

The background of the cover is a photograph of a grand, classical interior space. It features several large, fluted stone columns supporting a high ceiling. A bright yellow ribbon is draped across the scene, looping around the columns and creating a dynamic visual element. In the background, a staircase with stone steps is visible, and a single, glowing pendant light hangs from the ceiling. A dark blue rectangular box is positioned on the left side, containing the title text.

Annual Report 2021

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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 2021. 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.

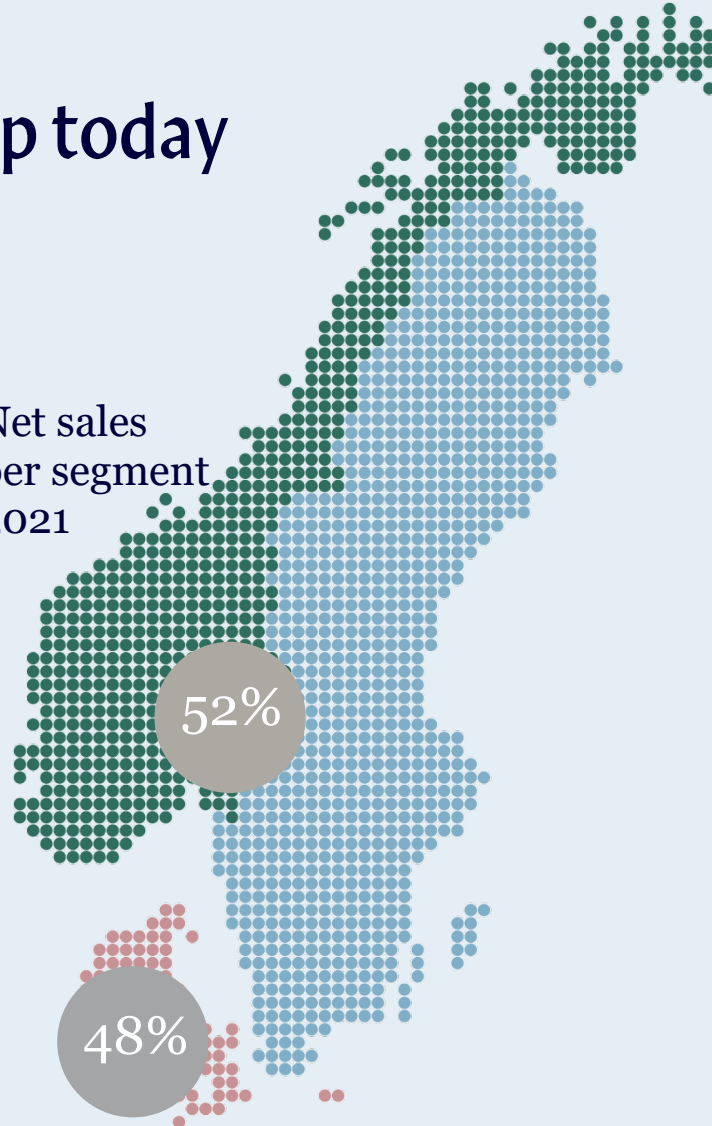
Karnov Group today

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 and France in 2021. Under a strong portfolio of brands including Karnov, Norstedts Juridik, Notisum, Legal Cross Border, Forlaget Andersen, LEXNordics, DIBkunnskap and Echoline, 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 segment
2021



Better decisions, faster

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

80,000+

Users

1,500+

Specialists

>290

Number of employees

2021 in numbers

During 2021, Karnov Group performed well. Net sales amounted to SEK 878 m, with solid organic growth of 6.7% and a satisfactory adjusted EBITA margin of 37.2%. Sales continued to be driven by strong performance in the online market where Karnov Group grew especially in the public sector, municipalities and the EHS vertical. The acquired businesses have performed in line with expectation in 2021. The acquisition of DIBkunnskap AS diluted the adjusted EBITA margin on group level by 1 percentage point in 2021.

878

Net Sales, SEKm

6.7%

Organic growth

37.2%

Adjusted EBITA margin

1.0

Leverage ratio

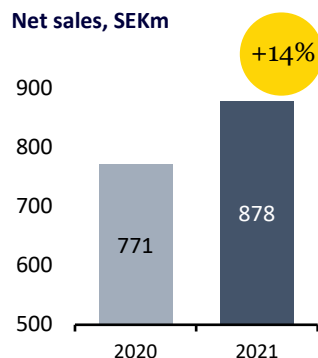
2021 IN NUMBERS

- Net sales increased by 14% to SEK 878 m (771) with organic growth of 6.7% (2.1). Sales were driven by the Company's continued strong performance in the online market.
- EBITA amounted to SEK 278 m (276) and the EBITA margin was 31.6 % (35.8). Items affecting comparability amounted to SEK 49 m (12).
- Adjusted for items affecting comparability EBITA increased to SEK 327 m (288) and the adjusted EBITA margin amounted to 37.2% (37.4).
- Net result for the period was SEK 84 m (100).
- Earnings per share before and after dilution amounted to SEK 0.86 (1.02).
- As Karnov Group is preparing to complete the intended acquisition in Spain and France and recently raised capital to partly finance the acquisition, the Board of Directors propose no dividend for the AGM on 10 May 2022.

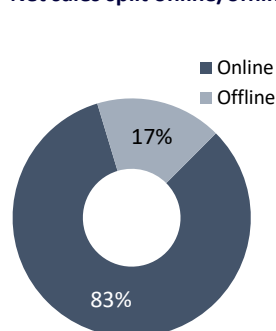
TSEK	2021	2020
Net sales	878 072	771 416
Organic growth, %	6,7%	2,1%
EBITA	277 563	275 955
EBITA margin, %	31,6%	35,8%
Adjusted EBITA	326 926	288 158
Adjusted EBITA margin, %	37,2%	37,4%
Net result for the period	84 217	100 004
Cash flow from operating activities	314 161	378 991
Cash conversion, %	103,2%	124,0%
Average number of employees	297	246

For more information see Financial definitions on page 110 and Note 36 on page 99 for calculations of Alternative Performance Measures.

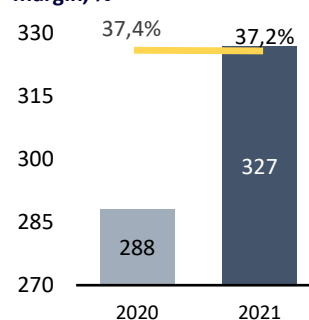
Net sales, SEKm



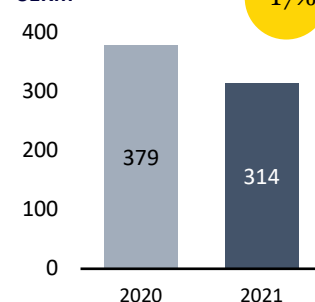
Net sales split online/offline



Adjusted EBITA, SEKm and margin, %



Operating cash flow, SEKm



Main activities 2021

NEW VERTICAL ACQUISITION IN DIBKUNNSKAP AS JANUARY 2021



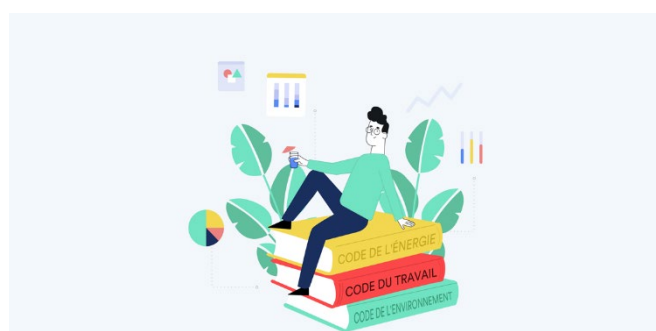
Karnov Group strategy is to carry out selective and value accretive acquisitions. In January 2021, Karnov Group completed the acquisition of the market leading Norwegian knowledge workflow solutions supplier DIBkunnskap AS. The transaction further strengthens Karnov Group's position as a leading supplier in Scandinavia. The company has performed in line with expectations in 2021.

LAUNCH OF MUNICIPALITY SOLUTION IN DENMARK SEPTEMBER 2021



Every day, caseworkers in municipalities make important decisions that affect the lives of local citizens. To help them do this more efficiently and ensure correct decisions, Karnov Group Denmark launched a legal information solution for caseworkers in Denmark, Karnov Kommune. In the beginning of 2022, we had our first municipality signing up for the product.

GEOGRAPHICAL EXPANSION ACQUISITION IN ECHOLINE SAS AUGUST 2021



Karnov Group sees the area of Environmental, Health and Safety (EHS) as an interesting vertical as it is a non-jurisdictional dependent market currently growing due to increased legal complexity. In August 2021, we acquired 100 % of the shares in Echoline SAS. Echoline is a leading compliance software provider within EHS, with a unique focus on regulatory monitoring. Echoline offers tailor-made legal registers and compliance with relevant legal requirements, all in an everyday language, making it much faster and simpler for companies to comply with regulatory obligations.

INTENDED ACQUISITION OF LEGAL INFORMATION BUSINESSES IN SPAIN AND FRANCE DECEMBER 2021



Karnov Group is a Nordic leader within legal information services with a solid track record from geographical expansion. In December 2021, Karnov Group announced the intention to acquire carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France. Building on our experiences from previous expansions, we are encouraged to continue growing into other geographies. With the intended acquisition, we capture a very attractive opportunity create a best-in-class offering in Spain and France, which would transform us from a Nordic market leader to a European player. In February 2022, the share purchase agreement was signed. The transaction is expected to close in 2022, subject to clearance by the Spanish Antitrust Authority.

CEO has the floor

It has been a great year for Karnov Group where we have delivered solid growth and margins. We have also been active in the M&A field, closing five acquisitions which will strengthen the customer value even more. Moreover, we have announced our intention to acquire carved-out legal information-based businesses in Spain and France, to create a best-in-class offering in the local markets.



A great year

When looking back at the past year, I am pleased with how we have been able to deliver on our customer centricity, continuing to add value to our platforms, and execute on our growth strategy during the year. In 2021, we have completed five acquisitions, expanding the business in new verticals, technology bolt-ons as well as through geographic expansion. The acquisitions strengthen the customer value and generate new growth opportunities for Karnov Group, with new technologies that we can integrate into our core legal platforms, helping our customers in making better decisions, faster. It is very important for us to continue being close to our customers, listening to their challenges of today and opportunities of tomorrow.

Investments to develop our offerings in Denmark, Sweden and Norway

Karnov Group is an important part of the legal systems in Denmark and Sweden, and our products have been used by legal professionals for the past 150 years. We are humble and feel we have a great responsibility in society. Professionals depend on our services in their daily work. We must therefore stay on our toes in our ambition of being a thought-leader in the legal field, continuously investing in new features and products.

In Denmark, we have launched an updated and improved platform. The platform uses the same technology base as JUNO in Sweden, giving us cross-border synergies in development. The updated platform has been well received on the market and brings additional customer value. We have also continued launching new features to our new online library, contributing to our growth in Denmark.

In Sweden, we have worked closely with our customers to continue strengthening the JUNO platform, adding more content and additional customer value. We have also brought more value to our verticals in Sweden, and we are pleased to see our municipality solution grow well. Another growth driver in Sweden is our EHS vertical (Environmental, Health and Safety). The area of EHS is really interesting and we will continue exploring the growth opportunities within the area, having acquired Echoline in 2021, and thereby established market presence in France and Benelux.

In Norway, DIBkunnskap AS has performed in line with expectations. The company has been successful in growing the business and in parallel focused on developing new products and features for additional growth opportunities the coming years. At the end of 2021, the company expanded into Sweden, launching their IFRS service on the Swedish market.

Preparing for future growth in Spain and France

In December, we announced our intention to acquire carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France.

Building on our experiences from previous expansions, we are encouraged to continue our growth journey. We intend to enter two interesting markets in Spain and France and establish a strong foothold in the region. We see an opportunity to strengthen the customer offering and create a basis for value creation within the acquired entities, bringing our knowledge from past acquisitions.

The transaction process is proceeding according to plan. Prior to closing, we are working on a pre-merger plan with relevant workstreams, ensuring a successful integration. In February 2022, we completed consultation with the French and European works councils and signed the share purchase agreement. Closing of the transaction is subject to clearance by the Spanish Antitrust Authority and we estimate that this will happen during the year of 2022.

As we are currently preparing to execute on the intended acquisition in Spain and France, and recently raised capital to partly finance the acquisition, the Board of Directors has decided to propose no dividend for the AGM on 10 May 2022.

CEO has the floor (cont.)

Growth on top-line and solid 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.
- A ratio of net debt to adjusted EBITDA LTM of no more than 3.0.

During 2021, Karnov Group grew 14%, of which 6.7% was organic growth and acquired growth was 8.7%. Currency effects had a negative impact on net sales of -1.6%. I am pleased with our performance during the year, as we have been growing our market shares, especially in the public sector, municipalities and our EHS vertical.

With a growing online business, our product mix is changing. Despite our acquired business DIBkunnskap AS diluting the adjusted EBITA margin by approximately 1 percentage point, we had an adjusted EBITA margin similar to the previous year. The margin was due to a combination of higher net sales, better product mix and efficiency gains in our strive for operational excellence.

Due to our strong cash flow generation, we are also well below our net debt target. At the end of the year, the leverage was on the very low level of 1.0x. This is due to the capital raise in December, as we are preparing to execute on the intended acquisition in Spain and France. Our strong cash flow generation and solid cash balance also make us prepared to do more acquisitions, should the right opportunity occur.

As we are currently preparing to execute on the intended acquisition in Spain and France, and recently raised capital to partly finance the acquisition, the Board of Directors has decided to propose no dividend for the AGM on 10 May 2022.

Summarising words

I want to end this CEO letter by thanking all authors, experts, customers and employees who all are key elements in Karnov Group being the leading provider of mission critical information solutions on our markets. We will continue being on our toes on our home markets, with a constant focus on customers centricity. Further, we have a great opportunity in Spain and France in 2022, where Karnov Group intends to acquire a solid market footprint and a platform for accelerated expansion and significant value creation for our customers and shareholders. I look forward realizing our growth journey the coming years. Thank you.

