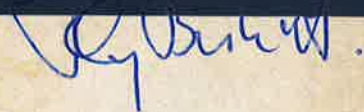




Annual Report 2018 Karnov Group Denmark A/S

The Annual General Meeting adopted the
annual report on 28 May 2019

Flemming Breinholt
Chairman of the General Meeting



Contents

Management's Review	3
Yearly overview	3
Financial statements	6
Statement of comprehensive income	6
Balance sheet	7
Statements of changes in equity	8
Cash flow statement	9
Notes	10
Management's Statement	27
Auditor's report	28
Financial definitions	30

Management's Review

COMPANY BUSINESS

The company operates an information and communication business through the main brands Karnov and UfR mainly serving the Danish market.

The success of the company is highly dependent on the strong brand names Karnov and UfR which have a long-standing and strong market position in the Danish market. The continuous development of the content ensures the quality which is a very important factor for keeping up strong and reliable customer relations with high retention rates year after year. The content is maintained and enhanced by +850 external authors and experts together with in-house highly educated specialist.

The content is available for customers on self-developed online platform, which also is a key factor for the Company's success. Karnov is constantly developing the platform to be able to support the customers work-flow.

DEVELOPMENT ACTIVITIES

The Company is a part of Karnov Group with headquarters in Stockholm, Sweden. The Group continuously conducts development activities to improve functionality and offerings. The development is made by external specialists together with internal specialist from Karnov Group Denmark A/S and other entities within the Karnov Group. There is a continuous focus on acquiring and developing the needed content on the online platform together with relevant tools for helping the users to get benefit of "better decisions faster".

KARNOV GROUP DENMARK A/S 2018

The financial result for the year is as expected. During the year the online content capture system Karnov Bridge was launched, which significantly speeds up the process of publishing the case law database ensuring the same high-quality level.

Net sales increased by 10 percent to DKK 295 m (267 mainly driven by upselling to existing customers and sales of new products to both existing and new customers.

Operating profit (EBIT) increased by 6 percent to DKK 86 m (81) and the EBIT margin was 29.0 (30.2) percent.

The EBIT result was positively impacted by upselling to existing customers and sales of new products to both existing and new customers, together with good overall cost control, partly offset by higher amortisations.

OUTLOOK FOR 2019

The company has a position in an attractive and growing segment of professional information services in Denmark. The 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. The company has a diverse and loyal customer base and subscription-based model providing resilient and visible revenues.

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.

Karnov Group was in April 2019 listed at Nasdaq stock exchange in Stockholm. The focus of the acquisition is to invest and support growth opportunities within Karnov Group.

The company's financial position is sufficient to drive the company's activities forward going.

INTANGIBLE RIGHTS

The company's success depends largely on the employees, who are engaged to perform high-quality work in order to offer customers highly technical informative solutions. To ensure the high quality the company develops technical programs and solutions that are customized and user friendly.

ENVIRONMENT

The Company has no own production, and the company's environmental conditions are not considered to pose a significant financial risk.

Yearly overview

TDKK	2018	2017	2016	2015	2014
Income statement					
Net sales	294.585	267.262	254.470	244.389	234.971
EBITDA	100.637	94.836	78.121	72.155	83.085
EBITDA margin, %	34,2%	35,5%	30,7%	29,5%	35,4%
EBIT	85.563	80.725	73.291	66.081	76.427
EBIT, margin %	29,0%	30,2%	28,8%	27,0%	32,5%
Net financial items	-23.652	-23.805	1.398	-2.544	-645
Profit for the period	46.806	34.733	58.565	48.675	57.385
Balance sheet					
Non-current assets	654.565	666.861	193.258	195.496	201.276
Current assets	95.151	58.311	204.395	145.247	121.737
Cash and cash equivalents	9.268	16.519	61.816	31.978	20.941
Equity	116.668	103.364	152.216	93.651	104.975
Non-current liabilities	411.376	419.568	3.808	3.436	3.009
Current liabilities	221.672	202.240	241.629	243.656	215.029
Total assets	749.716	725.172	397.653	340.743	323.013
Cash flow					
Cash flow from operating activities	84.734	63.414	76.896	74.464	-7.309
Cash flow from Investing activities	-2.127	-10.642	-	-229	-1.693
Cash flow from financing activities	-89.858	-98.069	-38.574	-63.198	-10.808
Cash flow for the period	-7.251	-45.297	38.322	11.037	-19.810
Key ratios					
Net working capital	-126.521	-143.929	-37.234	-98.409	-93.292
Return on total capital, %	11,4%	11,1%	18,4%	19,4%	23,7%
Equity ratio, %	15,6%	14,3%	38,3%	27,5%	32,5%
Net debt	381.515	384.955	-49.195	-9.390	-1.920

In 2017 Karnov Group Denmark A/S was merged with the parent company Karnov Group Holding Denmark A/S with Karnov Group Denmark A/S as the continuing company. Key figures have not been restated for 2014-2016.

