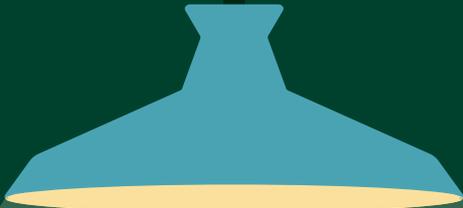


# Hemnet Group 2021



Annual and sustainability report

 Hemnet



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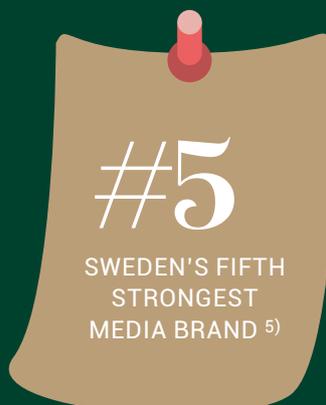
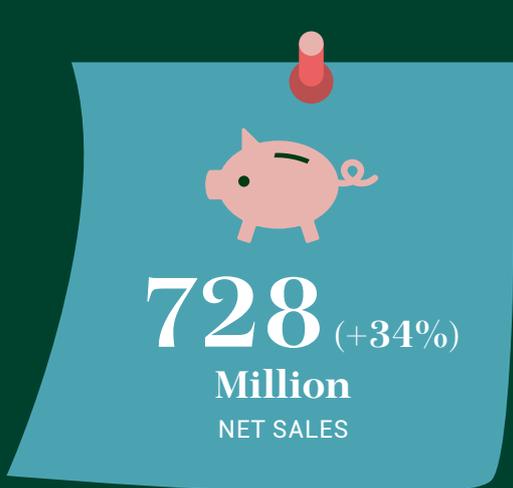
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*Pages 27-68 cover Hemnet Group AB (publ) annual report and consolidated financial statements and have been reviewed by the company's auditor, Ernst & Young AB. An audit report can be found on pages 69-70.*

*This publication is a translation of the original Swedish text. In the event of inconsistency or discrepancy between the Swedish version and this publication, the Swedish language version shall prevail.*

# The #1 real estate marketplace in Sweden



<sup>1)</sup> Hemnet and SCB (the Swedish Central Bureau of Statistics), regards second hand market. <sup>2)</sup> Google Analytics. <sup>3)</sup> Nepa Hemnet consumer report Q3 2021. <sup>4)</sup> Hemnet and SCB. Refers to all Swedes over the age of 14. <sup>5)</sup> YouGov Hemnet BrandIndex September 2021. <sup>6)</sup> The Allbright Foundation.

# Hemnet's history

## Hemnet was founded by and for the real estate broker industry

1998

Hemnet is founded at the initiative of the Swedish real estate broker industry.

2009

Hemnet's own organisation is set up and the first employees are recruited. The iOS app is launched.

## First steps taken to commercialise

2017

General Atlantic and Sprints Capital acquire a majority stake in Hemnet. Together with Mäklarsamfundet, the new owners invite Hemnet employees and real estate agents to invest in the company.

2015

The pricing model for a property listing on Hemnet (later named Hemnet Bas) becomes more dynamic, and is based on the property asking price.

2013

Hemnet takes an important step in its commercialisation journey by starting to charge property sellers. A part of the fee goes back to the real estate agent to compensate for administration.

## Product expansion and accelerated growth

2018

Hemnet launches its first value-added service to property sellers - Raketen.

2019

Hemnet continues to develop its offering to property sellers and launches the value-added services Hemnet Plus and Hemnet Premium.

2020

Hemnet grows in revenue, traffic and employees despite a challenging year with Covid-19. The new value-added services become an established part of Hemnet's offering.

2021

Hemnet introduces segmented pricing for all listing products as well as a new compensation model for real estate agents. Hemnet is listed on Nasdaq Stockholm.



# The key to your property journey

**We increase efficiency, transparency and mobility on the housing market.**

For over 20 years, Hemnet has been the most efficient meeting place in the housing market. A hub for everyone in Sweden looking to make the most important investment of their lives; selling their home or finding a new home.

At Hemnet, we build lasting relationships with buyers, sellers and the real estate agent industry. Driven by a common passion for homes, we are the independent go-to place that enables property journeys.



# CEO report



Flyttlåda

kg

Flyttlåda

kg

Flyttlåda

kg

Flyttlåda

**Flyttlåda**

Max: 30kg

Flyttlåda

Max: 30kg

Max: 30kg

Flyttlåda

Max: 30kg

Flyttlåda

Max: 30kg

da

åda

Flyttlåda



Denna låda  
Innehåller  
Kök  
Vardagsrum  
Toalett  
Sovrum  
Förard

2021 has been a unique and eventful year for Hemnet during which we have taken many significant and important steps as a company. We have improved our users' experience and launched a number of updates to our offering, implemented important updates to our business model, strengthened our employer brand, updated our sustainability efforts and completed a successful IPO.

#### EXCEPTIONAL GROWTH IN 2021

2021 is our most successful year so far. Net sales amounted to SEK 728.1 million (SEK 544.1 million), which is an increase of 33.8 percent compared to 2020. Adjusted EBITDA amounted to SEK 355.0 million, compared to SEK 202.1 million in the previous year, an increase of 75.7 percent.

The main factor behind these results is a strong growth in the average revenue per property listing, ARPL, which has increased from SEK 1,760 to SEK 2,467. The increase is explained by the fact that we have enhanced the value of our products leading to more home sellers choosing to upgrade their listing on Hemnet and that we have implemented a segmented pricing of our basic offering, Hemnet Bas. The performance was also driven by an update in our compensation model for real estate agent offices at the beginning of the year.

Net sales from property sellers were also positively affected by a very active housing market. Sweden has a stable housing market driven by consumer mobility rather than by speculation and cyclical fluctuations. This means that, historically, the volume of homes for sale has had a stable development from year to year. In the wake of Covid-19 and the fact that the pandemic has contributed to an increased interest in the home, we have seen a more active housing market than usual. This has been reflected in record traffic to Hemnet and higher listing volumes than normal during parts of the year. In total, we had 4.8 percent more listings on our platforms in 2021 compared to 2020.

#### THE FIRST CHOICE FOR ANYONE LOOKING FOR A HOME IN SWEDEN

Hemnet is the first choice for those looking for a new home in Sweden. This is also the reason for our high traffic during the year, with an average of over 60 million visits to our various platforms each month. Our strong position was also evident when the market research company YouGov ranked Sweden's biggest brands in terms of image, with Hemnet ending up in the top five of the country's media brands.

We will maintain and extend our position by continuing to deliver added value to our visitors. We want to create a more tailored experience and transparently share market data with consumers to help them take the next step in their housing journey, while at the same time contributing to increased mobility in the housing market. For example, we added more information about the price development of homes for sale during the past year. We have also improved the logged-in experience and made it easier to save property listings and previous searches. We see great opportunities in an increased personalisation and want to give consumers more reasons to visit Hemnet, also when they are not actively looking to buy or sell a home.

#### WE HAVE MADE IT EVEN MORE EFFICIENT TO ADVERTISE YOUR HOME ON HEMNET

We want to give home sellers the best possible conditions for a smooth property transaction by maximising exposure on Sweden's largest housing platform, in an efficient way reaching virtually all those interested in real estate in Sweden. During the year, we have made several improvements of our value-added services to home sellers. We have made Hemnet Plus and Premium ads even more visible, built up a smoother purchasing flow, added more data on the running performance of listings on Hemnet and simplified for real estate agents to recommend our various products to their customers. This has jointly contributed to our value-added services for home sellers increasing in popularity and at the end of the year, more than every third listing on Hemnet was upgraded to one of our expanded packages.

#### INCREASED INVESTMENT IN OUR PRODUCT OFFERING TO REAL ESTATE AGENTS AND OTHER PARTNERS

Hemnet's success is based on strong relationships with the estate agent industry, property developers, banks and other companies close to the housing business. We want to offer these players the best opportunities to build their brands and business by reaching Hemnet's audience.

It is gratifying to see that virtually all major players in these categories are investing more in our various subscription and advertising products, and we see great potential for Hemnet to be able to add even more value and increased business opportunities to this target group. In 2022 we will therefore accelerate our investments and develop even more effective products for our business partners.

#### WE STRENGTHEN OUR EMPLOYER BRAND AND IMPROVE OUR SUSTAINABILITY EFFORTS

When I started at Hemnet, it was clear to me that Hemnet offered a great service and was a well-known brand, but that the company was relatively unknown as an employer. Hemnet's development is entirely dependent on our ability to attract new members to our teams. We are constantly refining our offer to our employees and we strive to be an inclusive and gender-equal workplace with a strong and values-driven culture where people with different experiences and backgrounds thrive.

Throughout the year, we have been pleased to see that our efforts are also being noted by the world outside of Hemnet. In September, the Allbright Foundation named Hemnet as one of the three most gender-equal companies on the stock exchange, and when the people analytics company Nyckeltalsinstitutet surveys equal working conditions for men and women in Swedish working life, Hemnet qualifies within the top ten percent of employers in the country. We have come a long way in four years, but we continue our efforts to become the best employer possible.

As Hemnet grows, sustainability issues become increasingly important for us. During the year, we have therefore reviewed our sustainability efforts with a clearer framework for how we work with and report on our impact on the world around us. You can read more about the result of this work on page 18.

#### WE ARE AT THE BEGINNING OF OUR JOURNEY

I want to thank the Hemnet team for a fantastic and intense year. Together, we have made Sweden's largest housing platform even better, and laid the foundation for our continued journey. We look forward to taking new steps in the new year together with our employees, customers and partners to create an even more transparent, efficient and mobile housing market.

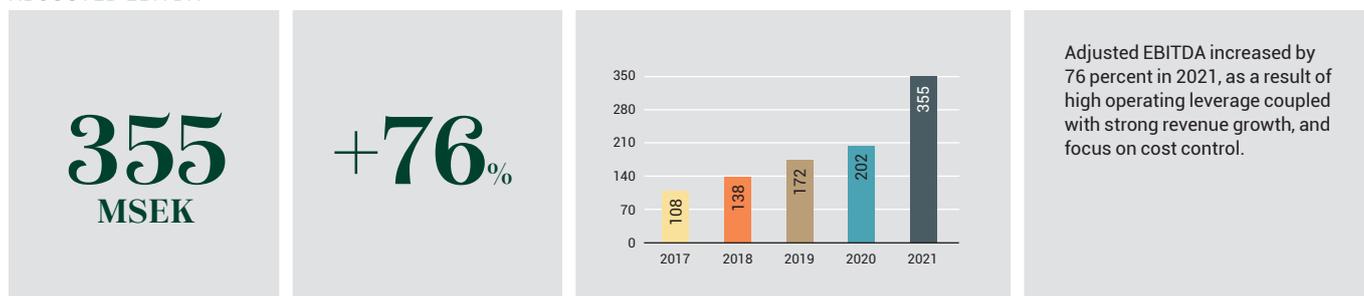
**Cecilia Beck-Friis**, CEO, Hemnet

# 2021 in numbers

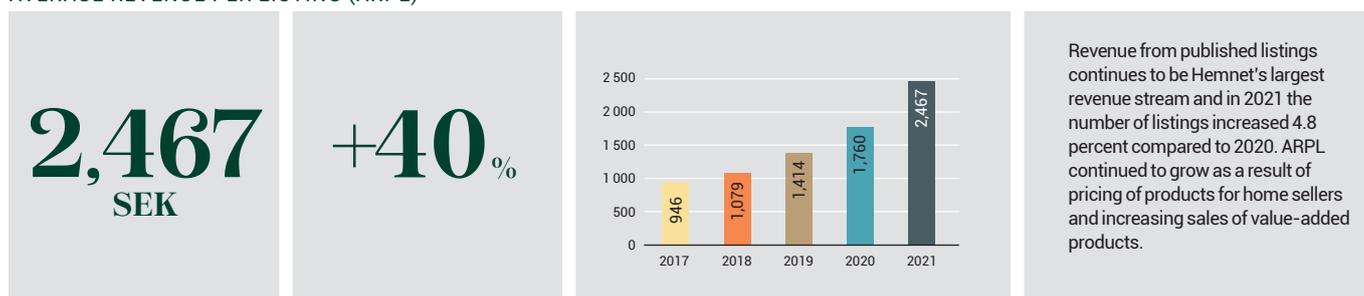
## NET SALES<sup>1)</sup>



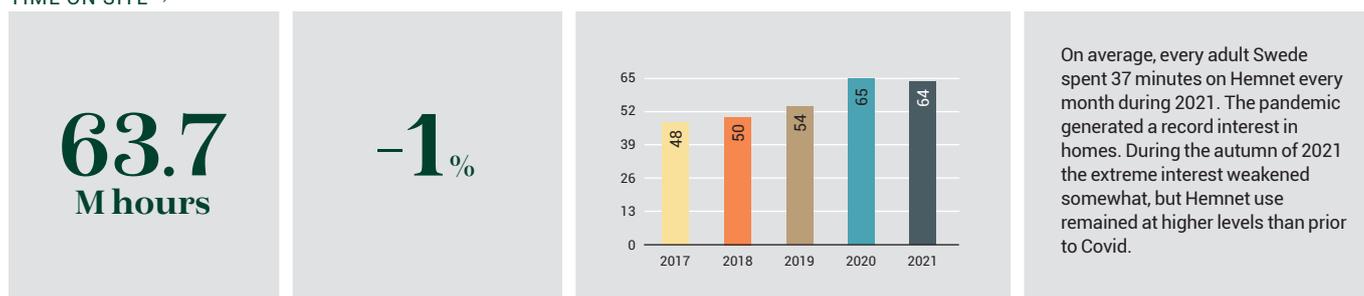
## ADJUSTED EBITDA<sup>1)</sup>



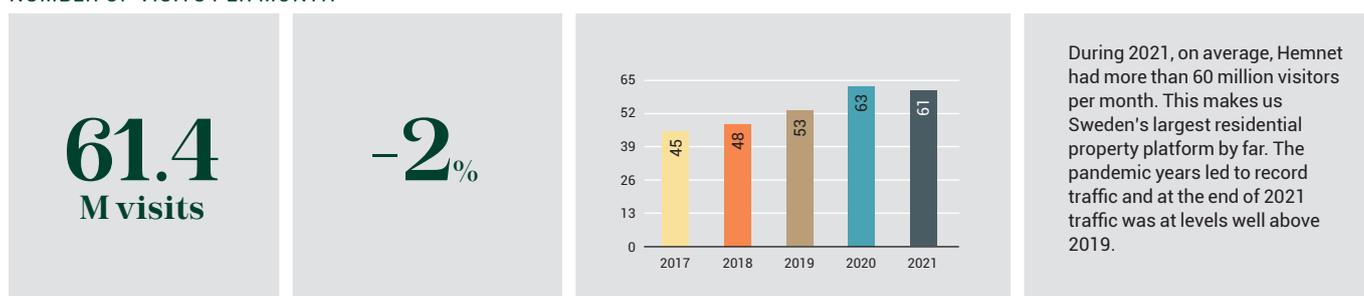
## AVERAGE REVENUE PER LISTING (ARPL)



## TIME ON SITE<sup>2)</sup>



## NUMBER OF VISITS PER MONTH<sup>2)</sup>



<sup>1)</sup> Figures for 2017 refer to consolidated accounts of Hemnet Group AB, prepared in accordance with IFRS, with the addition of the Hemnet Sverige Group's results for January 1-8, 2017, when this was acquired by the new group on January 9, 2017. <sup>2)</sup> Hemnet and SCB (Central Bureau of Statistics). Refers to all Swedes over the age of 14. <sup>3)</sup> Google Analytics



# Our offering

## Undisputed market leader

Hemnet has an unmatched brand recognition, awareness and preference among Swedish property portals, and 9 out of 10 properties sold in Sweden are listed on our platforms during their sale cycle.

Hemnet is the obvious go-to place for buying and selling real estate in Sweden. Since our launch in 1998 our traffic has steadily grown, and Hemnet is the clear traffic leader among Swedish real estate portals. During 2021, a total of 63.7 million hours was spent

on Hemnet. This is equivalent to an average of 37 minutes per Swede, making Hemnet not only one of the most popular digital platforms in the country, but also a source for entertainment and inspiration.



90%

About 9 out of 10 properties of all homes sold through a real estate agent on the second-hand market in Sweden are listed on Hemnet \*



\* Hemnet and SCB (Central Bureau of Statistics). \*\* Nepa Hemnet consumer report Q3 2021

## Hemnet's network effects

Strong network effects create value for the housing market



Behind Hemnet's strong position in the Swedish housing market lies our strong network effects. In an accessible, intuitive, transparent and informative environment, we make the housing market easily accessible to home buyers, while at the same time enabling home sellers and real estate agents to expose a home for sale to the largest and most relevant audience. As we have grown and developed our offer, an increasing number of home buyers, home sellers and real estate agents choose to use Hemnet, which

has made us the go-to place for the various players in the housing market. This has enabled us to create even more value for our main target groups. Our network effect is based on home sellers and real estate agents benefiting from more home buyers on Hemnet, while home buyers conversely benefit from more home sellers and real estate agents on the platform. At the same time, our large and relevant audience creates value for our business partners who want to reach the largest relevant audience for their products.

13:54

Malmö kommun

Till salu  
497

Kommande  
50

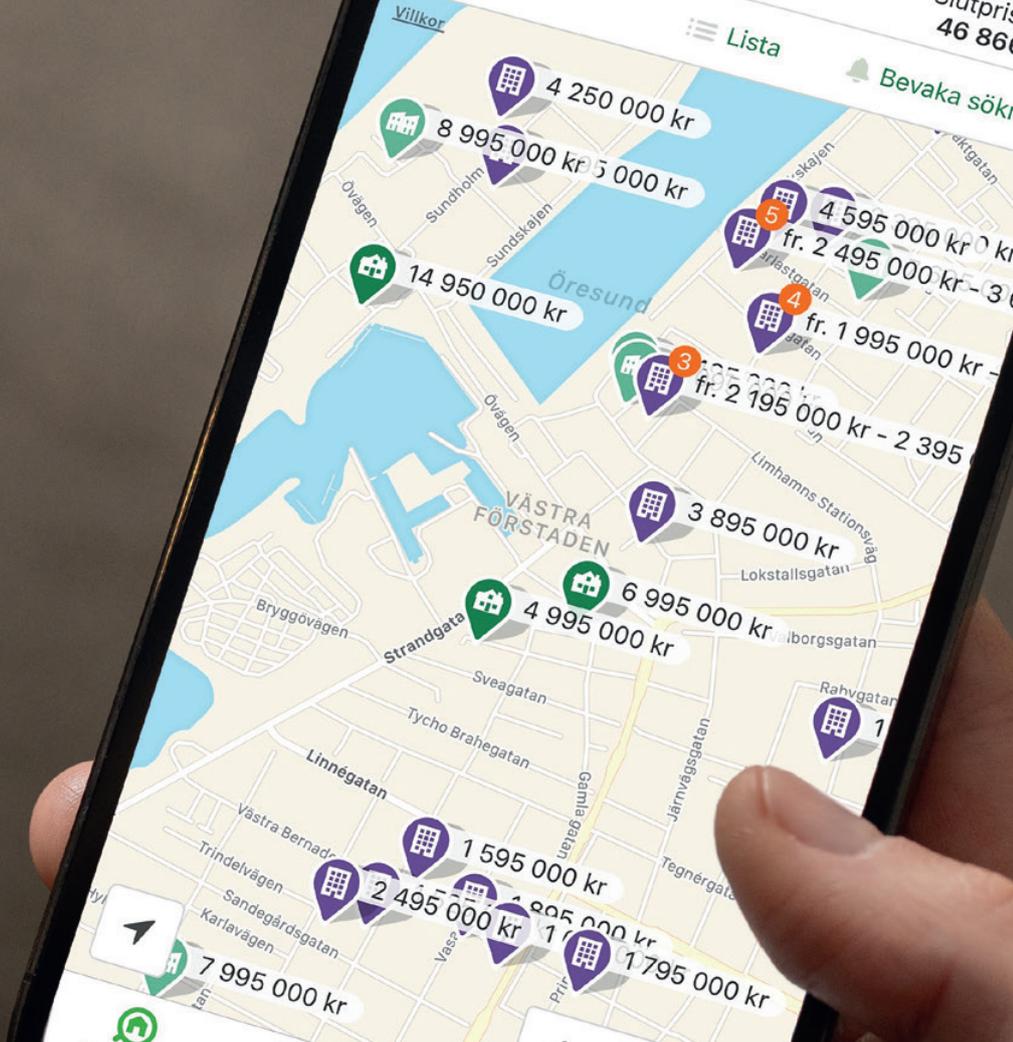
Slutpriser  
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Sökfilter

Kartval

Lista

Bevaka sökning



Sök bostad

Sparade

Notiser

Mitt konto

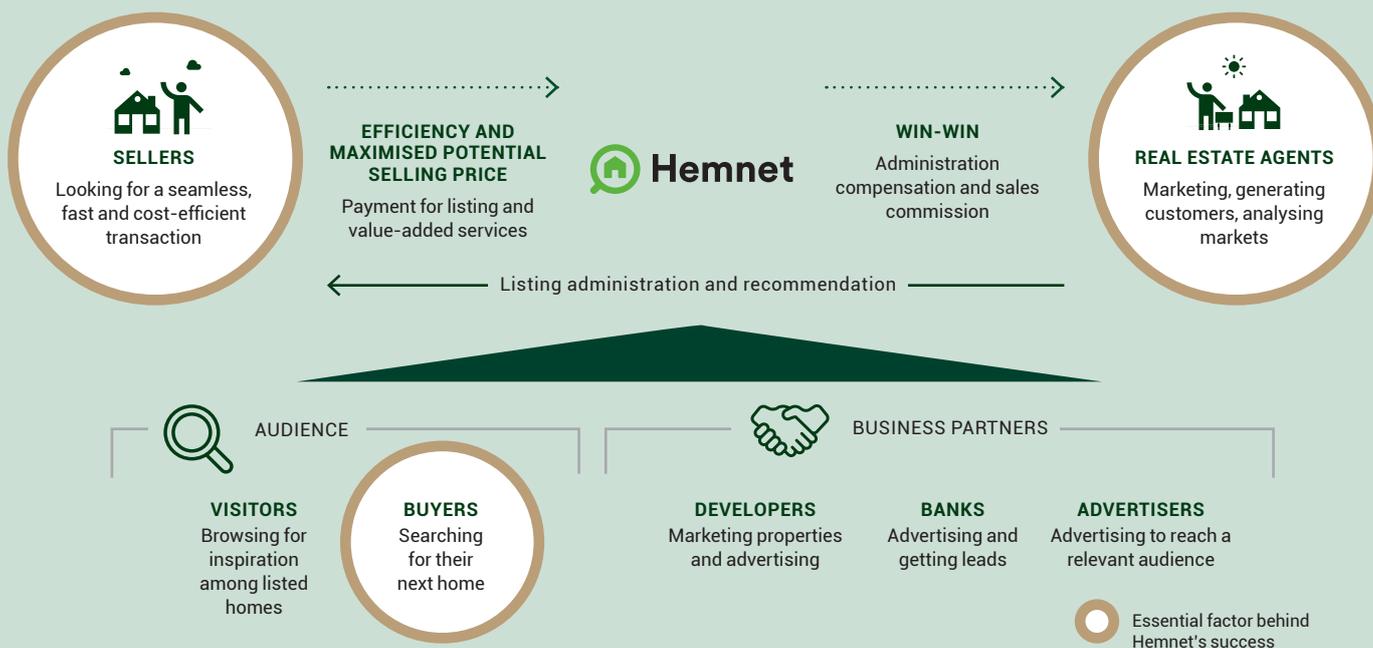
Rita område

## A unique business model

Hemnet's business model is different to those of our international peers for a number of reasons. Firstly, Hemnet has a direct relationship with the property seller, who pays for the listing on Hemnet, providing an efficient channel through which products aimed at this target group can be sold. Secondly, Hemnet has a win-win partnership with the real estate agents, where Hemnet provides a significant revenue stream for the agent offices. This is a result of the compensation model agreed upon by Hemnet and the real estate agencies, where part of Hemnet's income goes back to the agency offices as compensation for their

work with information and administration on behalf of Hemnet, and where an upselling commission goes to offices choosing to actively resell Hemnet's entire product portfolio.

Furthermore, Hemnet is an important marketing channel for the real estate agents, property developers and other professionals in the property sector or adjacent sectors. This is due to our large reach and relevant audience of people in all different phases of their property journey, many of whom state that they are actively looking for a new home.



## Net sales by customer group

Hemnet's revenue comes from property sellers as well as professional partners. The majority of our net sales was attributed to home sellers. In 2021, this customer category accounted for 66 percent of net sales. In the same period, real estate agents accounted for 13 percent, property developers for 8 percent and other business partners for 13 percent.

Net sales from property sellers consists of Net Sales from listing fees (Hemnet Bas) and value-added services (Hemnet Plus & Hemnet Premium, Raketen, and Republishing). Net sales from real estate agents and other business partners is today mainly derived from display-related advertising, however Hemnet has a broader product

portfolio including subscription products (for example Hemnet Business) and value-added services (for example Mäklartipset) that are aimed towards real estate agents.

Hemnet's key focus over the past few years has been developing value-added services for property sellers. While we will continue to develop this part of our offering, we will also increase our focus on our business partners. Going forward, we see great potential in enriching our product offering to both real estate agents and property developers, with the aim of growing our partners' businesses, as well as our own.



# Our strategy

Hemnet's growth strategy is built on our vision to be the key to your property journey and sets the framework for how we will achieve our financial and strategic targets. It is based on three pillars focusing on our key customer groups:



## Consumers

### Growing loyalty beyond the buy-sell moment

Hemnet is the market leader for targeting active home buyers and sellers. This is the foundation of our business model as well as our unique differentiator in the market.

Hemnet helps the millions of consumers visiting our various platforms every week to scan and research the market. By collecting Sweden's housing market in one place, we make it convenient and seamless to find or sell a property. Yet we believe we can provide even more value to consumers and contribute to the mobility of the property market by expanding our offering and coming in at an earlier phase of the property journey. Creating a long-lasting relationship with consumers is the key to strengthening Hemnet's leading market position and opening up to future growth opportunities.



## Home sellers

### Making upgraded listings the obvious choice

As the largest property marketplace in the country, we want to offer the best possible conditions for everyone advertising their home on Hemnet to reach a maximum number of prospective buyers. To help property sellers get the most out of their property sale, Hemnet has created a range of value-adding products with the goal of maximizing the exposure of the property listing to Hemnet's large audience. Over the last few years, we have continuously worked to improve the functionality of these products in order to create even more value for our customers, which has also made the products increasingly popular.