Stockholm 31 March 2022

Pontus Bodelsson

President and CEO

Full-year overview

TSEK	2021	2020	2019	2018
Income statement				
Net sales	878.072	771.416	757.087	715.342
EBITDA	324.908	321.431	251.292	209.491
EBITDA margin, %	37,0%	41,7%	33,2%	29,3%
EBITA	277.563	275.955	205.975	182.760
EBITA margin, %	31,6%	35,8%	27,2%	25,5%
Adjusted EBITA	326.926	288.158	278.630	261.639
Adjusted EBITA margin, %	37,2%	37,4%	36,8%	36,6%
EBIT	116.305	131.042	80.181	62.682
EBIT, margin %	13,2%	17,0%	10,6%	8,8%
Net financial items	-21.072	-10.467	-69.984	-97.898
Net result	84.217	100.004	3.480	-46.807
Balance sheet				
Non-current assets	3.336.821	2.951.649	3.049.208	2.964.993
Current assets	1.185.101	737.134	349.449	427.587
Cash and cash equivalents	951.471	552.921	52.008	201.797
Equity	2.154.055	1.550.840	1.526.769	625.209
Non-current liabilities	1.530.266	1.479.931	1.117.107	1.858.791
Current liabilities	837.600	658.012	754.781	908.580
Total assets	4.521.922	3.688.783	3.398.657	3.392.580
Cash flow				
Cash flow from operating activities	314.161	378.991	137.276	185.733
Cash flow from Investing activities	-385.454	-112.348	-270.815	-735.127
Cash flow from financing activities	467.639	235.454	-19.226	659.723
Cash flow for the period	396.346	502.097	-152.765	110.329
Key ratios				
Net working capital	347.501	79.122	-405.332	-480.993
Return on total capital, %	2,6%	3,6%	2,4%	1,8%
Equity / asset ratio, %	47,6%	42,0%	44,9%	18,4%
Cash conversion, %	103,2%	124,0%	88,6%	106,8%
Net debt	357.564	643.166	861.309	1.528.747
Share data				
Weighted average number of ordinary shares	97.862.496	97.670.567	84.434.095	44.724.680
Weighted average number of ordinary shares adjusted for the effect of dilution	98.287.843	98.095.914	84.859.442	44.724.680
Earnings per share, basic, SEK	0,87	1,02	0,03	-1,14
Earnings per share, after dilution, SEK	0,86	1,02	0,03	-1,14

Karnov Group

Introduction to Karnov

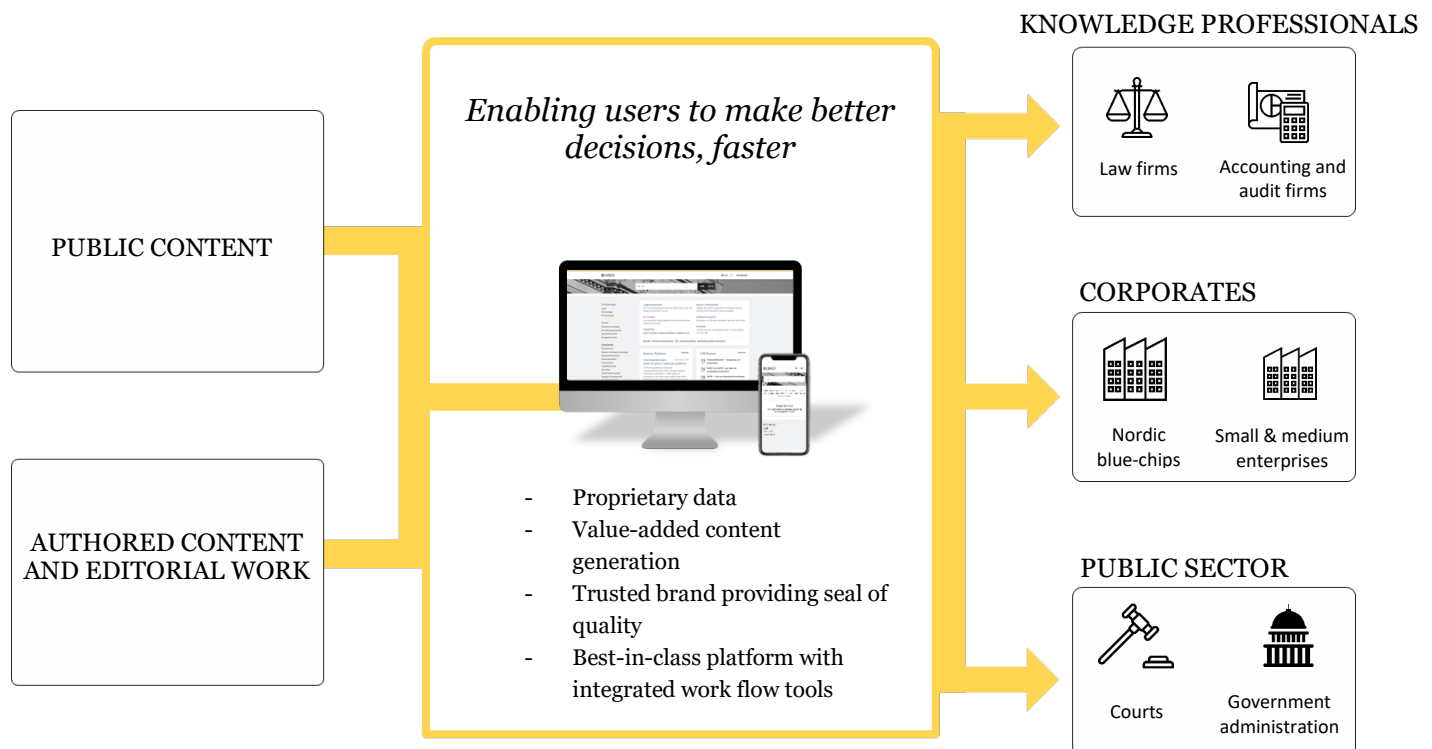
Karnov is a leading provider of information products and services in the areas of legal, tax and accounting and environmental, health and safety in Denmark and Sweden. Karnov also provides digital workflow tools in T&A in Norway and EHS compliance tools in Sweden, Denmark and France.

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, DIBkunnskap and Echoline.

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 contain 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.

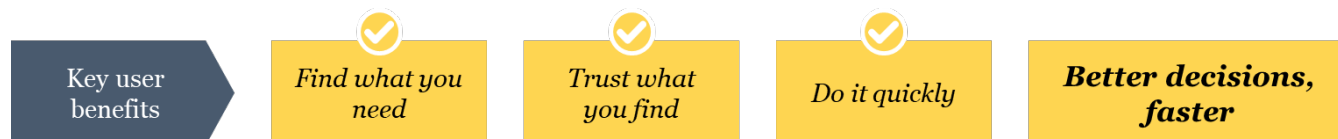
>> **2021:** Karnov Group broadened its offering in Norway via a vertical acquisition of DIBkunnskap AS, a market leading provider of digital workflow tools for tax and accounting. Further, Karnov Group made technology bolt-ons via acquisitions of Onlaw ApS, Ante ApS and BELLA Intelligence ApS. Karnov also expanded geographically to France with the acquisition of EHS compliance provider Echoline SAS. In Denmark, Karnov Group launched an improved legal platform and a new municipality solution.

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 advice a client on a legal problem, a lawyer needs to gain understanding of the relevant subject area. In order to do so, the lawyer needs access to high quality content from sources such as laws, regulations, preparatory works, case law, commentaries to legislation and legal literature – some of which are subject to change and development. With an increasing speed of change and expanding regulation, coming from different regulatory bodies on different hierarchical levels, the knowledge professionals use information tools to orientate in this environment.

Karnov's value proposition

Karnov'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, 2021, 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 also successfully launched and acquired workflow tools the past few years. 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 adjacencies 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. 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. An example of this is the intended acquisition in Spain and France announced in December 2021.

>> **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. An example of this is the acquisition of DIBkunnskap AS in 2021.

>> **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. An example of this is the acquisition of Onlaw ApS in 2021.

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 2021	In-line with objective
Achieve an annual organic growth of between 3–5 % in the medium term, supplemented by selective acquisitions.	+7 %	✓

Adjusted EBITA margin

Objective	Outcome 2021	In-line with objective
Increase margins in the medium term.	-20 bps	(DIBkunnskap AS diluted the margin as expected)

Capital structure

Objective	Outcome 2021	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.	1.0	✓

Dividend policy

Objective	Outcome 2021	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.	N/A	(As Karnov Group is preparing to complete the intended acquisition in Spain and France and recently raised capital to partly finance the acquisition, the Board of Directors propose no dividend for the AGM on 10 May 2022. The dividend policy is unchanged)

Home markets

Introduction

Karnov Group 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.

Addressable market

Karnov Group's currently addressable market consists of the total potential for Karnov Group's current online and offline products and services in Denmark, Sweden and Norway ("The Current Addressable Market").¹

Karnov Group assesses that the Current Addressable Market in Denmark, Sweden and Norway amounts to approximately SEK 2,150 m, whereof approximately SEK 1,650 m is the growing online segment and approximately SEK 500 m is the declining offline segment. Karnov Group has since the IPO grown the online business annually, while the offline business has declined annually.

Market potential

Karnov Group assesses that the company can expand its total market opportunity. Expansion can be achieved through development of the Karnov Group'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.

Karnov Group further assesses the company to be well positioned for expansions through acquisitions into new markets. In 2020, Karnov expanded into Norway via a minority investment in Karnov Group Norway AS and Karnov Group acquired DIBkunnskap AS in 2021. In 2021, Karnov Group also expanded into France and Benelux via the acquisition of Echoline SAS.

Key growth drivers in a competitive landscape

Karnov Group is actively following its different markets to stay relevant. The Company 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

Karnov Group 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.

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.

Legalisation in society drives the demand for our services in Sweden

In Sweden, we supply the market with legal information for legal professionals such as lawyers, the public sector, municipalities and corporates. Norstedts Juridik is the market's leading publisher and supplier of legal information, with a network of over 1,000 authors and experts and a history within the segment dating back 150 years. Notisum is Karnov Group's offering on the growing market for Environmental, Health and Safety (EHS).

An indispensable partner for all legal, tax and accounting professionals

In Sweden, we provide online and offline legal solutions and legal classroom training and e-courses. The JUNO platform is the leading legal platform in Sweden, combining public data sources with proprietary content such as commentaries and notes from leading legal experts in Sweden. We also offer workflow tools such as Avtalsguiden and legal training courses. With the growing legal complexity and need for legal information for not only lawyers, but also other positions working with legal questions, Norstedts Juridik see a market trend where existing customers, across all segments, buy more licenses.

Growing market in public sector and municipalities

In line with the market trend above, we see a clear trend where we grow our customer base in the public sector and municipalities. We launched our municipality solution along with the JUNO platform in 2019 and have now created traction in the market. The municipality solution has appreciated features and content and a content customer base.

Solid performance in the EHS vertical in 2021

Karnov Group acquired Notisum in 2016. Notisum provides a compliance platform for monitoring legislation within the EHS segment with a focus on the requirements imposed on ISO - certified organizations.

The company has performed well since the acquisition and the EHS vertical is one of the growth drivers in Sweden.

The platform includes e.g., legal summaries, comments on changes, functions for legal compliance control, helping corporates being compliant.

Comment from Alexandra Åquist, CEO of Norstedts Juridik AB



"We are pleased to see that our existing customers, across all segments, buy more licenses and that more and more positions need access to legal information. Our online services drive strong growth, but we see a prosperous company that delivers good results in line with expectations throughout. We continue and prioritize developing our services according to the needs from different customer segments. Our business development is based on customer centricity with the goal of solving our customers' problems and supporting them in time-consuming processes."

Alexandra Åquist, CEO Norstedts Juridik AB

Growth fuelled by improved platform and verticalisation in Denmark

New and improved platform

As a way of future-proofing the core online legal information solution in Denmark, as well as aligning technology strategy across the Danish and Swedish markets, an updated legal information platform was launched to the Danish legal market in 2021.

The new and improved platform was built on the recently launched JUNO platform in Sweden and will as a consequence also strengthen the cross-country best practice development in legal information solutions. The Danish solution was closely tested and evaluated with current users to ensure an optimal adaptation to the Danish legal market.

With a basis in the trusted content, the aim of the new platform is to ensure even faster and easier access to legal information, increasing the value and certainty for users and at the same time improving the platform for new feature development and personalization.

Legal certainty for municipalities

Every day, case workers in municipalities make important decisions that affect the lives of local citizens. However, most case workers do not have a legal background, and the complexity of the legal field can make their work unnecessarily complex which poses a risk of wrong decision making.

To help them do their jobs more efficiently and ensure correct decisions, Karnov Group Denmark launched the legal

information vertical for case workers in Denmark - Karnov Kommune - in September of 2021.

Karnov Kommune is subscription-based and built specifically for the daily tasks of the municipality case worker, ensuring them efficient and fast access to best practice, regulatory information and case law. The solution also includes step-by-step guides, bringing the caseworker securely through the task at hand, enabling a correct base for a decision.

The solution was developed in close collaboration with subject matter experts and case workers to ensure that the result was intuitive and giving the desired efficiency and certainty.

Expanding the online library

Literature plays an ever-important role in the legal profession, providing insights, understanding and inspiration in the daily work. Karnov Group has published titles in the legal, tax and accounting field since 1867, and besides a continuous review of the portfolio, we also strive to ensure that the knowledge from our authors is media independent. Since 2020 Karnov Group has offered all the Danish literature in an online library, linked to the online research platform.

Over the last year, the functionality has been improved significantly, making it possible to include content from our books in the online Case Preparation Tool. Furthermore, new tailored packages have been launched in the areas of criminal law, accounting and municipality.

Comment from Niels Munk Hansen, CEO of Karnov Group Denmark A/S



“Our increased focus on developing our products with our users the last few years has now been rewarded with strong results in 2021 – both in terms of user satisfaction and financial performance. As an increasingly number of non-lawyers require legal information in their daily work and as “work from anywhere” has become the new norm, traditional legal information use cases have broadened and changed. Our new online products and verticals have proved to cater particularly well for this development of user needs.”

Niels Munk Hansen, CEO Karnov Group Denmark A/S

A great year in Norway

On 5 January 2021, Karnov Group acquired DIBkunnskap AS in Norway. DIBkunnskap is Norway's leading knowledge and workflow tool company specialized towards the needs of accounting and audit professionals. The company has performed well in 2021, focusing on growing the business and launching their IFRS service in Sweden at the end of the year.

Introduction to DIBkunnskap AS

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 solutions are based on national and international accounting-, corporate- and HR law.

DIBkunnskap has a strong position with identified opportunities to further grow on the Norwegian market, as well as a clear international growth strategy. The CAGR is approximately 10%², and DIBkunnskap has a solid track-record in extending the market shares since launch. The company has a subscription-based business model with close to 100% recurring revenue.

Growth was the focus in 2021

In 2021, DIBkunnskap has performed well on the Norwegian market. The company's services are appreciated and DIBkunnskap had a very high retention rate in line with previous years. The company was also successful in growing the business in new sales. The company has strengthened the sales organization with three colleagues during the year. Using data analysis, the company has also been successful in streamlining the sales processes. In parallel, focus has been on customer centricity, ensuring high quality content and delivering in line with customer expectations.

Development of a new document flow and signing portal

DIBkunnskap has successfully managed to develop products helping professionals work more efficient. The company is currently extending the platform portfolio with a new document

flow and signing portal – dflow – which will be integrated with the current platform for a smoother and more time efficient document management. The solution will be launched in 2022.

Launching IFRS knowledge tool in Sweden

One of DIBkunnskap's most appreciated modules is the IFRS tool. It is used by more than 60% of the companies listed on the Oslo Stock Exchange. IFRS is an international accounting framework, and DIBkunnskap launched their IFRS tool in Swedish market at the end of 2021. Prior to the launch, the company has established a professional team based in Sweden and established partnerships with the IFRS Foundation, Sanoma Utbildning and Norstedts Juridik to secure quality content and trust on the new market.

