Annual Report Hemnet Group AB 2019

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Pages 22-51 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 53-54.

Sweden's biggest property portal

Each week, Hemnet has 3.1 million unique visitors on its site via mobile phone, tablet or desktop. Some are looking for a place in the countryside, others for a home in the heart of the city, and some are just looking for inspiration.

1998
HEMNET FOUNDED

172
SEK MILLION EBITDA[1]

54 Million
HOURS SPENT ON HEMNET 2019

92
EMPLOYEES

SEK 444 Million
REVENUES

86
PERCENT TRAFFIC FROM MOBILE DEVICES

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

91
PERCENT OF HOME SELLERS PREFER HEMNET[2]

50
PERCENT OF HEMNET'S VISITORS ARE ACTIVELY LOOKING FOR A NEW HOME

6,195 Visits
PER HOME LISTING ON AVERAGE

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

The key to a simpler property transaction

Since our start in 1998, Hemnet has become Sweden's most popular property portal and the preferred platform for real estate agents, home sellers and buyers. We want to create a market environment which provides all stakeholders with a more accessible, efficient and active property market.

We do this by building the best search experience for buyers to find their dream homes and through effective marketing and other tools, we support the business of real estate agents. In short, our aim is to be the key to a simpler property transaction.

Chief Executive's report

During the past year, we at Hemnet have taken a number of important steps to broaden our offering and give customers and partners better opportunities for effective advertising and simpler property transactions. At the same time, we have continued our growth journey, increasing sales and profitability, setting site traffic records and hiring more employees. In other words, Hemnet is starting the new decade in a strong position.

We started 2019 with three clear priorities: 1) to further enhance the user experience of Hemnet, becoming a more effective and inspiring tool for anyone searching for their dream home; 2) to simplify the everyday life of real estate agents and further strengthen our relationships with customers and partners and; 3) offer home sellers more opportunities to influence their property transaction. These areas have been our guiding principles during the year, and at the end of 2019 we can see great progress across all three.

THE WORLD'S MOST POPULAR PROPERTY PORTAL

Our visitors spent 54 million hours in total on Hemnet in 2019, a year-on-year increase of 8 percent. We also beat previous weekly visitor records on two occasions, most notably with 3,581,000 unique visitors week commencing 12 August 2019. This growth in traffic is indicative of an increasingly attractive property market, and also evidence that Hemnet continues to develop and offer a user experience that is better than ever.

This picture has also been reinforced by external surveys. During the year, the opinion and market research company YouGov ranked Hemnet fifth among media players in their brand image survey of the Swedish media industry. In November, research company AIM Group published a ranking of the world's property portals, in which Hemnet came out top as the portal with the most visits per capita anywhere in the world. All of which places Hemnet firmly on the global portal map.

NEW OPPORTUNITIES FOR HOME SELLERS ON HEMNET

One of the big changes this year at Hemnet has been the increased opportunities for home sellers to influence their property transactions. At the end of 2018, we launched Raketen (the rocket), our first add-on product for home sellers giving them the opportunity to temporarily place their home listing at the top of the Hemnet results list. Raketen quickly became a success and during the year we further developed our offer to home sellers, which now consists of a clear structure of marketing packages. Today, those who are going to sell their homes and want to advertise on Hemnet can choose among packages that include Hemnet Base, Plus or Premium – with Raketen as an additional product – depending on their need or how much they want to invest in advertising. With Hemnet Plus, the seller increases their visibility on Hemnet while with Hemnet Premium they have an additional opportunity to market their Hemnet advertisement on external sites. Our latest survey shows that Hemnet Premium, launched in late August, has increased the number of visits to house listings on Hemnet by an average of 55 percent. We know that more visits to the listing increases the possibility of a faster sale and a higher sale price and that these new products increase the likelihood of a smooth and efficient property transaction for both agents and home sellers. Continuing to improve the content and functionality of these packages is one of our top priorities.

WE CONTINUE TO DEVELOP OUR OFFER TO REAL ESTATE AGENTS

During 2019, we increased our partnerships and improved our offers to Sweden's real estate agents. Fundamentally, we believe that Hemnet should be a tool for the real estate agent industry, enabling efficient business, new customer opportunities and the best possible marketing to relevant target groups. In 2018, we launched a new opportunity for real estate agents to increase their visibility on Hemnet, through the subscription service Hemnet Business. In addition, they gained access to Hemnet's unique data and statistics on property sales through the statistics tool Andelsstatistiken. It is gratifying to note that more than 80 percent of the home listings on Hemnet today come from real estate agencies with a Hemnet Business subscription. We also introduced the opportunity for all brokers to enhance their visibility on Hemnet by uploading their profile picture, which the majority of brokers active on Hemnet have chosen to do. Our surveys show that a profile picture leads to more visits to the agent's contact details – and thus to more new business opportunities.

Our acquisition of the Tryggabud service, through which we now offer a free tool to all real estate agents who want to implement legitimate and secure bidding, is another example of our quest to simplify the agent's everyday life. During the year we also reviewed the rules for advertising commercial properties on Hemnet, and opened a new international section where Swedish real estate companies with operations abroad are given the opportunity to market their international offices.

HEMNET'S BUSINESS IS BUILT TOGETHER WITH THE REAL ESTATE AGENT INDUSTRY

Close co-operation with the real estate agent industry is an important part of Hemnet's success. With only properties marketed by agents being advertised on Hemnet, the quality of our content is high and compares well by international standards. During 2019, we paid SEK 125 million to the industry in administration fees for the work the agents do by publishing home listings on Hemnet. We also introduced a new sales collaboration with the real estate agents, paying a commission to the agents who become resellers of Hemnet marketing packages and additional products for home sellers.

Building our business together with the real estate agents, who receive a share of the revenues for their work, is natural to us. We look forward to continuing to strengthen our collaboration with the industry.

WE CONTINUE OUR JOURNEY AS A GROWTH COMPANY

2019 was a productive and successful year for Hemnet. Total sales of SEK 444 million corresponds to a growth of 19 percent on 2018 sales. The growth comes with good profitability, with an EBITDA for the year of SEK 172 million, compared to SEK 138 million in 2018. The engine of our growth today and going forward is the development of our new product initiatives for both home sellers and agents together with a healthy advertising business. Hemnet offers a completely unique advertising environment in which content-adjacent customers can be visible. We also see growth in new advertising formats, such as native advertising, where the advertiser uses editorial texts to market in a way that our visitors find both relevant and interesting.

During the year, we welcomed 30 new employees to the company. We have strengthened our teams in product, development, finance, analysis and business development.

Our journey as a growth company continues, a broader offering and a stronger team of employees gives us good possibilities for continued positive development.

OUR PRIORITIES FOR 2020

The year 2020 will focus on developing and improving the foundation we now have in place for an increased range of new products and services for both home sellers and agents. In addition, we will maintain our focus on strengthening our relationships and co-operation with both agents and property developers, our most important partners. On 5 March, we were proud hosts of Guldhemmet, Sweden's new property gala where we celebrate the industry and in particular the outstanding achievements of the past year.
During 2019, we devoted a great deal of effort to developing a governance framework that meets the demands of a professional and organised company based on guidelines, procedures and working methods. This work means that for the first time, in this annual report, we include a section that reflects our sustainability efforts – an area we will devote increased energy to in the coming years.

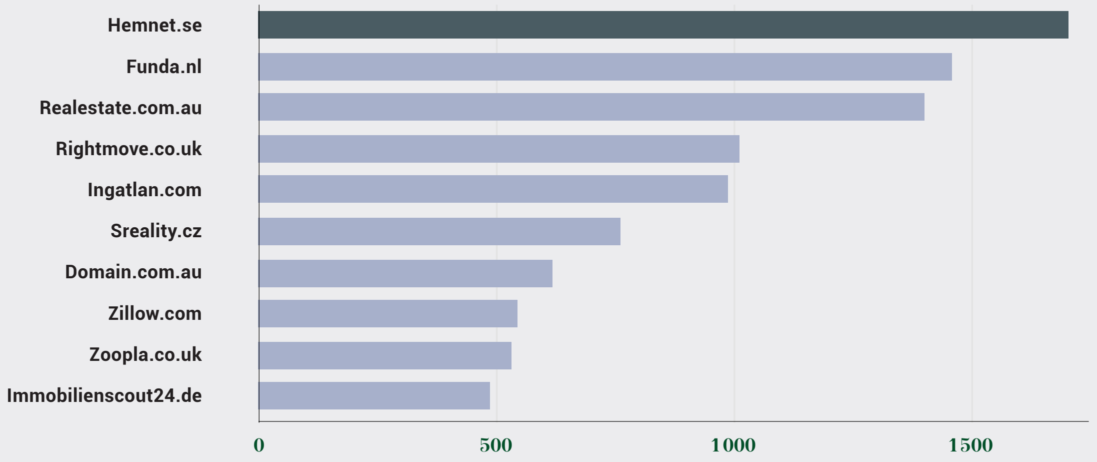
As I write this at the end of March, the world is paralysed by the spread of the coronavirus. Our focus under these new and unforeseen conditions is to do what we can to keep the wheels of the property market turning, while at the same time taking responsibility for contributing to a reduction in the spread of infection. Like at many Swedish companies, I along with the Hemnet staff are working from home. To ensure people do not need to leave their homes unnecessarily at this time we have recently launched a solution for agents that allows for live-streaming of home viewings. The year 2020 has had an unexpected start but as a company we are strong. I look forward to taking Hemnet forward in this decade as we continue to build, develop and improve the world's most popular property portal together with our partners, customers and employees.

Cecilia Beck-Friis
CEO, Hemnet

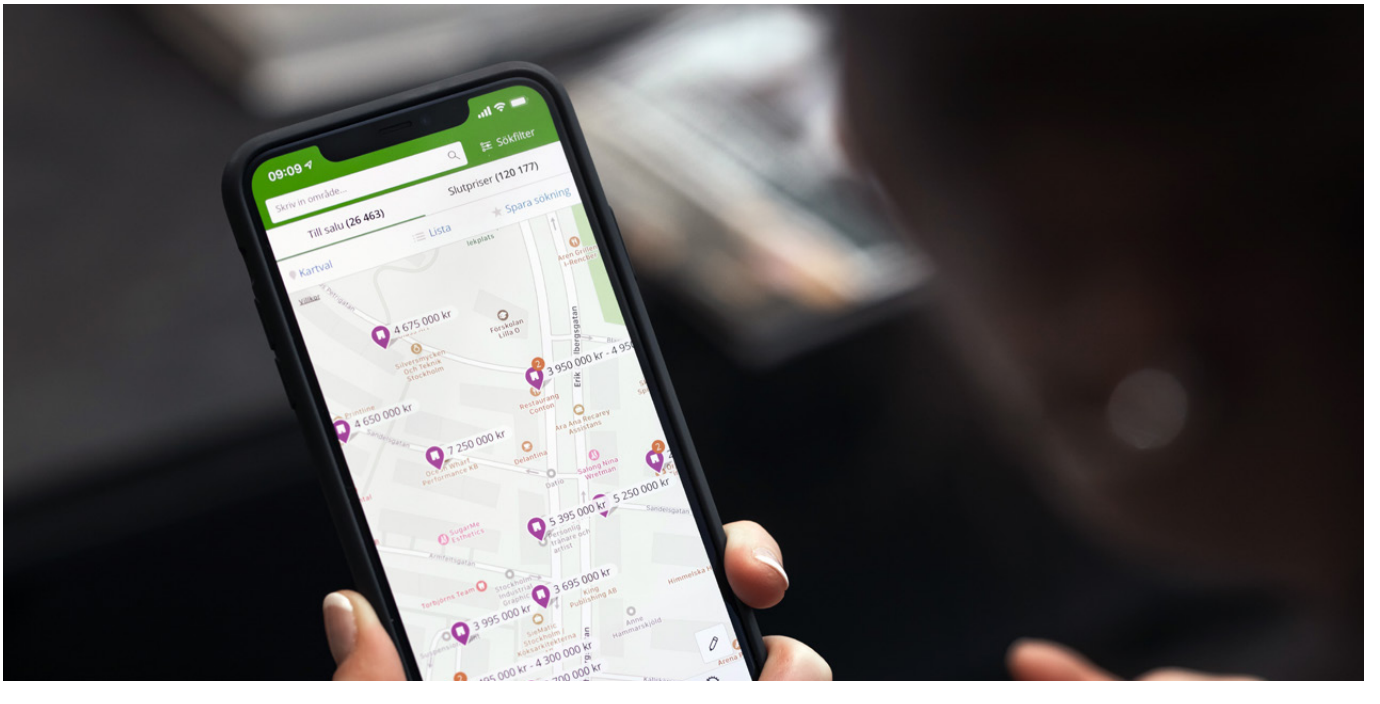
The world's most popular property portal

In November 2019, independent research company AIM published a report on the world's various property portals and their traffic, based on data from the traffic analysis tool SimilarWeb. The report found that Hemnet has the most traffic per capita, which makes us not only Sweden's but the world's most popular property portal.

Visits per 1,000 inhabitants



Source: AIM Group Marketplaces Report - November 2019

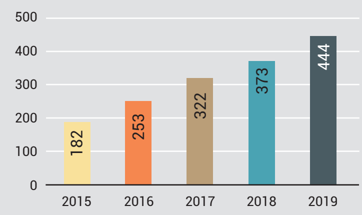


The year in numbers

REVENUES[1]

444
SEK million

+19%

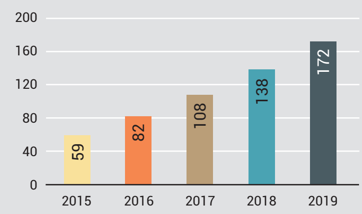


Revenue increased from all revenue streams, primarily driven by published home listings and more advertising sales.

EBITDA[1]

172
SEK million

+24%

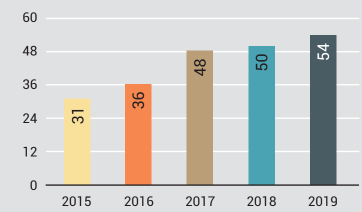


EBITDA increased by 24% in 2019, as a result of increased revenues and good cost controls.

TIME ON SITE[2]

54
Million hours

+8%

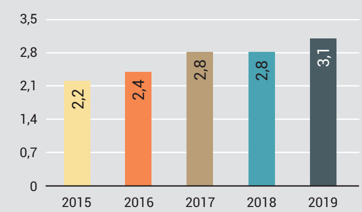


The amount of time visitors spent on the site increased as Hemnet has become more mobile and accessible. In 2019, 86% of all visits came from a mobile device.

UNIQUE WEEKLY VISITORS[2]

3.1
Million

+8.8%

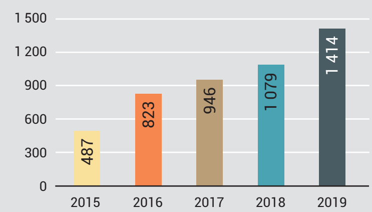


With more interest in the property market and new functions, traffic has increased.

