

Hemnet Group Interim report Q1

January-March 2021

Strong growth in net sales and adjusted EBITDA

Summary for the period January-March 2021

- Net sales increased by 23.6 percent to SEK 142.5m (115.3)
- Adjusted EBITDA increased 57.1 percent to SEK 57.2m (36.4)
- Operating profit decreased 3.5 percent to SEK 13.6m (14.1)
- New compensation model for real estate agent offices and a segmented pricing for Hemnet Bas launched on 1 March

Significant events after the period

- Initial public offering (“IPO”) on Nasdaq Stockholm, Large Cap list on 27 April
- Entered into a new revolving credit-facility of SEK 500m on April 27, and at the same time terminated and repaid the existing credit-facility

Financial highlights

(SEK million, unless stated otherwise)	Jan-Mar			Last twelve months	FY
	2021	2020	Change	ending Mar 2021	2020
Net sales	142.5	115.3	23.6%	571.3	544.1
Adjusted EBITDA*	57.2	36.4	57.1%	226.3	202.1
Adjusted EBITDA-margin*, %	40.1%	31.6%	8.5 pp	39.6%	37.1%
Operating profit*	13.6	14.1	-3.5%	110.0	110.5
Earnings per share, basic, SEK ¹	0.07	0.06	4.8%	0.68	0.67
Earnings per share, diluted, SEK ¹	0.07	0.06	4.8%	0.67	0.67

* Alternative Performance Measure, see pages 17-19 for derivation and definitions.

¹ Earnings per share calculated as net profit for the period in relation to the average number of ordinary shares outstanding during the period. Average number of ordinary shares outstanding for all periods has been recalculated adjusting for reverse share split and bonus issues. The calculation of dilution of shares for all periods is made based on a share price of 115 SEK (i.e. the price in the IPO). This price is higher than the strike price of outstanding warrants at period end (16.53 SEK) and hence, there is a dilution of 352,813 shares.

Chief Executive's comments

Hemnet's first quarter can be summarised by strong operational and financial performance and a successful IPO. Net sales for the first quarter was up 23.6 percent to SEK 142.5m (115.3) and adjusted EBITDA increased by 57.1 percent to SEK 57.2m (36.4). EBITDA grew by 0.6 percent to SEK 33.2m (33.0) including SEK 24.0m one-off costs of which the vast majority was related to the IPO. Revenue increased across all our four customer groups driven by a continued growth in the uptake of our value-adding services for property sellers, an adjustment to the compensation model for real estate agent offices, price adjustments, as well as a continued strong development in our B2B-offering.

On 1 March we launched our new compensation model for real estate agent offices. The new model puts more emphasis on the commission for selling and recommending Hemnet's value-adding services, and less on compensation for administration of the base ad. This provides a great opportunity for real estate agent offices to take part in Hemnet's growth journey, at the same time as it incentivises sales of our value-adding services – one of our key strategic objectives. We have created a model that is sustainable for the real estate agents as well as for Hemnet, and the roll-out has gone according to plan.

On 1 March we also took an important step in our pricing strategy as we aligned the pricing model for the base ad (Hemnet Bas) with the rest of our product portfolio of marketing packages (Hemnet Plus and Hemnet Premium). All our products for property sellers now use flexible and segmented pricing, giving us greater opportunity to offer the appropriate price to customers. This combined with product development, such as increasing the real estate agent's ability to recommend Hemnet's products to property sellers, together with a growing number of sellers choosing to upgrade their listing, contributed to a strong ARPL growth of 26.4 percent to 1,898 SEK (1,501).

Looking at the number of published listings, we see a decrease compared to 2020 with 44.0 thousand listings in the first quarter (46.8), due largely to an unusually low volume of houses on the market. When adding in April, aggregated listing volumes for 2021 are on par with last year. There are certain seasonal covid-related effects in 2020 to be considered when comparing listing volumes year-on-year. In 2020 we saw unusually high volumes in the first quarter, primarily in March, as property sellers worried about lockdowns. In April and May the market paused, resulting in a decline in the number of listings, followed by an increase during the second half of the year, resulting in aggregated volumes for 2020 surpassing the previous year.

The Hemnet team and I were proud to bring the company to its new home on Nasdaq Stockholm Large Cap on 27 April. The listing of Hemnet is an important milestone and I want to thank all our existing and new shareholders for the confidence they have shown us. I look forward to continuing our growth journey together!

We continue to have strong momentum and expect that net sales in the second quarter of 2021 will also show a year-on-year increase that is above the upper end of the Group's financial target range of 15-20 percent. The increased sales continue to be driven by growth in ARPL, on the back of increased uptake of our value-adding services for sellers, price adjustments, as well as good performance in B2B-revenues.

Cecilia Beck-Friis

CEO

May 2021

Operational summary

KPI	Jan-Mar			Last twelve months	FY
	2021	2020	Change	ending Mar 2021	2020
ARPL (average revenue per listing), SEK	1,898	1,501	26.4%	1,857	1,760
Number of listings, thousand	44.0	46.8	-6.0%	186.5	189.3

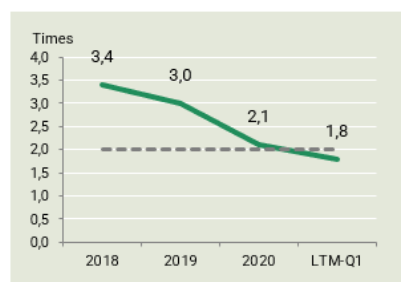
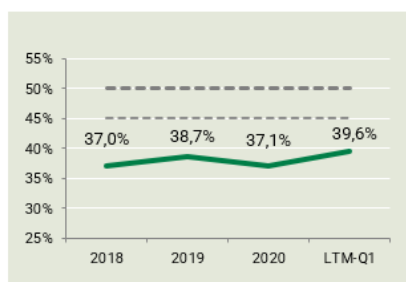
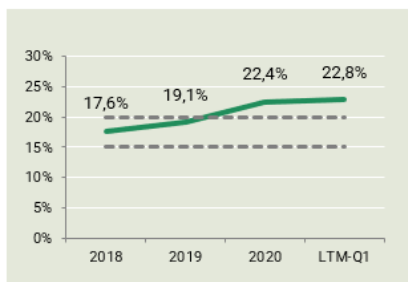
Financial targets