Financial statements and notes

Yearly overview	4
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes	10
Appropriation of profit and signatures	27
Auditor's report	28

Statement of comprehensive income

TDKK	Note	2018	2017
Net sales	5	294.585	267.262
Total revenue		294.585	267.262
Goods for resale		-63.175	-69.609
Employee benefit expenses	7	-72.880	-66.042
Depreciation and amortisation	10, 12	-15.074	-14.111
Other operating expenses		-57.893	-36.775
Operating profit		85.563	80.725
Financial income	8	8.929	9.293
Financial expenses	8	-32.581	-33.098
Net financial items		-23.652	-23.805
Profit before income tax		61.911	56.920
Income tax expense	9	-15.105	-22.187
Profit for the period		46.806	34.733
Other comprehensive income for the period		-	-
Total comprehensive income for the period		46.806	34.733

Balance sheet

TDKK	Note	31 Dec 2018	31 Dec 2017
ASSETS:			
Non-current assets			
Goodwill	10	492.586	492.586
Other intangible assets	10	125.010	138.042
Property, plant and equipment (PPE)	12	2.882	4.355
Deposits	11	1.872	1.835
Non-current receivables from other group companies	13	32.215	30.043
Total non-current assets		654.565	666.861
Current assets			
Inventories	15	3.635	2.715
Trade receivables	14	20.488	18.577
Current receivables from other group companies	13	55.009	14.312
Other receivables		192	174
Prepaid expenses and accrued income		6.559	6.014
Cash and cash equivalents		9.268	16.519
Total current assets		95.151	58.311
TOTAL ASSETS		749.716	725.172
TDKK		31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES:			
Capital and reserves attributable to equity holders of the company			
Share capital		10.001	10.001
Retained earnings including net profit for the year		106.667	93.363
Total equity		116.668	103.364
Non-current liabilities			
Non-current payables to parent company	13	721	2.940
Non-current payables to other group companies	13	380.749	386.769
Deferred tax liability	17	29.906	29.859
Total non-current liabilities		411.376	419.568
Current liabilities			
Provisions	18	3.774	3.646
Financial lease liabilities	21	-	1.727
Prepaid income		116.645	107.546
Trade payables		3.504	4.269
Current borrowings from parent company	13	1.335	9.453
Current borrowings from group companies	13	7.978	2.312
Current tax liabilities	17	15.060	6.733
Other current liabilities		73.376	66.554
Total current liabilities		221.672	202.240
TOTAL EQUITY AND LIABILITIES		749.716	725.172

Statement of changes in equity

TDKK	Share capital	Retained earnings	Proposed dividend	Total equity
Balance at 1 January 2017	10.001	142.214	-	152.215
Profit for the period	-	34.733	-	34.733
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/loss	-	34.733	-	34.733
Transaction with shareholders in their capacity as owners	-	-	-	-
Dividends paid to shareholders	-	-106.000	-	-106.000
Proposed dividends	-	-	-	-
Additions relating to merger	-	22.416	-	22.416
Total transaction with shareholders	-	-83.584	-	-83.584
Closing balance at 31 Dec 2017	10.001	93.363	-	103.364

TDKK	Share capital	Retained earnings	Proposed dividend	Total equity
Balance at 1 January 2018	10.001	93.363	-	103.364
Profit for the year	-	46.806	-	46.806
Other comprehensive income for the period	-	-	-	-
Adjustment	-	-2	-	-2
Total comprehensive income/loss	-	46.804	-	46.804
Transaction with shareholders in their capacity as owners	-	-	-	-
Dividends paid to shareholders	-	-33.500	-	-33.500
Proposed dividends	-	-	-	-
Total transaction with shareholders	-	-33.500	-	-33.500
Closing balance at 31 Dec 2018	10.001	106.667	-	116.668

Cash flow statement

Management's Statement			
TDKK	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		85,463	80,725
Adjustments:			
Non-cash items			
Effect of changes in working capital:		15,074	14,111
Increase/decrease in inventories		-921	-80
Increase/decrease in receivables		-230	-13,993
Increase/decrease in trade payables and other payables		14,282	15,374
Interest paid		-26,002	-23,806
Income tax paid		-2,932	-8,917
Cash flow from operating activities		84,734	63,414
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets		-1,408	-10,000
Acquisition of PPE		-719	-642
Cash flow from investing activities		-2,127	-10,642
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on long-term debt		-54,631	-
Dividend payment		-33,500	-106,000
Increase/decrease in long-term debt		-1,727	7,931
Cash flow from financing activities		-89,858	-98,069
Cash flow for the period		-7,251	-45,297
Cash and cash equivalents at the beginning of the period		16,519	61,816
Cash and cash equivalents at the end of the period		9,268	16,519

Notes

Note 1. General information

Karnov Group Denmark A/S produces legal, financial and tax information to judicial, fiscal and accounting professionals in Denmark. The visiting address of its head office is Sankt Petri Passage 5, 1165 Copenhagen C.

