Annual Report 2018
Hemnet Group AB

Hemnet celebrates 20 years

1998
Hemnet founded as an initiative of Swedish real estate agent organisation Mäklarsamfundet with the idea of collecting all home sales listings in one place to make it more efficient and cheaper to market home sales.

1998–2008
Hemnet starts out as a small company run by consultants. As the company grows, so does traffic to the website as more and more Swedes find their dream homes with the aid of Hemnet.

2009
Hemnet establishes its own organisation and the company gets its first hired staff. During the year, we launch both a new website and an iOS app.

2010
The focus continues to be on developing the site for devices other than stationary computers. In November, Hemnet launches its first app for the iPad and Android. The first paid product for agents, Mäklartipset, is also launched.

2011
In March, a new website launches where users can create an account and log in to monitor homes sales. Simultaneously, we strengthen our cooperation with banks and integrate home loan calculators so buyers can start to estimate their loan costs.

2012
An electricity calculator is launched, which makes it easier for buyers to estimate living costs for each listing. And agents get their own new tool for administering their listings in the form of a customer portal..

2013
Hemnet starts charging for real estate listings, leading to a more stable business model with diversified sources of revenue. At the same time, users can now see on the website the prices paid for sold homes.

2014
We upgrade the map search, making it easier to plan travel to home viewings. The app gets a welcome update.

2015
Hemnet launches the campaign "Hemnet-Hemmet" where homebuyers' ultimate homes are created based on our unique search data. The campaign is a huge success on TV and other media and wins prestigious advertising prizes at top ad industry awards including the Cannes Lions, Guldägget and Eurobest.

2016
The much-appreciated search filter "distance from water" is launched. The YouTube series *Dröm Dig Hem* premieres as well, where viewers meet talented agents and passionate home sellers.

2017
An eventful year. Real estate agencies Fastighetsbyrån and Svensk Fastighetsförmedling sell their shares in Hemnet and the Association of Swedish Real Estate Agents and agent organisation Fastighetsmäklarförbundet (FMF) sell part of their ownership. General Atlantic and Sprints Capital become new majority owners of Hemnet. Together with the Association of Swedish Real Estate Agents and FMF, they offer agents the possibility of buying shares in Hemnet via the publicly traded Care of Hemnet AB. Hemnet also receives a new board, CEO and executive management. A new strategy is formulated, aimed toward site visitors, home sellers, agents and advertisers.

On the product side, statistics on housing prices in different geographic areas are added, and a completely responsive website is launched.

2018
The entire site is migrated to Amazon Web Services for increased operational security and stability. The statistics page Säljkollen is launched, giving home sellers site visit data in real time. Also launched is the first additional product for home sellers, Raketen as well as Hemnet Business, a subscriber service that gives agents access to detailed market share statistics and increased marketing opportunities. On the home listings side, information on co-op boards, such as finances and number of flats in the building, is added. Final sales prices are launched in the app, and everyone is happy to be able to search now by year of construction.

Interest in Hemnet continues to grow and a visitor record of 3.4 million unique viewers a week was hit in August. Which makes Hemnet one of Sweden's biggest websites.

Sweden's biggest real estate website

Via their mobiles, tablets and computers, 2.8 million unique visitors come each week to Hemnet – Sweden's biggest real estate website. Some are looking for a place in the country, others for a home in the heart of the city, and some are just looking for inspiration.

SWEDEN'S BIGGEST REAL ESTATE WEBSITE

204,370 HOME LISTINGS PUBLISHED IN 2018

373 MILLION SEK NET SALES

138 MILLION SEK EBITDA[1)]

83 EMPLOYEES

1998 HEMNET FOUNDED

4,959 CLICKS PER HOME LISTING AVERAGE

84% TRAFFIC FROM MOBILE DEVICES

50 MILLION HOURS SPENT ON HEMNET 2018

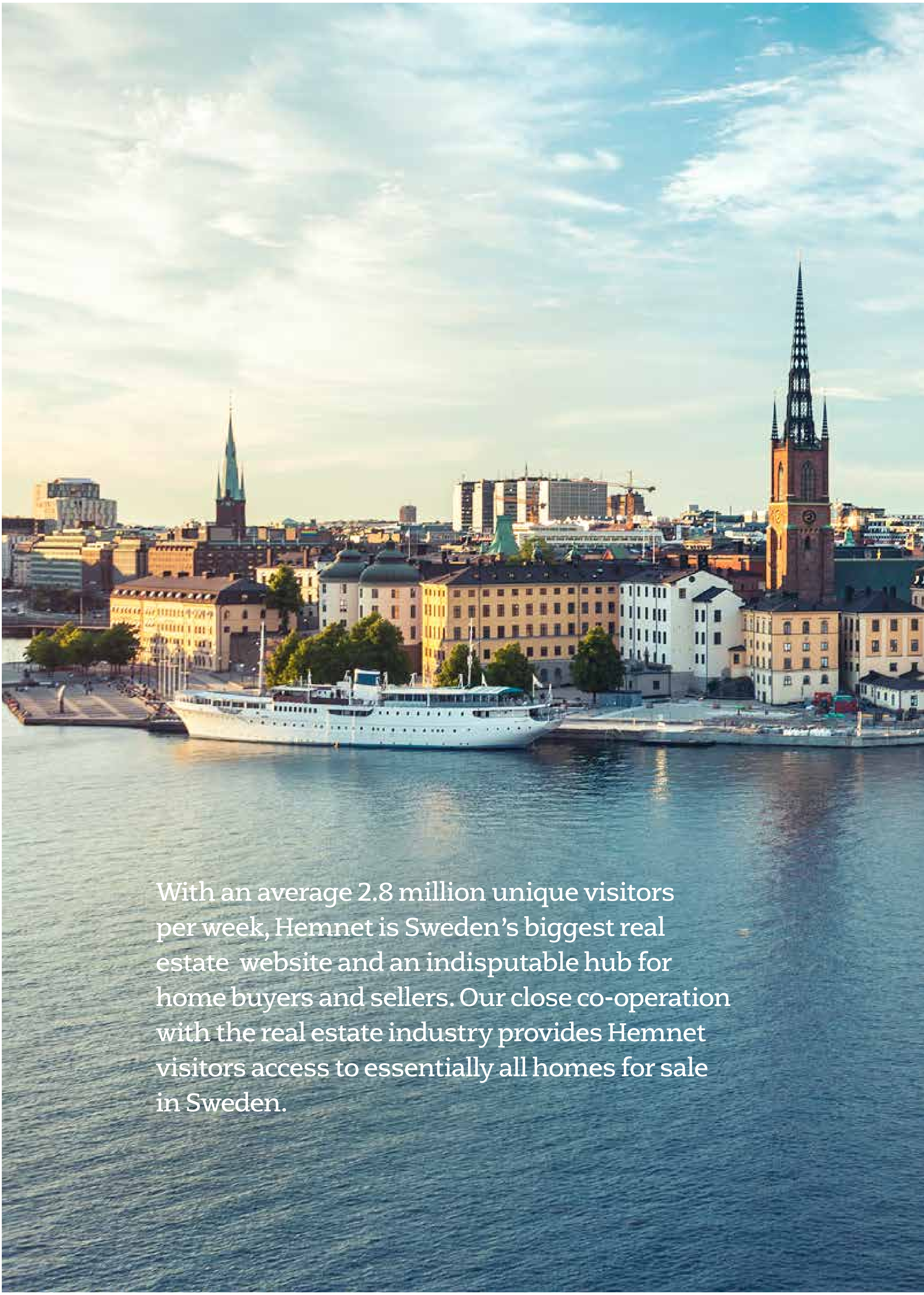
2.6 MSEK AVERAGE ASKING PRICE FOR HOMES

5:14 MINUTES SURFING PER VISITOR ON AVERAGE AT HEMNET

99.9 PER CENT UP TIME

[1)] Operating income before interest, tax, depreciation and amortization.

Contents



With an average 2.8 million unique visitors per week, Hemnet is Sweden's biggest real estate website and an indisputable hub for home buyers and sellers. Our close co-operation with the real estate industry provides Hemnet visitors access to essentially all homes for sale in Sweden.

Our vision is to be the key to a simpler home sale. It's something we continuously work with through our strategy, which focuses on building the best search tool for buyers to hit their dream homes. We also want to simplify agents' daily work, give home sellers more marketing opportunities for their homes and work in close co-operation with the real estate industry. All to create a more accessible and fluid housing market.

The year in brief

The year 2018 started with a bang. The focus is on developing new services for home sellers and estate agents that simplify daily life and lead to a better home sale. Site traffic increases and the number of new listings during the first quarter are higher than ever due to new increased mortgage requirements. The tool connecting Hemnet and the estate agents' CRM system is updated and our new Bostads API is launched, with more and better functionality.

During the spring, we packed our bags and moved all of Hemnet to the cloud – to Amazon Web Services. All to improve stability and scaleability of the site. Plus we test launched Säljkollen, home sellers' own pages on Hemnet where they can monitor their own listings. After an eventful spring, things calmed down both in the housing market and at Hemnet. We review the costs of our home sales ads and run a summer campaign for Mittuppslaget, one of our most popular and effective products. The summer ended with a new visitor record in August: 3.4 million unique visitors in one week.

During the autumn, we updated the Kundportalen, Hemnet's interface for agents that makes it easer to use our tool. We also launched Hemnet Business, which gives agents the opportunity for more in-depth brand building and access to detailed market-share statistics. We celebrated Hemnet's 20th anniversary together with our customers and friends at Södra Teatern in Stockholm. As part of the festivities, we launched a retro version of Hemnet as it looked in 1998, complete with inspiration from the 1998 Ikea catalog.

Mäklartipset, our most popular add-on product and which can be purchased by agents on a yearly or weekly basis, ran as usual in November but with more bookings in more areas than ever. Our users can now see final home sale prices in both iOS and Android, search by year of construction and see co-op boards financial situations directly on Hemnet. To get more useful input on our products and services, Mäklarpanelen was created, consisting of agents with different backgrounds from throughout Sweden. The feedback we collect from Mäklarpanelen is used to improve our products and services in order to deliver maximum value for our partners and customers. Furthermore, we simplify our product portfolio and discontinue certain less-popular services.

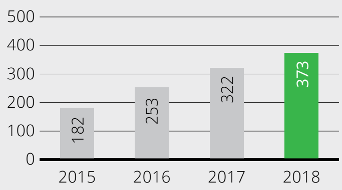
We finish the year with the launch of Raketen – a product aimed at home sellers who can then get more exposure and clicks for the seller's listing.

Hemnet by numbers

NET SALES[1)]

373 SEKM

+16 %

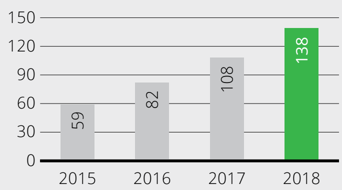


Revenues increase from respective revenue streams, primarily driven by published home listings and increased advertising sales.

EBITDA[1)]

138 SEKM

+28 %

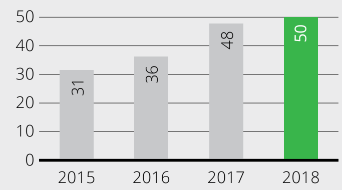


Thanks to Hemnet's scalable business model, profitability increased to an EBITDA margin of 37 per cent, an increase from the previous year's 34 per cent.

TIME SPENT ON THE SITE[2)]

50 M HOURS

+4 %

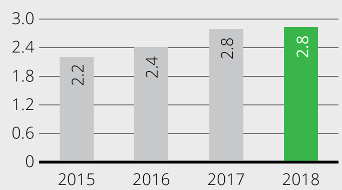


Time spent per site visitor increases as Hemnet becomes more mobile and accessible. During 2018, 84 per cent of all visits come via mobile devices.

UNIQUE VISITORS PER WEEK[2)]

2.8 MILLION

+1 %

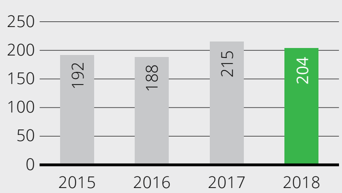


With increased interest in the housing market and new functions, site traffic increases.

PUBLISHED HOME LISTINGS

204 THOU.

–5 %



The number of published home listings are Hemnet's biggest revenue driver. Despite lower volumes, revenues increased, driven by price adjustments for advertising in the middle of the year.

[1)] Figures for 2018 refer to the Hemnet Group AB annual financial report, prepared in accordance with IFRS. Figures for 2017 refer to the Hemnet Group AB annual financial report, prepared in accordance with IFRS with the addition of Hemnet Sverige Group's results from January 1-8, 2017, when it was acquired by the new group on January 9, 2017. Figures for 2016 and 2015 refer to the Hemnet Sverige AB annual financial report.
[2)] Source: Google Analytics

The CEO takes the stage

In 2018, Hemnet turned 20. During two decades, we've changed the basis of home sales with a unique platform that includes everyone in Sweden who wants to buy or sell a home. Based on our vision of being the key to simpler home sales, we've launched a number of initiatives for our customers. At the same time, our business has grown with more site traffic, higher net sales, increased profitability and more employees. As a result, we've taken a number of important steps in our journey to create the world's best site for home sales.

2018 LOOKING BACK – INCREASED GROWTH AND NEW INITIATIVES

The year 2018 was a good year for Hemnet, where we maintained our position as a growth company, among other things. We increased revenues by 16 per cent, to SEK 373 million with good profitability wherein EBITDA increased by 28 per cent, to SEK 138 million. The improved results were due to increased revenues from home sales ads, new add-on products and a growing advertising business. In August, we broke a record for site visitors with no less than 3.4 million unique visitors in one week. Our growing business even meant that we became more people, going from 65 to 83 staff members during the year. Furthermore, we a established a long-term sustainable and reliable solution when we moved our platform to the cloud with Amazon Web Services.

During 2018 we developed a range of new products and services with the goal of creating added value for all of our various customer groups. At the end of the year, we launched Raketen, our very first service where home sellers themselves can influence the results of sales with better exposure in search results. During the year, we've even introcued Säljkollen, where home sales and estate agents can access detailed information about their home listings.

SInce the real estate industry is an important partner for Hemnet, we constantly strive to offer tools and services that lead to more effective business and value-added insights. Clearer exposure in search engines as well as detailed statistics and data that provide unique knowledge of the market are two services included in the newly launched subscription-based service Hemnet Business. Since the launch in December, over half of the new home sales listings are from real estate agencies with a Hemnet Business subscription.

During the year, we have even improved the experience for all site visitors. Via a new filter, our visitors can now search by year of construction and those who wish can find information about co-op boards directly on Hemnet. We've even launched final sale prices on the app, which makes it easier for users to take the temperature of the housing market. The new functions give us even more knowledge and data around buyers' preferneces as well as the development of the housing market.

PRIORITIES AND DIRECTION FOR 2019

The year 2018 has been about growing our business with new revenue streams and developing the organisation. Now we will take care of what we've developed with the goal of even happier customers and staff as well as increased sales. To achieve this, we've identified three focus areas for 2019.

1. Develop tools for buyers to more easily find their dream homes

Hemnet will offer a world-class search experience. During 2019, we will continue to develop our tools and services based on the point of view of our users and therefore be even better at helping Swedes when they are looking for their dream homes.

2. Simplify estate agents' workdays and strengthen our customer relations

A strong relationship with our estate agent customers is the foundation of our business and we aim to strengthen it further with a number of ongoing initiatives. For example, in 2018 we launched an agent panel where we collect the real estate industry's feedback on our services while creating a dialog about future services and needs. That we actively work at being an even better partner to our estate agent customers will continue to be an important area of focus for 2019.

3. Offer sellers tools that help them control their home sales

Our research shows that home sellers want to control their home sales. During the year, we will continue to develop and refine our newly lanunched products aimed at home sellers, as well as ensure that more have the possibility to buy products through increased awareness. At the same time, we look further as to how we can offer even more choices for home sellers that will maximise their advertising on Hemnet and the best ways we can increase sales of our services in combination with estate agents, our most important distributors.

FROM INDUSTRY INITIATIVE TO MARKET LEADER

When Hemnet launched in 1998 as a common initiative of the real estate industry, the venture was an innovative move, but primarily as a complement to advertising in daily newspapers. Now 20 years later,

Hemnet has developed into an obvious platform for marketing homes and become an important partner to the real estate industry. We have built a service that helps, engages and makes a difference, and each week an average of 2.8 million unique visitors come to us to find their dream home, sell their homes or just get inspired.

Our unique insights have even made us an independent and logical expert on the housing market. Nearly every day, news and analysis from Hemnet reaches the Swedish population via the media. Through our deep knowledge of marketing, we've built a trust that has earned us a unique voice in the housing market and an important role in many people's lives. It is a position we will continue to develop and defend with great humility.

I am tremendously proud to be working at Hemnet and running a company with so many passionate colleagues. Together we make it possible to continuously challenge and improve our business, and I'm delighted with everything we've achieved in 2018. Now, I look forward to 2019, when we will continue our work in building an even stronger organisation and the world's best housing site!

Cecilia Beck-Friis,
CEO

"To actively work at being a better partner to our estate agent customers will continue to be an important area of focus for 2019."

