



Annual Report 2020

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The Board of Directors and CEO of Karnov Group AB (publ) corporate identity number 559016-9016 presents the Annual Report and consolidated financial statements for the financial year 2020. The notes are an integrated part of these annual accounts and consolidated financial statements. The Annual Report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall prevail.

Karnov Group today

Karnov Group is a leading provider of mission critical information in the areas of legal, tax and accounting, and environmental, health and safety in Denmark and Sweden. The Group has entered Norway in 2021.

Under a strong portfolio of brands including Karnov, Norstedts Juridik, Notisum, Legal Cross Border, Forlaget Andersen, LEXNordics and DIBkunnskap, Karnov Group delivers knowledge and insights, to more than 80,000 users – every day.

PARTNER IN INFORMATION

- Karnov Group was founded in Copenhagen in 1924 on one person's belief that access to the law is the foundation of every great society and our legacy dates back to 1867.
- Over time, the Company has evolved from a traditional publishing business to a digital information provider.
- Karnov Group'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.
- Karnov Group also publishes and sells printed books and journals and hosts legal training courses.
- Karnov Group's 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 within a state-of-the-art user experience to support their workflow efficiency.
- Karnov Group continuously adds more value through development of new verticals and investments in adjacent companies with technologies helping professionals in taking better decisions, faster.

Net sales
per country
2020



Better decisions, faster

Find what you need, trust what you find and do it quickly.

80,000+

Users

1,500+

Specialists

>280

Number of employees

2020 in numbers

During 2020, Karnov Group delivered a solid financial performance, with organic growth and an improved adjusted EBITA margin in line with the medium-term financial target. Sales continued to be driven by strong performance in the online market while the non-subscription-based offline sales declined due to normal market trend and a negative impact from the Covid-19 pandemic. The Covid-19 pandemic is estimated to have impacted the top-line growth negatively with 1-2 percentage points in 2020. Due to a strong cash conversion, the Board proposes an increased dividend of 1.00 SEK per share.

771

Net Sales, SEKm

37.4%

Adjusted EBITA margin

1.9

Leverage ratio

124%

Cash conversion

2020 IN NUMBERS*

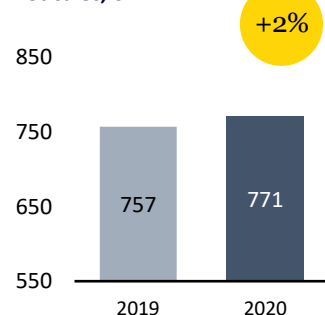
- Net sales increased by 2% to SEK 771 m (757) with organic growth of 2.1 % (4.0). Sales were driven by the Company's continued strong performance in the online market. The Covid-19 pandemic had a negative impact on top-line growth of approximately 1-2 percentage points.
- EBITA amounted to SEK 276 m (206) and the EBITA margin was 35.8 % (27.2).
- Adjusted for items affecting comparability EBITA increased to SEK 288 m (279) and the adjusted EBITA margin to 37.4% (36.8).
- Net result for the period was SEK 100 m (3).
- Earnings per share before and after dilution amounted to SEK 1.02 (0.03).
- The Board of Directors proposes a dividend of SEK 1.00 per share.

TSEK	2020	2019
Net sales	771,416	757,087
Organic growth, %	2.1%	4.0%
EBITA	275,955	205,975
EBITA margin, %	35.8%	27.2%
Adjusted EBITA	288,158	278,630
Adjusted EBITA margin, %	37.4%	36.8%
Net result for the period	100,004	3,480
Cash flow from operating activities	378,991	137,276
Cash conversion, %	124.0%	88.6%
Average number of employees	246	252

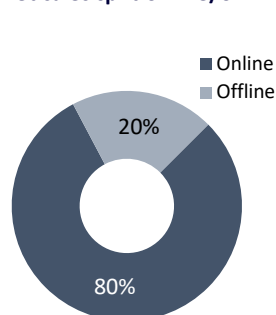
For more information see Financial definitions on page 103 and Note 36 on page 96 for calculations of Alternative Performance Measures.

*DIBkunnskap AS was consolidated in the Group on 5 January 2021 and is not included in the 2020 financial statements.

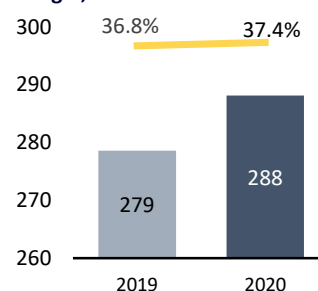
Net sales, SEKm



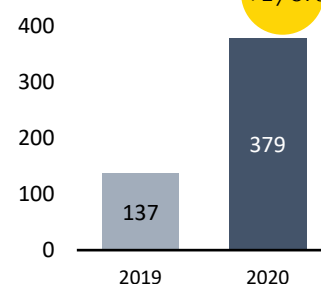
Net sales split online/offline



Adjusted EBITA, SEKm and margin, %



Operating cash flow, SEKm



Main activities 2020

TECHNOLOGY BOLT-ON INVESTMENT IN ANTE APS JANUARY 2020



Karnov Group wants to continue establishing a broad technology portfolio that creates increased relevance and efficiency for professionals working with legal information. In January 2020, we invested in a minority stake in Ante ApS, which is specialised in categorisation and AI based search, mainly within case law.

NEW VERTICAL ACQUISITION IN LEXNORDICS AB MARCH 2020



Karnov Group's growth strategy includes broadening our offerings through developing products in adjacencies and new verticals. In March 2020, we established LEXNordics AB, where Karnov Group has 60% of the shares, with the aim of accelerating sales of the LEX247 legal practice management solution in the Nordic region. The LEX247 solution represents a way for us of delivering even more value to our customers.

MARKET EXPANSION INVESTMENT IN KARNOV GROUP NORWAY AS MARCH 2020



Karnov Group seeks to grow geographically. In March 2020, we acquired 40 % of the shares in Karnov Group Norway AS. Karnov Group Norway AS will provide digital subscription-based legal services to the Norwegian market and is based in Oslo. The legal research solution will be based on a platform collaboration with Lovdata, a leading Norwegian legal information solution provider. The product is expected be launched in the second half of 2021.

NEW VERTICAL ACQUISITION IN DIBKUNNSKAP AS DECEMBER 2020



Karnov Group strategy is to carry out selective and value accretive acquisitions. In December 2020, we signed the agreement to acquire 100% of the shares in the market leading Norwegian knowledge workflow solutions supplier DIBkunnskap AS. The transaction was closed on 5 January 2021. The transaction further strengthens Karnov Group's position as a leading supplier in Scandinavia.

CEO has the floor

2020 has been a special year for all of us. I am very proud of how Karnov Group and all its employees, authors and experts have handled the Covid-19 pandemic, helping our customers serve our society. We have worked as one team and one company executing our strategy, despite working on a distance for most of the year. With four new investments conducted in 2020, we have continued to broaden our offerings as the leading provider of legal information in Denmark and Sweden.



An eventful 2020

When entering 2020, few could foresee that the Covid-19 pandemic would have such an impact on society, and our daily lives. Overnight, governments decided to lock-down and all companies had to make adjustments. We acted swiftly, with employees starting to work from home and by making our legal training courses virtual. Our rapid transformation to handle the pandemic has been appreciated by our customers. Karnov Group has throughout the pandemic adhered to recommendations and regulations communicated from the authorities, and we will of course continue doing so.

When looking back at the past year, I feel happy about our performance. Our employees have shown extreme determination working from home. Our authors have made a tremendous effort in making commentaries to new laws and regulations. Despite these circumstances, we have been able to keep updating our platforms with new content to the benefit of our users, and also launched specific platform sections dedicated to Covid-19 regulations and legislation which have supported our customers in their assistance to the society to handle the pandemic. Thank you all for your contributions.

Investments to develop our offerings in Denmark and Sweden

Karnov Group is an important part of the legal systems in Denmark and Sweden. Combining public and proprietary content, Karnov Group enables users to make better decisions, faster – every day. Our position gives us a great responsibility. Professionals depend on our services in their daily work and we therefore stay on our toes in our ambition of being a thought-leader in the legal field, investing in new features and products.

During the year, we have continued making improvements to the JUNO platform in Sweden. With the improvements now implemented, we are on a good stand, and we will continue adding more value to JUNO. In Denmark, we have in 2020 launched new products; our new online library, our improved preparatory work and our case preparation tool are products that help our users in being more efficient. The new products form a basis where we can add more value and content to our users and continue growing our business. We have also soft launched our new updated platform at the end of the year, which has an improved technology base and user experience.

Execution of growth strategy

We have executed on our growth strategy during 2020, with four strategic investments that we believe in:

Ante ApS, with its technology platform that creates increased relevance and efficiency for professionals working with legal information.

LEXNordics AB, being an exciting way for us to get even closer to both current and future customers in the Nordics. Since the establishment, we have made good progress and made a footprint in the market and we will continue in our ambition to gain additional market share.

Karnov Group Norway AS is a minority investment in the Norwegian market that will provide digital subscription-based legal services. They are progressing well and are currently preparing to launch their offering to the market in the second half of 2021.

DIBkunnskap AS expands our market presence in Norway, being a market leading Norwegian knowledge workflow solutions supplier for the tax and accounting market. The acquisition fits perfectly into Karnov Group and it allows us to both continue our growth journey in a new vertical in Norway, while also allowing for expansion into Sweden. We also expect new product launches which will further drive growth going forward.

CEO has the floor (cont.)

Growth on top-line and improved adjusted EBITA margin

We have three medium-term financial targets for the Group;

- An annual organic net sales growth of 3-5 percent;
- An increased adjusted EBITA margin; and
- A ratio of net debt to adjusted EBITDA LTM of no more than 3.0.

During 2020, we have continued to grow organically, with an organic growth of 2.1 percent. The Covid-19 pandemic impacted the top-line growth negatively with approximately 1-2 percentage points. We have continued our strive for operational excellence and are content with improving our adjusted EBITA margin. Due to our strong cash flow generation, we are also well below our net debt target.

The cash generation has allowed the Board to propose a dividend of SEK 1.00 per share. This corresponds to 38 percent of the PPA adjusted net profit, in line with our dividend policy which is to distribute 30 – 50 percent of the PPA-net profit.

Summarising words

On 10 May 2021 I will hand over the baton to Pontus Bodelsson, who will take the company into its next phase. I have had fantastic years at Karnov Group. I am so proud and honoured of to have led the company with support from competent, engaged and highly motivated employees. It has been a great journey from which I will bring many memories. I want to end this CEO letter by thanking all employees for the past years, and also thank our authors, experts and customers who all are key elements in Karnov Group being the leading provider of mission critical information solutions in Denmark and Sweden. I also want to thank all shareholders for your interest in Karnov Group and our Board of Directors for a great partnership during these years. Thank you.

Copenhagen 30 March 2021

Flemming Breinholt

President and CEO

Full-year overview

TSEK	2020	2019	2018	2017
Income statement				
Net sales	771,416	757,087	715,342	451,718
EBITDA	321,431	251,292	209,491	179,754
EBITDA margin, %	41.7%	33.2%	29.3%	39.8%
EBITA	275,955	205,975	182,760	168,902
EBITA margin, %	35.8%	27.2%	25.5%	37.4%
Adjusted EBITA	288,158	278,630	261,639	184,279
Adjusted EBITA margin, %	37.4%	36.8%	36.6%	40.8%
EBIT	131,042	80,181	62,682	113,631
EBIT, margin %	17.0%	10.6%	8.8%	25.2%
Net financial items	-10,467	-69,984	-97,898	-86,300
Net result	100,004	3,480	-46,807	11,068
Balance sheet				
Non-current assets	2,951,649	3,049,208	2,964,993	2,148,503
Current assets	737,134	349,449	427,587	250,960
Cash and cash equivalents	552,921	52,008	201,797	93,879
Equity	1,550,840	1,526,769	625,209	705,212
Non-current liabilities	1,479,931	1,117,107	1,858,791	1,151,649
Current liabilities	658,012	754,781	908,580	542,602
Total assets	3,688,783	3,398,657	3,392,580	2,399,463
Cash flow				
Cash flow from operating activities	378,991	137,276	185,733	94,788
Cash flow from Investing activities	-112,348	-270,815	-735,127	-111,009
Cash flow from financing activities	235,454	-19,226	659,723	-18,444
Cash flow for the period	502,097	-152,765	110,329	-34,666
Key ratios				
Net working capital	79,122	-405,332	-480,993	-291,642
Return on total capital, %	3.6%	2.4%	1.8%	4.7%
Equity / asset ratio, %	42.0%	44.9%	18.4%	29.4%
Cash conversion, %	124.0%	88.6%	106.8%	80.1%
Net debt	643,166	861,309	1,528,747	950,294
Share data				
Weighted average number of ordinary shares	97,670,567	84,434,095	44,724,680	44,724,680
Weighted average number of ordinary shares adjusted for the effect of dilution	98,095,914	84,859,442	44,724,680	44,724,680
Earnings per share, basic, SEK	1.02	0.03	-1.14	0.16
Earnings per share, after dilution, SEK	1.02	0.03	-1.14	0.16

Karnov Group

Introduction to Karnov

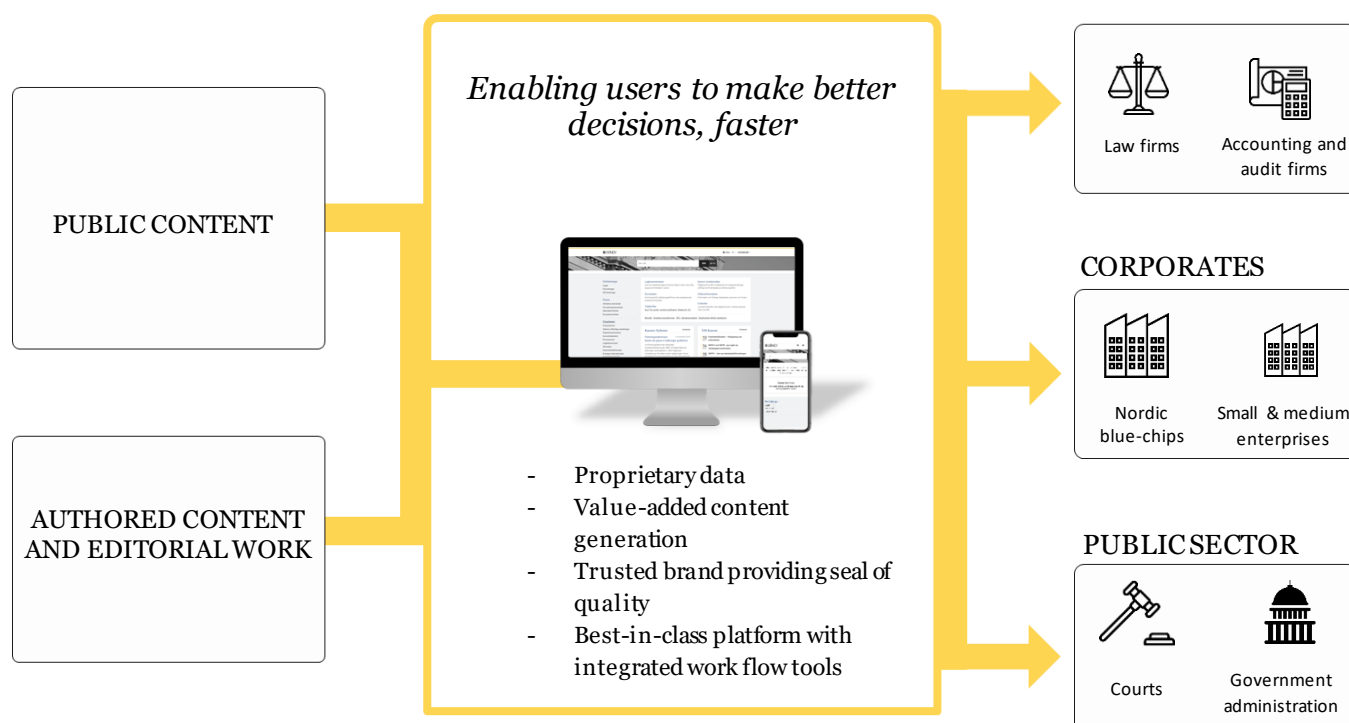
Karnov is a leading provider of information products and services in the areas of legal, tax and accounting and environmental, health and safety in Denmark and Sweden.

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, libraries, universities, public authorities and municipalities). Karnov also publishes and sells printed books and journals as well as hosts legal training courses. Karnov offers its services under its strong portfolio of brands, including Karnov, Norstedts Juridik, Notisum, Legal Cross Border, Forlaget Andersen, LEXNordics and DIBkunnskap.

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. This is accomplished by Karnov Group delivering the highest quality of content with a state-of-the-art user experience in order to support the users' workflow efficiency.

Karnov's online platforms contained a growing number of 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. These numbers grow every year, with new commentaries, articles and news. 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 80,000 users.



History

Karnov Group was founded on one person'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 Group 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 Group'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 Group acquired *UfR* from Gads Forlag in 1994.

>> **1924:** Karnov Group was founded in Copenhagen. Magnus Karnov published the first edition of collected laws with the ambition of making legal information more accessible.

>> **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.

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

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

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

>> **2016:** Karnov acquired Notisum AB.

>> **2017:** Karnov acquired the Danish publisher and course provider Forlaget Andersen A/S and invested in the legal tech start-up Legal Cross Border ApS.

>> **2018:** Karnov Group acquired Norstedts Juridik AB from Wolters Kluwer. Norstedts Juridik is a leading publisher of legal information in Sweden. Karnov Group also invested in the legal tech start-up BELLA Intelligence ApS. Further, Karnov Group's tax and accounting packages were relaunched in Denmark.

>> **2019:** Karnov Group was listed on Nasdaq Stockholm under the ticker "KAR" and launched the new platform JUNO on the Swedish market. Karnov Sweden moved into the office of Norstedts Juridik. Further, Karnov invested in the legal tech start-up ProcurementLink ApS.

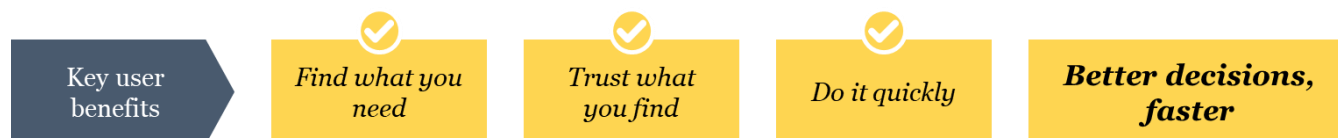
>> **2020:** Karnov Group invested in Ante ApS, a Danish technology provider specialised in search algorithms and broadened its offerings with the new vertical legal practice management solutions through new the company LEXNordics AB. Karnov Group also expanded geographically to Norway with the minority investment in Karnov Group Norway AS, who will provide a legal platform, and broadened its offering in Norway via acquisition of DIBkunnskap AS, a market leading provider of digital workflow tools for tax and accounting.

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 expert authors and expand its role as an authority, strengthening the foundation for justice in 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 business concept

Customer needs

The work of knowledge professionals, such as legal professionals, auditors, tax advisors, other consultants, academics, judges and public officials, is driven by a need for accuracy, reliability and quality. In their daily work, these professionals 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 advise 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's value proposition involves three main objectives:

- >> Deliver the highest quality of content
- >> Provide a state-of-the-art user experience
- >> Support workflow efficiency

Karnov aims to achieve its main objectives and create value for its customers based on a solid understanding of the complexity of the customers' businesses and operations. 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 December 31, 2020, 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.



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.

Adding value through data-driven features and tools

Karnov's core offering is to offer proprietary and value-added data. 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.

Expand the product offering through innovation

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.

Expand into agencies and verticals

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. Opportunities to expand within new customer groups include 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 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. 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.

Accelerated growth through 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. 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.

Financial objectives and dividend policy

The Board of Directors of Karnov Group has adopted three financial targets for the Company's development together with a dividend policy. 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 assesses that there is a reasonable basis to assume that the sales growth over the medium term (3-5 years) will be in the upper end of the financial target range, and in the shorter term (1-3 years) be at the lower end of the financial target range

Net sales growth

Objective	Outcome 2020	In-line with objective
Achieve an annual organic growth of between 3–5 % in the medium term, supplemented by selective acquisitions.	+2 %	(The Covid-19 pandemic impacted top-line growth negatively with approximately 1-2 percentage points)

Adjusted EBITA margin

Objective	Outcome 2020	In-line with objective
Increase margins in the medium term.	+60 bps	✓

Capital structure

Objective	Outcome 2020	In-line with objective
Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example following acquisitions.	1.9	✓

Dividend policy

Objective	Outcome 2020	In-line with objective
Karnov Group's objective is to distribute 30–50 % of the purchase price allocation (PPA) adjusted net profit. Proposals on dividends shall take Karnov Group's investment opportunities and financial position into consideration.	38 %	✓

Home markets and segments

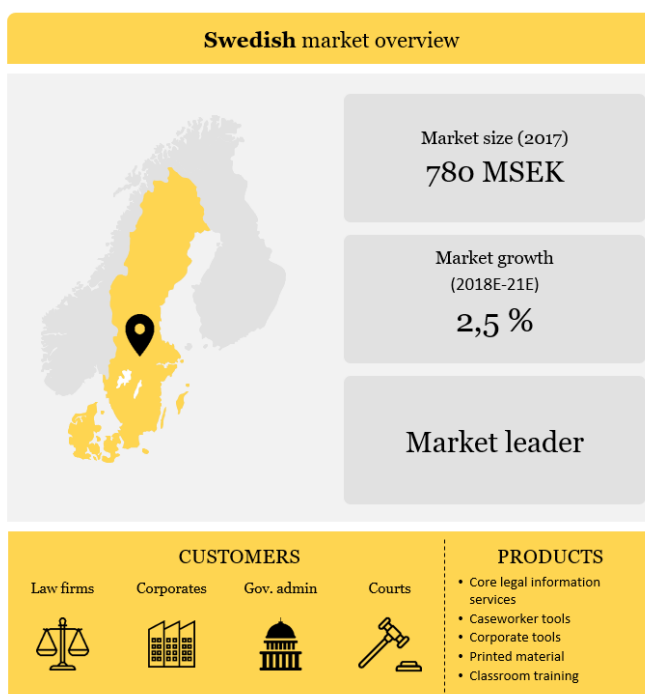
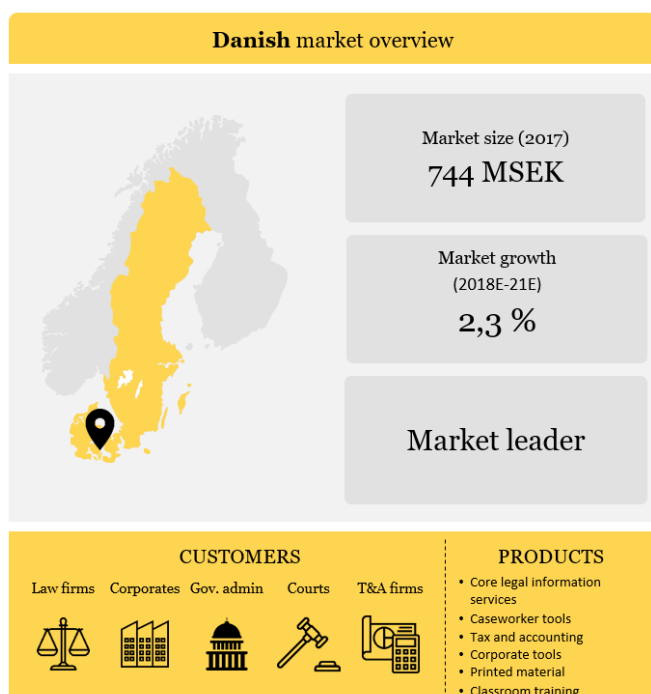
Introduction

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 courts, libraries, universities and other public authorities and municipalities.

