Annual Report Hemnet Group AB 2020

Hemnet

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Pages 29-58 cover Hemnet Group AB's annual report and consolidated financial statements and have been reviewed by the company's auditor, Ernst & Young AB. An audit report can be found on pages 59-60.

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

2020 was a year in which the corona pandemic affected people and professions around the world in various ways. On the front page, we see real estate agent Anna Hoffman showing a property for potential buyers in real time through the service Hemnet Live.

Sweden's largest property portal

Each month Hemnet gets an average of 62.5 million visits to our various platforms.

202
SEK Million
ADJUSTED EBITDA[1]

85%
PERCENT TRAFFIC FROM MOBILE DEVICES

64.6 Million
HOURS SPENT ON HEMNET 2020

62.5 Million
AVERAGE MONTHLY VISITS

7,309 Visits
PER HOME LISTING ON AVERAGE

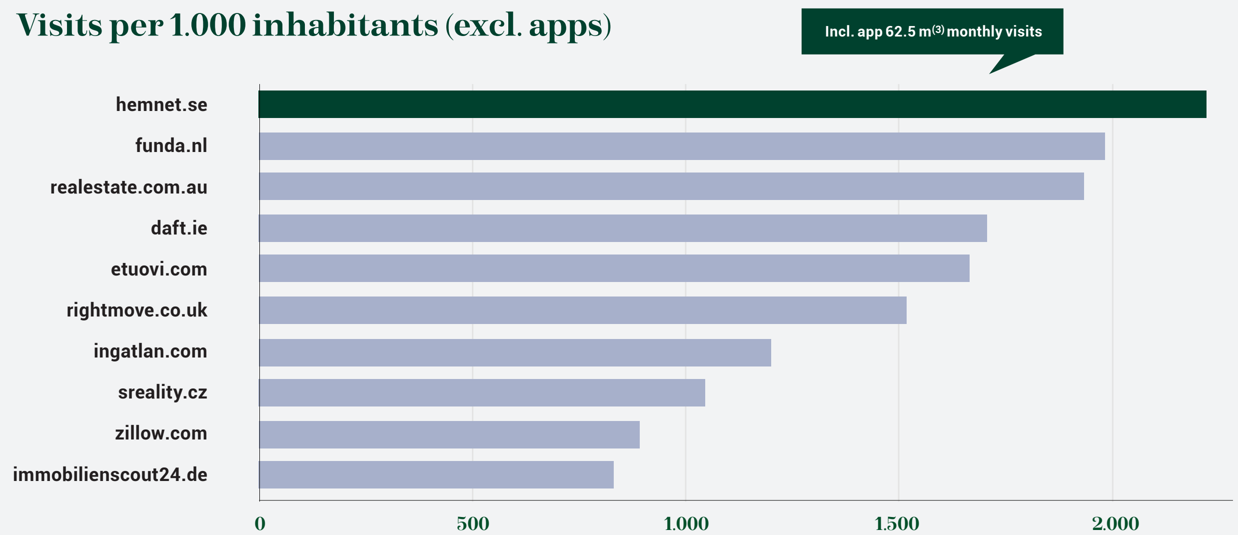
38 Min
AVERAGE MONTHLY TIME SPENT BY EVERY SWEDE ON HEMNET[3]

SEK 544 Million
NET SALES

The world's most popular property portal

For the second year in a row, a ranking of the 50 largest property portals shows that Hemnet has the most traffic per capita.

Visits per 1.000 inhabitants (excl. apps)



Source: AIM Group Marketplaces Report - December 2020

1) Operating profit before interest expenses, tax, depreciation and write-downs.
2) According to a NEPA marketing survey.
3) Not including 17.5 percent of the population under 14 years.

About us

Hemnet is the number one property platform in Sweden. We emerged as an industry initiative and have since developed into a 'win-win' value proposition for the housing market.

By offering a unique combination of products, insights and inspiration we have built lasting

relationships with buyers, sellers, and agents for over twenty years.

Driven by our mutual passion for homes, we are an independent go-to place enabling property journeys. Our unmatched traffic and leading brand recognition makes us the most popular property platform in the world.

CEO Report

2020 was a year marked by a pandemic with unforeseeable consequences to the world. Already in March, we had our focus clear: under these new and unpredictable conditions, Hemnet must do what we can to ensure that the property market continues to function. We will contribute to a reduced spread of infection in society, while we take our company and our employees through the pandemic in a way that makes us emerge stronger on the other side. When we sum up this extraordinary year, we note a new record year for Hemnet.

At the end of the first quarter, it was unclear to what extent the pandemic would affect the property market. For a few months during spring, there were signs of a stressed market with increased belief in falling prices among consumers. However, the property market proved to be resilient to the crisis - during the early summer we noted a stabilisation with high activity, price recovery and a growing interest in housing which peaked during the autumn. In a time where our home has perhaps become more important than ever, the active market contributed to another record year for Hemnet where we continued our growth journey according to plan – despite an unpredictable world.

During the year, Hemnet broke traffic records a total of three times, most recently in September with 72.6 million visits, which is an increase of 22 percent compared to the same period in 2019. At the same time, our visitors stay longer and longer – the time they spend at Hemnet has constantly been above the 2019 levels during all weeks of the year. In 2020, 64.6 million hours were spent on Hemnet, corresponding to an average amount of time spent of 38 minutes per capita and month. These are fantastic figures that show Hemnet's ability to offer relevant and engaging content in a user-friendly way.

HOME SELLERS INCREASINGLY UPGRADE THEIR LISTINGS ON HEMNET

One of our most important focus areas over the past years has been to develop and establish more options for sellers to market their property on Hemnet. Today we have a clear product offering with three different packages: Hemnet Bas, Hemnet Plus and Hemnet Premium, which the home seller can choose between, often in consultation with his or her real estate agent, based on need and marketing budget. During the year, an increasing number of people have chosen to upgrade their home listings on Hemnet to one of the larger packages to reach a great number of potential buyers, while we have continued to develop and improve the products.

Looking ahead at 2021, we are taking the next step in the strategy for our value added services, where we are shifting our focus from establishing the products to driving even greater value and increasing conversion. This area is one of our most important drivers for future growth.

WE MAKE OUR JOURNEY TOGETHER WITH THE REAL ESTATE AGENT INDUSTRY

Our ambition is for Hemnet to be the obvious choice or all the country's real estate agents who, with the help of our products, strengthen their brands and carry out efficient and good property transactions. Today, most real estate agents subscribe to our Hemnet Business product, which gives the real estate agent more exposure in the results list on Hemnet, as well as access to the statistics tool "Andelsstatistiken" and the ability to add video content to the property listing. Our work with investing in and developing products, tools and data that help real estate agents in their work and strengthens their businesses will continue also in the coming year.

The real estate agents are Hemnet's most important partners. Since the start, the real estate agent industry has been involved in, contributed to and been a part of Hemnet's growth. From when Hemnet started charging home sellers for the listing, a part of it has gone back to the real estate agents through an administration fee. In 2019, we also introduced the opportunity to get commission from the sale of Hemnet's value added services. On March 1 2021, we implemented a change in this incentive model in which we place a somewhat less emphasis on the administration fee. Instead we increase the opportunities for real estate agent offices to earn more commission from the sale of Hemnet's value added services. This is an important change, where we continue to build our important partnership with the real estate industry, but in a sustainable way that is also in line with our strategy and drives our business.

CONTINUED INVESTMENTS TO OFFER THE BEST USER EXPERIENCE ON THE MARKET

Hemnet gathers more homeseekers than any other platform in the country. We take our task to help people find their new dream home very seriously. We want to give our visitors access to the largest number of homes that are for sale right now and have during the year increased the exposure of homes that are on their way to the market. These homes that soon will be for sale can now be found by our visitors under the tab "Kommande" (Upcoming). An Upcoming listing is a great way for real estate agents and home sellers to create interest in a sale even before the property is on the market.

For us, a good user experience means not only offering the broadest selection of homes available on the market, but also the best possible information about the property for sale. Our efforts to increasingly offer online home viewing and video content to complement the images in the listing is a consequence of the need for physical distance, but are features that are here to stay. Another new feature from the year is that we now also provide the opportunity for real estate agents to visualise bids that have been placed digitally through Bank ID (digital ID), to support a more transparent and open bidding.

> "We continue to focus on building a world-class user experience, the market's most effective products for marketing homes and brands - and on being the best employer we can."

HEMNET'S ADVERTISING BUSINESS PERFORMS STRONGLY

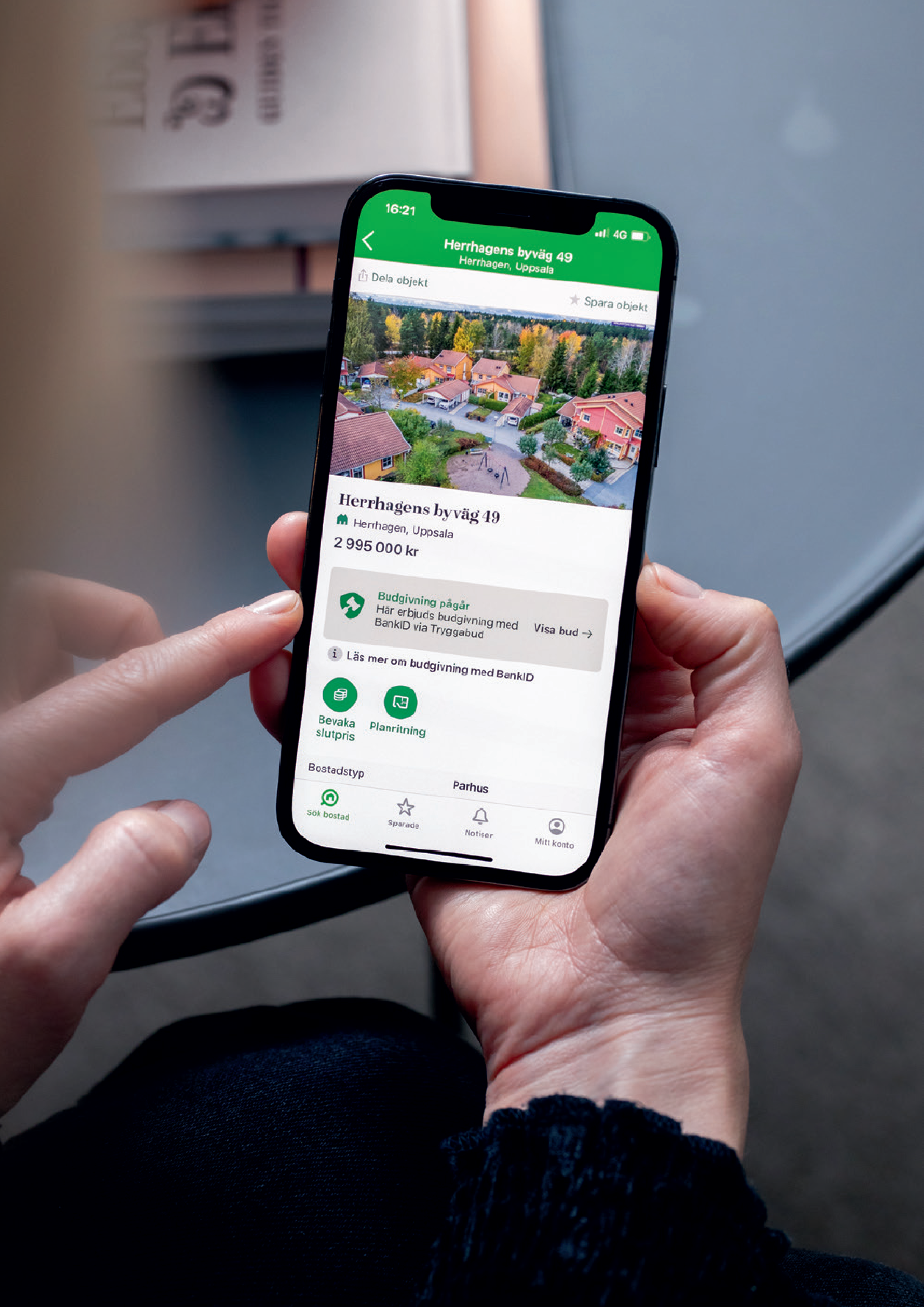
During the year, we saw solid growth in our advertising business. While noting how many of the country's major media and advertising platforms have been negatively affected by the effects of the pandemic over the year, we are looking at advertising sales that has increased compared with the previous year. It is of course positive that the country's advertising buyers are placing an increasing part of their media investments in Hemnet and shows the strength of our content-close offer.

A SUCCESSFUL YEAR IN AN EXTRAORDINARY TIME

Like many others, we at Hemnet have more or less worked at home since March 12, 2020. Overnight, we switched from being around 100 employees in the office to setting up 100 different offices in our homes. During the time with home working, we note an unchanged high productivity and already satisfied employees who have become even more so. During the year, we also welcomed 30 new employees, 23 of whom started their employment at Hemnet completely remotely. I am extremely proud of the way we as a company and our fantastic employees have gone through an extraordinary period.

The past year proves that our company is built on a strong and stable foundation. Our business model, our products and our organisation have proven to be able to withstand and deliver according to plan in unprecedented times. This offers good prospects for the future. When we enter the new year, we do so with the goal that Hemnet will continue to be the first choice for consumers, partners and employees. We continue to focus on building a world-class user experience, the market's most effective products for marketing homes and brands - and on being the best employer we can. I look forward to continuing to improve the world's most popular property portal together with our teams and business partners - during a year where many of us hope that the world will have a chance to recover.

Cecilia Beck-Friis, CEO Hemnet

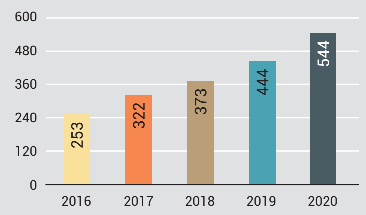

16:21
4G
Herrhagens byväg 49
Herrhagen, Uppsala
Dela objekt
Spara objekt
Herrhagens byväg 49
Herrhagen, Uppsala
2 995 000 kr
Budgivning pågår
Här erbjuds budgivning med BankID via Tryggabud
Visa bud
Läs mer om budgivning med BankID
Bevaka slutpris
Planritning
Bostadstyp
Parhus
Sök bostad
Sparade
Notiser
Mitt konto

The year in numbers

REVENUES[1)]

544
MSEK

+23%

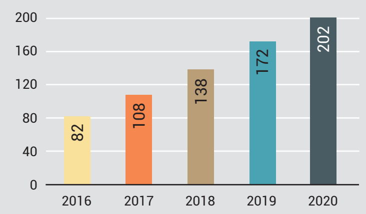


Revenue increased in all revenue streams, primarily driven by revenue from published listings and additional services for listings.

ADJUSTED EBITDA[1)]

202
MSEK

+18%

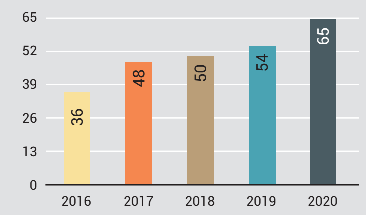


Adjusted EBITDA increased 18 percent, as a result of increased revenue and a continued focus on cost control at the same time as we increased our staff.

TIME ON SITE[2)]

64.6
Million

+20%

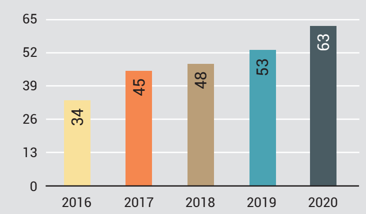


Our visitors continue to spend more time on our platforms as Hemnet becomes increasingly mobile and accessible. In 2020, 85% of all our visits came from a mobile device.

NUMBER OF VISITS PER MONTH[2)]

62.5
Million

+19%

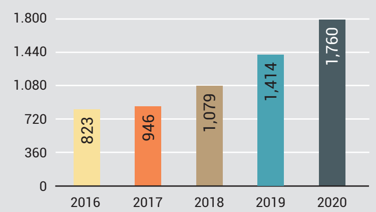


Traffic continued to increase in 2020 as a result of increased interest in the housing market as well as in content and functions on Hemnet.

AVERAGE REVENUE PER LISTING (ARPL)

1,760
SEK

+24%



Revenue from published listings continue to be Hemnet's largest revenue stream. The number of published listings increased slightly in 2020 compared to 2019. ARPL continued to grow as we reviewed the pricing of our seller products, and as more sellers purchased value added services.[3)]

[1)] Figures for 2018 refer to the consolidated accounts of Hemnet Group AB, prepared in accordance with IFRS. Figures for 2017 refer to consolidated accounts of Hemnet Group AB, prepared in accordance with IFRS, with the addition of the Hemnet Sverige Group's results for January 1-8, 2017, when this was acquired by the new group on January 9, 2017. Figures for 2016 refer to consolidated accounts of Hemnet Sverige AB.
[2)] Source: Google Analytics
[3)] ARPL includes revenue from all products related to the home listing.

Our business

Hemnet's business model is based on being the preferred meeting place for home buyers and sellers. On our various platforms, in our apps and on our website, we gather the largest number of property buyers, sellers and real estate agents in one place.

Strong network effects create value for the housing market

Hemnet's success is based, among other things, on the strong network effect built into the business model. As Sweden's largest property platform with the most traffic, the majority of home sellers choose to advertise their home on Hemnet. Conversely, the large housing supply leads to our high traffic. The large number of visitors also means that various companies and business partners, who want to reach consumers interested in real estates, want to be seen on Hemnet to expose and strengthen their brand. In that way, Hemnet becomes an obvious meeting place for the housing market, and the more people who use Hemnet - the more useful and valuable our services become.

We create value by making the Swedish housing market easily accessible to buyers, sellers and real estate agents. At Hemnet, the housing market's various stakeholders meet in an accessible, intuitive and data-driven environment, making the process surrounding changing home smoother for all parties.

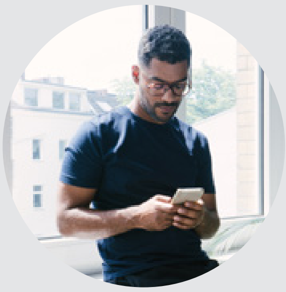
* Based on traffic, brand awareness and preference amongst buyers and sellers. Source: Similarweb, Nepa.
** Data from Hemnet and SCB (2019)

Our business and growth strategy

The starting point for our growth strategy is to continue to be the property platform to which home buyers turn in the first place. This strengthens our position as the obvious meeting place for all stakeholders in the Swedish housing market. With them gathered in one place, we have fantastic conditions for creating products and services that make it easier and more efficient for home sellers and business partners to get in touch with relevant buyers and consumers.

Our strategy rests on three pillars:

Consumers



Offer an experience and enable content to continue to be the property platform that consumers turn to in the first place

Home sellers

Develop our value added services for home sellers to maximize the value of their property transaction

Real estate agents and business partners

Create products and services that help our business partners strengthen their brands and increase the efficiency of their work

Consumers

The core of our business is to be the property platform that consumers turn to first – that is why the majority of our investments are made within this area. In 2020, a record number of visitors turned to Hemnet, and above all to our mobile platforms. We are proud to have 10 times more traffic than our nearest competitor (to desktop according to Similarweb.com), which underscores Hemnet's strong position among consumers.

Hemnet's focus is on developing smart and intuitive tools that help visitors navigate among virtually all of Sweden's available supply of housing for sale, while we create engagement through data, informative articles and individually tailored monitoring. In this way, we retain visitors' interest until the time comes to buy or sell a home.

