**3**	**3**	**–**	**3**

NOTE 8. RESULT FROM FINANCIAL ITEMS

Group, KSEK	2018	2017	2016
Financial income:			
Interest income	319	11	23
Net exchange gains on foreign currency	–	–	3,231
Total financial income	**319**	**11**	**3,254**
Financial expenses:			
Interest expenses	−78,946	−78,251	−143,653
Re-measurement of fair value on contingent considerations	−3,288	−3,393	–
Re-measurement of fair value on interest rate caps	−49	−354	−521
Net exchange rate losses	−15,934	−4,313	–
Total financial expenses	**−98,217**	**−86,311**	**−144,174**
Net financial items	**−97,898**	**−86,300**	**−140,920**

Parent company, KSEK	2018	2017	2016
Other interest income and similar income statement items			
Interest income	19,277	18,331	87,429
Other	–	–	6
Total other interest income and similar income statement items	**19,277**	**18,331**	**87,435**
Interest expense and similar income statement items			
Currency translation losses	−703	−515	–
Interest expenses – borrowings:	−19,162	−18,429	−88,118
Other	–	–	−2
Total interest expense and similar income statement items	**−19,865**	**−18,944**	**−88,120**
Net financial items	**−588**	**−613**	**−685**

NOTE 9. TAXES

Group, KSEK	2018	2017	2016
Current tax			
Current tax for the year	–32,276	–21,929	–33,917
Current tax prior years	–2,521	–	–
Total current tax	**–34,797**	**–21,929**	**–33,917**
Deferred income tax			
Change in the deferred tax assets for the year (note 25)	1,967	370	–
Change in the deferred tax liabilities for the year (note 25)	21,239	5,296	–
Total deferred tax expense/benefit	**23,206**	**5,666**	**7,235**
Income tax expense	**–11,591**	**–16,263**	**–26,682**
Parent company			
Current tax for the year	–104	–3,500	–19,007
Current tax prior years	–111	–	–
Income tax expense	**–215**	**–3,500**	**–19,007**

Group, KSEK	2018	2017	2016
Profit/(Loss) before income tax	–35,216	27,331	–54,530
Tax calculated at domestic tax rates applicable to profits in the respective countries	7,748	–6,013	11,997
Expenses not deductible for tax purposes[1)]	–11,028	–9,396	–28,127
Non-taxable income	–	–	–
Other adjustment taxable income	–2,924	–180	–1,127
Tax effect from change in tax rate (Sweden)	2,524	–	–
Tax losses not capitalised	–5,390	–674	–9,425
Adjustments for current tax of prior periods	–2,521	–	–
Income tax expense	**–11,591**	**–16,263**	**–26,682**

1) Expenses not deductible for tax purposes" consist primarily of interest cost not deductible due limitations within the tax law and non-deductible cost related to the acquisition of Norstedts Juridik AB.

TAX LOSSES

The unused tax losses were incurred by a dormant subsidiary that is not likely to generate taxable income in the foreseeable future. They can be carried forward indefinitely. See note 25 for information about recognised tax losses and significant judgements made in relation to them.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicated to profits of the consolidated entities as follows:

Group, KSEK	2018	2017	2016
Unused tax losses for which no deferred tax asset has been recognised	223,560	196,641	–
Potential tax benefit @ 20.6%	**46,053**	**40,508**	**–**

PARENT COMPANY

Differences between recognised tax expenses and calculated tax expenses based on the current tax rate are as follows:

Parent company, KSEK	2018	2017	2016
Profit/(Loss) before income tax	–18,882	–2,075	–1,727
Income tax calculated according to current tax rate (2018: 22%)	4,154	457	380
Non taxable dividend	–	–	–
Expenses not deductible for tax purposes	–4,258	–3,957	–19,387
Tax losses for which no deferred income tax asset was recognised	–111	–	–
Tax charge	**–215**	**3,500**	**–19,007**

NOTE 10. EXCHANGE RATE DIFFERENCES

All exchange rate differences are included as a net amount in the income statement as part of the following items:

Group, KSEK	2018	2017	2016
Financial income	–	–	3,231
Financial expenses	–15,934	–4,313	–
Total exchange rate differences	**–15,934**	**–4,313**	**3,231**

NOTE 11. INTANGIBLE ASSETS

Group, KSEK	Goodwill	Capitalised development costs	Other intangible assets	Total
Cost at 1 January 2018	**1,324,490**	**67,097**	**904,684**	**2,296,271**
Reassessment[1)]	–	8,228	–10,930	–2,702
Additions	286,230	109,736	547,192	943,158
Disposals	–	–3,920	–	–3,920
Currency exchange differences	46,972	–248	–29,450	17,274
Accumulated cost at 31 December 2018	**1,657,692**	**180,893**	**1,411,496**	**3,250,081**
Amortisation at 1 January 2018	**–**	**24,997**	**132,262**	**157,259**
Reassessment[1)]	–	–14,360	11,659	–2,702
Amortisation for the year	–	22,524	120,079	142,603
Write-down	–	284	–	284
Currency exchange differences	–	–	5,348	5,348
Accumulated amortisation at 31 December 2018	**–**	**33,445**	**269,348**	**302,793**
Net book amount at 31 December 2018	**1,657,692**	**147,448**	**1,142,148**	**2,947,288**

1) Reassessment of assets: During the year management, has reassessed the classification of certain intangible assets held by specific subsidiaries. To improve alignment within the Group, the presentation of these assets is reclassified in the asset register from "Other intangible assets to Capitalised development cost". The change has no effect on the profit and loss.

Group, KSEK	Goodwill	Capitalised development costs	Other intangible assets	Total
Cost at 1 January 2017	**1,238,108**	**19,307**	**839,924**	**2,097,339**
Additions	58,521	47,584	45,581	151,686
Disposals	–	–	–	–
Currency exchange differences	27,861	206	19,179	47,246
Accumulated cost at 31 December 2017	**1,324,490**	**67,097**	**904,684**	**2,296,271**
Amortisation at 1 January 2017	**–**	**3,378**	**84,065**	**87,443**
Amortisation for the year	–	15,719	46,675	62,394
Disposals	–	5,900	–	5,900
Currency exchange differences	–	–	1,522	1,522
Accumulated amortisation at 31 December 2017	**–**	**24,997**	**132,262**	**157,259**
Net book amount at 31 December 2017	**1,324,490**	**42,100**	**772,422**	**2,139,012**

Group, KSEK	Goodwill	Capitalised development costs	Other intangible assets	Total
Cost at 1 January 2016	**1,169,087**	**14,336**	**777,946**	**1,961,369**
Additions	21,470	5,498	26,869	53,837
Disposals	–	–527	–4,086	–4,613
Currency exchange differences	47,551	–	39,195	86,746
Accumulated cost at 31 Decem-ber 2016	**1,238,108**	**19,307**	**839,924**	**2,097,339**
Amortisation at 1 January 2016	**–**	**–**	**27,973**	**27,973**
Acquisitions	–	–	252	252
Amortisation for the year	–	3,905	60,537	64,442
Disposals	–	–527	–4,086	–4,613
Currency exchange differences	–	0	–611	–611
Accumulated amortisation at 31 December 2016	**–**	**3,378**	**84,065**	**87,443**
Net book amount at 31 December 2016	**1,238,108**	**15,929**	**755,859**	**2,009,896**

Other intangible assets consist of trade marks with net book value of KSEK 263,681 (2017: KSEK 118,684; 2016: KSEK 119,701), Technology with a net book value of KSEK 122,705 (2017: KSEK 0; 2016: KSEK 0) and Customer relations with a net book value of KSEK 755,762 (2017: KSEK 653,816; 2016: KSEK 636,757). Capitalised development costs apply to software products in connection to the online access to the Group's databases. Research and development expenditure recognised as an expense during the period amounts to KSEK 234 (2017: KSEK 305; 2016: KSEK 14.3).

Note 11. Intangible assets, cont.

IMPAIRMENT TESTS FOR GOODWILL

Goodwill is monitored by management at the level of the two operating segments. The goodwill allocation is presented below:

KSEK		Denmark	Sweden
2018	Total	1,145,524	512,168
2016	Total	258,821	979,258

In 2017 goodwill was tested on the level of the entire Group and therefore no comparable figures for 2017 have been included.