The financial statements are presented in Danish kroner (DKK) unless otherwise stated. All financial statements were authorised for publishing by the Board of Directors on 29 of May 2019.

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.

BASIS OF PREPARATION

The financial statements of Karnov Group Denmark A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Danish disclosure requirements for annual reports as stated in the IFRS Executive Order pursuant to the Danish Financial Statement act for mid-size entities in reporting class C.

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 company's accounting policies. The areas involving a higher 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 2017, with the exception of the new and amended standards as described below.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards adopted by the company

The company has adopted all new, amended and revised accounting standards effective for the accounting period beginning from 1 January 2018. None of these new, updated and amended standards have any significant impact on the financial statements of the company for 2018.

New standards and interpretations not yet adopted

IFRS 16 "Leases"

IFRS 16 Leases is effective from January 1, 2019. The standard has no effect on 2018 financial disclosures but for future periods it will change the recognition of operating leases.

The company has reviewed all of its leasing arrangements that are currently in place. The company currently holds rental agreements for one location, three car leases and miscellaneous other leases as operating leases. Management has assessed the expected impact of the standard and concluded that it will have a limited impact on the recognition of property, plant and equipment and financial debt on the balance sheet. The standard will also impact the classification of

costs associated with the lease payments which in 2019 and onwards will be recognised as a finance expense and amortisation of the lease liability and the right of use asset will be depreciated on a straight-line basis.

The lease commitments will be recognised as right of use assets and lease liabilities as per 1 January 2019. The value of the right-of-use assets and lease liabilities as per 1 January 2019 has been estimated at around DKK 38 m. The expected impact on EBITDA is assessed to be around DKK 4 m when lease costs are re-classified to depreciation DKK 4 m and financial expenses DKK 0,4 m which then will have a DKK 0,5 m negative impact on net profit after tax for 2019.

Leasing commitments disclosed by end of 2018 amounted to DKK 21 m. Implementing the new standard will increase the assessed leasing liability to DKK 38 m mainly due to measuring the expected period the group will use the leasing asset compared to the expiry date of the lease agreement.

The company applies the standard from its mandatory adoption date of 1 January 2019. The company applies the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Additional disclosures will be included in the annual report for 2019.

CHANGE IN CLASSIFICATION

Changes have been made in regards to classification of comparative and current year figures. The changed presentation did not affect recognition and measurement for 2018 and 2017.

Changes to classification has no effect on the Company's profit or equity in previous or current financial year.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency is the currency used in the primary financial environment in which the entity operates. The functional currency for Karnov Group Denmark A/S is DKK.

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".

INTANGIBLE ASSETS

Goodwill

The acquisition method is used for accounting of business combinations. Goodwill arises from the business combination and represents the excess of the consideration transferred over to the company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire.

Goodwill is not amortised but it is tested for impairment and is carried at cost less accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is allocated to each of the CGUs, that is expected to benefit from the synergies of the combination. Each CGU or Group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment testing are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. (For further information on impairment testing please refer to note 11)

Capitalised development costs

The company has ongoing development activities regarding software products related to the online access to the company's databases.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software;
- product is available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include software development employee costs,

costs for consultants and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development costs recognised as assets are amortised over their estimated useful lives in the range from 3 to 7 years.

Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have an infinite useful life and are carried at cost without any amortizations, but is tested for impairment once a year. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Customer relationships

Separately acquired customer relationships are shown at historical cost. Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 8-14 years.

Favourable contracts

Separately acquired favourable contracts are shown at historical cost. Favourable contracts acquired in a business combination are recognised at fair value at the acquisition date. Favourable contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the favourable contracts over their estimated useful lives of 3-10 years.

Technology

Separately acquired technology are shown at historical cost. Technology acquired in a business combination are recognised at fair value at the acquisition date. Technology have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of technology over their estimated useful lives of 3-5 years.

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 company and the cost of the item can be measured reliably. The carrying amounts of any replaced parts are derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which are as follows:

- Improvements on leaseholds; 5 years
- Furniture, fittings and equipment; 3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are written down immediately to their recoverable amounts, if these are lower than their carrying amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income" or "other operating expenses" in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Property, plant and equipment and intangible assets, except for goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

FINANCIAL INSTRUMENTS

The company classifies its financial assets and liabilities in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets at amortised cost and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of its financial assets at initial recognition.

Classification

Financial assets and liabilities measured at fair value through profit or loss 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.

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 company'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 company (including the balance sheet items borrowings 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 company commits to purchase or sell the asset or liability. At initial recognition, the company measures a financial asset or liability at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets or liabilities carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the right to receive cash flows from the investment has expired or has been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the commitment in the agreement has been fulfilled or otherwise extinguished.

Financial assets and financial liabilities measured at fair value through profit or loss are subsequently carried at the acquisition date at fair value. Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss are presented in the income statement within "finance costs" in the period in which they arise.

