



# Annual Report 2022

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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 2022. 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

## A European knowledge and information partner within legal, tax and accounting and EHS

Karnov Group has a history dating back to 1823 with a belief that access to the law is fundamental to every great democracy. Karnov provides mission critical knowledge and workflow solutions for legal, tax and accounting, environmental and health professionals across Europe. Through content developed by over 7,000 well-renowned authors and experts, Karnov Group delivers knowledge and insights that enable over 500,000 users to make better decisions faster - every day.



### KARNOV IN BRIEF

- The mission is to clear the path to justice and build trust for the European societies and communities.
- The services are mainly available digitally with a high degree of subscription-based customer contracts.
- Karnov Group also publishes and sells printed books and journals and hosts legal training courses.
- Customers are mainly law firms, accounting and auditing firms, businesses and the public sector such as courts, universities, government agencies and municipalities.
- Karnov Group generates growth through development of new verticals, i.e. knowledge/product areas and through acquisitions.
- Listed since 2019 on Nasdaq Stockholm.

## Better decisions, faster

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

**500,000+**

Users

**7,000+**

Specialists

**>1,300**

Number of employees

# Main activities 2022

## SIGNIFICANT GROWTH IN DENMARK AND SWEDEN/NORWAY



Karnov Group's operations in both Denmark and Sweden/Norway continued to grow in 2022, driven by increased demand for our services from both existing and new clients.

## CASH GENERATING LEGAL CORE BUSINESSES AND RAPIDLY GROWING STAND-ALONE BUSINESSES



Karnov Group has solid cash generating legal core businesses in Sweden, Denmark, Spain and France, with stable development and strong market shares. Our acquired stand-alone businesses in closely related verticals such as tax and accounting and EHS operate in markets growing rapidly. The businesses perform well and have a positive impact on the underlying growth possibilities of Karnov Group.

## FRANCE, SPAIN AND PORTUGAL – OUR NEW HOME MARKETS



In November 2022, Karnov Group completed the acquisition of market-leading legal information providers in France, Spain and Portugal. The local companies were consolidated in the Group financials on 30 November 2022.

The acquisition transforms Karnov from one of the leading players in legal information solutions in the Nordics to a European player with strong market presence in Spain and France. The acquired companies are well-known providers of legal information, research, workflow, analysis and legal training in Spain and France. Karnov operates under the Aranzadi LA LEY brand in Spain, Jusnet in Portugal and Lamy Liaisons in France.

# CEO has the floor

## Karnov's business model stands strong in a turbulent environment

2022 was a year marked by a turbulent world, initiated by Russia's invasion of Ukraine, with macroeconomic and geopolitical changes as a consequence. Combined with high inflation and gradually rising interest rates, this has put pressure on financial markets. Of course, business is also affected, and for Karnov this is testing our resilience. It is therefore with humility that I note that we have built a solid business model that has remained unaffected by economic fluctuations and continues to evolve and deliver value to our clients. Karnov's stability is partly due to our strong position in an attractive and growing segment characterised by stable and non-cyclical customers and a steady growth rate. Approximately 85 percent of our revenues are subscription-based and with a renewal rate of over 90 percent, we are enabling stable cash flow generation that will allow Karnov to put another strong year behind.



## Karnov becomes a European player

2022 will also be known in Karnov's history as the year when Karnov went from being one of the leading players in legal information solutions in the Nordic region, to becoming a European player with a strong market presence in Spain and France. This was achieved through the acquisition of the legal information businesses of two of the market leaders, which will henceforth be referred to as "Region South". The acquisition represents a very attractive opportunity to combine the best of their platforms with Karnov's long experience and high level of industry expertise to create a strong offering.

Thanks to our experience from previous acquisitions, we have a broad knowledge to successfully integrate these businesses and extract synergies. During the year, we have worked with the local companies to develop a plan for the integration, which will include merging content onto a common technical platform. Thanks to parallel preparations in several areas, the integration could start immediately after the completion of the acquisition. Our view is that a large part of the cost synergies will be harvested within the first 24 months of the acquisition of the businesses. The creation of Region South will allow for a broad and deep knowledge base where the most well-renowned authors are gathered. This will allow content of the highest quality to be distributed and made easily accessible to improve efficiency for users.

## Nordic region remains central

The Nordics have always been at the heart of our business, and we have seen fantastic growth in the region during the year, outpacing underlying market trends. We will continue to consolidate our position in the Nordics where we are a central partner to the legal systems. Karnov Group has been delivering high quality and reliable solutions to our clients for 200 years and we will continue to focus on meeting our clients' needs to provide the highest quality to the best possible user experience that effectively supports their workflow.

## Financial result

In 2022, the organic growth was 9.2%. The Group's turnover increased by 26.8% of which acquired growth represented 14.6% and currency effects represented 3.0%. Acquired growth includes Region South which was consolidated in the consolidated accounts at the end of November. Growth in the Nordic region was primarily driven by increased sales to existing customers and the realisation of business opportunities with new customers, mainly among municipalities, in the EHS vertical and the public sector. It is gratifying to see the demand for our services growing and we intend to continue to increase customer value. Adjusted EBITA amounted to SEK 364 million, of which SEK 354 million from legacy Karnov and SEK 10 million from Region South. The adjusted EBITA margin was 32.7% at Group level. At the end of the year, the leverage was 3.6x, mainly due to the acquisition of Region South. Karnov intends to improve the leverage to below the financial target of 3.0x EBITDA LTM and to make investments in Region South to realise the synergies. The Board of Directors therefore proposes no dividend at the Annual General Meeting on 10 May 2023.

## Final words

I would like to conclude by thanking all our employees, authors, experts and customers who have all contributed to Karnov's strong performance this year and its position as the leading provider of mission-critical information solutions. We look forward to continuing to assist our customers and be responsive to their needs, and to deliver on the integration of Region South. In 2022, Karnov has transformed from being a market leader in the Nordic region to a strong European player. I look forward to the growth journey that comes with it, as well as consolidating our position as a leader in our new markets. Thank you.

Stockholm, 31 March 2023

Pontus Bodelsson  
President and CEO.

# Full-year overview

TSEK	2022	2021	2020	2019
<b>Income statement</b>				
Net sales	1,113,498	878,072	771,416	757,087
EBITDA	312,658	324,908	321,431	251,292
EBITDA margin, %	28.1%	37.0%	41.7%	33.2%
EBITA	254,457	277,563	275,955	205,975
EBITA margin, %	22.9%	31.6%	35.8%	27.2%
Adjusted EBITA	363,766	326,926	288,158	278,630
Adjusted EBITA margin, %	32.7%	37.2%	37.4%	36.8%
EBIT	78,842	116,305	131,042	80,181
EBIT, margin %	7.1%	13.2%	17.0%	10.6%
Net financial items	-17,119	-21,072	-10,467	-69,984
Net result	59,890	84,217	100,004	3,480
<b>Balance sheet</b>				
Non-current assets	6,137,529	3,336,821	2,951,649	3,049,208
Current assets	1,314,201	1,185,101	737,134	349,449
Cash and cash equivalents	671,199	951,471	552,921	52,008
Equity	2,326,383	2,154,055	1,550,840	1,526,769
Non-current liabilities	3,259,592	1,530,266	1,479,931	1,117,107
Current liabilities	1,865,754	837,600	658,012	754,781
Total assets	7,451,727	4,521,922	3,688,783	3,398,657
<b>Cash flow</b>				
Cash flow from operating activities	275,950	314,161	378,991	137,276
Cash flow from Investing activities	-1,739,692	-385,454	-112,348	-270,815
Cash flow from financing activities	1,152,228	467,639	235,454	-19,226
Cash flow for the period	-311,514	396,346	502,097	-152,765
<b>Key ratios</b>				
Net working capital	-551,554	347,501	79,122	-405,332
Return on total capital, %	1.1%	2.6%	3.6%	2.4%
Equity / asset ratio, %	31.2%	47.6%	42.0%	44.9%
Cash conversion, %	100.3%	92.0%	124.0%	88.6%
Net debt	2,079,024	357,564	643,166	861,309
<b>Share data</b>				
Weighted average number of ordinary shares	107,846,671	97,862,496	97,670,567	84,434,095
Weighted average number of ordinary shares adjusted for the effect of dilution	108,102,047	98,287,843	98,095,914	84,859,442
Earnings per share, basic, SEK	0.56	0.87	1.02	0.03
Earnings per share, after dilution, SEK	0.56	0.86	1.02	0.03

# Why to invest in Karnov Group

1

## LONG HISTORY OF PARTNERING THE LEGAL SECTOR WITH INDUSTRY EXPERTISE AND DEEP CONTENT

Karnov Group, with 200 years of history, contributes to European societies based on the rule of law. We contribute with a comprehensive mission-critical knowledge platform with premium content being established by our 7,000 legal experts. The wide range of information and workflow solutions is delivered with smart proprietary online solutions.

Read more about our offering, page 10.

2

## RESILIENT BUSINESS MODEL WITH PREDICTABLE POSITIVE CASH FLOW AND DIVIDEND POLICY

With well-known local brands, Karnov has a strong position in an attractive and growing segment characterised by stable customers in both the private and public sectors. The Group's business model is approximately 85% subscription-based revenue, enabling strong and predictable positive cash flow from a largely non-cyclical and financially resilient customer base, with average organic growth of 4% per annum in 2018-2022. The business model supports the company's ambition of distributing 30-50 percent of adjusted net profit (PPA) to its shareholders.

Read more about the market, page 13, financial targets, page 9 and our business model, page 12.

3

## FROM A NORDIC TO A EUROPEAN PLAYER WITH A TOTAL ADDRESSABLE MARKET GROWING NINE TIMES

Karnov is undergoing a transformation from one of the leading providers of legal information solutions in the Nordic region to a European player. The company has acquired the carve-outs of Thomson Reuters and Wolters Kluwer's legal information businesses in Spain, Portugal and France. These businesses are now being integrated and synergies are being exploited. Synergies in Spain are expected to generate annual cost-savings of approximately EUR 10 m at EBITDA level with full effect by the end of 2026. The cost to achieve this will amount to up to a total of around EUR 24 m.

Read more about the market, page 13.

4

## CLEAR DRIVERS FOR CONTINUED DEMAND

Macro trends are leading to an increasingly complex and rapidly changing regulatory environment, increasing the need for Karnov's services. The underlying drivers enable continued organic growth. Growth opportunities are also explored through selective value-accretive acquisitions to expand into closely related business areas, expanding the product portfolio or to enter new geographical markets.

Read more about the strategies, page 10 and the market, page 13.

# How we contribute to the rule of law

## VISION



FIRST CHOICE IN LEGAL KNOWLEDGE

We are the first choice for legal knowledge through premium content, customer centricity and innovation.

## MISSION



CLEAR THE PATH TO JUSTICE

We build trust with European societies and communities.

# Financial targets

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 and the effect from the ongoing shift from offline to online services.

## Net sales growth

### Objective

Achieve an annual organic growth of between 3–5 % in the medium term, supplemented by selective acquisitions.

### Outcome 2022

+9%

### Multi-year overview



## Adjusted EBITA margin

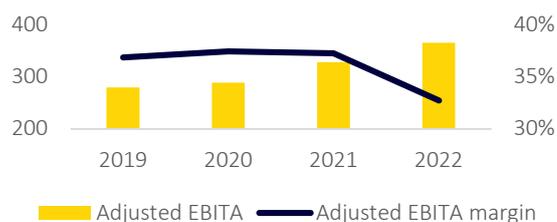
### Objective

Increase margins in the medium term.

### Outcome 2022

-4.5 pp

### Multi-year overview



## Capital structure

### Objective

Net debt to Adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example following acquisitions.

### Outcome 2022

3.6

### Multi-year overview



## Dividend policy

### 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.

### Outcome 2022

N/A

### Comment

Karnov Group intends to improve the leverage below the financial target of 3.0x EBITDA LTM and invest further in the newly acquired businesses in Region South to harvest synergies. The Board of Directors proposes no dividend for the AGM on 10 May 2023.

# Objectives and strategy

## Strategic focus 2023

- Integration of recently acquired units – creating a European player with a strong market presence in Region North and Region South
- Value-adding activities in Region North – continue to develop Karnov's solutions in the Nordics to cement our strong market position
- Growth – focus on continued growth to strengthen market position in line with the vision, mission and objectives

## Karnov's offering

- Providing premium content of the highest quality
- Delivering the strongest possible user experience
- Contribute to more efficient workflows

It is essential to maintain a high level, up-to-date and accessible knowledge base. It is also essential to constantly renew and deepen the Group's knowledge of laws, regulations and applied case law, with local adaptation at national level. In order to meet customers' needs and deliver the highest quality content, Karnov has throughout its long history developed a deep understanding of its customers' needs and their circumstances, which is central to providing services and content that enhance efficiency.

Karnov is a partner that provides access to a constantly updated knowledge platform in law and related regulatory areas. Karnov's services enable professionals to make better decisions, faster by providing high quality content and efficiency-enhancing services with high user-friendliness that support customers' workflow. High quality content requires access to experts in law and other regulatory collections who bring expertise and ability to interpret legal and regulatory collections and application.

Karnov creates accessibility by developing digital solutions but also offering physical printed material. The basis is to make available a qualified knowledge database and online services with increased efficiency. Continued development of online services with smart solutions for increased efficiency is essential to make the knowledge base and tools available. Approximately one third of the Group's organisation is made up of expertise in the development and operation of digital channels and tools.

## Integration of newly acquired businesses

The acquisition of the legal information businesses of Thomson Reuters in Spain and Wolters Kluwer in Spain, Portugal and France have transformed Karnov into a European player with a strong market presence in the local markets and a prominent platform for a strengthened customer offering and further international expansion. Karnov Group has thus moved from a Nordic to a European provider of qualified legal information solutions.

Karnov intends to integrate these businesses. The branding strategy is based on operating through the established local/regional brands while making the link to the Karnov Group clear over time. Karnov also intends to share the company's expertise in all markets to increase knowledge sharing within the group and to create an enhanced offering to the existing and new potential customers.

## Growth

Karnov Group aims to grow while maintaining high quality services. The company is focusing on developing its offering in three areas of

## Position

Karnov is a partner in the legal ecosystem with the mission of disseminating existing collections of laws and rules, to enhance this information through interpretations and examples of application, and to provide features and tools that streamline the end user's work

focus: growth through verticals, geographic expansion and acquisitions. The growth areas aim to strengthen Karnov's core business in new and existing markets.

### Growing within additional regulated areas, vertical expansion

Karnov is growing in part by meeting the increasing need for access and interpretation of closely related regulatory areas. Regulation and compliance are increasing across a broad range; environmental, health and safety (EHS), ESG (sustainability), IT, M&A, bankruptcy law, pharmaceutical law and within the public sector. Opportunities to expand into new client groups may also involve venturing into additional verticals within local government, such as healthcare, social security, financial markets, tax and customs, and additional areas of compliance law.

### Opportunities to expand geographically

Karnov intends to take advantage of the strong market position in its home markets and pursue geographic expansions to achieve future growth. This includes providing the Group's digital legal database in additional countries, expanding internationally with cross-jurisdictional services and exploiting opportunities to transfer existing service and platform solutions to other countries within the Group. Geographic expansion refers to countries with a local language (i.e. languages that are the official majority language in only one or a few countries) and countries in which the company believes it has an opportunity to take a broad and strong market position and offer all of its products and services.

### Growing through M&A activities

Karnov has developed a structured process to identify, evaluate and integrate strategic acquisitions that create market presence in new geographic markets and/or customer segments and strengthens Karnov's offering to existing customers. Potential targets can be divided into three categories: market acquisitions, vertical acquisitions and technology bolt-ons.

*Market acquisitions* include leading providers of legal information systems in new geographic markets and aim to acquire strong market positions in new markets where organic entry is not possible due to a strong need for locally tailored content. The recent acquisition of Region South is an example of this.

*Vertical acquisitions* aim to expand product offerings into new regulatory areas, known as verticals, or to strengthen existing offerings by integrating others' products and services onto one of Karnov's platforms. An example of this is the acquisition of DIBkunnskap AS in 2021.

*Technology acquisitions* is acquisitions which supplements the company's digital platform, such as automation tool providers. These acquisitions aim to strengthen Karnov's offering to existing customers through improved workflow efficiency and platform functionality. An example of this is the acquisition of Ante ApS in 2021.

## M&A activities the past ten years

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**2013:** Acquisition of Magnus Informatik from Wolters Kluwer, which strengthened the presence in the tax and accounting market in Denmark.

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**2016:** Acquisition of Notisum AB in Sweden to build presence in environmental, health and safety (EHS) vertical.

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**2017:** Acquisition of the Danish publishing and education company Forlaget Andersen A/S and investment in the Danish legal start-up Legal Cross Border ApS.

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**2018:** Acquisition of Norstedts Juridik, a leading provider of legal information solutions in Sweden, from Wolters Kluwer. Minority investment in the legal start-up BELLA Intelligence ApS.

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**2019:** Minority investment in the legal start-up ProcurementLink ApS.

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**2020:** Launch of offering in the legal practice management vertical through the new company LEXNordics AB. Minority investment in Karnov Group Norway AS, which offers legal solutions.

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**2021:** Acquisition of DIBkunnskap AS, a market-leading provider of digital workflow tools for tax and accounting in Norway. Technology acquisitions of Onlaw ApS, Ante ApS and BELLA Intelligence ApS in Denmark. Geographic expansion into France through the acquisition of Echoline SAS, a provider of regulatory compliance solutions in EHS.

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**2022:** Geographic expansion through the acquisition of legal information businesses from Thomson Reuters in Spain and Wolters Kluwer in Spain, Portugal and France.

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# Business model

## Product offering and customer needs

The work of lawyers, judges, accountants, tax advisors, academics, public officials and other consultants is characterised by precision, reliability and high quality. These professionals are in constant need of access to relevant and up-to-date information in order to provide their services. For example, lawyers need access to high quality and up-to-date material from a variety of legal sources, including laws, regulations, case law, legal commentaries and other legal literature, many of which may be subject to change. Customer needs are further reinforced by macro trends driving an increasingly complex and rapidly changing legal environment. Lawyers and other advisers need tools to help them navigate within these changes.

Furthermore, the customers targeted by Karnov are largely non-cyclical and financially resilient, creating a continuous need that is not affected by cyclical fluctuations. Karnov Group has thus developed a broad offering of online and offline services that deliver value to customers based on a solid understanding of the complexities of the customers' businesses.

### Online

The online offering consists of products and solutions that are subscription-based and rely on access to fully-scalable business-wide platforms of legal information. The online products are tailored to the purposes of the different segments, both in terms of content and functionality.

### Books and printed material

Karnov Group publishes hundreds of books annually, both on a subscription and non-subscription basis, both for educational purposes at the university level, and as specialist literature for legal, HR and tax and accounting professionals.

## Legal training

Karnov Group organises online and offline courses for legal and HR professionals in Europe who want to keep their skills intact and expand their knowledge or specialize themselves. Courses can be either tailored to individual customers or based on specific subjects and are mainly transactional.

## Compliance, guides and workflow solutions

On a subscription and transactional basis, Karnov delivers guidance and workflow solutions for various industries, helping to ensure international regulatory compliance and process and value optimisation in advisory roles.

## Revenue model

Customers normally pay annually in advance for Karnov's online services and subscription agreements are renewed for one year at a time unless the customer actively cancels the agreement. Subscription-based products and services are accrued and recognized over the term of the subscription.

Subscription-based contracts are negotiated individually with each customer as volume-based discounts may be provided in some cases.

## Target groups

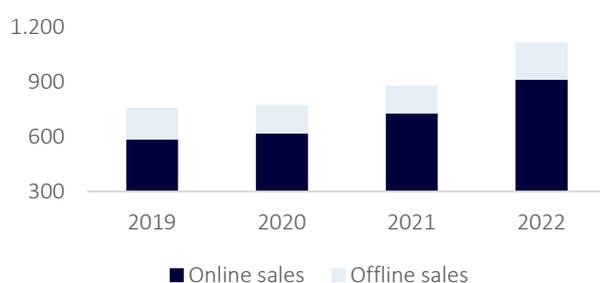
Karnov Group offers its solutions and services to lawyers, accountants, tax advisors, other consultants, academics, judges and public administration officials.

## Sales and marketing

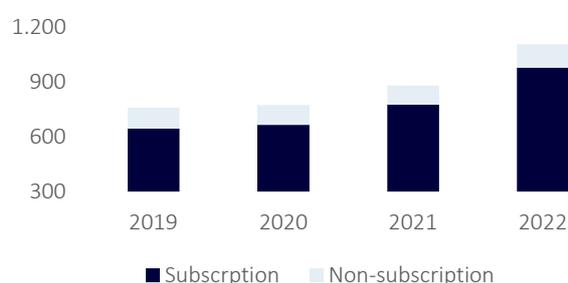
Brand and service awareness is achieved through multiple channels, such as digital interactive advertising, active outreach sales, industry reports such as "The future of legal professionals" in the Region North, as well as collaboration with well-renowned experts who contribute to the Group's content offering.

In Denmark, the Kaius platform is operated, providing Danish law students with access to content as well as guidance through their education. Existing client relationships are managed through Key Account Managers. Training on online tools also creates natural customer interaction.

Split online/offline (MSEK)



Split subscription/transaction (MSEK)



# Market and market drivers

Karnov operates on the European market for knowledge and information services within law, tax and accounting, as well as environmental, health and safety. The company's content and solutions are mainly distributed through digital knowledge platforms. Karnov also publishes and sells books and other printed material and organises legal training.

The market can also be referred to as "legal intelligence" in terms of content and legal tech(nology) in terms of online services. Karnov targets its services and products at countries that apply civil law. In addition, Karnov has a portfolio of legal start-up companies with the potential to grow.

## User groups from a broad spectrum

Karnov's clients are divided into three segments: advisors, corporates and the public sector.

The adviser segment consists of law firms and tax and accounting firms, whose employees are mainly lawyers, tax experts and/or accountants.

The corporate users segment consists of legal professionals working in the corporate segment. The public sector segment consists of, for example, lawyers or social workers working in courts, public authorities, academia and/or municipalities.

The type of position held by employees in law firms depends on seniority. More junior lawyers tend to use more information and background/analysis services as they do much of the groundwork in assignments, while work tools are used more widely. Training is also more widely applied by all in a law firm.