Growth
15-20%
Annual Net sales growth

Profitability
45-50%
Medium term Adjusted EBITDA
margin

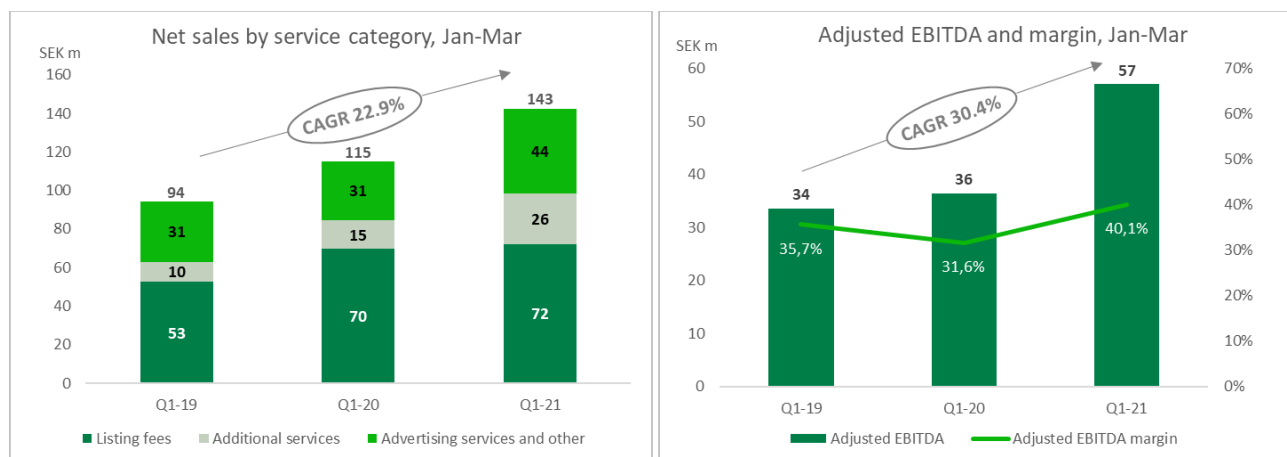
Leverage
<2.0x
Net Debt to Adjusted EBITDA

Accumulated 12 months (2018-LTM Q1 2021)



Financial summary, January-March 2021

Strong growth in net sales, on the back of increasing average revenue per listing (ARPL) due to strongly increasing uptake of seller's products, and price adjustments, as well as continued momentum for advertising sales to content-close advertisers. Adjusted EBITDA increased 57.1 percent to SEK 57.2m (36.4).



Quarterly net sales by service category and adjusted EBITDA, including cumulative average growth rate (CAGR).

Net sales and profit

Net sales increased 23.6 percent to SEK 142.5m (115.3), mainly driven by a strong growth of advertising services and value-added services for sellers, and increased listing revenue. Listing revenue increased with 3.4 percent to SEK 72.3m (69.9), driven by increased average revenue per listing (ARPL) related to base listing, partly offset by decreased listing volume compared to last year, as March 2020 was particularly busy before the onset of the corona pandemic. Value-added services grew by 79.5 percent to SEK 26.2m (14.6), as we significantly increased conversion rates of our value-added services; Hemnet Plus, Hemnet Premium and Raketen, and successfully launched our new product Renewal (sv. *Förnya annons*) at the end of 2020. Total average revenue per listing increased with 26.4 percent to SEK 1,898 (1,501). Net sales from advertising services and other increased with 42.9 percent to SEK 44.0m (30.8), mainly driven by strong display sales to real estate agents and content-close customers. Net sales also included items affecting comparability of SEK 2.0m related to marketing activities conducted together with Mäklarsamfundet.

Capitalised development was SEK 2.6m (1.1m) as the company continues to invest in the development of new services.

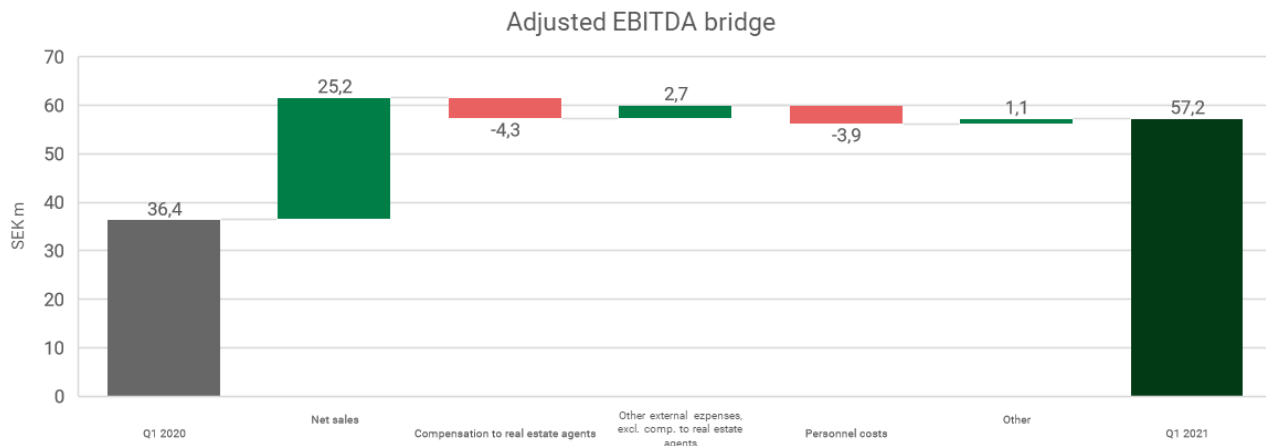
Other external expenses increased by 43.1 percent to SEK 80.3m (56.1), out of which 26.0m (3.4) were items affecting comparability, consisting of SEK 23.4m (1.4) related to the IPO preparations and SEK 2.6m (2.0) for marketing campaigns carried out together with Mäklarsamfundet (for further details about the campaigns with Mäklarsamfundet we refer to Note 5 Related party transactions).

Other external expenses excluding items affecting comparability increased by 2.9 percent to SEK 54.3m (52.7). Compensation to real estate agent offices, in the form of administration and commission fee, was stable at SEK 31.5m (32.7), an effect of the new compensation model that was launched on 1 March 2021. In addition an education compensation was introduced, to real estate agent offices of SEK 5.5m, which is part of other external expenses. The estimate for the full year 2021 is that the educational compensation will not exceed

SEK 15.0m. The remaining part of other external expenses decreased by 13.5 percent to SEK 17.3m (20.0), mainly due to lower costs for consultants.