INVENTORIES

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

TRADE RECEIVABLES

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

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

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The new guidance relating to classification and measurement, impairment model and hedge accounting did not have any significant impact on the company's financial position at the date of first application.

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.

In previous periods a provision for impairment of trade receivables was established when there was objective evidence that the company would not be able to collect all amounts in line with the original terms of the receivables.

Historically Karnov Group Denmark A/S has experienced relatively small amounts of losses compared to the business activity which is reflected in both the previous impairment principle and the new adopted principle. The company therefore considers that the effect from changing accounting principle for impairment on trade receivables is insignificant.

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

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

CASH AND CASH EQUIVALENTS

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

SHARE CAPITAL

Ordinary and preference shares are classified as equity.

EARNINGS PER SHARE

The formula for calculating earnings per share:

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

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

On initial recognition, trade payables are measured at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amount of a trade payable is expected to correspond with the fair value of the trade payable, as this item is of a short-term nature.

BORROWINGS

Borrowings 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 company 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 company 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 company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

PROVISIONS

Provisions are recognised when the company 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 company's provisions consist of costs to restore leased premises. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the provision. The increase in the provision due to the passage of time is recognised as interest expense. The greater portion of the company's provisions is short-term in nature.

REVENUE RECOGNITION

The company applies the IFRS 15 simplified approach to recognising revenue from contracts with customers. The effects of applying IFRS 15 were analysed during 2017 and the conclusion from this assessment was that IFRS 15 would not have any significant impact on revenue.

Revenue is recognised dependant on the relevant contract with the customer. A customer is a party that has contracted with the company to obtain goods or services that are an output of the company's ordinary activities in exchange for consideration. Within the company there are the following main revenue streams:

- Online sales: Subscriptions, Support
- Offline sales and services: 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 company 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.

The majority of Karnov's contract with customers have a binding period of 1-12 months, with the majority being 12 month contracts. Usually, the customer is invoiced the full contractual fee one month prior to the beginning of the contractual period. Upfront payments are recognised as a contract liability (included in balance sheet item prepaid income, see note 30). Revenue is recognised on a straight line basis over the period which the customer has the right to access the intellectual property.

All contracts with customers are 12 months or less. As permitted under IFRS 15, the transaction price allocated to unsatisfied long term contracts are therefore not disclosed.

Note 3. Financial risk management

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Foreign exchange rate risk

The company has only limited assets or liabilities in foreign currency. Also, the company has limited sales or purchase transactions in foreign currencies. As a result of this, the company's exposure to foreign exchange rate risks is very limited.

Interest rate risk

The company's payables and receivables to the parent company and other group companies are subject to a variable interest rate which is currently 7%. The finance lease arrangements are based on internal rate of the arrangements and are not affected by changes in interest rate levels. Bank deposits are subject to variable interest

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 are 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 that the consideration of unconditional because only the passage of time is required before the payment is due. On sale of books the company grants a 60 day right of return. If conditions for return are met the company refunds the full invoiced amount after receipt of the returned books. Returned sales are recognised at the time the books are received back and a credit note is issued. The company does not recognise a provision in the balance sheet for returned goods as the yearly amount of returned books is considered immaterial.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the Company's share-holders. No dividends will be proposed to the 2018 Annual General Meeting.

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 TDKK unless otherwise stated. Comparative figures from previous period are presented in brackets.

rates which are currently 0.0% (2017: 0.0%). The carrying amounts of recognized financial assets or liabilities will not change significantly subject to changes in interest rate levels.

LIQUIDITY RISK

The company generates sufficient positive cash flows to service its liabilities and planned development. Surplus cash is declared as dividend. Capital management is carried out to ensure low risk. Management monitors funding and liquidity and ensures the availability of required liquidity through cash management and committed facilities. The company's liquidity risk is primarily related to intercompany debt ("parent"). It is the company's policy to ensure adequate liquidity to satisfy their obligations to the

parent company. A maturity analysis for non-derivative financial liabilities is disclosed in note 14.

CREDIT RISK

Credit risk arises primarily from credit exposures to wholesale and retail customers, from cash and cash equivalents with banks and financial institutions and receivables from parent and other group companies. Most of the business is based on subscriptions and prepayments which makes the risk of losses on receivables low.

Customers' credit ratings are used to determine credit limits and management monitors the utilization of credit risks on an ongoing basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. The Company's maximum credit risk is TDKK 103.927 (72.918) and correspond to the carrying amount of receivables and cash and cash equivalents.

Note 4. Critical estimates and judgements

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, Intangible assets, the Group tests annually whether intangible assets have suffered any impairment. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the application of estimates (Note 10).

The carrying amount of intangible assets at 31 December 2018, distributed by cash-generating unit (CGU), are presented in Note 11.

Estimated cash flows for the first year are based on most recent budgets approved by the Board of Directors. Estimated cash flows for years 2-10 are based on the Company's business plan for the period approved by the Board of Directors. After the budget period, estimated growth in the terminal period are 2,5% (2,5%) corresponding to the expected market growth.

