

## Remuneration report 2021

This report describes how the guidelines for remuneration in Hemnet Group AB (publ) (“Hemnet” or “the Company”), adopted by the 2021 Annual General Meeting, have been applied for the financial year 2021. The report also contains information on remuneration to the CEO and a summary of the company's outstanding share and share price-related incentive programs.

The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on remuneration to senior executives and on incentive programs.

Further information on remuneration to senior executives can be found in note G8 (Employee remuneration, etc.) on pages 51-52 in the annual report for 2021. They include fixed and variable remuneration, long-term incentive programs and other benefits, in accordance with the requirements in Chapter 5, Sections 40-44 in the Annual Accounts Act (1995: 1554).

Information about the remuneration committee's work during 2021 can be found in the corporate governance report on pages 30-35 in the annual report for 2021.

Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are reported in note G8 on page 51 in the annual report for 2021.

### Key developments during 2021

Hemnet's CEO, Cecilia Beck-Friis, summarizes the company's overall results and important events in its report on page 5 in the 2021 annual report.

### The Company's remuneration guidelines, scope and purpose, and deviations

A prerequisite for a successful implementation of the company's business strategy and the safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified employees. The company's remuneration guidelines enable senior executives to be offered a competitive total remuneration. According to the remuneration guidelines, remuneration to senior executives must be market-based and may consist of the following components: fixed cash salary, variable cash remuneration linked to clear goals set for the company, opportunity to participate in incentive programs, pensions and other customary benefits. The variable cash compensation must be linked to financial or non-financial concrete and 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.

The guidelines can be found on page 52 in the annual report for 2021 and at <https://www.hemnetgroup.se/en/governance/executive-remuneration/>. In 2021, the company followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that according to the guidelines is to be applied to determine the compensation. The auditor's opinion on the company's compliance with the guidelines is available at <https://www.hemnetgroup.se/en/governance/general-meeting/>. No compensation has been claimed back. In addition to the remuneration covered by the remuneration guidelines, the company's AGMs have decided to introduce long-term share-based incentive programs.

Table 1 – Total CEO remuneration in 2021 (SEK thousand)

Name of director (position)	Fixed remuneration		Variable remuneration		Pension	Total remuneration	Proportion of fixed and variable remuneration****
	Fixed cash remuneration*	Other benefits **	1-year variable***				
Cecilia Beck-Friis (CEO)	2,530	69	1,242		538	4,379	72%/28%

\* Including vacation supplement with SEK 46 thousand.

\*\* Including cost reimbursements, allowances and health care benefit.

\*\*\* Pension costs, which are entirely Fixed cash remuneration and is defined contribution, have been reported as fixed remuneration.

### Share-related incentive programs

#### Management incentive program ("MIP")

In 2017, 11 key people in management and the board were offered to invest in Hemnet by subscribing for 16,311,600 Series C shares at a price of SEK 1.09. The share ownership was conditional on employment for the employees and continued board involvement for the board members, which meant that the company had the right but not the obligation to repurchase the shares if the employment or board assignment were to cease.

Since the initial investment in the 2017 program, further investments have been made in the 2018 program with 1,223,600 shares at a price of SEK 1.23 and in 2020 with 1,102,578 shares at a price of SEK 3.70. In 2018, 1,200,600 shares were also sold at a price of SEK 1.09 and in 2020, 716,520 shares were sold at a price of SEK 3.70. At the beginning of the financial year 2021, the incentive program comprised 16,720,658 Series C shares to the Board of Directors and senior executives, of which the CEO's holdings amounted to 1,572,578. The average acquisition value of the 16,720,658 shares that had been subscribed for amounted to SEK 1.27 and was determined through an estimated market price in the range of 1.09–3.70, depending on when the investment was made – the average acquisition value for the CEO was SEK 1.99. No investments or divestments were made in 2021, meaning that in

total seven additional persons had entered the program since the initiation and two had sold all their shares, so that the program in connection with the IPO on April 27, 2021 included 17 people. All C class shares were converted to common shares in connection with the IPO.