The housing market

The year 2018 was marked by stabilisation in the housing market after a dramatic end to 2017. However, unease among home buyers increased towards the end of 2018, which could be due in part to the central bank raising interest rates for the first time in many years. Nonetheless, the change in the market had a limited effect on Hemnet's business.

With nearly all homes listed for sale in Sweden and an average 2.8 million unique visitors per week, Hemnet is sitting on valuable data regarding the development of the housing market, which is of interest to a broad target audience of stakeholders. We analyse the regular development of the housing market and communicate our insights to the media and general public.

2018 LOOKING BACK

During 2018, the housing market slowly recovered from the falling prices of 2017. A number of questions remain, however. The factors that have had the biggest effect on the housing market in 2018 are the tougher mortgage requirements introduced on March 1, as well as banks being more restrictive in extending credit to home buyers. This has affected sales volumes as well as housing prices.

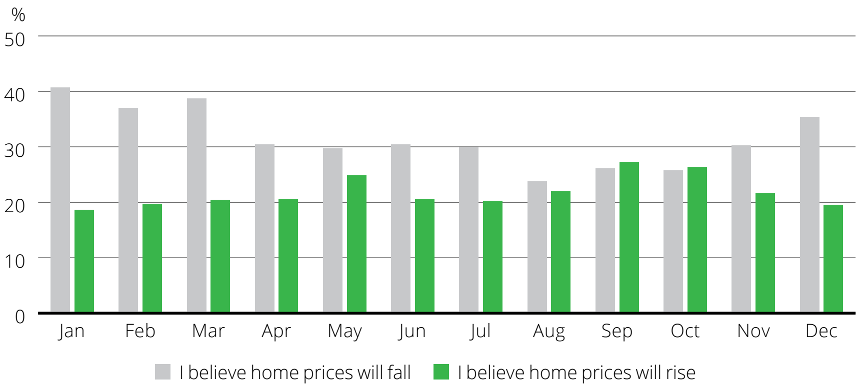
In January and February, prior to the tougher mortgage requirements, the number of new listings increased significantly only to markedly fall in the following months. On an annual basis, the number of available homes decreased. Asking prices were not affected noticeably during the year. Instead, the difference between asking price and the final sales price was squeezed. Finally, the number of days a home was listed for sale slowly decreased during 2018, the sign of a healthier housing market.

New home listings was especially hard hit by the new restrictions. On Hemnet, the number of newly constructed homes decreased by 25 per cent compared to 2017. The industry witnessed the difficulties of selling new homes and predicted less new home construction in upcoming years. Several players have also indicated they will turn home owner projects into home rental projects as there is greater demand there. Hemnet will therefore be an even more important tool for home developers in their work of selling and marketing unsold homes.

Price expectations among home buyers decreased in November and December (according to Hemnet's buyer barometer). This was likely due to extensive news reporting on an imminent increase of the central bank's interest rates as well as a downturn in the stock exchange.

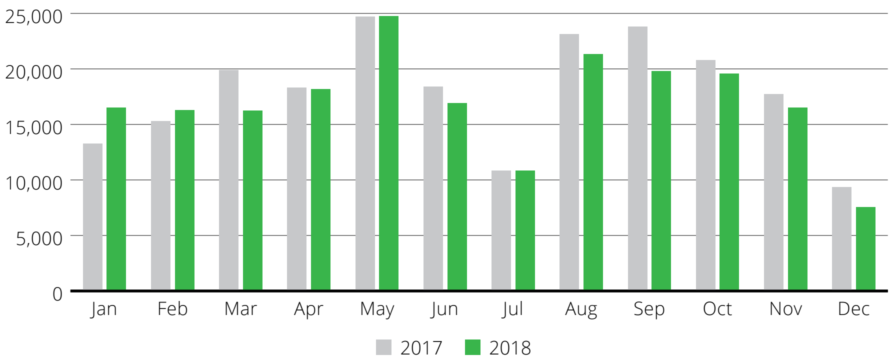
HEMNET'S BUYER BAROMETER

Hemnet's buyer barometer shows an increased expectation of falling housing prices among future home buyers at the end of the year.



NEW HOME LISTINGS ON HEMNET

Fewer number of home listings in 2018 compared to 2017.



HOUSING MARKET AT HEMNET IN NUMBERS 2018

537 SEKB
Total asking price
(570 BSEK in 2017)

28 DAYS
Average listing time
(22 days in 2017)

55,030
New single-family homes
(including new construction)

120,797
New co-ops
(including new construction)

HOUSING MARKET 2019

Looking forward to 2019, it appears as if there will be continued stabilisation of the housing market, with relatively few changes in prices. Among factors that speak to such a scenario are low mortgage rates, low unemployment and a lack of housing stock. But there are even other factors that could create a continued squeeze on prices and lower transaction volumes in the housing market; for example banks continuing to be restrictive with credit, new construction that fails to interest potential buyers and increased concern for an upcoming recession.

THE HOUSING MARKET'S EFFECT ON HEMNET'S BUSINESS

The housing market in 2018 has been described as sluggish with increased lock-in effects. But despite somewhat of a decrease in home sales volumes, Hemnet's revenues increased. This is due to a number of factors:

1. The need to buy and sell homes in Sweden is relatively constant over time. There is relatively little speculative buying of existing homes. People often need to move because of a changed living situation and buy homes primarily as a place to live and don't buy homes as an investment.

2. Hemnet as a marketing channel for home sales advertising can be seen as even more important during a slower market. If the demand for housing shrinks then home sellers likely see an even bigger need to reach as many buyers as possible.

3. Hemnet's pricing model is based on the asking price and not the sale price. When final sales prices decrease markedly, asking prices still tend to remain stable. Instead, it's the difference between asking price and final sale that shrinks. Furthermore, listings are paid at the time of publication, which means that fewer completed sales has a limited effect on our revenues.

4. Hemnet's business model is based on more than just revenues from home listings. Different types of advertising products account for a significant portion of Hemnet's total revenues.

Hemnet's business model

Hemnet is Sweden's largest real estate portal with the broadest selection of homes and most potential buyers gathered in one place. Our business model benefits from the strong network effects that home sellers and site visitors generate. By providing all home listings in one place, Hemnet can attract a large number of potential buyers, resulting in more completed home sales.

Hemnet's business model is built on our being the obvious meeting place for home buyers and sellers. The strong network effects of the business model mean that buyers want to be where home sellers are, so that they can access essentially Sweden's entire available housing stock. In the same way, home sellers want to be seen where buyers are, to get the best deals.

To help buyers find their dream homes and sellers increase the number of potential buyers for their homes, we put a strong focus on building the best search and monitoring services. At the same time, we continuously develop new products and services for sellers to follow and influence their home sales on the site. We are a proud and close partner to the real estate industry. We strive to develop new products that lead to smoother sales and simplify estate agents' everyday work.

Hemnet is one of Sweden's most visited and beloved sites - regardless of category. In Hemnet's clean and noise-free premium environment, advertisers want to be seen with accurate and high-quality ads.

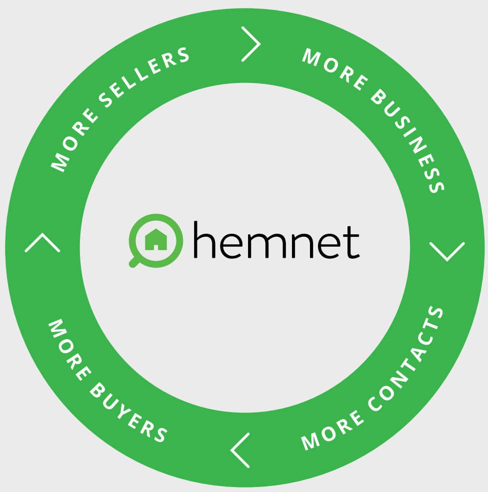
Hemnet generates comprehensive data that contributes with interesting facts and knowledge about the Swedish housing market. Therefore, we are a relevant source for media that monitors the housing market and journalists who are looking for independent analysis and statistics.

Our business model

STAKEHOLDERS

- Visitors
- Home sellers
- Real estate developers
- Estate agents
- Advertisers
- Media

HEMNET'S NETWORK EFFECTS



OFFER

- Widest reach and opportunity to influence your home sale
- Sweden's entire housing stock with the best search services and products that keep you up to date on the market
- Products and tools that can strengthen brands, revenues, bring in new customers and customer information
- Advertisements in a premium environment with high relevance and accuracy
- An independent expert on the housing market

Hemnet's offer

Hemnet's revenues come from products and services aimed at five main customer groups: home sellers, real estate developers, advertisers, estate agents and media. Five different groups with different needs that we want to satisfy by continuously updating and improving our offer.

HOME SELLERS

Our single biggest revenue stream is home sales advertising. As a home seller, you pay a fee to list your home and reach essentially the biggest number of possible buyers. During summer 2018, we adjusted our pricing in order to achieve a more even spread of the different price categories and better reflect what the Swedish housing market looks like.

Our research shows that many home sellers want to have a greater influence on their home sales. Therefore, during the year we developed our first product where home sellers themselves can influence their home listings. The product is called Raketen and gives a number of extra clicks to listings by pushing them to the top of the home search results.

We even launched Säljkollen – the home seller's own home at Hemnet. With Säljkollen, both the seller and estate agent can follow their sales ad through detailed visitor statistics for the listing, see how other similar ads are performing and purchase additional services such as Raketen.

One of our areas of focus for 2019 is to together with the real estate industry develop tools that give home sellers more relevant information and products that provide an increased opportunity to influence and follow their home listings.

REAL ESTATE DEVELOPERS

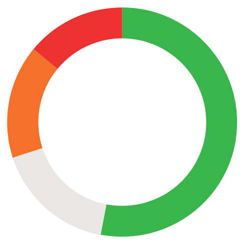
The biggest group of advertisers on Hemnet, measured in revenue, is real estate developers who market their homes and brands. Since homes can be in various stages of development, from planning to sales, we offer tailored products based on this. One example is a dedicated area for upcoming new construction where speculators can find information about a project, such as size of living space or number of apartments involved. New construction can also be advertised as a regular listing and visitors can filter for these types of homes in their searches.

Alongside marketing of home listings, Hemnet is the perfect place for real estate developers who want to strengthen their brands. For this, we offer different kinds of advertising, for example sponsored editorial content or video and traditional banner ads.

During the year, we've changed how we work with this customer group. Through a dedicated sales team that focuses only on real estate developers and estate agents, we can offer ad solutions with even greater relevance and accuracy for our customers.

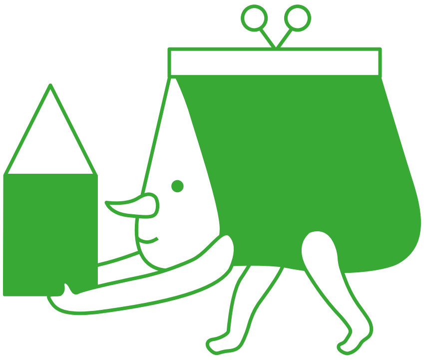
During 2019, through creative and forward-thinking work, we will focus on helping real estate developers find new ways to reach relevant target audiences and sell more homes, something that will be even more important during a time of anxiety around the new construction market.

REVENUE STREAMS, 2018



Home seller	53%
Real estate developer	17%
Advertiser	16%
Estate agent	14%

Säljkollen and ad for Raketen.



102 SEKM

was paid by Hemnet to the real estate industry in administration fees in 2018

ADVERTISERS

Hemnet is one of Sweden's biggest sites and has very passionate site visitors. Through targeted ads based on search criteria, we offer great accuracy with ad impressions in a scaled-down premium environment. This leads to a very attractive advertising context where advertisers are prepared to pay more to be visible on Hemnet than for many other Swedish sites.

We offer a number of different formats, from classic banner ads to programmatic ads and video ads. We've even now developed articles with sponsored editorial content.

Beyond that, we offer integrations in the form of different cost calculators for services related to a home purchase, such as home loans, power costs and homeowners insurance. With help from these, home buyers can see total housing costs for each listing.

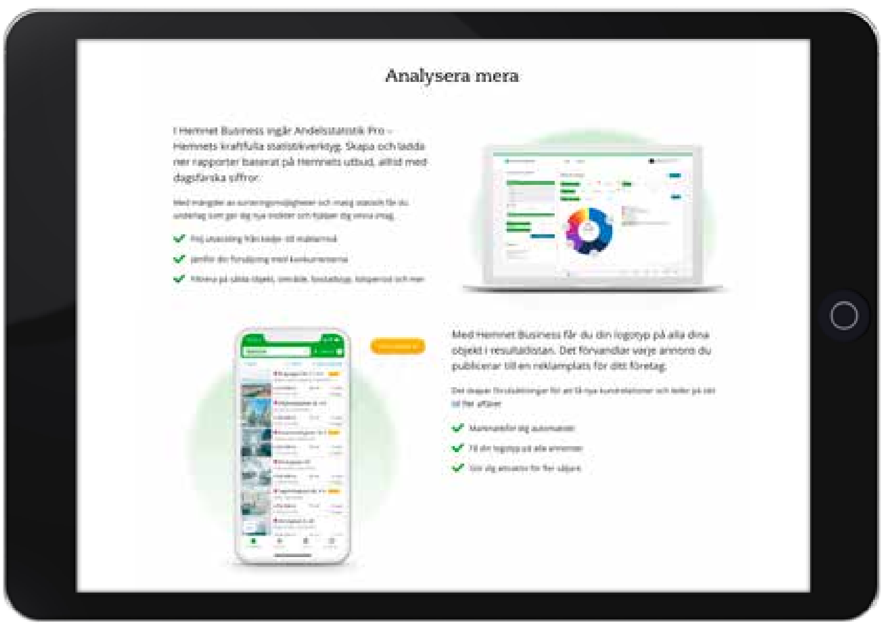
ESTATE AGENTS

Estate agents are our single most important partner. Agents are the ones administering home listings on Hemnet and informing home sellers about our products.

Hemnet's services for agents are based on the tool, Kundportalen. Here, an agent can administer her account and listings as well as buy add-on services. Our agent products aim to give estate agents and real estate agencies increased exposure for their listings and brands.

Mäklartipset and Mittuppslaget are two popular products that benefit both home sellers and are brand-builders for real estate agencies. They help a home listing stick out on Hemnet and are sold either to the home seller or paid by the agency themselves.

During 2018, we launched Hemnet Business, a subscription package that today consists of two services: a tool that creates reports for market shares based on Hemnet's comprehensive and up-to-the-minute data



Hemnet Business, a company subscription service for real estate agencies.

and that agencies get brand exposure in search results. We will continue to develop Hemnet Business with additional services that create value for the user. Agents even can invest in advertising on Hemnet to market their offers and brands.

Hemnet and the real estate industry have a mutual value-creating relationship. With our unique position as an advertising channel, together with our different add-on services, we increase estate agents' opportunities for quick and efficient business. In return, our primary customer group comes directly from the agents' clients, and in compensation for this work the agents do in managing the home listings on Hemnet, a portion of the ad income goes back to the real estate agency. This means that SEK 102 million was paid out in 2018 in administration fees to real estate agencies that managed home listings on Hemnet. Money that the agencies can then use to reinvest in and develop their own services.

PRESS AND MEDIA

That the absolute majority of all homes sold in Sweden are listed on Hemnet means we have access to completely unique and comprehensive detailed data. We use this to produce news, insights and trends for the press and media.

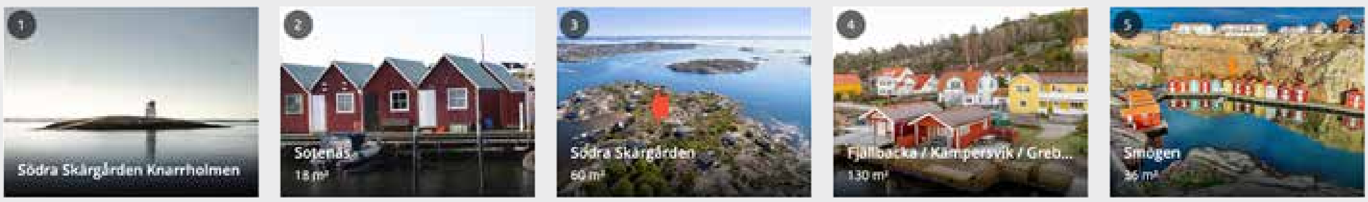
Several examples of the products and reports we offer are Utbudsstatistiken, which show the development of new listings and asking prices; Klicktoppen, which shows the hottest homes in Sweden; Slutpriser, which shows the final sales prices for homes around the country; and Prisutvecklingsstatistik which we publish on an aggregated as well as local level in Sweden. In addition to reports, we regularly publish a range of news, insights and trends that are often cited in leading news channels. This strengthens Hemnet's position as a leading independent source of information on the Swedish housing market.

All our products aimed at the press and media are offered free of charge for the best possible accessibility and distribution of our insights. This contributes to increased awareness and credibility for Hemnet as a brand.

Hemnet's analysis of the housing market from December 2018.

Top lists

Seaside holiday homes



Hemnet regularly publishes top lists that are often taken up by the media.

At home at Hemnet

Today, 83 employees work at Hemnet driven by a common goal: to create a company that is the key to a better home sale. With 20 years' experience, we are an established player with a product used by millions. This does not mean we've slowed down – on the contrary. Our culture is characterised by a constant desire to refine and improve our products and services based on a common belief that change creates success. And we make sure we have fun along the way!