In parallel we have made improvements the purchase flow for these products, our upsell process and in how we work with pricing. During 2021 we also updated our compensation model to real estate agents, giving agents a clearer incentive to recommend our additional products. Our close collaboration with real estate agents, our most important partners, also enables us to continuously improve our products and help sellers maximize the value of their property transaction.



## Real estate agents and business partners

### Create unrivalled products to meet the needs of real estate agents and other business partners

Hemnet is a central destination for all stakeholders of residential real estate transactions in Sweden. Over the years, Hemnet has developed a portfolio of B2B products offered to real estate agents, property developers and other advertisers. The demand for these products is high and we see a big potential in further capitalising on this strong market position by continuing to develop and offer better solutions to our customers' challenges than what can be found on the market today, as well as working more efficiently with segmented pricing.

Business partners such as real estate agents, property developers and banks are believed to spend only a small part of their total marketing spend on Hemnet today, relative to the size and value of Hemnet as a platform. We see an opportunity for Hemnet to take a larger share of this spend.



# Financial targets

Hemnet has a scalable business model underpinned by good opportunities for future growth and margin expansion. Our financial targets are:

## Growth 15-20%



Hemnet aims to achieve annual net sales growth of 15–20 percent.

## Profitability 45-50%



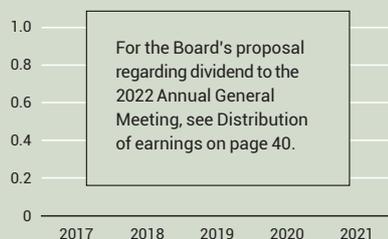
Hemnet aims to achieve an adjusted EBITDA margin of 45–50 percent in the medium term.

## Leverage <2.0x



Hemnet aims to achieve a Net Debt to Adjusted EBITDA of less than 2.0x.

## Dividend policy >1/3



Hemnet aims to pay an annual dividend amounting to at least one third of the profit after tax. In the event that the company has excess liquidity, it must be returned to shareholders through, for example, extra dividends or share repurchases.

# Hemnet as a workplace

At Hemnet we always strive to move forward. We take pride in creating a working environment where people thrive and grow and where we all work together to create Sweden's #1 residential real estate marketplace.

## Our core values



**We listen and act**



**We always move forward**



**We succeed together**

Our culture rests on three core values that guide us in our interactions within and outside the company, in our way of working and in how we behave and treat each other: We listen and act, We always move forward and We succeed together. Our values help us when setting our strategies as well as in making everyday decisions.

## Voices from the Hemnet team



"At Hemnet we are constantly working on solving our users' problems when buying and selling a home. Always pushing ourselves forward is an important part of addressing these challenges. As a Product Manager, living by our values helps me prioritise making a difference for our users in our development efforts. Challenging, agile, collaborative, and fast-paced are some words that I think describe our culture. I work in a highly adaptive environment where I am constantly challenged to tackle things head-on, often together with amazing colleagues."

**Michelle**, Product Manager



"For me, succeeding together is a big part of the Hemnet culture. To understand the bigger scope of what we are trying to achieve at Hemnet - to actively seek for the ideas and perspectives of others, both my colleagues and our users. Succeeding together is to humbly understand that what I do, or what we do as a team, affects other people and because of this, we are always striving to develop together. For some people this might sound difficult, but for me it's not - because we really do this together. That is why I enjoy being part of Hemnet."

**Adina**, Developer



"Helpful, playful and encouraging is how I describe Hemnet. We basically have the enthusiasm and desire to experiment you would find in a small startup, and the know-how and opportunities of a bigger company. It's the best of both worlds if you ask me! We truly care about what other colleagues think and take that into consideration when we're planning our work or evaluating initiatives. Hemnet is very democratic in that way. But it also means that we always listen to our users' opinions and encourage them to give us feedback."

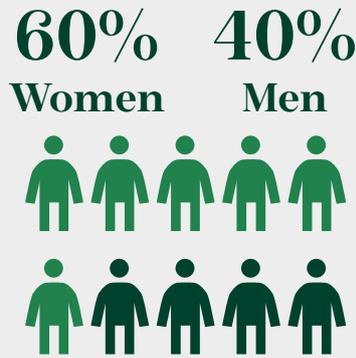
**Magnus**, Copywriter & Customer Communication

## Diversity and inclusion

### Awarded for gender equality



Awarded as the third most gender-equal Swedish public company by the Allbright Foundation.



Gender equality starts at the top. We are proud to be a tech company with an equal management team and that 60 percent of all of our managers are women.



Appointed Excellent Employer by Nyckeltalsinstitutet through belonging to the 10 percent most gender-equal employers in Sweden.

### Diversity creates a workplace for people to thrive in



Attracting new talents is one of our most important focus areas. During 2021 we welcomed 23 new co-workers to Hemnet.



People from all over the world work at Hemnet. Today, our employees come from 15 different countries.



Ranked as number 4 among media companies where Swedes would most like to work\*.

\* source: YouGov

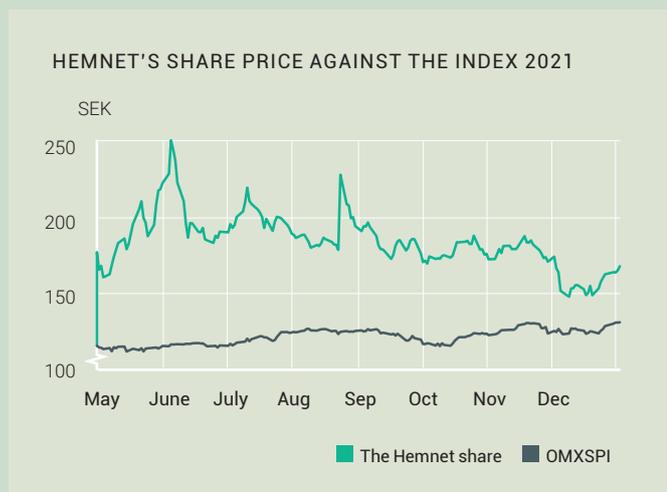
**"Hemnet should be an inclusive and gender-equal workplace"** Cecilia Beck-Friis, CEO



Hemne

# The Hemnet share

2021 is Hemnet's first financial year as a public company, following a successful listing on Nasdaq Stockholm on 27 April 2021. The total return on Hemnet's ordinary share was 45<sup>1)</sup> percent since the IPO in 2021, compared to a 13 percent return in the OMXSPI during the same time period.



## Stock exchange listing

On 27 April 2021, Hemnet's series A share began trading on Nasdaq Stockholm. The listing price was SEK 115 per share, which corresponds to a market value for all listed ordinary shares in the company of SEK 11,630 million at the time of the listing. The offer consisted of 17,890,403 ordinary shares, representing approximately 17.7 percent of the total number of ordinary shares of the company offered by General Atlantic, Sprints Capital and Care of Hemnet as well as a number of other shareholders, including certain board members and senior executives.

## Turnover

In 2021, the turnover of Hemnet's ordinary shares on Nasdaq Stockholm amounted to 57.9 million shares. This corresponds to a turnover rate of 60 percent. On average, 329,000 Hemnet shares were traded per day.

## Facts in brief

Stock exchange	Nasdaq Stockholm (Large Cap)
ISIN code / Ticker	SE0015671995 / HEM
Listing date	27 April 2021
Share classes	There are two classes of shares in the company: ordinary shares and series A1 shares. Both share classes have the same voting and dividend rights. The main difference is that series A1 shares have a veto right against alteration of the company's objects in the articles of association. These shares are owned by Mäklarsamfundet. For complete information on the rights of the share classes, see the company's prospectus.
Total registered shares:	101,131,478, of which 96,074,904 ordinary shares and 5,056,574 series A1 shares
Share price and market capitalisation as of 31 December 2021	SEK 167.3 / SEK 16.9 billion
Highest / lowest price 2021	SEK 257.00 / SEK 142.35
Companies that perform analysis of Hemnet Group AB	Barclays, Carnegie, Citi, Jeffries, Morgan Stanley, Nordea
Consensus estimate	Available via Infront

## Ownership structure

Hemnet had a total of 11,840 shareholders as of 31 December 2021. In terms of numbers, private individuals are the largest category of owners, while institutional owners dominate in terms of share capital.

## Ownership by employees

Hemnet has in place a long-term incentive program (LTIP) for key individuals. As of the 31 Dec 2021, 32 individuals have subscribed to the program, of the 33 that were offered to subscribe. In order to remain a competitive employer, retain competence and align interest with employees, the board will be seeking the AGM's approval for the second tranche of the LTIP program, further expanding the number of Hemnet employees invested in Hemnet. Furthermore, the board will also propose to the AGM a shares savings scheme to further enable employee share ownership.

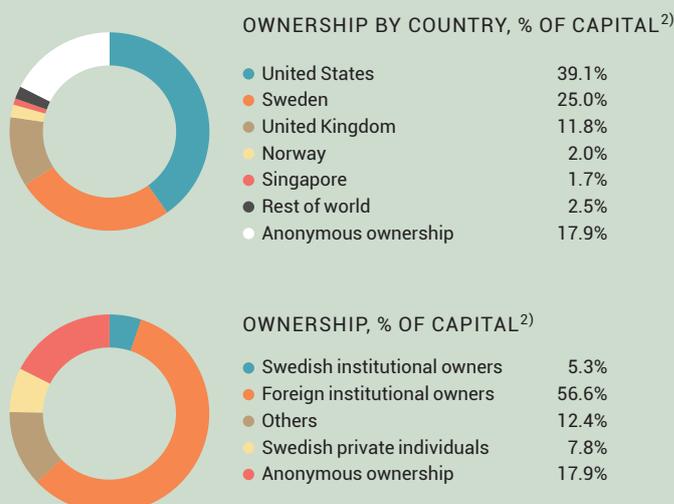
## Dividend policy and proposal to the Annual General Meeting 2022

Hemnet's dividend policy is to distribute one third of the annual profit after tax. If the company has surplus liquidity, it shall be returned to the shareholders through, for example, special dividends or share buybacks. The proposal to the 2022 AGM is a dividend of SEK 0.55 per share, and that the AGM authorises the Board of Directors to implement a buy-back programme over a twelve-month period, amounting to a maximum of 10% of the total shares outstanding.

## Ownership structure - the 10 largest owners

Name	Number of shares*	Capital	Verified
General Atlantic	31,167,733	30.82%	2021-12-31
Mäklarsamfundet Bransch I Sverige	10,113,148	10.00%	2021-12-31
Sprints Capital Management LTD	8,924,357	8.82%	2021-12-31
Pierre Siri	3,548,721	3.51%	2021-12-31
Baillie Gifford & Co	1,984,940	1.96%	2021-11-30
SEB Fonder	1,730,722	1.74%	2021-12-31
Government of Singapore (GIC)	1,747,550	1.73%	2021-12-31
Brown Capital Management, LLC	1,731,100	1.71%	2021-12-31
Fidelity Investments (FMR)	1,725,245	1.71%	2021-11-30
ODIN Fonder	1,630,000	1.61%	2021-12-31

\* Holdings as of 31 December 2021. Direct and nominee registered holdings with NCSD. Filing dates for foreign owners may vary. Foreign custodian banks are excluded. Source: Modular Finance



<sup>1)</sup> Based on an IPO price of SEK 115 per share <sup>2)</sup> Source: Modular Finance. Data compiled from Euroclear, Morningstar, Finansinspektionen, Nasdaq.

# Sustainability Report

## Our sustainability efforts are an integral part of our business

As one of Sweden's most visited digital platforms and a hub for the country's residential property transactions, Hemnet plays an important role in the Swedish housing market. With this position comes responsibility, and we want to build a company that makes a positive impact both in the market where we operate and in society at large.

Our sustainability efforts are focusing on areas that are close to our business and our offering. We work daily to ensure that the

quality and availability of our platforms and services are maintained, since they play an important role for our users in their housing journey. Hemnet is a fair, trustworthy and independent marketplace where we protect the privacy of our visitors and customers. As a company driven by our products and innovation, our employees are our most important asset, and as an employer we should offer an inspiring and developing workplace based on clear ethical guidelines.

## Hemnet's sustainability efforts in 2021

During 2021, we developed how we work with sustainability and refined our sustainability reporting. For example, we have updated our company values and ethical framework as well as taken important steps within gender equality and diversity. We have also carried out our first greenhouse gas accounting for Hemnet.

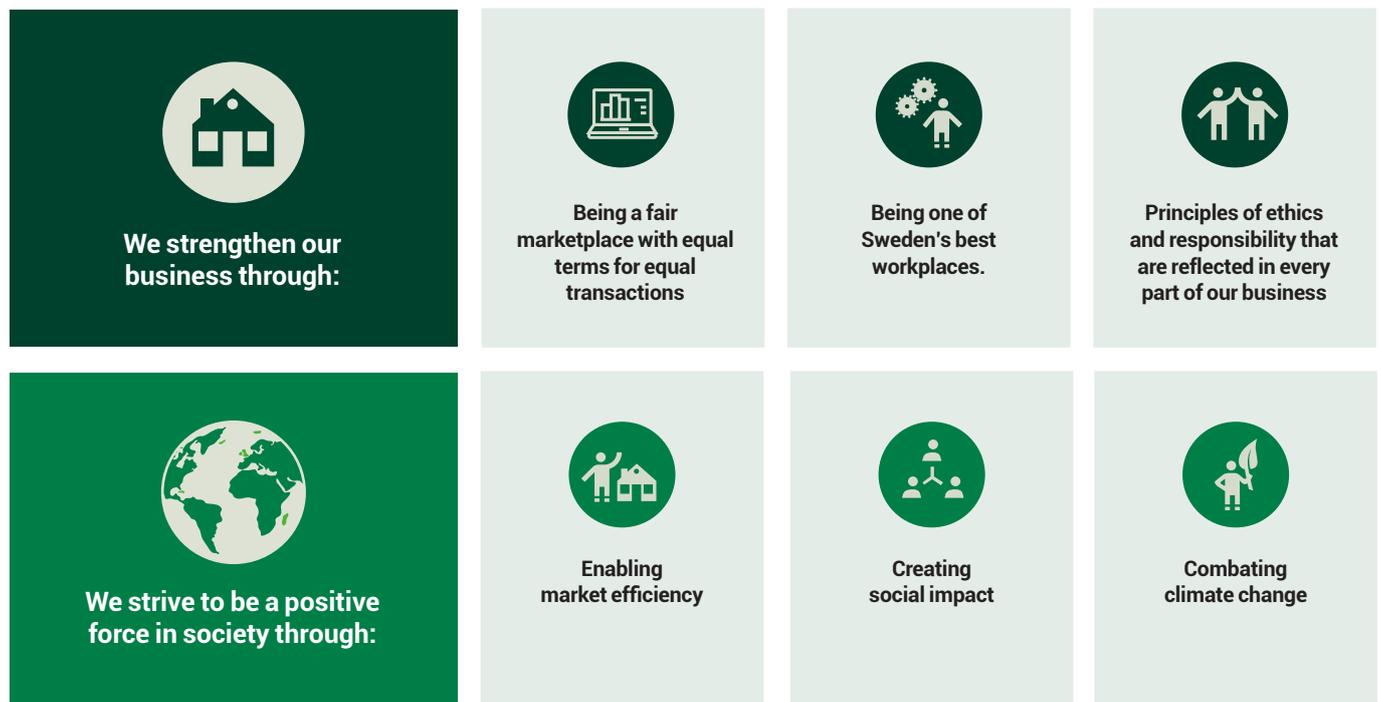
During the year, we have conducted several stakeholder dialogues with our most important stakeholder groups in order to develop our sustainability framework. These dialogues provided insights into the previously performed materiality analysis and resulted in an updated sustainability framework with clear focus areas and performance indicators.

## Sustainability framework and focus areas

Hemnet's sustainability framework consists of six focus areas that include areas where Hemnet's business has the greatest impact. The framework is divided into two parts, where one part includes the focus areas that are an integral part of our business, and the other areas where we, through our brand and strong position, strive to be a positive force in society. In this report, we

follow up all focus areas with performance indicators inspired by, but not fully meeting all the requirements of, the Global Reporting Initiative (GRI).

In 2022, we will take further steps within our sustainability efforts, including the ambition to complement the sustainability report with clear targets in our focus areas.



## Hemnet's contribution to the UN Sustainable Development Goals (SDGs)



Along with the updated sustainability framework, we have identified three SDGs where we have the greatest impact through our operations and where we believe we have the best opportunity to contribute to achieving the SDGs.



As a digital and comprehensive marketplace, Hemnet enables faster and easier property transactions for all market participants. This creates a more efficient property market and contributes to sustainable economic growth.



Hemnet is to be an independent and transparent marketplace. Through our platform, we provide a high-quality and reliable digital infrastructure for the Swedish property market giving fair access for all market participants.



To tackle climate change and its effects, urgent action is needed by all. Hemnet wants to contribute to a well-functioning property market within the planetary boundaries. We do this by limiting our own greenhouse gas emissions and reviewing how we can help our customers make more sustainable housing choices.



## How we strengthen our core business through sustainability

We see the following three areas of sustainability as the most important for running and developing our business:

### An independent and transparent marketplace

Hemnet's business model implies a responsibility to ensure that home buyers, sellers and estate agents alike have equal access to the part of the residential property market that Hemnet represents. Content on Hemnet must be accurate, credible and of high quality, with common ground rules for the estate agents who place property advertisements on the platform. Through our customer service function, we continuously follow up published listings on Hemnet that don't comply with our publication rules through an email sent to the responsible real estate agent. The most common issues include incorrect information in the listing or that the listing has been categorised in the wrong property category. Repeated errors that are not corrected can lead to suspension from Hemnet's platforms, but mistakes are almost always immediately corrected and suspension is an extreme measure that we rarely have had reason to use.

We are to be a marketplace where our visitors and customers feel confident that we take their privacy seriously and that the use of their

personal data is transparent. We carry out structured and continuous data protection efforts, and respect for privacy is a natural part of our Code of Conduct. It is clear from Hemnet's Policy for Information and Data that the use of personal data must comply with applicable laws and regulations and take the individual's interest in personal privacy into account. The proportion of visitors who accept Hemnet's processing of data in the parts where we ask for consent is high and during the year no complaints have been filed with the Swedish Authority for Privacy Protection, which should be seen in the light of the millions of people who visit Hemnet's platforms every week. This indicates that the personal data processing that visitors agree to meets their expectations and that there is a high level of trust in Hemnet.

### Being one of Sweden's best workplaces

Our employees are our most important asset. For us, this means being one of Sweden's best employers and a safe workplace where people thrive and develop. We will actively work to improve gender equality and diversity, and we will safeguard the health and work-life-balance of our employees.

#### Hemnet as an employer

Hemnet carries out weekly surveys in order to always be aware of how our employees feel and get on in their workplace. We also offer a range of health benefits, such as wellbeing allowances and various forms of exercise paid for by the company. For those who wish, we offer an external counselling service that includes psychologist, economist, lawyer, health coach or HR consultant counselling to help employees deal with any possible problems and issues in these areas.

In 2022, our already advantageous employee benefits will be further enhanced by increasing the number of holiday days from 28 to 30. To ensure that we have competitive pension terms that are easy to compare with the rest of the labour market, we will also move into an ITP1 (collectively agreed pension) pension plan as of 1 of January 2022.

#### Diversity and inclusion

We have taken important steps within gender equality, diversity and inclusion during the year, areas we see as prerequisites for innovation and creativity. Hemnet is actively working to recruit more women to developer roles where we have been particularly successful in the managerial ranks. Today we have more female than male development managers. To raise awareness of the need for more female developers, Hemnet has, for the third year running, supported the Women in Tech initiative and event, which aims to encourage more women to enter the industry.

Our employees come from many different backgrounds and today there are people from around fifteen different countries working at Hemnet. In 2021, for the first time, we hired someone living outside of Sweden, where we supported the new employee and family in the processes required for such a move. Our work on gender equality and diversity has also attracted attention outside the company, which we describe on page 15 of the Annual Report.

### An open corporate culture and strong ethics

During the year, Hemnet launched new corporate values that more clearly reflect our corporate culture and our approach to the world around us and to each other. We have also continued our efforts to train employees in our ethical framework, which is closely intertwined with our culture and summarised in our Code of Conduct.

#### Hemnet's ethical grounds

Hemnet's business is run on the basis of principles of ethics and responsibility that permeate all aspects of our operations and are summarised in our Code of Conduct. The Code of Conduct sets out the company's zero tolerance of bullying, harassment and intimidation, as well as zero tolerance of bribery and corruption. Violations of our ethical

guidelines are reported to the company's managers, general counsel or HR manager, or anonymously through our whistleblower function which is available through our website [hemnetgroup.com](https://hemnetgroup.com) and through our intranet.

#### Demands on suppliers

As Hemnet's services are developed and built within the company, our purchases are limited. However, we expect the suppliers we work with to live up to the human rights, legal, ethical and moral demands that we as a company impose on ourselves. We manage these expectations through our Supplier Code of Conduct, which is part of our contracting process for negotiated agreements with suppliers.

## Performance indicators



	2019	2020	2021
<b>Compliance with publication rules</b>	2 630	2 019	1 276
Number of emails sent with a warning about violation of Hemnet's publication rules.			
Number of suspensions from Hemnet's platforms	0	0	0
Number of personal data incidents related to customer data reported to the Swedish Authority for Privacy Protection	0	0	0
Number of visits to Hemnet per month	54 million	62.5 million	61.4 million
Average time spent on Hemnet per visitor	5.13 minutes	5.16 minutes	5.19 minutes
Availability of Hemnet's platforms during the year	99.97%	99.98%	99.94%

## Performance indicators



	2019	2020	2021
<b>Results from ongoing employee surveys (index 1-100)</b>			
Trust between colleagues:	75	83	82.9
I am treated with fairness and respect:	75	76	74.2
Leadership quality:	72	74.8	73.8
<b>Gender distribution (GRI 405-1)</b>			
Share of women//men in management	33/67%	57/43%	57/43%
Share of women/men developers/technical staff	15/85%	14/86%	20/80%
Share of women/men all staff	36/65%	34/64%	40/60%
<b>Number of new employees</b>	30	30	23 (9 women, 14 men)
<b>Number of job applicants (approximate)</b>	2,500	2,300	3,400
<b>Sick Leave (more than 14 days and includes rehabilitation from injuries and sick leave in relation to for example child births)</b>	5	8	4
<b>Staff turnover</b>	23%	12.9%	16.9%

## Performance indicators



	2019	2020	2021
<b>Number of incidents reported through Hemnet's whistleblowing function</b>	N/A	N/A	0
<b>Confirmed incidents of corruption and actions taken (GRI 205-3)</b>	N/A	0	0
<b>Communication and training on anti-corruption policies and procedures (GRI 205-2)</b>			
Share of employees informed about and trained in the company's Code of Conduct	N/A	N/A	100%
Share of employees and consultants who have finalised a questionnaire about the content of the company's Code of Conduct	N/A	N/A	88%

## We strive to be a positive force in society

In the following three sustainability areas, our impact is more indirect. They are areas that are important to us and where we see that we can and want to contribute to a positive development for society.

### Enabling a mobile and efficient housing market

Hemnet has a central and important position in the housing market as Sweden's largest housing platform. We make the greater part of the Swedish housing market accessible in one place, which, paired with our high traffic, provides an excellent environment for the various players on the market to find each other. Based on this position, we contribute to the economy by enabling a mobile and efficient housing market.

The content on Hemnet is characterized by high quality and in that way we also contribute to a transparent and mature housing market with good opportunities to compare objects. As a consumer, it is easy to get a snapshot of the housing market at Hemnet at any given time. This provides knowledge and creates a sense of security before selling or buying a home.

### Creating social change

#### Action for those outside the housing market

Without a home of your own, many other aspects of life, such as relationships and work, can fall apart. Homelessness is devastating for the individual and also leads to major cost to society. Despite this, over 30,000 people in Sweden today live without a home they can call their own, and a large part of them are found in Stockholm.

As the country's largest property portal, Hemnet plays an important role in helping people to effectively sell and find new homes. From our position, we also see that we have a responsibility to help prevent people from being completely excluded from the housing market. In 2019, Hemnet therefore started a collaboration with the Stockholm City Mission, where we chose to earmark our contribution to the area Bobyrån, which helps socially vulnerable people find a more permanent housing solution. The target group is people who are homeless, have a psychosocial problem and in need of some kind of support. The principle is that individuals in need are given the opportunity to have their own home without having to go through several steps along the way with, for

example, support housing. In 2021 Stockholm City Mission managed 133 apartments and enabled that 246 individuals received a long-term housing solution through Bobyrån, results that Hemnet has contributed to through our donation. In addition to a monetary contribution, we use Hemnet's platforms to help Stockholm City Mission spread awareness of the homelessness issue and how they work.

#### Efforts for a more gender-equal sector

Hemnet also wants to promote gender equality in tech and has since 2019 annually contributed to the Women in Tech event as a supporting partner and exhibitor.

### Combating climate change

Due to Hemnets digital business model, we have a small impact on the climate and the environment. However we will of course take our responsibility and do our part to contribute to a well-functioning property market within the planetary boundaries. We use cloud-based IT solutions and storage services to the greatest extent possible to limit our carbon footprint. Today, Hemnet has two main IT solution providers, both of whom have very solid sustainability efforts, not least when it comes to emissions and the environment.

An important part of our climate work is to use renewable sources for our electricity consumption in the office and to our servers and to reduce energy consumption. For our offices, we have an additional service from our electricity supplier that involves electricity from 100% renewable sources (solar, water or wind). The building housing our office premises is also powered by renewable electricity.

As Sweden's largest marketplace for housing, we have ample opportunities to influence good environmental choices through our platform. During the year, we have added more opportunities to showcase

the energy rating and eco-labelling of newly completed residences on Hemnet and this is an area we will continue to develop and design. For 2021, we have for the first time calculated our greenhouse gas emissions based on the Greenhouse Gas Protocol accounting standards. Hemnet has no direct emissions that fall under scope 1. The majority of the emissions are indirect and found in scope 2 and 3. See table for a detailed account of which emission sources are included in the various scopes. By getting a clearer picture of our carbon footprint, we have laid the groundwork for setting clearer targets for reducing and managing our greenhouse gas emissions going forward.

## Performance indicators



	2019	2020	2021
Average selling time of homes listed on Hemnet*	27 days	23 days	20 days
Number of listed homes on Hemnet**	185,031	189,305	198,360

\* Including new construction, median number of days.

\*\* Dwellings published for the first time. New construction properties included.