Personnel costs increased by 14.2 percent to SEK 31.3m (27.4), as the company continues to invest in staff, primarily the product development teams.

Adjusted EBITDA increased 57.1 percent to SEK 57.2m (36.4) and the Adjusted EBITDA margin was 40.1 percent (31.6).



EBITDA increased to SEK 33.2m (33.0), corresponding to an EBITDA margin of 23.3 (28.6) percent. The decrease in EBITDA margin is mainly due to items affecting comparability, which amounted to a net of SEK 24.0m and by the educational compensation to real estate agent offices of SEK 5.5m.

Depreciation and amortisation amounted to SEK 19.6m (18.9).

Operating profit decreased by 3.5 percent to SEK 13.6m (14.1), corresponding to an operating margin of 9.5 (12.2) percent. The decrease in operating margin is due to items affecting comparability and the educational compensation to real estate agent offices.

Financial items - net, increased from a negative SEK 6.1m to a negative SEK 5.2m, mainly due to fair value adjustments on interest bearing securities, which temporarily decreased in value during the first quarter 2020 following the Covid-19 outbreak.

Tax expenses amounted to SEK 1.7m (1.7), corresponding to efficient tax rate of 20.5 (21.4) percent. The decrease in efficient tax rate is mainly due to lower corporate tax rate for 2021 compared to 2020 (20.6% vs. 21.4%).

Net profit for the period increased by SEK 0.4m and amounted to SEK 6.7m (6.3).

Cash flow and financial position

Cash flow from operating activities increased with SEK 33.2m and amounted to SEK 11.8m (-21.4). The increase is mainly due to lower negative contribution from working capital and lower tax payments. The change in working capital tends to contribute negatively in the first quarter of the year, as revenue and therefore accounts receivables are considerably higher in March than in December. However, the main part of the items affecting comparability costs during the first quarter 2021, which has negatively impacted the operating profit, has not yet resulted in any cash outflow, but instead contributed positively to the change in working capital.

Taxes paid during the first quarter decreased by SEK 7.9m compared to the same period last year, where a larger corporate income tax was paid out.

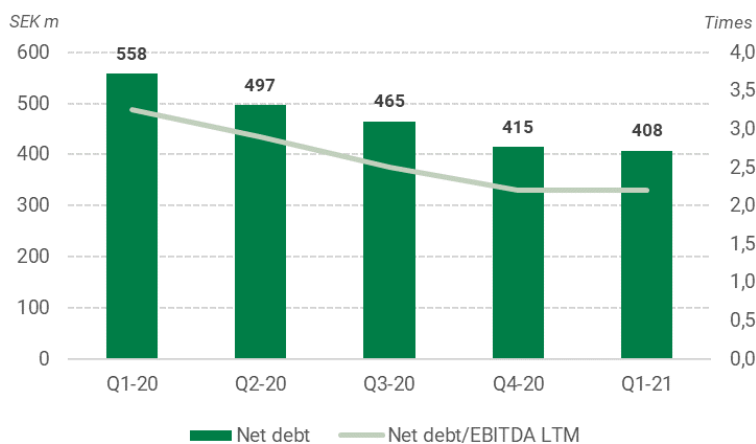
The cash flow from investment activities was SEK 20.7m (-2.5). During the first quarter all interest-bearing securities were divested, which lead to a cash inflow of SEK 24.7m. Investments in intangible and tangible fixed assets was in total SEK 4.0m (2.5) and was mainly related to capitalised development expenses, SEK 3.8m (2.2).

Cash flow from financing activities gave rise to a cash outflow of SEK 7.0m following installment payments for bank loans of SEK 5.1m and amortisation of leasing liabilities of SEK 1.9m. During the same period last year, the financing activities resulted in a cash outflow of SEK 82.7m. Besides installment payments for bank loans of SEK 5.1m and amortization of leasing liabilities of SEK 1.7m, the last contingent consideration of SEK 76.5m was paid out. Share issues resulted in a cash inflow of SEK 0.6m.

Cash and cash equivalents, including interest bearing securities, amounted to SEK 272.6m (136.0) and total interest-bearing liabilities amounted to SEK 680.1m (694.0). Net debt thereby amounted to SEK 407.5m (558.0) which correspond to 2.2 (3.3) times EBITDA for the last twelve months.

Total shareholders' equity was SEK 1,356.3m (1,287.4), which is equivalent to an equity ratio of 56.7 percent (55.1).

Financial position



Historical development of the Group's net debt and leverage ratio, measured as net debt in relation to rolling twelve months EBITDA.

Parent company, financial development January-March

Net sales for the Parent company were SEK 2.3m (2.4). All revenue is for services to other Group companies. Operating profit/loss was SEK -22.4m (-1.3) and included consultant costs related to the listing process on Nasdaq Stockholm of SEK 23.0m (-).

The Parent company's assets essentially consist of participations in Group companies and Group receivables. Operations are financed by equity and Group liabilities. Equity in the Parent company at period end was SEK 1,166.4m (1,186.8) and the equity ratio was 97.8 percent (86.8).

Other information

Covid-19 effects

The Covid-19 pandemic continued to have a major impact on society during the period but has not had any significant negative impact on Hemnet's financial results. Number of visits continued to grow as well as continued increased revenue per listing (ARPL). Increased remote working has likely benefited the interest in Hemnet, as the home and living environment been an even more important part of people's everyday life.

Employees

The number of employees at the end of the period was 111 compared to 100 at the end of March 2020 and 108 at the end of December 2020. The increase is primarily in the area of product development.

Seasonality

Hemnet's sales and earnings are partly affected by seasonal fluctuations, mainly linked to vacation seasons and major holidays, as the number of listings and activity on Hemnets platforms tend to be lower during these periods than during other periods of the year. Seen over a financial year, the year begins with low volumes that gradually increase until the summer months where volumes decrease to lower levels and then increase again after the summer holiday period, before they decrease again ahead of the Christmas holidays.

Overall, the first quarter in particular tends to be weaker seasonally, both in terms of sales and earnings, while the second quarter tends to be the strongest.