On the Swedish market, DIBkunnskap will leverage on existing Karnov Group distribution channels and capacity to drive market expansion, with a natural product market fit. Since the launch in December, DIBkunnskap has experienced a high interest from IFRS reporting companies, and also received their first orders early in 2022.

Karnov Group Norway launched their services in 2021

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.

Karnov Group Norway is a minority investment of Karnov Group, with a 40% shareholding position.

In 2021, the company launched its services in collaboration with Lovdata, the most commonly used legal platform in Norway. Karnov Group Norway covers a majority of the 100 most viewed laws in Lovdata with commentaries and will during 2022 cover 100% of the most viewed laws. The commentaries are appreciated among the customers and Karnov Group Norway has some of Norway's largest law firms as customers.

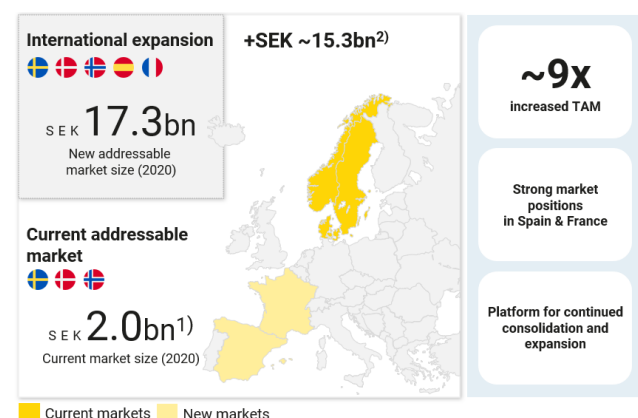
² Based on a market study by CIL and management assessments.

Karnov Group to enter Spain and France

Karnov Group believes that access to the law is the foundation to every democratic society. We have over 150 years of experience and an author network of over 1,500 experts in Denmark and Sweden. Since the IPO in 2019, several acquisitions to expand geographically have been carried out. The latest markets where Karnov Group has established presence include Norway through Karnov Group Norway AS and DIBkunnskap in 2020 and 2021 respectively, and France and Benelux through Echoline in 2021. Building on the same foundation as in the Nordics, Karnov Group's intention is to deliver solid customer value in Southern Europe. Therefore, Karnov Group has taken the decision to accelerate the expansion beyond the Nordics and has entered a binding offer to acquire legal and regulatory information-based businesses of Thomson Reuters in Spain and Wolters Kluwer in Spain and France.

An indispensable partner for all legal, tax and accounting professionals

Karnov Group's mission is to strengthen the foundation for justice in society and helping professionals in making better decisions, faster. Our promise to our customers is to become an indispensable partner for all legal, tax and accounting professionals. We strive to set the standards for how practitioners access the law and manage their practices more efficiently. Karnov Group's strategic goal is to deliver the highest quality of content, provide a state-of-the-art user experience and support workflow.



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Expansion to Spain and France

The intended acquisition is a growth opportunity for Karnov Group that hasn't been seen in the Nordics. Building on the experience from the acquisition of Norstedts Juridik in 2018

where solid growth was generated as well as organic growth in Sweden and Denmark thanks to the successful integration resulting in an enhanced offering. Through the contemplated transaction of carved-out legal information-based businesses of Thomson Reuters in Spain and Wolters Kluwer in Spain and France, Karnov Group intend to enter two interesting markets and establish a strong footprint in Spain and France. The strategy for further expansion in the region entails both expanding the core products into new markets, adding adjacent verticals to the current product portfolio. The contemplated transaction is a great opportunity to enter new highly competitive regions through well-established players.

Very well-known brands in the local markets

The acquisition is an important step to accelerate our expansion beyond the Nordics and an attractive opportunity to significantly increase the total addressable market while also providing a strong platform for further international expansion. The transaction is entailed to be completed in 2022. The acquisition provides a possibility to add strong entities and brands to the portfolio.

LaLey is a historical pioneer with a best-in-class platform within online legal information services in Spain with a strong content enrichment platform called Altamira Naw. Altamira Naw is a proprietary CMS and publishing platform.

Aranzadi is a well-known industry brand in the Spanish market with an attractive product portfolio. The company has major Spanish coverage across information and reference, as well as workflow.

Lamy and Liaisons Sociales are key French players with deep sector specialism that brings together some of the most established legal information service brands in the French legal market.

The combination of a strong platform and strong content in Spain and France together with Karnov Group's track record from value-creating acquisitions would enable a best-in-class platform and a solid foundation for a strengthened customer offering and increased customer value. By adding well-known local brands and leveraging on best practices, Karnov Group will be well-positioned to reach new customer groups in Spain and France.

Market opportunity in Spain and France

Karnov Group aims to develop a strong player in Spain and France, with approximately 1,000 colleagues, that has an attractive revenue profile with high recurring revenues and a strong product portfolio. Building on the best from the three

³ Market opportunity defined as addressable on the basis of being within current capabilities, customer type and geographic reach of the Group and utilizing the existing technology platform. Some development of content and localization of the platform would be required to serve all the addressable market.

⁴ Feasible addressable market in Spain and France of EUR 413m and EUR 1,050m, respectively. Converted using the average EUR/SEK FX rate January – December 2020 of 10.4867.

entities, there is a great opportunity to bring significant customer value going forward through a strengthened customer offering and value creation within the combined entities. Moreover, the proposed transaction provides a unique and attractive opportunity to significantly increase the total addressable market while also providing a strong platform for further international expansion.

Through this potential acquisition Karnov Group expects to increase the addressable market from approximately SEK 2.0 billion to approximately SEK 17.3 billion. This is an increase of around 9 times. We are planning to nurture this possibility through combining the local entities and to form a strong player in Spain and France, creating a solid combined platform for continued expansion and consolidation in the local markets. The contemplated transaction will bring value to the shareholders. Given the future potential to merge the local entities, the acquisition is considered to be significantly EPS increase accretive. The local businesses are similar to Karnov Group in terms of having strong brands, high recurring revenues and attractive customer portfolios. We believe that the transaction consideration has an attractive multiple of 9.6 times EBITDA, excluding in-market costs efficiencies.

Karnov Group present in the French EHS market with Echoline

In August 2021, Karnov Group announced the acquisition of Echoline SAS, a French provider of EHS compliance and monitoring software. The acquisition is in line with the Karnov Group strategy of expanding internationally on the growing market for compliance solutions within Environment, Health and Safety (EHS).

Echoline is a leading compliance software provider within EHS, with a unique focus on regulatory monitoring. By applying legal intelligence algorithms developed in collaboration with in-house legal experts, the Echoline solution offers tailor-made legal registers and compliance with relevant legal requirements, all in an everyday language, making it much faster and simpler for companies to comply with regulatory obligations. The platform is cloud-based, and the business model is based mainly on subscription. The solution is targeted at ISO certified companies in the French speaking areas of Europe and currently represents large and mid-size corporations in France and the Benelux.

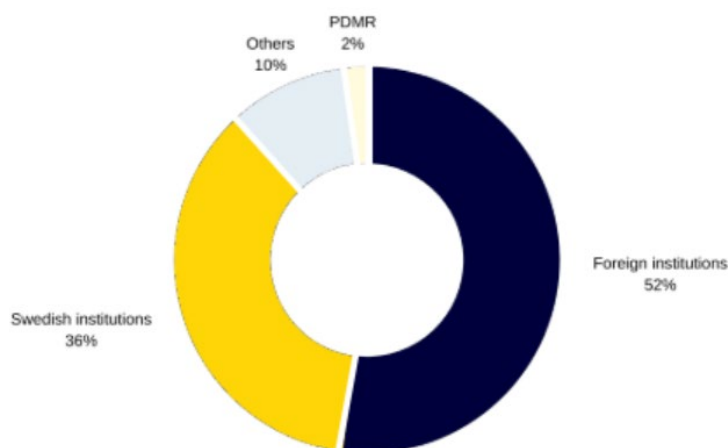
Karnov Group is also present in the EHS compliance software market with Notisum and its leading pan-Scandinavian offering and the recently launched SheqApp service for European EHS compliance. In time, synergies with existing Karnov Group EHS compliance solutions will be explored.

The Karnov share

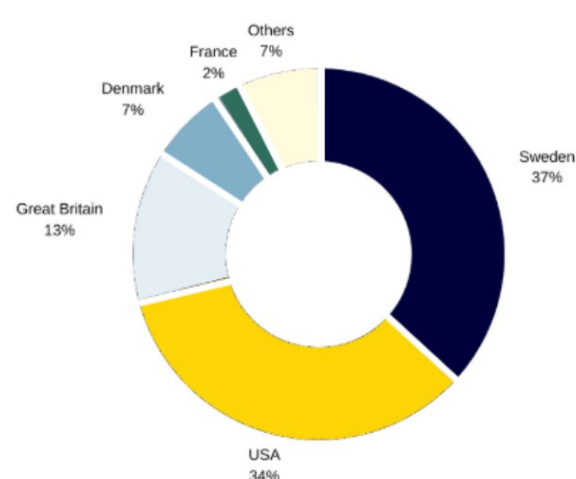
Karnov's share is listed on Nasdaq OMX Stockholm Midcap under the symbol KAR.

The offering price in the IPO was SEK 43.0. First day of trading was 11 April 2019.

During 2021, the average trading volume was approx. SEK 9.5 m (5.0), with the highest closing price of SEK 67.0 (62.0) and the lowest closing price of SEK 48.4 (42.0).



SHARES BY OWNER CATEGORY



SHARES BY COUNTRY

SHARE PERFORMANCE INDICATORS

	2021	2020
Earnings per share, diluted (SEK)	0.86	1.02
Proposed dividend per share (SEK)	N/A	1.00
Share turnover ¹⁾	41%	25%

LARGEST SHAREHOLDERS

NAME	NO. OF SHARES	VOTES (%)	CAPITAL (%)
Invesco	9,187,861	8.53	8.50
Swedbank Robur Funds	7,707,498	7.16	7.13
Carnegie Funds	6,500,000	6.03	6.01
Fourth AP Fund	6,028,479	5.60	5.58
Columbia Threadneedle	5,363,896	4.98	4.96
KIRKBI Invest A/S	5,060,000	4.70	4.68
Long Path Partners	4,988,394	4.63	4.61
Didner & Gerge Funds	4,975,557	4.62	4.60
Board and Senior Executives	2,111,374	1.96	1.95
Others	56,178,988	51.79	51.98
Total	108,102,047	100.00	100.00

¹⁾ Number of traded shares/number of outstanding shares

Share capital

As per 31 December 2021, the share capital in Karnov Group AB (publ) was SEK 1,663,150, divided between 107,676,700 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 2021, two issues of ordinary shares of series A have been carried out.

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

On 14 December 2021, the Company issued 9,827,458 ordinary shares of series A as part of the financing of the intended acquisition of the carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France.

Shareholders

The number of known shareholders as per 31 December 2021, was 1,631 according to the record kept by Euroclear, which is close to 18 percent more than at the end of 2020. The ten largest shareholders controlled 55 percent of the Company's shares. Swedish ownership accounted for approx. 37 percent of the

Company's shares. North American ownership accounted for approx. 34 percent of the Company's shares and The Board of Directors and Senior Executives owned privately and via companies approx. 2 percent of the shares.

Trading in the share

During 2021, the total trading volume was 44.5 million shares, worth SEK 2.4 billion. The average trading volume per day was approx. SEK 9.6 m. The highest closing price was SEK 67.0 on 30 December 2021 and the lowest closing price was SEK 48.4 on 24 February 2021. The closing price on 30 December 2021 was SEK 67.0, giving a total market capitalisation of approx. SEK 7.2 billion. This is an increase of 24 percent compared to 30 December 2020 and an increase of 71 percent compared to the offering price in the listing.

Annual General Meeting

The 2022 Annual General Meeting will be held on 10 May 2022 at 16:00 PM at Cirio Advokatbyrå's office in Stockholm. Shareholders are able to exercise their voting rights both at the AGM and 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 2021





Corporate Governance Report

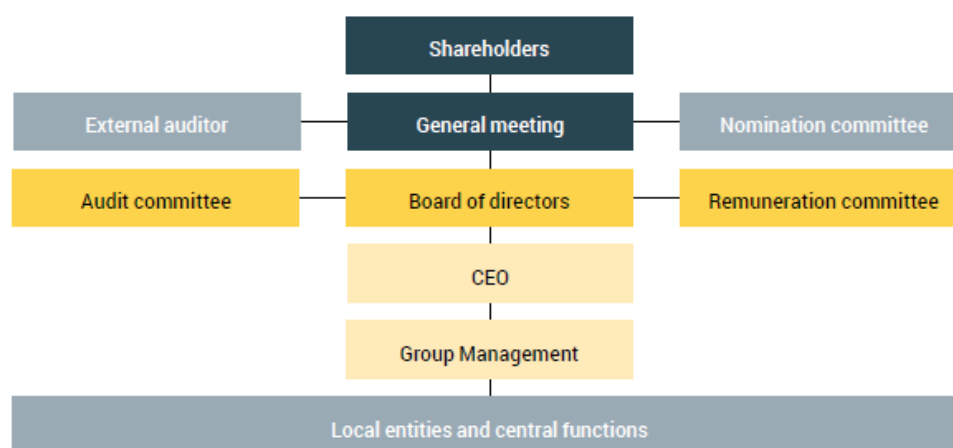
Corporate Governance Report

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 2021, 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, 2021, 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 2022

- Thomas Ehlin, Corporate Governance, Fourth National Pension Fund, Sweden;
- Ulrik Grönvall, Corporate Governance, Swedbank Robur, Sweden;
- Kristian Åkesson, Portfolio Manager, Didner & Gerge Funds 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 31 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 2021, the Board held fifteen (15) 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. The Group CEO presents items for discussion at the meetings and attends all board meetings together with the Group CFO, except during the annual performance review of their work. The Company's Head of Investor Relations 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. 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 2021, the Audit Committee held four (4) 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 2021, the Remunerations Committee held three (3) 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 2021.

	Board Meetings	Audit Committee	Remuneration Committee
Magnus Mandersson	15/15	4/4	3/3
Ulf Bonnevier	14/15	4/4	3/3
Lone Møller Olsen	15/15	3/4	-
Salla Vainio	15/15	4/4	3/3
Loris Barisa (was elected as a Board member on 5 May 2021)	13/13	-	-
Mark Redwood (left the Board on 5 May 2021)	2/2	-	-

Remuneration to the Board of Directors

The Annual General Meeting on 5 May 2021 resolved on the following remuneration to the members of the Board of Directors until the Annual General Meeting 2022.

(TSEK)	Board fee	Audit Committee fee	Remuneration Committee fee	Total 2021
Magnus Mandersson	650	50	100	800
Ulf Bonnevier	325	50	35	410
Lone Møller Olsen	325	150	-	475
Salla Vainio	325	50	35	410
Loris Barisa	325	-	-	325
Total	1,950	300	170	2,420

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 2021. 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 3,000 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 twelve (12) months in case of termination by Karnov and up to six (6) months in case of termination by the senior executive.

Guidelines for remuneration to the senior executives

The Annual General Meeting on 5 May 2021 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 2021. 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/).