AVERAGE REVENUE PER LISTING (ARPL)

1,414

+31%



Revenue from published home listings continue to be Hemnet's largest source of income. The number of published listings decreased slightly in 2019 compared to 2018, however, revenues increased, thanks to the launch of optional services for sellers and a price adjustment carried out in July.[3]

1) Figures for 2018 refer to the consolidated accounts Hemnet Group AB, prepared in accordance with IFRS. Figures for 2017 refer to consolidated accounts 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 and 2015 refer to consolidated accounts Hemnet Sverige AB.
2) Source: Google Analytics 3) ARPL includes revenue from all products related to the home listing.

Property Market 2019

By the end of 2019, property prices were rising for both houses and apartments. This meant that the market had recovered from the concerns and price declines that characterised 2017. The number of homes listed for sale on Hemnet remained stable compared to 2018.

Offering almost all of the properties for sale in Sweden and averaging 3.1 million unique visitors per week, Hemnet has access to valuable data on property market developments. We continuously analyse these developments and communicate insights to a broad group of property stakeholders, including the media, public and our partners.

LOOKING BACK ON 2019

Increased belief in rising prices
In 2019, property prices began to rise again after a relatively sharp fall in prices at the end of 2017. However, the year began with weak price expectations according to Hemnet's Köpbarometer - Buyer Barometer*. In January, 37 percent of respondents believed prices would fall while 15 percent believed they would rise. However, during February, price expectations already began to strengthen and optimism steadily increased during the year. By December, twice as many respondents believed in rising prices while those believing in falling prices had dropped by half, compared to the beginning of the year.

Faster sales lead to lower stock levels
After several years of rising supply of homes for sale, the trend was broken in 2019, for single-family homes in May and for apartments in October. In December, there were 10 percent fewer apartments for sale compared to the same period in the previous year. For single-family homes, the corresponding figure had dropped by 8 percent.

The number of new properties released on the market in 2019 changed marginally compared to the previous year. Supply fell, most likely due to the fact that homes sell faster, leading to fewer homes being up for sale.

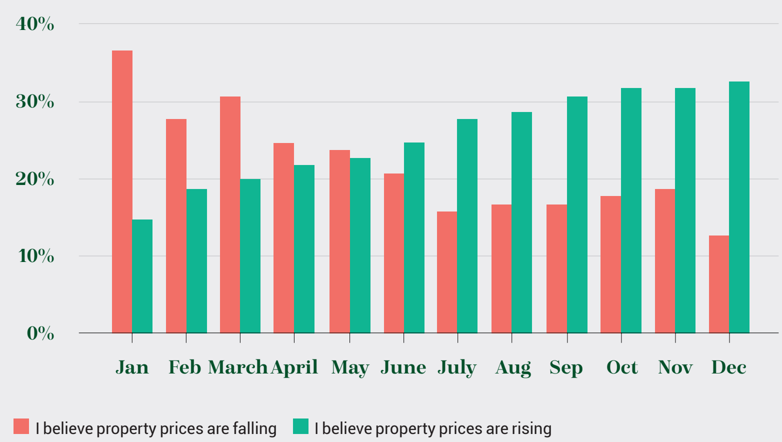
In 2019, the average sales time for apartments in Sweden appearing on the Hemnet site was 19 days, compared to 20 days in 2018. In Stockholm County, the average sales time during the last quarter was 17 days for apartments, a decrease of two days compared to the first quarter of 2019.

Rising sale price in relation to asking price
Another sign of a more active market was that the difference between the asking price and the sale price increased relatively sharply in 2019. On average, the sale price was 4.4 percent higher in relation to the asking price compared with 2.8 percent the previous year. In Stockholm County, the sale price was on average 7.0 percent higher than the asking price, up from 4.1 percent in 2018. The difference between the asking price and the sale price also widened during the year; in January, the asking price was on average 6.3 percent higher than the asking price, to increase to an average of 10.2 percent in the city of Stockholm in November.

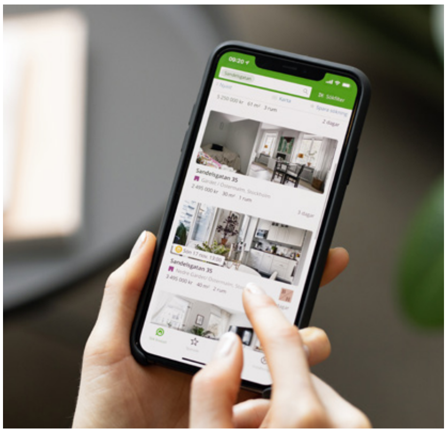
Higher prime rate affects property lending
In December, the Swedish Central Bank raised interest rates for the second time in a year by 25 basis points to zero percent. Shortly after the Central Bank's announcement, a number of banks chose to raise their mortgage rates.

Hemnet's-Buyers' Barometer

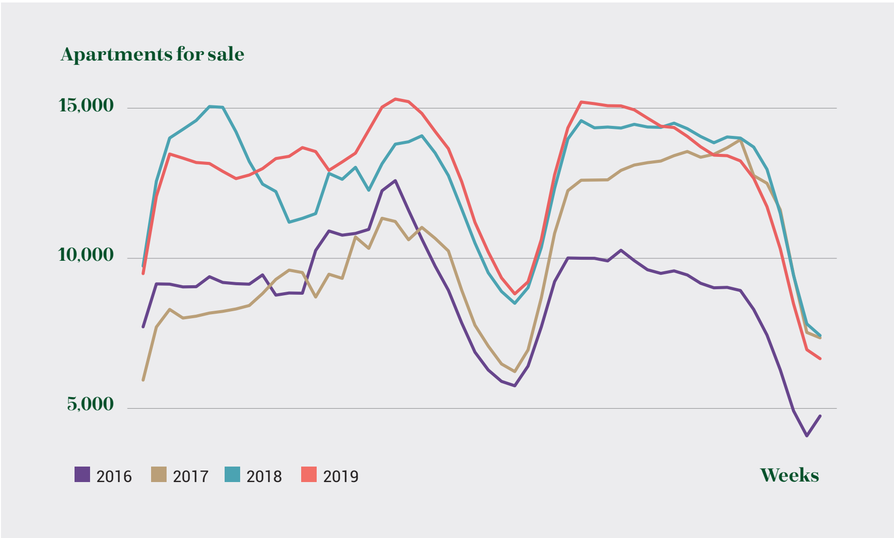
Hemnets köpbarometer - buyer's barometer - showed increased expectations of rising property prices among future home buyers during the year.



* Every month, Hemnet conducts its Buyers' Barometer survey, where just over 600 respondents respond to how they believe property prices will develop over the next six months.



More apartments than ever published on Hemnet during 2019



PROPERTY MARKET ON HEMNET BY NUMBERS 2019

19 Days
Sales time for apartments on average

64 M²
Apartment size on average

125 M²
House size on average

PROPERTY MARKET 2020

Looking to 2020, it could be that the recovery in the property market will continue, with a trend of stable prices. However, this scenario assumes continued low interest rates, a stable labour market, continued property shortage and that the authorities and banks do not tighten the lending further. The interest rate is a factor that is particularly important for home buyers' price expectations. The Central Bank forecasts that the policy rate will remain at zero for the next few years, which indicates a stable property market for the foreseeable future.

THE PROPERTY MARKET'S EFFECT ON HEMNET'S BUSINESS

Over the past three years, the property market has been volatile. Despite this, Hemnet's revenue has steadily increased. This is due to a number of factors:

1. The need to buy and sell property is relatively constant over time in Sweden. There is a relatively low amount of speculation for existing property. People often move because of a changed life situation, and property is bought primarily as a dwelling and not as an investment.

2. Hemnet as a marketing channel for home listings is important regardless of how the property market fares. During periods of high activity in the market, as a seller, you want to be on Hemnet to interest as many potential buyers as possible and drive up the sale price. In a calmer market, home sellers are likely to see an even greater need to reach as many potential buyers as possible in order to get their home sold.

3. Hemnet's price model is based on the asking price and not the sale price. When sale prices fall sharply, asking prices tend to remain relatively stable. Instead, it is primarily the difference between the asking price and the sale price that decreases. In addition, home listings are paid for at the time of publication, which means that fewer completed deals have relatively limited effect on our revenues.

4. Hemnet's business model is based on more than revenue linked to property advertising. Hemnet also offers a range of advertising products aimed at real estate agents, real estate developers and other content-related advertisers. These products are also an essential part of the business model.

Our business

Hemnet is Sweden's largest and most popular property portal. Through our products and services, we strive to create a simpler and more accessible property market for everyone.

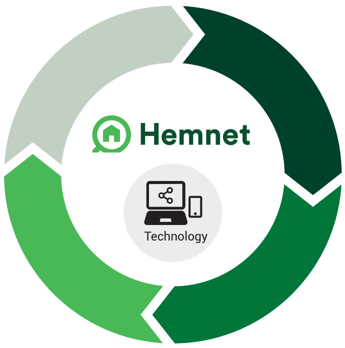
Hemnet's network effect

Buyers' top choice

Tools that make it easy to navigate amongst Sweden's entire property stock.

Sellers' top choice

The most cost-effective way for sellers to find buyers for their homes.



A simpler property market

Increased mobility, control and customer benefits for sellers, estate agents and buyers.

More business

Tools that connect sellers, estate agents and buyers.

WHAT WE DO

Hemnet's business model is based on being the obvious 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. The strong networking opportunities in the business model mean that buyers want to be where home sellers are in order to take advantage of basically the whole of Sweden's property supply. Likewise, home sellers want to be seen where buyers are to get the best deal. This results in Hemnet becoming the meeting place consumers turn to first when considering moving home.

OUR CUSTOMER GROUPS

Hemnet has six target groups that form the basis of the business.

1. Home sellers

Nine out of ten agent-marketed homes sold in Sweden go through Hemnet. It is already the most cost-effective place to market sellers' homes and reach out to the most relevant buyers - but of course we strive to do even better.

Home sellers have different needs, and until recently, Hemnet had only one product for this target group. In 2019, we launched several add-on products that home sellers can buy in consultation with their real estate agents. These products are purchased in conjunction with or after publishing a property, in order to attract more potential buyers to a property through extra exposure on Hemnet and in social media. Our growth strategy is based on continuing to develop these additional services to home sellers to help them maximise the value of their property transaction.

2. Real estate agents

Real estate agents are our most important collaborative partners, as they handle the publication of home listings on Hemnet. In addition, the agent, in consultation with the seller, can choose the add-on services that best fit a listing. For this work, the agent receives an administration fee and sales commission (where there is a commission agreement) from Hemnet.

Some 80 percent of all advertising published on Hemnet comes from an estate agent's office that subscribes to Hemnet Business - a service that provides access to increased brand building as well as detailed statistics on how an office or individual agent performs on Hemnet compared to its competitors.

Real estate agents can also buy brand-building campaigns on Hemnet in the form of native and display marketing. This is an effective way to increase sales, and strengthen their brand, as the majority of visitors are actively thinking of buying or selling.

An important part of our strategy is to continue to develop products and services that make real estate agents' work easier, as well as to offer effective and competitive solutions for agents to build their brand and be visible to potential home sellers. At the same time, we strive to educate and inform real estate agents about the benefits of our various products and services, so that they have the right foundation to provide relevant and effective advice to their customers.

3. Home buyers
More than half of our visitors state that they plan to move 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 as efficient as possible, Hemnet has developed smart search filters, individually tailored monitoring and a seamless way to contact real estate agents about relevant listings. In addition, we deliver content-relevant advertising in the form of, for example, mortgage calculations.

4. Visitors
Each month, 3.1 million people on average visit Hemnet, making us one of the most popular online destinations in Sweden.

Besides the large number of active property buyers, Hemnet is also visited by a significant number of regular visitors, looking to become informed about the property market, get inspired or simply dream away.

For Hemnet, the focus is on developing smart and intuitive tools to help visitors navigate, in principle, the entire Swedish property market, while also creating engagement with data, informative articles and individually tailored surveys. In this way, we retain visitors' interest until it is time to buy or sell a home.

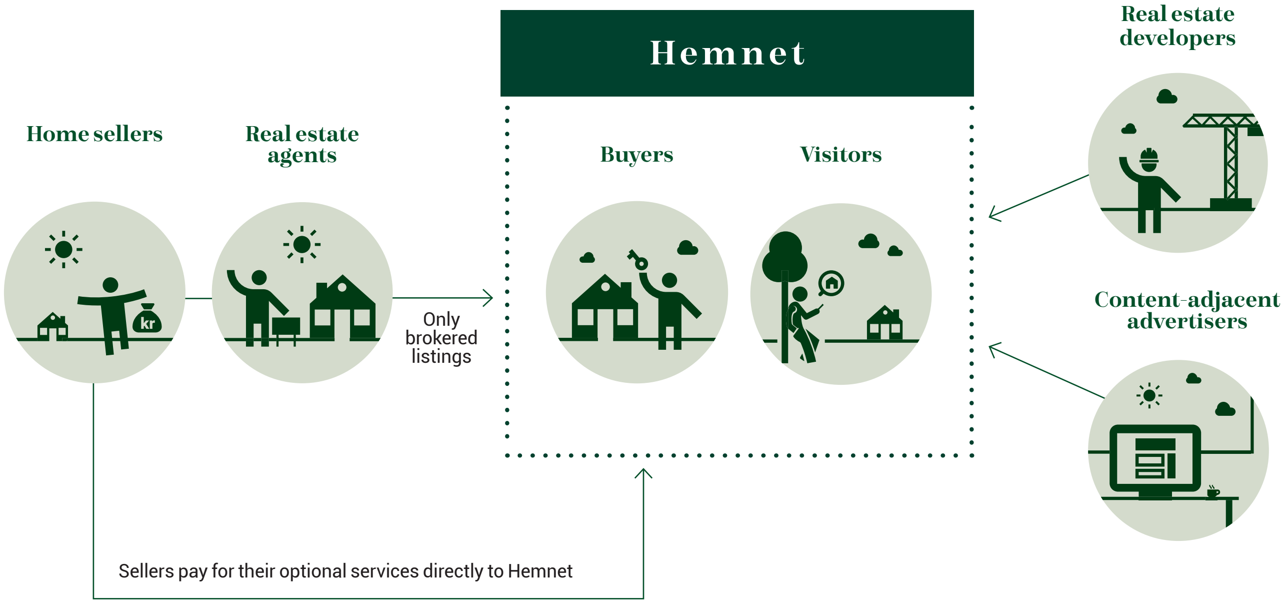
5. Real estate developers
Real estate developers are the single largest group of advertisers on Hemnet. Developers publish advertisements both for upcoming projects and current properties for sale as well as marketing upcoming projects and their brands through native and display marketing.