Average revenue per listing, ARPL, is affected by certain seasonal effects. Listing revenue and revenue from value-added services is recognized over the average duration of a listing on Hemnet. The effect is that quarters that are preceded by a month with a high volume of listings and value-added services benefit. Historically, March and September have been such months, giving a positive contribution to revenue and ARPL in the following months and therefore the second and the fourth quarter respectively.

Risks and uncertainties

Hemnet is through its operations exposed to risks and uncertainties.

The income from listing fees is a significant part of sales. Hemnet's operations is therefore dependent on an efficient, well-functioning housing market with high mobility. Hemnet's advertising business has continued to develop positively, and we offer advertising both through direct sales and through programmatic trading. The development and trends for advertising purchases in the market can affect Hemnet's revenue both positively and negatively. For Hemnet, it is of great importance to have a good relationship with the brokers and to have a substantial range of listings. Hemnet's future business may be threatened if a deteriorating broker relationship would result in a reduction in the number of listings.

In addition to its own funds, the Group's operations are also financed through borrowing. As a result, the business is exposed to financing risks, interest rate and credit risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimize potential adverse effects on the Group's financial results.

For a detailed description of the risk factors and how they are managed, please refer to Hemnet's Annual Report 2020, pages 47-48, as well as the IPO Prospectus, pages 9-19. Hemnet's assessment is that no other significant risks or uncertainties have arisen during the period.

Audit report

This report has not been reviewed by Hemnet Group AB (publ)'s auditors.

Stockholm, 31 May, 2021

Hemnet Group AB (publ)

Håkan Erixon
Chairman

Cecilia Beck-Friis
CEO

Christopher Caulkin
Member of the board

Anders Edmark
Member of the board

Tracey Fellows
Member of the board

Kerstin Lindberg Göransson
Member of the board

Håkan Hellström
Member of the board

Nick McKittrick
Member of the board

Pierre Siri
Member of the board

Condensed consolidated income statement

(SEK million)	Jan-Mar		Last twelve months	FY	
	2021	2020	ending Mar 2021	2020	
Net sales	2	142.5	115.3	571.3	544.1
Other operating income		0.3	0.5	1.5	1.7
Total revenue		142.8	115.8	572.8	545.8
Capitalised development		2.6	1.1	5.4	3.9
Other external expenses	3	-80.3	-56.1	-269.5	-245.3
Personnel costs		-31.3	-27.4	-118.7	-114.8
Depreciation and amortisation		-19.6	-18.9	-78.1	-77.4
Other operating costs		-0.6	-0.4	-1.9	-1.7
Total operating expenses		-131.8	-102.8	-468.2	-439.2
Operating profit		13.6	14.1	110.0	110.5
Financial items - net		-5.2	-6.1	-22.8	-23.7
Profit before taxes		8.4	8.0	87.2	86.8
Income tax		-1.7	-1.7	-19.1	-19.1
Net profit for the period		6.7	6.3	68.1	67.7
<i>Net profit attributable to controlling interest</i>		6.7	6.3	68.1	67.7
Other comprehensive income		-	-	-	-
Total comprehensive income		6.7	6.3	68.1	67.7
Earnings per share¹					
before dilution, SEK		0.07	0.06	0.68	0.67
after dilution, SEK		0.07	0.06	0.67	0.67
Number of ordinary shares²					
Average before dilution		100,719,421	100,696,654	100,706,636	100,701,011
Average after dilution		101,072,234	101,049,467	101,059,449	101,053,824
At period end		100,719,421	100,702,792	100,719,421	100,719,421

¹ Net profit for the period in relation to the average number of ordinary shares outstanding during the period.

² Average number of ordinary shares outstanding for all periods has been recalculated adjusting for reverse share split and bonus issues. The calculation of dilution of shares for all periods is made based on a share price of 115 SEK (i.e. the price in the IPO). This price is higher than the strike price of outstanding warrants at period end (16.53 SEK) and hence, there is a dilution of 352,813 shares.

Condensed consolidated statement of financial position

(SEK million)	2021-03-31	2020-03-31	2020-12-31
ASSETS			
Intangible assets	2,022.1	2,084.2	2,035.7
Other non-current assets	12.7	20.4	14.7
Total non-current assets	2,034.8	2,104.6	2,050.4
Current receivables	84.9	97.2	51.3
Interest-bearing securities, current	-	23.2	24.5
Cash and cash equivalents	272.6	112.8	247.1
Total current assets	357.5	233.2	322.9
TOTAL ASSETS	2,392.3	2,337.8	2,373.3
EQUITY AND LIABILITIES			
Total equity (attributable to controlling interest)	1,356.3	1,287.4	1,349.6
Non-current interest-bearing liabilities	667.4	681.3	673.5
Deferred tax liabilities	231.2	244.5	234.4
Total non-current liabilities	898.6	925.8	907.9
Current interest-bearing liabilities	12.7	12.7	13.2
Current non-interest-bearing liabilities	124.7	111.9	102.6
Total current liabilities	137.4	124.6	115.8
Total liabilities	1,036.0	1,050.4	1,023.7
TOTAL EQUITY AND LIABILITIES	2,392.3	2,337.8	2,373.3

Condensed consolidated statement of changes in equity

(SEK million)	Jan-Mar		FY
	2021	2020	2020
Equity, opening balance	1,349.6	1,280.5	1,280.5
Net profit for the period	6.7	6.3	67.7
Other comprehensive income	-	-	-
Total comprehensive income	6.7	6.3	67.7
Dividend distribution	-	-	-
Other transactions with shareholders	-	0.6	1.4
Total transactions with shareholders	-	0.6	1.4
Equity, closing balance	1,356.3	1,287.4	1,349.6

Condensed consolidated statement of cash flow

(SEK million)	Jan-Mar		FY
	2021	2020	2020
Operating activities			
Operating profit	13.6	14.1	110.5
Adjustments for non-cash items:	19.5	18.9	77.4
Interest paid and received	-5.0	-7.7	-23.3
Paid income tax	-14.3	-22.2	-39.0
Cash flow from operating activities before changes in working capital	13.8	3.1	125.6
Changes in working capital, net	-2.0	-24.5	1.4
Cash flow from operating activities	11.8	-21.4	127.0
Investing activities			
Investments in intangible assets, net	-3.8	-2.2	-6.0
Investments in tangible assets, net	-0.2	-0.3	-1.0
Divestment of interest-bearing securities	24.7	-	-
Cash flow from investing activities	20.7	-2.5	-7.0
Financing activities			
Repayment of loans and contingent consideration	-5.1	-81.6	-86.7
Amortisation of lease liabilities	-1.9	-1.7	-7.0
Issue of shares and warrants	-	0.6	4.1
Paid dividend and share redemption	-	-	-2.7
Cash flow from financing activities	-7.0	-82.7	-92.3
Net change in cash and cash equivalents	25.5	-106.6	27.7
Cash and cash equivalents, beginning of period	247.1	219.4	219.4
Cash and cash equivalents, end of period	272.6	112.8	247.1