The assessments behind the growth rates applied for the discounted cash flow 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 Denmark A/S. Sensitivity calculations have been made and within a reasonable span of deviation from the applied assessments, a write-down of goodwill is not foreseeable in the near future.

Note 5. Revenue

Net sales are classified by category as follows:

TDKK	2018	2017
Total net sales	294,585	267,262

Karnov Group Denmark A/S' business operations are media independent and total net sales are almost entirely related to the Danish market.

Note 6. Remuneration to auditors

Reference is made to the financial statements for Karnov Group AB for more information regarding fee to auditor.

Note 7. Employee benefit expenses

Wages, other benefits and social security costs				
TDKK	Ordinary compensation	Other benefits	Pension benefits	Total
2018				
Executive management	6.273	2.698	631	9.602
Other employees	51.388	1.038	6.103	58.530
Other personnel-related costs				4.748
Total	57.662	3.736	6.734	72.880

Wages, other benefits and social security costs				
TDKK	Ordinary compensation	Other benefits	Pension benefits	Total
2017				
Executive management	6.808	2.696	611	10.114
Other employees	46.629	807	5.112	52.548
Other personnel-related costs				3.379
Total	53.437	3.503	5.722	66.042

Compensation and other benefits during the year					
TDKK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2018					
Flemming Breinholt	-	1,917	1,243	192	3,351
Other senior management (5 FTE)	-	4,356	1,456	439	6,251
Total	-	6,273	2,698	631	9,602

Compensation and other benefits during the year					
TDKK	Compensation for board work	Ordinary compensation	Other benefits	Pension benefits	Total
2017					
Flemming Breinholt	-	1,870	914	187	2,971
Other senior management (5 FTE)	-	4,938	1,782	424	7,144
Total	-	6,808	2,696	611	10,114

The board of directors do not receive any remuneration.

Average number of employees Full Time Equivalents (FTEs)	2018			2017		
	Men	Women	Total	Men	Women	Total
Denmark	66	57	123	53	53	106
Total	66	57	123	53	53	106

Note 8. Results from financial items

TDKK	2018	2017
Financial income:		
Interest income from cash	9	6
Interest income - intercompany	5.375	6.194
Foreign exchange gains	3.546	3.093
Total financial income	8.930	9.293
Financial expenses:		
Interest expenses to loan and borrowings	-592	-385
Interest expenses - intercompany	-30.793	-31.882
Other finance expenses	-102	-246
Foreign exchange losses	-1.095	-585
Total financial expenses	-32.582	-33.098
Net financial items	-23.652	-23.805

Note 9. Taxes

TDKK	2018	2017
Current tax:		
Current tax for the year	15.060	15.815
Total current tax	15.060	15.815
Deferred income tax		
Change in the deferred tax assets for the year (note 17)	5	125
Change in the deferred tax assets for the year (note 17)	40	6.247
Total deferred tax expense/benefit	45	6.372
Income tax expense	15.105	22.187
TDKK	2018	2017
Profit/(Loss) before income tax	61.912	56.920
Tax calculated at domestic tax rates applicable to profit before tax 22% (2017: 22%)	13.621	12.522
Expenses not deductible for tax purposes	131	137
Non-deductible interest expenses	605	2.386
Other adjustment taxable income	748	7.142
Income tax expense	15.105	22.187

Note 10. Intangible assets

TDKK	Goodwill	Capitalised development costs	Other intangible assets	Total
Cost at 1 January 2018	492.586	7.929	213.916	714.432
Additions	-	36	1.079	1.116
Disposals	-	-1.266	-	-1.266
Accumulated cost at 31 December 2018	492.586	6.700	214.996	714.282
Amortisation at 1 January 2018	-	-	83.803	83.803
Amortisation for the year	-	-	12.883	12.883
Accumulated amortisation at 31 December 2018	-	-	96.686	96.686
Net book value at 31 December 2018	492.586	6.700	118.310	617.596

TDKK	Goodwill	Capitalised development costs	Other intangible assets	Total
Cost at 1 January 2017	179.983	-	27.010	206.993
Additions	-	7.929	14.900	22.829
Additions due to merger	312.603	-	171.736	484.339
Adjustments	-	-	508	508
Disposals	-	-	-238	-238
Accumulated cost at 31 December 2017	492.586	7.929	213.916	714.431
Amortisation at 1 January 2017	-	-	72.253	72.253
Amortisation for the year	-	-	2.974	2.974
Amortisations due to merger	-	-	8.814	8.814
Disposals	-	-	-238	-238
Accumulated amortisation at 31 December 2017	-	-	83.803	83.803
Net book value at 31 December 2017	492.586	7.929	130.113	630.628

Other intangibles assets consist of trade marks with a net book value of TDKK 67.080 (67.080), technology with a net book value of TDKK 11.705 (13.706), favourable contacts with a net book value of

0 (0) and customer relations with a net book value of TDKK 39.525 (49.327).