Having a home is a basic need for humans and to buy or sell a home is, in many cases, one of the biggest decisions that many take in their lives. We hope and believe that we can make a big difference in this important decision, thanks to our products and services.

We are a big brand but a smaller company with 83 employees who work closely together and are passionate about contributing to a simpler home sale for everyone. We are proud to claim the title of Sweden's biggest real estate portal, where nearly everything is built and run by our specialist teams for development, sales, market and product. Learning and development occur naturally during the workday among the teams and ourselves. We test, research and take on new challenges in order to strengthen our market position, by building simple and efficient services for our users.

Our culture is marked by an open atmosphere with great curiosity and a forward-thinking spirit. In 2018, we managed to add 18 new passionate "Hemnetters" to the group. The focus for the coming year is to grow with more specialists and passionate employees who want to continue to make a difference so that more people can find a home!

We work to strengthen our feedback culture by having more and clearer structured employee discussions and applying a coaching style of leadership, where self-leadership is the focus. In this way, each and every one of us has the best conditions to develop into who we want to be. We work together in small agile teams, which contribute to a high pace and rate of development. Time from concept to prototype test is seldom long at Hemnet. We work actively with exchanging experience and knowledge, coming up with new ideas, questioning and of course, most important of all – we make sure we have fun along the way!

Our values define what we do and who we are. They guide us and how we work with those who will become new Hemnetters.

1. ONE FOR ALL, ALL FOR ONE

A positive culture is built on commitment and effective co-operation among colleagues. The importance of good relationships is based in helping one another to succeed and share time and knowledge. We support, inspire and roll up our sleeves when needed. Together we are Hemnet.

2. CUSTOMER RELATIONS BUILD OUR BUSINESS

The key to our success lies in balancing different customers' interests, by having a powerful understanding of our customers' behavior, needs and expectations. We are convinced that our business is strengthened when our customers are satisfied.

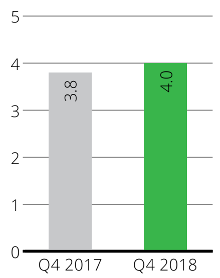
3. CHANGE CREATES SUCCESS

We strive to be a world-class real estate portal and therefore work for constant improvement. We are not afraid to challenge ourselves to develop and work even smarter. We believe in the knowledge that daring to change puts us in the forefront and see mistakes as something we learn from.

4. WE DARE AND WE WIN

To continue to be Sweden's biggest (and best) real estate portal, we dare to break new mark, test rather than talk, comfortable with risks. When we learn, we become stronger.

Employee index



The employee index is measured by a survey sent to all employees on a quarterly basis to assess how satisfied they are with Hemnet as an employer.

We are Hemnet

“To take home sales into the future”

“All the fantastic, wonderful colleagues!”

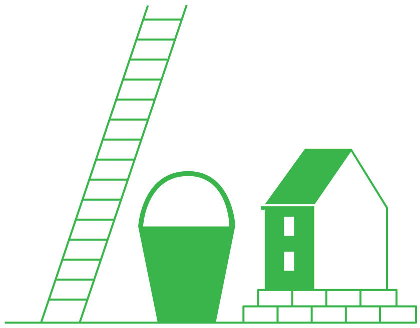
“The opportunity to be surrounded by people who want to drive things forward”

What’s best about working at Hemnet?

“To be encouraged to test without being afraid of failing”

“To be part of and influence Swedes’ housing dreams”

28 women **55** men

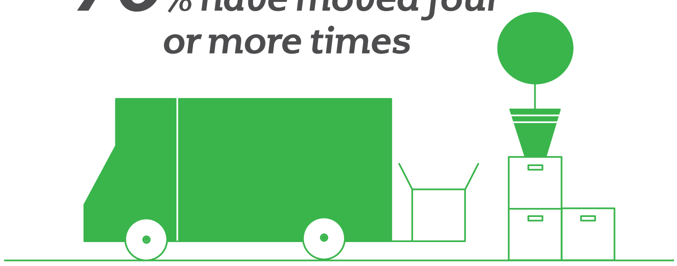


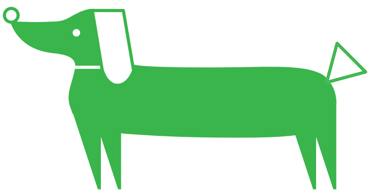
72% have renovated their homes at some point

68% live in flats

32% live in houses

70% have moved four or more times





27% have pets

Corporate governance

The goal of corporate governance is to ensure that the company is run for its shareholders as efficiently as possible, but also that Hemnet follows existing laws and regulations. Corporate governance aims as well to create order and systems for the board as well as executive management.

By having rules, a clear structure and efficient processes, the board can ensure that the focus of management and employees is on developing the business and thereby creating value for shareholders.

ANNUAL GENERAL MEETING

The annual general meeting is the highest decisionmaking body at Hemnet. The annual general meeting gives shareholders the opportunity to exercise the influence that their respective shares represent.

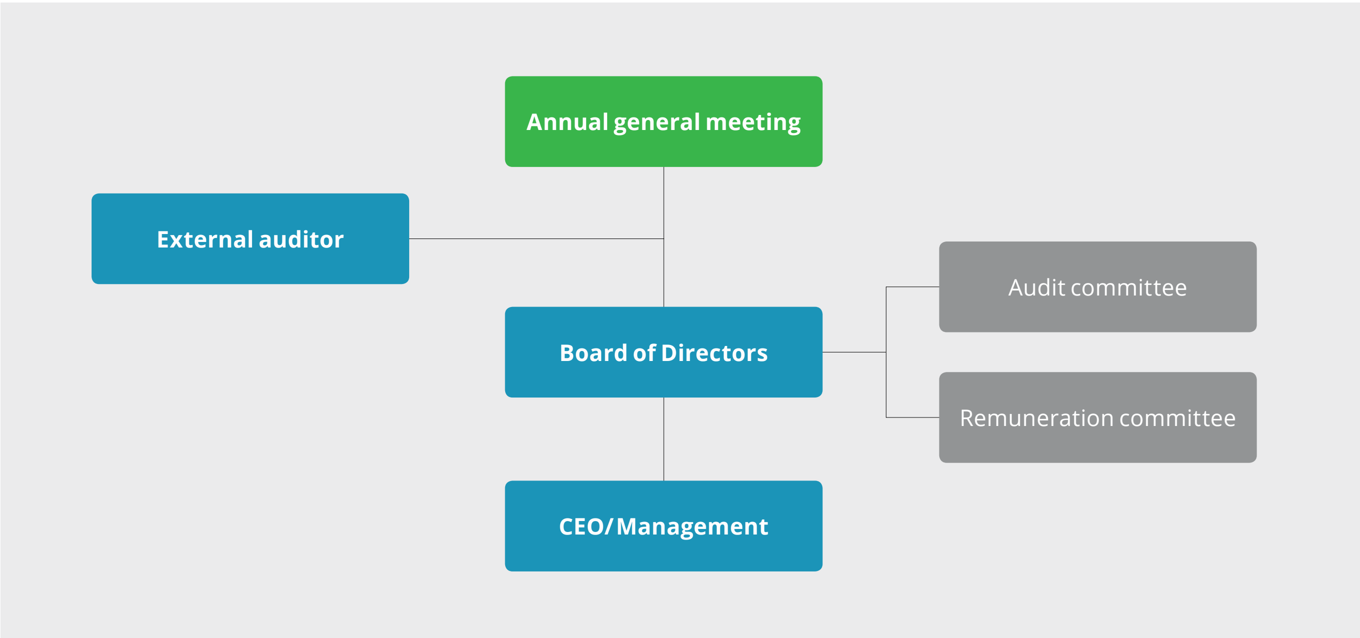
Rules that drive the annual general meeting and what will be handled can be found in the Swedish Companies Act and the Articles of Association. Hemnet Group AB's fiscal year runs from January 1 to December 31. The annual general meeting shall be held within six months after the end of the fiscal year and shall be called by letter or e-mail at the latest two weeks before and earliest six weeks before the annual general meeting will take place.

The annual general meeting for 2017 was held April 11, 2018 and 99 per cent of the votes in the company were represented. The annual general meeting decided following the board's recommendations to:

- establishment of balance sheet and income statement
- dispositions of profit or loss according to the adopted balance sheet
- discharge from liability of board members and CEO
- determination of board and audit fees
- the number of ordinary board members be seven with three alternates
- re-appoint as board members Håkan Erixon, Christopher Caulkin, Anders Edmark, Erik Olsson, Henrik Persson and Pierre Siri. Håkan Erixon was appointed board chair. Håkan Hellström, Thomas Hussey and Magnus Miramadi were re-appointed as alternates. Previous board member Jörn Nikolay left in conjunction with the annual meeting and Kerstin Lindberg Göransson was appointed as a new board member
- Ernst & Young AB were re-confirmed as auditors. Camilla Ral Ingvarson was designated as chief auditor
- an amendment was made to the Articles of Association, changing the name of the company to Hemnet Group AB.

On October 22, 2018 an extraordinary general meeting was held to decide on the allocation of shares to senior executives.

ORGANISATIONAL CHART



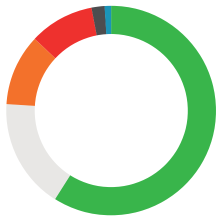
BOARD OF DIRECTORS

The board of directors' primary task is to ensure the interests of the company and shareholders, appoint a CEO, decide the company's strategy and be responsible that the company follows appropriate laws and the articles of association. The board reviews and annually adopts rules and procedures for its own work as well as the board's audit committee and remuneration committee. The board also establishes instructions for the CEO. The board consists of at most 11 ordinary members and at most 11 alternates who are appointed at the general annual meeting. The board, including alternates, consists of nine men and one woman. The board convened seven times during 2018.

A board evaluation was undertaken with help of an external partner and the results presented at a board meeting on March 20, 2019. The audit committee in 2018 consisted of Kerstin Lindberg Göransson (chair), Christopher Caulkin and Thomas Hussey. The company's auditor and Carl Johan Åkesson, CFO were also invited to committee meetings, which are held at least twice a year or as needed. The committee's main task is to prepare the board's decisions on financial reporting, internal control and capital structure issues.

The remuneration committee in 2018 consisted of Håkan Erixon (chair), Anders Edmark and Christopher Caulkin. Cecilia Beck-Friis, CEO is rapporteur. The committee meets at least twice a year or as needed. Its main task is to prepare the board's decisions on remuneration principles, remuneration and other terms of employment for the company.

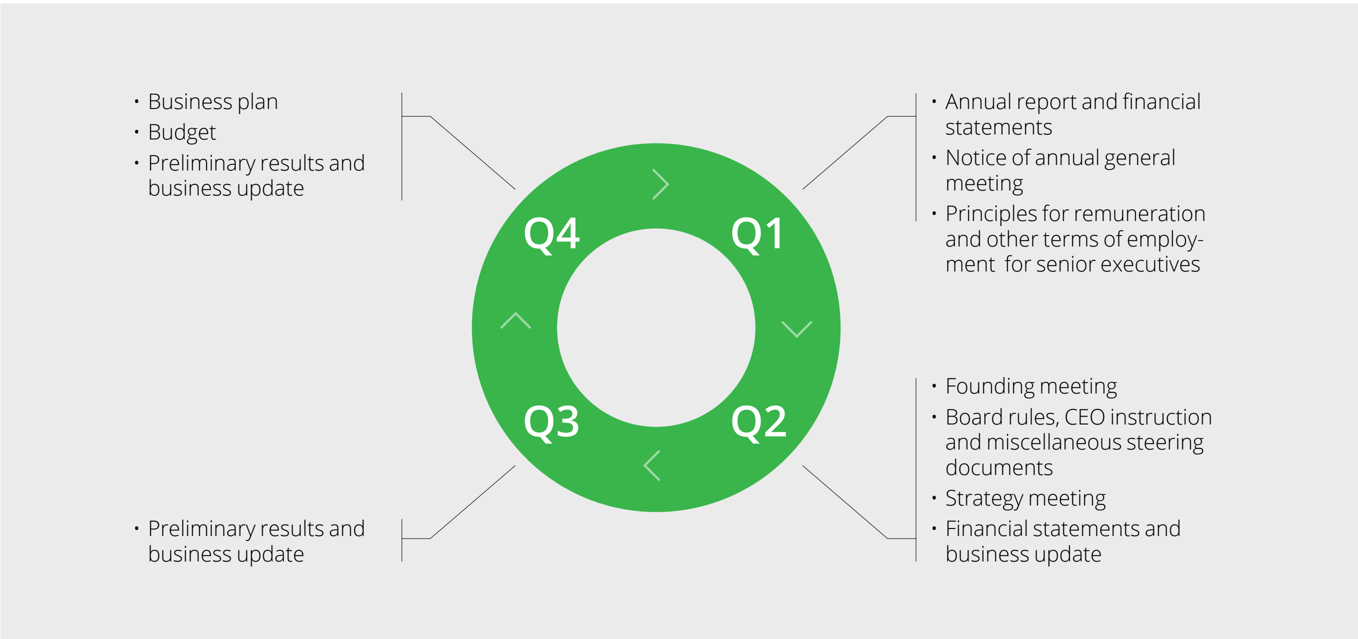
OWNERSHIP[1)]



General Atlantic	59 %
Sprints Capital (prev. Merro)	17 %
Care of Hemnet	11 %
Mäklarsamfundet	10 %
Fastighetsmäklarförbundet	2 %
Senior executives	1 %

1) Based on the number of outstanding shares.

THE BOARD'S ANNUAL WORK CYCLE



Board of directors

Håkan Erixon
Board chair since 2017

Born: 1961
Experience: Board chair of Capacent Holding AB, board member of Vattenfall AB, Opus Group AB and Alfvén & Didrikson Invest AB. Previously member of the Nasdaq OMX Stockholm AB listing committee, Chair of Orio AB, Director at Merrill Lynch, Vice Chairman of Investment Banking at UBS and senior advsor in corporate finance to the Swedish Government Offices.
Education: MSc in International Economics from Gothenburg University.

Christopher Caulkin
Ordinary member since 2017

Born: 1980
Experience: Managing Director at General Atlantic with focus on investments within the internet and technology sector. Board member of Property Finder, OpenClassrooms, Studio Moderna and Typeform. Previous experience with the Boston Consulting Group and the investment firm Warburg Pincus.
Education: Engineering degree from Cambridge University and Masters Degree in Finance from the London Business School.

Erik Olsson
Ordinary member since 2017

Born: 1969
Experience: Real estate agent since 1989. Founder and CEO of real estate agency Erik Olsson Fastighetsförmedling. Board chair of Swedish real estate agent organisation Fastighetsmäklarförbundet FMF. Founder and chair for Bättre Bolån. Erik is even a co-owner of Residence fastighetsmäkleri/Christies International Real Estate.

Kerstin Lindberg Göransson
Ordinary member since 2018

Born: 1956
Experience: CEO of college and university property company Akademiska Hus and board chair of AP3, the Third Swedish National Pension Fund. Airport director for Stockholm Arlanda Airport, CFO and Vice President of the Scandic Group.
Education: MBA from Umeå University.

Pierre Siri
Ordinary member since 2017

Born: 1974
Experience: 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 housing portal in the Middle East. Co-founder of Sprints Capital.

Henrik Persson
Ordinary member since 2017

Born: 1974
Experience: Previously Head of Investments at Kinnevik. Henrik is an experienced investor within internet marketplaces and online advertising and has invested in Avito, Zalando, Rocket Internet and Quikr, among others. Board member of Zooplus. Co-founder and responsible for investments at Sprints Capital.
Education: Studied Business Economy at Lund University and International Business Strategy at the London School of Economics as well as Political Science.

Anders Edmark
Ordinary member since 2017

Born: 1959
Experience: 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 alternate board member of statistics organisation Svensk Mäklarstatistik.

Håkan Hellström
Alternate since 2017

Born: 1958
Experience: Vice chair of the Association of Swedish Real Estate Agents and chair of real estate agency Svensk Fastighetsförmedling. Alternate board member for statistics organisation Svensk Mäklarstatistik, co-owner and CEO of real estate agency Svensk Fastighetsförmedling Sydost as well as board member of the Linnéakademien för Vetenskap och Näringsliv, vice chair of Dina Försäkringar Öland, board member of Stiftelsen Barometern, which is a co-owner of Gota Media, board member of Dataföretaget MSIS AB.

Magnus Miramadi
Alternate since 2017

Born: 1974
Experience: Real estate agent since 2001, CEO and founder of real estate agency MOHV. Previously sales manager at real estate agency Erik Olsson fastighetsförmedling, franchisee at real estate agency Fastighetsbyrån in Malmö. Board member of Plus Bolån, Fastighetsmäklarförbundet FMF and Svensk Mäklarstatistik.
Education: Real estate agent certificate from the University of Gävle.

Thomas Hussey
Alternate since 2017

Born: 1988
Experience: Vice President at General Atlantic with a focus on the internet and media sectors. Tom is also an alternate board member of Property Finder and has previous experience with 21st Century Fox and the Boston Consulting Group.
Education: Bachelors and Masters in Economy & Management from Queen's College, Oxford University.