Long-term share-related incentive plans in form of a share saving program has been implemented in the Company. The plans have been resolved by the annual general meeting 2019 and 2020, therefore they are excluded from these guidelines. 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 of 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 and 40 per cent of the variable remuneration is based on non-financial performance activities decided by Board of Directors to achieve the financial targets and 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 per cent of the total fixed annual salary and the variable cash remuneration for the other senior executives may amount to not more than 75 per cent 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.

Terms for variable remuneration shall be designed so that the Board of Directors, under exceptional financial conditions, may limit or omit to pay variable compensation if such a measure is deemed reasonable.

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. Senior executives shall receive pension premiums of no more than 35 per cent 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 per cent 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 guideline.

Remuneration to senior executives

The following table presents the remuneration paid to the senior executives in 2021. For further information, please refer to note

7 and the Remuneration Report 2021, available on <https://www.karnovgroup.com/en/general-meeting-2022/>.

(TSEK)	Ordinary compensation	Other benefits	Pension benefits	Total
Pontus Bodelsson CEO from 8 May 2021	2,278	1,499	690	4,467
Flemming Breinholt CEO until 7 May 2021	1,984	1,310	198	3,492
Other senior executives	11,809	4,916	1,722	18,447
Total	16,071	7,725	2,610	26,406

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 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, which has been used in full in 2021.

Information and communication

The Board of Directors of Karnov has adopted an insider policy and a communication policy governing Karnov's management and communication of inside information and other information. The insider policy is intended to reduce the risks of insider dealing and other unlawful behaviour and to facilitate Karnov's compliance with applicable rules regarding the handling of inside information. In addition, Karnov has established procedures for the handling of information and restriction of the dissemination of information. The communication policy describes Karnov's overall focus on communication matters. Karnov's communication shall be characterised by long-term perspective

and trust, reliability as well as proactivity, speed and transparency. The communication shall be accurate, relevant and comprehensive in accordance with Nasdaq Stockholm's rule book for issuers.

Investor Relations function

The purpose of Karnov's investor relations function is to build a long-term knowledge of and trust in Karnov's operations and value creation, whilst ensuring that Karnov complies with applicable regulations. Karnov's investor relations function handles regular contacts with shareholders, analysts, investors, financial journalists, Nasdaq Stockholm, the Swedish Financial Supervisory Authority and other capital market participants and coordinates general meetings, analyst meetings and capital market presentations. The Head of Investor Relations 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 2021, the total remuneration for audit services to Karnov's auditor was TSEK 2,611 (2,842), of which TSEK 1,293 (1,270) related to the Company. Remuneration for other audit services was TSEK 1,268 (1,910).

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 five members, appointed for the period until the close of the annual general meeting 2022. 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: 150,000 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 and the companies within the Bank Invest group. 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: Board member of FCG Ltd, Helsinki School of Economics Foundation, member of the Directors' Institute Finland.

Previous positions: CEO in Marketing Clinic, in Fondia Plc, in SanomaPro. Board member of QPR Software Plc, A-Lehdet Ltd, and Chairman of Motiva Ltd.

Own and closely associated holdings: 3,000 shares.

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:
27,000 shares

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



Loris Barisa

Board member since 2021.

Born: 1966

Principal education: Technical high school degree.

Other current positions: Wealth Manager, Coeli.

Previous positions: Managing Director (Europe) & Member of Operating Committee Thomson Reuters (Markets), Chairman of Finwire AB.

Own and closely associated holdings:
8,000 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.



Pontus Bodelsson
Group CEO since 2021.

Own and closely associated holdings:
15,000 shares.



Jonas Olin
Group CFO since 2022.

Own and closely associated holdings:
8,000 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: Warfvinges 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 2021 re-elected PricewaterhouseCoopers AB, corporate registration number 556067-4276, as auditor for the period until the close of the annual general meeting 2022. 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 2021-01-01 - 2021-12-31 on pages 22-34 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, 31 March 2022

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorized Public Accountant



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 2021. 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:

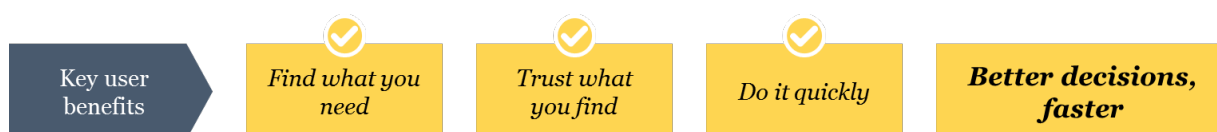


- **Learning:** Karnov strives to deliver online and offline solutions that are tailored for specific learning areas, both in the academic context and for practitioners' continuous learning. Karnov's publication businesses in Denmark and Sweden have delivered content for students and practitioners for 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 CHRO	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	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	Internal Data protection manager (DPM) appointed. Karnov Group is considering appointing a Data protection officer (DPO service) as part of the intended acquisition in Spain and France.

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 2021 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 2021

Numbers within brackets is comparable figures for the fiscal year 2020.

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 2021

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 heatwaves.	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 2021, we have initiated a project to deliver Scope 1, 2 and 3 data for the Sustainability Reporting.
Other risks	We have identified no other significant sustainability risks. For other risks, see the Risk and risk management section on page 55 and Note 3.	

Information security and integrity 2021

Numbers within brackets is comparing figures for the fiscal year 2020.

REPORTED CASES OF VIOLATION OF HUMAN RIGHTS

0 (0)

REPORTED CASES OF MISCONDUCT

0 (0)

EU Taxonomy

The Taxonomy Regulation is an important part of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU's climate goals as the taxonomy is a classification system for environmentally sustainable activities.

According to Article 8 of the Taxonomy Regulation, companies covered by the Non-Financial Reporting Directive (NFRD) shall report on how and to what extent their activities are associated with activities that are considered to be environmentally sustainable according to the technical review criteria. Technical review criteria have so far been defined for the environmental objectives 'Mitigation of climate change' and 'Adaptation to climate change'. Article 8 states that non-financial corporations shall disclose the proportion of their turnover, capital expenditure and operating expenditure that is covered by the activities included in the taxonomy for the financial year 2021. The Regulation shall be fully applied by companies covered by the NFRD from 1 January 2022 and shall then disclose for the next financial year the

proportion of their turnover, capital expenditure and operating expenditure that is in accordance with the taxonomy and thus meets the technical review criteria set out in Annexes 1 and 2 of the delegated acts of the Taxonomy Regulation.

Karnov products and services (described on page 9) are not included in the taxonomy and the share of applicable net sales is therefore 0%. For total net sales see line "Net sales" on page 58 of the 2021 Annual Report.

Total capital expenditure consists of the year's investment in tangible and intangible fixed assets (excluding goodwill), which is shown in note 11 and note 14 in the financial statements. Total operating expenses consist of research and development expenses, short-term leases, maintenance, and other direct expenses related to the day-to-day maintenance of property, plant and equipment. In 2021, there are no capital or operating expenditures covered by the taxonomy and therefore the percentage of taxonomy applicable capital and operating expenditures is estimated to be 0%.

Assessments and interpretations of the taxonomy have been made based on available information as of March 2022.



Our Karnov



MAJBRIITT CORDT – FACILITY MANAGER
KARNOV GROUP DANMARK A/S

Located in: Copenhagen, Denmark

“Karnov is a great workplace where I have dedicated the past 30 years to provide great service to all customers, authors, experts and not least employees. Through-out my career, I have continuously strived for excellence, and I take pride in being a Karnovian. The past few years Karnov has grown to become a Nordic market leader and it has been great getting to know a larger organisation both in Denmark and Sweden.”



STIG HAVNEVIK – PRODUCT OWNER (MUNICIPALITIES)
KARNOV GROUP DENMARK A/S

Located in: Copenhagen, Denmark

“Legal questions are not only handled daily by legal professionals. They are also part of the daily tasks for case workers in municipalities for instance. That is why we developed Karnov Kommune, to help case workers in being certain to make the best decisions, faster. I have developed the municipality solution along with a professional team and look forward seeing the solution grow on the market.”



THERESE JÄRNANKAR – DIRECTOR OF BD & PRODUCTS
NORSTEDTS JURIDIK AB

Located in: Stockholm, Sweden

“To work at Norstedts Juridik is a luxury. Knowing that our customers are actually making a difference in the society – whether as a lawyer in court or as a social worker in the municipality – keeps us on our toes. It seems almost embedded in every colleague’s DNA to strive for the best possible standards. As head of our product and business development, I aim to make sure that we are delivering even more value to our customers going forward, together with the excellent and experienced team of product owners, business developers and an insight manager. I am proud to work for such a company!”



BEATE BJØRNSKAU HEIMDAL – CHIEF CONTENT OFFICER
DIBKUNNSKAP AS

Located in: Lysaker, Norway

“I have been part of DIBkunnskap the past 7.5 years and we became a part of the Karnov Group family in 2021. What I really like about my work is to keep all our customers updated on changes in laws and regulations in a clear and comprehensible manner. In addition, we create useful tools, as checklist and templates, to help our users in their daily work. We collaborate closely, both within the content department and with the other departments. The flat organization in DIB enables changes to be made quickly and it is a short way from idea to product. Our goal is to give our customers practical insights, knowledge and tools based on information on key challenges and best practices as the reporting standards are developed.”

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 2021

Numbers within brackets is comparing figures for the fiscal year 2020.

AVERAGE NUMBER OF EMPLOYEES (FTEs)

297 (246)

NATIONALITIES EMPLOYED

23 (29)

WOMEN WITHIN THE GROUP

47 % (53 %)

WOMEN WITH STAFF RESPONSIBILITY

42 % (44 %)

WOMEN IN GROUP MANAGEMENT

50 % (56 %)

EMPLOYEE SATISFACTION

8.3 (8.2)

SHORT-TERM SICK LEAVE

0.8 % (1.0 %)

LONG-TERM SICK LEAVE

2.6 % (0.9 %)

NUMBER OF FLIGHTS

126 (225)

EMPLOYEES ATTENDING TRAINING

49 % (42 %)

WORK-RELATED INJURIES

0 (0)

INCIDENTS OF DISCRIMINATION OR HARASSMENT

0 (0)



Taking the temperature of the legal industry – across Scandinavia

For the third consecutive year, Karnov Group published the largest report on the legal industry in Scandinavia, 'The Future of the Legal Profession'

More than 3.300 full time legal professionals have given their view on the challenges and opportunities in the sector, and this year, for the first time, the report included responses from the Norwegian market, making the insights truly Scandinavian.

The 2021 report covers four key areas:

- The effect of the COVID-19 pandemic on the legal industry
- The mental health of the legal professionals
- The development and implementation of new technology in the business
- The need for specific competencies in the future

Conclusions from the report

Mental health is considered a taboo in the industry

The report shows that 62% of the Scandinavian legal professionals experience work related stress and/or anxiety. Only 9% feel that enough is being done in the industry to improve mental health and 45% believe that mental health is a taboo.

It is clear from the report that mental health is an important topic to be discussed further in the industry.

Working from home has brought a better work-life balance but the relationship with colleagues suffers

In the survey, the legal professionals were asked how they believe the pandemic has affected the industry. There are both positive and negative consequences

42% of the legal professionals believe that their work-life balance has been positively affected, and from the open comments in the survey, it appears that this is primarily driven by the flexibility that working from home has given. The negative effects of the pandemic are centred around knowledge sharing and the relationship with colleagues

Risk of 'tech-washing'

In the last 2 years, legal tech has been seen as a key driver for the development of the business. In this year's report, we see that 47% of the Scandinavian legal professionals believe that there is more talk about legal tech than actual implementation. This leads to a potential risk of 'tech washing', where the impression is given, consciously or subconsciously, that an organisation is further ahead technologically than it really is.

Driving dialogue – and change

For Karnov Group, the aim up publishing the report is to highlight areas of interest and give inspiration to the Scandinavian legal profession and especially the topic around mental health has been a driver for dialogue in the industry. Based on the report, several law firms are looking to join forces on sharing best practice and inspiration on how to improve the work situation for their employees.

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

<https://www.karnovgroup.com/en/karnov-group-releases-industry-report-future-lawyer-2021/>



Kaius – giving knowledge and insights to Danish law students

The law student community is of great importance to Karnov Group, both as future users of our products and as the ones shaping the future legal industry. For many years, Karnov Group has published a free magazine for new law students, 'The guide for law students' but as a consequence of the COVID-19 pandemic, and in order to broaden the relationship with the students, this magazine has been transformed into a free, digital universe – Kaius.

The universe includes podcasts, perspectives on the legal industry, assistance on legal information research, access to webinars on curriculum related topics and tips and tricks for life as a law student. Furthermore, through Kaius, Karnov Group offers certification in the use of Karnov Online through the Karnov Group Summerschool.

The universe is mainly driven by a close collaboration with student associations as well as individual law students from across the country, writing opinion pieces, reflections from their student jobs and interviews with prominent profiles in the industry.

Due to an agreement with the individual Danish universities, it has at the same time been possible to offer all Danish law students access to Karnov Online – at no cost for the students. This ensures equal opportunities for all students, with access to all consolidated legislation as well as case law and relevant articles. Since august 2020, more than 10.000 students have activated their access to Karnov Online through their university.

Quotes from the satisfaction survey 2021

- "It is very inspiring with new views on the legal industry and life as a student"
- "I find a lot of relevant information and insights on the site, and especially appreciate the podcasts"

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 2021 on pages 36–47 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, 31 March 2022

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 2021 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/Norway. 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 2021 organised into two geographical financial reporting segments: Denmark and Sweden/Norway. In 2021, Denmark represented 48 percent and Sweden/Norway 52 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 2021, 88 (86) percent of Karnov's net sales came from subscriptions paid annually in advance.

Market

In 2021 Karnov's operations were in the legal and tax&accounting professional markets in Denmark and Sweden/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.

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 and Norway have separate legal systems and the languages are different, the content of the product offering is unique in each of the 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 company Karnov Group Holding AB.

Karnov Group Holding AB owns 100 percent of the shares in the holding companies Karnov Group Holdco DK ApS in Denmark and Karnov AB in Sweden and 100 percent of the shares in the operating companies DIBkunnskap AS in Norway and Echoline SAS in France. Further Karnov Group Holding AB owns 40 percent of the shares in Karnov Group Norway AS.

Karnov Group Holdco DK ApS owns 100 percent of the Danish operating companies Karnov Group Denmark A/S, Forlaget Andersen A/S, BELLA Intelligence ApS, as well as 85.9 percent of shares in LCB ApS and 51 percent of the shares in Ante ApS. Further the Danish holding company has invested in 49 percent of the shares in ProcurementLink ApS.

Karnov AB 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 AB owns 100 percent of the shares in the Danish legal tech start-up company Onlaw ApS. For more information, see Note 15.

Significant events in 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.

> Investment in Onlaw ApS, Danish legal tech start-up.

In February 2021, Karnov Group entered into an agreement to acquire 100 percent of the shares issued in the company Onlaw ApS. Onlaw provides intelligent applications that make the quality and collaboration around legal documents easier and more efficient.

> Investment in Echoline SAS, French provider of EHS software.

