

Hemnet Group AB (publ) – Proposal by the board of directors for a resolution on (A) the implementation of a long-term performance share program (Performance Share Program 2024/2027) and (B) the transfer of ordinary shares to participants under the Performance Share Program 2024/2027 – item 20

The board of directors proposes that the annual general meeting resolves on (A) the implementation of a long-term performance share program ("**Performance Share Program 2024/2027**") and (B) the transfer of ordinary shares to participants under the Performance Share Program 2024/2027. If the annual general meeting does not support item (B), the board of directors proposes that (C) delivery of shares under the Performance Share Program 2024/2027 shall be conducted through entering into a share swap agreement with a third party.

Background and rationale

The board of directors considers it to be in the interest of the company and the shareholders that the executive management and certain other key employees in the company are made part of the company's development by being offered participation in the Performance Share Program 2024/2027. The board of directors believes that the implementation of the Performance Share Program 2024/2027 would contribute to the company's possibilities to retain and attract key competence and to increase motivation for the executive management and certain other key employees in the company by being involved in and working towards the objectives of the performance targets, which aims at supporting the long-term ambitions of Hemnet, and that it would be beneficial for the company and the shareholders to encourage the executive management's and key employee's long-term ownership of Hemnet's shares, thereby aligning the executive management's and key employees' interests with the interests of the shareholders. The performance targets in Series C (see below) are designed to incentivize sustainable growth by rewarding the company's revenue development combined with maintained high customer and partner satisfaction and are therefore contributing to a long-term robust company as well as the sustained development of Hemnet's position in the Swedish property market.

It is the board of directors' intention that the structure of the Performance Share Program 2024/2027 shall be on a long-term basis and the board of directors therefore intends to, following evaluation of the implementation of the Performance Share Program 2024/2027, present corresponding proposals regarding the implementation of performance share programs also to the upcoming annual general meetings.

The board of directors' proposal includes (A) the implementation of the Performance Share Program 2024/2027, (B) the transfer of ordinary shares to participants in the Performance Share Program 2024/2027 and, in the event the annual general meeting does not support item (B), (C) delivery of shares under the

Performance Share Program 2024/2027 through the company entering into a share swap agreement with a third party.

A. The board of directors' proposal for resolution on implementation of the Performance Share Program 2024/2027

Participants in Performance Share Program 2024/2027

The Performance Share Program 2024/2027 is proposed to be directed to a total of not more than 37 individuals divided between four categories: one category consisting of the CEO (one (1) individual) ("**Category 1**"), one category consisting of the members of the group management team (five (5) individuals) ("**Category 2**"), one category consisting of the members of the extended leadership team (seven (7) individuals) ("**Category 3**") and one category consisting of certain other leaders and key employees (24 individuals) ("**Category 4**").

In addition to these 37 participants, the board of directors proposes that the annual general meeting resolves to approve that up to five (5) additional individuals (one (1) individual in Category 3 and four (4) individuals in category 4) may join the Performance Share Program 2024/2027, however no later than 29 November 2024.

Investment requirement

Participation in the Performance Share Program 2024/2027 is conditional upon that the participant makes an own investment in shares in Hemnet and/or that the participant already holds shares in Hemnet (the "**Investment Shares**") and that the participant allocates the Investment Shares to the Performance Share Program 2024/2027. The allocation of Investment Shares must be made no later than 14 June 2024. The board of directors shall be entitled to postpone the deadline for allocation of Investment Shares.

The participants may choose to invest in 50 percent or 100 percent of the following number of Investment Shares:

Category	Participant(s)¹	Maximum number of Investment Shares per participant
1	Chief Executive Officer	975 Investment Shares
2	Group management team (participants: 5)	450 Investment Shares
3	Extended leadership team (participants: 8)	200 Investment Shares
4	Other leaders and key employees (participants: 28)	125 Investment Shares
Total:		8,325 Investment Shares

¹ Including potential additional participants (up to five (5) additional participants as described above).