Management team

Cecilia Beck-Friis
CEO Hemnet Service HNS AB since 2017
Born: 1973
Experience: Twenty years' experience in senior positions within media. Previously Vice President at TV4 as well as Chief Digital Officer at Bonnier Broadcasting. Board member of Paradox Interactive.
Education: Sales and Marketing, Berghs School of Communication as well as the Executive Management Program at IFL Stockholm School of Economics.

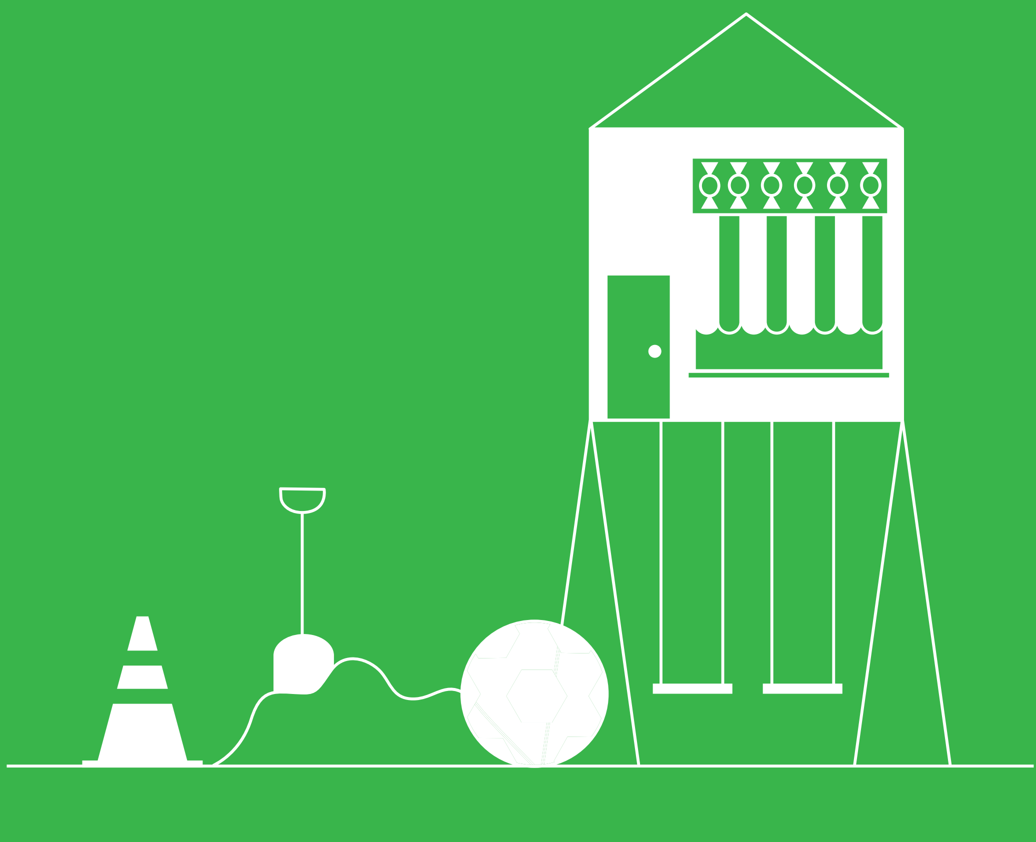
Carl Johan Åkesson
CFO since 2018
Born: 1975
Experience: CFO of Sdiptech and CFO of Mediaplanet International. Prior to that served as Controller of EF Education and of Modern Times Group.
Education: Masters in Accounting and Finance from the Stockholm School of Economics.

Erik Segerborg
Chief Product and Strategy Officer since 2017
Born: 1985
Experience: Board member of Avito, Russia's biggest online marketplace. Previously CEO and founder of Russian housing portal Domofund.ru, Vice President of Avito as well as management consultant at McKinsey & Co.
Education: MBA from the Stockholm School of Economics.

PerOla Schelvander
CTO since 2018
Born: 1980
Experience: Previously Development Manager at Kambi, Director of Development at Ping Pong AB and Team Manager at Isotop AB.
Education: MSc in Media Technology and Masters in Philosophy of Technology from the Swedish Royal Institute of Technology.

Pierre Bergström
Sales Director since 2017
Born: 1972
Experience: Twenty years' experience in senior positions within sales. Previously sales director of *Svenska Dagbladet* and senior positions within the Manpower Group.
Education: Masters in Economics from Mid Sweden University.

Jessica Sjöberg
Chief Communications Officer since 2019
Born: 1977
Experience: Long experience in senior positions within PR and communications, most recently as Vice President Corporate Communications at MTG/Nordic Entertainment Group. Has also held positions including Director of Information at Com Hem and Director of Communications at TDC Sverige.
Education: Media and Communications, and Government, Stockholm University.



Annual Report

Operations
Hemnet Group AB (previously Rob R Holdco AB) is Parent Company to the Hemnet Group ("the Group"). The main operations of the Group are carried out by the subsidiary company Hemnet Service HNS AB. Hemnet aims to be the marketplace for housing and related services that is the most appreciated and visited by estate agents, site visitors and advertisers.

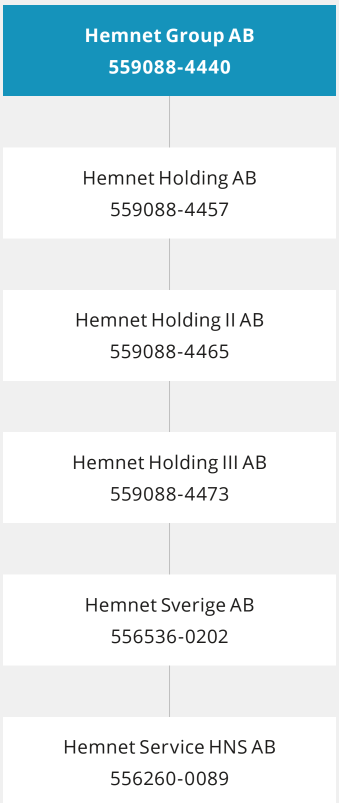
Hemnet is Sweden's biggest real estate site and offers virtually the entire housing stock of the country. Hemnet's services are offered on Hemnet.se and its platforms for Android and iOS.

The Group is monitored as one segment.

The company's registered office is in Stockholm.

Ownership
General Atlantic RR BV is the largest shareholder in Hemnet Group AB with 59 per cent of the shares. Other shareholders include Sprints Capital (previously Merro Partners S.A/Sanutech Investments S.A), which owns approximately 17 per cent of the company; Mäklarsamfundet Bransch i Sverige AB (556110-0636), which owns approximately 10 per cent; Fastighetsmäklarförbundet FMF AB (556177-2541), which owns approximately 2 per cent; Care of Hemnet AB (559104-6593), which owns approximately 11 per cent; as well as senior management, which owns approximately 1 per cent of the company. For further information, see note 30.

Group structure
Below is the Group structure. All companies are owned 100 per cent.



Significant events during the fiscal year
The Group
The year 2018 was the Group's second fiscal year, after being formed on December 2, 2016 prior to the acquisition of Hemnet's operations. On January 9, 2017 the Hemnet Group via its subsidiaries completed the acquisition of what was then the Hemnet Sverige AB Group, which at that point consisted of the companies Hemnet Sverige AB and Hemnet Service HNS AB.

The first consolidation of the new Group was on December 31, 2017, which is why the consolidation on December 31, 2018 is the Group's second fiscal year. The financial statement has been prepared in accordance with IFRS. As the operating Group was acquired on January 9, 2017, the comparison figures for 2017 in the consolidated income statement of the old group are for the shorter period of January 9-December 31, 2017. For the full year's financial results for the operating company for 2017, see the annual report of Hemnet Service HNS ABB.

The Group has a debt (conditional supplementary purchase price) to the previous owner of the Hemnet Sverige AB Group of SEK 363.9 million as of December 31, 2018. The debt is to be paid over three years in three equal parts at regular market interest rates. The second part of the supplementary purchase price was determined in January 2019.

Hemnet continued to have excellent site traffic numbers during 2018 and the number of unique visitors per week increased by 1 per cent compared with 2017. This means that on average almost 2.8 million people per week visited Hemnet or one of its platforms for Android and iOS. During one week in August, Hemnet even had 3.4 million unique visitors to the site, which was a new record.

Even the total time spent by visitors to the site increased, which in total amounted to approximately 50 million hours, an increase of 4 per cent compared to 2017.

The number of home listings on the site decreased by 5 per cent during the year, although this should take into account the record year of 2017, when the housing market in Sweden showed an unusually high volume in both new construction and pre owned homes.

The year 2018 was a success even when it came to the organisation. The number of employees increased by 18 people, to 83 employees in December 2018, which shows the ambition to continuously improve and strengthen Hemnet's offer to customers and visitors. The vision to be the key to a simpler home sale steers Hemnet's development.

On the product side, a number of new initiatives were carried out in 2018. Notable, for example, was the launch of Raketen (the rocket), a product that offers home sellers greater exposure for their home listings and therefore better opportunity to have an impact on the sales process. Another tool launched during the year was Säljkollen (sales monitor), a page where home sellers can follow how well their listings do. A number of changes were made to simplify the listings' administration by estate agents, and Hemnet Business was launched, a product that offers agents detailed market share statistics in combination with trademark exposure.

With a very large share of all Swedish home listings and a high number of unique visitors per week, Hemnet has valuable data on the development of the housing market, which is of interest to a broad target audience of housing stakeholders. The huge interest from the media creates positive publicity for Hemnet and improves the company's position as a natural expert on the housing market. The growth of home listings, speed of sales and asking prices also have a direct impact on the Group's financial results. Therefore Hemnet analyses the constant development of the housing market and communicates these insights to the media and general public.

Financial performance

The financial performance for the year reflects the many initiatives implemented during 2018. Net sales increased during 2018 by 17.6 per cent to SEK 373.1 million (318.5), an increase of SEK 55.9 million. Growth was overall organic and was, among other things, the result of investments in an expanded sales organisation as well as price adjustments in the company's listing fees. In addition, the increase in new home production increased revenues from the customer group real estate developers, while new revenues after the launch of the Hemnet Business product contributed to a smaller degree.

Operating profit increased compared to the previous year and amounted to SEK 73.3 million (13) corresponding to an operating margin of 19.6 per cent (4.1). The previous year's operating profit included acquisition-related costs of SEK 30.3 million from the acquisition of the Hemnet Sverige Group, which was completed in January 2017 and adjusted for this, the operating margin was 13.6 per cent. Other external costs amounted to SEK 166.8 million, which adjusted for acquisition-related costs in 2017, was an increase of 10.3 per cent, primarily driven by costs related to increased home listing fees. To support continued growth, personnel were increased during the year, primarily in the development and sales departments, and personnel costs increased as a result to SEK 69.9 million (60.5). Overall, improved profit can be explained by increased sales in combination with a controlled increase in costs.

Operating margins include depreciation of tangible and intangible non-current assets of SEK 64.8 million (63.3). Operating profit before depreciation was therefore SEK 138.1 million (76.2). The majority of the the depreciation consists of depreciation of intangible non-current assets related to surplus value that arose in conjunction with the acquisition of Hemnet Sverige AB Group, and in 2018 these amounted to SEK 63.4 million (62).

Profit from financial items amounted to SEK -25.6 million (-36.1). This includes SEK -8.9 million (-11.6) in interest costs to credit institutions, as well as SEK -12.7 million (-17.7) in interest costs for conditional supplementary purchases. Profit after financial items was SEK 47.7 million (-23.2).

Below is a yearly comparison for the Group's two fiscal years. For an overview of the financial performance of operations without changes in ownership and formation of the Group, see page 5, Hemnet by the numbers.

Amounts in comparison in thousand SEK	**2018**	**2017[1]**
Net profit	373,084	317,155
Operating profit	73,278	12,952
Profit after financial items	47,691	–23,178
Annual profit	53,185	–25,428

[1] Businesses in Hemnet Sverige AB with subsidiaries not included for the period January 1–8, 2017.

Investments

During the year, the company worked to develop its product portfolio. Development was done with the company's own staff as well as external consultants. Certain development projects were judged to be of such a character and with expected future earnings that they were handled as capitalised development costs. A total of SEK 6.2 million was capitalised, thereby increasing intangible non-current assets. In general, the business had only minimal need to invest in equipment and installations, with the year's purchases amounting to SEK 0.9 million (2.4).

Significant events after the fiscal year-end

Debt for the conditional supplementary purchase price regarding the acquisition of Hemnet Sverige AB Group is included in the consolidated balance sheet as of December 31, 2018 for a total of SEK 363.9 million, including interest. The current liabilities of SEK 181.9 million were paid after the fiscal year end.

Expected future development and significant risks and uncertainties

Hemnet has continued strong traffic development at hemnet.se as well as in the apps, and we see no sign of a decreased interest in the housing market. However, there is a lot of pressure from old and new competitors and with these comes a risk that site visitors, estate agents and advertisers will use services other than Hemnet, which can have a negative impact on the business.

Over the past years, Hemnet has diversified its revenue streams through a number of changes, among others by charging fees to home sellers for home listings. Hemnet has even introduced new products for companies that work within the housing industry, such as estate agents, real estate developers and banks. Altogether, these development areas have made Hemnet less dependent on ad sales.

Revenues from real estate ads are a significant portion of revenues. The development of the Swedish housing market can therefore have a significant effect on Hemnet's business. Hemnet's ad business has continued to grow and we offer advertising both through direct sales and programmatic. Just as during 2017, revenues from the construction and home segment showed a strong increase during 2018 and possible changes to the market within the segment can affect Hemnet's business for the future. The development and trends for ad sales in the market can affect Hemnet's revenues both positively and negatively.

For Hemnet, key to success is a having a good relationship with estate agents and a significant offering of home listings. Hemnet's future business can be threatened if a worsened relationship with agents leads to fewer home listings.

Proposed profit allocation of profit and loss

At the annual general meeting, the following profits are available:

Share premium reserve	1,292,154,948
Balanced income	–3
Profit for the year	–1,007,613
SEK	**1,291,147,332**

The board proposes that the profits be allocated so that the remaining knonor are carried forward	1,291,147,332

Group statement on comprehensive income

Amount in thousand SEK	Note	2018-01-01–2018-12-31	Fiscal year[1] 2016-12-02–2017-12-31
Operating income			
Net sales	4	373,084	317,155
Other operating income	5, 11	1,734	1,320
Total		**374,818**	**318,475**
Operational costs			
Other external costs	8	–166,752	–181,480
Personnel costs	7	–69,885	–60,486
Depreciation and amortisation of tangible non-current assets and intangible assets	13, 14	–64,793	–63,295
Other operational costs	6	–110	–262
Total		**–301,540**	**–305,523**
Financial items		**73,278**	**12,952**
Financial income	9, 11	110	920
Financial costs	9, 11	–25,697	–37,050
Net Financial Items		**–25,587**	**–36,130**
Income before taxes		**47,691**	**–23,178**
Income tax	10	5,494	–2,250
Annual income		**53,185**	**–25,428**
Other comprehensive income		–	–
ANNUAL COMPREHENSIVE INCOME		**53,185**	**–25,428**

[1] Businesses within Hemnet Sverige AB and its subsidiaries are not included for the period January 1–8, 2017.

Annual income and the sum of the annual income are transferable to the Parent Company's shareholders.

The notes on pages 28–41 are an integral part of this annual report.

Group balance sheet

Amount in thousand SEK	Note	2018-12-31	2017-12-31
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	14	902,815	902,815
Customer relations	14	980,857	1,036,242
Platform	14	24,172	32,172
Trademarks	14	241,190	241,190
Activated development costs	14	5,991	–
Total intangible assets		**2,155,025**	**2,212,419**
Tangible non-current assets			
Fixtures and fittings	13	2,262	2,582
Total tangible non-current assets		**2,262**	**2,582**
Deferred tax assets	22	200	8,383
Total non-current assets		**2,157,487**	**2,223,384**
Current assets			
Short-term receivables			
Trade receivables	17	24,248	17,640
Other current receivables	18	11,064	2,922
Prepayments and accrued income	19	12,142	8,081
Interest-bearing securities, current	15	23,390	23,678
Cash and cash equivalents	20	310,699	133,968
Total short-term receivables		**381,543**	**186,289**
Total current assets		**381,543**	**186,289**
TOTAL ASSETS		**2,539,030**	**2,409,673**

The notes on pages 28–41 are an integral part of this annual report.

Group balance sheet

Amount in thousand SEK	Note	2018-12-31	2017-12-31
SHAREHOLDER EQUITY AND LIABILITIES			
Shareholder equity	21		
Share capital		68,335	68,334
Other capital contributions		1,292,155	1,291,956
Retained earnings (including net income for the period)		27,757	–25,428
Total shareholder equity		**1,388,247**	**1,334,862**
LIABILITIES			
Non-current liabilities			
Amount owed to credit institutions	23	430,614	163,114
Other non-current liabilities	24	181,945	351,381
Derivatives	16	904	1,150
Deferred tax liabilities	22	257,824	288,263
Total non-current liabilities		**871,287**	**803,908**
Current liabilities			
Amount owed to credit insitutions	23	10,026	11,800
Accounts payable		11,676	10,004
Current tax liabilities		8,029	9,323
Other current liabilities	25	193,314	185,735
Accrued expenses and pre-paid income	26	56,451	54,041
Total current liabilities		**279,496**	**270,903**
Total liabilities		**1,150,783**	**1,074,811**
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		**2,539,030**	**2,409,673**

The notes on pages 28–41 are an integral part of this annual report.

