

**The Board of Directors' proposal for resolution of the establishment of a long-term incentive program (LTIP 2023) including (A) establishment of LTIP 2023, (B) authorisation for the Board of Directors to resolve on directed issue of shares of series C, (C) authorisation for the Board of Directors to resolve on acquisition of own shares of series C, and (D) transfer of own ordinary shares (item 12)**

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The Board of Directors of Karnov Group AB (publ), org. nr. 559016-9016, (the “**Company**”) proposes that the annual general meeting resolves to establish a long-term incentive program (“**LTIP 2023**”) directed to certain senior executives of the group, which follows similar principles as previous long-term incentive program from 2019 and 2020, in accordance with item A below. The Board of Directors' ambition is to annually launch new LTIP programs onwards. Resolution under item A shall be conditional upon the annual general meeting resolves on hedging measures relating to LTIP 2023 in accordance with the proposal under item B-D below.

**LTIP 2023 in brief**

The Board of Directors' proposal involves:

- the establishment of LTIP 2023 under which certain senior executives may be granted a total of 403,795 ordinary shares in the Company subject to the satisfaction of certain vesting requirements: and
- for the purpose of ensuring delivery of shares and hedging social security costs under LTIP 2023:
  - an authorisation for the Board of Directors to issue not more than 194,929 shares of series C to a third party designated by the Company and to acquire such own shares of series C; and
  - transfer of a total of 403,795 own ordinary shares (including issued and repurchased by the Company under previous long-term incentive programmes).

The purpose of LTIP 2023 is to encourage a broad ownership amongst the group's senior executives, facilitate recruitment, maintain competent employees, increase the alignment of interest between the senior executives and the Company's shareholders and increase motivation to reach or exceed the Company's financial targets.

**A. Establishment of LTIP 2023**

The Board of Directors proposes that LTIP 2023 is established in accordance with the following principal terms and conditions.

1. LTIP 2023 is directed to twenty three (23) full-time senior executives of the group which are forming senior management after the closing of the acquisition of the businesses in France, Spain and Portugal on November 30, 2022, collectively referred to as the “**Participants**”. Category 1 (the CEO Karnov Group), Category 2 (the CEO Region South), Category 3 (Executive management executives and some Senior management executives, in total thirteen (13) individuals) and Category 4 (Senior management executives and Key position holders, in total eight (8) individuals).
2. Participation in LTIP 2023 requires the Participants to acquire ordinary shares in the Company or allocate already acquired shares to the program (“**Savings Shares**”). The

maximum investment permitted in Savings Shares depends on the category of the Participant in accordance with the table below, but the total maximum number of permitted Savings Shares shall not exceed 109,441. Acquisitions of Savings Shares must be made no later than on 1 June 2023. If applicable insider rules and regulations prohibit a Participant from purchasing shares in the Company during the period up until 1 June 2023, the Board of Directors has the right to postpone the last day of investment for such Participant.

Category	Number of Participants	Permitted Savings shares	Total number of permitted Savings shares
1	1	37,736	37,736
2	1	7,547	7,547
3	13	3,774	49,062
4	8	1,887	15,096
Total	23		109,441

- Each Savings Share entitles the Participants, subject to the limitations set out in item 4 as well as the satisfaction of the requirements set out in item 6-7, the right to receive up to five shares in the Company free of charge (“**Performance Shares**”) depending on category and satisfaction of the performance requirements specified in the table below.

Category	Performance share for the satisfaction of Requirement 1	Performance share for the satisfaction of Requirement 2	Performance share for the satisfaction of Requirement 3	Performance share for the satisfaction of Requirement 4
1	Up to 1.5	Up to 1.5	Up to 1.5	Up to 0.5
2	Up to 0.9	Up to 0.9	Up to 0.9	Up to 0.3
3	Up to 0.9	Up to 0.9	Up to 0.9	Up to 0.3
4	Up to 0.9	Up to 0.9	Up to 0.9	Up to 0.3

Maximum number of shares per Savings Share that entitle the Participant to allotment of Performance Shares pursuant to the terms and conditions of LTIP 2023. Requirements 1-4 are defined in item 8 below. Allotment of Performance Shares is, however, conditional upon the TSR (as defined in item 7 below) being positive during the Vesting Period.

- In aggregate, a maximum of 403,795 Performance Shares may be allotted to the Participants.
- The period commencing on 1 June 2023 (or the later date determined by the Board of Directors in accordance with item 2 above) and expiring three years after such date is below referred to as the “**Vesting Period**”. Performance Shares are expected to be allotted to the Participants within 30 days from the expiry of the Vesting Period, or as soon as practicable thereafter in order to comply with rules and regulations applicable on delivery of Performance Shares.