Current 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 a market study conducted in 2018 by an independent consultant agency ("the Market Study"), the Currently Addressable Market amounted to approximately SEK 1,500 m in 2017 (approximately SEK 1,000 m online and approximately SEK 500 m offline) and the market was expected to grow by a compound annual growth rate ("CAGR") of 2.4 percent during 2018–2021. The expected total CAGR of 2.4 percent consists of an expected growth for online products and services of 4.0 percent and an expected decline of 1.1 percent 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 percent, while other services have an expected growth of 0.8 percent during the period). At the date of this Annual Report, Karnov Group still finds the data relevant. The Currently Addressable Market development by geography and by product and service type presented in the Market Study is illustrated in the charts below.



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.

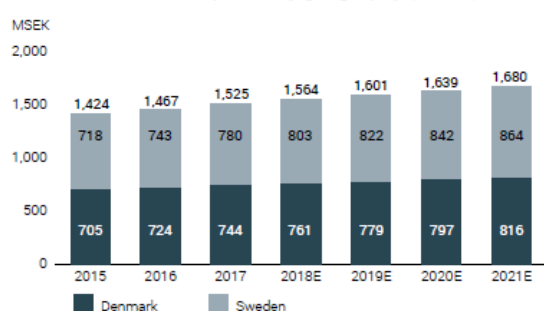
Market opportunity

According to the Market Study, Karnov can expand its total market opportunity. Expansion can be achieved through development of the Karnov's offering, new innovations both within the areas of knowledge and/or information where legal capacity and juridical specificity is high as well as through establishment of new processes and services making the work of professionals more efficient.

Karnov works in close collaboration with its experts and see a demand for service levels and feature packages on top of its core platform, helping the professionals in their work. These features can include advanced search algorithms, smart contracts and e-learning. Karnov will either develop these verticals on its own or seek to acquire relevant technology.

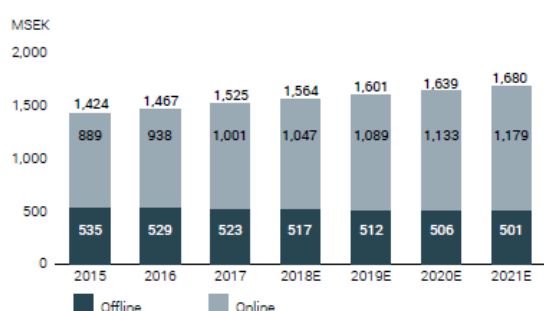
According to the Market Study, Karnov is well positioned for expansions through acquisitions into adjacent markets such as Finland, Norway and the Baltics. In 2020, Karnov expanded into Norway via a minority investment in Karnov Group Norway AS and the acquisition of DIBkunnskap AS.

Market development by geography (MSEK)



Source: Market Study.

Market development by product (MSEK)



Source: Market Study.

Key growth drivers in a competitive landscape

Karnov Group is actively following its different markets to stay relevant. The Market Study has identified certain qualities that customers in the Currently Addressable Market value. 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.

Customer needs

The Market Study identifies the following trends that drive customer needs for information products and services.

- >> **Increased complexity of legal work:** The large volume of legislation, regulation and case law 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, 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 drive spending on online products and services with high functionality.
- >> **Frequency of legislative change:** Changes in legislation drive 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.

Local CEOs of Karnov Group Denmark A/S and Norstedts Juridik AB



“I joined as new CEO of Karnov Group Denmark in April 2020. During the year, we have focused on developing new features for our online legal research platform and delivering new products related to legal research, such as our online library. The Covid-19 pandemic reinforced our strategic path of providing top quality online tools, and I am very satisfied with the market response from our customers and with our employees’ efforts. We are thrilled to launch our improved research platform in early 2021. The improved platform caters for continuous future developments and help our customers in making even better decisions, faster.”

Niels Munk Hansen, CEO Karnov Group Denmark A/S



“Since assuming my role as new CEO of Norstedts Juridik in May 2020, my ambition has been to identify the key elements that will drive our organisation forward. I am satisfied with the development in our offering for municipalities, and have also seen great progress in our business development. I am also pleased with the market response to our JUNO updates. We continuously strive to improve our processes and services, and look forward bringing more tools and features to the market in the future, ensuring efficiency and certainty for all our professionals.”

Alexandra Åquist, CEO Norstedts Juridik AB

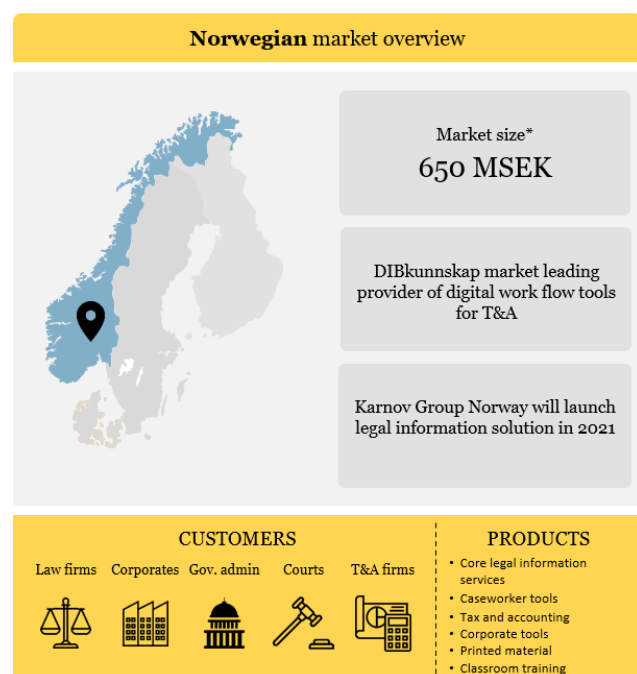
Karnov Group enters Norway

Norway a third market for Karnov Group

Karnov Group believes that access to the law is the foundation to every democratic society. Karnov Group has over 150 years of experience and an author network of over 1,500 experts in Denmark and Sweden. Our ambition is to be thought leader in the legal system in Scandinavia. We intend to leverage our position in our home markets, and in the second half of 2021 our minority investment Karnov Group Norway AS will launch core legal services in Norway through a platform collaboration with Lovdata.

Legal commentaries requested by the customers

The work of knowledge professionals, such as lawyers, auditors, tax advisors and government officials, is driven by a need for accuracy, reliability and quality. Karnov Group's network of authors gathers the finest legal minds in Scandinavia. As legislation constantly changes and practice continues to evolve, legal experts need guidance in their daily work to understand how to interpret the law. With their specialist knowledge and affirmed status in the legal community, Karnov Group's specialists and authors add a unique and second-to-none value for all legal professionals.



*Source: Market research, 2019 + Management assessment

The next step for Karnov Group Norway AS

Karnov Group Norway AS is currently preparing the launch of its Norwegian offering. A local management team is established, based in Oslo, and a network of well-renowned authors and legal experts has been contracted. Currently, commentaries are being written on the most commonly used Norwegian laws.

Karnov Group Norway AS is expected to launch its offering in the second half of 2021. You can already now have a preview of its offering here: <https://www.karnovgroup.no/karnov-group-norway-preview>

Karnov Group has acquired DIBkunnskap AS, the market leader in digital workflow tools for tax and accounting in Norway

In December 2020, Karnov Group entered an agreement to acquire DIBkunnskap AS, and the transaction was completed in January 2021.

DIBkunnskap is a market leader amongst accounting and auditing firms as well as large enterprises and provides knowledge and workflow solutions on the Norwegian market, with a strong focus on creating efficiencies in the workflows of professionals. The company was established in 1995 and has its offices in Lysaker, close to Oslo. The company is widely used among tax and accounting professionals and its services is widely appreciated for making daily tasks more efficient.

The transaction is entirely in line with our strategy to carry out selective and value accretive acquisitions. This acquisition allows us to continue our growth in a new vertical in Norway, while also allowing for expansion into Sweden as well as strengthening existing product vertical in Denmark.

Market opportunity in Norway

The total addressable market in Norway for our core legal services and tax and accounting offering is expected to be approximately SEK 650 m, and the market is expected to grow the coming period of time, with online products expected to grow and offline products expected to decline.

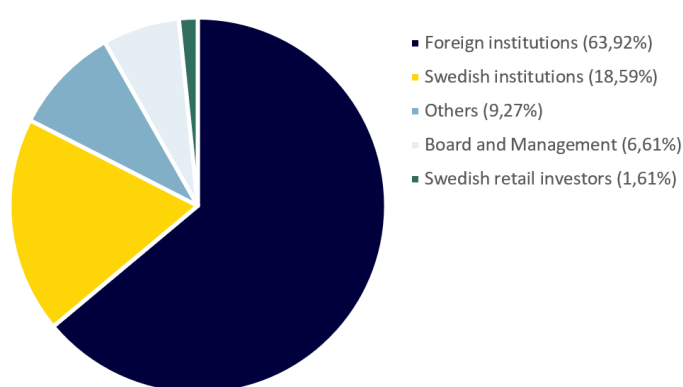
Karnov Group Norway AS's legal offering will be based on a platform collaboration with Lovdata, which is the most widely used platform for legal information on the Norwegian market. Karnov Group Norway AS will offer the Norwegian market a product with focus on commentaries and annotations and EU material.

DIBkunnskap will continue to leverage on its strong position in Norway, and leverage on Karnov Group distribution channels and capacity to drive market expansion. We also expect new product launches from DIBkunnskap, which will further drive growth.

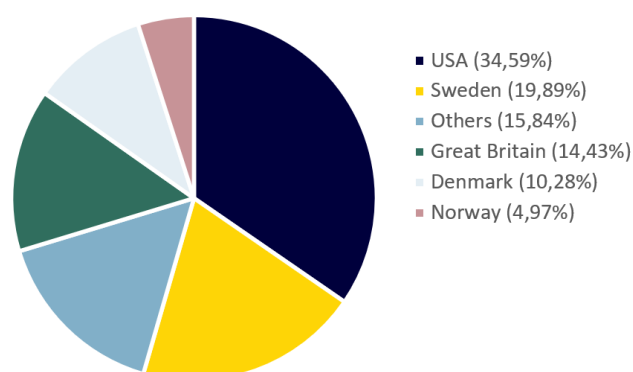
Moreover, DIBkunnskap has international ambitions and plan for expansion in additional countries over the coming years.

The Karnov share

Karnov's share is listed on Nasdaq OMX Stockholm Midcap under the symbol KAR. The offering price in the IPO was SEK 43. First day of trading was 11 April 2019. During 2020, the average trading volume was approx. SEK 5.0 m (15.6), with the highest trading price of SEK 62 (55) and the lowest price of SEK 42 (38.8).



SHARES BY OWNER CATEGORY



SHARES BY COUNTRY

SHARE PERFORMANCE INDICATORS

	2020	2019
Earnings per share, diluted (SEK)	1.02	0.03
Proposed dividend per share (SEK)	1.00	0.45
Share turnover ¹⁾	25%	62% ²⁾

¹⁾ Number of traded shares/number of outstanding shares

²⁾ This number was heavily impacted by the exit of FAPI in 2019

LARGEST SHAREHOLDERS

NAME	NO. OF SHARES	VOTES (%)	CAPITAL (%)
Kayne Anderson Rudnick	9,735,740	9.97	9.93
M&G Investment Management	5,168,176	5.29	5.27
Janus Henderson Investors	5,031,238	5.15	5.13
Lazard Asset Management	4,942,181	5.04	5.02
Fourth AP Fund	4,770,479	4.88	4.86
KIRKBI Invest A/S	4,600,000	4.71	4.69
Swedbank Robur Funds	3,805,220	3.89	3.88
Columbia Threadneedle	3,316,550	3.39	3.38
Board and Senior Executives	6,454,987	6.61	6.58
Others	50,271,343	51.45	51.25
Total	98,095,914	100.00	100.00

Share capital

As per 31 December 2020, the share capital in Karnov Group AB (publ) was SEK 1,509,168, divided between 97,670,567 ordinary shares and 425,347 shares of series C, both with a nominal value of SEK 0.015385. Each ordinary share entitles the holder to one (1) vote at general meetings, and each share of series C entitles the holder one-tenth (1/10) vote at general meetings. Ordinary shares are entitled to dividend, while shares of series C are not entitled to dividend.

During 2020, two issues of shares of series C have been conducted in order to secure Karnov's obligations under its share-related incentive programs LTIP 2019 and LTIP 2020.

On 5 January 2021, the Company issued 178,675 ordinary shares of series A, entitled to dividend, in connection with the acquisition of DIBkunnskap AS.

Shareholders

The number of known shareholders as per 31 December 2020, was 1,387 according to the record kept by Euroclear, which is close to 70 percent more than at the end of 2019. The ten largest shareholders controlled 48 percent of the Company's shares. North American ownership accounted for approx. 34 percent of the Company's shares and Swedish ownership accounted for approx. 20 percent of the Company's shares. The Board of

Directors and Senior Executives owned privately and via companies approx. 6.6 percent of the shares.

Trading in the share

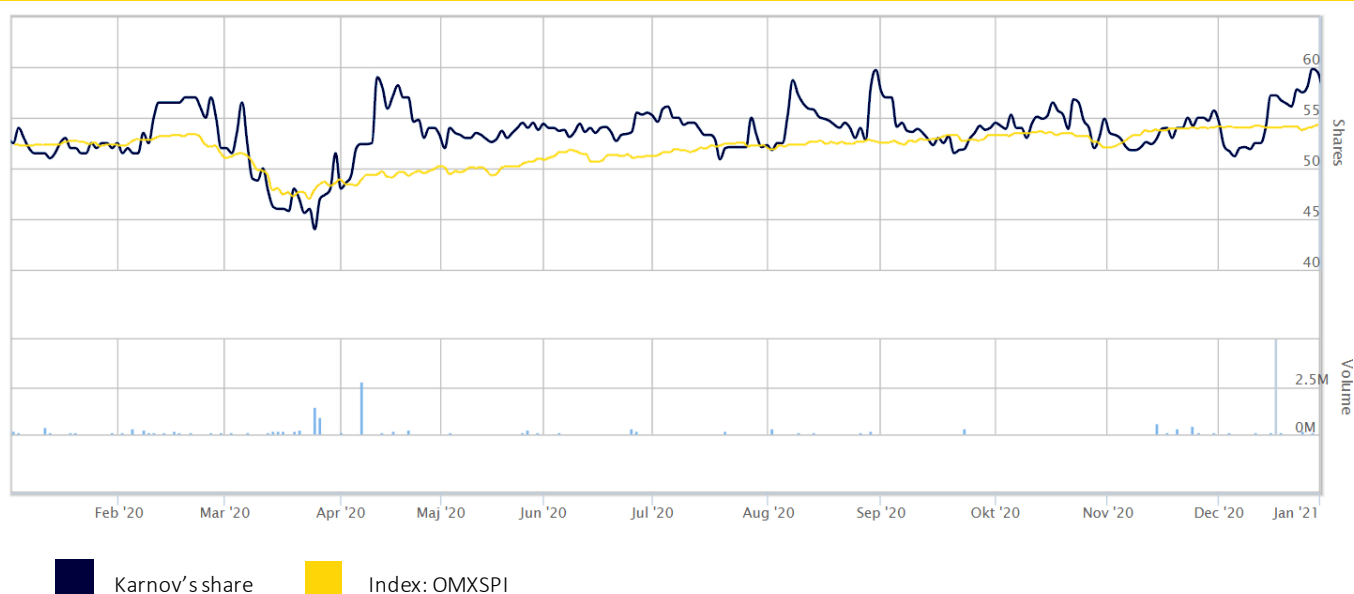
During 2020, the total trading volume was 24.2 million shares, worth SEK 1.3 billion. The average trading volume per day was approx. SEK 5.0 m. The highest trading price was SEK 62 on 14 April 2020 and the lowest price was SEK 42.4 on 26 March 2020. The closing price on 30 December 2020 was SEK 59.5, giving a total market capitalisation of approx. SEK 5.8 billion. This is an increase of 12 percent compared to 30 December 2019 and an increase of 38 percent compared to the offering price in the listing.

Annual General Meeting

The 2021 Annual General Meeting will be held on 5 May 2021. Due to the Covid-19 pandemic, the AGM will be held without the physical presence of shareholders, representatives and third parties. Shareholders are able to exercise their voting rights only by post before the meeting. Voting can be done digitally through a form for postal voting available on our website, where also the notice to convene the AGM can be found:

www.karnovgroup.com/en/general-meeting.

SHARE PRICE DEVELOPMENT AND NUMBER OF TRADED SHARES IN 2020





Corporate Governance Report



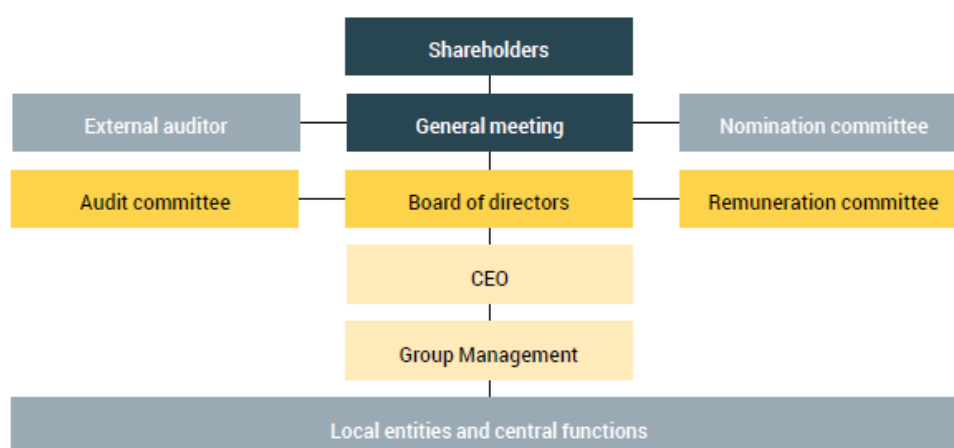
Corporate Governance Report

Karnov Group AB (publ) is a Swedish limited liability company domiciled in Stockholm, Sweden. Karnov Group AB (publ) was listed at Nasdaq Stockholm in April 2019 and has since applied The Swedish Corporate Governance Code ("the **Code**"). For 2020, the Company reports no deviations from the Code.

Corporate Governance within Karnov Group

The Corporate Governance within Karnov Group is mainly based upon Swedish legislation, e.g. the Swedish Companies Act, as well as the articles of association and internal rules, including policies and instructions. Companies whose shares are listed on a regulated market in Sweden shall also be compliant with the Code. The Code sets a higher standard for good corporate governance than the minimum standard 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.



General meetings

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 (6) 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

Shareholders who wish to participate in a general meeting must be included in the shareholders' register maintained by Euroclear Sweden AB ("Euroclear") on the day falling five weekdays (Saturdays included) prior to the meeting, and notify Karnov Group of their participation no later than on the date stipulated in the notice convening 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 shareholders' register maintained by Euroclear 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 (1) 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

Pursuant to the Code, Swedish companies whose shares are admitted to trading on a regulated market in Sweden are to have a nomination committee. The Annual General Meeting on May 5, 2020 resolved to adopt the below instruction for the nomination committee, which shall apply until further notice.

Instruction for the nomination committee of 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 AB as of 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 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 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 AGM.

The Nomination Committee is tasked with, ahead of the AGM, submitting proposals for a) chairman of the AGM, b) directors' fees and other compensation for committee work, c) election of directors, d) election of the chairman of the Board of Directors, e)

election of the auditor and auditor's fees, f) changes in the instructions for the Nomination Committee, if applicable, and g) other matters that according to the Swedish Corporate Governance Code, are to be handled by the Nomination committee.

In its evaluation of the Board of Directors' appraisal, and in its proposal, the Nomination Committee shall consider that the Board of Directors is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances. The Board members elected by the general meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The Nomination Committee is to strive for gender balance on the Board of Directors of the Company.

Remuneration shall not 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.

Nomination committee for the Annual General Meeting in 2021

- Michael Oliveros, Director of Global Equities, M&G Investments, U.K.;
- Thomas Ehlin, Corporate Governance, Fourth National Pension Fund, Sweden;
- Ulrik Grönvall, Corporate Governance, Swedbank Robur, Sweden; and
- Magnus Mandersson, Chairman of the Board of Directors, Karnov Group AB (publ).

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 (3) and no more than ten (10) 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 (2) of the board members who are independent of the Company and its executive management shall also be independent in relation to the Company's major shareholders. See "Board of Directors, Senior Executives and Auditor" on page 29 for an account of the board members' independence in relation to the Company, its executive management and its major shareholders.

Responsibilities of the Board

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.

Work of the Board

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. During 2020, the Board held eight (8) board meetings, excluding meetings by correspondence (per capsulam). Prior to each ordinary Board meeting, Board members receive a written agenda, based on the Board's established rules of procedure, and a complete set of documents for information and decision-making. Recurring items include the Company's financial results, the market situation, investments and adoption of the financial statements. Reports from the audit and remuneration committees are also regularly addressed. CEO Flemming Breinholt presents items for discussion at the meetings and attends all board meetings together with CFO Dora Brink Clausen, except during the annual performance review of their work. Erik Berggren serves as Board secretary. Other senior executives participate as presenters on specific issues. The company's external auditor meets the Board at least once per year without management participation.

Evaluation of the Board

On an annual basis, the Board shall evaluate its formalities and way of working to ensure that the Board work is well functioning. The evaluation includes strategy and where the Board shall focus and identification of areas where the Board needs additional

competence. The evaluation also includes whether the Board composition is appropriate. The Nomination Committee is using the evaluation in its work.