Performance Share Rights

Each participant in Performance Share Program 2024/2027 will, for each Investment Share, be granted a number of performance share rights ("**Performance Share Rights**") free of charge. Each Performance Share Right gives the participants the right to receive one (1) share in Hemnet ("**Performance Shares**"), free of charge, from Hemnet or a designated third party, subject to fulfilment of the conditions for receiving Performance Shares and potential recalculations, as set out below. The Performance Share Rights shall not constitute securities and are not transferable.

Granting of Performance Share Rights to the participants will take place on or around 17 June 2024. The board of directors shall be entitled to postpone the granting of Performance Share Rights.

A participant will only be eligible to receive Performance Shares if:

- the Investment Shares have been retained by the participant during the period starting on 17 June 2024 and ending immediately following the day of announcement of the interim financial report for the first quarter 2027 (the "**Vesting Period**"),
- the participant has remained in its employment with the company during the Vesting Period, and
- the minimum performance target levels, as described below, are reached.

Allotment of Performance Shares will, if the conditions are fulfilled, take place as soon as practicably possible following the expiration of the Vesting Period.

Participants in Categories 1, 2 and 3 receive six (6) Performance Share Rights for each Investment Share. Participants in Category 4 receive three (3) Performance Share Rights for each Investment Share. The Performance Share Rights are divided into Performance Share Rights of Series A, Series B and Series C.

Of the six (6) Performance Share Rights that the participants in Categories 1, 2 and 3 receive for each Investment Share, one (1) shall be a Performance Share Right of Series A, three (3) shall be Performance Share Rights of Series B and two (2) shall be Performance Share Rights of Series C.

Of the three (3) Performance Share Rights that the participants in Category 4 receive for each Investment Share, one (1) shall be a Performance Share Right of Series A, one (1) shall be a Performance Share Right of Series B and one (1) shall be a Performance Share Right of Series C.

The maximum number of Performance Shares that may be allotted to the participants after the end of the Vesting Period is 42,000, including dividend compensation (if any).

The extent (if any) to which the participant's Performance Share Rights will entitle to the grant of Performance Shares after the end of the Vesting Period will be determined on the basis of the degree of fulfillment of the performance conditions that are described below.

Performance Share Rights of Series A - TSR development (A)

Allotment requires an accumulated total share return (TSR) development for Hemnet's shares during the period March 2024 to March 2027 of minimum 7.5 percent.

TSR is defined as total return on the share calculated including reinvested dividends. To provide a stable assessment of performance, the TSR development will be calculated based on the average closing price of the Hemnet share on Nasdaq Stockholm for all trading days in March 2024, in comparison with the corresponding period in March 2027.

Performance Share Rights of Series B - TSR development (B)

Allotment requires that the annual average TSR development for Hemnet's shares during the period March 2024 to March 2027, calculated based on the average closing price of the Hemnet share on Nasdaq Stockholm for all trading days in March 2024, in comparison with the corresponding period in March 2027, is a minimum of 7.5 percent. Allotment is linear between 7.5 percent and the maximum level which is 15.0 percent.

Performance Share Rights of Series C – Average Agent satisfaction (C1), Seller NPS (C2) and Buyer NPS (C3)

Full allotment requires a positive development of each of the key performance indicators Average Agent satisfaction, Seller NPS and Buyer NPS in the first quarter of 2027 compared to the first quarter of 2024. The key performance indicators are measured independently and are equally weighted (entailing that the positive development of only one of these key performance indicators results in the allotment of one third (1/3) of the full allotment with respect to Performance Share Rights of Series C, that the positive development of two of these key performance indicators results in the allotment of two thirds (2/3) of the full allotment with respect to Performance Share Rights of Series C, and that the positive development of three of these key performance indicators results in full allotment with respect to Performance Share Rights of Series C) and are calculated in accordance with the following:

C1 – Average Agent satisfaction: The key performance indicator is calculated with common practice methodology for Customer Satisfaction Index (Sw: NKI) whereby the majority of active agents over the course of a year answers three questions reflecting different aspects of customer satisfaction. The survey is sent out on a quarterly basis.