By building Sweden's largest property portal, we have brought together all the potential customers that property developers want to reach.

Hemnet's strength lies in building products that are adapted to the needs of our customers, and we work in collaboration with developers to adapt our offer in order to reach relevant visitors.

6. Content-adjacent advertisers
Hemnet is a niche site with a broad reach. As our content is property related, the majority of our visitors have entered or will enter the property market. We are a broad-reaching medium as we are one of the largest platforms in Sweden, with traffic coming from all regions and demographics. By showing relevant and customised content, Hemnet has built a premium experience for visitors and advertisers, something reflected in the way a number of established and well-known brands select Hemnet as a channel in their own marketing strategies.

Hemnet's customer groups



Sustainability report

Today, Hemnet is one of Sweden's busiest digital platforms, a hub for many Swedes' property transactions and an employer with almost a hundred employees. As the company grows, responsibility on a social level also grows. Therefore, in 2019, Hemnet has taken its first steps towards structured and effective sustainability work.

ABOUT THE SUSTAINABILITY REPORT

Hemnet is not required by the Swedish Annual Accounts Act to publish a sustainability report, but we will do so this year because we want to contribute to the understanding of the company's development, position and results in this area. We want to increase transparency for Hemnet's various stakeholders and give them the opportunity to follow and evaluate our sustainability work, while setting a framework for the work going forward.

In preparing this report, the Swedish Annual Accounts Act and Global Reporting Initiatives (GRI) Standards for Sustainability Reporting has served as a guide, although not fully applied. As this is Hemnet's first sustainability report, no significant changes have been made in the application of reporting principles or the scope of reporting. The board of directors of Hemnet Group AB (jointly with the subsidiaries named "Hemnet") has also approved the sustainability report when signing the annual and consolidated reports.

APPROACH AND MATERIALITY ANALYSIS

In the process of identifying relevant areas for Hemnet regarding sustainability, a materiality analysis was carried out to assess Hemnet's significant impact and stakeholders' need for information. The analysis looked at both risks and opportunities related to sustainable business, as well as aspects in the environment, social conditions, human resources, respect for human rights, anti-corruption and governance issues. Prior to the next sustainability report and during 2020, the company intends to carry out a stakeholder analysis as well. This is 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 Hemnet's sustainability work going forward is for internal and external stakeholder dialogues to form the basis for effective development of our sustainability work.

The results of the materiality analysis are that Hemnet considers the following four areas as most important to the company from a sustainability perspective, without any ranking:

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

This report delves into the work in each area together with performance indicators in order to be able to monitor developments in the area over time.

In addition to the four most significant areas, we have identified another five areas in the context of the materiality analysis 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 illustration on pages 14-15.

GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY WITHIN THE BUSINESS

Hemnet's 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 Officer (CCO) 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 CCO also leads the work on producing the sustainability report.

Hemnet aims 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. In 2019, Hemnet's employees have been involved in sustainability issues in various ways, including through the company's participation in the "Breakit Impact Challenge" - a 30-day initiative from the Breakit news site with educational steps and challenges aimed at making the new business sector more climate smart. During the challenge, employees were provided with ongoing information on how Hemnet works in areas such as green electricity, waste management, travel and climate compensation.

During the first quarter of 2020, all company employees will undergo training in the company's new code of conduct, which is based on the principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. At the same time, a process is being built to ensure that all new Hemnet employees have the opportunity to understand the content and meaning of the code. This work is led by Hemnet's Head of Legal.

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 Hemnet's 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 these target groups. Hemnet's business model therefore has an impact on the outside world on a number of dimensions, and that impact can involve risks and 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. Hemnet aims 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 should also be confident that their privacy is respected and protected.

Hemnet as an advertising space

Advertising sales are an important source of revenue for Hemnet. Hemnet is a niche site 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. Hemnet's strategy is to ensure this through restricting advertisements to content-adjacent and relevant advertisers. For example, advertisements from gaming companies have been excluded as this type of business should not be associated 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, Hemnet 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

Below are the four sustainability areas that Hemnet identified as most significant, as well as related risks, risk management plus performance indicators and outcomes for 2019.

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.

Hemnet should be a fair marketplace offering equal terms and conditions for those who advertise on and use the platform. It is important for those individuals who visit Hemnet 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 his or her home - and the real estate agent's ability to do business.

Inaccurate property advertisements or content that 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 to our products and services is part of our daily business. Thanks to our expertise with, and access to, our platform, we can immediately handle any operational disruptions or problems that may arise.

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, Hemnet makes publishing rules clear and available to all real estate agents. Samples of the traffic on Hemnet are taken daily and those agents whose advertisements fail to comply with the publishing rules are contacted.

PERFORMANCE INDICATORS

During 2019, Hemnet had 3.1 million visitors per week. It is a stable platform without operational disruptions. In 2019, Hemnet had 99.97 percent availability.

During 2019, Hemnet sent 2,391 mails to agents regarding deviations from Hemnet's publication 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 platform is testament to the important role that Hemnet plays. 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 our 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 every part of our business. Hemnet's employees are exposed in different ways to influence and in turn influences others, for example, through 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. Hemnet employees are therefore very careful to make credible judgement calls and never act in such a way that compromises or violates 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 when activities 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 rou-tines. 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 Hemnet's Code of Conduct, which is central to the fight against 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. Hemnet's Code of Conduct addresses our internal guidelines on bribery 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 transgressions, and violations may lead to legal consequences.

PERFORMANCE INDICATORS

No events have come to the knowledge of the company that indicate that an employee has been unduly affected, or has unduly tried to influence any external party. During 2020, Hemnet's Code of Conduct will be implemented in the organisation, requiring all employees to have read and accepted the Code in order to increase knowledge and understanding of what is applicable within this common framework. The company is also looking into the possibility of implementing a whistleblower function to further increase the possibility of violations coming to the company's knowledge by enabling reporting of serious violationscompletely anonymously.

Customer privacy

As one of the 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 large amounts 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 – we are careful that the information published is not perceived as a privacy violation to the average person. We value the fact that visitors to Hemnet feel secure in how we treat data collected through cookies.

SIGNIFICANT RISKS

Given the volume of information on the platform, 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 Hemnet does its 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 Hemnet works.

DESCRIPTION OF RISK MANAGEMENT AND GOVERNANCE

Data is an important asset for Hemnet's 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.

Hemnet undertakes structured data protection, and respect for personal privacy as a natural part of its Code of Conduct.

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

Transparency and clarity are key to ensuring that our visitors make informed decisions about personal data processing that requires a 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 our 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 complaints in 2019 concerning Hemnet. These have not resulted in any action by the authority.

Comments on the performance

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

Considering that Hemnet has 3.1 million unique visitors a week, just two complaints in a year testifies that Hemnet information lives up to our stakeholders' expectations regarding the protection of personal privacy.

Hemnet as a workplace

It is an important part of our business model that the Hemnet site is developed and maintained by our own staff. We succeed in retaining and attracting talent which enables us to continue to develop and improve our products and services. Hemnet strives to be an attractive and competitive employer.

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.

DESCRIPTION OF RISK MANAGEMENT AND GOVERNANCE

In 2019, Hemnet hired its first Talent Acquisition Manager, whose task is to ensure, together with the company's executives, the identification of key talent required for our business. Having our own internal recruiter reduces our dependency on costly recruitment services and gives us greater control over the process internally. During the year, we also communicated this to the market and made our vacant positions more visible in relevant channels.

For many roles at Hemnet, the work requires the ability to write and understand Swedish. However, not for all roles. Therefore, where appropriate, we have decided to look for expertise outside Sweden.

Hemnet's human resources (HR) policy handles control and regulation of how Hemnet works with HR issues. The policy describes Hemnet's basic values, goals and activities for attracting, retaining and developing employees. We work actively to be an attractive workplace where employees are happy and healthy. Some of the areas we focus on include effective and transparent internal communication as well as health and wellbeing. On a weekly basis, we monitor employee satisfaction and commitment through a digital tool.

PERFORMANCE INDICATORS

Number of full-time employees:
92 (2018: 83)

Number of new employees:
30 (2018: 34)

Number of job applicants:
2,500 (increase from 2018: +127%)

Percent women/men:
Women: 36% (2018: 35%) Men: 64% (2018: 65%)

Percent women/men in management:
Women: 50% (2018: 40%) Men: 50% (2018: 60%)

Employee satisfaction:
In Hemnet's ongoing employee surveys, the company results are well above average for issues regarding the company's leadership and corporate culture. In the results, which are graded from 1 to 100, a high level of trust between colleagues (75) is noted; that employees are treated with fairness and respect (75); and that employees consider the company leadership to maintain high standards (72).

Comments on performance

During the year, Hemnet continued to grow the number of employees in line with the company's growth plan.

We have seen a strong increase in the number of people applying to work for Hemnet, which improves our recruitment opportunities.

It is positive that we see a more even distribution of gender within the business, including at management level.

Our employee surveys show that our employees are happy at Hemnet. 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

Economic 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?
We have good visibility of our 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 our business on a daily basis, so we can adjust in a timely way according to delivery against the plan.

Strategic collaboration

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

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 Hemnet's other optional services for sellers.

Procurement

WHY IS THE ISSUE SIGNIFICANT?
As we mainly build and develop Hemnet by internal means, our procurement of external sources is limited. However, we expect the suppliers we work with to live up to the legal, ethical and moral requirements that we impose on ourselves.

HOW DOES HEMNET WORK WITH THE ISSUE?
In 2019, we established 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. This code of conduct will be implemented in 2020.

Emission of greenhouse gases

WHY IS THE ISSUE SIGNIFICANT?
Hemnet, through its fully digitised service, has limited impact on our 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?
Hemnet works actively to limit greenhouse gas emissions by limiting our travel internally 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, we have two main suppliers in terms of IT solutions, both of which are engaged in solid sustainability work, not least regarding 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. Hemnet wants to contribute so that everyone in Sweden can 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?
We support the Stockholm City Mission and their business Bobyrån (the home agency). Read more on the following page.

Our collaboration with the Stockholm Stadsmission

Photo: Stockholm City Mission

In August 2019, we started a collaboration with the Stockholm City Mission. As a partner company, Hemnet specifically supports the business Bobyrån, which helps socially vulnerable people find a more permanent housing solution.

Bobyrån – "the home agency" – works with the model Housing First, which assumes that having your own home is a human right. 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.

Through Bobyrån, the Stockholm City Mission co-operates with a number of property owners in Stockholm County who provide apartments to people in need of housing. In co-operation with the municipal social services, the Stockholm City Mission identifies who may be ready for their own apartment. Bobyrån supports Housing First operations with the management of the flat, coordination and administration and a service team that can perform simple repair work. The goal is that people who get a home through Bobyrån should be able to take over the tenancy contract in the long term. At present, Bobyrån manages 50 apartments.

As a partner company, Hemnet contributes primarily to the Stockholm City Mission so they are able to continue to develop Bobyrån. Our support gives more people, who are currently living in vulnerable social conditions and far from the property market, an opportunity for their own housing. Together with the Stockholm City Mission, we want to make Stockholm a more humane place for everyone.

Corporate governance

This corporate governance report describes the structure and principles for managing Hemnet's 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 Hemnet complies 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 from the Swedish Code of Corporate Governance.

1. 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 2019

The AGM for the financial year 2018 was held on 2 May 2019 in Stockholm and 96.4 percent of the votes in the company were represented. Chairman of the board Håkan Erixon was also appointed to chair the meeting.

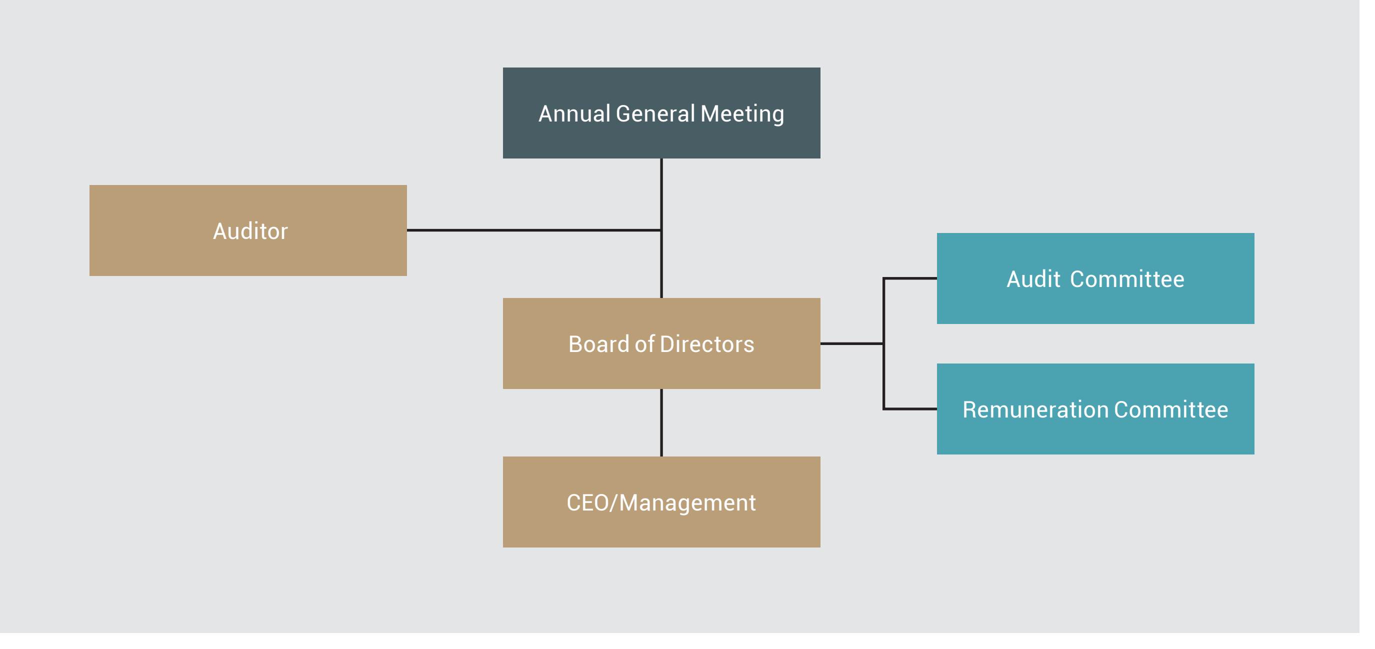
The AGM adopted the income statement and balance sheet for the financial year 2018 and discharged responsibilities of the board of directors and the CEO authority in respect of the year. The AGM resolved to approve the board's proposal for allocation of profits, which meant that retained profits of SEK 1,291,147,332 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 eight with two deputies.