Management reviews the business performance based on the management and reporting structures on an annual basis.

For the 2018, 2017 and 2016 reporting periods, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use post-tax cash flow projections based on financial budgets approved by management covering a ten-year period. Cash flows beyond the 10-year period are extrapolated using the estimated long-term growth rates stated below. The Group is using a 10-year period related to a long visibility on the business, high renewal rates from a stable and loyal customer base. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in use calculations are as follows:

	Denmark	Sweden
2018		
Long-term growth rate	2.5%	2.5%
Pre-tax discount rate	14.4%	12.4%
2017		
Long-term growth rate	2.5%	2.5%
Pre-tax discount rate	13.3%	13.3%
2016		
Long-term growth rate	2.5%	2.5%
Pre-tax discount rate	8.5%	8.5%

Management has performed a sensitivity analysis for each key assumption (Discount rate and growth rate in the terminal period), holding all other assumptions constant. The sensitivity analysis is has been calculated with the effect from a 1 per cent higher discount rate and 1 per cent lower growth rate. No impairment loss was recognised as a result of this test.

The board of directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU Denmark and CGU Sweden to exceed its recoverable amount.

NOTE 12. DERIVATIVES, FINANCIAL INSTRUMENTS

As part of the refinancing in 2017, an interest cap of 303,800 KDKK was entered in September 2017 which contains a right to receive payments if the 3 month CIBOR rate exceeds a strike rate of 1%. This option is valued at actual value through the profit and loss and classified as current asset based on the loan is due in 2019. The valuation of the option takes into consideration current rate for Danish 3 month CIBOR rate loans and the related forward swap rates. As per year-end 2018 the fair value of this option is KSEK 0 (2017: KSEK 49; 2016: –).

NOTE 13. INVESTMENT IN ASSOCIATES

Cost price	2018	2017	2016
Cost at 1 January	–	–	–
Additions relating to acquisitions	8,544	–	–
Cost at 31 December	**8,544**	**–**	**–**
Value adjustment			
Value adjustments at 1 January	–	–	–
Foreign currency translation adjustments	−20	–	–
Value adjustments at 31 December	**−20**	**–**	**–**
Carrying amount at 31 December	**8,524**	**–**	**–**
Associated entities:			
BELLA Intelligence ApS	40%		

Investments in associated companies are accounted for using the equity method of accounting, after initial recognition at cost. Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the acquiree in profit or loss, and the Group's share of fluctuations in other comprehensive income of the acquiree in other comprehensive income. The investment is a green-field company with expected potential for the Group. At present, management has assessed no risk for impairment of the investment.

NOTE 14. DEPOSIT – LEASEHOLD

The Group currently occupy two addresses in Copenhagen for which the Group has paid deposits KSEK 2,628 (2017: KSEK 2,477; 2016: KSEK 2,314).

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

Group, KSEK	**Leasehold improvements**	**Furniture, fittings and equipment**	**Total**
Cost at 1 January 2018	**5,499**	**15,007**	**20 506**
Additions for the year	606	2,209	2,815
Disposals	–	–259	–259
Currency exchange differences	210	448	658
Accumulated cost at 31 December 2018	**6,315**	**17,405**	**23,720**
Depreciation at 1 January 2018	**2,227**	**11,352**	**13,579**
Depreciation for the year	613	3,593	4,206
Disposals	–	–217	–217
Currency exchange differences	91	340	431
Accumulated depreciation at 31 December 2018	**2,931**	**15,068**	**17,999**
Net book amount at 31 December 2018	**3,384**	**2,337**	**5,721**
Of which leased assets	–	228	228

Group, KSEK	**Leasehold improvements**	**Furniture, fittings and equipment**	**Total**
Cost at 1 January 2017	**4,265**	**22,696**	**26,961**
Additions for the year	506	5,504	6,010
Disposals	–	–10,893	–10,893
Currency exchange differences	728	–2,300	–1,572
Accumulated cost at 31 December 2017	**5,499**	**15,007**	**20,506**
Depreciation at 1 January 2017	**1,551**	**16,011**	**17,562**
Depreciation for the year	504	3,292	3,796
Disposals	–	–5,647	–5,647
Currency exchange differences	172	–2,304	–2,132
Accumulated depreciation at 31 December 2017	**2,227**	**11,352**	**13,579**
Net book amount at 31 December 2017	**3,272**	**3,655**	**6,927**
Of which leased assets	–	2,917	2,917

Group, KSEK	**Leasehold improvements**	**Furniture, fittings and equipment**	**Total**
Cost at 1 January 2016	**4,495**	**23,830**	**28,325**
Additions for the year	–	6,417	6,417
Disposals	–	–6,729	–6,729
Currency exchange differences	–230	–822	–1,052
Accumulated cost at 31 December 2016	**4,265**	**22,696**	**26,961**
Depreciation at 1 January 2016	**1,130**	**19,244**	**20,374**
Depreciation for the year	479	3,461	3,940
Disposals	–	–5,880	–5,875
Currency exchange differences	–58	–819	–877
Accumulated depreciation at 31 December 2016	**1,551**	**16,011**	**17,562**
Net book amount at 31 December 2016	**2,714**	**6,685**	**9,399**
Of which leased assets	–	–	–

NOTE 16. INVESTMENTS IN GROUP ENTERPRISES

Parent company, KSEK	2018	2017	2016
Cost at beginning of period	766,740	763,176	8,698
Investments/Disinvestments	−7,240	3,564	754,478
Net book value at 31 December	**759,500**	**766,740**	**763,176**

			Voting share			Share of equity			Carrying amount		
All entities within the Group	**Corporate identity number**	**Registered Office**	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
KARN Holdco AB[1)]	559016-4124	Stockholm	81.28%	81.9%	82.3%	77.29%	72.9%	70.9%	759,500	766,740	763,176
KARN Middlecompany AB[1)]	559016-8927	Stockholm	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	–	–	–
KARN Biddingcompany AB[1)]	559016-8844	Stockholm	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	–	–	–
Karnov Group Holding AB[1)]	556847-3143	Stockholm	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	–	–	–
Karnov AB[1)]	556847-5791	Stockholm	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	–	–	–
Karnov Group Sweden AB[2)]	556192-8614	Stockholm	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	–	–	–
Norstedts Juridik AB[2)]	556226-6097	Stockholm	100.0%	–	–	100.0%	–	–	–	–	–
Notisum AB[2)]	556516-2467	Stockholm	100.0%	100.0%	99.8%	100.0%	100.0%	100.0%	–	–	–
KING Holdco ApS[1)]	36 96 61 14	Copenhagen	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	–	–	–
Karnov Group Denmark A/S[2)]	10 36 19 90	Copenhagen	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	–	–	–
Forlaget Andersen A/S[2)]	31 58 18 69	Copenhagen	100.0%	100.0%	–	100.0%	100.0%	–	–	–	–
CBM ApS[2)]	34 58 90 97	Copenhagen	75.0%	75.0%	–	75.0%	75.0%	–	–	–	–
BELLA Intelligence ApS[2)]	39 13 52 72	Copenhagen	40.0%	–	–	40.0%	–	–	–	–	–

1) Holding company
2) Operational company

NOTE 17. FINANCIAL INSTRUMENTS BY CATEGORY

	Carrying amount			Fair value		
Group, KSEK	**31/12/2018**	**31/12/2017**	**31/12/2016**	**31/12/2018**	**31/12/2017**	**31/12/2016**
FINANCIAL ASSETS						
Financial assets at amortised cost						
Trade receivables	169,231	130,172	11,364	169,231	130,172	11,364
Cash and cash equivalents	201,797	93,879	131,804	201,797	93,879	131,804
Total financial assets	**371,028**	**224,051**	**243,168**	**371,028**	**224,051**	**243,168**
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss (FVPL)						
Contingent considerations	44,759	59,569	–	44,759	59,569	–
Liabilities at amortised cost						
Trade payables	30,890	22,283	11,350	30,890	22,283	11,350
Non-current borrowings from credit institutions	1,378,199	778,943	849,167	1,378,199	778,943	849,167
Current borrowings from credit institutions	65,625	66,275	–	65,625	66,275	–
Deferred payments	130,588	0	–	130,588	0	–
Non-current borrowings from related parties	218,819	198,955	175,440	218,819	198,955	175,440
Current borrowings from related parties	67,901	0	–	67,901	0	–
Total financial liabilities	**1,963,781**	**1,126,024**	**1,035,957**	**1,936,781**	**1,126,024**	**1,035,957**

TRADE RECEIVABLES
Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents are unsecured with a short credit period and are therefore considered to have a fair value equal to the carrying amount. These are classified at level 2 in the fair value hierarchy.