Group statement on changes in shareholder equity

Amount in thousand SEK	Share capital	Other capital contributions	Retained earnings (including net income for the period)	Total shareholder equity
Company formation as of December 2, 2016	**50**			**50**
Earnings for the year and total profit			–25,428	–25,428
Total profit	**0**	**0**	**–25,428**	**–25,428**
Transactions with shareholders in their capacity as owners				
Share redemption				0
Rights issue	68,284	1,291,956		1,360,240
Total contributions from and value transfers to shareholders, reported directly in shareholder equity	**68,284**	**1,291,956**	**0**	**1,360,240**
Closing balance as of December 31, 2017	**68,334**	**1,291,956**	**–25,428**	**1,334,862**
Opening balance as of January 1, 2018	**68,334**	**1,291,956**	**–25,428**	**1,334,862**
Income for the year			53,185	53,185
Other comprehensive income			–	–
Total comprehensive income	**0**	**0**	**53,185**	**53,185**
Transactions with shareholders in their capacity as owners				
Share redemption	–60	–1,245		–1,305
Rights issue	61	1,444		1,505
Total contributions from and value transfers to shareholders, reported directly in shareholder equity	**1**	**199**	**0**	**200**
Closing balance as of December 31, 2018	**68,335**	**1,292,155**	**27,757**	**1,388 ,47**

The notes on pages 28–41 are an integral part of this annual report.

Group statement on cash flow

Amount in thousand SEK	Note	2018-01-01 – 2018-12-31	Fiscal year[1] 2016-12-02 – 2017-12-31
Cash flow from operating activities			
Operating profit		**73,278**	**12,952**
Adjustments to reconcile operating income to cash:			
Depreciation and amortisation of assets		64,793	63,295
Interest received		110	238
Interest paid		–15,716	–10,066
Paid income tax		–18,055	–22,281
Cash flow from operating activities before changes in working capital		**104,410**	**44,138**
Cash flow from changes in working capital, net			
Increase/decrease in working capital		–18,812	–7,276
Increase/decrease in operating debt		5,406	23,370
Total changes in working capital		**13,406**	**16,094**
Cash flow from operating activities		**91,004**	**60,232**
Cash flow from investment activities			
Acquisition of subsidiaries, after deduction of acquired cash and cash equivalents		0	–1,461,508
Sale of shares		0	300
Divestment of current investments		0	29,250
New current investments		0	–22,996
Investments in intangible non-current assets	14	–6,162	
Investments in tangible non-current assets	13	–918	–2,399
Cash flow from investment activities		**–7,080**	**–1,457,354**
Cash flow from financing activities			
Borrowings	29	262,385	380,800
Rights issue		1,505	1,360,290
Share redemption		–1,305	
Loan repayment	29	–169,778	–210,000
Cash flow from financing activities		**92,807**	**1,531,090**
Annual cash flow		**176,731**	**133,968**
Increase/decrease in cash and cash equivalents			
Cash and cash equivalents at the start of the fiscal year		133,968	–
Cash and cash equivalents at the close of the fiscal year	20	310,699	133,968

[1] Businesses within Hemnet Sverige AB and its subsidiaries are not included for the period January 1–8, 2017.

The notes on pages 28–41 are an integral part of this annual report.

General information

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

The Group currently consists of Hemnet Group AB: (559088–4440), Hemnet Holding AB: (559088–4457), Hemnet Holding II AB: (559088–4465), Hemnet Holding III AB: (559088–4473), Hemnet Sverige AB: (556536–0202) and Hemnet Service HNS AB: (556260–0089).

The Parent Company is a limited company registered in Sweden with its registered office in Stockholm. The headquarters are at Klarabergsgatan 60, 111 21 Stockholm. The board approved this annual report for publication on March 20, 2019. The annual report and financial statement are proposed for adoption at the annual general meeting on May 2, 2019.

The Group uses the calendar year (January 1-December 31) as its fiscal year. Fiscal year 2017 however refers to the first extended fiscal year, which ran December 2, 2016-December 31, 2017.

Unless otherwise noted, all figures are shown in thousand kronor (SEK). Rounding is to the nearest thousand.

Note 1 Summary of important accounting principles

This note contains a list of the significant accounting principles applied when this financial statement was prepared, insofar as they have not already been stated in previous notes. These principles have been applied consistently for all presented years, unless otherwise stated. The financial statement covers the legal Parent Company Hemnet Group AB and its subsidiaries.

Basis for report preparation
The financial statement for the Group has been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The financial statement has been prepared in accordance with deemed cost valuation, 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.

The Parent Company has applied RFR 2 Accounting for legal entities since the Parent Company was formed

Preparing reports in accordance with IFRS requires use of several important estimates for accounting purposes. Furthermore, management is required to make certain judgment calls when applying the Group's accounting principles. Those areas that require a high degree of judgment, which are complex or such areas where assumptions and estimates are of material importance to the financial statement, are specified in Note 3.

New standards, changes and interpretations applied by the Group
The Group has applied the following changes, which apply for the fiscal year beginning January 1, 2018:

IFRS 9 Financial Instruments
The standard IFRS 9 handles classification, valuation and accounting of financial assets and liabilities and introduces new rules for hedge accounting. The full version of IFRS 9 was issued in July 2014. It replaces parts of IAS 39 that handle the classification and measurement of financial instruments and introduces a new impairment loss model.

The standard IFRS 9 has been applied by the Group from the fiscal year beginning January 1, 2018. The Group has not recalculated comparative figures for fiscal year 2017, in accordance with the standard's transitional rules.

In the fall of 2017, analyses were conducted and discussions were conducted regarding the classification and valuation of the Group's financial instruments. After the analyses were completed, it was established that the new rules for classification and valuation will not significantly affect the Group's financial position at the time of transition, as the regulations will not entail any change in the classification and valuation of the financial instruments found in the Group's balance sheet at this time.

The rules for removing from the balance sheet have been transferred from IAS 39 Financial Instruments: Recognition and Measurement, and have not been changed. The new model for calculating loan loss reserves is based on expected loan losses, rather than loan losses that have occurred in accordance with IAS 39, which may lead to earlier reporting of loan losses. The model is applied to financial assets recognised at amortised cost, debt instruments valued at fair value over other comprehensive income, contract assets according to IFRS 15 Revenue from agreements with customers, lease receivables, loans and certain financial guarantees. Due to historically very low loan losses, the new model for calculating loan loss reserves will not have a significant impact on the Group's total income and financial position, but will entail increased disclosure requirements.

IFRS 15 revenue from agreements with customers
Standard IFRS 15 replaces IAS 18 and IAS 11 and creates a new way of thinking for revenue recognition. The mandatory application date is January 1, 2018. The standard was adopted by the EU on September 22, 2016. Hemnet Group AB applies IFRS 15 with full retroactive application using the standard's "practical solutions" when applicable. The impact on the financial reports from the use of these practical solutions is considered non-material.

New and amended standards not yet applied by the Group
A number of new standards and interpretations that come into force for fiscal years beginning later than January 1, 2018 have not been applied in the preparation of this financial report. The following is a preliminary assessment of the effects of these standards that are deemed to be relevant for the Group:

IFRS 16 Leasing agreement
The standard applies from January 1, 2019. Implementation of the standard will mean almost all leasing contracts will be recognised in the lessee's balance sheet, as no further distinction is made between operational and financial leasing agreements. According to the new standard, a right of use (the right to use a leased asset) and a financial liability relating to the obligation to pay leasing fees are reported. Short-term leases (less than 12 months) and leases for which the underlying asset has a lower value (<5,000 USD) can be exempted.

During the past year, the Group has reviewed all of the Group's leasing agreements in response to the new rules in IFRS 16. The standard will primarily affect the reporting of the Group's operating lease agreements. At the balance sheet date, the Group's non-cancellable, non-discounted operating lease commitments amounted to SEK 11.4 million, see Note 28, and the Group expects to report utilisation rights amounting to approximately SEK 11.3 million as of January 1, 2019 and lease liabilities of SEK 9.9 million (after adjustments for prepaid and accrued leasing fees reported as of December 31, 2018). Net debt increases by approximately SEK 9.9 million and working capital decreases by SEK 6.0 million when part of the liability is reported as current. The Group expects profit after tax to decrease as a result of the application of the new rules. The EBITDA used to measure the Group's earnings is expected to increase. The change is due to the fact that the costs of the operating leases were previously included in EBITDA, but the depreciation of the right to use and the interest on the lease debt are not included in this measurement. Cash flow from operating activities will increase and cash flow from financing operations will decrease by approximately SEK 4.7 million as the amortisation of leasing debt is classified as cash flow from financing operations. Some additional information will be added next year.

The Group will apply the standard from January 1, 2019. The Group intends to apply the simplified transition method and will not recalculate the comparative figures. All rights of use are valued at an amount corresponding to the lease liability (adjusted for prepaid and accrued leasing fees).

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

Financial statement

Subsidiaries
Subsidiaries are all companies over which the Group has 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 affect the return through its influence in the company. Subsidiaries are included in the financial statement from the date the controlling influence is transferred to the group. They are excluded from the financial statement from the date on which the controlling influence ceases.

The acquisition method is used for reporting the Group's business acquisitions. The purchase price for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities that the Group incurs to the previous owners of the acquired company. The purchase price also includes the fair value of all assets or liabilities that result from an agreement on conditional purchase price. Identifiable acquired assets and assumed liabilities in one business combination are initially valued at fair values on the acquisition date. Acquisition-related costs are expensed as incurred.

Any contingent purchase sum to be transferred by the Group is recognised at fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration that are classified as a financial liability are reported in the financial statement under comprehensive income.

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

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. Hemnet Group AB's management group consists of the CEO, CFO, Chief Communication Officer, CTO, Sales Director, Chief Product and Strategy Officer and Chief Communications Officer, who are the Group's highest executive decision makers. The Group has identified an operating segment, which is the Group as a whole. The decision is based on the fact that the Group's management group follows up the Group as a whole where any form of geographical division or division into business area/product category etc. is not applicable. The financial reporting is based on a Group-wide organisational and management structure.

Conversions of foreign currency
Functional 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 financial statement, Swedish kronor (SEK) is used, which is the Parent Company's functional currency and the Group's reporting currency. All companies in the Group have Swedish kronor (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.

Intangible assets
Goodwill
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 depreciation, goodwill acquired in a business combination is distributed to cash-generating units or groups of cash-generating units that are expected to be favored by 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 diminishment. 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 relations
Customer relations that were acquired as part of a business acquisition (see Note 14 for details) are reported at fair value at the time of acquisition and are amortised on a straight-line basis over the projected useful life, corresponding to the estimated time they will generate cash flow. Estimated useful life is 10 years for customer relations attributable to advertising and 20 years for customer relations attributable to listings. The longer amortisation period for customer relations attributable to listings is associated with the acquisition and reflects the number of years that customers are expected to contribute a positive cash flow.The longer depreciation period also takes into account how likely it is that a competitor can compete with a comparable platform.

Platform
Platforms acquired as part of business acquisitions (see Note 14 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 estimated useful life is five years.

Trademarks
Trademarks acquired as part of a business combination are reported at fair value on the acquisition date (see Note 14 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 tested annually for depreciation.

Balanced development expenditures
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 conditions 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 expenses that were previously expensed are not recognised as assets in the subsequent period. Capitalised development expenses are amortised on a straight-line basis over three years. Expenses for development work reported in the balance sheet are entered at cost minus accumulated depreciation and any impairment losses. See also Note 3, Important estimates and decisions for accounting purposes.

Tangible fixed assets
Tangible fixed assets mainly comprise fixtures and fittings. All tangible non-current assets are 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 statement of comprehensive income during the period in which they arise.

Depreciation of assets, in order to distribute their cost value down to the estimated residual value over the estimated useful life, is made linearly as follows:
- Fixtures and fittings 2–5 years

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 undercomprehensive 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 determined by the 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 value in use. 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 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
Classification
The Group classifies its financial assets and financial liabilities into the following categories: financial assets at fair value through profit or loss, financial assets valued at amortised cost, financial liabilities at fair value through profit or loss, and financial liabilities valued at amortised cost. The classification depends on the purpose for which the financial asset or liability was acquired.

a) Financial assets at fair value through profit or loss
Financial assets measured at fair value through profit or loss are financial instruments that were initially recognised as a items valued at fair value through profit or loss. The Group classifies other long-term securities holdings (investments in funds) in this category.

b) Financial assets valued at amortised cost
Financial assets valued at amortised cost are non-derivative financial assets that have fixed or determinable payments and are not listed on an active market. They are included in current assets with the exception of items with a due date of more than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's financial assets valued at amortised cost consist of accounts receivable, cash and cash equivalents and other current receivables.

c) Financial liabilities measured at fair value through profit or loss
Financial liabilities measured at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if it is acquired primarily for the purpose of being sold shortly. Derivatives are classified as held for trading unless they are identified as hedges. The Group classifies derivatives in the form of interest rate ceilings in this category since the Group does not apply hedge accounting. The Group also has financial liabilities valued at fair value through profit or loss in the form of contingent supplementary purchase prices, which at the first reporting date were identified as an item valued at fair value through profit or loss.

d) Financial liabilities valued at amortised cost
The Group's liabilities to credit institutions (long- and short-term), accounts payable and the part of other current liabilities and accrued costs relating to financial instruments are classified as financial liabilities measured at amortised cost.

Recognition and measurement
Purchases and sales of financial instruments are reported on the business day, the date on which the Group commits to buy or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs, which applies to all financial instruments that are not recognised at fair value through profit or loss. Financial instruments that are measured at fair value through profit or loss are initially recognised at fair value, while attributable transaction costs are reported in the statement of comprehensive income. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and rewards associated with ownership. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been fulfilled or otherwise extinguished.

Financial assets and liabilities measured at fair value through profit or loss are reported at fair value after the acquisition date.

Financial assets valued at amortised cost and financial liabilities valued at amortised cost are reported at amortised cost after the acquisition date using the effective interest method.

Offsetting financial instruments
Financial assets and liabilities are offset and recognised with a net amount in the balance sheet, only when there is a legal right to offset the reported amounts and an intention to settle them with a net amount or to simultaneously realise the asset and settle the debt. The legal right must not depend on future events and it must be legally binding on the company and the counterparty in both normal business operations and in cases of suspension of payments, insolvency or bankruptcy.

Impairment of financial instruments
Assets recognised at amortised cost
At the end of each reporting period, the Group assesses whether there is objective evidence of impairment for a financial asset or group of financial assets. A financial asset or group of financial assets has a need for impairment and is written down only if there is objective evidence of a need for impairment as a result of one or more events occurring after the asset was first reported (a "loss event") and that this event (or events) have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of the need for impairment includes, among other things, indications that a debtor or group of debtors has significant financial difficulties, that payments of interest or capital amounts have not been forthcoming or are delayed, that it is probable that the debtor or group of debtors will go bankrupt or undergo other financial restructuring, or that there is observable evidence to indicate that there is a measurable decrease in estimated future cash flows such as changes in past due debt or other financial conditions that correlate with credit losses.

For the category financial assets valued at amortised cost, the write-down is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not occurred), discounted to the original effective interest rate of the financial asset. The asset's carrying amount is written down and the impairment amount is recognised in the Group's report on comprehensive income in the item other external costs.

If the need for impairment decreases in a subsequent period and the decrease is objectively attributable to an event that occurred after the impairment was reported (such as an improvement in the debtor's creditworthiness), the reversal of the previously reported impairment loss is reported in the financial statement under comprehensive income.

Trade receivables
Trade receivables are financial instruments that consist of amounts to be paid by customers for services sold in the ongoing operations. If payment is expected within one year or earlier, they are classified as current assets. If not, they are reported as non-current assets.

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less any provision for impairment.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances, in the balance sheet as well as in the financial statement under cash flow, cash.

Accounts payable and other liabilities
Accounts payable are financial instruments and refer to obligations to pay for goods and services that have been acquired in the ongoing operations of suppliers. 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 subsequently 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 under 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.

Share capital
Ordinary shares are classified as shareholder equity. Issued preference shares are also classified as shareholder equity. Transaction costs that can be directly attributed to the issuance of new ordinary shares and preference shares, respectively, are reported, net after tax, in shareholder equity as a deduction from the issue proceeds.

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

The current tax expense is calculated on the basis of the tax rules that are decided on the balance sheet date or in practice decided in the countries where the Parent Company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in self-declarations regarding situations where applicable tax rules are subject to interpretation. When deemed appropriate, it provides 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 consolidated financial statement. 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 tax rates (and laws) that have been decided or announced on the balance sheet date and which are expected to apply when the deferred tax asset concerned is realised or the deferred tax liability is settled.

Deferred tax assets are recognised 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.

Employee benefits
Short-term benefits
Liabilities for salaries and allowances, including non-monetary benefits and paid absences, which are expected to be settled within 12 months of 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 when the services are performed by the employees. The liability is reported as a liability regarding remuneration to employees in the balance sheet.

Pension obligations
The Group only 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 the employees' service during the current or previous periods.

Revenue recognition
Revenue is measured at the fair value of what has been or will be received and corresponds to the amounts received for services sold after deductions for discounts and value-added tax.

