

The Board of Directors' proposal for resolution of the establishment of a long-term incentive program (LTIP 2020) including (A) establishment of LTIP 2020, (B) authorisation for the Board of Directors to resolve on directed issue of shares of series C, (C) authorisation for the Board of Directors to resolve on acquisition of own shares of series C, and (D) transfer of own ordinary shares (item 13)

The Board of Directors of Karnov Group AB (publ), org. nr. 559016-9016, (the “**Company**”) proposes that the annual general meeting resolves to establish a long-term incentive program (“**LTIP 2020**”) in accordance with item A below. Unlike the program resolved by the extraordinary general meeting 2019, LTIP 2020 is directed only to two additional senior executives. LTIP 2020 follows otherwise similar principles as the long-term incentive program resolved by the extraordinary general meeting 2019. Resolution under item A shall be conditional upon the AGM resolves on hedging measures relating to LTIP 2020 in accordance with the proposal under item B-D below.

LTIP 2020 in brief

The Board of Directors' proposal involves:

- the establishment of LTIP 2020 under which certain senior executives appointed after LTIP 2019 may be granted a total of 46,510 ordinary shares in the Company subject to the satisfaction of certain vesting requirements: and
- for the purpose of ensuring delivery of shares and hedging social security costs under LTIP 2020:
 - an authorisation for the Board of Directors to issue not more than 46,510 shares of series C to a third party designated by the Company and to acquire such own shares of series C; and
 - transfer of 46,510 own ordinary shares

The purpose of LTIP 2020 is to encourage a broad ownership amongst the group'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.

A. Establishment of LTIP 2020

The Board of Directors proposes that LTIP 2020 is established in accordance with the following principal terms and conditions.

1. LTIP 2020 is directed to two full-time senior executives of the group (corresponding to category 2 of LTIP 2019) which has been appointed after the end of the vesting period of LTIP 2019, collectively referred to as the “**Participants**”.
2. Participation in LTIP 2020 requires the Participants to acquire ordinary shares in the Company or allocate already acquired ordinary shares to the program (“**Savings Shares**”). The maximum investment permitted in Savings Shares is 4,651 Saving Shares. Acquisitions of Savings Shares must be made no later than on 19 May 2020. If applicable

insider rules and regulations prohibit a Participant from purchasing shares in the Company during the period up until 19 May 2020, the Board of Directors has the right to postpone the last day of investment for such Participant.

- Each Savings Share entitles the Participants, subject to the limitations set out in item 4 as well as the satisfaction of the requirements set out in item 6, the right to receive up to five shares in the Company free of charge (“**Performance Shares**”) depending on category and satisfaction of the performance requirements specified in the table below.

Category	Performance Shares for the satisfaction of Requirements 1 ¹	Performance Shares for the satisfaction of Requirements 2 ¹	Performance Shares for the satisfaction of Requirements 3 ¹
2	Up to 1.0	Up to 2.0	Up to 2.0
1) Maximum number of shares per Savings Share that entitle the Participant to allotment of Performance Shares pursuant to the terms and conditions of LTIP 2020. Requirements 1-3 are defined in item 7 below.			

- In aggregate, a maximum of 46,510 Performance Shares may be allotted to the Participants.
- The period commencing on 19 May 2020 (or the later date determined by the Board of Directors in accordance with item 2 above) and expiring three years after such date is below referred to as the “**Vesting Period**”. Performance Shares are expected to be allotted to the Participants within 30 days from the expiry of the Vesting Period, or as soon as practicable thereafter in order to comply with rules and regulations applicable on delivery of Performance Shares.
- The right to receive Performance Shares is conditional upon the Participant’s employment not having been terminated and all Savings Shares being retained by the Participant during the entire Vesting Period. The Board of Directors has the right to waive these conditions for example, where a Participant’s employment is terminated as a result of death, long-term illness, statutory retirement age or if the group has given notice of termination of the participant’s employment without cause (including, for the avoidance of doubt, notice of termination due to redundancy/shortage of work (*Sw. arbetsbrist*)).
- For the Participants, the right to receive Performance Shares is conditional upon the satisfaction of the performance requirements set out below.