The Chairman of the Board initiates and leads the evaluation of the Board. Evaluation tools include detailed questionnaires and discussions. Early in 2021, the Board members responded to a written questionnaire covering the Board work in general as well as the work of the respective committees. The results from the evaluations were presented to the Board and were thoroughly discussed. The Nomination Committee was informed of the results of the Board work evaluation.

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 (1) 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 Salla Vainio. 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; and
- f) assist the nomination committee in conjunction with its preparation of proposals to the general meeting's resolution regarding election of external auditor.

During 2020, the Audit Committee held five (5) meetings at which minutes were taken. Discussions and decisions at all meetings of the Audit Committee have been reported to the Board of Directors.

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 Salla Vainio. 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.

During 2020, the Remunerations Committee held two (2) meetings at which minutes were taken. Discussions and decisions at all meetings of the Remunerations Committee have been reported to the Board of Directors.

Attendance in Board or Committee meetings

The following table presents each member of the Board of Directors' attendance in meetings in 2020.

	Board Meetings	Audit Committee	Remuneration Committee
Magnus Mandersson	8/8	5/5	2/2
Ulf Bonnevier	8/8	5/5	2/2
Lone Møller Olsen	8/8	5/5	-
Mark Redwood	8/8	-	-
Salla Vainio (was elected in connection with AGM on 5 May 2020)	5/8	1/5 ¹⁾	-

¹⁾Salla Vainio was elected to the Audit Committee in November 2020.

Remuneration to the Board of Directors

The Annual General Meeting on 5 May 2020 resolved on the following remuneration to the members of the Board of Directors until the Annual General Meeting 2021.

(TSEK)	Board fee	Audit Committee fee	Remuneration Committee fee	Total 2020
Magnus Mandersson	575	50	100	725
Ulf Bonnevier	315	50	35	400
Lone Møller Olsen	315	150	-	465
Mark Redwood	315	-	-	315
Salla Vainio	315	50	35	400
Total	1,835	300	170	2,305

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” on page 31 in this Annual Report.

Evaluation of the CEO

On an annual basis, the Board shall evaluate the CEO to ensure that the Company is being operated in the best way possible. The evaluation focuses on whether the CEO has accomplished the stated objectives, how the co-operation with the Board of Directors has worked and the general development of the Company. No Senior Executive is present when the Board is evaluating the leadership of the Company.

The Board has conducted an evaluation in 2020. The results from the evaluations were presented to the CEO and were thoroughly discussed. Further, Karnov also conducts internal engagement reports on half-year basis, where the employees have the possibility to evaluate both the CEO as well as the Senior Executives in elected areas.

Current employment terms for the CEO and the other senior executives

The CEO is entitled to an annual fixed salary of TSEK 2,985 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 percent of the annual fixed salary. Pursuant to the current guidelines for remuneration to the senior executives, the bonus shall not exceed 100 percent 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, the notice period is up to nine (9) months in case of termination by Karnov and up to four (4) months in case of termination by the senior executive.

Guidelines for remuneration to the senior executives

The Annual General Meeting on 5 May 2020 resolved on guidelines for executive remuneration. The guidelines encompass salary and other remuneration for the Company’s CEO and other senior executives. The guidelines also encompass remuneration to Board members insofar as they receive remuneration in addition to Board fees for services relating to a position covered by these guidelines. The guidelines shall apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines at the AGM 2020. These guidelines do not apply to any remuneration resolved by general meeting.

The guidelines promotion of the Company’s business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the Company’s business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration. For information

about the Company’s business model and strategy, see the Company’s website (www.karnovgroup.com/).

A Long-term share-related incentive plan in form of a share saving program has been implemented in the Company. The plan has been resolved by a general meeting and is therefore excluded from these guidelines. The long-term share-related incentive plan resolved on the AGM 2020 is excluded for the same reason. Unlike the program resolved by the extraordinary general meeting 2019, the proposed plan is directed only to two additional senior executives. The proposed plan follows otherwise similar principles as the long-term incentive program resolved by the extraordinary general meeting 2019. The plans include among others the CEO and other senior executives in the group. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see <https://www.karnovgroup.com/en/incentive-program/>.

Types of remuneration

Remuneration and other terms and conditions of employment shall be adequate to enable the Company and the group to retain and recruit skilled senior executives at a reasonable cost. The remuneration to senior executives may consist of fixed remuneration, variable remuneration, pension, other benefits and severance payment and it shall be based on principles of performance, competitiveness and fairness. The general meeting can also, irrespective of these guidelines, resolve on, among other things, share-related or share price-related remuneration.

Fixed remuneration

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

Variable remuneration

Variable remuneration may comprise annual variable cash salary and long-term variable pay in the form of cash. Variable remuneration shall be subject to the fulfilment of defined and measurable targets. 60 per cent of the variable remuneration is based on financial performance decided by the Board of Directors based on the Company’s financial targets, 20 per cent of the variable remuneration is based on non-financial performance activities decided by Board of Directors to achieve the financial targets and 20 per cent of the variable remuneration is based on individual targets contributing to the overall targets of the Company. This creates incentives to promote the Company’s business strategy, long-term interests and sustainability.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 100 percent of the total fixed annual salary and the variable cash remuneration for the other senior executives may amount to not more than 75 percent of the total fixed annual salary. Variable cash remuneration shall not qualify for pension benefits unless otherwise provided by mandatory collective agreement provisions.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

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 total fixed annual salary and maximum variable cash salary, and is not paid more than once per year and per individual.

Pension

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. The CEO shall receive pension premiums of 10 percent of the total fixed annual salary. Other senior executives shall receive pension premiums of no more than 35 percent of the total fixed annual salary.

Other benefits

Other benefits, such as a Company car, preventive care, health care and health insurance, may be paid in accordance with customary market terms. The other benefits shall amount to not more than 10 percent of total fixed annual salary.

Termination of employment

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 12 months for the CEO and no more than 12 months for other senior executives. No severance pay shall be paid in the case of termination by the employee.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Remuneration to senior executives

The following table presents the remuneration paid to the senior executives in 2020. For further information, please refer to note

7 and the Remuneration Report 2020, available on <https://www.karnovgroup.com/en/general-meeting-2021/>.

(TSEK)	Ordinary compensation	Other benefits	Pension benefits	Total
CEO	2,985	1,609	298	4,892
Other senior executives	12,025	3,822	1,790	17,637
Total	15,010	5,431	2,088	22,529

Long-term incentive programs to senior executives and other employees

The Extraordinary General Meeting on April 10, 2019 decided to 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. A total of 151 permanent employees in Karnov are participating in the share saving program. The participants are divided into five different categories depending on position. 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 425 347 ordinary shares, corresponding to approximately 0.4 percent of the total number of shares outstanding in the Company.

Internal control

General

Karnov has established an internal control system aimed at achieving an efficient organisation that meets the targets set by the Board of Directors. This system includes work to ensure that 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 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 assessments, which are followed-up and reported quarterly. 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 quarterly 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 Karnov's reporting is accurate and reliable.

In 2020, Karnov has implemented a third party GRC (Governance, Risk and Compliance) tool to manage and control, in an efficient and automated way, self-assessments on a quarterly basis.

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 Investor Relations Specialist is responsible for this function, reporting to the CFO.

Monitoring and follow-up

A self-assessment of internal control requirement effectiveness shall annually be performed and followed-up quarterly and facilitated by the CISO. The CISO must present the self-assessment report for the Group Information Security Board. 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 CISO.

External audit

The auditor shall review Karnov Group's financial 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 2020, the total remuneration to Karnov's auditor was TSEK 2,856 (3,450), of which TSEK 2,066 (2,689) related to the Company. Of the total audit remuneration, TSEK 1,643 (995) is related to other audit services.

Board of Directors, Senior Executives and Auditor

Board of Directors

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 2021. 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.



Magnus Mandersson

*Chairman of the Board since 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 Tampnet AS. Board member of Albert Immo Holding S.à.r.l., PMM Advisors S.A. and Interogo Foundation (supervisory council, Beirut). Senior Independent Director of Helios Towers Africa Plc.

Previous positions: Chairman of Next Biometrics Group ASA, Doro AB and Red Bee Media Sweden AB. Board member of Lund University. Executive vice president of Telefonaktiebolaget LM Ericsson.

Own and closely associated holdings: 100,000 shares.

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



Lone Møller Olsen

*Board member since 2018.
Chairman of the Audit Committee.*

Born: 1958

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

Other current positions: Board member of Tryg A/S, Jetpak AB, KNI 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: Partner at Deloitte Denmark.

Own and closely associated holdings: 6,976 shares.

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



Salla Vainio

*Board member since 2020.
Member of the Audit Committee and the
Remuneration Committee.*

Born: 1969

Principal education: Master of Science in Economics, Helsinki School of Economics.

Other current positions: CEO of Marketing Clinic, Board member of QPR Software and Directors' Institute Finland.

Previous positions: CEO of Fondia, Chairman of the Board of Motiva and Board member of Motiva.

Own and closely associated holdings: -

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



Ulf Bonnevier

Board member since 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: CFO of Tampnet AS.

Previous positions: CFO and Executive Vice President of Humana AB. Country Director of Ipsos. CFO Western Europe of Synovate. CEO of Wolters Kluwer Scandinavia.

Own and closely associated holdings: 12,000 shares

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



Mark Redwood

Board member since 2011.

Born: 1960

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

Other current positions: Chairman of Delio Ltd and Spektrix Ltd.

Previous positions: Chairman of Achilles Holdco Ltd, SSP Topco Ltd and BGPH Holdings Ltd. Board member of CR7 Services Ltd, Barracuda FX Ltd, CashFlows Europe Ltd, Reuters Ltd, Reuters Transaction Services Ltd and Tradeweb Markets LLC.

Own and closely associated holdings: 2,068,064 shares.

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

Senior Executives

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



Flemming Breinholt
Group CEO since 2014.

Own and closely associated holdings:
2,368,049 shares.



Dora Brink Clausen
Group CFO since 2014.

Own and closely associated holdings:
1,184,078 shares.



Alexandra Åquist
CEO of Norstedts Juridik since 2020.

Own and closely associated holdings:
4,651 shares.



Niels Munk Hansen
CEO of Karnov Group Denmark since 2020.

Own and closely associated holdings:
4,651 shares.



Jesper Kingo Christensen
Group Chief Technology Officer since 2018.

Own and closely associated holdings:
4,650 shares.



Anne Nørvang Hansen
Group Content Strategy since 2012.

Own and closely associated holdings:
576,396 shares.



Charlotte Arup
Group CHRO since 2017.

Own and closely associated holdings:
4,651 shares.



Magnus Svernlöv
Executive Manager for the Stand-alone companies since 2019.

Own and closely associated holdings:
120,821 shares.

Additional information regarding the Board members and Senior Executives

All Board members and senior executives can be reached at Karnov's address: Warfväges väg 39, SE 112 51 Stockholm, Sweden. There are no family ties between any of the Board members and/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 5 May 2020 re-elected PricewaterhouseCoopers AB, corporate registration number 556067-4276, as auditor for the period until the close of the annual general meeting 2021. 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 PricewaterhouseCoopers AB, SE-113 97 Stockholm, Sweden.

Auditor's Report on the Corporate Governance Statement

This is a literal translation of the Swedish original report

To the annual meeting of the shareholders in Karnov Group AB (publ.), corp. id. No. 559016-9016.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2020-01-01 - 2020-12-31 on pages 20-32 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 30 March 2021

PricewaterhouseCoopers AB
Aleksander Lyckow
Authorized Public Accountant

A photograph of two women in professional business attire. The woman on the left is a Black woman with dark hair pulled back, wearing a light grey blazer over a white shirt and grey trousers. The woman on the right is a white woman with blonde hair, wearing a white blazer with black piping over a white top and black trousers. They are both smiling and looking at each other in a warm, indoor setting with wooden paneling and a window in the background.

Sustainability Report

Sustainability Report

For Karnov, sustainability means creating long-term value in a responsible manner for the Group and its stakeholders. Karnov creates value by combining expertise with new technology in an increasingly digitalised world, strengthening the foundation for justice in our society.

About the sustainability report

Karnov's sustainability report relates to the fiscal year 2020. The sustainability report covers the parent company Karnov Group AB (publ) (reg. no. 559016-9016) and covers all entities consolidated in the consolidated financial statements of Karnov Group for the same period, which are specified in Note 15 of the Annual Report. The sustainability report is prepared in accordance with the provisions of Chapters 6 and 7 of the Annual Accounts Act. No significant changes have taken place in the application of accounting principles or the scope of the reporting compared with last year.

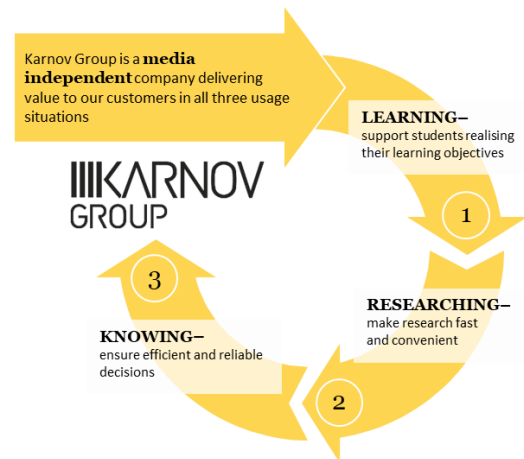
The Board of Directors of Karnov Group AB has, when signing the Annual Report, also approved the sustainability report.

How Karnov creates value

Karnov is a leading provider of online and offline information products and services in the areas of legal, tax and accounting and environmental, health and safety in Denmark and Sweden. Karnov's overall vision is to enable the users of our products and services to make better decisions, faster. Karnov aims to promote our experts and expand our role as an authority, strengthening the foundation for justice in society.

The work of knowledge professionals, such as legal practitioners, auditors, tax advisors, other consultants, academics, judges and public 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. With the increasing pace of change and expanding legal material, coming from different regulatory bodies at different hierarchical levels, knowledge professionals have a growing need for access to tools to help them navigate in this environment.

Karnov aims to create value based on a solid understanding of the complexity of our customers' businesses. Media-independent and with a constant focus on striving to deliver the highest level of quality, Karnov has a broad offering of information and workflow services that support the three different contexts:

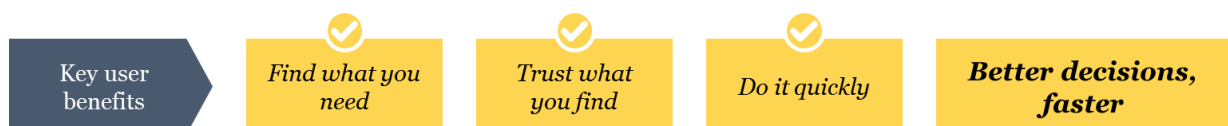


- **Learning:** Karnov strives to deliver online and offline solutions that are tailored for specific learning areas, both in the academic context and for practitioners' continuous learning. Karnov's publication businesses in Denmark and Sweden have delivered content for students and practitioners for 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 aims to provide the insight needed. Karnov has contracts with a network of over 1,500 legal experts available to contribute with authored content.
- **Knowing:** Through its workflow management solutions 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 regulations and case law.

Karnov's value proposition involves three main strategic objectives aimed at customer excellence:

- Deliver the highest quality of content
- Provide a state-of-the-art user experience
- Support workflow efficiency


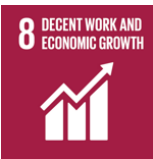

Karnov's products are largely digital, including subscription-based online solutions for law firms, tax and accounting firms, corporates and the public sector, for example, universities, public authorities and municipalities. Karnov also publishes and sells books and journals and hosts legal training courses. By integrating public legal content with legal experts' commentaries and analysis Karnov provides a legal information system to more than 80,000 users.



Karnov's contribution to UN's global sustainability goals

To create a sustainable society, world leaders committed themselves to achieving 17 global targets by 2030. The goals cover a broad range of areas, both social and environmental, and achieving them requires collaboration among civil society, politicians, scientists and industry. Karnov wishes to actively

contribute to the target areas in which it has the power to influence. The goals we consider most relevant to our operations are presented below together with a description of how Karnov's initiatives help to achieve these goals.

Goal	Sub-goal	Karnov's work
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	Karnov is committed to providing and promoting equal opportunities throughout all aspects of employment including recruitment and promotion. We offer an inclusive workplace regardless of sex, age, physical abilities, sexual orientation, ethnicity or religious belief. Our framework for ensuring this includes the Code of Conduct and an equality and diversity section in our personnel handbook.
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Through the development of accurate, reliable and high-quality content combined with innovative technology and process tools, Karnov supports the work of knowledge professionals, such as legal practitioners, auditors, tax advisors, other consultants, academics, judges and governmental officials. Further, Karnov spreads knowledge to the groups above using its proprietary report "The Future Lawyer Survey", which is presented later in this report.
	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all. 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.	Karnov aims to contribute to raising legal standards and thereby strengthen the foundation for justice in our society. The core of Karnov's work is to make the true pillar of democracy - the law - accessible, sharable and debatable – enabling our customers to make better decisions, faster. Media-independent and with a constant focus on delivering the highest level of quality, Karnov has a broad offering of information and workflow solutions that support different usage needs. In 2020, Karnov contributed by keeping relevant information on the Covid-19 pandemic publicly available on its platform, which is presented later in this report.

Governance and implemented framework

Karnov's Board of Directors has the overall responsibility for questions relating to sustainable business. The CEO is responsible for execution of the Board's decisions and strategies. Within the Group Management team, Karnov's Group CHRO has the overall responsibility for sustainability work. All Karnov's employees have a responsibility to actively contribute to the Group's sustainability efforts in their areas of responsibility, and each manager is responsible for monitoring and ensuring compliance.

Karnov has established policy documents and guidelines as well as Group collaboration functions with specific areas in focus, ensuring attention and progress. The policies are annually revised and approved by the respective policy owner.

In addition to the sustainability governance framework described below, the Group also has an overall corporate governance policy as well as risk assessment and internal control procedures.

Policy	Aim	Ownership	Follow-up
Code of conduct	Serves as the foundation for Karnov's corporate values and ethical commitment and describes the core principles of the Group's business conduct and integrity including business ethics. It is intended to provide guidance regarding what behaviour is expected from each employee in their daily work and what can be expected from the Group as an employer. It is also essential for customers and business partners to always feel confident that Karnov not only complies with legal requirements but also meets high ethical and professional standards. Authors and suppliers shall pay due attention to the Code.	Group HR	Signed by all employees, authors and customers. Senior personnel such as supervisors and managers have the extended responsibility to engage in ethical issues and translate the Code and other associated governing policies into local rules and procedures.
Equality policy, Diversity and equality section in personnel handbook	Using information, Karnov shall increase awareness of equality issues and strive for an open attitude and equal treatment throughout the organisation.	Group HR	Employee survey conducted twice a year through external supplier.

Policy	Aim	Ownership	Follow-up
Whistleblower function	Good relationships, a healthy working environment and exemplary business ethics are crucial to the long-term success of Karnov. It is important for us to identify corruption, irregularities or fraudulent acts that can seriously damage the business or negatively impact our employees, and that such incidents are investigated at as early a stage as possible. For this reason, we have set up a whistleblower function. Karnov has implemented an external setup to ensure anonymity and has established a Group Ethics Committee to guarantee impartial action.	Group CISO	Any information from whistleblowers is handled by an external and independent party before being presented to the Group Ethics Committee.
Communication policy and social media guidelines	Provides all employees at Karnov with a set of shared guidelines for internal and external communication including social media and crisis communication. It also describes the division of responsibilities and the spokesperson structure for media contacts.	Group CEO	The policy is reviewed and reported annually, with control routines in place and reported quarterly.
Information security policy	Sets out that Karnov should embed security in the Group's daily work and monitor compliance to protect our customers, Karnov as a company, our brand, our employees and our business against interruptions and outages, as well as reducing risk and loss by preventing and managing unwanted incidents and breaches.	Group CISO	Control effectiveness objectives defined in 2020. Information Security Board implemented with regularly scheduled meetings.
Business Continuity Plan	The purpose of this plan is to provide executive management, all staff and other relevant stakeholders with an assurance that the Company is prepared for and able to take actions to restore the most business-critical processes, functions and systems in the case of a disaster in an efficient way.	Group CEO	If invoked, all important decisions and events should be logged in accordance with the plan.
Privacy policy	The policy sets out how the Group processes and protects personal data. The policy also focuses on compliance initiatives conducted to ensure compliance with applicable data protection legislation at all times.	Group CEO	Data protection officer (DPO service) and internal Data protection manager (DPM) appointed.

Stakeholder engagement

The key to sustainability work that contributes to long-term value creation is to understand the surrounding world and stakeholders' expectations. Karnov continuously engages in dialogue with various stakeholder Groups throughout the year. Such engagement provides an insight into the external environment's expectations of Karnov's operations, which offers important guidance for

establishing the Group's priorities and activities in relation to various sustainability issues. Below, we present the dialogue with our most important stakeholders, our key information channels, areas discussed and the contribution to Karnov's value creation.

Stakeholder group	Channel	Areas discussed and value creation
Customers	<ul style="list-style-type: none"> Regular NPS (Net Promoter Score) surveys Ongoing dialogue in sales and marketing Events and awards Advisory boards 	<ul style="list-style-type: none"> Identifying customer needs Trends in the industry Innovation and technological development Legislative developments and the consequences for our customers' daily work (interpretation and best practice)
Authors/Specialists	<ul style="list-style-type: none"> Regular NPS (Net Promoter Score) surveys Ongoing dialogue Events Advisory boards 	<ul style="list-style-type: none"> Providing platforms for specialists to promote their knowledge Foster brand and product loyalty Transparency in product and brand development
Employees	<ul style="list-style-type: none"> Intranet collaboration tool Health & Safety Committee All-employee meetings Regular employee survey performed twice a year Yearly development discussions Ongoing monthly one-on-one dialogue Collaboration with unions and local union branches in Sweden 	<ul style="list-style-type: none"> Healthy work environment The Company's development, targets and strategies Information sharing and transparency contributing to a strong internal culture and brand Competence and training Safeguarding diversity and equality Terms, agreements, organisational changes, development
Students	<ul style="list-style-type: none"> Collaboration with universities Internship and employment of students "Railgirls" – a society of young developers hosted by Karnov Advisory board of students Sponsorships to students Awards Kaius – a social channel for law students in Denmark 	<ul style="list-style-type: none"> Introducing student edition of Karnov as platform for learning, researching and knowing Education in Karnov's platform to students Corporate and legal branding as well as employer branding
Legal industry	<ul style="list-style-type: none"> Events such as Elevate Legal in Scandinavia and SMV Forum in Denmark (some events cancelled in 2020 due to the Covid-19 pandemic) The future lawyer survey 	<ul style="list-style-type: none"> Trends and needs Promoting Karnov Group as a front-runner contributing to legal standards
Media and the public	<ul style="list-style-type: none"> Press releases Interviews Websites and social media 	<ul style="list-style-type: none"> Transparency Understanding of Karnov's services and operations
Owners	<ul style="list-style-type: none"> Annual general meetings and contact with the Board Investor meetings 	<ul style="list-style-type: none"> Strategies and long-term financial sustainability Stability, development, quality and customer satisfaction

Business sustainability 2020

Numbers within brackets is comparing figures for the fiscal year 2019.