On 1 October 2021, Karnov Group entered into an agreement to

acquire 100 percent of the shares issued in the company Echoline SAS based in France. Echoline SAS is a leading French provider of EHS compliance and monitoring software. The company's digital platform is cloud-based, and the business model is based mainly on subscription. The solution is targeted at ISO certified companies in the French speaking areas of Europe and currently represents large and mid-size corporations in France and the Benelux. The acquisition is in line with the Karnov Group strategy of expanding internationally on the growing market for compliance solutions within Environment, Health and Safety (EHS).

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

On 4 October 2021, Karnov Group entered into an agreement to acquire additional 26 percent of the shares issued in the company Ante ApS gaining a majority stake 51% ownership. The investment was part of Karnov Group's strategy of establishing a broad technology platform that creates increased relevance and efficiency for professionals working with legal information. In the near future, work will commence in integrating some of the capabilities of Ante into the core legal research platforms of Karnov Group.

➤ Investment in BELLA Intelligence ApS, Danish bankruptcy estate handling digital solution.

On 5 November 2021, Karnov Group entered into an agreement to acquire additional 60 percent of the shares issued in BELLA Intelligence ApS attaining full ownership of the company. The investment was part of Karnov Group's strategy to become a more established player in the legal-tech market. The future journey of BELLA Intelligence requires better access to support and sales, and the Karnov organisation will play an important role in realising the BELLA Intelligence vision of defining the tech standards of bankruptcy estate handling

➤ Binding offer to acquire carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France

Karnov Group announces submission of a binding offer to acquire carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France for a cash consideration of approximately EUR 160 million on a cash- and debt-free basis. Completion of the contemplated transaction is envisaged to occur no later than during 2022, subject to clearance by the Spanish Antitrust Authority

THE GROUP'S FINANCIAL DEVELOPMENT

TSEK	2021	2020	Δ%
Net sales	878 072	771 416	13,8%
Organic growth, %	6,7%	2,1%	
EBITA	277 563	275 955	0,6%
EBITA margin, %	31,6%	35,8%	
Adjusted EBITA	326 926	288 158	13,5%
Adjusted EBITA margin, %	37,2%	37,4%	

Net sales

Net sales increased by 13.8 percent to SEK 878 m (771). Organic growth was 6.7 percent and currency effects had a negative impact on net sales of 1.6 percent and acquired growth accounts for 8.7 percent.

Earnings

EBITA amounted to SEK 278 m (276) and the EBITA margin was 31.6 (35.8) percent. Adjusted for items affecting comparability, adjusted EBITA increased by 13.5 percent to SEK 327 m (288) and the adjusted EBITA margin was 37.2 percent (37.4). Items affecting comparability amounted to a total of SEK 49 m (12) and were mainly related to acquisition costs and restructuring costs.

Operating profit (EBIT) decreased by SEK 15 m to SEK 116 m (131) mainly driven by SEK 49 m costs for acquisition activities and restructuring costs.

Depreciation and amortisation

Depreciation and amortisation amounted to SEK -209 m (-190). The higher amortisation was driven by investments in intangible assets from finalised development projects and acquired entities.

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 2021.

Net financial items and profit before and after tax

Net financial items amounted to SEK -21 m (-10). Net financial items were affected by currency differences of SEK -16 m (9) mainly related to long term loans in DKK.

Profit before income tax was SEK 103 m (121). The income tax was SEK 19 m (21).

Net result for the period was positive and amounted to SEK 84 m (100).

Cashflow and investments

Cash flow from operating activities amounted to SEK 314 m (379). 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 2021	31 Dec 2020
Adjusted EBITDA	374 271	333 634
Adjusted cash flow from operating activities	386 190	413 762
Cash conversion, %	103,2%	124,0%

Total investments amounted to SEK -385 m (-112), mainly from acquisitions and investments in intangible assets.

The Group's investments in intangible and tangible fixed assets amounted to SEK -63 m (-83).

Financial position

Net Debt

TSEK	31 Dec 2021	31 Dec 2020
Total borrowings	1 309 035	1 295 468
Cash and cash equivalents	951 471	552 921
Net debt	357 564	742 548
Leverage ratio	1,0	2,2
Equity	2 154 055	1 550 840
Equity / asset ratio, %	47,6%	42,0%

Net debt was SEK 358 m (743) at the end of the period. The leverage, defined as net debt in relation to adjusted EBITDA, was 1.0 (2.2). Total net debt calculation is updated to total borrowings including lease liabilities and capitalised bank costs less cash and cash equivalents. Comparable numbers for previous periods are adjusted accordingly. The change in calculation is to align with covenant calculation on the Group's loan facility

Equity amounted to SEK 2.154 m (1,551) and the equity ratio was 47,6 (42.0) percent.

Cash and cash equivalents amounted to SEK 951 m (553). The Group had unutilized credit lines of SEK 236 m (247).

THE BUSINESS SEGMENTS' PERFORMANCE

Denmark

TSEK	2021	2020	Δ%
Net sales	422 802	419 207	0,9%
Organic growth, %	3,8%	0,5%	
EBITA	171 930	165 782	3,7%
EBITA margin, %	40,7%	39,5%	
Adjusted EBITA	171 930	167 491	2,7%
Adjusted EBITA margin, %	40,7%	40,0%	

Net sales

Net sales increase by 0.9 percent to SEK 423 m (419), of which organic growth was 3,8 percent, currency effects accounted for -3,1 percent and 0.2 percent was acquired growth.

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

Earnings

EBITA amounted to SEK 172 m (166) and EBITA margin amounted to 40.7 (39.5) percent. Adjusted EBITA was SEK 172 m (167) and the adjusted EBITA margin was 40.7 percent (40).

Operating profit (EBIT) for the full year was SEK 109 m (105).

Sweden

TSEK	2021	2020	Δ%
Net sales	455 270	352 209	29,3%
Organic growth, %	10,1%	4,2%	
EBITA	105 635	110 173	-4,1%
EBITA margin, %	23,2%	31,3%	
Adjusted EBITA	154 998	120 667	28,5%
Adjusted EBITA margin, %	34,0%	34,3%	

Net sales

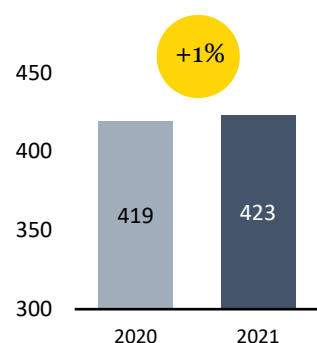
Net sales increased by 29.3 percent to SEK 455 m (352) whereof 18.8 percent (0.5) was acquired growth. The increase in net sales is driven by the businesses gaining market shares, especially in the public sector, municipalities and the EHS vertical and by upselling to existing customer.

Earnings

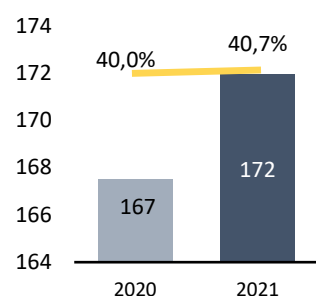
EBITA amounted to SEK 106 m (110) and the EBITA margin was 23.2 (31.3) percent. Adjusted for items affecting comparability, adjusted EBITA increased to SEK 155 m (121) and the adjusted EBITA margin was 34.0 (34.3) percent. Items affecting comparability mainly related to acquisition costs and restructuring costs.

Operating profit (EBIT) amounted to SEK 7 m (27).

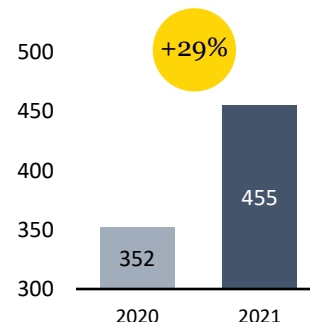
Denmark net sales, SEKm



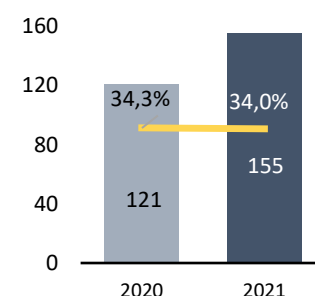
Denmark adjusted EBITA, SEKm and margin, %



Sweden/Norway net sales, SEKm



Sweden/Norway 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) increased by 20.6 percent to 297 (246) at the end of the year, of which 104 in Sweden, 149 in Denmark, 33 in Norway and 9 in France. 47 (51) percent of the workforce was female, and 53 (49) 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 36-47.

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 January 5, 2021, the Company issued 178,675 ordinary shares of series A, entitled to dividend. The share issue was part of the financing of the acquisition of DIBkunnskap AS in Norway. On 14 December 2021 the Company carried out a directed issue of 9,827,458 ordinary shares of series A to repay part of the bridge loan facility agreed with Nordea to finance the intended acquisition of the carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France.

On 31 December 2021, the registered share capital amounted to SEK 1,663,150 and the total number of shares and votes in Karnov Group AB (publ) amounts to 108,102,047 shares and 107,719,234.7 votes. Each share has a quotient value of approximately SEK 0.015385. The total number of shares consists of 107,676,700 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 2021, the Company had 1,631 known shareholders. The four largest shareholders with 5% or more of the shares outstanding in Karnov Group AB (publ) are listed in the below table.

Shareholders with >5 % of equity	No of shares	Equity %
Swedbank Robur Funds	7.707.498	7,1
Invesco	7.692.133	7,1
Carnegie Funds	6.500.000	6,0
Fourth Swedish National Pension Fund	6.028.479	5,6
Total	27.928.110	25,8
Other shareholders	80.173.937	74,2
Total numbers of shares	108.102.047	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 -83 m (-30) and profit for the period was -24 (-11).

Guidelines for remuneration to senior executives

The CEO is entitled to an annual fixed salary of TSEK 3,000 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, 2021.

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/Norway. 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.

The Covid-19 pandemic is still having an impact on global society however to a less extent than previous years. Karnov is still following the situation and unless the impact of the pandemic should change negatively Karnov assess only insignificant impact on the future financial performance. 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 10, 2022. As Karnov Group is preparing to complete the intended acquisition in Spain and France and in December 2021 raised capital to partly finance the acquisition, the Board of Directors propose no dividend for the annual general meeting.

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

SEK	2021
Share premium	2 654 840 898
Retained earnings	-185 309 965
Net result	-23 566 117
Total carried forward	2 445 964 816
The Board proposes that the profits be appropriated as follows:	
Proposed dividend	0
Amount carried forward	2 445 964 816

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 22.

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 41-42.	



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Consolidated statement of comprehensive income

TSEK	Note	2021	2020
Net sales	5	878.072	771.416
Total revenue		878.072	771.416
Goods for resale		-138.722	-131.754
Employee benefit expenses	7	-279.934	-234.667
Depreciations and amortisations	11, 14, 32	-208.604	-190.389
Other operating expenses		-134.507	-83.564
Operating profit		116.305	131.042
Financial income		15.311	14.503
Financial expenses		-36.384	-24.970
Net financial items	8	-21.072	-10.467
Revaluation of associated investments	12	7.920	-
Profit before income tax		103.152	120.575
Income tax expense	9, 24	-18.935	-20.571
Net result		84.217	100.004
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		25.655	-43.352
Total comprehensive income for the period		109.872	56.652
Profit for the period is attributable to:			
Owners of Karnov Group AB		84.912	99.903
Non-controlling interest		-695	101
Net result		84.217	100.004
Total comprehensive income for the period is attributable to:			
Owners of Karnov Group AB		110.565	56.549
Non-controlling interest		-693	104
Total comprehensive income		109.872	56.652
Earnings per share, basic, SEK		0,87	1,02
Earnings per share, after dilution, SEK		0,86	1,02

Consolidated balance sheet

TSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS:			
Goodwill	11	1 911 944	1 623 978
Other intangible assets	11	1 242 376	1 149 935
Right-of-use assets	32	96 018	95 545
Property, plant and equipment (PPE)	14	6 170	6 280
Investments in associated companies	12	62 224	70 347
Loans to associated companies		15 319	3 036
Deposits	13	2 771	2 528
Total non-current assets		3 336 821	2 951 649
Inventories	18	11 667	10 012
Trade receivables	17	197 374	148 214
Prepaid expenses	19	13 267	7 556
Other receivables		1 127	986
Tax receivable		10 195	17 446
Cash and cash equivalents	20	951 471	552 921
Total current assets		1 185 101	737 134
TOTAL ASSETS		4 521 922	3 688 783
TSEK		31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES:			
Capital and reserves attributable to equity holders of the company			
Share capital	21	1 663	1 509
Share premium		2 654 839	2 062 361
Treasury shares		-6	-6
Reserves		-338 022	-363 675
Retained earnings including net profit for the year		-170 953	-156 585
Total equity attributable to the parent company's shareholders		2 147 521	1 543 604
Non-controlling interest		6 533	7 236
Total equity		2 154 055	1 550 840
Non-current liabilities			
Borrowing from credit institutions	23	1 209 642	1 196 087
Lease liabilities	32	86 916	86 539
Deferred tax liability	24	164 403	153 239
Provisions	26	5 754	5 454
Other non-current liabilities	33	63 551	38 612
Total non-current liabilities		1 530 266	1 479 931
Current liabilities			
Trade payables		25 670	12 395
Current tax liabilities		12 917	10 595
Accrued expenses	28	172 404	136 585
Prepaid income	29	519 857	428 436
Lease liabilities	32	12 477	12 842
Other current liabilities	27	94 276	57 159
Total current liabilities		837 600	658 012
TOTAL EQUITY AND LIABILITIES		4 521 922	3 688 783

Consolidated statement of changes in equity

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
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

Equity attributable to the parent company's shareholders

TSEK	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
Balance at January 1, 2021	1 509	2 062 361	-6	-363 675	-156 585	1 543 604	7 236	1 550 840
Net result	-	-	-	-	84 912	84 912	-695	84 217
Other comprehensive income for the period	-	-	-	25 653	-	25 653	2	25 655
Total comprehensive income/loss	-	-	-	25 653	84 912	110 565	-693	109 872
Transaction with shareholders in their capacity as owners:								
Issue of ordinary shares	154	592 478	-	-	-	592 632	-	592 632
Non-controlling interests share of acquisitions and capital increase	-	-	-	-	-	-	-10	-10
Sharebased payment	-	-	-	-	-1 430	-1 430	-	-1 430
Dividend paid	-	-	-	-	-97 849	-97 849	-	-97 849
Total transaction with shareholders	154	592 478	-	-	-99 279	493 353	-10	493 343
Closing balance at December 31, 2021	1 663	2 654 839	-6	-338 022	-170 953	2 147 521	6 533	2 154 055

Consolidated cash flow statement

TSEK	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		116 305	131 042
Adjustments:			
Non-cash items	11	207 990	199 968
Effect of changes in working capital:			
Increase/decrease in inventories	18	-1 655	3 086
Increase/decrease in receivables	17	-40 628	75 694
Increase/decrease in trade payables and other payables	28	41 151	19 217
Increase/decrease in prepaid income	29	50 911	28 850
Interest paid	8	-14 607	-19 156
Income tax paid	9	-45 306	-59 710
Net effect of changes in working capital		-10 133	47 982
Cash flow from operating activities		314 161	378 991
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of participations in associated companies	12	403	-25 466
Acquisition of subsidiaries	33	-307 830	-4 245
Loans to associated companies		-14 673	-
Acquisition of intangible assets	11	-61 943	-79 690
Acquisition of PPE	14	-1 411	-2 947
Cash flow from investing activities		-385 454	-112 348
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/decrease in borrowings	23	-	294 297
Increase/decrease in lease liabilities		-17 406	-14 891
Dividend paid		-97 849	-43 952
Proceeds from share issues		582 894	-
Cash flow from financing activities	30	467 639	235 454
Cash flow for the period		396 346	502 097
Cash and cash equivalents at the beginning of the period		552 921	52 008
Exchange rate differences in cash and cash equivalents		2 204	-1 184
Cash and cash equivalents at the end of the period	20	951 471	552 921

Parent company statement of comprehensive income

TSEK	Note	2021	2020
Employee benefit expenses		-22.273	-8.817
Depreciations and amortisations		-41	-
Other operating expenses		-60.674	-20.810
Operating profit		-82.988	-29.627
Financial income		15.205	18.874
Financial expenses		-256	-355
Net financial items	8	14.949	18.520
Group contributions		44.473	-
Profit before income tax		-23.566	-11.108
Income tax expense	9	-	-
Net result		-23.566	-11.108
Total comprehensive income/loss		-23.566	-11.108

No items accounted for within other comprehensive income.