## Low churn

The market for information solutions is mature and characterised by long customer relationships between providers and users where the need for mission-critical services is high. Annually, approximately 97% of customers in Region North renew their subscriptions to Karnov's services, while the corresponding figure is approximately 90% of customers in Region South. The customers who make up Karnov's top 20 in Region North in terms of number of licenses have all been renewing their licenses annually for more than 20 years.

## Macro trends

- **Great democracies require well-functioning legal systems**  
The continued maintenance of the rule of law is a cornerstone of a functioning civil society and democracy.
- **Increased focus on sustainability**  
A growing focus on sustainability is creating increased demands for more formalised governance and reporting across its entire spectrum: environment, social and governance (ESG).

- **Digitalisation**  
Digitalisation continues in the automation and streamlining of workflows to replace lawyers in part or in full for simpler legal tasks. AI (artificial intelligence) solutions are on the rise, both in legal interpretation and application but also as an area of increasing regulation.
- **Increased IT security**  
Due to increased storage of information and documentation being made in the cloud, the risk of both unlawful intrusion and failing IT infrastructure increases.

## LEGISLATION AND REGULATION

- **Increased complexity**  
One of the most important challenges of today is the sheer volume of legislation, regulation and case law that is becoming increasingly burdensome for individual lawyers to understand and manage. This means that lawyers need effective information solutions and tools that enable them to keep up to date with the latest sources of law and to consider and analyse the vast amounts of information that exist and are relevant to their work.
- **Legislation**  
Changes in legislation drive the need for updated information and legal commentary.
- **Specialisation**  
Clients of larger law firms often require the law firms they hire to be specialised, which affects firms' purchasing decisions and drives costs for products and services that facilitate an in-depth understanding of applicable law.
- **Regulations**  
Increased non-legislative regulation in areas such as occupational health and safety, sustainability management and accounting, which also affects other user groups.
- **Increased regulation within new areas**  
Legislation and regulation are increasing in previously lightly regulated areas. The introduction of the General Data Protection Regulation, GDPR, is one example. The current hot topic is the increasing use of AI - artificial intelligence - where the EU has proposed a regulation "The Artificial Intelligence Act".

## INCREASED EFFICIENCY

The need for digital tools and services is expected to increase, driven by demands for greater efficiency. There are differences in adaptation to IT and digital products and services. In general, maturity is highest in the business sector, lowest among law firms and varies in the public sector depending on the area. Furthermore, regional maturity is lowest in France and highest in the Nordic countries. Spain falls between the two. Markets in the UK and US have historically been five years ahead of Europe in terms of receptivity to and use of technology.

## Significant market size with potential to grow

Karnov operates on the European market for knowledge and information services in the fields of law, tax and accounting, and environmental and health protection. The company's content and services are mainly distributed through digital knowledge platforms. Karnov also publishes and sells books and printed material and organises legal training.

### Region North

The total addressable market for Region North, Denmark, Sweden and Norway, amounted in 2022 to approximately SEK 2.1 billion, of which approximately SEK 1.7 billion online and approximately SEK 0.4 billion offline.

The annual market growth is estimated at 2.4 percent in the medium term. The Nordic market is characterised by a comparatively high degree of consolidation with fewer players.

### Region South

The total addressable market for Region South, France, Spain and Portugal, was SEK 15.3 billion and is expected to grow by almost 2.0 percent annually in the medium term.<sup>1</sup>

### Potential

As described in the growth strategies (page 10), Karnov believes that there is potential for increased revenues in several areas within the existing geographic footprint;

**Increased market presence** - With the acquisition of companies from Thomson Reuters and Wolters Kluwer, the vendors have divested their content services.

**Stronger product portfolio with synergies across the Group** - cross-border sales using existing service platforms, streamlined business administration. In Spain, Karnov will have the broadest product portfolio in the market, combining the products and solutions of Aranzadi and LA LEY and reaching more customer groups. The French product portfolio can be expanded by adapting services offered in Spain.

**New services and/or specialist areas characterised by a high degree of regulation** - e.g. the growing regulations within EHS, driven by EU directives and regulations.

**More users of the services** - legal and compliance solutions for all professionals within a company, e.g. in EHS.

**New customer groups** - as new regulatory areas, so-called verticals, are added to Karnov's information services, the type of user groups can be broadened. Growth potential is seen in particular in the corporate sector and the public sectors.

**Product development** - e.g. development of self-service compliance tools that leverage the Group's content and knowledge base. Again, services that are scalable, i.e. that can be sold without unique local customisation. Product development is facilitated by the fact that the UK and US markets are ahead in supply, as previously indicated.

**Acquisition-driven** - acquisitions of ready-to-use online services that are scalable, i.e. that can be sold/applied without unique customisation.

## Region North is a more homogeneous market than Region South

### User base

Karnov Group has more than 80,000 users on its platforms in Region North. Karnov Group's market share in the Region North is estimated at approximately 45% of the legal information solutions market.

### Offering

Broad portfolio of online and offline products in legal information, tax and accounting, and EHS.

### Channels

Karnov Group's customers in Region North have a high acceptance of digital solutions and digital distribution channels.

## Region South is a more diverse market than Region North

### User base

Karnov Group has more than 420,000 users on its platforms in the Southern Region. Karnov Group's market share is estimated to be approximately 25% in the legal information solutions market in Spain and approximately 8% in France.

### Offering

Broad portfolio of online and offline products in legal information.

### Channels

Karnov Group's customers in Spain have a high acceptance of digital solutions and digital distribution channels. Karnov Group sees opportunity for growth through transition to digital solutions in France.

<sup>1</sup> Based on a market survey conducted by CIL in 2021.

# Market segments

In Denmark, we supply the market with legal information for legal professionals such as lawyers, the public sector, and corporates. Karnov Group Denmark is the market's leading publisher and supplier of legal information. From 2023, Nørskov Miljø is Karnov Group's offering on the growing market for Environmental, Health and Safety (EHS).

## Satisfied customers

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, Karnov Group has continued increasing the customer value during the year. The customers have appreciated the updated and improved platform, which shares the underlying technical base as the JUNO platform in Sweden. This enables cross-development opportunities of praxis within legal information solutions.

Karnov Group intends to continue adding more customer value to cement its market leading position in Denmark also in the longer-term.

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.

## Successful roll-out of the municipality solution

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 – at the end 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.

In 2022, Karnov Kommune has been sold to over 15 municipalities in Denmark. Customers appreciate the comprehensive information database and practical guidance.

## Denmark's largest supplier of EHS services

Legislations and regulations within the areas of environmental, health and safety (EHS) are growing in all European markets. Karnov Group, through its subsidiary Notisum, has had a limited presence in the vertical in Denmark. Karnov Group acquired the Danish EHS solutions provider Nørskov Miljø in early 2023. Karnov Group has thus become the largest provider of EHS services in Denmark.

Nørskov Miljø provides an online-based platform for compliance monitoring and the company's services are targeted at small and medium-sized enterprises as well as industrial organisations.

The company will be integrated with Notisum's Danish organisation in 2023.

## Facts about the Danish segment, 2022

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**Net sales:** SEK 467 million (423)

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**Adjusted EBITA:** SEK 163 million (172)

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**Adjusted EBITA margin:** 34.8% (40.7)

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**Average number of employees (FTE):** 150 (150)

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**Brands:** Karnov Group Denmark, Forlaget Andersen, BELLA Intelligence, Ante and Legal Cross Border

# Market segments (cont.)

In Sweden, we supply the market with legal information for legal professionals such as lawyers, the public sector, 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 and Echoline are Karnov Group's offering on the growing market for Environmental, Health and Safety (EHS) and DIBkunnskap has during 2022 expanded its IFRS solution to the Swedish market.

## **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 growth trend within EHS**

Karnov Group acquired Notisum in 2016 and Echoline during 2021. The companies provide compliance platforms for monitoring

legislation within the EHS segment with a focus on the requirements imposed on ISO -certified organizations.

Both companies have performed well since they became part of the Karnov Group family and the EHS vertical is a growth driver.

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

## **Launch of IFRS 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 has been promoting its IFRS tool on the Swedish market since the end of 2021.

In the Swedish market, DIBkunnskap is using Karnov Group's existing distribution channels and capabilities to drive market expansion, with a natural alignment to the product market. The company has experienced strong interest from IFRS reporting companies and the service has contributed to DIBkunnskap's growth during the year.

## **Karnov Group Norway has positive development**

The work of people working in knowledge areas, such as lawyers, accountants, tax advisors and government officials, is driven by a need for accuracy, reliability and quality. Karnov Group's network of authors and experts gathers the best legal minds in Scandinavia.

Karnov Group Norway is a minority investment, with a 40% ownership.

In 2021, Karnov Group Norway launched its services in partnership with Lovdata, the most widely used legal platform in Norway. Karnov Group Norway has now incorporated legal commentaries authored by the most reputable legal experts in Norway and covers a large percentage of the laws in Lovdata. The company has a growing customer base and growing net sales. The commentaries are appreciated by customers and Karnov Group Norway has a number of Norway's largest law firms as customers.

## **Facts about the Sweden/Norway segment, 2022**

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**Net sales:** SEK 532 million (455)

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**Adjusted EBITA:** SEK 191 million (155)

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**Adjusted EBITA margin:** 35.9% (34.0)

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**Average number of employees (FTE):** 152 (147)

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**Brands:** Karnov Group, Norstedts Juridik, DIBkunnskap, Notisum, Echoline, LEXNordics

# Market segments (cont.)

Karnov Group has an ambition to become an even stronger European player within legal information solutions. Building on the same foundations as in Region North, Karnov Group has an intention to deliver solid customer value in France, Spain and Portugal. At the end of 2022, Karnov Group acquired carve-outs within legal information from Thomson Reuters in Spain and Wolters Kluwer in France, Spain and Portugal.

## Expanding to Spain and France

The acquisition is a growth opportunity for Karnov Group that hasn't been identified 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. The strategy for further expansion in Region South entails both expanding the core products into new markets, adding adjacent verticals to the current product portfolio. The acquisition of Region South is a great opportunity to enter new highly competitive regions through well-established and innovative 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 acquisition adds strong entities and brands to the portfolio.

LA LEY 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 Liaisons is a key French player 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 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 is well-positioned to reach new customer groups in Region South.

## Market opportunities

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 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, Karnov captures a unique and attractive opportunity to significantly increase the total addressable market while also providing a strong platform for further international expansion.

The addressable market grows from approximately SEK 2.0 billion to approximately SEK 17.3 billion.<sup>2</sup> 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 local businesses are similar to Karnov Group in terms of having strong brands, high recurring revenues and attractive customer portfolios.

## Facts about the Region South segment, 2022

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**Net sales (proforma):** SEK 1 286 million

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**Adjusted EBITA (proforma):** SEK 95 million

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**Adjusted EBITA margin (proforma):** 7.3%

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**Number of employees (FTE) at the end of the year:** 944

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**Brands:** Aranzadi, LA LEY, Lamy Liaisons, Jusnet

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<sup>2</sup> Based on a market survey conducted by CIL in 2021.

# The Karnov share

Karnov Group is listed on Nasdaq OMX Stockholm Midcap under the ticker KAR since 11 April 2019. The subscription price in the IPO was SEK 43.0. A round lot is one (1) share.

## Trading in the share

In 2022, 72.7 million shares were traded at a value of SEK 4.3 billion. This corresponds to a share turnover rate of 67 percent. The average daily trading volume was approximately SEK 17.3 million. The highest daily closing price was SEK 67.4 on 11 August 2022 and the lowest daily closing price was SEK 52.9 on 29 September 2022. The closing price on 30 December 2022 was SEK 58.4, implying a market value of approximately SEK 6.3 billion. This corresponds to a decrease of -13 percent from 30 December 2021 and an increase of 36 percent compared to the IPO price at listing on Nasdaq Stockholm. In 2022, the Nasdaq Stockholm OMXS30 decreased by -25%. The index in which Karnov Group is included, industrial goods and services, decreased by -18 percent.

## Share capital

On 31 December 2022 the share capital in Karnov Group AB (publ) amounted to 1,663,150 SEK, divided on 107,846,671 ordinary shares and 255,376 shares of series C. The nominal value is 0.015385 SEK. Each ordinary share entitles the holder to one (1) vote at general meetings and each share of series C entitles the

holder to one-tenth (1/10) vote at general meetings. The ordinary shares are entitled dividend while shares of series C are not entitled dividend.

## Incentive program

During 2022, a total of 169,971 shares of series C were converted to ordinary shares and delivered to participants in the share saving program LTIP 2019. There are 255,376 outstanding shares of series C, of which 46,510 are related to LTIP 2020.

## Shareholders

On 31 December 2022, Karnov Group had 1,504 known shareholders according to the shareholder register kept by Euroclear. That is decrease of 8 percent compared to the end of 2021. The ten largest shareholders held approximately 55 percent of the shares. Swedish owners controlled approximately 37 percent of the shares and North American owners held approximately 34 percent. The Board of Directors and PDMR owned approximately 2 percent of the shares privately and via companies.

## Dividend policy

Karnov Group's ambition is to distribute 30-50 percent of the PPA adjusted net profit. Proposals on dividends shall take Karnov Group's investment opportunities and financial position into consideration. The Board's proposal for the AGM 2023 is to not distribute any dividend as Karnov Group intends to improve its leverage and invest in Region South.

## KEY METRICS FOR THE SHARE

	2022	2021
Earnings per share (SEK):	0.56	0.86
Proposed dividend per share (SEK):	N/A	N/A
Share turnover:	67%	41%
P/E	105	86
Yield (%)	0,00%	0,00%
Market value at the end of the year (mdr)	6.3	7.2

## LARGEST SHAREHOLDERS

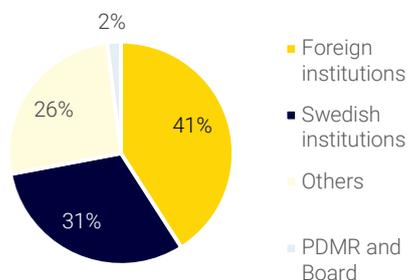
Owner	Shares (no.)	Votes (%)
Swedbank Robur Fonder	10,569,674	9.80
Carnegie Fonder	7,000,000	6.49
Invesco	6,523,524	6.05
Didner & Gerge Fonder	5,733,042	5.31
Long Path Partners	5,499,155	5.10
KIRKBI Invest	5,060,000	4.69
Columbia Threadneedle	4,684,787	4.34
Janus Henderson Investors	4,637,804	4.32
M&G Investment Management	4,615,735	4.32
Fjärde AP-fonden	4,400,961	4.08
Others	49,377,365	45.50
<b>Total</b>	<b>108,102,047</b>	<b>100.00%</b>

## Annual General Meeting

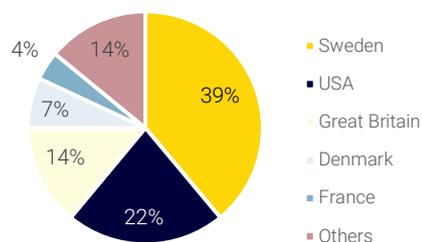
The 2023 Annual General Meeting will be held on 10 May 2023 at 09:00 AM at Cirio Advokatbyrå's office in Stockholm. Shareholders are able to exercise their voting rights both at the AGM and by post

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](http://www.karnovgroup.com/en/general-meeting).

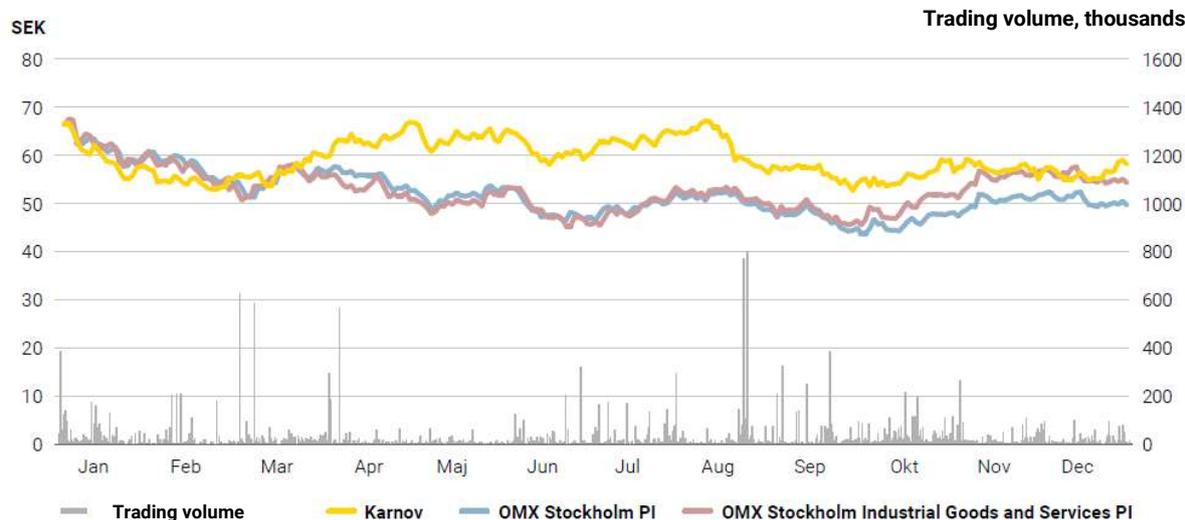
## Shares per owner category



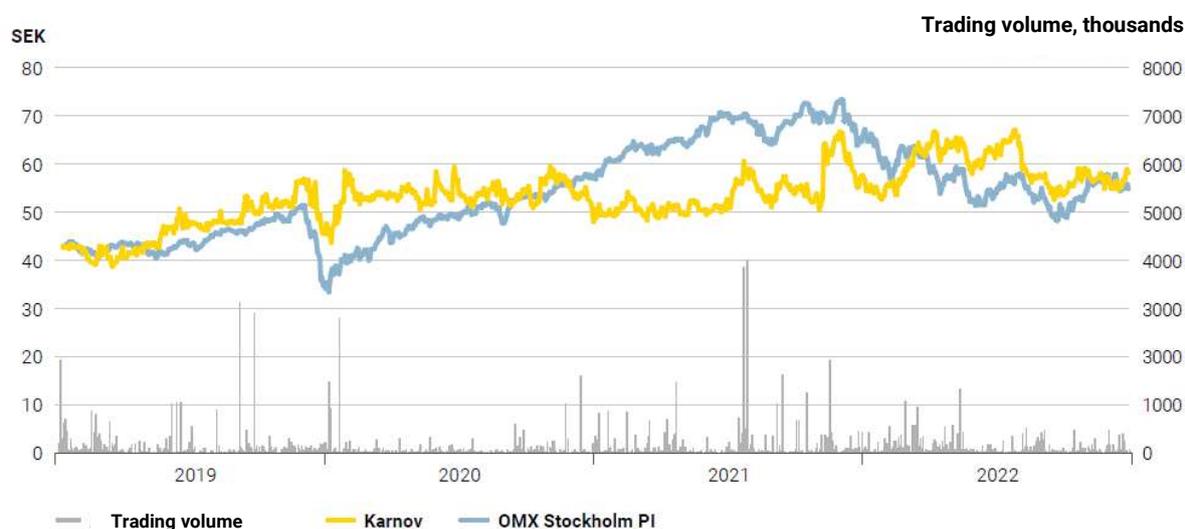
## Shares per country



### The Karnov share 2022



### The Karnov share 2019-2022



# Corporate Governance Report



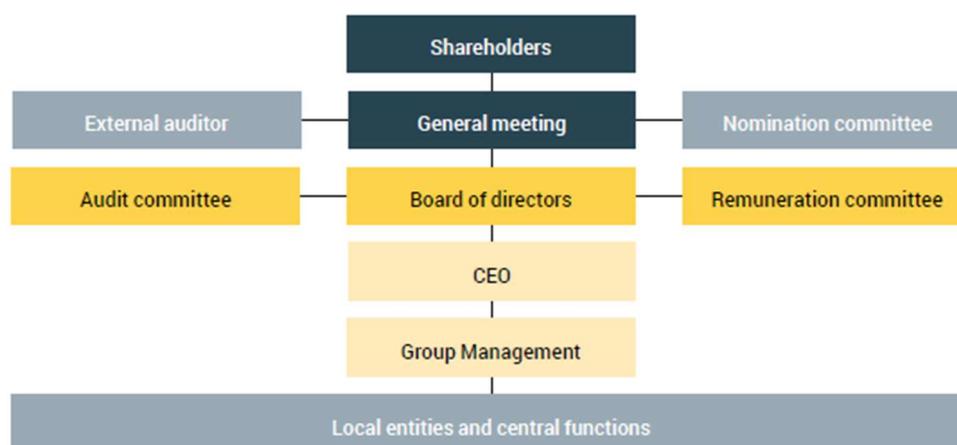
# Corporate Governance Report

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 2022, 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 10, 2022, 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 to be paid to the members of the Nomination Committee. The Company is to pay any necessary expenses that the Nomination Committee may incur in its work.

The term of office for the Nomination Committee ends when the composition of the following Nomination Committee has been announced.

### Nomination committee for the Annual General Meeting in 2023

- Ulrik Grönvall (Char), Portfolio Manager, Swedbank Robur, Sweden;
- Thomas Ehlin, Corporate Governance, Fourth National Pension Fund, Sweden;
- John Strömgren, Portfolio Manager, Carnegie Fonder, 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 28 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 2022, the Board held nine (9) board meetings, including 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 2022, 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 2022, 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 2022, the Remunerations Committee held two (2) meetings at which minutes were taken. Discussions and decisions at all meetings of the Remunerations Committee have been reported to the Board of Directors.

## Attendance in Board or Committee meetings

The following table presents each member of the Board of Directors' attendance in meetings in 2022.

	Board Meetings	Audit Committee	Remuneration Committee
Magnus Mandersson	9/9	4/4	2/2
Ulf Bonnevier	9/9	4/4	2/2
Lone Møller Olsen	9/9	4/4	-
Salla Vainio	9/9	4/4	2/2
Loris Barisa	9/9	-	-

## Remuneration to the Board of Directors

The Annual General Meeting on 10 May 2022 resolved on the following remuneration to the members of the Board of Directors until the Annual General Meeting 2023.

(TSEK)	Board fee	Audit Committee fee	Remuneration Committee fee	Total 2022
Magnus Mandersson	725	50	100	875
Ulf Bonnevier	350	50	35	435
Lone Møller Olsen	350	150	-	500
Salla Vainio	350	50	35	435
Loris Barisa	350	-	-	350
Total	2,125	300	170	2,595

## 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 28 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 2022. 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 6,000 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 100 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/](http://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 general meetings in 2019 and 2020, respectively, 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.