The AGM elected Håkan Erixon, Christopher Caulkin, Anders Edmark, Erik Olsson, Henrik Persson, Thomas Hussey, Kerstin Lindberg Göransson and Pierre Siri to the board. The AGM elected Håkan Erixon as chairman of the board. Håkan Hellström and Magnus Miramadi were re-elected as deputy members. Ernst & Young AB was re-elected as auditor with Camilla Ral Ingvarson as lead auditor.

Extraordinary General Meeting June 20, 2019

On June 20, 2019, an Extraordinary General Meeting (EGM) was held on Hemnet Group AB in Stockholm. All shareholders were present at the meeting by proxy.

Organisation chart



The EGM resolved to offer redemption of 14,850,175 Class A ordinary shares and 13,301,361 Class D preference shares held by Fastighetsmäklarförbundet FMF AB, corporate registration number 556177-2541, ("FMF").

Extraordinary General Meeting September 2019

On 30 September 2019, an Extraordinary General Meeting was held in Hemnet Group AB in Stockholm and 99.7 percent of the votes in the company were represented. Chairman of the board Håkan Erixon was also appointed to chair the meeting.

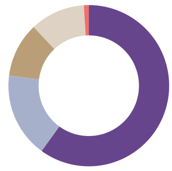
The EGM resolved on a dividend of a total of SEK 124,978,450. The EGM also resolved to authorise the board to decide on the issue of warrants entitled to subscribe for ordinary shares of Series B, corresponding to a maximum of 4,729,228 shares.

The EGM also resolved to authorise the board to decide on a new issue of a maximum of 725,400 Series C ordinary shares, until the next AGM.

Annual General Meeting 2020

The next AGM will be held on 6 May 2020 in Stockholm.

OWNERSHIP(1)



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

1) Based on the number of shares outstanding.

Attendance at board meetings

Name	Position	Present	Total meetings
Håkan Erixon	Ordinary member	7	7
Chris Caulkin	Ordinary member	7	7
Kerstin Lindberg Göransson	Ordinary member	7	7
Anders Edmark	Ordinary member	7	7
Erik Olsson	Ordinary member	4	7
Henrik Persson	Ordinary member	7	7
Pierre Siri	Ordinary member	7	7
Tom Hussey	Ordinary member	7	7
Magnus Miramadi *	Deputy member	4	4
Håkan Hellström	Deputy member	7	7
Marta Suarez **	Deputy member	3	3

* Left the board at the June 12, 2019 board meeting
** elected at the Extraordinary General Meeting June 20, 2019

2. AUDITOR

At the AGM 2019, Ernst & Young AB was chosen as auditor. During the autumn, Hemnet was informed by Ernst & Young that Anna Svanberg will succeed Camilla Ral Ingvarson 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 the Group's annual report.

3. 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 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 annual rules of procedure adopted 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, the board 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 alternates. If the board consists of one or two members, at least one alternate member shall be appointed.

The board consisted of eight members elected by the AGM in 2018, including one woman and seven men. No one from the company's management team was a member of the board. Håkan Erixon was re-elected as board chairman.

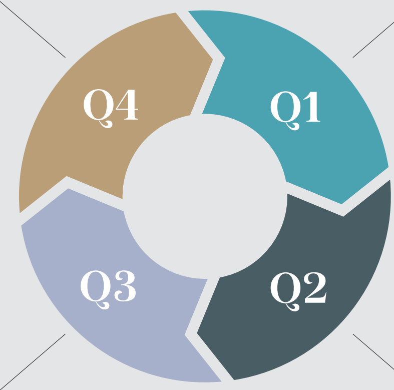
The board's work in 2019

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 development of new products and optional services for sellers, the company's relationship with the real estate industry, the company's financing and 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 should 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 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

In 2019, the audit committee consisted of Kerstin Lindberg Göransson (chair), Thomas Hussey and Henrik Persson. 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.

During 2019, among other things the audit committee produced governing documents, risk and control matrices and a new quarterly report format. The committee also worked on refinancing Hemnet's loan.

Remuneration committee

According to the committee's rules of procedure, the committee should facilitate the work of the board with preparation of remuneration issues. In accordance with the Swedish Corporate Governance Board, 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 well-developed corporate governance.

The remuneration committee's work plan is approved annually by the board at the statutory board meeting and is valid until there is a need to update it.

In 2019, the remuneration committee consisted of Håkan Erixon (chair), Anders Edmark, Pierre Siri and Christopher Caulkin.

Cecilia Beck-Friis, CEO is presenter unless otherwise agreed with the chair 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 2019, the committee developed a shareholder program for employees and reviewed Hemnet's key figures regarding HR and recruitment needs.

4. 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 six members including the CEO, of whom two are women and four 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 executives 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

Hemnet encounters 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 Code of Corporate Governance, 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 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 process 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 Hemnet achieves 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 Hemnet's 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, Hemnet has 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 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 fundamental policies and guidelines, such as the board's rules of procedure, CEO instructions, finance policy, sustainability policy, insider policy and communication policy.

Risk assessment

Hemnet uses 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

Hemnet's 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 Hemnet's communication policy. The purpose of the policy is to ensure that all information responsibilities are complied

with correctly and completely. In principle, Hemnet's business is in its entirety situated at one location, which means that communication can take place continuously within the organisation. Information is increased 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*

Principles for compensation

Hemnet will strive to offer remuneration that attracts, motivates and retains senior executives in competition with comparable companies, in particular platform companies and digital 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 executive is responsible. A decision on the variable remuneration model and outcomes shall be made by the board of directors.

Senior executives should be encouraged to invest in Hemnet, for example. through participation in long-term incentive programmes to link the interests of senior executives and rewards with 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, to 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 deviation and the underlying reasons shall be reported at the next AGM.

* Board's recommendation to the AGM

Board of directors

Håkan Erixon
Board chair since 2017 Ⓡ

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 Ⓐ

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

Pierre Siri
Ordinary member since 2017 Ⓡ

Born: 1974
Experience: 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.

Henrik Persson
Ordinary member since 2017 Ⓐ

Born: 1974
Experience: Co-founder and head of investments at Sprints Capital. Board member of Zooplus. Previously Head of Investments at Kinnevik. Henrik is an experienced investor within internet marketplaces and online advertising and has invested in Avito, Zalando, Rocket Internet and Quikr, among others.
Education: Studied Business at Lund University.

Ⓐ Audit committee
Ⓡ Remuneration committee

Christopher Caulkin
Ordinary member since 2017 (R)

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

Thomas Hussey
Ordinary member since 2018 (A)

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

Marta Suarez
Deputy since 2019

Born: 1992
Experience: Senior Associate at General Atlantic with a focus on technology investments. Previous experience from Morgan Stanley, where she focused on the internet and software sectors.
Education: Bachelor's and master's degrees in mechanical engineering from Imperial College London.

Anders Edmark
Ordinary member since 2017 (R)

Born: 1959
Experience: Real estate agent since 1982. Founder and CEO for real estate agency Mäklarhuset Örnsköldsvik. Board chair of the Association of Swedish Real Estate Agents. Anders is also a board member of SAH Invest as well as alternate board member of statistics organisation Svensk Mäklarstatistik.

Håkan Hellström
Deputy since 2017

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

Erik Olsson
Ordinary member since 2017

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

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: Sales and Marketing, Berghs School of Communication as well as the Executive Management Program at IFL Stockholm School of Economics.

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: Masters in Accounting and Finance from the Stockholm School of Economics.

Erik Segerborg
Chief Strategy and Product Officer since 2017

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

PerOla Schelvander
Chief Technical 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: Masters in Economics from Mid Sweden University.

Jessica Sjöberg
Chief Communication Officer since 2019

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

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, 2019.

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

Hemnet is Sweden's biggest real estate site and offers virtually the entire 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 2019. The number of unique visitors per week increased by 9 percent compared to 2018. This means that on average, approximately 3.1 million people per week search on Hemnet.se or one of its platforms for Android and iOS.

On the product side, a number of new initiatives were implemented in 2019. Notable, for example, were the launch of Hemnet Plus and Hemnet Premium, two products offering property sellers more exposure for their property listing and therefore an increased opportunity to influence their sales process.

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

Group structure
At right is a chart with the Group structure. All companies are owned 100 percent.

Significant events during the fiscal year
Debt deferred consideration and debt contingent consideration
There was a liability for the Group regarding contingent consideration to Hemnet Sverige AB Group's previous owners totaling SEK 79.1 million as of December 31, 2019. The total booked debt was originally SEK 509.3 million, divided into SEK 254.7 million in deferred consideration debt and SEK 254.7 million in contingent consideration. The debt relating to the deferred consideration and contingent consideration was paid over three years and runs at market interest rates. In 2019, a total of SEK 289.7 million was paid in respect to deferred consideration, contingent consideration and interest. The debt was finally settled on January 9, 2020.

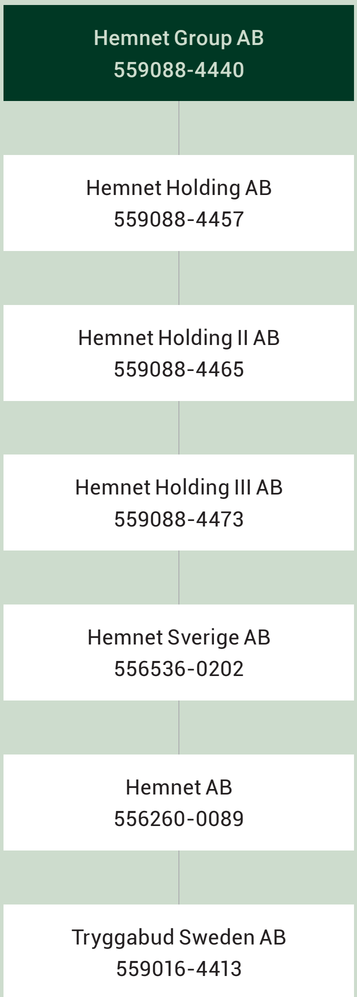
Renegotiated credit facility
On May 27, 2019, the existing credit facility was extended and increased. The credit facility initially totaled SEK 720 million, which is an increase of SEK 117.5 million. The time period of the credit facility was extended to May 27, 2025.

Launch of new products
In June and September, the products Hemnet Plus and Hemnet Premium were launched with the aim of creating added value and giving the property seller the opportunity to influence his or her property sale. With Hemnet Plus, you increase your visibility on Hemnet, and Hemnet Premium adds the opportunity to market your ad on social media.

Redemption of shares
On June 30, 2019, Parent Company Hemnet Group AB redeemed all of Fastighetsmäklarförbundet's shares in the company. The redemption totaled SEK 50.0 million and was paid on August 12, 2019. As part of the redemption, a bonus issue from the share premium fund to share capital of SEK 1.4 million was also made in order to keep the share capital in the Parent Company intact.

Profit distribution
On September 30, 2019, an Extraordinary General Meeting was held where an extra dividend was decided. In accordance with the decision, SEK 125 million was paid out in October distributed on preference shares in the series Pref D, Pref E and Pref F.

Shareholder program for 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 entitled 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, and as of December 1, 2019, the participants acquired a total of 3,226,852 warrants worth SEK 1,839,324. For more information about the shareholder program, see Note G8: Employee remuneration.



Financial overview
Below is a multi-year comparison for the Group's three fiscal years.

Amount in thousand SEK	2019	2018	2017
Net sales	444,394	373,084	317,155
EBITDA	171,897	138,071	76,247
EBITDA margin, %	38.7%	37.0%	24.0%
Operating profit	98,695	73,278	12,952
Operating margin, %	22.2%	19.6%	4.1%
Profit after financial items	83,637	47,691	-23,178
Profit after tax	65,636	53,185	-25,428
Profit margin, %	14.8%	14.3%	-8.0%
Average revenue per property listing (ARPL), SEK	1,414	1,079	946
Equity/Assets ratio, %	53.4%	54.7%	55.4%
Net debt	521,447	471,345	545,489
Net debt/EBITDA, times	3.0	3.4	7.2
Debt/Equity ratio	0.6	0.6	0.5
Number of employees	92	79	61
Number of properties listed in the period	185,031	188,012	189,390

Revenue
The financial outcome for the year reflects the many initiatives implemented by the company. Net sales increased in 2019 by 19.1 percent to SEK 444.4 million (373.1), an increase of SEK 71.3 million. The growth was organic and was, among other things, the result of the full-year effect of products launched in 2018, newly launched products in 2019 such as Hemnet Premium and Hemnet Plus, and price adjustments on the company's property listings. Advertising revenue also developed positively during the year.

Operating profit
Operating profit increased compared to the previous year and amounted to SEK 98.7 million (73.3), corresponding to an operating margin of 22.2 percent. Other external expenses amounted to SEK 189.0 million (166.8), an increase of 13.3 percent mainly driven by expenses related to the increased listings revenue. To support continued growth, the personnel force was expanded during the year, primarily in the development team. Personnel costs increased as a result of this year's recruitments but also as a full-year effect of the recruitments that took place in 2018, to SEK 88.7 million (74.0). Overall, the profit improvement is explained by increased sales combined with a controlled increase in costs.

The EBITDA was SEK 171.9 million (138.1). The majority of depreciation consists of depreciation of intangible fixed assets related to surplus values that arose in connection with the acquisition of the Hemnet Sverige AB Group, which in 2019 amounted to SEK 63.4 million (63.4).

Net financial items
Net financial items amounted to SEK -15.1 million (-25.6). This included SEK -15.2 million (-12.2) in interest expenses to credit institutions and SEK -5.1 million (-12.7) in interest expenses related to debt deferred consideration and contingent consideration. Profit after financial items was SEK 83.6 million (47.7).

Taxes
Hemnet reported a total tax of SEK -18.0 million (+5.5) for the period. Current tax amounted to SEK -27.7 million (-16.8) and deferred tax to SEK 9.7 million (22.3). The previous year's deferred tax was affected by a positive one-off effect of SEK 16 million regarding revaluation of deferred tax assets as a result of a decision to change corporate taxation.

Profit for the period after tax amounted to SEK 65.6 million (53.2).

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 requirement during the current financial year. During the year, as in the previous year, the company worked on developing its product offering. Development took place with the company's own staff and with external consultants. Some specific development projects have been deemed of such a nature and with such expected future earnings that they have been treated as capitalised development costs. A total of SEK 8.9 million (6.2) 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 0.9 million (0.9).

Cash flow
Cash flow from operating activities amounted to SEK 138.8 million (91.0), of which changes in working capital amounted to SEK 3.9 million (-13.4). Net investments amounted to -10.8 million (-7.1). Cash flow from financing operations amounted to SEK -219.2 million (92.8). Cash flow from the period amounted to SEK -91.3 (176.7) million.

Financial position
Total equity decreased during the year by SEK -107.8 million. The decrease in shareholders' equity is due to the payment of a dividend of SEK 125 million during the year. The equity/assets ratio was 53.4% (54.7%). During 2019, net debt increased by SEK 50.1 million to SEK 521.4 million. Cash and cash equivalents amounted to SEK 219.4 (310.7) million at year-end.