Requirement 1 means that the TSR during the Vesting Period shall be positive.

“TSR” means the sum of the price change of the Company’s ordinary share on Nasdaq Stockholm, added with the value of any reinvested cash dividends per share, during the Vesting Period.

Requirement 2 is based on the Organic Growth during the financial years 2020-2022, and:

- (i) a CAGR below 3% means that no Performance Shares shall be allotted
- (ii) a CAGR equal to or above 6% means that the maximum number of Performance Shares shall be allotted
- (iii) a CAGR between 3% and 6% means that the allotment of Performance Shares shall be linear in relation to the allotment set out in (i)-(ii)

” Organic Growth” means change in net sales during the current period, excluding acquisitions and currency effects, in relation to net sales of the corresponding period of the preceding year.

Requirement 3 is based on the Organic Growth in Adjusted EBITA during the financial years 2020-2022, and:

- (i) a CAGR below 4 % means that no Performance Shares shall be allotted
- (ii) a CAGR equal to or above 8 % means that the maximum number of Performance Shares shall be allotted
- (iii) a CAGR between 4 % and 8 % means that the allotment of Performance Shares shall be linear in relation to the allotment set out in (i)-(ii) above.

” Organic Growth in Adjusted EBITA” means change in Adjusted EBITA during the current period, excluding acquisitions and currency effects, in relation to Adjusted EBITA for the corresponding period of the preceding year.

” Adjusted EBITA” means earning before financial items and taxes, excluding acquisition related purchase price allocation (PPA) amortisation and adjusted for the impact of items affecting comparability.

8. The Board of Directors shall for each Participant determine the number of Performance Shares that may be allotted within the applicable ranges set forth in item 3 above.
9. The number of Performance Shares to be allotted (if any) may be recalculated by the Board of Directors in the event of share issues, share splits, reversed share splits or similar events.
10. If significant changes occur in the Company or in the market, or in the event the costs for LTIP 2020 significantly exceed the estimated costs, and this, in the opinion of the Board of Directors, results in a situation where the conditions for allotment of Performance Shares become unreasonable, the Board of Directors is entitled to make adjustments to LTIP 2020, including, among other things, to resolve on a reduced allotment of Performance Shares, or to not allot any Performance Shares at all.
11. Participation in LTIP 2020 requires that it is permitted and appropriate with regards to applicable laws and regulations in the jurisdiction in which the relevant Participant is

resident and that the Board of Directors deems it feasible at reasonable administrative and financial costs.

12. In the event delivery of Performance Shares to a Participant cannot take place under applicable law or at reasonable cost or with reasonable administrative effort, the Board of Directors may pay a part of the entire allotment to such Participant in cash instead of shares. The Board of Directors may also retain allotted Performance Shares and settle a part of the allotment in cash in order to facilitate the payment of the Participants' tax liabilities.
13. The Board of Directors is responsible for the detailed design and implementation of LTIP 2020. Accordingly, the Board of Directors is to prepare and execute any necessary full-text documentation to the participants and otherwise manage and administer LTIP 2020.

Estimated costs for LTIP 2020

The costs for LTIP 2020 will be calculated in accordance with IFRS 2 and distributed over the Vesting Period.

Assuming a share price of SEK 43 at the time of implementation of LTIP 2020, that each Participant invests in Saving Shares up to the maximum amount, that 50 per cent of the maximum number of Performance Shares are allotted and an annual share price increase of 10 per cent during the Vesting Period, the total cost for LTIP 2020, including social security costs (at an average rate of 16 per cent), is estimated to approximately SEK 1.2 million.

Assuming a share price of SEK 43 at the time of implementation of LTIP 2020, that each Participant invests in Savings Shares up to the maximum amount, that the maximum number of Performance Shares are allotted and an annual share price increase of 10 per cent during the Vesting Period, the total cost for LTIP 2020, including social security costs (at an average rate of 25 per cent), is estimated to approximately SEK 2.7 million.

Effects on key ratios

The costs for LTIP 2020 are expected to have a marginal effect on the group's key ratios.