NUMBER OF REPORTED AND INVESTIGATED CASES OF SUSPECTED
BREACHES OF THE CODE OF CONDUCT

0 (0)

CUSTOMER CONTRACTS EXTENDED (%)

97 % (97 %)

Materiality analysis, risk assessment and road map

Prior to preparing the sustainability report, Group Management performed an internal materiality analysis. The analysis was also based on the ongoing dialogue with key stakeholders. The materiality analysis helps Karnov understand the sustainability areas that are of greatest importance for the business. The results of the analysis thus provide important guidance for the sustainability efforts and also help to establish the focus of the Group's reporting. Potential risk areas and management of identified risks are described below together with the performance indicators that Karnov finds most relevant to the Group's operations.

Since 2016, Karnov has an established annual risk assessment process for the Group. By identifying the risks that may have the

greatest impact on our ability to conduct business, and which can probably occur in relation to the activities conducted, Karnov can work preventively with management of these risks. Going forward, we aim to incorporate the sustainability risk areas within this risk assessment process. We also intend, in dialogue with our key stakeholders, to perform a more extensive and structured materiality analysis. In Sweden, at Norstedts Juridik, we have established a Sustainability Council with responsibility for coordinating and developing a road map for more systematic sustainability work to be implemented by managers in charge of different operational areas.

Sustainability related risk areas and risk management and outcome in 2020

Risk	Potential risk area	Management of the risk
SOCIAL CONDITIONS AND EMPLOYEES		
Ability to attract and retain competence	Access to competent employees and expertise is critical to Karnov's business in order to deliver high quality content and solutions. The competence, commitment and relationship with our employees and authors/specialists are critical factors in ensuring that our customers are satisfied with our different products and solutions. If Karnov's employees are unhappy or are no longer committed, there is a risk they will resign or go on sick leave. If the Karnov brand is damaged, there is also a risk that it will become more difficult for Karnov to retain and attract new employees and specialists.	Karnov aims to create an attractive and healthy workplace. We continuously seek and promote the development of a strong culture where the customer comes first, ultimately contributing to a strong brand. Assessment of the company's ability to maintain a healthy workplace with satisfied employees and attraction, development and retention in focus, is based on employee satisfaction surveys, exit interviews, analysis of employee turnover, absence and sick leave. Karnov has continued to work on developing its employee offering. Karnov's Code of Conduct and personnel handbook govern a healthy work environment for our employees. A key component of the integration process of Norstedts Juridik has been to conduct regular pulse checks. Karnov also focuses on maintaining a strong author base across our markets by continuous dialogue, networking events and attractive remuneration terms. Karnov continually measures author satisfaction through an author-specific Net Promotor Score survey (willingness to recommend Karnov as a publisher of your work).
Discrimination and lack of gender equality	Discrimination on the basis of gender, age, ethnic origin, religious belief and sexual orientation is unlawful and any shortcomings in this regard may result in reputational damage, a less favourable workplace environment with reduced productivity as a consequence, difficulties to recruit and retain personnel, as well as claims for damages.	Karnov prohibits discrimination and harassment. No one should suffer discrimination or harassment connected with gender, cross-gender identity or expression, ethnicity, religion or other religious belief, functional impairment, sexual orientation and age. This is clearly stated in Karnov's Code of Conduct and in the diversity and equality section of the personnel handbook. We firmly believe that treating each other with respect and dignity ensures a healthy and productive work environment. The Company has routines in place regarding how discrimination and harassment at the workplace are to be handled.
Management of pandemics	Health and well-being among employees are two key factors in Karnov's business in order to deliver high quality content and solutions. In a pandemic, there is risk that employees are unhappy and need support, and there is risk that they will go on sick leave. Further, there is risk that employees when working from home have worse workstations ergonomically, with which a risk of injuries follows.	During the Covid-19 pandemic, Karnov has strictly adhered to the regulations and recommendations from the authorities in Sweden and Denmark. Employees have worked mainly from home, and the office spaces have been adjusted so employees have been able to keep sufficient distance. Employees have the opportunity for all the work tools to also be installed at home. During the pandemic, regular pulse checks have been made.

Risk	Potential risk area	Management of the risk
RESPECT FOR HUMAN RIGHTS		
	Karnov perceives no obvious risks of violations of human rights as a consequence of our business. Karnov does not conduct any business in countries identified as high-risk countries.	Karnov's Code of Conduct is partially based on the principle of human rights established by the UN and must be complied with by all employees.
ANTI-CORRUPTION		
	Karnov has zero tolerance for bribery and corruption. This is clearly stated in Karnov's Code of Conduct. The risk of corrupt behaviour is relatively limited and arises primarily in connection with purchasing and sales.	Good relationships, a healthy working environment and exemplary business ethics are crucial to the long-term success of Karnov. It is important for us to identify corruption, irregularities or fraudulent acts that can seriously damage the business or negatively impact our employees, and that such incidents are investigated at as early a stage as possible. A whistleblowing function has been set up to make it simpler for those who wish to provide information about irregularities that conflict with applicable laws, ethical and moral principles, or Karnov policies. Karnov has implemented an external setup to ensure anonymity and has established a Group Ethics Committee to guarantee impartial action. Karnov's Code of Conduct also covers bribery and corruption and the Code is communicated to and signed by all employees.
ENVIRONMENT		
Buildings, transport and printing	Environmental risks are primarily related to the buildings in which Karnov operates and business travel. According to the Swedish Environmental Code ("Miljöbalken") operators are responsible for any pollution or other environmental damage and for remediation. There are also risks related to climate change, such as higher risk of floods, land collapses, landslides, erosion and heat-waves.	Being a service company, the environmental impact from Karnov's operations is limited. Karnov actively works to reduce the Group's direct environmental impacts, for example usage of raw materials such as paper and energy. We continually seek to improve our environmental performance by aspiring towards good industry practice in terms of environmentally friendly procedures, standards, business relations, and technology. To reduce our emissions, we travel only when absolutely necessary and strive to always communicate digitally, via the Internet, to minimise our use of paper, printing, and transport. Printing of books and publications is managed by suppliers and environmentally friendly paper is used. In 2020, we have changed to a green energy supplier for our Copenhagen offices, and only allow electric cars for the management of Norstedts Juridik. We have also implemented the possibility to choose a green pension fund for employees of Norstedts Juridik.
Other risks	We have identified no other significant sustainability risks. For other risks, see the Risk and risk management section on page 50 and Note 3.	

Information security and integrity 2020

Numbers within brackets is comparing figures for the fiscal year 2019.

REPORTED CASES OF VIOLATION OF HUMAN RIGHTS

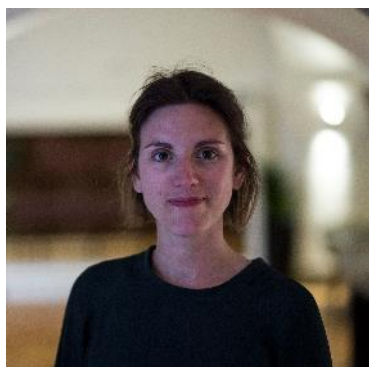
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REPORTED CASES OF MISCONDUCT

0 (0)



Our Karnov



STEPHANIE PEREZ – BUSINESS FLEXIBILITY PRODUCT MANAGER

Located in: Copenhagen, Denmark

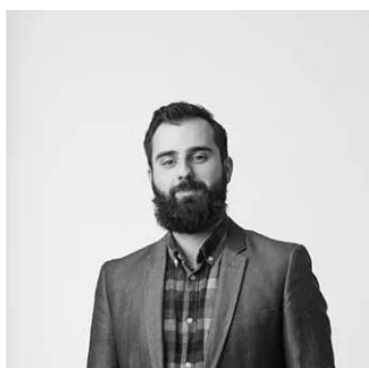
"I have been part of the Karnov team for almost three years now and it often feels like I have landed the dream job. I work as a Product Manager, and along with my team, I work on delivering amazing experiences to our customers developing Karnov's digital products. We focus very much on customer feedback and data to make our decisions when it comes to product development. I feel like Karnov gives me the chance to grow in my role as Product Manager, and that I am growing into becoming the Product Manager, I always wanted to be."



MÅNS FORNANDER – HEAD OF NOTISUM AB

Located in: Malmö, Sweden

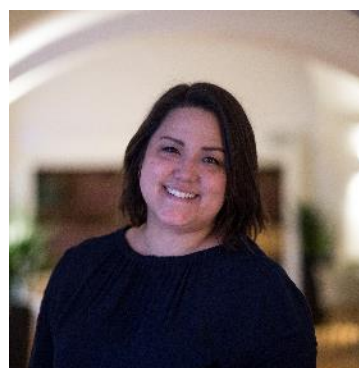
"I am the Head of Notisum AB, which is a SaaS product specialised in the field of EHS (Environmental, Health, and Safety) and legal compliance, providing law monitoring, legal registers, and compliance checks. Our market is growing, with increasing market demand, due to a global EHS focus and clear requirements in the ISO suite of Management Systems. We have been part of Karnov Group since 2016, which has given us the possibility of scaling our business, and we are well-positioned with talented employees to grow the coming years, including an initiated market entrance in Europe."



SELCUK ÜNLÜ – PRODUCT OWNER (TRAINING)

Located in: Stockholm, Sweden

"I joined Norstedts Juridik ten years ago, starting my career as a legal news editor. Since more than five years, I am responsible for our legal training courses. As you can understand, 2020 has been a special year, where we have done almost all training courses virtually. Thanks to a strong team effort, we managed to do the transition swiftly and smoothly, with great customer feedback. With our important role in the society, it's important that we keep developing our offerings and keep listening to what the market demands."



YUKI HERDIS HANSEN – LEGAL PRODUCT OWNER

Located in: Copenhagen, Denmark

"My job in Karnov is to make sure that any update or change to our existing legal product always meets our users' high expectations. It is especially rewarding when we receive positive feedback from our users, telling us that our solution has helped them in their daily work. That gives me purpose and renewed energy, so that I can go on and start working on the next new idea. In my role, I am fortunate to get to work closely with many talented and inspiring colleagues. I see this cross-organizational collaboration as the key to Karnov's success. I am proud to be a Karnovian and excited to see what the future brings for our company."

Short-term incentive program for employees

Karnov has established a short-term incentive program based on employees' personal performance targets as well as targets for Karnov's financial performance. The incentive program is thus based on an individual assessment and the total sum of Karnov's financial targets. All employees, except for student assistants, consultants (contractors), interns, office trainees and employees

working on commission, are eligible for the incentive program, which is paid in cash annually.

The objective of the short-term incentive program is creating an incentive in developing Karnov's business among the Company's employees.

Social sustainability 2020

Numbers within brackets is comparing figures for the fiscal year 2019.

AVERAGE NUMBER OF EMPLOYEES (FTEs)

246 (252)

NATIONALITIES EMPLOYED

29 (19)

WOMEN WITHIN THE GROUP

53 % (50 %)

WOMEN WITH STAFF RESPONSIBILITY

44 % (45 %)

WOMEN IN GROUP MANAGEMENT

50 % (37.5 %)

EMPLOYEE SATISFACTION

8.2 (7.8)

SHORT-TERM SICK LEAVE

1.0 % (1.6 %)

LONG-TERM SICK LEAVE

0.9 % (1.3 %)

NUMBER OF FLIGHTS

225 (1,686)

EMPLOYEES ATTENDING TRAINING

42 % (41 %)

WORK-RELATED INJURIES

0 (0)

INCIDENTS OF DISCRIMINATION OR HARASSMENT

0 (0)



The Future Lawyer Survey 2020

The world is changing fast which effects many industries. Well know business models and work processes are transforming due to the rise of new technology, globalisation and other macro trends. The digital revolution has changed the way we communicate and therefore also our culture and behaviour.

Karnov Group has the ambition of being a though leader in the legal field in Scandinavia. With our strong market position, we want to raise awareness and bring inspiration to legal professionals and lawyer firms on an industry in transition.

Our annual report **“The Future Lawyer Survey”**, is showing the demands, fears and expectations on the legal profession. The 2020 survey was answered by 3,548 Swedish and Danish lawyers, making it the largest of its kind. This year’s report focused on three themes: transformation, innovation and motivation. This year’s report also brings inspiration from external parties that connects to the theme of the report.

The Future Lawyer Survey shows that a clear majority of the respondents perceive the industry as conservative and that several factors make it necessary to adapt to a new reality. This new reality can be defined by two major trends; first, general trends such as technical advances and innovation, globalisation and increased demands on transparency as well as commercial value, and secondly a shift in attitude towards work and work-life balance in the younger generations. The figures behind the key conclusions in the report the Future Lawyer Survey:

Transformation

- 93 % of the lawyers believe that technical competences need to increase among lawyers.
- The areas lawyers believe will impact the industry the most is i) work-life balance (61%), ii) legal tech (60%) and

- iii) the increasingly complex society with an increased need of legal services (53%).
- 63 % of the respondents believe that current business models are challenged by new types of services.
- 63 % of the respondents believe that the industry is conservative and lack in being able to think outside the box.

Organisational culture

- 59% of the respondents believe their employer is falling behind of areas such as equality and diversity.
- 78 % of the women working in the legal area assess that it is harder for women than men to reach senior positions.
- 67 % of the younger legal professionals assess it is there is a need to increase the diversity among senior executives.
- Creativity and innovation is assessed determining for future development.

Employer of the future

- The most important factors for motivation among the respondents are interesting cases (55%) and work-life balance (55%)
- Work-life balance (71%), salary levels with benefits (55%) and the possibility to make an impact (41%) are the three most rewarded perks to attract the lawyers of the future.
- There is a clear difference between younger and elder lawyers, where 66 % of the younger lawyers prioritise work-life balance while only 35 % of the elder group (50+ years) do so.
- 80 % of the younger lawyers are attracted to prestigious law firms.

Full survey

Even if the development is moving more rapidly in other areas, the legal industry is impacted by the transformation. To read the full report, please download it from Karnov Group Denmark’s (Danish) or Norstedts Juridik’s (Swedish) respective websites:

[Swedish](#)

[Danish](#)



Karnov Group's Covid-19 platform sections

The Covid-19 virus has spread globally and has a major impact on all societies. The legislation is changing so fast that it is difficult for legal professionals to keep up. Karnov Group is a leading provider of information in the field of law and has the industry's most complete legal database, along with Scandinavia's greatest network of legal experts.

During 2020, we have seen extensive search on issues related to the corona pandemic. This applies both to lawyers, accountants and auditors. When professionals are helping businesses adapt to the Covid-19 pandemic, Karnov Group's legal content is the tool. Our authors have made a tremendous effort in making commentaries on the new legislation, having worked rapidly and with certainty.

The Covid-19 crisis is serious and the information we collect and process is of great importance to companies. We want to help ensure that as many people as possible have the updated and commented information so that they can be included in their decision basis. In light of the situation that is currently affecting us all, Karnov Group decided to make selected laws related to the pandemic, as well as notes from our specialists, available to all, during the spring 2020. This was done by making special Covid-19 sections on our platforms in Denmark and Sweden.

Content on the Covid-19 sections

- Law and orders related to the corona pandemic, with notes and annotations from Karnov Group's experts;
- News related to the Covid-19 pandemic; and
- Recommendations from the authorities.

Data from the Danish section

- Close to 1,000 documents added from March 2020 – March 2021 (laws, regulations, case law, articles and EU regulations)
- 35,000 related documents also made available for the users through the site

Data from the Swedish section

- Over 300 documents added from March 2020 – March 2021 (laws, regulations, case law, articles and EU regulations)

Auditor's Report on the Statutory Sustainability Report

This is a literal translation of the Swedish original report.

To the annual meeting of the shareholders in Karnov Group AB (publ.), corp. id. No. 559016-9016.

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 34–44 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with

International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 30 March 2021

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorized Public Accountant



Board of Directors' Report



Board of Directors' Report

The Board of Directors and CEO of Karnov Group AB, corporate identity number 559016-9016, hereby present the annual report and consolidated financial statements for the 2020 financial year. Unless otherwise stated, amounts are reported in thousands of Swedish kronor (SEK). Terms such as "Karnov," "the company," "the Group," refer in all cases to the parent company, Karnov Group AB, and its subsidiaries.

BUSINESS

Karnov is a leading provider of online and offline professional information products and services in the areas of legal, tax and accounting and environmental, health and safety in Denmark and Sweden. Karnov has a broad offering of online and offline information and workflow products and services that aim to deliver value to Karnov's customers based on a solid understanding of the complexity of its customers' businesses. 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. Karnov also publishes and sells offline books and journals and hosts legal training courses.

Karnov is in 2020 organised into two geographical financial reporting segments: Denmark and Sweden. In 2020, Denmark represented 54 percent and Sweden 46 percent of Karnov's net sales, respectively.

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 2020, 86 (85) percent of Karnov's net sales came from subscriptions paid annually in advance.

Market

In 2020 Karnov's operations were in the legal and tax professional markets in Denmark and Sweden. These markets encompass, 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 courts, libraries, universities and other public authorities and municipalities.

Karnov's product offerings are, with a few variations, similar in Denmark and Sweden. The functionality of Karnov's core online platform is essentially the same in both countries but, as an example, tax and accounting packages are only being offered in Denmark and physical legal training courses are only being offered in Sweden. Given that Denmark and Sweden have separate legal systems and the languages are different, the content of the product offering is unique in each of the two countries.

Objectives and growth strategy

Karnov's value proposition involves three overall objectives:

- Deliver the highest quality of content
- Provide a state-of-the-art user experience
- Support workflow efficiency

Karnov's growth strategy includes a number of strategic initiatives and enablers aiming to allow Karnov to expand its core offerings on the current markets as well as grow in adjacent verticals and expand geographically in the future. The growth strategy is built on Karnov's key strengths and the vision to enable its customers to make better decisions, faster. The strategy is supported by Karnov's existing base 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.

Group structure

Karnov Group AB (publ) is the Group's parent company and owns 100 percent of the shares in the holding company KARN Holdco AB which in turn owns 100% of the shares in the holding companies Karnov Group Holdco DK ApS and Karnov AB. The Danish holding company owns 100 percent of the Danish operating companies Karnov Group Denmark A/S and Forlaget Andersen A/S, as well as 78.7 percent of shares in LCB ApS. Further the Danish holding company has invested in 40 percent of the shares in BELLA Intelligence ApS, 49 percent of the shares in ProcurementLink ApS and 25 percent of the shares in Ante ApS. The Swedish holding company owns 100 percent of the shares in the operating companies Norstedts Juridik AB and Notisum AB and 60 percent of the shares in LEXNordics AB. Further Karnov Group Holding AB owns 40 percent of the shares in Karnov Group Norway AS and as of January 5, 2021 also 100 percent of the shares in DIBkunnskap AS in Norway. Karnov Group Sweden AB and Norstedts Juridik AB were merged as of January 3, 2020 with Norstedts Juridik as continuing company. For more information, see Note 15.

Significant events in 2020

➤ Investment in Ante ApS, Danish legal tech start-up.

In January 2020, Karnov Group acquired 25% of the shares in Ante ApS. The company is specialised in categorisation and AI based search, mainly within case law. Their technology platform complements ours and will enable us to jointly develop and market high quality solutions for the legal information market.

➤ Investment in LEXNordics AB, Swedish provider of the legal practice management solution LEX247.

In March 2020, we established LEXNordics AB, where Karnov Group has 60% of the shares, with the aim of accelerating sales of the LEX247 legal practice management solution in the Nordic region. The LEX247 solution represents a way for us of delivering even more value to our customers.

➤ Investment in Karnov Group Norway AS, Norwegian core legal services in collaboration with Lovdata.

In March 2020, Karnov Group acquired 40 % of the shares in Karnov Group Norway AS. Karnov Group Norway AS will provide digital subscription-based legal services to

the Norwegian market. The company's offerings are expected to be launched in the second half of 2021.

➤ Investment in DIBkunnskap AS, Norwegian digital workflow tool provider.

In December 2020, Karnov Group signed the agreement to acquire 100% of the shares in the market leading Norwegian knowledge workflow solutions supplier DIBkunnskap AS. The transaction was closed on 5 January 2021. The transaction further strengthens Karnov Group's position as a leading supplier of legal knowledge management solutions in Scandinavia. DIBkunnskap AS will be consolidated in Karnov Group in 2021.

➤ Additional investing in ProcurementLink ApS

In June 2020, Karnov Group acquired additional shares in the Danish legal tech start-up company ProcurementLink ApS. Karnov Group now owns 49% of the shares in the company.

THE GROUP'S FINANCIAL DEVELOPMENT

TSEK	2020	2019	Δ%
Net sales	771,416	757,087	2%
Organic growth, %	2.1%	4.0%	
EBITA	275,955	205,975	34%
EBITA margin, %	35.8%	27.2%	
Adjusted EBITA	288,158	278,630	3%
Adjusted EBITA margin, %	37.4%	36.8%	

Net sales

Net sales increased by 2 percent to SEK 771 m (757). Organic growth was 2.1 percent and currency effects had a negative impact on net sales of 0.4 percent and acquired growth accounts for 0.2 percent.

Earnings

EBITA amounted to SEK 276 m (206) and the EBITA margin was 35.8 (27.2) percent. Adjusted for items affecting comparability, adjusted EBITA increased by 3.4 percent to SEK 288 m (279) and the adjusted EBITA margin was 37.4 percent (36.8). Items affecting comparability amounted to a total of SEK 12 m (73) and were mainly related to acquisition costs and restructuring costs.

EBITA and adjusted EBITA improvements were driven by higher net sales, good cost control and lower items affecting comparability.

Operating profit (EBIT) increased by SEK 51 m to SEK 131 m (80). Operating profit was impacted by a cost of SEK 5 m (19) related to a write down of the value of one of the Group's products. The write down is due to revenues being below expectations for the product. Due to the accounting principles the cost of SEK 5 m (19) is recognised in the profit and loss in other operational expenses and a finance income from the related earn-out liability which was reduced by SEK 5 m (13). This adjustment of the liability is included in the financial items and not in the operating profit result. The effect on net profit is SEK 0 m (-6).