Parent company balance sheet

TSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS:			
Receivables from group enterprises		1 224 431	747 792
Investments in group enterprises	15	1 149 925	1 149 925
Other assets		326	-
Total non-current assets		2 374 682	1 897 718
Current assets			
Receivables from group enterprises		44 473	41 901
Other receivables		986	1 007
Cash and cash equivalents	20	74 971	41 033
Total current assets		120 430	42 247
TOTAL ASSETS		2 495 112	1 939 964
TSEK		31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES:			
Restricted equity			
Share capital		1 663	1 509
Treasury shares		-6	-
Non-restricted equity			
Share premium		2 654 832	2 062 355
Retained earnings including net profit for the year		-208 868	-86 659
Total equity		2 447 621	1 977 205
Non-current liabilities			
Other liabilities		209	-
Total non-current liabilities		209	-
Current liabilities			
Trade payables		1 405	407
Trade payables from group companies		994	-
Accrued expenses	28	44 223	3 989
Other current liabilities		660	59
Total current liabilities		47 282	4 454
TOTAL EQUITY AND LIABILITIES		2 495 112	1 939 964

Parent company statement of changes in equity

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
Sharebased payment	-	-	-	456	456
Dividend paid	-	-	-	-43 952	-43 952
Total transaction with shareholders	6	-	-6	-43 496	-43 496
Closing balance as reported at December 31, 2020	1 509	2 062 363	-6	-128 356	1 935 510
Group contribution 2020	-	-	-	41 695	41 695
Closing balance adjusted at December 31, 2020	1 509	2 062 363	-6	-86 661	1 977 205

TSEK	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
Balance at January 1, 2021	1 509	2 062 363	-6	-86 661	1 977 205
Comprehensive income:					
Net result	-	-	-	-23 566	-23 566
Total comprehensive income/loss	-	-	-	-23 566	-23 566
Transaction with shareholders in their capacity as owners:					
Issue of ordinary shares	154	592 478	-	-	592 632
Sharebased payment	-	-	-	-800	-800
Dividend paid	-	-	-	-97 849	-97 849
Total transaction with shareholders	154	592 478	-	-98 649	493 983
Closing balance at December 31, 2021	1 663	2 654 841	-6	-208 876	2 447 621

Parent company cash flow statement

TSEK	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		-82 988	-29 627
Adjustments:			
Non-cash items		41	456
Group contributions		44 473	457
Effect of changes in working capital:			
Increase/decrease in receivables		21	7 867
Increase/decrease in trade payables and other payables		40 773	2 932
Increase/decrease in intercompany receivables		-2 572	33 979
Increase/decrease in intercompany payables		994	-11
Interest received		15 206	18 520
Income tax recieved			50 714
Cash flow from operating activities		15 948	85 287
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to subsidiaries		-476 639	-
Cash flow from investing activities		-476 639	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-97 849	-43 952
Proceeds from share issues		592 478	-
Cash flow from financing activities		494 629	-43 952
Cash flow for the period		33 938	41 335
Cash and cash equivalents at the beginning of the period		41 033	156
Exchange rate differences in cash and cash equivalents		-	-
Cash and cash equivalents at the end of the period	20	74 971	41 033

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 four countries, Denmark, Sweden, Norway and France.

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 31, 2022.

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 2020.

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 2021.

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 segments 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 2021 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:

$$\text{earnings per share} = (\text{net income for the period} - \text{dividend on preference shares}) / \text{average number of outstanding common shares}.$$

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables 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 included in accrued expenses in the balance sheet as current liabilities.

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 29). 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 10, 2022. As Karnov Group is preparing to complete the intended acquisition in Spain and France and recently raised capital to partly finance the acquisition, the Board of Directors propose no dividend.

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

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 110. 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 program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance due to financial risks. The Group does not use derivative financial instruments to hedge certain risk exposures. The main portion of the text in this note describes financial risks at Group level. The financial risks of the Parent Company will be presented at the end of the note.

Market risk

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) and Norwegian kroner (NOK).

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.

On December 31, 2021, the total translation differences recognised in other comprehensive income amounted to TSEK 25,655 (-43,354).

Currency exposure

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

Closing rate December 31, 2021:	1.3753 (1.3492)
Average rate January-December 2021:	1.3640 (1.4070)

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

TSEK	SEK	DKK	NOK	EUR
2021				
Trade receivables	97.653	80.659	14.776	4.286
Cash and cash equivalents	668.749	155.239	121.342	6.142
Total	766.402	235.898	136.118	10.427

TSEK	SEK	DKK	NOK	EUR
2020				
Trade receivables	81.502	66.711	-	-
Cash and cash equivalents	344.738	208.183	-	-
Total	426.240	274.894		-

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

TSEK	SEK	DKK	NOK	EUR
2021				
Borrowing from credit institutions	648.146	561.496	-	-
Trade payables	13.122	11.757	511	280
Total	661.268	573.253	511	280

TSEK	SEK	DKK	NOK	EUR
2020				
Borrowing from credit institutions	646.714	549.374	-	-
Trade payables	5.068	7.328	-	-
Total	651.781	556.701		-

The sensitivity analysis shows that a 5% change in the exchange rates would affect the assets by TSEK 19,122 (18,544) and the liabilities by TSEK 28,702 (37,555).

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, on December 31, 2021, had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been TSEK 1,215 (1,958) 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. On December 31, 2021, the Group had accessible liquidity of TSEK 951,471 (552,921) (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		Between 1 - 2	Between 2 - 5	
TSEK	< 1 year	years	years	> 5 years
2021				
Borrowing from credit institutions	-	-	1.209.642	-
Trade payables	25.670	-	-	-
Other liabilities	279.157	16.304	43.374	27.237
Total	304.826	16.304	1.253.016	27.237

Group		Between 1 - 2	Between 2 - 5	
TSEK	< 1 year	years	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

Parent Company		Between 1 - 2	Between 2 - 5	
TSEK	< 1 year	years	years	> 5 years
2021				
Borrowing from credit institutions	-	-	-	-
Trade payables	1.404	-	-	-
Other liabilities	46.086	-	-	-
Total	47.491	-	-	-

Parent Company		Between 1 - 2	Between 2 - 5	
TSEK	< 1 year	years	years	> 5 years
2020				
Borrowing from credit institutions	-	-	-	-
Trade payables	407	-	-	-
Other liabilities	4 047	-	-	-
Total	4 454	-	-	-

Risks related to global Covid-19 pandemic

The Covid-19 pandemic is assessed to have impacted the top-line growth negatively but to a less extent compared to 2020. The impact on Karnov's business is expected to reduce further during 2022 when vaccination of the public continues to increase, 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, 2021, was as follows:

TSEK	2021	2020
Total borrowings incl. leasing liabilities	1.309.035	1.196.087
Less: cash and cash equivalents (note 20)	951.471	552.921
Net debt	357.564	643.166
Total equity	2.154.055	1.550.839
Gearing ratio	0,17	0,41

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 on December 31, 2021, 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% (1.0%) 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 on 31 December 2021 amount to TSEK 71,184 (106,052). The deferred tax asset on these tax loss carryforwards that has not been recognised on 31 December 2021 amounts to TSEK 14,664 (22,695).

Note 5. Segments, distribution net sales and costs

Net sales are classified by category as follows:

Group		
TSEK	2021	2020
Sale of online services	727,297	615,319
Sale of offline products and services	150,776	156,096
Total net sales	878,072	771,416

Net sales are classified by geographical market as follows:

Group		
TSEK	2021	2020
Sweden	388 986	349 203
Denmark	422 801	414 090
Norway	63 113	1 661
Other European countries	3 171	6 401
Other countries	-	61
Total net sales	878 072	771 416

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	2021	2020	2021	2020	2021	2020
Online					727.297	615.319
Offline					150.776	156.096
Net sales	422.802	419.207	455.270	352.209	878.072	771.416
EBITDA	184.210	176.029	140.699	145.401	324.908	321.431
EBITA	171.930	165.782	105.635	110.173	277.563	275.955
EBIT	109.133	104.528	7.173	26.515	116.305	131.042
Net finance cost					-21.072	-10.467
Revaluation of associated investments					7.920	-
Profit before tax					103.152	120.575
Income tax expense					-18.935	-20.571
Net result					84.217	100.004

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 2,854 (2,842), TSEK 2,017 (2,120) are invoiced by PricewaterhouseCoopers AB for the statutory audit. Of total

other fees of TSEK 1,268 (1,910), TSEK 0,268 (1,059) is invoiced by Pricewaterhouse-Coopers 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	Assigned auditor		Other auditors	
TSEK	2021	2020	2021	2020
Audit services	2 611	2 842	93	0
Audit-related services	78	151	-	0
Tax services	204	1 087	0	0
Non-audit services	986	672	0	0
Total	3 879	4 752	93	0

Parent company	Assigned auditor		Other auditors	
TSEK	2021	2020	2021	2020
Audit services	1 293	1 270	0	0
Audit-related services	46	151	-	-
Tax services	102	627	0	-
Non-audit services	120	120	0	-
Total	1 561	2 168	0	0

Note 7. Employee benefit expenses

Group				
Wages, other benefits and social security costs	Ordinary compensation	Other benefits	Pension benefits	Total
TSEK				
2021				
Senior Executives	16 071	7 725	2 610	26 406
Other employees	188 221	24 415	24 243	236 879
Other personnel-related costs	-	-	-	16 649
Total	204 292	32 140	26 853	279 934

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

Parent company

Wages, other benefits and social security costs

TSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2021					
Board of directors	2 380	-	-	-	2 380
Senior Executives	-	4 285	2 749	890	7 925
Other personnel related costs	-	-	-	-	11 968
Total	2 380	4 285	2 749	890	22 273

Parent company

Wages, other benefits and social security costs

TSEK	TSEK	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

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
2021					
Magnus Mandersson (Chairman of the board)	774	-	-	-	774
Lone Møller Olsen	472	-	-	-	472
Ulf Bonnevier	407	-	-	-	407
Mark Redwood (4 months)	109	-	-	-	109
Salla Vainio	407	-	-	-	407
Loris Barisa (8 months)	212	-	-	-	212
Flemming Breinholt	-	1 984	1 310	198	3 492
Pontus Bodelsson	-	2 278	1 499	690	4 467
Other senior management (6 FTE)	-	11 809	4 916	1 722	18 447
Total	2 380	16 071	7 725	2 610	28 786

Group
Compensation and other benefits during the year

TSEK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2020					
Magnus Mandersson	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
Average number of employees Full Time Equivalents (FTEs)

	2021			2020		
	Men	Women	Total	Men	Women	Total
Sweden	47	57	104	47	61	108
Denmark	83	66	149	73	63	136
Norway	20	12	33	-	-	-
France	6	3	9	-	-	-
Total subsidiaries	157	138	295	120	124	244
Parent company, Sweden	1	1	2	1	1	2
Total group	158	139	297	121	125	246

Gender distribution of board members and other senior management

	2021			2020		
	Men	Women	Total	Men	Women	Total
Group (including subsidiaries)						
Members of the Board	3	2	5	3	2	5
Executive directors and other senior management	4	4	8	4	4	8
Total	7	6	13	7	6	13

Parent company

Members of the Board	3	2	5	3	2	5
Executive directors and other senior management	1	1	2	1	1	2
Total	4	3	7	4	3	7

Note 8. Results from financial items

Group		
TSEK	2021	2020
Financial income:		
Interest income	12 453	240
Re-measurement of fair value on contingent considerations	2 858	5 065
Exchange rate gains	-	9 198
Total financial income	15 311	14 503
Financial expenses:		
Interest expenses	-17 614	-22 005
Net exchange rate losses	-16 285	-
Other financial expenses	-2 485	-2 965
Total financial expenses	-36 383	-24 970
Net financial items	-21 072	-10 467
Parent company		
TSEK	2021	2020
Financial income:		
Interest income	15 205	18 808
Exchange rate gains	0	66
Total financial income	15 205	18 874
Financial expenses:		
Currency translation losses	-251	-60
Interest expenses – borrowings	-5	-295
Total financial expenses	-256	-355
Net financial items	14 949	18 519

Note 9. Taxes

Group		
TSEK	2021	2020
Current tax:		
Current tax for the year	39.259	32.153
Current tax prior years	372	5.305
Total current tax	39.631	37.458
Deferred income tax		
Change in deferred tax assets for the year	-	425
Change in deferred tax liabilities for the year	-20.696	-17.312
Total deferred tax expense/benefit	-20.696	-16.887
Income tax expense	18.935	20.571

Group		
TSEK	2021	2020
Profit/(Loss) before income tax	103.152	120.575
Tax calculated at domestic tax rates applicable to profits in the respective countries	22.902	30.664
Expenses not deductible for tax purposes	4.586	2.441
Non-taxable income	-1.742	-
Previously unrecognised tax losses now recouped to reduce current tax expense	-7.183	-17.839
Adjustments for current tax of prior periods	372	5.305
Income tax expense	18.935	20.571

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:

Tax losses

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

They can be carried forward indefinitely 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.