Dilution effect

In order to secure delivery of shares under LTIP 2020 and to secure and cover social security charges, the Company will issue and acquire 46,510 own shares of series C, corresponding to approximately 0.05 per cent of the total number of shares and votes in the Company (as per the date of notice of the AGM, the number of shares in the Company amounts to 97,670,567 shares).

Information outstanding related incentive programs

For a description of the Company's other long-term incentive programs, see the Company's Annual Report 2019, note 7 and the Company's website, www.karnovgroup.com. Other than programs described therein, the Company do not have any share related programs.

Preparation of the Board of Directors' proposal

The proposal has been prepared by the remuneration committee in consultation with external advisers.

B. Authorisation for the Board of Directors to resolve on directed issue of shares of series C

The Board of Directors proposes, for the purposes of (a) securing delivery of shares to the participants of LTIP 2020, and (b) securing and covering costs that can be triggered by the LTIP 2020 (e.g., social security charges and tax), that the Board of Directors is authorised to resolve on a directed issue of shares of series C in accordance with the following.

1. A maximum of 46,510 shares of series C shall be issued.
2. The right to subscribe for the new shares of series C shall, with deviation from the shareholders' preferential rights, rest with Nordea Bank Abp, Swedish branch.
3. The subscription price shall correspond to the quotient value of the shares at the time of the subscription of the shares.
4. Payment for subscribed shares of series C shall be made in cash at subscription.
5. A conversion provision and a redemption provision shall apply to the new shares of series C.
6. The authorisation may be exercised until the next AGM.

C. Authorisation for the Board of Directors to resolve on acquisition of own shares of series C

The Board of Directors proposes, for the purposes of (a) securing delivery of shares to the participants of LTIP 2020 and (b) securing and covering costs that can be triggered by the LTIP 2020 (e.g. social security charges and tax), that the Board of Directors is authorised to resolve on acquisitions of own shares of series C in accordance with the following.

1. A maximum of 46,510 shares of series C in the Company may be acquired, however only to such extent that, following each acquisition, the Company holds a maximum of 10 per cent of all shares by the Company.
2. Acquisition shall be made through an offer directed to all holders of shares of series C.
3. The purchase price shall be an amount that corresponds to the quotient value of the shares (applicable at the time of the subscription of the shares).
4. Payment for acquired shares of series C shall be made in cash.

D. Transfer of own ordinary shares

The Board of Directors proposes, for the purpose of securing delivery of ordinary shares under LTIP 2020, that a maximum of 46,510 own ordinary shares be transferred to the participants of LTIP 2020 in accordance with the following.

1. The right to receive ordinary shares shall, with deviation from the shareholders'

preferential rights, be granted to the participants, with right for each of the participants to receive no more than the maximum number of ordinary shares allowed under the terms and conditions of LTIP 2020. Furthermore, subsidiaries within the group shall have the right to receive ordinary shares, free of consideration, and such subsidiaries shall be obliged to immediately transfer, free of consideration, such shares to the participants in accordance with the terms and conditions of LTIP 2020.

2. The participants' right to receive ordinary shares are conditional upon the fulfilment of all terms and conditions of LTIP 2020.
3. The ordinary shares shall be transferred within the time period set out in the terms and conditions of LTIP 2020.
4. The ordinary shares shall be transferred free of charge.
5. The number of ordinary shares that may be transferred to the participants may be recalculated in the event of share issues, share splits, reverse share splits or similar events having an impact on the total number of shares in the Company in accordance with the terms and conditions of LTIP 2020.

Majority vote requirements

The Board of Directors' proposal for the establishment of a long-term incentive program as set out in item A-D above are to be resolved upon as one resolution, meaning the resolution is valid only if supported by shareholders holding not less than nine tenths of both the votes cast and the shares represented at the meeting.

The chairman of the Board of Directors, or the person the chairman designates shall be authorised to make minor formal adjustments of the resolution as may be necessary in connection with the registration with the Swedish Companies Registration Office or Euroclear Sweden AB.

Stockholm in March 2020

Karnov Group AB (publ)

Board of Directors