Depreciation and amortisation

Depreciation and amortisation amounted to SEK -190 m (-171). The higher amortisation was driven by investments in intangible assets from finalised development projects related to the integration of Norstedts Juridik and development of new offerings.

During the fourth quarter an impairment testing was undertaken on the Group's cash-generating units, defined as Denmark and Sweden. None of the cash-generating units had a book value exceeding its recoverable amount, and therefore no goodwill impairment has been recorded in 2020.

Net financial items and profit before and after tax

Net financial items amounted to SEK -10 m (-70). Net financial items were affected by currency differences of SEK 9 m (-16) mainly related to long term loans in DKK.

Profit before income tax was SEK 121 m (3). The income tax was SEK 21 m (0).

Net result for the period was positive and amounted to SEK 100 m (3).

Cashflow and investments

Cash flow from operating activities amounted to SEK 379 m (137). The overall development in the cash flow was in line with expectations due to seasonal invoicing fluctuations, mainly relating to trade receivables.

Cash conversion

TSEK	31 Dec 2020	31 Dec 2019
Adjusted EBITDA	333,634	323,947
Adjusted cash flow from operating activities	413,762	286,883
Cash conversion, %	124.0%	88.6%

Total investments amounted to SEK -112 m (-271), mainly from acquisitions and investments in intangible assets.

The Group's investments in intangible and tangible fixed assets amounted to SEK -80 m (-121).

Financial position

Net Debt

TSEK	31 Dec 2020	31 Dec 2019
Total borrowings	1,196,087	913,317
Cash and cash equivalents	552,921	52,008
Net debt	643,166	861,309
Leverage ratio	1.9	2.7
Equity	1,550,840	1,526,769
Equity ratio, %	42.0%	44.9%

Net debt was SEK 643 m (861) at the end of the period. The leverage, defined as net debt in relation to adjusted EBITDA, was 1.9 (2.7).

Equity amounted to SEK 1,551 m (1,527) and the equity ratio was 42.0 (44.9) percent.

Cash and cash equivalents amounted to SEK 552 m (52). The Group had unutilized credit lines of SEK 247 m (525).

THE BUSINESS SEGMENTS' PERFORMANCE

Denmark

TSEK	2020	2019	Δ%
Net sales	419,207	420,656	0%
Organic growth, %	0.5%	2.7%	
EBITA	165,782	123,515	34%
EBITA margin, %	39.5%	29.4%	
Adjusted EBITA	167,491	165,189	1%
Adjusted EBITA margin, %	40.0%	39.3%	

Net sales

Net sales decreased by 0.3 percent to SEK 419 m (421), of which organic growth was 0.5 percent and currency effects accounted for -0.8 percent.

The organic growth was according to expectations and mainly driven by upselling to existing customers.

Earnings

EBITA amounted to SEK 166 m (124) and EBITA margin amounted to 39.5 (29.4) percent. Adjusted EBITA was SEK 167 m (165) and the adjusted EBITA margin was 40.0 percent (39.3).

Operating profit (EBIT) for the full year was SEK 105 m (65).

Sweden

TSEK	2020	2019	Δ%
Net sales	352,209	336,431	5%
Organic growth, %	4.2%	5.6%	
EBITA	110,173	82,461	34%
EBITA margin, %	31.3%	24.5%	
Adjusted EBITA	120,667	113,441	6%
Adjusted EBITA margin, %	34.3%	33.7%	

Net sales

Net sales increased by 4.7 percent to SEK 352 m (336) whereof 0.5 percent (0.0) was acquired growth. The main driver was the online business, partially offset by the expected decline in the offline business due to the ordinary market trend and Covid-19 impact.

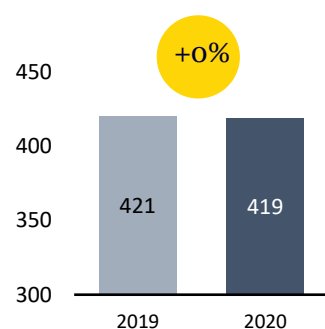
Earnings

EBITA amounted to SEK 110 m (82) and the EBITA margin was 31.3 (24.5) percent. Adjusted for items affecting comparability, adjusted EBITA increased to SEK 121 m (113) and the adjusted EBITA margin was 34.3 (33.7) percent. Items affecting comparability mainly related to acquisition costs and restructuring costs.

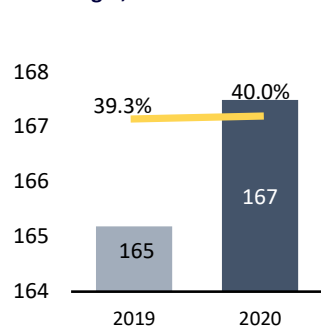
EBITA and adjusted EBITA with the respective margins were driven by higher net sales and good cost control while higher depreciation and amortisation had a negative impact.

Operating profit (EBIT) amounted to SEK 27 m (15).

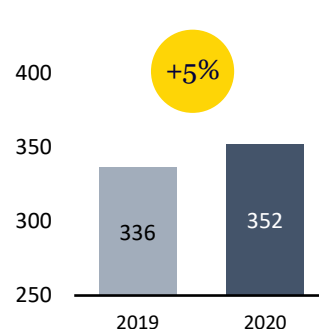
Denmark net sales, SEKm



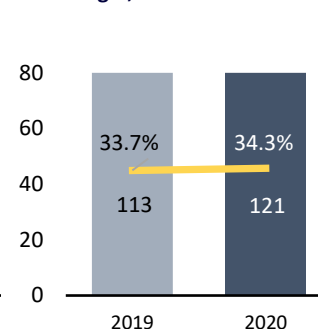
Denmark adjusted EBITA, SEKm and margin, %



Sweden net sales, SEKm



Sweden adjusted EBITA, SEKm and margin, %



OTHER GROUP INFORMATION

Seasonal variations

Typically, a significant proportion of Karnov's online contracts are renewed and invoiced during the fourth quarter, impacting cash flow during the fourth and first quarters. Online net sales are accrued according to the terms of the agreement and therefore are not exposed to any seasonality. Offline net sales are exposed to seasonality where the first quarter is significantly stronger, driven by a higher share of book sales early in the year.



Employees

The average number of full-time equivalents (FTEs) decreased by 2.4 percent to 246 (252) at the end of the year, of which 136 in Denmark and 109 in Sweden. 51 (50) percent of the workforce was female and 49 (50) percent was male.

Karnov aims to create an attractive workplace where employment and attracting competence are key focus areas. 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 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.

Environmental impact and sustainability

Karnov's Code of Conduct is the basis for how all employees shall relate to environmental concerns. Karnov strives to protect the environment as far as technologically possible and economically feasible. The objective is to minimise Karnov's environmental footprint and continuously develop the environmental initiatives, with focus on the areas deemed as the most important: purchasing, distribution and transportation, energy and water usage, and waste management.

For Karnov, sustainability is closely connected with how the company creates long-term value for its stakeholders and acts as a quality player and an attractive employer. Karnov considers this

work to be about by combining expertise with new technology in an increasingly digitized world, strengthening the foundation for justice in the society. The work is based on Karnov's core values. Karnov has further developed and adopted new policies in the areas of Code of Conduct, IT, information security and data integrity and also implemented a whistleblower function. Karnov's Sustainability Report can be found on page 34-44.

Share capital and ownership

Karnov Group's share was listed on Nasdaq Stockholm on 11 April 2019, Mid Cap segment, under the ticker KAR. On 18 November 2020 the issue and repurchase of 46,510 shares of series C were carried out in order to secure the Company's obligations under its share-related incentive program LTIP 2020 for employees. On 31 December 2020, the registered share capital amounted to SEK 1,509,168 and the total number of shares and votes in Karnov Group AB (publ) amounts to 98,095,914 shares and 97,713,101.7 votes. Each share has a quotient value of approximately SEK 0.015385. The total number of shares consists of 97,670,567 ordinary shares, which carry one vote per share, and 425,347 shares of series C, which carry one-tenth of a vote per share. All shares have been issued in accordance with Swedish law and are denominated in SEK. A detailed description of changes in the share capital is available on the Company's website, www.karnovgroup.com/en/share-capital-development/.

On 31 December 2020, the Company had 1,387 known shareholders. The four largest shareholders with 5% or more of the shares outstanding in Karnov Group AB (publ) were Kayne Anderson Rudnick, M&G Investment Management, Janus Henderson Investors and Lazard Asset Management.

Shareholders with >5 % of equity	No of shares	Equity %
Kayne Anderson Rudnick	9,735,740	9.9
M&G Investment Management	5,168,176	5.3
Janus Henderson Investors	5,031,238	5.1
Lazard Asset Management	4,942,181	5.0
Total	29,477,335	25.4
Other shareholders	68,618,579	74.7
Total numbers of shares	98,095,914	100.0

The parent company

The parent company's registered office is in Stockholm. The Parent Company's main business consists of managing shares in subsidiaries and is primarily focused on strategic development, economic control, corporate governance issues, and the work of the board of directors.

Net sales for the year amounted to SEK 0 m (0). Operating profit amounted to SEK -29 m (-36) and profit for the period was -11 (-20).

Guidelines for remuneration to senior executives

The CEO is entitled to an annual fixed salary of TSEK 2,985 and pension benefits in accordance with Karnov's prevailing pension policy. The target for the CEO's variable remuneration corresponds to an amount equal to 50 percent of the annual fixed salary and is determined based on financial targets that are set by the Board of directors each year. Pursuant to the current guidelines for remuneration to the senior management, the variable remuneration shall not exceed 100 percent of the annual fixed salary. For the CEO, a notice period of 12 months applies in case of termination by the Company and 6 months in case of termination by the CEO.

For the other senior executives, the notice period is up to nine months in case of termination by the Company and up to four months in case of termination by the senior executive.

Guidelines for remuneration to the senior executives was adopted by the AGM on May 5, 2020.

Outlook for the coming financial year

Karnov issues no financial forecasts regarding its future growth. Karnov has a strong position in an attractive and growing segment of professional information services in Denmark and Sweden. These markets are characterised by stable customers in both the private and public sector facing an increasingly complex and rapidly changing regulatory environment, leading to a growing need for high qualitative content supporting workflow efficiency. Karnov has a resilient business model since the customer base is diverse with low churn and the subscriptions-based invoicing generates strong cash flows and predictable revenue streams.

In these times when the Covid-19 pandemic is spreading, Karnov is still following the situation. Karnov currently assesses that the financial performance is negatively impacted by 1-2 percentage points on top-line growth. Please see note 3 for further information.

Karnov believes that the combination of its extensive database built over 150 years, value-adding content, investments in product development, strong brand legacy and online platform is key to enabling its customers to make better decisions, faster.

Appropriation of profit

The Board of directors of Karnov proposes that the Group's and the Parent Company's income statements and balance sheets be presented for adoption to the annual general meeting to be held on May 5, 2021. The Board of directors proposes a dividend of SEK 1.00 per share. The proposed dividend of total SEK 97,670,567 corresponds to 5.1 percent of the non-restricted equity on the balance sheet date.

On January 5, 2021, the Company issued 178,675 ordinary shares of series A, entitled to dividend. Including these shares, the total dividend to be paid amounts to SEK 97,849,242, which corresponds to 5.1 percent of the non-restricted equity.

The dividend is to be paid to shareholders who are included in the Company's shareholder record, kept by Euroclear Sweden AB, on May 7, 2021. Payment is made in Swedish kronor (SEK).

Non-restricted equity in the parent company at the disposal of the Annual General Meeting;

SEK	2020
Share premium	2,062,363,000
Retained earnings	-117,248,000
Net result	-11,107,968
Total carried forward	1,934,007,032

The Board proposes that the profits be appropriated as follows:

Proposed dividend	-97,670,567
Amount carried forward	1,836,336,465

The Board considers that the determination of the profit allocation will not prevent the Company from fulfilling its commitments in the short or long term. Nor will it affect the implementation of the necessary investments. The proposed profit allocation can thus be defended with regard to what is stated in Swedish Companies Act, Chapter 17, article 3, sections 2-3. (Caution rule).

RISKS AND RISK MANAGEMENT

Like all businesses, Karnov's operations are associated with risks that may impact the Group's business, earnings and financial position. On a yearly basis, Karnov makes an overall risk assessment in which all risks are graded according to probability and impact. Focus is placed on identifying risks, preventing the occurrence of risks and preparing action plans, which enable mitigation of any damage such risks may cause. The risks are

divided into strategic, operational and financial risks. On basis of the analysis above, policies are formed, followed by procedures to ensure that the policies are followed. The risks Karnov has identified as the most material in its operations, and the ways in which these are managed, are described below. For more information about the risk assessment procedure see the Corporate Governance report on page 20.

Significant risk areas and risk management

Risk	Description	Risk management
STRATEGIC AND OPERATIONAL RISKS		
Market changes and competition	Karnov operates in highly competitive markets for legal information services in Denmark and Sweden. These markets and the products and services themselves (both online and offline), may change due 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. There is a risk that new market entrants will disrupt current business models, leading to lower customer demand and financial loss. Karnov could also be required to invest significant amounts to enhance its products and services or partner with other businesses.	Karnov monitors the industry and the competitive landscape in terms of possible partnerships and acquisition candidates. Karnov has a continuous dialogue with its customers and partners. Customer satisfaction is measured on a regular basis through a Net Promotor Score survey.
Information security	A significant breakdown or other disruption on an online platform or in an IT systems could affect Karnov's ability to conduct its operations and fulfil its customer commitments. There is also a risk that trade secrets or personal data or other sensitive information about employees or customers, could be used incorrectly or disclosed if Karnov was exposed to security breaches.	A business contingency plan has been adopted to handle disruptions due to unforeseen events. Since Karnov processes a lot of customer and employee data, there is a potential risk that this information may be leaked or lost if the company does not work continuously to ensure a high level of information security, with updated processes, software and IT solutions. An information security policy and guidelines have been implemented which all employees are expected to comply with. An Information Security Board has been established and contributes to high IT security standards and awareness within the Group. Employees have been appointed with responsibility for safeguarding information security. In 2020, Karnov's security controls have been strengthened and the business continuity planning has been tested and improved. We have also conducted information security testing of our VPN network and websites using an independent third party.
Acquisitions	Growth through acquisitions, large and small, is part of Karnov's strategy. This entails a risk that Karnov will not identify suitable acquisition targets, that the company will not successfully negotiate acceptable terms, or be able to finance the acquisitions. Even if Karnov finds suitable targets, it may not obtain relevant regulatory approvals such as clearances from competition authorities. Acquisition also entails a risk that Karnov will be exposed to unknown obligations in the acquired company or that the acquisition and integration costs will be higher than expected. In addition, acquisitions of less profitable businesses may have negative impact on Karnov's margins. Integration of acquired entities and organisational changes may also result in key individuals leaving the organisation or loss of customers.	Karnov has an experienced organisation for identifying and making acquisitions in line with its strategy. Over the years, Karnov has established and implemented a structured and systematic acquisition process that requires analysis, documentation and sufficiently approval prior to each acquisition. Karnov also establishes a detailed integration plan for the acquisition decision to reduce the risk of increased integration costs.
Technical shortcomings	Any shortcomings in functionality or that cause interruptions in the availability of Karnov's services and solutions, including user errors, may lead to loss of or delayed market acceptance and usage of the company's services and solutions. This may also lead to warranty claims, issuance of customer credits, or refund of prepaid charges for unused services, loss of customers, or reallocation of resources to development and customer service. Finally, such shortcomings may damage Karnov's reputation.	Karnov has defined and enforces a set of IT Security policies, procedures and appropriate security measures. Controls are performed according to the approved annual cycle. A Group major incident process is implemented and together with the establishment of a Group IT Change Board this helps ensure both a controlled IT environment and agile deployment process for customer facing online services.

Risk	Description	Risk management
Dependence on key personnel and expertise	Karnov is dependent on a variety of expert competencies and key individuals to deliver high quality content and solutions. If Karnov fails to retain senior executives and key personnel and authors/specialists or to recruit highly skilled personnel and author/specialists, this could hamper Karnov's future expansion and brand.	Karnov has a strong focus on attracting, developing, and retaining skilled and dedicated employees. Karnov has continued to work on developing its employee offering including incentive programmes for key personnel and initiatives to develop Karnov's employer brand and appeal as a workplace. Karnov also focuses on maintaining a strong author base across our markets by continuous dialogue, networking events and attractive remuneration terms. Karnov continuously measures employee and author satisfaction. For more information see sustainability risk areas on page 36.
Public tenders	Some of Karnov's customers within the public sector in Sweden are required by law to acquire products and services via public procurement. A public procurement and a decision to award a contract won by Karnov may be challenged by other tenderers or potential tenderers even after Karnov has incurred significant expenditures. 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.	Karnov has an experienced organisation and a structured process for public tenders and continuously monitors changes in the public procurement framework.
FINANCIAL RISKS		
Goodwill	Goodwill represents a significant part of Karnov's balance sheet. Depending on the results of operations in the future, Karnov may have to make write-downs of its asset values.	Impairment tests are conducted annually, or, if necessary, more often based on significant events or changes. Karnov monitors relevant circumstances that affect the business and the possible impact these would have on the valuation of goodwill and other intangible assets. There was no impairment need at the end of the period based on the impairment test prepared.
Liquidity and financing risks	Liquidity risk is defined as the risk that Karnov will be unable to meet its payment obligations. Financing risk is defined as the risk that financing of outstanding loans becomes impossible or costlier. Inadequate access to financing for investments could lead to limited growth opportunities. If Karnov is compelled to change its subscription-based models, it could have an impact on the company's cash flow, and therefore on the company's ability to attract financing.	Karnov manages liquidity risk by maintaining a liquidity reserve (cash, bank balances, and an unutilised portion of existing credit lines). Karnov's finance department seeks to maintain agreements on available lines of credit and conducts ongoing aggregate cash flow forecasts and rolling forecasts to ensure adequate liquidity for the operations. The company strives to raise credit with safe maturities and maintains a high level of transparency with its creditors. The Group finance department analyses compliance with the financial covenants on an ongoing basis.
For a description of further financial risks, see note 3.		
Sustainability risks	For a description of sustainability-related risk areas, see pages 39-40.	

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Consolidated statement of comprehensive income

TSEK	Note	2020	2019
Net sales	5	771,416	757,087
Total revenue		771,416	757,087
Goods for resale		-131,754	-135,194
Employee benefit expenses	7	-234,667	-222,994
Depreciations and amortisations	11, 14, 32	-190,389	-171,111
Other operating expenses		-83,564	-147,607
Operating profit		131,042	80,181
Financial income		14,503	14,425
Financial expenses		-24,970	-84,409
Net financial items	8	-10,467	-69,984
Write down of associated companies	12	0	-7,102
Profit before income tax		120,575	3,095
Income tax expense	9, 24	-20,571	385
Net result		100,004	3,480
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-43,352	13,989
Total comprehensive income for the period		56,652	17,468
Profit for the period is attributable to:			
Owners of Karnov Group AB		99,903	2,621
Non-controlling interest		101	859
Net result		100,004	3,480
Total comprehensive income for the period is attributable to:			
Owners of Karnov Group AB		56,548	16,609
Non-controlling interest		104	859
Total comprehensive income		56,652	17,468
Earnings per share, basic, SEK		1.02	0.03
Earnings per share, after dilution, SEK		1.02	0.03

Consolidated balance sheet

TSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS:			
Goodwill	11	1,623,978	1,656,311
Other intangible assets	11	1,149,935	1,263,117
Right-of-use assets	32	95,545	112,477
Property, plant and equipment (PPE)	14	6,280	5,434
Investments in associated companies	12	70,347	5,778
Loans to associated companies		3,036	2,937
Deposits	13	2,528	2,729
Deferred tax assets	24	-	425
Total non-current assets		2,951,649	3,049,208
Inventories	18	10,011	13,097
Trade receivables	17	148,214	209,672
Prepaid expenses	19	7,556	8,391
Other receivables		986	14,387
Tax receivable		17,446	51,894
Cash and cash equivalents	20	552,921	52,008
Total current assets		737,134	349,449
TOTAL ASSETS		3,688,783	3,398,657
TSEK		31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES:			
Capital and reserves attributable to equity holders of the company			
Share capital	21	1,509	1,503
Share premium		2,062,361	2,062,361
Treasury shares		-6	-
Reserves		-363,675	-320,320
Retained earnings including net profit for the year		-156,585	-217,050
Total equity attributable to the parent company's shareholders		1,543,604	1,526,494
Non-controlling interest		7,236	275
Total equity		1,550,840	1,526,769
Borrowing from credit institutions	23	1,196,087	838,317
Lease liabilities	32	86,539	102,783
Deferred tax liability	24	153,239	170,551
Provisions	26	5,454	5,456
Other non-current liabilities	12	38,612	-
Total non-current liabilities		1,479,931	1,117,107
Current liabilities			
Borrowing from credit institutions	23	-	75,000
Trade payables		12,395	12,477
Current tax liabilities		10,595	71,860
Accrued expenses	28	136,585	126,239
Prepaid income	29	428,436	399,586
Lease liabilities	32	12,842	11,622
Other current liabilities	27	57,159	57,997
Total current liabilities		658,012	754,781
TOTAL EQUITY AND LIABILITIES		3,688,783	3,398,657

Consolidated statement of changes in equity

	Equity attributable to the parent company's shareholders						
					Equity attributable to the parent company's shareholders	Non- controlling interest	Total equity
TSEK	Share capital	Share premium	Reserves	Retained earnings			
Balance at January 1, 2019	688	798,472	30,532	-223,017	606,675	18,534	625,209
Net result	-	-	-	2,621	2,621	859	3,480
Other comprehensive income for the period	-	-	13,989	-	13,989	-	13,989
Total comprehensive income/loss	-	-	13,989	2,621	16,610	859	17,469
Transaction with shareholders in their capacity as owners:							
Issue of ordinary shares due conversion of debt	74	209,186	-	-	209,260	-	209,260
Purchase of shares from non-controlling interest	102	286,378	-364,841	-	-78,361	-19,118	-97,478
Issue of ordinary shares to new investors	639	768,325	-	-	768,964	-	768,964
Sharebased payment	-	-	-	3,346	3,346		3,346
Total transaction with shareholders	815	1,263,889	-364,841	3,346	903,209	-19,118	884,092
Closing balance at December 31, 2019	1,503	2,062,361	-320,320	-217,050	1,526,494	275	1,526,769

	Equity attributable to the parent company's shareholders							
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
TSEK								
Balance at January 1, 2020	1,503	2,062,361	-	-320,320	-217,050	1,526,494	275	1,526,769
Net result	-	-	-	-	99,903	99,903	101	100,004
Other comprehensive income for the period	-	-	-	-43,355	-	-43,355	3	-43,352
Total comprehensive income/loss	-	-	-	-43,355	99,903	56,548	104	56,652
Transaction with shareholders in their capacity as owners:								
Issue of C-shares	6	-	-	-	-	6	-	6
Acquisition of treasury shares	-	-	-6	-	-	-6	-	-6
Non-controlling interests share of acquisitions and capital increase	-	-	-	-	-	-	6,857	6,857
Sharebased payment	-	-	-	-	4,514	4,514	-	4,514
Dividend paid	-	-	-	-	-43,952	-43,952	-	-43,952
Total transaction with shareholders	6	-	-6	-	-39,438	-39,438	6,857	-32,581
Closing balance at December 31, 2020	1,509	2,062,361	-6	-363,675	-156,585	1,543,604	7,236	1,550,840

Consolidated cash flow statement

TSEK	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		131,042	80,181
Adjustments:			
Non-cash items	11	199,968	190,217
Effect of changes in working capital:			
Increase/decrease in inventories	18	3,085	-1,460
Increase/decrease in receivables	17	75,694	-43,923
Increase/decrease in trade payables and other payables	28	19,218	-50,903
Increase/decrease in prepaid income	29	28,850	53,091
Interest paid	8	-19,156	-31,878
Income tax paid	9	-59,710	-58,049
Net effect of changes in working capital		47,981	-133,122
Cash flow from operating activities		378,991	137,276
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of participations in associated companies	12	-25,466	-4,282
Acquisition of subsidiaries	33	-4,245	-138,940
Loan to associated companies		-	-2,981
Acquisition of intangible assets	11	-79,690	-120,672
Acquisition of PPE	14	-2,947	-3,940
Cash flow from investing activities		-112,348	-270,815
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/decrease in borrowings	23	294,297	-59,603
Increase/decrease in lease liabilities		-14,891	-14,731
Principal payments on long-term debt	23	-	-1,459,831
Increase in long-term debt	23	-	844,200
Transactions with non-controlling interest		-	-97,478
Dividend paid		-43,952	-
Proceeds from IPO		-	768,217
Cash flow from financing activities	30	235,454	-19,226
Cash flow for the period		502,097	-152,765
Cash and cash equivalents at the beginning of the period		52,008	201,797
Exchange rate differences in cash and cash equivalents		-1,184	2,975
Cash and cash equivalents at the end of the period	20	552,921	52,008

Parent company statement of comprehensive income

TSEK	Note	2020	2019
Employee benefit expenses		-8,817	-7,440
Other operating expenses		-20,810	-28,948
Operating profit		-29,627	-36,388
Financial income		18,874	25,351
Financial expenses		-355	-9,071
Net financial items	8	18,520	16,280
Profit before income tax		-11,108	-20,108
Income tax expense	9	-	-
Net result		-11,108	-20,108
Total comprehensive income/loss		-11,108	-20,108

No items accounted for within other comprehensive income.