Quality and sustainability
Hemnet's sustainability work is conducted as an integral part of its ongoing operations. Four areas are considered most important to the company from a sustainability perspective:

- Sustainable product offer
- Customer privacy
- Hemnet as a workplace
- Anti-corruption

Since Hemnet is not required by law to prepare a sustainability report in accordance with Chapter 6, §11 of the Annual Accounts Act, the sustainability report, which is found on pages 12-17, is not overseen 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 portal 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 a simpler property sale guides Hemnet's development work. During the year, SEK 8.9 million (6.2) 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 on pages 18-23. 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, 2019.

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 foundation and structure that is now in place for supplementary products for both property sellers and real estate agents. Furthermore, the focus will continue to be on strengthening our co-operation and our relationships with our 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 products 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.

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 we offer advertising both through direct sales and through programmatic trading. As in 2018, revenues from the building and property segment increased sharply in 2019 and any market changes in that segment could affect Hemnet's business going forward. The development and trends for ad purchases in the market can affect Hemnet's revenue both positively and negatively.

For Hemnet, it is central to have a good real estate agent relationship and to have a substantial range of properties. Hemnet's future business may be threatened if a deteriorating estate agent relationship would lead to a deterioration in the range of properties.

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. In 2019, the Group has extended and increased its existing credit. 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 average number of employees at Hemnet in 2019 was 80, with 29 of them women and 51 men.

As far as the organisation goes, 2019 was a successful year. The number of employees increased by 9 people during the year and was 92 in December 2019, which shows the ambition to constantly improve and strengthen Hemnet's offer to customers and visitors.

Significant events after the end of the financial period
On Jan. 9, 2020, the remaining debt was paid for the deferred consideration, contingent consideration and interest on the original acquisition of the Hemnet Sverige AB Group.

As of January 2020, Cecilia Beck-Friis is the CEO of the Parent Company Hemnet Group AB, while during 2019 she was the CEO of the subsidiary Hemnet AB.

In early 2020, an extension of the contract for the premises of the head office was signed. The agreement runs until September 2022.

In March 2020, an additional 165,000 C shares were issued to executives within the incentive program for executives and the board of directors (MIP).

At the end of January, the spread of Covid-19 accelerated globally. As a result, the company has taken several measures. Planning and monitoring is done continuously to deal with what is happening. At present, the financial impact on the company of Covid-19 is judged to be limited, given the company's operations. Regarding expected loan losses, the reserve does not take into account effects of Covid-19 and credit risk is considered to have increased to some extent. However, a majority of the company's revenues consist of sales to a large number of private individuals, where each transaction amount is small, as they relate to individual item advertisements. An increasing proportion of the property listings are also prepaid.

Parent Company's earnings and financial position
Hemnet Group AB is the Parent Company of the Hemnet Group. The company's operations consist of management of shares in subsidiaries.

Earnings before tax amounted to SEK 1.4 million (-1.0). Cash and cash equivalents amounted to SEK 1.2 million (0.8). Equity in the Parent Company amounted to SEK 1.187 million (1.359). The number of shares in the company amounted to 1,338,544,847 (1,366,696,383).

The following earnings are available to the Annual General Meeting:

Share premium reserve	1,242,154,947
Retained earnings	-124,440,065
Profit for the year	1,356,374
Swedish kronor	**1,119,071,256**

The board of directors proposed that the profits be allocated to a new account with SEK transferred	1,119,071,256

Consolidated income statement

Amount in thousand SEK	Note	Jan. 1 - Dec. 31, 2019	Jan. 1 - Dec. 31, 2018
Operating income			
Net sales	3	444,394	373,084
Other operating income	4, 10	1,975	1,734
Total		**446,369**	**374,818**
Capitalised development costs	12	4,249	4,090
Operating expenses			
Other external expenses	6, 7	-189,027	-166,752
Personnel costs	8	-88,679	-73,975
Depreciation of fixed assets	12, 13	-73,202	-64,793
Other operating costs	5	-1,015	-110
Total		**-351,923**	**-305,630**
Earnings before financial items		**98,695**	**73,278**
Financial income	9, 10	1,749	355
Financial costs	9, 10	-16,807	-25,942
Financial items - net		**-15,058**	**-25,587**
Earnings before tax		**83,637**	**47,691**
Income tax	11	-18,001	5,494
Net income		**65,636**	**53,185**
Other comprehensive income		-	-
Comprehensive income for the year		**65,636**	**53,185**

Net income and other comprehensive income for the year belong entirely to the shareholders of the parent company.

Consolidated statement of financial position

Amount in thousand SEK	Note	DEC. 31, 2019	DEC. 31, 2018
ASSETS			
Non-current assets			
Goodwill	12	902,815	902,815
Customer relationships	12	925,471	980,857
Platform	12	16,557	24,172
Trademarks	12	241,666	241,190
Capitalised development costs	12	12,392	5,991
Right of use assets	14	5,265	-
Equipment	13	1,999	2,262
Deferred tax assets	15	7	200
Total non-current assets		**2,106,172**	**2,157,487**
Current assets			
Accounts receivables	16	26,268	24,248
Other current receivables	17	1,031	11,064
Prepaid expenses and accrued income	18	21,711	12,142
Interest bearing securities, current	20	24,132	23,390
Cash and cash equivalents	27	219,397	310,699
Total current assets		**292,539**	**381,543**
TOTAL ASSETS		2 ,398,711	2,539,030

EQUITY AND LIABILITIES			
Equity	19		
Share capital		68,335	68,335
Other capital contributions		1,242,155	1,292,155
Retained earnings (including net income for the period)		-30,040	27,757
		1,280,450	**1,388,247**
Non-current liabilities			
Liabilities to credit institutions	21	674,400	430,614
Other non-current liabilities	22	262	181,945
Derivatives	23	0	904
Deferred tax liabilities	15	247,910	257,824
		922,572	**871,287**
Current liabilities			
Liabilities to credit institutions	21	7,789	10,026
Accounts payable		12,996	11,676
Tax liabilities		18,947	8,029
Other current liabilities	24	85,521	193,314
Accrued expenses and deferred income	25	70,436	56,451
		195,689	**279,496**
TOTAL EQUITY AND LIABILITIES		2,398,711	2,539,030

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, 2018	**68,334**	**1,291,956**	**-25,428**	**1,334,862**
Income for the year			53,185	53,185
Other comprehensive income			-	-
Total comprehensive income			**53,185**	**53,185**
Transactions with shareholders in their capacity as owners				
Share redemption	-60	-1,245		-1,305
Rights issue	61	1,444		1,505
Total transactions with owners	**1**	**199**		**200**
Closing balance as of Dec. 31, 2018	**68,335**	**1,292,155**	**27,757**	**1,388,247**
Opening balance as of Jan. 1, 2019	**68,335**	**1,292,155**	**27,757**	**1,388,247**
Income for the year			65,636	65,636
Other comprehensive income			-	-
Total comprehensive income			**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	**-**	**-50,000**	**-123,432**	**-173,432**
Closing balance as of Dec. 31, 2019	**68,335**	**1,242,155**	**-30,040**	**1,280,450**

* 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	2019	2018
Cash flow from operating activities			
Operating profit		**98,695**	**73,278**
Adjustment for items not affecting cash flow:			
Depreciation of fixed assets:		73,202	64,793
Interest received		103	110
Interest paid		-20,187	-15,716
Paid income tax		-16,933	-18,055
Cash flow from operating activities before changes in working capital		**134,880**	**104,410**
Cash flow from changes in working capital			
Change in operating receivables		-3,057	-18,812
Change in operating liabilities		6,931	5,406
Total changes in working capital		**3,874**	**-13,406**
Cash flow from operating activities		**138,754**	**91,004**
Cash flow from investing activities			
Investments in intangible non-current assets	12	-9,947	-6,162
Investments in tangible non-current assets	13	-868	-918
Cash flow from investing activities		**-10,815**	**-7,080**
Cash flow from financing activities			
Borrowings	26	285,725	262,385
Dividend paid to parent company owners	19	-124,978	-
Rights issue		1,546	1,505
Share redemption	19	-50,000	-1,305
Repayment of lease liabilities	26	-5,979	-
Amortisation of loans and contingent consideration	26	-325,555	-169,778
Cash flow from financing activities		**-219,241**	**92,807**
Cash flow for the year		**-91,302**	**176,731**
Cash and cash equivalents at beginning of the year		310,699	133,968
Cash and cash equivalents at end of year		219,397	310,699

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 April 2, 2020, 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 May 6, 2020.

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

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

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

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

New standards, changes and interpretations applied by the Group
The Group has applied the following changes, which apply for the fiscal year beginning January 1, 2019:

IFRS 16 Leases – transition effects
The new IFRS 16 standard replaced IAS 17 as of January 1, 2019 and means that almost all leasing agreements are recognised in the lessee's balance sheet, since a distinction between operational and financial leases is no longer being made. According to the standard, a right of use is recognised (the right to use a leased asset) and a financial liability relating to the obligation to pay leasing fees is reported. Short-term leases (less than 12 months) and leases for which the underlying asset has a lower value can be exempted. The Group has applied the simplified transition method and has not recalculated the comparative figures. During 2019, the Group reviewed all of its leasing agreements on the basis of the new rules in IFRS 16. Leasing agreements within the Group primarily concern premises contracts.

Below is a reconciliation between the Group's commitments for operational leasing in accordance with IAS 17 and leasing liabilities in accordance with IFRS 16 as of the transition date of Jan. 1, 2019.

Commitments for operating leases as of Dec. 31, 2018	**9,678**
Discount with the Group's marginal loan interest rate	-168
Effects of extension options	439
Reported lease debt as of Jan. 1, 2019	**9,949**

The discount rate used in assessing leasing debt in accordance with IFRS 16 has been calculated as the Group's average marginal borrowing rate for this type of loan and amounts to 1.5%

Effects on assets and liabilities as of Jan. 1, 2019	Reported balance sheet items	Effects of IFRS 16	Recalculated balance sheet items
Assets			
Non-current assets	2,157,487	11,265	2,168,752
Other current receivables	23,206	-1,316	21,890
Total assets	**2,180,693**	**9,949**	**2,190,642**
Liabilities			
Non-current other liabilities	871,287	3,657	874,944
Current other liabilities	279,496	6,292	285,788
Total liabilities	**1,150,783**	**9,949**	**1,160,732**

The company's leasing liability consists mainly of the head office's contract for premises in Stockholm. The contract has a short lease period up to September 2020, which explains why a large part of the lease debt is short-term. At the beginning of 2020, an agreement was signed to extend the lease until September 2022.

As of Jan. 1, 2019, the Group has reported rights of use of SEK 11,265 thousand and lease liabilities of SEK 9,949 thousand in the balance sheet. Prepaid expenses decreased by SEK 1,316 thousand. Net debt increased by SEK 9,949 thousand and working capital decreased by SEK 6,292 thousand when part of the liability is reported as current. As of Jan. 1, 2019, the Group does not have any short-term leasing agreements or agreements where the underlying asset has a lower value and could thus be exempted.

The fiscal year's results have been marginally affected by the implementation of IFRS 16. The Group's profit after tax decreased due to the application of the new rules by SEK -17 thousand. The EBITDA increased by SEK 6,073 thousand. The change is due to the fact that the costs of the operating leases were previously included in EBITDA, while the depreciation of the right to use and the interest on the lease debt are not included in this profit measure. Cash flow from operating activities has increased by SEK 5,979 thousand and cash flow from financing operations has decreased by SEK 5,979 thousand as the amortisation of leasing debt is classified as cash flow from financing operations.

For further information about IFRS 16 Leases, see Note G14 Leases and Note G1 Accounting principles, section Leases.

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

Consolidated financial statments
The consolidated income statement and balance sheet include all companies in which the Parent Company directly or indirectly holds more than half of the voting rights of the shares and companies in which the Group otherwise has a controlling influence. The Group controls a company when it is exposed to or is entitled to a variable return from its holding in the company and has the opportunity to 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 corporate acquisitions are classified as business combinations.

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

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

Business combinations are reported in accordance with the acquisition method. The purchase price consists of the fair value of transferred assets, liabilities 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 conditional purchase 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.

Conversions of foreign currency
Functional and reporting currency
The various units in the Group have the local currency as the functional currency, as the local currency has been defined as the currency used in the primary financial environment in which each unit is mainly operating. In the financial statement, Swedish kronor (SEK) is used, which is the Parent Company's functional currency and the Group's reporting currency. All companies in the Group have Swedish kronor (SEK) as the functional currency.

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

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

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

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

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

Sale of services – Property listings and additional services
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 taken over the period that the ad campaign is published on Hemnet.se and in Hemnet's apps.

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.

The current tax expense is calculated on the basis of the tax rules that are decided on the balance sheet date or in practice decided in the countries where the parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in self-declarations regarding situations where applicable tax rules are subject to interpretation. It makes provisions, 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 tax is reported, according to the balance sheet method, on all deferred income tax calculated using 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 arises from the acquisition of subsidiaries and refers to the amount by which the purchase price, any non-controlling interest in the acquired company and the fair value per acquisition day of the former equity interest in the acquired company, exceeds the fair value of identifiable acquired net assets. In order to test for depreciation, goodwill acquired in a business combination is distributed to cash-generating units or groups of cash-generating units that are expected to be favored by synergies from the acquisition. Each unit or group of units that goodwill has been allocated to corresponds to the lowest level in the Group at which the goodwill in question is monitored in internal control. Goodwill is currently monitored for the Group as a whole since the Group is judged to be one cash-generating unit, which is one segment.

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

Other intangible assets
Customer 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.

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.

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 depreciation.

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. Capitalised development expenses are amortised on a straight-line basis over three years. Expenses for development work reported in the balance sheet are entered at cost minus accumulated depreciation and any impairment losses. See also Note G12, Important estimates and decisions for accounting purposes.

Trademarks with an indefinite useful life are not amortised on an ongoing basis, but are tested for impairment annually, and in addition, as soon as indications arise that imply that the asset in question has decreased in value. The depreciation period for intangible assets with a definite useful life is also tested annually and on indication that the useful life has changed.

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

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

Depreciation of assets, in order to distribute 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 under comprehensive income.

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

Financial instruments
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 them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the contractual obligation is fulfilled or otherwise extinguished. The same applies to part of a financial liability. At each reporting date, the company evaluates whether there are objective indications that a financial asset or group of financial assets is in need of impairment.

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 into the following categories: financial assets valued at fair value through profit or loss and financial assets valued at 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 recognised at 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 financial assets classified at amortised cost consist of accounts receivable, cash and cash equivalents and other current receivables.

b) Financial assets at fair value through profit or loss
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 measured 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 measured 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 forward-thinking 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 valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees included in the contract terms.