The Group recognises revenue when its amounts can be measured reliably; it is likely that future financial benefits will accrue to the Group and specific criteria have been met for the Group's operations as described below.

Sale of services
The Group's revenues are mainly generated from the sale of home listings and advertising.

Sales of services - home listings
During the year, the principle of revenue recognition of home listings was updated. Earlier, revenue was reported on invoicing, but as of 2018, revenue is accrued over the average maturity of a home listing. This entails a certain postponement of the income statement.

Sales of services - advertising
Advertising revenue is taken over the period that the ad campaign is run on Hemnet.se and in Hemnet's apps.

Interest income
Interest income 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, which is estimated future cash flow, discounted with the original effective interest rate for the instrument and continues to dissolve the discounting effect as interest income. Interest income on impaired loans and accounts receivable is recognised at the original effective interest rate.

Interest expense
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 expenses 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.

Leasing
Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term (after deduction of any incentive from the lessor) are expensed in the statement of comprehensive income on a straight-line basis over the lease period.

Leases of fixed assets where the Group essentially holds the financial risks and benefits associated with ownership are classified as financial leases. At the beginning of the lease period, financial leases are recognised in the balance sheet at the lower of the fair value of the leasing object and the present value of the minimum lease payments.

Currently, the Group only holds leases that are classified as operating leases.

Note 2 Financial risk management

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. Risk management is managed by ensuring that the interest rate risk is hedged up to a level set by the credit institution. Currency risks are low and thus not hedged. Credit risk is handled through effective monitoring of outstanding receivables.

Surplus liquidity is invested only in short-term interest funds with risk class 1 according to the UCITS 7-degree risk scale, bank accounts in Swedish banks, government debt and government bonds, bank certificates issued by Swedish banks and corporate certificates with the lowest credit rating K1 or A according to Standard & Poor's. Surplus liquidity can also be invested in fixed income funds with risk class 2 according to UCITS 7-degree risk scale as well as equity index bonds issued by a Swedish bank with repayment protection that gives a nominal amount back.

Market risks
Currency risks
The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily regarding USD, EUR and GBP.

Currency risks arise through future business transactions as well as recognised assets and liabilities.

Currency risks arise when future business transactions are expressed in a currency that is not the unit's functional currency. The Group's sales take place in part in USD and purchases are partly in EUR, USD and GBP. In order to manage the currency risk with an outflow in each currency, the Group has bank accounts in each currency. In this way, the Group reduces its currency risks.

Exposure
The Group's risk exposure in foreign currency at the end of the reporting period, expressed in thousand SEK was as follows:

	2018-12-31		
	USD	**GBP**	**EUR**
Accounts payable	3,617	109	4,559
Accrued income	4,929		

	2017-12-31		
	USD	**GBP**	**EUR**
Accounts payable	23		17
Accrued income	2,893		

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

If the Swedish krona had weakened/strengthened by 10 per cent relative to the USD with all other variables constant, the recalculated profit after tax as of December 31, 2018 would be SEK 855,000 lower/higher, mainly as a result of losses on conversion of accrued income and accounts payable in USD.

If the Swedish krona had weakened/strengthened by 10 per cent relative to the EUR with all other variables constant, the recalculated profit after tax/effect on equity as of December 31, 2018 would be SEK 456,000 higher/lower, largely as a result of gains/losses on conversion of accounts payable in EUR.

If the Swedish krona had weakened/strengthened by 10 per cent relative to GBP with all other variables constant, the recalculated profit after tax/effect on equity as of December 31, 2018 would be SEK 11,000 higher/lower.

Amounts reported in the Group statement of comprehensive income
During the year, the following currency-related amounts were reported in the statement of comprehensive income:

	2018	2017
Net exchange rate gains (+)/- losses (-), included in other operating income/ other operating expenses	257	–267
Net exchange rate gains (+)/- losses (-), included in financial income/expenses	110	–35

Interest rate risk
The Group's interest rate risk arises 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 matures on January 9, 2023 and runs at a variable interest rate equivalent to Stockholm Interbank Offered Rate (Stibor) plus 2.00 to 3.75 per cent per year, depending on the net leverage covenant. The fee for the undrawn part of the facility is 35 per cent of the margin. The bank loan has a revolving credit, which means that the Group has a loan facility that allows the loan capacity to be used at no extra cost. The Group has two different 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 the loans with deductions for balances with the bank. Interest cover is calculated according to the formula consolidated EBITDA/net financial expenses.

The Group's borrowing is only in Swedish krona.

The loan terms require a hedge of the interest rate for the acquisition loan of SEK 200 million. The Group has chosen to hedge cash flow regarding future interest payments by using a derivative in the form of an interest rate ceiling. The interest rate ceiling means that the Group receives the difference between three months Stibor and the ceiling level in cases where three months Stibor exceeds the ceiling level. Until March 29, 2019, the ceiling level is 0.25 per cent and thereafter 0.50 per cent until maturity. Debt to sellers regarding conditional supplementary purchase price is settled by one third per year for the next three years from the acquisition date on January 9, 2017 and runs at an interest rate of 3.56 per cent.

Sensitivity
If interest rates on borrowing in Swedish kronor as of December 31, 2018 were 100 basis points higher/lower with all other variables constant, the calculated profit after tax for the financial year would have been SEK 3 123 thousand lower/higher, mainly as an effect of higher/lower interest costs for borrowing with variable interest rates.

Credit risk
Credit risk is managed at Group level, excepting credit risk regarding outstanding accounts receivable where analysis is done by the respective Group companies. Credit risk arises 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 financial position, past experience and other factors. Other long-term securities holdings consist of long-term fixed income funds, which are considered low-risk investments.

Liquidity risk
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 the 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 accommodate the space determined by the aforementioned forecasts.

Credit line
As of December 31, 2018, the Group has a credit line of SEK 602.5 million.

As of December 31, 2018, the Group has an unutilised credit line of SEK 150 million.

Variable interest rate deducted portion: Stibor plus 2.0% –3.75%, depending on net leverage.

Variable interest-bearing portion: Stibor plus 2.0% –3.75% multiplied by 35 percent, depending on Net Leverage.

Expires within one year (bank loan) SEK 12.5 million
Expires after more than one year (bank loan) SEK 440.0 million

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

As of December 31, 2018	**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 cash flows**	**Reported value**
Financial liabilities							
Liabilities to credit institutions		12.5	25.0	415.0		**452.5**	440.6
Condnl addnl purchase price	182.1		188.4			**370.5**	363.9
Accounts payable	11.7					**11.7**	
Other current liabilities	11.2					**11.2**	
Derivatives							
Interest rate ceiling		0.7				**0.7**	0.9

As of December 31, 2017	**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 cash flows**	**Reported value**
Financial liabilities							
Liabilities to credit institutions		12.5	12.5	165.0		**190.0**	174.9
Condnl addnl purchase price	175.7		182.1	188.5		**546.3**	527.1
Accounts payable	10.0					**10.0**	
Other current liabilities	10.1					**10.1**	
Derivatives							
Interest rate ceiling		0.5	0.7			**1.2**	1.1

Management of capital
The Group's goal for the capital structure is to ensure the Group's ability to continue its operations, so that it can continue to generate return to shareholders and benefit other stakeholders, and to maintain an optimal capital structure to keep costs down.

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 the liabilities.

The Group assesses its capital requirements, among other things, on the basis of the leverage ratio. This key figure is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including the items liabilities to credit institutions and derivatives in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheet plus net debt.

The leverage ratio is as follows:

	2018-12-31	2017-12-31
Total borrowing	441,544	176,064
Retired: cash and cash equivalents	310,699	133,968
Net debt	**130,845**	**42,096**
Total shareholder equity	1,372,624	1,334,862
Total shareholder equity and net debt	**1,503,469**	**1,376,958**
Leverage ratio	**8.7 %**	**3.1 %**

Fair value calculation
The table below 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 were 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 on December 31, 2018.

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Short-term investments	23,390			23,390
Total financial assets	**23,390**	**0**	**0**	**23,390**
Financial liabilities				
Financial liabilities are measured at fair value through profit or loss				
Derivatives held for trading				
– Interest rate ceiling		904		904
Conditional purchase price			363,890	363,890
Total financial liabilities	**0**	**904**	**363,890**	**364,794**

The following table shows the Group's financial assets and liabilities at fair value on December 31, 2017.

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Short-term investments	23,678			23,678
Total financial assets	**23,678**	**0**	**0**	**23,678**
Financial liabilities				
Financial liabilities are measured at fair value through profit or loss				
Derivatives held for tradingl				
– interest rate ceiling		1,150		1,150
Conditional purchase price			527,071	527,071
Total financial liabilities	**0**	**1,150**	**527,071**	**528,221**

Specific valuation techniques used to evaluate financial instruments include:
- Listed market prices are used for valuation of short-term investments.
- The fair value of interest rate ceilings is calculated as the present value of estimated future cash flows based on observable yield curves.
- The fair value of contingent consideration is based on management's assessment of what is likely to be paid, given the terms of the share transfer agreement. The management has made the assessment that the entire amount stated will be paid out.

There were no transfers between levels during the year.

Level 3 financial instruments
The following table shows the changes for level 3 instruments during 2018-01-01 to 2018-12-31.

	Conditional purchase price in connection with acquisitions	Total
Opening balance	527,070	527,070
Conditional purchase price paid during the year	–175,872	–175,872
Accrued interest on total income during the year	12,642	12,642
Closing balance as of December 31, 2018	**363,840**	**363,840**
Change in unrealised gains and losses for the period attributable to liabilities held at the end of the period	0	0

Conditional purchase price: The fair value of the conditional purchase agreement is based on management's assessment of what is likely to be paid given the terms of the share transfer agreement. The management has made the assessment that the entire amount stated will be paid out.

Note 3 Important estimates and determinations for accounting purposes

Estimates and determinations are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

Important estimates and determinations 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 fiscal year are outlined below.

(a) Impairment testing of goodwill and trademarks
Each year, the Group examines whether there is any impairment requirement for goodwill and trademarks, in accordance with the accounting principle described in Note 14. The recoverable amount for the cash-generating unit has been determined by calculating value in use. For these calculations, certain estimates must be made, see Note 14

(b) Depreciation and impairment of customer relationships and platforms
Customer relationships and platforms 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. See notes 1 and 14 for accounting principles and estimated useful lives and note 14 for reported values.

(c) Conditional purchase price
According to the agreement on conditional purchase price in connection with the acquisition of Hemnet Sverige AB Group, the Group must pay an additional purchase price, provided that two of the sellers meet future advertising levels. The fair value of the conditional purchase agreement is based on management's assessment of what is likely to be paid given the terms of the share transfer agreement. Management has made the assessment that the full amount stated will be paid out.

(d) Activation of development expenditure
The Group conducts development work related to the technical platform and the website hemnet.se. During the year, work on two new products, one aimed at home sellers and one aimed at real estate agents, has been identified and documented with the aim of activating accrued costs as development tasks, see notes 1 and 14.

Note 4 Net sales

Revenue from external customers by service type:

	2018	2017
Sales of services to private individuals	202,628	176,525
Sales of services to companies	170,456	140,630
Total	**373,084**	**317,155**

Revenue is entirely attributable to service delivery to private individuals and companies. The entire Group is followed up as one segment. The Group has its registered office in Sweden and the revenues are in principle exclusively attributable to Swedish customers. All of the Group's fixed assets are located in Sweden. Following the updating of the accounting principle for home listings (see Note 1), it now coincides with the accounting for services to companies in such a way that the revenue is reported as the service is delivered

Note 5 Other operating income

	2018	2017
Reminder fees and interest rates	834	682
Commission income	258	266
Exchange rate differences receivables of an operating nature	367	–235
Other	275	607
Total	**1,734**	**1,320**

Note 6 Other operating expenses

	2018	2017
Foreign exchange losses	–110	–262
Total	**–110**	**–262**

Note 7 Employee benefits, etc.

	2018	2017
Salaries, including other benefits in the event of termination	48,277	40,022
Social contributions	17,083	13,700
Pension costs - defined contribution	5,547	4,624
Other benefits	1,894	2,140
Total employee benefits	**72,801**	**60,486**

During the year, SEK 4,090,000 of employee benefits was recognised as capitalised development expenditure.

Salaries and other remuneration and social costs.

	2018		
	Salaries & other remuneration (incl bonuses)	**Pension costs**	**Total**
Board members and other senior executives	10,011 (0)	1,757	11,768
Other employees	39,309	3,790	43,099
Group total	**49,320**	**5,547**	**54,867**

	2017		
	Salaries & other remuneration (incl bonuses)	**Pension costs**	**Total**
Board members and other senior executives	11,571 (2,079)	1,622	13,193
Other employees	32,079	3,088	35,167
Group total	**43,650**	**4,710**	**48,360**

Average number of employees

	2018		2017	
	Average number of employees	**number of women**	**Average number of employees**	**Number of women**
Sweden	79	28	61	25
Group total	**79**	**28**	**61**	**25**

Gender distribution in the Group (including subsidiaries) for board members and other senior executives

	2018-12-31		2017-12-31	
	Number on balance sheet date	**number of women**	**Number on balance sheet date**	**number of women**
Board members	7	1	7	1
CEO and other senior executives	8	4	8	4
Group total	**15**	**5**	**15**	**5**

In 2017, 11 key people were offered the opportunity to invest in Hemnet Group AB by subscribing 16,311,600 Series C shares. The share agreement with the employees is subject to terms of employment, which means that the company has the right to repurchase the shares should the employment terminate.

The average fair value of the 16,311,600 shares subscribed for in 2017 amounts to SEK 1.09 and has been determined by an estimated market price.

In 2018, 1,200,600 shares were redeemed, as a result of termination of employment and 1,223,600 shares were newly subscribed, all of Series C, as part of the share savings program.

Since the shares have been subscribed for at market value and the program is regulated with equity, no cost for the program is recognised in the income statement.

Note 8 Auditor remuneration

Auditor remuneration	2018	2017
Ernst & Young		
– Audit	1,364	984
– Audit activities beyond the audit assignment	97	48
– Tax advice	–	–
– Other services	20	–
Total auditor remuneration	**1,481**	**1,032**

The audit refers to the review of the annual report and the accounts, as well as the administration of the board and the CEO, other duties that are incumbent upon the company's auditor to perform, and advice or other assistance as a result of observations in such an audit or the performance of such other duties. Everything else is other services.

Note 9 Financial income and expenses

	2018	2017
Interest expenses credit institutions	–8,886	–11,613
Interest costs conditional on additional purchase prices	–12,691	–17,735
Other interest expenses	–3	
Borrowing costs	–3,340	–4,083
Capital gains on the sale of shares		–1,700
Interest rate ceiling, change in value	–488	–1,883
Current investments valued at fair value	–288	
Exchange rate losses, net		–36
Financial expenses	**–25,697**	**–37,050**
Current investments valued at fair value		682
Real profit (+)/- loss (-) short-term investments		238
Exchange rate gains, net	110	
Financial income	**110**	**920**
Financial items, net	**–25,587**	**–36,130**

Note 10 Income tax

	2018	2017
Current tax:		
Current tax on profit for the year	–16,516	–24,117
Total current tax	**–16,516**	**–24,117**
Deferred tax (see note 22)		
The occurance and reversion of temporary differences	5,577	21,867
Effect of changed tax rate	16,433	–
Total deferred tax	**22,010**	**21,867**
Total income tax	**5,494**	**–2,250**

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

	2018	2017
Profit before tax	47,691	–23,178
IIncome tax calculated according to tax rate in Sweden (22%)	–10,492	5,099
Tax effect of:		
Non-deductible costs	–266	–656
Transaction costs for acquisitions	–	–6,661
Revaluation of deferred tax	16,433	–
Other	–181	–32
Tax expenses	**5,494**	**–2,250**

The effective tax rate for the year amounts to –11.5% (9.7%).