More than half of our visitors state that they plan to move home within the next six months. Home buyers are usually very engaged and visit Hemnet more often and for longer than other visitors. To make the search for a new home as efficient as possible, Hemnet has developed smart search filters, individually tailored monitoring and a seamless way to contact real estate agents. In addition, we deliver content-relevant advertising, for example, mortgage calculations.

Our strategy is to continue to be the place home buyers and sellers choose to visit first by continuing to develop new and valuable tools that help our visitors throughout their property journey.

Home sellers: 60 percent of revenue

Over 90% of all residential properties sold in Sweden through a real estate agent are advertised on Hemnet. A property is on an average sold after about three weeks after being listed on Hemnet. As the country's largest marketplace for properties, our aim is to offer the best possible conditions for a continued efficient housing market, and for home sellers to reach a maximum number of home buyers. Home sellers have different needs, and we continue to develop different products to meet them. In recent years, we have developed and launched a number of different value added services that home sellers choose in consultation with their real estate agent. This has resulted in us today having a clear offer with three different marketing packages (Hemnet Bas, Hemnet Plus and Hemnet Premium) that offer different functions for exposure, the product "Förnya Annons" which restarts the listing and "Raketen" that places the home listing at the top of the results list for a few days. These products are purchased in conjunction with or after publishing a property ad, in order to attract more potential buyers through extra exposure on Hemnet and in other channels. In 2020, we have devoted significant resources to improve the effect of our value added services, increase awareness of the various advertising opportunities on Hemnet and increase the conversion rate to higher tier packaging. The result is that 1 out of 5 sellers choose to buy at least one additional product from Hemnet in 2020. Our goal is to make our value added services so attractive that a majority of home sellers who list their home on Hemnet choose to upgrade their listing. Real estate agents are a key player in this journey as they can guide and advise consumers on which products are best suited to their particular real estate object.

Our growth strategy for home sellers is based on continuing to develop the sales of our value added services in close collaboration with real estate agents, our most important resale channel, to help sellers maximize the value of their property transaction.

Real estate agents and business partners: 40 percent of revenue

Common to all our business partners is that Hemnet enables them access to the target group of potential home buyers and consumers that they want to reach.

Real estate agents
Real estate agents are our closest and most important partners and one of our largest customer groups. Around 85 percent of all listings published on Hemnet come from real estate agencies connected to Hemnet Business – a subscription product that provides access to increased brand building as well as detailed statistics on how an agency or individual agent performs on Hemnet relative to its competitors. Furthermore, real estate agencies are investing in brand-building advertising via Hemnet to strengthen their position and increase the number of new contacts with potential home buyers and home sellers. Real estate agents play an important role in sales of value added services to home sellers as they are resellers of these services. As partners and resellers, the real estate agent office or franchiser get to take part in Hemnet's growth and revenue both through commission from selling Hemnet's value added services, as well as through receiving an administration fee to compensate for the work they perform when publishing a listing on Hemnet.

Property developers
Property developers are the single largest group of advertisers on Hemnet. In addition to purchasing marketing space in our various channels, property developers publish both advertisements for upcoming projects and current properties for sale on Hemnet. Since the majority of Hemnet's visitors are active in their property journey, it is essential for property developers to be seen on Hemnet as they have access to virtually all potential customers. We are constantly working to improve and streamline our products aimed at property developers in close consultation with our customers and have during the year launched a number of improvements that make it easier for consumers and potential buyers to take part of new construction projects through our project pages.

Advertisers
Hemnet is a niche site with a broad reach, and in addition to the previous two important groups, we also attract display and native advertisers (editorial content sponsored by an advertiser) from a range of content-close industries, such as mortgages, consumer loans, interior design or household services. All of our customer groups buy advertising on Hemnet in the form of display ads, native ads or integrations, and we are one of the fastest growing players on the Swedish advertising market according to IRM. Our most rapid growth lies within the mobile advertising market where we have 6.64 percent market share (source: IRM, Q4 2020 report). Hemnet's strategy for growing our partner business is to continue to expand our B2B product portfolio beyond display ads and create powerful products that meet our customers' needs, provide tools and data for wiser decisions and simplify everyday life. We spend a lot of time understanding the challenges and needs of our customers, and developing new services in close collaboration with them. The result is a unique product that is richer in information and better adapted to solving our partners' problems than any products that our competitors could offer.

Our growth strategy for real estate agents and business partners is based on creating products that increase the efficiency of our partners' work and strengthen their brands to attract the largest number of potential buyers, sellers and consumers.

Sustainability report

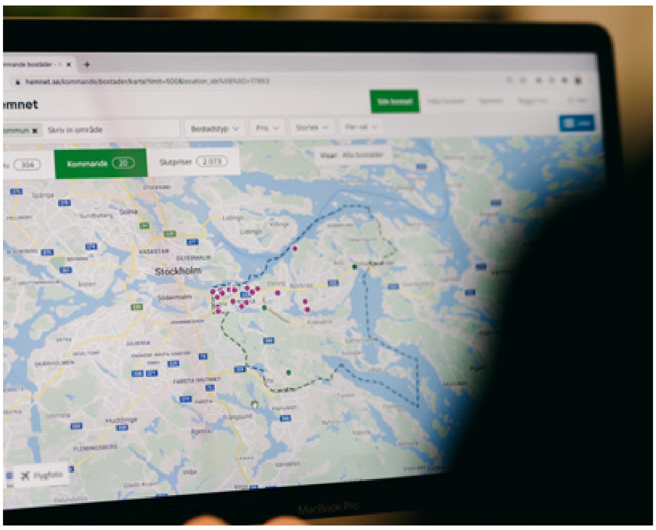
Hemnet is one of Sweden's most visited digital platforms and a hub for the country's property transactions – for many being one of the most important transactions one makes in life. As an employer, we currently employ over 100 employees. Both of these perspectives make us an important player in society. In 2019, we took our first steps towards structured and effective sustainability work, in this section we describe how the work is progressing.

ABOUT THE SUSTAINABILITY REPORT

This sustainability report has been prepared by Hemnet Group AB and it also covers the Group's subsidiaries. Hemnet Group AB prepared its very first sustainability report in 2019 and the framework that was then set up also forms the basis for the 2020 report.

APPROACH AND MATERIALITY ANALYSIS

In the process of identifying relevant areas for Hemnet regarding sustainability, we carried out a materiality analysis prior to the 2019 report. Here, Hemnet's significant impact and stakeholders' need for information has been assessed. The analysis looked at both risks and opportunities related to a sustainable business, as well as environmental aspects, social conditions, human resources, respect for human rights, anti-corruption and governance issues. As no major changes have taken place in the company in the last 12 months that change the conditions for the materiality analysis, the 2020 sustainability report is based on the analysis made in 2019. We have also begun work on a stakeholder analysis to ensure that the areas that have been identified as essential to the business also align with external stakeholder expectations of the company. The goal of our sustainability work going forward is for internal and external stakeholder dialogues to form the basis for effective development of our sustainability work.



The materiality analysis identifies four areas as being most important for Hemnet from a sustainability perspective. These are, with no relative ranking:

1. **Sustainable product offering**
2. **Customer privacy**
3. **Hemnet as a workplace**
4. **Anti-corruption**

This report delves into the work in each area together with performance indicators that provide an opportunity to monitor long term developments in the area.

In addition to the four most significant areas, the report covers another five areas that are important for Hemnet's sustainability work, but where the impact is of a lesser nature. These areas are therefore reported at an overall level in the report:

1. **Financial sustainability**
2. **Strategic collaboration**
3. **Emission of greenhouse gases**
4. **Purchasing**
5. **Social responsibility**

The results of the materiality analysis are presented in the tables on the next page.

GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY WITHIN THE BUSINESS

The Board of Directors has overall responsibility for the management of Hemnet Group AB, which also includes issues related to sustainability.

The CEO is responsible for carrying out the Board's decisions and strategies. The company's Chief Communication and People Officer (CCPO) has overall responsibility for sustainability issues within company management and is responsible for developing the basis for decision-making, analysing and assisting other management in carrying out decisions. The CCPO also leads the work on producing the sustainability report.

Our ambition is for all employees to feel ownership of sustainability issues that are close to their own positions, as well as a commitment to the company's overall sustainability. At the beginning of the year, all employees were trained in our newly developed Code of Conduct, which is based on the principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. We have also implemented a separate external Code of Conduct for suppliers to ensure that the principles we ourselves adhere to are also clear to our suppliers. No breaches of our Code of Conduct have come to our attention in 2020, and in order to strengthen the company's opportunities to identify potential breaches, work is also underway to implement a whistleblower function.

HEMNET'S BUSINESS MODEL FROM A SUSTAINABILITY PERSPECTIVE

The essence of Hemnet's business model is that registered real estate agents mediate an offer of home listings on Hemnet to home buyers. Thanks to our knowledge and number of users, home sellers get extensive exposure for the home they are selling, while giving agents an opportunity to market the property they have been commissioned to sell. Home buyers and those following the property market are given access to information, and thanks to the large number of visitors to the platform, Hemnet is an attractive advertising space for those who wish to reach target groups. Our business model therefore has an impact on the outside world on a number of dimensions, and that impact can involve risks as well as opportunities.

A fair marketplace

A business model with a platform where sellers and buyers meet, means taking responsibility to ensure that buyers, sellers and real estate agents are on equal terms and have access to the property market that Hemnet represents. We aim to offer a world-class user experience, which means high demands on quality and accurate information of home listings. For example, it is vital that common rules apply to the agents who place property advertisements on the platform.

Accessibility and privacy

Hemnet should be accessible to users with different technical skills and different devices. Ensuring accessibility and continuous development and operation of technical systems is therefore crucial. Everyone who uses Hemnet must also be able to access information about how their personal data are processed.

Hemnet as an advertising space

Advertising sales are an important source of revenue for Hemnet. Hemnet is a niche channel with a broad reach that has built a premium experience for visitors and advertisers, where advertisers expect to be visible in an environment relevant to their target audiences. Our strategy is to ensure this through restricting advertisements to content- close and relevant advertisers. For example, we exclude advertisements from betting and gambling companies as this type of business has no relation with Hemnet.

Hemnet as a workplace

Part of Hemnet's business model is that the platform is developed by its own staff. For the business model to work, we must retain and attract talent who can drive the platform and continue to develop the customer offering. So, it is important for Hemnet to be a workplace where employees feel comfortable and want to stay, and where new talent is attracted to join.

Hemnet's most significant sustainability areas

The four sustainability areas that we have identified as most significant are described below, just as related risks, risk management and governance, as well as performance indicators and outcomes for 2020. Outcomes for 2019 are indicated in brackets.

Sustainable product offer

By advertising on Hemnet, one reaches Sweden's home buyers and the site visitors can view virtually all properties for sale in Sweden. As an efficient and comprehensive marketplace, Hemnet contributes to faster and simpler property transactions for all market participants.

We should be a fair marketplace offering equivalent terms and conditions for those who advertise on and use the platform. It is important for those individuals who visit us and for the real estate industry, that the content on Hemnet is accurate, credible and of high quality. Therefore, all advertisers need to adhere to common rules for publishing.

SIGNIFICANT RISKS

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

Inaccurate property advertisements or content that in various ways attempts to manipulate the home buyer or give a false picture of the property for sale can adversely affect consumers and home buyers. This could contribute not only to home buyers receiving the wrong background facts before buying, but also lead to distorted competition amongst agents.

DESCRIPTION OF RISK MANAGEMENT AND GOVERNANCE

All development work at Hemnet takes place within the company. Work on continuous improvements of the services the company offers is part of the daily business. Because we have the full expertise on, and accessibility to, the platform, any operational disruptions or problems can be handled immediately.

All home listings on Hemnet go through a registered real estate agent. This professional body of certified agents is an important guarantor of Hemnet's quality, as the content of any home listing is the real estate agent's responsibility. To ensure common rules for all players, we make publishing rules clear and available to all real estate agents. Samples of the property listings on Hemnet are taken daily by a function within our customer service organization and those agents whose advertisements fail to comply with the publishing rules are contacted.

PERFORMANCE INDICATORS

In 2020, Hemnet had on average 62.5 million visits per month (54), with each visit lasting on an average of 5 minutes (5).

Hemnet is a stable platform without operational disruptions with an availability in 2020 of 99.98% (99.97%).

In 2020, we sent a total of 4.800 e-mails (2.391) regarding deviations from our publishing rules. All of these cases were resolved without the need for further action (such as suspension from the platform).

Comments on the performance indicators

The high volume of traffic and increasing length of time that visitors choose to stay on our different platforms is testament to the important role we play. This is a pre-requisitie for the advertising on Hemnet to be effective.

The high availability of Hemnet provides Sweden's population easy access to the property market 24 hours a day, 365 days a year.

By continuously sampling the content of the advertisements on Hemnet and acting in case of non-compliance with the publishing rules, we ensure a level playing field for all players on the market.

Anti-corruption

Our business is run on strong principles of ethics and responsibility that permeate all parts of our business. Our employees are exposed in different ways to influence from different quarters and in turn expose others to influence through, for example, marketing and relationship-building activities. These are a natural part of how businesses and long-term relationships are created and maintained, but it is of utmost importance that these processes are formally correct. Our employees must therefore be very careful to always make a credible assessment of the situation and should never end up in a position that may violate the company's internal guidelines on bribery and misconduct.

SIGNIFICANT RISKS

Failure to comply with laws and regulations against bribery can have serious consequences for Hemnet and for the individuals concerned. Possible situations where violations could occur are, for example, in customer care or representation in the event that activities would go beyond the limit of what is considered proper, or when an agent or home seller with Hemnet contacts would succeed in securing benefits for home advertising outside the company's ordinary processes and routines. In addition to the obvious legal risks, misconduct would potentially be a breach of trust and detrimental to the Hemnet brand.

DESCRIPTION OF RISK MANAGEMENT AND GOVERNANCE

Anti-corruption is an important part of our Code of Conduct that is central to the work of counteracting all forms of bribery, misconduct and corruption within the company. A benefit or advantage offered to an employee by an external person is not allowed if it affects or risks affecting the employee's objectivity and ability to make a commercially sound decision. The Code of Conduct addresses the company's internal guidelines on bribery and misconduct and provides support to employees in making judgement calls.

Employees are asked to report violations to their manager, their manager's manager, Hemnet's HR Manager or Hemnet's Head of Legal. Hemnet must take relevant measures to investigate such reported deficiencies, and violations may lead to legal consequences.

PERFORMANCE INDICATORS

Reported incidents where employees have been exposed to undue influence: 0 (0)

Reported incidents where employees themselves have unduly tried to influence an external party: 0 (0)

Comment on the performance indicators

No events have come to the knowledge of the company that indicate that an employee has been unduly influenced, or has unduly tried to influence any external party. At the beginning of 2020, our newly developed Code of Conduct was implemented in the organisation. Today, there is a clear process for ensuring and monitoring that all existing and new employees have read and accepted the Code of Conduct. We are also about to implement a whistleblower function to further increase the possibility of serious irregularities coming to our attention by enabling reporting of serious violations completely anonymously.

Customer privacy

As one of Sweden's largest digital platforms, we have access to large amounts of data. In addition to the information being published, which may contain information that is indirectly linked to an individual, such as address, images and other relevant information about properties advertised on the platform, the traffic to the platform drives a lot of data.

Although Hemnet voluntarily offers its publication license on its website – which means that applicable data protection legislation is not applicable to the core of our business (publication of advertisements) – we are careful that the information published is not perceived as a privacy violation to the average person. We also consider it extremely important that visitors to our different platforms receive clear information about how Hemnet uses cookies.

SIGNIFICANT RISKS

Given the volume of information on Hemnet, there is always a risk that situations arise where a seller or buyer does not feel comfortable with or in control of the data we publish.

Although we do our utmost to present information about cookies and personal data processing as simply and clearly as possible, there is always a risk that visitors have difficulty in getting information about, for example, personalisation and data sharing within the framework of advertising networks with which we collaborate.

DESCRIPTION OF RISK MANAGEMENT AND GOVERNANCE

Data is an important asset for our business. It is clear from Hemnet's Policy for Information and Data that the use of data must comply with applicable laws and regulations and take into account the individual's interest in personal privacy.

We carry out structured and continuous data protection work, and respect for personal integrity is a natural part of our Code of Conduct.

We have established processes in collaboration with the real estate agent industry to ensure that sellers and buyers are aware of which information is published.

Transparency and clarity are key to ensuring that our visitors make informed decisions about personal data processing that requires customer consent. We regularly review our privacy information to ensure this.

PERFORMANCE INDICATORS

No personal data incidents linked to customer data have been reported to the Swedish Data Protection Authority during the year.

The proportion of visitors who accept Hemnet's administration where we ask for consent is high, and the vast majority agree to the company's personal data processing. This indicates that the personal data processing that visitors agree to meets their reasonable expectations.

The Swedish Data Protection Authority received two (2) complaints in 2020 concerning Hemnet. These have not resulted in any action by the authority.

Comments on the performance indicators

Awareness of issues related to data and personal privacy is growing, thanks in large part GDPR. Hemnet is humbled by the trust placed in us by our visitors when faced with an informed and active choice.

In terms of Hemnet's large number of visitors, a very low number of complaints are registered annually, which demonstrates that the company lives up to its stakeholders' expectations regarding the protection of personal integrity.

Hemnet as a workplace

The Hemnet site is developed and maintained by our own staff. The fact that we succeed well in retaining and attracting talent that allows us to continue to develop and improve our business is an important part of the business model. Hemnet strives to be an attractive and competitive employer.

2020 has been a very special year for the whole world. No individuals, or companies, have been unaffected by the consequences of the corona pandemic. At the end of the year, we see that the company has handled the pandemic very well, also from an employer perspective. Thanks to a continued very healthy development in our business, Hemnet has not only been able to retain, but also continue to recruit new staff according to plan. Furthermore, our existing and new employees have not only managed the transition that the pandemic has entailed, with, for example, home working and new ways of working, but have done so with increased productivity and maintained, high employee satisfaction.

SIGNIFICANT RISKS

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

DESCRIPTION OF RISK MANAGEMENT AND GOVERNANCE

In 2020, 30 new employees were recruited to Hemnet, the majority in developer roles. Of these 30 recruitments, 26 have been handled internally. Our ability to recruit without the help of external recruitment services has increased significantly over the past two years by hiring a Talent Acquisition Manager in 2019. This has generated increased control over our recruitment processes with also reduced costs as a result. Hemnet's human resources (HR) policy handles control and regulation of how we work with HR issues.

The policy describes our goals and activities for attracting, retaining and developing employees. We work actively to be an attractive workplace where employees are happy and healthy. In 2020, we have increasingly recruited people who do not speak Swedish, which places increased demands on the company's internal communication, where the company during the year switched to speaking and writing in English in all company-wide communication. This move has worked well and the new employees have also contributed to an increased diversity within our staff.

PERFORMANCE INDICATORS

Number of full-time employees: 108 (92)
Number of new employees: 30 (30)
Number of job applicants: 2,300 (2,500)
Percent women/men:
Women: 34% (36%) **Men:** 66% (64%)
Percent women/men in management:
Women: 52% (50%) **Men:** 48% (50%)

Employee satisfaction:

In our ongoing employee surveys, our results are well above average for issues regarding the company's leadership and corporate culture. It is especially worth noting that we maintained our very high employee satisfaction during a year where Hemnet's employees for the most part worked from home as a result of the corona pandemic. In the result, which is graded from 1 to 100, we note a high level of trust between colleagues at 83 (75), that employees feel that they are treated with fairness and respect at 76 (75) and that they believe that our leadership is of a high quality at 74.8 (72).

Comments on the performance indicators

During the year, Hemnet continued to grow in terms of number of employees, in line with our growth plan, despite the pandemic that swept the world.