## Performance indicators



	2019	2020	2021
Direct economic value generated and distributed (GRI 201-1)			
Contribution to Stockholm City Mission	SEK 300,000	SEK 300,000	SEK 300,000
Sponsoring Women In Tech	SEK 75,000	SEK 75,000	SEK 75,000

## Performance indicators



### Hemnet's carbon dioxide emissions, tonnes CO<sub>2</sub>e GRI 305-1 - 3

	2019	2020	2021
<b>Scope 1</b>			
Hemnet currently has no company cars	N/A	N/A	N/A
<b>Scope 2</b>			
Electricity	N/A	0	0
District heating	N/A	3	3
District cooling	N/A	0	0
<b>Scope 3</b>			
Business travel *	N/A	2	2
Employee commuting	N/A	7	7
Customers' use of Hemnet's services	N/A	123	122
<b>Total scope 1-3</b>	<b>N/A</b>	<b>135</b>	<b>134</b>

\* Includes flights, hotel nights, rental cars, train and taxi travel.

## Risk analysis

Hemnet's most significant risks and their management are described below. The risks are based on our focus areas but exclude risks linked to combating climate change and creating social change as these are not considered to constitute a significant risk for the company.

### An independent and transparent marketplace

#### SIGNIFICANT RISK

Inaccuracies in residential property advertisements on Hemnet or content in advertisements that may give an embellished image of the property for sale can have a negative impact on consumers and home buyers. This can lead to home buyers receiving incorrect information before buying, but also distort competition between real estate agents.

Given the volume of information on Hemnet, there is always a risk that situations arise where a seller or buyer does not feel comfortable with or in control of the data we publish. Although we do our utmost to present information relating to cookies and personal data processing as simply and clearly as possible, there is always a risk that visitors will have difficulty assimilating information on, for example, personalisation and data sharing within the framework of advertising networks with which we collaborate.

#### RISK MANAGEMENT

All home listings on Hemnet go through a registered real estate agent who mediates Hemnet's listing agreement with the home seller. This professional body of certified agents is an important guarantor of Hemnet's quality, as the content of any home listing is the real estate agent's responsibility. To ensure common rules for all players, we make publishing rules clear and available to all real estate agents. We also have a function within our customer service organisation that reviews and samples property listings on Hemnet on a daily basis, and contacts real estate agents whose advertisements deviate in various ways from the publication rules.

We have established processes in collaboration with the real estate agent industry to ensure that sellers and buyers are aware of what information is published on Hemnet. Transparency and clarity are key to ensuring that our visitors make informed decisions about personal data processing that requires customer consent. We regularly review our privacy information to ensure this. For more information on how we work with personal data, see under the heading "An independent and transparent marketplace".

### Becoming the best workplace we can

#### SIGNIFICANT RISK

Should Hemnet face challenges in recruiting for certain roles, this could have a negative impact on the rate of development of the company.

#### RISK MANAGEMENT

Hemnet has a great need to recruit developers. Competition for competence in this area is extremely high and during the year we have scaled up our internal recruitment function and resources to meet our recruitment needs.

By being agile in our approach, we can quickly adapt our recruitment resources as needed. We are also increasingly looking for workers outside Sweden, which is made possible by the fact that we have an English-speaking workplace.

### Principles of ethics and responsibility are reflected in every part of our business

#### SIGNIFICANT RISK

Failure to comply with laws and regulations against bribery can have serious consequences for Hemnet and for the individuals concerned. Possible situations where violations could occur are, for example, in customer care or representation in the event that activities would go beyond what is considered appropriate, or that a real estate agent or home seller with contacts on Hemnet would manage to gain advantages for their property listing outside the company's regular processes and routines. In addition to the obvious legal risks, misconduct would potentially be a breach of trust and detrimental to the Hemnet brand.

#### RISK MANAGEMENT

Anti-corruption is an important part of our Code of Conduct that is central to the work of counteracting all forms of bribery, misconduct and corruption within the company. A benefit or advantage offered to an employee by an external person is not allowed if it affects or risks affecting the employee's objectivity and ability to make commercially sound decisions. The Code of Conduct addresses the company's internal guidelines on bribery and corruption and provides support to employees in their assessment. Employees are asked to report violations to their manager, their manager's manager, Hemnet's HR Manager, Hemnet's General Counsel or to use Hemnet's whistleblower function. Hemnet takes relevant measures to investigate reported breaches and violations that may lead to legal consequences.

### Enabling market efficiency

#### SIGNIFICANT RISK

If Hemnet as a platform were to lose its accessibility, supply and quality, it could negatively affect the ability of private individuals and real estate agents to carry out property transactions. Without access to Hemnet, the home buyers' ability to access the property supply is hampered, as is the home seller's ability to advertise his or her home - and the real estate agent's ability to do business.

#### RISK MANAGEMENT

All development work at Hemnet takes place within the company, which means that we immediately can act upon and handle operational disruptions and other problems that may arise on our platforms. Furthermore, our large developer organisation works daily to improve our products as well as the user experience, to enable the very best conditions for real estate agents and home sellers to list a property on Hemnet. This, together with our strong market position, leads to a maintained and stable volume of listings year to year, where approximately nine out of ten homes sold through a real estate agent have been advertised on Hemnet.

## Approach

In the process of identifying relevant areas for Hemnet regarding sustainability, we carried out a materiality analysis prior to our first report in 2019. The analysis was based on risks and opportunities related to running a sustainable business, as well as aspects concerning the environment, social conditions, human resources, respect for human rights, anti-corruption and governance issues.

For this year's report, we have supplemented the materiality previously forming the basis of our sustainability efforts with stakeholder dialogues conducted with representatives from investors, analysts, The Board of Directors and the company. We have also conducted an internal survey in which our employees shared their views on Hemnet's sustainability efforts.

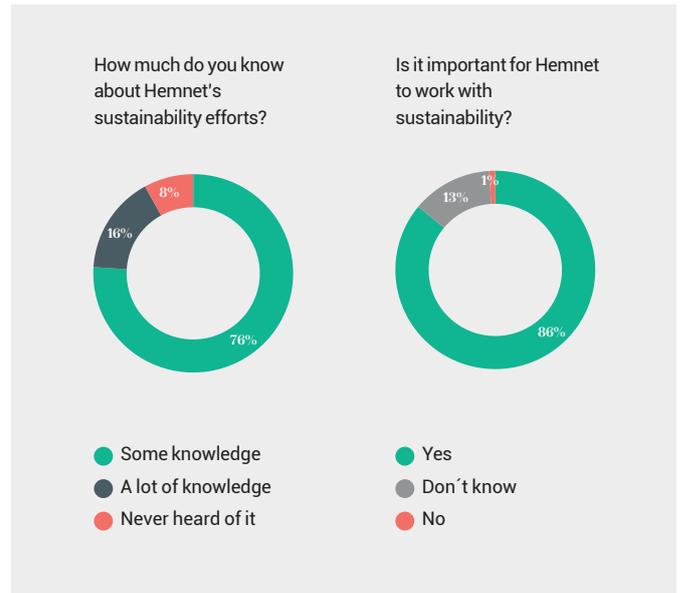
### Insights from stakeholder dialogues

During the autumn, Hemnet conducted in-depth interviews with employees, owners, ESG analysts and investors. The overall picture from these dialogues is that Hemnet has a good starting point to further strengthen its work and governance in the most essential areas. Personal privacy and security is considered the most important area for Hemnet, also from a risk perspective, while the climate issue is not considered material for Hemnet. However, there are expectations from our stakeholders that Hemnet will report and comment on its carbon footprint in a clear and comparable way. Finally, many stakeholders note that through its platform, Hemnet has great potential to be a positive force in society.

### Employee survey - great respons

In November 2021, Hemnet conducted a survey where employees were asked questions about Hemnet's sustainability efforts. The survey showed a high level of commitment from Hemnet's

employees, with over 70 percent of employees responding to questions about which sustainability areas they see as particularly important to the company. The survey showed a high overall awareness of Hemnet's sustainability efforts and that social responsibility and Hemnet as an employer are the most important areas for Hemnet to work with. There was also a common view that it is important for Hemnet to work on and communicate its sustainability efforts, as well as that these efforts are important also for retaining and attracting staff.



## Governance and responsibility for sustainability within the business

The Board of Directors has overall responsibility for the management of Hemnet Group AB (publ), which also includes issues related to sustainability. The CEO is responsible for carrying out the Board's decisions and strategies. The company's Chief Communication and People Officer (CCPO) has overall responsibility for sustainability issues within company management and is responsible for developing the basis for decision-making, analysing and assisting other management in carrying out decisions. The CCPO also leads the production of the sustainability report. Our ambition is that all employees have a sense of ownership over sustainability questions that are close to their own positions, as well as a commitment to the company's overall sustainability efforts.

### Clear values and ethical guidelines guide our actions

Hemnet's values describe who we are and what we stand for. Our Code of Conduct provides clear ethical and moral guidance and sets the expectations from Hemnet for both employees and external

partners. This helps us to act in a trustworthy and transparent way, which ultimately helps to strengthen the Hemnet brand.

### Training and compliance monitoring

During the year, we continued to train our employees on our Code of Conduct, which is based on the principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. We also have a Supplier Code of Conduct to ensure that the principles that Hemnet follows are also clear to our suppliers, which is part of our contracting process for all negotiated agreements with suppliers.

We follow up annually on any breaches of our Codes of Conduct, and during the year, we implemented a whistleblowing service to also enable anonymous reporting of serious irregularities. No breaches of our Codes of Conduct have come to our attention in 2021, either through internal reporting channels or through the whistleblowing service.

# Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Hemnet Group AB (publ), corporate identity number 559088-4440

## *Engagement and responsibility*

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2021 on pages 18-25 and that it has been prepared in accordance with the Annual Accounts Act.

## *The scope of the audit*

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the sustainability statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## *Opinions*

A statutory sustainability statement has been prepared.

Stockholm the day of our electronical signature  
Ernst & Young AB

Anna Svanberg  
Authorized Public Accountant

# Administration report

## The financial year 2021

The Board of Directors and the CEO of Hemnet Group AB (publ), hereinafter Hemnet, with corporate identity number 559088-4440 and its registered office in Stockholm, hereby submit annual report and consolidated financial statements for the financial year Jan. 1 - Dec. 31, 2021.

### Operations

Hemnet Group AB (publ) is Parent Company to the Hemnet Group ("the Group"). The main operations of the Group are carried out by the subsidiary company Hemnet AB. Hemnet aims to be the marketplace for property and related services that is the most appreciated and visited by estate agents, site visitors and advertisers.

Hemnet is Sweden's largest real estate platform and offers virtually the entire residential property stock of the country. Hemnet's services are offered on Hemnet.se and its platforms for Android and iOS.

Hemnet continued to show good visitor numbers in 2021, with an average of over 60 million visits per month. Visitors spent a total of close to 64 million hours on Hemnet's platforms during the year.

In 2021, a total of 198,360 home listings were published on Hemnet, an increase compared with the 189,305 that were published in 2020.

During 2021, Hemnet has continued to develop its product portfolio, not least as regards services to home sellers. The value-added services for home sellers launched in previous years have been gradually improved, including the introduction of a digital payment alternative, which all in all led to an

increased use of these services.

The trend for the number of property listings, sales rate and listing prices also has a direct impact on the Group's financial results. Therefore, Hemnet continuously analyses developments in the property market and communicates these insights to the media and the public.

### Group structure

The group structure is illustrated below. All companies are owned 100 percent.

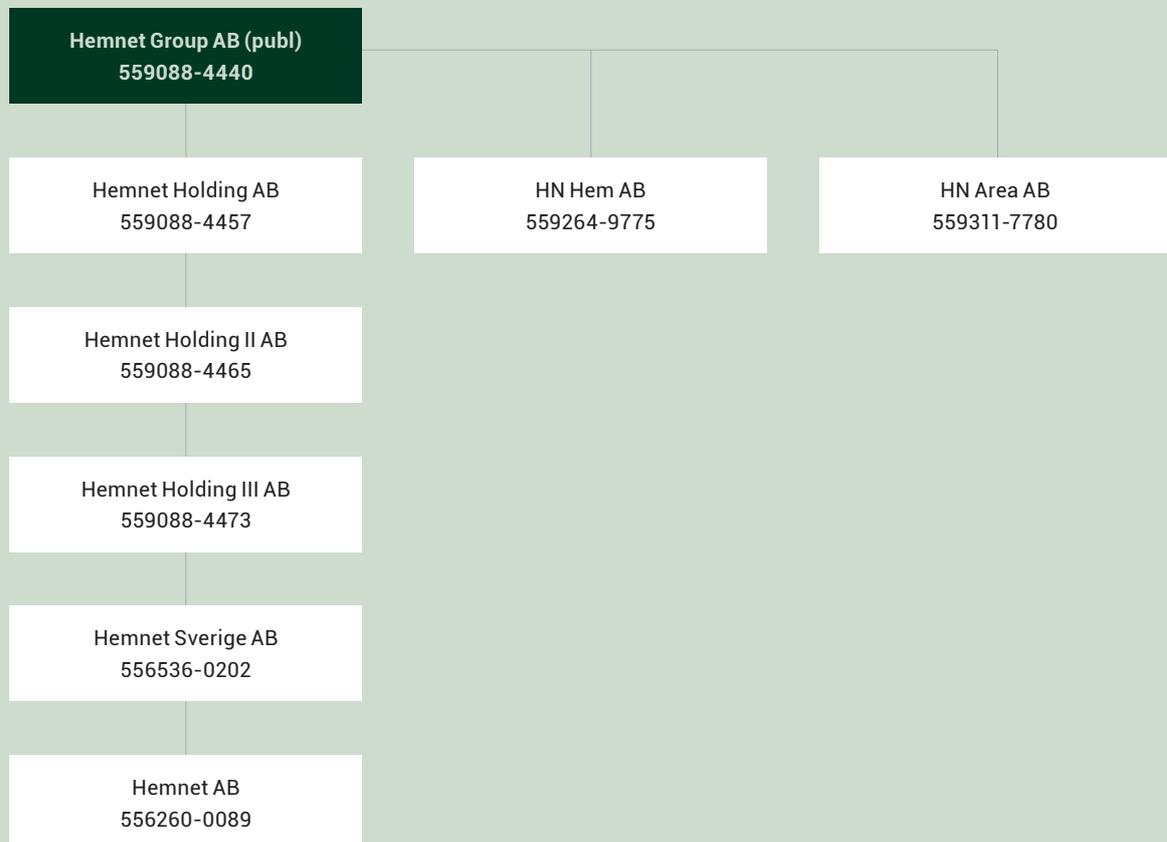
### Shares

At year-end 2021, Hemnet had 101,131,478 shares, of which 96,074,904 ordinary shares and 5,056,574 series A1 shares. Both types of shares have the same voting weight and rights, but shares of series A1 have a veto right against changes in the objects of the company in the articles of association. Shareholdings representing at least one tenth of the voting rights of all shares in Hemnet are General Atlantic with 30.8 percent of the capital and votes and Mäklarsamfundet Bransch in Sweden with 10.0 percent of the share capital and votes. The 2021 Annual General Meeting is proposed to authorize the Board to repurchase own shares. For more information about the Hemnet share and the largest shareholders, see page 17.

### Significant events during the fiscal year

#### Stock exchange listing

The shares in the parent company, Hemnet Group AB (publ), were listed on the Nasdaq Stockholm, Large cap list on 27 April, 2021.



#### *New compensation model for real estate agencies and new segmented pricing model for Hemnet Bas*

On 1 March, Hemnet launched a new compensation model for real estate agencies. The new model places greater emphasis on commissions for selling and recommending Hemnet's value-added services, and less emphasis on remuneration for the administration of the base listing. This creates a good opportunity for real estate agencies to participate in Hemnet's growth journey, while at the same time providing incentives for the sale of our value-added services - one of our most important strategic goals.

On 1 March, an important step was also taken in Hemnet's pricing strategy when the pricing model for the base listing (Hemnet Bas) was adapted to the rest of our product portfolio of marketing packages (Hemnet Plus and Hemnet Premium). All of Hemnet's products for home sellers now have flexible and segmented pricing, which gives the company improved opportunities to offer the right price to customers.

#### *New credit facility*

In connection with Hemnet's listing on Nasdaq Stockholm, as of 27 April, 2021, the previous credit facility of SEK 683.5 million was repaid and a new rolling credit facility of SEK 500 million was raised. Voluntary repayments on the new loan have since been made on an ongoing basis during the year, after which the outstanding loan as of 31 December, 2021 amounts to SEK 280 million. The new credit facility runs over three years and its credit terms and interest rates have generally improved. The loan has no mandatory amortisations until the redemption date.

In connection with the redemption of the previous credit facility, previously capitalised arrangement fees were also treated as cost, which affected net financial items negatively by SEK -13.8 million.

#### *Covid-19*

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. The number of visits to Hemnet.se increased during the beginning of the pandemic and the first half of 2021, before returning to more normal levels in the end of 2021. The same trend was also seen with published listings which have increased more than normal, primarily during mid-2021. ARPL (average revenue per listing) has steadily increased in 2021. Overall increased remote working during the pandemic has likely benefitted the interest in Hemnet, as the home and living environment became an even more important part of people's everyday life.

#### **Financial overview**

Below is a multi-year comparison for the Group's five fiscal years.

	2021	2020	2019	2018	2017
Net sales	728.1	544.1	444.4	373.1	317.2
EBITDA	302.9	188.0	171.9	138.1	76.2
EBITDA margin, %	41.6%	34.5%	38.7%	37.0%	24.0%
Adjusted EBITDA	355.0	202.1	171.9	138.1	76.2
Adjusted EBITDA margin, %	48.8%	37.1%	38.7%	37.0%	24.0%
Operating profit	223.9	110.5	98.7	73.3	13.0
Operating margin, %	30.8%	20.3%	22.2%	19.6%	4.1%
Income after financial items	198.1	86.8	83.6	47.7	-23.2
Profit after tax	156.5	67.7	65.6	53.2	-25.4
Profit margin, %	21.5%	12.5%	14.8%	14.3%	-8.0%
Average revenue per published listing (ARPL), SEK	2,467	1,760	1,414	1,079	946
Equity/Assets ratio, %	71.1%	56.9%	53.4%	54.7%	55.4%
Net debt	188.6	415.1	521.4	471.3	545.5
Net debt/EBITDA, times	0.6	2.2	3.0	3.4	7.2
Net debt/adjusted EBITDA, times	0.5	2.1	3.0	3.4	7.2
Debt/Equity ratio, times	0.2	0.5	0.6	0.6	0.5
Number of employees	112	108	92	79	61
Number of published listings in the period	198.4	189.3	185.0	188.0	189.4

#### *Net sales*

Net sales increased by 33.8 percent and amounted to SEK 728.1 (544.1) million. All three service categories showed good growth. Sales from property listing increased by 31.6 percent to SEK 411.5 (312.7) million, mainly through higher average prices but also as a result of an increase in the number of home listings from home sellers. Revenue from value-added services increased by 81.9 percent to SEK 140.9 (77.5) million, mainly driven by services targeted at home sellers in the form of Hemnet Plus, Hemnet Premium, Raketen and Förnya annons (renew ad). The conversion rate for these services for home sellers has continued to increase and has thus contributed, together with a segmented price model, to a significant growth in revenue. The growth in income from property listings and from value-added services to home sellers has meant that the average revenue per published listing, ARPL, increased by 40.2 percent to SEK 2,467 (1,760). Turnover from advertising and other business increased by 14.2 percent to SEK 175.7 (153.9) million, mainly driven by a strong display ad business. Advertising revenues include revenues of SEK 5.7 (4.3) million related to a marketing campaign together with Mäklarsamfundet, this revenue has been treated as an item affecting comparability when calculating adjusted EBITDA.

#### *Operating profit*

Operating profit increased by 102.6 percent to SEK 223.9 (110.5) million, corresponding to an operating margin of 30.8 (20.3) percent. Other external costs increased by 22.3 percent and amounted to SEK 299.9 (245.3) million. Administrative compensation and commission compensation to affiliated real estate offices together constitute the largest item in other external costs and decreased by 0.7 percent to SEK 150.1 (151.2) million, primarily as an effect of the changed compensation model for real estate offices. The remaining part of other external expenses increased by 59.2 percent and amounted to SEK 149.8 (94.1) million. Part of the increase comes from consultancy costs, which have primarily increased as a result of the work on preparations for Hemnet's IPO, as well as from marketing costs. Non-recurring items consisting of consultancy costs for work on Hemnet's IPO (SEK 48.7 million) and costs for a marketing campaign with Mäklarsamfundet (SEK 9.1 million) are treated as items affecting comparability in the calculation of adjusted EBITDA.

Personnel costs increased by 13.2 percent and amounted to SEK 130.0 (114.8) million as a result of a growing organisation where personnel reinforcements took place primarily within the product development teams to continue strengthening Hemnet's customer offering through the development of new and existing products. Bonuses to the management team have also contributed to the cost increase.

#### *Net financial items*

The net from financial income and financial expenses amounted to SEK -25.8 (-23.7) million and consists mainly of interest expenses on the Group's bank loan. In 2021, net financial items were also charged with SEK -13.8 million regarding capitalised arrangement fees treated as cost as part of the repayment of the Group's previous credit facility in connection with the stock exchange listing. Profit before tax amounted to SEK 198.1 (86.8) million.

#### *Taxes*

Reported total tax expense amounts to SEK 41.6 (19.1) million, which corresponds to an effective tax of 21.0 (22.0) percent. Current tax expense amounted to SEK 55.8 (32.7) million, while deferred tax income amounted to SEK 14.2 (13.6) million.

#### *Profit for the year*

Profit for the year after tax amounted to SEK 156.5 (67.7) million.

#### *Earnings per share*

Earnings per share, basic & diluted, amounted to SEK 1.55 (0.67).

#### *Investments*

The company's intangible assets consist mostly of goodwill, customer relationships, platform and trademarks that have been identified in connection with the acquisition of the then Hemnet group. There was no impairment requirement during the current financial year. During the year, as in the previous year, the company worked on developing its product offering. Development took place with both the company's own staff and with external consultants. Some specific development projects have been deemed of such a nature and with such expected future earnings that they have been treated as capitalised development expenses. In total for the year, SEK 6.5 (6.0) million has been capitalised, thus increasing intangible fixed assets. Otherwise, the business has only a minor need for investment in equipment, with the year's new purchases amounting to SEK 0.5 (1.0) million.

#### Cash flow

Cash flow from operating activities amounted to SEK 235.0 (127.0) million, of which changes in working capital amounted to SEK -3.3 (1.3) million. The increase in cash flow is mainly attributable to the higher profit from operations. Cash flow from investing activities in tangible and intangible assets resulted in a cash flow of SEK 17.7 (-7.0) million. Cash flow from financing operations amounted to SEK -405.3 (-92.3) million.

#### Financial position

The Group's cash and cash equivalents, including interest bearing securities, amounted to SEK 94.5 (271.6) million at the end of the period and total interest-bearing liabilities to SEK 283.1 (686.7) million. Net debt thus amounted to SEK 188.6 (415.1) million, which corresponds to a debt/equity ratio of 0.6 (2.2) times rolling twelve-month EBITDA.

Equity amounted to SEK 1,516.9 (1,349.6) million, which corresponded to an equity/assets ratio of 71.1 (56.9) percent.

#### Quality and sustainability

Hemnet's sustainability efforts is conducted as an integral part of its ongoing operations, which is described in more detail in the sustainability report, which can be found on pages 16-23.

The company does not conduct any permit or notification activities according to the Swedish Environmental Code.

#### Research and development

Hemnet's corporate culture is characterised by a constant desire to refine and improve our products and services. The property platform is built and managed by specialist teams in development, sales, market and product. Learning and development occurs naturally in everyday life between teams. Testing, exploring and taking on new challenges to strengthen our position in the market by building simple and efficient services for our users is a key part of our business. A business characterised by a high rate of development. The vision to be the key to your home journey guides Hemnet's development work. During the year, SEK 6.5 million (6.0) was capitalised regarding development expenses. The capitalised development expenses are recognised in the balance sheet as intangible assets.

#### Outlook

Hemnet sees continued strong visitor development and sees no diminished interest in the property market.

The company will continue to develop and improve the product portfolio that is now in place for the main customer groups: property sellers, real estate agents and real estate developers, as well as evaluate and prioritize which additional needs of the housing market players that the company can meet through new or improved services. Furthermore, the focus will continue to be on strengthening our co-operation and our relationships with real estate agents and property developers, which are important partners.

#### Group risks and risk factors

All operations are associated with a certain degree of risk-taking, risks that can affect operations, standing and results. Risks related to Hemnet's operations, as well as its expectations and management, are analysed annually by the Board and Group management.

Hemnet continues to have a strong visitor trend to both hemnet.se and the mobile apps, and sees no signs of waning interest in the residential property market. However, there are pressures from old and new competitors and with that competition comes a risk that both visitors, real estate agents and advertisers use services other than Hemnet, which could have a negative impact on the business.

In recent years, Hemnet has diversified its revenue streams through a number of changes, including by developing value-added services that give property sellers the opportunity to influence their sale. Hemnet has also introduced new products for companies operating in the residential property market such as real estate agents, property developers and banks. It is important for the company to continue to develop new and existing services that meet the needs of current and future customer groups.

The income from property listings is a significant part of sales. Developments in the Swedish housing market can therefore have a significant effect on Hemnet's operations. Hemnet's advertising business has continued to develop positively and the company offers advertising both through direct

sales and through programmatic trading. The development and trends for ad purchases in the market can affect Hemnet's revenue both positively and negatively.

The Covid-19 pandemic and the global and regional economic and political changes occurring as a result thereof, as well as changes due to possible future virus outbreaks, can affect the volumes of property transactions and thus also the number of property listings published on the company's platform.

For Hemnet, it is central to have a good relationship with real estate agents and to have a substantial range of property listings. Hemnet's future business may be threatened if a deteriorating estate agent relationship would lead to a deterioration in the range of property 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 risks. The Group has a long-term credit agreement that extends until April 2024. Further information on the Group's debt can be found in notes G21 och G22.

For further information on risks, see the section on internal controls and risk management on pages 32-33.

#### Management and employees

The organization has continued to grow and the number of employees at the end of the year amounted to 112 people, which is an increase of four people compared with the beginning of the year. The average number of employees at Hemnet in 2021 was 112, with 44 of them women and 68 men.

#### Significant events after the end of the financial year

No events have occurred after the end of the financial year that have had any significant impact on the business or assessments and assumptions used in the preparation of the annual report.