Impairment tests on goodwill and Trade mark

Goodwill and trademark is monitored by Management at consolidated level for the company. All goodwill and trademarks are therefore allocated to one CGU.

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

For the 2018 and 2017 reporting period, the recoverable amount of the cash-generating unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use post-tax cash flow projections based on financial

budgets approved by Management covering a ten-year period. Cash flows beyond the 10-year period are extrapolated using the estimated long-term growth rates stated below. The Group is using a 10-year period relating to a long visibility on the business, and high renewal rates from a stable and loyal customer base. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in use calculations are as follows:

2018	
Long-term growth rate	2,5%
Pre-tax discount rate	14,4%
2017	
Long-term growth rate	2,5%
Pre-tax discount rate	13,3%

Management has performed a sensitivity analysis for each key assumption (discount rate and growth rate in the terminal period), holding all other assumptions constant. The sensitivity analysis has been calculated with the effect of a 1 percent higher discount rate and 1 percent lower growth rate. No impairment loss was recognised as a result of this test.

The Board of Directors and Management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed the recoverable amount.

Note 11. Deposits – leasehold

The company currently occupy one address in Copenhagen for which the company has paid deposits TDKK 1.872 (2017: TDKK 1.835)

Note 12. Property, plant and equipment

TDKK	Leasehold improvements	Furniture, fittings and equipment	Total
Cost at 1 January 2018	3.921	8.413	12.334
Additions for the year	312	431	743
Disposals	-	-121	-121
Accumulated cost at 31 December 2018	4.233	8.723	12.956
Depreciation at 1 January 2018	1.673	6.307	7.980
Depreciation for the year	410	1.782	2.191
Disposals	-	-97	-97
Accumulated depreciation at 31 December 2018	2.082	7.992	10.074
Net book value at 31 December 2018	2.151	731	2.882
Of which leased assets	-	-	-
TDKK	Leasehold improvements	Furniture, fittings and equipment	Total
Cost at 1 January 2017	3.671	8.023	11.694
Additions for the year	251	390	641
Disposals	-	-	-
Accumulated cost at 31 December 2017	3.921	8.413	12.335
Depreciation at 1 January 2017	1.295	4.363	5.658
Depreciation for the year	378	1.944	2.322
Disposals	-	-	-
Accumulated depreciation at 31 December 2017	1.673	6.307	7.980
Net book value at 31 December 2017	2.249	2.106	4.355
Of which leased assets	-	1.585	1.585

Note 13. Financial instruments by category

TDKK	Carrying amount		Fair value	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
FINANCIAL ASSETS				
Financial assets at amortised cost				
Trade receivables	20.488	18.577	20.488	18.577
Non-current receivables from other group companies	32.215	30.043	32.215	30.043
Current receivables from other group companies	55.009	14.312	55.009	14.312
Cash and cash equivalents	9.268	16.519	9.268	16.519
Total financial assets	116.980	79.451	116.980	79.451
FINANCIAL LIABILITIES				
Liabilities at amortised cost				
Trade payables	3.504	4.269	3.504	4.269
Non-current payables to parent company	721	2.940	721	2.940
Non-current payables to other group companies	380.749	386.769	380.749	386.769
Current borrowings from parent company	1.335	9.453	1.335	9.453
Current borrowings from group companies	7.978	2.312	7.978	2.312
Total financial liabilities	394.287	405.743	394.287	405.743

Trade receivables

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as fair value.

Non-current receivables from parent companies

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

Current receivables from other group companies

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as 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.

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 amount is considered to be the same as fair value.

Current borrowings from parent company

The fair value of current borrowings from parent company is considered to be the same as the carrying amount since the interest payable is either close to current market rates or the borrowings are of a short-term nature.

Current borrowings from group companies

The fair value of current borrowings from other group companies is considered to be the same as the carrying amount since the interest payable is either close to current market rates or the borrowings are of a short-term nature.

Non-current borrowings from parent company

The fair value of non-current borrowings from parent company is based on discounted cash flows using a current borrowing rate. They are classified at level 2 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Non-current borrowings from group companies

The fair value of non-current borrowings from other group companies is based on discounted cash flows using a current borrowing rate. They are classified at level 2 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Note 14. Trade receivables

TDKK	2018	2017
Trade receivables	75.551	77.302
Less: provision for impairment of trade receivables	-272	-500
Trade receivables – net	75.279	76.802

Gross trade receivables by age

TDKK	2018	2017
Balance not due	74.338	74.445
0-3 months	932	2.308
3-6 months	-0	49
Over 6 months	10	-
Total trade receivables	75.279	76.802

Breakdown of allowance for impairment

TDKK	2018	2017
Allowance for impairment at beginning of period	-500	-200
Provision for impairment of trade receivables	228	-300
Allowance for impairment at end of period	-272	-500

TDKK	Current	0-3 months	3-6 months	> 6 months	Total
31 December 2018					
Expected loss rate	0,21%	11,9%	20,0%	47,4%	0,36%
Trade receivables	74.338	932	-	10	75.279
Loss allowance	157	111	-	5	272

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

Karnov Group Denmark A/S invoices one month prior to the contract period of the agreement for which reason the customers are paying upfront. Historically, Karnov Group Denmark has experienced relatively small amounts of losses compared to the business activity which is reflected in both the previous impairment principle and the newly adopted principle. The company therefore considers that the effect of changing the accounting principle of

impairment on trade receivables is insignificant. The creation and release of 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 company does not hold any collateral as security.