The terms of the program included that if a person in the management resigned, the company had the right to redeem or assign acquirers of all Class C shares (both earned and unearned). 50 percent of MIP participating executives' shares were earned over a five-year period from the date the participant subscribed for the C shares, with 20 percent earned on the anniversary of the time the shares were subscribed and the remaining 80 percent earned linearly monthly during the subsequent four-year period. The other 50 percent of the acquired shares were earned in the event of a transaction in which 50.1 percent or more of the outstanding shares changed owners, alternatively at an IPO - in such an event, the initial 50 percent of the shares were also earned. that is, the five-year vesting period was considered completed.

In connection with the IPO on April 27, 2021, all Series C shares were converted into ordinary shares.

Since the shares were subscribed for at market value and the program was regulated with equity, no cost for the program was reported in the income statement. The original market value is produced via an external valuation.

#### Warrants

On April 26, 2021, the Annual General Meeting resolved to issue warrants of series 2021/2024 ("LTIP 2021") to the company as well as senior executives and other selected employees with key competencies. A total of 469,253 warrants were subsequently issued, of which 421,458 were acquired by senior executives and other selected employees with key competencies, of which the CEO acquired 97,135 warrants. The Annual General Meeting also resolved to approve the transfer of warrants to existing and / or new participants no later than 31 December 2021. The number issued as of 31 December 2021 was 469,253 and the number acquired by senior executives and other selected employees with key competencies was 421,458, of which the CEO acquired 97,135 warrants.

The purpose of the program is, among other things, to retain and attract key competencies, achieve increased common interests between employees within the company and the company's shareholders and increase the motivation to achieve or exceed the company's financial goals. The number of warrants per participant depends on the participant's position and responsibilities within the Group.

The warrants can only be exercised for a period of three months after a vesting period of three years from the issue of the warrants has expired.

Vesting will be 50 percent linearly for 24 months from 26 April 2021 and the remaining 50 percent linearly for 9 months from 26 April 2023. Each warrant can be exercised to subscribe for one ordinary share in the company during the subscription period.

The price for a warrant was set at SEK 11.89. The redemption price amounts to SEK 155.25. Furthermore, if the company's average share price, calculated in the manner specified in the full terms of the warrants, exceeds 250 percent of the price at the company's IPO in connection with new subscriptions of shares exercising the warrants, a recalculated lower number of ordinary shares to which each warrant entitles drawing of is applied, which creates a ceiling for the outcome of the program. The company will reserve the right to repurchase warrants, among other things, if the participant's employment in the company is terminated.

Since the warrants were subscribed for at market value and the program was regulated with equity, no cost for the program was reported in the income statement. The original market value is produced via an external valuation, based on the Company's share price.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to realize the company's strategy and to encourage actions that are in the company's long-term interest. When selecting performance criteria,

the strategic goals as well as short- and long-term business priorities for the year 2021 have been taken into account.

Table 2 – CEO's performance during the reported year: variable remuneration

Name of director (position)	Relative weighting of performance criteria Description of criteria attributable to the compensation component	Relative weighting of performance criteria	a) Measured performance and b) actual allocation / compensation outcome
Cecilia Beck-Friis (CEO)	Net sales	50%	a) 100% b) SEK 621 thousand
	Adjusted EBITDA	50%	a) 100% b) SEK 621 thousand

Comparative information regarding changes in remuneration and the company's earnings

As this is Hemnet's first remuneration report, the information in the table below refers only to the financial year 2021. In the Remuneration Report

2022, the remuneration for 2021 will be included to report the change compared with previous years.

Table 3 – Changes in remuneration and company's result during the last reported financial year

	2021
Remuneration to CEO (SEK thousand)	4,379
Operating profit (SEK million)	223.9
Adjusted EBITDA (SEK million)	355.0
Average compensation based on number of full-time equivalents* in the group (SEK thousand)	704

\*A comparison with the company's employees, Hemnet Group AB (publ), is not possible as it only employs the CEO. The calculation excludes CEO & Group Management.



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

Visiting address: Klarabergsgatan 60  
Postal address: Klarabergsgatan 60, 111 21 Stockholm  
Org.no: 559088-4440  
Phone: 08-509 068 00  
Email: [info@hemnet.se](mailto:info@hemnet.se)  
<https://www.hemnetgroup.se>