#### Parent Company's earnings and financial position

Hemnet Group AB (publ) is the parent company in the Hemnet group. From January 2020, the Group's CEO is employed by the Parent Company. The Parent Company's net sales of SEK 5.6 (7.1) million referred in their entirety to intra-group services invoiced to other Group companies. The Parent Company's costs amounted to SEK 59.3 (15.4) million, where the increase in costs consisted mainly of increased external costs, mainly consultancy costs related to the preparations for Hemnet's IPO. Group contributions received from the subsidiary Hemnet Holding AB amounted to SEK 286.2 (8.3) million, with profit before tax amounting to SEK 227.0 (0.0) million.

Cash and cash equivalents amounted to SEK 19.8 (4.7) million. Equity amounted to SEK 996.9 (1,188.8) million. The number of shares amounted to 101,131,478 (100,719,421).

## Corporate Governance Report

This Corporate Governance Report describes the structure and management principles of Hemnet's operations and how Hemnet works to fulfil its vision of being the key to your property journey. The purpose of corporate governance is to ensure that the company is managed as efficiently as possible for the shareholders and that applicable laws and regulations are complied with. By clarifying the division of responsibilities between different corporate bodies, corporate governance also aims to ensure that both the board and management work in an orderly and systematic way.

### BASIS FOR HEMNET'S CORPORATE GOVERNANCE

Hemnet Group AB (publ) is a Swedish limited company based in Stockholm. The main decision-making bodies are the annual general meeting (AGM), the Board of Directors and the CEO. The AGM appoints the Board, which in turn appoints the CEO, who manages ongoing administration in accordance with the CEO Instructions adopted by the Board. Hemnet's corporate governance principles are designed to comply with applicable Swedish law, Nasdaq Stockholm's rules for issuers, the Swedish Corporate Governance Code (the "Code"), the Articles of Association and generally accepted stock market practices. Hemnet Group AB (publ) has since its listing on Nasdaq Stockholm on 27 April 2021 applied the Code and has since then not deviated from either the Code, generally accepted good practice on the stock market or applicable rules. The Corporate

Governance Report has been audited by Hemnet's auditor, as set out on page 69.

### ANNUAL GENERAL MEETING

The AGM is the highest decision-making body of Hemnet. At the AGM, all shareholders are given the opportunity to exercise the influence represented by their respective shareholdings. The Swedish Companies Act (2005:551) and the Articles of Association set out the procedures for convening General Meetings and Extraordinary General Meetings and who is entitled to attend and vote at the meeting.

In addition to the Annual General Meeting, two Extraordinary General Meetings were held during the year, at which, among other things, issues relating to the consolidation of shares and the re-registration of shares were decided, and new Articles of Association were adopted, as part of Hemnet's listing on Nasdaq Stockholm.

### Annual General Meeting 2022

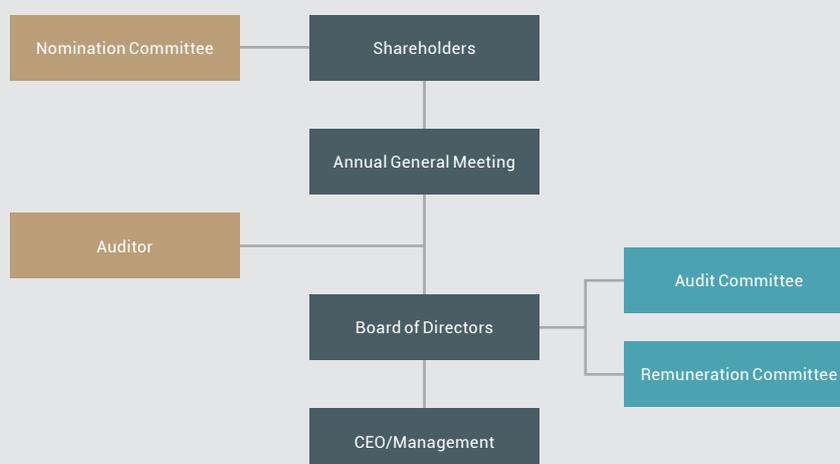
Hemnet's Annual General Meeting will be held on 29 April 2022 in Stockholm.

### NOMINATION COMMITTEE

In accordance with the Nomination Committee Instructions adopted for the first time at Hemnet's 2021 Annual General Meeting, the members of the Nomination Committee shall consist of the four largest shareholders of Hemnet in terms of votes as of 31 August who wish to appoint a member. In addition, the Chairman of the Board shall be a member of the Nomination Committee. The Nomination Committee shall perform the duties required of the Nomination Committee by the Code and the Nomination Committee Instructions. The composition of the Nomination Committee meets the requirements of the Code.

The Nomination Committee is

## Organisation chart



responsible for preparing and presenting proposals for a Chairman of the Annual General Meeting, the members of the Board of Directors and the Chairman of the Board of Directors, the remuneration of the members of the Board of Directors, the election of auditors, the auditors' fees and, if applicable, any amendments to the

Nomination Committee Instructions. In its work, the Nomination Committee applies Rule 4.1 of the Code as its diversity policy. To support the process, an annual Board evaluation is carried out.

The Nomination Committee consists of five members: Chris Caulkin, nominated by General Atlantic R R B.V., Henrik

Persson, nominated by Sprints Capital Euphrasia SARL, Jonas Bergh, nominated by Mäklarsamfundet Bransch i Sverige AB, Lars Berg, nominated by Pierre Siri and the Chair of the Board, Håkan Erixon. The Nomination Committee has decided to elect Henrik Persson as Chair of the Nomination Committee.

## Board and committee composition

Board member	Position	Remuneration committee	Audit committee
Håkan Erixon	Chair	Chair	-
Christopher Caulkin	Member	Member	-
Anders Edmark*	Member	Member	-
Tracey Fellows**	Member	-	Member
Håkan Hellström	Member	-	-
Kerstin Lindberg Göransson	Member	-	Chair
Nick McKittrick	Member	-	Member
Pierre Siri	Member	Member	-

## Board and committee attendance

Member	Board meeting	Remuneration committee	Audit committee
Håkan Erixon	10/10	6/6	
Christopher Caulkin	10/10	4/6	
Anders Edmark*	10/10	1/6	
Tracey Fellows**	10/10		8/9
Håkan Hellström	10/10		
Kerstin Lindberg Göransson	8/10		9/9
Nick McKittrick	10/10		9/9
Pierre Siri	10/10	6/6	

## Nomination committee

Member	Nominated by	31/12 2021, % of votes
Christopher Caulkin	General Atlantic R R B.V.	30,8
Jonas Bergh	Mäklarsamfundet Bransch i Sverige AB	10,0
Henrik Person	Sprints Capital Euphrasia SARL	8,8
Lars Berg	Pierre Siri	3,5

\*Left the Remuneration Committee in February 2021 \*\*Joined the Audit committee in February 2021

### AUDITOR

At the AGM 2021, Ernst & Young AB was elected as auditor with Anna Svanberg as lead auditor. In conjunction with the financial statements, the Board annually receives a presentation from the auditors without company management present. Each year, the auditors align their audit plan and risk assessment with the Audit Committee. The independence of

the auditors in relation to the company is ensured by legislation as well as by the audit firm's internal guidelines, and the Audit Committee's review of the engagements that the audit firm may undertake in addition to the audit engagement.

Hemnet does not have an internal audit function, but management has organised processes and dedicated resources to acti-

vely work with and develop the area of internal governance and control. The Audit Committee receives regular feedback on its work. The Board has assessed that this form of long-term and focused work in the area of internal governance and control is the most appropriate way to address the issue. The decision is reviewed annually. For specifications of auditors' remuneration, see Note G7 for the Group.

## Annual cycle of the Board of Directors



### BOARD OF DIRECTORS

The Board of Directors has the ultimate responsibility for the company's organization and the administration of the company's affairs. The Board's duties include safeguarding the interests of the company and its shareholders by, among other things, appointing the CEO, continuously assessing the company's financial situation, deciding on the

company's strategy, ensuring that the company has good risk management and internal control, and ensuring that the company complies with applicable laws and regulations and the Articles of Association. None of the members of the Board is employed by the Group.

Each year, at an inaugural meeting held in conjunction with the Annual General Meeting, the Board of Directors adopts rules

of procedure for its own work, as well as rules of procedure for the Board's Audit Committee and Remuneration Committee. The Board also annually establishes an instruction for the CEO which includes instructions for financial reporting to the Board.

### Composition of the Board

According to the Articles of Association, the

## Audit Committee

The Committee's work in 2021 has covered issues such as:

- Analysis of the completeness and accuracy of the respective interim report, year-end report and annual report.
- Review of Hemnet's risks and internal controls, and their effectiveness, with a particular focus on financial reporting and cybersecurity.
- Review and follow-up of the auditor's reporting on audits.
- Accounting and valuation policies have been evaluated, including estimates related to the value of the Group's intangible fixed assets.
- The audit work has been evaluated and presented to the Nomination Committee.
- Updates to Group-wide policies have been reviewed.

Board of Directors of Hemnet shall consist of a minimum of five and a maximum of nine members. At the end of 2021, the Board consisted of eight members, two women and six men. No one from the company's management team was a member of the Board and the composition of the Board met the requirements for independent members - for further information on the Board, including the independence of its members in relation to the company and its management and major shareholders, see pages 36-37.

#### The Board's work

Under its rules of procedure, the Board has set information and decision points that are described in the Board's annual cycle (see page 32). All Board meetings include approval of previous minutes, a report on significant events from the CEO, and a financial report from the CFO.

During the year, 10 Board meetings were held (including one per capsulam). Attendance of Board members at the meetings is shown in the table above. The secretary of the Board meetings has been Hemnet's General Counsel. Each Board meeting has had an agenda item where the Board has had the opportunity for discussion without management present.

An important issue that has been handled by the Board during 2021 is the decision regarding Hemnet's listing on Nasdaq Stockholm and the preparations made in connection with the listing. An additional specific issue for 2021 has been the

consideration and analysis of the possible impact of Covid-19 on the company's operations. An important part of the Board's work from 2021 onwards will be the financial reports that are presented, including for the interim reports and the year-end report.

As in previous years, the Board has discussed the company's strategy in detail at its annual strategy review. Other issues dealt with during the year have been the continued development of the company's value-added services for home sellers, the company's relationship with the real estate industry, including the compensation model for the real estate industry, new credit financing, and updating of the 3-year business plan.

#### COMMITTEES

During the year, the Board has appointed an Audit Committee and a Remuneration Committee, which are preparatory bodies for the Board's work, without delegated decision-making powers. The establishment of these committees does not limit the responsibility of the Board of Directors for the management of the company and the decisions taken. Committee members are elected at the statutory Board meeting held immediately after the AGM, and appointed for one year at a time. At committee meetings, representatives from the business such as the CEO and CFO may participate as presenters. The matters dealt with at the meetings of the committees are minuted and reported at the following Board meeting.

#### Audit Committee

The Rules of Procedure of the Audit Committee state that the purpose of the Committee is to prepare audit matters, monitor and ensure the quality of financial reporting and the effectiveness of internal control, risk management and audit, and facilitate the work of the Board by supporting and monitoring the ongoing financial reporting process.

The members of the Audit Committee 2021-2022 were Kerstin Lindberg Göransson (Chair), Tracey Fellows and Nick McKittrick. The company's CFO has attended all meetings of the Committee and the company's General Counsel has served as secretary of the meetings. The company's auditor, Ernst & Young AB, has attended specific committee meetings during the year, to report, among other things, on the quarterly review and internal control.

#### Remuneration Committee

According to the Committee's rules of procedure, the Committee should facilitate the work of the Board by preparing remuneration issues.

In 2021, the Remuneration Committee consisted of Håkan Erixon (chair), Anders Edmark (up until 24 February 2021), Pierre Siri and Christopher Caulkin. The company's CEO has attended all meetings of the Committee and the company's General Counsel has served as secretary of the meetings.

## Remuneration Committee

The Committee's work in 2021 has covered issues such as:

- Monitoring the impact of Covid-19 on HR-related matters such as work environment, staff turnover and HPI (Human Performance Indicator) in the three parts: engagement, culture and leadership.
- Recruitment and skills development have been discussed.
- The remuneration structures for staff and the salary review for the management team have been evaluated and approved - within this framework, pension rights and holiday entitlements have also been evaluated.
- The CEO's objectives and remuneration conditions have been evaluated and assessed and approved by the Board.
- During the year, completed and new long-term incentive schemes have been monitored and evaluated.
- The application of the remuneration guidelines decided by the Annual General Meeting has been monitored and evaluated.
- A draft remuneration report has been prepared for the Board to submit to the 2022 AGM.

## EVALUATION OF THE BOARD AND CEO

The Board carries out an annual evaluation of the work of the Board and the CEO. The purpose of the evaluation is to get an idea of the Board members' views on how the work of the Board is carried out and what can be done to make it more efficient. It is also intended to get an idea of the type of issues the Board believes should be given more prominence and in which areas additional expertise may be required on the Board. The 2021 evaluation was carried out with the support of an external contractor. The results of the evaluation have been presented both to the Chairman and to the Board as a whole, as well as to the Nomination Committee.

## CEO AND MANAGEMENT TEAM

The Board appoints the CEO and establishes an instruction for the CEO's work. The CEO is responsible for day-to-day management in accordance with applicable laws and regulations and in accordance with the CEO Instructions adopted by the Board of Directors. The CEO's responsibilities for example include resources, finance and financial matters, day-to-day contact with Hemnet's stakeholders and the financial market. The CEO also ensures that the Board receives the necessary information to make informed decisions. The CEO has appointed a management team, which consists of seven members including the CEO, of which four are women and three are men - for further information on the management team see page 38.

## INTERNAL CONTROL AND RISK MANAGEMENT

The purpose of internal control is to assess which risks are significant for Hemnet and should therefore be managed through ongoing monitoring and control. The Board has the ultimate responsibility for this area and has delegated operational responsibility to the CEO. Follow-up of risks and controls is carried out annually, according to a predetermined annual cycle, with reporting and follow-up initially done to the Audit Committee, and then presented to the Board.

The starting point for this work is the annual risk analysis carried out by the management team and presented to the Board, on the basis of which a framework of control activities is designed to mitigate or, where possible, eliminate the identified risks. Work is concentrated on the areas that are most important for reducing the overall risk exposure of the company. Financial reporting

is a particular focus area within the framework of this work.

## REMUNERATION

### Fees to the Board

The members of the Board of Directors receive a fee as decided by the Annual General Meeting. At the 2021 AGM, the value of Board fees, including remuneration for work in the Audit Committee and Remuneration Committee, was set at a total of SEK 2,025,000. The distribution of fees is shown in note G8.

### Remuneration to senior executives

Senior management consists of the CEO and the management team. Remuneration to senior executives consists of a fixed market salary, variable cash compensation not to exceed 50 percent of base salary, pension, and the opportunity to participate at market value on certain occasions in long-term share-related incentive programs. Remuneration of the CEO is decided by the Board of Directors upon recommendation of the Remuneration Committee. Remuneration to other senior executives is decided by the CEO, after consultation with the Remuneration Committee.

In note G8 and on the company's website, the current guidelines for the remuneration of senior executives are published, which remain in force until new guidelines are adopted by the General Meeting. The Board shall draw up proposals for new guidelines at least every four years.

The Board has prepared a remuneration report that will be presented at the 2022 Annual General Meeting and published on the company's website. The Remuneration Report describes how the Remuneration Guidelines have been implemented, and provides information on the remuneration of the CEO and a summary of the outstanding incentive schemes for long-term share-based remuneration. Note G8 as well as the Remuneration Report and the AGM documentation on the website provide a description of the long-term variable remuneration programme.

### The Board's proposal on guidelines for remuneration to management

No changes to the principles for remuneration of senior executives are proposed for the 2022 AGM.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors has overall

responsibility for internal control over financial reporting, which is governed by the Swedish Companies Act and the Code. The following description has been prepared in accordance with the Code and the Swedish Annual Accounts Act and is limited to internal control over financial reporting.

### Control environment

The control environment is dependent on clear decision paths, authority and responsibility, combined with a corporate culture that highlights both shared values as well as the individual's responsibility to maintain good internal control. Hemnet's values are communicated, among other things, through the Code of Conduct and the Supplier Code of Conduct established by the Board of Directors.

The Board's rules of procedure, instructions for the CEO and committees aim to ensure a clear division of roles and responsibilities, in order to achieve an effective management of the risks of the business. Furthermore, Hemnet has a set of policies, instructions and process descriptions that specify who is responsible for a particular task, what mandates exist, and how follow-up is carried out. These policies include a financial policy, a sustainability policy, an insider policy, a communication policy and an authorisation instruction. Accounting rules and reporting procedures are documented in the Hemnet financial handbook. Policies are available on the company's intranet for staff. The documents are updated annually or as needed.

Through the Audit Committee, the Board has established a body that, among other things, prepares the Board's work on quality assurance of the company's financial reports. The company's management also reports regularly to the Audit Committee on the internal control environment, including an annual report on the company's operational and financial risks.

### Risk assessment

Hemnet has implemented a risk assessment model. Significant risks are documented and assessed in a risk map, and then linked to specific control activities. Each year, the Board conducts a review of identified risks and determines measures for managing and reducing these risks.

Risk management is part of the ongoing work, not least in the area of financial reporting, where the company strives to continuously analyse the risks that can lead to errors in financial reporting. The most

significant item for financial reporting purposes is the Group's intangible fixed assets, for which there is a process for valuation and ongoing monitoring. Risks related to financial reporting are regularly discussed with the company's external auditors, who also present their risk assessment to the Audit Committee and the Board on an annual basis.

#### Control activities

Particular emphasis is placed on ensuring that the financial reporting gives a true and fair view at each reporting date, that there are control activities involving all levels of the organisation, from the Board and management team to other employees. The CFO is responsible for ensuring the day-to-day control of financial reporting. Financial controls in the company's business processes include approval of business transactions, certification of supplier invoices, account reconciliations, power of attorney and authorisation structures, and monthly analytical performance monitoring. The Board and management of Hemnet receive information on a monthly basis about the Group's results, financial position and other information about the development of the business.

The Group does not have an internal audit function, but internal audit is managed through enhanced controlling and through

ongoing work to evaluate and improve processes, automation of tasks and evaluation and implementation of enhanced IT support linked to financial reporting. Hemnet has developed a reporting package for ongoing financial monitoring.

#### Information and communication

Hemnet's publication of information and its corporate communications aim to ensure that accurate and effective information is available to all parts of the business, and that external stakeholders, including relevant authorities, receive access to relevant information.

Governing documents in the form of policies and guidelines form the basis for Hemnet's communication. In addition to these documents, which are available on Hemnet's intranet, there are also internal information channels in the form of regular management forums, weekly information meetings for all employees and meetings within each department.

Financial information is shared by management with the Audit Committee and the Board before each reporting date. The Audit Committee also receives regular information on activities to strengthen internal control over financial reporting.

In order to ensure that external communication is correct, complete and timely, Hemnet has, among other things, a

communication policy adopted by the Board of Directors, as well as an instruction on information security.

Hemnet employees have access to a whistleblowing system, which can be used anonymously if necessary.

#### Follow-up

Hemnet's Board and management continually monitor the effectiveness of internal controls to ensure the quality of financial reporting processes. At each Board meeting, financial and operational developments of the business are reported and the Board receives a monthly report on the results and financial position - this information is then the basis for the Board's review of all interim reports for publication.

The Audit Committee has a specific responsibility to follow up on audit issues and major policy issues related to financial reporting, as well as to follow up on risk and internal control issues. Furthermore, the company's external auditors evaluate internal control as part of the annual audit, after which recommendations are made that become part of the ongoing work to develop and strengthen internal control. Of particular importance for the Board's follow-up is then to monitor the effectiveness of management's work in this area, including ensuring that action is taken on the shortcomings and proposals put forward.



## Board of Directors



	<b>Håkan Erixon</b>	<b>Christopher Caulkin</b>	<b>Anders Edmark</b>	<b>Tracey Fellows</b>
Position	Chair	Member	Member	Member
Elected	2017	2017	2017	2020
Year of Birth	1961	1980	1959	1965
Nationality	Swedish	English	Swedish	Canadian
Education	MSc in International Economics from Gothenburg University.	Degree in engineering from Cambridge University and a masters degree in finance from London Business School.	High school studies in economics, real estate education through AFR.	Bachelor's degree in Economics from Monash University.
Current assignments	Chair: Transfer Galaxy AB Member: Vattenfall AB (publ), Tjftall AB Member and owner: H.Erixon & Co AB, Queensdale Consulting Limited.	Managing Director: General Atlantic LLC Limited partner: in a number of investments funds managed by General Atlantic Service Company, L.P. Member: Studio Moderna Holdings B.V., Typeform S.L., Colibri SAS (active as ManoMano), OpenClassrooms SAS, Property Finder International Ltd, Doctolib SAS, Uni Compare Limited, Wembley Multi Academy Trust	Chair: Sveriges Fastighetsmäklarförbund, Mäklarsamfundet Bransch i Sverige AB, Svensk Mäklarstatistik AB, Mäklarsamfundet Service i Sverige AB, Mäklarsamfundet Utveckling i Sverige AB, Mäklarsamfundet Fastigheter i Sverige AB, Mäklarsamfundet Fastigheter Holding i Sverige AB, Vistornet 9 AB. Co-owner and founder: Mäklarhuset, Anders Edberg Handelsbolag, Mäklarbyrå i Örnsköldsvik Handelsbolag. Member and co-founder: SAH INVEST AB, Konsulthuset i Örnsköldsvik AB, Fastighetsbolaget Huset i Örnsköldsvik AB. Member: Auktoriserade Fastighetsmäklares Riksförbund AFR:s Service AB, Deputy board member and co-founder: Sven Bagare AB.	Manager: Digital Real Estate at News Corporation Member: REA Group Limited, Elara Technologies Pte Ltd.
Work experience	Board member of Vattenfall and Alfvén & Didrikson Invest. Former member of the Corporate Committee of Nasdaq OMX Stockholm, Chairman of Capacent Holding and Orio, Director at Merrill Lynch, Vice Chairman of Investment Banking at UBS and Senior Advisor in Corporate Finance to the Government Offices.	Managing Director at General Atlantic with a focus on the internet and media sectors. Board member of Property Finder, ManoMano, Doctolib, OpenClassrooms, Studio Moderna and Typeform and with previous experience from Boston Consulting Group and the investment company Warburg Pincus.	Real estate agent since 1982. Founder and CEO for real estate agency Mäklarhuset Örnsköldsvik. Board chair of the Association of Swedish Real Estate Agents. Anders is also a board member of SAH Invest as well as Chairman of the Board of statistics organisation Svensk Mäklarstatistik.	President of Global Digital Real Estate at News Corp and board member of REA Group Ltd. Former CEO of REA Group, Vice President of Microsoft Asia-Pacific and CEO of Microsoft in Australia.
Attendance, board meetings	10/10	10/10	10/10	10/10
Independency*	Yes	Yes	No	Yes
Independency**	Yes	No	No	Yes
Total board fee, SEK	554,212	-	209,041	286,199
Shareholding	585,530	-	17,374	90,142



### Håkan Hellström

### Kerstin Lindberg Göransson

### Nick McKittrick

### Pierre Siri

Member

Member

Member

Member

2021

2018

2020

2017

1958

1956

1968

1974

Swedish

Swedish

English

Swedish

Real estate education through AFR.

MSc in Economics from Umeå University.

Electronic Engineering degree at Southampton University.

Environmental engineering education.

Chair: Svensk Fastighetsförmedling AB, Översta Förmedlingsbolaget Invest AB (publ) och Översta Förmedlingsbolaget AB, Member and vice chair: Mäklarsamfundet Bransch i Sverige AB, Mäklarsamfundet Service i Sverige AB, Mäklarsamfundet System i Sverige AB, Svensk Mäklarstatistik AB, Mäklarsamfundet Fastigheter i Sverige AB, Mäklarsamfundet Utveckling i Sverige AB, Mäklarsamfundet Fastigheter Holding i Sverige AB, Chair and CEO: Bo1 Sverige AB, Bo1 Ost AB, Bo1 Syd AB, Bo1 Kalmar AB, Bo1 Service AB, SF Sydost AB och SF Sydost Holding AB, Member and CEO: BoService Sydost AB och Kalmar Bobutik AB, Member: Smålandsgården AB, Dina Försäkringar Syd AB, SF Real Estate AB, Vistomet 9 AB. Deputy board member: Auktoriserade Fastighetsmäklares Riksförbund AFR:s Service AB.

Member: Sveaskog AB, Alecta Fastigheter, Sophiahemmet, IVA.

Member: TX Markets AG, Burns Sheehan Limited.

Member: Chrono24 GmbH  
Advisor: IT-utskottet i Nordnet AB (publ)  
Part of management: Sprints Capital Management Limited, Nordic Light Ltd.

Vice chair of the Association of Swedish Real Estate Agents and chair of real estate agency Svensk Fastighetsförmedling. Board member for statistics organisation Svensk Mäklarstatistik, co-owner and CEO of real estate agency Svensk Fastighetsförmedling Sydost. Vice chair of Dina Försäkringar Öland, Board member of Linnéakademien för Vetenskap och Näringsliv, Stiftelsen Barometern, and Mspeccs.

CEO Akademiska Hus, Airport Director Stockholm-Arlanda Airport as well as Finance Director and Vice President of the Scandic Group.

Accenture, Co-founding executive and CEO of Rightmove, CEO and board member of Homegate AG.

Co-founder and Operating Partner of Sprints Capital. Board member of Chrono24. Previously CEO and investor in Blocket and Hitta.se, as well as other digital companies such as Klart.se, Sleep Cycle, Eltiempo.es and Dubicars. Investor and advisor for Propertyfinder, the leading property portal in the Middle East.