### Remuneration to senior executives

The following table presents the remuneration paid to the senior executives in 2022.

(TSEK)	Wages and bonus	Other benefits	Pension benefits	Total
Pontus Bodelsson President and CEO	7,896	463	1,371	9,730
Other senior executives	16,923	3,934	2,735	23,592
<b>Total</b>	<b>24,819</b>	<b>4,397</b>	<b>4,106</b>	<b>33,322</b>

### Long-term incentive programs to senior executives and other employees

The Annual General Meeting on May 5, 2020, decided to resolve to implement a long-term incentive program in the form of a share saving program. The program is directed to the local CEOs of Norstedts Juridik and Karnov Group Denmark A/S. 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. 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 2020–2022. Full allotment of Performance Shares would mean that the total number of shares under the program amount to no more than 46,510 ordinary shares, corresponding to approximately 0.1 percent of the total number of shares outstanding in the Company.

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. A total of 151 participants decided to participate and in April 2022 the vesting period was completed. A total of 169,971 performance shares was converted from shares of series C and distributed to the participants in June 2022.

### 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.

### 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.

#### Content strategy and quality assurance

In 2022, a new department has been established. The Content Strategy and Quality department includes corporate functions for regulatory compliance and information security and has been established to increase control at Group level.

#### 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 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.

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

### **Information and communication**

The Board of Directors of Karnov has adopted an insider policy and a communication policy governing Karnov's management and communication of inside information and other information. The insider policy is intended to reduce the risks of insider dealing and

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

### **Investor Relations function**

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

Karnov does not have a review function in the form of internal audit. The board has deemed that monitoring of internal control which is carried out by the Board and Group management make up a sufficient control function when considering the company's operations and size.

### **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 PricewaterhouseCoopers AB. Martin Johansson is the auditor in charge. For more information about the auditor, see "Board of Directors, senior executives and auditor—Auditor". In 2022, the total remuneration for audit services to Karnov's auditor was TSEK 3,635 (2,704), of which TSEK 3,433 (2,611) was invoiced by PricewaterhouseCoopers AB. Remuneration for other audit services was TSEK 859 (1,268), of which TSEK 813 (1,268) was invoiced by PricewaterhouseCoopers AB.

# Board of Directors, Senior Executives and Auditor

## Board of Directors and Group CEO

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 2023. 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, Beirat). 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 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 and Board member of Tryg A/S.

**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.



**Pontus Bodelsson**

*Group CEO since 2021  
(not part of the Board of Directors)*

**Born:** 1967

**Principal education:** Master of Laws and Executive MBA.

**Other current positions:** -

**Previous positions:** CEO of the media group Sydsvenskan/HD and Nationalencyklopedin/NE.

**Own and closely associated holdings:**  
25,000 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 nine 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:**  
25,000 shares.



**Leif Mårtensson**  
*Interim CFO since 2022.*

**Own and closely associated holdings:**  
0 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.



**Jan Ullerup**  
*Group Chief Technology Officer since 2022.*

**Own and closely associated holdings:**  
3,707 shares.



**Anne Nørvang Hansen**  
*Group Head of Content Strategy & Quality since 2012.*

**Own and closely associated holdings:**  
592,163 shares.



**Charlotte Arup**  
*Group CHRO since 2017.*

**Own and closely associated holdings:**  
20,418 shares.



**Magnus Svernlöv**  
*Executive Manager for EHS since 2022.*

**Own and closely associated holdings:**  
27,601 shares.



**Jonathan Minzari**  
*Group Strategy and M&A as well Executive Manager of stand-alone entities since 2022.*

**Own and closely associated holdings:**  
0 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 10 May 2022 re-elected PricewaterhouseCoopers AB, corporate registration number 556067-4276, as auditor for the period until the close of the annual general meeting 2023. Martin Johansson has been the auditor in charge since 2022. Martin Johansson is an authorised public accountant and member of FAR (the Institute for the Accountancy Profession in Sweden). PricewaterhouseCoopers AB'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 year 2022 on pages 20-31 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 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 2023

PricewaterhouseCoopers AB

Martin Johansson  
Authorized Public Accountant  
Auditor in charge

Patrik Larsen  
Authorized Public Accountant



# Sustainability Report

# Sustainability report

Karnov Group views sustainability in three dimensions; environmental sustainability, social sustainability and economic sustainability. The three dimensions are closely related, and it is important to see them as a whole. Achieving a sustainable future requires us to find solutions that take into account all three dimensions of sustainability simultaneously.



## Sustainability within Karnov Group

For Karnov Group, the social dimension of sustainability is about ensuring social justice, inclusion and equal access to resources and opportunities. It is also about promoting human rights, combating poverty and inequality, and ensuring that all people have the opportunity to live a good life. Economic sustainability is about ensuring processes and policies for sustainable governance and that economic growth and development take place in a sustainable manner. Promoting sustainable economic development that respects the environment, while meeting people's basic needs. The environmental dimension of sustainability is about protecting and preserving the environment and its ecosystems for present and future generations. To reduce greenhouse gas emissions, protect biodiversity, safeguard water resources and land use, and promote the use of renewable energy sources. Looking at sustainability in this way makes it clear how the three dimensions are closely related and the importance of keeping all three in focus at all times.

Karnov Group's sustainability work takes this as its starting point and works towards long-term and responsible value creation. We create value by combining our, and our experts', expertise with new technologies that ensure high quality and efficient workflow for our clients. While doing this, we focus on minimising and preventing negative impacts on the environment and people. Read more about how we create value under "How Karnov Group creates value".

## About the sustainability report

Karnov's sustainability report relates to the fiscal year 2022. 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 14 of the Annual Report. The businesses acquired in Region South as of 30 November 2022 are not part of the Sustainability 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 (publ) has, when signing the Annual Report, also approved the sustainability report.

## How Karnov Group creates value

Karnov Group is a leading European provider of digital knowledge services and products in law, tax, audit as well as environmental, health and safety (EHS). At the end of November 2022, Karnov Group completed the acquisition of legal information businesses in France, Spain and Portugal (henceforth referred to as "Region South"). Today, Karnov Group has operations in six countries; Denmark, Sweden, Norway, France, Spain and Portugal.

Karnov Group's vision is to contribute to a correctly governed society by developing and delivering products that, through their availability, scope and quality, enable our customers to make better decisions faster. In this way, our products and services deliver value to our customers and, by extension, to our customers' clients. We also strive to promote our experts and authors and expand our influence, thereby strengthening the conditions for a correctly governed society.

The work performed by lawyers, judge accountants, tax advisors, consultants, social workers, academics and government officials is driven by a strong need for accuracy, reliability and quality. These professionals need daily access to relevant and quality-assured information in order to provide their services. The increasing pace of change in society, digitalisation and increased regulation from various standard-setting bodies are having an impact on legislation. Lawyers and other advisors thereby have increased need of access to tools that help them stay up-to-date and ensure that they always have access to relevant information.

Karnov Group's value creation is based partly on a thorough understanding of the law and partly on a good understanding of the complexity of its customers' businesses. Independent of the media and with a constant focus on delivering the best possible quality, Karnov Group offers a wide range of information and workflow solutions that assist in the three user phases:

- **Learning:** Karnov Group strives to deliver tailored online and offline solutions for learning in specific subject areas tailored for both academic settings and for professionals' development. Karnov Group's businesses have been delivering content to students and professionals for more than 100 years. Our legal training business

aims to be the knowledge partner our customers need to train their employees. Continuing education and development opportunities are a way to create employee engagement and motivation - a mission-critical challenge for Karnov Group's customers. Karnov Group therefore has the opportunity, through the legal training courses, to help customers create value in their employees, which in turn leads to better advice for their clients and a general increase in knowledge in the industry.

- *Researching:* Whether it's finding a court case to support an argument or understanding the reasons behind a particular change in the law, Karnov Group strives to provide the insights needed through authored content. In doing so, Karnov Group creates value for our customers, who can strengthen their advice and deliver value to their clients and society. Following the acquisition of Region South, Karnov Group has contracts with more than 7,000 experts and authors in Europe.
- *Knowing:* Through its workflow management and news monitoring solutions, Karnov Group strives to provide tools for efficient and reliable processes and decisions. Karnov's workflow management

offering includes tools for environmental, health and safety compliance, tools for complex tax and accounting issues, and various tools to keep advisors up to date on new legislation 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

Our solutions are largely digital and include subscription-based online solutions for law firms, accounting firms, corporates and the public sector such as courts, universities, public administrations and municipalities. Karnov also publishes and sells books and other printed material as well as offers legal training courses. By integrating publicly available legal information with commentary and analysis from expert authors, Karnov Group, following the acquisition of Region South, provides legal information services to more than 500,000 users in Europe.



### UN's global sustainability goals

The concept of "sustainable development" was introduced by the American environmental scientist and author Lester R. Brown in 1981. It gained international attention in 1987 when the United Nations World Commission on Environment and Development launched the concept in its report "Our Common Future". At that time, the term was defined as "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The three dimensions; environmental, social and economic sustainability must interact and support each other in order to achieve sustainable development.

### Karnov's contribution to UN's global sustainability goals

In 2019, Karnov Group established a Sustainability Working Group to discuss the Group's sustainability ambitions and how we can contribute to the UN Global Goals within the Group and across the value chain. The working group has analysed how the Group can contribute to the 17 UN Global Goals.

Karnov Group has chosen to focus on the five goals Karnov Group believes to have the greatest potential to contribute. Karnov Group sees an advantage in making a selection of goals to ensure that we focus our efforts and actively contribute to a more sustainable society.

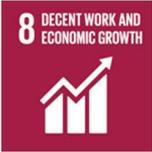
In 2022, Karnov Group strengthened the sustainability governance, with representation from Karnov Group's executive management in the Sustainability Working Group and reports to Karnov Group's Board of Directors during the year.

The Working Group's mission is to drive the necessary changes along the entire value chain. This includes inventorying and defining how to measure and report the Group's sustainability impact according to the new Corporate Sustainability Reporting Directive (CSRD) and defining a Group-wide sustainability strategy. The working group is also responsible for investigating and analysing how Karnov Group's sustainability ambitions can be further broadened.

In 2015, UN member states adopted Agenda 2030, a universal agenda for sustainable development that includes seventeen global goals to be achieved by 2030. The global goals encompass all three dimensions of sustainability. In the same year, a global climate agreement was reached in Paris, where world leaders agreed to work towards limiting global warming to 1.5 degrees by 2030, mainly by reducing greenhouse gas emissions. At the end of 2022, the UN Conference on Biological Diversity, COP15, was held, where it was decided that by 2030, 30% of the world's land should be protected as nature conservation areas

We see our work on sustainability as a step-by-step and ongoing process where our ambition is to set the bar high and strive for continuous improvement. The project forms a platform for sustainability from which Karnov Group, together with its employees and partners, will be able to act and contribute to sustainable development. The UN Sustainable Development Goals are an important guiding principle for the Group.

## Karnov's work with the UN's global sustainability goals

Goal	Sub-goal	Karnov's work
 <p><b>5</b> GENDER EQUALITY</p>	<p><b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>	<p>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.</p>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p>	<p>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".</p>
 <p><b>13</b> BEKÄMPA KLIMAT-FÖRÄNDRINGARNA</p>	<p><b>13.3</b> Build knowledge and capacity to meet climate change.</p>	<p>Climate change is an undeniable threat to our entire civilisation. Only through education, innovation and compliance with our climate commitments can we make the necessary changes to protect the planet. The Karnov Group is committed to educating and improving awareness and human and institutional capacity on climate change.</p> <p>Karnov Group calculates and reports greenhouse gas emissions according to the Greenhouse Gas Protocol (GHG) and we have chosen to use an activity-based approach for climate calculations. This enables us to raise awareness of the activities that drive our emissions and climate impact, educate internally within the Group and ultimately set targets to reduce our emissions.</p>
 <p><b>15</b> EKOSYSTEM OCH BIOLOGISK MÅNGFALD</p>	<p><b>15.2</b> End deforestation and restore degraded forests.</p>	<p>Sustainable ecosystems and biodiversity are the foundation of life on Earth. Terrestrial ecosystems such as forests, wetlands, drylands and mountains provide habitats for millions of species while cleaning air and water. Land degradation and deforestation lead to increased levels of greenhouse gases and threaten both the climate and the survival of animal species.</p> <p>Karnov Group publishes a wide range of titles as part of our publishing operations. We do not have our own printing operations, but purchase printing services from third parties.</p> <p>The destruction and deforestation of the world's forests has a major impact on the climate at both global and local levels. To reduce our contribution to this, Karnov Group actively works with each supplier and purchases FSC-certified paper to ensure that the raw material comes from responsibly managed forests. We also investigate the country of origin of the raw material to ensure that the paper does not come from countries with deforestation problems.</p>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p><b>16.3</b> Promote the rule of law at the national and international levels and ensure equal access to justice for all.</p> <p><b>16.10</b> Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.</p>	<p>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.</p>

## Karnov Group as a sustainable investment

Karnov Group's services are a natural part of the workflow of the practitioners in the legal system. Our ambition is to contribute to a correctly governed society by developing and delivering products that, through their availability, scope and quality, enable our clients to make better decisions faster. In this way, our products and solutions deliver value to our customers and, by extension, to our customers' clients. We also strive to promote our experts and authors and expand our influence, thereby strengthening the conditions for a correctly governed society. Our operations are steered by our core values.

Karnov Group's products and services streamline our customers' service delivery. This in turn enables them to offer their customers better and more qualitative services. Our digital services help to make extensive information databases easily accessible to clients. This in turn contributes to a safer legal society and faster decision-making.

Karnov Group has a strong focus on employee engagement and employee health to ensure a healthy work-life balance, which is a high priority among employees in the legal profession. We also share insights on this and several other industry-relevant topics through our annual industry report, The Future of the Legal Profession.

### Development of sustainability ambitions and mapping

Karnov Group is working to map our impact throughout the value chain. The aim is to work actively to reduce negative sustainability impacts and maximise positive impacts. The steering group responsible for the Group's sustainability work drives the necessary changes in the area of sustainability and ensures that this is done in close cooperation with partners, suppliers and other stakeholders.

### Group strategy

Karnov Group has operational subsidiaries within the fields of legal information, tax and accounting and EHS. Much of the day-to-day work in the area of sustainability takes place in these businesses. The Group intends to adopt a Group sustainability strategy and a sustainability policy, which will regulate how the subsidiaries shall work with sustainability (environmental, social and economic). The Group encourages local decision-makers to add further value through local initiatives.

In 2023, Region South will be consolidated in sustainability reporting. Region South will follow the same process and guidelines as other Group companies.

### How Karnov manages environmental matters

The basis for an effective climate strategy is to carefully track, allocate and measure greenhouse gas emissions. This enables greater awareness of the company's carbon footprint and the different types of emissions. Understanding which activities lead to emissions and environmental impacts makes it possible to define strategies and activities to reduce emissions.

Karnov Group calculates and reports greenhouse gas emissions according to the Greenhouse Gas Protocol (GHG) and we have chosen to use activity-based carbon accounting.

## Reporting according to the GHG protocol

The GHG Protocol is used to understand, quantify and manage greenhouse gas emissions. Emissions are divided into three areas (so-called "scopes"): Scope 1, Scope 2 and Scope 3:

Scope 1	Scope 2	Scope 3
Direct emissions	Indirect emissions.	Indirect emissions
Karnov Group has Scope 1 emissions related to greenhouse gas emissions from vehicles leased by the Company. Karnov Group's Scope 1 emissions account for <1% of the Group's total emissions.	Karnov Group has Scope 2 emissions from purchased energy, i.e. consumption of electricity, district heating and district cooling. Karnov Group's Scope 2 emissions account for 5% of the Group's total emissions.	Karnov Group's Scope 3 emissions are related to our data storage, our publishing business, business travel and employee catering. Karnov Group's Scope 3 emissions account for 95% of the Group's total emissions.

### Comments to environmental impact

Karnov Group's Scope 1 and 2 emissions are related to leased cars and electricity consumption in our office buildings. The company's premises in Copenhagen are powered by 100% wind power, while the company's other premises are powered by mixed energy sources. In total, 71% of the Company's energy comes from renewable sources.

The Company's premises in Stockholm are environmentally certified. In Sweden, Karnov Group also has an environmental policy in place. Much of the Group's waste is recycled, including books, glass, pawn, lamps (incl. fluorescent tubes), batteries, electronics, cardboard, plastic, metal and paper. Waste that cannot be recycled is sorted as combustible and managed according to standard practice.

Water consumption is always included in the rent of the premises. As the consumption is exclusively for sanitary water for hygiene, washing up, etc., this is not considered a critical environmental factor to be accounted for in the type of activity Karnov carries out.

### Suppliers and material

Karnov stores a large amount of data as part of its operations. The company does not have its own server halls, but purchases storage services from three different providers. Karnov Group has chosen these providers after a major selection process, focusing on criteria such as geographical location of servers, information security and operational security. All Karnov Group's platform data is stored in Europe.

### Publishing business

Karnov Group publishes a large number of titles as part of its publishing activities. We do not have our own printing operations, but the titles are printed by third parties.

To reduce our contribution to this, the Karnov Group purchases FSC-certified paper to ensure that the raw material comes from responsibly managed forests. We also check the country of origin of the paper raw material to ensure that the paper does not come from those countries that have problems with deforestation. The paper raw material for our publications comes from the following countries: Sweden, Finland, Spain, the Czech Republic and Poland as well as other EU countries.

### Purchased and reused electronics

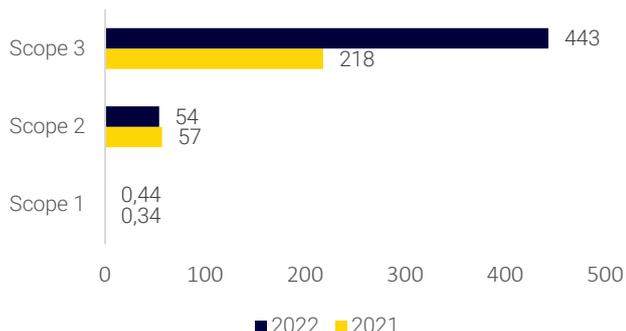
Karnov Group is actively involved in the purchase and recycling of electronics. The company gives employees the opportunity to purchase hardware (such as monitors, keyboards, computers, mobile phones, etc.) that has completed its life cycle within the business, but

is still in good working order. We also recycle phones and computers by restoring and giving them to new employees. This reduces the purchase of new electronics and reuses older technology. Computers, monitors and mobile phones that cannot be recycled are sorted and recycled according to standard practice.

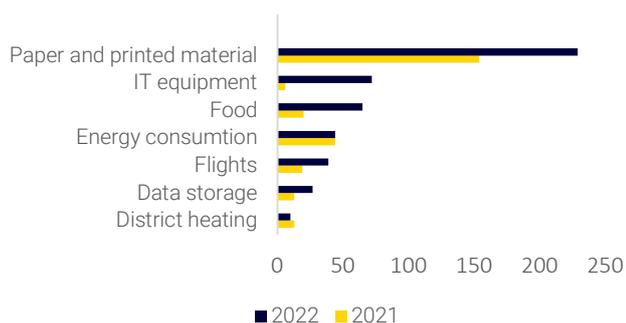
### Karnov Group's environmental footprint and KPIs

Karnov Group has chosen to work with independent consultants to quality assure and calculate the environmental impact according to the GHG protocol.

The climate calculation shows that Karnov Group's emissions are mainly in Scope 3. Operations contribute to negative climate impact mainly through the purchase of goods and services, energy consumption in premises and business travel



Karnov's emissions in CO2 equivalents, market-based calculation.



Karnov Group's emissions by issue, market-based calculation

### Comments to the environmental footprint

Karnov Group's Scope 1 emissions amount to 0.44 tonnes CO2 equivalents (0.34). These are entirely attributable to the Group's

#### EMISSIONS SCOPE 1 (TONNES CO2E)

**0 (0)**

#### EMISSION SCOPE 3 (TONNES CO2E)

**443 (218)**

#### ENERGY INTENSITY (TONNES CO2E) (ENERGY CONSUMTION/GROUP OFFICE AREAS IN M2)

**0.06 (0,05)**

#### EMISSIONS SCOPE 2 (TONNES CO2E)

**54 (57)**

#### EMISSION INTENSITY (TONNES CO2E) (TOTAL EMISSIONS/GROUP NET SALES)

**4.74e-4 (2,82e-4)**

company cars. The company-owned cars are mostly electric cars or plug-in hybrids, and 87% of the kilometres driven in 2022 were in electric cars or plug-in hybrids.

Scope 2 emissions amount to 54 tonnes of CO2 equivalents (57). These consist of electricity consumption and district heating in the Group's premises. Of the electricity consumed on the premises, 248 MWh (71%) is renewable from wind and hydro power (Sweden and Denmark). The remainder is electricity consumed in Norway where no active choice of renewable electricity has been made. Emissions from electricity consumption in Norway thereby account for the majority of Scope 2 emissions.

Scope 3 emissions amount to 443 tonnes CO2 equivalents (218). This is an increase of 103% compared to 2021. The emission hotspots are paper and printed material, attributable to our publishing business, IT equipment purchases, catering for employees and related to events, business travel and data storage.

In 2022, Karnov Group has had particularly strong sales in our publishing business in Sweden, mainly in the third quarter and attributable to school publications. As a result, we have purchased a larger amount of printed material compared to previous years, which in total explains the increase in emissions from paper and printed material.

The Group has also invested in new screens for the office workstations in the Group's premises in 2022. Approximately 300 new screens were purchased during the year. This explains the increase in emissions attributable to IT equipment.

As the Karnov Group has completed the acquisition of businesses in France, Spain and Portugal in 2022, a larger number of business trips have been made to these countries during the year. The number of business trips is not expected to decrease in 2023, but the level is considered appropriate going forward as well, to ensure the successful integration of the newly acquired businesses.

Emissions from data storage relate to the Group's online business. All data is stored with third-party providers in Europe. In 2022, a project has been completed where data has been moved up to the cloud. This, together with increased data security measures, explains the increase compared to 2021.

In 2023, Region South will be consolidated in the carbon accounting. A new review of the Group's Scope 3 emissions will then also be carried out. On this basis, a strategy in relation to the Paris Agreement's 1.5-degree target, policies, targets and metrics is intended to be established for the Group.

## 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 2022. 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 10) 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 59 of the 2022 Annual Report.

Total capital expenditure consists of the year's investment in tangible and intangible fixed assets (excluding goodwill), which is shown in note 10 and note 13 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 2022, 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%.