Note 11 Exchange rate differences, net

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

	2018	2017
Other operating income (see note 5)	367	–235
Other operating expenses (see note 6)	–110	–32
Financial items, net (see note 9)	110	–35
Total	**367**	**–302**

Note 12 Shares in Group companies

The Group had the following subsidiaries on December 31, 2018:

Name	Country of registration and operation	Verksamhet	Share directly owned by the Parent Company (%)	Share directly owned by the Parent Company (%)
Hemnet Holding AB	Sweden	Holding company	100	100
Hemnet Holding II AB	Sweden	Holding company	–	100
Hemnet Holding III AB	Sweden	Management services	–	100
Hemnet Sverige AB	Sweden	Holding company	–	100
Hemnet Service HNS AB	Sweden	Operation and development of Hemnet's services	–	100

Note 13 Tangible non-current assets

Fixtures and fittings	2018	2017
Opening acquisition value	**9,721**	**0**
Increase through business acquisitions		7,322
Acquisitions for the year	933	2,399
Sales for the year	–22	
Disposals for the year	–1,331	
Closing acquisition value	**9,301**	**9,721**
Opening accumulated depreciation and impairment	**–7,139**	
Increase through business acquisitions		–5,866
Depreciation for the year	–1,237	–1,273
Sales for the year	14	
Disposals for the year	1,323	
Closing accumulated depreciation and impairment	**–7,039**	**–7,139**
Closing carrying value	**2,262**	**2,582**

Note 14 Intangible assets

Fiscal year 2017	Goodwill	Platforms	Customer relations	Trademarks	Activated development expenditures	Total
Opening acquisition value						**0**
Increase through business acquisitions	902,815	40,000	1,090,436	241,190		2,274,441
Acquisitions for the year						0
Disposals for the year						0
Closing acquisition value	**902,815**	**40,000**	**1,090,436**	**241,190**	**0**	**2,274,441**
Opening accumulated depreciation and impairment						**0**
Depreciation for the year		–7,828	–54,194			–62,022
Disposals for the year						0
Closing accumulated depreciation and impairment	**0**	**–7,828**	**–54,194**	**0**	**0**	**–62 022**
As of December 31, 2017						
Acquisition value	902,815	40,000	1,090,436	241,190	0	2,274,441
Accumulated depreciation and impairment	0	–7 828	–54 194	0	0	–62,022
Closing carrying value	**902,815**	**32,172**	**1,036,242**	**241,190**	**0**	**2,212,419**

Fiscal year 2018	Goodwill	Platforms	Customer relations	Trademarks	Activated development expenditures	Total
Opening acquisition value	**902,815**	**40,000**	**1,090,436**	**241,190**	**0**	**2,274,441**
Acquisitions for the year					6 ,162	6,162
Closing acquisition value	**902,815**	**40,000**	**1,090,436**	**241,190**	**6 ,162**	**2,280,603**
Opening accumulated depreciation and impairment	**0**	**–7,828**	**–54,194**	**0**	**0**	**–62,022**
Depreciation for the year		–8,000	–55,385		–171	–63,556
Closing accumulated depreciation and impairment	**0**	**–15,828**	**–109,579**	**0**	**–171**	**–125,578**
As of December 31, 2018						
Acquisition value	902,815	40,000	1,090,436	241,190	6,162	2,280,603
Accumulated depreciation and impairment	0	–15,828	–109,579	0	–172	–125,578
Closing carrying value	**902,815**	**24,172**	**980,857**	**241,190**	**5,991**	**2,155,025**

For the fiscal year 2018, the Group has estimated that SEK 6,162,000 meets the criteria for capitalisation of development work, see Note 1 for accounting principles. Of these SEK 6,162,000, SEK 2,072,000 are consulting costs, which have been reported net in other external costs in the statement of comprehensive income.

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

The recoverable amount of 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 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 does not exceed the long-term growth rate for the market in which the Group operates.

Basic assumptions used for calculating utility values:

Discount rate before tax[1)], %	15.7
Long-term growth rate[2)], %	2.0

[1)] Pre-tax discount rate used in the present value calculation of estimated future cash flows.
[2)] 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 in the Group.

Sensitivity analysis goodwill
The recoverable amount exceeds the reported values of goodwill by a good margin. This also applies to each individual assumption that:
– the discount rate before tax had been 1 per centage point higher,
– the estimated growth rate to extrapolate cash flows beyond the five-year period was 0 per cent.

The most significant assumptions are revenue growth and profitability. A change of these two assumptions, individually, by 2 per centage points would not result in any impairment.

No impairment requirement for goodwill and/or trademarks has been identified for the fiscal year.

Note 15 Financial instruments by category

2018-12-31	Financial assets are recognised at amortised cost	Financial assets measured at fair value through profit or loss	Total
Assets in the balance sheet			
Short-term investments		23,390	23,390
Trade receivables and other receivables excluding interim receivables	35,312		35,312
Cash and cash equivalents		310,699	310,699
Total	**35,312**	**334,089**	**369,401**

2017-12-31	Financial assets are recognised at amortised cost	Financial assets measured at fair value through profit or loss	Total
Assets in the balance sheet			
Short-term investments		23,678	23,678
Trade receivables and other receivables excluding interim receivables	20,561		20,561
Cash and cash equivalents		133,968	133,968
Total	**20,561**	**157,646**	**178,207**

2018-12-31	Financial assets are recognised at amortised cost	Financial assets measured at fair value through profit or loss	Total
Liabilities in the balance sheet			
Liabilities to credit institutions		440,640	440,640
Conditional purchase price	363,890		363,890
Other debts		17	17
Accounts payable		11,676	11,676
Total	**363,890**	**452,333**	**816,223**

2017-12-31	Financial assets are recognised at amortised cost	Financial assets measured at fair value through profit or loss	Total
Liabilities in the balance sheet			
Liabilities to credit institutions		174,914	174,914
Conditional purchase price	527,071		527,071
Other debts		46	46
Accounts payable		10,005	10,005
Total	**527,071**	**184,965**	**712,036**

The fair value of short-term borrowing corresponds to its carrying amount, since the discount effect is not material. Fair values for long-term liabilities to credit institutions are based on discounted cash flows with an interest rate based on the loan interest rate of 3.41 per cent (2018-01-01–2018-12-31) and are at level 2 in the fair value hierarchy.

Note 16 Derivatives

The Group does not apply hedge accounting but classifies holdings in derivatives as being "held for trading" for accounting purposes. The Group has the following holdings in derivatives:

Long-term liabilities	2018-12-31	2017-12-31
Interest rate ceiling - holding for trading	904	1,150
Total	**904**	**1,150**

The loan terms require a hedge of the interest rate for the acquisition loan of originally SEK 200 million. The Group has chosen to hedge cash flow regarding future interest payments by using a derivative in the form of an interest rate ceiling. The interest rate ceiling means that the Group receives the difference between three months Stibor and the ceiling level in cases where three months Stibor exceeds the ceiling level. Until March 29, 2019, the ceiling level is 0.25 per cent and thereafter 0.50 per cent until maturity.

Note 17 Trade receivables

	2018-12-31	2017-12-31
Trade receivables	26,565	19,160
Provision for bad debts	–2,317	–1,520
Total	**24,248**	**17,640**

The fair value of trade receivables corresponds to its carrying amount, since the discount effect is not material.

As of December 31, 2018, satisfactory accounts receivable amounted to SEK 24,248 thousand (SEK 17,640 thousand) for the Group.

As of December 31, 2018, trade receivables amounted to SEK 8,748 thousand (SEK 5,556 thousand), of which SEK 6,431 thousand (SEK 4,035 thousand) were due without any impairment requirement being considered for the Group. The overdue receivables relating to companies relate to a number of customers who previously had no payment difficulties.

The age analysis of these trade receivables is shown below:

	2018-12-31	2017-12-31
1-30 dagys	4,204	3,456
31-60 days	309	556
> 61 days	4,235	1,544
Total overdue trade receivables	**8,748**	**5,556**
Changes in the reserve for uncertain trade receivables are as follows:		
Opening balance	**1,520**	**0**
Provision for uncertain receivables on acquisition		1,370
Provision/reversal feared customer losses	797	429
Assessed and recovered credit losses	0	–279
Closing balance	**2,317**	**1,520**

Provisions for respective reversals of reserves for doubtful accounts receivable are included in the item other external costs in the statement of comprehensive income. Provisions are made in accordance with the assessment of expected credit losses, in accordance with IFRS 9.

Note 18 Other current receivables

	2018-12-31	2017-12-31
Settlement of home listings revenue	2,725	2,862
VAT recoverable	97	33
Other	8,242	27
Total	**11,064**	**2,922**

Note 19 Prepayments and accrued income

	2018-12-31	2017-12-31
Prepaid Rents	1,501	1,501
Accrued income	8,823	5,600
Other	1,818	980
Total	**12,142**	**8,081**

Note 20 Cash and cash equivalents

	2018-12-31	2017-12-31
Bank deposits	310,699	133,968
Total	**310,699**	**133,968**

Note 21 Share capital

	Number of shares	Share capital
Ordinary shares:		
Series A	605,809,482	30,290,474
Series B	106,517,850	5,325,892
Series C	16,334,600	816,730
Preference shares:		
Series D	570,534,451	28,526,723
Series E	41,517,850	2,075,892
Series F	25,982,150	1,299,108
As of December 31, 2018	**1,366,696,383**	**68,334,819**

As of December 31, 2018, the share capital consists of 1,366,696,383 shares divided into ordinary shares and preference shares. The shares have been issued in six series. Series A, B and C constitute ordinary shares and series D, E and F constitute preference shares. Series A, D and F have a voting value of 10 votes/share. Series B, C and E have a voting value of 1 vote/share. The preference shares have precedence over the ordinary shares as applied to dividends and surplus on liquidation. The holders of preference shares are entitled to an accumulated dividend of 7 per cent per year. No shareholder has the right to call for a dividend from the company before a general meeting. There are also no repayment terms attached to the preference shares. The preference shareholders are entitled to SEK 89,325,000 in accrued, unpaid dividends.

Other contributed capital consists of a premium in the case of a new issue of SEK 1,292,154,948 (SEK 1,291,956,069). There is an incentive program for senior executives, see Note 7.

Not 22 Deferred tax

Deferred tax assets and liabilities are distributed as follows:

	2018-12-31	2017-12-31
Deferred tax assets:		
– deferred tax assets that are expected to be utilised after more than 12 months	200	–
– deferred tax assets that are expected to be utilised within 12 months		8,383
Total deferred tax assets	**200**	**8,383**
Deferred tax liabilities:		
– deferred tax liabilities that are expected to be utilised after more than 12 months	244,260	274,468
– deferred tax liabilities that are expected to be utilised within 12 months	13,564	13,795
Total deferred tax liabilities	**257,824**	**288,263**

Net change in deferred taxes is as follows:

	2018-12-31	2017-12-31
Opening balance	**279,880**	**–**
Increase through business acquisitions	0	301,425
Reported in the statement of comprehensive income	–22,256	–21,545
Closing balance	**257,624**	**279,880**

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

Deferred tax liabilities	Platforms	Customer relations	Trademarks	Other	Total
As of December 2, 2016				**0**	**0**
Increase through business acquisitions	8,800	239,563	53,062		301,425
Reported in the statement of comprehensive income	–1,722	–11,590		150	–13,162
As of December 31, 2017	**7,078**	**227,973**	**53,062**	**150**	**288,263**
Increase through business acquisitions	0	0	0	0	0
Reported in the statement of comprehensive income	–1,970	–25,031	–3,377	–62	–30,439
of which effect of changed tax rate	–210	–12,846	–3,377	–	–16,433
As of December 31, 2018	**5,108**	**202,942**	**49,685**	**88**	**257,824**

Deferred tax assets	Interest rate ceiling	Activated deficit	Total
As of December 2, 2016			**0**
Reported in the statement of comprehensive income	253	8,130	8,383
As of December 31, 2017	**253**	**8,130**	**8,383**
Increase through business acquisitions	0	0	0
Reported in the statement of comprehensive income	–53	–8,130	–8,183
As of December 31, 2018	**200**	**0**	**200**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that it is probable that they can be credited through future taxable profits. The Group reported deferred tax assets for tax loss carry-forwards amounting to SEK 0 (SEK 8,130k) as of December 31, 2018. The loss carry-forwards do not fall due at any given time..

Note 23 Liabilities to credit institutions

	2018-12-31	2017-12-31
Long-term liabilities		
Liabilities to credit institutions	440,000	177,500
Effective Interest/application fee	–9,386	–14,386
	430,614	**163,114**
Current liabilities		
Liabilities to credit institutions	12,500	12,500
Effective Interest/application fee	–2,474	–700
	10,026	**11,800**
Total liabilities to credit institutions	**440,640**	**174,914**

Liabilities to credit institutions
The Group's borrowing matures on January 9, 2023 and runs at a variable interest rate corresponding to Stibor plus 2.00% – 3.75% per annum, depending on the covenant net leverage.

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 the loans with deductions for balances with the bank. Interest cover is calculated according to the formula consolidated EBITDA/net financial expenses.

The Group has met the loan terms throughout the financial year 2018-01-01–2018-12-31.

Collateral has been provided for liabilities to credit institutions, see Note 27.

	Reported value 2018-12-31	Real value 2018-12-31
Loans from credit institutions	440,640	452,500

The fair value of short-term borrowing corresponds to its carrying amount, since the discount effect is not material. Fair values for long-term liabilities to credit institutions are based on discounted cash flows with an interest rate based on the loan interest rate of 3.41 per cent (2018-01-01–2018-12-31) and are at level 2 in the fair value hierarchy.

Note 24 Other long-term liabilities

	2018-12-31	2017-12-31
Conditional purchase price	181,945	351,381
Total	**181,945**	**351,381**

See Note 2 fair value calculation for further description of the item conditional purchase price.

Note 25 Other current liabilities

	2018-12-31	2017-12-31
Conditional purchase price	181,945	175,690
Tax deduction	9,802	7,665
Other items	1,567	2,380
Total	**193,314**	**185,735**

Note 26 Accrued expenses and prepaid income

	2018-12-31	2017-12-31
Accrued personnel costs	7,282	5,873
Prepaid income	12,839	6,779
Accrued administration compensation	34,648	35,830
Other accrued costs	1,682	5,559
Total	**56,451**	**54,041**

Note 27 Pledged collateral

	2018-12-31	2017-12-31
Shares in subsidiaries	1,141,560	1,141,560
Trademarks	241,190	241,190
Total	**1,382,750**	**1,382,750**

Pledged collateral relates to liabilities to credit institutions, see Note 23.

Note 28 Leasing

Commitments regarding operational leasing
The Group rents office premises in accordance with non-cancellable operational leasing agreements. Leasing periods vary between two and five years and most leasing contracts can be extended at the end of the lease period with a fee that corresponds to a market fee. Leasing costs relating to operating leases amounting to SEK 6,291 thousand (SEK 6,323 thousand) are included in the statement of comprehensive income.

Future total minimum lease fees for non-cancellable operating leases are as follows:

	2018-12-31	2017-12-31
Within 1 year	6,070	5,803
Between 1 and 5 years	5,361	2,920
More than 5 years	–	–
Total	**11,431**	**8,723**

Note 29 Changes in liabilities of the financing activities

				Non-cash-affecting items			
	2017-12-31	Cash inflow	Cash outflow	Accrued interest	Credit erosion fees	Real value	2018-12-31
Liabilities to credit institutions	174,915	270,270		–115	–4,429		440,640
Other long-term liabilities	527,070		–175,822	12,642			363,889
Derivatives	1,150					–246	904
Total	**703,135**	**270,270**	**–175,822**	**12,526**	**–4,429**	**–246**	**805,433**

Note 30 Related party transactions

Related parties are all subsidiaries within the Group, associated companies and senior executives in the Group and their affiliates. 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 an established internal price policy based on the arm's length principle.

During the year, no other transactions with related parties other than invoiced board fees for the period up to and including Q1 2018 occurred, totaling SEK 193 thousand for 2018 (777). After Q1 2018, board fees were paid exclusively as salary, totaling SEK 851 thousand for 2018.

Liabilities to related parties
See note 2, note 3 and note 15, regarding the description of the deferred purchase price to former owners.

Ownership of the Parent Company is distributed as follows:	Portion, shares, %	Portion, votes, %
General Atlantic RR B.V.	58.78	65.92
Sprints Capital Rob R Partners S.A.	16.83	18.87
Mäklarsamfundet Bransch i Sverige AB	10.30	11.55
Fastighetsmäklarsamfundet FMF AB	2.06	2.31
Care of Hemnet AB	10.83	1.21
Senior executives	1.20	0.14
Total	**100.00**	**100.00**

Note 31 Events after the end of the reporting period

The liability for the conditional supplementary purchase price regarding the acquisition of Hemnet Sverige AB Group can be found in the consolidated balance sheet as of December 31, 2018, a total of SEK 363.9 million including interest. The current portion of SEK 181.9 million has been paid out after the end of the fiscal year.

Note 32 Definitions

Net sales	Operating revenues, invoiced costs, side revenues and revenue corrections.
Profit after financial items	Profit after financial income and expenses, side revenues and revenue corrections.
Total assets	The company's total assets.

Parent Company income statement

Amount in thousand SEK	Note	2018-01-01 - 2018-12-31	Fiscal year 2016-12-02–2017-12-31
Other external expenses		–1,008	–
Total operating expenses		**–1,008**	**–**
Operating profit		**–1,008**	**–**
Financial income		–	–
Financial expenses		–	–
Financial items – net		**0**	**0**
Profit before tax		**–1,008**	**–**
Income tax		–	–
Yearly profit		**–1,008**	**0**
Profit before tax		–	–
Total profit for the year		**–1,008**	**0**

The notes on pages 44 to 45 form an integral part of the Parent Company's financial statement.

Parent Company balance sheet

Amount in thousand SEK	Note	2018-12-31	2017-12-31
ASSETS			
Non-current assets			
Shares in Group companies	1	1,141,560	1,141,560
Long-term receivables from Group companies		217,750	200,050
Total non-current assets		**1,359,310**	**1,341,610**
Current assets			
Cash and bank balances	2	774	18,730
Total current assets		**774**	**18,730**
Total assets		**1,360,084**	**1,360,340**
SHAREHOLDER EQUITY AND LIABILITIES			
Shareholder equity	3		
Restricted shareholder equity			
Share capital		68,335	68,334
Total restricted shareholder equity		**68,335**	**68,334**
Unrestricted shareholder equity			
Premium fund		1,292,155	1,291,956
Balanced income		0	–
Profit for the year		–1,008	0
Total unrestricted shareholder equity		**1,291,147**	**1,291,956**
Total shareholder equity		**1,359,482**	**1,360,290**
Long-term liabilities			
Long-term liabilities to Group companies		50	50
Total Long-term liabilities		**50**	**50**
Current liabilities			
Accounts payable		63	–
Short-term liabilities to Group companies		403	–
Accrued expenses and prepaid income		87	–
Total current liabilities		**552**	**–**
Total liabilities		**602**	**50**
SOME LIABILITIES AND SHAREHOLDER EQUITY		**1,360,084**	**1,360,340**

The notes on pages 44 to 45 form an integral part of the Parent Company's financial statement.