CONTINGENT CONSIDERATION
The fair value of the contingent considerations was estimated by calculating the present value of the future expected cash flows. The estimates are based on discount rates between 7 per cent and 10 per cent. These are classified at level 3 in the fair value hierarchy.

TRADE PAYABLES
Trade payables are unsecured and are usually paid within 30 days of recognition. Due to the short-term nature of trade payables, their carrying amount is considered to be the same as their fair value.

Note 17. Financial instruments by category, cont.

NON-CURRENT BORROWING FROM CREDIT INSTITUTIONS
The carrying amount of non-current borrowings are considered to be the same as their fair values, since interest payable on those borrowings is close to current market rates. These are classified at level 2 in the fair value hierarchy.

CURRENT BORROWING FROM CREDIT INSTITUTIONS
The fair value of current borrowings is considered to be the same as the carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. They are classified at level 2 in the fair value hierarchy.

DEFERRED PAYMENT
Deferred payments are related to contractual undertakings to pay the full sum in future periods, and therefore the carrying amount is the same as the fair value. These are classified at level 2 in the fair value hierarchy.

ON-CURRENT BORROWINGS FROM RELATED PARTIES
The fair values of related party borrowings are based on dis-counted cash flows using a current borrowing rate. They are classified at level 2 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

CURRENT BORROWINGS FROM RELATED PARTIES
The fair value of current borrowings from related parties is considered to be the same as the carrying amount since the interest payable is either close to current market rates or the borrowings are of a short-term nature.

Breakdown of allowance for impairment:

Group, KSEK	2018	2017	2016
Allowance for impairment at beginning of period	964	420	407
Provision for impairment of trade receivables	77	537	–
Exchange rate differences	37	7	13
Allowance for impairment at end of period	**1,078**	**964**	**420**

Group, KSEK	Current	0–3 months	3–6 months	>6 months	Total
31 December 2018					
Expected loss rate	0.36%	20.00%	40.00%	80.00%	0.64%
Trade receivables	167,165	1,744	313	9	169,231
Loss allowance	**596**	**349**	**125**	**8**	**1,078**

The fair values of trade and other receivables for the Group correspond to the book values.

Karnov Group invoices one month prior to contract period of the agreement hence why the customers are paying upfront. Historically Karnov Group has experienced relatively small amounts of losses compared to the business activity which is reflected in both the previous impairment principle and the new adopted principle. The Karnov Group therefore considers that the effect from changing accounting principle for impairment on trade receivables is insignificant. The creation and release of provision for impaired receivables have been included in Other operating expenses in the income statement.

The maximum exposure to credit risk for trade receivables at reporting date consists of the carrying amount. The Group does not hold any collateral as security.

NOTE 18. TRADE RECEIVABLES

Group, KSEK	2018	2017	2016
Trade receivables	170,309	131,136	111,784
Less: provision for impairment of trade receivables	−1,078	−964	−420
Trade receivables – net	**169,231**	**130,172**	**111,364**

Trade receivables allocated by currency:

Group, KSEK	2018	2017	2016
SEK	64,285	27,475	30,956
DKK	104,946	102,697	80,408
Total trade receivables	**169,231**	**130,172**	**111,364**

Gross trade receivables by age:

Group, KSEK	2018	2017	2016
Balance not due	167,165	128,875	–
0–3 months	1,744	4,171	–
3–6 months	313	126	–
Over 6 months	9	–	–
Total trade receivables	**169,231**	**130,172**	**111,364**

NOTE 19. INVENTORIES

Group, KSEK	2018	2017	2016
Finished goods	11,553	4,247	3,505
Total inventories	**11,553**	**4,247**	**3,505**

The acquisition of Norstedts Juridik in 2018 increased the value of both inventories and write-downs compared to 2017.

Write-downs of finished goods recognised as expenses during the year amounted to KSEK 1,926 (2017: KSEK 708; 2016: KSEK 7,470) and are included in Goods for resale in the income statement. Finished goods are written down by 50% after 24 months on stock and 100% after 36 months on stock.

The Group reversed write-downs in 2018 from previous years of KSEK 738 due to implementation of the current write-down procedure as described above. The reversed write-downs were mainly related to the Danish entities in the Group.

NOTE 20. PREPAID EXPENSES AND ACCRUED INCOME

Group, KSEK	2018	2017	2016
Prepaid royalties to authors	7,410	4,602	2,062
Prepaid software license	3,185	1,779	1,643
Financial leasing	0	1,195	1,975
Prepaid rent	3,976	2,440	717
Other items	1,381	1,327	636
Total prepaid expenses and accrued income	**15,951**	**11,343**	**7,033**

NOTE 21. CASH AND CASH EQUIVALENTS

Group, KSEK	2018	2017	2016
Balance sheet			
Cash and cash equivalents	201,797	93,879	131,804
Total cash and cash equivalents in the balance sheet	**201,797**	**93,879**	**131,804**

Parent company, KSEK	2018	2017	2016
Statement of cash flows			
Cash and cash equivalents	974	6,772	45
Total cash and cash equivalents in the balance sheet	**974**	**6,772**	**45**

NOTE 22. SHARE CAPITAL AND SHARE PREMIUM

A specification of changes in equity is found under the section entitled Statement of changes in equity, which is presented directly after the balance sheet.

	2018	2017	2016	2018	2017	2016
Share capital and share premium	Shares	Shares	Shares	KSEK	KSEK	KSEK
Ordinary shares						
Fully paid	688,067	688,067	688,067	688	688	688
Total ordinary shares	**688,067**	**688,067**	**688,067**	**688**	**688**	**688**
Non-redeemable preference shares	5	5	5	798,472	798,472	798,472
Total share capital and share premium	**688,072**	**688,072**	**688,072**	**799,160**	**799,160**	**799,160**

Movements in ordinary shares	Shares	Par value SEK	Share premium KSEK	Total KSEK
Number of shares per 1 January 2016	688,067	688,067	–	688
Number of shares per 31 December 2018	**688,067**	**688,067**	**–**	**688**
Movements in non-redeemable participating preference share capital				
Opening balance 1 January 2017/ 31 December 2017	5	5	798,472	798,472
Balance 31 December 2018	**5**	**5**	**798,472**	**798,472**

ORDINARY SHARES AND PREFERENCE SHARES

Karnov Group's share structure comprises one class of ordinary shares and five classes of preference shares. All shares carry one vote at general meetings. The ordinary shares and each class of preference shares carry different rights to distribution of dividends and the company's assets and profits upon liquidation. As at 31 December 2018, the registered share capital amounted to SEK 688,072 divided among 688,067 ordinary shares, one preference share of series A, one preference share of series B, one preference share of series C, one preference share of series D and one preference share of series E, each with a quotient value of SEK 1. All shares have been issued in accordance with Swedish law and are denominated in SEK. On 29 January 2019, an extraordinary general meeting resolved on a share split, pursuant to which each share was split into 65 shares. Following the split, there are 44,724,355 ordinary shares, 65 preference shares of series A, 65 preference shares of series B, 65 preference shares of series C, 65 preference shares of series D and 65 preference shares of series E, each with a quotient value of approximately SEK 0.015385.

NON-REDEEMABLE PARTICIPATING PREFERENCE SHARES

The 10% non-redeemable participating preference shares were entitled to cumulative dividends at the rate of 10% per annum.