Karnov reports voluntarily according to the EU Taxonomy 2022 as the Group's average number of employees is less than 500 and there is thus no requirement to comply with Article 8 of the delegated act. Karnov has chosen not to comply with all disclosure requirements in Article 8 in the voluntary reporting.

Net sales

**0%**

Taxonomy

Capex

**0%**

Taxonomy

Opex

**0%**

Taxonomy

## Responsibilities and abilities along the value chain

Karnov Group is actively working to reduce its negative sustainability impact and maximise its positive impact along the entire value chain. Karnov Group's Work Group is responsible for driving the necessary changes in the area of sustainability and ensuring that this is done in close collaboration with partners, suppliers and other stakeholders. To achieve this, dialogues with partners, suppliers and other stakeholders have been strengthened. This work is planned to be intensified in 2023.

The value chain below illustrates how we view the positive and negative environmental, social and economic impacts. We have chosen to analyse our impact in terms of the planetary boundaries of climate, biodiversity and health and safety, human rights and business ethics.

Value chain	Supplier	Karnov Group	Customer	Customers' client
<b>Climate changes</b>	<p>Scope 3 - 6% of our carbon footprint comes from storing data on servers. Karnov Group has an indirect impact.</p> <p>Scope 3 - 15% of our carbon footprint comes from purchasing electronics. Karnov Group has an indirect impact.</p> <p>Scope 3 - 10% of our carbon footprint comes from business travel. Karnov Group has an opportunity to directly influence travel modes, and this is regulated in our travel policy.</p> <p>Scope 2 - 5% of our carbon footprint comes from the emissions that occur through, for example, the energy we buy and use to heat/cool our offices, lighting in offices and power computers, mobiles, and monitors. Karnov Group has an indirect impact.</p> <p>Impact (-): Karnov Group has a negative impact on the climate through the electronics used in our operations. We also have a negative impact with our energy use. We are actively working to decrease our environmental impact by ensuring to a large extent that the energy consumed is of renewable origin.</p>	<p>Scope 1 - &lt;1% of our carbon footprint occurs in our own operations and is what we can directly influence. For Karnov Group, this is leased cars used in service. In 2022, Karnov Group leased all of its premises.</p> <p>Impact (-): Karnov Group has some negative impact, but the impact is kept low by the fact that the lease cars are largely electrically powered and that they are used to a very limited extent.</p> <p>Impact (-): Karnov Group has some negative impact through business travel and hotels. This impact is kept low by our travel policy, which recommends environmentally friendly means of transport and digital meetings as much as possible.</p>	<p>Impact (+): many of Karnov Group's services are digital (cloud-based). They enable and streamline the customer's service delivery. Because they are digital, they reduce paper use and transport. In this way, the value we deliver to clients can also be seen in terms of sustainability as a positive impact on the climate.</p> <p>Our printed materials (including office supplies) account for 48% of our carbon footprint. This has a negative impact on the climate. We work closely with our printed material suppliers to ensure optimal management including FSC certification of paper and country of origin labelling the raw material.</p>	<p>Impact (+): many of Karnov Group's services are digital (cloud-based). They enable and streamline the customer's service delivery. Because they are digital, they reduce paper use and transport. In this way, Karnov Group can help our customers and our customers' clients become more sustainable. The impact we have further out in the value chain is important and can be seen as a testament to the reach and impact of our solutions.</p>

Value chain	Supplier	Karnov Group	Customer	Customers' client
<b>Biodiversity and land use</b>	<p>Scope 3 - 48% of our carbon footprint comes from our publishing activities. Karnov Group has an indirect impact here.</p> <p>Impact (-): The printed publications we produce have an impact at their source on biodiversity and the use of natural resources such as water and raw materials. To limit our negative impact, we work closely with our printed material suppliers to ensure optimal management including FSC certification of paper and country of origin labelling the raw material.</p>	<p>Impact (-): The energy used within the Group has an impact at its origin. We strive to use renewable energy.</p> <p>Impact (-): Waste (garbage) from our operations has a negative impact if not properly managed. Waste sorting and recycling are important working processes within Karnov Group. This applies to office materials, waste from lunchrooms and catering, and the recycling or reuse of electronics such as computers, mobiles and monitors.</p>	<p>Impact (+): many of Karnov Group's services are digital (cloud-based). They enable and streamline the customer's service delivery. The more digital our customers become, the less impact on biodiversity and land use.</p>	<p>Impact (+): many of Karnov Group's services are digital (cloud-based). They enable and streamline the customer's service delivery. The more digital our customers become, the less impact on biodiversity and land use.</p>
<b>Work environment, human rights and business ethics</b>	<p>Impact (+): Karnov Group shall have equivalent requirements for its suppliers as for its own operations in terms of environment, work environment, economy, ethics, safety and compliance.</p> <p>Impact (-): Without control, there is a risk that failures may occur.</p>	<p>Impact (+): Karnov Group's work on our Code of Conduct is important. Adherence to it will ensure that environmental, health and safety, economic, ethical, security and legal compliance are taken into account.</p> <p>Impact (-): Without control, there is a risk that failures may occur.</p>	<p>Impact (+): Karnov Group shall set equivalent requirements for its customers as for its own operations in terms of environment, work environment, economy, ethics, safety and compliance.</p> <p>Impact (-): Without control, there is a risk that failures may occur.</p>	Non applicable

## Interested parties

Karnov Group is committed to constantly developing and improving its products and solutions. To ensure this, we need to be responsive to our customers' needs, their challenges and the possibilities our different solutions have to offer our customers. One way of being responsive and continuously gathering information about this is to have customer dialogues in various forums.

We therefore work continuously with NPS (Net Promoter Score) measurements of customer satisfaction, which also include other customer-related challenges, as well as qualitative surveys, such as focus groups and quantitative digital surveys to examine certain challenges in more detail. These insights are gathered, and the results contribute to product development and streamlined projects.

In addition to clients, Karnov Group's stakeholders consist of suppliers, partners, owners, investors, employees, and the community

as well as the authors, lecturers, experts who contribute content and expertise to our various products and solutions.

## Engagement with interested parties

Karnov Group has the ambition to contribute daily to sustainable development in the entire value chain. By collaborating with stakeholders, we see an opportunity for each activity to have a greater impact and lead to synergies. These partnerships create many different contact surfaces, which are important for networking as well as for sharing knowledge and insights. We intend to continuously increase these partnerships while evaluating the ones we have today. With our products and solutions, we also want to contribute to a better governed society. We do this through the content we deliver in digital and printed form.

Below is a summary of stakeholder engagement and how we work with our stakeholders:

Interested parties	Sustainability core	Communication, collaboration and value creation
<b>Customers</b>	<p>Sustainable products and services Diversity and gender equality Digitalisation Quality of data and content Information security, data protection Responsibility for the environment and working conditions Economic viability Regulatory developments including interpretations and practices</p>	<ul style="list-style-type: none"> <li>• Regular NPS (Net Promoter Score) measurements</li> <li>• Ongoing dialogue via Key Account Managers and Support</li> <li>• Customer events, awards</li> <li>• Advisory committees and focus groups</li> <li>• Surveys focusing on customer experience, customer benefits, insights from which drive innovation and product development.</li> </ul>
<b>Suppliers</b>	<p>Supplier code (environment, human rights and good working conditions, regulatory compliance) Actively working towards more sustainable development Good technology and systems Information security, data protection</p>	<ul style="list-style-type: none"> <li>• Supplier dialogues</li> <li>• Collaborations</li> </ul>
<b>Partners (authors and experts)</b>	<p>Good and sustainable working relationships. Information security and quality. Insight into innovation and product development. Responsibility for the environment and working conditions. High quality technologies and systems.</p>	<ul style="list-style-type: none"> <li>• Regular NPS (Net Promoter Score) measurements</li> <li>• Dialogue through publishers, editors and legal training staff</li> <li>• Events, awards</li> <li>• Advisory committees</li> <li>• Collaboration on product development</li> <li>• Inspirational lectures</li> <li>• Social media and newsletters.</li> </ul>
<b>Shareholders and investors</b>	<p>Sustainable economic value creation (growth and profitability), business ethics Laws, regulations and standards Stability, development, quality and customer satisfaction</p>	<ul style="list-style-type: none"> <li>• Annual reports and interim reports</li> <li>• Annual General Meeting</li> <li>• Karnov Group's website (karnovgroup.com)</li> <li>• Investor meetings and conferences</li> </ul>
<b>Employees</b>	<p>Good working conditions and responsibility for the climate. Development opportunities. Diversity, inclusion and equality. Information security and data protection Innovation and product development Health and safety</p>	<ul style="list-style-type: none"> <li>• Employee dialogues.</li> <li>• Employee surveys.</li> <li>• Training and development opportunities.</li> <li>• Personal development goals.</li> </ul>
<b>Society and legal sector</b>	<p>Sustainable products and solutions. Responsibility for the environment and working conditions. Laws, regulations and standards.</p>	<ul style="list-style-type: none"> <li>• Karnov Group's mission is to contribute positively to the rule of law through our products and solutions. We facilitate the digitalisation of professionals' work, leading to increased efficiency.</li> </ul>
<b>Media</b>	<p>Sustainable products and services Diversity and gender equality Digitalisation Quality of data and content. Information security, data protection Responsibility for the environment and working conditions Sustainable economic value creation and profitability. Legal changes.</p>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Interviews</li> <li>• Karnov Group website</li> <li>• Social Media</li> <li>• Annual reports and interim reports</li> </ul>
<b>Students</b>	<p>Sustainable products and services Digitalisation Quality of data and content Responsibility for the environment and working conditions Regulatory developments including interpretations and practices</p>	<ul style="list-style-type: none"> <li>• Collaborations with universities</li> <li>• Internships and employment of students</li> <li>• Sponsorship and events</li> <li>• Awards</li> <li>• Kaius, a social platform for law students in Denmark</li> </ul>

## Sustainability risks and risk management

Karnov Group's materiality analysis has been based on a dual perspective, where Karnov Group has taken into account both the impact of sustainability risks on the Company, as well as the extent to which the Company has an impact on society and the environment (so-called dual materiality). The materiality analysis provides Karnov Group with an understanding of which sustainability areas are of greatest importance. The results of the analysis provide important guidance for sustainability work and also help identify the focus of the Group's reporting.

Karnov Group intends to conduct the materiality analysis annually. In 2023, Region South will be included in the analysis and Karnov Group intends to establish a Group ESG strategy. Given insights from the materiality analysis, prioritisation of material sustainability issues will be made. The ambition is also to validate material sustainability issues in dialogue with stakeholders.

The 2022 materiality analysis has identified a number of priority sustainability areas. They are presented in the table below:

Risk	Risk area	Risk management
<b>ENVIRONMENT - SUPPLY CHAIN AND MATERIAL FLOWS</b>		
<b>Management of materials/resources and increased circularity</b>	Electronics purchases, use and energy consumption have an environmental impact. So do paper purchases and consumption within the Group and waste.	71% of our electricity consumption comes from renewable sources. Karnov Group's electricity consumption is limited by environmentally efficient electricity consumption solutions in our rented properties. We recycle electronics within the Group through the resale of electronics to employees. The remaining electronics are recycled or reused. Much of the company's waste is recycled, including books, glass, pawn, lamps (incl. fluorescent tubes), batteries, electronics, cardboard, plastic, metal and paper. Waste that cannot be recycled is sorted as combustible and managed according to standard practice.
<b>Ecosystem services and biodiversity</b>	Our paper consumption has an environmental impact and a risk that the forest raw material used comes from countries at risk of deforestation.	Karnov Group only purchases FSC-certified paper and ensures that the raw material used comes from responsibly managed forests. Possible deforestation linked to our printed material is a risk that we must continuously manage.
<b>ENVIRONMENT - CLIMATE IMPACT</b>		
<b>Climate impact - greenhouse gas emissions</b>	<p>Karnov Group operations do not include environmentally hazardous activities. Our negative environmental impact is mainly attributed to our publishing, our business travel, our data storage, energy consumption in our offices and food and catering for employees and at events.</p> <p>It is likely that our travel will increase in 2023 due to the incorporation of the Southern Region. This would increase our carbon footprint.</p> <p>There is also a risk that we will not meet the expectations of employees and customers to conduct structured environmental and climate work. This is an important prerequisite for us to be a good and competitive player in the market.</p>	<p>Karnov Group calculates and reports greenhouse gas emissions according to the Greenhouse Gas Protocol (GHG) and we have chosen to use activity-based carbon accounting. This enables us to raise awareness of our emission hotspots and climate impact and to educate internally, set targets that drive desirable behaviour and over time reduce our emissions.</p> <p>The metrics we now have for 2022 and 2021 give us a strong foundation for future initiatives and opportunities to set targets for how we can gradually reduce our carbon footprint. We intend to define our sustainability strategy in 2023. Region South will be consolidated in the sustainability reporting.</p>

## SOCIAL - QUALITY AND SAFETY

<b>Information security</b>	<p>The information in the services we provide to our customers is sensitive. We need to protect it from e.g. cyber threats, and ensure that it is handled within legal requirements and guidelines.</p> <p>Information security incidents and any failures in their management can have significant financial consequences and put at risk our trust and position in the market.</p>	<p>Karnov Group has a group-wide information security function - the Information Security Board. The function is responsible for information security within Karnov Group and drives the day-to-day security efforts and monitors compliance to protect our customers, our company, our brand, our employees and our business, from disruptions and business interruptions, and to mitigate risk and loss by avoiding and managing unwanted events and breaches. Karnov Group has established information security procedures and processes that are overseen by the Information Security Board.</p> <p>The company's data is stored on servers in Europe to ensure compliance with GDPR. Karnov Group uses technical protection against cyber threats and has internal procedures and processes in place to regulate and ensure sufficient protection of the information we hold. The protection is regularly evaluated internally. To strengthen the knowledge of our employees, we conduct annual training courses in both information security and GDPR.</p>
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## SOCIAL – BUSINESS ETHICS

<b>Anticorruption</b>	<p>Karnov has zero tolerance for bribery and corruption. This is clearly stated in the Karnov Code of Conduct. The risk of corrupt behaviour is relatively limited and arises mainly in connection with purchases and sales.</p>	<p>Good relationships, a healthy working environment and exemplary business ethics are crucial to Karnov's long-term success. It is important for us to identify corruption, irregularities and fraud that could seriously damage the business or have a negative impact on our employees, and that such incidents are investigated at the earliest possible stage. A whistleblowing function has been established to make it easy for those who wish to come forward with information about irregularities that contravene applicable laws, ethical and moral principles, or Karnov's policies. Karnov has implemented an external function to ensure anonymity and has established an Ethics Committee at Group level to ensure that actions taken are impartial. Karnov's Code of Conduct also covers bribery and corruption and the Code is communicated to and signed by all employees.</p>
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## SOCIAL - EMPLOYEES

<b>Ability to attract and retain talent</b>	<p>Access to skilled people and expertise is critical to Karnov Group's business and to delivering high quality content and solutions. The competence, commitment and relationship with our employees, authors and experts are key factors in ensuring that our customers are satisfied with our products and solutions. If Karnov Group employees are unhappy and disengaged, it can lead to reduced productivity and terminations. If the Karnov Group brand is damaged, there is also a risk that it will be more difficult for Karnov Group to retain and attract new employees and specialists.</p>	<p>Karnov Group strives to create an attractive and healthy working environment. We actively and continuously promote the development of a customer centric culture, which contributes to a strong brand. Assessment of the company's ability to maintain a healthy workplace with satisfied employees and a focus on attracting, developing and retaining employees, is based on employee surveys, exit interviews, analysis of employee turnover and sickness and other absences. Karnov Group continues to further develop its employment offering. Karnov Group's Code of Conduct and employee handbook are guiding instruments for a healthy working environment.</p> <p>Karnov Group also focuses on maintaining a strong platform of authors and experts in their respective markets through ongoing dialogues, networking meetings and attractive compensation terms. Karnov Group continuously measures the satisfaction of authors and experts through an author-specific Net Promoter Score survey (which measures the likelihood of recommending Karnov Group as a partner).</p>
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**Discrimination and inequality**

Discrimination on the grounds of gender, age, ethnicity, religion and sexual orientation is unlawful and failure to do so can lead to a breach of trust, a less favourable working environment resulting in reduced productivity, difficulties in recruiting and retaining staff, as well as legal claims.

Karnov Group has zero tolerance in relation to discrimination and harassment. No one shall be subjected to discrimination or harassment related to gender, transgender identity and expression, ethnicity, religion or belief, disability, sexual orientation or age. This is set out in the Code of Conduct and in the Diversity and Equality section of the Employee Handbook. We believe that treating each other with respect and dignity ensures a healthy and productive working environment. The company has established procedures for dealing with discrimination and harassment in the workplace.

**Stress & mental illness**

A socially sustainable workplace starts with sustainable employees. Sustainable employees require sustainable working conditions and are a prerequisite for the long-term and stable development of Karnov Group. Factors such as stress, long working hours and physical working conditions that negatively affect the work environment increase the risk of work-related injuries and illnesses. This can lead to sick-leaves, which means that we are unable to perform our duties satisfactorily.

Social sustainability and socially sustainable business require a work-life balance, and that we work to prevent harmful stress and sick leave. Focusing on protective factors while minimising risk factors will be crucial to improving the health and work capacity of employees. Karnov Group aims at a good working environment where physical, organisational and social aspects of the working environment are central. Our employees have access to occupational healthcare, and we have good opportunities to work proactively with health. We conduct employee surveys twice a year. These provide ongoing information on stress levels, health and employee satisfaction. The outcome of these is evaluated by Karnov Group's management and initiatives are launched based on the analysis. The initiatives are driven by the Human Resources department.

**Management of pandemics**

Employee health and well-being are two key factors in Karnov Group's commitment to delivering high quality content and solutions. In a pandemic, there is a risk that employees will need support, and there is a risk that they will be absent due to illness. Furthermore, there is a risk that employees working from home will have less ergonomic workstations, resulting in a risk of injury.

During the Covid 19 pandemic, the Karnov Group has strictly followed the rules and recommendations of the authorities in Sweden and Denmark. Employees have mainly worked from home and the office space has been adjusted to allow employees to keep sufficient distance. Employees have been given the opportunity to have their work tools installed at home. Regular pulse checks have been carried out during the pandemic. Karnov Group intends to continue to offer a flexible workplace with the possibility to work at home. Should a similar situation arise, we believe we have processes in place to deal with it.

**SOCIAL - RESPECT FOR HUMAN RIGHTS**

**Social responsibility, human rights and environmental considerations in the supply chain**

Karnov Group may be exposed to risks related to the environment, working conditions, human rights and corruption, among others, through suppliers.

Our paper consumption has a negative environmental impact and there is risk that the raw material used comes from countries at risk of deforestation.

Otherwise, we see no obvious risks of human rights violations as a result of our operations. Karnov Group does not operate in countries identified as high-risk in this regard.

The Karnov Group only purchases FSC-certified paper and ensures that the raw material used comes from responsibly managed forests. Possible deforestation linked to our printed material is a risk that we have to manage on an ongoing basis.

Karnov's Code of Conduct is partly based on the UN Guiding Principles on Human Rights and must be adhered to by all employees. Our Code of Conduct also applies to suppliers.

**Societal expectations**

Society's expectations of the role of business in sustainable development are increasing. If Karnov Group does not align with society's expectations, there is an increased risk that we will not be seen as a relevant player in the market and for our employees. In the long run, this would have a negative impact on our business.

Through ongoing dialogue with stakeholders, we work to understand the expectations of the industry in general and the Karnov Group in particular. In addition, our industry report, "The Future of the Legal Profession, contributes to industry insights. By sharing these insights and our knowledge, generating discussion and driving debate on issues important to the industry, we believe we can contribute to the industry and society.

## How Karnov works with social matters

Karnov Group's employees are at the core of the company's service offering and thus value generation. We continuously work on activities and initiatives to maintain a sustainable work environment and employee engagement, where opportunities are given to develop while maintaining a healthy work-life balance. Each employee is given a high level of trust and responsibility to contribute their specific skills to our ongoing development work. Karnov Group has a generally high level of employee satisfaction. The company reports no deviations from health and safety management in 2022.

Karnov Group conducts employee surveys twice a year. Group management evaluates these and develops strategies and initiatives that respond to the findings of the surveys and employee preferences. Two examples of such initiatives that have been defined and launched in the Group in 2022 are described in more detail below; Karnov Group's mentoring program and psychological safety.

### Mentoring program

Karnov works with employee development according to the so-called 70:20:10 model, developed by Morgan McCall. The method is developed according to the principle that the employee mainly develops through practical work and becoming more experienced.

1. 70 per cent of competence development is achieved by working practically and interacting in daily decision-making situations, developing and refining working methods, confronting challenges and learning directly from mistakes.
2. learning from others accounts for 20% of overall development. This can be through coaching, mentoring, peer-to-peer learning and other methods where inspiration comes from others and where feedback and encouragement are strong features.
3. 10% of learning comes from guided and traditional activities such as classroom training, internet-based courses or instructions and briefings.

In 2022, Karnov Group launched a mentoring program to reinforce learning from others. Within the program there are three roles, mentor,

mentee and wingman. The ambition of the program is to strengthen personal development, increase collaboration within the Group, strengthen knowledge sharing and create a flatter organisation for knowledge sharing between employees and managers.

### Psychological security for a better working environment and increased customer value

The Karnov Group works across the group on psychological safety. The concept means that employees should feel that they have a high standard and that they can express their opinion without fear of how it may be received by others. It should also feel risk-free to come up with ideas or admit mistakes.

Karnov Group works with psychological safety based on four different dimensions:

1. Attitude to risk and failure
2. Willingness to help each other
3. Open conversations
4. Inclusion and diversity

Employees' perceptions of psychological safety are measured in the two annual employee surveys. Locally, the work is carried out in collaboration between local decision-makers and HR. Managers are responsible for their respective departments.