Hemnet's ability to attract and retain staff continues to develop positively. During the year we have received many relevant applications for our open positions, creating good conditions for finding the right candidates. During the year, we also noted a very low staff turnover.

It is positive that we see a more even gender distribution within our management level. However, we notice a small decline in the percentage of women working for Hemnet on an overall level. This is explained by the majority of new recruits lying within development, and like many tech-oriented companies, we experience a challenge in recruiting women for developer roles. The small percentage of female developers is a challenge for the industry from both a skills supply and a diversity perspective. In order to help elucidate the problem, we have for three years in a row participated as a sponsor of the conference "Women in Tech", which aims to help increase the proportion of women who apply to the tech and IT industry.

Our employee surveys show that employees are satisfied, despite the changes that the year has entailed. Working sprint-based and with continuous monitoring of employee satisfaction gives us good opportunities to actively work with areas of development and continuous improvement.

Other significant sustainability areas for Hemnet

Financial sustainability

WHY IS THE ISSUE SIGNIFICANT?
Running a financially sound and stable business is a basic requirement for Hemnet to continue to develop efficient and sustainable services for the property market, to be an attractive employer and to deliver value to our owners.

HOW DOES HEMNET WORK WITH THE ISSUE?
Hemnet has a high level of control of its operations. Through thorough work on our annual business plan and a budget that is monitored monthly, we carefully plan our expenses and income. We monitor the development of the business on a daily basis, so we can adjust in a timely way so that we can adjust quickly if we are not delivering as planned.

FINANCIAL TARGETS
- Growth: Hemnet targets an annual revenue growth of 15-20 percent.
- Profitability: Hemnet aims to achieve a medium term adjusted EBITDA margin of 45-50 percent.
- Leverage: Hemnet aims to achieve a Net Debt to Adjusted EBITDA below 2.0x.
- Dividend policy: Hemnet targets a minimum annual dividend of one third of net income. In the event that the Company retains excess cash, this will be returned to shareholders e.g. through special dividends or share repurchases.

Strategic collaboration

WHY IS THE ISSUE SIGNIFICANT?
Hemnet has a variety of strategic collaborations with advertisers and other business partners. Real estate agents, property developers and banks are among some of our most important partners, along with companies that choose to advertise with us.

HOW DOES HEMNET WORK WITH THE ISSUE?
We work on a daily basis to manage, strengthen and develop our most important strategic partnerships. For example, Hemnet builds its business together with real estate agents, whose work with sales and administration around the home listings on Hemnet is reimbursed through an administration fee. We also offer all real estate agents the opportunity to earn commission when selling our value added services.

Purchasing

WHY IS THE ISSUE SIGNIFICANT?
As Hemnet's services are developed and built within the company, purchases are limited. However, we expect the suppliers we work with to live up to the human rights, legal, ethical and moral requirements that we as a company impose on ourselves.

HOW DOES HEMNET WORK WITH THE ISSUE?
In 2020, we began to implement a Code of Conduct for suppliers to ensure that the principles we ourselves adhere to are also clear to our suppliers. The Code of Conduct for suppliers describes our expectations in relation to human rights, working conditions, the environment and anti-corruption.

Emission of greenhouse gases

WHY IS THE ISSUE SIGNIFICANT?
Hemnet, through its fully digitised service, has limited impact on the environment. Reducing greenhouse gas emissions is an important issue, but from Hemnet's perspective we see no significant risks in the area.

HOW DOES HEMNET WORK WITH THE ISSUE?
We work actively to limit greenhouse gas emissions by limiting travel among staff and by taking an environmental perspective with our business decisions and product development.
We use cloud-based IT solutions and storage services as much as possible so as to have the lowest possible environmental impact. At present, Hemnet has two main suppliers in terms of
IT solutions, both of which carry out solid sustainability work, not least on emissions and the environment.

Social responsibility

WHY IS THE ISSUE SIGNIFICANT?
A well-functioning property market is an important foundation for our society. Having a home of one's own is necessary for much of life to function, including work and relationships. As the country's largest property portal, Hemnet plays an important function as a tool helping people to effectively sell and find new homes. At the same time, many are completely outside the property market with no opportunity to obtain their own property. We want to help everyone in Sweden to have their own home. We have therefore focused our social responsibility on supporting an initiative working to give homeless people the opportunity to obtain a tenancy contract.

HOW DOES HEMNET WORK WITH THE ISSUE?
In 2019, Hemnet started a collaboration with the Stockholm City Mission, where we chose to earmark our contribution to the Bobyrån initiative, which helps socially vulnerable people find a more permanent housing solution. The target group is people who are homeless, have a psychosocial problem and need some kind of support. The principle is that you can prove your ability to have your own home without having to go through many steps along the way with, for example, housing assistance. In 2020, we chose to extend the collaboration with Stockholm City Mission.


16:12
Nacka kommun
Till salu
28
Kommande
1
Slutpriser
268
Sökfilter
Kartval
Lista
Spara sökning
Brevik
7 950 000 kr
15 500 000 kr
6 275 000 kr
8 995 000 kr
2 895 000 kr
7 250 000 kr
10 750 000 kr
Saltsjöbaden
Tyresö
Sök bostad
Sparade
Notiser


Corporate governance

This corporate governance report describes the structure and principles for managing our operations to fulfil the vision of being the key to a simpler property transaction for all market participants. The purpose of corporate governance is to ensure the company is managed as efficiently as possible for the shareholders and that we comply with the applicable laws and regulations. Corporate governance also aims to create order and procedures for both the Board and management.

BASIS FOR HEMNET'S CORPORATE GOVERNANCE

Hemnet Group AB is a Swedish limited company based in Stockholm. The main decision-making bodies are the annual general meeting (AGM), the Board of Directors and the CEO. The AGM appoints the Board, which in turn appoints the CEO, who manages ongoing administration in accordance with the Board's guidelines.The principles of corporate governance are taken from the Swedish Corporate Governance Code.

ANNUAL GENERAL MEETING

The AGM is the highest decision-making body of Hemnet. At the AGM, all shareholders are given the opportunity to exercise the influence represented by their respective shareholdings.

Rules governing the AGM and what is to be dealt with during the AGM are found in the Swedish Companies Act and the Articles of Association. Hemnet Group AB's financial year runs from January 1 to December 31. The AGM shall be held within six months after the end of the financial year and shall be called by letter or e-mail no later than two weeks before and no earlier than six weeks before the Annual General Meeting takes place.

Annual General Meeting

The AGM for the financial year 2019 was held on 6 May 2020 in Stockholm and 98.6 percent of the votes in the company were represented. Chairman of the Board Håkan Erixon was also appointed to chair the meeting.

The AGM adopted the income statement and balance sheet for the financial year 2019 and discharged liability of the Board of Directors and the CEO authority in respect of the year. The AGM resolved to approve the Board's proposal for allocation of profits, which meant that retained profits of SEK 1,119,071,256 were transferred to the next year.

The AGM also approved the Board and audit fees, and that the number of ordinary Board members should be seven with two deputies.

The AGM re-elected Håkan Erixon, Christopher Caulkin, Anders Edmark, Thomas Hussey, Kerstin Lindberg Göransson and Pierre Siri to the Board. Nick McKittrick was elected as new ordinary member. The AGM re-elected Håkan Erixon as chairman of the Board. Håkan Hellström was re-elected as deputy member and Henrik Persson was elected new deputy member. Ernst & Young AB was re-elected as auditor with Anna Svanberg as lead auditor.

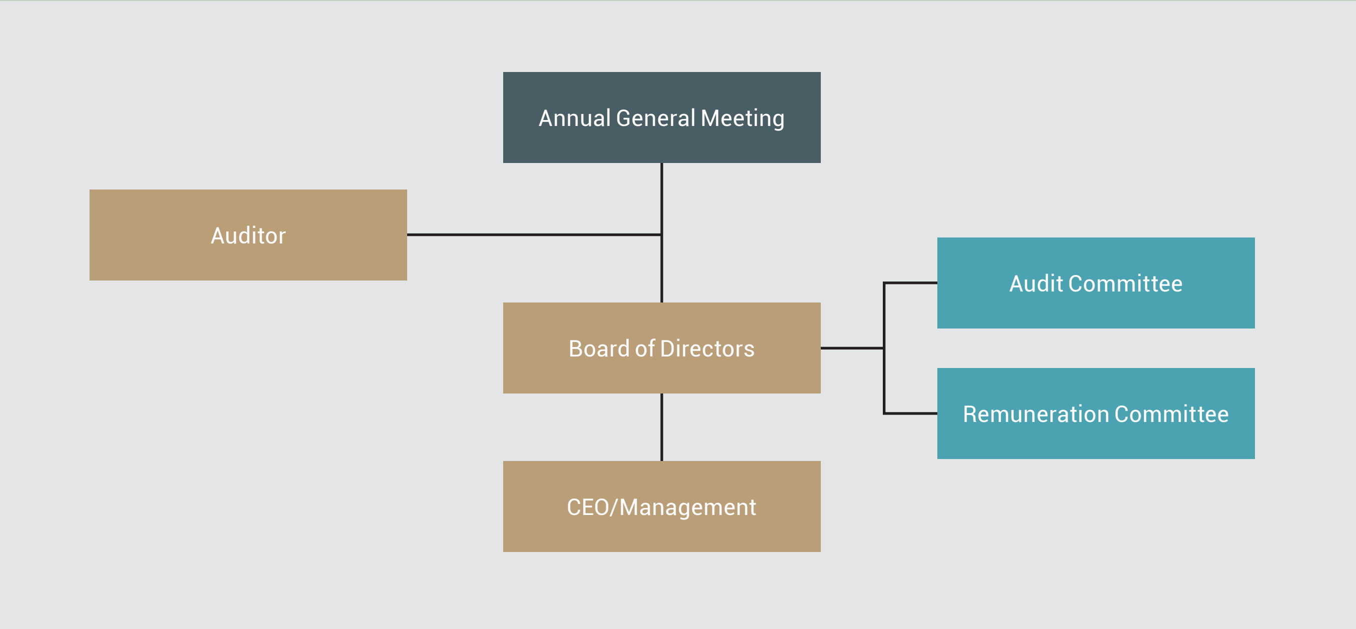
The AGM further resolved to adopt Guidelines for remuneration to senior executives.

The AGM resolved to authorize the Board of Directors to, on one or more occasions during the period until the next Annual General Meeting, with or without preferential rights for the shareholders, decide on a new issue of a maximum of 560,400 Series C ordinary shares.

Extraordinary General Meeting November 18, 2020

On November 18, 2020, an Extraordinary General Meeting in Hemnet Group AB was

Organisation chart

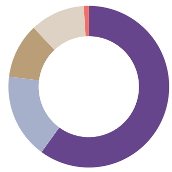


held in Stockholm and 99.9 percent of the votes in the company were represented. The Extraordinary General Meeting resolved to elect Tracey Fellows as an ordinary Board member. The EGM decided on a directed new issue of a maximum of 937,578 series C ordinary shares, entailing an increase in the share capital by a maximum of SEK 47,864.84. For the decision, the following conditions shall otherwise apply. It was resolved to revoke the previous authorization registered with the Swedish Companies Registration Office on May 26, 2020, and instead authorize the Board to, on one or more occasions, during the period until the next Annual General Meeting, with or without preference for shareholders, decide on a new issue of Series C ordinary shares up to the maximum number of shares prescribed by the Articles of Association, i.e. 17,060,000.

Extraordinary General Meeting March 1, 2021
On March 1, 2021, an Extraordinary General Meeting in Hemnet Group AB was held in Stockholm and 100 percent of the votes in the company were represented.
The Extraordinary General Meeting resolved a reverse share split in each share class of 15:1 in each respective class of shares.
It was also decided to dismiss Thomas Hussey and Henrik Persson and to elect Håkan Hellström as an ordinary member. Finally, the AGM adopted a new Articles of Association.

Annual General Meeting 2020
The next AGM will be held on April 9, 2021 in Stockholm.

OWNERSHIP[1)]



General Atlantic	60 %
Sprints Capital (f.d. Merro)	17 %
Care of Hemnet	11 %
Mäklarsamfundet	11 %
Senior executives	1 %

1) Based on the number of shares outstanding.

Attendance at Board meetings 2020

Name	Position	Present	Total meetings
Håkan Erixon	Chairman	9	9
Christopher Caulkin	Ordinary member	9	9
Kerstin Lindberg Göransson	Ordinary member	8	9
Anders Edmark	Ordinary member	9	9
Erik Olsson [1]	Ordinary member	4	4
Pierre Siri	Ordinary member	9	9
Thomas Hussey	Ordinary member	9	9
Nick McKittrick [2]	Ordinary member	5	5
Tracey Fellows [3]	Ordinary member	1	1
Håkan Hellström	Deputy member	7	9
Henrik Persson [4]	Deputy member	5	9
Marta Suarez [5]	Deputy member	1	4

1) Left the Board at the AGM on May 6, 2020

2) Elected as an ordinary member at the AGM on May 6, 2020

3) Elected as an ordinary member at the Extraordinary General Meeting on November 18, 2020

4) Ordinary member until the AGM on May 6, 2020, alternate thereafter

5) Left the Board at the AGM on May 6, 2020

AUDITOR

At the AGM 2020, Ernst & Young AB was elected as auditor with Anna Svanberg, Authorized Public Accountant as lead auditor.

The Board receives annually in conjunction with the financial statements a presentation from the auditors without company management present. Each year, the auditors align their audit plan and risk assessment with the Audit Committee.

The auditors are invited to all Audit Committee meetings. The auditors conduct an audit of the Parent Company and provides an audit opinion over the Group's annual report.

BOARD OF DIRECTORS

The Board's main task is to ensure company and shareholder interests, appoint the CEO, decide on company strategy and be responsible for complying with applicable laws and the articles of association.

The Board annually reviews and adopts a set of rules for its work, as well as for the Board's Audit and Remuneration Committees. The Board also establishes instructions for the CEO. The work is based on the rules of procedure adopted annually by the Board, which determine work distribution among the members of the Board, the number of Board meetings, matters to be dealt with at Board meetings and the chairman of the Board's responsibilities. During the year, we performed an internal evaluation of the Board work.

Composition of the Board
According to the articles of association, Hemnet's Board of Directors shall consist of minimum one and maximum 11 members, with maximum 11 deputy members. If the Board consists of one or two members, at least one deputy member shall be appointed.

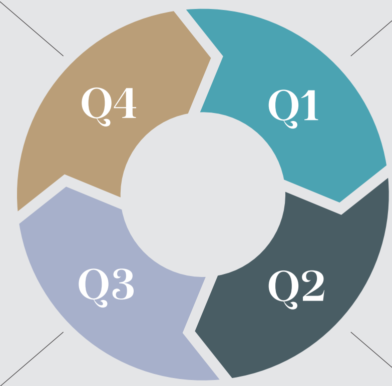
At the end of 2020, the Board consisted of 8 members elected by the AGM, including 2 women and 6 men. No one from the company's management team was a member of the Board. At the AGM, Håkan Erixon was re-elected as Chairman of the board.

The Board's work in 2020
Under its rules of procedure, the Board has fixed information and decision points that are described in the Board's annual cycle (see below). All Board meetings include approval of previous minutes, a report on significant events from the CEO, and a financial report from the CFO.

During the year, the Board reviewed the company's strategic direction. Other important issues for the Board were the further development of value added services, the company's relationship with the real estate industry, minor updating of the company's financing as well as updating of the three-year business plan. Attendance of Board members at the meetings is shown in the table above.

Board of Directors annual cycle

- Business plan
- Budget
- Preliminary financial and business update



- Annual Report and Financial Statements
- Notice of Annual General Meeting
- Guidelines for compensation and other terms of employment for senior executives

- Inaugural Board meeting
- The Board's rules of procedure, CEO instructions and other governing documents
- Strategy meeting
- Financial reports and business update

- Financial reports and business update

BOARD COMMITTEES

The Board has set up two committees to monitor and prepare Board issues within each committee focus area. Committee members are elected at the statutory Board meeting held immediately after the AGM. At committee meetings, representatives from the business such as the CEO and CFO may participate as presenters.

Audit Committee

According to the Committee's rules of procedure, the Committee shall facilitate the work of the Board by preparing audit questions. In accordance with the Swedish Companies Act, the Board of Directors of a company, whose shares are listed on a regulated market, shall establish an Audit Committee. Although Hemnet Group AB does not have its shares listed on any public market, the Board has chosen to establish an Audit Committee in line with Hemnet's work towards becoming a sustainable company with a well-developed corporate governance.

The Audit Committee's rules of procedure are approved annually by the Board at the statutory Board meeting and are valid until there is a need to update them.

Audit Committee tasks

In accordance with the rules of procedure adopted by the Board of Directors of Hemnet Group AB, the Audit Committee shall handle the tasks outlined below:

- Review the financial results of Hemnet Group AB and its subsidiaries
- Review the effectiveness of internal controls, audit and risk management
- Suggest initiatives to become a more mature and sustainable company from a financial and audit perspective
- Stay informed about accounts and monthly reports
- Review and monitor the impartiality and independence of the external auditor
- Assist with preparation of proposals for shareholder and Board meetings
- Other financial and auditing issues raised by the Board for further investigation

Until the AGM held in May 2020, the Audit Committee consisted of Kerstin Lindberg Göransson, (Chairman), Thomas Hussey and Henrik Persson. In connection with the AGM, Henrik Persson declined re-election to the Board and Nick McKittrick was newly elected to the Board and the Audit Committee. The company's auditor Ernst & Young AB and CFO Carl Johan Åkesson were invited to all Audit Committee meetings, which are held at least twice a year as well as when needed.

The Audit Committee does not make its own decisions, but make recommendations to the Board.

In 2020, the Audit Committee focused on, among other things, self-evaluation of controls, updating of controls and reporting of policy compliance.

The Audit Committee also adopted a couple of governing documents.

Remuneration Committee

According to the Committee's rules of procedure, the Committee should facilitate the work of the Board by preparing remuneration questions. In accordance with the Swedish Corporate Governance Code, a company whose shares are listed on a regulated market must draw up formalised and public decisions on remuneration to senior executives (including members of the Board of Directors and senior managers). Although Hemnet Group AB is not listed on any public exchange, the Board has chosen to establish a Remuneration Committee in line with Hemnet's work in becoming a sustainable company with a well-developed corporate governance.

The Remuneration Committee's rules of procedure are approved annually by the Board at the statutory Board meeting and are valid until there is a need to update them.

In 2020, the Remuneration Committee consisted of Håkan Erixon (chairman), Anders Edmark, Pierre Siri and Christopher Caulkin. Cecilia Beck-Friis, CEO, is presenter unless otherwise agreed with the chairman of the Committee. The Remuneration Committee shall meet at least twice a year and as needed. The Remuneration Committee does not make its own decisions, but makes recommendations to the Board.

In 2020, in addition to the recurring information, the Remuneration Committee also followed up on how Covid-19 affects HR-related areas such as work environment, staff turnover and HPI (Human Performance Indicator) in the three parts: commitment, culture and leadership.

COMPANY ORGANISATION

The CEO is responsible for day-to-day management in accordance with applicable laws and regulations and the CEO instructions. Corporate management consists of seven members including the CEO, of which four are women and three are men.