Parent company balance sheet

TSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS:			
Receivables from group enterprises		747,792	800,852
Investments in group enterprises	15	1,149,925	1,143,458
Total non-current assets		1,897,718	1,944,310
Receivables from group enterprises		206	-
Other receivables		1,007	8,874
Current tax receivable		-	38,306
Cash and cash equivalents	20	41,033	156
Total current assets		42,246	47,336
TOTAL ASSETS		1,939,964	1,991,646
TSEK		31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES:			
Restricted equity			
Share capital		1,509	1,503
Non-restricted equity			
Share premium		2,062,363	2,062,363
Retained earnings including net profit for the year		-128,356	-73,752
Total equity		1,935,510	1,990,114
Trade payables		407	88
Trade payables from group companies		-	11
Accrued expenses		3,989	1,388
Other current liabilities		58	45
Total current liabilities		4,454	1,532
TOTAL EQUITY AND LIABILITIES		1,939,964	1,991,646

Parent company statement of changes in equity

TSEK	Share capital	Share premium	Reserves	Retained earnings	Total equity
Balance at January 1, 2019	688	798,472	-	-53,644	745,516
Comprehensive income:					
Net result	-	-	-	-20,108	-20,108
Total comprehensive income/loss	-	-	-	-20,108	-20,108
Transaction with shareholders in their capacity as owners:					
Issue of ordinary shares due conversion of debt	74	209,186	-	-	209,260
Purchase of shares from non-controlling interest	102	286,378	-	-	286,480
Issue of ordinary shares to new investors	639	768,327	-	-	768,966
Total transaction with shareholders	815	1,263,891	-	0	1,264,706
Closing balance at December 31, 2019	1,503	2,062,363	-	-73,752	1,990,114

TSEK	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
Balance at January 1, 2020	1,503	2,062,363	-	-73,752	1,990,114
Comprehensive income:					
Net result	-	-	-	-11,108	-11,108
Total comprehensive income/loss	-	-	-	-11,108	-11,108
Transaction with shareholders in their capacity as owners:					
Issue of C-shares	6	-	-	-	6
Acquisition of treasury shares	-	-	-6	-	-6
Dividend paid	-	-	-	-43,952	-43,952
Sharebased payment	-	-	-	456	456
Total transaction with shareholders	6	0	-6	-43,496	-43,496
Closing balance at December 31, 2020	1,509	2,062,363	-6	-128,356	1,935,510

Parent company cash flow statement

TSEK	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		-29,627	-36,388
Adjustments:			
Non-cash items		456	-
Effect of changes in working capital:			
Increase/decrease in receivables		7,867	-28,204
Increase/decrease in trade payables and other payables		2,932	-7,598
Increase/decrease in intercompany receivables		33,979	-602,618
Increase/decrease in intercompany payables		-11	-4,218
Interest received		18,520	25,351
Income tax recieved		50,714	0
Cash flow from operating activities		84,829	-653,675
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries			-97,478
Cash flow from investing activities		-	-97,478
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments of loan from related parties		-	-17,882
Dividend paid		-43,952	-
Proceeds from IPO		-	768,217
Cash flow from financing activities		-43,952	750,335
Cash flow for the period		40,877	-818
Cash and cash equivalents at the beginning of the period		156	974
Cash and cash equivalents at the end of the period	20	41,033	156

Notes

Note 1. General information

The Karnov Group produces legal, financial and tax information to judicial, fiscal and accounting professionals primarily in Denmark and Sweden. The Group has subsidiaries in two countries, Denmark and Sweden. From January 2021 the Group also has a subsidiary in Norway.

The Parent, Karnov Group AB, 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 Warfvinges väg 39, 112 51 Stockholm.

The consolidated financial statements are presented in Swedish kronor (TSEK) unless otherwise stated, which is the presentation currency for the Group activities, and the functional currency for the Parent. The consolidated financial statements were authorised for publishing by the Board of Directors on March 30, 2021.

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 judgement 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 2019.

NEW AND AMENDED STANDARDS

We regularly assess the impact of new IFRS standards and interpretations. We implement new IFRS standards and interpretations from their mandatory effective dates at the latest.

The adoption of the new and amended standards has not impacted our consolidated financial statements for 2020.

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 heads 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 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 Cash-Generating units (CGUs), that is 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 are 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 please refer to note 11).

Capitalised development 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 customer relationships 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 customer relationships over their estimated useful lives of 14 years.

LEASES

The Group's leasing arrangements mainly consists of rental agreements for the Group's office locations, car leases and miscellaneous other leases as operating leases. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Management exercises significant judgement in determining whether it is reasonably certain that these extension and termination options will be exercised.

Lease assets

Lease assets and liabilities are recognised in the balance sheet at the commencement date of the contract, if it is or contains a lease. Lease assets are recognised at cost less accumulated depreciation and impairment. Cost is defined as the lease liability adjusted for any lease payments made at or before the commencement date. Lease assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

Lease liabilities are measured at the present value of future payments, using the interest rate implicit in the lease agreement. Lease payments are discounted using the Group's incremental borrowing rate during 2020 adjusted for the functional currencies and length of the lease term, if the interest rate implicit in the lease agreement cannot be determined. Lease payments contain fixed payments less any lease incentives receivable, variable lease payment that depend on an index or a rate as well as payments of penalties for terminating the lease, if the terms of the lease warrants that the Group exercises that option.

The lease liability is remeasured if or when the future payment or lease term changes. Any net remeasurement of the lease liability is recognised as an adjustment to the lease asset. If the carrying amount of the lease asset is reduced to zero, the adjustment will be recognised in the income statement.

Additional information

Short-term lease expenses, low-value assets and variable lease payments are classified as operating expenses in the income statement.

Accounting estimates and assumptions

Expired leases

The lease term is the period during which the lease contract is enforceable. If the original expiry date of a lease contract has passed, typically in the case of property leases, but the contract continues without a determined expiry date, the lease term is set for an estimated period during which the lease contract is expected to be enforceable. This estimate is based on Management's judgement and takes into consideration the location of the lease, capitalised leasehold improvements and the experience with similar leases for the specific area.

Extension and termination options

When determining the lease term for lease agreements containing extension and termination options, Management considers circumstances that create a financial incentive to exercise an extension option or not to exercise a termination option. Extension and termination options are only included in the lease term if it is reasonably certain that a lease will be extended/terminated.

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 recoverable. 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 percent and 50 percent 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.

FINANCIAL INSTRUMENTS

The Group classifies its financial assets and liabilities in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets at amortised cost and 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 recognized 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 of 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 "finance costs" 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.

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.

Historically Karnov Group has experienced relatively small amounts of losses compared to the business activity which is mainly due to the significant part of subscriptions in the business.

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 “finance costs” 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 25.

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.

LONG-TERM INCENTIVE PROGRAM (DEFERRED SHARES)

The fair value of deferred shares granted to employees for nil consideration under the share savings program is recognised as an expense over the relevant service period, being the year to which the remuneration relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period, and adjustments are recognised in profit or loss and the share-based payment reserve. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the

forfeiture.

The deferred shares are acquired by the Company and are held as treasury shares until such time as they are vested.

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

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:	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.

Karnov's contract 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 are 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 is 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 where the consideration becomes unconditional because only the passage of time is required before the payment is due. On sale of books the Group grants a 60 day right of return. If conditions for return are met the Group refunds the full invoiced amount after receipt of the returned books. Returned sales are recognised at the time the books are received at Karnov's premises and a credit note is issued. The Group does not recognise a provision in the balance sheet for returned goods as the financial value of returned books on a yearly basis is considered immaterial.

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 shareholders. The Board of directors of Karnov proposes that the Group's income statement and balance sheet be presented for adoption to the annual general meeting to be held on May 5, 2021. The Board of directors proposes a dividend of SEK 1.00 per share. The proposed dividend SEK 97,670,567 corresponds to 5.1 percent of the non-restricted equity.

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 finance income and costs, 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 reported 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 104. Key ratio calculations that cannot be checked against items in the statement of income and balance sheet can be found in note 36.

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 TSEK unless otherwise stated. Comparative figures from previous period 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 programme 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 of the Parent Company 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 in respect of Danish kroner (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 point of view, 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 SEK and DKK. 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 currencies 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 currencies shall not be hedged with financial derivatives, among other reasons, to avoid possible unwanted liquidity effects when such derivatives are extended.

At December 31, 2020, the total translation differences recognised in other comprehensive income amounted to TSEK -43,352 (13,989).

Currency exposure

The exchange rate SEK/DKK used for consolidation purposes are:

Closing rate December 31, 2020:	1.3492 (1.39680)
Average rate January-December 2020:	1.4070 (1.40396)

The Group has the following assets in the balance sheet in the currencies SEK, DKK and EUR:

TSEK	SEK	DKK	EUR
2020			
Trade receivables	81,502	66,711	-
Cash and cash equivalents	344,738	208,183	-
Total	426,240	274,894	-

TSEK	SEK	DKK	EUR
2019			
Trade receivables	95,165	114,507	-
Cash and cash equivalents	14,784	37,224	-
Total	109,949	151,731	-

The Group has the following liabilities in the balance sheet in the currencies SEK, DKK and EUR:

TSEK	SEK	DKK	EUR
2020			
Borrowing from credit institutions	646,714	549,374	-
Trade payables	5,068	7,328	-
Total	651,781	556,701	-

TSEK	SEK	DKK	EUR
2019			
Borrowing from credit institutions	420,281	418,036	-
Borrowing from related parties	75,000	-	-
Trade payables	6,331	5,432	714
Total	501,612	423,468	714

The sensitivity analysis shows that a 5% change in the exchange rates would affect the assets by TSEK 18,544 (10,597) and the liabilities by TSEK 37,555 (29,948).

Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk primarily arises from long-term borrowings.

Borrowings issued at floating 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 have variable interest rates.

If interest rates on currency-denominated borrowings, at December 31, 2020 had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been TSEK 1,958 (5,293) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. See Note 23 for disclosure of the significant terms of borrowings.

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 customers 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 the limits set by the Board. The utilization of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and Management does not expect any losses from nonperformance by these counterparties.

No concentration of credit risks is deemed to exist. The maximum exposure to 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 at 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. At December 31, 2020, the Group had accessible liquidity of TSEK 552,921 (52,008) (Note 20).

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 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 at the balance sheet date.

Group				
TSEK	< 1 year	Between 1 - 2 years	Between 2 - 5 years	> 5 years
2020				
Borrowing from credit institutions	-	-	1,196,087	-
Trade payables	12,395	-	-	-
Other liabilities	206,586	13,984	36,289	36,267
Total	218,981	13,984	1,232,376	36,267

Group				
TSEK	< 1 year	Between 1 - 2 years	Between 2 - 5 years	> 5 years
2019				
Borrowing from credit institutions	75,000	-	838,317	-
Trade payables	12,477	-	-	-
Other liabilities	195,857	14,155	42,464	55,086
Total	283,334	14,155	880,782	55,086

Parent Company				
TSEK	< 1 year	Between 1 - 2 years	Between 2 - 5 years	> 5 years
2020				
Borrowing from credit institutions	-	-	-	-
Trade payables	407	-	-	-
Other liabilities	4,610	-	-	-
Total	5,017	-	-	-

Parent Company

TSEK	< 1 year	Between 1 - 2 years	Between 2 - 5 years	> 5 years
2019				
Borrowing from credit institutions	-	-	-	-
Trade payables	1,608	-	-	-
Other liabilities	6,948	-	-	-
Total	8,556	-	-	-

Risks related to global Covid-19 pandemic

The Covid-19 pandemic has impacted the top-line growth negatively with approximately 1-2 percentage points during 2020 and is expected to also have a negative impact in 2021. The Group is following the situation on a continuous basis. The Group operates in the legal and tax professional market in Denmark, Sweden and Norway. These markets encompass, 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 courts, libraries, universities and other public authorities and municipalities.

The nature of the market and the products offered in combination with the Group's business model with approximately 85% subscription-based revenue the Group assess that the virus will continue to have an impact on the business activities at a similar level compared to 2020. The impact on Karnov's business is expected to reduce when vaccination of the public increases and the society return to more normal market conditions.

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 dividend paid to the shareholders, return capital to the 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 equity as shown in the consolidated balance sheet. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents.

The gearing ratio on December 31, 2020 was as follows:

TSEK	2020	2019
Total borrowings (note 23)	1,196,087	913,317
Less: cash and cash equivalents (note 20)	552,921	52,008
Net debt	643,166	861,309
Total equity	1,550,840	1,526,769
Gearing ratio	0.41	0.56

Note 4. Critical estimates and judgements

The Group makes estimates and assumptions concerning the future. These 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, the section '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 December 31, 2020, distributed by cash-generating units (CGU), are 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 2-5 are based on the Company's business plan for the period approved by the Board of Directors. After the budget period, estimated growth in the terminal period are 1.0% (2.0%) 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 the 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 CGUs is not foreseeable in the near future.

Valuation of tax loss carry-forwards

The Group has tax loss carryforwards. No deferred tax asset has been recognised due to these tax loss carryforwards. At each period end, the Group investigates the possibility of capitalising the deferred tax assets with regard to the tax loss carryforwards. 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.

The Group's tax loss carryforwards at 31 December 2020 amount to TSEK 102,589 (185,948). The deferred tax asset on these tax loss carryforwards that has not been recognised at 31 December 2020 amounts to TSEK 21,133 (38,305).

Note 5. Segments, distribution net sales and costs

Net sales are classified by category as follows:

Group		
TSEK	2020	2019
Sale of online services	615,320	581,673
Sale of offline products and services	156,096	175,414
Total net sales	771,416	757,087

Net sales are classified by geographical market as follows:

Group		
TSEK	2020	2019
Sweden	349,203	335,128
Denmark	414,090	414,003
Other European countries	8,062	7,853
Other countries	61	103
Total net sales	771,416	757,087

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 in general independent of differences in products and channels and the Company therefore monitors the overall net sales distribution trend between online and offline products at Group level.

	Denmark		Sweden		Total	
TSEK	2020	2019	2020	2019	2020	2019
Online					615,319	581,673
Offline					156,096	175,414
Net sales	419,207	420,656	352,209	336,431	771,416	757,087
EBITDA	176,029	131,396	145,401	119,896	321,431	251,292
EBITA	165,782	123,515	110,173	82,461	275,955	205,975
EBIT	104,528	64,957	26,515	15,224	131,042	80,181
Net finance cost					-10,467	-69,984
Profit before tax					120,575	3,095
Income tax expense					-20,571	385
Net result					100,004	3,480

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. Of the total fee for audit assignments of TSEK 2,842 (3,450), TSEK 2,120 (2,689) are invoiced by PricewaterhouseCoopers AB for the statutory audit. Of total

other fees of TSEK 1,910 (995), TSEK 1,059 (825) is invoiced by PricewaterhouseCoopers AB (the statutory auditors of Karnov Group AB (Publ.)). These fees are non-audit services primarily relating tax assistance and assistance in projects raising the Group's standard in internal control and processes.

Group

TSEK	2020	2019
Audit services	2,842	3,450
Audit-related services	151	35
Tax services	1,087	660
Non-audit services	672	300
Total	4,752	4,445

Parent company

TSEK	2020	2019
Audit services	1,270	1,388
Audit-related services	151	35
Tax services	628	470
Non-audit services	120	206
Total	2,169	2,099

Note 7. Employee benefit expenses

Group

Wages, other benefits and social security costs	Ordinary compensation	Other benefits	Pension benefits	Total
TSEK				
2020				
Senior Executives	15,010	5,431	2,088	22,529
Other employees	158,002	20,876	19,364	198,242
Other personnel-related costs	-	-	-	13,896
Total	173,012	26,307	21,452	234,667

Group

Wages, other benefits and social security costs	Ordinary compensation	Other benefits	Pension benefits	Total
TSEK				
2019				
Senior Executives	15,683	6,359	2,092	24,134
Other employees	140,546	21,294	20,715	182,555
Other personnel-related costs	-	-	-	16,305
Total	156,229	27,653	22,807	222,994

Parent company

Wages, other benefits and social security costs

TSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2020					
Board of directors	2,039	-	-	-	2,039
Senior Executives	-	2,512	1,270	251	4,033
Other personnel related costs	-	-	-	-	2,745
Total	2,039	2,512	1,270	251	8,817

Parent company

Wages, other benefits and social security costs

TSEK	TSEK	Ordinary compensation	Other benefits	Pension benefits	Total
2019					
Board of directors	1,785	-	-	-	1,785
Senior Executives	-	2,456	1,556	246	4,258
Other personnel related costs	-	-	-	-	1,398
Total	1,785	2,456	1,556	246	7,441

In accordance with currently applicable regulations, a mutual period of termination of employment of a maximum of twelve months applies for the CEO.

The CEO's variable remuneration target shall correspond to an amount equal to 50 percent of the annual fixed salary and is

determined based on financial targets that are set by the Board of Directors each year. Pursuant to the current guidelines for remuneration to the senior management, the variable remuneration shall not exceed 100 percent of the annual fixed salary.

Group

Compensation and other benefits during the year

TSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2020					
Magnus Mandersson (Chairman of the board)	694	-	-	-	694
Lone Møller Olsen	459	-	-	-	459
Ulf Bonnevier	394	-	-	-	394
Mark Redwood	309	-	-	-	309
Salla Vainio (8 months)	183	-	-	-	183
Flemming Breinholt	-	2,985	1,609	298	4,892
Other senior management (6 FTE)	-	12,025	3,822	1,790	17,637
Total	2,039	15,010	5,431	2,088	24,568

Group

Compensation and other benefits during the year

TSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2019					
Magnus Mandersson	650	-	-	-	650
Lone Møller Olsen	450	-	-	-	450
Ulf Bonnevier	385	-	-	-	385
Mark Redwood	300	-	-	-	300
Flemming Breinholt	-	2,918	1,636	292	4,846
Other senior management (5 FTE)	-	12,765	4,723	1,800	19,288
Total	1,785	15,683	6,359	2,092	25,919

Group	2020			2019		
	Men	Women	Total	Men	Women	Total
Average number of employees Full Time Equivalents (FTEs)						
Sweden	47	61	108	50	63	113
Denmark	73	63	136	75	62	137
Total subsidiaries	120	124	244	125	125	250
Parent company, Sweden	1	1	2	1	1	2
Total group	121	125	246	126	126	252

Gender distribution of board members and other senior management	2020			2019		
	Men	Women	Total	Men	Women	Total
Group (including subsidiaries)						
Members of the Board	3	2	5	5	1	6
Executive directors and other senior management	4	4	8	5	3	8
Total	7	6	13	10	4	14
Parent company						
Members of the Board	3	2	5	5	1	6
Executive directors and other senior management	1	1	2	1	1	2
Total	4	3	7	6	2	8

Note 8. Results from financial items

Group		
TSEK	2020	2019
Financial income:		
Interest income	240	489
Re-measurement of fair value on contingent considerations	5,065	13,936
Exchange rate gains	9,198	-
Total financial income	14,503	14,425
Financial expenses:		
Interest expenses	-22,005	-51,410
Re-measurement of fair value on contingent considerations	-	-245
Net exchange rate losses	-	-16,310
Other financial expenses	-2,965	-16,445
Total financial expenses	-24,970	-84,409
Net financial items	-10,467	-69,984
Parent company		
TSEK	2020	2019
Financial income:		
Interest income	18,808	25,351
Exchange rate gains	66	-
Total financial income	18,874	25,351
Financial expenses:		
Currency translation losses	-60	-910
Interest expenses – borrowings	-295	-8,161
Total financial expenses	-355	-9,071
Net financial items	18,519	16,279

Note 9. Taxes

Group		
TSEK	2020	2019
Current tax:		
Current tax for the year	32,153	88,166
Current tax prior years	5,305	496
Total current tax	37,458	88,662
Deferred income tax		
Change in deferred tax assets for the year	425	-867
Change in deferred tax liabilities for the year	-17,312	-87,411
Total deferred tax expense/benefit	-16,887	-88,278
Income tax expense	20,571	385

Group		
TSEK	2020	2019
Profit/(Loss) before income tax	120,575	3,095
Tax calculated at domestic tax rates applicable to profits in the respective countries	-30,664	1,771
Expenses not deductible for tax purposes	-2,441	-1,882
Previously unrecognised tax losses now recouped to reduce current tax expense	17,839	0
Adjustments for current tax of prior periods	-5,305	496
Income tax expense	-20,571	385

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

They can be carried forward indefinitely but due to acquisitions there are limitations in time as to how soon the losses can be used. See note 24 for information about recognised tax losses and significant judgements made in relation to them.