### Short-term incentive program for employees

Karnov has an annual 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, 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 KPIs 2022

AVERAGE NUMBER OF EMPLOYEES IN REGION NORTH (FTEs)

**300** (296)

WOMEN WITHIN THE GROUP

**49%** (47%)

WOMEN IN GROUP MANAGEMENT

**33%** (50%)

SHORT-TERM SICKLEAVES

**1.6%** (0.8%)

NUMBER OF FLIGHTS

**1,580** (126)

WORK-RELATED INJURIES (INCL. DEATHS)

**0** (0)

VOLUNTARY EMPLOYEE TURNOVER

**13.1%** (8.9%)

NATIONALITIES EMPLOYED

**16** (23)

WOMEN WITH STAFF RESPONSIBILITIES

**56%** (42%)

EMPLOYEE SATISFACTION (1-10)

**8.2** (8,3)

LONG-TERM SICKLEAVES

**0.9%** (2.6%)

EMPLOYEES ATTENDING TRAINING

**44%** (49%)

DISCRIMINATIONS OR HARASSMENTS

**1** (0)

CEO REMUNERATION GAP  
(CEO REMUNERATION/AVERAGE FTE REMUNERATION)

**8.9** (6.4)

## Sustainable business – governance within Karnov Group

### Governance and implemented framework

Karnov Group's Board of Directors has overall responsibility for sustainable business issues. The Managing Director is responsible for implementing the decisions and strategies of the Board. Within the Group Management, the CHRO has overall responsibility for sustainability work. All our employees also have a responsibility, within their own area of responsibility, to actively contribute to our sustainability efforts, while all managers are responsible for monitoring and ensuring compliance.

Karnov Group's governing documents provide a framework for sustainable governance. Laws, government requirements, listing regulations and international standards are woven into the governing documents. By adhering to the framework created by the governing documents, Karnov Group strives for continuous improvement and contribute to good and responsible business. The governing documents also provide employees a framework to be innovative, creative and thoughtful while achieving compliance with regulations and legal requirements.

Karnov Group has established policy documents and guidelines as well as steering groups with specific focus areas to ensure that sustainability efforts are taken seriously, and progress is made. The policy documents are reviewed annually and approved by the respective owners of the policy documents.

Pursuing responsible business practices is central to Karnov Group. The majority of the Group's core policy documents undergo annual revisions to:

- Clarify the hierarchy of documents;
- Decision-making mandates; and
- Mechanisms for identifying and managing risks and deficiencies.

In addition to the sustainability governance framework described below, the Group also has corporate governance policies as well as processes for risk assessment and internal control.

Policy	Aim	Ownership	Follow-up
<b>Code of conduct</b>	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 CHRO	Signed by all employees, authors and customers. Senior personnel such as supervisors and managers, have an extended responsibility to engage in ethical issues and to translate the Code and other associated governing policies into local rules and procedures.  Our Code of Conduct applies to all employees, clients and suppliers as well as the authors and experts we work with.
<b>Equality policy, Diversity and equality section in personnel handbook</b>	Using information, Karnov shall increase awareness of equality issues and strive for an open attitude and equal treatment throughout the organisation.	Group CHRO	Employee survey conducted twice a year through external and independent supplier.
<b>Whistleblower function</b>	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.	Chairman of the Board	All information reported by whistleblowers is handled by an external party before being presented to the Group's Ethics Committee. Karnov's Chairman of the Board is primarily responsible for the whistleblower function, while the Group's Human Resources Manager is responsible for the practical management.  In 2022, one breach of the Code of Conduct was detected.
<b>Communication policy and social media guidelines</b>	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 CHRO	The policy is reviewed and reported annually, with control routines in place and reported quarterly.

Policy	Aim	Ownership	Follow-up
<b>Information security policy</b>	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.
<b>Business Continuity Policy</b>	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	This policy is reviewed annually. Furthermore, an action plan is in place as well as guidelines regarding crisis communication.
<b>Privacy policy</b>	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 Head of Content Strategy and Quality	Karnov has two Data Protection Officers (DPOs) and Compliance Officers working within the company's content and quality department..
<b>Anticorruption</b>	Karnov has zero tolerance for bribery and corruption. This is clearly expressed in the Karnov Code of Conduct, which all employees sign upon employment.	Group CEO	All employees sign our Code of Conduct. Our policies, information and training prevent violations.

# 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 2022 on pages 33-49 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 2023

PricewaterhouseCoopers AB

Martin Johansson

Authorized Public Accountant  
Auditor in charge

Patrik Larsson

Authorized Public Accountant



# Board of Directors' Report

# Board of Directors' Report

The Board of Directors and CEO of Karnov Group AB (publ), corporate identity number 559016-9016, hereby present the annual report and consolidated financial statements for the 2022 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 (publ), 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.

In 2022, Karnov is organised into two geographical reporting segments; Denmark and Sweden/Norway. In addition, Karnov has reported Region South for the period December 2022, during which period Region South has been consolidated in the Group financials. Region South refers to the operations in France, Spain and Portugal, excluding Echoline SAS, which is reported in the Sweden/Norway segment.

In 2022, Denmark represented 42 percent, Sweden/Norway 48 percent and Region South 10 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 2022, 88 (88) percent of Karnov's net sales came from subscriptions paid annually in advance.

### Market

In 2022 Karnov's operations were in the legal and tax & accounting professional markets in Europe. 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.

As of December 2022, Karnov is also active in the legal information and software solutions market in France, Spain and Portugal, where Karnov's services and products is targeted at similar customer groups as in Denmark and Sweden/Norway.

Karnov's product offerings are, with a few variations, similar on all markets. Given that the markets 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 percent of the shares in the holding companies Karnov Group Holdco DK ApS, Karnov Group Holding AB and Karnov AB.

Karnov Group Holding AB owns 100 percent of the shares in the holding companies Karnov Holdco France SAS and Karnov Holdco Spain SL. Furthermore, Karnov Group Holding AB owns 100 percent of the shares in DIBkunnskap AS and Echoline SAS and 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 and BELLA Intelligence ApS, as well as 85.9 percent of the shares in LCB ApS and 55.1 percent of the shares in Ante ApS. Furthermore, 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. Furthermore, Karnov AB owns 100 percent of the shares in the Danish legal tech start-up company Onlaw ApS.

Karnov Holdco France SAS owns 100 percent of the shares in Lamy Liaisons SAS.

Karnov Holdco Spain SL owns 100 percent of the shares in Editorial Aranzadi S.A., LA LEY Soluciones Legales S.A., LA LEY eLearning S.A., and Jusnet Unipessoal Lda.

For more information see Note 14.

## Significant events in 2022

### ► Acquisition of carved-out legal information based businesses from Thomson Reuters in Spain and Wolters Kluwer in France, Spain and Portugal

On 25 February 2022, Karnov Group entered into a share purchase agreement to acquire 100% of the shares of the carved-out legal information based businesses of Thomson Reuters in Spain and Wolters Kluwer in Spain and France (hereby referred to as "Region South") for a cash consideration of approximately EUR 160 million on a cash and debt free basis. The acquisition was completed on 30 November 2022.

## THE GROUP'S FINANCIAL DEVELOPMENT

TSEK	2022	2021	Δ%
Net sales	1,113,498	878,072	26.8%
Organic growth, %	9.2%	6.7%	
EBITA	254,457	277,563	-8.3%
EBITA margin, %	22.9%	31.6%	
Adjusted EBITA	363,766	326,926	11.3%
Adjusted EBITA margin, %	32.7%	37.2%	

### Net sales

Net sales increased by 26.8 percent to SEK 1,113 m (878). Organic growth was 9.2 percent, currency effects had a positive impact on net sales of 3.0 percent and acquired growth accounts for 14.6 percent.

### Earnings

EBITA amounted to SEK 254 m (278) and the EBITA margin was 22.9 (31.6) percent. Adjusted for items affecting comparability, adjusted EBITA increased by 11.3 percent to SEK 364 m (327) and the adjusted EBITA margin was 32.7 percent (37.2). Items affecting comparability amounted to a total of SEK 109 m (49) and were mainly related to acquisition costs and restructuring costs.

Operating profit (EBIT) decreased by SEK 37 m to SEK 79 m (116) mainly driven by SEK 109 m costs for acquisition activities and restructuring costs.

### Depreciation and amortisation

Depreciation and amortisation amounted to SEK -234 m (-209). 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/Norway. None of the cash-generating units had a book value exceeding its recoverable amount, and therefore no goodwill impairment has been recorded in 2022.

### Net financial items and profit before and after tax

Net financial items amounted to SEK -17 m (-21). Net financial items were affected by currency differences of SEK -6 m (-16) mainly related to long term loans in DKK and EUR.

Profit before income tax was SEK 50 m (103). The income tax was SEK 10 m (-19).

Net result for the period was positive and amounted to SEK 60 m (84).

### Cashflow and investments

Cash flow from operating activities amounted to SEK 276 m (314). 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 2022	31 Dec 2021
Adjusted EBITDA	421,967	374,271
Adjusted cash flow from operating activities	423,113	344,446
<b>Cash conversion, %</b>	<b>100.3%</b>	<b>92.0%</b>

Total investments amounted to SEK -1,740 m (-385), mainly from the acquisition of Region South and investments in intangible assets.

The Group's investments in intangible and tangible fixed assets amounted to SEK -93 m (-63).

## Financial position

### Net Debt

TSEK	31 Dec 2022	31 Dec 2021
Total borrowings	2,750,224	1,309,034
Cash and cash equivalents	671,199	951,471
<b>Net debt</b>	<b>2,079,024</b>	<b>357,564</b>
Leverage ratio	3.6	1.0
Equity	2,326,383	2,154,056
Equity / asset ratio, %	31.2%	47.6%

Net debt was SEK 2,079 m (358) at the end of the period. The leverage, defined as net debt in relation to adjusted EBITDA, was 3.6 (1.0). Total net debt calculation is updated to total borrowings including lease liabilities and capitalised bank costs less cash and cash equivalents.

Equity amounted to SEK 2,326 m (2,154) and the equity ratio was 31.2 percent (47.6).

Cash and cash equivalents amounted to SEK 671 m (951). The Group had unutilized credit lines of SEK 198 m (236).

## THE BUSINESS SEGMENTS' PERFORMANCE

### Denmark

TSEK	2022	2021	Δ%
Net sales	467,315	422,802	10.5%
Organic growth, %	4.6%	3.8%	
Adjusted EBITA	162,852	171,930	-5.3%
Adjusted EBITA margin, %	34.8%	40.7%	

### Net sales

Net sales increased by 10.5 percent to SEK 467 m (423), of which organic growth was 4.6 percent, currency effects accounted for 5.0 percent and 0.9 percent was acquired growth.

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

### Earnings

Adjusted EBITA was SEK 163 m (167) and the adjusted EBITA margin was 34.8 percent (40.7).

### Sweden/Norway

TSEK	2022	2021	Δ%
Net sales	531,989	455,270	16.9%
Organic growth, %	13.4%	10.1%	
Adjusted EBITA	190,788	154,998	23.1%
Adjusted EBITA margin, %	35.9%	34.0%	

### Net sales

Net sales increased by 16.9 percent to SEK 532 m (455) whereof 13.4 percent was organic growth. Currency effects had a positive impact of 1.0 percent. Acquired growth amounted to 2.5 percent. 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

Adjusted EBITA was SEK 191 m (155) and the adjusted EBITA margin was 35.9 (34.0) percent.

## Region South

KSEK	December 2022
Net sales	114 195
Organic growth, %	-
Adjusted EBITA	10 129
Adjusted EBITA margin, %	8,9%

### Net sales

Net sales amounted to SEK 114 m (352) whereof 100 percent was acquired growth. Region South only includes revenue for December 2022 as the acquisition was completed on 30 November 2022.

### Earnings

Adjusted EBITA was SEK 10 m and the adjusted EBITA margin was 8.9 percent.

## 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 28.2 percent to 371 (296), of which 104 in Sweden, 144 in Denmark, 37 in Norway, 33 in France and 53 in Spain and Portugal. On average during the year, 51 (47) percent of the workforce was female, and 49 (53) 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 33-49.

### 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 31 December 2022, 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 107,872,208.6 votes. Each share has a quotient value of approximately SEK 0.015385. The total number of shares consists of 107,846,671 ordinary shares, which carry one vote per share, and 255,376 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/](http://www.karnovgroup.com/en/share-capital-development/).

On 31 December 2022, the Company had 1,504 known shareholders. The 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	10,569,674	9.8
Carnegie Funds	7,000,000	6.5
Invesco	6,523,524	6.0
Didner & Gerge Funds	5,733,042	5.3
Long Path Partners	5,499,155	5.1
<b>Total</b>	<b>35,325,395</b>	<b>32.7</b>
Other shareholders	72,776,652	67.3
<b>Total numbers of shares</b>	<b>108,102,047</b>	<b>100.0</b>

### 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 -7 m (-83) and profit for the period was SEK 23 m (-24). The Operating profit (EBIT) was positively impacted from re-invoicing of acquisition costs (items affecting comparability) to Region South and charging of group service costs to group companies. Both items are included in Other operating income and expenses, which are eliminated on Group level.

Compared to the Q4 2022 report have two items in the income statement of the parent company been reclassified; salaries re-invoiced from group companies have been reclassified from 'Employee benefit expenses' and services re-invoiced from group companies have been reclassified from 'Financial expenses' – in both cases reclassified to 'Other operating income and expenses'. The adjustments have no impact on the net result of the parent

### Guidelines for remuneration to senior executives

The CEO is entitled to an annual fixed salary of TSEK 6,000 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 100 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 Europe. This market is 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 invasion of Ukraine poses risks for further impact on the world economy, with increasing cost inflation and disruptions to supply chains. Karnov is not directly impacted by the invasion and has no direct exposure towards any of the involved countries.

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.

### Events after the balance sheet date

Karnov Group acquired Nørskov Miljø ApS, a leading Danish EHS provider of a SaaS platform and consultancy for EHS legal and chemical compliance. The company was consolidated in the Group financials on 3 January 2023.

### 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, 2023. Karnov Group intends to improve the leverage below the financial target of 3.0x EBITDA LTM and invest further in the newly acquired businesses in Region South to harvest synergies. The Board of Directors proposes no dividend for the AGM on 10 May 2023.

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

SEK	2022
Share premium	2,654,032,974
Retained earnings	-200,730,698
Net result	23,084,954
<b>Total carried forward</b>	<b>2,476,387,230</b>

The Board proposes that the profits be appropriated as follows:

Proposed dividend	-
<b>Amount carried forward</b>	<b>2,476,387,230</b>

## RISKS AND RISK MANAGEMENT

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

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

### Significant risk areas and risk management

Risk	Description	Risk management
<b>STRATEGIC AND OPERATIONAL RISKS</b>		
<b>Market changes and competition</b>	Karnov operates in highly competitive markets for legal information services in Denmark, Sweden, Norway, France, Spain and Portugal. 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.
<b>Cybersecurity</b>	A significant breakdown or other disruption (such as a cyberattack) on an online platform or in an IT system 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. During 2022, Karnov continued the implementation of security initiatives (e.g. advanced email scanning solution for more accurate detection of malicious emails).
<b>Acquisitions</b>	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.
<b>Technical shortcomings</b>	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
<b>Dependence on key personnel and expertise</b>	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 43.
<b>Public tenders</b>	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.
<b>FINANCIAL RISKS</b>		
<b>Goodwill and other intangible assets</b>	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.
<b>Liquidity and financing risks</b>	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.		
<b>Sustainability risks</b>	For a description of sustainability-related risk areas, see pages 43-45.	

# Financial statements

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# Consolidated statement of comprehensive income

TSEK	Note	2022	2021
Net sales	5	1,113,498	878,072
<b>Total revenue</b>		<b>1,113,498</b>	<b>878,072</b>
Goods for resale		-157,874	-138,722
Employee benefit expenses	7	-400,510	-279,934
Depreciations and amortisations	10,13,31	-233,816	-208,604
Other operating expenses	6	-242,457	-134,507
<b>Operating profit (EBIT)</b>		<b>78,842</b>	<b>116,305</b>
Financial income		23,226	15,311
Financial expenses		-40,345	-36,384
<b>Net financial items</b>	8	<b>-17,119</b>	<b>-21,072</b>
Result of participation in associated companies	11	-11,691	7,920
<b>Profit before income tax</b>		<b>50,032</b>	<b>103,152</b>
Income tax expense/income	9	9,858	-18,935
<b>Net result</b>		<b>59,890</b>	<b>84,217</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified to the income statement:			
Exchange differences on translation of foreign operations		111,044	25,655
Items that will not subsequently be reclassified to the income statement:			
Actuarial gains/losses on defined benefit plans		159	-
<b>Other comprehensive income for the period</b>		<b>111,202</b>	<b>25,655</b>
<b>Total comprehensive income for the period</b>		<b>171,092</b>	<b>109,872</b>
<b>Profit for the period is attributable to:</b>			
Owners of Karnov Group AB (publ)		59,896	84,912
Non-controlling interest		-6	-695
<b>Net result</b>		<b>59,890</b>	<b>84,217</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of Karnov Group AB (publ)		171,078	110,565
Non-controlling interest		14	-693
<b>Total comprehensive income</b>		<b>171,092</b>	<b>109,872</b>
Earnings per share, basic, SEK	21	0.56	0.87
Earnings per share, after dilution, SEK	21	0.56	0.86

# Consolidated balance sheet

TSEK	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS:</b>			
Goodwill	10	3,249,601	1,911,944
Other intangible assets	10	2,390,973	1,242,376
Right-of-use assets	31	236,720	96,018
Property, plant and equipment	13	45,381	6,170
Investments in associated companies	11	54,254	62,224
Loans to associated companies		25,707	15,319
Deposits	12,15	12,390	2,771
Deferred tax assets	23	122,503	-
<b>Total non-current assets</b>		<b>6,137,529</b>	<b>3,336,821</b>
<b>Current assets</b>			
Inventories	17	20,485	11,667
Trade receivables	15,16	530,595	197,374
Prepaid expenses	18	46,213	13,267
Other receivables		6,315	1,127
Tax receivables		39,390	10,195
Cash and cash equivalents	15,19	671,199	951,471
<b>Total current assets</b>		<b>1,314,200</b>	<b>1,185,101</b>
<b>TOTAL ASSETS</b>		<b>7,451,727</b>	<b>4,521,922</b>
<b>LIABILITIES AND EQUITY:</b>			
<b>EQUITY AND LIABILITIES:</b>			
Capital and reserves attributable to equity holders of the company			
Share capital	20	1,663	1,663
Share premium		2,654,031	2,654,839
Treasury shares		-3	-6
Reserves		-226,840	-338,022
Retained earnings including net profit for the year		-109,016	-170,953
<b>Total equity attributable to the parent company's shareholders</b>		<b>2,319,836</b>	<b>2,147,521</b>
Non-controlling interests		6,547	6,533
<b>Total equity</b>		<b>2,326,383</b>	<b>2,154,055</b>
<b>Non-current liabilities</b>			
Borrowing from credit institutions	15,22	2,483,260	1,209,642
Lease liabilities	31	214,442	86,916
Deferred tax liabilities	23	413,073	164,403
Provisions	24,25	60,612	5,754
Other non-current liabilities		88,204	63,551
<b>Total non-current liabilities</b>		<b>3,259,592</b>	<b>1,530,266</b>
<b>Current liabilities</b>			
Trade payables	15	137,612	25,670
Current tax liabilities		20,548	12,917
Accrued expenses	27	498,710	172,404
Prepaid income	28	1,027,980	519,857
Lease liabilities	31	52,522	12,477
Other current liabilities	15,26	128,382	94,276
<b>Total current liabilities</b>		<b>1,865,754</b>	<b>837,600</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,451,727</b>	<b>4,521,922</b>

# Consolidated statement of changes in equity

TSEK	Equity attributable to the parent company's shareholders							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders			
<b>Balance at January 1, 2021</b>	<b>1,509</b>	<b>2,062,361</b>	<b>-6</b>	<b>-363,675</b>	<b>-156,585</b>	<b>1,543,604</b>	<b>7,236</b>	<b>1,550,840</b>	
Net result	-	-	-	-	84,912	84,912	-695	84,217	
Other comprehensive income for the period	-	-	-	25,653	-	25,653	2	25,655	
<b>Total comprehensive income/loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,653</b>	<b>84,912</b>	<b>110,565</b>	<b>-693</b>	<b>109,872</b>	
<b>Transactions with shareholders in their capacity as owners:</b>									
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	
<b>Total transactions with shareholders</b>	<b>154</b>	<b>592,478</b>	<b>-</b>	<b>-</b>	<b>-99,279</b>	<b>493,353</b>	<b>-10</b>	<b>493,343</b>	
<b>Closing balance at December 31, 2021</b>	<b>1,663</b>	<b>2,654,839</b>	<b>-6</b>	<b>-338,022</b>	<b>-170,953</b>	<b>2,147,522</b>	<b>6,533</b>	<b>2,154,055</b>	

TSEK	Equity attributable to the parent company's shareholders							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the parent company's shareholders			
<b>Balance at January 1, 2022</b>	<b>1,663</b>	<b>2,654,839</b>	<b>-6</b>	<b>-338,022</b>	<b>-170,953</b>	<b>2,147,522</b>	<b>6,533</b>	<b>2,154,055</b>	
Net result	-	-	-	-	59,896	59,896	-6	59,890	
Other comprehensive income for the period	-	-	-	111,182	-	111,182	20	111,202	
<b>Total comprehensive income/loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,182</b>	<b>59,896</b>	<b>171,078</b>	<b>14</b>	<b>171,092</b>	
<b>Transactions with shareholders in their capacity as owners:</b>									
Issue of ordinary shares*	-	-805	-	-	-	-805	-	-805	
Sharebased payment	-	-3	3	-	2,041	2,041	-	2,041	
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-808</b>	<b>3</b>	<b>-</b>	<b>2,041</b>	<b>1,236</b>	<b>-</b>	<b>1,236</b>	
<b>Closing balance at December 31, 2022</b>	<b>1,663</b>	<b>2,654,031</b>	<b>-3</b>	<b>-226,840</b>	<b>-109,016</b>	<b>2,319,836</b>	<b>6,547</b>	<b>2,326,383</b>	

\* The decrease in share premium is explained by extra costs related to the issue of shares made in 2021.