Remuneration Committee tasks

In accordance with the rules of procedure adopted by the Board of Directors of Hemnet Group AB, the Remuneration Committee shall handle the tasks outlined below:

- Prepare decisions to be adopted by the Board regarding remuneration guidelines, remuneration and other terms of employment for the CEO and all members of senior management
- Propose, monitor and evaluate programs for variable compensation for senior management
- Monitor and evaluate compliance with the guidelines for remuneration of the CEO and other senior management adopted by the shareholders at the AGM
- Prepare and monitor long-term remuneration programs for senior management, including issuance and distribution of shares within the Management Incentive Program (MIP)

INTERNAL CONTROLS AND RISK MANAGEMENT

The goal of internal controls is to assess which risks are significant for Hemnet and should be managed through continuous monitoring and control. Through a risk analysis, work can be concentrated on those areas most important in reducing the overall risk exposure of the company.

Board responsibility for internal controls
We encounter daily risks that can affect the business and the ability to achieve goals. Good internal controls and management are required to limit risks.

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is ultimately responsible for ensuring the company organisation is designed so that financial reporting, management and operations are followed up on and controlled satisfactorily. The Board shall ensure that the company has good internal controls and continuously stays informed and evaluates that internal control systems work. The Board has further delegated to the CEO operational responsibility for maintaining an effective control environment and compliance with ongoing work on internal controls. The internal control is a process that is affected by the Board, the Audit Committee, the Remuneration Committee, the CEO and management team and other employees. Internal controls are designed to provide reasonable assurance that we achieve set financial and non-financial goals, that operations are run efficiently, that reporting information is reliable, and that applicable laws and regulations are complied with.

The process is based on our control environment and the context for the other components: risk assessment, control activities, information and communication, and follow-up.

Control environment
The control environment is the basis for internal controls. The control environment consists of the values and ethics the Board, Audit Committee, CEO and management group communicate and operate from, as well as the Group's organisational structure, leadership, decision paths, powers, responsibilities and employee expertise.

To create a control framework for how the work should be carried out, we have implemented a number of governance documents in the form of internal policies and guidelines. This framework regulates decision-making paths, powers and distribution of responsibilities within Hemnet. The Board of Hemnet has set up a working process and procedure for its work and the work of the Board Committees. In addition, the Board has a number of basic policies and guidelines, such as the Board's rules of procedure, CEO instructions, financial policy, sustainability policy, insider policy and communication policy.

Risk assessment
We use various methods to assess and limit risks, and to ensure that the risks Hemnet is exposed to are managed in accordance with established policies and guidelines.
Each year, the Board conducts a review of identified risks that are deemed to exist and determines measures for managing and reducing these risks. In accordance with the rules of procedure, the Board also reviews internal controls annually together with the company's auditors.

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

Control activities
The risks that the Board considers to be significant for internal control are followed up on. Particular emphasis is placed on the area of financial reporting, where the CFO is responsible for ensuring overall control. The Board and management of Hemnet receive monthly information on the Group's results, financial position and how operations are growing. In addition to the central control of clear decision-making processes and decision-making methods for major investments, performance analyses and accounting, there is a structure through guidelines and role descriptions with a mandate description for how the work is to be conducted and followed up in the organisation. Guidelines and instructions are intended to detect and prevent the risk of errors in reporting.

Control activities include elements such as account reconciliation, approval and accounting of business transactions, proxy and authorisation structures, and accounting and valuation principles. Following the internal control work, the Board can select specific areas in which extra follow-up may be needed.

Information and communication
Our publication of information and communications aim to ensure that accurate and effective information is available to all parts of the business, and that external stakeholders, including relevant authorities, receive access to relevant information. External information consists, for example, of statutory reporting to authorities and reporting of financial information. Guidelines on how to communicate with internal and external parties are described in our communication policy. The purpose of the policy is to ensure that all information responsibilities are complied correctly and completely. In principle, our business is in its entirety situated at one location, which means that communication can take place continuously within the organisation. Information is reviewed and updated as needed. Internal communication is largely carried out in staff meetings and via the company's internal communication platform.

COMPENSATION FOR SENIOR EXECUTIVES

Guidelines for remuneration to senior executives 2020

Principles for compensation
We will strive to offer remuneration that attracts, motivates and retains senior executives in competition with comparable companies, in particular platform companies and service companies.

Remuneration to senior executives shall consist of:
- Fixed market salary
- Variable remuneration linked to clear goals set for the company
- Opportunity to participate in incentive programs
- Pension and other customary benefits

In the case of variable remuneration, it shall be linked to concrete, measurable goals for the company and/or the department for which the senior management is responsible. A decision on the variable remuneration model and outcomes shall be made by the Board of Directors.

Senior management should be encouraged to invest in Hemnet, for example through participation in long-term incentive programmes, to link the interests and rewards of senior management with those of the shareholders. A decision on the opportunity to participate in incentive programs and the outcome of such programmes shall be made by the Board.

Pension and other customary benefits
The retirement age is normally 65 years. Pension plans for senior executives must comply with the ITP plan or match the ITP plan with respect to the level of remuneration.

Other customary benefits (such as corporate health care and health insurance) must be market-based.

Remuneration Committee
The Board of Directors of Hemnet Group AB shall appoint a Remuneration Committee´to monitor and evaluate compliance with these guidelines. The Remuneration Committee shall also prepare and make recommendations for decisions to be adopted by the Board with respect to remuneration principles, remuneration and other terms of employment for the CEO.

Furthermore, the Remuneration Committee shall prepare, propose, monitor and evaluate programs for variable compensation and long-term remuneration programs for senior executives.

Regarding matters related to fixed remuneration to other senior executives, such issues should, as a starting point, be handled by the CEO in accordance with these guidelines. However, decisions on such remuneration to senior executives made by the CEO must be reported to the Remuneration Committee and the Board before it is deemed to have been determined and may be communicated. The Remuneration Committee's duties are described in more detail in the rules of procedure adopted by the Board for the Remuneration Committee.

Yearly audit
Remuneration to senior executives shall be audited annually on the basis of responsibility, performance and competence, as well as the principles for remuneration described above.

Termination notice and severance pay
The notice period, and the time for payment of severance pay to senior executives shall generally be six (6) months. In the event of termination by Hemnet, however, severance pay shall be payable up to twelve (12) monthly salaries.

Remuneration to Board members
Board members can, by exception and when especially justified in light of their competence and suitability, perform services outside the ordinary Board assignment. For such services, market compensation shall be paid, which is to be decided by the Board. Remuneration of this type is reported in the financial statements in accordance with current accounting rules.

Deviations
Deviations from these guidelines may in exceptional cases occur where the Board finds that special reasons exist. Information on such deviations and the underlying reasons shall be reported at the next AGM.

Proposal for a resolution to the annual general meeting 2021 on guidelines for remuneration to senior executives.

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

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

As regards variable remuneration, such compensation shall be tied to financial or non-financial concrete, measurable goals for the Company and/or the department that the manager is responsible for. Decisions regarding variable payment models and the outcome of such models shall be made by the Board of Directors.

The variable cash remuneration may amount to not more than 50 percent of the fixed annual cash salary. In addition to the aforementioned remuneration forms, remuneration may also in certain exceptional cases and in accordance with the principles set forth in the Company's HR Policy, be paid in connection with new employment in order to attract certain key individuals to the Company for the purpose of supporting Hemnet's business strategy. Such remuneration shall be limited to the first year of employment.

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

Other customary benefits (such as company health care) shall be on market terms. Such benefits may amount to not more than 20 percent of the fixed annual cash salary. Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

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

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

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

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

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

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

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

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

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

Board of Directors

Håkan Erixon
Chairman since 2017 (R)

Born: 1961
Experience: Board member of Vattenfall and Alfvén & Didrikson Invest. Former member of the Corporate Committee of Nasdaq OMX Stockholm, Chairman of Capacent Holding and Orio, Director at Merrill Lynch, Vice Chairman of Investment Banking at UBS and Senior Advisor in Corporate Finance to the Government Offices.
Education: MSc in International Economics from Gothenburg University.

Kerstin Lindberg Göransson
Ordinary member since 2018 (A)

Born: 1956
Experience: CEO for Akademiska Hus, Board member of Sveaskog and Vice Chairman of Win Win Gothenburg Sustainability Award.
Former Airport Director at Stockholm Arlanda Airport and Vice President of the Scandic group.
Education: MSc in Economics from Umeå University.

Tracey Fellows
Ordinary member since 2020 (A)

Born: 1965
Experience: President of Global Digital Real Estate at News Corp and board member of REA Group Ltd. Former CEO of REA Group, Vice President of Microsoft Asia-Pacific and CEO of Microsoft in Australia. **Education:** Bachelor's degree in Economics from Monash University.

Nick McKittrick
Ordinary member since 2020 (A)

Born: 1968
Experience: Accenture, Co-founding executive and CEO of Rightmove, CEO and board member of Homegate AG.
Education: Electronic Engineering degree at Southampton University.

(A) Audit Committee
(R) Remuneration Committee

Christopher Caulkin
Ordinary member since 2017 (R)

Born: 1980
Experience: Managing Director at General Atlantic with a focus on the internet and media sectors. Board member of Property Finder, ManoMano, Doctolib, OpenClassrooms, Studio Moderna and Typeform and with previous experience from Boston Consulting Group and the investment company Warburg Pincus.
Education: Degree in engineering from Cambridge University and a masters degree in finance from London Business School.

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 Chairman of the Board of statistics organisation Svensk Mäklarstatistik.

Pierre Siri
Ordinary member since 2017 (R)

Born: 1974
Experience: Co-founder and Operating Partner of Sprints Capital. Board member of Chrono24. Previously CEO and investor in Blocket and Hitta.se, as well as other digital companies such as Klart.se, Sleep Cycle, Eltiempo.es and Dubicars. Investor and advisor for Propertyfinder, the leading property portal in the Middle East.

Håkan Hellström
Ordinary member since 2021*

Born: 1958
Experience: Vice chair of the Association of Swedish Real Estate Agents and chair of real estate agency Svensk Fastighetsförmedling. Board member for statistics organisation Svensk Mäklarstatistik, co-owner and CEO of real estate agency Svensk Fastighetsförmedling Sydost. Vice chair of Dina Försäkringar Öland, Board member of Linnéakademien för Vetenskap och Näringsliv, Stiftelsen Barometern, and Mspecs.

* Deputy 2017-2021

Management

Cecilia Beck-Friis
Chief Executive Officer 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: Executive Management Program, SSE Executive Education as well as studies in sales and marketing at Berghs School of Communication.

Carl Johan Åkesson
Chief Financial Officer 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: Master's degree in accounting and finance from the Stockholm School of Economics.

PerOla Schelvander
Chief Technology Officer 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: Master's degree in Economics from Mid Sweden University.

Sarah Wu
Chief Commercial Officer since 2020

Born: 1985
Experience: Commercial Director at KRY, Business Area Manager at Blocket. Previously worked with strategy at Schibsted and as a management consultant at Capgemini Invent.
Education: Master of Science in Molecular Biotechnology and holds a Bachelor of Business Administration.

Francesca Cortesi
Chief Product Officer since 2020

Born: 1983
Experience: Several years of experience in agile product development and helping companies build successful product organizations. Former Head of Engagement and Retention at Stardoll.
Education: Master in Communication and Media Studies and Bachelor of Arts in Communication, Università degli studi di Milano.

Jessica Sjöberg
Chief Communication and People 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. Prior to that she has held positions as, among other things, Director of Information at Com Hem and Director of Communications at TDC Sverige.
Education: Media and Communications Studies, and Political Science, Stockholm University.

Financial statements

Directors' Report

The Board of Directors and the CEO of Hemnet Group AB, hereinafter Hemnet, with corporate identity number 559088-4440 and its registered office in Stockholm, hereby submit annual report and consolidated financial statements for the financial year Jan. 1 - Dec. 31, 2020.

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

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

Hemnet continued to show excellent visitor numbers in 2020 and the number of unique visitors per week increased by 19 percent compared to 2019. This means that on average the platform has about 62.5 million visits per month and the visitors spent a total of 64.6 million hours on Hemnet's platforms in 2020, an increase of 20 percent compared with the previous year.

In 2020, a total of 189,305 home listings were published on Hemnet, an increase compared to the 185,031 that were published in 2019.

During 2020, Hemnet has continued to develop its product portfolio, especially regarding services to home sellers. The additional services for home sellers launched in previous years have been gradually improved, including the introduction of a digital payment alternative, which together led to increased use of these services.

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

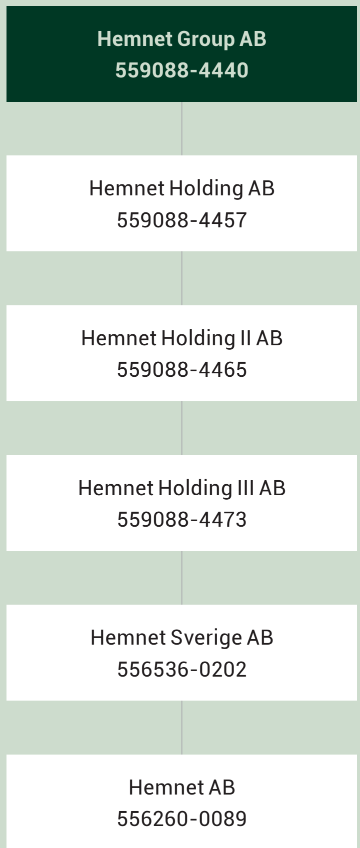
Group structure
The chart to the right shows the Group structure. All companies are owned 100 percent.

Significant events during the fiscal year
Covid-19
At the beginning of 2020, the spread of Covid-19 gained momentum globally and has greatly affected society as a whole since then. However, the pandemic has not had a negative financial impact on Hemnet, instead the number of published home listings, as well as visitor traffic, have increased compared with the previous year. Increased work from home is probably something that has benefited the interest in Hemnet since one's own home and housing related matters have become an even more important part of the public's everyday life.

Debt contingent consideration
The Group has had deferred consideration and contingent consideration liabilities to the Hemnet Sverige AB Group's previous owners. The last part of the contingent consideration, SEK 79.2 million, was settled on January 9, 2020.

Launch of new products
With the spread of Covid-19 gaining momentum in early 2020 when restrictions began to be introduced and working from home was recommended, Hemnet saw a need for digital home showings. This need led to a record fast development of the service Hemnet Live, which gives the real estate agent industry the possibility to have digital showings of its listing properties. In October 2020, Hemnet also launched the service Renew property listing, which gives the home seller and real estate agent the opportunity to easily publish the home listing on Hemnet anew – at the top of the search results and with reset statistics.

Work on organization and work processes
Since the current Hemnet Group was formed in 2017, in connection with the company gaining new principal owners, Hemnet has worked on strengthening the organization and its work processes. The purpose of the work has been to be able to meet the demands that the company's current and future stakeholders may place on the company and create good control over and increased predictability regarding Hemnet's business. During 2020, this work has been intensified and efforts have been made throughout the company to also meet the various requirements that a possible admission to trading of the company's shares would entail. The work has resulted in certain one-off costs, which have had a negative effect on the profit for the year. To increase comparability between periods, a new alternative performance measure, Adjusted EBITDA, has been defined, where adjustments are made for such types of items affecting comparability.



Financial overview

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

	2020	2019	2018	2017
Net sales	544,079	444,394	373,084	317,155
EBITDA	187,963	171,897	138,071	76,247
EBITDA margin, %	34.5%	38.7%	37.0%	24.0%
Adjusted EBITDA	202,110	171,897	138,071	76,247
Adjusted EBITDA margin, %	37.1%	38.7%	37.0%	24.0%
Operating profit	110,516	98,695	73,278	12,952
Operating margin, %	20.3%	22.2%	19.6%	4.1%
Profit before tax	86,793	83,637	47,691	-23,178
Profit after tax	67,741	65,636	53,185	-25,428
Profit margin, %	12.5%	14.8%	14.3%	-8.0%
Average revenue per listing (ARPL), SEK	1,760	1,414	1,079	946
Equity/Assets ratio, %	56.9%	53.4%	54.7%	55.4%
Net debt	415,125	521,447	471,345	545,489
Net debt/EBITDA, times	2.2	3.0	3.4	7.2
Debt/Equity ratio, times	0.5	0.6	0.6	0.5
Number of employees	108	92	79	61
Number of properties listed in the period	189,305	185,031	188,012	189,390

Net sales
Net sales increased by 22.4 percent and amounted to SEK 544.1 (444.4) million. All three service categories showed good growth. Sales from property listing increased by 16.4 percent to SEK 312.7 (268.6) million, mainly through higher average prices but also as a result of a certain increase in the number of home listings from home sellers. Revenues from additional services increased by 64.0 percent to SEK 77.5 (47.2) million, mainly driven by services aimed at home sellers in the form of Hemnet Plus, Hemnet Premium and Raketen. The conversion rate for these services for home sellers has continued to increase and has thus contributed, together with a segmented price model, to a significant growth in revenue. The revenue growth from property listings and from additional services to home sellers has meant that the average revenue per listing, ARPL, increased by 24.5 percent to SEK 1,760 (1,414). Sales from advertising services and other increased by 19.7 percent to SEK 153.9 (128.5) million, mainly driven by strong growth for programmatic advertising revenues. Advertising services and other also include revenues of SEK 4.2 million related to a marketing campaign together with Mäklarsamfundet, this revenue has been treated as an item affecting comparability when calculating adjusted EBITDA.

Operating profit
Operating profit increased by 12.0 percent to SEK 110.5 (98.7) million, corresponding to an operating margin of 20.3 (22.2) percent. Other external costs increased by 29.8 percent and amounted to SEK 245.3 (189.0) million. Administrative compensation and commission compensation to affiliated brokerage offices together constitute the largest item in other external costs and increased by 21.0 percent to SEK 151.2 (124.9) million as a result of increased revenue from property listings and additional services for home sellers. Remaining parts of other external costs increased by 46.8 percent and amounted to SEK 94.1 (64.1) million. Part of the increase comes from consultancy costs, which have primarily increased as a result of the work on preparations for a possible admission to trading of the company's shares, as well as from marketing costs. One-off items consisting of both consultancy costs for work on organization and work processes (SEK 5.1 million) and costs for a marketing campaign together with Mäklarsamfundet (SEK 13.4 million) are treated as items affecting comparability when calculating the alternative performance measure adjusted EBITDA.

Personnel costs increased by 29.4 percent and amounted to SEK 114.8 (88.7) million following a growing organization where personnel reinforcements were made primarily within the product development teams to continue strengthening Hemnet's customer offering through the development of new and existing products. Bonuses to the management team and adjustment of remuneration to the CEO have also contributed to the cost increase.

Net financial items
The net from financial income and financial expenses amounted to SEK -23.7 (-15.1) million and consists mainly of interest expenses on the Group's bank loans, which were increased during the latter part of 2019 and hence average interest-bearing liabilities are higher in 2020 than previous year. Profit before tax amounted to SEK 86.8 (83.6) million.

Taxes
Reported total tax expense amounts to SEK 19.1 (18.0) million, which corresponds to an effective tax rate of 22.0 (21.5) percent. Current tax expense amounted to SEK 32.7 (27.7) million, while deferred tax income amounted to SEK 13.6 (9.7) million.

Net income
Net income for the period amounted to SEK 67.7 (65.6) million.

Investments
The company's intangible assets consist mostly of goodwill, customer relationships, platform and trademarks that have been identified in connection with the original acquisition. There was no impairment identified during the current financial year. During the year, as in the previous year, the company worked on developing its product offering. Development has been performed by both the company's own staff and by external consultants. Some specific development projects have been deemed of such a nature and with such expected future earnings that they have been treated as capitalised development costs. A total of SEK 6.0 (8.9) million was capitalised for the year, thus increasing intangible fixed assets. Otherwise, the business has only a minor need for investment in equipment with the year's new purchases amounting to SEK 1.0 (0.9) million.