10/10

8/10

10/10

10/10

No

Yes

Yes

Yes

No

Yes

Yes

No

209,041

322,568

286,199

-

155,652

62,366

280,630

3,548,721

\* in relation to Hemnet and its management

\*\* in relation to major shareholders

# Management



**Cecilia Beck-Friis**

**Carl Johan Åkesson**

**Francesca Cortesi**

	<b>Cecilia Beck-Friis</b>	<b>Carl Johan Åkesson</b>	<b>Francesca Cortesi</b>
Position	Chief Executive Officer at Hemnet since 2017	Chief Financial Officer at Hemnet since 2018	Chief Product Officer at Hemnet since 2020
Year of birth	1973	1975	1983
Nationality	Swedish	Swedish	Italian
Education	Executive Management Program, SSE Executive Education, Sweden, studies in Entertainment Marketing and strategic marketing at NYU's School of Professional Studies, USA, and diploma in production management from Berghs School of Communication, Sweden	Master's degree in accounting and finance from the Stockholm School of Economics.	Master in Communication and Media Studies and Bachelor of Arts in Communication, Università degli studi di Milano.
Current assignments	Chairman of the board of directors of Hemnet Holding AB, Hemnet Holding II AB, Hemnet Holding III AB, HemNet Sverige AB, Hemnet AB and member of the board of directors of Norrängen Media AB	Member of the board of directors of Hemnet Holding AB, Hemnet Holding II AB, Hemnet Holding III AB, HemNet Sverige AB, Hemnet AB and Fannavedsnacken AB.	-
Work experience	Twenty years experience in senior positions within media. Previously Vice President at TV4 as well as Chief Digital Officer at Bonnier Broadcasting. Former board member of Paradox Interactive.	CFO at Sdiptech and CFO at Mediaplanet International. Prior to that served as Controller at EF Education and at Modern Times Group.	Several years of experience in agile product development and helping companies build successful product organisations. Former Head of Engagement and Retention at Stardoll.
Shareholding	821,572	230,856	68,109
Warrants	97,135	31,675	21,116



**Jessica Sjöberg**

Chief Communication and People Officer at Hemnet since 2019

1977

Swedish

Media and Communications Studies, and Political Science, Stockholm University.

Deputy member of board of directors of Fiall Collective AB

Long experience in senior positions within PR and communications, most recently as Vice President Corporate Communications at MTG/ Nordic Entertainment Group. Prior to that she has held positions as, among other things, Director of Information at Com Hem and Director of Communications at TDC Sverige.

115,890

21,116

**PerOla Schelvander**

Chief Technology Officer at Hemnet since 2018

1980

Swedish

MSc in Media Technology and Master's in Philosophy of Technology from the Swedish Royal Institute of Technology.

Deputy member of the board of directors of Vialogos AB

Previously Development Manager at Kambi, Director of Development at Ping Pong AB and Team Manager at Isotop AB.

115,833

21,116

**Pierre Bergström**

Chief Sales Officer at Hemnet since 2017

1972

Swedish

Master's degree in Economics from Mid Sweden University.

-

Twenty years experience in senior positions within sales. Previously Sales Director at Svenska Dagbladet and senior positions within the Manpower Group.

115,945

21,116

**Sarah Wu**

Chief Commercial Officer at Hemnet since 2020

1985

Swedish

Master of Science in Molecular Biotechnology and holds a Bachelor of Business Administration.

Owner and member of the board of directors of SRW Consulting AB

Former Commercial Director at KRY and Business Area Manager at Blocket. Previously also worked with strategy at Schibsted and as a management consultant at Capgemini Invent.

260

21,116

## Distribution of earnings

### Total available funds for distribution:

Retained earnings	739,298,033
Net profit for the year	180,199,458
<b>Total SEK</b>	<b>919,497,491</b>

The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted accounting standards in Sweden and give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Administration Report for the Group and the Parent Company gives a true and fair view of the operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face. The annual accounts and the consolidated financial statements were approved for release by the Board of Directors and the President on 15 March, 2022. The consolidated Income Statement and Balance Sheet, and the

### To be allocated as follows:

Dividend to shareholders, SEK 0.55 per share	55,622,313
Funds to be carried forward	863,875,178
<b>Total SEK</b>	<b>919,497,491</b>

Income Statement and Balance Sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 29 April, 2022.

The proposed dividend amounts to SEK 55.6m. The Group's equity attributable to the shareholders of the Parent Company was SEK 1,516.9m as of December 31, 2021, and unrestricted equity in the Parent Company was SEK 919.5m. With reference to the above, and to other information that has come to the knowledge of the board, it is the opinion of the board that the proposed dividend is defensible with reference to the demands that the nature, scope and risks of Hemnet's operations place on the size of the company's and the Group's equity, and the company's and the Group's consolidation needs, liquidity and position in general.

The Annual and Sustainability Report and the consolidated financial statements have been approved for publication by the Board of Directors on March 15, 2022. The Annual Report also contains the Group's and the Parent Company's sustainability reporting in accordance with the Annual Accounts Act, Chapter 5, 11§, see page 17.

Stockholm, 16 March, 2022

Håkan Erixon  
Chairman

Cecilia Beck-Friis  
CEO

Anders Edmark  
Board Member

Kerstin Lindberg Göransson  
Board Member

Christopher Caulkin  
Board Member

Håkan Hellström  
Board Member

Nick McKittrick  
Board Member

Pierre Siri  
Board Member

Tracey Fellows  
Board Member

Our auditor's report has been submitted  
on the day stated in our electronic signature  
Ernst & Young AB

Anna Svanberg  
Authorised Public Accountant

# Financial Statements

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# Consolidated income statement

Amount in SEK million	Note	2021	2020
<b>Operating income</b>			
Net sales	3	728.1	544.1
Other operating income	4, 10	1.8	1.7
<b>Total income</b>		<b>729.9</b>	<b>545.8</b>
<b>Capitalised proprietary intangible assets</b>	13	4.6	3.9
<b>Operating expenses</b>			
Other external expenses	6, 7	-299.9	-245.3
Personnel costs	8	-130.0	-114.8
Depreciation and amortisation	13, 14, 15	-79.0	-77.4
Other operating costs	5, 10	-1.7	-1.7
<b>Total costs</b>		<b>-510.6</b>	<b>-439.2</b>
<b>Operating profit</b>		<b>223.9</b>	<b>110.5</b>
Financial income	9, 10	0.3	0.5
Financial costs	9, 10	-26.1	-24.2
<b>Net financial items</b>		<b>-25.8</b>	<b>-23.7</b>
<b>Earnings before tax</b>		<b>198.1</b>	<b>86.8</b>
Tax	11	-41.6	-19.1
<b>Profit after tax</b>		<b>156.5</b>	<b>67.7</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>156.5</b>	<b>67.7</b>
<i>Of which attributable to: Parent Company shareholders</i>		<i>156.5</i>	<i>67.7</i>
<b>Earnings per share</b>			
Before dilution (SEK)	12	1.55	0.67
After dilution (SEK)	12	1.55	0.67

# Consolidated statement of financial position

Amount in SEK million	Note	31/12/2021	31/12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	13	902.8	902.8
Customer relationships	13	814.7	870.1
Platform	13	0.2	8.4
Trademarks	13	241.2	241.4
Capitalised development costs	13	12.7	13.0
Equipment	14	1.3	1.9
Right of use assets	15	6.9	12.7
Deferred tax assets	16	0.1	0.1
<b>Total non-current assets</b>		<b>1,979.9</b>	<b>2,050.4</b>
<b>Current assets</b>			
Accounts receivables	17	28.7	20.4
Other current receivables	18	22.3	14.0
Prepaid expenses and accrued income	19	8.1	16.9
Interest bearing securities	21	-	24.5
Cash and cash equivalents	26	94.5	247.1
<b>Total current assets</b>		<b>153.6</b>	<b>322.9</b>
<b>TOTAL ASSETS</b>		<b>2,133.5</b>	<b>2,373.3</b>

<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	20		
Share capital		77.4	68.3
Other capital contributions		1,246.8	1,245.1
Retained earnings (including net income for the period)		192.7	36.2
<b>Total equity (attributable to Parent Company shareholders)</b>		<b>1,516.9</b>	<b>1,349.6</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	22, 25	277.9	667.8
Leasing liabilities	15, 25	0.0	5.7
Deferred tax liabilities	16	220.1	234.4
<b>Total non-current liabilities</b>		<b>498.0</b>	<b>907.9</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	22, 25	-	7.6
Leasing liabilities	15, 25	5.2	5.6
Accounts payable		12.5	10.3
Tax liabilities		18.7	12.5
Other current liabilities	23	14.0	10.9
Accrued expenses and deferred income	24	68.2	68.9
<b>Total current liabilities</b>		<b>118.6</b>	<b>115.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,133.5</b>	<b>2,373.3</b>

# Consolidated statement of changes in equity

Amount in SEK million	Share capital (Note G20)	Other capital contributions equity (Note G20)	Retained earnings (including net income for the period) (Note G20)	Total equity (Note G20)
Opening balance as of January 1, 2020	68.3	1,243.7	-31.5	1,280.5
Profit for the year			67.7	67.7
Other comprehensive income			-	-
Total comprehensive income			67.7	67.7
Transactions with the company's owners				
Share redemption	-0.0	-2.6		-2.6
New share issues	0.1	4.0		4.1
Total transactions with the company's owners	0.0	1.4	-	1.4
Closing balance as of December 31, 2020	68.3	1,245.1	36.2	1,349.6
Opening balance as of January 1, 2021	68.3	1,245.1	36.2	1,349.6
Profit for the year			156.5	156.5
Other comprehensive income			-	-
Total comprehensive income			156.5	156.5
Transactions with the company's owners				
Share redemption	-2.6	-2.4		-5.0
New share issues	2.8	14.0		16.8
Bonus issue	8.9	-8.9		-
Issue costs	-	-1.0		-1.0
Total transactions with the company's owners	9.1	1.7	-	10.8
Closing balance as of December 31, 2021	77.4	1,246.8	192.7	1,516.9

Equity is attributable in its entirety to equity holders of the Parent Company.

# Consolidated statement of cash flows

Amount in SEK million	Note	2021	2020
<b>Cash flow from operating activities</b>			
Operating profit		223.9	110.5
Adjustment for items not affecting cash flow:			
Depreciation and amortisation of tangible and intangible assets		79.0	77.4
Disposal of fixed assets		0.0	-0.0
Interest received		0.1	0.1
Interest paid		-15.1	-23.4
Paid income tax		-49.6	-39.0
<b>Cash flow from operating activities before changes in working capital</b>		<b>238.3</b>	<b>125.6</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		-7.9	-2.4
Change in operating liabilities		4.6	3.8
<b>Total changes in working capital</b>		<b>-3.3</b>	<b>1.4</b>
<b>Cash flow from operating activities</b>		<b>235.0</b>	<b>127.0</b>
<b>Cash flow from investing activities</b>			
Investments in intangible non-current assets	13	-6.5	-6.0
Investments in tangible non-current assets	14	-0.5	-1.0
Disposal of tangible non-current assets	14	0.0	0.0
Disposal of short-term investments		24.7	-
<b>Cash flow from investing activities</b>		<b>17.7</b>	<b>-7.0</b>
<b>Cash flow from financing activities</b>			
Borrowings	25	500.0	-
Loan repayments and amortisation of loans and contingent consideration	25	-908.6	-86.7
Repayment of lease liabilities	25	-7.5	-7.0
New share issue		11.8	4.1
Issue costs		-1.0	-
Share redemption		-	-2.7
<b>Cash flow from financing activities</b>		<b>-405.3</b>	<b>-92.3</b>
<b>Cash flow for the year</b>		<b>-152.6</b>	<b>27.7</b>
Cash and cash equivalents at beginning of the year		247.1	219.4
<b>Cash and cash equivalents at end of the year</b>		<b>94.5</b>	<b>247.1</b>

## Note G1 Summary of important accounting principles

Hemnet Group AB (publ) ("the Parent Company") and its subsidiaries (collectively "the Group") shall be the marketplace for residential property and related services that is the most appreciated and visited by estate agents, site visitors and advertisers.

The parent company is a limited liability company registered in Sweden and based in Stockholm. The address for the head office is Klarabergsgatan 60, 111 21 Stockholm. On March 15, 2022, the Board of Directors approved this annual report and consolidated statements for publication. The consolidated income statement and consolidated statement of financial position and the parent company's income statement and balance sheet will be subject to adoption at the Annual General Meeting (AGM) on April 29, 2022.

The Group uses the calendar year (1 January - 31 December) as its fiscal year. In a multi-year overview, figures from 2017 are the year in which the Group was formed, as well as the parent company's first extended fiscal year. The parent company was formed on Dec. 2, 2016 and thus had an extended first fiscal year in 2017: 2 December 2016 - 31 December 2017, while the Group was formed on 9 January 2017.

Unless otherwise stated, all amounts are reported in millions of SEK (MSEK). Rounding is done to the nearest million.

This note contains a list of material accounting principles that were applied when the consolidated financial statements were prepared, to the extent that they have not already been indicated in previous notes. Unless otherwise specified, these principles have been applied consistently for all years presented. The consolidated financial statements include the legal Parent Company Hemnet Group AB (publ) and its subsidiaries.

For the Parent Company's accounting principles, see Note P1.

### Basis for the preparation of the reports

The consolidated statement for the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The financial statement has been prepared in accordance with historical cost approach, except regarding the revaluation of financial assets measured at fair value through profit or loss and financial liabilities (including derivatives) valued at fair value through profit or loss.

Preparing reports in accordance with IFRS requires the use of several important estimates for accounting purposes. Furthermore, management is required to make certain judgement calls when applying the Group's accounting principles. Those areas that require a high degree of judgement, which are complex or such areas where assumptions and estimates are of material importance to the financial statement, are specified in Note G2.

For the Parent Company's accounting principles, see Note P1.

### New standards, changes and interpretations applied by the Group

No new applications of standards, changes or interpretations that have a material impact on the Group have been added since the last annual report 2020.

No other IFRS or IFRIC interpretations that have not yet taken effect are expected to have a material impact on the Group.

### Consolidated financial statements

The consolidated income statement and balance sheet include all companies in which the parent company directly or indirectly holds more than half of the voting rights of the shares and companies in which the Group otherwise has a controlling influence. The Group controls a company when it is exposed to or is entitled to a variable return from its holding in the company and has the opportunity to impact the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

### Asset acquisitions or business combinations

Acquisitions of companies can be classified as either business combinations or asset acquisitions in accordance with IFRS 3. It is an individual assessment that is made for each separate acquisition. Corporate acquisitions, whose primary purpose is to acquire a company's assets and where the company's possible management organisation and administration are of secondary importance to the acquisition, are classified as asset acquisitions. Other acquisitions are classified as business combinations.

### Asset acquisitions

For acquisitions of subsidiaries considered asset acquisitions, the acquisition cost is allocated to individual assets and liabilities, based on their fair values at the time of acquisition. In the case of asset acquisitions, no deferred tax is attributable to the acquisition.

### Business combinations

The difference between the acquisition value of business combinations and the acquired share of the net assets in the acquired business is classified as goodwill and is recognised as an intangible asset in the balance sheet. Goodwill is measured at cost minus accumulated impairment losses. Transaction costs are expensed directly under profit for the period.

Business combinations are reported in accordance with the acquisition method. The purchase price consists of the fair value of transferred assets, liabilities that the Group takes on to previous owners of the acquired company, and shares issued. The purchase price also includes the fair value of all assets or liabilities that result from agreed conditional purchase considerations. The fair value of the agreement regarding conditional purchase considerations is based on management's assessment of what is likely to be paid, given the terms of the share transfer agreement.

In business combinations, full deferred tax is based on the temporary differences between the asset's fair value and their book value.

Transactions within the Group, balance sheet items and unrealised gains and losses on transactions between group companies are eliminated. Accounting principles for subsidiaries have been changed, where appropriate, to ensure consistent application of the Group's principles.

### Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, for Hemnet, the Group CEO. The chief operating decision-maker is the function responsible for the allocation of resources and for assessing the performance of the operating segment. The Group has identified one operating segment, which is the Group as a whole. The assessment is based on the fact that the Group is followed up as a whole. It is not applicable with some form of geographical breakdown or division of business/product category, etc. Financial reporting is based on a Group-wide organizational and management structure.

### Conversions of foreign currency

#### Functional currency and reporting currency

The various units in the Group have the local currency as the functional currency, as the local currency has been defined as the currency used in the primary financial environment in which each unit is mainly operating. In the consolidated financial statement, Swedish krona (SEK) is used, which is the parent company's functional currency and the Group's reporting currency. All companies in the Group have Swedish krona (SEK) as the functional currency.

#### Transactions and balance sheet items

Foreign currency transactions are converted into the functional currency at the exchange rates prevailing on the transaction date or the date the items are revalued. Exchange rate gains and losses arising from the payment of such transactions and when converting monetary assets and liabilities in foreign currency at the closing date are reported under comprehensive income.

Exchange rate gains and losses related to loans and cash and cash equivalents are reported under comprehensive income as financial income or expenses.

### Revenue recognition

The Group's net sales are generated from sales of services, mainly property listings and advertising services.

Revenues are reported in accordance with IFRS 15, where a principle-based five-step model is applied to identify agreements and any separate

performance obligations, and to determine and distribute the transaction price for each performance obligation. Revenues are reported when the performance obligation according to the agreement is fulfilled and the customer has gained control of the service. Revenue is reported over time if the customer receives or consumes the benefits at the same time as the service is performed. Where the term of the agreement is not stated, the average term of the service used is based on historical information. Revenue is measured at the agreed transaction price, less any discounts and value added tax.

#### **Sale of services – Property listings**

Revenue from property listings and related value-added services is accrued over the average historical duration of a listing.

#### **Sale of services – Advertising**

Revenue from advertising is reported over the period in which the advertising campaign is published on Hemnet.se and in Hemnet's apps, either in line with the delivery of agreed page views or over the term of the agreement, depending on what is applicable.

See Note G3 Revenue from contracts with customers.

#### **Financial income and expenses**

Financial income consists of interest income which is recognised in revenue using the effective interest method. When the value of a receivable in the category of loan receivables and accounts receivable has decreased, the Group reduces the carrying amount to its recoverable amount, that is estimated future cash flow, discounted with the original effective interest rate for the instrument, and continues to dissolve the discount effect as interest income. Interest income on impaired loans and accounts receivable is recognised at the original effective interest rate.

Financial expenses consist of interest expenses on borrowing and other financial expenses. Borrowing costs are recognised in the income statement using the effective interest method. Other financial costs include bank charges. Exchange rate gains and losses are reported net. The effective interest rate is the interest rate that discounted the estimated future cash flows during the expected term of a financial instrument to the net asset value of the financial asset or liability. The calculation includes all fees paid or received that are part of the effective interest rate.

#### **Taxes**

The tax expenses for the period include current and deferred tax. Tax is recognised in the statement of comprehensive income, except when the tax relates to items that are recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income and equity.

Management regularly evaluates the claims made in self-assessments regarding situations where applicable tax rules are subject to interpretation. Tax liability is reported, when deemed appropriate, for amounts that are likely to be paid to the tax authority.

Deferred tax is recognised, according to the balance sheet method, on all temporary differences that arise between the tax value of assets and liabilities and their reported values in the Group financial statements. However, deferred tax liability is not recognised if it arises as a result of the initial recognition of goodwill. Deferred tax is also not recognised if it arises as a result of a transaction that constitutes the first recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect the reported or fiscal result.

Deferred income tax is calculated using the tax rates (and laws) that have been decided or announced on the balance sheet date and that are expected to be in force when the deferred tax asset concerned is realised or the deferred tax liability is settled.

Deferred tax assets are reported to the extent that it is probable that future fiscal surpluses will be available, against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legal set-off right for current tax assets and tax liabilities and when the deferred tax assets and liabilities relate to taxes charged by one and the same tax authority and refer to either the same taxpayer or different taxpayers, where there is an intention to settle the balances through net payments.

#### **Intangible assets**

##### **Goodwill**

Goodwill with an indefinite life is not amortised on an ongoing basis but is tested for impairment annually and also as soon as indications arise that the asset in question has decreased in value.

Goodwill arises from the acquisition of subsidiaries and refers to the amount by which the purchase price, any non-controlling interest in the acquired company and the fair value per acquisition day of the former equity interest in the acquired company, exceeds the fair value of identifiable acquired net assets. In order to test for impairment, goodwill acquired in a business combination is distributed to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units that goodwill has been allocated to corresponds to the lowest level in the Group at which the goodwill in question is monitored in internal control. Goodwill is currently monitored for the Group as a whole since the Group is judged to be one cash-generating unit, which is one segment.

Goodwill depreciation is tested annually or more frequently if events or changes in circumstances indicate a possible value decrease. The carrying amount of the cash-generating unit to which the goodwill was attributed (the Group as a whole) is compared with the recoverable amount, which is the higher of the value in use and the fair value minus selling costs. Any depreciation is accounted for immediately as an expense and is not put back.

##### **Other intangible assets**

###### **Customer relationships**

Customer relationships that were acquired as part of a business combination (see Note G13 Intangible assets for details) are recognised at fair value at the acquisition date and amortised on a straight-line basis over the forecasted useful lives corresponding to the estimated time they will generate cash flow. The useful lives are 10 and 20 years respectively.

###### **Platform**

Platforms acquired as part of a business combination (see Note G13 Intangible assets for details) are recognised at fair value at the acquisition date and are amortised on a straight-line basis over the projected useful life, corresponding to the estimated time they will generate cash flow. The useful life is 5 years.

###### **Trademarks**

Trademarks acquired as part of a business combination are reported at fair value on the acquisition date (see Note G13 Intangible assets for details). As long as trademarks are used, maintained and invested in, they have been assessed to have an indefinite useful life and are reported at cost and are impairment.

###### **Capitalised development costs**

Maintenance costs are expensed as incurred. Expenditures on development work that is directly attributable to the development and testing of identifiable and unique software that is controlled by the Group, are recognised as intangible assets when the following criteria are met:

- it is technically possible to complete the software development as well as products associated with it so it can be used,
- the company's intention is to complete the software and to use or sell it,
- there are prerequisites for using the software and associated products,
- it can be shown that the software generates probable future economic benefits,
- adequate technical, financial and other resources for completing the development and for using the software and related products are available, and
- the expenses associated with the software during its development can be reliably calculated.

Other development expenses, which do not meet these criteria, are expensed as incurred. Development costs that were previously expensed are not reported as an asset in a subsequent period. Expenses for development work reported in the balance sheet are entered at cost minus accumulated amortisation and any impairment losses. The useful life is 3 years.

See also Note G2, Important estimates and decisions for accounting purposes.

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## Tangible fixed assets

### Equipment

Equipment is reported at cost minus depreciation. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or reported as a separate asset, whichever is appropriate, only when it is probable that the future economic benefits associated with the asset will benefit the Group and the asset's acquisition value can be measured reliably. The carrying amount of the replaced part is removed from the balance sheet. All other types of repairs and maintenance are reported as expenses in the report on the comprehensive income during the period in which they arise.

Depreciation of assets, in order to distribute the acquisition value down to the estimated residual value over the estimated useful life, is made linearly as follows:

- Equipment 2-5 years

The assets' residual values and useful lives are tested at the end of each reporting period and adjusted if necessary. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying value exceeds its estimated recoverable amount.

Gains and losses on divestitures are determined by comparing sales revenue with the carrying amount and are reported under other operating income/ other operating expenses - net in the report on comprehensive income.

### Impairment losses of non-financial assets

Assets with an indefinite useful life (goodwill and trademark) or intangible assets that are not ready for use are not amortised but are tested annually for any impairment. Assets that are amortised are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is with an amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its utility value. When assessing impairment, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units), which for the Hemnet Group AB (publ) refers to the Group. For assets (other than goodwill) that have previously been written down, a review is made on each balance sheet whether a reversal should be made.

### Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial debt or equity instrument in another company. Financial instruments recognised in the balance sheet include on the asset side cash and cash equivalents, accounts receivable and other receivables. On the liabilities side, there are liabilities to credit institutions, other liabilities and accounts payable. The accounting depends on how the financial instruments have been classified.

### Accounting and removal

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. Rent receivables and accounts receivable are recognised in the balance sheet when an invoice has been sent and the company's right to compensation is unconditional. Debt is recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice is received.

Financial assets and financial liabilities are offset and recognised with a net amount in the balance sheet only when there is a legal right to set off the amounts and there is an intention to settle the items with a net amount or to simultaneously sell off the asset and settle the debt. A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire or when the company loses control of them. The same applies to part of a financial asset. At each reporting date, the company evaluates whether there are objective indications that a financial asset or group of financial assets is in need of impairment. The same applies to part of a financial liability.

Profits and losses from items removed from the balance sheet as well as modifications are reported in the income statement.

### Classification and valuation

The Group's classification of financial assets that are debt instruments is based on the Group's business model for asset management and the nature

of the asset's contractual cash flows. The Group classifies its financial assets into the following categories:

#### a) Financial assets measured at amortised cost

Financial assets measured at accrued cost are initially valued at fair value with the addition of transaction costs. Accounts receivable are initially reported at fair value, which normally corresponds to the invoiced value. After initial recognition, the assets are valued using the effective interest method. Assets classified at amortised cost are held, according to the business model, to collect contractual cash flows that are only payments of capital amount and interest on the outstanding capital amount. The assets are subject to a loss provision for expected credit losses. The Group's assets classified at amortised cost consist of accounts receivable, cash and cash equivalents and other current receivables.

#### b) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially valued at fair value, including transaction costs. After the first accounting period, they are valued at amortised cost using the effective interest method. The Group's financial liabilities classified at amortised cost consist of liabilities to credit institutions, accounts payable, accrued expenses and the portion of other current liabilities relating to financial liabilities.

### Impairment of financial instruments

The Group's financial assets, except those that are classified at fair value through profit or loss, are subject to impairment losses for expected credit losses. Impairments for credit losses in accordance with IFRS 9 are forward-looking and a loss provision is made when there is an exposure to credit risk, usually at the first accounting date. Expected credit losses reflect the present value of all cash flow deficits attributable to payments due, either for the next 12 months or for the expected remaining maturity of the financial instrument, depending on the type of asset and the deterioration in credit since the first reporting date. Expected credit losses reflect an objective, probability-weighted outcome that takes into account the majority of scenarios based on reasonable and verifiable forecasts.

The simplified model is applied for accounts receivable. In the simplified model, a loss reserve is reported for the receivable's or the asset's expected remaining maturity.

For other items subject to expected credit losses, the general method is applied using a three-stage impairment model.

Initially, as well as on each balance sheet date, a loss reserve is reported for the next 12 months, or for a shorter period of time depending on the remaining term (stage 1).

If there has been a significant increase in credit risk since the first accounting date, which results in a rating below investment grade, a loss reserve for the remaining maturity of the asset is reported (stage 2). An assessment of whether a significant increase in credit risk exists is based on whether payment is delayed for more than 30 days, or if a significant deterioration in rating occurs, resulting in a rating below investment grade. The Group has defined default as when payment of the claim is delayed by 90 days or more, or if other factors indicate payment default. For assets that are considered to be credit impaired, reserves are still kept for expected credit losses for the remaining term (stage 3). For credit impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss provision, as opposed to the gross amount as in the previous stages.

The Group's assets have been assessed to be in stage 1, that is, there has been no significant increase in credit risk.