# Consolidated cash flow statement

TSEK	Note	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit (EBIT)		78,842	116,305
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization	10, 13, 31	233,816	208,604
Sharebased payment		2,041	-1,430
Provisions	25	2,863	-
Other		4,184	816
<b>Non-cash items</b>		<b>242,904</b>	<b>207,990</b>
<b>Effect of changes in working capital:</b>			
Change in inventories		-2,544	-1,655
Change in receivables		-15,676	-40,628
Change in trade payables and other payables		-14,895	41,151
Change in prepaid income		80,441	50,911
Net financial items, paid		-24,055	-14,607
Income tax paid		-69,067	-45,306
<b>Net effect of changes in working capital</b>		<b>-45,796</b>	<b>-10,133</b>
<b>Cash flow from operating activities</b>		<b>275,950</b>	<b>314,161</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries	32	-1,635,102	-307,830
Acquisition of participations in associated companies	11	-2,942	403
Loans to associated companies		-8,578	-14,673
Acquisition of intangible assets	10	-89,189	-61,943
Acquisition of property, plant and equipment	13	-3,881	-1,411
<b>Cash flow from investing activities</b>		<b>-1,739,692</b>	<b>-385,454</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in borrowings		1,192,726	-
Change in lease liabilities		-32,843	-17,406
Change in long-term receivables		1,274	-
Proceeds from share issues		-800	582,894
Dividend paid		-	-97,849
Payment of contingent considerations		-8,129	-
<b>Cash flow from financing activities</b>		<b>1,152,228</b>	<b>467,639</b>
<b>Cash flow for the period</b>		<b>-311,514</b>	<b>396,346</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
		<b>951,471</b>	<b>552,921</b>
Exchange rate differences in cash and cash equivalents		31,242	2,204
<b>Cash and cash equivalents at the end of the period</b>	19	<b>671,199</b>	<b>951,471</b>

# Parent company statement of comprehensive income

TSEK	Note	2022	2021
Employee benefit expenses	7	-7,267	-22,273
Depreciations and amortisations		-106	-41
Other operating income and expenses		111	-60,674
<b>Operating profit (EBIT)</b>		<b>-7,262</b>	<b>-82,988</b>
Financial income		25,966	15,205
Financial expenses		-2,548	-256
<b>Net financial items</b>	8	<b>23,418</b>	<b>14,949</b>
Group contributions		9,160	44,473
<b>Profit before income tax</b>		<b>25,316</b>	<b>-23,566</b>
<b>Income tax expense</b>	9	<b>-2,231</b>	-
<b>Net result</b>		<b>23,085</b>	<b>-23,566</b>
<b>Total comprehensive income/loss</b>		<b>23,085</b>	<b>-23,566</b>

No items accounted for within other comprehensive income.

# Parent company balance sheet

TSEK	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS:</b>			
Receivables from group enterprises		1,181,938	1,224,431
Investments in group enterprises	14	1,158,096	1,149,925
Right-of-use assets		156	326
<b>Total non-current assets</b>		<b>2,340,191</b>	<b>2,374,682</b>
Receivables from group enterprises		156,562	44,473
Other receivables		461	986
Current tax receivables		1,435	-
Cash and cash equivalents	19	11,498	74,971
<b>Total current assets</b>		<b>169,955</b>	<b>120,430</b>
<b>TOTAL ASSETS</b>		<b>2,510,146</b>	<b>2,495,112</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Restricted equity</b>			
Share capital		1,663	1,663
Treasury shares		-3	-6
<b>Non-restricted equity</b>			
Share premium		2,654,031	2,654,832
Retained earnings including net profit for the year		-177,643	-208,868
<b>Total equity</b>		<b>2,478,049</b>	<b>2,447,621</b>
Lease liabilities		64	209
<b>Total non-current liabilities</b>		<b>64</b>	<b>209</b>
Trade payables		4,620	1,404
Trade payables from group companies		14,501	994
Accrued expenses		6,579	44,223
Other current liabilities		6,334	660
<b>Total current liabilities</b>		<b>32,034</b>	<b>47,282</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,510,146</b>	<b>2,495,112</b>

# Parent company statement of changes in equity

TSEK	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
<b>Balance at January 1, 2021</b>	<b>1,509</b>	<b>2,062,363</b>	<b>-6</b>	<b>-86,661</b>	<b>1,977,205</b>
<b>Comprehensive income:</b>					
Net result	-	-	-	-23,566	-23,566
<b>Total comprehensive income/loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-23,566</b>	<b>-23,566</b>
<b>Transactions with shareholders in their capacity as owners:</b>					
Issue of ordinary shares	154	592,478	-	-	592,632
Sharebased payment	-	-	-	-800	-800
Dividend paid	-	-	-	-97,849	-97,849
<b>Total transactions with shareholders</b>	<b>154</b>	<b>592,478</b>	<b>-</b>	<b>-98,649</b>	<b>493,983</b>
<b>Closing balance at December 31, 2021</b>	<b>1,663</b>	<b>2,654,841</b>	<b>-6</b>	<b>-208,876</b>	<b>2,447,622</b>

TSEK	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
<b>Balance at January 1, 2022</b>	<b>1,663</b>	<b>2,654,841</b>	<b>-6</b>	<b>-208,876</b>	<b>2,447,622</b>
<b>Comprehensive income:</b>					
Net result	-	-	-	23,085	23,085
<b>Total comprehensive income/loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,085</b>	<b>23,085</b>
<b>Transactions with shareholders in their capacity as owners:</b>					
Issue of ordinary shares	-	-805	-	-	-805
Sharebased payment	-	-3	3	8,168	8,168
Other	-	-	-	-22	-22
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-808</b>	<b>3</b>	<b>8,146</b>	<b>7,341</b>
<b>Closing balance at December 31, 2022</b>	<b>1,663</b>	<b>2,654,033</b>	<b>-3</b>	<b>-177,645</b>	<b>2,478,048</b>

# Parent company cash flow statement

TSEK	Note	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit		-7,262	-82,988
Non-cash items		106	41
Group contributions		9,160	44,473
<b>Effect of changes in working capital:</b>			
Change in receivables		525	21
Change in trade payables and other payables		-31,311	40,773
Change in intercompany receivables		-112,056	-2,572
Change in intercompany payables		13,507	994
Interest received		23,418	15,206
Income tax paid		-1,248	
<b>Cash flow from operating activities</b>		<b>-105,161</b>	<b>15,948</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayment of loans from subsidiaries		42,493	-476,639
<b>Cash flow from investing activities</b>		<b>42,493</b>	<b>-476,639</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	-97,849
Proceeds from share issues		-805	592,478
<b>Cash flow from financing activities</b>		<b>-805</b>	<b>494,629</b>
<b>Cash flow for the period</b>		<b>-63,473</b>	<b>33,938</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>74,971</b>	<b>41,033</b>
Exchange rate differences in cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>19</b>	<b>11,498</b>	<b>74,971</b>

# Notes

## Note 1. General information

The Karnov Group produces legal, financial and tax information to judicial, fiscal and accounting professionals mainly in Denmark, Sweden, Norway, Spain, Portugal and France. The main business in Spain, Portugal and France has been acquired in 2022.

The Parent, Karnov Group AB (publ), reg. no. 559016-9016 is a limited liability company domiciled in Sweden with its registered office

in Stockholm. The visiting address of its head office is 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, 2023.

## 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 and 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 2021.

### NEW AND AMENDED STANDARDS

The Group 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.

No new or amended standards have been implemented in 2022.

### 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 Denmark, Sweden/Norway and Region South 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.

## 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 the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities assumed.

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, Sweden/Norway and Region South. 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 10).

### 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.
- there is intention and 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 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.

Development costs 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.

### Technology

Separately acquired technology products supporting online access to the Group's databases or IT systems for internal purposes are recognised at historical cost. Technology products acquired in a business combination are recognised at fair value at the acquisition date. Technology products have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method to allocate the cost of technology products over their estimated useful lives of 3 to 7 years.

## Trademarks

Separately acquired trademarks are recognised 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 trademarks over their estimated useful lives of 10 to 15 years.

## Customer relationships

Separately acquired customer relationships are recognised 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 15 to 20 years.

## Content

Organic development and maintenance of own content is expensed in the income statement. Content acquired in a business combination is recognised at fair value at the acquisition date. Content assets acquired in a business combination 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 content assets acquired in business combinations over their estimated useful lives of 15-20 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 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:

- Land; no depreciation
- Buildings; 20 - 30 years
- 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 but 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 and 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 and 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 and 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 and loss are expensed in the income statement. 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 and 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 and loss are presented in the income statement within "finance costs" in the period in which they arise.

## INVENTORIES

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of goods for resale comprises the cost of acquisition of the goods. This cost excludes borrowing costs. The inventory mainly consists of books. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The required provision for obsolescence has been made on the basis of individual assessment.

## TRADE RECEIVABLES

Trade receivables are amounts owed by customers for merchandise sold or services performed in the ordinary course of business. If collection of the outstanding amount is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

On initial recognition, trade receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on a combination of historic payment profiles of sales and management assessment of expected future market conditions.

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

Both losses regarding trade receivables and recoveries of trade receivables previously written off are recognised within "other operating expenses" in the income statement.

The carrying amount of trade receivables, after any impairment, is presumed to correspond to their fair value, as this item is short-term in nature.

## CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, restricted cash where it is considered most likely that restrictions will be raised within a period of less than 3 months.

## SHARE CAPITAL

Ordinary and preference shares are classified as equity.

## EARNINGS PER SHARE

The formula for calculating earnings per share:  
earnings per share = (net income for the period – dividend on preference shares)/average number of outstanding common shares.

## TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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 to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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. 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.

A defined benefit plan is a pension plan under which the Group is obliged to pay an employee a certain amount or percentage of the employee's final salary at retirement. Actuarial calculations are made yearly to calculate the defined benefit obligation. Current service costs and calculated interest are charged to the income statement and actuarial gains/losses to other comprehensive income.

## **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 and pension obligations. 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 28). 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, 2023. Karnov Group intends to improve the leverage below the financial target of 3.0x EBITDA LTM and invest further in the newly acquired businesses in Region South to harvest

synergies. The Board of Directors proposes no dividend for the AGM on 10 May 2023.

## 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 108. Key ratio calculations that cannot be checked against items in the statement of income and balance sheet can be found on page 104.

## 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 Euro (EUR), 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 EUR, 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, 2022, the total translation differences recognised in other comprehensive income amounted to TSEK 111,044 (25,655).

#### Currency exposure

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

Closing rate December 31, 2022:	1.4965 (1.3753)
Average rate January-December 2022:	1.4285 (1.3640)

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

Closing rate December 31, 2022:	11.1283 (10.2269)
Average rate January-December 2022:	10.6274 (10.272)

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

Closing rate December 31, 2022:	1.0572 (1.0254)
Average rate January-December 2022:	1.0518 (1.0118)

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

TSEK	SEK	DKK	NOK	EUR
<b>2022</b>				
Trade receivables	108,425	83,970	19,583	318,617
Cash and cash equivalents	186,037	179,797	71,358	234,008
<b>Total</b>	<b>294,462</b>	<b>263,767</b>	<b>90,941</b>	<b>552,625</b>

TSEK	SEK	DKK	NOK	EUR
<b>2021</b>				
Trade receivables	97,653	80,659	14,776	4,286
Cash and cash equivalents	668,749	155,239	121,342	6,142
<b>Total</b>	<b>766,402</b>	<b>235,898</b>	<b>136,118</b>	<b>10,427</b>

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

TSEK	SEK	DKK	NOK	EUR
<b>2022</b>				
Borrowing from credit institutions	648,656	611,652	-	1,222,952
Trade payables	13,151	10,534	4,977	108,949
<b>Total</b>	<b>661,806</b>	<b>622,186</b>	<b>4,977</b>	<b>1,331,902</b>

TSEK	SEK	DKK	NOK	EUR
<b>2021</b>				
Borrowing from credit institutions	648,146	561,496	-	-
Trade payables	13,122	11,757	511	280
<b>Total</b>	<b>661,268</b>	<b>573,253</b>	<b>511</b>	<b>280</b>

The sensitivity analysis shows that a 5% change in the exchange rates would affect the assets by TSEK 45,367 (19,122) and the liabilities by TSEK 97,953 (28,702).

#### 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 floating interest rates.

If interest rates on currency-denominated borrowings, on December 31, 2022, had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been TSEK 2,160 (1,215) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. See Note 22 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, 2022, the Group had accessible liquidity of TSEK 671,199 (951,471) (Note 19).

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.

<b>Group</b>		Between 1 - 5	
TSEK	< 1 year	years	> 5 years
<b>2022</b>			
Borrowing from credit institutions	-	2,483,260	-
Trade payables	137,612	-	-
Other liabilities	679,615	159,061	55,381
<b>Total</b>	<b>817,227</b>	<b>2,642,321</b>	<b>55,381</b>

<b>Group</b>		Between 1 - 5	
TSEK	< 1 year	years	> 5 years
<b>2021</b>			
Borrowing from credit institutions	-	1,209,642	-
Trade payables	25,670	-	-
Other liabilities	279,157	59,678	27,237
<b>Total</b>	<b>304,827</b>	<b>1,269,320</b>	<b>27,237</b>

<b>Parent Company</b>		Between 1 - 5	
TSEK	< 1 year	years	> 5 years
<b>2022</b>			
Borrowing from credit institutions	-	-	-
Trade payables	4,620	-	-
Other liabilities	25,067	-	-
<b>Total</b>	<b>29,687</b>	<b>-</b>	<b>-</b>

<b>Parent Company</b>		Between 1 - 5	
TSEK	< 1 year	years	> 5 years
<b>2021</b>			
Borrowing from credit institutions	-	-	-
Trade payables	1,404	-	-
Other liabilities	46,086	-	-
<b>Total</b>	<b>47,490</b>	<b>-</b>	<b>-</b>

## 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, 2022, was as follows:

TSEK	2022	2021
Total borrowings incl. leasing liabilities	2,750,224	1,309,035
Less: cash and cash equivalents (note 19)	671,199	951,471
<b>Net debt</b>	<b>2,079,024</b>	<b>357,564</b>
Total equity	2,326,383	2,154,055
Gearing ratio	0.89	0.17

## Note 4. Critical estimates and judgements

On the preparation of the consolidated financial statements, management makes estimates and assumptions concerning the future. These estimates and judgements can by definition deviate from the actual results. The most material estimates and judgement 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 application of estimates which are disclosed in detail in Note 10, in which note the carrying amount of goodwill on December 31, 2022, distributed by cash-generating units (CGU), also is disclosed.

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 is 2.0% (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 10) 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 of which those expected utilized within a foreseeable future have been capitalized. 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 tax value of not capitalized tax losses is disclosed in Note 9 and the tax value of capitalized tax losses in Note 23.

## Note 5. Segments, distribution net sales and costs

Net sales are classified by category as follows:

Group	2022	2021
TSEK		
Sale of online services	888,191	727,296
Sale of offline products and services	225,307	150,776
<b>Total net sales</b>	<b>1,113,498</b>	<b>878,072</b>

Net sales are classified by geographical market as follows:

Group	2022	2021
TSEK		
Sweden	437,985	388,986
Denmark	467,315	422,801
Norway	78,336	63,113
France	68,632	3,171
Spain	60,779	-
Portugal	452	-
<b>Total net sales</b>	<b>1,113,498</b>	<b>878,071</b>

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.

TSEK	Denmark		Sweden/Norway		South		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Online							888,191	727,296
Offline							225,307	150,776
<b>Net sales</b>	<b>467,315</b>	<b>422,802</b>	<b>531,989</b>	<b>455,270</b>	<b>114,195</b>		<b>1,113,498</b>	<b>878,072</b>
EBITDA	178,712	184,210	216,129	140,699	-82,182		312,658	324,908
EBITA	162,852	171,930	176,960	105,635	-85,844		254,457	277,563
Adjusted EBITA	162,852	171,930	190,787	154,998	10,129		363,766	326,926
EBIT	82,768	109,133	91,168	7,173	-95,092		78,842	116,305
Net finance cost							-17,119	-21,072
Revaluation of associated investments							-11,691	7,920
Profit before tax							50,032	103,152
Income tax expense							9,858	-18,935
<b>Net result</b>							<b>59,890</b>	<b>84,217</b>

## 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 services of TSEK 3,635 (2,704), TSEK 3,433 (2,611) are invoiced by PricewaterhouseCoopers

AB for the statutory audit. Of total other fees of TSEK 859 (1,268), TSEK 813 (1,268) are invoiced by PricewaterhouseCoopers AB (the statutory auditors of Karnov Group AB (publ)). These fees are non-audit services primarily relating tax assistance and assistance in projects raising the Group's standard in internal control and processes.

Group TSEK	Assigned auditor		Other auditors	
	2022	2021	2022	2021
Audit services	3,433	2,611	202	93
Audit-related services	455	78	-	-
Tax services	-	204	46	-
Non-audit services	358	986	-	-
<b>Total</b>	<b>4,246</b>	<b>3,879</b>	<b>248</b>	<b>93</b>

Parent company TSEK	Assigned auditor		Other auditors	
	2022	2021	2022	2021
Audit services	1,558	1,293	-	-
Audit-related services	455	46	-	-
Tax services	-	102	-	-
Non-audit services	43	120	-	-
<b>Total</b>	<b>2,056</b>	<b>1,561</b>	<b>-</b>	<b>-</b>

## Note 7. Employee benefit expenses

Group	Wages, other benefits and social security costs			
TSEK	Wages and bonus	Other benefits	Pension benefits	Total
<b>2022</b>				
Senior Executives	24,819	4,397	4,106	33,322
Other employees	278,042	45,020	30,539	353,601
Other personnel-related costs	-	-	-	13,587
<b>Total</b>	<b>302,861</b>	<b>49,417</b>	<b>34,645</b>	<b>400,510</b>

Group	Wages, other benefits and social security costs			
TSEK	Wages and bonus	Other benefits	Pension benefits	Total
<b>2021</b>				
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
<b>Total</b>	<b>204,292</b>	<b>32,140</b>	<b>26,853</b>	<b>279,934</b>

The above compensation includes recognised expenses to the LTIP 2019 and LTIP 2020 programs. Total expense for 2022 was TSEK 5,628 and for 2021 an income of TSEK 1,554. The share of these related to Senior executives totals in 2022 an expense of TSEK -3,191 and in 2021 an income of TSEK 679.

'Other benefits' includes social fees for employees. System limitations are preventing separation of other benefits from social fees. 'Other benefits' do not exceed 10% of the fixed salary of the senior executives.

**Parent company**

<b>Wages, other benefits and social security costs</b>	Compensation for board work	Wages and bonus	Other benefits	Pension benefits	Total
TSEK					
<b>2022</b>					
Board of directors	2,523	-	-	-	2,523
Senior Executives	-	1,250	571	459	2,280
Other employees	-	613	811	82	1,506
Other personnel related costs	-	-	-	-	958
<b>Total</b>	<b>2,523</b>	<b>1,863</b>	<b>1,382</b>	<b>541</b>	<b>7,267</b>

**Parent company**

<b>Wages, other benefits and social security costs</b>	Compensation for board work	Wages and bonus	Other benefits	Pension benefits	Total
TSEK					
<b>2021</b>					
Board of directors	2,381	-	-	-	2,381
Senior Executives	-	4,285	2,749	890	7,924
Other personnel related costs	-	-	-	-	11,968
<b>Total</b>	<b>2,381</b>	<b>4,285</b>	<b>2,749</b>	<b>890</b>	<b>22,273</b>

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 100 percent of the annual fixed salary and is determined based on financial targets that are set by the Board of Directors each year. The CEO's variable remuneration shall not

exceed 100 percent of the annual fixed salary. Pursuant to the current guidelines for remuneration to other senior management shall the variable remuneration not exceed 75 percent of the annual fixed salary.

The CEO and another senior management member were only employed in the Parent company the first three and two months of 2022, respectively.

**Group**

<b>Compensation and other benefits during the year</b>	Compensation for board work	Wages and bonus	Other benefits	Pension benefits	Total
TSEK					
<b>2022</b>					
Magnus Mandersson (Chairman of the board)	843	-	-	-	843
Lone Møller Olsen	490	-	-	-	490
Ulf Bonnevier	425	-	-	-	425
Salla Vainio	425	-	-	-	425
Loris Barisa	340	-	-	-	340
Pontus Bodelsson	-	7,896	463	1,371	9,730
Other senior management (8 FTE)	-	16,923	3,934	2,735	23,592
<b>Total</b>	<b>2,523</b>	<b>24,819</b>	<b>4,397</b>	<b>4,106</b>	<b>35,845</b>

**Group****Compensation and other benefits during the year**

TSEK	Compensation for board work	Wages and bonus	Other benefits	Pension benefits	Total
<b>2021</b>					
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
<b>Total</b>	<b>2,381</b>	<b>16,071</b>	<b>7,725</b>	<b>2,610</b>	<b>28,787</b>

**Group****Average number of employees Full Time Equivalent (FTEs)**

	2022			2021		
	Men	Women	Total	Men	Women	Total
Sweden	46	57	103	47	57	104
Denmark	81	63	144	83	66	149
Norway	16	21	37	20	12	32
France	14	19	33	6	3	9
Spain	22	31	53	-	-	-
<b>Total subsidiaries</b>	<b>179</b>	<b>191</b>	<b>370</b>	<b>156</b>	<b>138</b>	<b>294</b>
Parent company, Sweden	1	-	1	1	1	2
<b>Total group</b>	<b>180</b>	<b>191</b>	<b>371</b>	<b>157</b>	<b>139</b>	<b>296</b>

**Gender distribution of board members and other senior management**

	2022			2021		
	Men	Women	Total	Men	Women	Total
<b>Group</b>						
Members of the Board of the Parent company	3	2	5	3	2	5
Executive directors and other senior management (Group management)	6	3	9	4	4	8
<b>Total</b>	<b>9</b>	<b>5</b>	<b>14</b>	<b>7</b>	<b>6</b>	<b>13</b>
<b>Parent company</b>						
Members of the Board of the Parent company	3	2	5	3	2	5
Executive directors and other senior management (Group management)	-	-	-	1	1	2
<b>Total</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>7</b>

## Note 8. Results from financial items

Group			
TSEK		2022	2021
<b>Financial income:</b>			
Interest income		485	12,454
Re-measurement of fair value on contingent considerations		22,741	2,858
<b>Total financial income</b>		<b>23,226</b>	<b>15,311</b>
<b>Financial expenses:</b>			
Interest expenses		-30,137	-17,614
Net exchange rate losses		-5,662	-16,285
Other financial expenses		-4,545	-2,485
<b>Total financial expenses</b>		<b>-40,345</b>	<b>-36,384</b>
<b>Net financial items</b>		<b>-17,119</b>	<b>-21,072</b>
<b>Parent company</b>			
TSEK		2022	2021
<b>Financial income:</b>			
Interest income		25,553	15,205
Net exchange rate gains		413	-
<b>Total financial income</b>		<b>25,966</b>	<b>15,205</b>
<b>Financial expenses:</b>			
Currency translation losses		-2,546	-251
Interest expenses		-2	-5
<b>Total financial expenses</b>		<b>-2,548</b>	<b>-256</b>
<b>Net financial items</b>		<b>23,418</b>	<b>14,949</b>

## Note 9. Taxes

Group			
TSEK		2022	2021
<b>Current tax:</b>			
Current tax for the year		53,439	39,259
Current tax prior years		-959	372
<b>Total current tax</b>		<b>52,480</b>	<b>39,631</b>
<b>Deferred income tax</b>			
Change in deferred tax for the year		-62,338	-20,696
<b>Total deferred tax expense/income</b>		<b>-62,338</b>	<b>-20,696</b>
<b>Income tax expense/income</b>		<b>-9,858</b>	<b>18,935</b>

<b>Group</b>		
TSEK	2022	2021
Profit/(Loss) before income tax	50,032	103,152
Tax calculated at domestic tax rates applicable to profits in the respective countries	7,613	22,902
Expenses not deductible for tax purposes	3,277	4,586
Non-taxable income	-4,970	-1,742
Other adjustment taxable income	1,279	-
Previously unrecognised tax losses and deferred tax assets	-16,098	-7,183
Adjustments for current tax of prior periods	-959	372
<b>Income tax expense/income</b>	<b>-9,858</b>	<b>18,935</b>

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 due to the use of previously unrecognized tax losses.