Cash flow
Cash flow from operating activities amounted to SEK 127.0 (138.8) million, of which changes in working capital amounted to SEK 1.3 (3.9) million. The decrease in cash flow is mainly due to increased tax payments that take place with a certain delay from reported earnings and the Group has had a strong earnings trend in recent years. Cash flow from investing activities in tangible and intangible assets resulted in a cash flow of SEK -7.0 (-10.8) million. Cash flow from financing activities amounted to SEK -92.3 (-219.2) million.

Financial position
The Group's cash and cash equivalents, including interest bearing securities, amounted to SEK 271.6 (243.5) million at the end of the period and total interest-bearing liabilities to SEK 686.7 (765.0) million. Net debt thus amounted to SEK 421.1 (521.5) million, which corresponds to a net debt/EBITDA ratio of 2.2 (3.0) times rolling twelve-month EBITDA.

Equity amounted to SEK 1,349.6 (1,280.4) million, which corresponded to an equity/assets ratio of 56.9 (53.4) percent.

Quality and sustainability
Hemnet's sustainability work is conducted as an integral part of its ongoing operations, which is described in more detail in the sustainability report, which can be found on pages 12-17. The report has not been reviewed by the auditor.

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

Research and development
Hemnet's corporate culture is characterised by a constant desire to refine and improve our products and services. The property platform is built and managed by specialist teams in development, sales, market and product. Learning and development occurs naturally in everyday life among teams. Testing, exploring and taking on new challenges to strengthen our position in the market by building simple and effective services for our users is a key part of our business. A business characterised by a high rate of development. The vision to be the key to your home journey guides Hemnet's development work. During the year, SEK 6.0 (8.9) million was capitalised regarding development costs. The capitalised development costs are recognised in the balance sheet as intangible assets.

Corporate governance
The corporate governance report describing the structure and principles for managing Hemnet's operations is found on pages 18-26. The company is not required to prepare a corporate governance report in accordance with Chapter 6, § 8 of the Annual Accounts Act, therefore the report has not been overseen by the auditor.

Ownership structure
Hemnet's largest shareholders as of Dec. 31, 2020 is shown in the table below.

Share in the Parent Company are distributed as below:	Owner share, %	Vote share, %
General Atlantic RR B.V	60.0%	67.5%
Sprints capital Rob R Partners S.A	17.2%	19.3%
Mäklarsamfundet Bransch Sverige AB	10.5%	11.8%
Care of Hemnet AB	11.1%	1.2%
Other	1.2%	0.1%
Total	100.0%	100.0%

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

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

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

Hemnet has continued strong visitor development for both hemnet.se and the apps, and we see no signs of a dwindling interest in the property market. However, there are pressures from old and new competitors and with that competition comes a risk that both visitors, real estate agents and advertisers use services other than Hemnet, which could have a negative impact on the business.

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

The income from property listings is a significant part of sales. Developments in the Swedish property market can therefore have a significant effect on Hemnet's operations. Hemnet's advertising business has continued to develop positively and the company offers advertising both through direct sales and through programmatic trading. The development and trends for ad purchases in the market can affect Hemnet's revenue both positively and negatively.

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

For Hemnet, it is central to have a good relationship with real estate agents and to have a substantial range of property listings. Hemnet's future business may be threatened if a deteriorating estate agent relationship would lead to a deterioration in the range of property listings. In addition to its own funds, the Group's operations are also financed through borrowing. As a result, the business is exposed to financing risks, interest rate and credit risks. The Group has a long-term credit agreement that extends until May 2025. Further information on the Group's debt can be found in notes G20 and G21.

For further information on risks, see the section on internal controls and risk management on pages 22-23.

Management and employees
The organization has continued to grow and the number of employees at the end of the year amounted to 108 people, which is an increase of 16 people compared with the beginning of the year. The average number of employees, defined as equivalent full-time positions, at Hemnet in 2020 was 102, with 35 of them women and 67 men.

Significant events after the end of the financial period
In the beginning of 2021, Hemnet communicated an upcoming revised model for administration and commission compensation to the brokerage industry. Hemnet's compensation model, until the introduction of the revised model, is based partly on a compensation to real estate agencies for the work performed in relation to administration and intermediation carried out, and, for affiliated real estate agencies, a commission compensation for the sale of the company's additional services for home sellers. The new revised model has the same components, but the compensation levels for each part have been adjusted to give the commission compensation a greater weight. This change will take effect on March 1, 2021. Hemnet's assessment is that this change can have a positive impact on sales of listings related additional services and thus on the company's profit margins.

At an extraordinary general meeting on March 1, 2021, it was decided to perform a reverse share split, whereby 15 existing shares in each of all the company's share classes (series A, B, C, D, E, F) were merged into 1 share. At the EGM it was further resolved to change corporate category for the Parent company from private to public limited company and to change the company name to Hemnet Group AB (publ).

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

Parent Company's earnings and financial position
Hemnet Group AB is Parent Company to the Hemnet Group. From January 2020, the Group's CEO is employed by the Parent Company. The Parent Company's net sales of SEK 7.1 (-) million is wholly related to intra-group services invoiced to other Group companies. The Parent Company's costs amounted to SEK 15.4 (1.4) million, where the cost increase consists partly of personnel costs for the CEO who is now employed by the Parent Company, and partly increased external costs, mainly consultancy costs related to the work on preparing for a possible admission to trading of the company's shares. Group contributions received from the subsidiary Hemnet Holding AB amounted to SEK 8.3 (2.7) million, with earnings before tax amounting to SEK 0.0 (1.4) million.

Cash and cash equivalents amounted to SEK 4.7 (1.2) million. Equity amounted to SEK 1,188.8 (1,187.4) million. The number of shares in the Parent company amounted to 1,338,930,905 (1,338,544,847).

The following earnings are available to the Annual General Meeting:

Share premium reserve	1,245,109,654
Retained earnings	-124,629,692
Profit for the year	-5,507
Swedish krona	1,120,474,455

The Board proposes that the accumulated earnings available for disposition be carried forward, SEK	1,120,474,455

Consolidated income statement

Amount in thousand SEK	Note	2020	2019
Operating income			
Net sales	3	544,079	444,394
Other operating income	4, 10	1,767	1,975
Total		**545,846**	**446,369**
Capitalised development costs	12	3,896	4,249
Operating expenses			
Other external expenses	6, 7	-245,308	-189,027
Personnel costs	8	-114,756	-88,679
Depreciation of tangible and intangible non-current assets	12,13,14	-77,447	-73,202
Other operating costs	5	-1,715	-1,015
Total		**-439,226**	**-351,923**
Operating profit		**110,516**	**98,695**
Financial income	9, 10	477	1,749
Financial costs	9, 10	-24,200	-16,807
Financial items - net		**-23,723**	**-15,058**
Profit before tax		**86,793**	**83,637**
Income tax	11	-19,052	-18,001
Net income		**67,741**	**65,636**
Other comprehensive income		-	-
Total comprehensive income for the period		**67,741**	**65,636**

Net income and total comprehensive income for the period belong entirely to the shareholders of the Parent Company.

Consolidated statement of financial position

Amount in thousand SEK	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Non-current assets			
Goodwill	12	902,815	902,815
Customer relationships	12	870,086	925,471
Platform	12	8,402	16,557
Trademarks	12	241,468	241,666
Capitalised development costs	12	12,974	12,392
Equipment	13	1,874	1,999
Right of use assets	14	12,690	5,265
Deferred tax assets	15	95	7
Total non-current assets		**2,050,404**	**2 106 172**
Current assets			
Accounts receivable	16	20,399	26,268
Other current receivables	17	13,960	1,031
Prepaid expenses and accrued income	18	16,929	21,711
Interest bearing securities	20	24,525	24,132
Cash and cash equivalents	25	247,092	219,397
Total current assets		**322,905**	**292,539**
TOTAL ASSETS		**2,373,309**	**2,398,711**

EQUITY AND LIABILITIES			
Equity	19		
Share capital		68,354	68,335
Other capital contributions		1,245,110	1,243,701
Retained earnings (including net income for the period)		36,155	-31,586
		1,349,619	**1,280,450**
Non-current liabilities			
Liabilities to credit institutions	21	667,860	674,400
Leasing liabilities	14	5,687	262
Deferred tax liabilities	15	234,370	247,910
		907,917	**922,572**
Current liabilities			
Liabilities to credit institutions	21	7,622	7,789
Leasing liabilities	14	5,573	3,396
Accounts payable		10,290	12,996
Tax liabilities		12,516	18,947
Other current liabilities	22	10,855	82,125
Accrued expenses and deferred income	23	68,917	70,436
		115,773	**195,689**
TOTAL EQUITY AND LIABILITIES		**2,373,309**	**2,398,711**

Consolidated statement of changes in equity

Amount in thousand SEK	Share capital (Note G19)	Other capital contributions (Note G19)	Retained earnings (including net income for the period) (Note G19)	Total equity (Note G19)
Opening balance as of Jan. 1, 2019	**68,335**	**1,292,155**	**27,757**	**1,388,247**
Profit for the period			65,636	65,636
Other comprehensive income			-	-
Total comprehensive income for the period			**65,636**	**65,636**
Transactions with shareholders in their capacity as owners				
Dividends			-124,978	-124,978
Share redemption	-1,408	-48,592		-50,000
Issue of bonus shares	1,408	-1,408		-
Rights issue (shareholder program-warrants) *		1,895		1,895
Issue costs		-349		-349
Total transactions with owners	**0**	**-48,454**	**-124,978**	**-173,432**
Closing balance as of Dec. 31, 2019	**68,335**	**1,243,701**	**-31,586**	**1,280,450**
Opening balance as of Jan. 1, 2020	**68,335**	**1,243,701**	**-31,586**	**1,280,450**
Profit for the period			67,741	67,741
Other comprehensive income			-	-
Total comprehensive income for the period			**67,741**	**67,741**
Transactions with shareholders in their capacity as owners				
Share redemption	-37	-2,614		-2,651
New C share issue	56	4,023		4,079
Total transactions with owners	**19**	**1,409**	**0**	**1,428**
Closing balance as of Dec. 31, 2020	**68,354**	**1,245,110**	**36,155**	**1,349,619**

* The Group's shareholder program for Hemnet employees is described in Note G8.

Equity is entirely attributable to the shareholders of the Parent Company

Consolidated statement of cash flows

Amount in thousand SEK	Note	2020	2019
Cash flow from operating activities			
Operating profit		**110,516**	**98,695**
Adjustment for items not affecting cash flow:			
Depreciation of fixed asset:		77,448	73,202
Disposal of fixed assets		-9	-
Interest received		84	103
Interest paid		-23,419	-20,187
Paid income tax		-38,983	-16,933
Cash flow from operating activities before changes in working capital		**125,637**	**134,880**
Cash flow from changes in working capital			
Change in operating receivables		-2,406	-3,057
Change in operating liabilities		3,738	6,931
Total changes in working capital		**1,332**	**3,874**
Cash flow from operating activities		**126,969**	**138,754**
Cash flow from investing activities			
Investments in intangible non-current assets	12	-6,038	-9,947
Investments in tangible non-current assets	13	-967	-868
Disposal of tangible non-current assets	13	17	-
Cash flow from investing activities		**-6,988**	**-10,815**
Cash flow from financing activities			
Borrowings	24	-	285,725
Dividend paid to Parent Company owners		-	-124,978
Rights issue		4,079	1,546
Share redemption		-2,651	-50,000
Repayment of lease liabilities	24	-6,990	-5,979
Amortisation of loans and contingent consideration	24	-86,724	-325,555
Cash flow from financing activities		**-92,286**	**-219,241**
Cash flow for the year		**27,695**	**-91,302**
Cash and cash equivalents at beginning of the year		219,397	310,699
Cash and cash equivalents at end of the year		**247,092**	**219,397**

Note G1 Summary of important accounting principles

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

The Parent Company is a limited company registered in Sweden and based in Stockholm. The address for the head office is Klarabergsgatan 60, 111 21 Stockholm. On March 17, 2021, the board of directors approved this annual report and consolidated statements for publication. Consolidated income statement and consolidated statement of financial position and the Parent Company's income statement and balance sheet will be subject to adoption at the Annual General Meeting (AGM) on April 9, 2021.

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

Unless otherwise stated, all amounts are reported in thousand SEK. Rounding is done to the nearest thousand.

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

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

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

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

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

New standards, changes and interpretations applied by the Group
International Accounting Standards Board (IASB) and International Financial Reporting Committee (IFRIC) have issued and the EU adopted new and revised standards and interpretations with application from the financial year 2020. These have not had any significant impact on the Group's financial results and position.

A number of new standards, amendments and interpretations of existing standards have been published but not yet been adopted. The Group has assessed that these will have no significant effect on the Group's financial results and position.

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

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

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

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

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

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

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

Segment reporting
The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who for Hemnet is the Group CEO. The chief operating decision maker is the function responsible for the allocation of resources and assessment of the performance of the operating segment. The Group has identified one operating segment, which is the Group as a whole. The assessment is based on the fact that the Group is followed up as a whole when some form of geographical breakdown or division of business/product category, etc., is not applicable. Financial reporting is based on a Group-wide organizational 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 krona (SEK) is used, which is the Parent Company's functional currency and the Group's reporting currency. All companies in the Group have Swedish krona (SEK) as their functional currency.

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

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

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

Sales revenues are reported in accordance with IFRS 15, where a principle-based five-step model is applied to identify agreements and any separate performance commitments, determine and distribute the transaction price for each performance commitment. Revenues are reported when the performance commitment according to the agreement is fulfilled and the customer has gained control of the service. Revenue is reported over time if the customer receives or consumes the benefits at the same time as the service is performed. Where the term of the agreement is not stated, the average term of the service used is based on historical information. Revenue is valued at the agreed transaction price after deduction of any discounts and VAT.

Sale of services – Property listings
Revenue from property listings and related additional services is accrued over the average life of a listing.

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

See Note G3 Revenue from customer agreements.

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

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

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

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

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

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

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

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

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

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

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

Other intangible assets
Customer relationships
Customer relationships that were acquired as part of a business acquisition (see Note G12 Intangible Assets for details) are recognised at fair value at the acquisition date and amortised on a straight-line basis over the forecasted useful life corresponding to the estimated time they will generate cash flow. The useful life is 10 and 20 years respectively.

Platform
Platforms acquired as part of business acquisitions (see Note G12 for details) are recognised at fair value at the acquisition date and are amortised on a straight-line basis over the projected useful life, corresponding to the estimated time they will generate cash flow. The useful life is 5 years.

Trademarks
Trademarks acquired as part of a business combination are reported at fair value on the acquisition date (see Note G12 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 impairment. Trademarks with indefinite useful life are distributed to cash-generating units in the same way as goodwill. The depreciation period for intangible assets with a definite useful life is also tested annually and on indication that the useful life has changed. The useful life of a trademark that is amortized is 3 years.

Capitalised development costs
Maintenance costs are expensed as incurred. Expenditures on development work that is directly attributable to the development and testing of identifiable and unique software that is controlled by the Group, are recognised as intangible assets when the following criteria are met:
• it is technically possible to complete the software development as well as products associated with it so it can be used,
• the company's intention is to complete the software and to use or sell it,
• there are 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. Expenses for development work reported in the balance sheet are entered at cost minus accumulated depreciation and any impairment losses. The useful life is 3 years. See also Note G2, Important estimates and assessments for accounting purposes.

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

Depreciation of assets, in order to distribute the acquisition value down to the estimated residual value over the estimated useful life, is made linearly as follows:
• Equipment 2–5 years

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

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

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 minus selling costs and its utility value. When assessing impairment, assets are grouped at the lowest levels where there are essentially independent cash flows (cash- generating units), which for the Hemnet Group AB refers to the Group. For assets (other than goodwill) that have previously been written down, a review is made on each balance sheet whether a reversal should be made.

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

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

Financial assets and financial liabilities are offset and recognised with a net amount in the balance sheet only when there is a legal right to set off the amounts and there is an intention to settle the items with a net amount or to simultaneously sell off the asset and settle the debt. A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire or when the company loses control of it. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial liability. At each reporting date, the company evaluates the need for write-downs regarding expected credit losses for a financial asset or group of financial assets, as well as any other credit exposure.

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

Classification and valuation
The Group's classification of financial assets as debt instruments is based on the Group's business model for asset management and the nature of the asset's contractual cash flows. The Group classifies its financial assets in the following categories: financial assets valued at fair value via the income statement and financial assets valued at accrued amortised cost.

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

b) Financial assets valued at fair value through profit or loss
Financial assets valued at fair value through profit or loss refers to all other debt instruments that are not valued at amortised cost or fair value through other comprehensive income. Financial instruments in this category are initially recognised at fair value. Changes in fair value are recognised in profit or loss. The Group classifies derivatives and short-term investments (investments in funds) in this category. The fair value is determined as described in Note G20.

c) Financial liabilities valued at amortised cost
Financial liabilities are classified at amortised cost with the exception of derivatives and contingent consideration in connection with business combinations. Financial liabilities recognised at amortised cost are initially valued at fair value, including transaction costs. After the first accounting period, they are valued at amortised cost using the effective interest method. The Group's financial liabilities classified at amortised cost consist of liabilities to credit institutions, accounts payable, accrued expenses and the portion of other current liabilities relating to financial liabilities.

d) Financial liabilities valued at fair value through profit or loss
Derivatives and contingent consideration in connection with business combinations are classified at fair value through profit or loss. The Group does not apply hedge accounting. The fair value is determined as described in Note G20.

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

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

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

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

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

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

The valuation of expected credit losses is based on different methods. The method for accounts receivable is based on historical accounts receivable combined with forward-thinking factors. Other receivables and assets are written down according to a rating-based method based on probability of default, expected loss in default and exposure in default, through the application of an external credit rating or assessed rating. Expected credit losses are measured at fair value to the product by probability of default, loss due to default and exposure at default. For credit-impaired assets and receivables, an individual assessment is made taking into account historical, current and forward-thinking information.

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

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

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

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

Accounts payable and other liabilities
Accounts payable are financial instruments and refer to obligations to pay for goods and services acquired in the day-to-day 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 thereafter at amortised cost using the effective interest method.

Borrowing
Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is then reported at amortised cost 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.

Leases
Leasing agreements where the Group is the lessee are reported in the balance sheet. Lease liability is valued at the present value of lease fees that have not been paid at the time of valuation. The leasing period is determined as the non-cancellable period together with periods to extend or terminate the agreement if the Group are reasonably sure of exercising the options. Discounting is based on the implicit interest rate of the lease, if this can be easily determined. If this interest rate cannot be easily determined, the lessee's marginal loan interest rate is used.

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

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

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

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

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

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

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

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

Pension obligations
The Group 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 employee service during the current or prior periods. Consequently, the Group has no further risk. The Group's obligations regarding contributions to defined contribution plans are recognised as an expense in the results for the year at the rate they are earned by the employees performing services for the Group during the period.

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

Share-based transactions
Incentive and shareholder programs exist where those covered have the opportunity to acquire shares or warrants at market value, see also note G8. As market value is paid, there is no cost to report for these.

Note G2 Important estimates and assessments for accounting purposes

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

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

(a) Impairment testing of intangible assets
Customer relationships and platform acquired as part of business acquisitions are recognised at fair value at the time of acquisition and are amortised on a straight-line basis over the forecasted useful life corresponding to the estimated time, they will generate cash flow. Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and trademarks have been assessed to have an indefinite useful life and are tested for impairment annually or as soon as indications arise that imply that the asset in question has decreased in value. Trademarks are attributable to the value in Hemnet as a brand and is held with ownership. The company does not see any limitation in the useful life of trademarks and their useful life is thus considered indefinable. See notes G1 and G12 for accounting principles and estimated useful lives and note G12 for reported values. The majority of customer relationships have an estimated useful life of 20 years and the remaining depreciation period is 16 years.