Due to the business model for Karnov Group Denmark A/S subscriptions are invoiced prior to actual delivery period. In the event that the delivery of services begins after the end of the

financial period the invoiced amount is off-set against deferred income in current liabilities.

TDKK	2018	2017
Trade receivables gross	75.279	76.802
Reclass to deferred income	-54.791	-58.225
Trade receivables net	20.488	18.577

Note 15. Inventories

TDKK	2018	2017
Finished goods	3.635	2.715
Total inventories	3.635	2.715

Write-downs of finished goods recognized as expenses during the year amounted to TDKK 674 (566) 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.

The company reversed write-downs in 2018 from previous years of TDKK 537 due to implementation of the current write-down procedure as described above.

Note 16. Share capital and share premium

The Company's objective when managing capital are to safeguard their ability to continue as a going concern, so that the Company can continue to provide returns to shareholders. The company seeks to declare all cash in excess of what is required in realizing the coming years' planned activities as dividends and pays interest on unpaid declared dividend.

Karnov Group Denmark A/S has no external interest bearing loans and is primarily financed through intercompany debt and prepayments from customers.

The capital structure is designed to ensure sufficient financial flexibility to meet its strategic objectives.

	Number of shares	Shares of	Share capital
At 1 January 2018	10.001	1.000	10.001
Balance 31 December 2018	10.001	1.000	10.001

Note 17. Deferred income tax

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

TDKK	2018	2017
Deferred tax assets:		
Temporary differences:		
Provisions	1.504	1.510
Other:		
Cash flow hedging	-	-
Write-downs on financial assets	-	-
Other	-	-
Total deferred tax assets	1.504	1.510
Netting against deferred tax liabilities	-1.504	-1.510
Total deferred tax assets (net)	-	-
TDKK	2018	2017
Deferred tax liabilities:		
Temporary differences:		
PPE	136	153
Intangible assets	30.971	31.216
Other:		
Other	303	-
Total deferred tax liabilities	31.410	31.369
Netting against deferred tax assets	-1.504	-1.510
Total deferred tax liabilities (net)	29.906	29.859

TDKK	2018	2017
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	1.498	1.504
Deferred tax asset to be recovered within 12 months	6	6
Total deferred tax assets	1.504	1.510

TDKK	2018	2017
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	31.410	31.369
Deferred tax liability to be recovered after within 12 months	-	-
Total deferred tax liabilities	31.410	31.369

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

TDKK	Other intangible assets	PPE	Other	Total
Deferred tax assets				
At 1 January 2018	-	-	1.510	1.510
Charged/credited to the income statement	-	-	-6	-6
Exchange differences	-	-	-	-
At 31 December 2018	-	-	1.504	1.504

Deferred tax liabilities				
At 1 January 2018	31.216	153	-	31.369
Charged/credited to the income statement	-245	-17	302	40
Reclassification	-	-	-	-
Exchange differences	-	-	-	-
At 31 December 2018	30.971	136	302	31.409

TDKK	Other intangible assets	PPE	Other	Total
Deferred tax assets				
At 1 January 2017	-	-	1.635	1.635
Charged/credited to the income statement	-	-	-125	-125
At 31 December 2017	-	-	1.510	1.510

Deferred tax liabilities				
At 1 January 2017	5.362	80	-	5.442
Charged/credited to the income statement	6.174	73	-	6.247
Charged/credited to equity	19.680	-	-	19.680
Exchange differences	-	5	-	5
At 31 December 2017	31.216	158	-	31.374

Note 18. Provisions for other liabilities and charges

The company is required to restore the leased premises in Copenhagen to their original condition at end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any

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

TDKK	
At 1 January 2018	3.646
Charged to the income statement:	
- adjustment to present value	128
At 31 december 2018	3.774
Non-current provisions	3.774
Current provisions	-
Total provisions for other liabilities and charges	3.774

TDKK	
At 1 January 2017	3.519
Charged to the income statement:	
- adjustment to present value	127
At 31 december 2017	3.646
Non-current provisions	3.646
Current provisions	-
Total provisions for other liabilities and charges	3.646

Note 19. Reconciliation of liabilities arising from financing activities

Non-cash changes

TDKK	2017	Cash flows	Foreign exchange movement	Other reclassifications	2018
Long-term borrowings	389.709	-8.239	-	-	381.470
Short-term borrowings	11.765	-3.904	-160	1.611	9.312
Leasing and other long-term liabilities	1.727	-1.727	-	-	-
Total liabilities from financing activities	403.201	-13.870	-160	1.611	390.782

Note 20. Pledged assets and contingent liabilities

All assets in the company is pledge to Nordea as part of the groups loan agreement. For further information please see annual report for Karnov group AB.