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

Accounts receivable
Accounts receivable are financial instruments held, according to the business model, to collect contractual cash flows that are only payments of capital amounts and interest on the outstanding capital amount. The amount of capital refers to claims on customers for services sold in the ongoing operations. If payment is expected within one year or earlier, they are classified as current assets. If not, they are reported as non-current assets.

Accounts receivable are initially recognised at the invoiced value. After the first accounting period, accounts receivable are valued according to 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 including transaction costs and thereafter at amortised cost using the effective interest method.

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

Borrowing is classified 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
Leases agreements are recognised in the balance sheet in accordance with IFRS 16 Leases. The lease debt is valued at the present value of leasing fees that were not paid at the time of valuation. Discounting is done with the implicit interest rate of the lease, if this can be easily determined. If this interest rate cannot be easily determined, the lessee's marginal loan interest rate is used.

The company has no short-term leases and leases for which the underlying asset has a lower value, and therefore does not apply the exception to reporting this type of lease agreement.

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, the exercise price for an option and penalty fees. After the starting date, the lease liability is valued by increasing the carrying amount to reflect the interest on the lease debt and the value is reduced to reflect the paid lease fees. Revaluation of the carrying amount is made to reflect any reconsideration or amendment of the lease or to reflect the amended fixed fees for its substance.
Use rights assets (right to use a leased asset) are reported at cost minus depreciation and taking into account adjustments for any revaluation of the lease debt.

The cost of the right of use includes the sum 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 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 closing value and useful life of the right to use is tested at the end of each reporting period and adjusted if necessary. The revaluation of the lease debt, which affects the value of the right of use, must be made so that the lease debt reflects changes in the lease fees. The reported value of the right to use is immediately written off to its recoverable value if the asset's carrying value exceeds its estimated recoverable value.

The company has not recalculated previous years' figures in accordance with IFRS 16. For 2018, leasing was classified as a significant part of the risks and benefits of ownership retained by the lessor as operational leasing. Payments made during the lease period (after deduction of any incentive from the lessor) were expensed in the statement of comprehensive income on a straight-line basis over the lease period. Leases of non-current assets where the Group essentially holds the financial risks and benefits associated with ownership were classified as finance leasing. At the beginning of the lease period, financial leasing in the balance sheet was reported at the lower of the fair value of the leasing object and the present value of the minimum lease payments. In 2018, the Group had only leases that were classified as operational leases.

For further information on the transition effects of the introduction of IFRS 16 Leasing, see Note G14 Leasing and a separate section in accounting principles on rights of use and new standards.

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 before the normal time. 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.

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
Intangible assets within the Group are essentially attributable to goodwill that has arisen in connection with business acquisitions, customer relationships, platform and trademarks. 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.

(b) Contingent consideration
According to the agreement on contingent consideration in connection with the acquisition of Hemnet Sverige AB Group, the Group must pay a contingent consideration, provided that two of the sellers meet future advertising levels. 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. Management has made the assessment that the entire amount stated will be paid out.

(c) Capitalised development costs
The Group conducts development work 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. During the year, work on two new products aimed at property sellers and an ordering platform were identified and documented with a view to activating accrued development costs, see Note G1 and G12.

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	2019	2018
Property seller	256,685	197,278
Real estate developer	61,973	63,832
Advertiser	61,146	60,527
Real estate agent	64,590	51,448
Summa	**444,394**	**373,084**

Revenue breakdown by service category	2019	2018
Listings	268,606	220,604
Additional services	47,246	32,127
Advertising services and other	128,542	120,353
Total	**444,394**	**373,084**

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

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

The single largest revenue stream comes from the property sellers' property

listings. Additional services are being developed to enable property sellers to influence their property sales. In 2019, the products Hemnet Premium and Hemnet Plus were launched.
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 fulfilled its performance commitment with regard to property listings when the listing is removed for advertising, which is done by the real estate agent who mediated the assignment ends it. For administering the property listing, the real estate agent receives administrative compensation. See also Note G6.

Additional services: Revenue for additional services attributable to the property sellers' property listing, such as the new 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 listings when the listing is removed for advertising or when the period for which the additional service extends is over. For example, the product Raketen, which is purchased for a certain number of days. For administering additional services linked to property listings, there is the opportunity real estate agents to enter into an 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. During the fall of 2019, a new service was developed where the customer has the opportunity to pay directly for a property listing on Hemnet. The plan is for the service to be implemented in more geographic areas and for additional services. Invoicing for property listings takes place in connection with publishing; however, as mentioned above, a service was also developed where payment can be made directly. The portion relating to the remaining publication period is reported as prepaid income in the balance sheet. Advertising services are billed in line with campaign times.

The remaining performance commitments as of Dec. 31, 2019 amounted to SEK 12,878 thousand (12,839), including prepaid income reported as contractual liabilities. Furthermore, no revenue related to performance commit-ments that were fulfilled in previous years has revenue recognised in 2019.

Note G4 Other operating income

	2019	2018
Reminder fees and interest for late payments	919	834
Commission income	247	258
Exchange rate differences receivables of an operative nature	92	367
Other	717	275
Total	**1,975**	**1,734**

Note G5 Other operating costs

	2019	2018
Foreign exchange losses	-114	-110
Reminder and requirements management costs	-894	-
Other	-7	-
	-1,015	**-110**

Note G6 Other external expenses

	2019	2018
Administration and commission compensation	-124,915	-100,505
Other	-64,112	-66,247
	-189,027	**-166,752**

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

Note G7 Auditor remuneration

	2019	2018
Ernst & Young		
- Audit engagment	2,095	1,364
- Audit activity in addition to the audit engagement	-	97
- Other services	450	20
Total compensation for the auditors	**2,545**	**1,482**

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

	2019	2018
Salaries, including other remuneration in the event of termination	58,895	48,277
Social contributions	20,315	17,083
Pension costs - defined contribution	6,736	5,547
Other benefits	732	428
Total compensation to employees	**86,676**	**71,335**

Salaries and other compensation and social costs

	2019		
	Salaries and other remuneration (including profit-sharing)	**Pension costs**	**Total**
Board members and other senior executives (including profit-sharing)	10,816 (-)	1,820	12,636
Other employed	48,172	4,916	53,088
Group total	**58,988**	**6,736**	**65,723**

During 2019, the Parent Company did not have a CEO, with no remuneration paid to the CEO.

	2018		
	Salaries and other remuneration (including profit-sharing)	**Pension costs**	**Total**
Board members and other senior executives	10,011 (-)	1,757	11,768
Other employed	39,309	3,790	43,099
Group total	**49,320**	**5,547**	**54,867**

Average number of employees

	2019		2018	
	Average number of employees	Number of women	Average number of employees	Number of women
Sweden	80	29	79	28
Group total	**80**	**29**	**79**	**28**

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

	Dec. 31, 2019		Dec. 31, 2018	
	Number on balance sheet day	Number of women	Number on balance sheet day	Number of women
Board members	8	1	7	1
CEO and senior executives	6	2	8	4
	14	**3**	**15**	**5**

Board salaries and remuneration

	2019			
	Salaries, fees and benefits	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, alternate	100	-	31	131
Magnus Miramadi, alternate**	50	-	16	66
Marta Suares Estebanez, alternate***	-	-	-	-
total	**1,050**	**-**	**330**	**1,380**

	2018			
	Salaries, fees and benefits	Pension costs	Social costs incl. payroll tax	Total
Håkan Erixon, chairman	450	-	91	541
Anders Edmark	100	-	31	131
Kerstin Lindberg Göransson	188	-	59	246
Pierre Siri	-	-	-	-
Christopher Caulkin	-	-	-	-
Henrik Persson	-	-	-	-
Erik Olsson	100	-	31	131
Thomas Hussey, alternate	-	-	-	-
Håkan Hellström, alternate	106	-	23	129
Magnus Miramadi, alternate**	100	-	31	131
Total	**1,043**	**-**	**267**	**1,310**

* from May 2, 2019, before this alternate
** from June 28, 2019
*** from June 28, 2019

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. The agreement is subject to 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 under certain conditions should cease.

Since the initial investment in the 2017 program, further investments have been made in the 2018 program with 1,222,600 shares at a price of SEK 1.23 per share and 1,200,600 shares at a price of SEK 1.09. No new investments or divestments have been made during 2019. Four 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, 2019 includes 14 people.

The average fair value of the 16,334,600 shares subscribed is SEK 1.10 and has been determined by an estimated market price in the range of 1.09-1.23, 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 management's forecasts of EBITDA (weighted based on different scenarios) and multiples of the original transaction and comparable transactions in 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.

As of Dec. 31, 2019, the current Group management holds 3,467,300 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**

Awarded per year, incentive program for management and board	Number outstanding as of Dec. 31, 2019	Number outstanding as of Dec. 31, 2018	Value per share, span (SEK)
MIP - Senior executives	3,930,200	3,930,200	1.09-1.23
MIP - Board	12,404,400	12,404,400	1.09-1.23

Shareholder program for Hemnet employees

At the Extraordinary General Meeting on Sept. 30, 2019, it was resolved to authorise the board of directors to decide on the issuance of a maximum of 4,729,228 warrants entitled to subscribe for Series B ordinary shares on market terms. On Oct. 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 subscription warrants for SEK 0.57 per warrant as of Dec. 1, 2019. A total of 3,226,852 warrants were acquired for a value of SEK 1,839,324, which is considered to be market value according to valuation with the so-called Monte Carlo model, minus a 30 percent discount when the share (series B) refers to an unlisted company. 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 subscription option has been calculated. The risk-free interest rate is based on Swedish government bonds with a maturity corresponding to the term of the option.

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 option conditions 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 option agreement contains a provision which means that the subscription options 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.

Number of warrants acquired by employees	Accumulated number of outstanding	Exercise price	Value per option granted	Maturity
Dec. 31, 2019	3,226,852	2.05	0.57	2022

Note G9 Financial income and costs

	2019	2018
Liabilities valued at amortized cost		
Interest expenses to credit institutions	-15,215	-12,226
Renegotiation results, net*	4,305	-
Other interest expenses	-7	-3
Interest expense deferred consideration	-4,430	-11,105
Total interest costs according to the effective interest method	**-15,347**	**-23,334**
Assets and liabilities measured at fair value in profit or loss		
Change in value contingent consideration	-633	-586
Interest-rate cap, pre-fixed coupons	-733	-733
Interest bearing securities, current	-	-288
Total costs at fair value	**-1,366**	**-1,607**
Other		
Leasing, interest rate component	-94	-
Total other	**-94**	**-**
Financial costs, total	**-16,807**	**-25,942**
Assets valued at fair value in profit or loss		
Interest bearing securities, current	705	-
Interest-rate cap	904	245
Total revenue at fair value	**1,609**	**245**
Other		
Exchange gains and losses, net	103	110
Other	37	-
Total other	**140**	**110**
Financial income, total	**1,749**	**355**
Financial items, net	**-15,058**	**-25,587**

*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:

	2019	2018
Other operating income (Note G4)	92	367
Other operating costs (Note G5)	-114	-110
Financial items, net (Note G9)	103	110
	81	367

Note G11 Income tax

	2019	2018
Current tax:		
Current tax on profit for the year	-27,722	-16,763
Total current tax	**-27,722**	**-16,763**
Deferred tax (Note G15):		
Deferred tax on temporary differences and tax loss	9,720	5,824
Effect of changed tax rate	-	16,433
Total deferred tax	**9,720**	**22,257**
Total income tax	**-18,001**	**5,494**

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:

	2019	2018
Profit before tax	83,637	47,691
Income tax calculated according to tax rate in Sweden (21.4% in 2019, 22% in 2018)	-17,898	-10,492
Tax effect of:		
Non-deductible costs	-452	-266
Non-taxable income	74	-
Utilisation of previous year's unrecognised loss carryforwards	240	-
Effect of change of tax rate		16,433
Other	36	-181
Income tax expense	**-18,001**	**5,494**

This year's effective tax rate is -21.5% (11.5%).

Loss carryforwards in the Group, which have not been capitalised, amount to SEK 132 thousand as of Dec. 31, 2019.

Note G12 Intangible assets

Fiscal year 2018	Goodwill	Customer relationships	Platform	Trademarks	Capitalised development costs	Total
Opening acquisition value	902,815	1,090,436	40,000	241,190	-	2,274,441
Acquisitions for the year	-	-	-	-	6,162	6,162
Closing acquisition value	902,815	1,090,436	40,000	241,190	6,162	2,280,603
Opening accumulated depreciation	-	-54,194	-7,828	-	-	-62,022
Depreciation for the year	-	-55,385	-8,000	-	-171	-63,556
Closing accumulated depreciation	-	-109,579	-15,828	-	-171	-125,578
As of December 31, 2018						
Acquisition value	902,815	1,090,436	40,000	241,190	6,162	2,280,603
Accumumlated depreciation	-	-109,579	-15,828	-	-171	-125,578
Closing carrying amount	902,815	980,857	24,172	241,190	5,991	2,155,025

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
Accumumlated 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 2019, the Group estimated that SEK 8,925 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.

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 17 and seven years respectively.

Platform refers to intangible assets attributable to websites and apps. The useful life is five years and the remaining depreciation period is two years.

Trademarks are attributable to the value in Hemnet as a trademark and is held with ownership. The company does not see any limitation in the useful life of trademarks and their useful life is therefore considered indefinable.

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.

The most important assumptions are sales growth and profitability. A change of these two assumptions, separately, by 2 percentage points would not result in any impairment.

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

Essential assumptions used for calculating utility values:

Discount rate before tax(1), %	15.6
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.

Note G13 Tangible non-current assets

Equipment	Dec. 31, 2019	Dec. 31, 2018
Opening acquisition value	9,301	9,721
Acquisitions for the year	882	933
Sales for the year	-16	-22
Disposals for the year	-550	-1,331
Closing acquisition value	**9,617**	**9,301**
Opening accumulated depreciation	-7,039	-7,139
Depreciation for the year	-1 ,30	-1,237
Sales for the year	9	14
Disposals for the year	542	1,323
Closing accumulated depreciation	**-7,618**	**-7,039**
Closing carrying amount	**1,999**	**2,262**

Note G14 Leases

At the end of the year, the Group has access rights attributable to leasing agreements with a closing value of SEK 5,265 thousand. The lease debt amounts to SEK 3,657 thousand and is distributed between SEK 3,396 thousand as current debt and SEK 262 thousand as long-term debt. The company's leasing debt consists largely of the head office's local contract in Stockholm.

The contract has a short lease period up to and including Sept. 30, 2020, which explains that a large part of the lease debt is short-term. At the beginning of 2020, an agreement was signed to extend the lease until Sept. 2022.

The discount rate used in assessing leasing debt in accordance with IFRS 16 has been calculated as the Group's average marginal borrowing rate for this type of loan and amounts to 1.5 percent.