(b) Capitalised development costs
The Group conducts development work of software attributable to the technical platform and the website hemnet.se. Accounting for self-accumulated intangible assets means that the company must make a number of assessments about the future. The decision to activate an asset is based on an estimate of whether it is technically feasible to complete the asset, the company intends to complete the asset, it is likely that the asset will generate future economic benefits and that there are resources to complete the development. See also notes G1 and G12.

(c) Reporting of preference shares
The Company's assessment is that there is no contractual obligation to pay a dividend between Hemnet and the holders of preference shares at the time of issue of the preference shares. A payment of dividend is ultimately dependent on a decision by the AGM. With this in mind, the preference shares have been classified as equity.

Note G3 Revenue from contracts with customers

Revenue breakdown by customer category	2020	2019
Property sellers	325,815	256,685
Real estate developers	56,491	61,973
Advertisers	81,052	61,146
Real estate agents	80,721	64,590
Total	**544,079**	**444,394**

Revenue breakdown by service category	2020	2019
Listings	312,720	268,606
Additional services	77,468	47,246
Advertising services and other	153,891	128,542
Total	**544,079**	**444,394**

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

The single largest revenue stream comes from the property sellers' property listings. In order for property sellers to be able to influence their property sales, additional services such as Hemnet plus and Hemnet premium are offered, which give a more prominent exposure of the property listing compared with the basic version. Advertising services consist, among other things, of income from real estate developers who market their properties and brands. The real estate agents are an important partner, as they administer the property sellers' listings on Hemnet and provide information about Hemnet's services.

Revenue recognition and performance commitments for the various product areas are shown below:

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

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

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

The majority of the services are invoiced with 30 days payment due. Advertising services are billed in line with campaign times. Invoicing for property listings takes place in connection with publication. In 2020, the property listing sellers have been offered to pay for their property listing via Klarna up to seven days after the time of publication. In the event that the sellers choose to pay via Klarna, an invoice will be drawn up via Klarna and Hemnet will receive a settlement claim on Klarna. If the property seller does not choose to pay via Klarna within seven days, a paper invoice will be issued. Accrued income is reported in the balance sheet for published listings that have not been invoiced as of the balance sheet date. Implementation of a new publishing flow where the seller chooses invoicing alternatives before publishing, and invoicing can thus take place on the day of publication regardless of digital or paper invoice, is planned to be introduced in 2021. The portion relating to the remaining publication period regarding invoiced and accrued invoicing is reported as prepaid income in the balance sheet.

The remaining performance commitments as of Dec. 31, 2020 amounted to SEK 8,228 thousand (12,878), including prepaid income reported as contractual liabilities. Performance commitments are essentially expected to be executed and revenue is reported within one month from the balance sheet date. Furthermore, no revenue related to performance commitments that were fulfilled in previous years has been recognised as revenue in 2020.

Note G4 Other operating income

	2020	2019
Reminder fees and interest for late payments	1,114	919
Commission income	217	247
Exchange rate differences receivables of an operative nature	128	92
Other	308	717
Total	**1,767**	**1,975**

Note G5 Other operating costs

	2020	2019
Foreign exchange losses	-646	-114
Reminder and debt collection costs	-1,058	-894
Other	-11	-7
	-1,715	**-1,015**

Note G6 Other external expenses

	2020	2019
Administration and commission compensation	-151,187	-124,915
Other	-94,121	-64,112
	-245,308	**-189,027**

Administration and commission compensation refers to compensation to affiliated real estate agent firms regarding mediation to property sellers.

Note G7 Auditor remuneration

	2020	2019
Ernst & Young		
- Audit engagement	2,955	2,095
- Audit activity in addition to the audit engagement	758	-
- Tax services	-	-
- Other services	-	450
Total compensation for the auditors	**3,713**	**2,545**

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

Note G8 Employee remuneration, etc.

	2020		2019	
	Salaries and remuneration	Social costs	Salaries and remuneration	Social costs
Board and other senior executives (including profit-sharing)	15,181(-)	6,686	10,816 (-)	5,660
Of which, pension costs		1,741		1,820
Other employees	63,364	27,598	48,172	21,391
Of which, pension costs		6,615		4,916
Total	**78,545**	**34,284**	**58,988**	**27,051**
Of which, pension costs		8,356		6,736

Senior executives include CEO and other senior executives

Average number of employees

	2020		2019	
	Average number of employees	Number of women	Average number of employees	Number of women
Sweden	102	35	80	29
Group total	**102**	**35**	**80**	**29**

Gender breakdown for the Group (including subsidiaries) for board members and other senior executives.

	Dec. 31, 2020		Dec. 31, 2019	
	Number on balance sheet day	Number of women	Number on balance sheet day	Number of women
Board members	8	2	8	1
CEO and senior executives	7	4	6	2
	15	6	14	3

Board and senior executives salaries and remuneration

	2020			
	Salaries and remuneration	Pension costs	Social costs incl. payroll tax	Total
Håkan Erixon, chairman	500	-	157	658
Anders Edmark	100	-	31	131
Kerstin Lindberg Göransson	250	-	79	329
Pierre Siri	-	-	-	-
Christopher Caulkin	-	-	-	-
Erik Olsson ***	39	-	12	51
Thomas Hussey	-	-	-	-
Nick McKittrick *	163	-	51	214
Tracey Fellows ****	30	-	9	40
Henrik Persson, deputy **	-	-	-	-
Håkan Hellström, deputy	100	-	31	131
Marta Suares Estebanez, deputy ***	-	-	-	-
Cecilia Beck-Friis, chief executive officer	4,982	508	1,667	7,158
Other senior executives *****	9,016	1,233	2,906	13,155
Total	**15,181**	**1,741**	**4,945**	**21,867**

Salaries and remuneration consist of board fees and salaries of senior executives

* from May 6, 2020
** from May 6, 2020, before this board member
*** until May 6, 2020
**** from November 18, 2020
***** the group of other senior executives includes Erik Segerborg 2 months, Sarah Wu 4 months and the group consists of a total of 7 people

	2019			
	Salaries and remunera-tion	Pension costs	Social costs incl. payroll tax	Total
Håkan Erixon, chairman	450	-	141	591
Anders Edmark	100	-	31	131
Kerstin Lindberg Göransson	250	-	79	329
Pierre Siri	-	-	-	-
Christopher Caulkin	-	-	-	-
Henrik Persson	-	-	-	-
Erik Olsson	100	-	31	131
Thomas Hussey *	-	-	-	-
Håkan Hellström, deputy	100	-	31	131
Magnus Miramadi, deputy **	50	-	16	66
Marta Suares Estebanez, deputy ***	-	-	-	-
Cecilia Beck-Friis, "Group CEO and CEO for Hemnet AB"	2,967	439	1,038	4,444
Other senior executives ****	6,799	1,381	2,472	10,652
Total	**10,816**	**1,820**	**3,840**	**16,476**

Salaries and remuneration consist of board fees and salaries of senior executives

* from May 2, 2019, before this deputy
** until June 28, 2019
*** from June 28, 2019
**** the group of other senior executives includes Anna Lagerborg 3 months and the group consists of a total of 6 people

Remuneration to the CEO and senior executives follows the guidelines established by the Board, which are set out in the corporate governance report. Remuneration to senior executives shall consist of fixed market salary, variable remuneration linked to clear goals set for the company, opportunity to participate in incentive programs, pension and other customary benefits.

In the case of variable remuneration, it shall be linked to concrete, measurable goals for the company and/or the department for which the senior management is responsible. A decision on the variable remuneration model and outcomes shall be made by the Board of Directors. Senior management should be encouraged to invest in Hemnet, for example through participation in long-term incentive programmes, to link the interests and rewards of senior management with those of the shareholders. A decision on the opportunity to participate in incentive programs and the outcome of such programmes shall be made by the Board.

The retirement age is normally 65 years. Pension plans for senior executives must comply with the ITP plan or match the ITP plan with respect to the level of remuneration. Other customary benefits (such as corporate health care and health insurance) must be market-based.

According to the employment agreement, the CEO has a notice period of six months and is in addition entitled to severance pay corresponding to six months' salary. The notice period for other senior executives is six months.

Incentive program

Incentive program for senior executives and board of directors - MIP

In 2017, 11 key executives were offered to invest in Hemnet Group AB by subscribing to 16,311,600 Series C shares. Shareholding is conditioned by employment for employees and to continued board commitment for board members, which means the company has the right but no obligation to repurchase the shares if employment or board assignment should cease.

If a person in the management resigns, the company has the right to redeem or assign acquirers of all C shares (both earned and unearned). If the MIP participant is defined as a good leaver, the redemption price must correspond the C share's market value for earned shares and the acquisition cost in respect of unearned shares. If the MIP participant becomes a so-called bad leaver, the redemption price must correspond to either the MIP participant's acquisition cost or the lower of the acquisition cost and the market value of the C share. 50 percent of MIP participating executives' shares are earned over a five-year period from the day the participant subscribes for the C shares, with 20 percent earned on the anniversary of the time the shares were subscribed and the remaining 80 percent earned linearly monthly during the following four-year period. In the event of an IPO, all shares are earned automatically, while in the event of another exit, the company may decide that unearned shares shall be rolled over into a new structure and replaced by securities in such a new structure at the same value. Such a rollover is conditional on the existence of an arrangement that ensures that the participant can sell or otherwise obtain liquidity for their new securities within a reasonable time after exit. The remaining 50 percent of the shares that have not been earned are earned automatically at exit but not earlier.

If a person on the Board terminates his or her Board assignment, the company has the right to redeem or assign acquirers of all or parts of the MIP participant's C shares, whereby the price for each redeemed share corresponds to the lower of the MIP participant's acquisition cost for share and the share's market value. If the MIP participant is defined as a bad leaver, the redemption right covers all the MIP participant's C shares. If the MIP participant becomes a so-called good leaver, the redemption right only covers unearned C shares. MIP participating Board member's C shares are earned over a 4-year period either by 30% at the start and the remainder on a straight-line basis or all of them on a straight-line basis. In the event of an exit, all shares are earned automatically.

For a person on the board and management, they are defined as a bad leaver in the event, that they have acted in such a way that the board deems to be a relevant cause or has committed a significant breach of commitment. Relevant cause refers to significant breaches of MIP agreements, shareholder agreements, service agreements and other significant agreements with the company. Also, the participant's intentional or material breach of fiduciary duties or similar obligations or failure to perform his duties as a board member and fraud, embezzlement, theft or other criminal act. A person in management is also defined as a bad leaver in case notice for termination of the service is given (irrespective of who gives the notice) or if the service is otherwise terminated or discontinued unless the participant otherwise constitutes a good leaver or if the board in its sole discretion determines that the participation of the participant in the MIP should be terminated and that the participant in the MIP should be terminated and that the participant shall be classified as a bad leaver.

Since the initial investment in the 2017 program, further investments have been made in the 2018 program with 1,223,600 shares at a price of SEK 1.23 per share and 2020 with 1,102,578 shares at a price of SEK 3.70. In 2018, 1,200,600 shares were sold at a price of 1.09 and in 2020, 716,520 shares were sold at a price of 3.70. Seven people have newly invested in the program since inception and two people have sold all their shares, which means that the program as of Dec. 31, 2020 includes 17 people.

The average acquisition value of the 16,720,658 shares subscribed is SEK 1.27 (1.10) and has been determined by an estimated market price in the range of 1.09-3.70, depending on when the investment was made. 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. The market value is derived from an external valuation based on a model that calculates the value based on discounted expected return. The value that has been discounted has been calculated based on the management's forecasts of EBITDA (weighted based on different scenarios) and multiples of the original transaction and comparable transactions on the market.
The discount rate has been estimated based on the accepted method Capital Asset Pricing Model. Furthermore, an illiquidity and minority discount was also applied to the value of the shares.

The market value of shares awarded in 2020 has been generated via an external valuation based on a model that calculates the value based on the traded value of shares in Care of Hemnet at Pepins. A Monte Carlo simulation model has been used to calculate the market value of all shares in Hemnet, which is implied by the market's valuation of shares in Care of Hemnet at the most recent trading opportunity. Furthermore, an illiquidity and minority discount has also been applied to the value of the shares.

As of Dec. 31, 2020, the current Group management holds 2,946,278 C shares.

Number of shares	Accumulated number outstanding
Dec. 31, 2017	16,311,600
Dec. 31, 2018	16,334,600
Dec. 31, 2019	16,334,600
Dec. 31, 2020	16,720,658

Awarded per year, incentive program for management and board	Number outstanding as of Dec. 31, 2020	Number outstanding as of Dec. 31, 2019	Value per share, span (SEK)
MIP - Senior executives	**3,716,258**	**3,930,200**	**1.09-3.70**
Holdings, members of management team			
Cecilia Beck-Friis	1,572,578	1,194,200	
Carl Johan Åkesson	496,800	496,800	
Jessica Sjöberg	248,400	248,400	
Pierre Bergström	255,900	255,900	
Francesca Cortesi	124,200	-	
PerOla Schelvander	248,400	248,400	
Not current executives	769,980	1,486,500	
MIP - Board	**13,004,400**	**12,404,400**	**1.09-3.70**
Holdings, board members and deputies			
Håkan Erixon	662,400	662,400	
Kerstin Lindberg Göransson	150,000	150,000	
Pierre Siri	7,452,000	7,452,000	
Nick McKittrick	450,000	-	
Tracey Fellows	150,000	-	
Henrik Persson	4,140,000	4,140,000	
Total awarded shares to incentive programs	**16,720,658**	**16,334,600**	

Shareholder program for Hemnet employees

At the Extraordinary General Meeting on September 30, 2019, it was resolved to authorise the Board of Directors to decide on the issuance of a maximum of 4,729,228 warrants entitling to subscribe for Series B ordinary shares on market terms. On October 17, 2019, the Board of Directors resolved to issue a maximum number of warrants, to Hemnet Group AB, with the aim of transferring the warrants at market price to participants in a shareholder program for employees at Hemnet. The participants acquired warrants for SEK 0.57 per warrant as of December 1, 2019. A total of 3,324,104 warrants were acquired at a value of SEK 1,894,758 which is considered to be market value according to valuation with the so-called Monte Carlo model. The company's market value at the end of the subscription period has been simulated based on a log-normal distribution based on a risk-free interest rate and volatility based on comparable listed companies. Based on the simulated market value, any profit per warrant has been calculated. The risk-free interest rate is based on Swedish government bonds with a maturity corresponding to the maturity of the warrant.

The warrants entitle the holder to acquire shares at a price of SEK 2.05 each. The warrants are earned over 36 months, but according to the warrant terms can also be used earlier in the event of a Board decision for a listing of the company or a sale of all shares to an external buyer. The warrant agreement contains a provision which means that the warrants are repurchased by the company if the employee's employment ends.

The shareholder program for employees does not apply to the management group, which is already covered by a separate incentive program.

Awarded per year, warrants acquired by employees	Number outstanding as of Dec. 31, 2020	Number outstanding as of Dec. 31, 2019	Exercise price	Value per awarded warrant	Maturity
Awarded 2019	3,324,104	3,324,104	2.05	0.57	2022

Note G9 Financial income and costs

	2020	2019
Liabilities valued at amortized cost		
Interest expenses to credit institutions	-23,523	-15,215
Renegotiation results, net *	-	4,305
Other interest expenses	-267	-7
Interest expense deferred consideration	-67	-4,430
Total interest costs according to the effective interest method	**-23,857**	**-15,347**
Assets and liabilities measured at fair value in profit or loss		
Change in value contingent consideration	-	-633
Interest-rate cap, pre-fixed coupons	-	-733
Total costs at fair value	**0**	**-1,366**
Other		
Foreign exchange losses, net	-126	-
Interest expenses, leasing liabilities	-217	-94
Total other	**-343**	**-94**
Financial costs, total	**-24,200**	**-16,807**
Interest bearing securities valued at fair value		
Interest bearing securities	393	705
Interest rate cap	-	904
Total revenue at fair value	**393**	**1,609**
Other		
Foreign exchange gains, net	-	103
Other	84	37
Total other	**84**	**140**
Financial income, total	**477**	**1,749**
Financial items, net	**-23,723**	**-15,058**

* Renegotiation results attributable to renegotiation of the Group's liabilities to credit institutions, see also Note G21.

Note G10 Exchange rate differences, net

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

	2020	2019
Other operating income (Note G4)	128	92
Other operating costs (Note G5)	-646	-114
Financial items, net (Note G9)	-126	103
	-644	**81**

Note G11 Income tax

	2020	2019
Current tax:		
Current tax on profit for the year	-32,680	-27,722
Total current tax	**-32,680**	**-27,722**
Deferred tax (Note G15):		
Deferred tax on temporary differences and tax loss	13,628	9,720
Total deferred tax	**13,628**	**9,720**
Total income tax	**-19,052**	**-18,001**

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

	2020	2019
Earnings before tax	86,793	83,637
Income tax calculated according to tax rate in Sweden (21.4%)	-18,574	-17,898
Tax effect of:		
Non-deductible costs	-502	-452
Non-taxable income	-	74
Utilisation of previous year's unrecognised loss carry forwards	-	240
Other	24	36
Income tax expense	**-19,052**	**-18,001**

This year's effective tax rate is -22.0% (-21.5%).

Note G12 Intangible assets

Fiscal year 2020	Goodwill	Customer relationships	Platform	Trademarks	Capitalised development costs	Total
Opening acquisition value	**902,815**	**1,090,436**	**40,463**	**241,748**	**15,087**	**2,290,549**
Acquisitions for the year	-	-	-	-	6,039	6,039
Closing acquisition value	**902,815**	**1,090,436**	**40,463**	**241,748**	**21,126**	**2,296,588**
Opening accumulated depreciation	**-**	**-164,965**	**-23,907**	**-82**	**-2,695**	**-191,649**
Depreciation for the year		-55,385	-8,155	-198	-5,457	-69,195
Closing accumulated depreciation	**-**	**-220,350**	**-32,062**	**-280**	**-8,152**	**-260,844**
As of December 31, 2020						
Acquisition value	902,815	1,090,436	40,463	241,748	21,126	2,296,588
Accumulated depreciation	-	-220,350	-32,062	-280	-8,152	-260,844
Closing carrying amount	**902,815**	**870,086**	**8,402**	**241,468**	**12,974**	**2,035,745**

Fiscal year 2019	Goodwill	Customer relationships	Platform	Trademarks	Capitalised development costs	Total
Opening acquisition value	**902,815**	**1,090,436**	**40,000**	**241,190**	**6,162**	**2,280,603**
Acquisitions for the year	-	-	-	-	8,925	8,925
Increase through asset acquisitions	-	-	463	558	-	1,021
Closing acquisition value	**902,815**	**1,090,436**	**40,463**	**241,748**	**15,087**	**2,290,549**
Opening accumulated depreciation	**-**	**-109,579**	**-15,828**	**-**	**-171**	**-125,578**
Depreciation for the year	-	-55,386	-8,079	-82	-2,524	-66,071
Closing accumulated depreciation	**-**	**-164,965**	**-23,907**	**-82**	**-2,695**	**-191,649**
As of December 31, 2019						
Acquisition value	902,815	1,090,436	40,463	241,748	15,087	2,290,549
Accumulated depreciation	-	-164,965	-23,907	-82	-2,695	-191,649
Closing carrying amount	**902,815**	**925,471**	**16,557**	**241,666**	**12,392**	**2,098,901**

For fiscal year 2020, the Group estimated that SEK 6,039 thousand meets the criteria for capitalisation of development costs, see Note G1 for accounting principles.