Condensed parent company income statement

(SEK million)	Jan-Mar		FY
	2021	2020	2020
Net sales	2.3	2.4	7.1
Total revenue	2.3	2.4	7.1
Other external costs	-23.7	-1.6	-8.2
Personnel costs	-1.0	-2.1	-7.2
Total operating expenses	-24.7	-3.7	-15.4
Operating profit/loss	-22.4	-1.3	-8.3
Financial items - net	-	-	0.0
Profit before taxes	-22.4	-1.3	-8.3
Allocations - Group contributions	-	-	8.3
Income tax	-	-	-
Net income (loss)	-22.4	-1.3	0.0

Parent company statement of comprehensive income

(SEK million)	Jan-Mar		FY
	2021	2020	2020
Net income (loss)	-22.4	-1.3	0.0
Other comprehensive income	-	-	-
Total comprehensive income for the period	-22.4	-1.3	0.0

Condensed parent company balance sheet

(SEK million)	2021-03-31	2020-03-31	2020-12-31
ASSETS			
Non-current assets	1,141.6	1,359.3	1,359.3
Current assets	51.1	8.2	18.3
TOTAL ASSETS	1,192.7	1,367.5	1,377.6
EQUITY AND LIABILITIES			
Equity			
Restricted equity	68.4	68.4	68.4
Non-restricted equity	1,098.0	1,118.4	1,120.4
Total equity	1,166.4	1,186.8	1,188.8
Non-current liabilities	-	178.0	175.0
Current liabilities	26.3	2.7	13.8
Total liabilities	26.3	180.7	188.8
TOTAL EQUITY AND LIABILITIES	1,192.7	1,367.5	1,377.6

Notes

Note 1 Accounting principles

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Interpretation Statements of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The Group applies the same accounting principles as described in Note 1 in the annual report for 2020 and no new or IFRS or IFRIC interpretations that have not yet come into force are expected to have a material impact on the Group.

The Parent company, Hemnet Group AB (publ), applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation (RFR 2), accounting for legal entities. The accounting principles are consistent with those of the previous year and, where applicable, with the Group's accounting principles.

Amounts are expressed in SEK million unless stated otherwise. Amounts and figures in brackets refer to comparative figures for the corresponding period last year. In some cases, roundings have been made, which means that tables and calculations do not always sum up exactly.

Note 2 Net sales

Net sales from external customers by customer category and service category:

Net sales by customer category (SEK million)	Jan-Mar		Last twelve months	FY
	2021	2020	ending Mar 2021	2020
Property sellers	82.1	67.6	340.3	325.8
Real estate developers	23.3	20.6	59.2	56.5
Advertisers	14.6	13.5	82.2	81.1
Real estate agents	22.5	13.6	89.6	80.7
Total net sales	142.5	115.3	571.3	544.1

Net sales by service category (SEK million)	Jan-Mar		Last twelve months	FY
	2021	2020	ending Mar 2021	2020
Listing fees	72.3	69.9	315.1	312.7
Value-added services	26.2	14.6	89.1	77.5
Advertising services and other	44.0	30.8	167.1	154
Total net sales	142.5	115.3	571.3	544.1

Revenues are in their entirety attributable to services rendered to private individuals and companies. Revenue is recognized over time as performance obligations are fulfilled. The revenues are almost entirely attributable to Swedish customers.

Note 3 Other external expenses

(SEK million)	Jan-Mar		Last twelve months	FY
	2021	2020	ending Mar 2021	2020
Administration and commission compensation	-31.5	-32.7	-150.0	-151.2
Other	-48.8	-23.4	-119.5	-94.1
Total other external expenses	-80.3	-56.1	-269.5	-245.3

Administration and commission compensation refers to compensation to real estate agent firms regarding administration of property listings on Hemnet's platform and, for real estate agent firms having entered into a Commission Agreement regarding sale of Hemnet's value-added services, commission.

Note 4 Financial instruments

Hemnet's financial instruments consist mainly of current interest-bearing securities, accounts receivables, other current receivables, liabilities to credit institutions, accounts payable and accrued expenses.

Current interest-bearing securities are measured at fair value in level 1 in the fair value hierarchy. Liabilities to credit institutions carries a floating interest that is estimated in all material respects to correspond to current market rate, whereby fair value is deemed to approximately correspond to booked value adjusted for accrued borrowing costs (level 2). Contingent considerations are measured at fair value in level 3 which means that no observable data for the liability exist and fair value is measured based on management's assessment of what is likely to be paid based on conditions in the share purchase agreement from to the acquisition of Hemnet Sweden in 2017. The Group has no longer any liabilities in level 3 after remaining part of contingent consideration was settled in January 2020. Other financial assets and liabilities are measured at amortised cost.

Note 5 Related party transactions

Transactions with related parties and management incentive program are described in notes G27 and G8 in the annual report for 2020.

During 2019 Hemnet transferred SEK 12.5m to Mäklarsamfundet for marketing activities that Mäklarsamfundet would administrate in 2020-2021. During 2020, marketing activities were performed and cost booked to value of SEK 9.1m. An additional SEK 0.6m has been booked as costs for marketing activities during January - March 2021, while SEK 2.8m remains as a prepaid cost for activities to be performed during 2021. In addition to the above, advertising campaigns have also been administrated on Hemnet's own platform, in cooperation with Mäklarsamfundet, which during 2020 resulted in two revenue transactions of total SEK 4.3m and two cost transactions of total SEK 4.3m. During the first quarter 2021 advertising campaigns administrated on Hemnet's platform has resulted in three revenue transactions of total SEK 2.0m and three cost transactions of total SEK 2.0m. The net effect in the income statement and cash flow for these transactions is SEK 0.

In other respects, the scope and focus of these transactions did not change significantly during the period.