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

	Right of use assets			
	Offices	Office equipment	Total	Leasing liabilities
As of Jan. 1, 2019	**11,070**	**195**	**11,266**	**9,949**
Depreciation/year	-5,952	-49	-6,001	
Interest expense				94
Payment				-6,385
As of Dec. 31, 2019	**5,118**	**146**	**5,265**	**3,657**

For further information on IFRS 16 Leases see Note G1 Accounting principles section on new standards and section on Leasing.

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

Right of use assets	2019
Depreciation of access rights	6,001
Interest expenses for leasing liabilities	94
Total amount reported in year-end results	**6,095**

Future leasing fees are shown in the table below:

Maturity analysis (undiscounted flows)	Dec. 31, 2019
Year 1	3,467
Year 2	210
Year 3	50
Year 4	4
Total	3,731

Classified as:	
Non-current liabilities	254
Current liabilities	3,423
Total	3,677

The Group is not exposed to any significant liquidity risk as a result of leasing liabilities.

Right of use assets	Dec. 31, 2019
Opening acquisition value	**11,266**
Acquisitions for the year	-
Closing acquisition value	**11,266**
Opening accumulated depreciation	-
Depreciation for the year	-6,001
Closing accumulated depreciation	**-6,001**
Closing carrying amount	**5,265**

Access rights assets consist mainly of local contracts and was created in 2019 as a result of the new standard IFRS 16 Leasing agreement, therefore no comparative figures are shown. For further information on the effects of the introduction of IFRS 16 Leases, see Note G1 Accounting principles and Note G14 Leases.

Note G15 Deferred tax

Deferred tax assets and liabilities are distributed as follows:

	Dec. 31, 2019	Dec. 31, 2018
Deferred tax assets:		
deferred tax assets assessed to be utilised after more than 12 months	7	200
deferred tax assets assessed to be utilised within 12 months	-	-
	7	**200**
Deferred tax liabilities		
deferred tax liabilities assessed to be utilised after more than 12 months	233,116	244,260
deferred tax liabilities assessed to be utilised within12 months	14,794	13,564
	247,910	**257,824**

Net change in deferred taxes is as follows:

	Dec. 31, 2019	Dec. 31, 2018
Opening balance	**257,624**	**279,880**
Reported in statement of comprehensive income	-9,720	-22,256
Closing balance	**247,903**	**257,624**

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 Dec. 31, 2017	227,973	7,078	53,062	150	288,263
Reported in statement of comprehensive income	-25,031	-1,970	-3,377	-62	-30,439
Of which is effect of changed tax rate	-12,846	-210	-3,377	-	-16,433
As of Dec. 31, 2018	**202,942**	**5,108**	**49,685**	**88**	**257,824**
Reported in statement of comprehensive income	-11,852	-1,712	-	3,651	-9,913
As of Dec. 31, 2019	191,090	3,396	49,685	3,739	247,910

Deferred tax assets	Interest rate cap	Activated loss carryforward	Total
As of Dec. 31, 2017	253	8,130	8,383
Reported in statement of comprehensive income	-53	-8,130	-8,183
As of Dec. 31, 2018	**200**	**-**	**200**
Reported in statement of comprehensive income	-194	-	-194
As of Dec. 31, 2019	7	-	7

Deferred tax assets are reported for tax loss carryforwards to the extent that it is probable that they can be offset by future taxable profits. As of Dec. 31, 2019, there were no deferred tax assets related to tax loss carryforwards reported.

Note G16 Accounts receivable

	Dec. 31, 2019	Dec. 31, 2018
Accounts receivable	29,795	26,565
Reserve for expected credit losses	-3,527	-2,317
Total	**26,268**	**24,248**

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, 2019 accounts receivable amounted to SEK 26,268 thousand (24,248) after the provision of expected customer losses. Accounts receivable due amounted to SEK 11,501 thousand (8,748). Of the SEK 7,990 thousand accounts receivable due between 1-60 days at the balance sheet date, SEK 6,920 thousand had been paid before the middle of March.

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, 2019	Dec. 31, 2018
Not overdue accounts receivable	**18,294**	**17,817**
1-30 days	7,519	4,204
31-60 days	471	309
> 61 days	3,511	4,235
Total overdue accounts receivable	**11,501**	**8,748**
Change in reserve for expected credit losses:		
Opening balance	**2,317**	**1,520**
Reserve for expected credit losses/reserve reversal	1,384	797
Credit losses recovered and reversed	-174	-
Closing balance	**3,527**	**2,317**

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 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 receivable are divided into two groups: property sellers and other customers. Customers within each group are considered to have a similar risk profile, which is why credit risk is initially assessed collectively for all customers in each group. In the case of individual major receivables that are more than 60 days overdue for payment or where the credit risk is assessed 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, 2019	Dec. 31, 2018
Settlement of property listing revenue	555	2,725
VAT recoverable	6	97
Tax account	291	8,043
Other	178	198
Total	**1,031**	**11,064**

Note G18 Prepaid expenses and accrued income

	Dec. 31, 2019	Dec. 31, 2018
Prepaid rents	-	1,501
Accrued income	4,183	8,823
Prepaid marketing costs	14,000	-
Prepaid costs, other	3,528	1,818
Total	**21,711**	**12,142**

The change in prepaid rents is affected by the introduction of IFRS 16 Leases, where prepaid rents relating to the head office's leases are reported as a reduced lease liability. See also Note G1 Accounting standards under section changed accounting standards.

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	30,169,401
Series B	106,517,850	106,517,850	5,437,903
Series C	16,334,600	16,334,600	833,907
Preference shares:			
Series D	5,572,330,900	557,233,090	28,447,625
Series E	41,517,850	41,517,850	2,119,551
Series F	259,821,500	25,982,150	1,326,429
As of Dec. 31, 2019	**11,906,115,770**	**1,338,544,847**	**68,334,819**

As of Dec. 31, 2019, the share capital consists of 1,338,544,847 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 amount 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, 2019 amounted to SEK 12,818 thousand (87,265).

Other contributed capital consists of premiums for a new issue of SEK 1,242,155 thousand (1,292,155).

During the year, the redemption of Fastighetsmäklarförbundet's 28,151,536 shares affected the share capital by SEK 1,408 thousand and other contributed capital by SEK 48,592 thousand.

On Sept. 30, 2019 an Extraordinary General Meeting was held where an extra dividend was decided. In accordance with the decision, SEK 124,978 thousand was paid out in October, distributed on preference shares in the series D, E and F.

There is an incentive program for senior executives and in 2019 the company introduced an incentive program in the form of a shareholder program for employees who have been given the opportunity to acquire warrants in the company. 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. 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, both 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 as of Dec. 31, 2019
The Group's risk exposure in foreign currency at the end of the reporting period, expressed in thousand SEK, was the following:

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

	Dec. 31, 2018		
	USD	**GBP**	**EUR**
Cash and cash equivalents	690	55	559
Accounts payable	218	-	6
Accrued income	4,929	-	-

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, 2019 would be SEK 144 thousand lower/higher, as a result of profits/losses on conversion of accrued income, cash and cash equivalents and accounts payable in USD.

If the Swedish krona had weakened/strengthened by 10 percent relative to GBP with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of Dec. 31, 2019 would be SEK 6 thousand higher/lower, largely as a result. of gains/losses on the conversion of cash and cash equivalents in GBP.

If the Swedish krona had weakened/strengthened by 10 percent relative to the EUR with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of Dec.31, 2019 would be SEK 32 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:

	2019	**2018**
Net exchange rate gain (+)/- loss (-), included in other operating income/other operating expenses	-22	257
Net exchange rate gains (+)/- currency (-), included in financial income/expenses	103	110

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 loans in another currency. The loan terms require some hedging of the interest rate for the loan and the Group has chosen to hedge cash flow regarding future interest payments by using a derivative in the form of an interest rate cap. The interest rate cap, which as of Dec. 31, 2019 has no value in the balance sheet, means that the Group receives the difference between three months Stibor and the rate cap in cases where three months Stibor exceeds the rate cap. Until March 29, 2019, the ceiling level was 0.25 percent and thereafter 0.50 percent until maturity. Liabilities relating to the deferred consideration and contingent consideration to the sellers, which arose in connection with the acquisition of Hemnet Sverige AB Group, have 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 kronor in 2019 were 100 basis points higher/lower with all other variables constant, the calculated profit after tax for the financial year would have been SEK 4,205 thousand higher/lower, as an effect of higher/lower interest costs for borrowing with variable interest rates.

Credit risks
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, a risk assessment is made of the customer's credit rating, taking into account his/her financial position, as well as past experience and other factors. 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 settlment 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, 2019, the Group has the following credit facility: SEK 715 million.

The Group has the following unutilised credit facility as of Dec. 31, 2019: SEK 16 million.

Variable interest rate deducted: Stibor plus 1.75% –3.50 percent, depending on Net Leverage. Variable interest-bearing portion: 0.75 percent.

Expires within one year (bank loan) SEK 10.3 million
Expires after more than one year (bank loan) SEK 688.6 million

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

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 shareholders and benefit other stakeholders and to maintain an optimal capital structure to keep costs down.

In order to maintain or adjust the capital structure, the Group may change the dividend paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets to reduce 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 3.0 (3.4) on Dec. 31, 2019. 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.

As of Dec. 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual undiscounted cash flows	Reported value
Financial liabilities							
Liabilities to credit institutions		10.3	23.5	665.1		**698.9**	682.2
Debt deferred consideration	-					-	-
Contingent consideration	79.2					**79.2**	79.1
Accounts payable	13.0					**13.0**	
Other current liabilities	6.4					**6.4**	
Derivatives							
Interest rate cap						-	-

As of Dec. 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual undiscounted cash flows	Reported value
Financial liabilities							
Liabilities to credit institutions		12.5	25.0	415.0		**452.5**	440.6
Debt deferred consideration	91.1		94.2			**185.3**	182.0
Contingent consideration	91.1		94.2			**185.3**	182.0
Accounts payable	11.7					**11.7**	
Other current liabilities	11.2					**11.2**	
Derivatives							
Interest rate cap		0.7				**0.7**	0.9

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

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

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

(c) Level 3 financial instruments
In cases where one or more significant inputs are not based on observable market information, the instrument concerned is classified under level 3. The following table shows the Group's financial assets and liabilities measured at fair value.

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				
Financial assets at fair value through profit or loss				
Interest bearing securities, current	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**

The following table shows the Group's financial assets and liabilities measured at fair value as of Dec. 31, 2018.

	Level1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Interest bearing securities, current	23,390			23,390
Total financial assets	**23,390**	**-**	**-**	**23,390**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative instruments held for trading:				
- Interest rate cap		904		904
Contingent consideration			181,945	181,945
Total financial liabilities	**-**	**904**	**181,945**	**182,849**

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. The management has made the assessment that the entire amount stated will be paid out.

There were no transfers between levels during the year.

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

Contingent consideration in correlation to acquisitions

	Dec. 31, 2019	Dec. 31, 2018
Opening balance	181,945	263,536
Contingent consideration paid during the year	-105,883	-87.911
Interest accrued over the total profit during the year	3,067	6,320
Closing balance	**79,129**	**181,945**

Contingent consideration: The fair value of the conditional purchase agreement is based on the management's determination of what is likely to be paid given the terms of the share transfer agreement. The management has made the determination that the entire amount stated will be paid out. Contingent consideration is measured at fair value at a discounted amount.

Financial instruments by category

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, current	24,132		24,132
Accounts receivable and other receivables		31,482	31,482
Cash & 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
Debt deferred consideration		-	-
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**

Dec. 31, 2018	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	23,390		23,390
Accounts receivable and other receivables		44,135	44,135
Cash & cash equivalents		310,699	310,699
Total	**23,390**	**354,834**	**378,224**

Liabilities as of Dec. 31, 2018	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		440,640	440,640
Contingent consideration	181,945		181,945
Debt deferred consideration		181,945	181,945
Derivatives	904		904
Other liabilities		17	17
Accounts payable		11,676	11,676
Accrued expenses		2,268	2,268
Total	**182,849**	**636,546**	**819,395**

The fair value of financial instruments traded on an active market is based on quoted market prices on the balance sheet date. Hemnet holds Interest bearing securities in this category, which are found in level 1 of the fair value hierarchy. The fair value of short-term borrowing corresponds to its carrying amount, since the discount effect is not material. Fair value for long-term liabilities to credit institutions is based on discounted cash flows with an interest rate based on the loan interest rate of 3.34 percent (Jan. 1 - Dec. 31, 2019) and are at level 2. Debt deferred consideration is also included in level 2 and refers to debt which, according to agreement, is calculated at a fixed interest rate. Contingent consideration is valued at fair value and is at level 3, which means that observable input data for the debt is missing and the fair value is instead based on management's determination of what is likely to be paid given the terms of the share transfer agreement.

Note G21 Liabilities to credit institutions

	Dec. 31, 2019	Dec. 31, 2018
Long-term liabilities		
Liabilities to credit institutions	688,625	440,000
Effective interest rate/settlement fee/renegotiation result	-14,225	-9,386
	674,400	**430,614**
Short-term liabilities		
Liabilities to credit institutions	10,250	12,500
Effective interest rate/settlement fee/renegotiation result	-2,461	-2,474
	7,789	**10,026**
Total liabilities to credit institutions	**682,189**	**440,640**

Liabilities to credit institutions
The Group's borrowing matures on May 27, 2025 and runs at variable interest rates corresponding to 1.75 -3.50 percent per annum, depending on the net leverage covenant. In May, the loan was renegotiated and the credit limit and loan were extended.

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

The Group has fulfilled the loan terms for the entire financial year Jan. 1 - Dec. 31, 2019.

For liabilities to credit institutions, collateral has been provided, see Note G27.

	Reported value Dec. 31, 2019	Fair value Dec. 31, 2019
Loans from credit institutions	682,189	698,875

The fair value of short-term borrowing corresponds to its carrying amount, as the discount effect is not material. Fair value for long-term liabilities to credit institutions is based on discounted cash flows with interest rates based on the loan interest rate of 3.34 percent (Jan. 1- Dec. 31, 2019) and are level 2 in the fair value hierarchy.

Note G22 Other non-current liabilities

	Dec. 31, 2019	Dec. 31, 2018
Deferred consideration	-	90,973
Contingent consideration	-	90,973
Leasing debt	262	-
Total	**262**	**181,945**

See Notes G2 and G20 for further description of the item contingent consideration and deferred consideration. See Note G14 Leases for information on lease liabilities.

Note G23 Derivatives

The Group does not apply hedge accounting but classifies derivatives as fair value through profit or loss. The Group has the following holdings in derivative instruments:

Non-current liabilities	Dec. 31, 2019	Dec. 31, 2018
Interest rate cap - holding for trading	0	904
Total	**0**	**904**

The loan terms require a hedge of the interest rate for the acquisition loan. The Group has chosen to hedge cash flow regarding future interest payments by using a derivative in the form of an interest rate cap. The interest rate cap means that the Group receives the difference between three months Stibor and the interest cap level in cases where three months Stibor exceeds the cap. Until March 29, 2019, the interest rate cap was 0.25 percent and after that 0.50 percent until maturity. The interest coupon for the interest rate cap is paid quarterly and is reported as a financial expense and amounts to SEK 733 thousand for the financial year.