NOTE 23. EARNINGS PER SHARE

Earnings per share	2018	2017	2016
Earnings attributable to owners of the parent company, KSEK	–50,927	7,323	–84,616
Average number of outstanding shares	44,724,680	44,724,680	44,724,680
Earnings per share before and after dilution, SEK	–1.14	0.16	–1.89

Earnings per share before and after dilution is affected by dividend on preference shares. The formula for calculating earnings per share: earnings per share = (net income for the period – dividend on preference shares)/average number of outstanding common shares.

On 29 January 2019, an EGM was held which adopted resolutions to conduct a share split (65:1). The above table shows number of shares and values after the share split. Comparative data are also updated accordingly.

NOTE 24. BORROWINGS

Shares in subsidiaries have been pledged as collateral for loan from Nordea. For further information on pledged assets, see note 32 Pledged assets. The Group's borrowings were distributed as follows at the end of the reporting period:

Group, KSEK	2018	2017	2016
Current			
Borrowing from credit institutions	65,625	66,275	–
Borrowing from related parties	67,901	–	–
Total current borrowings	**133,526**	**66,275**	**–**
Non-current			
Borrowing from credit institutions	1,378,199	778,943	849,167
Borrowing from related parties	218,819	198,955	175,440
Total non-current borrowings	**1,597,018**	**977,898**	**1,024,607**

Note 24. Borrowings, cont.

Maturity	Type of borrowing	Interest rate	Currency	Nominal value in currency	Carrying amount
Current borrowings from credit institutions in 2018					
Nordea Facility A	Loan	3.25% + cibor	DKK	110,400	18,989
Nordea	Revolving loan	3.25% + cibor	DKK	18,552	21,419
Nordea	Revolving loan	3.50% + cibor	SEK	25,217	25,217
Current borrowings from credit institutions, total in 2018				**154,169**	**65,625**
Other current loans 2018					
Redeemable preference shares	Loan from related party	0.00%	SEK	26,786	26,786
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	3.00%	EUR	4,000	41,115
Other current loans, total in 2018				**30,786**	**67,901**
Current borrowings, total in 2018					**133,526**
Non-current borrowings from credit institutions in 2018					
Nordea Facility A	Loan	3.25% + cibor	DKK	110,400	130,666
Nordea Facility B	Loan	3.25% + cibor	DKK	490,000	664,842
Nordea Facility C	Loan	3.50% + cibor	SEK	598,000	582,691
Non-current borrowings from credit institutions, total in 2018				**1,198,400**	**1,378,199**
Other non-current loans 2018					
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	10.00%	SEK	100,499	121,879
Five Arrows Co-Investment II Holding Sàrl	Loan from related party	10.00%	SEK	11,485	13,928
Torreal	Loan from related party	10.00%	SEK	18,096	21,947
General Electric Pension Trust	Loan from related party	10.00%	SEK	21,716	26,336
RPO King S.C.A.	Loan from related party	10.00%	SEK	14,477	17,558
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	8.00%	DKK	5,541	9,558
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	8.00%	DKK	1,046	1,702
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	8.00%	DKK	3,752	5,913
Other non-current borrowings, total in 2018				**176,613**	**218,819**
Non-current borrowings, total in 2018					**1,597,018**

	31 Dec 2018	
Borrowings, total, KSEK	**Carrying amount**	**Fair value**
Borrowing	1,730,544	1,730,544
Borrowings, total	**1,730,544**	**1,730,544**

COVENANTS

Borrowing from credit institutions includes the following covenants:

NET DEBT VERSUS EBITDA

Total outstanding loans excluding intercompany loans versus adjusted EBITDA (definition: the greater of (i) the aggregate of consolidated EBITDA and net deferred revenue and (ii) consolidated EBITDA). In 2016 under the previous financing the covenant was net debt in relation to EBITDA, which is met quarterly against predefined criteria.

EBITDA is calculated in accordance with the definition in the senior facility agreement. The Net Leverage Ratio threshold pr. 31 December 2018 5.15:1 (2017: 5.35:1; 2016: –).

CASH FLOW COVER

Consolidated cash flow versus debt service. Cash flow cover is calculated in accordance with the definition in the facility agreement.
The Cash Flow Cover shall not be less than 1.0:1 (2017: 1.0:1; 2016: –).

DEFAULT AND BREACHES OF COVENANTS

There have been no defaults or breaches of covenant during the year. The carrying amounts and fair value of the non-current borrowings are as follows:

For the majority of borrowings, the fair values are not materially different to their carrying amount, since the interest payable on those borrowings is close to current market rates.

The fair values of non-current borrowings equal their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a current borrowing rate.

The current interest rate for related parties is considered to be at market value. The borrowings have no security and they are subordinated to the Nordea Facility loans.

Note 24. Borrowings, cont.

Maturity	Type of borrowing	Interest rate	Currency	Nominal value in currency	Carrying amount
Current borrowings from credit institutions in 2017					
Nordea Facility A	Loan	3.00% + cibor	DKK	117,600	9,524
Nordea	Revolving loan	3.00% + cibor	DKK	42,897	56,751
Current borrowings from credit institutions, total in 2017				**160,497**	**66,275**
Current borrowings, total in 2017					**66,275**
Non-current borrowings from credit institutions in 2017					
Nordea Facility A	Loan	3.00% + cibor	DKK	117,600	143,082
Nordea Facility B	Loan	3.00% + cibor	DKK	490,000	635,861
Non-current borrowings from credit institutions, total in 2017				**607,600**	**778,943**
Other non-current loans in 2017					
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	10.00%	SEK	100,499	110,799
Five Arrows Co-Investment II Holding Sàrl	Loan from related party	10.00%	SEK	11,485	12,662
Torreal	Loan from related party	10.00%	SEK	18,096	19,951
General Electric Pension Trust	Loan from related party	10.00%	SEK	21,716	23,941
RPO King S.C.A.	Loan from related party	10.00%	SEK	14,477	15,961
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	8.00%	DKK	5,541	8,829
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	8.00%	DKK	1,046	1,548
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	8.00%	DKK	3,752	5,264
Other non-current loans, total in 2017				**176,612**	**198,955**
Non-current borrowings, total in 2017					**977,898**

	31 Dec 2017	
Borrowings, total, KSEK	**Carrying amount**	**Fair value**
Borrowing	1,044,173	1,044,173
Borrowings, total	**1,044,173**	**1,044,173**

Maturity	Type of borrowing	Interest rate	Currency	Nominal value in currency	Carrying amount
Borrowing from credit institutions in 2016					
SMBCEL	Loan	4.50% + cibor	DKK	170,000	213,862
SMBCEL	Loan	5.00% + cibor	DKK	375,000	471,755
ARCC	Loan	8.00% + cibor	DKK	130,000	163,549
Borrowings from credit institutions, total in 2016				**675,000**	**849,167**
Other non-current loans in 2016					
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	10.00%	SEK	100,499	100,499
Five Arrows Co-Investment II Holding Sàrl	Loan from related party	10.00%	SEK	11,485	11,485
Torreal	Loan from related party	10.00%	SEK	18,096	18,096
General Electric Pension Trust	Loan from related party	10.00%	SEK	21,716	21,716
RPO King S.C.A.	Loan from related party	10.00%	SEK	14,477	14,477
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	10.00%	DKK	5,541	7,798
Five Arrows Principal Investments II Holding Sàrl	Loan from related party	10.00%	DKK	1,046	1,369
Other non-current loans, total in 2016				**172,860**	**175,440**
Non-current borrowings, total in 2016					**1,024,607**

	31 Dec 2016	
Borrowings, total, KSEK	**Carrying amount**	**Fair value**
Borrowing	1,024,607	1,024,607
Borrowings, total	**1,024,607**	**1,024,607**

NOTE 25. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Group, KSEK	2018	2017	2016
Deferred tax assets:			
Temporary differences:			
Provisions	2,069	–	–
Other			
Other	16	38	–
Total net deferred tax assets	**2,085**	**38**	**408**
Netting against tax liabilities	–1,253	–	–
Total net deferred tax assets (net)	**832**	**38**	**408**

Group, KSEK	2018	2017	2016
Deferred tax liabilities:			
Temporary differences:			
PPE	603	201	103
Intangible assets	254,189	165,080	161,739
Other:			
Other	536	536	536
Total net deferred tax liabilities	**255,328**	**165,817**	**162,378**
Netting against deferred tax assets	1,253	–	–
Total deferred tax liabilities (net)	**256,581**	**165,817**	**162,378**