Note 6 Significant events after the end of the period

Listing on Nasdaq Stockholm

On April 27, 2021 Hemnets ordinary shares were admitted to trading on Nasdaq Stockholm. As part of preparing for the listing of the ordinary shares, the previous share structure with three ordinary share classes and three preference share classes was restructured, into two shares ordinary share classes - see table below for details.

Activity	Effect on number of shares	Effect on share capital
As at March 31, 2021	1,338,930,905	SEK 68.4m
Reversed share split 1:15	-1,249,668,847	-
New issue of shares through exercise of warrants	+221,558	SEK +0.2m
Reclassification of shares	-	-
Bonus issue of shares	+11,647,864	SEK +8.9m
Redemption of shares	-43,478	SEK -0.0m
New issue of shares against payment in kind	+3,486,499	SEK +2.7m
Redemption of shares	-3,443,021	SEK -2.6m
Redemption of shares	-2	SEK -0.0m
As at April 27, 2021	101,131,478*	SEK 77.4m

*Out of which 96,074,904 ordinary class A and 5,056,574 ordinary class A1.

External financing

On 27 April, 2021, the Group entered into a new three-year revolving credit facility of SEK 500m with an interest of STIBOR + 1.40-2.00 percent. The Group's existing credit facility of SEK 720m, whereof SEK 684m was utilised at the end of the period, was simultaneously terminated and repaid in full. The remaining capitalised arrangement fees of the old SEK 720m

facility will be treated as cost and is estimated to have a negative effect on the Groups finance costs during Q2 2021 of SEK 13.6m, with no cash flow effect.

Management incentive program

From 2017 up until the IPO of the Group, members of the Board of Directors and the management team were given the possibility to participate in a management incentive program (MIP). As of 31 December, 2020, six members of the management team and five members of the Board of Directors held a total of 11,810,678 ordinary shares class C. The subsequent conversion of these shares into ordinary shares class A in conjunction with the initial public offering resulted in 5,777,110 ordinary shares held by related parties.

Care of Hemnet dividend-in-kind

On April 23, 2021, the extraordinary general meeting in Care of Hemnet AB (publ) resolved a dividend-in-kind to be paid to shareholders, which resulted in six related parties receiving 3,050,919 ordinary class A shares in Hemnet Group AB (publ).

2019/2022 Warrant conversion

On March 17, 2021 the Board of Directors resolved to advance the exercise period for warrants of series of 2019/2022 to April 15 - April 23, 2021. As a result of exercising the warrants, 221,558 new ordinary class B shares were issued, which then, in conjunction with the initial public offering, were converted from ordinary class B shares into ordinary class A shares. This resulted in one member of the management team acquiring 7,097 ordinary class A shares in Hemnet Group AB (publ).

Long-term incentive program

On April 26, 2021, the extraordinary general meeting resolved on an issue of warrants of series 2021/2024 to the company and to managers and certain other employees with key competence in the Group participating in the warrant program. It is the Board of Directors' intention that the structure of the warrant program shall be on a long-term basis and the Board of Directors therefore intends to, following evaluation of the program for 2021/2024, present corresponding proposals regarding the implementation of warrant programs for 2022/2025 and 2023/2026 to the annual general meetings 2022 and 2023.

During April-May 2021, 234,390 warrants were subscribed to by related parties in the management team. The market price for the warrants, calculated using the Black-Scholes option pricing model, was SEK 11.89. In total, the warrant program series 2021/2024 will comprise up to 40 individuals and not more than 469,253 warrants.

The strike price corresponds to 135 percent of the final price in the IPO (corresponding to a share price of SEK 155.25), with an upper limit for the outcome of the program at 250 per cent of the final price in the IPO, meaning that the warrants do not generate additional returns at share prices over SEK 287.50. The complete terms of the warrants also include customary vesting terms and recalculation provisions, including for dividend payments made prior to the exercise of the warrants.

Framework Agreement with Mäklarsamfundet Bransch i Sverige AB ("Mäklarsamfundet") and conversion of shares to class A1

Following the shareholders' agreement that was in force until the completion of the listing of the Group on Nasdaq Stockholm, the company and Mäklarsamfundet entered into a new framework agreement which came into force on 27 April, 2021. The agreement sets out certain principles for the real estate agencies' relationship to Hemnet, in order to create long-term conditions and stability for real estate agencies and to secure a sound commercial development of Hemnet. The agreement is valid until 31 December, 2045. Also, in connection with the listing, 5 percent of the shares in the Group was converted to class A1 shares which are held by Mäklarsamfundet. The shares grant a veto right in relation to changes of the business purpose of the company as described in the company's Articles of Association.

No other material events have occurred after the reporting period which have had a material impact on the operation or assumptions and assessments used in preparation of this report.

Group key ratios

(SEK million, unless stated otherwise)	Jan-Mar		Last twelve months	FY
	2021	2020	ending Mar 2021	2020
EBITDA	33.2	33.0	188.1	187.9
EBITDA margin, %	23.3%	28.6%	32.9%	34.5%
Adjusted EBITDA	57.2	36.4	226.3	202.1
Adjusted EBITDA margin, %	40.1%	31.6%	39.6%	37.1%
Operating profit	13.6	14.1	110.0	110.5
Operating margin, %	9.5%	12.2%	19.3%	20.3%
Net profit for the period	6.7	6.3	68.1	67.7
Profit margin %	4.7%	5.5%	11.9%	12.4%
Earnings per share, basic, SEK	0.07	0.06	0.67	0.67
Earnings per share, diluted, SEK	0.07	0.06	0.67	0.67
Average revenue per listing (ARPL), SEK	1,898	1,501	1,857	1,760
Net debt	407.5	558.0	407.5	415.1
Net debt/EBITDA (LTM), times	2.2	3.3	2.2	2.2
Net debt/Adjusted EBITDA (LTM), times	1.8	3.2	1.8	2.1
Debt/Equity ratio, times	0.5	0.5	0.5	0.5
Equity/Assets ratio, %	56.7%	55.1%	56.7%	56.9%
Number of listings during the period, thousand	44.0	46.8	186.5	189.3
Number of employees at period end	111	100	111	108

See pages 17-19 for derivation and definitions.