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

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

During 2019, a minor asset acquisition took place when Tryggabud Sweden AB was acquired. Tryggabud Sweden AB has been merged with Hemnet AB in 2020.

Customer relationships are attributable to established customer relationships to brokers and advertising. The useful life of customer relationships attributable to brokers is 20 years and customer relationships attributable to advertising is 10 years. The remaining depreciation period amounts to 16 and 6 years respectively.

Platform refers to intangible assets attributable to websites and apps. The useful life is 5 years and the remaining depreciation period is 1 year.

Trademarks are for the most part attributable to the value in Hemnet as a brand and is held with ownership. The company does not see any limitation in the useful life of the brand Hemnet and its useful life is therefore considered indefinable. The trademark Tryggabud, which has an acquisition value of SEK 558 thousand, is depreciated over 3 years.

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

The recoverable amount 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 company management and covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate as stated below. The growth rate does not exceed the long-term growth rate for the market in which the Group operates.

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

Essential assumptions used for calculating utility values:

Discount rate before[1], %	15.5
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 for the Group.

The most significant assumptions during the five-year forecast period are sales growth and profitability development, where the operating margin is assumed to increase as a result of sales growth. A change in the assumption of sales growth of 2 percentage points in the forecast period and an assumption of unchanged operating margins would not result in any impairment.

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

Note G13 Tangible non-current assets

Equipment	Fiscal year 2020	Fiscal year 2019
Opening acquisition value	9,617	9,301
Acquisitions for the year	967	882
Sales for the year	-49	-16
Disposals for the year	-	-550
Closing acquisition value	10,535	9,617
Opening accumulated depreciation	-7,618	-7,039
Depreciation for the year	-1,082	-1,130
Sales for the year	39	9
Disposals for the year	-	542
Closing accumulated depreciation	-8,661	-7,618
Closing carrying amount	1,874	1,999

Note G14 Leases

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

A new agreement has been signed with an extension of the rental period by two years to apply until September 2022.

The table below shows the value of access rights and leasing liabilities and the change during the period:

	Right of use assets			
	Offices	Office equipment	Total	Leasing liabilities
As of January 1, 2020	5,118	146	5,265	3,658
Contract extensions	14,790		14,790	14,790
Depreciation for the year	-7,121	-49	-7,170	
Completed contracts	-195		-195	-198
Interest expenses				217
Payments				-7,207
As of December 31, 2020	12,592	97	12,690	11,260

	Right of use assets			
	Offices	Office equipment	Total	Leasing liabilities
As of January 1, 2019	11,070	195	11,266	9,949
Depreciation for the year	-5,952	-49	-6,001	
Interest expenses				94
Payments				-6,385
As of December 31, 2019	5,118	146	5,265	3,658

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

Right of use assets	2020	2019
Depreciation of access rights	7,170	6,001
Interest expenses for leasing liabilities	217	94
Revaluation results	-3	-
Short-term equipment	18	-
Total amount reported in year-end results	7,402	6,095

Future leasing fees are shown in the table below:

Maturity analysis (undiscounted flows)	Dec. 31, 2020	Dec. 31, 2019
Year 1	5,718	3,467
Year 2	5,719	210
Year 3	4	50
Year 4	-	4
Total	11,441	3,731

Note G15 Deferred tax

Deferred tax assets and liabilities are distributed as follows:

	Dec. 31, 2020	Dec. 31, 2019
Deferred tax assets:		
deferred tax assets assessed to be utilised after more than 12 months	49	7
deferred tax assets assessed to be utilised within 12 months	46	-
	95	**7**
Deferred tax liabilities		
deferred tax liabilities assessed to be utilised after more than 12 months	219,898	233,116
deferred tax liabilities assessed to be utilised within12 months	14,472	14,794
	234,370	**247,910**

Net change in deferred taxes is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Opening balance	-13,628	257,624
Reported in statement of comprehensive income	-13,627	-9,720
Closing balance	**234,275**	**247,903**

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	Customer relationships	Platform	Trademarks	Other	Total
As of December 31, 2018	**202,942**	**5,108**	**49,685**	**88**	**257,823**
Reported in statement of comprehensive income	-11,852	-1,712	-	3,651	-9,913
As of December 31, 2019	**191,090**	**3,396**	**49,685**	**3,739**	**247,909**
Reported in statement of comprehensive income	-11,852	-1,713	-	26	-13,539
As of December 31, 2020	**179,238**	**1,683**	**49,685**	**3,765**	**234,370**

Deferred tax assets	Interest rate cap	Rights of use	Total
As of December 31, 2018	**200**	-	**200**
Reported in statement of comprehensive income	-194	-	-194
As of December 31, 2019	**6**	-	**6**
Reported in statement of comprehensive income	-6	95	89
As of December 31, 2020	-	**95**	**95**

Note G16 Accounts receivable

	Dec. 31, 2020	Dec. 31, 2019
Accounts receivable	24,753	29,795
Reserve for expected credit losses	-4,354	-3,527
Total	**20,399**	**26,268**

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

As of Dec. 31, 2020, net accounts receivable amounted to SEK 20,399 thousand (26,268) after the provision of expected customer losses. Accounts receivable due amounted to SEK 6,987 thousand (SEK 9,494 thousand). Of the SEK 2,722 thousand accounts receivable due between 1-60 days at the balance sheet date, SEK 2,298 thousand had been paid before Jan.31, 2021.

As of the balance sheet date, there were no accounts receivable in foreign currency.

The age analysis of accounts receivable is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Not overdue accounts receivable	**17,766**	**20,301**
1-30 days	2,396	5,512
31-60 days	326	471
> 61 days	4,265	3,511
Total overdue accounts receivable	**6,987**	**9,494**
Change in reserve for expected credit losses:		
Opening balance	3,527	2,317
Reserve for expected credit losses/reserve reversal	895	1 384
Credit losses recovered and reversed	-68	-174
Closing balance	4,354	3,527

Hemnet's customers mainly consist of property sellers where real estate brokers act as agents. Furthermore, in addition to property sellers and real estate agents, customers also consist of advertisers and real estate developers. Collateral for receivables is not normally held. There are no significant credit concentrations, the number of customers is significant and geographically well spread. The payment terms normally are between 0-30 days depending on the counterparty and there is no significant credit risk concentration to individual counterparties.

The outstanding accounts receivable for the five largest customers are gross at SEK 2,977 thousand (SEK 3,601 thousand).

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

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

Note G17 Other current receivables

	Dec. 31, 2020	Dec. 31, 2019
Settlement receivables	10,700	555
VAT recoverable	-	6
Tax account	3,234	291
Other	26	178
Total	**13,960**	**1,031**

Settlement receivables refer to receivables from invoicing and payment intermediaries used by Hemnet. In 2020, Hemnet has started offering property sellers to pay for property listings via Klarna. The settlement receivable on Klarna amounts to SEK 6,992 thousand as of December 31, 2020, which was settled in its entirety in January 2021.

Note G18 Prepaid expenses and accrued income

	31/12/2020	31/12/2019
Accrued income	10,035	4,183
Prepaid marketing costs	3,415	14,000
Prepaid costs, other	3,479	3,528
Total	**16,929**	**21,711**

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

Note G19 Equity

	Voting rights	No. of shares	Share capital
Ordinary shares:			
Series A	5,909,593,070	590,959,307	30,169,402
Series B	106,517,850	106,517,850	5,437,904
Series C	16,720,658	16,720,658	853,616
Preference shares:			
Series D	5,572,330,900	557,233,090	28,447,625
Series E	41,517,850	41,517,850	2,119,552
Series F	259,821,500	25,982,150	1,326,430
As of December 31, 2020	**11,906,501,828**	**1,338,930,905**	**68,354,528**

As of Dec. 31, 2020, the share capital consists of 1,338,930,905 shares divided into ordinary shares and preference shares. The shares have been issued in six series. Series A, B, 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 take precedence over the ordinary shares in terms of dividend and surplus in liquidation. The holders of preference shares are entitled to an accumulated dividend of 7 percent per year of the calculated amount. The calculated amount refers to the sum paid for all shares in the relevant series of issued preference shares plus the number of accrued dividends that have been listed and which have not been paid or exchanged in the event of a liquidation. 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 cumulative pre-emptive rights of the preference shareholders as of Dec. 31, 2020 amounted to SEK 58,877 thousand (SEK 12,818 thousand).

Other contributed capital consists of premiums for a new issue of SEK 1,243,564 thousand (SEK 1,242,155 thousand).

There is an incentive program for senior executives, which includes Series C shares and a shareholder program for employees, including warrants. See further information in Note G8.

Note G20 Financial risk management and financial instruments by category

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

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

Market risks
Currency risks
The Group operates only marginally on an international basis and the currency risk is low. Currency risks arise when future business transactions are expressed in a currency that is not the unit's functional currency. The Group has little to no sales in foreign currency and purchases are made marginally in EUR, USD and GBP. Due to the limited risk, the company does not, according to the finance policy, hedge these flows, unless there are specific reasons to do so, but the currency risk must primarily be managed operationally by striving to sign agreements in SEK.

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

	Dec. 31, 2020		
	USD	GBP	EUR
Cash and cash equivalents	625	53	546
Accounts payable	272	-	61
Accrued income	3,627	-	-

	Dec. 31, 2019		
	USD	GBP	EUR
Cash and cash equivalents	721	60	571
Accounts payable	379	-	253
Accrued income	1,098	-	-

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

If the Swedish krona had weakened/strengthened by 10 percent in relation to the USD with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of Dec. 31, 2020 would be SEK 399 thousand lower/higher, as a result of profits/losses on conversion of accrued income, cash and cash equivalents and accounts payable in USD.

If the Swedish krona had weakened/strengthened by 10 percent relative to GBP with all other variables constant, the recalculated profit after tax/effect on share- holder equity as of Dec. 31, 2020 would be SEK 5 thousand higher/lower, largely as a result. of gains/losses on the conversion of cash and cash equivalents in GBP.

If the Swedish krona had weakened/strengthened by 10 percent relative to the EUR with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of Dec.31, 2020 would be SEK 49 thousand higher/lower, largely as a result of gains/losses on the conversion of cash and cash equivalents and accounts payable in EUR.

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

	2020	2019
Net exchange rate gain (+)/- loss (-), included in other operating income/other operating expenses	-518	-22
Net exchange rate gains (+)/- currency (-), included in financial income/expenses	-126	103

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 was renegotiated and extended during the year. The loan matures May 27, 2025 and runs at a variable interest rate equivalent to Stibor plus 1.75-3.50 percent per year, depending on the covenant Net Leverage. The fee for the undrawn part of the facility is 0.75 percent. The bank loan has a revolving credit, which means that the Group has a loan facility that makes it possible to use the unused credit at no extra cost. The Group has two 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 kronor. It is possible to take out a loan in another currency. The Group has previously chosen to hedge cash flow regarding future interest payments as the loan terms required a certain hedging during an initial stage. Hedging then took place by using a derivative in the form of an interest rate cap. The loan terms no longer require any hedging and the Group has chosen not to raise any new derivatives after the previous interest rate cap expired in 2020. Debt regarding purchase price and contingent consideration to the sellers, which arose in connection with the acquisition of Hemnet Sverige AB Group, has been amortised annually. In January 2020, the final payment was made. The debt relating to the deferred consideration and contingent consideration was at an interest rate of 3.56 percent.

Sensitivity
If interest rates on borrowing in Swedish krona in 2020 were 100 basis points higher/lower with all other variables constant, the calculated profit after tax for the financial year would have been SEK 5,453 thousand higher/lower, as an effect of higher/lower interest costs for borrowing with variable interest rates.

Credit risk
Credit risk is managed at the Group level, with the exception of credit risk regarding outstanding accounts receivable where analysis is done for each Group company. 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 for corporate customers, a risk assessment is made of the customer's credit rating, taking into account the customer's financial position, as well as past experience and other factors. Other long-term securities holdings consist of long-term fixed income funds, which are considered low-risk investments.

Credit risk exposure and possible provision for expected loan losses are stated in Note G16 Accounts receivable, Note G18 Prepaid expenses and deferred income and Note G27 Cash and cash equivalents.

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

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

Credit facility
As of Dec. 31, 2020, the Group has a total credit facility of SEK 705 million, of which SEK 16 million is unutilised.

Variable interest rate on utilised credit: Stibor plus 1.75–3.50 percent, depending on Net Leverage.
Fixed interest on unutilised credit: 0.75 percent

Expires within one year (bank loan) SEK 10.3 million
Expires after more than one year (bank loan) SEK 678.3 million

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

Management of capital
The Group's goal regarding the capital structure is to ensure the Group's ability to maintain its operations, so that it can continue to generate return to share-holders and benefit other stakeholders and to maintain an optimal capital structure to keep costs down. Hemnets managed capital consists of equity. Changes in managed capital are stated in the *Group´s consolidated statement of changes in equity.*

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

The Group assesses its capital requirements, among other things, on the basis of the leverage ratio, which is the key figure for net debt/EBITDA and amounted to 2.2 (3.0) on Dec. 31, 2020. Net debt is calculated as total borrowing (including the items Liabilities to credit institutions and Derivative instruments in the consolidated balance sheet) less cash and cash equivalents. The Group's goal is to achieve a net debt / adjusted EBITDA ratio of less than 2.0.

Maturity of financial liabilities

As of December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual undiscounted cash flow	Reported value
Financial liabilities							
Liabilities to credit institutions		10.3	13.3	665.1		**688.6**	675.5
Contingent consideration						-	
Leasing liabilities	0.0	5.7	5.7	0.0		**11.4**	11.3
Accounts payable	10.3					**10.3**	10.3
Other current liabilities	10.9					**10.9**	10.9
	21.1	16.0	19.0	665.1	0.0	721.2	707.9

As of December 31, 2019, SEK million	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual undiscounted cash flow	Reported value
Financial liabilities							
Liabilities to credit institutions		10.3	10.3	678.3		**698.9**	682.2
Debt deferred consideration	-					-	-
Contingent consideration	79.2					**79.2**	79.1
Leasing liabilities	0.0	3.4	0.2	0.1		**3.7**	3.6
Accounts payable	13.0					**13.0**	13.0
Other current liabilities	3.0					**3.0**	3.0
Derivatives							
Interest rate cap						.	.
	95.2	13.7	10.5	678.4	0.0	797.8	780.9

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

(a) Level 1 financial instruments
Listed prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 financial instruments
Observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e., as price quotes) or indirectly (i.e., derived from price quotes).

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

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

	Level 1	Level 2	Level 3	Total
Financial assets				
Assets valued at fair value through profit or loss				
Interest bearing securities current (fixed income funds)	24,525			24,525
Total financial assets	**24,525**	-	-	**24,525**

The following table shows the Group's financial assets and liabilities at fair value at Dec. 31, 2019.

	Level 1	Level 2	Level 3	Total
Financial assets				
Assets valued at fair value through profit or loss				
Interest bearing securities current (fixed income funds)	24,132			24,132
Total financial assets	**24,132**	-	-	**24,132**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative instruments held for trading:				
- Interest rate cap		-		-
Contingent consideration			79,129	79,129
Total financial liabilities	-	-	**79,129**	**79,129**

Specific valuation techniques used to evaluate financial instruments include:
• Listed market prices are used for valuation of Interest-bearing securities, current.
• 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 upon the acquisition of Hemnet Sverige Group.

There were no transfers between levels during the year.

Level 3 financial instruments
The table to the below shows the changes for Level 3 instruments.

Contingent consideration in correlation to acquisitions

	Dec. 31, 2020	Dec. 31, 2019
Opening balance	79,129	181,945
Contingent consideration paid during the year	-79,196	-105,883
Interest accrued over the total profit during the year	67	3,067
Closing balance	-	**79,129**

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

Financial instruments by category

Assets as of Dec. 31, 2020	**Financial assets at fair value through profit or loss**	**Financial assets reported at amortised cost**	**Total**
Assets in the balance sheet			
Interest bearing securities, current	24,525		24,525
Accounts receivable and other receivables		44,394	44,394
Cash and cash equivalents		247,092	247,092
Total	**24,525**	**291,486**	**316,011**

Liabilities as of Dec. 31, 2020	**Financial liabilities at fair value through profit or loss**	**Financial liabilities reported at amortised cost**	**Total**
Liabilities in the balance sheet			
Liabilities to credit institutions		675,482	675,482
Other liabilities		22,115	22,115
Accounts payable		10,290	10,290
Accrued expenses		59,593	59,593
Total	-	**767,480**	**767,480**

Assets as of Dec. 31, 2019	**Financial assets at fair value through profit or loss**	**Financial assets reported at amortised cost**	**Total**
Assets in the balance sheet			
Interest bearing securities	24,132		24,132
Accounts receivable and other receivables		31,482	31,482
Cash and cash equivalents		219,397	219,397
Total	**24,132**	**250,879**	**275,011**

Liabilities as of Dec. 31, 2019	**Financial liabilities at fair value through profit or loss**	**Financial liabilities reported at amortised cost**	**Total**
Liabilities in the balance sheet			
Liabilities to credit institutions		682,189	682,189
Contingent consideration	79,129		79,129
Derivatives	0		0
Other liabilities		73	73
Accounts payable		12,996	12,996
Accrued expenses		4,838	4,838
Total	**79,129**	**700,096**	**779,225**

Interest bearing securities are valued at fair value in level 1 in the fair value hierarchy. The fair value of current liabilities to credit institutions corresponds to their carrying amount, as the discounting effect is not significant. The fair value of long-term liabilities to credit institutions is based on discounted cash flows (level 2) and amounts to SEK 678 million as of December 31, 2020. Contingent consideration is valued at fair value and is at level 3, which means that observable input data for the debt is lacking and the fair value is instead based on management's assessment of what is likely to be paid given the terms of the share transfer agreement. For other financial assets and liabilities, book value is an approximation of fair value, which is why these items are not divided into levels according to the valuation hierarchy.

Note G21 Liabilities to credit institutions

	Dec. 31, 2020	Dec. 31, 2019
Long-term liabilities		
Liabilities to credit institutions	678,375	688,625
Effective interest rate/settlement fee/renegotiation result	-10,515	-14,225
	667,860	**674,400**
Short-term liabilities		
Liabilities to credit institutions	10,250	10,250
Effective interest rate/settlement fee/renegotiation result	-2,628	-2,461
	7,622	**7,789**
Total liabilities to credit institutions	**675,482**	**682,189**

Liabilities to credit institutions
The Group's borrowing matures on May 27, 2025 and runs at a variable interest rate with a margin spread of 1.75-3.50 percentage points against the reference interest rate, depending on the net leverage covenant.

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 liabilities.

The Group has fulfilled the loan terms for the entire financial year Jan. 1 - Dec. 31, 2020.

For liabilities to credit institutions, collateral has been provided, see Note G26.

	Reported value Dec. 31, 2020	Fair value Dec. 31, 2020
Loans from credit institutions	675,482	688,625

Note G22 Other current liabilities

	Dec. 31, 2020	Dec. 31, 2019
Contingent consideration	-	79,129
VAT credit	4,229	2,815
Personnel-related taxes	6,514	-
Other items	112	181
Total	**10,855**	**82,125**

See Note G20 Calculation of fair value for further description of the item contingent consideration.