OFFSETTING WITHIN TAX CONSOLIDATED GROUP

KING Holdco ApS and its wholly-owned subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. Consequently, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Group, KSEK	2018	2017	2016
Deferred tax assets:			
Deferred tax asset to be recovered after more than 12 months	2,085	22	408
Deferred tax asset to be recovered within 12 months	–	16	–
Total deferred tax assets	**2,085**	**38**	**408**

Group, KSEK	2018	2017	2016
Deferred tax liabilities:			
Deferred tax liability to be recovered after more than 12 months	229,263	152,205	162,378
Deferred tax liability to be recovered within 12 months	26,065	13,612	–
Total deferred tax liabilities	**255,328**	**165,817**	**162,378**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group, KSEK	Other Intangibles	Tangible assets	Other	Total
Deferred tax assets				
At 1 January 2018	38	–	–	38
Charged/credited to the income statement	–38	–	2,005	1,967
Exchange differences	–	–	80	80
At 31 december 2018	**–**	**–**	**2,085**	**2,085**
Deferred tax liabilities				
At 1 January 2018	165,080	201	536	165,817
Charged/credited to the income statement	–21,632	393	–	–21,239
Reclassification	120,237	–	–	120,237
Exchange differences	–9,496	9	–	–9,487
At 31 december 2018	**254,189**	**603**	**536**	**255,328**

Group, KSEK	Other Intangibles	Tangible assets	Other	Total
Deferred tax assets				
At 1 January 2017	408	–	–	408
Charged/credited to the income statement	–370	–	–	–370
At 31 December 2017	**38**	**–**	**–**	**38**
Deferred tax liabilities				
At 1 January 2017	161,739	103	536	162,378
Charged/credited to the income statement	–5,389	93	–	–5,296
Charged/credited to the equity	5,435	–	–	5,435
Exchange differences	3,295	5	–	3,300
At 31 December 2017	**165,080**	**201**	**536**	**165,817**

Group, KSEK	Other Intangibles	Tangible assets	Other	Total
Deferred tax assets				
At 1 January 2016	794	–	–	794
Charged/credited to the income statement	–386	–	–	–386
At 31 December 2016	**408**	**–**	**–**	**408**
Deferred tax liabilities				
At 1 January 2016	158,315	307	536	159,158
Additions	2,813	–	–	2,813
Charged/credited to the income statement	–7,404	–217	–	–7,621
Exchange differences	8,015	13	–	8,028
At 31 December 2016	**161,739**	**103**	**536**	**162,378**

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS

The Group has both defined benefit and defined contribution plans. However, all the Group's pension plans are accounted for as defined contribution plans as there is not enough information available for the defined benefit plan.

See more details about the Group's defined benefit plan below. The following expenses for the Group's pension plans have been recognised in the income statement:

Group, KSEK	2018	2017	2016
Income statement charge:			
Expenses for defined contribution plans	22,162	10,522	9,763
Total retirement benefit obligation in the income statement	**22,162**	**10,522**	**9,763**

PENSION INSURANCE WITH ALECTA

Commitments for old-age pensions and family pensions for white collar employees in Sweden are insured on the basis of insurance premiums with Alecta. According to the statement UFR 10 from the Emerging Issues Task Force of the Swedish Financial Reporting Board (*Rådet för finansiell rapportering*), this is a multi-employer defined benefit plan. For the financial year 2018, the company did not have access to the details enabling the report of these plans as defined benefit plans.

The ITP 2 pension plan, secured on the basis of insurance with Alecta and others, is, therefore, reported as a defined contribution plan. The year's fees for pension insurance policies, established with Alecta and others, amount to KSEK 7,880 (2017: KSEK 2,310; 2016: KSEK 1,134). The surplus from Alecta and others can be distributed to the policy holders and the insured individuals. At the end of 2018, The Group is not aware of any surplus or deficit at the collective consolidation level of Alecta and others. The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's and other's actuarial calculation assumptions, which is not in accordance with IAS 19. Based on information from Alecta's web page (www.alecta.se) the collective consolidation ratio of Alecta is 159 per cent (September 2018). At year-end 2017 the ratio was 154 per cent. The estimated fees for pension insurance policies for 2019 are approximately KSEK 6,500.

NOTE 27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Group, KSEK	2018
At 1 January 2018	**4,823**
Charged to the income statement:	
– adjustment to present value	176
– currency difference	195
At 31 December 2018	**5,192**
Non-current	5,192
Current	–
Total provisions for other liabilities and charges	**5,192**

Group, KSEK	2017
At 1 January 2017	**4,527**
Charged to the income statement:	
– adjustment to present value	165
– currency difference	131
At 31 December 2017	**4,823**
Non-current	4,823
Current	–
Total provisions for other liabilities and charges	**4,823**

Group, KSEK	2016
At 1 January 2016	**4,167**
Charged to the income statement:	
– adjustment to present value	148
– currency difference	212
At 31 December 2016	**4,527**
Non-current	4,527
Current	–
Total provisions for other liabilities and charges	**4,527**

The Group is required to restore the leased premises in Copenhagen to their original condition at end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold investments. The costs have been capitalised as part of the cost of leasehold improvements based on expected costs at present value.

NOTE 28. OTHER LIABILITIES

Group, KSEK	2018	2017	2016
Value-added tax liability	39,339	27,536	26,404
Contingent considerations	44,759	59,569	15,885
Other	4,417	1,514	2,312
Total current liabilities	**88,515**	**88,619**	**44,601**

Group, KSEK	2018	2017	2016
Non-current	–	3,111	6,010
Total non-current	**–**	**3,111**	**6,010**
Total other liabilities	**88,515**	**91,731**	**50,611**

NOTE 29. ACCRUED EXPENSES AND DEFERRED INCOME

Group, KSEK	2018	2017	2016
Accrued bonus and holiday allowance	45,110	28,851	36,548
Accrued author royalty	58,475	27,175	25,459
Accrued social security	3,828	1,626	1,360
Other accrued expenses	57,129	33,432	22,283
Total accrued expenses	**164,542**	**91,084**	**85,650**

NOTE 30. PREPAID INCOME

Group, KSEK	2018	2017	2016
Prepaid income for subscriptions in Denmark	243,939	224,733	188,664
Prepaid income for subscriptions in Sweden	98,963	46,552	49,318
Total prepaid income	**342,902**	**271,285**	**237,982**

Contract liabilities have increased due to the acquisition of Norstedts Juridik on 4 January 2018. This has resulted in a larger customer base, which consequently increased prepaid income significantly in Sweden. During 2018 100% of the opening balance on 271,285 was recognised as revenue. For further details regarding revenue recognition see note 2.

NOTE 31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes						
KSEK	2017	Cash flows	Amortised loan cost	Foreign exchange movement	Accrued interest	Redemption of shares	Release of trapped cash from acquisition (recognised as cash)	Other reclassi-fications	2018
Long-term borrowings	977,898	569,116	7,255	32,672	19,541	–	–	−9,464	1,597,018
Short-term borrowings	66,275	29,109	–	1,893	–	26,786	–	9,464	133,526
Other liabilities short-term	–	64,927	–	–	–	–	−64,927	–	–
Leasing and other long-term liabilities	3,111	−3,429	–	–	–	–	–	318	–
Total liabilities from financing activities	**1,047,283**	**659,723**	**7,255**	**34,565**	**19,541**	**26,786**	**−64,927**	**318**	**1,730,544**

NOTE 32. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets in Karnov Group AB (publ) refer to all Group assets as well as all individual assets of each single subsidiary within the Group.

KSEK	2018	2017	2016
The carrying amount of the pledged assets in the group is[1]:	1,734,888	1,074,924	1,046,138
The carrying amount of the pledged assets in the parent company is[2]:	–	–	–
The carrying amount of the loans covered by the pledge is:	1,443,825	845,218	849,167

1) The value of the pledge cannot exceed the carrying amount of the loans covered by the pledge.
2) The current loan agreement only includes subsidiaries in the Group below and including KARN Biddingcompany AB, reg.nr. 559016-8844.