Derivation of alternative performance measures

Certain statements and analyses presented in this interim report include alternative performance measures (AMPs) that are not defined by IFRS. The company believes that this information, together with comparable defined IFRS metrics, are useful to investors as they provide a basis for measuring operating profit and ability to repay debt and invest in operations. Corporate management use these financial measurements, along with the most directly comparable financial metrics under IFRS, to evaluate operational results and value added. The APMs should not be assessed in isolation from, or as a substitute for, financial information presented in the financial statements in accordance with IFRS. The APMs reported need not necessarily be comparable to similar metrics presented by other companies. The reconciliations are presented in the tables below.

(SEK million, unless stated otherwise)	Jan-Mar		Last twelve months	FY
	2021	2020	ending Mar 2021	2020
Operating profit	13.6	14.1	110.0	110.5
Depreciation and amortisation	19.6	18.9	78.1	77.4
EBITDA	33.2	33.0	188.1	187.9
Net sales	142.5	115.3	571.3	544.1
EBITDA-margin, %	23.3%	28.6%	32.9%	34.5%
EBITDA	33.2	33.0	188.1	187.9
<i>Items affecting comparability:</i>				
Advertising revenue	-2.0	-	-6.3	-4.3
Marketing costs	2.6	2.0	16.0	13.4
Consultant costs	23.4	1.4	28.5	5.1
Adjusted EBITDA	57.2	36.4	226.3	202.1
Net sales	142.5	115.3	571.3	544.1
Adjusted EBITDA-margin, %	40.1%	31.6%	39.6%	37.1%
Operating profit	13.6	14.1	110.0	110.5
Net sales	142.5	115.3	571.3	544.1
Operating margin, %	9.5%	12.2%	19.3%	20.3%
Net sales	142.5	115.3	571.3	544.1
Revenue not arising from listings	-59.0	-45.0	-225.0	-211.0
Revenue from listings	83.5	70.3	346.3	333.1
Number of listings, thousands	44.0	46.8	186.5	189.3
ARPL, SEK	1,898	1,501	1,857	1,760
Non-current interest-bearing liabilities	667.4	681.3	667.4	673.5
Current interest-bearing liabilities	12.7	12.7	12.7	13.2
Cash and cash equivalents, including current interest-bearing securities	272.6	136.0	272.6	271.6
Net debt	407.5	558.0	407.5	415.1
EBITDA, LTM	188.1	171.3	188.1	187.9
Net debt/ LTM EBITDA, times	2.2	3.3	2.2	2.2
Net debt	407.5	558.0	407.5	415.1
Adjusted EBITDA, LTM	226.3	174.7	226.3	202.1
Net debt/ LTM adjusted EBITDA, times	1.8	3.2	1.8	2.1
Equity	1,356.3	1,287.4	1,356.3	1,349.6
Total assets	2,392.3	2,337.8	2,392.3	2,373.3
Equity/Assets ratio, %	56.7%	55.1%	56.7%	56.9%

(SEK million, unless stated otherwise)	Jan-Mar		Last twelve months	FY
	2021	2020	ending Mar 2021	2020
Non-current interest-bearing liabilities	667.4	681.3	667.4	673.5
Current interest-bearing liabilities	12.7	12.7	12.7	13.2
Total interest-bearing liabilities	680.1	694.0	680.1	686.7
Equity	1,356.3	1,287.4	1,356.3	1,349.6
Debt/Equity ratio, times	0.5	0.5	0.5	0.5

Definitions

Alternative Performance Measures (APMs) are financial measures of historical or future financial performance, financial position or cash flows that are not defined in applicable accounting regulations (IFRS). These measures are not directly comparable to similar key ratios presented by other companies.

Alternative key ratio	Definition
ARPL (Average revenue per listing)	Average revenue per listing, calculated as revenue from home sellers published listings including related value-adding products during the period, in relation to the number of published listings during the period. It is a measure that shows the company's earning capacity per published listing.
Adjusted EBITDA	EBITDA plus items affecting comparability. This measure enables comparison of profitability over time, regardless of amortisation and depreciation of intangible and tangible fixed assets as well as independent of taxes and the company's financing structure. The measure is also adjusted for the impact of items affecting comparability to increase comparability over time.
Adjusted EBITDA-margin	Adjusted EBITDA in relation to sales. The measure reflects the business's operating profitability before amortisation and depreciation of intangible and tangible fixed assets. The measure is an important component, together with net sales growth, to follow the company's value creation. The measure is also adjusted for the impact of items affecting comparability to increase comparability over time.
EBITDA (earnings before interest, taxes, depreciation and amortisation)	Operating profit plus depreciation and amortisation of tangible and intangible assets. The measure enables comparison of profitability over time, regardless of amortisation and depreciation of intangible and tangible fixed assets as well as independent of taxes and the company's financing structure.
EBITDA-margin	EBITDA in relation to net sales. The measure reflects the business's operating profitability before amortisation and depreciation of intangible and tangible fixed assets. The measure is an important component, together with net sales growth, to follow the company's value creation.
Equity/Assets ratio	Equity in relation to total assets. The measure reflects the company's financial position. A high equity ratio provides a readiness to be able to handle periods of weak economic growth. At the same time, a higher equity ratio creates a lower financial leverage.
Financial items - net	Financial income less financial expenses. The measure reflects the company's financial activities.
Interest-bearing liabilities	Interest-bearing liabilities consists of debt to credit institutions and leasing debt.
Items affecting comparability	Items affecting comparability include revenue and expenses that do not arise regularly in the operating activities. A separate disclosure of items affecting comparability clarifies the development of the underlying business.

Alternative key ratio	Definition
Debt/Equity ratio	<p>Interest-bearing liabilities in relation to equity.</p> <p>The measure shows the relation between the company's two forms of financing. The measure shows how large a share the debt financing has in relation to the owners' invested capital. The measure reflects the financial strength, but also the leverage effect of the debt. A higher debt/equity ratio means a higher financial risk and a higher financial leverage on invested capital.</p>
Net debt	<p>Interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities.</p> <p>Net debt is a measure used to follow the development of debt and the size of the refinancing need. Since cash and cash equivalents can be used to pay off debt at short notice, net debt is used instead of gross debt as a measure of the total loan financing.</p>
Net debt/EBITDA	<p>Interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities in relation to EBITDA.</p> <p>The measure is a debt ration that shows how many years it would take to pay off the company's debt, provided that its net debt and EBITDA are constant and without taking into account the cash flows regarding interest, taxes and investments.</p>
Operating margin	<p>Operating profit/loss in relation to net sales.</p> <p>The measure reflects the operational profitability of the business. The measure is an important component, together with net sales growth, to follow the company's value creation.</p>
Operating profit/loss	<p>Total revenue less total operating expenses.</p> <p>The measure indicates the company's operation profit/loss before financing and taxes and is used to measure the profit generated by operating activities.</p>
Profit margin	<p>Net profit in relation to net sales.</p> <p>The measure indicates the company's profit after financing and taxes and is used to measure the profit generated by operating activities.</p>

Consolidated quarterly financial information

The table below presents the Group's condensed financial performance for the last nine quarters.