Group		
TSEK	2021	2020
Unused tax losses for which no deferred tax asset has been recognised	71.184	106.052
Potential tax benefit 20.6%	14.664	22.695

Parent Company

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

Parent company		
TSEK	2021	2020
Profit/(Loss) before income tax	-23 566	-11 108
Income tax calculated according to current tax rate	4 855	2 377
Costs related to share issue	2 201	-
Non-taxable income	3 132	-
Expenses not deductible for tax purposes	-10 188	-42
Tax losses for which no deferred tax asset was recognized	-	-2 335
Income tax expense	-	-

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	2021	2020
Net exchange rate differences	-16.285	9.198
Total exchange rate differences	-16.285	9.198

Note 11. Intangible assets

Group				
TSEK	Goodwill	Capitalised development costs	Other intangible assets	Total
Cost at January 1, 2021	1 623 978	210 215	1 574 080	3 408 273
Additions	266 788	69 242	196 773	532 803
Additions from acquisitions	-	21 606	-	21 606
Currency exchange differences	21 837	417	16 026	38 281
Accumulated cost at December 31, 2021	1 912 604	301 481	1 786 879	4 000 964
Amortisation at January 1, 2021	-	96 012	538 346	634 358
Amortisation for the year	-	26 191	161 259	187 450
Amortisations from acquisitions	-	12 106	-	12 106
Write-down	660	6 001	-	6 661
Currency exchange differences	-	53	6 015	6 068
Accumulated amortisation at December 31, 2021	660	140 363	705 620	846 643
Net book value at December 31, 2021	1 911 944	161 117	1 081 259	3 154 320

Group				
TSEK	Goodwill	Capitalised development costs	Other 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
Transfers	-	-61 730	61 730	-
Currency exchange differences	-38 990	-405	-28 579	-67 974
Accumulated cost at December 31, 2020	1 623 978	210 215	1 574 080	3 408 273
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
Write-down	-	4 992	-	4 992
Currency exchange differences	-	-39	-10 172	-10 211
Accumulated amortisation at December 31, 2020	-	96 012	538 346	634 358
Net book value at December 31, 2020	1 623 978	114 203	1 035 734	2 773 915

*Re-assessment of assets: During the year 2020, 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 204,747 (226,244), technology with a net book value of TSEK 287,902 (195,725) and customer relations with a net book value of TSEK 588,610 (613,765). 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 2021	1.148.888	763.056	1.911.944

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

For the 2021 and 2020 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 2021. The calculations use post-tax cash flow projections for a five-year period based on the financial budget for 2022, on strategy plans and on projections hereof. Projections extending beyond 2022 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 (1.0) 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 (6.8) and in the Swedish CGU 7.2 percent (7.2).

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 shows 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, 2021	77 842
Reclassified to fully consolidated due to majority ownership	-15 104
Cost at December 31, 2021	62 738

Value adjustment

TSEK

Value adjustments at January 1, 2021	-7 495
Adjustments relating to change to majority ownership	6 825
Foreign currency translation adjustments	157
Value adjustments at December 31, 2021	-513
Carrying amount at December 31, 2021	62 224

Associated entities:

Karnov Group Norway AS	40,0%
ProcurementLink ApS	41,9%

Ante ApS

On 4 October 2021 Karnov Group finalised the agreement of buying additional 26% of the shares in Ante ApS and became from that date the majority owner of the legal tech start up. The company specialises in automated editorial processes and AI based search technology.

The book value of the investment TSEK 6,746 was reclassified to subsidiaries and from 4 October 2021 included in the Karnov Group financials as a fully consolidated entity.

BELLA Intelligence ApS

On 5 November 2021 Karnov Group finalised the agreement of buying additional 60% of the shares in BELLA Intelligence ApS and became from that date the majority owner of the legal tech start up. The company offers a digital solution for bankruptcy handling in Denmark, and it is expected that the company will expand the activities to other Scandinavian countries within a short period of time.

As a consequence of the additional investment the book value of the 40% of the shares already owned was reassessed at market value providing a positive income of TSEK 6,825 booked in the income statement.

From 5 November 2021 the company is included in the Karnov Group financials as a fully consolidated entity.

Other investments

The other additions in 2021 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 either Karnov Group Norway AS or ProcurementLink ApS.

Note 13. Deposit – leasehold

The Group currently occupies one address in Copenhagen for which the Group has paid deposits of TSEK 2,699 (2,528) and Echoline SAS currently have paid deposits of 72 TSEK covering office and parking space deposits. The Group currently have paid total deposits of TSEK 2,771 (2,528).

Note 14. Property, plant and equipment

Group TSEK	Leasehold improvements	Furniture, fittings and equipment	Total
Cost at January 1, 2021	7 070	23 184	30 254
Reassessment	-1	241	240
Additions for the year	377	1 161	1 538
Additions related to aquired entities		666	666
Currency exchange differences	137	274	411
Accumulated cost at December 31, 2021	7 583	25 525	33 108
Depreciation at January 1, 2021	4 000	19 974	23 974
Reassessment	-1	-	-1
Depreciation for the year	632	1 725	2 357
Additions related to aquired entities		294	294
Currency exchange differences	76	237	313
Accumulated depreciation at December 31, 2021	4 708	22 230	26 938
Net book value at December 31, 2021	2 875	3 295	6 170

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

Note 15. Investments in Group enterprises

Parent company

TSEK	2021	2020
Cost at beginning of period	1.149.925	1.149.925
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 2021
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	85,9%	85,9%	
C Ante ApS (2)	38 70 37 22	Copenhagen	51,0%	51,0%	
C BELLA Intelligence ApS (2)	39 13 52 72	Copenhagen	100,0%	100,0%	
C DIBkunnskap AS (2)	974 379 511	Oslo	100,0%	100,0%	
C Onlaw ApS (2)	38 51 57 48	Copenhagen	100,0%	100,0%	
C Echoline SAS (2)	517 886 990	Toulouse/Paris	100,0%	100,0%	
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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
TSEK				
FINANCIAL ASSETS				
Financial assets at amortised cost				
Deposits	2.771	2.528	2.771	2.528
Trade receivables	197.374	148.214	197.374	148.214
Cash and cash equivalents	951.471	552.921	951.471	552.921
Total financial assets	1.151.616	703.663	1.151.616	703.663
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss (FVPL)				
Contingent considerations	35.748	9.537	35.748	9.537
Liabilities at amortised cost				
Trade payables	25.670	12.395	25.670	12.395
Non-current borrowings from credit institutions	1.209.642	1.196.087	1.209.642	1.196.087
Total financial liabilities	1.271.060	1.218.019	1.271.060	1.218.019

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 1.2 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	2021	2020
Trade receivables	198.072	148.659
Less: provision for impairment of trade receivables	-698	-445
Trade receivables – net	197.374	148.214

Trade receivables allocated by currency

Group

TSEK	2021	2020
SEK	116.715	81.502
DKK	80.659	66.711
Total trade receivables	197.374	148.214

Gross trade receivables by age

Group

TSEK	2021	2020
Balance not due	192.471	128.036
0-3 months	2.942	20.146
3-6 months	1.858	32
Over 6 months	102	-
Total trade receivables	197.374	148.214

Breakdown of allowance for impairment:

Group

TSEK	2021	2020
Allowance for impairment at beginning of period	445	1.321
Provision for impairment of trade receivables	353	-784
Exchange rate differences	-100	-93
Allowance for impairment at end of period	698	445

Group

TSEK	< 31 days	31 - 90 days	91 - 180 days	> 180 days	Total
31 December 2021					
Expected loss rate	0,3%	0,7%	0,6%	5,4%	0,35%
Trade receivables	192.471	2.942	1.858	102	197.374
Loss allowance	661	20	11	6	698

Group

TSEK	< 31 days	31 - 90 days	91 - 180 days	> 180 days	Total
31 December 2020					
Expected loss rate	0,29%	1,3%	2,3%	0,0%	0,30%
Trade receivables	146.767	1.415	32	-	148.214
Loss allowance	426	19	1	-	445

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	2021	2020
Finished goods	11.667	10.012
Total inventories	11.667	10.012

Write-downs of finished goods recognised as expenses during the year amounted to TSEK 5,887 (4,266) 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	2021	2020
Prepaid software license	4.442	3.595
Prepaid rent	4.554	2.024
Other items	4.271	1.937
Total prepaid expenses	13.267	7.556

Note 20. Cash and cash equivalents

Group		
TSEK	2021	2020
Balance sheet		
Cash at bank and in hand	951.471	552.921
Total cash and cash equivalents in the balance sheet	951.471	552.921

Parent company		
TSEK	2021	2020
Balance sheet		
Cash at bank and in hand	74.971	41.033
Total cash and cash equivalents in the balance sheet	74.971	41.033

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.

	2021	2020	2021	2020
Share capital and shares	Shares	Shares	TSEK	TSEK
Ordinary shares	107.676.700	97.670.567	1.657	1.503
Total ordinary shares	107.676.700	97.670.567	1.657	1.503
Shares of series C	425.347	425.347	6	6
Total number of shares / share capital	108.102.047	98.095.914	1.663	1.509
Transaction with shareholders in their capacity as owners				
Issue of ordinary shares to new investors	178.675	-	3	-
Issue of ordinary shares to existing investors	9.827.458	-	151	-
Total transaction with shareholders	10.006.133	-	154	-
	Shares	Par value	Share premium	Total
Movements in ordinary shares		TSEK	TSEK	TSEK
Opening balance January 1, 2021/December 31, 2020	98.095.914	1.509	2.062.361	2.063.870
Issue new shares	10.006.133	154	592.478	592.632
Balance December 31, 2021	108.102.047	1.663	2.654.839	2.656.502

Ordinary shares and shares of series C

As per December 31, 2021, the share capital in Karnov Group AB (publ) was SEK 1,663,109, divided between 107,676,700 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 2021, two issues of ordinary shares have been conducted. In January 2021 a share issue of 178,675 new shares was conducted in connection with the acquisition of DIBkunnskap AS in Norway. In December 2021 a share issue of 9,827,458 new shares was conducted as part of the financing of the intended acquisition of the carved out legal information-based businesses of both Thomson Reuter in Spain and Wolters Kluwer in Spain and France.

Note 22. Earnings per share

Earnings per share	2021	2020
Earnings attributable to shareholders	84.912	99.903
Weighted average number of ordinary shares	97.862.496	97.670.567
Effect of performance shares	425.347	425.347
Weighted average number of ordinary shares adjusted for the effect of dilution	98.287.843	98.095.914
Earnings per share, basic, SEK	0,87	1,02
Earnings per share, after dilution, SEK	0,86	1,02

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 from credit institutions

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

Group		
TSEK	31 Dec 2021	31 Dec 2020
Non-current		
Borrowing from credit institutions	1.209.642	1.196.087
Total non-current borrowings	1.209.642	1.196.087

Maturity	Type of borrowing	Interest rate*	Currency	Nominal value in currency	Carrying amount
Non-current borrowings from credit institutions in 2021					
Nordea Facility B1	Loan	1,35% + stibor	SEK	425 000	425 000
Nordea Facility B2	Loan	1,35% + cibor	DKK	302 660	416 248
Nordea	Revolving loan	1,35% + stibor	SEK	75 000	75 000
Nordea	Revolving loan	1,35% + stibor	SEK	150 000	150 000
Nordea	Revolving loan	1,35% + cibor	DKK	106 961	147 103
Amortised loan costs					-3 708
Non-current borrowings from credit institutions , total 2021					1 209 642

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

* The margin included in the total interest rate is variable dependant on net leverage ratio. The disclosed margin 1.35% is per the balance sheet date.

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 2021	31 Dec 2021
Borrowings, total	Carrying amount	Fair value
Borrowing	1.209.642	1.209.642
Borrowings, total	1.209.642	1.209.642

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

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 2021 was 0.92:1 (2.15:1). Total net debt for covenant calculation includes lease liabilities and total borrowings adjusted for amortised loan costs less cash and cash equivalents.

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	2021	2020
TSEK		
Deferred tax assets:		
Temporary differences:		
Provisions	1.256	1.217
Prepayments	64.861	56.662
Total deferred tax assets	66.117	57.879
Netting against deferred tax liabilities	-66.117	-57.879
Total deferred tax assets (net)	-	-

Group	2021	2020
TSEK		
Deferred tax liabilities:		
PPE	3.367	335
Intangible assets	226.989	210.783
Other	163	-
Total deferred tax liabilities	230.519	211.118
Netting against deferred tax assets	-66.117	-57.879
Total deferred tax liabilities (net)	164.403	153.239

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	2021	2020
TSEK		
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	1 256	-
Deferred tax asset to be recovered within 12 months	64 861	57 879
Total deferred tax assets	66 117	57 879

Group	2021	2020
TSEK		
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	203.600	184.199
Deferred tax liability to be recovered within 12 months	26.919	26.919
Total deferred tax liabilities	230.519	211.118

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	Other intangible assets	PPE	Other	Total
TSEK				
Deferred tax assets				
At January 1, 2021	56 662	-	1 217	57 879
Charged/credited to the income statement	8 402	-	-	8 402
Exchange differences	-203	-	39	-164
At December 31, 2021	64 861	-	1 256	66 117

Deferred tax liabilities				
At January 1, 2021	208 522	725	1 871	211 118
Charged/credited to the income statement	-21 017	2 642	-1 708	-20 083
Additions from acquisitions	37 765	-	-	37 765
Exchange differences	1 719	-	-	1 719
At December 31, 2021	226 989	3 367	163	230 519

Group	Other intangible assets	PPE	Other	Total
TSEK				
Deferred tax assets				
At January 1, 2020	-	-	1 200	1 200
Charged/credited to the income statement	408	-	17	425
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
Exchange differences	1 948	-	-	1 948
At December 31, 2020	208 522	725	1 871	211 118

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	2021	2020
Income statement charge:		
Expenses for defined contribution plans	26.853	21.452
Total retirement benefit obligation in the income statement	26.853	21.452

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 2021, 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 7,741 (7,329). The surplus from Alecta and others can be distributed to the policy holders and/or the insured individuals. At the end of 2021, 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 172% by end December 2021 (148%). The estimated fees for pension insurance policies for 2021 are approximately TSEK 8,000.

Note 26. Provisions

Group	
TSEK	
At January 1, 2021	5 454
Charged to the income statement:	
- adjustment to present value	194
- currency difference	106
At December 31, 2021	5 754
Group	
Non-current provisions	5 754
Total provisions for other liabilities and charges	5 754

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
Total provisions for other liabilities and charges	5 454

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	2021	2020
Value-added tax liability	51 322	38 672
Contingent considerations	35 748	9 537
Other	7 206	8 950
Total other current liabilities	94 276	57 159

Note 28. Accrued expenses

Group		
TSEK	2021	2020
Accrued author royalty	61.768	56.870
Accrued wages and salaries	49.131	56.220
Other accrued expenses	61.505	23.494
Total accrued expenses	172.404	136.585

The significant increase in other accrued expenses mainly relates to accrued costs recognised in the parent company for the process of placing a binding offer to acquire carved out legal

information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain and France.