The valuation of expected credit losses is based on different methods. The method for accounts receivable is based on historical accounts receivable combined with forward-looking factors. Other receivables and assets are written down according to a rating-based method based on probability of default, expected loss at default and exposure for default, through the application of an external credit rating or assessed rating. Expected credit losses are valued as the product of the probability of default, loss due to default and exposure for default. For credit-impaired assets and receivables, an individual assessment is made taking into account historical, current and forward-looking information. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees included in the contract terms.

The financial assets are recognised in the balance sheet at amortised cost, i.e. the net of gross value and loss reserve. Changes in the loss reserve are recognised in the income statement as other external costs.

#### Accounts receivables

Accounts receivable are financial instruments consisting of amounts to be paid by customers for services sold in the day-to-day operations. If payment is expected within one year, they are classified as current assets. If not, they are reported as non-current assets.

Accounts payable are initially recognised at fair value and thereafter at amortised cost using the effective interest method. Accounts receivable are subject to a loss provision for expected credit losses.

#### Cash and cash equivalents

Cash and cash equivalents include, in the balance sheet as well as in the report on cash flows, cash and bank balances. Cash and cash equivalents are subject to the requirements for loss provision for expected credit losses and provision for expected credit losses is made in accordance with the general method. If the amounts are not deemed to be insignificant, a reserve for expected credit losses is also recognised for these financial instruments.

#### Accounts payable and other liabilities

Accounts payable are financial instruments and refer to obligations to pay for goods and services acquired from suppliers in the day-to-day operations. Accounts payable and other liabilities are classified as current liabilities if they fall due within one year. If not, they are reported as non-current liabilities.

Accounts payable and other liabilities are initially recognised at fair value and thereafter at amortised cost using the effective interest method.

#### Borrowing

Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is then reported at accrued acquisition value, and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the statement of comprehensive income distributed over the loan period, using the effective interest method. Fees paid for loan facilities have been reported as prepaid costs and are expensed during the facility's term.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

#### Leases

Leasing agreements are reported in the balance sheet. Lease liability is valued at the present value of lease fees that have not been paid at the time of valuation. Discounting is done with the implicit interest rate of the lease, if this can be easily determined. If this interest rate cannot be easily determined, the lessee's marginal loan interest rate is used.

The company applies the relief rules regarding short-term agreements (leasing agreements where the leasing period is less than 12 months) and leasing agreements where the underlying asset is of low value in cases where such occur. Such agreements are not reported in the balance sheet.

The valuation of the lease liability initially includes payments for the right to use the underlying asset during the lease period that were not paid before the starting date. The payments can relate to fixed fees, variable leasing fees that depend on an index or price, amounts that are expected to be paid by the lessee according to residual value guarantees, redemption price for an option to buy the underlying asset or penalty fees paid upon termination in accordance with a termination option, if the Group is reasonably certain to exercise these options. Lease liabilities are reported in the balance sheet as leasing liabilities divided into a long-term and a short-term part. After the commencement date, the lease liability is valued by increasing the carrying amount to reflect the interest on the lease liability and decreasing the value to reflect paid lease fees. Revaluation of the carrying amount is made to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Right of use assets (right to use a leased asset) are reported at cost minus depreciation and any write-downs and taking into account adjustments for any revaluation of the lease debt.

The value of the right of use assets consists of the lease debt, all leasing fees paid on or before the starting date, any initial direct expenses and an estimate of costs for dismantling and disposal of the underlying asset and any restoration costs.

Depreciation of right of use assets is made from the starting date to the time that occurs earliest, the end of the useful life or the end of the lease period. If there is a purchase option for a contract that is reasonably likely to be used, the asset is depreciated over the useful life (i.e. does not take into account the lease period).

The value of the right of use asset and the period of use are tested when there is an indication that an asset may be impaired. The reported value of the right of use is immediately written off to its recoverable value if the asset's carrying value exceeds its estimated recoverable value.

#### Employee compensation

##### Short-term compensation

Short-term employee compensation such as salaries, social security contributions, holiday pay and bonuses are expensed in the period when the employees perform the services. Liabilities for salaries and remuneration, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled.

The cost is recognised as the services are performed by the employees. The debt is reported as a liability regarding employee compensation in the consolidated balance sheet.

##### Pension obligations

The Group solely has defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the Group pays fixed contributions to a separate legal entity. The Group does not have any legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all compensation to employees related to employee service during the current or prior periods. Consequently, the Group has no further risk. The Group's obligations regarding contributions to defined contribution plans are recognised as an expense in the income statement for the year at the rate they are earned by the employees performing services for the Group during the period.

##### Compensation upon termination

An expense for compensation in connection with layoffs is only reported if the company is demonstrably obliged, without realistic possibility of withdrawing, of a formal detailed plan to terminate an employment before the normal time. When compensation is offered to encourage voluntary resignation, an expense is reported if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

##### Share-based compensation

Incentive programmes exist whereby participants have the opportunity to acquire warrants at market value, see also note G8. There is no cost to account for these, as market value is paid.

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## Note G2 Important estimates and assessments for accounting purposes

The estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that can be considered reasonable under the prevailing conditions.

### Important estimates and assessments for accounting purposes

The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. The estimates and assumptions that pose a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial year are dealt with in the main feature as follows.

#### (a) Impairment testing of intangible assets

Customer relationships and platform acquired as part of business acquisitions are recognised at fair value at the time of acquisition and are amortised on a straight-line basis over the forecasted useful life corresponding to the estimated time, they will generate cash flow. Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and trademarks have been assessed to have an indefinite useful life and are tested for impairment annually or as soon as indications arise that imply that the asset in question has decreased in value. See notes G1 and G13 for accounting principles and estimated useful lives and note G13 for reported values.

#### (b) Useful life of intangible assets

Trademarks are attributable to the value in Hemnet as a brand and held with ownership. The company does not see any limitation in the useful life of trademarks and their useful life is thus considered indefinable. The majority of customer relationships have an estimated useful life of 20 years, and the remaining depreciation period is 15 years. See notes G1 and G13 for accounting principles and estimated useful lives and note G13 for reported values.

#### (c) Capitalised development costs

The Group carries out software development work related to the technical platform and website hemnet.se. Accounting for self-accumulated intangible assets means that the company must make a number of assessments about the future. The decision to activate an asset is based on an estimate of whether it is technically feasible to complete the asset, the company intends to complete the asset, it is likely that the asset will generate future economic benefits and that there are resources to complete the development. See also notes G1 and G13.

## Note G3 Revenue from contracts with customers

Revenue breakdown by customer category	2021	2020
Property sellers	482.3	325.8
Real estate agents	95.4	80.7
Real estate developers	54.4	56.5
Advertisers	96.0	81.1
<b>Total</b>	<b>728.1</b>	<b>544.1</b>
Revenue breakdown by service category	2021	2020
Listings	411.5	312.7
Value-added services	140.9	77.5
Advertising services and other	175.7	153.9
<b>Total</b>	<b>728.1</b>	<b>544.1</b>

The entire Group is followed up as a segment and the revenues are in principle exclusively attributable to Swedish customers.

Hemnet's revenues come from services that target the following main customer groups: Property sellers, real estate developers, advertisers and real estate agents.

The single largest revenue stream comes from the property sellers' property listings. In order for property sellers to be able to influence their property sales, value-added services such as Hemnet Plus and Hemnet Premium are offered, which give a more prominent exposure of the property listing compared with the basic version.

Advertising services consist, among other things, of income from real estate developers who market their properties and brands. Real estate agents are an important partner, as they administer the property sellers' listings on Hemnet and provide information about Hemnet's services. Revenue recognition and performance obligations for the various product areas are shown below:

**Listings revenue:** Revenue is accrued over average maturity. Hemnet is considered to have satisfied its performance obligation with regard to property listings when the listing is removed for advertising, which is done by way of terminating the assignment by the real estate agent who arranged it. For arranging the property listing, the real estate agent receives administrative compensation. See also notes G6.

**Value-added services:** Revenue for value-added services attributable to the property sellers' property listing, such as the products Hemnet Plus and Premium, is accrued over average maturity. Hemnet is considered to have satisfied its performance obligation for value-added services related to property listings when the listing is removed for advertising or when the period for which the value-added service extends is over. For example, the product Raketen is active for a certain number of days after purchase. For mediating value-added services linked to property listings, there is an option for real estate agent firms to enter into an intermediation agreement and receive commission compensation. See also Note G6.

**Advertising services and other:** Advertising services consist, among other things, of income from real estate developers who market their properties and brands. Advertisements are recognised as revenue over the period that the advertising campaign is exposed on Hemnet.se and in Hemnet's apps. Other services are recognised as revenue during the period in which the service is used. Advertising and similar services are considered to be delivered when the advertisement is published according to agreed conditions and the agreed publication time has expired.

The majority of the services are invoiced with 30 days payment due. Advertising services are billed in line with campaign times. Invoicing for property listing takes place in connection with publication. Since 2020, home sellers have been offered to pay their home listing via Klarna up to seven days after publication. In the event that the sellers choose to pay via Klarna, an invoice will be drawn up via Klarna and Hemnet will receive a settlement claim on Klarna. If the property seller does not choose to pay via Klarna within seven days, a paper invoice will be issued. Accrued income is reported in the balance sheet for published listings that have not been invoiced as of the balance sheet date. The portion relating to the remaining publication period regarding invoiced and accrued invoicing is reported as prepaid income in the balance sheet.

The remaining performance obligations as of Dec. 31, 2021 amounted to SEK 7.6 million (8.2), including prepaid income reported as contractual liabilities. Performance obligations are essentially expected to be executed and revenue is reported within one month from the balance sheet date. Furthermore, no revenue related to performance obligations that were fulfilled in previous years has been recognised as revenue in 2021.

## Note G4 Other operating income

	2021	2020
Reminder fees and interest for late payments	0.9	1.1
Commission income	0.2	0.2
Exchange rate differences receivables of an operative nature	0.2	0.1
Other	0.5	0.3
<b>Total</b>	<b>1.8</b>	<b>1.7</b>

## Note G5 Other operating costs

	2021	2020
Foreign exchange losses	-0.7	-0.6
Reminder and debt collection costs	-1.0	-1.1
Other	-0.0	-0.0
<b>Total</b>	<b>-1.7</b>	<b>-1.7</b>

## Note G6 Other external expenses

	2021	2020
Administration and commission compensation	-150.1	-151.2
Other	-149.8	-94.1
<b>Total</b>	<b>-299.9</b>	<b>-245.3</b>

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

The other part of external expenses has increased during 2021, mainly due to one-off costs related to Hemnet's listing on Nasdaq OMX Stockholm, which amount to SEK 48.7m (5.1).

## Note G7 Auditor remuneration

	2021	2020
Ernst & Young		
- Audit engagement	2.7	3.0
- Audit activity in addition to the audit engagement	2.1	0.8
- Tax services	-	-
- Other services	-	-
<b>Total compensation for the auditors</b>	<b>4.8</b>	<b>3.7</b>

Audit means review of the annual report and accounts and the administration of the Board of Directors and the CEO, other duties that it is incumbent upon the company's auditor to perform and advice or other assistance that is the result of observations in such an audit or the performance of other such duties. Everything else is other assignments.

## Note G8 Employee remuneration, etc.

	2021		2020	
	Salaries and other remuneration	Social costs	Salaries and other remuneration	Social costs
Board and other senior executives (including profit-sharing)	15.6 (-)	6.9	15.2 (-)	6.7
of which pension costs		2.0		1.7
Other employees	70.7	29.3	63.4	27.6
of which pension costs		7.1		6.6
<b>Group total</b>	<b>86.3</b>	<b>36.0</b>	<b>78.5</b>	<b>34.3</b>
of which pension costs		9.1		8.4

Senior executives include the Board as well as the CEO and other senior executives.

### Average number of employees

	2021		2020	
	Average number of employees	Of which women	Average number of employees	Of which women
Sweden	112	44	102	35
<b>Group total</b>	<b>112</b>	<b>44</b>	<b>102</b>	<b>35</b>

### Gender breakdown for the Group (including subsidiaries) for Board members and other senior executives

	31/12/2021		31/12/2020	
	Total	Of which women	Total	Of which women
Board members	8	2	8	2
CEO and senior executives	7	4	7	4
<b>Group total</b>	<b>15</b>	<b>6</b>	<b>15</b>	<b>6</b>

## Remuneration to the Board of Directors, CEO and senior executives

	2021			Total
	Salaries, fees, benefits	Pension costs	Social costs incl. payroll tax	
Håkan Erixon, chairman	0.6	-	0.2	0.7
Christopher Caulkin	-	-	-	-
Anders Edmark	0.2	-	0.1	0.3
Tracey Fellows	0.3	-	0.1	0.4
Håkan Hellström*	0.2	-	0.1	0.3
Thomas Hussey**	-	-	-	-
Kerstin Lindberg Göransson	0.3	-	0.1	0.4
Nick McKittrick	0.3	-	0.1	0.4
Pierre Siri	-	-	-	-
Henrik Persson, deputy***	-	-	-	-
Cecilia Beck-Friis, chief executive officer	3.8	0.5	1.3	5.6
Other senior executives	10.0	1.4	3.5	14.9
<b>Total</b>	<b>15.6</b>	<b>2.0</b>	<b>5.4</b>	<b>22.9</b>

\* from March 1, 2021, before this deputy

\*\* until March 1, 2021

\*\*\* until March 1, 2021

	2020			Total
	Salaries, fees, benefits	Pension costs	Social costs incl. payroll tax	
Håkan Erixon, chairman	0.5	-	0.2	0.7
Christopher Caulkin	-	-	-	-
Anders Edmark	0.1	-	0.0	0.1
Tracey Fellows*	0.0	-	0.0	0.0
Thomas Hussey	-	-	-	-
Kerstin Lindberg Göransson	0.3	-	0.1	0.3
Nick McKittrick**	0.2	-	0.1	0.2
Erik Olsson***	0.0	-	0.0	0.1
Pierre Siri	-	-	-	-
Håkan Hellström, deputy	0.1	-	0.0	0.1
Henrik Persson, deputy****	-	-	-	-
Marta Soares Estebanez, deputy****	-	-	-	-
Cecilia Beck-Friis, chief executive officer	5.0	0.5	1.7	7.2
Other senior executives *****	9.0	1.2	2.9	13.2
<b>Total</b>	<b>15.2</b>	<b>1.7</b>	<b>4.9</b>	<b>21.9</b>

\* from November 18, 2020

\*\* from May 6, 2020

\*\*\* until May 6, 2020

\*\*\*\* from May 6, 2020, before that member of the Board

\*\*\*\*\* the group of other senior executives includes Erik Segerborg 3 months, Sarah Wu 4 months and the group consists of a total of 7 persons

### Incentive program

#### Long-Term Incentive Plan ("LTIP")

On 26 April 2021, the Annual General Meeting resolved to issue warrants of Series 2021/2024 to the Company and to executives and a number of selected employees with key competences in the Group participating in the warrant programme. It is the Board's intention that the structure of the warrant programme should be long-term and the Board therefore intends, after evaluation of the 2021/2024 programme, to propose to the Annual General Meetings in 2022 and 2023, respectively, the establishment of warrant programmes for 2022/2025 and 2023/2026.

During April–May 2021, 234,390 warrants have been subscribed by related persons in the management team. The market price of the warrants, calculated using the Black–Scholes option pricing model, was SEK 11.89. The company has received a total of SEK 5.0 million in 2021 as payment for all the warrants subscribed under the programme. In total, the 2021/2024 series warrant programme covers up to 40 persons and no more than 469,253 warrants.

The exercise price of the warrants corresponds to 135 percent of the price fixed in the company's IPO, equivalent to SEK 155.25, with a cap of 250 percent, which means that the warrants do not generate any additional return at a share price above SEK 287.50. Additional parameters in the valuation model were a risk-free interest rate of -0.18% and an expected volatility of 32.0%, which was determined on the basis of historical volatility of comparable companies. The programme is equity-based and exercises to shares. The full terms of the warrants also include customary vesting and conversion conditions, including for dividends paid prior to the exercise of the warrants.

Granted per year, warrants acquired	Number outstanding as of 31/12/2021	Number outstanding as of 31/12/2020	Exercise price	Value per allocated warrant	Maturity
allocated 2021	469,253	-	155.25	11.89	2024
<i>Holdings, members of the management team</i>					
Cecilia Beck-Friis	97,135	-	155.25	11.89	2024
Carl Johan Åkesson	31,675	-	155.25	11.89	2024
Francesca Cortesi	21,116	-	155.25	11.89	2024
Jessica Sjöberg	21,116	-	155.25	11.89	2024
PerOla Schelvander	21,116	-	155.25	11.89	2024
Pierre Bergström	21,116	-	155.25	11.89	2024
Sarah Wu	21,116	-	155.25	11.89	2024

#### Guidelines for remuneration of senior executives adopted at the Annual General Meeting 2021

These guidelines encompass the terms for the CEO and other senior executives in Hemnet Group AB (publ) and its subsidiaries (below "Hemnet" or the "Company"), i.e. managers reporting directly to the CEO. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2021. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

These guidelines also encompass members of the Board of Directors in Hemnet, to the extent to which they perform services outside of their directorship.

#### The guidelines' promotion of the Company's business strategy, long-term interests and sustainability.

In short, the Company's business strategy is the following. Hemnet gathers everyone who is looking for, selling and brokering a home in one place. This is Hemnet's core business. By collecting all housing ads in one digital marketplace, Hemnet makes it easier and more efficient for all parties involved. Hemnet's goal is to continue to be the leading housing portal in Sweden and to broaden and develop its offering based on its current position.

For more information regarding the Company's business strategy, please see [www.hemnetgroup.se/com](http://www.hemnetgroup.se/com).

The guidelines have been drawn up to successfully implement the Company's business strategy and safeguarding of its long-term interests, including its sustainability, and to create clarity and transparency with regard to the remuneration that senior executives shall receive, and under which circumstances that remuneration can be paid to members of the Board of Directors outside of the ordinary directorship.

Variable cash remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability.

#### Remuneration Principles

Hemnet shall strive to offer a compensation that attracts, motivates and retains senior executives in benchmark with its peers, which primarily are platform companies and digital service companies.

Remuneration to senior executives shall consist of:

- Fixed market salary
- Variable cash remuneration based on fulfillment of clear goals for the Company
- Possibility to participate in long-term share-based incentive programmes
- Pension and other customary benefits

As regards variable remuneration, such compensation shall be tied to financial or non-financial concrete, measurable goals for the Company and/or the department that the manager is responsible for. Decisions regarding variable payment models and the outcome of such models shall be made by the Board of Directors. The variable cash remuneration may amount to not more than 50 percent of the fixed annual cash salary.

In addition to the aforementioned remuneration forms, remuneration may also in certain exceptional cases and in accordance with the principles set forth in the Company's HR Policy, be paid in connection with new employment in order to attract certain key individuals to the Company for the purpose of supporting Hemnet's business strategy. Such remuneration shall be limited to the first year of employment.

#### Pension and other customary benefits

The retirement age is under normal circumstances 65 years. Pension plans for senior executives shall follow or match ITP in terms of compensation level.

Other customary benefits (such as company health care) shall be on market terms. Such benefits may amount to not more than 20 percent of the fixed annual cash salary.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### Remuneration Committee

The Board of Directors of Hemnet Group AB shall appoint a Remuneration Committee to monitor and assess compliance with these guidelines. The Remuneration Committee shall also prepare and make recommendations for resolutions to be adopted by the Board of Directors pertaining to matters regarding remuneration principles, remuneration and other terms of employment for the CEO. The CEO and other senior executives do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Remuneration Committee shall also prepare, propose, monitor and assess long term share-based incentive programs for variable compensation and long term incentive programs for the company management.

As regards matters concerning fixed remuneration to other senior executives, such matters shall as a starting point be made by the CEO in accordance with these guidelines. However, decisions regarding such remuneration to senior executives that have been made by the CEO shall be presented to the Remuneration Committee and the Board of Directors before it shall be deemed final, and before that point it shall not be communicated.

The duties of the Remuneration Committee are described in more detail in the Rules of Procedure for the Remuneration Committee, adopted by the Board of Directors.

#### Yearly Review

Remuneration for senior executives shall be reviewed yearly and at least every fourth year, on the basis of area of responsibility, performance and competence, as well as the principles for remuneration described above.

#### Termination Notice and Severance Pay

The notice period for senior executives, and the period of time during which salary payment will continue, shall generally be six (6) months. However, in situations where Hemnet terminates the employment, severance pay may amount to a maximum of twelve (12) monthly salaries. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for twelve (12) months for senior executives.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than twelve (12) months following termination of employment.

#### Compensation to Board Members

Members of the Board of Directors may, in certain cases where particularly motivated in light of the board member's competence and suitability, perform services outside of the ordinary directorship. Market compensation shall be paid for such services, which is to be decided by the Board of Directors. Remunerations of this kind are to be presented in the financial reports in accordance with applicable accounting legislation.

#### Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for employees of Hemnet Group AB have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

### Deviations

Deviations from these guidelines in whole or in part may be made in exceptional cases if the Board of Directors find that there are special circumstances at hand and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. Information about such deviation and the reasons therefore shall be given at the following Annual General Meeting. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

## Note G9 Financial income and costs

	2021	2020
<i>Interest bearing securities valued at fair value</i>		
Interest bearing securities	0.2	0.4
<b>Total revenue at fair value</b>	<b>0.2</b>	<b>0.4</b>
<i>Other</i>		
Foreign exchange gains, net	0.1	-
Other	-	0.1
<b>Total other</b>	<b>0.1</b>	<b>0.1</b>
<b>Financial income, total</b>	<b>0.3</b>	<b>0.5</b>
<i>Liabilities valued at amortised cost</i>		
Interest expenses to credit institutions	-25.7	-23.5
Other interest expenses	-0.3	-0.3
Interest expense deferred consideration	-	-0.1
<b>Total interest costs according to the effective interest method</b>	<b>-26.0</b>	<b>-23.9</b>
<i>Other</i>		
Foreign exchange losses, net	-	-0.1
Interest expenses, leasing liabilities	-0.1	-0.2
<b>Total other</b>	<b>-0.1</b>	<b>-0.3</b>
<b>Financial costs, total</b>	<b>-26.1</b>	<b>-24.2</b>
<b>Financial items, net</b>	<b>-25.8</b>	<b>-23.7</b>

## Note G10 Exchange rate differences, net

Exchange rate differences have been reported in the statement of comprehensive income as follows:

	2021	2020
Other operating income (Note G4)	0.2	0.1
Other operating costs (Note G5)	-0.7	-0.6
Financial items, net (Note G9)	0.1	-0.1
<b>Total</b>	<b>-0.4</b>	<b>-0.6</b>

## Note G11 Income tax

	2021	2020
<b>Current tax:</b>		
Current tax on profit for the year	-55.8	-32.7
<b>Total current tax</b>	<b>-55.8</b>	<b>-32.7</b>
<b>Deferred tax (Note G16):</b>		
Deferred tax on temporary differences and tax loss	14.2	13.6
<b>Total deferred tax</b>	<b>14.2</b>	<b>13.6</b>
<b>Total income tax</b>	<b>-41.6</b>	<b>-19.1</b>

The income tax on the Group's profit before tax differs from the theoretical amount that would have been obtained when using the Swedish tax rate for the results of the consolidated companies as follows:

	2021	2020
<b>Earnings before tax</b>	<b>198.1</b>	<b>86.8</b>
Income tax calculated according to tax rate in Sweden (20.6% and 21.4% respectively)	-40.8	-18.6
<i>Tax effect of:</i>		
Non-deductible costs	-0.5	-0.5
Other	-0.3	0.0
<b>Income tax expense</b>	<b>-41.6</b>	<b>-19.1</b>

This year's effective tax rate is -21.0% (-22.0%).

## Note G12 Earnings per share

	2021	2020
<b>Earnings per share before dilution</b>		
Profit for the year attributable to ordinary equity holders of the Parent Company	156.5	67.7
Weighted average number of ordinary shares outstanding during the year	100,999,394	100,701,011
<b>Earnings per share before dilution, SEK</b>	<b>1.55</b>	<b>0.67</b>
<b>Diluted earnings per share</b>		
Profit for the year attributable to ordinary equity holders of the Parent Company	156.5	67.7
Weighted average number of ordinary shares outstanding during the year	100,999,394	100,701,011
Effect of warrant programmes issued <sup>1</sup>	181,253	412,057
<b>Number of shares for the calculation of diluted earnings per share</b>	<b>101,180,647</b>	<b>101,113,068</b>
<b>Earnings per share after dilution, SEK</b>	<b>1.55</b>	<b>0.67</b>

<sup>1</sup> The calculation of dilution of shares is made based on the number of days that the warrant programmes that have been active during each period concerned. As no market price is available to set against the exercise price and the number of warrants is limited in relation to the number of ordinary shares, the dilution effect for periods before Hemnet's IPO on 27 April, 2021, has been calculated based on the maximum theoretical dilution. For periods after 27 April, 2021, the calculation of dilution is made based on the average share price during each period concerned.

### Possible dilution through financial instruments

Hemnet Group AB (publ) has outstanding long-term incentive plans. The warrants under the long-term incentive plans are considered dilutive only when they result in lower earnings per share after than before dilution. As of 12/31/2021, the company has an outstanding program from 2021 that runs through 2024. For more information on redemption rates and description of incentive schemes, see note G8 Employee remuneration, etc.

## Note G13 Intangible assets

2021	Goodwill	Customer relationships	Platform	Trademarks	Capitalised development costs	Total
Opening acquisition value	902.8	1,090.4	40.5	241.7	21.1	2,296.6
Acquisitions for the year	-	-	-	-	6.5	6.5
Closing acquisition value	902.8	1,090.4	40.5	241.7	27.6	2,303.1
Opening accumulated amortisation	-	-220.4	-32.1	-0.3	-8.2	-260.8
Amortisation for the year	-	-55.4	-8.2	-0.3	-6.8	-70.7
Closing accumulated amortisation	-	-275.8	-40.3	-0.6	-15.0	-331.5
As of December 31, 2021						
Acquisition value	902.8	1,090.4	40.5	241.7	27.6	2,303.1
Accumulated amortisation	-	-275.8	-40.3	-0.6	-15.0	-331.5
Closing carrying amount	902.8	814.7	0.2	241.2	12.7	1,971.6

2020	Goodwill	Customer relationships	Platform	Trademarks	Capitalised development costs	Total
Opening acquisition value	902.8	1,090.4	40.5	241.7	15.1	2,290.5
Acquisitions for the year	-	-	-	-	6.0	6.0
Closing acquisition value	902.8	1,090.4	40.5	241.7	21.1	2,296.6
Opening accumulated amortisation	-	-165.0	-23.9	-0.1	-2.7	-191.6
Amortisation for the year	-	-55.4	-8.2	-0.2	-5.5	-69.2
Closing accumulated amortisation	-	-220.4	-32.1	-0.3	-8.2	-260.8
As of December 31, 2020						
Acquisition value	902.8	1,090.4	40.5	241.7	21.1	2,296.6
Accumulated amortisation	-	-220.4	-32.1	-0.3	-8.2	-260.8
Closing carrying amount	902.8	870.1	8.4	241.5	13.0	2,035.8

For the fiscal year 2021, the Group estimated that SEK 6.5 million meets the criteria for capitalisation of development costs, see Note G1 for accounting principles.