(SEK million)	2019				2020				2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	94.4	122.3	111.4	116.3	115.3	144.2	141.9	142.7	142.5
Other operating income	0.2	0.2	0.7	0.9	0.5	0.3	0.2	0.7	0.3
Total revenue	94.6	122.5	112.1	117.2	115.8	144.5	142.1	143.4	142.8
Capitalised development	0.4	0.5	0.4	2.9	1.1	0.5	0.9	1.4	2.6
Other external costs	-40.1	-49.7	-46.2	-53.0	-56.1	-67.9	-57.2	-64.1	-80.3
Personnel costs	-21.2	-23.0	-18.9	-25.6	-27.4	-27.1	-23.4	-36.9	-31.3
Other operating expenses	-0.1	-0.1	-0.5	-0.3	-0.4	-0.3	-0.3	-0.7	-0.6
EBITDA	33.6	50.2	46.9	41.2	33.0	49.7	62.1	43.1	33.2
Depreciation and amortisation	-18.0	-18.0	-18.5	-18.7	-18.9	-19.5	-19.4	-19.6	-19.6
Operating profit	15.6	32.2	28.4	22.5	14.1	30.2	42.7	23.5	13.6
Financial items, net	-4.6	-5.4	-4.1	-1.0	-6.1	-6.0	-6.1	-5.5	-5.2
Profit before taxes	11.0	26.8	24.3	21.5	8.0	24.2	36.6	18.0	8.4
Taxes	-2.3	-5.8	-5.2	-4.7	-1.7	-5.2	-8.1	-4.1	-1.7
Net profit for the period	8.7	21.0	19.1	16.8	6.3	19.0	28.5	13.9	6.7
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	8.7	21.0	19.1	16.8	6.3	19.0	28.5	13.9	6.7

Group key ratios by quarter

(SEK million, unless stated otherwise)	2019				2020				2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
EBITDA	33.6	50.2	46.9	41.2	33.0	49.7	62.1	43.1	33.2
EBITDA margin, %	35.6%	41.0%	42.1%	35.4%	28.6%	34.5%	43.8%	30.2%	23.3%
Adjusted EBITDA	33.6	50.2	46.9	41.2	36.4	54.4	63.3	48.0	57.2
Adjusted EBITDA margin, %	35.6%	41.0%	42.1%	35.4%	31.6%	37.7%	44.6%	33.6%	40.1%
Operating profit	15.6	32.2	28.4	22.5	14.1	30.2	42.7	23.5	13.6
Operating margin, %	16.5%	26.3%	25.5%	19.3%	12.2%	20.9%	30.1%	16.5%	9.5%
Net profit for the period	8.7	21.0	19.1	16.8	6.3	19.0	28.5	13.9	6.7
Profit margin, %	9.2%	17.2%	17.1%	14.4%	5.5%	13.2%	20.1%	9.7%	4.7%
Average revenue per listing (ARPL), SEK	1,158	1,314	1,403	1,875	1,501	1,775	1,719	2,089	1,898
Net debt	470.9	422.2	452.2	521.4	558.2	496.7	465.4	415.1	407.5
Net debt/EBITDA LTM, times	3.2	2.7	2.8	3.0	3.3	2.9	2.5	2.2	2.2
Net debt/ Adjusted EBITDA (LTM), times	3.2	2.7	2.8	3.0	3.2	2.8	2.4	2.1	1.8
Debt/Equity ratio, times	0.5	0.4	0.4	0.6	0.5	0.5	0.5	0.5	0.5
Equity/Assets ratio, %	58.5%	57.1%	59.4%	53.4%	55.1%	55.4%	56.4%	56.9%	56.7%
Number of listings during the period, thousand	43.4	54.7	49.8	37.1	46.8	52.6	49.5	40.4	44.0
Number of employees at period end	84	84	94	92	100	102	104	108	111

Financial calendar

20 August 2021	Interim report, Q2
4 November 2021	Interim report, Q3

PRESENTATION OF THE INTERIM REPORT

Hemnet invites analysts, investors and media to participate in the results presentation of the first quarter at 10:00 CEST on 31 May, 2021. The results will be presented by CEO Cecilia Beck-Friis and CFO Carl Johan Åkesson. The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the link or phone, see details below.

Dial-in numbers:

Sweden: +46 8 5664 27 03

UK: +44 33 33 00 92 63

US: +1 83 38 23 05 90

Webcast link: <https://tv.streamfabriken.com/hemnet-q1-2021>

For further information, please contact:

CFO Carl Johan Åkesson on +46 708 30 70 57 (investors)
or email cj.akesson@hemnet.se

IR Manager Nick Lundvall on +46 761 45 21 78 (analysts)
or email nick.lundvall@hemnet.se

CEO Cecilia Beck-Friis on +46 703 41 03 23 (investors, media)
or email cecilia.beck-friis@hemnet.se



Hemnet operates the leading property platform in Sweden. The Company emerged as an industry initiative in 1998 and has since transformed into a "win-win" value proposition for the housing market. By offering a unique combination of relevant products, insights and inspiration, Hemnet has built lasting relationships with buyers, sellers, and agents for more than 20 years. Hemnet shares a mutual passion for homes with its stakeholders and is driven by being an independent go-to-place for people to turn to for the various housing needs that arise through life. This is mirrored in the Company's vision to be the key to your property journey, supplying products and services to improve efficiency, transparency and mobility on the housing market.

Visiting address: Klarabergsgatan 60
Postal address: Klarabergsgatan 60, 111 21 Stockholm, Sweden
Corporate registration number: 559088-4440
Phone: +46 (0)8-509 068 00
E mail: info@hemnet.se
<https://www.hemnetgroup.com>