Note G24 Other current liabilities

	Dec. 31, 2019	Dec. 31, 2018
Deferred consideration	-	90,973
Contingent consideration	79,129	90,973
VAT credit	2,815	9,802
Leasing debt, short-term	3,396	-
Other items	181	1,567
Total	**85,521**	**193,314**

See Note G20 Calculation of fair value for further description of the item deferred consideration and contingent consideration. See Note G14 Leases for information on leasing debt.

Note G25 Accrued expenses and deferred income

	Dec. 31, 2019	Dec. 31, 2018
Accrued personnel costs	8,755	7,281
Deferred income	12,878	12,839
Accrued administration compensation	44,718	34,648
Other accrued costs	4,084	1,682
Total	**70,436**	**56,451**

Note G26 Changes in liabilities belonging to the financing operations

				Non-cash flow items			
	Dec. 31, 2018	Cash inflow	Cash outflow	Unpaid interest expenses	Accrual of financing costs	Leasing	Dec. 31, 2019
Liabilities to credit institutions	440,640	285,724	-44,125		-51		682,189
Debt deferred consideration	181,945		-180,279	-1,665			0
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**	**764,977**

				Non-cash flow items		
	Dec. 31, 2017	Cash inflow	Cash outflow	Unpaid interest expenses	Accrual of financing costs	Dec. 31, 2018
Liabilities to credit institutions	174,915	262,385		-115	3,455	440,640
Debt deferred consideration	263,536		-84,889	3,299		181,945
Contingent consideration	263,536		-84,889	3,299		181,945
Total	**701,987**	**262,385**	**-169,778**	**6,484**	**3,455**	**804,530**

Note G27 Cash and cash equivalents

	Dec. 31, 2019	Dec. 31, 2018
Bank balances	219,397	310,699
	219,397	310,699

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 G28 Pledged assets

	Dec. 31, 2019	Dec. 31, 2018
Net assets in subsidiaries	1,037,907	1,510,274
Trademarks	241,190	241,190
	1,279,097	**1,751,464**

Pledged assets relates 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.

Note G29 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.

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

During the year, redemption of the Fastighetsmäklarsamfundet's 28,151,536 shares went into effect, which affected the share capital by SEK 1,408 thousand and other contributed capital by SEK 48,592 thousand. In connection with this redemption, a bonus issue of SEK 1,408 thousand was also made from other contributed capital to share capital in order to keep the share capital intact.

During the year, a transfer was made to Mäklarsamfundet of SEK 12,500 thousand, which is a prepaid cost for marketing measures that will be administered by Mäklarsamfundet in 2020.

Liabilities to related parties
See Notes G2 and G20 regarding description of debt deferred consideration and contingent consideration to previous owners.

Note G30 Events after the reporting period

On Jan. 9, 2020, the last part of debt was paid for the deferred consideration, contingent consideration and interest on the original acquisition of Hemnet Sverige AB Group.

In early 2020, an agreement was signed to extend the leasing contract for the head office's premises. The agreement runs until September 2022.

In March 2020, an additional 165,000 C shares were issued to executives within the incentive program for senior executives and board of directors (MIP).

At the end of January, the spread of Covid-19 accelerated globally. As a result, the company has taken several measures. Planning and monitoring is done continuously to deal with what is happening. At present, the financial impact on the company of Covid-19 is judged to be limited, given the company's operations. Regarding expected loan losses, the reserve does not take into account effects of Covid-19 and credit risk is considered to have increased to some extent. However, a majority of the company's revenues consist of sales to a large number of private individuals, where each transaction amount is small, as they relate to individual item advertisements. An increasing proportion of the property listings are also prepaid.

Note G31 Reconciliation of alternative performance measures

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

	2019	2018	2017
Operating margin			
Operating profit	98,695	73,278	12,952
Net sales	444,394	373,084	317,155
Operating margin %	**22.2%**	**19.6%**	**4.1%**
EBITDA margin			
Operating profit	98,695	73,278	12,952
Depreciation	-73,202	-64,793	-63,295
Profit before depreciation, EBITDA	171,897	138,071	76,247
Net sales	444,394	373,084	317,155
EBITDA margin, %	**38.7%**	**37.0%**	**24.0%**
Net debt			
Non-current interest-bearing liabilities	674,663	613,463	515,645
Current interest-bearing liabilities	90,314	191,971	187,490
Cash and cash equivalents, including interest bearing securities, current	243,529	334,089	157,646
Net Debt	**521,448**	**471,345**	**545,489**
Debt/Equity ratio			
Interest-bearing liabilities	764,977	805,434	703,135
Shareholder equity	1,280,450	1,388,247	1,334,862
Debt/equity ratio, times	**0.6**	**0.6**	**0.5**
ARPL (Average revenue per listing)			
Listing revenues	251,434	202,622	178,952
Revenue from supplementary services to property sellers	10,166	323	0
Number of published properties	185,031	188,012	189,390
ARPL, SEK	**1,414**	**1,079**	**945**

Note G32 Definitions

Key ratios	Definition
Alternative performance measures	Alternative performance measures (APM measures) 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.
ARPL (Average revenue per listing)*	Average revenue per property listing, calculated as listing revenue from published items during the period and revenue from additional products for property sellers, in relation to the number of published properties during the period. It is a measure of profitability that is used by investors, analysts and the company's management to evaluate the company's profitability.
EBITDA (earnings before interest, taxes, depreciation and amortisation)	Operating profit before amortisation and impairment of intangible and tangible assets. It is a measure of profitability that is used by investors, analysts and the company's management to evaluate the company's profitability.
EBITDA margin*	EBITDA in relation to operating income. It is a measure of profitability that is used by investors, analysts and the company's management to evaluate the company's profitability.
Financial results	Financial income less financial expenses
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 minus cash interest bearing securities, current. It is a measure used by investors, analysts and the company's management to evaluate the company's financial position and the opportunity to distribute money to the shareholders.
Net debt/EBITDA*	Interest-bearing liabilities minus cash and cash equivalents and Interest bearing securities, current in relation to operating income increased by depreciation and amortisation of intangible and tangible assets (EBITDA) for the last 12-month period. It is a measure used by investors, analysts and the company's management to evaluate the company's financial position and the opportunity to distribute money to shareholders.
Operating margin*	Profit after depreciation and write-downs in relation to operating income. It is a measure of profitability that is used by investors, analysts and the company's management to evaluate the company's profitability.
Operating profit	Operating income minus operating expenses. It is a measure of the company's earnings before interest and taxes used by investors, analysts and the company's management to evaluate the company's profitability.
Debt/Equity ratio*	Interest-bearing liabilities in relation to equity. It is a measure used by investors, analysts and the company's management to evaluate the company's financial position and the opportunity to distribute money to shareholders.
Equity/Assets ratio*	Equity in relation to total assets. It is a measure used by investors, analysts and the company's management to evaluate the company's ability to pay in the long and short term and the capital structure of the company.
Profit margin*	Profit after tax in relation to operating income. It is a measure of the company's operating profit before interest and taxes used by investors, analysts and the company's management to evaluate the company's profitability.

Parent company income statement

Amount in thousand SEK	Note	Jan. 1 - Dec. 31, 2019	Jan. 1 - Dec. 31, 2018
Other external expenses		-1,404	-1,008
Total operating expenses		**-1,404**	**-1,008**
Operating profit		**-1,404**	**-1,008**
Allocations			
Group contributions received		2,761	-
		2,761	**-**
Profit/loss before tax		**1,356**	**-1,008**
Income tax		-	-
Net income (loss)		**1,356**	**-1,008**

Parent company statement of comprehensive income (loss)

Amount in thousand SEK	Note	Jan. 1 - Dec. 31, 2019	Jan. 1 - Dec. 31, 2018
Net income (loss)		**1,356**	**-1,008**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,356**	**-1,008**

Parent company balance sheet

Amount in thousand SEK	Note	Dec. 31, 2019	Dec. 31, 2018
ASSETS			
Fixed assets			
Participations in Group companies	2	1,141,560	1,141,560
Non-current receivables Group companies		217,750	217,750
Total fixed assets		**1,359,310**	**1,359,310**
Current assets			
Current receivables from Group companies		2,761	-
Cash and bank balances		1,211	774
Total current assets		**3,972**	**774**
TOTAL ASSETS		**1,363,282**	**1,360,084**
EQUITY AND LIABILITIES			
Equity	3		
Restricted equity			
Share capital		68,335	68,335
Total restricted equity		**68,335**	**68,335**
Unrestricted equity			
Share premium reserve		1,242,155	1,292,155
Retained earnings		-124,440	0
Comprehensive income for the year		1,356	-1,008
Total unrestricted equity		**1,119,071**	**1,291,147**
Total equity		**1,187,406**	**1,359,482**
Non-current liabilities			
Non-current liabilities to Group companies		175,050	50
Total non-current liabilities		**175,050**	**50**
Current liabilities			
Accounts payable		-	63
Current liabilities to Group companies		615	403
Accrued expenses and deferred income		211	87
Total current liabilities		**825**	**552**
TOTAL EQUITY AND LIABILITIES		**1,363,282**	**1,360,084**

Parent company statement of changes in equity

Amount in thousand SEK	Restricted equity	Unrestricted equity			
	Share capital (Note P3)	Share premium reserve (Note P3)	Retained earnings (Note P3)	Profit for the year (Note P3)	Total share-holder equity (Note P3)
Opening balance as of Jan. 1, 2018	**68,334**	**1,291,956**	**-**	**-**	**1,360,290**
Net income (loss)				-1,008	-1,008
Other comprehensive income				-	-
Total comprehensive income				**-1,008**	**-1,008**
Transactions with owners					
Redemptions	-60	-1,245			-1,305
Rights issue	61	1,444			1,505
Total transactions with the company's owners	**1**	**199**	**-**	**-**	**200**
Closing balance as of Dec. 31, 2018	**68,335**	**1,292,155**	**-**	**-1,008**	**1,359,482**
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	-
Net income (loss)				1,356	1,356
Other comprehensive income				-	-
Total comprehensive income				**1,356**	**1,356**
Transactions with owners					
Redemptions			-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	**-**	**-50,000**	**-123,432**	**0**	**-173,432**
Closing balance as of Dec. 31, 2019	**68,335**	**1,242,155**	**-124,440**	**1,356**	**1,187,406**

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

Parent company statement of cash flows

Amount in thousand SEK	Jan. 1 - Dec. 31, 2019	Jan. 1 - Dec. 31, 2018
Cash flow from operating activities		
Operating profit	-1,404	-1,008
Cash flow from operating activities before changes in working capital	**-1,404**	**-1,008**
Cash flow from changes in working capital		
Change in current liabilities	274	149
Total change in working capital	**274**	**149**
Cash flow from operating activities	**-1,130**	**-858**
Cash flow from financing activities		
Loans from Group companies	175,000	403
Loans to Group companies	-	-17,700
Rights issue	1,546	1,505
Redemption of shares	-50,000	-1,305
Dividend paid to the Parent Company's owners	-124,978	-
Cash flow from financing activities	**1,568**	**-17,097**
Cash flow for the year	**437**	**-17,956**
Cash and cash equivalents at the beginning of the year	774	18,730
Cash and cash equivalents at year-end	**1,211**	**774**

Note P1 Parent Company accounting principles

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

Accordingly, the Parent Company applies the principles presented in Note G1 of the consolidated financial statements, with the exceptions set out below. There were no changed accounting principles for the Parent Company in 2019.

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 judgment calls in the application of the Parent Company's accounting principles. The areas that comprise a high degree of judgment, which are complex or such areas where assumptions and estimates are of 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 cost minus any write-downs. The acquisition value includes acquisition-related costs and any additional purchase price. 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.

IFRS 9 – Parent Company
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.

Note P2 Participations in Group companies

	Dec. 31, 2019	Dec. 31, 2018
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, 2019
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
Tryggabud Sweden AB	559016–4413	Stockholm	100	100

Note P3 Equity

The share capital consists of 1,338,544,847 (1,366,696,383) shares with a quotient value of SEK 0.051 (0.050). See also information in note G19.

Note P4 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.

Short-term and long-term borrowing and borrowing are available between the Parent Company and subsidiaries. During 2019, a dividend of SEK 124,978 thousand was made, which was borrowed from subsidiaries. During the year, redemption of Fastighetsmäklarsamfundet's 28,151,536 shares went into effect, which affected the share capital by SEK 1,408 thousand and other contributed capital by SEK 48,592 thousand. In connection with this redemption, a bonus issue of SEK 1,408 thousand was also made from other contributed capital to share capital in order to keep the share capital intact.

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

Note P5 Events after the reporting period

As of January 2020, Cecilia Beck-Friis is the CEO of the Parent Company Hemnet Group AB and during 2019 she was the CEO of the subsidiary Hemnet AB.

In March 2020, an additional 165,000 C shares were issued to senior executives within the incentive program for executives and board of directors (MIP).

At the end of January, the spread of Covid-19 accelerated globally. As a result, the company has taken several measures. Planning and monitoring is done continuously to deal with what is happening. At present, the financial impact on the company of Covid-19 is judged to be limited, given the company's operations. Regarding expected loan losses, the reserve does not take into account effects of Covid-19 and credit risk is considered to have increased to some extent. However, a majority of the company's revenues consist of sales to a large number of private individuals, where each transaction amount is small, as they relate to individual item advertisements. An increasing proportion of the property listings are also prepaid.

Note P6 Appropriation of profits

The following profit is available to the Annual General Meeting:

Share premium reserve	1,242,154,947
Retained earnings	-124,440,065
Profit for the year	1,356,374
	1,119,071,256
The Board of Directors proposed that profits be allocated so that in a new account, SEK is transferred	1,119,071,256

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 May 6, 2020 for adoption.

Stockholm April 2 , 2020

Håkan Erixon
Chairman of the Board

Cecilia Beck-Friis
CEO

Anders Edmark
Board Member

Kerstin Lindberg Göransson
Board Member

Christopher Caulkin
Board Member

Thomas Hussey
Board Member

Henrik Persson
Board Member

Pierre Siri
Board Member

Erik Olsson
Board Member

Our audit report was submitted on April 2020
Ernst & Young AB

Anna Svanberg
Authorized 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 2019. The annual accounts and consolidated accounts of the company are included on pages 29-58 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 2019 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 29 December 2019 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 information other than the annual accounts and consolidated accounts, which is presented on pages 1-28. 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 year financial year 2019 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 April 2020

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

HEMNET IN CO-OPERATION WITH ALINDER DESIGN

Hemnet

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