Goodwill is attributable to the acquisition of Hemnet Sverige AB Group in 2017. The useful life is deemed to be indefinite with impairment testing done annually.

Customer relationships, platform and trademarks, like goodwill, are mainly attributable to the acquisition of Hemnet Sverige AB Group in 2017.

Customer relationships are attributable to acquired customer relationships to real estate agents and advertising. The useful life of customer relationships attributable to real estate agents has been estimated to be 20 years and customer relationships attributable to advertising has been estimated to be 10 years. The remaining amortisation period amounts to 15 and 5 years respectively.

Platform refers to intangible assets attributable to websites and apps. The useful life has been estimated at 5 years and the remaining amortisation period is less than 1 year.

Trademarks is attributable to the value in Hemnet as a brand which is held with ownership rights. The Company does not see any limitation in the useful life of the Hemnet trademark and the useful life is therefore considered indeterminable. The TryggaBud brand, which has an acquisition value of SEK 0.6 million, has been fully amortised in 2021.

### Impairment testing of goodwill and trademarks

Management assesses the company's performance based on the Group's overall results. This means management has determined that there is only one cash-generating unit. Goodwill and trademarks are thus monitored by management at the Group level.

The recoverable amount for goodwill and trademarks with an indefinite useful life has been determined based on calculations of value in use. These

calculations are based on estimated future cash flows before tax based on financial budgets and forecasts approved by company management and covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate as stated below. The growth rate is considered reasonable given the company's historical growth and market conditions.

Material assumptions that have been used when calculating value in use:

Discount rate before tax <sup>1)</sup> , %	14.3
Long-term growth rate <sup>2)</sup> , %	2.0

<sup>1)</sup> Pre-tax discount rate used in the present value calculation of estimated future cash flows.  
<sup>2)</sup> Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate used is stated before tax and reflects the specific risks that exist for the Group.

The most significant assumptions during the five-year forecast period are sales growth and profitability development, where the operating margin is assumed to increase as a result of sales growth.

No impairment needs for goodwill and/or trademarks have been identified for the fiscal year.

### Sensitivity analysis

The recoverable amount exceeds the carrying amount of operating capital by a good margin. This also applies to each individual assumption that:

- the discount rate before tax had been 1 percentage point higher,
- the estimated growth rate to extrapolate cash flows beyond the five-year period was 0 percent,
- a decrease in the assumption of sales growth of 2 percentage points in the forecast period and an assumption of unchanged operating margins.

Nothing of the above would result in any impairment.

## Note G14 Tangible non-current assets

Equipment	31/12/2021	31/12/2020
Opening acquisition value	10.5	9.6
Acquisitions for the year	0.5	1.0
Sales for the year	-0.0	-0.0
Closing acquisition value	11.0	10.5
Opening accumulated depreciation	-8.7	-7.6
Depreciation for the year	-1.0	-1.1
Sales for the year	0.0	0.0
Closing accumulated depreciation	-9.7	-8.7
Closing carrying amount	1.3	1.9

## Note G15 Leases

The company's leasing liability consists mainly of the head office's contract for premises in Stockholm.

The lease for the headquarters premises has been extended by two months until November 2022.

The table below shows the value of right of use assets and leasing liabilities and the change during the period:

	Right of use assets			Leasing liabilities
	Offices	Office equipment	Total	
As of January 1, 2021	12.6	0.1	12.7	11.3
Additional contracts	1.4		1.4	1.4
Depreciation for the year	-7.2	-0.1	-7.3	
Interest expenses				0.2
Payments				-7.7
As of December 31, 2021	6.8	0.0	6.9	5.2

	Right of use assets			Leasing liabilities
	Offices	Office equipment	Total	
As of January 1, 2020	5.1	0.1	5.3	3.7
Additional contracts	14.8		14.8	14.8
Depreciation for the year	-7.1	-0.0	-7.2	
Completed contracts	-0.2		-0.2	-0.2
Interest expenses				0.2
Payments				-7.2
As of December 31, 2020	12.6	0.1	12.7	11.3

The table below shows the amounts reported in the income statement:

Right of use assets	2021	2020
Depreciation of right of use assets	7.3	7.2
Interest expenses for leasing liabilities	0.1	0.2
Revaluation results	-	-0.0
Short-term leasing	0.1	0.0
Total amount reported in year-end results	7.5	7.4

Future leasing fees are shown in the table below:

Maturity analysis (undiscounted flows)	31/12/2021	31/12/2020
Year 1	5.2	5.6
Year 2	0.0	5.7
Year 3	-	0.0
Year 4	-	-
Year 5	-	-
Total	5.2	11.3

## Note G16 Deferred tax

Deferred tax assets and liabilities are distributed as follows:

	31/12/2021	31/12/2020
<b>Deferred tax assets:</b>		
Deferred tax assets assessed to be utilised after more than 12 months	0.0	0.0
Deferred tax assets assessed to be utilised within 12 months	0.1	0.0
<b>Total</b>	<b>0.1</b>	<b>0.1</b>
<b>Deferred tax liabilities</b>		
Deferred tax liabilities assessed to be utilised after more than 12 months	207.6	219.9
Deferred tax liabilities assessed to be utilised within 12 months	12.5	14.5
<b>Total</b>	<b>220.1</b>	<b>234.4</b>

Net change in deferred taxes is as follows:

	31/12/2021	31/12/2020
<b>Opening balance</b>	<b>234.3</b>	<b>247.9</b>
Reported in statement of comprehensive income	-14.2	-13.6
<b>Closing balance</b>	<b>220.1</b>	<b>234.3</b>

Changes in deferred tax assets and tax liabilities during the year, without regard to offsets made within the same tax jurisdiction, are shown below:

	Customer relationships	Platform	Trademark	Other	Total
<b>Deferred tax liabilities</b>					
As of December 31, 2019	191.1	3.4	49.7	3.7	247.9
Reported in statement of comprehensive income	-11.9	-1.7	-	0.0	-13.5
As of December 31, 2020	179.2	1.7	49.7	3.8	234.4
Reported in statement of comprehensive income	-11.4	-1.7	-0.1	-1.0	-14.2
As of December 31, 2021	167.8	-0.0	49.6	2.7	220.1

	Interest rate cap	Right of use assets	Total
<b>Deferred tax assets</b>			
As of December 31, 2019	0.0	-	0.0
Reported in statement of comprehensive income	-0.0	0.1	0.1
As of December 31, 2020	-	0.1	0.1
Reported in statement of comprehensive income	-	-0.0	-0.0
As of December 31, 2021	-	0.1	0.1

## Note G17 Accounts receivable

	31/12/2021	31/12/2020
Accounts receivable	33.5	24.8
Reserve for expected credit losses	-4.8	-4.4
<b>Total</b>	<b>28.7</b>	<b>20.4</b>

The carrying amount of accounts receivable is considered to be a good approximation of the fair value, since the discounting effect is not significant.

As of December 31, 2021 net accounts receivable amounted to SEK 28.7 million (20.4) after the provision of expected customer losses. Accounts receivable due amounted to SEK 9.4 million (7.0). Of the accounts receivable due between 1-60 days at the balance sheet date, SEK 4.6 million, SEK 4.0 million had been paid before 2022-01-31.

As of the balance sheet date, there were no accounts receivable in foreign currency. The age analysis of accounts receivable is as follows:

	31/12/2021	31/12/2020
<b>Not overdue accounts receivable</b>	<b>24.1</b>	<b>17.8</b>
1-30 days	4.2	2.4
31-60 days	0.4	0.3
> 61 days	4.8	4.3
<b>Total overdue accounts receivable</b>	<b>9.4</b>	<b>7.0</b>
<i>Change in reserve for expected credit losses:</i>		
<b>Opening balance</b>	<b>4.4</b>	<b>3.5</b>
Reserve for expected credit losses/reserve reversal	0.5	0.9
Credit losses recovered and reversed	-0.1	-0.1
<b>Closing balance</b>	<b>4.8</b>	<b>4.4</b>

Hemnet's customer base mainly consists of residential property sellers with real estate brokers acting as agents. Furthermore, in addition to property sellers and real estate agents, customers also consist of advertisers and real estate developers. Collateral for receivables is not normally held. There are no significant credit concentrations, the number of customers is significant and they are geographically well-distributed. The payment terms are normally

between 0-30 days depending on the counterparty and there is no significant credit risk concentration to individual counterparties.

The outstanding accounts receivable for the five largest customers are gross at SEK 4.5 million (SEK 3.0 million).

Recognition of expected credit losses is made in accordance with IFRS 9, specified in internal regulations. The Group applies the simplified method of accounting for expected credit losses on accounts receivable. This means that expected credit losses are reserved for the remaining term, which is expected to be less than one year for all receivables. The Group's accounts receivable are divided into two groups: property sellers and other customers. Customers within each group are considered to have a similar risk profile, which is why credit risk is initially assessed collectively for all customers in each group. In the case of individual major receivables that are more than 60 days overdue for payment or where the credit risk is assessed to be significant, the credit provision for these receivables is assessed per counterparty. Hemnet will write off a claim when there is no longer any expectation of receiving payment and when active measures to obtain payment have been completed.

The Group applies a method based on historical proportion of losses for both customer groups. The method is applied in combination with other known information and forward-looking factors, including information about individual customers and management's assessment of the impact of the sectors' business cycle.

## Note G18 Other current receivables

	31/12/2021	31/12/2020
Settlement receivables	18.1	10.7
VAT receivable	0.2	-
Tax account	4.0	3.2
Other	0.0	0.0
<b>Total</b>	<b>22.3</b>	<b>14.0</b>

Settlement receivables refer to receivables from invoicing and payment intermediaries used by Hemnet.

## Note G19 Prepaid expenses and accrued income

	31/12/2021	31/12/2020
Accrued income	4.3	10.0
Prepaid marketing costs	-	3.4
Other prepaid expenses	3.8	3.5
<b>Total</b>	<b>8.1</b>	<b>16.9</b>

In the event the amounts are deemed to be significant, a reserve for expected credit losses is recognised for accrued income. No reserve has been recognised.

## Note G20 Equity

	Voting rights	No. of shares	Share capital
Ordinary shares, Series A	96,074,904	96,074,904	73,571,626
Series A1	5,056,574	5,056,574	3,872,191
<b>As of December 31, 2021</b>	<b>101,131,478</b>	<b>101,131,478</b>	<b>77,443,817</b>

As of 31 December 2021, the share capital consists of 101,131,478 shares divided into ordinary shares (Series A) and shares of Series A1. Both series of shares have a voting value of 1 vote per share.

Series A1 shares have a veto right against amendments to the objects of the company's articles of association. The holder of Series A1 shares may request a conversion of Series A1 shares into ordinary shares. The shares of Series A1 are subject to retention of title according to the articles of association. In all other aspects the ordinary shares and the shares of Series A1 have the same rights.

Other contributed capital consists of premiums for a new issue of SEK 1,246.8 million (1,243.6).

There is an incentive scheme for senior executives and key employees which includes warrants. See further information in Note G8.

## Note G21 Financial risk management and financial instruments by category

### Financial risk factors

Through its operations, the Group is exposed to a variety of financial risks: market risks (currency risks, interest rate risks and price risks), credit risks and liquidity risks. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potential adverse effects on the Group's financial results.

Risk management is handled by the Group's CFO. The CFO provides monthly information on the Group's results, financial position and business performance to the Board and management of Hemnet. The Group has a finance policy established by the Parent Company's Board of Directors, which states which financial risks the Group is exposed to and how these risks should be limited. Financial operations should support the operations of the business and be of a non-speculative nature. Interest rate risks consist of risks that developments in the interest rate market will have negative effects on the company. Interest rate risks affect the Group, both as current interest expenses for loans and derivative instruments and as changes in the market value of derivative instruments. According to the company's finance policy, derivative instruments may be used for the management of interest rate risks and currency risks, but only on condition that this follows from other contractual commitments, such as may exist in, for example, credit financing agreements. The objective of interest rate risk management is to achieve the desired stability in the Group's overall cash flow. At the same time, it must be ensured that possible market value changes on the derivatives required do not pose unacceptable risks to shareholder equity and that requirements from credit institutions on levels of interest rate hedging are met. Currency risks are low and thus not hedged. Credit risks are managed through an efficient monitoring of outstanding receivables.

Surplus liquidity must be managed with the overall goal of preserving capital rather than generating financial income. In the first instance, surplus liquidity should be used to repay debt. Surplus liquidity can be invested as an alternative to amortisation of interest-bearing debt to meet known future financing needs.

### Market risks

#### Currency risks

The Group operates only marginally on an international basis and currency risks are low. Currency risks arise when future business transactions are expressed in a currency that is not the unit's functional currency. The Group has no or marginal sales in foreign currencies and purchases are made marginally in EUR, USD and GBP. As a result of the limited risk, the company's financial policy is not to hedge these flows, unless there are specific reasons to do so, but to manage currency risks primarily operationally by seeking to enter into contracts in SEK.

#### Exposure as of December 31, 2021

The Group's risk exposure in foreign currency at the end of the reporting period, expressed in million SEK, was the following:

	31/12/2021		
	USD	GBP	EUR
Cash and cash equivalents	0.7	0.1	0.6
Accounts payable	0.4	-	0.4
Accrued income	0.2	-	-

	31/12/2020		
	USD	GBP	EUR
Cash and cash equivalents	0.6	0.1	0.5
Accounts payable		-	0.1
Accrued income	3.6	-	-

#### Sensitivity

As shown in the table above, the Group is marginally exposed to changes in the exchange rate for USD/SEK, GBP/SEK and EUR/SEK.

If the Swedish krona had weakened/strengthened by 10 percent in relation to the USD with all other variables constant, the recalculated profit after tax/ effect on shareholder's equity as of December 31, 2021 would be SEK 49 thousand lower/higher, as a result of profits/losses on conversion of accrued income, cash and cash equivalents and accounts payable in USD.

If the Swedish krona had weakened/strengthened by 10 percent relative to GBP with all other variables constant, the recalculated profit after tax/effect on shareholder's equity as of December 31, 2021 would be SEK 6 thousand higher/lower, largely as a result of gains/losses on the conversion of cash and cash equivalents in GBP.

If the Swedish krona had weakened/strengthened by 10 percent relative to the EUR with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of December 31, 2021 would be SEK 13 thousand higher/ lower, largely as a result of gains/losses on the conversion of cash and cash equivalents and accounts payable in EUR.

#### Amounts reported in the Group's statement of comprehensive income

During the year, the following currency-related amounts were reported in the consolidated income statement:

	2021	2020
Net exchange rate gain (+)/ loss (-), included in other operating income/ other operating expenses	-0.5	-0.5
Net exchange rate gains (+)/ currency (-), included in financial income/expenses	0.1	-0.1

#### Interest rate risks

The Group's interest rate risks arise through long- and short-term borrowing. Liabilities to credit institutions constitute a bank loan from Nordea that is subject to variable interest rates and exposes the Group to interest rate risk with respect to cash flow, which is partially neutralised by cash with variable interest rates. The bank loan was renegotiated and extended during the year. The loan matures May 27, 2024 and runs at a variable interest rate equivalent to Stibor plus 1.40-2.00 percent per year, depending on the covenant Net Leverage. The fee for the undrawn part of the facility is 0.35 percent. The bank loan has a revolving credit, which means that the Group has a loan facility that makes it possible to use the unused credit at no extra cost. The Group has two covenants to relate to: Net Leverage and Interest Cover. Net leverage is calculated according to the formula net debt/consolidated EBITDA. Net debt refers to total interest-bearing liabilities (comprising the items due to credit institutions and lease liabilities in the consolidated balance sheet) less cash and cash equivalents and short-term investments. Interest Cover is calculated according to the formula consolidated EBITDA/financial expenses, net.

The Group's borrowing is only in Swedish kronor. It is possible to take out a loan in another currency.

#### Sensitivity

If interest rates on borrowing in Swedish kronor in 2021 were 100 basis points higher/lower with all other variables constant, the calculated profit after tax for the financial year would have been SEK 3.8 million higher/lower, as an effect of higher/lower interest costs for borrowing with variable interest rates.

#### Credit risks

Credit risks are managed at the Group level, with the exception of credit risks regarding outstanding accounts receivable where analysis is done for each Group company. Credit risks arise through liquid funds and balances with banks, as well as credit exposures to customers. There is no high concentration of credit risks, either through exposure to individual customers, specific industries or regions. In cases where there is no independent credit

assessment, a risk assessment is made of the customer's credit rating, taking into account his/her financial position, as well as past experience and other factors.

Credit risk exposure and possible provision for expected loan losses are stated in Note G17 Accounts receivable, Note G19 Prepaid expenses and deferred income and Note G26 Cash and cash equivalents.

#### Liquidity risks

Cash flow forecasts are prepared by the Group's operating companies and aggregated at the Group level. At the Group level, careful rolling forecasts for the Group's liquidity reserve are followed to ensure that the Group has sufficient cash to meet the needs of its ongoing operations.

At Group level, surplus liquidity may be invested in interest-bearing settlement accounts or interest-bearing money market instruments, depending on which instrument has the appropriate maturity or sufficient liquidity to meet the scope provided by the aforementioned forecasts.

#### Credit facility

The Group has the following total credit facility as of December 31, 2021: SEK 500 million.

The Group has the following unutilised credit facility as of December 31, 2021: SEK 220 million.

Variable interest rate on utilised credit: Stibor plus 1,40 – 2,00 percent, depending on Net Leverage.

Fixed interest on unutilised credit: 0.35 percent

Expires within one year (bank loan) SEK - million

Expires after more than one year (bank loan) SEK 277.9 million

The credit facilities can be utilised at any time provided that the covenants in the loan agreement are fulfilled. The table on the next page analyses the Group's financial liabilities broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows.

#### Capital management

Hemnet's capital structure objective is to achieve a net debt to adjusted EBITDA ratio of less than 2.0x. Hemnet's capital under management consists of equity. Changes in equity under management are shown in the Group's statement of changes in equity.

In order to maintain or adjust the capital structure, the Group may change the dividend paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets to reduce liabilities.

The Group assesses its capital needs based, among other things, on its capital structure, which is assessed on the basis of the net debt/adjusted EBITDA ratio and amounts to 0.5 (2.1) at 31 December 2021. Net debt is calculated as total interest-bearing liabilities (comprising the items due to credit institutions and lease liabilities in the consolidated balance sheet) less cash and cash equivalents and short-term investments.

## Maturity of financial liabilities

As of December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total Contractual undiscounted cash flows	Reported value
Liabilities to credit institutions	1.2	3.7	5.0	281.7	-	291.6	277.9
Leasing liabilities	-	5.2	0.0	-	-	5.2	5.2
Accounts payable	12.5	-	-	-	-	12.5	12.5
Other current liabilities	14.0	-	-	-	-	14.0	14.0
<b>Total</b>	<b>26.5</b>	<b>5.2</b>	<b>0.0</b>	<b>280.0</b>	<b>-</b>	<b>311.7</b>	<b>309.6</b>

As of December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total Contractual undiscounted cash flows	Reported value
Liabilities to credit institutions	-	10.3	13.3	665.1	-	688.6	675.5
Leasing liabilities	-	5.7	5.7	-	-	11.4	11.3
Accounts payable	10.3	-	-	-	-	10.3	10.3
Other current liabilities	10.9	-	-	-	-	10.9	10.9
<b>Total</b>	<b>21.2</b>	<b>16.0</b>	<b>19.0</b>	<b>665.1</b>	<b>-</b>	<b>721.2</b>	<b>708.0</b>

## Fair value calculation

The table above shows financial instruments measured at fair value, based on how the classification in the fair value hierarchy was made. The different levels are defined as follows:

### (a) Level 1 financial instruments

Listed prices (unadjusted) in active markets for identical assets or liabilities.

### (b) Level 2 financial instruments

Observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e. as price quotes) or indirectly (i.e. derived from price quotes).

### (c) Level 3 financial instruments

In cases where one or more significant inputs are not based on observable market information, the instrument concerned is classified under level 3.

The following table shows the Group's financial assets and liabilities at fair value at December 31, 2021.

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<i>Assets valued at fair value through profit or loss</i>				
Interest bearing securities	-	-	-	-
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The following table shows the Group's financial assets and liabilities at fair value at December 31, 2020.

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<i>Assets valued at fair value through profit or loss</i>				
Interest bearing securities	24.5	-	-	24.5
<b>Total financial assets</b>	<b>24.5</b>	<b>-</b>	<b>-</b>	<b>24.5</b>

There were no transfers between levels during the year.

### Level 3 financial instruments

The table below shows the changes for level 3 instruments.

### Contingent consideration in correlation to acquisitions

	31/12/2021	31/12/2020
Opening balance	-	79.1
Contingent consideration paid during the year	-	-79.1
Interest accrued over the total profit during the year	-	67.0
Closing balance	-	-

Contingent consideration: The final part of the contingent consideration was settled in January 2020.

Financial instruments by category

Assets as of December 31, 2021		Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
<b>Assets in the balance sheet</b>				
	Interest bearing securities	-		-
	Accounts receivable and other receivables		55.3	55.3
	Cash and cash equivalents		94.5	94.5
	<b>Total</b>	<b>-</b>	<b>149.8</b>	<b>149.8</b>
Liabilities as of December 31, 2021		Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
<b>Liabilities in the balance sheet</b>				
	Liabilities to credit institutions		277.9	277.9
	Other liabilities		11.5	11.5
	Accounts payable		12.5	12.5
	Accrued expenses		60.6	60.6
	<b>Total</b>	<b>-</b>	<b>362.5</b>	<b>362.5</b>
Assets as of December 31, 2020		Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
<b>Assets in the balance sheet</b>				
	Interest bearing securities	24.5		24.5
	Accounts receivable and other receivables		44.4	44.4
	Cash and cash equivalents		247.1	247.1
	<b>Total</b>	<b>24.5</b>	<b>291.5</b>	<b>316.0</b>
Liabilities as of December 31, 2020		Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
<b>Liabilities in the balance sheet</b>				
	Liabilities to credit institutions		675.5	675.5
	Other liabilities		22.1	22.1
	Accounts payable		10.3	10.3
	Accrued expenses		59.6	59.6
	<b>Total</b>	<b>-</b>	<b>767.5</b>	<b>767.5</b>

The fair value of short-term liabilities to credit institutions corresponds to their carrying amount, as the discounting effect is not material. The fair value of long-term debt to credit institutions is based on discounted cash flows (level 2) and amounts to SEK 280 million as at 12/31/2021. For other financial assets and liabilities, the carrying amount is an approximation of fair value and therefore these items are not classified into levels according to the valuation hierarchy.

## Note G22 Liabilities to credit institutions

	31/12/2021	31/12/2020
<b>Long-term liabilities</b>		
Liabilities to credit institutions	280.0	678.3
Effective interest rate/settlement fee/renegotiation result	-2.1	-10.5
	<b>277.9</b>	<b>667.8</b>
<b>Short-term liabilities</b>		
Liabilities to credit institutions	-	10.3
Effective interest rate/settlement fee/renegotiation result	-	-2.6
	-	7.6
<b>Total liabilities to credit institutions</b>	<b>277.9</b>	<b>675.4</b>

### Liabilities to credit institutions

The Group's borrowing matures on April 27, 2024 and runs at variable interest rates corresponding to 1.40 - 2.00 percent per annum, depending on the net leverage covenant.

The Group has two covenants to fulfill: Net leverage and Interest cover. Net leverage is calculated according to the formula net debt/consolidated EBITDA. Net debt refers to the loans with deductions for balances with the bank. Interest cover is calculated according to the formula consolidated EBITDA/net financial liabilities.

The Group has fulfilled the loan terms for the entire financial year January 1 - December 31, 2021.

	Reported value 31/12/2021	Fair value 31/12/2021
Loans from credit institutions	277.9	280.0

## Note G23 Other current liabilities

	31/12/2021	31/12/2020
VAT credit	5.4	4.2
Personnel-related taxes	6.8	6.5
Other items	1.8	0.1
<b>Total</b>	<b>14.0</b>	<b>10.9</b>

## Note G24 Accrued expenses and deferred income

	31/12/2021	31/12/2020
Accrued personnel costs	17.6	14.1
Deferred income	7.6	8.2
Accrued administration and commission compensation	37.7	40.0
Other accrued costs	5.3	6.6
<b>Total</b>	<b>68.2</b>	<b>68.9</b>

## Note G25 Changes in liabilities belonging to the financing operations

	01/01/2021	Cash inflow	Cash outflow	Non-cash flow items				31/12/2021
				Paid financing costs	Unpaid interest expenses	Accrual of financing costs	Change in leasing commitments	
Liabilities to credit institutions	675.4	500.0	-908.6	-3.0	-2.0	16.0		277.9
Leasing liabilities	11.3		-7.5				1.4	5.2
<b>Total</b>	<b>686.7</b>	<b>500.0</b>	<b>-916.1</b>	<b>-3.0</b>	<b>-2.0</b>	<b>16.0</b>	<b>1.4</b>	<b>283.1</b>

	01/01/2020	Cash inflow	Cash outflow	Non-cash items			31/12/2020
				Unpaid interest expenses	Accrual of financing costs	Change in leasing commitments	
Liabilities to credit institutions	682.2		-10.3		3.5		675.4
Contingent consideration			-76.5	-2.7			-
Leasing liabilities	3.7		-7.0			14.6	11.3
<b>Total</b>	<b>765.0</b>	<b>-</b>	<b>-93.8</b>	<b>-2.7</b>	<b>3.5</b>	<b>14.6</b>	<b>686.7</b>

## Note G26 Cash and cash equivalents

	31/12/2021	31/12/2020
Bank balances	94.5	247.1
<b>Total</b>	<b>94.5</b>	<b>247.1</b>

For bank balances, all counterparties have a credit rating of at least AA (S&P). In cases where the amounts are not considered insignificant, a reserve for expected credit losses for these financial instruments is recognised according to the rating-based method. No reserve for expected credit losses has been recognised.

## Note G27 Pledged assets

	31/12/2021	31/12/2020
Net assets in subsidiaries	-	1,108.6
Trademarks	-	241.2
<b>Total</b>	<b>-</b>	<b>1,349.7</b>

Collateral provided in previous years related to debts to credit institutions, in accordance with the loan agreements in force at the time. With the repayment of this previous loan, the previously pledged collateral has also been released. In the Group's new loan agreements, since 27/04/2021, there are no collateral requirements.