Parent Company statement on change of shareholder equity

Amount in thousand SEK	Note	Share capital	Other contributed capital	Retained earnings including net income for the period	Total shareholder equity
Company formation as of December 2, 2016		**50**			**50**
Profit for the year and also total profit				0	0
Total comprehensive income		**0**	**0**	**0**	**0**
Transactions with shareholders in their capacity as owners					0
Share redemption					0
Rights issue		68,284	1,291,956		1,360,240
Total contributions from and transfer of value to shareholders, reported directly in shareholder equity		**68,284**	**1,291,956**	**0**	**1,360,240**
Closing balance as of December 31, 2017		**68,334**	**1,291,956**	**0**	**1,360,290**
Opening balance as of 1 January 2018		**68,334**	**1,291,956**	**0**	**1,360,290**
Profit for the year				–1,008	**–1,008**
Other comprehensive income				–	–
Total comprehensive income		**0**	**0**	**–1,008**	**–1,008**
Transactions with shareholders in their capacity as owners					
Share redemption		–60	–1,245		**–1,305**
Rights issue		61	1,444		**1,505**
Total contributions from and transfer of value to shareholders, reported directly in shareholder equity		**1**	**199**	**0**	**200**
Closing balance as of December 31, 2018		**68,335**	**1,292,155**	**–1,008**	**1,359,482**

The notes on pages 44 to 45 form an integral part of the Parent Company's financial statement.

Parent Company cash flow analysis

Amount in thousand SEK	Note	2018-01-01–2018-12-31	Fiscal year 2016-12-02–2017-12-31
Cash flow from operating activities			
Operating profit		–1,008	0
Interest received		–	–
Interest paid		–	–
Income taxes paid		–	–
Cash flow from operating activities before changes in working capital		**–1,008**	
Change in current operating receivables		–	–
Change in current liabilities		149	–
Total change in working capital		**149**	**0**
Cash flow from operating activities		**–858**	**0**
Cash flow from investing activities			
Acquisition of shares in subsidiaries	1	–	–1,141,560
Lending to subsidiaries		–	–200,050
Cash flow from investing activities		**0**	**–1,341,610**
Cash flow from financing activities			
Rights issue		1,505	1,360,290
Redemption of shares		–1,305	–
Loans from Group companies		403	50
Loans to Group companies		–17,700	–
Cash flow from financing activities		**–17,097**	**1,360,340**
Yearly cash flow		**–17,956**	**18,730**
Decrease/increase in cash and cash equivalents			
Cash and cash equivalents at fiscal year start		18,730	–
Cash and cash equivalents at year-end	2	**774**	**18 730**

The notes on pages 44 to 45 form an integral part of the Parent Company's financial statement.

The Parent Company accounting principles

Basis for the preparation of the report
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 its financial reports, the Parent Company shall apply International Financial Reporting Standards (IFRS) as adopted by the EU, to the extent this is possible within the framework of ÅRL and the Swedish Insurance Act, and taking into account the relationship between accounting and taxation. The recommendation specifies what exceptions and additions are required in relation to IFRS.

Accordingly, the Parent Company applies the principles presented in note 1 to the financial statement, with the exceptions set out below. No changes were made to the accounting principles for the parent companies in 2018.

The preparation of reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, the management is required to make certain judgment calls in the application of the Parent Company's accounting principles. The areas that comprise a high degree of judgment, which are complex or such areas where assumptions and estimates are of significant importance for the annual report, are stated in note 3 to the financial statement.

For information on financial risks, see note 2 to the consolidated financial statement.

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

Shares in subsidiaries
Shares in subsidiaries are recognised at cost minus any write-downs. The acquisition value includes acquisition-related costs and any additional purchase prices.

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 "profit from participations in Group companies."

No write-down requirement for shares in Group companies has been identified for the financial year.

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

Note 1 Shares in Group companies

	2018-12-31	2017-12-31
Opening balance	**1,141,560**	**0**
Yearly change	0	1,141,560
Closing balance	**1,141,560**	**1,141,560**

The Parent Company holds shares in the following subsidiaries:

Name	Organisation number	Registered office	Equity, %	No. of shares	Reported value 2018-12-31
Directly owned:					
Hemnet Holding AB	559088-4457	Stockholm	100	50,000	1,141,560

Equity ratio corresponds to voting share.

Note 2 Cash and bank balances

The cash and bank balances in the balance sheet and the cash flow analysis include the following:

	2018-12-31	2017-12-31
Bank deposits	774	18,730
Total	**774**	**18,730**

Note 3 Share capital

	Voting rights	No. of shares	Share capital
Common shares			
Series A	6,058,094,820	605,809,482	30,290,474
Series B	106,517,850	106,517,850	5,325,892
Series C	16,334,600	16,334,600	816,730
Preference shares			
Series D	5,705,344,510	570,534,451	28,526,723
Series E	41,517,850	41,517,850	2,075,892
Series F	259,821,500	25,982,150	1,299,108
As of December 31, 2018	**12,187,631,130**	**1,366,696,383**	**68,334,819**

As of December 31, 2018, the share capital consists of 1,366,696,383 shares divided into ordinary shares and preference shares with the quotient value SEK 0.05 each. The shares can be issued in six series. Series A, B and C constitute ordinary shares and series D, E and F constitute preference shares. Series A, D and F shares have a voting value of 10 votes/share. Series B, C and E have a voting value of 1 vote/share.

Preference shares carry one vote each like the company's ordinary shares and no repayment terms exist for the preference shares. The preference shares take precedence over the ordinary shares. The holders of preference shares are entitled to an accumulated dividend of 7 per cent per year. Holders of preference shares are not entitled to demand dividends. There are also no repayment terms attached to the preference shares. The preference shareholders are entitled to SEK 89,325,000 in accrued, unpaid dividends.

Note 4 Related

No transactions were made with related parties during the financial year.

Note 5 Events after the end of the reporting period

No significant events have occurred since the end of the reporting period.

Note 6 Proposal for profit distribution

The following profit is available to the annual general meeting:

Premium fund	1,292,154,948
Balance	–3
Profit for the year	–1,007,613
Kronor	**1,291,147,332**
The board of directors proposes that the profits be allocated so that	
in a new account, SEK is transferred	1,291,147,332

The Board of Directors and the CEO ensure that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the financial statement has been prepared in accordance with the international accounting standards referred to 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 . The annual report and financial statement, respectively, give a true and fair view of the Parent Company's and the Group's position and earnings. The annual report for the Parent Company and the Group, respectively, provides a true and fair view of the development of the Parent Company and the Group's operations, financial position and results, and describes significant risks and uncertainties that the Parent Company and the companies included in the Group are facing.

The financial statement of the Group and the Parent Company will be submitted to the annual general meeting on May 2, 2019 for adoption.

Stockholm, March 20, 2019

Håkan Erixon
Chairman of the Board

Anders Edmark
Board Member

Christopher Caulkin
Board Member

Kerstin Lindberg Göransson
Board Member

Henrik Persson
Board Member

Pierre Siri
Board Member

Erik Olsson
Board Member

Our audit report was submitted on March 29, 2019
Ernst & Young AB

Camilla Ral Ingvarson
Chartered Accountant

Audit report

To the annual general meeting of Hemnet Group AB, corporate registration number 559088-4440

Report on the annual report and financial statement

Statements

We conducted an audit of the annual report and financial statement of Hemnet Group AB for the fiscal year 2018. The company's annual report and financial statement are included on pages 22–46 of this document.

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides, in all material respects, a true and fair view of the Parent Company's financial position as of December 31, 2018 and of its financial results and cash flow for the year according to the Swedish Annual Accounts Act. The financial statement has been prepared in accordance with the Swedish Annual Accounts Act and provides, in all material respects, a true and fair view of the Group's financial position as of December 31, 2018 and of its financial results and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The director's report is consistent with the other parts of the annual report and financial statement.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet for the Parent Company and the Group.

Basis for statements

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in more detail in the auditor's responsibility section. We are independent in relation to the Parent Company and the Group in accordance with generally accepted auditors' standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we obtained is sufficient and appropriate as a basis for our statements.

Information aside from the annual report and financial statement

This document also contains information other than the annual report and the financial statement and is found on pages 1–21. The Board of Directors are responsible for the other information.

Our statement regarding the annual report and the financial statement does not include the other information; we make no statement confirming this other information.

In connection with our audit of the annual report and financial statement, it is our responsibility to read the information identified above and consider whether the information is substantially inconsistent with the annual report and the financial statement. In this review, we also take into account the knowledge that we have otherwise obtained during the audit and assess whether the information in the rest appears to contain material errors.

If, based on the work done concerning this information, we conclude that the other information contains a material inaccuracy, we are obliged to report it. We have nothing to report in that regard.

The board's responsibility

It is the board of directors who is responsible for the preparation of the annual report and the financial statement and that they give a true and fair view in accordance with the Swedish Annual Accounts Act and, in the case of the consolidated accounts, according to IFRS as adopted by the EU. The board is also responsible for the internal controls they deem necessary to ensure the annual report and financial statement do not contain any material misstatement, whether due to irregularities or mistakes.

In preparing the annual report and the financial statement, the board is responsible for assessing the company's ability to continue operations. They disclose, when applicable, conditions that may affect the ability to continue operations and to make the assumption of continued operations. However, the assumption of continued operations is not applied if the board intends to liquidate the company, discontinue operations or has no realistic alternative to do something about this.

Auditor's responsibility

Our goal is to achieve a reasonable degree of assurance that the annual report and financial statement as a whole do not contain any material errors, whether due to irregularities or mistakes, and to submit an audit report containing our statements. Reasonable security is a high degree of security, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Errors can occur due to irregularities or mistakes and are considered to be material if they individually or together can reasonably be expected to influence the financial decisions that users make on the basis of the annual report and financial statement.

As part of an audit according to ISA, we use professional judgment and have a professionally cautious attitude throughout the audit. Also:

- We identify and assess the risks of material misstatement in the annual report and financial statement, whether due to irregularities or errors, design and perform audit procedures, including those risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our statements. The risk of not detecting a material inaccuracy due to irregularities is higher than that of a material inaccuracy due to mistakes, since irregularities may include acts of collusion, falsification, intentional omissions, incorrect information or breach of internal control.
- We gain an understanding of the part of the company's internal control that is relevant to our audit to design audit measures that are appropriate to the circumstances, but not to express an opinion on the effectiveness of internal control.
- We evaluate the appropriateness of the accounting principles used and the reasonableness of the board's estimates in the accounting and associated disclosures.
- We conclude on the appropriateness of the board's use of the assumption of continued operations in the preparation of the annual report and financial statement. We also conclude, based on the audit evidence obtained, whether there is any significant uncertainty factor pertaining to such events or circumstances that could lead to significant doubts about the company's ability to continue operations. If we conclude that there is a material uncertainty factor, we must draw attention to the disclosures in the annual report on the material uncertainty factor or, if such disclosures are insufficient, modify the statement on the annual report and the financial statement. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may prevent a company from continuing operations.
- We evaluate the overall presentation, structure and content of the annual report and the financial statement, including disclosures, and whether the annual report and financial statement reflect the underlying transactions and events in a way that gives a true and fair view.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to make a statement regarding the financial statement
- We are responsible for the control, supervision and execution of the Group audit. We are solely responsible for our statements.

We must inform the board of directors about, among other things, the planned scope and focus of the audit and the timing of the audit. We also must report on significant observations during the audit, including any significant deficiencies in the internal controls we identified.

Report on other requirements in accordance with laws and regulations

Statements

In addition to our audit of the annual report and financial statement, we have also performed an audit of the board's management of Hemnet Group AB for the fiscal year 2018 and of the proposal for provisions regarding the company's profit or loss.

We recommend that the annual general meeting dispose of the profit in accordance with the proposal in the directors' report and grant the members of the board discharge for the fiscal year.

Basis for statements

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to this is described in more detail in the auditor's responsibility section. We are independent in relation to the Parent Company and the Group in accordance with generally accepted auditors' standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements..

Board's responsibility

The board of directors is responsible for the proposal for allocations regarding the company's profit or loss. In the case of a proposal for a dividend, this includes, among other things, an assessment of whether the dividend is justifiable in view of the requirements that the company's and the Group's business type, scope and risks place on the size of the Parent Company's and the Group's equity, consolidation needs, liquidity and position in general.

The board is responsible for the company's organisation and the management of the company's affairs. This includes, among other things, continually assessing the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, asset management and the company's financial affairs are otherwise controlled in a satisfactory manner.

Auditor's responsibility

Our goal in managing the audit, and thus our statement of discharge, is to obtain audit evidence in order to be able to assess, with a reasonable degree of certainty, whether any board member in any material respect:

- undertook any action or was negligent in a way that could give rise to liability for the company, or
- in any other way acted in violation of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposal for allocation of the company's profit or loss, and thus our statement on this, is to judge with a reasonable degree of certainty whether the proposal is compatible with the Swedish Companies Act.

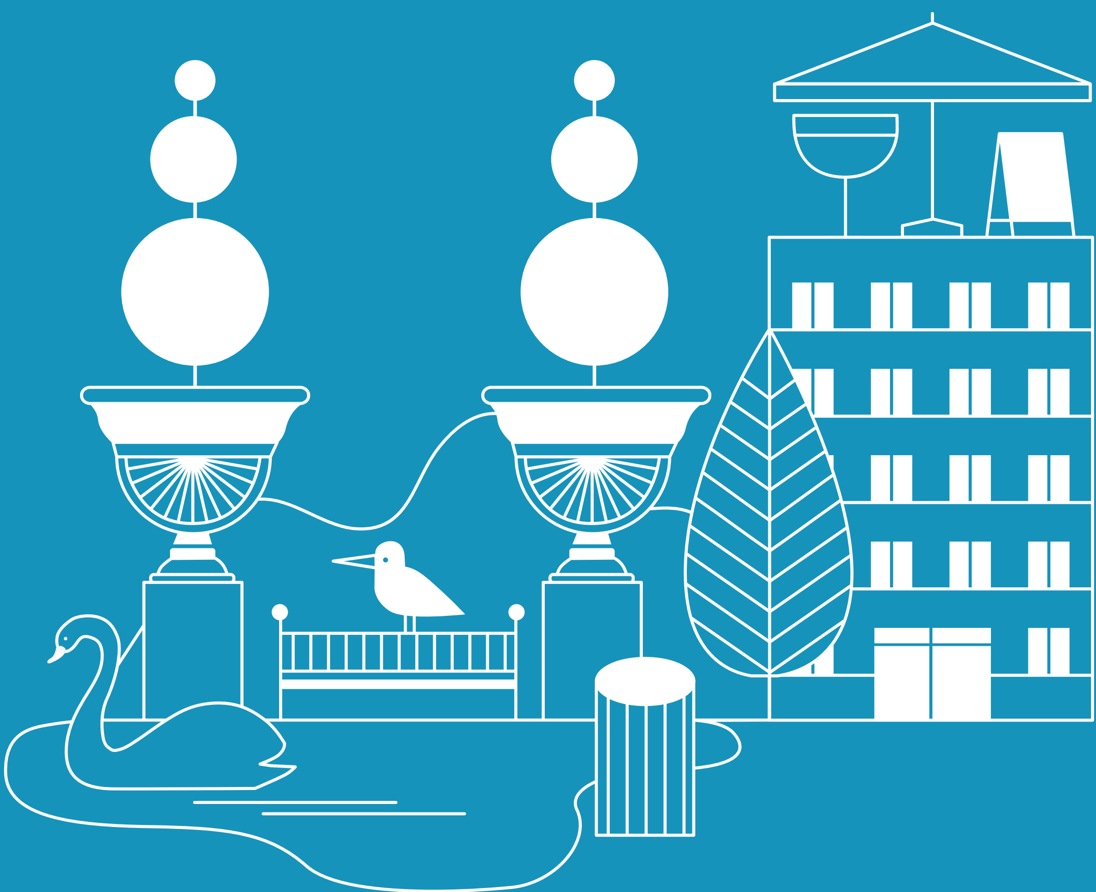
Reasonable assurance is a high degree of assurance, but no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect measures or omissions that may give rise to liability to the company, or that a proposal for allocation of the company's profit or loss is not in accordance with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we use professional judgment and maintain a professionally cautious attitude throughout the audit. The audit of management and the proposal for the allocation of the company's profit or loss is mainly based on the audit of the accounts. The additional review measures that are performed are based on our professional judgment based on risk and materiality. This means that we focus the audit on those measures, areas and conditions that are essential for the business and where deviations and violations would have a particular impact on the company's position. We review and examine decisions, the basis for decisions, steps taken and other matters that are relevant to our statement of discharge.

Stockholm March 29, 2019

Ernst & Young AB

Camilla Ral Ingvarson
Chartered Accountant



HEMNET IN COOPERATION WITH HALLVARSSON & HALVARSSON AB

hemnet

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