C2 – Seller NPS: The key performance indicator is calculated with common practice methodology for Net Promoter Score whereby property sellers are approached with the question on whether they would be willing to recommend a friend or a colleague to list on Hemnet. The survey is sent out to all property sellers having listed on Hemnet.

C3 – Buyer NPS: The key performance indicator is calculated with common practice methodology for Net Promoter Score whereby potential property buyers are approached and, after having confirmed that they have bought a property within a four-month period, asked the question on whether they would be willing to recommend Hemnet to a friend or a colleague when they are planning to buy a property.

Recalculation

In order to align the participants' and shareholders' interests, Hemnet will compensate for dividends and other value transfers to the shareholders during the Vesting Period by increasing the number of shares that each Performance Share Right entitles the participant to receive. The number of Performance Shares that each Performance Share Right may entitle to shall also be re-calculated in the event of a bonus issue, share split, reverse share split, and, if deemed reasonable and practicable by the board of directors, similar events impacting the number of shares in Hemnet Group AB (publ).

Hedging arrangements

In order to implement the Performance Share Program 2024/2027 in a cost-efficient manner, the board of directors has considered different methods for securing delivery of shares to the participants. The board of directors has thereupon found that the most cost-efficient alternative would be, and thus proposes that the general meeting resolves upon, transfers, free of charge, of previously repurchased own shares to participants in the Performance Share Program 2024/2027. More detailed terms and conditions for the board of directors' main alternative are set out under item (B) below.

The board of directors has resolved not to propose that the annual general meeting resolves upon any authorization for the board of directors to resolve upon purchases of own shares in order to secure liquidity for payments of social security charges by reason of the Performance Share Program 2024/2027.

Should the majority required for the resolution to transfer the company's own shares not be reached, the board of directors proposes that Hemnet shall instead be able to enter into a share swap agreement with a third party, in accordance with item (C) below.

Dilution

Neither of the hedging alternatives proposed by the board of directors (in accordance with what is set out under "Hedging arrangements" above as well as

under items (B) and (C) below) will give rise to any increases in the number of shares in the company and, accordingly, no dilutive effect will occur for existing shareholders by reason of the Performance Share Program 2024/2027.

Other

A decision on participation or implementation of the Performance Share Program 2024/2027 requires that the participation is legally possible and that the board of directors deems the participation or implementation possible with reasonable administrative costs and financial efforts.

The board of directors shall be responsible for the details and management of the Performance Share Program 2024/2027 within the framework of the main terms set out above, including to resolve on the final timeline for the Performance Share Program 2024/2027, and the board of directors shall be authorized to make the minor adjustments to these conditions as required by law or for administrative reasons. The board of directors shall also be authorized to adjust or deviate from the terms as required by local laws and regulations and existing market practices.

B. The board of directors' proposal for transfers of the company's ordinary shares to participants in the Performance Share Program 2024/2027

The board of directors proposes that the annual general meeting resolves that transfer of a maximum of 42,000 ordinary shares in Hemnet may be carried out in accordance with the conditions set out below. The ordinary shares have been purchased by Hemnet for the delivery of shares to participants in the Share Savings Program 2022/2025 and it has been concluded that 42,000 of these previously repurchased shares will not be utilized for delivery of shares to participants under the Share Savings Program 2022/2025.

The number of shares is calculated on the basis of maximum participation in the Performance Share Program 2024/2027, with a buffer for potential dividend compensation, and corresponds to approximately 0.04 percent of the total number of outstanding shares in the company as of the date of this proposal.

Ordinary shares in Hemnet may be transferred to participants in the Performance Share Program 2024/2027. Transfers of shares to the participants in the Performance Share Program 2024/2027 shall be made without consideration and shall be carried out at the time and subject to the conditions under which participants in the Performance Share Program 2024/2027 have the right to receive Performance Shares.