6. The right to receive Performance Shares is conditional upon the Participant's employment not having been terminated and all Savings Shares being retained by the Participant during the entire Vesting Period. The Board of Directors has the right to waive these conditions for example, where a Participant's employment is terminated as a result of death, long-term illness, statutory retirement age or if the group has given notice of termination of the participant's employment without cause (including, for the avoidance of doubt, notice of termination due to redundancy/shortage of work (Sw. *arbetsbrist*)).
7. The right to receive any Performance Shares is conditional upon the TSR during the Vesting Period being positive. "TSR" means the sum of the price change of the Company's ordinary share on Nasdaq Stockholm, added with the value of any reinvested cash dividends per share, during the Vesting Period. Hence, no Performance Shares will be allotted should the TSR not be positive during the Vesting Period.
8. For the Participants, the right to receive Performance Shares is conditional upon the satisfaction of the performance requirements set out below.

**Requirement 1** is based on the Organic Growth during the financial years 2023-2025, and:

- (i) a CAGR below 3% means that no Performance Shares shall be allotted
- (ii) a CAGR above or equal to 3% but below or equal to 4% means that 0% to 25% of the Performance Shares shall be allotted in linear relation
- (iii) a CAGR above 4% but below or equal to 5% means that 25% to 70% of the Performance Shares shall be allotted in linear relation
- (iv) a CAGR above 5% but below or equal to 6% means that 70% to 85% of the Performance Shares shall be allotted in linear relation
- (v) a CAGR above 6% means that the maximum number of Performance Shares shall be allotted

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

**Requirement 2** is based on the Adjusted EBITDA in relations to Revenues, EBITDA margin, during the financial years 2023-2025, and:

- (i) an EBITDA margin below 25.4 % means that no Performance Shares shall be allotted

- (ii) an EBITDA margin above or equal to 25.4% but below or equal to 25.9% means that 0% to 25% of the Performance Shares shall be allotted in linear relation
- (iii) an EBITDA margin above 25.9% but below or equal to 26.4% means that 25% to 70% of the Performance Shares shall be allotted in linear relation
- (iv) an EBITDA margin above 26.4% but below or equal to 27.4% means that 70% to 85% of the Performance Shares shall be allotted in linear relation
- (v) an EBITDA margin above 27.4% means that the maximum number of Performance Shares shall be allotted

“Adjusted EBITDA” means earning before financial items and taxes, excluding depreciation and amortisation and adjusted for the impact of items affecting comparability and certain synergies, see requirement 3.

**Requirement 3**

is based on obtaining synergies by integrating the units acquired November 30, 2022, during the financial years 2023-2025, and:

- (i) a Synergy below 80 MSEK means that no Performance Shares shall be allotted
- (ii) a Synergy above or equal to 80 MSEK but below or equal to 90 MSEK means that 70% of the Performance Shares shall be allotted
- (iii) a Synergy above 90 MSEK but below or equal to 100 MSEK means that 85% of the Performance Shares shall be allotted
- (iv) a Synergy above 100 MSEK means that the maximum number of Performance Shares shall be allotted

“Synergy” means EBITDA improvement based on integration of operations within Spain and France.

**Requirement 4**

is based on certain ESG criterias, during the financial years 2023-2025, and:

- (i) if all ESG criterias are met (or exceeded) means that all Performance Shares shall be allotted
- (ii) if not all of the ESG criterias are met no Performance Shares shall be allotted

“ESG criterias” means targets for Environmental, Social and Governance parameters within the Karnov Group decided by the Board of Directors and in line with the targets in the group’s annual

and sustainability reporting. Information about the outcome of Requirement 4 will be provided no later than in the annual report for the financial year 2025.

9. The Board of Directors shall for each Participant determine the number of Performance Shares that may be allotted within the applicable ranges set forth in item 3 above.
10. The number of Performance Shares to be allotted (if any) may be recalculated by the Board of Directors in the event of share issues, share splits, reversed share splits or similar events.
11. If significant changes occur in the Company or in the market, or in the event the costs for LTIP 2023 significantly exceed the estimated costs, and this, in the opinion of the Board of Directors, results in a situation where the conditions for allotment of Performance Shares become unreasonable, the Board of Directors is entitled to make adjustments to LTIP 2023, including, among other things, to resolve on a reduced allotment of Performance Shares, or to not allot any Performance Shares at all.
12. Participation in LTIP 2023 requires that it is permitted and appropriate with regards to applicable laws and regulations in the jurisdiction in which the relevant Participant is resident and that the Board of Directors deems it feasible at reasonable administrative and financial costs.
13. In the event delivery of Performance Shares to a Participant cannot take place under applicable law or at reasonable cost or with reasonable administrative effort, the Board of Directors may pay a part of the entire allotment to such Participant in cash instead of shares. The Board of Directors may also retain allotted Performance Shares and settle a part of the allotment in cash in order to facilitate the payment of the Participants' tax liabilities.
14. The Board of Directors is responsible for the detailed design and implementation of LTIP 2023. Accordingly, the Board of Directors is to prepare and execute any necessary full-text documentation to the Participants and otherwise manage and administer LTIP 2023.

#### *Estimated costs for LTIP 2023*

The costs for LTIP 2023 will be calculated in accordance with IFRS 2 and distributed over the Vesting Period.