Both the previous and the existing loan are conditional on the company meeting certain covenants. See further notes G21 and G22.

## Note G28 Related party transactions

Related parties are owners, senior executives of the Group and their related parties, as well as all parent/subsidiary/associate companies and joint ventures within the Group and companies controlled by related parties. Goods and services are bought and sold to related parties on normal commercial terms on a commercial basis. Within the Group, goods and services are priced in accordance with established internal pricing policies based on the arm's length principle.

For information on remuneration to the Board of Directors and senior executives, see Note G8.

See also the ownership structure section in the Directors' Report.

*Market activities in cooperation with Mäklarsamfundet*  
Hemnet has, in cooperation with Mäklarsamfundet ("MSF"), planned marketing activities during 2020-2021. These consist of two parts; one part, totalling SEK 12.5 million, in external media which is administered by MSF, and one part, totalling SEK 10.0 million, in Hemnet's own channels.

For the external part, activities amounting to SEK 9.1 million were expensed during 2020 and a further SEK 3.4 million were expensed during 2021. The part in external channels has thus been completed by the end of December 2021. For the part in Hemnet's own channels, revenues and expenses of SEK 4.3 million and SEK 4.3 million, respectively, were reported in 2020, and additional revenues and expenses of SEK 5.7 million and SEK 5.7 million, respectively, was reported during the first nine months of 2021. The part in Hemnet's own channels has thus been completed by the end of September 2021.

#### *Management Incentive Plan (MIP)*

In 2017, members of the Board of Directors and the management team were given the opportunity to participate in an incentive programme for senior executives. 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 Series C ordinary shares. The subsequent conversion of these shares into Series A ordinary shares in connection with the Group's IPO resulted in a total of 5,777,110 ordinary shares being held by related parties.

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#### *Care of Hemnet, distribution in kind*

On 23 April 2021, the Extraordinary General Meeting of Care of Hemnet AB (publ) resolved on a distribution in kind to the shareholders, which was paid shortly after the listing and resulted in six related persons receiving 3,050,919 ordinary shares of Series A in Hemnet Group AB (publ).

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#### *Warrants of Series 2019/2022*

On 17 March 2021, the Board of Directors resolved to advance the exercise period for warrants of Series 2019/2022 to 15 April - 23 April 2021. As a result of the exercise of the warrants, 221,558 new Series B ordinary shares in the Company were created, which were subsequently converted from Series B ordinary shares to Series A ordinary shares in connection with the IPO. As a result, one member of the management team acquired 7 097 Series A ordinary shares in Hemnet Group AB (publ).

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#### *Long-Term Incentive Plan (LTIP)*

On 26 April 2021, the Annual General Meeting resolved to issue warrants of Series 2021/2024 to the Company and to managers and certain other employees with key competences in the Group participating in the warrant programme. It is the Board's intention that the structure of the warrant programme should be long-term and the Board therefore intends, after evaluation of the 2021/2024 programme, to make a corresponding proposal at the 2022 and 2023 AGMs for the establishment of warrant programmes for 2022/2025 and 2023/2026.

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During April-May 2021, 234,390 warrants were subscribed by related parties in the management team. The market price of the warrants, calculated using the Black-Scholes option pricing model, was SEK 11.89. In total, the 2021/2024 series warrant programme covers up to 40 persons and no more than 469,253 warrants.

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The exercise price of the warrants corresponds to 135 percent of the price set in the company's IPO, equivalent to SEK 155.25, with a cap of 250 percent, which means that the warrants do not generate any additional return at a share price above SEK 287.50. The full terms of the warrants also include customary vesting and conversion conditions, including for dividends paid prior to the exercise of the warrants.

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#### *Framework agreement with Mäklarsamfundet Bransch i Sverige AB ("Mäklarsamfundet") and conversion of shares to Series 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 – see prospectus for further details. Also, in connection with the listing, 5 percent of the shares in the Group was converted to Series 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.

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#### *Agreement with Svensk Mäklarstatistik AB ("Svensk Mäklarstatistik") regarding the purchase of data*

Hemnet has entered into an agreement with Svensk Mäklarstatistik, wholly owned by Mäklarsamfundet Bransch i Sverige AB, whereby Hemnet, for a market-based compensation, gets access to certain data.

P8

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## **Note G29 Events after the reporting period**

No events have occurred after the end of the financial year that have had any material impact on the business or assessments and assumptions used in the preparation of the annual report.

# Parent Company income statement

Amount in SEK million	Note	2021	2020
Net sales	7	5.6	7.1
<b>Total</b>		<b>5.6</b>	<b>7.1</b>
Other external expenses		-53.4	-8.2
Personnel costs	2	-5.7	-7.2
Other operating costs		-0.2	-
<b>Total operating expenses</b>		<b>-59.3</b>	<b>-15.4</b>
<b>Operating profit/loss</b>		<b>-53.7</b>	<b>-8.3</b>
Net financial items		-5.5	-0.0
Appropriations - Group contributions received	7	286.2	8.3
<b>Earnings before tax</b>		<b>227.0</b>	<b>-0.0</b>
Income tax		-46.8	-
<b>Profit/loss for the year</b>		<b>180.2</b>	<b>-0.0</b>

# Parent Company statement of comprehensive income

Amount in SEK million	Note	2021	2020
<b>Profit/loss for the year</b>		<b>180.2</b>	<b>-0.0</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>180.2</b>	<b>-0.0</b>

# Parent Company balance sheet

Amount in SEK million	Note	31/12/2021	31/12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in Group companies	3	1,146.6	1,141.6
Non-current receivables Group companies	4	513.4	217.8
<b>Total non-current assets</b>		<b>1,660.0</b>	<b>1,359.3</b>
<b>Current assets</b>			
Current receivables from Group companies	4	0.7	11.2
Other receivables		-	1.0
Prepaid costs		1.1	1.4
Cash and bank balances		19.8	4.7
<b>Total current assets</b>		<b>21.6</b>	<b>18.3</b>
<b>TOTAL ASSETS</b>		<b>1,681.6</b>	<b>1,377.6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		77.4	68.4
<b>Total restricted equity</b>		<b>77.4</b>	<b>68.4</b>
<b>Unrestricted equity</b>			
Share premium reserve		863.9	1,245.1
Retained earnings		-124.6	-124.6
Profit/loss for the year		180.2	-0.0
<b>Total unrestricted equity</b>		<b>919.5</b>	<b>1,120.5</b>
<b>Total equity</b>		<b>996.9</b>	<b>1,188.8</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	6	277.9	-
Non-current liabilities to Group companies	4	-	175.1
<b>Total non-current liabilities</b>		<b>277.9</b>	<b>175.1</b>
<b>Current liabilities</b>			
Accounts payable		0.6	2.2
Current liabilities to Group companies	4	387.9	6.3
Other liabilities		16.1	1.1
Accrued expenses and deferred income		2.2	4.2
<b>Total current liabilities</b>		<b>406.8</b>	<b>13.8</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,681.6</b>	<b>1,377.6</b>

# Parent Company statement of changes in equity

Amount in SEK million	Restricted equity	Unrestricted equity			Total shareholder equity (Note P5)
	Share capital (Note P5)	Share premium reserve (Note P5)	Retained earnings (Note P5)	Profit/loss for the year (Note P5)	
Opening balance as of January 1, 2020	68.3	1,243.7	-126.0	1.4	1,187.4
Transfer of previous year's results			1.4	-1.4	-
Profit/loss for the year				-0.0	-0.0
Other comprehensive income				-	-
<b>Total comprehensive income</b>				<b>-0.0</b>	<b>-0.0</b>
<i>Transactions with owners</i>					
Share redemption	-0.0	-2.6			-2.6
New share issues	0.1	4.0			4.1
<b>Total transactions with the company's owners</b>	<b>0.0</b>	<b>1.4</b>	<b>-</b>	<b>-</b>	<b>1.4</b>
Closing balance as of December 31, 2020	68.3	1,245.1	-124.6	-0.0	1,188.8
Opening balance as of January 1, 2021	68.3	1,245.1	-124.6	-0.0	1,188.8
Transfer of previous year's results			-0.0	0.0	-
Profit/loss for the year				180.2	180.2
Other comprehensive income				-	-
<b>Total comprehensive income</b>				<b>180.2</b>	<b>180.2</b>
<i>Transactions with owners</i>					
Share redemption	-2.6	-385.3			-387.9
New share issues	2.8	14.0			16.8
Bonus issue	8.9	-8.9			-
Issuance costs		-1.0			-1.0
<b>Total transactions with the company's owners</b>	<b>9.1</b>	<b>-381.2</b>	<b>-</b>	<b>-</b>	<b>-372.1</b>
Closing balance as of December 31, 2021	77.4	863.9	-124.6	180.2	996.9

# Parent Company statement of cash flows

Amount in SEK million	2021	2020
<b>Cash flow from operating activities</b>		
Operating profit	-53.7	-8.3
Interest received	-	-
Interest paid	-7.7	-0.0
Paid income tax	-30.4	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-91.8</b>	<b>-8.3</b>
<b>Cash flow from changes in working capital</b>		
Change in current receivables	-213.5	-2.5
Change in current liabilities	-13.1	12.9
<b>Total changes in working capital</b>	<b>-226.6</b>	<b>10.4</b>
<b>Cash flow from operating activities</b>	<b>-318.4</b>	<b>2.1</b>
<b>Cash flow from investing activities</b>		
Investments in subsidiaries	-0.0	-
<b>Cash flow from investing activities</b>	<b>-0.0</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Loans from Group companies	-175.1	-
Loans to Group companies	217.8	-
New loans	280.0	-
New share issue	11.8	4.1
Issuance costs	-1.0	-
Share redemption	-	-2.7
<b>Cash flow from financing activities</b>	<b>333.5</b>	<b>1.4</b>
<b>Cash flow for the year</b>	<b>15.1</b>	<b>3.5</b>
Cash and cash equivalents at beginning of the year	4.7	1.2
<b>Cash and cash equivalents at end of the year</b>	<b>19.8</b>	<b>4.7</b>

## Note P1 Parent Company accounting principles

### Basis for the preparation of the reports

The annual report for the Parent Company, Hemnet Group AB, has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and RFR 2 Accounting for Legal Entities. The RFR 2 states that, in financial reports, the Parent Company must apply International Financial Reporting Standards (IFRS) as adopted by the EU, to the extent this is possible within the framework of the ÅRL and the Pension Obligations Vesting Act, as well as the relationship between accounting and taxation. The recommendation specifies the exceptions and additions required in relation to IFRS.

Accordingly, the Parent Company applies the principles presented in Note G1 of the consolidated financial statements, with the exceptions set out below. There were no changed accounting principles for the Parent Company in 2021.

The preparation of reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Parent Company's accounting principles. The areas that comprise a high degree of judgement, which are complex or such areas where assumptions and estimates are of material importance for the annual report, are stated in Note G2 of the consolidated financial statements.

For information on financial risks, see Note G21 of the consolidated financial statements.

### Presentation formats

The income statement and balance sheet follow the format of the Swedish Annual Accounts Act. The report on changes in equity also follows the Group's format, but must contain the columns specified in the Annual Accounts Act. Furthermore, this means a difference in terms, compared to the consolidated accounts, mainly regarding financial income as well as expenses and equity.

### Participations in group companies

Shares in subsidiaries are recognised at cost minus any write-downs. The acquisition value includes acquisition-related costs and any additional purchase considerations. When there is an indication that participations in subsidiaries have decreased in value, the recoverable amount is calculated. If this is lower than the carrying amount, a write-down is made. Write-downs are reported in the item "Result from participations in Group companies". No write-down requirement for shares in Group companies has been identified for the financial year.

### Financial instruments

Due to the relationship between accounting and taxation, the rules on financial instruments in accordance with IFRS 9 are not applied in the Parent Company as a legal entity, rather the Parent Company applies these in accordance with the Annual Accounts Act value method. In the Parent Company, therefore, financial fixed assets are valued at cost and financial current assets in accordance with the lowest value principle, applying impairment losses for expected credit losses in accordance with IFRS 9 for assets that are debt instruments, see the Group's accounting principles, Impairment of financial instruments. Impairment losses for other financial assets are based on market values.

The Parent Company has direct ownership in the following subsidiaries:

Name	Corp. reg. no	Location	Share capital/%	Number of shares	Reported value 31/12/2021
Hemnet Holding AB	559088-4457	Stockholm	100	50,000	1,141.6
HN Hem AB	559264-9775	Stockholm	100	25,000	0.0
HN Area AB	559311-7780	Stockholm	100	10,000,000	5.0

The Parent Company has direct ownership in the following subsidiaries included in the Group:

Name	Corp. reg. no	Location	Share capital/%	Number of shares
Hemnet Holding II AB	559088-4465	Stockholm	100	50,000
Hemnet Holding III AB	559088-4473	Stockholm	100	50,000
Hemnet Sverige AB	556536-0202	Stockholm	100	1,000
Hemnet AB	556260-0089	Stockholm	100	10,000

The Parent Company applies the general method, according to the rating-based method for calculating expected credit losses on intra-group receivables, see the Group's accounting principles, Impairment of financial instruments.

Based on the parent company's judgement taking into account known information and forward-looking factors, including business plans and forecasts, expected credit losses are not considered to be material and therefore no provision has been recognised.

The Parent Company's assets and receivables have been assessed to be in Stage 1, that is, there has been no significant increase in credit risk.

### Group contributions

Group contributions received and submitted are reported as a year-end appropriation.

## Note P2 Personnel costs

	2021		2020	
	Salaries and other remuneration	Social costs	Salaries and other remuneration	Social costs
Parent company				
Senior executives (including profit-sharing)	3.8 (-)	1.9	5.0 (-)	2.2
of which pension costs	-	0.5	-	0.5
Other employed	-	-	-	-
of which pension costs	-	-	-	-
<b>Total</b>	<b>3.8</b>	<b>1.9</b>	<b>5.0</b>	<b>2.2</b>
of which pension costs		0.5		0.5

Senior executives refers to the CEO.

### Average number of employees

	2021		2020	
	Total	Of which women	Total	Of which women
Parent company				
Sweden	1	1	1	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

## Note P3 Participations in Group companies

	31/12/2021	31/12/2020
Opening balance	1,141.6	1,141.6
Change for the year	5.0	-
Closing balance	1,146.6	1,141.6

## Note P4 Receivables and liabilities of group companies

	31/12/2021	31/12/2020
<b>Long-term receivables</b>		
G1 Hemnet Holding AB	513.4	217.8
G2	513.4	217.8
<b>Current receivables</b>		
G3 Hemnet Holding AB	-	11.1
G4 Hemnet Holding II AB	-	0.1
G5 Hemnet AB	0.7	-
G6	0.7	11.2
<b>Non-current liabilities</b>		
G7 Hemnet Holding III AB	-	175.1
G8	-	175.1
<b>Current liabilities</b>		
G9 HN Area AB	387.9	-
G10 Hemnet Holding III AB	-	0.0
G11 Hemnet AB	-	6.3
G12	387.9	6.3
G13		
G14		

## Note P5 Equity

The share capital consists of 101,131,478 (100,719,421) shares with a quotient value of SEK 0.766 (0.051). See also information in the Group's note G20.

## Note P6 Liabilities to credit institutions

	31/12/2021	31/12/2020
<b>Long-term liabilities</b>		
G25 Liabilities to credit institutions	280.0	-
G26 Effective interest rate/settlement fee/renewal result	-2.1	-
G27	277.9	-
<b>Short-term liabilities</b>		
G28 Liabilities to credit institutions	-	-
G29 Effective interest rate/settlement fee/renewal result	-	-
P1	-	-
P2 <b>Total liabilities to credit institutions</b>	277.9	-

See also Group note G22.

## Note P7 Related parties

Related parties are owners, senior executives of the Group and their related parties, as well as all parent/subsidiary/associate companies and joint ventures within the Group and companies controlled by related parties. Goods and services are bought and sold to related parties on normal commercial terms on a commercial basis. Within the Group, goods and services are priced in accordance with established internal pricing policies based on the arm's length principle.

There are short-term and long-term deposits and borrowings between the Parent Company and the subsidiaries. Since 2020, the Group's CEO is employed by the Parent Company, whereby invoicing to subsidiaries takes place for company management services. The subsidiaries invoice the Parent Company for costs that pertain to the Parent Company Board or CEO.

Of reported net sales, SEK 5.6 (7.1) million relates to internal invoicing to Hemnet AB. Of external costs, SEK 7.1 (1.6) million relates to internal invoicing from Hemnet AB. Received group contribution of SEK 286.2 (8.3) million is provided by Hemnet Holding AB.

## Note P8 Events after the reporting period

No events have occurred after the end of the financial year that have had any material impact on the business or assessments and assumptions used in the preparation of the annual report.

## Note P9 Appropriation of earnings

The following earnings are available to the Annual General Meeting:

Share premium reserve	863,933,230
Retained earnings	-124,635,197
Profit for the year	180,199,458
<b>Total</b>	<b>919,497,491</b>

The Board of Directors proposed that the profits be allocated as follows:

Dividend to shareholders, SEK 0.55 per share	55,622,313
Funds to be carried forward, SEK	863,875,178
<b>Total</b>	<b>919,497,491</b>

# Auditor's report

To the general meeting of the shareholders of Hemnet Group AB (publ), corporate identity number 559088-4440

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Hemnet Group AB (publ) except for the corporate governance statement on pages 30-35 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 27-68 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30-35. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Särskilt betydelsefulla områden för revisionen är de områden som enligt vår Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Valuation goodwill and other intangible assets with an indefinite useful life

#### DESCRIPTION

As of December 31, 2021, the value of goodwill and other intangible assets with an indefinite useful life amounts to SEK 1,144 million and represents 54% of the Group's assets. Goodwill is reviewed for potential impairment whenever there is an indication that the current value may be impaired, or at least annually. The recoverable amount is determined as the value-in-use, which is calculated based on the discounted present value of future cash flows. Key assumptions in this calculation include future growth, EBITDA margin and applied discount rate.

Goodwill and other intangible assets with an indefinite useful life constitute a key audit matter as the process of calculating the value-in-use is based on judgments and assumptions of how the Group's operations will be affected by future development in the market and other economic events, and that the underlying calculations are complex.

See Note K1 for accounting principles regarding the valuation of goodwill and other intangible assets with an indefinite useful life and Note K2 and K13 for the company's description of the assumptions and judgments made in connection with the execution of the impairment test.

#### HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

In our audit, we have evaluated and reviewed key assumptions, application of valuation theory, used valuation model, discount rate and other source data used by the company. For example, we have compared external data sources, such as assumptions of future market growth and assessed the sensitivity of the company's valuation model. We have used our valuation specialists in this work. In particular, we have focused on the sensitivity of the calculations and have assessed whether there is a risk that reasonably probable course of events would give rise to a situation where the recoverable amount would be less than carrying amounts. We have also assessed the company's historical forecasting ability. Finally, we have audited the disclosures made in Note K13 (Intangible Assets).

## Revenue recognition

### DESCRIPTION

Net sales for 2021 amounted to SEK 728.1 million in the Group's statement of comprehensive income. As stated in Note K1, revenues are recognized in accordance with IFRS 15 where a principle-based five-step model is applied to identify agreements and any separate performance obligations. Revenue is recognized when the performance commitment under the agreement is fulfilled and the customer has gained control of the service. Revenue is recognized over time if the customer receives or consumes the benefits at the same time as the service is delivered. When the contractual period is not stated, the average period of the service delivery is used based on historical information. Revenue is valued at the agreed transaction price after deduction of any discounts and VAT.

We have assessed the recognition of revenue as a key audit matter based on the size of revenue in relation to other income statement items, focus from stakeholders and that the company makes assumptions through interpretation of agreements, which affects the period in which revenue recognition takes place.

See Note K1 for accounting principles regarding revenue recognition and Note K3 for the company's description of the year's revenues and the assessments made in connection with the year end close.

### HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

In our audit, we have evaluated the company's revenue recognition processes. Furthermore, we have reviewed the Group's financial manual and assessed whether the accounting principles for revenue recognition are in accordance with applicable accounting standards. We have also performed detailed testing of revenue transactions as well as data analysis to assess revenue recognition.

Finally, we have audited the disclosures related to the key audit matter made in the annual report.

### *Other Information than the annual accounts and consolidated accounts*

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-25. The remuneration report for the financial year 2021 also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of

Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group'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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### *Opinions*

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Hemnet Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

#### *Basis for opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### *Auditor's responsibility*

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

## THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

### *Opinion*

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Hemnet Group AB (publ) for the financial year 2021.

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

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

### *Basis for opinion*

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Hemnet Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of the Board of Directors and the Managing Director*

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

### *Auditor's responsibility*

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

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related

Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

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

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts. Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

## THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 30-35 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, was appointed auditor of Hemnet Group AB (publ) by the general meeting of the shareholders on the April 9, 2021 and has been the company's auditor since the December 22, 2016.

Stockholm the day of our electronical signature  
Ernst & Young AB

Anna Svanberg  
Authorized Public Accountant

## Reconciliation of alternative performance measures

Below are calculations to derive the alternative performance measures used in the report. See definitions for more information.

Amount in SEK million	2021	2020
<b>Operating margin</b>		
Operating profit	223.9	110.5
Net sales	728.1	544.1
<b>Operating margin, %</b>	<b>30.8%</b>	<b>20.3%</b>
<b>EBITDA &amp; EBITDA margin</b>		
Operating profit	223.9	110.5
Depreciation	-79.0	-77.4
<b>EBITDA</b>	<b>302.9</b>	<b>188.0</b>
Net sales	728.1	544.1
<b>EBITDA margin, %</b>	<b>41.6%</b>	<b>34.5%</b>
<b>Adjusted EBITDA &amp; Adjusted EBITDA margin</b>		
EBITDA	302.9	188.0
<i>Items affecting comparability:</i>		
Advertising revenue (see note G28)	-5.7	-4.3
Marketing costs (see note G28)	9.1	13.4
Consultancy costs	48.7	5.1
<b>Adjusted EBITDA</b>	<b>355.0</b>	<b>202.1</b>
Net sales	728.1	544.1
<b>Adjusted EBITDA margin, %</b>	<b>48.8%</b>	<b>37.1%</b>
<b>Average revenue per published listing (ARPL)</b>		
Net sales	728.1	544.1
Deduct revenue not arising from published listings	-238.8	-211.0
Revenue from published listings	489.3	333.1
Number of published listings, thousand	198.4	189.3
<b>ARPL, SEK</b>	<b>2,467</b>	<b>1,760</b>
<b>Net debt</b>		
Non-current interest-bearing liabilities	277.9	673.5
Current interest-bearing liabilities	5.2	13.2
Cash and cash equivalents, including current interest-bearing securities	94.5	271.6
<b>Net debt</b>	<b>188.6</b>	<b>415.1</b>
<b>Net debt/EBITDA</b>		
Net debt	188.6	415.1
Adjusted EBITDA	355.0	202.1
<b>Net debt/adjusted EBITDA, times</b>	<b>0.5</b>	<b>2.1</b>
<b>Equity/Assets ratio</b>		
Total equity	1,516.9	1,349.6
Total assets	2,133.5	2,373.3
<b>Equity/Assets ratio, %</b>	<b>71.1%</b>	<b>56.9%</b>
<b>Debt/Equity ratio</b>		
Non-current interest-bearing liabilities	277.9	673.5
Current interest-bearing liabilities	5.2	13.2
Total equity	1,516.9	1,349.6
<b>Debt/Equity ratio, times</b>	<b>0.2</b>	<b>0.5</b>

## Definitions

Key ratios	Definition
Alternative performance measures	Alternative performance measures (APMs) are financial measures of historical or future earnings trend, financial position or cash flow that are not defined in the applicable accounting regulations (IFRS). Alternative performance measures are used by Hemnet when it is relevant to follow up and describe Hemnet's financial situation and to provide additional useful information to the users of the financial reports. These metrics are not directly comparable to similar performance measures presented by other companies.
ARPL (Average revenue per published listing)	Average revenue per published listing, calculated as revenue from home sellers' published listings including related value-added 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.
EBITDA (earnings before interest, taxes, depreciation and amortisation)	Operating profit plus depreciation of tangible and right-of-use assets as well as amortisation of intangible assets. The measure enables comparison of profitability over time, regardless of depreciation of tangible and right-of-use assets as well as amortisation of intangible assets, as well as independently of taxes and the company's financing structure.
EBITDA margin	EBITDA in relation to net sales. The measure reflects the operating profitability of the business before depreciation of tangible and right-of-use assets as well as amortisation of intangible assets. The measure is an important component, together with net sales growth, to follow the company's value creation.
Net financial items	Financial income less financial expenses. The measure reflects the company's financial activities.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability. This measure enables comparison of profitability over time, regardless of depreciation of tangible and right-of-use assets as well as amortisation of intangible assets, and independently 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 net sales. The measure reflects the operating profitability of the business before depreciation of tangible and right-of-use assets as well as amortisation of intangible 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.
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.
Net debt	Interest-bearing liabilities minus cash and cash equivalents and current interest-bearing securities. The net debt measure is used to monitor the evolution of debt and to see the size of the refinancing needs. Since cash can be used to pay off debt at short notice, net debt is used instead of gross debt as a measure of total loan financing.
Net debt/EBITDA Net debt/adjusted EBITDA	Interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities, in relation to EBITDA or adjusted EBITDA. The measure is a debt ratio that shows how many years it would take to pay off the company's debt, provided that its net debt and EBITDA or adjusted EBITDA are constant and without taking into account the cash flows regarding interest, taxes and investments.
Operating margin	Operating profit/loss in relation to net sales. 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.
Operating profit/loss	Total revenue less total operating expenses. The measure indicates the company's operation profit/loss before financing and taxes and is used to measure the profit generated by operating activities.
Debt/Equity ratio	Interest-bearing liabilities in relation to total equity. The performance measure is a measure of the relationship between the company's two forms of financing. The measure shows the proportion of debt capital in relation to the owners' invested capital. The measure reflects the financial strength, but also the leverage of the loan. A higher leverage ratio implies a higher financial risk and a higher financial leverage on invested capital.
Equity/Assets ratio	Total equity in relation to total assets. The measure reflects the company's financial position. A high equity/assets ratio provides a readiness to be able to handle periods of weak economic growth. At the same time, a higher equity/assets ratio creates a lower financial leverage.
Profit margin	Profit after tax in relation to net sales of the business. The performance measure indicates the company's operating profit after financing and tax and is used to measure the profit generated by operating activities.





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