The Group has no contingent liabilities with a likelihood of outflow of material resources.

NOTE 33. LEASING

Group, KSEK	2018	2017	2016
No later than 1 year	16,241	7,151	8,349
Later than 1 year and no later than 5 years	23,527	16,734	22,289
Later than 5 years	–	2,066	8,434
Total	**39,768**	**25,951**	**39,072**

Costs for operating leases amounted to KSEK 15,441 (2017: KSEK 5,857; 2016: 8,302) during the reporting period.

Per information in note 2 above the Group will implement IFRS 16 effective from 1 January 2019. The standard will change the recognition of operating leases and is expected to have a material effect on the consolidated financial statements. The Group's leasing agreements will in future periods be recognised as right of use assets and equally sized lease liabilities. The value of the right of use assets and lease liabilities as per 1 January 2019 has been estimated in the range of MSEK 105 and 107.

Group, KSEK	2018
Operating lease commitments as at 31 December 2018	**39,768**
Adjustments relating to changes in the treatment of extension and termination options	68,551
Adjustments relation to changes in rate affecting variable payments	−2,094
Lease liability recognised as at January 2019	**106,225**

NOTE 34. BUSINESS COMBINATIONS

Norstedts Juridik AB

On 4 January 2018, Karnov Group entered into an agreement to acquire 100 per cent of the issued shares in Norstedts Juridik AB for KSEK 741,881. The acquisition of Norstedts Juridik AB provides Karnov Group with a unique opportunity to broaden our legal services offering with additional in-depth commentaries and analysis. This enables the Group to provide customers with the best service and product offering for legal and regulatory information in the Swedish market. Karnov Group will continue to develop its digital services, strengthen relationships with expert authors, and work tirelessly with employees to integrate, grow and nurture the organisation. Revenue, income as well as assets and liabilities belonging to the acquired company are consolidated from 4 January 2018.

The purchase price allocation was preliminary for one year after the acquisition date and was final settled on 4 January 2019:

Purchase price, KSEK	31 Dec 2018
Cash on closing date	611,000
Deferred payments	130,881
Total purchase price	**741,881**

Reported amounts fair value of identifiable assets acquired and liabilities assumed in Norstedts Juridik AB as at the acquisition date:

Reported amounts, KSEK	
Cash	64,928
Tangible assets	13,262
Intangible assets: Brand name	147,500
Intangible assets: Customer relations	265,702
Intangible assets: Content	133,330
Inventories	8,265
Trade receivables and other receivables	68,941
Trade payables and other liabilities	–126,458
Deferred tax	–120,237
Total identified assets	**455,233**
Goodwill	286,648
Total	**741,881**

The goodwill arising from the acquisition is attributable to Norstedts Juridik AB's strong position and profitability in the market and the synergies expected from the merger of the Group and Norstedts. The goodwill arising is not expected to be tax deductible in the event of future impairments. The revenue included in the consolidated statement of comprehensive income since the acquisition date contributed by Norstedts Juridik AB was KSEK 215,831 and the result included in the consolidated statement of comprehensive income was KSEK 42,647.

DEFERRED PAYMENTS

According to the agreement, part of the payment for the shares in Norstedts Juridik AB was deferred for one year after the closing date. In the deferment period, the outstanding payments accumulated interests. At the acquisition date KSEK 65,881 was trapped in a bank account as collateral for the deferred payment. By the end of the period, the trapped cash was released and the outstanding payment including interest was paid in full on 4 January 2019.

ACQUISITION-RELATED COSTS

Acquisition-related costs of KSEK 20,965 (success-based fee) were included in other operating expenses in the consolidated income statement for the first quarter of 2018.

Forlaget Andersen A/S

On 2 June 2017 Karnov Group acquired 100% of shares in Forlaget Andersen A/S, which provides guidelines and practical interpretations of complicated legislation and rulings to both private and public companies. Over the years it has proved to operate based on a very successful model, offering value-for-money subscription packages with high retention rates. The offering includes subscription packages within Employment & Labour Law, Corporate Tax (direct and indirect), Payroll & Benefits, Accounting, and more, and complements the Group's offerings to HR professionals and Accountants. As such the acquisition of Forlaget Andersen, which closed in June 2017, enables us to access new target groups, and provide an even stronger coverage of diverse market needs.

The goodwill of KSEK 40,178 arising from the acquisition is attributable to geographical expansion, acquired customer base (the non-separable part) and human capital. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for 62,503, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date. The purchase price allocation is preliminary.

Consideration Forlaget Andersen A/S at 2 June 2017	KSEK
Cash	44,862
Contingent consideration	17,641
Total purchase price:	**62,503**
Sum identified assets	3,055
Recognised amounts for identified assets and assumed liabilities	
Brand name	3,324
Customer relations	21,328
Deferred tax	–5,436
Sum identified net assets	**19,270**
Goodwill	40,178
Total	**62,503**
Non-controlling interests	–
Less acquired cash	–1,049
Contingent consideration	–17,641
Impact on cash from acquisition	**43,813**

CONTINGENT CONSIDERATION TERMS

The total purchase price for the acquisition was approximately MDKK 30 with three additional earn out payments amounting to maximum MDKK 15. Two of the earn out payments will be determined based on the financial years 2018 and 2019 and will be calculated and become payable after the adoption of the annual report for the relevant financial year (the third earn out payment was based on the performance in financial year 2017).

ACQUISITION-RELATED COSTS

Acquisition-related costs of KSEK 964 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2017. The fair value of the acquired identifiable intangible assets of KSEK 24,707 (including brand name and customer relations). The revenue included in the consolidated statement of comprehensive income since the acquisition date contributed by Forlaget Andersen A/S was KSEK 7,872. Had Forlaget Andersen A/S been consolidated from 1 January 2017, the consolidated statement of income would show proforma revenue of KSEK 456,575 and profit of KSEK 9,716.

CBM ApS

On the 15 November Karnov Group acquired 75% of the shares in CBM ApS, which operates the website: Changeboadmember.com (CBM). The first application in a broader initiative to deliver effective solutions to legal tasks with high coordination costs due to a cross border/jurisdiction dimension. Based on content partnerships across an international network of top tier law firms, CBM provides easy overview of how to change board members across jurisdictions by offering checklists and schedules, as well as simple timelines for M&A coordination purposes. This way, changing board members becomes efficient and value creating.

Having joined the Group through a majority stake in November 2017, all parties are looking forward to accelerating the expansion into even more jurisdictions and to the development of more crossborder-legal services. The aim is to continue to add value to customers as well as partner firms, and to become a leading international one-stop shop for low complexity cross-border-legal issues.

The goodwill of KSEK 18,343 arising from the acquisition is attributable to geographical expansion, acquired customer base (the non-separable part) and human capital. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for 18,322 the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date. The purchase price allocation is preliminary.

Consideration CBM ApS at 15 November 2017	KSEK
Cash	3,922
Contingent consideration	14,400
Total purchase price:	**18,322**
Sum identified assets	–21
Recognised amounts for identified assets and assumed liabilities	
Brand name	–
Customer relations	–
Deferred tax	–
Sum identified net assets	**–**
Goodwill	18,343
Total	**18,322**
Non-controlling interests	–5
Less acquired cash	–11
Contingent consideration	–14,400
Impact on cash from acquisition	**3,906**

CONTINGENT CONSIDERATION TERMS

In order for seller to receive the cash considerations, CBM ApS is obligated to obtain certain thresholds for the company's EBITDA for the years from 2018 to 2022. In addition, CPM ApS must develop several services to provide for its customers. The maximum value that can be paid in cash consideration is 13.8 MDKK.

ACQUISITION-RELATED COSTS

Acquisition-related costs of KEK 623 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2017. The fair value of the acquired identifiable intangible assets of KSEK 0. The revenue included in the consolidated statement of comprehensive income since the acquisition date contributed by CBM ApS was KSEK 0. Had CBM ApS been consolidated from 1 January 2017, the consolidated statement of income would show proforma revenue of KSEK 451.281 and profit of KSEK 9.750.