Remaining unused tax losses not capitalized totals per below TSEK 3,898. Tax losses capitalized are specified in note 23 – *Deferred income tax* and discussed in note 4 – *Critical estimates and judgements*.

<b>Group</b>		
TSEK	2022	2021
Unused tax losses for which no deferred tax asset has been recognised	18,921	71,184
<b>Potential tax benefit 20.6%</b>	<b>3,898</b>	<b>14,664</b>

In addition to the above the Group has acquired unused tax losses in Spain. These are currently being analysed and are not included in the above.

<b>Parent company</b>		
TSEK	2022	2021
Profit/(Loss) before income tax	25,316	-23,566
Income tax calculated according to current tax rate	-5,215	4,855
Costs related to share issue	0	2,201
Tax effect of interest netting	5,264	3,132
Expenses not deductible for tax purposes	-49	-10,188
Adjustments for current tax of prior periods	2,231	-
<b>Income tax expense</b>	<b>2,231</b>	<b>-</b>

## Note 10. Intangible assets

Group		Capitalised	Other	
TSEK	Goodwill	development costs	intangible assets	Total
<b>Cost at January 1, 2022</b>	<b>1,912,604</b>	<b>301,481</b>	<b>1,786,879</b>	<b>4,000,963</b>
Additions	-	89,189	-	89,189
Additions from acquisitions, 2022	1,207,351	61,209	1,139,725	2,408,285
Additions from acquisitions, 2021 adjustment	4,151	-	9,424	13,575
Currency exchange differences	126,215	3,954	97,267	227,436
<b>Accumulated cost at December 31, 2022</b>	<b>3,250,320</b>	<b>455,833</b>	<b>3,033,295</b>	<b>6,739,448</b>
<b>Amortisation at January 1, 2022</b>	<b>660</b>	<b>140,363</b>	<b>705,620</b>	<b>846,643</b>
Amortisation for the year	-	38,674	170,906	209,580
Currency exchange differences	60	1,805	40,787	42,652
<b>Accumulated amortisation at December 31, 2022</b>	<b>720</b>	<b>180,842</b>	<b>917,313</b>	<b>1,098,875</b>
<b>Net book value at December 31, 2022</b>	<b>3,249,601</b>	<b>274,992</b>	<b>2,115,981</b>	<b>5,640,574</b>
<b>Group</b>				
TSEK	Goodwill	Capitalised	Other	Total
		development costs	intangible assets	
<b>Cost at January 1, 2021</b>	<b>1,623,978</b>	<b>210,215</b>	<b>1,574,080</b>	<b>3,408,273</b>
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
<b>Accumulated cost at December 31, 2021</b>	<b>1,912,604</b>	<b>301,481</b>	<b>1,786,879</b>	<b>4,000,963</b>
<b>Amortisation at January 1, 2021</b>	<b>-</b>	<b>96,012</b>	<b>538,346</b>	<b>634,358</b>
Amortisation for the year	-	12,106	161,259	173,365
Amortisations from acquisitions	-	26,191	-	26,191
Write-down	660	6,001	-	6,661
Currency exchange differences	-	53	6,015	6,068
<b>Accumulated amortisation at December 31, 2021</b>	<b>660</b>	<b>140,363</b>	<b>705,620</b>	<b>846,643</b>
<b>Net book value at December 31, 2021</b>	<b>1,911,944</b>	<b>161,118</b>	<b>1,081,259</b>	<b>3,154,320</b>

Other intangibles assets consist of trademarks with a net book value of TSEK 307,458 (204,747), technology with a net book value of TSEK 313,006 (282,533), customer relations with a net book value of TSEK 779,010 (588,610) and content with a net book value of TSEK 716,508 (5,369). Capitalised development costs apply to software products in connection to the online access to the Group's databases.

## Impairment tests on goodwill as of 30 September 2022

Goodwill was prior to the acquisition of Region South monitored by Management at the level of the two operating segments. The goodwill allocation applied then is presented below:

TSEK	CGU Denmark	CGU Sweden/Norway	Total
<b>Carrying amount at 30 September 2022</b>	<b>1,496,561</b>	<b>1,266,207</b>	<b>2,762,767</b>

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

For the 2022 reporting period, 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 the two CGUs Denmark and Sweden/Norway was identified compared to the carrying amount for which reason no impairment was made as of 31 December 2022. The calculations use post-tax cash flow projections for a five-year period based on the financial budget for 2023, on strategy plans and on projections hereof. Projections extending beyond 2023 are based on general parameters, such as expected

market growth and profitability assumptions. The terminal value used in the calculations for both CGUs is determined on the assumption of 2.0 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 8.3 percent (6.8) and in the Swedish CGU 7.8 percent (7.2).

Management has not performed a separate impairment test for the acquired businesses of Region South as this was acquired November 30, 2022. The acquired business has performed according to plans and has thus not indicated any impairment.

## Note 11. Investments in associates

### Cost price

TSEK	
Cost at January 1, 2022	62,738
Additions relating to acquisitions	2,942
Foreign currency translation adjustments	778
<b>Cost at December 31, 2022</b>	<b>66,458</b>
Value adjustment	
TSEK	
Value adjustments at January 1, 2022	-513
Share of loss of associates	-11,691
<b>Value adjustments at December 31, 2022</b>	<b>-12,204</b>
<b>Carrying amount at December 31, 2022</b>	<b>54,254</b>

### Associated entities:

Karnov Group Norway AS	40.0%
ProcurementLink ApS	49.0%

### ProcurementLink ApS

On 5 July 2022 Karnov Group finalised the agreement of buying additional 7% of the shares in ProcurementLink ApS and from that date increased its ownership in the company to 49%.

### Impairment

Management has assessed that no risk of impairments is indicated for either Karnov Group Norway AS or ProcurementLink ApS.

## Note 12. Deposit – leasehold

In November 2022 Karnov Group acquired companies in France, Spain, and Portugal with rented office facilities. Therefore, the Group has acquired deposits from France of TSEK 4,232, Spain of TSEK 4,160 and Portugal of TSEK 91.

The Group has in addition increased its rented office facilities and deposits in Copenhagen up to TSEK 3,777 (2,699; FX 238) and in France (Echoline SAS) up to TSEK 131 (72; FX 6).

The Group has currently paid total deposits for TSEK 12,391 (2,771),.

## Note 13. Property, plant and equipment

Group	Land and buildings	Leasehold improvements	Furniture, fittings and equipment	Assets under construction	Total
TSEK					
<b>Cost at January 1, 2022</b>	-	<b>7,583</b>	<b>25,526</b>	-	<b>33,108</b>
Reassessment	-	-1,187	-	-	-1,187
Additions for the year	-	1,978	961	-	2,939
Disposals	-	-760	-336	-	-1,096
Additions related to aquired entities	7,704	13,961	15,283	3,635	40,583
Currency exchange differences	-	596	1,297	-	1,893
<b>Accumulated cost at December 31, 2022</b>	<b>7,704</b>	<b>22,171</b>	<b>42,731</b>	<b>3,635</b>	<b>76,240</b>
<b>Depreciation at January 1, 2022</b>	-	<b>4,708</b>	<b>22,230</b>	-	<b>26,938</b>
Depreciation for the year	-	948	1,670	-	2,618
Disposals	-	-	-336	-	-336
Currency exchange differences	-	420	1,219	-	1,639
<b>Accumulated depreciation at December 31, 2022</b>	-	<b>6,076</b>	<b>24,783</b>	-	<b>30,859</b>
<b>Net book value at December 31, 2022</b>	<b>7,704</b>	<b>16,095</b>	<b>17,948</b>	<b>3,635</b>	<b>45,381</b>
<b>Group</b>					
TSEK					
<b>Cost at January 1, 2021</b>	-	<b>7,070</b>	<b>23,184</b>	-	<b>30,254</b>
Reassessment	-	-1	241	-	240
Additions for the year	-	377	1,161	-	1,538
Additions related to aquired entities	-	0	666	-	666
Currency exchange differences	-	137	274	-	411
<b>Accumulated cost at December 31, 2021</b>	-	<b>7,583</b>	<b>25,526</b>	-	<b>33,108</b>
Depreciation at January 1, 2021	-	4,000	19,974	-	23,974
Depreciation for the year	-	632	1,725	-	2,357
Additions related to aquired entities	-	-	294	-	294
Currency exchange differences	-	76	237	-	313
<b>Accumulated depreciation at December 31, 2021</b>	-	<b>4,708</b>	<b>22,230</b>	-	<b>26,938</b>
<b>Net book value at December 31, 2021</b>	-	<b>2,875</b>	<b>3,296</b>	-	<b>6,170</b>

## Note 14. Investments in Group enterprises

### Parent company

TSEK	2022	2021
Cost at beginning of period	1,149,925	1,149,925
Capital increase/ Sharebased payment	8,171	0
<b>Net book value at December 31</b>	<b>1,158,096</b>	<b>1,149,925</b>

	All entities within the Group	Corporate identity number	Registered office	Voting share	Share of equity	Carrying amount 2022
C	KARN Holdco AB (1)	559016-4124	Stockholm	100.0%	100.0%	1,158,096
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	LexNordics 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	55.1%	55.1%	
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%	
C	Karnov Holdco France SAS (1)	401 899 349	Paris	100.0%	100.0%	
C	Lamy Liaisons SAS (2)	480 081 306	Saint-Ouen	100.0%	100.0%	
C	Karnov Holdco Spain SL (1)	B09 941 527	Madrid	100.0%	100.0%	
C	Editorial Aranzadi, S.A. (Sociedad Unipersonal) (2)	A81 962 201	Navarra	100.0%	100.0%	
C	LA LEY Soluciones Legales, S.A. (2)	A58 417 346	Madrid	100.0%	100.0%	
C	LA LEY eLearning, S.A. (2)	A86 363 611	Madrid	100.0%	100.0%	
C	Jusnet Unipessoal Lda (2)	507 271 050	Lisbon	100.0%	100.0%	
A	ProcurementLink ApS (2)	35 86 94 76	Copenhagen	49.0%	49.0%	
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 15. Financial instruments by category

Group	Carrying amount		Fair value	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
TSEK				
<b>FINANCIAL ASSETS</b>				
<b>Financial assets at amortised cost</b>				
Deposits	12,390	2,771	12,390	2,771
Trade receivables	530,595	197,374	530,595	197,374
Cash and cash equivalents	671,199	951,471	671,199	951,471
<b>Total financial assets</b>	<b>1,214,185</b>	<b>1,151,616</b>	<b>1,214,185</b>	<b>1,151,616</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Financial liabilities at fair value through profit or loss (FVPL)</b>				
Contingent considerations	29,902	35,748	29,902	35,748
<b>Liabilities at amortised cost</b>				
Trade payables	137,612	25,670	137,612	25,670
Non-current borrowings from credit institutions	2,483,260	1,209,642	2,483,260	1,209,642
<b>Total financial liabilities</b>	<b>2,650,774</b>	<b>1,271,060</b>	<b>2,650,774</b>	<b>1,271,060</b>

### 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 carrying amounts of contingent considerations are presented as the fair value. The fair value of the contingent considerations is estimated by calculating the present value of the future expected cash flows. The estimated are based on a discount rate at 1.2 percent. These are classified at level 3 in the fair value hierarchy.

### Trade payables

Trade payables are unsecured and are usually paid within 30 days of recognition. Due to the short-term nature of trade payables, their carrying amounts are considered to be the same as their fair value.

### Non-current borrowings from credit institutions

The carrying amount of non-current borrowings is considered to be the same as their fair values, since interest payables on those borrowings are close to current market rates. These are classified at level 2 in the fair value hierarchy.

### Other

There have been no significant new items compared to December 31, 2021. No transfers between the levels of fair value hierarchies have taken place in 2022.

## Note 16. Trade receivables

Group	2022	2021
TSEK		
Trade receivables	543,041	198,072
Less: provision for impairment of trade receivables	-12,446	-698
<b>Trade receivables – net</b>	<b>530,595</b>	<b>197,374</b>

Trade receivables allocated by currency

Group	2022	2021
TSEK		
EUR	313,613	-
SEK	79,535	116,715
DKK	117,864	80,659
NOK	19,583	-
<b>Total trade receivables</b>	<b>530,595</b>	<b>197,374</b>

Gross trade receivables by age

Group	2022	2021
TSEK		
Balance not due	368,582	192,472
0-3 months	137,530	2,942
3-6 months	9,906	1,858
Over 6 months	14,577	102
<b>Total trade receivables</b>	<b>530,595</b>	<b>197,374</b>

Breakdown of allowance for impairment:

Group	2022	2021
TSEK		
Allowance for impairment at beginning of period	698	445
Allowance from acquisition	11,563	-
Provision for impairment of trade receivables	-28	353
Exchange rate differences	213	-100
<b>Allowance for impairment at end of period</b>	<b>12,446</b>	<b>698</b>

Group	< 31 days	31 - 90 days	91 - 180 days	> 180 days	Total
TSEK					
<b>31 December 2022</b>					
Expected loss rate	0.2%	0.1%	0.2%	79.0%	2.35%
Trade receivables	368,582	137,530	9,906	14,577	530,595
<b>Loss allowance</b>	<b>778</b>	<b>130</b>	<b>24</b>	<b>11,514</b>	<b>12,446</b>

Group					
TSEK	< 31 days	31 - 90 days	91 - 180 days	> 180 days	Total
<b>31 December 2021</b>					
Expected loss rate	0,3%	0,7%	0,6%	5,9%	0,35%
Trade receivables	192.472	2.942	1.858	102	197.374
<b>Loss allowance</b>	<b>661</b>	<b>20</b>	<b>11</b>	<b>6</b>	<b>698</b>

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 17. Inventories

Group		2022	2021
TSEK			
Finished goods		20,485	11,667
<b>Total inventories</b>		<b>20,485</b>	<b>11,667</b>

Write-downs of finished goods recognized as expenses during the year amounted to TSEK 628.7 (5,887) 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 18. Prepaid expenses

Group		2022	2021
TSEK			
Prepaid software license		5,946	4,442
Prepaid rent		3,301	4,554
Other items		36,967	4,272
<b>Total prepaid expenses</b>		<b>46,213</b>	<b>13,267</b>

## Note 19. Cash and cash equivalents

Group		2022	2021
TSEK			
<b>Balance sheet</b>			
Cash at bank and in hand		671,199	951,471
<b>Total cash and cash equivalents in the balance sheet</b>		<b>671,199</b>	<b>951,471</b>
<b>Parent company</b>			
<b>Balance sheet</b>			
Cash at bank and in hand		11,498	74,971
<b>Total cash and cash equivalents in the balance sheet</b>		<b>11,498</b>	<b>74,971</b>

## Note 20. Share capital

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

	2022	2021	2022	2021
Share capital and shares	Shares	Shares	TSEK	TSEK
Ordinary shares	107,846,671	107,676,700	1,660	1,657
<b>Total ordinary shares</b>	<b>107,846,671</b>	<b>107,676,700</b>	<b>1,660</b>	<b>1,657</b>
Shares of series C	255,376	425,347	3	6
<b>Total number of shares / share capital</b>	<b>108,102,047</b>	<b>108,102,047</b>	<b>1,663</b>	<b>1,663</b>

### 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
Issue of series C shares	-	-	-3	-
Conversion and distribution of own shares	169,971	-	3	-
<b>Total transaction with shareholders</b>	<b>169,971</b>	<b>10,006,133</b>	<b>-</b>	<b>154</b>

	Shares	Par value	Share premium	Total
Movements in ordinary shares		TSEK	TSEK	TSEK
Opening balance January 1, 2022	108,102,047	1,663	2,654,839	2,656,502
Issue new shares	-	-	-805	-805
Conversion and distribution of own shares	169,971		-3	-3
<b>Balance December 31, 2022</b>	<b>108,102,047</b>	<b>1,663</b>	<b>2,654,031</b>	<b>2,655,694</b>

### Ordinary shares and shares of series C

As per December 31, 2022, the share capital in Karnov Group AB (publ) was SEK 1,663,150, divided between 107,846,671 ordinary shares and 255,376 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 the month of June 2022, 169,971 shares of series C, previously issued and repurchased under Karnov Group's long-term incentive plan resolved by an extraordinary general meeting in April 2019 (LTIP 2019), were converted into ordinary shares. The number of ordinary shares has thus increased by 169,971 shares and the number of Class C shares has decreased by the same number of shares. The number of votes has increased by 152,973.9 votes.

## Note 21. Earnings per share

Earnings per share	2022	2021
Earnings attributable to shareholders	59,896	84,912
Weighted average number of ordinary shares	107,846,671	97,862,496
Effect of performance shares	255,376	425,347
Weighted average number of ordinary shares adjusted for the effect of dilution	108,102,047	98,287,843
Earnings per share, basic, SEK	0.56	0.87
Earnings per share, after dilution, SEK	0.56	0.86

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

## Note 22. Borrowings from credit institutions

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

Group	31 Dec 2022	31 Dec 2021
TSEK		
<b>Non-current</b>		
Borrowing from credit institutions	2,483,260	1,209,642
<b>Total non-current borrowings</b>	<b>2,483,260</b>	<b>1,209,642</b>

Maturity	Type of borrowing	Interest rate*	Currency	Nominal value in currency	Carrying amount
<b>Non-current borrowings from credit institutions in 2022</b>					
Nordea Facility B1	Loan	1.10% + STIBOR	SEK	425,000	425,000
Nordea Facility B2	Loan	1.10% + CIBOR	DKK	302,660	452,930
Nordea	Revolving loan	1.10% + STIBOR	SEK	225,000	225,000
Nordea	Revolving loan	1.10% + CIBOR	DKK	106,961	160,066
Nordea	Facility loan	1.60% + EURIBOR	EUR	110,000	1,224,113
Other	Loan	N/A	EUR	303	3,367
Amortised loan costs					-7,217
<b>Non-current borrowings from credit institutions, total 2022</b>					<b>2,483,260</b>

Maturity	Type of borrowing	Interest rate	Currency	Nominal value in currency	Carrying amount
<b>Non-current borrowings from credit institutions in 2021</b>					
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
<b>Non-current borrowings from credit institutions, total 2021</b>					<b>1,209,642</b>

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 2022	31 Dec 2022
	Carrying amount	Fair value
Borrowing	2,483,260	2,483,260
<b>Borrowings, total</b>	<b>2,483,260</b>	<b>2,483,260</b>

TSEK	31 Dec 2021	31 Dec 2021
	Carrying amount	Fair value
Borrowing	1,209,642	1,209,642
<b>Borrowings, total</b>	<b>1,209,642</b>	<b>1,209,642</b>

## 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 as well as adjusted EBITDA is proforma consolidating adjusted EBITDA from acquired businesses

prior to the acquisition in order to calculate a proper twelve-month number.

Adjusted EBITDA is calculated in accordance with the definition in the senior facility agreement. The net leverage ratio threshold on 31 December 2022 was 3.57:1 (0.92:1). 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 23. Deferred income tax

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

Group	2022	2021
TSEK		
<b>Deferred tax assets:</b>		
Temporary differences:		
Current assets and liabilities	67,915	64,861
Capitalized tax losses	32,168	-
Provisions	26,111	1,256
Other	1,599	-
<b>Total deferred tax assets</b>	<b>127,793</b>	<b>66,117</b>
Netting against deferred tax liabilities	-5,290	-66,117
<b>Total deferred tax assets (net)</b>	<b>122,503</b>	<b>-</b>
Group		
TSEK		
<b>Deferred tax liabilities:</b>		
Temporary differences:		
Non-current assets	418,364	228,465
Other	-	2,054
<b>Total deferred tax liabilities</b>	<b>418,364</b>	<b>230,519</b>
Netting against deferred tax assets	-5,290	-66,117
<b>Total deferred tax liabilities (net)</b>	<b>413,074</b>	<b>164,402</b>

<b>Group</b>		
TSEK	2022	2021
<b>Deferred tax assets:</b>		
Deferred tax asset to be recovered after more than 12 months	54,588	1,255
Deferred tax asset to be recovered within 12 months	67,915	64,861
<b>Total deferred tax assets</b>	<b>122,503</b>	<b>66,116</b>

<b>Group</b>		
TSEK	2022	2021
<b>Deferred tax liabilities:</b>		
Deferred tax liability to be recovered after more than 12 months	372,933	203,600
Deferred tax liability to be recovered within 12 months	40,141	26,919
<b>Total deferred tax liabilities</b>	<b>413,074</b>	<b>230,519</b>

<b>Group</b>							
TSEK							
<b>Deferred tax assets</b>							
At January 1, 2022	-	64,861	-	1,256	-	-	66,117
Charged/credited to the income statement	-	-2,105	29,219	254	1,599	-	28,967
Additions from acquisitions	-	-	2,896	18,759	-	-	21,655
Exchange differences	-	5,159	53	552	-	-	5,764
<b>At December 31, 2022</b>	<b>-</b>	<b>67,915</b>	<b>32,168</b>	<b>20,821</b>	<b>1,599</b>	<b>-</b>	<b>122,503</b>
<b>Deferred tax liabilities</b>							
At January 1, 2022	228,465	-	-	-	2,054	-	230,519
Charged/credited to the income statement	-31,363	-	-	-	-2,008	-	-33,371
Additions from acquisitions	201,376	-	-	-	-464	-	200,912
Exchange differences	14,596	-	-	-	418	-	15,014
<b>At December 31, 2022</b>	<b>413,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>413,074</b>

<b>Group</b>							
TSEK							
<b>Deferred tax assets</b>							
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
<b>At December 31, 2021</b>	<b>-</b>	<b>64,861</b>		<b>1,256</b>	<b>-</b>		<b>66,117</b>
<b>Deferred tax liabilities</b>							
At January 1, 2021	208,522	725			1,871		211,118
Charged/credited to the income statement	-19,541	-725			183		-20,083
Addition from acquisitions	37,765	-			-		37,765
Set-off against deferred tax assets	-	-			-		-
Exchange differences	1,719	-			-		1,719
<b>At December 31, 2021</b>	<b>228,465</b>	<b>-</b>			<b>2,054</b>		<b>230,519</b>

## Note 24. Retirement benefit obligations

The Group has both defined benefit and defined contribution plans. The defined benefit plans in Sweden are however accounted for as defined contribution plans as there is not enough information available for the defined benefit plan. More details on the defined benefit plans in Sweden with Alecta is available below. The following expenses for the Group's pensions plans have been recognised in the income statement:

Group	2022	2021
TSEK		
<b>Income statement charge:</b>		
Expenses for defined contribution plans	34,645	26,853
<b>Total retirement benefit obligation in the income statement</b>	<b>34,645</b>	<b>26,853</b>

### 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 2022, 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, is therefore, reported as a defined contribution plan. The

year's fees for pension insurance policies, established with Alecta, amount to TSEK 7,800 (7,741). The surplus from Alecta can be distributed to the policy holders and/or the insured individuals. At the end of 2022, the Group is not aware of any surplus or deficit at the collective consolidation level of Alecta. 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](http://www.alecta.se)) the collective consolidation ratio of Alecta is 172% by end December 2022 (172%). The Group is expecting the costs for the Alecta pension plans to total TSEK 8,000 in 2023.