Note G23 Accrued expenses and deferred income

	Dec. 31, 2020	Dec. 31, 2019
Accrued personnel costs	14,124	8,755
Deferred income	8,228	12,878
Accrued administration and commission compensation	40,003	44,718
Other accrued costs	6,562	4,084
Total	**68,917**	**70,436**

Note G24 Changes in liabilities belonging to the financing operations

				Non-cash flow items			
	Jan. 1, 2020	**Cash inflow**	**Cash outflow**	**Unpaid interest expenses**	**Accrual of financing costs**	**Change in leasing commitments**	**Dec. 31, 2020**
Liabilities to credit institutions	682,189		-10,250		3,543		675,482
Contingent consideration	79,129		-76,474	-2,655			0
Leasing liabilities	3,657		-6,990			14,593	11,260
Total	**764,975**	**0**	**-93,714**	**-2,655**	**3,543**	**14,593**	**686,742**

				Non-cash flow items			
	Jan. 1, 2019	**Cash inflow**	**Cash outflow**	**Unpaid interest expenses**	**Accrual of financing costs**	**Change in leasing commitments**	**Dec. 31, 2019**
Liabilities to credit institutions	440,640	285,724	-44,125		-51		682,189
Deferred consideration	181,945		-180,279	-1,665			-
Contingent consideration	181,945		-101,151	-1,665			79,129
Leasing liabilities	-		-5,979			9,637	3,657
Total	**804,530**	**285,724**	**-331,534**	**-3,331**	**-51**	**9,637**	**764,975**

Note G25 Cash and cash equivalents

	Dec. 31, 2020	Dec. 31, 2019
Bank balances	247,092	219,397
	247,092	219,397

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

Note G26 Pledged assets

	Dec. 31, 2020	Dec. 31, 2019
Net assets in subsidiaries	1,108,550	1,037,907
Trademarks	241,190	241,190
	1,349,740	**1,279,097**

Pledged assets relate to debt to credit institutions, and the loan from Nordea. The loan is conditional upon the company meeting certain covenants. See also notes G20 and G21. Net assets in subsidiaries refer to Hemnet AB, Hemnet Sverige AB and Hemnet Holding III AB.

Note G27 Related party transactions

Related parties are owners, all subsidiaries within the Group 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 established internal pricing policies based on the arm's length principle.

For information on remuneration to the board of directors and senior executives, see Note G8. Sarah Wu, who is part of the management team as of September 2020 has, since she has not been employed by Hemnet, invoiced a consulting fee of SEK 720 thousand during the months she has been part of the management team 2020.

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

In March 2020, 165,000 C shares were issued to senior executive within the incentive program for senior executives. During the fourth quarter, 716,520 shares were redeemed from a former senior executive and 937,578 C shares were issued to four senior executives. The issue price and redemption price were in all cases SEK 3.70 per share.

Hemnet transferred SEK 12,500 thousand in 2019 to Mäklarsamfundet for marketing activities that Mäklarsamfundet would administer in 2020. In 2020, marketing activities were carried out and expensed to the value of SEK 9,085 thousand, while SEK 3,415 thousand remains as prepaid costs for remaining activities that will be carried out in 2021. I In addition to the above, marketing campaigns have also been administered via Hemnet's own platform, which has resulted in both revenues and costs amounting to SEK 4,298 thousand.

Note G28 Events after the reporting period

In the beginning of 2021, Hemnet communicated an upcoming revised model for administration and commission compensation to the brokerage industry. Hemnet's compensation model, until the introduction of the revised model, is based partly on a compensation to real estate agencies for the work performed in relation to administration and intermediation carried out, and, for affiliated real estate agencies, a commission compensation for the sale of the company's additional services for home sellers. The new revised model has the same components, but the compensation levels for each part have been adjusted to give the commission compensation a greater weight. This change will take effect on March 1, 2021. Hemnet's assessment is that this change can have a positive impact on sales of listings related additional services and thus on the company's profit margins.

At an extraordinary general meeting on March 1, 2021, it was decided to perform a reverse share split, whereby 15 existing shares in each of all the company's share classes (series A, B, C, D, E, F) were merged into 1 share. At the EGM it was further resolved to change corporate category for the Parent company from private to public limited company and to change the company name to Hemnet Group AB (publ).

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

Reconciliation of alternative performance measures

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

	2020	2019	2018
Operating margin			
Operating profit	110,516	98,695	73,278
Net sales	544,079	444,394	373,084
Operating margin, %	**20.3%**	**22.2%**	**19.6%**
EBITDA margin			
Operating profit	110,516	98,695	73,278
Depreciation	-77,447	-73,202	-64,793
EBITDA	187,963	171,897	138,071
Net sales	544,079	444,394	373,084
EBITDA margin, %	**34.5%**	**38.7%**	**37.0%**
Adjusted EBITDA margin			
EBITDA	187,963	171,897	138,071
Advertising revenue	-4,298	-	-
Marketing costs	13,384	-	-
Consultant costs	5,061	-	-
Adjusted EBITDA	202,110	171,897	138,071
Net sales	544,079	444,394	373,084
Adjusted EBITDA margin, %	**37.1%**	**38.7%**	**37.0%**
Net debt			
Non-current interest-bearing liabilities	673,547	674,663	613,463
Current interest-bearing liabilities	13,195	90,314	191,971
Cash and cash equivalents, including interest bearing securities, current	271,617	243,529	334,089
Net debt	**415,125**	**521,448**	**471,345**
Net debt/EBITDA			
Net debt	415 125	521 448	471 345
EBITDA	187 963	171 897	138 071
Net debt/EBITDA, times	**2.2**	**3.0**	**3.4**
Equity/Asset ratio			
Equity	1,349,619	1,280,450	1,388,247
Balance sheet total	2,373,309	2,398,711	2,539,030
Equity/Asset ratio, %	**56.9%**	**53.4%**	**54.7%**
Debt/Equity ratio			
Interest-bearing liabilities	686,742	764,977	805,434
Equity	1,349,619	1,280,450	1,388,247
Debt/Equity ratio, times	**0.5**	**0.6**	**0.6**
ARPL (Average revenue per listing)			
Net sales	544,079	444,394	373,084
Deduct revenue not arising from listings	-210,954	-182,794	-170,139
Revenue from listings	333,125	261,600	202,945
Number of listings	189,305	185,031	188,012
ARPL, SEK	**1,760**	**1,414**	**1,079**

Definitions

Key ratios	Definition
Alternative performance measures	Alternative performance measures (APMs) are financial measures of historical or future earnings trend, financial position or cash flow that are not defined in the applicable accounting regulations (IFRS). Alternative performance measures are used by Hemnet when it is relevant to follow up and describe Hemnet's financial situation and to provide additional useful information to the users of the financial reports. These metrics are not directly comparable to similar performance measures presented by other companies. Alternative performance measures are marked with * in the definition list.
Number of employees	The total number of employees at the close of the period end.
ARPL (Average revenue per listing)*	Average revenue per listing, calculated as revenue from home sellers published listings including related add-on products during the period, in relation to the number of published listings during the period. It is a measure that shows the Company's earning capacity per published listing.
EBITDA (earnings before interest, taxes, depreciation and amortization)*	Operating profit plus depreciation and amortization of tangible and intangible assets. The measure enables comparison of profitability over time, regardless of amortization and depreciation of intangible and tangible fixed assets as well as independent of taxes and the Company's financing structure.
EBITDA margin*	EBITDA in relation to net sales. The measure reflects the business's operating profitability before amortization and depreciation of intangible and tangible fixed assets. The measure is an important component, together with net sales growth, to follow the Company's value creation.
Financial items net*	Financial income less financial expenses. Measure the company's financial activities.
Adjusted EBITDA*	EBITDA plus items affecting comparability. This measure enables comparison of profitability over time, regardless of amortization and depreciation of intangible and tangible fixed assets as well as independent of taxes and the Company's financing structure. The measure is also adjusted for the impact of items affecting comparability to increase comparability over time.
Adjusted EBITDA margin*	Adjusted EBITDA in relation to net sales. The measure reflects the business's operating profitability before amortization and depreciation of intangible and tangible fixed assets. The measure is an important component, together with net sales growth, to follow the Company's value creation. The measure is also adjusted for the impact of items affecting comparability to increase comparability over time.
Items affecting comparability*	Items affecting comparability include revenue and expenses that do not arise regularly in the operating activities. A separate disclosure of items affecting comparability clarifies the development of the underlying business.
Average number of full-time employees	The average number of employees during the period, defined as equivalent full-time positions.
Net debt*	Interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities. Net debt is a measure used to follow the development of debt and the size of the refinancing need. Since cash and cash equivalents can be used to pay off debt at short notice, net debt is used instead of gross debt as a measure of the total loan financing.
Net debt/EBITDA*	Interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities as of the balance sheet date in relation to operating profit increased by amortization and write-downs of intangible and tangible assets (EBITDA) for the last twelve months. The measure is a debt ration that shows how many years it would take to pay off the Company's debt, provided that its net debt and EBITDA are constant and without taking into account the cash flows regarding interest, taxes and investments.
Operating margin*	Operating profit/loss in relation to net sales. The measure reflects the operational profitability of the business. The measure is an important component, together with net sales growth, to follow the Company's value creation.
Operating profit/loss*	Total revenue less total operating expenses. The measure indicates the Company's operation profit/loss before financing and taxes and is used to measure the profit generated by operating activities.
Debt/Equity ratio*	Interest bearing liabilities less cash and cash equivalents and current interest-bearing securities in relation to equity. The measure shows the relation between the Company's two forms of financing. The measure shows how large a share the debt financing has in relation to the owners' invested capital. The measure reflects the financial strength, but also the leverage effect of the debt. A higher leverage ratio means a higher financial risk and a higher financial leverage on invested capital.
Equity/Assets ratio*	Equity in relation to total assets. The measure reflects the Company's financial position. A high equity ratio provides a readiness to be able to handle periods of weak economic growth. At the same time, a higher equity ratio creates a lower financial leverage.
Profit margin*	Net profit in relation to net sales. The measure indicates the Company's profit after financing and taxes and is used to measure the profit generated by operating activities.

Parent Company income statement

Amount in thousand SEK	Note	2020	2019
Net sales	6	7,081	-
Total		**7,081**	**-**
Other external expenses		-8,243	-1,404
Personnel costs	2	-7,186	-
Total operating expenses		**-15,429**	**-1,404**
Operating profit/loss		**-8,348**	**-1,404**
Interest expenses		-1	-
Allocations - Group contributions received	6	8,343	2,761
Profit before tax		**-5**	**1,356**
Income tax		-	-
Net income (loss)		**-5**	**1,356**

Parent Company statement of comprehensive income

Amount in thousand SEK	Note	2020	2019
Net income (loss)		**-5**	**1,356**
Other comprehensive income		-	-
Total comprehensive income for the period		**-5**	**1,356**

Parent Company balance sheet

Amount in thousand SEK	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Non-current assets			
Participations in Group companies	3	1,141,560	1,141,560
Non-current receivables Group companies	4	217,750	217,750
Total non-current assets		**1,359,310**	**1,359,310**
Current assets			
Current receivables from Group companies	4	11,204	2,761
Other receivables		1,030	-
Prepaid expenses and accrued income		1,400	-
Cash and cash equivalents		4,701	1,211
Total current assets		**18,335**	**3,972**
TOTAL ASSETS		1,377,645	1,363,282
EQUITY AND LIABILITIES			
Equity	5		
Restricted equity			
Share capital		68,354	68,335
Total restricted equity		**68,354**	**68,335**
Unrestricted equity			
Share premium reserve		1,245,110	1,243,701
Retained earnings		-124,630	-125,986
Comprehensive income for the year		-5	1,356
Total unrestricted equity		**1,120,475**	**1,119,071**
Total equity		**1,188,829**	**1,187,406**
Non-current liabilities			
Non-current liabilities to Group companies	4	175,050	175,050
Total non-current liabilities		**175,050**	**175,050**
Current liabilities			
Accounts payable		2,213	-
Current liabilities to Group companies	4	6,304	615
Other liabilities		1,094	-
Accrued expenses and deferred income		4,155	211
Total current liabilities		**13,766**	**825**
TOTAL EQUITY AND LIABILITIES		**1,377,645**	**1,363,282**

Parent Company statement of changes in equity

	Restricted equity	Unrestricted equity			
Amount in thousand SEK	**Share capital (Note P5)**	**Share premium reserve (Note P5)**	**Retained earnings (Note P5)**	**Profit for the year (Note P5)**	**Total shareholder equity (Note P5)**
Opening balance as of Jan. 1, 2019	68,335	1,292,155	-	-1,008	1,359,482
Transfer of previous year's results			-1,008	1,008	0
Net income (loss)				1,356	1,356
Other comprehensive income				-	-
Total comprehensive income for the period				**1,356**	**1,356**
Transactions with owners					
Dividends			-124,978		-124,978
Rights issue	-1,408	-48,592			-50,000
Bonus issue	1,408	-1,408			-
New share issue (shareholder program warrants) *		1,895			1,895
Issue costs		-349			-349
Total transactions with the company's owners	**-**	**-48,454**	**-124,978**	**-**	**-173,432**
Closing balance as of Dec. 31, 2019	**68,335**	**1,243,701**	**-125,986**	**1,356**	**1,187,406**
Opening balance as of Jan. 1, 2020	**68,335**	**1,243,701**	**-125,986**	1,356	**1,187,406**
Transfer of previous year's results			1,356	-1,356	-
Net income (loss)				-5	-5
Other comprehensive income				-	-
Total comprehensive income for the period				**-5**	**-5**
Transactions with owners					
Redemption	-37	-2,614			-2,651
New share issues	56	4,023			4,079
Total transactions with the company's owners	**19**	**1,409**	**-**	**-**	**1,428**
Closing balance as of Dec. 31, 2020	**68,354**	**1,245,110**	**-124,630**	**-5**	**1,188,829**

Parent Company statement of cash flows

Amount in thousand SEK	**2020**	**2019**
Cash flow from operating activities		
Operating profit /loss	-8,348	-1,404
Interest received	-	-
Interest paid	-1	-
Paid income tax	-	-
Cash flow from operating activities before changes in working capital	**-8,349**	**-1,404**
Cash flow from changes in working capital		
Change in current receivables	-2,530	-
Change in current liabilities	12,941	274
Total changes in working capital	**10,411**	**274**
Cash flow from operating activities	**2,062**	**-1,130**
Cash flow from financing activities		
Loans from Group companies	-	175,000
Loans to Group companies	-	-
Rights issue	4,079	1,546
Share redemption	-2,651	-50,000
Dividend paid to Parent Company owners	-	-124,978
Cash flow from financing activities	**1,428**	**1,568**
Cash flow for the year	**3,490**	**437**
Cash and cash equivalents at beginning of the year	1,211	774
Cash and cash equivalents at year-end	**4,701**	**1,211**

Note P1 Parent Company accounting principles

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

Accordingly, the Parent Company applies the principles presented in Note G1 of the consolidated financial statements, with the exceptions set out below. There were no changed accounting principles for the Parent Company in 2020.

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

For information on financial risks, see Note G20 to the consolidated financial statements.

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

Participations in group companies
Shares in subsidiaries are recognised at acquisition value minus any write-downs. The acquisition value includes acquisition-related costs and any contingent consideration. 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.

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

The Parent Company applies the general method, according to the rating-based method for calculating expected credit losses on intra-group receivables, see the Group's accounting principles, Impairment of financial instruments. Based on the Parent Company's judgment, taking into account known information and forward-thinking factors, including business plans and forecasts, expected credit losses are not considered to be significant and therefore no provision has been recognised.

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

Leases
There are no leasing agreements in the Parent Company.

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

Not P2 Personnel costs

	2020		2019	
	Salaries and remuneration	**Social costs**	**Salaries and remuneration**	**Social costs**
Parent company				
Senior executives (including profit-sharing)	4,982 (-)	2,176	-	-
Of which, pension costs		508	-	-
Other employees			-	-
Of which, pension costs			-	-
Total	4,982	2,176	-	-
Of which, pension costs		508	-	-

Senior executives refer to the CEO.

Average number of employees

	2020		2019	
	Average number of employees	**Number of women**	**Average number of employees**	**Number of women**
Parent company				
Sweden	1	1	-	-
Total	1	1	-	-

Note P3 Participations in Group companies

	Dec. 31, 2020	Dec. 31, 2019
Opening balance	1,141,560	1,141,560
Change for the year	-	-
Closing balance	1,141,560	1,141,560

The Parent Company holds shares in the following subsidiaries:

Name	Corp. reg. no	Location	Share capital/%	Number of shares	Reported value Dec. 31, 2020
Hemnet Holding AB	559088–4457	Stockholm	100	50,000	1,141,560

Indirect ownership in subsidiaries included in the Group:

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

Note P4 Receivables and liabilities of group companies

	Dec. 31, 2020	Dec. 31, 2019
Long-term receivables		
Hemnet Holding AB	217,750	217,750
	217,750	**217,750**
Current receivables		
Hemnet Holding AB	11,104	2,761
Hemnet Holding II AB	100	-
	11,204	**2,761**
Non-current liabilities		
Hemnet Holding AB	175,050	175,050
	175,050	**175,050**
Current liabilities		
Hemnet AB	6,288	138
Hemnet Holding AB	16	477
	6,304	**615**

Note P5 Equity

The share capital consists of 1,338,930,905 (1,338,544,847) shares with a quotient value of SEK 0.051 (0.051). See also information in note G19.

Note P6 Related party transactions

Related parties are owners, all subsidiaries within the Group 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 established internal pricing policies based on the arm's length principle.

There are short-term and long-term deposits and borrowings between the Parent Company and the subsidiaries. Since 2020, the Group's CEO is employed by the Parent Company, whereby invoicing to subsidiaries takes place for company management services. The subsidiaries invoice the Parent Company for costs that pertain to the Parent Company Board or CEO. Of reported net sales, SEK 7,081 (-) thousand refers to internal invoicing to Hemnet AB. Of external costs, SEK 1,633 (-) thousand refers to internal invoicing from Hemnet AB. Group contribution received SEK 8,343 (2,761) thousand has been provided by Hemnet Holding AB.

Note P7 Events after the reporting period

At an extraordinary general meeting on March 1, 2021, it was decided to perform a reverse share split, whereby 15 existing shares in each of all the company's share classes (series A, B, C, D, E, F) were merged into 1 share. At the EGM it was further resolved to change corporate category for the Parent company from private to public limited company and to change the company name to Hemnet Group AB (publ).

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

Note P8 Appropriation of profits

The following earnings are available to the Annual General Meeting:

Share premium reserve	1,245,109,654
Retained earnings	-124,629,692
Profit/loss for the year	-5,507
	1,120,474,455

The Board proposes that the accumulated earnings available for disposition be carried forward, SEK	1,120,474,455

Signatures

The board of directors and the CEO ensure that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 consolidated accounts provide a true and fair view of the Parent Company's and Group's position and earnings. The Directors' Report for the Parent Company and the Group, provides a true and fair view of the development of the Parent Company's and Group's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies included in the Group are facing.

The consolidated income statement and balance sheet of the Group and Parent Company will be submitted to the Annual General Meeting on April 9, 2021 for adoption.

Stockholm, March 22, 2021

Håkan Erixon
Chairman of the Board

Cecilia BF

Cecilia Beck-Friis
CEO

Anders Edmark
Board Member

Kerstin Lindberg Göransson
Board Member

Christopher Caulkin
Board Member

Håkan Hellström
Board Member

Nick McKittrick
Board Member

Pierre Siri
Board Member

Tracey Fellows

Tracey Fellows
Board Member

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

Anna Svanberg
Authorised Public Accountant

Audit report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Hemnet Group AB for the financial year 2020. The annual accounts and consolidated accounts of the company are included on pages 28-58 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-27. The Board of Directors and the Managing Director are responsible for this other information.
Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Hemnet Group AB for the financial year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

Stockholm on the day stated in our electronic signature
Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

HEMNET I SAMARBETE MED ALINDER DESIGN

Hemnet

Klarabergsgatan 60 · 111 21 Stockholm