Notisum AB

On 31 March 2016, Karnov Group entered into a definitive agreement to acquire the leading Swedish Environmental, Health and Safety compliance provider Notisum. The acquisition of Notisum AB is an important step for the development of Karnov Group into one of the leading legal information providers in Sweden. Together, Karnov and Notisum will combine their complementary strengths to provide comprehensive EHS compliance solutions that enable law firms, corporates and public sector organisations to stay current with the latest legislative changes and to more easily manage complex regulatory requirements.

The acquisition will enhance Karnov's current offering in LHS compliance information allowing for more complete and comprehensive content to be delivered to our customers with more efficient and decision supportive workflow tools.

The goodwill of KSEK 21,469 arising from the acquisition is attributable to geographical expansion, acquired customer base (the non-separable part) and human capital. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Notisum AB, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration Notisum AB at 31 March 2015	KSEK
Cash	17,535
Contingent consideration	15,855
Total purchase price	**33,420**
Sum identified assets	–2,320
Recognised amounts for identified assets and assumed liabilities	
Brand name	2,060
Customer relations	10,286
Deferred tax	–2,716
Sum identified net assets	**11,950**
Goodwill	21,470
Total	**33,420**
Non-controlling interests	0
Less acquired cash	–6,924
Contingent consideration	–15,855
Impact on cash from acquisition	**10,638**

ACQUISITION-RELATED COSTS

Acquisition-related costs of KSEK 2,040 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2016. The fair value of the acquired identifiable intangible assets of KSEK 12,346 (including brand name and customer relations) is provisional pending receipt of the final valuations for those assets, which is also applicable with regards to certain other items why the purchase price allocation is preliminary. The revenue included in the consolidated statement of comprehensive income since the acquisition date contributed by Notisum AB was KSEK 9,136. Had Notisum AB been consolidated from 1 January 2016, the consolidated statement of income would show pro forma revenue of KSEK 424,648 and profit of KSEK 81,809 for the financial year 2016.

FINANCING

The acquisition of Norstedts Juridik AB was financed by a loan issued through Nordea with a principal amount of KSEK 598,000. The loan is an additional facility according to the current senior facility agreement and the loan essentially runs according to the same terms and conditions as the previous ones. The acquisitions of Forlaget Andersen A/S and Notisum AB in previous periods were partly financed by individual earn-out models. During the period, KSEK 16,982 was paid based on the agreed earn-out model.

NOTE 35. DISCLOSURE OF INTEREST IN SUBSIDIARIES

The only subsidiary in which the Group has material non-controlling interest is KARN Holdco AB. The Group does not present consolidated financial information of this subsidiary as a separate disclosure as the amounts closely approximate the consolidated figures of the Group.

NOTE 36. RELATED-PARTY TRANSACTIONS

Loans from related parties, KSEK	2018	2017	2016
Loans from Five Arrows Principal Investments II Holding Sàrl	40,873	4,816	–
Redeemable preference shareholders	26,783	–	–
Loans received	–	–	109,665
Interest	19,174	18,272	53,395
At 31 December	**86,830**	**23,088**	**163,060**

The Group is controlled by Five Arrows Principal Investments II Holding Sàrl. The Group's ultimate parent is incorporated in Luxembourg.

The following transactions were carried out by the Group with related parties:

LOAN FROM FIVE ARROWS PRINCIPAL INVESTMENTS II HOLDING SÀRL, TORREAL, GENERAL ELECTRIC PENSION TRUST, RPO KING S.C.A. AND MEMBERS OF MANAGEMENT

Five Arrows Principal Investments II Holding Sàrl, Torreal, General Electric Pension Trust and RPO King S.C.A. and members of management have provided loans to the Group during the period until 31 December 2018. Total outstanding as at 31 December 2018 was KSEK 286.720.

LOAN FROM PREFERENCE SHAREHOLDERS

The Group has a liability to preference shareholders recognised as a current loan. The liability holds no interest and falls due in Q1 2019.

KEY MANAGEMENT COMPENSATION

For more disclosures regarding compensation to members of the board of directors, the managing director and other key management personnel, see also note 7 Employee benefit expenses.

YEAR-END BALANCES ARISING FROM SALES/PURCHASES OF GOODS/SERVICES

Outstanding Balance for services to Five Arrows Principal Investments II Holding Sàrl, Torreal, General Electric Pension Trust, RPO King S.C.A. and members of management was KSEK 0 as at 31 December 2018 (2017: –; 2016: –).

LOANS FROM RELATED PARTIES

The Group has loans from related parties which consist of loan from related parties. Significant terms for loans from related parties are described in note 24 Borrowings. The interest expense for the loans amounted to KSEK 19,174 for 2018 (2017: KSEK 18,272; 2016: KSEK 53,395). All interest on loans from related parties has been capitalised.

NOTE 37. EVENTS AFTER THE BALANCE SHEET DATE

On 29 January 2019, after the end of the period, an additional EGM was held which adopted resolutions to conduct a share split (65:1), taking the company public and affiliating the company's shares with Euroclear Sweden. The company name was also changed to Karnov Group AB (publ).

NOTE 38. RECONCILIATION OF KEY PERFORMANCE INDICATORS

Karnov's financial statements include alternative performance measures, which complement the measures that are defined or specified in applicable rules for financial reporting. Alternative performance measures are presented since, in their context, they provide clearer or more in-depth information than the measures defined in applicable rules for financial reporting. The alternative performance measures are derived from the Group's consolidated financial reporting and are not measured in accordance with IFRS. Karnov's definition of these measures, which are not described under IFRS, is provided in the financial definitions. Reconciliation of the alternative performance measures is shown below.

Total net sales, KSEK	2018	2017	2016
Organic business	469,169	433,556	407,506
Acquired business	223,418	11,686	9,064
Currency	22,755	6,476	5,377
Total net sales	**715,342**	**451,718**	**421,947**

Total net sales, %	2018	2017	2016
Organic growth, %	3.9%	2.8%	5.8%
Acquired growth, %	49.5%	2.8%	2.4%
Currency effect, %	5.0%	1.5%	1.4%
Total growth, %	**58.4%**	**7.1%**	**9.6%**

EBITDA and EBITA Group, KSEK	2018	2017	2016
Operating profit	62,682	113,631	86,390
Depreciation and amortisation	146,809	66,123	68,382
EBITDA	**209,491**	**179,754**	**154,772**
Net sales	715,342	451,718	421,947
EBITDA margin, %	**29.9%**	**39.8%**	**36.7%**
Items affecting comparability	78,879	15,377	15,621
Adjusted EBITDA	**288,370**	**195,131**	**170,393**
Adjusted EBITDA margin, %	**40.3%**	**43.2%**	**40.4%**
Operating profit	62,682	113,631	86,390
Amortisation (acquisitions)	120,078	55,271	60,537
EBITA	**182,760**	**168,902**	**146,927**
Items affecting comparability	78,879	15,377	15,621
Adjusted EBITA	**261,639**	**184,279**	**162,548**
Adjusted EBITA margin, %	**36.6%**	**40.8%**	**38.5%**

Note 38. Reconciliation of key performance indicators, cont.