Assuming a share price of SEK 53 at the time of implementation of LTIP 2023, that each Participant invests in Savings Shares up to the maximum amount, that 50 per cent of the maximum number of Performance Shares are allotted and an annual share price increase of 10 per cent during the Vesting Period, the total cost for LTIP 2023, including social security costs (at an average rate of 10 per cent), is estimated to approximately SEK 12.1 million.

Assuming a share price of SEK 53 at the time of implementation of LTIP 2023, that each Participant invests in Savings Shares up to the maximum amount, that the maximum number of Performance Shares are allotted and an annual share price increase of 10 per cent during the Vesting Period, the total cost for LTIP 2023, including social security costs (at an average rate of 10 per cent), is estimated to approximately SEK 24.2 million.

### *Effects on key ratios*

The costs for LTIP 2023 are expected to have a marginal effect on the group's key ratios.

### *Dilution effect*

In order to secure delivery of shares under LTIP 2023 and to secure and cover social security charges, the Company will issue and acquire 194,929 own shares of series C, corresponding to approximately 0.018 per cent of the total number of shares and votes in the Company (as per the date of notice of the AGM, the number of shares in the Company amounts to 108,102,047 shares).

### *Information outstanding related incentive programs*

For a description of the Company's other long-term incentive programs, see the Company's Annual Report 2022, note 7 and the Company's website, [www.karnovgroup.com](http://www.karnovgroup.com). Other than programs described therein, the Company do not have any share related programs.

### *Preparation of the Board of Directors' proposal*

The proposal has been prepared by the remuneration committee in consultation with external advisers and by the Board of Directors.

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

The Board of Directors proposes, for the purposes of (a) securing delivery of shares to the Participants of LTIP 2023, and (b) securing and covering costs that can be triggered by the LTIP 2023 (e.g., social security charges and tax), that the Board of Directors is authorised to resolve on a directed issue of shares of series C in accordance with the following.

1. A maximum of 194,929 shares of series C shall be issued.
2. The right to subscribe for the new shares of series C shall, with deviation from the shareholders' preferential rights, rest with Nordea Bank Abp, Swedish branch.
3. The subscription price shall correspond to the quotient value of the shares at the time of the subscription of the shares.
4. Payment for subscribed shares of series C shall be made in cash at subscription.
5. A conversion provision and a redemption provision shall apply to the new shares of series C.
6. The authorisation may be exercised until the next AGM.

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

The Board of Directors proposes, for the purposes of (a) securing delivery of shares to the Participants of LTIP 2023 and (b) securing and covering costs that can be triggered by the LTIP 2023 (e.g. social security charges and tax), that the Board of Directors is authorised to resolve on acquisitions of own shares of series C in accordance with the following.

1. A maximum of 194,929 shares of series C in the Company may be acquired, however only to such extent that, following each acquisition, the Company holds a maximum of 10 per cent of all shares by the Company.
2. Acquisition shall be made through an offer directed to all holders of shares of series C.
3. The purchase price shall be an amount that corresponds to the quotient value of the shares (applicable at the time of the subscription of the shares).
4. Payment for acquired shares of series C shall be made in cash.

#### **D. Transfer of own ordinary shares**

Shares of series C have been issued and repurchased by the Company under previous long-term incentive programmes from 2019 and 2020 for the purpose of securing the Company's obligations under such programmes. Full allocation of performance shares will not take place under these programmes and, accordingly, all repurchased shares of series C will not be required to secure the obligations under such programmes. The Board of Directors proposes that 208,866 shares of series C, which are no longer required to secure the Company's obligations under previous incentive programmes, together with the shares of series C issued and acquired in accordance with items B. and C. above, following conversion to ordinary shares may, for the purpose of securing delivery of shares under LTIP 2023, be transferred to the Participants of LTIP 2023 in accordance with the following.

1. Transfers may be made with a maximum of 403,795 ordinary shares.
2. The right to receive ordinary shares shall, with deviation from the shareholders' preferential rights, be granted to the Participants, with right for each of the Participant to receive no more than the maximum number of ordinary shares allowed under the terms and conditions of LTIP 2023. Furthermore, subsidiaries within the group shall have the right to receive ordinary shares, free of consideration, and such subsidiaries shall be obliged to immediately transfer, free of consideration, such ordinary shares to the Participants in accordance with the terms and conditions of LTIP 2023.
3. The Participants' right to receive ordinary shares are conditional upon the fulfilment of all terms and conditions of LTIP 2023.
4. The ordinary shares shall be transferred within the time period set out in the terms and conditions of LTIP 2023.
5. The ordinary shares shall be transferred free of charge.
6. The number of ordinary shares that may be transferred to the Participants may be recalculated in the event of share issues, share splits, reverse share splits or similar events having an impact on the total number of shares in the Company in accordance with the terms and conditions of LTIP 2023.

#### **Majority vote requirements**

The Board of Directors' proposal for the establishment of a long-term incentive program as set out in item A-D above are to be resolved upon as one resolution, meaning the resolution is valid

only if supported by shareholders holding not less than nine tenths of both the votes cast and the shares represented at the meeting.

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

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Stockholm in March 2023  
**Karnov Group AB (publ)**  
*Board of Directors*