Karnov Group Denmark A/S are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 11. (TDKK 6.351). Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Note 21. Leasing

TDKK	2018	2017
No later than 1 year	4.346	4.217
Later than 1 year and no later than 5 years	16.793	16.734
Later than 5 years	-	2.066
Total	21.140	23.017

Costs for operating leases amounted to TDKK 4,346 during the reporting period.

As mentioned in Note 2, the company will implement IFRS 16 effective from 1 January 2019. The standard will change the

recognition of operating leases and is expected to have a material effect on the consolidated financial statements. The company's leasing agreements will in future periods be recognized as right of use assets and equally sized lease liabilities. The value of the right of use assets and the lease liabilities at 1 January 2019 has been estimated in the range of DKK 37 m and DKK 39 m.

TDKK	
Operating lease commitments as at 31 December 2018	21.140
Adjustments relating to changes in the treatment of extension and termination options	15.952
Adjustments relating to changes in rate affecting variable payments	1.378
Lease liability recognised as at January 2019	38.470

Note 22. Related-party transactions

The group is controlled by Five Arrows Principal Investments II Holding Sàrl (incorporated in Luxembourg), which controls 46% of the company's shares.

TDKK	Parent company		Group companies	
	2018	2017	2018	2017
Sales of goods and service	1.004	543	17.374	3.735
Purchase of goods and services	-	-	59.275	46.615
Received interest	-	-	5.375	6.194
Paid interest	110	71	30.683	31.811
Financial assets	-	-	79.247	44.355
Financial liabilities	2.056	12.394	380.748	389.081

The company is a part of the consolidated financial statements for Karnov Group AB, Stockholm, Sweden. The consolidated financial statement of Karnov Group can be downloaded from www.karnovgroup.com.

Note 23. Events after the balance sheet date

No events have occurred after the reporting date of importance to the financial statements.

Note 24. Allocated profit for the financial year

TDKK	2018	2017
Dividends paid to shareholders	33.500	106.000
Proposed dividends	-	-
Transfer for reserves	13.306	-71.267
Allocated profit for the financial year	46.806	34.733

Management's Statement

The Board of directors of Karnov Group Denmark A/S proposes that the company's income statement and balance sheet be presented for adoption to the annual general meeting to be held

The Board of director's declaration

Board of Directors and the Executive Boards have today considered and adopted the Annual Report of Karnov Group Denmark A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU. Moreover, the Annual Report is prepared in accordance with additional Danish disclosure requirements. The Management report have been prepared in accordance with Danish disclosure requirements. In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of

on 28 May 2019. The Board of directors proposes that no dividend will be paid for the financial year 2018 and that the result for the year will be reinvested in the business,

the results of the Company operations and cash flows for the financial year 1 January – 31 December 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 May, 2019

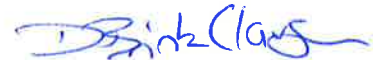
Vivek Kumar
Chairman of the Board



Anne Luise Gramkov de Kort
Board Member
(Employee representative)



Flemming Breinholt
President and CEO



Dora Brink Clausen
Board member



Flemming Laustsen Bach
Board Member
(Employee representative)

Auditor's report

Report on the annual accounts and consolidated accounts

Opinions

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Karnov Group Denmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other 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 opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and

whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Hellerup, 28 May 2019
PricewaterhouseCoopers AB
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Steffen Kaj Pedersen
State Authorized Public Accountant
mno34357

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
Average number of full-time employees (FTEs)	Average number of full-time employees during the reporting period.	Non-financial key ratio.
EBITDA	Operating profit before depreciation and amortisation, financial items, and tax.	EBITDA provides an overall picture of profits generated by the operating activities before depreciation and amortisation.
EBITDA margin	EBITDA as a percentage of net sales.	This measure intends to display the Group's operational profitability, regardless of financing and amortisation, on an ongoing basis.
Equity ratio (%)	Equity divided by total assets.	An important measure for the assessment of the company's financial stability.
Net debt	Net debt is defined as total borrowings reduced by cash and cash equivalents.	Relevant to analyse to ensure that Karnov has an appropriate financing structure and is able to fulfil its financial obligations under its loan agreement.
Net working capital (NWC)	Current assets less current liabilities.	A measure of the company's tie-up of short-term capital in its operating activities, and is considered important for understanding changes in the operating cash flow.
Operating profit (EBIT)	Profit for the year adjusted for interest and taxes.	Enables comparability of profitability regardless of capital structure or tax situation.
Return on total capital	Operating profit divided by total assets.	Indicates the operating return on the capital that owners and lenders have made available. The intention is to show consolidated returns, regardless of the type of financing.

Better decisions, faster

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