### Defined benefit plans

The Group has with the acquisition of the businesses in South also acquired defined benefit plans France and Spain. The costs recognised in the income statement related to those plans totals for the consolidated month of December TSEK 349 and the actuarial gains TSEK 159. The net liability of the plans is per note 25 below TSEK 46,180 end of December 2022 (plan obligations totals TSEK 63,881 and plan assets TSEK 17,701). The Group is expecting the costs of the plans in France and Spain to total TSEK 5,000 in 2023. The plans are not traditional pension benefit schemes but only cover a one-time benefit paid upon retirement or in some cases termination of employment. This means that the demographic risks of the schemes are limited. Actuarial reports have been issued for all schemes and the results of these are reflected in the Comprehensive Income Statement and Balance sheet accordingly.

## Note 25. Provisions

Group	Asset Retirement obligation	Pension	Total
TSEK			
<b>At January 1, 2022</b>	<b>5,754</b>	-	<b>5,754</b>
Addition from acquisitions	5,781	44,879	50,660
Charged to the income statement	2,196	667	2,863
Charged to other comprehensive income	-	-159	-159
Currency difference	701	793	1,494
<b>At December 31, 2022</b>	<b>14,432</b>	<b>46,180</b>	<b>60,612</b>
<b>Of this non-current provisions</b>	<b>14,432</b>	<b>46,180</b>	<b>60,612</b>

Group	Asset Retirement obligation	Pension	Total
TSEK			
<b>At January 1, 2021</b>	<b>5,454</b>	-	<b>5,454</b>
Charged to the income statement:			
Adjustment to present value	194	-	194
Currency difference	106	-	106
<b>At December 31, 2021</b>	<b>5,754</b>	-	<b>5,754</b>
<b>Of this non-current provisions</b>	<b>5,754</b>	-	<b>5,754</b>

The Group is required to restore the leased premises in Denmark, France and Spain 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 26. Other current liabilities

Group	2022	2021
TSEK		
Value-added tax liability	75,342	51,322
Contingent considerations	29,902	35,748
Other	23,138	7,206
<b>Total other current liabilities</b>	<b>128,382</b>	<b>94,276</b>

## Note 27. Accrued expenses

Group	2022	2021
TSEK		
Accrued author royalty	108,020	61,768
Accrued wages and salaries	176,471	49,131
Other accrued expenses	214,219	61,505
<b>Total accrued expenses</b>	<b>498,710</b>	<b>172,404</b>

The significant increase in accrued expenses results from the addition of the new businesses in Spain and France in November

2022. The level of accrued expenses in the segments Denmark and Sweden/Norway is on a consistent level compared to 2021.

## Note 28. Prepaid income

Group	2022	2021
TSEK		
Prepaid income for subscriptions in Denmark	314,361	273,480
Prepaid income for subscriptions in Sweden	214,233	246,377
Prepaid income for subscriptions in Norway	54,315	-
Prepaid income for subscriptions in France	185,912	-
Prepaid income for subscriptions in Spain	259,158	-
<b>Total prepaid income</b>	<b>1,027,980</b>	<b>519,857</b>

## Note 29. Reconciliation of liabilities arising from financing activities

TSEK	2021	Non-cash changes							2022
		Cash flows	Amortised loan cost	Foreign exchange movement	Capitalized loan cost	Net additions - disposals	Other reclassifications	Addition from acquisition	
Long-term borrowings	1,209,642	1,192,726	-3,509	71,833	9,201	-	-	3,367	2,483,260
Leasing and other long-term liabilities	99,393	-19,952	-	1,826	-	22,873	-8	162,832	266,964
<b>Total liabilities from financing activities</b>	<b>1,309,035</b>	<b>1,172,774</b>	<b>-3,509</b>	<b>73,659</b>	<b>9,201</b>	<b>22,873</b>	<b>-8</b>	<b>166,199</b>	<b>2,750,224</b>

TSEK	2020	Non-cash changes							2021
		Cash flows	Amortised loan cost	Foreign exchange movement	Capitalized loan cost	Net additions - disposals	Other reclassifications	Addition from acquisition	
Long-term borrowings	1,196,087	-	2,865	10,691	-	-	-	-	1,209,642
Leasing and other long-term liabilities	99,382	-16,161	-	1,686	-	17,142	-2,656	-	99,393
<b>Total liabilities from financing activities</b>	<b>1,295,468</b>	<b>-16,161</b>	<b>2,865</b>	<b>12,377</b>	<b>-</b>	<b>17,142</b>	<b>-2,656</b>	<b>-</b>	<b>1,309,035</b>

## Note 30. 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 31. Leasing

### Group

TSEK	2022	2021
No later than 1 year	52,522	12,477
Later than 1 year and no later than 5 years	159,061	59,678
Later than 5 years	55,381	27,237
<b>Total</b>	<b>266,964</b>	<b>99,393</b>

### Group

TSEK	2022	2021
<b>Lease assets at January 1</b>	<b>96,018</b>	<b>95,545</b>
Reassessment	-8	-1,573
Currency exchange differences	2,042	1,652
Additions for the year	23,040	5,343
Addition from aquisition	137,669	11,670
Disposals for the year	0	-678
Depreciation for the year	-22,041	-15,941
<b>Lease assets at December 31</b>	<b>236,720</b>	<b>96,018</b>
<b>Lease liabilities at January 1</b>	<b>99,393</b>	<b>99,382</b>
Reassessment	-8	-2,656
Currency exchange differences	1,826	1,686
Additions for the year	22,873	5,340
Addition from aquisition	162,832	11,935
Disposals for the year	0	-132
Interest accrued	1,534	1,196
Interest paid	-1,534	-1,196
Payments	-19,952	-16,161
<b>Lease liabilities at December 31</b>	<b>266,964</b>	<b>99,393</b>

## Note 32. Business combinations

### Region South

On 30 November 2022, Karnov Group completed the acquisition of carved out legal information-based businesses of both Thomson Reuters in Spain and Wolters Kluwer in Spain, France and Portugal (together "Region South") and assumed 100% ownership of the local entities; Editorial Aranzadi, La Ley Soluciones Legales, La Ley eLearning, Jusnet and Lamy Liaisons (see note 14 for more details). Revenue, income as well as assets and liabilities belonging to the acquired entities are fully consolidated from 30 November 2022 in the Group's financial statements. Consolidated revenue and operating profit totals TSEK 114,195 and TSEK 881. If the acquired entities had been consolidated for the full year the revenue and operating profit for the Group would have been TSEK 2,281,907 and TSEK 123,223.

### Financing

The cash to acquire was SEK 1,770 m. Cash in the acquired businesses totaled SEK 135 m resulting in a net cash flow of -1,635 m. This was partly financed by loans of SEK 1,193 m and cash on hand of SEK 442 m. Total cost to acquire was TSEK 86,147.

Purchase price, TSEK	30 Nov 2022
Cash on closing date	1,769,567
Cash acquired	-134,905
<b>Total purchase price</b>	<b>1,634,662</b>
<b>Reported amounts, TSEK</b>	
Intangible assets: Customer relations	225,088
Intangible assets: Technology	314,235
Intangible assets: Content	661,611
Tangible assets	177,606
Inventories	6,619
Trade receivables and other receivables	370,766
Loans and borrowings	-3,306
Trade payables and other liabilities	-364,030
Accrued expenses and prepaid income	-782,614
Deferred tax	-178,664
<b>Total identified assets</b>	<b>427,311</b>
Goodwill	1,207,351
<b>Total</b>	<b>1,634,662</b>

### Ante ApS

On 8 August 2022, Karnov Group entered into an agreement to acquire additional 4.14 percent of the shares in the company Ante ApS gaining a 55.14% ownership. The acquisition of the 4.14% of the shares was paid by Karnov Group with cash DKK 0,31m (SEK 0,44 m).

### Nørskov Miljø Aps

On 3 January 2023, Karnov Group acquired Nørskov Miljø Aps for a cash consideration of SEK 8.7 m. Purchase price allocation is currently being prepared.

## Note 33. 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 afore mentioned persons have control or significant influence.

Karnov did not enter any significant transactions with related parties in 2022 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 (publ). Please refer to Note 7.

## Note 34. Events after the balance sheet date

Karnov Group acquired Nørskov Miljø ApS, a leading Danish EHS provider of a SaaS platform and consultancy for EHS legal and chemical compliance. The company was consolidated in the Group financials on 3 January 2023.

# 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, 2023. Karnov Group intends to improve the leverage below the financial target of 3.0x EBITDA LTM and invest further in the newly acquired businesses in Region South to harvest synergies. The Board of Directors proposes no dividend for the AGM on 10 May 2023.

## At the disposal of the Annual General Meeting:

SEK	2022
Share premium	2,654,032,974
Retained earnings	-200,730,698
Net result	23,084,954
<b>Total carried forward</b>	<b>2,476,387,230</b>

The Board proposes that the profits be appropriated as follows:

Proposed dividend	-
<b>Amount carried forward</b>	<b>2,476,387,230</b>

## The Board of Directors' declaration

The Board of Directors and the CEO certify that these consolidated financial statements and Annual report together with the Corporate Governance report on page 20-31 and the Sustainability report on page 33-49 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 2022.

Stockholm, March 31, 2023

**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, 2023

PricewaterhouseCoopers AB

**Martin Johansson**  
Authorized Public Accountant  
Auditor in charge

**Patrik Larsson**  
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 2022. The annual accounts and consolidated accounts of the company are included on pages 51-98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 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 2022 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 subjective 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.

### 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. 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.

### 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 matters

## How our audit addressed the Key audit matter

### Impairment testing of goodwill and intangible assets

*With reference to note 10*

As of 31 December 2022, goodwill and other intangible assets amounted to MSEK 5,641. According to IFRS, an annual impairment test is to be performed. This impairment test is based on judgements and assumptions which are complex and involve a high degree of significant assessments on behalf of management. Note 10 describes the manner in which management has undertaken their assessment. It is also seen that no impairment requirement has been identified based on the applied assumptions.

Impairment testing takes place for the separate segments as cash generating units.

In our audit, we have taken a position as regards the management's assumptions and assessments. This has taken place, for example, through an analysis of the degree to which previous years' assumptions have been achieved and has also considered possible adjustments of the assumptions from previous years due to the development of the operations and external factors. We have challenged management in regard to judgements concerning future cash flow and WACC. We have executed our own sensitivity analyses to test the safety margins. We have tested the impact of changes in significant assumptions such as growth rate and WACC on safety margins and, based on these, we have assessed the risk of an impairment requirement arising.

We have also assessed the correctness of the disclosures included in the financial statements.

### Recognition of acquisitions

*With reference to note 32*

In the financial year 2022, Karnov made a number of acquisitions. Information on these acquisitions is presented in Note 32.

The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles.

Our audit of the acquisitions was partially based on assessing the acquisition agreements as well as supporting documents for opening balances in the acquired companies. We have also evaluated the implemented adjustments for adaptation to the group's accounting principles.

Our audit has also included an assessment of significant estimates and judgements made in connection with the allocation of fair value in the acquisition analyses. We have also assessed the correctness of the disclosures of acquisitions included in the financial statements and assessed supporting documentation for the accounting of the acquisitions.

## 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 1-19 and 103-109. Other information also consists of the remuneration report 2022 which we obtained before the date of this auditor's 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](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## Report on other legal and regulatory requirements

### The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Karnov Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors 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 Directors 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. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

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

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## The auditor's examination of the ESEF report

#### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Karnov Group AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Karnov Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 ESEF report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Relaed Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation

of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the ESEF report has been marked with iXBRL in accordance with what follows from the ESEF regulation.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, with Martin Johansson as auditor in charge, was appointed auditor of Karnov Group AB (publ) by the general meeting of the shareholders on the 10 May 2022 and has been the company's auditor since 2015.

Stockholm, 31 March 2023

PricewaterhouseCoopers AB

**Martin Johansson**

Authorized Public Accountant

Auditor in charge

**Patrik Larsson**

Authorized Public Accountant

# Quarterly overview

	Q4	Q3	Q2	Q1
TSEK	2022	2022	2022	2022
<b>Income statement</b>				
Net sales	368,291	263,157	227,111	254,940
EBITDA	46,942	100,380	66,909	98,428
EBITDA margin, %	12.7%	38.1%	29.5%	38.6%
EBITA	29,297	85,357	54,364	85,448
EBITA margin, %	8.0%	32.4%	23.9%	33.5%
Adjusted EBITA	92,601	93,000	74,101	104,072
Adjusted EBITA margin, %	25.1%	35.3%	32.6%	40.8%
EBIT	-21,470	43,243	12,835	44,234
EBIT, margin %	-5.8%	16.4%	5.7%	17.4%
Net financial items	-17,440	15,203	-6,934	-7,948
Net result	-12,901	49,582	-966	24,174
<b>Balance sheet</b>				
Non-current assets	6,137,529	3,424,060	3,416,469	3,346,826
Current assets	1,314,199	1,094,549	1,092,044	1,134,755
Cash and cash equivalents	671,199	976,450	981,070	1,029,442
Equity	2,326,383	2,307,611	2,228,764	2,186,332
Non-current liabilities	3,259,592	1,581,191	1,573,612	1,539,960
Current liabilities	1,865,753	629,808	706,137	755,289
Total assets	7,451,727	4,518,609	4,508,512	4,481,581
<b>Cash flow</b>				
Cash flow from operating activities	169,822	11,548	-24,030	119,275
Cash flow from Investing activities	-1,662,838	-24,235	-26,701	-26,601
Cash flow from financing activities	1,185,294	-5,915	-23,163	-3,971
Cash flow for the period	-307,722	-18,602	-73,894	88,703
Adjusted cash flow from operating activities	260,610	25,563	-19,983	156,925
<b>Key ratios</b>				
Net working capital	-551,554	464,742	385,906	379,466
Return on total capital, %	-0.3%	1.0%	0.3%	1.0%
Equity / asset ratio, %	31.2%	51.1%	49.4%	48.8%
Cash conversion, %	236.4%	23.7%	-22.2%	134.1%
Net debt	2,079,024	375,975	360,582	295,045
Weighted average number of ordinary shares	107,846,671	107,846,671	107,733,357	107,676,700
Earnings per share, basic, SEK	-0.12	0.46	-0.01	0.23
Earnings per share, after dilution, SEK	-0.12	0.46	-0.01	0.22

# 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	2022	2021
Organic business	958,790	823,734
Acquired business	128,674	66,387
Currency	26,034	-12,049
<b>Total net sales</b>	<b>1,113,498</b>	<b>878,072</b>

## Total net sales split, %

TSEK	2022	2021
Organic growth, %	9.2%	6.7%
Acquired growth, %	14.6%	8.7%
Currency effect, %	3.0%	-1.6%
<b>Total growth, %</b>	<b>26.8%</b>	<b>13.8%</b>

## Group

TSEK	2022	2021
Net sales	1,113,498	878,072
EBITDA	312,658	324,908
EBITDA margin, %	28.1%	37.0%
Items affecting comparability	-109,309	-49,363
Adjusted EBITDA	421,967	374,271
Adjusted EBITDA margin, %	37.9%	42.6%
Depreciations and amortisations	-58,201	-47,345
EBITA	254,457	277,563
EBITA margin, %	22.9%	31.6%
Adjusted EBITA	363,766	326,926
Adjusted EBITA margin, %	32.7%	37.2%
Amortisation (acquisitions)	-175,616	-161,259
EBIT	78,842	116,305
EBIT margin, %	7.1%	13.2%

## Items affecting comparability

TSEK	2022	2021
Acquisition costs	-109,309	-49,363
<b>Total</b>	<b>-109,309</b>	<b>-49,363</b>

**Denmark**

TSEK	2022	2021
Net sales	467,315	422,802
EBITDA	178,712	184,210
EBITDA margin, %	38%	44%
Items affecting comparability	-	-
Adjusted EBITDA	178,712	184,210
Adjusted EBITDA margin, %	38.2%	43.6%
Depreciations and amortisations	-15,861	-12,281
EBITA	162,851	171,929
EBITA margin, %	34.8%	40.7%
Adjusted EBITA	162,851	171,929
Adjusted EBITA margin, %	34.8%	40.7%
Amortisation (acquisitions)	-80,084	-62,797
EBIT	82,767	109,132
EBIT margin, %	17.7%	25.8%

**Sweden/Norway**

TSEK	2022	2021
Net sales	531,989	455,270
EBITDA	216,129	140,699
EBITDA margin, %	40.6%	30.9%
Items affecting comparability	-13,336	-49,363
Adjusted EBITDA	229,465	190,062
Adjusted EBITDA margin, %	43.1%	41.7%
Depreciations and amortisations	-38,678	-35,064
EBITA	177,451	105,635
EBITA margin, %	33.4%	23.2%
Adjusted EBITA	190,787	154,998
Adjusted EBITA margin, %	35.9%	34.0%
Amortisation (acquisitions)	-86,283	-98,462
EBIT	91,168	7,173
EBIT margin, %	17.1%	1.6%

**Items affecting comparability**

TSEK	2022	2021
Acquisition and post-closing integration cost	-13,336	-49,363
<b>Total</b>	<b>-13,336</b>	<b>-49,363</b>

**Region South**

TSEK	2022	2021
Net sales	114,195	-
EBITDA	-82,182	-
EBITDA margin, %	-72.0%	-
Items affecting comparability	-95,973	-
Adjusted EBITDA	13,791	-
Adjusted EBITDA margin, %	12.1%	-
Depreciations and amortisations	-3,662	-
EBITA	-85,844	-
EBITA margin, %	-75.2%	-
Adjusted EBITA	10,129	-
Adjusted EBITA margin, %	8.9%	-
Amortisation (acquisitions)	-9,248	-
EBIT	-95,092	-
EBIT margin, %	-83.3%	-

**Items affecting comparability**

TSEK	2022	2021
Acquisition and post-closing integration cost	-95,973	-
<b>Total</b>	<b>-95,973</b>	<b>-</b>

**Return on total capital**

TSEK	31 Dec 2022	31 Dec 2021
EBIT	78,842	116,305
Total assets	7,451,727	4,521,983
<b>Return on capital, %</b>	<b>1.1%</b>	<b>2.6%</b>

**Net working capital**

TSEK	31 Dec 2022	31 Dec 2021
Current assets	1,314,199	1,185,101
Current liabilities	1,865,753	837,600
<b>Net working capital</b>	<b>-551,554</b>	<b>347,501</b>

**Cash conversion**

TSEK	31 Dec 2022	31 Dec 2021
Adjusted EBITDA	421,967	374,271
Adjusted cash flow from operating activities	423,114	344,445
<b>Cash conversion, %</b>	<b>100.3%</b>	<b>92.0%</b>

## Operating cash flow

TSEK	31 Dec 2022	31 Dec 2021
Operating profit	78,842	116,305
Total adjustments and changes	197,108	197,856
<b>Operating cash flow</b>	<b>275,950</b>	<b>314,161</b>

## Net debt

TSEK	31 Dec 2022	31 Dec 2021
Non-current borrowing from credit institutions	2,483,260	1,209,642
Leasing liabilities, non-current	214,442	86,916
Leasing liabilities, current	52,522	12,477
Cash and cash equivalents	671,199	951,471
<b>Net debt</b>	<b>2,079,024</b>	<b>357,564</b>

## Leverage ratio

TSEK	31 Dec 2022	31 Dec 2021
Adjusted EBITDA (proforma*)	582,017	374,271
Net debt	2,079,024	357,564
<b>Leverage ratio</b>	<b>3.6</b>	<b>1.0</b>

\*Proforma adjusted EBITDA of 582,017 is a combination of consolidated and proforma from Region South (Jan - Nov).

## Equity/asset ratio

TSEK	31 Dec 2022	31 Dec 2021
Equity	2,326,383	2,154,055
Total assets	7,451,727	4,521,983
<b>Equity/asset ratio, %</b>	<b>31.2%</b>	<b>47.6%</b>

# 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
<b>Acquired growth</b>	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.
<b>Adjusted EBITA</b>	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.
<b>Adjusted EBITA margin</b>	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.
<b>Adjusted EBITDA</b>	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.
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of net sales.	The measure shows operational profitability over time, excluding items affecting comparability, financing, depreciation and amortisation.
<b>Adjusted cash flow from operating activities</b>	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.
<b>Average number of full-time equivalent (FTE)</b>	Average number of full-time employees during the reporting period.	Unit that indicates the workload of an employed person. Non-financial key ratio.
<b>Cash conversion (%)</b>	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.
<b>Earnings per share</b>	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.
<b>EBITA</b>	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.
<b>EBITA margin</b>	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.
<b>EBITDA</b>	Earnings before depreciation and amortisation, financial items, and taxes.	The measure shows the operating profitability before depreciation and amortisation.
<b>EBITDA margin</b>	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.
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.