Note 29. Prepaid income

Group		
TSEK	2021	2020
Prepaid income for subscriptions in Denmark	273.480	253.743
Prepaid income for subscriptions in Sweden	246.377	174.693
Total prepaid income	519.857	428.436

Note 30. Reconciliation of liabilities arising from financing activities

TSEK	2020	Cash flows	Non-cash changes					2021
			Amortised loan cost	Foreign exchange movement	Interest accrued	Net additions · disposals	Other reclassifi- cations	
Long-term borrowings	1 196 087	-14 508	2 865	10 691	14 508	-		1 209 642
Leasing and other long-term liabilities	99 382	-17 356	-	1 686	1 196	17 142	-2 656	99 393
Total liabilities from financing activities	1 295 469	-31 865	2 865	12 377	15 704	17 142	-2 656	1 309 035

TSEK	2019	Cash flows	Non-cash changes					2020
			Amortised loan cost	Foreign exchange movement	Interest accrued	Net additions · disposals	Other reclassifi- cations	
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

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	2021	2020
No later than 1 year	12.477	12.842
Later than 1 year and no later than 2 years	16.304	13.984
Later than 2 year and no later than 3 years	15.611	12.237
Later than 3 year and no later than 4 years	15.505	12.026
Later than 4 year and no later than 5 years	12.257	12.026
Later than 5 years	27.237	36.267
Total	99.393	99.382

Group		
TSEK	2021	2020
Lease assets at January 1	95 545	112 477
Reassessment	-1 573	-
Currency exchange differences	1 652	-3 304
Additions for the year	5 343	399
Addition from aquisition	11 670	-
Disposals for the year	-678	-
Depreciation for the year	-15 941	-14 027
Lease assets at December 31	96 018	95 545
Lease liabilities at January 1	99 382	114 405
Reassessment	-2 656	-
Currency exchange differences	1 686	-1 689
Additions for the year	5 340	399
Addition from aquisition	11 935	-
Disposals for the year	-132	-
Interest accrued	1 196	1 158
Interest paid	-1 196	-1 158
Payments	-16 161	-13 732
Lease liabilities at December 31	99 393	99 382

Note 33. Business combinations

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. Revenue, income as well as assets and liabilities belonging to the acquired company are fully consolidated from 5 January 2021. The purchase price allocation is illustrated on the following table.

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.

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

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. The performance criteria for the financial year 2021 are not met, hence SEK 12 m have been released from the booked liability and booked in the P/L as a finance income. The plans for 2022 are unchanged which, if met will pay the remaining earn-out 2023.

Echoline SAS

On 1 October 2021, Karnov Group entered into an agreement to acquire 100 percent of the shares issued in the company Echoline SAS based in France at TSEK 36,592. Echoline SAS is a leading

French provider of EHS compliance and monitoring software. The company's digital platform is cloud-based, and the business model is based mainly on subscription. The solution is targeted at ISO certified companies in the French speaking areas of Europe and currently represents large and mid-size corporations in France and the Benelux.

The acquisition is in line with the Karnov Group strategy of expanding internationally on the growing market for compliance solutions within Environment, Health and Safety (EHS).

The financial effects of this transaction have been recognized as of December 31, 2021. Revenue, income as well as assets and liabilities belonging to the acquired company are fully consolidated from 1 October 2021. The purchase price allocation is illustrated on the following table.

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

Purchase price, TSEK	01 Oct 2021
Cash on closing	26 405
Earn-out	10 188
Total purchase price	36 592

Reported amounts, TSEK	
Cash	6 272
PPE	2 083
Intangible assets: Customer relations	3 066
Intangible assets: Technology	14 533
Trade receivables and other receivables	4 433
Trade payables and other liabilities	-7 984
Deferred tax	-4 664
Total identified assets	17 738
Goodwill	18 854
Total	36 592

Financing

The acquisition was paid with cash SEK 26 m. In addition, part of the purchase price is settled as an earn-out agreement which, if the agreed performance criteria are met, will be paid in 2022 and 2023 respectively.

Ante ApS

On 4 October 2021, Karnov Group entered into an agreement to acquire additional 26 percent of the shares issued in the company Ante ApS gaining a majority stake 51% ownership.

The investment was part of Karnov Group's strategy of establishing a broad technology platform that creates increased relevance and efficiency for professionals working with legal information. In the

near future, work will commence in integrating some of the capabilities of Ante into the core legal research platforms of Karnov Group.

The financial effects of this transaction have been recognized as of December 31, 2021. Revenue, income as well as assets and liabilities belonging to the acquired company are fully consolidated from 4 October 2021. The purchase price allocation is calculated based on 100% of the shares and is illustrated on the following table.

Purchase price, TSEK	04 Oct 2021
Cash	6 791
Fair value of previously held interest	6 530
Option liability	12 799
Total purchase price	26 120

Reported amounts, TSEK	
Cash	806
PPE	6 924
Intangible assets: Technology	10 012
Trade receivables and other receivables	987
Trade payables and other liabilities	-1 001
Deferred tax	-3 257
Total identified assets	14 470
Goodwill	11 650
Total	26 120

Financing

The acquisition of the 26% of the shares was paid by Karnov Group with cash SEK 7 m. In addition, part of the purchase price is settled as an earn-out agreement which, if the agreed performance criteria are met, will be paid in 2025. The earn-out is currently assessed to have a fair value of SEK 0 m. Karnov Group holds an option to acquire the remaining shares in Ante ApS over the coming years. The option is included in non-current liabilities.

BELLA Intelligence ApS

On 5 November 2021, Karnov Group entered into an agreement to acquire additional 60 percent of the shares issued in BELLA Intelligence ApS attaining full ownership of the company.

The investment was part of Karnov Group's strategy to become a more established player in the legal-tech market. The future journey of BELLA Intelligence requires better access to support and sales, and the Karnov organisation will play an important role in realising the BELLA Intelligence vision of defining the tech-standards of bankruptcy estate handling.

The financial effects of this transaction have been recognized as of December 31, 2021. Revenue, income as well as assets and liabilities belonging to the acquired company are fully consolidated from 5 November 2021. The purchase price allocation is calculated based on 100% of the shares and is illustrated on the following table.

Purchase price, TSEK	05 Nov 2021
Cash	23 354
Total purchase price	23 354

Reported amounts, TSEK	
Cash	1 967
PPE	9 683
Intangible assets: Technology	7 225
Trade receivables and other receivables	859
Trade payables and other liabilities	-3 845
Deferred tax	-3 534
Total identified assets	12 355
Goodwill	10 999
Total	23 354

Financing

The acquisition of the 60% of the shares was paid by Karnov Group with cash SEK 14 m.

Note 34. Related parties

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 2021 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.

Note 35. Events after the balance sheet date

On 9 December 2021 Karnov announced submission of a binding offer to acquire the entire share capital and voting rights (the "Put Option Agreement") of Wolters Kluwer France S.A.S ("Wolters Kluwer France"), Wolters Kluwer Legal & Regulatory España, S.A. ("Wolters Kluwer Spain") and Editorial Aranzadi S.A.U. ("Thomson Reuters Spain") and certain subsidiaries and the transfer of certain IP rights. Following the completion of the information and consultation processes carried out with Wolters Kluwer's French and European Works Council Karnov Group and the sellers signed the Share Purchase Agreement on 25 February 2022. Completion of the transaction is entirely conditional on obtaining clearance by the

Spanish Antitrust Authority. Completion of the transaction is envisaged to occur during 2022.

Karnov Group AB (publ) appoints Jonas Olin as the new CFO of Karnov Group. The decision follows Dora Brink Clausen's desire to resign from her position. Dora Brink Clausen resigned, and Jonas Olin assumed the position on 1 March 2022.

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	2021	2020
Organic business	823.734	773.317
Acquired business	66.387	1.531
Currency	-12.049	-3.432
Total net sales	878.072	771.416

Total net sales split, %

TSEK	2021	2020
Organic growth, %	6,7%	2,1%
Acquired growth, %	8,7%	0,2%
Currency effect, %	-1,6%	-0,5%
Total growth, %	13,8%	1,8%

Items affecting comparability

TSEK	2021	2020
Acquisition costs	-49 363	-4 165
Restructuring costs	-	-8 038
Total	-49 363	-12 203

Group		
TSEK	2021	2020
Net sales	878.072	771.416
EBITDA	324.908	321.431
EBITDA margin, %	37,0%	41,7%
Items affecting comparability	49.363	12.203
Adjusted EBITDA	374.271	333.634
Adjusted EBITDA margin, %	42,6%	43,2%
Depreciations and amortisations	-47.345	-45.476
EBITA	277.563	275.955
EBITA margin, %	31,6%	35,8%
Adjusted EBITA	326.926	288.158
Adjusted EBITA margin, %	37,2%	37,4%
Amortisation (acquisitions)	-161.259	-144.913
EBIT	116.305	131.042

Denmark

TSEK	2021	2020
Net sales	422.802	419.207
EBITDA	184.210	176.029
EBITDA margin, %	43,6%	42,0%
Items affecting comparability	-	1.709
Adjusted EBITDA	184.210	177.738
Adjusted EBITDA margin, %	43,6%	42,4%
Depreciations and amortisations	-12.281	-10.247
EBITA	171.930	165.782
EBITA margin, %	40,7%	39,5%
Adjusted EBITA	171.929	167.491
Adjusted EBITA margin, %	40,7%	40,0%
Amortisation (acquisitions)	-62.797	-61.255
EBIT	109.133	104.528

Sweden

TSEK	2021	2020
Net sales	455.270	352.209
EBITDA	140.699	145.401
EBITDA margin, %	30,9%	41,3%
Items affecting comparability	49.363	10.494
Adjusted EBITDA	190.062	155.895
Adjusted EBITDA margin, %	41,7%	44,3%
Depreciations and amortisations	-35.064	-35.228
EBITA	105.635	110.173
EBITA margin, %	23,2%	31,3%
Adjusted EBITA	154.998	120.667
Adjusted EBITA margin, %	34,0%	34,3%
Amortisation (acquisitions)	-98.462	-83.659
EBIT	7.173	26.515

Return on total capital

TSEK	31 Dec 2021	31 Dec 2020
EBIT	116.305	131.042
Total assets	4.521.922	3.688.783
Return on capital, %	2,6%	3,6%

Net working capital

TSEK	31 Dec 2021	31 Dec 2020
Current assets	1.185.101	737.134
Current liabilities	837.600	658.012
Net working capital	347.501	79.122

Cash conversion

TSEK	31 Dec 2021	31 Dec 2020
Adjusted EBITDA	374.271	333.634
Adjusted cash flow from operating activities	386.191	413.762
Cash conversion, %	103,2%	124,0%

Operating cash flow

TSEK	31 Dec 2021	31 Dec 2020
Operating profit	116,305	131,042
Total adjustments and changes	197,856	247,950
Operating cash flow	314,161	378,992

Net debt

TSEK	31 Dec 2021	31 Dec 2020
Non-current borrowing from credit institutions	1 209 642	1 196 087
Leasing liabilities, non-current	86 916	86 539
Leasing liabilities, current	12 477	12 842
Cash and cash equivalents	951 471	552 921
Net debt	357 564	742 548

Leverage ratio

TSEK	31 Dec 2021	31 Dec 2020
Adjusted EBITDA	374,271	333,634
Net debt	357,564	742,548
Leverage ratio	1.0	2.2

Equity/asset ratio

TSEK	31 Dec 2021	31 Dec 2020
Equity	2.154.055	1.550.840
Total assets	4.521.922	3.688.783
Equity/asset ratio, %	47,6%	42,0%

Quarterly overview

	Q4	Q3	Q2	Q1
TSEK	2021	2021	2021	2021
Income statement				
Net sales	221 106	222 325	201 121	233 519
EBITDA	42 624	92 683	82 967	106 635
EBITDA margin, %	19,3%	41,7%	41,3%	45,7%
EBITA	31 801	80 315	70 447	94 996
EBITA margin, %	14,4%	36,1%	35,0%	40,7%
Adjusted EBITA	73 664	87 815	70 447	94 996
Adjusted EBITA margin, %	33,3%	39,5%	35,0%	40,7%
EBIT	-9 806	40 208	28 834	57 062
EBIT, margin %	-4,4%	18,1%	14,3%	24,4%
Net financial items	6 375	-9 048	-7 599	-10 794
Net result	1 023	23 490	19 985	39 719
Balance sheet				
Non-current assets	3 336 821	3 278 692	3 305 259	3 365 706
Current assets	1 185 101	350 755	358 521	512 328
Cash and cash equivalents	951 471	246 815	263 617	360 797
Equity	2 154 055	1 568 807	1 532 730	1 637 652
Non-current liabilities	1 530 266	1 500 508	1 507 962	1 524 012
Current liabilities	837 600	560 132	623 088	716 370
Total assets	4 521 922	3 629 447	3 663 780	3 878 034
Cash flow				
Cash flow from operating activities	185 221	-2 904	34 060	97 781
Cash flow from Investing activities	-59 559	-10 373	-27 607	-287 916
Cash flow from financing activities	578 794	-4 813	-102 779	-3 563
Cash flow for the period	704 456	-18 089	-96 325	-193 698
Key ratios				
Net working capital	347 501	-209 377	-264 567	-204 042
Return on total capital, %	-0,2%	1,1%	0,8%	1,5%
Equity / asset ratio, %	47,6%	43,2%	41,8%	42,2%
Cash conversion, %	293,5%	-4,3%	46,0%	97,8%
Net debt	357 564	1 060 666	1 044 156	957 835
Share data				
Weighted average number of ordinary shares	107 676 700	97 849 242	97 849 242	97 793 030
Earnings per share, basic, SEK	0,01	0,24	0,21	0,41
Earnings per share, after dilution, SEK	0,01	0,24	0,20	0,40

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 10, 2022.

As Karnov Group is preparing to complete the intended acquisition in Spain and France and in December 2021 raised capital to partly finance the acquisition, the Board of Directors propose no dividend for the annual general meeting.

At the disposal of the Annual General Meeting:

SEK	2021
Share premium	2 654 840 898
Retained earnings	-185 309 965
Net result	-23 566 117
Total carried forward	2 445 964 816

The Board proposes that the profits be appropriated as follows:

Proposed dividend	0
Amount carried forward	2 445 964 816

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 22-34 and the Sustainability report on page 36-47 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 2021.

Stockholm, March 31, 2022

Magnus Mandersson
Chairman of the Board

Ulf Bonnevier
Board member

Lone Møller Olsen
Board member

Salla Vainio
Board Member

Loris Barisa
Board Member

Pontus Bodelsson
President and CEO

Our audit report was presented on March 31, 2022

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 2021 included on pages 49-104 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 2021 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 2021 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. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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	2021: MSEK 9 (2020: MSEK 8)
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.

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

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 matter	How our audit addressed the Key audit matter
<p>Impairment test for goodwill and intangible assets</p> <p>As at 31 December 2021, the book value of goodwill was MSEK 1,912 and the book value of other intangible assets was MSEK 1,242, in total this represents 70% of the Group's total assets.</p> <p>Management perform an impairment test of the carrying value of intangible assets ones a year.</p> <p>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 Waited Average Cost of Capital ("WACC") applicable for each CGU.</p> <p>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.</p> <p>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.</p>	<p>We obtained the impairment test results and related memorandum describing the valuation technique and key assumptions applied by management.</p> <p>We tested mathematical accuracy of the underlying calculations in the model.</p> <p>We compared historical actual results to those budgeted to assess the quality of management's forecast.</p> <p>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.</p> <p>When assessing these key assumptions, we discussed with management to understand and evaluate their basis for selecting the assumptions. Were 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.</p> <p>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.</p> <p>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.</p>

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 1-21 and 110-112. Other information also consists of the remuneration report that we read before the date of this audit report. The Board of Directors and the Managing Director 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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 2021 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.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

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 2021 and has been the company's auditor since 2015.

Stockholm, 31 March 2022

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.