Tax losses

The unused tax losses were incurred by a dormant subsidiary that is not likely to generate taxable income in the foreseeable future.

Group		
TSEK	2020	2019
Unused tax losses for which no deferred tax asset has been recognised	102,589	185,948
Potential tax benefit 20.6%	21,133	38,305

Parent Company

Differences between recognised tax expenses and calculated tax expenses based on the current tax rate are as follows:

Parent company		
TSEK	2020	2019
Profit/(Loss) before income tax	-11,108	-20,108
Income tax calculated according to current tax rate	2,377	4,303
Expenses not deductible for tax purposes	-42	-1,746
Tax losses for which no deferred tax asset was recognized	-2,335	-2,557
Tax charge	-	-

Note 10. Exchange rate differences

All exchange rate differences are included by net amount in the income statement as part of the following items:

Group		
TSEK	2020	2019
Net exchange rate differences	9,198	-16,310
Total exchange rate differences	9,198	-16,310

Note 11. Intangible assets

Group		Capitalised	Other	
TSEK	Goodwill	development costs	intangible assets	Total
Cost at January 1, 2020	1,675,008	200,008	1,522,464	3,397,480
Reassessment*	-18,697	332	5,795	-12,570
Additions	6,657	72,010	12,670	91,337
Write-down	-	-4,992	-	-4,992
Transfers	-	-61,730	61,730	-
Currency exchange differences	-38,990	-405	-28,579	-67,974
Accumulated cost at December 31, 2020	1,623,978	205,223	1,574,080	3,403,281
Amortisation at January 1, 2020	18,697	61,545	397,810	478,052
Reassessment*	-18,697	-	5,795	-12,902
Amortisation for the year	-	29,514	144,913	174,427
Currency exchange differences	-	-39	-10,172	-10,211
Accumulated amortisation at December 31, 2020	-	91,020	538,346	629,366
Net book value at December 31, 2020	1,623,978	114,203	1,035,734	2,773,915
Group				
TSEK	Goodwill	Capitalised development costs	Other intangible assets	Total
Cost at January 1, 2019	1,657,692	180,893	1,411,496	3,250,081
Additions	-	17,672	98,579	116,251
Currency exchange differences	17,316	1,443	12,389	31,148
Accumulated cost at December 31, 2019	1,675,008	200,008	1,522,464	3,397,480
Amortisation at January 1, 2019	-	33,445	269,348	302,793
Amortisation for the year	-	28,100	125,792	153,893
Write-down	18,697	-	-	18,697
Currency exchange differences	-	-	2,669	2,669
Accumulated amortisation at December 31, 2019	18,697	61,545	397,810	478,052
Net book value at December 31, 2019	1,656,311	138,463	1,124,654	2,919,428

* Re-assessment 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. The change has no effect on profit or loss.

Other intangibles assets consist of trademarks with a net book value of TSEK 226,244 (242,699), technology with a net book value of TSEK 195,725 (186,690) and customer relations with a net book value of TSEK 613,765 (695,266). Capitalised development costs apply to software products in connection to the online access to the Group's databases.

Impairment tests on goodwill

Goodwill is monitored by Management at the level of the two operating segments. The goodwill allocation is presented below:

TSEK	CGU Denmark	CGU Sweden	Total
Carrying amount at 31 December 2020	1,105,154	518,824	1,623,978

Management reviews the business performance based on the management reporting structures on an annual basis.

For the 2020 and 2019 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.

Based on the impairment test, a material excess value for both CGU's was identified compared to the carrying amount for which reason no impairment was made as of 31 December 2020. The calculations use post-tax cash flow projections for a five-year period based on the financial budget for 2021, on strategy plans and on projections hereof. Projections extending beyond 2021 are based on general parameters, such as expected market growth and profitability assumptions. The terminal value used in the

calculations for both CGU's is determined on the assumption of 1 percent growth (2.0) on both markets. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates. The pre-tax discount rate used in the Danish CGU is 6.8 percent (9.5) and in the Swedish CGU 7.2 percent (9.5).

Management has performed a sensitivity analysis for each key assumption (discount rate and growth rate in the terminal period), keeping all other assumptions constant. The sensitivity analysis show that a 1 percent increase in the discount rate or a 1 percent reduction of the growth assumptions will not change the outcome of the impairment test.

Note 12. Investments in associates

Cost price

TSEK

Cost at January 1, 2020	12,714
Additions relating to acquisitions	65,128
Cost at December 31, 2020	77,842

Value adjustment

TSEK

Value adjustments at January 1, 2020	-6,936
Foreign currency translation adjustments	-559
Value adjustments at December 31, 2020	-7,495
Carrying amount at December 31, 2020	70,347

Associated entities:

Ante ApS	25.0%
Bella Intelligence ApS	40.0%
Karnov Group Norway AS	40.0%
ProcurementLink ApS	41.9%

Karnov Group Norway AS

On 27 March 2020, Karnov Group concluded an agreement to invest in the Norwegian company Strawberry Law AS and acquired 40% of the shares in the company. At the same time the name of the company was changed to Karnov Group Norway AS. The purpose of the investment is to expand the Karnov Group's activities to the Norwegian market. Karnov Group Norway AS will provide digital subscription-based legal services to the Norwegian

market. Karnov Group Norway AS will have access to selected parts of the content in other entities within Karnov Group.

Purchase price, TSEK	31 Dec 2020
Cash on closing date	14,250
Contract liability	38,732
Total purchase price	52,982

The transaction is treated as an investment in associated companies and not a business combination under IFRS3. The investment is measured at the sum of the cash payment at transaction date and the estimated value of brand and content. The estimated value of brand and content SEK 39 m is included in Other non-current liabilities and will be amortised over the contract period.

The company Karnov Group Norway AS was originally registered on 16 January 2020 under the name Strawberry Law AS. The company's first financial year is the calendar year 2020. The company has at the time of publishing this report not approved and filed its Annual Report for year 2020 hence no financial overview of the company's financial performance and assets and liabilities can be provided in this report.

Karnov Group Norway AS is currently preparing the launch of its Norwegian offering. A local management team is established with basis in Oslo, and a network of well-renowned authors and legal experts has been contracted. Currently, commentaries are being written on the most commonly used Norwegian laws.

Karnov Group Norway AS is expected to launch its offering in the second half of 2021.

Other investments

The other additions in 2020 are legal tech startup investments in early phase of their development with expected potential for the Group.

Management has assessed that no risk of impairments is indicated for the investments.

Note 13. Deposit – leasehold

The Group currently occupies one address in Copenhagen for which the Group has paid deposits of TSEK 2,528 (2,729).

Note 14. Property, plant and equipment

Group			
TSEK	Leasehold improvements	Furniture, fittings and equipment	Total
Cost at January 1, 2020	6,226	17,647	23,873
Reassessment	-313	4,415	4,102
Additions for the year	1,378	1,569	2,947
Currency exchange differences	-221	-447	-668
Accumulated cost at December 31, 2020	7,070	23,184	30,254
Depreciation at January 1, 2020	3,705	14,734	18,439
Reassessment	-206	4,203	3,997
Depreciation for the year	629	1,441	2,070
Currency exchange differences	-128	-404	-532
Accumulated depreciation at December 31, 2020	4,000	19,974	23,974
Net book value at December 31, 2020	3,070	3,210	6,280

Group			
TSEK	Leasehold improvements	Furniture, fittings and equipment	Total
Cost at January 1, 2019	6,315	17,405	23,720
Additions for the year	-	1,862	1,862
Disposals	-177	-1,800	-1,977
Currency exchange differences	88	180	268
Accumulated cost at December 31, 2019	6,226	17,647	23,873
Depreciation at January 1, 2019	2,931	15,068	17,999
Depreciation for the year	772	1,510	2,282
Disposals	-38	-1,755	-1,793
Currency exchange differences	40	-89	-49
Accumulated depreciation at December 31, 2019	3,705	14,734	18,439
Net book value at December 31, 2019	2,521	2,913	5,434

Note 15. Investments in Group enterprises

Parent company

TSEK	2020	2019
Cost at beginning of period	1,149,925	759,500
Investments / Divestments	0	390,425
Net book value at December 31	1,149,925	1,149,925

The investment relates to acquisition of shares in KARN Holdco AB in relation to the IPO in 2019.

All entities within the Group	Corporate identity number	Registered office	Voting share	Share of equity	Carrying amount 2020
C KARN Holdco AB (1)	559016-4124	Stockholm	100.0%	100.0%	1,149,925
C KARN Middlecompany AB (1)	559016-8927	Stockholm	100.0%	100.0%	
C KARN Biddingcompany AB (1)	559016-8844	Stockholm	100.0%	100.0%	
C Karnov Group Holding AB (1)	556847-3143	Stockholm	100.0%	100.0%	
C Karnov AB (1)	556847-5791	Stockholm	100.0%	100.0%	
C Norstedts Juridik AB (2)	556226-6097	Stockholm	100.0%	100.0%	
C Notisum AB (2)	556516-2467	Stockholm	100.0%	100.0%	
C Lex Nordics AB (2)	559248-3050	Stockholm	60.0%	60.0%	
C Karnov Group Holdco DK ApS (1)	36 96 61 14	Copenhagen	100.0%	100.0%	
C Karnov Group Denmark A/S (2)	10 36 19 90	Copenhagen	100.0%	100.0%	
C Forlaget Andersen A/S (2)	31 58 18 69	Copenhagen	100.0%	100.0%	
C LCB ApS (2)	34 58 90 97	Copenhagen	78.7%	78.7%	
A Ante ApS (2)	38 70 37 22	Copenhagen	25.0%	25.0%	
A BELLA Intelligence ApS (2)	39 13 52 72	Copenhagen	40.0%	40.0%	
A ProcurementLink ApS (2)	35 86 94 76	Copenhagen	49.0%	41.9%	
A Karnov Group Norway AS (2)	924 428 600	Oslo	40.0%	40.0%	

Note:

C - Consolidated, A - Associated

(1) Holding company

(2) Operating company

Note 16. Financial instruments by category

Group	Carrying amount		Fair value	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
TSEK				
FINANCIAL ASSETS				
Financial assets at amortised cost				
Deposits	2,528	2,729	2,528	2,729
Trade receivables	148,214	209,672	148,214	209,672
Cash and cash equivalents	552,921	52,008	552,921	52,008
Total financial assets	703,663	264,409	703,663	264,409
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss (FVPL)				
Contingent considerations	9,537	18,533	9,537	18,533
Liabilities at amortised cost				
Trade payables	12,395	12,477	12,395	12,477
Non-current borrowings from credit institutions	1,196,087	838,317	1,196,087	838,317
Current borrowings from credit institutions	-	75,000	-	75,000
Total financial liabilities	1,218,019	944,327	1,218,019	944,327

Trade receivables

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as the 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. They are classified at level 2 in the fair value hierarchy.

Contingent consideration

The fair value of the contingent considerations is estimated by calculating the present value of the future expected cash flows. The estimates are based on discount rates at 7 percent. They are classified at level 3 in the fair value hierarchy.

Trade payables

Trade payables are unsecured and are usually paid within agreed payment terms. Due to the short-term nature of trade payables, their carrying amount is considered to be the same as fair value.

Non-current borrowings from credit institutions

The fair value of non-current borrowings is close to the carrying amount, as the impact of discounting is not significant. The fair value is based on cash flows discounted using a current borrowing rate adjusted for capitalized financing cost. They are classified at level 2 in the fair value hierarchy.

Current borrowings 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.

Note 17. Trade receivables

Group		
TSEK	2020	2019
Trade receivables	148,659	210,993
Less: provision for impairment of trade receivables	-445	-1,321
Trade receivables – net	148,214	209,672

Trade receivables allocated by currency

Group		
TSEK	2020	2019
SEK	81,503	95,165
DKK	66,711	114,507
Total trade receivables	148,214	209,672

Gross trade receivables by age

Group		
TSEK	2020	2019
Balance not due	128,036	154,918
0-3 months	20,146	54,754
3-6 months	32	-
Over 6 months	-	-
Total trade receivables	148,214	209,672

Breakdown of allowance for impairment:

Group		
TSEK	2020	2019
Allowance for impairment at beginning of period	1,321	1,078
Provision for impairment of trade receivables	-784	540
Exchange rate differences	-93	-297
Allowance for impairment at end of period	445	1,321

Group					
TSEK	Current	0-3 months	3-6 months	> 6 months	Total
31 December 2020					
Expected loss rate	0.24%	20.0%	40.0%	60.0%	0.30%
Trade receivables	128,036	20,146	32	-	148,214
Loss allowance	310	134	1	-	445

Group					
TSEK	Current	0-3 months	3-6 months	> 6 months	Total
31 December 2019					
Expected loss rate	0.31%	20.0%	40.0%	60.0%	0.63%
Trade receivables	154,918	54,754	-	-	209,672
Loss allowance	486	835	-	-	1,321

The fair values of trade receivables and other receivables of the Group correspond to book values.

Karnov Group invoices one month prior to the contract period of the agreement for which reason the customers are paying upfront. Historically, Karnov Group has experienced relatively small amounts of losses compared to the business activity which is reflected in the

impairment principle. Adjustments to provision for impaired receivables have been included in Other operating expenses in the income statement.

The maximum exposure to credit risk of trade receivables at the reporting date consists of the carrying amount. The Group does not hold any collateral as security.

Note 18. Inventories

Group		
TSEK	2020	2019
Finished goods	10,011	13,097
Total inventories	10,011	13,097

Write-downs of finished goods recognised as expenses during the year amounted to TSEK 4,266 (2,720) 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.

Note 19. Prepaid expenses

Group		
TSEK	2020	2019
Prepaid software license	3,595	2,895
Prepaid rent	2,024	3,195
Other items	1,937	2,300
Total prepaid expenses	7,556	8,391

Note 20. Cash and cash equivalents

Group		
TSEK	2020	2019
Balance sheet		
Cash at bank and in hand	552,921	52,008
Total cash and cash equivalents in the balance sheet	552,921	52,008
Parent company		
TSEK	2020	2019
Balance sheet		
Cash at bank and in hand	41,033	156
Total cash and cash equivalents in the balance sheet	41,033	156

Note 21. Share capital

A specification of changes in equity is found in the Statement of changes in equity, which is presented after the balance sheet.

	2020	2019	2020	2019
	Shares	Shares	TSEK	TSEK
Share capital and shares				
Ordinary shares	97,670,567	97,670,567	1,503	1,503
Shares of series C	425,347	-	6	-
Total number of shares / share capital	98,095,914	97,670,567	1,509	1,503

Ordinary shares and shares of series C

As per December 31, 2020, the share capital in Karnov Group AB (publ) was SEK 1,509,168, divided between 97,670,567 ordinary shares and 425,347 shares of series C, both with a nominal value of SEK 0.015385. Each ordinary share entitles the holder to one (1) vote at general meetings, while each share of series C entitles the holder to one-tenth (1/10) vote at general meetings. Ordinary

shares are entitled to dividend, while shares of series C are not entitled to dividend.

During 2020, two issues of shares of series C have been conducted in order to secure Karnov's obligations under its share-related incentive programs LTIP.

Note 22. Earnings per share

Earnings per share	2020	2019
Earnings attributable to shareholders	99,903	2,621
Weighted average number of ordinary shares	97,670,567	84,434,095
Effect of performance shares	425,347	425,347
Weighted average number of ordinary shares adjusted for the effect of dilution	98,095,914	84,859,442
Earnings per share, basic, SEK	1.02	0.03
Earnings per share, after dilution, SEK	1.02	0.03

Earnings per share after dilution takes the shares, expected to be issued to fulfill the obligations under the LTIP program, into account.

Note 23. Borrowings

The Group's borrowings were distributed as follows at the end of the reporting period:

Group	31 Dec 2020	31 Dec 2019
TSEK		
Current		
Borrowing from credit institutions	-	75,000
Total current borrowings	-	75,000
Non-current		
Borrowing from credit institutions	1,196,087	838,317
Total non-current borrowings	1,196,087	838,317

Maturity	Type of borrowing	Interest rate	Currency	Nominal value in currency	Carrying amount
Non-current borrowings from credit institutions in 2020					
Nordea Facility B1	Loan	1,1% + stibor	SEK	425,000	425,000
Nordea Facility B2	Loan	1,1% + cibor	DKK	302,660	408,349
Nordea	Revolving loan	1,1% + stibor	SEK	75,000	75,000
Nordea	Revolving loan	1,1% + stibor	SEK	150,000	150,000
Nordea	Revolving loan	1,1% + cibor	DKK	106,961	144,312
Amortised loan costs					-6,574
Non-current borrowings from credit institutions , total 2020					1,196,087

Maturity	Type of borrowing	Interest rate	Currency	Nominal value in currency	Carrying amount
Current borrowings from credit institutions in 2019					
Nordea	Revolving loan	1,35% + stibor	SEK	75,000	75,000
Current borrowings from credit institutions, total 2019					75,000
Non-current borrowings from credit institutions in 2019					
Nordea Facility B1	Loan	1,35% + stibor	SEK	425,000	425,000
Nordea Facility B2	Loan	1,35% + cibor	DKK	302,660	422,754
Amortised loan costs					-9,437
Non-current borrowings from credit institutions, total 2019					838,317

For the majority of borrowings, the fair values are not materially different to the carrying amount, since the interest payable on these borrowings is close to current market rates.

The fair value of non-current borrowings is close to the carrying amount, as the impact of discounting is not significant.

The fair value is based on cash flows discounted using a current borrowing rate adjusted for capitalized financing cost.

The carrying amount and fair value of the non-current borrowings are as follows:

TSEK	31 Dec 2020	31 Dec 2020
Borrowings, total	Carrying amount	Fair value
Borrowing	1,196,087	1,196,087
Borrowings, total	1,196,087	1,196,087

TSEK	31 Dec 2019	31 Dec 2019
Borrowings, total	Carrying amount	Fair value
Borrowing	913,317	913,317
Borrowings, total	913,317	913,317

COVENANTS

Borrowings from credit institutions includes the following covenants:

Net debt versus EBITDA

Net Leverage Ratio calculated on a quarterly basis shall not exceed 4.75:1. "Net Leverage Ratio" means the ratio of

Consolidated Total Net Debt to Consolidated adjusted EBITDA for a twelve-month period. If relevant the Consolidated adjusted EBITDA is adjusted for significant changes in prepaid income.

EBITDA is calculated in accordance with the definition in the senior facility agreement. The net leverage ratio threshold on 31 December 2020 was 2.15:1 (2.89:1).

Default and breaches of covenants

There have been no defaults or breaches of covenant during the year.

Note 24. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Group		
TSEK	2020	2019
Deferred tax assets:		
Temporary differences:		
Provisions	1,217	1,200
Prepayments	56,662	-
Total deferred tax assets	57,879	1,200
Netting against deferred tax liabilities	-57,879	-775
Total deferred tax assets (net)	-	425

Group		
TSEK	2020	2019
Deferred tax liabilities:		
PPE	335	725
Intangible assets	210,783	223,886
Prepayments	-	-56,706
Other	-	1,871
Total deferred tax liabilities	211,118	169,776
Netting against deferred tax assets	-57,879	775
Total deferred tax liabilities (net)	153,239	170,551

Offsetting against tax consolidated Group

Karnov Group Holdco DK ApS and its wholly owned subsidiaries have applied the provision of 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		
TSEK	2020	2019
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	-	1,200
Deferred tax asset to be recovered within 12 months	57,879	-
Total deferred tax assets	57,879	1,200

Group		
TSEK	2020	2019
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	184,199	142,353
Deferred tax liability to be recovered within 12 months	26,919	27,423
Total deferred tax liabilities	211,118	169,776

The movement in deferred tax assets and deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group TSEK	Other intangible assets	PPE	Other	Total
Deferred tax assets				
At January 1, 2020	-	-	1,200	1,200
Charged/credited to the income statement	408	-	17	425
Set-off against deferred tax liabilities	56,706	-	-	56,706
Exchange differences	-452			-452
At December 31, 2020	56,662	-	1,217	57,879
Deferred tax liabilities				
At January 1, 2020	167,180	725	1,871	169,776
Charged/credited to the income statement	-17,312	-	-	-17,312
Set-off against deferred tax assets	56,706	-	-	56,706
Exchange differences	1,948			1,948
At December 31, 2020	208,522	725	1,871	211,118

Group TSEK	Other intangible assets	PPE	Other	Total
Deferred tax assets				
At January 1, 2019	-	-	2,085	2,085
Charged/credited to the income statement	-	-	-867	-867
Exchange differences	-	-	-18	-18
At December 31, 2019	-	-	1,200	1,200
Deferred tax liabilities				
At January 1, 2019	254,189	603	536	255,328
Charged/credited to the income statement	-86,261	-614	-536	-87,411
Exchange differences	1,848	11	-	1,859
At December 31, 2019	169,776	-	-	169,776

Note 25. 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 pensions plans have been recognised in the income statement:

Group TSEK	2020	2019
Income statement charge:		
Expenses for defined contribution plans	21,452	22,806
Total retirement benefit obligation in the income statement	21,452	22,806

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 2020, the Group did not have access to the details enabling the report of these plans as defined benefit plans.

The ITP 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 TSEK 7,329 (7,485). The surplus from Alecta and others can be distributed to the policy holders and/or

the insured individuals. At the end of 2020, 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 148% by end December 2020 (148%). The estimated fees for pension insurance policies for 2020 are approximately TSEK 7,300.

Note 26. Provisions

Group

TSEK

At January 1, 2020	5,456
Charged to the income statement:	
- adjustment to present value	184
- currency difference	-186
At December 31, 2020	5,454

Group

Non-current provisions	5,454
Current provisions	-
Total provisions for other liabilities and charges	5,454

Group

TSEK

At January 1, 2019	5,192
Charged to the income statement:	
- adjustment to present value	132
- currency difference	132
At December 31, 2019	5,456

Group

Non-current provisions	5,456
Current provisions	-
Total provisions for other liabilities and charges	5,456

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 recognized for the present value of the estimated expenditure required to remove any

leasehold improvements. The costs have been capitalized as part of the cost of leasehold improvements based on expected costs at present value.