EBITDA and EBITA Denmark, KSEK	2018	2017	2016
Operating profit	80,733	71,793	37,889
Depreciation and amortisation	64,177	55,004	60,661
EBITDA	**144,909**	**126,797**	**98,550**
Net sales	396,624	348,816	323,383
EBITDA margin, %	**36.5%**	**36.4%**	**30.5%**
Items affecting comparability	15,273	2,566	5,391
Adjusted EBITDA	**160,182**	**129,363**	**103,491**
Adjusted EBITDA margin, %	**40.4%**	**37.1%**	**32.1%**
Operating profit	80,733	71,793	37,889
Amortisation (acquisitions)	61,167	51,977	57,464
EBITA	**141,899**	**123,770**	**95 353**
Items affecting comparability	15,273	2,566	5,391
Adjusted EBITA	**157,172**	**126,336**	**100,744**
Adjusted EBITA margin, %	**39.6%**	**36.2%**	**31.2%**

EBITDA and EBITA Sweden, KSEK	2018	2017	2016
Operating profit	−18,051	41,838	48,508
Depreciation and amortisation	82,633	11,119	7,721
EBITDA	**64,582**	**52,957**	**56,222**
Net sales	318,718	102,902	98,564
EBITDA margin, %	**20.3%**	**51.5%**	**57.0%**
Items affecting comparability	63,606	12,811	10,628
Adjusted EBITDA	**128,188**	**65,768**	**66,850**
Adjusted EBITDA margin, %	**40.2%**	**63.9%**	**67.8%**
Operating profit	−18,051	41,838	48,508
Amortisation (acquisitions)	58,911	3,293	3,073
EBITA	**40,861**	**45,132**	**51,574**
Items affecting comparability	63,606	12,811	10,628
Adjusted EBITA	**104,467**	**57,943**	**62,202**
Adjusted EBITA margin, %	**32.8%**	**56.3%**	**63.1%**

Return on total capital, KSEK	31 Dec 2018	31 Dec 2017	31 Dec 2016
EBIT	62,682	113,631	86,390
Total assets	3,392,580	2,399,463	2,284,246
Return on total capital, %	**1.8%**	**4.7%**	**3.8%**

Net working capital, KSEK	31 Dec 2018	31 Dec 2017	31 Dec 2016
Current assets	427,587	250,960	262,179
Current liabilities	908,580	524,602	412,540
Net working capital	**−480,993**	**−291,642**	**−150,361**

Cash conversion, KSEK	31 Dec 2018	31 Dec 2017	31 Dec 2016
Adjusted EBITDA	288,370	195,131	170,393
Adjusted cash flow from operating activities	307,887	156,312	143,799
Cash conversion, %	**106.8%**	**80%**	**84.4%**

Net debt, KSEK	31 Dec 2018	31 Dec 2017	31 Dec 2016
Non-current borrowing from credit institutions	1,378,199	778,943	849,167
Non-current borrowing from related parties	218,819	198,955	175,440
Current borrowing from credit institutions	65,625	66,275	–
Current borrowing from related parties	67,901	–	–
Cash and cash equivalents	201,797	93,879	131,804
Net debt	**1,528,747**	**950,294**	**892,803**

Leverage ratio, KSEK	31 Dec 2018	31 Dec 2017	31 Dec 2016
Adjusted EBITDA	288,370	195,131	170,393
Net debt	1,528,747	950,294	892,803
Leverage ratio	**5.3**	**4.9**	**5.2**

Equity/asset ratio, KSEK	31 Dec 2018	31 Dec 2017	31 Dec 2016
Equity	625,209	705,212	674,184
Total assets	3,392,580	2,399,463	2,284,246
Equity/asset ratio, %	**18.4%**	**29.4%**	**29.5%**

THE AUDITORS' REPORT ON HISTORICAL FINANCIAL STATEMENTS

The Auditor's Report on historical financial statements

To the Board of Directors of Karnov Group AB (publ), corporate identity number 559016-9016

We have audited the consolidated financial statements for Karnov Group AB (publ) on pages F-2–F-31, which comprise the consolidated balance sheet as of 31 December 2018, 31 December 2017 and 31 December 2016 and the consolidated income statements, statements of cashflow and statements of changes in equity for the years then ended, and a description of significant accounting policies and other explanatory notes.

The Board of Directors' and the Managing Director's responsibility for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Prospectus Regulation (EC) No 809/2004.

The auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Karnov Group AB (publ) group sin accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU/Annual Accounts Act and additional applicable framework of the consolidated balance sheet of the Karnov Group AB (publ) group as of 31 December 2018, 31 December 2017 and 31 December 2016 and the consolidated income statements, statements of cashflow and statements of changes in equity for the years then ended.

Stockholm, 29 March 2019

PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Definitions and glossary

BELLA	BELLA Intelligence ApS is a legal tech start-up that is developing a service intended to enable bankruptcy estate lawyers to, for example, efficiently search for relevant key words in emails as well as to structure documentation throughout the bankruptcy process by using artificial intelligence (AI) and machine learning.
Bolaget	Karnov Group AB (publ).
CAGR	Compound annual growth rate.
Carnegie	Carnegie Investment Bank AB (publ).
CBM	CBM provides a service that enables users to receive necessary information on how to change board members in companies incorporated throughout the world.
The Code	The Swedish Corporate Governance Code.
CIL	CIL Management Consultants Limited.
Cornerstone Investors	Vind AS, Lazard Asset Management LLC and The Fourth Swedish National Pension Fund (Sw. *Fjärde AP-fonden*).
Euroclear Sweden	Euroclear Sweden AB.
FAPI	Five Arrows Principal Investments II Holding Sàrl. Five Arrows Principal Investments is the European corporate private equity arm of Rothschild & Co.
Forlaget Andersen	Via Forlaget Andersen A/S, Karnov provides its customers in Denmark with online access to laws and annotations and in depth commentaries within the areas of human resources, data protection and certain other specific areas.
Global Coordinator	Carnegie.
The Group	The group in which the Company is the parent company.
Joint Bookrunners	Carnegie and Nordea.
Karnov	The Company or the Group.
Karnov Avtalsmallar	Add-on service to the core online platform, Karnov provides its customers in Sweden with contract templates in English and Swedish under the brand *Karnov Avtalsmallar.* The add-on service currently comprises approximately 360 contract templates and related corporate documents such as board meeting minutes with several alternative provisions with explanatory comments by experienced legal experts.
Karnov Compliance	Online legal information services within the compliance area. The offering currently consists of Notisum.
Karnov Law	Subscription-based package on Karnov's core online platform that gives access to, among other things, legislation, preparatory works, court cases, commentaries to legislation, online books, journals and legal news covering several legal areas.
Karnov Municipality	Subscription-based package on Karnov's core online platform that gives access to, among other things, legal information and tools within legal areas that Karnov deems to be relevant for municipality caseworkers.
Karnovs Lovsamling	Annually published law book in Denmark that contains a selection of laws and other regulations that Karnov deems of to be of interest.
Karnov Tax & Accounting	Subscription-based package on Karnov's core online platform that gives access to, among other things, legal information and tools within the tax, VAT, auditing and accounting areas.
KBO	Karnov Business Optimiser. A digital tool for profitability analysis and company valuation.

Managers	Carnegie and Nordea.
Market Study	A market study that Karnov commissioned from the consultancy firm CIL, which was conducted in November and December 2018 and finalised in February 2019.
Nordea	Nordea Bank Abp, filial i Sverige.
Nordnet	Nordnet Bank AB.
Norstedts Juridik	Norstedts Juridik AB.
Notisum	Notisum is a digital legal information service. Notisum provides an alert function that enables the user to monitor and receive summaries of, among other things, new and amended EU regulations, EU directives and Swedish legislation and regulations as well as to perform compliance checks of such regulations.
NPS	Net Promotor Score is an index ranging from –100 to 100 that measures customer willingness to promote the service. NPS is calculated based on the answers to a single question: "On a scale of 0–10, how likely are you to recommend Karnov to your friends, family or business associates?", with the percentage of responders providing scores of 6 and below being deducted from the percentage of responders providing scores of 9 or above.
Over-allotment Option	An option to at the Offering Price acquire 9,077,015 ordinary shares, corresponding to approximately 15 per cent of the shares in the Offering, granted by the Company to the Managers. The purpose with the Over-allotment Option is to cover any over-allotments or short positions in connection with the Offering.
Principal Shareholders	FAPI, Five Arrows Co-Investments II Holding Sàrl, RPO King S.C.A. and Torreal.
Selling Shareholders	FAPI, Five Arrows Co-Investments II Holding Sàrl, General Electric Pension Trust, RPO King S.C.A., Torreal and Donal Smith.
The "board of directors" or the "board"	The board of directors of the Company.
Sveriges Rikes Lag	Annually published law book in Sweden that contains a selection of laws and other regulations that Karnov deems of to be of interest.
TimeTravel™	A functionality on Karnov's core online platform that enables the user to compare the previous wording of a provision in a law with the current wording.
Torreal	Torreal S.A. or Torreal Sociedad de Capital Riesgo S.A.
UfR	Karnov's identification code for Danish court cases.
VJS	Karnov provides its legal training courses under the brand VJS.

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