The number of ordinary shares in Hemnet that may be transferred under the Performance Share Program 2024/2027 may be subject to re-calculation in the event of a bonus issue, share split, reverse share split, preferential rights issue and similar events impacting the number of shares in Hemnet Group AB (publ).

C. The board of directors' proposal for a share swap agreement with a third party

The board of directors proposes that the annual general meeting, in the event that necessary majority is not obtained for item (B) above, resolves to secure delivery of shares under the Performance Share Program 2024/2027 by the company entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer the company's shares to the participants in the Performance Share Program 2024/2027. The relevant number of shares in this context shall correspond to the number of shares proposed for in item (B) above.

Costs for the Performance Share Program 2024/2027

The costs for the Performance Share Program 2024/2027 will be accounted for in accordance with IFRS 2 – Share-based Payments and for expected social security costs in the profit and loss account distributed over the Vesting Period.

The calculation has been made based on the quoted closing price of shares in Hemnet as of 11 March 2024, i.e. SEK 324.40 per share, and the following assumptions: (i) dividends according to consensus estimates, (ii) an estimated annual turnover of personnel of 10 percent, (iii) an average fulfilment of the non-market related performance conditions of 50 percent, and (iv) a total maximum of 39,450 Performance Shares eligible for allotment. In addition to what is set forth above, the costs for the Performance Share Program 2024/2027 have been based on that the program comprises a maximum of 42 Participants and that each Participant makes a maximum investment.

In total, the costs for the Performance Share Program 2024/2027 according to IFRS 2 are estimated to approximately SEK 5.0 million excluding social security costs (SEK 6.5 million if the average fulfilment of the non-market related performance conditions is 100 per cent). The costs for social security charges are calculated to approximately SEK 2.4 million, based on the above assumptions, and also assuming an annual average positive TSR of 11.25 percent during the Performance Share Program 2024/2027 and a social security tax rate of 31.42 percent (SEK 3.1 million if the average fulfilment of the non-market related performance conditions is 100 percent).

The board of directors considers the positive effects expected to result from the Performance Share Program 2024/2027 to outweigh the costs attributable to the Performance Share Program 2024/2027.

Effects on key ratios and dilution

The group's net result for the last 12 months (January – December 2023) amounts to SEK 338.7 million. Assuming an equal distribution of costs over the Vesting Period, the annual cost of the Performance Share Program 2024/2027 of SEK 2.5

million, which corresponds to 0.6 percent of the net result for the last 12 month period.

Full allotment of Performance Shares, including the buffer for potential dividend compensation, would mean that the total number of shares under the Performance Share Program 2024/2027 amounts to no more than 42,000 ordinary shares, which corresponds to 0.04 percent of the number of outstanding shares in the company as of the date of this proposal.

Existing incentive programs in Hemnet Group AB (publ)

The company currently has three ongoing warrant programs (Warrant Program 2021/2024, Warrant Program 2022/2025 and Warrant Program 2023/2027) and a share saving program (Share Saving Program 2022/2025). The incentive programs are described in more detail in Hemnet's annual report for the financial year 2023 and in Hemnet's remuneration report for the financial year 2023.

Preparation of the proposal

The proposal has been prepared by the remuneration committee and the board of directors together with external advisors.

Majority requirements

The annual general meeting's resolution regarding the establishment of the Performance Share Program 2024/2027 in accordance with item (A) above is conditional upon that the annual general meeting resolves in accordance with the board of directors' proposal in item (B) above or, alternatively, if item (B) is not supported by the annual general meeting, in accordance with the board of directors' proposal in item (C) above.

The resolution in accordance with item (A) above requires a majority of more than half of the votes cast. In order for a resolution under item (B) to be valid, shareholders holding no less than nine tenths (9/10) of both the votes cast and the shares represented at the meeting must vote in favour of the proposal. A resolution in accordance with item (C) requires a majority of more than half of the votes cast.

Stockholm, March 2024

Hemnet Group AB (publ)

The board of directors