Note 27. Other current liabilities

Group

TSEK

	2020	2019
Value-added tax liability	38,672	36,595
Contingent considerations	9,537	18,533
Other	8,950	2,869
Total current liabilities	57,159	57,997

Note 28. Accrued expenses

Group		
TSEK	2020	2019
Accrued author royalty	56,870	51,635
Accrued wages and salaries	56,220	51,202
Other accrued expenses	23,495	23,402
Total accrued expenses	136,585	126,239

Note 29. Prepaid income

Group		
TSEK	2020	2019
Prepaid income for subscriptions in Denmark	253,743	253,843
Prepaid income for subscriptions in Sweden	174,693	145,743
Total prepaid income	428,436	399,586

Note 30. Reconciliation of liabilities arising from financing activities

TSEK	2019	Cash flows	Non-cash changes					2020
			Amortised loan cost	Foreign exchange movement	Interest accrued	Net additions disposals	Other reclassifications	
Long-term borrowings	838,317	279,395	2,865	-14,392	14,902	-	75,000	1,196,087
Short-term borrowings	75,000	-	-	-	-	-	-75,000	-
Leasing and other long-term liabilities	114,405	-14,891	-	-1,689	1,158	399	-	99,382
Total liabilities from financing activities	1,027,722	264,504	2,865	-16,081	16,060	399	-	1,295,469

TSEK	2018	Cash flows	Non-cash changes						2019
			Amortised loan cost	Foreign exchange movement	Accrued interest	Conversion of debt to shares	Recognised on adoption of IFRS 16	Other reclassifications	
Long-term borrowings	1,597,018	-615,631	28,983	12,245	31,427	-209,260	-	-6,465	838,317
Short-term borrowings	133,526	-59,603	-	-	1,076	-	-	-	75,000
Leasing and other long-term liabilities	-	-14,731	-	-467	-	-	129,494	109	114,405
Total liabilities from financing activities	1,730,544	-689,965	28,983	11,778	32,503	-209,260	129,494	-6,356	1,027,722

Note 31. Contingent liabilities

Contractual obligations

As part of the Group's ordinary business Karnov has entered into a number of long-term (sales or purchase) contracts.

Apart from the liabilities already recognized in the balance sheet, no significant financial losses are expected to be incurred as a result of these contracts.

Note 32. Leasing

Group

TSEK	2020	2019
No later than 1 year	12.842	11.622
Later than 1 year and no later than 2 years	13.984	15.251
Later than 2 year and no later than 3 years	12.237	12.234
Later than 3 year and no later than 4 years	12.026	11.332
Later than 4 year and no later than 5 years	12.026	11.231
Later than 5 years	36.267	52.735
Total	99.382	114.405

Group

TSEK	2020	2019
Lease assets at January 1	112,477	106,225
Currency exchange differences	-3,304	-838
Additions for the year	399	66,439
Disposals for the year	0	-44,413
Depreciation for the year	-14,027	-14,936
Lease assets at December 31	95,545	112,477
Lease liabilities at January 1	114,405	106,936
Currency exchange differences	-1,689	-467
Additions for the year	399	65,772
Disposals for the year	0	-44,430
Interest accrued	1,158	1,216
Interest paid	-1,158	-1,216
Payments	-13,732	-13,406
Lease liabilities at December 31	99,382	114,405

Note 33. Business combinations

LEXNordics AB

On 24 March 2020, Karnov Group entered into an agreement with the Swedish company LEX247 Cloud Services AB to accelerate the go-to-market of the LEX247 solution in the Nordic region. The parties have formed a new company LEXNordics AB with a split ownership of 60% owned by Karnov Group and 40% owned by LEX247 Cloud Services AB. The existing customer base of LEX247 in the Nordic Region is transferred to LEXNordics AB and the company has going forward exclusive rights to market the product in the Nordic region.

Purchase price, TSEK	31 Dec 2020
Cash on closing	10.000
Total purchase price	10.000

Reported amounts, TSEK	31 Dec 2020
Intangible assets: Customer relations	10.000
Total identified assets	10.000
Non-controlling interests	-7.000
Goodwill	7.000
Total	10.000

Revenue, income as well as assets and liabilities belonging to the newly formed company LEXNordics AB are fully consolidated in Karnov Group from 24 March 2020 with 40% of net result and equity of LEXNordics AB being reported as non-controlling interests.

DIBkunnskap AS

On 5 January 2021, Karnov Group entered into an agreement to acquire 100 percent of the shares issued in DIBkunnskap AS at TSEK 338,610. DIBkunnskap is a market leader amongst accounting- and auditing firms as well as large enterprises and provides knowledge and workflow solutions on the Norwegian market, with a strong focus on creating efficiencies in the workflows of professionals. The transaction is entirely in line with Karnov Groups strategy to carry out selective and value accretive acquisitions. The acquisition allows Karnov Group to continue growth in a new vertical in Norway. The financial effects of this transaction have not been recognized as of December 31, 2020. Revenue, income as well as assets and liabilities belonging to the acquired company are consolidated from 5 January 2021. The purchase price allocation is preliminary:

Purchase price, TSEK	05 Jan 2021
Cash on closing	294.953
Loan note	9.636
Earn-out	34.021
Total purchase price	338.610

Reported amounts, TSEK	
Cash	27.837
PPE	264
Intangible assets: Customer relations	33.413
Intangible assets: Technology	112.703
Intangible assets: Other	8.130
Trade receivables and other receivables	11.391
Trade payables and other liabilities	-53.652
Deferred tax	-26.309
Total identified assets	113.776
Goodwill	224.834
Total	338.610

The goodwill arising from the acquisition is attributable to DIBkunnskap AS's strong position and profitability on the market. The goodwill arising is not expected to be tax deductible in the event of future impairments.

Financing

The acquisition was paid with cash SEK 295 m. Further Karnov Group issued a loan note with a value of SEK 10 m which in January 2021 was converted to issue of 178,675 new ordinary shares of series A in Karnov Group AB (publ). In addition, part of the purchase price is settled as an earn-out agreement which, if the agreed performance criterions are met, will be paid in 2022 and 2023 respectively.

Information that cannot be provided

When the financial statements were authorized for issue, the Group had not yet completed the business combination accounting of DIBkunnskap AS. The fair value of acquired assets and liabilities above are preliminary pending final score. It is not possible to provide detailed information on every kind of acquired assets and any liabilities of the acquired company.

Note 34. Related parties

TSEK	2020	2019
Repayment of loans to related parties	-	50,674
Conversion of long-term loans to shares	-	209,260
Interest	-	8,654
At December 31	-	268,588

The Group's related parties with significant influence includes the Board, the Senior Executives and their close family. Related parties also include companies in which the aforementioned persons have control or significant influence.

Karnov did not enter any significant transactions with related parties in 2020 except from compensation and benefits to the Board members and managing director received as a result of their membership of the Board, employment with Karnov or shareholdings in Karnov Group AB. Please refer to Note 7.

Transactions in 2019

The Group was until the IPO on April 11, 2019 controlled by Five Arrows Principal Investments II Holding Sàrl. Beside Five Arrows Principal Investments II Holding Sàrl, members of the management also owned shares in the Company. The Group's ultimate parent was incorporated in Luxembourg.

The Group has carried out related-party transactions with the former major shareholder Five Arrows Principal Investments II Sàrl

and members of Management team. Transactions with related parties are based on the arm's length principle.

Prior to the IPO the company bought back all shares held by management at market value. Management was offered to enter into the new incentive program as described above. As part of the IPO previous shareholders provided consultancy services for the listing process for a total cost of SEK 11 m. The services were priced at market value and is included in the listed IPO costs under items affecting comparability.

By the end of the period all loans from related parties are paid back in accordance with the loan terms and the Group has no other outstanding balances with related parties.

No remuneration besides customary directors' fees approved by the general meeting of shareholders was paid during the period.

Note 35. Events after the balance sheet date

On 5 January 2021 Karnov Group closed the acquisition of market leading Norwegian knowledge workflow-tool supplier DIBkunnskap AS. The acquisition further strengthens Karnov Group's position as a leading supplier in Scandinavia. In connection with the acquisition, the Company issued 178,675 ordinary shares of series A, entitled to dividend.

The Board of Directors of Karnov Group AB (publ) appoints Pontus Bodelsson as the new President and CEO of Karnov Group. The decision follows Flemming Breinholt's desire to resign from his

position. Flemming Breinholt will resign and Pontus Bodelsson will assume his position on 10 May 2021.

Karnov Group acquires the Danish legal tech start-up Onlaw Aps. The acquisition is part of Karnov Group's strategy of establishing a broad technology platform that creates increased relevance and efficiency for professionals working with legal information.

Note 36. 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

TSEK	2020	2019
Organic business	773,317	743,861
Acquired business	1,531	0
Currency	-3,432	13,226
Total net sales	771,416	757,087

Total net sales split, %

TSEK	2020	2019
Organic growth, %	2.1%	4.0%
Acquired growth, %	0.2%	0.0%
Currency effect, %	-0.5%	1.8%
Total growth, %	1.8%	5.8%

Items affecting comparability

TSEK	2020	2019
Acquisition costs	4,165	750
Restructuring costs	8,038	14,673
IPO costs	-	38,209
Write down of subsidiaries	-	19,023
Total	12,203	72,655

Group

TSEK	2020	2019
Net sales	771,416	757,087
EBITDA	321,431	251,292
EBITDA margin, %	41.7%	33.2%
Items affecting comparability	12,203	72,655
Adjusted EBITDA	333,634	323,947
Adjusted EBITDA margin, %	43.2%	42.8%
Depreciations and amortisations	-45,476	-45,317
EBITA	275,955	205,975
EBITA margin, %	35.8%	27.2%
Adjusted EBITA	288,158	278,630
Adjusted EBITA margin, %	37.4%	36.8%
Amortisation (acquisitions)	-144,913	-125,794
EBIT	131,042	80,181

Denmark

TSEK	2020	2019
Net sales	419,207	420,656
EBITDA	176,029	131,396
EBITDA margin, %	42.0%	31.2%
Items affecting comparability	1,709	41,675
Adjusted EBITDA	177,738	173,071
Adjusted EBITDA margin, %	42.4%	41.1%
Depreciations and amortisations	-10,247	-7,881
EBITA	165,782	123,515
EBITA margin, %	39.5%	29.4%
Adjusted EBITA	167,491	165,189
Adjusted EBITA margin, %	40.0%	39.3%
Amortisation (acquisitions)	-61,255	-58,558
EBIT	104,528	64,957

Sweden

TSEK	2020	2019
Net sales	352,209	336,431
EBITDA	145,401	119,896
EBITDA margin, %	41.3%	35.6%
Items affecting comparability	10,494	30,980
Adjusted EBITDA	155,895	150,876
Adjusted EBITDA margin, %	44.3%	44.8%
Depreciations and amortisations	-35,228	-37,435
EBITA	110,173	82,461
EBITA margin, %	31.3%	24.5%
Adjusted EBITA	120,667	113,441
Adjusted EBITA margin, %	34.3%	33.7%
Amortisation (acquisitions)	-83,659	-67,237
EBIT	26,515	15,224

Return on total capital

TSEK	31 Dec 2020	31 Dec 2019
EBIT	131,042	80,181
Total assets	3,688,783	3,398,657
Return on capital, %	3.6%	2.4%

Net working capital

TSEK	31 Dec 2020	31 Dec 2019
Current assets	737,134	349,449
Current liabilities	658,012	754,781
Net working capital	79,122	-405,332

Cash conversion

TSEK	31 Dec 2020	31 Dec 2019
Adjusted EBITDA	333,634	323,947
Adjusted cash flow from operating activities	413,762	286,883
Cash conversion, %	124.0%	88.6%

Operating cash flow

TSEK	31 Dec 2020	31 Dec 2019
Operating profit	131,042	80,181
Total adjustments and changes	247,950	57,095
Operating cash flow	378,992	137,276

Net debt

TSEK	31 Dec 2020	31 Dec 2019
Non-current borrowing from credit institutions	1,196,087	838,317
Current borrowing from credit institutions	-	75,000
Cash and cash equivalents	552,921	52,008
Net debt	643,166	861,309

Leverage ratio

TSEK	31 Dec 2020	31 Dec 2019
Adjusted EBITDA	333,634	323,947
Net debt	643,166	861,309
Leverage ratio	1.9	2.7

Equity/asset ratio

TSEK	31 Dec 2020	31 Dec 2019
Equity	1,550,840	1,526,769
Total assets	3,688,783	3,398,657
Equity/asset ratio, %	42.0%	44.9%

Quarterly overview

	Q4	Q3	Q2	Q1
TSEK	2020	2020	2020	2020
Income statement				
Net sales	188,742	192,755	177,958	211,961
EBITDA	60,820	88,375	73,952	98,285
EBITDA margin, %	32.2%	45.8%	41.6%	46.4%
EBITA	47,581	76,899	63,259	88,218
EBITA margin, %	25.2%	39.9%	35.5%	41.6%
Adjusted EBITA	59,784	76,899	63,259	88,218
Adjusted EBITA margin, %	31.7%	39.9%	35.5%	41.6%
EBIT	12,377	40,377	27,029	51,261
EBIT, margin %	6.6%	20.9%	15.2%	24.2%
Net financial items	5,883	-6,287	5,650	-15,713
Net result	16,110	27,953	26,858	29,084
Balance sheet				
Non-current assets	2,951,649	3,059,839	3,071,186	3,192,975
Current assets	737,134	586,406	534,659	592,375
Cash and cash equivalents	552,921	420,946	443,183	493,933
Equity	1,550,840	1,584,940	1,541,508	1,618,794
Non-current liabilities	1,479,931	1,148,061	1,151,415	1,182,201
Current liabilities	658,012	913,244	912,922	984,355
Total assets	3,688,783	3,646,245	3,605,845	3,785,350
Cash flow				
Cash flow from operating activities	162,720	-570	47,354	166,281
Cash flow from Investing activities	-23,056	-18,404	-39,902	-31,181
Cash flow from financing activities	-3,324	-3,494	-56,182	304,577
Cash flow for the period	136,340	-22,468	-48,730	439,677
Key ratios				
Net working capital	79,122	-326,838	-378,263	-391,980
Return on total capital, %	0.3%	1.1%	0.7%	1.4%
Equity / asset ratio, %	42.0%	43.5%	42.8%	42.8%
Cash conversion, %	262.7%	-0.7%	66.2%	173.3%
Net debt	643,166	801,624	774,861	755,222
Share data				
Weighted average number of ordinary shares	97,670,567	97,670,567	97,670,567	97,670,567
Earnings per share, basic, SEK	0.17	0.28	0.27	0.30
Earnings per share, after dilution, SEK	0.16	0.28	0.27	0.30

Appropriation of profit and signatures

The Board of Directors of Karnov Group AB (publ) proposes that the Group's income statement and balance sheet be presented for adoption to the annual general meeting to be held on May 5, 2021.

The Board of directors proposes a dividend of SEK 1.00 per share. The proposed dividend SEK 97,670,567 corresponds to 5.1 percent of the non-restricted equity.

On January 5, 2021, the Company issued 178,675 ordinary shares of series A, entitled to dividend. Including these shares, the total dividend to be paid amounts to SEK 97,849,242, which corresponds to 5.1 percent of the non-restricted equity.

At the disposal of the Annual General Meeting:

SEK	2020
Share premium	2,062,363,000
Retained earnings	-117,248,000
Net result	-11,107,968
Total carried forward	1,934,007,032

The Board proposes that the profits be appropriated as follows:

Proposed dividend	-97,670,567
Amount carried forward	1,836,336,465

The Board of Directors' declaration

The Board of Directors and the CEO certify that these consolidated financial statements and Annual report together with the Corporate Governance report on page 20-32 and the Sustainability report on page 34-44 have been prepared in accordance with International Financial Reporting Standards IFRS, as adopted by the EU and generally accepted accounting principles, and gives a fair view of the Group's and Parent Company's financial position and

results of operations. The Directors' Report gives a fair overview of the development of the Group's and Parent company's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent company and the companies included in the Group. The undersigned hereby also submit Karnov Group's sustainability report for 2020.

Stockholm, March 30, 2021

Magnus Mandersson
Chairman of the Board

Ulf Bonnevier
Board member

Lone Møller Olsen
Board member

Salla Vainio
Board Member

Mark Redwood
Board Member

Flemming Breinholt
President and CEO

Our audit report was presented on March 30, 2021
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

Auditor's Report

Unofficial translation

To the general meeting of the shareholders of Karnov Group AB (publ.), corp.id.No. 559016-9016

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Karnov Group AB (publ.) for the year 2020 included on pages 47-98 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the consolidated statement of comprehensive income and consolidated balance sheet for the Group and the statement of comprehensive income and balance sheet for the parent company.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made

judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Main focus areas and risks identified are further detailed in the "Key Audit Matters" included below. Our audit of Karnov Group mainly consist of the following main parts; audit planning, procedures relating to internal control over financial reporting and related routines procedures, limited review procedures on the report for the third quarter closing, year and procedure and the final audit procedures required to issuing this auditors report for the parent company and the group. In connection to these procedures we also performed the work needed to issue our statement on adherence to the guidelines for remuneration to senior management.

The scope and extent of our audit procedures for Karnov Group mean that we have covered all material units within the Group which together represent a significant part of revenues, earnings and assets. The outcome of our work is during the year continuously reported to the company, the Audit Committee and for the full year also to the Board of Directors.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group Overall Materiality**2020: MSEK 8 (2019: MSEK 7)**

Benchmark

EBITDA

Rational for the selected benchmark

We defined our materiality to about 2.5% of consolidated EBITDA which is an acceptable range according to ISA rule of thumb.

We agreed with the Audit Committee that we would report to them other misstatements identified during our audit that in our view warranted reporting for qualitative reasons.

the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of

Key audit matter**How our audit addressed the Key audit matter**

Impairment test for goodwill and intangible assets

As at 31 December 2020, the book value of goodwill was MSEK 1,624 and the book value of other intangible assets was MSEK 1,150, in total this represents 75% of the Group's total assets.

Management perform an impairment test of the carrying value of intangible assets once a year.

For the purpose of performing the impairment assessment, management identifies Swedish and Danish businesses as two separate Cash Generating Units ("CGU"). The impairment analysis starts with calculation of the recoverable amount attributable to each CGU based on the estimated future cash flows derived from the CGU during coming 5 years of operations plus the terminal value of the cash flows in perpetuity. The expected cash flows are discounted to present value using Weighted Average Cost of Capital ("WACC") applicable for each CGU.

The assessment contains a number of significant assumptions, both quantitative and qualitative, including revenue projection, cost structure, discount rate, terminal growth rate, etc. Changes in these assumptions may lead to potential impairment charges on the carrying value of the intangible assets. The use of assumptions in the assessment also requires estimates and judgment, which may be affected by unexpected future market, economic or legal restrictions in different countries.

We focused on this area as these assets are significant to the Group's operations and the assessment performed by management involved significant estimates and judgments.

We obtained the impairment test results and related memorandum describing the valuation technique and key assumptions applied by management.

We tested mathematical accuracy of the underlying calculations in the model.

We compared historical actual results to those budgeted to assess the quality of management's forecast.

We assessed the key quantitative and qualitative assumptions made by management in the impairment model. Quantitative factors comprised forecasted revenue and expenses, the discount rate used and the terminal growth rate.

When assessing these key assumptions, we discussed with management to understand and evaluate their basis for selecting the assumptions. Where applicable, the assumptions were compared to various external sources including independent research reports. We have analysed the historical performance of assets and outcome of assumptions applied in prior period.

We assessed the reasonableness of the discount rate used by checking its variables to independent research reports, economic growth forecasts and publicly available industry data.

We obtained and tested management's sensitivity analysis around the quantitative key assumptions, to ascertain that the selected adverse changes to the key assumptions would not cause the carrying amount of the assets to exceed the recoverable amount.

Based on the audit procedures performed, we found the Group's estimates and judgment used in the impairment tests to be within a reasonable range.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-46 and 103-104. Other information also includes the remuneration report which is presented as a separate document. The Board of Directors and the CEO are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these annual accounts and consolidated accounts. A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Karnov Group AB (publ.) for the year 2020 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general. The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website:

www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Karnov Group AB (publ.) by the general meeting of the shareholders on the 5 May 2020 and has been the company's auditor since April 2011.

Stockholm, 30 March 2021

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorized Public Accountant

Financial definitions

This Annual Report report contains references to a number of performance measures. Some of these measures are defined in IFRS, while others are alternative measures and are not reported in accordance with applicable financial reporting frameworks or other legislation.

The measures are used by Karnov to help both investors and management to analyse its operations. The measures used in this report are described below, together with definitions and the reason for their use.

Key ratio	Definition	Explanation
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 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 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, depreciation and amortisation.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	The measure shows operational profitability over time, excluding items affecting comparability, financing, depreciation and amortisation.
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.
Average number of full-time equivalent (FTE)	Average number of full-time employees during the reporting period.	Unit that indicates the workload of an employed person. Non-financial key ratio.
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 is translated into a concrete contribution to Karnov's financing.
Earnings per share	Earnings per share for the period in SEK attributable to the parent company's shareholders, in relation to weighted average number of outstanding shares before and after dilution.	IFRS key ratio.
EBITA	Earnings before financial items and taxes, excluding acquisition related purchase price allocation (PPA) amortisation.	The measure 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 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 shows the operating profitability before depreciation and amortisation.
EBITDA margin	EBITDA as a percentage of net sales.	The measure shows operational profitability over time, regardless of financing, depreciation and amortisation.

Key ratio	Definition	Explanation
Equity/asset ratio (%)	Equity divided by total equity and liabilities.	The measure can be used to assess Karnov's financial stability.
Gearing ratio	Net debt divided by total equity	The measure can be used to assess Karnov's capital structure.
Leverage ratio	Net debt on the balance sheet date divided by adjusted EBITDA.	Relevant to analyse to ensure that Karnov has an appropriate financing structure and is able to fulfil its financial obligations under its loan agreement.
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.
Net debt	Total net borrowings including capitalised bank costs and excluding lease liabilities from IFRS16 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 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 (EBIT)	Profit for the period before financial items and taxes.	The measure is used since it enables comparisons of the profitability regardless of the capital structure or tax situation.
Operating cash flow	EBITDA plus changes in net working capital, less capital expenditures.	Reflects the correspondence between reported earnings from the business and the business's contribution to the financial headroom. The figure indicates the company's scope for managing its financing expenses and for making investments for expansion.
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.
PPA adjusted net profit	Net profit adjusted for items affecting comparability and amortisations of acquired businesses.	The measure is used to show Karnov's financial performance without the influence of items affecting comparability and amortisations of acquired businesses.
Return on capital	Operating profit for the period divided by total assets.	The measure shows the operating return on capital that owners and lenders have invested.

Better decisions, faster

Find what you need, trust what you find
and do it quickly.